

Financial Results for First Three Quarters of Fiscal 2022, ending March 31, 2022

February 9, 2022

Rinnai Corporation

Rinnai

1. Results of First Three Quarters of Fiscal 2022
2. Fiscal 2022 Forecast

Fiscal 2022 (3Q) : Consolidated Performance Overview

Net sales: ¥ 273.7 billion (up 11.5% year on year)

Record-high level

Tighter parts-procurement conditions led to compressed sales increase, despite increase in overseas sales mainly in China and the United States

Operating income: ¥28.0 billion

(up 0.9% year on year; operating income to net sales ratio: 10.2%)

Record-high level

Up, but lower magnitude of increase due to decline in domestic sales and continued sharp rises in raw material prices and logistics costs

Ordinary income: ¥30.4 billion

(up 5.3% year on year; ordinary income to net sales ratio: 11.1%)

Record-high level

Up thanks to increase in operating income

Net income attributable to owners of the parent company: ¥18.3 billion

(down 5.0%, net income to net sales ratio: 6.7%)

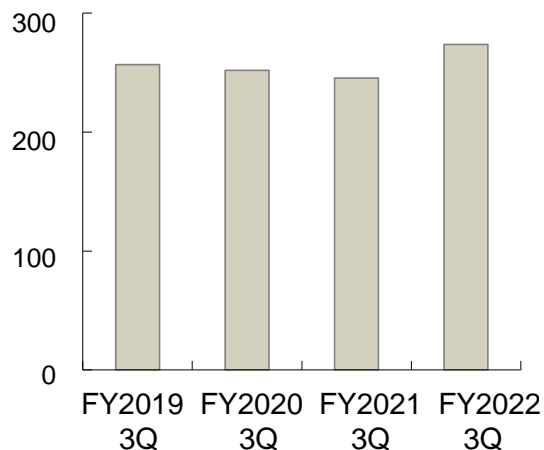
Down due to gain on sales of investment securities (¥1.44 billion) in the previous corresponding period, despite increase in ordinary income

- Record-high figures for net sales, operating income, and ordinary income, but significant slowdown since second quarter
- Impact of tight parts-procurement conditions increasing since third quarter; full-year forecasts was revised

Fiscal 2022 (3Q) : Consolidated Financial Results

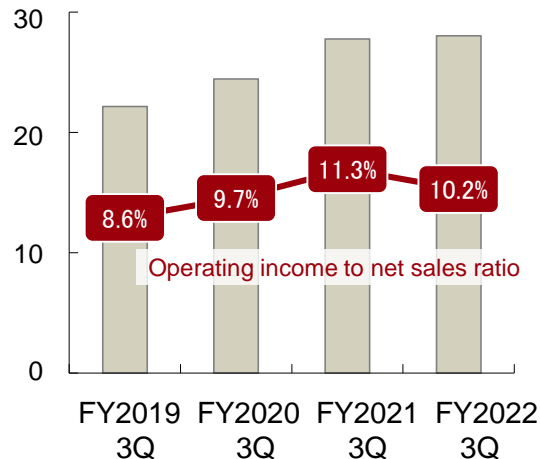
Net Sales

[Billions of Yen]



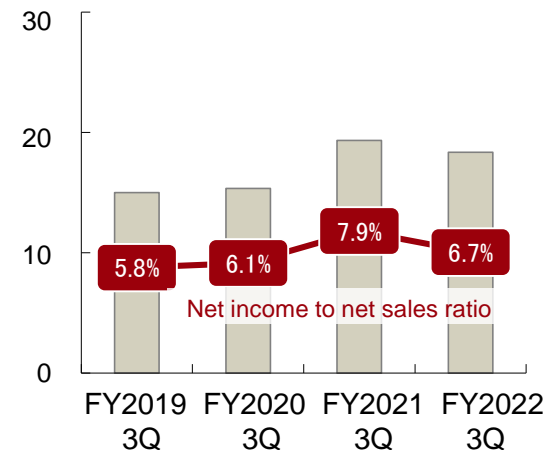
Operating Income

[Billions of Yen]



Attributable to owners of the parent company Net Income

[Billions of Yen]



- Record-high net sales thanks to increase in overseas sales for first time in three years, despite decline in domestic sales
- Also record-high operating income, but lower sales and higher raw material prices led to decline in operating margin

Fiscal 2022 (3Q): Net Sales by Product

[Billions of Yen]	Fiscal 2021 3Q		Fiscal 2022 3Q		YOY Change	
	Amount	% of total	Amount	% of total	Amount	(%)
Water heaters	135.26	55.1%	157.14	57.4%	+21.88	+16.2%
Kitchen appliances	66.47	27.1%	64.54	23.6%	-1.92	-2.9%
Air conditioning appliances	14.25	5.8%	16.79	6.1%	+2.53	+17.8%
Commercial-use equipment	5.66	2.3%	6.57	2.4%	+0.90	+16.0%
Others	23.84	9.7%	28.70	10.5%	+4.86	+20.4%
Total	245.50	100.0%	273.76	100.0%	+28.25	+11.5%

Fiscal 2022 (3Q): Consolidated Sales/Income Results

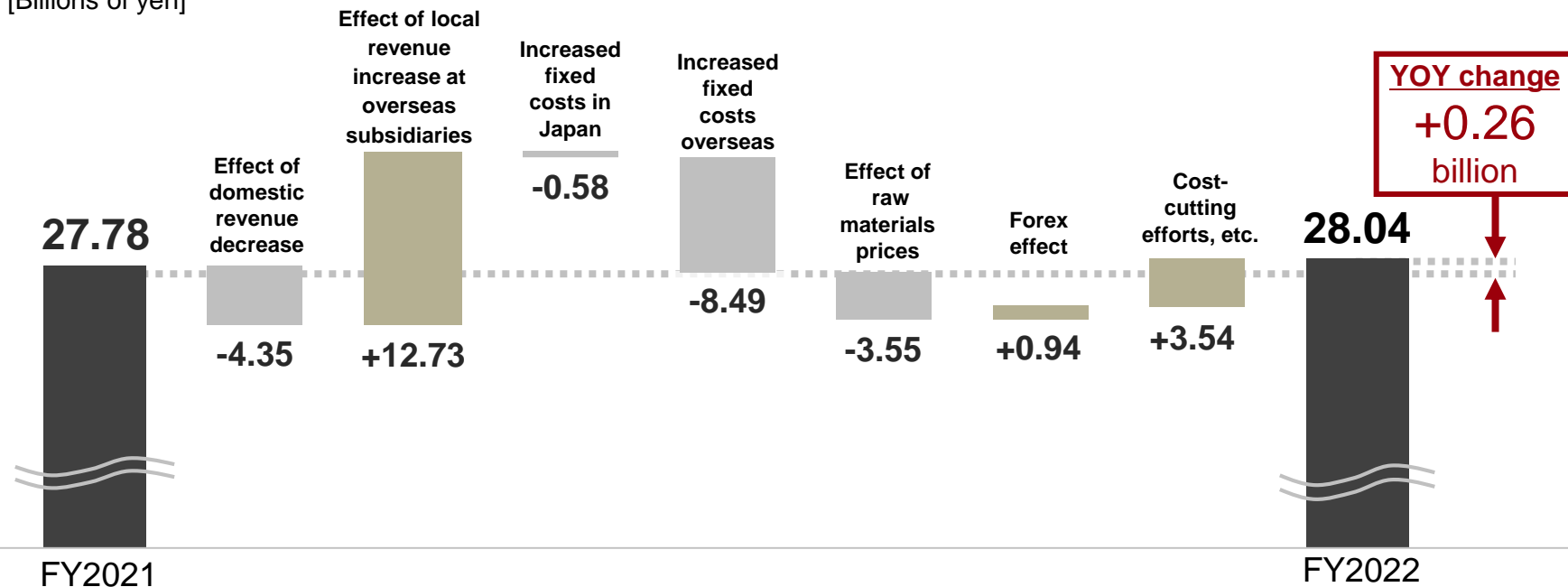
[Billions of Yen]	Net Sales	YOY Change	Operating Income	YOY Change	Operating Margin	YOY Change
Consolidated	273.76	+11.5%	28.04	+0.9%	10.2%	-1.1pt



	Net Sales	YOY Change	Operating Income	YOY Change	Operating Margin	YOY Change
Rinnai	154.82	-0.8%	11.20	-25.9%	7.2%	-2.5pt
Domestic	72.81	-4.1%	2.07	-32.3%	2.8%	-1.2pt
Overseas	153.13	+30.2%	14.66	+63.6%	9.6%	+2.0pt
Total	380.76	+8.9%	27.94	+2.9%	7.3%	-0.4pt

Fiscal 2022 (3Q): Consolidated Operating Income Analysis

[Billions of yen]



Lower magnitude of increase due to decrease in sales caused by tight parts-procurement conditions, as well as higher raw material prices and logistics costs

Rinnai (non-consolidated basis), Fiscal 2022 (3Q) Results

- Significant decline in sales of mainstay products due to tight parts-procurement conditions
- Continued surges in raw material prices and logistics costs put downward pressure on profits
- Declines in both sales and income since October due to growing sense of slowdown in business performances



Built-in hobs (stovetops)



Hybrid water heater



Gas clothes dryers



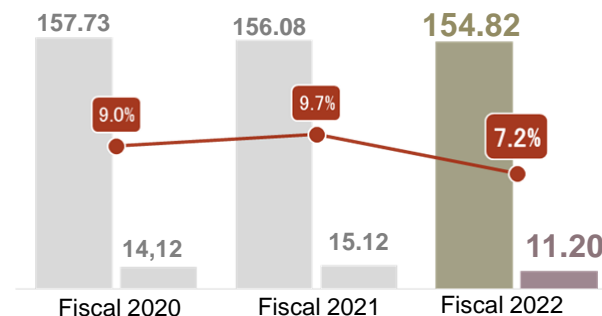
Dishwasher/dryers

[Billions of Yen]

	Fiscal 2021	Fiscal 2022	YOY change
Net Sales	156.08	154.82	-0.8%
Operating Income	15.12	11.20	-25.9%
Operating income to net sales ratio	9.7%	7.2%	-2.5pt

Rinnai (non-consolidated basis), Fiscal 2022 (3Q) Results

■ : Net sales ■ : Operating income (Billions of yen)
 -●- : Operating income to net sales ratio



[Sales Volume in Japan]

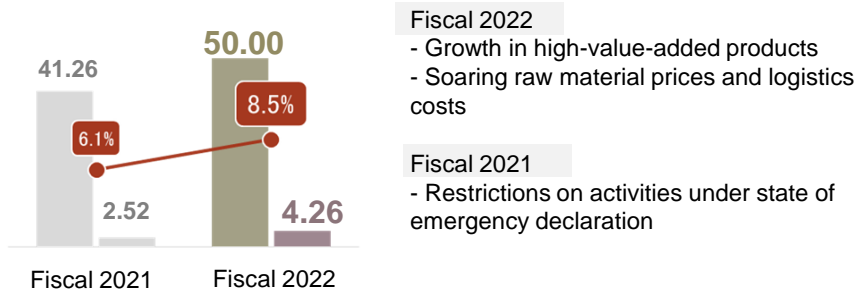
YOY Change

Water heater with heating systems	-12.8%
Water heater with bath-filling systems	-7.6%
Built-in hobs (stovetops)	-9.0%
Gas clothes dryers	+8.2%

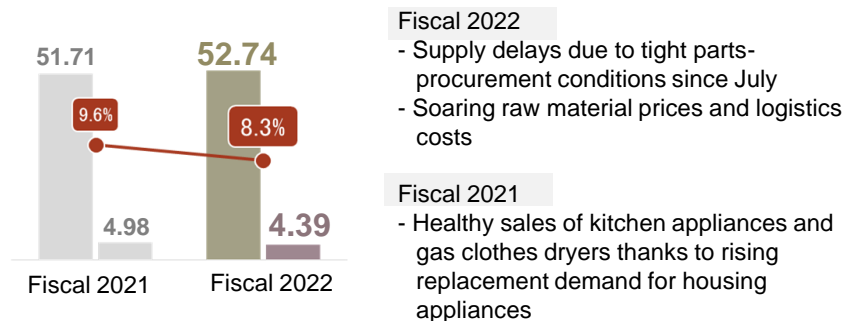
Rinnai (non-consolidated basis), Fiscal 2022 Results by Quarter

■ : Net sales ■ : Operating income (Billions of yen)
 -●- : Operating income to net sales ratio

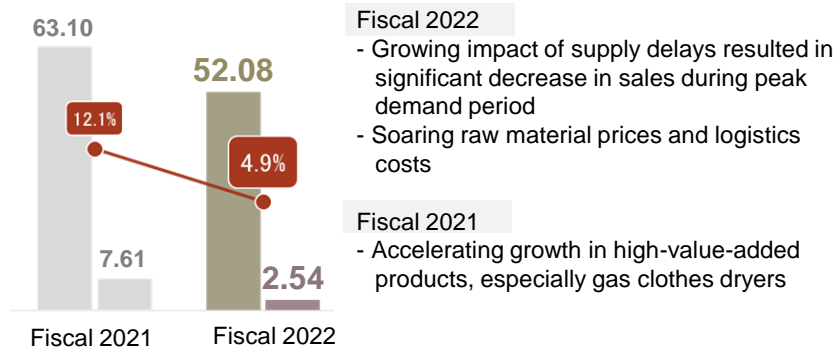
First Quarter (April to June)



Second Quarter (July to September)



Third Quarter (October to December)



Status of current measures to deal with supply delays

- Global procurement through Groupwide collaboration
- Design changes to general-purpose and similar parts
- In-house production of difficult parts (to support parts assembly at each plant), etc.

Rinnai Japan Topics

Leggiero (waterless cooking pot)



Leggiero

Launch date: February 1, 2022
Recommended retail price (excl. consumption tax):
¥23,000/¥25,000

Excellent cooking performance and ease of cleaning

High-grade aluminum casting provides excellent cooking performance while reducing weight to less than half that of cast iron



Versatile cooking in a single pot

Can be used for steaming, boiling, and oven-style cooking, in addition to waterless cooking

Delicious, hassle-free food every day

Introducing the convenient functions of gas stoves (timer, etc.) and special Leggiero recipes using the dedicated *R RECIPE smartphone app



Waterless
cooking



Oven-style
cooking



Steam
cooking



Boil
cooking

Rinnai Japan Topics

C4101 Series of bathroom heater/dryers



Launch date: October 1, 2021

Recommended retail price (excl. consumption tax):

- Standard type (RBH): ¥124,000–162,000
- Splash Mist type (RBHM): ¥240,000–259,000

Safe heating with motion and temperature sensors

Equipped with motion sensor and temperature sensor to detect human movement and bathroom temperature and automatically perform optimal heating (first in industry); comfortable room temperature maintained even on cold days, providing safe bathing experiences

Mould Guard Mist *RBHM Series only

Engaging the Mould Guard Mist function once every two weeks inhibits the growth of mould in the bathroom by 99.9% (according to Rinnai research). This keeps the bathtub clean and reduces the burden of cleaning, thus making housekeeping easier.

*Mould Guard Mist jointly developed with Toho Gas Co., Ltd.

Stylish remote control and voice support functions added

- Flat and square design offering both simplicity and functionality
- Improved operability and visibility with the addition of voice support function and larger screen



Received 2021 Good Design Award
(Remote control for bathroom
heater/dryer)

Rinnai America, Fiscal 2022 (3Q) Results

- Continued strong demand for tankless water heaters
- Supply from Japan remained unstable due to tight parts-procurement conditions
- Increased income thanks to higher sales, which offset higher costs in the United States (including transportation and labor costs)



SENSEI

High-efficiency water heaters

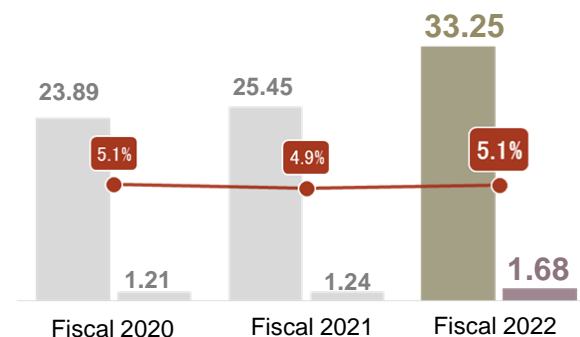


High-efficiency boilers

[Billions of Yen]	Fiscal 2021	Fiscal 2022	YOY change	
			Yen	Local currency
Net Sales	25.45	33.25	+30.6%	+29.3%
Operating Income	1.24	1.68	+35.0%	+33.7%
Operating income to net sales ratio	4.9%	5.1%	+0.2pt	

Rinnai America, Fiscal 2022 (3Q) Results

■ : Net sales ■ : Operating income
 -●- : Operating income to net sales ratio (Billions of yen)



[Sales Volume]	YOY change
Tankless water heaters	+23.8%
High-efficiency models of total	+24.0%

Rinnai America Topics

Construction status of new plant (Griffin Factory)

- Progressing generally according to plan despite some delays, including late arrival of equipment from Japan due to marine transportation congestion
- Promoting further expansion of production capacity in response to growing local demand



Griffin Factory (external view)

Griffin Factory overview

Location: Griffin City, Georgia
Completion: March 2022
Production capacity: 340,000 units/year (from this autumn)
*Current production capacity: 100,000 units/year (leased plant)



Gas tankless water heater



Image of completed factory

Shanghai Rinnai, Fiscal 2022 (3Q) Results

- Sales of mainstay (both Internet and at physical stores) remained strong
---(January to September) Internet sales up 35.3% year on year and accounted for 27.5% of total sales in China (unchanged year on year)
- Efforts to increase sales of high-value-added products amid soaring raw material prices led to improved profitability



Water heaters



Built-in hob (stovetops)



Range hoods

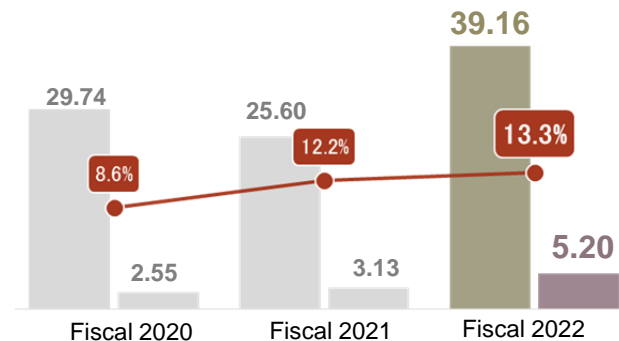


Boilers

[Billions of Yen]	Fiscal 2021	Fiscal 2022	YOY change	
			Yen	Local currency
Net Sales	25.60	39.16	+52.9%	+40.0%
Operating Income	3.13	5.20	+66.1%	+52.0%
Operating income to net sales ratio	12.2%	13.3%	+1.1pt	

Shanghai Rinnai, Fiscal 2022 (3Q) Results

■ : Net sales ■ : Operating income (Billions of yen)
-●- : Operating income to net sales ratio



[Sales Volume]	YOY change
Water heaters	+38.9%
Built-in hob (stovetops)	-5.3%
Range hoods	-0.6%
Boilers	+75.2%

Rinnai Australia, Fiscal 2022 (3Q) Results

- Firm sales of room heaters despite weaker sales of tankless water heaters due to parts-procurement issues
- Increase in income thanks to improved productivity and streamlining efforts, as well as appreciation of local currency, despite rising logistics costs



Tankless water heater



Electric tank-based water heaters

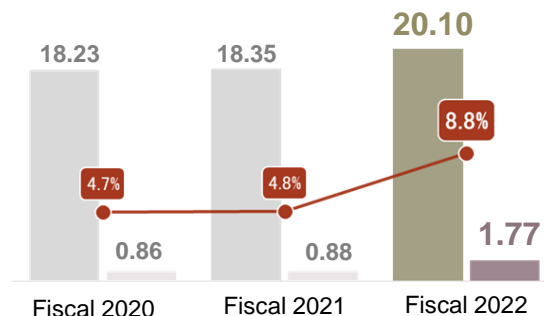


Duct-type air-conditioning and heating systems

[Billions of Yen]	Fiscal 2021	Fiscal 2022	YOY change	
			Yen	Local currency
Net Sales	18.35	20.10	+9.5%	-2.4%
Operating Income	0.88	1.77	+101.5%	+79.6%
Operating income to net sales ratio	4.8%	8.8%	+4.0pt	

Rinnai Australia, Fiscal 2022 (3Q) Results

■ : Net sales ■ : Operating income (Billions of yen)
 ● : Operating income to net sales ratio



[Sales Volume]	YOY change
Unvented-type heaters	+23.2%
Commercial air-conditioning appliances	+11.4%
Duct-type air-conditioning and heating systems	-3.8%

Rinnai Korea, Fiscal 2022 (3Q) Results

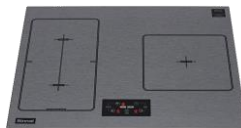
- Sales of environmentally friendly boilers remained strong
- Sales of tabletop cookers weakened from the previous year when they generated strong demand
- Increase in profitability thanks to management improvement activities (cost reductions, new product introductions, etc.)



Environmentally friendly boilers



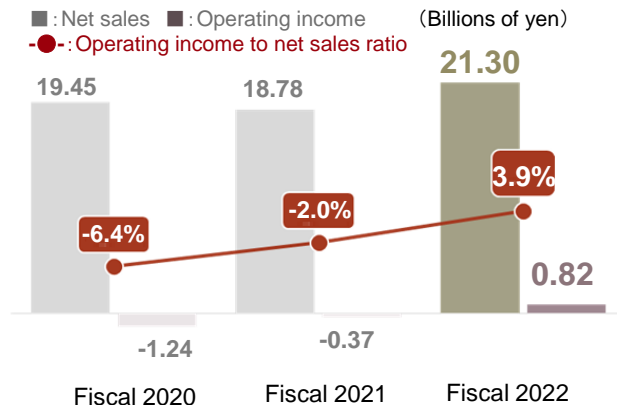
Gas tabletop cookers



Electric tabletop cookers

[Billions of Yen]	Fiscal 2021	Fiscal 2022	YOY change	
			Yen	Local currency
Net Sales	18.78	21.30	+13.4%	+6.2%
Operating Income	-0.37	0.82	-	-
Operating income to net sales ratio	-2.0%	3.9%	-	-

Rinnai Korea, Fiscal 2022 (3Q) Results



[Sales Volume]	YOY change
Boilers	+2.0%
Gas tabletop cookers	-11.0%
Electric tabletop cookers	-20.2%

P.T. Rinnai Indonesia, Fiscal 2022 (3Q) Results

- Weaker sales of tabletop cookers due to restrictions on social activities caused by the spread of COVID-19, but sales of built-in stoves remained strong
- Increase in income due to growth in high-value-added products, despite soaring raw material prices and logistics costs



Tabletop cookers



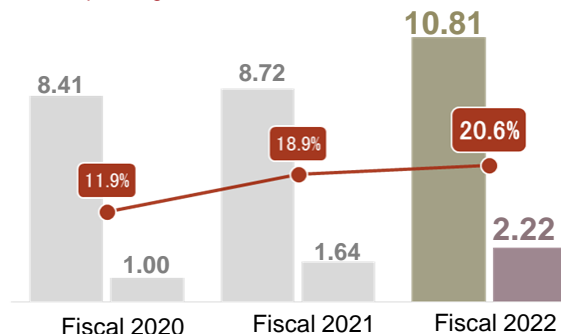
Built-in hob (stovetops)



Range hoods

P.T. Rinnai Indonesia, Fiscal 2022 (3Q) Results

■ : Net sales ■ : Operating income (Billions of yen)
 -●- : Operating income to net sales ratio



[Billions of Yen]	Fiscal 2021	Fiscal 2022	YOY change	
			Yen	Local currency
Net Sales	8.72	10.81	+24.0%	+20.2%
Operating Income	1.64	2.22	+35.3%	+31.0%
Operating income to net sales ratio	18.9%	20.6%	+1.7pt	

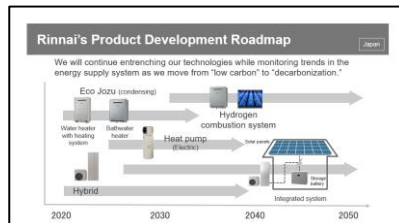
[Sales Volume]	YOY Change
Tabletop cookers	+7.7%
Built-in hob (stovetops)	+58.3%
Range hoods	+128.1%

Contributing to the Global Environment

Long-term policy for achieving carbon neutrality

On November 5, 2021, Rinnai announced RIM 2050, a long-term corporate policy aimed at achieving carbon neutrality.

RIM 2050 defines the Rinnai Group's role in and contribution to the low-carbon/decarbonized society of the future, and sets our strategies and targets for realizing such a society.



Hybrid water heater with heating/cooling system for cold regions

Our hybrid water heater with heating/cooling system for cold regions*, which combines a room cooler, water heater, and room heater in a single system, has won several awards for its high levels of comfort, energy efficiency, economy, and environmental friendliness.



* Jointly developed by Rinnai Corporation, Corona Corporation, and Air Water Hokkaido Inc.

(Jointly awarded three companies)

Hokkaido Energy Conservation and New Energy Promotion Grand Prize 2021 Grand Prize (Energy Conservation Category)

Fiscal 2021 Energy Conservation Grand Prize (Product and Business Model Category)

Chairman's Award, The Energy Conservation Center, Japan

Fiscal 2021 Hokkaido Bureau of Economy, Trade and Industry, Ministry of Economy, Trade and Industry North Country Energy Conservation and New Energy Award
Excellence Award



Risk Factors and Their Impact on Our Business Performance

Risk factors

- Soaring raw material prices and logistics costs
- Supply delays due to tight parts-procurement conditions
- Disruption of international supply chains
- Outbreak of new COVID strains

Japan

- Supply delays have occurred since July due to tight parts-procurement conditions
- Conditions have tightened further since October, causing sales of both domestic and export products to fall sharply

United States

- Order backlogs piling up due to port congestion and container shortages from the beginning of the period
- Delays in supply from Japan had a significant impact; order backlog not yet resolved

Australia

- Sales of tankless water heaters weakening due to supply delays from Japan
- New construction and commercial sales affected by lockdown due to COVID-19

China

- Profit margin stagnating due to soaring raw material prices
- Despite concerns about procurement due to power restrictions, the impact is currently limited

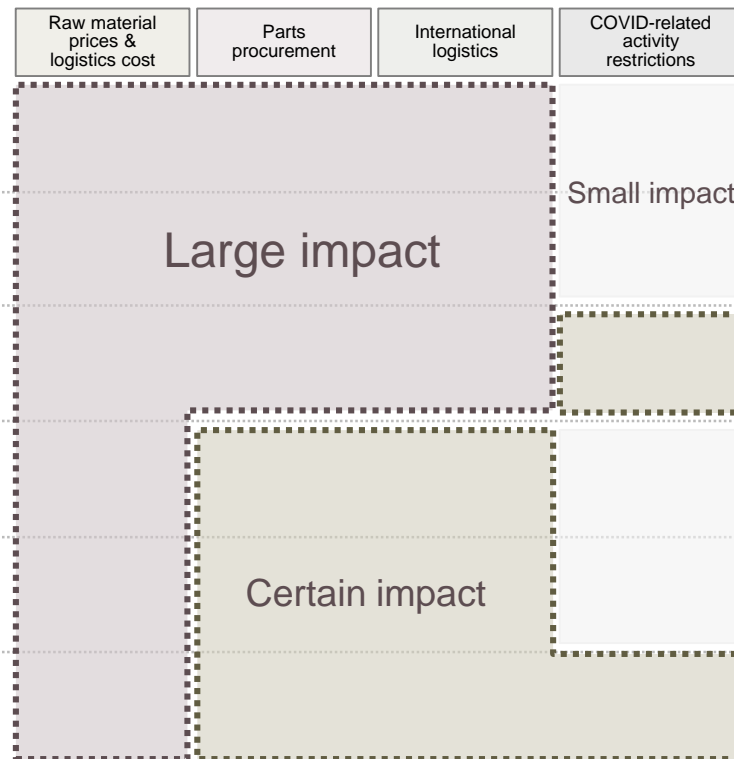
South Korea

- Profit margin stagnating due to soaring raw material prices
- Sense of tightness in parts-procurement, but impact is currently limited

Indonesia

- Local sales affected by restrictions on social activities due to the spread of COVID-19
- Increase in steel prices and logistics costs will be a factor pushing up costs

Impact on business performance in first three quarters



1. Results of First Three Quarters of Fiscal 2022
2. Fiscal 2022 Forecast

Revision of consolidated performance forecasts for fiscal 2022

[Billions of Yen]	Previous forecast (A)	Revised forecast (B)	Difference (B - A)	Change (%) (B/A)	Year ended March 31, 2021 (actual)(C)	YOY (%) (B/C)
Net Sales	365.0	365.0	-	-	344.3	+6.0%
Operating Income	41.0	35.0	-6.0	-14.6%	40.6	-14.0%
Ordinary Income	42.0	38.0	-4.0	-9.5%	42.4	-10.4%
Net income attributable to owners of the parent company	26.0	22.5	-3.5	-13.5%	27.5	-18.4%

- From the third quarter onward, the impact of tight parts-procurement conditions on sales will increase, especially in Japan
- Raw material prices and logistics costs are expected to continue increasing through fiscal year-end, putting downward pressure on profits

Performance forecasts and other future-oriented predictions contained in these materials are based on the Company's judgments using available information. Actual results may differ from such forecasts and predictions due to changing future circumstances.