

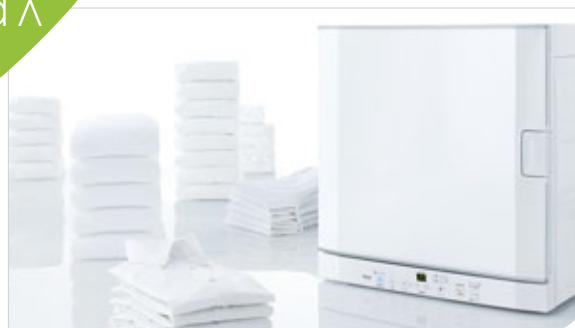
# Rinnai

## Shareholders' Report

Vol. 48

68th Fiscal Year

(April 1, 2017 to March 31, 2018)



### **We will advance to become a global brand by innovating next-generation technologies and reinforcing our overseas growth strategies.**



It is my pleasure to provide an overview of the Rinnai Group's business performance in fiscal 2018 (April 1, 2017–March 31, 2018) and explain our strategies for the future.

Fiscal 2018 was the final year of our medium-term business plan, entitled "Evolution and Succession 2017," which began in April 2015. Under the plan, we sought to ensure the "succession" of our corporate culture and spirit, while emphasizing "evolution" of our business model so we can create new products and services that benefit society.

With respect to revenue, we reported a year-on-year increase in net sales thanks to healthy sales of water heaters in the United States and China. On the earnings side, however, the Group posted a year-on-year decline in operating income. This was due to surging prices of raw materials, as well as sluggish domestic sales of high-value-added products and inspection costs associated with bathroom heater/dryers.

As a result, consolidated net sales for the year amounted to ¥347,071 million, up 5.1% from the previous year. Operating income declined 3.5% year on year, to ¥32,849 million, and ordinary income slipped 2.8%, to ¥34,286 million. Net income attributable to owners of the parent company was down 5.1%, to ¥21,194 million. The Company declared a year-end cash dividend of ¥46.00 per share, up ¥2.00 from the previous year-end. This will bring annual cash dividends to ¥90.00 per share, up ¥4.00 year on year.

We have now started our new medium-term business plan, covering the three-year period ending March 2021. Under the plan, entitled "G-shift 2020," we will advance to become a global brand by innovating next-generation technologies and reinforcing our overseas growth strategies. In the following pages, I will explain our medium-term business strategies, which center on the new plan.

Hiroyasu Naito  
President

## Previous medium-term business plan: “Evolution and Succession 2017”

### Q How do you evaluate the outcomes of Rinnai’s previous medium-term business plan?

Under our previous plan, “Evolution and Succession 2017,” each company in the Rinnai Group targeted “evolution” of their operations while ensuring the “succession” of our commitment to product and manufacturing quality, reflecting the catchphrase of our founder, “Quality is our destiny.”

Overseas, we deployed the strengths of affiliated companies to enhance product development and Group collaboration, as well as global rollouts of common-use water heaters and boilers. Our gas instant-heating (tankless) water heaters are gaining widespread recognition, especially in the United States and China, resulting in steady business growth.

In Japan, we strove to increase sales of *ECO ONE* hybrid water heaters with heating systems, as well as *Eco Jozu* high-efficiency gas water heaters. We also enjoyed healthy businesses in kitchen peripherals, such as dishwasher/dryers and range hoods, as well as in gas equipment peripherals, including bathroom heater/dryers and floor heaters, that address people’s need for improved comfort. However, the domestic gas appliance sector is contracting due to the effects of market maturity and energy liberalization. Soaring costs of copper and other materials also impacted our performance.

Under these circumstances, we embarked on our new medium-term business plan, “G-shift 2020,” a forward-looking plan that targets sustained growth of the Rinnai Group. The final year of the plan is fiscal 2021 (ending March 31, 2021), during which Rinnai will celebrate its 100th anniversary.

## Medium-term business plan “G-shift 2020”

### Q Please describe the core contents of “G-shift 2020”

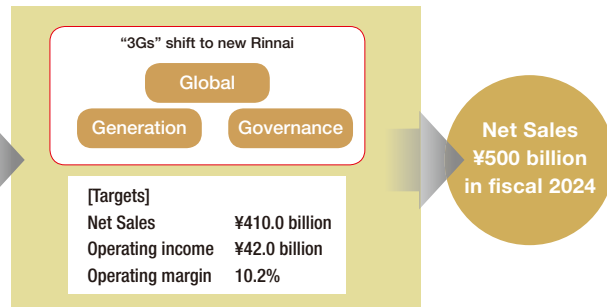
Under “G-shift 2020,” we present the Group slogan “Breakthrough to the global brand through a technological innovation for the next generation, strengthening overseas growth strategy.” We will promote a shift in emphasis toward the “3 Gs” (global, generation, and governance). Our global shift means deploying the Group’s network to promote strategies and focus on developing Rinnai as a world-renowned brand. Our generation shift entails focusing on the new generation of employees who break through conventional paradigms, while preserving traditions cultivated over 100 years. And our governance shift means building management frameworks suited to the times and organizational structures that encourage growth.

Practical initiatives stated in the plan include five groupwide themes and three process reforms. In fiscal 2021, ending March 31, 2021, the final year of the plan, we are targeting consolidated net sales of ¥410 billion and operating income of ¥42 billion.

Previous Medium-Term Business Plan “Evolution and Succession 2017”  
(From April 2015 to March 2018)

[Actual]	Fiscal 2016	Fiscal 2017	Fiscal 2018
Net sales (Billions of yen)	319.9	330.2	347.0
Operating income (Billions of yen)	34.5	34.0	32.8
Operating margin	10.8%	10.3%	9.5%

Medium-Term Business Plan “G-shift 2020”  
(From April 2018 to March 2021)



### **Q Please explain the Rinnai Group's medium-to-long-term vision.**

As a manufacturer of heat and energy appliances, the Rinnai Group has for many years sought to provide heat-related products that people around the world can use with safety, peace of mind, and comfort in their day-to-day lives. We regard this as our social mission. In recent years, we have been offering products that help resolve various social issues, such as environmental concerns, the ageing population, and growing health-consciousness. These products include hybrid water heaters with heating systems that greatly reduce energy consumption, bathroom heater/dryers that address the heat-shock phenomenon, and clothes dryers for people with hay fever.

We will further advance these initiatives and fulfill the medium-to-long-term vision of our new medium-term business plan. Under the vision, we will utilize our strengths to provide unique products and services that help improve the living standards of people around the world, guided by the keywords of "heat and lifestyles" and "health and lifestyles."

### **Q What kind of growth areas will you shift management resources to in the future?**

First, we will aim to increase overseas sales. In fiscal 2018, we reported overseas sales of ¥169.4 billion, or 48.8% of consolidated net sales. In the medium term, we are targeting overseas sales of ¥300 billion, equivalent to around 60% of net sales.

In the strategic U.S. market, more and more consumers are appreciating the comfort of Japanese-style instant-heating (tankless) water heaters. Around 280,000 tankless water heaters were sold there in 2017, a 1.5-fold increase from 10 years ago. In anticipation of future growth, we started local production of tankless water heaters at our Griffin Plant (leased facility) in April 2018. Going forward, we will gradually expand that plant's production capacity while proceeding with construction of our own facility, which is scheduled to open in January 2021.

In China, also a growth market, Shanghai Rinnai sold over 800,000 water heaters in 2017—more than double the number of 10 years ago—and sales prices are increasing alongside the rising popularity of high-value-added models. To boost produc-

tion capacity, we commissioned a new plant in Shanghai's Fengxian District in 2017. In addition to water heaters, we are expanding sales of system-based products, such as kitchen appliances and range hoods, targeting high-end households throughout China.

### **Q Please describe Rinnai's domestic growth strategies.**

In Japan, we will expand sales of hybrid water heaters with heating systems and proactively allocate management resources to new fields, such as non-gas appliances. Under our aforementioned medium-to-long-term vision, we are developing and supplying Rinnai's own products and services. Going forward, we will also endeavor to build a new business model. This will entail the development and sale of energy-based appliances that meet the wide-ranging needs of the times with respect to electricity, air, water, and renewable energy, and the introduction of these products to other sectors. With expansion of these businesses in mind, we established a new Business Planning Division in April 2018.

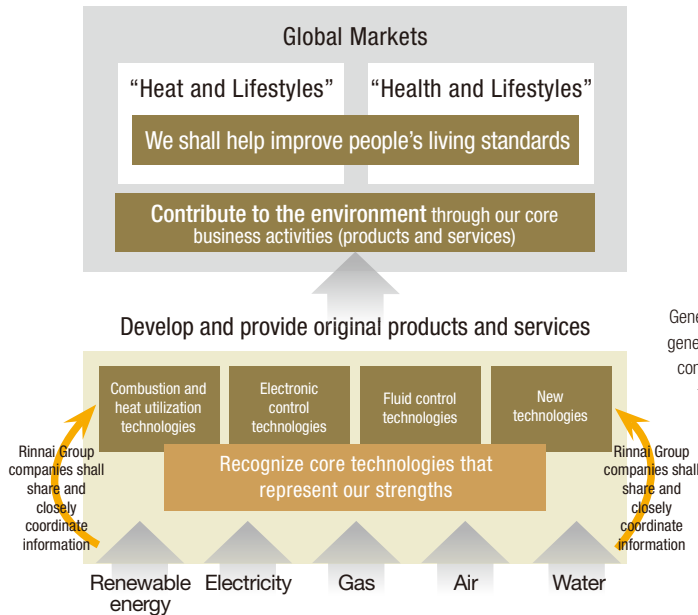


ECO ONE hybrid water heater with heating system

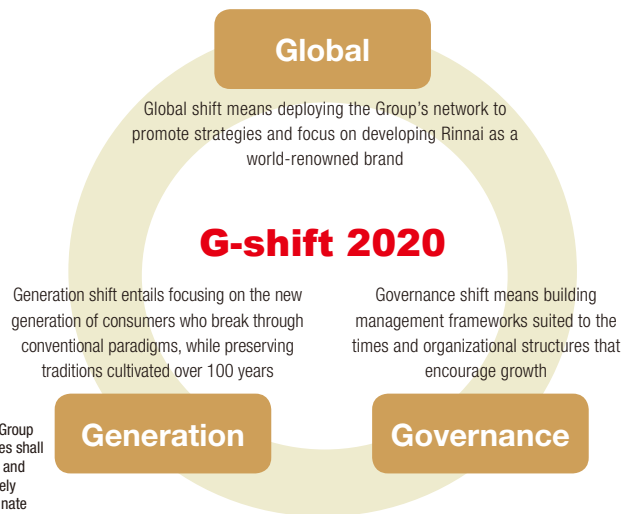
## Medium-Term Business Plan “G-shift 2020”

(Global, Generation, Governance)

### Medium- and Long-Term Vision



### “3Gs” Shift to New Rinnai



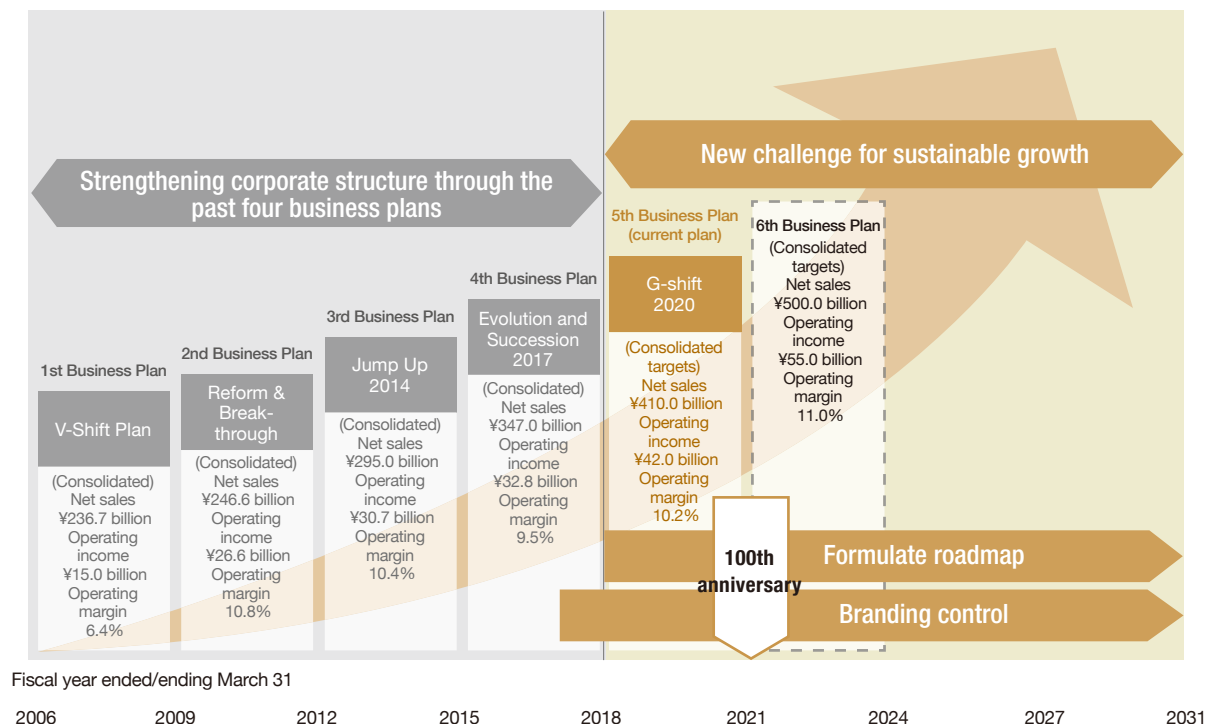
#### Five Groupwide Theme

1. Branding
2. Formulate and share long-term roadmap
3. Expand business domains
4. Optimally allocate business resources
5. Improve business efficiency and management quality

#### Three Process Reforms

1. Product planning process
2. Overseas business operational process
3. Just-in-time production process

## Positioning of Medium-Term Business Plan "G-shift 2020"



Numerical Targets (Billions of yen)

	Fiscal 2018 Actual	Fiscal 2019 Plan	Fiscal 2020 Plan	Fiscal 2021 Plan
Net sales	347.0	360.0	388.0	410.0
Overseas sales ratio	48.8%	50.0%	52.8%	54.9%
Operating income	32.8	36.0	39.0	42.0
Operating margin	9.5%	10.0%	10.1%	10.2%

**Q What are the Rinnai Group's fundamental strengths?**

Rinnai's main strength is in manufacturing, which we have built up since our foundation. Our core technologies include combustion, heat utilization, electronic control, and fluid control technologies. By manufacturing gas control and other important components in-house, we have enhanced Rinnai's reputation as a high-quality brand. Going forward, we will accelerate development and provision of our own products and services by sharing and linking our core technologies throughout the Rinnai Group.

Rinnai already develops and sells hybrid water heaters with heating systems that use gas and a heat pump to deliver the industry's highest level of primary energy efficiency. We recognize the future importance of heat pump technologies, which are particularly effective in addressing environmental and energy-saving needs. In addition, we will actively embrace other new technologies with the potential of delivering synergies with our core technologies. We will also consider collaborating with other companies in our quest to develop products and services that satisfy our customers.

**Q Please describe the status of your corporate governance and other initiatives.**

In recent years, we have worked to strengthen corporate governance, including by increasing the number of outside directors to two. In April 2018, we named Greg Ellis, president of Rinnai Australia, as a managing executive officer of the Company, with the aim of reinforcing our overseas business processes as our operations become more global in nature. In addition, for some time we have emphasized rigorous compliance throughout the Group in cooperation with audit firms and others. For the third successive year, moreover, the Company has been included in the Health and Productivity Index in recognition of its efforts to maintain sound workplace environments through employee mental health and other measures.



**Q Do you have a concluding message for shareholders?**

In fiscal 2018, we raised annual dividends for the 16th consecutive period. Rinnai's basic policy is to maintain stable dividends for shareholders by emphasizing continuous business growth over the medium and long terms, rather than the short term. Over the period of our new medium-term business plan, we will make timely investments in our overseas business, where we anticipate growth, as well as in new technologies and businesses in fields targeted for expansion. By delivering sustained growth in this way, the Rinnai Group will continue ensuring stable long-term return of profits to shareholders and other investors.

As a manufacturer of heat and energy appliances that are indispensable to everyday life, Rinnai fully recognizes its social role, which is to develop and supply reliable, high-quality products. We ask for the understanding and support of all shareholders.

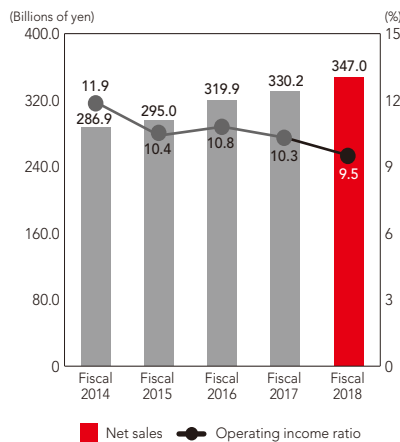
# Consolidated Business Results for Fiscal 2018

(Year ended March 31, 2018)

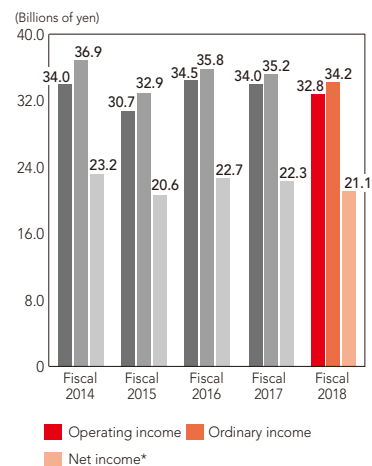
## Performance Highlights

- New record-high figure for net sales
- Net sales up for eighth consecutive year, buoyed by healthy sales of water heaters in China and United States
- Annual dividends of ¥90.00 per share, representing the 16th consecutive period of year-on-year dividend increases

### Net sales, operating income ratio

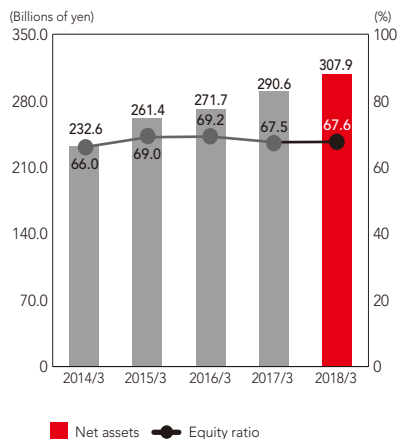


### Operating income, ordinary income, net income

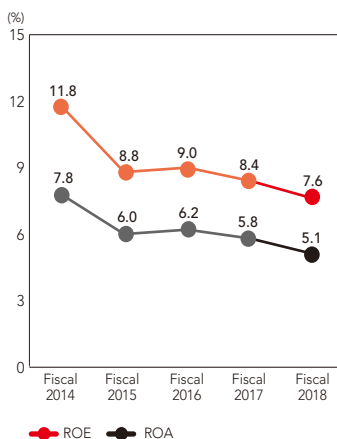


\* Net income Attributable to Owners of the Parent Company

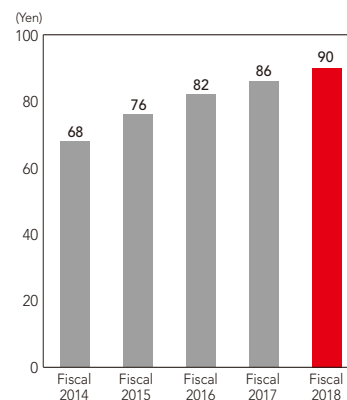
### Net assets, equity ratio



### ROE, ROA



### Dividends per share (annual)

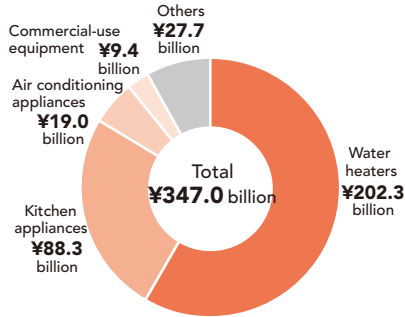




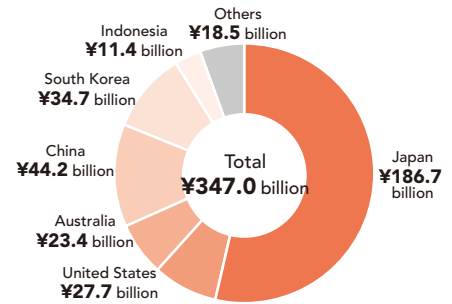
## Highlights by Product Segment

- **Water heaters: Increase in segment sales** supported by healthy sales of water heaters in China and the United States
- **Kitchen appliances: Contraction of domestic tabletop stove market and intense competition for built-in hobs (stovetops) led to a decline in segment sales**
- **Air conditioning appliances, commercial-use equipment, and others: Increase in sales** owing to steady sales of air-conditioners in Australia

### Net sales by product

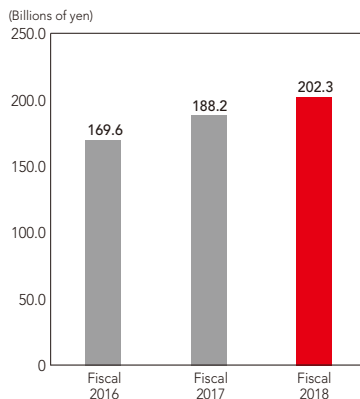


### Net sales by region

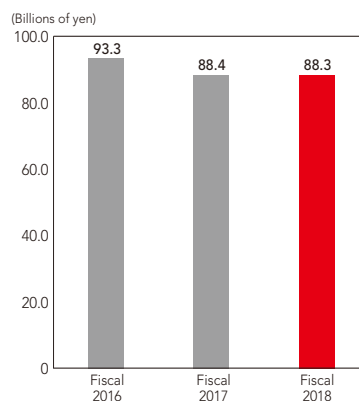


Product segment	Principal products
<b>Water heaters</b>	Tankless water heater with basic functions, bath-filling systems, heating systems, and hybrid water heater with heating systems
<b>Kitchen appliances</b>	Tabletop cookers, built-in hobs (stovetops), ovens, dishwashers, range hoods and rice cookers
<b>Air conditioning appliances</b>	Fan heaters, fanned flue heaters and infrared heaters
<b>Commercial-use equipment</b>	Commercial-use ceramics griller, ranges and rice cookers
<b>Others</b>	Clothes dryers, infrared burners and components

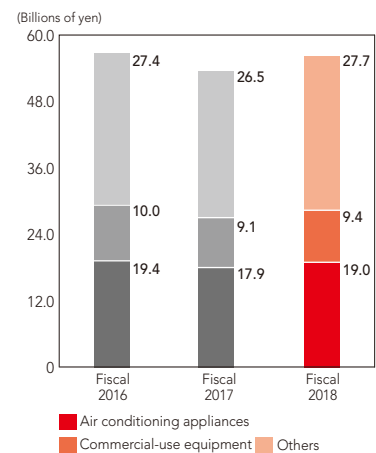
### Sales of water heaters



### Sales of kitchen appliances



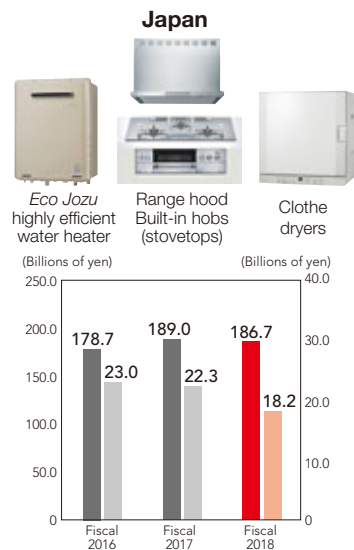
### Sales of air conditioning appliances, commercial-use equipment, and others



# Consolidated Business Results for Fiscal 2018

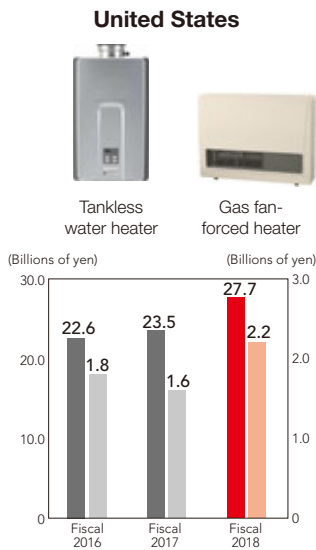
(Year ended March 31, 2018)

## Highlights by Regional Segment



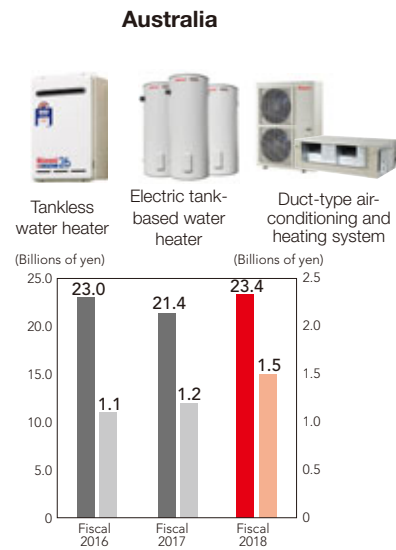
**Lower sales and income** due to decline in sales of stoves, as well as lower sales of water heaters via some sales channels

■ Net sales ■ Operating income



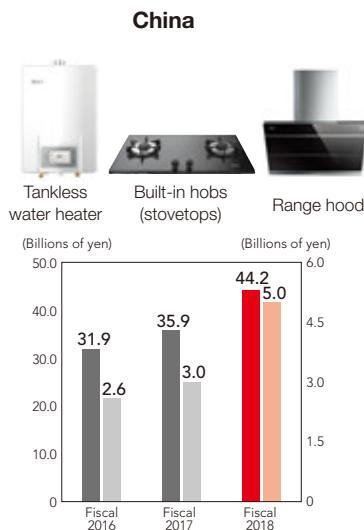
**Higher sales and income** thanks to healthy sales of tankless water heaters on the back of expanding market for housing appliances

■ Net sales ■ Operating income



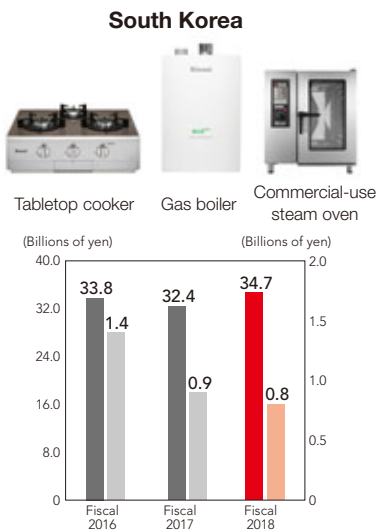
**Higher sales of tankless water heaters and ducted heating/cooling systems led to increases in sales and income**

■ Net sales ■ Operating income



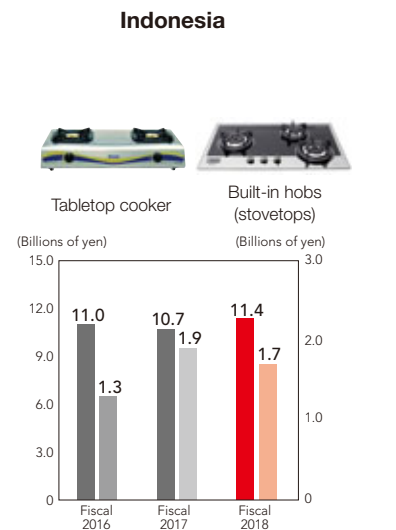
**Higher sales and income** thanks to healthy sales of water heaters stemming from expansion of gas infrastructure and rising living standards

■ Net sales ■ Operating income



Healthy sales of boilers owing to increased housing starts led to **higher sales**, but intensified competition for stoves resulted in **lower income**

■ Net sales ■ Operating income



**Higher sales** thanks to healthy demand for mainstream tabletop cookers, but **lower income** due to surging raw materials costs

■ Net sales ■ Operating income

## Consolidated Balance Sheets (Millions of yen)

Current Term (As of March 31, 2018)

Previous Term (As of March 31, 2017)

	Current Term	Previous Term
<b>Assets</b>		
<b>Current assets</b>	266,978	237,671
<b>Fixed assets</b>	157,761	166,653
Property, plant and equipment	83,415	78,175
Intangible fixed assets	6,350	6,853
Investments and advances	67,995	81,624
<b>Total assets</b>	<b>424,740</b>	<b>404,325</b>
<b>Liabilities</b>		
<b>Current liabilities</b>	92,905	91,568
<b>Long-term liabilities</b>	23,869	22,118
<b>Total liabilities</b>	<b>116,775</b>	<b>113,686</b>
<b>NET ASSETS:</b>		
<b>Shareholders' equity:</b>	272,170	261,536
Common stock	6,459	6,459
Capital surplus	8,756	8,756
Earned surplus	258,814	247,327
Treasury stock	(1,860)	(1,007)
<b>Other comprehensive income:</b>	15,112	11,241
<b>Minority interests</b>	20,682	17,860
<b>Total net assets</b>	<b>307,965</b>	<b>290,638</b>
<b>Total liabilities and net assets</b>	<b>424,740</b>	<b>404,325</b>

## Consolidated Statements of Income (Millions of yen)

Current Term (From April 1, 2017, to March 31, 2018)

Previous Term (From April 1, 2016, to March 31, 2017)

	Current Term	Previous Term
<b>Net sales</b>	347,071	330,256
Cost of sales	234,996	221,355
Gross profit	112,074	108,900
Selling, general and administrative expenses	79,225	74,844
<b>Operating income</b>	<b>32,849</b>	<b>34,056</b>
Other income	2,160	2,210
Other expenses	723	986
<b>Ordinary income</b>	<b>34,286</b>	<b>35,280</b>
Extraordinary income	1,056	253
Extraordinary loss	762	530
Income before income taxes	34,580	35,003
Income taxes	9,805	9,859
Net income	24,775	25,143
Net income attributable to non-controlling interests	3,581	2,821
<b>Net income attributable to owners of the parent company</b>	<b>21,194</b>	<b>22,322</b>

## Consolidated Statements of Cash Flows (Millions of yen)

Current Term (From April 1, 2017, to March 31, 2018)

Previous Term (From April 1, 2016, to March 31, 2017)

	Current Term	Previous Term
<b>Cash flows provided by operating activities</b>	<b>29,914</b>	<b>39,554</b>
<b>Cash flows provided by investing activities</b>	<b>(12,190)</b>	<b>(17,732)</b>
<b>Cash flows provided by financing activities</b>	<b>(11,725)</b>	<b>(5,217)</b>
<b>Cash and cash equivalents at end of term</b>	<b>101,697</b>	<b>95,297</b>



Make your home comfortable. That will help you relax.  
“Rinnai Relax” is the answer to your “comfortable home” needs.

## Reliable relaxation

Gas stove named “Oishii”

### DELICIA

This is a relaxing home!

Use dedicated “DELICIAPP” app to communicate with stove for simple upgrading of dishes

Use dedicated “DELICIAPP” app for easy recipe searches and meal preparation

Use shopping list function to ensure you won't forget to purchase, even when on the move



Recipe searches easy, wherever you are

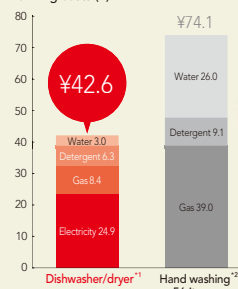
## Sparkling relaxation

Front-opening dishwasher/dryer

This is a relaxing home!

Easier and more economical than washing by hand

Running costs (¥)



<sup>\*1</sup> Calculation assumptions (tax included)  
Water supply: ¥132/m<sup>3</sup>; Sewage use: ¥120/m<sup>3</sup> (The Japan Electrical Manufacturer's Association); Electricity: ¥27/kWh (Home Electric Appliances Fair Trade Conference); Gas: ¥166/m<sup>3</sup>; Detergent: ¥380/box (600g)

<sup>\*2</sup> Calculation assumptions (tax included)  
After washing in 10 liters of hot water (approx. 40°C); Use 1 bottle of washing detergent as standard (retail price statistical survey, Ministry of Internal Affairs and Communications); 13.5 seconds per item washed; Rinsed with 6 liters of fresh water (voluntary standard as of April 2017, The Japan Electrical Manufacturer's Association)

## Fluffy relaxation

Gas clothes dryer

Hayai Kanta-kun

はやい  
乾太くん

This is a relaxing home!

With Kanta-kun, every day is a sunny washing day

### Antibacterial effect comparison



Indoor drying causes condensation, mold, and mites

Number of E. coli counted per sheet (diaper) after each treatment (\*One Company, Tokyo Food Technology Research Institute, Tokyo Food Hygiene Association)

## Comfortable relaxation

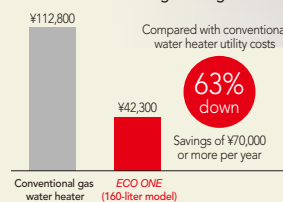
Hybrid water heater with heating system

### ECO ONE

This is a relaxing home!

Comfortable baths and ample heating while saving energy

### Annual water heating running cost comparison



<sup>\*</sup> Annual water heating = bathwater-heating: 18.3GJ, LP gas: ¥450/m<sup>3</sup> (conventional gas water heater and ECO ONE both used full-year); Electricity: ¥25.6/kWh (average unit prices, excluding basic charges) (Rinnai estimates; as of June 2016)

## Domino-type built-in hob (G:101) Winner of iF Design Award 2018

Rinnai's G:101 domino-type built-in hob won an iF Design Award 2018. (The "iF Design Awards" are internationally recognized design awards sponsored by iF, a design group based in Germany.) The award-winning G:101 is part of Rinnai's flagship "G" series of kitchen appliances. It is a drop-in gas hob for high-end modular-type kitchens that was released in 2017 as the first offering of the "G" series.



## Envisaging growth in gas instant-heating (tankless) water heater market Rinnai America begins local production of water heaters

In April 2018, Rinnai America started local production of residential-use tankless water heaters at its Griffin Plant (leased facility). Going forward, we will expand that plant's production capacity to 100,000 units per year while building our own facility, which is scheduled to open in January 2021. At the same time, we are currently expanding Rinnai America's head office and will roll out multifaceted strategies in anticipation of market growth for gas tankless water heaters in the United States.



First finished gas tankless water heater to be mass-produced

## Delivering "heat" and "joy" to people through sports Decision to become representative team sponsor of Nippon Badminton

In April 2018, Rinnai became a Silver Sponsor of the Japanese representative team of the Nippon Badminton Association (NBA). In addition to Japan, badminton is familiar to many people and is highly popular overseas, especially in Asia. By supporting badminton, a sport that is loved around the world, we aim to contribute to people's happiness through heat.



Japan's representative teams for the 2018 Thomas & Uber Cup

## Company that incorporates employee health management into its business strategies Rinnai included in Health and Productivity Index 2018 (third consecutive year)

For the third consecutive year, Rinnai Corporation has been included in the Health and Productivity Index 2018, presented by the Ministry of Economy, Trade and Industry (METI) and the Tokyo Stock Exchange. It was also selected in the 2018 "White 500" (large enterprise category) list of companies that practice superior health management (also presented by METI). Rinnai has established dedicated entities—welfare & health team and health support office—within its Personnel Affairs Division, through which it will work to maintain and improve employee health in such areas as mental health, lifestyle disease prevention, and metabolic syndrome prevention.



Walking festival organized by Rinnai's Association of Employees

## Corporate Data

### Directory (As of March 31, 2018)

<b>Incorporated</b>	September 1, 1920
<b>Established</b>	September 2, 1950
<b>Paid-in capital</b>	¥6,459,746,974
<b>Head office</b>	2-26, Fukuzumi-cho, Nakagawa-ku, Nagoya 454-0802 TEL: +81-52-361-8211
<b>Number of employees</b>	10,571 (Consolidated) 3,665 (Nonconsolidated)

### Domestic Network (As of March 31, 2018)

**Factories and related centers** Technology Development Center, Production Technology Center, Integrated Logistics Center, East Japan Logistics Center, Parts Center, Oguchi Factory, Seto Factory, Asahi Factory, Akatsuki Factory

**Branches** Tohoku, Kanto, Chubu, Kansai, Kyushu

**Domestic sales offices** Hokkaido, Kita-Tohoku, Sendai, Niigata, Tokyo, Kita-Kanto, Higashi-Kanto, Minami-Kanto, Tokai, Shizuoka, Hokuriku, Nagano, Osaka, Keji, Hyogo, Chugoku, Shikoku, Fukuoka

**Domestic satellite offices** (89 offices)

**Other domestic offices** 10 Training Centers, 2 Customer Centers

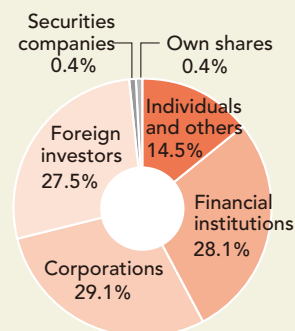
### Board of Directors (As of June 27, 2018)

Chairman	<b>Kenji Hayashi</b>	Managing Executive Officers	<b>Terumasa Kaneko</b>	Standing Audit & Supervisory Board Members	<b>Takashi Sonoda</b>
President and Executive Officer	<b>Hiroyasu Naito</b>		<b>Kinji Mori</b>		<b>Haruhiko Ishikawa</b>
Director and Executive Vice President	<b>Tsunenori Narita</b>	Executive Officers	<b>Yasuo Koketsu</b>	Audit & Supervisory Board Members	<b>Masaaki Matsuoka</b>
Director and Senior Managing Executive Officers	<b>Masao Kosugi</b>		<b>Greg Ellis</b>		<b>Ippei Watanabe</b>
Directors	<b>Yuji Kondo</b>		<b>Fuminobu Ishikawa</b>	Notes: 1. Nobuyuki Matsui and Takashi Kamio (Directors) serve as an outside director.	
	<b>Nobuyuki Matsui</b>		<b>Chuji Nakashima</b>	2. Masaaki Matsuoka and Ippei Watanabe (Audit & Supervisory Board Members) serve as an outside auditor.	
	<b>Takashi Kamio</b>		<b>Shinji Tanaka</b>		
			<b>Kazuhiko Matsumoto</b>		
			<b>Kenji Endo</b>		
			<b>Masanori Shimizu</b>		
			<b>Kazuto Inoue</b>		
			<b>Hideyuki Shiraki</b>		
			<b>Koji Fujioka</b>		
			<b>Katsuhiko Shinji</b>		

### Share Composition (As of March 31, 2018)

<b>Number of shares</b>	
<b>Authorized:</b>	200,000,000
<b>Outstanding:</b>	51,616,463 (Including treasury stock)
<b>Number of shareholders:</b>	3,750

### Composition of shareholders



## Rinnai Group (As of March 31, 2018)

### 15 Domestic Subsidiaries

#### Manufacture of Products

- Yanagisawa Manufacturing Co., Ltd.
- Rinnai Technica Co., Ltd.
- Gastar Co., Ltd.

#### Manufacture of Components

- RB Controls Co., Ltd.
- Rinnai Precision Co., Ltd.
- RT Engineering Co., Ltd.
- Japan Ceramics Co., Ltd.
- Noto Tech Co., Ltd.
- Techno Parts Co., Ltd.

#### Sale of Products

- Rinnai Net Co., Ltd.
- RG Co., Ltd.

#### Other Business

- Rinnai Enterprises
- Other three companies

### 31 Overseas Subsidiaries and Affiliates

#### Holding Company/Sale of Products

- Rinnai Holdings (Pacific) Pte Ltd.

#### Sale of Products

- Rinnai America Corporation
- Rinnai Hong Kong Ltd.
- Rinnai Canada Holdings Ltd.
- Shanghai Rinnai Thermo Energy Engineering Co., Ltd.
- Rinnai Plus Corp.
- Guangzhou Rinnai Gas and Electric Appliance Co., Ltd.
- Rinnai (Malaysia) Sdn. Bhd.
- Rinnai UK Ltd.
- Rinnai Italia S.r.l.
- Hainan Rinnai Minsheng Kitchen Appliances Sales Co., Ltd.

#### Manufacture and Sale of Products

- Rinnai Australia Pty., Ltd.

- Rinnai New Zealand Ltd.
- Rinnai Taiwan Corporation
- Rinnai Korea Corporation
- Shanghai Rinnai Co., Ltd.
- Rinnai (Thailand) Co., Ltd.
- Rinnai Viet Nam Co., Ltd.
- Rinnai Brasil Heating Technology Ltd.
- P.T. Rinnai Indonesia
- Brivis Climate Systems

#### Manufacture and Sale of Components

- RB Korea Ltd.
- RS Korea Ltd.
- Shanghai RB Controls Co., Ltd.
- Mikuni RK Corporation

#### Other Business

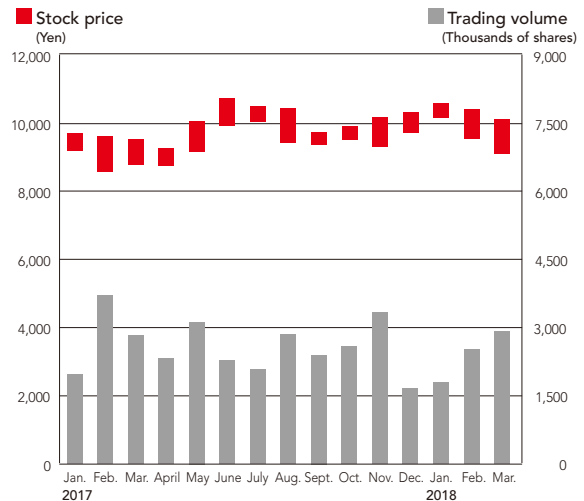
- Gas Appliance Services Pty., Ltd.
- Other five companies

● Consolidated subsidiary ■ Nonconsolidated subsidiary □ Affiliated company (equity method not applied)

## Major Shareholders (As of March 31, 2018)

Name	Shares held (Thousands)
Naito Co., Ltd.	6,215
Yoshikane Shoji Co., Ltd.	4,002
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,688
Kenji Hayashi	2,454
Japan Trustee Services Bank, Ltd. (Trust Account 9)	2,394
Japan Trustee Services Bank, Ltd. (Trust Account)	1,961
Tokyo Gas Company, Limited	784
HSBC-FUND SERVICES CLIENTS A/C 500	768
Nippon Life Insurance Company	720
Japan Trustee Services Bank, Ltd. (Trust Account 5)	673

## Stock Price Range



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**Financial year**

From April 1 to March 31

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**Annual meeting of shareholders**

Every June

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**Dates of record**

Annual meeting of shareholders,

year-end dividend: March 31

Interim dividend: September 30

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**Minimum trading unit**

100 shares

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**Public notice**

Public notices by the Company will be announced online.

<http://www.rinnai.co.jp>

However, if due to accident or some other unavoidable reason that prevents the Company from completing an online announcement should arise, a public notice will be made by posting in the *Nihon Keizai Shimbun*.

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**Transfer agent**

Sumitomo Mitsui Trust Bank, Limited

4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-0005

**Special account administrator**

Sumitomo Mitsui Trust Bank, Limited

4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-0005

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**Mailing and contact**

Sumitomo Mitsui Trust Bank, Limited

Stock Transfer Agency Department

8-4, Izumi 2-chome, Suginami-ku, Tokyo 168-0063

**(Telephone)**

Freedial 0120-782-031 (9:00 am~17:00 pm on weekdays)

Transfer administration offices:

Sumitomo Mitsui Trust Bank, Limited

Head office, and branches throughout Japan

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**Stock Listings:**

Tokyo Stock Exchange, First Section

Nagoya Stock Exchange, First Section

## Inquiries Pertaining to Share-Related Procedures

### 1. Non-Payment of Dividends

Please contact the transfer agent (Sumitomo Mitsui Trust Bank, Limited; contact details above).

### 2. Change of address, purchases (or increases in purchases) of fractional shares, designation of dividend payment method, etc.

#### (1) Shareholders with account at a securities company

Please contact the securities company handling your account.

#### (2) Shareholders with a special account opened due to absence of account at a securities company

Please contact Sumitomo Mitsui Trust Bank, Limited

## Dividend Calculation Notice

The Dividend Calculation Notice, sent to shareholders at the time of dividend payment, also functions as the Payment Notice according to regulations under the Act on Special Measures Concerning Taxation. This document can be used as a reference attachment when preparing final tax returns. For shareholders who have chosen to receive dividends by the allocation based on the number of shares method, a withholding tax amount are calculated by security companies. For inquiries about a reference attachment when preparing final tax returns, please contact your securities company. The Company will issue a Dividend Calculation Notice to shareholders who receive dividends by presenting the Year-End Dividend Receipt.

\* Shareholders who prepare their own final tax returns are asked to keep the Dividend Calculation Notice in a safe place.