



**Shareholders' Report Vol.55 72nd Interim Term**  
(April 1 to September 30, 2021)

**Rinnai**

It is my pleasure to report on the Rinnai Group's business performance in the two-quarter period under review (April 1–September 30, 2021).

During the period, the world economy sought to return to normal from the COVID-19 pandemic. Although restrictions on activities were relaxed in some countries and regions, the situation remained serious due to the emergence of various risks, such as disruptions in international logistics, soaring raw material prices, and difficulties in procuring parts in areas where infections have spread. In Japan, meanwhile, widespread vaccine rollouts led to expectations of an economic turnaround, but the outlook remained uncertain due to weak personal consumption and business sentiment.

The domestic housing industry saw signs of an overall recovery in new housing starts, and the market for housing appliances remained firm, especially for renovation projects.

Under these circumstances, the Rinnai Group reported a significant year-on-year increase in net sales thanks to higher sales of mainstay products in various overseas markets, especially China and the United States, as well as steady growth in Japan. On the earnings side, we posted an increase in operating income thanks to higher revenue and rigorous cost-reduction activities, despite downward pressure from raw material and logistics costs. More details about our financial results are provided in the following pages. The Company declared an interim dividend of ¥70.00 per share.

During the period, the Group launched its new medium-term business plan, entitled “New ERA 2025,” covering the five-year period from April 2021 to March 2026. Under the plan, we will steadily implement the three strategies of “advancement in addressing social challenges,” “expansion of business scale,” and “revolution of corporate structure.” In the period under review, for example, we acquired Mexico-based Industrias Mass, S.A. de C.V. with the aim of expanding our business into the Latin American market, and we fully remodeled our *Lisse* range of stoves with an automatic cooking function that helps improve people's quality of life. In these ways, we are working to fulfill our promise to our customers — “Creating a healthier way of living” — and achieve sustainable and robust long-term growth.

We look forward to the ongoing support and cooperation of shareholders.

December 2021  
Hiroyasu Naito  
President





# Consolidated Business Results

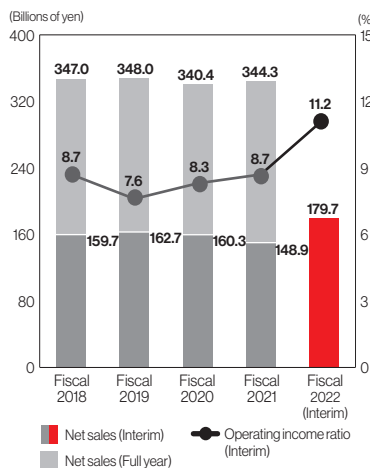
(First Two Quarters of the Fiscal Year ending March 2022)

## Financial Data

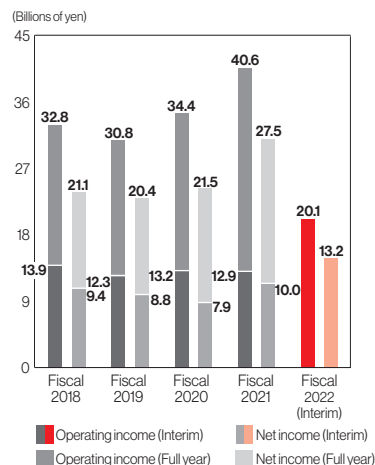
### Performance Highlights

- Net sales **up for first time in three years** due to growth of mainstay products in various overseas markets
- Operating income **increased for first time in two years** owing to higher sales and cost reductions
- Interim cash dividend of ¥70 per share, for **12th consecutive year of interim dividend increases.**

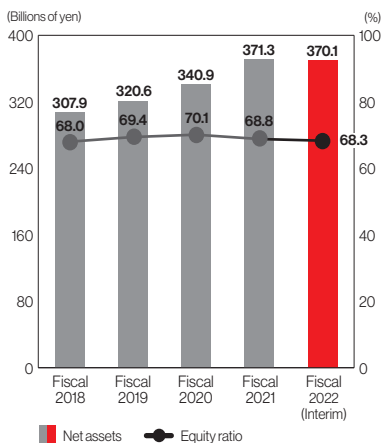
### Net sales, operating income ratio



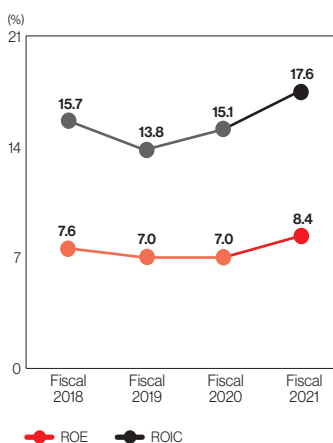
### Operating income, net income attributable to owners of the parent company



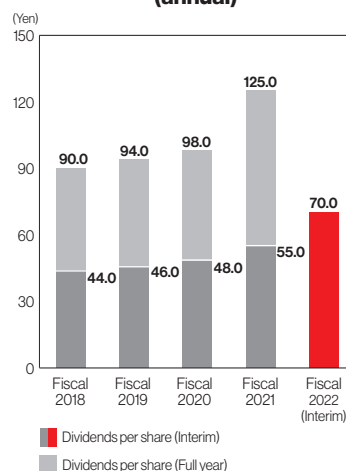
### Net assets, equity ratio



### ROE, ROIC



### Dividends per share (annual)



\* Return on invested capital (ROIC) = Operating income (after deemed tax) ÷ Invested capital (accounts receivable + inventory – accounts payable + fixed assets (tangible/intangible))

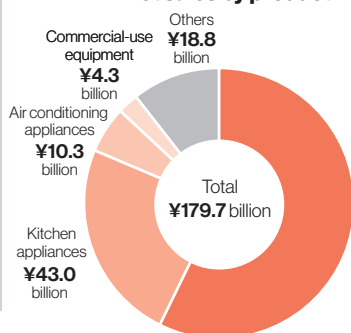
# Consolidated Business Results

(First Two Quarters of the Fiscal Year ending March 2022)

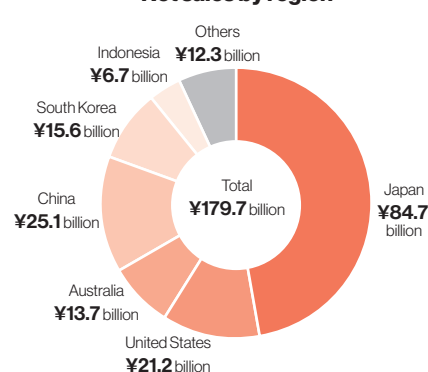
## Highlights by Product Segment

- Water heaters: **Increase in sales** thanks to higher sales in China and United States
- Kitchen appliances: **Sales up** owing to healthy demand for stoves in Indonesia

Net sales by product

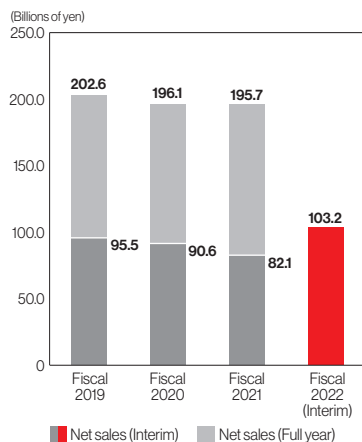


Net sales by region

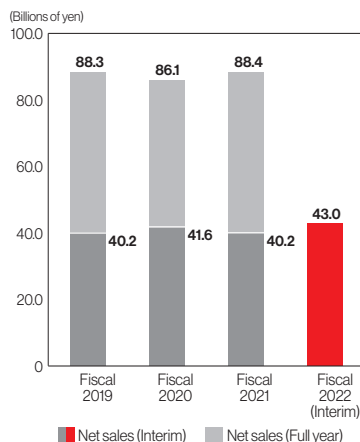


Product segment	Principal products
Water heaters	Tankless water heater with basic functions, bath-filling systems, heating systems, and hybrid water heater with heating systems
Kitchen appliances	Tabletop cookers, built-in hobs (stovetops), ovens, dishwashers, range hoods and rice cookers
Air conditioning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

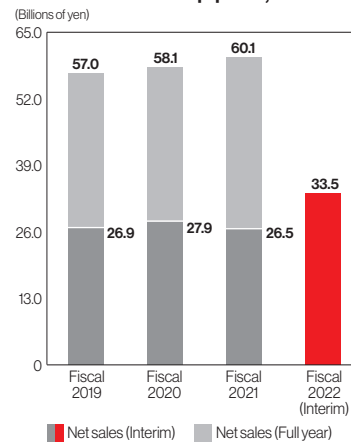
Sales of water heaters



Sales of kitchen appliances

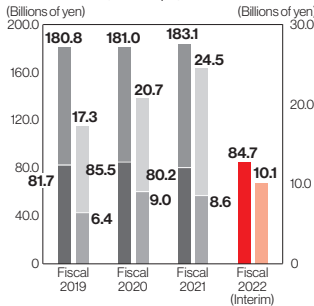


Sales of air conditioning appliances, commercial-use equipment, and others



## Highlights by Regional Segment

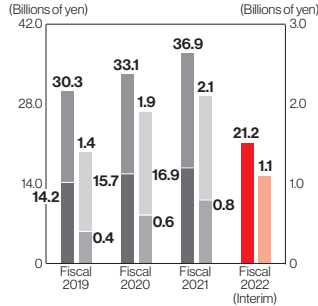
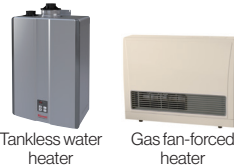
### Japan



Higher sales of mainstay water heaters and growth items, such as gas clothes dryers and dishwashers, led to **year-on-year increases in sales and income**

■ Net sales (Interim) ■ Operating income (Interim)  
■ Net sales (Full year) ■ Operating income (Full year)

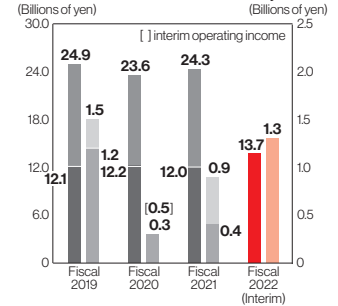
### United States



**Growth in both sales and income** thanks to accelerating demand for highly convenient tankless water heaters

■ Net sales (Interim) ■ Operating income (Interim)  
■ Net sales (Full year) ■ Operating income (Full year)

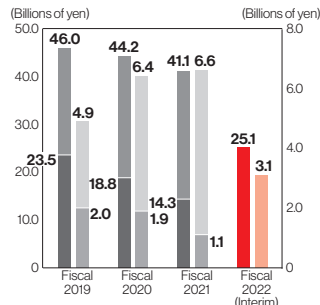
### Australia



Healthy demand for room heaters led to **increase in sales**, while improved productivity resulted in **higher income**

■ Net sales (Interim) ■ Operating income (Interim)  
■ Net sales (Full year) ■ Operating income (Full year)

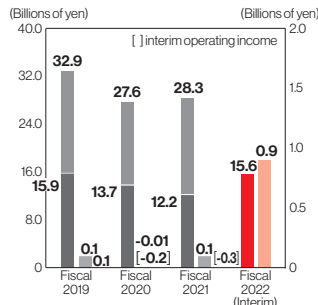
### China



Both **sales and income increased** due to solid sales of water heaters on the Internet and in physical stores

■ Net sales (Interim) ■ Operating income (Interim)  
■ Net sales (Full year) ■ Operating income (Full year)

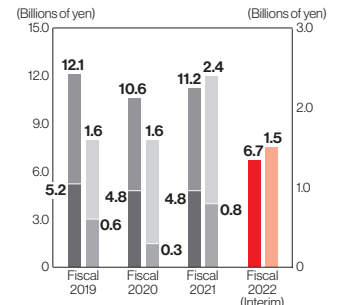
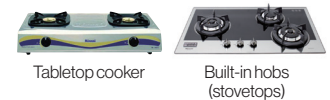
### South Korea



Growth in sales of high-efficiency boilers in response to stricter environmental regulations led to **higher sales**, while cost reductions and other income improvement activities resulted in **return to profitability**

■ Net sales (Interim) ■ Operating income (Interim)  
■ Net sales (Full year) ■ Operating income (Full year)

### Indonesia



**Increases in sales and income** owing to growth in sales of mainstay tabletop stoves, high-priced built-in stoves, and range hoods

■ Net sales (Interim) ■ Operating income (Interim)  
■ Net sales (Full year) ■ Operating income (Full year)





## New Rinnai products that reflect our commitment to “heat and lifestyles” and “health and lifestyles”

### *Lisse*, a simple and smart gas stove with a recipe app and voice guidance function

(Released in September 2021)

# Lisse



#### Feature 1

**Automatic cooking function and compatibility with  
+R RECIPE (Rinnai's recipe app with a wide variety of recipes)**

- Rinnai's official app is packed with useful and fun features, from convenient everyday cooking recipes to tips on how to use the stove and support for household chores. *Lisse* now joins our top-of-the-line *DELICIA* series in compatibility with the app.
- From simple menus to full-fledged cooking, you can easily enjoy recipes supervised by food specialists, in addition to the automatic cooking function.



**+R RECIPE**

#### Feature 2

**Improved stove operation with voice guidance function**

- The series offers voice guidance for automatic cooking, temperature control, and safety confirmation.



Rinnai proposes rich and enjoyable lifestyles through its products as people spend more and more time at home.

## Effectively prevents heat shock by automatically heating the bathroom RBH-C4101 and RBHM-C4101 series of hot-water-type bathroom heater/dryers

(Released in October 2021)



**GOOD DESIGN AWARD 2021**

\* Remote control  
(award winner)



### Feature 1

**Equipped with motion sensor and temperature sensor to automatically warm the bathroom for safe bathing**

- The motion sensor in the bathroom heater/dryer detects the movement of people in the bathroom, while the temperature sensor detects the bathroom temperature and automatically performs the optimal heating operation.
- It supports safe bathing by keeping the room temperature comfortable even on cold days.

Automatic control of bathroom temperature

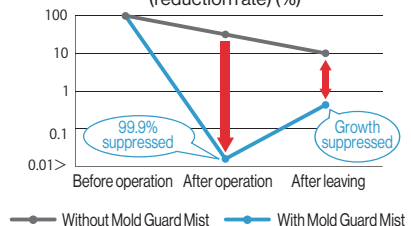


### Feature 2

**Mist function suppresses 99.9%\*1 of bathroom mold growth (RBHM series only)**

- Equipped with Mold Guard Mist\*2 to suppress mold growth.
- By activating the Mold Guard Mist function once every two weeks, you can suppress 99.9% of mold growth, keeping the bathroom clean and reducing the burden of cleaning.

Change in the number of adherent molds  
(reduction rate) (%)



\*1. Based in Rinnai's research. Test conditions are as follows.

Test organization: NPO Mold Consultation Center; Test method: After pre-cultivating mold for 7 days at 25°C room temperature and 90% humidity, spores were inoculated into test pieces and placed on the wall near the bathroom floor for operation; Target: Black mold (*Cladosporium cladosporioides*); Before operation: Before activating Mold Guard Mist function; After operation: 190 minutes of Mold Guard Mist operation (70 minutes of mist + 120 minutes of bathroom drying) under rainy season conditions. In the rainy season, the room temperature was 25°C and the humidity was 80% without the Mold Guard Mist operation; After leaving: Situation after leaving the bathroom for 14 days in the rainy season, both with and without Mold Guard Mist operation; Test number: CFCJ Test 21-162

\*2. Mold Guard Mist was jointly developed with Toho Gas Co., Ltd.

## Launch of “G:201” (second product in the “G:” line of in-wall stoves that offer high quality and luxury)



The “G:” line is Rinnai’s flagship category of kitchen appliances that combine top-end design and advanced technology. It is distinctly different from conventional kitchen appliances. In August 2021, we launched “G:201,” which features a sense of high quality and luxury, as our second product in the line following the “G:101” domino-type built-in stove. G:201 has a stylish front face that highlights the quality of materials used. It is equipped with three cooking functions (oven, steam, and microwave) and exudes a high-quality feel and visual appeal through the use of an understated-color LCD and intuitive controls. Reflecting high evaluation of its design, G:201 received a Good Design Award in 2021.

## Rinnai America acquires Industrias Mass, Mexico’s leading manufacturer of commercial water heaters



Commercial water heater  
made by Industrias Mass

In September 2021, Rinnai America Corporation, a subsidiary of Rinnai Corporation and the top manufacturer of tankless water heaters in the United States, acquired all shares of Industrias Mass, S.A. de C.V., the leading manufacturer of commercial water heaters in Mexico. Industrias Mass is a major manufacturer with a one-third share of the commercial water heater market in Mexico. It also manufactures and sells water treatment systems and commercial tanks. By welcoming Industrias Mass into the Rinnai Group, we will work to expand our commercial water heater business in Latin America and improve brand recognition.

## Updated design of *Jikabi-no-Takumi* gas rice cooker with electronic jar



Rinnai’s *Jikabi-no-Takumi* gas rice cooker with an electronic jar, which is popular among gas rice cooker users, was relaunched in October 2021 with a new design. The new cooker has a flattened shape and matte color. In addition, a special mode has been added to address the characteristics of *shinmai* (newly harvested rice), including high moisture content, and the high heat power that only a gas rice cooker can provide makes *shinmai* taste better than ever. We have also improved the express mode for cooking white rice to shorten the cooking time in response to demand for reduced housework.



**Consolidated Balance Sheets** (Millions of yen)

Current Term (As of September 30, 2021)

Previous Term (As of March 31, 2021)

	Current Term	Previous Term
<b>Assets</b>		
<b>Current assets</b>	<b>323,262</b>	<b>332,153</b>
<b>Fixed assets</b>	<b>172,509</b>	<b>165,138</b>
Property, plant and equipment	93,562	86,672
Intangible fixed assets	3,454	3,232
Investments and advances	75,492	75,234
<b>Total assets</b>	<b>495,772</b>	<b>497,291</b>
<b>Liabilities</b>		
<b>Current liabilities</b>	<b>98,180</b>	<b>99,538</b>
<b>Long-term liabilities</b>	<b>27,475</b>	<b>26,434</b>
<b>Total liabilities</b>	<b>125,656</b>	<b>125,973</b>
<b>NET ASSETS:</b>		
<b>Shareholders' equity:</b>	<b>321,411</b>	<b>329,219</b>
Common stock	6,484	6,459
Capital surplus	8,673	8,648
Earned surplus	308,578	315,992
Treasury stock	(2,324)	(1,881)
<b>Other comprehensive income:</b>	<b>17,383</b>	<b>13,110</b>
<b>Minority interests</b>	<b>31,320</b>	<b>28,989</b>
<b>Total net assets</b>	<b>370,116</b>	<b>371,318</b>
<b>Total liabilities and net assets</b>	<b>495,772</b>	<b>497,291</b>

**Consolidated Statements of Income** (Millions of yen)

Current Term (From April 1, 2021, to September 30, 2021)

Previous Term (From April 1, 2020, to September 30, 2020)

	Current Term	Previous Term
<b>Net sales</b>	<b>179,721</b>	<b>148,945</b>
Cost of sales	118,739	100,568
Gross profit	60,981	48,377
Selling, general and administrative expenses	40,873	35,419
<b>Operating income</b>	<b>20,107</b>	<b>12,957</b>
Other income	1,680	1,124
Other expenses	100	161
<b>Ordinary income</b>	<b>21,687</b>	<b>13,920</b>
Extraordinary income	—	1,445
Income before income taxes	21,687	15,365
Income taxes	5,886	4,107
Net income	15,800	11,258
Net income attributable to non-controlling interests	2,552	1,228
<b>Net income attributable to owners of the parent company</b>	<b>13,247</b>	<b>10,029</b>

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

Current Term (From April 1, 2021, to September 30, 2021)

Previous Term (From April 1, 2020, to September 30, 2020)

	Current Term	Previous Term
<b>Cash flows provided by operating activities</b>	<b>13,676</b>	<b>12,498</b>
<b>Cash flows provided by investing activities</b>	<b>(2,090)</b>	<b>(4,498)</b>
<b>Cash flows provided by financing activities</b>	<b>(21,674)</b>	<b>(3,936)</b>
<b>Cash and cash equivalents at end of term</b>	<b>159,800</b>	<b>143,550</b>



# Corporate Data

## Directory (As of September 30, 2021)

<b>Incorporated</b>	September 1, 1920
<b>Established</b>	September 2, 1950
<b>Paid-in capital</b>	¥6,484,416,754
<b>Head office</b>	2-26, Fukuzumi-cho, Nakagawa-ku, Nagoya 454-0802 TEL: +81-52-361-8211
<b>Number of employees</b>	10,723 (Consolidated) 3,674 (Nonconsolidated)

## Domestic Network (As of September 30, 2021)

**Factories and related centers** Technology Development Center, Production Technology Center, Integrated Logistics Center, East Japan Logistics Center, Parts Center, Oguchi Factory, Seto 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, Hokuiku, Nagano, Osaka, Keiji, Hyogo, Chugoku, Shikoku, Fukuoka

**Domestic satellite offices** (92 offices)

**Other domestic offices** 11 Training Centers, Customer Center

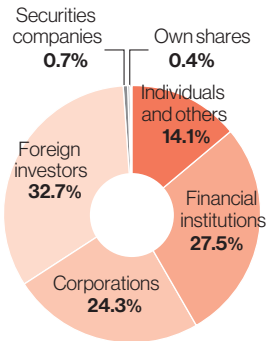
## Corporate Officers (As of September 30, 2021)

Chairman	<b>Kenji Hayashi</b>	Managing Executive Officers	<b>Kinji Mori</b>	Executive Officers	<b>Kazuhiko Matsumoto</b>
President and Executive Officer	<b>Hiroyasu Naito</b>		<b>Hideyuki Shiraki</b>		<b>Masanori Shimizu</b>
Director and Executive Vice President	<b>Tsunenori Narita</b>	Senior Executive Officers	<b>Chuji Nakashima</b>		<b>Kenichi Ebata</b>
Directors (outside)	<b>Nobuyuki Matsui</b> <b>Takashi Kamio</b>		<b>Kazuto Inoue</b>		<b>Katsunori Tanioka</b>
Standing Audit & Supervisory Board Members	<b>Haruhiko Ishikawa</b> <b>Katsuhiko Shinji</b>		<b>Hirohisa Ooi</b>		<b>Hiroyuki Hoyano</b>
Audit & Supervisory Board Members (outside)	<b>Masaaki Matsuoka</b> <b>Ippei Watanabe</b>		<b>Takuya Ogawa</b>		<b>Atsuo Kashima</b>
			<b>Yoshihiko Takasu</b>		<b>Kenji Endo</b>
					<b>Hayao Nishizawa</b>

## Share Composition (As of September 30, 2021)

<b>Number of shares</b>	
<b>Authorized:</b>	200,000,000
<b>Outstanding:</b>	50,021,057 (Including treasury stock)
<b>Number of shareholders:</b>	3,745

### Composition of shareholders



## Rinnai Group (As of September 30, 2021)

### 12 Domestic Subsidiaries

#### Manufacture and Sale of Products

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

#### Sale of Products

- Rinnai Net Co., Ltd.

#### Manufacture and Sale of Components

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

#### Other Business

- Rinnai Enterprises
- Other two companies

### 34 Overseas Subsidiaries and Affiliates

#### Holding Company/Sale of Products

- Rinnai Holdings (Pacific) Pte Ltd.

#### Manufacture and Sale of Products

- Rinnai America Corporation
- Rinnai Australia Pty., Ltd.
- Shanghai Rinnai Co., Ltd.
- Rinnai Korea Corporation
- PT. Rinnai Indonesia
- Rinnai New Zealand Ltd.
- Rinnai Taiwan Corporation
- Rinnai (Thailand) Co., Ltd.
- Rinnai Viet Nam Co., Ltd.
- Rinnai Brasil Heating Technology Ltd.
- Rinnai Manufacturing Malaysia Sdn. Bhd.

#### Sale of Products

- Rinnai Italia S.r.l.
- Rinnai Hong Kong Ltd.
- Rinnai Canada Holdings Ltd.

- Shanghai Rinnai Thermo Energy Engineering Co., Ltd.
- Guangzhou Rinnai Gas and Electric Appliance Co., Ltd.
- Central Heating New Zealand Ltd.
- Rinnai Plus Corp.
- Rinnai (Malaysia) Sdn. Bhd.
- Rinnai UK Ltd.
- Rinnai Trading B.V.
- Hainan Rinnai Minsheng Kitchen Appliances Sales Co., Ltd.

#### Manufacture and Sale of Components

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

#### Other Business

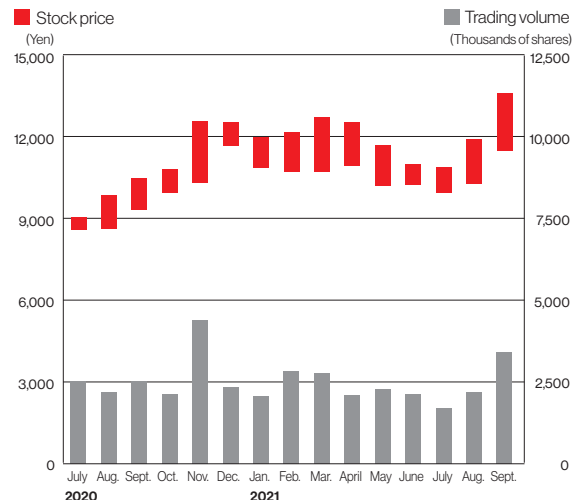
- Gas Appliance Services Pty., Ltd.
- Other six companies

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

## Major Shareholders (As of September 30, 2021)

Name	Shares held (Thousands)
The Master Trust Bank of Japan, Ltd. (Trust Account)	6,323
Naito Co., Ltd.	6,215
Custody Bank of Japan, Ltd. (Trust Account)	2,760
Kenji Hayashi	2,456
Rinnai Scholarship Foundation	1,400
Custody Bank of Japan, Ltd. (Trust Account 9)	1,092
MISAKI ENGAGEMENT MASTER FUND	995
STATE STREET BANK WEST CLIENT—TREATY 505234	850
Tokyo Gas Company, Limited	784
BBH (LUX) FOR FIDELITY FUNDS—	
SUSTAINABLE WATER AND WASTE POOL	751

## 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.

<https://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)

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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