

(Translated from the Japanese original)

Company Name: Rinnai Corporation
 Representative: Hiroyasu Naito, President and Representative Director
 (Securities Code: 5947, TSE/NSE First Sections)
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Notice Concerning Capital Increase in Subsidiary

We are pleased to inform you that, at its meeting held today, the Board of Directors of Rinnai Corporation decided to increase the capitalization of Rinnai America Corporation, a wholly owned consolidated subsidiary.

Details

1. Purpose of capital increase

Rinnai America started production of household gas instant-heating water heaters at a leased factory in Griffin, Georgia in April 2018. Since then, it has been preparing to construct its own new plant (Griffin Factory). Rinnai America will start construction of the Griffin Factory in May 2020, with completion scheduled for November 2021. It will make a capital investment of US\$63 million in the new facility. To provide the necessary capital, the company will increase its capitalization by US\$70 million.

The production capacity of the Griffin Factory is expected to be 200,000 units per year. Production at the leased factory will be terminated after the Griffin Factory starts operating.

2. Profile of Rinnai America

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|-------------------------|---|
| (1) Name | Rinnai America Corporation |
| (2) Head office | Peachtree City, Georgia, USA |
| (3) Representative | Frank Windsor |
| (4) Capitalization | US\$11 million (after capital increase: US\$81 million) |
| (5) Net sales | US\$302 million (fiscal year ended December 31, 2019) |
| (6) Number of employees | 316 (As of December 31, 2019) |
| (7) Main business | Manufacture and sale of gas tankless water heaters, and sale of fanned flue heaters |
| (8) Established | July 1974 |

3. Details of capital increase

- (1) Payment amount: US\$70 million
- (2) Capital increase: US\$70 million
- (3) Scheduled payment date: Mid-April 2020

4. Profile of Griffin Factory (provisional name)

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|-----|--|---|
| (1) | Address | Griffin, Georgia, USA |
| (2) | Site area | 237,550m ² |
| (3) | Building area | 27,900 m ² (factory, warehouse, administration building) |
| (4) | Production item | Gas tankless water heaters |
| (5) | Production capacity | 200,000 units/year |
| (6) | Investment amount | US\$63 million |
| (7) | Construction work start, and operation start | Construction work start: May 2020
Operation start: November 2021 (planned) |

5. Impact on future business results

There will be no effect on the consolidated financial performance of Rinnai Corporation for the year ending March 31, 2020.