

Securities Code: 5947  
June 14, 2022  
To the Shareholders of Rinnai Corporation

Hiroyasu Naito  
President  
**Rinnai Corporation**  
2-26, Fukuzumi-cho, Nakagawa-ku, Nagoya-shi,  
Aichi 454-0802, Japan

**Notice of Convocation of  
the 72nd Ordinary General Shareholders' Meeting  
to Be Held on June 29, 2022**

You are cordially invited to attend the 72nd Ordinary General Shareholders' Meeting of Rinnai Corporation (the "Corporation"). Details of the meeting are given below.

**You can exercise your voting rights in written form or digitally (via the Internet or mobile phone), as stated on pages 3–4. You must exercise your voting rights no later than 5:20 p.m. on Tuesday, June 28, 2022.**

<b>1. DATE AND TIME</b>	Wednesday, June 29, 2022 at 10:00 a.m.
<b>2. PLACE</b>	Main Hall 3F, Nagoya Convention Hall, Global Gate, 60-12, Hiraike-cho 4-chome, Nakamura-ku, Nagoya-shi (Please refer to the venue map at the end of this document)
<b>3. AGENDA</b>	<b>Matters for Reporting:</b> 1. The Business Report, report on the Consolidated Financial Statements, and the results of the audit of the Consolidated Financial Statements by the Independent Auditor and the Audit & Supervisory Board Member for the 72nd Fiscal Year (from April 1, 2021, to March 31, 2022). 2. Report on the Nonconsolidated Financial Statements for the 72nd Fiscal Year (from April 1, 2021, to March 31, 2022). <b>Matters for Resolution:</b> Agenda Item 1: Approval of the proposed appropriation of retained earnings Agenda Item 2: Partial Amendment of Articles of Incorporation Agenda Item 3: Election of five (5) directors Agenda Item 4: Election of one (1) Audit & Supervisory Board member Agenda Item 5: Election of one (1) substitute Audit & Supervisory Board Member

-END-

**Rinnai Corporation website: <https://www.rinnai.co.jp/>**

- System to Ensure Execution of Business and Overview of Its Operational Status, Notes to Consolidated Financial Statements, Consolidated Statements of Changes in Shareholders' Equity, and Notes to Nonconsolidated Financial Statements, Nonconsolidated Statements of Changes in Shareholders' Equity are posted on the above website according to pertinent laws and Article 16 of the Corporation's Articles of Incorporation, and so are not included the Notice of Convocation. These items posted on the website have been included in audits by the independent auditor and Audit & Supervisory Board members, along with each document described in the Notice of Convocation.
- For those planning to attend the meeting in person, please submit the attached Exercise of Voting Rights form at the reception desk upon your arrival.
- Any changes to attached Shareholder Reference Materials, Business Report, and Nonconsolidated Financial Statements and Consolidated Financial Statements will be posted on the Corporation's website.

## Requests Related to COVID-19 Countermeasures

We place the highest priority on the safety of our shareholders. In order to prevent infection and spread of COVID-19, we plan to hold the Ordinary General Meeting of Shareholders as follows. We appreciate your understanding and cooperation.

### **To Our Shareholders**

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- We place top priority on the safety and security of our shareholders. For this reason, we ask that you consider the need to attend this year's Ordinary General Meeting of Shareholders in person.
- If you are elderly, have an underlying health condition, are pregnant, or are not feeling well, please make a particularly careful judgment about attending the Meeting.
- In addition to physical attendance, you can also exercise your voting rights in writing or via the Internet. See pages 3–4 for details.

### **To Attendees**

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- In addition, this year we will not hand out gifts.
- Please note that people who appear to be unwell may be asked not to enter the venue.
- We ask for your consideration and cooperation in preventing infection, including by wearing a mask and using alcohol-based disinfectant.

### **Our Response**

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- Officers and management of the Corporation will have their physical condition checked (including temperature measurement) and will wear masks.


The operation of the meeting may change due to future circumstances.  
Please check the website below for the latest information.

Rinnai Corporation website: <https://www.rinnai.co.jp/>

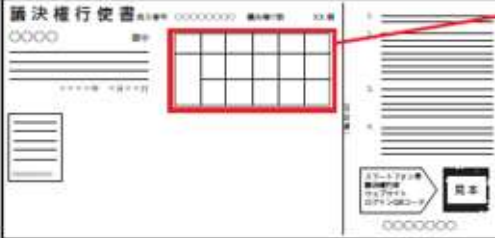


## Guide to Exercising Voting Rights

The right to vote at general meetings of shareholders is an important right of all shareholders. Please exercise your voting rights after reviewing the reference document for the General Meeting of Shareholders shown below. There are three ways to exercise your voting rights.

 <p><b>Exercising voting rights in writing (post)</b> Please indicate your approval or disapproval of the proposals in the enclosed Voting Rights Exercise Form and return it to us by post. Exercise deadline Must arrive by <b>5:20pm, June 28, 2022 (Tuesday)</b></p>	 <p><b>Exercising voting rights online</b> Please follow the instructions on the following page to enter your approval or disapproval of proposals. Exercise deadline Must be received by <b>5:20pm, June 28, 2022 (Tuesday)</b></p>	 <p><b>In-person attendance at General Meeting of Shareholders</b> Please submit the enclosed Voting Rights Exercise Form to the reception desk at the venue. Date and time <b>10:00am, June 29, 2022 (Wednesday)</b></p>
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## Guidance on filling out the Voting Rights Exercise Form



\* The image of the Voting Rights Exercise Form is for illustrative purposes only.

Please enter your approval or disapproval here.

### Agenda Item 1, 2, 4, 5

**Approve**

⇒ Put circle in 賛 column

**Disapprove**

⇒ Put circle in 否 column

### Agenda Item 3

**Approve of all candidates**

⇒ Put circle in 賛 column

**Disapprove of all candidates**

⇒ Put circle in 否 column

**Disapprove of some candidates**

⇒ Put circle in 賛 column, then enter numbers of candidates you disapprove of

\* If you exercise your voting rights both in writing (post) and online, we will treat the last arrival as official. If both writing (post) and online votes arrive on the same day, the online form will be treated as official.

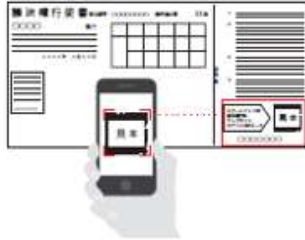
\* If you exercise your voting rights more than once online, we will treat the last vote as official.

# Guide to Online Exercising of Voting Rights

## How to read the QR code “Smart Exercise”

Allows you to log onto the Voting Rights Exercise website without entering the Voting Rights Exercise Code and Password indicated on the Voting Rights Exercise Form.

1. Please read the QR code on the bottom right of the Voting Rights Exercise Form.



\* “QR Code” is registered trademark of DENSO WAVE INCORPORATED.

2. Then follow the instructions on the screen to enter your votes of approval or disapproval.



You can only exercise your voting rights once using the “Smart Exercise” method. If you wish to change the details of your vote after exercising your voting rights, please access the website for PCs, log in by entering the Voting Rights Exercise Code and Password indicated on the Voting Rights Exercise Form, then exercise your voting rights again.  
\* Scanning the QR code again will direct you to the website for PCs.

If you have any questions about how to exercise your voting rights online using PC, smartphone, or mobile phone, please contact us directly (see right for contact details).

## How to exercise your voting rights by entering your Voting Rights Exercise Code and Password

Voting Rights Exercise website:  
<https://www.web54.net>

1. Open the Voting Rights Exercise website.



Click on  
次へすすむ

2. Enter the Voting Rights Exercise Code indicated on the Voting Rights Exercise Form.



Click on  
議決権行使コード

Click on  
ログイン

3. Enter the Password indicated on the Voting Right Exercise Form.



Click on  
パスワード

Set a new  
password for  
actual use.

Click on  
登録

4. Then follow the instructions on the screen to enter your votes of approval or disapproval.

\* The above screen images are for illustrative purposes only.

Stock Transfer Agency Web Support  
Sumitomo Mitsui Trust Bank, Limited  
(Dedicated line)  
Phone number: 0120-652-031 (toll free)  
(Reception hours: 9:00 to 21:00)

Institutional investors can use the electronic voting platform for institutional investors operated by ICJ, Inc.

## Guide to Voting

### **Agenda and referenced items**

#### **Agenda Item 1**

#### **Approval of the proposed appropriation of retained earnings**

Appropriation of retained earnings shall be applied as follows:

##### **1. Year-End Dividends**

The Corporation regards stable return of profits to shareholders as an important management policy, based on extensive consideration of various factors, including consolidated business performance and payout ratio. Consequently, management has decided to reward shareholders for their support by distributing total annual dividends of ¥140 per share, which includes the interim dividend (¥70 per share).

##### **(1) Type of dividend assets**

Cash

##### **(2) Allocation of dividend assets and sum total**

The Corporation intends to pay **¥70** per share of common stock, which will generate a sum total of **¥3,486,103,600**.

##### **(3) Effective date for dividends from retained earnings**

June 30, 2022

##### **2. Other matters concerning appropriation of retained earnings**

For the purpose of ensuring flexibility in capital policy, the Corporation proposes to reverse a part of a general reserve as follows.

##### **(1) Item and amount of surplus to be decreased**

General reserve: ¥10,000,000,000

##### **(2) Item and amount of surplus to be increased**

Retained earnings carried forward: ¥10,000,000,000

## **Agenda Item 2**

### **Partial amendment of Articles of Incorporation**

#### **1. Reason for proposal**

An amendment set forth in the proviso to Article 1 of supplementary provisions to the Act Partially Amending the Corporate Law (Act No.70 of 2019) comes into force on September 1, 2022. In accordance with the enactment, the Corporation will introduce a system to provide materials for the Ordinary General Meeting of Shareholders in an electronic format and will amend its Articles of Incorporation as follows.

- (1) For information contained in documents, such as reference materials for the Ordinary General Meeting of Shareholders, companies will be obligated to establish a clause in their Articles of Incorporation defining the measures they take to provide such information through electronic means. Accordingly, the Corporation will newly establish Paragraph 1 of Article 16 (Electronic provision measures) in proposed changes.
- (2) Under the Ministry of Justice Order that sets the scope of content in written documents delivered to shareholders requesting a paper copy, the Corporation is permitted to limit the items covered in written versions compared with those provided in electronic format. Accordingly, the Corporation will newly establish Paragraph 2 of Article 16 (Electronic provision measures) in proposed changes to reflect this ability to restrict content.
- (3) The introduction of a system for electronic provision of materials for the General Meeting of Shareholders will make existing Article 16 (Internet disclosure of reference materials for Ordinary General Meeting of Shareholders and deemed provision) unnecessary, and it will be deleted.
- (4) Supplementary provisions will be provided related to the validity of the above provisions that will be newly established or deleted. These supplementary provisions will be removed once their expiration date has passed.

## 2. Content of changes in Articles of Incorporation

The content of the proposed changes is presented below.

(Changes are underlined)

Existing Articles of Incorporation	Proposed Changes
<p data-bbox="240 376 807 477"><u>(Internet disclosure of reference materials for Ordinary General Meeting of Shareholders and deemed provision)</u></p> <p data-bbox="240 477 807 1081"><u>Article 16 Upon convening an Ordinary General Meeting of Shareholders, the Corporation may be deemed to have provided information related to the matters to be described or indicated in the reference materials for a general meeting of shareholders, business report, nonconsolidated financial statements, and consolidated financial statements (hereinafter referred to as the "reference materials") to the shareholders by disclosure through the Internet pursuant to the Ministry of Justice Order.</u></p> <p data-bbox="395 1149 655 1182">(Newly established)</p>	<p data-bbox="1038 477 1161 510">(Deleted)</p> <p data-bbox="834 1115 1254 1149"><u>(Electronic Provision Measures)</u></p> <p data-bbox="834 1149 1385 1417"><u>Article 16 The Corporation shall take measures to provide information contained in documents, such as reference materials for the Ordinary General Meeting of Shareholders, in an electronic format.</u></p> <p data-bbox="946 1417 1385 1753"><u>2. The Corporation shall not be required to include all or part of the items otherwise subject to inclusion in the electronic format, as specified under the Ministry of Justice Order, in the paper copy sent to shareholders who have requested this option by the record date for voting rights.</u></p>





### **Agenda Item 3**

#### **Election of five (5) directors**

The Corporation's five (5) directors will conclude their respective terms in office at the end of the Ordinary General Meeting of Shareholders. The Corporation asks shareholders to elect five (5) directors to said positions.

The Corporation proposes the following candidates for election.

<b>Candidate Number</b>	<b>Name</b>	<b>Current Title and Responsibility</b>	<b>Type</b>	<b>Attendance at Board of Directors' Meetings</b>
1	Kenji Hayashi	Chairman of the Corporation	Reappointment	15/15 (100%)
2	Hiroyasu Naito	President and Executive Officer of the Corporation	Reappointment	15/15 (100%)
3	Tsunenori Narita	Executive Vice President, President's Assistant of the Corporation	Reappointment	15/15 (100%)
4	Nobuyuki Matsui	Outside director of the Corporation	Reappointment, Outside director, Independent officer	15/15 (100%)
5	Takashi Kamio	Outside director of the Corporation	Reappointment, Outside director, Independent officer	15/15 (100%)

Note: In addition to the above number of meetings of the Board of Directors, there was one resolution deemed to have been made by the Board of Directors in accordance with Article 370 of the Corporate Law and Article 24 of Rinnai Corporation's Articles of Incorporation.

Candidate Number 1	<b>Kenji Hayashi</b> (Date of Birth: Jun. 27, 1949)	Reappointment
<b>Career Summary and Current Position and Responsibility in the Corporation:</b>		
Apr. 1972	Joined Rinnai Corporation	Jun. 2005
Sep. 1978	Director	Director, Managing Executive Officer, and General Manager of Related Business Division
Feb. 1980	Director, and General Manager of Corporate Planning Office	Jun. 2006
Jun. 1983	Managing Director, and General Manager of Production Technology Division	Representative Director, Vice Chairman of the Corporation
Jul. 1992	Managing Director, and General Manager of Related Business Division	Apr. 2017
		Representative Director, Chairman of the Corporation (current)
No. of Shares Owned: 2,456,624 shares		
<b>Reason to propose the candidate for election as director:</b>		
Mr. Hayashi has been involved extensively in the management of the Corporation since he joined in 1972. He has been a Director from 1978, and General Manager of Corporate Planning Office (currently, Corporate Planning Headquarters), General Manager of Production Technology Division (currently, Production Engineering Headquarters), and Related Business Division (currently, Corporate Planning Headquarters). He is deeply familiar with the Corporation's business and has a proven ability to solve management issues. It has been concluded, therefore, that Mr. Hayashi is highly qualified to perform his duties as a director. For this reason, management asks shareholders to reelect him to this position.		

Candidate Number 2	<b>Hiroyasu Naito</b> (Date of Birth: Apr. 20, 1955)	Reappointment
<b>Career Summary and Current Position and Responsibility in the Corporation:</b>		
Apr. 1983	Joined Rinnai Corporation	Jun. 2003
Jun. 1991	Director, Deputy General Manager of Technology Research Headquarters and concurrently General Manager of New Technology Development Division	Managing Director, General Manager of Corporate Planning Division and concurrently General Manager of Administration Division
Jul. 1998	Director, General Manager of Technology Research Headquarters	Jun. 2005
Jul. 2001	Director, General Manager of Corporate Planning Division and concurrently General Manager of Administration Division	Director, Managing Executive Officer, General Manager of Corporate Planning Division and concurrently General Manager of Administration Division
		Nov. 2005
		Representative Director, President and Executive Officer of the Corporation (current)
Current Representation in Other Companies: Outside director at Nagoya Railroad Co., Ltd.		
No. of Shares Owned: 510,180 shares		
<b>Reason to propose the candidate for election as director:</b>		
Mr. Naito has been extensively involved in the management of the Corporation since he joined in 1983. He has been a Director from 1991, and General Manager of Research & Development Headquarters, Corporate Planning Division (currently, Corporate Planning Headquarters), and Administration Division. He is also deeply familiar with the Corporation's business and has a proven ability to solve management issues. It has been concluded, therefore, that Mr. Naito is highly qualified to perform his duties as a director. For this reason, management asks shareholders to reelect him to this position.		

<b>Candidate Number 3</b>	<b>Tsunenori Narita</b> (Date of Birth: Jun. 15, 1948)		<b>Reappointment</b>
<b>Career Summary and Current Position and Responsibility in the Corporation:</b>			
Apr. 1967	Joined Rinnai Corporation	Apr. 2010	Representative Director, Executive Vice President; responsible for Research & Development Headquarters, Production Headquarters, Overseas Business Headquarters and Customer Division, and General Manager of Marketing & Sales Headquarters
Jun. 1988	Director, General Manager of Technology Research Headquarters and concurrently General Manager of Quality Guarantee Division		
Jun. 2001	Managing Director, General Manager of Production Headquarters		
Jun. 2005	Director, Managing Executive Officer, and General Manager of Production Headquarters	Oct. 2010	Representative Director, Executive Vice President; responsible for Research & Development Headquarters, Production Headquarters, Overseas Business Headquarters, and General Manager of Marketing & Sales Headquarters
Nov. 2005	Director, Managing Executive Officer, in charge of domestic business, and concurrently General Manager of Marketing & Sales Headquarters		
Apr. 2006	Director, Senior Executive Officer, in charge of domestic business, and concurrently General Manager of Marketing & Sales Headquarters	Apr. 2016	Representative Director, Executive Vice President, President's Assistant, in charge of Production Headquarters and Overseas Business Headquarters
Apr. 2009	Director, Executive Vice President; responsible for Research & Development Headquarters, Production Headquarters, Overseas Business Headquarters and Customer Division, and General Manager of Marketing & Sales Headquarters	Apr. 2018	Representative Director, Executive Vice President, President's Assistant (current)
No. of Shares Owned: 8,306 shares			
<b>Reason to propose the candidate for election as director:</b>			
<p>Mr. Narita has been extensively involved in the management of the Corporation since he joined in 1967. He has been a Director and General Manager of Technology Research Headquarters (currently, Research &amp; Development Headquarters) from 1988, and General Manager of Production Headquarters and Marketing &amp; Sales Headquarters. He is also deeply familiar with the Corporation's business and has a proven ability to solve management issues. It has been concluded, therefore, that Mr. Narita is highly qualified to perform his duties as a director. For this reason, management asks shareholders to reelect him to this position.</p>			

<b>Candidate Number 4</b>	<b>Nobuyuki Matsui</b> (Date of Birth: May 7, 1943)	<b>Reappointment, Outside, Independent</b>
<b>Career Summary and Current Position and Responsibility in the Corporation:</b>		
Apr. 1985	Professor at Department of Electrical Engineering in Nagoya Institute of Technology	Apr. 2012 Professor at Chubu University Jun. 2014 Outside director, Rinnai Corporation (current)
Jan. 2004	President at Nagoya Institute of Technology	Apr. 2021 President at International Professional University of Technology in Nagoya (current)
Apr. 2010	Auditor at Aichi University of Education, Adviser of Aichi Prefectural Government Office (Industrial Labor Section)	
Current Representation in Other Companies: Outside director at Aichi Tokei Denki Co., Ltd, President at International Professional University of Technology in Nagoya		
No. of Shares Owned: 0 shares		
<b>Reason to propose the candidate for election as outside director and expected role:</b> Mr. Matsui has not been involved in the management of a company except as an outside director, but he has been a professor at Nagoya Institute of Technology as well as its president and has great knowledge as a scholar. Management expects this background will enable him to suitably execute his duties as an outside director. For this reason, management asks shareholders to reelect him to this position. If he is elected, he will be engaged as a member of the Nomination Advisory Committee and Compensation Advisory Committee to select director candidates and decide directors' compensation from an objective and neutral standpoint.		
<b>Candidate Number 5</b>	<b>Takashi Kamio</b> (Date of Birth: Nov. 27, 1942)	<b>Reappointment, Outside, Independent</b>
<b>Career Summary and Current Position and Responsibility in the Corporation:</b>		
Apr. 1965	Joined Toyota Motor Co., Ltd.	Jun. 2006 Director at Nakanihon Kogyo Co., Ltd.
Jun. 1996	Director at Toyota Motor Corporation	May 2010 Advisor at Toyota Motor Corporation
Jun. 1999	Managing Director at Toyota Motor Corporation	Jun. 2010 Senior Advisor at Towa Real Estate Co., Ltd.
Jun. 2001	Senior Managing Director at Toyota Motor Corporation	Jun. 2011 Audit & Supervisory Board Member at Central Nippon Expressway Company Limited
Jun. 2005	Senior Advisor at Toyota Motor Corporation President at Towa Real Estate Co., Ltd. (currently, Toyota Fudosan Co., Ltd.)	Jun. 2016 Outside director, Rinnai Corporation (current)
Current Representation in Other Companies: Chairman of Sasaeai, specified nonprofit corporation		
No. of Shares Owned: 0 shares		
<b>Reason to propose the candidate for election as outside director and expected role:</b> Mr. Kamio served as a senior managing director at Toyota Motor Corporation and as president at Towa Real Estate Co., Ltd. (currently, Toyota Fudosan Co., Ltd.), which allowed him to accumulate extensive experience and wide-ranging knowledge. Management believes this background will enable him to suitably execute his duties as an outside director. For this reason, management asks shareholders to reelect him to this position. If he is elected, he will be engaged as a member of the Nomination Advisory Committee and Compensation Advisory Committee to select director candidates and decide directors' compensation from an objective and neutral standpoint.		

Notes:

1. No candidate has any particular interest in the Corporation.
2. Nobuyuki Matsui and Takashi Kamio are candidates for the position of outside director.
3. Mr. Matsui and Mr. Kamio are currently outside directors of the Corporation. At the end of this year's Ordinary General Meeting of Shareholders, terms in office will be as follows:
  - Nobuyuki Matsui: Eight (8) years
  - Takashi Kamio: Six (6) years
4. Mr. Kamio is Chairman of Sasaeai, a specified nonprofit corporation to which the Corporation makes donations. Since the donated amounts only amount to ¥50,000 per year, however, this is deemed to have no impact on Mr. Kamio's impartiality.
5. The Corporation concluded agreements with Mr. Matsui and Mr. Kamio in accordance with the first paragraph of Article 427 of the Corporate Law that limits liability for damages caused by failure of duties to an amount determined by legal provisions. If they are reelected and appointed as outside directors, this agreement with them will remain in force.
6. The Corporation concluded liability insurance contracts for officers with an insurance company in accordance with the first paragraph of Article 430-3 of the Corporate Law that compensates court costs and damages which the insured bear due to lawsuits related to the Corporation, third-party proceedings, and shareholder-derived suits. If each candidate is elected and appointed as a director, he becomes an insured person under the insurance contract. The Corporation plans to update the insurance contract with the same content at the next contract renewal.
7. The Corporation has notified the Tokyo Stock Exchange and the Nagoya Stock Exchange that Mr. Matsui and Mr. Kamio fulfill the requirements for a position as an independent officer. If they are reelected and appointed as outside directors, the Corporation will maintain them as independent officers.

## **Agenda Item 4**

### **Election of one (1) Audit & Supervisory Board member**

Katsuhiko Shinji, Audit & Supervisory Board Member, will resign his post at the end of the Ordinary General Meeting of Shareholders, and the Corporation asks shareholders to elect one (1) substitute Audit & Supervisory Board member.

The term of office of the substitute Audit & Supervisory Board member is until the term of retiring member expires, in accordance with the Corporation's Articles of Incorporation.

This item has already been agreed upon by members of the Audit & Supervisory Board.

The Corporation proposes the following candidate for election as the Audit & Supervisory Board member.

<b>Kinji Mori</b> (Date of Birth: Jun. 12, 1958)		<b>New appointment</b>	
<b>Career Summary and Current Position and Responsibility in the Corporation:</b>			
	Apr. 2016	Managing Executive Officer, General Manager of Research & Development Headquarters	
Apr. 1981	Joined Rinnai Corporation		
Apr. 2010	Executive officer, General Manager of Product Development Division, Research & Development Headquarters	Apr. 2018	Managing Executive Officer, General Manager of Research & Development Headquarters, General Manager of Technology Administration Division
Apr. 2011	Executive officer, Deputy General Manager of Research & Development Headquarters, General Manager of Product Development Division	Apr. 2019	Managing Executive Officer, General Manager of Quality Assurance Headquarters, General Manager of Environment Division
No. of Shares Owned: 1,244 shares			
<b>Reason to propose the candidate for election as Audit &amp; Supervisory Board member:</b>			
Mr. Mori joined the Corporation in 1981 and has served as General Manager of the Research & Development Headquarters since 2016 and General Manager of the Quality Assurance Headquarters and General Manager of the Environmental Division since 2019. In addition to product development, he has practical experience and knowledge in technical management, quality assurance, and environmental matters, and can be expected to monitor and provide effective advice on all aspects of management. For these reasons, management asks shareholders to elect him as a new Audit & Supervisory Committee member.			

Notes:

1. Kinji Mori has no particular interest in the Corporation.
2. The Corporation concluded liability insurance contracts for officers with an insurance company in accordance with the first paragraph of Article 430-3 of the Corporate Law that compensates court costs and damages which the insured bear due to lawsuits related to the Corporation, third-party proceedings, and shareholder-derived suits. If Mr. Mori is elected and appointed as an Audit & Supervisory Board member, he becomes an insured person under the insurance contract.

## **Agenda Item 5**

### **Election of one (1) substitute Audit & Supervisory Board member**

In case of a vacancy on the Audit & Supervisory Board, which is required by law to maintain a specific number of members, the Corporation will ask shareholders to elect one (1) substitute Audit & Supervisory Board member.

This item has already been agreed upon by members of the Audit & Supervisory Board.

The Corporation proposes the following candidate for election as the substitute Audit & Supervisory Board member.

<b>Yoshiro Ishikawa</b> (Date of Birth: Mar. 22, 1951)	<b>Reappointment, Outside, Independent</b>
<b>Career Summary and Current Position in the Corporation:</b>	
Apr. 1981 Commissioner's Secretariat at National Tax Agency, Internal Inspector at Nagoya Regional Taxation Bureau	Jul. 2009 District Director at Gifu-minami Tax Office Aug. 2011 President, Yoshiro Ishikawa certified tax accountant office (current)
Jul. 2005 Special Examiner, Large Enterprise Examination Department at Nagoya Regional Taxation Bureau	Oct. 2011 Executive director, General incorporated association Nakagawa houjinkai (current)
Jul. 2008 Appeals Judge at Nagoya National Tax Tribunal	
Current Representation in Other Companies: Executive director, General incorporated association Nakagawa houjinkai	
No. of Shares Owned: 0 shares	
<b>Reason to propose the candidate for election as substitute outside Audit &amp; Supervisory Board member:</b> Mr. Ishikawa has not been involved in the management of a company, but he has vast experience and has acquired significant knowledge as a tax accountant. Management believes this background will enable him to suitably execute his duties as an outside member of the Audit & Supervisory Board, and management asks shareholders to elect him to substitute for this position.	

#### Notes:

1. Yoshiro Ishikawa has no particular interest in the Corporation.
2. Mr. Ishikawa is a candidate for the position of substitute outside member of the Audit & Supervisory Board.
3. If Mr. Ishikawa is elected and appointed as a member of the Audit & Supervisory Board, the Corporation will conclude an agreement with him in accordance with the Paragraph 1 of Article 427 of the Corporate Law that limits liability for damages caused by failure of duties to an amount determined by legal provisions.
4. The Corporation concluded liability insurance contracts for officers with an insurance company in accordance with the first paragraph of Article 430-3 of the Corporate Law that compensates court costs and damages which the insured, the Corporation's directors, bear due to lawsuits related to the Corporation, third-party proceedings, and shareholder-derived suits. If Mr. Ishikawa is elected and appointed as a member of the Audit & Supervisory Board, he becomes an insured person under the insurance contract.
5. If Mr. Ishikawa is elected and appointed as a member of the Audit & Supervisory Board, the Corporation plans to notify the Tokyo Stock Exchange and the Nagoya Stock Exchange that he satisfies the conditions for independent officer.

(Attachments)

## Business Report (April 1, 2021, to March 31, 2022)

### 1. Consolidated Business Overview

#### (1) Consolidated Business Results

In the fiscal year under review, the world economy sought to return to normal from the COVID-19 pandemic. However, the situation remained increasingly uncertain due to several factors. These included tight parts-procurement conditions—particularly for semiconductors and electronic components, due to a global recovery in demand—surging energy and raw material prices, restrictions on economic activities due to new outbreaks of COVID-19 in some countries and regions, and heightened geopolitical risks. In Japan, meanwhile, widespread vaccine rollouts led to expectations of an economic turnaround, but the outlook remained uncertain due to the risk of new outbreaks and weak business sentiment.

The domestic housing industry saw signs of weakness in the number of new housing starts, and recovery in the market for housing appliances also appeared to stagnate.

Under these circumstances, 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 steadily implemented the three strategies of “advancement in addressing social challenges,” “expansion of business scale,” and “revolution of corporate structure.” During the year, for example, we updated our Lisse line of stoves, featuring an automatic cooking function that helps improve quality of life, as well as Leggiero, a waterless cooking pot. We also announced “RIM 2050,” which sets forth our long-term corporate policy aimed at creating a decarbonized society. 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.

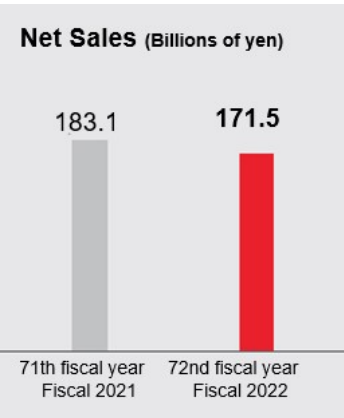
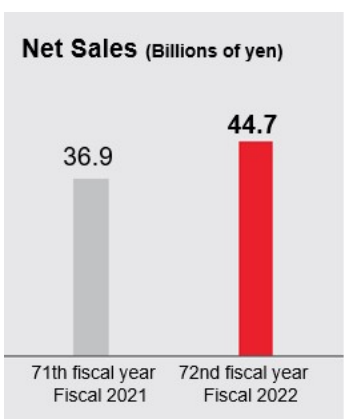
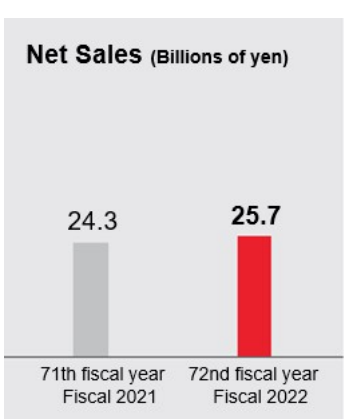
With respect to the consolidated results, the Rinnai Group reported a year-over-year increase in net sales thanks to higher sales of mainstay products in various overseas markets, especially China and the United States. This was despite a decline in domestic sales as tight parts-procurement conditions led to disruption of factory production and consequent delays in supplying products to domestic and overseas markets. On the earnings side, we posted a decrease in operating income due to lower domestic sales and soaring raw material prices and logistics costs, including marine freight charges to the United States.

As a result, consolidated net sales for the year amounted to ¥366,185 million, up 6.3% from the previous year. Operating income declined 11.9%, to ¥35,864 million, and ordinary income decreased 7.9%, to ¥39,060 million. Net income attributable to owners of the parent company fell 13.9%, to ¥23,748 million.

	71st fiscal year (Year ended March 31, 2021)	72nd fiscal year (Year ended March 31, 2022)	YOY change	
	Millions of yen	Millions of yen	Millions of yen	%
Net sales	344,364	<b>366,185</b>	21,820	6.3%
Operating income	40,690	<b>35,864</b>	(4,826)	-11.9%
Ordinary income	42,400	<b>39,060</b>	(3,340)	-7.9%
Net income attributable to owners of the parent company	27,581	<b>23,748</b>	(3,833)	-13.9%



Our consolidated results by geographical segment were as follows:

<p><b>Japan</b>  <b>Net sales</b>  <b>¥171,533</b>  <b>million</b>  <b>(YOY change:</b>  <b>-6.3%)</b></p>	<p>Although sales of mainstay water heaters, built-in hobs (stovetops), and gas clothes dryers, a growth item, were strong at the beginning of the period, overall sales declined significantly as tight procurement conditions for some parts since October 2021 had a negative impact on production. Due also to soaring raw material prices and logistics costs, sales in Japan decreased 6.3% year on year, to ¥171,533 million, and operating income fell 28.9%, to ¥17,439 million.</p>	<p><b>Net Sales (Billions of yen)</b></p>  <table border="1"> <thead> <tr> <th>Fiscal Year</th> <th>Net Sales (Billions of yen)</th> </tr> </thead> <tbody> <tr> <td>71th fiscal year Fiscal 2021</td> <td>183.1</td> </tr> <tr> <td>72nd fiscal year Fiscal 2022</td> <td>171.5</td> </tr> </tbody> </table>	Fiscal Year	Net Sales (Billions of yen)	71th fiscal year Fiscal 2021	183.1	72nd fiscal year Fiscal 2022	171.5
Fiscal Year	Net Sales (Billions of yen)							
71th fiscal year Fiscal 2021	183.1							
72nd fiscal year Fiscal 2022	171.5							
<p><b>United States</b>  <b>Net sales</b>  <b>¥44,752</b>  <b>million</b>  <b>(YOY change:</b>  <b>+21.0%)</b></p>	<p>In the United States, we enjoyed an increase in sales thanks to accelerating demand for tankless water heaters, as well as ongoing healthy conditions in the housing market. This was despite turmoil in international logistics and tight parts-procurement conditions, which affected supplies from Japan. As a result, sales increased 21.0%, to ¥44,752 million. Due to higher procurement costs and increased labor costs for operating the new plant, however, operating income slipped 3.2%, to ¥2,108 million.</p>	<p><b>Net Sales (Billions of yen)</b></p>  <table border="1"> <thead> <tr> <th>Fiscal Year</th> <th>Net Sales (Billions of yen)</th> </tr> </thead> <tbody> <tr> <td>71th fiscal year Fiscal 2021</td> <td>36.9</td> </tr> <tr> <td>72nd fiscal year Fiscal 2022</td> <td>44.7</td> </tr> </tbody> </table>	Fiscal Year	Net Sales (Billions of yen)	71th fiscal year Fiscal 2021	36.9	72nd fiscal year Fiscal 2022	44.7
Fiscal Year	Net Sales (Billions of yen)							
71th fiscal year Fiscal 2021	36.9							
72nd fiscal year Fiscal 2022	44.7							
<p><b>Australia</b>  <b>Net sales</b>  <b>¥25,764</b>  <b>million</b>  <b>(YOY change:</b>  <b>+6.0%)</b></p>	<p>In Australia, sales of room heaters remained firm as COVID-19 prompted people to spend more time at home. This was despite tight parts-procurement conditions, which had an impact on supplies of water heaters from Japan. We also made progress in improving productivity in the wake of soaring raw material prices and logistics costs. As a result, sales rose 6.0%, to ¥25,764 million, and operating income surged 77.7%, to ¥1,620 million.</p>	<p><b>Net Sales (Billions of yen)</b></p>  <table border="1"> <thead> <tr> <th>Fiscal Year</th> <th>Net Sales (Billions of yen)</th> </tr> </thead> <tbody> <tr> <td>71th fiscal year Fiscal 2021</td> <td>24.3</td> </tr> <tr> <td>72nd fiscal year Fiscal 2022</td> <td>25.7</td> </tr> </tbody> </table>	Fiscal Year	Net Sales (Billions of yen)	71th fiscal year Fiscal 2021	24.3	72nd fiscal year Fiscal 2022	25.7
Fiscal Year	Net Sales (Billions of yen)							
71th fiscal year Fiscal 2021	24.3							
72nd fiscal year Fiscal 2022	25.7							

<p><b>China</b></p> <p><b>Net sales</b> <b>¥52,778</b> <b>million</b> <b>(YOY change:</b> <b>+28.2%)</b></p>	<p>In addition to strong Internet sales, we enjoyed a recovery in sales at physical stores, which had declined in the previous fiscal year due to restrictions on activity, leading to increases in sales of mainstay water heaters and boilers. To address soaring raw material prices, we sought to reduce costs and expand sales of high-value-added products. As a result, sales in China climbed 28.2% year-on-year, to ¥52,778 million, and operating income edged up 1.3%, to ¥6,752 million.</p>	<p><b>Net Sales (Billions of yen)</b></p> <table border="1"> <thead> <tr> <th>Fiscal Year</th> <th>Net Sales (Billions of yen)</th> </tr> </thead> <tbody> <tr> <td>71th fiscal year Fiscal 2021</td> <td>41.1</td> </tr> <tr> <td>72nd fiscal year Fiscal 2022</td> <td>52.7</td> </tr> </tbody> </table>	Fiscal Year	Net Sales (Billions of yen)	71th fiscal year Fiscal 2021	41.1	72nd fiscal year Fiscal 2022	52.7
Fiscal Year	Net Sales (Billions of yen)							
71th fiscal year Fiscal 2021	41.1							
72nd fiscal year Fiscal 2022	52.7							
<p><b>South Korea</b></p> <p><b>Net sales</b> <b>¥32,124</b> <b>million</b> <b>(YOY change:</b> <b>+13.3%)</b></p>	<p>In South Korea, we posted growth in sales of high-efficiency boilers in response to stricter environmental regulations. We also made good progress in improving earnings through cost reductions and other activities. Accordingly, sales increased 13.3%, to ¥32,124 million, and operating income surged 636.7%, to ¥1,041 million.</p>	<p><b>Net Sales (Billions of yen)</b></p> <table border="1"> <thead> <tr> <th>Fiscal Year</th> <th>Net Sales (Billions of yen)</th> </tr> </thead> <tbody> <tr> <td>71th fiscal year Fiscal 2021</td> <td>28.3</td> </tr> <tr> <td>72nd fiscal year Fiscal 2022</td> <td>32.1</td> </tr> </tbody> </table>	Fiscal Year	Net Sales (Billions of yen)	71th fiscal year Fiscal 2021	28.3	72nd fiscal year Fiscal 2022	32.1
Fiscal Year	Net Sales (Billions of yen)							
71th fiscal year Fiscal 2021	28.3							
72nd fiscal year Fiscal 2022	32.1							
<p><b>Indonesia</b></p> <p><b>Net sales</b> <b>¥13,587</b> <b>million</b> <b>(YOY change:</b> <b>+20.8%)</b></p>	<p>In Indonesia, sales of mainstay tabletop stoves weakened due to restrictions on social activities caused by the spread of COVID-19, but sales of high-priced built-in hobs (stovetops) and range hoods remained firm thanks to growing demand for home cooking and our expanded product lineup, in addition to property orders. As a result, sales rose 20.8%, to ¥13,587 million, and operating income climbed 16.6%, to ¥2,826 million.</p>	<p><b>Net Sales (Billions of yen)</b></p> <table border="1"> <thead> <tr> <th>Fiscal Year</th> <th>Net Sales (Billions of yen)</th> </tr> </thead> <tbody> <tr> <td>71th fiscal year Fiscal 2021</td> <td>11.2</td> </tr> <tr> <td>72nd fiscal year Fiscal 2022</td> <td>13.5</td> </tr> </tbody> </table>	Fiscal Year	Net Sales (Billions of yen)	71th fiscal year Fiscal 2021	11.2	72nd fiscal year Fiscal 2022	13.5
Fiscal Year	Net Sales (Billions of yen)							
71th fiscal year Fiscal 2021	11.2							
72nd fiscal year Fiscal 2022	13.5							

## Consolidated net sales and operating income by reporting segment

(Millions of yen)

	71st fiscal year (previous fiscal year) (April 1, 2020, to March 31, 2021)		72nd fiscal year (current fiscal year) (April 1, 2021, to March 31, 2022)		YOY change	
	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income
Japan	183,136	24,544	<b>171,533</b>	<b>17,439</b>	-6.3%	-28.9%
United States	36,971	2,177	<b>44,752</b>	<b>2,108</b>	21.0	-3.2
Australia	24,311	911	<b>25,764</b>	<b>1,620</b>	6.0	77.7
China	41,160	6,667	<b>52,778</b>	<b>6,752</b>	28.2	1.3
South Korea	28,358	141	<b>32,124</b>	<b>1,041</b>	13.3	636.7
Indonesia	11,248	2,423	<b>13,587</b>	<b>2,826</b>	20.8	16.6
Others	19,177	2,881	<b>25,644</b>	<b>4,280</b>	33.7	48.6
Adjustments	—	943	—	<b>(205)</b>	—	—
Net sales on the consolidated statements of income	344,364	40,690	<b>366,185</b>	<b>35,864</b>	6.3	-11.9

- Notes: 1. "United states" includes sales from subsidiaries in Canada and Mexico, which conduct integrate business activities based on comprehensive sales strategies.
2. "Australia" includes sales from a subsidiary in Malaysia, which complements the production system, and conducts integrate business activities.
3. "Others" include sales from subsidiaries in Taiwan, Thailand, Vietnam, New Zealand, Brazil and other regions.
4. "Net sales" are sales to external customers, and "Adjustments" under "Operating income" are the intersegment transactions to eliminate.

A breakdown by product shows that sales in the water heaters segment totaled ¥211,026 million, up 7.8% year-on-year; kitchen appliances, ¥85,531 million, down 3.3%; air conditioning appliances, ¥21,109 million, up 11.0%; commercial-use equipment, ¥9,007 million, up 16.6%; other products, ¥39,509 million, up 18.2%.

#### Net sales by product (Millions of yen)

	71st fiscal year (previous fiscal year) (April 1, 2020, to March 31, 2021)		72nd fiscal year (current fiscal year) (April 1, 2021, to March 31, 2022)		YOY change
	Amount	% of total	Amount	% of total	(%)
Water heaters	195,755	56.8	<b>211,026</b>	<b>57.6</b>	7.8
Kitchen appliances	88,441	25.7	<b>85,531</b>	<b>23.4</b>	-3.3
Air conditioning appliances	19,013	5.5	<b>21,109</b>	<b>5.8</b>	11.0
Commercial-use equipment	7,726	2.2	<b>9,007</b>	<b>2.5</b>	16.6
Others	33,428	9.7	<b>39,509</b>	<b>10.8</b>	18.2
Total	344,364	100.0	<b>366,185</b>	<b>100.0</b>	6.3

#### (2) Consolidated Capital Expenditures

In the period under review, the Group's total capital expenditures amounted to ¥22,682 million. Funds were applied primarily to investments in buildings to expand production facilities in Japan and overseas; tools and fixtures, including molds for new products; and renewal and rationalization of machinery and equipment aimed at cost reduction and quality improvement.

#### (3) Consolidated Fund Procurement

There was no significant new fund procurement during the period under review.

#### (4) Issues Requiring Our Attention

Looking ahead, we expect the business conditions to remain challenging due to various factors, including lockdowns in China due to new breakouts of COVID-19 and uncertainty stemming from heightened geopolitical risks, as well as ongoing increases in energy and raw material prices, inflation, and supply chain disruptions.

Under these circumstances, the Rinnai Group, guided by its medium-term business plan, New ERA 2025, will provide a variety of products and services designed to improve quality of life and address global environmental issues as a company that creates healthy and comfortable ways of living.

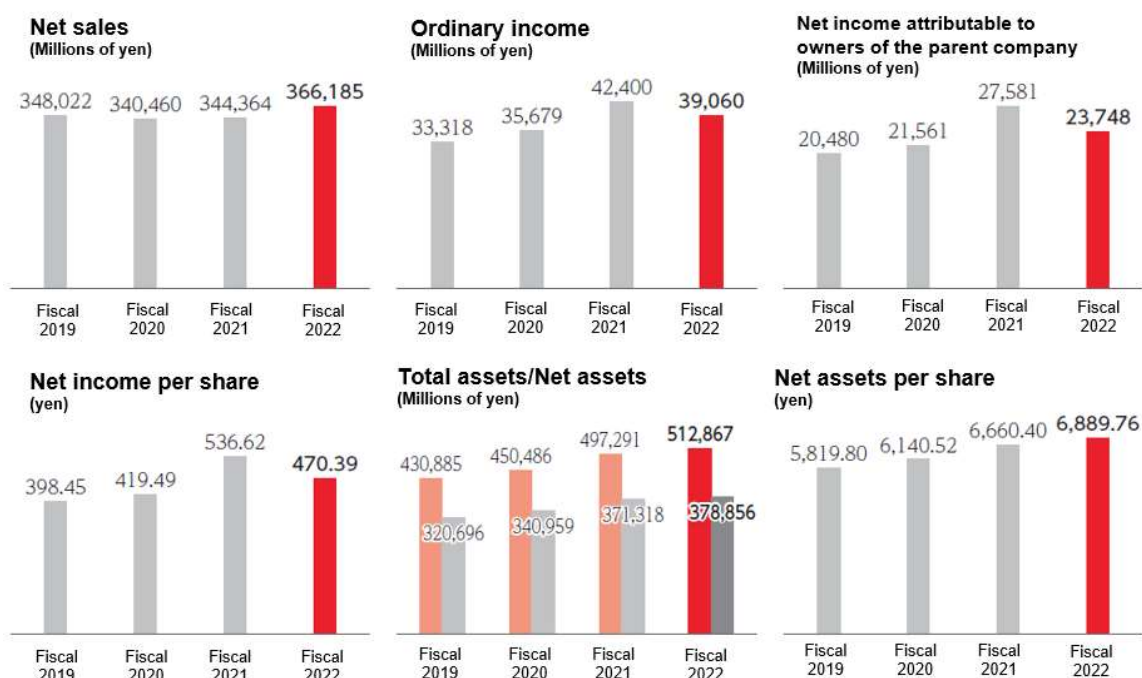
In Japan, we will rebuild and fortify our supply chain with top priority on swiftly resolving supply delays. We will also strengthen sales of products that strongly differentiate our business. These include gas clothes dryers and dishwasher/dryers that help improve quality of life, as well as environmentally friendly and energy-efficient water heaters, such as ECO ONE hybrid water heaters and heating systems that help combat global warming. In the key U.S. market, we will begin full-scale local production of tankless gas water heaters, which continue to enjoy strong demand, while in China we will further strengthen Internet sales, which are expected to grow. We will also continue expanding into emerging countries and untapped regions while promoting products in regions that are working swiftly to realize a decarbonized society.

Our consolidated forecasts for the year ending March 31, 2023 are as follows: Net sales of ¥400.0 billion (up 9.2% year on year), operating income of ¥41.0 billion (up 14.3%), ordinary income of ¥42.5 billion (up 8.8%), and net income attributable to owners of the parent company of ¥25.5 billion (up 7.4%).

**(5) Changes in Performance and Assets** (Millions of yen / except where noted)

	69th fiscal year (Year ended March 31, 2019)	70th fiscal year (Year ended March 31, 2020)	71st fiscal year (Year ended March 31, 2021)	<b>72nd fiscal year (Year ended March 31, 2022) (current fiscal year)</b>
Net sales	348,022	340,460	344,364	<b>366,185</b>
Ordinary income	33,318	35,679	42,400	<b>39,060</b>
Net income attributable to owners of the parent company	20,480	21,561	27,581	<b>23,748</b>
Net income per share (yen)	398.45	419.49	536.62	<b>470.39</b>
Total assets	430,885	450,486	497,291	<b>512,867</b>
Net assets	320,696	340,959	371,318	<b>378,856</b>
Net assets per share (yen)	5,819.80	6,140.52	6,660.40	<b>6,889.76</b>

- Notes: 1. Net income per share is calculated using the average number of shares outstanding during the fiscal year, and net assets per share is calculated using the number of shares outstanding at fiscal year-end. Number of outstanding shares excludes treasury stock.
2. From the beginning of the fiscal 2022 ended March 31, 2022, the Corporation has applied the “Accounting Standard for Revenue Recognition” (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020). The above 72nd fiscal year figures are amounts after the accounting standard is applied.



**(6) Significant Subsidiaries (As of March 31, 2022)**

Name	Capital	Corporation Holdings	Primary Business
Yanagisawa Manufacturing Co., Ltd.	¥150 million	100.0%	Manufacture and sale of gas appliances
Rinnai Technica Co., Ltd.	¥200 million	100.0%	Manufacture and sale of gas appliances
RB Controls Co., Ltd.	¥150 million	100.0%	Manufacture and sale of electronic control units
Rinnai Precision Co., Ltd.	¥128 million	100.0%	Manufacture and sale of gas appliance components
Gastar Co., Ltd.	¥2,450 million	90.0%	Manufacture and sale of gas appliances
Rinnai Net Co., Ltd.	¥300 million	100.0%	Sale of gas appliances
Rinnai Australia Pty., Ltd.	A\$20 million	*100.0%	Manufacture and sale of gas appliances
Rinnai America Corporation	US\$81 million	100.0%	Manufacture and sale of gas appliances
Rinnai Korea Corporation	15,107 million won	*100.0%	Manufacture and sale of gas appliances
Shanghai Rinnai Co., Ltd.	74 million yuan	50.0%	Manufacture and sale of gas appliances
P.T. Rinnai Indonesia	3,085 million rupiah	52.0%	Manufacture and sale of gas appliances

\* Percentage of shares includes shares held indirectly by subsidiaries.

**(7) Principal Business (As of March 31, 2022)**

The Group is primarily engaged in the manufacture and sale of gas appliances and related businesses. Principal products by division are as follows:

Division	Principal Products
Water heaters	Water heaters, water heaters with bath-filling system, water heaters with heating system, and hybrid water heaters with heating system
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, commercial-use ranges, and Commercial-use rice cookers
Others	Clothes dryers, infrared burners, and components

**(8) Major Offices and Production Facilities (As of March 31, 2022)****(a) Parent Company**

	<b>Name</b>	<b>Address</b>
Head office and related centers	Head office	Nakagawa-ku, Nagoya-shi
	Technology Development Center	Oguchi-cho, Niwa-gun, Aichi
	Production Technology Center	Komaki-shi, Aichi
	Integrated Logistics Center	Komaki-shi, Aichi
	Rinnai Parts Center	Iwakura-shi, Aichi
Factories	Oguchi Factory	Oguchi-cho, Niwa-gun, Aichi
	Seto Factory	Seto-shi, Aichi
	Akatsuki Factory	Seto-shi, Aichi
Sales branches	Tohoku	Wakabayashi-ku, Sendai-shi
	Kanto	Shinagawa-ku, Tokyo
	Chubu	Nakagawa-ku, Nagoya-shi
	Kansai	Yodogawa-ku, Osaka-shi
	Kyushu	Hakata-ku, Fukuoka-shi

**(b) Subsidiaries**

<b>Name</b>	<b>Address</b>
Yanagisawa Manufacturing Co., Ltd.	Kadoma-shi, Osaka
Rinnai Technica Co., Ltd.	Minato-ku, Tokyo
RB Controls Co., Ltd.	Kanazawa-shi, Ishikawa
Rinnai Precision Co., Ltd.	Komaki-shi, Aichi
Gastar Co., Ltd.	Yamato-shi, Kanagawa
Rinnai Net Co., Ltd.	Nakagawa-ku, Nagoya-shi
Rinnai Australia Pty., Ltd.	Melbourne, Victoria, Australia
Rinnai America Corporation	Peachtree City, Georgia, United States
Rinnai Korea Corporation	Incheon, South Korea
Shanghai Rinnai Co., Ltd.	Shanghai, People's Republic of China
P.T. Rinnai Indonesia	Jakarta, Indonesia

**(9) Number of Consolidated Employees (As of March 31, 2022)**

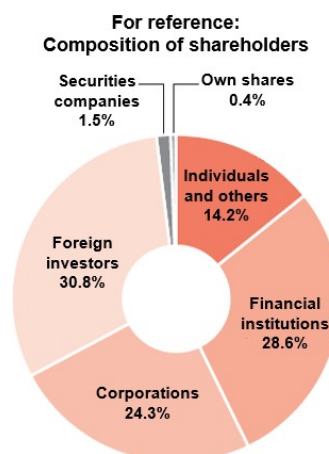
<b>Number of employees</b>	<b>Increase (decrease) from previous fiscal year-end</b>
10,777	+391

Notes: The above figures do not include temporary employees.

The average number of temporary employees during the fiscal year was 1,766.

## 2. Stock Information (As of March 31, 2022)

- (a) Number of authorized shares: 200,000,000  
 (b) Number of issued shares: 49,801,480  
 (Excluding 219,577 shares of treasury stock)  
 (c) Number of shareholders: 4,055



### (d) Major shareholders (top 10)

Name of shareholders	Number of shares (thousand)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	8,125	16.31
Naito Co., Ltd.	6,215	12.48
Custody Bank of Japan, Ltd. (Trust Account)	3,090	6.20
Kenji Hayashi	2,456	4.93
Rinnai Scholarship Foundation	1,400	2.81
Misaki Engagement Master Fund	1,039	2.08
State Street Bank West Client – Treaty 505234	821	1.65
Tokyo Gas Company, Limited	784	1.57
Makoto Naito	570	1.14
Yukimi Naito	550	1.10

Note: Shareholding ratios are calculated by number of shares excluding treasury stock.

### (e) Status of stocks delivered to Directors and Audit & Supervisory Committee Member as compensation for the execution of their duties during the fiscal year

	Number of shares	Person to be delivered
Directors (excluding outside directors and directors who hold more than a certain number of stocks)	726	1

Note: Please refer to page 26 “(4) Remuneration for Directors and Audit & Supervisory Board Members” regarding the Corporation’s stock compensation.

### (f) Other significant matters related to stocks

The Corporation issued 4,594 ordinary shares on July 28, 2021, to grant restricted stock for directors (excluding outside directors and directors who hold more than a certain number of stocks) and executive officers who do not concurrently serve as director. Per resolution at the Corporation’s Board of Directors meeting held on August 18, 2021, the Corporation retired 1,600,000 shares of treasury stocks on September 2, 2021. For the issue of ordinary shares and the retirement of treasury stocks, number of shares issued decreased 1,595,406 shares comparing to the end of the previous fiscal year.

## 3. Stock Acquisition Rights

There is no applicable information.



#### 4. Board of Directors and Auditors of Rinnai Corporation

##### (1) Names of Directors and Audit & Supervisory Board Members

(As of March 31, 2022)

Position	Name	Position at Other Institutions or Major Profession
Representative Director, and Chairman	Kenji Hayashi	
Representative Director, President and Executive Officer	Hiroyasu Naito	Outside Director of Nagoya Railroad Co., Ltd.
Representative Director and Executive Vice President	Tsunenori Narita	Assistant to the President
Director	Nobuyuki Matsui	Outside director at Aichi Tokei Denki Co., Ltd. President at International Professional University of Technology in Nagoya
Director	Takashi Kamio	Chairman of Sasaeai, specified nonprofit corporation
Standing Audit & Supervisory Board Member	Haruhiko Ishikawa	
Standing Audit & Supervisory Board Member	Katsuhiko Shinji	
Audit & Supervisory Board Member	Masaaki Matsuoka	Certified public accountant, Audit & Supervisory Board member at Kanemi Co., Ltd., outside director (Audit & Supervisory Board member) at Mitachi Co., Ltd.
Audit & Supervisory Board Member	Ippei Watanabe	Lawyer, and outside director (Audit and Supervisory Committee member) at Howa Machinery, Ltd.

- Notes:
1. Nobuyuki Matsui and Takashi Kamio are outside directors.
  2. Masaaki Matsuoka and Ippei Watanabe (Audit & Supervisory Board members) serve as outside auditors.
  3. Mr. Matsuoka is a certified public accountant and has considerable knowledge about accounting and finance.
  4. Mr. Watanabe is a licensed attorney at law and has considerable knowledge of corporate and legal affairs.
  5. The Corporation has notified the Tokyo Stock Exchange and the Nagoya Stock Exchange that Mr. Matsui, Mr. Kamio (directors), and Mr. Matsuoka and Mr. Watanabe (Audit & Supervisory Board members) satisfy the conditions for being independent officers.

##### (2) Summary of liability-limiting agreements

In accordance with the provisions of Article 427, Paragraph 1, of the Corporate Law, two outside directors and two outside members of the Audit & Supervisory Board have signed agreements that limit liability for damages as provided for in Article 423, Paragraph 1, of the same law. The limit of liability for damages, based on these agreements, is an amount prescribed by law.

##### (3) Summary of liability insurance contract for officers

The Corporation concluded liability insurance contract for officers with an insurance company in accordance with the first paragraph of Article 430-3 of the Corporate Law for all of the Corporation's directors, Audit Supervisory Board members, executive officers, and important employees. The insurance contracts compensate court costs and damages which the insured bear due to lawsuits related to the Corporation, third-party proceedings, and shareholder-derived suits. As a measure that does not impair the appropriateness of the insured person's job execution, damage caused by an insured person's crime are excluded from compensation. The Corporation pays all insurance premiums of the contracts.

#### (4) Remuneration for Directors and Audit & Supervisory Board Members

##### a. Total amount of remuneration for fiscal 2022, ended March 31, 2022

	Total Remuneration (Millions of yen)	Total Remuneration by Item (Millions of yen)			Recipients (persons)
		Basic component	Annual bonus	Restricted stock	
Directors (including outside directors)	284 (15)	222 (15)	54 (-)	7 (-)	7 (2)
Audit & Supervisory Board members (including outside members)	43 (11)	43 (11)	- (-)	- (-)	4 (2)
Total (including outside members)	327 (27)	265 (27)	54 (-)	7 (-)	11 (4)

- Notes: 1. Remuneration for directors does not include the employee portion in the case of directors who serve concurrently as employees.
2. Per resolution of the 71th Ordinary General Shareholders' Meeting held on June 29, 2021, remuneration of basic component and annual bonus for directors are limited to ¥370 million per year (including ¥50 million of outside director portion) and ¥20 million per year, respectively. At the end of the 71th Ordinary General Shareholders' Meeting, the Corporation had five (5) directors (including two (2) outside directors).
3. The amount of performance-linked compensation (annual bonus) is determined based on the degree of achievement of targets for consolidated operating income and non-consolidated operating income, which are key performance indicators. The Corporation's financial results for the fiscal year under review are shown in the "Consolidated Statements of Income" on page 33 and the "Statements of Income" on page 35.
4. Non-monetary compensation consists of shares of the Corporation's stock. Terms and conditions for allotment of such compensation are as described in "b. Policies regarding officer's compensation" as follows. The delivery status of such compensation in the fiscal year under review is shown in "Status of stocks delivered to Directors and Audit & Supervisory Committee Member as compensation for the execution of their duties during the fiscal year" on page 24.
5. Per resolution of the 58th Ordinary General Shareholders' Meeting held on June 27, 2008, the combined remuneration for Audit & Supervisory Board members is limited to ¥5 million per month. At the end of the 58th Ordinary General Shareholders' Meeting, the Corporation had four (4) members of Audit & Supervisory Board.
6. As of March 31, 2022, the Corporation had five (5) directors, including two (2) outside directors and four (4) Audit & Supervisory Board members, including two (2) from outside.

##### b. Policies regarding officers' compensation

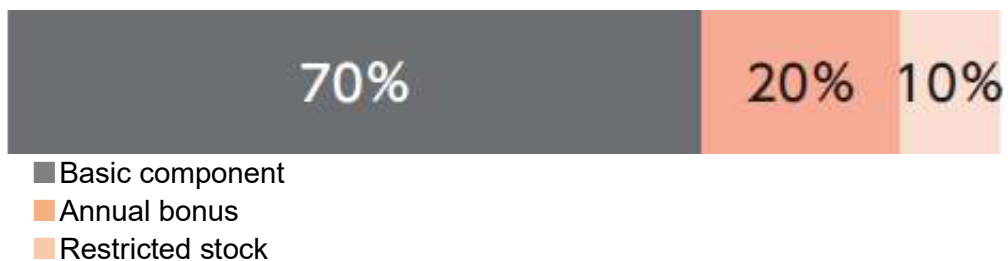
At its meeting held on May 12, 2021, the Corporation's Board of Directors resolved to adopt policies on determining compensation for individual directors and rules for officer compensation. The Corporation's policy for determining the content of compensation of directors shall be decided by resolution of the Board of Directors after objective deliberation by the Compensation Advisory Committee, the majority of whom are outside officers. Individual director compensation for the fiscal year under review was determined by deliberation at the meeting of Compensation Advisory Committee, which was delegated the authority based on the resolution made by the Board of Directors at its meeting held on June 29, 2021, in accordance with the aforementioned policies on determining officers' compensation and rules for officer compensation.

Since the amount of compensation for each individual director is determined through procedures based on such objective deliberations, the Board of Directors has determined that the content of compensation is in line with the Corporation's determination policies.

A summary of the Corporation's policies on determining compensation for individual directors is given below.

1. Basic principles on determining compensation for directors)
  - (1) Promoting solid corporate value creation over the medium to long term
    - The level and composition of compensation are set so that directors will be strongly motivated to realize increased corporate value and attain goals through the concerted efforts of the entire Corporation.
    - Directors will be motivated to routinely attain performance targets every fiscal year and create corporate value over the medium to long term by exercising appropriate quantitative evaluation on the basis of financial performance indicators and assessment of medium- to- long-term efforts on compensation.
    - Steady improvement of corporate value is sought through directors holding the Corporation's shares for the medium to long term, thus having common interests with shareholders.
  - (2) Securing objectivity and transparency to underline our accountability to a broad range of stakeholders, including shareholders
    - Policies on determining compensation are deliberated by the Compensation Advisory Committee, mainly composed of outside directors, and then ratified by the Board of Directors based on the Committee's recommendations.
    - The level and composition ratio of compensation are continuously validated by an objective comparison with those of comparable companies.
- 2, Structure of compensation
  - Compensation for directors consists of a basic component (fixed compensation) and a performance-linked component in a ratio of approximately 70:30 for the purpose of providing a sound motivation for increased corporate value and target achievement. Performance-linked compensation consists of an annual bonus, designed to promote steady attainment of performance targets every fiscal year, and a restricted stock compensation, designed to seek steady improvement of corporate value through sharing interests with shareholders by holding the Corporation's shares for the medium to long term.
  - Compensation for outside directors is limited to a basic component (fixed compensation) only, in order to promote proper conduct of their duties to supervise and give advice to management from a position independent of executive management.
  - The composition of compensation and summary of each component are as follows:

Composition of compensation



### Summary of each component

Type of compensation	Summary
Basic compensation	Cash compensation paid monthly in a fixed amount based on position and duties
Annual bonus	<p>Cash compensation designed to promote steady attainment of performance targets every fiscal year and corporate value creation over the medium to long term</p> <p>Consisting of a corporate performance-linked component (80%) and an individual performance-evaluation component (20%)</p> <ul style="list-style-type: none"> <li>• The corporate performance-linked component will range from 0% to 150% of the standard amount, depending on the degree of attainment of targeted consolidated operating income and non-consolidated operating income, which are key performance indicators of the Corporation</li> <li>• The individual performance component will range from 0% to 150% of the standard amount, depending on major indicators of each director's area of responsibility and an evaluation of efforts towards medium- to long-term growth and ESG, etc.</li> <li>• Determined amounts will be paid as a lump-sum cash payment after the end of each fiscal year</li> </ul>
Restricted stock	<p>Stock-based compensation designed to contribute to steady improvement of corporate value through shared interests with shareholders by holding the Corporation's shares for the medium to long term</p> <ul style="list-style-type: none"> <li>• Basically, restricted stocks are granted every fiscal year, and transfer restrictions will be lifted in the event of a director's resignation</li> </ul>

If any individual director holds a number of shares exceeding a specified number over the medium to long term, the restricted stock may be included in an annual bonus and the director will receive only an annual bonus as a performance-linked compensation incentive. Directors eligible to receive restricted stocks are identified at a meeting of the Compensation Advisory Committee, and then ratified by the Board of Directors.

### 3. Level of compensation

The level of compensation for directors (excluding outside directors) is set so that directors are strongly motivated to realize increased corporate value and attain goals through the concerted efforts of the entire Corporation. It is determined on the basis of position and duties and by using objective data on executive compensation gathered through a survey conducted by an outside expert agency (Willis Towers Watson's Executive Compensation Data) and using those of selected comparable companies as a benchmark.

### 4. Process of determining compensation

Policies on determining compensation for directors are deliberated objectively at a meeting of the Compensation Advisory Committee, composed of a majority outside directors, and ratified by resolution of the Board of Directors based on the Committee's recommendations. The amount of each director's compensation, including an assessment of an individual performance-evaluation component, is determined by deliberation of the Compensation Advisory Committee to which the Board of Directors has resolved to delegate authority, ensuring more objectivity and transparency in the process of determining compensation.

Deliberations of the Compensation Advisory Committee are conducted from an objective viewpoint and by referring to expertise about compensation systems. Accordingly, information is obtained from an outside expert agency (Willis Towers Watson in fiscal 2020) when necessary.

The following are the members of the Compensation Advisory Committee who deliberated policies for the 72nd fiscal year and their activities during the fiscal year.

(Members)

- Hiroyasu Naito, President and Representative Director
- Nobuyuki Matsui, Outside Director (Chairman of the Committee)
- Takashi Kamio, Outside Director

(Activities)

February 10, 2021: Deliberation on the members and authorities of the Compensation Advisory Committee

April 23, 2021: Deliberation on policies for the 72nd fiscal year

June 29, 2021: Deliberation on selection of Compensation Advisory Committee Chairman and individual amounts of compensation for officers (directors) for the 72nd fiscal year

### C. Officers' retirement benefits paid in the fiscal year under review

At the 58th Ordinary General Meeting of Shareholders held on June 27, 2008, the Corporation resolved to abolish the retirement benefit system for directors and Audit & Supervisory Board members. For directors and Audit & Supervisory Board members to remain in office after the conclusion of said meeting, the Corporation also resolved to pay retirement benefits at the time of their retirement in amounts corresponding to their service periods until the abolition of the said system. The following payments were made to retiring directors in the current fiscal year under review

One (1) director: ¥3 million (including zero (0) outside directors)

### (5) Items Related to Outside Executives

#### a. Status of important concurrent positions at other entities, and relationships with Corporation and those entities

Title	Name	Main concurrent position	Relationship with the Corporation
Director	Nobuyuki Matsui	- Outside director at Aichi Tokei Denki Co., Ltd. - President at International Professional University of Technology in Nagoya	The Corporation has no special relationships with Aichi Tokei Denki
Director	Takashi Kamio	- Chairman of Sasaeai, a specified nonprofit corporation	The Corporation makes donations to Sasaeai, but the amounts are only ¥50,000 per year
Audit & Supervisory Board member	Masaaki Matsuoka	- Certified public accountant - Audit & Supervisory Board member at Kanemi Co., Ltd. - Outside director (Audit & Supervisory Board member) at Mitachi Co., Ltd.	The Corporation has no special relationships with Kanemi or Mitachi
Audit & Supervisory Board member	Ippei Watanabe	- Lawyer - Outside director at Howa Machinery, Ltd. (Audit and Supervisory Committee member)	The Corporation has no special relationships with Howa Machinery

#### b. Main activities in fiscal year

Title	Name	Attendance at Board of Directors' meetings	Attendance at Audit & Supervisory Board meetings	Main Activities and Job Summary of Expected Role as Outside Directors
Director	Nobuyuki Matsui	15/15 (100%)	—	Express opinions at Board of Directors' meetings from a scholarly perspective based on his experience as a professor and university president. In particular, to supervise and provide advice as an expert in technology and technological development to ensure the adequacy and suitability of decision-making. Engaged as a member of the Nomination Advisory Committee and Compensation Advisory Committee to select director candidates and decide directors' compensation from an objective and neutral standpoint.
Director	Takashi Kamio	15/15 (100%)	—	Express opinions at Board of Directors meetings based on his extensive experience and wide-ranging insight as a director of other companies. In particular, supervise and provide advice as an expert in company management to ensure the adequacy and appropriateness of decision-making. Engaged as a member of the Nomination Advisory Committee and Compensation Advisory Committee to select director candidates and decide directors' compensation from an objective and neutral standpoint.
Audit & Supervisory Board member	Masaaki Matsuoka	15/15 (100%)	16/16 (100%)	Provide impartial advice from accounting and taxation perspectives to ensure the adequacy and appropriateness of decision-making. Make necessary remarks as appropriate at the meeting of Audit & Supervisory Board members.
Audit & Supervisory Board member	Ippei Watanabe	15/15 (100%)	16/16 (100%)	Provide impartial advice from legal perspective to ensure the adequacy and appropriateness of decision-making. Make necessary remarks as appropriate at the meeting of Audit & Supervisory Board members.

Note: In addition to the above number of meetings of the Board of Directors, there was one written resolution deemed to have been made by the Board of Directors in accordance with Article 370 of the Corporate Law and Article 24 of Rinnai Corporation's Articles of Incorporation.

## **5. Status of Independent Auditor**

### **(1) Name of independent auditor**

Deloitte Touche Tohmatsu LLC

### **(2) Compensation to independent auditor in the year under review (Millions of yen)**

Compensation for services as independent auditor	56
Total monetary and other financial profits paid by the Corporation and its subsidiaries	66

- Notes: 1. Under the agreement between the Corporation and its independent auditor, there is no clear distinction between compensation for audits under the Corporate Law and audits under the Financial Instruments and Exchange Law. For this reason, only the total compensation amounts to the independent auditor are listed here.
2. Among major subsidiaries, overseas subsidiaries have different independent auditors.

### **(3) Reason Audit & Supervisory Board Agrees to Compensation for Independent Auditor**

The Audit & Supervisory Board reviewed and discussed such aspects as the content of the audit plan by the independent auditor, the execution of duties by the independent auditor, and the basis for calculation of compensation estimates, and agreed that compensation to the independent auditor was in line with Article 399, Paragraph 1 of the Corporate Law.

### **(4) Policy on removal or non-reappointment of independent auditor**

If the Audit & Supervisory Board finds it necessary, due to an obstacle that prevents the independent auditor from properly executing their required duties or due to some other issue of consequence, the Audit & Supervisory Board will prepare the content of an agenda item on the dismissal or non-reappointment of the independent auditor to be put before the Ordinary General Meeting of Shareholders.

In addition, the Audit & Supervisory Board will dismiss the independent auditor upon the consent of all members of the Audit & Supervisory Board, if the independent auditor falls subject to any of the provisions in Article 340, Paragraph 1 of the Corporate Law. In this event, a member of the Audit & Supervisory Board, chosen among board members, will give a report on the purpose for dismissing the independent auditor and associated background at the first Ordinary General Meeting of Shareholders that convenes after the dismissal.

## Consolidated Balance Sheets

(As of March 31, 2022)

(Millions of yen)

ASSETS		LIABILITIES	
<b>Current assets</b>	<b>333,956</b>	<b>Current liabilities</b>	<b>108,803</b>
Cash and deposits	173,235	Notes and accounts payable	26,433
Notes and accounts receivable, and contract assets	75,596	Electronically recorded monetary claims	33,293
Electronically recorded monetary claims	7,641	Other payables	19,728
Marketable securities	12,250	Accrued consumption taxes	1,179
Products	36,078	Accrued income taxes	4,106
Raw materials and stores	28,548	Accrued employees' bonuses	5,162
Other	4,698	Allowance for product guarantee	3,868
Less allowance for doubtful accounts	(4,093)	Other	15,031
<b>Fixed assets</b>	<b>178,910</b>	<b>Long-term liabilities</b>	<b>25,206</b>
<b>Property, plant and equipment</b>	<b>100,598</b>	Deferred tax liabilities	10,109
Buildings and structures	36,104	Allowance for environmental measures	2,255
Machinery, equipment and vehicles	15,684	Net defined benefit liabilities	8,769
Tools, furniture and fixtures	4,016	Other	4,073
Land	24,995	<b>Total liabilities</b>	<b>134,010</b>
Leased assets	3,902	<b>NET ASSETS</b>	
Construction in progress	15,894	<b>Shareholders' equity</b>	<b>328,419</b>
<b>Intangible fixed assets</b>	<b>3,792</b>	Common stock	6,484
<b>Investments and advances</b>	<b>74,520</b>	Capital surplus	8,673
Investments in securities	44,620	Earned surplus	315,593
Net defined benefit assets	23,371	Treasury stock	(2,330)
Deferred income taxes	4,299	<b>Other accumulated comprehensive income</b>	<b>14,700</b>
Other	2,383	Unrealized gain on marketable securities	4,582
Less allowance for doubtful accounts	(153)	Foreign exchange translation adjustment	4,925
		Remeasurements of defined benefit plans	5,193
		<b>Non-controlling interests</b>	<b>35,736</b>
		<b>Total net assets</b>	<b>378,856</b>
<b>Total assets</b>	<b>512,867</b>	<b>Total liabilities and net assets</b>	<b>512,867</b>



## Consolidated Statements of Income

(Year ended March 31, 2022)

(Millions of yen)

<b>Net sales</b>		<b>366,185</b>
<b>Cost of sales</b>		<b>249,628</b>
<b>Gross profit</b>		<b>116,556</b>
<b>Selling, general and administrative expenses</b>		<b>80,692</b>
<b>Operating income</b>		<b>35,864</b>
<b>Other income</b>		
Interest income	1,141	
Dividends received	378	
Foreign exchange income	1,144	
Other	1,289	<b>3,955</b>
<b>Other expenses</b>		
Interest expenses	64	
Loss on retirement of fixed assets	181	
Fair value fluctuation amount related to contingent consideration	383	
Other	130	<b>759</b>
<b>Ordinary income</b>		<b>39,060</b>
<b>Income before income taxes</b>		<b>39,060</b>
Income taxes (current)	9,266	
Income taxes (deferred)	786	<b>10,053</b>
<b>Net income</b>		<b>29,006</b>
Net income attributable to non-controlling interests		5,258
<b>Net income attributable to owners of the parent company</b>		<b>23,748</b>

## Nonconsolidated Balance Sheets

(As of March 31, 2022)

(Millions of yen)

ASSETS		LIABILITIES	
<b>Current assets</b>	<b>138,246</b>	<b>Current liabilities</b>	<b>45,437</b>
Cash and deposits	64,317	Accrued payable	15,457
Notes receivable	2,585	Electronically recorded	18,967
Accounts receivable	34,415	monetary claims	
Electronically recorded	6,558	Lease obligations	37
monetary claims		Other payables	4,595
Marketable securities	11,800	Accrued expenses	729
Products	10,137	Accrued income taxes	1,452
Raw materials and stores	7,093	Deposits payable	153
Other	1,347	Accrued employees'	2,555
Less allowance for doubtful	(9)	bonuses	
accounts		Allowance for product	661
		guarantees	
<b>Fixed assets</b>	<b>138,265</b>	Other	825
<b>Property, plant and equipment</b>	<b>43,890</b>	<b>Long-term liabilities</b>	<b>7,533</b>
Buildings	17,069	Lease obligations	52
Structures	1,274	Accrued employees'	3,382
Machinery and equipment	4,001	retirement benefits	
Vehicles and delivery equipment	73	Other	4,098
Tools, furniture and fixtures	1,945		
Land	12,419	<b>Total liabilities</b>	<b>52,970</b>
Leased assets	82		
Construction in progress	7,022	<b>NET ASSETS</b>	
<b>Intangible fixed assets</b>	<b>1,333</b>	<b>Shareholders' equity</b>	<b>219,159</b>
Software	1,039	<b>Common stock</b>	<b>6,484</b>
Other	294	<b>Capital surplus</b>	<b>8,743</b>
<b>Investments and advances</b>	<b>93,041</b>	Capital reserve	8,743
Investments in securities	42,472	<b>Earned surplus</b>	<b>206,262</b>
Stocks of affiliated companies	32,351	Legal reserve	1,614
Investments in affiliated	1,870	Other legal reserve:	204,647
companies		General reserve	190,000
Prepaid pension expenses	15,865	Retained earnings	14,647
Other	500	carried forward	
Less allowance for doubtful	(19)	<b>Treasury stock</b>	<b>(2,330)</b>
accounts		<b>Other adjustments</b>	<b>4,382</b>
		Unrealized gain on	4,382
		marketable securities	
		<b>Total net assets</b>	<b>223,541</b>
<b>Total assets</b>	<b>276,512</b>	<b>Total liabilities and net</b>	<b>276,512</b>
		<b>assets</b>	

## Nonconsolidated Statements of Income

(Year ended March 31, 2022)

(Millions of yen)

<b>Net sales</b>		<b>204,929</b>
<b>Cost of sales</b>		<b>156,767</b>
<b>Gross profit</b>		<b>48,161</b>
<b>Selling, general and administrative expenses</b>		<b>33,886</b>
<b>Operating income</b>		<b>14,275</b>
<b>Other income</b>		
Interest income and dividends received	3,752	
Other	2,142	<b>5,895</b>
<b>Other expenses</b>		
Loss on retirement of fixed assets	135	
Other	59	<b>195</b>
<b>Ordinary income</b>		<b>19,975</b>
<b>Income before income taxes</b>		<b>19,975</b>
<b>Income taxes</b>		
Current	3,747	
Deferred	792	<b>4,539</b>
<b>Net income</b>		<b>15,435</b>

(Translation: Accounting auditor's audits of consolidated financial statements)

## INDEPENDENT AUDITOR'S REPORT

May 27, 2022

To the Board of Directors of  
Rinnai Corporation:

Deloitte Touche Tohmatsu LLC  
Nagoya Office  
Designated Limited Liability Partner, Engagement Partner,  
Certified Public Accountant: Haruhisa Suzuki  
Designated Limited Liability Partner, Engagement Partner,  
Certified Public Accountant: Kouji Kitaoka

### Auditor's Opinion

Pursuant to the fourth paragraph of Article 444 of the Corporate Law, we, Deloitte Touche Tohmatsu LLC ("the Auditor") have audited the consolidated financial statements of Rinnai Corporation (the "Corporation") and its consolidated subsidiaries, for the fiscal year ended March 31, 2022, namely, consolidated balance sheets, consolidated statements of income, consolidated statements of changes in shareholders' equity, notes to the consolidated financial statements, and other notes.

In the Auditor's opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Corporation and its consolidated subsidiaries as of March 31, 2022, and the results of their operations for the year then ended, in conformity with accounting principles generally accepted in Japan.

### Basis for Auditor's Opinion

The Auditor conducts its audit in accordance with auditing standards generally accepted in Japan. The Auditor's responsibility with respect to auditing standards is described in "Auditor's responsibility on auditing consolidated financial statements". According to regulations on professional ethics in Japan, the Auditor is independent from the Corporation and its consolidated subsidiaries, and fulfills its responsibility in an ethical manner. The Auditor believes the audit it has performed provides an adequate and reasonable basis for opinion.

### Other Information

Other information comprises business report and its attachments. It is the responsibility of management to prepare and disclose the above information. The Audit & Supervisory Board and Audit & Supervisory Board Members are responsible for monitoring the execution of directors' duties in preparing and implementing the reporting process.

The Auditor's opinion on the consolidated financial statements does not cover other information, and the Auditor does not express its opinion on other information.

It is the responsibility of the Auditor to audit consolidated financial statements, and examine if there are significant differences between other information and consolidated financial statements or knowledge gained through audit process. In addition, the Auditor pays attention to other sign of significant mistakes than significant differences.

If the Auditor conclude that there are any significant mistakes in other information based on the works performed, it is required to report that fact.

The Auditor does not have any matters to report regarding other information.

### Responsibility of Management, Audit & Supervisory Board, and Audit & Supervisory Board Members, for Consolidated Financial Statements

It is the responsibility of management to prepare and properly disclose consolidated financial statements, in accordance with corporate accounting standards generally accepted in Japan. This responsibility includes establishment and operation of an internal control system that management deems necessary to ensure preparation and proper disclosure of consolidated financial statements without material misstatement

due to fraudulent activity or error.

In preparing consolidated financial statements, management is responsible for evaluating the appropriateness of such statements based on going concern assumptions, and for disclosing going concern matters if necessary, in accordance with corporate accounting standards generally accepted in Japan.

The Audit & Supervisory Board and Audit & Supervisory Board Members are responsible for monitoring the execution of directors' duties in preparing and implementing the financial reporting process.

#### Auditor's Responsibility on Auditing Consolidated Financial Statements

It is the responsibility of the Auditor to obtain reasonable assurance about whether the overall presentation of consolidated financial statements is free of material misstatement due to fraudulent activity or error, and express an opinion by auditor's report on the consolidated financial statements from an independent perspective, based on its audit. Misstatements can arise from fraudulent activity or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the decisions of the users of consolidated financial statements.

The Auditor performs audits as follows, using professional judgement and maintaining professional skepticism throughout the audit, in accordance with auditing standards generally accepted in Japan.

- The Auditor identifies and evaluates the risk of material misstatement in the consolidated financial statements due to fraudulent activity or error. The Auditor plans and performs auditing procedures while addressing the risk of material misstatement. The auditing procedures are selected and applied, based on the Auditor's judgement. The Auditor obtains adequate and reasonable audit evidence before making opinions.
- The purpose of an audit is not to express an opinion on the effectiveness of the internal control system, and when evaluating risk, the Auditor examines the internal control system pertaining to the audits of consolidated financial statements so that auditing procedures appropriate to the situation may be designed.
- The Auditor evaluates the appropriateness of the accounting policies used and their method of application as well as the reasonableness of estimates made by management and the applicability of related financial notes.
- The Auditor makes conclusions with respect to the appropriateness of preparing consolidated financial statements based on going concern assumptions. The Auditor also makes conclusions, based on audit evidence at hand, about the risk of material uncertainty regarding events and/or circumstances that could cause material doubt about the going concern assumption. If material uncertainty about going concern assumptions is recognized, the Auditor is required to call attention to notes to the consolidated financial statements in its Independent Auditor's Report. If the notes to the consolidated financial statements regarding material uncertainty are deemed to be inappropriate, the Auditor is required to modify the opinion about the consolidated financial statements. The Auditor's conclusions are based on audit evidence obtained by the date of its auditor's report. Depending on future events or circumstances, however, the Corporation may not be able to survive as a going concern.
- The Auditor evaluates whether or not the presentation of the consolidated financial statements and notes comply with corporate accounting standards generally accepted in Japan. The Auditor also evaluates the presentation, composition, and contents of the consolidated financial statements (including related notes) and assesses whether or not such statements properly reflect underlying transactions and accounting events.
- In order to express opinions about the consolidated financial statements, the Auditor is required to obtain adequate and reasonable audit evidence regarding the financial information of the Corporation and its consolidated subsidiaries. The Auditor is responsible for instruction, supervision, and implementation of audits of the consolidated financial statements. The Auditor is solely responsible for its auditing opinion.

The Auditor make reports to the Audit & Supervisory Board and Audit & Supervisory

Board Members about the following: scope and timing of planned audits, important findings (including material deficiencies in internal control recognized during the auditing process), and other items as required under auditing standards.

In its report to the Audit & Supervisory Board and Audit & Supervisory Board Members, the Auditor confirms that it has complied with regulations on professional ethics in Japan concerning independence. Its report also includes matters deemed reasonably to affect the Auditor's independence, as well as details of safeguards, if taken, to reduce or avoid impeding factors.

#### Financial Interest

Neither the firm nor its engagement partners have any financial interest in the Corporation and its consolidated subsidiaries for which disclosure is required under the provisions of the Certified Public Accountants Law.

*The above represents a translation, for convenience only, of the original report issued in Japanese.*

(Translation: Accounting auditor's audits of financial statements)

## INDEPENDENT AUDITOR'S REPORT

May 27, 2022

To the Board of Directors of  
Rinnai Corporation:

Deloitte Touche Tohmatsu LLC  
Nagoya Office  
Designated Limited Liability Partner, Engagement Partner,  
Certified Public Accountant: Haruhisa Suzuki  
Designated Limited Liability Partner, Engagement Partner,  
Certified Public Accountant: Kouji Kitaoka

### Auditor's Opinion

Pursuant to the first item, second paragraph of Article 436 of the Corporate Law, we, Deloitte Touche Tohmatsu LLC ("the Auditor") have audited the financial statements of Rinnai Corporation (the "Corporation"), for the fiscal year ended March 31, 2022, namely, nonconsolidated balance sheets, nonconsolidated statements of income, nonconsolidated statements of changes in shareholders' equity, notes to nonconsolidated financial statements, and other notes and attachments.

In the Auditor's opinion, the financial statements and attachments referred to above present fairly, in all material respects, the financial position of the Corporation as of March 31, 2022, and the results of their operations for the year then ended, in conformity with accounting principles generally accepted in Japan.

### Basis for Auditor's Opinion

The Auditor conducts its audit in accordance with auditing standards generally accepted in Japan. The Auditor's responsibility with respect to auditing standard is described in "Auditor's responsibility on auditing financial statements". According to regulations on professional ethics in Japan, the Auditor is independent from the Corporation, and fulfills its ethical manner. The Auditor believes the audit it has performed provides an adequate and reasonable basis for opinion.

### Other Information

Other information comprises business report and its attachments. It is the responsibility of management to prepare and disclose the above information. The Audit & Supervisory Board and Audit & Supervisory Board Members are responsible for monitoring the execution of directors' duties in preparing and implementing the reporting process.

The Auditor's opinion on the financial statements does not cover other information, and the Auditor does not express its opinion on other information.

It is the responsibility of the Auditor to audit financial statements, and examine if there are any significant differences between other information and financial statements or knowledge gained through audit process. In addition, the Auditor pays attention to other sign of significant mistakes than significant differences.

If the Auditor conclude that there are any significant mistakes in other information based on the works performed, it is required to report that fact.

The Auditor does not have any matters to report regarding other information.

### Responsibility of Management, Audit & Supervisory Board, and Audit & Supervisory Board Members, for Financial Statements

It is the responsibility of management to prepare and properly disclose financial statements, in accordance with corporate accounting standards generally accepted in Japan. This responsibility includes establishment and operation of an internal control system that management deems necessary to ensure preparation and proper disclosure of financial statements without material misstatement due to fraudulent activity or error.

In preparing financial statements, management is responsible for evaluating the

appropriateness of such statements based on going concern assumptions, and for disclosing going concern matters if necessary, in accordance with corporate accounting standards generally accepted in Japan.

The Audit & Supervisory Board and Audit & Supervisory Board Members are responsible for monitoring the execution of directors' duties in preparing and implementing the financial reporting process.

#### Auditor's Responsibility on Auditing Financial Statements

It is the responsibility of the Auditor to obtain reasonable assurance about whether the overall presentation of financial statements is free of material misstatement due to fraudulent activity or error, and express an opinion by auditor's report on the financial statements from an independent perspective, based on its audit. Misstatements can arise from fraudulent activity or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the decisions of the users of financial statements.

The Auditor performs audits as follows, using professional judgement and maintaining professional skepticism throughout the audit, in accordance with auditing standards generally accepted in Japan.

- The Auditor identifies and evaluates the risk of material misstatement in the financial statements due to fraudulent activity or error. The Auditor plans and performs auditing procedures while addressing the risk of material misstatement. The auditing procedures are selected and applied, based on the Auditor's judgement. The Auditor obtains adequate and reasonable audit evidence before making opinions.
- The purpose of an audit is not to express an opinion on the effectiveness of the internal control system, and when evaluating risk, the Auditor examines the internal control system pertaining to the audits of financial statements so that auditing procedures appropriate to the situation may be designed.
- The Auditor evaluates the appropriateness of the accounting policies used and their method of application as well as the reasonableness of estimates made by management and the applicability of related financial notes.
- The Auditor makes conclusions with respect to the appropriateness of preparing financial statements based on going concern assumptions. The Auditor also makes conclusions, based on audit evidence at hand, about the risk of material uncertainty regarding events and/or circumstances that could cause material doubt about the going concern assumption. If material uncertainty about going concern assumptions is recognized, the Auditor is required to call attention to notes to the financial statements in its Independent Auditor's Report. If the notes to the financial statements regarding material uncertainty are deemed to be inappropriate, the Auditor is required to modify the opinion about the financial statements. The Auditor's conclusions are based on audit evidence obtained by the date of its auditor's report. Depending on future events or circumstances, however, the Corporation may not be able to survive as a going concern.
- The Auditor evaluates whether or not the presentation of the financial statements and notes comply with corporate accounting standards generally accepted in Japan. The Auditor also evaluates the presentation, composition, and contents of the financial statements (including related notes) and assesses whether or not such statements properly reflect underlying transactions and accounting events.

The Auditor makes reports to the Audit & Supervisory Board and Audit & Supervisory Board Members about the following: scope and timing of planned audits, important findings (including material deficiencies in internal control recognized during the auditing process), and other items as required under auditing standards.

In its report to the Audit & Supervisory Board and Audit & Supervisory Board Members, the Auditor confirms that it has complied with regulations on professional ethics in Japan concerning independence. Its report also includes matters deemed reasonably to affect the Auditor's independence, as well as details of safeguards, if taken, to reduce or avoid impeding factors.



Financial Interest

Neither the firm nor its engagement partners have any financial interest in the Corporation for which disclosure is required under the provisions of the Certified Public Accountants Law.

*The above represents a translation, for convenience only, of the original report issued in Japanese.*

**(Translation)**

**Report of the Audit & Supervisory Board**

The Audit & Supervisory Board reviewed each member's report regarding the directors' execution of their duties, obligations and responsibilities for the 72nd financial period, from April 1, 2021, through March 31, 2022. Upon deliberation, we created the auditor's report and would like to report as follows:

1. Methods and contents of audits by members of the Audit & Supervisory Board and the Audit & Supervisory Board
  - (1) The Audit & Supervisory Board determined the policies of audits and duties of members, and received reports on the status of the implementation of audits and the results from members. In addition, the Audit & Supervisory Board received reports on execution of duties from directors and accounting auditors, and received explanations when necessary.
  - (2) According to the policies of audits and duties of members, determined by the Audit & Supervisory Board, members develop the environment for audits, collecting information through communication (utilizing telephone or internet) with directors, executive officers, and employees at the internal auditing division and other divisions, and have audited procedures as follows.
    - (a) Members of the Audit & Supervisory Board also attended important meetings including Board of Directors' meeting (utilizing internet), and constantly received reports on execution of duties from directors, executive officers, and other employees, and received explanations when necessary. In addition, members reviewed important documents about closing the books and investigated the state of operations and assets of the headquarters and major offices. For subsidiary companies, members received business reports, sharing information (utilizing internet) with directors and members of the audit & supervisory board of subsidiaries when necessary.
    - (b) The internal control system of the Corporation, which is based on the content of resolutions by the Board of Directors and relevant resolutions in accordance with the first and third clauses of Article 100 of the Ordinance for Enforcement of the Corporate Law, is necessary for systems to ensure that execution of business by directors conforms to legal regulations and the Articles of Incorporation and systems to ensure appropriateness of the business activities of the Corporation and subsidiary companies described in this business report. Members reviewed regular reports about the formulation and effectiveness of the internal control system, and received explanation when necessary from directors, executive officers, and employees, in order to declare its opinion.
    - (c) Members of the Audit & Supervisory Board monitored and inspected the independence of accounting auditors and execution of adequate audits, and received the report and explanation on execution of duties from accounting auditors when necessary. We also received notice from accounting auditors that they conducted their audits in accordance with the "System to secure adequate execution of duties" (Article 131, accounting and computation rule of the Corporate Law) and the "Quality control standard regarding audits" (October 28, 2005, Business Accounting Council), and received explanation when necessary.

Based on measures as stated above, we reviewed the business reports and attachments, nonconsolidated financial statements (nonconsolidated balance sheets, nonconsolidated statements of income, nonconsolidated statements of changes in shareholders' equity, and notes to nonconsolidated financial statements) and attachments, and consolidated financial statements (consolidated balance sheets, consolidated statements of income, consolidated statements of changes in shareholders' equity and notes to consolidated financial statements), for the fiscal year ended March 31, 2022.

## 2. Audit results

### (1) Audit results of business report and attachments

- a. The business report and the attachments fairly reflect the state of the Corporation, in accordance with legal requirements and the Articles of Incorporation.
- b. There are no exceptions to be made, regarding the overlapping of director duties, and there are no violations of relevant legal requirements or the Articles of Incorporation.
- c. We recognize the appropriateness of resolutions by the Board of Directors' meetings as regarding the internal control system. As to the description in this business report and the execution of directors' duties regarding said internal control system, there are no exceptions to be made.

### (2) Audit results of nonconsolidated financial statements and attachments

In our opinion, the auditing methods applied by Deloitte Touche Tohmatsu LLC, independent auditors and their results are appropriate.

### (3) Audit results of consolidated financial statements and attachments

In our opinion, the auditing methods applied by Deloitte Touche Tohmatsu LLC, independent auditors and their results are appropriate.

May 27, 2022

The Audit & Supervisory Board, Rinnai Corporation.

Haruhiko Ishikawa, Standing Audit & Supervisory Board Member  
Katsuhiko Shinji, Standing Audit & Supervisory Board Member  
Masaaki Matsuoka, Outside Audit & Supervisory Board Member  
Ippei Watanabe, Outside Audit & Supervisory Board Member

Note: Masaaki Matsuoka and Ippei Watanabe (Audit & Supervisory Board Members) serve as outside members of the Audit & Supervisory Board, in accordance with the 16th item of Article 2 and the third clause of Article 335 of the Corporate Law.

*The above represents a translation, for convenience only, of the original report issued in Japanese.*

**Rinnai Corporation**  
**Notice of Convocation of**  
**the 72nd Ordinary General Shareholders' Meeting**

**PLACE**

Main Hall (3F), Nagoya Convention Hall, Global Gate  
60-12, Hiraike-cho 4-chome, Nakamura-ku, Nagoya-shi

**DIRECTIONS**

A three-minute walk from Sasashima-Live Station,  
reached by Aonami Railway

This document has been prepared as a guide for non-Japanese investors and contains forward-looking statements that are based on management's estimates, assumptions and projections at the time of publication. A number of factors could cause actual results to differ materially from expectations. This document is a translation of the Japanese-language original.