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RASA INDUSTRIES,LTD.

FY 2021 Consolidated Financial Results

June 2, 2022

Stock code : 4022

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1. Business overview

Business overview

Company Profile

Company Name	Rasa industries, Ltd.
Head Office	1-18-13, Soto-Kanda, Chiyoda-ku, Tokyo 101-0021, Japan
Founded	May 1, 1913
Established	June 26, 1918
Employees	600 (consolidated) <As of March 31, 2022>

Chemicals 27,585million yen / 77.9%

■ Phosphorus products

Phosphoric acid
Phosphate etc

■ Flocculant products

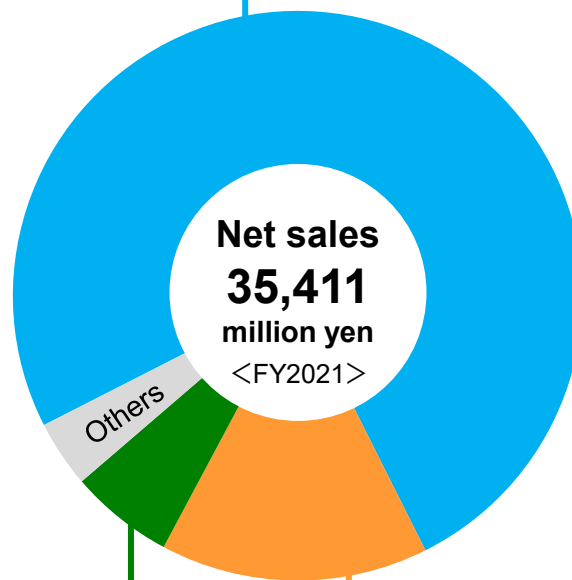
■ Other products

■ High-purity inorganic materials for compound semiconductors

(Gallium, Indium, Red phosphorus, Boron trioxide, etc)

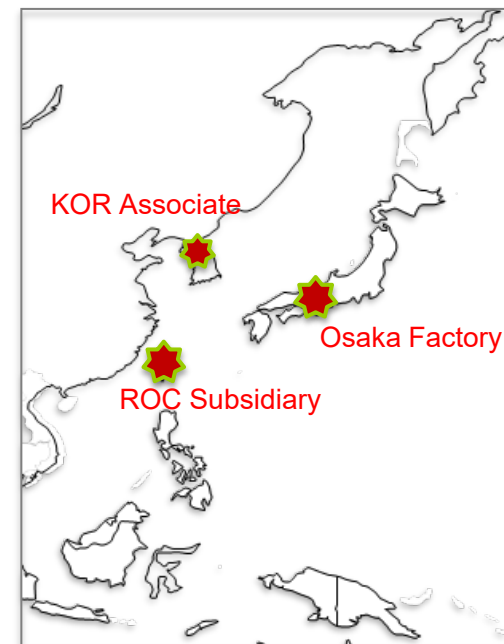
■ Radioactive iodine adsorbents

Electronic Materials 1,997million yen / 5.6%



Machinery 4,766million yen / 13.5%

- Construction machinery (Jaw crusher, Screen, Powder equipment)
- Civil engineering machinery Pipe jacking machine (for water supply and sewerage)



<Phosphoric acid Factory>

2. FY 2021 Financial Results and Forecast for FY2022

FY2021 Financial Summary

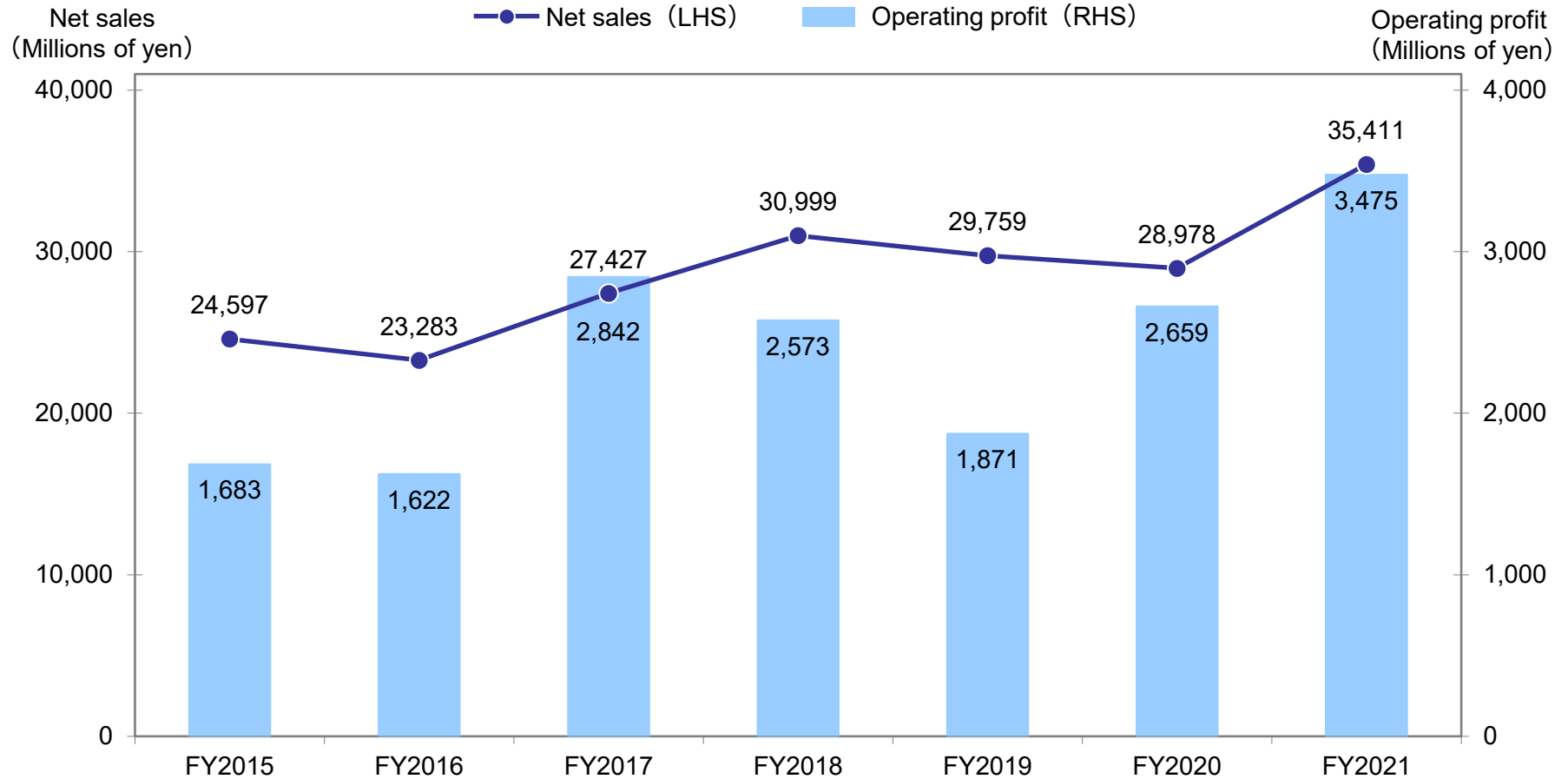
- Net sales : Increased by 22.2% Year-on-Year
- Operating profit : Increased by 30.7% Year-on-Year. Record high profit.

(Millions of yen)

	F Y 2 0 2 0	F Y 2 0 2 1	Change	Change Rate	Forecast (2021.8.13)	Change
Net sales	28,978	35,411	6,433	22.2%	31,500	3,911
Operating profit	2,659	3,475	816	30.7%	2,700	775
Ordinary profit	2,649	3,562	913	34.4%	2,700	862
Profit attributable to owners of parent	2,004	2,538	534	26.7%	2,100	438
Annual dividends per share	45.00yen	70.00yen	25.00yen	55.6%	50.00yen	20.00yen
(Depreciation)	1,487	1,525	38	2.6%		
(Devaluation of inventory)	269	(33)	(302)	—		

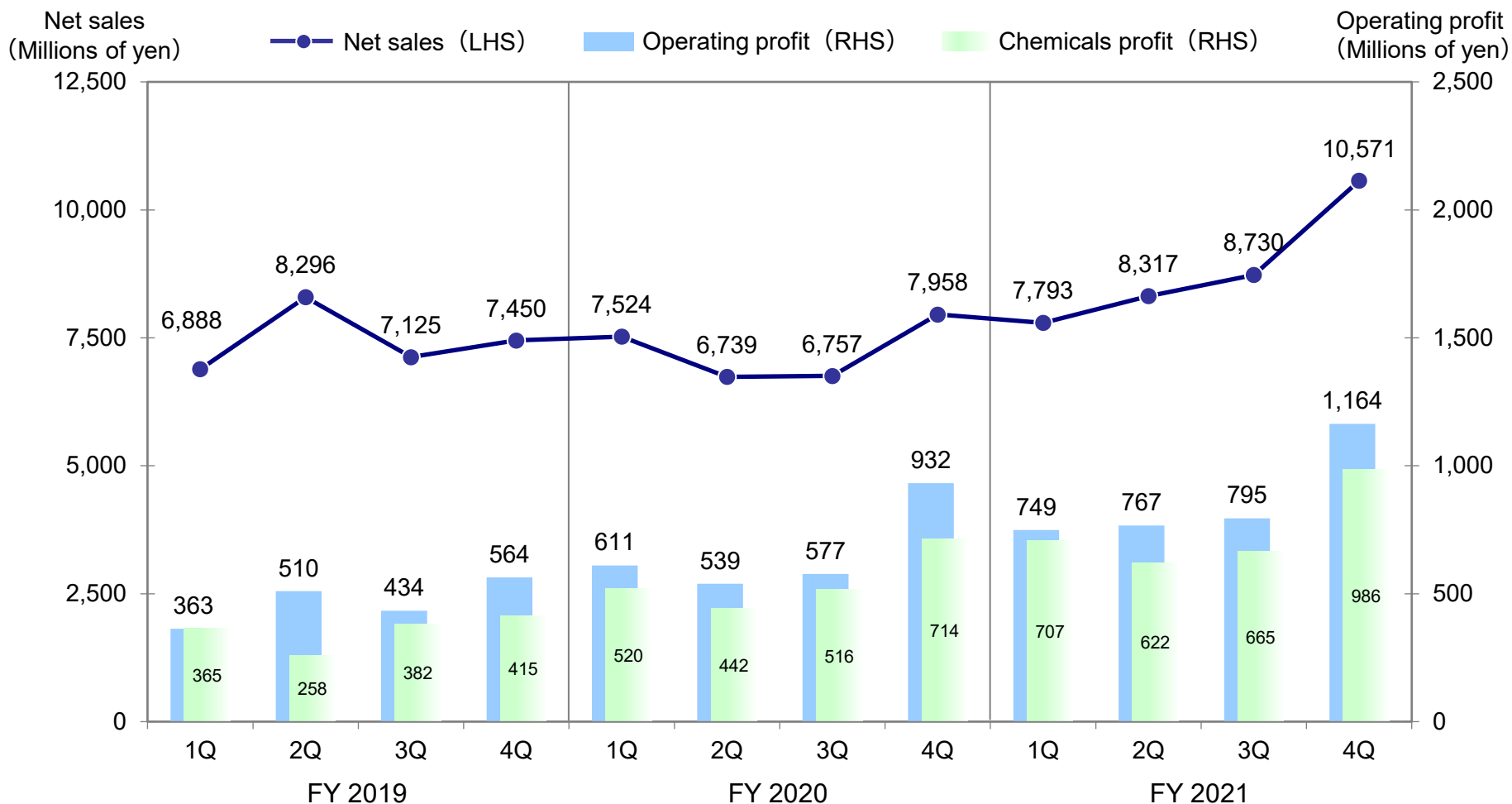
Changes in Fiscal Year Performance

Changes in Net sales and Operating profit



Changes in Quarterly Performance

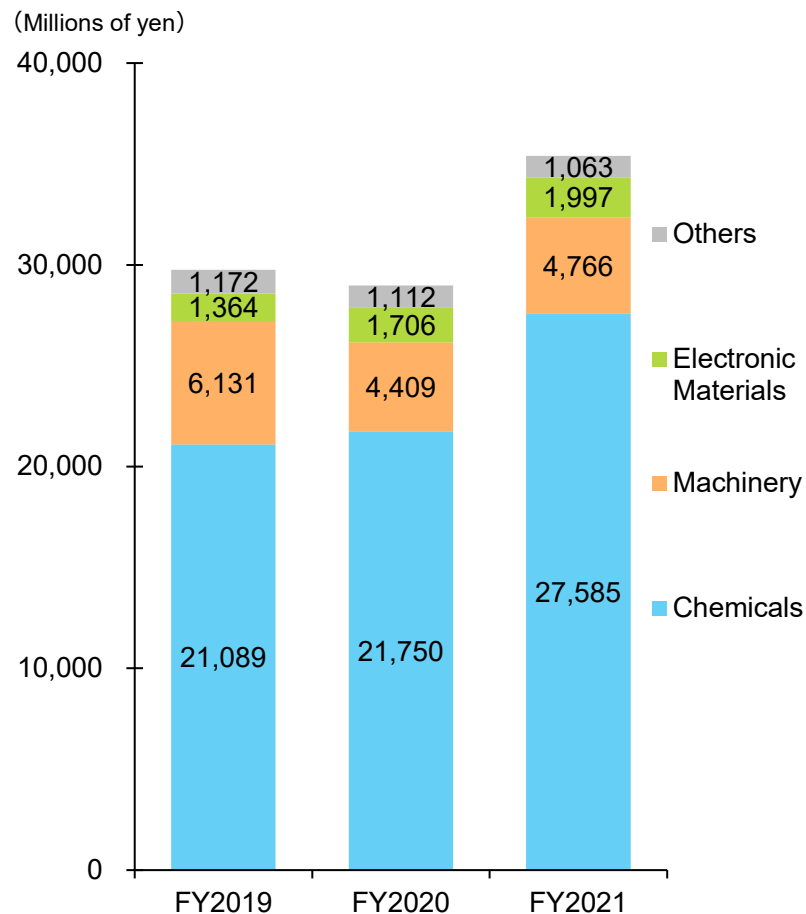
Changes in Net sales and Operating profit



FY2021 Business Segment Overview (Net sales)

Changes in Net sales

	(Millions of yen)			
	FY 2020	FY 2021	Change	Change Rate
Chemicals	21,750	27,585	5,835	26.8%
Machinery	4,409	4,766	357	8.1%
Electronic Materials	1,706	1,997	291	17.1%
Others	1,112	1,063	(49)	(4.4%)
T o t a l	28,978	35,411	6,433	22.2%

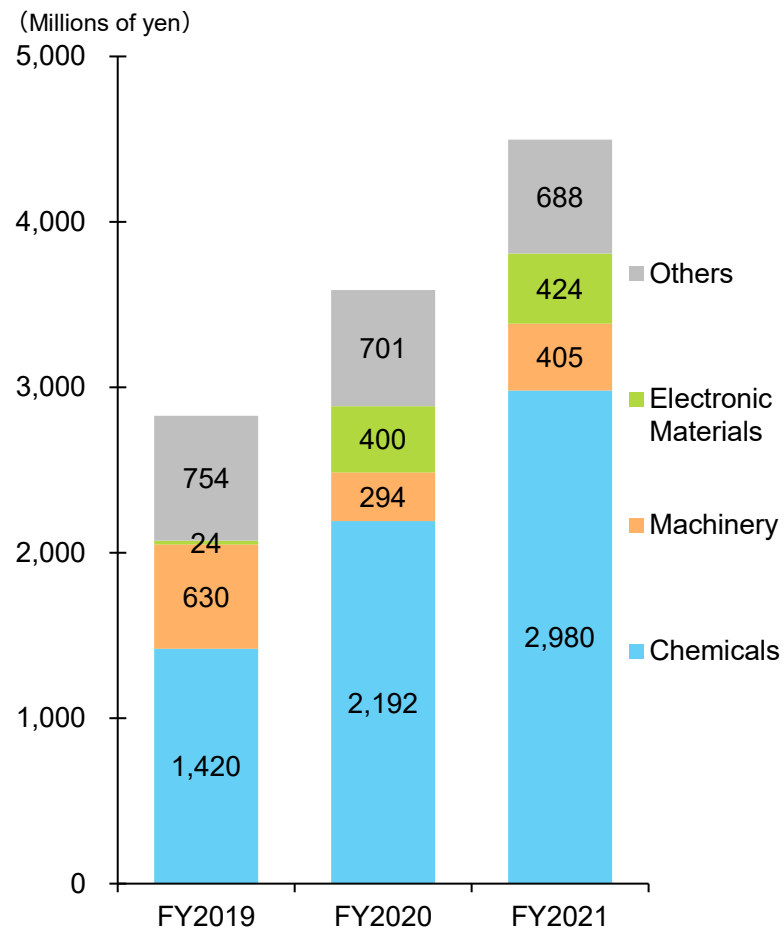


FY2021 Business Segment Overview (Operating profit)

Changes in Operating profit

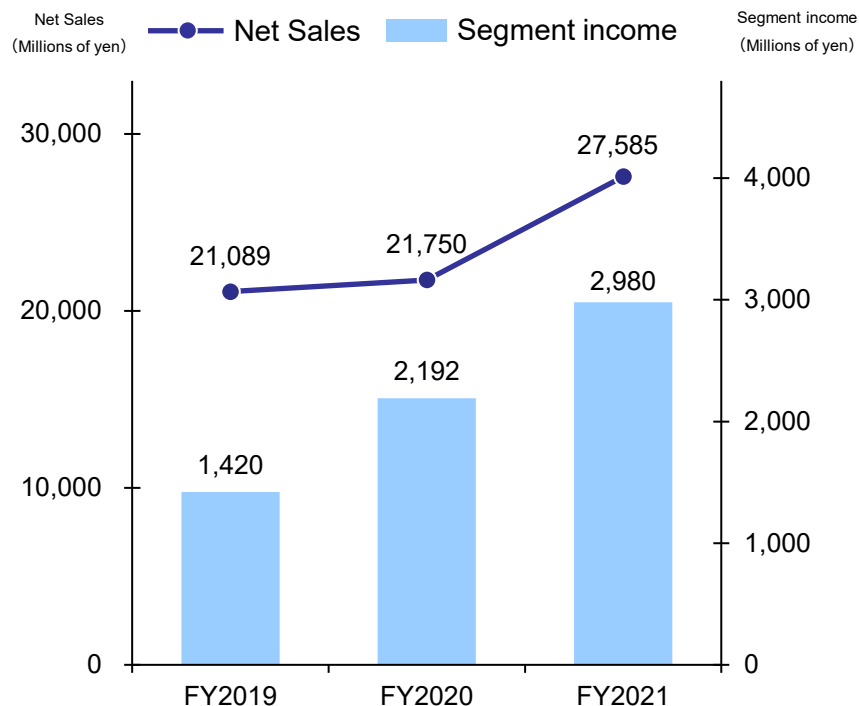
	(Millions of yen)		(Millions of yen)	
	FY2020	FY2021	Change	Change Rate
Chemicals	2,192	2,980	788	35.9%
Machinery	294	405	111	37.8%
Electronic Materials	400	424	24	5.9%
Others	701	688	(13)	(1.8%)
(Adjustments)	(930)	(1,024)	(94)	—
T o t a l	2,659	3,475	816	30.7%

(Devaluation of inventory)				
Chemicals	41	34	(7)	—
Machinery	(5)	(73)	(68)	—
Electronic Materials	233	4	(229)	—

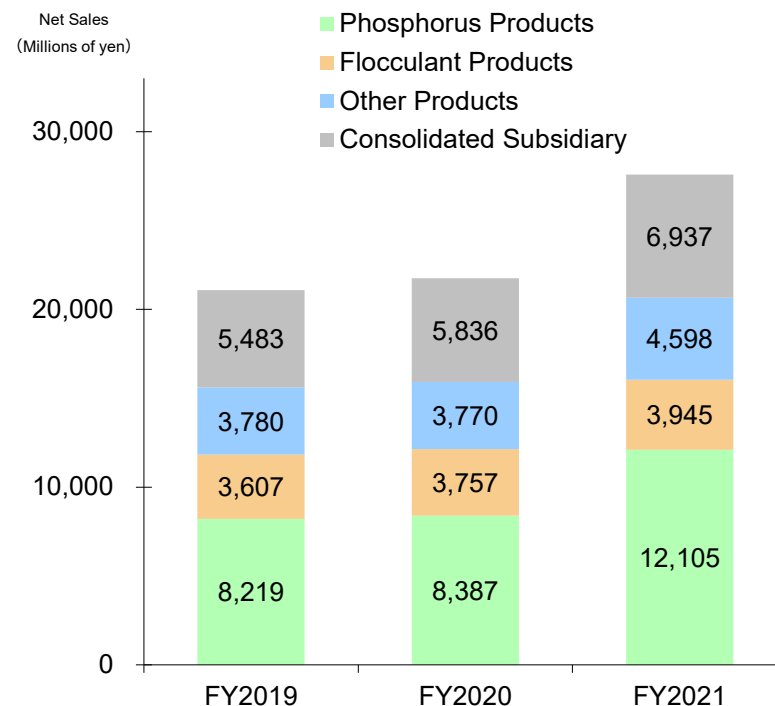


Chemicals

Changes in Net sales and Segment income

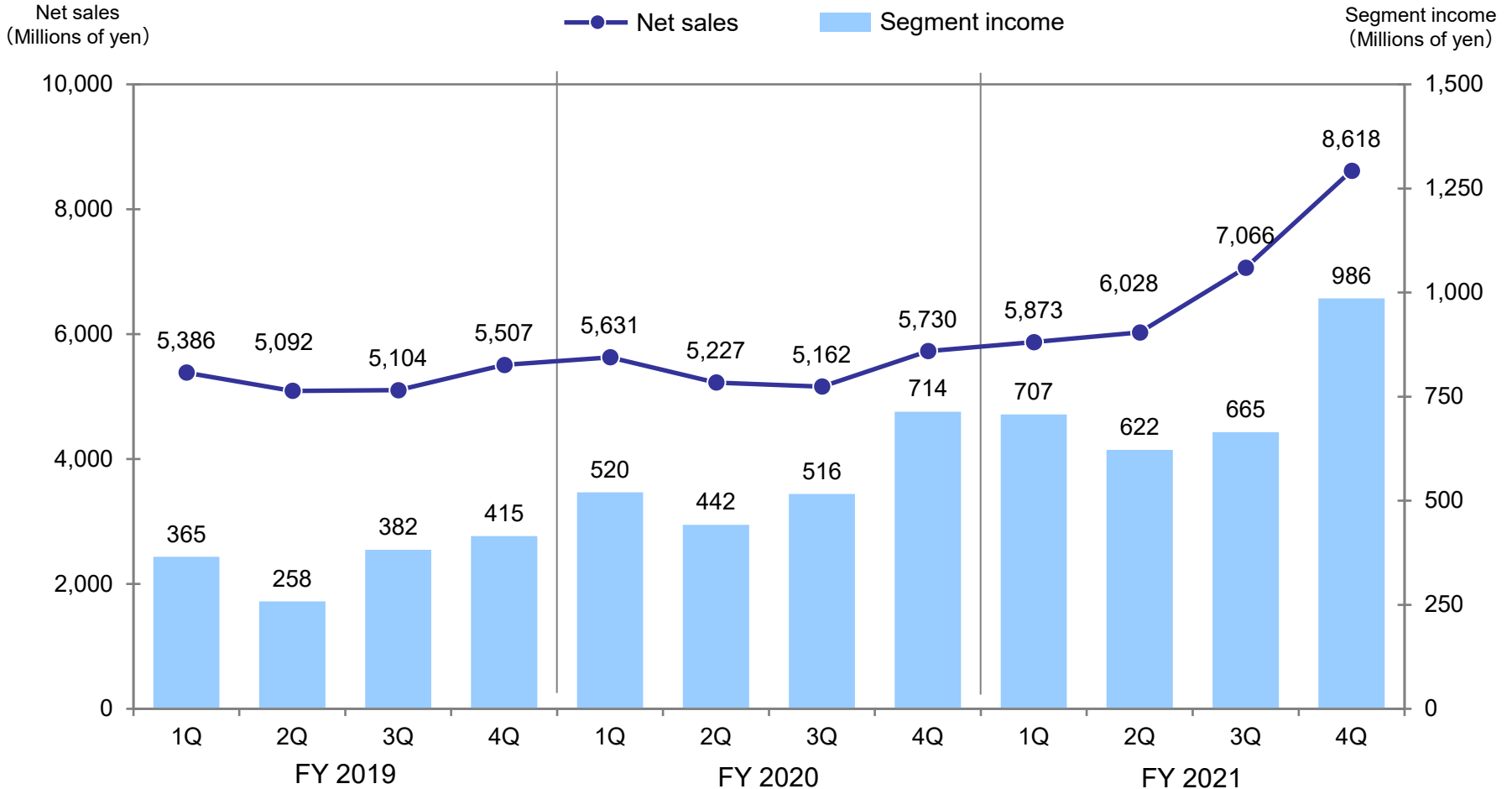


Changes in Net sales by Product



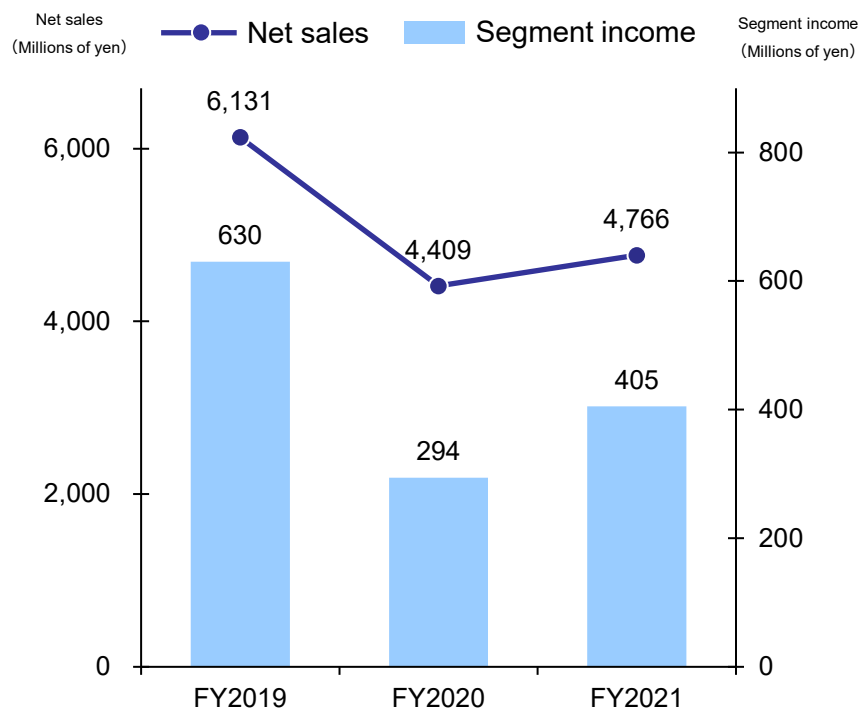
Chemicals (Quarterly)

Changes in Net sales and Segment income

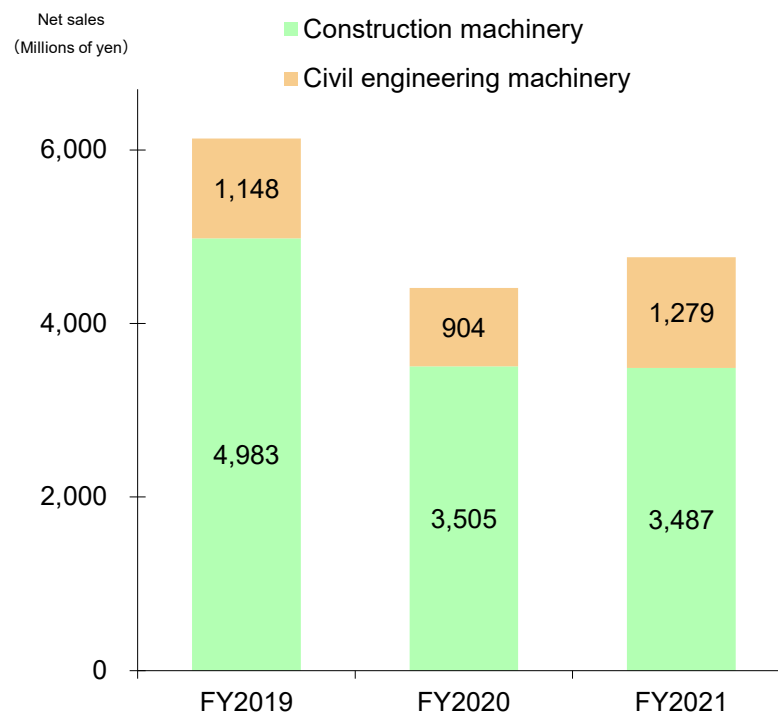


Machinery

Changes in Net sales and Segment income

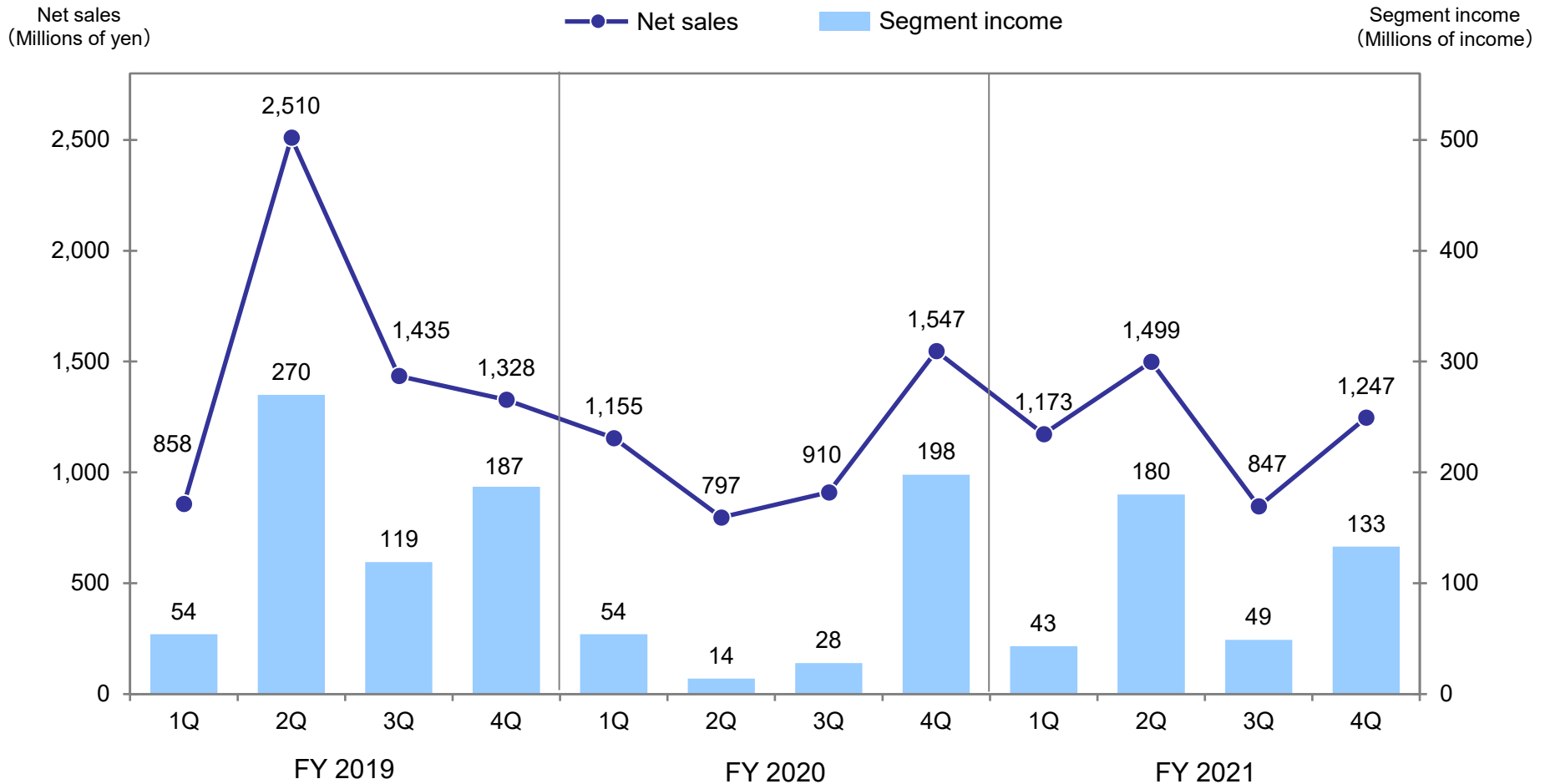


Changes in Net sales by Product



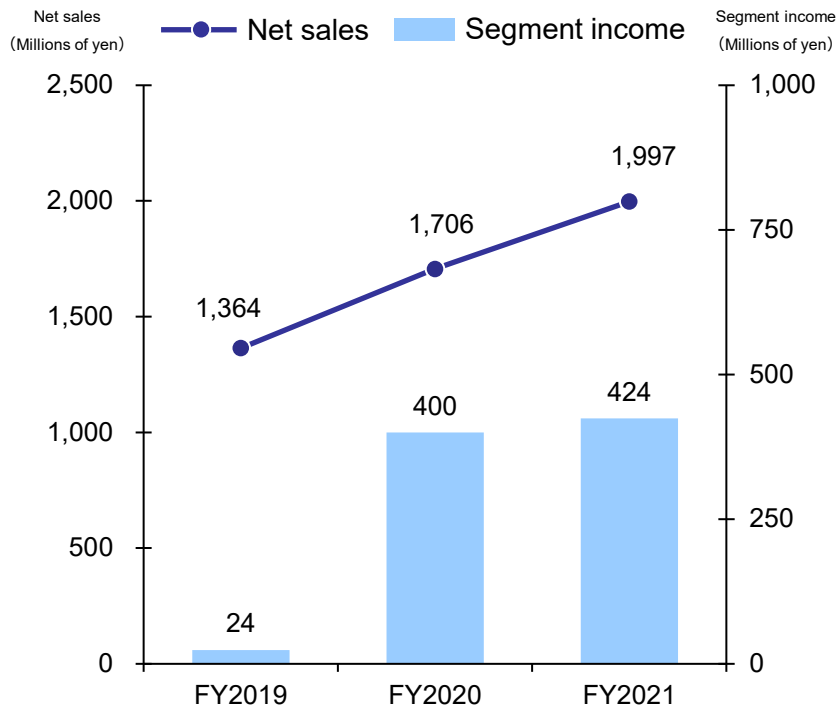
Machinery (Quarterly)

Changes in Net sales and Segment income

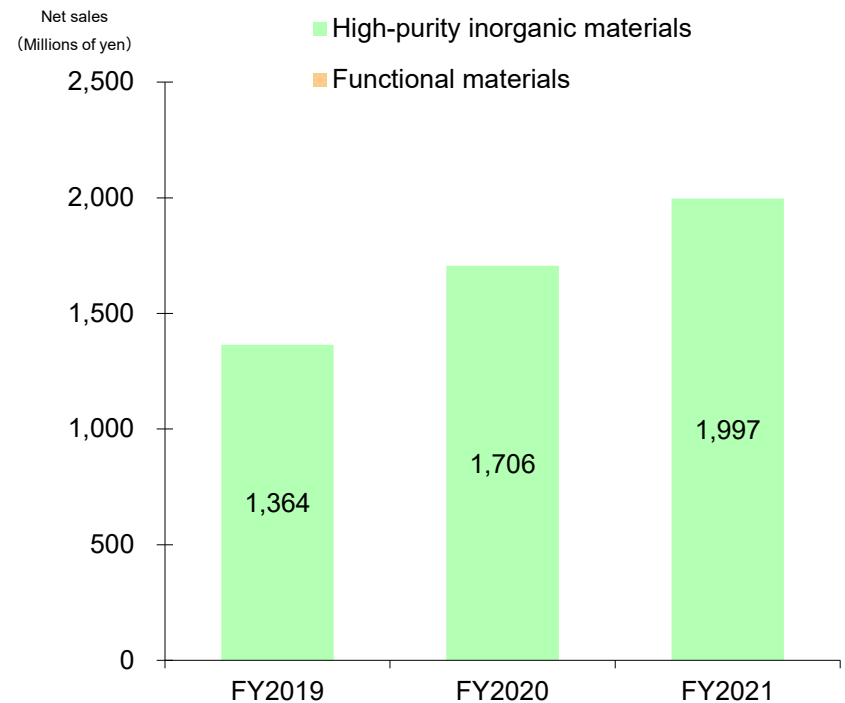


Electronic Materials

Changes in Net sales and Segment income

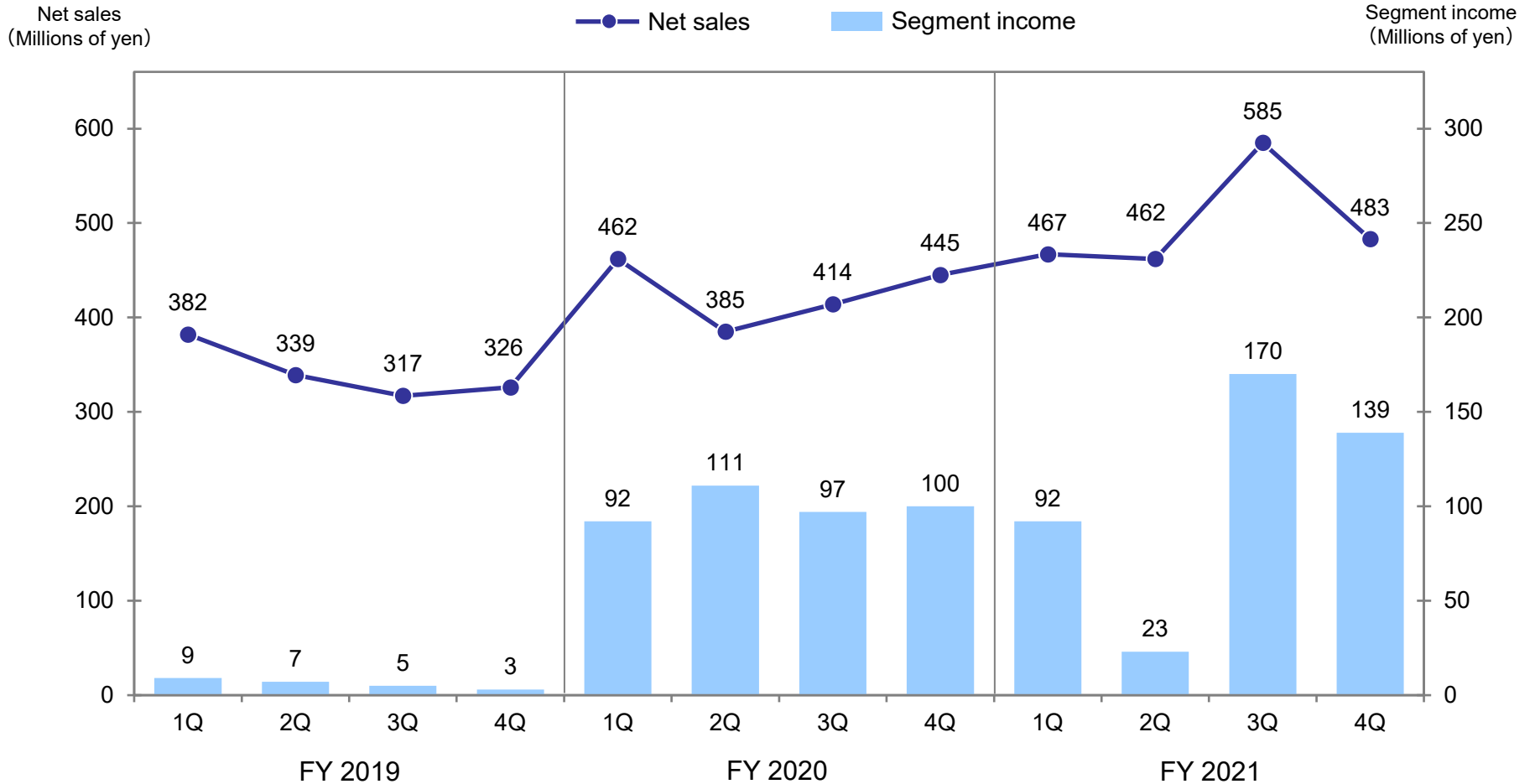


Changes in Net sales by Product



Electronic Materials (Quarterly)

Changes in Net sales and Segment income



Consolidated statements of income

(Millions of yen)

	FY 2020	FY 2021	Change	Change Rate
Net sales	28,978	35,411	6,433	22.2%
Cost of sales	22,049	27,362	5,313	24.1%
Selling, general and administrative expenses	4,269	4,573	304	7.1%
Operating profit	2,659	3,475	816	30.7%
Non-operating income	377	490	113	30.0%
Non-operating expenses	387	403	16	4.1%
Ordinary profit	2,649	3,562	913	34.4%
Extraordinary income	71	116	45	63.4%
Extraordinary losses	58	159	101	174.1%
Profit before income taxes	2,662	3,519	857	32.2%
Profit attributable to owners of parent	2,004	2,538	534	26.7%
(Depreciation)	1,487	1,525	38	2.6%

Consolidated balance sheets

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022	change
Total current assets	16,024	19,584	3,560
Cash and deposits	3,407	3,538	131
Notes and accounts receivable	8,540	10,377	1,837
Inventory ※	3,900	5,337	1,436
Total non-current assets	20,904	22,339	1,435
Property, plant and equipment	17,340	18,566	1,226
Intangible assets	51	47	(4)
Investments and other assets	3,513	3,725	212
Total current liabilities	10,449	12,821	2,372
Notes and accounts payable	3,483	4,264	781
Short-term borrowings	4,708	5,806	1,098
Total non-current liabilities	8,757	8,801	44
Long-term borrowings	5,424	5,337	(87)
Retirement benefit liabilities	2,943	3,066	123
Total net assets	17,721	20,301	2,580
Tangible net worth	17,654	20,206	2,552
Non-controlling interests	67	95	28
Total assets	36,928	41,924	4,996
<Equity ratio>	47.8%	48.2%	+0.4%

※Inventory = Merchandise and finished goods + Work in process + Raw materials and supplies

Consolidated statements of cash flows

(Millions of yen)

	FY 2020	FY 2021	Change
Net cash provided by operating activities	2,367	1,996	(371)
Profit before income taxes	2,662	3,519	856
Depreciation	1,487	1,525	37
Decrease(increase) in trade receivables	(369)	(1,700)	(1,331)
Decrease(increase) in inventories	(383)	(1,311)	(928)
Increase(decrease) in trade payables	(322)	753	1,075
Income taxes paid	(318)	(763)	(445)
Net cash provided by investing activities	(1,860)	(2,322)	(462)
Purchase of property, plant and equipment	(1,742)	(2,430)	(687)
Net cash provided by financing activities	(1,825)	308	2,133
Net increase(decrease) in borrowings	(1,473)	701	2,174
Net increase(decrease) in cash and cash equivalents	(1,329)	130	1,459
Cash and cash equivalents at end of period	3,407	3,538	131

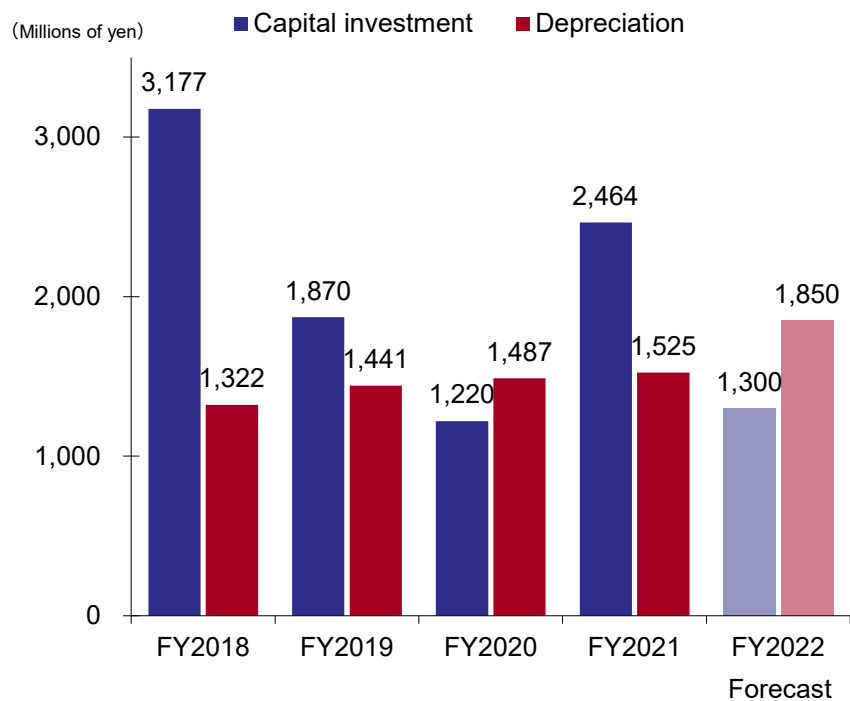
Forecast for FY 2022

(Millions of yen)

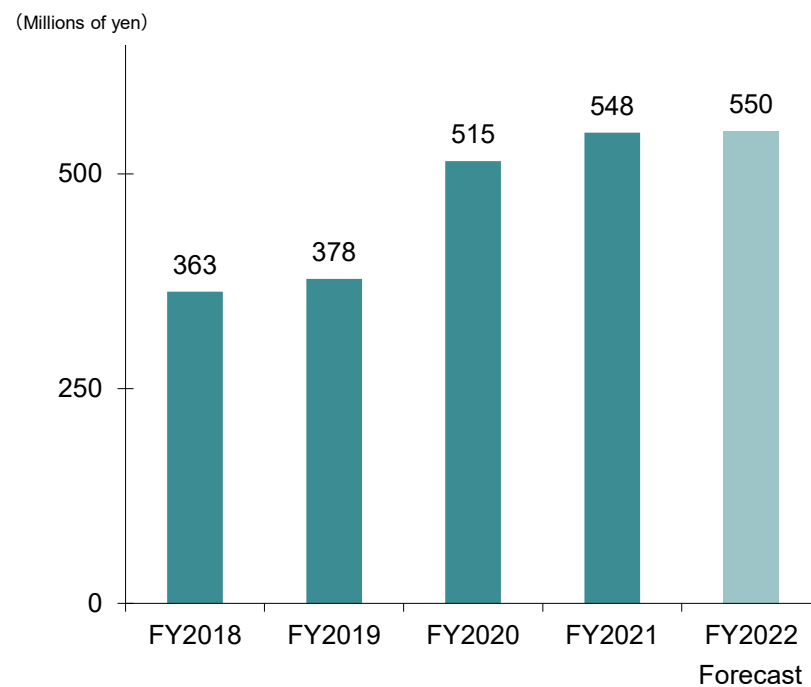
	FY 2021 Actual	FY 2022 Forecast	Change	Change Rate
Net sales	35,411	42,700	7,289	20.6%
Chemicals	27,585	34,000	6,415	23.3%
Machinery	4,766	5,500	734	15.4%
Electronic Materials	1,997	2,100	103	5.2%
Others	1,063	1,100	37	3.5%
Operating profit	3,475	3,600	125	3.6%
Chemicals	2,980	3,100	120	4.0%
Machinery	405	500	95	23.5%
Electronic Materials	424	450	26	6.1%
Others	688	650	(38)	(5.5%)
Adjustments	(1,024)	(1,100)	(76)	7.4%
Ordinary profit	3,562	3,600	38	1.1%
Profit attributable to owners of parent	2,538	2,600	62	2.4%
Annual dividends per share	70.00yen	70.00yen	0	0.0%

Changes in Capital investment , Depreciation and R&D costs

Capital investment · Depreciation



R&D costs



3. Medium-Term Management Plan Progress Update

Overview of the Medium-Term Management Plan 2023 (FY2021 - FY2023)

Medium-Term Management Plan 2023

~ Pursuing a “business strategy that responds to changes in the next generation and further strengthens our business foundation for the future” ~

Objectives

1. Consolidated operating profit of 3.3 billion yen
2. Consolidated equity ratio of 55%
3. Continuation of paying dividends in line with business performance

Business strategies

- Strengthen and expand existing business domains
- Strengthen response to global markets
- Explore and nurture new businesses
- Further strengthen our financial position

Medium-Term Management Plan 2023 Business Strategies

[Company-wide Policies]

Strengthen and expand existing business domain

Strengthen response to global markets

Explore and nurture new businesses

[Measures]

- Solid capturing demand in the areas of 5G, IoT, and AI
- Clarify and implement policies in accordance with the medium- to long-term vision for existing business
- Solidly execute capital investment and investment recovery
- Improve maintenance and preservation of facilities and ability to provide a stable supply

- Agilely respond to decentralization of supply chains
- Strengthen raw material procurement and securing of a stable delivery
- Review our post-COVID-19 overseas sales approach

- Strengthen collaboration between product development and sales
- Expand users and add higher value

Infrastructure Development

Management System

- ✓ DX Initiatives
- ✓ Creating flexible and agile organizational structures
- ✓ ESG Initiatives

HR Strategy

- ✓ Nurture diverse talent and strengthen recruiting capabilities
- ✓ Relocate and retrain talent in response to innovation

Medium-Term Management Plan 2023 Numerical Targets 1/2

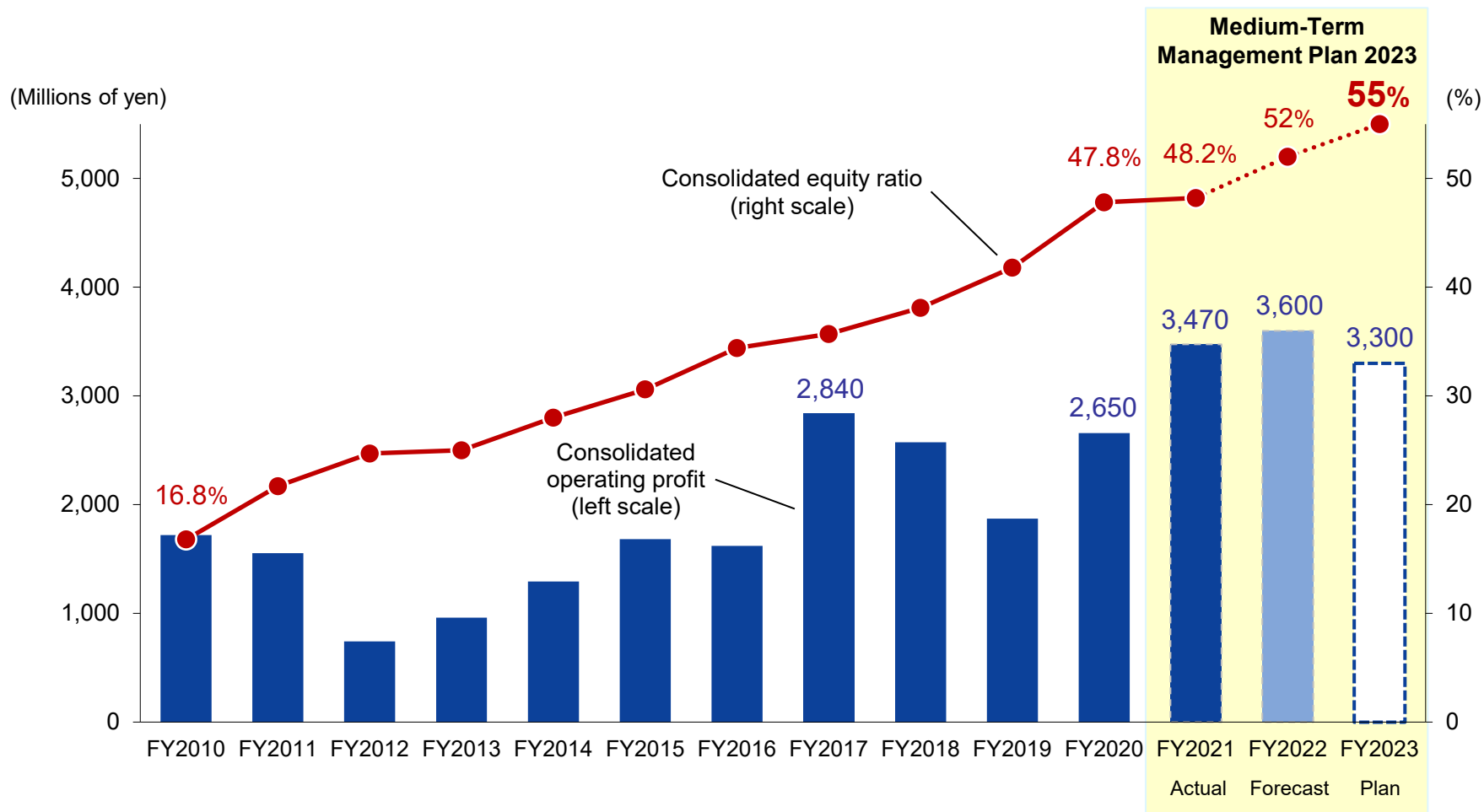
(Millions of yen)

	FY2020	FY2021 Actual	FY2022 Forecast	FY2023 Plan	3 Year Change	Change Rate
Net sales	28,978	35,411	42,700	36,000	7,022	24%
Chemicals	21,750	27,585	34,000	27,000	5,250	24%
Machinery	4,409	4,766	5,500	5,700	1,291	29%
Electronic Materials	1,706	1,997	2,100	2,100	394	23%
Others	1,112	1,063	1,100	1,200	88	8%
Operating profit	2,659	3,475	3,600	3,300	641	24%
Chemicals	2,192	2,980	3,100	2,700	508	23%
Machinery	294	405	500	600	306	104%
Electronic Materials	400	424	450	400	0	0%
Others	701	688	650	700	(1)	(0%)
Adjustments	(930)	(1,024)	(1,100)	(1,100)	(170)	(18%)
Ordinary profit	2,649	3,562	3,600	3,400	751	28%
Profit attributable to owners of parent	2,004	2,538	2,600	2,400	396	20%
Equity ratio	47.8%	48.2%	52.0%	55.0%	7.2%	

- At the time the formulation of the Medium-Term Management Plan (FY2020), the economic forecast was uncertain due to the impact of COVID-19.
- In the first year (FY2021), results exceeded the plan for the final year (FY2023).
- The second year (FY2022) forecast is for an increase in both revenue and profit versus FY2021.
- **The final year (FY2023)** is expected to be a continuation of the FY2022 forecast, **we have not revised the forecast figures** at this time because the outlook remains uncertain due to global inflation concerns and soaring resource prices, as well as geopolitical risks such as the situation in Ukraine, **but we will review them according to how the situation unfolds.**

Medium-Term Management Plan 2023 Numerical Targets 2/2

Aiming to improve profitability and further strengthen our financial position



Medium-Term Management Plan First Year (FY2021) Measures and Summary

- ✓ In the Chemicals business, the Company achieved record profits due to growth in high-purity products for semiconductors both domestically and overseas, as well as solid performance in the Machinery and Electronic Materials businesses.
- ✓ New market development was somewhat stagnant due to overseas travel restrictions stemming from the COVID-19 infection.

	Chemicals	Machinery	Electronic Materials
Measures	<ul style="list-style-type: none"> Stable operation and increased sales of high-purity phosphoric acid for semiconductors Investment in Taiwanese subsidiary increasing production Exploring and nurturing new businesses 	<ul style="list-style-type: none"> Capturing renewal demand related to 2011 earthquake reconstruction Cultivating new markets for pipe jacking machines Exploring and nurturing new businesses 	<ul style="list-style-type: none"> Developing pure inorganic materials for next-generation telecommunications demand Overseas sales of radioactive iodine adsorbent (AgX) Exploring and nurturing new businesses
Plan horizon	<ul style="list-style-type: none"> Investment to increase production of high-purity phosphoric acid for semiconductors (Taiwan subsidiary increased production capacity by 50%) Price correction of products in response to soaring raw material prices 	<ul style="list-style-type: none"> Domestic market on a recovery trend Capturing demand for plant and equipment projects 	<ul style="list-style-type: none"> Capturing increasing demand for high-purity inorganic materials and improving profitability
Minor delay	<ul style="list-style-type: none"> Aim for stable operation of facilities to increase production of raw materials for capacitors by closely monitoring demand changes Development of deodorant products for various applications 	<ul style="list-style-type: none"> COVID-19 has prevented the development of overseas markets. Sales development of biomass heat utilization devices 	<ul style="list-style-type: none"> Developing new demand for high-purity inorganic materials Approaching overseas markets for radioactive iodine adsorbent (AgX)

Key Measures 1



<phosphoric acid>

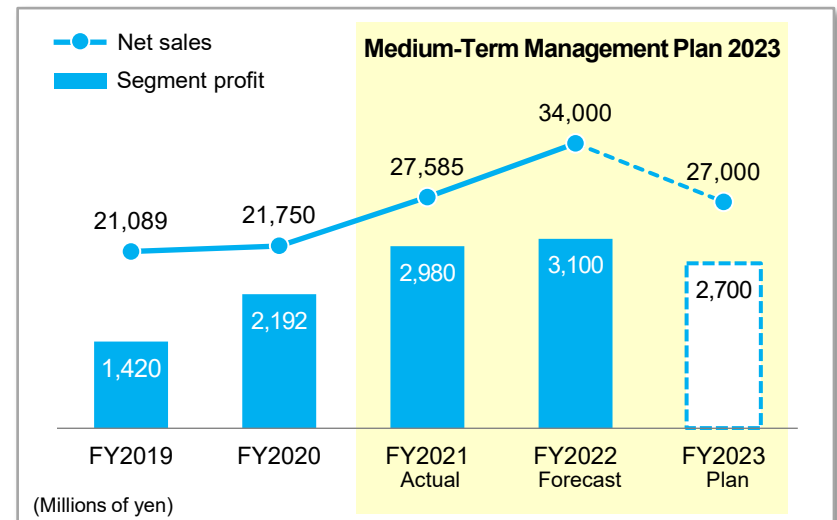


<deodorants>



<Taiwan Subsidiary>

Chemicals



■ Solidly capture demand in the areas of 5G, IoT, and AI

- ✓ Stable operation and increased sales of high-purity phosphoric acid for semiconductors
- ✓ Stable operation of facilities for increased production of raw materials for capacitors and additional labor savings

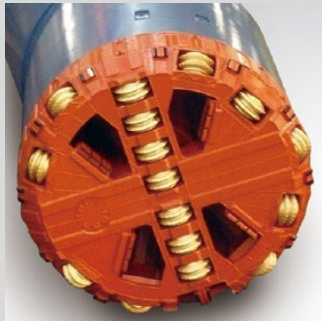
■ Strengthen response to global markets

- ✓ Taiwan Subsidiary: Stable operation of increased production facilities and sales expansion
- ✓ Strengthen cooperation with Korean joint venture

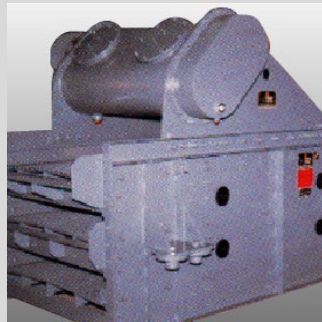
■ Expand users and add higher value

- ✓ Focus on R&D of deodorants

Key Measures 2



<pipe jacking machine>

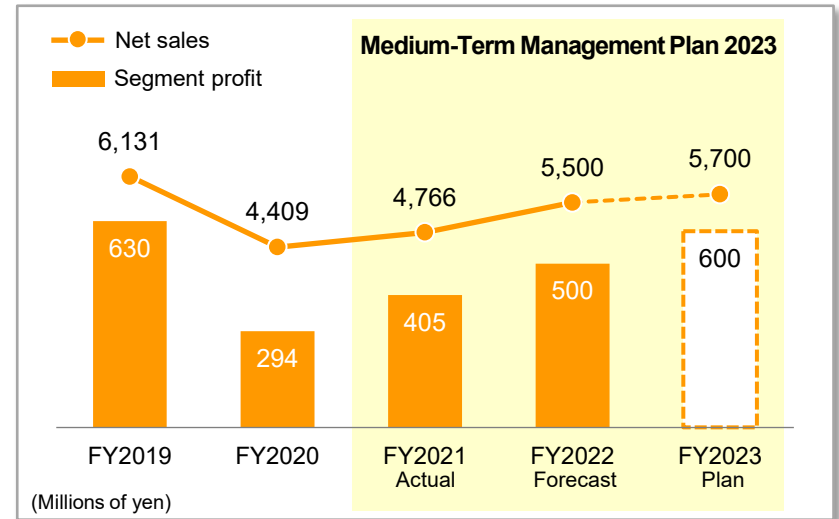


<screen>



<rotor mill>

Machinery



■ Strengthen and expand existing business domains

- ✓ Capture renewal demand for 2011 earthquake restoration-related projects (temporary storage facilities, decontamination-related projects)
- ✓ Capture demand for plant equipment projects

■ Strengthen response to global markets

- ✓ Develop new markets (Southeast Asia) for excavators for sewage systems by strengthening relationships with overseas sales networks

■ Explore and nurture new businesses

- ✓ Develop sales of biomass heat utilization devices

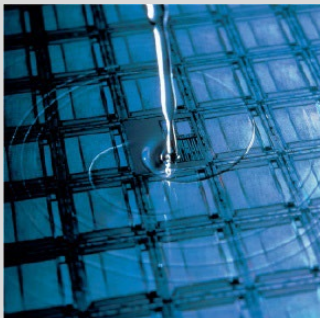
Key Measures 3



<high purity inorganic materials>

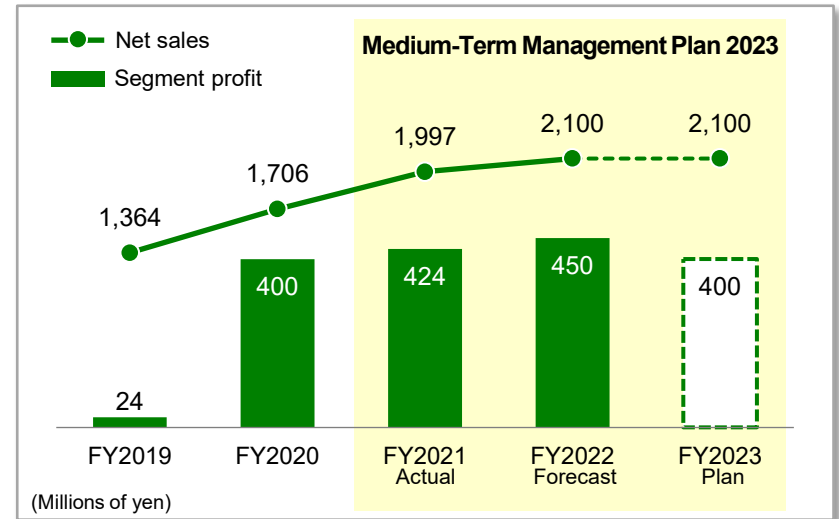


<radioactive iodine adsorbents>



<coating materials >

Electronic Materials



- **Strengthen and expand existing business domains**
 - ✓ Develop new demand for high-purity inorganic materials
 - ✓ Improve profitability by adjusting sales and production and improving processes
- **Strengthen response to global markets**
 - ✓ Develop new overseas demand for high-purity inorganic materials
 - ✓ Achieve sustained overseas sales of radioactive iodine adsorbent (AgX)
- **Explore and nurture new businesses**
 - ✓ Explore new businesses through R&D of radioactive iodine adsorbents, etc.
 - ✓ Expand application-specific coating materials

Basic Strategy by Segment

	Strengthen and expand existing business domains	Strengthen response to global markets	Explore and nurture new businesses
Chemicals	<ul style="list-style-type: none"> ✓ Stable operation and increased sales of high-purity phosphoric acid for semiconductors ✓ Stable operation of facilities for increased production of raw materials for capacitors and additional labor savings 	<ul style="list-style-type: none"> ✓ Taiwan Subsidiary Respond to increased demand (invest in increased production) ✓ Strengthen cooperation with Korean joint venture 	<ul style="list-style-type: none"> ✓ Focus on R&D of deodorants
Machinery	<ul style="list-style-type: none"> ✓ Capture renewal demand for 2011 earthquake restoration-related projects (temporary storage facilities, decontamination-related projects) ✓ Capture demand for plant equipment projects 	<ul style="list-style-type: none"> ✓ Develop new markets (Southeast Asia) for pipe jacking machines for sewage systems by strengthening relationships with overseas sales networks 	<ul style="list-style-type: none"> ✓ Develop new sales of biomass heat utilization devices
Electronic Materials	<ul style="list-style-type: none"> ✓ Develop new demand for high-purity inorganic materials ✓ Improve profitability by adjusting sales and production and improving processes 	<ul style="list-style-type: none"> ✓ Develop new overseas demand for high-purity inorganic materials ✓ Achieve sustained overseas sales of radioactive iodine adsorbent (AgX) 	<ul style="list-style-type: none"> ✓ Explore new businesses through R&D of radioactive iodine adsorbents, etc. ✓ Expand application-specific coating materials

ESG Initiatives

Aiming for sustainable and stable growth through ESG initiatives

[Key ESG Issues]

[The Group's Initiatives]

<Environment> E	Recycle Business (Cyclical use / recycling of resources)	<ul style="list-style-type: none"> • Recycling of etching solution for printed circuit boards (Chemicals) • Sales of recycling plant equipment (Machinery) • Recycling of gallium and indium (Electronic Materials) • Regenerated catalysts for oil refineries (other)
	Water Environment Conservation Business	<ul style="list-style-type: none"> • Sales of polymer coagulants for water supply and sewage systems and factory drainage (Chemicals) • Sales of pipe jacking machines for building water supply and sewage systems (Machinery) • Sales of plant equipment related to flood countermeasures (Machinery) • Management of decommissioned mines (processing of ant drainage water at decommissioned mines in Iwate and Miyazaki prefectures, management of loading docks, etc.)
	Environmental Impact Reduction Business	<ul style="list-style-type: none"> • Sales of biomass heat utilization related devices (Machinery) • Sales of equipment for 2011 earthquake-related debris processing plants and temporary storage plants (Machinery) • Sales of radioactive iodine adsorbent for use in the event of a serious accident at a nuclear power plant (Electronic Materials) • R&D of materials for rechargeable batteries (Electronic Materials)
<Social> S	Quality Management Safety and Health Social Contribution	<ul style="list-style-type: none"> • Securing the quality and safety of chemicals and products • Improving security disaster prevention and occupational health and safety • Harmonious coexistence with society and local communities
<Governance> G	Corporate Governance Compliance	<ul style="list-style-type: none"> • Initiatives to enhance the corporate governance structure • Thorough compliance

Sustainability
 Achieving sustainable and stable growth

Topics 1 Capacity Investment

Increased Investment in Production Capacity at Taiwanese Subsidiary

<Completion in FY2021; Production underway during FY2022>

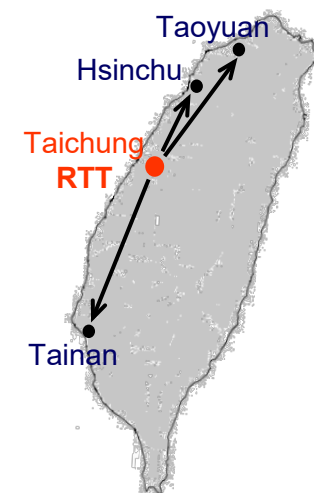
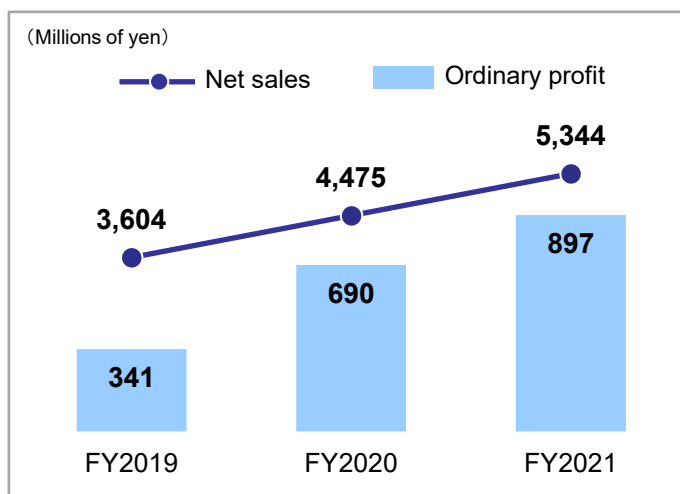
Taiwan Consolidated Subsidiary

Company name: **Rasa Technology Taiwan Ltd.**

Address: No.1, Weier Road, Wuqi District
Taichung City, Taiwan

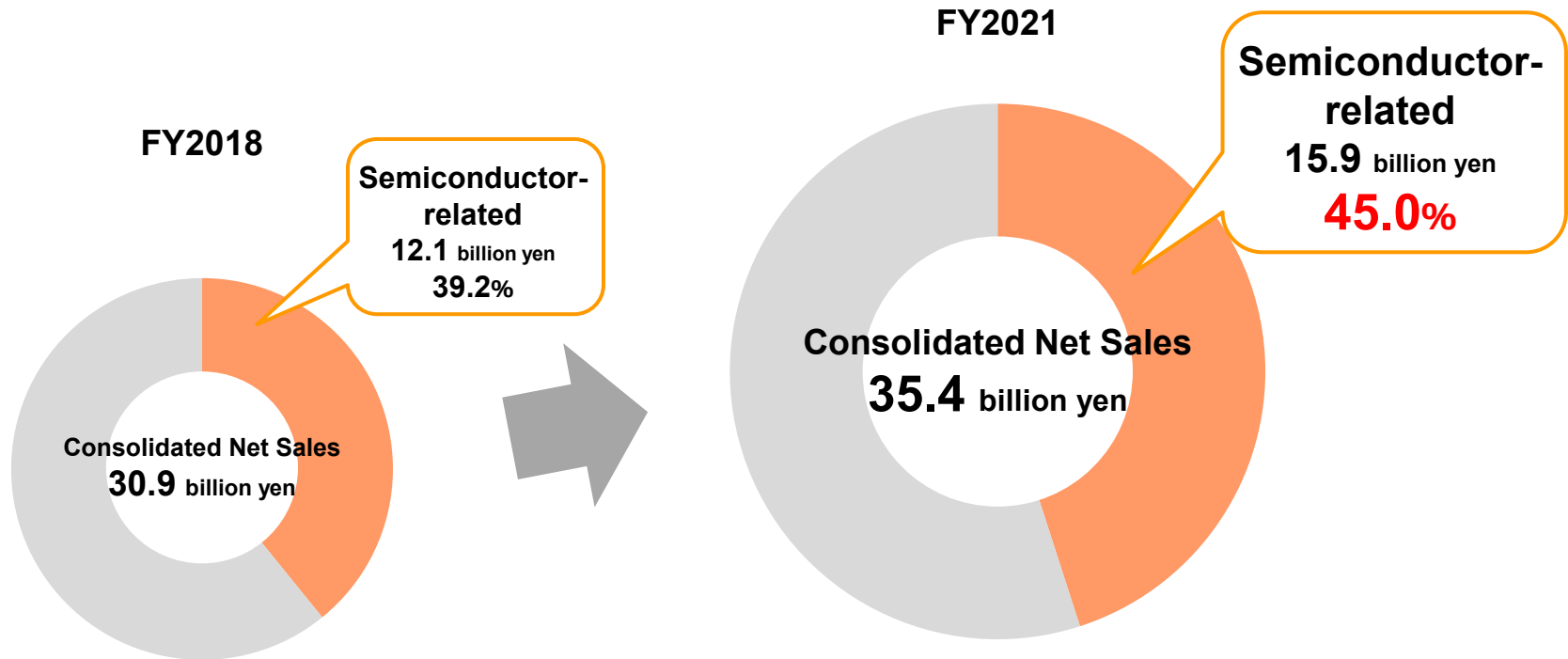
Established: December 17, 2003

Investment Objective	Increase production of high purity phosphoric acid for semiconductors
Investment amount	2.0 billion yen
Investment Effect	Increase production capacity in Taiwan by approx. 50%



Topics 2 Expansion in Semiconductors and Electronic Components

Sales ratio of semiconductor-related^(Note) expand to 45.0%



(Note) Semiconductor related sales are total sales of semiconductors and electronic components related products

Cautionary Statement Concerning this Material

The statements in this material are based on a variety of assumptions, and we ask for your understanding that forward-looking statements regarding future figures and other information are subject to uncertainties.