

## FOR TRANSLATION PURPOSE ONLY

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This English version of financial results is only for reference purpose. When there are any discrepancies between the original version(Japanese) and English version of the financial results, the original version always prevails.

Please note: This English version of financial results is an extract from the original version.

February 12, 2021

## Summary of Consolidated Financial Results for the Fiscal Year Ended December 31, 2020

[Japanese GAAP]

Company name: RS Technologies Co., Ltd. Listing: Tokyo Stock Exchange, First Section  
 Securities code: 3445 URL: <https://www.rs-tec.jp/index.html>  
 Representative: Nagayoshi Ho, Chief Executive Officer  
 Contact: Masayuki Suzuki, Director & Chief Financial Officer Tel:+81-3-5076-7685  
 Scheduled date of filing of Quarterly Report: February 12, 2021  
 Scheduled date of payment of dividend: -  
 Preparation of supplementary references regarding quarterly results Yes  
 Holding of Quarterly results briefing: Yes(For institutional investors and analysts)

(All amounts are rounded down to the nearest million yen)

## 1. Consolidated Financial Results for the Fiscal Year Ended December 31, 2020

(January 1, 2020 - December 31, 2020)

## (1) Consolidated operating results

	Net sales		Operating Profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Dec 31, 2020	25,561	4.3	4,530	△4.0	5,252	△3.0	2,824	△7.0
Fiscal year ended Dec 31, 2019	24,501	△3.8	4,717	△18.0	5,416	△11.8	3,035	△16.2

Note: Comprehensive income(million yen) Fiscal year ended Dec 31, 2020 : 4,110 (15.9%)  
 Fiscal year ended Dec 31, 2019 : 3,546 (△17.6%)

	Net income per share	Diluted net income per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to sales
	Yen	Yen	%	%	%
Fiscal year ended Dec 31, 2020	219.15	215.37	12.7	9.8	17.7
Fiscal year ended Dec 31, 2019	236.98	232.52	15.6	12.7	19.3

Reference: Equity in earnings of affiliates(million yen) Fiscal year ended Dec 31, 2020 : △0  
 Fiscal year ended Dec 31, 2019 : -

## (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Dec 31, 2020	58,750	40,365	40.5	1,838.36
AS of Dec 31, 2019	48,634	35,981	42.7	1,619.51

Reference: Shareholders' equity(million yen) As of Dec 31, 2020 :23,765 AS of Dec 31, 2019 :20,776

## (3) Consolidated cash flow

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended Dec 31, 2020	6,377	△9,188	△776	17,910
Fiscal year ended Dec 31, 2019	9,015	△6,107	4,206	21,363

## 2. Dividends

	Dividend per share					Total dividends	Dividend payout ratio (Consolidated)	Dividends to net assets ratio (Consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended Dec 31, 2019	-	0.00	-	15.00	15.00	192	6.3	1.0
Fiscal year ended Dec 31, 2020	-	0.00	-	20.00	20.00	258	9.1	1.2
Fiscal year ended Dec 31, 2021 (forecast)	-	0.00	-	20.00	20.00		8.4	

Note: Dividends for the fiscal year ending December 31, 2021 have not been determined at this time.

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**3.Consolidated Earnings Forecasts for the Fiscal year Ending December 31, 2021  
(January 1, 2021 - December 31, 2021)**

	Net sales		Operating Profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
1st half	13,100	3.5	2,200	△14.8	2,200	△24.1	1,300	△22.9	100.86
Full year	29,200	14.2	5,900	30.2	5,900	12.3	3,100	9.7	240.51

**\*Notes**

(1)Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in the scope of consolidation): None

New companies: -

Excluded companies: -

(2)Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: None

4) Restatements: None

(3)Number of outstanding shares(common shares)

1) Number of shares outstanding at the end of period(including treasury shares)

As of Dec 31, 2020 : 12,928,100 shares

AS of Dec 31, 2019 : 12,829,300 shares

2) Number of treasury shares at the end of period

As of Dec 31, 2020 : 427 shares

AS of Dec 31, 2019 : 407 shares

3) Average number of shares outstanding during the period

Fiscal year ended Dec 31, 2020 12,889,124 shares

Fiscal year ended Dec 31, 2019 12,811,014 shares

**(Reference)Summary of Non-consolidated Financial Results**

**Non-consolidated Financial Results for the Fiscal Year Ended Desember 31, 2020**

**(January 1, 2020 - December 31, 2020)**

(1)Non-consolidated operating results (Percentages represent year-on-year changes)

	Net sales		Operating Profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Dec 31, 2020	11,532	22.1	2,107	5.9	2,043	△3.7	1,175	△19.4
Fiscal year ended Dec 31, 2019	9,447	△10.5	1,989	△24.4	2,122	△26.5	1,458	△29.4

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Dec 31, 2020	91.23	89.66
Fiscal year ended Dec 31, 2019	113.83	111.69

(2)Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Dec 31, 2020	24,120	19,430	79.9	1,490.93
AS of Dec 31, 2019	21,928	18,259	82.8	1,416.13

Reference: Shareholders' equity(million yen) As of Dec 31, 2020 :19,274 AS of Dec 31, 2019 :18,167

\*This financial report is not subject to audit by certified public accountants or auditing firms.

\*Explanation regarding appropriate use of the earnings forecasts and other special notes

Forecasts regarding future performance in this document are based on certain assumptions judged to be valid and information currently available to us. Actual performance may differ significantly from these forecasts for a number of factors.

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## 2. Quarterly Consolidated Financial Statements and Notes

## (1) Quarterly Consolidated Balance Sheet

	(Thousands of yen)	
	FY 12/2019	FY 12/2020
	( AS of Dec 31, 2019 )	( As of Dec 31, 2020 )
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	22,156,177	19,082,234
Bills receivable and accounts receivable	6,047,227	6,321,264
Goods and products	1,713,170	2,116,070
Work in process	925,047	1,413,875
Raw materials and supplies	1,346,559	1,236,014
Other	603,000	2,481,099
Allowance for doubtful accounts	△ 30,677	△ 24,028
<b>Total current assets</b>	<b>32,760,505</b>	<b>32,626,531</b>
<b>Fixed asset</b>		
<b>Tangible fixed assets</b>		
Buildings and structures	3,733,334	12,220,160
Accumulated depreciation	△994,554	△1,159,325
Buildings and structures (net)	2,738,780	11,060,835
Mechanical equipment and carriers	19,075,441	12,983,095
Accumulated depreciation	△14,018,490	△6,311,903
Mechanical equipment and carriers (net)	5,056,950	6,671,191
Tools, furniture and fixtures	265,190	282,016
Accumulated depreciation	△153,347	△196,500
Tools, furniture and fixtures (net)	111,843	85,515
Land	148,600	148,600
Leased assets	2,761,277	2,452,870
Accumulated depreciation	△568,169	△347,592
Leased assets (net)	2,193,107	2,105,277
Construction in progress	4,385,861	4,074,229
<b>Total property, plant and equipment</b>	<b>14,635,144</b>	<b>24,145,649</b>
<b>Intangible fixed assets</b>		
Goodwill	502,424	348,201
Software	62,344	48,702
Other	167,327	130,253
<b>Total intangible assets</b>	<b>732,096</b>	<b>527,157</b>
<b>Investment and other assets</b>		
Investment securities	206,723	1,140,636
Bankruptcy rehabilitation claims, etc.	6,831	-
Deferred tax assets	11,976	15,681
Other	287,894	294,744
Allowance for doubtful accounts	△ 6,831	-
<b>Total investment and other assets</b>	<b>506,595</b>	<b>1,451,062</b>
<b>Total fixed assets</b>	<b>15,873,836</b>	<b>26,123,869</b>
<b>Total assets</b>	<b>48,634,341</b>	<b>58,750,401</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Notes payable and accounts payable	1,614,888	2,871,460
Short-term loans	123,080	121,110
Long-term loans payable within one year	1,278,179	1,401,517
Lease obligations	329,407	204,744
Accounts payable	1,743,304	3,731,657
Accrued corporate tax, etc.	518,815	740,197
Provision for bonuses	361,249	368,783
Other	1,283,175	3,191,210
<b>Total current liabilities</b>	<b>7,252,100</b>	<b>12,630,681</b>
<b>Fixed liabilities</b>		
Long-term loans	2,232,965	1,613,437
Lease obligations	1,140,376	1,167,438
Deferred tax liabilities	424,983	230,484
Provision for directors' retirement benefits	4,900	5,749
Net defined benefit liability	2,247	2,302
Other	1,595,311	2,734,589
<b>Total fixed liabilities</b>	<b>5,400,784</b>	<b>5,754,002</b>
<b>Total liabilities</b>	<b>12,652,884</b>	<b>18,384,684</b>

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## 2. Quarterly Consolidated Financial Statements and Notes

## (1) Quarterly Consolidated Balance Sheet

	(Thousands of yen)	
	FY 12/2019	FY 12/2020
	( AS of Dec 31, 2019 )	( As of Dec 31, 2020 )
Net assets		
Shareholders' equity		
Capital stock	5,376,590	5,438,329
Capital surplus	5,384,889	5,429,695
Retained earnings	10,649,190	13,281,456
Treasury shares	△ 1,126	△ 1,209
Total shareholders' equity	<u>21,409,544</u>	<u>24,148,271</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	△ 2,863	△ 2,082
Foreign currency translation adjustment	△ 630,179	△ 380,408
Total accumulated other comprehensive income	<u>△ 633,043</u>	<u>△ 382,491</u>
Stock acquisition right	91,697	156,022
Non-controlling interests	15,113,258	16,443,914
Total net assets	<u>35,981,456</u>	<u>40,365,716</u>
Total liabilities and net assets	<u>48,634,341</u>	<u>58,750,401</u>

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(2) Quarterly Consolidated Statements of Income and Comprehensive Income  
(Quarterly Consolidated Statement of Income)  
(For the Nine-month Period)

	(Thousands of yen)	
	FY 12/2019	FY 12/2020
	(Jan 1, 2019 - Dec 31, 2019)	(Jan 1, 2020 - Dec 31, 2020)
Net sales	24,501,516	25,561,984
Cost of sales	16,561,207	16,881,263
Gross profit	7,940,308	8,680,720
Selling, general and administrative expense	3,223,039	4,150,533
Operating profit	4,717,268	4,530,187
Non-operating income		
Interest income	326,865	318,705
Foreign exchange gains	96,682	-
Commission fee	93,372	-
Subsidy income	160,009	839,996
Reversal of allowance for doubtful accounts	96,932	-
Other	36,488	42,863
Total non-operating income	810,350	1,201,564
Non-operating expenses		
Interest expense	81,732	60,206
Foreign exchange losses	-	388,954
Commission expenses	10,756	3,402
Commission for syndicated loans	3,000	-
Other	15,626	26,462
Total non-operating expenses	111,115	479,027
Ordinary income	5,416,503	5,252,725
Extraordinary income		
Gain on sale of fixed assets	201	73,943
Total extraordinary income	201	73,943
Extraordinary losses		
Factory relocation cost	214,943	696,894
Loss on sale of fixed assets	266	-
Loss on retirement of noncurrent assets	11,851	7,342
Impairment loss	180,004	-
Total extraordinary losses	407,066	704,236
Profit(loss) before income taxes	5,009,639	4,622,432
Income taxes-current	1,071,518	1,118,286
Income taxes-deferred	△ 126,958	△ 198,128
Total income taxes	944,559	920,158
Profit	4,065,079	3,702,274
Profit attributable to non-controlling interests	1,029,130	877,574
Profit attributable to owners of parent	3,035,949	2,824,699

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(Quarterly Consolidated Statement of Comprehensive Income)  
(For the Nine-month Period)

	(Thousands of yen)	
	FY 12/2019	FY 12/2020
	(Jan 1, 2019 - Dec 31, 2019)	(Jan 1, 2020 - Dec 31, 2020)
Profit	4,065,079	3,702,274
Other comprehensive income		
Valuation difference on available-for-sale securities	1,994	780
Foreign currency translation adjustment	△ 520,704	355,622
Share of other comprehensive income of entities accounted for using equity method	-	51,447
Total other comprehensive income	△ 518,710	407,850
Comprehensive income	3,546,369	4,110,124
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,730,281	3,075,251
Comprehensive income attributable to non-controlling interests	816,087	1,034,873

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## (3) Quarterly Consolidated Statements of Cash Flow

	(Thousands of yen)	
	FY 12/2019	FY 12/2020
	(Jan 1, 2019 - Dec 31, 2019)	(Jan 1, 2020 - Dec 31, 2020)
Cash flow from Operating Activities		
Profit(loss) before income taxes	5,009,639	4,622,432
Depreciation	1,814,721	1,674,414
Amortization goodwill	154,222	154,222
Impairment loss	180,004	-
Factory relocation cost	214,943	696,894
Increase / decrease in allowance for doubtful accounts ( $\Delta$ indicates decrease)	$\Delta$ 106,103	$\Delta$ 13,776
Increase / decrease in provision for bonuses ( $\Delta$ indicates decrease)	231,418	3,087
Increase / decrease in provision for shareholder benefits ( $\Delta$ indicates decrease)	$\Delta$ 18,135	-
Interest income and dividend income	$\Delta$ 327,375	$\Delta$ 319,234
Subsidy income	$\Delta$ 160,009	$\Delta$ 839,996
Foreign exchange gains / losses ( $\Delta$ is profit)	27,452	$\Delta$ 8,744
Interest expense	81,732	60,206
Syndicated loan fee	3,000	-
Increase / decrease in trade receivables ( $\Delta$ indicates increase)	1,131,389	$\Delta$ 229,873
Increase / decrease in inventories ( $\Delta$ indicates increase)	$\Delta$ 237,511	$\Delta$ 751,496
Increase / decrease in trade payables ( $\Delta$ indicates decrease)	$\Delta$ 379,163	1,248,783
Increase / decrease in accounts payable ( $\Delta$ indicates decrease)	$\Delta$ 937,165	440,250
Increase / decrease in accrued expenses ( $\Delta$ indicates decrease)	379,454	$\Delta$ 68,136
Other, net	$\Delta$ 228,909	$\Delta$ 2,021,518
subtotal	<u>6,833,605</u>	<u>4,647,514</u>
Interest and dividend income received	327,375	319,234
Subsidy received	3,098,497	2,531,186
Interest expenses paid	$\Delta$ 83,125	$\Delta$ 59,218
Income taxes paid	$\Delta$ 1,160,508	$\Delta$ 1,061,455
Net cash flow provided by (used in) operating activities	<u>9,015,845</u>	<u>6,377,261</u>
Cash flow from Investing Activities		
Payments for time deposits	$\Delta$ 566,350	$\Delta$ 891,933
Proceeds from withdrawal of time deposits	-	529,511
Purchase of property, plant and equipment	$\Delta$ 3,407,912	$\Delta$ 9,241,783
Proceeds from sales of property, plant and equipment	1,402	1,325,116
Purchase of intangible assets	$\Delta$ 1,401,649	$\Delta$ 8,529
Payments for investment securities	$\Delta$ 100,668	$\Delta$ 625
Purchase of shares of subsidiaries and associates	-	$\Delta$ 901,200
Purchase of insurance funds	$\Delta$ 7,219	$\Delta$ 7,219
Payments from changes in ownership interests in subsidiaries that result in change in scope of consolidation	$\Delta$ 627,010	-
Other, net	2,362	8,579
Net cash provided by (used in) investing activities	<u><math>\Delta</math> 6,107,046</u>	<u><math>\Delta</math> 9,188,082</u>

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(3) Quarterly Consolidated Statements of Cash Flow

	FY 12/2019 (Jan 1, 2019 - Dec 31, 2019)	(Thousands of yen) FY 12/2020 (Jan 1, 2020 - Dec 31, 2020)
Cash flows from Financing Activities		
Net increase / decrease in short-term loans payable (△ indicates decrease)	24,640	△ 3,620
Proceeds from long-term loans payable	1,880,800	760,200
Repayments of long-term loans payable	△ 1,203,259	△ 1,278,152
Proceeds from issuance of common shares	6,000	122,450
Proceeds from issuance of share acquisition rights	49,560	-
Payments for syndicated loan fee	△ 3,000	-
Purchase of treasury shares	△ 254	△ 83
Cash dividends paid	△ 127,685	△ 192,311
Proceeds from share issuance to non-controlling shareholders	3,455,071	189,463
Proceeds from sales and leasebacks	356,950	-
Repayments of lease obligations	△ 232,702	△ 374,055
Cash flows from financing activities	<u>4,206,119</u>	<u>△ 776,109</u>
Effect of exchange rate change on cash and cash equivalents	△ 404,275	133,686
Net increase (decrease) in cash and cash equivalents	<u>6,710,643</u>	<u>△ 3,453,244</u>
Cash and cash equivalents at beginning of period	<u>14,652,995</u>	<u>21,363,639</u>
Cash and cash equivalents at end of period	<u>21,363,639</u>	<u>17,910,394</u>