

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 14, 2022

Summary of Consolidated Financial Results for the Fiscal Year Ended December 31, 2021

[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 annual general meeting of shareholders: March 30, 2022
 Scheduled date of payment of dividend: March 14, 2022
 Scheduled date of file annual securities report: March 30, 2022
 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, 2021

(January 1, 2021 - December 31, 2021)

(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, 2021	34,620	35.4	6,874	51.8	8,832	68.1	3,303	17.0
Fiscal year ended Dec 31, 2020	25,561	4.3	4,530	△4.0	5,252	△3.0	2,824	△7.0

Note: Comprehensive income(million yen) Fiscal year ended Dec 31, 2021 : 9,467 (130.3%)
 Fiscal year ended Dec 31, 2020 : 4,110 (15.9%)

	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, 2021	255.56	250.05	12.6	12.8	19.9
Fiscal year ended Dec 31, 2020	219.15	215.37	12.7	9.8	17.7

Reference: Equity in earnings of affiliates(million yen) Fiscal year ended Dec 31, 2021 : △13
 Fiscal year ended Dec 31, 2020 : △0

(2)Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Dec 31, 2021	79,057	55,011	36.2	2,216.56
AS of Dec 31, 2020	58,750	40,365	40.5	1,838.36

Reference: Shareholders' equity(million yen) As of Dec 31, 2021 :28,654 AS of Dec 31, 2020 :23,765

(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, 2021	9,337	△15,614	8,069	21,641
Fiscal year ended Dec 31, 2020	6,377	△9,188	△776	17,910

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, 2020	-	0.00	-	20.00	20.00	258	9.1	1.2
Fiscal year ended Dec 31, 2021	-	0.00	-	25.00	25.00	323	9.8	1.2
Fiscal year ended Dec 31, 2022 (forecast)	-	0.00	-	25.00	25.00		6.7	

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, 2022
(January 1, 2022 - December 31, 2022)**

	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	18,000	15.7	3,500	42.0	4,000	9.2	2,300	264.8	177.91
Full year	37,400	8.0	7,600	10.5	8,900	0.8	4,800	45.3	371.29

***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, 2021 : 12,928,100 shares

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

2) Number of treasury shares at the end of period

As of Dec 31, 2021 : 487 shares

AS of Dec 31, 2020 : 427 shares

3) Average number of shares outstanding during the period

Fiscal year ended Dec 31, 2021 12,927,626 shares

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

(Reference)Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for the Fiscal Year Ended Desember 31, 2021

(January 1, 2021 - December 31, 2021)

(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, 2021	13,082	13.4	2,855	35.5	3,031	48.3	2,161	83.8
Fiscal year ended Dec 31, 2020	11,532	22.1	2,107	5.9	2,043	△3.7	1,175	△19.4

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Dec 31, 2021	167.16	163.56
Fiscal year ended Dec 31, 2020	91.23	89.66

(2)Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Dec 31, 2021	30,126	21,387	70.3	1,638.07
AS of Dec 31, 2020	24,120	19,430	79.9	1,490.93

Reference: Shareholders' equity(million yen) As of Dec 31, 2021 :21,176 AS of Dec 31, 2020 :19,274

*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 12/2020	FY 12/2021
	(AS of Dec 31, 2020)	(As of Dec 31, 2021)
Assets		
Current assets		
Cash and deposits	19,082,234	27,766,345
Bills receivable and accounts receivable	6,321,264	9,517,602
Goods and products	2,116,070	2,783,377
Work in process	1,413,875	1,635,494
Raw materials and supplies	1,236,014	2,488,830
Other	2,481,099	1,707,624
Allowance for doubtful accounts	△ 24,028	△ 48,029
Total current assets	32,626,531	45,851,246
Fixed asset		
Tangible fixed assets		
Buildings and structures	12,220,160	13,269,420
Accumulated depreciation	△1,159,325	△1,708,783
Buildings and structures (net)	11,060,835	11,560,637
Mechanical equipment and carriers	12,983,095	21,067,599
Accumulated depreciation	△6,311,903	△8,533,808
Mechanical equipment and carriers (net)	6,671,191	12,533,791
Tools, furniture and fixtures	282,016	339,690
Accumulated depreciation	△196,500	△256,046
Tools, furniture and fixtures (net)	85,515	83,644
Land	148,600	148,600
Leased assets	2,452,870	4,089,735
Accumulated depreciation	△347,592	△594,231
Leased assets (net)	2,105,277	3,495,503
Construction in progress	4,074,229	1,200,573
Total property, plant and equipment	24,145,649	29,022,750
Intangible fixed assets		
Goodwill	348,201	227,645
Software	48,702	118,571
Other	130,253	70,964
Total intangible assets	527,157	417,180
Investment and other assets		
Investment securities	1,140,636	3,418,033
Deferred tax assets	15,681	35,624
Other	294,744	312,816
Total investment and other assets	1,451,062	3,766,475
Total fixed assets	26,123,869	33,206,406
Total assets	58,750,401	79,057,653
Liabilities		
Current Liabilities		
Notes payable and accounts payable	2,871,460	4,316,935
Short-term loans	121,110	1,112,320
Long-term loans payable within one year	1,401,517	1,907,322
Lease obligations	204,744	224,903
Accounts payable	3,731,657	2,541,887
Accrued corporate tax, etc.	740,197	809,864
Provision for bonuses	368,783	517,232
Other	3,191,210	2,787,979
Total current liabilities	12,630,681	14,218,445
Fixed liabilities		
Long-term loans	1,613,437	5,097,170
Lease obligations	1,167,438	1,072,534
Deferred tax liabilities	230,484	701,747
Provision for directors' retirement benefits	5,749	9,200
Net defined benefit liability	2,302	2,076
Other	2,734,589	2,944,722
Total fixed liabilities	5,754,002	9,827,450
Total liabilities	18,384,684	24,045,895

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2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

	(Thousands of yen)	
	FY 12/2020	FY 12/2021
	(AS of Dec 31, 2020)	(As of Dec 31, 2021)
Net assets		
Shareholders' equity		
Capital stock	5,438,329	5,438,329
Capital surplus	5,429,695	4,916,418
Retained earnings	13,281,456	16,326,695
Treasury shares	△ 1,209	△ 1,616
Total shareholders' equity	<u>24,148,271</u>	<u>26,679,826</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	△ 2,082	-
Foreign currency translation adjustment	△ 380,408	1,974,985
Total accumulated other comprehensive income	<u>△ 382,491</u>	<u>1,974,985</u>
Stock acquisition right	156,022	211,411
Non-controlling interests	16,443,914	26,145,533
Total net assets	<u>40,365,716</u>	<u>55,011,757</u>
Total liabilities and net assets	<u>58,750,401</u>	<u>79,057,653</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 12/2020	FY 12/2021
	(Jan 1, 2020 - Dec 31, 2020)	(Jan 1, 2021 - Dec 31, 2021)
Net sales	25,561,984	34,620,854
Cost of sales	16,881,263	22,750,938
Gross profit	8,680,720	11,869,916
Selling, general and administrative expense	4,150,533	4,995,174
Operating profit	4,530,187	6,874,742
Non-operating income		
Interest income	318,705	243,250
Subsidy income	839,996	1,836,163
Other	42,863	30,462
Total non-operating income	1,201,564	2,109,877
Non-operating expenses		
Interest expense	60,206	73,183
Foreign exchange losses	388,954	47,823
Commission expenses	3,402	1,500
Other	26,462	29,945
Total non-operating expenses	479,027	152,453
Ordinary income	5,252,725	8,832,166
Extraordinary income		
Gain on sale of fixed assets	73,943	-
Total extraordinary income	73,943	-
Extraordinary losses		
Share-based compensation expenses	-	1,404,223
Factory relocation cost	696,894	-
Loss on retirement of noncurrent assets	7,342	-
Total extraordinary losses	704,236	1,404,223
Profit(loss) before income taxes	4,622,432	7,427,942
Income taxes-current	1,118,286	2,233,947
Income taxes-deferred	△ 198,128	458,126
Total income taxes	920,158	2,692,073
Profit	3,702,274	4,735,868
Profit attributable to non-controlling interests	877,574	1,432,076
Profit attributable to owners of parent	2,824,699	3,303,792

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

	(Thousands of yen)	
	FY 12/2020	FY 12/2021
	(Jan 1, 2020 - Dec 31, 2020)	(Jan 1, 2021 - Dec 31, 2021)
Profit	3,702,274	4,735,868
Other comprehensive income		
Valuation difference on available-for-sale securities	780	2,082
Foreign currency translation adjustment	355,622	4,453,165
Share of other comprehensive income of entities accounted for using equity method	51,447	276,290
Total other comprehensive income	407,850	4,731,538
Comprehensive income	4,110,124	9,467,407
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,075,251	5,847,820
Comprehensive income attributable to non-controlling interests	1,034,873	3,619,474

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(3) Quarterly Consolidated Statements of Cash Flow

	(Thousands of yen)	
	FY 12/2020	FY 12/2021
	(Jan 1, 2020 - Dec 31, 2020)	(Jan 1, 2021 - Dec 31, 2021)
Cash flow from Operating Activities		
Profit(loss) before income taxes	4,622,432	7,427,942
Depreciation	1,674,414	2,942,181
Amortization goodwill	154,222	120,556
Share-based compensation expenses	65,471	1,459,612
Factory relocation cost	696,894	-
Increase / decrease in allowance for doubtful accounts (Δ indicates decrease)	Δ 13,776	19,586
Increase / decrease in provision for bonuses (Δ indicates decrease)	3,087	96,623
Interest income and dividend income	Δ 319,234	Δ 243,250
Subsidy income	Δ 839,996	Δ 1,836,163
Foreign exchange gains / losses (Δ is profit)	Δ 8,744	47,260
Interest expense	60,206	73,183
Gain / loss on sale of property, plant and equipment (Δ is profit)	Δ 73,943	-
Increase / decrease in trade receivables (Δ indicates increase)	Δ 229,873	Δ 2,601,347
Increase / decrease in inventories (Δ indicates increase)	Δ 751,496	Δ 1,753,357
Increase / decrease in trade payables (Δ indicates decrease)	1,248,783	1,128,461
Increase / decrease in accounts payable (Δ indicates decrease)	440,250	166,263
Increase / decrease in accrued expenses (Δ indicates decrease)	Δ 68,136	Δ 27,345
Other, net	Δ 2,013,046	Δ 1,901,514
subtotal	<u>4,647,514</u>	<u>8,921,721</u>
Interest and dividend income received	319,234	243,115
Subsidy received	2,531,186	2,493,922
Interest expenses paid	Δ 59,218	Δ 74,184
Income taxes paid	Δ 1,061,455	Δ 2,247,179
Net cash flow provided by (used in) operating activities	<u>6,377,261</u>	<u>9,337,395</u>
Cash flow from Investing Activities		
Payments for time deposits	Δ 891,933	Δ 6,661,386
Proceeds from withdrawal of time deposits	529,511	2,113,423
Purchase of property, plant and equipment	Δ 9,241,783	Δ 8,999,826
Proceeds from sales of property, plant and equipment	1,325,116	-
Purchase of intangible assets	Δ 8,529	Δ 108,841
Payments for investment securities	Δ 625	-
Purchase of shares of subsidiaries and associates	Δ 901,200	Δ 2,104,800
Purchase of insurance funds	Δ 7,219	Δ 7,219
Other, net	8,579	64,057
Net cash provided by (used in) investing activities	<u>Δ 9,188,082</u>	<u>Δ 15,614,592</u>

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(3) Quarterly Consolidated Statements of Cash Flow

	FY 12/2020 (Jan 1, 2020 - Dec 31, 2020)	(Thousands of yen) FY 12/2021 (Jan 1, 2021 - Dec 31, 2021)
Cash flows from Financing Activities		
Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-	1,124,609
Net increase / decrease in short-term loans payable (Δ indicates decrease)	Δ 3,620	976,420
Proceeds from long-term loans payable	760,200	5,900,000
Repayments of long-term loans payable	Δ 1,278,152	Δ 2,083,500
Proceeds from issuance of common shares	122,450	-
Purchase of treasury shares	Δ 83	Δ 407
Cash dividends paid	Δ 192,311	Δ 258,297
Proceeds from share issuance to non-controlling shareholders	189,463	2,593,310
Repayments of lease obligations	Δ 374,055	Δ 182,479
Cash flows from financing activities	Δ 776,109	8,069,655
Effect of exchange rate change on cash and cash equivalents	133,686	1,938,959
Net increase (decrease) in cash and cash equivalents	Δ 3,453,244	3,731,416
Cash and cash equivalents at beginning of period	21,363,639	17,910,394
Cash and cash equivalents at end of period	17,910,394	21,641,811