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RASA INDUSTRIES,LTD.

FY 2023 (Year ended March 31,2024) Consolidated Financial Results

Jun 4, 2024

Stock code : 4022

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- 2. FY 2023 (Apr.-Mar.) Financial Results and Forecast for FY2024**
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1. Business overview

Business overview

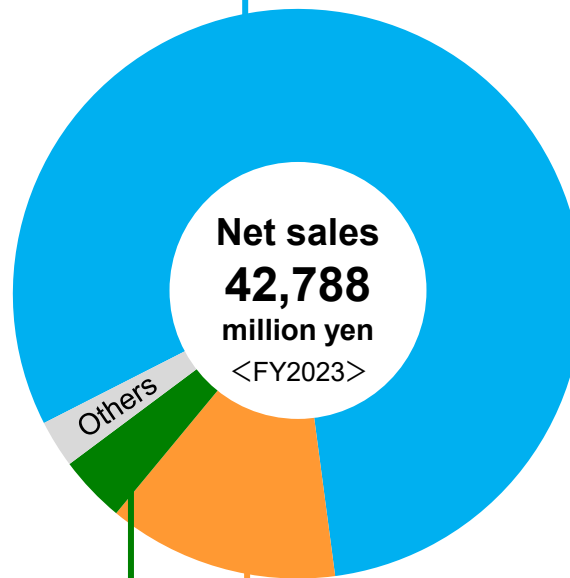
Company Profile

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	620 (consolidated) <As of March 31, 2024>

Chemicals 34,391million yen / 80.4%

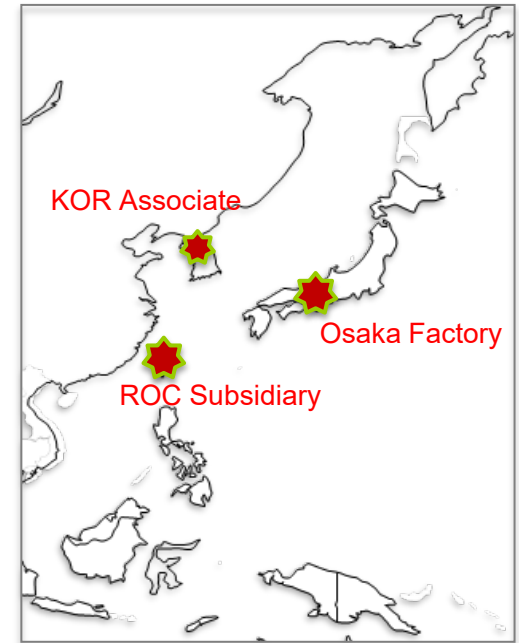
- Phosphorus products
 - Phosphoric acid
 - Phosphate etc
 - Flocculant products
 - Other products
-
- High-purity inorganic materials for compound semiconductors (Gallium, Indium, Red phosphorus, Boron trioxide, etc)
 - Radioactive iodine adsorbents

Electronic Materials 1,635million yen / 3.8%



Machinery 5,584million yen / 13.1%

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



<Phosphoric acid Factory>

2. FY 2023 (Apr.-Mar.) Financial Results and Forecast for FY2024

FY 2023 (Apr.-Mar.) Financial Summary

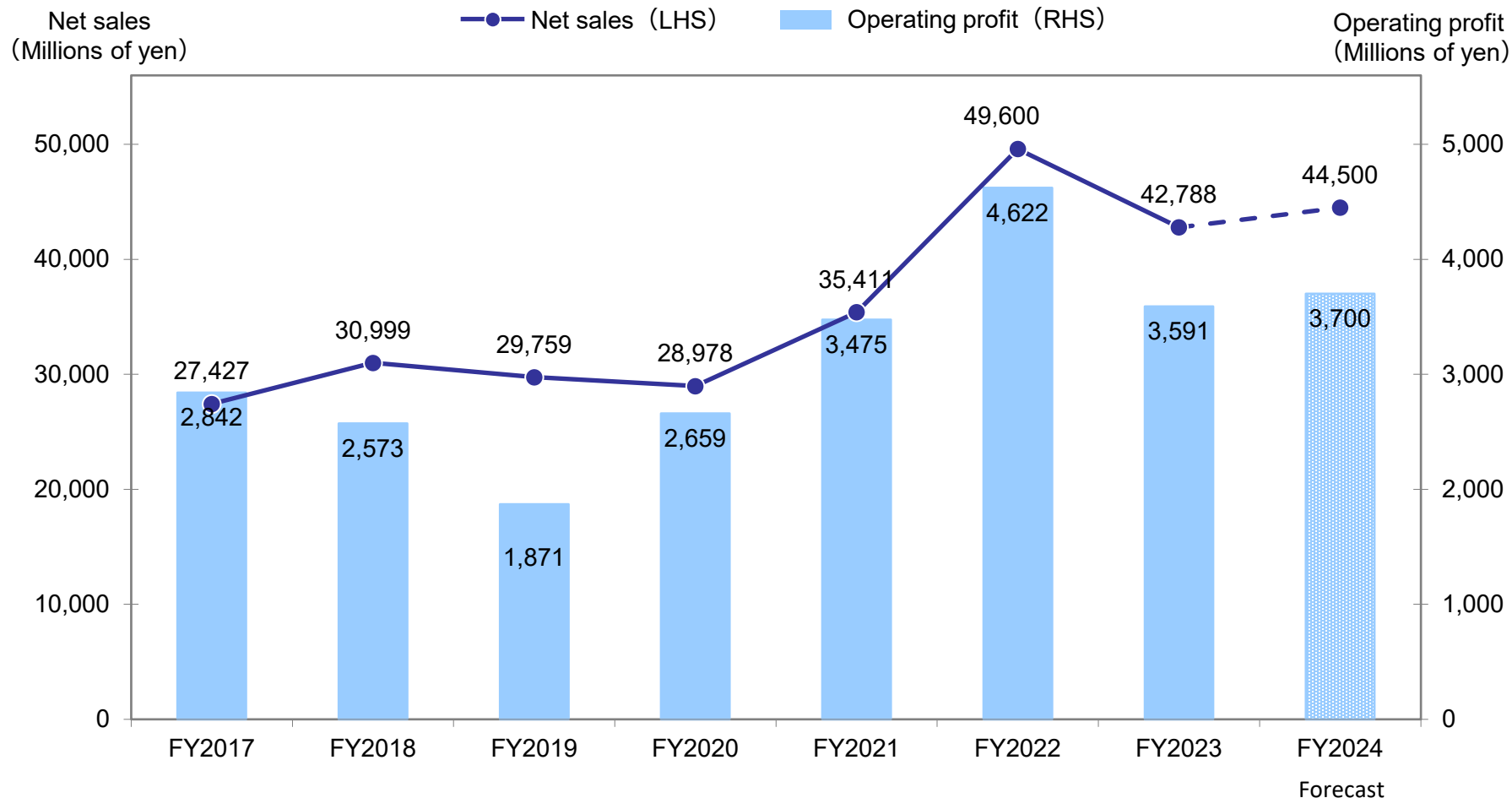
- Net sales : Decreased by 13.7% Year-on-Year
- Operating profit : Decreased by 22.3% Year-on-Year.

(Millions of yen)

	FY2022 (Apr.-Mar.)	FY2023 (Apr.-Mar.)	Change	Change Rate	Forecast (2023.11.14)	Change
N e t s a l e s	49,600	42,788	(6,811)	(13.7%)	43,000	(211)
O p e r a t i n g p r o f i t	4,622	3,591	(1,031)	(22.3%)	3,250	341
O r d i n a r y p r o f i t	4,690	3,396	(1,293)	(27.6%)	3,050	346
P r o f i t a t t r i b u t a b l e t o o w n e r s o f p a r e n t	3,232	2,382	(849)	(26.3%)	2,100	282
A n n u a l d i v i d e n d s p e r s h a r e	82.00yen	91.00yen	9.00yen	11.0%	82.00yen	9.00yen
(D e p r e c i a t i o n)	1,845	1,868	22	1.2%		

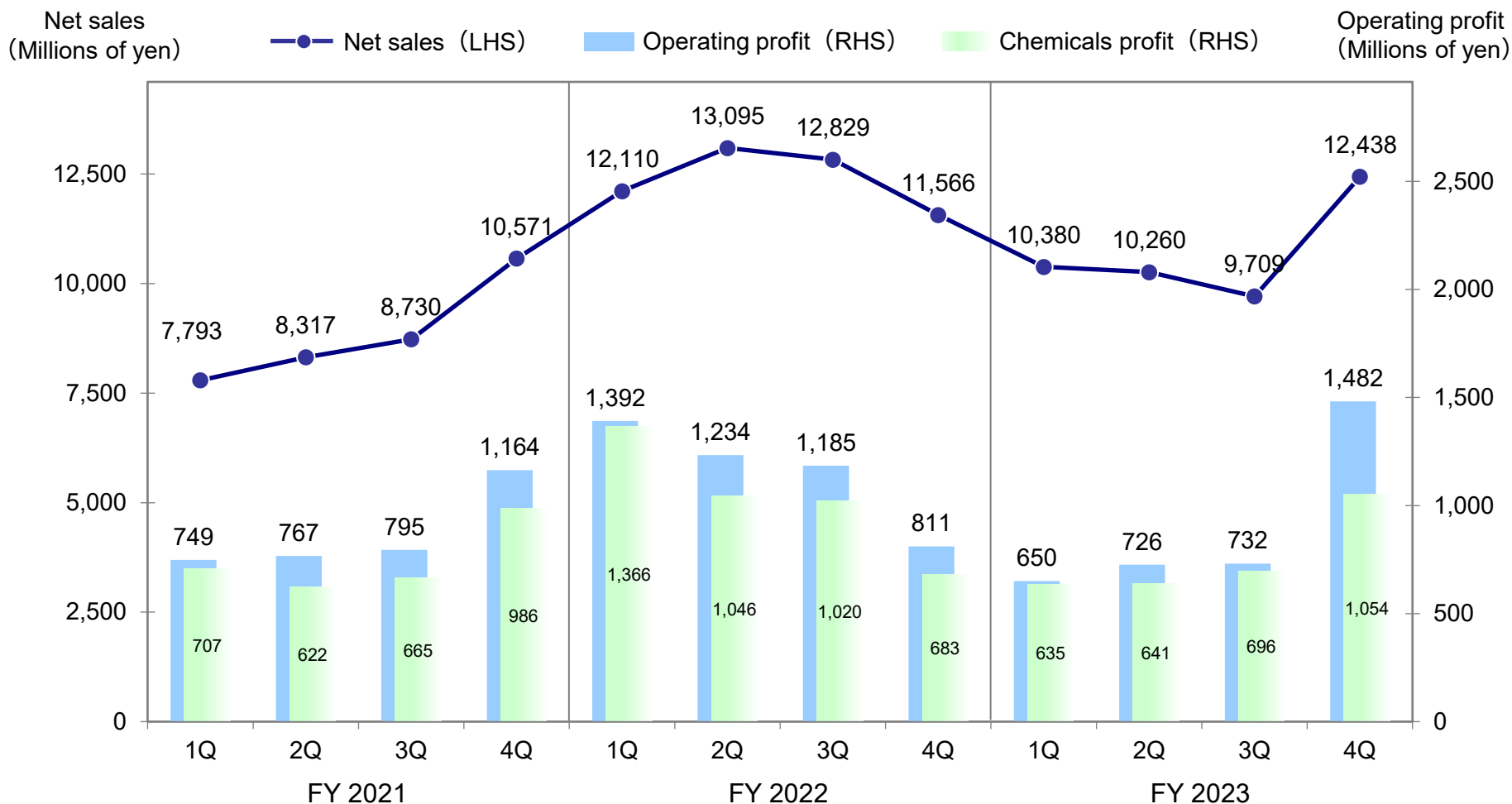
Changes in Fiscal Year Performance

Changes in Net sales and Operating profit



Changes in Quarterly Performance

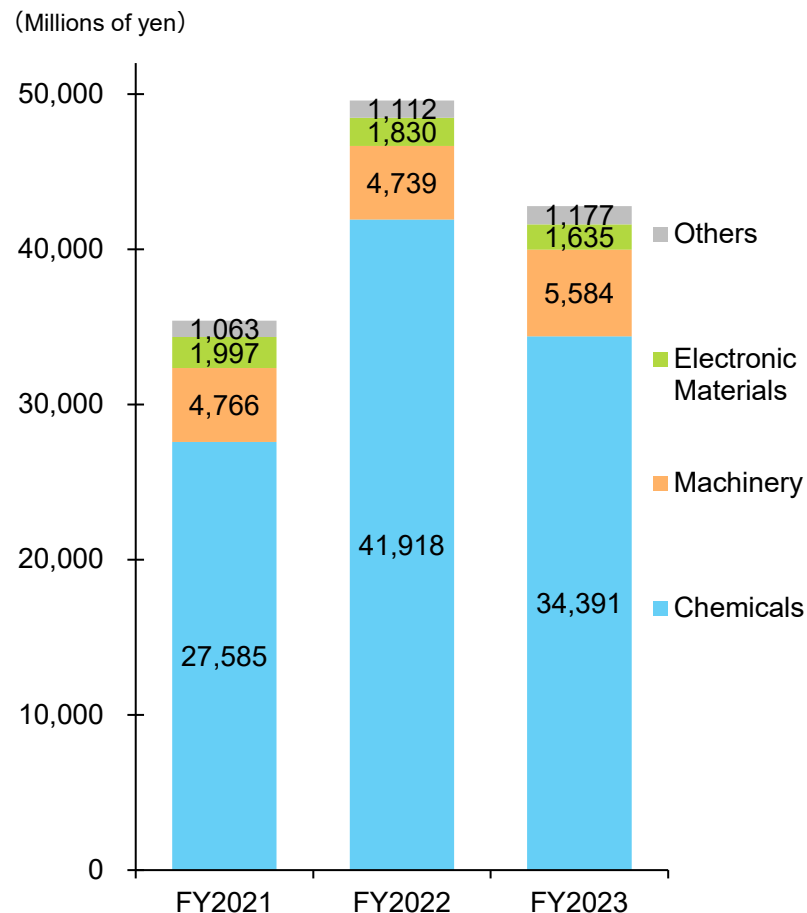
Changes in Net sales and Operating profit



FY 2023 (Apr.-Mar.) Business Segment Overview (Net sales)

Changes in Net sales

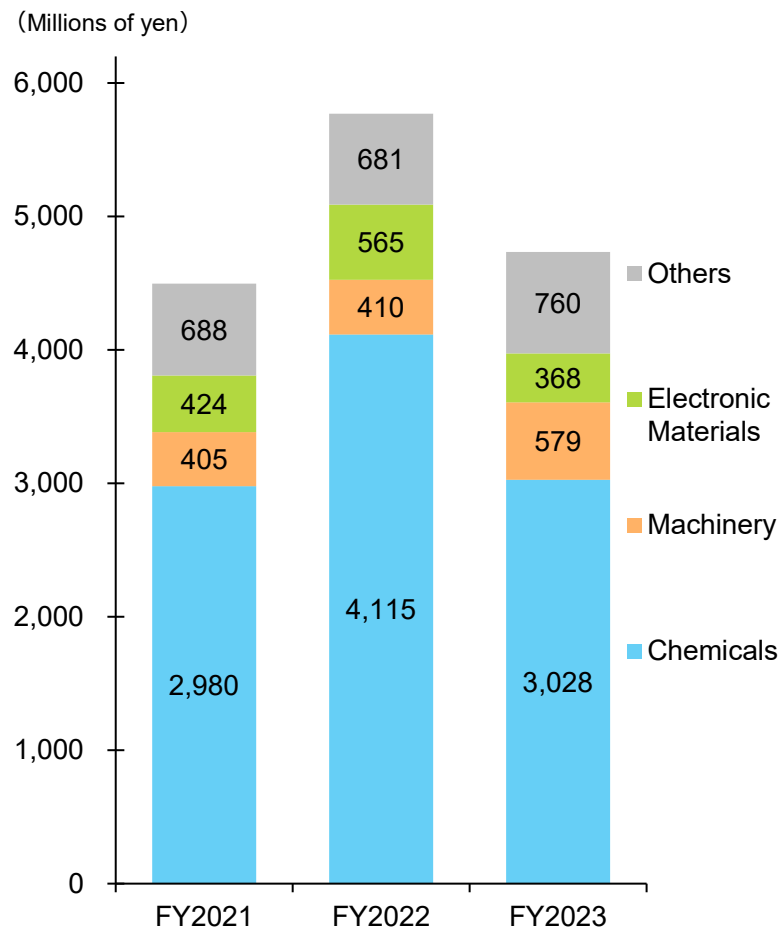
	(Millions of yen)			
	FY 2022 (Apr.-Mar.)	FY 2023 (Apr.-Mar.)	Change	Change Rate
Chemicals	41,918	34,391	(7,527)	(18.0%)
Machinery	4,739	5,584	845	17.8%
Electronic Materials	1,830	1,635	(194)	(10.7%)
O t h e r s	1,112	1,177	65	5.9%
T o t a l	49,600	42,788	(6,811)	(13.7%)



FY 2023 (Apr.-Mar.) Business Segment Overview (Operating profit)

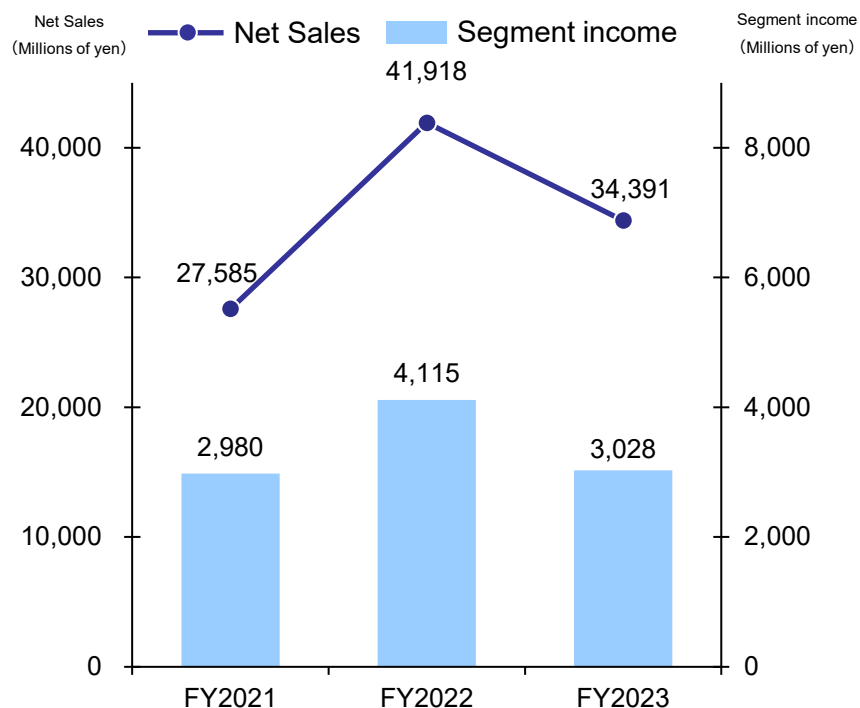
Changes in Operating profit

	(Millions of yen)			
	FY 2022 (Apr.-Mar.)	FY 2023 (Apr.-Mar.)	Change	Change Rate
Chemicals	4,115	3,028	(1,086)	(26.4%)
Machinery	410	579	168	41.0%
Electronic Materials	565	368	(196)	(34.9%)
O t h e r s	681	760	79	11.6%
(Adjustments)	(1,149)	(1,144)	4	—
T o t a l	4,622	3,591	(1,031)	(22.3%)

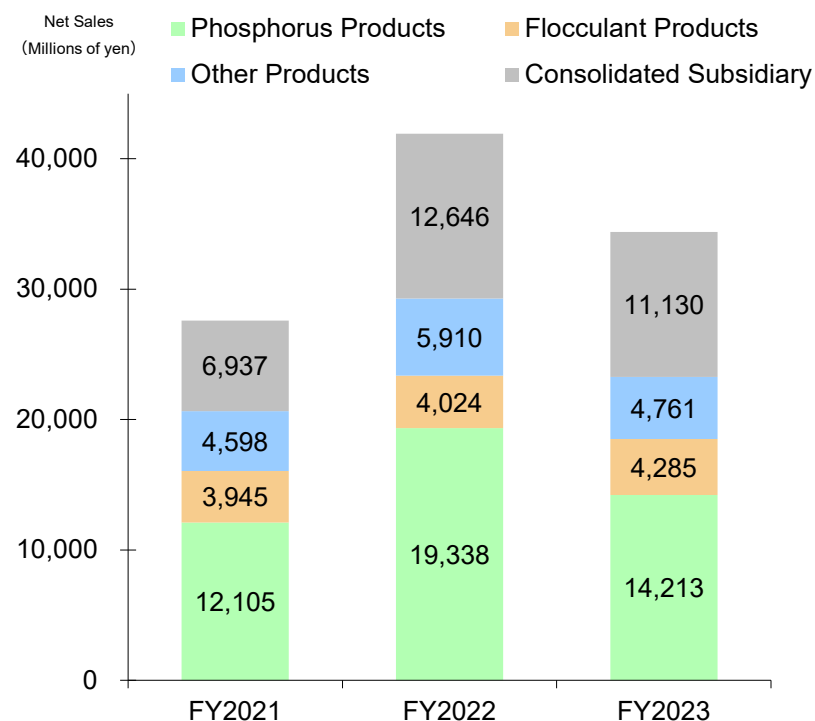


Chemicals

Changes in Net sales and Segment income

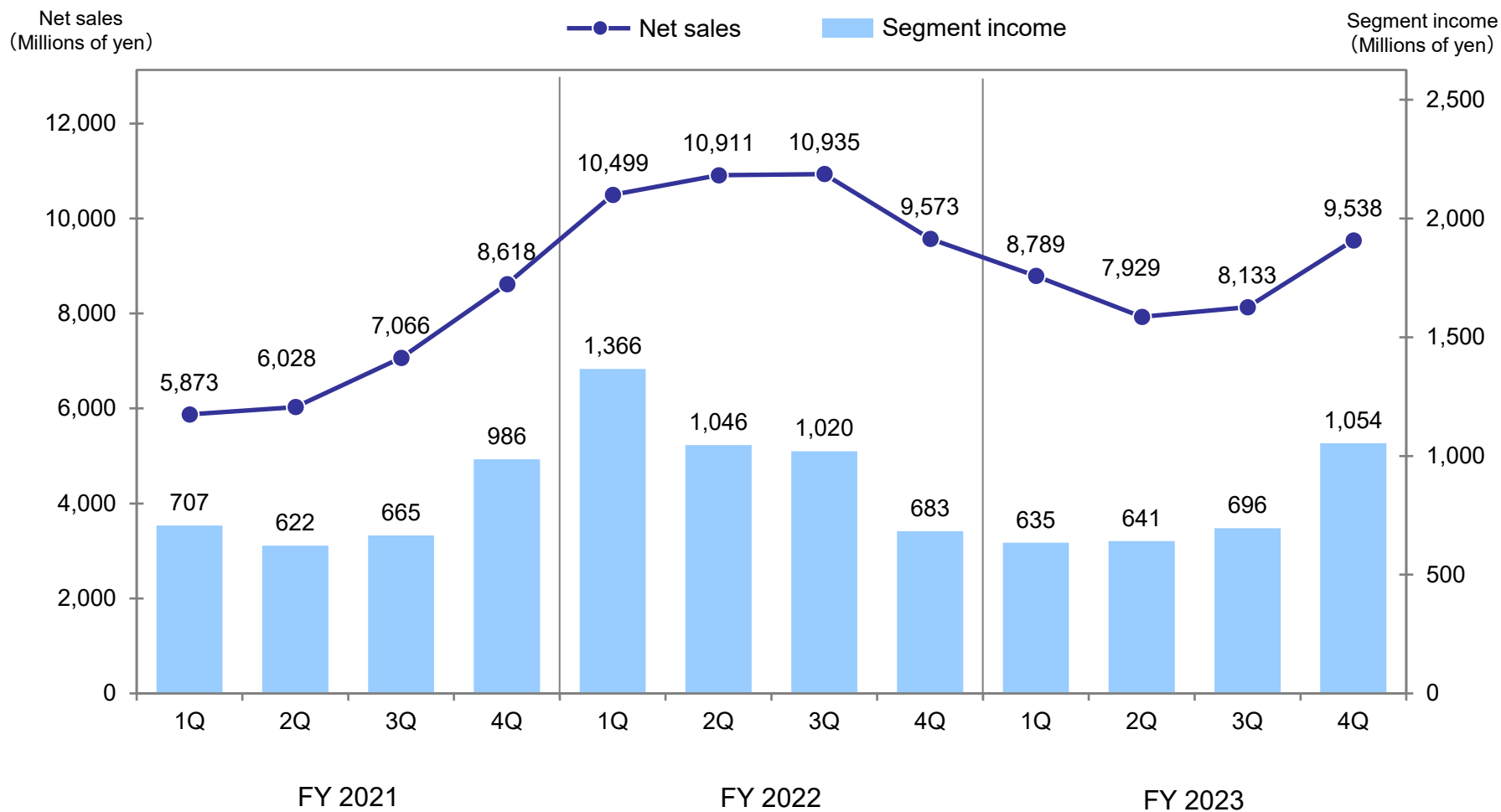


Changes in Net sales by Product



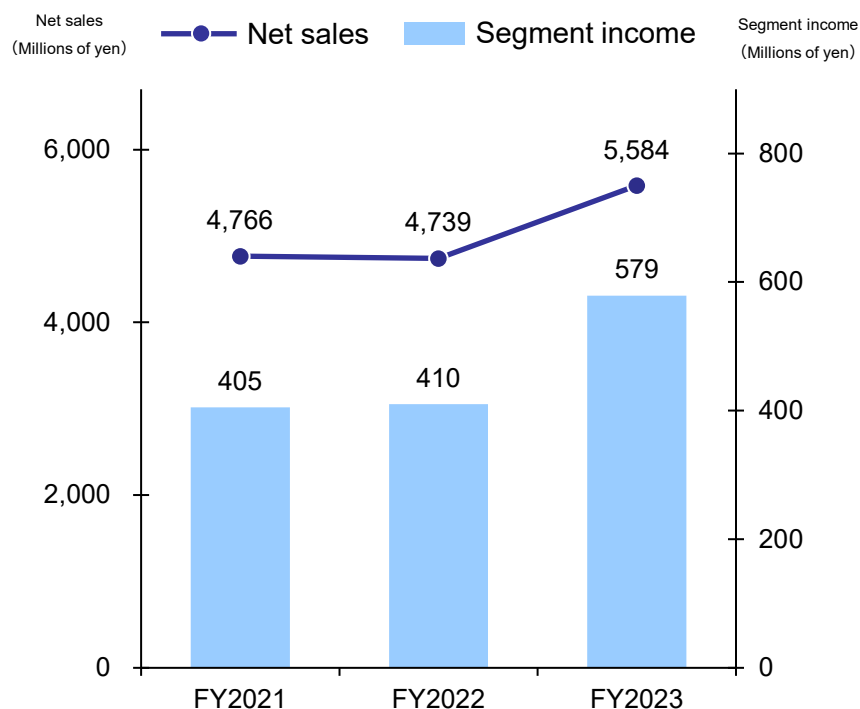
Chemicals (Quarterly)

Changes in Net sales and Segment income

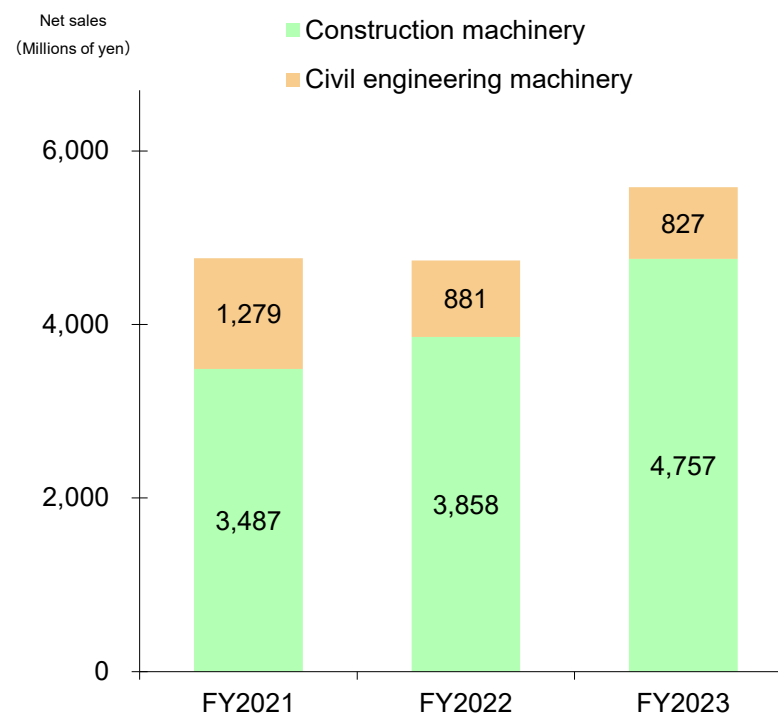


Machinery

Changes in Net sales and Segment income

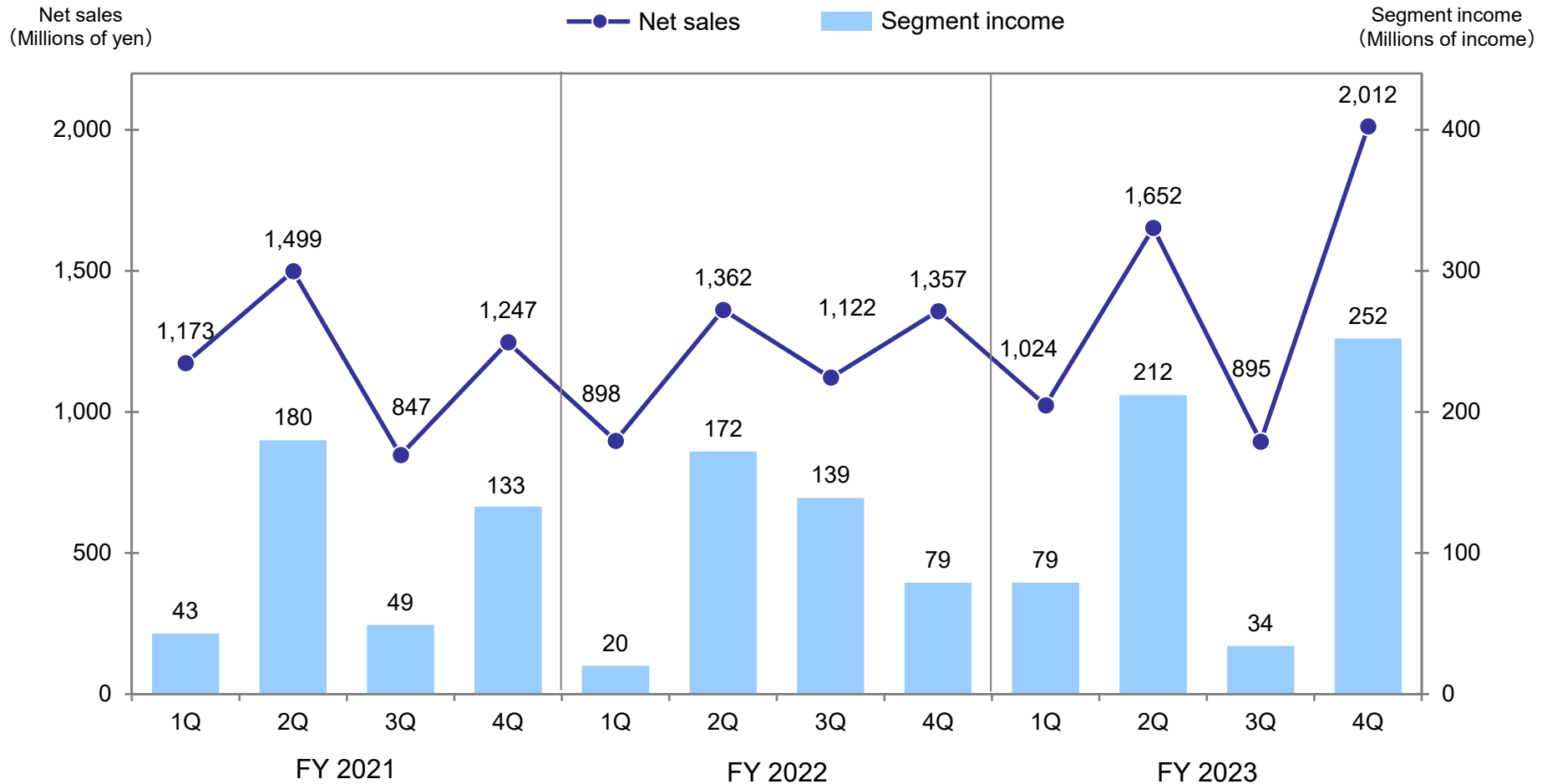


Changes in Net sales by Product



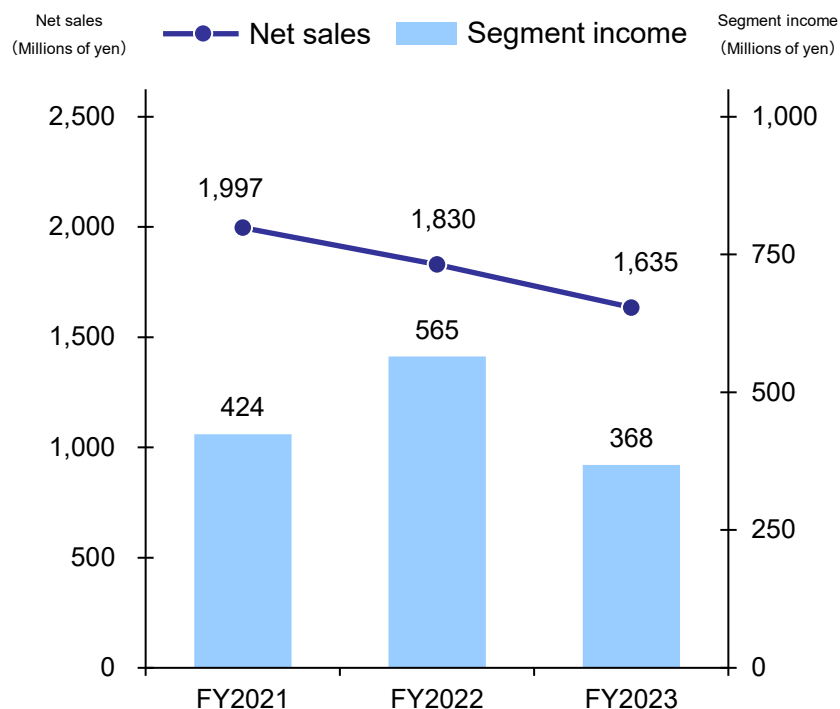
Machinery (Quarterly)

Changes in Net sales and Segment income

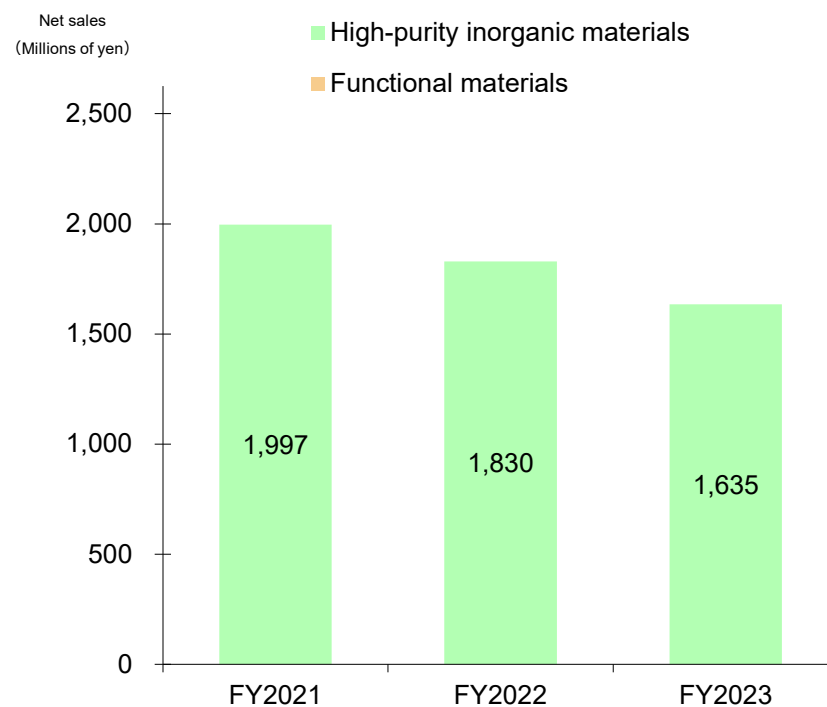


Electronic Materials

Changes in Net sales and Segment income

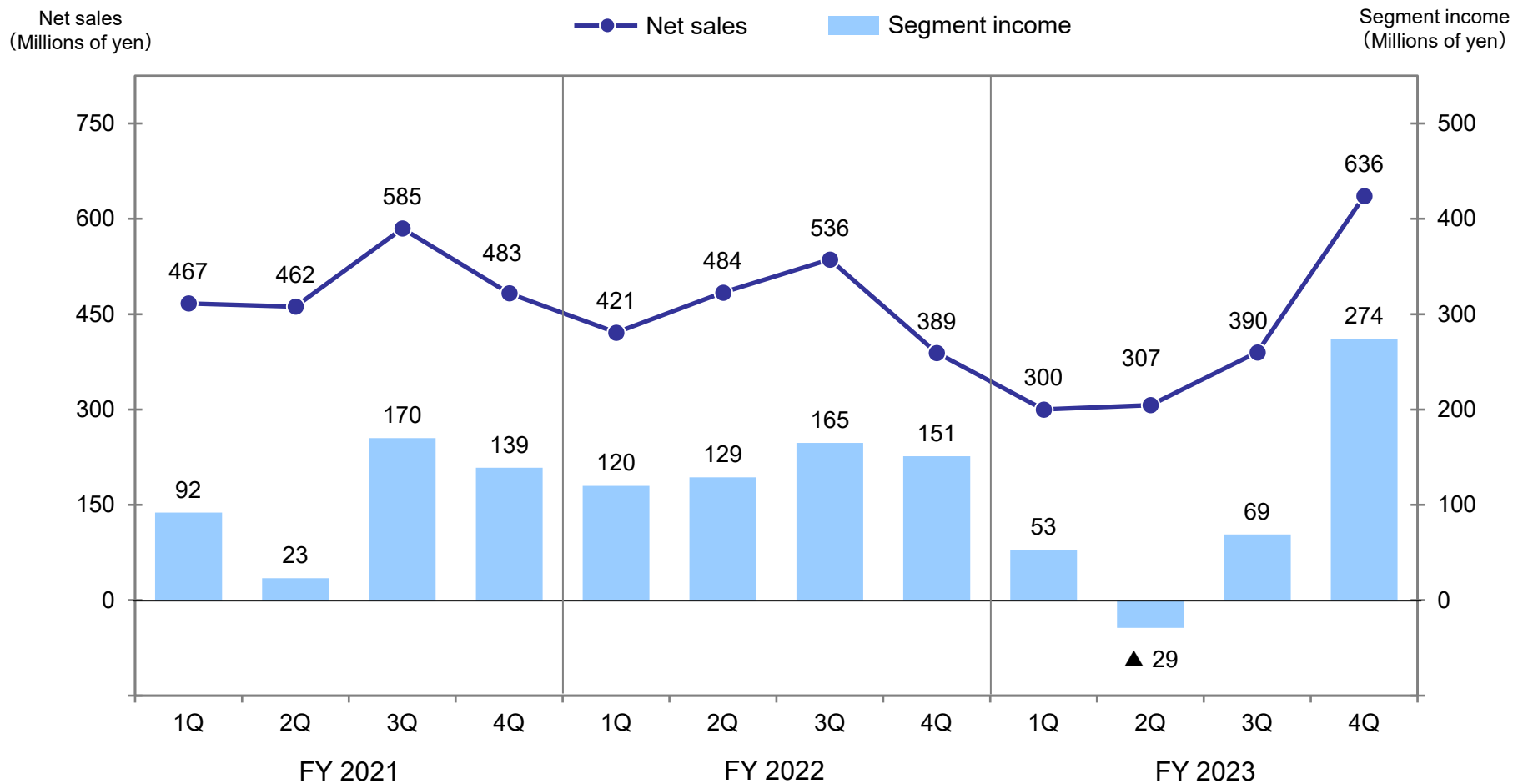


Changes in Net sales by Product



Electronic Materials (Quarterly)

Changes in Net sales and Segment income



Consolidated statements of income

(Millions of yen)

	FY 2022 (Apr.-Mar.)	FY 2023 (Apr.-Mar.)	Change	Change Rate
Net sales	49,600	42,788	(6,811)	(13.7%)
Cost of sales	40,186	34,531	(5,654)	(14.1%)
Selling, general and administrative expenses	4,791	4,666	(125)	(2.6%)
Operating profit	4,622	3,591	(1,031)	(22.3%)
Non-operating income	514	224	(289)	(56.2%)
Non-operating expenses	446	419	(27)	(6.1%)
Ordinary profit	4,690	3,396	(1,293)	(27.6%)
Extraordinary income	5	142	136	2419.7%
Extraordinary losses	66	81	15	23.7%
Profit before income taxes	4,629	3,457	(1,172)	(25.3%)
Profit attributable to owners of parent	3,232	2,382	(849)	(26.3%)
(Depreciation)	1,845	1,868	22	1.2%

Consolidated balance sheets

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024	change
Total current assets	25,564	22,497	(3,067)
Cash and deposits	4,940	3,405	(1,535)
Accounts receivable ※	11,303	12,232	928
Inventory ※	8,364	6,477	(1,887)
Total non-current assets	21,987	21,826	(161)
Property, plant and equipment	17,893	17,325	(567)
Intangible assets	40	48	7
Investments and other assets	4,053	4,452	398
Total current liabilities	15,737	12,134	(3,602)
Notes and accounts payable	5,524	4,326	(1,197)
Short-term borrowings	7,147	5,108	(2,039)
Total non-current liabilities	8,563	7,222	(1,340)
Long-term borrowings	5,021	3,804	(1,216)
Retirement benefit liabilities	3,165	3,031	(133)
Total net assets	23,252	24,966	1,714
Tangible net worth	23,125	24,966	1,841
Non-controlling interests	126	-	(126)
Total assets	47,552	44,323	(3,228)
<Equity ratio>	48.6%	56.3%	7.7%

※Accounts receivable = Notes receivable - trade + Electronically recorded monetary claims - operating + Accounts receivable - trade

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

Consolidated statements of cash flows

(Millions of yen)

	FY 2022 (Apr.-Mar.)	FY 2023 (Apr.-Mar.)	Change
Net cash provided by operating activities	2,042	4,972	2,929
Profit before income taxes	4,629	3,457	(1,172)
Depreciation	1,845	1,868	22
Decrease(increase) in trade receivables	(887)	(802)	84
Decrease(increase) in inventories	(3,016)	2,078	5,095
Increase(decrease) in trade payables	1,254	(1,224)	(2,479)
Income taxes paid	(1,203)	(1,218)	(15)
Net cash provided by investing activities	(961)	(1,891)	(930)
Purchase of property, plant and equipment	(919)	(983)	(63)
Net cash provided by financing activities	245	(4,735)	(4,981)
Net increase(decrease) in borrowings	896	(3,470)	(4,366)
Net increase(decrease) in cash and cash equivalents	1,402	(1,535)	(2,937)
Cash and cash equivalents at end of period	4,940	3,405	(1,535)

Forecast for FY 2024

(Millions of yen)

	FY 2023 (Apr.-Mar.) Actual	FY 2024 (Apr.-Mar.) Forecast	Change	Change Rate
Net sales	42,788	44,500	1,712	4.0%
Chemicals	34,391	37,200	2,809	8.2%
Machinery	5,584	4,500	(1,084)	(19.4%)
Electronic Materials	1,635	1,650	15	0.9%
Others	1,177	1,150	(27)	(2.3%)
Operating profit	3,591	3,700	109	3.0%
Chemicals	3,028	3,650	622	20.5%
Machinery	579	400	(179)	(30.9%)
Electronic Materials	368	150	(218)	(59.2%)
Others	760	750	(10)	(1.3%)
Adjustments	(1,144)	(1,250)	(106)	9.3%
Ordinary profit	3,396	3,600	204	6.0%
Profit attributable to owners of parent	2,382	2,500	118	5.0%
Annual dividends per share	91.00yen	96.00yen	5.00yen	5.5%

Assumed exchange rate

147yen/USD

Policies for Shareholder Returns

- Our policy is to make decisions after a comprehensive evaluation of the need to maintain a balance between emphasizing shareholder returns and retaining internal reserves as a source of capital for financial structure improvements based on performance trends, future capital investments and business development.
- Aim to further improve the dividend payout ratio while maintaining stable dividends.

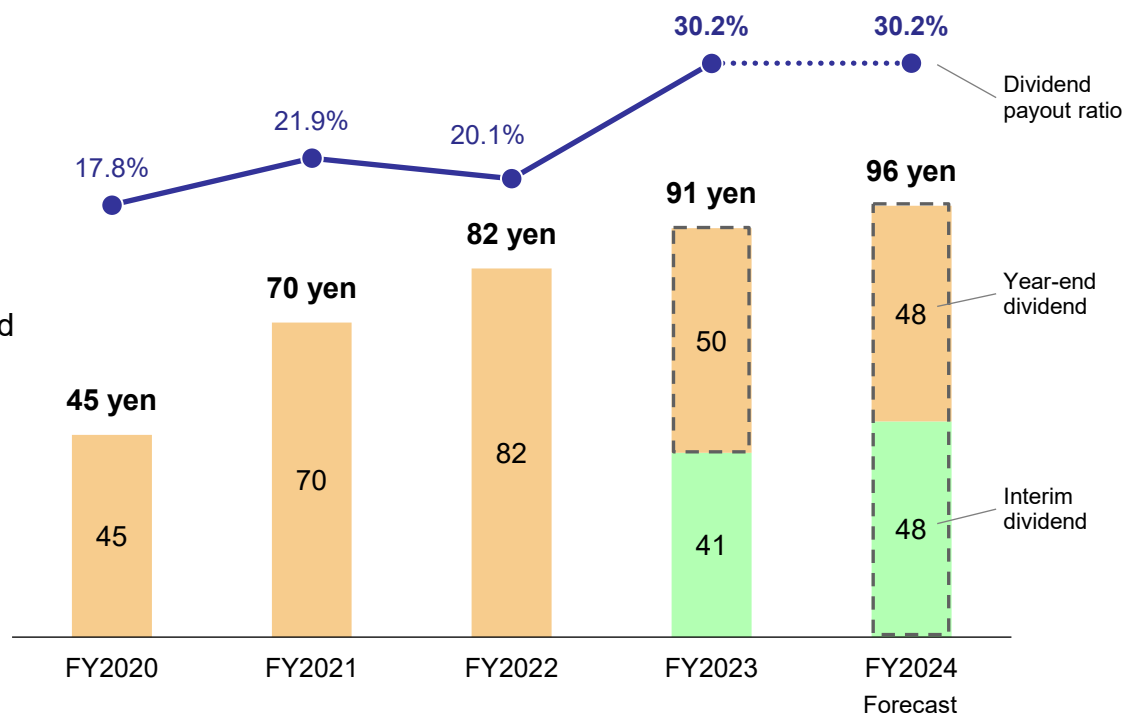
Additionally, to achieve management that is conscious of cost of capital and stock price, we set new goals of a **dividend payout ratio of 30% or more and an ROE of 10% or more.**

FY2023

- Planning on a year-end dividend of 50 yen per share, an increase of 9 yen from our most recent forecast of 41 yen per share.
- Combined with the interim dividend of 41 yen, we are planning on an annual dividend of 91 yen.

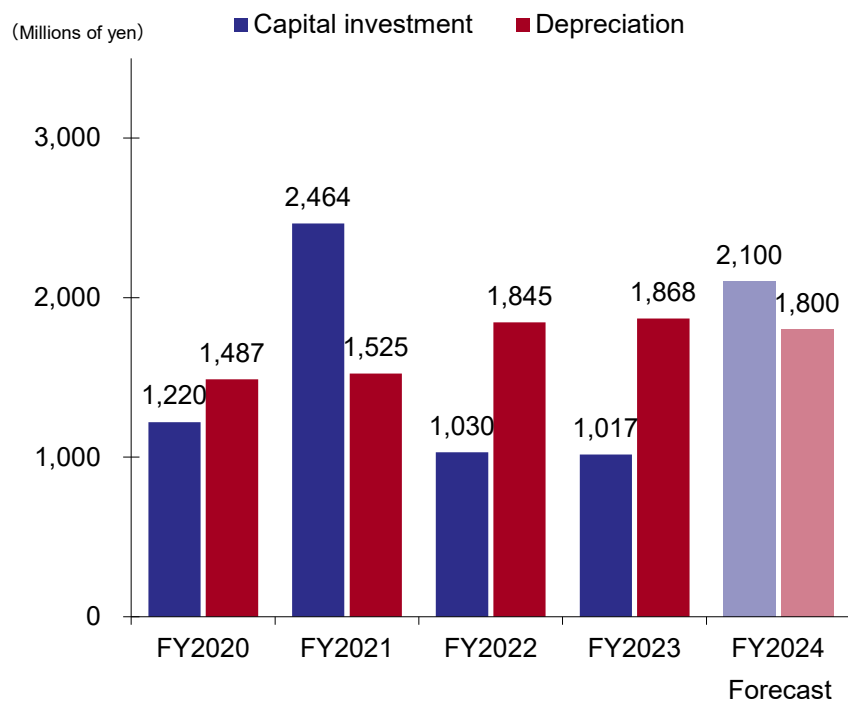
FY2024

- Forecasting an annual dividend of 96 yen (interim dividend of 48 yen, year-end dividend of 48 yen).

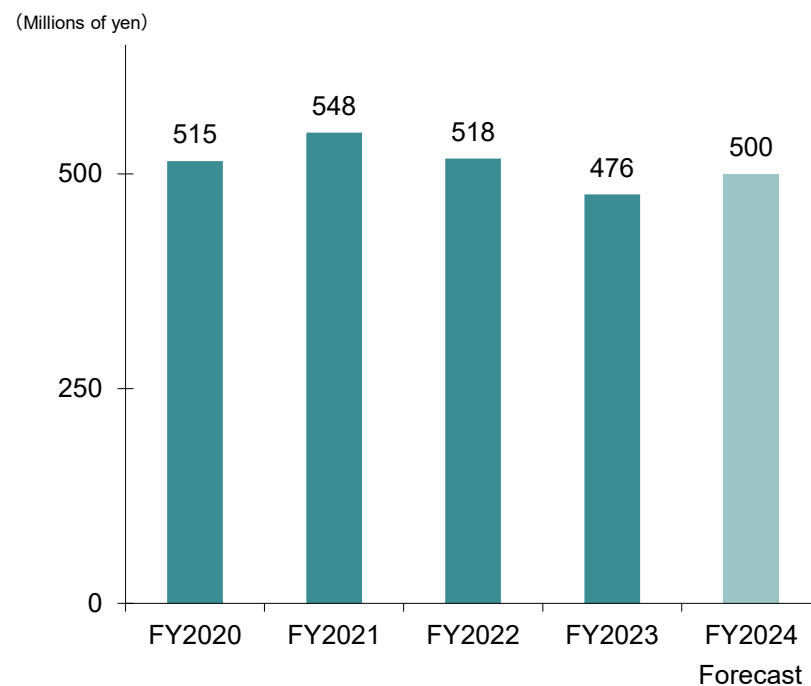


Changes in Capital investment , Depreciation and R&D costs

Capital investment ・ Depreciation



R&D costs



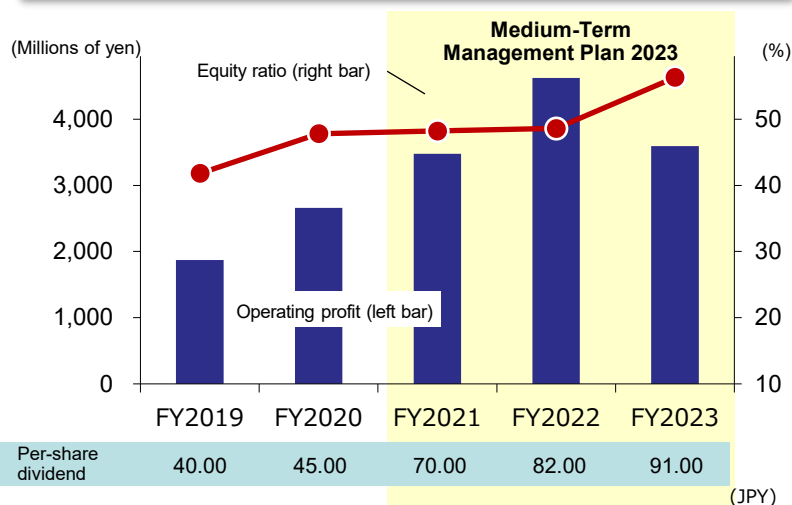
3. New Medium-Term Management Plan

Summary of the Previous Medium-Term Management Plan

Quantitative

(Millions of yen)	<Target>	<Actual>
1. Consolidated operating profit	3,300	3,590
2. Consolidated equity ratio	55%	56.3%
3. Continuation of performance-linked dividends		

Consolidated operating profit outperformed targets in first and second years. Achieved target for final fiscal year despite a year-on-year decrease in sales and profits due to a decline in sales volume attributable to worsening conditions on semiconductor and electronic component-related markets. While the equity ratio was impacted by an increase in operating capital due to soaring raw material prices, we steadily accumulated profits to achieve our target in the final fiscal year.



Qualitative

Results

- Strengthened existing businesses and expanded areas
 - <Chemicals> Stabilized supply structure for high-purity phosphoric acid for semiconductors
 - <Machinery> Acquired multiple plant equipment for recycling
 - <Electrical materials> Increased profitability by improving processes for high-purity inorganic materials
- Dynamic response to global markets
 - <Chemicals> Invested to increase production capacity at Taiwan subsidiary
- New business exploration and development
 - <Chemicals> Plan to establish recycling technology for high-purity phosphoric acid (supply security plan approved by METI)

Remaining issues

- Establishing a production system and saving labor in response to demand for equipment to increase production of raw materials for capacitors
- Developing a new market for pipe jacking machines for sewerage (Southeast Asia)
- Business development of biomass heat utilization equipment (KOCONA)
- Realize overseas sales of radioactive iodine adsorbent (AgX)

Rasa Vision 2033 | Our Long-Term Vision and Philosophy Structure

Corporate Philosophy

We will value trust and honesty, and through our manufacturing (monozukuri) we will contribute to the creation of new value and the realization of a prosperous society.

Our Purpose

Support industry from its foundation and work together towards building the future

Long-term Vision

Rasa Vision 2033

Our 120th anniversary and beyond

Basic Policies of the Rasa Vision 2033

Increase corporate value and pursue sustainable growth

1 Optimize our business portfolio

- Strengthen the profitability of core businesses and expand growth businesses
- ROIC management that emphasizes capital efficiency
- Strengthen efforts related to new market opportunities and growth domains

2 Create new businesses

- Develop new products with high added value based on customer needs
- Developing a new core business
- Strengthen R&D

3 Focus on human resource strategy

- Strengthen internal human resource development
- Promote diversity and inclusion, strengthen recruitment capabilities

Realize a sustainable future

4 Respond to climate change and build a circular society

- Reduce greenhouse gas emissions
- Transition to renewable energy
- Expand environmentally friendly products

















5 Maintain safe and stable operations

- Become a company with zero accidents
- Maintain stable quality and supply structure
- Strengthen business continuity management (BCM)

6 Enhance governance

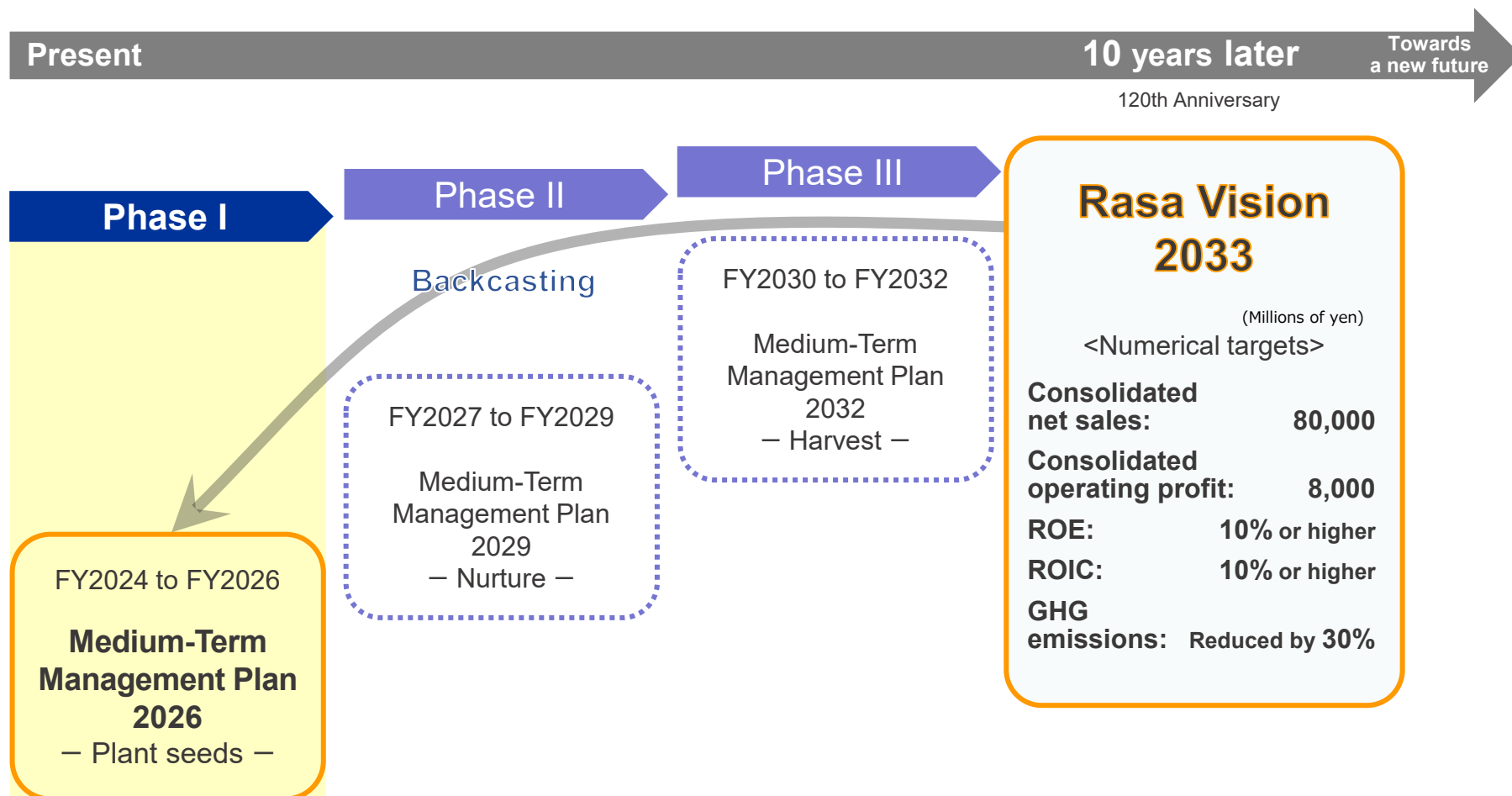
- Continue to reinforce compliance
- Strengthen risk management

Rasa Vision 2033 ESG Targets

	[Materiality]	[Initiatives]	[Metrics and targets]	[Relevant SDGs]
Environment	Addressing Climate Change	Reduction of greenhouse gases	Reduce CO2 emissions (Scope 1, 2): 30% by 2033	   
		Forest conservation	Conserve biodiversity: Appropriate management of decommissioned mines	
	Building a Recycling-Oriented Society	Effective utilization of resources	Proper disposal of industrial waste	  
		Expansion of environmentally friendly products	Expand related products	
Social	Respecting Human Rights	Diversity	Ratio of female employees to total number of hires: 25% or higher	   
		Employee-friendly workplaces (work-life balance)	Paid leave acquisition rate: 70% or higher	
		Occupational health and safety	Number of occupational accidents (1 day or more of work absence): 0	
	Investing in Human Capital	Human resources development	Enhance position-specific education and training	 
In-house environmental improvement		Labor-management committee meetings: Twice a year or more		
Governance	Thorough Compliance	Fair transactions (aiming for co-existence and co-prosperity with our business partners)	In-house training (once per year or more)	 
		Compliance		
	Promoting Risk Management	BCP	Rebuild business continuity plan (BCP)	
		Information security	Strengthen information security: 0 serious incidents	

Rasa Vision 2033 Numerical Targets and the Positioning of the Medium-Term Management Plan 2026

Period to plant seeds towards realizing Rasa Vision2033



Medium-Term Management Plan 2026 Overview

Plan name / Period

Medium-Term Management Plan 2026
FY2024 to FY2026 (3 years)

Basic policy

Aim to strengthen the foundation for increasing corporate value by promoting management resource optimization and enhancing profitability

Numerical targets

■ Consolidated net sales	■ ROE (return on equity)	10%
52,000 million yen	■ ROIC (return on invested capital)	9%
■ Consolidated operating profit	■ Dividend payout ratio	
4,800 million yen	30% or higher	

Company-wide policies

- 1 Build structure for optimizing management resources
- 2 Create new businesses
- 3 Focus on human resource strategy
- 4 Respond to climate change and build a circular society
- 5 Maintain safe and stable operations
- 6 Strengthen business management
- 7 Increase shareholder returns

Medium-Term Management Plan 2026 Policies

1 Build structure for optimizing management resources

- ✓ **Strengthen the profitability of core businesses and expand growth businesses**
- ✓ **Adopt ROIC management**
- ✓ **Strengthen efforts related to new market opportunities and growth domains**
- ✓ **Promote DX**

2 Create new businesses

- ✓ **Strengthen R&D**
- ✓ **Develop R&D environment**
- ✓ **Strengthen engineering chain**

3 Focus on human resource strategy

- ✓ **Develop human resource development environment**
- ✓ **Promote knowledge management**
- ✓ **Reevaluate and strengthen development programs**

4 Respond to climate change and build a circular society

- ✓ **Reduce greenhouse gas emissions**
- ✓ **Transition to renewable energy**
- ✓ **Expand environmentally friendly products**

5 Maintain safe and stable operations

- ✓ **Strengthen safety and health management**
- ✓ **Reevaluate BCP based on risk assessments**

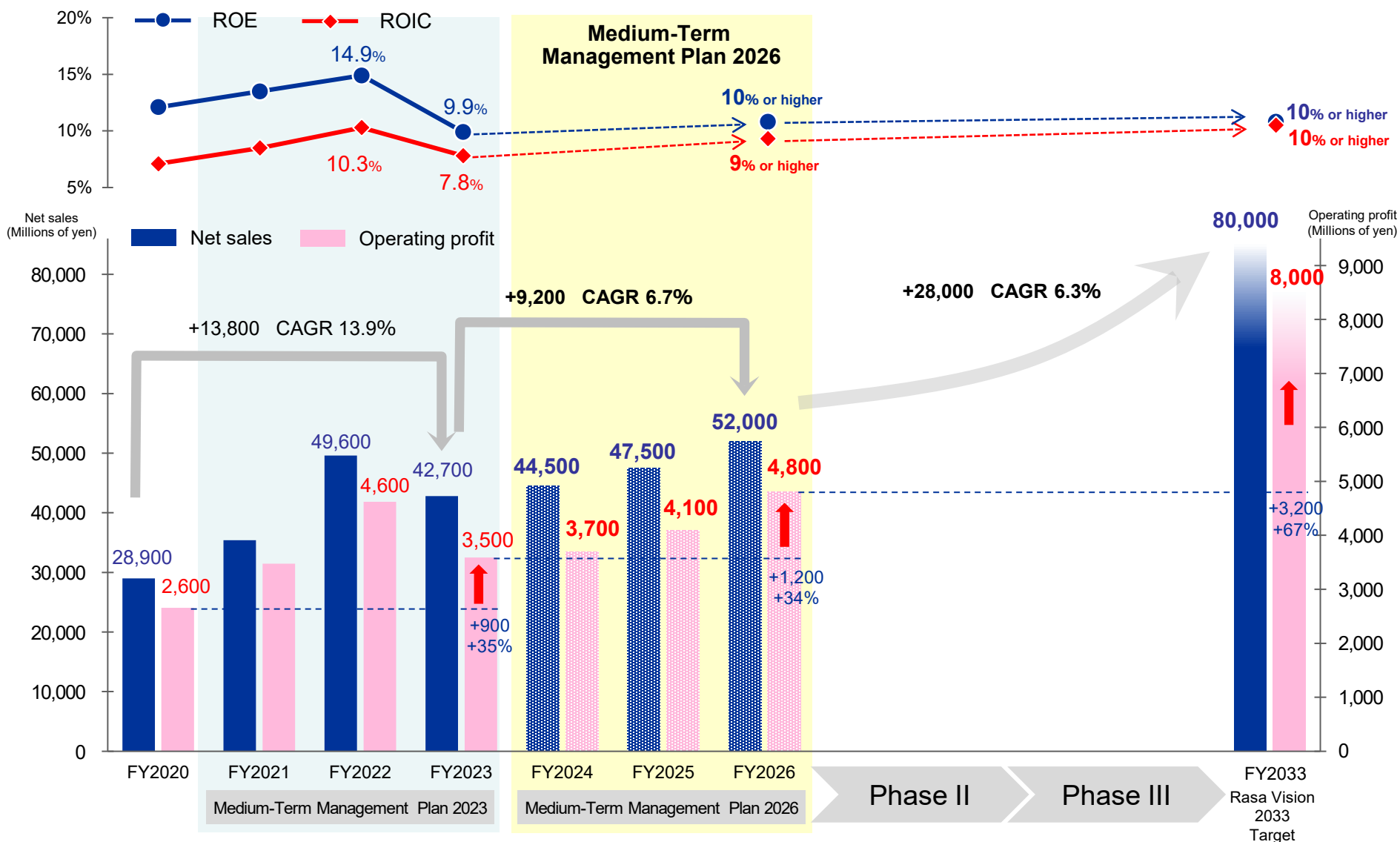
6 Strengthen business management

- ✓ **Continue to reinforce compliance**
- ✓ **Reevaluate risk management structure**

7 Increase shareholder returns

- ✓ **Issue performance-linked shareholder returns**

Medium-Term Management Plan 2026 Numerical Targets 1/2



Medium-Term Management Plan 2026 Numerical Targets 2/2

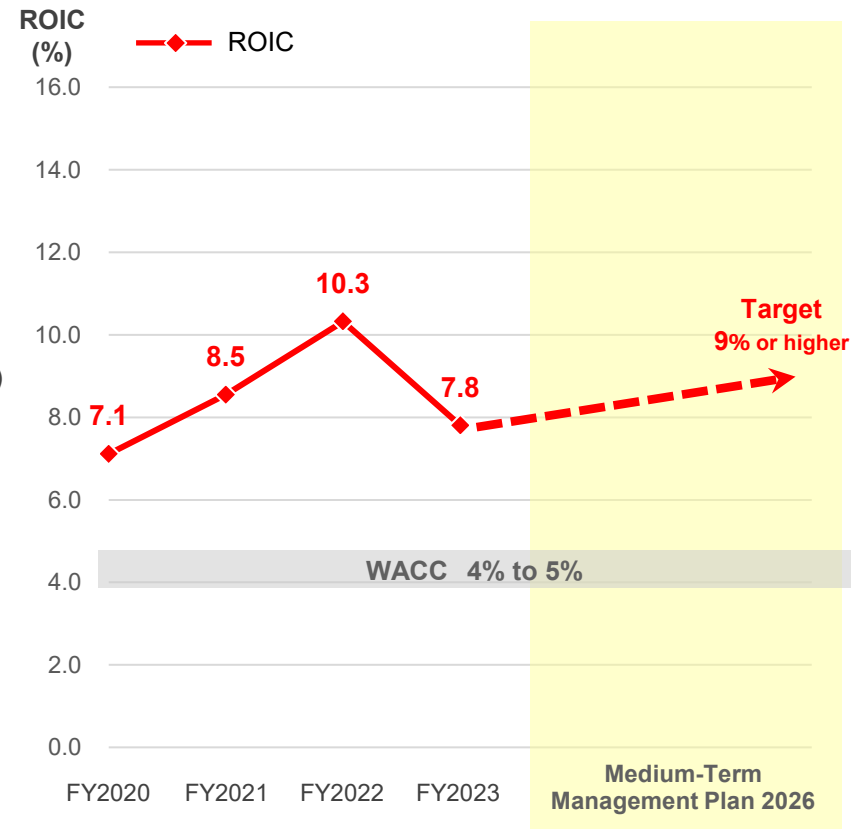
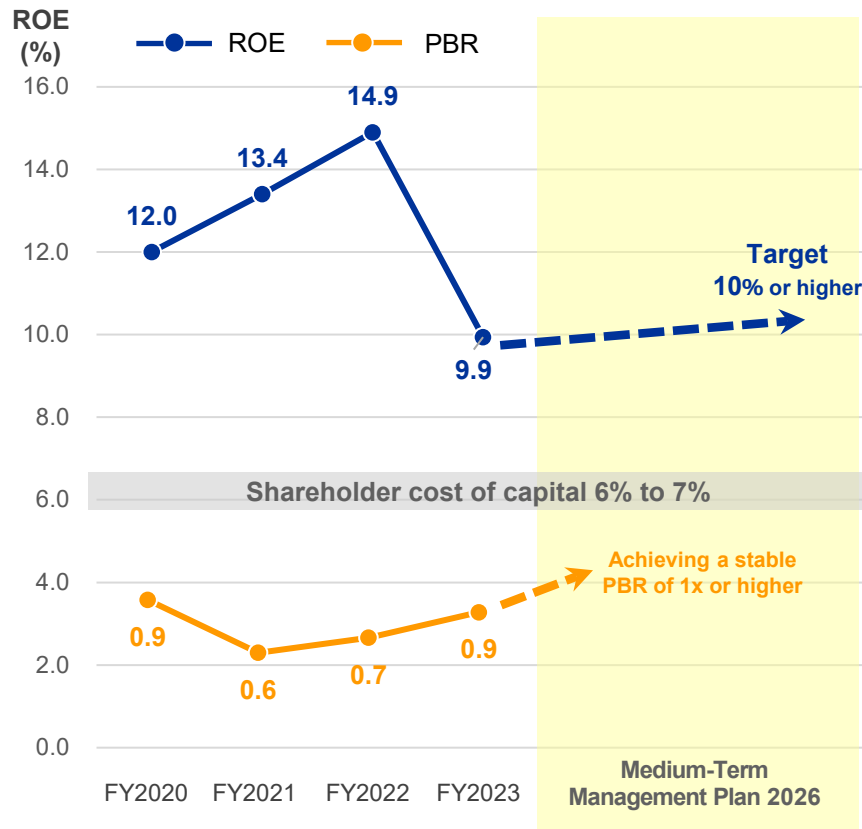
(Millions of yen)

	FY2023	FY2024 Forecast	FY2025 Plan	FY2026 Plan	3-yr change	Rate of Change (%)
Net sales	42,788	44,500	47,500	52,000	9,212	22%
Chemicals	34,391	37,200	39,200	42,400	8,009	23%
Machinery	5,584	4,500	5,400	6,000	416	7%
Electronic materials	1,635	1,650	1,800	2,400	765	47%
Others	1,177	1,150	1,100	1,200	23	2%
Operating profit	3,591	3,700	4,100	4,800	1,209	34%
Chemicals	3,028	3,650	4,000	4,350	1,322	44%
Machinery	579	400	600	650	71	12%
Electronic materials	368	150	200	400	32	9%
Others	760	750	700	800	40	5%
Adjustments	(1,144)	(1,250)	(1,400)	(1,400)	(256)	22%
Ordinary profit	3,396	3,600	4,000	4,800	1,404	41%
Profit attributable to owners of parent	2,382	2,500	2,800	3,200	818	34%
ROE	9.9%	9.7%	10.1%	10.8%	0.9%	—
ROIC	7.8%	7.9%	8.4%	9.3%	1.5%	—
Total net assets	24,966	26,000	28,000	30,000	5,033	20%

Measures for Achieving Management That is Conscious of Cost of Capital and Stock Price 1/2

Current awareness

- Shareholder cost of capital is calculated using CAPM, and is approximately 6% to 7%. The weighted average cost of capital (WACC) is approximately 4% to 5% based on shareholder cost of capital and debt cost as calculated using CAPM.
- While we are maintaining an ROE level that exceeds the shareholder cost of capital, PBR continues to be below 1x.
- Factors causing the PBR to fall below 1x were evaluated as a lack of disclosure of the Company's long-term growth strategy and management resource allocation policy, as well as a failure to outline clear goals for shareholder returns.



Measures for Achieving Management That is Conscious of Cost of Capital and Stock Price 2/2

Initiative policy

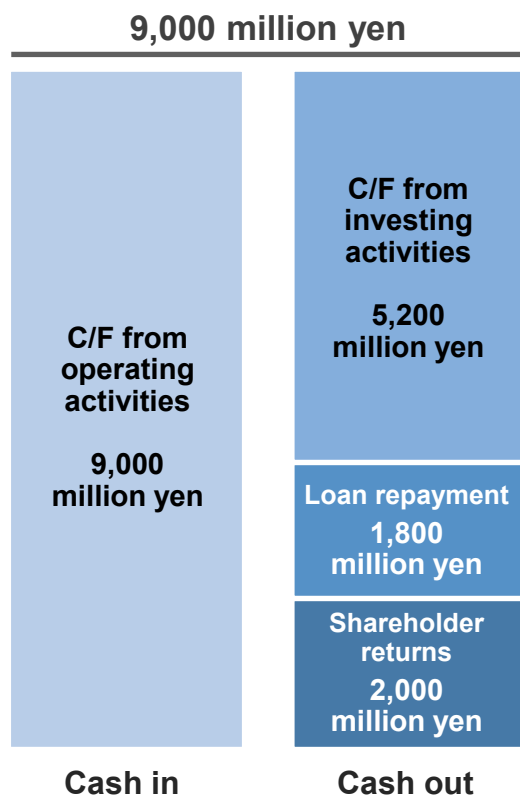
- We formulated our long-term vision, "Rasa Vision 2033," and are advancing our Medium-Term Management Plan 2026, which we position as the period for "planting seeds" (Phase I) to achieve that vision. During this period, we will commit to management that is conscious of cost of capital and stock price.
- Aim to increase corporate value by improving profitability and capital efficiency, and implementing non-financial measures.

Specific measures

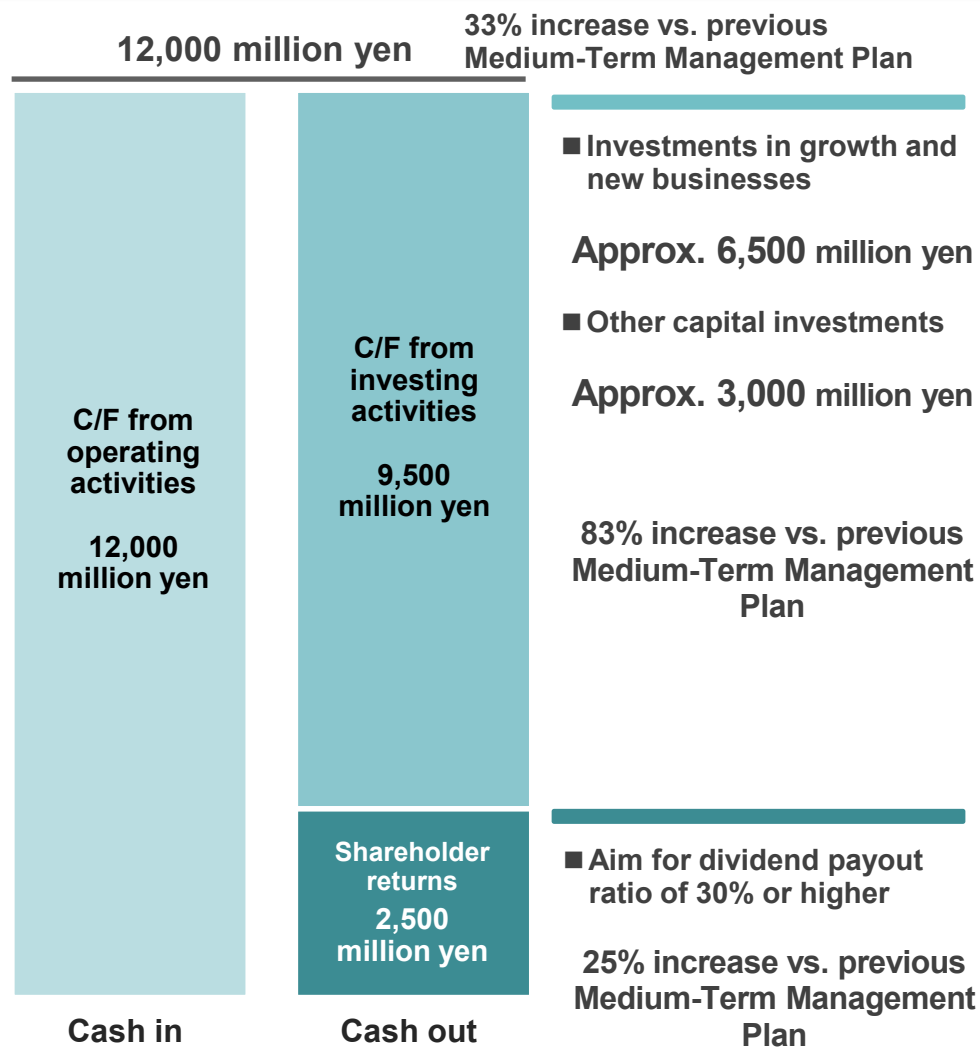
PBR	ROE	Capital efficiency	<ul style="list-style-type: none">✓ Appropriate allocation of management resources based on cash allocation✓ Issue shareholder returns based on balance between performance, financial status, and source of capital for business development✓ Dividend payout ratio of 30% or higher
		Capital profitability	<ul style="list-style-type: none">✓ Maintain levels that exceed shareholder cost of capital and target ROE of 10%✓ Strengthen ROIC management with target ROIC of 9%✓ Strengthen the profitability of core businesses and expand growth businesses
	PER	Growth potential Non-financial measures	<ul style="list-style-type: none">✓ Steady implementation of Medium-Term Management Plan towards long-term vision✓ Implement growth strategy by strengthening investments in new business and growth businesses✓ Initiatives related to materiality (important issues)

Medium-Term Management Plan 2026 | Cash Allocation

Medium-Term Management Plan 2023 Results
(FY2021 to FY2023)



Medium-Term Management Plan 2026 Targets (FY2024 to FY2026)



Key Measures (1)



<Phosphoric acid>

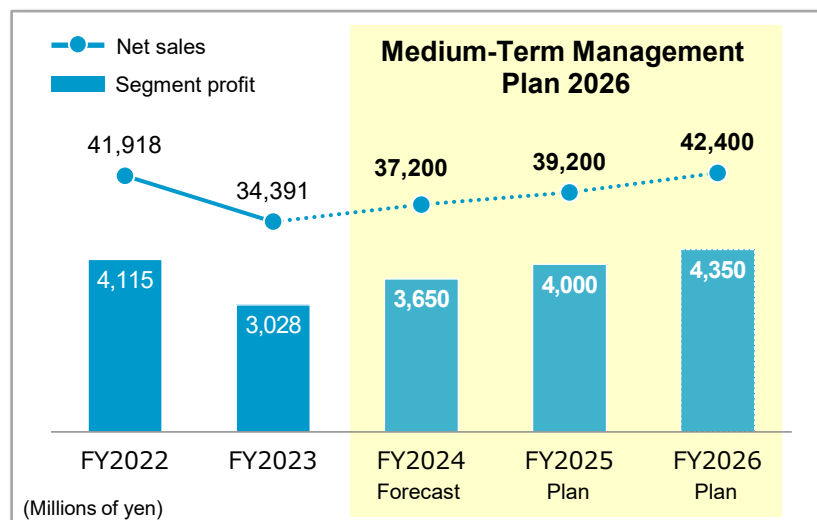


<Deodorants>



<Taiwan Subsidiary>

Chemicals



■ Strengthen the profitability of core businesses

- ✓ High-purity phosphoric acid for semiconductors: Stable operations and sales expansion in Japan and overseas
- ✓ Stable equipment operations and labor reduction to increase production of raw materials for capacitors

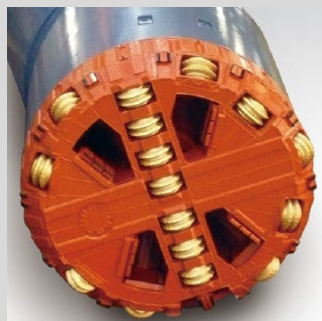
■ Expand growth businesses

- ✓ Acquire new customers in Japan, East Asia, and North America (high-purity phosphoric acid for semiconductors)
- ✓ KOR Associate to build new plant in North America for producing high-purity phosphoric acid for semiconductors

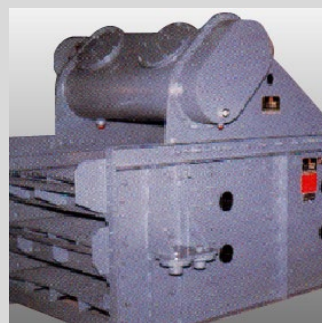
■ Create new businesses

- ✓ Commercialize recycling of high-purity phosphoric acid

Key Measures (2)



<Pipe jacking machine>

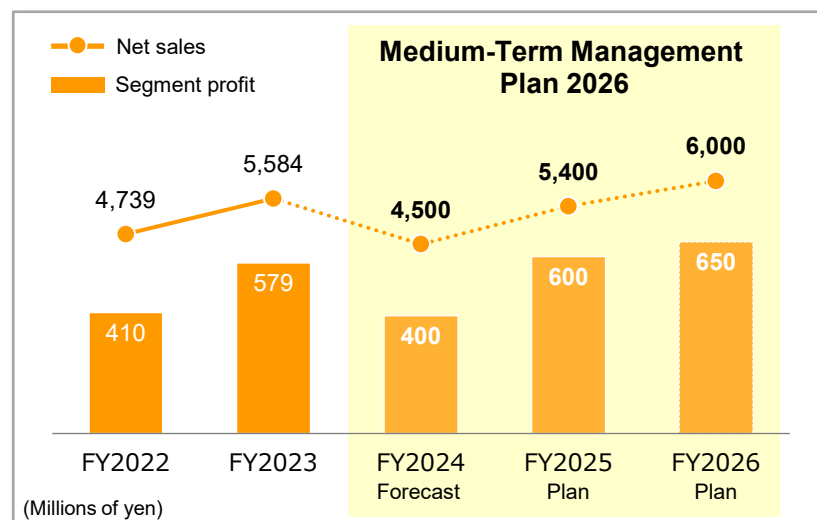


<Screen>



<Rotor mill>

Machinery



■ Strengthen the profitability of core businesses

- ✓ Proactive sales activities to meet demand for the replacement of construction machinery units and parts

■ Expand growth businesses

- ✓ Developing a new market for pipe jacking machines for sewerage (Southeast Asia)

■ Create new businesses

- ✓ Explore new businesses

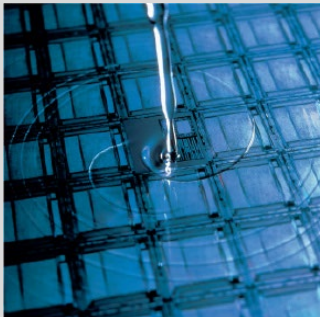
Key Measures (3)



<High purity inorganic materials>

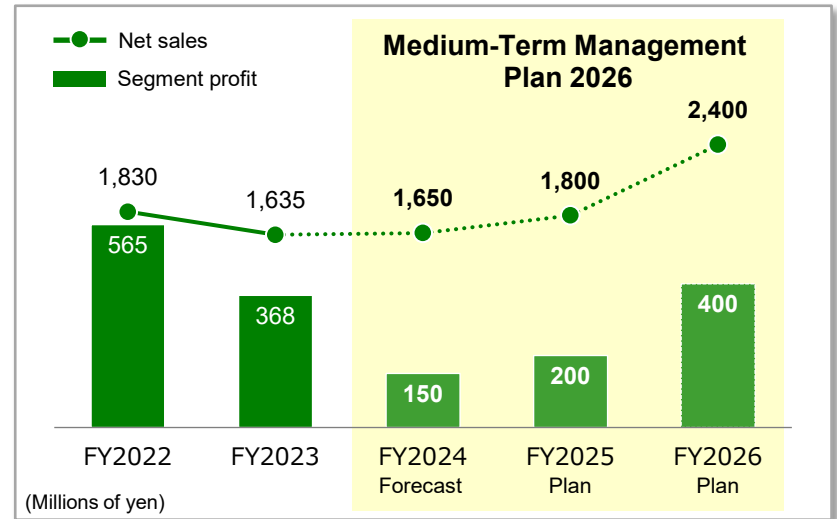


<Radioactive iodine adsorbents>



<Coating materials>

Electronic materials



■ Strengthen the profitability of core businesses

- ✓ Improve the quality and cost competitiveness of high-purity inorganic materials and expand market share
- ✓ Achieve constant sales of radioactive iodine adsorbents (AgX)

■ Expand growth businesses

- ✓ Develop overseas markets for radioactive iodine adsorbents (AgX)

■ Create new businesses

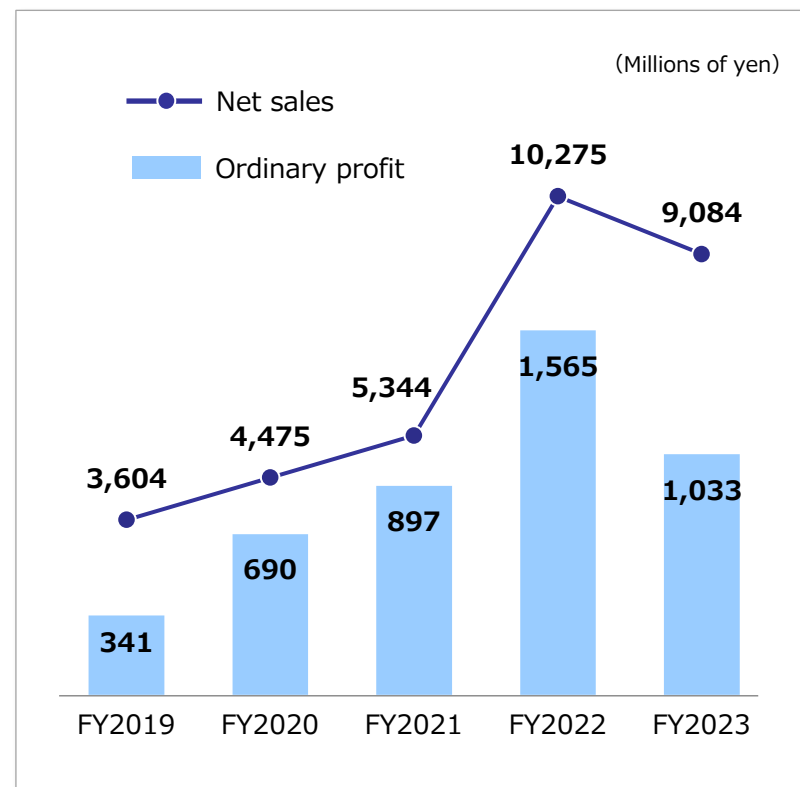
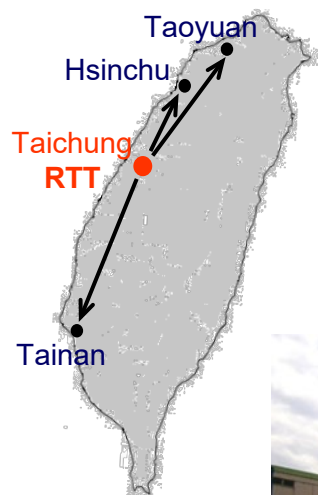
- ✓ Develop next-generation semiconductor materials

Reference: Taiwan Consolidated Subsidiary

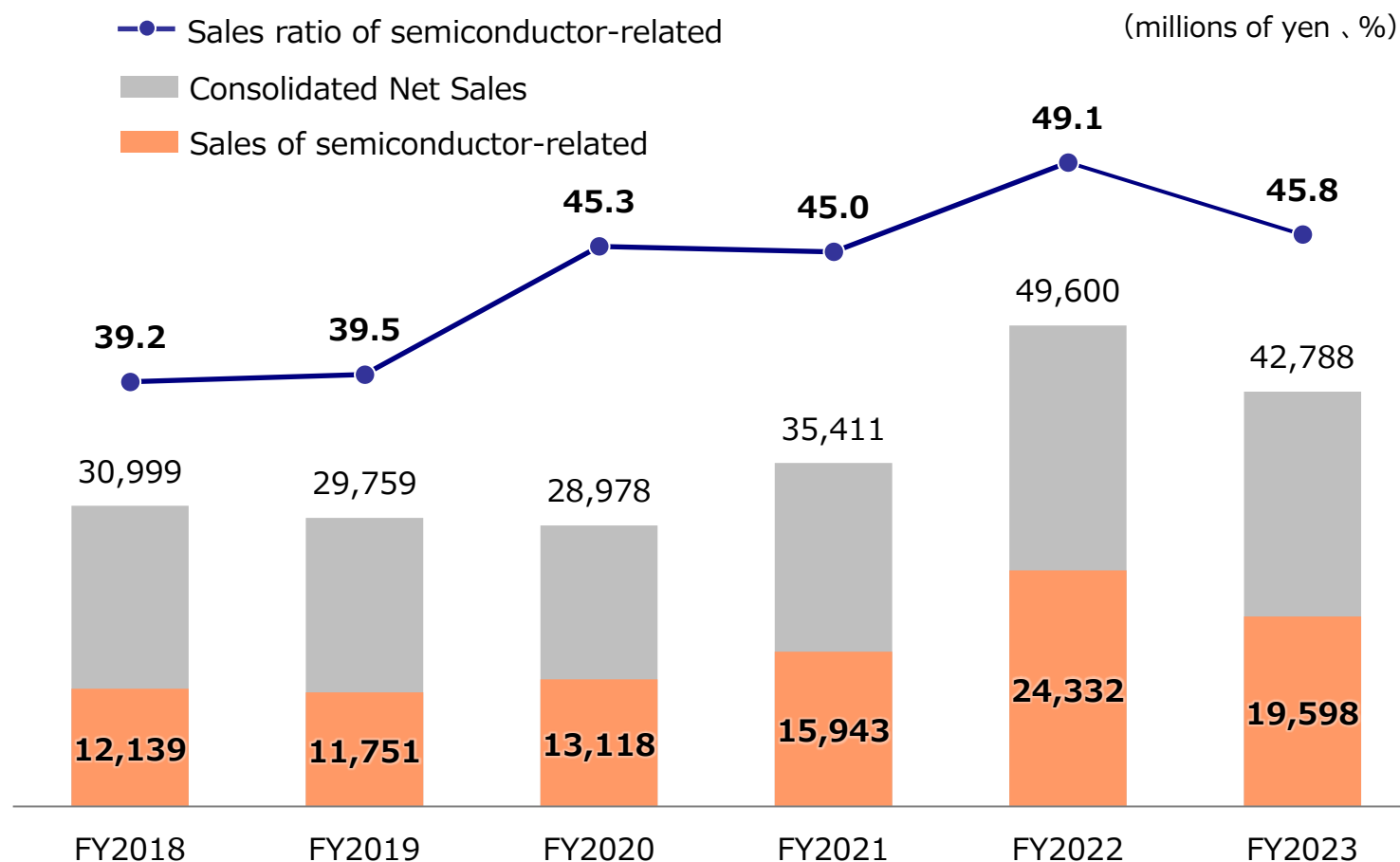
Company name: **Rasa Technology Taiwan Ltd.**

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

Established: December 17, 2003



Reference: Sales of semiconductor-related^(Note)



(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.