



FY2020 Financial Results Briefing Material

RS Technologies Co., Ltd.

February 12, 2021



Code: 3445
Tokyo Stock Exchange First Section

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1. Company Overview

Company Overview

- Holding the top market share (30%*1) worldwide in semiconductor wafer reclamation market
- Entering the prime wafer business through a joint venture with a Chinese state-owned company
- Expanding into semiconductor-related business fields expected to produce synergy through M&A

Company name	RS Technologies Co., Ltd.
Date of establishment	December 10, 2010
Corporate principles	“Respect the global environment, earn the trust of people, and constantly strive to create.”
Businesses	Silicon Wafer Reclaim, Silicon Wafer Oxide Film Coating, Silicon Wafer Sales. Solar Power Station. Purchase and sale of used semiconductor equipment. Sale of chemical materials and semiconductor parts. Technical assistance and education service on semiconductor wafer manufacturing process.
Head office	NT Bldg. 12F, 1-47-1, Ohi, Shinagawa-ku, Tokyo 140-0014 JAPAN
Sanbongi Plant	26-2 Yamazaki, Sanbongi Otonashi, Osaki, Miyagi 989-6313 JAPAN
Capital	JPY 5,432 million (As of end June 2020)
President and CEO	Nagayoshi Ho
Consolidated subsidiaries	RSTEC Semiconductor Taiwan Co.,Ltd. Founded in February 2014, Capital: NT \$300 million, Stake: 100%
	Beijing GRINM RS Semiconductor Materials Co., Ltd. (BGRS) Registered Capital US \$138 million, Stake 45%*2
	GRINM Semiconductor Materials Col, Ltd. (GRITEK) Registered capital: RMB 800 million, Stake 45%*2
	Union Electronics Solutions Co., Ltd. Capital ¥27 million, Stake 100%
	Shandong GRINM Semiconductor Materials Co., Ltd. (Shandong GRITEK, Dezhou, Shandong) Registered Capital RMB 1,500 million, Stake 36%*2
	DG Technologies Co., Ltd. Capital ¥100 million, Stake 100%

*1. Estimated by us based on SEMI data.

*2. The consolidated investment scheme in China is as follows. BGRS is the parent company, GRITEK is its subsidiary, and Shandong GRITEK is GRITEK's subsidiary, and so the investments overlap. Please refer to p.35 “China business investment scheme” for details.

History

- World leader in wafer recycling business. Made a major Chinese prime wafer manufacturer a consolidated subsidiary and became a comprehensive wafer manufacturer.
- In October 2020, the new Shandong GRITEK factory was completed in Dezhou City, Shandong Province and started mass production.

Dec. 2010	Established RS Technologies with reclaimed wafers as its primary business
Jan. 2011	Operations begun at the Sanbongi Factory
Nov. 2011	Sanbongi Factory acquires ISO9001:2008 (quality management system) certification from UKAS
Oct. 2013	Solar power business begun at the Sanbongi Factory
Feb. 2014	RSTEC Semiconductor Taiwan established as a subsidiary in Taiwan (currently a consolidated subsidiary)
Mar. 2015	RST listed on the Tokyo Stock Exchange Mothers Market
Jun. 2015	Fab8 completed at Sanbongi Factory, with cutting-edge equipment allowing reclamation of 18-inch wafers
Dec. 2015	Tainan Factory completed for RSTEC Semiconductor Taiwan (currently a consolidated subsidiary)
Sep. 2016	RST moved to the Tokyo Stock Exchange First Section
Dec. 2017	Joint venture agreement concluded with General Research Institute for Nonferrous Metals (GRINM) and Fujian Kuramoto
Jan. 2018	Beijing GRINM RS Semiconductor Materials Co., Ltd. (BGRS) established; Chinese prime wafer manufacturer Youyan Semiconductor Material Company Limited (GRITEK) made a consolidated subsidiary
May 2018	Acquired 100% of shares at Union Electronics Solutions Co., Ltd. (distributor for Hitachi Power Semiconductor Device, Ltd.)
Aug. 2018	Established Shandong GRINM Semiconductor Materials Co., Ltd. (Shandong GRITEK), a consolidated subsidiary of GRITEK
Jan. 2019	Acquired 100% of shares of DG Technologies Co., Ltd.
Dec. 2019	A four-party joint venture agreement concluded with GRINM, Dezhou Huida Semiconductor Equity Investment Fund Partnership, and the City of Dezhou in Shandong
Feb. 2020	Established Shanghai Union Semiconductor Co., Ltd (Shanghai Union)
Mar. 2020	Established Shandong GRINM RS Semiconductor Materials Co., Ltd. (SGRS) and Beijing Gritek & IVT Technology Co., Ltd. (Beijing IVT)
Oct. 2020	Completion of a new factory in Shandong GRITEK, a production base for prime wafers in China

Shandong GRITEK, New Manufacturing Plant

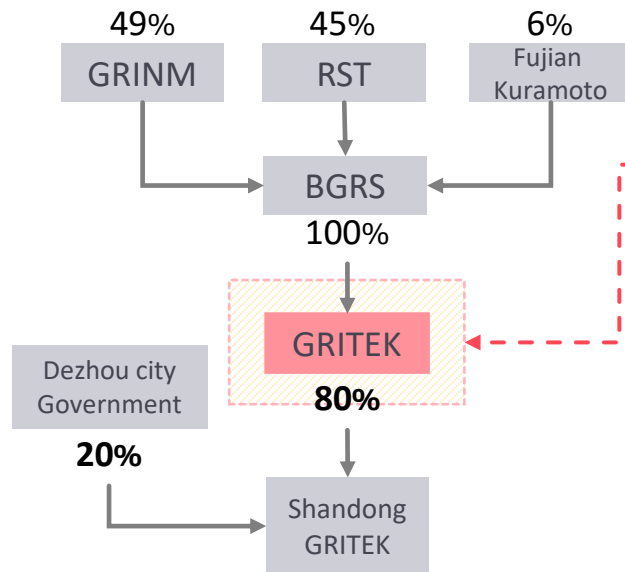
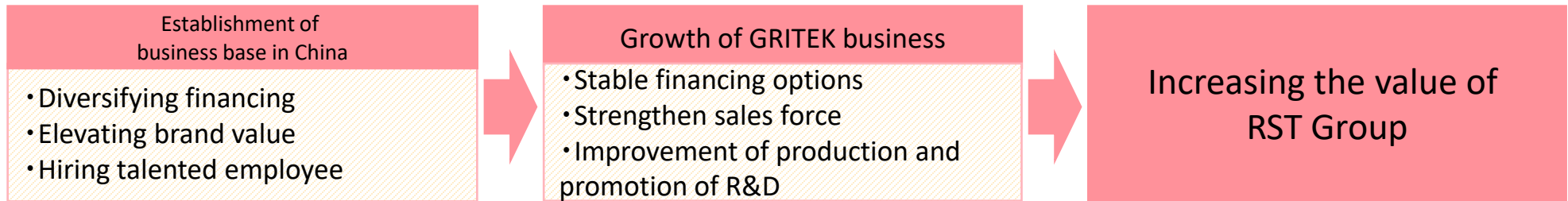
- Completion of Shandong GRITEK in Oct, 2020.(Dezhou City, Shandong, China).
- Start running and producing prime wafer for Chinese Market



RST's subsidiary in China, GRITEK, preparing for IPO on STAR Market (1/2)

- In September, 2020, RST decided to prepare for GRITEK's IPO
- By conducting IPO, RST aims to elevate the value of GRITEK and expand their business

The Purpose of IPO



IPO Subject : GRITEK

- 1999: Established, manufacturing prime wafers
- 2018: Became consolidated subsidiary of RST
- 2020: Starting production of prime wafers at Shandong

Market : STAR Market

- Officially known as Shanghai Stock Exchange Science and Technology Innovation Board (Also known as Shanghai's NASDAQ)
- Opened on July 22, 2020 led by Chinese government.
- Compared to other equity market, listing requirement and procedures become eased and simplified.
- Mainly start-up tech companies in the market
- Starting with 25 companies. Now, about 130 companies have been listed.

RST's subsidiary in China, GRITEK, preparing for IPO (1/2)

- Board of Directors held on Nov. 19, 2020 approved share transfer of GRITEK's share as a part of IPO process.
- Now, Preparing for IPO

Summary of Share Transfer

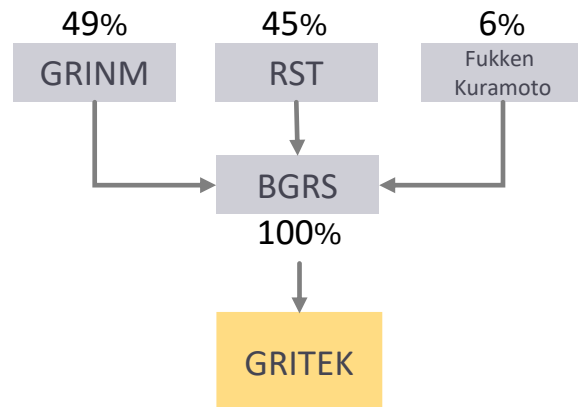
- **Current Status** : BGRS holding 100% of GRITEK's Share
- **Share Transfer Scheme** : BGRS transferring GRITEK share to GRINM with 25.60%、Fukken Kuramoto with 3.14%、Employee stock ownership association with 5.00%、 and RST with 23.51%

Purpose of Share Transfer

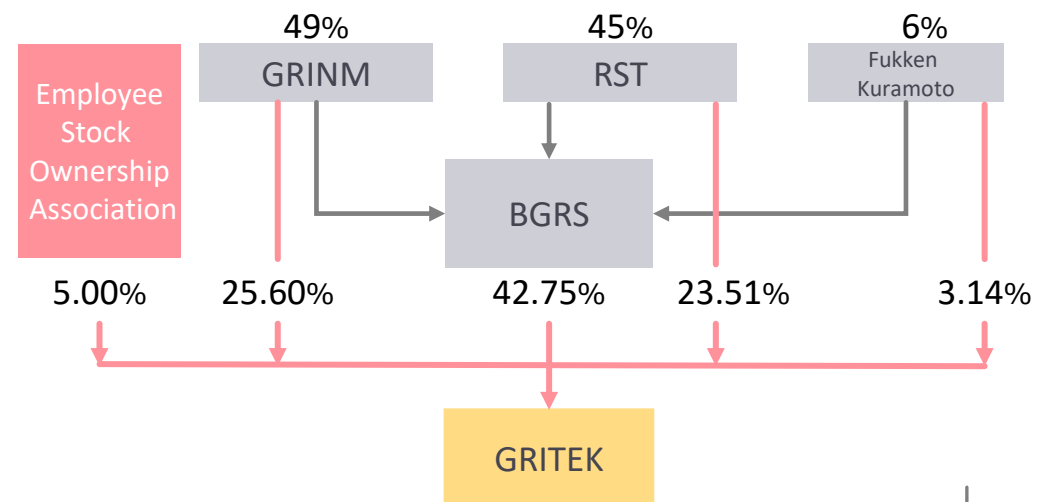
- Employee Stock Ownership Association stimulates GRITEK's employees' motivation
- Maintaining business relationship with GRINM

↓
Increasing RST Group's enterprise value

BEFORE Share Transfer



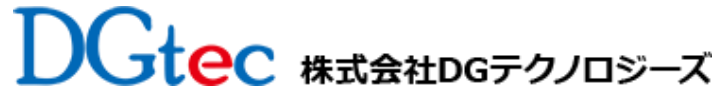
AFTER Share Transfer



Third Engine of Growth : DG Tec's Growth Strategy (1/2)

- DG Technologies manufactures consumable parts for semiconductor equipment
- In January, 2019, DG Technologies became a consolidated subsidiary of RS Technologies

Company Profile



Name	DG Technologies Co., Ltd
Est.	October 26, 1981
Business	Consumable parts for semiconductor equipment
Address	3-4, Sunayama, Kamisu-city, Ibaraki
Capital	JPY 100 Million
CEO	Nagayoshi Ho

Product

Quartz and Silicon Consumable Parts
For Etching Equipment



Silicon Plate



Quartz Ring

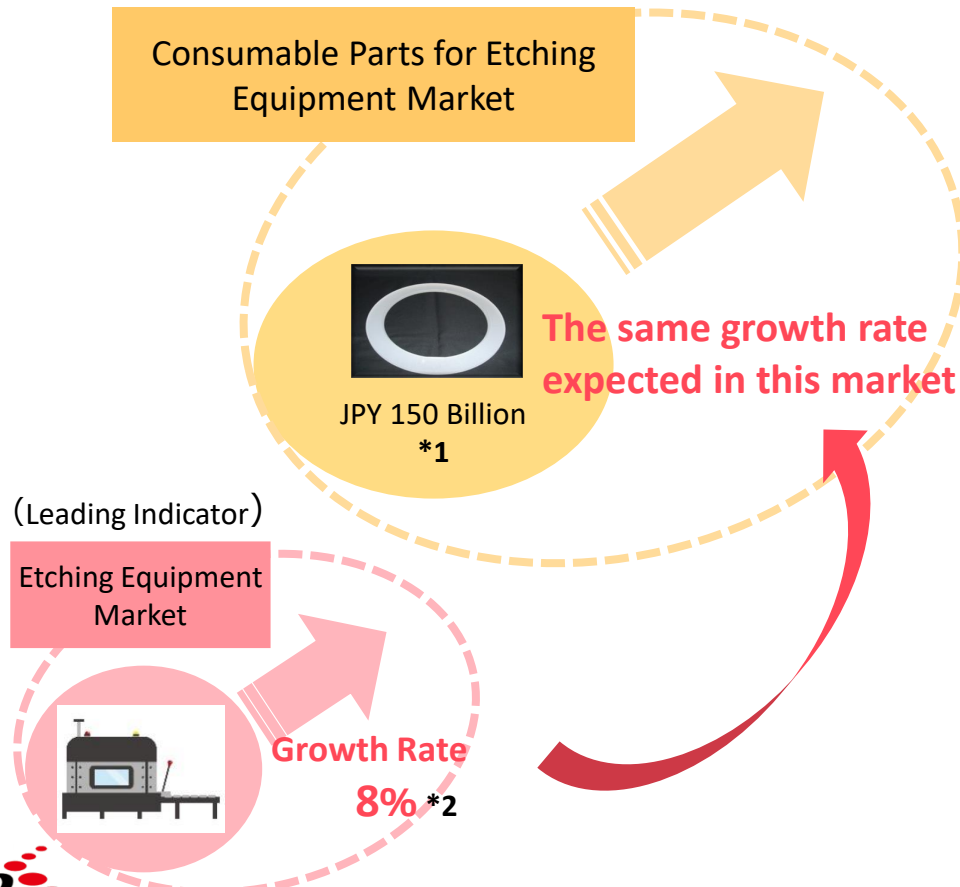
Main Customer

Semiconductor Manufacturers
Semiconductor Equipment Manufacturers

Third Engine of Growth : DG Tec's Growth Strategy (2/2)

- Market for Quartz and Silicon Consumable Parts for Etching Equipment
- By executing the Growth Strategy, DG Tec targets to become top provider in the market

Market Forecast



Growth Strategy

- ◆ **Strengthening Sales Activities**
⇒ Cross-selling DG Tec's parts to RST's existing customers
- ◆ **Reinforcement of Production Capacity**
⇒ Execution of CAPEX helps DG Tec meet customers' required quantities and delivery time of products.
(Expected CAPEX in 2021 : JPY 1.2 billion)
- ◆ **Improvement of Production Efficiency**
⇒ Optimization of human resources and production planning leads to overall production efficiency
- ◆ **Optimization of Procurement**
⇒ Purchasing raw materials from GRITEK creates cost advantage.

Building up Corporate Planning Dept & Receipt of Medal of Honor

- Added a member who has numerous experience in M&A
- On November 2nd, 2020, RS Tech received the Medal of Honor, medal with dark-blue ribbon.

Building Up Corporate Planning Department

Dept	Corporate Planning Department
Number	3 (three) *As of Feb 21, 2021
Job Description	Planning and Execution of M&A, Management of subsidiaries etc.
organization	Department directly reporting to CEO

Receipt of Medal of Honor

Medal with dark-blue ribbon is awarded to individuals or companies that have made exceptionally generous financial contributions for the well-being of the public by Emperor of Japan.

(Photo taken on Nov. 2, 2020)



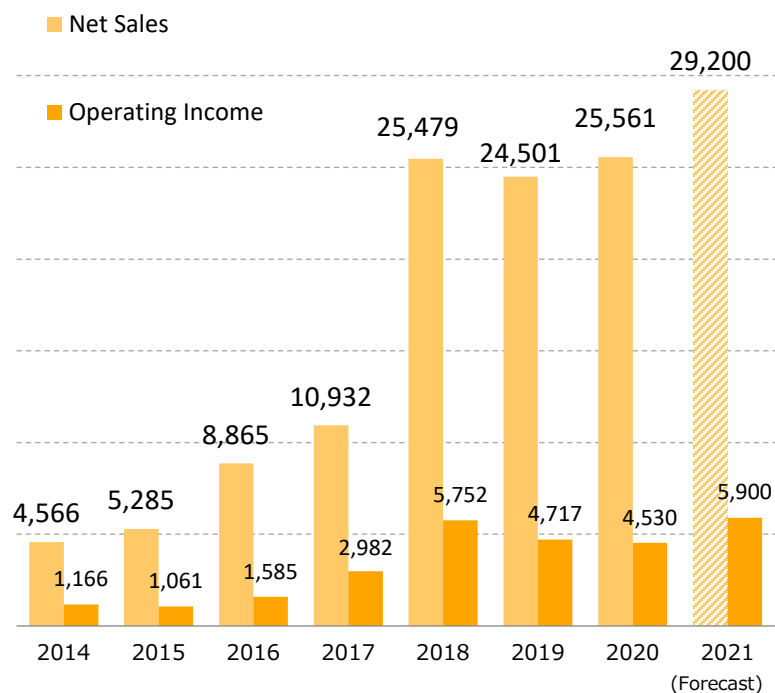
Mayor of Osaki-city, Yasushi Ito on the left, CEO Nagayoshi Ho on the right

RS Technologies Today

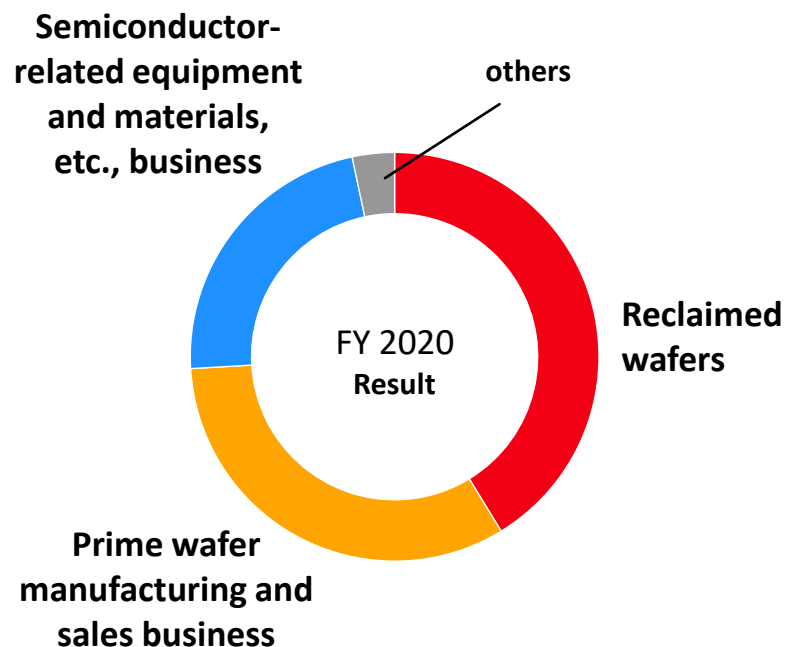
- A comprehensive wafer manufacturer in the silicon wafer reclamation business and prime wafer business.
- Business has expanded into semiconductor-related equipment and materials, etc., business and solar business.
- The Company boasts the world's top share in the silicon wafer reclamation business and is expanding its prime wafer business in China for its domestic use.

Consolidated Net Sales and Operating Income

(Unit: Million yen)

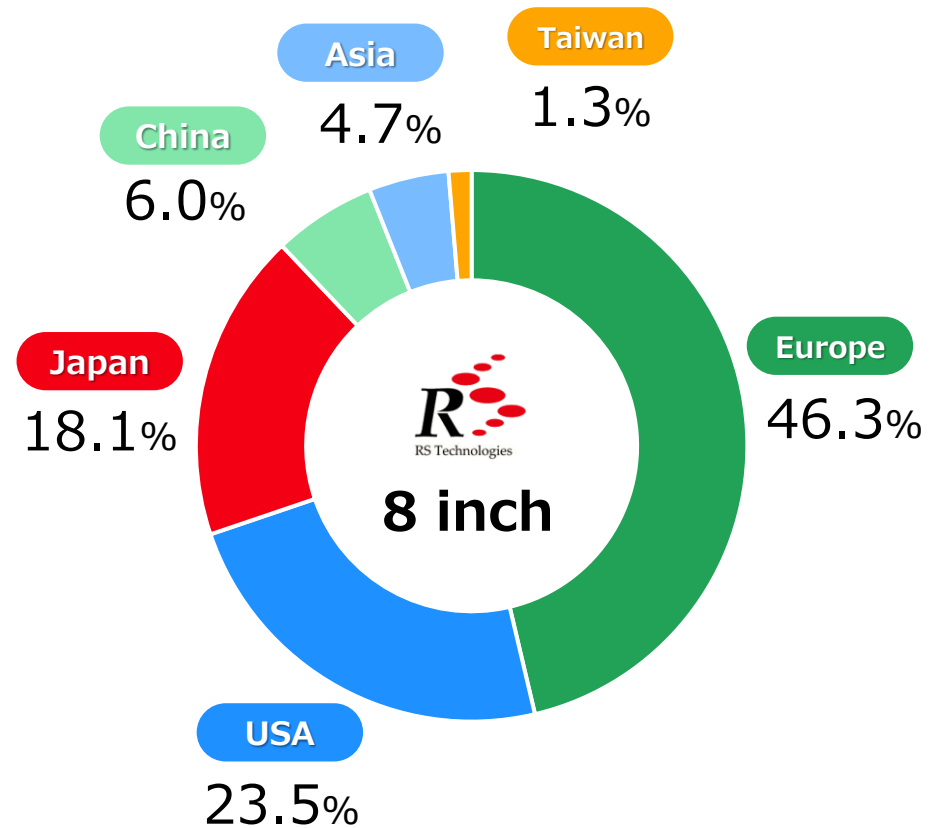
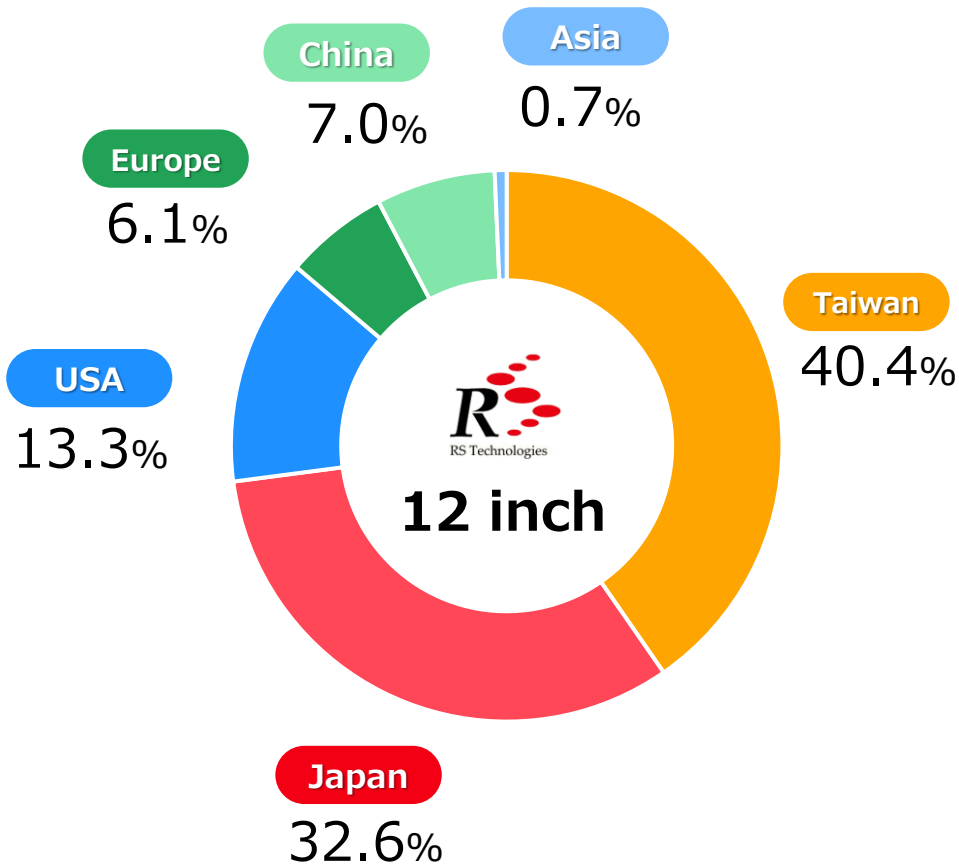


Sales by Business Segment



Share of Total Shipments from the Silicon Wafer Reclamation Business

- The customers are major global semiconductor manufacturers, mainly in Japan, Taiwan, USA, and Europe.
- In October 2020, the new Shandong GRITEK factory was completed to meet future demand expansion.



NOTE : RST's own research (2020)

2. FY12/2020 Results Summary

FY12/2020 (Cumulative) Result Summary

- Net Sales climbed because of the increase of production capacity in reclaimed wafer and semiconductor related E&M business.
- Operating Income dropped due mainly to relocation of manufacturing factory from Beijing to Shandong.

(JPY Million)	FY 12/2019	FY12/2020 Forecast	FY12/2020 Modified Forecast (July 29)	FY 12/2020	vs. Previous Term	vs. Modified Forecast
Net Sales	24,501	22,700	23,500	25,561	4.3%	8.8%
Operating Income	4,717	3,200	4,300	4,530	△4.0%	5.3%
Operating Margin	19.3%	14.1%	18.3%	17.7%	△1.6pt	△0.6pt
Ordinary Income	5,416	3,400	4,800	5,252	△3.0%	9.4%
Ordinary Margin	22.1%	15.0%	20.4%	20.5%	△1.6pt	0.1pt
Net Income attributable to the parent company	3,035	2,400	2,800	2,824	△7.0%	0.9%
EPS	236.98	187.07	216.74	219.15	△7.5%	1.1%

FY 12/2020 (Cumulative) Results by Segment and Company

- **Reclaimed Wafer Business:** Net sales rose due to reinforcement of production capacity while operating income slightly declined year on year mainly triggered by a rise in shipping cost. (The rise of shipping cost affected by COVID-19)
- **Prime Wafer Business:** Net sales went down due to the effect of COVID-19 and factory relocation while operating income slightly dropped because of relocation cost of new factory
- **Semiconductor-related E&M Business:** By building up sales force, net sales and operating income went up.

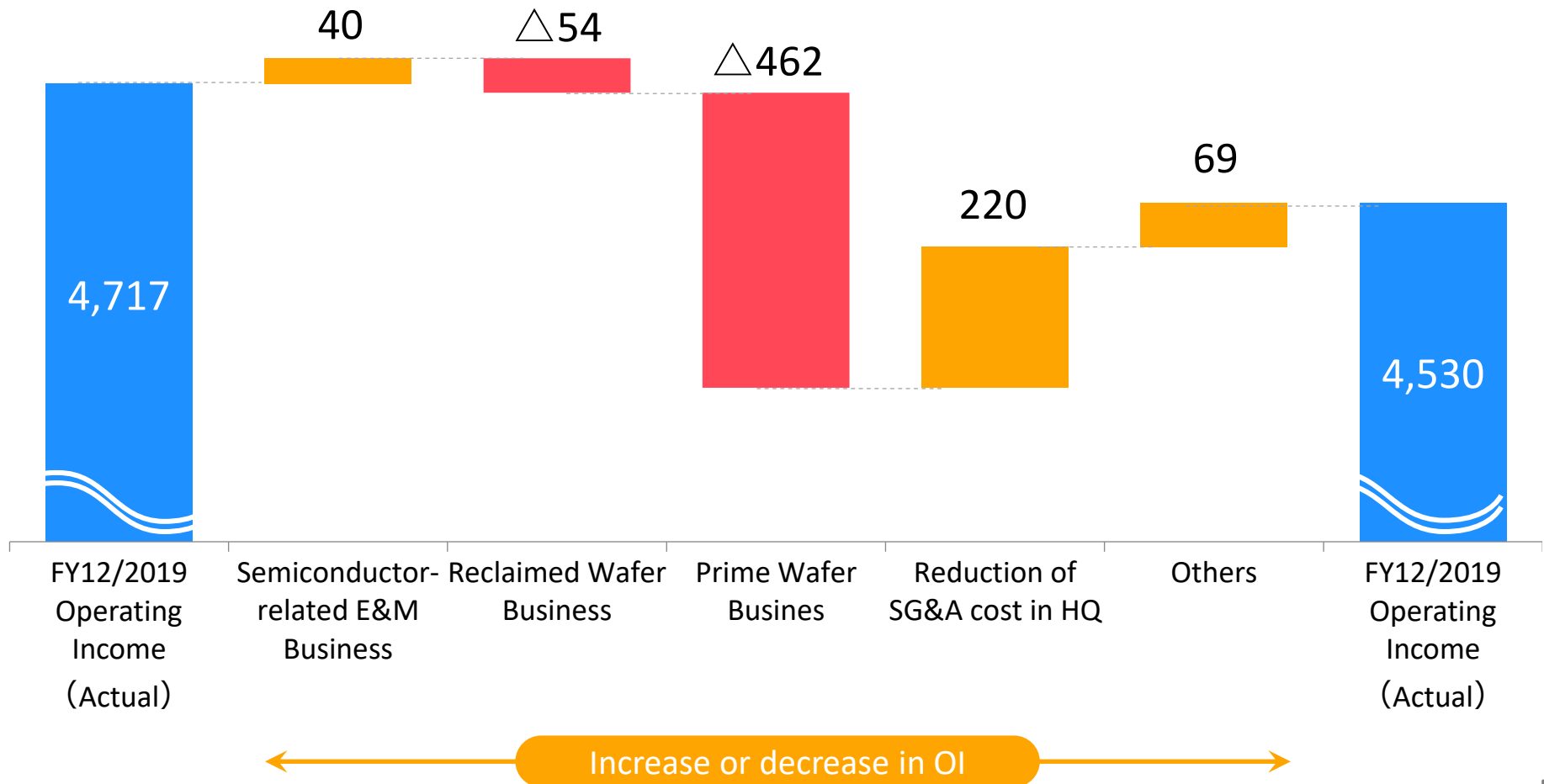
	Reclaimed Wafer Business		Prime Wafer Manufacturing and Sales Business		Semiconductor-related Equipment, Materials, etc., Business		Others, Adjustments		Consolidated Total	
		YoY		YoY		YoY		YoY		YoY
By Segment (JPY Million)										
Net Sales	11,461	6.4%	8,755	△13.0%	6,272	55.0%	△927	—	25,561	4.3%
Operating Income	4,027	△1.3%	1,041	△30.7%	211	23.4%	△749	—	4,530	△4.0%
Operating Margin	35.1	△2.8pt	11.9	△3.1pt	3.4	△0.9Pt	—	—	17.7	△1.6pt

	RS		Subsidiary in Taiwan		Subsidiaries in China		Others, Adjustments		Consolidated Total	
		YoY		YoY		YoY		YoY		YoY
By Company (JPY Million)										
Net Sales	11,532	22.1%	4,842	39.8%	8,783	△12.7%	404	—	25,561	4.3%
Operating Income	2,107	5.9%	1,425	20.3%	725	△53.6%	273	—	4,530	△4.0%
Operating Margin	18.3	△2.8pt	29.4	△4.8Pt	8.3	△7.3pt	—	—	17.7	△1.6Pt

FY 12/2020 Analysis of Operating Income (OI)

- Although Semiconductor-related E&M Business contributed to operating income, relocation of factory in China reduced sales volume, which overall affected in operating income.

(JPY Million)



FY 12/2020 Q4 (Single Quarter: Oct.-Dec.) Results Summary

- Net Sales climbed because of the increase of production capacity in reclaimed wafer and semiconductor related equipment and materials business.
- Operating Income dropped due mainly to relocation of manufacturing factory to Shandong

(Million yen)	12/2019 Q4	12/2020 Q4	vs Previous term	Change
Net sales	5,882	6,562	11.6%	680
Operating income	971	628	△35.3%	△343
Operating margin	16.5%	9.6%		△6.9Pt
Ordinary income	1,106	1,070	△3.3%	△36
Ordinary margin	18.8%	16.3%		△2.5Pt
Net income attributable to owners of the parent	528	494	△6.4%	△34
Earning per Share (EPS)	JPY 41.24	JPY 38.19	△7.4%	JPY△3.05

FY 12/2020 Q4 (Single Quarter : Oct.-Dec.) Results by Segment & Company

- **Reclaimed Wafer Business:** Net sales rose by high demand from customers while Operating income fell due to the rise of shipping cost which is triggered by COVID-19.
- **Prime Wafer Business:** Net sales dropped due to relocation of factory in China. Operating income also declined because of relocation cost *.
- **Semiconductor-related E&M:** By building up sales force, net sales and operating income went up.

* Relocation costs, etc. are mainly relocation costs to the new factory, and we receive subsidies from the Chinese government. In terms of accounting, operating income is declining because subsidy income is recorded as non-operating income, but ordinary income will be at the level after offsetting expenses and subsidy income.

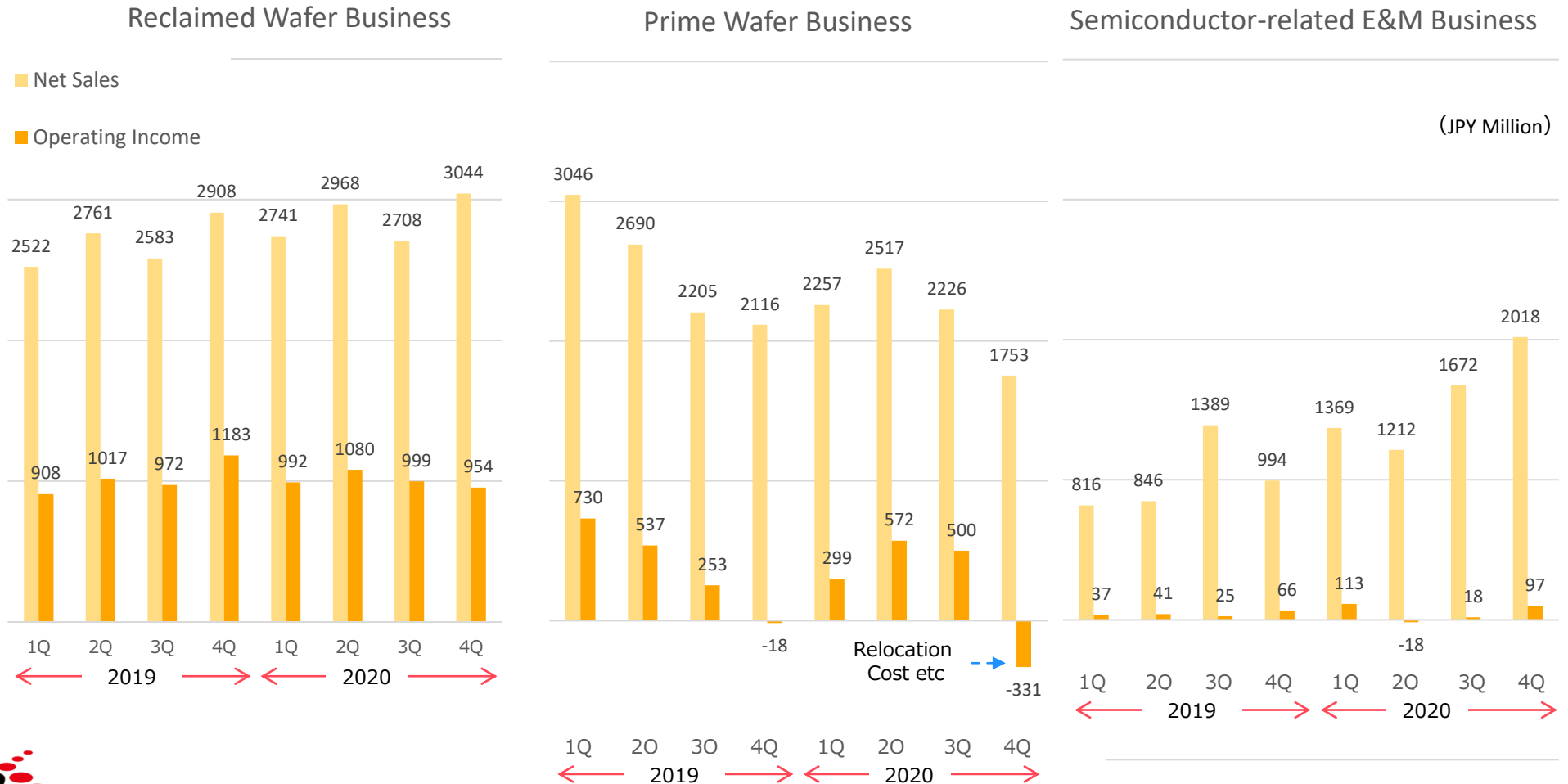
	Reclaimed wafer business		Prime Wafer Manufacturing and Sales Business		Semiconductor-related Equipment, Materials, etc., Business		Others, Adjustments		Consolidated Total	
		YoY		YoY		YoY		YoY		YoY
By Segment (Million yen)										
Net sales	3,044	4.7%	1,753	△17.2%	2,018	103.0%	△253	—	6,562	11.6%
Operating income	954	△19.4%	△331	—%	97	47.0%	△92	—	628	△35.3%
Income Margin	31.3	△9.3Pt	△18.9	△18.0Pt	4.8	△1.8Pt	—	—	9.6	△6.9pt

	RS		Subsidiary in Taiwan		Subsidiaries in China		Others, Adjustments		Consolidated Total	
		YoY		YoY		YoY		YoY		YoY
By Company (Million yen)										
Net sales	3,417	46.7%	1,337	32.9%	1,799	△15.0%	9	—	6,562	11.6%
Operating income	622	9.9%	367	△7.3%	△719	—%	358	—	628	△35.3%
Income Margin	18.2	△6.1Pt	27.4	△11.9pt	△40.0	△39.6pt	—	—	9.6	△6.9pt

FY 12/2020 Q4 Quarterly Result Chart by Segment

- **Reclaimed Wafer Business:** Net sales rose by high demand from customers while operating income fell due to the rise of shipping cost which is triggered by COVID-19
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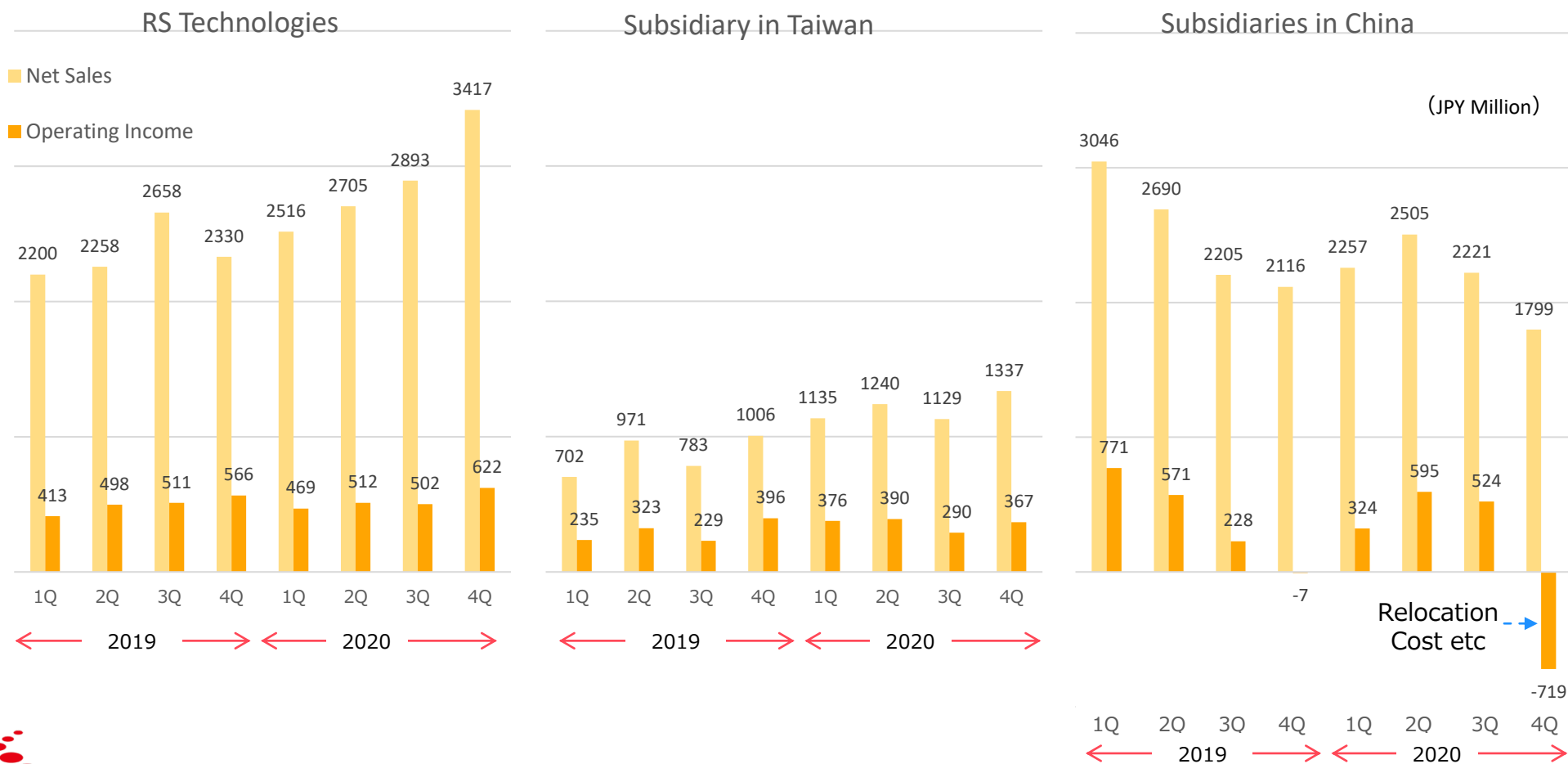
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FY 12/2020 Q4 Quarterly Result Chart by Company

- **Reclaimed Wafer Business:** Net sales rose by high demand from customers while Operating income fell due to the rise of shipping cost which is triggered by COVID-19
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Balance Sheet and Cash Flow Statement

- As a result of CAPEX of Shandong Factory, Cash Flows from Investing Activities shows JPY 91 billion and about JPY 34 billion cash and cash equivalents decreased

Consolidated Balance Sheet

(Million JPY)	12/2019	12/2020
Assets		
Current Assets	32,760	32,626
Cash and cash equivalents	22,156	19,082
Notes and account receivable	6,047	6,321
Merchandise and finished goods	1,713	2,116
Non-Current Assets	15,873	26,124
Property, plant, and equipment	14,635	24,146
Intangible assets	732	527
Investment and other assets	506	1,451
Total Asset	48,634	58,750
Liabilities		
Current liabilities	7,252	12,631
Notes and account payable	1,614	2,871
Short term debts	1,730	1,522
Non-current liabilities	5,400	5,754
Long term debts	2,232	1,613
Total Liabilities	12,652	18,385
Net Asset		
Net Asset	35,981	40,365
Total Liabilities and Net Assets	48,634	58,750

Consolidated Cash Flow Statement

(JPY Million)	12/2019	12/2020
Cash Flows from Operating Activities	9,015	6,377
Cash Flows from Investing Activities	△6,107	△9,188
Cash Flows from Financing Activities	4,206	△776
Effect of Exchange Rate Changes on Cash and Cash Equivalents	△404	134
Increase (Decrease) in Cash and Cash Equivalents	6,710	△3,453
Cash and Cash Equivalents At the beginning of Fiscal Year	14,652	21,363
Cash and Cash Equivalents At the end of Fiscal Year	21,363	17,910

3. Medium-term Management Plan Outlook

Summary of Medium-Term Management Plan (4 years:2021-2024)

- **Reclaimed Wafer Business:** Steady growth by executing further investment to meet market demand
- **Prime Wafer Business:** Securing stable supply of 8 inch prime wafer
- **Semiconductor-related E&M Business:** Gaining new customers in Chinese market

(Million yen)	12/2019	12/2021	12/2022	12/2023	12/2024
	Actual	Forecast	Forecast	Forecast	Forecast
Net sales	25,561	29,200	32,900	34,800	37,100
Operating income	4,530	5,900	6,500	7,000	7,900
Operating Margin	17.7%	20.2%	19.8%	20.1%	21.3%
Ordinary income	5,252	5,900	6,600	7,100	8,000
Ordinary Margin	20.5%	20.2%	20.1%	20.4%	21.6%
Net income attributable to owners of the parent	2,824	3,100	3,700	4,200	4,800
EPS	219.15	240.51	286.19	324.87	371.27

Outlook of FY 12/2021

- Although depreciation cost by CAPEX is forecast to squeeze operating income of RS and RS Taiwan year on year, stable mass production of 8 inch prime wafer in China and increasing demand in Semiconductor-related E&M products will contribute to increasing net sales year on year.

(JPY Million)	FY 12/2020 (Jan-Dec, 2020)	FY 12/2021 (Jan-Dec, 2021)	vs. Previous Year	
	Actual	Forecast	Increase/decrease	%
Net Sales	25,561	29,200	3,639	14.2%
Operating Income	4,530	5,900	1,370	30.2%
Operating Margin	17.7%	20.2%	2.5pt	
Ordinary Income	5,252	5,900	648	12.3%
Ordinary Margin	20.5%	20.2%	△0.3pt	
Net income attributable to owners of the parent	2,824	3,100	276	9.8%
EPS	JPY 219.15	JPY 240.51	21.36	9.7%
Annual Dividend	JPY 20	JPY 20	—	—

(JPY Million)	RS		Subsidiary in Taiwan		Subsidiaries in China		Others, Adjustments	Consolidated Total	
		YoY		YoY		YoY			YoY
Net Sales	11,300	△2.0%	4,900	1.2%	10,900	8.4%	2,100	29,200	14.2%
Operating Income	1,700	△19.3%	1,200	△15.8%	2,600	66.2%	400	5,900	30.2%
Operating Margin	15.0%	△3.3pt	24.5%	△4.9pt	23.9%	8.4pt	-	20.2%	2.5pt

Capital Investment Plan: Reclaimed Wafer Business

- Following growing demand of semiconductors in global scale, factory in Japan and Taiwan will increase production capacity and factory in China will execute stable mass production.

Japan

Total investment: JPY 1.4 bil.

- Expand production capacity for 12-inch reclaimed wafers.
- 2020 to 2022: JPY 1.4 bil. (40,000 wafers)

12-inch reclaimed wafer production capacity (per month)

2020	2021	2022	2023
260k	280k	300k	300k

FY2020	FY2021	FY2022
JPY 900 million	JPY 500 million	TBD

Taiwan

Total investment: JPY 1.4 bil.

- Expand production capacity and conduct refinement for 12-inch reclaimed wafers.
- 2020 to 2023: JPY 1.4 bil. (40,000 wafers)

12-inch reclaimed wafer production capacity (per month)

2020	2021	2022	2023
160k	180k	190k	200k

FY2020	FY2021	FY2022
JPY 800 million	JPY 300 million	JPY 300 million

China

Total investment: JPY 3.6 bil.

- Invest a new 12-inch reclaimed wafer production base.
- Phase 1 investment (2020 to 2023): JPY 3.6 bil. (50,000 wafers)
- Phase 2 Investment (2024~)

12-inch reclaimed wafer production capacity (per month)

2020	2021	2022	2023
0k	0k	50k	50k

Phase 1 investment

FY2020	FY2021	FY2022
JPY 3 billion	JPY 500 million	JPY 100 million

Capital Investment Plan: Prime Wafer Business

- **8 inch prime wafer:** Targeting to produce 130k wafers per month
- **12 inch prime wafer:** Executing R&D to produce 10k wafers per month

China (8 inch)

Action to take:

- Quick startup of Shandong Factory
- Execution of stable mass production

8-inch prime wafer production capacity (per month)

2020 → 2021
80k → **130k**

FY2020	FY2021	FY2022
- *1	TBD	TBD

*1: completed investment in 2020

China (12 inch)

Action to take:

Test line investment: JPY 4 bil.

- R&D for 12-inch prime wafer mass production.
- Aim for mass production set-up for 300k wafers through a test line for 10k.

12-inch prime wafer production capacity (per month)

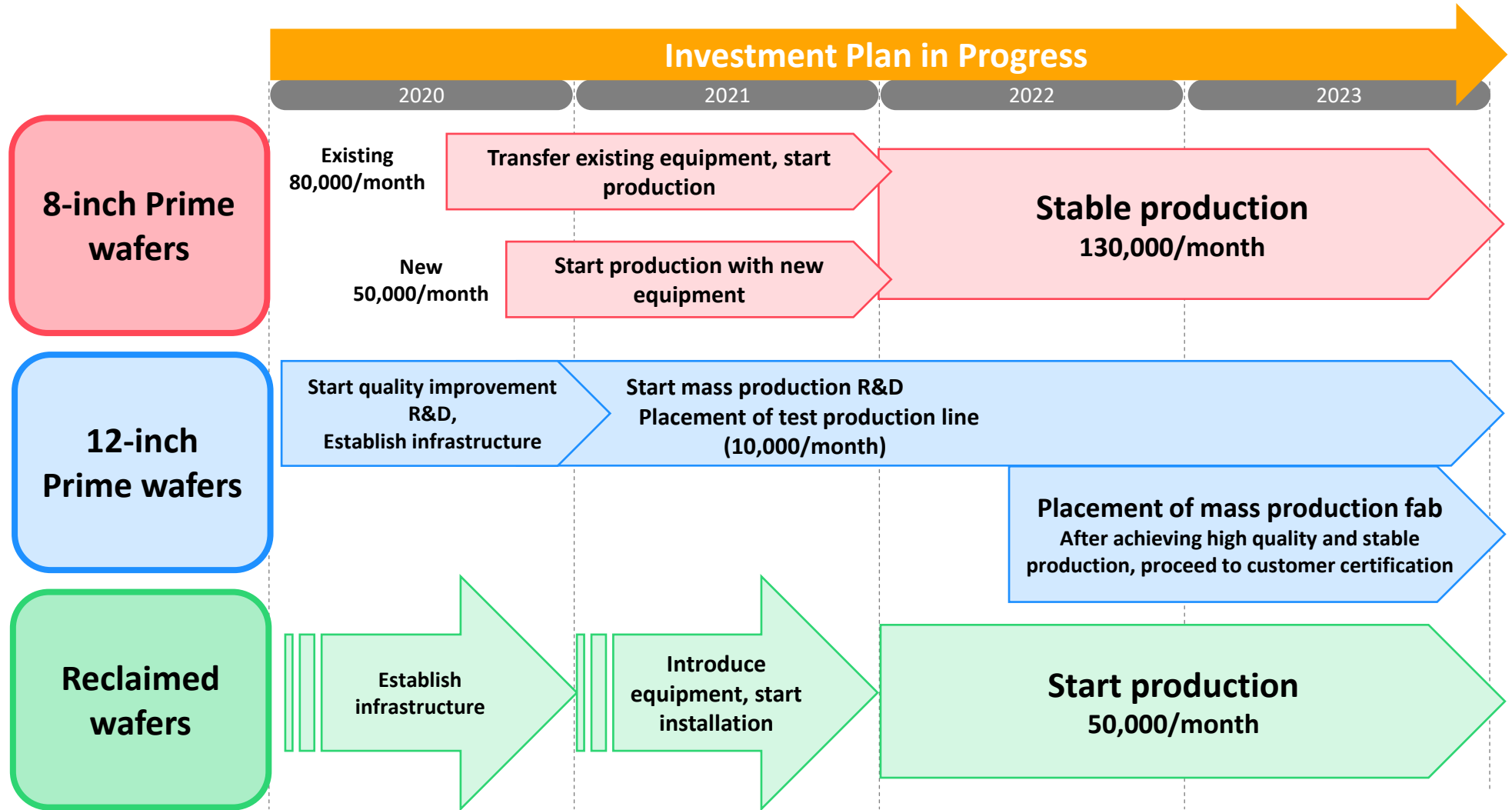
2020 → 2021 → 202X
0k → **10k*2** → **300k**

FY2020	FY2021	FY2022
JPY 0.5 bil.	JPY 4.5 bil.	TBD

*2: Test line for mass production R&D

Investment Plan in Progress for China (Schedule)

- Producing 130k wafers per month for 8 inch prime wafer and executing R&D to produce 10k wafers per month for 12 inch is scheduled in 2021.



China Investment Plan in Progress (Current Status)

- 8 inch prime wafers

Status: The new manufacturing factory for 8 inch prime wafers, Shandong Factory, has started mass production.

- 12 inch prime wafers

Status: R&D teams continues to improve the quality of ingots for 12-inch prime wafers

<Status of 8-inch prime wafers>

Starting mass production



<Status of 12-inch prime wafers>

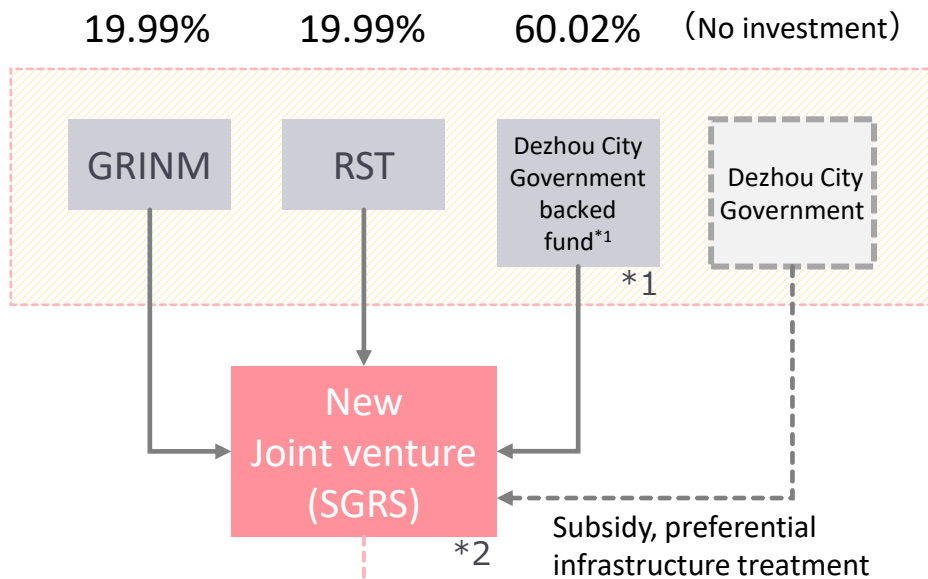
Conducting R&D for 12-inch ingot



Business Scheme for 12-inch Silicon Wafers in China

- Establishing a new joint venture with the City of Dezhou and others in March 2020.
- The entry into 12-inch silicon wafer business with 19.9% investment avoids initial investment risks.
- Starting a test line for 10,000 wafers/month and aiming for mass production of 300,000 wafers/month.

Investment scheme of the J/V



Joint venture agreement

- Joint venture agreement concluded among the 4 parties.
- There are 3 investors (GRINM, RST, and Dezhou City Government Fund)
- Dezhou City Government to provide support for infrastructure, etc.

Business contents

- 12-inch prime wafer business (manufacturing, sales, development)
- 12-inch reclaimed wafer business

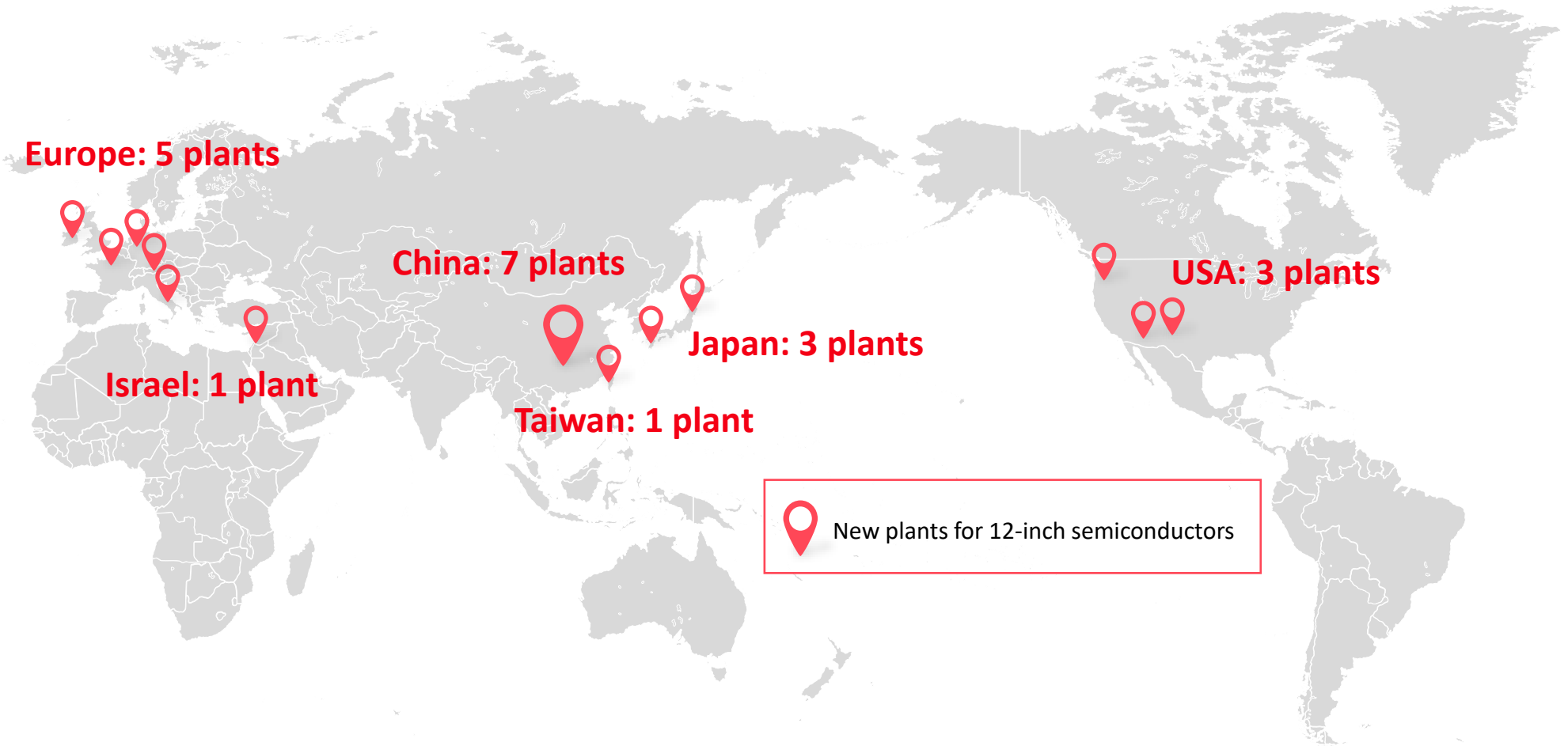
*1. Dezhou Huida Semiconductor Equity Investment Fund Partnership

*2. Shandong GRINM RS Semiconductor Materials Co., Ltd.

New Demand in Reclaimed Wafer Business:

Plans to construct new 12-inch semiconductor plants

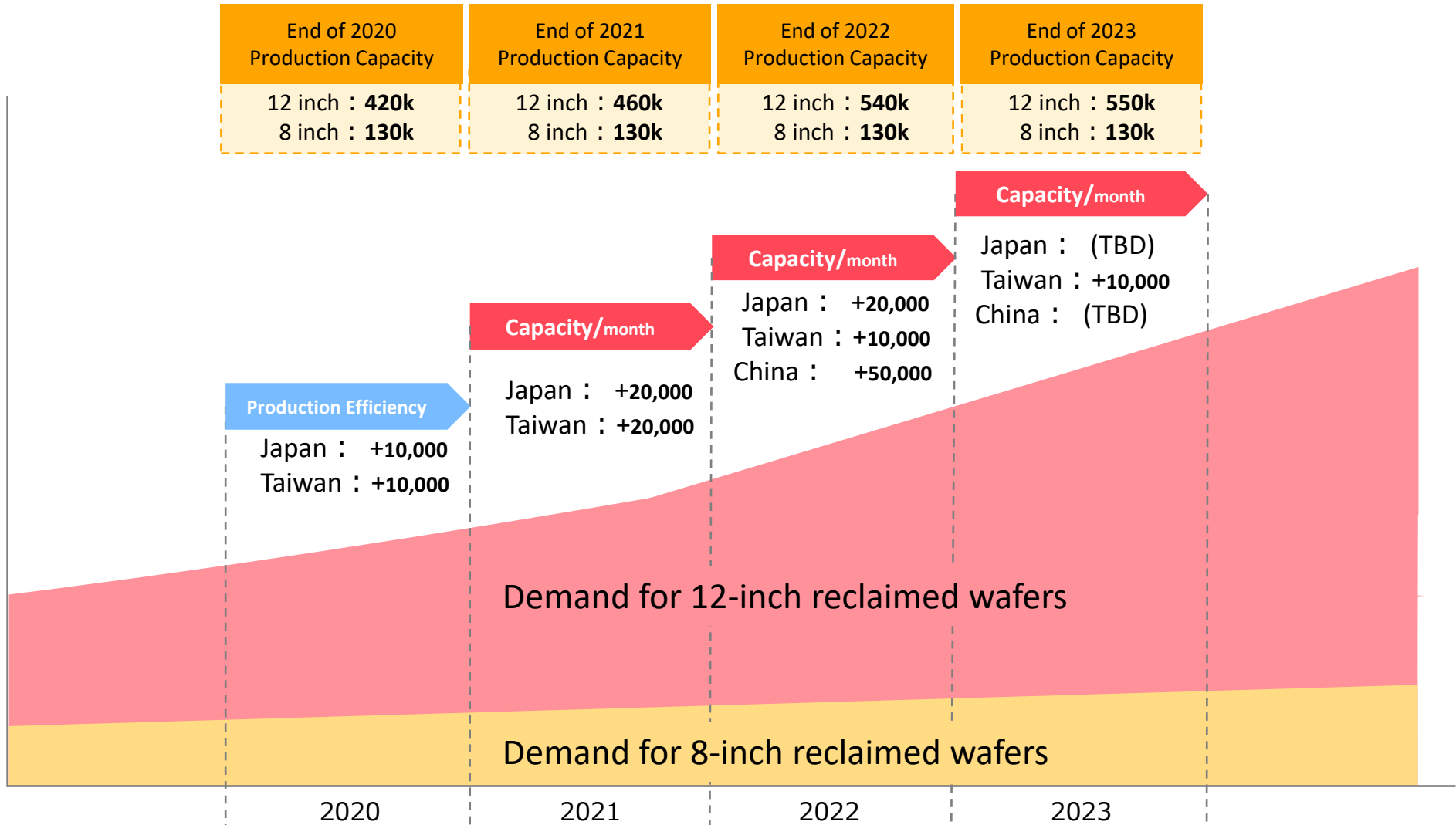
- There are plans to construct new semiconductor plants to cope with the high demand for semiconductors for memory, CPU, computerization of automobiles, etc., in Europe, USA, Japan, etc.
- Meet new reclaimed wafer demand by capital investments in Japan, Taiwan, and China.



Note: RST survey

Reclaimed Wafer Demand Outlook

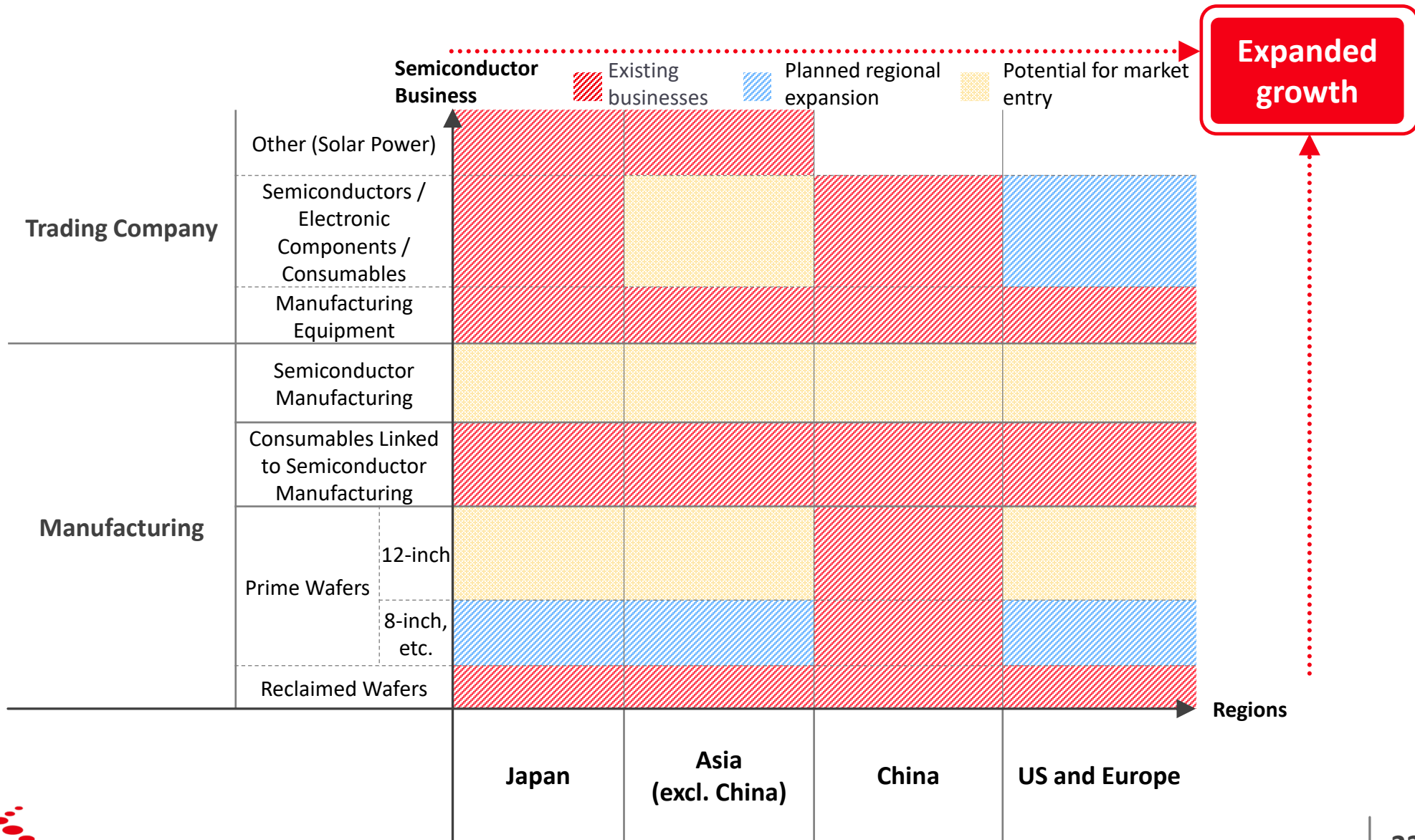
- Between 2021 and 2023, production capacity of reclaimed wafers is expected to increase: Japan: +40,000, Taiwan: +40,000, China: +50,000



Note : RST's own research

RS Technologies' Aims

Steady expansion of business domains and regions



Expanded growth

Appendix

Strengths of CEO Nagayoshi Ho

- President and CEO Nagayoshi Ho has knowledge gained from over 20 years in Japan, as well as strengths in worldwide sales, business networking, partnerships, and financing.
- President Ho has assembled a team of professionals from a broad range of fields including advanced technology and finance.



Nagayoshi Ho, center front (taken September 2016 at TSE)

Nagayoshi Ho

Born 1970 in Fujian Province, China

Completed Josai International University Graduate Program

Specialty fields:

M&A, business alliances

(successful M&As with more than 10 companies)

1998 Established Eiki Shoji Co., Ltd.

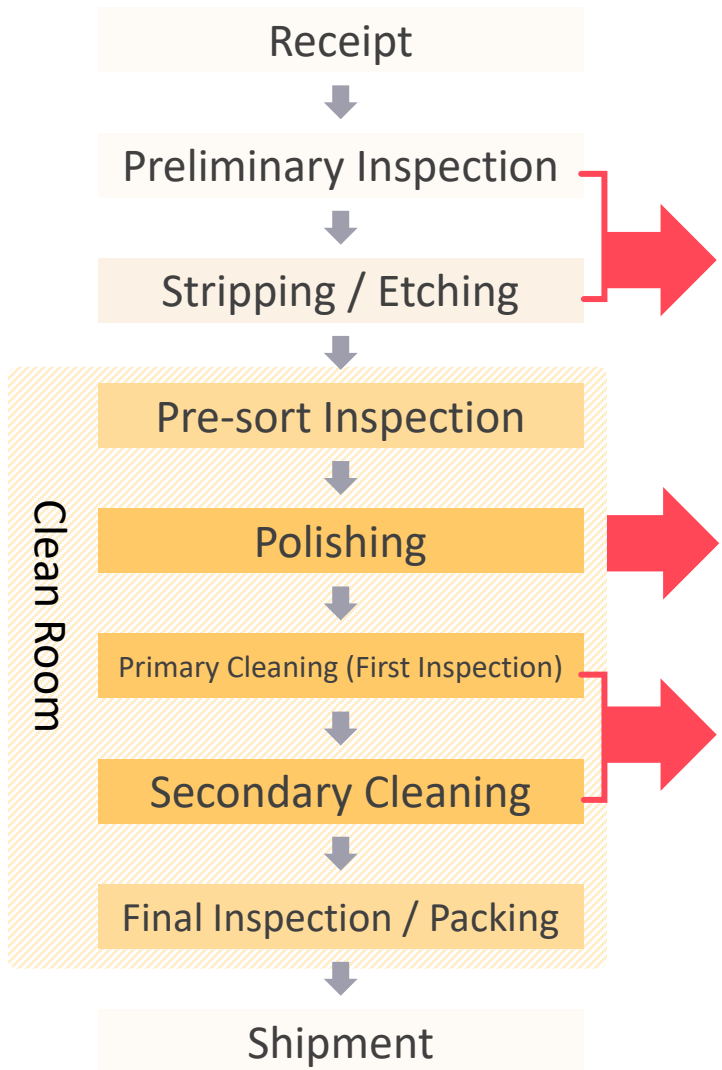
2010 Established and appointed president of RTS
(current position)

Favorite maxim: Where there is a will, there is a way

Supplementary information:

Nagayoshi Ho came to Japan after graduating high school. He has invested in more than 20 companies in Japan and abroad. In addition to semiconductors, he has experience investing in a range of businesses, including investment funds, trade, hotels, IT, and agriculture. He has traveled the world promoting his belief that Japanese manufacturing is the best in the world.

Reclaimed Wafer Business (1/2)



Strength

1

Able to strip all films

- Removed using chemical processes to minimize damage to surfaces

▶ Reclaimed many times ▶ Potential for greater cost reductions

Special (chemical) technique inherited from Rasa Industries



Polishing of scratches and uneven areas on the surface to make it smoother

Strength

2

Removal of metallic impurities

- Cleaning to remove minute particles and dirt on the wafer surface

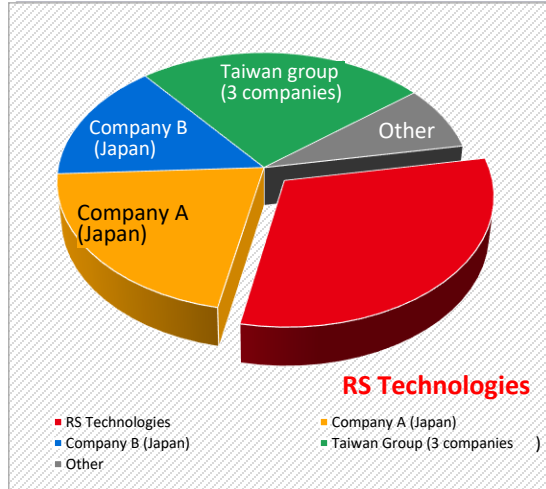
+ Removal of metallic impurities
Particular strength in removing copper (Cu)



Reclaimed Wafer Business (2/2)

Increasing Share of the Reclaimed Market

RS Technologies' Share of the 12-inch Reclaimed Market



A new plant in Taiwan and expansion of the Sanbongi Factory increased production capacity, increasing our market share to 33%.

We will further enhance production capacity at both plants by using empty factories at Sanbongi, and utilizing business partnerships, M&A, and other means.

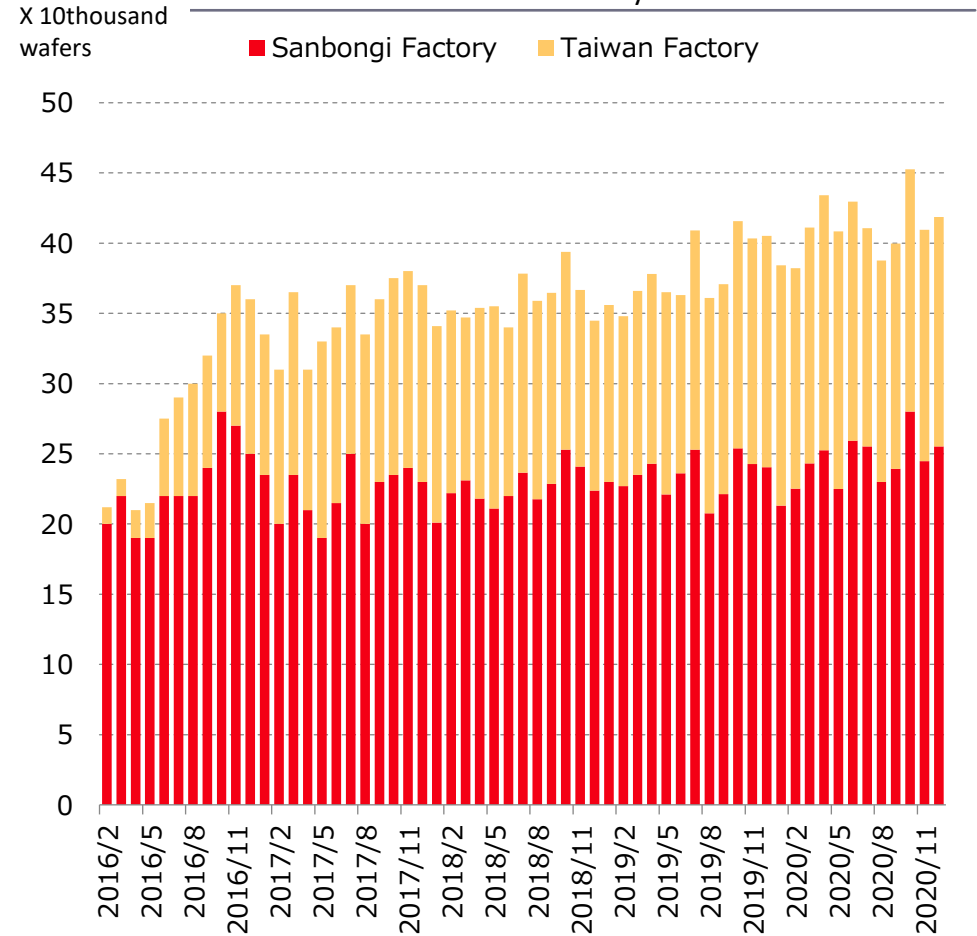
Note: RST survey

	FY12/ 2015 1H	FY12/ 2015 2H	FY12/ 2016	FY12/ 2017	FY12/ 2018	FY12/ 2019	FY12/ 2020
RST Group Production Capacity	180k wafers	240k wafers	280k wafers	300k wafers	340k wafers	400k wafers	420k wafers
RST Group Market Share	19%	24%	29%	30%	31%	33%	33%

Note: RST survey

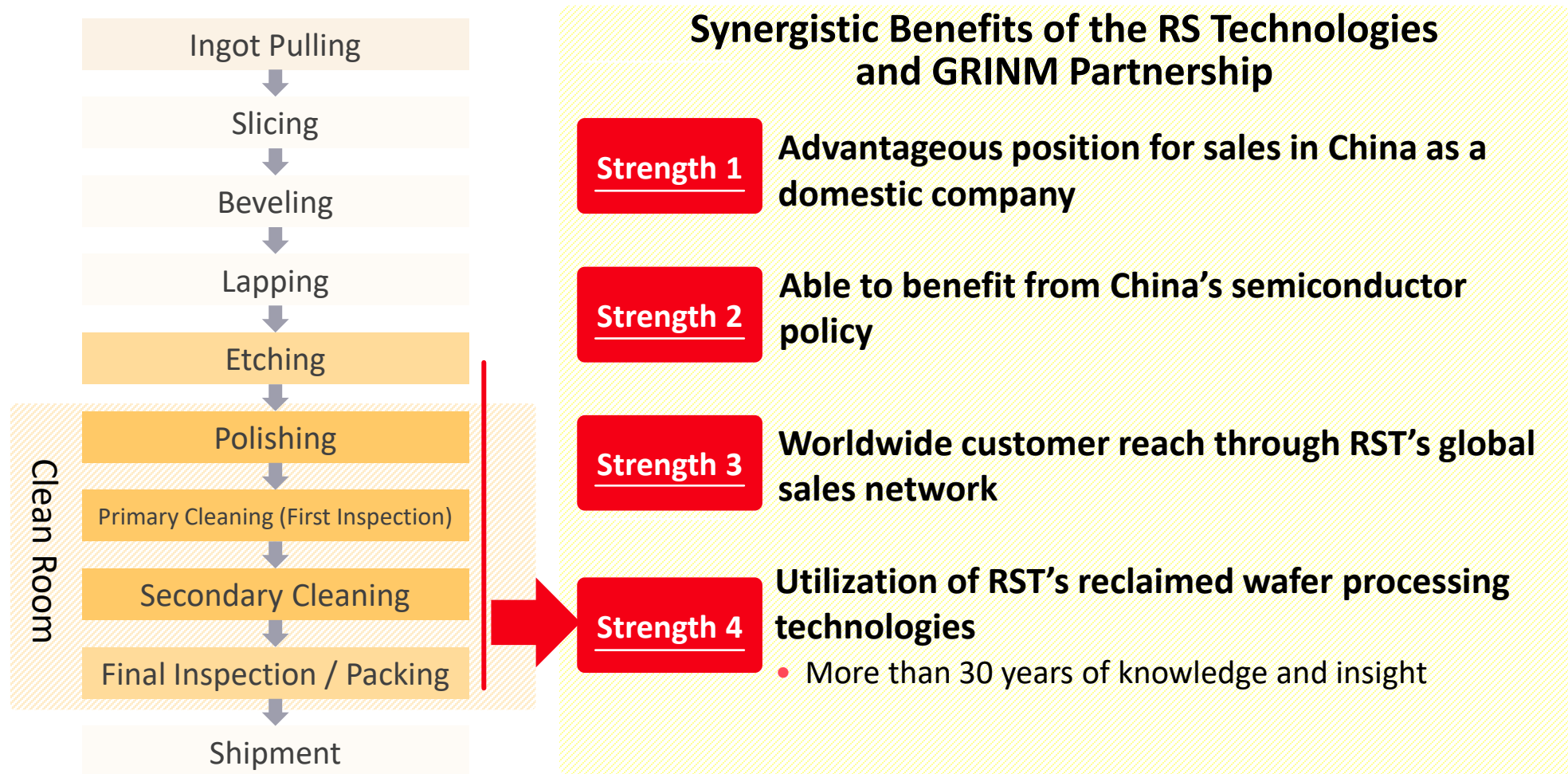
Shipments from the Sanbongi Factory and Taiwan Subsidiary (2016-2020)

Shipments of 12-inch Wafers from the Sanbongi Factory and Taiwan Subsidiary



Entry into Prime Wafer Business

- RS Technologies has established a joint venture with Chinese state-owned company General Research Institute for Nonferrous Metals (currently, Grinm Advanced Materials, hereafter, GRINM) and is developing its semiconductor business as a domestic Chinese company.



Regarding our Joint Venture Partner in China

- Established in 1952, GRINM is the largest state-owned research institute in the field of non-ferrous metals in China.
- Out of the roughly 13 million companies in China, about 300 thousand are state owned. Out of these, about 88 are directly owned by the central national government and GRINM is one of these.
- GRINM is a research institute through which government, industry and science come together. Nonferrous metal policies of the central national government are transmitted through GRINM.
- GRINM established operating companies that serve as evidence of its successful research. Currently, 34 of these companies exist.
- GRITEK, a subsidiary of Beijing GRINM RS Semiconductor Materials Co., Ltd. (BGRS), an RST joint venture, was established as GRINM's first operating company in 2001.



Partnership with the City of Dezhou in Shandong, China

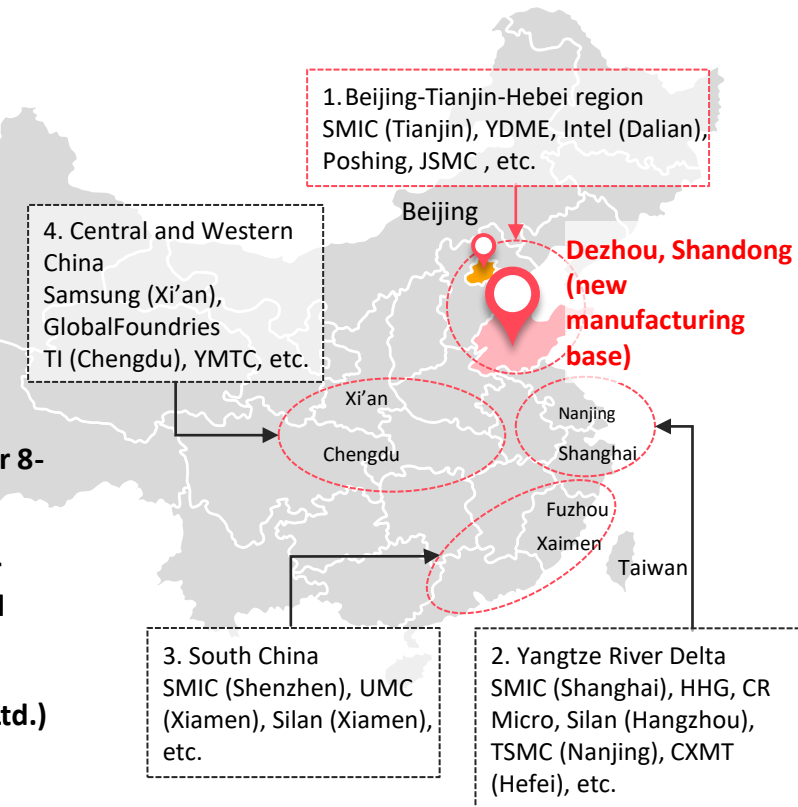
Subsidiary established for factory construction

Background of Partnership

1. Worldwide invitations for major semiconductor manufacturers to set up factories in the area are gaining momentum. Several semiconductor manufacturers are located nearby, making the area a prime location (see image on the right)
2. GRITEK will be able to offer plentiful benefits, including low-cost company housing and reduced utility expenses
3. Science and engineering universities are located nearby, providing favorable circumstances for acquiring superior human resources
4. Land expandable to a maximum of about 500,000m² (initially 200,000m²) has been procured, allowing for adequate response to future business progress in China

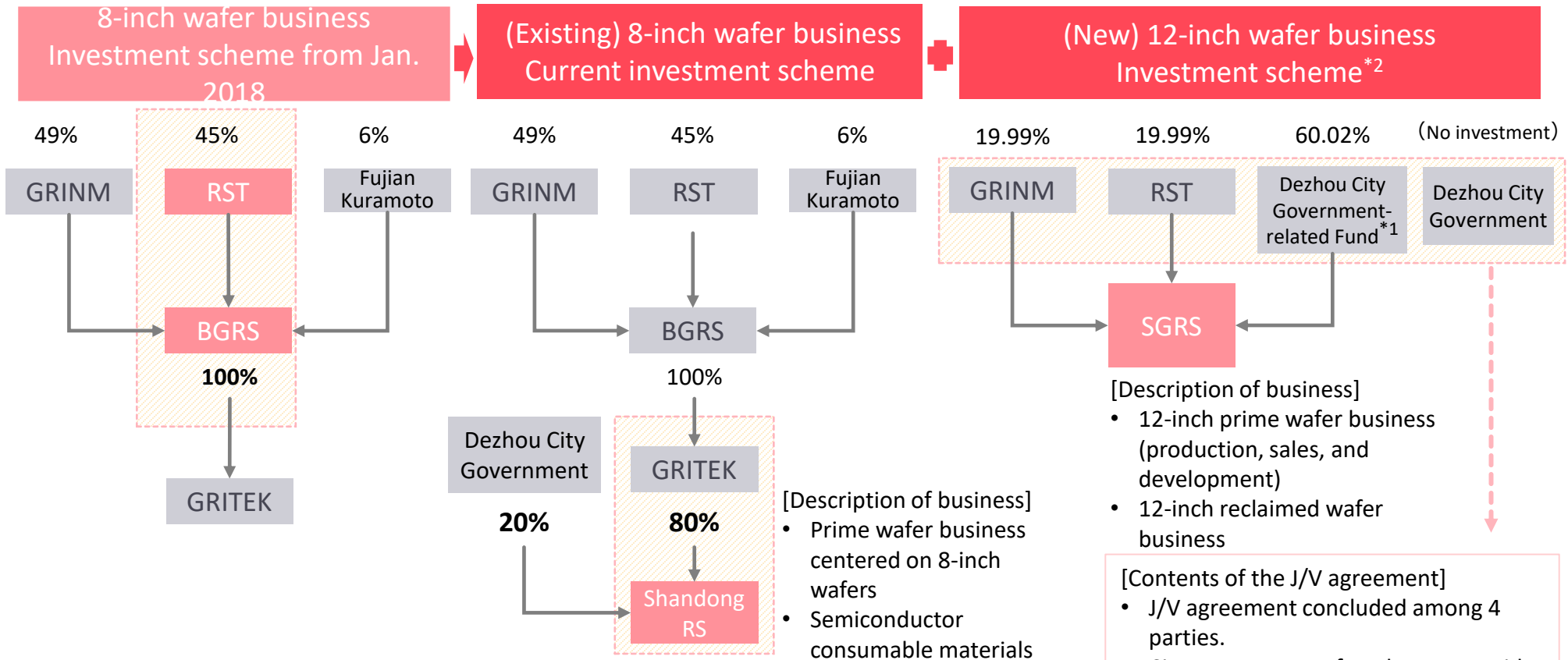
History and current status

1. Established new company (Shandong GRINM Semiconductor Materials Co., Ltd.) for 8-inch wafer business on August 23, 2018.
2. A four-party joint venture agreement concluded with General Research Institute for Nonferrous Metals (GRINM) , Dezhou Huida Semiconductor Equity Investment Fund Partnership, and the City of Dezhou in Shandong in Dec. 2019.
3. Established new joint venture (Shandong GRINM RS Semiconductor Materials Co., Ltd.) for 12-inch wafer business in March 2020
4. Dezhou City New Factory Completion Ceremony held on October 16, 2020



China Business Investment Scheme

- To undertake new 12-inch wafer business, a new joint venture Shandong GRINM RS Semiconductor Materials Co., Ltd. (SGRS) was established with GRINM, the City Government of Dezhou, etc. Initial risk has been suppressed by confining our initial stake.
- Prime wafer business undertaken by the new joint venture aims to establish a mass production system of 300,000 wafers per month, starting with a test line of 10,000 wafers per month. As Phase 1 investment for the reclaimed wafer business, the start of 50,000 wafers per month is targeted.



*1. Dezhou Huida Semiconductor Equity Investment Fund Partnership.

*2. Please refer to the "Notice regarding partial change of investment plan in China" disclosed on Dec. 18, 2019 for details. Listed stakes are the final and in accordance with investment agreements.

Year-by-Year Results

(JPY Million)	FY12/2013	FY12/2014	FY12/2015	FY12/2016	FY12/2017	FY12/2018	FY12/2019	FY12/2020
Net sales	3,475	4,566	5,285	8,864	10,932	25,478	24,501	25,561
Gross profit	1,173	1,820	1,852	2,544	4,252	8,366	7,940	8,681
SG&A	471	654	791	958	1,269	2,615	3,223	4,151
Operating income	703	1,166	1,061	1,585	2,982	5,751	4,717	4,530
Ordinary income	819	1,247	770	1,444	3,159	6,141	5,416	5,252
Net income*	525	664	143	861	2,113	3,620	3,035	2,824
Dividend (Yen)	-	-	-	10	5	10	15	20
Capital investment	338	3,503	4,665	209	95	1,328	4,809	12,409
Depreciation	87	103	326	682	714	1,298	1,814	1,674
Research and development expenses	1	6	11	85	183	501	449	929
Number of employees (Regular employees)	152	191	265	373	434	1,159	1,277	1,187

*Net income attributable to parent company

Principal Financial Statements

(JPY Million)	FY12/2013*	FY12/2014	FY12/2015	FY12/2016	FY12/2017	FY12/2018	FY12/2019	FY12/2020
Assets								
Current Assets	1,811	2,759	3,732	5,348	7,388	26,074	32,760	32,626
Cash and cash equivalent	397	1,190	1,842	1,952	3,243	14,879	22,156	19,082
Notes and accounts receivable - trade	681	696	795	2,531	2,916	6,958	6,047	6,321
Merchandise and finished goods	396	376	361	348	446	1,343	1,713	2,116
Non-Current Assets	508	4,064	5,845	5,333	4,843	10,516	15,873	26,124
Property, plant and equipment	461	3,918	5,667	5,152	4,674	8,963	14,635	24,146
Intangible assets	19	15	29	23	19	1,099	732	527
Investments and other assets	27	130	148	158	149	453	506	1,451
Total Assets	2,320	6,823	9,577	10,682	12,231	36,591	48,634	58,750
Liabilities								
Current liabilities	960	2,292	2,295	2,993	3,370	4,979	7,252	12,631
Notes and accounts payable - trade	138	151	186	283	398	1,554	1,614	2,871
Interest-bearing debt	136	827	1,216	1,538	1,276	976	1,730	1,522
Non-Current Liabilities	709	2,934	4,798	4,317	3,335	2,474	5,400	5,754
Long-term loans payable	615	2,925	4,079	3,620	2,767	1,848	2,232	1,613
Total Liabilities	1,670	5,227	7,093	7,310	6,705	7,453	12,652	18,385
Net Assets								
Net Assets	649	1,596	2,483	3,371	5,526	29,137	35,981	40,365
Total Liabilities and Net Assets	2,320	6,823	9,577	10,682	12,231	36,591	48,634	58,750

*2013年12月期は単独決算となっております

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Performance by Segment

(JPY Million)	FY12/2013	FY12/2014	FY12/2015	FY12/2016	FY12/2017	FY12/2018	FY12/2019	FY12/2020
Net sales								
Wafer business	3,347	4,414	5,107	7,144	9,487	10,973	10,776	11,461
Prime wafer manufacturing and sales business	–	–	–	–	–	11,918	10,058	8,755
Purchases and sales of semiconductor equipment business	–	–	–	1,654	1,393	2,918	4,047	6,272
Other, adjustments	127	151	178	66	52	△331	△380	△927
Segment profit								
Wafer business	916	1,444	1,377	1,765	3,396	4,011	4,081	4,027
Prime wafer manufacturing and sales business	–	–	–	–	–	2,048	1,503	1,041
Purchases and sales of semiconductor equipment business	–	–	–	230	130	366	171	211
Other, adjustments	△214	△278	△316	△409	△543	△675	△1,038	△749
Segment assets								
Wafer business	1,337	5,040	6,987	5,657	8,120	9,150	10,336	11,698
Prime wafer manufacturing and sales business	–	–	–	–	–	21,313	29,311	35,697
Purchases and sales of semiconductor equipment business	–	–	–	1,137	1,305	1,939	3,179	5,387
Other, adjustments	982	1,783	2,589	3,887	2,805	4,315	5,806	5,968

Forward-looking Statements

The content of these materials was prepared based on generally recognized economic potential and certain assumptions considered reasonable by the Company but is subject to revision without notice due to changes in various business environments affecting management.

Materials and information provided for this announcement contain forward-looking statements. This information is based on assumptions pertaining to the current outlook, forecasts and risks, and contains uncertainties that could result in different outcomes.

Even in the case of new information, future events, or other relevant matters, the Company is under no obligation to update or revise the forward-looking statements contained in this material.