



FY12/21 3Q Financial Results Briefing Material

RS Technologies Co., Ltd.

November 11, 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 Reclaim 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 factory	26-2 Yamazaki, Sanbongi Otonashi, Osaki, Miyagi 989-6313 JAPAN
Capital	JPY 5,438 million (As of June 30 th , 2021)
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 Co., Ltd. (GRITEK) Registered capital: RMB 1billion, Stake 47.17%* 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 37.74%* 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.47 “Business Scheme in Chinese market” 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.

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. (Shangdong 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
May. 2021	Establishment of DG Technologies' second manufacturing factory (Kurihara factory) in Kurihara city, Miyagi
June. 2021	As a process of GRITEK'S IPO preparation, GRITEK changed company name in Chinese as well as business scheme

Sanbongi Factory (RS Technologies, Reclaimed Wafer)

- Jan.2011: Began operation
- Jun.2015: Expanded No.8 factory for manufacturing 18inch wafer



Company	RS Technologies Co.,Ltd
Est.	December 2010
Product	5,6,8,12 inch reclaimed
Capacity	8inch : 130k/month 12inch : 280k/month
Location	Osaki city, Miyagi
Certificated	ISO9001、ISO14001

Tainan Factory (RSTW, Reclaimed Wafer)

- Feb.2014: RSTEC Semiconductor Taiwan Co.,Ltd (RSTW) established
- Dec.2015: Tainan Factory established



Company	RSTEC Semiconductor Taiwan Co.,Ltd
Est.	December 2015
Product	12inch Reclaimed
Capacity	12inch : 180k/month
Location	Tainan city, Taiwan
Certified	ISO9001、ISO14001

Dezhou Factory (Shandong GRITEK, 8 inch prime wafer)

- Agt.2018: Shandong GRITEK was established
- Oct.2020: Dezhou Factory completed and began to produce prime wafer



Company	Shandong GRITEK Co.,Ltd
Est.	October 2020
Product	5,6,8 inch prime wafer
Capacity	5 inch : 50k/month 6 inch : 150k/month 8 inch : 130k/month※
Location	Dezhou City, Shandong Province
Certificated	ISO9001、ISO14001

※By the end of 2021, production of 130k/month will be achieved

Guotai Factory R&D Center (SGRS, 12inch prime wafer)

- Mar. 2020: GRINM RS Semiconductor Materials Co., Ltd (SGRS) established
- 2021: Test line for 12 inch prime wafer (10k per month production) established



Company	GRINM RS Semiconductor Materials Co., Ltd
Est.	March 2020
Product	①12inch prime wafer ②12inch Reclaimed wafer
Capacity	①10k/month(Test line) ②50k/month(from 2022)
Location	※Dezhou City, Shandong Province

※ The photo above is Guotai factory's R&D Center located in Beijing.

Kamisu Factory (DG Technologies, Semiconductor-related materials)

- In January 2019, DG Technologies Co., Ltd. became a consolidated subsidiary.
- In order to meet the growing demand, we are increasing production through capital investment and productivity improvement.



社 名	DG Technologies Co., Ltd
設 立	October 1981
製 品	Quartz and Silicon Consumable Parts For Etching Equipment
所 在 地	Kamisu City, Ibaraki Prefecture
認 証	ISO9001

Kurihara Factory (DG Technologies, Semiconductor-related materials)

- In May 2021, the Kurihara Factory was set up in Miyagi Prefecture.
- Both Kamisu and Kurihara Factories manufacture Silicon and Quartz parts



Silicon
Shower
Plate



Quartz
Ring

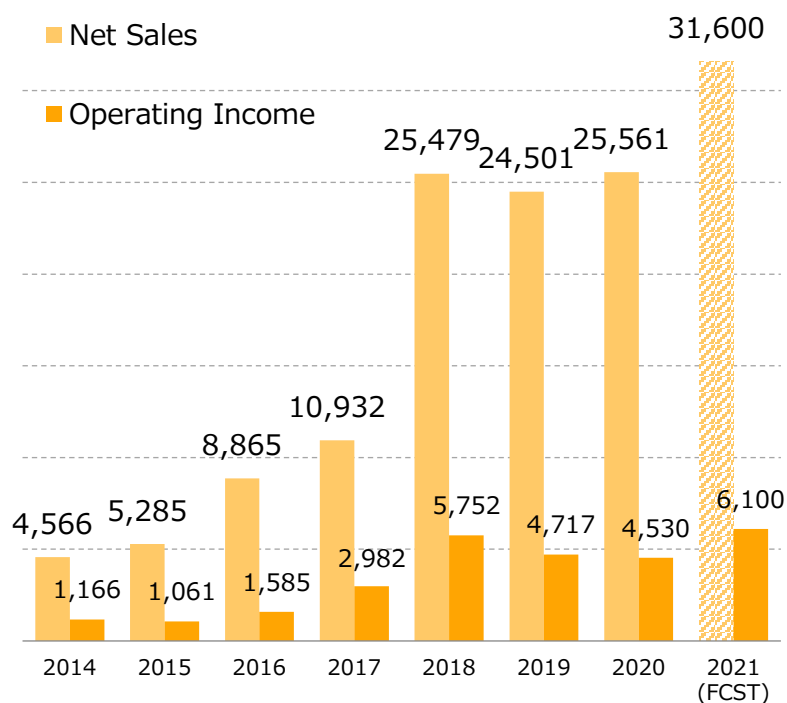
社 名	DG Technologies Co., Ltd
稼働開始	May 2021
製 品	Quartz and Silicon Consumable Parts For Etching Equipment
所 在 地	Kurihara City, Miyagi Prefecture
建物面積	5,000m ²

RS Technologies Today

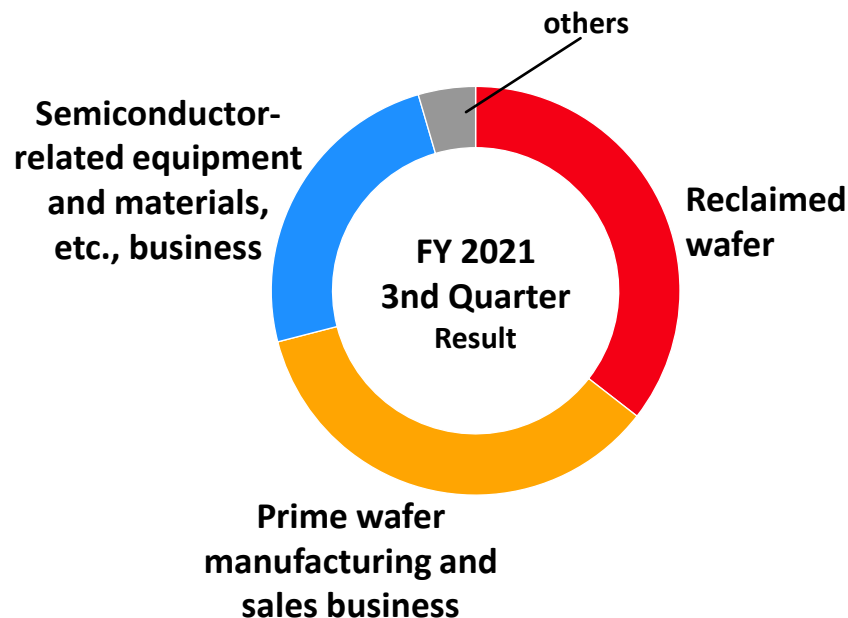
- A comprehensive wafer manufacturer in the Silicon Reclaimed Wafer and Prime Wafer business.
- Business has expanded into semiconductor-related equipment and materials, etc., business and solar business.
- The Company boasts the world's top share in Reclaimed Wafer business and is expanding its Prime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

Consolidated Net Sales and Operating Income

(JPY Million)

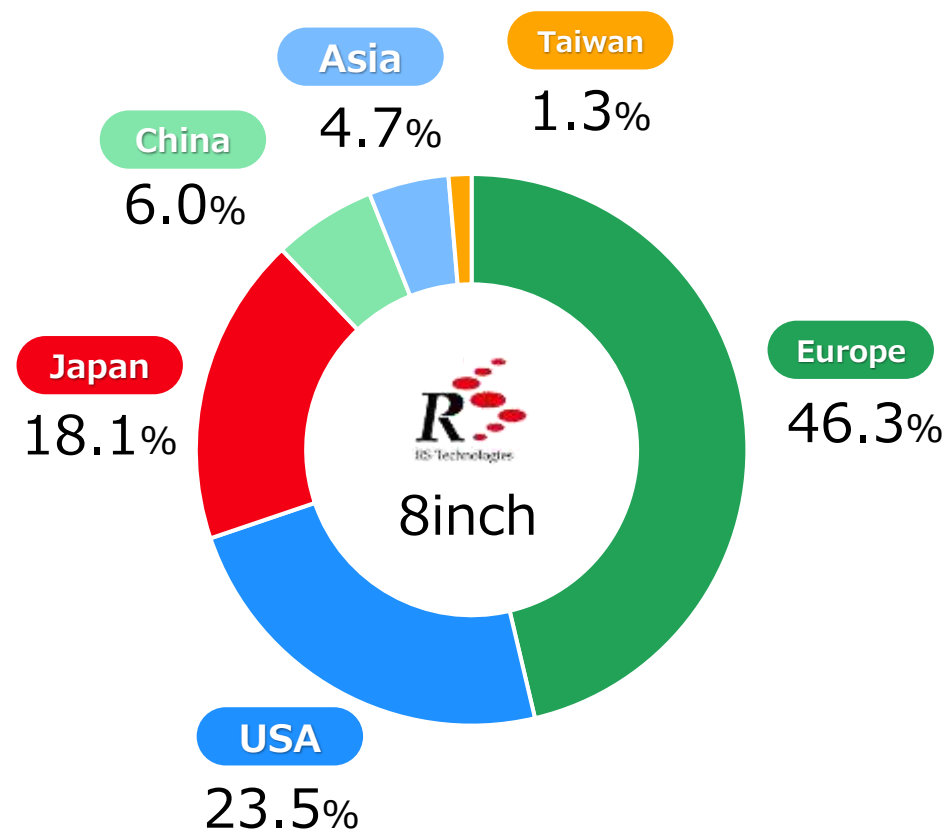
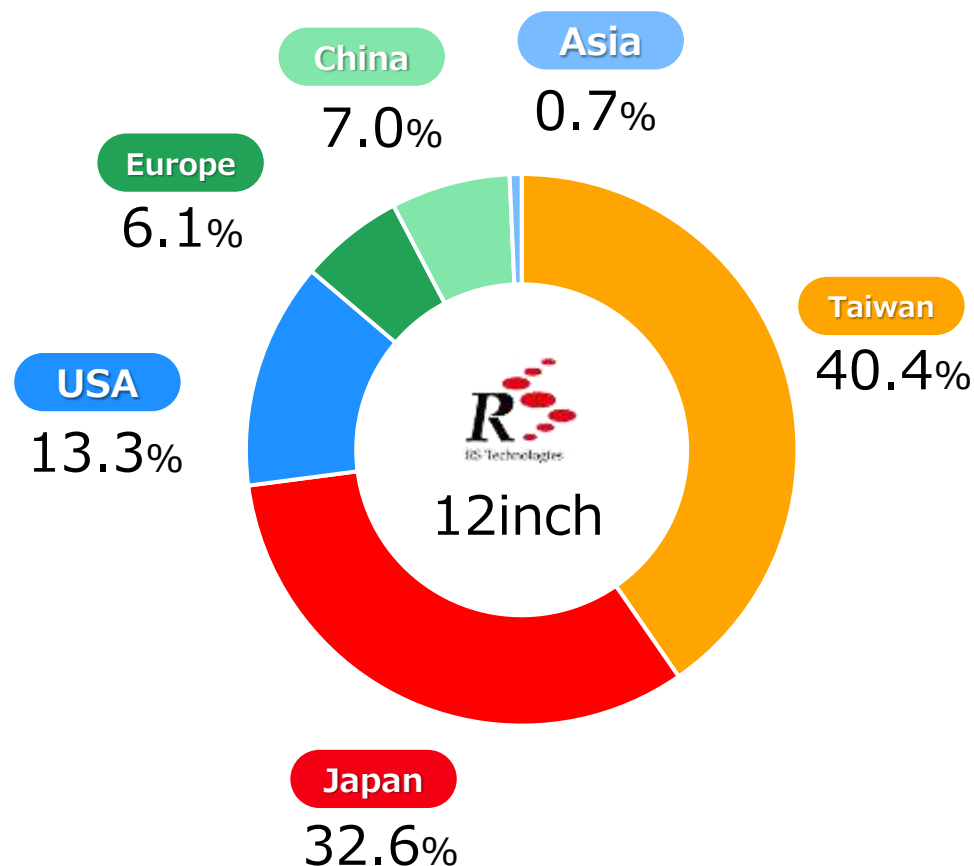


Sales by Business Segment



Share of Total Shipments from the Silicon Wafer Reclaim Business

- The customers are major global semiconductor manufacturers, mainly in Japan, Taiwan, USA, and Europe.
- In 2022, production factory for reclaimed wafers increased in China along with one in Japan and Taiwan



2. FY 12/2021 3Q Results Summary

Summary of Financial Results (Cumulative)

- Net Sales and Operating Income increased YoY mainly because of all segments' stable business performance.
- Net income attributable to owners of the parent decreased due to extraordinary loss recorded in 1st Quarter

(JPY Million)	12FY2020 3Q	12FY2021 3Q	Increase/ decrease	YoY	12FY2021 Modified Plan	Compared to Modified Plan
Net Sales	18,999	24,652	29.8%	+5,653	31,600	78.0%
Operating Income	3,901	4,621	18.5%	+720	6,100	75.8%
Operating Margin	20.5%	18.7%		△1.8pt	19.3%	
Ordinary Income	4,182	6,225	48.9%	+2,043	7,300	85.3%
Ordinary Margin	22.0%	25.3%		+3.3pt	23.1%	
Net income attributable to owners of the parent	2,330	1,746	△25.1%	△584	3,100	56.3%
EPS (JPY)	180.96円	135.07円	△45.89円	△45.89	240.51円	

Financial Results By Segment and Company (Cumulative)

- Reclaimed Wafer Business increased net sales and operating income YoY contributed mainly by customers' strong demand and capital investment
- Prime Wafer Business increased net sales and operating income contributed mainly by new facility's operation and strong customer demand
- Semiconductor-related Equipment, Materials Business also showed steady sales and profit increase by strong customer demand

By Segment (Million JPY)	Reclaimed Wafer		Prime Wafer		Semiconductor-related Equipment, Materials, etc., Business		Others, Adjustment		Consolidated TOTAL	
		YoY		YoY		YoY		YoY		YoY
Net Sales	9,395	11.6%	9,930	41.8%	6,398	50.4%	△1,071	—	24,652	29.8%
Operating Profit	3,419	11.1%	1,515	10.3%	276	144.2%	△589	—	4,621	18.5%
%	36.4	△0.1pt	15.3	△4.3pt	4.3	1.6pt	—	—	18.7	△1.8pt

By Company (Million JPY)	RS Technologies		Taiwan Subsidiaries		Chinese subsidiaries		Other subsidiaries		Consolidated TOTAL	
		YoY		YoY		YoY	elimination of intracompany transactions	YoY		YoY
Net Sales	9,906	22.1%	4,387	25.1%	9,855	41.1%	504	—	24,652	29.8%
Operating Profit	2,037	37.3%	1,177	11.4%	1,483	2.6%	△76	—	4,621	18.5%
%	20.6	2.3pt	26.8	△3.4pt	15.0	△5.7pt	—	—	18.7	△1.8pt

Summary of Financial Result (July to September)

- All segments steady growth in sales and profit contributed to the increase of net sales and profit

(JPY Million)	12FY2020 3 rd Quarter	12FY2021 3 rd Quarter	Increase /decrease	YoY
Net Sales	6,346	9,093	43.3%	+2,747
Operating Income	1,320	2,157	63.4%	+837
Operating Margin	20.8%	23.7%		+2.9pt
Ordinary Income	1,284	2,563	99.6%	+1,279
Ordinary Margin	20.2%	28.2%		+8.0pt
Net income attributable to owners of the parent	643	1,116	73.6%	+473
EPS (JPY)	49.69円	86.30円	73.7%	+36.61円

Financial Results By Segment and Company (July to September)

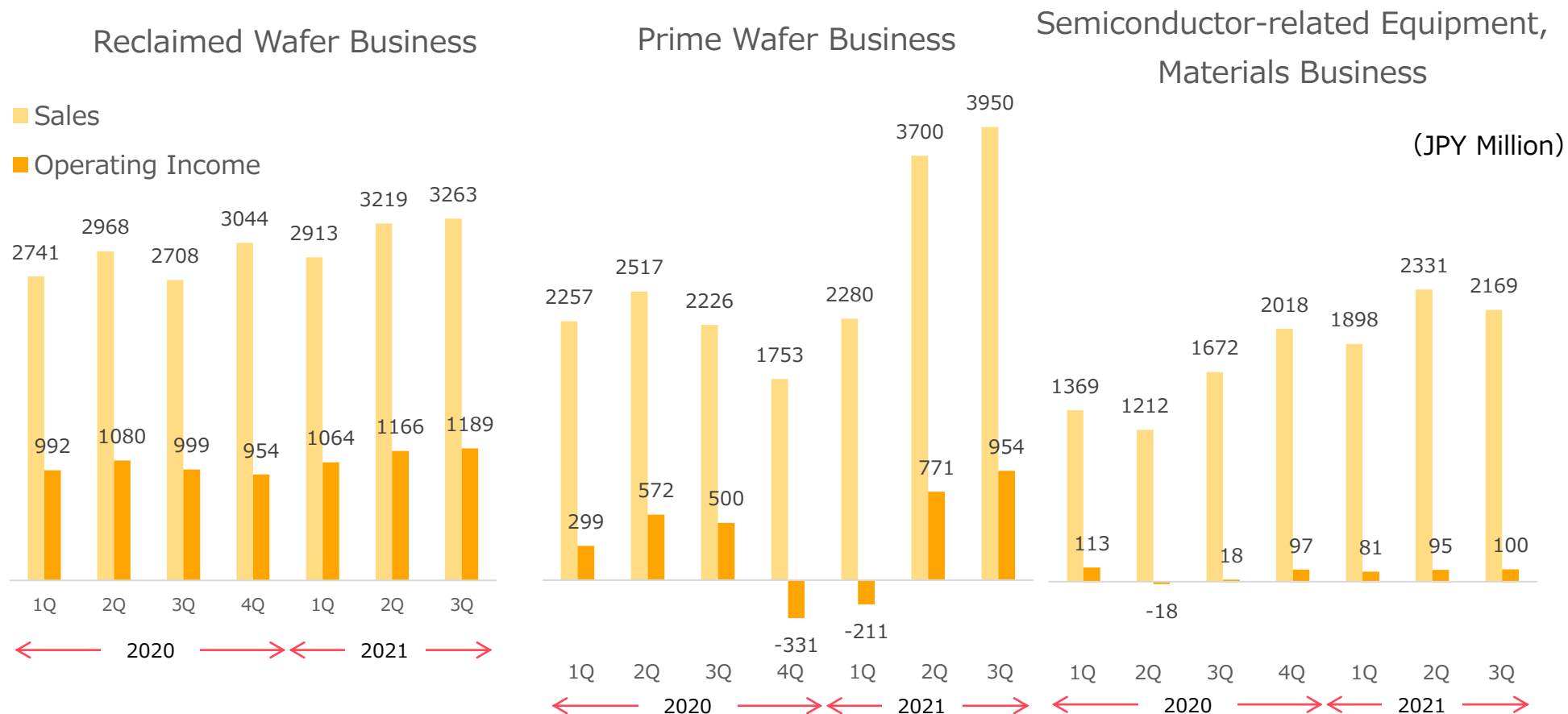
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- Semiconductor-related Equipment, Materials Business also showed steady sales and profit increase by strong customer demand

By Segment (Million JPY)	Reclaimed Wafer		Prime Wafer		Semiconductor-related Equipment, Materials, etc., Business		Others, Adjustment		Consolidated TOTAL	
		YoY		YoY		YoY		YoY		YoY
Net Sales	3,263	20.5%	3,950	77.4%	2,169	29.7%	△289	—	9,093	43.3%
Operating Profit	1,189	19.0%	954	90.8%	100	455.5%	△86	—	2,157	63.4%
%	36.4	△0.5pt	24.2	1.7pt	4.6	3.5pt	—	—	23.7	2.9pt

By Company (Million JPY)	RS Technologies		Taiwan Subsidiaries		Chinese subsidiaries		Other subsidiaries		Consolidated TOTAL	
		YoY		YoY		YoY	elimination of intracompany transactions	YoY		YoY
Net Sales	3,225	11.5%	1,679	48.7%	4,014	80.7%	175	—	9,093	43.3%
Operating Profit	717	42.8%	415	43.1%	998	90.5%	27	—	2,157	63.4%
%	22.2	4.8pt	24.7	△1.0pt	24.9	1.3pt	—	—	23.7	2.9pt

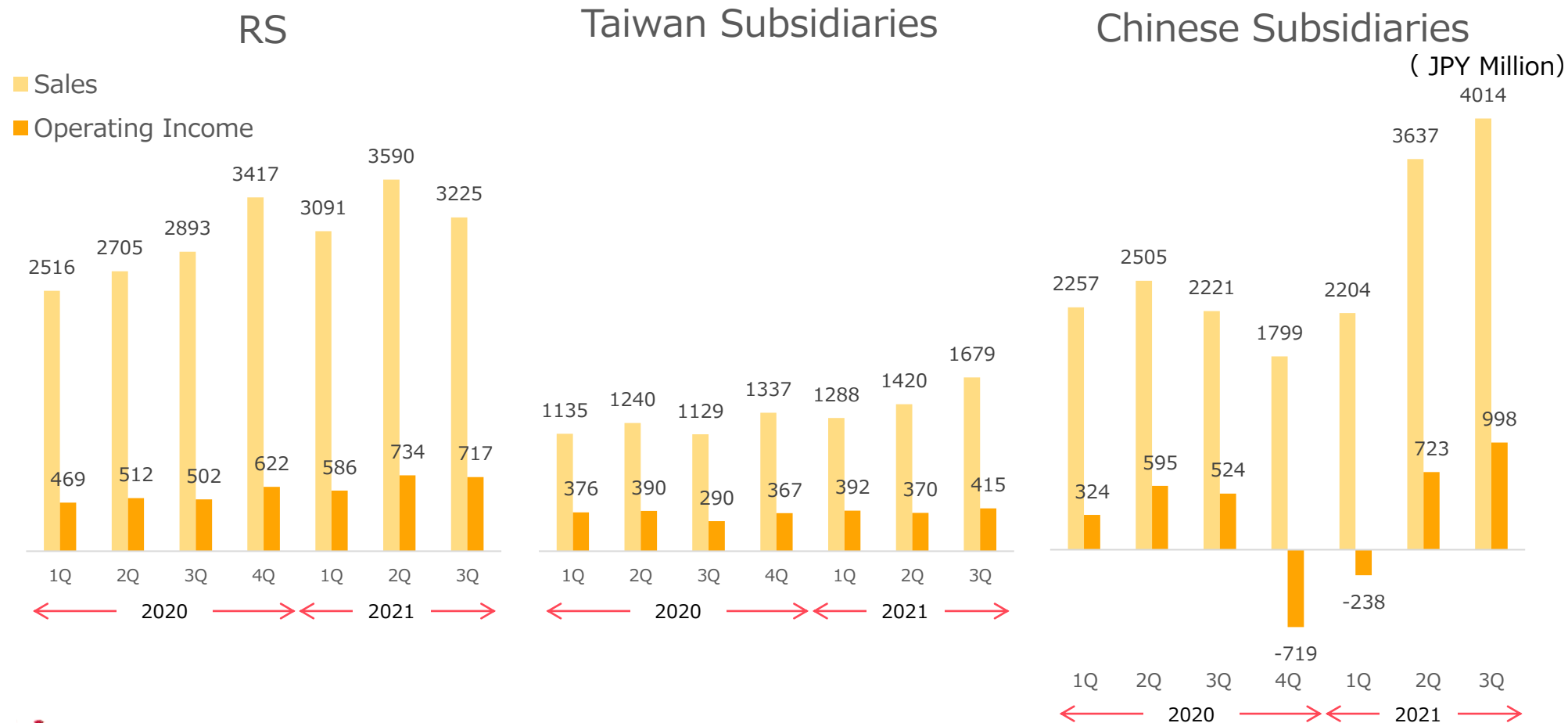
FY21 2021 3Q Financial Results By Segment

- Reclaimed Wafer Business increased net sales and operating income YoY contributed mainly by customers' strong demand and capital investment
- Prime Wafer Business increased net sales and operating income contributed mainly by new facility's operation and strong customer demand
- Semiconductor-related Equipment, Materials Business also showed steady sales and profit increase by strong customer demand



FY21 2021 3Q Financial Results By Company

- RS Technology's business performance showed steady growth due mainly to strong customer demand and capital investment in reclaimed wafer business
- Taiwan subsidiary also showed the steady growth in sales and operating income with strong customer demand
- Chinese subsidiary increased sale and profit by strong customer demand and new facility's operation



Balance Sheet

- Both short-term and long term debt increased because of investment in consolidated subsidiaries and the equity method affiliated in China

Consolidated Balance Sheet

(JPY Million)	12 FY2020	12FY2021 3 rd Quarter
Assets		
Current Assets	32,626	41,727
Cash and Deposits	19,082	27,065
Account Receivable	6,321	8,129
Goods & Products	2,116	1,977
Fixed Assets	26,124	31,574
Tangible Fixed Assets	24,146	27,447
Intangible Fixed Assets	527	457
Investment etc	1,451	3,668
Total Assets	58,750	73,301
Liabilities		
Current Liabilities	12,631	13,278
Account Payable	2,871	3,305
Short-term Debt	1,522	3,185
Fixed Liabilities	5,754	9,918
Long-term Debt	1,613	5,082
Total Liabilities	18,385	23,196
Equity		
Equity	40,365	50,104
Equity & Liabilities	58,750	73,301

3. Mid-Term Investment Plan

Capital Investment Plan: Reclaimed Wafer Business

- factory in Japan and Taiwan will increase production capacity and one in China will execute stable mass production.
- By increasing investment amount for Taiwan factory, the factory will produce 220k wafers/month

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

FY2021	FY2022	FY2023
JPY 900 million	JPY 500 million	TBD

Taiwan

Total investment: JPY 2.5 bil.

- Expand production capacity and conduct refinement for 12-inch reclaimed wafers.
- 2020 to 2023: JPY 2.5 bil. (60,000 wafers)

12-inch reclaimed wafer production capacity (per month)

2020	2021	2022	2023
160k	180k	190k	220k

FY2021	FY2022	FY2023
JPY 800 million	JPY 700 million	JPY 1 billion

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~) investment -TBD (50,000 wafers)

12-inch reclaimed wafer production capacity (per month)

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

Phase 1 investment

FY2021	FY2022	FY2023
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**

FY2021	FY2022	FY2023
- *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)

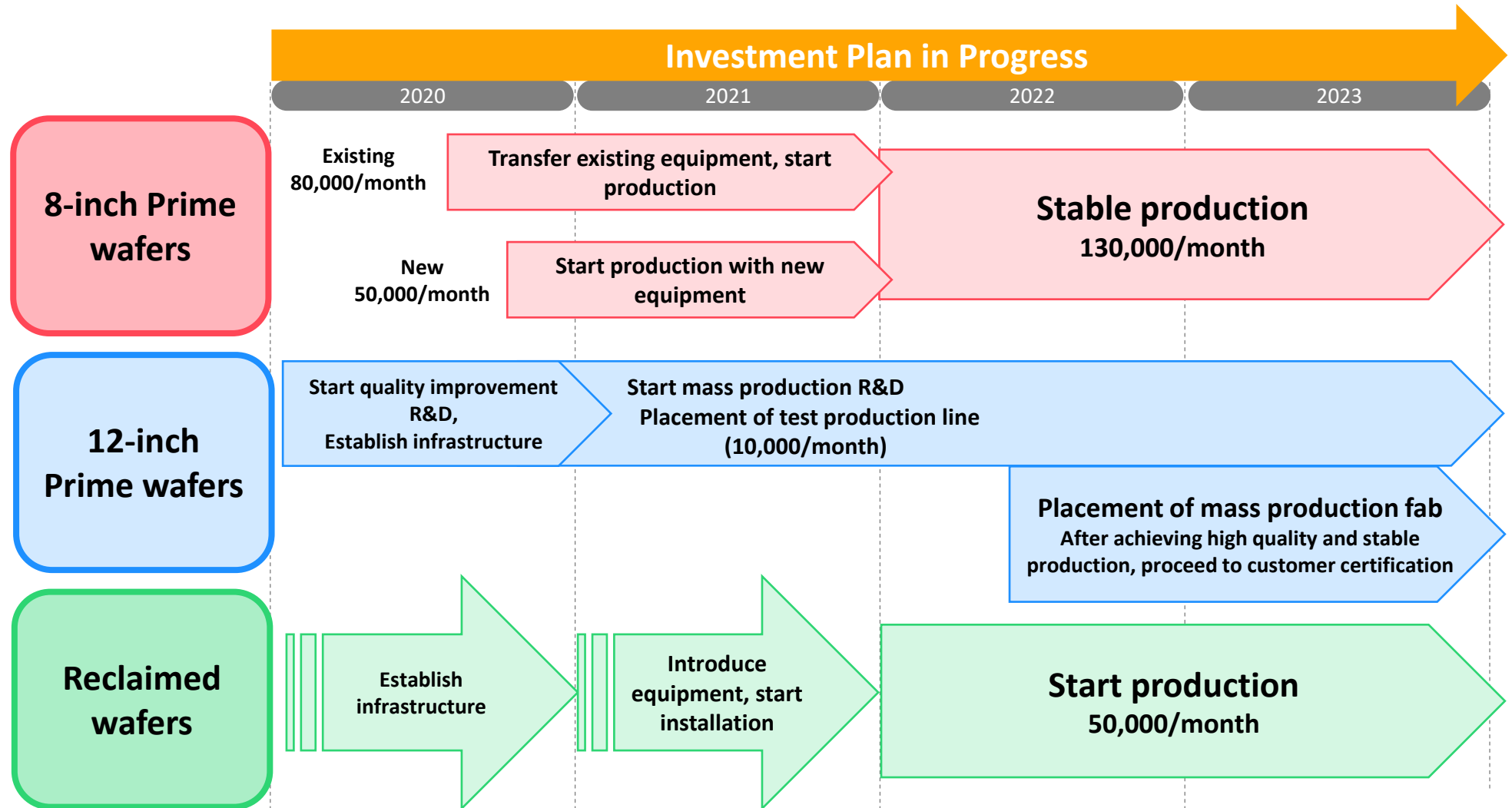
2020 → 2021 → 202X
0k → **10k*2** → **300k**

FY2021	FY2022	FY2023
JPY 4 bil.	TBD	TBD

*2: Test line for mass production R&D

Investment Plan in Progress for China (Schedule)

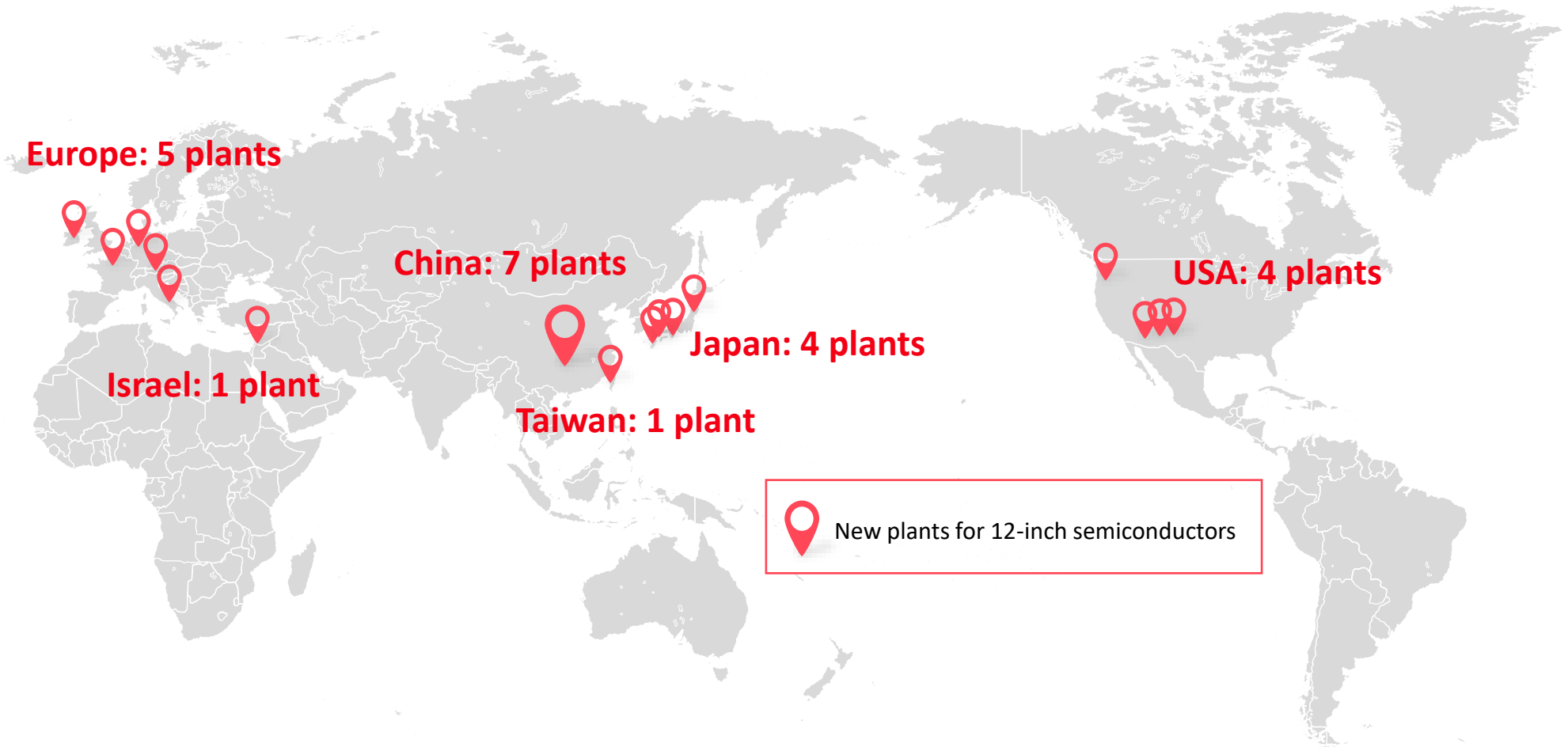
- Producing 130k wafers per month for 8 inch prime wafers, executing R&D to produce 10k wafers per month for 12 inch are scheduled. In parallel, reclaimed wafer business in China also will begin.



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.

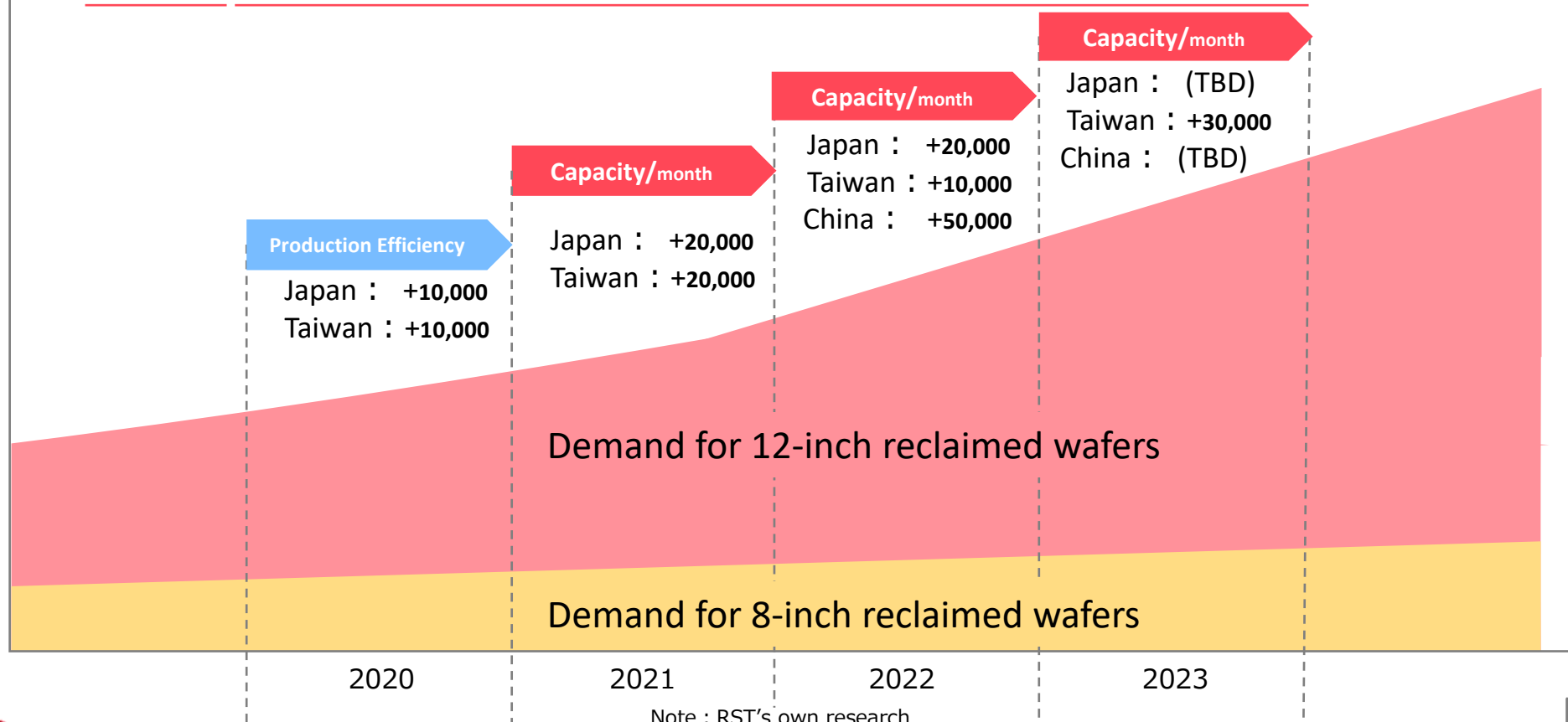


Note: RST survey

Reclaimed Wafer Demand Outlook

- Between 2021 and 2023, production capacity of 12 inch reclaimed wafers is expected to increase:
Japan: +40,000, Taiwan: +60,000, China: +50,000

Production	2020	2021	2022	2023
Japan	260K	280k	300k	300k
Taiwan	160K	180k	190k	220k
China	0	0	50k	50k
Total	420K	460K	540K	570K



Third Engine of Growth : DG Tec's Growth Strategy (1/3)

- 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

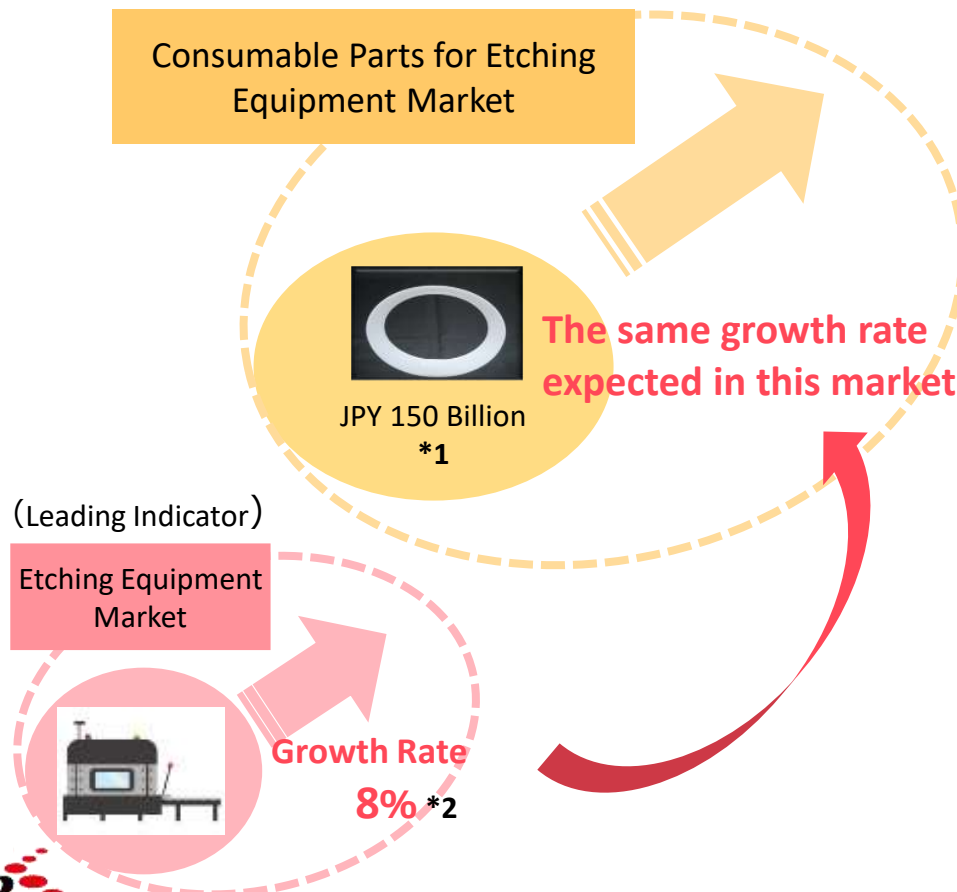
Main Customer

Semiconductor Manufacturers
Semiconductor Equipment Manufacturers

Third Engine of Growth : DG Tec's Growth Strategy (2/3)

- Market for Quartz and Silicon Consumable Parts for Etching Equipment is expected to reach 150 billion yen and is expected to continue stable growth.
- 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.

◆ 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.

Third Engine of Growth : DG Tec's Growth Strategy (3/3)

- In order to meet customers' demand, DG Technologies established their second manufacturing factory in Kurihara-city, Miyagi on May 30, 2021.
- Both Kamisu and Kurihara Factories manufacture Silicon and Quartz parts

Kamisu Factory



Factory	DG Technologies Kamisu Factory
Location	Kamisu-city, Ibaraki
Area	5,378m ²

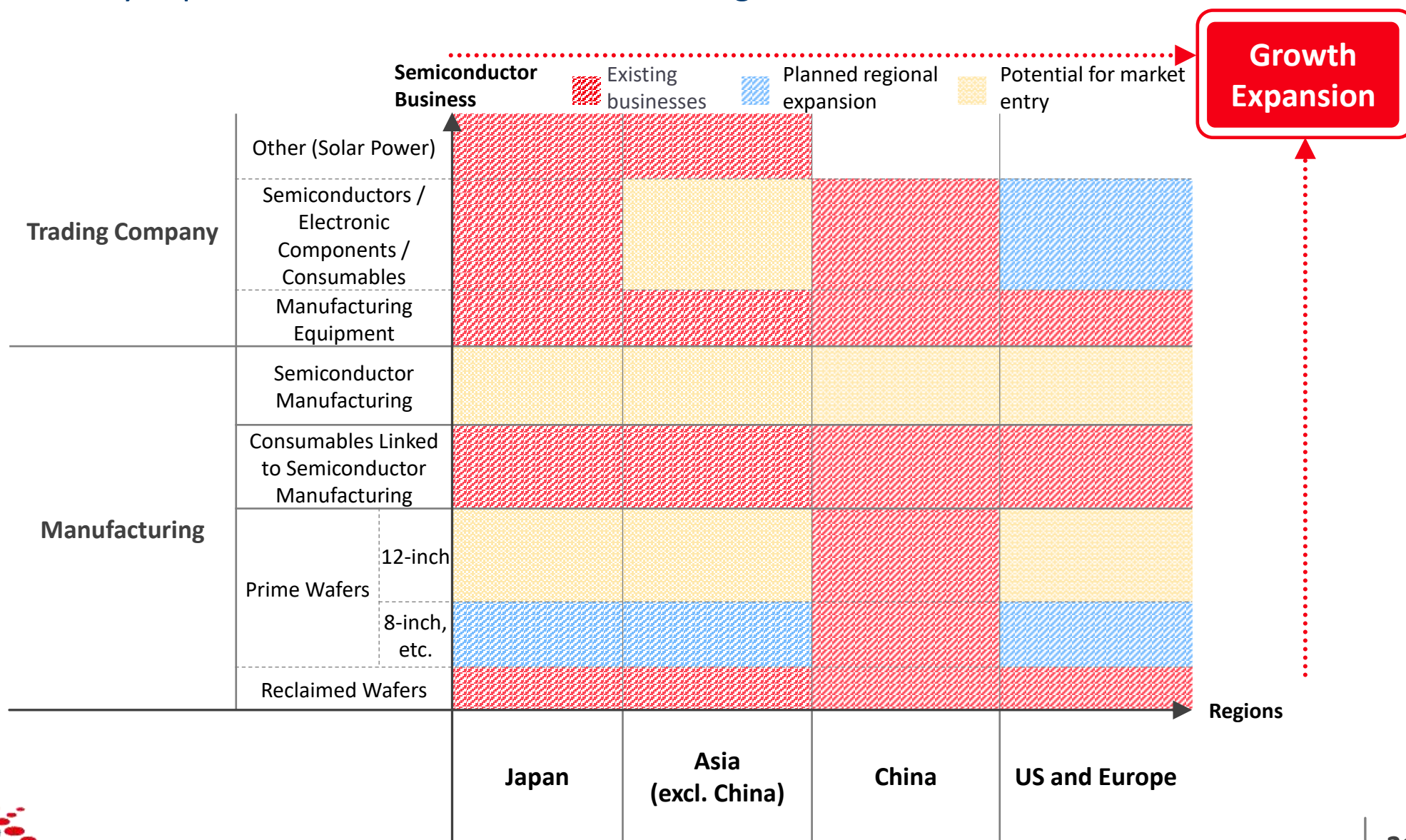
Kurihara Factory



Factory	DG Technologies Kurihara Factory
Location	Kurihara-city, Miyagi
Area	5,000m ²

RS Technologies' Aims

■ Steady expansion of business domains and regions



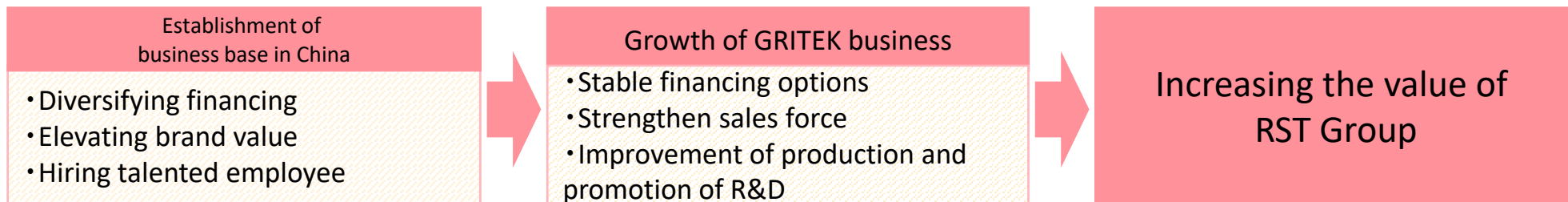
Appendix 1

**Subsidiary in China, GRITEK, preparing for IPO on STAR Market:
(Published Information)**

Subsidiary in China, GRITEK, preparing for IPO (Published in Sept, 2020)

- 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

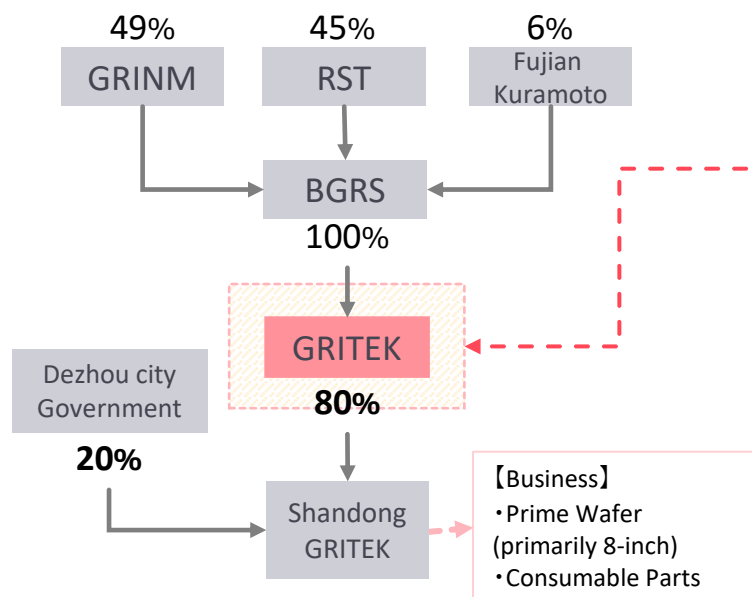


IPO Subject : GRITEK

- 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.



GRITEK's Status for IPO (Published in Nov. 2020)

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

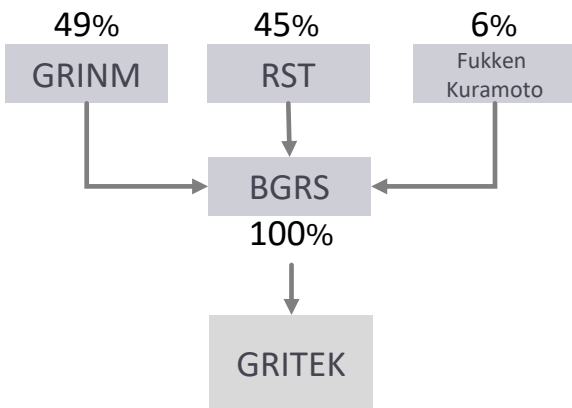
Summary of Share Transfer

- **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%

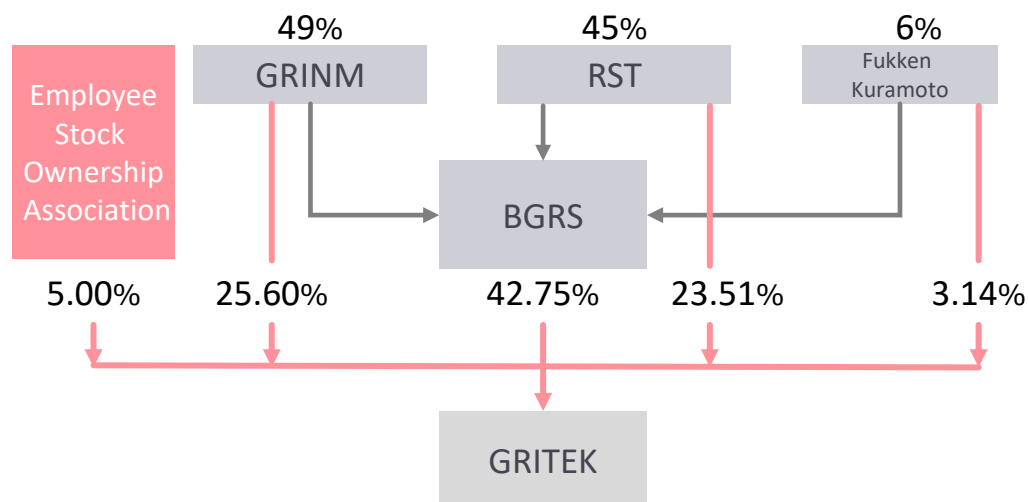
Purpose of Share Transfer

- 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



GRITEK' IPO Preparation Status (Published in May 2021)

- Board of Directors determined third party allocation by GRITEK and share transfer of equity method affiliate (SGRS) to GRITEK (disclosed in May, 2021)

Summary

- Third party allocation to Institutional Investors and RS Technologies from GRITEK
- Transfer of Share of equity method affiliate (SGRS) owned by RS Technologies to GRITEK (Stock Swap)

Purpose

- Third Party Allocation to Institutional Investors To Keep variety of shareholders in STAR Market
- Third Party Allocation to RS Technologies To Strengthen the control of GRITEK by RS
- Share Transfer of SGRS to GRITEK To fit into the Chinese market as a strategy

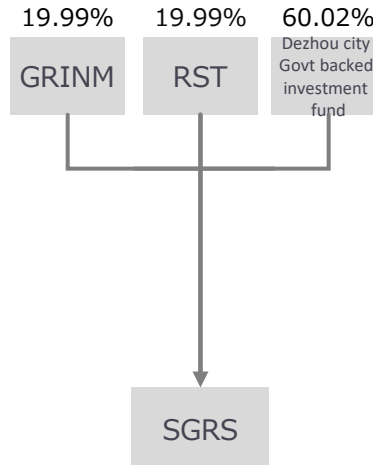
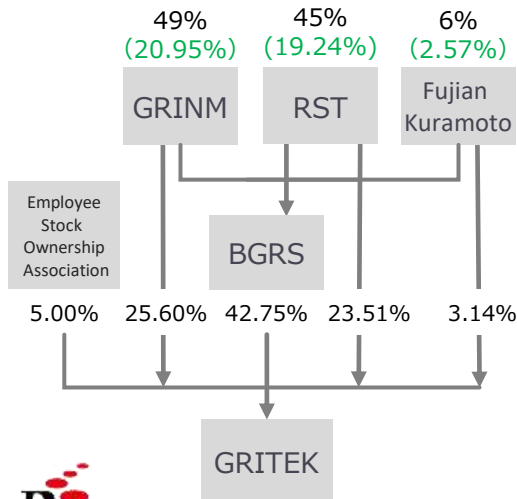
Before

8 inch

12 inch

Owned Share of BGRS

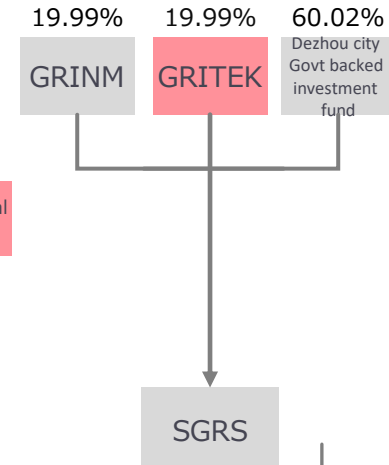
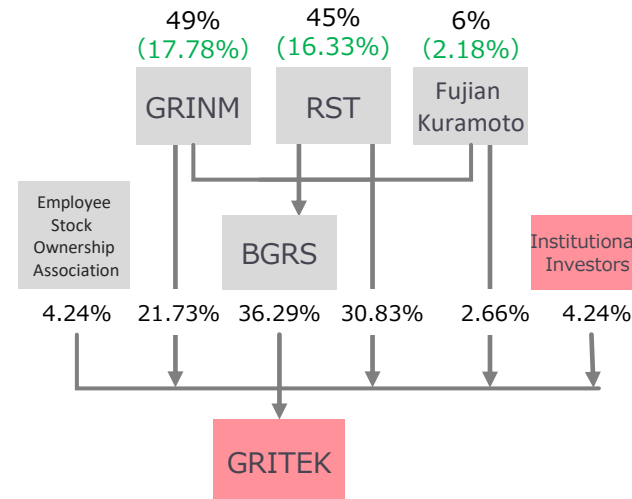
Indirect Owned Share of GRITEK



Up to End of June

8 inch

12 inch



Appendix 2

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.

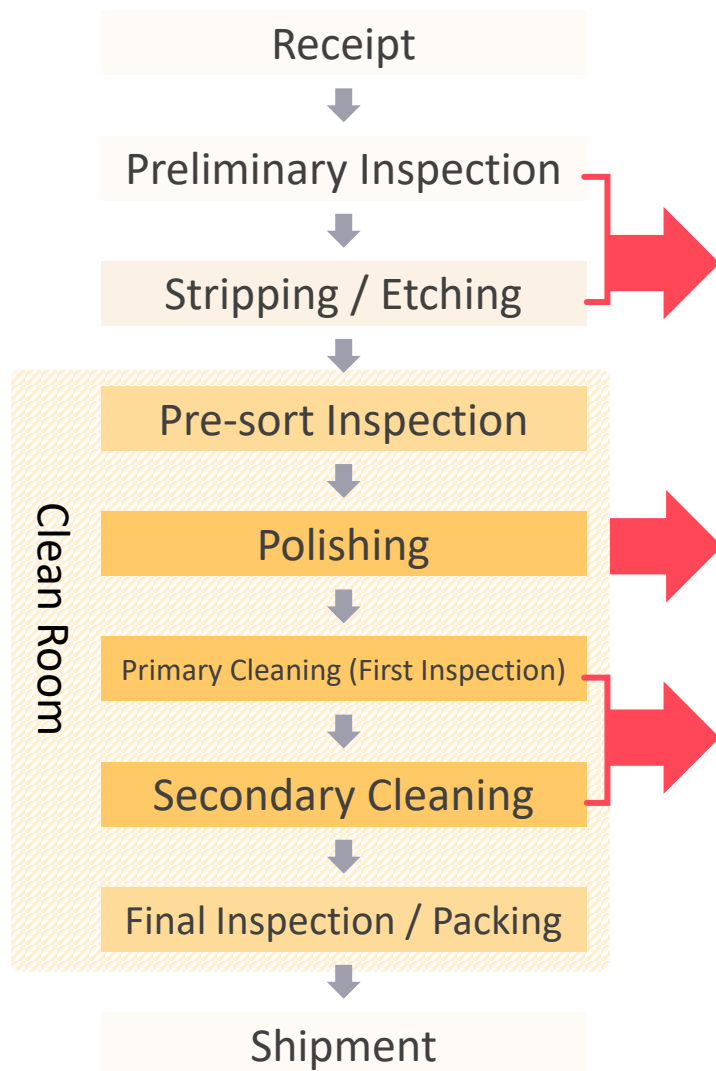
2010 Established and appointed president of RTS
(current position)

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

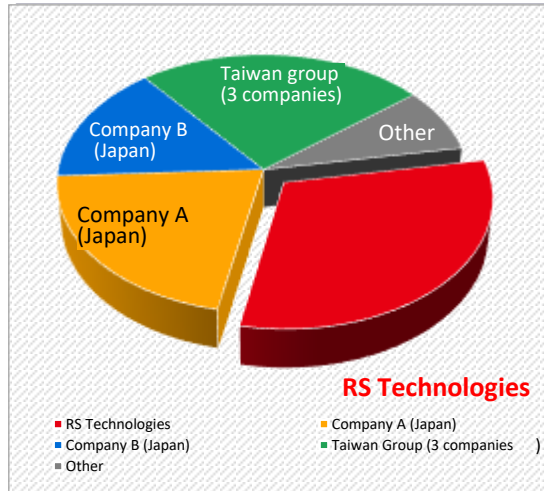
+ **Removal of metallic impurities**
Particular strength in removing copper (Cu)



Reclaimed Wafer Business (2/2)

Increasing Share of the Reclaimed Market

RS Technologies' Share of the 12-inch Reclaimed Market



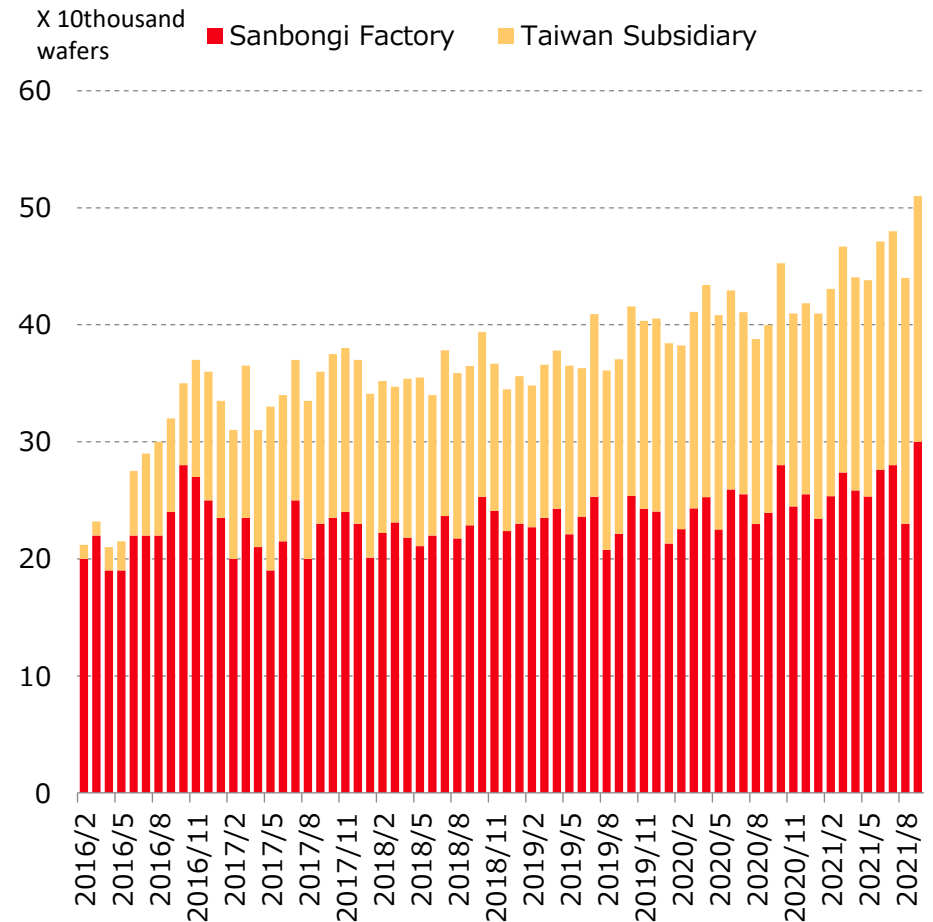
Note: RST survey

	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 (2016-2021)

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



Manufacturing Factories for Reclaimed Wafer

- Sanbongi and Tainan Factories produced reclaimed wafers
- By 2022, Dezhou factory will produce reclaimed wafer (50k/month)

Sanbongi Factory



Location	Osaki-city, Miyagi
Product	5,6,8, and 12 inch
Capacity	8 inch : 130k/month 12 inch : 280k/month
Certified	ISO9001, ISO14001

Tainan Factory



Location	Tainan-city, Taiwan
Product	12 inch
Capacity	180k/month
Certified	ISO9001, ISO14001

Dezhou Factory

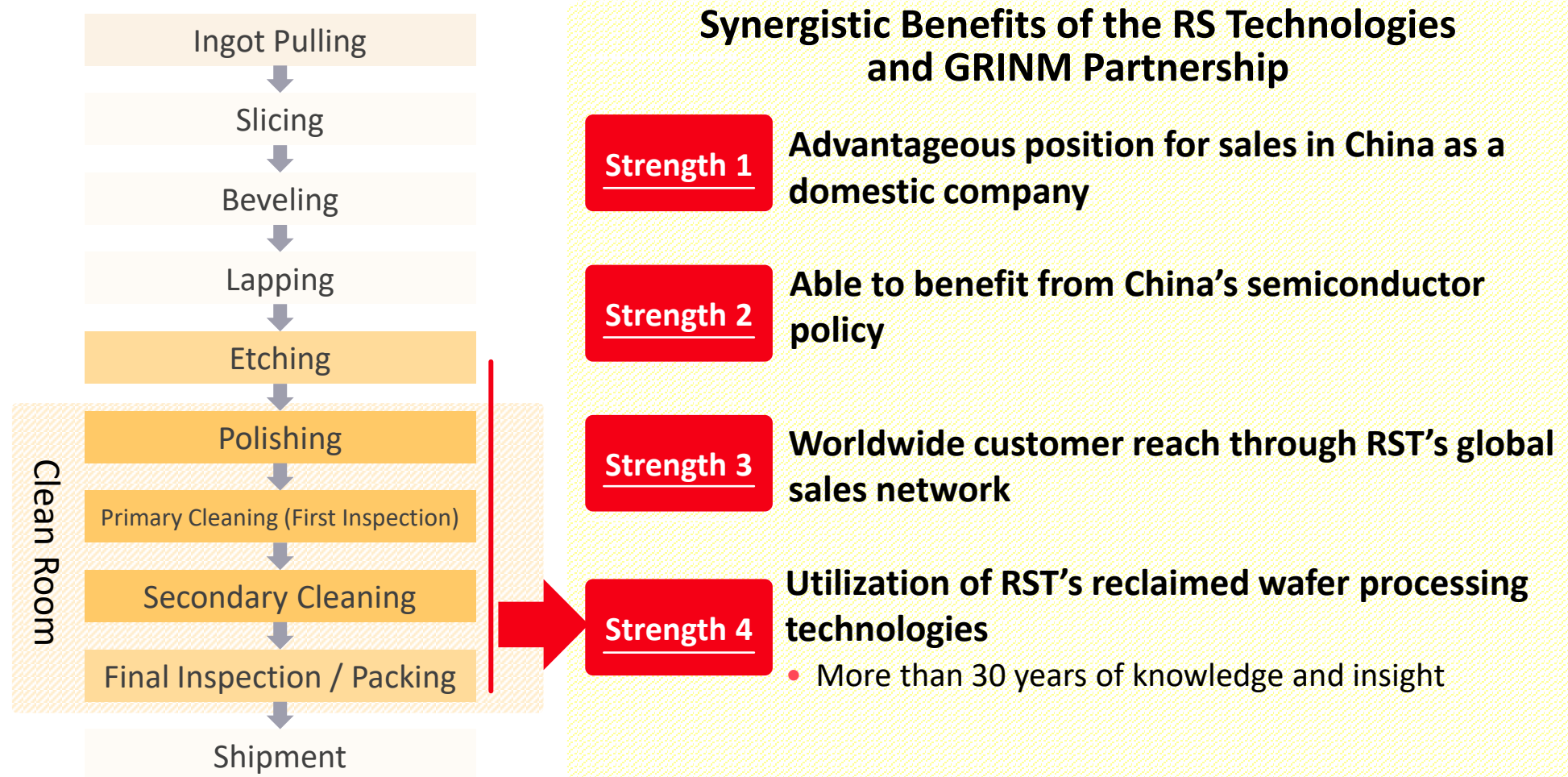


Location	Dezhou-city, Shandong
Product	12 inch
Capacity	50k/month ※
Certified	ISO9001, ISO14001

※it will begin to manufacture in 2022

Foray 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.



About RST's Joint Venture Partner in China (**GRINM**)

- 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.



Alliance with the City of Dezhou in Shandong, China

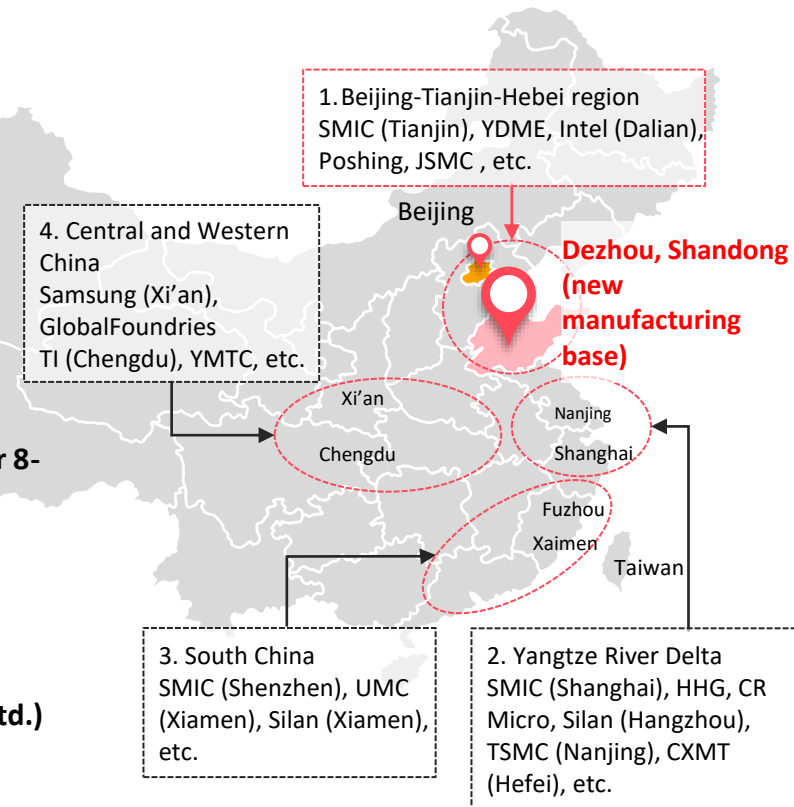
Subsidiary established for factory construction

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, 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, 2020



Manufacturing Factory and R&D Center for Prime Wafer

- In October, 2020, Dezhou Factory began to produce 8 inch prime wafer
- In Guotai Factory, R&D Center for 12 inch prime wafer was established. In 2021, test line to produce 10k wafers per month in order to execute mass production.

For 8 inch prime wafer
Dezhou Factory (Shandong GRITEK)



Location	Dezhou city, Shandong, China
Product	5,6,8 inch prime wafer Consumable parts for semiconductor equipment
Capacity (Monthly)	5 inch:50k, 6 inch:150k 8 inch:130k※
Certified	ISO9001, ISO14001

For 12 inch prime wafer R&D
Guotai Factory R&D Center (SGRS)



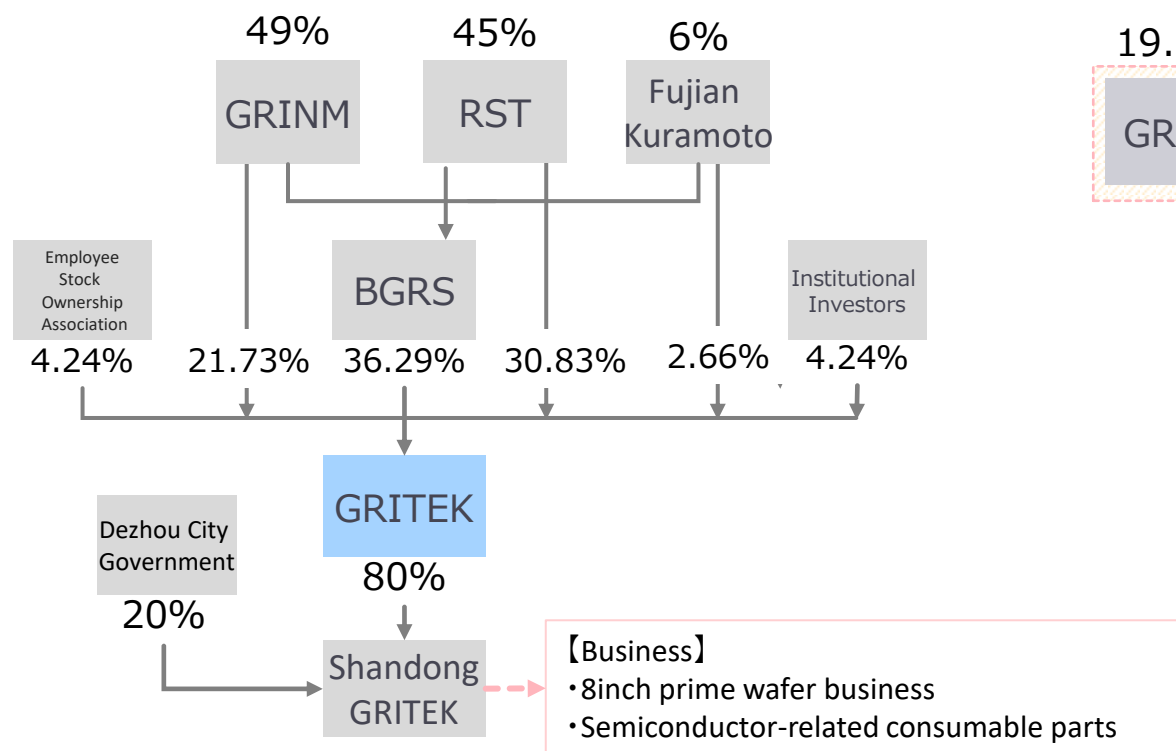
Location	Beijing, China
Product	12 inch prime wafer (R&D for mass production)
Capacity (Monthly)	12 inch:10k (Testline)

Business Scheme in Chinese market

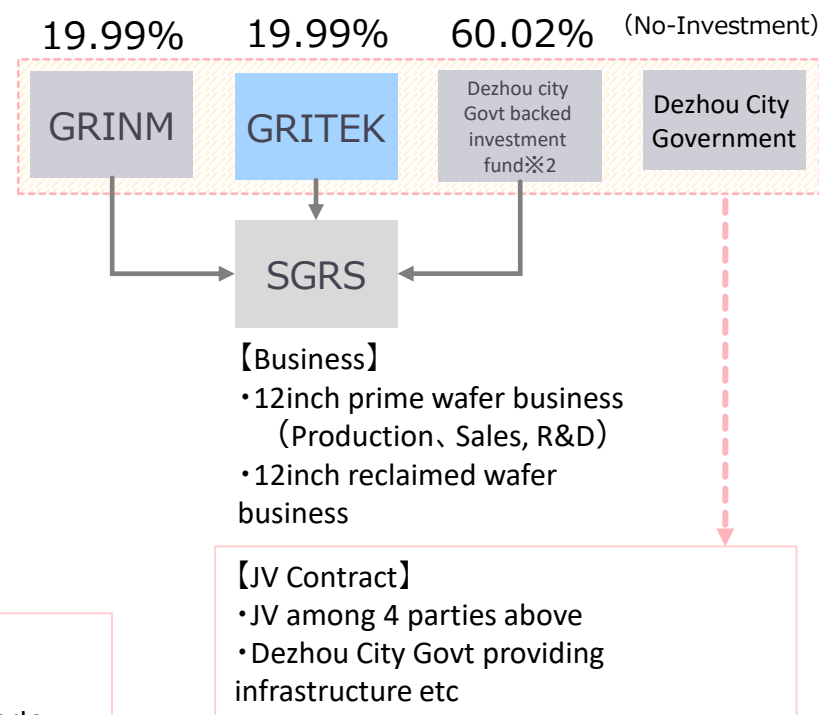
(After execution of business scheme disclosed in May, 2021)

- As a part of IPO process, Board of Directors determined partial share transfer of GRITEK's shares owned by BGRS (disclosed in November, 2020), third party allocation by GRITEK and share transfer of equity method affiliate (SGRS) to GRITEK (disclosed in May, 2021)
- Below is the business scheme in details

8 inch prime wafer business scheme ※1



12 inch prime wafer business scheme ※1



※1 The business scheme above is after execution of GRITEK's third party allocation and share transfer of equity method affiliate to GRITEK

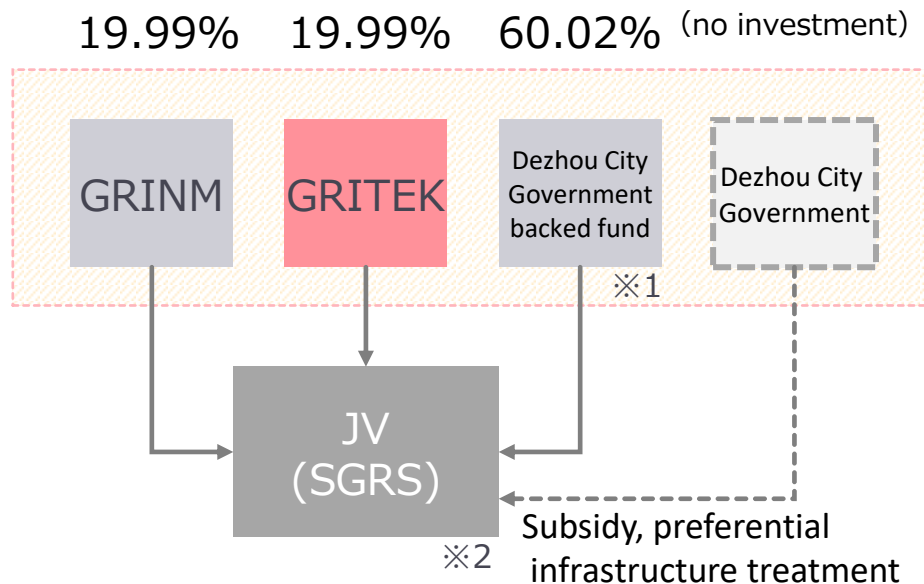
※2 Dezhou Huida Semiconductor Equity Investment Fund Partnership

12 inch silicon wafer business scheme in China

(After execution of business scheme disclosed in May, 2021)

- In May, 2021, SGRS share owned by RS Technologies was transferred to GRITEK (stock swap) and approved by Board of Directors.
- By this share transfer above, SGRS became GRITEK's equity method affiliate
- Executing 12 inch prime wafer business through GRITEK is judged as the most appropriate approach to expand the business in China

Business Scheme after SGRS's share transfer



Key Points

- ◇ SGRS became GRITEK's equity method affiliate
 - Execution of integrated Silicon business in China
 - A part of business strategy to expand the business in China
- ◇ Nagayoshi Ho continues to become SGRS's director
 - Controlled through GRITEK
- ◇ RS's rights and duties were transferred to GRITEK
 - RS's rights owned previously is capable of exercising through GRITEK

※1 Dezhou Huida Semiconductor Equity Investment Fund Partnership
※2 GRINM RS Semiconductor Materials Co., Ltd

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 profit	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, factory 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

*In the fiscal year ending December 2013, the financial results were non-consolidated.

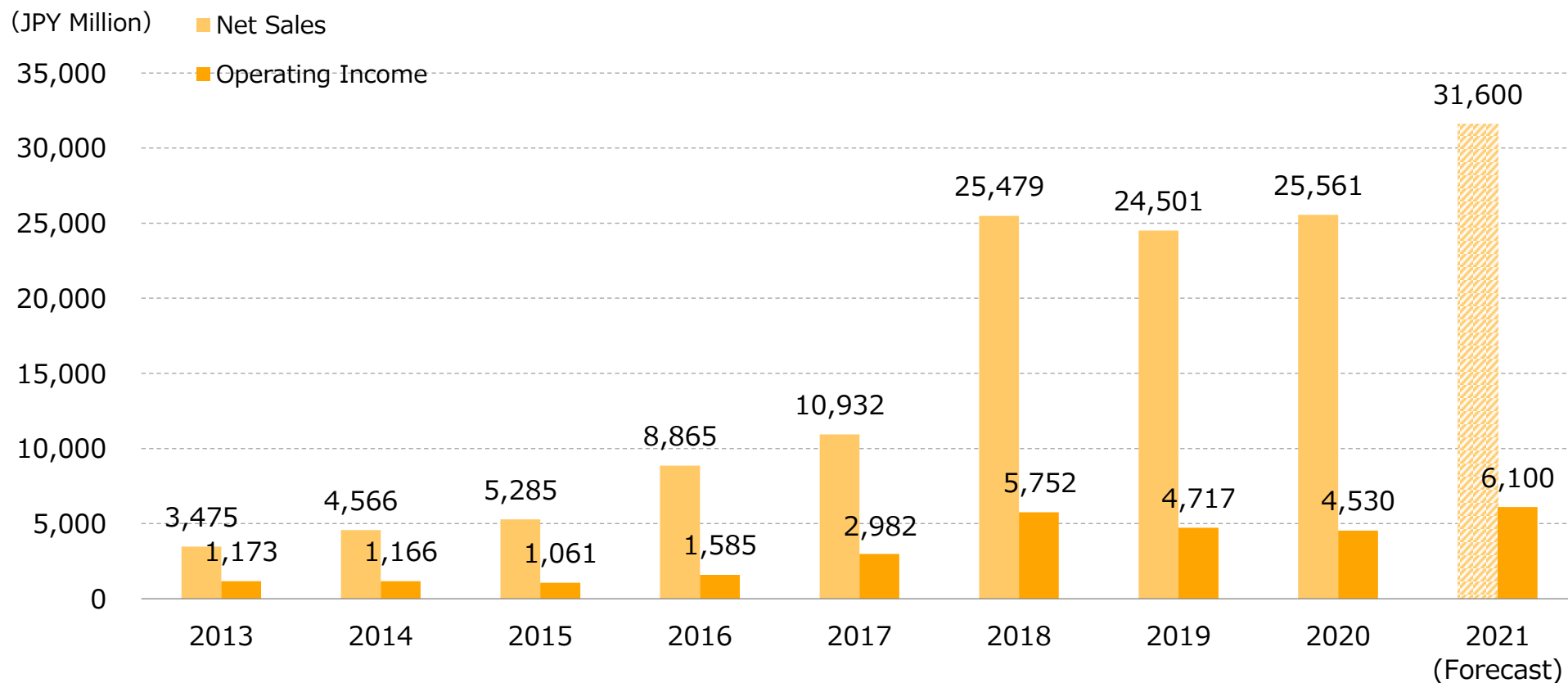
Performance by Segment

(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

Year-by-Year Results

- In February, 2014, RSTEC Semiconductor Taiwan (RSTW) was established and Tainan factory began to produce 12 inch reclaimed wafer in December, 2015
- In June, 2015, No 8 factory (for 18 inch reclaimed wafer) in Sanbongi completed
- In January, 2018, GRITEK became a consolidated subsidiaries
- In October, 2020, Dezhou factory in Shandong began to manufacture prime wafer

Consolidated Net Sales and Operating Income



※ Forecast in 2021 was disclosed on August 4th.

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.