



FY12/22 1Q Financial Results Briefing Material

RS Technologies Co., Ltd.

May 13, 2022



Prime Market
3 4 4 5

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1. Company Overview

Company Overview

- Holding the top market share (33%*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 5,438 million (As of March 2022)
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 800 million, 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 “China business investment scheme” for details.

History

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	Launched Kurihara Plant (Kurihara City, Miyagi Prefecture) as the second production base of DG
Jun. 2021	Changed the organizational structure to a joint-stock company in preparation for listing on GRITEK
Mar. 2022	Transitioned from a company with audit & supervisory board structure to a company with audit and supervisory committee structure.
Apr. 2022	Establishment of the Nomination and Compensation Committee

Strengthening of Corporate Governance

- Transitioned to a company with audit and supervisory committee structure approved by general meeting of shareholders held on March 30, 2022
- Established the Nomination and Remuneration Committee approved by Board of Directors on April 14, 2022

Transitioned to audit and supervisory committee

Aim

◇Corporate Governance

- Strengthening of Board of Directors' supervisory and monitoring functions

◇Enhancement of Corporate Value

- Separation of business operation and Supervision, Speeding up decision making process

Changes occurred by the transition of committee structures

Nomination and Remuneration Committee

◇Aim

- Improvement of Governance function and monitoring function

◇Established

- April 14th, 2022 by Board of Directors

Transitioned Period

- Approved by general meeting of shareholders on March 30, 2022

Strengthening of System of Operating Officer

◇Aim

- Strengthening of Business execution
- Speeding up decision making

◇Execution Date

- March 30, 2022

Management and Operation System after transitioned to audit and supervisory committee structure

Directors

(non-member of Audit and Supervisory Committee)

CEO	Nagayoshi Ho
Director of Manufacturing Dept	Satoru Endo

Directors

(Member of Audit and Supervisory Committee)

Director	Hiroyuki Kanamori* (New)
Director	Ryosuke Kuwada* (New)
Director	Natsuko Shimizu* (New)

*Independent Outside Director

*New = newly appointed

Nomination and Compensation Committee

Chairman	Hiroyuki Kanamori (New)
Committee Member	Ryosuke Kuwada (New)
Committee Member	Natsuko Shimizu (New)
Committee Member	Nagayoshi Ho (New)

*New = newly appointed

Operating Officers

Chief Executive Officer	Nagayoshi Ho (New)
Senior Executive Officer	Satoru Endo (New)
Senior Executive Officer	Atsuyuki Kondo (New)
Senior Executive Officer	Makoto Kuramoto (New)
Senior Executive Officer	Issei Osawa (Prom)
Senior Executive Officer	Yasunori Kogami (Prom)
Senior Executive Officer	Chen Keirin (New)

*New = newly appointed

*Prom = promoted

Update on GRITEK's IPO process (disclosed on December,2021)

- On December 28, 2021, Shanghai Stock Exchange Accepted Listing Application and Began Listing Examination

IPO Schedule



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 : 150k/month 12inch : 300k/month
Location	Osaki city, Miyagi
Certificated	ISO9001、ISO14001

Tainan Factory (RSTW, Reclaimed Wafer)

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



Company	RSTEC Semiconductor Taiwan Co.,Ltd
Est.	December 2015
Product	12inch Reclaimed
Capacity	12inch : 200k/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

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

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



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



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

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, DG has been increasing production through capital investment and productivity improvement.



Company	DG Technologies Co., Ltd
Est.	October 1981
Product	Quartz and Silicon Consumable Parts For Etching Equipment
Location	Kamisu City, Ibaraki Prefecture
Certificated	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

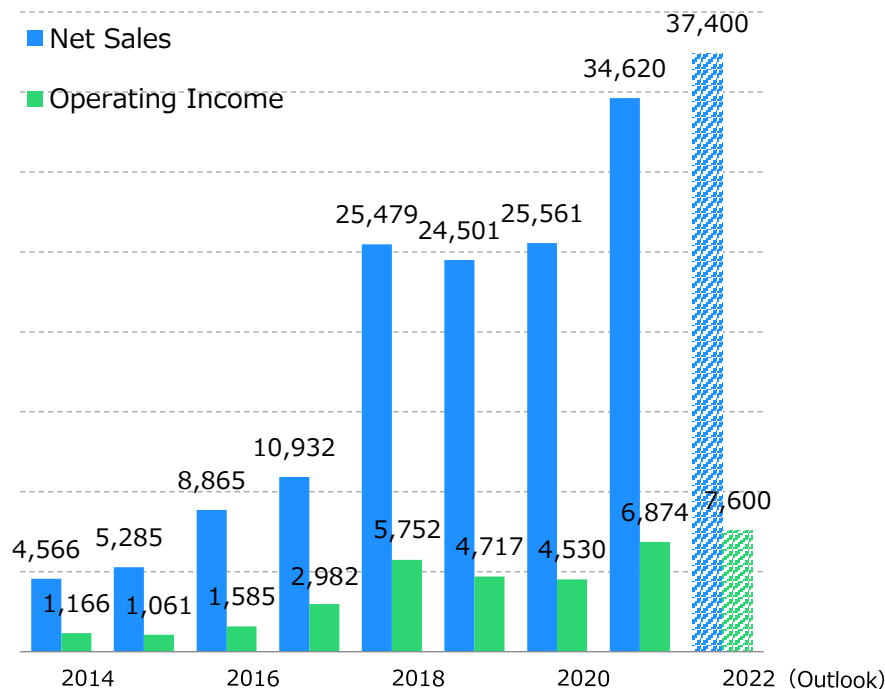
Company	DG Technologies Co., Ltd
Est.	May 2021
Product	Quartz and Silicon Consumable Parts For Etching Equipment
Location	Kurihara City, Miyagi Prefecture
Area	5,000m ²

RS Technologies Today

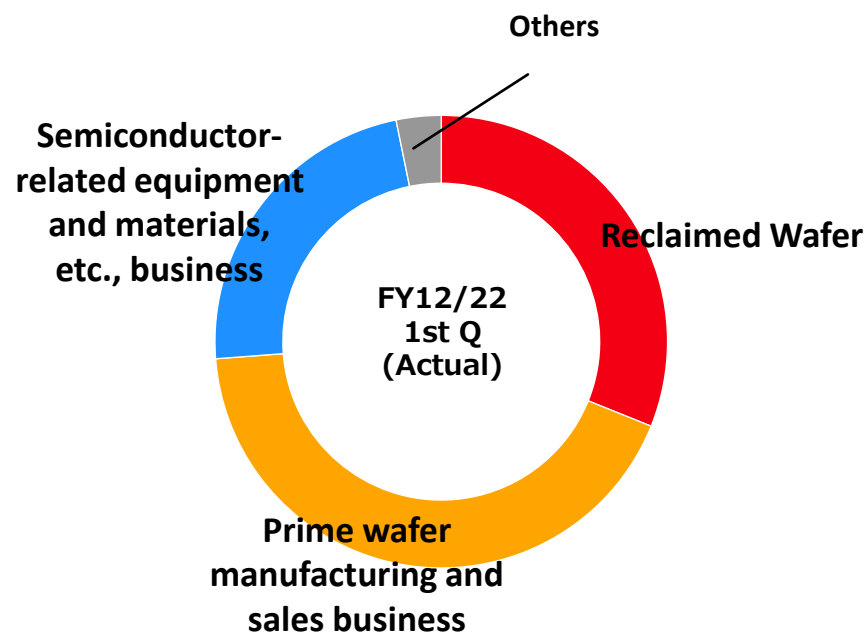
- A comprehensive wafer manufacturer in the Silicon Reclaimed Wafer and Prime Wafer business.
- Business has expanded into semiconductor-related equipment and materials, etc., business and solar business.
- The Company boasts the world's top share in Reclaimed Wafer business and is expanding its Prime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

Consolidated Net Sales and Operating Income

(JPY Million)

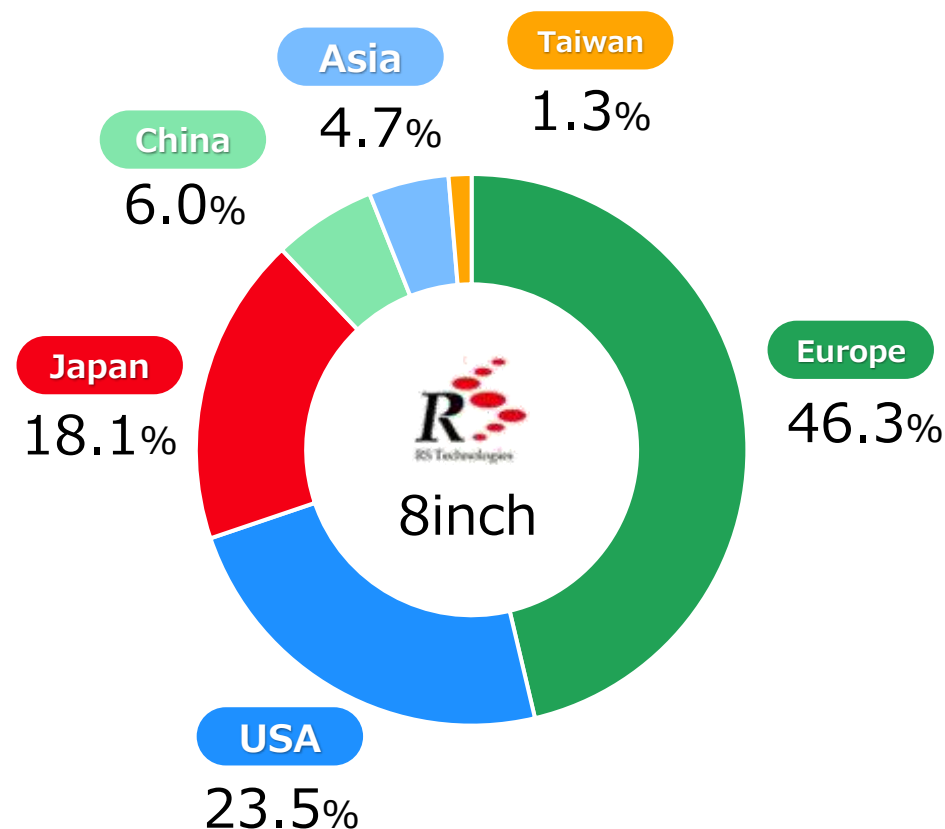
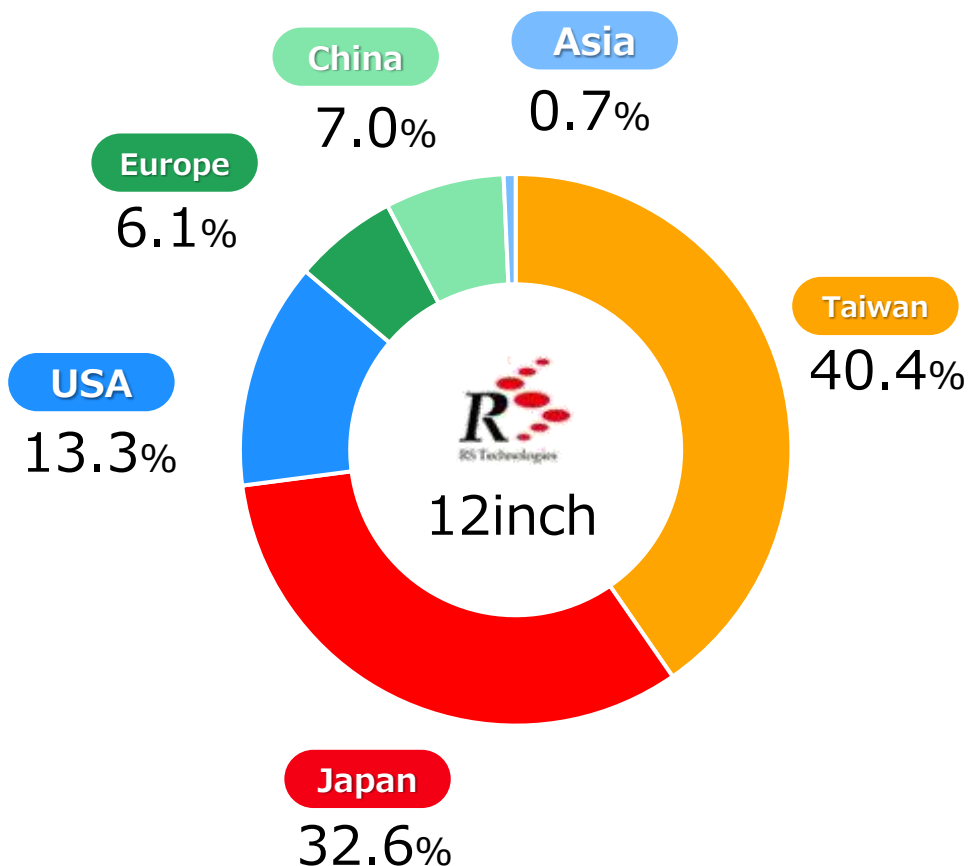


Revenues by Segment



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



(FY12/21)

2. FY 12/2022 1Q Results Summary

FY12/2022 1Q Financial Result

- Net Sales, Operating Income Increased Compared to YoY.
- Net income attributable to owners of the parent Increased.

(JPY Million)	FY 12/2021 1Q	FY 12/2022 1Q	YoY	Compared to YoY	Progress rate to reach FY 12/ 2022 2Q Forecast	FY 12/2022 2Q Outlook
Net Sales	6,684	11,067	4,383	65.6%	61.5%	18,000
Operating Income	755	2,617	1,862	246.6%	74.8%	3,500
Operating Margin	11.3%	23.6%	12.3pt			19.4%
Ordinary Income	1,191	2,858	1,667	139.9%	71.5%	4,000
Ordinary Margin	17.8%	25.8%	8.0pt			22.2%
Net income attributable to owners of the parent	▲540	1,228	1,768	–	53.4%	2,300
EPS (JPY)	▲41.83	95.03	136.86	–		177.91

Financial Results By Segment and Company (Cumulative)

- Reclaimed Wafer Business increased net sales and operating income YoY contributed mainly by customers' strong demand
- Prime Wafer Business increased net sales and operating income contributed mainly by 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 business		Prime Wafer Manufacturing and Sales Business		Semiconductor-related Equipment, Materials, etc., Business		Others, Adjustments		Consolidated Total	
		YoY		YoY		YoY		YoY		YoY
Net Sales	3,677	26.2%	5,049	121.4%	2,720	43.3%	△379	—	11,067	65.6%
Operating Profit	1,353	27.2%	1,282	—	194	139.5%	△212	—	2,617	246.6%
%	36.8	0.3pt	25.4	34.7pt	7.2	2.9pt	—	—	23.6	12.3pt

By Company (Million JPY)	RS		Subsidiary in Taiwan		Subsidiaries in China		Others, Adjustments		Consolidated Total	
		YoY		YoY		YoY	elimination of intracompany transactions	YoY		YoY
Net Sales	3,913	26.6%	2,112	63.9%	5,054	129.3%	△12	—	11,067	65.6%
Operating Profit	831	41.8%	537	37.0%	1,278	—	△29	—	2,617	246.6%
%	21.2	2.2pt	25.4	▲5.0pt	25.3	36.1pt	—	—	23.6	12.3pt

FY 12/2022 1Q Result Chart by Segment

- Reclaimed Wafer Business increased net sales and operating income YoY contributed mainly by customers' strong demand
- Prime Wafer Business increased net sales and operating income contributed mainly by strong customer demand and stable new factory's operations
- Semiconductor-related Equipment, Materials Business also showed steady sales and profit increase by strengthening sales force.

Reclaimed Wafer Business

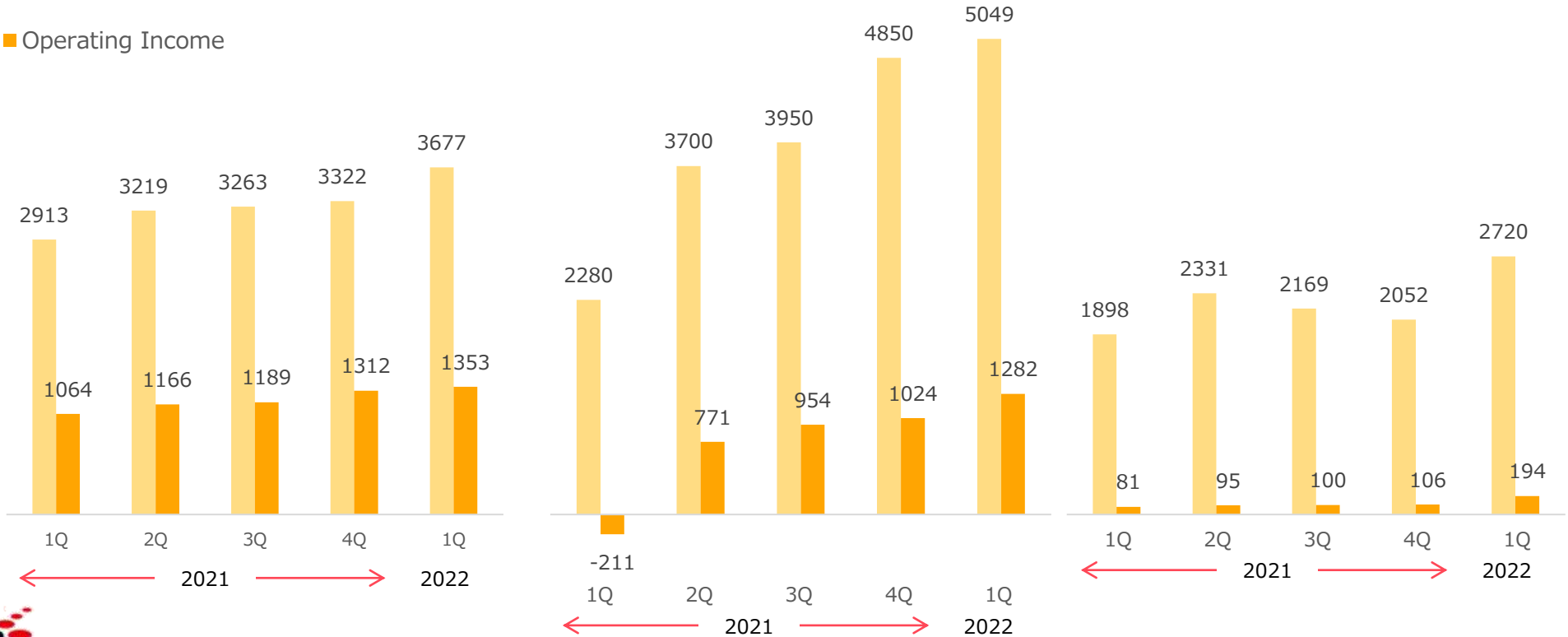
Prime Wafer Business

Semiconductor-Related E & M Business

(JPY Million)

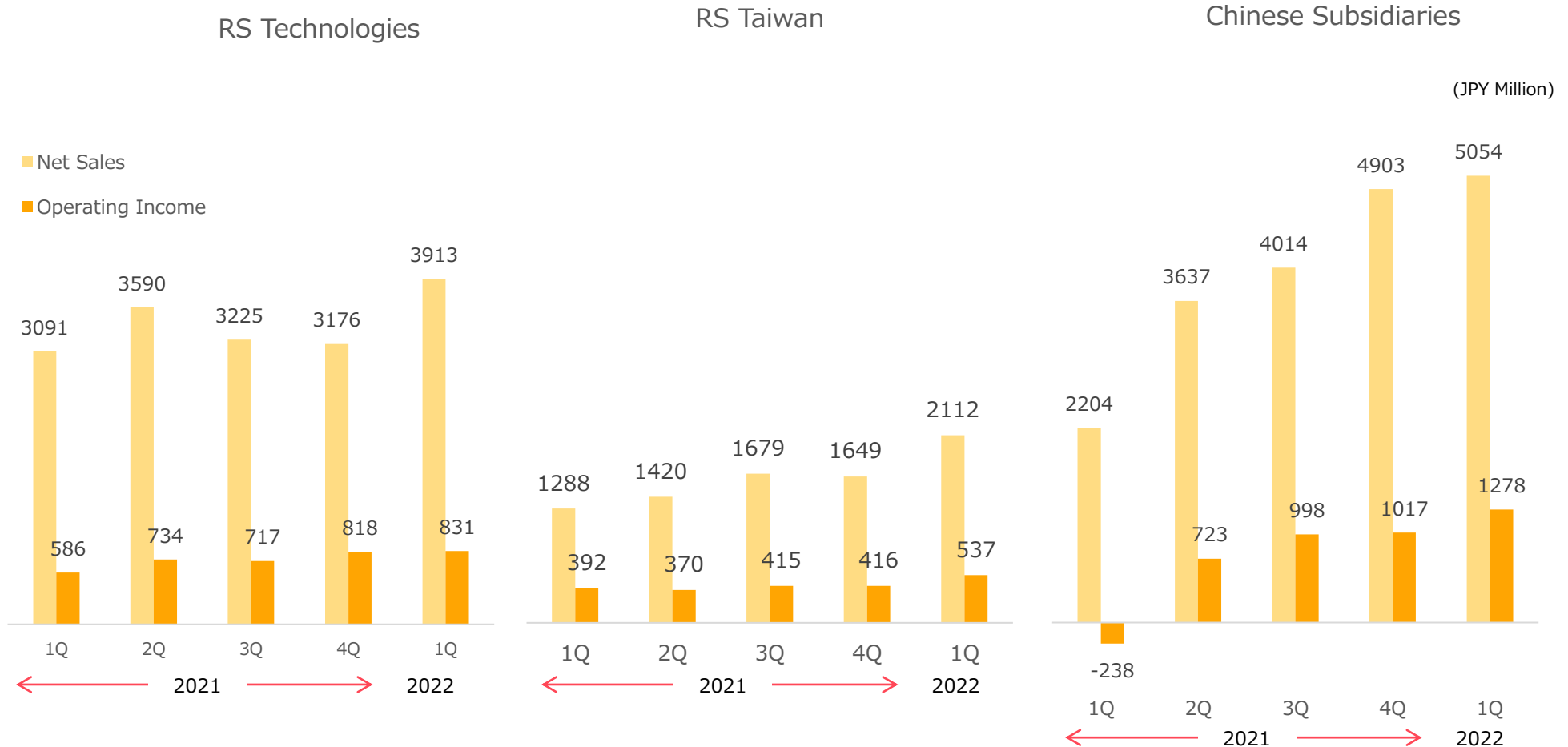
■ Net Sales

■ Operating Income



FY 12/2022 1Q Result Chart by Company

- Taiwan Subsidiary showed steady growth by strong customers' demand
- RS Technologies showed steady growth in profit
- Chinese subsidiaries showed steady growth by steady production and strong customer demand



Balance Sheet

- Due to increase in profit, net asset increased to about JPY 59.9 Billion (+JPY 4.9 billion)

Consolidated Balance Sheet

(JPY Million)	FY 12/2021	FY 12/2022 1Q
Assets		
Current Assets	45,851	49,240
Cash and cash equivalents	27,766	31,275
Notes and account receivable	9,517	10,158
Merchandise and finished goods	2,783	2,618
Non-Current Assets	33,146	34,681
Property, plant, and equipment	28,962	30,447
Intangible assets	417	391
Investment and other assets	3,766	3,843
Total Asset	78,997	83,921
Liabilities		
Current liabilities	14,218	14,055
Notes and account payable	4,317	3,699
Short term debts	3,020	3,862
Non-current liabilities	9,827	9,973
Long term debts	5,097	4,849
Total Liabilities	24,046	24,028
Net Asset		
Net Asset	54,951	59,893
Total Liabilities and Net Assets	78,997	83,921

3. Medium-term Management Plan Outlook

Summary of Medium-Term Management Plan (4 years)

- **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:** Entering new market segment and Exercising group synergies

(Million yen)	12/2020	12/2022	12/2023	12/2024	12/2025
	Actual	Forecast	Forecast	Forecast	Forecast
Net sales	34,620	37,400	39,700	42,400	45,000
Operating income	6,874	7,600	8,300	9,300	10,000
Operating Margin	19.8%	20.3%	20.9%	21.9%	22.2%
Ordinary income	8,832	8,900	9,700	10,800	11,600
Ordinary Margin	25.5%	23.8%	24.4%	25.5%	25.7%
Net income attributable to owners of the parent	3,303	4,800	5,600	6,300	6,800
EPS	255.56	371.39	433.28	487.45	526.14

Outlook of FY 12/2022

- All segment is likely to show steady growth
- RS Technologies and RS Taiwan will increase sales and profit mainly from reclaimed wafer business
- Chinese Subsidiaries is likely to show sales and profit growth by executing steady production and capital investment

(JPY Million)	FY 12/2021 (Jan-Dec, 2020)	FY 12/2022 (Jan-Dec, 2022)	vs. Previous Year	
	Actual	Forecast	Increase/decrease	%
Net Sales	34,620	37,400	2,780	+8.0%
Operating Income	6,874	7,600	726	+10.6%
Operating Margin	19.8%	20.3%	0.5Pt	
Ordinary Income	8,832	8,900	68	+0.8%
Ordinary Margin	25.5%	23.8%	△1.7pt	
Net income attributable to owners of the parent	3,303	4,800	1,497	+45.3%
EPS	JPY 255.56	JPY 371.39	115.83	+45.3%
Annual Dividend	JPY 25.0	JPY 25.0	—	—

(JPY Million)	RS		Subsidiary in Taiwan		Subsidiaries in China		Others, Adjustments	Consolidated Total	
		Y o Y		Y o Y		Y o Y			Y o Y
Net Sales	13,500	+3.2%	6,600	+9.3%	16,300	+10.8%	1,000	37,400	+8.0%
Operating Income	2,900	+1.6%	2,000	+25.5%	2,600	+8.0%	100	7,600	+10.6%
Operating Margin	21.5%	△0.3pt	30.3%	4.0pt	15.9%	△1.0pt	-	20.3%	+0.5pt

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.
- Determined to increase investment amount to Taiwan in 2022 and 2024 and by 2024, production capacity will reach to 260K/m

JAPAN

Total investment: JPY 2.1 bil.

- Expand production capacity for 12-inch reclaimed wafers and miniaturization
- 2022~2024 : JPY 2.1 bil (+40K)

12-inch reclaimed wafer production capacity
(per month)

2021	2022	2023	2024
280K	300K	310K	320K

2022	2023	2024
JPY 900 million	JPY 500 million	JPY 200 million

TAIWAN

Total investment: JPY 3.0 bil.

- Expand production capacity for 12-inch reclaimed wafers and miniaturization
- 2022~2024 : JPY 3.0 Bil. (+70K)

12-inch reclaimed wafer production capacity
(per month)

2021	2022	2023	2024
180K	200K	230K	260K

2022	2023	2024
JPY 900 million	JPY 1.1 billion	JPY 1.0 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~): TBD (+50K)

12-inch reclaimed wafer production capacity
(per month)

2021	2022	2023	2024
0	50K	50K	50K

Phase 1 investment

2022	2023	2024
JPY 500 million	JPY 100 million	TBD

※ Invested JPY 3 bil. in 2021

Capital Investment Plan: Prime Wafer Business

- **8 inch prime wafer:** Targeting to produce 130k wafers per month
- **12 inch prime wafer:** Completed Product Development line with 10K capacity

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**

FY2022	FY2023	FY2024
*1	TBD	TBD

*1: completed investment in 2021

China (12 inch)

Action to take:

R&D 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 R&D line for 10k.

12-inch prime wafer production capacity (per month)

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

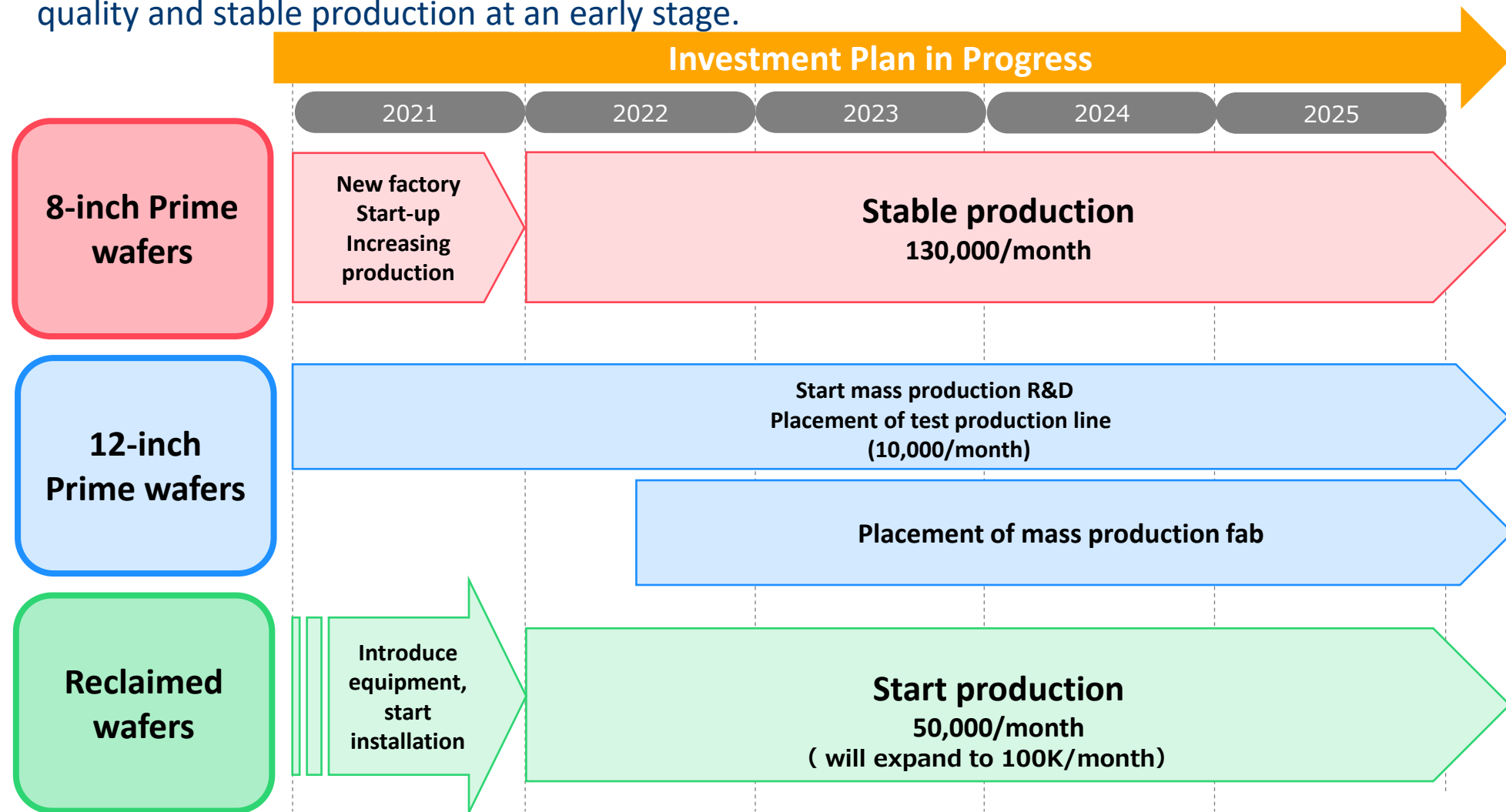
FY2022	FY2023	FY2024
*3	TBD	TBD

*2: Development line for mass production R&D

*3: completed investment for Development Line in 2021

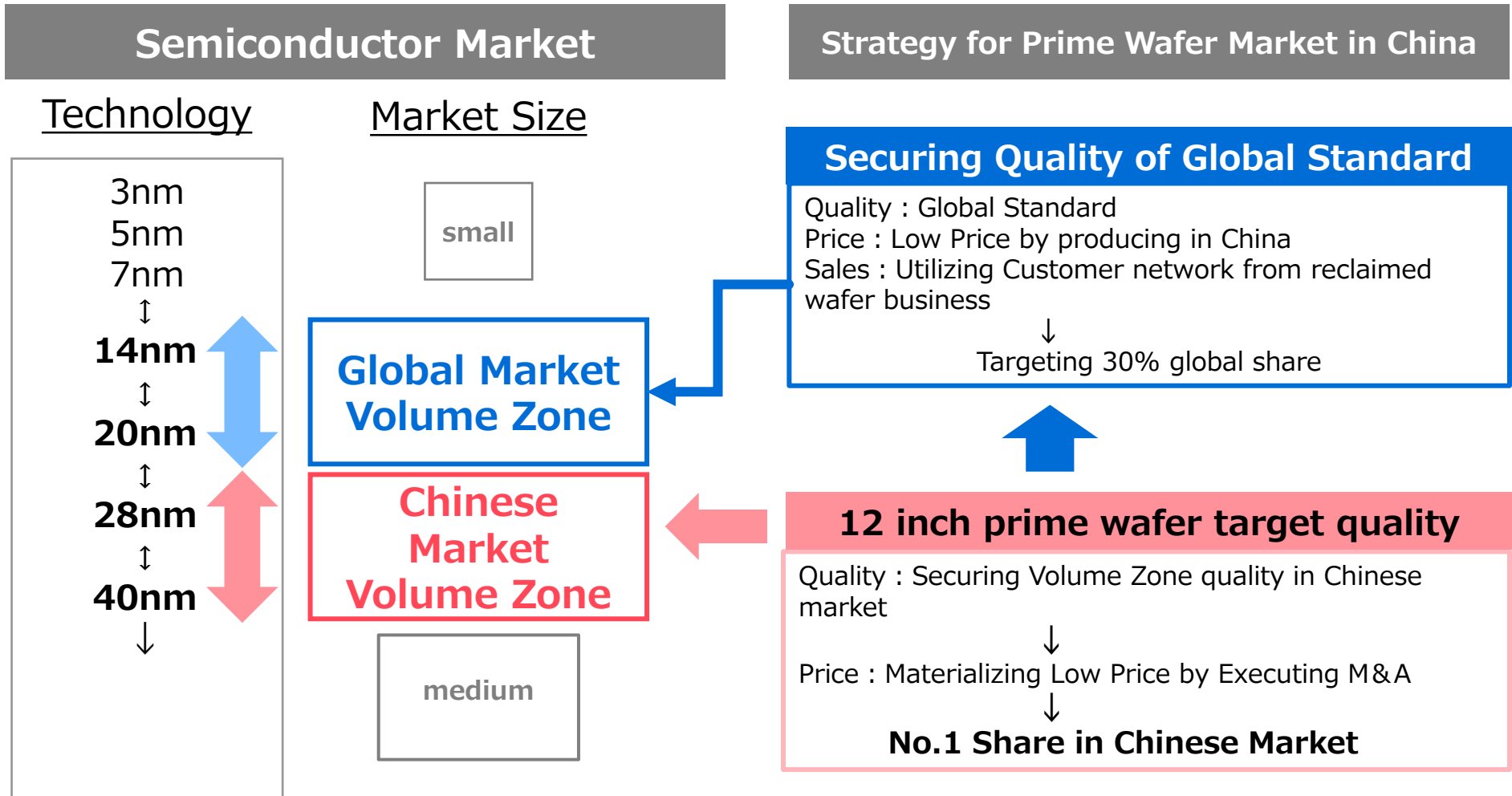
Investment Plan in Progress for China (Schedule)

- Producing 130k wafers per month for 8 inch prime wafer. Conducted R&D with a 12 inch monthly production line of 10k wafers and launch of a wafer recycling business. The 12 inch aims for high quality and stable production at an early stage.



12 Inch Prime Wafer Market in China (Strategy)

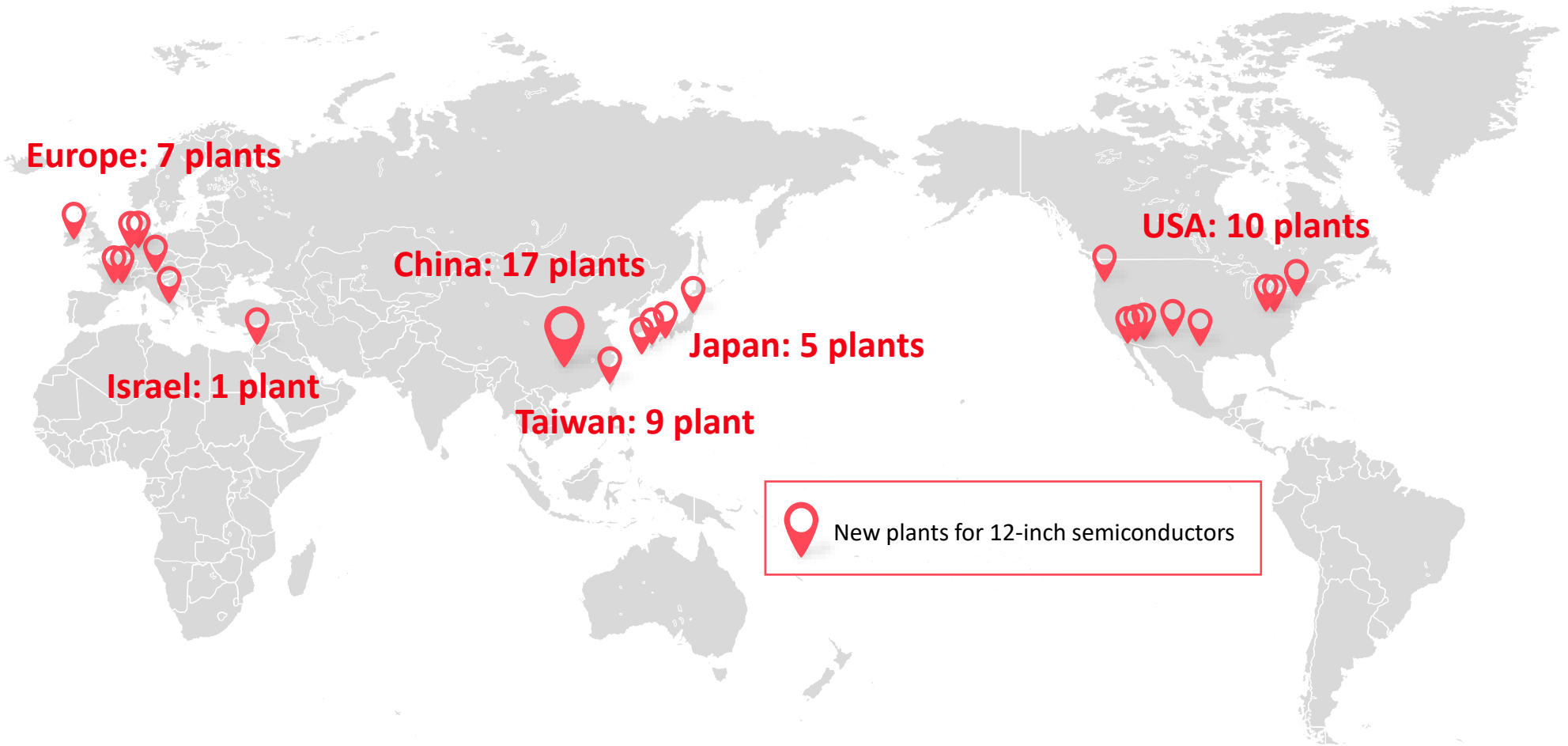
- Targeting No.1 Share in Chinese Market by securing volume zone quality in Chinese Market
- After achieving No.1 share in Chinese market, next step will be to be a prime wafer manufacturer who is able to provide products with global standard quality to global semiconductor manufacturers



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.

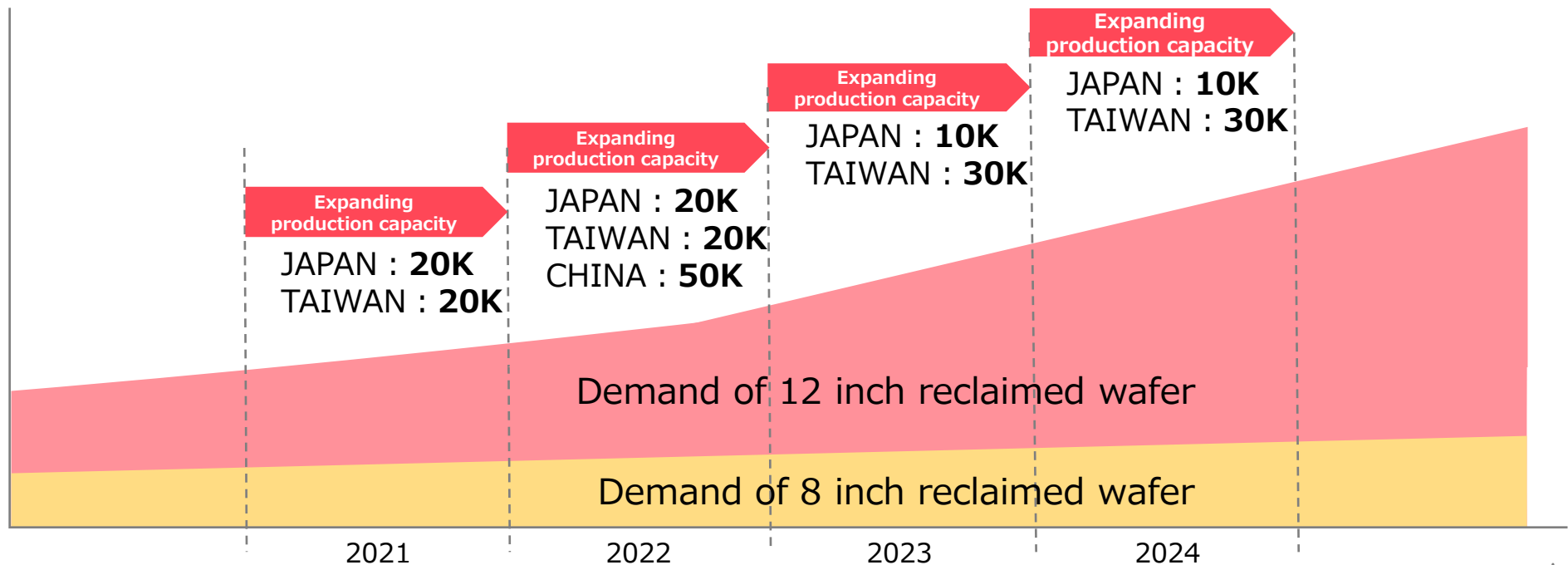


Note: RST survey

Reclaimed Wafer Demand Outlook

- Between 2022 and 2024, production capacity of 12 inch reclaimed wafers is expected to increase:
Japan: +40,000, Taiwan: +80,000, China: +50,000

Production Capacity	End of 2021	End of 2022	End of 2023	End of 2024
JAPAN	280K	300K	310K	320K
TAIWAN	180K	200K	230K	260K
CHINA	0	50K	50K	50K
TOTAL	460K	550K	590K	630K



Note : RST's own research

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

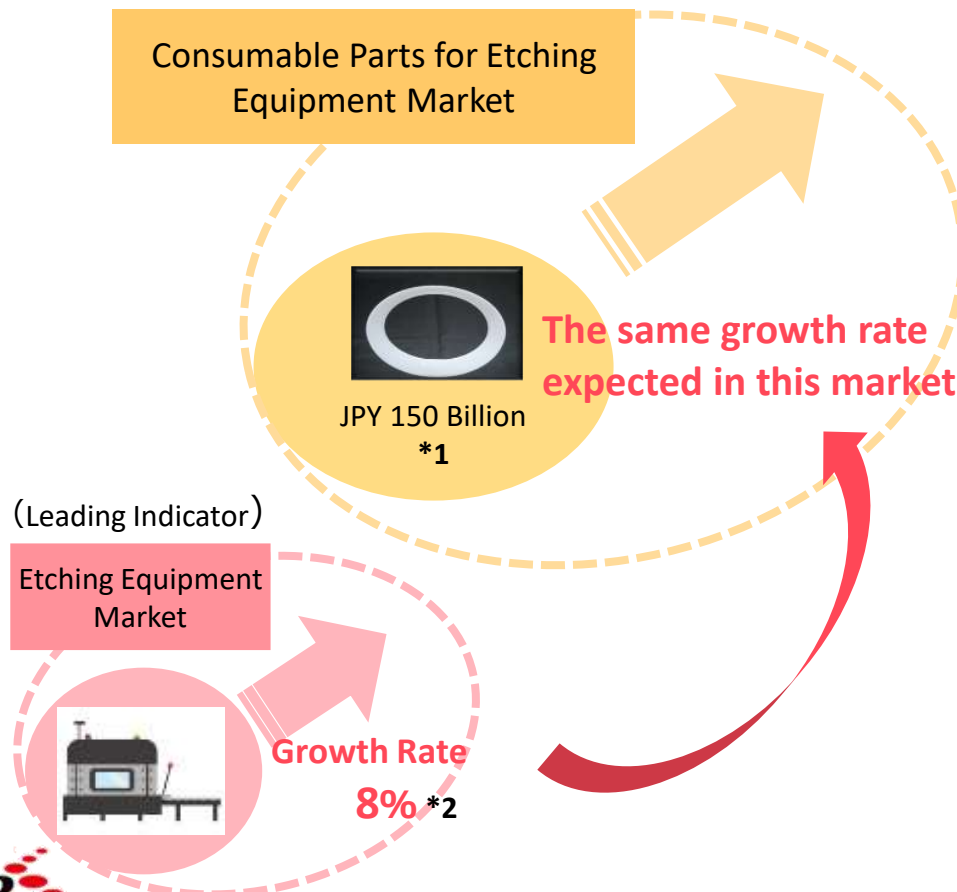
Main Customer

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

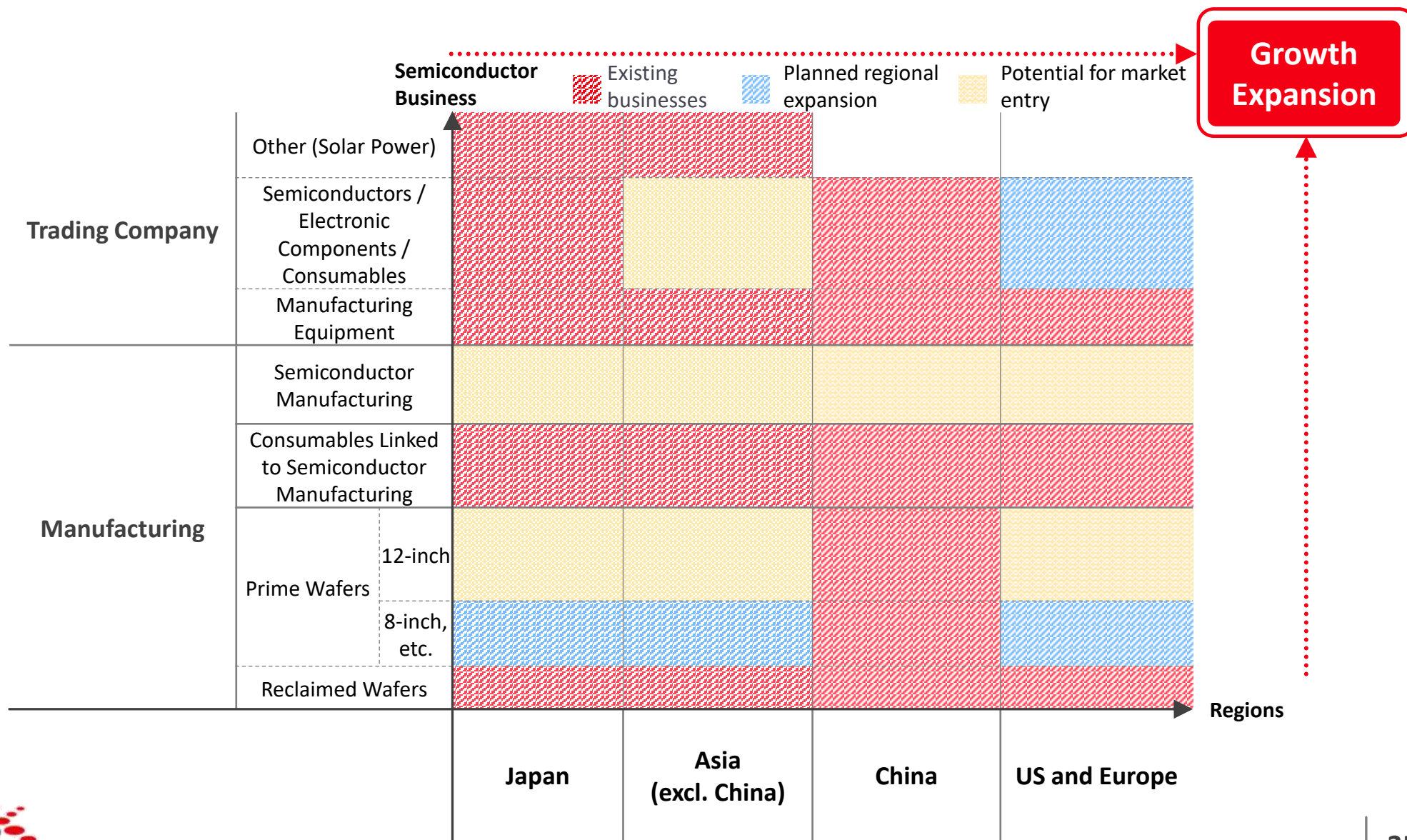
Kurihara Factory



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

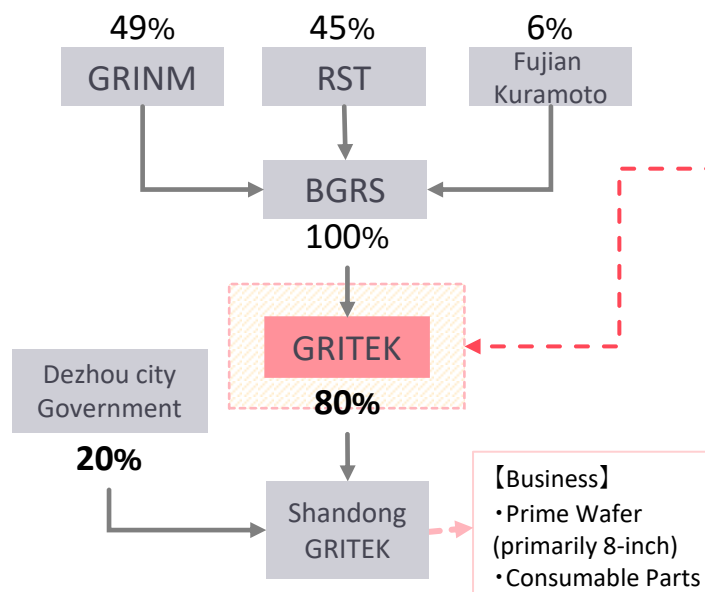
Establishment of business base in China

- Diversifying financing
- Elevating brand value
- Hiring talented employee

Growth of GRITEK business

- Stable financing options
- Strengthen sales force
- Improvement of production and promotion of R&D

Increasing the value of RST Group



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.

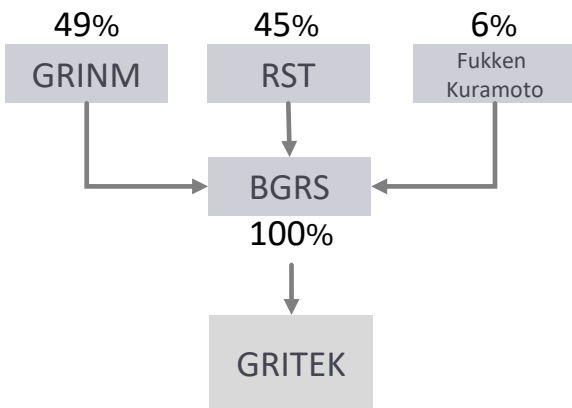
Summary of Share Transfer

- **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%

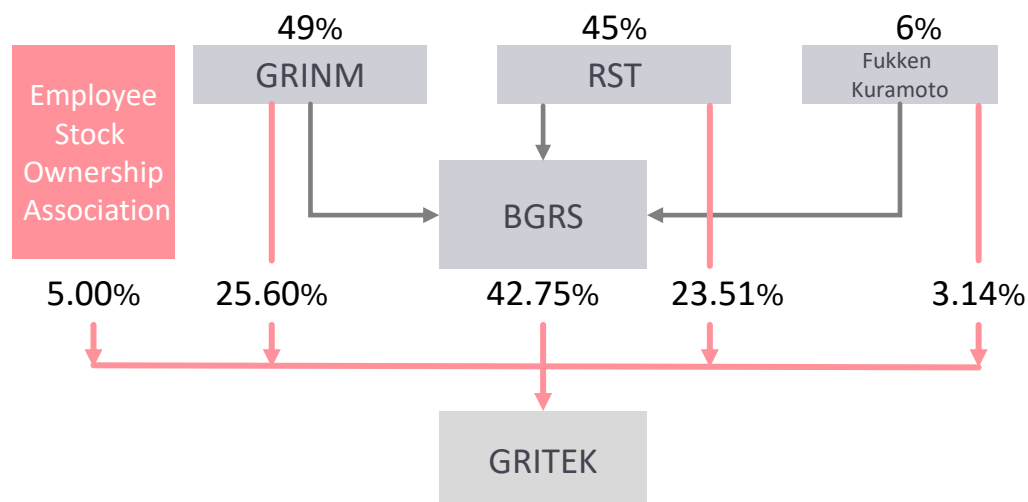
Purpose of Share Transfer

- 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

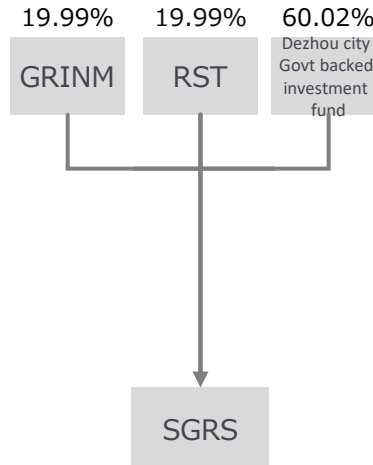
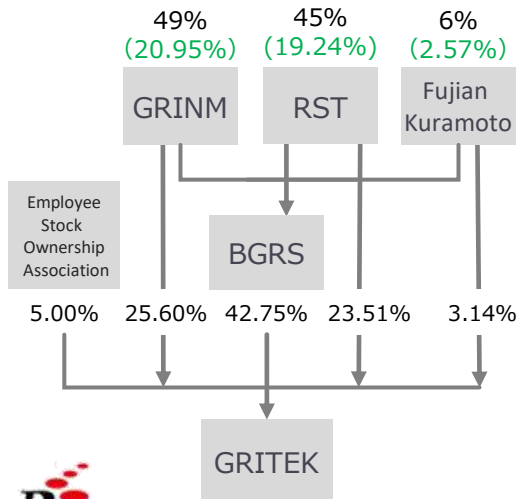
Before

8 inch

12 inch

Owned Share of BGRS

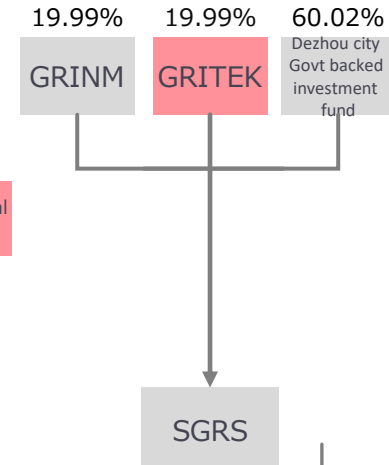
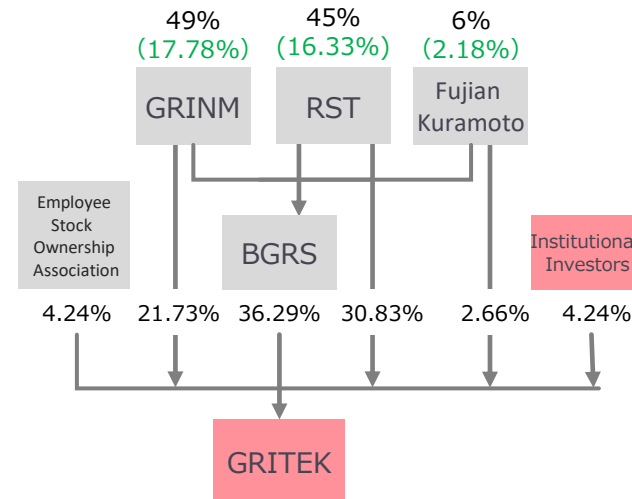
Indirect Owned Share of GRITEK



Up to End of June

8 inch

12 inch



Appendix2

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

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.

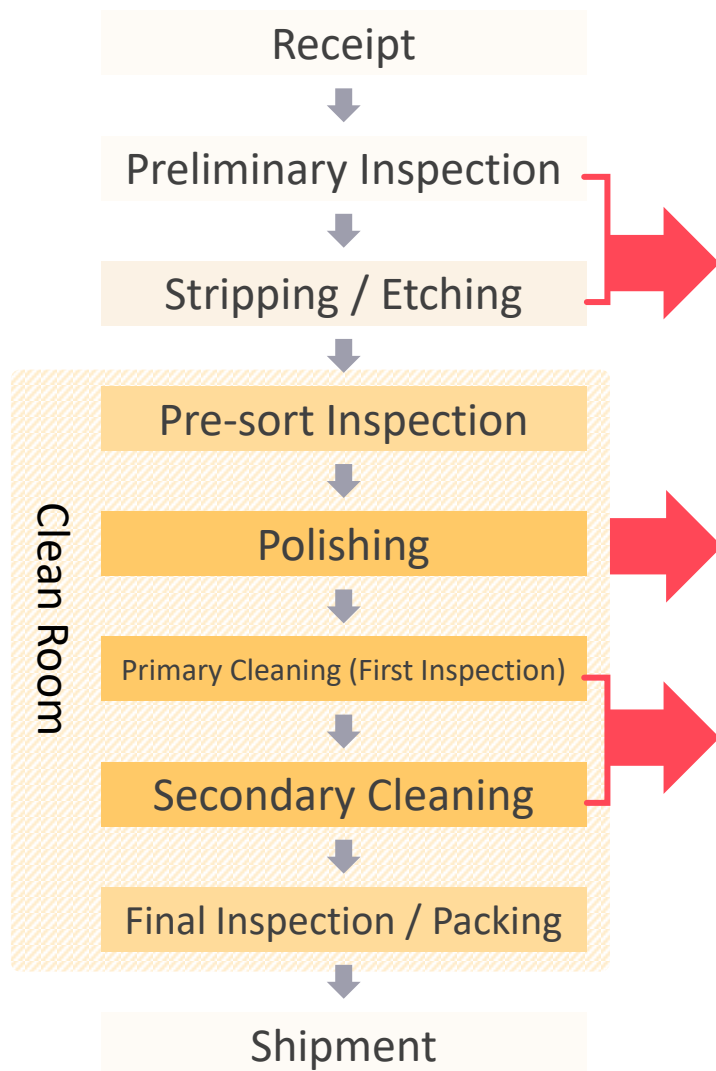
2010 Established and appointed president of RTS
(current position)

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

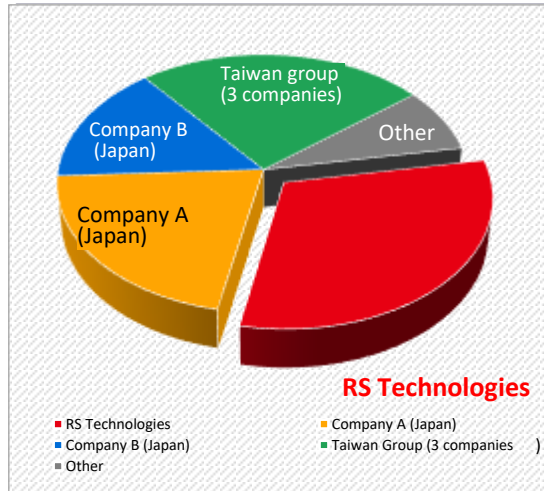
+ **Removal of metallic impurities**
Particular strength in removing copper (Cu)



Reclaimed Wafer Business (2/2)

Increasing Share of the Reclaimed Market

RS Technologies' Share of the 12-inch Reclaimed Market



A new factory 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 factories by using empty factories at Sanbongi, and utilizing business partnerships, M&A, and other means.

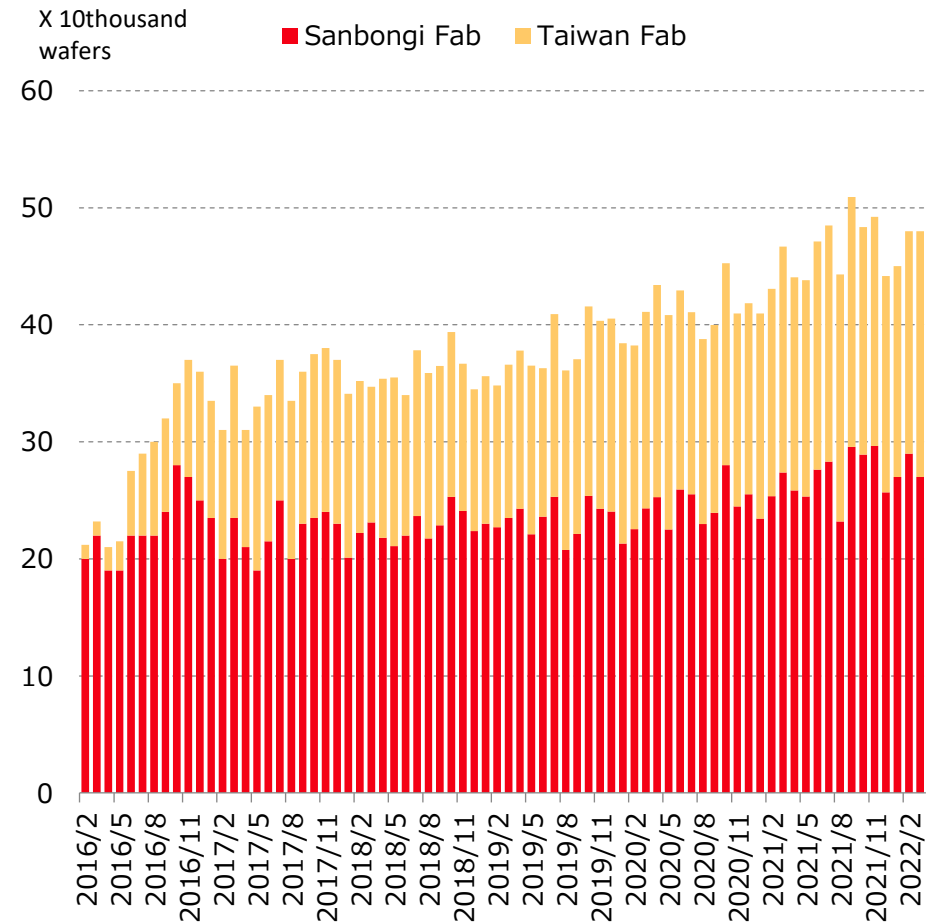
Note: RST survey

	FY12/ 2015 1H	FY12/ 2015 2H	FY12/ 2016	FY12/ 2017	FY12/ 2018	FY12/ 2019	FY12/ 2020	FY12/ 2021
RST Group Production Capacity	180k wafers	240k wafers	280k wafers	300k wafers	340k wafers	400k wafers	420k wafers	460k wafers
RST Group Market Share	19%	24%	29%	30%	31%	33%	33%	33%

Note: RST survey

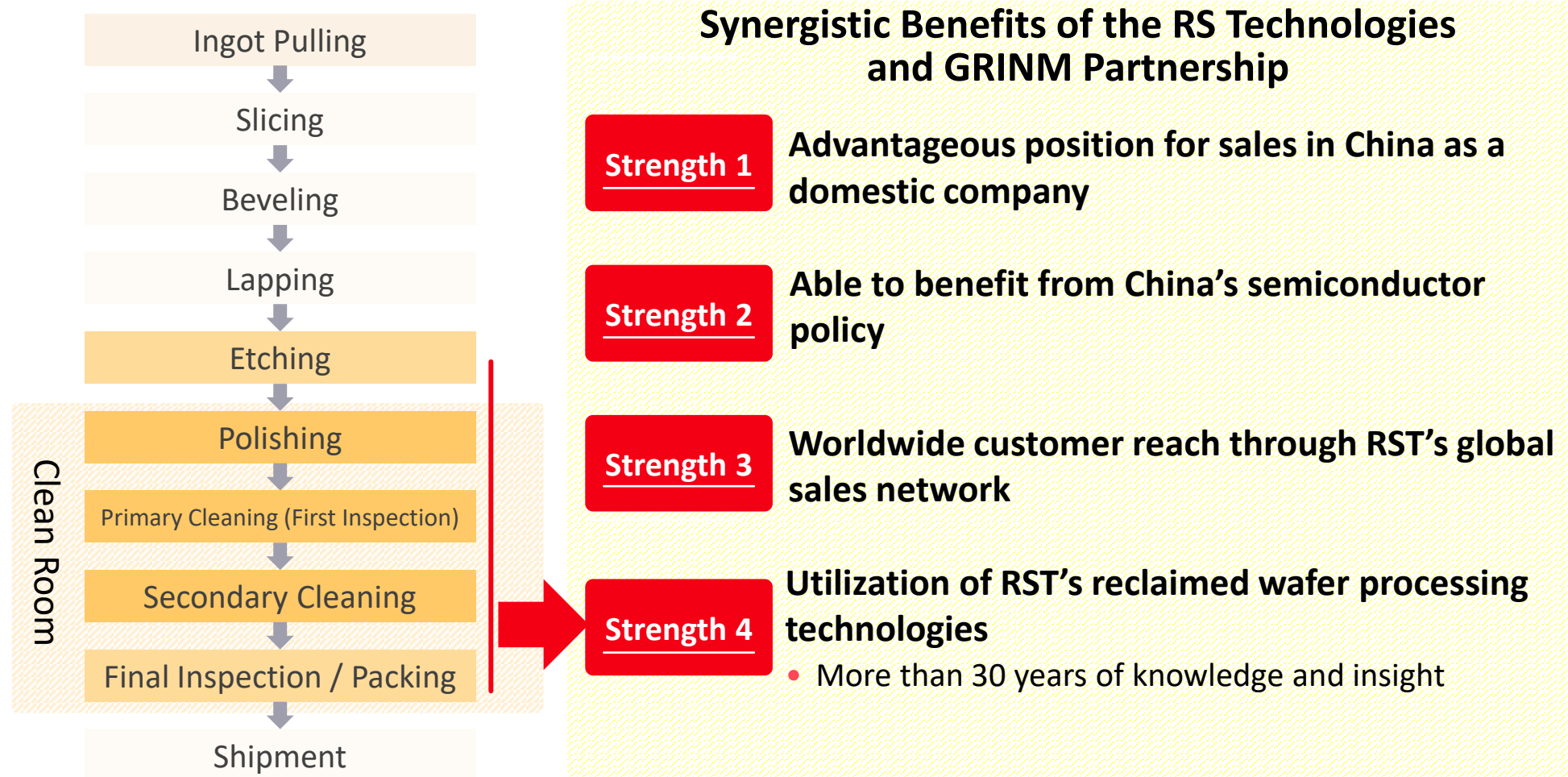
Shipments from the Sanbongi factory and Taiwan Subsidiary

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



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 45 million companies in China, about 460 thousand are state owned. Out of these, about 97 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, 4 Research institutes and 30 operating companies (including 2 listed 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

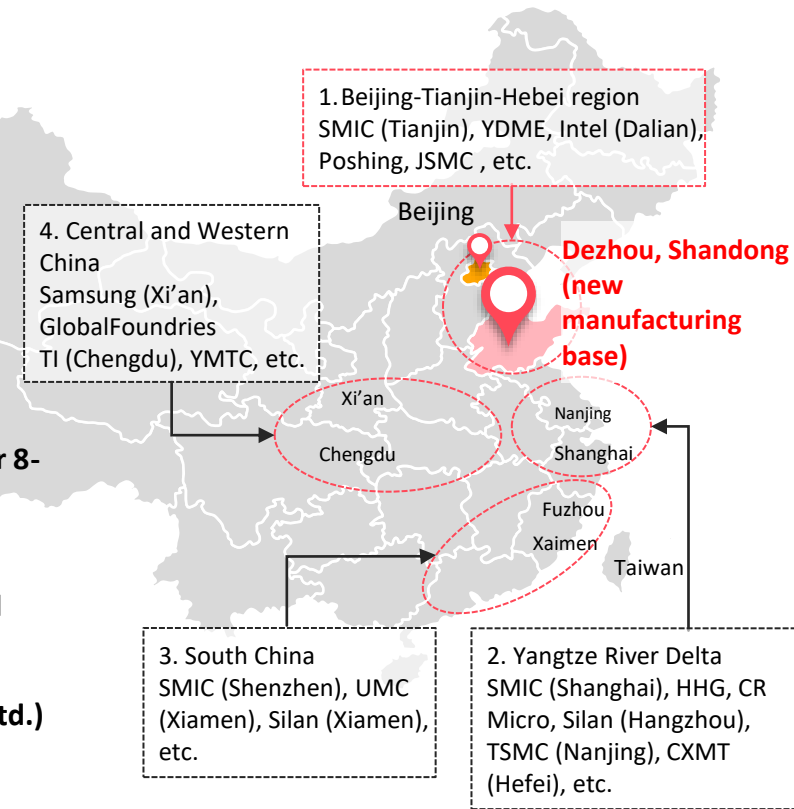
Subsidiary established for factory construction

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

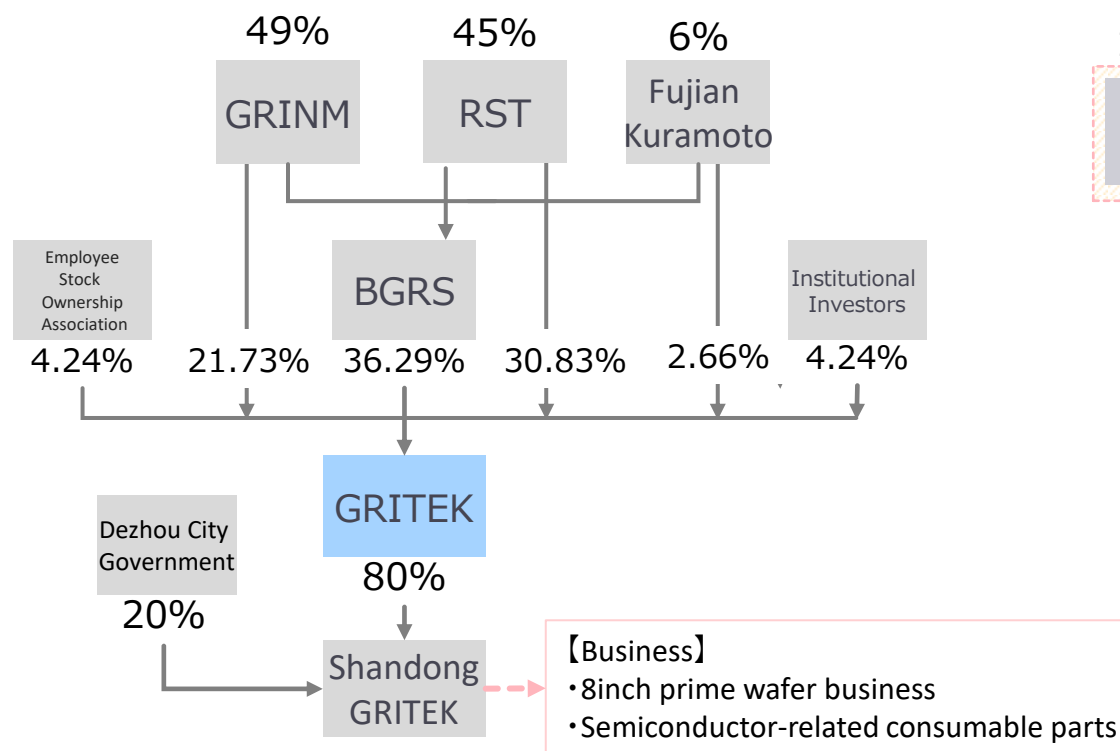


Business Scheme in Chinese market

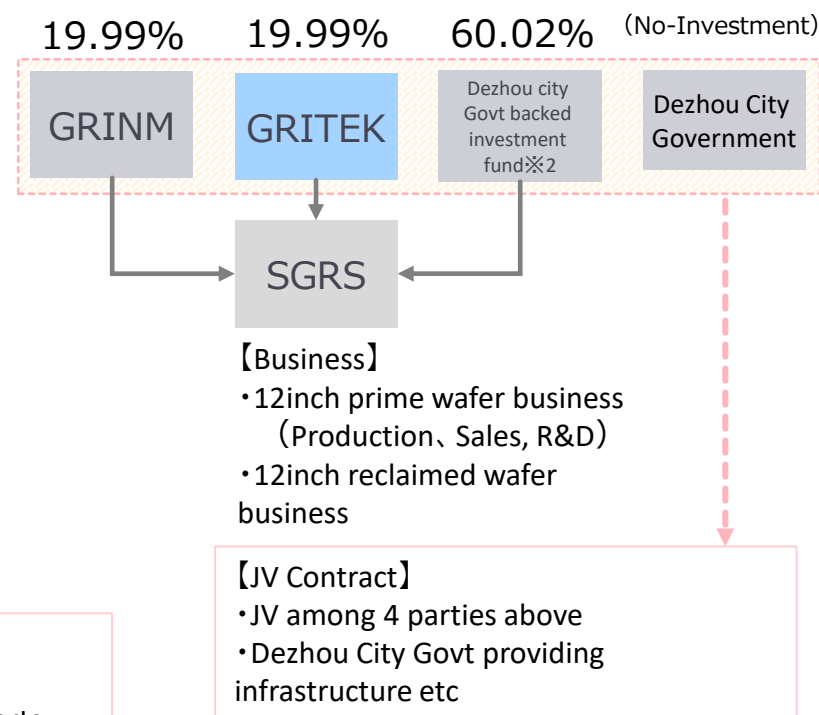
(After execution of business scheme disclosed in May, 2021)

- 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

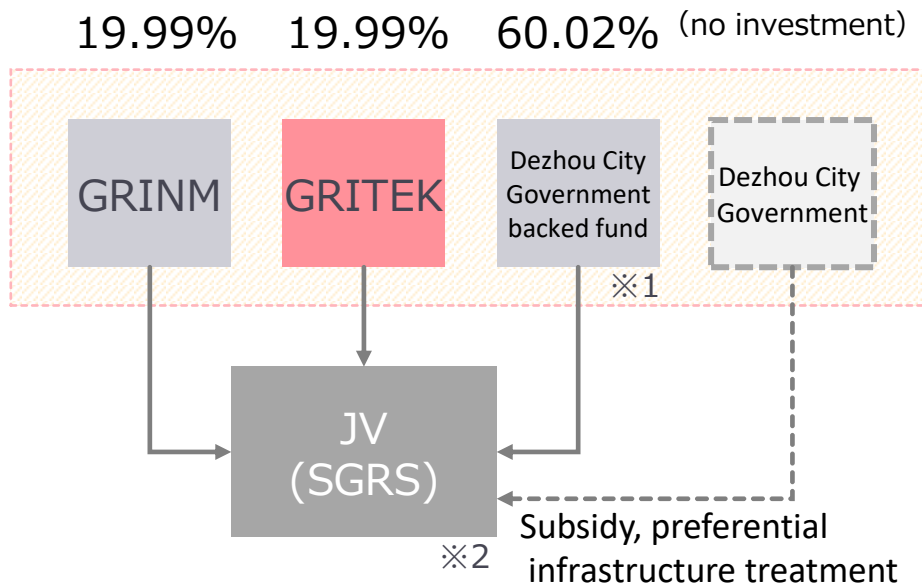
※2 Dezhou Huida Semiconductor Equity Investment Fund Partnership

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	FY12/2021
Net sales	3,475	4,566	5,285	8,864	10,932	25,478	24,501	25,561	34,620
Gross profit	1,173	1,820	1,852	2,544	4,252	8,366	7,940	8,681	11,870
SG&A	471	654	791	958	1,269	2,615	3,223	4,151	4,995
Operating profit	703	1,166	1,061	1,585	2,982	5,751	4,717	4,530	6,874
Ordinary income	819	1,247	770	1,444	3,159	6,141	5,416	5,252	8,832
Net income*	525	664	143	861	2,113	3,620	3,035	2,824	3,303
Dividend (Yen)	-	-	-	10	5	10	15	20	25
Capital investment	338	3,503	4,665	209	95	1,328	4,809	12,409	5,975
Depreciation	87	103	326	682	714	1,298	1,814	1,674	2,942
Research and development expenses	1	6	11	85	183	501	449	929	1,308
Number of employees (Regular employees)	152	191	265	373	434	1,159	1,277	1,187	1,333

Principal Financial Statements

(JPY Million)

	FY12/2013*	FY12/2014	FY12/2015	FY12/2016	FY12/2017	FY12/2018	FY12/2019	FY12/2020	FY12/2021
Assets									
Current Assets	1,811	2,759	3,732	5,348	7,388	26,074	32,760	32,626	45,851
Cash and cash equivalent	397	1,190	1,842	1,952	3,243	14,879	22,156	19,082	27,766
Notes and accounts receivable - trade	681	696	795	2,531	2,916	6,958	6,047	6,321	9,517
Merchandise and finished goods	396	376	361	348	446	1,343	1,713	2,116	2,783
Non-Current Assets	508	4,064	5,845	5,333	4,843	10,516	15,873	26,124	33,146
Property, factory and equipment	461	3,918	5,667	5,152	4,674	8,963	14,635	24,146	28,962
Intangible assets	19	15	29	23	19	1,099	732	527	417
Investments and other assets	27	130	148	158	149	453	506	1,451	3,766
Total Assets	2,320	6,823	9,577	10,682	12,231	36,591	48,634	58,750	78,997
Liabilities									
Current liabilities	960	2,292	2,295	2,993	3,370	4,979	7,252	12,631	14,218
Notes and accounts payable - trade	138	151	186	283	398	1,554	1,614	2,871	4,317
Interest-bearing debt	136	827	1,216	1,538	1,276	976	1,730	1,522	3,020
Non-Current Liabilities	709	2,934	4,798	4,317	3,335	2,474	5,400	5,754	9,827
Long-term loans payable	615	2,925	4,079	3,620	2,767	1,848	2,232	1,613	5,097
Total Liabilities	1,670	5,227	7,093	7,310	6,705	7,453	12,652	18,385	24,045
Net Assets									
Net Assets	649	1,596	2,483	3,371	5,526	29,137	35,981	40,365	54,951
Total Liabilities and Net Assets	2,320	6,823	9,577	10,682	12,231	36,591	48,634	58,750	78,997

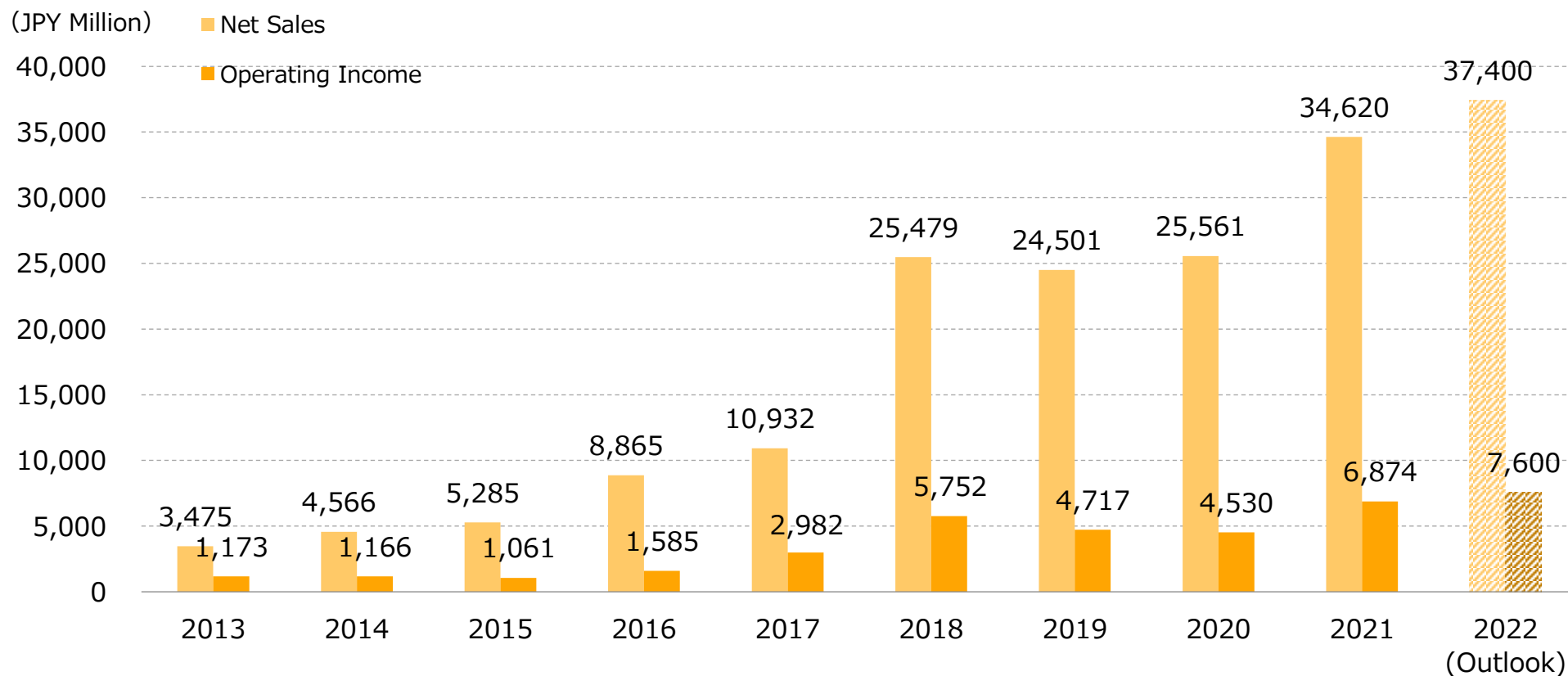
Performance by Segment

(JPY Million)	FY12/2013	FY12/2014	FY12/2015	FY12/2016	FY12/2017	FY12/2018	FY12/2019	FY12/2020	FY12/2021
Net sales									
Wafer business	3,347	4,414	5,107	7,144	9,487	10,973	10,776	11,461	12,717
Prime wafer manufacturing and sales business	–	–	–	–	–	11,918	10,058	8,755	14,780
Purchases and sales of semiconductor equipment business	–	–	–	1,654	1,393	2,918	4,047	6,272	8,450
Other, adjustments	127	151	178	66	52	△331	△380	△927	△1,327
Segment profit									
Wafer business	916	1,444	1,377	1,765	3,396	4,011	4,081	4,027	4,731
Prime wafer manufacturing and sales business	–	–	–	–	–	2,048	1,503	1,041	2,539
Purchases and sales of semiconductor equipment business	–	–	–	230	130	366	171	211	382
Other, adjustments	△214	△278	△316	△409	△543	△675	△1,038	△749	△778
Segment assets									
Wafer business	1,337	5,040	6,987	5,657	8,120	9,150	10,336	11,698	14,302
Prime wafer manufacturing and sales business	–	–	–	–	–	21,313	29,311	35,697	53,202
Purchases and sales of semiconductor equipment business	–	–	–	1,137	1,305	1,939	3,179	5,387	7,310
Other, adjustments	982	1,783	2,589	3,887	2,805	4,315	5,806	5,968	4,243

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



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.