



FY12/20 2nd Quarter Financial Results Briefing Material

RS Technologies Co., Ltd.

September 3, 2020



Code: 3445
Tokyo Stock Exchange First Section

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1. Company Overview

Company Overview

- Holds the top market share worldwide in semiconductor wafer reclamation at 30%
- Conducting a full-scale advance into the prime wafer business through a joint venture with a Chinese state-owned company
- Expanding into peripheral 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%*1
	GRINM Semiconductor Materials Col, Ltd. (GRITEK) Registered capital: RMB 800 million, Stake 45%*1
	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%*1
	DG Technologies Co., Ltd. Capital ¥100 million, Stake 100%

*1. 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

- Launched business in 2010 and holds top share worldwide in the silicon wafer reclamation business
- Converted a major Chinese prime wafer manufacturer into a consolidated subsidiary in 2018 and became a comprehensive manufacturer of wafers

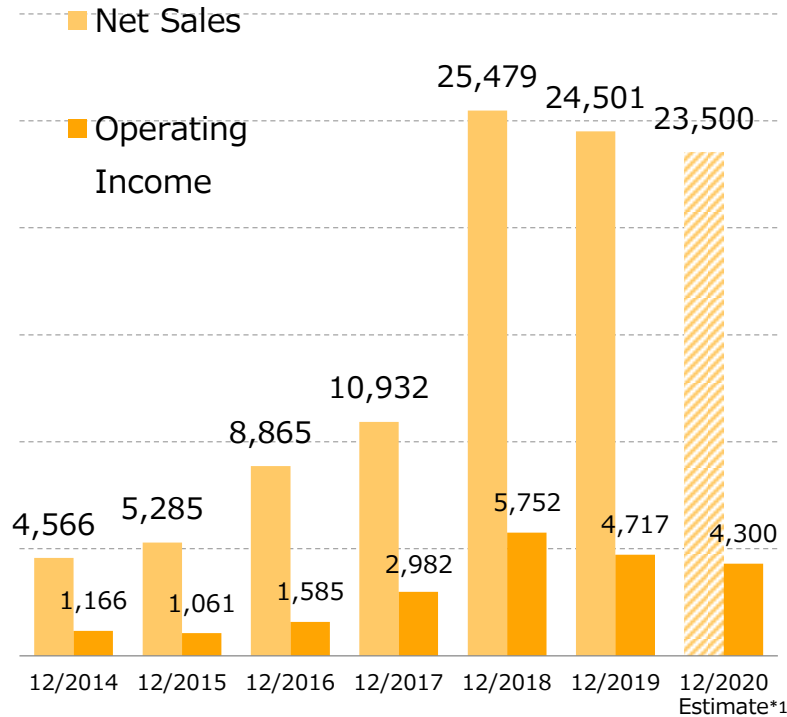
Dec. 2010	Established RS Technologies with reclaimed wafers as its primary business
Jan. 2011	Operations begun at the Sanbongi Factory
Nov. 2011	Sanbongi Factory acquires ISO9001:2008 (quality management system) certification from UKAS
Oct. 2013	Solar power business begun at the Sanbongi Factory
Feb. 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)

RS Technologies Today

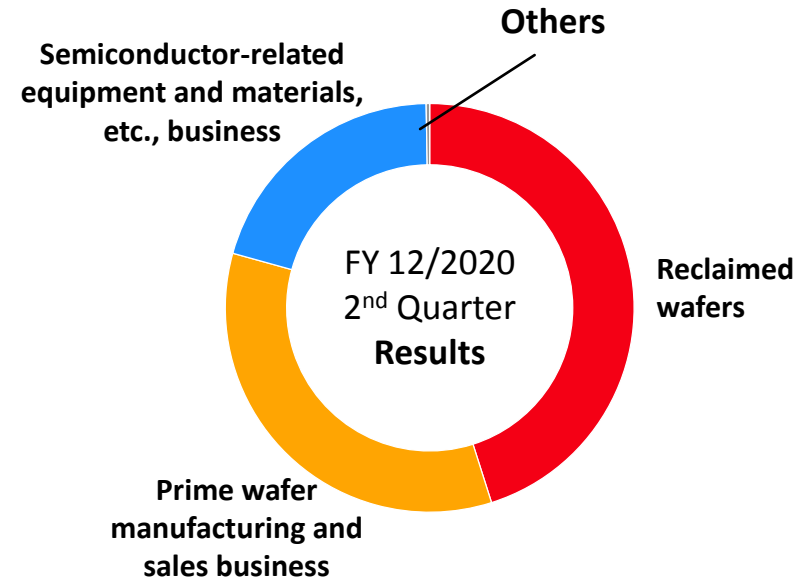
- A comprehensive wafer manufacturer in the silicon wafer reclamation business and prime wafer business.
- Business has expanded into semiconductor-related equipment and materials, etc., business and solar business.
- The Company boasts the world's top share in the silicon wafer reclamation business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

Consolidated Net Sales and Operating Income Ratio

(Unit: Million yen)



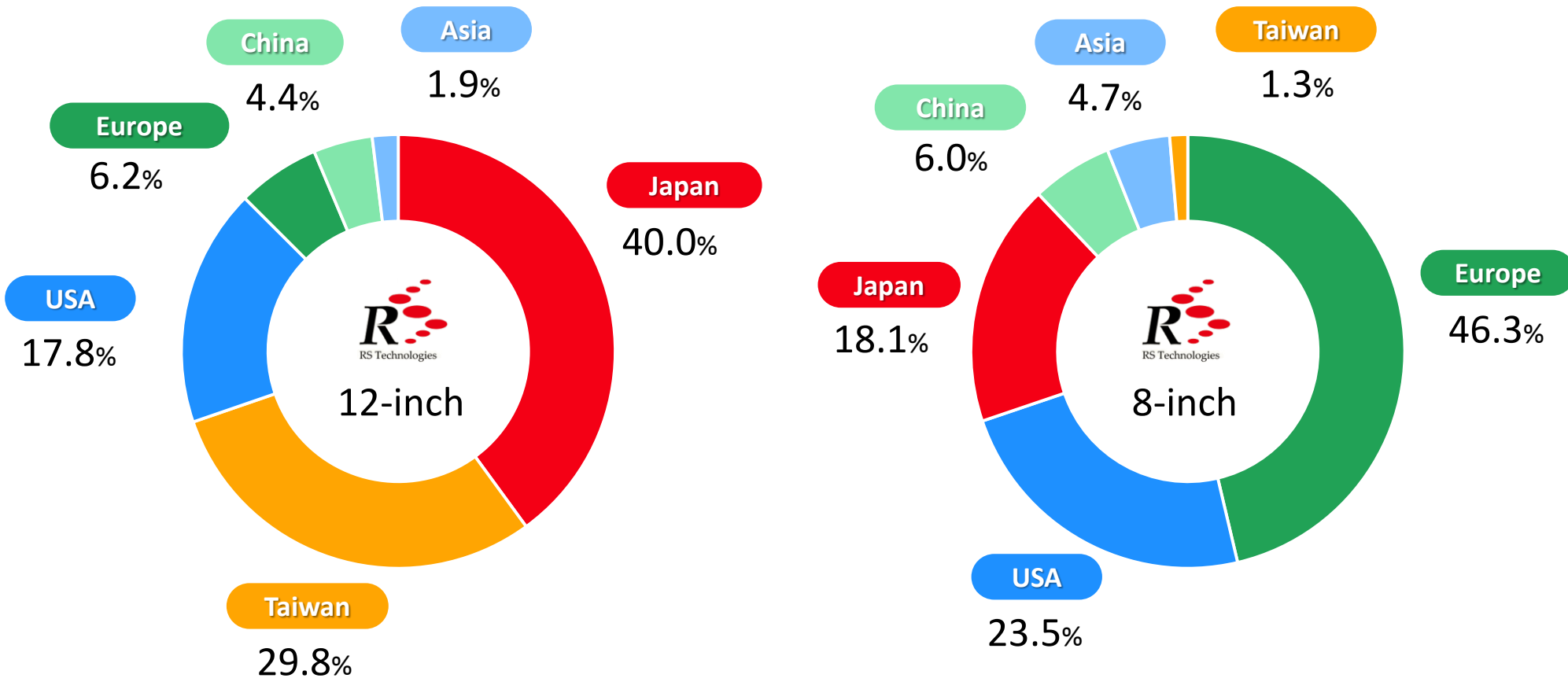
Results by Segment



*1. 12/2020 (Estimate) are figures announced on July 29, 2020

Share of Total Shipments from the Silicon Wafer Reclamation Business

- The customers are major global semiconductor manufacturers, mainly in Japan, Taiwan, USA, and Europe.
- Capital investment decided to establish a new production base in China during FY2019 to respond to the expansion of future demand.



Notes: Based on wafer numbers reported in a study conducted by RST (fiscal 2018)

2. FY12/20 2nd Quarter Results Summary

FY 12/2020 Q2 (Cumulative) Results Summary

- Net sales increased YoY due to increased production capacity in reclaimed wafers and increased sales in semiconductor-related equipment and materials.
- Operating income decreased YoY due to the prime wafer business, although reclaimed wafer business was steady.
- Impact of COVID-19 was less than initially expected.

(Million yen) *1. Except net income per share	12/2019 Q2	12/2020 Q2 Original budget	12/2020 Q2	Vs. Previous term	% Change from Previous term	vs Original budget	12/2020 Revised budget	Full year attainment (vs revised budget)
Net sales	12,515	11,200	12,653	+138	+1.1%	+1,453	23,500	53.8%
Operating income	2,755	1,400	2,580	-175	-6.4%	+1,180	4,300	60.0%
Operating income ratio	22.0%	12.5%	20.4%	-1.6pt		+7.9pt	18.3%	
Ordinary income	2,920	1,400	2,898	-22	-0.8%	+1,498	4,800	60.4%
Ordinary income ratio	23.3%	12.5%	22.9%	-0.4pt		+10.4pt	20.4%	
Net income attributable to owners of the parent	1,723	1,000	1,686	-37	-2.1%	+686	2,800	60.2%
Net income per share*1	JPY 134.54	JPY 77.95	JPY 131.27	JPY -3.27	-2.4%	JPY +53.32	JPY 216.74	

*12/2020 Q2 Original budget figures were announced on Feb. 13, 2020, and 12/2020 revised budget figures were announced on July 29, 2020.



FY 12/2020 Q2 (Cumulative) Results by Segment and Company

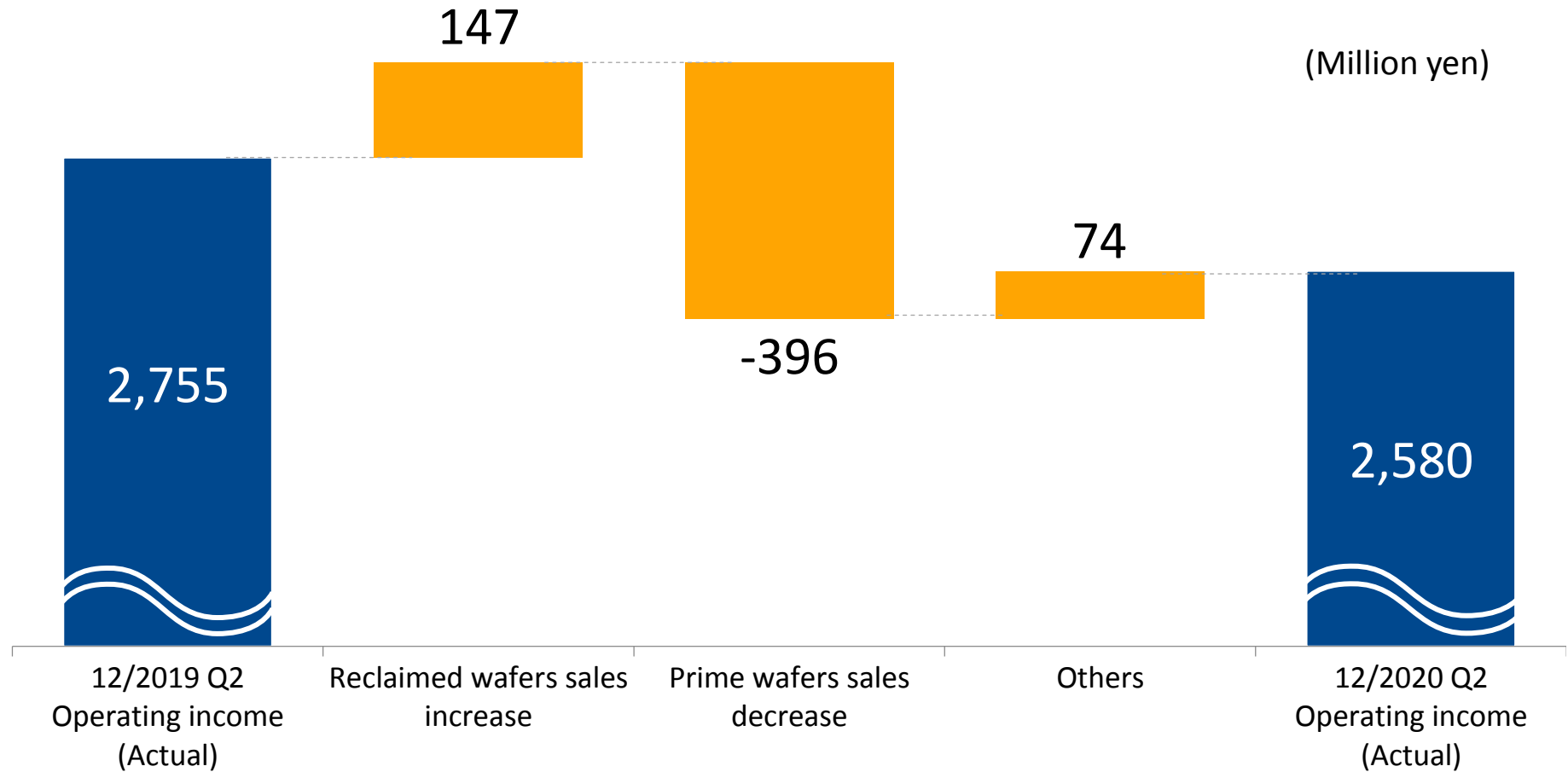
- Reclaimed wafer business achieved increased sales and income YoY by increased production capacity which met healthy customer demand.
- Prime wafer business suffered decreased revenue and income YoY due to worldwide business slowdown.
- Semiconductor-related equipment and materials, etc., business achieved increased revenue and income YoY due to strengthened sales initiatives.

By Segment (Million yen)	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	5,709	+8.0%	4,775	-16.8%	2,582	+55.4%	-413	—	12,653	+1.1%
Operating income	2,072	+7.6%	872	-31.2%	94	+20.5%	-458	—	2,580	-6.4%
Operating income ratio	36.3	-0.1Pt	18.3	-3.8Pt	3.6	-1.1Pt	—	—	20.4	-1.6Pt

By Company (Million yen)	RS		Taiwan Subsidiary		Beijing Subsidiary		Other Subsidiaries		Consolidated Total	
		YoY		YoY		YoY	Elimination of intra-company transactions	YoY		YoY
Net sales	5,222	+17.1%	2,375	+41.9%	4,762	-17.0%	294	—	12,653	+1.1%
Operating income	982	+7.8%	767	+37.2%	920	-31.4%	-89	—	2,580	-6.4%
Operating income ratio	18.8	-1.6Pt	32.3	-1.1Pt	19.3	-4.1Pt	—	—	20.4	-1.6Pt

FY 12/2020 Q2 (Cumulative) Factors Affecting Operating Income

- Although operating income for reclaimed wafers increased due to increased production capacity, total operating income decreased YoY due to the decrease of prime wafer sales which was impacted by global economic slowdown.



← Increase/Decrease Factors →

FY 12/2020 Q2 (Single Quarter) Results Summary

- Net sales showed an increase YoY due to increase in reclaimed wafer business driven by increased production capacity, and increased sales in semiconductor-related equipment and materials, etc., business.
- Net income also showed an increase YoY.

(Million yen) *1. Except net income per share	12/2019 Q2	12/2020 Q2	vs Previous term	Change
Net sales	6,203	6,470	+4.3%	+267
Operating income	1,340	1,407	+5.0%	+67
Operating income ratio	21.6%	21.7%		+0.1pt
Ordinary income	1,485	1,490	+0.3%	+5
Ordinary income ratio	23.9%	23.0%		-0.9pt
Net income attributable to owners of the parent	841	860	+2.3%	+19
Net income per share*1	JPY 70.53	JPY 66.83	-5.2%	JPY -3.70

FY 12/2020 Q2 (Single Quarter) Results by Segment and Company

- Reclaimed wafer business showed increased sales and income YoY due to capital investments to increase production capacity.
- Prime wafer business had decreased sales YoY impacted by global economic downturn. Operating income increased YoY due to improved cost of goods due to improved yields and cost reduction of materials.
- Semiconductor-related equipment and materials, etc., business showed an increase in sales YoY due to strengthened sales initiatives. Operating income decreased YoY due to increased expenses for forward-looking investments at subsidiaries.

By Segment (Million yen)	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	2,968	+7.5%	2,517	-6.4%	1,212	+43.3%	-227	—	6,470	+4.3%
Operating income	1,080	+6.2%	572	+6.5%	-18	-143.9%	-227	—	1,407	+5.0%
Operating income ratio	36.4	-0.4pt	22.7	2.8pt	-1.5	-6.3pt	—	—	21.7	+0.1pt

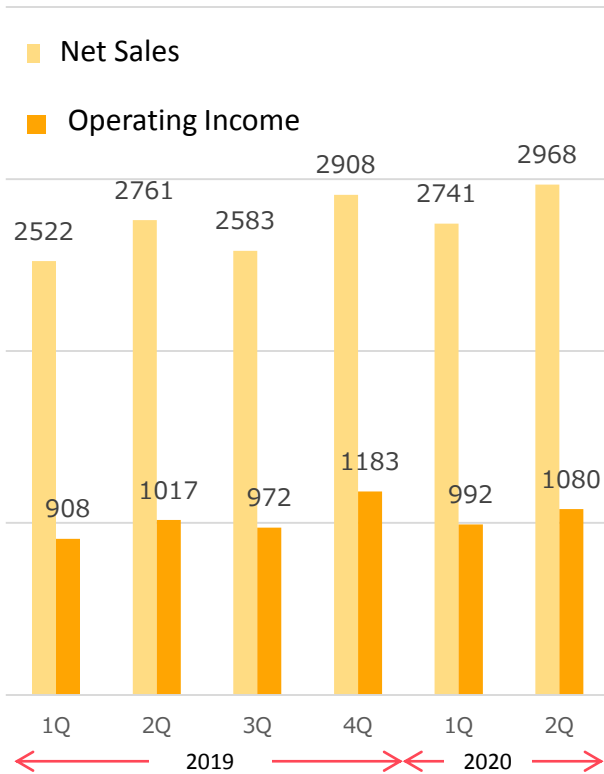
By Company (Million yen)	RS		Taiwan subsidiary		Beijing subsidiary		Other subsidiary		Consolidated Total	
	RS	YoY		YoY		YoY	Elimination of intra-company transactions	YoY		YoY
Net sales	2,705	+19.8%	1,240	+27.7%	2,505	-6.9%	20	—	6,470	+4.3%
Operating income	512	+2.8%	390	+20.7%	595	+4.2%	-90	—	1,407	+5.0%
Operating income ratio	18.9	-3.1pt	31.5	-1.8pt	23.8	+2.5pt	—	—	21.7	+0.1pt



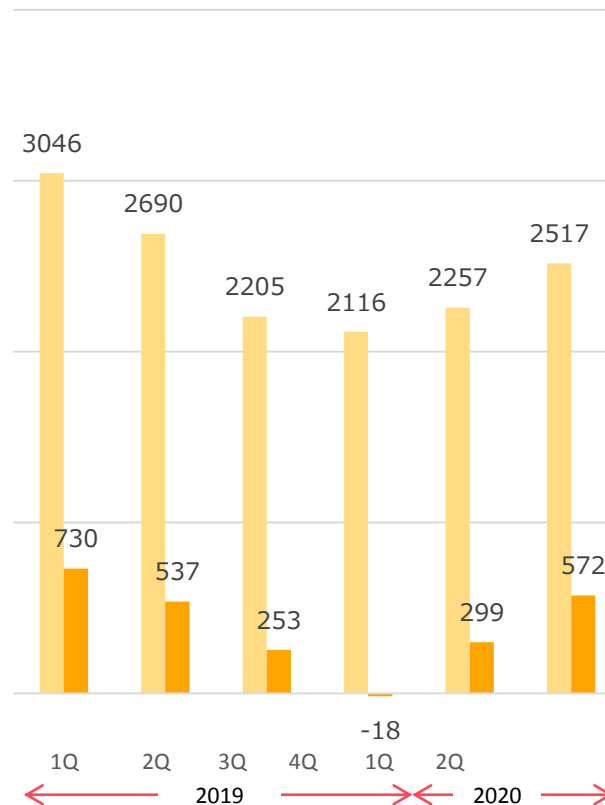
FY 12/2020 Q2 Quarterly Result Chart by Segment

- Reclaimed wafer business is steady, due to increased production capacity from capital investments in the previous year and healthy customer demand.
- Prime wafer business is showing growth in both sales and income in recent quarters due to increased sales driven by increased customer demand.
- Semiconductor-related equipment and materials, etc., business had reduced sales and income from previous quarter due to reduction in subsidiary revenues caused by COVID-19.

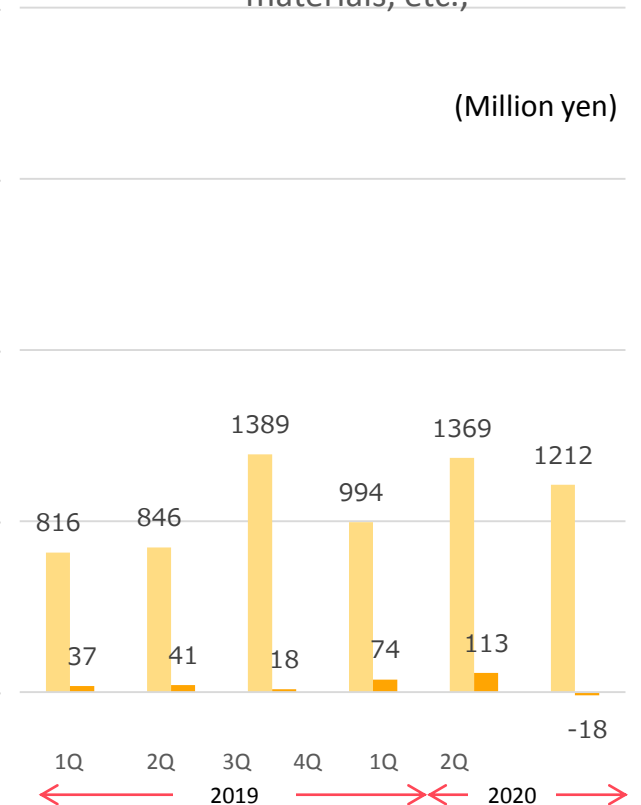
Reclaimed wafers



Prime wafer business



Semiconductor-related equipment and materials, etc.,



(Million yen)

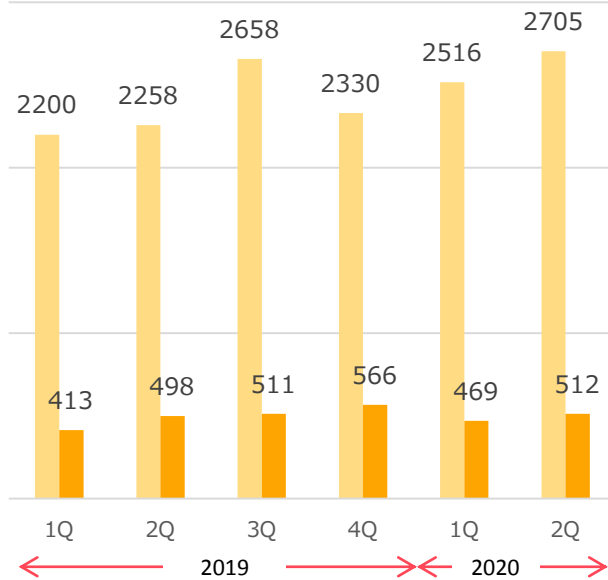


FY 12/2020 Q2 Quarterly Result Chart by Company

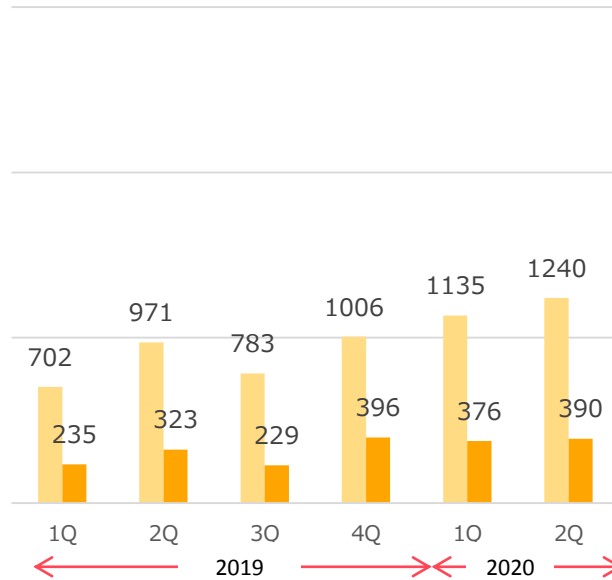
- RS and Taiwan subsidiary showed growth in sales and income over previous quarter due to increased production capacity from capital investments in the previous year and high customer demand.
- Beijing subsidiary also showed growth in sales and income over previous quarter.

RS

- Net Sales
- Operating Income

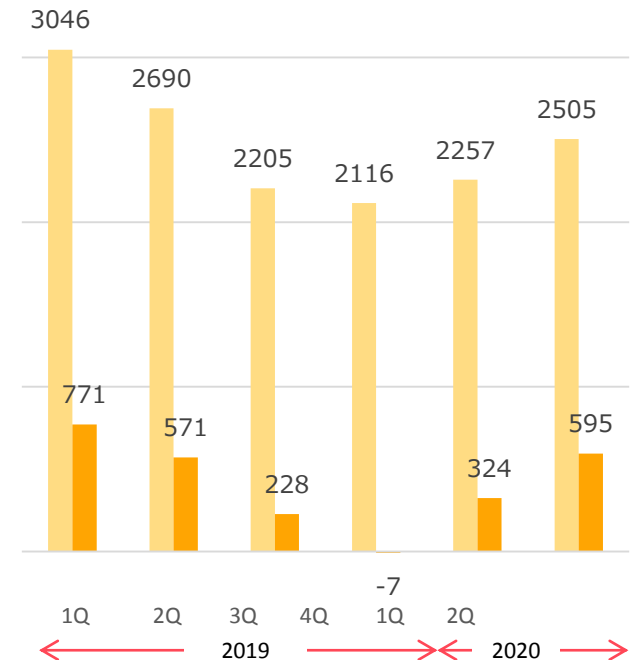


Taiwan Subsidiary



Beijing Subsidiary

(Million yen)



Balance Sheet and Cash Flow

- Current assets increased from previous year by JPY 1.5 billion due to increase in cash and cash equivalents reflecting net income and other factors.
- Non-current assets increased from previous year by JPY 4.7 billion due to investments in equipment for new plant being built in Dezhou.

Consolidated Balance Sheet

(Million yen)	12/2019	12/2020 Q2
Assets		
Current assets	32,760	34,267
Cash and cash equivalents	22,156	22,949
Notes and account receivable - trade	6,047	6,218
Merchandise and finished goods	1,713	1,933
Non-current assets	15,873	20,614
Property, plant, and equipment	14,635	19,481
Intangible assets	732	627
Investment and other assets	506	505
Total Assets	48,634	54,882
Liabilities		
Current liabilities	7,252	10,678
Notes and account payable - trade	1,614	1,722
Interest bearing debts	1,730	1,587
Non-current liabilities	5,400	6,381
Long-term loans payable	2,232	2,882
Total Liabilities	12,652	17,059
Net assets	35,981	37,822
Total Liability and Net Assets	48,634	54,882

Cash Flow

(Million yen)	12/2019	12/2020 Q2
Cash flow from operating activities	9,015	4,848
Cash flow from investing activities	-6,107	-3,560
Cash flow from financing activities	4,206	-708
Effect of exchange rate changes on cash and cash equivalents	-404	-425
Exchange gain on cash and cash equivalents	6,710	153
Cash and cash equivalents at beginning of year	14,652	21,363
Cash and cash equivalents at end of year	21,363	21,517

12/2020 Financial Outlook

- Although there are concerns for the impact of the re-spreading of COVID-19 in the second half of 2020, we have revised the full year outlook upward reflecting the first half performance.

(Million yen) *1. Except net income per share and annual dividends	12/2019	12/2020	
	Full Year	Full Year	
	Actual	Original Forecast	Current Forecast
Net sales	24,501	22,700	23,500
Operating income	4,717	3,200	4,300
Operating income ratio	19.3%	14.1%	18.3%
Ordinary income	5,416	3,400	4,800
Ordinary income ration	22.1%	15.0%	20.4%
Net income attributable to owners of the parent	3,035	2,400	2,800
Net income per share*¹	JPY 236.98	JPY 187.07	JPY 216.74
Annual dividends*¹	JPY 15	JPY 15	JPY 15

*12/2020 Full year outlook (original forecast) was announced on Feb. 13, 2020, and 12/2020 full year outlook (current forecast) was announced on July 29, 2020.



3. Medium-term Management Plan Outlook

Summary of Medium-Term Management Plan (4 years)

- In the reclaimed wafer business, in addition to conventional bottle-neck investment, new investment for production bases will be made to respond to expansion of demand.
- In the prime wafer business, new 8-inch prime wafer fabs are scheduled to start operations beginning in autumn of 2020. At the same time, we are also conducting R&D for mass production of 12-inch prime wafers.
- Target for net sales of 31.6 billion yen, operating income of 6.8 billion yen, and net income of 4.0 billion yen in FY2023.

(Million yen) *1. Except net income per share	12/2019	12/2020	12/2021	12/2022	12/2023
	Actual	Revised Plan ^{*2}	Plan ^{*3}	Plan ^{*3}	Plan ^{*3}
Net sales	24,501	23,500	27,000	29,800	31,600
Operating income	4,717	4,300	4,800	6,100	6,800
Operating income ratio	19.3%	18.3%	17.8%	20.5%	21.5%
Ordinary income	5,416	4,800	5,000	6,400	6,900
Ordinary income ratio	22.1%	20.4%	18.5%	21.5%	21.8%
Net income attributable to owners of the parent	3,035	2,800	3,000	3,600	4,000
Net income per share ^{*1}	236.98	216.74	233.84	280.61	311.79

*2. 12/2020 Revised forecast was announced on July 29, 2020.

*3. Forecasts from 12/2021 and beyond were announced on Feb. 13, 2020.



Capital Investment Plan: Reclaimed Wafer Business

- To meet the expanding global semiconductor demand, we are investing in a new production site in China, in addition to capital investments in Japan and Taiwan.

Japan

Total investment: JPY 1.4 bil.

- Expand production capacity for 12-inch reclaimed wafers.
- 2020 to 2022: JPY 1.4 bil. (30,000 wafers)

12-inch reclaimed wafer production capacity (wafers, monthly)

2019 → 2021 → 2022
250k → 270k → 280k

FY2020	FY2021	FY2022
JPY 0.2 bil.	JPY 1 bil.	JPY 0.2 bil.

Taiwan

Total investment: JPY 1.5 bil.

- Expand production capacity and conduct refinement for 12-inch reclaimed wafers.
- 2020 to 2022: JPY 1.5 bil. (20,000 wafers)

12-inch reclaimed wafer production capacity (wafers, monthly)

2019 → 2021 → 2022
150k → 170k → 170k

FY2020	FY2021	FY2022
JPY 0.2 bil.	JPY 1.3 bil.	—

China

Total investment: JPY 3.8 bil.

- Investment to construct a new 12-inch reclaimed wafer production base.
- Phase 1 investment (2020 to 2022): JPY 3.8 bil. (50,000 wafers)

12-inch reclaimed wafer production capacity (wafers, monthly)

2019 → 2021 → 2022
0k → 0k → 50k

FY2020	FY2021	FY2022
JPY 0.5 bil.	—	JPY 3.3 bil.

Phase 1 investment

Capital Investment Plan: Prime Wafer Business

- In addition to planning for increased production capacity for 8-inch prime wafers, we are conducting R&D for the mass production of 12-inch prime wafers.

China

Total investment: JPY 14.0 bil.

- Expand production capacity for 8-inch prime wafers.
- Completion ceremony in Sep. 2020.

8-inch prime wafer production capacity (wafers, monthly)

2020 → 2021
70k → **120k**

Investment period: 2019 to 2020, Operation to start sequentially from Autumn, 2020

FY2020	FY2021	FY2022
JPY 14.0 bil.	Not decided	Not decided

China

Test line investment: JPY 5 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 (wafers, monthly)

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

FY2020	FY2021	FY2022
JPY 0.5 bil.	JPY 4.5 bil.	Not decided

*Test line for mass production R&D

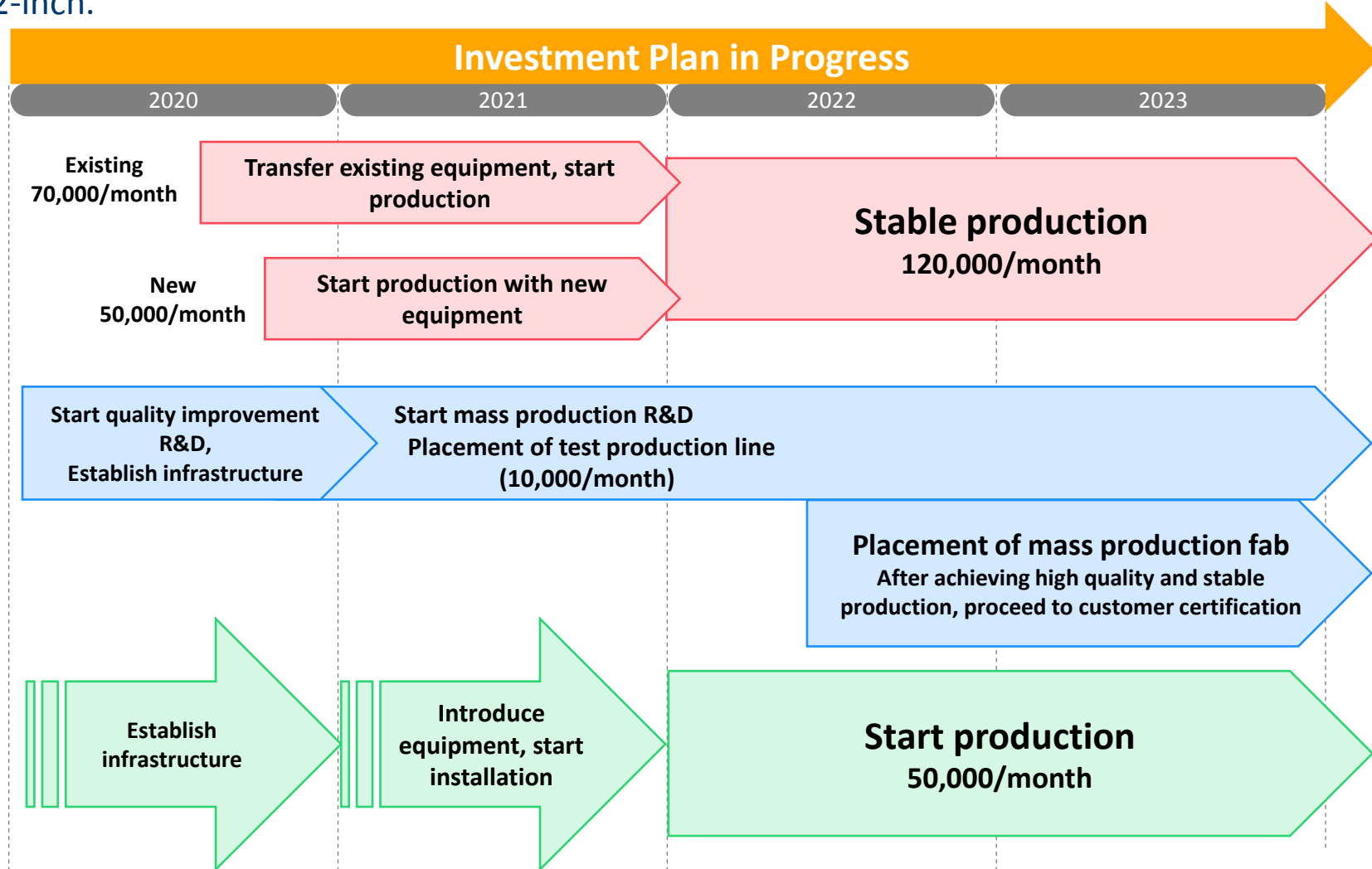
Changes to the Investment Plan in China

- We estimate that the demand for 12-inch prime wafers is expected to increase more than previously anticipated, accompanying the growth of the semiconductor market.
- To meet this demand, we have partially revised the investment plan in China (partially suspend the production capacity increase of 8-inch prime wafers, and advance the entry into 12-inch wafers).

	Previous Investment Plan	New Investment Plan (Announced on Dec.18, 2019)
Business environment	<ul style="list-style-type: none"> ◆ Growth in power semiconductor demand is expected, accompanying the growth in home appliance and automobile markets. 	<ul style="list-style-type: none"> ◆ Situation has changed where demand for 12-inch wafers is expected to increase more than previously anticipated, accompanying the growth of the semiconductor market.
Investment strategy	<ul style="list-style-type: none"> ◆ Achieve global quality in 8-inch prime wafers, then enter 12-inch wafer business. 	<ul style="list-style-type: none"> ◆ Partially review plans to install additional capacity for 8-inch wafers. ◆ Decide on earlier advance into 12-inch wafer business.
Investment plan	<ul style="list-style-type: none"> ◆ 8-inch prime wafer production capacity of 220,000 wafers/month in 2021. (70,000 existing + 150,000 additional wafers) 	<ul style="list-style-type: none"> ◆ 8-inch prime wafer production capacity of 120,000 wafers/month in 2021. (70,000 existing + 50,000 additional wafers) ◆ Start R&D for mass production of 12-inch prime wafers → Install a test line: (10,000 wafers/month), target to achieve high-quality and mass production. ◆ Make investment for production base in China for 12-inch reclaimed wafer business.

Investment Plan in Progress for China (Schedule)

- Executing increased production for 8-inch, R&D for 12-inch mass production, and startup of reclaimed wafers simultaneously beginning in 2020. Targeting to expedite achievement of high quality and stable production of 12-inch.



China Investment Plan in Progress (Current Status)

- Construction of new plant for 8-inch prime wafers has been completed, and plant relocation from Beijing and installation and launching of new equipment are currently underway
- Started ingot pulling for 12-inch prime wafers, and R&D is currently underway for the improvement of wafer quality

Status of 8-inch prime wafers

- ◆ The building construction which has been ongoing since 2019, as well as the installation of infrastructure equipment inside the plant has been completed
- ◆ Currently undergoing plant relocation from Beijing and installation and launching of new equipment



(August 26, 2020 Shandian News article)

Status of 12-inch prime wafers



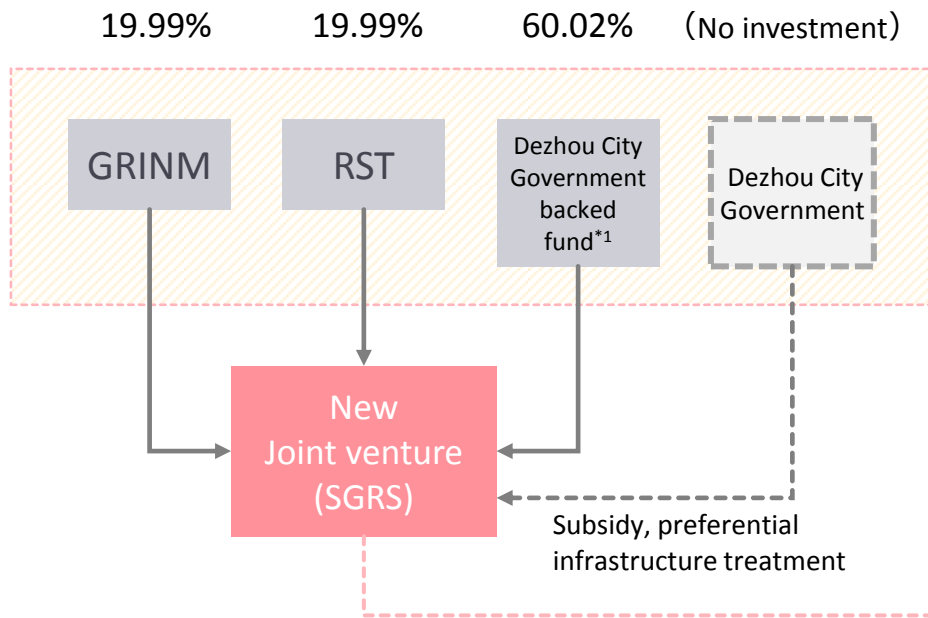
(Photographed May 29, 2020)

- ◆ Prior to the placement of the test production line in 2021, the installation of equipment related to ingot pulling was completed.
- ◆ Started ingot pulling, and conducting R&D for quality improvement

Business Scheme for 12-inch Silicon Wafers in China

- Have set up a new joint venture with the City of Dezhou and others in March 2020.
- Initial risk associated with the entry into 12-inch silicon wafer business is suppressed by confining our initial stake.
- Start with a test line for 10,000 wafers/month and then aim 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*2

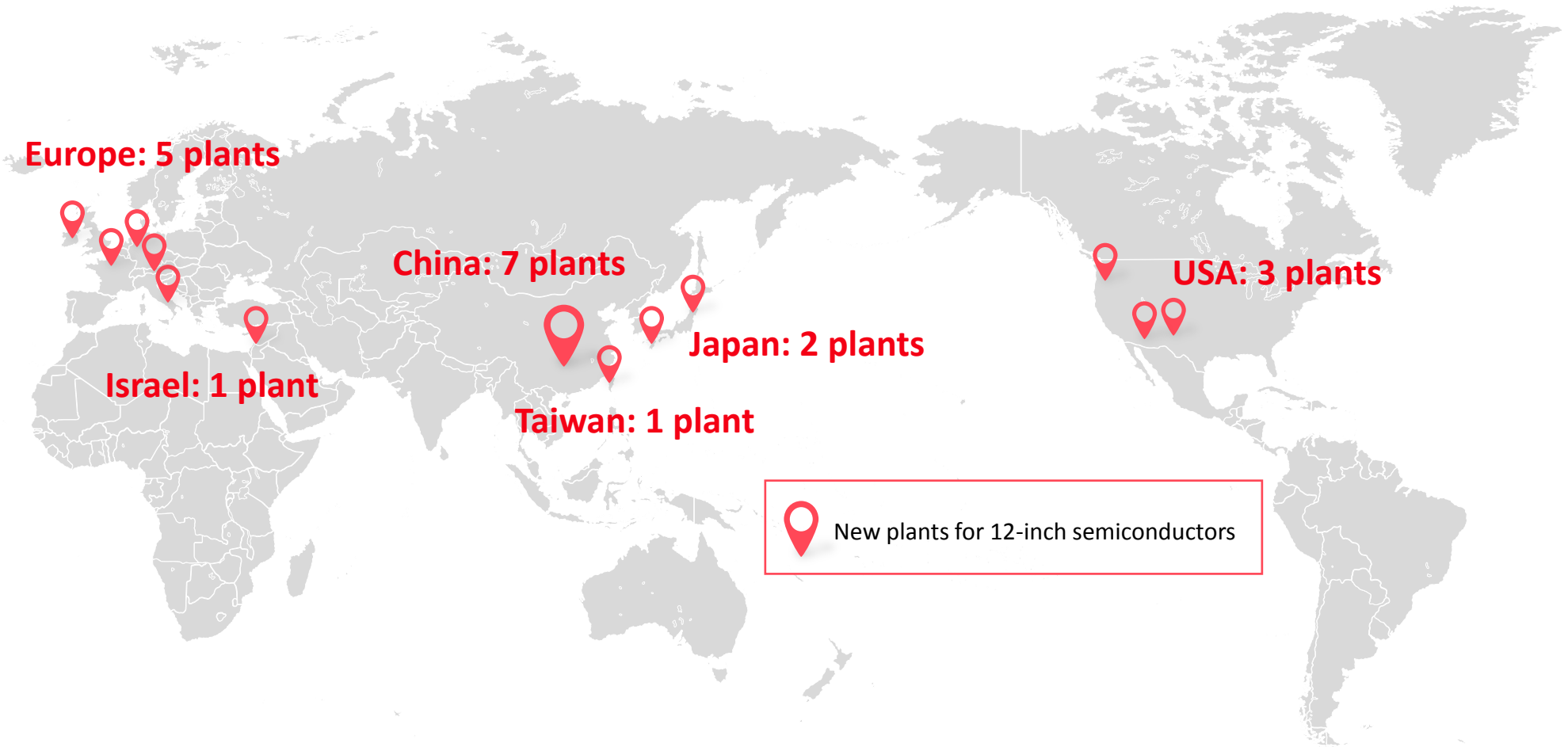
*1. Dezhou Huida Semiconductor Equity Investment Fund Partnership

*2. Please refer to P25 Decision to Invest in Reclaimed Wafer Business in China for details.

New Demand in Reclaimed Wafer Business:

Plans to construct new 12-inch semiconductor plants

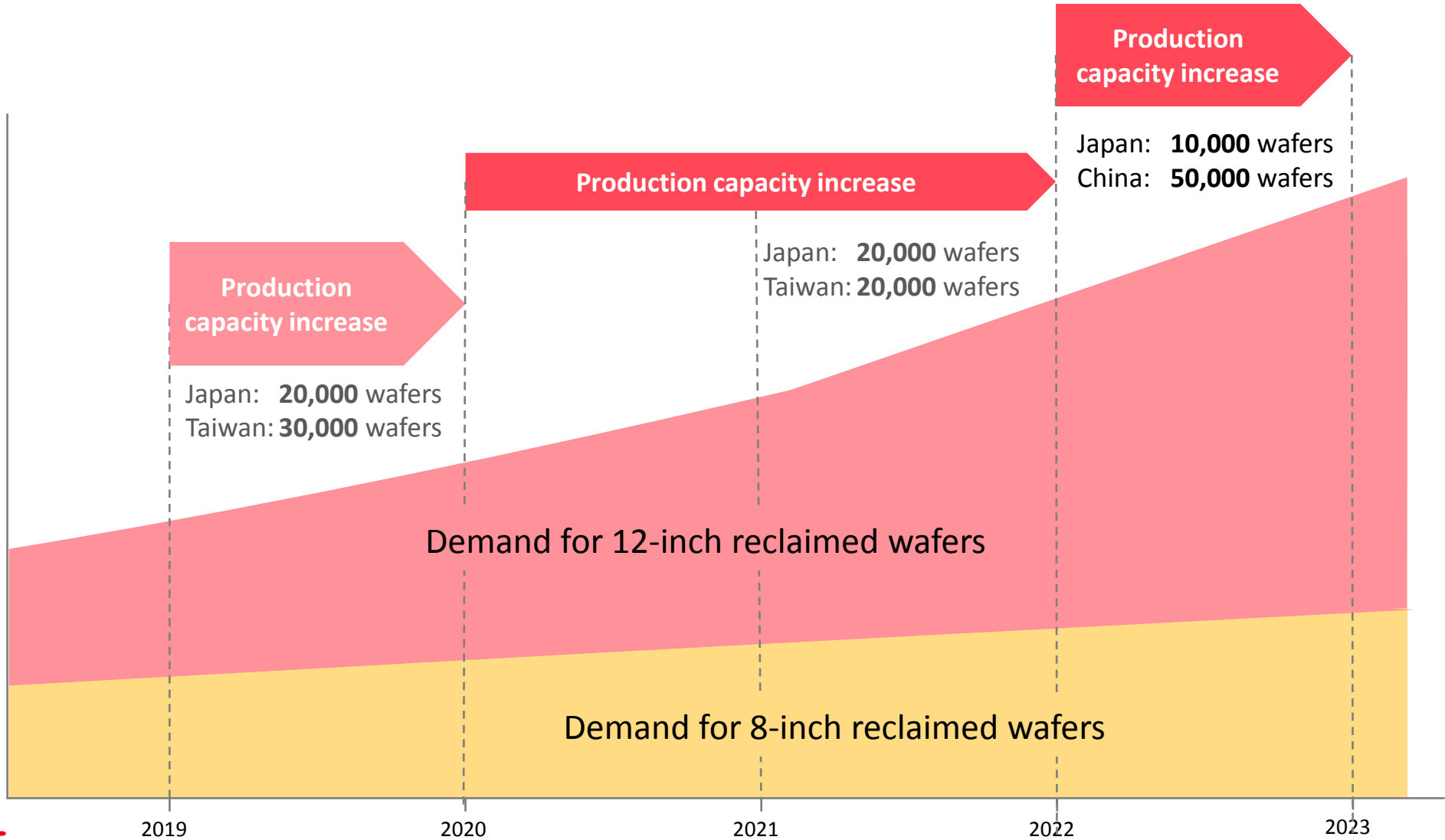
- There are plans to construct new semiconductor plants to cope with the high demand for semiconductors for computerization of automobiles (in addition to digitization in automobiles, for EV and self-driving), etc., in Europe, USA, Japan, etc.
- Meet new reclaimed wafer demand by capital investments in Japan, Taiwan, and China.



Note: RST survey

Reclaimed Wafer Demand Outlook: Expansion to continue focused on 12-inch

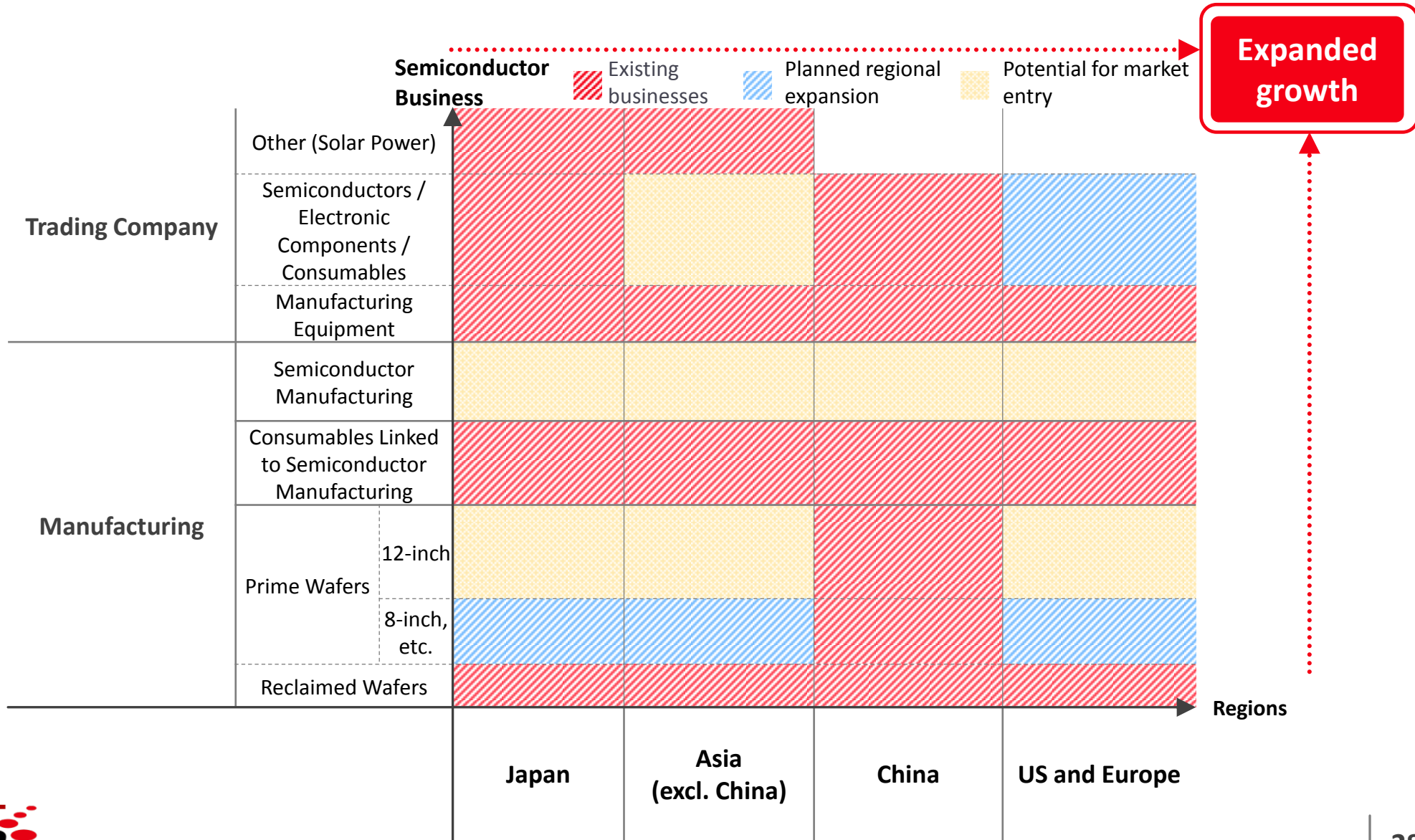
- Capacity enhancement of 30,000 wafers in Japan, 20,000 in Taiwan, and 50,000 in China are being planned between 2020 and 2022 to meet the expanding demand for reclaimed wafers.



Note: RST Survey

RS Technologies' Aims

Steady expansion of business domains and regions



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.

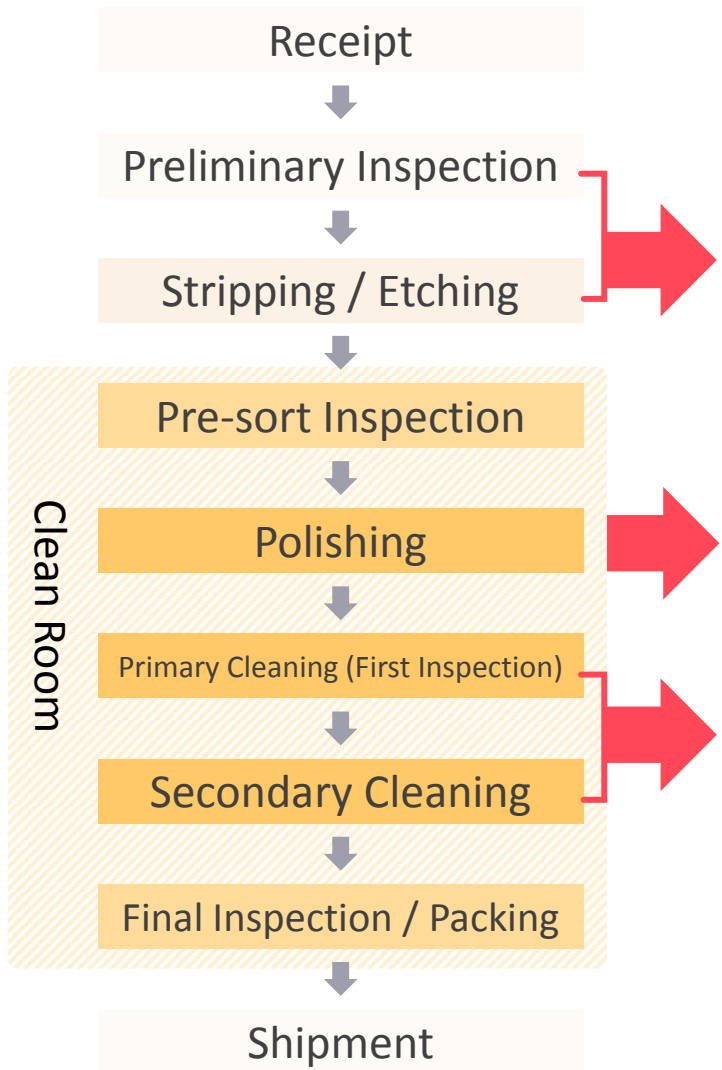
2010 Established and appointed president of RTS
(current position)

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)



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

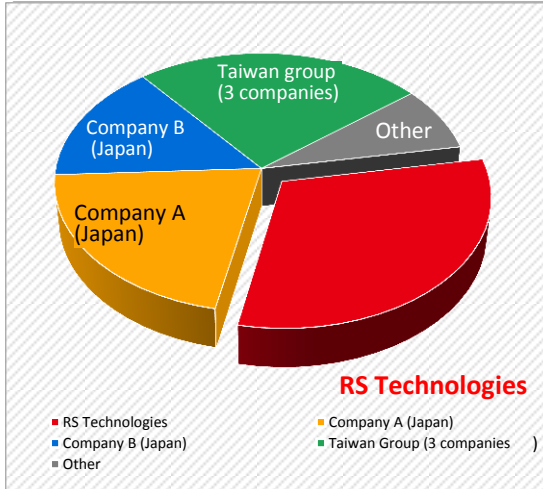
+ **Removal of metallic impurities**
Particular strength in removing copper (Cu)



Reclaimed Wafer Business (2)

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.

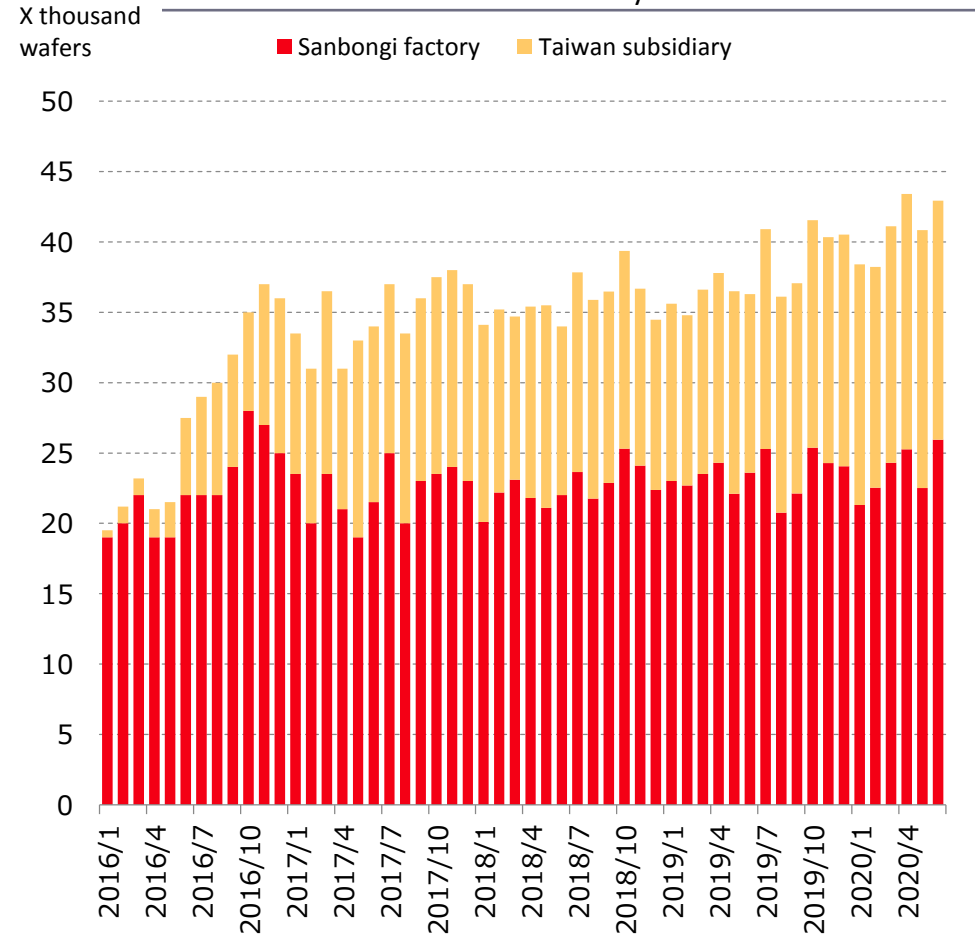
Note: RST survey

	FY12/15 1H	FY12/15 2H	FY12/16	FY12/17	FY12/18	FY12/19
RST Group Production Capacity	180,000 wafers	240,000 wafers	280,000 wafers	300,000 wafers	340,000 wafers	400,000 wafers
RST Group Market Share	19%	24%	29%	30%	31%	33%

Note: RST survey

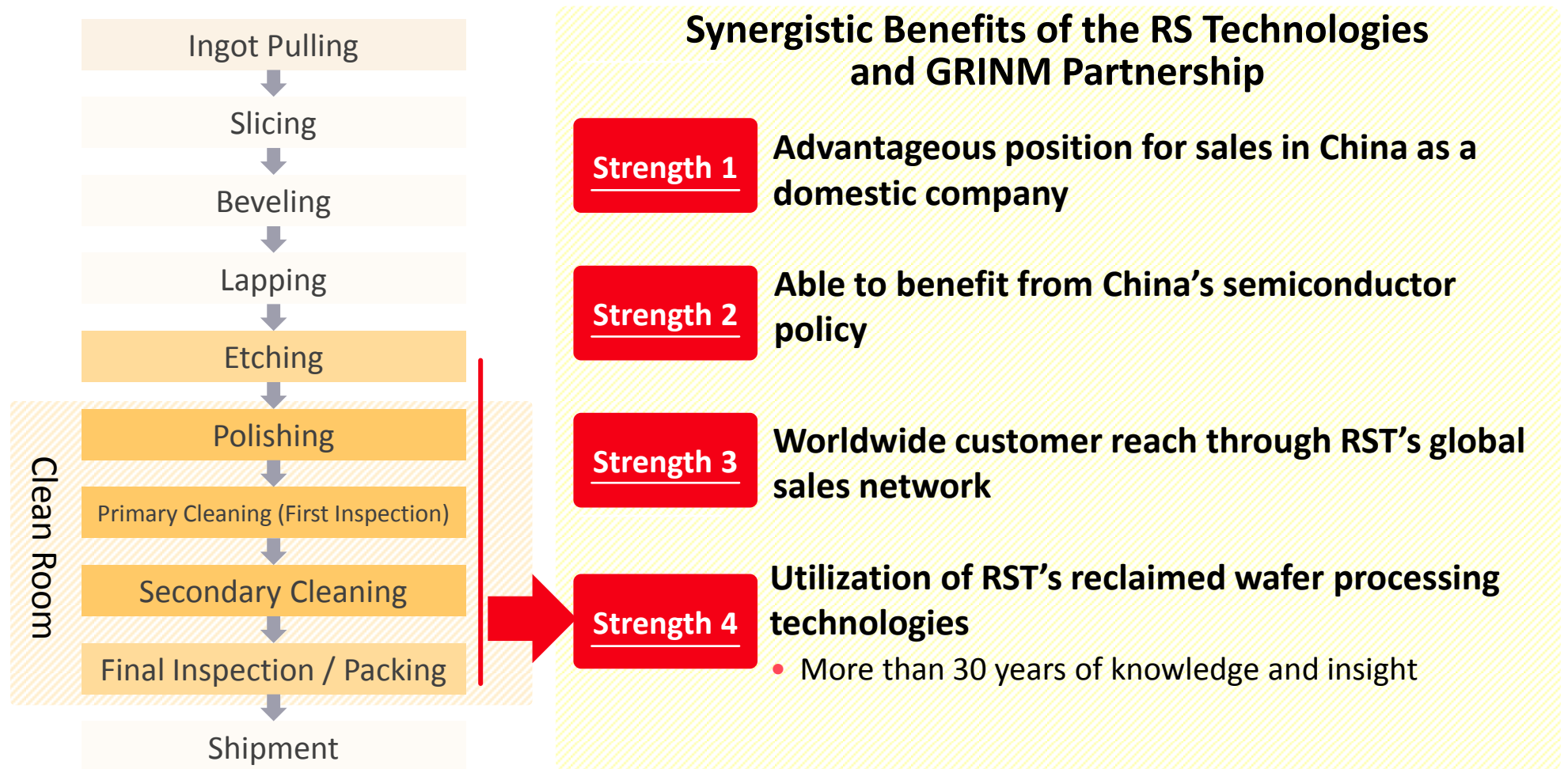
Shipments from the Sanbongi Factory and Taiwan Subsidiary (2016-2020)

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 (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

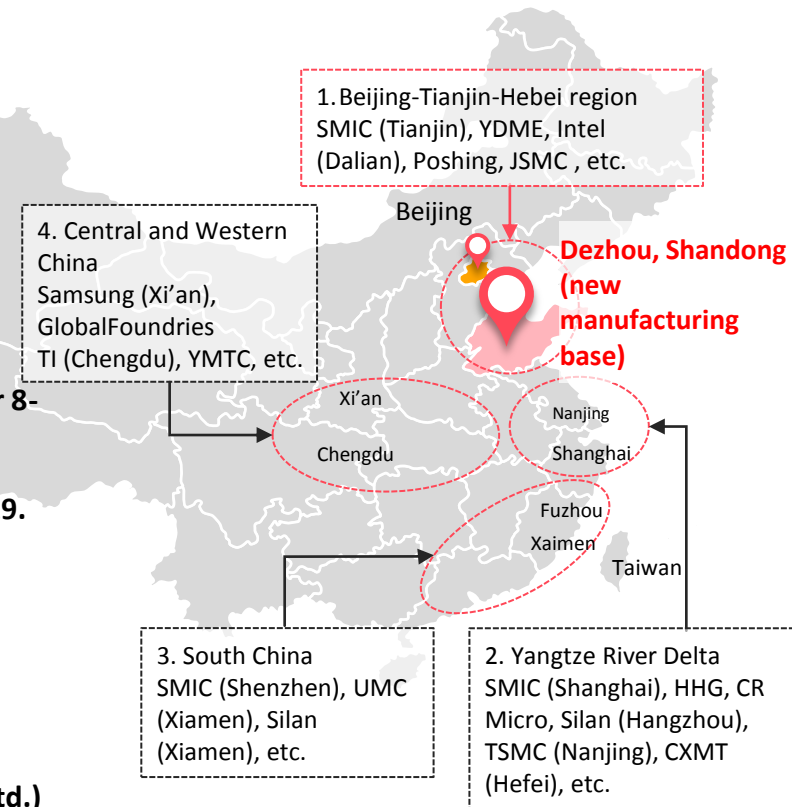
Subsidiary established for factory construction

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

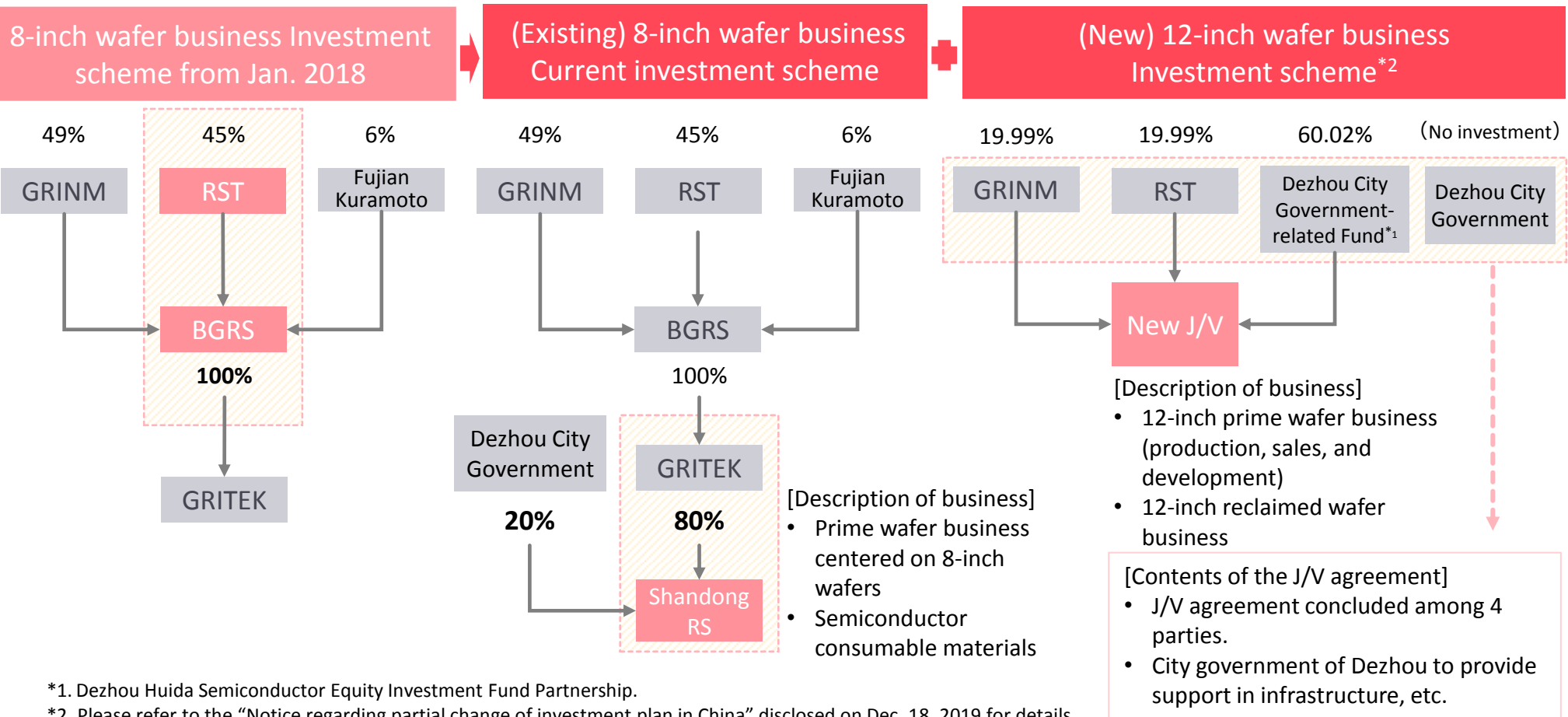
History and current status

1. Established new company (Shandong GRINM Semiconductor Materials Co., Ltd.) for 8-inch wafer business on August 23, 2018.
2. Ground-breaking ceremony for new factory in City of Dezhou held on March 19, 2019.
3. Scheduled for completion ceremony in September 2020.
4. 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.
5. Established new joint venture (Shandong GRINM RS Semiconductor Materials Co., Ltd.) for 12-inch wafer business in March 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

(million yen)	FY12/13	FY12/14	FY12/15	FY12/16	FY12/17	FY12/18	FY12/19
Net sales	3,475	4,566	5,285	8,864	10,932	25,478	24,501
Gross profit	1,173	1,820	1,852	2,544	4,252	8,366	7,940
Selling, general and administrative expenses	471	654	791	958	1,269	2,615	3,223
Operating income	703	1,166	1,061	1,585	2,982	5,751	4,717
Ordinary income	819	1,247	770	1,444	3,159	6,141	5,416
Net income*	525	664	143	861	2,113	3,620	3,035
Dividend (Yen)	-	-	-	10	5	10	15
Capital investment	338	3,503	4,665	209	95	1,328	4,809
Depreciation	87	103	326	682	714	1,298	1,814
Research and development expenses	1	6	11	85	183	501	449
Number of employees (Regular employees)	152	191	265	373	434	1,159	1,277

*Net income attributable to owners of the parent company.



Principal Financial Statements

(million yen)	FY12/13*	FY12/14	FY12/15	FY12/16	FY12/17	FY12/18	FY12/19
Assets							
Current Assets	1,811	2,759	3,732	5,348	7,388	26,074	32,760
Cash and cash equivalent	397	1,190	1,842	1,952	3,243	14,879	22,156
Notes and accounts receivable - trade	681	696	795	2,531	2,916	6,958	6,047
Merchandise and finished goods	396	376	361	348	446	1,343	1,713
Non-current assets	508	4,064	5,845	5,333	4,843	10,516	15,873
Property, plant and equipment	461	3,918	5,667	5,152	4,674	8,963	14,635
Intangible assets	19	15	29	23	19	1,099	732
Investments and other assets	27	130	148	158	149	453	506
Total Assets	2,320	6,823	9,577	10,682	12,231	36,591	48,634
Liabilities							
Current liabilities	960	2,292	2,295	2,993	3,370	4,979	7,252
Notes and accounts payable - trade	138	151	186	283	398	1,554	1,614
Interest-bearing debt	136	827	1,216	1,538	1,276	976	1,730
Non-current liabilities	709	2,934	4,798	4,317	3,335	2,474	5,400
Long-term loans payable	615	2,925	4,079	3,620	2,767	1,848	2,232
Total Liabilities	1,670	5,227	7,093	7,310	6,705	7,453	12,652
Net Assets							
Net assets	649	1,596	2,483	3,371	5,526	29,137	35,981
Total Liabilities and Net Assets	2,320	6,823	9,577	10,682	12,231	36,591	48,634

*FY12/13 figures are non-consolidated



Performance by Segment

(million yen)	FY12/13	FY12/14	FY12/15*	FY12/16*	FY12/17*	FY12/18	FY12/19
Net sales							
Wafer business	3,347	4,414	5,107	7,144	9,487	10,973	10,776
Prime wafer manufacturing and sales business	—	—	—	—	—	11,918	10,058
Purchases and sales of semiconductor equipment business	—	—	—	1,654	1,393	2,918	4,047
Other, adjustments	127	151	178	66	52	-331	-380
Segment profit							
Wafer business	916	1,444	1,377	1,765	3,396	4,011	4,081
Prime wafer manufacturing and sales business	—	—	—	—	—	2,048	1,503
Purchases and sales of semiconductor equipment business	—	—	—	230	130	366	171
Other, adjustments	-214	-278	-316	-409	-543	-675	-1,038
Segment assets							
Wafer business	1,337	5,040	6,987	5,657	8,120	9,150	10,336
Prime wafer manufacturing and sales business	—	—	—	—	—	21,313	29,311
Purchases and sales of semiconductor equipment business	—	—	—	1,137	1,305	1,939	3,179
Other, adjustments	982	1,783	2,589	3,887	2,805	4,315	5,806

*Financial figures for FY12/15, FY12/16 and FY12/17 are revised figures released on March 5, 2019



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.