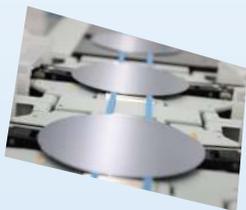


RS Technologies
Annual Report
2024



Management Philosophy

Respect the global environment,
earn the trust of people around the world,
and constantly strive to create.

index

1	Message from the President	p.1	6	Overview of Each Segment and Growth Strategies	p.10
2	History of RS Technologies	p.2	7	Sustainability	p.16
3	RS Technologies Growing Together with the Semiconductor Market	p.4	8	Financial Data	p.23
4	Value Cycle and Business Model	p.6	9	Company Profile and History	p.25
5	Reclaimed Wafers, Prime Wafers and the Semiconductor Market	p.8	10	Scheme for Investment in China Business	p.27

Notes

The information contained in this document is based on generally recognized economic conditions and certain assumptions that we have judged to be reasonable. However, the information may be subject to change without notice due to changes in the various circumstances surrounding the company management.

Some of the materials and information provided in this report contain "forward-looking statements." That information is based on the current estimates, forecasts and assumptions that contain risks, and include the uncertainty that the actual results may differ.

The company assumes no obligation to update or revise the "forward-looking information" contained in this report, even if new information or future events arise.

1 Message from the President

For the 15 years since our establishment we have worked together with our stakeholders and contributed to the growth and development of the global semiconductor industry

I would like to thank you for your continued support for our company. In 2025, RS Technologies will celebrate the 15th anniversary of our establishment. This would not have been possible without the warm support and encouragement we receive from you all.

Whilst keeping in mind our management philosophy that we should "constantly strive to create," we have worked to support the evolution of the business of our customers and we have also aimed to utilize the advanced technological capabilities of Japan to realize breakthroughs in various semiconductor sectors and to work with you all to create a more affluent world.

The wafer reclaim business of our group takes the highest share of the global market, and we are also currently working to actively expand into related business fields around that core business.

We view the prime wafer business as an important engine for growth and achieved entry into that market in 2018 through a joint venture with a Chinese partner. In October 2020, we completed construction of our Dezhou Factory in Dezhou City, Shandong Province, China, which will serve as our manufacturing base in China. That factory is currently producing mainly 8-inch prime wafers. In addition, from 2021, we began research and development for the mass production of 12-inch prime wafers and are aiming for commercialization at an early stage.

Furthermore, in our semiconductor related equipment, and material business, we entered the market for consumable parts and materials for semiconductor production equipment in 2019 and are working to expand that business to become the market leader.

The world is at a major turning point toward the next-generation information society, including with IoT, 5G, big data, and AI. We will always remember the passion we felt at the establishment of our company and will continue to pursue innovation, to aim to become the top company in each of our businesses, and to achieve high profitability and stable growth.

We will also work on governance reinforcement and CSR activities in line with the growth and expansion of our business. We will prioritize compliance, we will work through our business activities to contribute to the solution of the challenges facing the Earth by aiming for the Sustainable Development Goals (SDGs), and we will also strive to reduce our environmental impact in areas such as energy and resources.

We will remain grateful to all of our stakeholders (customers, trading partners, shareholders, investors, employees, and others) and I strongly believe that we will continue to make great strides toward the future. I thank you in advance for your continuing support of our business.



方承義

CEO

2 History of RS Technologies

Our company entered this business in December 2010, when Rasa Industries, Ltd. withdrew from the silicon wafer reclaim business and we purchased all of its machinery and equipment in bulk. We were listed on the Mothers Section of the Tokyo Stock Exchange in 2015, moved to the First Section of the Tokyo Stock Exchange in the following year, 2016, expanded into the prime wafer business in 2018 and have continued to grow to the present day.

Since our establishment, we have practiced sincere company management with respect for people and the environment. This has enabled us to build relationships of trust with a wide range of stakeholders and we have built up a relationship of cooperation.



Trends in Net Sales and Operating Profit



	2010-2013	2014-2016	2017-2019	2020-2024
History	<p>2010: Established RS Technologies</p> <p>Started the production of reclaimed wafers at the Sanbongi Factory (Miyagi Prefecture)</p> <p>2013: Started solar power generation business at the Sanbongi Factory</p>	<p>2015: Listed on the Mothers Section of the Tokyo Stock Exchange</p> <p>Completed construction of Factory #8 at the Sanbongi Factory and the Tainan Factory (Taiwan)</p> <p>2016: Moved to the First Section of the Tokyo Stock Exchange</p>	<p>2017: Concluded a joint venture agreement with GRINM, a research institute affiliated with the Chinese central government</p> <p>2018: The Chinese prime wafer manufacturer GRITEK was made a consolidated subsidiary</p> <p>Union Electronics Solutions, the first special agent of Hitachi Power Semiconductor Device, was made a consolidated subsidiary</p> <p>2019: The semiconductor-related consumable materials manufacturer DG Technologies was made a consolidated subsidiary</p>	<p>2020: Established SGRS to conduct 12-inch prime wafer business</p> <p>2022: GRITEK was listed on the Shanghai Stock Exchange STAR Market</p> <p>2023: The total energy solutions business company LE SYSTEM was made a consolidated subsidiary</p> <p>2024: The optical pickup module and automotive camera module business company RSPDH was made a consolidated subsidiary</p>
Achievements	<ul style="list-style-type: none"> In the wafer reclaim business, built a customer network including major semiconductor manufacturers in Japan and overseas, and built a direct sales system 	<ul style="list-style-type: none"> Constructed a two-site production system in Japan and Taiwan in the wafer reclaim business, achieved the top market share and established a foundation for future growth 	<ul style="list-style-type: none"> Built a system to capture the trend towards shifting semiconductor manufacturing to within China by entering the Chinese prime wafer business through a joint venture with a Chinese central government-affiliated research institute Expanded participation in the upstream industries of the semiconductor market and strengthened our system to capture the growth potential of the semiconductor market 	<ul style="list-style-type: none"> Began research and development for the creation of 12-inch prime wafer manufacturing and sales business in China Listed GRITEK on the STAR Market to strengthen our business base in China LE SYSTEM shipped its first electrolyte for vanadium redox flow batteries (VRFB) to a large-scale power plant

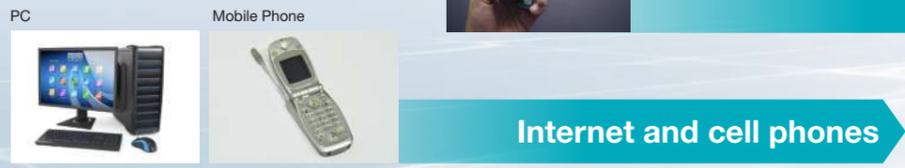
3 RS Technologies Growing Together with the Semiconductor Market

The semiconductor market is a growing market

The portfolio of our group is positioned in the upstream sectors of the semiconductor industry and taking the top share in that business will enable us to capture more of the expansion of the semiconductor market.

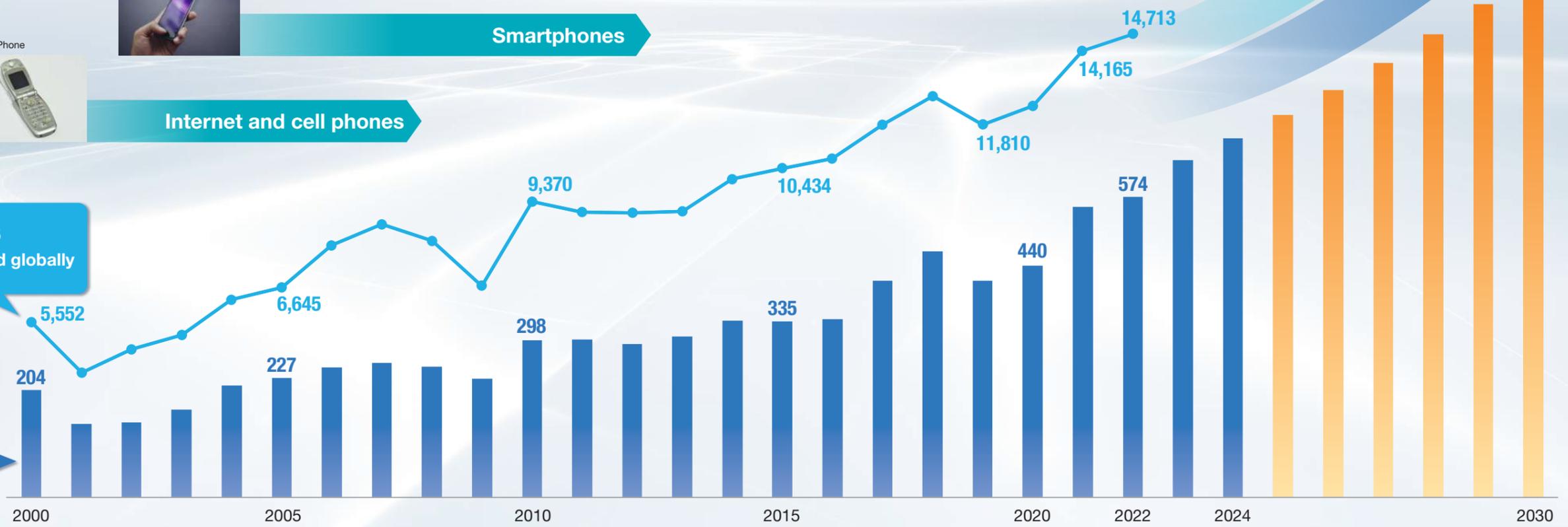
We are aiming for the further growth and expansion of our group by capturing more of the expanding semiconductor market.

New leading roles in semiconductor demand continue to emerge



Silicon wafers
Total surface area shipped globally
(Units: million square inches)

Semiconductors
Value of global shipments
(Units: billion U.S. dollars)

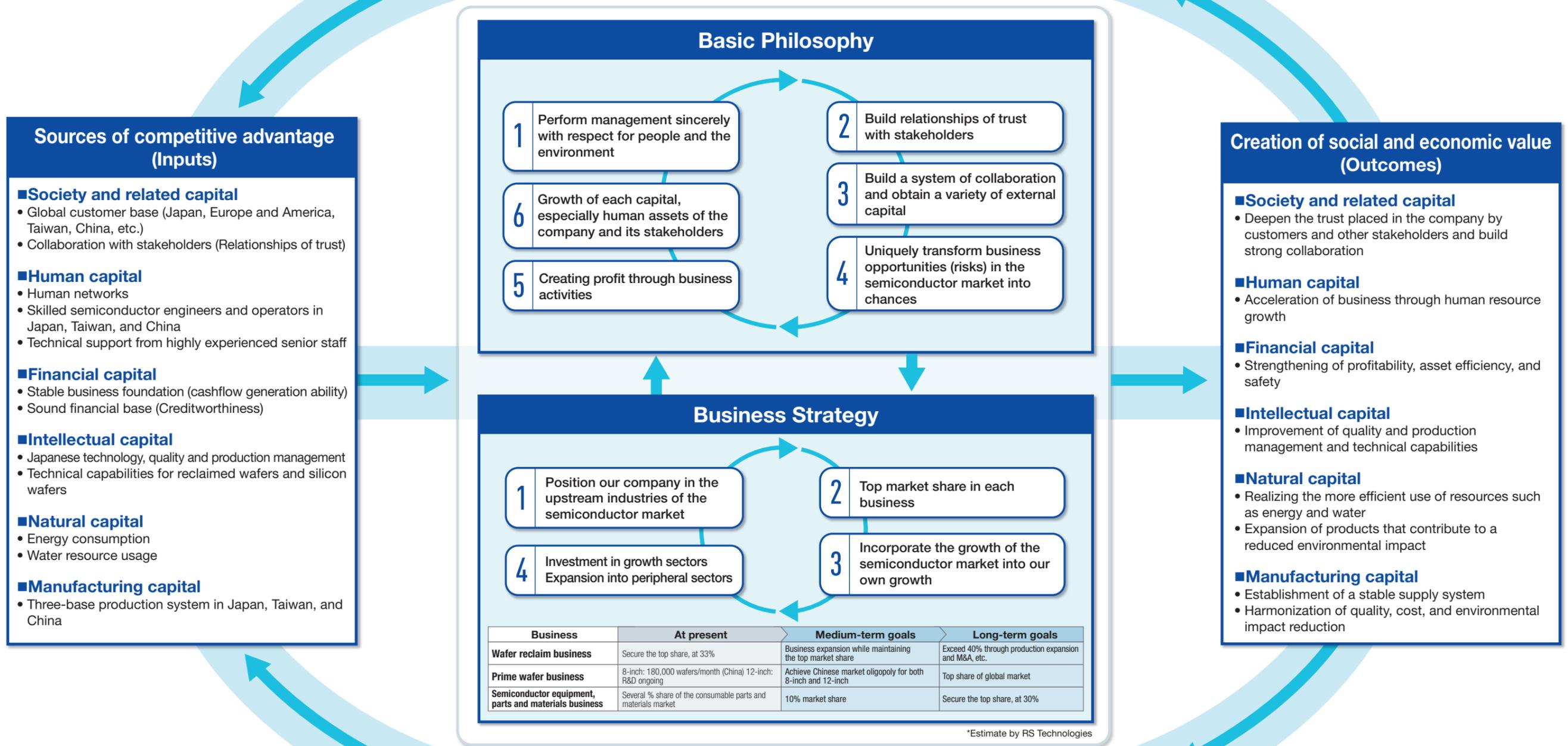


Sources: Semiconductors - 2000-2024 WSTS, 2030 IBS, Silicon wafers - SEMI

4 Value Cycle and Business Model

Our group is positioned in the upstream industry of the semiconductor market. We are expanding our business by effectively incorporating the expansion of the semiconductor market into our own growth by doing business with the majority of the semiconductor manufacturers that require reclaimed wafers. Furthermore, even as we respond to the increases in production, we are making an effort to manage our operations in a way that respects people and the environment, including by aiming to achieve zero occupational accidents, using clean energy from solar power generation, and achieving the world-class recycling of water resources.

External environment Sustained growth in the global semiconductor market



Increase the trust placed in the company by customers and society and expand collaboration to realize profit from business opportunities. Build a virtuous cycle of sustainable growth

5 Reclaimed Wafers, Prime Wafers and the Semiconductor Market

Overview

The silicon wafers used as materials for semiconductors include the "prime wafers" that are actually processed into semiconductor chips, and also "monitor wafers" that are used for testing and evaluating the semiconductor manufacturing processes. Wafers that have been used as monitor wafers and then undergone processing to recycle them for use again as monitor wafers are called "reclaimed wafers." Our group manufactures new silicon wafers (prime wafers) in our prime wafer business and reclaims monitor wafers in our wafer reclaim business.

[Reclaimed wafers]

It is estimated that the use of monitor wafers accounts for about 20% of all the wafers fed into semiconductor production lines. Although it is possible to use new wafers as monitor wafers, in order to reduce costs as much as possible, the semiconductor manufacturers recycle the monitor wafers that have been used through a reclamation company such as ourselves and then use those wafers again. It is estimated that about 80% of the monitor wafers used are reclaimed wafers. The price of a reclaimed wafer is as low as 1/4 to 1/2 of that of a new monitor wafer, so their use makes it possible to reduce costs.

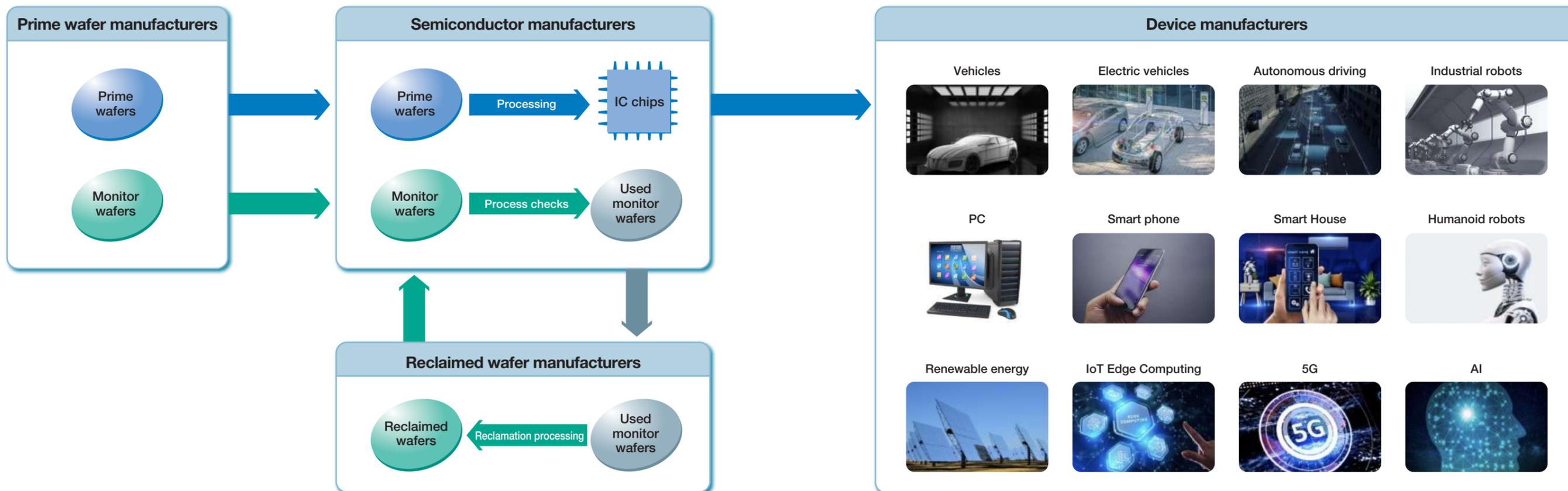
[Prime wafers]

Prime wafers are the wafers that are processed into semiconductor chips.

Our company is engaged in prime wafer business at GRITEK, which is a joint venture with GRIMN, a state-run research institute in China. The number of wafers produced is currently small, so they are mainly only sold and consumed within China. In the future, we plan to ship the wafers to semiconductor manufacturers around the world through the worldwide sales network our company has built for reclaimed wafers.

*Semiconductors

Semiconductors are materials with properties that fall between those of conductors, which conduct electricity, and those of insulators, which do not conduct electricity. These properties are utilized to manufacture integrated circuits, which are electrical circuits formed at high densities. The representative semiconductors include the micro-processing units (MPUs) that are used as the brains of PCs, and the memory devices (flash memory and DRAM) that are used to store information. Semiconductors are used in a wide variety of products, including home appliances, information and communication devices, and automotive electrical components, and have been described as "the rice of industry." As shown below, they are used in a wide variety of applications by a wide variety of device manufacturers, and the demand for them is ever-increasing.



6 Overview of Each Segment and Growth Strategies

(1) Wafer reclaim business

[Business overview]

As the core business of our group, our wafer reclaim business has many technologies that we have accumulated over the years for the reclamation of used test wafers. We have major semiconductor manufacturers around the world as our customers and maintain the top share in the industry.

Our group has produced reclaimed wafers at our two bases located in Japan and Taiwan and also began production in China from 2023.

As it is expected that the demand for reclaimed wafers will grow in line with the expansion of the semiconductor market, we will further increase our production capacity and continue to provide a stable supply of products to customers around the world.

[Products]



[Production bases]

Sanbongi Factory (Japan)



Company name: RS Technologies Co., Ltd.
Established: December 2010
Products: 5, 6, 8 and 12-inch reclaimed wafers

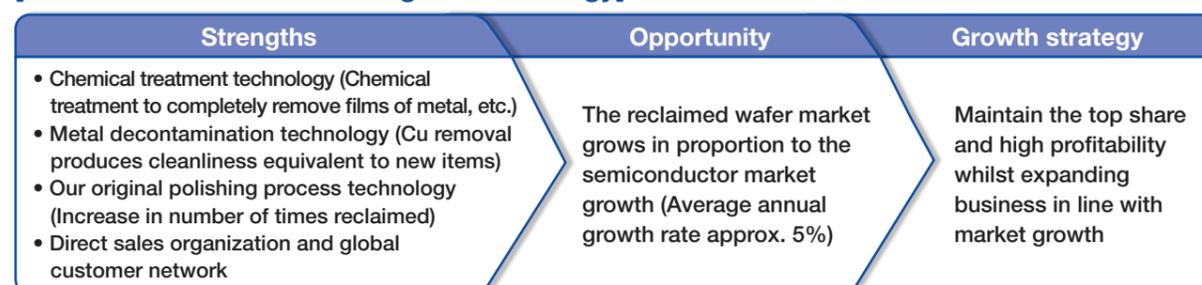
Production capacity:
 8-inch: 150,000 wafers/month
 12-inch: 320,000 wafers/month

Location: Osaki City, Miyagi Prefecture
Certifications: ISO 9001, ISO 14001

[Long-term vision]

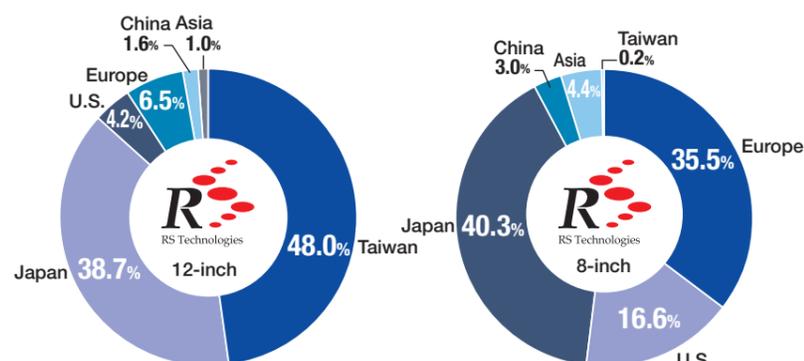


[Business environment and growth strategy]



[Composition of wafer reclaim business shipments by region (FY2024)]

- Our customers include major semiconductor manufacturers around the world, particularly in Japan, Taiwan, Europe, and the United States.
- In 2023, we also began production in China.
- We will respond to the future growth in demand with our three manufacturing bases in Japan, Taiwan, and China.



Tainan Factory (Taiwan)



Company name: RSTEC Semiconductor Taiwan Co., Ltd.
Established: December 2015

Products: 12-inch reclaimed wafers
Production capacity: 12-inch: 270,000 wafers/month

Location: Tainan City, Taiwan
Certifications: ISO 9001, ISO 14001

6 Overview of Each Segment and Growth Strategies

(2) Prime wafer business

[Business overview]

In our prime wafer business, in 2018, in order to capture the growth of the Chinese semiconductor market, we established the joint venture BGRS with GRINM, which is a Chinese government-affiliated research institute. Through that joint venture, we made the Chinese prime wafer manufacturer GRITEK into a consolidated subsidiary and entered the business.

GRITEK has many years of business experience as a prime wafer manufacturer in China. It has a large number of highly qualified engineers and also possesses the manufacturing technology and a customer base in China.

At GRITEK, we manufacture and sell mainly 8-inch prime wafers. In addition, to realize the mass production of 12-inch prime wafers, we are conducting research and development at SGRS, which we established in 2020 (currently an equity method affiliate of GRITEK). Our aim is to commercialize this technology in the future.

[Products]



[Production bases]

Dezhou Factory (China)



Company name:
Shandong GRINM RS Semiconductor Materials Co., Ltd. (Shandong GRITEK)
Established: October 2020
Products: 5, 6 and 8-inch prime wafers

Production capacity:
5-inch: 50,000 wafers/month
6-inch: 200,000 wafers/month
8-inch: 180,000 wafers/month

Location:
Dezhou City, Shandong Province, China
Certifications:
ISO 9001, ISO 14001, IATF 16949

[Long-term vision]



[Business environment and growth strategy]



Guotai Factory R&D Center (China)



Company name:
Shandong GRINM RS Semiconductor Materials Co., Ltd. (SGRS)
Established: March 2020

Products: (1) 12-inch prime wafers
(2) 12-inch reclaimed wafers

Production capacity:
(1) 50,000 wafers/month, development line 10,000 wafers/month
(2) 50,000 wafers/month

Location:
Dezhou City, Shandong Province, China

6 Overview of Each Segment and Growth Strategies

(3) Semiconductor related equipment, and material business

[Business overview]

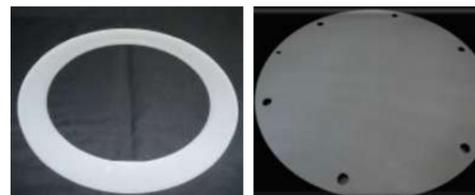
In our semiconductor related equipment, and material business, we are mainly engaged in the following businesses.

- 1) Manufacturing and sales of consumable parts and materials for semiconductor manufacturing equipment (DG Technologies)
- 2) Sales of ultrasonic imaging equipment and semiconductor-related parts (RS Technologies)
- 3) Sales of power semiconductors such as IGBTs (Union Electronics Solutions)

At DG Technologies, which we made into a consolidated subsidiary in 2019, we are responding to the backdrop of growing demand in the expanding semiconductor market and have formulated and are gradually implementing a growth strategy that leverages the synergies of our group. We have smoothly begun production at our Kurihara Factory (Miyagi Prefecture), which we started up in 2021 as our second factory, and we are aiming for the top share in this market.

[Products]

Consumable parts and materials for semiconductor manufacturing equipment



Quartz ring

Silicon electrode

Ultrasonic imaging equipment



Power semiconductors, etc.



[Production bases]

Kamisu Factory (Japan)

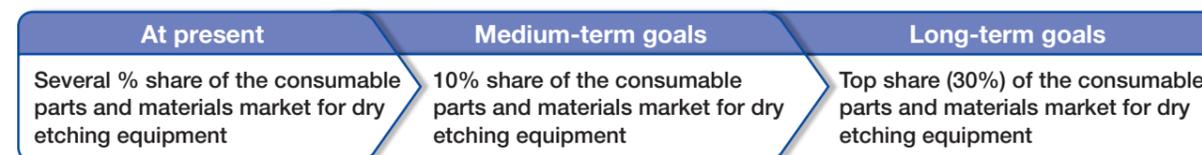


Company name:
DG Technologies Co., Ltd.
Established: October 1981

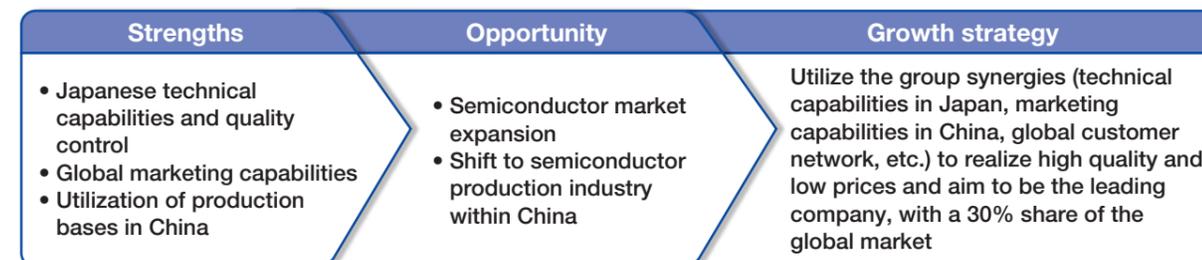
Products:
Quartz and silicon consumable parts and materials for dry etching equipment

Location: Kamisu City, Ibaraki Prefecture
Certifications: ISO 9001, ISO 14001

[Long-term vision (DG Technologies)]



[Business environment and growth strategy]



Kurihara Factory (Japan)



Company name:
DG Technologies Co., Ltd.
Start of operations: May 2021

Products:
Quartz and silicon consumable parts and materials for dry etching equipment

Location: Kurihara City, Miyagi Prefecture
Certifications: ISO 9001, ISO 14001

7 Sustainability

Since our establishment, we have practiced sincere company management with respect for people and the environment. This has enabled us to build relationships of trust with a wide range of stakeholders and we have built up a relationship of cooperation. We believe that by obtaining the cooperation of our stakeholders, we have been able to convert various risks and opportunities into the growth of our company, and have been able to achieve sustainability.

(1) CSR at RS Technologies

[Approach to CSR]

The management philosophy of our company is to "Respect the global environment, earn the trust of people around the world, and constantly strive to create." Under this management philosophy, we aim to lead the world as a company that offers comprehensive, eco-friendly solutions through our ecology business, and to contribute to the enrichment of people's lives.

In order to realize the management philosophy stated above, we recognize that it is very important that we operate our business with integrity under a robust governance system and make a contribution for society and for the environment.

By leveraging the power of "reclamation," which is one of the strengths of our business, we will make every effort possible to "contribute to the realization of a low-carbon and prosperous society" and to "maximize corporate value through the promotion of CSR management," to build a company that is trusted as one that offers comprehensive, eco-friendly solutions.



[CSR policy]

Based on our management philosophy, we will contribute to the creation of a sustainable society through business that leverages the power of "reclamation." In addition, we regard the promotion of CSR activities as an important issue for the management of our company and have established the following "CSR Policy" in order to work toward the realization of this goal.

1. The company delivers products and services with safe and excellent quality to gain customer satisfaction and trust, and to contribute to the sustainable future of our society.
2. The company provides the public and its stakeholders with timely and appropriate information as a responsible corporate citizen.
3. The company complies with both domestic and international laws and regulations to manage risks and

maintain business continuity.

4. The company selects its suppliers solely based on fair evaluation and judgement to establish partnership and joint prosperity.
5. The company cherishes the environment by making efficient use of all resources such as energy and water and by controlling industrial waste.
6. The company provides and maintains a safe and healthy workplace for all of its employees.
7. The company respects human rights and individual character.
8. The company respects different cultures and heritages.
9. The company improves the health and value of the region by working closely with local governments and communities.
10. The company shall continuously update its CSR management structure.

(2) Environment

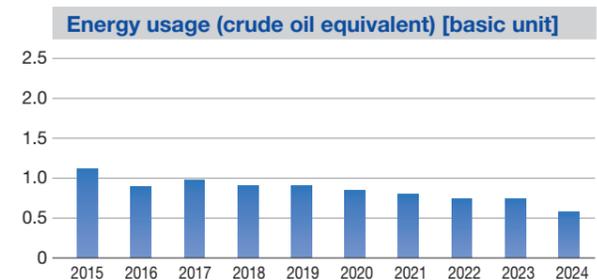
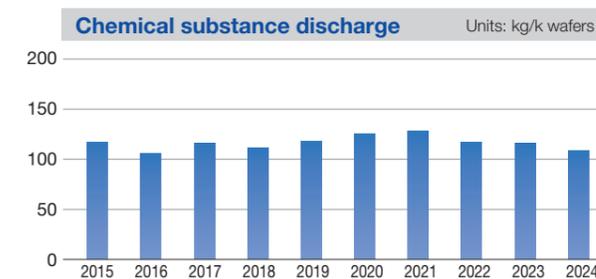
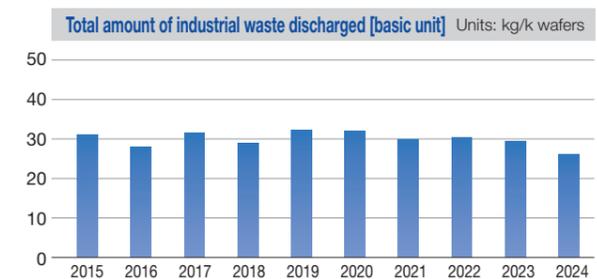
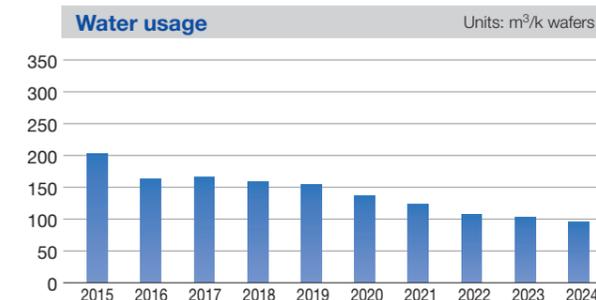
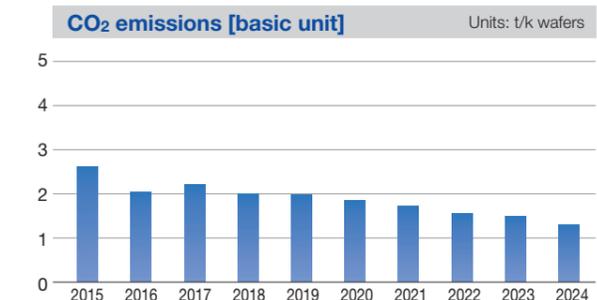
[Environmental policy]

Our Sanbongi Factory is a silicon wafer reclamation factory, which is an environmentally friendly recycling business. We prevent environmental pollution and promote environmental conservation activities based on the following environmental policy. As part of Osaki City, which is surrounded by lush green hills and rice paddies, we aim to be an environmentally-friendly company.

1. We establish and maintain an environmental management system, and constantly improve it.
2. In conserving the environment, all officers and employees will make a concerted effort to constantly make improvements.
3. In driving forward the activities of the factory, we comply with environment-related laws and agreements, as well as other relevant requirements that the factory has agreed to meet.
4. Business activities of the factory shall focus on the following priorities.

- (1) Promote recycling and the formation of a recycling-oriented society
- (2) Promote the use of eco-friendly goods, etc.
- (3) Optimize the discharge level of industrial waste
- (4) Promote the greening of the factory
5. With regard to the hazardous substances contained in products and materials, we will comply with the legal regulations as well as requirements from customers that the factory has agreed to meet, and promote a ban on the use of such applicable chemical substances.
6. We actively cooperate with measures taken by Miyagi Prefecture and Osaki City, and seek a mutually prosperous relationship with Osaki City, a city surrounded by nature.
7. We ensure that all officers and employees are familiar with the Environmental Policy, and provide education and training to them to increase their environmental awareness.

[Achievements in initiatives for global warming, reduced energy consumption, reduced resource consumption, and environmental impact]



7 Sustainability

(3) Society

[Our relationship with customers]

● Quality policy

In order to provide a stable supply of high-quality goods and services to our customers, we have established our quality policy as shown on the right.

We fully utilize the unique technologies and quality control technologies of our factories, grasp the needs of customers, and provide products that meet those needs

of the customers around the world.

1. We use the PDCA cycle to improve our unique technologies and quality control technologies in order to achieve quality improvement and the continuing advancement of our manufacturing processes.
2. We contribute to customers and local communities by creating trustworthy products and factories.

● ISO certification status

The status of ISO certification at our major manufacturing bases is as follows.

Company name	Segment	Relationship with the RS Technologies	Certification acquired
RS Technologies Co., Ltd. Sanbongi Factory	Wafer reclaim business	The company	ISO 9001 certification ISO 14001 certification
RSTEC Semiconductor Taiwan Co., Ltd.	Wafer reclaim business	Consolidated subsidiary	ISO 9001 certification ISO 14001 certification ISO 45001 certification
Shandong GRINM RS Semiconductor Materials Co., Ltd. (Shandong GRITEK)	Prime wafer manufacturing and sales business	Consolidated subsidiary	ISO 9001 certification ISO 14001 certification IATF 16949 certification
DG Technologies Co., Ltd.	Semiconductor related equipment, and material business	Consolidated subsidiary	ISO 9001 certification ISO 14001 certification

[Our relationship with shareholders and investors]

● Appropriate information disclosure

We believe that it is the responsibility of a listed company to disclose information to shareholders and investors in a timely and appropriate manner and to be fully accountable. We also believe that this is essential from the perspective of corporate governance. In the disclosure of information, we strive to provide information promptly based on transparency, fairness, and continuity.

We also consider it important to communicate with shareholders and investors, and we provide opportunities for dialogue through General Meetings of Shareholders, financial result briefing sessions, and individual meetings.

● Basic policy on disclosure

In addition to providing information pursuant to the Financial Instruments and Exchange Act and the rules for timely disclosure stipulated by the Tokyo Stock Exchange, the company will also use its own judgement and disclose information in a timely and proactive manner if the company considers that such information can effectively help people

understand its business.

● Method of information disclosure

Securities reports and other filings are registered and disclosed in the "EDINET" system provided by the Financial Services Agency. Information subject to the timely disclosure rules set by the Tokyo Stock Exchange is registered and disclosed on the "Tdnet" system provided by the Tokyo Stock Exchange. As a rule, publicly disclosed information is promptly posted on the company's IR website. In addition, even where certain information is not subject to the timely disclosure rules, the company will consider the purpose of timely disclosure and will strive to ensure that such information is accurately and fairly communicated to investors by distributing materials or by disclosing the information on the company's IR website.

[Our relationship with local communities]

● Contribution to the development of the next generation

We are contributing to the development of the next generation by actively accepting local junior high school students for work experience and by providing factory tours and internship programs for senior high school and technical college students each year.

● Contribution to local communities

• Contribution to local communities

In addition to conducting activities to clean up the environment around our factories and participating in local festivals, we also actively participate in local volunteer activities such as cleaning up national roads every other month.

[Employee]

In our Missions, we state that "We value diversity, creating a free and open-minded corporate culture, and strive towards creating a No. 1 work environment." In addition, we value communication with our employees. For example, employee representatives are elected and we exchange opinions with them whenever we make changes to the Rules of Employment or other rules.

● Human rights

We respect human rights and aim to create a diverse and comfortable work environment. To this end, we have included in our "Code of Ethics" and communicated to our employees that we do not tolerate discrimination based on skin color, gender, religion, place of birth, age, disability, or any other factors.

● Employment and development of diverse human resources

• Employment of human resources

With the aim of revitalizing our local communities, we promote the employment of people from the areas surrounding our factories and also employ diverse human resources regardless of their place of birth and gender.

We have established and operate various systems to ensure diversity in our human resources, including the hiring of non-regular employees as permanent employees, the employment of people with disabilities based on the Act to Facilitate the Employment of Persons with Disabilities, the rehiring of retirees, and the acceptance of foreign technical trainees.

• Development of human resources

Based on our rules on education and training, we formulate annual plans and conduct training for each level of employee.

• Donation of goods to prevent the spread of COVID-19

In February 2020, we donated 50,000 masks to the Red Cross Society in Shandong Province in China, where our group company is located.

In addition, in that same year, from March to June we donated 15,000 masks and 100,000 medical gloves to Shinagawa Ward in Tokyo, where our company head office is located, and in May we donated 20,000 masks to Osaki City in Miyagi Prefecture, where our Sanbongi Factory is located.

● Collaboration with NPOs

We support non-profit organizations that aim to revitalize the industry in Osaki City in Miyagi Prefecture, where our Sanbongi Factory is located, and we participate in the industrial events and other activities that are held each year.

In addition, we strive to improve the knowledge and skills of employees by holding study sessions led by in-house personnel with specialized knowledge and skills, and seminars provided by external educational institutions and others.

• Acceptance of foreign trainees

We actively accept foreign trainees as candidates for executive positions in our subsidiaries and affiliates in China and Taiwan. The trainees acquire skills and knowledge based on a practical training plan that includes hands-on training at our production sites and classroom lectures.

After the completion of the training period, we also offer opportunities to work as candidates for executive positions in the subsidiaries and affiliates or our group in China and Taiwan.

● Creating a comfortable working environment

• Promotion of work-life balance

To enable employees to balance work and child-care, we strive to reduce long working hours and encourage employees to take paid leave. The goals set in our general employer action plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children are as follows.

Goal 1: Reduce overtime work and prepare an environment where employees can balance work and childcare.

Goal 2: Set a target for the number of paid leave days taken by employees to an average of 10 days or more per year.

Goal 3: As part of efforts to realize diverse working styles, incorporate flexible working styles and prepare an environment in which employees can secure time for childcare, etc., and can easily return to work.

7 Sustainability

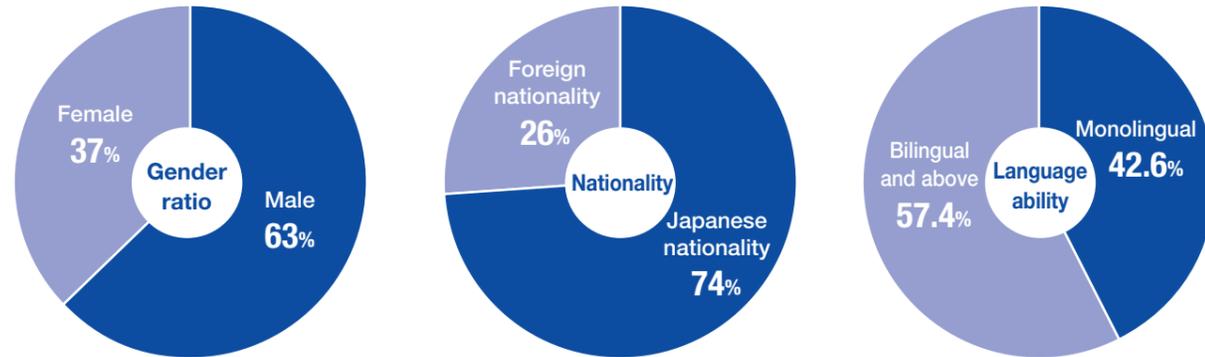
• Promotion of women's activities

We are promoting the creation of workplace environments where female employees can build their careers and fully demonstrate their skills. The goals set in our general employer action plan based on the Act on Promotion of Women's Participation and Advancement in the Workplace are as shown on the right.

Goal 1: Of all our employees (excluding those working night shifts), the percentage that are female shall be at least 40%.

Goal 2: Create a work environment in which female employees can demonstrate their abilities and play a more active role.

Head office executive personnel composition



• Occupational health and safety activities

At our Sanbongi Factory, in order to provide a safe, secure, and healthy work environment for all employees, we have established a "Basic Policy for Health and Safety" and we are aiming to achieve zero occupational accidents with the Health and Safety Committee taking the lead in the promotion of occupational health and safety activities each day.

• Basic Policy for Health and Safety

Ensuring health and safety is the cornerstone of our corporate activities and takes precedence over everything else.

• Numerical targets in efforts to achieve zero occupational accidents

"Zero lost time accidents" "Zero serious accidents"

• Activities to raise employee awareness and ongoing 5S activities

• Activities to raise the awareness of employees and improvement proposal system

We have established an improvement proposal system for the purpose of raising the awareness of employees and to make improvements in the workplaces.

Under this system, employees analyze the problems they notice in their daily work and propose improvements in the three categories of (1) quality improvement and rationalization, (2) environment, and (3) health and safety. This encourages improvements from a front-line perspective.

The improvement proposals can basically be submitted at any time and the head of the department and the factory manager make a decision on whether or not the proposal can be adopted, mainly from the perspective of the improvement effect and cost comparisons.

The number of proposals submitted is compiled semi-annually and posted at the factory, and the number is also reflected in the performance evaluations of the individuals.

• 5S activities

We believe that 5S activities are fundamental to workplace health and safety and efficient working, and we actively develop them as factory-wide initiatives.

The issues at each workplace are shared monthly and improvements are promoted, and also a factory-wide 5S/ Kaizen presentation session is held annually. Through these 5S activities, we promote initiatives to raise the awareness of health and safety among all the executives and employees.

(4) Trading partners

[Our relationship with trading partners]

• Fair transactions

We strive to engage in fair and equitable transactions with our trading partners in order to provide our customers with high quality products. In addition, to ensure the thorough prevention of corruption, we have formulated the "RS Tec Group Guidelines for Prevention of Bribery" and implementation education for our officers and employees.

• Consultations with suppliers

We regard our suppliers as partners with whom we achieve growth together, and we communicate our procurement standards to them to ensure common recognition.

In addition, with regards to starting new transactions, we only start new trade after investigating whether the product contains any banned substances from the perspectives of our purchasing management rules and BCP.

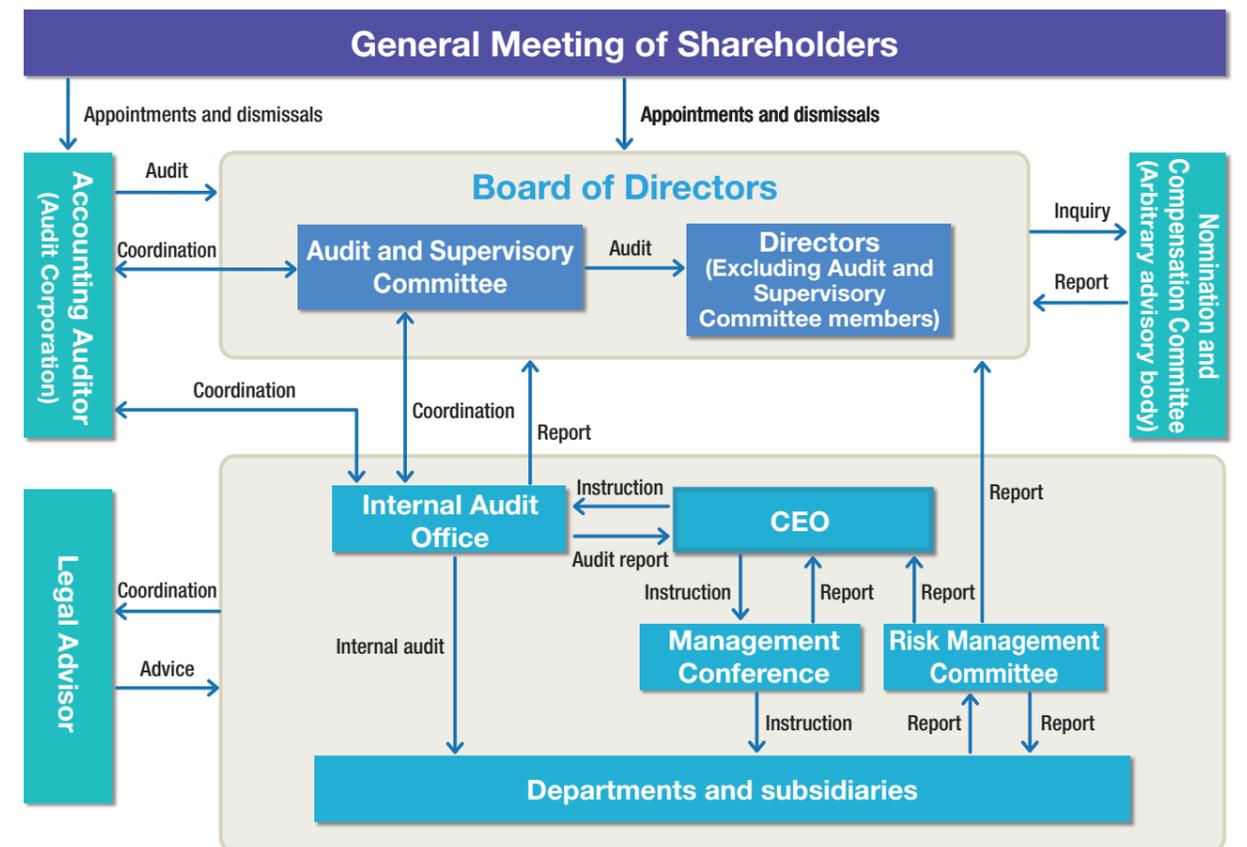
(5) Corporate governance

[Basic stance]

In accordance with our management philosophy and missions, our management goals are to fulfill our social responsibility to our various stakeholders, which includes our shareholders, trading partners, local communities, international society, employees, and others, and to maximize our corporate value. To achieve these management

goals, we have positioned the improvement of our corporate governance as an important management issue and are working to strengthen it. We are also promoting the establishment, maintenance, and expansion of internal control systems in order to secure sound corporate management and strengthen our corporate governance.

Corporate governance organization



7 Sustainability

● Board of Directors

We have established Board of Directors Rules to stipulate the matters to be decided by a resolution of the Board of Directors. This includes matters related to management philosophy and policies, matters related to the General Meeting of Shareholders, the Board of Directors and directors, matters related to capital policy, shares and bonds, important matters related to company management, matters related to financial statements, matters related to the organization, authority and regulations, matters related to personnel affairs and labor-related operations, and matters related to assets and financial affairs.

The Board of Directors consists of a total of five members, which includes two directors (excluding those who are members of the Audit and Supervisory Committee) and three directors who are members of the Audit and Supervisory Committee (including three outside directors). The Board of Directors has the authority to supervise the execution of duties by the directors and in principle meets once per month to deliberate and decide on matters stipulated by the Companies Act and the Articles of Incorporation and on important matters concerning the management of the company.

● Audit and Supervisory Committee

The Audit and Supervisory Committee consists of three directors (all outside directors) who are Audit and Supervisory Committee members. It monitors the state of governance and its operation, and audits the execution of duties by the directors (excluding directors who are Audit and Supervisory Committee members). The directors who are members of the Audit and Supervisory Committee attend the Board of Directors meetings and review important documents in order to conduct a broad review of the overall management of the company. They also share information at monthly Audit and Supervisory Committee meetings and make an effort to efficiently conduct highly effective audits.

● Policy for the appointment of independent directors

In accordance with the specification of independent outside directors that is mandated by the Tokyo Stock Exchange, Inc., we appoint persons from among our outside directors who are not likely to have conflicts of interest with our general shareholders as our independent outside directors. These independent outside directors share company information through close cooperation with other executives, including the Board of Directors, and fulfill the role expected of independent outside directors.

● Nomination and Compensation Committee

To further strengthen our corporate governance, in April 2022, we established a Nomination and Compensation Committee to be a voluntary advisory body to the Board of Directors. The Committee consists of four members. The chairperson is the director Hiroyuki Kanamori (an independent outside director) and the members are the directors Ryosuke Kuwada and Natsuko Shimizu (both independent outside directors) and CEO Nagayoshi Ho. The Nomination and Compensation Committee receives inquiries from the Board of Directors on the election and dismissal of directors, the compensation of directors (excluding directors who are members of the Audit and Supervisory Committee), and other matters deemed necessary by the Board of Directors. The Committee then considers the appropriateness of the matters and makes a report. The Board of Directors receives the report from the Nomination and Compensation Committee and then determines the appointment and dismissal of directors and the compensation of the directors (except for directors who are members of the Audit and Supervisory Committee).

● Risk Management Committee

We have established a Risk Management Committee as an organization to manage the risks that apply to the entire group. The chairperson for this Committee is the CEO.

The Risk Management Committee is also responsible for addressing sustainability-related issues. In addition to discussing climate change risk, the committee also regularly assesses various activities, including compliance, personnel and labor affairs, health and safety, the environment, financial accounting, and sales activities. The committee identifies the impacts on business and takes countermeasures.

8

Financial Data

Business Performance

(Millions of yen)	Year ended Dec. 2015	Year ended Dec. 2016	Year ended Dec. 2017	Year ended Dec. 2018	Year ended Dec. 2019	Year ended Dec. 2020	Year ended Dec. 2021	Year ended Dec. 2022	Year ended Dec. 2023	Year ended Dec. 2024
Net sales	5,285	8,864	10,932	25,478	24,501	25,561	34,620	49,864	51,893	59,200
Gross profit	1,852	2,544	4,252	8,366	7,940	8,681	11,870	18,432	17,413	19,380
SG&A	791	958	1,269	2,615	3,223	4,151	4,995	5,413	5,519	6,271
Operating profit	1,061	1,585	2,982	5,751	4,717	4,530	6,874	13,018	11,894	13,108
Ordinary profit	770	1,444	3,159	6,141	5,416	5,252	8,832	15,500	14,921	15,668
Profit*	143	861	2,113	3,620	3,035	2,824	3,303	7,739	7,703	9,446
Dividend (Yen)	-	10	5	10	15	20	25	35	30	35
Capital investment	4,665	209	95	1,328	4,809	12,409	5,975	5,379	5,999	8,786
Depreciation	326	682	714	1,298	1,814	1,674	2,942	3,498	3,774	4,199
Research and development expenses	11	85	183	501	449	929	1,308	1,657	1,764	1,647
Employees (Regular employees)	265	373	434	1,159	1,277	1,187	1,333	1,533	1,534	2,614

*Profit attributable to owners of parent

*Dividends for FY2023 are shown after the split (1/2) on January 1, 2023

*The year ended December 2013 was a non-consolidated fiscal year.

Main Financial Statements

(Millions of yen)	Year ended Dec. 2015	Year ended Dec. 2016	Year ended Dec. 2017	Year ended Dec. 2018	Year ended Dec. 2019	Year ended Dec. 2020	Year ended Dec. 2021	Year ended Dec. 2022	Year ended Dec. 2023	Year ended Dec. 2024
Assets										
Current assets	3,732	5,348	7,388	26,074	32,760	32,626	45,851	90,470	96,409	124,894
Cash and deposits	1,842	1,952	3,243	14,879	22,156	19,082	27,766	67,939	70,758	85,224
Notes and accounts receivable-trade	795	2,531	2,916	6,958	6,047	6,321	9,517	11,651	12,673	23,417
Merchandise and finished goods	361	348	446	1,343	1,713	2,116	2,783	3,833	6,507	6,678
Non-current assets	5,845	5,333	4,843	10,516	15,873	26,124	33,146	37,084	44,256	57,252
Property, factory and equipment	5,667	5,152	4,674	8,963	14,635	24,146	28,962	31,285	35,326	45,575
Intangible assets	29	23	19	1,099	732	527	417	270	266	689
Investments and other assets	148	158	149	453	506	1,451	3,766	5,529	8,663	10,987
Total assets	9,577	10,682	12,231	36,591	48,634	58,750	78,997	127,554	140,666	182,146
Liabilities										
Current liabilities	2,295	2,993	3,370	4,979	7,252	12,631	14,218	17,622	18,265	34,804
Notes and accounts payable-trade	186	283	398	1,554	1,614	2,871	4,317	6,466	5,174	8,302
Interest-bearing debt	1,216	1,538	1,276	976	1,730	1,522	3,020	4,694	3,355	8,754
Non-current liabilities	4,798	4,317	3,335	2,474	5,400	5,754	9,827	8,458	6,973	11,794
Long-term borrowings	4,079	3,620	2,767	1,848	2,232	1,613	5,097	3,514	2,092	743
Total liabilities	7,093	7,310	6,705	7,453	12,652	18,385	24,045	26,081	25,238	46,598
Net assets										
Net assets	2,483	3,371	5,526	29,137	35,981	40,365	54,951	101,473	115,428	135,548
Total liabilities and net assets	9,577	10,682	12,231	36,591	48,634	58,750	78,997	127,554	140,666	182,146

*The year ended December 2013 was a non-consolidated fiscal year.

8 Financial Data

Business Performance by Segment

(Millions of yen)	Year ended Dec. 2015	Year ended Dec. 2016	Year ended Dec. 2017	Year ended Dec. 2018	Year ended Dec. 2019	Year ended Dec. 2020	Year ended Dec. 2021	Year ended Dec. 2022	Year ended Dec. 2023	Year ended Dec. 2024
Net sales										
Wafer reclaim business	5,107	7,144	9,487	10,973	10,776	11,461	12,717	18,001	20,499	23,794
Prime wafer manufacturing and sales business	-	-	-	11,918	10,058	8,755	14,780	22,752	18,736	20,443
Semiconductor related equipment, and material business	-	1,654	1,393	2,918	4,047	6,272	8,450	11,265	14,057	16,283
Others, adjustments	178	66	52	(331)	(380)	(927)	(1,328)	(2,154)	(1,399)	(1,320)
Segment profit										
Wafer reclaim business	1,377	1,765	3,396	4,011	4,081	4,027	4,731	7,312	8,114	9,059
Prime wafer manufacturing and sales business	-	-	-	2,048	1,503	1,041	2,539	5,995	3,742	4,743
Semiconductor related equipment, and material business	-	230	130	366	171	211	382	914	882	884
Others, adjustments	(316)	(409)	(543)	(675)	(1,038)	(749)	(778)	(1,203)	(844)	(1,578)
Segment assets										
Wafer reclaim business	6,987	5,657	8,120	9,150	10,336	11,698	14,302	18,530	21,833	26,163
Prime wafer manufacturing and sales business	-	-	-	21,313	29,311	35,697	53,201	95,788	100,768	116,144
Semiconductor related equipment, and material business	-	1,137	1,305	1,939	3,179	5,387	7,309	6,801	8,775	31,014
Others, adjustments	2,589	3,887	2,805	4,315	5,806	5,968	4,243	6,435	9,290	8,823

*The financial figures for the years ended December 2015, 2016 and 2017 are the revised figures released on March 5, 2019.

9 Company Profile and History

- A leading company with a 30% share of the global market for reclaimed wafers*1.
- Also achieved full-scale entry into the prime wafer business through a joint venture with a company directly under the Chinese central government.
- Expanding business into peripheral business areas where synergies can be expected through M&A.

Name of company	RS Technologies Co., Ltd.		
Establishment	December 10, 2010		
Management philosophy	"Respect the global environment, earn the trust of people around the world, and constantly strive to create."		
Businesses	<ul style="list-style-type: none"> · Reclamation and sales of silicon wafers · Manufacturing and sales of prime wafers · Manufacturing and sales of consumable parts and materials for semiconductor manufacturing equipment · Sales of ultrasonic imaging equipment · Sales of electronic components · Total energy solutions business · Manufacturing and sales of optical pickup modules and automotive camera modules, etc. 		
Head office location	NT Building, 1-47-1 Oi, Shinagawa Ward, Tokyo		
Sanbongi Factory	26-2, Yamazaki, Sanbongi Otonashi, Osaki City, Miyagi Prefecture		
Capital	5,701 million yen (as of December 31, 2024)		
CEO	Nagayoshi Ho		
Main consolidated subsidiaries	RSTEC Semiconductor Taiwan Co., Ltd. (Taiwan)	Capital NT\$300 million	Investment ratio 100%
	Beijing GRINM RS Semiconductor Technology Co., Ltd. (Beijing)	Registered capital US\$138 million	Investment ratio 45% ^{*2}
	GRINM Semiconductor Materials Co., Ltd.(Beijing)	Registered capital RMB1 billion	Investment ratio 47.17% ^{*2}
	Union Electronics Solutions Co., Ltd.	Capital 27 million yen	Investment ratio 100%
	Shandong GRINM RS Semiconductor Materials Co., Ltd. (Shandong GRITEK) (Dezhou, Shandong Province)	Registered capital RMB1.5 billion	Investment ratio 37.74% ^{*2}
	DG Technologies Co., Ltd.	Capital 100 million yen	Investment ratio 100%
	LE SYSTEM Co., Ltd.	Capital 30 million yen	Investment ratio 100%

*1: Estimated by RS Technologies based on SEMI data.

*2: The investment scheme for companies subject to consolidation in Chinese business has Beijing GRINM RS Semiconductor Technology Co., Ltd. as the parent company, GRINM Semiconductor Materials Co., Ltd. as a subsidiary, and Shandong GRINM RS Semiconductor Materials Co., Ltd. (Shandong GRITEK) as a sub-subsidiary, and some of the investment is overlapping.

Major consolidated companies (including companies accounted for by the equity method)

Name	Segment	Businesses	Address
RSTEC Semiconductor Taiwan Co., Ltd.	Wafer reclamation business	Manufacturing and sales of 12-inch reclaimed wafers	Tainan City, Taiwan
GRINM Semiconductor Materials Co., Ltd.	Prime wafer manufacturing and sales business	Manufacturing and sales of 5, 6 and 8-inch prime wafers and semiconductor related consumable parts and materials	Beijing City, People's Republic of China
Shandong GRINM RS Semiconductor Materials Co., Ltd. (Shandong GRITEK)	Prime wafer manufacturing and sales business	Manufacturing and sales of 5, 6 and 8-inch prime wafers and semiconductor related consumable parts and materials	Dezhou City, People's Republic of China
Union Electronics Solutions Co., Ltd.	Semiconductor related equipment, and material business	Purchases and sales of semiconductor components and materials such as Hitachi IGBTs	Shinagawa Ward, Tokyo
DG Technologies Co., Ltd.	Semiconductor related equipment, and material business	Manufacturing and sales of semiconductor-related consumable parts and materials	Kamisu City, Ibaraki Prefecture Kurihara City, Miyagi Prefecture
Shandong GRINM RS Semiconductor Materials Co., Ltd. (SGRS) (Equity method affiliate)	Prime wafer manufacturing and sales business Wafer reclaim business	R&D, manufacturing and sales of 12-inch prime wafers Manufacturing and sales of 12-inch reclaimed wafers	Dezhou City, People's Republic of China
LE SYSTEM Co., Ltd.	Semiconductor related equipment, and material business	Total energy solutions business Manufacturing and sales of electrolyte for VRFB	Shinagawa Ward, Tokyo; Futaba-gun, Fukushima Prefecture; Tsukuba City, Ibaraki Prefecture
RS Precision Devices (Huizhou) Co., Ltd.	Semiconductor related equipment, and material business	Manufacturing and sales of optical pickup modules and automotive camera modules	Guangdong Province, People's Republic of China

9 Company Profile and History

History

Year	Contents	Segment
2010	Established RS Technologies in Shinagawa Ward, Tokyo	Reclaim
2011	Started the production of reclaimed wafers at the Sanbongi Factory	Reclaim
2012	Started technical consulting business for Chinese wafer manufacturers	Prime
2013	Started mega solar power generation business at the Sanbongi Factory	Other
2014	Established RSTEC Semiconductor Taiwan Co., Ltd. (RSTW) Began construction of a factory to manufacture reclaimed wafers in Taiwan	Reclaim
2015	Listed on the Mothers Section of the Tokyo Stock Exchange	
	Joined a strategic alliance for the integrated circuit materials industry in China	Reclaim Prime Semi/parts Other
	Completed construction of the RSTEC Semiconductor Taiwan Co., Ltd. (RSTW) Taiwan Factory and began manufacturing reclaimed wafers in Taiwan	Reclaim
2016	Completed the Factory #8 at the Sanbongi Factory, a state-of-the-art factory	Reclaim
	Moved to the First Section of the Tokyo Stock Exchange (TSE First Section)	
2017	Concluded a three-party-joint venture agreement with the China General Research Institute for Nonferrous Metals and Fujian Kuramoto Investment Co., Ltd. Announced entry into the prime wafer business in China	Prime
2018	Established Beijing GRINM RS Semiconductor Technology Co., Ltd. (BGRS) and entered the prime wafer business by making GRINM Semiconductor Materials Co., Ltd. (GRITEK) into a consolidated subsidiary	Prime
	Made Union Electronics Solutions Co., Ltd. (a special agent of Hitachi Power Semiconductor Device) a 100% subsidiary	Semi/parts
	Established Shandong GRINM RS Semiconductor Materials Co., Ltd. (Shandong GRITEK), a joint venture with the local government of Dezhou City, Shandong Province	Prime
2019	Made DG Technologies Co., Ltd. a 100% subsidiary	Semi/parts
2020	Established Shanghai Union Semiconductor Co., Ltd.	Semi/parts
	Established Beijing Gritek & IVT Technology Co., Ltd.	Prime
	Established Shandong GRINM RS Semiconductor Materials Co., Ltd. (SGRS)	Reclaim Prime
2021	Completed a new factory of Shandong GRINM RS Semiconductor Materials Co., Ltd. (Shandong GRITEK)	Prime
	GRINM Semiconductor Materials Co., Ltd. (GRITEK) was listed on the Shanghai Stock Exchange STAR Market	
2022	Made LE SYSTEM Co., Ltd. a 100% subsidiary	Semi/parts
2023	Made RS Precision Devices (Huizhou) Co., Ltd. a 100% subsidiary	Semi/parts
2024	Made RS Precision Devices (Huizhou) Co., Ltd. a 100% subsidiary	Semi/parts

- Reclaim : Related to wafer reclaim business
- Prime : Related to prime wafer business
- Other : Others
- Semi/parts : Semiconductor related equipment, and material business

Sanbongi Factory: RS Technologies
Wafer reclaim business



Tainan Factory: RSTW
Wafer reclaim business



Dezhou Factory: Shandong GRITEK
8-inch prime wafer business



Guotai Factory R&D Center: SGRS
12-inch prime wafer business



Namie Plant: LE System
Semiconductor related equipment, and material business



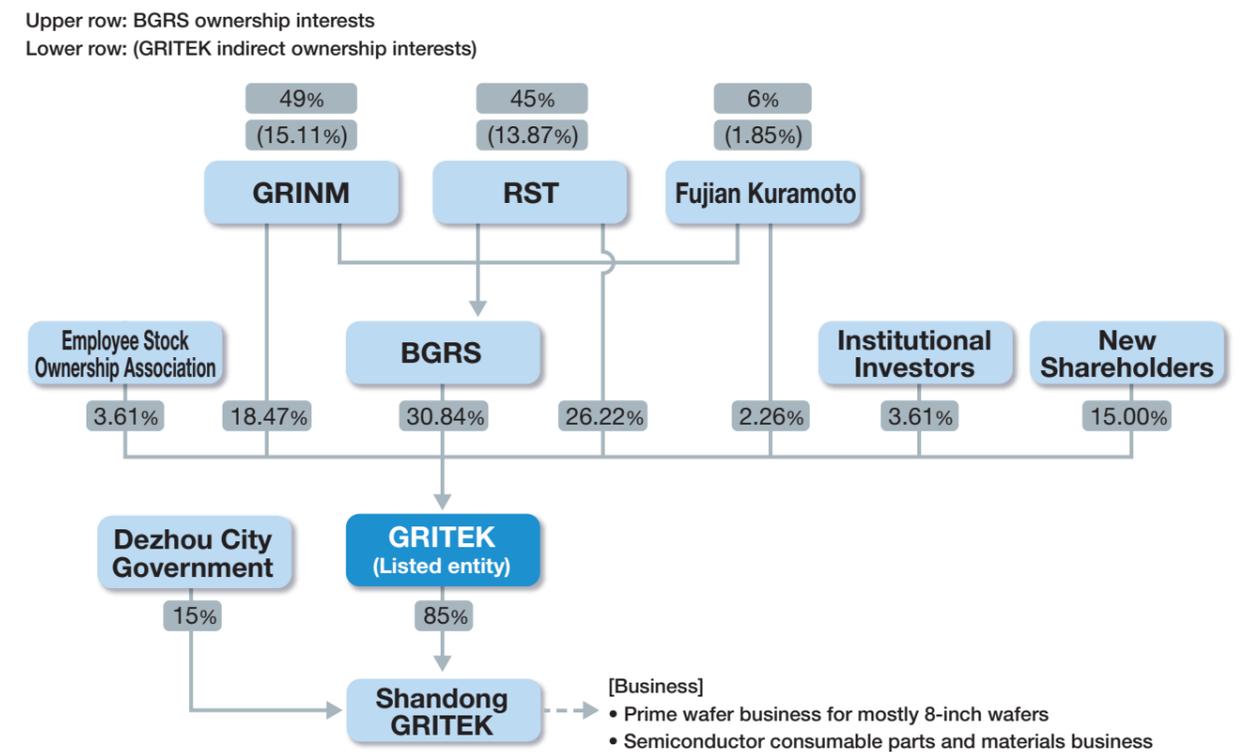
RS Precision Devices (Huizhou) Co., Ltd.
Semiconductor related equipment, and material business



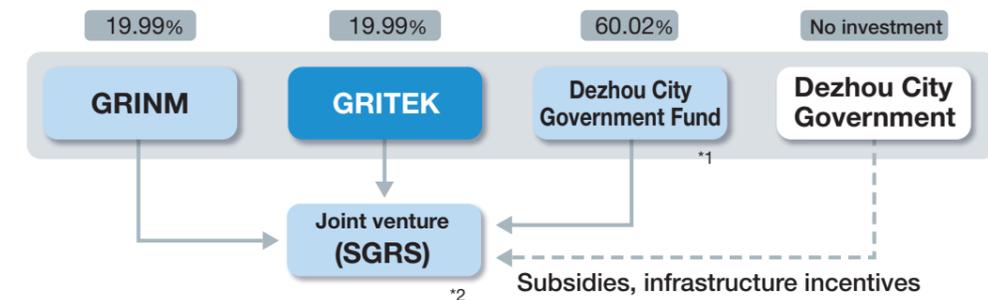
10 Scheme for Investment in China Business

- GRITEK was a 100% subsidiary of GRINM until 2017.
- When we planned entry into the prime wafer business, it was necessary to include local companies in the group, so BGRS was established in 2018 with cash investment by RS Technologies and Fujian Kuramoto and investment in kind by GRINM. BGRS made GRITEK into a subsidiary.
- We partnered with the Dezhou government to reduce the risk of the capital investment. Shandong GRITEK was then established.

8-inch wafer business - Investment formats (as of December 2024)



12-inch wafer business - Investment formats



*1: Dezhou Huida Semiconductor Equity Investment Fund Partnership
*2: Shandong GRINM RS Semiconductor Materials Co., Ltd. (SGRS)



RS Technologies Co., Ltd.

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Sanbongi Factory: 26-2, Yamazaki, Sanbongi Otonashi, Osaki City, Miyagi Prefecture



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