

V-Technology Co., Ltd.

FY2023 First Quarter Result

Supplementary Materials

August 10, 2022

Forward-Looking Statements

▶ Forward-looking statements

- ▶ Plans, strategies, outlooks, and other statements of V-Technology and subsidiaries("The Group") that are not historical facts are forward-looking statements.
- ▶ These items are based on currently available expectations, estimates, and projections. These expectations, estimates, and forecasts are subject to a number of potential risks, uncertainties and processes, including, but not limited to, changes in economic and market conditions, changes in the competitive environment, changes in the policies of the countries in which our customers operate, and the outcome of pending and future litigation.
- ▶ Therefore, these expectations, estimates, and projections are subject to change, and actual results may differ materially from those in the forward-looking statements.
- ▶ Accordingly, you are cautioned not to place undue reliance on these forward-looking statements. The group assumes no obligation to update these forward-looking statements based on new information or future events.

▶ Foreign Exchange Risk

- ▶ In principle, export sales of the group's mainstay manufacturing equipment for SEMI or FPD or Photomasks are conducted in yen. The group hedges foreign exchange risk by entering into forwarding exchange contracts when receiving orders, if necessary. Therefore, the impact of exchange rate fluctuations on equipment sales is negligible.

▶ Treatment of figures

- ▶ Amounts listed are rounded down to the nearest unit, and percentages are rounded off to the nearest unit, so they may not match the breakdown.

▶ Changes in reportable segments... **[Changed from Q1, FY2023]**

- ▶ Previously, the Group's reportable segments were "FPD business" and "Semiconductor business."
- ▶ In response to changes in the profit structure, the Company has reviewed the management classification. From the current first quarter consolidated accounting period, the Group changed the classification to "FPD Equipment Business" and "Semiconductor and Photomask Business," and the business segment that is not included in the reportable segments is listed as "Others" to disclose the segment information. Segment information for the previous consolidated fiscal year is as follows.
- ▶ The segment information for the previous consolidated accounting period is disclosed based on the reporting segment classification after the product group review.

Consolidated Financial Summary

- ▶ **Business Environment:** Equipment demand for semiconductors and photomasks is firm, but FPD demand is sluggish
- ▶ **Q1 business result:** Sales and profits decreased from the previous year, but within the scope of the full-year forecast
- ▶ **Supplementary Explanation①~④ on the below table**
 - ① Net sales : Decrease of 5,299 million yen from the previous year, mainly due to slowdown in FPD affected by China's zero corona policy, and so on.
 - ② Gross profit margin : Improved product composition due to sales of G10.5 LCD lithography equipment: +4.9% y-o-y
 - ③ Operating profit margin: Gross profit margin improved, but sales decline was significant, -4.2% y-o-y
 - ④ Ordinary profit margin : 4.6% y-o-y increase due to marginal gain on foreign currency deposits, etc., resulting from fluctuations in foreign exchange rates

| (Million JPY) | FY2022 Q1 | | FY2023 Q1 | | |
|---|-----------|--------|----------------|----------------|--------|
| | Amount | Margin | Amount | Margin | YoY |
| Net sales | 13,094 | 100.0% | ① <u>7,795</u> | 100.0% | ▲40.5% |
| Gross profit | 3,687 | 28.2% | 2,582 | ② <u>33.1%</u> | ▲30.0% |
| Operating profit | 1,312 | 10.0% | 452 | ③ <u>5.8%</u> | ▲65.5% |
| Ordinary profit | 1,238 | 9.5% | 1,098 | ④ <u>14.1%</u> | ▲11.3% |
| Net profit attributable to owners of parent | 1,145 | 8.7% | 719 | 9.2% | ▲37.2% |

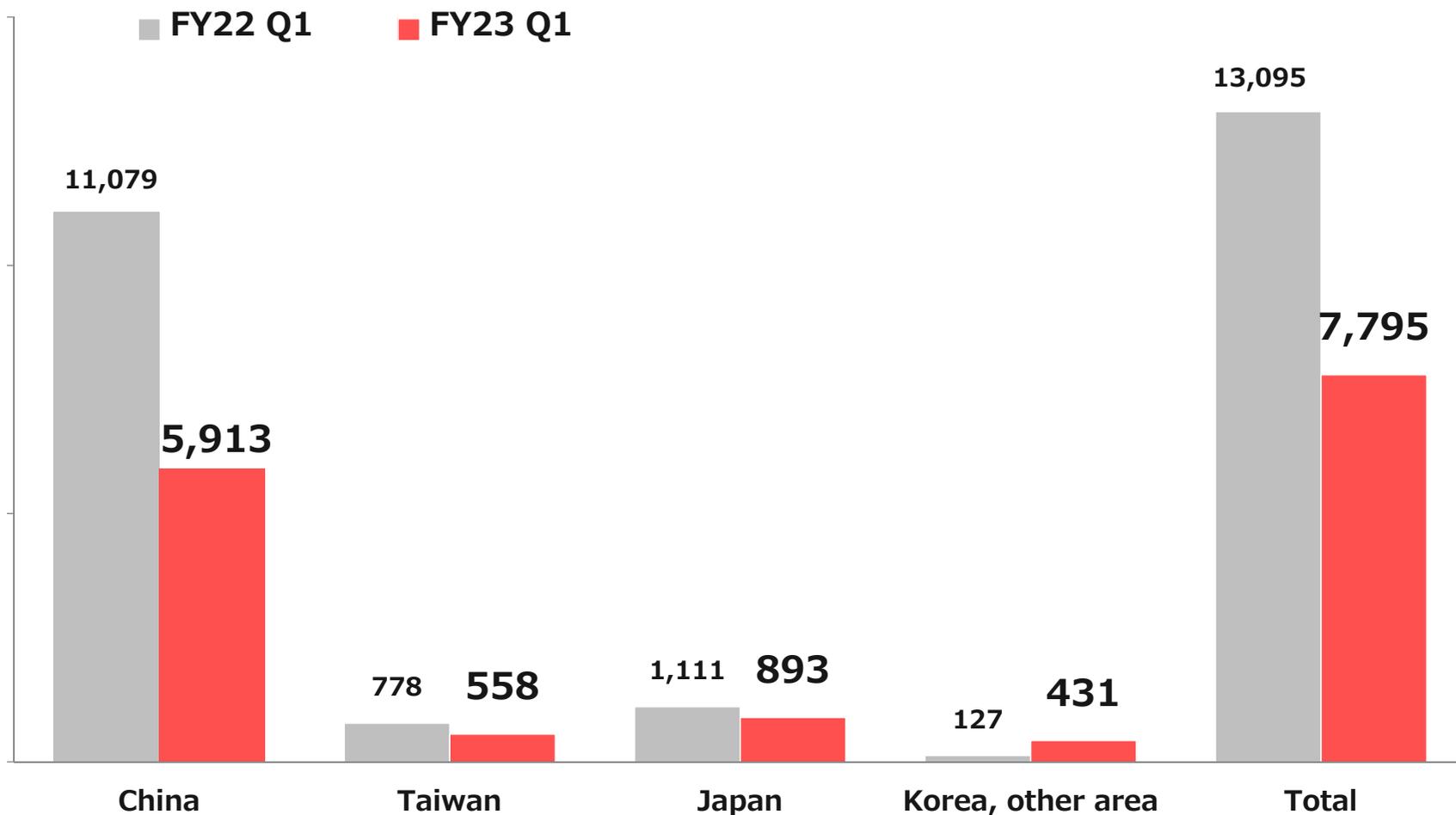
Financial Summary by business segments

| Segments (Million JPY) | | FY2022 Q1 | FY2023 Q1 | | |
|---------------------------|-----------|-----------|-----------------------|---------------------------|--|
| | | Amount | Amount , and so on | YoY (▲ means decrease) | Supplementary information |
| SEMI & Photomasks | Net sales | 2,550 | ① 1,322 | ▲1,228 | <u>Demand for semiconductor equipment remained steady</u> Regarding ①~③ on the table ① Significantly lower YoY due to sales timing issues ② Composition ratio is expected to increase in the future ③ Temporary loss due to sales decline ~Composed of NSS, LTJ, OHT, and VT businesses*~ |
| | Ratio | 19.5% | ② 17.0% | ▲2.5% | |
| | OP | 163 | ③ ▲197 | ▲360 | |
| | Ratio | 12.4% | — | — | |
| | Margin | 6.4% | — | — | |
| FPD | Net sales | 10,438 | ④ 6,187 | ▲4,251 | <u>Demand for equipment has declined due to China's zero-corona policy, sluggish panel prices, or other factors.</u> Regarding ④~⑤ on the table ④ Effect of projects delay still remained to be ordered ⑤ Gross profit margin improved, but profit decreased due to large sales decline. ~Composed of VT and OHT*~ |
| | Ratio | 79.7% | 79.4% | ▲0.3% | |
| | OP | 1,176 | ⑤ 697 | ▲479 | |
| | Ratio | 89.6% | — | — | |
| | Margin | 11.3% | 11.3% | 0.0% | |
| Others | Net sales | 105 | ⑥ 284 | +180 | Composition of businesses other than the businesses mentioned above Regarding ⑥ on the table ⑥ IT business contributes to the full year from this fiscal year ~Composed of Lumiotec, Imec, Itec*~ |
| | OP | ▲27 | ▲47 | ▲20 | |
| | Margin | — | — | — | |
| Total | Net sales | 13,094 | 7,795 | ▲5,299 | <u>*Subsidiaries</u> NSS: Nano System Solutions Inc. LTJ: Lithotech Japan Co. OHT: OHT Inc. VT: V-Technology Co., Ltd. Lumiotec: Limiotec Inc. ...OLED lighting business Imec: Aimec Agricultural Technology...Agricultural business Itec: Itec Co., Ltd. ...IT business |
| | OP | 1,312 | 452 | ▲860 | |
| | Margin | 10.0% | 5.8% | ▲4.2% | |

Net sales by region

(Unit : Million JPY)

- ▶ China: Mainly due to sales decline in FPD equipment business (China sales ratio: 75.9%, ▲8.7% from the previous year)



Orders and Backlog

(Unit : Million JPY)

▶ Profit and net sales structure reform progressed

▶ SEMI·Photomask

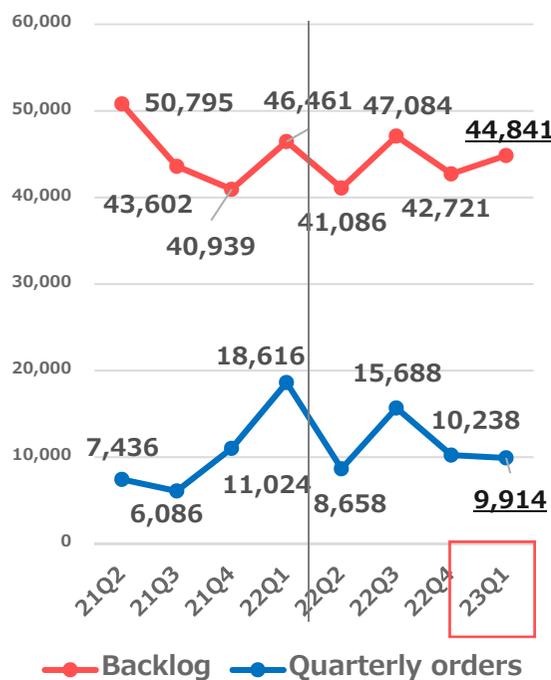
- Orders and backlog both **increased significantly** against the backdrop of firm equipment demand, and the percentage of backlog was 27.0% (YoY +14.6%)

▶ FPD

- **Orders decreased by 72.6% YoY** due to sluggish equipment demand caused by deteriorating panel market conditions, etc.

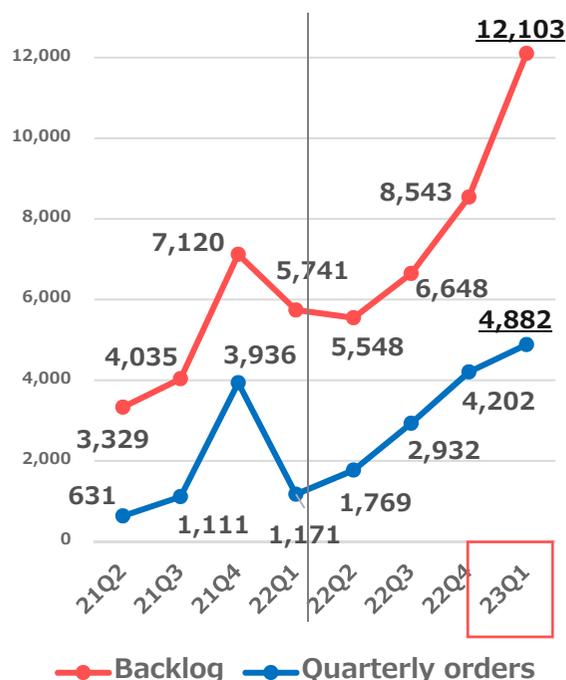
All

| | FY22Q1 | FY23Q1 | YoY |
|------------------|--------|--------|--------|
| Orders(3 months) | 18,616 | 9,914 | ▲46.7% |
| Backlog | 46,461 | 44,841 | ▲3.5% |



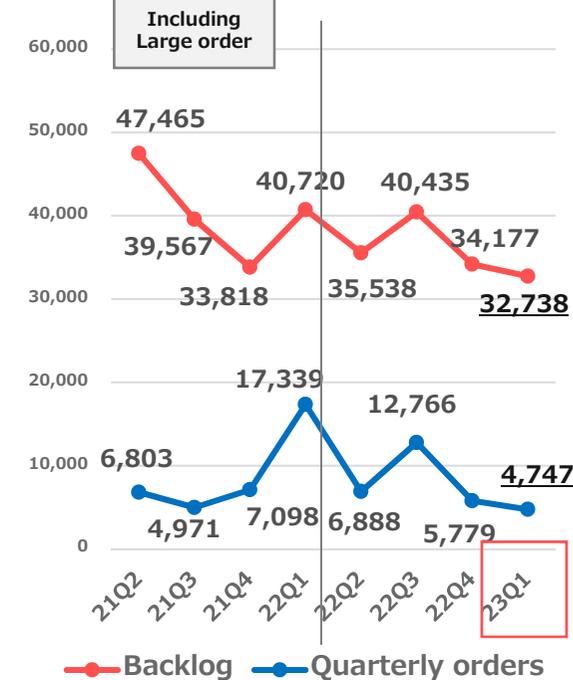
SEMI & Photomasks

| | FY22Q1 | FY23Q1 | YoY |
|------------------|--------|--------|---------|
| Orders(3 months) | 1,171 | 4,482 | +316.8% |
| Backlog | 5,741 | 12,103 | +110.8% |

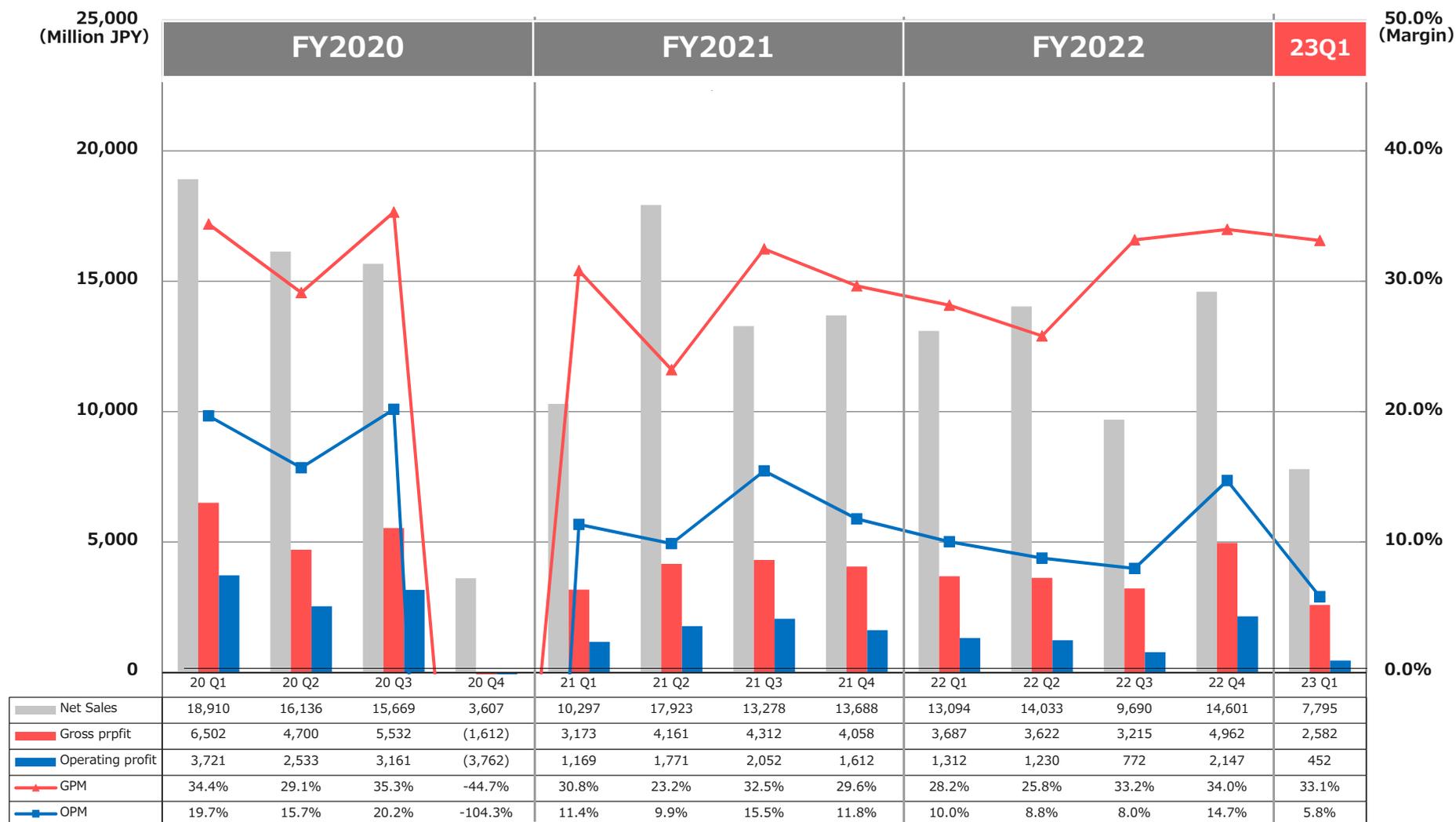


FPD

| | FY22Q1 | FY23Q1 | YoY |
|------------------|--------|--------|--------|
| Orders(3 months) | 17,339 | 4,747 | ▲72.6% |
| Backlog | 40,720 | 32,738 | ▲19.6% |

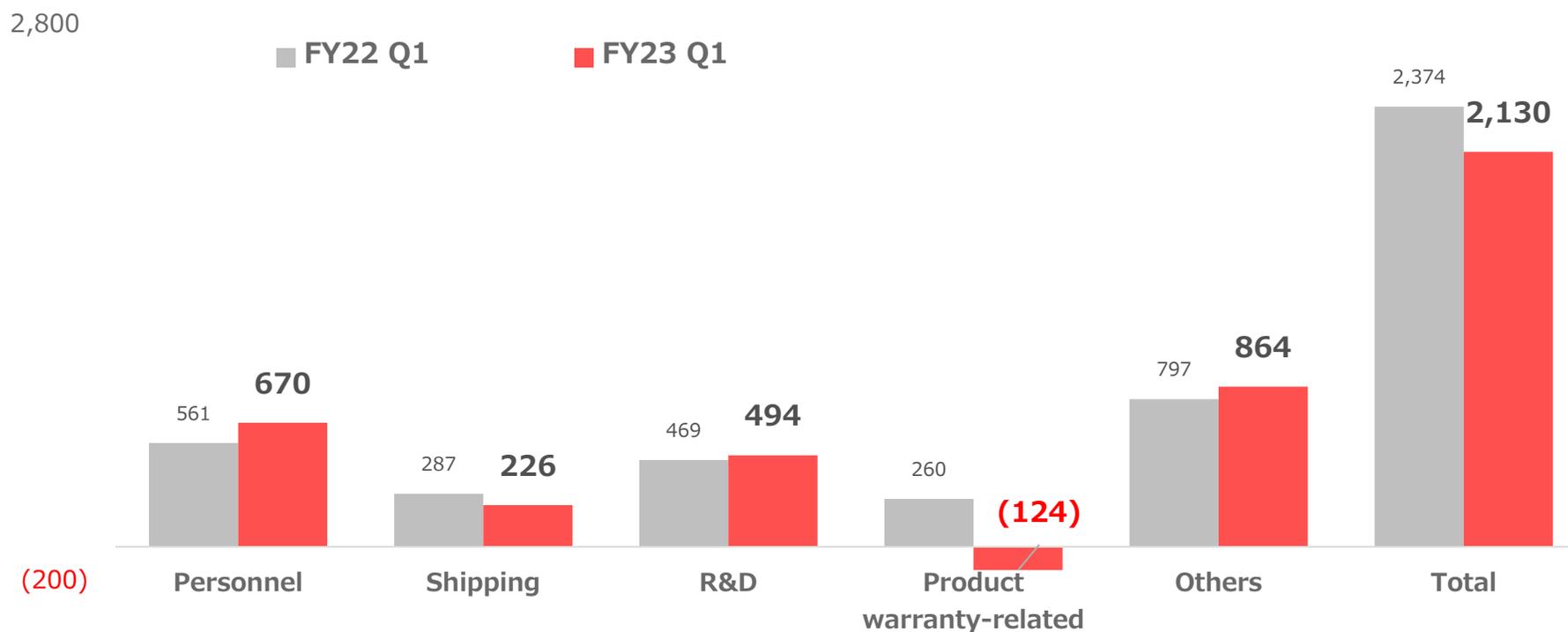


Quarterly Consolidated Sales and Profit



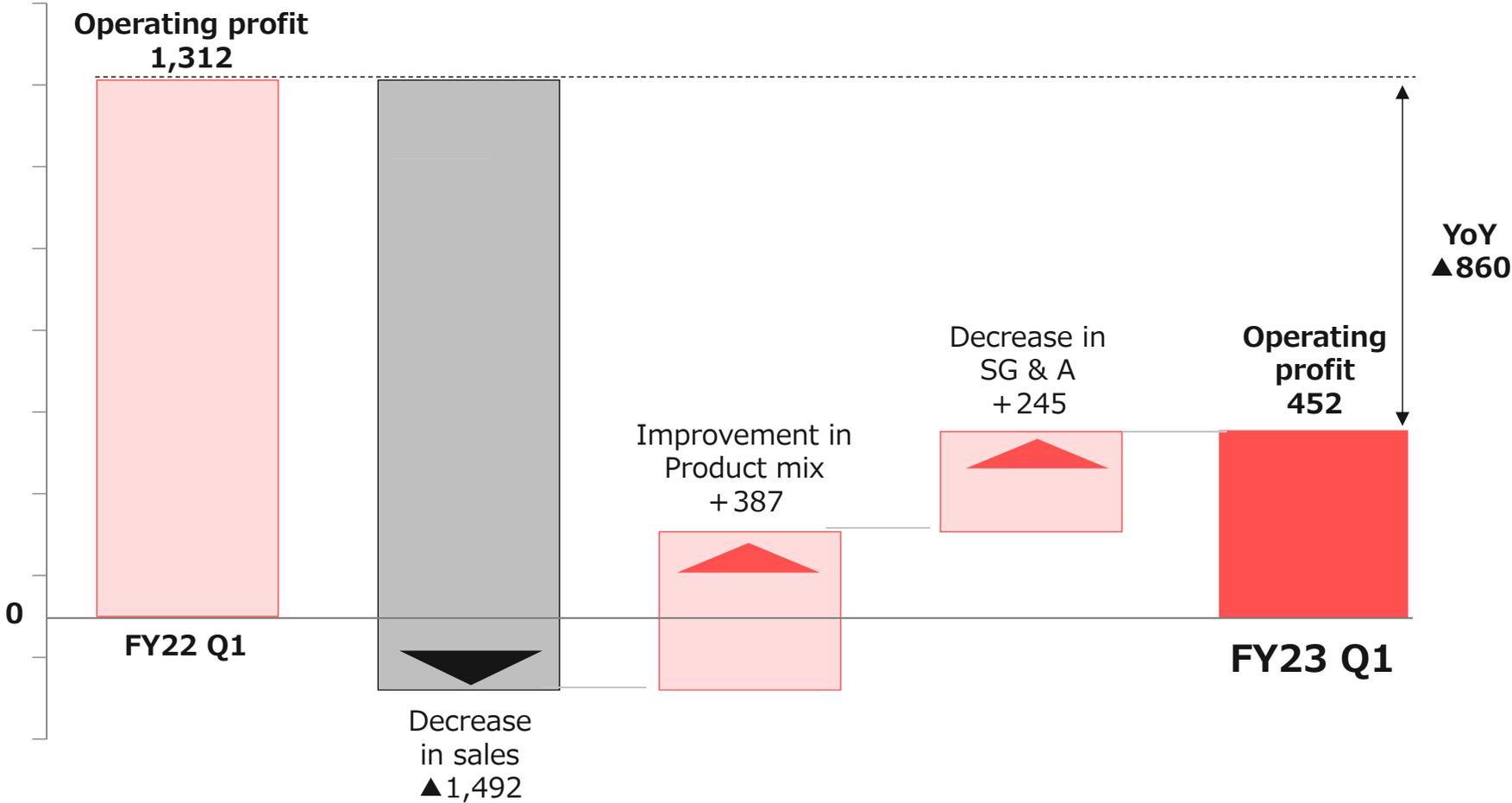
Selling, general and administrative expenses (Unit : Million JPY)

- ▶ **S.G.&A. to sales ratio +9.2%:**
 - S.G.&A. expenses decreased by 244 million yen due to lower sales
- ▶ **Personnel expenses +109 million yen:**
 - Effect of increase in number of subsidiaries, etc.
- ▶ **Product warranty-related expenses:**
 - ▲384 million yen: Reversal due to lower sales and end of free warranty period, etc.



Analysis of Difference in Consolidated Operating Profit

(Unit : Million JPY)

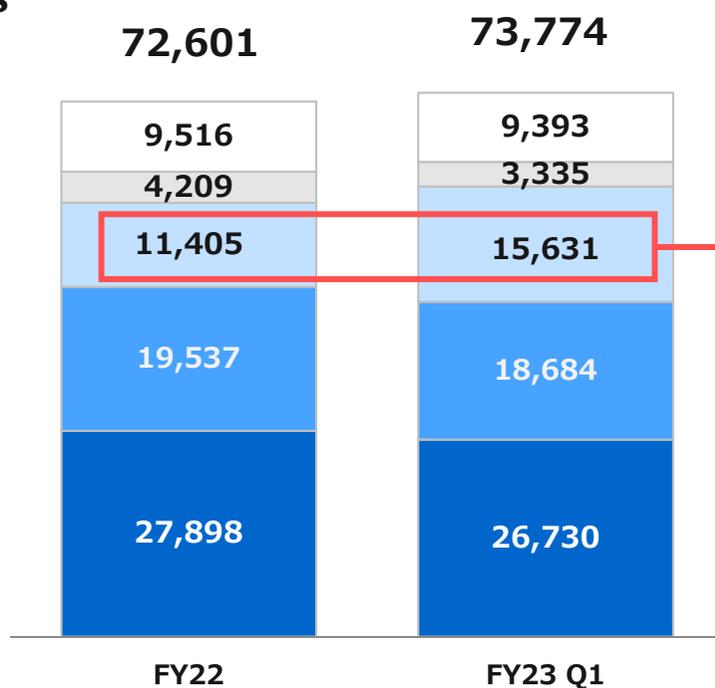


Consolidated Balance Sheet

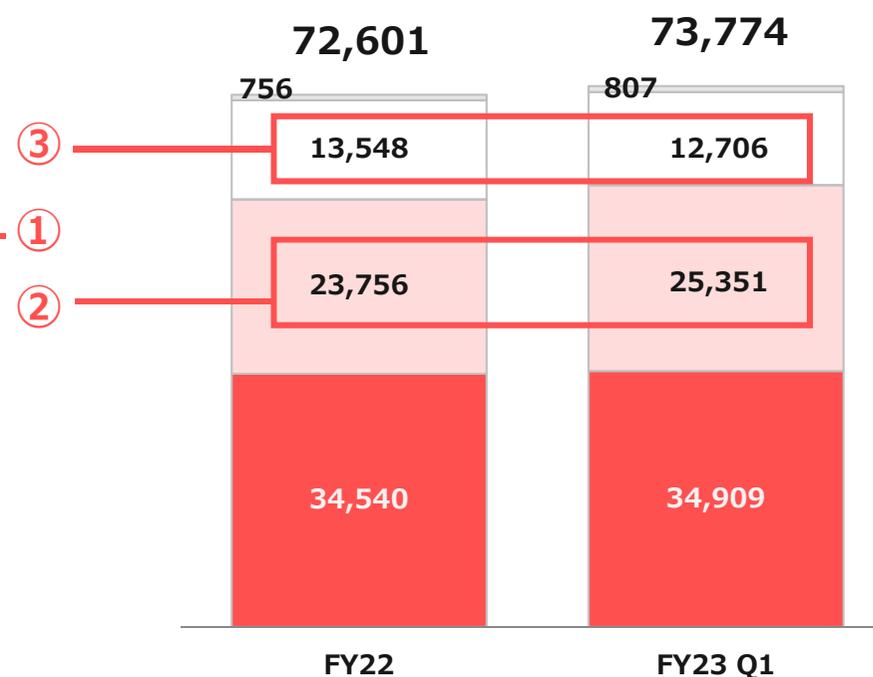
(Unit : Million JPY)

- ① Inventories +4,226 million yen:
 - Mainly due to an increase in work in process related to lithography equipment (same level as the previous Q1)
- ② Other current liabilities +1,595 million yen:
 - Mainly due to an increase in electronically recorded liabilities and advances received
- ③ Loans payable -842 million yen:
 - Decrease mainly due to repayment of long-term loans payable

Assets



Liabilities and Net assets



□ Non-current assets
 ■ Inventory
 ■ Cash & Deposits

□ Other current assets
 ■ Bills receivable and accounts receivable

■ Net assets
 □ Loans payable(short and long term)

□ Other current liabilities
 □ Other non-current liabilities

| FY2023 Earnings and Dividend Forecasts

No Changes in FY2023 Earnings and Dividends Forecasts

▶ **Business Environment: To be watched closely**

▶ Semi & Photomasks

• Semiconductor demand will grow in the mid- to long-term, and equipment demand will change in the short term due to macroeconomic influences, but will remain firm.

▶ F P D

• LCD equipment demand will decline due to currently low panel prices, while large OLED and next-generation panel-related demand will grow in the medium term.

▶ **Q2 Outlook: In line with the forecast at the beginning of the period. Profit is expected to recover from Q3 after bottoming out in Q2.**

▶ Semi & Photomasks: Both sales and profits recovered from Q1

▶ F P D: Sales up from Q1, but profit bottomed out due to temporary products mix deterioration, and will recover from Q3

| FY23 Forecasts | FY2022(Actual) | | FY2023(Forecast in May13) | | YoY |
|---|----------------|--------|---------------------------|--------|--------|
| | Million JPY | Margin | Million JPY | Margin | |
| Net Sales | 51,418 | — | 45,000 | — | ▲12.5% |
| Operating Profit | 5,461 | 10.6% | 4,500 | 10.0% | ▲17.6% |
| Ordinary Profit | 5,868 | 11.4% | 4,400 | 9.8% | ▲25.0% |
| Net profit attributable to owners of parent | 4,198 | 8.2% | 2,900 | 6.4% | ▲30.9% |
| EPS(JPY) | 434.21 | | 299.921 | | — |

| Dividends | FY2022(Actual) | FY2023(Forecast in May13) |
|---------------------------|----------------|---------------------------|
| 1 st Half(JPY) | 60 | 60 |
| 2 nd Half(JPY) | 60 | 60 |

Other topics

Profit Structure Reforms (To Promote Growth of Semiconductor and Photomask Equipment Businesses)

- ▶ **EFE Corporation becomes a wholly owned subsidiary of NSS (May 13)**
 - Strength in wafer inspection system maintenance and customization
 - Strengthen maintenance system and ability to handle small inch size wafers

Strengthen technology development capabilities and reduce production costs

- ▶ **YRP Innovation Center completion ceremony (August 2)**
 - Established in Yokosuka Research Park, which is easily accessible to customers from overseas
 - Consolidate research facilities into the center to improve operational efficiency
 - In addition to cost reduction through integrated production of key components, research and development of agricultural production technologies will be carried out.

Others

- ▶ **Change of reportable segments**
 - "FPD business" and "Semiconductor business" were changed to "FPD equipment business" and "Semiconductor business" from this Q1 in order to review the management classification in accordance with the change in profit structure. "FPD Equipment Business" and "Semiconductor and Photomask Equipment Business"



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