

FY2021 Q1

Financial Announcement

(Supplementary Materials)

August 7, 2020

V-Technology Co., Ltd.

Forward-Looking Statements

- ▶ This material contains forward-looking statements regarding V Technology Co., Ltd.'s corporate plans, strategies, forecasts, and other statements that are not historical facts. They are based on current expectations, estimates, forecasts and projections about the industries in which V Technology Co., Ltd. operates.
- ▶ As the expectations, estimates, forecasts and projections are subject to a number of risks, uncertainties and assumptions, including without limitation, changes in economic conditions; fluctuations in currency exchange rates; changes in the competitive environment; the outcome of pending and future litigation; and the continued availability of financing and financial instruments and financial resources, they may cause actual results to differ materially from those presented in such forward-looking statements.
- ▶ V Technology Co., Ltd., therefore, wishes to caution that readers should not place undue reliance on forward-looking statements, and, further that V Technology Co., Ltd. undertakes no obligation to update any forward-looking statements as a result of new information, future events or other developments.

| Financial Result

Impact of the spread of the new coronavirus

Business

- ▶ Sales declined in the previous fiscal year's fourth quarter (Jan.-Mar.), but recovered in this first quarter (Apr.-Jun.), and almost all the projects that were extended from the previous fiscal year's fourth quarter to this fiscal year's sales are expected to be sold during the first half.
- ▶ Installed products at the customers' locations, especially overseas, under instructions from governments and customers to ensure safety.
- ▶ Installation work speed is improving with gradually resuming production activity in China, although we can travel from Japan to China on a limited basis.
- ▶ Meanwhile, even before the corona disaster, we began to transfer equipment installation and other work to local staff in China. It is expected that local staff will perform almost all equipment installation work from next year.

Operation

- ▶ We give top priority to the health and safety of our employees, their families, business partners, and all other concerned parties. We have also implemented thorough preventive measures at each of our bases, including telecommuting and business travel restrictions.
- ▶ From the end of March to May 25, all employees at the Yokohama Head Office worked at home. 85% of employees worked at home during this period, and from May 26 to June 30, approximately 50% of employees worked under a work schedule of 50%.
- ▶ From July 1, we transitioned to a new work system in which telecommuting is the core of work performance. Under the new system, we aim to ensure employee safety, improve work-life balance and operational efficiency, and reduce office costs.

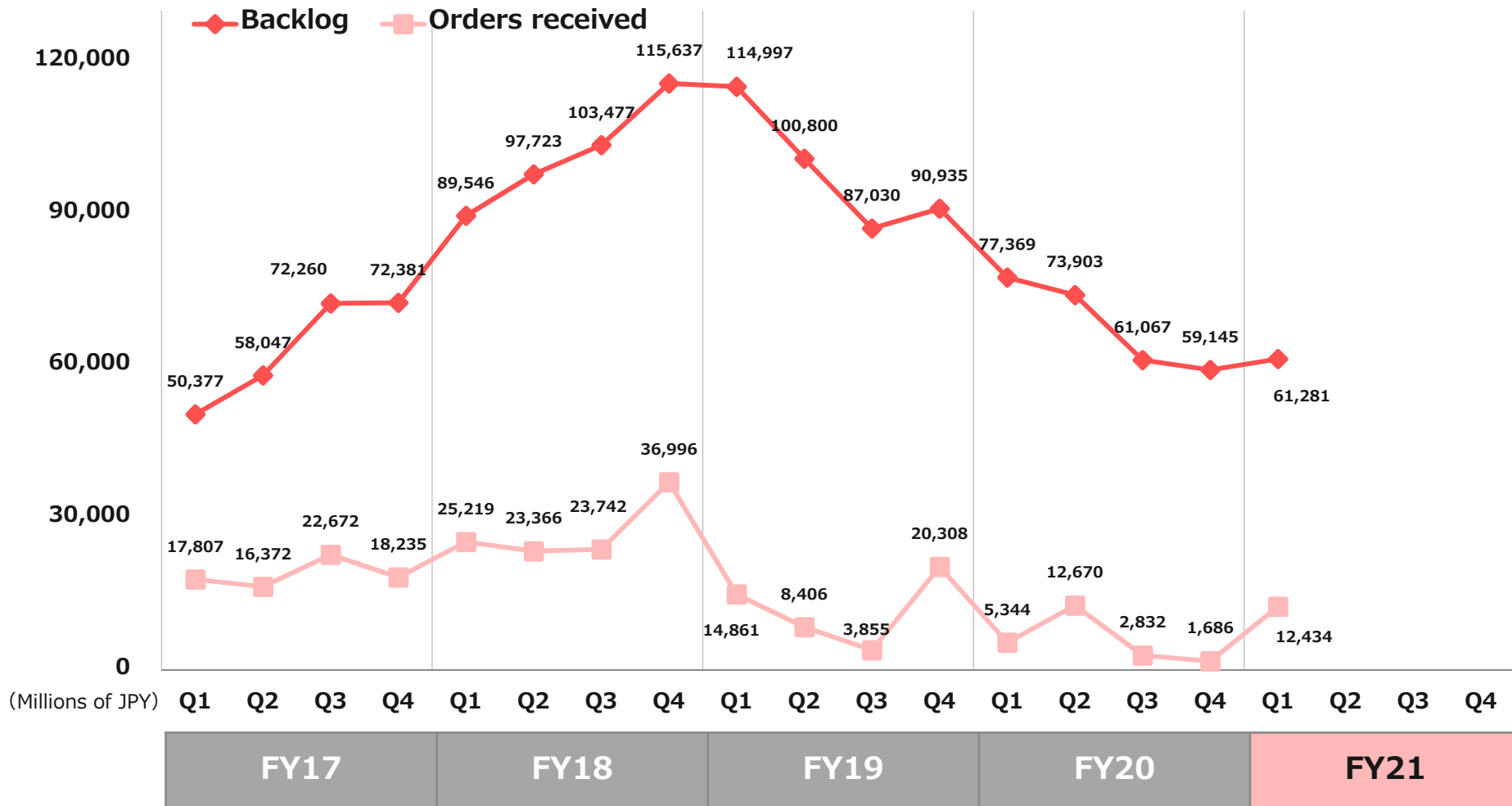
Highlight of FY2021 Q1

- ▶ Sales dropped to 3.6 billion yen in the previous fiscal year's fourth quarter (January-March), but recovered quickly in the first quarter (April-June).
- ▶ Announced large orders in April, confirming a recovery in orders and resumption of negotiations
- ▶ Consolidated Q1 revenue and income decreased due to the impact of sales delays caused by the new corona, despite an improvement in profit margins in the manufacturing and inspection equipment businesses.

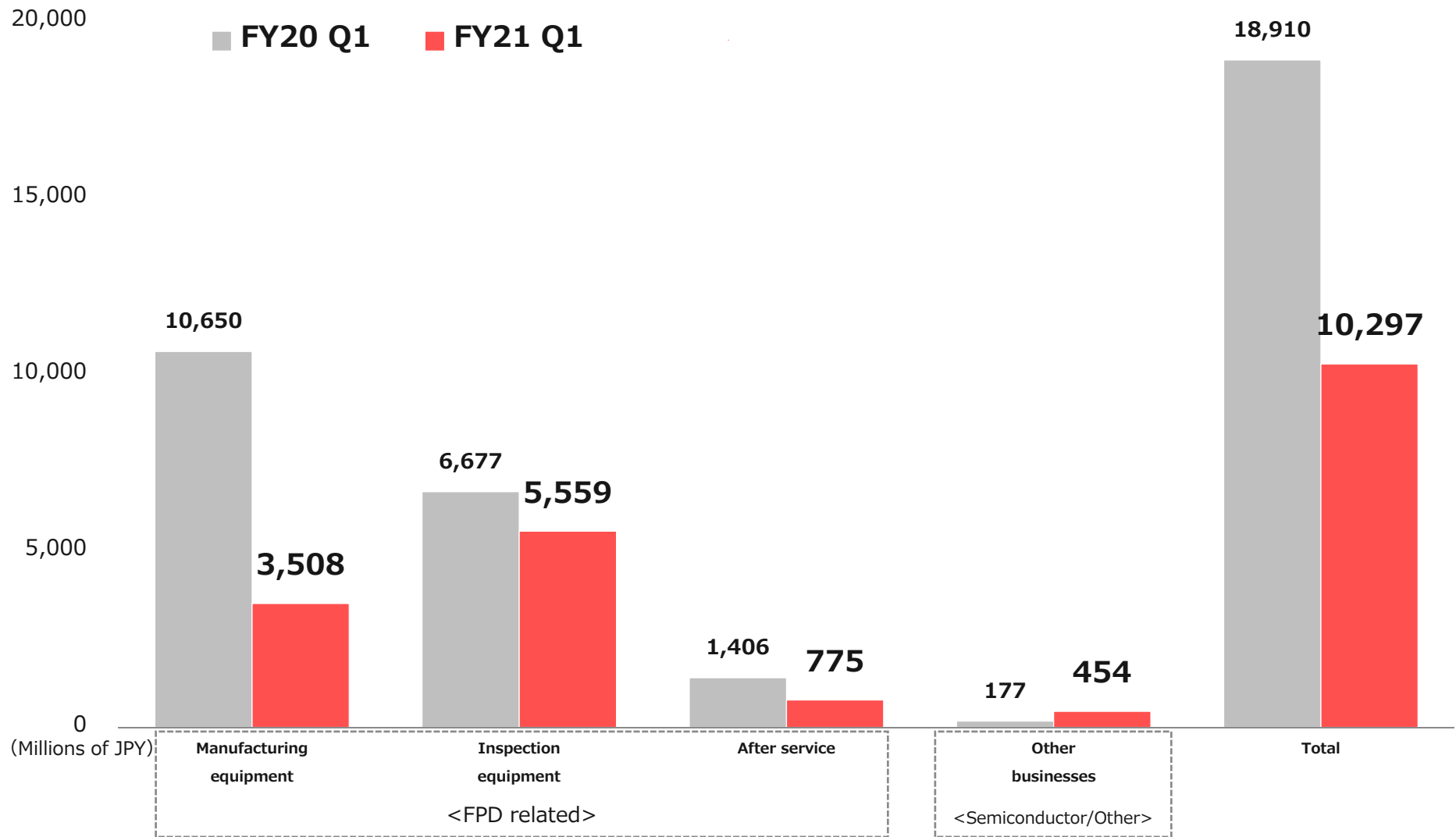
	FY20 Q1 ended		FY21 Q1 ended		Y/Y change
	Amount (Millions of JPY)	Margin	Amount (Millions of JPY)	Margin	
Net sales	18,910	100.0%	10,297	—	▲45.5%
Gross profit	6,502	34.4%	3,173	30.8%	▲51.2%
Operating profit	3,721	19.7%	1,192	11.6%	▲68.0%
Ordinary profit	3,676	19.4%	1,142	11.1%	▲68.9%
Net profit attributable to owners of parent	2,283	12.1%	644	6.3%	▲71.8%
Orders received	5,344	—	12,434	—	132.7%
Backlog	77,369	—	61,281	—	▲20.8%

Transition of Orders Received and Backlog

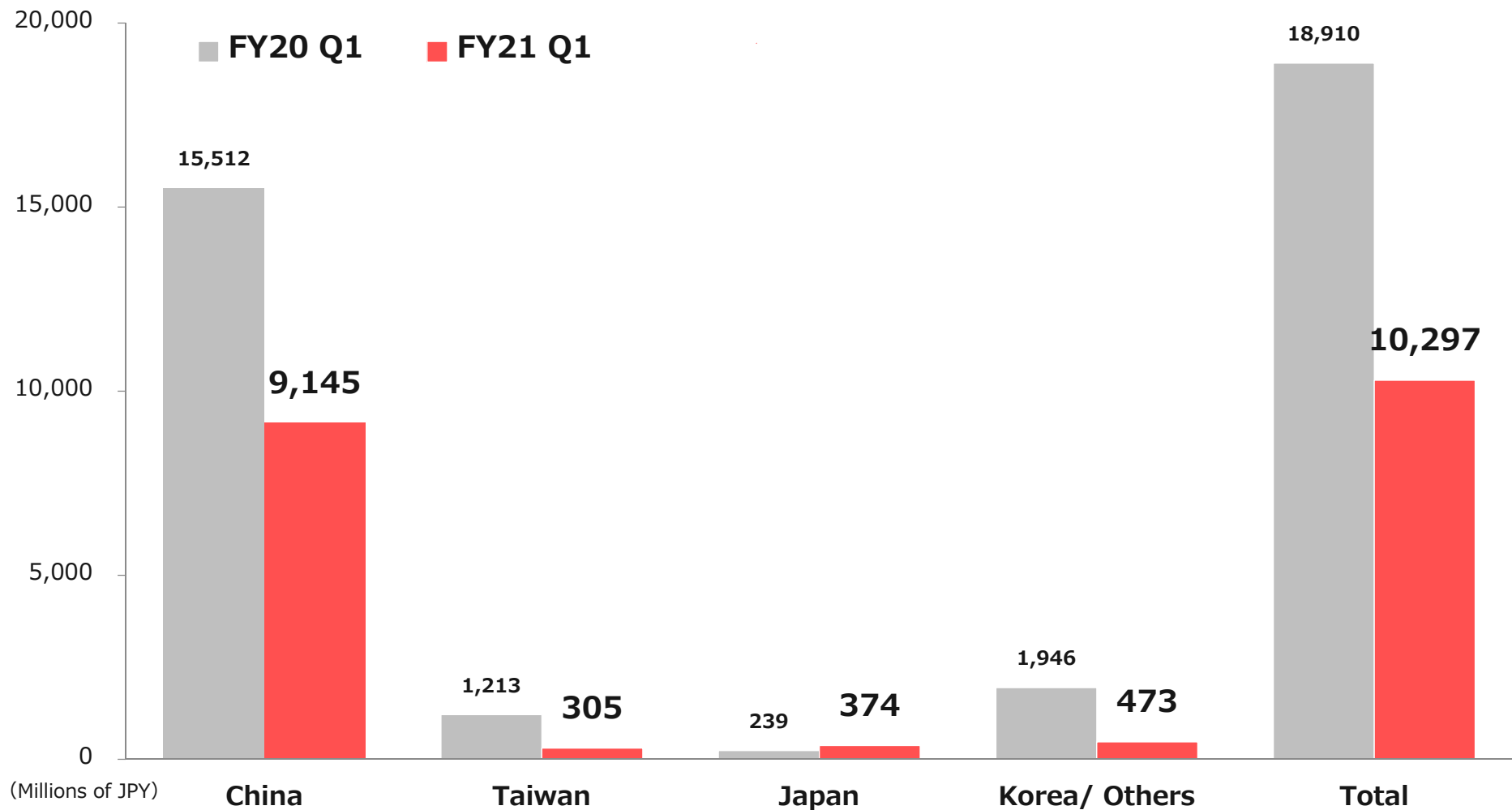
- ▶ Orders in Q1 recovered to 12.4 billion yen due to large orders (10 billion yen / disclosed on April 23) and other factors.
- ▶ Cancellation of overseas projects (approx. 3.3 billion yen) that investment was significantly delayed.
- ▶ The impact of order cancellation has already been factored into the business plan at the beginning of the fiscal year, so there is no change to the earnings forecast.



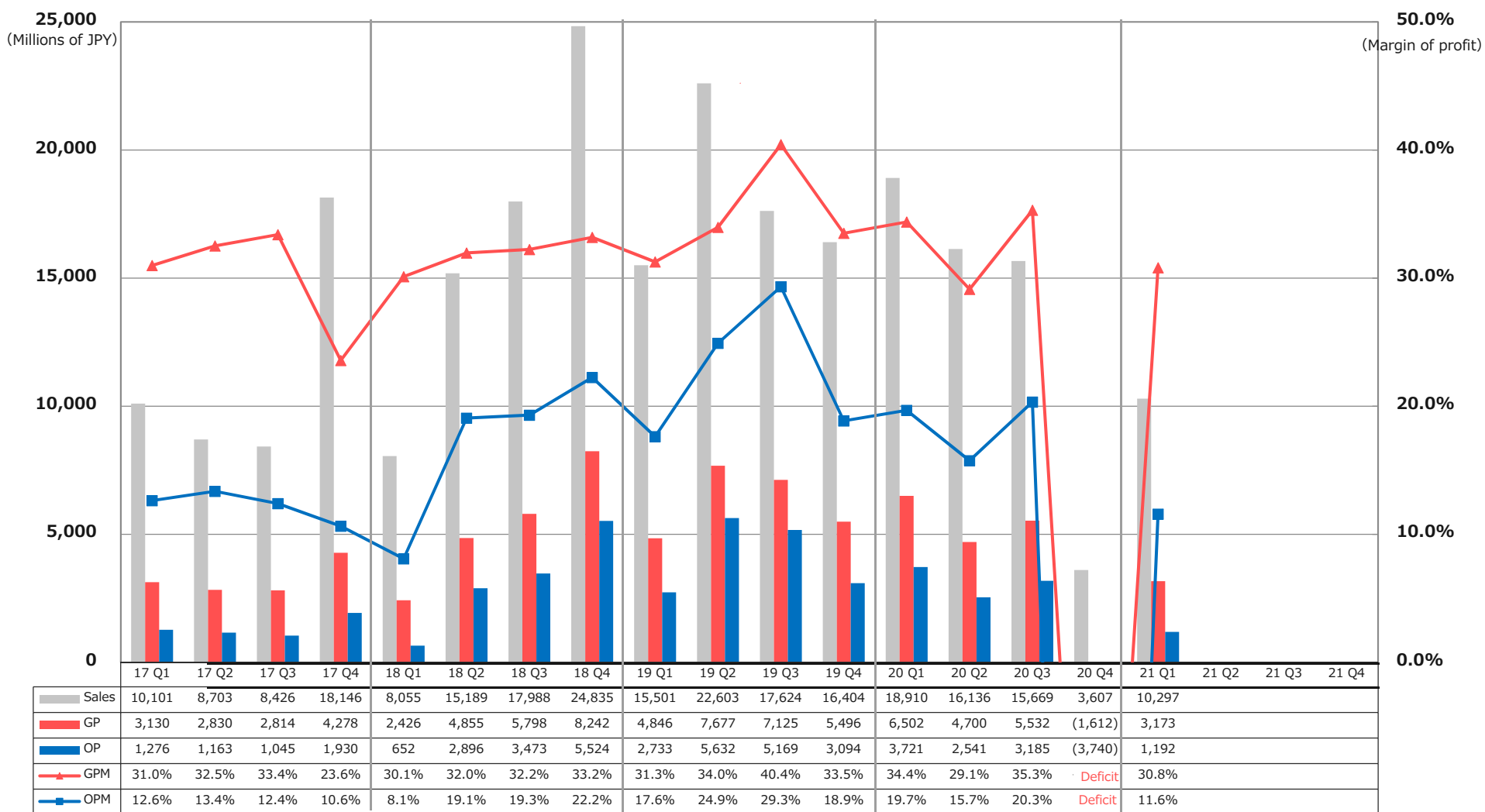
Sales by Products and Services (YoY basis)



Sales by Countries (YoY basis)

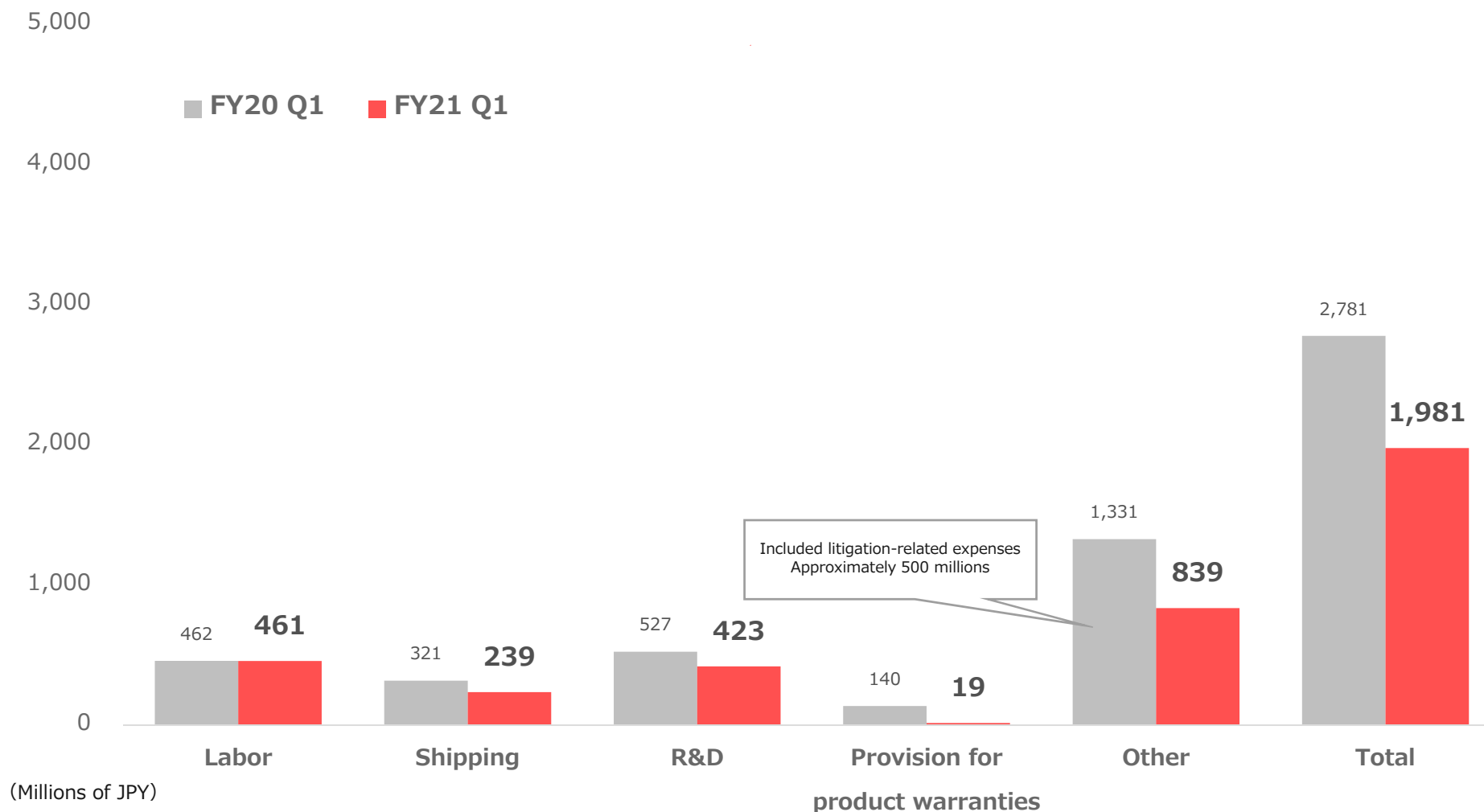


Transition of Quarterly Sales and Profit



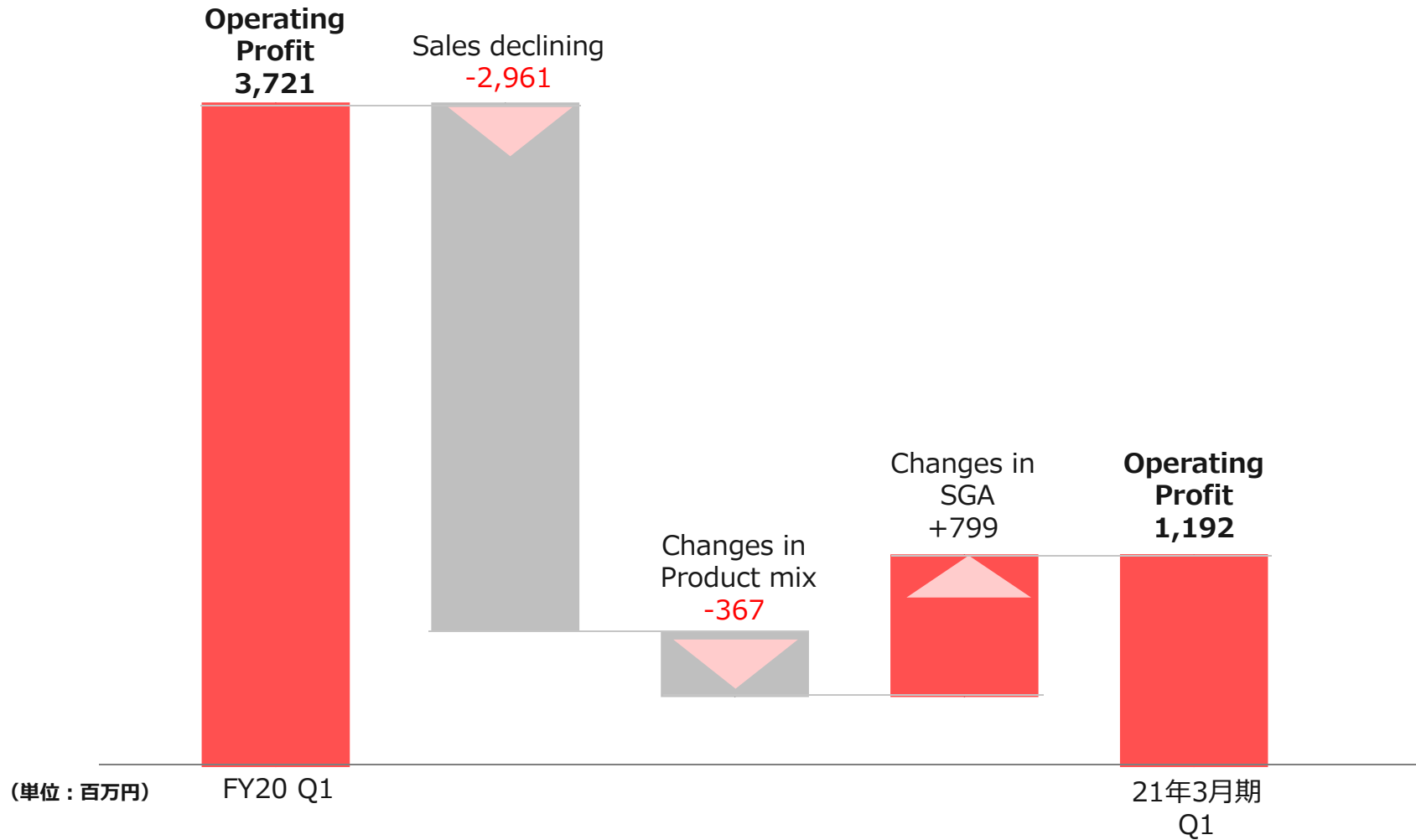
SG&A(Selling, general and administrative) Expenses

- ▶ SG&A expenses declined 28.8% year on year
 - Decrease in shipping and other expenses due to lower sales and lower litigation-related expenses in other items



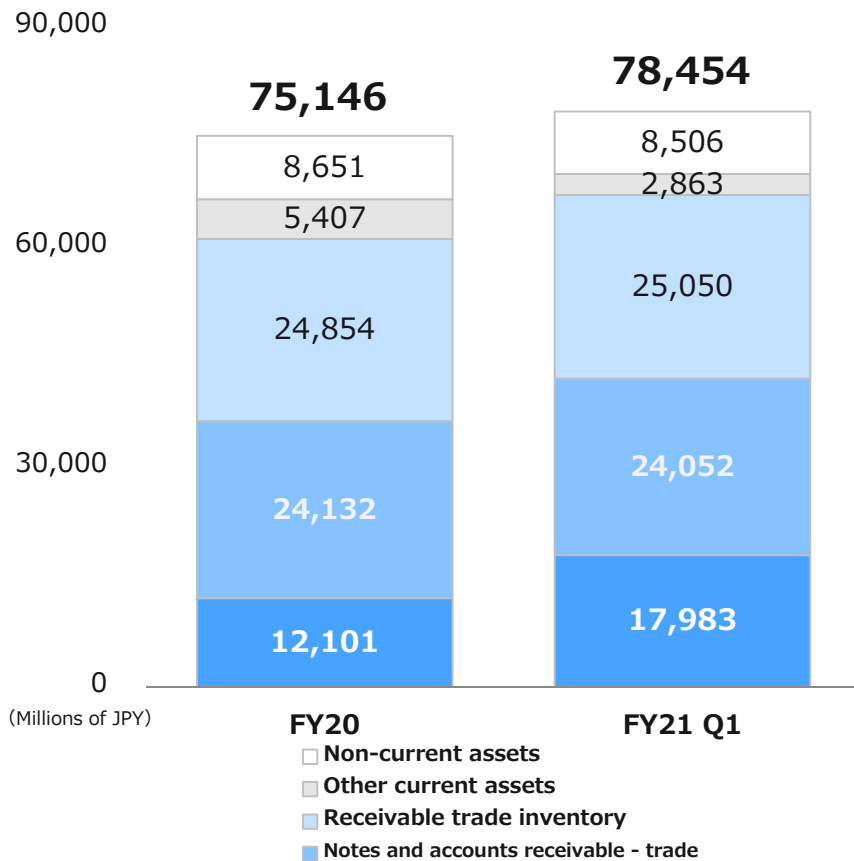
Analysis of Operating Profit Deference

- ▶ Operating income declined by 68.0% due to lower sales, mainly due to the impact of the new coronavirus

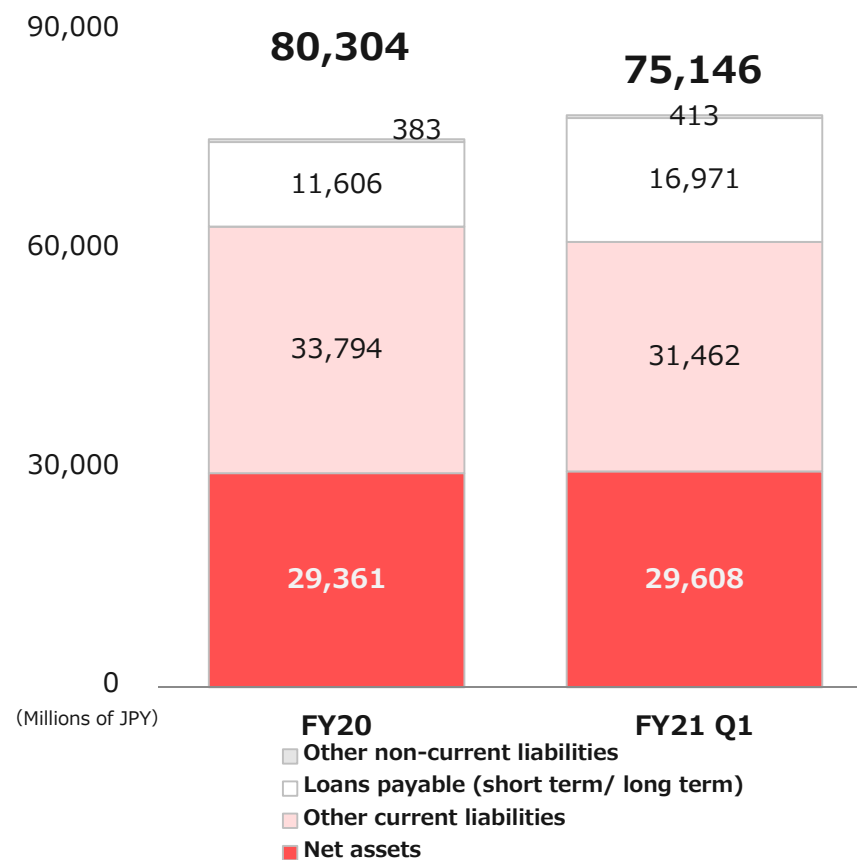


Transition of Consolidated Balance Sheets

Total assets



Liabilities/ net assets



| Business Forecast

Forecast of 2021

▶ No change from the earnings forecast disclosed on May 12

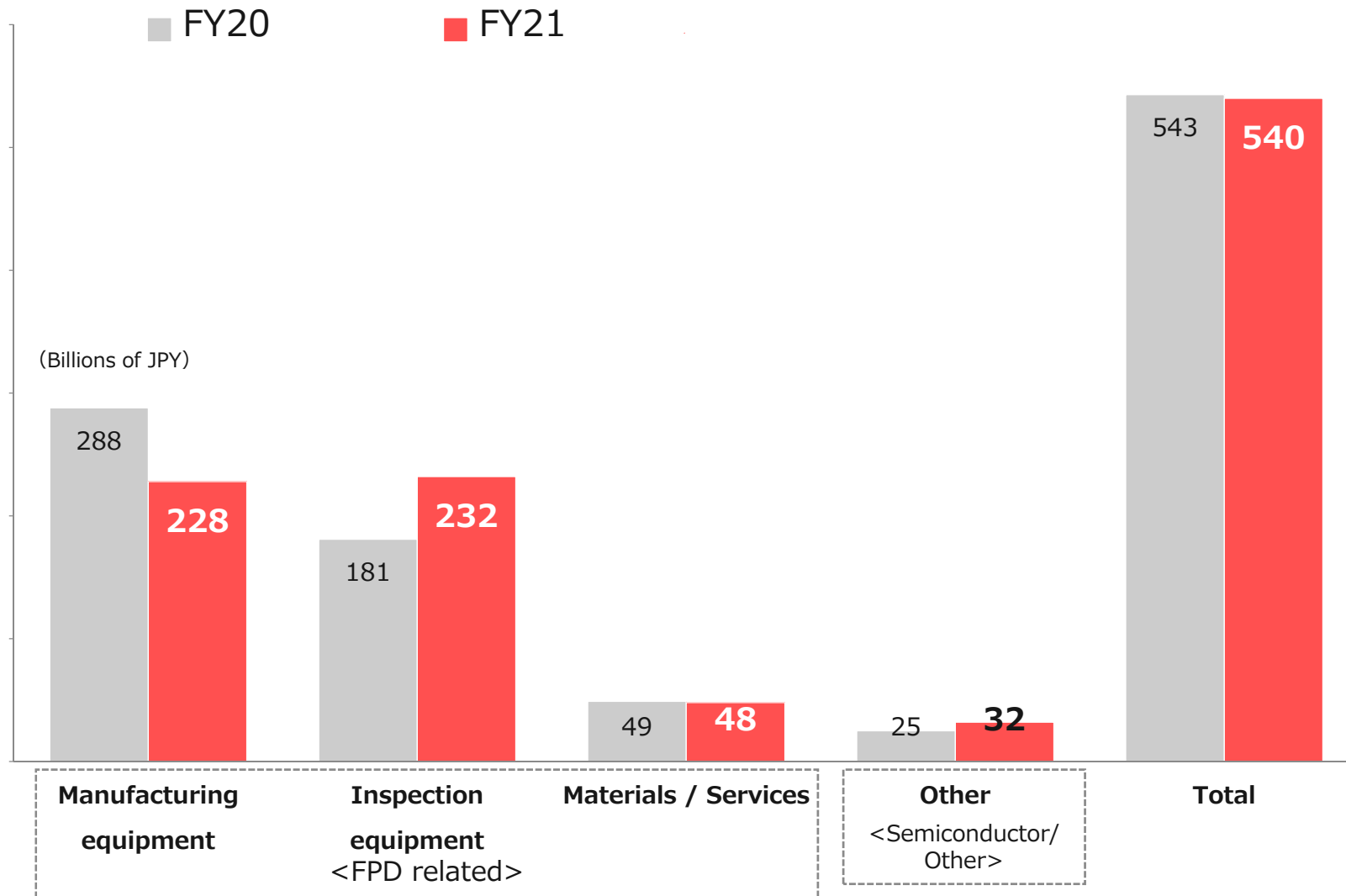
	FY20(Actual)		FY21(Forecast)		compared with the previous forecast
	Amount (Millions of JPY)	Margin	Amount (Millions of JPY)	Margin	
Net sales	54,322	—	54,000	—	-0.6%
Gross profit	5,707	10.5%	6,000	11.1%	5.1%
Ordinary profit	6,209	11.4%	5,800	10.7%	-6.6%
Net profit attributable to owners of parent	3,277	6.0%	3,000	5.6%	-8.5%
EPS	JPY 338.99		JPY 310.25		—

Dividend

FY21	1 st half : JPY 60 (Forecast)	2 nd half : JPY 60 (Forecast)
*Reference: FY20	1 st half : JPY 80 (Actual)	2 nd half : JPY 40 (Actual)



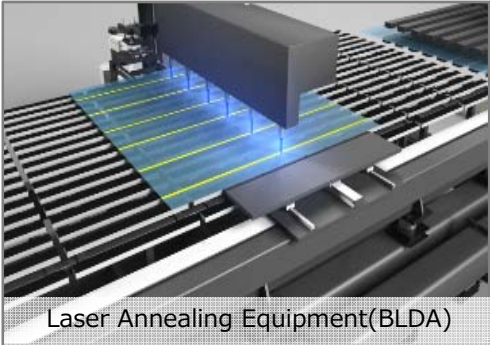
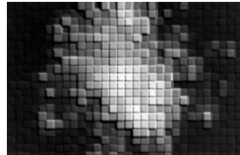
*Reference: Break Down of Net sales in FY2021 Forecast

▶ No change from the earnings forecast disclosed on May 12


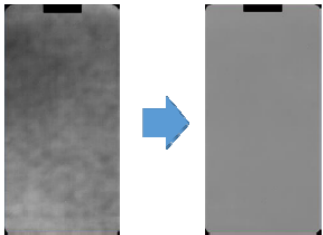




| Topics

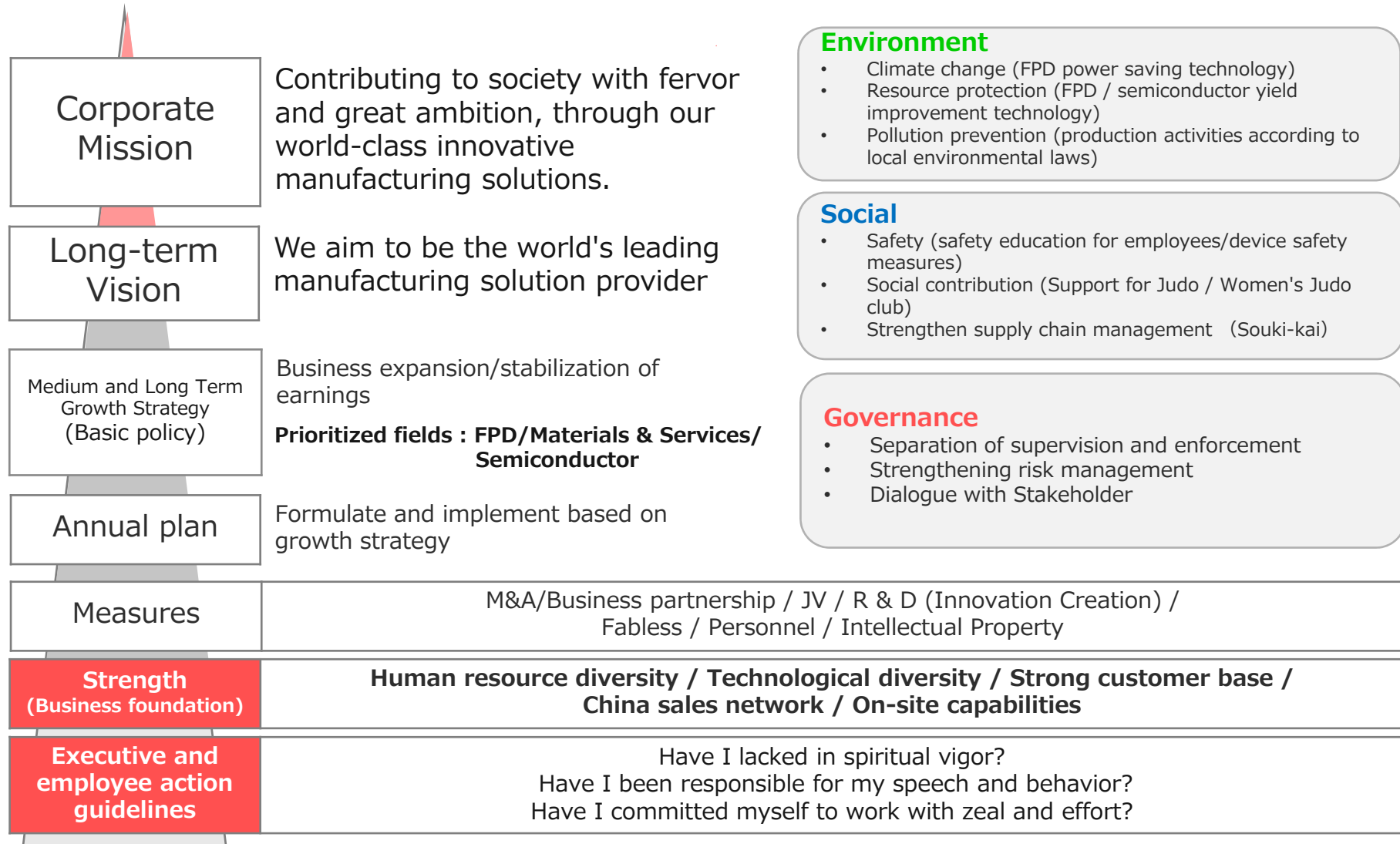
Evolution of FPD technology to stimulate new equipment demand ~Local dimming technologies~

Local dimming technologies	Difference between the screen and the old and new backlight		Our Products Related to Local Dimming
	Backlight Image	Original image	
<p>Novel tech under R&D</p> <p>Light and dark control by dividing the screen into 5,000 to 10,000 sections</p> <p>About 5,000 to 10,000 mini LEDs are used.</p>	<p>Brightness control close to the actual image</p> 		<p>Large Glass Substrate Exposure Equipment</p> <p>Defect Repair Equipment</p> <p>Laser Annealing Equipment</p>  <p>Laser Annealing Equipment(BLDA)</p>
<p>Conventional</p> <p>Control light and dark by dividing the screen into 500 to 1000 sections</p> <p>About 500 to 1000 LEDs are used.</p>	<p>Limited control of brightness</p> 		

The evolution of smartphone screens and the demand for salvage services

<p>Manufacturing difficulties increase with the evolution of the screen.</p>  <p>Foldable In Display Camera Drop Notch</p>	<p>Growing Expectations for Demura Technology</p>  <p>Removal of unevenness by Demura</p>	<p>Kunshan Head Office and Plant started operation in April.</p>  <p>Building</p>  <p>Clean room</p>
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Promoting ESG activities through business activities rooted in the corporate mission and vision





V-TECHNOLOGY