

V Technology Co., Ltd.

Year ended March 31, 2022(25th)

Financial Report

Supplementary material

May 16, 2022

INDEX

- | | |
|--|---------------|
| 1. Financial Report
for the Fiscal year Ended March 31, 2022 | P3~12 |
| 2. Earnings and Dividend Forecast
for the Fiscal Year Ending March 31, 2023 | P13~14 |
| 3. Future Outlook | P15~23 |

1. Financial Report for the Fiscal year Ended March 31, 2022

Profit and Loss

- ▶ **Decrease in sales and profit YoY** (Increase in net income attributable to owners of the parent)
 - Delays in joint evaluations with customers, delays in delivery of parts and materials, and changes in delivery dates at the convenience of customers due to the re-spread of corona infection.
- ▶ **Increase in profit against the latest forecast**
 - Sales decreased slightly mainly due to the impact of China's zero-corona policy, which delayed some of the Q4 projects.
 - Profit improved in operating income and lower items as a result of cost reductions, foreign exchange gains, and the conversion of an overseas affiliate into a wholly owned subsidiary.

(Million JPY)	FY21		FY22				
	Amount	Margin	Forecast in Nov,2021	Result			
				Amount	Margin	Change	
						YoY	VS Forecast
Net sales	55,186	100.0%	53,000	51,418	100.0%	▲6.8%	▲3.0%
Gross profit	15,704	28.5%	—	15,486	30.1%	▲1.4%	—
Operating profit	6,604	12.0%	5,000	5,461	10.6%	▲17.3%	+9.2%
Ordinary profit	6,836	12.4%	4,900	5,868	11.4%	▲14.2%	+19.8%
Net profit attributable to owners of parent	3,513	6.4%	3,750	4,198	8.2%	+19.5%	+11.9%

Profit and Loss (by business segments)

▶ Grown up ratio of sales and profit from semiconductor business

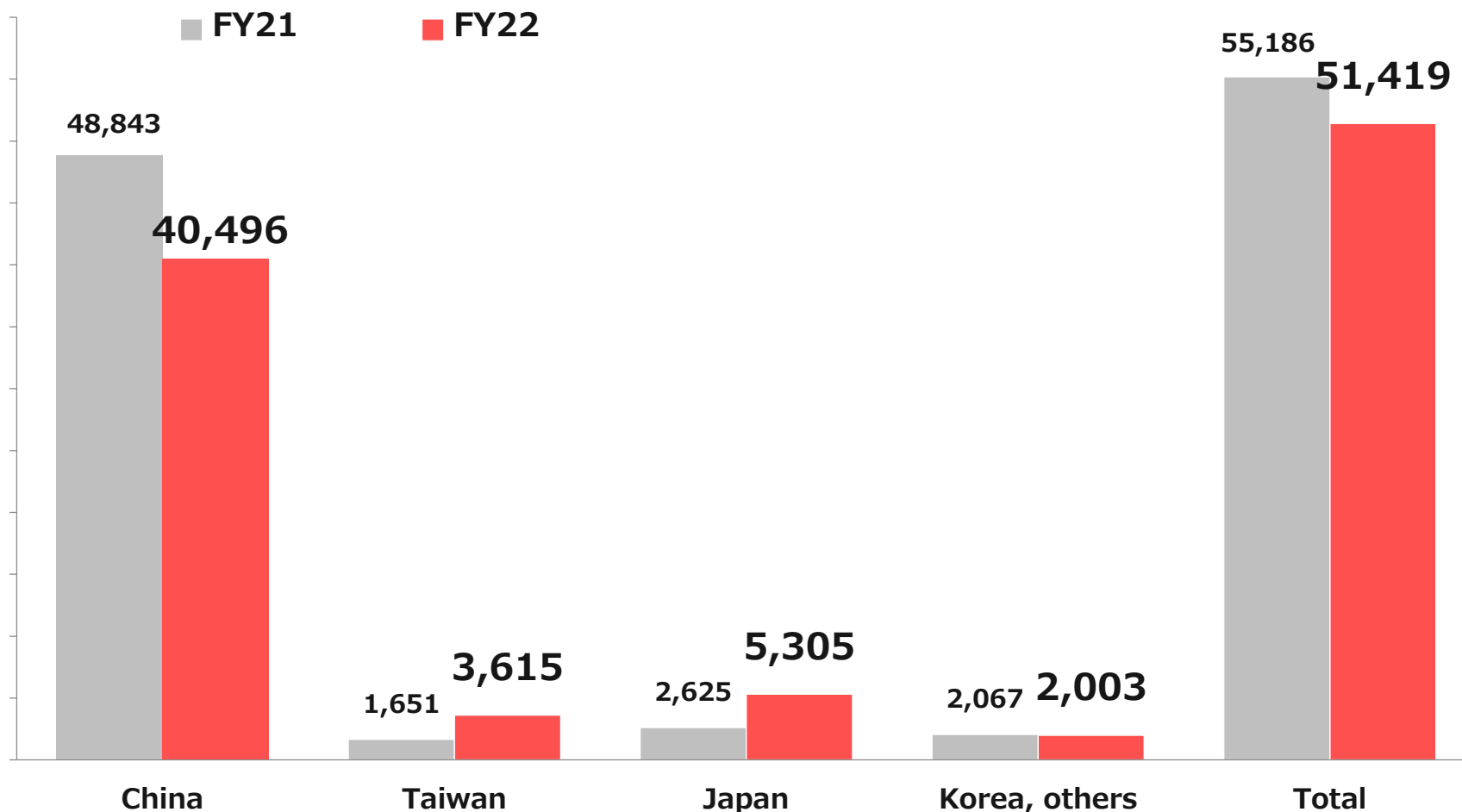
Business (Million JPY)		FY21	FY22		
		Amount	Amount	Changes (▲down)	Supplementary information
SEMI	Sales	2,241	7,679	+5,438	<Consists of subsidiaries, NSS, LTJ, OHT, and VTEC semi-business> • Surge in Sales and profit of NSS and LTJ • Capex for a new Si wafer plant and expansion of production capacity at existing plants against a backdrop of semiconductor shortages • Profit margin is approximately +11% excluding the impact of goodwill amortization.
	Ratio	4.1%	14.9%	+10.9%	
	OP	2	553	+551	
	Ratio	0.0%	10.1%	+10.1%	
	Margin	0.1%	7.2%	+7.1%	
FPD	Sales	52,941	43,375	▲9,566	<Consists of VTEC and OHT equipment business, Deposition mask, Salvage and so on> • Decrease in sales and income due to re-spread of corona infection in China, zero-corona policy, and decrease in large FPD investment in China, etc.
	Ratio	95.9%	84.4%	▲11.5%	
	OP	6,752	5,103	▲1,649	
	Ratio	102.2%	93.4%	▲8.8%	
	Margin	12.8%	11.8%	▲1.0%	
Others	Sales	3	363	+360	<Consists of Organic lighting business "Lumiotech" and Agri business, and so on>
	OP(loss)	▲151	▲194	▲43	
	Margin	—	—	—	
Consolidated	Sales	55,186	51,418	▲3,768	About acronym NSS: Nano system solutions LTJ: Litho tech Japan OHT: OHT
	OP	6,604	5,461	▲1,143	
	Margin	12.0%	10.6%	▲1.3%	

(Ref) Sales by Countries

Million JPY

▶ **Ratio of sales in China FY22: 79%(YoY ▲10%)**

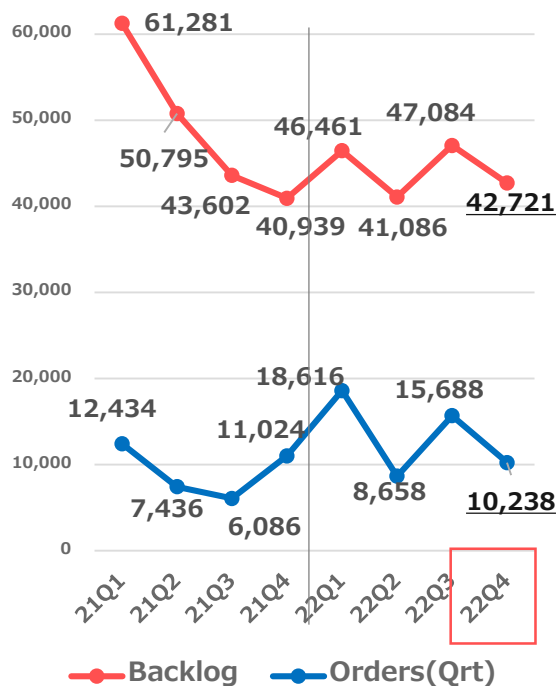
Decrease in sales to China due to re-spread of corona infection, zero corona policy, and completion of investment in new large FPD plant



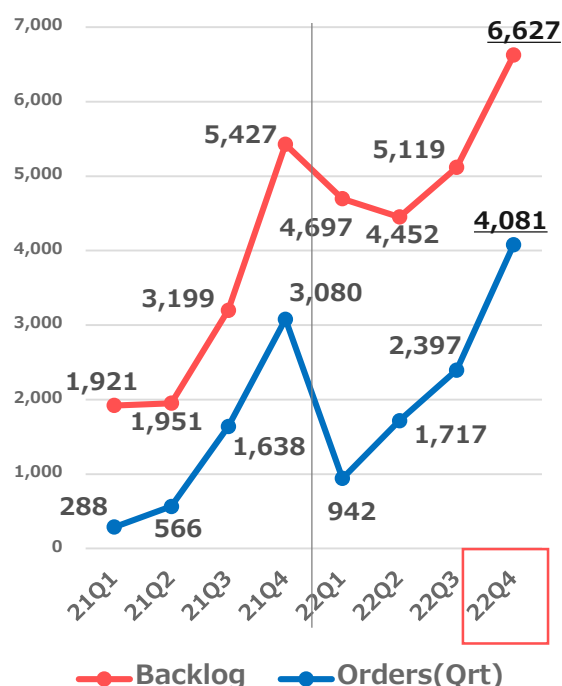
Orders and Backlogs

- ▶ **Orders** : Consolidated orders up to 53.2billion (YoY +44%)
SEMI business related orders up to 9.1billion(YoY +64%)
- ▶ **Back logs**: Consolidated back logs up to 42.7billion(YoY+4.4%)
SEMI business related back logs up to 6.6billion(YoY +22.1%)

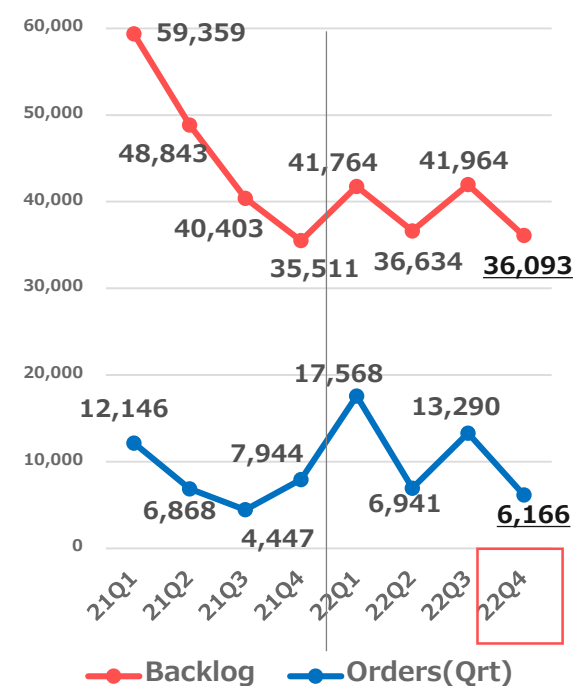
Total			
	FY21	FY22	YoY
Orders(12 months)	36,980	53,200	+43.9%
Backlog	40,939	42,721	+4.4%



SEMI			
	FY21	FY22	YoY
Orders(12 months)	5,572	9,137	+64.0%
Backlog	5,427	6,627	+22.1%



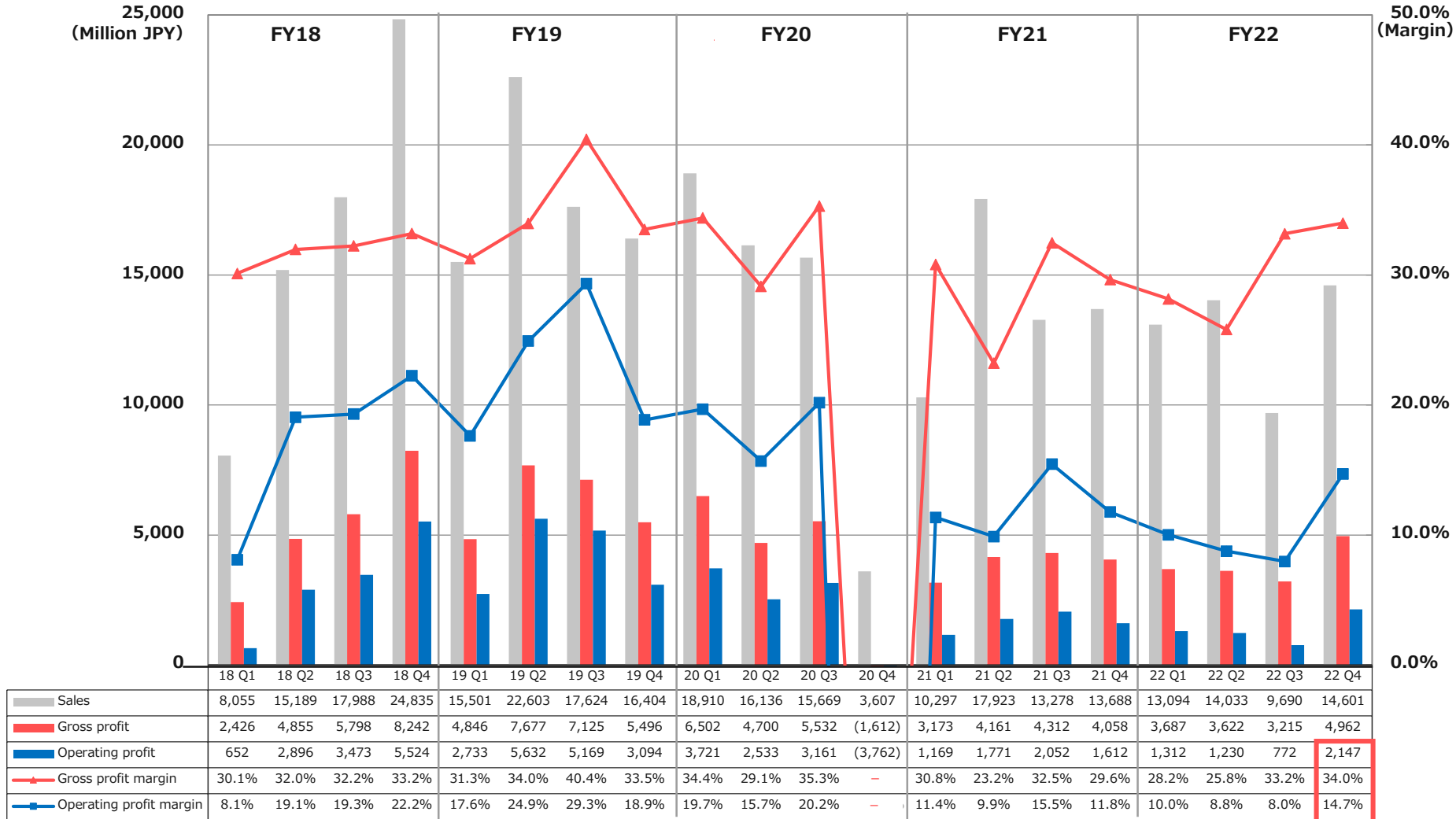
FPD			
	FY21	FY22	YoY
Orders(12 months)	31,405	43,965	+40.0%
Backlog	35,511	36,093	+1.6%



(Million JPY)

Transition of Quarterly Sales and Profit

- ▶ Q4 profit margin improved due to product mix, changes in sales destinations, and cost reductions



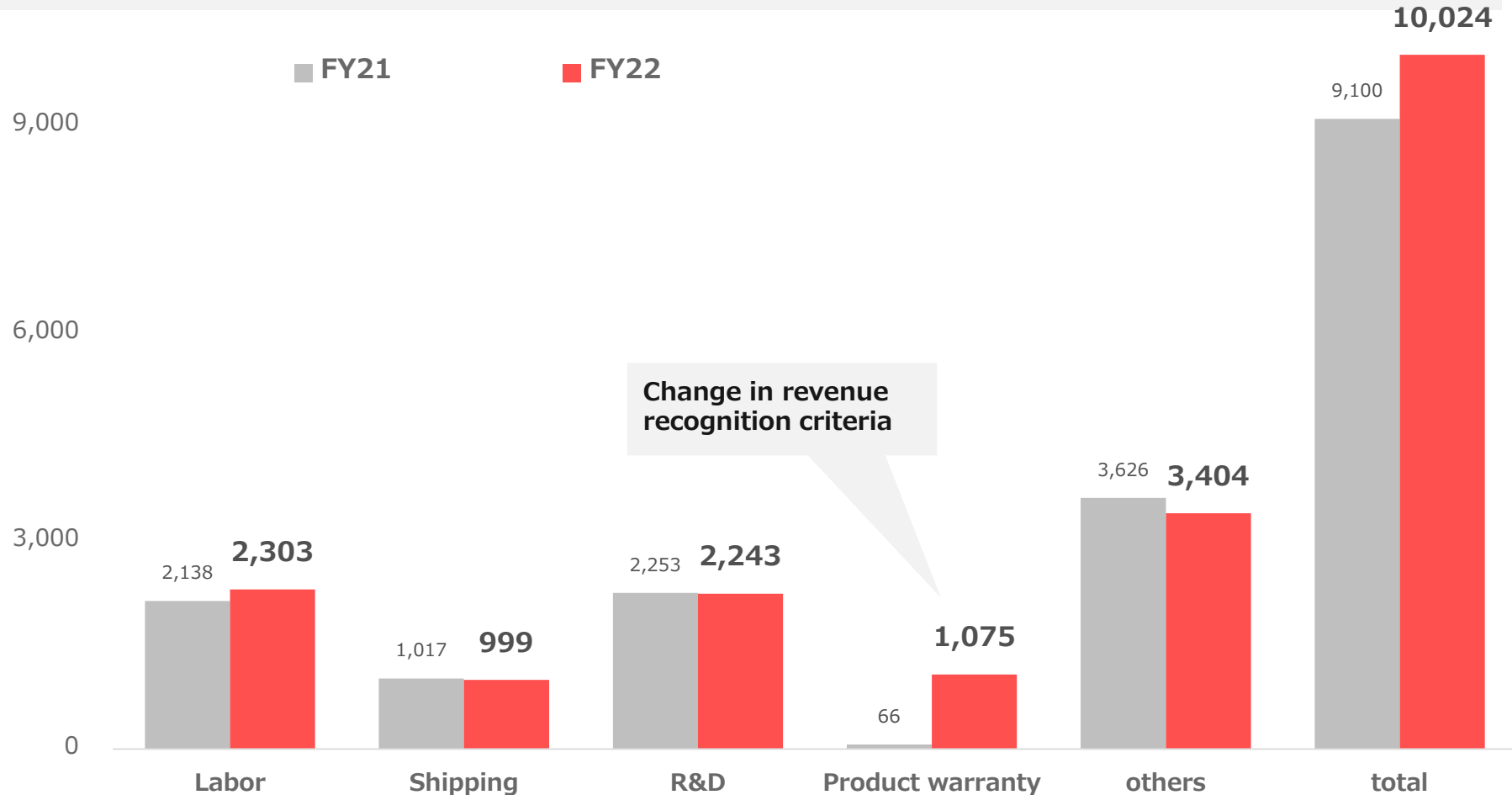
SG&A(Selling, general and administrative) Expenses

Million JPY

- ▶ **SG&A : +924 million yen YoY due to increase in product warranty-related expenses, etc.**

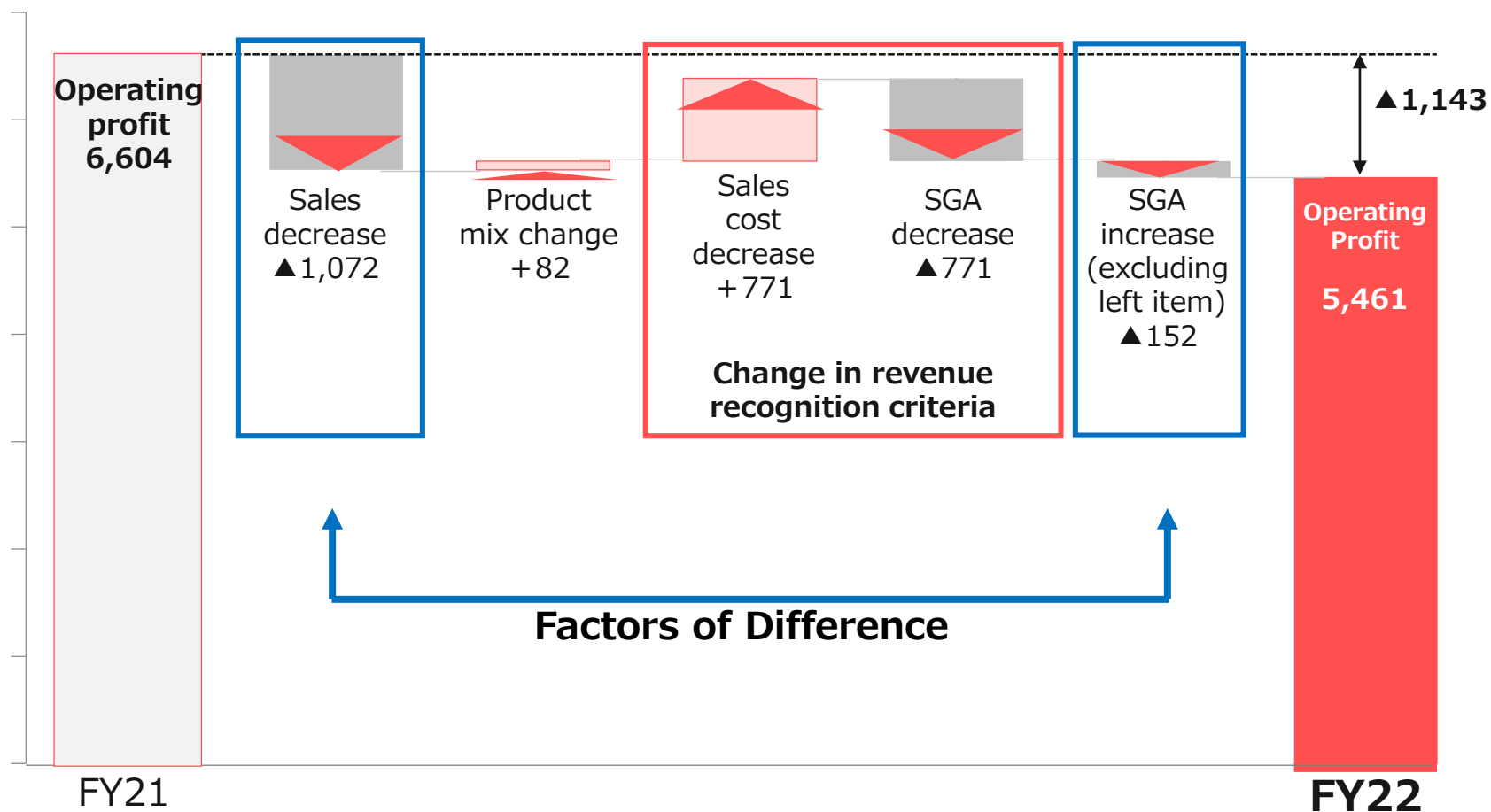
Product warranty-related expenses: +1,009 million JPY YoY

(Included in +771 million JPY due to Change in revenue recognition criteria)



Differences in consolidated operating profit

(Million JPY)

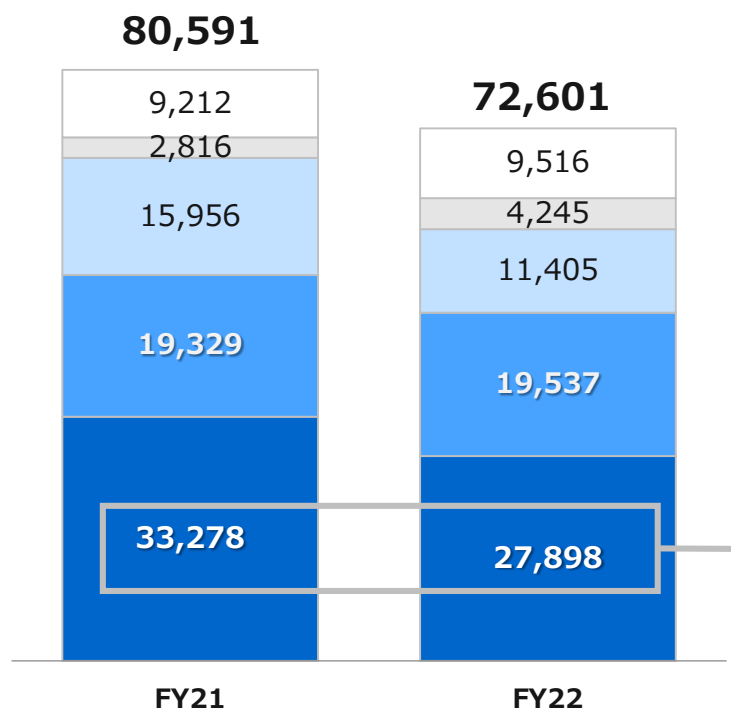


Consolidated Balance Sheets

Million JPY

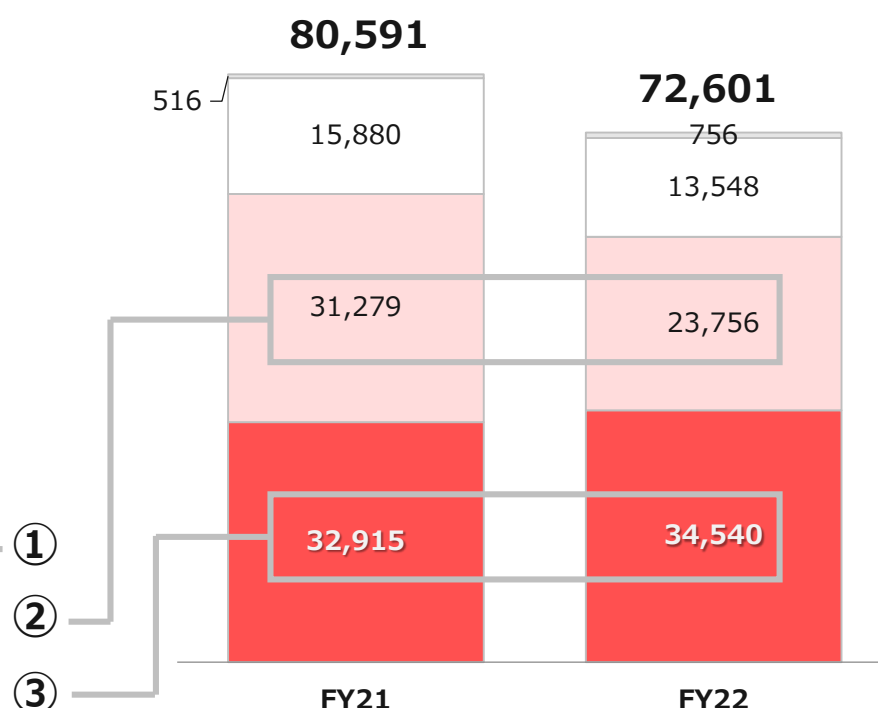
- ① Cash and deposits ▲5,380 million JPY: Main decrease in debt repayment, YRP investment and equity acquisition (M&A)
- ② Other current liabilities ▲7,523 million: Main decrease in Advances received
- ③ Net assets +1,625 million: Main increase in retained surplus

Total Assets



- Non-current assets
- Other current assets
- Inventory
- Bills receivable and accounts receivable
- Cash and deposits

Liabilities · Net assets



- Net assets
- Loans payable(short and long term)
- Other current liabilities
- Other non-current liabilities

Consolidated Cash flows

- ▶ Operating: +1,408 million due to 'Net profit' and decrease in 'Inventories' and 'Advances received'.
- ▶ Investing: ▲1,554 million due to 'Purchase of property, plant and equipment' and 'Purchase of investment securities' and so on.
- ▶ Financing: ▲5,839 million due to 'Repayment of borrowings' and 'Purchase of shares of subsidiaries' and so on.

(Million JPY)		FY21	FY22
Cash flows from operating activities	Profit before income taxes	7,054	6,450
	Notes and accounts receivable - trade (increase▲)	5,507	▲364
	Inventories (increase▲)	9,021	5,139
	Notes and accounts payable - trade (decrease▲)	▲1,384	542
	Advances received	▲3,308	▲7,352
	Others	3,283	▲3,007
	Total	20,173	1,408
Cash flows from investing activities: Total		▲1,251	▲1,554
Cash flows from financing activities	Proceeds from loans payable	14,532	520
	Repayments of loans payable	▲10,997	▲3,269
	Other	▲1,563	▲3,090
	Total	1,972	▲5,839
Effect of exchange rate change on cash and cash equivalents		283	605
Net increase (decrease) in cash and cash equivalents (decrease▲)		21,177	▲5,380
Cash and cash equivalents at beginning of period		11,981	33,158
Cash and cash equivalents at end of period		33,158	27,778

2. FY2023 Earnings and Dividend Forecasts

FY2023 Earnings and Dividend Forecasts

- ▶ Assumed impact of China's zero corona policy on some projects in of this fiscal year.
- ▶ Watching the situation of coronavirus infection in China and customer trends, etc.

FY22 VS FY23	FY22(Actual)		FY22(Forecast)		YoY Chage
	Amount (million JPY)	Margin	Amount (million JPY)	Margin	
Net sales	51,418	—	45,000	—	▲12.5%
Gross 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		299.92		—

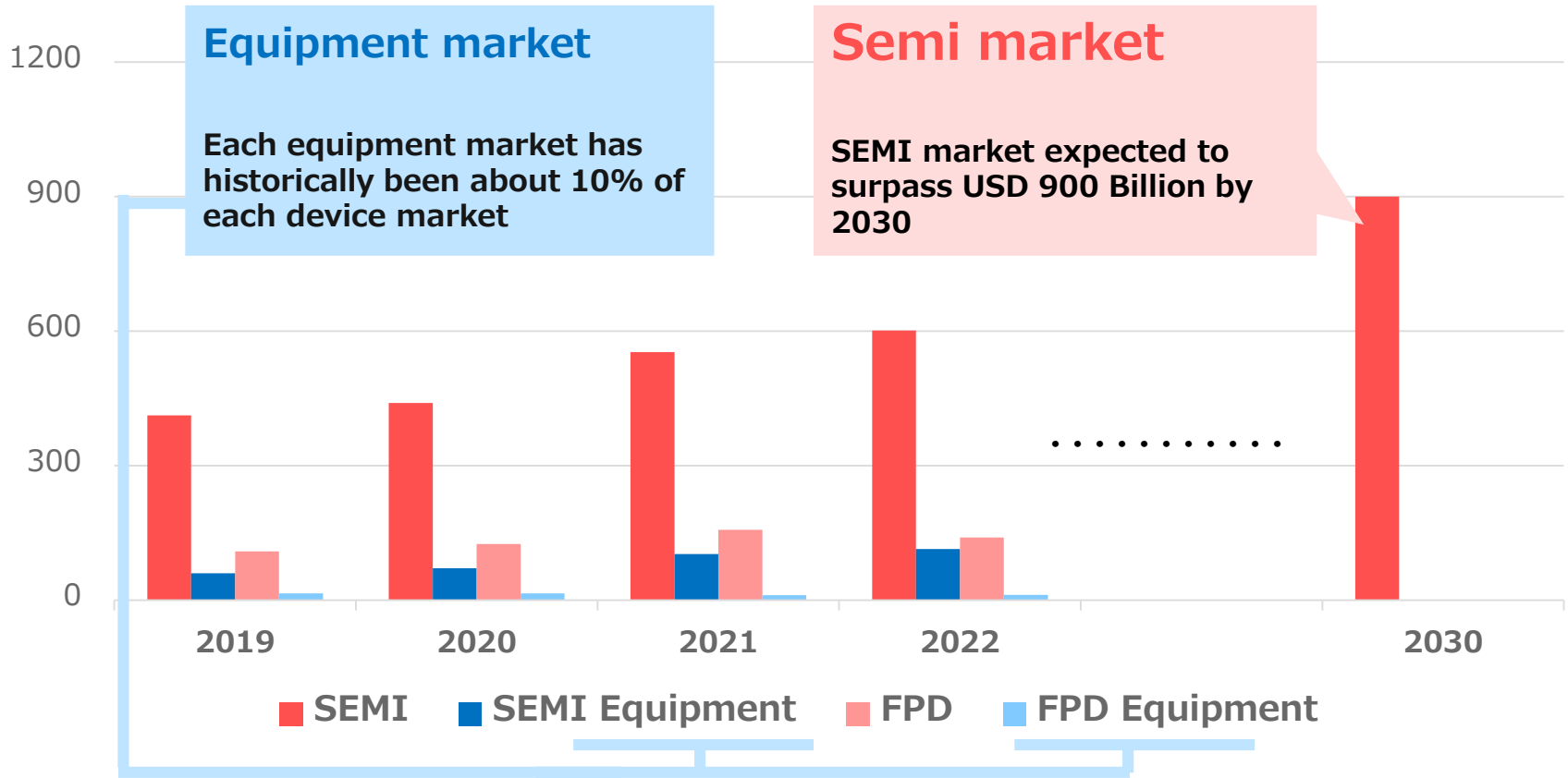
Dividend(JPY)	FY22	FY23(Forecast)
1 st half	60(Actual)	60
2 nd half	60(Planning)	60

| Future Outlook

- Seeking Further Growth

Semiconductor · Flat panel display markets

- ▶ **SEMI · FPD markets will continue to grow with technological advancements and the digitalization of society.**
 - FPDs and semiconductors are the foundation of industries such as information and telecommunications, automotive, energy, and information interfaces.

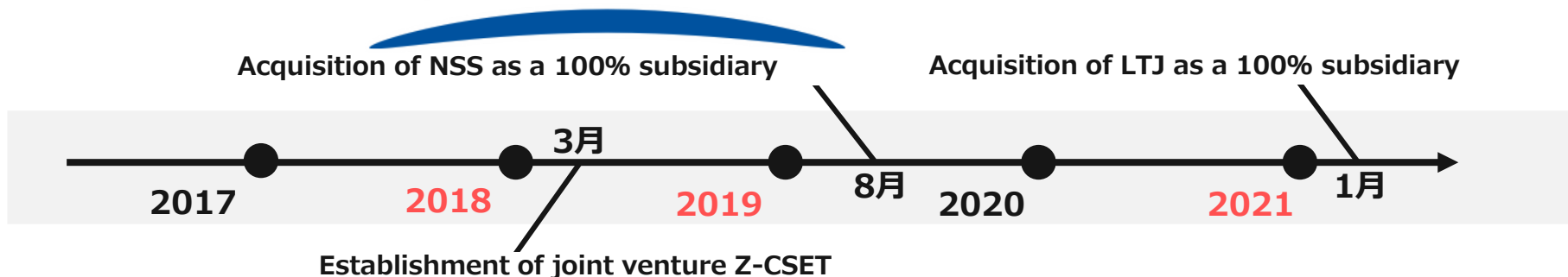


Semiconductor and FPD Related Market Trends

(As of 2021/ Billion USD/ Prepared by us based on forecasts by WSTI, SEMI, OMDIA companies, METI, etc.)

Reform of Earnings Structure

- ▶ **Start of full-fledged semiconductor-related business in 2018**
 - Strengthen our semi business in a short period of time through business networking and mergers and acquisitions

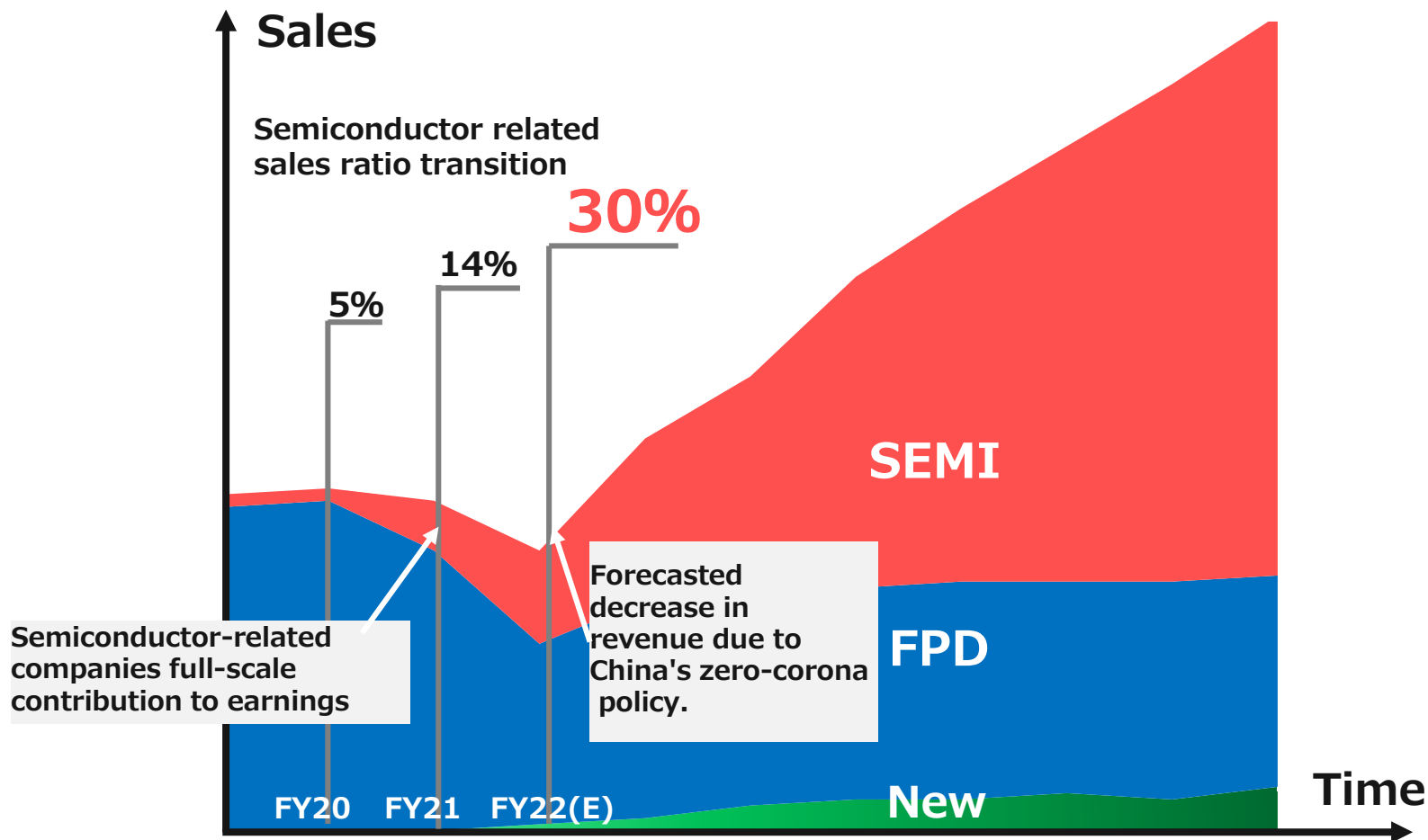


浙江芯晖装备技术有限公司

Zhejiang Chip Sunshine Equipment Technology Co.,Ltd

Reform of Earnings Structure

- ▶ Launch new businesses and products in growth areas to achieve sustainable growth for the Group
 - Accelerate growth of semiconductor-related businesses
 - Stabilize FPD-related business as a revenue base
 - Challenges in businesses that solve social issues (entry into new business fields)



Silicon wafer/Photoresist/IC tester

- ▶ Subsidiaries leverage their strengths through synergies within the VT Group
 - Subsidiaries further strengthened management resources and developing new products to expand sales after joining VT Group; NSS sales doubled and LTJ increased sales by 1.5X.
- ▶ Subsidiaries will further strengthen their management resources. In addition, new products will be developed and will expand their earnings.

Subsidiaries	NSS	Z-CSET	Litho Tech Japan		
Products	Inspection 	Polishing · grinding 	Memory tester 	Coater · Developer 	Analyzer 
Market	Silicon wafer		Tester	Photoresist	

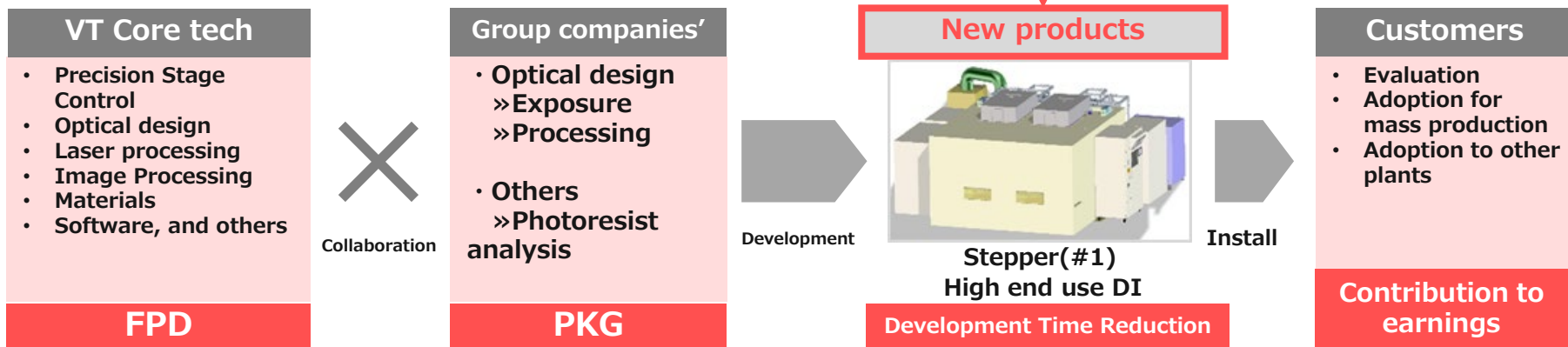
Semi related	Market	Current Products, Businesses, etc.	Outlook
Silicon wafer	<ul style="list-style-type: none"> • Increase in capex • SiC/GaN 	<ul style="list-style-type: none"> • Inspection EQ • High share • Increase demand 	<ul style="list-style-type: none"> • Strengthen production and other resources through M&A • Utilize Innovation Center (YRP) • Expand to other applications
		<ul style="list-style-type: none"> • Polisher/Grinder • Increase track record 	Sales promotion in China
Photoresist	<ul style="list-style-type: none"> • China Semiconductor Industry (non-advanced fields) • Materials Development (Japan) 	<ul style="list-style-type: none"> • Coater • Developer • Analyzer 	<ul style="list-style-type: none"> • Reinforcement of management resources • Capturing Increasing Demand • Sales promotion in China • Capturing Increasing Demand
IC tester	<ul style="list-style-type: none"> • China Semiconductor Industry (non-advanced fields) 	<ul style="list-style-type: none"> • Memory tester • Collaboration with Innotech 	<ul style="list-style-type: none"> • Sales promotion in China(Z-CSET)

Photomask/Semiconductor package

- ▶ Aiming to increase earnings by fully launching new products through synergies between VT core technologies and the group company's unique technologies and businesses fields.

Semi related	Market	Current Products, Businesses, etc.	Outlook
Photomask (legacy semiconductor)	<ul style="list-style-type: none"> • Increase in CAPEX • China Semiconductor industry(non-advanced fields) 	<ul style="list-style-type: none"> • Defect repair • Inspection • Registration 	<ul style="list-style-type: none"> • Market launch of high-precision version • Development of inspection equipment
		Mask writer	Developing high precision mask writer
Semiconductor packaging	<ul style="list-style-type: none"> • High-definition circuits • Increase in demand for components • Increase in capex 	<ul style="list-style-type: none"> • Stepper(trial) 	<ul style="list-style-type: none"> • Developing mass production model • High end use DI
		Open/Short tester	<ul style="list-style-type: none"> • EPIS sensor(visualize electric current)

Synergies between VT core technologies and group companies' technologies and business areas

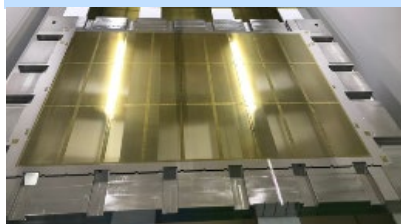


OLED/MiniLED/ μ LED/LCD

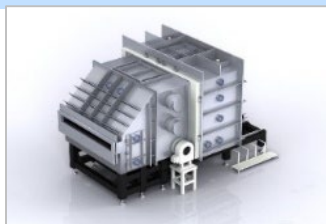
- ▶ **OLED/MiniLED/ μ LED : Accelerate development of Laser annealing**
- ▶ **LCD : Cost Reduction and Differentiation**

FPD	Market	Current Products, Businesses, etc.	Outlook
OLED	<ul style="list-style-type: none"> • Increase in capex for mid-sized and large-sized panel • China's Zero Corona Policy 	Deposition Masks	<ul style="list-style-type: none"> • Adoption to Factories • Larger masks
		Deposition system	<ul style="list-style-type: none"> • Evaluation Partners • Delivery of prototype machine
		Laser annealing	
		Salvage service	Increase in new adoption of Demura IP (IC makers)
MiniLED μ LED	<ul style="list-style-type: none"> • Developing a new Backlight and a large sized panel by using mini-LED/μLED 	LLO/Transfer	Delivering products with improved tact and yield
		Defect repair	Development of Inspection Technology
		Laser annealing > Successful prototyping of panels	<ul style="list-style-type: none"> • Expand sales to Chinese customers, etc. • Next-generation backlights and large displays • Receive official orders for prototypes
LCD	<ul style="list-style-type: none"> • Market size remains flat 	Exposure/Inspection > Impact of China's zero corona policy	<ul style="list-style-type: none"> • Increased adoption of other processes • Differentiation • Sales in this fiscal year are expected to decrease from the previous year

OLED

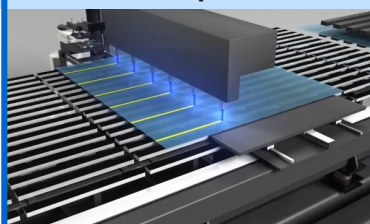


Deposition mask



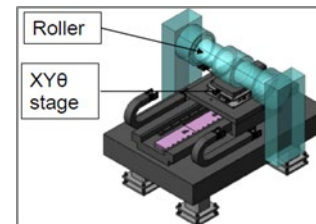
Deposition equipment

Backplane



Laser annealing(BLDA)

Backplane



LLO(Laser Lift Off)

- Defect repair
- Inspection

μ LED/MiniLED

Laser Annealing (BLDA)

- ▶ Challenges in OLEDs and μ LEDs for larger size are realization of higher resolution, and greater flexibility
- ▶ A key of Cost reduction of TFT substrates (backplanes) and improvement of electrical characteristics (electron mobility, OFF current, etc.) are BLDA.
- ▶ **Features of BLDA (blue semiconductor laser annealing)**
 - ▶ Better electrical properties than a-Si TFT, LTPS-TFT and Oxide-TFT
 - ▶ Higher electron mobility than ELA
 - ▶ Local (selective) annealing reduces damage to the substrate (Cu wiring, etc.)
 - ▶ Compatible with Top-Gate and Bottom-Gate
 - ▶ Low running cost / Maintenance free for more than 1 year
 - ▶ Flexible substrate sizes from G2 to G10.5

Comparison of the technology for high electric mobility

		OLED TV	a-Si	BLDA
Requirement of Electric characteristics	Mobility (cm^{-2}/VS)	>10	0.5	70-500
	Ion/Ioff	>10 ⁷	10 ⁶	10⁷
	Vds(@3uA)	<5V	-	5-7V
	S-factor (V/decades)	0.5		0.2V
Easiness In manufacturing		-	easy	easy
Reliability	Life time	-	poor	good

New business fields

- ▶ Our business is biased toward the overseas electronic device manufacturing sector. Launching a business targeting the domestic market is essential for the Group's sustainable growth in the medium to long term.

Agriculture (branded tomato cultivation)

Current

- AIMEC® Agricultural Method
- Brand name "Yang Xiang
- Cultivated in Suzhou, China
- High sugar content
- High nutritional value (lycopene, etc.)
- Launched sales in China EC in March



陽香

Plans

- Cultivation in Japan
- Development of new agricultural technologies



Suzhou Farm



Decarbonization (investment in SiC technology)

Currently

- Capital participation in Nexfi Technology, Inc.
- Established in June 2021
- Strength in high-voltage power supply technology using SiC devices
- Supported by national government/our company (135M yen) and Osaka University VC

Plans

- Cultivate infrastructure and long-distance power transmission applications (high-voltage DC power transmission)
- Cultivate applications for semiconductor/FPD manufacturing equipment
- Cultivation of EV/motor inspection-related



High-voltage switching modules



High-voltage DC power supply



For inquiries, please contact
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Forward-Looking Statements

▶ Forward-looking statements

- ▶ The Company's plans, strategies, outlooks, and other statements 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 Company assumes no obligation to update these forward-looking statements based on new information or future events.

▶ Foreign Exchange Risk

- ▶ In principle, export sales of our mainstay flat panel display manufacturing equipment are conducted in yen. The Company 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.

▶ Finalization of provisional accounting treatment

- ▶ The provisional accounting treatment for the business combination with Nano System Solutions, Inc. on August 22, 2019, was applied in the previous consolidated fiscal year but was finalized in the second quarter of the consolidated fiscal year. Following this provisional accounting treatment's determination, comparative analysis has been conducted using figures after retrospective adjustment.

▶ Changes in Accounting Policies (For details, please refer to Page 7 of the Summary of Financial Statements for the first half of the Fiscal Year Ending March 31, 2022)

① Changes in Accounting Policies (For details, please refer to Page 9 of the Summary of Financial Statements for the First Quarter of the Fiscal Year Ending March 31, 2022)

- ▶ The Company has adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020, hereinafter referred to as the "Accounting Standard for Revenue Recognition"), etc. from the beginning of the first quarter of the fiscal year ending March 31, 2022, and will recognize revenue at the amount expected to be received in exchange for the promised goods or services when control of the goods or services is transferred to the customer.

② Application of Accounting Standards for Calculation of Fair Value, etc.

- ▶ The Company has adopted the Accounting Standard for Measurement of Fair Value (hereinafter referred to as the "Accounting Standard for Measurement of Fair Value"*1), etc. from the beginning of the first quarter of the fiscal year ending March 31, 2022.
- ▶ In accordance with the transitional treatment prescribed by the Accounting Standard for Market Value Calculation*2, the Company will apply the new accounting policies prescribed by the Accounting Standard for Market Value Calculation, etc. in the future.
- ▶ The adoption of these accounting standards will have no impact on the quarterly consolidated financial statements.
- ▶ *1 Corporate Accounting Standard No. 30 (July 4, 2019). *2 Based on paragraph 19 of the Corporate Accounting Standards and paragraph 44-2 of the Accounting Standard for Financial Instruments (Corporate Accounting Standard No. 10, July 4, 2019).

▶ Matters related to changes in reportable segments, etc.

- ▶ Previously, segment information was omitted because the Company's only reportable segment was the "FPD business" based on quantitative criteria. In the first quarter of the fiscal year ending March 31, 2022, the Company changed its reportable segments from a single segment to two segments, "FPD business" and "Semiconductor business," due to the increase in the importance of volume, and disclosed segment information as "Other" for business segments not included in the reportable segments.
- ▶ Business segments that are generally similar in terms of markets, types of customers and services have been aggregated.