

FY2019

Financial Announcement

(Financial supplement material)

May 14, 2019

V-Technology Co.,Ltd.

President: Shigeto Sugimoto

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

Highlight of FY2019 Q4

- Both sales and profits have reached record highs for four consecutive terms.
- Although sales decreased due to delivery delays for some reasons attributable to customers, and cost reduction also the unaccrued expenses such as R & D and M & A resulted in the expected profit.
- Orders dropped 56.6% to 47.4 billion yen due to a break in large FPD related investment.
- The order backlog recovered in Q4, but fell 21.4% to 90.9 billion yen.

| | FY18 Year ended | | FY19 Year ended | | Y/Y change |
|---|-----------------------------|--------|-----------------------------|--------|---------------|
| | Amount (Millions of JPY) | Margin | Amount (Millions of JPY) | Margin | |
| Net sales | 66,067 | 100.0% | 72,132 | 100.0% | 9.2% |
| Gross profit | 21,321 | 32.3% | 25,144 | 34.9% | 17.9% |
| Operating profit | 12,545 | 19.0% | 16,628 | 23.1% | 32.5% |
| Ordinary profit | 12,370 | 18.7% | 16,767 | 23.2% | 35.5% |
| Net profit attributable to owners of parent | 7,837 | 11.9% | 10,901 | 15.1% | 39.1% |
| Orders received | 109,323 | — | 47,430 | — | -56.6% |
| Backlog | 115,637 | — | 90,935 | — | -21.4% |

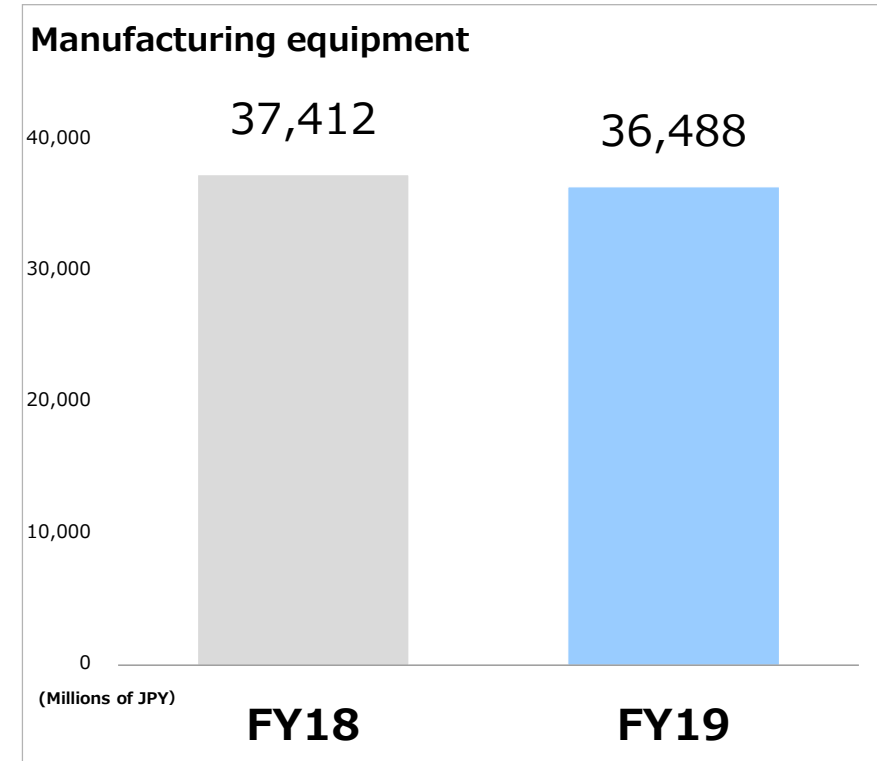
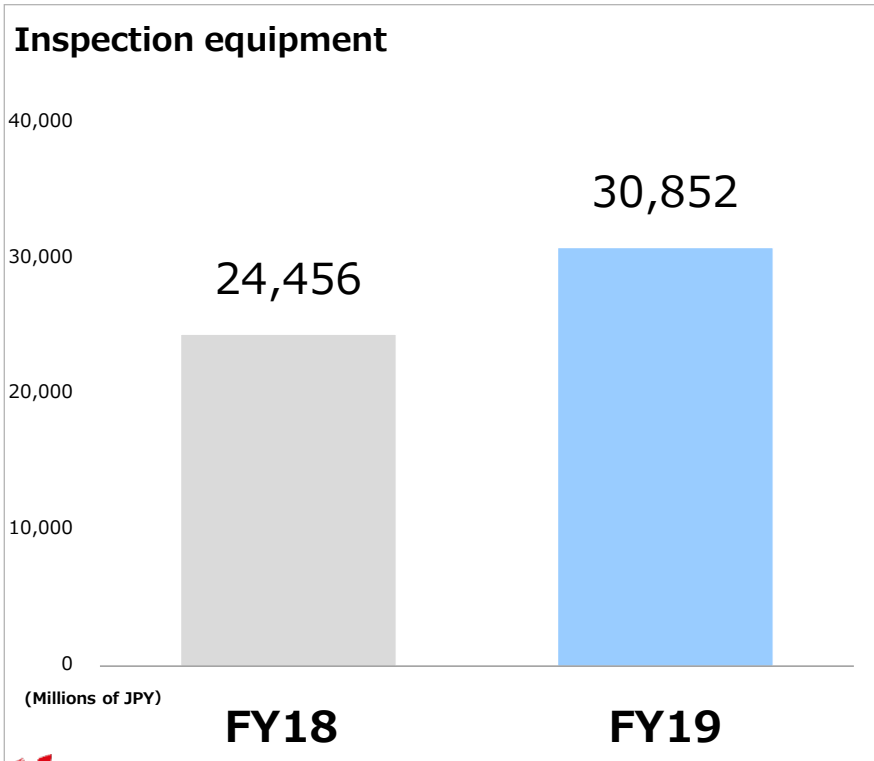
*Reference: Sales by Products

■ Manufacturing equipment

- Sales of large-size FPD equipment remained steady.
- CF exposure equipment continues to secure close to 100% market share.

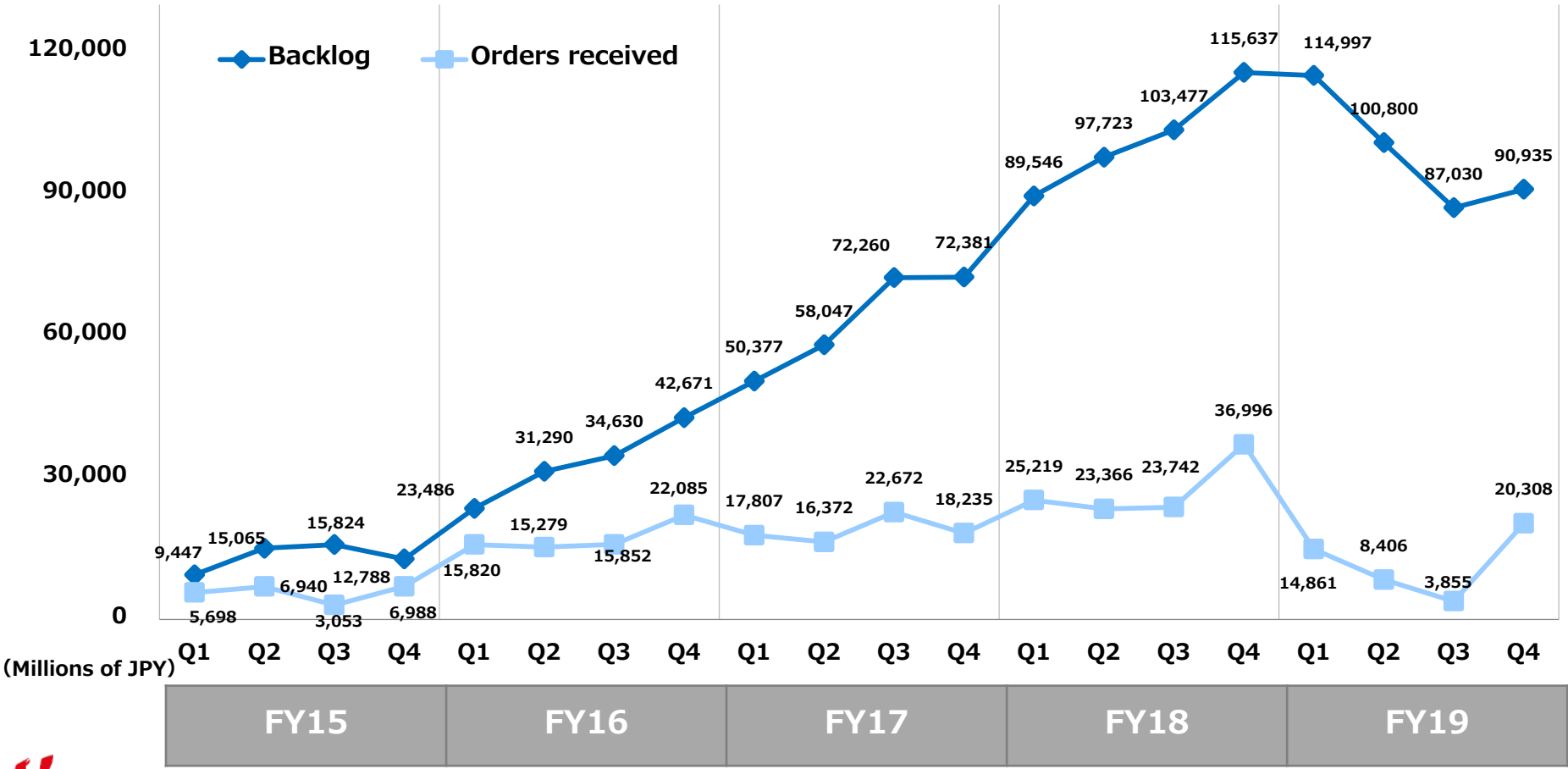
■ Inspection equipment

- Sales of inspection equipment for large FPDs and OLEDs is solid. Sales of TP measuring machines and OS testers continue to grow steadily and it secures 80 to 90% market share.
- Sales of correction equipment increased by about 70% from last year. In particular, we reached 80% market share in the correction device for TFT.

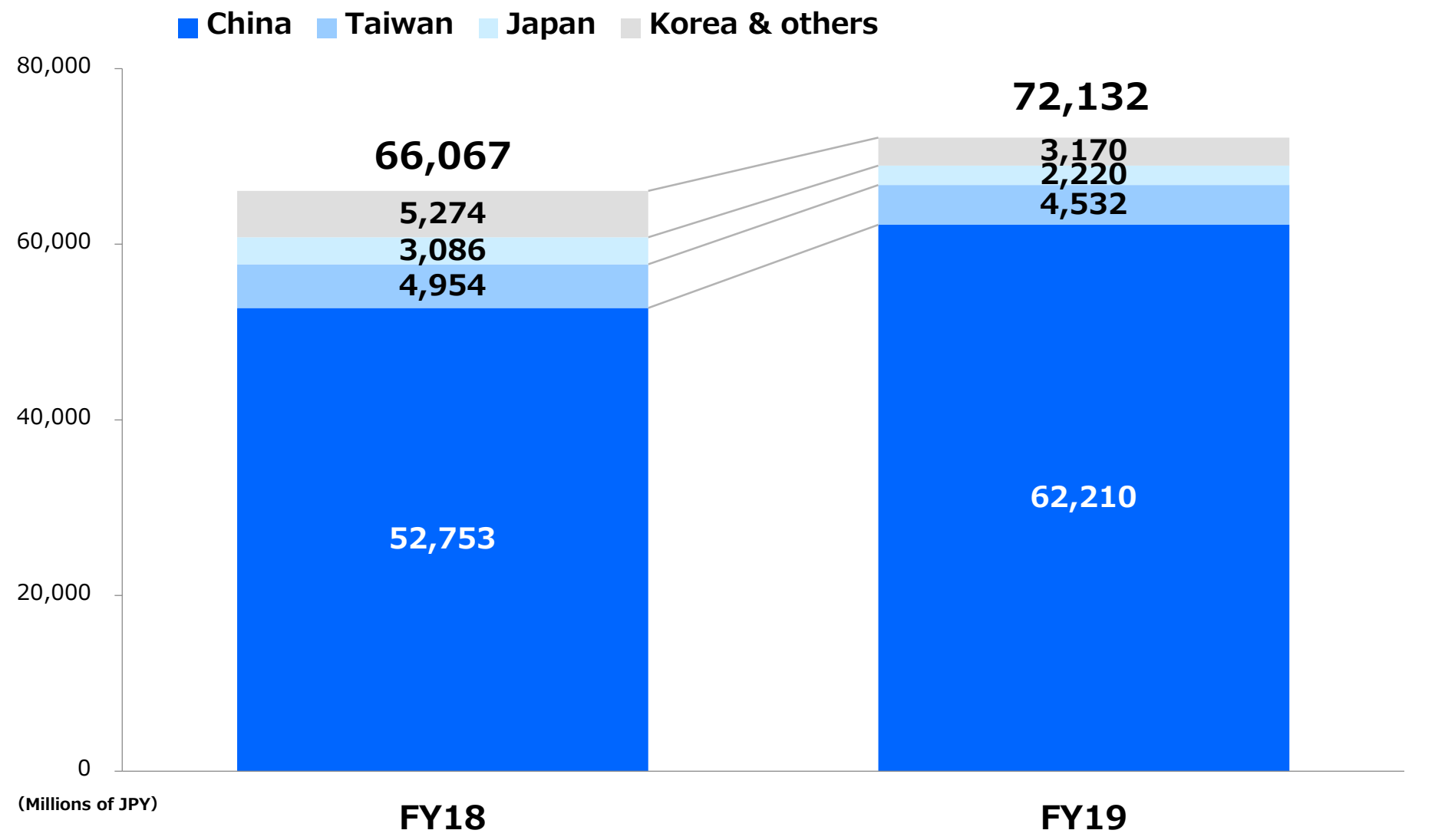


Transition of Orders Received and Backlog

- Orders received for FY19 Q4 (3 months) recovered as expected.
- Orders received for the full-year decreased 56.6% YoY to 47.4 billion yen due to the reaction to the concentration of orders for long delivery products in the previous year and the suspension of investment related to large FPDs. The order backlog decreased 21.4% YoY to 90.9 billion yen.

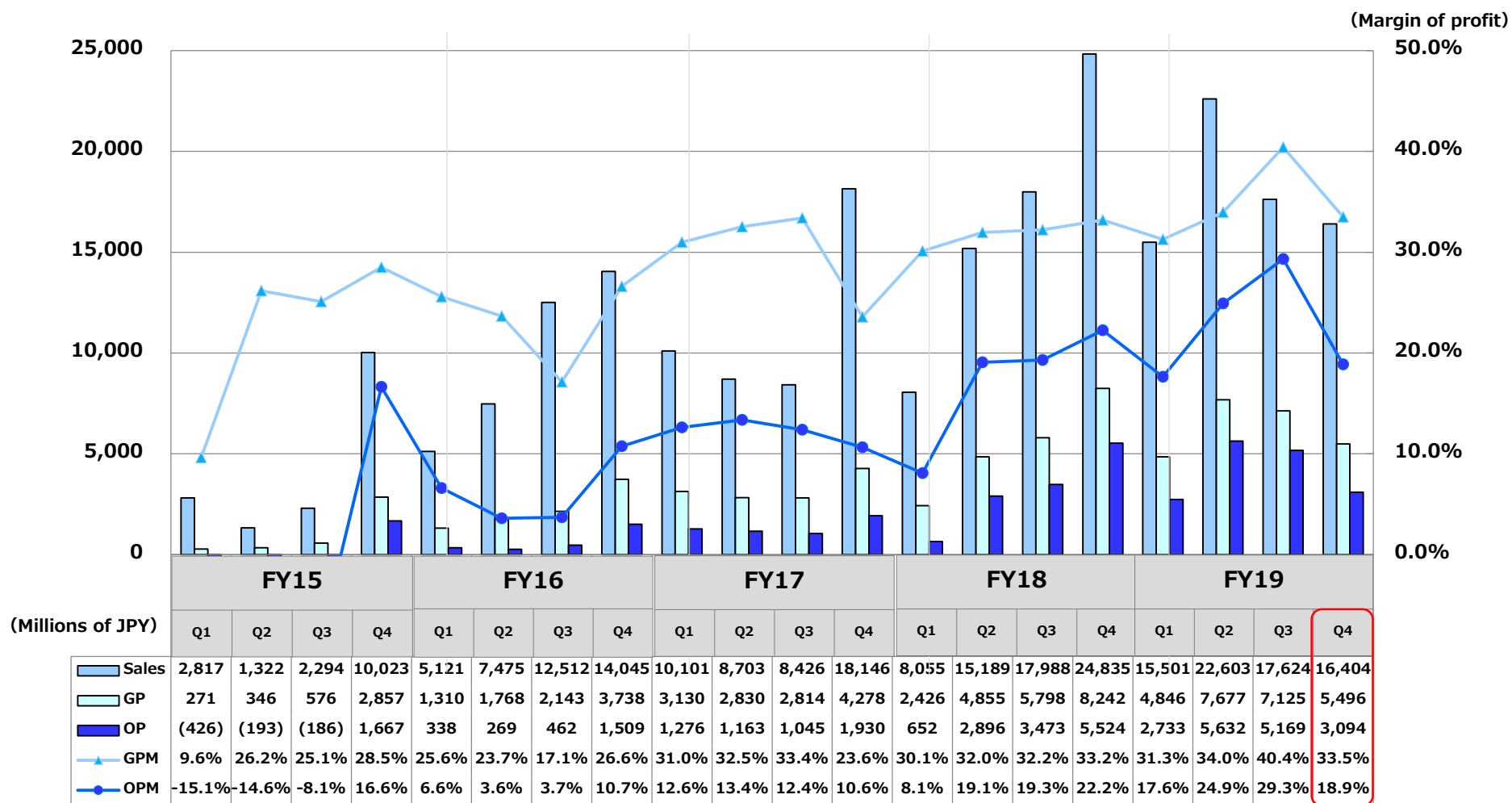


Sales by Countries (YoY basis)



Transition of Quarterly Sales and Profit

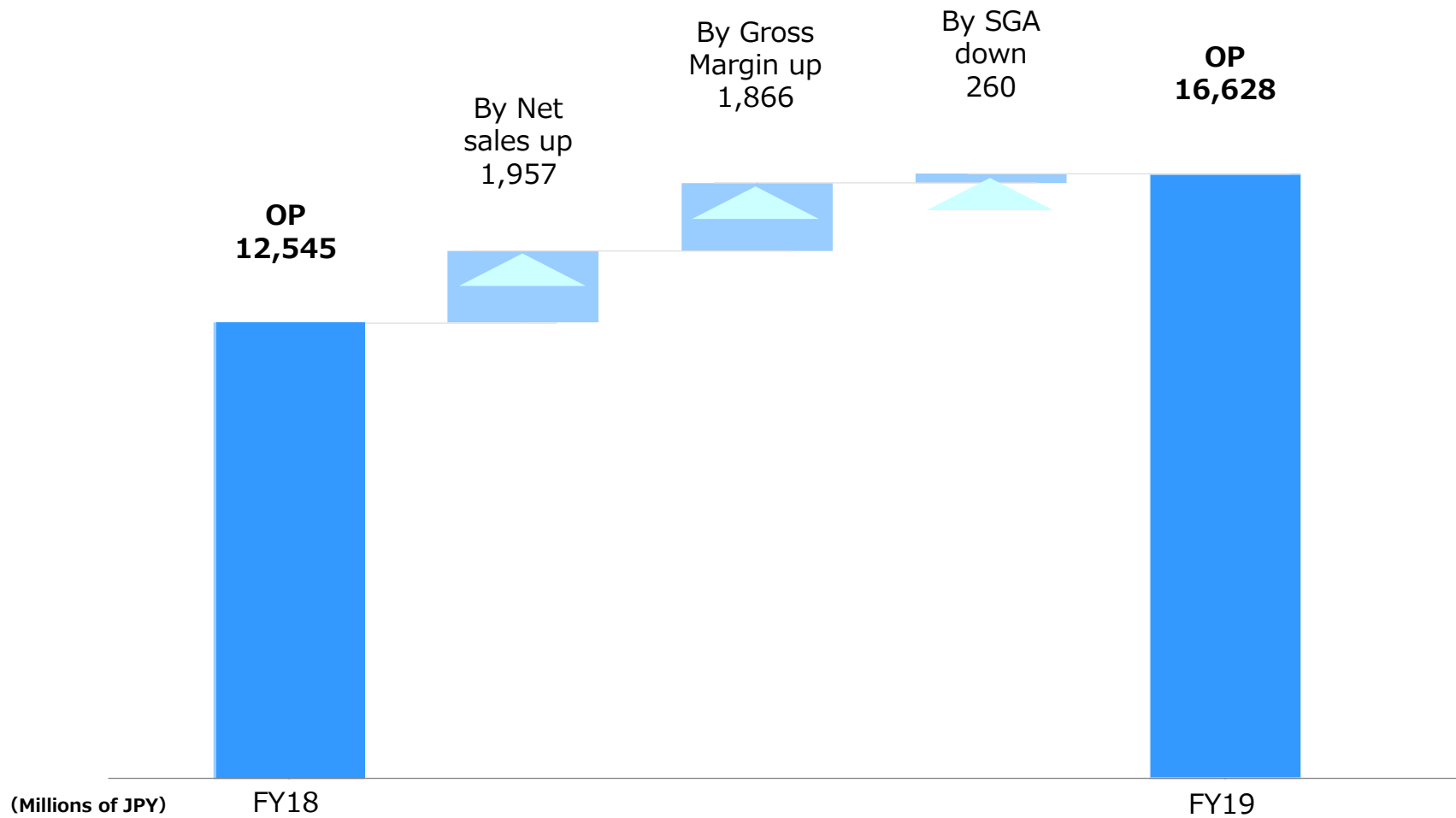
- Quarterly profit margin changes due to differences in customers and product mix.



Analysis of Operating Profit Deference

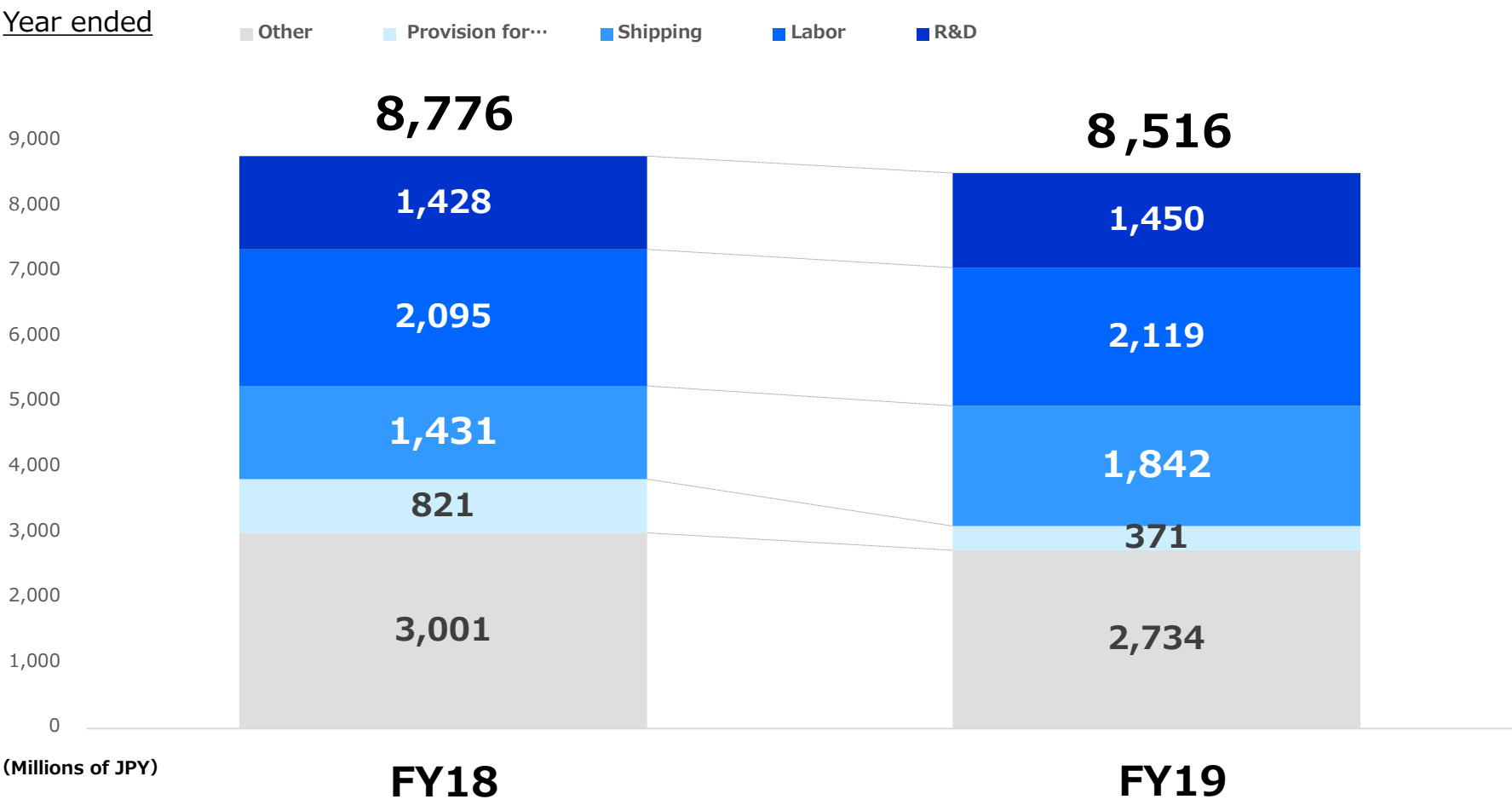
- Operating income increased 32.5% YoY to 16.6 billion yen, partly due to cost reductions, improved product mix and lower SG & A expenses as a factor in rising gross margin.

Year ended

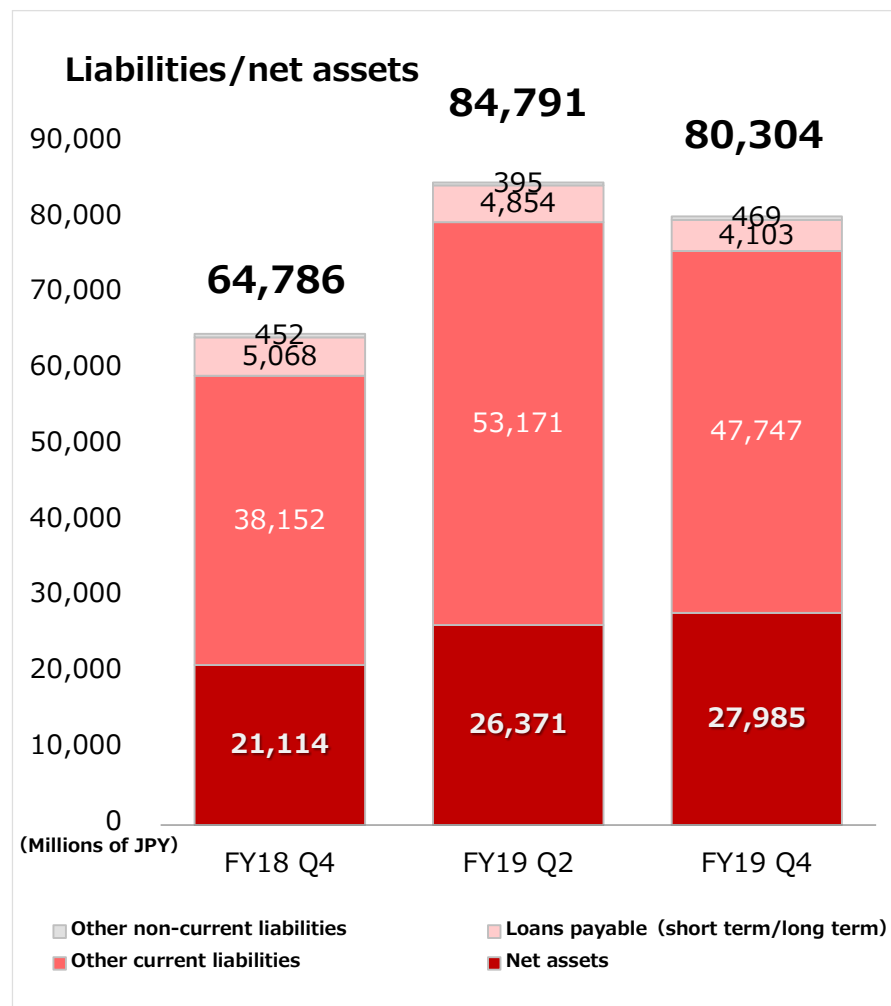
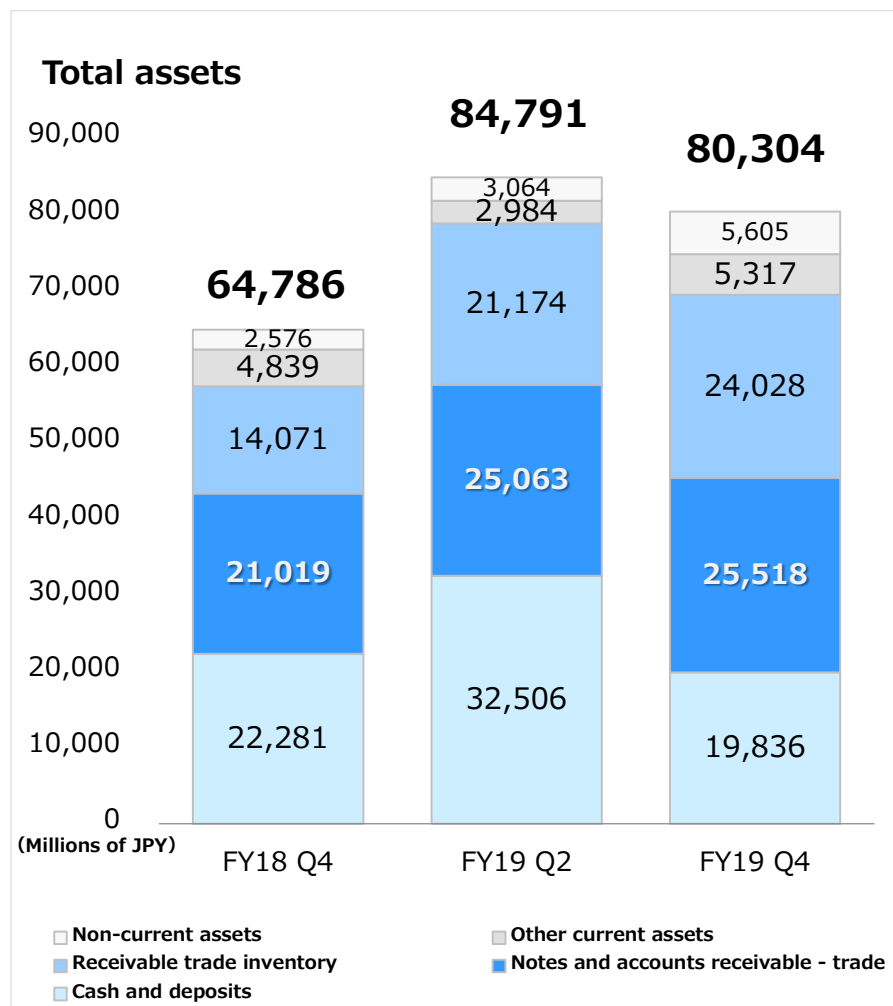


SGA(Selling, general and administrative) Expenses

■ SGA expenses decreased slightly year on year due to an increase in provision for product warranty related to new products in FY 18 and a return of allowance for loan losses at group companies, despite an increase in shipping costs due to increased shipment volume.



Transition of Consolidated Balance Sheets



Transition of Cash Flows

■ Main income and expenses (YoY)

- Operating activities(+): Profit(JPY16.8BLN), Advances received(7.4BLN), Inventories(9.9BLN) etc.
- Investing activities(-): Purchase of fixed assets(*related to VET Co.,Ltd.) (2.1BLN), Purchase of shares of an affiliated company(0.5BLN)
- Financing activities(-): Purchase of treasury shares(1.99BLN), Cash dividends paid(1.6BLN), Repayments of long-term loans payable (0.9BLN)

| | | FY18 | FY19 |
|--|---|---------------|---------------|
| Cash flows from operating activities | Profit before income taxes | 12,256 | 16,892 |
| | Notes and accounts receivable - trade (increase▲) | ▲3,780 | ▲4,681 |
| | Inventories (increase▲) | ▲5,665 | ▲9,951 |
| | Notes and accounts payable - trade (decrease▲) | 7,203 | 2,044 |
| | Other | ▲1,488 | 2,227 |
| | Total | 8,526 | 6,531 |
| Cash flows from investing activities: Total | | ▲434 | ▲2,617 |
| Cash flows from financing activities | Proceeds from loans payable | 8,224 | 10,670 |
| | Repayments of loans payable | ▲8,876 | ▲11,635 |
| | Other | ▲1,498 | ▲5,420 |
| | Total | ▲2,150 | ▲6,385 |
| Effect of exchange rate change on cash and cash equivalents | | ▲71 | 25 |
| Net increase (decrease) in cash and cash equivalents (decrease▲) | | 5,870 | ▲2,445 |
| Cash and cash equivalents at beginning of period | | 16,291 | 22,161 |
| Cash and cash equivalents at end of period | | 22,161 | 19,716 |

Business Forecast

Forecast of 2020

- Profits are expected to decrease by about 21% due to the decrease in gross margin rate due to the change in sales composition of manufacturing equipment and the increase in SGA expenses such as R & D expenses and depreciation expenses (VET Co.,Ltd. related).
- The dividend is expected to be the same as the previous year.
- Stock split (Split into two, record date: June 1, 2019)

| | FY19(Actual) | | FY20(Forecast) | | compared with the previous forecast |
|---|-----------------------------|--------|---|--------|-------------------------------------|
| | Amount (Millions of JPY) | Margin | Amount (Millions of JPY) | Margin | |
| Net sales | 72,132 | — | 73,000 | — | 1.2% |
| Gross profit | 16,628 | 23.1% | 13,000 | 17.8% | -21.8% |
| Ordinary profit | 16,767 | 23.2% | 12,850 | 17.6% | -23.4% |
| Net profit attributable to owners of parent | 10,901 | 15.1% | 7,800 | 10.7% | -28.5% |
| EPS | JPY 2,217.48 | | JPY 1,613.30(before split) JPY 806.65(after split) | | Split into two from June 1,2019 |

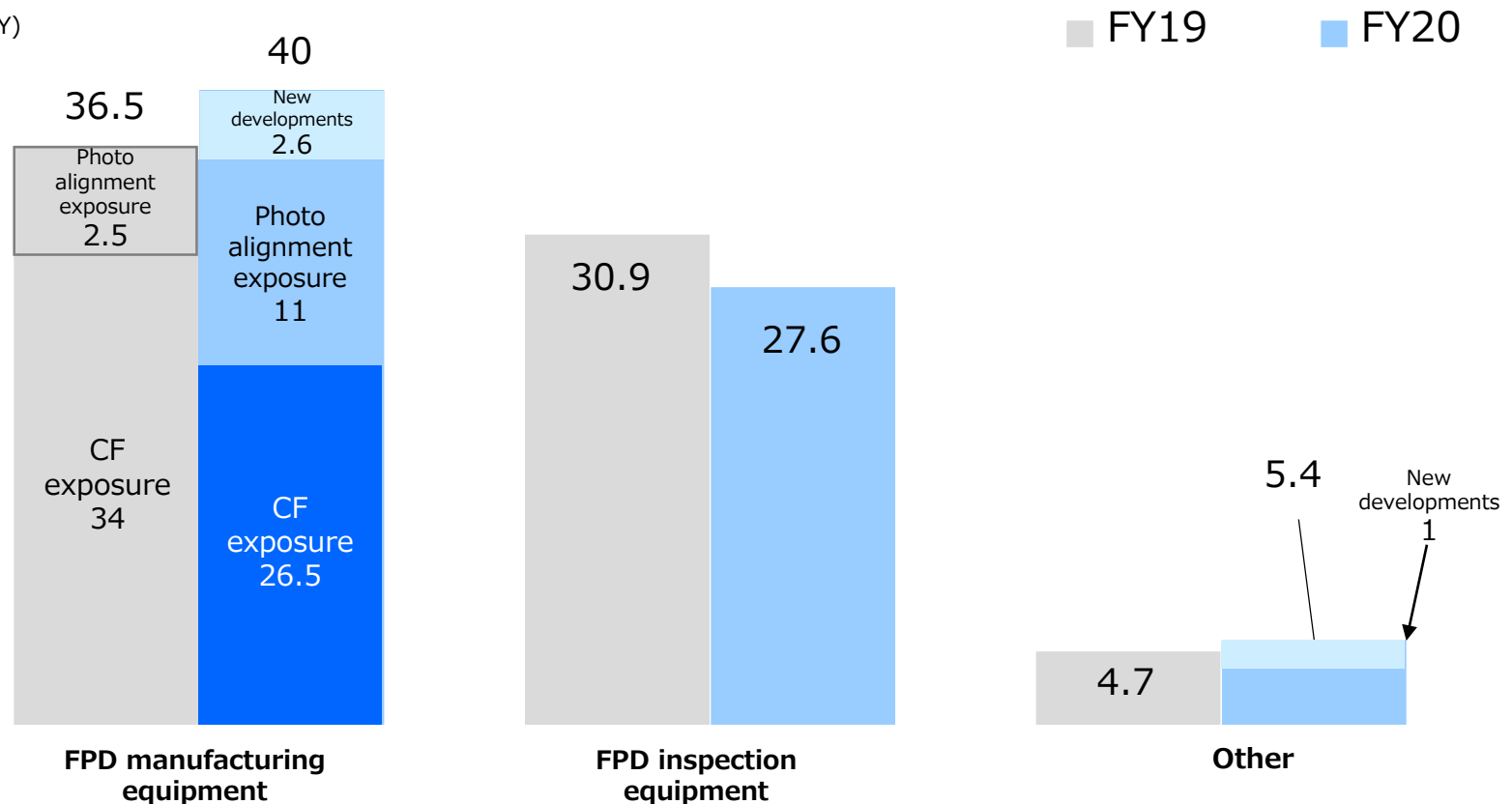
Dividend

| | | |
|-------------------------|---|--|
| FY20(after stock split) | 1 st half : 80円 (Forecast) | 2 nd half : JPY 80 (forecast) |
| (Reference) FY19 | 1 st half : JPY 160 (Actual) | 2 nd half : JPY 160 (Actual) |

*Reference: Break Down of Net sales in FY2020 Forecast

- Among manufacturing equipment, the proportion of photo alignment exposure equipment increased, and the gross profit rate of manufacturing equipment decreased YoY.
- New developments includes TFT exposure equipment (JPY 2.6 Billion) in “Manufacturing equipment”, and deposition mask and salvage service (JPY 1 Billion) in “Other”.

(Billions of JPY)



Our Medium and Long Term Growth Strategy

Growing Field in the New Era



5G Enables the New Era of IoT

Growing Field in the New Era

SEM

Semiconductor device market

2025: 51 trillion yen

2018: 27 trillion yen

(According to Fuji Chimera Research Institute)

FPD



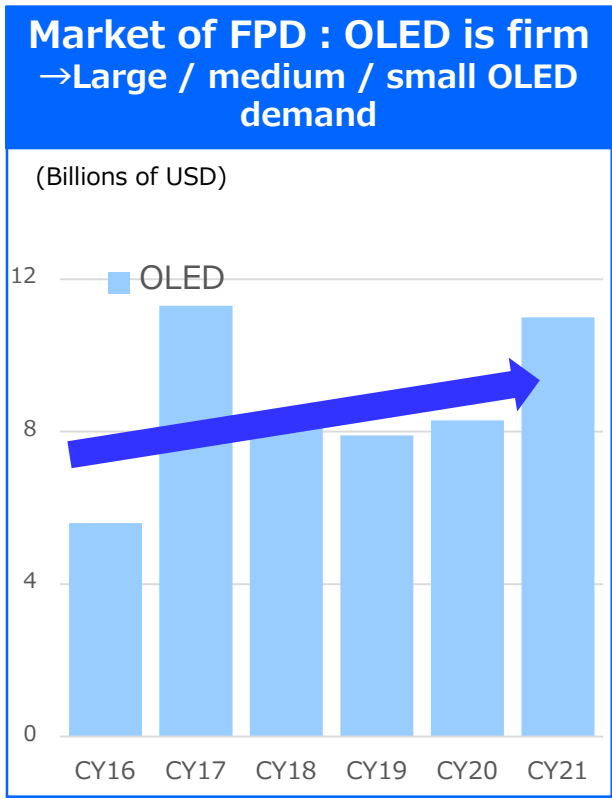
We aim to develop FPD as
a new HM (Human Interface) with 5G

5G Enables the New Era of IoT

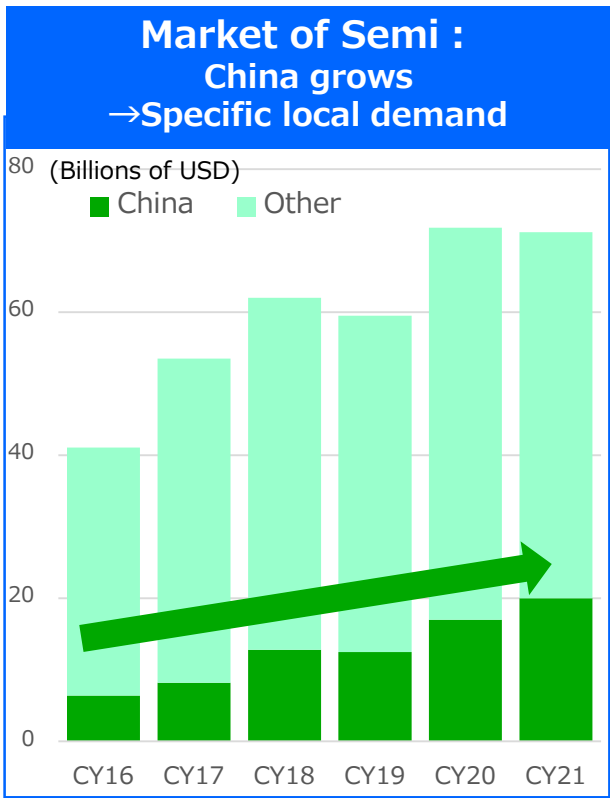
Semiconductors and next-generation human interface (HM) have endless possibilities.

Aiming for the World's Leading Manufacturing Solution Provider

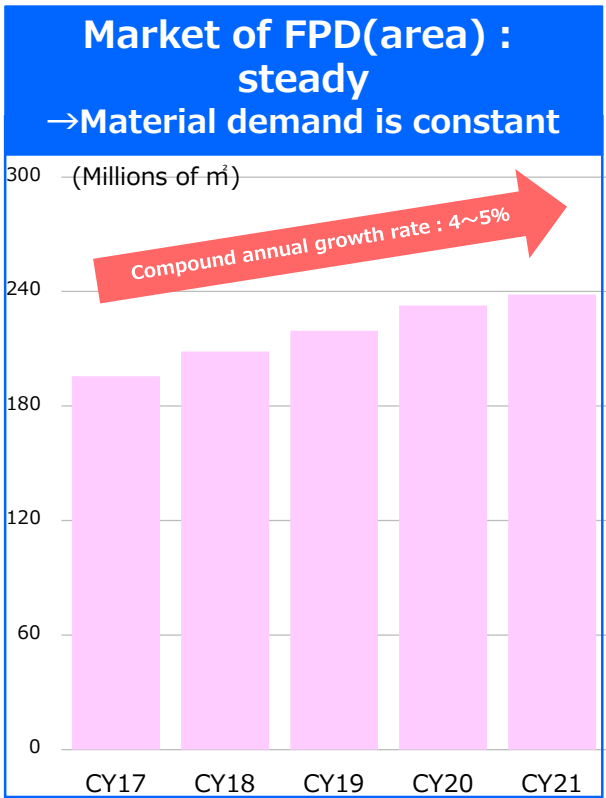
- Accelerate entry into growing fields
 1. Endeavor to explore the market of FPD
(OLED: Foldable/Rollable/Wearable/ 8 K,LCD:8K)
 2. Entry into different fields (semiconductors)
 3. Shift the center of business from equipment to parts, materials and services



FPD Manufacturing Equipment Market Forecast
(According to IHS Markit data. CY21 is our forecast)




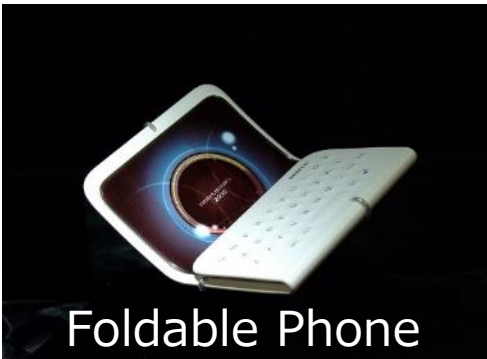

Semiconductor Manufacturing Equipment Market Forecast
(According to SEMI data. CY21 is our forecast)



FPD Manufacturing Equipment Market Forecast(Area standard)
(According to IHS Markit data. CY21 is our forecast)

1. Endeavor to Explore the Market of FPD (1/6)

- Rollable TV, Foldable Phone, Wearable device are expected to evolve as next-generation display device, however, it has challenges in spreading.

| 種類 | Large | | Medium / Small | | | | |
|--|---|--|--|--|--|--|--|
| | TV | | Smartphone | | Wearable | | |
| Next-generation technologies | WOLED | | OLED | | μLED (UV light conversion type) | | |
| Application |  Rollable TV | |  Foldable Phone | |  Wearable device | | |
| Important Process and Related Technologies / Materials | TFT Oxide PLAS | | TFT LTPS | | Module | LED lift off Lift off technology | |
| | Deposition Horizontal deposition, Organic material | | Deposition Vertical deposition, Organic material, Deposition mask | | | LED transfer High efficiency transfer | |

1. Endeavor to Explore the Market of FPD (2/6)

Large FPD for TV

<Front-runner of large FPD is WOLED>

Challenges

- Characteristic improvement of TFT (electron mobility)
 - Approach 1 : OxideTFT (issues of yield)
 - Approach 2 : LTPS-TFT (cost and crystal homogeneity)

✓ Next-generation laser annealing technology (LTPS-Like technology development)

- Deposition equipment (Page 22)
- WOLED material cost (made Flask as a subsidiary)



Laser annealing equipment

Materials for OLED (FLASK)



(Website of FLASK)

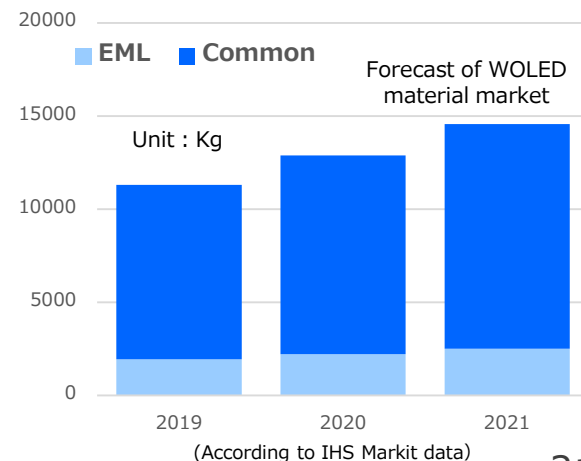
[Key items]

1. Material development for WOLED.
2. Commercialization of low cost, high luminous efficiency organic EL lighting materials.

Strengths

- Technology development ability to synthesize materials according to customer requirements
- state-of-the-art material technologies
- Experts of organic material synthesis

Growing market



1. Endeavor to Explore the Market of FPD (3/6)

Medium/Small FPD for Smartphone

< Small and medium OLEDs are evolving by deposition >

Challenges

■ Process of deposition

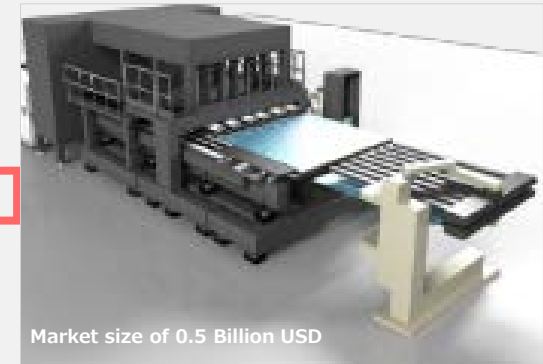
- Size reduction of deposition equipment, G6 full size compatible
- Deposition mask
- OLED material cost

■ Process of TFT

- Crystal shape of LTPS → Large impact on flexible substrate
✓ (LTPS-Like technology development)

■ Process of module

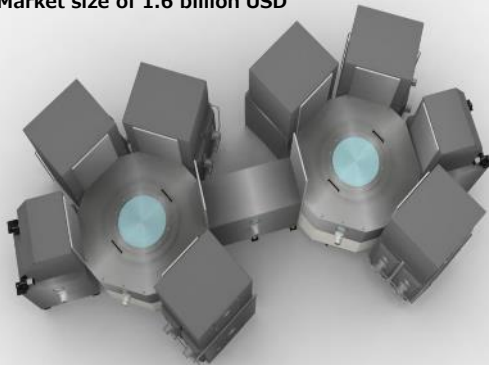
- Salvage service



Market size of 0.5 Billion USD

**Laser annealing
equipment**

Market size of 1.6 billion USD



**Deposition
equipment**

■ Small and medium FPD

- Vertical deposition
- G6 full size compatible
- Our demonstration equipment is scheduled to be completed in the current fiscal year

■ Large FPD

- Development of a deposition equipment that can be also used as a deposition equipment for organic EL lighting
- Technologies from Lumiotec and Flask

1. Endeavor to Explore the Market of FPD (4/6)

Medium/Small FPD for Smartphone

< Small and medium OLEDs are evolving by deposition >

Challenges

■ Process of deposition

- Size reduction of deposition equipment, G6 full size compatible
- Deposition mask
- OLED material cost

■ Process of TFT

- Crystal shape of LTPS → Large impact on flexible substrate
 - ✓ (Technology development of LTPS-Like)

■ Process of module

- Salvage service



FHM
(Sheet structure/
No assembly required)

Fine Hybrid Mask

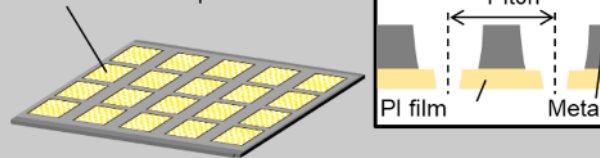


- Established a production line in Yonezawa, one of the base of OLED industry area in Japan.
- Scheduled to start shipping in November

Excellent performance

Fine hybrid mask (Non-Tension FHM)

PI film with Metal pattern



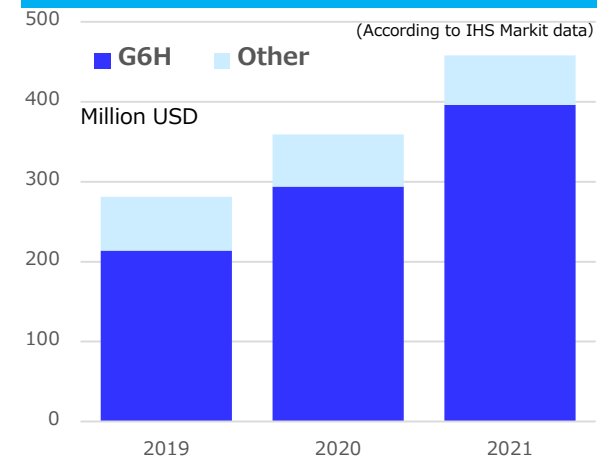
- (1) PI film with metal pattern (5 μm t)
- (2) Non-Tension FHM (3~7kg/G6H)

- (1) Resolution of Pattern: Over 700 ppi
- (2) Pattern Pitch Accuracy: $\pm 2 \mu\text{m}$

(Table) FHM structure and specifications

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Growing market



(Graph) Deposition mask market
forecast for OLED

1. Endeavor to Explore the Market of FPD (5/6)

Medium/Small FPD for Smartphone

< Small and medium OLEDs are evolving by deposition >

Challenges

■ Process of deposition

- Size reduction of deposition equipment, G6 full size compatible
- Deposition mask
- OLED material cost

■ Process of TFT

Crystal shape of LTPS → Large impact on flexible substrate
✓ (Technology development of LTPS-Like)

■ Process of module

- Salvage service

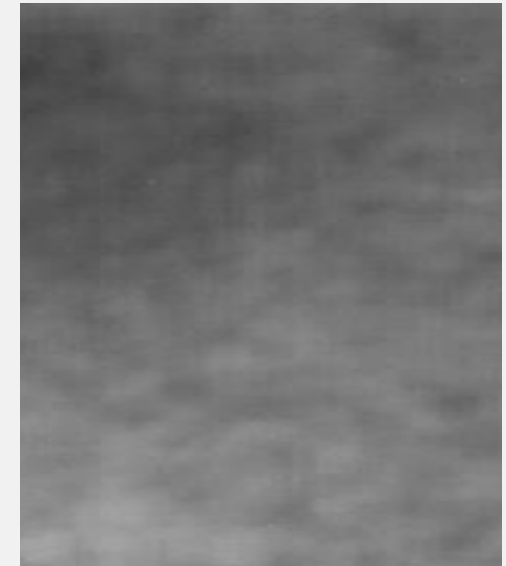


Image of OLED unevenness defect

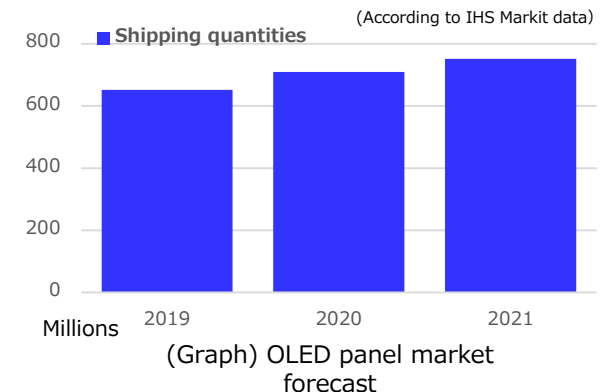
Salvage service

- Scheduled to start within current fiscal year
- Fix panel mura defective with "Demura" technologies while maintaining the brightness and γ characteristics

Immediate improvement of yield in module process

- Doubling yield improvement in module process
- Pay per-use services according to the number of non-defective panels
- MAX60 K / month processing possible with 6 inch panel with 1 salvage line

Stable market (CAGR9%)



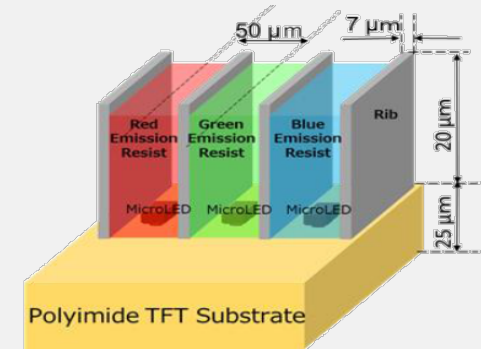
1. Endeavor to explore the market of FPD (6/6) Medium/Small FPD for Wearable device

<Front-runner of small and medium FPD is μ LED(UV light conversion type)>

Challenges

■ Pick&Place

- Misalignment during picking up the LED chip
LED chip Misalignment during LLO (Fig4.1)
- Misalignment during LED chip crimping



Structure of μ LED(UV light conversion type)

μ LED

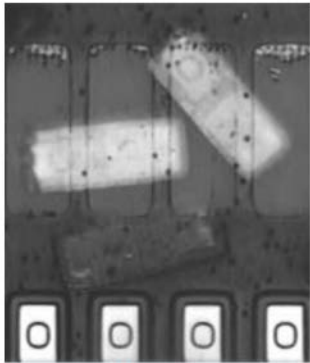


Fig. 4.1

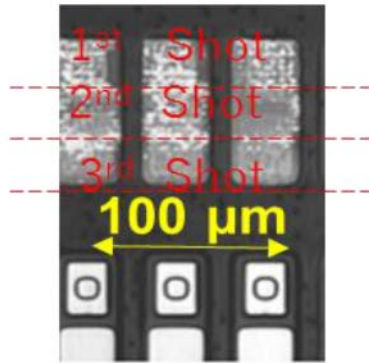


Fig. 4.2

Fig. 4 Chips lifted off with 2000mJ/cm²

The chip in Fig. 4.1 was shot on the size of the chip.
The chip in Fig. 4.2 was shot on 1/3 the chip size

- LED laser is locally irradiated by 1/3 each of the chip to prevent misalignment.(Fig4.1/4.2)
- Our proprietary technologies (AEGIS technology using micro lens array technology and image processing) made it possible of local LLO "PS-LLO"

*Reference:

Presentation of IDW2018

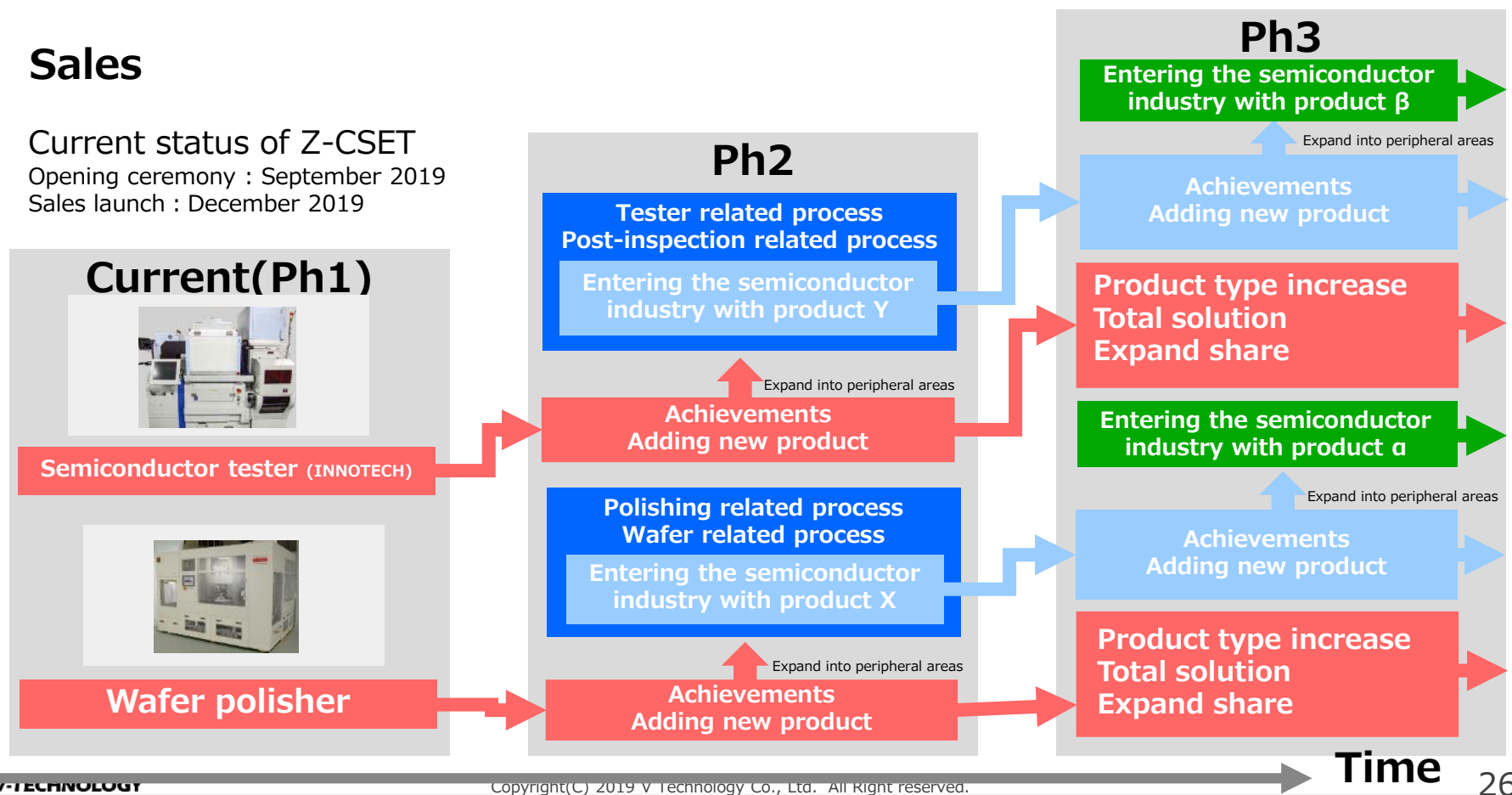
2. Entry into different fields (semiconductors)

<Current activities and future outlook>

- We will expand into peripheral areas starting from the Z-CSET business. (Highlighted in pink boxes)
- Main constituents of the deployment are VT alone, Z-CSET, and collaboration with other companies.
- We aim to provide a total solution in the semiconductor manufacturing field in the medium to long term.
 - Make full use of the resources we cultivated by developing FPD, and shorten the time by own company and M & A

Sales

Current status of Z-CSET
Opening ceremony : September 2019
Sales launch : December 2019



3. Shift the center of business from equipment to parts, materials and services

1. Materials

A. FPD : Made FLASK corporation as a subsidiary (Page21)

B. SEMI : Our subsidiary and Chinese sales company "VETON" is in charge of material agent sales activities.

2. Parts

Fine Hybrid Mask (FHM)

3. Services

A. Service related equipment (A/S, remodeling, consumable parts)

B. Temporary staffing service

C. Salvage service



Providing high-tech staffing business in China

(Expert engineers can be dispatched also in Japan)

We are considering of new business based on knowledge and network cultivated by FPD device development

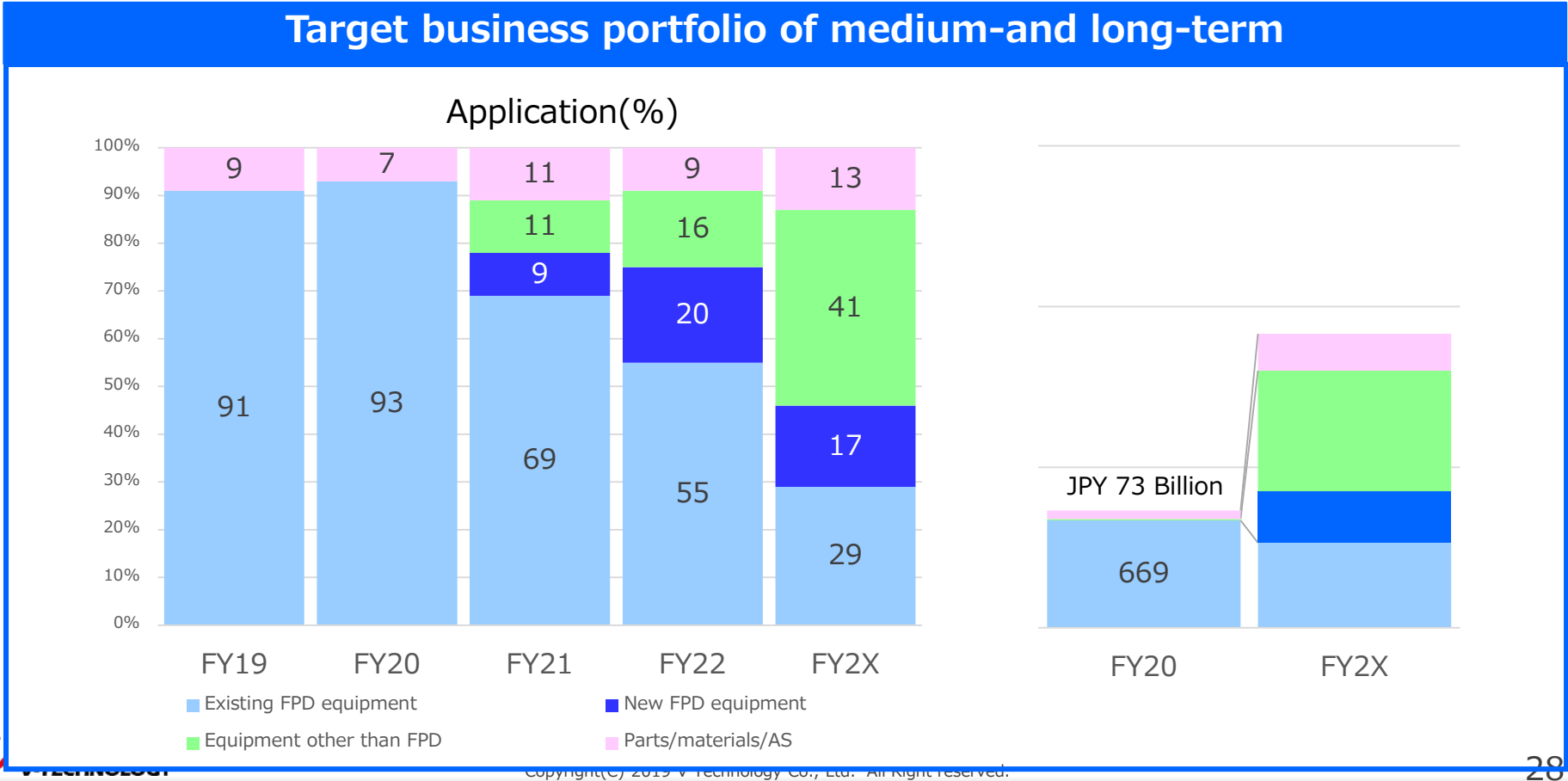
■ 微鉄克（上海）人力資源管理有限公司

(V-Technology (Shanghai) Human Resource Management Co.,Ltd.)

- Labor dispatch, human resource consultant, human resource introduction, technical consulting, technical service, corporate management consulting, interpreting service, marketing sales planning, etc.

Aiming for the World's Leading Manufacturing Solution Provider (Summary)

- Accelerate entry into growing fields and aim to achieve business diversification and stable growth.
 1. Endeavor to explore the market of FPD
 2. Entry into different fields (semiconductors)
 3. Shift the center of business from equipment to parts, materials and services





*Reference: Overview of FLASK corporation

Main business activities

Research and development and manufacturing and sales in the fields of organic semiconductor materials such as organic EL materials, inorganic semiconductor materials for organic EL, and organic / inorganic hybrid materials, etc.

Strengths

- Technology development ability to synthesize materials according to customer requirements
- state-of-the-art material technologies
- Experts of organic material synthesis

| | |
|-------------------|--|
| Head office | Frontier Center for Organic Materials 6F, 4-3-16 Jonan, Yonezawa, Yamagata 992-8510 Japan |
| Capital | JPY 45 Million |
| Shareholders | V Technology Co.,Ltd.(80%) Other(20%) |
| President and CEO | Takuya Komoda |
| Director | Yukihiro Kanzawa |