

FY2020 Q4

Financial Announcement

(Financial supplement material)

May 12, 2020

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

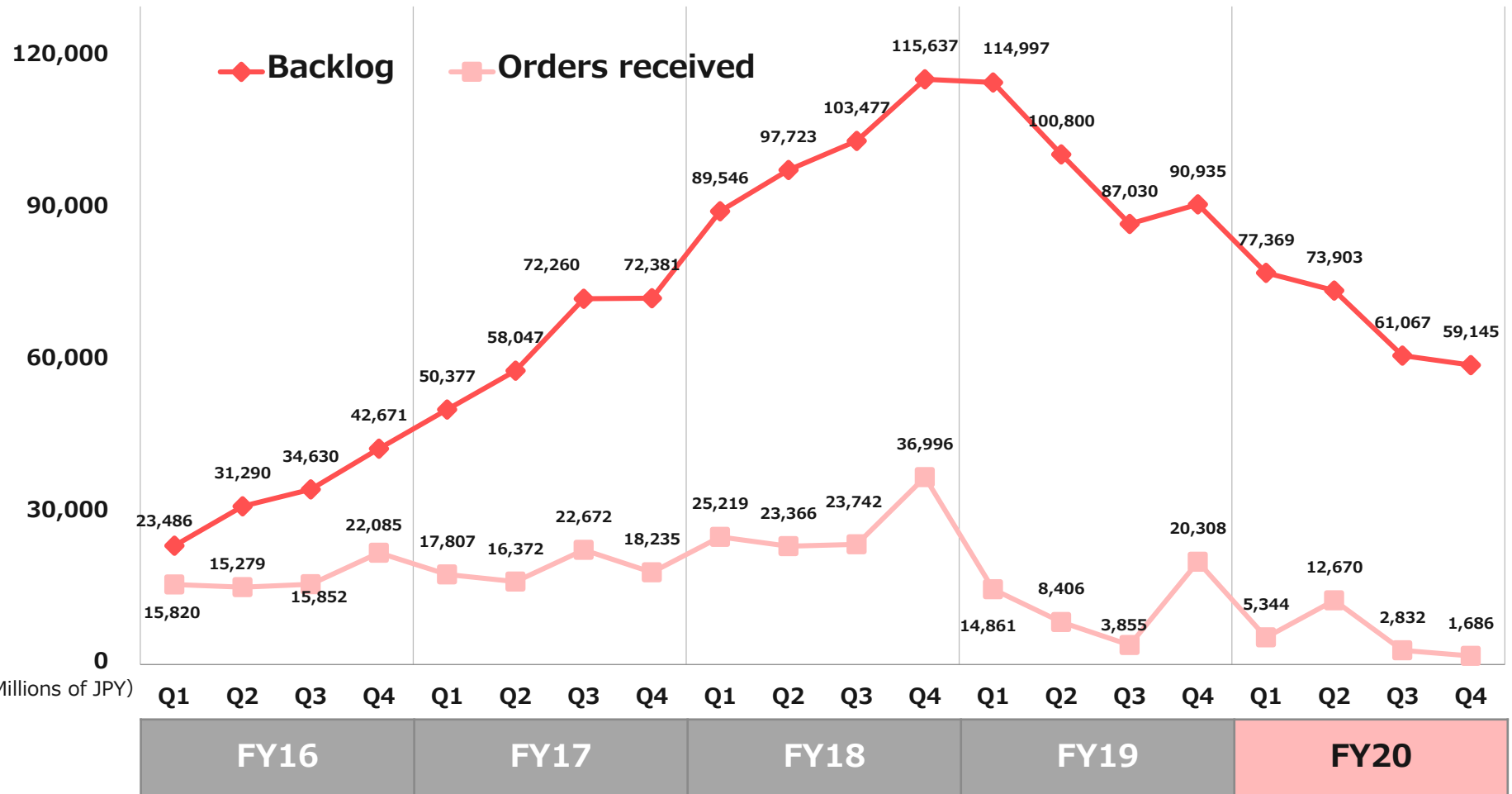
Highlight of FY2020 Q4

- ▶ Revenue and profit declined due to the spread of the COVID-19, though it was going as we planned until Q3
- ▶ Orders are sluggish due to overlap of large FPD investment and new product / new business launch period though some business talks have resumed

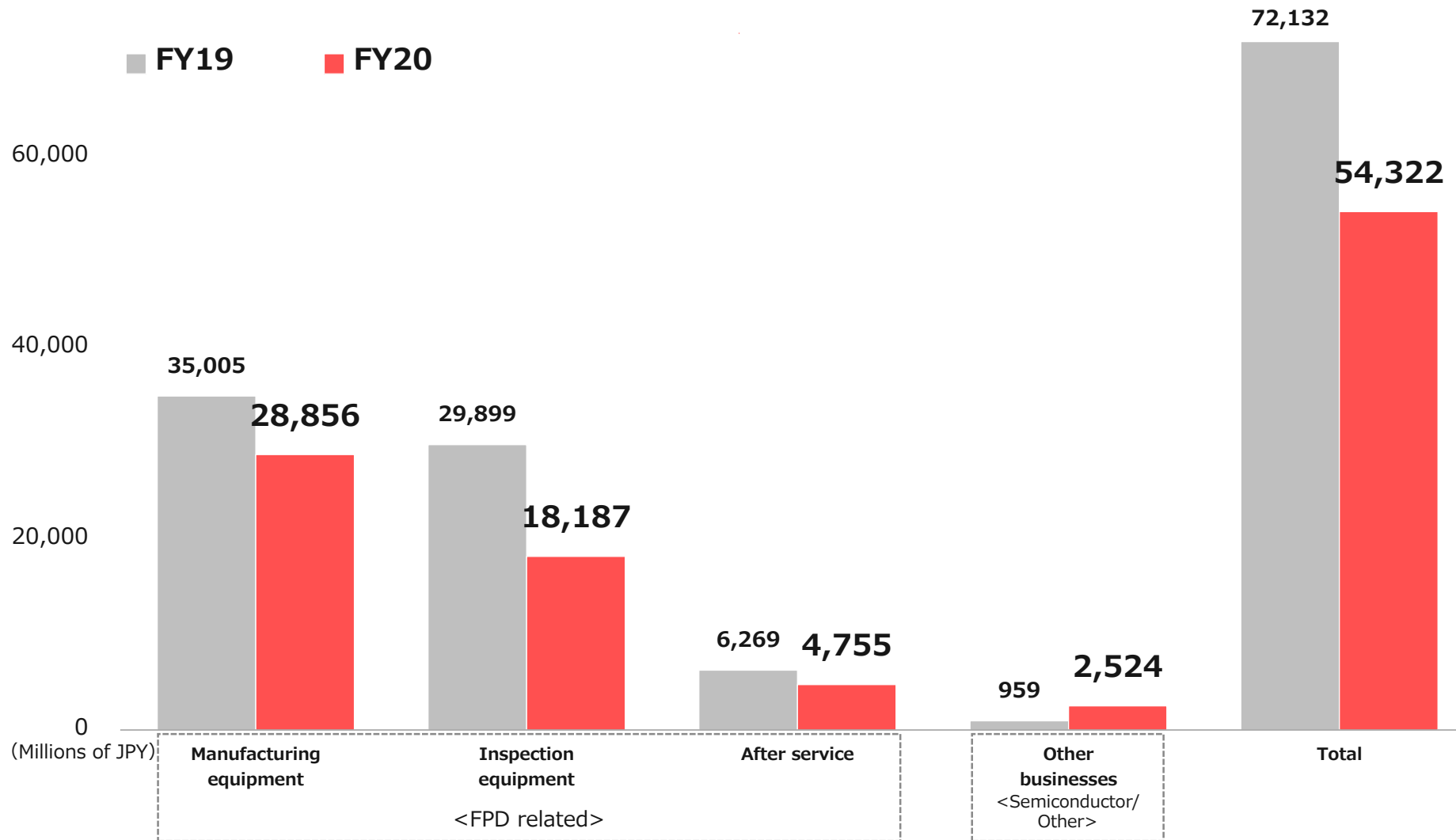
	FY19 Year ended		FY20 Year ended		Y/Y change
	Amount (Millions of JPY)	Margin	Amount (Millions of JPY)	Margin	
Net sales	72,132	—	54,322	—	-24.7%
Gross profit	25,144	34.9%	15,122	27.8%	-39.9%
Operating profit	16,628	23.1%	5,707	10.5%	-65.7%
Ordinary profit	16,767	23.2%	6,209	11.4%	-63.0%
Net profit attributable to owners of parent	10,901	15.1%	3,277	6.0%	-69.9%
Orders received	47,430	—	22,532	—	-52.5%
Backlog	90,935	—	59,145	—	-35.0%

Transition of Orders Received and Backlog

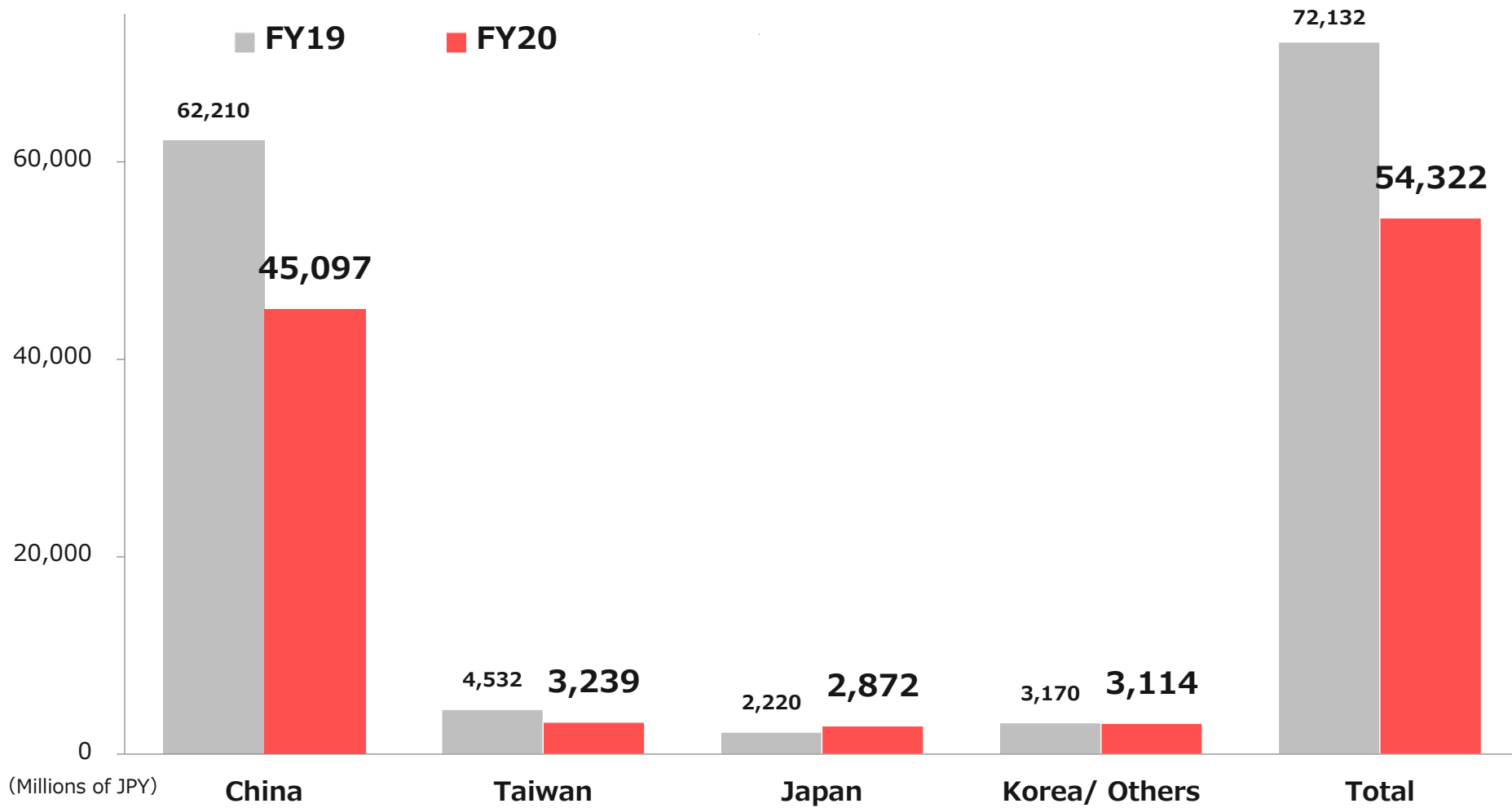
- ▶ Due to the COVID-19, Q4's order activity is stalled overall
- ▶ Announced on 4/23 about a large order for a large glass substrate exposure equipment for JPY 10 billion (this will be recorded as an order for the fiscal year ending March 2021)
- ▶ Demand for medium- to long-term FPD devices is expected to grow steadily due to large OLED screens



Sales by Products and Services (YoY basis)

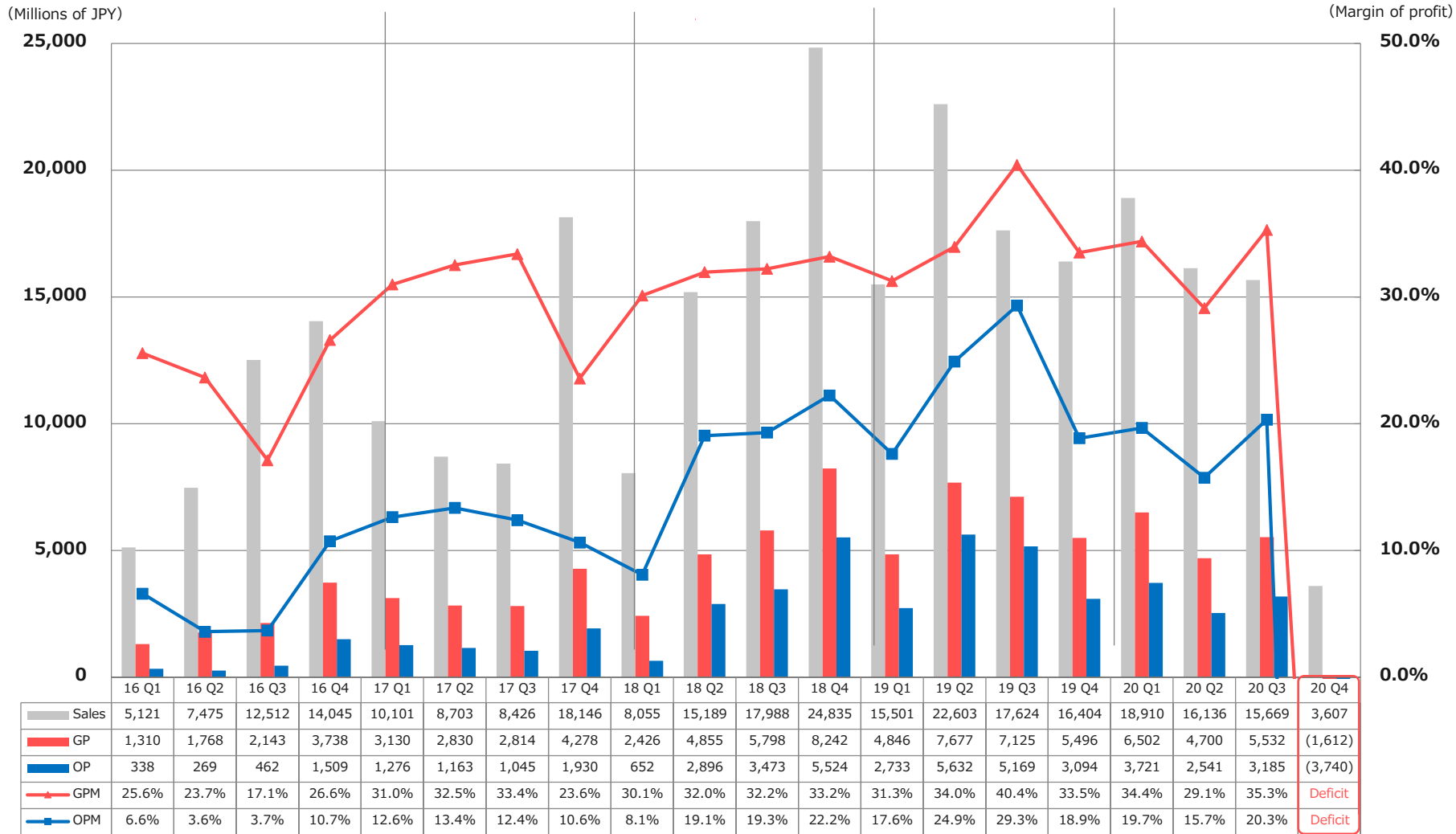


Sales by Countries (YoY basis)



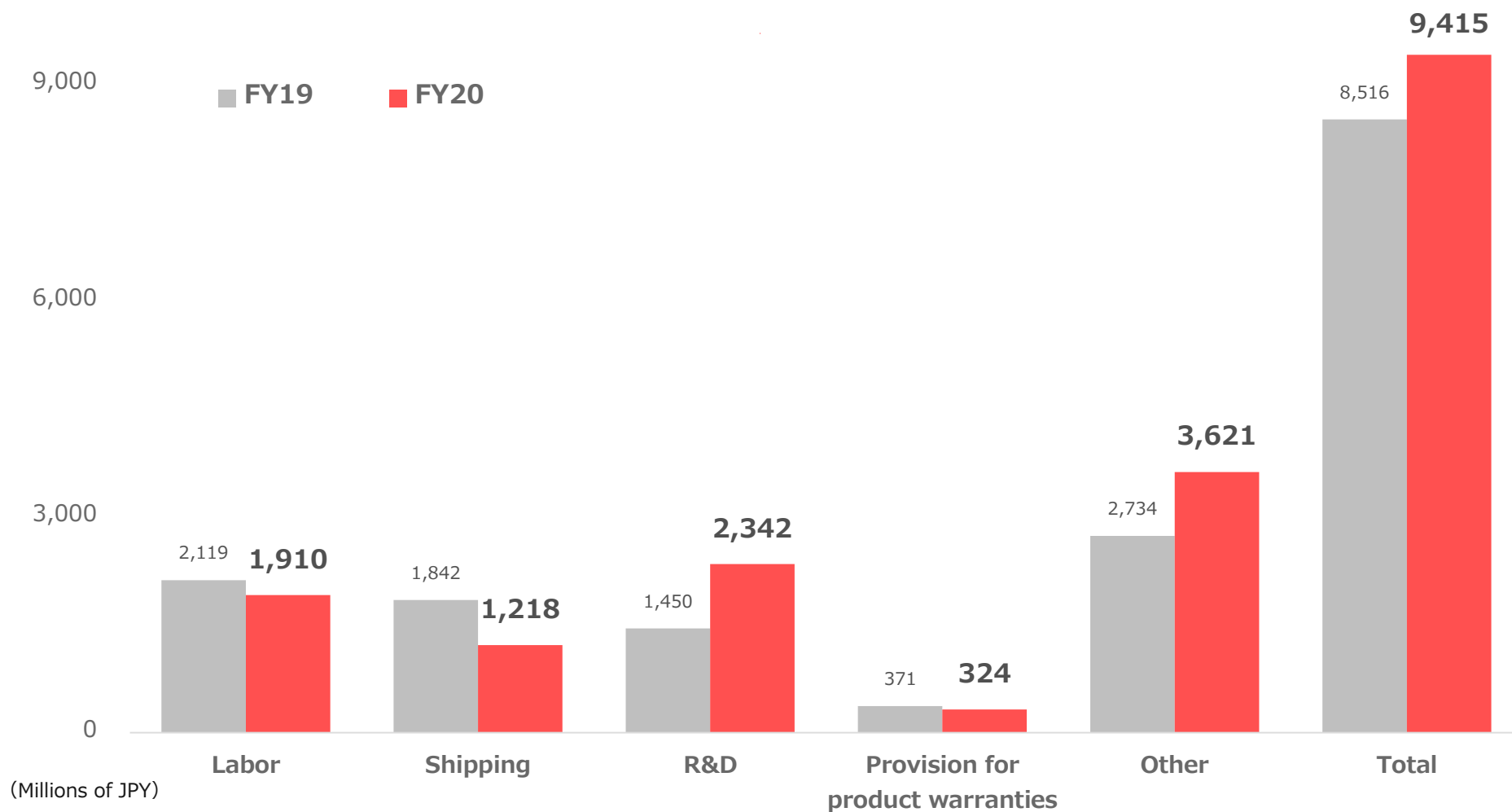
Transition of Quarterly Sales and Profit

- ▶ Q4 gross profit was a loss of JPY1.6 billion due to inventory valuation loss due to development delay and cancellation of orders



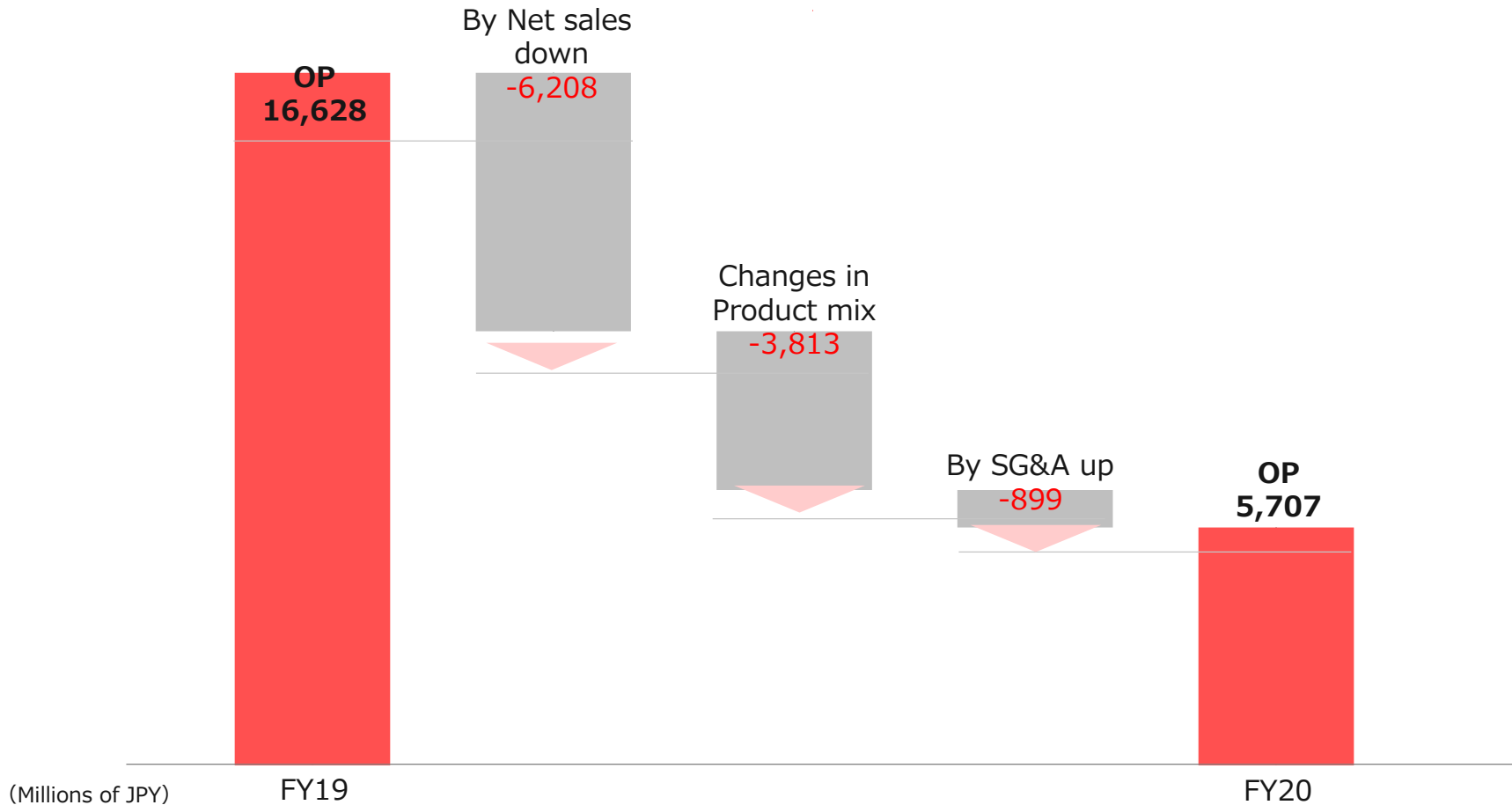
SG&A(Selling, general and administrative) Expenses

- ▶ SG & A expenses increased 10.6% year-on-year
 - Main factors are R & D expenses and litigation-related expenses (other items)



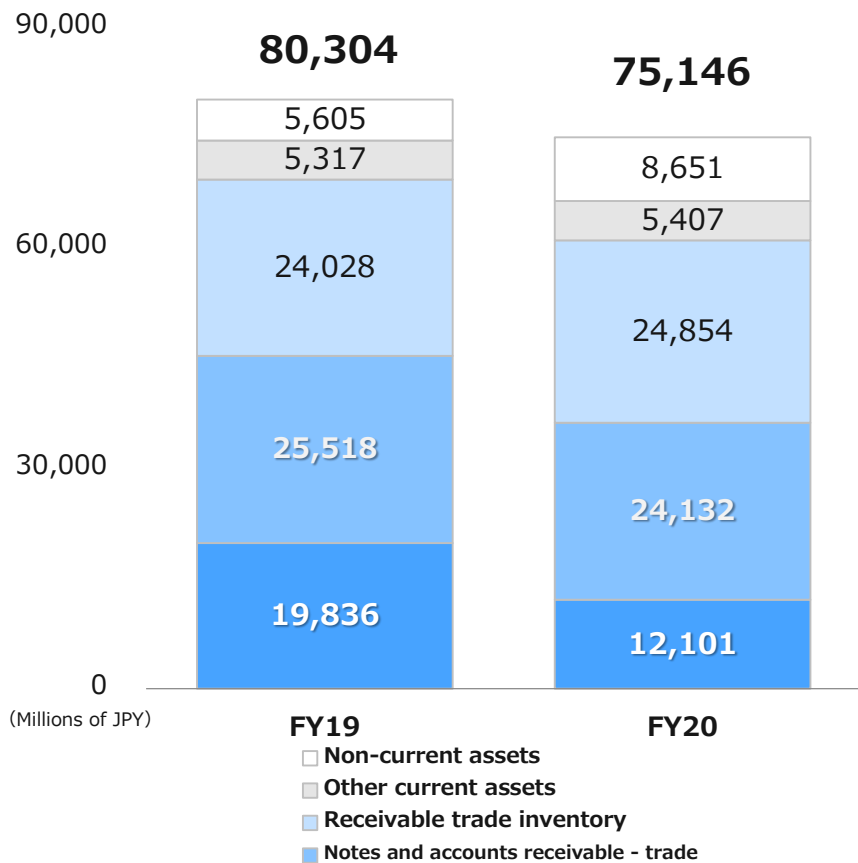
Analysis of Operating Profit Deference

- ▶ Operating income decreased by 65.7% to JPY 5.7 billion due to sales decrease due to postponement of projects during Q4, product mix change, SG & A expenses increase (R & D expenses and litigation-related expenses), etc.

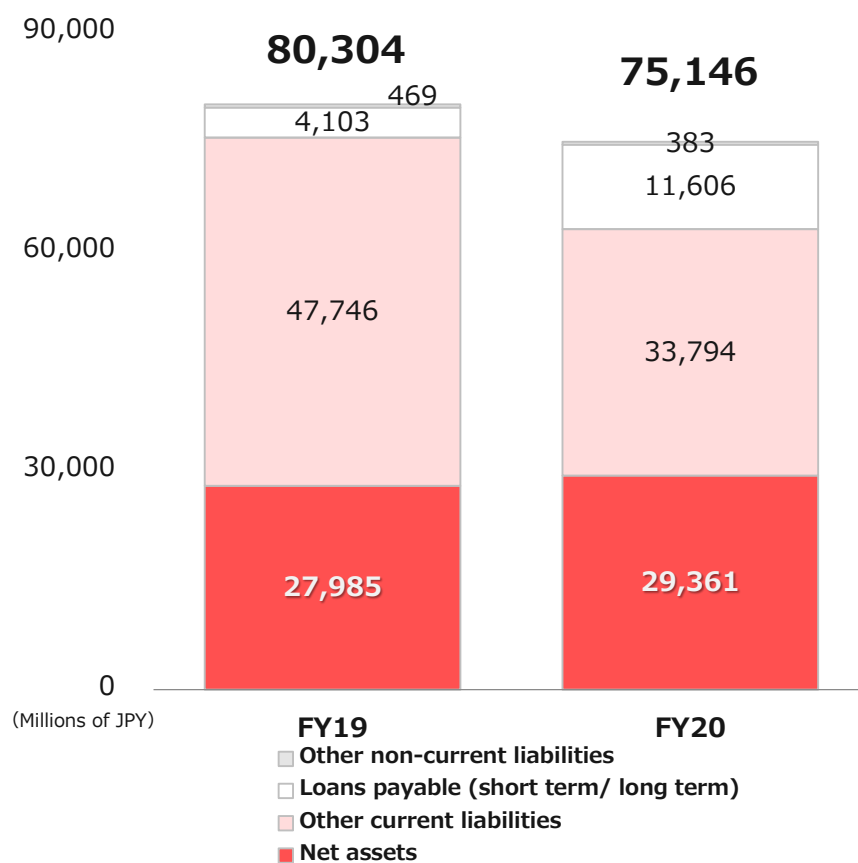


Transition of Consolidated Balance Sheets

Total assets



Liabilities/ net assets



Transition of Cash Flows

- ▶ Main income and expenses (Billions of JPY)
 - ▶ Operating activities(-) : Profit before income taxes(6.2BLN)/Decrease in Trade receivables(1.5BLN)/Decrease in Trade payables (5.8BLN)/Income taxes paid(5.5BLN) etc.
 - ▶ Investing activities(-) : Purchase of fixed assets(1.9BLN)/Purchase of shares of subsidiaries(0.9BLN)/Purchase of shares of subsidiaries and associates(0.9BLN)etc.
 - ▶ Financing activities(+) : Increase in Long-term borrowings(9.1BLN)/Decrease in Short-term borrowings(2.5BLN)/Payment of dividends (1.5BLN) etc.

(Millions of JPY)		FY19	FY20
Cash flows from operating activities	Profit before income taxes	16,892	6,245
	Notes and accounts receivable - trade (increase▲)	▲4,681	1,547
	Inventories (increase▲)	▲9,951	▲319
	Notes and accounts payable - trade (decrease▲)	2,044	▲5,885
	Other	2,227	▲9,441
	Total	6,531	▲7,853
Cash flows from investing activities: Total		▲2,617	▲3,828
Cash flows from financing activities	Proceeds from loans payable	10,670	20,940
	Repayments of loans payable	▲11,635	▲14,360
	Other	▲5,420	▲2,506
	Total	▲6,385	4,074
Effect of exchange rate change on cash and cash equivalents		25	▲126
Net increase (decrease) in cash and cash equivalents (decrease▲)		▲2,445	▲7,734
Cash and cash equivalents at beginning of period		22,161	19,716
Cash and cash equivalents at end of period		19,716	11,981

| Business Forecast

Forecast of 2021

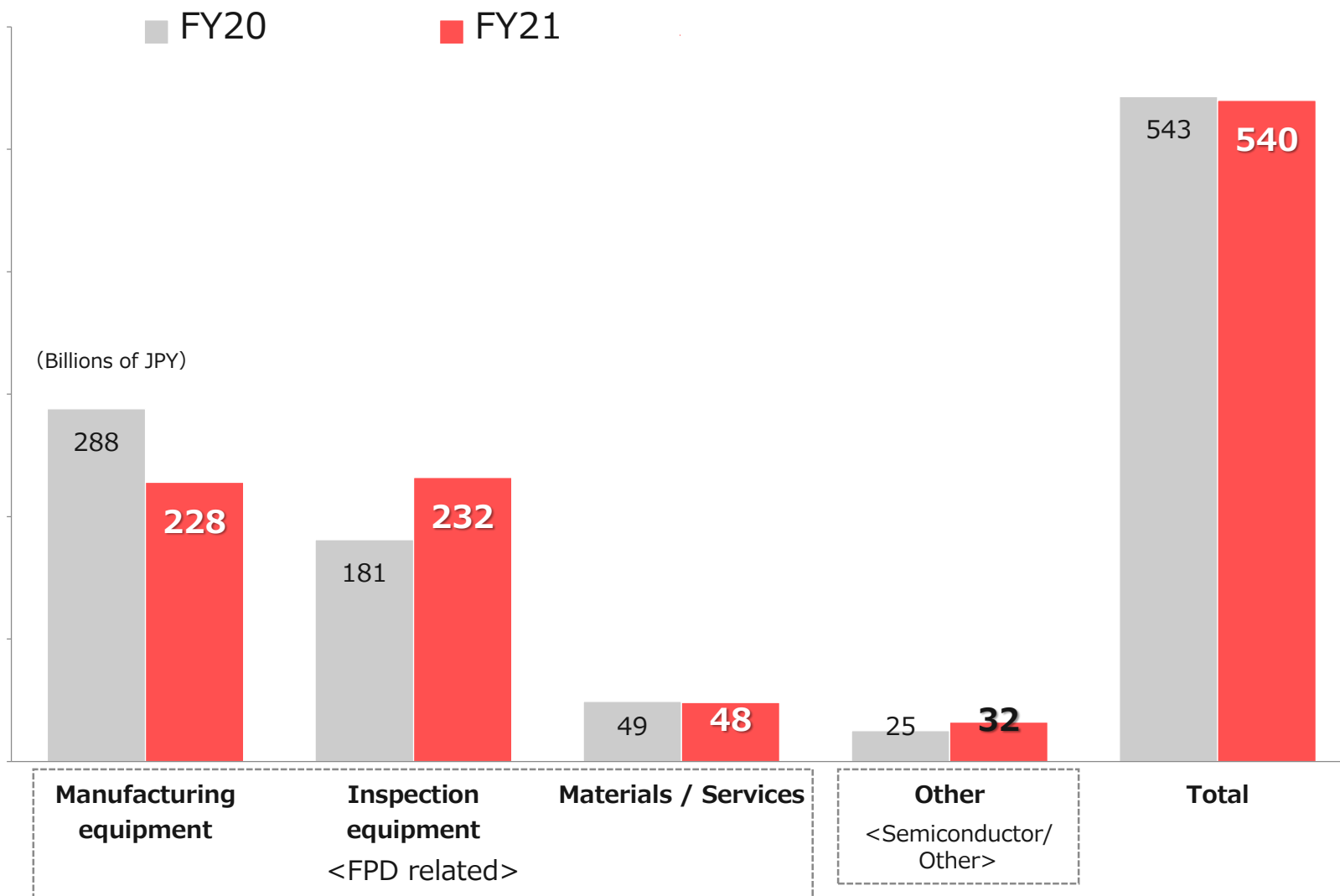
- ▶ The amount of postponement projects from last year is included in FY21's forecast
- ▶ The forecast is made based on the possibility of postponement of delivery date due to the impact of COVID-19

	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 (Planned)

*Reference: Break Down of Net sales in FY2021 Forecast



| Our Medium and Long Term Growth Strategy

FPD and semiconductors are indispensable for the world that can realize 5G

High speed / Large capacity

	LTE	5G
Peak speed (down)	1Gbps	20Gbps
Peak speed (up)	100Mbps	10Gbps

2 hours movie can be downloaded in 3 seconds

Multiple connections

	LTE	5G
Number of devices that can be connected simultaneously Device per km ²	10 ⁵ /km ²	10 ⁶ /km ²

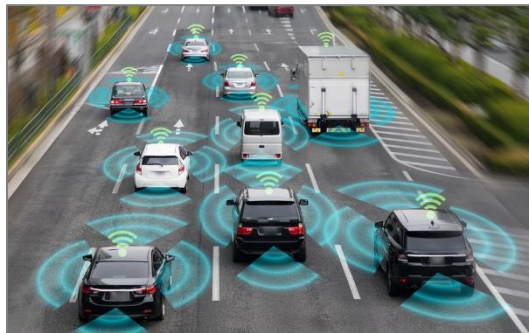
High reliability / low latency

	LTE	5G
Wireless section delay	10ms	1ms

Multiple devices/
Multi-person connection

Application

Real-time information



Auto-driving
Unmanned Transportation System
/ Unmanned Factory



NTT / KDDI / Obayashi Corp.
Remote control technology
Application development in the
medical / construction field



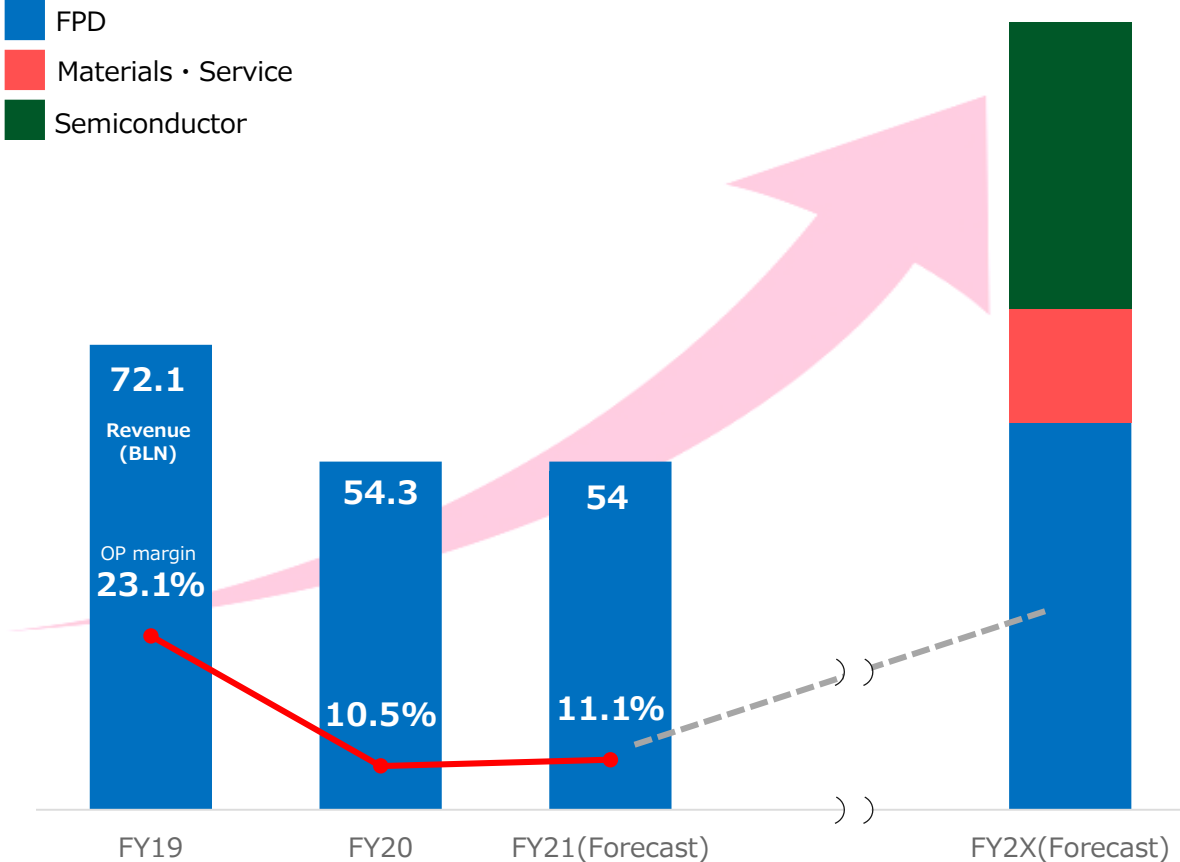
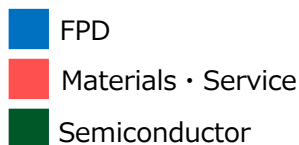
Watching 3D and 4K / 8K images
Participation game with a large
number of people



VR / AR which doesn't
make you dizzy
Remote operation

Our Medium and Long Term Strategy (Prioritized fields)

- ▶ FPD and semiconductor industry, where technological innovation and market growth are expected (5G related)
- ▶ Materials and services essential for FPD / semiconductor manufacturing (expecting stable demand)
- ▶ Aggressive R & D and M & A initiatives based on the Group's strengths



Businesses (products) that drive growth

FPD

- Manufacturing equipment (Exposure equipment etc.)
- Inspection equipment (Measurement equipment etc.)
- New products
- After services etc.

Materials/Services

- Deposition mask (VET)
- Salvage service
- OLED Lighting
- Materials

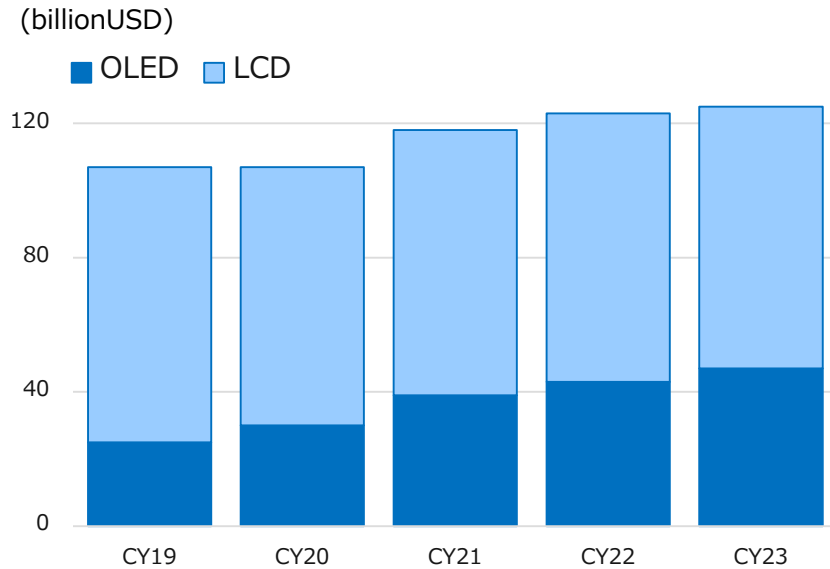
Semiconductor

- Z-CSET
- NSS
- After services etc.

FPD Manufacturing (Market)

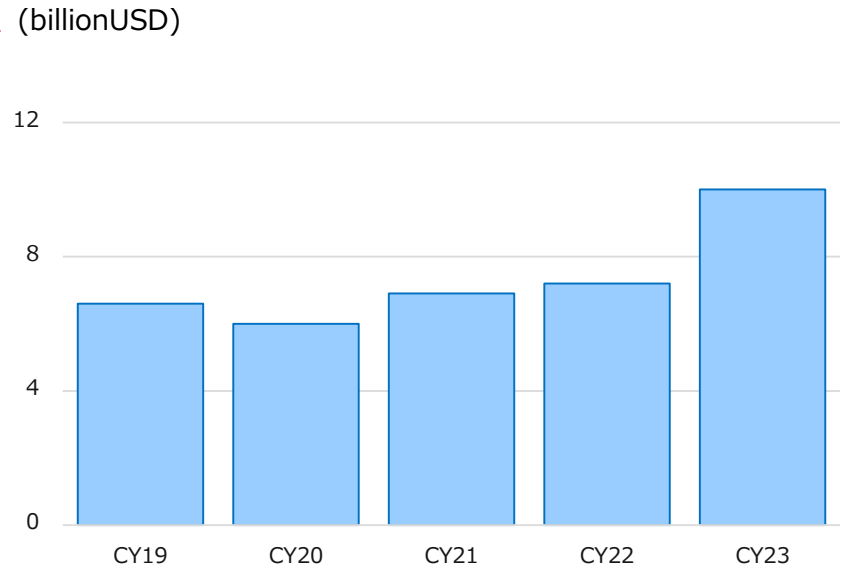
Expecting the demand increase for new type panels by technological innovation such as 5G(*1)

F P D panel (open cell & module) Market Forecast



(*1) The data is made by V-Tech based on Omdia's data in 2020.
The prolonged spread of COVID-1 is not considered.

Manufacturing equipment market for OLED



The state-of-art display by OLED



Foldable display

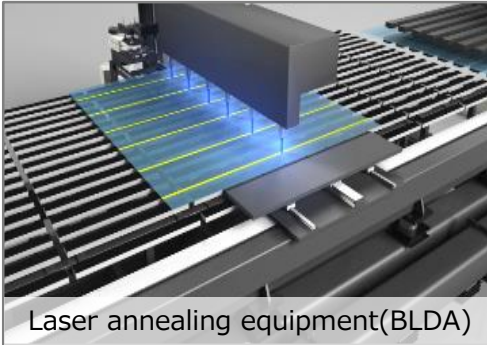


4 K Rollable display

- High image quality (high contrast)
- Thin / lightweight / sturdy
- Freedom of design
- Foldable / rollable

FPD Manufacturing (Equipment business and new products)

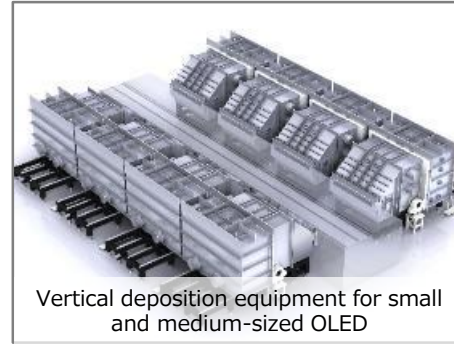
OLED manufacturing equipment we are developing



Laser annealing equipment(BLDA)



Deposition equipment for WOLED

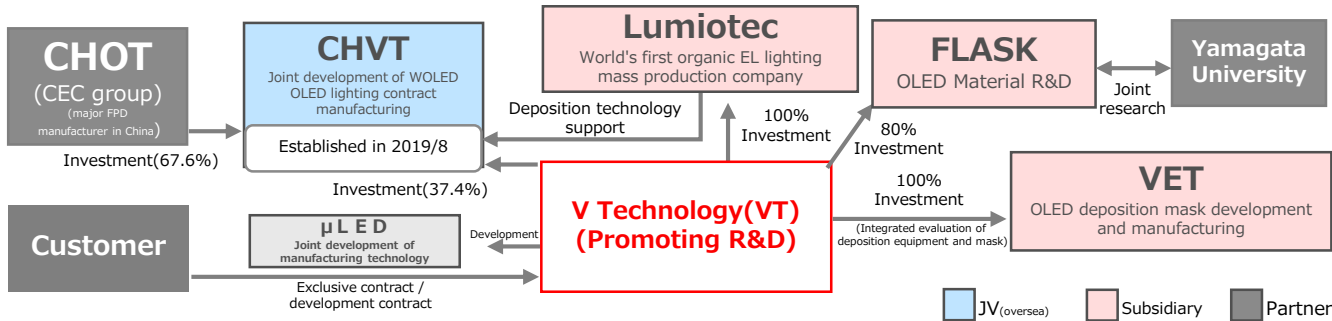


Vertical deposition equipment for small and medium-sized OLED

Continued development at our company / CHVT

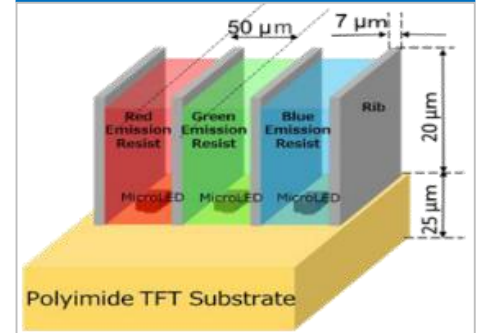
In-house development of deposition mask and equipment

Partnership to accelerate commercialization



- Made companies with knowledge of WOLED manufacturing technology into a subsidiary (Lumiotec / FLASK)
- Established a joint venture, CHVT, with CHOT to promote the development of WOLED manufacturing technology that enables us to work closely with customers
- Simultaneous development of vapor deposition mask (Fine Hybrid Mask) and deposition equipment (VT / VET), which is the key to manufacturing small and medium-sized OLED
- Joint research with customers aiming to establish basic manufacturing technology for μ LED

Commercialization of μ LED

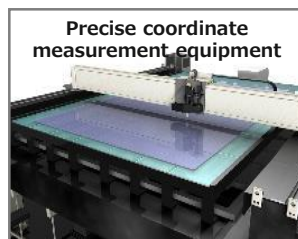
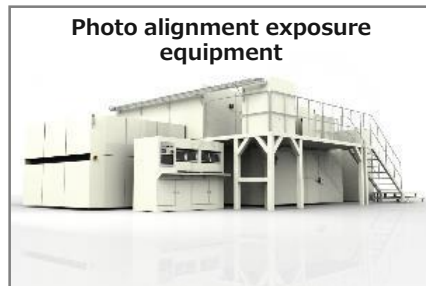


Structure of μ LED (UV light conversion type)

- Pick & Place
- Luminescence by phosphor and UV LED

FPD Manufacturing (Equipment business/Conventional equipment)

Manufacturing equipment/inspection equipment with high market share



- Current key products
- Highly competitive products especially in LCD manufacturing for large panel applications
- New product development / M & A aiming at expansion to adjacent processes
- Strengthen price competitiveness

History of strengthening technical capabilities/product capabilities through M & A and R & D

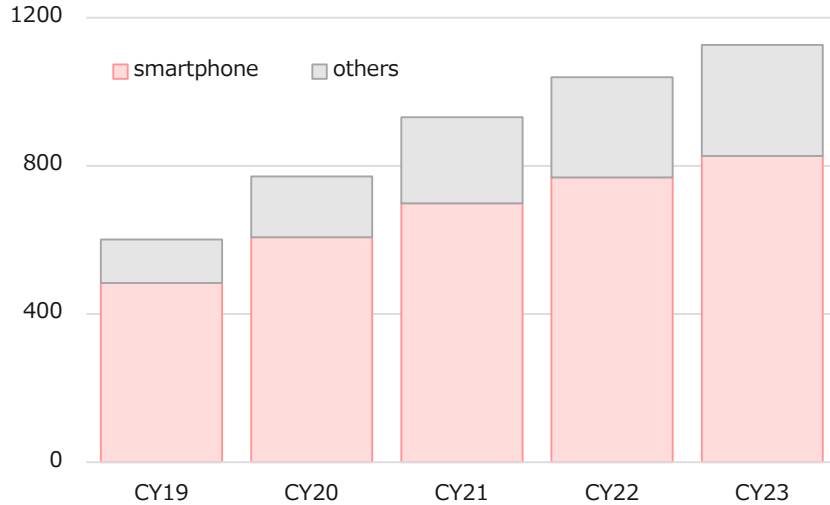
1999	Started a business of color filter repair equipment by acquiring the business from the former Cosmo Systems
2005	Launched sales of FPD exposure equipment "AEGIS"
2013	Acquired TFT repair business unit from OMRON LASERFRONT INC. and started businesses of TFT Repairing Equipment and Photomask Repairing Equipment using Laser CVD
2015	Made NSK Technology Co., Ltd. 100% subsidiary (changed its firm name to VN Systems Co., Ltd.), and started CF exposure equipment business Launched sales of FPD photomask inspection equipment "Gemini"
2016	Acquired OHT Inc. (a manufacturer of TFT Non-contact Electrical Inspection Equipment) from HIF-A, and entered the market of TFT electrical inspection business
2018	Made Lumiotec Co., Ltd. 100% subsidiary and started the OLED Lighting Panels business
2019	Made Flask a subsidiary in April and entered the WOLED / organic EL lighting material market

- Founded in 1997 as a PDP inspection device manufacturer
- Entering fields with high growth potential, aiming for stable growth
- Growth through repeated R&D and M&A
- Successful acquisition of diverse technologies and human resources

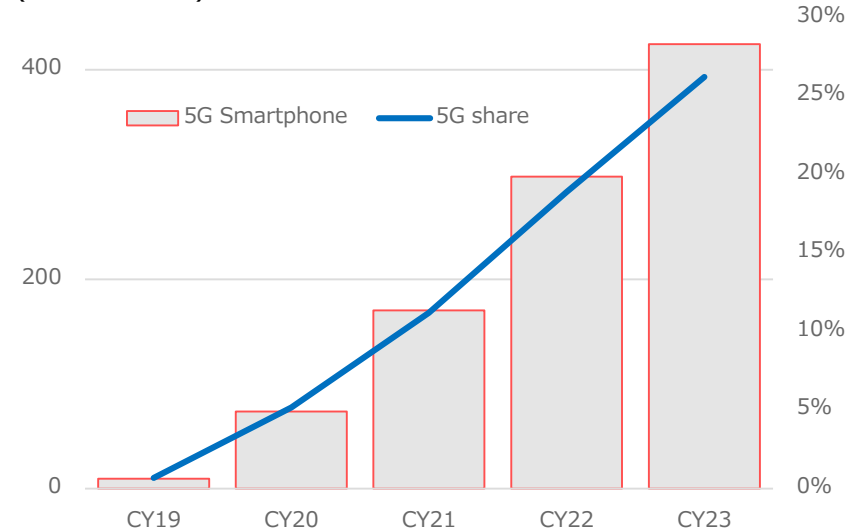
Materials/Services (Market)

Replacement demand for 5G-compatible smartphones and demand for new 5G-related applications (*1)

OLED panel shipment volume forecast by application
(million units)

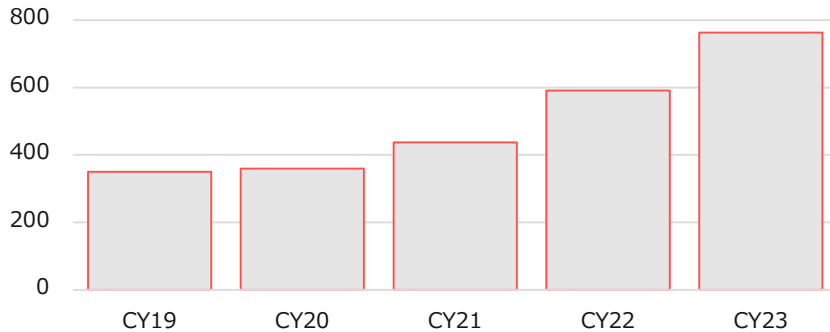


5G Smartphone shipment forecast
(million Units)



Correlated with OLED demand ~Growth of deposition mask market~(*1)

(million USD)



- Stable demand for small and medium-sized OLED components
- The frequent appearance of new panels and many opportunities for technological evolution
- Especially for high-end applications, there are many opportunities for entry due to high manufacturing difficulty.

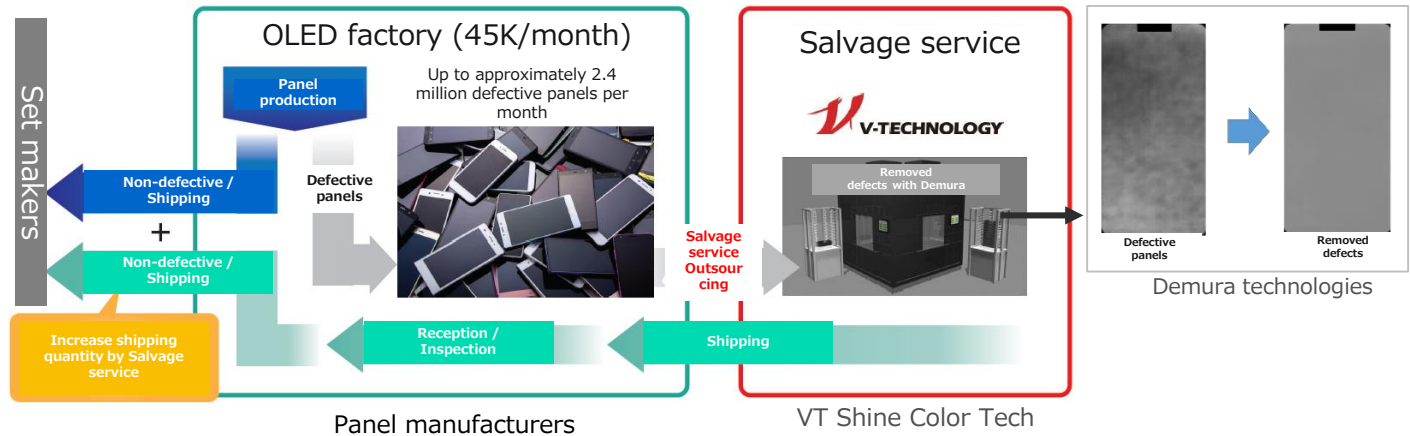
► **Notable businesses are salvage service and deposition mask**

(*1) The data is made by V-Tech based on Omdia's data in 2019. The spread of COVID-1 is not considered.

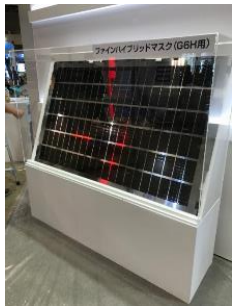
Materials/Services (Business)

Meet OLED demand with Demura technologies ~ Salvage service business(VT Shine Color Tech) ~

- Established in April
- Chinese market
- Promote this service as a trump card to increase the number of shipments in a short period of time
- No need for capital investment by customers

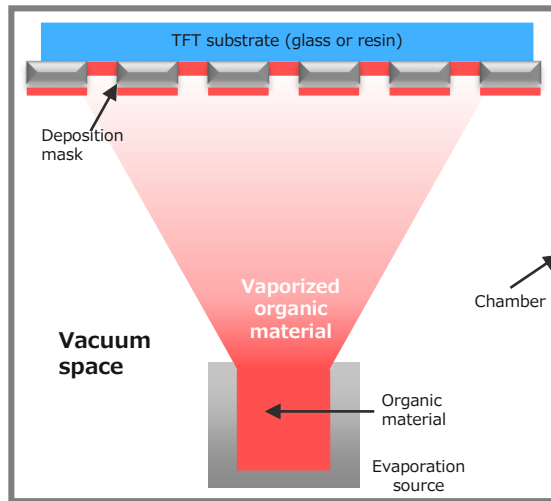


High-quality OLED productivity improvement ~Deposition mask business(VET)~



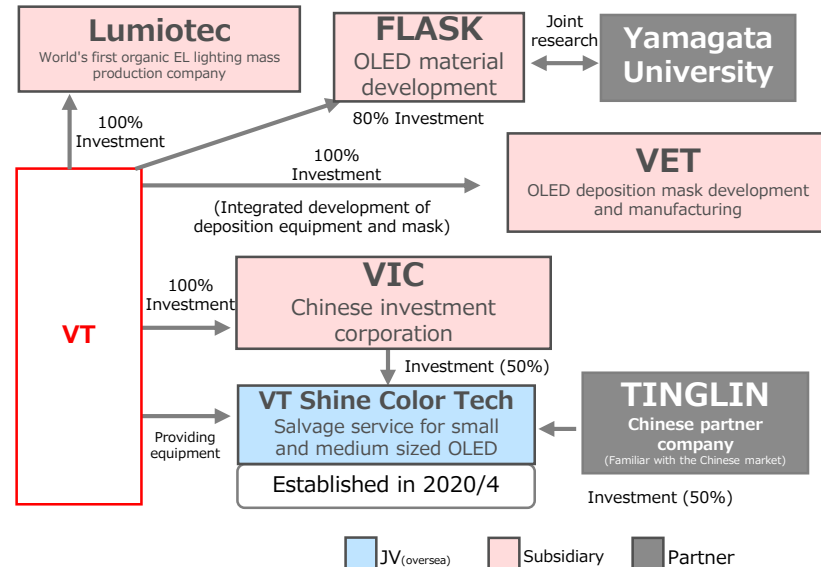
Exhibited FHM for G6H at FINETECH 2019

- Resin + metal hybrid structure
- Lightest weight / high definition / high position accuracy
- Delivered as a finished product, no work required



Principle of vacuum evaporation of OLED (positioning with TFT is important)

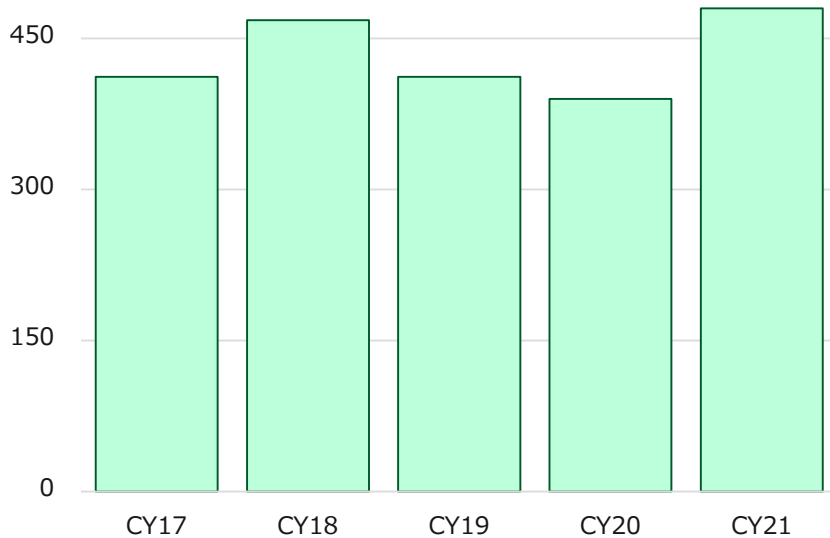
VT's OLED technologies and partnership



Semiconductor manufacturing (Market)

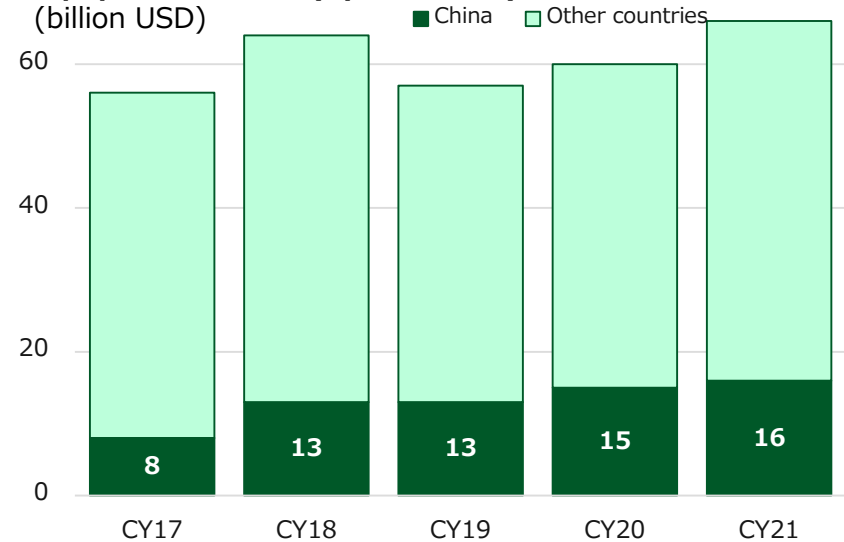
Semiconductor field expected for stable growth(*1)

Forecast of Semiconductor devices market (billion USD)



Chinese investment is on the rise(*2)

Forecast of Semiconductor manufacturing equipment market (by countries) (billion USD)



National Big Fund Phase II

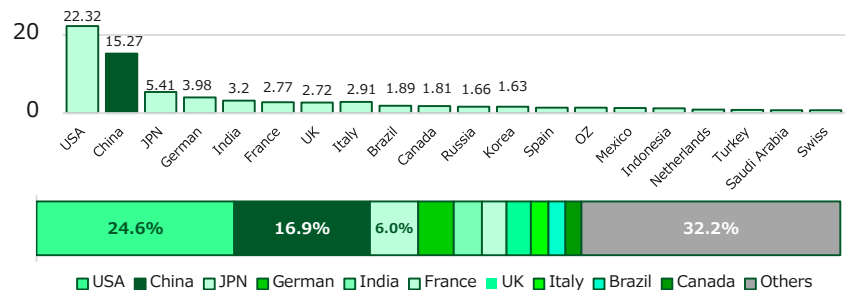
- China's National IC Industry Investment Fund
- Self-sufficiency of semiconductors (self-sufficiency rate less than 20%)
- Ph1: Started in 2014 / 138.7 billion yuan (19.6 billion USD) raised / 18 years completed investment
- Ph2: Incorporated in October 2019 / Plan to raise 204.1 billion yuan (28.9 billion USD)

(*1) The data is made by V-Tech based on WSTS's data in December 2019. The prolonged spread of COVID-1 is not considered.

(*2) The data is made by V-Tech based on SEMI's data in December 2019. The prolonged spread of COVID-1 is not considered.

China approaching the United States

Nominal GDP of major countries (Upper amount (trillion USD) / Lower amount (ratio))

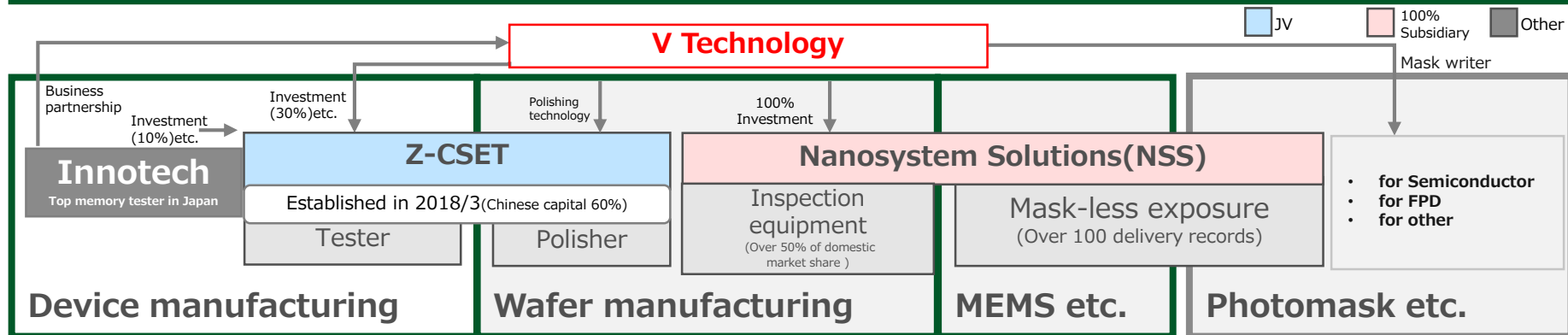


(*3) Forecast of IMF in 2019

Semiconductor manufacturing (Business)

Partnership in Semiconductor manufacturing

~Steadily enter the business while securing core technologies and commercial distribution~



Z-CSET

~ Focus on China market and local production for local consumption policy ~

NSS

~ Top share in wafer inspection, expanding application for maskless exposure ~

No.1 in Japan



Wafer inspection



Expanding application

- MEMS
- Photomask for semiconductor
- Domestic and foreign research institutions etc.

- Joint venture with Chinese capital
- Business partnership with Innotech
- JV is for manufacturing and sales
- Japan side: Technology support and planning



15,000 m² used for development and manufacturing of semiconductor related manufacturing equipment

Japan's No. 1 share and technology

Expand domestic market share Overseas expansion

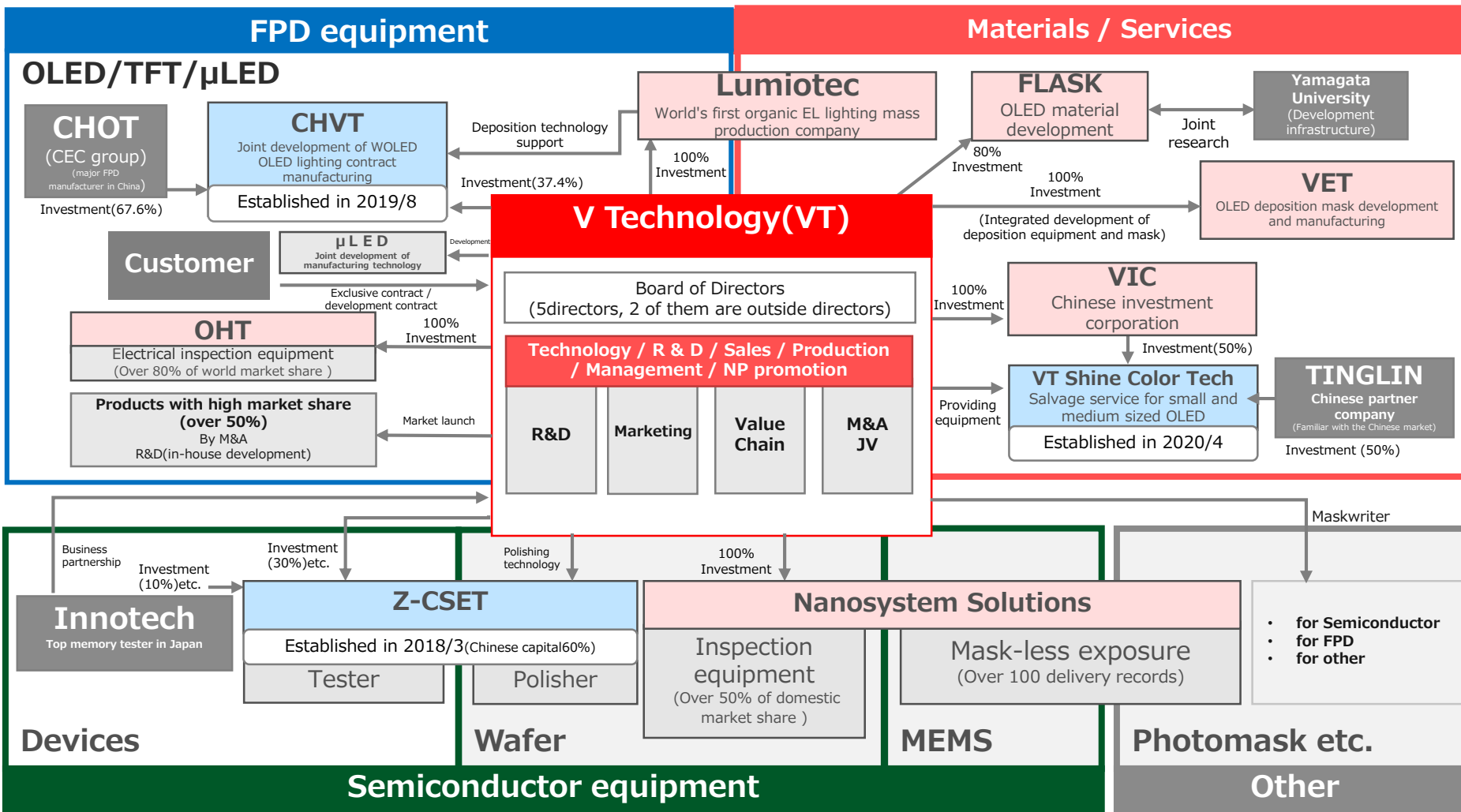
Abundant delivery record

- Became a wholly-owned subsidiary from August 2019
- Utilizing the VT value chain and resources for further growth
- Re-marketing/sales leverage for mask-less exposure equipment

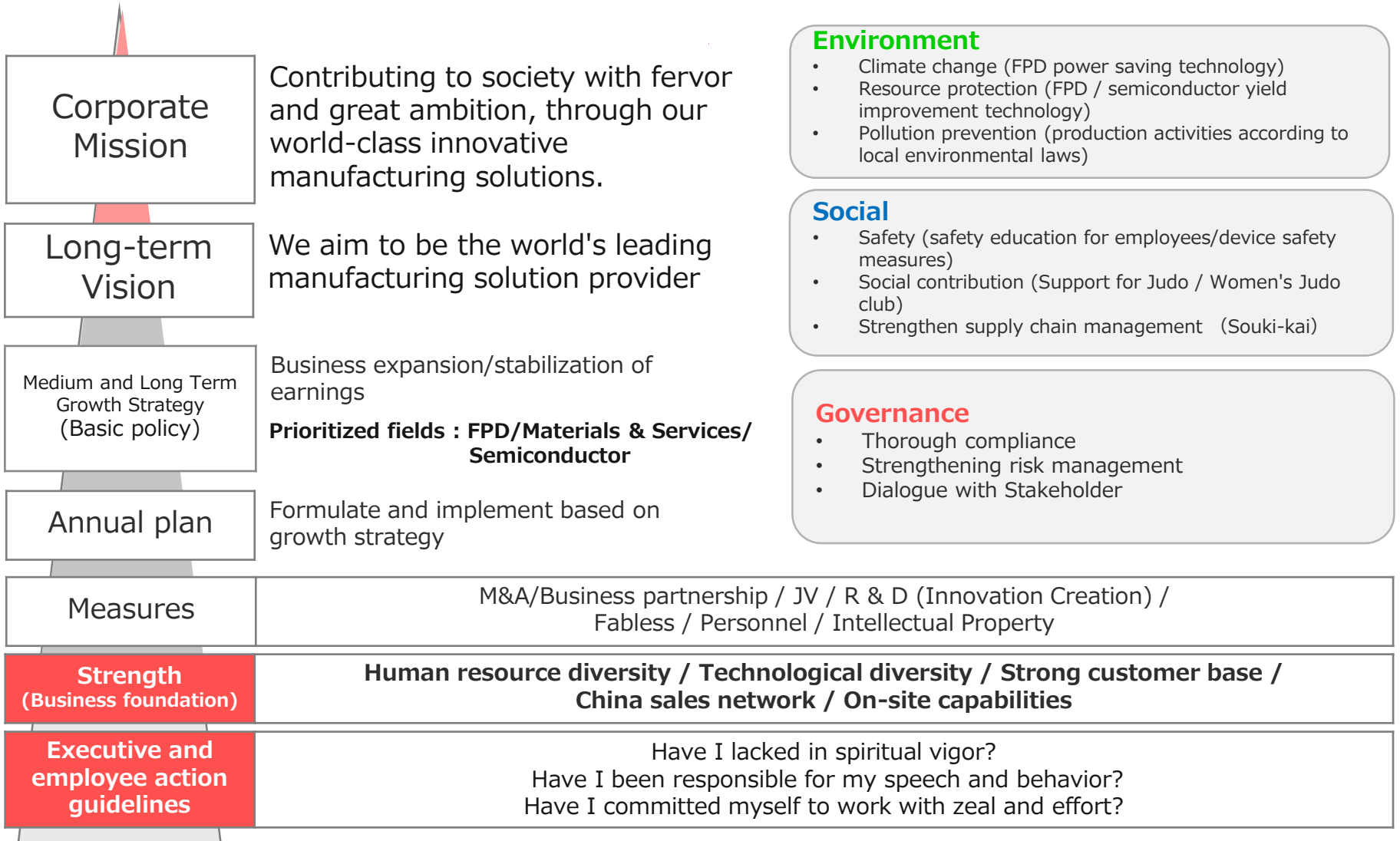
Summary about our prioritized fields

- ▶ V Technology : Establish a system to work together on various measures based on prompt management decisions as a group
- ▶ Expansion in prioritized fields: Utilizing the strengths of each subsidiary (technical capabilities/relationships with strong customers, etc.) and promoting market development/technology development in collaboration with VT
- ▶ Creating synergies: Sharing individual strengths and weaknesses and mutually complementing, promoting horizontal (vertical) development of strengths in the same or adjacent markets (uses)

■ JV(oversea)
 ■ Subsidiary
 ■ Partner



Promoting ESG activities through business activities rooted in the corporate mission and vision



Social contribution ~Social contribution activities through supporting Judo~

Direct contribution

Since 2017, we have been supporting the activities of All Japan Judo Federation



- Leader development
- Holding of competitions / classes
- International Exchange / Contribution to Judo
- (3 international competitions / 17 domestic competitions)
- MIND activities for Human Education through Judo (Manner/Independence/Nobility/Dignity)

Progress

Established Women's Judo Club on April 1st, 2020

- Contribution to the judo world through the training of employee athletes
- Youth development and community contribution through Judo
- Athlete / Head coach
- (2014 World Championship Gold Medalist, Nae Udaka)
- Enhance the morale and unity of employees who have joined the Group with diverse backgrounds



Scan this for details

COVID-19

Governance

Started a Working-from-home system at an early stage under thorough risk management

Social contribution

Achieved a ratio of Working-from-home of 89.6% (3/31~5/8, business days)

Details of our Working-from-home System

1	Subjects of the measure	All full-time employees, contract employees, and temporary employees who work in the headquarters
2	Period	March 31, 2020 to May 31, 2020 * However, it may change depending on future conditions
3	Request upon going to the office	If it is necessary to go to the office for business reasons, the employee may go to the office after obtaining approval from the company according to the application procedure.
4	Ratio of Working-from-home	89.6% (Government guideline: Reduce contact frequency with people by 80%)

