

V-Technology Co., Ltd.

# **FY2022 Third Quarter Result**

**Supplementary Materials**

**February 10, 2022**

# 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.

# Q3 Highlight

## 1. Financial result

- ▶ **Orders are strong, sales and profit are in line with plan (Apr 1, 2021 - Dec 31, 2021)**
  - ▶ Orders: Up 65% YoY to 42.962 billion yen, strong in both semiconductor and FPD businesses
  - ▶ Net sales, operating income, ordinary income: Lower than the previous year but in line with the plan
  - ▶ Net income: Increased year on year due to conversion of overseas affiliates into wholly owned subsidiaries, etc.

## 2. Growth measures

- ▶ **Expansion of photomask inspection system product lineup (December 2021)**
  - ▶ Developed and Launched Draco, a New Photomask Defect Correction System Using Focused Ion Beam, Capable of Handling Photomasks for Semiconductors, OLEDs, and Displays with a Single Unit
  - ▶ Correction accuracy of  $\pm 25\text{nm}$  and space saving of 40%.
- ▶ **Shipment of  $\mu\text{LED}$  display manufacturing equipment (Dec. 2021)**
  - ▶ Second system shipment for  $\mu\text{LED}$ , consisting of laser lift-off and transfer unit
  - ▶ Received high evaluation from customers for the transfer rate of  $\mu\text{LED}$ .
- ▶ **Strengthen competitiveness and expand business through M&As (January 2022)**
  - ▶ Acquisition of shares of ITEC Corporation (to make it a wholly owned subsidiary)
  - ▶ Strengthen development capability of software for equipment
  - ▶ Collaborate in agricultural business, etc.

# Profit and Loss

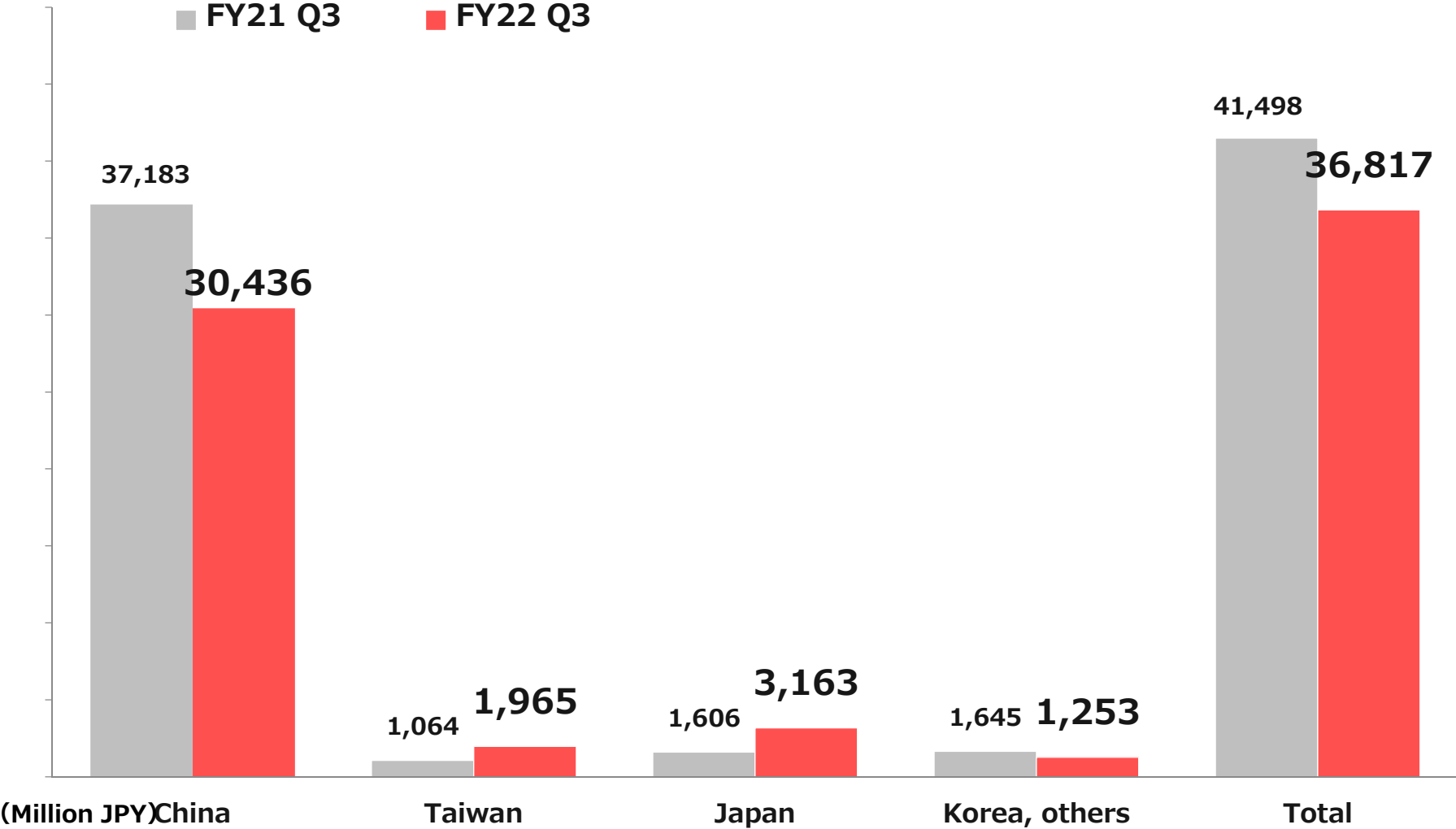
(Million of JPY)	FY2021 Q3		FY2022 Q3		
	Amount	Margin	Amount	Margin	Y/Y Change
Net sales	41,498	100.0%	36,817	100.0%	▲ 11.3%
Gross profit	11,646	28.1%	10,524	28.6%	▲ 9.6%
Operating profit	4,992	12.0%	3,314	9.0%	▲ 33.6%
Ordinary profit	4,832	11.6%	3,413	9.3%	▲ 29.4%
Net profit attributable to owners of parent	2,492	6.0%	2,920	7.9%	+ 17.2%

# Profit and Loss(by business segments)

## ▶ Steady increase in semiconductor-related sales and profits

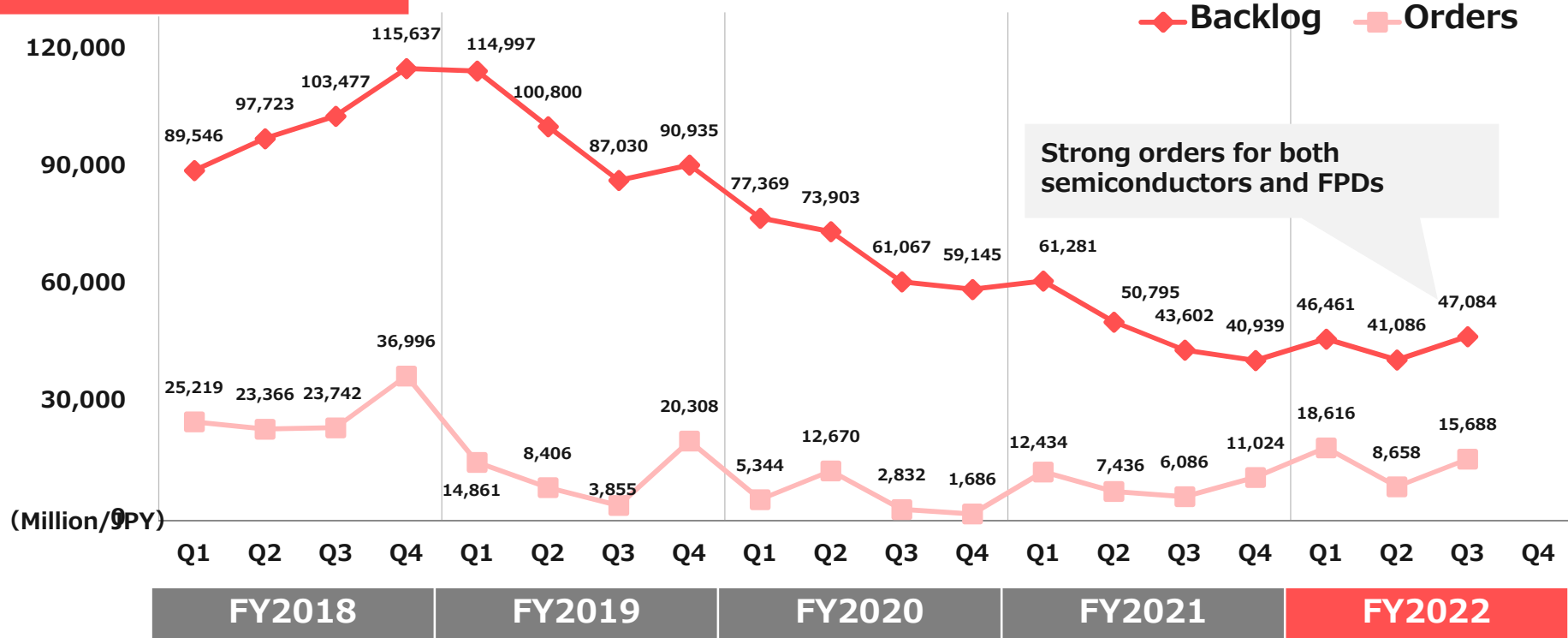
Profit and loss		FY21 Q3	FY22 Q3		
		Amount	Amount	Y/Y	Information on segments
SEMI	Net sales	1,441 (3.5%)	5,373 (14.6%)	+ 272.9%	<ul style="list-style-type: none"> <li>Consists of NSS, Lithotec Japan (LTJ), OHT and VTech's semiconductor and PCB businesses, etc.</li> <li>Sales growth due to contribution from sales of subsidiaries</li> <li>Profit affected by change in product mix, etc.</li> </ul>
	Profit(loss▲)	66	337	+ 410.6%	
	Margin	4.6%	6.3%	+1.7%	
FPD	Net sales	40,055 (96.5%)	31,338 (85.1%)	▲21.8%	<ul style="list-style-type: none"> <li>Consists of FPD equipment business of V-Tech and OHT, deposition mask business (VET), salvage (VSC), etc.</li> <li>Sales down YoY due to weak sales in China, but expected to recover in Q4</li> <li>Profit down YoY due to sales decline, but expected to recover in Q4</li> </ul>
	Profit(loss▲)	5,047	3,045	▲39.7%	
	Margin	12.6%	9.7%	▲2.9%	
Other	Net sales	2	106	—	<ul style="list-style-type: none"> <li>Consists of OLED lighting business (Lumiotec), etc.</li> </ul>
	Profit(loss▲)	▲120	▲68	—	
	Margin	—	—	—	
Total	Net sales	41,498 (100.0%)	36,817 (100.0%)	▲11.3%	—
	Profit(loss▲)	4,992	3,314	▲33.6%	
	Margin	991 (3.5%)	3,635 (13.4%)	266.8%	

# Sales by Countries



# Transition of Quarterly Orders Received and Backlog

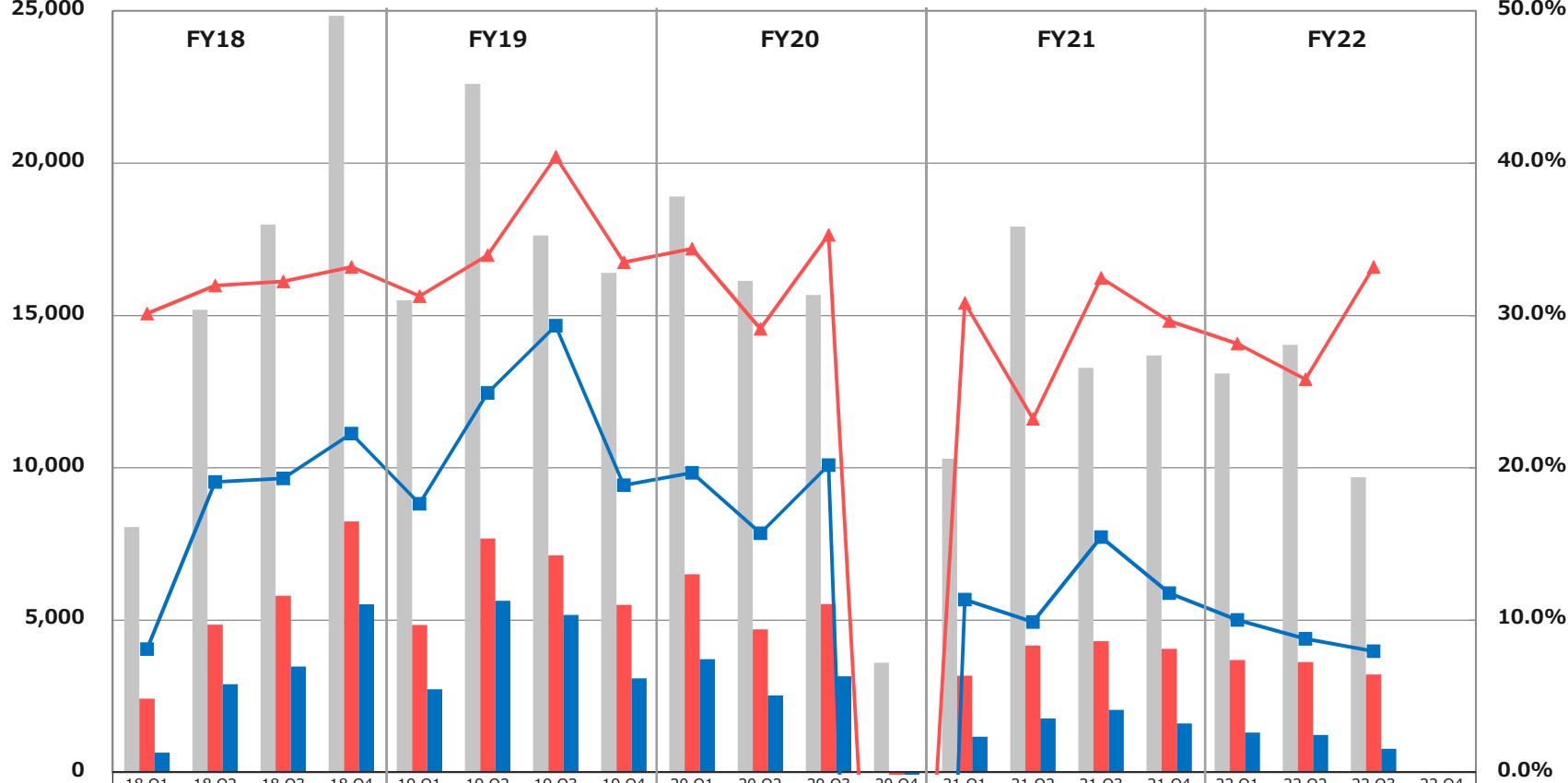
## Quarterly Orders Backlog



Segments (Million/JPY)	Orders		Backlog	
	FY2021 Q3	FY2022 Q3	FY2021 Q3	FY2022 Q3
FPD	23,461	37,799	40,403	41,964
SEMI	2,492	5,056	3,199	5,119

# Transition of Quarterly Sales and Profit

(Million/JPY) 25,000 (Margin of profit) 50.0%

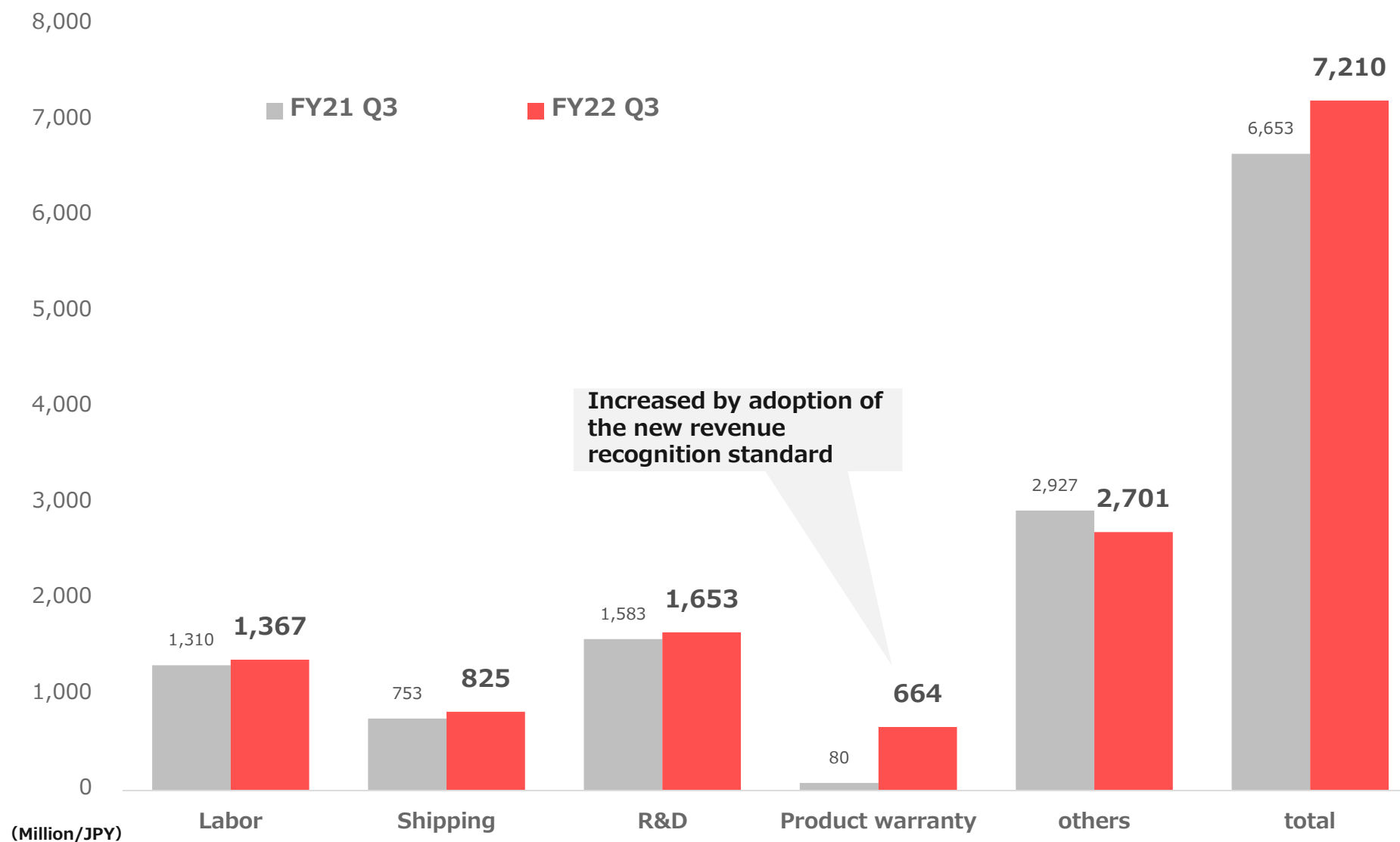


	18 Q1	18 Q2	18 Q3	18 Q4	19 Q1	19 Q2	19 Q3	19 Q4	20 Q1	20 Q2	20 Q3	20 Q4	21 Q1	21 Q2	21 Q3	21 Q4	22 Q1	22 Q2	22 Q3	22 Q4
■ Sales	8,055	15,189	17,988	24,835	15,501	22,603	17,624	16,404	18,910	16,136	15,669	3,607	10,297	17,923	13,278	13,688	13,094	14,033	9,690	
■ Gross profit	2,426	4,855	5,798	8,242	4,846	7,677	7,125	5,496	6,502	4,700	5,532	(1,612)	3,173	4,161	4,312	4,058	3,687	3,622	3,215	
■ Operating profit	652	2,896	3,473	5,524	2,733	5,632	5,169	3,094	3,721	2,533	3,161	(3,762)	1,169	1,771	2,052	1,612	1,312	1,230	772	
▲ Gross profit margin	30.1%	32.0%	32.2%	33.2%	31.3%	34.0%	40.4%	33.5%	34.4%	29.1%	35.3%	赤転	30.8%	23.2%	32.5%	29.6%	28.2%	25.8%	33.2%	
■ Operating profit margin	8.1%	19.1%	19.3%	22.2%	17.6%	24.9%	29.3%	18.9%	19.7%	15.7%	20.2%	赤転	11.4%	9.9%	15.5%	11.8%	10.0%	8.8%	8.0%	

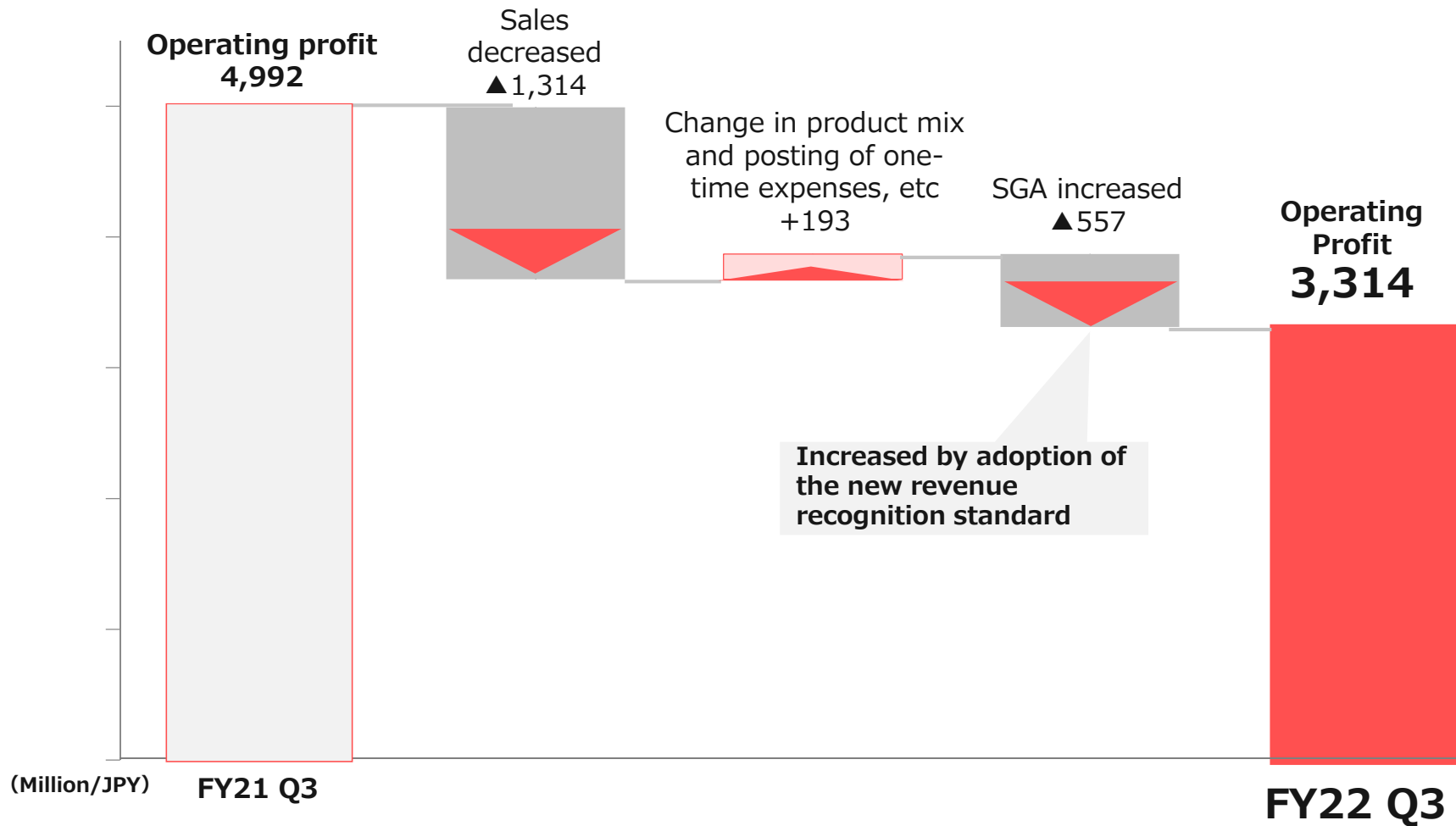
Product mix Impact of changes, etc.



# SG&A(Selling, general and administrative) Expenses

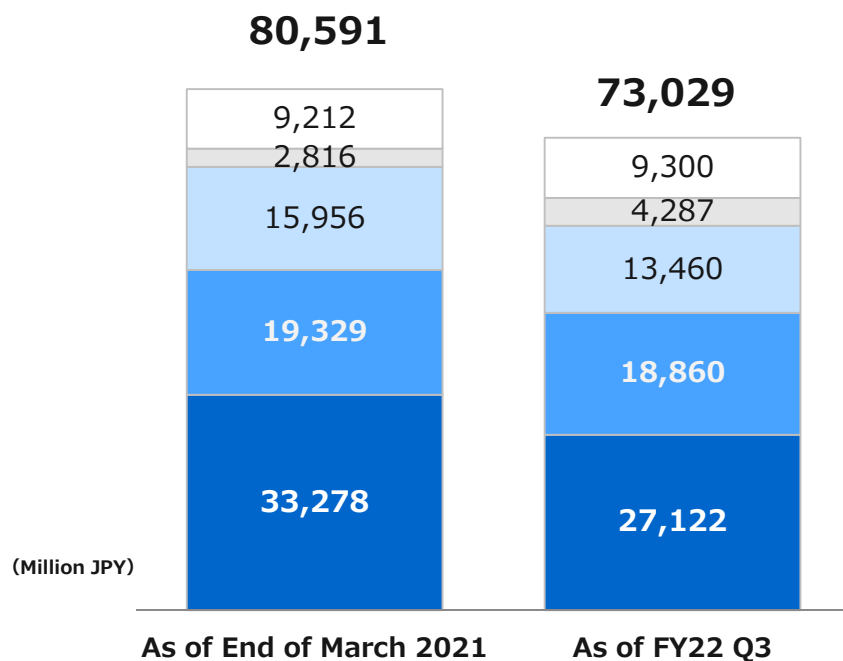


# Analysis of differences in consolidated operating profit



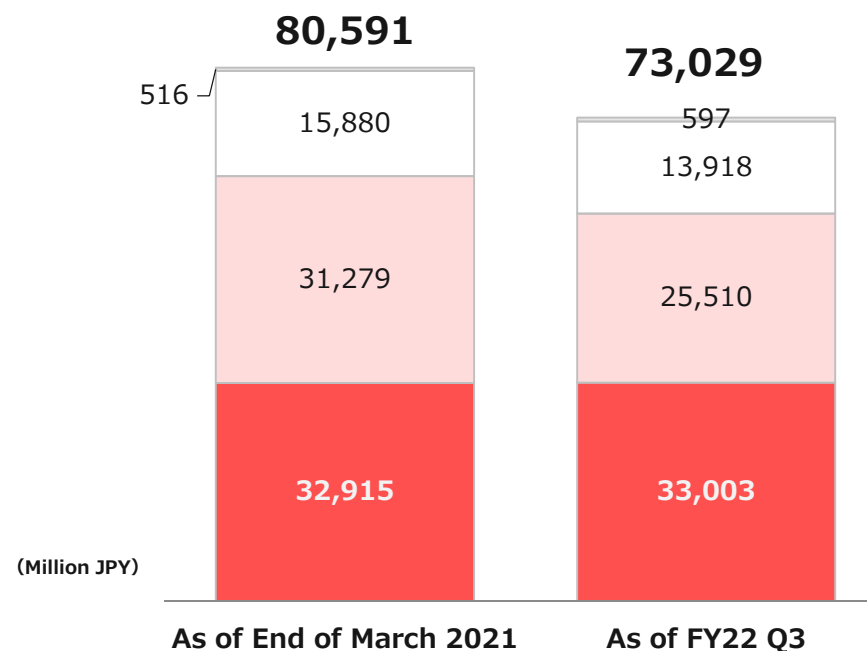
# Transition of Consolidated Balance Sheets

## Assets



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

## Net assets and liabilities



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

# | Business Forecast

# The earnings and dividend forecast of FY2022

▶ 2021年11月8日公表の業績予想からの修正無し

	FY21(Actual)		FY22(Forecast)		New Forecast vs. previous year Percentage change
	Amount (Million JPY)	Margin	Amount (Million JPY)	Margin	
Net sales	55,186	—	53,000	—	▲4.0%
Gross profit	6,604	12.0%	5,000	9.4%	▲24.3%
Ordinary profit	6,836	12.4%	4,900	9.2%	▲28.3%
Net profit attributable to owners of parent	3,513	6.4%	3,750	7.1%	+6.7%
EPS(JPY)	363.41円		387.82円		—

Dividend (forecast and actual, JPY)	FY21(Actual)	FY22
1 <sup>st</sup> half	60円	60円(Actual)
2 <sup>nd</sup> half	60円	60円(Forecast)
Total	120円	120円(Forecast)

