

V-Technology Co., Ltd.

FY2022 First Half Result Announcement

Supplementary Materials

November 9, 2021

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.

Financial Highlights of First Half in FY2022

1. Sales and profit largely in line with plan, SEMI business in stead growth

▸ Sales and profit (Page4-5, 9)

- Sales largely in line with 1H plan, profit above plan
- Semiconductor business is growing and has a strong presence as the second largest business

▸ Orders (Page8)

- Orders in the semiconductor business grew, but orders for LCDs, which were in the low investment phase, decreased compared to the previous quarter when large orders were received.
- Q3 orders are expected to be higher than Q2 due to progress in new product evaluations and the conclusion of semiconductor-related business negotiations.

2. Downward revision of full-year forecast

▸ Reasons for revision (Page15)

- (1) Delay in new product launch due to new coronavirus, (2) Delay in production plan due to prolonged delivery of semiconductor materials, (3) Change in customers' capital investment plans and delivery dates
- Product Development and Individual Product Status

3. Product Development and Individual Product Status

▸ Product Development System (Page17~18)

- Strengthening ties with top manufacturers and accelerating development through selection and concentration of resources.

▸ Status of Products (Page18~20)

- Photomask inspection systems (Page17)
- Exposure Systems for Semiconductor Packages(Page17)
- MiniLED/ μ LED, OLED Manufacturing Equipment(Page17)
- Individual Product Status by Subsidiary (Page18-19)

Profit and Loss

- ▶ **Despite progress in the semiconductor business, overall sales and profits declined**
 - Net income increased year on year mainly due to the conversion of a subsidiary into a wholly owned subsidiary

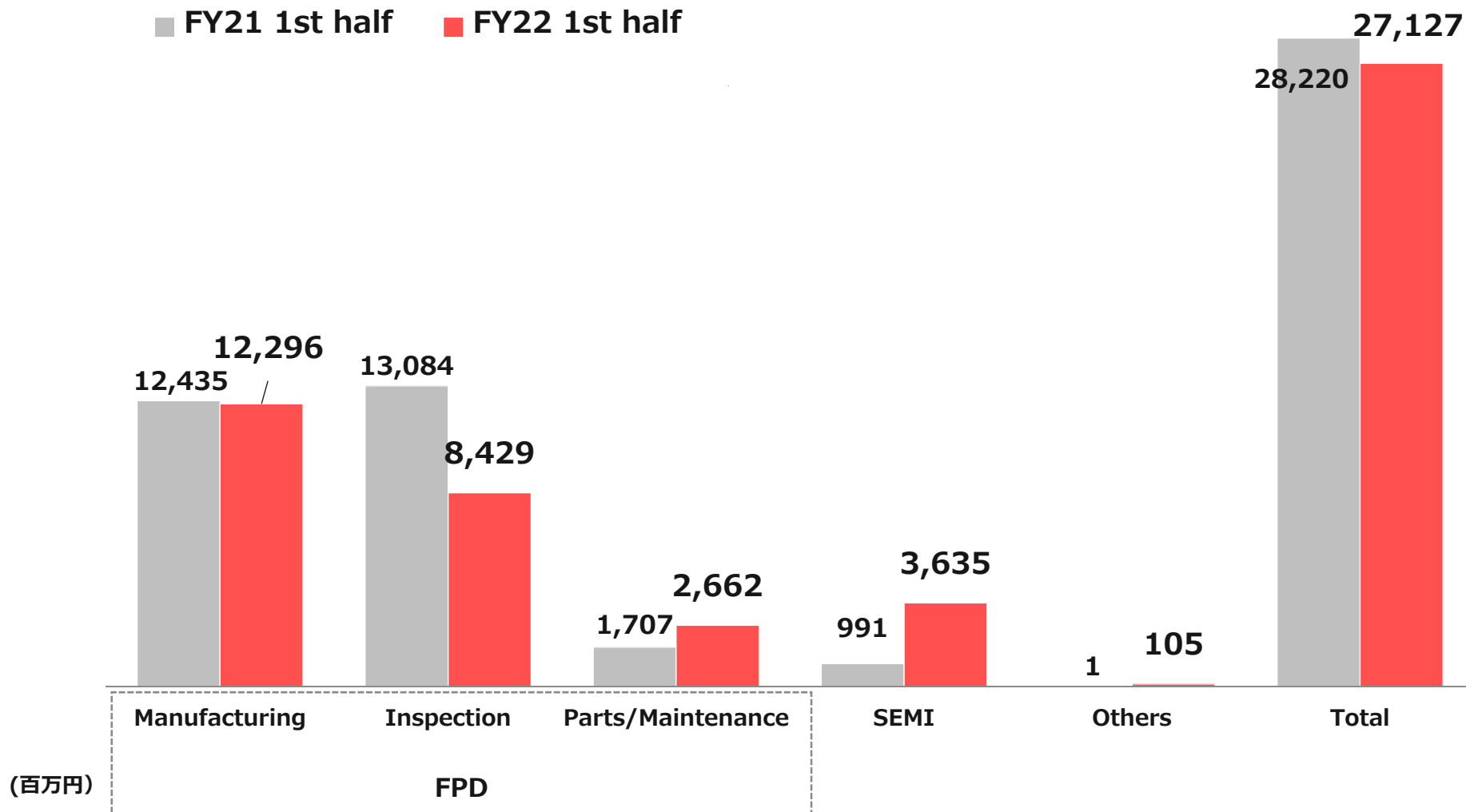
(Million of JPY)	FY2021 1 st half		FY2022 1 st half			(Reference) 1H Forecast at August 11
	Amount	Margin	Amount	Margin	Y/Y Change	
Net sales	28,220	100.0%	27,127	100.0%	▲3.9%	27,300
Gross profit	7,334	26.0%	7,309	26.9%	▲0.3%	—
Operating profit	2,941	10.4%	2,542	9.4%	▲13.6%	2,100
Ordinary profit	2,877	10.2%	2,462	9.1%	▲14.4%	2,050
Net profit attributable to owners of parent	1,477	5.2%	1,893	7.0%	28.2%	1,650

Profit and Loss(by business segments)

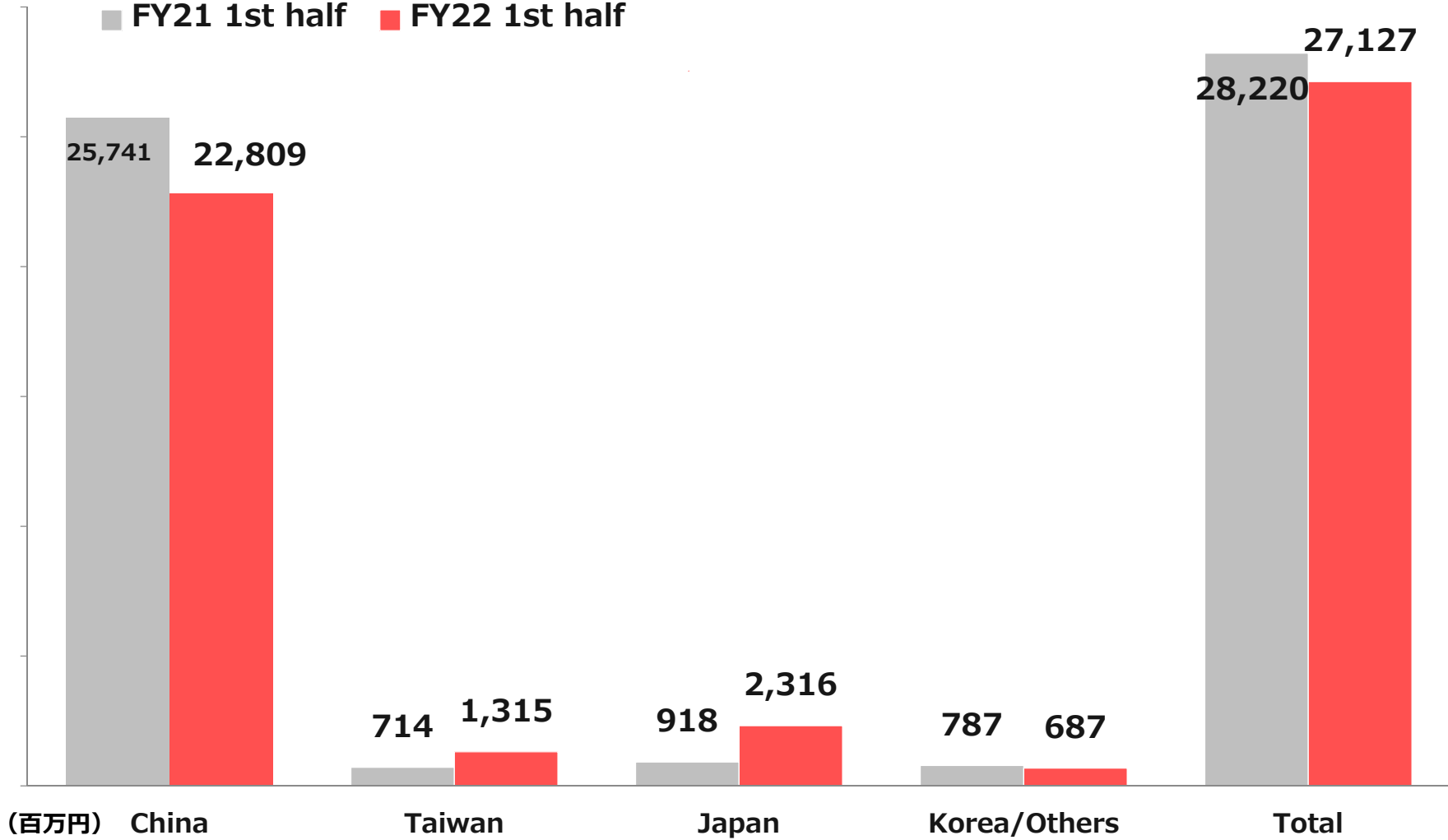
▶ Steady increase in semiconductor-related sales and profits

Profit and loss		FY21 1 st half	FY22 1 st half		
		Amount	Amount	Y/Y	Information on segments
SEMI	Net sales	991 (3.5%)	3,635 (13.4%)	+266.8%	<ul style="list-style-type: none"> Consists of NSS, Lithotec Japan (LTJ), OHT and VTech's semiconductor and PCB businesses, etc. Sales and profit grew due to the acquisition of LTJ as a subsidiary and increased sales and profit of NSS and OHT Profitability improved by 2.4 percentage points from Q1 (6.5%) due to growth in sales at subsidiaries and for Z-CSET
	Profit(loss▲)	89	324	+264.0%	
	Margin	9.0%	8.9%	▲0.1%	
FPD	Net sales	27,227 (96.5%)	23,386 (86.2%)	▲14.0%	<ul style="list-style-type: none"> Consists of FPD equipment business of V-Tech and OHT, deposition mask business (VET), salvage (VSC), etc. Sales largely in line with plan Profit decreased due to change in product mix In VET (Vapor Deposition Mask), evaluation with customers and process improvement work are in progress with the aim of contributing to business performance in the second half.
	Profit(loss▲)	2,936	2,322	▲20.9%	
	Margin	10.8%	9.9%	▲0.9%	
Other	Net sales	1	105	—	<ul style="list-style-type: none"> Consists of OLED lighting business (Lumiotec), etc. In the lighting business, preparation for sales of lighting fixtures and development of production system are progressing.
	Profit(loss▲)	▲84	▲105	—	
	Margin	—	—	—	
Total	Net sales	28,220 (100.0%)	27,127 (100.0%)	▲3.9%	—
	Profit(loss▲)	2,941	2,542	▲3.9%	
	Margin	991 (3.5%)	3,635 (13.4%)	266.8%	

Sales by business segments(for details)



Sales by Countries

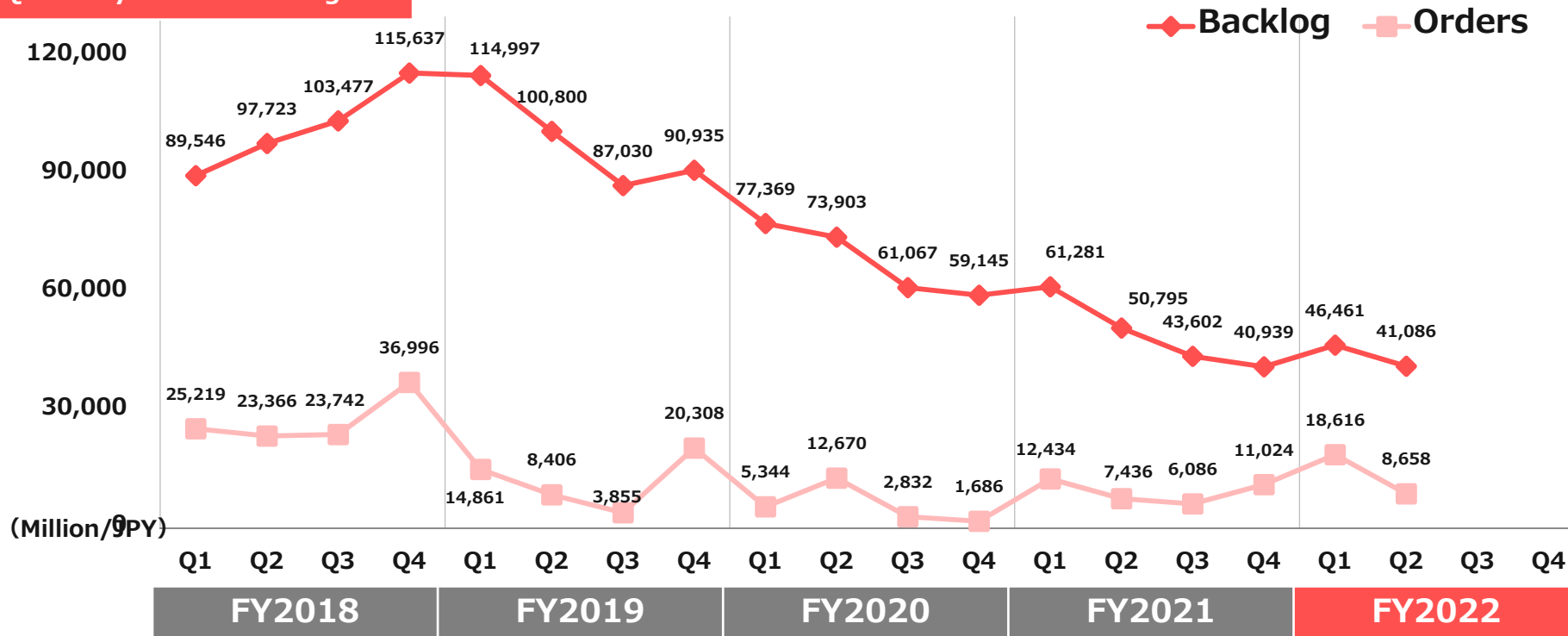


Transition of Quarterly Orders Received and Backlog

▶ Orders in the first half increased year on year

- ▶ New products under VT development and orders in the semiconductor business are expected to contribute to the increase in orders in Q3 over Q2.

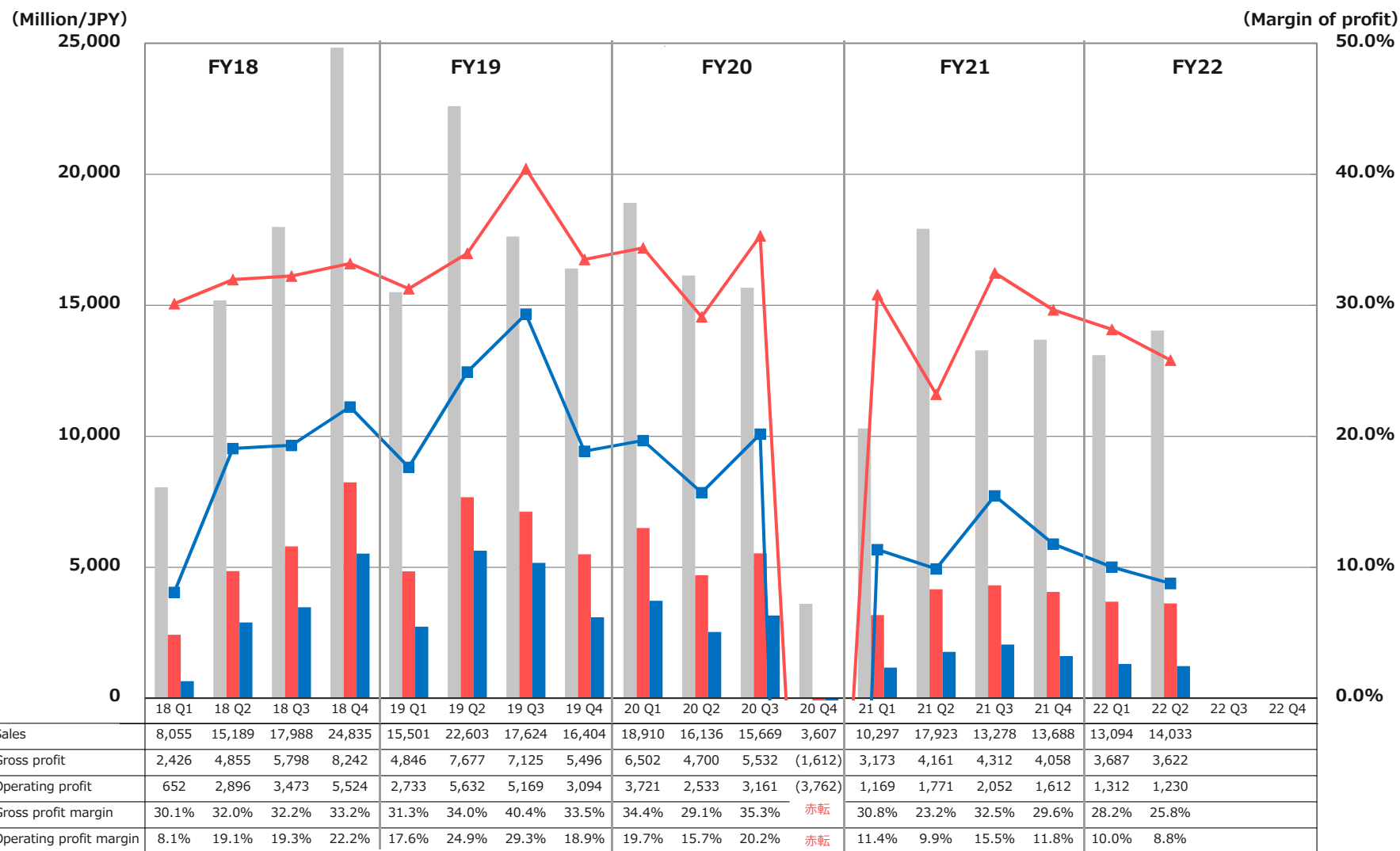
Quarterly Orders Backlog



Segments (Million/JPY)	Orders		Backlog	
	FY2021 1 st half	FY2022 1 st half	FY2021 1 st half	FY2022 1 st half
FPD	19,014	24,509	48,843	36,634
SEMI	854	2,659	1,951	4,452

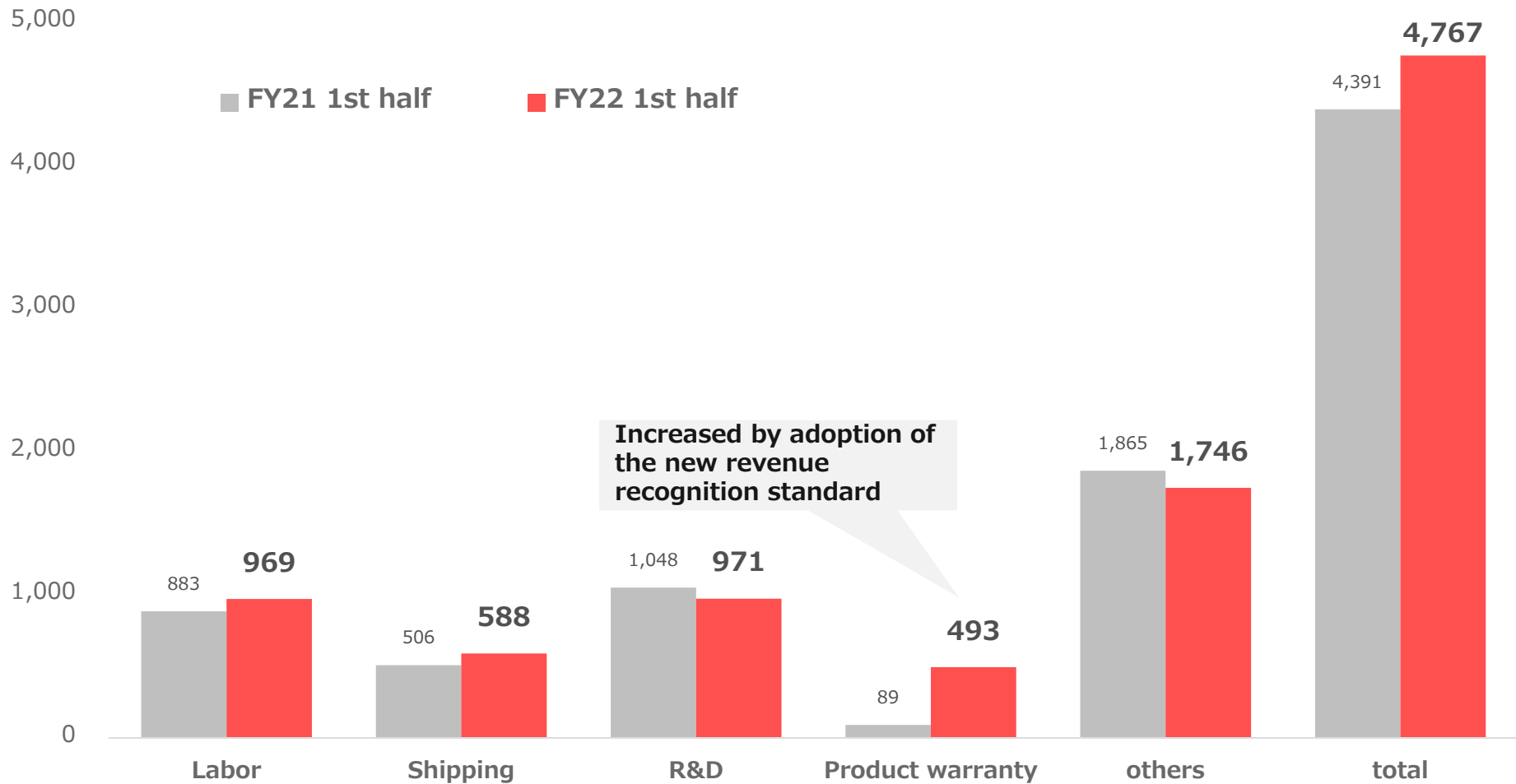
Transition of Quarterly Sales and Profit

- ▶ Quarterly sales and profit changed due to differences in customers and sales composition



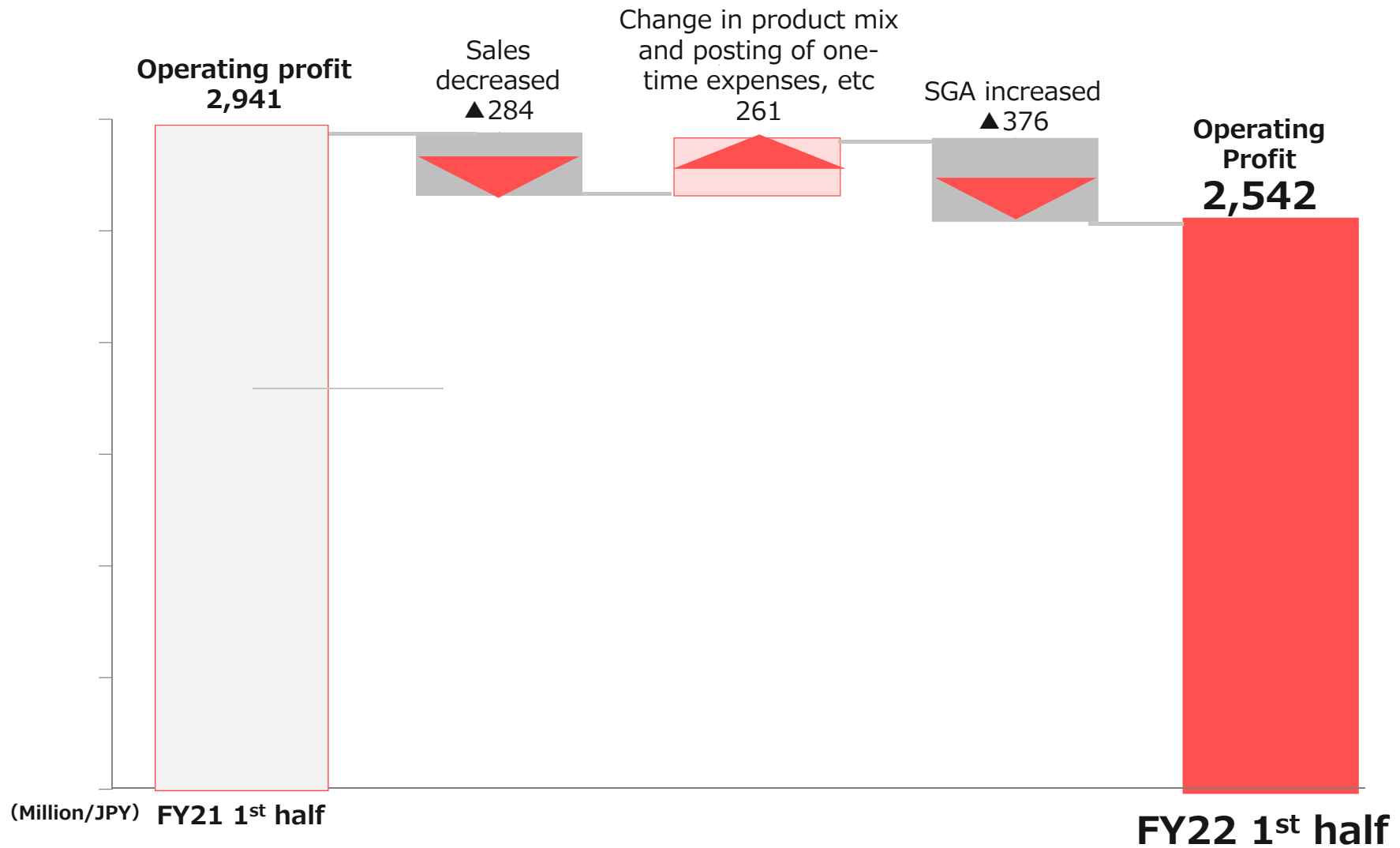
SG&A(Selling, general and administrative) Expenses

- ▶ Excluding the impact of the change in accounting policy (adoption of the new revenue recognition standard), overall results were almost the same as the previous fiscal year.



(単位：百万円)

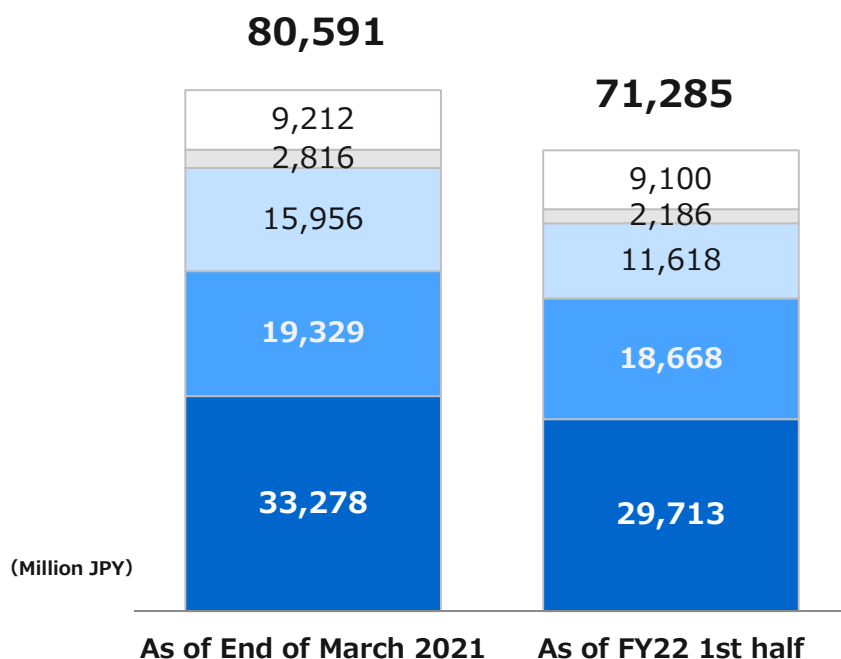
Analysis of differences in consolidated operating profit



Transition of Consolidated Balance Sheets

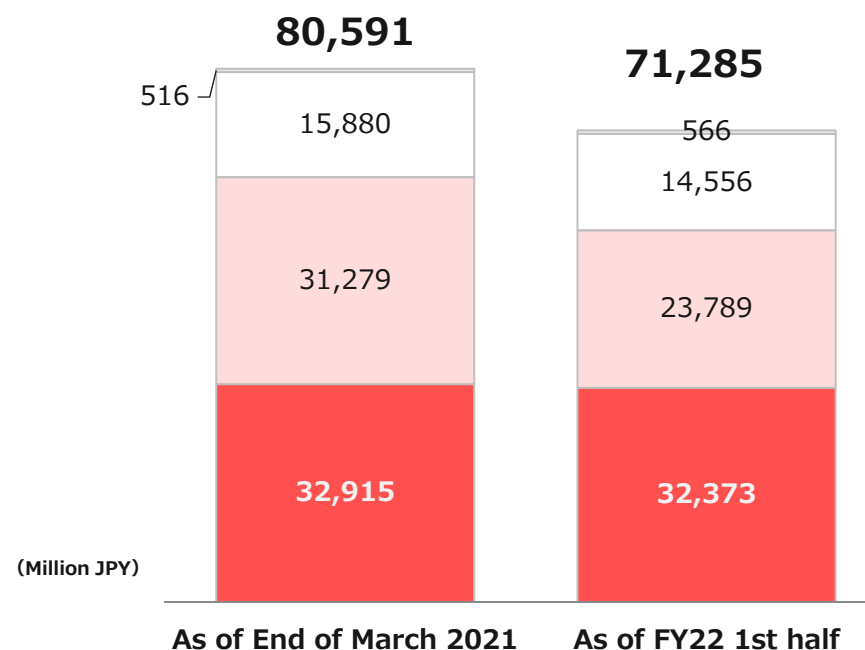
- ▶ Cash and cash equivalents decreased by 3,565 million yen due to payment of dividends and loans to non-controlling shareholders, etc.
- ▶ Other current liabilities decreased by 7,490 million yen due to decrease in advances received and income taxes payable

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

Transition of Cash Flows

- ▶ Operating CF was 671 million yen due to a decrease in inventory assets from sales, net income, and a decrease in advances received (6,407 million yen).
- ▶ Financing CF was ▲3,825 million yen due to repayment of debt, dividend payment to non-controlling shareholders, and making the Chinese sales company a wholly owned subsidiary.

		FY2021 FY21 1 st half	FY2021 FY22 1 st half
Cash flows from operating activities	Profit before income taxes	3,147	2,948
	Notes and accounts receivable - trade (increase▲)	▲2,062	491
	Inventories (increase▲)	4,809	4,719
	Notes and accounts payable - trade (decrease▲)	▲281	11
	Other	8,980	▲7,498
	Total	14,593	671
Cash flows from investing activities: Total		▲447	▲442
Cash flows from financing activities	Proceeds from loans payable	13,899	70
	Repayments of loans payable	▲9,040	▲1,394
	Other	▲557	▲2,501
	Total	4,302	▲3,825
Effect of exchange rate change on cash and cash equivalents		26	30
Net increase (decrease) in cash and cash equivalents (decrease▲)		18,474	▲3,565
Cash and cash equivalents at beginning of period		11,981	33,158
Cash and cash equivalents at end of period		30,455	29,593

| Business Forecast

The earnings and dividend forecast of FY2022

▶ Reasons for forecast revision

- ▶ New products: Delays in bringing some new products with high profit margins to market, and delays in joint evaluations with customers due to the re-emergence of the **new coronavirus infection**
- ▶ Conventional equipment: Production disruptions due to delays in delivery of semiconductor materials, postponement due to changes in customers' investment plans

▶ No revision of dividend forecast

Earnings forecast (Million JPY)	FY22(12months)				FY21 (actual)	New Forecast vs. previous year Percentage change
	(As of May 12)		(As of November 8)			
	Amount (Million JPY)	Margin	Amount (Million JPY)	Margin	Amount (Million JPY)	
Net sales	60,000	—	53,000	—	55,186	▲4.0%
Gross profit	7,200	12.0%	5,000	9.4%	6,604	▲24.3%
Ordinary profit	7,050	11.8%	4,900	9.2%	6,836	▲28.3%
Net profit attributable to owners of parent	4,300	7.2%	3,750	7.1%	3,513	6.7%
EPS(JPY)	444.70		387.82		363.41	—

Dividend (forecast and actual, JPY)	(As of May 12)	(As of November 8)	FY21 (actual)
1 st half	60	Not changed (Payment will start in December 6)	60
2 nd half	60	Not changed	60

| Overview of Vtec and Major Subsidiaries

Overview of V-Technology(1/2)

1. Delay in the development of new products and businesses related to FPD

R&D activities with overseas customers were the most affected by the reemergence of the new coronavirus infection (Delta stock).

- ① Almost all of our partners (customers) in the development of next-generation FPD technology are in China.
- ② Travel to China (customer's visit to Japan) → Serious impact on verification using actual equipment at the customer's site (or our demonstration equipment)
- ③ Limitations of online communication

2. List of major new products/new businesses related to FPD

New Products/New business	Purpose	Customer(Partner)	region
Laser annealing equipment	MiniLED	Company A	China
	μLED	B	
Fine Hybrid Mask(FHM, for OLED deposition)	OLED	C、 D	
Vertical deposition equipment		E	
Salvage service for small and mid sized OLED		F、 G	

All cases heavily impacted and delayed

Overview of V-Technology(2/2)

3. R&D

Efforts to catch up and accelerate the development of new products and businesses

① Strengthen ties with top global manufacturers

- Domestic and overseas
- Semiconductor, Display
- Photomasks

② Focus and select development resources

- Priority Fields
 - Semiconductors
 - Photomasks
- Establishment of Innovation Center

④ Enhancement of development capabilities for component technologies

- Laser, UV and other "optical" processing technologies
- Technology combining new optical systems and AI
- High-definition and ultra-precision control

4. Photomask equipment

Developing high-resolution exposure system for advanced packages

1. OLED

① Inspection

- ✓ High sensitivity, low pseudo-defect, high tact
- ✓ Rapidly increasing evaluation of delivered

② Repair

- ✓ High-definition

2. SEMI

- ✓ Strengthen and expand FPD technology, inspection and mask writer for 1st layer



Photomask repair Compact Repair System



Photomask inspection "Gemini"

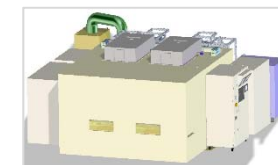
5. PKG for Semiconductor

Advanced packaging technology

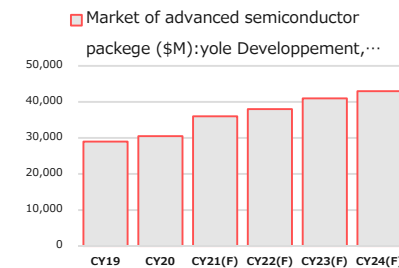
Joint evaluation with global manufacturers

High evaluation mainly in resolution and tact

Aiming for early orders



PKG exposure system (image)

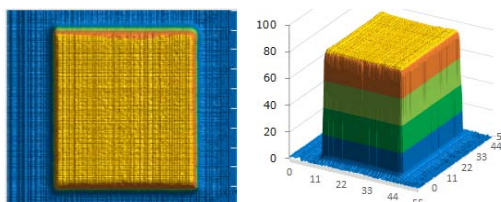


Overview of major subsidiaries and so on(1/2)

1. Deposition mask for OLED(VET) and Vertical deposition EQ(VT)

Time required for commercialization, but evolution continues

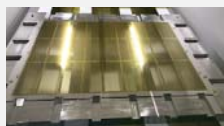
- ① Delay in joint evaluation with customer (Covid19)
- ② Good results from deposition evaluation in VT deposition system



Film thickness measurement result (x50)

- ③ Improved manufacturing yield
- ④ Larger OLED
 - > Application study for G8.5H
 - > Targeting medium-sized panels

Deposition mask (Fine Hybrid Mask)



- Adopts a hybrid structure of resin and metal
- Lightest weight/highest definition/highest positioning accuracy
- No assembly work required

Vertical deposition EQ



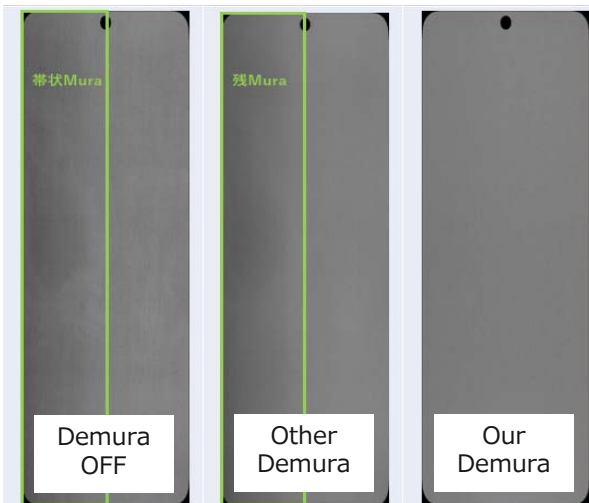
- Smaller footprint than the horizontal deposition method; in principle, easier to accommodate larger substrates

2. VSC(Salvage service for OLED)

Semiconductor shortage to hit

- ① Production of IP-based driver ICs continues to be delayed, and full-scale operation is expected to be delayed until 2022
- ② 2022 Chinese panel shipments expected to be 2.5 times that of the previous year
- ③ Collaboration with several driver IC manufacturers underway

Mura Correction effect



Kunshan Fab



Demura EQ

3. Agriculture (tomato production technology)

Establishment of JV in China and progress in system development

- ① 愛美客農業科技(蘇州)有限公司



Phase1 House approximately 1ha (10,000m²)

Tomato cultivation using the imec® system

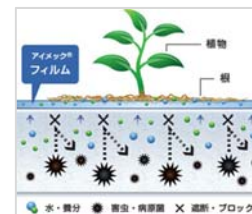
② Business

1. JV and partner tomato sales

Brand Concept

Grown with the most advanced and latest film cultivation from Japan Safe, delicious, and healthy. The one and only brand tomato!

2. Sales of imec materials



*Realization of high concentration and high sugar content

*Safe and secure

*Patented in many countries around the world

*Can be grown in any soil Even inexperienced people can learn in a short time



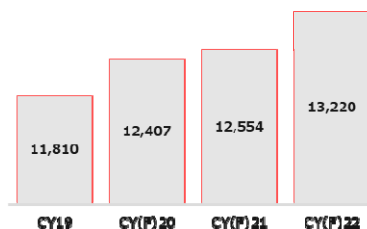
Overview of major subsidiaries and so on(2/2)

4. Nano System Solutions

Silicon wafer capital investment in full swing, 300mm wafer fabs continue to operate at full capacity

- ① Responding to an increase in inquiries, building a track record, and expanding market share
- ② Developing inspection technology that can guarantee a higher level of quality

Shipping area (million square inches)



Si wafer market forecast



Si wafer inspection

5. OHT

Development theme: Electrical inspection and image inspection
Create products that do not exist anywhere else in the world

EPIS(Electrical Picture Inspection System)

>Visualize the current flowing in a circuit



Applications

- PCB for semiconductor packages

6. Lithotech Japan

Expanding sales to overseas customers, supported by VT Group sales companies

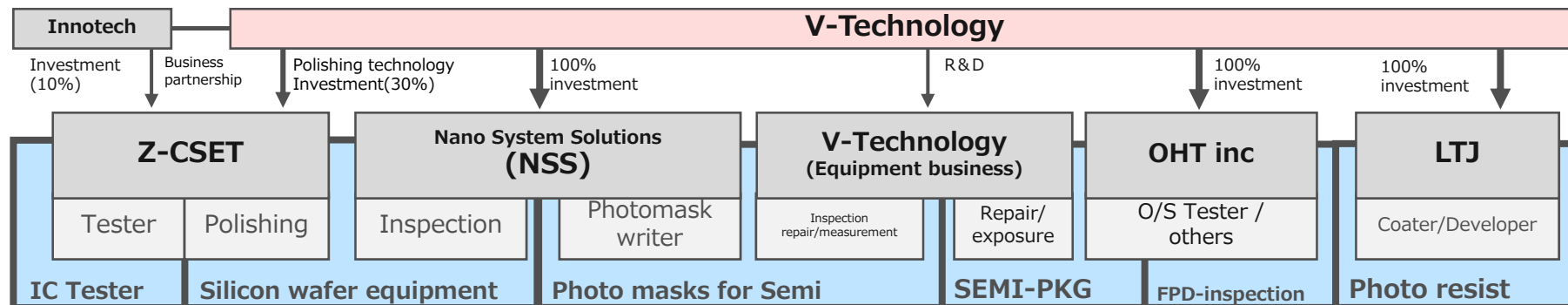
Increase in inquiries from overseas manufacturers, etc.



Automatic coater/developer

(Ref) Capital relationship with major equipment-related subsidiaries, and products and target markets (light blue)




Expand business through M&A, business alliances, and R&D



| Sustainability

Management Philosophy and Sustainability

We will work to achieve sustainable growth of the company and realize our management philosophy from the perspective of sustainability.

Mission	Contributing to society with fervor and great ambition, through our world-class innovative manufacturing solutions.				
Management Policy	We aim to become one of the world's leading manufacturing solution providers by expanding our scale and stabilizing our earnings with our unique strengths. We aim to become one of the world's leading manufacturing solution providers.				
Business	FPD		SEMI		Agriculture, and the others
Measures	M&A	R&D	Customer	SCM	Human Resources
Sustainability	Environment		Society		Governance
	<ul style="list-style-type: none"> • LED light source for exposure system <ul style="list-style-type: none"> ➢ Electricity consumption is reduced by about 90%.  • Capital participation in Nexify Technology, Inc. <ul style="list-style-type: none"> ➢ SiC (Silicon Carbide) Applied Products and Systems / High Voltage DC Power Transmission / EV  		<ul style="list-style-type: none"> • Director Udaka Appears at "The 2nd COME BACK Women's Judo" Event for Miyagi Judo Federation Instructors  		<ul style="list-style-type: none"> • Separation of supervision and execution <ul style="list-style-type: none"> ➢ 5 directors (including 2 outside directors), establishment of Nomination and Compensation Committee, etc. • Strengthen risk management <ul style="list-style-type: none"> ➢ Establishment of headquarters system/ Affiliate Company Management Office • Dialogue with stakeholders <ul style="list-style-type: none"> ➢ Establish a system for information disclosure and dialogue
Executive and Employee action guidelines	<ol style="list-style-type: none"> 1. Have I lacked in spiritual vigor? 2. Have I been responsible for my speech and behavior? 3. Have I committed myself to work with zeal and effort? 				



V-TECHNOLOGY