

V-Technology Co., Ltd.

FY2021

Financial Announcement

(Supplementary Materials)

May 13, 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.

| Financial Results

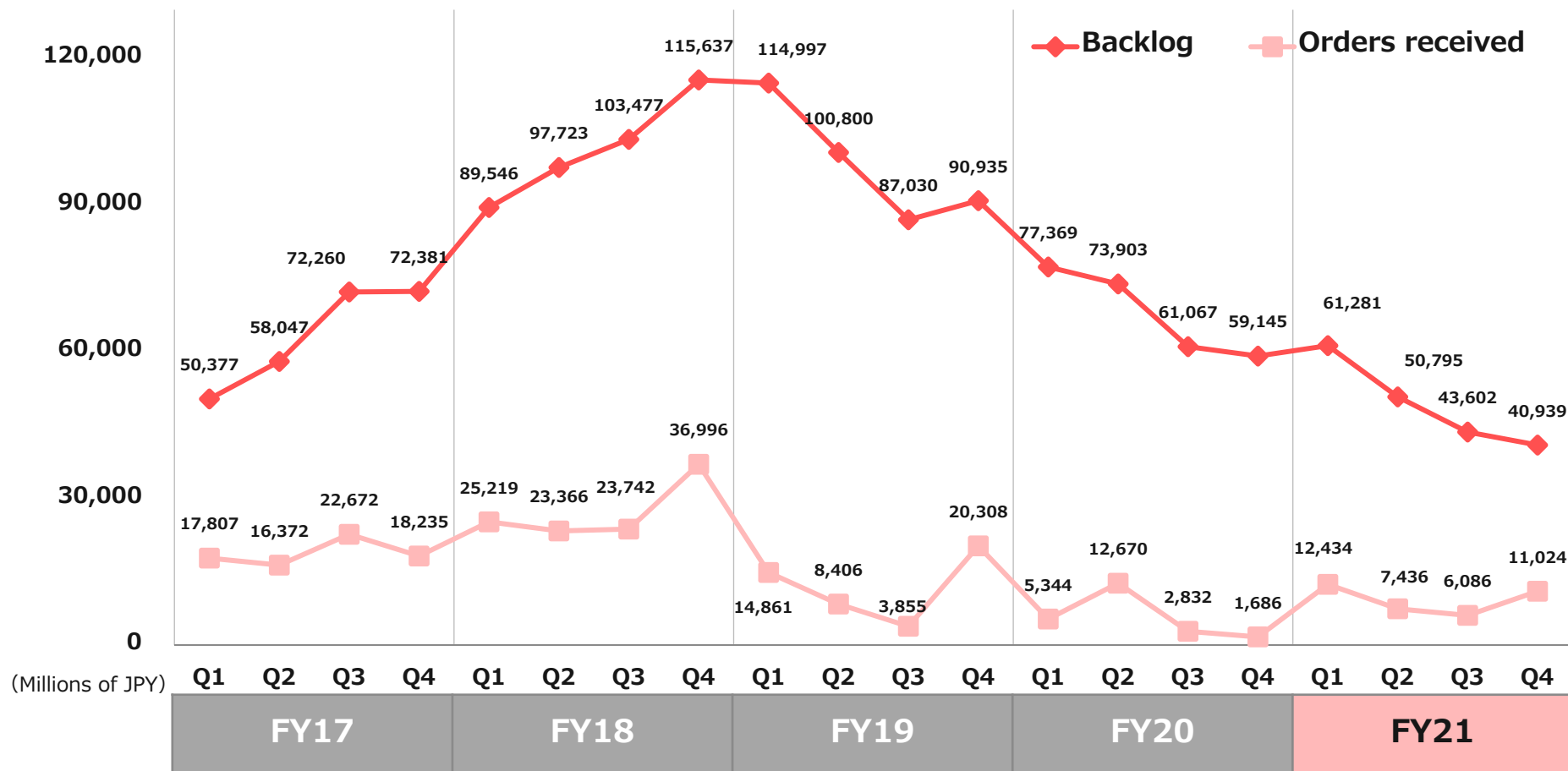
Profit and Loss

- ▶ Despite the impact of Corona, the business progressed largely as planned, with a slight increase in sales and an upturn in profit.
 - By product-mix change, cost-down

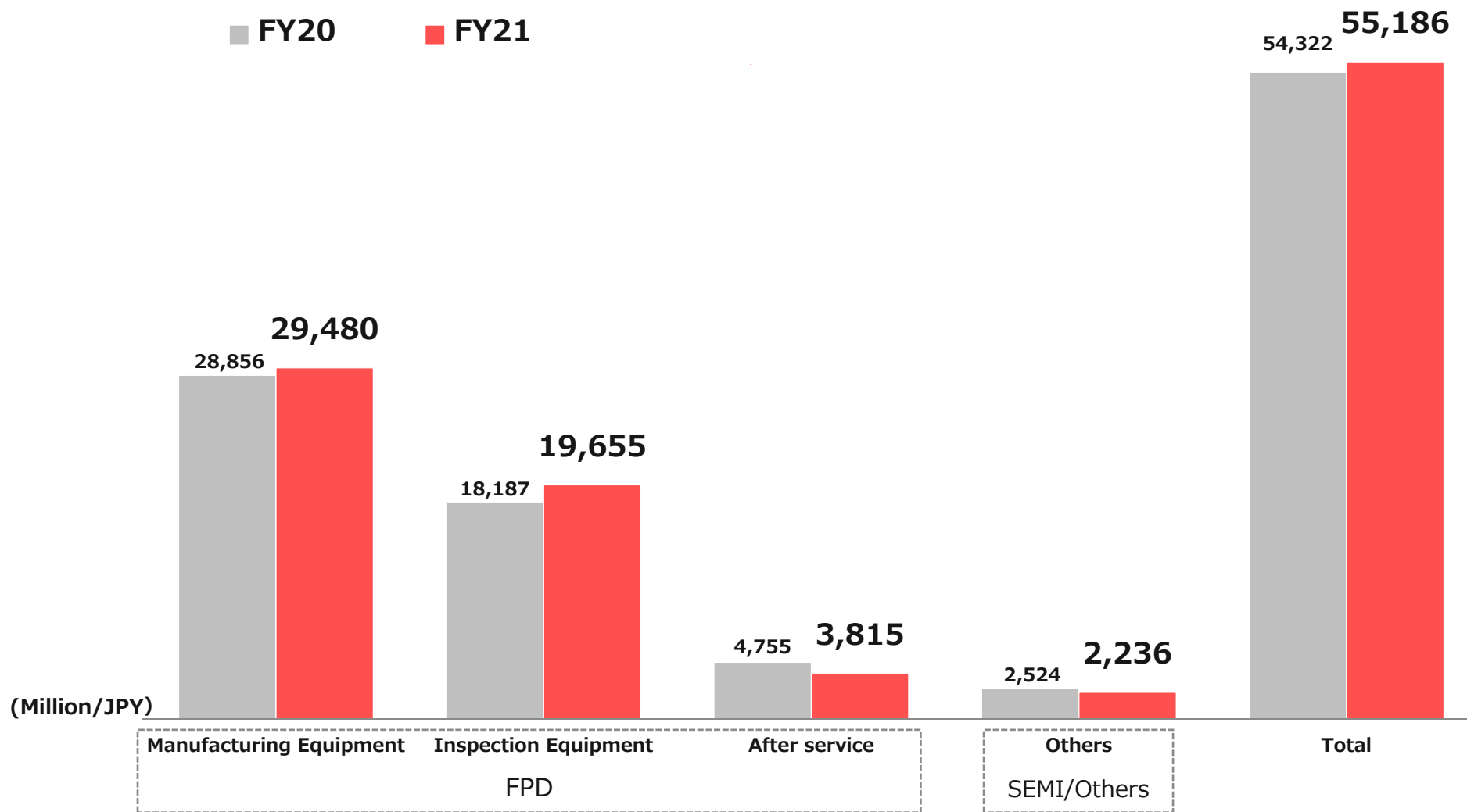
(Million of JPY)	FY20		FY21		Y/Y change	(ref) Forecast for FY21
	Amount	Margin	Amount	Margin		
Net sales	54,322	100.0%	55,186	100.0%	+ 1.6%	54,000
Gross profit	15,122	27.8%	15,704	28.5%	+ 3.8%	—
Operating profit	5,653	10.4%	6,604	12.0%	+ 16.8%	6,000
Ordinary profit	6,156	11.3%	6,836	12.4%	+ 11.0%	5,800
Net profit attributable to owners of parent	3,251	6.0%	3,513	6.4%	+ 8.1%	3,000

Transition of Orders Received and Backlog

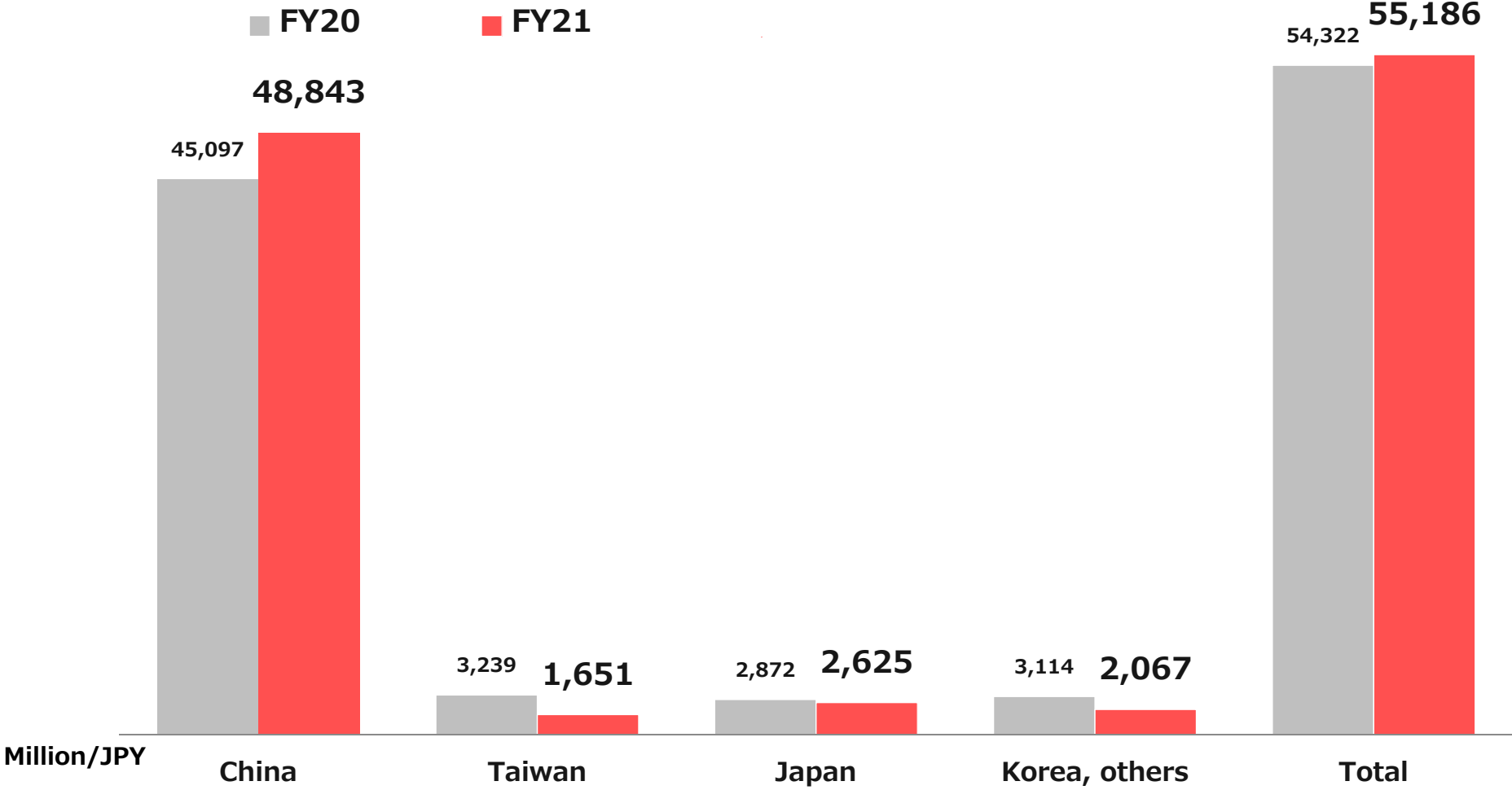
- ▶ **Orders received increased 64.1% YoY to 36,980 million yen.**
 - Q4 orders progressed almost as expected and picked up.



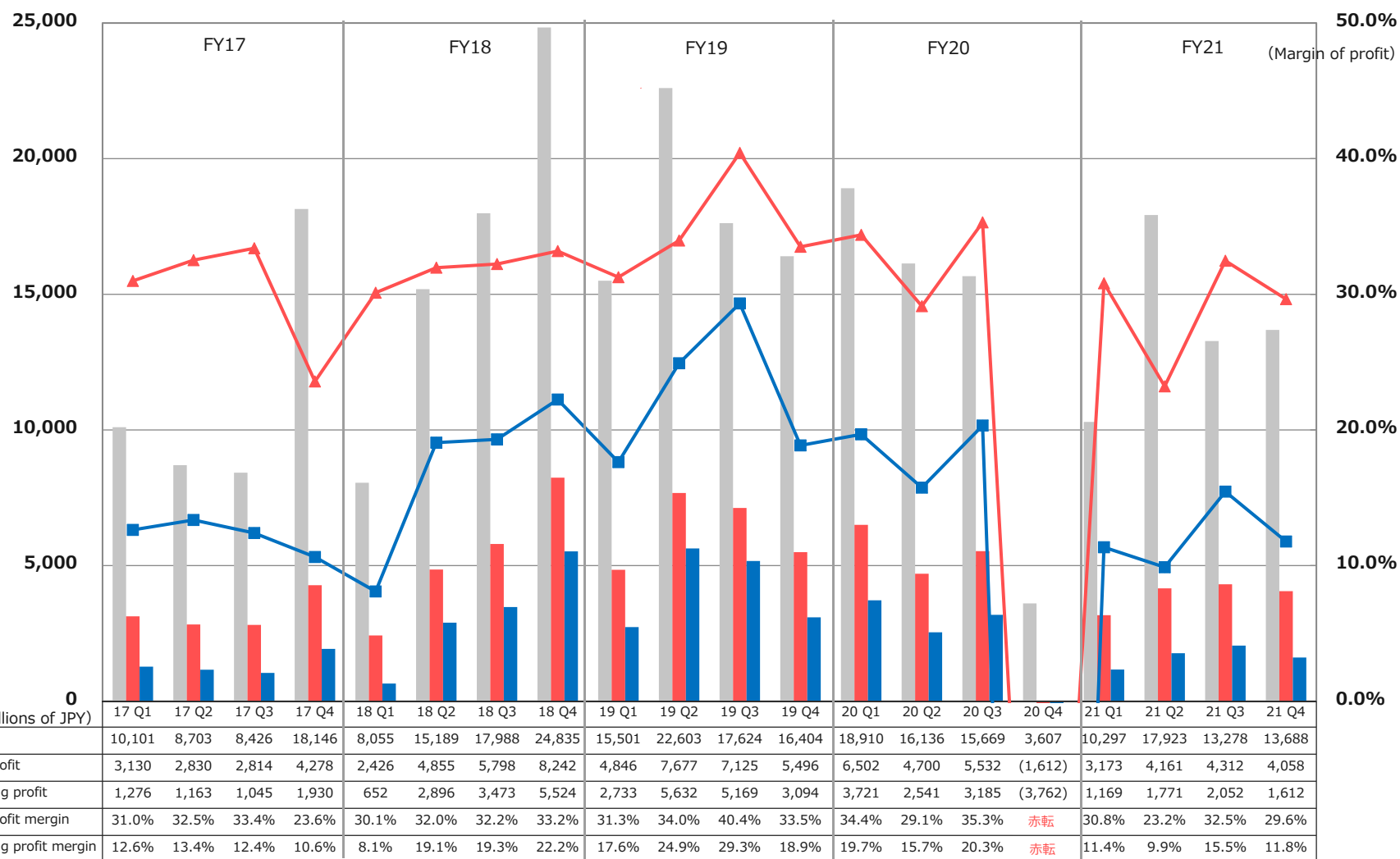
Sales by Products and Services (YoY basis)



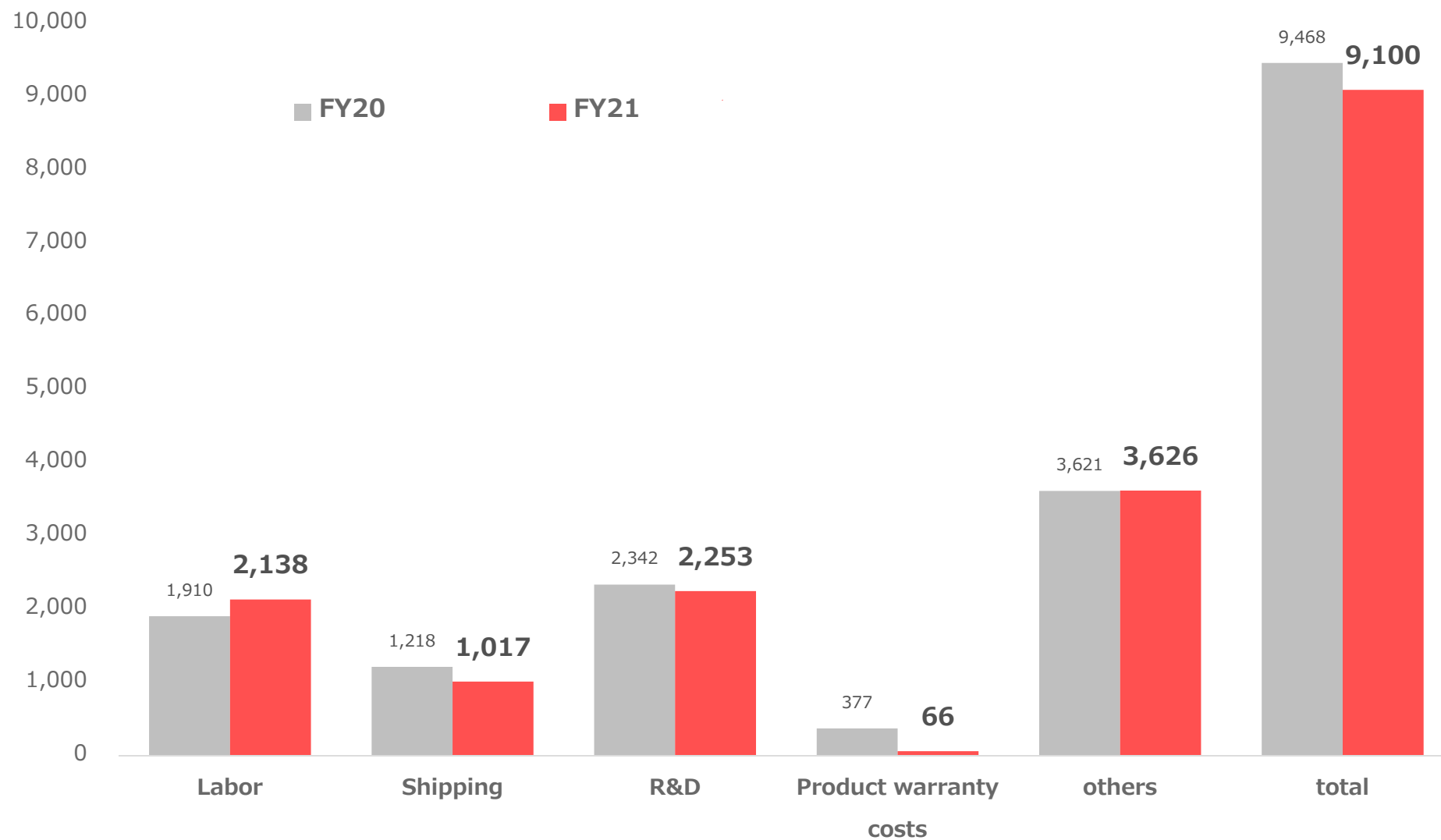
Sales by Countries (YoY basis)



Transition of Quarterly Sales and Profit

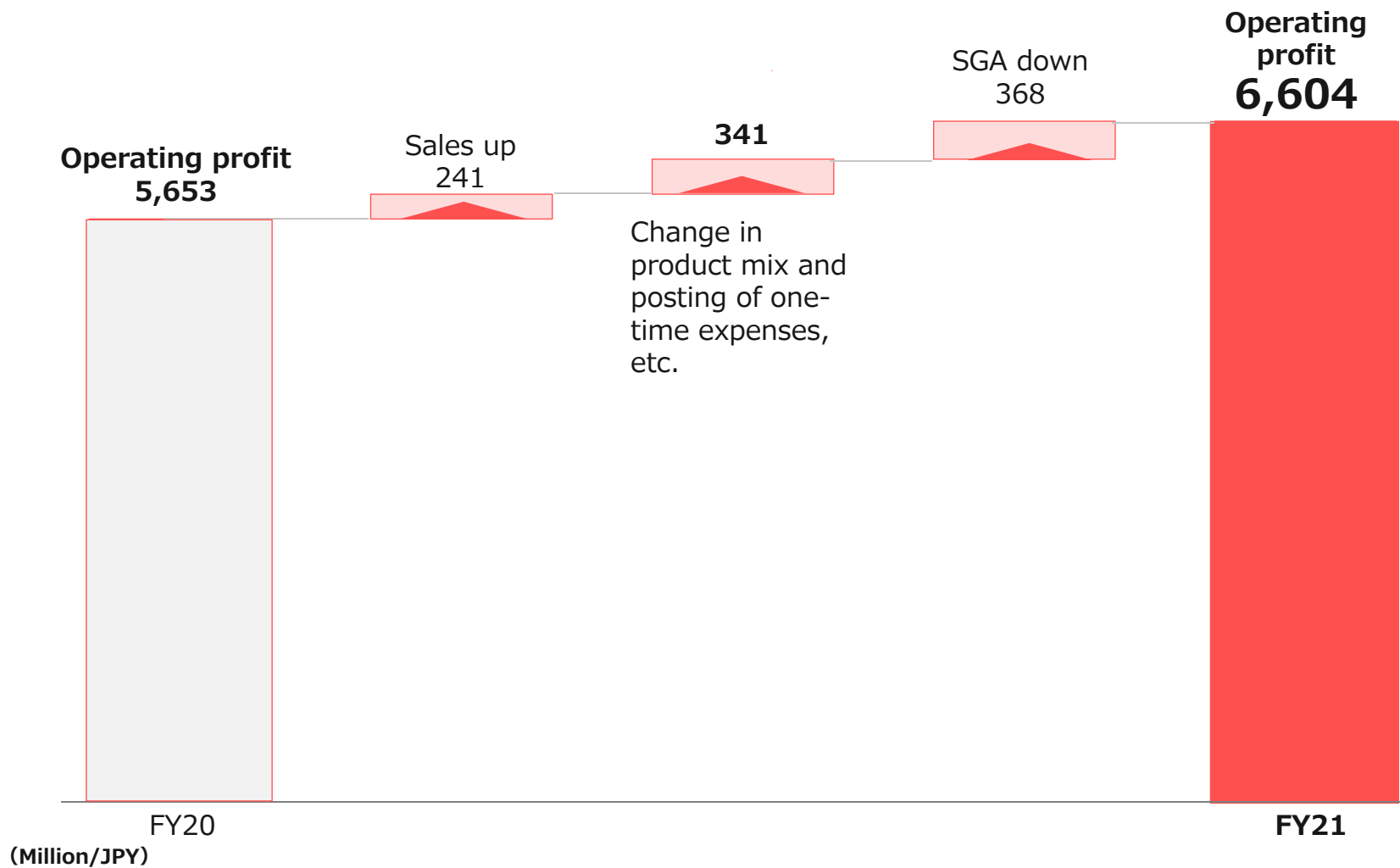


SG&A(Selling, general and administrative) Expenses



(単位：百万円)

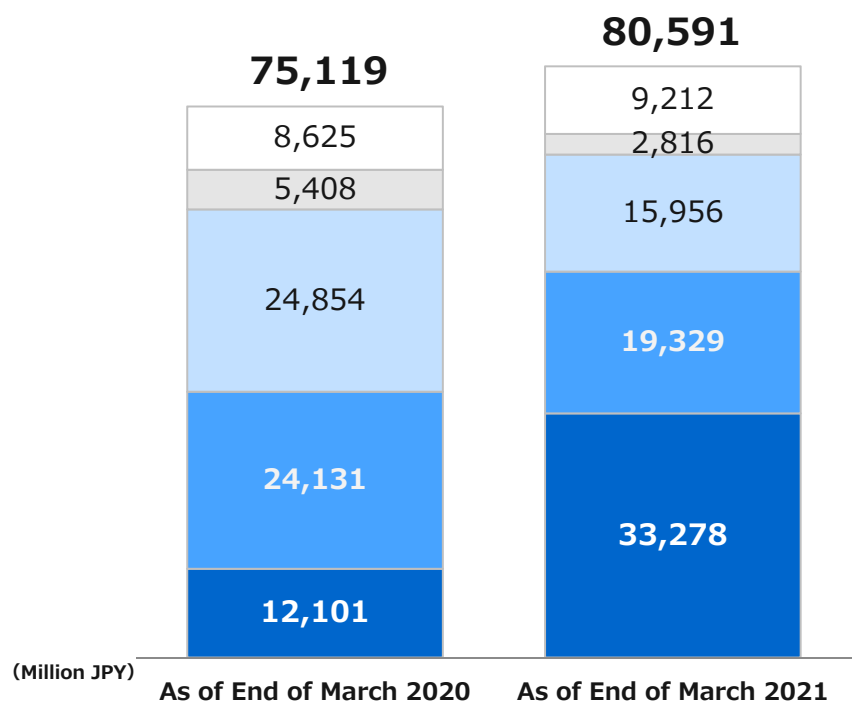
連結営業利益の差異分析



Transition of Consolidated Balance Sheets

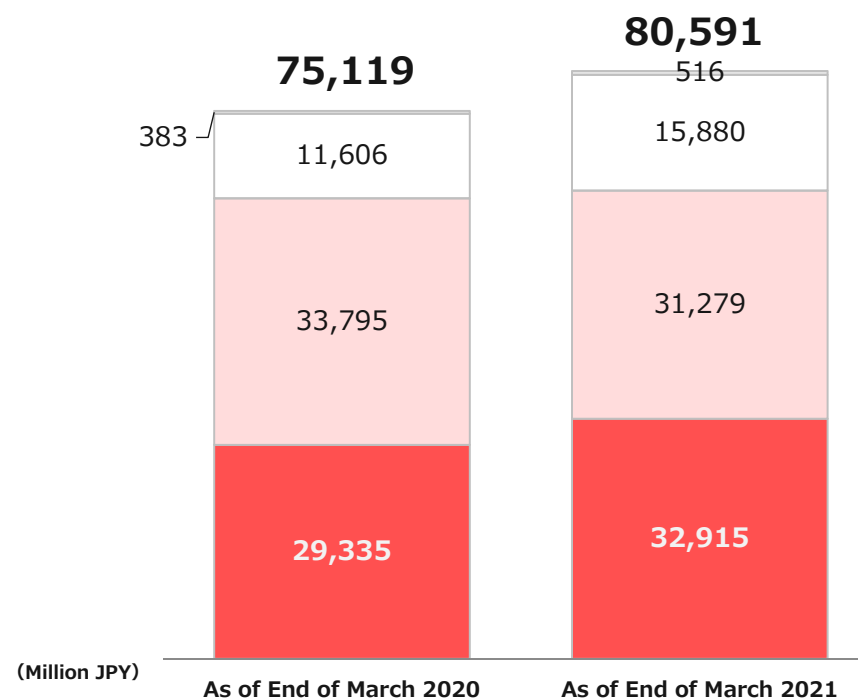
- ▶ Cash and cash equivalents increased by approximately 21.1 billion yen from the end of the previous fiscal year due to a decrease in work-in-process as sales progressed, a decrease in accounts receivable, and borrowing to secure liquidity on hand.

Assets



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

Net assets and liabilities



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

Transition of Cash Flows

- ▶ Operating cash flow increased by 20.1 billion yen due to a decrease in inventories due to a recovery in sales, an increase in net income, and progress in debt collection.

		FY20 As of March	FY21 As of March
Cash flows from operating activities	Profit before income taxes	6,191	7,054
	Notes and accounts receivable - trade (increase▲)	1,547	5,507
	Inventories (increase▲)	▲319	9,021
	Notes and accounts payable - trade (decrease▲)	▲5,885	▲1,384
	Other	▲9,387	▲25
	Total	▲7,853	20,173
Cash flows from investing activities: Total		▲3,828	▲1,251
Cash flows from financing activities	Proceeds from loans payable	20,940	14,532
	Repayments of loans payable	▲14,360	▲10,997
	Other	▲2,506	▲1,563
	Total	4,074	1,972
Effect of exchange rate change on cash and cash equivalents		▲126	283
Net increase (decrease) in cash and cash equivalents (decrease▲)		▲7,734	21,177
Cash and cash equivalents at beginning of period		19,716	11,981
Cash and cash equivalents at end of period		11,981	33,158

| Business Forecast

The earnings and dividend forecast of FY2022

Earnings (Million JPY)	FY2021(Actual)		FY2022(Forecast)		Change
	Amount	Margin	Amount	Margin	
Net sales	55,186	—	60,000	—	8.7%
Gross profit	6,604	12.0%	7,200	12.0%	9.0%
Ordinary profit	6,836	12.4%	7,050	11.8%	3.1%
Net profit attributable to owners of parent	3,513	6.4%	4,300	7.2%	22.4%
EPS(JPY)	363.41円		444.70円		—

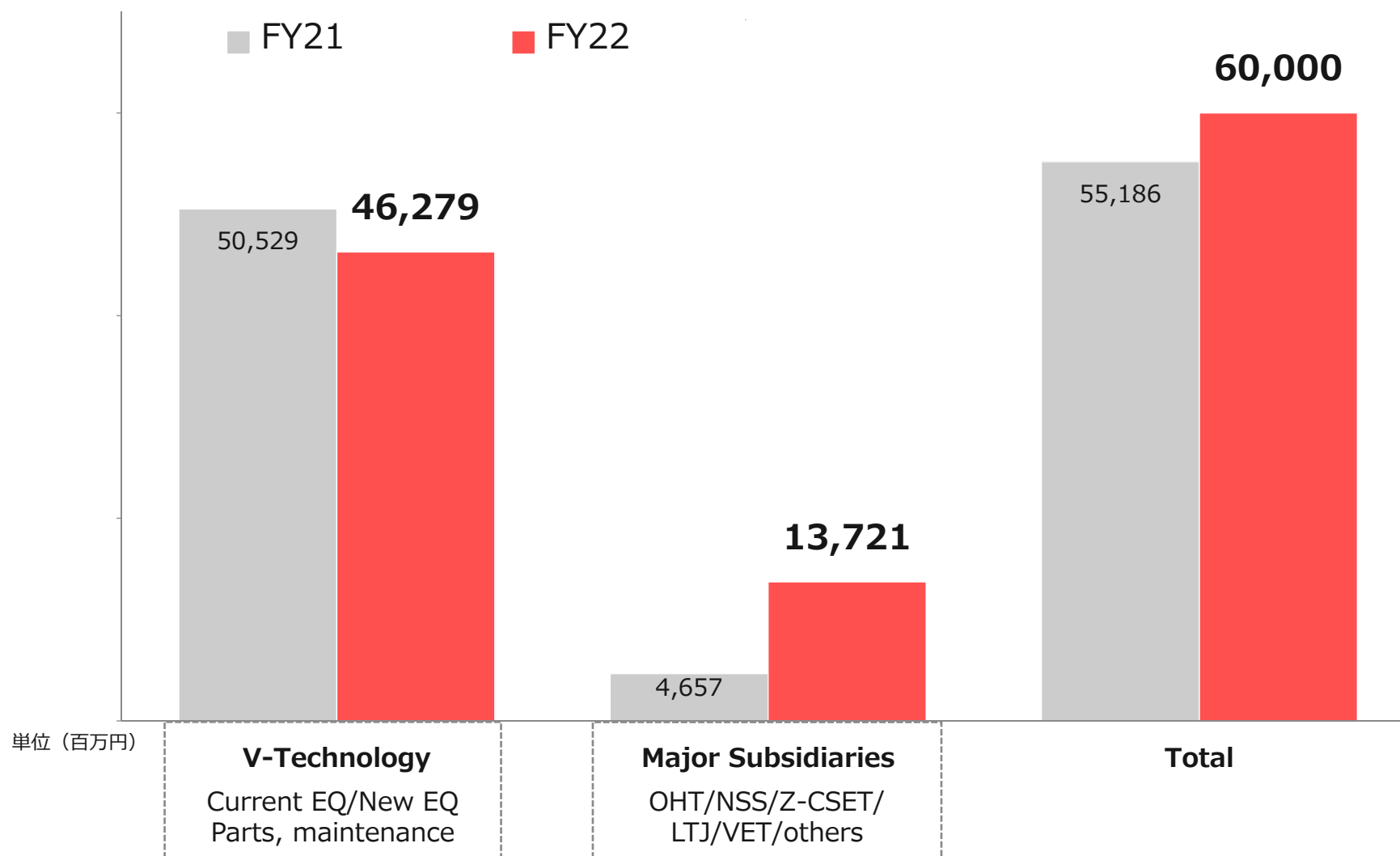
Dividend(JPY)	FY21 Forecast	FY22 Forecast
1H	60円	60円
2H	60円	60円

| Overview of Vtec and Major Subsidiaries

Breakdown of full-year sales forecast for the fiscal year ending March 31, 2022

▶ Forecasting a year-on-year increase of 8.7% to 60.0 billion yen

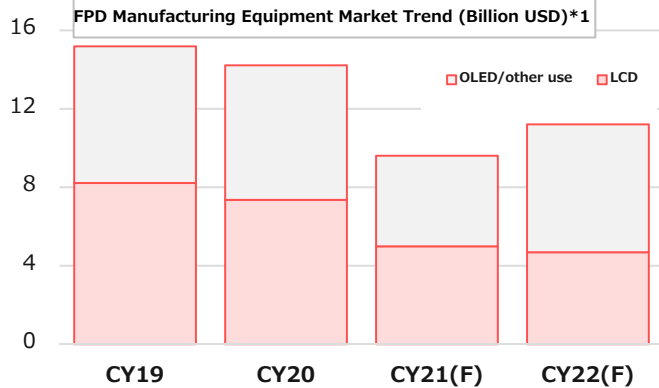
A breakdown by application is shown on slide 25.



Overview of V-Technology

1. FPD equipment market to decline in CY21

Investment in next-generation FPDs such as OLEDs is expected to drive the market in CY22 and beyond.



2. Strengthen conventional equipment business

Implemented various measures

organization

Organizational changes to improve speed of commercialization, equipment performance, and customer satisfaction

Exposure/Repair equipment



Main Themes

- Performance
- Cost reduction
- Customer support

3. Next-generation FPD technology

WOLED VS Mini-LED(LCD), μ LED

Mini-LEDs with few weaknesses are attracting attention, while μ LEDs are actively developed.

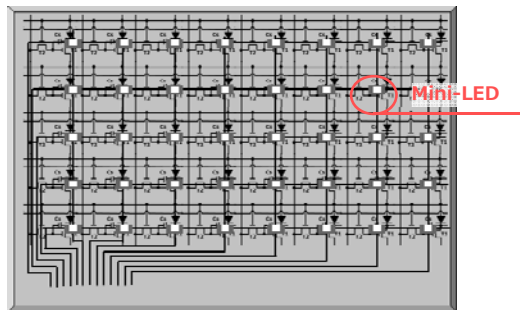
	LCD	White OLED	printing	Mini-LED	μ -LED
Picture quality	△	◎	○	○	◎
Productivity	◎	△	△	○	△
Life-time	◎	△	×	◎	◎

Comparison of different FPD technologies (image quality/productivity/life)

4. R&D for Mini-LEDs and μ LEDs

① Image quality issues with Mini-LED

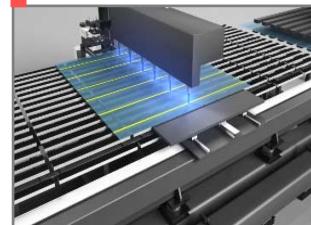
- ✓ Flickering and low brightness (by passive drive)
- ✓ Active drive + Mini-LED high-density mounting can solve the problem
- ✓ BLDA improves TFT at low cost (high electron mobility, lightfastness)



(Conceptual diagram) MiniLED backlight unit with active circuit

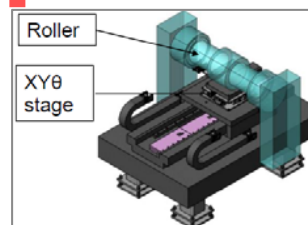
② Joint development delayed due to Corona disaster, but prototype will be released in FY21 and full-scale business is expected to be launched in the next fiscal year.

Laser-annealing(BLDA)



Formation of silicon films on glass substrates with a crystal structure suitable for various FPDs by a semiconductor laser

Roll transfer system



Simultaneous development of laser lift-off equipment, defective chip correction equipment, and other key process equipment

5.R&D for semiconductor-related products

① Development of new inspection and repair systems for legacy semiconductor photomasks

Compact Repair System



② Development of exposure systems for semiconductor packages based on FPD exposure system technology

- High resolution/high productivity

*1: Complied by vtec OMDIA(OLED and LCD Supply Demand Equipment Tracke(2021)

*2: Complied by vtec

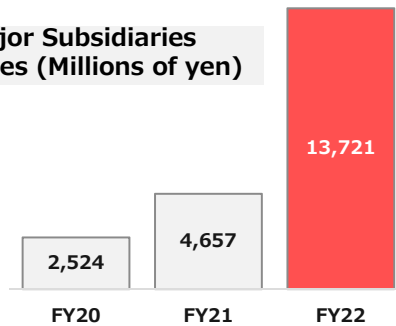
Overview of major subsidiary(1/3)

1. Sales plan for FY2022

Breakthrough in the growing SEMI market

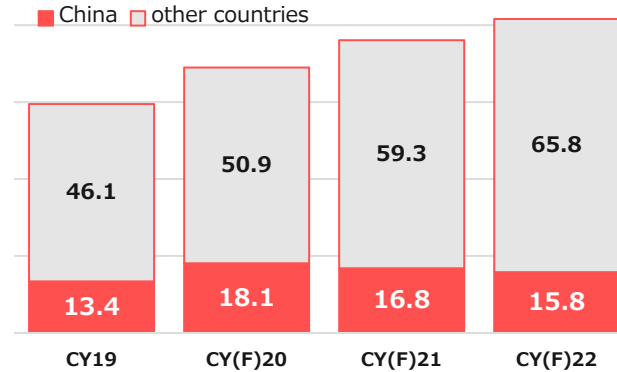
- ① Driven by OHT, NSS and Z-CSET
- ② Not including new M&A

Major Subsidiaries Sales (Millions of yen)

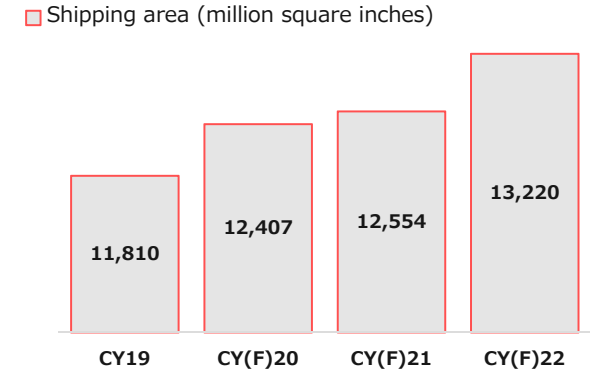


2. Semiconductor-related markets keep growing

Semiconductor Equipment Market Forecast (billions of USD, by region) *1



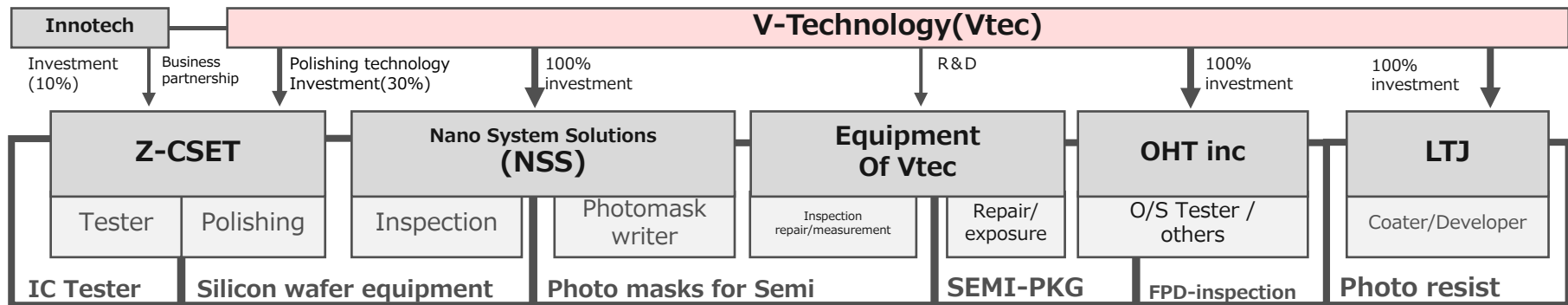
Si wafer market forecast*2



4. Promote growth initiatives and actively enter fields where we can leverage our strengths

Expand business in a short period of time by making full use of M&A, business alliances, and R&D

(Figure) Capital relationship with major equipment-related subsidiaries, and products and target markets



(*1, *2)Compiled by Vtec from SEMI 2020 and SEMI 2021 data

Overview of major subsidiary(2/3)

4. Nano System Solutions

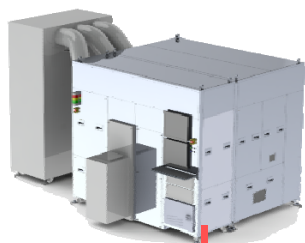
Surge in business negotiations on the back of growth in the wafer and semiconductor markets, and the Group's resources are concentrated to strengthen its response.

①Rapid increase in business negotiations for Si wafer inspection equipment as production lines are expanded in Japan and overseas.



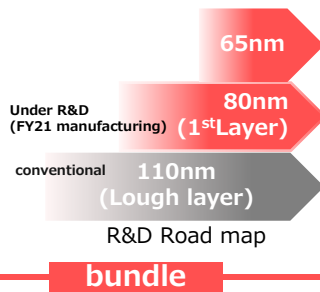
Si wafer inspection

②Increase in replacement demand for semiconductor mask writing equipment due to increased demand for legacy semiconductors



Semiconductor mask writer

③Developing the next generation of semiconductor mask writing systems



5. LTJ

Monopolizes evaluation equipment for resist manufacturers, has extensive lithography-related knowledge, expects to make great strides through group synergy

Expanding the scale of sales by improving the ability to respond to inquiries, etc.



Automated coating and developing system

6. Vtec

Support for group companies, development of products with potential synergies

①Currently selling inspection systems and defect correction systems for the semiconductor mask manufacturing process. Currently developing capacity-enhancing systems/ aiming to increase market share.

②Promotion of development of exposure systems for semiconductor packages

7. Z-CSET succeeds in receiving full-scale orders for IC testers

Increased business negotiations for polishing equipment, accumulated successful cases, increased the number of partner companies, and entered the market together to expand market share.

① Successfully commercialized two devices through joint venture.



Wafer polisher

- Additional negotiations underway
- Utilize the strength of local production, build up a track record of mass production application, and expand market share



IC Tester

- Succeeded in receiving orders from major memory manufacturers
- Looking to enter the peripheral components and equipment market

② Z-CSET*1: Established in 2018 as a joint venture with Chinese capital/utilizing the company to support local production for local consumption policies with domestic partner companies



*1: Zhejiang Chip Sunshine Equipment Technology Co., Ltd.)

Overview of major subsidiary(3/3)

VSC (Salvage Service)/Small/Medium OLED Market

Salvage Service

- ① Production of driver ICs with IP delayed; full-scale operation scheduled to begin in June
- ② Expected annual demand of 1000K~1500K panels



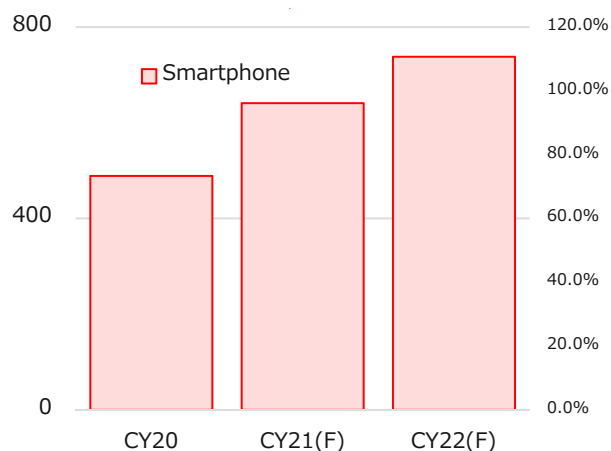
Kunshan Factory



Demura equipment

Small- and medium-sized OLED market will recover

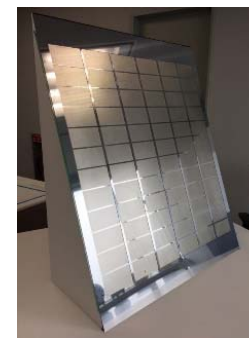
Small- and medium-sized OLED demand forecast*1



* 1. OMDIA(OLED and LCD Supply Demand Equipment Tracke(2021)より作成

9. VET(OLED deposition mask)

- ① Delayed joint evaluation with customers, accelerated to make up for the delay, accelerated to start sales in the second half
- ② Deposition Mask (Fine Hybrid Mask)



(Pic)FHM

Features

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

10. Sales of OLED lighting and lighting fixtures

① OLED Lighting

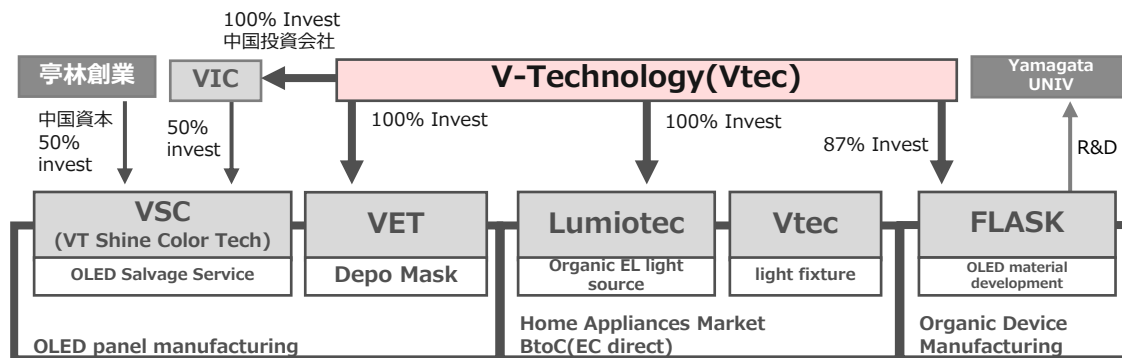
- ✓ Production line improvement of CHVT installation
- ✓ Longer life of elements / cost reduction

② Light fixture, etc.

- ✓ Steady progress in design planning, etc. for original brand products, aiming for sales from this fiscal year.

(Reference) Business conditions in the materials and services field

(Figure) Capital relationship with major subsidiaries in the materials and services industry, and products and target markets



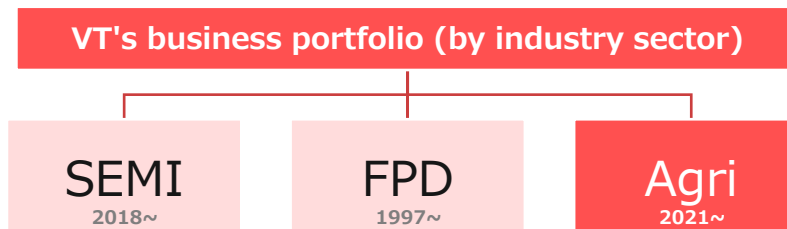
| New entry into the agricultural sector

Challenge to create innovation in new fields

1. The Board of Directors resolved to establish an agricultural joint venture company and amend the Articles of Incorporation at a meeting held on May 12.

Achieve stable growth over the medium to long term by commercializing solutions to environmental and social issues from the perspective of sustainable management

- ① **As a first step, we will utilize our own management resources and enter a field where stable demand is expected.**
 - Joint Venture to Produce and Sell High Value-Added Tomatoes
 - Stable demand for agricultural products that are outstanding in terms of taste and quality
 - Tomato production using imec® with its superior environmental characteristics
- ② **Risk diversification perspective**
 - 95% overseas export ratio, low weighting of domestic business
 - Capital investment cycle influences business performance
 - Changes in high-tech industry policy in each country / Changes in international situation such as US-China issues

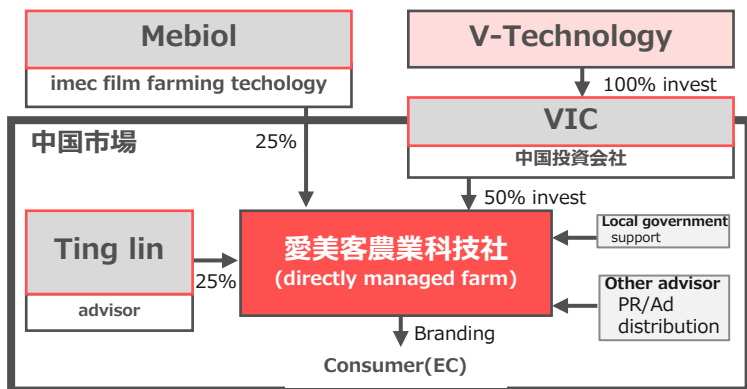


2. JV "Imec agri tech(China)"

VIC, Mebiol, and Teijin Foundry establish JV

- Registered capital: 30 million (RMB)
- Production and sales of IMEC tomatoes in direct farming

(Figure) Relationship between the joint venture and each company



3. Mebiol/imec

World's First Application of Hydrogel Technology to Agriculture and Development of IMEC



Mebiol Inc

Developed the world's first sustainable agricultural technology (IMEC®) to produce safe, highly nutritious agricultural products by applying membrane and hydrogel technologies developed for medical use to agriculture.

Website →



*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

Tomato cultivation using the IMEC® system

| 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.

Sector	FPD	SEMI	Parts/material	Agri/other	
Measures	M&A	R&D	Customer	SCM	Human Resources

Sustainability

Environment

- Climate change (FPD's power saving technology development)
- Resource protection (FPD/semi-conductor improvement technology)
- Pollution prevention (production activities that are qualified by local environmental laws)

Society

- Safety(Safety Education/Safety Measures for Equipment)
- Social Contribution(Judo Support/Women's Judo Club Operation/Youth Development)
- Strengthening supply chain management(Soukikai)

Governance

- Separation of supervision and execution
5 directors (including 2 outside directors), establishment of Nomination and Compensation Committee, etc.
- Strengthen risk management (establish a divisional system and an affiliated company management office)
- Dialogue with stakeholders (establish a system for information disclosure and dialogue)

Executive and Employee action guidelines

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?

(Reference) Breakdown of full-year sales forecast for the fiscal year ending March 31, 2022 (by application)

