



**Consolidated Financial Statements for the First Quarter of
Fiscal Year Ending March 31, 2020**
(under Japanese GAAP)

August 9, 2019

Registered Company Name: **V-Technology Co., Ltd.**

Code Number: 7717, First Section of the Tokyo Stock Exchange,

URL: <https://www.vtec.co.jp>

Representative: Shigeto Sugimoto (President & CEO)

Contact: Shogo Yoshimura (Leader of IR Group, Office of the President) TEL: 045-338-1980

Planned Date for Submission of the Quarterly Report: August 14, 2019

Planned Date for Start of Dividend Payment: —

Supplementary materials for the quarterly financial statements: Yes

Briefing session on quarterly financial results: None

(Amounts less than one million yen have been omitted.)

1. Business Performance (April 1, 2019 through June 30, 2019)

1) Consolidated Results of Operations

(%: Changes from previous fiscal year)

	Net sales (Millions of Yen)	% Change	Operating profit (Millions of Yen)	% Change	Ordinary profit (Millions of Yen)	% Change
Three months ended June 30, 2019	18,910	22.0	3,721	36.1	3,676	29.7
Three months ended June 30, 2018	15,501	92.4	2,733	319.1	2,834	311.0

*Notes: Comprehensive Income

Three months ended June 30, 2019: 2,474 Million Yen (11.3%)

Three months ended June 30, 2018: 2,222 Million Yen (270.4%)

	Income attributable to owners of the parent (Millions of Yen)	% Change	Net income per share (Yen)	Diluted net income per share (Yen)
Three months ended June 30, 2019	2,283	15.2	236.15	—
Three months ended June 30, 2018	1,981	346.1	200.10	197.62

*Note: V-Technology carried out a stock split that shares of the common stock held by shareholders shall be split in 2 shares for 1 share on June 1, 2019. "Net income per share" and "Diluted net income per share" are calculated with the assumption that we carried out the stock split at the beginning of the fiscal year ended March 31, 2019.

2) Consolidated Financial Position

	Total assets (Millions of Yen)	Net assets (Millions of Yen)	Equity ratio (%)	Net assets per share (Yen)
As of June 30, 2019	74,223	29,113	38.0	2,915.42
As of March 31, 2019	80,304	27,985	33.4	2,776.16

*Reference: Shareholders' equity: As of June 30, 2019: 28,190 Million Yen

As of March 31, 2019: 26,844 Million Yen

*Note: V-Technology carried out a stock split that shares of the common stock held by shareholders shall be split in 2 shares for 1 share on June 1, 2019. "Net assets per share" is calculated with the assumption that we carried out the stock split at the beginning of the fiscal year ended March 31, 2019.

2. Dividends

	Annual Dividends				
	End of first quarter (Yen)	End of second quarter (Yen)	End of third quarter (Yen)	Year-end (Yen)	For the year (Yen)
Year ended March 31, 2019	—	160.00	—	160.00	320.00
Year ending March 31, 2020	—				
Year ending March 31, 2020 (Forecast)		80.00	—	80.00	160.00

*Note:

-Revisions to the latest announcement regarding dividend projection: None

-V-Technology carried out a stock split that shares of the common stock held by shareholders shall be split in 2 shares for share on June 1, 2019. For the fiscal year ending March 2019, the actual amount of dividends before the stock split is stated.

3. Forecast for the Fiscal Year ending March 31, 2020 (April 1, 2019 through March 31, 2020)

(%: Changes from corresponding period of previous fiscal year)

	Net sales (Millions of Yen)	% Change	Operating profit (Millions of Yen)	% Change	Ordinary profit (Millions of Yen)	% Change	Income attributable to owners of the parent (Millions of Yen)	% Change	Net income per share (Yen)
Year ending March 31,2020	73,000	1.2	13,000	△21.8	12,850	△23.4	7,800	△28.5	806.66

*Notes:

- Revisions to the latest announcement regarding result projection: None

- V-Technology carried out a stock split that shares of the common stock held by shareholders shall be split in 2 shares for share on June 1, 2019. "Net income per share" for the fiscal year ending March 2020 (forecast) is the amount taking into account the stock split.

<NOTES>

1) Changes in significant subsidiaries during the three months ended June 30, 2019
(Changes in certain subsidiaries resulting in change in the scope of consolidation): None

2) Application of special accounting methods for Quarterly Consolidated Financial Statements: None

3) Changes in accounting policies, Changes in accounting estimates, or Restatement

a. Changes in accounting policies due to changes in accounting standards: None

b. Changes other than "a." above: None

c. Changes in accounting estimates: None

d. Restatements: None

3) Number of Shares Outstanding (Common stock)

Numbers of shares outstanding (Common Stock)				
1. Number of Shares Outstanding at end of period (including treasury stock)	Three months ended June 30,2019	10,057,600	Year ended March 31,2019	10,057,600
2. Number of Treasury Shares at end of period	Three months ended June 30,2019	388,078	Year ended March 31,2019	388,000
3. Average Number of Shares	Three months ended June 30,2019	9,669,542	Three months ended March 31,2018	9,903,000

*Note: V-Technology carried out a stock split that shares of the common stock held by shareholders shall be split in 2 shares for 1 share on June 1, 2019. "Number of Shares Outstanding at the end of period", "Number of Treasury Shares at the end of period" and "Average Number of Shares" are calculated with the assumption that we carried out the stock split at the beginning of the fiscal year ended March 31, 2019.

*This document "Consolidated Financial Statements for the First Quarter of Fiscal Year ending March 31, 2020" is not subject to quarterly financial review by a certified public accountants or an audit corporation.

<Explanation regarding proper use of the projected financial results and other notes>

1) Above forecasts were prepared based on information available at this time and therefore actual results may be affected by a number of important factors and materially different from those discussed in forward-looking statements. For further information on the above forecasts, please refer to page 2 of the attached document; "1. Explanation of Operating Performance and Financial Position for the Quarter; 3) Explanation of Consolidated Forecast and Other Forecasts".

2) We have posted the Supplementary materials for the quarterly financial statements on our website.

Index

1. Explanation of Operating Performance and Financial Position for the Quarter.....	2
1) Explanation of Operating Performance	2
2) Explanation of Financial Position	2
3) Explanation of Consolidated Forecast and Other Forecasts	2
2. Quarterly Consolidated Financial Statements and Major Notes	3
1) Quarterly Consolidated Balance Sheets	3
2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income	5
<Quarterly Consolidated Statements of Income>	5
<Quarterly Consolidated Statements of Comprehensive Income>	6
3) Notes on Quarterly Consolidated Financial Statements	7
<Notes on Going Concern Assumptions>	7
<Note Regarding the Occurrence of Significant Changes in Amount of Shareholder's Equity>	7
<Subsequent Events>	7

1. Explanation of Operating Performance and Financial Position

1) Explanation of Operating Performance

Regarding the global economy in the first quarter consolidated cumulative period, the speed of growth has slowed down somewhat due to uncertainty about the future of US-China trade and technological issues. The US economy remained firm on the back of active personal consumption despite sluggish exports and private investment.

The Chinese economy slowed down moderately as manufacturing stagnated due to sluggish exports. In Japan, despite sluggish exports, domestic demand such as personal consumption and capital investment remained steady, and a moderate recovery trend continued.

In the flat panel display (FPD) market, large-sized liquid crystal display-related new plants continued to be built in China, and investments related small- and medium-sized display remained firm, however, some projects were revised or postponed.

The amount of orders received by V-Technology Group in the first quarter of current consolidated fiscal year was 5,344 million yen (the same period last year: 14,861 million yen). As a result, the balance of orders received at the end of the First Quarter of the current consolidated fiscal year was 77,369 million yen (the same period last year: 114,997 million yen).

V-Technology Group posted net sales of 18,910 million yen (the same period last year: 15,510 million yen), operating income is 3,721 million yen (the same period last year: 2,733 million yen), ordinary profit is 3,676 million yen (the same period last year: 2,834 million yen) and profit attributable to owners of parent was ¥ 2,283 million (the same period last year: 1,981 million yen).

2) Explanation of Financial Position

1. Assets

As of June 30, 2019, total net assets amounted to 74,223 million yen, down 6,081 million yen from the previous consolidated fiscal year ended March 31, 2019. This is mainly attributed to a 4,314 million yen decrease in “Cash and deposits” and a 520 million yen decrease in “Work in process”.

2. Liabilities

As of June 30, 2019, total current liabilities amounted to 45,109 million yen, down 7,208 million yen from the previous consolidated fiscal year ended March 31, 2019. This is mainly attributed to a 3,118 million yen decrease in “Advances received”, a 2,029 million yen decrease in “Income taxes payable”, a 1,307 million yen decrease in “Notes and accounts payable – trade” and a 566 million yen decrease in “Electronically recorded monetary obligations – operating”.

3. Net Assets

Net assets increased overall by 1,127 million yen compared to the previous fiscal year-end to 29,113 million yen. Contributing factor was a 1,510 million yen increase in “Retained earnings”

3) Explanation of Consolidated Forecast and Other Forecasts

Considering the results of the First Quarter of the current consolidated cumulative period and future trends, there are no changes to the earnings forecast for the fiscal year ending March 2020 from the earnings forecast stated in the “Financial Results for the Fiscal Year Ending March 31, 2019” which we published on May 13, 2019.

3. Quarterly Consolidated Financial Statements and Major Notes

1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2019	As of June 30, 2019
ASSETS		
Current assets		
Cash and deposits	19,836	15,522
Notes and accounts receivable - trade	25,518	26,044
Electronically recorded monetary claims - operating	240	711
Merchandise and finished goods	171	205
Work in process	22,756	22,235
Raw materials and supplies	1,101	1,299
Other	5,268	2,650
Allowance for doubtful accounts	△194	△196
Total current assets	74,699	68,471
Non-current assets		
Property, plant and equipment	3,274	3,602
Intangible assets		
Goodwill	49	40
Other	140	131
Total intangible assets	189	172
Investments and other assets, gross	2,141	1,976
Total non-current assets	5,605	5,751
Total assets	80,304	74,223
LIABILITIES		
Current liabilities		
Notes and accounts payable - trade	12,505	11,198
Electronically recorded obligations - operating	6,393	5,827
Short-term borrowings	2,450	2,550
Current portion of long-term borrowings	321	1,572
Income taxes payable	3,188	1,159
Advances received	22,320	19,201
Provision for product warranties	858	865
Provisions	499	797
Other	1,979	1,554
Total current liabilities	50,517	44,727
Non-current liabilities		
Long-term borrowings	1,332	-
Retirement benefit liability	198	201
Asset retirement obligations	71	71
Other	199	109
Total non-current liabilities	1,801	382
Total liabilities	52,318	45,109

NET ASSETS

Shareholders' equity		
Share capital	2,847	2,847
Capital surplus	2,974	2,974
Retained earnings	23,227	24,738
Treasury shares	△2,125	△2,126
Total shareholders' equity	26,924	28,435
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	△1	△1
Foreign currency translation adjustment	△79	△242
Total accumulated other comprehensive income	△80	△244
Share acquisition rights	7	7
Non-controlling interests	1,133	914
Total net assets	27,985	29,113
Total liabilities and net assets	80,304	74,223

2) Quarterly Consolidated Statements of Income

<Quarterly Consolidated Statements of Income>

(Millions of yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019
Net sales	15,501	18,910
Cost of sales	10,655	12,407
Gross profit	4,846	6,502
Selling, general and administrative expenses	2,112	2,781
Operating profit	2,733	3,721
Non-operating income		
Interest income	3	4
Foreign exchange gains	98	–
Share of profit of entities accounted for using equity method	–	14
Other	7	4
Total non-operating income	109	23
Non-operating expenses		
Interest expenses	5	4
Foreign exchange losses	–	61
Share of loss of entities accounted for using equity method	0	2
Other	3	0
Total non-operating expenses	9	68
Ordinary profit	2,834	3,676
Extraordinary income		
Gain on sales of non-current assets	–	1
Gain on bargain purchase	189	–
Insurance claim income	–	40
Total extraordinary income	189	41
Extraordinary losses		
Loss on retirement of non-current assets	0	–
Total extraordinary losses	0	–
Profit before income taxes	3,024	3,718
Income taxes - current	562	1,141
Income taxes - deferred	197	△60
Total income taxes	759	1,080
Profit	2,264	2,638
Profit attributable to non-controlling interests	283	354
Profit attributable to owners of parent	1,981	2,283

<Quarterly Consolidated Statements of Comprehensive Income>

(Millions of yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019
Profit	2,264	2,638
Other comprehensive income		
Valuation difference on available-for-sale securities	△0	△0
Deferred gains or losses on hedges	△0	-
Foreign currency translation adjustment	△41	△163
Total other comprehensive income	△42	△163
Comprehensive income	2,222	2,474
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,943	2,152
Comprehensive income attributable to non-controlling interests	278	321

3) Notes on Consolidated Financial Statements

<Notes on Going Concern Assumptions>

Not applicable

<Note Regarding the Occurrence of Significant Changes in Amount of Shareholder's Equity>

Not applicable

<Subsequent Events>

Establishment of a Joint Venture

V Technology Co., Ltd. ("V-Tech") resolved to establish a joint venture (Xianyang CHVT New Display Technology Co., Ltd., "CHVT") with CHOT ("CHOT") at the board of directors meeting held on July 30, 2019.

1. Purpose and Background of Establishment of the Joint Venture

In collaboration with CHOT, we will establish a joint venture company, CHVT to develop new display for TVs and OLED lighting technologies and to produce commissioned manufacture of OLED lighting.

CHVT will work on the commissioned production of OLED lighting panels, the development of deposition technology for new displays, and the development of TFT technology (a technology with excellent electrical characteristics and easy to improve yield).

Aiming at the spread and market expansion of OLED lighting in China, V-Tech will promote local production of OLED lighting panels as its first step. In addition to the laser annealing technology that V-Tech has been researching up to now, we aim to contribute to CHVT with deposition technology for large glass substrates and organic materials development. Our goal is to increase our presence in the field of OLED lighting and large OLED display manufacturing technology in the future.

2. Overview of the Joint Venture

1) Trade Name: Xianyang CHVT New Display Technology Co., Ltd.

2) Address: No.1, Gaoke Yilu, Qindu District, Xianyang, Shaanxi, P.R.CHINA

3) Title and Name of the Representative: Chairman, Chen ZhongGuo

4) Major Businesses

-Research and Development, Design, Manufacture and Sales of Production Equipment such as new displays and parts, other electronic parts and related peripheral products

-Commissioned Production of OLED lighting products and its parts

5) Capital: 186 million RMB (JPY conversion reference value: 2,923.92 million yen, 15.72 yen / RBM)

6) Equity Ratio: V-Tech: 32.4%, CHOT: 67.6%

7) Relationship with V-Tech

-Capital Relationship: The ownership ratio of V-Tech is 32.4%.

-Personnel Relationship: V-Tech appoints one of the three directors.

-Trading Relationship: As there is no company established at present, there is no transaction result.

8) Establishment Date of the Joint Venture: August 2019 (current plan)