



**Consolidated Financial Statements for the Second Quarter of
Fiscal Year Ending March 31, 2020**
〔under Japanese GAAP〕

November 11, 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: November 12, 2019

Planned Date for Start of Dividend Payment: December 9, 2019

Supplementary materials for the quarterly financial statements: Yes

Briefing session on quarterly financial results: Yes (for institutional investors)

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

1. Business Performance of the Second Quarter of the Fiscal Year Ending March 31, 2020

1) Consolidated Results of Operations (April 1, 2019 through September 30, 2019) (%: Changes from previous fiscal year)

	Net sales (Millions of Yen)	% Change	Operating profit (Millions of Yen)	% Change	Ordinary profit (Millions of Yen)	% Change
Six months ended September 30, 2019	35,046	△8.0	6,262	△25.1	6,269	△27.0
Six months ended September 30, 2018	38,104	63.9	8,365	135.7	8,585	144.5

*Notes: Comprehensive Income

Six months ended September 30, 2019: 4,260 Million Yen (△34.6%)

Six months ended September 30, 2018: 6,511 Million Yen (160.5%)

	Income attributable to owners of the parent (Millions of Yen)	% Change	Net income per share (Yen)	Diluted net income per share (Yen)
Six months ended September 30, 2019	3,886	△32.6	401.94	—
Six months ended September 30, 2018	5,764	180.7	582.02	576.04

*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 September 30, 2019	80,689	30,881	36.8	3,070.16
As of March 31, 2019	80,304	27,985	33.4	2,776.16

*Reference: Shareholders' equity: As of September 30, 2019: 29,686 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	—	80.00			
Year ending March 31,2020 (Forecast)			—	80.00	160.00

***Notes:**

- 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	69,000	△4.3	10,500	△36.9	10,400	△38.0	6,300	△42.2	651.53

***Notes:**

- Revisions to the latest announcement regarding result projection: Yes
 - 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.
- For further information on the above forecasts, please refer to page 3 of the attached document; "1. Explanation of Operating Performance and Financial Position for the Quarter; 3) Explanation of Consolidated Forecast and Other Forecasts."

<NOTES>

- 1) Changes in significant subsidiaries during the six months ended September 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)	Six months ended September 30,2019	10,057,600	Year ended March 31,2019	10,057,600
2. Number of Treasury Shares at end of period	Six months ended September 30,2019	388,111	Year ended March 31,2019	388,000
3. Average Number of Shares	Six months ended September 30,2019	9,669,529	Six months ended September 30,2018	9,904,038

*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 Second Quarter of Fiscal Year ending March 31, 2020" is not subject to quarterly financial review by a certified public accountants or an audit firm.

<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 3 of the attached document; "1. Explanation of Operating Performance and Financial Position for the Quarter; 3) Explanation of Consolidated Forecast and Other Forecasts".

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	3
2. Quarterly Consolidated Financial Statements and Major Notes	4
1) Quarterly Consolidated Balance Sheets	4
2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income	6
<Quarterly Consolidated Statements of Income>	6
<Quarterly Consolidated Statements of Comprehensive Income>	7
3) Quarterly Consolidated Statements of Cash Flows	8
4) Notes on Quarterly Consolidated Financial Statements	10
<Notes on Going Concern Assumptions>	10
<Note Regarding the Occurrence of Significant Changes in Amount of Shareholder's Equity>	10
<Changes in Significant Subsidiaries during the Period>	10

1. Explanation of Operating Performance and Financial Position

1) Explanation of Operating Performance

The global economy during the second quarter of the current fiscal year slowed down slightly against the backdrop of US-China trade friction, European turmoil over Brexit, and growing global geopolitical tensions, particularly in the Middle East.

In the US, private investment did not seem to be satisfying. However, the economy continued to grow, although there was a slight slowdown in business as a result of continued personal consumption and a recovery in exports. In China, although investment was sluggish, the economy was supported by an increase in retail sales and a recovery in production. In Japan, domestic demand such as personal consumption remained firm, during stagnation in capital investment. As for the flat panel display (FPD) market, some of the capital investment plans related to large-sized LCD and small and medium-sized displays for smartphones were reconsidered.

The amount of orders received by V-Technology Group in the second quarter of the current consolidated fiscal year was 18,014 million yen (the same period last year: 23,267 million yen). As a result, the balance of orders received at the end of the current consolidated fiscal year was 73,903 million yen. (the same period last year: 100,800 million yen)

V-Technology Group posted net sales of 35,046 million yen (the same period last year: 38,104 million yen) as of September 30, 2019, operating income is 6,262 million yen (the same period last year: 8,365 million yen), ordinary profit is 6,269 million yen (the same period last year: 8,585 million yen) and profit attributable to owners of parent was 3,886 million yen. (the same period last year: 5,764 million yen)

2) Explanation of Financial Position

A: Outlook of Assets, Liabilities and Net Assets

1. Assets

As of September 30, 2019, total net assets amounted to 80,689 million yen, up 384 million yen from the previous consolidated fiscal year ended March 31, 2019. This is mainly attributed to a 4,331 million yen increase in “Notes and accounts receivable – trade” and a 1,405 million yen increase in “Goodwill .”

2. Liabilities

As of September 30, 2019, total current liabilities amounted to 49,807 million yen, down 2,511 million yen from the previous consolidated fiscal year ended March 31, 2019, and this is mainly attributed to a 7,916 million yen decrease in “Advances received” and a 2,155 million yen decrease in “Short-term loans payable.”

3. Net Assets

Net assets increased overall by 2,896 million yen compared to the previous fiscal year-end to 30,801 million yen. A contributing factor was a 3,112 million yen increase in “Retained earnings.”

B: Outlook of Cash Flows

The ending balance of “Cash and cash equivalents” (collectively, “Cash”) as of September 30, 2019, was 15,663 million yen, with a 4,053 million yen decrease during the fiscal year. During the prior fiscal year, Net increase (decrease) of Cash and contributing factors during the fiscal year ended March 31, 2019, are as follows:

Net cash used in (provided by) operating activities:

Net cash used in operating activities amounted to 8,311 million yen. (the same period last year: acquired 12,121 million yen) The major negative factors were a 8,259 million yen decrease in “Advances received,” a 4,995 million yen increase in notes and accounts receivable - trade, a 3,125 million yen increase in income taxes paid. The significant positive factors were a 6,312 million yen increase in “Profit before income taxes” and a 1,722 million yen decrease in “Inventories.”

Net cash used in investing activities:

Net cash used in investing activities amounted to 1,659 million yen. (the same period last year: paid 532 million yen) These were mainly due to a payment of 982 million yen due to proceeds from the purchase of investments in subsidiaries resulting in a change in scope of consolidation and a payment of 629 million yen for the purchase of fixed assets.

Net cash provided by (used in) financing activities:

Net cash provided by financing activities amounted to 6,090 million yen, (the same period last year: paid 1,455 million yen) due to an acquisition of 9,835 million yen for a net increase in long-term loans payable. Net cash was used mainly in financing activities due to a 2,430 million yen net decrease in short-term loans payable, a payment of 773 million yen for cash dividends paid and a payment of 540 million yen for dividends paid to non-controlling interests.

3) Explanation of Consolidated Forecast and Other Forecasts

Considering the results of the First Quarter of the current consolidated cumulative period, it was generally in line with the plan. However, we revised our business forecast from the forecast we announced on May 13, 2019, as follows due to the expected delay to the next fiscal year in some of the sales of exposure equipment and other products for some reasons attributable to clients.

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

	Net sales (Millions of Yen)	Operating profit (Millions of Yen)	Ordinary profit (Millions of Yen)	Income attributable to owners of the parent (Millions of Yen)	Net income per share (Yen)
Previous Forecast(A)	73,000	13,000	12,850	7,800	806.66
Current Forecast(B)	69,000	10,500	10,400	6,300	651.53
(B-A) Change	▲4,000	▲2,500	▲2,450	▲1,500	—
(%) Change	▲5.5	▲19.2	▲19.1	▲19.2	—
(*Ref) Results of FY19	72,132	16,628	16,767	10,901	1,108.74

*Note: 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.

2. Quarterly Consolidated Financial Statements and Major Notes

1) Quarterly Consolidated Balance Sheets

(Millions of JPY)

	As of March 31, 2019	As of September 30, 2019
ASSETS		
Current assets		
Cash and deposits	19,836	15,783
Notes and accounts receivable - trade	25,518	29,849
Electronically recorded monetary claims - operating	240	1,137
Merchandise and finished goods	171	142
Work in process	22,756	21,021
Raw materials and supplies	1,101	1,664
Other	5,268	3,260
Allowance for doubtful accounts	△194	△141
Total current assets	74,699	72,718
Non-current assets		
Property, plant and equipment	3,274	4,358
Intangible assets		
Goodwill	49	1,454
Other	140	121
Total intangible assets	189	1,576
Investments and other assets, gross	2,141	2,036
Total non-current assets	5,605	7,971
Total assets	80,304	80,689
LIABILITIES		
Current liabilities		
Notes and accounts payable - trade	12,505	11,559
Electronically recorded obligations - operating	6,393	5,748
Short-term borrowings	2,450	295
Current portion of long-term borrowings	321	2,685
Income taxes payable	3,188	1,793
Advances received	22,320	14,404
Provision for product warranties	858	933
Provisions	499	479
Other	1,979	2,065
Total current liabilities	50,517	39,963
Non-current liabilities		
Long-term borrowings	1,332	9,452
Retirement benefit liability	198	175
Asset retirement obligations	71	93
Other	199	121
Total non-current liabilities	1,801	9,843
Total liabilities	52,318	49,807

NET ASSETS

Shareholders' equity		
Share capital	2,847	2,847
Capital surplus	2,974	2,974
Retained earnings	23,227	26,340
Treasury shares	△2,125	△2,126
Total shareholders' equity	26,924	30,036
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	△1	△0
Foreign currency translation adjustment	△79	△349
Total accumulated other comprehensive income	△80	△350
Share acquisition rights	7	7
Non-controlling interests	1,133	1,187
Total net assets	27,985	30,881
Total liabilities and net assets	80,304	80,689

2) Quarterly Consolidated Statements of Income

<Quarterly Consolidated Statements of Income>

(Millions of JPY)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Net sales	38,104	35,046
Cost of sales	25,580	23,844
Gross profit	12,523	11,202
Selling, general and administrative expenses	4,158	4,939
Operating profit	8,365	6,262
Non-operating income		
Interest and dividend income	8	9
Foreign exchange gains	221	–
Share of profit of entities accounted for using equity method	–	14
Other	14	18
Total non-operating income	244	42
Non-operating expenses		
Interest expenses	11	11
Foreign exchange losses	–	12
Share of loss of entities accounted for using equity method	2	11
Other	10	0
Total non-operating expenses	23	35
Ordinary profit	8,585	6,269
Extraordinary income		
Gain on sales of non-current assets	0	1
Gain on bargain purchase	189	–
Insurance claim income	–	40
Other	–	0
Total extraordinary income	190	42
Extraordinary losses		
Loss on retirement of non-current assets	0	0
Total extraordinary losses	0	0
Profit before income taxes	8,776	6,312
Income taxes - current	2,327	1,703
Income taxes - deferred	△42	79
Total income taxes	2,285	1,782
Profit	6,490	4,529
Profit attributable to non-controlling interests	726	643
Profit attributable to owners of parent	5,764	3,886

<Quarterly Consolidated Statements of Comprehensive Income>

(Millions of JPY)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Profit	6,490	4,529
Other comprehensive income		
Valuation difference on available-for-sale securities	0	1
Deferred gains or losses on hedges	△0	–
Foreign currency translation adjustment	19	△270
Total other comprehensive income	20	△269
Comprehensive income	6,511	4,260
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,797	3,679
Comprehensive income attributable to non-controlling interests	713	580

3) Quarterly Consolidated Statements of Cash Flows

(Millions of JPY)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Cash flows from operating activities		
Profit before income taxes	8,776	6,312
Depreciation	173	201
Amortization of goodwill	17	42
Gain on bargain purchase	△189	–
Increase (decrease) in allowance for doubtful accounts	12	△63
Increase (decrease) in provision for bonuses	26	4
Increase (decrease) in provision for product warranties	△372	31
Increase (decrease) in retirement benefit liability	17	△20
Increase (decrease) in provision for loss on order received	△23	△17
Interest and dividend income	△8	△9
Interest expenses	11	11
Share of loss (profit) of entities accounted for using equity method	2	△2
Foreign exchange losses (gains)	△72	44
Loss (gain) on sales of property, plant and equipment	△0	–
Loss on retirement of property, plant and equipment	0	0
Loss on retirement of intangible assets	0	0
Loss (gain) on sales of investment securities	–	△0
Decrease (increase) in trade receivables	△4,164	△4,995
Decrease (increase) in inventories	△7,069	1,722
Decrease (increase) in advance payments - trade	972	267
Decrease (increase) in other current assets	1,047	1,720
Decrease (increase) in other non-current assets	69	24
Increase (decrease) in trade payables	3,825	△2,064
Increase (decrease) in advances received	12,547	△8,259
Increase (decrease) in other current liabilities	△429	△134
Subtotal	15,171	△5,187
Interest and dividends received	8	9
Interest paid	△11	△11
Income taxes paid	△3,071	△3,125
Income taxes refund	24	4
Net cash provided by (used in) operating activities	12,121	△8,311

Cash flows from investing activities		
Purchase of property, plant and equipment	△251	△629
Proceeds from sales of property, plant and equipment	4	–
Purchase of intangible assets	△3	△7
Purchase of investment securities	△51	△0
Proceeds from sales of investment securities	–	28
Purchase of shares of subsidiaries and associates	△526	△218
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	△982
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	297	–
Other, net	△1	150
Net cash provided by (used in) investing activities	△532	△1,659

Cash flows from financing activities		
Proceeds from short-term borrowings	5,000	13,291
Repayments of short-term borrowings	△5,041	△15,721
Proceeds from long-term borrowings	–	10,000
Repayments of long-term borrowings	△172	△164
Proceeds from issuance of shares	33	–
Dividends paid	△841	△773
Dividends paid to non-controlling interests	△433	△540
Other, net	–	△0
Net cash provided by (used in) financing activities	△1,455	6,090
Effect of exchange rate change on cash and cash equivalents	91	△173
Net increase (decrease) in cash and cash equivalents	10,224	△4,053
Cash and cash equivalents at beginning of period	22,161	19,716
Cash and cash equivalents at end of period	32,385	15,663

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

<Changes in Significant Subsidiaries during the Period>

Not applicable

We have acquired stocks of Nano System Solutions Co., Ltd. ("NSS") during the second quarter current consolidated fiscal year, and NSS does not apply to significant changes in the scope of consolidation. However, we have included NSS in the scope of consolidation from the second quarter of the current consolidated fiscal year.