



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

February 10, 2020

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

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

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

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Planned Date for Submission of the Quarterly Report: November 12, 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 of the Second Quarter of the Fiscal Year Ending March 31, 2020

1) Consolidated Results of Operations (April 1, 2019 through December 31, 2019)

(%: Changes from previous fiscal year)

	Net sales (Millions of Yen)	% Change	Operating profit (Millions of Yen)	% Change	Ordinary profit (Millions of Yen)	% Change
Nine months ended December 31,2019	50,715	△9.0	9,447	△30.2	9,447	△31.0
Nine months ended December 31,2018	55,728	35.2	13,534	92.8	13,691	95.7

*Notes: Comprehensive Income

Nine months ended December 31, 2019: 6,692 Million Yen (△35.2%)

Nine months ended December 31, 2018: 10,328 Million Yen (98.7%)

	Income attributable to owners of the parent (Millions of Yen)	% Change	Net income per share (Yen)	Diluted net income per share (Yen)
Nine months ended December 31,2019	5,940	△35.2	614.33	—
Nine months ended December 31,2018	9,168	113.8	927.45	919.75

*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 December 31,2019	77,149	32,162	40.4	3,219.75
As of March 31,2019	80,304	27,985	33.4	2,776.16

*Reference: Shareholders' equity: As of December 31, 2019: 31,133 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)				40.00	120.00

***Notes:**

1. 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.

2. Revisions to the latest announcement regarding dividend projection: Yes

For further information on the above forecasts, please refer to the announcement we released today (February 10, 2020);

“Notice on Revision of Forecast for Year-end Dividends per share.”

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 JPY)	% Change	Operating profit (Millions of JPY)	% Change	Ordinary profit (Millions of JPY)	% Change	Income attributable to owners of the parent (Millions of JPY)	% Change	Net income per share (JPY)
Year ending March 31,2020	54,000	△25.1	5,700	△65.7	5,600	△66.6	3,100	△71.6	320.60

***Notes:**

1. Revisions to the latest announcement regarding result projection: Yes

For further information on the above forecasts, please refer to the announcement we released today (February 10, 2020);

“Notice on Revision of Our Business Forecast”

2. 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 nine months ended December 31, 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)	Nine months ended December 31,2019	10,057,600	Year ended March 31,2019	10,057,600
2. Number of Treasury Shares at end of period	Nine months ended December 31,2019	388,111	Year ended March 31,2019	388,000
3. Average Number of Shares	Nine months ended December 31,2019	9,669,516	Nine months ended December 31,2018	9,885,883

*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) The above forecasts were prepared based on information available at this time. Therefore actual results may be affected by several 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".

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

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1. Explanation of Operating Performance and Financial Position

1) Explanation of Operating Performance

The global economy during the third quarter of the current fiscal year slowed down furthermore 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, while the manufacturing sector was weak and private investment was sluggish, the economy continued to grow, supported by continued steady housing investment and net export growth following a gradual recovery in exports and a sharp decline in imports. In China, the government activated a policy to dispel the uncertainty surrounding the US-China trade conflict, and aggressive fiscal and sensible monetary policies supported growth in fixed-asset investment and supported the economy. In China, the government activated a policy to dispel the uncertainty surrounding the US-China trade conflict, and aggressive fiscal and sensible monetary policies supported growth in fixed-asset investment and supported the economy. In Japan, consumption was in the downturn after the consumption tax hike and exports were sluggish, the economic recovery is at a standstill.

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 third quarter of the current consolidated fiscal year was 20,846 million yen (the same period last year: 27,122 million yen). As a result, the balance of orders received at the end of the current consolidated fiscal year was 61,067 million yen. (the same period last year: 87,030 million yen)

V-Technology Group posted net sales of 50,715 million yen (the same period last year: 55,728 million yen) as of December 31, 2019, operating income is 9,447 million yen (the same period last year: 13,534 million yen), ordinary profit is 9,447 million yen (the same period last year: 13,691 million yen) and profit attributable to owners of parent was 5,940 million yen. (the same period last year: 9,168 million yen)

2) Explanation of Financial Position

A: Outlook of Assets, Liabilities and Net Assets

1. Assets

As of December 31, 2019, total net assets amounted to 77,149 million yen, down 3,154 million yen from the previous consolidated fiscal year ended March 31, 2019. This is mainly attributed to an 8,152 million yen decrease in "Cash and deposits" and a 1,919 million yen decrease in "Work in process."

2. Liabilities

As of December 31, 2019, total current liabilities amounted to 44,987 million yen, down 7,330 million yen from the previous consolidated fiscal year ended March 31, 2019, and this is mainly attributed to a 8,435 million yen decrease in "Advances received", a 2,951 million yen decrease in "Income taxes payable" and a 2,558 decrease in "Notes and accounts payable – trade."

3. Net Assets

Net assets increased overall by 4,176 million yen compared to the previous fiscal year-end to 32,162 million yen. A contributing factor was a 4,392 million yen increase in “Retained earnings.”

3) Explanation of Consolidated Forecast and Other Forecasts

According to the current trend of business results, V-Tech revised our business forecast from the forecast we announced on November 11, 2019, as follows:

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

	Net sales (Millions of JPY)	Operating profit (Millions of JPY)	Ordinary profit (Millions of JPY)	Income attributable to owners of the parent (Millions of JPY)	Net income per share (JPY)
Previous Forecast(A)	69,000	10,500	10,400	6,300	651.53
Current Forecast(B)	54,000	5,700	5,600	3,100	320.60
(B-A) Change	△15,000	△4,800	△4,800	△3,200	—
(%) Change	△21.7	△45.7	△46.2	△50.8	—
(*Ref) Results of FY19	72,132	16,628	16,767	10,901	1,108.74

*Note:

1. For further information on the above forecasts, please refer to the announcement we released today (February 10, 2020); “Notice on Revision of Our Business Forecast.”

We also revised our forecast for year-end dividends per share, and please refer for further information to the announcement we released today (February 10, 2020); “Notice on Revision of Forecast for Year-end Dividends per share” for details.

2. The above forecasts were prepared based on information available at this time. Therefore actual results may be affected by several 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 December 31, 2019
ASSETS		
Current assets		
Cash and deposits	19,836	11,683
Notes and accounts receivable - trade	25,518	29,603
Electronically recorded monetary claims - operating	240	779
Merchandise and finished goods	171	159
Work in process	22,756	20,836
Raw materials and supplies	1,101	1,369
Other	5,268	4,140
Allowance for doubtful accounts	△194	△319
Total current assets	74,699	68,252
Non-current assets		
Property, plant and equipment	3,274	4,820
Intangible assets		
Goodwill	49	1,379
Other	140	118
Total intangible assets	189	1,497
Investments and other assets	2,141	2,578
Total non-current assets	5,605	8,897
Total assets	80,304	77,149
LIABILITIES		
Current liabilities		
Notes and accounts payable - trade	12,505	9,946
Electronically recorded obligations - operating	6,393	5,782
Short-term borrowings	2,450	240
Current portion of long-term borrowings	321	2,605
Income taxes payable	3,188	237
Advances received	22,320	13,885
Provision for product warranties	858	873
Provisions	499	299
Other	1,979	1,550
Total current liabilities	50,517	35,419
Non-current liabilities		
Long-term borrowings	1,332	9,185
Retirement benefit liability	198	179
Asset retirement obligations	71	93
Other	199	109
Total non-current liabilities	1,801	9,568
Total liabilities	52,318	44,987

NET ASSETS

Shareholders' equity		
Share capital	2,847	2,847
Capital surplus	2,974	2,974
Retained earnings	23,227	27,620
Treasury shares	△2,125	△2,126
Total shareholders' equity	26,924	31,317
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	△1	△0
Foreign currency translation adjustment	△79	△183
Total accumulated other comprehensive income	△80	△183
Share acquisition rights	7	7
Non-controlling interests	1,133	1,021
Total net assets	27,985	32,162
Total liabilities and net assets	80,304	77,149

2) Quarterly Consolidated Statements of Income

<Quarterly Consolidated Statements of Income>

(Millions of JPY)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Net sales	55,728	50,715
Cost of sales	36,080	33,980
Gross profit	19,648	16,734
Selling, general and administrative expenses	6,113	7,287
Operating profit	13,534	9,447
Non-operating income		
Interest and dividend income	10	12
Foreign exchange gains	174	36
Share of profit of entities accounted for using equity method	–	14
Other	18	27
Total non-operating income	204	90
Non-operating expenses		
Interest expenses	16	26
Share of loss of entities accounted for using equity method	17	50
Other	12	12
Total non-operating expenses	46	89
Ordinary profit	13,691	9,447
Extraordinary income		
Gain on sales of non-current assets	0	2
Gain on bargain purchase	189	–
Insurance claim income	–	40
Other	–	0
Total extraordinary income	190	43
Extraordinary losses		
Loss on retirement of non-current assets	3	1
Total extraordinary losses	3	1
Profit before income taxes	13,878	9,490
Income taxes - current	3,667	2,540
Income taxes - deferred	△195	154
Total income taxes	3,471	2,694
Profit	10,406	6,795
Profit attributable to non-controlling interests	1,238	855
Profit attributable to owners of parent	9,168	5,940

<Quarterly Consolidated Statements of Comprehensive Income>

(Millions of JPY)

	Nine months ended December 30, 2018	Nine months ended December 31, 2019
Profit	10,406	6,795
Other comprehensive income		
Valuation difference on available-for-sale securities	△1	0
Deferred gains or losses on hedges	△0	–
Foreign currency translation adjustment	△76	△104
Total other comprehensive income	△78	△103
Comprehensive income	10,328	6,692
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,119	5,871
Comprehensive income attributable to non-controlling interests	1,208	820

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 of the 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.