



**Consolidated Financial Statements for Fiscal the First Quarter of
Fiscal Year Ending March 31, 2022**
〔under Japanese GAAP〕

August 10, 2021

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 11, 2021

Planned Date for Start of Dividend Payment:-

Supplementary materials for the financial statements: Yes

Briefing session on financial results: None

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

1. Business Performance of First Quarter of the Fiscal Year Ending March 31, 2022

1) Consolidated Results of Operations(April 1, 2021 through June 30, 2021)

	Three months ended(%: Changes from previous fiscal year)			
	June 30 ,2020	June 30 ,2021		
		%		%
Net sales (Millions of Yen)	10,297	△ 45.5	13,094	27.2
Operating profit (Millions of Yen)	1,169	△ 68.6	1,312	12.2
Ordinary profit (Millions of Yen)	1,119	△ 69.6	1,238	10.6
Net profit attributable to owners of the parent (Millions of Yen)	633	△ 72.3	1,145	80.9
Net profit per share (Yen)	65.50	—	118.49	—
*Notes: Comprehensive Income	823	△ 72.3		29.4

*Note: In the fiscal year ending March 31, 2021, the provisional accounting treatment for the business combination has been finalized.

Therefore, the figures for the second quarter of the fiscal year ending March 31, 2020 reflect the finalized figures.

2) Consolidated Financial Position

	As of	As of
	March 31 ,2021	June 30 ,2021
Total assets (Millions of Yen)	80,591	73,681
Net assets (Millions of Yen)	32,915	31,788
Equity ratio	38.8 %	42.7 %
Net assets per share	3,233.74 Yen	3,254.42 Yen
*Reference: Shareholders' equity (Millions of Yen)	31,268	31,268

2. Dividends

	Year ended	Year ending	March 31 2022
	March 31 2021	Actual	Forecast
1Q-end dividends per share (Yen)	-	-	-
2Q-end dividends per share (Yen)	60.00	-	60.00
3Q-end dividends per share (Yen)	-	-	-
Year-end dividends per share (Yen)	60.00	-	60.00
Annual dividends per share (Yen)	120.00	-	120.00

(Note) Revisions to the most recently announced dividend forecast: None

3. Forecast for the Fiscal Year ending March 31, 2022 (April 1, 2021 through March 31, 2022)

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

Forecast for the Fiscal Year ending March 31, 2022 (April 1, 2021 through March 31, 2022)	6months	%	12months	%
Net sales (Millions of Yen)	27,300	△ 3.3	60,000	8.7
Operating profit (Millions of Yen)	2,100	△ 28.6	7,200	9.0
Ordinary profit (Millions of Yen)	2,050	△ 28.8	7,050	3.1
Net profit attributable to owners of the parent (Millions of Yen)	1,650	11.7	4,300	22.4
Net profit per share (Yen)	170.64		444.70	

(Note) Revisions to the most recently announced dividend forecast: Yes

There is no change in the full-year forecast. Forecast for the first half of the fiscal year has been added. For details, please refer to "1. Qualitative Information on Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2022, (3) Explanation of Consolidated Financial Forecast and Other Forward-Looking Statements" on page 3 of the attached materials.

<NOTES>

- 1) Changes in significant subsidiaries during the three months ended March 31, 2022
(Changes in certain subsidiaries resulting in change in the scope of consolidation): None
- 2) Application of special accounting methods for the preparation of 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: Yes
 - b. Changes other than "a." above: None
 - c. Changes in accounting estimates: None
 - d. Restatements: None

(Note) For details, please refer to "2. Quarterly Consolidated Financial Statements and Main Notes (3) Notes to Quarterly Consolidated Financial Statements (Changes in Accounting Policies)" on page 6 of the attached materials.

4) Number of Shares Outstanding (Common stock)

	Number of shares		Number of shares	
1. Number of shares outstanding at end of year (Including treasury stock)	As of March 31, 2022 Q1:	10,057,600	As of March 31, 2021:	10,057,600
2. Number of treasury shares at end of year	As of March 31, 2022 Q1:	388,135	As of March 31, 2021:	388,135
3. Average number of shares outstanding (Cumulative quarterly period)	As of March 31, 2022: Q1	9,669,465	As of March 31, 2021 Q1:	9,669,485

※The quarterly financial statements are not subject to quarterly review by a certified public accountant or an audit firm.

※Explanation of the appropriate use of earnings forecasts and other special notes

The forward-looking statements, including earnings forecasts, contained in this document are based on information currently available to the Company and certain assumptions that the Company considers reasonable. Actual results may differ materially due to a variety of factors. Actual results may differ significantly due to various factors. Qualitative Information on Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2022, (3) Explanation of Consolidated Financial Results Forecasts and Other Forward-Looking Statements" on page 3 of the attached materials.

Index

1. Qualitative Information on Quarterly Results	4~6
(1) Explanation of Operating Performance	4~5
(2) Explanation of Financial Position	5
Outlook of Assets, Liabilities and Net Assets	5
(3) Explanation of Consolidated Forecast and Other Forecasts	6
2. Consolidated Financial Statements and Major Notes	7~8
(1) Consolidated Balance Sheets	7
(2) Consolidated Statements of Income	8
<Consolidated Statements of Income>	8
<Consolidated Statements of Comprehensive Income>	8
(3) Notes on Consolidated Financial Statements	9
<Notes on Going Concern Assumptions>	9
<Note on the Occurrence of Significant Changes in Amount of Shareholder's Equity >	9
<Changes in accounting policies >	9

1. Qualitative Information on Quarterly Results

(1) Explanation of Operating Performance

During the first quarter of the fiscal year ending March 31, 2022, the global economy continued to be affected by the new coronavirus infection.

This first quarter, the global economy continued to be affected by the new coronavirus infection. In the U.S. and other countries where economic stimulus measures and vaccinations are underway, there were signs of recovery. In Japan, despite the start of vaccinations, the resurgence of new coronavirus infections could not be contained and economic activities were affected. In Japan, despite the start of vaccination, it was not possible to control the reemergence of the new coronavirus infection, and the outlook remained uncertain due to restrictions on economic activities and prolonged sluggish personal consumption.

(Orders & Backlogs)

Orders received by the Group during the first quarter of the current fiscal year totaled 18,616 million yen (12,434 million yen in the same period of the previous year), and the order backlog was 46,461 million yen (61,281 million yen in the same period of the previous year).

(Net Sales & Incomes)

Consolidated net sales for the first quarter of the current fiscal year were 13,094 million yen (compared to net sales of 10,297 million yen for the same period last year), operating income was 1,312 million yen (compared to operating income of 1,169 million yen for the same period last year), and ordinary income was 1,238 million yen (compared to ordinary income of 1,119 million yen for the same period last year), and net income attributable to owners of the parent was 1,145 million yen (compared with net income attributable to owners of the parent of 1,043 million yen in the same period of the previous fiscal year).

(Changes in accounting policies)

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the first quarter of the current fiscal year. For details, please refer to "2. For details, please refer to "2. Quarterly Consolidated Financial Statements and Main Notes (3) Notes to Quarterly Consolidated Financial Statements. (3) Notes to Quarterly Consolidated Financial Statements (Changes in Accounting Policies)" for details.

In addition, with regard to the business combination with NanoSystems Solutions, Inc. that took place on August 22, 2019, provisional accounting treatment was applied during the first quarter of the previous fiscal year, but this was finalized during the second quarter of the previous fiscal year.

In accordance with the determination of this provisional accounting treatment, comparative analysis has been conducted using figures after retrospective adjustment.

Results by segment are as follows. As of the first quarter of the current fiscal year, the Company has changed the classification of its reportable segments. The following comparisons with the same period of the previous fiscal year have been made by reclassifying the figures for the same period of the previous fiscal year into the new segment classifications.

Business Segments

(FPD Business)

In the flat panel display (FPD) business, capital investment was made in China, and business negotiations for new and existing plants and next generation displays were confirmed. As a result, orders received by the Group's FPD business during the first quarter of the current fiscal year were 17,568 million yen (12,146 million yen in the same period of the previous year), and the order backlog was 41,764 million yen (59,359 million yen in the same period of the previous year).

As for the consolidated results of the FPD business of the Group for the first quarter of the current fiscal year, net sales were 11,316 million yen (9,842 million yen in the same period of the previous year), and operating income was 1,231 million yen (1,265 million yen in the same period of the previous year).

(Semiconductor Business)

In the semiconductor business, capital investment was firm against the backdrop of expanding global demand for semiconductors, and inquiries related to the expansion of existing plants were brisk. As a result, orders in the semiconductor business during the first quarter of the current fiscal year totaled 942 million yen (compared with 288 million yen in the same period of the previous fiscal year), and the order backlog was 4,697 million yen (1,921 million yen in the same period of the previous fiscal year).

Regarding the consolidated results of the our Group's semiconductor business for the first quarter of the current fiscal year, net sales were 1,672 million yen (454 million yen in the same period of the previous fiscal year), and operating income was 108 million yen (▲53 million yen in the same period of the previous fiscal year).

(2) Explanation of Financial Position

: Outlook of Assets, Liabilities and Net Assets

1. Assets

Total assets at the end of the first quarter of the current fiscal year decreased by 6,910 million yen compared to the end of the previous fiscal year to 73,681 million yen. This was mainly due to decreases of 3,531 million yen in "Cash and deposits" and 1,236 million yen in "Notes and accounts receivable-trade".

2. Liabilities

Liabilities decreased by 5,783 million yen compared to the end of the previous fiscal year, to 41,893 million yen. This was mainly due to decreases in "advances received" and "income taxes payable" by 4,446 million yen and 1,952 million yen, respectively.

3. Net Assets

Net assets decreased by 1,127 million yen compared to the end of the previous fiscal year, to 31,788 million yen. This was mainly due to a decrease in "noncontrolling interests" of 1,327 million yen.

(3) Explanation of Consolidated Forecast and Other Forecasts

With regard to the forecast for the fiscal year ending March 31, 2022, as a result of taking into consideration the consolidated business results for the first quarter of the current fiscal year and the latest customer information, it is highly likely that highly profitable products will be concentrated in the third and fourth quarters of the current fiscal year more than usual.

Therefore, in addition to the earnings forecast (full year) stated in the "Summary of Financial Results for the Fiscal Year Ended March 31, 2021" announced on May 12, 2021, we have decided to announce an additional earnings forecast for the second quarter (cumulative).

There is no change to the earnings forecast (full year) stated in the "Summary of Financial Results for the Fiscal Year Ended March 31, 2021" announced on May 12, 2021.

March 2022, the second quarter (6 months) of the performance (April 1, 2021 to September 30, 2021)

Comparison with previous forecast

	Net Sales (Million Yen)	Operating Incom (Million Yen)	Ordinary Income (Million Yen)	Net income attributable to shareholders of the parent company (Million Yen)	Net income per share (Yen)
Previous forecast (A)	—	—	—	—	—
Newly announced forecast (B)	27,300	2,100	2,050	1,650	170.64
Increase or decrease (B-A)	—	—	—	—	—
Rate of increase or decrease (%)	—	—	—	—	—

2. Consolidated Financial Statements and Major Notes

(1) Consolidated Balance Sheets

<Assets, Liabilities & Net assets >

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021
Assets		
Current assets		
Cash and deposits	33,278	29,747
Notes and accounts receivable - trade	19,329	18,092
Electronically recorded monetary claims - operating	51	59
Merchandise and finished goods	196	173
Work in process	13,977	13,193
Raw materials and supplies	1,783	1,713
Other	3,158	1,969
Allowance for doubtful accounts	△396	△389
Total current assets	71,379	64,560
Non-current assets		
Property, plant and equipment	4,382	4,148
Intangible assets		
Goodwill	1,104	1,019
Other	520	486
Total intangible assets	1,625	1,506
Investments and other assets	3,203	3,466
Total non-current assets	9,212	9,120
Total assets	80,591	73,681
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,477	6,218
Electronically recorded obligations - operating	5,264	5,065
Short-term borrowings	120	150
Current portion of long-term borrowings	2,796	2,788
Income taxes payable	2,288	336
Advances received	15,061	10,615
Provisions	1,027	2,249
Other	1,158	1,825
Total current liabilities	34,195	29,248
Non-current liabilities		
Long-term borrowings	12,964	12,103
Retirement benefit liability	224	237
Asset retirement obligations	136	136
Provisions	79	99
Other	74	68
Total non-current liabilities	13,480	12,645
Total liabilities	47,676	41,893
Net assets		
Shareholders' equity		
Share capital	2,847	2,847
Capital surplus	2,977	2,507
Retained earnings	27,262	27,669
Treasury shares	△1,916	△1,916
Total shareholders' equity	31,172	31,108
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6	183
Foreign currency translation adjustment	89	176
Total accumulated other comprehensive income	96	359
Share acquisition rights	5	5
Non-controlling interests	1,641	314
Total net assets	32,915	31,788
Total liabilities and net assets	80,591	73,681

(2) Consolidated Statements of Income

<Consolidated Statements of Income>

(Millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Net sales	10,297	13,094
Cost of sales	7,124	9,407
Gross profit	3,173	3,687
Selling, general and administrative expenses	2,004	2,374
Operating profit	1,169	1,312
Non-operating income		
Interest income	3	6
Dividend income	–	2
Subsidy income	–	10
Other	17	5
Total non-operating income	20	24
Non-operating expenses		
Interest expenses	15	11
Foreign exchange losses	7	36
Share of loss of entities accounted for using equity method	42	50
Other	3	0
Total non-operating expenses	70	98
Ordinary profit	1,119	1,238
Extraordinary income		
Gain on sale of non-current assets	270	496
Other	–	0
Total extraordinary income	270	496
Extraordinary losses		
Loss on sale of non-current assets	0	–
Loss on retirement of non-current assets	0	0
Total extraordinary losses	0	0
Profit before income taxes	1,390	1,735
Income taxes - current	554	370
Income taxes - deferred	△2	46
Total income taxes	551	416
Profit	838	1,318
Profit attributable to non-controlling interests	205	172
Profit attributable to owners of parent	633	1,145

<Quarterly Consolidated Statements of Comprehensive Income>

(Millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Profit	838	1,318
Other comprehensive income		
Valuation difference on available-for-sale securities	△0	176
Foreign currency translation adjustment	△15	87
Total other comprehensive income	△15	264
Comprehensive income	823	1,582
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	622	1,413
Comprehensive income attributable to non-controlling interests	200	169

(3) Notes on Consolidated Financial Statements

<Notes on Going Concern Assumptions>

Not applicable

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

Not applicable

<Changes in accounting policies>

Application of Accounting Standard for Revenue Recognition, etc.

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020, hereinafter referred to as the "Accounting Standard for Revenue Recognition") from the beginning of the current first quarter. The Company will recognize revenue at the amount it expects to receive in exchange for the promised goods or services when control of the goods or services is transferred to the customer.

The Group is mainly engaged in the sale of products such as FPD manufacturing equipment and inspection equipment, etc. For products that require installation at the time of delivery to the customer, the Group previously recognized revenue by defining "post-installation confirmation of operation" as the time when the transfer of goods or completion of services and the establishment of consideration are confirmed, but the Group has changed its method of recognizing revenue by identifying performance obligations based on contracts with customers and defining "completion of installation" as the time when the performance obligations are satisfied.

In addition, effective from the first quarter of the current fiscal year, a portion of personnel expenses and other costs that were previously recorded as cost of sales are now recorded as selling, general and administrative expenses. This is due to a review of the scope of cost aggregation as a result of examining the positioning of costs related to performance obligations related to equipment sales, triggered by the application of the "Accounting Standard for Revenue Recognition" from the first quarter of the current fiscal year.

For the application of the revenue recognition accounting standard, etc., the Company follows the transitional treatment prescribed in the proviso of paragraph 84 of the revenue recognition accounting standard. Then, the cumulative effect of retrospective application of the new accounting policy prior to the beginning of the first quarter of the current fiscal year is added to or deducted from retained earnings at the beginning of the first quarter of the current fiscal year, and the new accounting policy is applied from the relevant beginning balance.

As a result, net sales for the first quarter of the current fiscal year decreased by 822 million yen, cost of sales decreased by 852 million yen, selling, general and administrative expenses increased by 237 million yen, and operating income, ordinary income and income before income taxes and minority interests decreased by 207 million yen respectively. In addition, the balance of retained earnings at the beginning of the period decreased by 100 million yen.

In accordance with the transitional treatment prescribed in Paragraph 89-2 of the Accounting Standard for Revenue Recognition, no reclassification has been made for the previous fiscal year using the new presentation method. In addition, in accordance with the transitional treatment prescribed in Paragraph 28-15 of the "Accounting Standard for Quarterly Financial Reporting" (ASBJ Statement No. 12, March 31, 2020), information on revenue from contracts with customers for the first quarter of the previous fiscal year has not been broken down.

Application of Accounting Standards for Calculation of Fair Value, etc.

The "Accounting Standard for Measurement of Fair Value" (ASBJ Statement No. 30, July 4, 2019; hereinafter referred to as the "Accounting Standard for Measurement of Fair Value") has been adopted from the beginning of the current first quarter. In accordance with the transitional treatment prescribed in Paragraph 19 of the Accounting Standard for Market Value Measurements and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019), the new accounting policies prescribed by the Accounting Standard for Market Value Measurements, etc. will be applied prospectively.