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Summary of Consolidated Financial Statements
for the second quarter of the fiscal year ending of March 31, 2024
 (Under Japanese GAAP)

November 10, 2023

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

Code Number: 7717, Tokyo Stock Exchange

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

Representative: Shigeto Sugimoto (President & CEO)

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Planned Date for Submission of the Securities Report: August 14, 2023

Planned Date for Start of Dividend Payment: None

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(April 1, 2023 through September 30, 2023)

(1) Consolidated Results of Operations

	6 months ended September 30, 2022		6 months ended September 30, 2023	
	Amount	YoY(%)	Amount	YoY(%)
Net sales (Millions of Yen)	19,289	▲28.9	12,334	▲36.1
Operating profit or loss(▲) (Millions of Yen)	585	▲77.0	▲880	—
Ordinary profit or loss(▲) (Millions of Yen)	1,530	▲37.9	▲592	—
Net profit or loss(▲) attributable to owners of the parent (Millions of Yen)	1,330	▲29.8	▲647	—
Comprehensive Income or loss(▲) (Millions of Yen)	1,764	▲15.0	▲288	—
Net profit per share (Yen)	137.58	—	▲66.95	—
Diluted net profit per share (Yen)	—	—	—	—

(2) Consolidated Financial Position

	As of March 31, 2023	As of September 30, 2023
Total assets(Millions of Yen)	71,387	68,959
Net assets(Millions of Yen)	33,884	33,518
Equity ratio(%)	47.1	48.0
Net assets per share(Yen)	3,475.25	3,423.33
*Reference: Shareholders' equity (Millions of Yen)	33,604	33,105

2. Dividends

	Year ended March 31 2023	Year ending March 31 2024	FY2024 Forecast
1Q-end dividends per share (Yen)	—	—	—
2Q-end dividends per share (Yen)	60.00	30.00	30.00
3Q-end dividends per share (Yen)	—	—	—
Year-end dividends per share (Yen)	30.00	—	30.00
Annual dividends per share (Yen)	90.00	—	60.00

Note: Revision of dividend forecast from the most recently announced dividend forecast is None.

3. Forecast for the Fiscal Year ending March 31, 2024 (April 1, 2023 through March 31, 2024)

	Amounts	YoY(%)
Net sales (Millions of Yen)	40,000	▲7.3
Operating profit (Millions of Yen)	1,000	1.4
Ordinary profit (Millions of Yen)	850	▲50.0
Net profit attributable to owners of the parent (Millions of Yen)	550	111.3
Net profit per share (Yen)	56.87	—

Note: Revision of the forecast from the most recently announced dividend forecast is None.

<Notes>

(1) Changes in significant subsidiaries during the 3 months ended(April 1, 2023 through September 30, 2023) : None.

(2) Application of Special Accounting Methods for Preparation of Quarterly Consolidated Financial Statements: None

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

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

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

iii . Changes in accounting estimates: None

iv . Restatements: None

(4) Number of Shares Outstanding (Common stock)

Items	As of	Number of shares	As of	Number of shares
1. Number of shares outstanding at end of year (Including treasury stock)	September 30, 2023	10,057,600	March 31, 2022	10,057,600
2. Number of treasury shares at end of year	September 30, 2023	387,163	March 31, 2022	387,954
3.Average number of shares outstanding (Cumulative quarterly period)	September 30, 2023	9,669,782	September 30, 2022	9,669,383

***This Brief Report "Summary of Consolidated Financial Statements" is not subject to an audit by a certified public accountant or an audit corporation.**

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

The forward-looking statements in this document, including earnings forecasts, are based on information currently available to the Company and certain assumptions that the Company believes to be reasonable. Actual results may differ materially from these statements due to a variety of factors.

Refer to "1. Qualitative Information on Quarterly Results (3) Explanation of Forward-Looking Statements" on page 3 of the attached materials for the assumptions used and precautions regarding the use of earnings forecasts.

1. Qualitative Information on Quarterly Results

(1) Explanation of Business Results

During the first half of the current fiscal year, the global economy continued to face an uncertain outlook in general. In addition to the crisis in Ukraine, the situation in the Middle East is becoming increasingly tense, and there were variations by region: the U.S. economy remained strong, Europe showed a noticeable slowdown, and China was sluggish.

The U.S. economy, despite the tightening monetary policy, remained firm on the back of strong consumer spending, while the Chinese economy slowed amid continued weakness in the real estate market and lackluster capital investment and consumer spending.

In Japan, moderate economic growth continued, supported by growth in personal consumption and corporate capital investment.

As for the consolidated business results of V Technology group (herein after "the group" or the company) for the second quarter of the current fiscal year, net sales amounted to 12,334 million yen (19,289 million yen for the same period last year), and operating loss amounted to 880 million yen (operating profit 585 million yen for the same period last year), Ordinary loss was 592 million (ordinary income 1,530 million yen in the same period of the previous year), Net loss attributable to owners of the parent for the current fiscal year amounted to 647 million (net profit of 1,330 million in the same period of the previous fiscal year). Orders received by the Group in the current consolidated fiscal year totaled 20,476 million yen (17,691 million yen in the same period of the previous year). As a result, the order backlog at the end of the consolidated fiscal year under review amounted to 44,787 million yen (41,123 million yen in the same period of the previous year).

Segment results are as follows.

(FPD Equipment Business)

In the flat panel display (FPD) equipment business, panel demand was generally weak and capital investment stagnated.

Under these circumstances, orders received in the Group's FPD equipment business during the second quarter totaled 11,510 million yen (6,867 million yen in the same period of the previous year), with an order backlog of 24,978 million yen (25,338 million yen in the same period of the previous year), net sales amounted to 8,436 million yen (15,706 million yen in the same period of the previous year), and operating loss was 544 million yen (operating profit 759 million yen in the same period of the previous year).

(Semiconductor and Photomask Equipment Business)

In the semiconductor and photomask equipment business, although supply and demand continued to deteriorate for some semiconductors, capital investment related to our group generally progressed as planned. Under these circumstances, orders received by the Group in the semiconductor and photomask equipment business during the second quarter of the year totaled 8,464 million yen (10,310 million yen in the same period of the previous year), and the order backlog totaled 19,809 million yen (15,784 million yen in the same period of the previous year), net sales amounted to 3,397 million yen (3,069 million yen in the same period of the previous year), and operating loss was 200 million yen (operating profit 89 million yen in the same period of the previous year).

(2) Explanation of Financial Condition

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(Assets)

Total assets at the end of the second quarter of the current fiscal year decreased by 2,427 million yen from the end of the previous consolidated fiscal year to 68,959 million yen. This was mainly due to an decrease in "Notes and accounts receivable" of 4,836 million yen.

(Liabilities)

Total liabilities at the end of the second quarter of the current fiscal year year decreased by 2,060 million yen from the end of the previous consolidated fiscal year to 35,401 million yen. This was mainly due to decreases of 4,067 million yen in " Long-term borrowings ".

(Net assets)

Net assets decreased by 366 million yen from the end of the previous consolidated fiscal year to 33,518 million yen. This was mainly due to a decrease of 942 million yen in "Retained earnings".

Cash flows

Cash and cash equivalents (hereinafter referred to as "cash") at the end of the second quarter of the current consolidated fiscal year decreased by 2,032 million yen from the end of the previous consolidated fiscal year to 24,263 million yen. The status of each cash flow is as follows

(Operating Activities)

Net cash used in operating activities amounted to 1,568 million yen (2,090 million yen acquisition in the same period of the previous year). The acquisition of cash was mainly due to a decrease in notes and accounts receivable-trade of 4,939 million yen and an increase in notes and accounts payable-trade of 2,182 million yen, while the use of cash was mainly due to an increase in inventories of 4,761 million yen and a decrease in advances received of 3,726 million yen.

(Investing activities)

Net cash used in investing activities totaled 418 million yen (422 million yen used in the same period of the previous year). The use of cash was mainly due to purchase of property, plant and equipment in the amount of 238 million yen.

(Financing activities)

Net cash used in financing activities amounted to 219 million yen (compared to 47 million yen used in the same period of the previous year). The acquisition of cash was mainly due to a net increase in short-term loans payable of 240 million yen, while the use of cash was mainly due to a net decrease in long-term loans payable of 330 million yen.

(3) Explanation of Forward-Looking Statements

As for the forecast of business results for the fiscal year ending March 31, 2024, the Company has not changed it at this time from the forecast stated in "Summary of Financial Results for the Fiscal Year Ended March 31, 2023" released on May 12, 2023, taking into consideration the consolidated business results for the first quarter of the current fiscal period and future trends.

2. Consolidated Financial Statements and Major Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	26,729	24,716
Notes and accounts receivable - trade	22,408	※1 17,572
Electronically recorded monetary claims - operating	103	87
Merchandise and finished goods	338	594
Work in process	7,219	11,201
Raw materials and supplies	2,532	3,100
Other	3,709	3,320
Allowance for doubtful accounts	△420	△403
Total current assets	62,621	60,189
Non-current assets		
Property, plant and equipment	4,034	4,094
Intangible assets		
Goodwill	1,046	753
Other	413	467
Total intangible assets	1,460	1,221
Investments and other assets	3,270	3,454
Total non-current assets	8,765	8,769
Total assets	71,387	68,959
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,039	※1 4,547
Electronically recorded obligations - operating	2,574	※1 4,258
Short-term borrowings	※2 663	※2 911
Current portion of long-term borrowings	4,961	8,698
Income taxes payable	363	144
Advances received	8,221	4,514
Provision for product warranties	1,333	956
Other provisions	524	510
Other	1,240	1,263
Total current liabilities	23,922	25,804
Non-current liabilities		
Long-term borrowings	12,662	8,594
Retirement benefit liability	443	472
Asset retirement obligations	181	197
Provisions	238	275
Other	54	96
Total non-current liabilities	13,579	9,636
Total liabilities	37,502	35,441
Net assets		
Shareholders' equity		
Share capital	2,847	2,847
Capital surplus	2,503	2,503
Retained earnings	29,198	28,256
Treasury shares	△1,915	△1,912
Total shareholders' equity	32,635	31,695
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	131	151
Foreign currency translation adjustment	837	1,257
Total accumulated other comprehensive income	969	1,409
Non-controlling interests	280	413
Total net assets	33,884	33,518
Total liabilities and net assets	71,387	68,959

(2) Consolidated Statements of Income

<Consolidated Statements of Income>

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Net sales	19,289	12,334
Cost of sales	14,206	8,528
Gross profit	5,083	3,805
Selling, general and administrative expenses	※ 4,498	※ 4,685
Operating profit (loss)	585	△880
Non-operating income		
Interest and dividend income	15	18
Subsidy income	62	29
Foreign exchange gains	946	357
Other	64	60
Total non-operating income	1,088	465
Non-operating expenses		
Interest expenses	18	28
Share of loss of entities accounted for using equity method	113	139
Other	11	8
Total non-operating expenses	143	176
Ordinary profit (loss)	1,530	△592
Extraordinary income		
Gain on sale of non-current assets	1	12
Gain on change in equity	489	11
Total extraordinary income	491	24
Extraordinary losses		
Loss on retirement of non-current assets	1	0
Loss on sale of investment securities	2	-
Impairment losses	-	2
Other	1	-
Total extraordinary losses	5	2
Profit (loss) before income taxes	2,016	△570
Income taxes - current	442	138
Income taxes - deferred	274	19
Total income taxes	717	158
Profit (loss)	1,299	△728
Loss attributable to non-controlling interests	△31	△81
Profit (loss) attributable to owners of parent	1,330	△647

<Consolidated statement of comprehensive income>

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit (loss)	1,299	△728
Other comprehensive income		
Valuation difference on available-for-sale securities	△31	19
Foreign currency translation adjustment	198	317
Share of other comprehensive income of entities accounted for using equity method	298	103
Total other comprehensive income	465	440
Comprehensive income	1,764	△288
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,801	△190
Comprehensive income attributable to non-controlling interests	△36	△97

(3) Consolidated Statements of Cash flows

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from operating activities		
Profit (loss) before income taxes	2,016	△570
Depreciation	514	367
Amortization of goodwill	235	292
Impairment losses	–	2
Increase (decrease) in allowance for doubtful accounts	△121	△17
Increase (decrease) in provision for bonuses	44	28
Increase (decrease) in provision for product warranties	△581	△381
Increase (decrease) in retirement benefit liability	30	28
Increase (decrease) in provision for loss on orders received	△22	△46
Increase (decrease) in provision for share awards	40	40
Interest and dividend income	△15	△18
Interest expenses	18	28
Loss on sale of notes receivable - trade	0	0
Share of loss (profit) of entities accounted for using equity method	113	139
Loss (gain) on change in equity	△489	△11
Foreign exchange losses (gains)	△528	△0
Loss (gain) on sale of property, plant and equipment	△1	△1
Loss (gain) on sale of intangible assets	–	△11
Loss on retirement of property, plant and equipment	0	0
Loss on retirement of intangible assets	1	0
Loss (gain) on valuation of investment securities	1	△19
Decrease (increase) in trade receivables	1,802	4,939
Decrease (increase) in inventories	△4,799	△4,761
Decrease (increase) in advance payments to suppliers	269	△354
Decrease (increase) in other current assets	671	545
Decrease (increase) in other non-current assets	△58	△58
Increase (decrease) in trade payables	770	2,182
Increase (decrease) in advances received	2,860	△3,726
Increase (decrease) in other current liabilities	△193	△57
Other, net	0	4
Subtotal	2,579	△1,435
Interest and dividends received	15	18
Interest paid	△18	△24
Income taxes paid	△908	△423
Income taxes refund	422	296
Net cash provided by (used in) operating activities	2,090	△1,568

(4) Notes on Consolidated Financial Statements**<Notes on Going Concern Assumptions>**

Not applicable

<Notes in the event of significant changes in shareholders' equity>

Not applicable