

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2019 (Based on IFRS)

February 13, 2020

Company name: VT HOLDINGS CO., LTD.
 Stock exchange listing: Tokyo, Nagoya
 Securities code: 7593 URL <http://www.vt-holdings.co.jp>
 Representative: President & CEO Kazuho Takahashi
 Inquiries: Managing Director Ichiro Yamauchi TEL 052-203-9500
 Scheduled date to file Quarterly Securities Report: February 14, 2020
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No

(Amounts are rounded off to the nearest million yen)

1. Consolidated financial results for the nine months ended December 31, 2019 (from April 1, 2019 to December 31, 2019)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent		Comprehensive income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2019	156,232	(2.0)	5,326	2.0	4,961	1.0	3,244	6.3	2,928	(1.7)	3,142	41.1
Nine months ended December 31, 2018	159,359	–	5,224	–	4,911	–	3,052	–	2,978	–	2,228	–

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2019	24.95		24.95	
Nine months ended December 31, 2018	25.38		25.38	

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets
	Millions of yen	Millions of yen	Millions of yen	%
As of December 31, 2019	162,027	42,227	38,553	23.8
As of March 31, 2019	141,478	43,467	40,044	28.3

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2019	–	10.00	–	10.00	20.00
Year ending March 31, 2020	–	10.00	–		
Year ending March 31, 2020 (Forecast)				10.00	20.00

3. Forecast of consolidated financial results for the year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

Percentages indicate year-on-year changes

	Revenue		Operating profit		Profit before tax		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	225,000	2.8	8,300	19.7	8,000	20.7	4,700	24.8	40.05

4. Notes

(1) Changes in significant subsidiaries during the nine months ended December 31, 2019
(changes in specified subsidiaries resulting in the change in scope of consolidation): —

(2) Changes in accounting policies and changes in accounting estimates

Changes in accounting policies required by IFRS:	Yes
Changes in accounting policies due to other reasons:	—
Changes in accounting estimates:	—

(3) Number of issued shares (ordinary shares)

Total number of issued shares at end of period (including treasury shares)

As of December 31, 2019	119,381,034 shares	As of March 31, 2019	119,381,034 shares
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Number of treasury shares at end of period

As of December 31, 2019	2,026,580 shares	As of March 31, 2019	2,026,580 shares
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Average number of shares during period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2019	117,354,454 shares	Nine months ended December 31, 2018	117,354,456 shares
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Condensed quarterly consolidated financial statements
Condensed quarterly consolidated statement of financial position

	As of March 31, 2019	As of December 31, 2019
	Millions of yen	Millions of yen
Assets		
Current assets		
Cash and cash equivalents	7,514	5,128
Trade and other receivables	19,381	17,849
Other financial assets	235	102
Inventories	36,686	34,904
Other current assets	3,525	5,621
Total current assets	67,341	63,603
Non-current assets		
Property, plant and equipment	41,536	61,146
Goodwill	12,554	13,312
Intangible assets	513	473
Investment property	7,127	6,764
Investments accounted for using equity method	4,053	8,502
Other financial assets	7,381	7,197
Deferred tax assets	827	903
Other non-current assets	144	126
Total non-current assets	74,137	98,424
Total assets	141,478	162,027

	As of March 31, 2019	As of December 31, 2019
	Millions of yen	Millions of yen
Liabilities and equity		
Liabilities		
Current liabilities		
Bonds and borrowings	17,711	28,898
Trade and other payables	45,356	37,378
Other financial liabilities	3,607	5,565
Income taxes payable	937	553
Contract liabilities	8,694	6,768
Other current liabilities	2,378	1,614
Total current liabilities	78,683	80,776
Non-current liabilities		
Bonds and borrowings	10,321	15,860
Other financial liabilities	5,213	19,469
Provisions	458	482
Deferred tax liabilities	1,876	1,633
Other non-current liabilities	1,461	1,579
Total non-current liabilities	19,328	39,024
Total liabilities	98,011	119,800
Equity		
Share capital	4,297	4,297
Capital surplus	2,843	2,846
Treasury shares	(272)	(272)
Other components of equity	330	336
Retained earnings	32,846	31,347
Total equity attributable to owners of parent	40,044	38,553
Non-controlling interests	3,423	3,673
Total equity	43,467	42,227
Total liabilities and equity	141,478	162,027

Condensed quarterly consolidated statements of income and condensed quarterly consolidated statements of comprehensive income

Condensed quarterly consolidated statements of income

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
	Millions of yen	Millions of yen
Revenue	159,359	156,232
Cost of sales	133,929	130,957
Gross profit	25,430	25,275
Selling, general and administrative expenses	20,561	20,296
Other income	473	466
Other expenses	118	119
Operating profit	5,224	5,326
Finance income	69	77
Finance costs	529	653
Share of profit of investments accounted for using equity method	147	210
Profit before tax	4,911	4,961
Income tax expense	1,860	1,717
Profit	3,052	3,244
Profit attributable to		
Owners of parent	2,978	2,928
Non-controlling interests	73	316
Profit	3,052	3,244
Earnings per share		
Basic earnings per share	25.38	24.95
Diluted earnings per share	25.38	24.95

Condensed quarterly consolidated statements of comprehensive income

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
	Millions of yen	Millions of yen
Profit	3,052	3,244
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	(388)	(107)
Share of other comprehensive income of investments accounted for using equity method	(2)	2
Total of items that will not be reclassified to profit or loss	(390)	(105)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(436)	(4)
Share of other comprehensive income of investments accounted for using equity method	2	7
Total of items that may be reclassified to profit or loss	(434)	3
Other comprehensive income	(824)	(102)
Comprehensive income	2,228	3,142
Comprehensive income attributable to		
Owners of parent	2,192	2,826
Non-controlling interests	36	316
Comprehensive income	2,228	3,142

Condensed quarterly consolidated statement of changes in equity

Nine months ended December 31, 2018 (from April 1, 2018 to December 31, 2018)

	Equity attributable to owners of parent				
	Share capital	Capital surplus	Treasury shares	Other components of equity	
				Exchange differences on translation of foreign operations	Share acquisition rights
Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance at April 1, 2018	4,297	2,841	(272)	477	143
Profit					
Other comprehensive income				(402)	
Comprehensive income	–	–	–	(402)	–
Change in scope of consolidation				1	
Changes in ownership interest in subsidiaries		(0)		2	
Forfeiture of share acquisition rights		2			(2)
Transfer to retained earnings					
Purchase of treasury shares			(0)		
Dividends					
Total transactions with owners	–	2	(0)	3	(2)
Balance at December 31, 2018	4,297	2,843	(272)	78	141

	Equity attributable to owners of parent						
	Financial assets measured at fair value through other comprehensive income	Total		Retained earnings	Total	Non-controlling interests	Total
		Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance at April 1, 2018	–	620	31,559	39,045	3,190	42,235	
Profit		–	2,978	2,978	73	3,052	
Other comprehensive income	(385)	(787)		(787)	(37)	(824)	
Comprehensive income	(385)	(787)	2,978	2,192	36	2,228	
Change in scope of consolidation		1	8	9		9	
Changes in ownership interest in subsidiaries		2		2	(43)	(41)	
Forfeiture of share acquisition rights		(2)		–		–	
Transfer to retained earnings	385	385	(385)	–		–	
Purchase of treasury shares		–		(0)		(0)	
Dividends		–	(2,230)	(2,230)	(49)	(2,278)	
Total transactions with owners	385	386	(2,607)	(2,219)	(91)	(2,311)	
Balance at December 31, 2018	–	219	31,930	39,017	3,135	42,153	

Nine months ended December 31, 2019 (from April 1, 2019 to December 31, 2019)

	Equity attributable to owners of parent				
	Share capital	Capital surplus	Treasury shares	Other components of equity	
				Exchange differences on translation of foreign operations	Share acquisition rights
Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	
Balance at April 1, 2019	4,297	2,843	(272)	189	141
Accounting change	–	–	–	–	–
Restated balance	4,297	2,843	(272)	189	141
Profit					
Other comprehensive income				9	
Comprehensive income	–	–	–	9	–
Change in scope of consolidation					
Forfeiture of share acquisition rights		3			(3)
Transfer to retained earnings					
Dividends					
Total transactions with owners	–	3	–	–	(3)
Balance at December 31, 2019	4,297	2,846	(272)	198	138

	Equity attributable to owners of parent						
	Financial assets measured at fair value through other comprehensive income	Total		Retained earnings	Total	Non-controlling interests	Total
		Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance at April 1, 2019	–	330	32,846	40,044	3,423	43,467	
Accounting change	–	–	(1,971)	(1,971)	(18)	(1,989)	
Restated balance	–	330	30,875	38,073	3,405	41,478	
Profit		–	2,928	2,928	316	3,244	
Other comprehensive income	(111)	(102)		(102)	0	(102)	
Comprehensive income	(111)	(102)	2,928	2,826	316	3,142	
Change in scope of consolidation		–	2	2		2	
Forfeiture of share acquisition rights		(3)		–		–	
Transfer to retained earnings	111	111	(111)	–		–	
Dividends		–	(2,347)	(2,347)	(48)	(2,395)	
Total transactions with owners	111	107	(2,456)	(2,346)	(48)	(2,393)	
Balance at December 31, 2019	–	336	31,347	38,553	3,673	42,227	

Condensed quarterly consolidated statements of cash flows

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
	Millions of yen	Millions of yen
Cash flows from operating activities		
Profit before tax	4,911	4,961
Depreciation and amortization	4,183	6,318
Interest and dividend income	(66)	(72)
Interest expenses	274	550
Foreign exchange loss (gain)	124	62
Share of loss (profit) of investments accounted for using equity method	(147)	(210)
Loss (gain) on sale of fixed assets	(3)	(146)
Loss on retirement of non-current assets	38	39
Decrease (increase) in trade receivables	329	798
Decrease (increase) in inventories	4,524	1,728
Increase (decrease) in trade payables	(9,422)	(6,735)
increase (decrease) in Contract liabilities	(1,618)	(1,920)
Increase (decrease) in accrued consumption taxes	998	(110)
Other	(1,061)	(2,326)
Subtotal	3,064	2,936
Interest and dividends received	120	122
Interest paid	(274)	(568)
Income taxes refund (paid)	(3,012)	(2,167)
Net cash provided by (used in) operating activities	(102)	323
Cash flows from investing activities		
Payments into time deposits	(93)	(23)
Proceeds from withdrawal of time deposits	117	169
Purchase of property, plant and equipment	(4,799)	(7,108)
Proceeds from sale of property, plant and equipment	1,490	1,950
Purchase of intangible assets	(147)	(48)
Purchase of investment securities	-	(4,238)
Proceeds from sale of investment securities	10	62
Proceeds (Payments) from (for) acquisition of subsidiaries	-	(1,195)
Payments for loans receivable	(190)	(173)
Collection of loans receivable	97	316
Payments of leasehold deposits and guarantee deposits	(112)	(101)
Proceeds from refund of leasehold deposits and guarantee deposits	83	62
Payments for acquisition of businesses	-	(1,568)
Other	(27)	7
Net cash provided by (used in) investing activities	(3,571)	(11,888)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
	Millions of yen	Millions of yen
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	8,318	10,492
Proceeds from long-term borrowings	4,474	10,253
Repayments of long-term borrowings	(4,711)	(4,532)
Redemption of bonds	(7)	(7)
Purchase of treasury shares	(0)	–
Dividends paid	(2,230)	(2,347)
Dividends paid to non-controlling interests	(49)	(48)
Repayments of lease liabilities	(2,758)	(4,607)
Other	(1)	3
Net cash provided by (used in) financing activities	<u>3,036</u>	<u>9,207</u>
Effect of exchange rate changes on cash and cash equivalents	(96)	(40)
Net increase (decrease) in cash and cash equivalents	(733)	(2,398)
Cash and cash equivalents at beginning of period	7,640	7,514
Increase in cash and cash equivalents from newly consolidated subsidiary	–	12
Cash and cash equivalents	<u><u>6,907</u></u>	<u><u>5,128</u></u>