

Summary of Consolidated Financial Results
for the Second Quarter of the fiscal year ending December 31, 2020 (Japanese GAAP)

August 13, 2020

Company name: V-cube, Inc.

Securities code: 3681

Stock exchange listings: The First Section of the Tokyo Stock Exchange

URL: (Japanese) <http://jp.vcube.com/> (English) <http://www.vcube.com/>

Quarterly statement filing date (as planned): August 13, 2020

1. Results of the second quarter ended June 30, 2020

(millions of Yen, except per share amounts)

(1) Consolidated quarterly operating results:

	Three months ended June 30, 2019		Three months ended June 30, 2020	
	Amount	Change	Amount	Change
Net sales	¥3,111	-8.7%	¥3,266	5.0%
Operating income	-146	-	259	-
Ordinary income	-176	-	266	-
Profit attributable to owners of parent	187	-	422	124.9%
Comprehensive income	158	-	288	82.3%
Net income per share	7.77		17.50	
Diluted net income per share	7.67		16.95	

(2) Consolidated financial position:

	As of December 31, 2019	As of June 30, 2020
Total assets	¥7,002	¥8,083
Net assets	3,049	3,339
Capital adequacy ratio	43.2%	40.9%
Net assets per share	125.67	136.77
Owner's equity	3,025	3,307

2. Dividends

(Yen)

	Fiscal Year ended December 31, 2019 (Result)	Fiscal Year ended December 31, 2020 (Result)	Fiscal Year ending December 31, 2020 (forecast)
Dividend per share -1st quarter	-	-	
Dividend per share -2nd quarter	0.00	0.00	
Dividend per share -3rd quarter	-		-
Dividend per share -fiscal year End	1.00		2.00
Dividend per share -total	1.00		2.00

Changes from forecasts previously announced: Yes

3. Consolidated forecasts

(millions of Yen, except per share amounts)

	Fiscal Year ending December 31, 2020	
	Amount	Change
Forecast-net sales	¥7,201	13.1%
Forecast-operating income	708	—%
Forecast-ordinary income	665	—%
Forecast-profit attributable to owners of parent	623	1,732.3%
Forecast-net income per share	25.76	

Changes from forecasts previously announced: Yes

4. Others

(1) Material changes in subsidiaries during this accumulated quarter (Changes in scope of consolidations resulting from change in subsidiaries): No

(2) Number of issued and outstanding shares (common stock)

i Number of issued and outstanding shares at the period end (including treasury stock)

As of December 31, 2019	24,256,600 shares	As of June 30, 2020	24,361,800 shares
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ii Number of treasury stock at the end of fiscal year

As of December 31, 2019	182,043 shares	As of June 30, 2020	179,243 shares
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iii Average number of shares (quarterly period-YTD)

Six months ended June 30, 2019	24,163,515 shares	Six months ended June 30, 2020	24,121,522 shares
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Note: The number of shares of treasury stock as of December 31, 2019 and June 30, 2020 included the shares held by ESOP (4,300 shares and 1,500 shares, respectively, at the end of the periods).

* Explanation related to appropriate use of results forecasts and other items warranting special mention

The above forecasts are based on the information available as of the date of the release of this document. As a result, a variety of factors in the future may cause actual results to differ from these forecasts.

Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Thousands of yen)

	As of December 31, 2019	As of June 30, 2020
Assets		
Current assets		
Cash and deposits	790,148	2,376,077
Notes and accounts receivable - trade	1,126,072	593,030
Advance payments - trade	96,267	122,855
Other	256,894	305,122
Allowance for doubtful accounts	△200	△200
Total current assets	2,269,183	3,396,885
Non-current assets		
Property, plant and equipment	292,693	326,667
Intangible assets		
Software	1,726,365	1,781,349
Software in progress	299,490	232,390
Goodwill	879,818	800,191
Other	62	62
Total intangible assets	2,905,737	2,813,994
Investments and other assets, gross	1,535,318	1,545,660
Total non-current assets	4,733,749	4,686,322
Total assets	7,002,932	8,083,208
Liabilities		
Current liabilities		
Accounts payable - trade	247,652	253,660
Short-term borrowings	-	1,191,650
Current portion of long-term borrowings	546,110	1,392,650
Advances received	813,979	693,944
Provision for bonuses	110,055	112,677
Income taxes payable	8,655	50,866
Other	521,726	424,854
Total current liabilities	2,248,179	4,120,303
Non-current liabilities		
Long-term borrowings	1,663,280	533,241
Other	42,403	90,651
Total non-current liabilities	1,705,683	623,893
Total liabilities	3,953,863	4,744,196
Net assets		
Shareholders' equity		
Share capital	38,100	49,935
Capital surplus	2,777,744	2,789,579
Retained earnings	283,217	681,288
Treasury shares	△104,033	△101,392
Total shareholders' equity	2,995,029	3,419,410
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	43,281	-
Foreign currency translation adjustment	△12,910	△111,856
Total accumulated other comprehensive income	30,371	△111,856
Share acquisition rights	2,662	2,160
Non-controlling interests	21,006	29,297
Total net assets	3,049,069	3,339,011
Total liabilities and net assets	7,002,932	8,083,208

(2) Consolidated Statement of Income and Comprehensive Income
(Consolidated Statement of Income)

(Thousands of yen)

	Six months ended June 30, 2019	Six months ended June 30, 2020
Net sales	3,111,796	3,266,849
Cost of sales	2,066,056	1,749,625
Gross profit	1,045,739	1,517,224
Selling, general and administrative expenses	1,192,638	1,258,178
Operating profit (loss)	△146,899	259,046
Non-operating income		
Interest income	4,502	1,690
Dividend income	—	476
Guarantee commission received	2,114	2,126
Foreign exchange gains	3,434	23,366
Insurance claim income	570	2,335
Subsidy income	7,438	10,611
Other	1,789	9,125
Total non-operating income	19,850	49,732
Non-operating expenses		
Interest expenses	11,623	9,328
Commission expenses	31,324	4,113
Rents-NOE	5,580	—
Share of loss of entities accounted for using equity method	—	26,760
Other	1,362	2,169
Total non-operating expenses	49,890	42,371
Ordinary profit (loss)	△176,939	266,407
Extraordinary income		
Gain on sales of shares of subsidiaries	791,565	—
Gain on sales of investment securities	—	148,122
Other	—	502
Total extraordinary income	791,565	148,625
Extraordinary losses		
Head office transfer cost	7,232	—
Loss on retirement of non-current assets	411	482
Impairment loss	376,277	—
Other	38	—
Total extraordinary losses	383,960	482
Profit before income taxes	230,666	414,550
Income taxes - current	37,074	52,246
Income taxes - deferred	23,485	△67,976
Total income taxes	60,559	△15,729
Profit	170,106	430,279
Profit (loss) attributable to non- controlling interests	△17,560	8,130
Profit attributable to owners of parent	187,666	422,149

(Consolidated Statement of Comprehensive Income)

(Thousands of yen)

	Six months ended June 30, 2019	Six months ended June 30, 2020
Profit	170,106	430,279
Other comprehensive income		
Valuation difference on available-for-sale securities	23,087	△43,281
Foreign currency translation adjustment	△34,390	△98,945
Total other comprehensive income	△11,303	△142,227
Comprehensive income	158,803	288,052
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	176,110	279,760
Comprehensive income attributable to non-controlling interests	△17,307	8,291

(3) Consolidated Statements of Cash flows

(Thousands of yen)

	Six months ended June 30, 2019	Six months ended June 30, 2020
Cash flows from operating activities		
Profit before income taxes	230,666	414,550
Depreciation	438,285	388,525
Impairment loss	376,277	-
Amortization of goodwill	44,068	39,109
Share of loss (profit) of entities accounted for using equity method	-	26,760
Loss (gain) on sales of shares of subsidiaries	△791,565	-
Loss (gain) on valuation of investment securities	-	△148,122
Increase (decrease) in allowance for doubtful accounts	1,071	-
Increase (decrease) in provision for bonuses	△29,623	7,085
Interest and dividend income	△4,502	△2,167
Interest expenses	11,623	9,328
Foreign exchange losses (gains)	△3,434	△23,366
Decrease (increase) in trade receivables	223,037	513,844
Decrease (increase) in advance payments - trade	180,085	△26,588
Increase (decrease) in trade payables	△507,156	8,834
Increase (decrease) in advances received	299,452	△115,478
Other, net	△126,476	△162,435
Subtotal	341,809	929,879
Interest and dividends received	2,111	2,144
Interest paid	△10,334	△8,364
Income taxes refund	-	46,079
Income taxes paid	△123,711	△12,715
Net cash provided by (used in) operating activities	209,875	957,022
Cash flows from investing activities		
Purchase of property, plant and equipment	△196,742	△7,809
Purchase of intangible assets	△363,786	△349,316
Proceeds from sales of property, plant and equipment	3,000	-
Purchase of shares of subsidiaries and associates	-	△133,000
Purchase of investment securities	△40,000	△115,540
Proceeds from sales of investment securities	8,010	209,264
Payments into time deposits	△16,001	-
Proceeds from withdrawal of time deposits	13,000	-
Proceeds from refund of leasehold and guarantee deposits	134,314	304
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	311,821	-
Other, net	△6,839	144,028
Net cash provided by (used in) investing activities	△153,223	△252,068

(Thousands of yen)

	Six months ended June 30, 2019	Six months ended June 30, 2020
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	△383,329	1,191,650
Proceeds from long-term borrowings	800,000	6,741
Repayments of long-term borrowings	△1,019,312	△290,240
Proceeds from issuance of shares	2,070	23,760
Purchase of treasury shares	△100,000	-
Proceeds from sales of treasury shares	6,317	2,640
Dividends paid	-	△23,853
Repayments of lease obligations	△8,346	△12,010
Net cash provided by (used in) financing activities	△702,600	898,687
Effect of exchange rate change on cash and cash equivalents	△9,665	△17,713
Net increase (decrease) in cash and cash equivalents	△655,614	1,585,929
Cash and cash equivalents at beginning of period	2,719,868	790,148
Cash and cash equivalents at end of period	2,064,253	2,376,077