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

May 14, 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): May 14, 2020

1.Results of the first quarter ended March 31, 2020

(millions of Yen, except per share amounts)

(1) Consolidated quarterly operating results:

	Three months ended March 31, 2019		Three months ended March 31, 2020	
	Amount	Change	Amount	Change
Net sales	¥1,715	−0.8%	¥1,549	−9.7%
Operating income	28	+97.5%	70	+148.9%
Ordinary income	−5	−%	87	−%
Profit attributable to owners of parent	−5	−%	73	−%
Comprehensive income	11	−%	−49	−%
Net income per share	−0.21		3.07	
Diluted net income per share	−		2.98	

(2) Consolidated financial position:

	As of December 31, 2019	As of March 31, 2020
Total assets	¥7,002	¥7,685
Net assets	3,049	2,982
Capital adequacy ratio	43.2%	38.5%
Net assets per share	125.67	122.64
Owner's equity	3,025	2,955

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		1.00
Dividend per share –total	1.00		1.00

3.Consolidated forecasts

(millions of Yen, except per share amounts)

	First half of Fiscal Year ending December 31, 2020		Fiscal Year ending December 31, 2020	
	Amount	Change	Amount	Change
Forecast-net sales	¥3,331	7.1%	¥7,237	13.6%
Forecast-operating income	148	－%	500	－%
Forecast-ordinary income	88	－%	359	－%
Forecast-profit attributable to owners of parent	88	52.9%	255	+650.0%
Forecast-net income per share	3.65		10.58	

Changes from forecasts previously announced: No

4.Others

(1)Material changes in subsidiaries during this accumulated quarter (Changes in scope of consolidations resulting from change is 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 March 31, 2020	24,283,000 shares

ii Number of treasury stock at the end of fiscal year

As of December 31, 2019	182,043 shares	As of March 31, 2020	180,343 shares

iii Average number of shares (quarterly period-YTD)

Three months ended March 31, 2019	24,170,200 shares	Three months ended March 31, 2020	24,090,280 shares

Note: The number of shares of treasury stock as of December 31, 2019 and March 31, 2020 included the shares held by ESOP (4,300 shares and 2,600 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 March 31, 2020
Assets		
Current assets		
Cash and deposits	790,148	1,790,509
Notes and accounts receivable - trade	1,126,072	994,700
Advance payments - trade	96,267	134,601
Other	256,894	330,189
Allowance for doubtful accounts	△200	△200
Total current assets	2,269,183	3,249,800
Non-current assets		
Property, plant and equipment	292,693	283,895
Intangible assets		
Software	1,726,365	1,628,198
Software in progress	299,490	372,833
Goodwill	879,818	809,000
Other	62	62
Total intangible assets	2,905,737	2,810,095
Investments and other assets, gross	1,535,318	1,341,481
Total non-current assets	4,733,749	4,435,473
Total assets	7,002,932	7,685,274
Liabilities		
Current liabilities		
Accounts payable - trade	247,652	257,526
Short-term borrowings	-	1,100,000
Current portion of long-term borrowings	546,110	582,010
Advances received	813,979	734,227
Provision for bonuses	110,055	56,081
Income taxes payable	8,655	7,735
Other	521,726	403,933
Total current liabilities	2,248,179	3,141,513
Non-current liabilities		
Long-term borrowings	1,663,280	1,520,310
Other	42,403	41,113
Total non-current liabilities	1,705,683	1,561,423
Total liabilities	3,953,863	4,702,937
Net assets		
Shareholders' equity		
Share capital	38,100	41,070
Capital surplus	2,777,744	2,780,714
Retained earnings	283,217	333,056
Treasury shares	△104,033	△102,430
Total shareholders' equity	2,995,029	3,052,410
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	43,281	37,012
Foreign currency translation adjustment	△12,910	△133,541
Total accumulated other comprehensive income	30,371	△96,529
Share acquisition rights	2,662	2,160
Non-controlling interests	21,006	24,295
Total net assets	3,049,069	2,982,337
Total liabilities and net assets	7,002,932	7,685,274

(2) Consolidated Statement of Income and Comprehensive Income

(Consolidated Statement of Income)

(Thousands of yen)

	Three months ended March 31, 2019	Three months ended March 31, 2020
Net sales	1,715,036	1,549,488
Cost of sales	1,048,187	841,282
Gross profit	666,849	708,206
Selling, general and administrative expenses	638,551	637,768
Operating profit	28,297	70,438
Non-operating income		
Interest income	2,833	843
Dividend income	—	476
Guarantee commission received	1,051	1,063
Foreign exchange gains	—	21,000
Insurance claim income	—	2,143
Subsidy income	6,793	6,571
Other	1,194	6,615
Total non-operating income	11,873	38,714
Non-operating expenses		
Interest expenses	5,775	4,617
Foreign exchange losses	2,031	—
Commission expenses	30,624	3,492
Rents	5,580	—
Share of loss of entities accounted for using equity method	—	11,308
Other	1,362	2,169
Total non-operating expenses	45,374	21,587
Ordinary profit (loss)	△5,203	87,564
Extraordinary income		
Gain on sales of investment securities	—	70,465
Other	—	502
Total extraordinary income	—	70,968
Extraordinary losses		
Head office transfer cost	7,232	—
Loss on retirement of non-current assets	411	485
Other	38	—
Total extraordinary losses	7,682	485
Profit (loss) before income taxes	△12,885	158,047
Income taxes - current	1,985	7,194
Income taxes - deferred	3,526	73,880
Total income taxes	5,512	81,075
Profit (loss)	△18,398	76,971
Profit (loss) attributable to non-controlling interests	△13,381	3,054
Profit (loss) attributable to owners of parent	△5,016	73,917

(Consolidated Statement of Comprehensive Income)

(Thousands of yen)

	Three months ended March 31, 2019	Three months ended March 31, 2020
Profit (loss)	△18,398	76,971
Other comprehensive income		
Valuation difference on available-for-sale securities	—	△6,269
Foreign currency translation adjustment	29,658	△120,631
Total other comprehensive income	29,658	△126,900
Comprehensive income	11,260	△49,928
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	24,496	△53,218
Comprehensive income attributable to non-controlling interests	△13,236	3,289