FY2020 Q3
Financial Results Briefing Document

V-cube, Inc.
Nov 12, 2020

Beyond Telework
V-CUBE

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Highlights

Beyond Telework V-CUBE

FY2020.3Q

- ✓ **Significant progress in response to Q3 forecast on Aug. 13th upward revision (Net sales increased 800 million yen and Operating profit increased 700 million yen compared with previous year).**
- ✓ **General-purpose web conferencing area remained at the high level after incorporating telework-related demand in COVID 19 Pandemic (Increase in recurring revenue)**
- ✓ **Telecube for public spaces, On-premises, and Web Seminars in pharmaceutical Industry will gradually start to recover from delays in Q2's declarations of emergency of COVID 19 (Web Seminars in pharmaceutical Industry has surged since July and is expected to be in line with the initial forecast for the full fiscal year).**

FY2020 Full year

- ✓ **Revised upward on Nov. 9th, Forecast sales of 7.9 billion yen and operating profit of 900 million yen**
- ✓ **Dividends forecast is also planned to increase from 2 yen per share to 4 yen per share (FY2019 actual: 1 yen per share)**
- ✓ **The number of Telecube installations is rapidly expanding to approach 2,000 units this fiscal year.**
- ✓ **The event and seminar distribution business in the pharmaceutical and non-pharmaceutical industries grew rapidly.**

  Not only for avoiding face-to-face meetings, but also expanding awareness of the effects of on-line services such as declining cost and attracting customers (competitive advantage by"SaaS+Service" model)

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Growth by Focus Area in 2020

Beyond Telework V-CUBE

General-purpose web conferencing

RED OCEAN



①



V-CUBE meeting

V-CUBE Seminar

②



V-CUBE Box

BLUE OCEAN



③



④

On-premise

TELECUBE

Solutions using visual communication

BLUE OCEAN

⑤



V-CUBE Video SDK

Image embedding (SDK)

Provide API/SDK to meet the demand for videos in various industries, and develop business jointly.
(Education/Social/Medical, etc.)

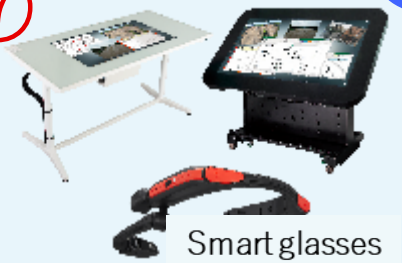
⑥



Pharmaceutical website seminars, etc.

Distribution of web seminars in the pharmaceutical industry. Developed a system for remote detailing, on-line medical care, and medication guidance.

⑦



Smart glasses

V-CUBE Collaboration
V-CUBE Board

Emergency measures and disaster countermeasures

Emergency measures, disaster countermeasures, and field support solutions.



V-CUBE Sales +

⑧



QUMU

⑨



LMS/TMS

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Business Progress in FY2020

Beyond Telework V-CUBE

Focused Businesses		No.	Q1 Before Corona	Q2 Under declaration of emergency	Q3 Coexisting with Corona	
V-CUBE Meeting		①	• On par with last year	• Growing demand due to increased awareness of telework	• Keep higher level than Before Covid-19 despite decline from Q2	
Event	Pharmaceutical companies (Web Seminar)	⑥	• Jan and Feb: As planned • Mar: postponed	• Postponed due to self-restraint on holding • Resumed from late Jun	• Fully resumed • Increase demand of online-seminar	• Capacity Excess Due to Rapidly Increasing Demand • Upfront spending to secure the capacity of service delivery since Q4
	Except for pharmaceutical companies	①	• Jan and Feb: On par with last year • Mar: Rapid increase in the field of human resources	• Field Seminars Shifted to Online in Various Industries • In addition to the HR field, it is also expanded to virtual shareholders' meetings and IR, etc.		
SDK (Software Development Kit)		⑤	• On par with last year	• Rapid increase in the number of minutes used (p.8) • Growing demand for distribution-related services due to self-restraint on outings		
Telecube		⑥	• Delayed since Mar	• Significant delay in Customer Visits and deliveries • Growing demand for public sector	• Resumed operations for JR and the public sector (demand expanding from central Tokyo to suburban areas) • Corporate: Growing demand for 1-person + subscription model	
On-premises Emergency measures and disaster countermeasures		③ ⑦	• Delayed since Feb	• Continued delays in business negotiations and deliveries		

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Growth by Focus Area in 2020 -Compared to Q3 Plan

Figures in ( ) are the difference between Q3 results and initial plan (OP 500 mil yen)

Figures in [ ] are latest full-year plan (OP 900 mil yen)

Beyond Telework V-CUBE

(Millions of yen)

General-purpose web conferencing

RED OCEAN

Sales :2,472 (+707) [3,303]
MP: 1,995 (+566) [2,648]

V-CUBE meeting
zoom

V-CUBE Seminar

Sales : 58 (▲39) [67]
MP: 24 (▲10) [28]

V-CUBE Box

BLUE OCEAN

Sales :221 (▲148) [275]
MP: 173 (▲144) [216]

On-premise

Sales: 582 (▲194) [1,039]
MP: 254 (+5) [453]

TELECUBE

MP : Marginal Profit (Sales – Variable Cost)

Solutions using visual communication

BLUE OCEAN

Sales :261 (+107) [428]
MP: 204 (+55) [335]

V-CUBE Video SDK

Image embedding (SDK)
Provide API/SDK to meet the demand for videos in various industries, and develop business jointly.
(Education/Social/Medical, etc.)

Sales : 729 (▲140) [1,399]
MP: 514 (▲180) [993]

Pharmaceutical website seminars, etc.
Distribution of web seminars in the pharmaceutical industry. Developed a system for remote detailing, on-line medical care, and medication guidance.

Sales :308 (▲79) [443]
MP: 220 (▲24) [317]

V-CUBE Collaboration
V-CUBE Board

Emergency measures and disaster countermeasures
Emergency measures, disaster rcountermeasures, and field support solutions.

Sales :154 (+12) [207]
MP: 87 (▲6) [135]

V-CUBE Sales +

QUMU

Sales: 315 (+32) [418]
MP: 280 (+24) [371]

LMS/TMS

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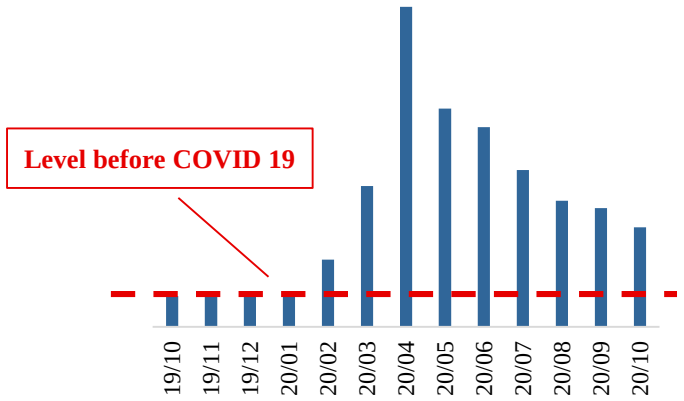
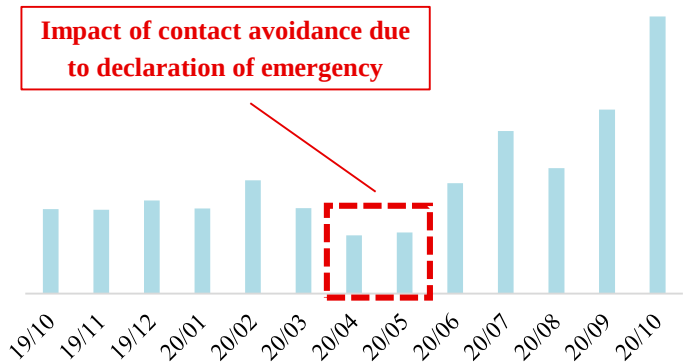
Beyond Telework V-CUBE

Services to support remote and on-line operations continue to grow, effective use of digital is spreading in society
Web-conferencing service V-CUBE Meeting also remained at a level increased in COVID 19 Pandemic

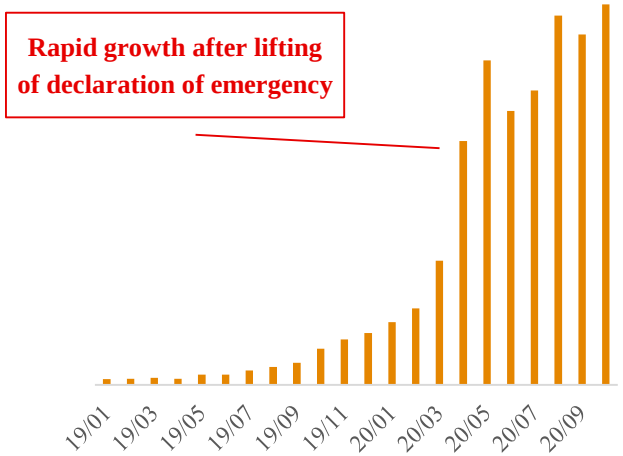
Number of inquiries



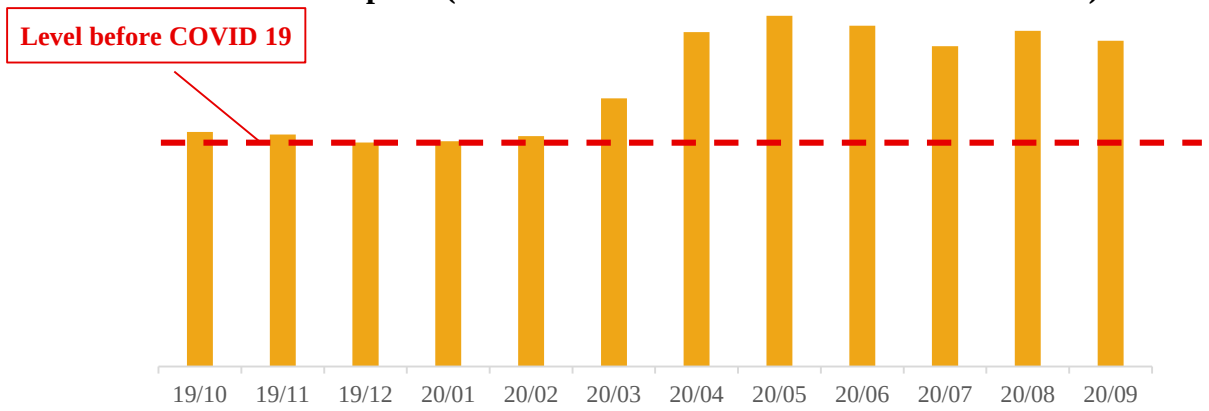
Number of seminars (events)



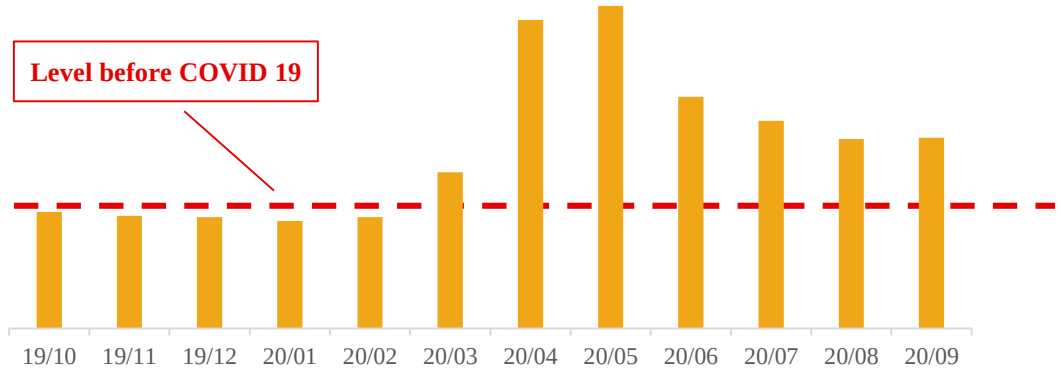
SDK minutes



V-CUBE Meeting
Number of ports (number of concurrent connections subscribers)



V-CUBE Meeting Usage Time



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FY2020 Q3 Results: Consolidated P/L

Highly profitable general-purpose web conferencing grew significantly due to the remote shift of society, and sales increased and became profitable.
Revised forecast on Nov 9th includes upfront investment to secure the capacity of service delivery, and higher sales than this are expected to realize.
(Sales increased approx. 700 million yen, operating profit increased approx. 200 million yen)

(million yen)	FY2019	FY2020	FY2020 Full-year Forecasts		
	Q3	Q3	Initial forecast	Revised forecast (Aug.13th)	Revised forecast (Nov.9th)
Net sales	4,528	5,314	7,237	7,201	7,900
Operating profit	△166	556	500	708	900
Ordinary profit	△195	550	359	665	860
Profit attributable to owners of parent	481	635	185	623	1,000

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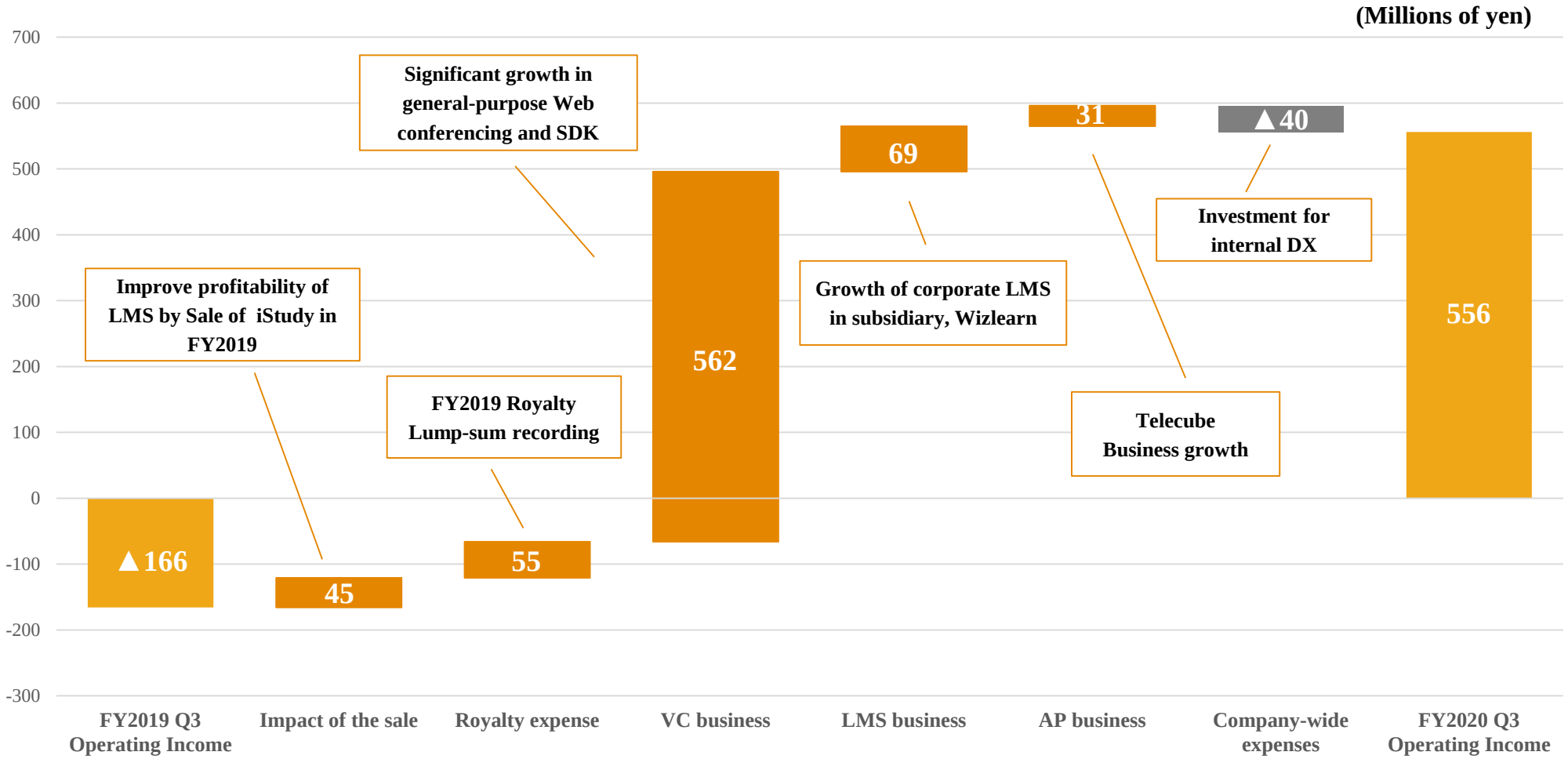
FY2020 Q3 Results : Operating Profit (YoY)

Significant growth centered on general-purpose web conferencing and SDK in the VC segment
Profitability improved due to the sale of the business and a decrease in royalty expenses incurred last year contributed to profits.



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FY2020 Q3 Results : Consolidated B/S

Due to an improvement in operating cash flow resulting from business growth compared to the initial plan,
Net Debt (net interest-bearing debt) ranged from about 1.4 billion yen to about 500 million yen, improving financial stability

(million yen)	December 31, 2019	September 30, 2020	Change
Current assets **(Cash and deposits)**	2,269 (790)	4,342 (2,695)	+2,073 (+1,905)
Fixed assets **(Software)** **(Goodwill)**	4,733 (2,025) (879)	4,798 (2,067) (780)	+65 (+42) (△99)
Total assets	7,002	9,140	+2,138
Current liabilities **(Short-term borrowings, current portion of long-term debt)**	2,248 (546)	4,753 (2,547)	+2,505 (+2,001)
Long-term liabilities **(Long-term loans payable)**	1,705 (1,663)	828 (648)	△877 (△1,015)
Net assets	3,049	3,557	+508

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Provide stable and continuous shareholder returns with taking into account financial condition

Dividend	**FY2020 year-end dividend forecast: 4 yen, FY2019 year-end dividend: 1 yen** In principle, aiming for a dividend payout ratio of 20% for Profit attributable to owners of parent excluding temporary gains, and aiming for 30% in the future
Share buyback	Announced on November 12th **Implemented at 300 million yen scale** (Period: November. 13-December. 18, 2020) In FY2019 bought back about 100 million yen of its own shares
Shareholder benefits	Shift to shareholder returns mainly through dividends due to an increase in the number of shareholders, etc. (Discontinuation of Telecube coupons)

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Segment Overview

VC business : Profitability temporarily deteriorated in previous year due to special circumstances. This year is higher than the initial budget.
LMS business : Stable segment led by Wizlearn, a Singaporean subsidiary
AP business : Rapid growth in demand in the second half recovering from delays under the declaration of emergency.
Profitability is expected to improve due to changes in the sales model.

(million yen)		FY2019 Q3 Results	FY2020 Q3 Results	FY2020 Full-year initial forecast	FY2020 Full-year revised forecast (Aug.13th)	FY2020 Full-year revised forecast(Nov.9th)
Visual Communications Business	Net sales	2,929	3,848	4,692	4,866	5,746
	Operating profit	139	755	750	944	1,066
	(Rate)	(4.8%)	(19.6%)	(16.0%)	(19.4%)	(18.6%)
Learning Management System Business	Net sales	812	581	830	825	767
	Operating profit	△35	79	70	90	107
	(Rate)	(-%)	(13.6%)	(8.4%)	(10.9%)	(14.0%)
Appliance Business	Net sales	786	885	1,715	1,510	1,387
	Operating profit	86	117	218	203	295
	(Rate)	(11.0%)	(13.3%)	(12.7%)	(13.4%)	(21.3%)
Corporate expenses	Net sales	-	-	-	-	-
	Operating profit	△356	△396	△538	△528	△568
	(Rate)	(-%)	(-%)	(-%)	(-%)	(-%)
Total	Net sales	4,528	5,314	7,237	7,201	7,900
	Operating profit	△166	556	500	708	900
	(Rate)	(-%)	(10.5%)	(6.9%)	(9.8%)	(11.4%)

【Abbreviation】 VC: Visual Communication, LMS: Learning Management System, AP: Appliance

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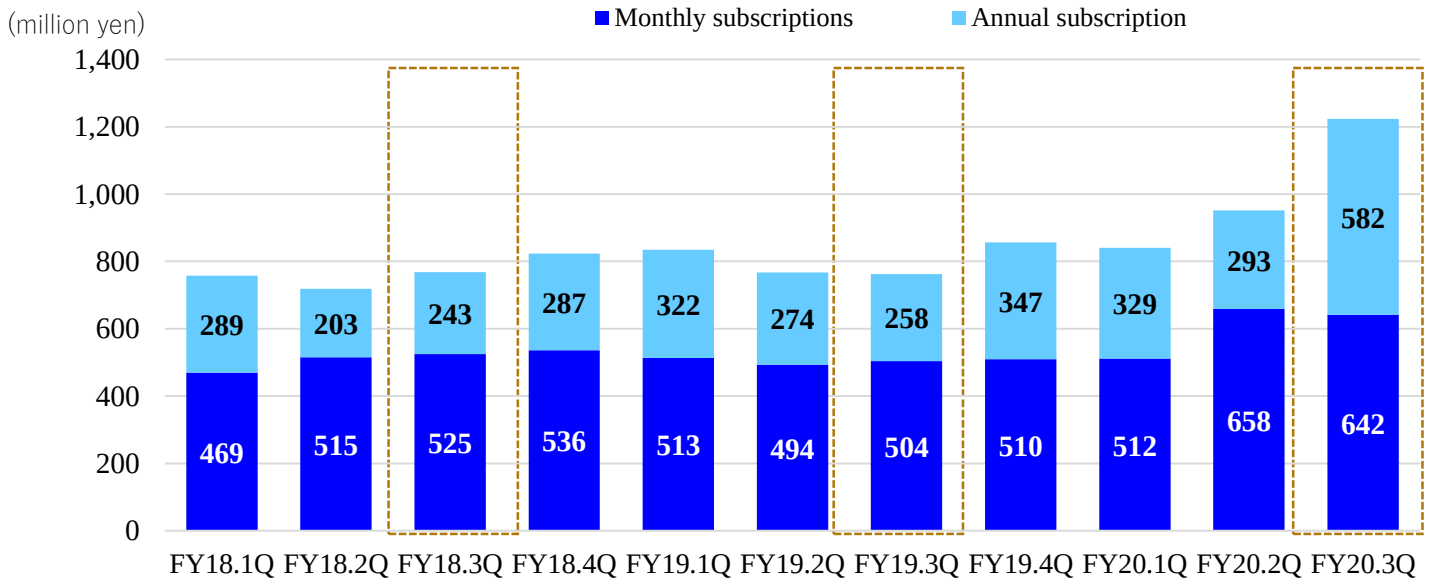
Visual communication business

Monthly subscriptions remained at a growing level as a result of steadily building up pipelines that surged due to COVID 19 Pandemic
Annual subscriptions grew significantly due to the expansion of target customers, despite the postponement of Web Seminars in pharmaceutical industry under the declaration of emergency

(million yen)	FY2019 Q3 Results	FY2020 Q3 Results	FY2020 Full-year revised forecast (Aug.13th)	FY2020 Full-year revised forecast (Nov.9th)
Net sales	2,929	**3,848**	4,866	5,746
Operating profit (Rate)	139 (4.8%)	**755 (19.6%)**	944 (19.4%)	1,066 (18.6%)



Subscription-type net sales



Annual subscription

Seminar distribution plans for the pharmaceutical, financial, and HR industries, etc.
Recorded as sales each time held

Monthly subscriptions

Monthly contracts and long-term contracts of 6 months or more
Fixed monthly sales booking

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Visual communication business KPIs

Billing unit price and Number of billing companies remained at a high level due to the acquisition of an increase in contract volume due to the rising demand for web conferencing
Churn rate rose due to cancellations with the old system termination in Q2 and partial cancellations of temporary contracts that increased under declaration of emergency

Monthly subscription KPI

Average monthly billing unit price (thousand yen)

FY14	FY15	FY16	FY17	FY18	FY19	FY20 1Q	FY20 2Q	FY20 3Q
139	137	134	137	141	139	137	158	156

Number of billing companies

FY14	FY15	FY16	FY17	FY18	FY19	FY20 1Q	FY20 2Q	FY20 3Q
1,065	1,155	1,225	1,228	1,211	1,215	1245	1,393	1,368

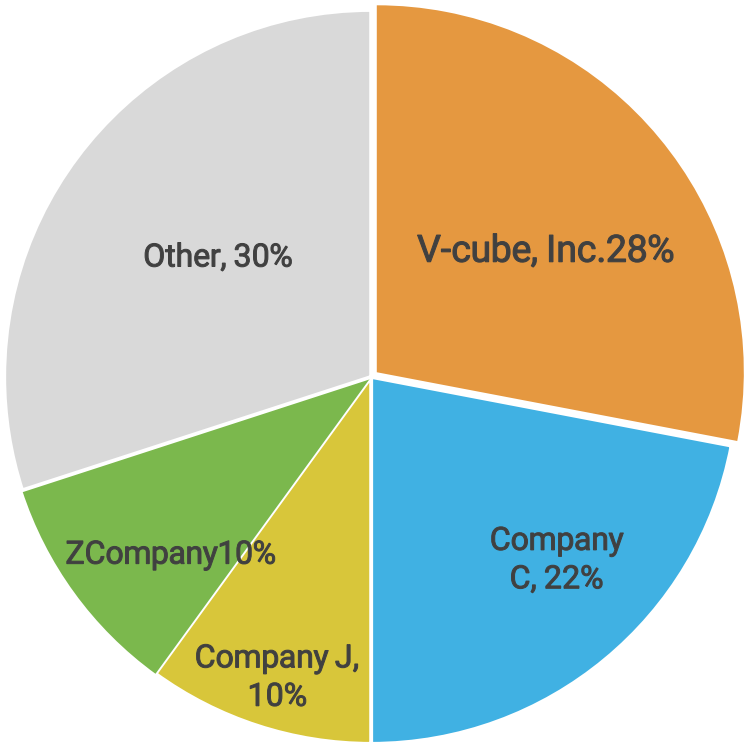
Average monthly churn rate (%)

FY14	FY15	FY16	FY17	FY18	FY19	FY20 1Q	FY20 2Q	FY20 3Q
1.27	1.13	0.90	0.95	0.94	0.91	1.08	1.45	1.69

Differentiation from competitors
Security
Privacy
Support (24 hours a day, 365 days a year, inquiries in Japanese)

Domestic web conferencing market share No. 1 for 13 consecutive years (announced on March 24, 2020)

ASP(SaaS) Type +SI(On-premises) type



In Seed Planning, Inc.2020 Video Conference and Web Conference Latest Market and Video Communications Equipment and Services Trends

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Learning management system business

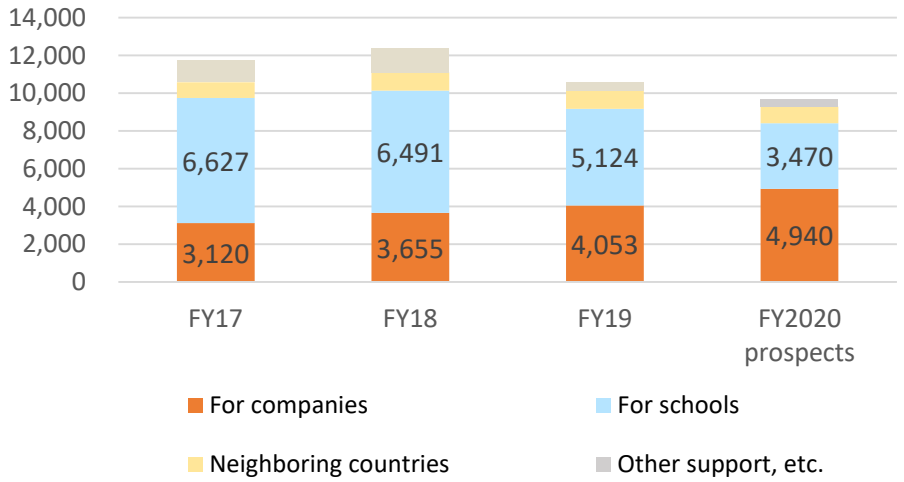
Subsidiary Wizlearn in Singapore provides on-line learning/training platforms for schools/companies
Maintain profitability by controlling costs in anticipation of a shrinking business for schools due to the impact of the government's in-house production and the declining birthrate

(million yen)	FY2019 Q3 Results	FY2020 Q3 Results	FY2020 Full-year revised forecast (Aug.13th)	FY2020 Full-year revised forecast (Nov.11th)
Net sales	812	**581**	825	767
(iStudy Excluding sales)	691	**581**	825	767
Operating profit (Rate)	△35 (-%)	**79 (13.6%)**	90 (10.9%)	107 (14.0%)



(thousand SGD)

WizlearnSales Breakdown



[Sales]
- FY2019. iStudy (currently Kushim) consolidated until Q1
- Wizlearn sales account for approximately 90%

[Profit]
Wizlearn
- For schools: Secure stable profit margins with recurring revenue
- Corporate: Stock revenue + Specialized customize projects

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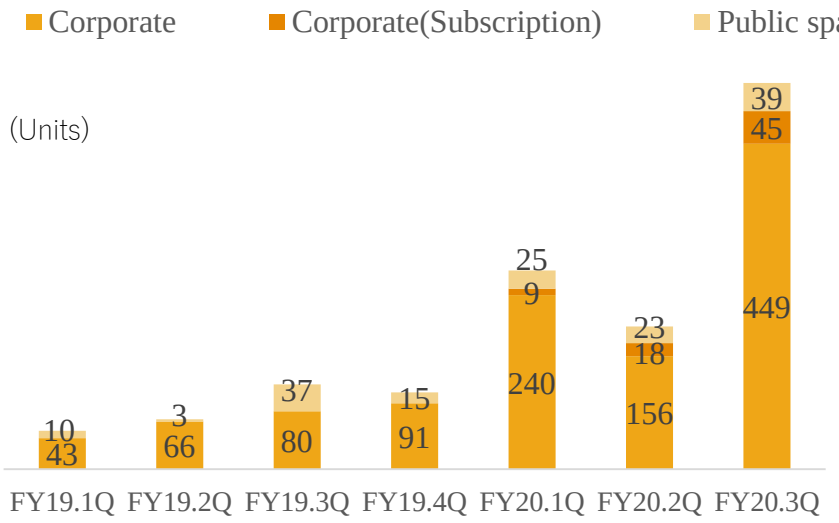
Continued delivery delays in COVID 19 Pandemic in Telecube for public spaces
Telecube for companies significantly progressed in Q3 to achieve the initial target of 1000 units installations

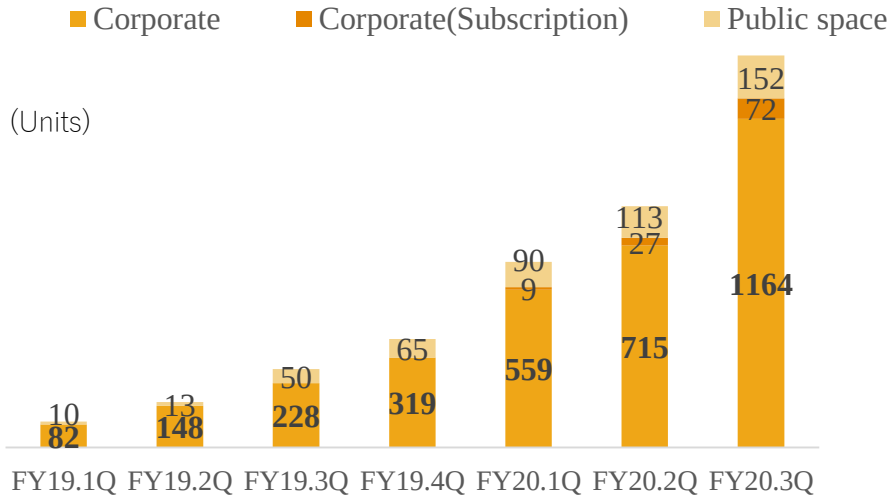
(million yen)	FY2019 Q3 Results	FY2020 Q3 Results	FY2020 Full-year revised forecast (Aug.13th)	FY2020 Full-year revised forecast (Nov.9th)
Net sales	786	**885**	1,510	1,387
Operating profit (Rate)	86 (11.0%)	**117 (13.3%)**	203 (13.4%)	295 (21.3%)



Telecube on a quarterly basis Number of units installed



Cumulative number of Telecube units installed



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Telecube business outline

Aiming to become a social infrastructure while expanding through commercial distribution suitable for the location
Solving issues where there is no teleworking place, and going forward we will utilize other than teleworking, such as administrative procedures (Nov.11th installed at Ome city office)
Recently, needs have been expanding from terminal stations to living areas, and needs as individual rooms for employees to come to the company safely are expanding

Classification	Commercial distribution	Our sales model	Remarks	FY2020 initial target
For companies (FY2019:280 units)	Direct sales・Regular distributors	Sellout Subscription	Private space utilization, such as shortage of conference rooms and concentration of work	**500 to 1000 units** (845 units as of Q3)
	Sales agency of Okamura	Royalty Income	Royalty income is recorded, not entering the commercial flow	
For public spaces (FY2019:65 units)	Telecube Services Co.,Ltd.	Sellout	Installation in office entrances, complex facilities, and private railway stations	**200 to 400 units** (87 units as of Q3)
	JR East	Sellout	Installed on the station premises as "STATION BOOTH" 1000 locations to be installed by FY2025	

Average Price per Unit (FY2020 actual) Sellout: 2,948 thousand yen subscription: 81 thousand yen (monthly amount)

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Provide Even Opportunity to Everybody

We want to create a world where everyone can get even opportunity in any circumstances.

**We believe that we can realize more affluent society
by reducing the time and distance of face-to-face communication.**

The world is facing social issues such as extreme concentration of population and industry in city area, declining birthrate and aging society, long working hours, educational and healthcare gaps, etc.

**We aim to provide even opportunity to everybody
by solving these social issues with our Visual Communication solutions.**

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Segment Overview

Visual Communication Business

- V-CUBE Meeting ; V-CUBE Seminar ; V-CUBE Video SDK ; V-CUBE Salesplus ; Agora.io ; Krisp; Qumu
- V-cube's service lineup at each subsidiary

Learning Management System Business

- [Wizlearn Technologies Pte. Ltd.] AsknLearn

Appliance Business

- Telecube, V-CUBE Box, V-CUBE devices (microphones, speakers, cameras, etc.), and V-CUBE boards (disaster countermeasure solutions)

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Communication DX Company

Company name	V-cube, Inc.
Established	October 16, 1998
Fiscal year end	December
Capital (including capital reserve)	2,882 million JPY
Listed Markets	The 1st Section of the Tokyo Stock Exchange (3681)
Group companies	Domestic 3, Overseas 5. (3 in Singapore, 1 in United States, 1 in Thailand.)
Number of members	Board members 15・ Employees 370(consolidated) *As of June 30, 2019

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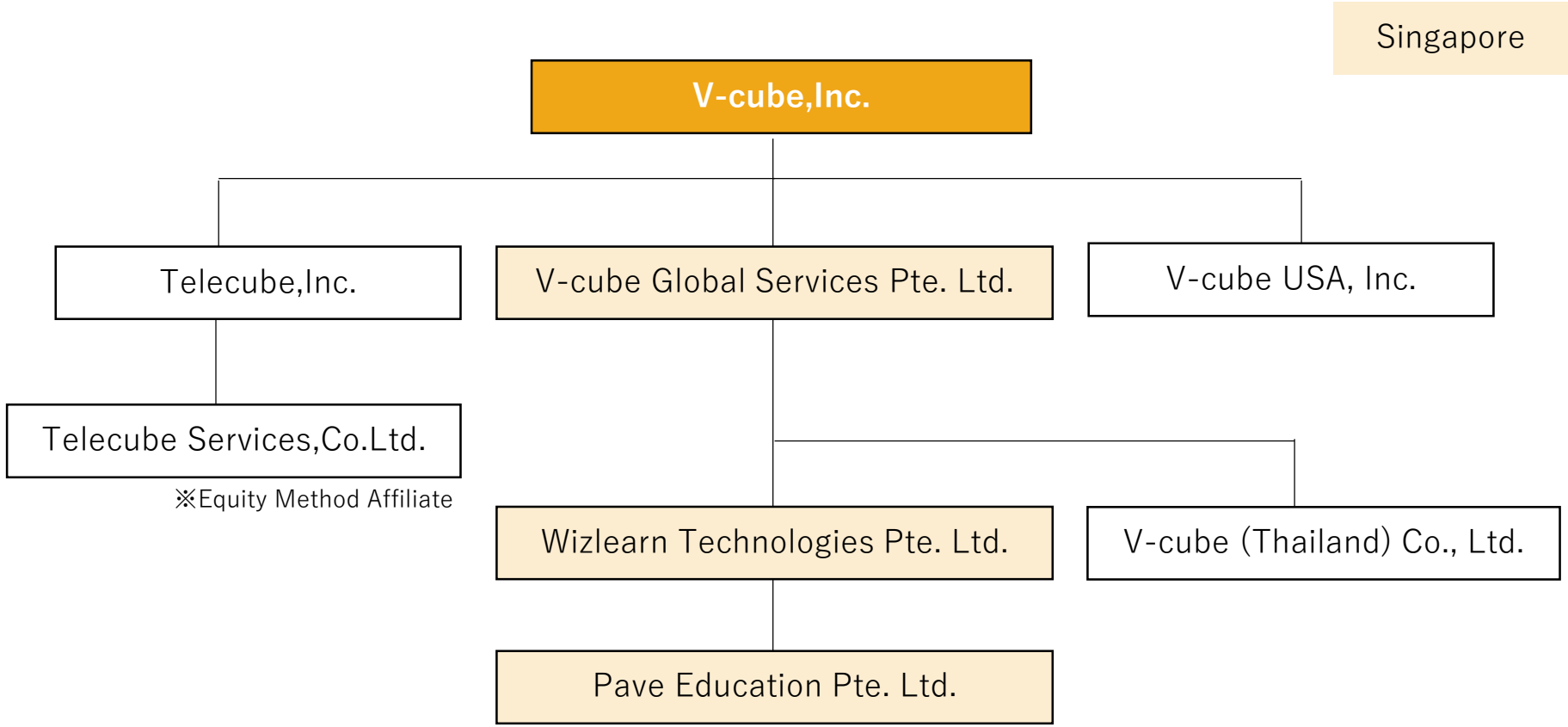
Group Companies (As of September 30, 2020)

V-cube, Inc. and 6 subsidiaries operate in Japan, USA and ASEAN area.



Other group company: SENSYN ROBOTICS, Inc.

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Company History

Beyond Telework V-CUBE

- 1998 Established V-cube Internet Co., Ltd. and undertook web production, system development, and app development on consignment
- 2001 Reorganized as a joint-stock company
- 2004 Began developing and selling web conferencing for in-house use due to high video conferencing costs
- 2009 Renamed as V-cube,Inc. and decided to specialize in visual communications
- 2012 Started investing from Intel Capital and expanding business in Asian countries
- 2014 Listed its shares on the MOTHERS
- 2016 Listing on TSE First Section

1998 2001 2004 2009 2012 2013 2014 2015 2016 2017 2018 2019 2020

2003 V-cube USA, INC

2009 V-cube Malaysia Sdn. Bhd. — Sale

2012 V-cube Global Services Pte. Ltd. Singapore

2012 PT. V-cube INDONESIA — Sale

2013 V-Cube (Tianjin) Technologies Co., Ltd. — Sale

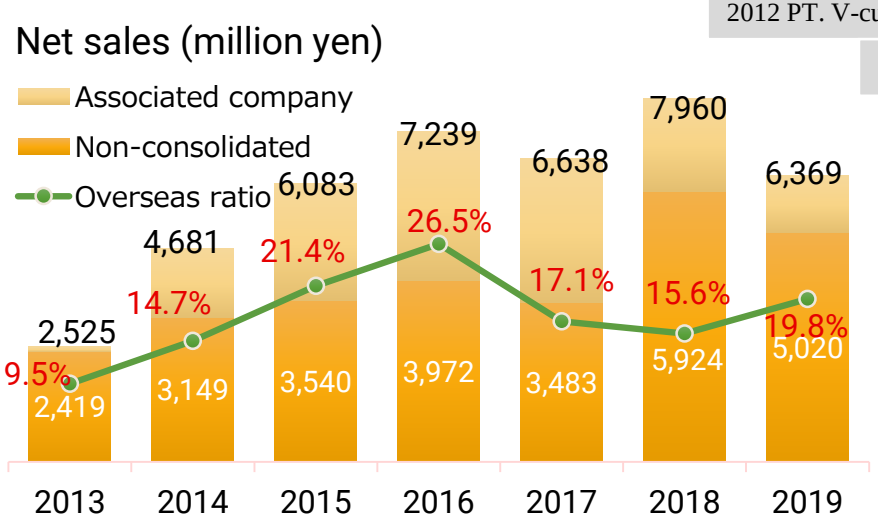
2014 Pioneer VC — Sold electronic smart board business after merger

2015 Wizlearn Technologies Pte. Ltd.

2015 iStudy Co., Ltd. — Sale

2016 V-cube (Thailand) Co., Ltd.

2019 Telecube



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Exchange rates of major currencies

Full year

(Yen)

	FY19			FY20
	Full year (Initial expectations)	Yearly average (Results)	Year-end (Results)	Full year (assumption)
US$	111.00	109.06	109.55	111.00
S$	81.00	79.95	81.06	81.00

Q3

(Yen)

	FY19 Q3	FY20 Q3	FY19 Q3	FY20 Q3
	Yearly average (Results)	Yearly average (Results)	Year-end (Results)	Year-end (Results)
US$	109.15	107.60	107.96	105.81
S$	80.01	77.40	78.12	77.34

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Management team consisting mainly of members from the time of founding



President,CEO & Founder

Naoaki Mashita

1977 Born in Tokyo
1988 Established V-cube Inc.
2000 Graduated from Keio University
2002 Graduated from Keio Graduate School
2003 Established V-cube USA, Inc.
2009 Established V-cube Malaysia
2012 Established V-cube@Singapore
2012 Established P.T. V-cube Indonesia
2015 Established V-cube Robotics



Managing Director,CRO

Jun Mizutani

2006 Entered V-cube Inc. (as new graduate)
2009 Group Manager of Sales Division
2012 Vice manager of Sales Division
2014 Manager of Customer Experience
2015 General Manager of Sales Division
2016 Director of V-cube Inc. (in charge of sales)
2019 Managing Director of V-cube Inc.



Vice President,COO

Masaya Takada

2001 Director of V-cube Internet Co., Ltd.
2002 Graduated from Keio Graduate School
2006 Vice president of V-cube Inc.
2012 Executive Vice President of V-cube Inc.



CTO

Yosuke Kamesaki

2002 Joined V-cube Internet Co., Ltd.
2003 Developed the prototype for the web conference
2007 Executive Officer of V-cube Inc.
2012 Director of V-cube Inc. (in charge of technology)

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Corporate Governance by Experienced and Strong Outside Directors and Audit & Supervisory Board Members

Title	Name	Career summary
Outside director	Norio Murakami	Representative director, Murakami Norio Office,Inc. Outside director, Cell Source Co.,Ltd. , Former Vice president, Google, Inc. and President, Google,Inc.
Outside director	Kenichi Nishimura	Outside director, Hakusan.Inc. Former President, NTT-Neomeit Former Advisor, Mirait,Inc.
Outside director	Hajime Nakano	Senior director, Reginal Economy Vitalization Corporation of Japan Director, REVIC Partners
Outside director	Naomi Koshi	Attorney, Miura Law Office Former mayor of Otsu CityFormer attorney for Nishimura Asahi Law Office
Full-time outside auditor	Kikuo Fukushima	Representative, Success Coaching Studio
Outside auditor	Kiyoji Odashima	Representative tax attorney, Odajima Kiyoji Tax Account Office Outside auditor, Ebara Foods Industry,Inc.
Outside auditor	Arifumi Sunada	Senior director, Reginal Economy Vitalization Corporation of Japan Senior director, REVIC Partners

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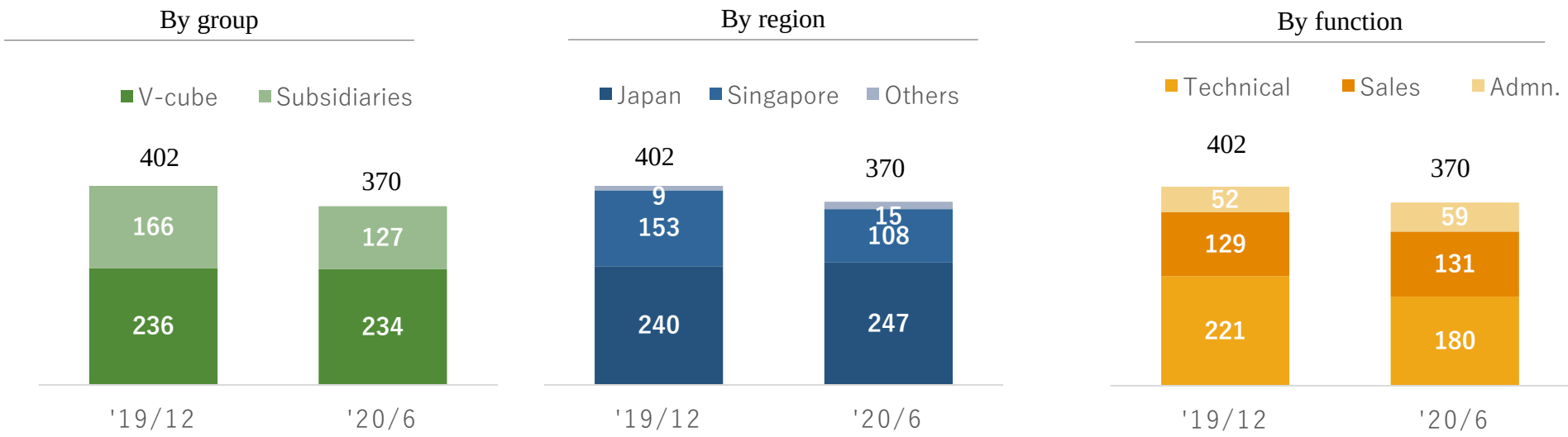
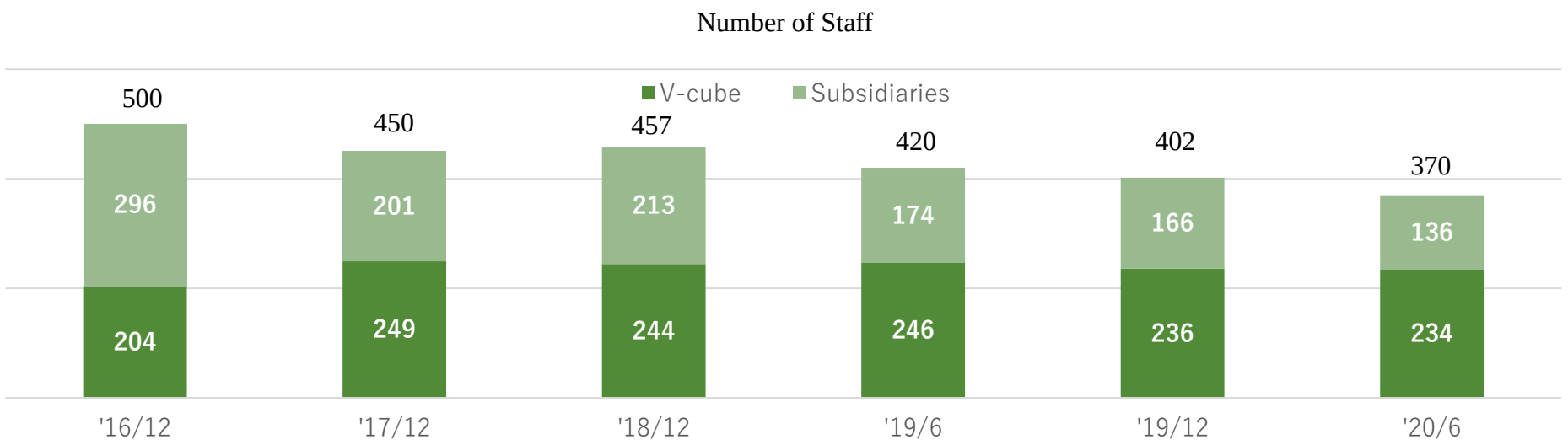
Status of Group Employees (excluding contract employees) (as of June 30, 2020)





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