

# FY2020 Q2 Financial Results Briefing Document

V-cube, Inc.  
Aug 13, 2020



1. Progress of the Business in Covid 19 Pandemic

2. FY2020 Q2 Results

3. Segments and KPIs

4. Current Initiatives

5. Appendix

## FY2020.2Q

- ✓ Further exceeded the upward-revised Q2 forecast (operating profit: 116% of the revised forecast, 400 million yen higher than the previous year)
- ✓ General-purpose web conferencing exceeded expectations due to telework-related demand
- ✓ Telecube, On-premises, and Web Seminars in pharmaceutical Industry are affected more than 1Q by declarations of emergencies of covid 19 and will be postponed after Q3 (Negative impact of about 250 million yen in the first half of FY20 from only the pharmaceutical web seminars)

## FY2020 Full year

- ✓ In the post-corona era, demand for telework and remote operation in all industries is expected to expand further. (Further focus on communication DX)
- ✓ The shift to online seminars in pharmaceutical industry is accelerating. The concept of "SaaS+Service" greatly demonstrates the competitive advantage. Other industries are also seeing surges in face-to-face avoidance inquiries about the online launch of events, and targeted customer industries are beginning to expand
- ✓ The forecast for operating profit is raised by 708M yen from the initial forecast of 500M yen, and continues to target 900M yen. The dividend forecast doubles from 1 yen per share to 2 yen.

1. Progress of the Business in Covid 19 Pandemic

2. FY2020 Q2 Results

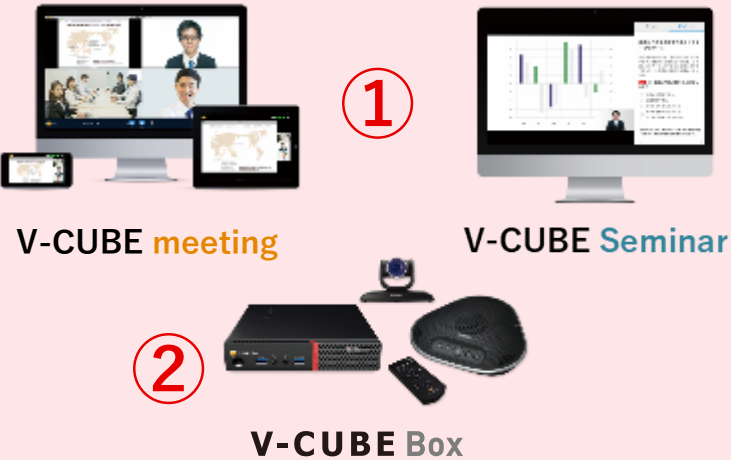
3. Segments and KPIs

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## General-purpose web conferencing

RED  
OCEAN



BLUE  
OCEAN



## Solutions using visual communication

BLUE  
OCEAN



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



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.



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



Negative impact in the short term, but in the medium-to long-term, the business will be expanded largely.

Q1

① (sales impact +125 mil yen)

Increase in use of web conferencing due to rapid increase in teleworking population  
Demand for online delivery replacements

⑤ SDK that embeddes video services into services in all industries and realizes online distribution

③ Delays of On-premises Projects

④ Delay in Telecube Delivery (sales  $\Delta$ : 55 mil yen)

⑥ Postpone distribution of seminars to the pharmaceutical industry(sales  $\Delta$ : 80 mil yen)

⑦ Delayed delivery of hardware components of emergency response solutions

Q2

① (cumulative sales impact +487 mil yen)

Increase in pipeline and new project wins  
Increase sales of Zoom

Ongoing orders for online seminars from various industries

⑤ Expansion of pay-as-you-go billing based on the number of minutes delivered as customers become more active in the online business (Cumulative sales forecast 82 mil yen, actual 140 mil yen)

③ Continued delays in order and delivery

④ Corporate Sales fell short of the plan due to delays in delivery, but large increase YoY  
Continued delivery delays for public use

⑥ Recovered from mid-June and expected to exceed full-year and 2H forecasts(cumulative sales impact:  $\Delta$ 255 mil yen)

⑦ Continued delays in order and delivery

Short-term impact (Mar, Apr, May)

# Growth by Focus Area in 2020 -Compared to Q2 Plan

Figures in ( ) are the difference between Q2 results and initial plan  
(OP 500 mil yen)  
Figures in [ ] are initial full-year plan (OP 500 mil yen)



( Millions of yen)

## General-purpose web conferencing

RED OCEAN

Sales :1,651 (+487) [2,220]

MP: 1,329 (+410) [1,770]

V-CUBE meeting

Sales :40 (▲32) [164]

MP: 17 (▲8) [57]

V-CUBE Box

Sales :269 (▲66) [1,064]

MP: 128 (▲14) [308]

TELECUBE

## Solutions using visual communication

BLUE OCEAN

Sales :140 (+58) [236]

MP: 122 (+42) [228]

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 : 334 (▲255) [1,217]

MP: 251 (▲221) [975]

V-CUBE Collaboration Board

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 :205 (▲42) [545]

MP: 149 (▲2) [335]

V-CUBE Collaboration Board

Emergency measures and disaster countermeasures

Emergency measures, disaster rcountermeasures, and field support solutions.

Sales :97 (+6) [214]

MP: 56 (▲2) [144]

V-CUBE Sales +

Sales: 167 (▲19) [380]

MP: 151 (▲16) [344]

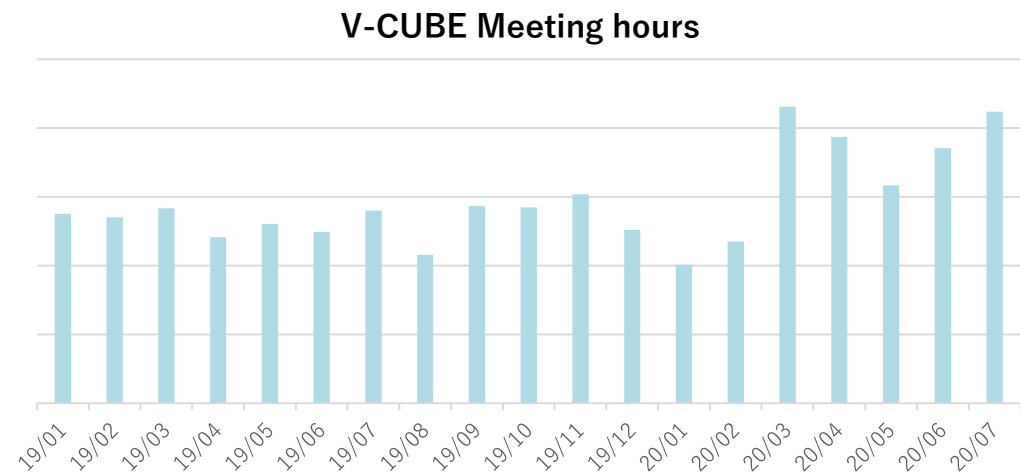
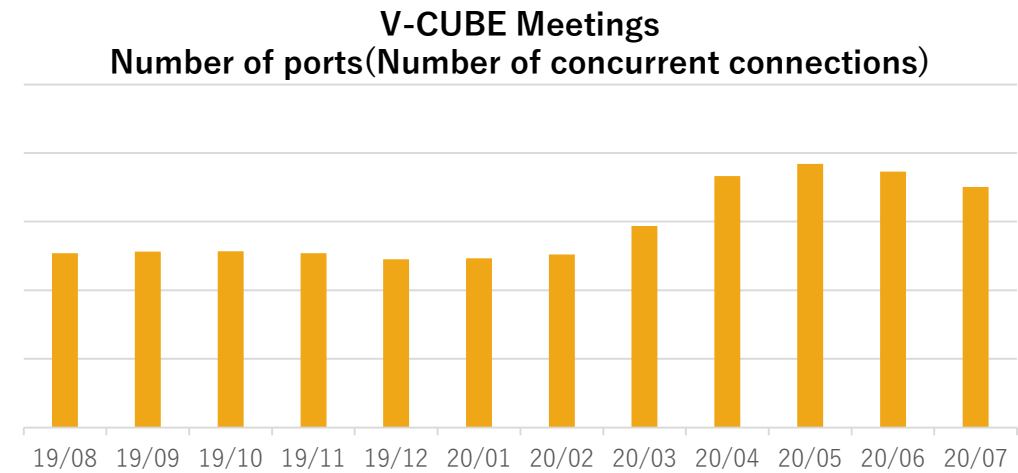
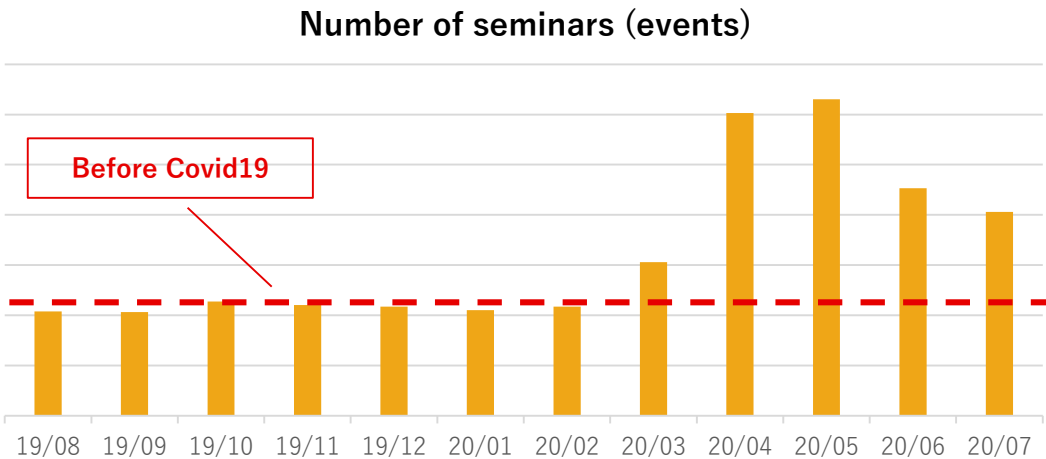
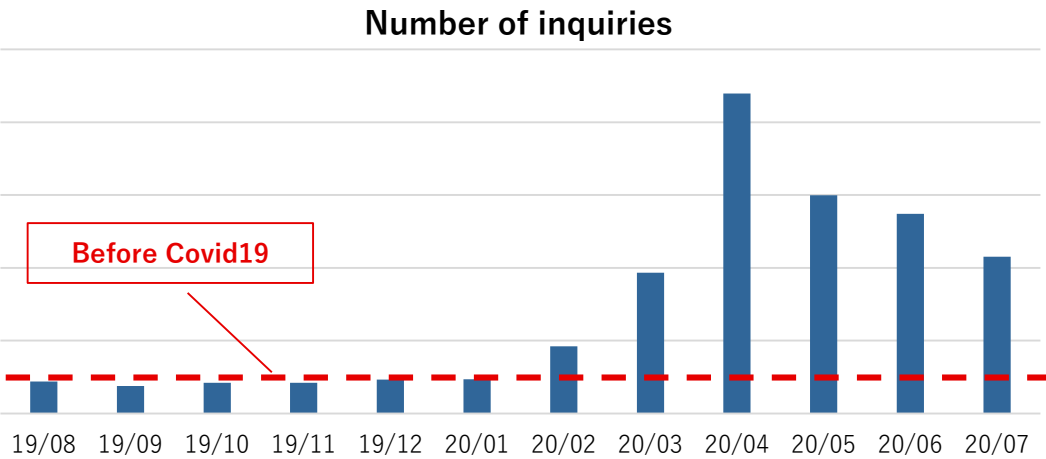
LMS/TMS

MP : Marginal Profit (Sales – Variable Cost)

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Pipeline continues to grow in unprecedented numbers, and web conferencing usage remains in place even after the state of emergency is lifted.  
The use of online seminars is greatly expanding.





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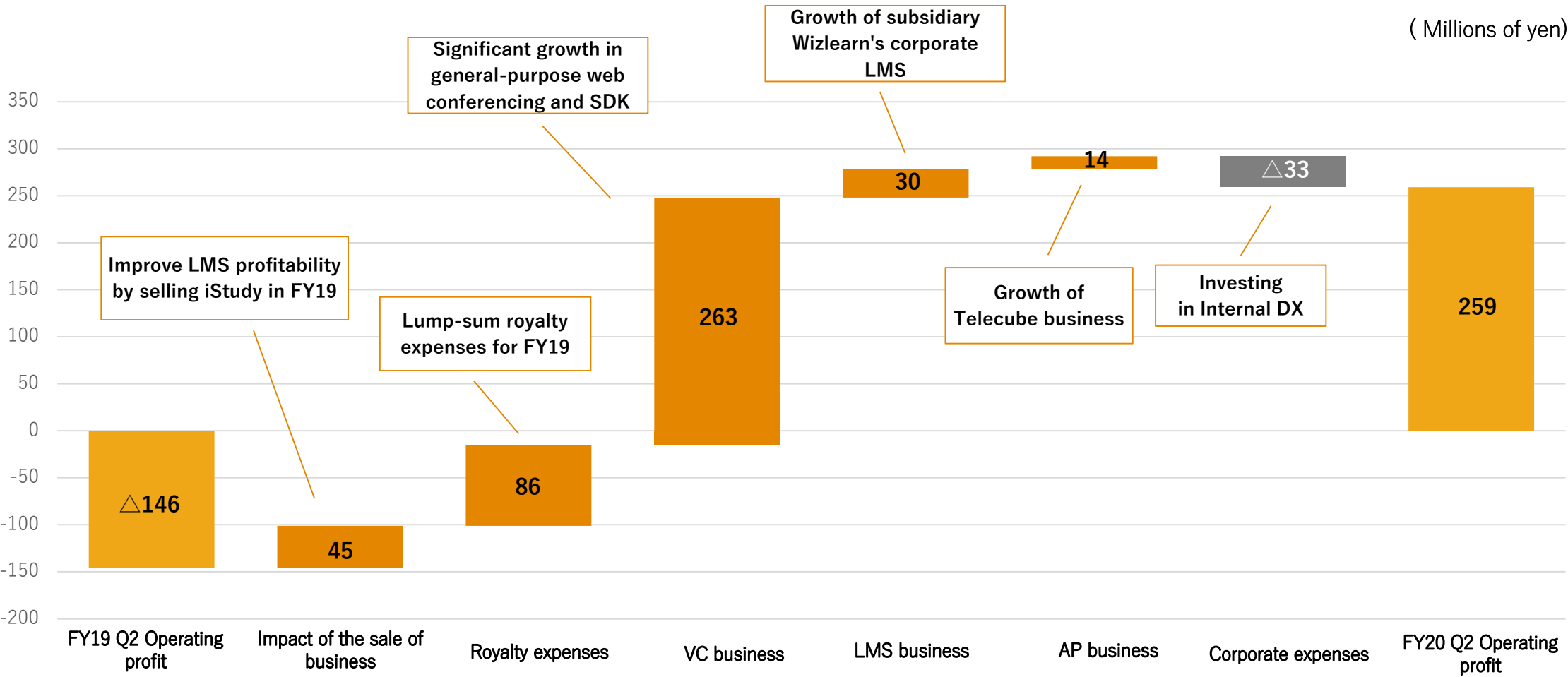
Profitability improved through business selection and concentration, and general-purpose web conferencing, which has a high profit margin, grew rapidly due to the remote shift of society as a whole.

Due to postponement of many projects such as pharmaceutical web seminars and Telecube, expected to be overemphasized in the second half of the fiscal year.

(million yen)	FY2019	FY2020	FY2020 full-year forecasts		
	Q2	Q2	Initial forecast	Revised forecast (Aug 13 <sup>th</sup> )	Rate of progress (vs. Revised Forecast)
<b>Net sales</b>	<b>3,111</b>	<b>3,266</b>	<b>7,237</b>	<b>7,201</b>	<b>45.4%</b>
<b>Cost of sales</b>	2,066	1,749	4,250	3,988	43.9%
<b>Gross profit</b>	<b>1,045</b>	<b>1,517</b>	<b>2,986</b>	<b>3,183</b>	<b>47.7%</b>
<b>SG &amp; A Exp.</b>	1,192	1,258	2,486	2,474	50.8%
<b>Operating profit</b>	<b>△146</b>	<b>259</b>	<b>500</b>	<b>708</b>	<b>36.6%</b>
<b>Ordinary profit</b>	<b>△176</b>	<b>266</b>	<b>359</b>	<b>665</b>	<b>40.0%</b>
<b>Profit attributable to owners of parent</b>	<b>187</b>	<b>422</b>	<b>185</b>	<b>623</b>	<b>67.7%</b>

# FY2020 Q2 Results : Changes in operating profit (YoY)

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



Cash flow from operating activities and free cash flow increased significantly due to growth in the general-purpose web conferencing area, etc.

Cash flow from financing activities: After the temporary repayment of debts at the end of the previous fiscal year, the balance of borrowings was recovered.

(million yen)	June 30, 2019	June 30, 2020
Cash flows from operating activities	209	957
Cash flows from investing activities	△153	△252
Cash flows from financing activities	△702	898
Free cash flow	56	704
Effect of exchange rate change on cash and equivalents	△9	△17
Increase/decrease in cash and equivalents	△655	1,585
Cash and equivalents, end of period	2,064	2,376

Net Debt (net interest-bearing debt) decreased from about 1.4 billion yen to about 0.7 billion yen, improving financial stability,  
 Equity ratio is 40.9%

(million yen)	December 31, 2019	June 30, 2020	Change
<b>Current assets</b> (Cash and deposits)	2,269 (790)	3,396 (2,376)	+1,127 (+1,586)
<b>Fixed assets</b> (Software) (Goodwill)	4,733 (2,025) (879)	4,686 (2,013) (800)	△47 (△12) (△79)
<b>Total assets</b>	7,002	8,083	+1,081
<b>Current liabilities</b> (Short-term borrowings, current portion of long-term debt)	2,248 (546)	4,120 (2,584)	+1,872 (+2,038)
<b>Long-term liabilities</b> (Long-term loans payable)	1,705 (1,663)	623 (533)	△1,082 (△1,130)
<b>Net assets</b>	3,049	3,339	+290

Dividend forecast is raised on Aug 13.

Shareholder return policy will be continuously implemented while taking into account the financial situation

## Dividend

- **FY2020 year-end dividend forecast: 2 yen, FY2019 year-end dividend: 1 yen**
- In principle, it aims for a dividend payout ratio of **20%** against profit attributable to owners of parent excluding 1-time profits and aims for a dividend payout ratio of **30%** in the future.

## Shareholder benefit program

- **FY2019 Gift of 10 thousand yen worth of Telecube tickets**  
(Applicable to shareholders who hold 100 or more shares as of the end of December)
- Usage period: April 1 to December 31, 2020



→ here to use



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## Segment Overview

The profit margin of VC business temporarily deteriorated in the previous fiscal year due to special circumstances, and this fiscal year's results exceeded the budget.

LMS business became a stable business segment led by Wizlearn of Singapore subsidiary.

AP business grew from the previous year despite delays in Telecube installation due to the closure of client offices and installation sites.

(million yen)		FY2019	FY2020	FY2020	FY2020	FY2020
		Q2 actual	Q2 revised forecast (Jun 1st)	Q2 actual	Full-year initial forecast	Full-year revised forecast (Aug 13th)
Visual Communications Business	Net sales	2,014	2,193	2,345	4,692	4,866
	Operating profit	64	350	413	750	944
	(Rate)	(3.2%)	(16.0%)	(17.6%)	(16.0%)	(19.4%)
Learning Management System Business	Net sales	596	411	391	830	825
	Operating profit	△35	40	40	70	90
	(Rate)	(-%)	(9.7%)	(10.2%)	(8.4%)	(10.9%)
Appliance Business	Net sales	500	691	529	1,715	1,510
	Operating profit	51	93	66	218	203
	(Rate)	(10.2%)	(13.5%)	(12.5%)	(12.7%)	(13.4%)
Corporate expenses	Net sales	-	-	-	-	-
	Operating profit	△227	△260	△260	△538	△528
	(Rate)	(-%)	(-%)	(-%)	(-%)	(-%)
Total	Net sales	3,111	3,295	3,266	7,237	7,201
	Operating profit	△146	223	259	500	708
	(Rate)	(-%)	(6.8%)	(7.9%)	(6.9%)	(9.8%)

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



# Visual communication business

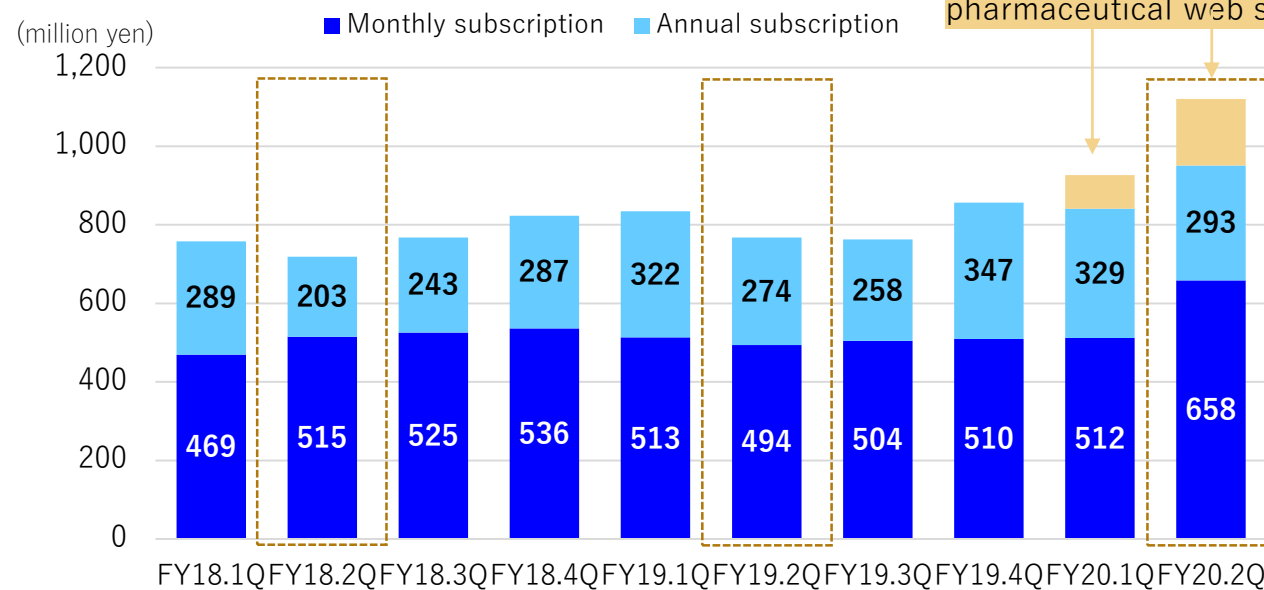
Achieved Q2 forecasts. Steady build-up of pipelines sharply spurred by the covid 19 pandemic, with monthly subscription on an upward trend

Annual subscribers increased YoY despite the postponement of pharmaceutical web seminar projects under the emergency declaration.

(million yen)	FY2019	FY2020	FY2020	FY2020
	Q2 actual	Q2 revised forecast (Jun 1st)	Q2 actual	Full-year revised forecast (Aug 13 <sup>th</sup> )
Net sales	2,014	2,193	<b>2,345</b>	4,866
Operating profit (Rate)	64 (3.2%)	350 (16.0%)	<b>413 (17.6%)</b>	944 (19.4%)



## Subscription-type sales



## Annual subscription

Account plan for seminar distribution in the pharmaceutical, financial and HR industries  
Record sales at each meeting

## Monthly subscription

Monthly contracts and long-term contracts with maturities of 6 months or more  
Record monthly fixed sales

Billing price and number of billing companies rose due to increased web conferencing demand.  
Churn rate increases temporarily as the old V-CUBE seminar system comes to end.

## Monthly subscription KPI

### Average monthly billing price (thousand yen)

FY14	FY15	FY16	FY17	FY18	FY19	FY20 1Q	FY20 2Q
139	137	134	137	141	139	137	143

### No. of billing companies

FY14	FY15	FY16	FY17	FY18	FY19	FY20 1Q	FY20 2Q
1,065	1,155	1,225	1,228	1,211	1,215	1,245	1,393

### Churn rate (%)

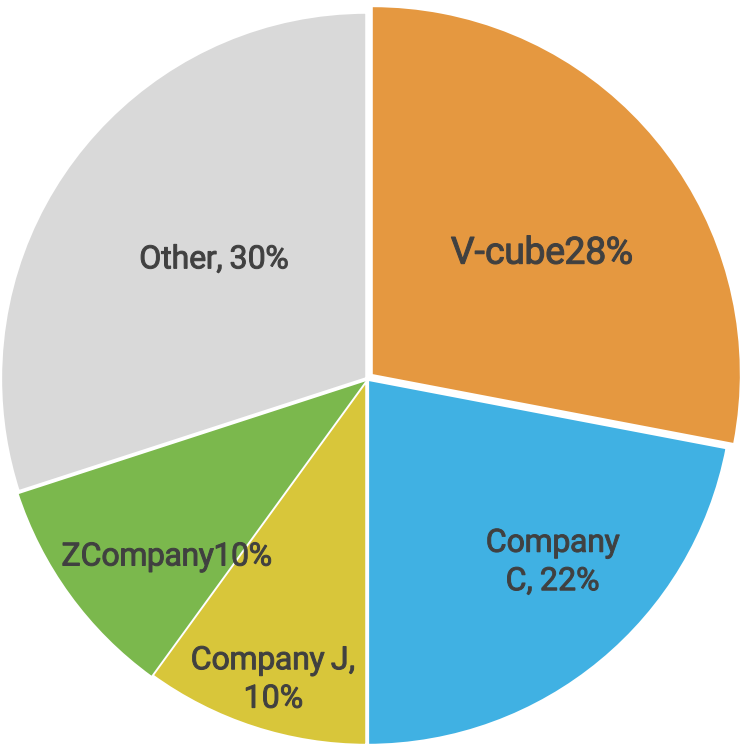
FY14	FY15	FY16	FY17	FY18	FY19	19/4 ~ 20/3	19/7 ~ 20/6
19.0	16.9	13.7	14.4	12.2	10.7	10.4	11.9

### Differentiation from competitors

Security
Privacy
Support (Respond to Japanese 24 hours a day, 365 days a year)

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

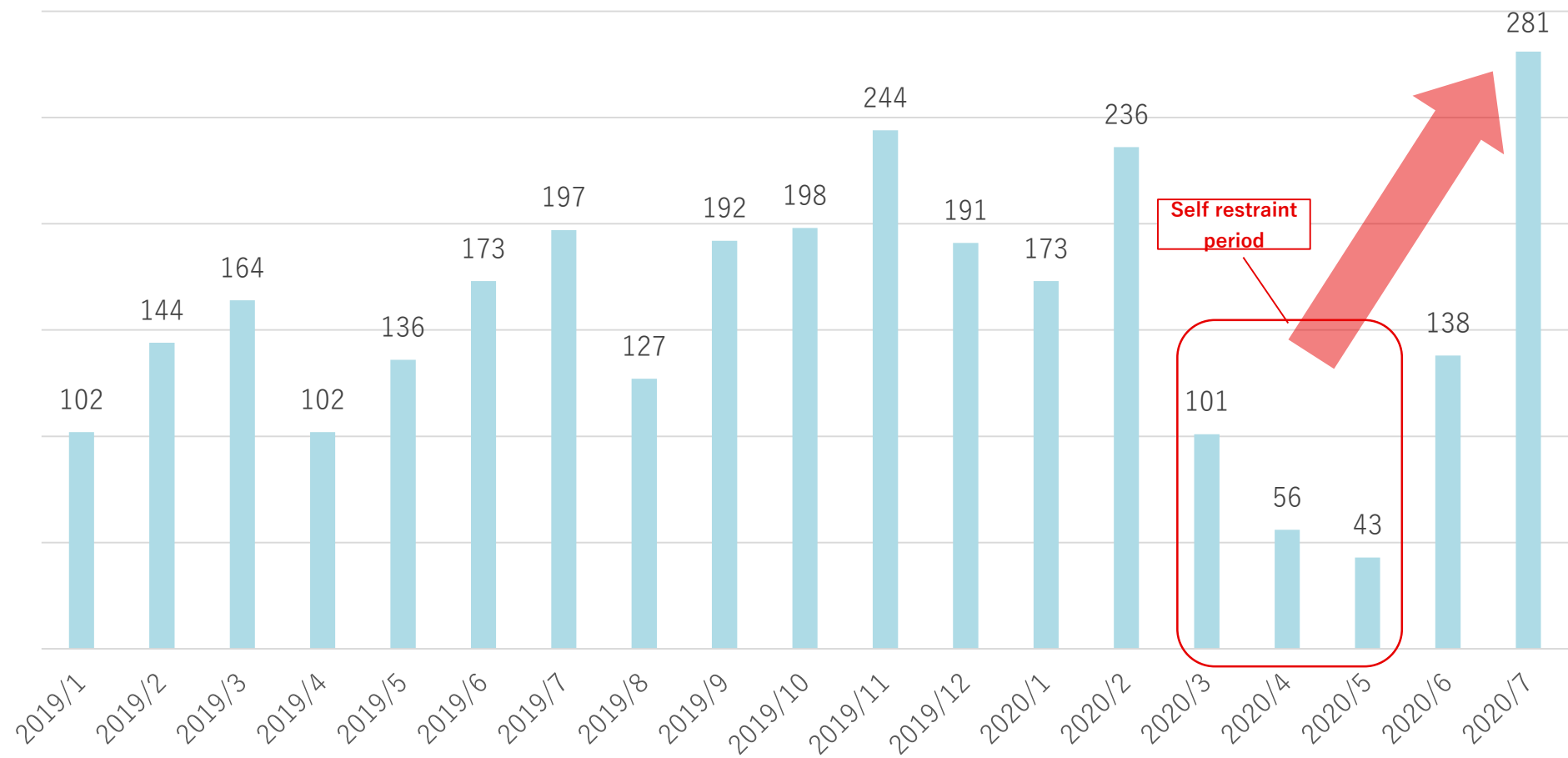
ASP(SaaS) Type+SI(On-premises)Type



For Seed Planning Inc.'s 2020 Video Conference/Web Conference  
Latest Markets and Video Communication Equipment and Service Trends

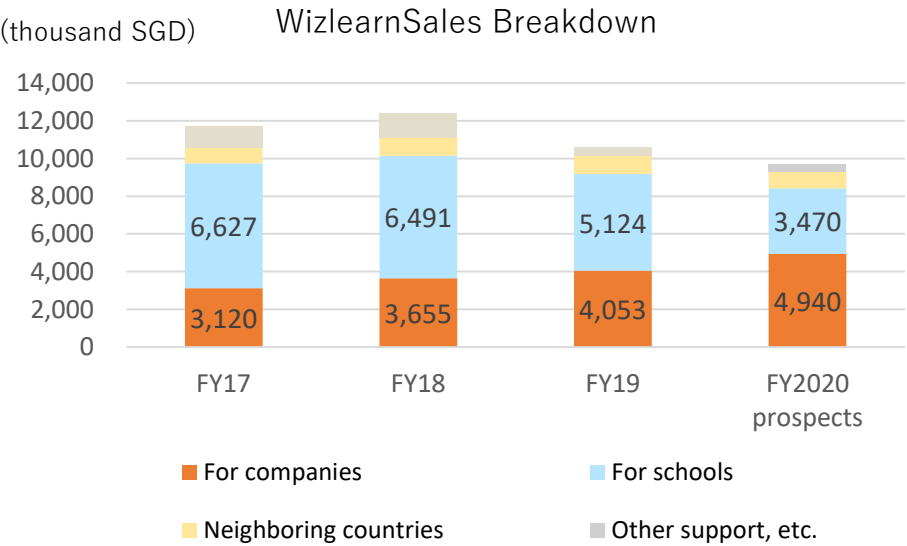
Despite a significant decline from March to mid-June 2020 due to the impact of the new coronavirus, the number of seminars is expected to exceed the initial forecast in the 2H of FY20 due to the recovery of delayed projects and the acceleration of the shift to online.

(times)



Singapore-based Wizlearn provides online learning/training platforms for schools and companies.  
Delay in some services for companies due to impact of the coronavirus lockdown.

(million yen)	FY2019	FY2020	FY2020	FY2020
	Q2 actual	Q2 revised forecast (Jun 1 <sup>st</sup> )	Q2 actual	Full-year revised forecast (Aug 13th)
Net sales	596	411	391	825
<i>(iStudy Excluding net sales)</i>	475	411	391	825
Operating profit (Rate)	△35 (-%)	40 (9.7%)	40 (10.2%)	90 (10.9%)



-----Factors of change -----

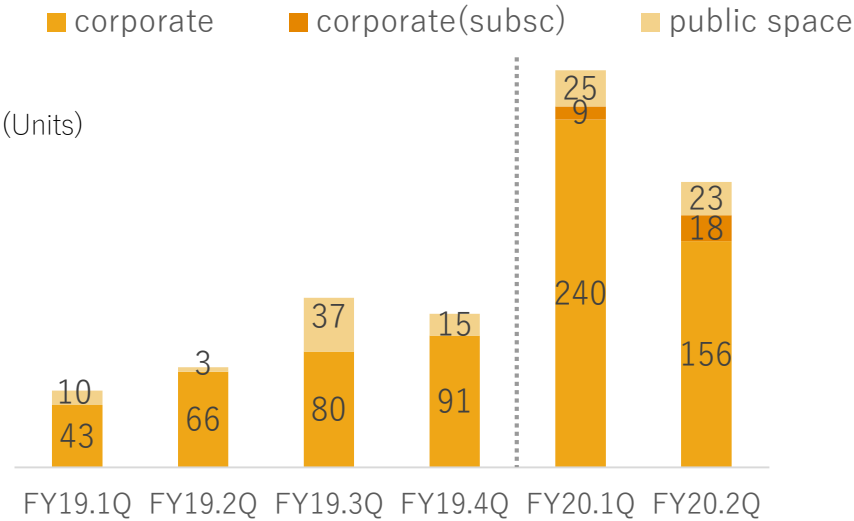
- [Sales]
- Until FY19.Q1: iStudy (currently Kushim) consolidated
  - Wizlearn sales account for approximately 90%
- [Profit]
- Wizlearn
- Schools: Secure stable profit margins with recurring revenue
  - Companies: Stock revenue + specific customized projects

Delivery delays continue in Telecube due to covid 19 pandemic.  
Although sales to corporate customers fell short of the plan, increased significantly compared to the previous year.

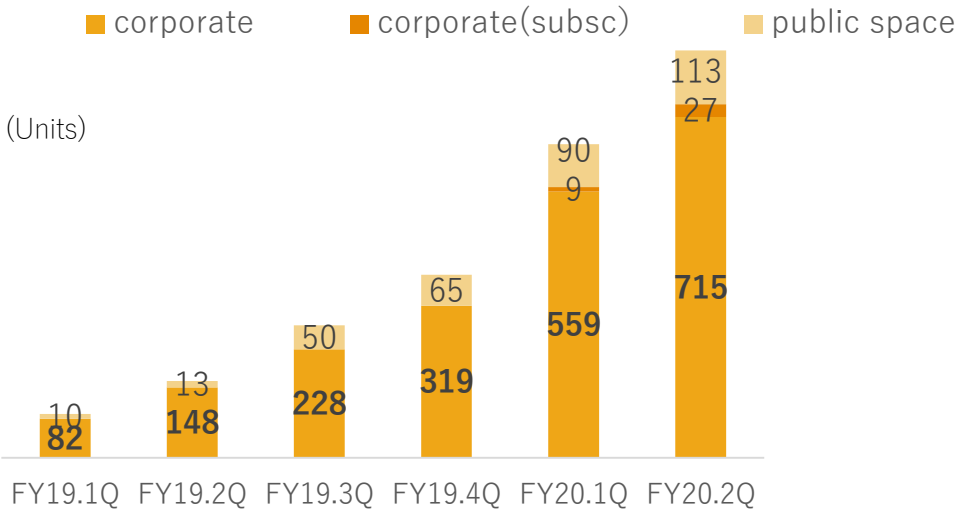
(million yen)	FY2019	FY2020	FY2020	FY2020
	Q2 actual	Q2 forecast (6/1 revised)	Q2 actual	Full-year forecast (8/13 revised)
Net sales	500	691	529	1,510
Operating profit (Rate)	51 (10.2%)	93 (13.5%)	66 (12.5%)	203 (13.4%)



Number of Telecube installation(quarterly)



Number of Telecube installation (total)



To be the social infrastructure that provides a place to telework.  
Due to the impact of the coronavirus, demand from the public sector is increasing in living areas, while demand from the corporate sector is increasing for private rooms where employees can work safely.  
In the future, aim to expand the use other than telework such as governmental procedures.

Classification	Commercial distribution	Sales Models on our viewpoint	Remarks	FY2020 target
For corporates (FY19:280 units)	Direct sales & regular distributor	Sellout Subscription	Use of private space, such as shortage of conference rooms and work concentration	500 to 1000 units (396 at the time of 2Q)
	Sales agency of OKAMURA	Royalty income	Record royalty income not entering the commercial flow	
For public spaces (FY19:65 units)	Telecube Services Inc.	Sellout	To install in office entrances, complexes, and private railway stations	200 to 400 units  JR East: "STATION BOOTH" scheduled to be deployed to 30 stations in 2020 (delayed due to the corona problems)
	JR East	Sellout	Established as "STATION BOOTH" in the station premises Introduced to "STATION DESK", a shared office	

Average Prices per Unit (FY2020)    Sell-out: 2,982 thousand yen    Subscription: 85 thousand yen

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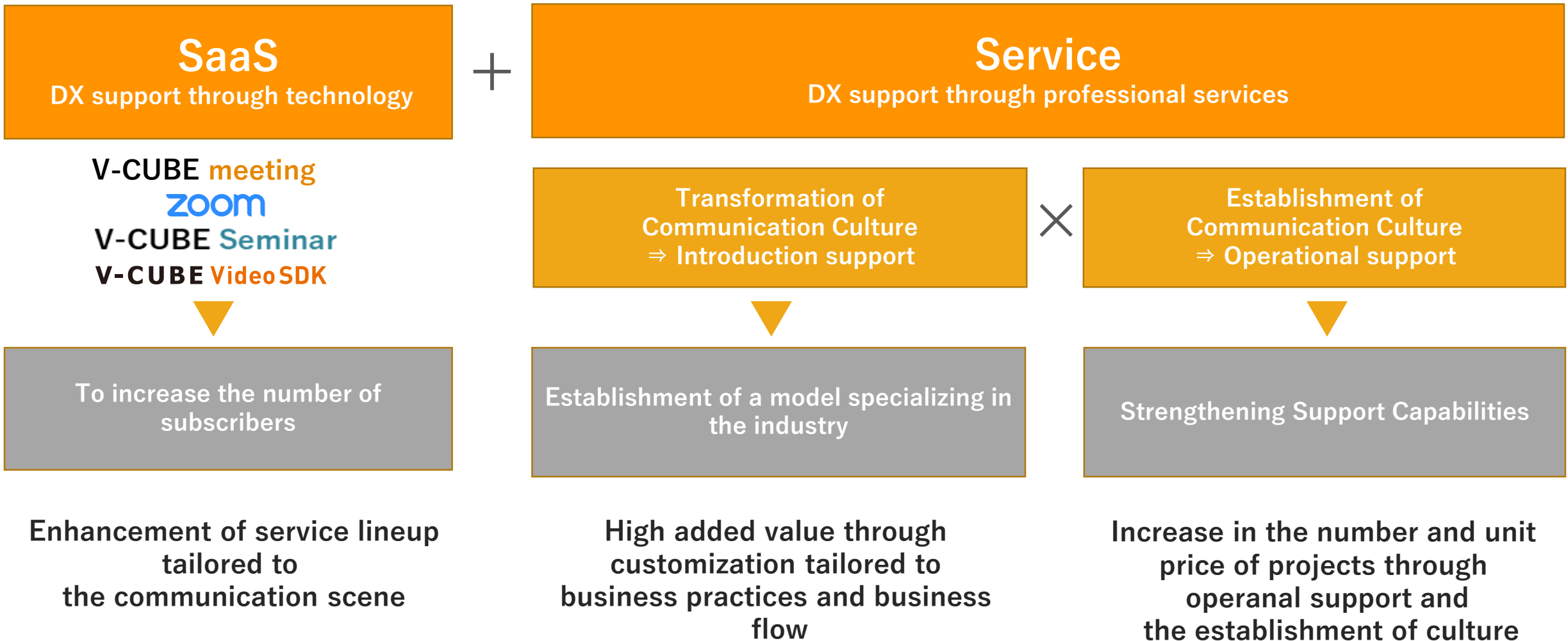
Operating profit forecast revised upward from 500 million yen to 700 million yen

(million yen)	FY2019	FY2020	YoY	
	Full-year results	Revised forecast (Aug 13 <sup>th</sup> )	Change	Rate of change
<b>Net sales</b>	<b>6,369</b>	<b>7,201</b>	+832	+13.1%
<b>Cost of sales</b>	4,056	3,988	△68	△1.7%
<b>Gross profit</b>	<b>2,313</b>	<b>3,183</b>	+870	+37.6%
<b>SG &amp; A Exp.</b>	2,598	2,474	△124	△4.8%
<b>Operating profit</b>	△ <b>284</b>	<b>708</b>	+992	— %
<b>Ordinary profit</b>	△ <b>341</b>	<b>665</b>	+1,006	— %
<b>Profit attributable to owners of parent</b>	<b>34</b>	<b>623</b>	+579	+1,732.4%

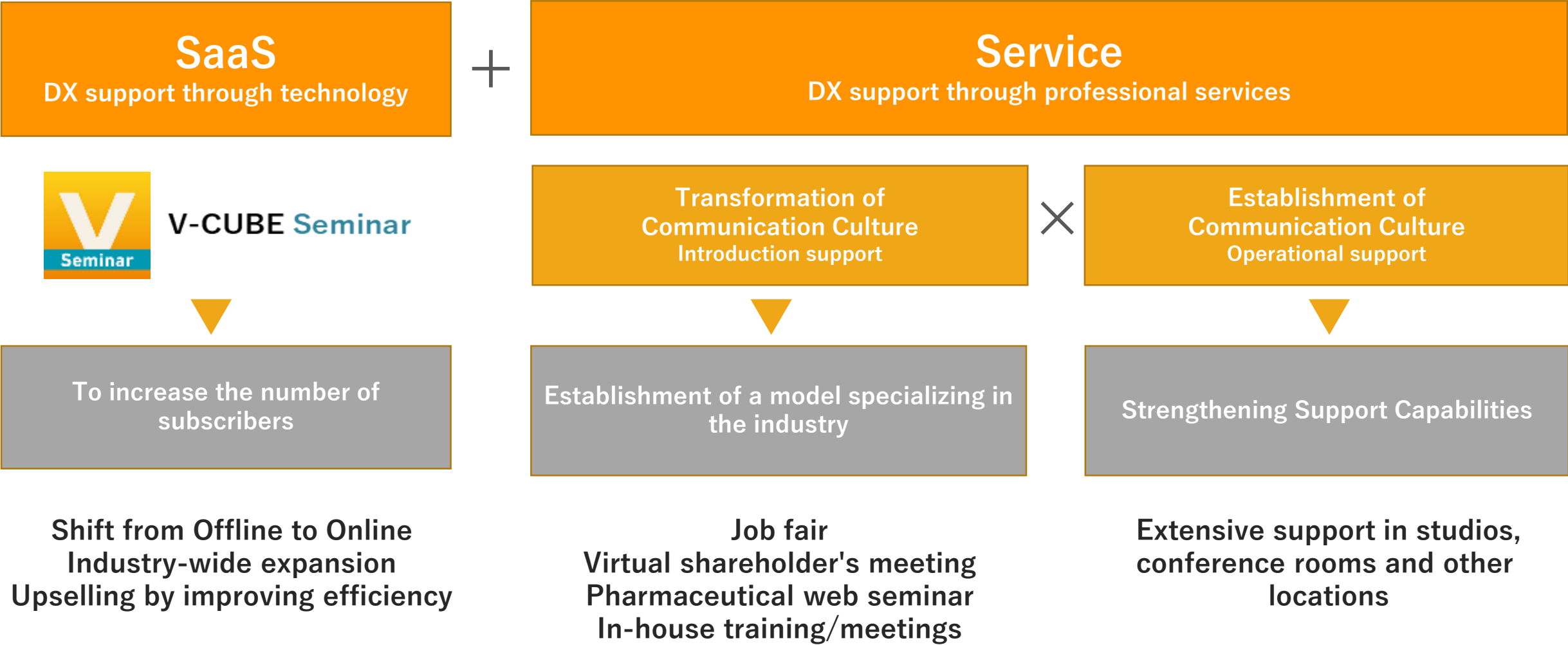
**Targets: Net sales 7.8 billion yen, Operating profit 900 million yen**



## Growth Strategy: Communication DX "SaaS + Service"



(e.g.) SaaS + Service in event delivery



Implement a video communication service with high quality video and audio functions to match the UI of other companies' services  
Increasing demand for online service launches and enhancements, and use is rapidly increasing

<Examples of Customer Introduction>



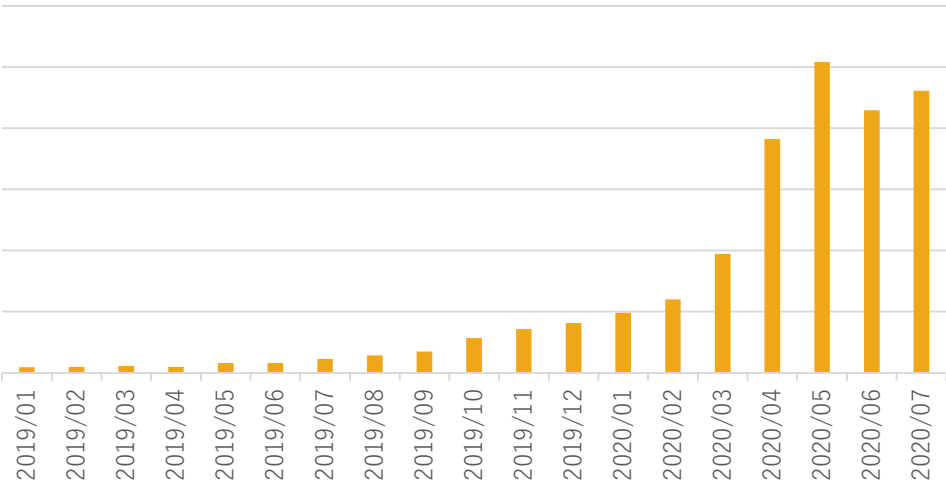
Live distribution platform  
Live for PCs and smartphones  
Large-scale video distribution service infrastructure



Online interactive platform  
Interactive visual communication infrastructure

- Online English conversation school
- Online fitness
- Online hiring interview

Number of minutes of use of SDK



# Communication DX Company



テレワークで日本を変える

**V-CUBE**

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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.**

## V-cube resolves social issues through business operations



Visual communication eliminates time and distance limitations so that everyone has equal access to education, employment, health care, and other opportunities.

Contributing to the realization of diverse working styles tailored to individual circumstances, regardless of gender or region of residence



The widespread use of telework will reduce the burden of travel and contribute to the realization of a society where people can work and live comfortably.

Meetings can be held and countermeasures can be considered even in the event of a disaster or other emergency without having to come to work.



Telework has become the norm, reducing wasteful travel and contributing to the reduction of CO2 emissions associated with travel.

## 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

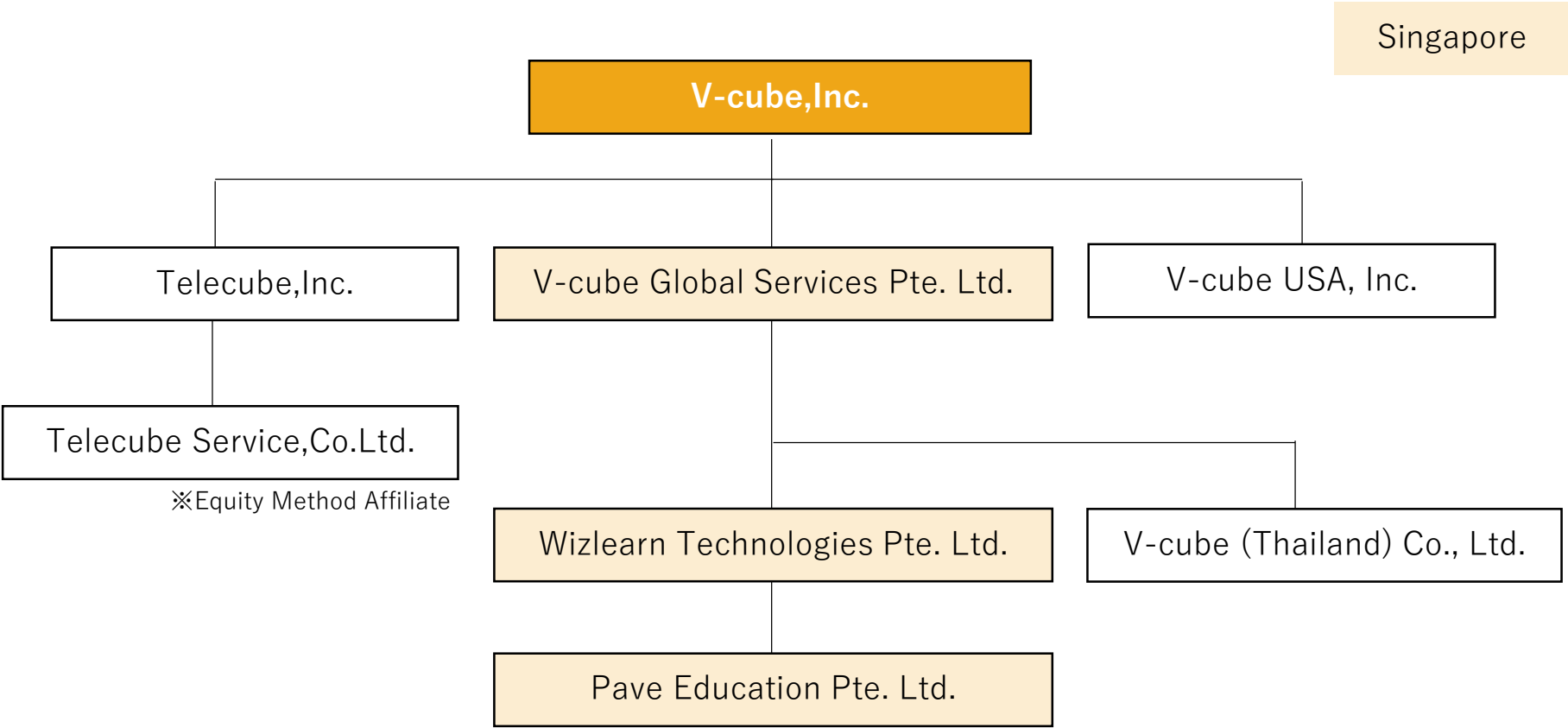
- Telecube, V-CUBE Box, V-CUBE devices (microphones, speakers, cameras, etc.), and V-CUBE boards (disaster countermeasure solutions)



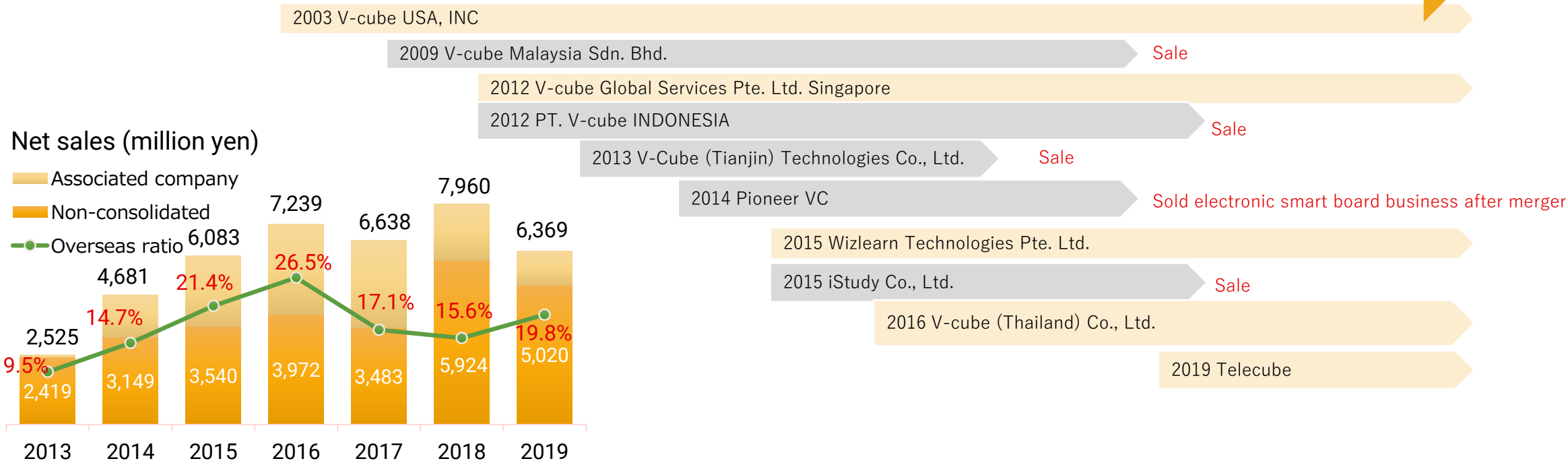
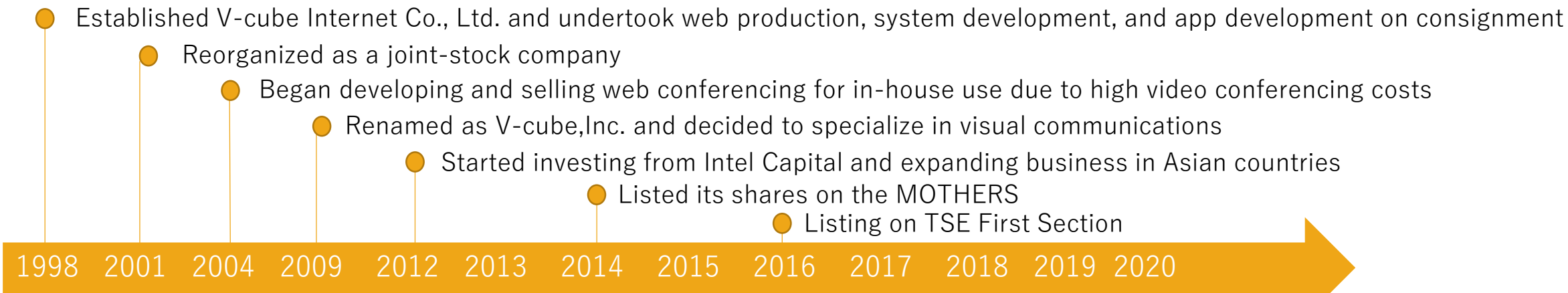
Communication DX Company

Company name	V-cube, Inc.
Established	October 16, 1998
Fiscal year end	December
Capital (including capital reserve)	2,881 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) <small>*As of June 30, 2019</small>

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



Other group company: SENSYN ROBOTICS, Inc.



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

Q2

(Yen)

	FY19 Q2	FY20 Q2	FY19 Q2	FY20 Q2
	Yearly average (Results)	Yearly average (Results)	Year-end (Results)	Year-end (Results)
US\$	110.06	108.30	106.27	107.74
S\$	80.99	77.47	81.01	77.32

## 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.



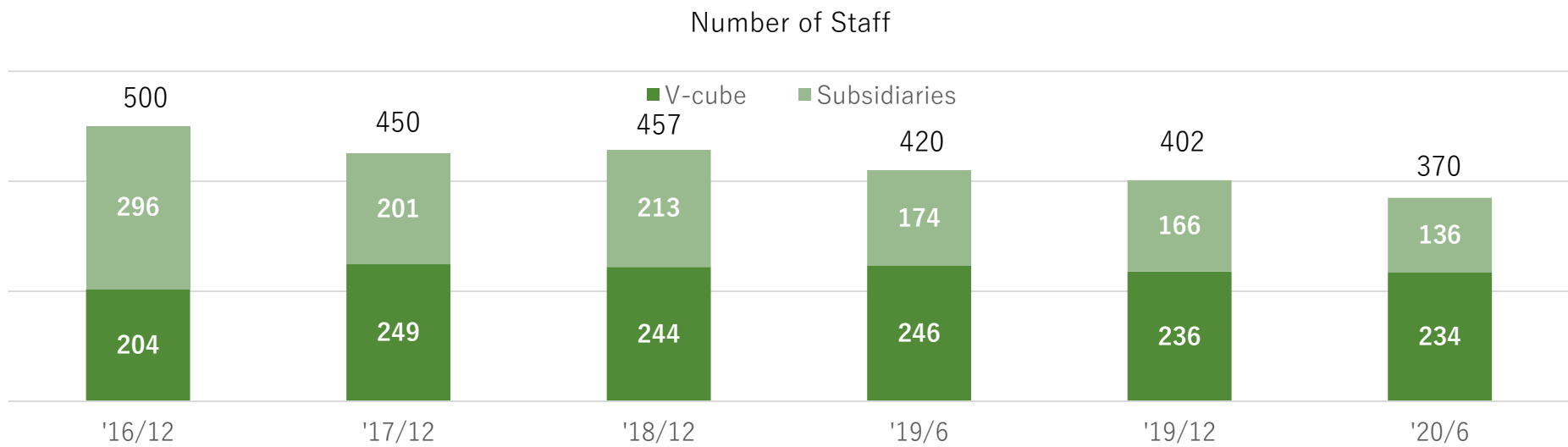
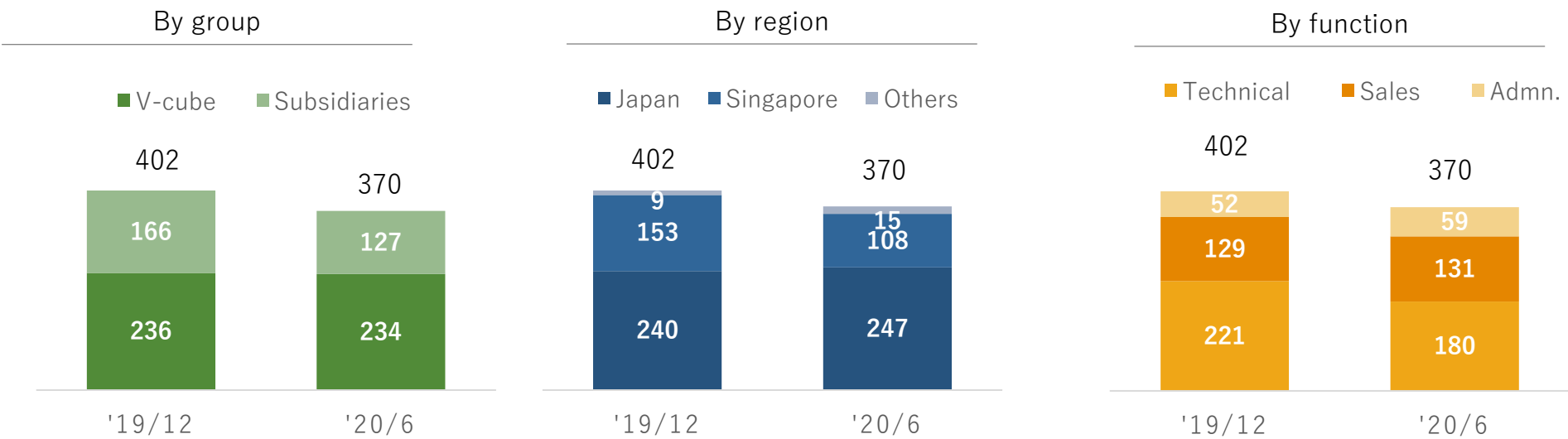
**CTO**  
**Yosuke Kamesaki**

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)

## 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	Former attorney for Nishimura Asahi Law Office Former mayor of Otsu City
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

# Status of Group Employees (as of June 30, 2020)



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