

Summary of Consolidated Financial Results  
for the Third Quarter of the fiscal year ending December 31, 2019 (Japanese GAAP)

November 13, 2019

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): November 13, 2019

1. Results of the third quarter ended September 30, 2019

(millions of Yen, except per share amounts)

(1) Consolidated quarterly operating results:

	Nine months ended September 30, 2018		Nine months ended September 30, 2019	
	Amount	Change	Amount	Change
Net sales	¥5,540	+12.9%	¥4,528	-18.3%
Operating income	157	-%	-166	-%
Ordinary income	81	-%	-195	-%
Profit attributable to owners of parent	10	-%	481	4,562.5%
Comprehensive income	-32	-%	400	-%
Net income per share	0.43		19.96	
Diluted net income per share	0.42		19.71	

(2) Consolidated financial position:

	As of December 31, 2018	As of September 30, 2019
Total assets	¥10,585	¥8,249
Net assets	4,530	3,394
Capital adequacy ratio	35.0%	40.9%
Net assets per share	153.23	140.43
Owner's equity	3,703	3,372

2. Dividends

(Yen)

	Fiscal Year ended December 31, 2018 (Result)	Fiscal Year ended December 31, 2019 (Result)	Fiscal Year ending December 31, 2019 (forecast)
Dividend per share -1st quarter	—	—	—
Dividend per share -2nd quarter	0.00	0.00	0.00
Dividend per share -3rd quarter	—		—
Dividend per share -fiscal year End	0.00		1.00
Dividend per share -total	0.00		1.00

### 3.Consolidated forecasts

(millions of Yen, except per share amounts)

	Fiscal Year ending December 31, 2019	
	Amount	Change
Forecast-net sales	¥6,550	− 17.7%
Forecast-operating income	0	− %
Forecast-ordinary income	-62	− %
Forecast-profit attributable to owners of parent	372	-18.4%
Forecast-net income per share	15.37	

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): Yes

Number of subsidiaries newly consolidated: 1

Number of subsidiaries excluded from consolidation: 2

(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, 2018	24,184,600 shares	As of September 30, 2019	24,199,800 shares
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ii Number of treasury stock at the end of fiscal year

As of December 31, 2018	16,600 shares	As of September 30, 2019	184,800 shares
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iii Average number of shares (quarterly period-YTD)

Nine months ended September 30, 2018	24,066,177 shares	Nine months ended September 30, 2019	24,122,984 shares
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Note: The number of shares of treasury stock as of December 31, 2018 and September 30, 2019 included the shares held by ESOP (16,600 shares and 7,100 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.

Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheet

(Thousands of yen)

	As of December 31, 2018	As of September 30, 2019
<b>Assets</b>		
Current assets		
Cash and deposits	2,732,368	1,782,824
Notes and accounts receivable - trade	1,493,193	941,349
Advance payments - trade	424,570	229,493
Other	409,838	430,685
Allowance for doubtful accounts	△200	△200
Total current assets	5,059,770	3,384,152
Non-current assets		
Property, plant and equipment	162,423	299,248
Intangible assets		
Software	2,267,347	1,824,772
Software in progress	240,113	226,781
Goodwill	1,111,402	867,627
Other	4,300	62
Total intangible assets	3,623,164	2,919,243
Investments and other assets, gross	1,739,799	1,646,548
Total non-current assets	5,525,386	4,865,041
Total assets	10,585,157	8,249,193
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	746,739	271,556
Short-term loans payable	1,183,329	640,000
Current portion of long-term loans payable	632,309	592,640
Advances received	560,981	902,603
Provision for bonuses	115,848	70,411
Income taxes payable	149,689	—
Other	632,502	415,802
Total current liabilities	4,021,398	2,893,014
Non-current liabilities		
Long-term loans payable	2,003,313	1,908,800

Other	30,333	52,954
Total non-current liabilities	2,033,647	1,961,754
Total liabilities	6,055,045	4,854,769
Net assets		
Shareholders' equity		
Capital stock	3,451,291	31,710
Capital surplus	2,695,522	2,771,354
Retained earnings	△2,437,172	730,237
Treasury shares	△15,651	△106,673
Total shareholders' equity	3,693,989	3,426,629
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	—	30,029
Foreign currency translation adjustment	9,381	△84,290
Total accumulated other comprehensive income	9,381	△54,261
Share acquisition rights	2,662	2,662
Non-controlling interests	824,078	19,394
Total net assets	4,530,111	3,394,424
Total liabilities and net assets	10,585,157	8,249,193

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

(Thousands of yen)

	Nine months ended September 30, 2018	Nine months ended September 30, 2019
Net sales	5,540,306	4,528,915
Cost of sales	3,115,723	2,919,347
Gross profit	2,424,583	1,609,568
Selling, general and administrative expenses	2,267,440	1,775,570
Operating profit (loss)	157,142	△166,002
Non-operating income		
Interest income	9,681	7,069
Foreign exchange gains	—	11,539
Insurance income	1,070	690
Subsidy income	11,534	7,414
Guarantee commission received	3,189	3,189
Other	11,247	5,606
Total non-operating income	36,723	35,509
Non-operating expenses		
Interest expenses	22,722	16,511
Foreign exchange losses	32,669	—
Commission fee	21,914	31,824
Rents	31,106	5,580
Other	4,414	11,142
Total non-operating expenses	112,826	65,058
Ordinary profit (loss)	81,038	△195,551
Extraordinary income		
Gain on sales of non-current assets	36	—
Gain on sales of shares of subsidiaries	7,423	1,226,201
Gain on sales of investment securities	51,594	—
Total extraordinary income	59,053	1,226,201
Extraordinary losses		
Loss on retirement of non-current assets	331	2,638
Impairment loss	—	371,724

Loss on valuation of investment securities	8,049	—
Outsourcing system failure correspondence cost	27,223	—
Head office transfer cost	—	7,232
Loss on transfer of receivables	—	141,746
Other	3,010	686
Total extraordinary losses	38,614	524,028
Profit before income taxes	101,478	506,621
Income taxes - current	36,251	5,879
Income taxes - deferred	34,581	29,975
Total income taxes	70,832	35,854
Profit	30,645	470,767
Profit (loss) attributable to non-controlling interests	20,319	△10,639
Profit attributable to owners of parent	10,325	481,406

## (Quarterly Consolidated Statement of Comprehensive Income)

(Thousands of yen)

	Nine months ended September 30, 2018	Nine months ended September 30, 2019
Profit	30,645	470,767
Other comprehensive income		
Valuation difference on available-for-sale securities	—	23,087
Foreign currency translation adjustment	△63,363	△93,671
Total other comprehensive income	△63,363	△70,584
Comprehensive income	△32,717	400,182
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	△53,197	410,499
Comprehensive income attributable to non-controlling interests	20,479	△10,317