

FY2019 3Q

Financial Results Briefing Document

V-cube, Inc.
November 13, 2019



1. Revised forecasts due to the launch of mass advertising

2. Current Initiatives

3. FY2019 3Q Results

4. Segments and KPIs

5. Appendix

- ✓ Accelerating future growth in the maturing Telework Market
Mass advertising centered on TV commercials and transportation advertisements in 4Q
(2019/10/25 Revised forecast)
- ✓ “Telecube”, a core growth driver after structural reforms, aims to make significant progress with the launch of **subscription** model.
- ✓ Establish a position as “**VCaaS** (Visual Communication as a Service) Solution Provider”



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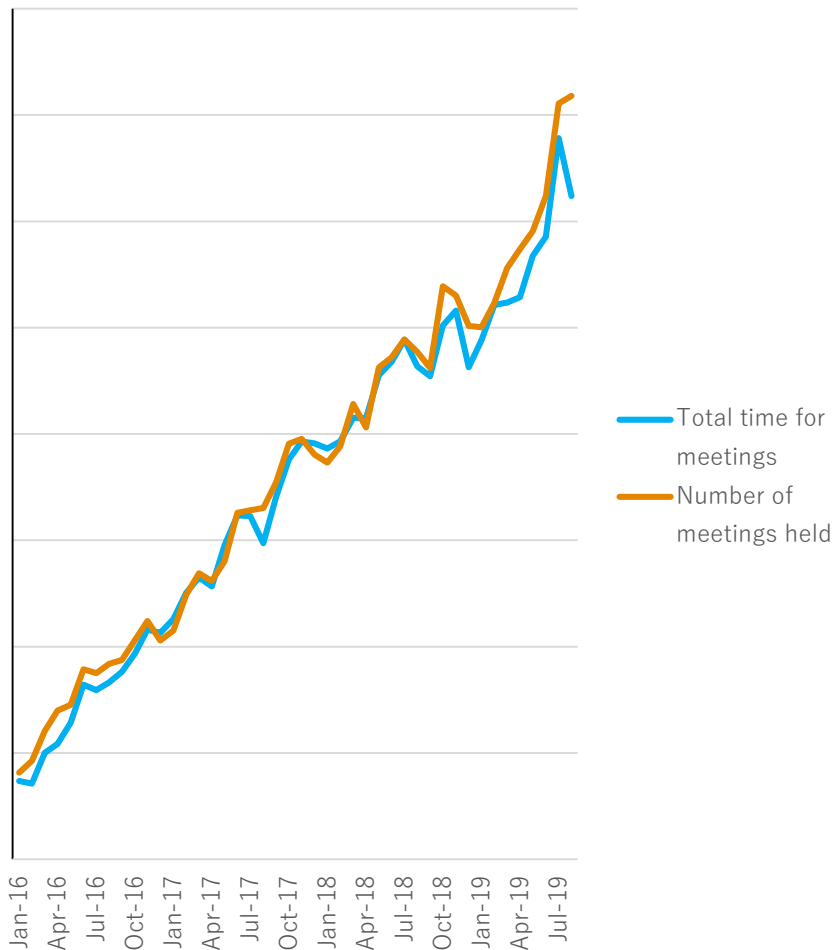
5. Appendix

1. Revised forecasts due to the launch of mass advertising: Background

Growth in Time Used for Our Web Conferences

Incentive to Telework Introduction

Growth in time for meetings and number of meetings held



Labor shortage (Seller's market)



SDGs

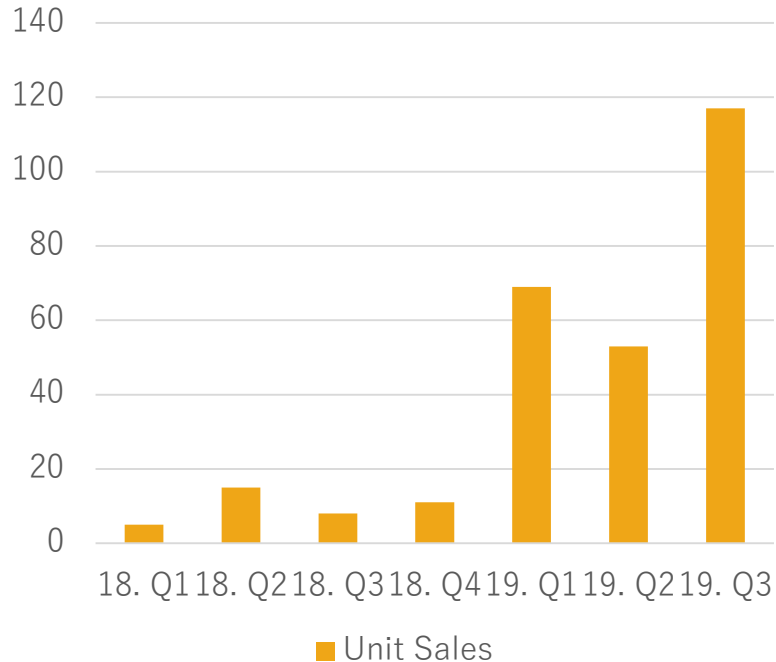


Frequent disasters



Popularization of 4G and tablets

Rapid growth in unit sales



239 units were sold in FY2019.

Full-year target of 400 units

<Challenges>

- Heavy initial cost of more than 2 mil JPY.
→ Likely to be solved by subscription model

Launch of the subscription model

初期費用：無料

	テレキューブ1人用		テレキューブ2人用	
	月額料金	配送費・設置費	月額料金	配送費・設置費
12ヶ月プラン	69,800円/月（税別）	プラン費用に含む*	109,800円/月（税別）	プラン費用に含む*
6ヶ月プラン	100,000円/月（税別）	個別見積	160,000円/月（税別）	個別見積
月額プラン	150,000円/月（税別）	個別見積	240,000円/月（税別）	個別見積

※標準的な配送・設置の場合です。事前に設置場所を確認させていただき、プラン費用内で配送・設置できるか、追加費用が発生するかが案内します。

Initial cost free, 69.8 k JPY per month ~

Already many inquiries.

The customers who held back to order favorably begun reconsidering.

1. Revised forecasts due to the launch of mass advertising: Leap of Telecube



- High level of spending per customer can be expected (tangible)
- High LTV can be expected due to high utilization rate.
※ LTV : Life Time Value
- Be easier for distributors to handle
- High closing ratio (11%, double that of other products)
- Only One product (to comply with related laws and regulations)
- Potential of up-selling of Telecube services
- Potential of up-selling of Web conferencing
- Potential of up-selling of video-conferencing devices
- Potential of up-selling of “V-CUBE Sales+” for inside sales
- Potential of distribution services to installed “Telecube”
(English conversation lesson, telemedicine service, etc.)

1. Revised forecasts due to the launch of mass advertising : Flow of Mass Advertising

In the expanding workstyle reforms and teleworking market, we expand corporate market with subscription models by increasing recognition through mass advertising for Telecube

Mass advertising

TV commercials
In-train advertisements
Taxi advertisements



Increasing
recognition

Launch of corporate subscription model

- Office meeting room deficiencies
- Free initial cost, 69.8 k JPY/month~
- Solving the problem of heavy initial costs (over 2 mil JPY)



Increasing
recognition

Increasing
recognition

Up-selling

Up-selling

Telecube for public spaces

- Began installation at private railway stations such as Seibu and Odakyu
- Adopted by "STATION BOOTH" and "STATION DESK" of JR East
- Expanding installation in office buildings and exhibition centers

Web and video conferencing systems, etc.



1. Revised forecast due to the launch of mass advertising: Overview

To increase recognition in the rapidly expanding teleworking market, V-cube decided to invest more than 0.3 bil JPY in large-scale advertising, centered on television commercials, taxi advertisements, and in-train advertisements.

(million yen)	Announced on May 15	Announced on Oct. 25	Adjustments
Net sales	6,497	6,550	+53
Operating profit	345	0	△345
Ordinary profit	283	△62	△345
Profit attributable to owners of parent	717	372	△345

Based on
the mass
advertisement

✓ Increase of monthly subscriptions by about 50 mil JPY

(We are aiming to increase the monthly subscription amount in Dec 2020 through this measure. The average for 2019 3Q is 162 mil JPY.)

✓ Targets for 2020: 7 bil JPY in sales and 0.9 bil JPY in operating profit

(FY19 sales forecast includes more than 0.3 bil JPY from divested businesses, so we are targeting an increase of about 0.8 bil JPY.)

✓ Plan to formulate medium-term management plan based on the results

1. Revised forecast due to the launch of mass advertising: impact on shareholder returns

Dividend forecast (JPY1) unchanged

In addition, we introduce a shareholder special benefit program and present Telecube coupons.

Dividend

- **FY2019 dividends forecast: JPY1 per share (no change)**
- Aiming for a dividend payout ratio of 20% against profit attributable to owners of parent excluding 1-time profit, aiming for a dividend payout ratio of 30% in the future

Shareholder benefits

- **Present 10 k JPY worth of Telecube coupons**
(For shareholders with 100 shares or more as of the end of Dec)
- Scheduled to be delivered in late March



Stock buy-back

- Period of acquisition: Jun 3 to Jul 18, 2019 (completed)
- Total number of shares acquired: 177.7 k shares
- Total acquisition cost: 99,954.3 k JPY

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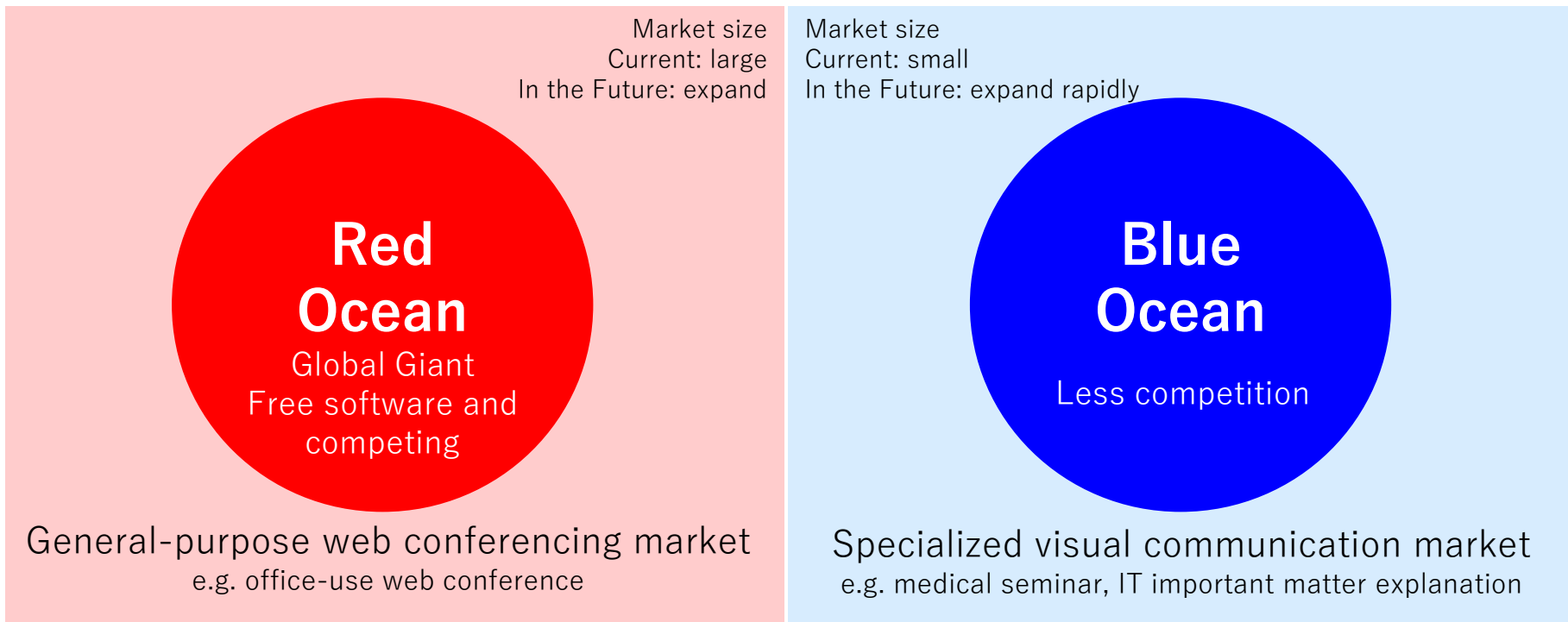
VCaaS

(Visual Communication as a Service)

Solution Provider

2. Current Initiatives: Business Strategies


Strategies for general-purpose web conferencing and specialized visual communications




- The number of players increases and the competition is fierce because of the expectation of the market expansion by the working style reform.
- Easy to generate profit for big player even under the competition due to high marginal profit rate.
- With recognition, brand power, and sales strength in the domestic market, we will keep the No.1 position and business scale aiming to grow along the market growth.
- Entry is difficult for foreign companies that are our major competitors in red ocean because it takes a lot of effort to customize for the industry and specialized workplace.
- Promote the working style reform by providing added value which is customization according to the usage scenes.

2. Current Initiatives: VCaaS (Visual Communication as a Service) Solution Provider


General-purpose web conferencing and video conferencing




V-CUBE meeting



V-CUBE Box




On-premise




TELECUBE


Specialized visual communications (V-cube, if you utilize video in your business)




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




V-CUBE Seminar




Studio Octo




V-CUBE Sales +




Q.UMU



V-CUBE Board



V-CUBE Collaboration



WCC
Smart glasses

2. Current Initiatives: VCaaS (Visual Communication as a Service) Solution Provider

General-purpose web conferencing and video conferencing

Web conferencing

Use of existing customers increased by 1.3 times, making it a phase of expanding use.
Restructuring of the Japanese market.
Online sales also started.

Video conferencing replacement

Existing video conferencing at low cost due to withdrawal from domestic video conferencing business

For local governments and finance

Because foreign companies are unable to provide On-premises, we will be advantageous for our customers, who are security-oriented.

Infrastructure for teleworking

Competitive products can also be used with Telecube.
Solve the issue of teleworking from an infrastructure perspective.
Mass-advertising billboard merchandise

Specialized visual communications (V-cube, if you utilize video in your business)



V-CUBE VideoSDK

Support for embedding video communication business

We provide our infrastructure and know-how to customers who want to use video. Expansion of customers' business leads to growth of our business

(Education/Social/Medical, etc.)

Support for online distribution

Rapid expansion mainly in the pharmaceutical industry and the U.S. market.

A model that provides video distribution platforms and staff studios for distribution as fully managed services. The basis for the growth of annual subscriptions.

Aim for 50-100% increase in deliveries by 2020.



Sales support

Expansion of inside sales style

V-CUBE セールス+

Enterprise video

Toward an Era of Video-Oriented Content in All Companies



Disaster response assistance

Rapid expansion of adoption as a mechanism for disaster countermeasures by local governments and infrastructure companies



Fieldwork support

Began disseminating on-site support mechanisms that combine smart glasses and web conferencing Glasses

2. Current Initiatives: The Field of General-purpose Web Conferencing

Expansion of new customer base through alliance with NTT TechnoCross, the fourth largest company in web-conferencing market in Japan

On-premises becomes blue ocean due to withdrawal of domestic competitors and Cloud specialization of foreign competitors

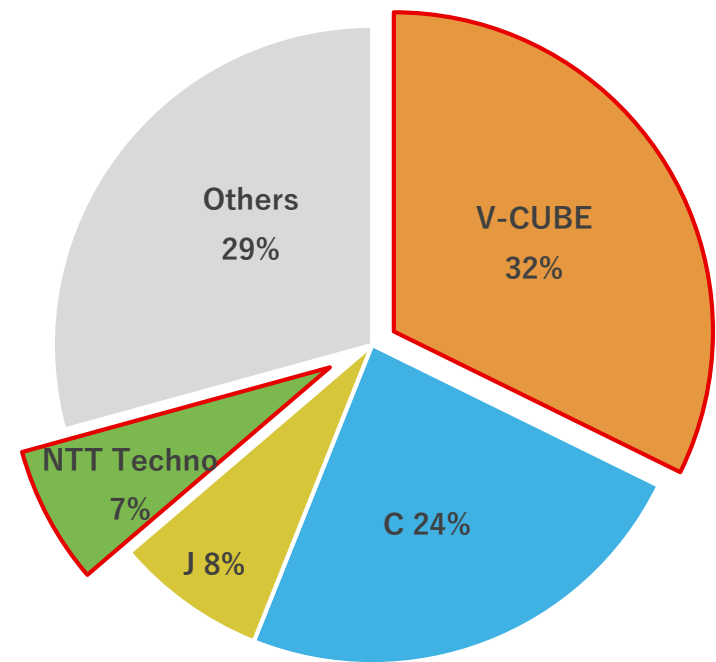
Alliance with NTT TechnoCross

- Meeting Plaza, web-conferencing services terminated
- NTT TechnoCross became a distributor for “V-CUBE Meeting”

Strengths: Japanese-made products and On-premises

- Domestic competitors, mainly manufacturers, withdrew from the Web conferencing market.
- Demand for On-premises is strong, particularly among financial institutions and local governments.
- Global competitors are in principle not compliant with On-premises
- Added value to Japanese-made services in terms of security due to the international situation (others made in U.S.A. and China)

SaaS and On-premises type



Source: Seed Planning Co., Ltd.

『2019 The latest market for video conferencing and web conferencing and the current state of cloud video communication』

2. Current Initiatives: The Field of General-purpose Web Conferencing

Launched online sales to capture the expansion of the small-and medium-sized enterprise market that has not yet been addressed.

A low-priced model that pays with a credit card and does not use sales resources.

It took time to launch, but already started for expansion of scale.

高品質のクラウド型Web会議（ウェブ会議）サービス

V-CUBE ミーティング

安心・安全・高品質 12年連続シェアNo.1*

¥2,000/月/ID (9IDまで) ~

料金プランを確認



プラン・料金

トライアル	ベーシック	プロ	V-CUBE One
初回無料プラン	個人/小グループ	100名以上	トータルソリューション
無料 9IDまで利用可能 トライアル期間から開始料が無料のプランに、ベ ーシックプランとプロプランの両方利用可能	¥2,000 (月+10名) (10名) 年間契約 (12ヶ月分一括払い) / クレジットカ ード払い / 2020年10月より導入可能	¥2,700 (月+10名) (10名) 年間契約 (12ヶ月分一括払い) / クレジットカ ード払い / 2020年10月より導入可能	ご利用料金はお問い合わせください 毎月の料金はお問い合わせください Web会議の環境すべてを、さまざまな V-CUBEサービスと連携利用
ベーシックプランと同じ機能を提供。お試 し、価格の低減が可能です。	コストを抑えながら、充分なWeb会議の 機能を享受できるベーシックプラン。	スケーラブルに対応し、専断環境、セ キュリティを強化したプロプラン。	Web会議の環境すべてを、さまざまな V-CUBEサービスと連携利用
無料で試してみる	トライアル (無料) を始める	トライアル (無料) を始める	V-CUBE One のお問い合わせ
主な機能 1IDのみ ※全てのベーシック機能	主な機能 100名まで自由に契約 最大100名参加 会議室の予約 画面共有 チャット アンケート 投票の機能	主な機能 100名まで自由に契約 録画機能 会議室の一括設定 IPアドレス制限 ※全てのベーシック機能	主な機能 無制限の契約可能 100名以上の会議室参加 テレビ会議との連携 録画機能 会議室の一括設定 IPアドレス制限 ※全てのベーシック機能 > V-CUBE One の詳細はこちら



V-CUBE ミーティング 5

30日間の無料トライアル

ご利用のメールアドレスを入力し、送信してください。
無料トライアル登録ページへのご案内を送ります。

✉ メールアドレスを入力

送信する

送信することで、[サービス規約](#)に同意したことになります。

登録はお済みですか? [ログインする](#)

2. Current Initiatives: Case of Industry-Specific Video Communication Initiatives

Emergency solutions specializing in strengthening operations in times of disaster, etc.

Collect, organize, and share information about the present situation at the disaster site with "V-CUBE Board," unique product

A scene-specific solution for dealing with all kinds of disasters, which have been on the rise in recent years.

V-CUBE Board, a large-screen touch-screen operation table, and V-CUBE Collaboration, a visual communication service, enable quick decision-making required in emergencies, such as simultaneous examination of multiple documents, aggregation of information based on maps, simultaneous writing by multiple persons, and real-time information sharing with remote locations.

(Reference Video) <https://japan-demo.qumucloud.com/view/2ngfYK6jQUt?start=140#/>

Expansion of introduction municipalities and companies

- Aviation Bureau of the Ministry of Land, Infrastructure, Transport and Tourism
- Kumamoto Prefectural Government
- Miyazaki Prefectural Government
- Oita Prefectural Government
- Kobe City
- Kumamoto City
- Okinawa Nanjo City
- Fire Department, Ono City, Fukui Prefecture
- Tokyo Gas Co., Ltd. Ohgishima LNG Terminal
- ASKA SOKEN CO., LTD.
- Tokyu Corporation

And many others



Exhibited at the Crisis-Management Industry Exhibition 2019 (RISCON TOKYO) (Oct 2019)

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3. FY2019 3Q Results: Consolidated P/L (Pro forma basis)

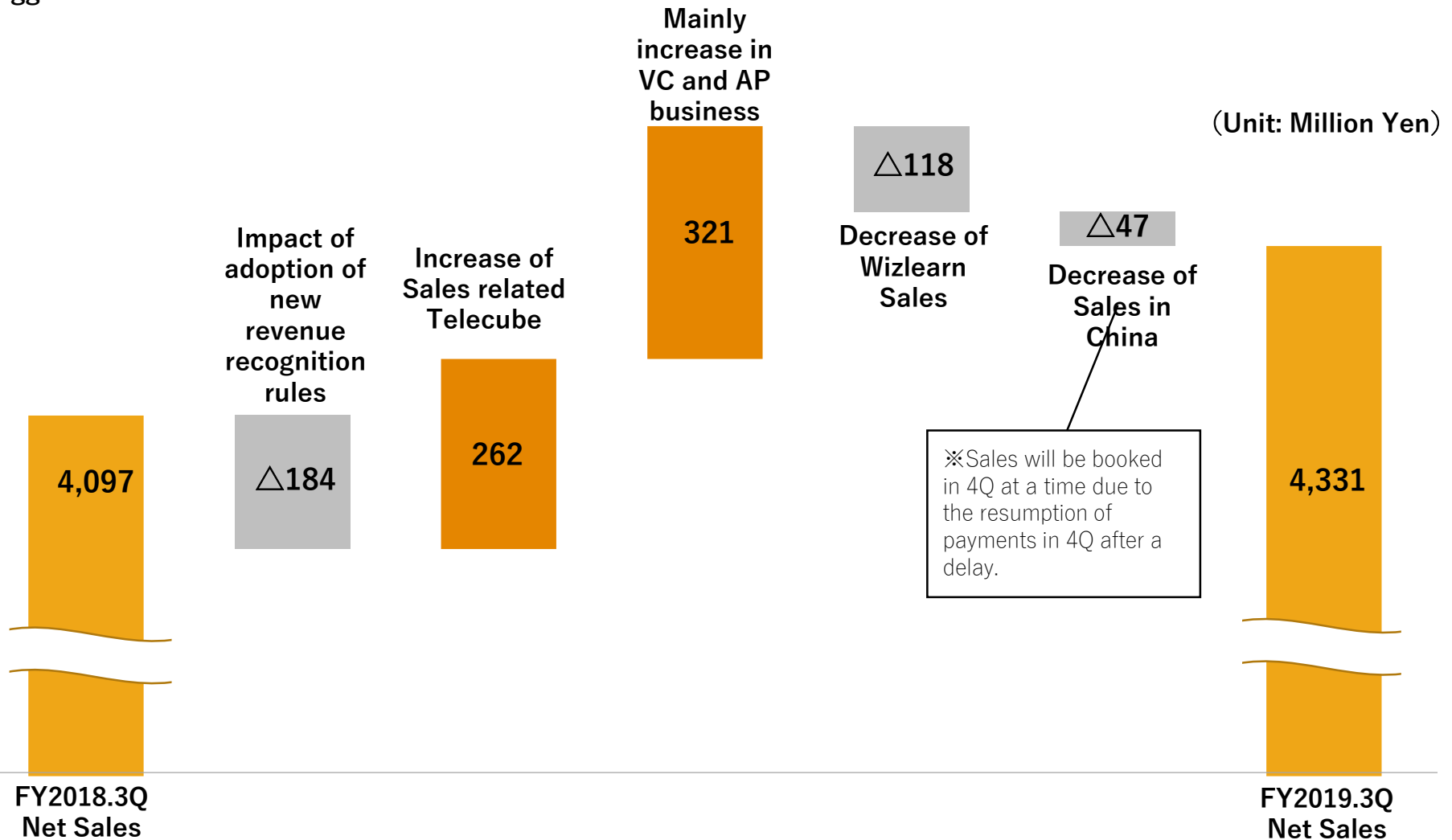
Net sales excluding divested businesses increased YoY. Cost of sales increased significantly due to temporary royalties and Appliance growth. High-margin and large projects of Visual Communication business concentrated in 4Q. Excluding the impact of temporary royalties expenses, operating profit will be in the black.

(million yen)	FY2018	FY2019	YoY		FY2019 Forecast (10/25)
	3Q	3Q	Change	Rete of Change(%)	Full Year
Net Sales	4,097	4,331	+234	+5.7%	6,550
Cost of Sales	2,437	2,797	+360	+14.8%	3,917
Gross profit	1,660	1,534	△126	△7.6%	2,633
SG&A Exp.	1,568	1,667	+99	+6.3%	2,578
Operating profit	92	△ 133	△225	-	0
Ordinary profit	32	△ 192	△224	-	△62
Profit attributable to owners of parent	△1	376	+377	-	372

- For Y o Y comparison, the following adjusted pro forma P/L is presented. (Excluding FY2019 Forecast)
 - Excluding net sales and operating profit from divested businesses (smart board service business, iStudy and Indonesian subsidiaries)
 - Adjustments to transfer personnel and other costs to cost of sales and SG&A expenses due to reorganization
- Impact of adoption of new revenue recognition rules: △184 mil JPY for net sales and △156 mil JPY for operating profit

3. FY2019 3Q Results: Breakdown of Changes in Net Sales (pro forma basis)

Net sales excluding divested businesses grew due to net increase in Visual Communication business and Appliance business such as “Telecube”, “V-CUBE Box” etc., despite the impact of adoption of new revenue recognition rules and sluggishness in overseas business.

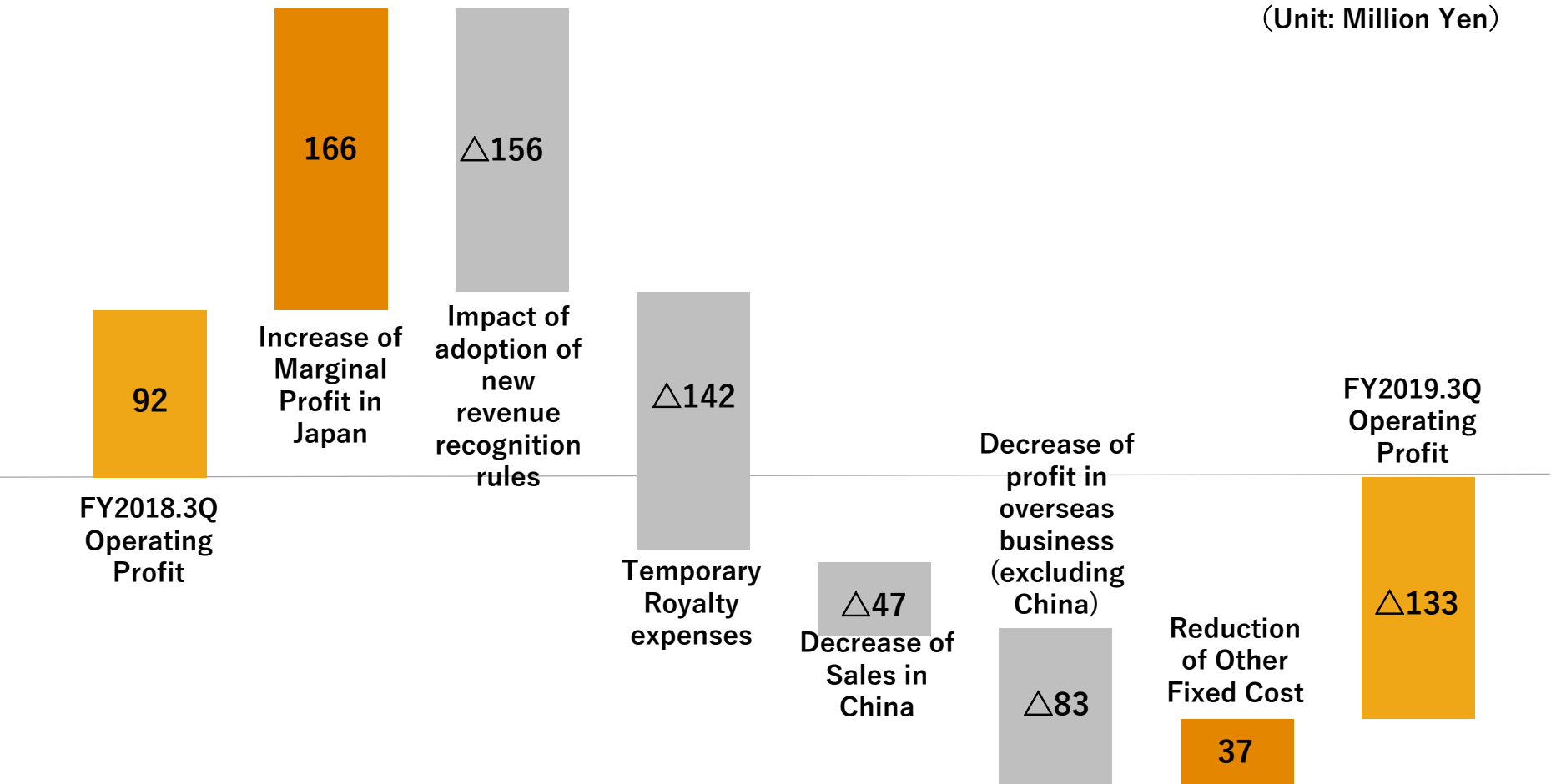


The figures are comparisons excluding divested businesses (smart board service business, iStudy and Indonesian subsidiary).

3. FY2019 3Q Results: Breakdown of Changes in Operating Profit (Pro forma amount)

Growth in Visual Communication and Appliance business contributed to increase marginal profit. Decline in operating profit due to the impact of adoption of new revenue recognition and temporary royalty expenses

(Unit: Million Yen)



The figures are comparisons excluding divested businesses (smart board service business, iStudy and Indonesian subsidiary).

3. FY2019 3Q Results: Consolidated B/S

BS shrank overall due to deconsolidation following the divestment of iStudy.
 Equity ratio increased from 35.0% to 40.9%

(Million Yen)	December 31, 2018	September 30, 2019	Change
Current Assets (Cash and Cash equivalents)	5,059 (2,732)	3,384 (1,782)	△1,675 (△949)
Fixed Assets (Software) (Goodwill)	5,525 (2,507) (1,111)	4,865 (2,051) (867)	△660 (△455) (△243)
Total Assets	10,585	8,249	△2,335
Current Liabilities (Short-term debt, Current portion of long-term debt)	4,021 (1,815)	2,893 (1,232)	△1,128 (△582)
Fixed Liabilities (Long-term debt)	2,033 (2,003)	1,961 (1,908)	△71 (△94)
Net Assets	4,530	3,394	△1,135

Short-term loan and Current portion of long-term loan 1,570 mil JPY as at June 30, 2019, 1,233 mil JPY as at Sep 30, 2019

3. FY2019 3Q Results: Progress of “Selection & Concentration” and Impact on Business

Continue to review business portfolio and improve profitability

item	Smartboard services business	iStudy Co.Ltd.	China Business	Indonesia subsidiary
Timing of implementation	FY2018.4Q	FY2019.1Q	FY2019.2Q	FY2019.3Q
Content	<ul style="list-style-type: none"> Sale the business For FY2019, only order backlog in previous year 	<ul style="list-style-type: none"> Sale of share Exclusion from consolidation at the end of FY2019 1Q 	<ul style="list-style-type: none"> impairment loss on software for a Chinese automaker 	<ul style="list-style-type: none"> Sale of share Exclusion from consolidation since FY2019 3Q
Impact segment	Appliance business	Learning Management System Business	Visual Communication business	Visual Communication Business
Impact on Net Sales	1,558 mil. JPY (FY2018 results)	Decrease of 519 mil. JPY in FY2019 2~4Q	No record in FY2019	Immaterial
Impact on Operating Profit	77 mil. JPY (FY2018 Results)	Immaterial	No record in FY2019	Immaterial

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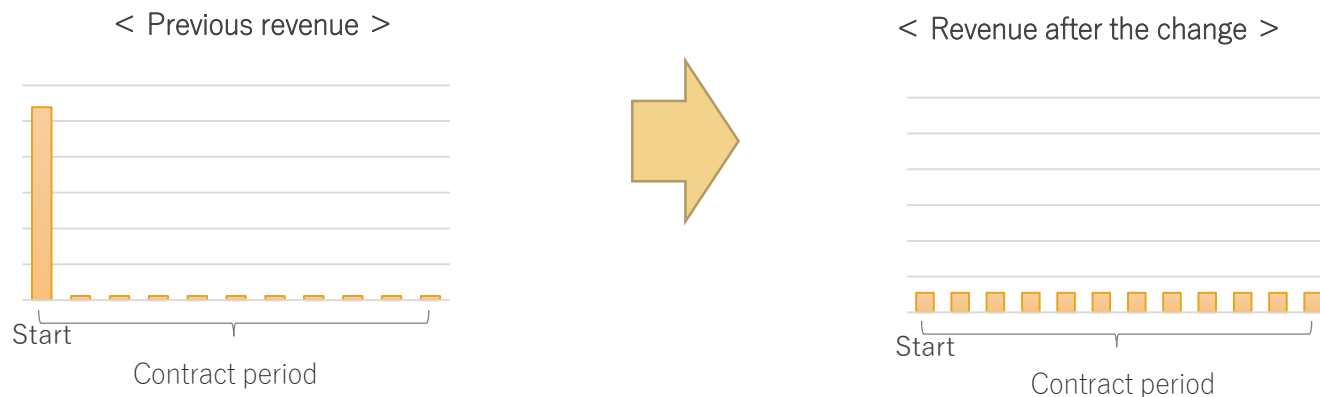
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4. Segments and KPIs: Adoption of new revenue recognition (from FY2019)

Sales are postponed from previous revenue recognition. Over the long term, sales are the same.

- ① Previously, the amount equivalent to the license was recorded at the time of the contract for a term-based cloud service, and the amount equivalent to the maintenance and infrastructure costs was recorded proportionately according to the contract period. Accounted for in full from FY2019 on a straight-line basis over the term of the contract

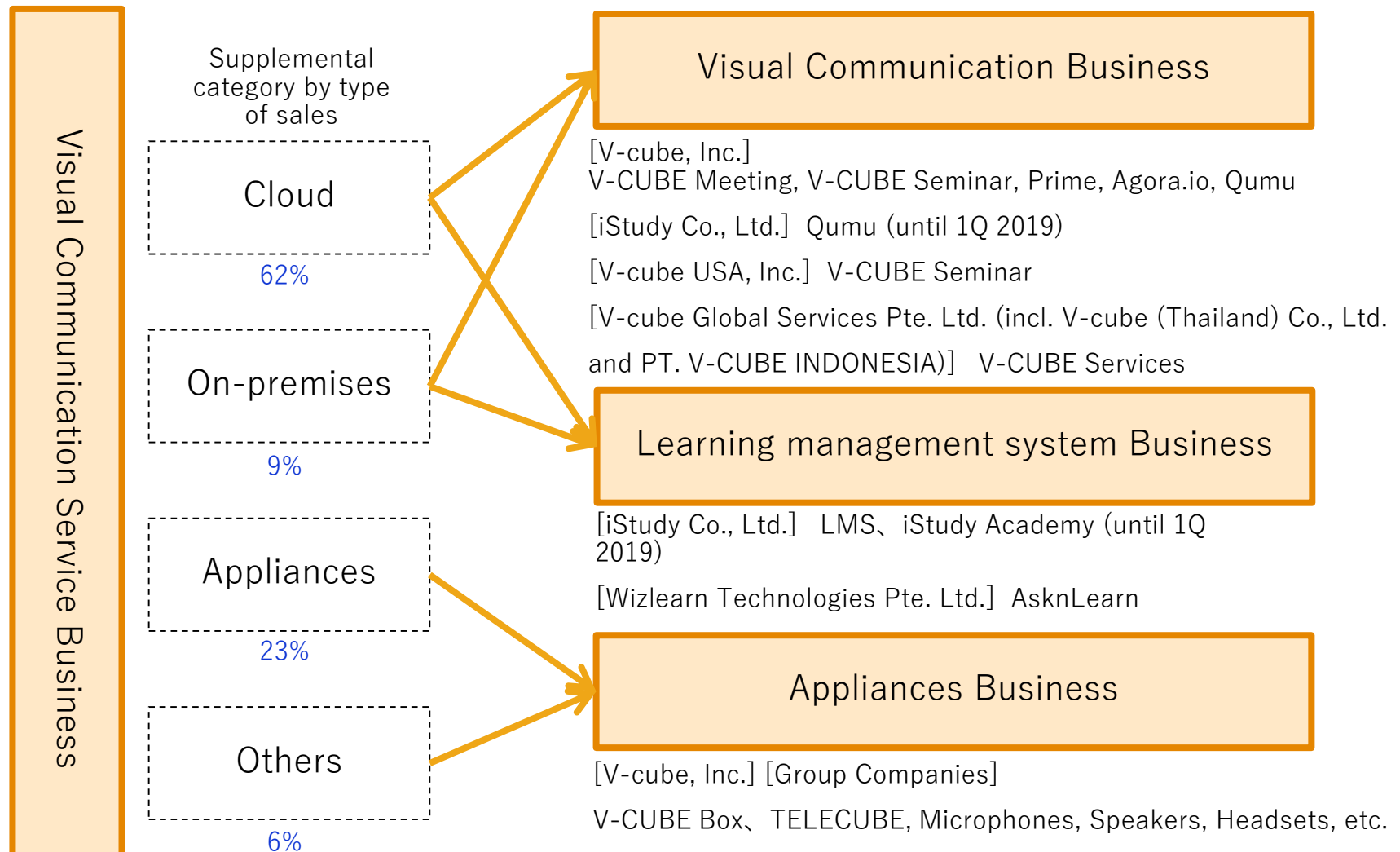
Effect of Adoption of new Revenue Recognition rules (Image)



- ② When we act as an agent to provide our customers with the goods and services of other companies, the amount obtained by offsetting the so-called sales amount against the cost of sales is recorded as sales.

4. Segments and KPIs: Segment changes (from FY2019)

Segments are divided into three categories in order to strengthen the management system and allocate management resources more optimally.



* Each percentage shows a composition to sales of FY18

4. Segments and KPIs: Segment Overview

Operating profit margin deteriorated due to the impact of adoption of new revenue recognition rules and temporary royalty expenses in the VC business. Profitability improved in Appliance business due to growth in highly profitable products

(million yen)		FY2018	FY2019	YoY		FY2019
		3Q	3Q	Change	Rate of change(%)	Full-Year Forecasts (10/25)
Visual Communication Business	Net sales	3,038	2,930	△108	△3.6%	4,270
	OP (margin)	404 (13.3%)	139 (4.8%)	△265	△65.6%	589 (13.8%)
Learning Management System Business	Net sales	1,280	812	△468	△36.6%	1,040
	OP (margin)	20 (1.6%)	△35 (－%)	△56	—	23 (2.2%)
Appliances Business	Net sales	1,221	786	△434	△35.6%	1,240
	OP (margin)	33 (2.7%)	86 (11.0%)	+53	159.6%	118 (9.5%)
Corporate expenses	Net sales	—	—	—	—	—
	OP (margin)	△301 (－%)	△356 (－%)	△54	—	△730 (－%)
Consolidated total	Net sales	5,540	4,529	△1,011	△18.2%	6,550
	OP (margin)	157 (2.8%)	△166 (－%)	△323	—	0 (0%)

Impact of adoption of new revenue recognition rules: Net sales △184 mil. yen, OP △156 mil. Yen

- Visual Communication Business: Net sales △116 mil. yen, OP △116 mil. Yen
- Learning Management System Business : Net sales △1 mil. yen, OP △1 mil. Yen
- Appliance Business : Net sales △66 mil. yen, OP △38 mil. Yen

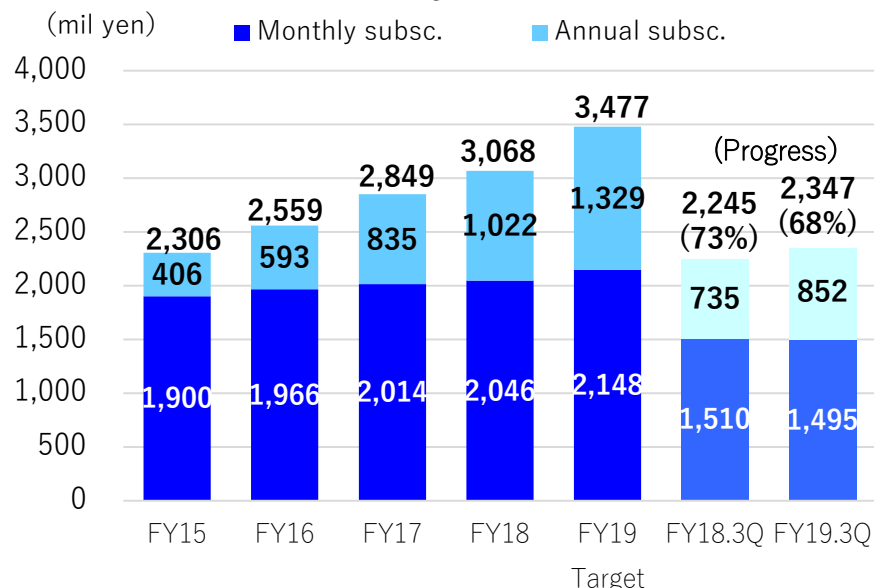
4. Segments and KPIs: Visual Communication Business

Subscription-type sales account for 80% of VC business

Aiming to achieve the revised FY2019 forecast with large-scale On-premises projects, projects for distributing seminars and royalty income from China planed in 4Q.

(Million Yen)	FY2018	FY2019	YoY		FY2019
	3Q	3Q	Change	Rate of change(%)	Full-Year Forecasts (10/25)
Net sales	3,038	2,929	△108	△3.6%	4,270
Operating profit (margin)	404 (13.3%)	139 (4.8%)	△265	△65.6%	589 (13.8%)

Subscription-type sales (annual)



Annual Subscription

web seminars for pharmaceutical companies etc.
Account plan using events

Monthly Subscription

Average invoice unit price × number of billing company

【Major factors of change】

Growing as a whole, despite a negative impact on monthly subscription due to a change from monthly to annual in distribution of pharmaceutical seminars since FY19.2Q

4. Segments and KPIs: Visual Communication Business

The churn rate is improving, and the use of web conferencing is increasing among existing customers. Mass advertisements, such as TV commercials, will be conducted in 4Q to acquire new customers.

Monthly Subscription KPI

Average monthly invoice unit price (thousand yen)

FY14	FY15	FY16	FY17	FY18	FY19 1Q	FY19 2Q	FY19 3Q
139	137	134	137	141	140	139*	137

*Decreased due to large Medical seminar services change from Monthly to Annual subscription.

Number of billing companies

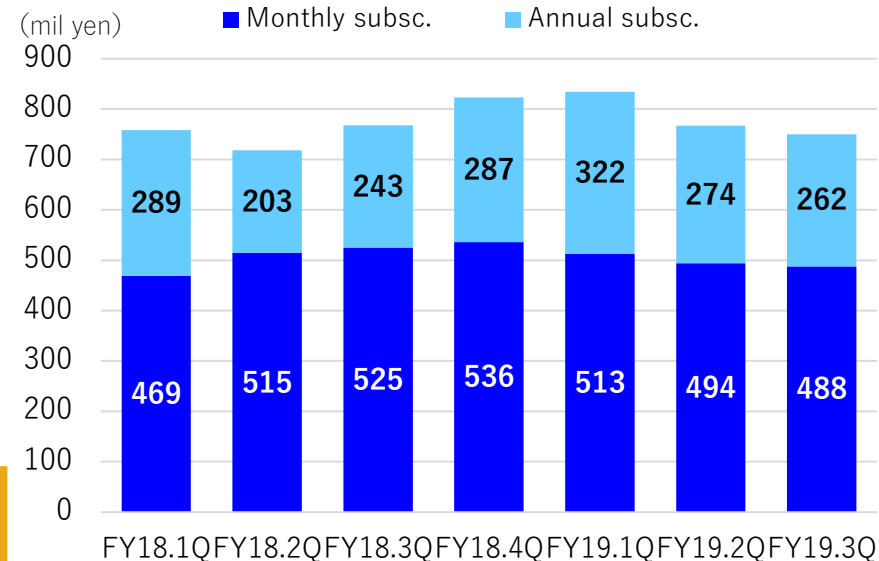
FY14	FY15	FY16	FY17	FY18	FY19 1Q	FY19 2Q	FY19 3Q
1,065	1,155	1,225	1,228	1,211	1,218	1,210	1,216

Churn rate (%)

FY14	FY15	FY16	FY17	FY18	18/4 ~ 19/3	18/7 ~ 19/6	18/10 ~ 19/9
19.0	16.9	13.7	14.4	12.2	12.4*	11.0	10.5

* Churn rate went up due to service ending of old version of V-CUBE Meeting.

Subscription-type sales (quarter)



Web conferencing data for existing customers

(3Q YoY)

Average utility time **+33%**
 Frequency of use **+43%**

4Q Mass AD spending



TV commercials
 In-train AD
 Taxi AD

Aiming to acquire new customers
 by increasing recognition

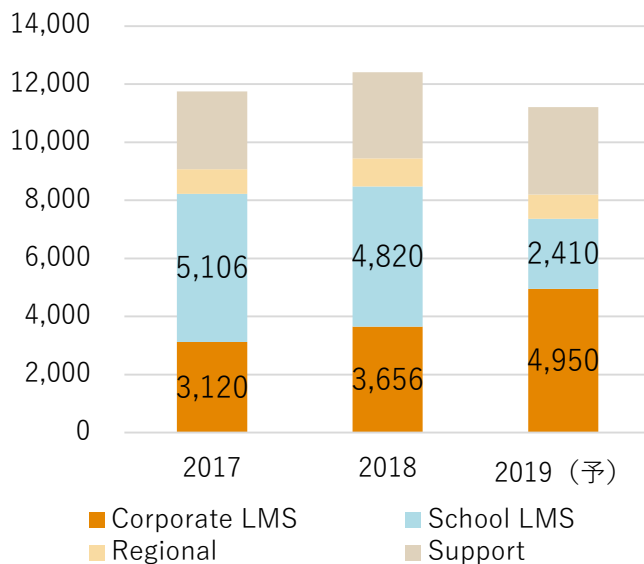
⇒ Aim to increase monthly subscription

4. Segments and KPIs: Learning Management System Business

Wizlearn is in the midst of a shift from schools to corporate

(million Yen)	FY2018	FY2019	YoY		FY2019
	3Q	3Q	Change	Rate of Change(%)	Full-year forecast (10/25)
Net sales	1,280	812	△468	△36.6%	1,040
(Net sales excluding i-Study)	878	691	△187	△21.3%	—
Operating profit (margin)	20 (1.6%)	△35 (—%)	△56	—	23 (2.2%)

(thousand SGD) LMS sales trend in Asia



【Major Factors of Change】

- Exclusion of iStudy from consolidation (Consolidated in 1Q, non-consolidation after 2Q)
- Wizlearn(Singapore): Temporary sales decline

School

Declining birthrate and government in-house development of system

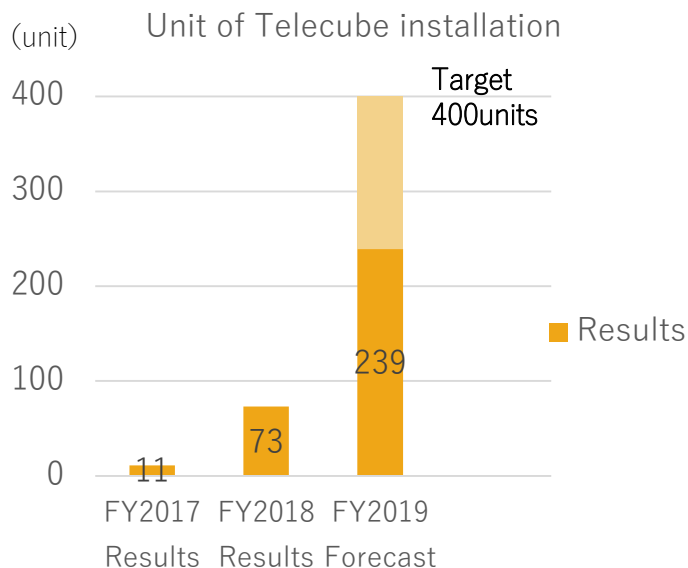
Corporate

High human resource mobility in Asia and subsidy for training

4. Segments and KPIs: Appliances Business

Profit margins exceeded forecasts due to growing of the unique product, Telecube.
 Steady growth in V-CUBE Box due to replacement demand for video conferencing

(million yen)	FY2018	FY2019	YoY		FY2019
	3Q	3Q	Change	Rate of Change(%)	Full-year forecast (10/25)
Net sales	1,221	786	△434	△35.6%	1,240
<i>(Net sales excluding Smart Board)</i>	<i>365</i>	<i>731</i>	<i>+366</i>	<i>+200.3%</i>	—
Operating income (margin)	33 (2.7%)	86 (10.9%)	+53	159.6%	118 (9.5%)



【Major Factors of Change】

- Profitability improved despite a decline in sales due to the transfer of smart board service business
- Telecube sales up 390% Y o Y
The number of installations increased by 117 units from Jul to Sep.
- Increased sales of V-CUBE Box and related equipment
Demand for TV conference replacement among financial institutions

4. Segments and KPIs: Net Sales by Region & Segment

Japan: Impact of divestment △1,245 mil JPY、 Impact of adoption of new revenue recognition rules△184mil JPY
Overseas: Singapore subsidiary Wizlearn is in the midst of a shift from schools to private companies

3Q Net sales (mil. JPY)	Visual Communication Business		Learning Management System Business		Appliances Business		Total	
	FY18	FY19	FY18	FY19	FY18	FY19	FY18	FY19
Japan	2,859	2,830	533	184	1,221	787	4,615	3,801
Overseas	179	99	746	628	—	—	925	727
(China)	47	—	—	—	—	—	47	—
(Wizlearn)	—	—	746	628	—	—	746	628
Total	3,038	2,929	1,280	812	1,221	787	5,540	4,528

• No record with the service for a Chinese automaker in FY2019 3Q,
The sales will be booked in 4Q at a time due to the resumption of payments in 4Q after a delay.

1. Revised forecasts due to the launch of mass advertising

2. Current Initiatives

3. FY2019 3Q Results

4. Segments and KPIs

5. Appendix

(Reference data)

FY2019 3Q Results: Consolidated P/L (Financial statement amount)

Net sales excluding divested businesses increased YoY. Cost of sales increased significantly due to temporary royalties and Appliance growth. High-margin and large projects of Visual Communication business concentrated in 4Q. Excluding the impact of temporary royalties expenses, operating profit will be in the black.

(million yen)	FY2018	FY2019	YoY		FY2019 Forecast (10/25)
	3Q	3Q	Change	Rate of Change(%)	Full Year
Net Sales	5,540	4,528	△1,011	△18.3%	6,550
Cost of Sales	3,115	2,919	△196	△6.3%	3,917
Gross profit	2,424	1,609	△815	△33.6%	2,633
SG&A Exp.	2,267	1,775	△491	△21.7%	2,578
Operating profit	157	△ 166	△323	—%	0
Ordinary profit	81	△ 195	△276	—%	△62
Profit attributable to owners of parent	10	481	+471	+4,562.5%	372

- Reference data for “3. FY2019 3Q Results: Consolidated P/L (Pro forma amount)” on page 20
- Impact of adoption of new revenue recognition rules: △184 mil JPY for net sales and △156 mil JPY for operating profit

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.

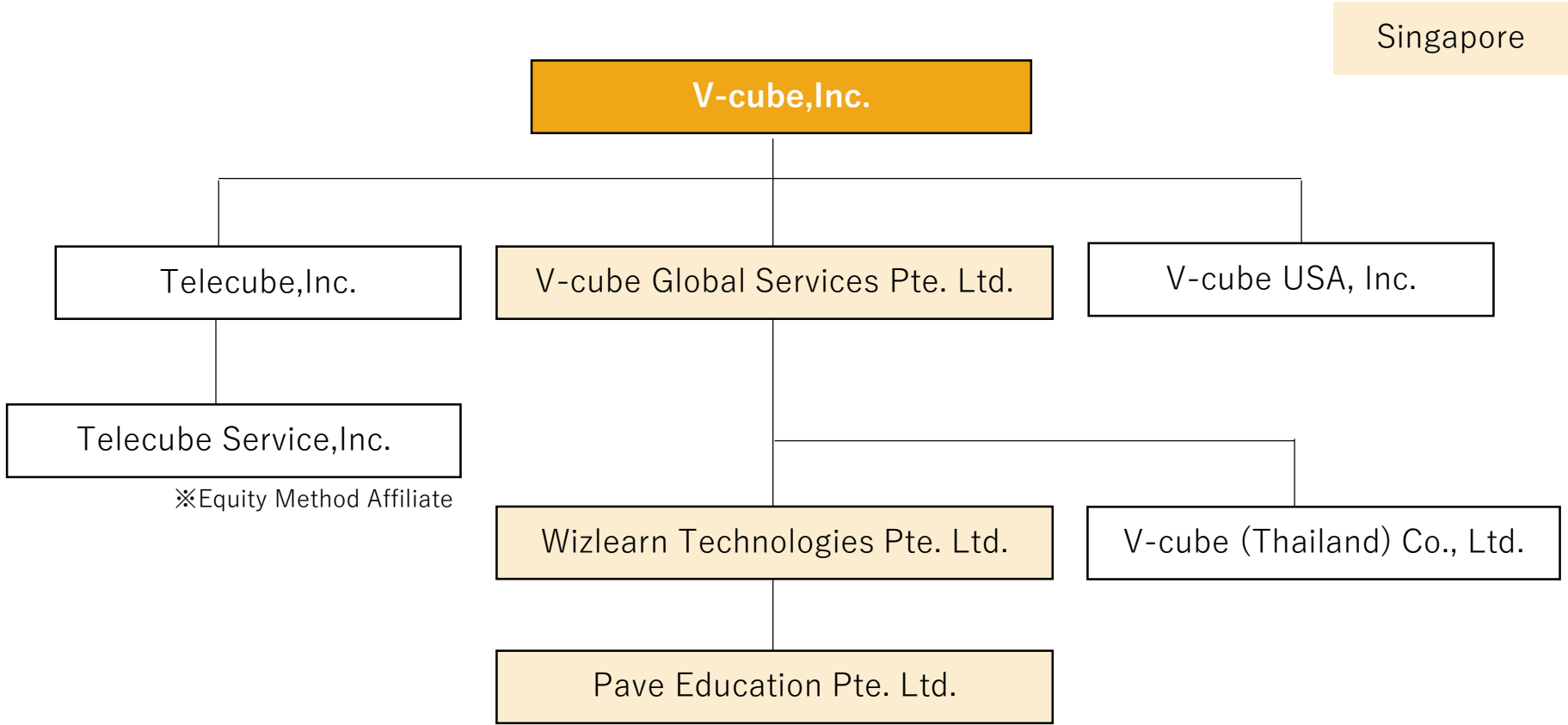
The world is facing social issues such as extreme concentration of population and industry in city area, declining birthrate and aging society, long working hours, educational and healthcare gaps, etc.

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









VCaaS (Visual Communication as a Service) Solution Provider

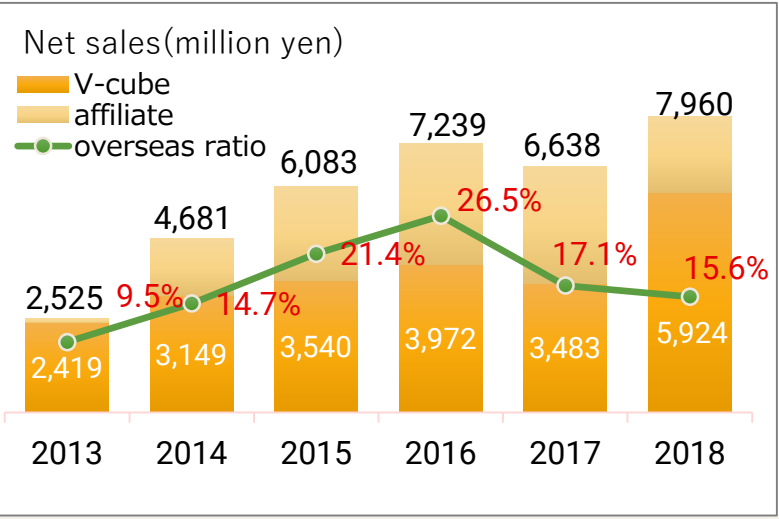
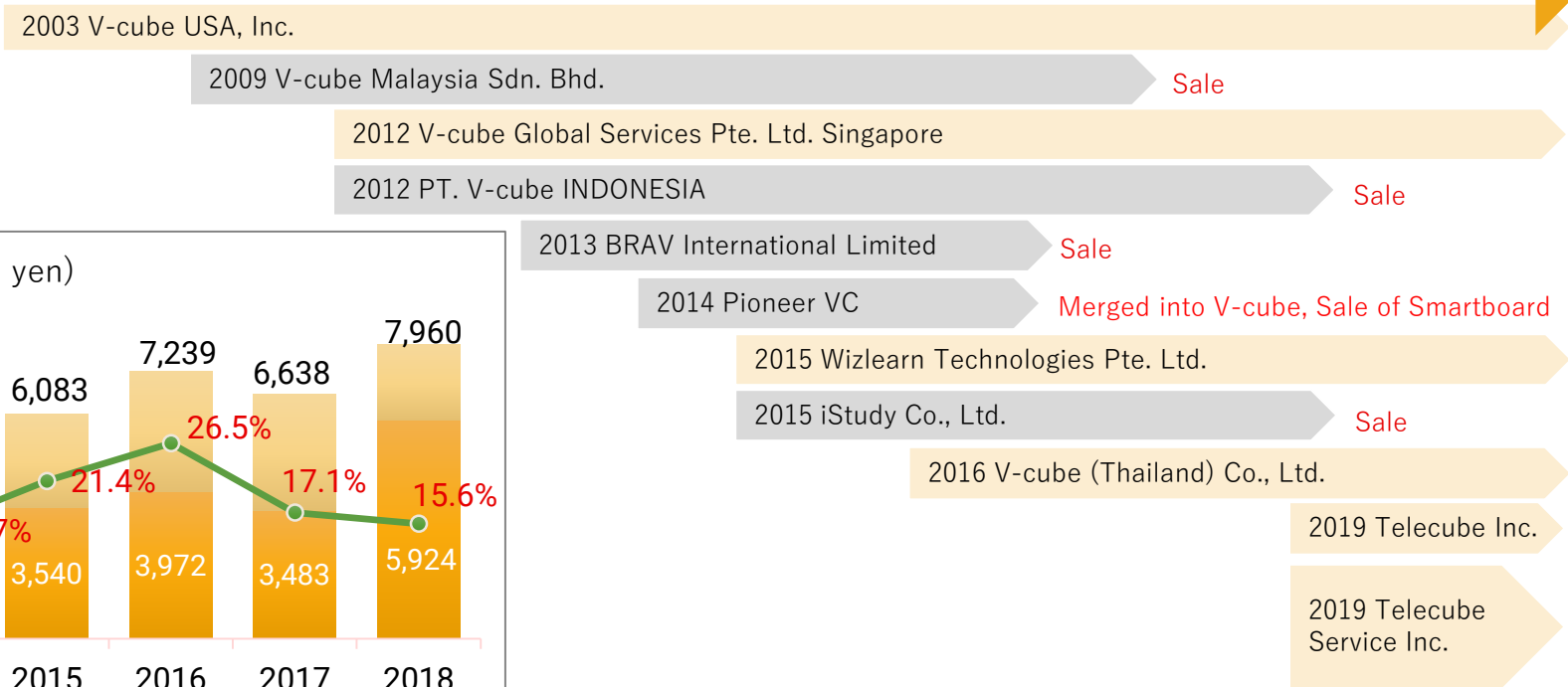
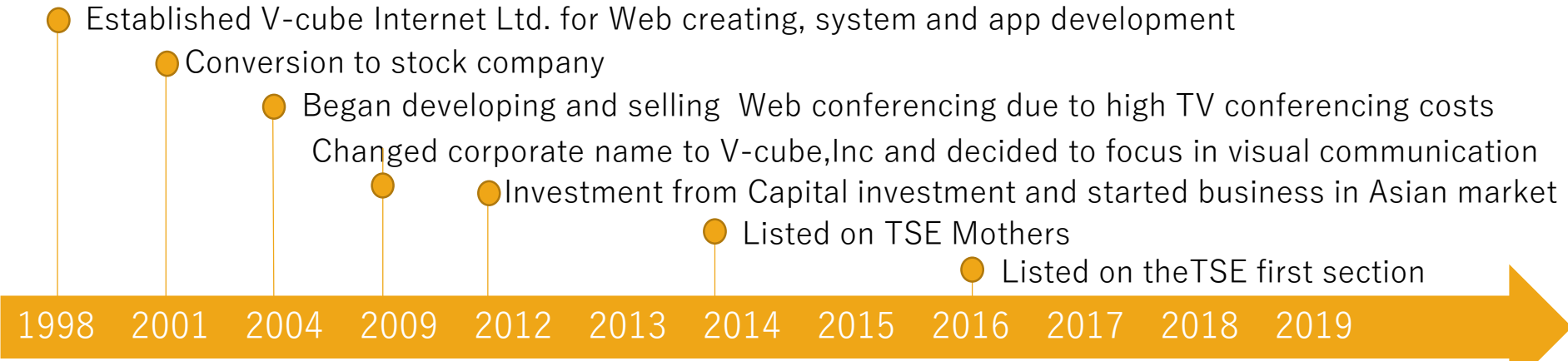
Company name	V-cube, Inc.
Established	October 16, 1998
Fiscal year end	December
Capital (including capital reserve)	2,801 million JPY
Listed Markets	The 1st Section of the Tokyo Stock Exchange (3681)
Group companies	Domestic 3 Overseas 5. (3 in Singapore, 1 in United States, 1 in Thailand.)
Number of members	Board members 8 ・ Employees 420 (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.

Visual Communication Business	V-CUBE Meeting 	Web conferencing service with easy-to-understand interface and a wide range of functions required for remote conferences. Strong in video and audio quality and in mobile and global environment. Third-party video conferencing connection available.
	V-CUBE Seminar 	Web seminar service with easy-to-understand interface, no installation. High-quality images can be delivered stably on a large scale. A lot of additional functions of seminar operation.
	V-CUBE Collaboration	Web conferencing service maximally enhancing remote collaboration. Real-time sharing of high-quality data in narrow bandwidths works on emergency services and field works.
	V-CUBE Sales Plus	Web conferencing tool exclusively for online sales. Functional and simple UI/UX needed for sales activities. Taking advantage of V-cube's know-how, which has been conducting online business negotiations since 2006.
	Qumu 	Business video is “Youtube” within a company. A platform that enables safe and stable delivery of video creation, contents management and distribution. Extensive experience in Western financial institutions and large corporations. World No.1.
	Agora.io 	A platform for video distribution and video communication centered on entertainment and social network. Can be built into various applications and services by SDK and API.
Learning Management System Business	V-CUBE Learning 	Learning management system developed based on software of Wizlearn in Singapore. Leading Interface for Global. For in-house training mainly through e-learning, introduced in many multinational companies including Japan companies.
Appliance Business	V-CUBE Board 	Discussion table utilized in various scenes, such as disaster control and classrooms.
	V-CUBE Box 	A highly scalable video conferencing system that can be deployed at a low cost. Equipped with a meeting room that can be operated by remote control unit, it is cheaper than a general videoconferencing system and realizes high resolution and sound quality.
	Telecube 	Soundproof communication booth. Tables, chairs, web meeting available PC equipped inside with a quiet and secure private space for telework.



Full Year

(JPY)	FY18			FY19
	Full (forecast)	Average (results)	Year end (results)	Full (forecast)
US\$	112.00	110.44	110.91	111.00
S\$	80.00	81.88	80.92	81.00

3Q

(JPY)	FY18/3Q	FY19/3Q	FY18/3Q	FY19/3Q
	Average (results)	Average (results)	Quarter end (results)	Quarter end (results)
US\$	109.61	109.15	113.58	107.96
S\$	81.81	80.01	83.03	78.12

Management team consisting mainly of members from the time of founding



President, CEO & Founder
Naoaki Mashita

- 1977 Born in Tokyo
- 1998 Established V-cube
- 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 Japan, Inc.



Managing Director, CRO
(Chief Revenue Officer)
Jun Mizutani

- 2006 Entered V-CUBE as new graduate
- 2009 Sales Department Group Manager
- 2012 Vice President of Sales Department
- 2014 Manager of Customer Experience
- 2015 President of Sales Department
- 2016 Became Director at V-cube, Inc.(sales)
- 2019 Became Managing Director at V-cube, Inc.



Deputy President, COO
Masaya Takada

- 2001 Became Executive at V-cube Internet, Inc.
- 2002 Graduated from Keio Graduate School
- 2006 Became Deputy President
- 2013 Became Executive Deputy President at V-cube, Inc.



CTO
Yosuke Kamezaki

- 2002 Joined V-cube Internet, Inc.
- 2003 Developed the 1st Web Conference model
- 2007 Became Officer at V-cube, Inc.
- 2012 Became Director at V-cube, Inc.

Corporate governance by experienced and powerful outside officers

Outside corporate director **Norio Murakami**
 CEO at Murakami Norio Office, Inc.
 Outside director, CellSource Co., Ltd.
 Former Executive Vice President at Google, Inc.
 Former CEO of Google Japan

Outside corporate director **Kenichi Nishimura**
 Outside Director, Hakusan
 Former NTT-Neomeit President
 Former Mirait, Inc. Adviser

Outside corporate director **Hajime Nakano**
 Senior Director, Regional Economy Vitalization Corporation of Japan
 Director, REVIC Partners
 Outside Auditor, SENSUKAI CO.,LTD

Outside Audit & Supervisory Board Member **Kikuo Fukushima**
 Representative, Success Coaching Studio

Outside Audit & Supervisory Board Member **Kiyoji Odashima**
 President, Odashima Kiyoji Tax Accountant Office
 Outside Auditor, Ebara Foods Industry, Inc.

Outside Audit & Supervisory Board Member **Arifumi Sunada**
 Senior Director, Regional Economy Vitalization Corporation of Japan
 Senior Director, REVIC Partners
 Outside Auditor, I-ne CO.,LTD.

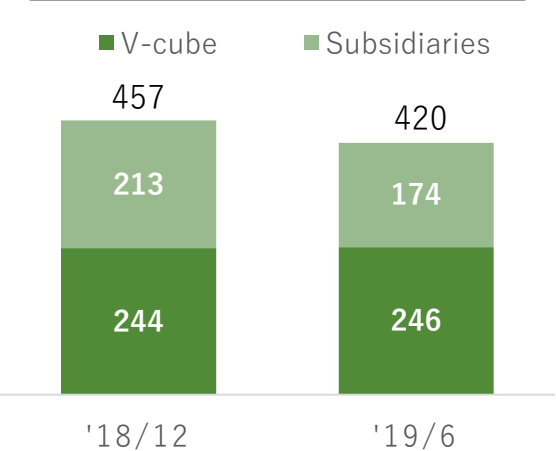
Adviser **Hiroshi Komiyama**
 Chairman of the Board of Trustees at Mitsubishi Research Inst., Inc.
 Former President of Tokyo University



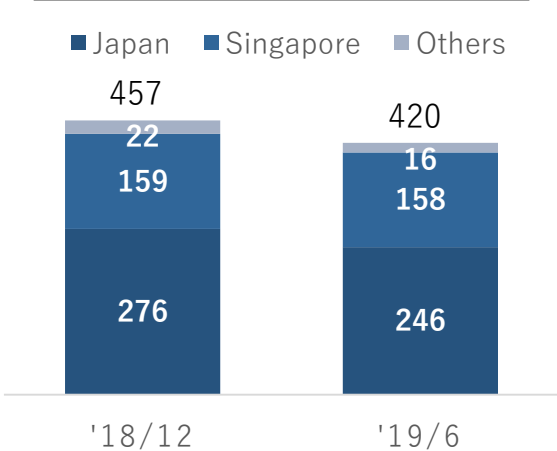
Number of Employees on a Consolidated Basis

(Major Factors of Changes in 2019: Decrease due to the exclusion of iStudy from consolidation)

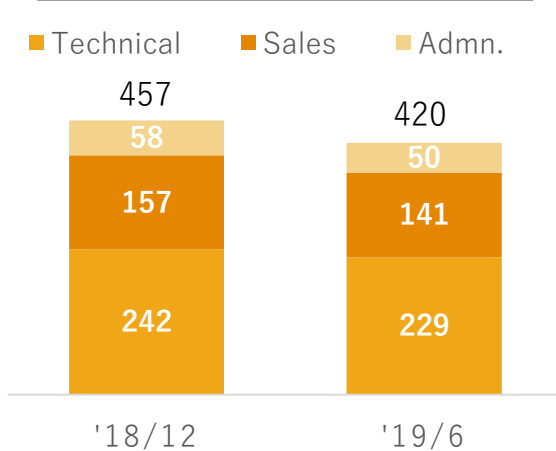
By group



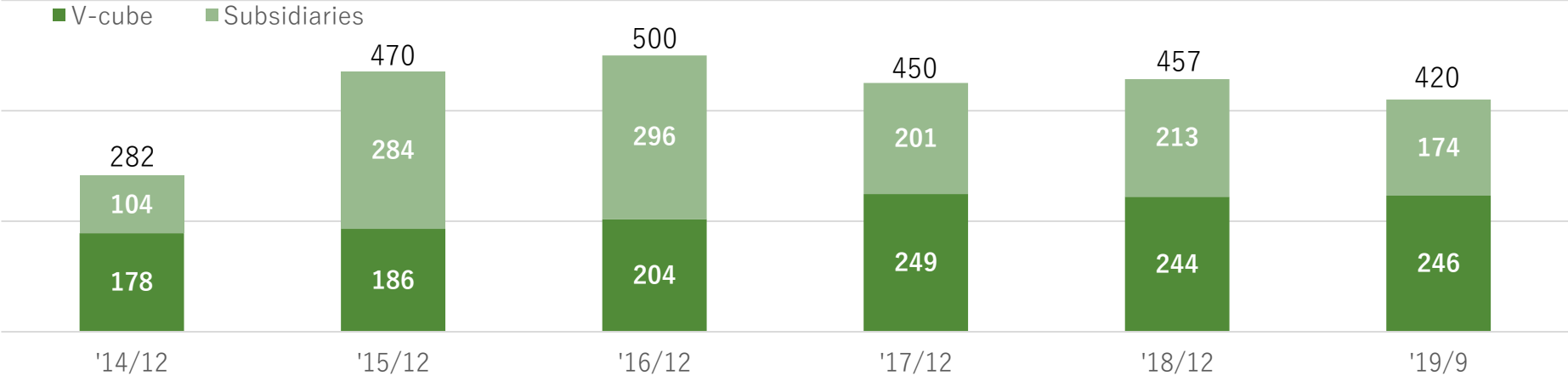
By region



By function



Number of Staff



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