



**Summary of Consolidated Financial Results for the
Second Quarter of the Fiscal Year Ending September 30, 2020
(Six Months Ended March 31, 2020)**

May 15, 2020

[Japanese GAAP]

Company name: IMV CORPORATION

Listing: Tokyo Stock Exchange (JASDAQ)

Stock code: 7760

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Scheduled date of filing of Quarterly Report: May 15, 2020

Scheduled date of payment of dividend: -

Preparation of supplementary materials for quarterly financial results: None

Holding of quarterly financial results meeting: None

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Second Quarter (October 1, 2019 – March 31, 2020) of the Fiscal Year Ending September 30, 2020

(1) Consolidated results of operations

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended Mar. 31, 2020	6,278	(1.0)	490	(30.1)	497	(27.2)	328	(35.7)
Six months ended Mar. 31, 2019	6,343	12.3	701	5.5	682	3.7	511	11.7

Note: Comprehensive income (million yen)

Six months ended Mar. 31, 2020: 310 (down 38.0%)

Six months ended Mar. 31, 2019: 501 (up 5.9%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Mar. 31, 2020	20.24	-
Six months ended Mar. 31, 2019	31.54	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Mar. 31, 2020	17,332	6,705	38.6
As of Sep. 30, 2019	15,200	6,503	42.8

Reference: Shareholders' equity (million yen)

As of Mar. 31, 2020: 6,694

As of Sep. 30, 2019: 6,501

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Sep. 30, 2019	-	0.00	-	8.50	8.50
Fiscal year ending Sep. 30, 2020	-	0.00	-	-	-
Fiscal year ending Sep. 30, 2020 (forecasts)	-	-	-	8.50	8.50

Note: Revisions to the most recently announced dividend forecast: None

**3. Consolidated Forecast for the Fiscal Year Ending September 30, 2020
(October 1, 2019 – September 30, 2020)**

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	-	-	-	-	-	-	-	-	-

Note: Revisions to the most recently announced consolidated forecast: Yes

There is no consolidated forecast for the fiscal year ending in September 2020 because it is extremely difficult to determine an outlook for sales and earnings due to the spread of COVID-19.

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in change in scope of consolidation): None

Newly added: -

Excluded: -

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: None

(3) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: None

4) Restatements: None

(4) Number of shares issued (common shares)

1) Number of shares issued (including treasury shares) at the end of the period

As of Mar. 31, 2020:	16,957,016 shares	As of Sep. 30, 2019:	16,957,016 shares
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2) Number of treasury shares at the end of the period

As of Mar. 31, 2020:	663,452 shares	As of Sep. 30, 2019:	735,798 shares
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3) Average number of shares issued during the period

Six months ended Mar. 31, 2020:	16,243,303 shares	Six months ended Mar. 31, 2019:	16,221,399 shares
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Note 1: The current quarterly financial report is not subject to quarterly review by certified public accountants or auditing firms.

Note 2: Cautionary statement with respect to forecasts and other matters

There is no consolidated forecast because there are currently many uncertainties that may affect sales and earnings due to the spread of COVID-19 and it is difficult to determine reasonable forecasts. We will announce the consolidated forecast when it becomes possible to make reasonable forecasts. Please refer to “1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Forecast and Other Forward-looking Statements” on page 3 of the attached documents regarding the consolidated forecast above.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

During the first half of the current fiscal year, there was a worldwide economic downturn due to COVID-19 that included the lower price of crude oil and a big decline in stock prices. In Japan, internal demand decreased because of a sharp decline in demand from foreign tourists and other reasons and external demand plummeted too as many countries took actions to prevent the spread of COVID-19. As a result, the economic outlook is becoming increasingly uncertain.

In the dynamic simulation systems category, the IMV Group continued to take actions that target new needs. One significant step was the launch in the previous fiscal year of the m130LS compact vibration testing system. There are also activities for seeking new opportunities to serve as a partner for solving problems involving vibrations. One example is a sponsorship contract with Interstellar Technologies Inc., a venture capital-backed company, in order to assist with its development of rockets for launching satellites into orbit. In the test and solution services category, there is a consistently high level of inquiry in Japan and other countries for testing services, primarily in the automobile industry. In the measuring systems category, there were orders for the VP-8021A, a new vibration pickup that debuted in the previous fiscal year, and progress with using alliances with other companies to enter the factory automation industry. In addition, sales activities in Japan were strengthened for seismometers used by electric utilities, a product that has posted solid overseas sales for many years.

Net sales decreased 1.0% year on year to 6,278 million yen mainly because of a decrease in the order backlog in the dynamic simulation systems business at the end of the previous fiscal year. Earnings were lower partly because of higher personnel and depreciation expenses resulting from the completion of new test laboratories in the previous fiscal year. Operating profit decreased 30.1% to 490 million yen, ordinary profit decreased 27.2% to 497 million yen and profit attributable to owners of parent decreased 35.7% to 328 million yen.

Business results by product category were as follows:

Dynamic Simulation Systems

In Japan, there were orders for energy-saving dynamic simulation systems and other products from manufacturers of automobiles, automotive parts and electrical machinery, aerospace companies, and testing laboratories. This business also received orders for the m130LS compact vibration testing system, which was launched in the previous fiscal year and is eligible for a tax reduction as a product that improves productivity. Overall, many past activities are now producing benefits in Japan. In other countries, there is a high level of inquiry and substantial volume of orders in Europe for large vibration testing systems, primarily for tests involving electric vehicles.

However, category sales decreased by 4.8% year on year to 4,381 million yen mainly because of the lower order backlog at the end of the previous fiscal year.

Test and Solution Services

Performance was strong during the first half at the e-Test Centre Japan (e-TCJ) and Kasugai Test Laboratory, which both started operations in the previous fiscal year, and the Nagoya Test Laboratory, which has mainly large testing equipment. Sales from outsourced testing services were higher as a result. As in the previous fiscal year, orders in the Kanto and Kansai areas mainly from the automobile industry but also from companies in the electric power, railway and aerospace industries also contributed to sales growth. The strong start-up of operations at test laboratories outside Japan was another reason for sales growth.

As a result, category sales increased by 17.7% year on year to 1,320 million yen.

Measuring Systems

Sales were higher for monitoring instruments and the MIG-8600B reliability evaluation system. Booths at trade shows and many other activities were used to further expand sales channels.

However, due to the suspension of sales of seismometers in the ASEAN region and China because of COVID-19, category sales decreased by 7.1% year on year to 576 million yen.

(2) Explanation of Financial Position

Assets

Total assets increased by 2,131 million yen from the end of the previous fiscal year to 17,332 million yen at the end of the second quarter of the current fiscal year. Current assets increased by 2,181 million yen to 11,064 million yen. This was mainly attributable to a 1,634 million yen increase in cash and deposits due to the procurement of working capital to be prepared for the effects of the COVID-19 crisis, and a 365 million yen increase in work in process. Non-current assets decreased by 49 million yen to 6,268 million yen. This was mainly attributable to a 78 million yen decrease in investments and other assets.

Liabilities

Total liabilities increased by 1,930 million yen from the end of the previous fiscal year to 10,627 million yen at the end of the second quarter of the current fiscal year. Current liabilities increased by 938 million yen to 7,622 million yen. This was mainly attributable to a 604 million yen increase in short-term borrowings. Non-current liabilities increased by 991 million yen to 3,004 million yen. This was mainly attributable to a 989 million yen increase in long-term borrowings.

Net assets

Net assets increased by 201 million yen from the end of the previous fiscal year to 6,705 million yen at the end of the second quarter of the current fiscal year. This was mainly attributable to a 190 million yen increase in retained earnings. As a result, the equity ratio decreased 4.2 percentage points to 38.6%.

(3) Explanation of Consolidated Forecast and Other Forward-looking Statements

Due to Japan's declaration of a state of emergency and other events caused by the COVID-19 crisis, the activities of the core dynamic simulation systems business have been restricted in Japan and other countries. The inability to visit customers and other situations have created an increasing risk that activities to receive new orders in April and afterward will not produce the initially expected level of orders. Consequently, there is no consolidated forecast for the fiscal year ending in September 2020 because it is extremely difficult to determine an outlook for sales and earnings.

Revision of the full-year consolidated forecast (October 1, 2019 – September 30, 2020)

(Millions of yen)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
Previous forecast (A)	12,500	1,000	1,000	800
Revised forecast (B)	-	-	-	-
Change (B - A)	-	-	-	-
Percentage change (%)	-	-	-	-
Reference Previous fiscal year ended September 30, 2019	12,348	730	652	366

2. Quarterly Consolidated Financial Statements and Notes**(1) Quarterly Consolidated Balance Sheet**

(Thousands of yen)

	FY9/19 (As of Sep. 30, 2019)	Second quarter of FY9/20 (As of Mar. 31, 2020)
Assets		
Current assets		
Cash and deposits	1,143,409	2,778,127
Notes and accounts receivable-trade	4,224,722	4,199,204
Electronically recorded monetary claims-operating	600,599	872,649
Finished goods	555,634	432,601
Work in process	1,312,827	1,677,907
Raw materials	856,548	887,805
Other	192,778	219,255
Allowance for doubtful accounts	(3,441)	(3,051)
Total current assets	8,883,079	11,064,499
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,555,150	2,583,304
Land	1,935,656	1,935,656
Other, net	1,181,561	1,186,736
Total property, plant and equipment	5,672,367	5,705,697
Intangible assets		
Goodwill	12,555	8,370
Other	69,757	69,511
Total intangible assets	82,313	77,881
Investments and other assets	562,941	484,602
Total non-current assets	6,317,622	6,268,180
Total assets	15,200,702	17,332,680
Liabilities		
Current liabilities		
Notes and accounts payable-trade	1,714,216	1,743,321
Electronically recorded obligations-operating	1,027,968	1,065,620
Short-term borrowings	2,125,000	2,729,999
Current portion of long-term borrowings	361,404	791,492
Accounts payable-other	427,759	322,234
Accrued expenses	346,595	241,226
Income taxes payable	212,058	127,148
Accrued consumption taxes	12,617	-
Provision for product warranties	89,000	71,000
Provision for share-based compensation	37,129	-
Provision for loss on litigation	17,844	-
Other	312,638	530,673
Total current liabilities	6,684,231	7,622,716
Non-current liabilities		
Long-term borrowings	1,669,480	2,658,690
Long-term accounts payable-other	192,169	192,169
Asset retirement obligations	47,043	47,054
Other	104,265	106,716
Total non-current liabilities	2,012,958	3,004,629
Total liabilities	8,697,189	10,627,346

	(Thousands of yen)	
	FY9/19 (As of Sep. 30, 2019)	Second quarter of FY9/20 (As of Mar. 31, 2020)
Net assets		
Shareholders' equity		
Share capital	464,817	464,817
Capital surplus	563,437	576,648
Retained earnings	5,545,845	5,736,797
Treasury shares	(159,410)	(143,736)
Total shareholders' equity	6,414,689	6,634,526
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	60,975	23,389
Foreign currency translation adjustment	26,050	36,860
Total accumulated other comprehensive income	87,025	60,250
Non-controlling interests	1,796	10,556
Total net assets	6,503,512	6,705,333
Total liabilities and net assets	15,200,702	17,332,680

(2) Quarterly Consolidated Statements of Income and Comprehensive Income**Quarterly Consolidated Statement of Income****For the Six-month Period**

(Thousands of yen)

	First six months of FY9/19 (Oct. 1, 2018 – Mar. 31, 2019)	First six months of FY9/20 (Oct. 1, 2019 – Mar. 31, 2020)
Net sales	6,343,898	6,278,312
Cost of sales	4,358,674	4,383,453
Gross profit	1,985,223	1,894,858
Selling, general and administrative expenses	1,283,367	1,404,260
Operating profit	701,855	490,598
Non-operating income		
Interest income	455	995
Dividend income	2,904	2,847
Rental income	21,000	20,333
Insurance claim income	30,000	-
Seminar income	6,478	4,583
Reversal of provision for loss on litigation	-	5,944
Miscellaneous income	10,402	3,596
Total non-operating income	71,241	38,299
Non-operating expenses		
Interest expenses	9,529	9,498
Foreign exchange losses	72,879	15,923
Seminar expenses	3,491	3,790
Miscellaneous loss	4,256	2,600
Total non-operating expenses	90,157	31,813
Ordinary profit	682,940	497,084
Extraordinary income		
Insurance claim income	55,133	-
Total extraordinary income	55,133	-
Extraordinary losses		
Loss on sales of non-current assets	-	1
Loss on retirement of non-current assets	0	0
Total extraordinary losses	0	1
Profit before income taxes	738,074	497,083
Income taxes-current	237,939	108,809
Income taxes-deferred	10,784	50,322
Total income taxes	248,724	159,131
Profit	489,349	337,951
Profit (loss) attributable to non-controlling interests	(22,289)	9,118
Profit attributable to owners of parent	511,639	328,833

Quarterly Consolidated Statement of Comprehensive Income
For the Six-month Period

(Thousands of yen)

	First six months of FY9/19 (Oct. 1, 2018 – Mar. 31, 2019)	First six months of FY9/20 (Oct. 1, 2019 – Mar. 31, 2020)
Profit	489,349	337,951
Other comprehensive income		
Valuation difference on available-for-sale securities	(12,358)	(37,586)
Foreign currency translation adjustment	24,589	10,452
Total other comprehensive income	12,231	(27,134)
Comprehensive income	501,580	310,817
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	525,642	302,057
Comprehensive income attributable to non-controlling interests	(24,061)	8,760

(3) Quarterly Consolidated Statement of Cash Flows

(Thousands of yen)

	First six months of FY9/19 (Oct. 1, 2018 – Mar. 31, 2019)	First six months of FY9/20 (Oct. 1, 2019 – Mar. 31, 2020)
Cash flows from operating activities		
Profit before income taxes	738,074	497,083
Depreciation	265,472	329,256
Amortization of goodwill	19,786	4,185
Increase (decrease) in allowance for doubtful accounts	(47)	(390)
Increase (decrease) in provision for share-based compensation	8,684	(37,129)
Increase (decrease) in provision for product warranties	(6,000)	(18,000)
Interest and dividend income	(3,360)	(3,842)
Rental income	(21,000)	(20,333)
Interest expenses	9,529	9,498
Foreign exchange losses (gains)	25,832	(5,186)
Decrease (increase) in trade receivables	(343,519)	(246,307)
Decrease (increase) in inventories	77,531	(241,742)
Increase (decrease) in trade payables	264,074	48,258
Other, net	65,181	50,131
Subtotal	1,100,239	365,482
Interest and dividends received	3,361	3,532
Interest paid	(9,222)	(10,410)
Income taxes paid	(115,972)	(202,183)
Net cash provided by (used in) operating activities	978,406	156,419
Cash flows from investing activities		
Purchase of investment securities	(9,052)	(9,256)
Purchase of property, plant and equipment	(507,358)	(392,286)
Proceeds from sales of property, plant and equipment	-	1,132
Purchase of intangible assets	(35,337)	(23,160)
Payments into time deposits	(9)	-
Proceeds from withdrawal of time deposits	42,189	-
Other, net	23,638	17,638
Net cash provided by (used in) investing activities	(485,930)	(405,930)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	20,000	604,999
Proceeds from long-term borrowings	200,000	1,800,000
Repayments of long-term borrowings	(200,870)	(380,702)
Repayments of lease obligations	(419)	(1,350)
Dividends paid	(127,017)	(134,367)
Net cash provided by (used in) financing activities	(108,307)	1,888,579
Effect of exchange rate change on cash and cash equivalents	(5,895)	(3,860)
Net increase (decrease) in cash and cash equivalents	378,273	1,635,207
Cash and cash equivalents at beginning of period	1,374,292	970,730
Cash and cash equivalents at end of period	1,752,565	2,605,938

(4) Notes to Quarterly Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

3. Others

Production, Orders and Sales

Production

	First six months of FY9/19 (Oct. 1, 2018 – Mar. 31, 2019)		First six months of FY9/20 (Oct. 1, 2019 – Mar. 31, 2020)		YoY (%)
	Thousands of yen	%	Thousands of yen	%	
Dynamic Simulation Systems	4,475,306	72.0	4,381,272	70.4	97.9
Test and Solution Services	1,116,721	18.0	1,276,268	20.5	114.3
Measuring Systems	621,223	10.0	569,162	9.1	91.6
Total	6,213,251	100.0	6,226,703	100.0	100.2

Orders

	First six months of FY9/19 (Oct. 1, 2018 – Mar. 31, 2019)		First six months of FY9/20 (Oct. 1, 2019 – Mar. 31, 2020)		YoY (%)
	Thousands of yen	%	Thousands of yen	%	
Dynamic Simulation Systems	4,065,168	68.5	4,339,807	70.9	106.8
Test and Solution Services	1,202,187	20.3	1,214,812	19.9	101.1
Measuring Systems	664,654	11.2	562,675	9.2	84.7
Total	5,932,011	100.0	6,117,296	100.0	103.1

Order backlog

	First six months of FY9/19 (Oct. 1, 2018 – Mar. 31, 2019)		First six months of FY9/20 (Oct. 1, 2019 – Mar. 31, 2020)		YoY (%)
	Thousands of yen	%	Thousands of yen	%	
Dynamic Simulation Systems	3,462,547	86.5	3,396,233	89.0	98.1
Test and Solution Services	257,371	6.4	142,563	3.7	55.4
Measuring Systems	281,062	7.1	276,486	7.3	98.4
Total	4,000,981	100.0	3,815,284	100.0	95.4

Sales

	First six months of FY9/19 (Oct. 1, 2018 – Mar. 31, 2019)		First six months of FY9/20 (Oct. 1, 2019 – Mar. 31, 2020)		YoY (%)
	Thousands of yen	%	Thousands of yen	%	
Dynamic Simulation Systems	4,601,759	72.5	4,381,525	69.8	95.2
Test and Solution Services	1,121,665	17.7	1,320,550	21.0	117.7
Measuring Systems	620,473	9.8	576,236	9.2	92.9
Total	6,343,898	100.0	6,278,312	100.0	99.0

* This financial report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.