Summary of Consolidated Financial Results for the year ended December 31, 2020 (Japanese GAAP)

February 12, 2021

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/
Date of general shareholders' meeting (as planned): March 25, 2021
Annual securities report filing date (as planned): March 26, 2021
Date of commerce dividend payments (as planned): March 26, 2021

1.Results of the year ended December 31, 2020

(millions of Yen, except per share amounts)

(1)Consolidated operating results:

	Fiscal Year ended December 31, 2019		Fiscal Year ended December 31, 2020	
	Amount	Change	Amount	Change
Net sales	¥6,369	−19.9%	¥8,282	30.0%
Operating profit	−284	−%	1,046	−%
Ordinary profit	−341	−%	1,020	−%
Profit attributable to owners of Parent	34	−92.5%	1,138	3,210.3%
Comprehensive income	46	−83.5%	1,041	2,232.6%
Profit per share attributable to owners of parent	1.43		47.10	
Profit per share attributable to owners of parent (diluted)	1.41		45.52	
Net profit to shareholders' equity ratio	1.0%		33.4%	
Ordinary profit to total assets ratio	−3.9%		12.0%	
Operating profit to net sales ratio	−4.5%		12.6%	
Investment profit (loss) on equity method	−25		−63	

(2)Consolidated financial position:

	As of December 31, 2019	As of December 31, 2020
Total assets	¥7,002	¥10,031
Net assets	3,049	3,825
Capital adequacy ratio	43.2%	37.8%
Net assets per share	125.67	156.41
Owner's equity	3,025	3,786

(3)Consolidated cash flows:

	Fiscal Year ended December 31, 2019	Fiscal Year ended December 31, 2020
Cash flows from operating activities	373	1,975
Cash flows from investing activities	−746	−935
Cash flows from financing activities	−1,581	950
Cash and equivalents, end of period	790	2,772

2.Dividends

(Yen, except Total dividend paid amounts)

	Fiscal Year ended December 31, 2019	Fiscal Year ended December 31, 2020	Fiscal Year ending December 31, 2021 (forecast)
Result-dividend per share-total	1.00	4.00	8.00
Total dividend paid (millions of Yen)	¥24	¥96	
Payout ratio(consolidated)	69.9%	8.5%	12.4%
Dividends to net assets(consolidates)	0.7%	2.8%	

3.Consolidated forecasts

(millions of Yen, except per share amounts)

	First half of Fiscal Year ending December 31, 2021		Fiscal Year ending December 31, 2021	
	Amount	Change	Amount	Change
Forecast-net sales	¥5,000	53.1%	¥11,500	38.9%
Forecast-operating profit	600	131.7%	2,000	91.2%
Forecast-ordinary profit	550	106.8%	1,870	83.3%
Forecast-profit attributable to owners of parent	460	9.0%	1,560	37.1%
Forecast-net profit per share	19.00		64.44	

4.Others

(1) Material changes in subsidiaries during this accumulated quarter (Changes in scope of consolidations resulting from change is subsidiaries): No

(2) Changes in accounting policies, changes in accounting estimates and restatements

1) Changes in accounting policies due to the revision of accounting standards: No
2) Changes in accounting policies other than 1): No
3) Changes in accounting estimates: No
4) Restatements: No

(3) Number of issued and outstanding shares (common stock)

i Number of issued and outstanding shares at the end of fiscal year (including treasury stock)

As of December 31, 2019	24,256,600 shares	As of December 31, 2020	24,500,600 shares

ii Number of treasury stock at the end of fiscal year

As of December 31, 2019	182,043 shares	As of December 31, 2020	290,243 shares

iii Average number of shares

Fiscal Year ended December 31, 2019	24,093,785 shares	Fiscal Year ended December 31, 2020	24,167,106 shares

Note: The number of shares of treasury stock as of December 31, 2019 included the shares held by ESOP (4,300 shares at the end of the period).

(Reference) Summary of the Non-consolidated Financial Results

(1) Non-consolidated Results of Operations:

	Fiscal Year ended December 31, 2019		Fiscal Year ended December 31, 2020	
	Amount	Change	Amount	Change
Net sales	¥5,147	−13.1%	¥7,212	40.1%
Operating profit	90	−71.4%	762	746.7%
Ordinary profit	47	−82.4%	738	1,470.2%
Profit	697	20.7%	202	−71.0%
Profit per share	28.94		8.36	
Profit per share (diluted)	28.53		8.08	

(2) Non-consolidated Financial Position:

	As of December 31, 2019	As of December 31, 2020
Total assets	¥7,749	¥9,670
Net assets	3,526	3,419
Capital adequacy ratio	45.5%	35.3%
Net assets per share	146.36	141.15
Owner's equity	3,523	3,417

* These consolidated financial results are outside the scope of audit by certified public accountants and audit corporations.

* 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.

Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Thousands of yen)

	As of December 31, 2019	As of December 31, 2020
Assets		
Current assets		
Cash and deposits	790,148	2,772,585
Notes and accounts receivable - trade	1,126,072	1,744,906
Advance payments - trade	96,267	145,914
Other	256,894	313,330
Allowance for doubtful accounts	△200	△200
Total current assets	2,269,183	4,976,536
Non-current assets		
Property, plant and equipment		
Buildings	199,740	198,989
Accumulated depreciation and impairment loss	△57,353	△71,657
Buildings, net	142,387	127,331
Tools, furniture and fixtures	469,379	480,086
Accumulated depreciation and impairment loss	△359,075	△385,267
Tools, furniture and fixtures, net	110,303	94,818
Other	168,947	462,980
Accumulated depreciation	△128,944	△188,815
Other, net	40,002	274,164
Total property, plant and equipment	292,693	496,314
Intangible assets		
Software	1,726,365	1,815,178
Software in progress	299,490	279,992
Goodwill	879,818	767,851
Other	62	62
Total intangible assets	2,905,737	2,863,085
Investments and other assets		
Investment securities	367,153	233,093
Shares of subsidiaries and associates	107,385	179,906
Leasehold and guarantee deposits	195,271	310,036
Deferred tax assets	161,362	436,796
Long-term prepaid expenses	263,684	53,316
Other	440,628	482,341
Allowance for doubtful accounts	△168	△168
Total investments and other assets	1,535,318	1,695,323
Total non-current assets	4,733,749	5,054,724
Total assets	7,002,932	10,031,260

(Thousands of yen)

	As of December 31, 2019	As of December 31, 2020
Liabilities		
Current liabilities		
Accounts payable - trade	247,652	461,930
Short-term borrowings	－	1,174,950
Current portion of long-term borrowings	546,110	1,411,690
Advances received	813,979	931,072
Provision for bonuses	110,055	214,894
Income taxes payable	8,655	37,993
Other	521,726	802,284
Total current liabilities	2,248,179	5,034,816
Non-current liabilities		
Long-term borrowings	1,663,280	904,380
Other	42,403	266,646
Total non-current liabilities	1,705,683	1,171,026
Total liabilities	3,953,863	6,205,842
Net assets		
Shareholders' equity		
Share capital	38,100	65,550
Capital surplus	2,777,744	2,805,194
Retained earnings	283,217	1,397,417
Treasury shares	△104,033	△399,963
Total shareholders' equity	2,995,029	3,868,198
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	43,281	－
Foreign currency translation adjustment	△12,910	△81,369
Total accumulated other comprehensive income	30,371	△81,369
Share acquisition rights	2,662	2,160
Non-controlling interests	21,006	36,428
Total net assets	3,049,069	3,825,417
Total liabilities and net assets	7,002,932	10,031,260

(2) Consolidated Statement of Income and Comprehensive Income

(Consolidated Statement of Income)

(Thousands of yen)

	Fiscal year ended December 31, 2019	Fiscal year ended December 31, 2020
Net sales	6,369,887	8,282,569
Cost of sales	4,056,157	4,417,119
Gross profit	2,313,730	3,865,450
Selling, general and administrative expenses	2,598,684	2,819,058
Operating profit (loss)	△284,953	1,046,392
Non-operating income		
Interest income	7,858	3,187
Dividend income	—	562
Guarantee commission received	4,264	4,276
Foreign exchange gains	1,552	26,776
Insurance claim income	980	3,036
Subsidy income	7,409	10,675
Gain on valuation of investment securities	524	15,099
Other	6,377	8,967
Total non-operating income	28,966	72,582
Non-operating expenses		
Interest expenses	20,986	23,014
Commission expenses	32,316	6,297
Rents	5,580	—
Share of loss of entities accounted for using equity method	25,614	63,935
Other	1,362	5,627
Total non-operating expenses	85,859	98,874
Ordinary profit (loss)	△341,846	1,020,100
Extraordinary income		
Gain on sales of shares of subsidiaries	1,226,201	—
Gain on sales of investment securities	—	148,122
Other	—	502
Total extraordinary income	1,226,201	148,625
Extraordinary losses		
Impairment loss	371,445	61,188
Head office transfer cost	7,232	—
Loss on valuation of investment securities	390,545	132,612
Loss on transfer of receivables	141,746	—
Other	56,907	19,224
Total extraordinary losses	967,877	213,026
Profit (loss) before income taxes	△83,522	955,699
Income taxes - current	16,315	48,668
Income taxes - deferred	△125,263	△246,552
Total income taxes	△108,948	△197,883
Profit	25,425	1,153,583
Profit (loss) attributable to non-controlling interests	△8,960	15,304
Profit attributable to owners of parent	34,386	1,138,279

(Consolidated Statement of Comprehensive Income)

(Thousands of yen)

	Fiscal year ended December 31, 2019	Fiscal year ended December 31, 2020
Profit	25,425	1,153,583
Other comprehensive income		
Valuation difference on available-for-sale securities	43,281	△43,281
Foreign currency translation adjustment	△22,291	△68,459
Total other comprehensive income	20,989	△111,741
Comprehensive income	46,415	1,041,842
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	55,121	1,026,419
Comprehensive income attributable to non-controlling interests	△8,705	15,422

(3) Consolidated Statements of Changes in Net Assets
Fiscal year ended December 31, 2019

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,451,291	2,695,522	△2,437,172	△15,651	3,693,989
Cumulative effects of changes in accounting policies	-	-	△471,232	-	△471,232
Restated balance	3,451,291	2,695,522	△2,908,405	△15,651	3,222,756
Changes during period					
Issuance of new shares	8,100	8,100	-	-	16,200
Profit attributable to owners of parent	-	-	34,386	-	34,386
Purchase of treasury shares	-	-	-	△99,978	△99,978
Disposal of treasury shares	-	-	-	11,597	11,597
Capital reduction	△3,421,291	3,421,291	-	-	-
Deficit disposition	-	△3,347,168	3,347,168	-	-
Sales of shares of consolidated subsidiaries	-	-	△175,972	-	△175,972
Change in scope of consolidation	-	-	△13,959	-	△13,959
Net changes in items other than shareholders' equity	-	-	-	-	-
Total changes during period	△3,413,191	82,222	3,191,623	△88,381	△227,727
Balance at end of period	38,100	2,777,744	283,217	△104,033	2,995,029

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	-	9,381	9,381	2,662	824,078	4,530,111
Cumulative effects of changes in accounting policies	-	-	-	-	-	△471,232
Restated balance	-	9,381	9,381	2,662	824,078	4,058,878
Changes during period						
Issuance of new shares	-	-	-	-	-	16,200
Profit attributable to owners of parent	-	-	-	-	-	34,386
Purchase of treasury shares	-	-	-	-	-	△99,978
Disposal of treasury shares	-	-	-	-	-	11,597
Capital reduction	-	-	-	-	-	-
Deficit disposition	-	-	-	-	-	-
Sales of shares of consolidated subsidiaries	-	-	-	-	-	△175,972
Change in scope of consolidation	-	-	-	-	-	△13,959
Net changes in items other than shareholders' equity	43,281	△22,291	20,989	-	△803,072	△782,082
Total changes during period	43,281	△22,291	20,989	-	△803,072	△1,009,809
Balance at end of period	43,281	△12,910	30,371	2,662	21,006	3,049,069

Fiscal year ended December 31, 2020

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	38,100	2,777,744	283,217	△104,033	2,995,029
Changes during period					
Issuance of new shares	27,450	27,450	-	-	54,900
Dividends of surplus	-	-	△24,078	-	△24,078
Profit attributable to owners of parent	-	-	1,138,279	-	1,138,279
Purchase of treasury shares	-	-	-	△299,985	△299,985
Disposal of treasury shares	-	-	-	4,054	4,054
Net changes in items other than shareholders' equity	-	-	-	-	-
Total changes during period	27,450	27,450	1,114,200	△295,930	873,169
Balance at end of period	65,550	2,805,194	1,397,417	△399,963	3,868,198

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	43,281	△12,910	30,371	2,662	21,006	3,049,069
Changes during period						
Issuance of new shares	-	-	-	-	-	54,900
Dividends of surplus	-	-	-	-	-	△24,078
Profit attributable to owners of parent	-	-	-	-	-	1,138,279
Purchase of treasury shares	-	-	-	-	-	△299,985
Disposal of treasury shares	-	-	-	-	-	4,054
Net changes in items other than shareholders' equity	△43,281	△68,459	△111,741	△502	15,422	△96,820
Total changes during period	△43,281	△68,459	△111,741	△502	15,422	776,348
Balance at end of period	-	△81,369	△81,369	2,160	36,428	3,825,417

(4) Consolidated Statements of Cash flows

(Thousands of yen)

	Fiscal year ended December 31, 2019	Fiscal year ended December 31, 2020
Cash flows from operating activities		
Profit (loss) before income taxes	△83,522	955,699
Depreciation	852,892	834,793
Impairment loss	371,445	61,188
Amortization of goodwill	83,904	78,198
Share of loss (profit) of entities accounted for using equity method	25,614	63,935
Loss (gain) on sales of shares of subsidiaries	△1,226,201	—
Loss (gain) on valuation of investment securities	390,436	117,513
Loss (gain) on sales of investment securities	-	△148,122
Head office transfer cost	7,232	—
Increase (decrease) in allowance for doubtful accounts	168	—
Increase (decrease) in provision for bonuses	△5,974	108,578
Interest income	△7,858	△3,749
Interest expenses	20,986	23,014
Foreign exchange losses (gains)	△1,552	△26,776
Decrease (increase) in trade receivables	△173,093	△634,029
Decrease (increase) in advance payments - trade	283,526	△49,646
Increase (decrease) in trade payables	△500,343	217,062
Increase (decrease) in advances received	401,839	120,913
Other, net	86,425	251,886
Subtotal	525,924	1,970,458
Interest received	3,834	2,946
Interest paid	△20,821	△22,241
Income taxes refund	-	46,079
Income taxes paid	△135,694	△21,962
Net cash provided by (used in) operating activities	373,242	1,975,280
Cash flows from investing activities		
Purchase of property, plant and equipment	△218,166	△26,681
Proceeds from sales of property, plant and equipment	3,054	—
Purchase of intangible assets	△733,937	△860,113
Purchase of shares of subsidiaries and associates	△133,000	△133,000
Purchase of investment securities	△83,356	△117,377
Proceeds from sales of short-term and long-term investment securities	-	209,264
Payments into time deposits	△17,501	—
Proceeds from withdrawal of time deposits	30,001	—
Payments of leasehold and guarantee deposits	△2,887	△120,118
Proceeds from refund of leasehold and guarantee deposits	137,077	304
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	308,245	—
Other, net	△35,753	112,266
Net cash provided by (used in) investing activities	△746,222	△935,455