# Summary of Consolidated Financial Results for the Three Months Ended March 31, 2021 (Japanese GAAP)

April 28, 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/
Quarterly statement filing date (as planned): May 12, 2021

1.Results of the first quarter ended March 31, 2021

(millions of Yen, except per share amounts)

(1) Consolidated quarterly operating results:

| | Three months ended March 31, 2020 | | Three months ended March 31, 2021 | |
|---|---|---|---|---|
| | Amount | Change | Amount | Change |
| Net sales | ¥1,549 | −9.7% | ¥3,356 | +116.6% |
| Operating income | 70 | +148.9% | 820 | −% |
| Ordinary income | 87 | −% | 798 | +811.7% |
| Profit attributable to owners of parent | 73 | −% | 787 | +964.8% |
| Comprehensive income | −49 | −% | 808 | −% |
| Net income per share | 3.07 | | 32.43 | |
| Diluted net income per share | 2.98 | | 31.47 | |

(2) Consolidated financial position:

| | As of December 31, 2020 | As of March 31, 2021 |
|---|---|---|
| Total assets | ¥10,031 | ¥11,547 |
| Net assets | 3,825 | 4,265 |
| Capital adequacy ratio | 37.8% | 36.5% |
| Net assets per share | 156.41 | 174.29 |
| Owner's equity | 3,786 | 4,216 |

2.Dividends

(Yen)

| | Fiscal Year ended December 31, 2020 (Result) | Fiscal Year ended December 31, 2021 (Result) | Fiscal Year ending December 31, 2021 (forecast) |
|---|---|---|---|
| Dividend per share -1st quarter | − | − | |
| Dividend per share -2nd quarter | 0.00 | | 0.00 |
| Dividend per share -3rd quarter | − | | − |
| Dividend per share -fiscal year End | 4.00 | | 8.00 |
| Dividend per share –total | 4.00 | | 8.00 |

Note: Revisions to the forecast of cash dividends most recently announced: None

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 | ¥5,700 | +74.5% | ¥12,200 | +47.3% |
| Forecast-operating income | 1,000 | +286.0% | 2,400 | +129.4% |
| Forecast-ordinary income | 980 | +267.9% | 2,300 | +125.5% |
| Forecast-profit attributable to owners of parent | 900 | +113.2% | 2,000 | +75.7% |
| Forecast-net income per share | 37.09 | | 82.41 | |

Note: Revisions to the forecasts most recently announced: Yes

4.Others

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

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
(ii) Changes in accounting policies due to other reasons: None
(iii) Changes in accounting estimates: None
(iv) Restatement: None

(4) 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, 2020 | 24,500,600 shares | As of March 31, 2021 | 24,603,400 shares |

(ii) Number of treasury stock at the end of fiscal year

| | | | |
|---|---|---|---|
| As of December 31, 2020 | 290,243 shares | As of March 31, 2021 | 411,343 shares |

(iii) Average number of shares (quarterly period-YTD)

| | | | |
|---|---|---|---|
| Three months ended March 31, 2020 | 24,090,280 shares | Three months ended March 31, 2021 | 24,268,438 shares |

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* 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, 2020 | As of March 31, 2021 |
|---|---|---|
| Assets | | |
| Current assets | | |
| Cash and deposits | 2,772,585 | 2,545,945 |
| Notes and accounts receivable - trade | 1,744,906 | 2,240,074 |
| Advance payments - trade | 145,914 | 62,269 |
| Other | 313,330 | 451,129 |
| Allowance for doubtful accounts | △200 | △200 |
| Total current assets | 4,976,536 | 5,299,218 |
| Non-current assets | | |
| Property, plant and equipment | 496,314 | 1,616,177 |
| Intangible assets | | |
| Software | 1,815,178 | 1,842,917 |
| Software in progress | 279,992 | 388,261 |
| Goodwill | 767,851 | 789,218 |
| Other | 62 | 62 |
| Total intangible assets | 2,863,085 | 3,020,460 |
| Investments and other assets, gross | 1,695,323 | 1,611,841 |
| Total non-current assets | 5,054,724 | 6,248,479 |
| Total assets | 10,031,260 | 11,547,698 |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable - trade | 461,930 | 684,132 |
| Short-term borrowings | 1,174,950 | 1,300,000 |
| Current portion of long-term borrowings | 1,411,690 | 1,722,490 |
| Advances received | 931,072 | 794,843 |
| Provision for bonuses | 214,894 | 67,506 |
| Income taxes payable | 37,993 | 2,667 |
| Other | 802,284 | 1,195,643 |
| Total current liabilities | 5,034,816 | 5,767,283 |
| Non-current liabilities | | |
| Long-term borrowings | 904,380 | 685,736 |
| Asset retirement obligations | 14,347 | 245,042 |
| Other | 252,299 | 583,716 |
| Total non-current liabilities | 1,171,026 | 1,514,495 |
| Total liabilities | 6,205,842 | 7,281,779 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 65,550 | 77,115 |
| Capital surplus | 2,805,194 | 2,816,759 |
| Retained earnings | 1,397,417 | 2,093,721 |
| Treasury shares | △399,963 | △699,945 |
| Total shareholders' equity | 3,868,198 | 4,287,650 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | — | 10,182 |
| Foreign currency translation adjustment | △81,369 | △81,383 |
| Total accumulated other comprehensive income | △81,369 | △71,201 |
| Share acquisition rights | 2,160 | 2,160 |
| Non-controlling interests | 36,428 | 47,310 |
| Total net assets | 3,825,417 | 4,265,919 |
| Total liabilities and net assets | 10,031,260 | 11,547,698 |

(2) Consolidated Statement of Income and Comprehensive Income

(Consolidated Statement of Income)

(Thousands of yen)

| | Three months ended March 31, 2020 | Three months ended March 31, 2021 |
|---|---|---|
| Net sales | 1,549,488 | 3,356,189 |
| Cost of sales | 841,282 | 1,658,818 |
| Gross profit | 708,206 | 1,697,371 |
| Selling, general and administrative expenses | 637,768 | 876,727 |
| Operating profit | 70,438 | 820,644 |
| Non-operating income | | |
| Interest income | 843 | 603 |
| Dividend income | 476 | － |
| Guarantee commission received | 1,063 | － |
| Foreign exchange gains | 21,000 | － |
| Insurance claim income | 2,143 | 250 |
| Subsidy income | 6,571 | 6,449 |
| Gain on valuation of investment securities | 5,954 | 6,057 |
| Other | 660 | 5,601 |
| Total non-operating income | 38,714 | 18,962 |
| Non-operating expenses | | |
| Interest expenses | 4,617 | 6,518 |
| Foreign exchange losses | － | 11,309 |
| Commission expenses | 3,492 | 1,099 |
| Rents | － | 9,949 |
| Share of loss of entities accounted for using equity method | 11,308 | 8,321 |
| Other | 2,169 | 4,053 |
| Total non-operating expenses | 21,587 | 41,252 |
| Ordinary profit | 87,564 | 798,353 |
| Extraordinary income | | |
| Gain on sales of investment securities | 70,465 | － |
| Other | 502 | － |
| Total extraordinary income | 70,968 | － |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | 485 | 1,022 |
| Total extraordinary losses | 485 | 1,022 |
| Profit before income taxes | 158,047 | 797,330 |
| Income taxes - current | 7,194 | 309 |
| Income taxes - deferred | 73,880 | △1,036 |
| Total income taxes | 81,075 | △727 |
| Profit | 76,971 | 798,057 |
| Profit attributable to non-controlling interests | 3,054 | 11,020 |
| Profit attributable to owners of parent | 73,917 | 787,036 |

(Consolidated Statement of Comprehensive Income)

(Thousands of yen)

| | Three months ended March 31, 2020 | Three months ended March 31, 2021 |
|---|---|---|
| Profit | 76,971 | 798,057 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | △6,269 | 10,182 |
| Foreign currency translation adjustment | △120,631 | △13 |
| Total other comprehensive income | △126,900 | 10,168 |
| Comprehensive income | △49,928 | 808,226 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | △53,218 | 797,344 |
| Comprehensive income attributable to non-controlling interests | 3,289 | 10,881 |