

Summary of Consolidated Financial Results  
for the Six Months Ended June 30, 2021 (Japanese GAAP)

August 13, 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): August 13, 2021

1. Results of the second quarter ended June 30, 2021

(millions of Yen, except per share amounts)

(1) Consolidated quarterly operating results:

	Six months ended June 30, 2020		Six months ended June 30, 2021	
	Amount	Change	Amount	Change
Net sales	¥3,266	+5.0%	¥6,026	+84.5%
Operating income	259	—%	1,021	+294.2%
Ordinary income	266	—%	938	+252.3%
Profit attributable to owners of parent	422	+124.9%	910	+115.7%
Comprehensive income	288	+82.3%	937	+225.4%
Net income per share	17.50		37.57	
Diluted net income per share	16.95		36.48	

(2) Consolidated financial position:

	As of December 31, 2020	As of June 30, 2021
Total assets	¥10,031	¥13,550
Net assets	3,825	4,392
Capital adequacy ratio	37.8%	32.1%
Net assets per share	156.41	179.63
Owner's equity	3,786	4,348

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)

	Fiscal Year ending December 31, 2021	
	Amount	Change
Forecast-net sales	¥13,000	+57.0%
Forecast-operating income	2,400	+129.4%
Forecast-ordinary income	2,300	+125.5%
Forecast-profit attributable to owners of parent	2,000	+75.7%
Forecast-net income per share	81.23	

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): Yes

Number of subsidiaries newly consolidated: 1 (Xyvid, Inc.)

Number of subsidiaries excluded from consolidation: —

(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 June 30, 2021	24,620,600 shares
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(ii) Number of treasury stock at the end of fiscal year

As of December 31, 2020	290,243 shares	As of June 30, 2021	411,343 shares
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(iii) Average number of shares (quarterly period-YTD)

Six months ended June 30, 2020	24,121,522 shares	Six months ended June 30, 2021	24,233,802 shares
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\* 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 June 30, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	2,772,585	2,835,427
Notes and accounts receivable - trade	1,744,906	1,786,036
Advance payments - trade	145,914	61,096
Other	313,330	513,288
Allowance for doubtful accounts	△200	△200
Total current assets	4,976,536	5,195,648
Non-current assets		
Property, plant and equipment	496,314	1,737,769
Intangible assets		
Software	1,815,178	2,011,699
Software in progress	279,992	499,885
Goodwill	767,851	2,321,474
Other	62	62
Total intangible assets	2,863,085	4,833,122
Investments and other assets, gross	1,695,323	1,783,894
Total non-current assets	5,054,724	8,354,786
Total assets	10,031,260	13,550,435
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	461,930	486,952
Short-term borrowings	1,174,950	1,800,000
Current portion of long-term borrowings	1,411,690	975,840
Advances received	931,072	1,022,155
Provision for bonuses	214,894	85,684
Income taxes payable	37,993	18,164
Other	802,284	731,833
Total current liabilities	5,034,816	5,120,631
Non-current liabilities		
Long-term borrowings	904,380	3,173,068
Asset retirement obligations	14,347	245,088
Other	252,299	618,710
Total non-current liabilities	1,171,026	4,036,867
Total liabilities	6,205,842	9,157,498
<b>Net assets</b>		
Shareholders' equity		
Share capital	65,550	79,050
Capital surplus	2,805,194	2,818,694
Retained earnings	1,397,417	2,210,998
Treasury shares	△399,963	△699,945
Total shareholders' equity	3,868,198	4,408,797
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-	10,182
Foreign currency translation adjustment	△81,369	△70,199
Total accumulated other comprehensive income	△81,369	△60,017
Share acquisition rights	2,160	2,160
Non-controlling interests	36,428	41,996
Total net assets	3,825,417	4,392,936
Total liabilities and net assets	10,031,260	13,550,435

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

(Thousands of yen)

	Six months ended June 30, 2020	Six months ended June 30, 2021
Net sales	3,266,849	6,026,108
Cost of sales	1,749,625	3,149,202
Gross profit	1,517,224	2,876,905
Selling, general and administrative expenses	1,258,178	1,855,616
Operating profit	259,046	1,021,288
Non-operating income		
Interest income	1,690	984
Dividend income	476	—
Guarantee commission received	2,126	—
Foreign exchange gains	23,366	—
Insurance claim income	2,335	550
Subsidy income	10,611	6,782
Gain on valuation of investment securities	5,954	6,057
Other	3,170	8,552
Total non-operating income	49,732	22,926
Non-operating expenses		
Interest expenses	9,328	15,004
Foreign exchange losses	—	14,592
Commission expenses	4,113	16,349
Rents-NOE	—	31,073
Share of loss of entities accounted for using equity method	26,760	19,319
Other	2,169	9,366
Total non-operating expenses	42,371	105,707
Ordinary profit	266,407	938,506
Extraordinary income		
Gain on sales of investment securities	148,122	—
Other	502	—
Total extraordinary income	148,625	—
Extraordinary losses		
Loss on retirement of non-current assets	482	1,026
Other	—	1,010
Total extraordinary losses	482	2,037
Profit before income taxes	414,550	936,469
Income taxes - current	52,246	15,894
Income taxes - deferred	△67,976	4,477
Total income taxes	△15,729	20,371
Profit	430,279	916,098
Profit attributable to non-controlling interests	8,130	5,676
Profit attributable to owners of parent	422,149	910,421

(Consolidated Statement of Comprehensive Income)

(Thousands of yen)

	Six months ended June 30, 2020	Six months ended June 30, 2021
Profit	430,279	916,098
Other comprehensive income		
Valuation difference on available-for-sale securities	△43,281	10,182
Foreign currency translation adjustment	△98,945	11,170
Total other comprehensive income	△142,227	21,352
Comprehensive income	288,052	937,450
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	279,760	931,883
Comprehensive income attributable to non-controlling interests	8,291	5,567

## (3) Consolidated Statements of Cash flows

(Thousands of yen)

	Six months ended June 30, 2020	Six months ended June 30, 2021
<b>Cash flows from operating activities</b>		
Profit before income taxes	414,550	936,469
Depreciation	388,525	476,540
Amortization of goodwill	39,109	49,260
Share of loss (profit) of entities accounted for using equity method	26,760	19,319
Loss (gain) on valuation of investment securities	△148,122	△6,057
Increase (decrease) in allowance for doubtful accounts	—	726
Increase (decrease) in provision for bonuses	7,085	△133,532
Interest and dividend income	△2,167	△984
Interest expenses	9,328	15,004
Foreign exchange losses (gains)	△23,366	14,592
Decrease (increase) in trade receivables	513,844	74,160
Decrease (increase) in advance payments - trade	△26,588	84,817
Increase (decrease) in trade payables	8,834	24,581
Increase (decrease) in advances received	△115,478	86,424
Decrease (increase) in prepaid expenses	△76,743	△141,237
Increase (decrease) in accrued consumption taxes	13,429	△161,594
Other, net	△99,122	△99,401
<b>Subtotal</b>	<b>929,879</b>	<b>1,239,091</b>
Interest and dividends received	2,144	10,729
Interest paid	△8,364	△13,692
Income taxes refund	46,079	88
Income taxes paid	△12,715	△37,890
<b>Net cash provided by (used in) operating activities</b>	<b>957,022</b>	<b>1,198,326</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	△7,809	△545,764
Purchase of intangible assets	△349,316	△740,490
Purchase of shares of subsidiaries and associates	△133,000	△133,000
Purchase of investment securities	△115,540	△52,929
Proceeds from sales of investment securities	209,264	—
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	△1,675,510
Other, net	144,332	△33,113
<b>Net cash provided by (used in) investing activities</b>	<b>△252,068</b>	<b>△3,180,808</b>

(Thousands of yen)

	Six months ended June 30, 2020	Six months ended June 30, 2021
Net increase (decrease) in short-term borrowings	1,191,650	625,050
Proceeds from long-term borrowings	6,741	3,075,908
Repayments of long-term borrowings	△290,240	△1,243,070
Proceeds from issuance of shares	23,760	27,000
Purchase of treasury shares	—	△299,982
Proceeds from sales of treasury shares	2,640	—
Dividends paid	△23,853	△95,591
Repayments of lease obligations	△12,010	△107,378
Net cash provided by (used in) financing activities	898,687	1,981,936
Effect of exchange rate change on cash and cash equivalents	△17,713	63,388
Net increase (decrease) in cash and cash equivalents	1,585,929	62,842
Cash and cash equivalents at beginning of period	790,148	2,772,585
Cash and cash equivalents at end of period	2,376,077	2,835,427