

Summary of Consolidated Financial Results
for the Year Ended December 31, 2021 (Japanese GAAP)

February 10, 2022

Company name: V-cube, Inc.

Securities code: 3681

Stock exchange listings: The First Section of the Tokyo Stock Exchange

URL: (Japanese) <https://jp.vcube.com/> (English) <http://www.vcube.com/>

Date of general shareholders' meeting (as planned): March 29, 2022

Annual securities report filing date (as planned): March 30, 2022

Date of commerce dividend payments (as planned): March 30, 2022

1. Results of the year ended December 31, 2021

(millions of Yen, except per share amounts)

(1) Consolidated operating results:

Fiscal year ended	Net sales		Adjusted EBITDA		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Dec. 31, 2021	11,493	38.8	2,651	35.3	1,335	27.7	1,217	19.4	978	-14.0
Dec. 31, 2020	8,282	30.0	1,959	—	1,046	—	1,020	—	1,138	3,210.3

Note: Comprehensive income For the fiscal year ended Dec. 31, 2021: ¥1,362 million [30.8%]
For the fiscal year ended Dec. 31, 2020: ¥1,041 million [2,232.6%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
Dec. 31, 2021	40.41	39.33	23.1	9.8	11.6
Dec. 31, 2020	47.10	45.52	33.4	12.0	12.6

Reference: Share of profit (loss) of entities accounted for using equity method
For the fiscal year ended Dec. 31, 2021: ¥-34 million
For the fiscal year ended Dec. 31, 2020: ¥-63 million

(2) Consolidated financial position:

As of	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Dec. 31, 2021	14,892	4,734	31.4	192.83
Dec. 31, 2020	10,031	3,825	37.8	156.41

Reference: Owner's equity As of Dec. 31, 2021: ¥4,680 million
As of Dec. 31, 2020: ¥3,786 million

(3) Consolidated cash flows

Fiscal year ended	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Dec. 31, 2021	2,087	-5,965	2,829	1,823
Dec. 31, 2020	1,975	-935	950	2,772

2. Dividends

Fiscal year ended	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Dec. 31, 2020	-	0.00	-	4.00	4.00	96	8.5	2.8
Dec. 31, 2021	-	0.00	-	8.00	8.00	194	19.8	4.6
Dec. 31, 2022 (Forecast)	-	0.00	-	8.00	8.00		12.9	

3. Consolidated forecasts

(millions of Yen, except per share amounts)

	Net sales		Adjusted EBITDA		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ended Jun. 30, 2022	6,700	11.2	1,500	-3.0	850	-16.7	800	-14.7	700	-23.1	28.84
Fiscal year ended Dec. 31, 2022	13,900	20.9	3,380	27.5	2,000	49.8	1,900	56.1	1,500	53.4	61.80

4. Others

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): Yes

Newly consolidated subsidiaries: 1 (Xyvid, Inc.)

Excluded subsidiaries: 1 (V-cube Global Services Pte. Ltd.)

(2) 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

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

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

As of December 31, 2020	24,500,600 shares	As of December 31, 2021	24,737,400 shares
-------------------------	-------------------	-------------------------	-------------------

(ii) Number of treasury stock at the end of the period

As of December 31, 2020	290,243 shares	As of December 31, 2021	466,443 shares
-------------------------	----------------	-------------------------	----------------

(iii) Average number of shares outstanding during the period

Fiscal year ended December 31, 2020	24,167,106 shares	Fiscal year ended December 31, 2021	24,625,923 shares
-------------------------------------	-------------------	-------------------------------------	-------------------

(4) Formula for each management index

Adjusted EBITDA: Operating income + Depreciation & amortization \pm EBITDA adjustment items (*)

(*) EBITDA adjustments items: Gains/losses on non-recurring or discontinued operations within operating revenues and expenses (M&A-related expenses, gains/losses from exited business etc.)

(Reference) Summary of the Non-consolidated Financial Results

(1) Non-consolidated Results of Operations:

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended Dec. 31, 2021	9,746	35.1	981	28.6	1,660	124.7	1,692	737.6
Dec. 31, 2020	7,212	40.1	762	746.7	738	1,470.2	202	-71.0

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
Dec. 31, 2021	69.90	68.04
Dec. 31, 2020	8.36	8.08

(2) Non-consolidated Financial Position:

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
Dec. 31, 2021	14,447	4,681	32.4	192.78
Dec. 31, 2020	9,670	3,419	35.3	141.15

Reference: Owner's equity As of Dec. 31, 2021: ¥4,679 million
As of Dec. 31, 2020: ¥3,417 million

* Financial results reports are exempt from audit 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 December 31, 2021
Assets		
Current assets		
Cash and deposits	2,772,585	1,823,797
Notes and accounts receivable - trade	1,744,906	1,728,357
Advance payments to suppliers	145,914	49,156
Other	313,330	649,902
Allowance for doubtful accounts	△200	△200
Total current assets	4,976,536	4,251,014
Non-current assets		
Property, plant and equipment		
Buildings	198,989	901,246
Accumulated depreciation and impairment	△71,657	△111,975
Buildings, net	127,331	789,271
Tools, furniture and fixtures	480,086	726,099
Accumulated depreciation and impairment	△385,267	△419,330
Tools, furniture and fixtures, net	94,818	306,768
Leased assets	462,980	899,895
Accumulated depreciation	△188,815	△301,122
Leased assets, net	274,164	598,772
Total property, plant and equipment	496,314	1,694,812
Intangible assets		
Software	1,815,178	1,704,740
Software in progress	279,992	661,894
Goodwill	767,851	4,137,744
Other	62	62
Total intangible assets	2,863,085	6,504,443
Investments and other assets		
Investment securities	233,093	273,208
Shares of subsidiaries and associates	179,906	307,569
Long-term loans receivable	—	20,000
Leasehold and guarantee deposits	310,036	305,460
Deferred tax assets	436,796	906,759
Long-term prepaid expenses	53,316	82,102
Other	482,341	548,418
Allowance for doubtful accounts	△168	△894
Total investments and other assets	1,695,323	2,442,624
Total non-current assets	5,054,724	10,641,880
Total assets	10,031,260	14,892,895

(Thousands of yen)

	As of December 31, 2020	As of December 31, 2021
Liabilities		
Current liabilities		
Accounts payable - trade	461,930	546,312
Short-term borrowings	1,174,950	1,642,912
Current portion of long-term borrowings	1,411,690	512,980
Advances received	931,072	882,928
Provision for bonuses	214,894	104,119
Income taxes payable	37,993	51,897
Other	802,284	837,834
Total current liabilities	5,034,816	4,578,983
Non-current liabilities		
Long-term borrowings	904,380	4,828,100
Lease obligations	244,518	496,941
Asset retirement obligations	14,347	245,219
Other	7,780	8,925
Total non-current liabilities	1,171,026	5,579,185
Total liabilities	6,205,842	10,158,169
Net assets		
Shareholders' equity		
Share capital	65,550	92,190
Capital surplus	2,805,194	2,831,834
Retained earnings	1,397,417	2,264,193
Treasury shares	△399,963	△794,757
Total shareholders' equity	3,868,198	4,393,460
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	—	7,380
Foreign currency translation adjustment	△81,369	279,389
Total accumulated other comprehensive income	△81,369	286,769
Share acquisition rights	2,160	2,160
Non-controlling interests	36,428	52,336
Total net assets	3,825,417	4,734,726
Total liabilities and net assets	10,031,260	14,892,895

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

(Thousands of yen)

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Net sales	8,282,569	11,493,601
Cost of sales	4,417,119	6,188,446
Gross profit	3,865,450	5,305,155
Selling, general and administrative expenses	2,819,058	3,969,236
Operating profit	1,046,392	1,335,918
Non-operating income		
Interest income	3,187	2,183
Dividend income	562	—
Guarantee commission received	4,276	—
Foreign exchange gains	26,776	—
Insurance claim income	3,036	9,280
Subsidy income	10,675	19,770
Gain on valuation of investment securities	15,099	8,652
Other	8,967	11,119
Total non-operating income	72,582	51,006
Non-operating expenses		
Interest expenses	23,014	34,692
Foreign exchange losses	—	25,245
Commission expenses	6,297	29,434
Rents	—	31,723
Share of loss of entities accounted for using equity method	63,935	34,675
Other	5,627	13,609
Total non-operating expenses	98,874	169,382
Ordinary profit	1,020,100	1,217,542
Extraordinary income		
Gain on sale of investment securities	148,122	—
Other	502	92
Total extraordinary income	148,625	92
Extraordinary losses		
Impairment losses	61,188	475,282
Loss on valuation of investment securities	132,612	—
Loss on liquidation of subsidiaries	—	77,469
Other	19,224	15,080
Total extraordinary losses	213,026	567,832
Profit before income taxes	955,699	649,802
Income taxes - current	48,668	122,605
Income taxes - deferred	△246,552	△467,635
Total income taxes	△197,883	△345,030
Profit	1,153,583	994,833
Profit attributable to non-controlling interests	15,304	16,182
Profit attributable to owners of parent	1,138,279	978,650

(Consolidated Statement of Comprehensive Income)

(Thousands of yen)

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Profit	1,153,583	994,833
Other comprehensive income		
Valuation difference on available-for-sale securities	△43,281	7,380
Foreign currency translation adjustment	△68,459	360,759
Total other comprehensive income	△111,741	368,139
Comprehensive income	1,041,842	1,362,972
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,026,419	1,347,065
Comprehensive income attributable to non-controlling interests	15,422	15,907

(3) Consolidated Statements of Changes in Net Assets
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

Fiscal year ended December 31, 2021

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	65,550	2,805,194	1,397,417	△399,963	3,868,198
Changes during period					
Issuance of new shares	26,640	26,640	-	-	53,280
Dividends of surplus	-	-	△96,841	-	△96,841
Profit attributable to owners of parent	-	-	978,650	-	978,650
Purchase of treasury shares	-	-	-	△394,793	△394,793
Disposal of treasury shares	-	-	-	-	-
Change in scope of consolidation	-	-	△15,034	-	△15,034
Net changes in items other than shareholders' equity	-	-	-	-	-
Total changes during period	26,640	26,640	866,775	△394,793	525,261
Balance at end of period	92,190	2,831,834	2,264,193	△794,757	4,393,460

	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	-	△81,369	△81,369	2,160	36,428	3,825,417
Changes during period						
Issuance of new shares	-	-	-	-	-	53,280
Dividends of surplus	-	-	-	-	-	△96,841
Profit attributable to owners of parent	-	-	-	-	-	978,650
Purchase of treasury shares	-	-	-	-	-	△394,793
Disposal of treasury shares	-	-	-	-	-	-
Change in scope of consolidation	-	-	-	-	-	△15,034
Net changes in items other than shareholders' equity	7,380	360,759	368,139	-	15,907	384,046
Total changes during period	7,380	360,759	368,139	-	15,907	909,308
Balance at end of period	7,380	279,389	286,769	2,160	52,336	4,734,726

(4) Consolidated Statements of Cash flows

(Thousands of yen)

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Cash flows from operating activities		
Profit before income taxes	955,699	649,802
Depreciation	834,793	1,032,560
Impairment losses	61,188	475,282
Amortization of goodwill	78,198	213,278
Share of loss (profit) of entities accounted for using equity method	63,935	34,675
Loss (gain) on valuation of investment securities	117,513	△1,357
Loss (gain) on sale of investment securities	△148,122	—
Increase (decrease) in allowance for doubtful accounts	—	726
Increase (decrease) in provision for bonuses	108,578	△118,516
Interest income	△3,749	△2,183
Interest expenses	23,014	34,692
Foreign exchange losses (gains)	△26,776	25,245
Decrease (increase) in trade receivables	△634,029	153,310
Decrease (increase) in advance payments to suppliers	△49,646	96,757
Increase (decrease) in trade payables	217,062	82,215
Increase (decrease) in advances received	120,913	△56,247
Decrease (increase) in prepaid expenses	△79,650	△167,250
Increase (decrease) in accrued consumption taxes	211,142	△124,946
Other, net	120,394	△103,284
Subtotal	1,970,458	2,224,760
Interest received	2,946	11,193
Interest paid	△22,241	△35,686
Income taxes refund	46,079	88
Income taxes paid	△21,962	△112,887
Net cash provided by (used in) operating activities	1,975,280	2,087,470
Cash flows from investing activities		
Purchase of property, plant and equipment	△26,681	△694,454
Purchase of intangible assets	△860,113	△1,418,922
Purchase of shares of subsidiaries and associates	△133,000	△133,000
Purchase of investment securities	△117,377	△69,594
Proceeds from sale of short-term and long-term investment securities	209,264	—
Payments of leasehold and guarantee deposits	△120,118	—
Proceeds from refund of leasehold and guarantee deposits	304	554
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	△3,564,265
Other, net	112,266	△86,029
Net cash provided by (used in) investing activities	△935,455	△5,965,713

(Thousands of yen)

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,174,950	467,962
Proceeds from long-term borrowings	700,000	4,952,000
Repayments of long-term borrowings	△593,320	△1,926,990
Proceeds from issuance of shares	54,900	53,280
Purchase of treasury shares	△299,985	△394,793
Dividends paid	△23,882	△95,739
Repayments of lease obligations	△52,035	△226,250
Other, net	△9,870	—
Net cash provided by (used in) financing activities	950,756	2,829,467
Effect of exchange rate change on cash and cash equivalents	△8,144	99,987
Net increase (decrease) in cash and cash equivalents	1,982,436	△948,787
Cash and cash equivalents at beginning of period	790,148	2,772,585
Cash and cash equivalents at end of period	2,772,585	1,823,797