

Summary of Consolidated Financial Results
for the Six Months Ended June 30, 2022 (Japanese GAAP)

August 12, 2022

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 12, 2022

1. Results of the Second quarter ended June 30, 2022

(millions of Yen, except per share amounts)

(1) Consolidated quarterly operating results:

	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	%
Six months ended										
Jun. 30, 2022	6,610	9.7	1,270	-17.9	673	-34.1	633	-32.5	519	-42.9
Jun. 30, 2021	6,026	84.5	1,547	125.3	1,021	294.2	938	252.3	910	115.7

Note: Comprehensive income For six months ended Jun. 30, 2022: ¥1,633 million [74.2%]
For six months ended Jun. 30, 2021: ¥937 million [225.4%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
Jun. 30, 2022	21.42	21.12
Jun. 30, 2021	37.57	36.48

(2) Consolidated financial position:

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
Jun. 30, 2022	17,834	6,538	36.2	266.15
Dec. 31, 2021	15,259	5,100	33.1	207.92

Reference: Owner's equity As of Jun. 30, 2022: ¥6,459 million
As of Dec. 31, 2021: ¥5,046 million

2. Dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Dec. 31, 2021	-	0.00	-	8.00	8.00
Fiscal year ended Dec. 31, 2022	-	0.00			
Fiscal year ending Dec. 31, 2022 (Forecast)		0.00	-	8.00	8.00

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

3. Consolidated forecasts

(millions of Yen, except per share amounts)

	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
Fiscal year ended Dec. 31, 2022	13,900	20.9	3,380	27.5	2,000	48.0	1,900	54.2	1,500	13.3	61.80

Note: Revisions to the forecasts most recently announced: None

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: Yes
 - (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, 2021	24,737,400 shares	As of June 30, 2022	24,737,400 shares
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(ii) Number of treasury stock at the end of fiscal year

As of December 31, 2021	466,443 shares	As of June 30, 2022	466,443 shares
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(iii) Average number of shares (quarterly period-YTD)

Six months ended June 30, 2021	24,233,802 shares	Six months ended June 30, 2022	24,270,957 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, 2021	As of June 30, 2022
Assets		
Current assets		
Cash and deposits	1,823,797	2,763,497
Notes and accounts receivable - trade	1,728,357	1,935,857
Advance payments to suppliers	49,156	48,550
Other	621,147	717,069
Allowance for doubtful accounts	△200	△20,896
Total current assets	4,222,259	5,444,078
Non-current assets		
Property, plant and equipment	1,694,812	1,734,371
Intangible assets		
Software	1,704,740	2,029,651
Software in progress	661,894	868,919
Goodwill	3,759,122	4,246,943
Other	62	62
Total intangible assets	6,125,820	7,145,577
Investments and other assets		
Investment securities	273,208	371,314
Shares of subsidiaries and associates	307,569	350,285
Leasehold and guarantee deposits	305,460	349,452
Long-term loans receivable	48,755	50,602
Deferred tax assets	1,651,506	1,761,447
Long-term prepaid expenses	82,102	63,267
Other	548,418	565,444
Allowance for doubtful accounts	△894	△999
Total investments and other assets	3,216,127	3,510,814
Total non-current assets	11,036,760	12,390,763
Total assets	15,259,020	17,834,842

(Thousands of yen)

	As of December 31, 2021	As of June 30, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	546,312	362,715
Short-term borrowings	1,642,912	3,042,889
Current portion of long-term borrowings	512,980	1,755,860
Contract liabilities	882,928	1,019,028
Provision for bonuses	104,119	94,340
Income taxes payable	51,897	44,964
Other	837,834	1,032,955
Total current liabilities	4,578,983	7,352,753
Non-current liabilities		
Long-term borrowings	4,828,100	3,293,300
Lease obligations	496,941	395,475
Asset retirement obligations	245,219	245,350
Other	8,925	9,529
Total non-current liabilities	5,579,185	3,943,656
Total liabilities	10,158,169	11,296,409
Net assets		
Shareholders' equity		
Share capital	92,190	92,190
Capital surplus	2,831,834	2,831,834
Retained earnings	2,609,803	2,935,454
Treasury shares	△794,757	△794,757
Total shareholders' equity	4,739,070	5,064,721
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,380	48,650
Foreign currency translation adjustment	299,904	1,346,321
Total accumulated other comprehensive income	307,284	1,394,972
Share acquisition rights	2,160	2,160
Non-controlling interests	52,336	76,578
Total net assets	5,100,851	6,538,432
Total liabilities and net assets	15,259,020	17,834,842

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

(Thousands of yen)

	Six months ended June 30, 2021	Six months ended June 30, 2022
Net sales	6,026,108	6,610,479
Cost of sales	3,149,202	3,524,978
Gross profit	2,876,905	3,085,501
Selling, general and administrative expenses	1,855,616	2,412,279
Operating profit	1,021,288	673,221
Non-operating income		
Interest income	984	1,702
Insurance claim income	550	1,670
Subsidy income	6,782	5,536
Gain on valuation of investment securities	6,057	—
Other	8,552	2,257
Total non-operating income	22,926	11,167
Non-operating expenses		
Interest expenses	15,004	22,578
Foreign exchange losses	14,592	13,101
Commission expenses	16,349	229
Rents-NOE	31,073	2,984
Share of loss of entities accounted for using equity method	19,319	11,610
Other	9,366	242
Total non-operating expenses	105,707	50,746
Ordinary profit	938,506	633,642
Extraordinary losses		
Loss on retirement of non-current assets	1,026	759
Loss on cancellation of leases	—	8,564
Litigation settlement	—	7,510
Other	1,010	630
Total extraordinary losses	2,037	17,464
Profit before income taxes	936,469	616,177
Income taxes - current	15,894	35,248
Income taxes - deferred	4,477	35,378
Total income taxes	20,371	70,626
Profit	916,098	545,550
Profit attributable to non-controlling interests	5,676	25,731
Profit attributable to owners of parent	910,421	519,818

(Consolidated Statement of Comprehensive Income)

(Thousands of yen)

	Six months ended June 30, 2021	Six months ended June 30, 2022
Profit	916,098	545,550
Other comprehensive income		
Valuation difference on available-for-sale securities	10,182	41,270
Foreign currency translation adjustment	11,170	1,046,417
Total other comprehensive income	21,352	1,087,687
Comprehensive income	937,450	1,633,238
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	931,883	1,608,995
Comprehensive income attributable to non-controlling interests	5,567	24,242

(3) Consolidated Statements of Cash flows

(Thousands of yen)

	Six months ended June 30, 2021	Six months ended June 30, 2022
Cash flows from operating activities		
Profit before income taxes	936,469	616,177
Depreciation	476,540	437,818
Amortization of goodwill	49,260	156,230
Share of loss (profit) of entities accounted for using equity method	19,319	11,610
Loss (gain) on valuation of investment securities	△6,057	—
Increase (decrease) in allowance for doubtful accounts	726	20,802
Increase (decrease) in provision for bonuses	△133,532	△20,047
Interest and dividend income	△984	△1,702
Interest expenses	15,004	22,578
Foreign exchange losses (gains)	14,592	13,101
Decrease (increase) in trade receivables	74,160	△137,176
Decrease (increase) in advance payments to suppliers	84,817	606
Increase (decrease) in trade payables	24,581	△191,642
Increase (decrease) in advances received	86,424	120,575
Decrease (increase) in prepaid expenses	△141,237	△186,221
Increase (decrease) in accrued consumption taxes	△161,594	69,056
Other, net	△99,401	195,113
Subtotal	1,239,091	1,126,879
Interest and dividends received	10,729	2,818
Interest paid	△13,692	△22,711
Income taxes refund	88	—
Income taxes paid	△37,890	△43,461
Net cash provided by (used in) operating activities	1,198,326	1,063,525
Cash flows from investing activities		
Purchase of property, plant and equipment	△545,764	△220,913
Purchase of intangible assets	△740,490	△732,918
Purchase of shares of subsidiaries and associates	△133,000	△50,000
Purchase of investment securities	△52,929	△23,481
Payments of leasehold and guarantee deposits	△437	△45,888
Purchase of shares of subsidiaries resulting in change in scope of consolidation	△1,675,510	—
Other, net	△32,675	△16,920
Net cash provided by (used in) investing activities	△3,180,808	△1,090,123

(Thousands of yen)

	Six months ended June 30, 2021	Six months ended June 30, 2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	625,050	1,399,977
Proceeds from long-term borrowings	3,075,908	—
Repayments of long-term borrowings	△1,243,070	△291,920
Proceeds from issuance of shares	27,000	—
Purchase of treasury shares	△299,982	—
Dividends paid	△95,591	△190,988
Repayments of lease obligations	△107,378	△87,285
Net cash provided by (used in) financing activities	1,981,936	829,782
Effect of exchange rate change on cash and cash equivalents	63,388	136,514
Net increase (decrease) in cash and cash equivalents	62,842	939,699
Cash and cash equivalents at beginning of period	2,772,585	1,823,797
Cash and cash equivalents at end of period	2,835,427	2,763,497