

Summary of Consolidated Financial Results
for the Year Ended December 31, 2022 (Japanese GAAP)

February 14, 2023

Company name: V-cube, Inc.

Securities code: 3681

Stock exchange listings: The Prime Market of the Tokyo Stock Exchange

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

Date of general shareholders' meeting (as planned): March 28, 2023

Annual securities report filing date (as planned): March 31, 2023

Date of commerce dividend payments (as planned): March 29, 2023

1. Results of the year ended December 31, 2022

(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, 2022	12,229	6.0	1,945	-26.6	675	-50.0	612	-50.3	84	-93.6
Dec. 31, 2021	11,493	38.8	2,651	35.3	1,351	29.1	1,232	20.9	1,324	16.3

Note: Comprehensive income For the fiscal year ended Dec. 31, 2022: ¥1,084 million [-37.3%]
For the fiscal year ended Dec. 31, 2021: ¥1,729 million [66.0%]

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, 2022	3.49	3.43	1.6	3.8	5.5
Dec. 31, 2021	54.68	53.22	30.0	9.8	11.8

Reference: Share of profit (loss) of entities accounted for using equity method
For the fiscal year ended Dec. 31, 2022: ¥-22 million
For the fiscal year ended Dec. 31, 2021: ¥-34 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, 2022	16,891	5,989	34.9	243.12
Dec. 31, 2021	15,259	5,100	33.1	207.92

Reference: Owner's equity As of Dec. 31, 2022: ¥6,204 million
As of Dec. 31, 2021: ¥5,046 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, 2022	1,833	-2,395	290	1,699
Dec. 31, 2021	2,087	-5,965	2,829	1,823

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, 2021	-	0.00	-	8.00	8.00	194	14.6	4.4
Dec. 31, 2022	-	0.00	-	4.00	4.00	97	50.6	3.5
Dec. 31, 2023 (Forecast)	-	0.00	-	4.00	4.00		27.7	

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, 2023	6,200	-6.2	670	-47.2	350	-48.0	320	-49.4	180	-65.3	7.42
Fiscal year ended Dec. 31, 2023	12,500	2.2	1,450	-25.4	700	3.7	600	-2.0	350	316.7	14.42

4. Others

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

(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: Yes

(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, 2021	24,737,400 shares	As of December 31, 2022	24,737,400 shares
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(ii) Number of treasury stock at the end of the period

As of December 31, 2021	466,443 shares	As of December 31, 2022	466,456 shares
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(iii) Average number of shares outstanding during the period

Fiscal year ended December 31, 2021	24,625,923 shares	Fiscal year ended December 31, 2022	24,270,944 shares
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(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, 2022	10,213	4.8	743	-24.3	968	-41.7	485	-71.3
Dec. 31, 2021	9,746	35.1	981	28.6	1,660	124.7	1,692	737.6

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
Dec. 31, 2022	20.01	19.71
Dec. 31, 2021	69.90	68.04

(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, 2022	15,645	5,018	32.1	206.66
Dec. 31, 2021	14,447	4,681	32.4	192.78

Reference: Owner's equity As of Dec. 31, 2022: ¥5,015 million
As of Dec. 31, 2021: ¥4,679 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, 2021	As of December 31, 2022
Assets		
Current assets		
Cash and deposits	1,823,797	1,699,697
Notes and accounts receivable - trade	1,728,357	1,737,481
Advance payments to suppliers	49,156	1,200
Other	621,147	701,493
Allowance for doubtful accounts	△200	△17,761
Total current assets	4,222,259	4,122,111
Non-current assets		
Property, plant and equipment		
Buildings	901,246	1,068,062
Accumulated depreciation and impairment	△111,975	△194,376
Buildings, net	789,271	873,686
Tools, furniture and fixtures	726,099	1,288,484
Accumulated depreciation and impairment	△419,330	△512,986
Tools, furniture and fixtures, net	306,768	775,498
Leased assets	899,895	804,773
Accumulated depreciation	△301,122	△406,711
Leased assets, net	598,772	398,061
Total property, plant and equipment	1,694,812	2,047,246
Intangible assets		
Software	1,704,740	1,895,581
Software in progress	661,894	1,127,471
Goodwill	3,759,122	4,071,947
Other	62	-
Total intangible assets	6,125,820	7,095,000
Investments and other assets		
Investment securities	273,208	416,372
Shares of subsidiaries and associates	307,569	337,466
Long-term loans receivable	48,755	33,175
Leasehold and guarantee deposits	305,460	340,928
Deferred tax assets	1,651,506	1,875,064
Long-term prepaid expenses	82,102	58,889
Other	548,418	566,609
Allowance for doubtful accounts	△894	△999
Total investments and other assets	3,216,127	3,627,505
Total non-current assets	11,036,760	12,769,752
Total assets	15,259,020	16,891,863

(Thousands of yen)

	As of December 31, 2021	As of December 31, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	546,312	494,496
Short-term borrowings	1,642,912	2,627,160
Current portion of long-term borrowings	512,980	3,998,600
Contract liabilities	882,928	922,951
Provision for bonuses	104,119	91,824
Income taxes payable	51,897	75,007
Other	837,834	1,114,427
Total current liabilities	4,578,983	9,324,467
Non-current liabilities		
Long-term borrowings	4,828,100	953,000
Lease liabilities	496,941	310,631
Asset retirement obligations	245,219	296,136
Other	8,925	18,098
Total non-current liabilities	5,579,185	1,577,866
Total liabilities	10,158,169	10,902,333
Net assets		
Shareholders' equity		
Share capital	92,190	92,190
Capital surplus	2,831,834	2,831,834
Retained earnings	2,609,803	2,500,230
Treasury shares	△794,757	△794,791
Total shareholders' equity	4,739,070	4,629,464
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,380	52,826
Foreign currency translation adjustment	299,904	1,218,365
Total accumulated other comprehensive income	307,284	1,271,192
Share acquisition rights	2,160	2,160
Non-controlling interests	52,336	86,713
Total net assets	5,100,851	5,989,529
Total liabilities and net assets	15,259,020	16,891,863

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

(Thousands of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Net sales	11,493,601	12,229,135
Cost of sales	6,188,446	6,806,854
Gross profit	5,305,155	5,422,280
Selling, general and administrative expenses	3,953,967	4,747,186
Operating profit	1,351,187	675,093
Non-operating income		
Interest income	2,183	4,026
Insurance claim income	9,280	5,746
Subsidy income	19,770	5,907
Gain on valuation of investment securities	8,652	7,004
Other	11,119	6,106
Total non-operating income	51,006	28,791
Non-operating expenses		
Interest expenses	34,692	44,937
Foreign exchange losses	25,245	8,911
Commission expenses	29,434	6,033
Rents	31,723	3,979
Share of loss of entities accounted for using equity method	34,675	22,866
Other	13,609	4,258
Total non-operating expenses	169,382	90,986
Ordinary profit	1,232,811	612,898
Extraordinary income		
Other	92	—
Total extraordinary income	92	—
Extraordinary losses		
Impairment losses	475,282	447,576
Loss on liquidation of subsidiaries	77,469	—
Other	15,080	33,388
Total extraordinary losses	567,832	480,965
Profit before income taxes	665,071	131,933
Income taxes - current	122,605	82,771
Income taxes - deferred	△797,976	△71,214
Total income taxes	△675,371	11,557
Profit	1,340,443	120,375
Profit attributable to non-controlling interests	16,182	35,780
Profit attributable to owners of parent	1,324,261	84,594

(Consolidated Statement of Comprehensive Income)

(Thousands of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Profit	1,340,443	120,375
Other comprehensive income		
Valuation difference on available-for-sale securities	7,380	45,446
Foreign currency translation adjustment	381,273	918,461
Total other comprehensive income	388,654	963,907
Comprehensive income	1,729,097	1,084,283
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,713,190	1,049,905
Comprehensive income attributable to non-controlling interests	15,907	34,377

(3) Consolidated Statements of Changes in Net Assets
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	-	-	1,324,261	-	1,324,261
Purchase of treasury shares	-	-	-	△394,793	△394,793
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	1,212,385	△394,793	870,871
Balance at end of period	92,190	2,831,834	2,609,803	△794,757	4,739,070

	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	-	-	-	-	-	1,324,261
Purchase of treasury shares	-	-	-	-	-	△394,793
Change in scope of consolidation	-	-	-	-	-	△15,034
Net changes in items other than shareholders' equity	7,380	381,273	388,654	-	15,907	404,561
Total changes during period	7,380	381,273	388,654	-	15,907	1,275,433
Balance at end of period	7,380	299,904	307,284	2,160	52,336	5,100,851

Fiscal year ended December 31, 2022

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	92,190	2,831,834	2,609,803	△794,757	4,739,070
Changes during period					
Dividends of surplus	-	-	△194,167	-	△194,167
Profit attributable to owners of parent	-	-	84,594	-	84,594
Purchase of treasury shares	-	-	-	△33	△33
Net changes in items other than shareholders' equity	-	-	-	-	-
Total changes during period	-	-	△109,572	△33	△109,606
Balance at end of period	92,190	2,831,834	2,500,230	△794,791	4,629,464

	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	7,380	299,904	307,284	2,160	52,336	5,100,851
Changes during period						
Dividends of surplus	-	-	-	-	-	△194,167
Profit attributable to owners of parent	-	-	-	-	-	84,594
Purchase of treasury shares	-	-	-	-	-	△33
Net changes in items other than shareholders' equity	45,446	918,461	963,907	-	34,377	998,285
Total changes during period	45,446	918,461	963,907	-	34,377	888,678
Balance at end of period	52,826	1,218,365	1,271,192	2,160	86,713	5,989,529

(4) Consolidated Statements of Cash flows

(Thousands of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Cash flows from operating activities		
Profit before income taxes	665,071	131,933
Depreciation	1,032,560	920,577
Impairment losses	475,282	499,506
Amortization of goodwill	198,009	343,803
Share of loss (profit) of entities accounted for using equity method	34,675	22,866
Loss (gain) on valuation of investment securities	△1,357	△7,004
Increase (decrease) in allowance for doubtful accounts	726	17,666
Increase (decrease) in provision for bonuses	△118,516	△25,820
Interest income	△2,183	△4,026
Interest expenses	34,692	44,937
Foreign exchange losses (gains)	25,245	8,911
Decrease (increase) in trade receivables	153,310	68,938
Decrease (increase) in advance payments to suppliers	96,757	47,956
Increase (decrease) in trade payables	82,215	△60,324
Increase (decrease) in advances received	△56,247	24,439
Decrease (increase) in prepaid expenses	△167,250	△226,640
Increase (decrease) in accrued consumption taxes	△124,946	120,548
Other, net	△103,284	△12,737
Subtotal	2,224,760	1,915,530
Interest received	11,193	6,341
Interest paid	△35,686	△45,120
Income taxes refund	88	—
Income taxes paid	△112,887	△43,516
Net cash provided by (used in) operating activities	2,087,470	1,833,235
Cash flows from investing activities		
Purchase of property, plant and equipment	△694,454	△655,176
Purchase of intangible assets	△1,418,922	△1,592,147
Purchase of shares of subsidiaries and associates	△133,000	△50,000
Purchase of investment securities	△69,594	△60,552
Payments of leasehold and guarantee deposits	△677	△47,458
Proceeds from refund of leasehold and guarantee deposits	554	7,675
Purchase of shares of subsidiaries resulting in change in scope of consolidation	△3,564,265	—
Other, net	△85,351	1,914
Net cash provided by (used in) investing activities	△5,965,713	△2,395,745

(Thousands of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	467,962	984,248
Proceeds from long-term borrowings	4,952,000	130,000
Repayments of long-term borrowings	△1,926,990	△519,480
Proceeds from issuance of shares	53,280	—
Purchase of treasury shares	△394,793	△33
Dividends paid	△95,739	△191,712
Repayments of lease liabilities	△226,250	△112,711
Net cash provided by (used in) financing activities	2,829,467	290,310
Effect of exchange rate change on cash and cash equivalents	99,987	148,099
Net increase (decrease) in cash and cash equivalents	△948,787	△124,100
Cash and cash equivalents at beginning of period	2,772,585	1,823,797
Cash and cash equivalents at end of period	1,823,797	1,699,697