

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2022 (Based on Japanese GAAP)

February 8, 2023

Company name: CUBE SYSTEM INC.
 Stock exchange listing: Tokyo
 Stock code: 2335 URL <https://www.cubesystem.co.jp/en/>
 Representative: Representative Director and President Masahiro Nakanishi
 Seniority Corporate Officer,
 Inquiries: President's Office Hirofumi Kitagaki TEL 03-5487-6030
 Scheduled date to file Quarterly Securities Report: February 13, 2023
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the nine months ended December 31, 2022 (from April 1, 2022 to December 31, 2022)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2022	11,972	(0.6)	951	(15.3)	953	(15.8)	628	(16.8)
Nine months ended December 31, 2021	12,041	13.7	1,122	41.7	1,133	22.9	755	26.6

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2022	45.84		–	
Nine months ended December 31, 2021	55.77		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2022	11,716	9,058	77.3	597.49
As of March 31, 2022	10,064	7,214	71.2	531.14

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2022	–	8.00	–	15.00	23.00
Year ending March 31, 2023	–	23.00	–		
Year ending March 31, 2023 (Forecast)				27.00	50.00

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

Breakdown of interim dividend for the six months ended September 30, 2022:

Ordinary dividend of ¥11.00, and 50th anniversary commemorative dividend of ¥12.00

Breakdown of year-end dividend for the fiscal year ended March 31, 2023(Forecasts):

Ordinary dividend of ¥15.00, and 50th anniversary commemorative dividend of ¥12.00

3. Forecast of consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	16,200	0.6	1,420	0.1	1,445	0.9	950	0.6	67.53

Notes: 1. Revision to the financial results forecast announced most recently: Yes

2. Our company issued 1,250,000 new shares through the third-party allotment and disposed of 380,000 treasury shares as of December 27, 2022. "Earnings per share" in the consolidated forecast is calculated based on the number of issued shares (excluding treasury shares) after the issuance of new shares.

3. Please refer to the revision of the financial results forecast announced on February 8, 2023.

4. Notes

(1) Changes in significant subsidiaries during the nine months ended December 31, 2022
(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Application of special accounting methods for preparing quarterly consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of December 31, 2022	15,750,000 shares	As of March 31, 2022	14,500,000 shares
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Number of treasury shares at the end of the period

As of December 31, 2022	588,832 shares	As of March 31, 2022	1,000,392 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2022	13,703,537 shares	Nine months ended December 31, 2021	13,539,830 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2022	As of December 31, 2022
Assets		
Current assets		
Cash and deposits	5,058,095	6,595,910
Accounts receivable-trade and contract assets	2,584,355	2,438,543
Securities	–	200,000
Work in process	16,439	68,688
Other	147,277	115,281
Allowance for doubtful accounts	(667)	–
Total current assets	7,805,500	9,418,423
Non-current assets		
Property, plant and equipment	169,139	136,035
Intangible assets	4,954	3,736
Investments and other assets		
Investment securities	1,278,721	1,366,390
Retirement benefit asset	194,324	196,788
Other	611,890	595,059
Total investments and other assets	2,084,936	2,158,237
Total non-current assets	2,259,029	2,298,009
Total assets	10,064,530	11,716,432
Liabilities		
Current liabilities		
Accounts payable - trade	753,109	754,789
Short-term borrowings	240,000	240,000
Income taxes payable	231,054	84,071
Provision for bonuses	364,188	306,794
Provision for bonuses for directors (and other officers)	10,200	7,638
Provision for loss on orders received	3,382	–
Other	597,483	561,741
Total current liabilities	2,199,418	1,955,034
Non-current liabilities		
Provision for share-based compensation	309,136	334,718
Asset retirement obligations	138,558	138,939
Other	203,097	229,082
Total non-current liabilities	650,792	702,740
Total liabilities	2,850,211	2,657,774
Net assets		
Shareholders' equity		
Share capital	768,978	1,400,228
Capital surplus	705,435	1,491,474
Retained earnings	6,006,514	6,097,527
Treasury shares	(759,459)	(503,601)
Total shareholders' equity	6,721,467	8,485,628
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	370,912	510,693
Foreign currency translation adjustment	21,851	28,440
Remeasurements of defined benefit plans	55,932	33,895
Total accumulated other comprehensive income	448,696	573,029
Non-controlling interests	44,155	–
Total net assets	7,214,319	9,058,657
Total liabilities and net assets	10,064,530	11,716,432

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Thousands of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Net sales	12,041,702	11,972,618
Cost of sales	9,461,151	9,404,268
Gross profit	2,580,550	2,568,349
Selling, general and administrative expenses	1,458,011	1,617,118
Operating profit	1,122,538	951,230
Non-operating income		
Interest income	2,648	3,022
Dividend income	9,356	11,001
Other	8,238	8,620
Total non-operating income	20,243	22,644
Non-operating expenses		
Interest expenses	1,261	1,053
Foreign exchange losses	4,360	6,519
Share issuance costs	–	6,363
Other	3,861	5,981
Total non-operating expenses	9,483	19,918
Ordinary profit	1,133,298	953,956
Profit before income taxes	1,133,298	953,956
Income taxes	375,201	325,785
Profit	758,097	628,171
Profit attributable to non-controlling interests	3,041	–
Profit attributable to owners of parent	755,056	628,171

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Profit	758,097	628,171
Other comprehensive income		
Valuation difference on available-for-sale securities	93,348	139,781
Foreign currency translation adjustment	10,732	6,589
Remeasurements of defined benefit plans, net of tax	(37,419)	(22,785)
Total other comprehensive income	66,660	123,584
Comprehensive income	824,758	751,755
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	821,975	751,755
Comprehensive income attributable to non-controlling interests	2,783	–