

Summary of Consolidated Financial Results  
for the Third Quarter of the fiscal year ending December 31, 2020 (Japanese GAAP)

November 12, 2020

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): November 12, 2020

1. Results of the Third quarter ended September 30, 2020

(millions of Yen, except per share amounts)

(1) Consolidated quarterly operating results:

|   | Nine months ended<br>September 30, 2019 |          | Nine months ended<br>September 30, 2020 |        |
|---|---|----------|---|--------|
|   | Amount                                  | Change   | Amount                                  | Change |
| Net sales                               | ¥4,528                                  | − 18.3%  | ¥5,314                                  | 17.3%  |
| Operating income                        | − 166                                   | − %      | 556                                     | − %    |
| Ordinary income                         | − 195                                   | − %      | 550                                     | − %    |
| Profit attributable to owners of parent | 481                                     | 4,562.5% | 635                                     | 32.1%  |
| Comprehensive income                    | 400                                     | − %      | 504                                     | 26.0%  |
| Net income per share                    | 19.96                                   |          | 26.33                                   |        |
| Diluted net income per share            | 19.71                                   |          | 25.45                                   |        |

(2) Consolidated financial position:

|                        | As of December 31, 2019 | As of September 30, 2020 |
|------------------------|-------------------------|--------------------------|
| Total assets           | ¥7,002                  | ¥9,140                   |
| Net assets             | 3,049                   | 3,557                    |
| Capital adequacy ratio | 43.2%                   | 38.5%                    |
| Net assets per share   | 125.67                  | 145.51                   |
| Owner's equity         | 3,025                   | 3,519                    |

2. Dividends

(Yen)

|                                     | Fiscal Year ended<br>December 31, 2019<br>(Result) | Fiscal Year ended<br>December 31, 2020<br>(Result) | Fiscal Year ending<br>December 31, 2020<br>(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 | 1.00   |  | 4.00  |
| Dividend per share -total           | 1.00   |  | 4.00  |

Changes from forecasts previously announced: No

### 3.Consolidated forecasts

(millions of Yen, except per share amounts)

|   | Fiscal Year ending<br>December 31, 2020 |          |
|---|---|----------|
|   | Amount                                  | Change   |
| Forecast-net sales                                  | ¥7,900                                  | 24.0%    |
| Forecast-operating income                           | 900                                     | — %      |
| Forecast-ordinary income                            | 860                                     | — %      |
| Forecast-profit attributable to<br>owners of parent | 1,000                                   | 2,841.2% |
| Forecast-net income per share                       | 41.35                                   |          |

Changes from forecasts previously announced: No

### 4.Others

(1)Material changes in subsidiaries during this accumulated quarter (Changes in scope of consolidations resulting from change in subsidiaries): No

(2)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, 2019 | 24,256,600 shares | As of September 30, 2020 | 24,367,400 shares |
|-------------------------|-------------------|--------------------------|-------------------|

ii Number of treasury stock at the end of fiscal year

|                         |                |                          |                |
|-------------------------|----------------|--------------------------|----------------|
| As of December 31, 2019 | 182,043 shares | As of September 30, 2020 | 178,343 shares |
|-------------------------|----------------|--------------------------|----------------|

iii Average number of shares (quarterly period-YTD)

|   |                   |   |                   |
|---|-------------------|---|-------------------|
| Nine months ended<br>September 30, 2019 | 24,112,984 shares | Nine months ended<br>September 30, 2020 | 24,143,408 shares |
|---|-------------------|---|-------------------|

Note: The number of shares of treasury stock as of December 31, 2019 and September 30, 2020 included the shares held by ESOP (4,300 shares and 600 shares, respectively, at the end of the periods).

\* 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, 2019 | As of September 30, 2020 |
|---|-------------------------|--------------------------|
| <b>Assets</b>   |                         |                          |
| Current assets  |                         |                          |
| Cash and deposits                                     | 790,148                 | 2,695,695                |
| Notes and accounts receivable - trade                 | 1,126,072               | 1,258,120                |
| Advance payments - trade                              | 96,267                  | 53,575                   |
| Other   | 256,894                 | 334,855                  |
| Allowance for doubtful accounts                       | △200                    | △200                     |
| Total current assets                                  | 2,269,183               | 4,342,046                |
| Non-current assets                                    |                         |                          |
| Property, plant and equipment                         | 292,693                 | 430,714                  |
| Intangible assets                                     |                         |                          |
| Software  | 1,726,365               | 1,795,834                |
| Software in progress                                  | 299,490                 | 271,290                  |
| Goodwill  | 879,818                 | 780,876                  |
| Other   | 62                      | 62                       |
| Total intangible assets                               | 2,905,737               | 2,848,063                |
| Investments and other assets, gross                   | 1,535,318               | 1,519,410                |
| Total non-current assets                              | 4,733,749               | 4,798,188                |
| Total assets  | 7,002,932               | 9,140,234                |
| <b>Liabilities</b>                                    |                         |                          |
| Current liabilities                                   |                         |                          |
| Accounts payable - trade                              | 247,652                 | 332,787                  |
| Short-term borrowings                                 | —                       | 1,083,300                |
| Current portion of long-term borrowings               | 546,110                 | 1,464,060                |
| Advances received                                     | 813,979                 | 1,118,187                |
| Provision for bonuses                                 | 110,055                 | 71,221                   |
| Income taxes payable                                  | 8,655                   | 109,439                  |
| Other   | 521,726                 | 574,617                  |
| Total current liabilities                             | 2,248,179               | 4,753,613                |
| Non-current liabilities                               |                         |                          |
| Long-term borrowings                                  | 1,663,280               | 648,560                  |
| Other   | 42,403                  | 180,365                  |
| Total non-current liabilities                         | 1,705,683               | 828,925                  |
| Total liabilities                                     | 3,953,863               | 5,582,539                |
| <b>Net assets</b>                                     |                         |                          |
| Shareholders' equity                                  |                         |                          |
| Share capital   | 38,100                  | 50,565                   |
| Capital surplus                                       | 2,777,744               | 2,790,209                |
| Retained earnings                                     | 283,217                 | 894,861                  |
| Treasury shares                                       | △104,033                | △100,544                 |
| Total shareholders' equity                            | 2,995,029               | 3,635,091                |
| Accumulated other comprehensive income                |                         |                          |
| Valuation difference on available-for-sale securities | 43,281                  | △2,940                   |
| Foreign currency translation adjustment               | △12,910                 | △112,387                 |
| Total accumulated other comprehensive income          | 30,371                  | △115,328                 |
| Share acquisition rights                              | 2,662                   | 2,160                    |
| Non-controlling interests                             | 21,006                  | 35,772                   |
| Total net assets                                      | 3,049,069               | 3,557,695                |
| Total liabilities and net assets                      | 7,002,932               | 9,140,234                |

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

(Thousands of yen)

|   | Nine months ended<br>September 30, 2019 | Nine months ended<br>September 30, 2020 |
|---|---|---|
| Net sales   | 4,528,915                               | 5,314,399                               |
| Cost of sales   | 2,919,347                               | 2,850,601                               |
| Gross profit  | 1,609,568                               | 2,463,797                               |
| Selling, general and administrative expenses                | 1,775,570                               | 1,907,648                               |
| Operating profit (loss)                                     | △166,002                                | 556,149                                 |
| Non-operating income  |   |   |
| Interest income   | 7,069                                   | 2,444                                   |
| Dividend income   | —                                       | 476                                     |
| Guarantee commission received                               | 3,189                                   | 3,201                                   |
| Foreign exchange gains                                      | 11,539                                  | 25,149                                  |
| Insurance claim income                                      | 690                                     | 2,326                                   |
| Subsidy income  | 7,414                                   | 10,668                                  |
| Gain on valuation of investment securities                  | 524                                     | 15,099                                  |
| Other   | 5,081                                   | 6,146                                   |
| Total non-operating income                                  | 35,509                                  | 65,513                                  |
| Non-operating expenses                                      |   |   |
| Interest expenses   | 16,511                                  | 15,756                                  |
| Commission expenses   | 31,824                                  | 4,620                                   |
| Rents   | 5,580                                   | —                                       |
| Share of loss of entities accounted for using equity method | 9,779                                   | 45,149                                  |
| Other   | 1,362                                   | 5,582                                   |
| Total non-operating expenses                                | 65,058                                  | 71,108                                  |
| Ordinary profit (loss)                                      | △195,551                                | 550,554                                 |
| Extraordinary income  |   |   |
| Gain on sales of shares of subsidiaries                     | 1,226,201                               | —                                       |
| Gain on sales of investment securities                      | —                                       | 148,122                                 |
| Other   | —                                       | 502                                     |
| Total extraordinary income                                  | 1,226,201                               | 148,625                                 |
| Extraordinary losses  |   |   |
| Loss on retirement of non-current assets                    | 2,638                                   | 582                                     |
| Impairment loss   | 371,724                                 | —                                       |
| Head office transfer cost                                   | 7,232                                   | —                                       |
| Loss on valuation of investment securities                  | —                                       | 4,339                                   |
| Loss on transfer of receivables                             | 141,746                                 | —                                       |
| Other   | 686                                     | —                                       |
| Total extraordinary losses                                  | 524,028                                 | 4,921                                   |
| Profit before income taxes                                  | 506,621                                 | 694,258                                 |
| Income taxes - current                                      | 5,879                                   | 114,066                                 |
| Income taxes - deferred                                     | 29,975                                  | △70,244                                 |
| Total income taxes  | 35,854                                  | 43,822                                  |
| Profit  | 470,767                                 | 650,436                                 |
| Profit (loss) attributable to non-controlling interests     | △10,639                                 | 14,713                                  |
| Profit attributable to owners of parent                     | 481,406                                 | 635,722                                 |

## (Consolidated Statement of Comprehensive Income)

(Thousands of yen)

|  | Nine months ended<br>September 30, 2019 | Nine months ended<br>September 30, 2020 |
|--|---|---|
| Profit   | 470,767                                 | 650,436                                 |
| Other comprehensive income                                     |   |   |
| Valuation difference on available-for-sale securities          | 23,087                                  | △46,222                                 |
| Foreign currency translation adjustment                        | △93,671                                 | △99,477                                 |
| Total other comprehensive income                               | △70,584                                 | △145,700                                |
| Comprehensive income   | 400,182                                 | 504,736                                 |
| Comprehensive income attributable to                           |   |   |
| Comprehensive income attributable to owners of parent          | 410,499                                 | 489,969                                 |
| Comprehensive income attributable to non-controlling interests | △10,317                                 | 14,766                                  |