

Translation

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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2021 (Based on Japanese GAAP)

August 4, 2021

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: August 11, 2021
 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 three months ended June 30, 2021 (from April 1, 2021 to June 30, 2021)

(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	%
Three months ended June 30, 2021	3,987	18.2	378	56.5	390	57.1	262	59.0
Three months ended June 30, 2020	3,373	(0.2)	242	141.3	248	130.8	165	229.3

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2021	19.35	–
Three months ended June 30, 2020	12.17	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2021	9,162	6,664	72.3	487.51
As of March 31, 2021	9,444	6,515	68.6	476.52

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2021	–	8.00	–	12.00	20.00
Year ending March 31, 2022	–	–	–	–	–
Year ending March 31, 2022 (Forecast)	–	8.00	–	12.00	20.00

3. Forecast of consolidated financial results for the year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

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
Six months ending September 30, 2021	7,900	11.5	700	26.7	705	16.8	466	16.4	34.28
Full year	16,000	8.2	1,230	4.7	1,250	(3.5)	850	0.7	62.55

4. Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 2021
 (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 June 30, 2021	14,500,000 shares	As of March 31, 2021	15,279,840 shares
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Number of treasury shares at the end of the period

As of June 30, 2021	909,892 shares	As of March 31, 2021	1,689,732 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2021	13,590,108 shares	Three months ended June 30, 2020	13,587,715 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2021	As of June 30, 2021
Assets		
Current assets		
Cash and deposits	4,467,541	4,401,148
Accounts receivable and contract assets	2,584,796	2,363,305
Work in process	83,449	41,834
Other	118,578	128,787
Allowance for doubtful accounts	(554)	(437)
Total current assets	7,253,810	6,934,638
Non-current assets		
Property, plant and equipment	193,249	180,632
Intangible assets	8,774	7,819
Investments and other assets		
Investment securities	1,169,963	1,265,267
Retirement benefit asset	162,786	165,882
Other	655,607	608,221
Total investments and other assets	1,988,358	2,039,372
Total non-current assets	2,190,382	2,227,824
Total assets	9,444,193	9,162,462
Liabilities		
Current liabilities		
Accounts payable - trade	775,081	763,043
Short-term borrowings	280,000	280,000
Income taxes payable	370,648	76,465
Provision for bonuses	337,488	212,708
Provision for bonuses for directors (and other officers)	36,700	2,563
Provision for loss on order received	–	2,587
Other	557,847	539,950
Total current liabilities	2,357,766	1,877,318
Non-current liabilities		
Stock-based compensation reserve	228,511	245,472
Asset retirement obligations	138,007	138,144
Other	204,587	236,912
Total non-current liabilities	571,106	620,530
Total liabilities	2,928,872	2,497,849
Net assets		
Shareholders' equity		
Share capital	768,978	768,978
Capital surplus	826,828	705,435
Retained earnings	5,649,012	5,174,856
Treasury shares	(1,197,851)	(496,620)
Total shareholders' equity	6,046,968	6,152,649
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	336,160	390,153
Foreign currency translation adjustment	428	2,479
Remeasurements of defined benefit plans	92,442	80,055
Total accumulated other comprehensive income	429,032	472,688
Non-controlling interests	39,319	39,275
Total net assets	6,515,320	6,664,613
Total liabilities and net assets	9,444,193	9,162,462

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

Consolidated statements of income (cumulative)

(Thousands of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Net sales	3,373,053	3,987,278
Cost of sales	2,730,098	3,124,643
Gross profit	642,955	862,634
Selling, general and administrative expenses	400,952	483,829
Operating profit	242,002	378,804
Non-operating income		
Interest income	617	692
Dividend income	4,774	4,448
Gain on investments in investment partnerships	1,268	5,224
Other	2,815	3,367
Total non-operating income	9,476	13,731
Non-operating expenses		
Interest expenses	385	435
Foreign exchange losses	772	1,296
Loss on sale of investment securities	1,197	–
Commission expenses	772	772
Other	14	0
Total non-operating expenses	3,142	2,504
Ordinary profit	248,336	390,032
Profit before income taxes	248,336	390,032
Income taxes	82,474	126,451
Profit	165,861	263,580
Profit attributable to non-controlling interests	499	641
Profit attributable to owners of parent	165,361	262,939

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Profit	165,861	263,580
Other comprehensive income		
Valuation difference on available-for-sale securities	60,323	53,992
Foreign currency translation adjustment	355	2,050
Remeasurements of defined benefit plans, net of tax	4,821	(12,473)
Total other comprehensive income	65,500	43,570
Comprehensive income	231,362	307,151
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	230,843	306,595
Comprehensive income attributable to non-controlling interests	519	555