

Revision of Forecast for Fiscal Year Ending December 31, 2021 and Medium-Term Management Plan

V-cube, Inc.
Jan 11, 2022



Revision of Forecast for FY2021

Due to the impact of the change in the business structure of Event DX, we expect to achieve our initial sales forecast, but the sales forecast, which was revised upward on August 13, has been revised downward. The operating profit forecast has also been revised downwards due to the delay in the business structure transformation and advertising investment.

(Millions of yen)	FY2020	FY2021Forecast (1/11Revised)	FY2021Forecast (Initial Forecast)	FY2021Forecast (8/13Revised)
Net Sales	8,282	11,500	11,500	13,000
EBITDA <small>※Operating profit + depreciation and amortization of goodwill</small>	1,959	2,650	3,040	3,600
Operating Profit	1,046	1,400	2,000	2,400
Ordinary Profit	1,020	1,250	1,870	2,300
Profit attributable to owners of parent	1,138	1,150	1,560	2,000

※Please note that the figures for FY2021 in this document are forecasts as of today, These will be changed depending on the results of the financial procedures currently underway and the audit.

FY2021 Full Year Forecast “Net Sales”

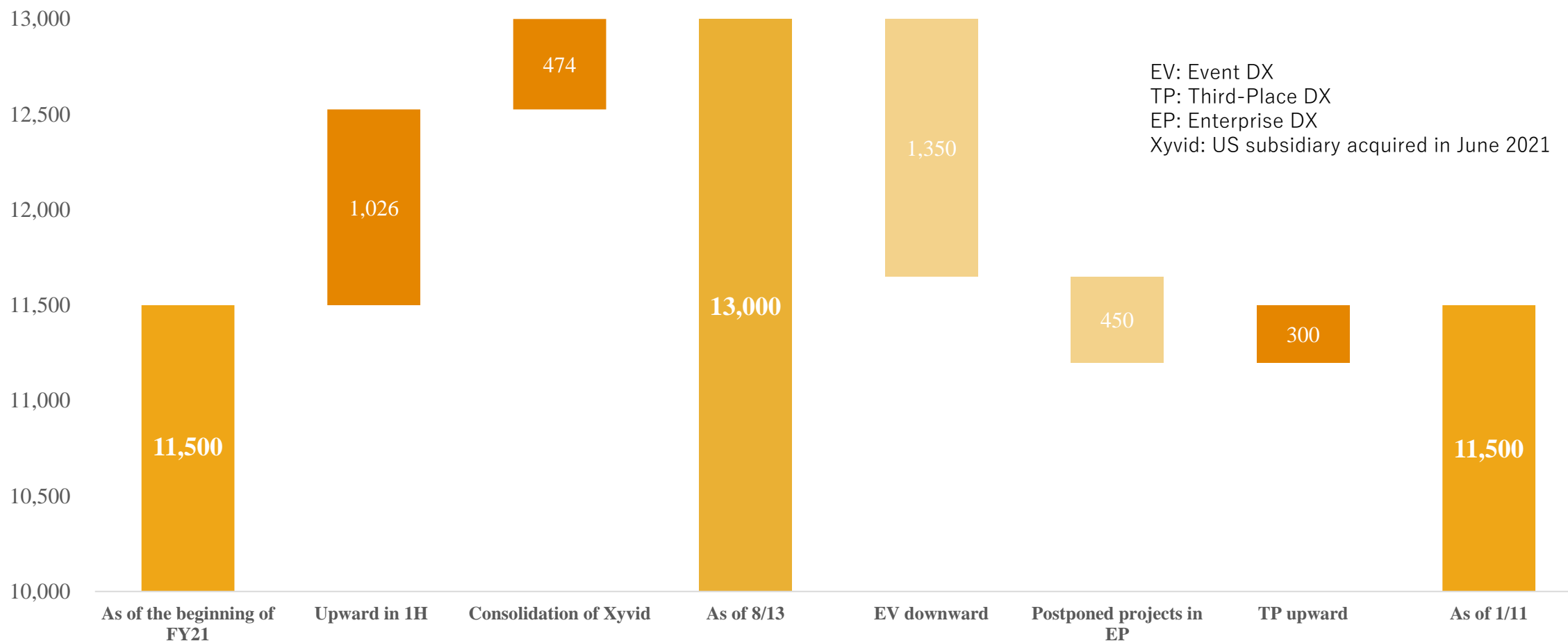
Full year sales were revised upwards to 13,000 million yen on 13 August due to strong Event DX growth in the first half and the acquisition of Xyvid in the US.

However, the Event DX Business was significantly impacted by the sharp decline in small-scale events that began in the late 3Q, resulting in a significant drop in sales.

Some delays also occurred in the Enterprise DX Business, but the Third-Place DX Business performed well.

Breakdown of changes in full year forecast Sales

(Millions of yen)

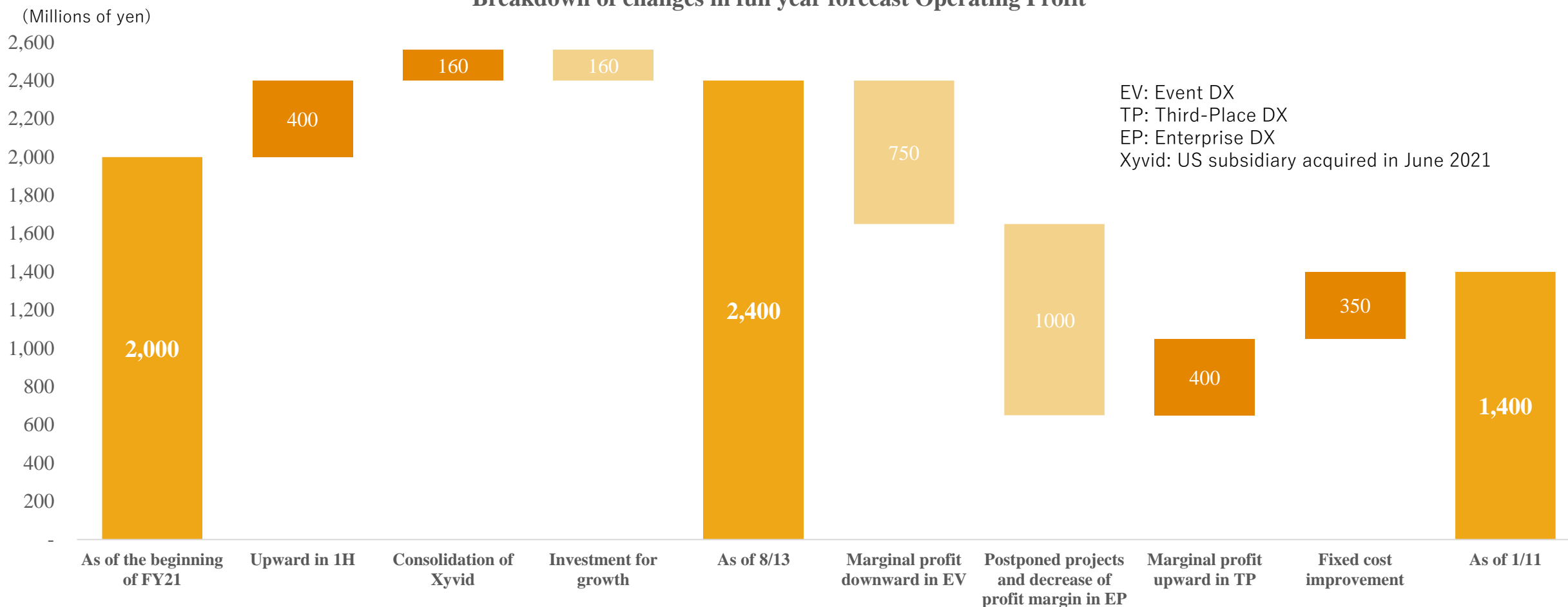


EV: Event DX
 TP: Third-Place DX
 EP: Enterprise DX
 Xyvid: US subsidiary acquired in June 2021

FY2021 Full Year Forecast “Operating Profit”

Marginal profit margins in Event DX improved by around 3% over the year, but the impact of a significant decline in small events has led to a significant downturn in marginal profit. Third Place DX performed well but marginal profit margins for Enterprise DX declined due to the impact of missed deadlines for large projects and an increase in resale products such as Zoom. We are managing to it by improving fixed costs.

Breakdown of changes in full year forecast Operating Profit

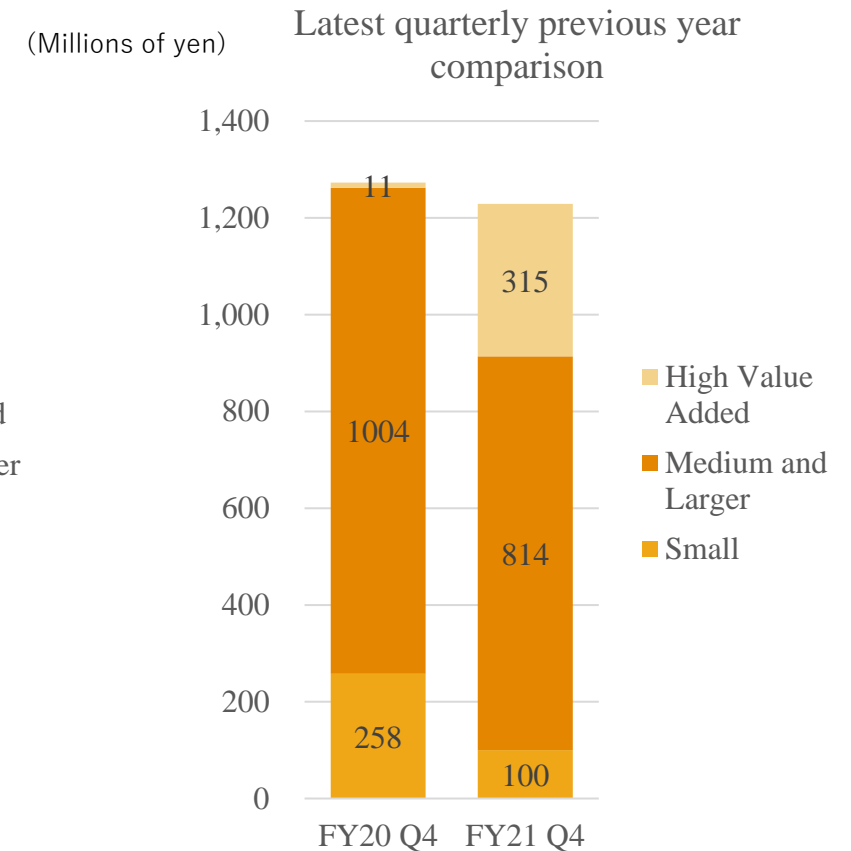
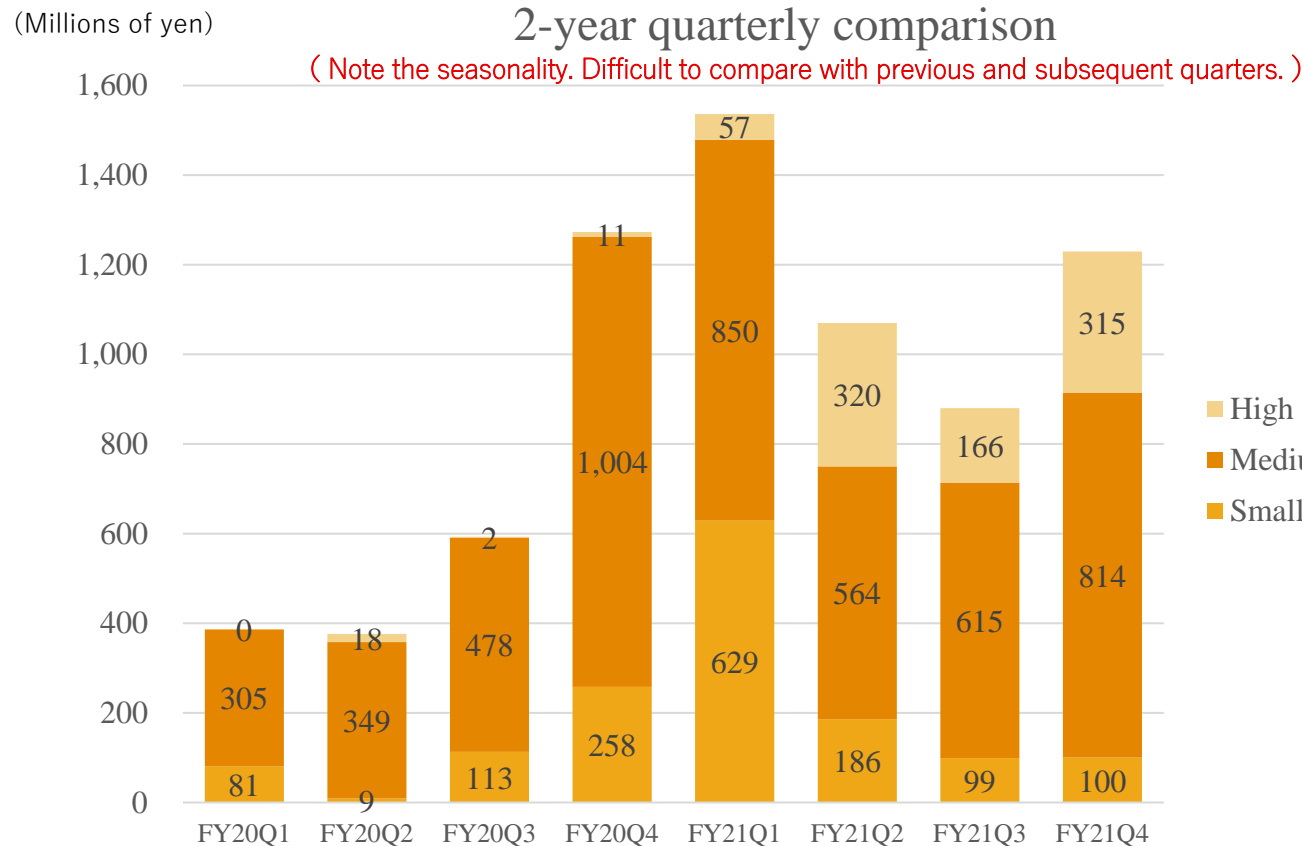


FY2021 Changes in the Event DX Business

Small-scale events in the pharmaceutical industry, which had grown strongly in Q1 FY21, suddenly slowed down in Q3, and Q4 was even worse than expected.

Medium and larger scale events softened in Q4 due to cancellations caused by client problems, but sales activities are progressing and solid growth is expected.

We will achieve strong growth in FY22 through solid expansion of medium and larger scale and higher value-added events, rapid growth in non-pharma industries, and tight control of cost structure. We held a taxi commercial in November and a DX conference in December that attracted over 1,000 people.



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Progress and Update of Medium-term Management Plan (announced on Nov. 12, 2020)

We are updating our mid-term management plan in response to the significant impact of the rapid changes in the business structure of Event DX and the rapidly expanding Telecube.

FY22 will be a year of accelerated growth and acceleration toward the next mid-term plan, with an aggressive marketing investments that includes TV commercials.

(Billions of yen)

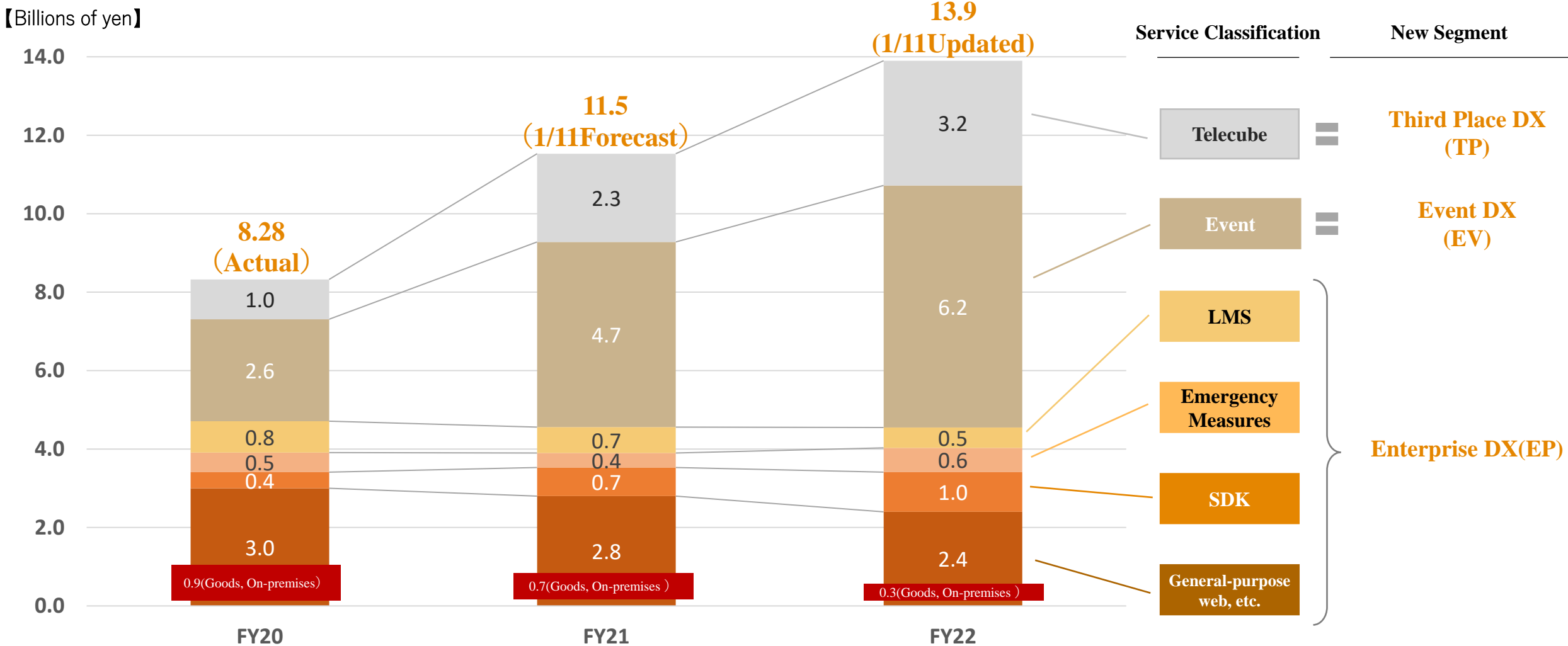
KPI	FY20 (Medium-term)	FY20 (Actual)	FY21 (Medium-term)	FY21 (1/11 Revised)	FY22 (Medium-term)	FY22 (1/11 Revised)
Net Sales	7.9	8.28	11.5	11.5	15.3	13.9
EBITDA	1.78	1.96	3.04	2.65	4.6	3.38
Operating Profit	0.9	1.04	2.0	1.4	3.5	2.0 <i>Less than 0.5 in advertising expenses planned</i>
Net Profit(*1)	1.0	1.14	1.4	1.15	2.7	1.5
ROE	27%	33%	More than 30%	28%	More than 35%	28%
Dividend Payout Ratio(*2)	20%	15%	12%	22.8%	Based on 20% aiming for 30%	

(*1) Net Profit = Profit attributable to owners of parent

(*2) NOPLAT=Deemed after-tax profit, Calculated based on an effective tax rate of 34%

Sales Plan by Segment (disclosed on January 11, 2022)

The Event DX Business and Third-Place DX Business are expected to continue to drive strong growth. In the general-purpose web conferencing business, some unprofitable businesses will be withdrawn or scaled back, but SDK is expected to continue to grow strongly.



Direction of FY22 for each Segment and Service

Since the impact of the COVID 19 pandemic and changes after the pandemic will vary depending on the business, We described our opinions on each of them.

Segment	Service classification	Comment on the third year of the mid-term management plan, FY22 plan
Third place DX	Telecube	<p>With the change in work styles after the COVID 19 pandemic, we have entered a phase of full-scale diffusion.</p> <p>With a view to selling 10,000 units per year, we will further expand the market within companies and to the public. Start of TV commercials</p> <p>Work to further expand applications and revenue source through use of technology.</p>
	Event	<p>Small-scale events in the pharmaceutical industry are minimally factored in with a focus on self-management.</p> <p>Medium and larger scale and high value-added are expected to grow steadily in the pharmaceutical industry and various other industries such as human resources, finance, B2B marketing, and shareholder meetings.</p>
Enterprise DX	LMS	Enterprise business grew steadily due to the recovery of customers damaged by COVID 19. Further changes in government policy affect school business, and both sales and profit are expected to decrease by about 150 million yen.
	Emergency Measures	FY21 results were sluggish due to limited sales activities in FY20, but are expected to return to a growth trajectory in FY21 due to resumption of sales activities and heightened awareness of disaster preparedness
	SDK	Although the start of large-scale projects was delayed in FY21, growth is expected due to the start of these projects and solid demand for SDK usage
	General-purpose web, etc.	FY21 sales are expected to decline by 400 million yen due to withdrawal from on-premise general-purpose web conferencing and withdrawal/reduction from unprofitable product sales, given the impact of lower demand for on-premise services. Total SaaS sales of V-CUBE Meeting and Zoom are expected to remain flat.

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