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Announcement regarding Revisions of Consolidated Business Forecast

V-cube, Inc. hereby announces that based on the latest performance trends, we have revised the consolidated business forecast for the fiscal year ending December 2022 (January 1, 2022-December 31, 2022).

Revisions of Consolidated Business Forecast (From January 1, 2022 to December 31, 2022)

(Millions of yen)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Net income per share
Previous Forecast (A)	13,900	2,000	1,900	1,500	61.80 yen
Revised Forecast (B)	12,300	800	700	500	20.60 yen
Change (B-A)	△1,600	△1,200	△1,200	△1,000	
Rate of change (%)	△11.5	△60.0	△63.2	△66.7	
(Reference) Results of previous year (ended December 31,2021)	11,493	1,351	1,232	1,324	54.68 yen

(NOTE) In Revised forecast (B), Net income per share is calculated using the number of shares as of the end of September 2022

(Reasons for Revisions)

Based on the current business outlook, we have revised its forecast at the beginning of the period. This is mainly due to a slowdown in sales growth (sales impact △1,600 million yen, operating profit impact △800 million yen), a decline in profit margins due to the time required to adapt to market changes (changes in customer industry proportions and event size) in the Event DX business (operating profit impact △200 million yen, and a yen depreciation on overseas technology and product purchases (operating profit impact △200 million yen). As a result, sales and profit for the full year are expected to fall short of the initial forecast.

In the enterprise DX business, although the SDK is performing well, the cancellation of V-CUBE meeting is exceeding initial expectations, which had been removed from the focused products and expected to decline from 2017 onward. In addition, the sales in the emergency measures are expected to slow down due to the long sales lead times in procedures at local governments and the shortage of semiconductors. Furthermore, the exchange rate (weak yen) has worsened the profit margin for products such as Zoom that are purchased in foreign currencies, and we expect a decrease of 250 million yen in

net sales and 130 million yen in segment profit compared to the initial forecasts.

In the Event DX business, the pharmaceutical industry, which accounts for a high percentage of sales in Japan, and the U.S. subsidiary, Xyvid are not performing well. In Japan, although the virtual AGM and human resources industries are growing compared to last year, the pharma industry's sharp decline is having a greater impact, and profit margins are declining due to the upfront investments in sales personnel such as delivery support, and the time-consuming balancing/optimizing operational adaptation to market changes (changes in percentage of client industries and event size). For Xyvid, the return to real events has been greater than expected after the Covid 19 pandemic in the United States. On the other hand, inflation has caused labor and travel costs to soar, and the extreme return to real is calming down, and online and hybrid events are being used together now. But several major new clients are taking longer than expected from sign up to start using the service, which is delaying sales growth during the year. As a result, a portion of the earn-out (payment of the purchase price contingent on the achievement of financial performance) for the acquisition of Xyvid will not occur, and the purchase price will be significantly lower than originally anticipated. For this segment, we expect a decrease of 1,020 million yen in net sales and 860 million yen in segment profit compared to the initial forecast.

In the Third Place DX business, although the Telecube installation have been significantly higher than planned, we expect a decrease of 330 million yen in net sales and 210 million yen in segment profit compared to the initial forecast due to an increase in the number of subscription-type installations, in which sales and profits are deferred over a long period of time and the ratio of sales through partners rather than direct sales increased compared to the initial forecast.

Major Factors in the Revision of Earnings Forecasts

Segment	Net Sales (unit: Million yen)		Segment Profits (unit: Million yen)	
	Initial forecast	Revised forecast	Initial forecast	Revised forecast
Enterprise DX	Initial forecast	4,550	Initial forecast	670
	Revised forecast	4,300	Revised forecast	540
	<ul style="list-style-type: none"> V-CUBE meeting cancelled more than expected Postponement of bids due to lack of semiconductors in emergency measure 		<ul style="list-style-type: none"> Decrease in profit margin on overseas product purchases such as Zoom due to yen depreciation 	
Event DX	Initial forecast	6,170	Initial forecast	1,180
	Revised forecast	5,150	Revised forecast	320
	<ul style="list-style-type: none"> Sluggishness of the pharma industry in Japan Xyvid in the U.S., the return to real after the Covid 19 pandemic exceeded expectations (due to inflation, online use is increasing and the extreme return to real is calming down) 		<ul style="list-style-type: none"> Decline in profit margin due to upfront investments for sales personnel in Japan and the time required to adapt operations to market changes (nature of the industry and scale of events) in the Covid19 pandemic (currently improving) 	
Third place DX	Initial forecast	3,180	Initial forecast	890
	Revised forecast	2,850	Revised forecast	680

	<ul style="list-style-type: none"> • Increased subscriptions to defer sales and profits • Impact of significant growth in partner sales over direct sales 	<ul style="list-style-type: none"> • The installed units have far exceeded expectations, and we will strengthen its business utilizing Telecube in operation
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The impact of the COVID 19, which has spread since 2020, has created social recognition of telework and demand for remoteness in various business situations, as well as a new lifestyle and cultural change, contributing to our growth through increased demand for online events and Telecube. As we enter the era of post-Covid 19, each of our businesses is expected to grow steadily along with the changed social environment, but each speed of growth is changing, and we will push forward with changes and investments in our organization to adapt to these changes. In addition to continuing to work on the growth of those existing businesses, we will also strengthen our efforts in new businesses that will contribute to solving the social issues in the next decade and achieve medium to long-term growth. For more details, please refer to our medium-term management plan to be announced in February 2023.

We plan to announce our earnings for the Q3 cumulative period on November 11(Fri.), 2022.

Note: The above forecasts are based on currently available information and actual results may differ from the forecasts.