

FY22

Financial Results Briefing Document

V-cube, Inc.
February 14, 2023



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2. FY22 Results Summary

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Sales growth remained at 6% YoY due to a reaction to the reopening of Xyvid and the rapid changes in the business environment in the pharma industry, one of EV's key industries, despite the growth in EV and TP made up for EP's decline due to the withdrawal from LMS for schools, on-premise and product sales (impacted until FY22).

Marginal profit remained flat due to the impact of weak yen and lower profit margins due to delays in responding to changes in the EV business environment.

FY22 Consolidated Financial Results

Main reasons for the decrease in adjusted EBITDA and operating profit

- 400 mil yen decrease in OP of Event DX
- 130 mil yen increase in amortization of Xyvid goodwill
- 230 mil yen of Telecube CM expenses in Q1

Net Sales	Marginal Profit	Adjusted EBITDA	Operating Profit
12.22	7.86	1.94	0.67 (billion Yen)
(6% increase)	(0% increase)	(27% decrease)	(50% decrease)

※Sales minus variable costs

Figures in () : Percentage change from the same period last year

Enterprise DX (EP)

SDK Usage fee (recurring billing for last 12 months)

1,100 million yen
(51% increase)

Event DX (EV)

Event unit price	No. of Events
730 thousand yen (20% increase)	6,905 times (11% decrease)

Third Place DX (TP)

Quarterly installed units	Cumulative installed units
2,104 units (17% increase)	16,770 units (116% increase)

Figures in () : Percentage change from the same period last year

Highlights of each segment

FY22

Event DX Business (EV)

- Although the domestic pharma industry and Xyvid were slower than originally planned, the human resources and virtual AGM grew.
- Profit margin declined in Q2 and Q3 due to rapid market changes (client industry, event scale), but cost control measures taken from Q4.

Third Place DX Business (TP)

- Sales increased due to steady growth in Telecube installations, mainly for offices (companies), and profit increased excluding CM costs of 230 million yen in Q1.
- Installed more units in each quarter and year than last year, with the cumulative number of units exceeding the original plan to 16,770 units
- Installation of subscription model also continued to be favorable, with 539 units in operation. (up 61% from the end of last year)

Enterprise DX Business (EP)

- Declines in general web and other (non-focused on-premise and product sales) and LMS (for schools in Singapore) are in line with plans.
- Increased SDK sales, STOCK usage fees grew by a solid 51% compared to last year.
- Emergency measures sales down due to postponement of tenders due to shortage of semiconductors.

FY23 Forecast

A year of investment for growth in response to changes in the post-Corona social environment, with EP shifting to a growth segment (expansion of emergency measures damaged by COVID-19 self-restraint, continued expansion of SDK), and EV accelerating its shift to non-pharmaceutical industries and expanding high value-added events to realize growth from FY24 onward, and Xyvid strengthening its sales structure to expand in the U.S.. TP will continue to realize solid growth.

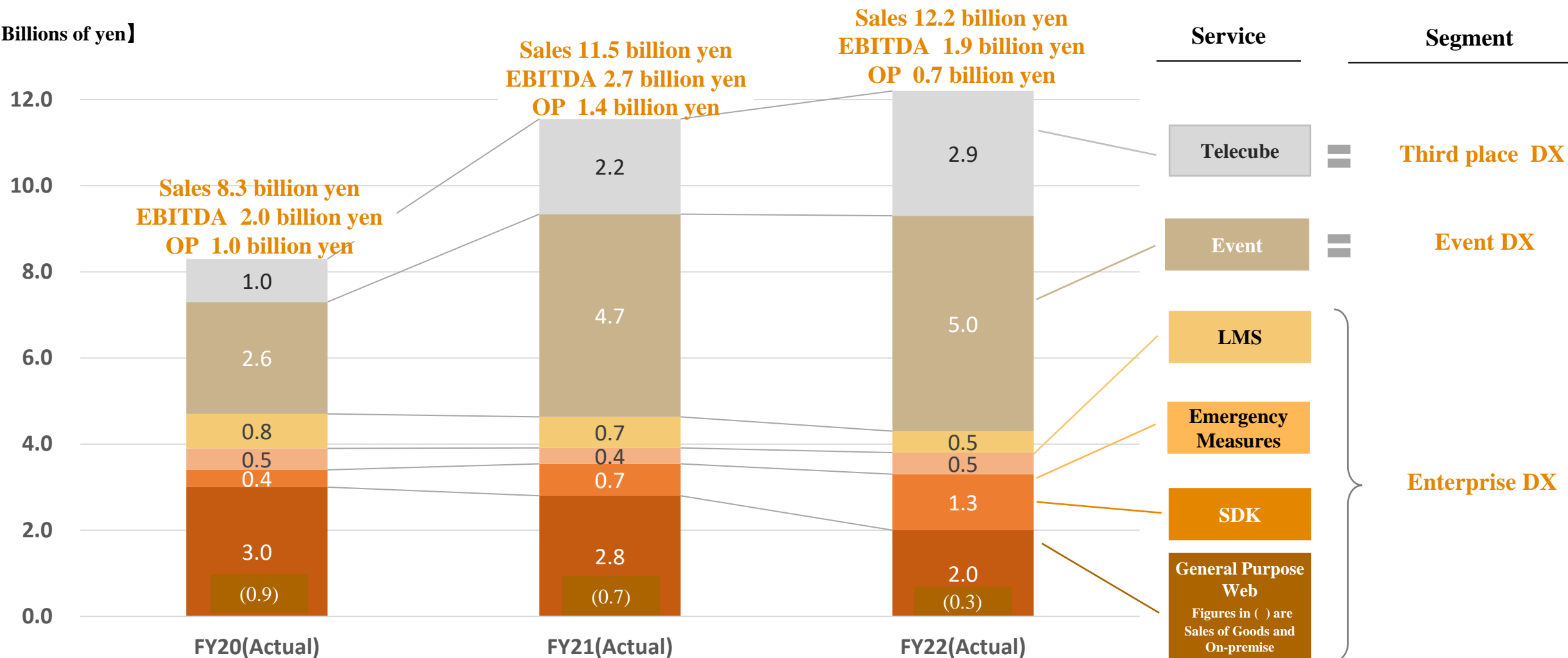
Net Sales by Segment

Event DX : Expansion through multi-industry development and high value-added products. Acquired Xyvid in FY21 and started overseas expansion mainly in the U.S.

Third place DX: Telecube continues to expand steadily

Enterprise DX: Withdrawal from on-premise, product sales and LMS for schools (0.6 billion decrease YoY)

【Billions of yen】



Seasonality of each segment

Figure in frames: Net Sales (Segment Profit)

Unit: Million yen)

		Q1	Q2	Q3	Q4
Event DX	FY20	360 (54)	376 (69)	610 (86)	1,239 (241)
	FY21	1,536 (479)	1,069 (72)	880 (△36)	1,223 (124)
	FY22	1,453 (225)	1,408 (144)	887 (△191)	1,257 (△37)
Third place DX	FY20	164 (40)	137 (33)	252 (64)	419 (121)
	FY21	522 (164)	473 (162)	523 (179)	690 (195)
	FY22	909 (72)	579 (200)	600 (168)	800 (206)
Enterprise DX	FY20	1,024 (108)	1,203 (213)	1,184 (280)	1,309 (299)
	FY21	1,296 (326)	1,126 (134)	1,079 (121)	1,070 (88)
	FY22	1,245 (257)	1,013 (119)	994 (77)	1,078 (138)

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Both sales and operating profit fell short of the 11/1 revised plan, mainly due to the delay in the start of large-lot customer use of Xyvid and excess labor costs.

Net Profit decreased significantly due to impairment loss of less than 400 million yen on some software and other items, but future burdens such as amortization expenses were alleviated.

(million yen)	FY21 Q4	FY22 Q4	FY21 Full year	FY22 Forecast (Revised on Nov 1 st)	FY22 Full year	FY23 Forecast
Net Sales	2,984	3,135	11,493	12,300	12,229	12,500
Adjusted EBITDA	692	471	2,651	2,100	1,945	2,150
Operating Profit	239	123	1,351	800	675	700
Ordinary Profit	208	106	1,232	700	612	600
Profit attributable to owners of parent	346	Δ299	1,324	500	84	350

※ Adjusted EBITDA: Operating profit + Depreciation & Amortization + Gains/losses on non-recurring or discontinued operations within operating revenue and expenses (M&A-related expenses, gains/losses from exited business)

The increase in current liabilities is due to accounting reclassification of borrowings for the Xyvid acquisition. Plan to change to long-term borrowing this financial year for permanent.

Goodwill of overseas subsidiaries (Xyvid, Wizlearn) increased slightly due to the depreciation of the yen, although amortization is in progress. Equity ratio is 34.9 %.

(million yen)	FY21 Dec 31	FY22 Dec 31	Change
Current assets (Cash and deposits)	4,222 (1,823)	4,122 (1,699)	△100 (△124)
Fixed assets (Tangible assets)	11,036 (1,694)	12,769 (2,047)	+1,733 (+352)
(Software)	(2,366)	(3,023)	(+656)
(Goodwill)	(3,759)	(4,071)	(+313)
Total assets	15,259	16,891	+1,633
Current liabilities (Short-term borrowings, current portion of long-term debt)	4,578 (2,155)	9,324 (6,625)	+4,745 (+4,470)
Long-term liabilities (Long-term loans payable)	5,579 (4,828)	1,577 (953)	△4,001 (△3,875)
Net assets	5,100	5,989	+889

Investing C/F : In addition to software development, new establishment of Osaka 'Royal Studio' and increased number of Telecube for subscription

Financing C/F : Increased in 2021 due to borrowings for the acquisition of Xyvid in the USA

(million yen)	Dec 31, 2021	Dec 31, 2022
Operating C/F	2,087	1,833
Investing C/F	Δ5,965	Δ2,395
Financing C/F	2,829	290
Free cash flow	Δ3,878	Δ562
Net increase/decrease in cash and cash equivalents	Δ948	Δ124
Cash and cash equivalents at the end of period	1,823	1,699

Provide stable and continuous shareholder returns with taking into account financial condition.

Dividend Policy

Targeting a 20% dividend payout ratio based on NOPLAT and aiming for 30% in the future

※NOPLAT=Net Operating Profit Less Adjusted Taxes

	FY19	FY20	FY21	FY22 (Revised on Feb 14)	FY23 (Forecast)	
Dividend (Per Share)	1 yen	4 yen	8 yen	4 yen	4 yen	Calculate the amount based on NOPLAT
Share buyback	177,700 shares (Approx. 100 million yen)	112,500 shares (Approx. 300 million yen)	176,200 shares (Approx. 400 million yen)			Holding about 1.9% of outstanding shares

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EP: Growth in SDKs covered for the decline in general web, and the impact of allocations led to an increase in profit in Q4 compared to the same period last year.

EV: Growth in Japan, mainly in the human resources area, but continued weakness in Xyvid.

TP: Growth in both sales and profit, with an increase in direct sales to corporates and a slight decline in profit margin due to the sales mix.

(million yen)		FY21	FY22
		Q4 Actual	Q4 Actual
Enterprise DX Business	Net sales	1,070	1,078
	Segment profit	88	138
	(Ratio)	(8.3%)	(12.8%)
Event DX Business	Net sales	1,223	1,257
	Segment profit	109	△37
	(Ratio)	(8.9%)	(-%)
Third Place DX Business	Net sales	690	800
	Segment profit	195	206
	(Ratio)	(28.4%)	(25.8%)
Corporate expenses		△168	△183
Total	Net sales	2,984	3,135
	Operating profit	224	123
	(Ratio)	(7.5%)	(3.9%)

Adjusted segment results

FY21	FY22
Q4 Actual	Q4 Actual
*Adjustment EV: Exclude goodwill amortization of Xyvid	
1,223	1,257
190 (15.6%)	37 (3.0%)

EP : Despite rapid growth in SDK, sales and profits down due to lower proportion of own products and withdrawal of LMS for Singapore schools

EV: Sales growth due to growth in other industries, despite the impact of the return to real at Xyvid in the US and a decline due to industry structure in the pharma industry

TP: High profit margins due to strong Telecube demand

(million yen)		FY21	FY22	FY23
		Actual	Actual	Forecast
Enterprise DX Business	Net sales	4,573	4,331	4,470
	Segment profit	670	593	600
	(Ratio)	(14.7%)	(13.7%)	(13.4%)
Event DX Business	Net sales	4,710	5,008	4,960
	Segment profit	639	140	400
	(Ratio)	(13.6%)	(2.8%)	(8.1%)
Third Place DX Business	Net sales	2,210	2,889	3,070
	Segment profit	702	646	650
	(Ratio)	(31.8%)	(22.4%)	(21.2%)
Corporate expenses		△662	△705	△950
Total	Net sales	11,493	12,229	12,500
	Operating profit	1,351	675	700
	(Ratio)	(11.8%)	(5.5%)	(5.6%)

Adjusted segment results

FY21	FY22
Actual	Actual
*Adjustment EV: Exclude goodwill amortization of Xyvid TP: Exclude CM expenses in Q1	
4,710	5,008
755	389
(16.0%)	(7.8%)
2,210	2,889
702	876
(31.8%)	(30.3%)

Revenue increased due to the human resources industry and virtual AGM, despite changes in the environment of the domestic pharma industry and the impact of the return to real in the US.

On the other hand, increased amortization of Xyvid goodwill and it took time to optimize outsourcing costs due to the changes in the industry and scale of domestic events meant that

(million yen)	FY21	FY22	FY23
	Actual	Actual	Forecast
Net Sales	4,710	5,008	4,960
Segment profit (Ratio)	639 (13.6%)	140 (2.8%)	400 (8.1%)



V-CUBE Seminar



EventIn



Touchcast



XYVID

Value Delivery Model for Event DX Business



Unit costs increased due to focus on medium/large scale, high value-added events, although the number of smaller events in the pharma industry decreased.

	FY21	FY22
	Full Year (Jan-Dec)	Full Year (Jan-Dec)
Average unit price (thousand yen)	61	73
Number of events (times)	7,785	6,905

Small scale events

- Pharma industry (regional)

Medium / large scale events

- Pharma industry (nationwide), human resources, financial, IR briefings, marketing, internal events

high-value-added events

- EventIn, Touchcast, Virtual AGM, Xyvid

Event DX Business Changes in Events by Scale

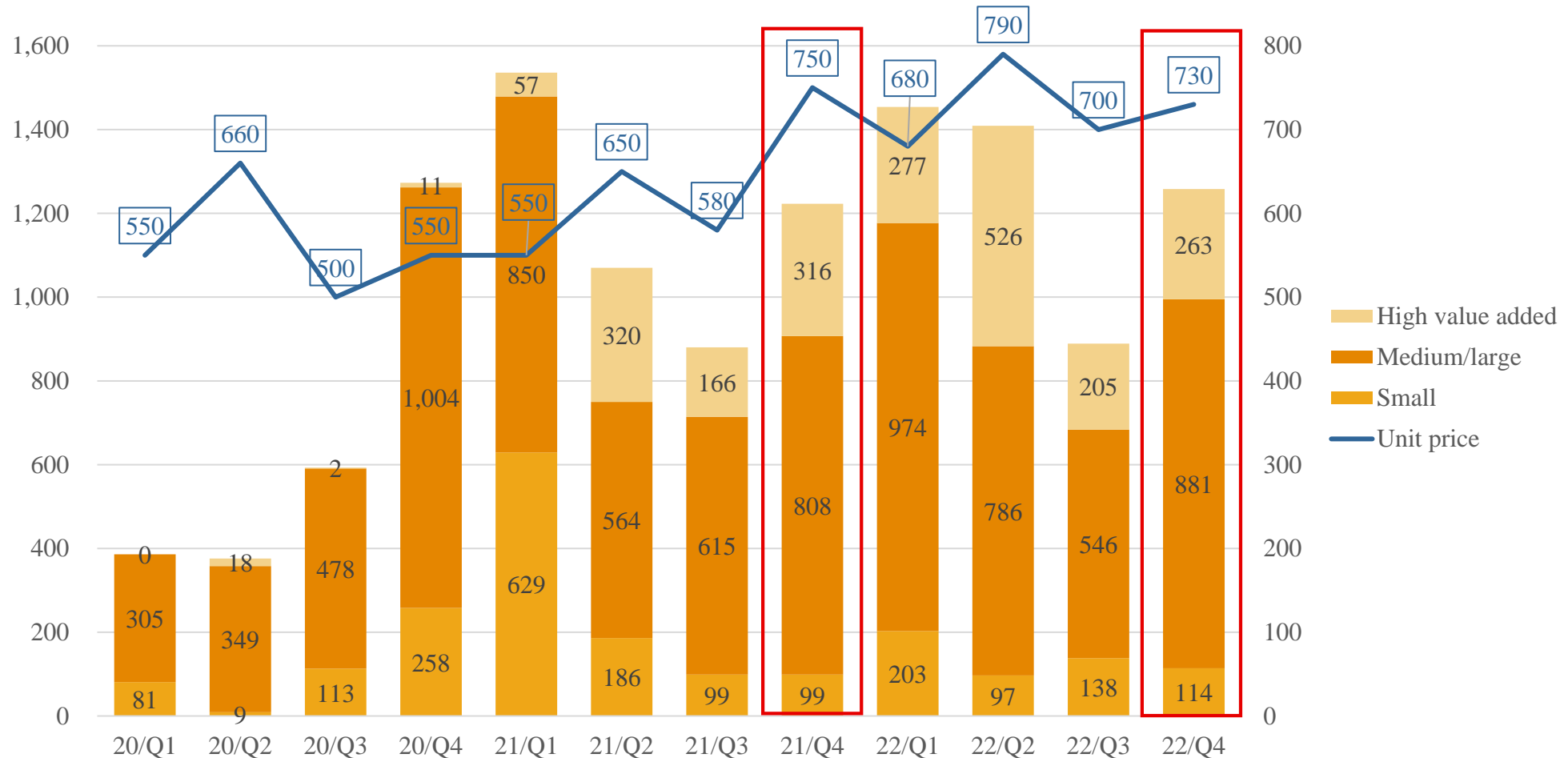
In the 4Q compared to the same period last year, the medium and large scale decreased by approx. 100 million yen in the pharma industry but grew mainly in the human resources area.

High value-added was affected by a decrease of approx. 100 million yen due to the weak performance of Xyvid.

(Sales: Million Yen)

Quarterly sales and unit price since FY20

(Unit price : Thousand Yen)



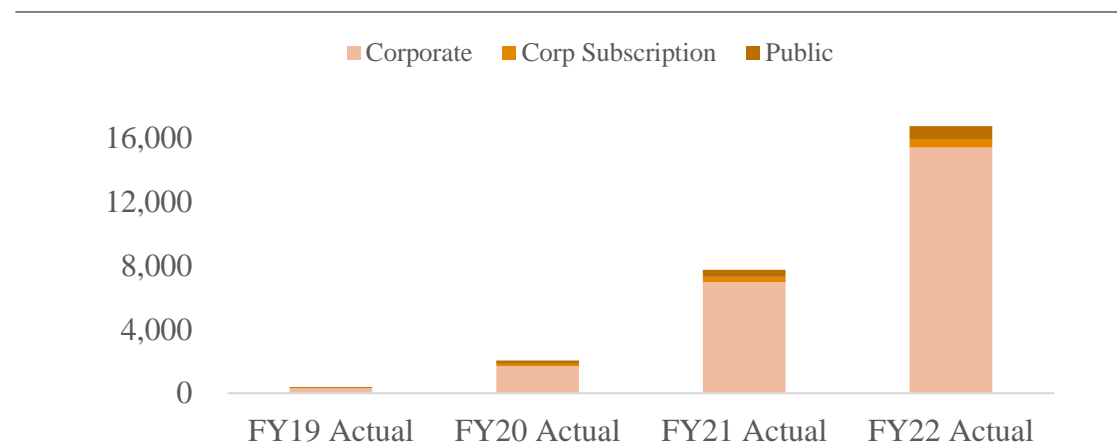
Third Place DX Business Overview

Strong demand continues, with installations exceeding the same quarter last year in FY22.

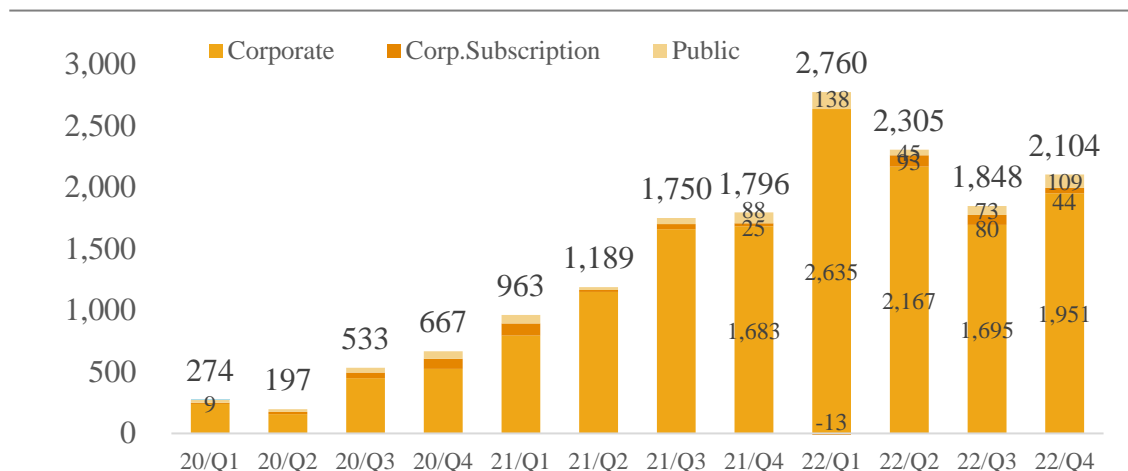
Diversification of offer models, including expansion of subscription and after-subscription purchase (buy-back).

(million yen)	FY21	FY22	FY23
	Actual	Actual	Forecast
Net Sales	2,210	2,889	3,070
Segment Profit (Ratio)	702 (31.8%)	646 (22.4%)	650 (21.2%)
Profit excluding Q1 CM expenses (Ratio)	702 (31.8%)	876 (30.3%)	

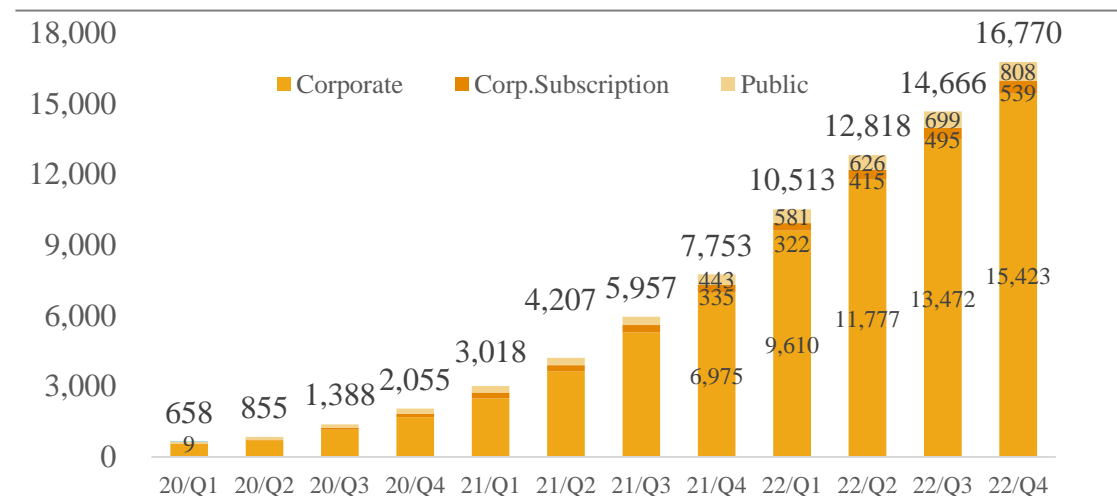
Installed Units Trend



Installed Units (Quarterly)



Installed Units (Cumulative)

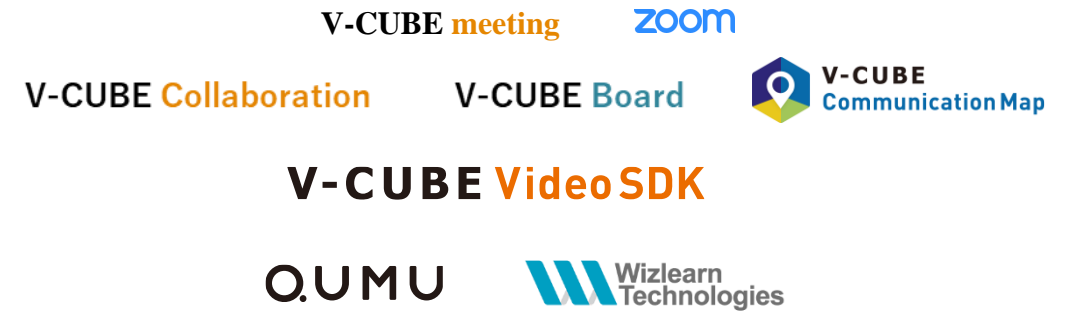


Enterprise DX Business Overview

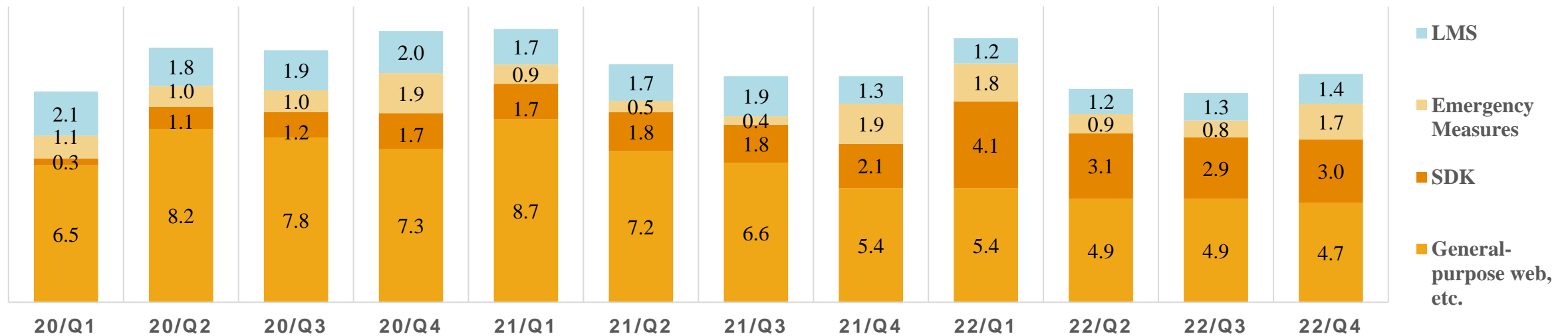
Sales flat in the segment as a whole, with a policy of ensuring ongoing profitability.

General web decreased due to lack of focus on on-premise and products sales, SaaS-based products remained flat, and steady growth in SDK

(million yen)	FY21	FY22	FY23
	Actual	Actual	Forecast
Net Sales	4,573	4,331	4,470
Segment profit (Ratio)	670 (14.7%)	593 (13.7%)	600 (13.4%)



Enterprise DX Sales trend (hundred mil yen)



Incorporating video communication functionality into existing services to support to make the service remote and online
Although continued increase in new partners, a slight decline in minutes used due to the impact of the return to real.

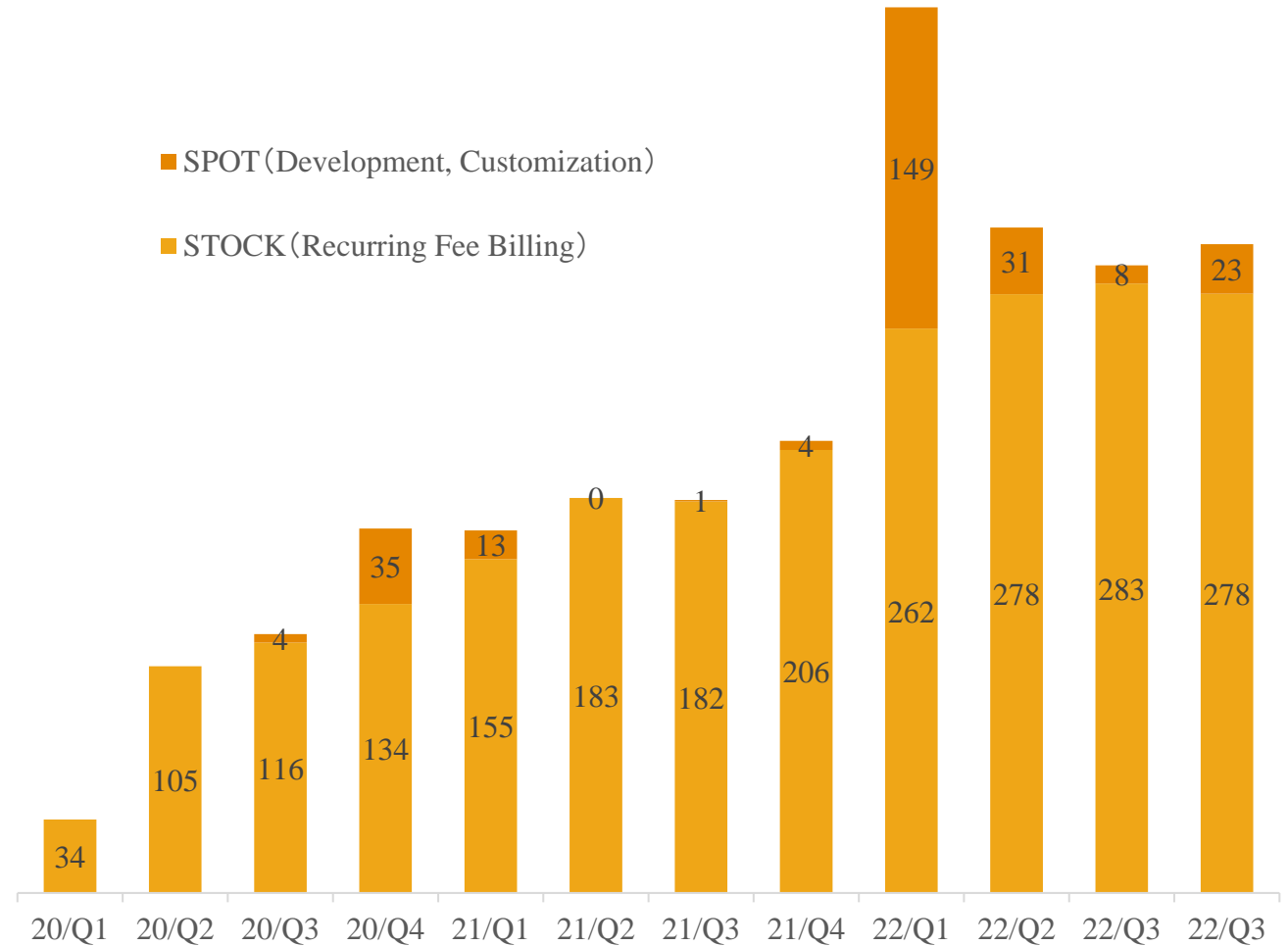
Sales trends for each quarter (million yen)

Recurring fee billing / Growth rate
 (last 12 months)

1,100 million yen / 51% increase

Number of partners

192 companies
 (170 at the beginning of term)



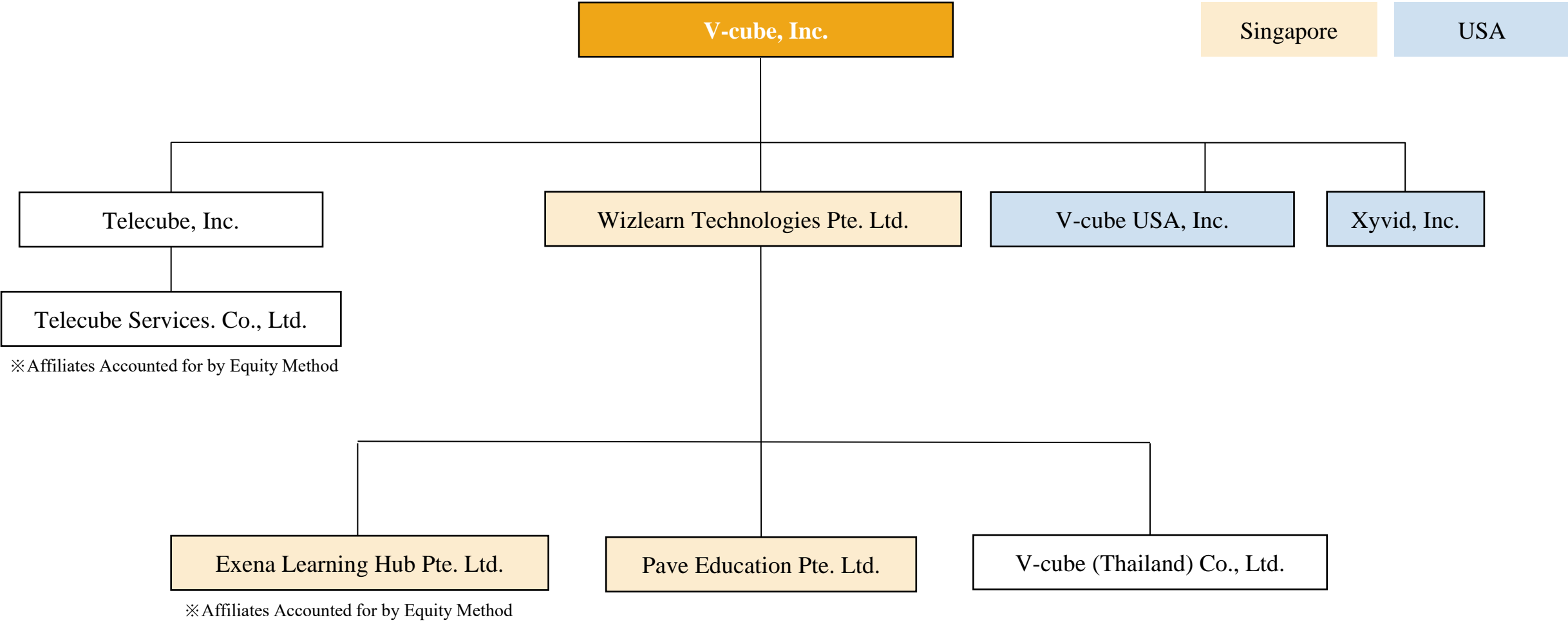
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Company name	V-cube, Inc.
Established	October 16, 1998
Fiscal year end	December
Capital (including capital surplus)	3,465 million JPY
Listed Markets	The Prime Market of the Tokyo Stock Exchange (3681)
Group companies	Domestic 3, Overseas 6
Number of Employees	Total 477 (consolidated)



Other Group companies: Senshin Robotics, Inc

Management team consisting mainly of members from the time of founding



Chairman and Group CEO

Naoaki Mashita

1998 Established V-cube Inc.
 2002 Graduated from Keio Graduate School
 2003 Established V-cube USA, Inc.
 2022 Chairman and Group CEO of V-cube Inc.



Representative Director, President and CEO

Masaya Takada

2001 Director of V-cube Inc.
 2002 Graduated from Keio Graduate School
 2006 Vice president of V-cube Inc.
 2012 Executive Vice President of V-cube Inc.
 2022 President and CEO of V-cube Inc.



Director, Vice President and COO

Jun Mizutani

2006 Entered V-cube Inc. (as new graduate)
 2012 Deputy General Manager of Sales Division
 2015 General Manager of Sales Division
 2016 Director of V-cube Inc.
 2019 Managing Director of V-cube Inc.
 2021 Senior Managing Director of V-cube Inc.
 2022 Vice president of V-cube Inc.



Director, CTO

Yosuke Kamezaki

2002 Entered V-cube Inc.
 2007 Executive Officer of V-cube Inc.
 2012 Director of V-cube Inc.



Director, CFO

Kazuki Yamamoto

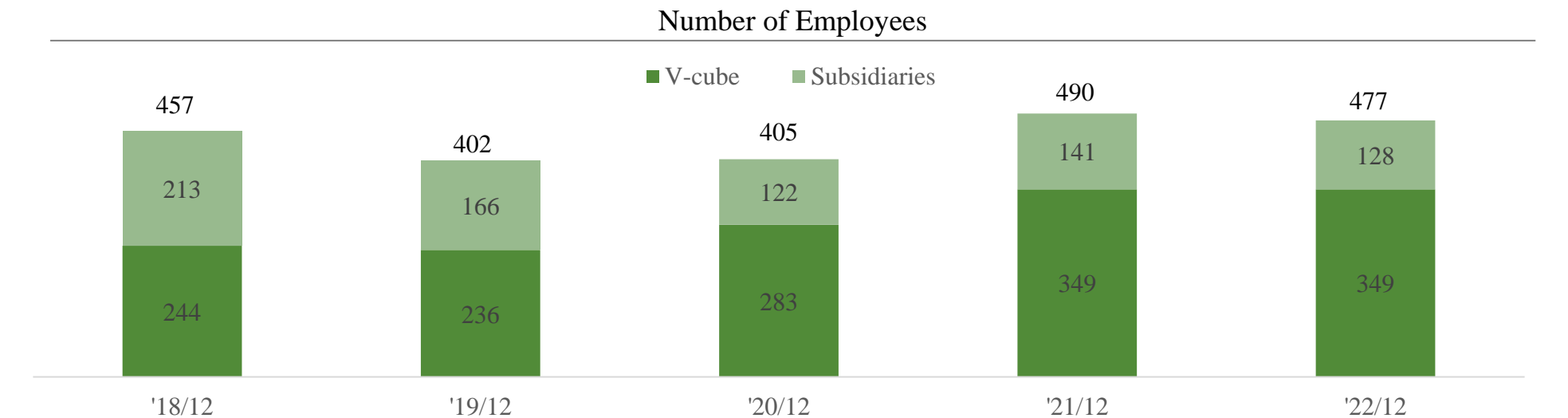
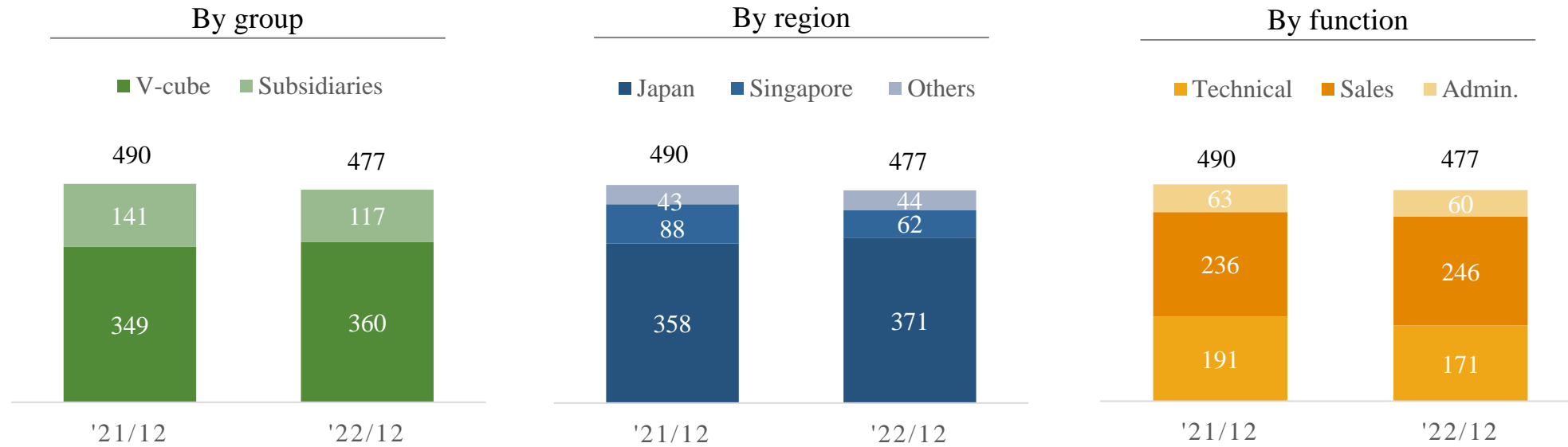
2003 Joined Deloitte Touche Tohmatsu
 2017 Joined Regional Economy Vitalization
 Corporation of Japan (REVIC)
 2019 CFO and General Manager of Corporate
 Planning Division of V-cube Inc.
 2021 Director of V-cube Inc.

Outside Directors and Auditors (December 31, 2022)

Corporate Governance by Experienced and Strong Outside Directors and Auditors

Title	Name	Independent Director	Career summary
Outside director	Norio Murakami	○	Representative director, Murakami Norio Office, Inc. Outside director, Cell Source Co., Ltd. , Former Vice president, Google, Inc. and President, Google, Inc.
Outside director	Kenichi Nishimura	○	Outside director, Hakusan, Inc. Former President, NTT-Neomeit Former Advisor, Mirait, Inc.
Outside director	Naomi Koshi	○	Partner Attorney, Miura Law Office Outside director, SoftBank Corp. Representative director and CEO, OnBoard K.K. Former Mayor of Otsu City
Full-time outside auditor	Kikuo Fukushima	○	Representative, Success Coaching Studio
Outside auditor	Kiyoji Odashima	○	Representative tax attorney, Odashima Kiyoji Tax Account Office Outside Corporate Auditor, Ebara Foods Industry, Inc.
Outside auditor	Daiko Matsuyama	○	Deputy Head Priest of Taizoin Zen Buddhist Temple Visit Japan Ambassador, Japan Tourism Agency Visiting Lecturer, Stanford University Member of the Kyoto City Board of Education

Status of Group Employees (excluding contract employee, etc.)



Provide **Even** Opportunity to Everybody



Beyond Telework
V-CUBE

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