

February 14, 2023

Company name: V-cube, Inc.

Chairman & Group CEO: Naoaki Mashita

Tokyo Stock Exchange, Prime Market (stock code: 3681)

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Announcement regarding Extraordinary Losses and Differences between Forecasts and Actual Results, and Revision of Dividend Forecast

V-cube, Inc. (hereafter “the Company”) hereby announces that we have recorded an extraordinary loss for the year ended December 31, 2022 (January 1, 2022 - December 31, 2022) and as a result, there is a difference between the consolidated business forecast announced on November 1, 2022 and the actual results announced today.

The Company has also decided to revise the year-end dividend forecast for the year ending December 31, 2022, announced on February 10, 2022, as follows.

1. Extraordinary losses and the details

Our mainstay product, V-CUBE Meeting, has driven our business in the general-purpose web conferencing domain, but the competitive environment in the web conferencing market has intensified as teleworking has taken root in society in general due to the impact of the COVID 19. In light of the shift in our business strategy due to this change in environment and the declining profitability trend of the product, we have examined the future recoverability of our software assets and decided to write down the book value of a portion of the software to its recoverable amount in the year ending December 31, 2022.

In addition to software assets of previous versions of the product, following the release of a new version of the product, we also decided to write down software assets that are not expected to be sufficiently profitable in the future.

As a result of the above, an impairment loss of JPY 396 million was recorded as an extraordinary loss.

2. Differences between forecasts and actual results

(1) Difference between forecast and actual consolidated results for the year ended December 31, 2022 (January 1, 2022 - December 31, 2022)

(Millions of yen)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Net income per share
Forecast (A)	12,300	800	700	500	20.60 yen
Actual results(B)	12,229	675	612	84	3.49 yen
Change (B-A)	△71	△125	△88	△416	
Rate of change (%)	△0.6	△15.6	△12.6	△83.2	
(Ref) Results of previous year (ended December 31,2021)	11,493	1,351	1,232	1,324	54.68 yen

(2) Reasons for the difference

Net sales were generally in line with plans on a consolidated basis due to strong demand for Telecube in the Third Place DX business, although US subsidiary Xyvid, which was affected by the rapid return to real in reaction to the COVID19 pandemic, fell short of plans in the Event DX business.

Operating profit and ordinary profit were below the forecasts announced on November 1, 2022 due to the impact of deteriorating progress in the Event DX business, mainly at US subsidiary Xyvid.

Profit attributable to owners of parent was affected as a result of impairment losses, as described in "1. Extraordinary losses and the details" above.

3. Revision of dividend forecast

(1) Details of revision

	Annual dividend (yen)		
	End of the Q2	End of term	Total
Previous forecast (Announced on Feb.10, 2022)	—	8.00	8.00
Revised forecast	—	4.00	4.00
Results of the current year	0.00	—	—
Results of the previous year (ended Dec.31, 2021)	0.00	8.00	8.00

(2) Reasons for the revision

The Company regards the return of profits to shareholders as an important management issue. However, the consolidated results for the year ended December 31, 2022 were as described above, and in order to ensure a stable and continuous return of profits in light of the Company's financial situation, based on the dividend policy of "aiming for a dividend payout ratio of 20% based on NOPLAT (deemed profit after tax), and aiming for a payout ratio of 30% in the future", the year-end dividend forecast was revised to 4 yen per share.

This issue will be submitted to the 23rd Ordinary General Meeting of Shareholders of the Company to be held on March 28, 2023.