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Notice of Differences between Business Forecasts and Actual Results, Revisions of Full-Year Business Forecasts and Dividend Forecasts

V-cube, Inc. hereby announces that the difference between the business forecasts for FY2023 1H, announced on February 14, 2023, and the actual results announced today.

In addition, based on the latest performance trends, we have revised our full-year business forecasts for FY2023, as follows.

1. Difference between the business forecasts and the actual results
 - (1) Difference between the consolidated business forecasts and actual results for FY2023 1H
 (January 1, 2023, to June 30, 2023)

(Millions of yen)

	Net Sales	Adjusted EBITDA	Adjusted Operating Profit	Operating profit
Previous Forecasts (A)	6,200	1,020	—	350
Actual Results (B)	5,571	794	309	117
Change (B-A)	△449	△226	—	△233
Rate of change (%)	△7.2	△22.2	—	△66.6
(Reference) Results of previous year (FY2022 1H)	6,610	1,270	832	673
	Ordinary profit	Net Profit attributable to owners of parent	Net profit per share	
Previous Forecasts (A)	320	180	7.42 yen	
Actual Results (B)	91	4	0.18 yen	
Change (B-A)	△229	△176		
Rate of change (%)	△71.6	△97.8		
(Reference) Results of previous year (FY2022 1H)	633	519	21.42 yen	

(2) Reasons for the deference

The forecast at the beginning of the period for FY2023 1H was for a 410 million yen decrease in sales compared with the previous year due to changes in the social environment, including a swing back to the real amid rapid progress in online utilization following the end of the COVID19 pandemic, but the sales decrease was more than expected due to changes in the environment specific to certain applications. In the Event DX business in particular, while the number of small events held in the pharmaceutical industry declined more than expected and the number of events held in the human resources industry declined due to a sudden change in policy by a specific large client, the high level of fixed costs, especially labor costs, which are difficult to reduce in the short term, had a significant impact on the decline in profit margin.

2. Revisions of full-year business forecasts

(1) Revisions of the full year consolidated business forecasts

(January 1, 2023, to December 31, 2023)

	Net Sales	Adjusted EBITDA	Adjusted Operating Profit	Operating profit
Previous Forecasts (A)	12,500	2,150	—	700
Revised Forecasts (B)	11,500	1,570	475	100
Change (B-A)	△1,000	△580	—	△600
Rate of change (%)	△8.0	△27.0	—	△85.7
(Reference) Results of previous year (FY2022 full year)	12,229	1,945	1,025	675
	Ordinary profit	Net Profit attributable to owners of parent	Net Profit per share	
Previous Forecasts (A)	600	350	14.42 yen	
Revised Forecasts (B)	10	TBD	TBD	
Change (B-A)	—	—		
Rate of change (%)	—	—		
(Reference) Results of previous year (FY2022 full year)	612	84	3.49 yen	

(2) Reasons for the revisions

The revision is based on 1H results and 2H forecasts.

Net sales are expected to decrease mainly in the Event DX and Third Place DX business.

■ Event DX Business

Although U.S. subsidiary Xyvid is expected to recover with the start of new projects in 2H of the year, and online events in Japan are growing with the exception of some industries, the use of small-scale events in the pharmaceutical industry and specific large-lot customers in the human resources industry is expected to continue to fall below the initial plan.

■ Third Place DX Business

Telecube installations have continued to grow at a high rate, but the number of units is expected to be lower than projected at the beginning of the period, although both corporate and public space installations remain at high levels

As for profit, while we expect a decline in revenue, we are working to reduce costs, but fixed costs, mainly labor costs, which are more difficult to reduce in the short term compared to variable costs, are heavy, and we are implementing structural reforms as announced today in the " Notice of Management Rationalization and Extraordinary Loss due to Solicitation of Buyout Package, etc. and Return of Executive Compensation". However, effect of improving the profit margin during the current year will be limited, so we expect the profit margin to decline. In addition, due to the impact of the sharp depreciation of the yen on overseas product procurement, we expect a decrease in profits at all levels.

Net profit attributable to owners of parent and Net profit per share has not yet been determined because the impact of the Extraordinary Loss due to Solicitation of Buyout Package is still under scrutiny. We will disclose it including other effects as soon as the calculation of such effects becomes possible.

3. Revisions of dividend forecasts

(1) Details of the revisions

	Annual dividend (yen)		
	2 nd quarter end	fiscal year end	Total
Previous Forecasts (Announced on Feb 14, 2023)	—	4.00	4.00
Revised forecasts	—	0.00	0.00
Current year results	0.00	—	—
Previous year results (FY2022)	0.00	4.00	4.00

(2) Reasons for the revisions

We regard the return of profits to shareholders as an important management issue and has established a dividend policy of "aiming for a dividend payout ratio of 20% based on NOPLAT (deemed profit after tax), with the goal of 30% in the future.

However, since we currently expect consolidated financial results for FY2023 as stated above, and we do not expect to generate sufficient net profit, we have decided to revise our year-end dividends plan to no dividends.

We deeply apologize to our shareholders, and we will strive to increase profits and resume dividends in the next fiscal year and beyond by implementing measures to reduce fixed costs through personnel reductions and other measures during the current fiscal year, passing on prices and managing costs in response to inflation and the weak yen, and conducting sales activities to raise unit prices by proposing high value-added services. We look forward to your continued support.