

Summary of Consolidated Financial Results
for the Nine Months Ended September 30, 2023 (Japanese GAAP)

November 14, 2023

Company name: V-cube, Inc.

Securities code: 3681

Stock exchange listings: The Prime Market of the Tokyo Stock Exchange

URL: (Japanese) <http://jp.vcube.com/> (English) <http://www.vcube.com/>

Quarterly statement filing date (as planned): November 14, 2023

1. Results of the Second quarter ended September 30, 2023

(millions of Yen, except per share amounts)

(1) Consolidated quarterly operating results:

| | Net sales | | Adjusted EBITDA | | Adjusted Operating profit | | Operating profit | |
|-------------------|-----------------|-------|-----------------|-------|---------------------------|-------|------------------|-------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Nine months ended | | | | | | | | |
| Sep. 30, 2023 | 8,111 | -10.8 | 864 | -41.3 | 97 | -87.8 | -198 | - |
| Sep. 30, 2022 | 9,093 | 6.9 | 1,474 | -24.8 | 800 | -33.7 | 551 | -50.3 |

Note: Comprehensive income For Nine months ended Sep. 30, 2023: ¥383 million [-79.3%]
For Nine months ended Sep. 30, 2022: ¥1,849 million [83.2%]

| | Ordinary profit | | Profit attributable to owners of parent | | Basic earnings per share | Diluted earnings per share |
|-------------------|-----------------|-------|---|-------|--------------------------|----------------------------|
| | Millions of yen | % | Millions of yen | % | Yen | Yen |
| Nine months ended | | | | | | |
| Sep. 30, 2023 | -234 | - | -475 | - | -19.61 | - |
| Sep. 30, 2022 | 506 | -50.5 | 384 | -60.7 | 15.82 | 15.58 |

(2) Consolidated financial position:

| | Total assets | | Net assets | | Capital adequacy ratio | Net assets per share |
|---------------|-----------------|--|-----------------|--|------------------------|----------------------|
| | Millions of yen | | Millions of yen | | % | Yen |
| As of | | | | | | |
| Sep. 30, 2023 | 18,074 | | 6,280 | | 34.1 | 253.88 |
| Dec. 31, 2022 | 16,891 | | 5,989 | | 34.9 | 243.12 |

Reference: Owner's equity As of Sep. 30, 2023: ¥6,161 million
As of Dec. 31, 2022: ¥5,900 million

2. Dividends

| | Annual dividends per share | | | | |
|---|----------------------------|--------------------|-------------------|-----------------|-------|
| | First quarter-end | Second quarter-end | Third quarter-end | Fiscal year-end | Total |
| | Yen | Yen | Yen | Yen | Yen |
| Fiscal year ended Dec. 31, 2022 | - | 0.00 | - | 4.00 | 4.00 |
| Fiscal year ended Dec. 31, 2023 | - | 0.00 | - | | |
| Fiscal year ending Dec. 31, 2023 (Forecast) | | | | 0.00 | 0.00 |

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated forecasts

(millions of Yen, except per share amounts)

| | Net sales | | Adjusted EBITDA | | Adjusted Operating profit | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | | Basic earnings per share |
|---------------------------------|-----------------|------|-----------------|-------|---------------------------|-------|------------------|-------|-----------------|-------|---|---|--------------------------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| Fiscal year ended Dec. 31, 2023 | 11,500 | -6.0 | 1,570 | -19.3 | 475 | -53.7 | 100 | -85.2 | 10 | -98.4 | -276 | - | -11.37 |

Note: Revisions to the forecasts most recently announced: Yes

4.Others

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(4) Number of issued and outstanding shares (common stock)

(i) Number of issued and outstanding shares at the period end (including treasury stock)

| | | | |
|-------------------------|-------------------|--------------------------|-------------------|
| As of December 31, 2022 | 24,737,400 shares | As of September 30, 2023 | 24,737,400 shares |
|-------------------------|-------------------|--------------------------|-------------------|

(ii) Number of treasury stock at the end of fiscal year

| | | | |
|-------------------------|----------------|--------------------------|----------------|
| As of December 31, 2022 | 466,472 shares | As of September 30, 2023 | 466,472 shares |
|-------------------------|----------------|--------------------------|----------------|

(iii) Average number of shares (quarterly period-YTD)

| | | | |
|---|-------------------|---|-------------------|
| Nine months ended September 30, 2022 | 24,270,949 shares | Nine months ended September 30, 2023 | 24,270,928 shares |
|---|-------------------|---|-------------------|

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Explanation related to appropriate use of results forecasts and other items warranting special mention

The above forecasts are based on the information available as of the date of the release of this document. As a result, a variety of factors in the future may cause actual results to differ from these forecasts.

Consolidated Financial Statements
(1) Consolidated Balance Sheet

(Thousands of yen)

| | As of December 31, 2022 | As of September 30, 2023 |
|---------------------------------------|-------------------------|--------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 1,699,697 | 1,685,617 |
| Notes and accounts receivable - trade | 1,737,481 | 1,344,662 |
| Advance payments to suppliers | 1,200 | — |
| Other | 701,493 | 845,214 |
| Allowance for doubtful accounts | △17,761 | △5,275 |
| Total current assets | 4,122,111 | 3,870,219 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Property, plant and equipment | 2,047,246 | 2,000,389 |
| Intangible assets | | |
| Software | 1,895,581 | 2,538,247 |
| Software in progress | 1,127,471 | 1,335,620 |
| Goodwill | 4,071,947 | 4,389,989 |
| Total intangible assets | 7,095,000 | 8,263,857 |
| Investments and other assets | | |
| Investment securities | 416,372 | 596,312 |
| Shares of subsidiaries and associates | 337,466 | 403,506 |
| Leasehold and guarantee deposits | 340,928 | 331,890 |
| Long-term loans receivable | 33,175 | 37,395 |
| Deferred tax assets | 1,875,064 | 1,939,815 |
| Long-term prepaid expenses | 58,889 | 59,762 |
| Other | 566,609 | 572,758 |
| Allowance for doubtful accounts | △999 | △1,234 |
| Total investments and other assets | 3,627,505 | 3,940,207 |
| Total non-current assets | 12,769,752 | 14,204,453 |
| Total assets | 16,891,863 | 18,074,673 |

(Thousands of yen)

As of December 31, 2022 As of September 30, 2023

| Liabilities | | |
|---|------------|------------|
| Current liabilities | | |
| Accounts payable - trade | 494,496 | 335,257 |
| Short-term borrowings | 2,627,160 | 3,907,497 |
| Current portion of long-term borrowings | 3,998,600 | 4,038,600 |
| Contract liabilities | 922,951 | 987,579 |
| Provision for bonuses | 91,824 | 119,091 |
| Income taxes payable | 75,007 | 36,316 |
| Other | 1,114,427 | 1,135,427 |
| Total current liabilities | 9,324,467 | 10,559,769 |
| Non-current liabilities | | |
| Long-term borrowings | 953,000 | 710,800 |
| Lease liabilities | 310,631 | 212,999 |
| Asset retirement obligations | 296,136 | 289,904 |
| Other | 18,098 | 20,309 |
| Total non-current liabilities | 1,577,866 | 1,234,012 |
| Total liabilities | 10,902,333 | 11,793,782 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 92,190 | 92,190 |
| Capital surplus | 2,831,834 | 2,831,834 |
| Retained earnings | 2,500,230 | 1,927,193 |
| Treasury shares | △794,791 | △794,791 |
| Total shareholders' equity | 4,629,464 | 4,056,427 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 52,826 | 89,840 |
| Foreign currency translation adjustment | 1,218,365 | 2,015,578 |
| Total accumulated other comprehensive income | 1,271,192 | 2,105,418 |
| Share acquisition rights | 2,160 | 8,410 |
| Non-controlling interests | 86,713 | 110,634 |
| Total net assets | 5,989,529 | 6,280,890 |
| Total liabilities and net assets | 16,891,863 | 18,074,673 |

(2) Consolidated Statement of Income and Comprehensive Income
(Consolidated Statement of Income)

(Thousands of yen)

| | Nine months ended September 30, 2022 | Nine months ended September 30, 2023 |
|---|---|---|
| Net sales | 9,093,315 | 8,111,356 |
| Cost of sales | 5,012,469 | 4,647,888 |
| Gross profit | 4,080,846 | 3,463,467 |
| Selling, general and administrative expenses | 3,528,975 | 3,662,110 |
| Operating profit (loss) | 551,870 | △198,643 |
| Non-operating income | | |
| Interest income | 2,463 | 5,803 |
| Insurance claim income | 3,722 | 1,571 |
| Foreign exchange gains | — | 8,884 |
| Subsidy income | 5,745 | 1,726 |
| Gain on valuation of investment securities | 7,004 | 15,353 |
| Other | 2,421 | 2,031 |
| Total non-operating income | 21,357 | 35,371 |
| Non-operating expenses | | |
| Interest expenses | 33,918 | 35,356 |
| Foreign exchange losses | 6,497 | — |
| Commission expenses | 229 | 748 |
| Loss on valuation of investment securities | — | 18,592 |
| Rents | 3,979 | — |
| Share of loss of entities accounted for using equity method | 17,736 | 9,032 |
| Other | 3,976 | 7,477 |
| Total non-operating expenses | 66,337 | 71,207 |
| Ordinary profit (loss) | 506,891 | △234,480 |
| Extraordinary income | | |
| Settlement income | — | 10,000 |
| Total extraordinary income | — | 10,000 |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | 759 | 4,200 |
| Loss on cancellation of leases | 9,371 | 4,941 |
| Settlement payments | 7,685 | 18,852 |
| Office relocation expenses | 6,111 | 10,245 |
| Loss on business restructuring | — | 7,065 |
| Extra retirement payments | — | 133,000 |
| Other | 630 | — |
| Total extraordinary losses | 24,559 | 178,305 |
| Profit (loss) before income taxes | 482,331 | △402,785 |
| Income taxes - current | 52,608 | 13,157 |
| Income taxes - deferred | 16,351 | 35,036 |
| Total income taxes | 68,960 | 48,193 |
| Profit (loss) | 413,370 | △450,979 |
| Profit attributable to non-controlling interests | 29,361 | 24,974 |
| Profit (loss) attributable to owners of parent | 384,009 | △475,953 |

(Consolidated Statement of Comprehensive Income)

(Thousands of yen)

| | Nine months ended September 30, 2022 | Nine months ended September 30, 2023 |
|--|---|---|
| Profit (loss) | 413,370 | △450,979 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 45,446 | 37,014 |
| Foreign currency translation adjustment | 1,390,491 | 797,212 |
| Total other comprehensive income | 1,435,937 | 834,226 |
| Comprehensive income | 1,849,308 | 383,247 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 1,821,597 | 359,326 |
| Comprehensive income attributable to non-controlling interests | 27,711 | 23,920 |

(3) Notes to Consolidated Financial Statements
(Segment Information)

Nine months ended September 30, 2022

(Thousands of
yen)

| | Reportable segments | | | | Reconciling items | Per quarterly consolidated financial statements |
|--|-----------------------|------------------|-----------------------|---------------------|-------------------|---|
| | Enterprise DX Segment | Event DX Segment | Thirdplace DX Segment | Reportable segments | | |
| Sales Revenues from external customers | 3,253,040 | 3,750,515 | 2,089,760 | 9,093,315 | — | 9,093,315 |
| Transactions with other segments | — | — | — | — | — | — |
| Net sales | 3,253,040 | 3,750,515 | 2,089,760 | 9,093,315 | — | 9,093,315 |
| Operating profit | 454,670 | 178,272 | 440,747 | 1,073,689 | △521,818 | 551,870 |

Notes:

1. The ¥521,818 thousand downward adjustment to segment income reflects corporate expenses not allocated to segments. Corporate expenses mainly include general administration costs of administrative departments.
2. Segment income (loss) has been adjusted for the operating income figure on the consolidated income statements.

Nine months ended September 30, 2023

(Thousands of
yen)

| | Reportable segments | | | | Reconciling items | Per quarterly consolidated financial statements |
|--|-----------------------|------------------|-----------------------|---------------------|-------------------|---|
| | Enterprise DX Segment | Event DX Segment | Thirdplace DX Segment | Reportable segments | | |
| Sales Revenues from external customers | 3,223,134 | 3,080,607 | 1,807,614 | 8,111,356 | — | 8,111,356 |
| Transactions with other segments | — | — | — | — | — | — |
| Net sales | 3,223,134 | 3,080,607 | 1,807,614 | 8,111,356 | — | 8,111,356 |
| Operating profit | 370,351 | △555,339 | 523,568 | 338,580 | △537,224 | △198,643 |

Notes:

1. The ¥537,224 thousand downward adjustment to segment income reflects corporate expenses not allocated to segments. Corporate expenses mainly include general administration costs of administrative departments.
2. Segment income (loss) has been adjusted for the operating income figure on the consolidated income statements.