

Summary of Consolidated Financial Results
for the Year Ended December 31, 2023 (Japanese GAAP)

February 14, 2024

Company name: V-cube, Inc.

Securities code: 3681

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

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

Date of general shareholders' meeting (as planned): March 27, 2024

Annual securities report filing date (as planned): March 29, 2024

Date of commerce dividend payments (as planned): -

1. Results of the year ended December 31, 2023

(millions of Yen, except per share amounts)

(1) Consolidated operating results:

Fiscal year ended	Net sales		Adjusted EBITDA		Adjusted Operating profit		Operating profit		Ordinary profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Dec. 31, 2023	11,084	-9.4	1,289	-33.7	240	-76.5	-156	-	-275	-
Dec. 31, 2022	12,229	6.4	1,945	-26.6	1,025	-36.7	675	-50.0	612	-50.3

Note: Comprehensive income For the fiscal year ended Dec. 31, 2023: ¥5,155 million [- %]
For the fiscal year ended Dec. 31, 2022: ¥1,084 million [-37.3%]

Fiscal year ended	Profit attributable to owners of parent		Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Millions of yen	%	Yen	Yen	%	%	%
Dec. 31, 2023	-5,623	-	-231.68	-	-172.4	-1.9	-1.4
Dec. 31, 2022	84	-93.6	3.49	3.43	1.6	3.8	5.5

Reference: Share of profit (loss) of entities accounted for using equity method
For the fiscal year ended Dec. 31, 2023: ¥-9 million
For the fiscal year ended Dec. 31, 2022: ¥-22 million

(2) Consolidated financial position:

As of	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Dec. 31, 2023	12,329	746	5.0	25.62
Dec. 31, 2022	16,891	5,989	34.9	243.12

Reference: Owner's equity As of Dec. 31, 2023: ¥621 million
As of Dec. 31, 2022: ¥5,900 million

(3) Consolidated cash flows

Fiscal year ended	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Dec. 31, 2023	990	-1,916	562	1,389
Dec. 31, 2022	1,833	-2,395	290	1,699

2. Dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
Fiscal year ended Dec. 31, 2022	-	0.00	-	4.00	4.00	97	114.6	1.8
Fiscal year ended Dec. 31, 2023	-	0.00	-	0.00	0.00	-	-	-
Fiscal year ending Dec. 31, 2023 (Forecast)	-	0.00	-	0.00	0.00		-	

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
Six months ended Jun. 30, 2024	5,600	-2.6	800	0.8	370	19.7	320	173.5	280	207.7	200	-	8.24
Fiscal year ended Dec. 31, 2024	11,500	3.8	1,600	24.1	600	150.0	500	-	400	-	300	-	12.36

4. Others

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

(2) 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

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

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

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

(ii) Number of treasury stock at the end of the period

As of December 31, 2022	466,472 shares	As of December 31, 2023	466,472 shares
-------------------------	----------------	-------------------------	----------------

(iii) Average number of shares outstanding during the period

Fiscal year ended December 31, 2022	24,270,944 shares	Fiscal year ended December 31, 2023	24,270,928 shares
-------------------------------------	-------------------	-------------------------------------	-------------------

(4) Formula for each management index

Adjusted EBITDA: Operating income + Depreciation & amortization \pm EBITDA adjustment items (*)

(*) EBITDA adjustments items: Gains/losses on non-recurring or discontinued operations within operating revenues and expenses (M&A-related expenses, gains/losses from exited business etc.)

(Reference) Summary of the Non-consolidated Financial Results

(1) Non-consolidated Results of Operations:

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended Dec. 31, 2023	9,401	-7.9	217	-70.8	236	-75.5	-4,265	-
Dec. 31, 2022	10,213	4.8	743	-24.3	968	-41.7	485	-71.3

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
Dec. 31, 2023	-175.73	-
Dec. 31, 2022	20.01	19.71

(2) Non-consolidated Financial Position:

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
Dec. 31, 2023	12,112	702	5.7	28.59
Dec. 31, 2022	15,645	5,018	32.1	206.66

Reference: Owner's equity As of Dec. 31, 2023: ¥693 million
As of Dec. 31, 2022: ¥5,015 million

* Financial results reports are exempt from audit 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 December 31, 2023
Assets		
Current assets		
Cash and deposits	1,699,697	1,389,327
Notes and accounts receivable - trade	1,737,481	1,822,004
Advance payments to suppliers	1,200	12,210
Prepaid expenses	627,013	715,895
Other	74,480	90,936
Allowance for doubtful accounts	△17,761	△13,473
Total current assets	4,122,111	4,016,900
Non-current assets		
Property, plant and equipment		
Buildings	1,068,062	1,058,031
Accumulated depreciation and impairment	△194,376	△280,648
Buildings, net	873,686	777,382
Tools, furniture and fixtures	1,288,484	1,568,676
Accumulated depreciation and impairment	△512,986	△621,578
Tools, furniture and fixtures, net	775,498	947,098
Leased assets	804,773	718,021
Accumulated depreciation	△406,711	△477,987
Leased assets, net	398,061	240,033
Total property, plant and equipment	2,047,246	1,964,515
Intangible assets		
Software	1,895,581	2,042,348
Software in progress	1,127,471	1,482,648
Goodwill	4,071,947	844,062
Total intangible assets	7,095,000	4,369,059
Investments and other assets		
Investment securities	416,372	600,176
Shares of subsidiaries and associates	337,466	401,785
Long-term loans receivable	33,175	35,455
Leasehold and guarantee deposits	340,928	330,576
Deferred tax assets	1,875,064	511,183
Long-term prepaid expenses	58,889	66,527
Other	566,609	34,222
Allowance for doubtful accounts	△999	△1,234
Total investments and other assets	3,627,505	1,978,692
Total non-current assets	12,769,752	8,312,267
Total assets	16,891,863	12,329,168

(Thousands of yen)

	As of December 31, 2022	As of December 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	494,496	579,049
Short-term borrowings	2,627,160	3,881,217
Current portion of long-term borrowings	3,998,600	754,500
Contract liabilities	922,951	911,791
Provision for bonuses	91,824	107,522
Income taxes payable	75,007	34,381
Other	1,114,427	975,167
Total current liabilities	9,324,467	7,243,630
Non-current liabilities		
Long-term borrowings	953,000	3,847,500
Lease liabilities	310,631	176,829
Asset retirement obligations	296,136	289,998
Other	18,098	25,153
Total non-current liabilities	1,577,866	4,339,481
Total liabilities	10,902,333	11,583,111
Net assets		
Shareholders' equity		
Share capital	92,190	92,190
Capital surplus	2,831,834	2,831,834
Retained earnings	2,500,230	△3,220,036
Treasury shares	△794,791	△794,791
Total shareholders' equity	4,629,464	△1,090,802
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	52,826	93,103
Foreign currency translation adjustment	1,218,365	1,619,613
Total accumulated other comprehensive income	1,271,192	1,712,717
Share acquisition rights	2,160	8,410
Non-controlling interests	86,713	115,731
Total net assets	5,989,529	746,056
Total liabilities and net assets	16,891,863	12,329,168

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

(Thousands of yen)

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Net sales	12,229,135	11,084,673
Cost of sales	6,806,854	6,445,262
Gross profit	5,422,280	4,639,410
Selling, general and administrative expenses	4,747,186	4,795,509
Operating profit (loss)	675,093	△156,098
Non-operating income		
Interest income	4,026	6,928
Dividend income	—	3,501
Insurance claim income	5,746	4,271
Subsidy income	5,907	1,782
Gain on valuation of investment securities	7,004	15,353
Other	6,106	4,832
Total non-operating income	28,791	36,669
Non-operating expenses		
Interest expenses	44,937	47,787
Foreign exchange losses	8,911	3,469
Commission expenses	6,033	68,795
Loss on valuation of investment securities	—	20,619
Rents	3,979	—
Share of loss of entities accounted for using equity method	22,866	9,919
Other	4,258	5,451
Total non-operating expenses	90,986	156,041
Ordinary profit (loss)	612,898	△275,470
Extraordinary income		
Gain on sale of non-current assets	—	1,408
Settlement income	—	10,000
Total extraordinary income	—	11,408
Extraordinary losses		
Impairment losses	395,647	3,779,758
Settlement payments	51,929	18,852
Extra retirement payments	—	133,444
Other	33,388	41,405
Total extraordinary losses	480,965	3,973,461
Profit (loss) before income taxes	131,933	△4,237,524
Income taxes - current	82,771	10,779
Income taxes - deferred	△71,214	1,344,805
Total income taxes	11,557	1,355,585
Profit (loss)	120,375	△5,593,109
Profit attributable to non-controlling interests	35,780	30,073
Profit (loss) attributable to owners of parent	84,594	△5,623,183

(Consolidated Statement of Comprehensive Income)

(Thousands of yen)

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Profit (loss)	120,375	△5,593,109
Other comprehensive income		
Valuation difference on available-for-sale securities	45,446	36,506
Foreign currency translation adjustment	918,461	401,248
Total other comprehensive income	963,907	437,754
Comprehensive income	1,084,283	△5,155,354
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,049,905	△5,184,372
Comprehensive income attributable to non-controlling interests	34,377	29,017

(3) Consolidated Statements of Changes in Net Assets
Fiscal year ended December 31, 2022

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	92,190	2,831,834	2,609,803	△794,757	4,739,070
Changes during period					
Dividends of surplus	-	-	△194,167	-	△194,167
Profit attributable to owners of parent	-	-	84,594	-	84,594
Purchase of treasury shares	-	-	-	△33	△33
Net changes in items other than shareholders' equity	-	-	-	-	-
Total changes during period	-	-	△109,572	△33	△109,606
Balance at end of period	92,190	2,831,834	2,500,230	△794,791	4,629,464

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	7,380	299,904	307,284	2,160	52,336	5,100,851
Changes during period						
Dividends of surplus	-	-	-	-	-	△194,167
Profit attributable to owners of parent	-	-	-	-	-	84,594
Purchase of treasury shares	-	-	-	-	-	△33
Net changes in items other than shareholders' equity	45,446	918,461	963,907	-	34,377	998,285
Total changes during period	45,446	918,461	963,907	-	34,377	888,678
Balance at end of period	52,826	1,218,365	1,271,192	2,160	86,713	5,989,529

Fiscal year ended December 31, 2023

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	92,190	2,831,834	2,500,230	△794,791	4,629,464
Changes during period					
Dividends of surplus	—	—	△97,083	—	△97,083
Profit (loss) attributable to owners of parent	—	—	△5,623,183	—	△5,623,183
Net changes in items other than shareholders' equity	—	—	—	—	—
Total changes during period	—	—	△5,720,266	—	△5,720,266
Balance at end of period	92,190	2,831,834	△3,220,036	△794,791	△1,090,802

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	52,826	1,218,365	1,271,192	2,160	86,713	5,989,529
Changes during period						
Dividends of surplus	—	—	—	—	—	△97,083
Profit (loss) attributable to owners of parent	—	—	—	—	—	△5,623,183
Net changes in items other than shareholders' equity	40,277	401,248	441,525	6,250	29,017	476,792
Total changes during period	40,277	401,248	441,525	6,250	29,017	△5,243,474
Balance at end of period	93,103	1,619,613	1,712,717	8,410	115,731	746,056

(4) Consolidated Statements of Cash flows

(Thousands of yen)

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Cash flows from operating activities		
Profit (loss) before income taxes	131,933	△4,237,524
Depreciation	920,577	1,048,619
Impairment losses	395,647	3,779,758
Amortization of goodwill	343,803	377,519
Share of loss (profit) of entities accounted for using equity method	22,866	9,919
Loss (gain) on valuation of investment securities	△7,004	5,265
Increase (decrease) in allowance for doubtful accounts	17,666	△4,052
Increase (decrease) in provision for bonuses	△25,820	7,963
Interest and dividend income	△4,026	△10,429
Interest expenses	44,937	47,787
Foreign exchange losses (gains)	8,911	3,469
Decrease (increase) in trade receivables	68,938	△35,037
Decrease (increase) in advance payments to suppliers	47,956	△11,009
Increase (decrease) in trade payables	△60,324	80,111
Increase (decrease) in contract liability	24,439	△21,210
Decrease (increase) in prepaid expenses	△226,640	△84,707
Increase (decrease) in accrued consumption taxes	120,548	△93,761
Increase (decrease) in accrued expenses	2,991	91,258
Proceeds from sale of assets for lease	115,675	108,139
Other, net	△26,546	29,123
Subtotal	1,915,530	1,091,202
Interest and dividends received	6,341	10,329
Interest paid	△45,120	△45,740
Income taxes paid	△43,516	△64,833
Net cash provided by (used in) operating activities	1,833,235	990,958
Cash flows from investing activities		
Purchase of property, plant and equipment	△655,176	△402,181
Purchase of intangible assets	△1,592,147	△1,734,192
Purchase of shares of subsidiaries and associates	△50,000	△70,000
Purchase of investment securities	△60,552	△150,018
Proceeds from sale of investment securities	—	48,937
Payments of leasehold and guarantee deposits	△47,458	—
Proceeds from refund of leasehold and guarantee deposits	7,675	—
Proceeds from cancellation of insurance funds	—	525,093
Payments for acquisition of businesses	—	△130,000
Other, net	1,914	△4,552
Net cash provided by (used in) investing activities	△2,395,745	△1,916,914

(Thousands of yen)

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	984,248	1,254,057
Proceeds from long-term borrowings	130,000	3,879,000
Repayments of long-term borrowings	△519,480	△4,228,600
Purchase of treasury shares	△33	—
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	—	△121,329
Proceeds from issuance of share acquisition rights	—	6,250
Dividends paid	△191,712	△96,304
Repayments of lease liabilities	△112,711	△130,669
Net cash provided by (used in) financing activities	290,310	562,404
Effect of exchange rate change on cash and cash equivalents	148,099	53,181
Net increase (decrease) in cash and cash equivalents	△124,100	△310,369
Cash and cash equivalents at beginning of period	1,823,797	1,699,697
Cash and cash equivalents at end of period	1,699,697	1,389,327

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

Fiscal year ended December 31, 2022

(Thousands of yen)

	Reportable segments				Reconciling items	Per quarterly consolidated financial statements
	Enterprise DX Segment	Event DX Segment	Third Place DX Segment	Reportable segments		
Sales						
Revenues from external customers	4,331,141	5,008,155	2,889,838	12,229,135	—	12,229,135
Transactions with other segments	—	—	—	—	—	—
Net sales	4,331,141	5,008,155	2,889,838	12,229,135	—	12,229,135
Operating profit	593,166	140,516	646,787	1,380,470	△705,376	675,093
Other items						
Depreciation and Amortization	474,083	386,680	50,100	910,864	9,713	920,577
Amortization of Goodwill	96,180	247,622	—	343,803	—	343,803

Notes:

1. The ¥705,376 thousand downward adjustment to segment income reflects corporate expenses not allocated to segments. Corporate expenses mainly include general administration costs of administrative departments. The adjustment amount of depreciation and amortization expense of ¥9,713 thousand primarily pertains to depreciation expenses related to corporate assets not allocated to any reporting segments.
2. Segment income (loss) has been adjusted for the operating income figure on the consolidated income statements.

Fiscal year ended December 31, 2023

(Thousands of yen)

	Reportable segments				Reconciling items	Per quarterly consolidated financial statements
	Enterprise DX Segment	Event DX Segment	Third Place DX Segment	Reportable segments		
Sales						
Revenues from external customers	4,418,504	4,115,984	2,550,184	11,084,673	—	11,084,673
Transactions with other segments	—	—	—	—	—	—
Net sales	4,418,504	4,115,984	2,550,184	11,084,673	—	11,084,673
Operating profit	526,493	△734,127	737,869	530,235	△686,333	△156,098
Other items						
Depreciation and Amortization	435,852	474,605	119,571	1,030,029	18,589	1,048,619
Amortization of Goodwill	105,651	271,868	—	377,519	—	377,519

Notes:

1. The ¥686,333 thousand downward adjustment to segment income reflects corporate expenses not allocated to segments. Corporate expenses mainly include general administration costs of administrative departments. The adjustment amount of depreciation and amortization expense of ¥18,589 thousand primarily pertains to depreciation expenses related to corporate assets not allocated to any reporting segments.

2. Segment income (loss) has been adjusted for the operating income figure on the consolidated income statements.