May 31, 2021

Company name: V-cube, Inc.
President & CEO: Naoaki Mashita
Tokyo Stock Exchange, First Section (stock code: 3681)
Contact: Director & CFO, Corporate Planning Division General Manager
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Announcement regarding Acquisition of Xyvid Inc. (Acquisition of shares accompanying changes in specified subsidiaries) and Borrowing of Funds

V-cube, Inc. (hereafter "V-cube") hereby announces that we have decided to acquire Xyvid, Inc. (location: U.S., hereafter "Xyvid "), which conducts event DX business in the U.S.

1. Background and Purpose of the Acquisition

The COVID-19 pandemic has triggered a major change in the working style and culture of communications around the world. Under the new culture, V-cube Group is rapidly growing its “Event DX business” which, as its biggest growth driver, conducts a large number of online events and is rapidly growing because of its very high convenience and productivity. Event DX business sales grew to approximately 1.2 billion yen in 2019, approximately 2.6 billion yen in 2020 and are expected to be approximately 5.5 billion yen in 2021. Over the long term, we expect growth in the domestic market to around 35 billion yen. Based on the concept of "SaaS+Service," which is our advantage, we are strengthening "SaaS" centered on "V-Cube Seminar" and "EventIn" and also expanding and enhancing "Service" including the Platinum Studio opened on May 1st, as the biggest online broadcasting studio in Japan, and professional services that provide full outsourcing services for online events.

Xyvid is an Event DX Company that operates in the U.S. Its business is very similar to our Event DX business and has a similar advantage with the unusual concept of “SaaS+Service” in the U.S. market. In addition, Xyvid’s SaaS product has been designed by the Company's CSO, a specialist of Humanities and Psychology, to achieve high-level engagement and as a result it has a strong competitive advantage compared to even pure SaaS competitors. The Enterprise Webcasting market in the U.S., which includes the Event DX business, is expected to grow at an average annual growth rate of 20% or more and the market size forecast to be USD 4.5 billion in 2022. This growth market was accelerated due to the COVID 19 Pandemic. In this high growth environment, Xyvid has been providing its on-line event platform and professional services to Fortune 500 companies, particularly in the pharmaceutical and financial industries, with CAGR of 67%.

V-cube Group has been investigating the Event DX Business's potential to grow globally in addition to rapidly growing in Japan. We believe that there is a particularly large demand in developed countries such as the U.S. and Singapore. After constructive discussions with the founder and president of Xyvid, who has a business model and philosophy similar to ours, we confirmed that synergies in the business are expected through mutual sales and the sharing of industry know-how.

Through this acquisition, V-cube Group is confident that it will be able to further accelerate the

strong growth of the current Event DX business by expanding in North American, the world's largest market, by expanding in the Southeast Asia, centered on Singapore, using the services of Xyvid, and also by expanding the product portfolio in the Japanese market. Accordingly, we have approved the acquisition of Xyvid.

The management team of Xyvid will continue to manage the company and V-cube will dispatch directors to build appropriate governance. Xyvid's CEO, Mr. David Kolvacik will purchase some shares of V-cube from our President, Naoaki Mashita, and participate in the management by committing to growing the V-cube Group, including Xyvid

2. Borrowing of Funds for the Acquisition

The Acquisition is scheduled to be settled in cash and we will borrow the necessary funds as follows. The repayment of this borrowing is planned to be repaid from Xyvid's free cash flow in anticipation of the stable future earnings.

Use of funds:	Acquisition of shares of Xyvid
Borrowing amount:	1,650 million yen
Lenders:	MUFG Bank, Ltd., Mizuho Bank, Ltd.
Type of borrowing rate:	Variable rate
Borrowing term:	2 ～2.5 years
Borrowing Date:	June 3, 2021(Scheduled)

This Borrowing is positioned as bridge financing, and we will consider switching to permanent financing in consideration of Xyvid's business progress and the status of earn-out consideration described below.

3. Outline of Xyvid, Inc.

(1) Name	Xyvid Inc.		
(2) Address	1170 Wheeler Way Langhorne, PA 19047		
(3) Representative	David Kovalcik		
(4) Businesses	Development, sales and distribution of webinar systems		
(5) Capital	100 USD		
(6) Establishment	December 5,2011		
(7) Major Shareholders	David Kovalcik (80%)		
(8) Relationship between V-cube and Xyvid	Capital	Not applicable.	
	Personnel	Not applicable.	
	Business	Not applicable.	
(9) Operating Results and Financial Position of Xyvid for the Last 3 Years			
Fiscal year end	FY2018	FY2019	FY2020
Net assets	△453 thou USD △50 mil yen	△102 thou USD △ 11 mil yen	1,522 thou USD 167 mil yen
Total assets	392 thou USD 43 mil yen	854 thou USD 94 mil yen	1,744 thou USD 192 mil yen
Net sales	1,671 thou USD 184 mil yen	2,569 thou USD 283 mil yen	5,356 thou USD 589 mil yen
Operating profit	0.028 thou USD 0.003 mil yen	351 thou USD 39 mil yen	1,624 thou USD 179 mil yen

Net income	0.028 thou USD 0.003 mil yen	351 thou USD 39 mil yen	1,624 thou USD 179 mil yen

(NOTE) In this document, USD refers to the U.S. Dollar and is calculated at 1USD = 110 yen (Our assumed figure).

4. Number of Shares Acquired, Acquisition Price, and Shareholdings before and after Acquisition

(1) Number of shares held before acquisition	0 shares (voting rights: 0) (voting rights holding ratio: 0%)
(2) Number of shares to be acquired	100 shares (voting rights: 100)
(3) Acquisition price	15,000 Thousands of U.S. dollars (Approx. 1,650 million yen)*1 In addition to the acquisition price, we plan to enter into a provision whereby contingent acquisition consideration (hereinafter referred to as "earn-out consideration") will be paid to the current shareholder of Xyvid based on the degree of achievement of performance *2
(4) Number of shares held after acquisition	100 shares (voting rights: 100) (voting rights holding ratio : 100%)

*1 The acquisition price was determined after consultation with the stockholder of Xyvid after comprehensive consideration based on the results of accounting, tax and legal due diligence conducted by a third party.

*2 The earn-out consideration will be paid additionally to the current shareholder according to the achievement of performance for 2 fiscal years from FY2021 to FY2022 ranging from 15,500 thousand USD (approx. 1,705 million yen) to 39,000 thousand USD (approx. 4,290 million yen). We can reduce the risk associated with the acquisition with the earn-out consideration.

5. Schedule

The date of contract conclusion and share acquisition (closing) are scheduled for June 3, 2021.

6. Future Outlook

The impact of this M&A on our business forecast for FY2021 is immaterial. We anticipate contributions to consolidated operating income from the first year, but will announce any revisions as soon as we deem necessary in the future.

(Reference) Xyvid's future targets

Fiscal year end	FY2021 (Forecast)	FY2022 (Forecast)	FY2023 (Forecast)	FY2024 (Forecast)	FY2025 (Forecast)
Net sales	792 mil yen	1,219 mil yen	1,893 mil yen	3,003mil yen	4,886 mil yen
Operating profit	277 mil yen	463 mil yen	758 mil yen	1,249mil yen	2,141mil yen

※Contribution to consolidated results in FY2021 is planned for the 3Q onward.