Summary of Consolidated Financial Results for the Three Months Ended March 31, 2024 (Japanese GAAP)

May 15, 2024

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): May 15, 2024

1.Results of the Second quarter ended March 31, 2024

(millions of Yen, except per share amounts)

(1) Consolidated quarterly operating results:

	Net sales		Adjusted EBITDA		Operating profit		Ordinary profit	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Mar. 31, 2024	2,807	-6.7	409	-8.0	120	15.1	100	24.4
Mar. 31, 2023	3,009	-16.6	445	-34.3	104	-73.2	80	-78.3

Note: Comprehensive income For Three months ended Mar. 31, 2024: ¥185 million [1.8%]
For Three months ended Mar. 31, 2023: ¥181 million [-75.1%]

	Profit attributable to owners of parent		Basic earnings per share	Diluted earnings per share
Three months ended	Millions of yen	%	Yen	Yen
Mar. 31, 2024	67	113.0	2.77	-
Mar. 31, 2023	31	-89.4	1.31	1.30

(2) Consolidated financial position:

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
Mar. 31, 2024	12,564	1,276	9.0	44.44
Dec. 31, 2023	12,329	746	5.0	25.62

Reference: Owner's equity As of Mar. 31, 2024: ¥1,131 million
As of Dec. 31, 2023: ¥ 621 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, 2023	-	0.00	-	0.00	-
Fiscal year ended Dec. 31, 2024	-				
Fiscal year ending Dec. 31, 2024 (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		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	%	Yen
Six months ended Jun. 30, 2024	5,600	-2.6	800	0.8	320	173.5	280	207.7	200	-	7.85
Fiscal year ended Dec. 31, 2024	11,500	3.8	1,600	24.1	500	-	400	-	300	-	11.78

Note: Revisions to the forecasts most recently announced: None

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: None
(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, 2023	24,737,400 shares	As of March 31, 2024	25,937,400 shares

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

As of December 31, 2023	466,472 shares	As of March 31, 2024	466,472 shares

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

Three months ended March 31, 2023	24,270,928 shares	Three months ended March 31, 2024	24,402,796 shares

(5) Formula for each management index

Adjusted EBITDA: Operating income + Depreciation & amortization ± 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.)

* 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, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	1,389,327	1,286,985
Notes and accounts receivable - trade	1,822,004	1,978,455
Advance payments to suppliers	12,210	12,210
Prepaid expenses	715,895	633,915
Other	90,936	122,256
Allowance for doubtful accounts	△13,473	△16,493
Total current assets	4,016,900	4,017,329
Non-current assets		
Property, plant and equipment	1,964,515	2,065,959
Intangible assets		
Software	2,042,348	2,246,917
Software in progress	1,482,648	1,504,499
Goodwill	844,062	842,922
Total intangible assets	4,369,059	4,594,338
Investments and other assets		
Investment securities	600,176	487,199
Shares of subsidiaries and associates	401,785	399,936
Long-term loans receivable	35,455	37,850
Leasehold and guarantee deposits	330,576	329,303
Deferred tax assets	511,183	526,022
Long-term prepaid expenses	66,527	56,065
Other	34,222	34,680
Allowance for doubtful accounts	△1,234	△1,234
Total investments and other assets	1,978,692	1,869,823
Total non-current assets	8,312,267	8,530,121
Deferred assets		
Share issuance costs	－	17,346
Total deferred assets	－	17,346
Total assets	12,329,168	12,564,797

(Thousands of yen)

	As of December 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	579,049	593,733
Short-term borrowings	3,881,217	3,855,710
Current portion of long-term borrowings	754,500	754,500
Contract liabilities	911,791	803,747
Provision for bonuses	107,522	76,146
Income taxes payable	34,381	22,839
Other	975,167	883,173
Total current liabilities	7,243,630	6,989,850
Non-current liabilities		
Long-term borrowings	3,847,500	3,708,875
Lease liabilities	176,829	244,576
Asset retirement obligations	289,998	319,129
Other	25,153	26,239
Total non-current liabilities	4,339,481	4,298,820
Total liabilities	11,583,111	11,288,671
Net assets		
Shareholders' equity		
Share capital	92,190	260,670
Capital surplus	2,831,834	3,000,314
Retained earnings	△3,220,036	△3,152,361
Treasury shares	△794,791	△794,791
Total shareholders' equity	△1,090,802	△686,168
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	93,103	99,669
Foreign currency translation adjustment	1,619,613	1,718,457
Total accumulated other comprehensive income	1,712,717	1,818,127
Share acquisition rights	8,410	16,762
Non-controlling interests	115,731	127,405
Total net assets	746,056	1,276,126
Total liabilities and net assets	12,329,168	12,564,797

(2) Consolidated Statement of Income and Comprehensive Income

(Consolidated Statement of Income)

(Thousands of yen)

	Three months ended March 31, 2023	Three months ended March 31, 2024
Net sales	3,009,897	2,807,163
Cost of sales	1,702,838	1,661,221
Gross profit	1,307,059	1,145,941
Selling, general and administrative expenses	1,202,433	1,025,566
Operating profit	104,626	120,375
Non-operating income		
Interest income	1,793	1,771
Insurance claim income	1,421	240
Subsidy income	1,608	2,419
Gain on valuation of investment securities	7,004	273
Other	9,111	924
Total non-operating income	20,939	5,628
Non-operating expenses		
Interest expenses	11,785	12,550
Foreign exchange losses	4,937	5,864
Commission expenses	748	2,816
Loss on valuation of investment securities	18,592	—
Share of loss of entities accounted for using equity method	3,541	4,116
Other	5,450	495
Total non-operating expenses	45,056	25,843
Ordinary profit	80,509	100,160
Extraordinary income		
Gain on sale of investment securities	—	2,912
Settlement income	6,034	—
Gain on reversal of share acquisition rights	—	2,160
Total extraordinary income	6,034	5,072
Extraordinary losses		
Loss on retirement of non-current assets	235	762
Loss on valuation of investment securities	—	7,300
Settlement payments	20,967	—
Other	—	439
Total extraordinary losses	21,202	8,501
Profit before income taxes	65,340	96,731
Income taxes - current	7,611	18,594
Income taxes - deferred	6,961	△1,460
Total income taxes	14,572	17,133
Profit	50,768	79,597
Profit attributable to non-controlling interests	18,988	11,923
Profit attributable to owners of parent	31,779	67,674

(Consolidated Statement of Comprehensive Income)

(Thousands of yen)

	Three months ended March 31, 2023	Three months ended March 31, 2024
Profit	50,768	79,597
Other comprehensive income		
Valuation difference on available-for-sale securities	29,102	6,566
Foreign currency translation adjustment	101,832	98,843
Total other comprehensive income	130,934	105,409
Comprehensive income	181,702	185,007
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	163,000	173,333
Comprehensive income attributable to non-controlling interests	18,702	11,673

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

Three months ended March 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	1,138,025	1,110,695	761,176	3,009,897	—	3,009,897
Transactions with other segments	—	—	—	—	—	—
Net sales	1,138,025	1,110,695	761,176	3,009,897	—	3,009,897
Operating profit (loss)	223,983	△90,601	249,273	382,655	△278,029	104,626

Notes:
1. The ¥278,029 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.

Three months ended March 31, 2024

(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	1,113,591	955,890	737,680	2,807,163	—	2,807,163
Transactions with other segments	—	—	—	—	—	—
Net sales	1,113,591	955,890	737,680	2,807,163	—	2,807,163
Operating profit (loss)	206,012	△55,650	262,879	413,241	△292,866	120,375

Notes:
1. The ¥292,866 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.

(Information about Revising Segments)

Starting from the first quarter of the fiscal year ending December 31, 2024, the segmentation within our group and the allocation criteria for corporate expenses have been revised to more appropriately reflect the performance of each reporting segment.

The impact of these revisions on the net sales of reporting segments for the first quarter of the current consolidated cumulative period is minimal. Due to these revisions, segment profit or loss (△) increased by ¥39,899 thousand in the Enterprise DX Segment, by ¥43,213 thousand in the Event DX Segment, and by ¥32,303 thousand in the Third Place DX Segment, while the amount of reconciling items decreased by ¥115,416 thousand.

The segment information for the previous first quarter consolidated cumulative period is presented using the new method after the revisions.