Summary of Consolidated Financial Results for the Nine Months Ended September 30, 2024 (Japanese GAAP)

November 13, 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/

1.Results of the Second quarter ended September 30, 2024

(millions of Yen, except per share amounts)

(1) Consolidated quarterly operating results:

	Net sales		Adjusted EBITDA		Operating profit		Ordinary profit	
Nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Sep. 30, 2024	7,802	-3.8	817	-5.4	-131	-	-267	-
Sep. 30, 2023	8,111	-10.8	864	-41.3	-198	-	-234	-

Note: Comprehensive income For Nine months ended Sep. 30, 2024: ¥-575 million [- %]
For Nine months ended Sep. 30, 2023: ¥ 383 million [-79.3%]

	Profit attributable to owners of parent		Basic earnings per share	Diluted earnings per share
Nine months ended	Millions of yen	%	Yen	Yen
Sep. 30, 2024	-684	-	-27.08	-
Sep. 30, 2023	-475	-	-19.61	-

(2) Consolidated financial position:

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
Sep. 30, 2024	11,275	614	4.1	17.78
Dec. 31, 2023	12,329	746	5.0	25.62

Reference: Owner's equity As of Sep. 30, 2024: ¥ 460 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
Fiscal year ended Dec. 31, 2024	11,400	2.9	1,450	12.5	300	-	200	-	100	-	4.00

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 September 30, 2024	26,343,900 shares

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

As of December 31, 2023	466,472 shares	As of September 30, 2024	466,472 shares

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

Nine months ended September 30, 2023	24,270,928 shares	Nine months ended September 30, 2024	25,279,377 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 September 30, 2024
Assets		
Current assets		
Cash and deposits	1,389,327	1,490,311
Notes and accounts receivable - trade	1,822,004	1,322,012
Advance payments to suppliers	12,210	—
Prepaid expenses	715,895	715,709
Other	90,936	215,174
Allowance for doubtful accounts	△13,473	△19,176
Total current assets	4,016,900	3,724,031
Non-current assets		
Property, plant and equipment	1,964,515	2,014,589
Intangible assets		
Software	2,042,348	2,183,584
Software in progress	1,482,648	888,227
Goodwill	844,062	774,063
Total intangible assets	4,369,059	3,845,876
Investments and other assets		
Investment securities	600,176	464,321
Shares of subsidiaries and associates	401,785	398,368
Long-term loans receivable	35,455	35,705
Leasehold and guarantee deposits	330,576	326,458
Deferred tax assets	511,183	356,090
Long-term prepaid expenses	66,527	60,876
Other	34,222	35,595
Allowance for doubtful accounts	△1,234	△1,234
Total investments and other assets	1,978,692	1,676,181
Total non-current assets	8,312,267	7,536,647
Deferred assets		
Share issuance costs	—	15,281
Total deferred assets	—	15,281
Total assets	12,329,168	11,275,960

(Thousands of yen)

	As of December 31, 2023	As of September 30, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	579,049	328,201
Short-term borrowings	3,881,217	3,705,990
Current portion of long-term borrowings	754,500	754,500
Contract liabilities	911,791	914,078
Provision for bonuses	107,522	86,289
Income taxes payable	34,381	36,178
Other	975,167	868,453
Total current liabilities	7,243,630	6,693,691
Non-current liabilities		
Long-term borrowings	3,847,500	3,331,625
Lease liabilities	176,829	290,247
Asset retirement obligations	289,998	319,424
Other	25,153	26,111
Total non-current liabilities	4,339,481	3,967,408
Total liabilities	11,583,111	10,661,100
Net assets		
Shareholders' equity		
Share capital	92,190	310,669
Capital surplus	2,831,834	3,045,754
Retained earnings	△3,220,036	△3,904,510
Treasury shares	△794,791	△794,791
Total shareholders' equity	△1,090,802	△1,342,877
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	93,103	88,245
Foreign currency translation adjustment	1,619,613	1,714,637
Total accumulated other comprehensive income	1,712,717	1,802,882
Share acquisition rights	8,410	16,762
Non-controlling interests	115,731	138,093
Total net assets	746,056	614,860
Total liabilities and net assets	12,329,168	11,275,960

(2) Consolidated Statement of Income and Comprehensive Income

(Consolidated Statement of Income)

(Thousands of yen)

	Nine months ended September 30, 2023	Nine months ended September 30, 2024
Net sales	8,111,356	7,802,984
Cost of sales	4,647,888	4,795,516
Gross profit	3,463,467	3,007,467
Selling, general and administrative expenses	3,662,110	3,139,209
Operating loss	△198,643	△131,741
Non-operating income		
Interest income	5,803	3,982
Insurance claim income	1,571	1,330
Foreign exchange gains	8,884	—
Subsidy income	1,726	2,483
Gain on valuation of investment securities	15,353	—
Share of profit of entities accounted for using equity method	—	10,624
Other	2,031	2,848
Total non-operating income	35,371	21,269
Non-operating expenses		
Interest expenses	35,356	45,240
Foreign exchange losses	—	53,531
Commission expenses	748	52,442
Loss on valuation of investment securities	18,592	2,128
Share of loss of entities accounted for using equity method	9,032	—
Other	7,477	3,582
Total non-operating expenses	71,207	156,926
Ordinary loss	△234,480	△267,398
Extraordinary income		
Gain on sale of investment securities	—	2,912
Settlement income	10,000	—
Gain on reversal of share acquisition rights	—	2,160
Total extraordinary income	10,000	5,072
Extraordinary losses		
Loss on retirement of non-current assets	4,200	762
Impairment losses	—	165,296
Loss on valuation of investment securities	—	7,300
Loss on cancellation of leases	4,941	1,145
Settlement payments	18,852	—
Office relocation expenses	10,245	—
Loss on business restructuring	7,065	—
Extra retirement payments	133,000	—
Other	—	12,480
Total extraordinary losses	178,305	186,984
Loss before income taxes	△402,785	△449,310
Income taxes - current	13,157	43,003
Income taxes - deferred	35,036	173,649
Total income taxes	48,193	216,653
Loss	△450,979	△665,964
Profit attributable to non-controlling interests	24,974	18,510
Loss attributable to owners of parent	△475,953	△684,474

(Consolidated Statement of Comprehensive Income)

(Thousands of yen)

	Nine months ended September 30, 2023	Nine months ended September 30, 2024
Loss	△450,979	△665,964
Other comprehensive income		
Valuation difference on available-for-sale securities	37,014	△4,858
Foreign currency translation adjustment	797,212	95,023
Total other comprehensive income	834,226	90,164
Comprehensive income	383,247	△575,799
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	359,326	△593,601
Comprehensive income attributable to non-controlling interests	23,920	17,802

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

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	3,162,903	3,140,838	1,807,614	8,111,356	—	8,111,356
Transactions with other segments	—	—	—	—	—	—
Net sales	3,162,903	3,140,838	1,807,614	8,111,356	—	8,111,356
Operating profit (loss)	491,865	△372,509	517,766	637,122	△835,766	△198,643

Notes:
1. The ¥835,766 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, 2024

(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	3,070,925	2,800,433	1,931,625	7,802,984	—	7,802,984
Transactions with other segments	—	—	—	—	—	—
Net sales	3,070,925	2,800,433	1,931,625	7,802,984	—	7,802,984
Operating profit (loss)	506,041	△377,524	575,587	704,104	△835,846	△131,741

Notes:
1. The ¥835,846 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 third quarter of the current consolidated cumulative period is minimal. Due to these revisions, segment profit or loss (△) increased by ¥150,169 thousand in the Enterprise DX Segment, by ¥91,094 thousand in the Event DX Segment, and by ¥91,175 thousand in the Third Place DX Segment, while the amount of reconciling items decreased by ¥332,439 thousand.

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