April 30, 2026

Company name: V-cube, Inc.
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Notice Concerning Material Weaknesses in Internal Control Over Financial Reporting

V-cube, Inc. (the "Company") hereby announces that in its Internal Control Report for the fiscal year ended December 31, 2025, which was filed with the Kanto Local Finance Bureau on April 30, 2026, pursuant to Article 24-4-4, Paragraph 1 of the Financial Instruments and Exchange Act, it identified material weaknesses and concluded that the Company's internal control over financial reporting was not effective. Furthermore, the Company has stated that it was unable to express a conclusion on the evaluation results of its internal control over financial reporting, as described below.

1. Content of Material Weaknesses

(1) Deficiencies in oversight and monitoring functions by the Board of Directors to prevent management override of internal controls

TEN Holdings, Inc. ("TEN"), a consolidated subsidiary, paid fees for business consulting related to capital policy following its NASDAQ listing in February 2025 (totaling approximately 5.4M USD, or 808,434 thousand yen). It was discovered that Mr. Naoaki Mashita, the Company's Representative Director at the time, had issued a letter in the Company's name to TEN promising financial support without obtaining the approval of the Company's Board of Directors. Although this transaction constituted the "conclusion of a material contract" under the Company's regulations and required prescribed procedures such as approval by the Board of Directors, appropriate procedures were not followed. This occurred because the management of said subsidiary relied on the Representative Director as an individual, creating a structure where organizational monitoring and checks-and-balances could not function sufficiently. As a result, the Board of Directors failed to fully exercise its oversight and monitoring functions to prevent management override of internal controls.

(2) Vulnerabilities in subsidiary management and deficiencies in internal controls over the closing and financial reporting process

In its "Notice Concerning Decision on Policy for Restructuring of U.S. Subsidiary" dated May 20, 2025, the Company announced its policy to exclude TEN from the scope of consolidation. Based on this policy, the Company prioritized a strategy of concentrating group management resources on activities for deconsolidation and domestic business. Consequently, the development of management and monitoring systems for TEN while it remained a consolidated subsidiary, as well as the timely securing of expert personnel at both TEN and the Company, were not achieved in response to changing circumstances.

As of the end of the current consolidated fiscal year, the deconsolidation of TEN had not been completed.

While the Company continued to bear the obligation to provide appropriate consolidated financial reporting as a listed company, the workload for audit response and closing operations requiring advanced accounting judgment increased significantly following TEN's NASDAQ listing. However, both the Company and TEN lacked personnel with sufficient knowledge and experience to handle these complex operations. Furthermore, due to the deconsolidation policy, measures such as hiring to reinforce management personnel or utilizing external experts were not taken in a timely manner.

As a result, there was a significant delay in identifying facts and collecting evidence necessary for finalizing the consolidated accounts, as well as in examining important accounting estimates such as impairment testing and complex accounting treatments under U.S. GAAP.

The Company recognizes that its failure as a parent company to sufficiently assess financial reporting risks associated with environmental changes at its subsidiary, and to maintain and secure a sufficient system across the group to support appropriate financial reporting until deconsolidation, was the primary factor in the delay of the earnings announcement and the filing of the Annual Securities Report.

2. Reasons Why the Weaknesses Were Not Corrected by the End of the Fiscal Year

Because the material weaknesses were discovered after the last day of the current consolidated fiscal year, the corrections were not completed by the end of the fiscal year.

3. Details and Reasons for Evaluation Procedures That Could Not Be Performed

As previously mentioned, investigations are ongoing by a Special Investigation Committee comprised of independent external experts, established on April 24, 2026. This investigation covers the fact that the former Representative Director issued a letter of financial support to TEN without Board approval, as well as discrepancies between the contract parties and payees for the consulting fees, and the inability to confirm the actual provision of services related to the transaction.

Additionally, TEN received subpoenas from the United States Attorney's Office (USAO) on October 27, 2025, and from the U.S. Securities and Exchange Commission (SEC) on March 10, 2026, and investigations regarding its February 2025 Initial Public Offering (IPO) are currently underway.

The Company is fully cooperating with the Special Investigation Committee, and TEN is fully cooperating with the U.S. authorities. Since these investigations are currently ongoing, the Company was unable to revise the scope of evaluation for internal control over financial reporting based on the findings or perform the subsequent evaluation procedures. Therefore, the Company determined that it could not express a conclusion on the evaluation results of internal control over financial reporting as of the end of the current consolidated fiscal year.

4. Remediation Policy for Material Weaknesses

The Company fully recognizes the importance of internal control over financial reporting. To correct the currently identified material weaknesses, the Company will ensure the reliability of its financial reporting by promptly formulating and executing the following recurrence prevention measures across the Group. Please note that these measures may be subject to change based on the results of the investigations.

(1) Improvement of governance and compliance awareness
(2) Strengthening of the subsidiary management system within the accounting department
(3) Strengthening of the monitoring system by the audit department
(4) Education to ensure management is conducted in accordance with regulations
(5) Strengthening of the oversight system by Outside Directors

5. Impact on Consolidated Financial Statements and Non-consolidated Financial Statements

Necessary adjustments recognized at this time have been reflected in the consolidated financial statements. However, regarding matters related to TEN's consulting fees, the investigation is ongoing. Depending on the results, there is a possibility of a material and pervasive impact on the consolidated financial statements. As the specific accounts, amounts, and notes required to reflect such impact are not yet clear, they have not been reflected in the current consolidated financial statements.

6. Audit Opinion in the Audit Reports for Consolidated and Non-consolidated Financial Statements

A disclaimer of opinion will be issued.