

Translation

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Summary of Financial Results for the Three Months Ended March 31, 2025 (Japanese GAAP) (Consolidated)



May 9, 2025

Name of listed company: kubell Co., Ltd.

Listing exchange: Tokyo Stock Exchange

Securities code: 4448

URL: <https://www.kubell.com/en/>

Representative: Masaki Yamamoto, Representative Director, President, Senior Executive Officer & CEO

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Scheduled date to commence dividend payments: —

Preparation of supplementary materials on quarterly financial results: Yes

Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts are rounded down to the nearest million yen)

1. Consolidated financial results for the three months ended March 31, 2025

(1) Consolidated business results (from January 1, 2025 to March 31, 2025)

(% indicate year-on-year changes)

	Revenue		EBITDA		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended March 31, 2025	2,234	15.5	285	129.2	76	—	70	—	(29)	—
Three months ended March 31, 2024	1,934	36.9	124	—	(13)	—	(16)	—	(43)	—

(Note) Comprehensive income (millions of yen)

Three months ended March 31, 2025: (46) (—%) Three months ended March 31, 2024: (43) (—%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended March 31, 2025	(0.70)	—
Three months ended March 31, 2024	(1.07)	—

(Note) 1) Diluted earnings per share is not shown in the above table, because basic earnings per share is negative although there are potential shares.

2) EBITDA is calculated by adding operating profit, depreciation and amortization expenses, and share-based payment Expenses.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of March 31, 2025	5,565	1,579	28.4
As of December 31, 2024	6,113	1,598	26.1

(Reference) Equity As of March 31, 2025 1,579 million yen As of December 31, 2024 1,598 million yen

2. Cash dividends

	Annual cash dividends per share				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended December 31,2024	—	0.00	—	0.00	0.00
Year ended December 31,2025	—	0.00	—	0.00	0.00
Fiscal year ending December 31,2025(forecast)	—	0.00	—	0.00	0.00

(Note) Changes from forecast dividend most recently announced: No

3. Consolidated earnings forecast for fiscal year ending December 31, 2025 (from January 1, 2025 to December 31, 2025)

	Revenue		EBITDA	
	Millions of yen	%	Millions of yen	%
Full year	9,741~	15.0~	1,000~	16.7~

(Note) Changes from earnings forecast most recently announced : No

*Notes

- (1) Significant changes in the scope of consolidation during the period : No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements : No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
- 1) Changes in accounting policies due to amendment of accounting standards, : Yes etc.
- 2) Changes in accounting policies other than 1) : No
- 3) Changes in accounting estimates : No
- 4) Restatement : No

(4) Number of shares issued and outstanding (common shares)

1) Number of shares issued and outstanding at the end of the period (including treasury shares)	As of March 31,2025	41,873,501 shares	As of December 31, 2024	41,762,101 shares
2) Number of treasury shares at end of the period	As of March 31,2025	138,676 shares	As of December 31, 2024	100,051 shares
3) Average number of shares during the period (for the three months ended March 31, 2025)	Three months ended March 31,2025	41,722,308 shares	Three months ended March 31, 2024	40,629,100 shares

- * Review of the attached quarterly consolidated financial statements by a certified public accounting or auditing firm: No
- * Explanation regarding appropriate use of earnings forecasts, and other notes

The earnings outlook and other forward-looking statements contained in this document are based on information currently available to and certain assumptions that are thought to be reasonable by the Company. Accordingly, such statements should not be construed as a guarantee of achieving the results by the Company. Actual results and the like may differ materially due to various factors. For the assumptions used for the forecast of financial results and notes on the use of the forecast of financial results, please refer to the attachment on page 3, entitled "1. Qualitative Information on Quarterly Financial Results (3) Explanation on Future Forecast Information Including Consolidated Earnings Forecast".

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Business Results

The kubell Group has a mission of “making work more fun and creative.” People spend over half their lives working. We believe that time is not just for earning money. We develop and offer services aimed at making work more efficient and creative, helping as many employees as possible to enjoy their work more and express their creativity fully and freely.

In line with this mission, our current flagship service, Chatwork (a business chat tool) provides improvements in labor productivity and diversity in work styles to our client companies, mainly Japanese SMEs. As a result, we have the most users in Japan (Note 1). Our medium- to long-term vision is to leverage our overwhelming share of the SME market for business chat, helping SMEs achieve further digital transformation by turning our service into a business super app—a platform that serves as a launching point for all manner of businesses.

As part of our efforts to realize this vision, we are developing BPaaS (Business Process as a Service), which is a framework that provides business processes themselves as cloud services, enabling companies to utilize business outsourcing (BPO) via the cloud. This reduces companies' operational burden, enabling an environment where they can focus on more creative work. Our BPaaS's strength lies in improving SME productivity at low cost by integrating the business chat platform Chatwork into customers' business processes to streamline complex communication and providing services based on standardized operations. We will continue to help SMEs achieve further digital transformation by optimizing business processes through BPaaS and promoting the expansion of Chatwork as the core platform.

In the first three months of the fiscal year the Company recorded revenue of 2,234,084 thousand yen (up 15.5% year on year), EBITDA (Note 2) of 285,934 thousand yen (up 129.2% year on year), an operating profit of 76,028 thousand yen (operating loss of 13,698 thousand yen for the same period of the previous year), an ordinary profit of 70,491 thousand yen (ordinary loss of 16,922 thousand yen for the same period of the previous year), and a loss attributable to owners of parent of 29,338 thousand yen (loss attributable to owners of parent of 43,551 thousand yen for the same period of the previous year).

The kubell Group's reporting segments were previously divided into two segments, the Chatwork segment and the Security segment, but from the first quarter of the current consolidated fiscal year, the Group has changed to a single segment, the Platform business, and thus segment information has been omitted.

ARR (Note 3), number of paying IDs, and ARPU in the Chatwork service

	Q4 '22	Q4 '23	Q4 '24	Q1 '24	Q1 '25
ARR (Unit : JPY million)	4,314	5,876	6,873	6,099	6,921
Number of Paying IDs (Unit : 10000)	66.8	73.1	78.8	74.3	80.7
ARPU (Unit : JPY)	547.4	672.4	731.7	687.4	719.5

Notes

1. According to a survey of monthly active users (MAUs) conducted in May 2024 by Nielsen NetView and Nielsen Mobile, from among 41 applicable services selected by kubell Co., Ltd. In addition to Chatwork, these included Microsoft Teams, Slack, LINE WORKS, and Skype.
2. EBITDA is calculated by adding operating profit, depreciation and amortization expenses, and share-based payment expenses.
3. Chatwork's Annual Recurring Revenue (ARR). Calculated as Chatwork's quarterly revenue × 4

(2) Explanation on Financial Position

(Assets)

Total assets as of March 31, 2025 decreased by 548,242 thousand yen compared with the end of the previous fiscal year to 5,565,740 thousand yen. This was mainly due to a decrease in cash and deposits of 424,808 thousand yen.

(Liabilities)

Total liabilities as of March 31, 2025 decreased by 529,112 thousand yen compared with the end of the previous fiscal year to 3,986,079 thousand yen. This was mainly due to a decrease in long-term borrowings of 188,720 thousand yen, a decrease in contract liabilities of 111,078 thousand yen, and a decrease in income taxes payable of 156,135 thousand yen.

(Net Assets)

Net assets as of March 31, 2025 decreased by 19,130 thousand yen compared with the end of the previous fiscal year to 1,579,661 thousand yen. This was mainly due to an increase in capital stock of 13,925 thousand yen, an increase in capital surplus of 13,925 thousand yen, and a decrease in retained earnings of 29,338 thousand yen. As a result, the equity ratio was 28.4% (26.1% at the end of the previous fiscal year).

(3) Explanation on Future Forecast Information Including Consolidated Earnings Forecast

There is no change from the consolidated earnings forecast disclosed in 14,February 2025. Our medium-term management plan states our aim to establish our position as the number one BPaaS company for small and medium-sized enterprises (SMEs) by the fiscal year ending December 31, 2026, and in the long term, to become a “business super app” platform that serves as the starting point for all business activities, backed by a dominant share in the SME market. From the fiscal year ending December 31, 2024 to the fiscal year ending December 31, 2026, we will accelerate the overall growth of the Group toward our goal of becoming the top BPaaS company for SMEs, while also working to build a profitable framework.

Our medium-term targets include a CAGR for revenue of 30% or more from the fiscal year ended December 31, 2024 to the fiscal year ending December 31, 2026, as well as revenue of 15.0 billion yen and an EBITDA margin of 10–15% for the fiscal year ending December 31, 2026. Initially, the targets were based on achieving the goal organically, excluding M&A, etc., but we revised it to include the implementation of M&A, due to an increase in the possibility of growth through M&A roll-up strategy.

Based on the above policy, we will continue to focus on achieving high growth rates and improving profitability. For the fiscal year ending December 31, 2025, we will proceed with the development of our business chat tool, "Chatwork" and strengthen our investment in BPaaS, while building a system that enables stable profit generation. The full-year forecasts are as follows.

	Forecast for FY2025
Revenue	+15% YoY ~
EBITDA	JPY 1,000mn ~

2. Quarterly Consolidated Financial Statements and Significant Notes Thereto

(1) Quarterly Consolidated Balance Sheet

(Unit: thousand yen)

	As of December 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	2,912,928	2,488,119
Accounts receivable - trade	354,506	426,904
Prepaid expenses	723,553	599,754
Other	34,924	42,244
Allowance for doubtful accounts	(194)	(2,820)
Total current assets	4,025,718	3,554,202
Non-current assets		
Property, plant and equipment	2,697	1,373
Intangible assets		
Software	1,039,150	958,073
Other	54,962	93,422
Total intangible assets	1,094,112	1,051,496
Investments and other assets	991,455	958,667
Total non-current assets	2,088,265	2,011,538
Total assets	6,113,983	5,565,740
Liabilities		
Current liabilities		
Accounts payable - other	353,355	326,763
Accrued expenses	256,513	179,194
Income taxes payable	230,584	74,448
Contract liabilities	1,982,545	1,871,467
Provision for bonuses	47,126	37,257
Current portion of long-term borrowings	706,316	826,528
Other	249,314	183,513
Total current liabilities	3,825,756	3,499,173
Non-current liabilities		
Long-term borrowings	456,928	268,208
Deferred tax liabilities	156,249	198,958
Retirement benefit liability	3,459	3,738
Other	72,798	16,001
Total non-current liabilities	689,435	486,905
Total liabilities	4,515,191	3,986,079
Net assets		
Shareholders' equity		
Share capital	2,922,256	2,936,181
Capital surplus	2,908,116	2,922,041
Retained earnings	(4,232,517)	(4,261,855)
Treasury stock	(115)	(115)
Total shareholders' equity	1,597,741	1,596,253
Accumulated other comprehensive income Retained earnings		
Valuation difference on available-for-sale securities	(1,768)	(2,797)
Deferred gains or losses on hedges	2,818	(13,795)
Total accumulated other comprehensive income	1,050	(16,592)
Total net assets	1,598,791	1,579,661
Total liabilities and net assets	6,113,983	5,565,740

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

For the three months ended March 31, 2025

Quarterly Consolidated Statement of Income (cumulative)

(Unit: thousand yen)

	Three months ended March 31, 2024	Three months ended March 31, 2025
Revenue	1,934,557	2,234,084
Cost of revenue	666,020	744,955
Gross profit	1,268,537	1,489,128
Selling, general and administrative expenses	1,282,236	1,413,100
Operating profit (loss)	(13,698)	76,028
Non-operating income		
Interest income	8	1,402
Income from point cord	1,745	1,206
Miscellaneous income	59	102
Total non-operating income	1,813	2,711
Non-operating expenses		
Interest expenses	3,918	5,374
Foreign exchange losses	118	1,231
Other	1,000	1,641
Total non-operating expenses	5,037	8,248
Ordinary profit (loss)	(16,922)	70,491
Profit (loss) before income taxes	(16,922)	70,491
Income taxes - current	16,172	56,167
Income taxes - deferred	10,455	43,662
Total income taxes	26,628	99,829
Loss	(43,551)	(29,338)
Loss attributable to owners of parent	(43,551)	(29,338)

Quarterly Consolidated Statement of Comprehensive Income (cumulative)

(Unit: thousand yen)

	Three months ended March 31,2023	Three months ended March 31, 2024
Profit (loss)	(43,551)	(29,338)
Other comprehensive income		
Valuation difference on available-for-sale securities	—	(1,028)
Deferred gains or losses on hedges	—	(16,613)
Total other comprehensive income	—	(17,642)
Comprehensive income	(43,551)	(46,980)
(Breakdown)		
Comprehensive income attributable to owners of parent	(43,551)	(46,980)

(3) Notes on Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Notes on Substantial Changes in the Amount of Shareholders' Equity)

Not applicable.

(Changes in Accounting Policies)

(Application of the Accounting Standard for Current Income Taxes, etc.)

The Company has applied Accounting Standard for Current Income Taxes (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022; hereinafter referred to as the "Revised Accounting Standard 2022") effective from beginning of the first quarter of the current fiscal year. The amendment to categories in which current income taxes should be recorded (taxes on other comprehensive income) follows the transitional treatment prescribed in the proviso of paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment prescribed in the proviso (2) of paragraph 65-2 of the Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; hereinafter referred to as the "Revised Implementation Guidance 2022"). This change in accounting policies has no impact on the quarterly consolidated financial statements.

For the amendment related to the revised accounting treatment for consolidated financial statements when gains or losses on sale of shares in subsidiaries resulting from transactions between consolidated companies were deferred for tax purposes, the 2022 Revised Implementation Guidance 2022 has been applied since the beginning of the first three months of the fiscal year under review. This change in accounting policies is applied retrospectively, and quarterly consolidated financial statements and consolidated financial statements for the previous year are after retrospective application. This change in accounting policies has no impact on the quarterly consolidated financial statements for the same quarter of the previous fiscal year and the consolidated financial statements for the previous fiscal year.

(Segment Information, Etc.)

[Segment information]

1) Three months ended March 31, 2024

As described in "2) Three months ended March 31, 2025 (Matters related to Changes in Reporting Segments, etc.)".

2) Three months ended March 31, 2025

The kubell Group has changed to a single segment, the Platform business, and thus segment information has been omitted.

(Matters related to changes in reportable segments, etc.)

The kubell Group previously reported its operations in two reportable segments, the Chatwork segment and the Security segment, but since the Security segment was discontinued on December 31, 2024, effective from the first quarter of the current fiscal year, the Group's reportable segments have been changed to a single segment.

In addition, the name of "Chatwork segment" was changed to "Platform business" in conjunction with the change of reportable segments. There is no impact on segment information as a result of this change in segment name.

As a result of this change, the Group now has a single reportable segment, and therefore segment information for the first quarter of the previous fiscal year and the first quarter of the current fiscal year has been omitted.

(Notes on consolidated statement of cash flows)

The Company did not prepare quarterly consolidated statements of cash flows for the three month period under review. Depreciation (including amortization of intangible assets, excluding amortization of goodwill) and amortization of goodwill for the first quarter under review are as follows.

	(Unit: thousand yen)	
	Three months ended March 31, 2024	Three months ended March 31, 2025
Depreciation	77,722	130,652
Amortization of goodwill	29,791	—