

Consolidated Financial Results for the Three Months Ended September 30, 2025 [Japanese GAAP]



November 13, 2025

Company name: freee K.K.
 Listing: Tokyo Stock Exchange
 Securities code: 4478
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Scheduled date to commence dividend payment: -

Preparation of supplementary materials on financial results: Yes

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

(Millions of yen with fractional amounts rounded down, unless otherwise noted)

1. Consolidated financial results for the first three months of the fiscal year ending June 30, 2026

(from July 1, 2025 to September 30, 2025)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Adjusted operating profit		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 September 30, 2025	9,743	32.1	690	43.6	271	27.2	149	(8.8)	154	(9.1)
September 30, 2024	7,376	29.0	480	—	213	—	163	—	169	—

Notes: 1. Comprehensive income Three months ended September 30, 2025: ¥ 250 million (— %)

Three months ended September 30, 2024: ¥ 7 million (— %)

2. Adjusted operating profit is the sum of the operating profit, share-based compensation expenses, expenses for amortization of acquisition-related intangible assets, and one-time cost.

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended September 30, 2025	2.61	2.60
September 30, 2024	2.90	2.82

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of September 30, 2025	50,770	19,937	39.0
June 30, 2025	52,595	19,663	37.1

Reference: Equity

As of September 30, 2025: ¥ 19,813 million

As of June 30, 2025: ¥ 19,512 million

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2. Dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
Fiscal year ended June 30, 2025	Yen —	Yen 0.0	Yen —	Yen 0.0	Yen 0.0
Fiscal year ending June 30, 2026	—				
Fiscal year ending June 30, 2026 (Forecast)		0.0	—	0.0	0.0

Note: Revisions to the forecast of dividends most recently announced: None

3. Consolidated earnings guidance for the fiscal year ending June 30, 2026 (from July 1, 2025 to June 30, 2026)

For the fiscal year ending June 30, 2026, we forecast net sales of 40,930 million yen to 41,590 million yen (up 23.0% to 25.0% compared to net sales for Platform business (*2) for the fiscal year ended June 30, 2025) backed by the expansion of our customer base in the SaaS business, enhancement in customer value, etc. Adjusted operating profit (*3) is expected to be 2,460 million yen to 2,500 million yen and adjusted free cash flow (*4) is expected to be 1,230 million yen to 2,500 million yen.

For details, please refer to "1. Qualitative information regarding results for the period, (3) Explanation of consolidated earnings guidance and other forward-looking statements".

(Percentages indicate year-on-year changes.)

	Net sales		Adjusted operating profit		Adjusted free cash flow	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ending June 30, 2026	40,930 ~41,590	23.0 ~25.0	2,460 ~2,500	30.5 ~32.6	1,230 ~2,500	(11.0) ~80.9

Notes: 1. Revisions to the earnings guidance most recently announced: None

2. Platform business: Business consisting of the integrated cloud ERP offering for small businesses and financial services, etc.

3. Adjusted operating profit is the sum of the operating profit, share-based compensation expenses, expenses for amortization of acquisition-related intangible assets, and one-time cost.

4. Adjusted Free Cash Flow Definition: Starting with common free cash flow (cash flows from operating activities + cash flows from investing activities), we make two adjustments to better reflect our actual business performance: excluding fluctuations of advances paid incurred in the credit card business in operating cash flow and M&A-related payments and proceeds from investing cash flow.

*** Notes**

- (1) Significant changes in the scope of consolidation during the period : None
- (2) Application of specific accounting for preparing the quarterly consolidated financial statements : None
- (3) Changes in accounting policies, changes in accounting estimates, and retrospective restatement
- a. Changes in accounting policies due to revisions to accounting standards and other regulations : None
- b. Changes in accounting policies other than a. above : None
- c. Changes in accounting estimates : None
- d. Retrospective restatement : None

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(4) Number of issued shares (Common stock)

a. Total number of issued shares at the end of the period (including treasury stock)

As of September 30, 2025	59,581,486 shares
As of June 30, 2025	59,221,680 shares

b. Number of treasury stock at the end of the period

As of September 30, 2025	415,146 shares
As of June 30, 2025	62,551 shares

c. Average number of outstanding shares during the period

Three months ended September 30, 2025	59,156,103 shares
Three months ended September 30, 2024	58,587,997 shares

(Note) In calculating the number of treasury shares to be deducted in determining the number of treasury shares at the end of the period and the average number of shares outstanding during the period, the Company's shares held by Custody Bank of Japan, Ltd. (Trust Account E) as trust assets under the Employee Stock Ownership Plan (J-ESOP) are included.

* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit corporation: None

* Proper use of earnings guidance, and other special matters

Forward-looking statements, including the consolidated forecasts stated in these materials, are based on information currently available to the Company and certain assumptions deemed reasonable. The achievement of said forecasts cannot be promised. Results may differ materially from the consolidated forecasts due to various factors.

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1. Qualitative information regarding results for the period

(1) Explanation of operating results

We estimate that the TAM (*1) for cloud accounting and HR software for small businesses (*2) is approximately 1.7 trillion yen (*3). At present, however, among small businesses with less than 1,000 employees and self-employed that use software of financial applications, the percentage of spending on cloud solutions is 48.4% (*4). We believe that the cloud ERP market has a lot of potential to further expand. In line with our corporate mission "Empower Small Businesses to Take Center Stage", we develop and offer services aimed at the realization of "Integrated Management Platform for Everyone to Manage Business Freely".

In the first quarter of the consolidated fiscal year, our Group implemented development investments aimed at functional improvements, primarily for our main services "free Accounting" and "free HR", and promoted new customer acquisition through accounting firms and cross-selling to existing customer base. Additionally, we acquired FREENANCE, a factoring service for freelancers and sole proprietors, to expand our service lineup in the finance domain.

As a result of initiatives including the above, as of the end of the first quarter, for Platform business, Platform ARR(*5) increased year-over-year by 28.9% to 37,120 million yen, the number of paying customers(*6) by 13.7% to 624,916, and ARPU(*7) by 13.4% to 59,407 yen. Moreover, for the first three months of Platform business, net sales increased by 32.1% to 9,743 million yen year-over-year and adjusted operating profit(*8) increased by 43.6% to 690 million yen.

As a result, for the first three months of consolidated fiscal year under review, net sales increased by 32.1% year-over-year to 9,743 million yen, adjusted operating profit increased by 43.6% year-over-year to 690 million yen, operating profit increased by 27.2% to 271 million yen, ordinary profit decreased by 8.8% to 149 million yen. Profit attributable to owners of parent decreased by 9.1% to 154 million yen.

Trends in Platform ARR, Number of Paying Customers and ARPU

	Jun. 30, 2023	Jun. 30, 2024	Jun. 30, 2025	Sep. 30, 2024	Sep. 30, 2025
ARR (¥ million)	20,998	26,834	35,796	28,787	37,120
Number of paying customers	452,923	534,819	609,292	549,448	624,916
ARPU (¥)	46,372	50,174	58,750	52,393	59,407

Trends in Subscription ARR, Number of Paying Customers and ARPU

	Jun. 30, 2023	Jun. 30, 2024	Jun. 30, 2025	Sep. 30, 2024	Sep. 30, 2025
ARR (¥ million)	20,579	26,087	34,393	27,962	35,540
Number of paying customers	451,088	532,637	606,533	547,145	621,963
ARPU (¥)	45,622	48,977	56,704	51,105	57,144

Notes:1. TAM: Total Addressable Market. This figure is our estimate of the maximum amount of revenue we could possibly generate and is not intended as an objective indicator of the size of the market for our businesses as of the date of disclosure of this material. Our estimate of the TAM for each products is based on the statistical data and publications from external sources as well as the status of our business initiatives, including product lineup expansion and price revisions. Actual market size may differ from this estimate due to the limitations peculiar to such statistical data and publications in terms of their accuracy.

2. Small Businesses refers to businesses with or less than 1,000 employees as well as self-employed individuals.

3. Total annual spending of all potential customers assuming that all potential customers in Japan adopted free Accounting and free HR. All potential customers are the total of self-employed and small businesses with less than 1,000 employees. (Number of businesses in each category among all potential customers of free Accounting and free HR (National Tax Agency "Tax Statistics 2023" and Ministry of Internal Affairs and Communications "2021 Economic Census for Business Activity") × Estimated annual charge of free Accounting and free HR for each category).

4. International Data Corporation(IDC), "Worldwide Software and Public Cloud Services Spending Guide_2025V2".
5. Platform Annual Recurring Revenue (ARR): a metric calculated based on recurring revenue from the Group's Platform business into an annualized amount, excluding one-time revenue. Platform ARR consists of Subscription ARR and Transaction ARR. Subscription ARR is calculated by multiplying Monthly Recurring Revenue(MRR) for the last month of relevant period by 12. MRR is defined as the amount of fees contracted to be paid by customers on a monthly basis as of the end of a particular month. Transaction ARR is a metric that annualizes usage-based and fee-based revenue by multiplying revenue for the last month of the period by 12.
6. Refers to both self-employed and corporations that use our subscription services.
7. Average Revenue Per User(ARPU). Subscription Annual Recurring Revenue as of the end of the relevant period divided by the number of paying customers as of the end of the same period.
8. Adjusted operating profit is the sum of the operating profit, share-based compensation expenses, expenses for amortization of acquisition-related intangible assets, and one-time cost.

(2) Explanation of financial position

(Assets)

Total assets at the end of the period under review amounted to 50,770 million yen, a decrease of 1,825 million yen from the end of the previous consolidated fiscal year. This was primarily due to a decrease of 4,123 million yen in cash and deposits, and increases in other current assets of 1,953 million yen, allowance for doubtful accounts of 1,116 million yen, software of 614 million yen, and advances paid of 565 million yen.

(Liabilities)

Total liabilities at the end of the period under review came to 30,833 million yen, a decrease of 2,099 million yen from the end of the previous consolidated fiscal year. This was mainly due to decreases of 513 million yen in other current liabilities, 442 million yen in other payable, 411 million yen in provision for bonuses and 400 million yen in short-term borrowings.

(Net assets)

Total net assets at the end of the period under review were 19,937 million yen, an increase of 273 million yen from the end of the previous consolidated fiscal year. This was mainly due to increases in common stock of 775 million yen, capital surplus of 775 million yen, and retained earnings of 154 million yen from the recognition of profit attributable to owners of parent for the quarter, partially offset by a 1,499 million yen increase in treasury stock.

(3) Explanation of consolidated earnings guidance and other forward-looking statements

Our SaaS business, which generates the highest proportion of our earnings, provides services to users in the subscription business model, in which earnings are built up through users' continuous subscription of services over time. Meanwhile, this business model is characterized by prior investment in development and acquisition of customers, which generally entails an operating loss in the short term. Until the fiscal year ended June 30 2024, our Group recorded operating losses due to prior investments in development and acquisition of customers. However, in the fiscal year ended June 2025, we achieved profitability on an operating profit basis.

For the fiscal year ending June 30, 2026, we forecast net sales of 40,930 to 41,590 million yen (up 23.0% to 25.0% compared to net sales in the fiscal year ended June 30, 2025 for Platform business(*1)), reflecting the expansion of customer base and enhancement in customer value in the SaaS business driven by the investment under the established revenue foundation. As for profit items, we will continue to implement strategic investments to drive mid-to-long term growth while pursuing operational efficiency. Based on these initiatives, adjusted operating profit (*2) for the fiscal year ending June 30, 2026 is expected to be 2,460 to 2,500 million yen (up 30.5% to 32.6% year-over-year) with an adjusted operating profit margin of 6.0%, and adjusted free cash flow (*3) of

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1,230 to 2,500 million yen (a change of (11.0)% to 80.9% year-over-year) with an adjusted free cash flow margin of 3.0% to 6.0%.

Notes: 1. Platform business: Business consisting of the integrated cloud ERP offering for small businesses and financial services, etc.

2. Adjusted operating profit is the sum of the operating profit, share-based compensation expenses, expenses for amortization of acquisition-related intangible assets, and one-time cost.

3. Adjusted Free Cash Flow Definition: Starting with common free cash flow (cash flows from operating activities + cash flows from investing activities), we make two adjustments to better reflect our actual business performance: excluding fluctuations of advances paid incurred in the credit card business in operating cash flow and M&A-related payments and proceeds from investing cash flow.

2. Quarterly consolidated financial statements and significant notes thereto**(1) Quarterly consolidated balance sheet**

(Thousands of yen)

	As of June 30, 2025	As of September 30, 2025
Assets		
Current assets		
Cash and deposits	35,789,632	31,665,861
Accounts receivable - trade	3,619,898	3,338,204
Advances paid	3,982,166	4,548,115
Segregated deposits	957,968	1,167,760
Other	1,558,998	3,512,396
Allowance for doubtful accounts	(33,756)	(1,134,847)
Total current assets	45,874,908	43,097,492
Non-current assets		
Property, plant and equipment		
Facilities attached to buildings	18,685	22,272
Accumulated depreciation	(7,086)	(8,227)
Facilities attached to buildings, net	11,598	14,044
Tools, furniture and fixtures	87,542	148,302
Accumulated depreciation	(30,751)	(40,115)
Tools, furniture and fixtures, net	56,791	108,187
Total property, plant and equipment	68,390	122,232
Intangible assets		
Goodwil	590,517	578,476
Software	2,547,104	3,161,883
Software in progress	978,639	1,185,958
Total intangible assets	4,116,261	4,926,319
Investments and other assets		
Investment securities	424,016	465,069
Deferred tax assets	982,403	955,372
Lease and guarantee deposits	904,807	1,066,343
Other	322,502	250,591
Allowance for doubtful accounts	(97,606)	(113,284)
Total investments and other assets	2,536,123	2,624,091
Total non-current assets	6,720,774	7,672,643
Total assets	52,595,683	50,770,135

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(Thousands of yen)

	As of June 30, 2025	As of September 30, 2025
Liabilities		
Current liabilities		
Short-term borrowings	9,600,000	9,200,000
Other payable	1,835,436	1,392,504
Accrued expenses	2,683,193	2,675,321
Income taxes payable	139,296	80,527
Unearned revenue	14,665,191	14,386,683
Provision for bonuses	588,950	177,799
Other provisions	199,304	228,978
Other	1,599,434	1,086,221
Total current liabilities	31,310,806	29,228,036
Non-current liabilities		
Asset retirement obligation	1,533,896	1,534,233
Long-term other payable	10,000	–
Other provisions	32,572	64,752
Other	45,124	6,000
Total non-current liabilities	1,621,593	1,604,986
Total liabilities	32,932,399	30,833,022
Net assets		
Shareholders' equity		
Common stock	27,043,623	27,819,274
Capital surplus	574,738	1,350,390
Retained earnings (Accumulated deficit)	(8,133,721)	(7,979,869)
Treasury stock	(650)	(1,500,217)
Total shareholders' equity	19,483,989	19,689,577
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	19,040	68,590
Deferred gains or losses on hedges	4,321	48,974
Foreign currency translation adjustment	4,706	6,727
Total accumulated other comprehensive income	28,069	124,291
Stock acquisition rights	151,224	123,244
Total net assets	19,663,283	19,937,112
Total liabilities and net assets	52,595,683	50,770,135

(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income

Quarterly consolidated statement of income

	(Thousands of yen)	
	For the three months ended September 30, 2024	For the three months ended September 30, 2025
Net sales	7,376,526	9,743,664
Cost of sales	1,279,527	1,860,956
Gross profit	6,096,999	7,882,708
Selling, general and administrative expenses	5,883,476	7,611,030
Operating profit	213,523	271,677
Non-operating income		
Interest income	1,988	20,889
Lecture fee and other income	140	2,122
Gain on expired points	1,404	—
Other	726	3,669
Total non-operating income	4,261	26,681
Non-operating expenses		
Interest expenses	10,841	31,737
Foreign exchange losses	8,693	11,503
Loss on amortization of restricted stock remuneration	29,787	47,000
Commission expenses	37	50,000
Share of loss of entities accounted for using equity method	307	318
Other	4,433	8,464
Total non-operating expenses	54,101	149,024
Ordinary profit	163,682	149,335
Extraordinary income		
Gain on sale of non-current assets	12,840	—
Gain on reversal of stock acquisition rights	—	23,392
Total extraordinary income	12,840	23,392
Extraordinary losses		
Loss on valuation of investment securities	—	8,177
Total extraordinary losses	—	8,177
Profit before income taxes	176,522	164,550
Income taxes - current	6,509	8,875
Income taxes - deferred	80	1,172
Total income taxes	6,589	10,047
Profit	169,933	154,502
Profit attributable to owners of parent	169,933	154,502

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Quarterly consolidated statement of comprehensive income

	(Thousands of yen)	
	For the three months ended September 30, 2024	For the three months ended September 30, 2025
Profit	169,933	154,502
Other comprehensive income		
Valuation difference on available-for-sale securities	–	49,549
Deferred gains or losses on hedges	(167,780)	44,652
Foreign currency translation adjustment	5,655	2,020
Total other comprehensive income	(162,125)	96,221
Comprehensive income	7,807	250,724
Comprehensive income attributable to		
Owners of parent	7,807	250,724

(3) Notes to quarterly consolidated financial statements (Notes on going concern assumption)

Not applicable.

(Notes on significant changes in the amount of shareholders' equity)

Based on the resolution of the Board of Directors on July 18, 2025, the Company issued 386,101 shares of new common stock through a third-party allotment in connection with the introduction of the Employee Stock Ownership Plan (J-ESOP), and allocated them to Custody Bank of Japan, Ltd. (Trust Account E). As a result, treasury stock increased by 1,500,002 thousand yen, and common stock and capital surplus each increased by 750,001 thousand yen.

At the end of the first quarter of the fiscal year ending June 30, 2026, "Common stock" amounted to 27,819,274 thousand yen, "Capital surplus" amounted to 1,350,390 thousand yen, and "Treasury stock" amounted to 1,500,217 thousand yen.

(Additional information)

(Incentive plan to grant company shares to employees through a trust)

At the Board of Directors meeting on July 18, 2025, the Company resolved to introduce the Employee Stock Ownership Plan (J-ESOP) (hereinafter referred to as "the Plan"), an incentive plan to grant the Company's shares to its employees.

1. Outline of the Transaction

The Plan is a scheme under which the Company grants its employees who meet certain requirements the Company's shares and cash equivalent to the fair value of such shares, based on the Stock Provision Rules stipulated by the Company.

In order to acquire the shares to be granted in the future, the Company entrusts money to Custody Bank of Japan, Ltd. (Trust Account E) as trust assets for the Plan and the Custody Bank of Japan, Ltd. acquires the Company's shares by subscribing for the new shares issued by the Company using the entrusted money.

2. Company shares remaining in the trust

The Company's shares remaining in the trust are recorded as "Treasury Shares" under net assets at the book value in the trust (excluding incidental costs).

The book value and number of such treasury shares are 1,500,002 thousand yen and 386,101 shares, respectively, as of the end of the first quarter of the current consolidated fiscal year.

(Notes on segment information)

<Segment information>

For the three months ended September 30, 2024

The group engages in a single segment, namely, the platform business, segment information is not presented.

For the three months ended September 30, 2025

The group engages in a single segment, namely, the platform business, segment information is not presented.

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(Notes on quarterly consolidated statement of cash flows)

We have not prepared the quarterly consolidated statement of cash flows for the three months ended September 30, 2025. Depreciation (including amortization of intangible assets other than goodwill) and amortization of goodwill for the three months ended September 30, 2025, is as presented below.

	(Thousands of yen)	
	For the three months ended September 30, 2024	For the three months ended September 30, 2025
Depreciation	10,543	187,368
Amortization of goodwill	—	35,095