Translation

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February 14, 2025

Name of listed company: kubell Co., Ltd. Listing exchange: Tokyo Stock Exchange

Securities code: 4448 URL:https://www.kubell.com/en/ir/

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Notice of differences between Earnings Forecasts and Actual Results for FY 2024 and the Recording of an Extraordinary Loss

The Company hereby announces the difference between its earnings forecast for the fiscal year ending December 31, 2024, announced on November 8, 2024, and actual results for the same period. For the fiscal year ending December 2024, operating profit and ordinary profit in the consolidated financial results exceeded the forecast. However, due to the recording of an extraordinary loss on goodwill and other fixed assets, as well as valuation losses on investment securities, profit attributable to owners of parent fell below the forecast.In addition, on a non-consolidated basis, we recorded a loss on valuation of shares of subsidiaries and associates, an allowance for doubtful accounts, a provision for loss on guarantees, and an allowance for loss on the business of subsidiaries and associates.

1. Differences between FY2024 Earnings Forecasts and Actual Results

	Revenue	EBITDA	Operating profit	Ordinary profit	Profit attributable to owners of parent	Basic earnings per share
Previous forecast (A)	Millions of yen 8,430	Millions of yen 761	Millions of yen 35	Millions of yen 32	Millions of yen (58)	Millions of yen (1.42)
Results (B)	8,470	856	96	75	(1,172)	(28.59)
Difference (B – A)	39	95	61	42	(1,114)	(27.17)
Change (%)	+0.5	+12.5	+175.4	+129.2	—	—
Reference: FY 2023	6,485	(83)	(677)	(686)	(620)	(15.45)

2. Reasons for Differences

(1) Operating profit, ordinary profit (consolidated)

Due to an increase in the number of paying Chatwork IDs, revenue outpaced our expectations. Meanwhile, outsourcing expenses, personnel expenses, and other selling, general and administrative expenses were lower than we had anticipated. As a result, operating profit was 175.4% higher than the forecast figure we had announced on November 8, 2024.

(2) Impairment loss on goodwill and other fixed assets (consolidated)

We are leveraging the customer base of our business chat platform, Chatwork, and advancing our development of the Business Process as a Service (BPaaS) business as a new pillar of growth, with the aim of providing customers with genuine digital transformation (DX).

In April 2024, we established kubell partner Co., Ltd. as a subsidiary at the core of our BPaaS business. The goal was to enhance operational efficiency and enable agile business management that can flexibly respond to changes in the market environment.

As disclosed today in the announcement entitled “Notice of a Management Integration within Our Group (Absorption-type merger by short form merger) ,” kubell partner Co., Ltd. and MINAGINE Co., Ltd. have resolved to merge via an absorption-type merger. In this merger, effective July 1, 2025, kubell partner Co., Ltd. will be the surviving company and MINAGINE Co., Ltd. will be the absorbed company. This decision is part of a broader restructuring of the Group to expand the BPaaS business.

In light of this Group restructuring, we conducted a thorough review and reassessment of the plans for each business, including those outside the BPaaS segment, to ensure an optimal allocation of management resources. After evaluating the recoverability of goodwill and other fixed assets arising from the merger of MINAGINE Co., Ltd. and kubell storage Co., Ltd. in accordance with accounting standards for the impairment of non-current assets, we have decided to record an impairment loss of ¥1,249 million for FY 2024. This decision will not affect cash flow, nor will it impact the stability of our financial foundation.

(3) Loss on valuation of investment securities (consolidated)

After reviewing the financial condition and future prospects of our holdings of investment securities, we decided to record a ¥44 million loss on valuation of investment securities as an extraordinary loss.

(4) Loss on valuation of shares of subsidiaries and associates (non-consolidated)

After Scrutinizing financial condition and future prospects of the consolidated subsidiaries kubell partner Co., Ltd. and kubell storage Co., Ltd., we decided to record a loss on valuation of shares of subsidiaries and associates of ¥1,590 million, as an extraordinary loss. As this loss on valuation of shares of subsidiaries and associates on a non-consolidated basis is eliminated in consolidation, it will have no impact on performance on a consolidated basis.

(5) Allowance for doubtful accounts, provision for loss on guarantees, allowance for loss on business of subsidiaries and associates (non-consolidated)

We reviewed the financial situation at consolidated subsidiaries kubell partner Co., Ltd. and kubell storage Co., Ltd. After looking at their receivables, we posted an allowance for doubtful accounts of ¥773 million, a provision for loss on guarantees of ¥121 million, and an allowance for loss on business of subsidiaries and associates of ¥35 million as an extraordinary loss. As this allowance for doubtful accounts, provision for loss on guarantees, and allowance for loss on business of subsidiaries and associates on a non-consolidated basis are eliminated in consolidation, they have no impact on performance on a consolidated basis.