

Presentation Material

Fiscal Year
Ended December 2023

Chatwork Co., Ltd. (TSE Code: 4448)

February 9, 2024



Met FY 2023 forecasts for companywide revenue and operating profit

Chatwork Segment revenue +44.1% YoY on the back of higher ARPU, EBITDA loss down significantly

..... P.3

Announcement of a new medium-term management plan, Group revenue target of JPY15.0bn for FY 2026

Aiming for organic growth of CAGR of 30% or more in 2024 to 2026, 2026 EBITDA margin of 10–15%

..... P.8

FY 2024 earnings forecast: Revenue +30% or more YoY, EBITDA of JPY300_{MN} or more

Aiming to generate high growth and produce profits in the first year
of the new medium-term management plan

..... P.10

Planning to change the company name to “kubell” in July 2024

Company name change to reflect our intent to expand from the Chatwork business
into a growing corporate group

..... P.27

Results Highlights (Full-year)

- Our foremost management target, Chatwork Segment revenue, was +44.1% YoY, **meeting our forecast**.
- Negative EBITDA and the operating loss have been shrinking significantly with each passing year as revenue expands.

Unit: JPY million	FY 2022 (Actual)	FY 2023 (Forecast)	FY 2023 (Actual)	YoY	Actual VS Forecast
Revenue	4,593	6,451	6,485	+41.2%	+0.5%
Chatwork Segment	4,368	6,262	6,297	+44.1%	+0.5%
Gross profit	3,187	4,125	4,143	+30.0%	+0.4%
Gross margin	69.4%	63.9%	63.9%	-5.5pt	-0.1pt
EBITDA*1	-468	-116	-83	-	-
Operating profit	-719	-716	-684	-	-
Ordinary profit	-	-	-	-	-
Ordinary profit	-724	-725	-693	-	-
Profit attributable to owners of parent	-687	-711	-600	-	-

*1 EBITDA is calculated by adding operating profit, depreciation and amortization expenses, and share-based payment expenses.

KPI Highlights

Number of Registered IDs

as of the end of Q4'2023

6.64MM

(YoY +15.6%)

Number of Paying IDs^{*1}

as of the end of Q4'2023

731K

(YoY +9.4%)

Number of Registered companies

as of the end of Q4'2023

431K

(YoY +11.7%)

ARR^{*1}

as of the end of Q4'2023

6.81BLN

(YoY +42.0%)

NRR^{*2}

as of the end of 2023

123%

Churn Rate^{*3}

as of the end of Q4'2023

0.31%

(For Paying IDs: 1.11%)

ARPU^{*4}

as of the end of Q4'2023

JPY**672.4**

(YoY +22.8%)

DAU^{*5}

Median during Q4'2023

1,108K

(YoY +5.2%)

^{*1} Annual Recurring Revenue of Chatwork account business and Cloud storage business, excluding MINAGINE Co., Ltd.'s personnel management, web-based payslips, and performance evaluations, 12 months of MRR as of June 30, 2023

^{*2} NRR rate = (ARR at beginning of period - revenue churn on a monthly basis + revenue expansion on a monthly basis) / ARR at beginning of period

^{*3} Churn rate of the number of registered IDs, averaged over the 12 months from January 2023 to the end of December 2023

^{*4} Average revenue per user for paid Chatwork account services

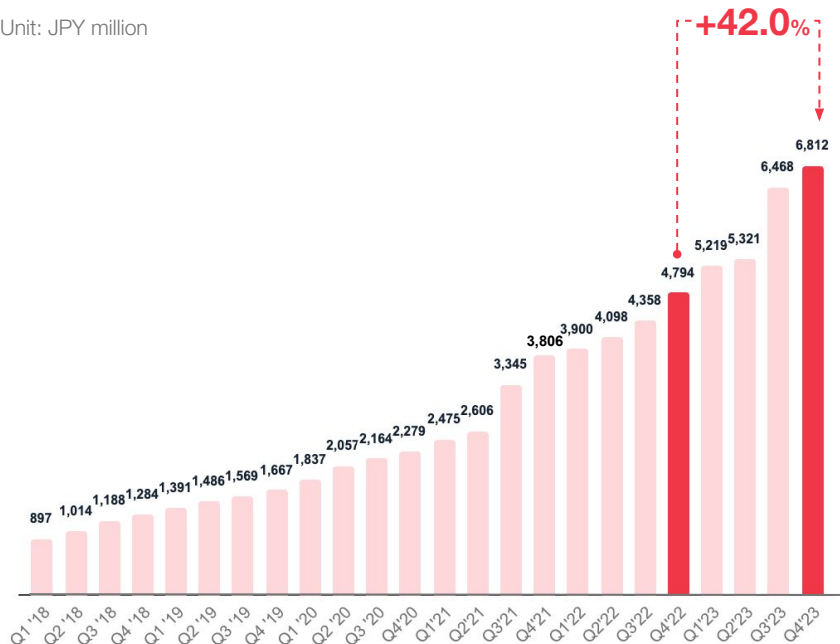
^{*5} Daily Active User. It measures how many users visit or interact with Chatwork service over a given interval per month

ARR

- ARR*1 increased a substantial **42.0%** YoY due to higher ARPU resulting from price revisions implemented in July
- Excluding the effects of M&A, account business ARR for business chat, our mainstay service was up **+39.6%** YoY.

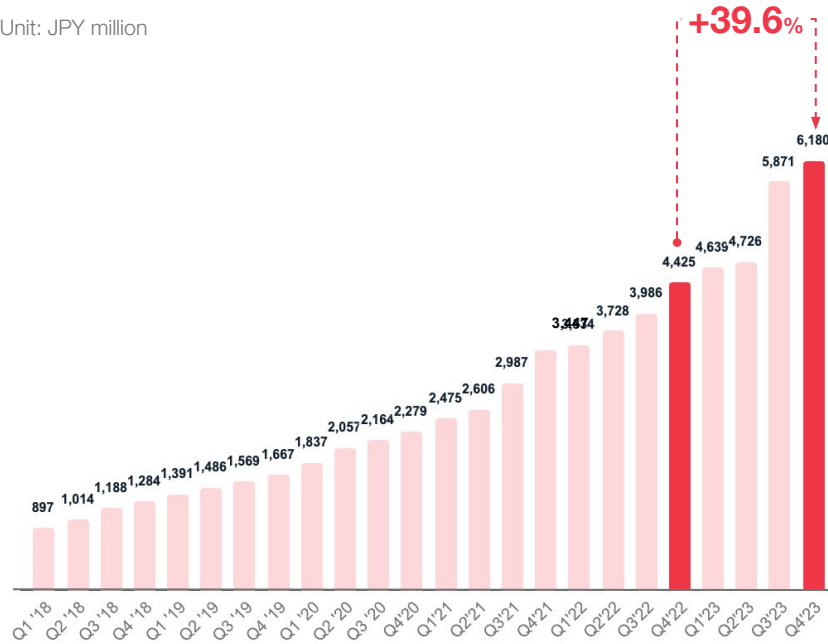
ARR

Unit: JPY million



ARR (Account Business)

Unit: JPY million



*1 Annual Recurring Revenue of Chatwork account business and Cloud storage business, excluding MINAGINE Co., Ltd.'s personnel management, web-based payslips, and performance evaluations, 12 months of MRR as of June, 30 2023

New Medium-Term Management Plan

Formulation of a New Medium-Term Management Plan Ending in FY 2026

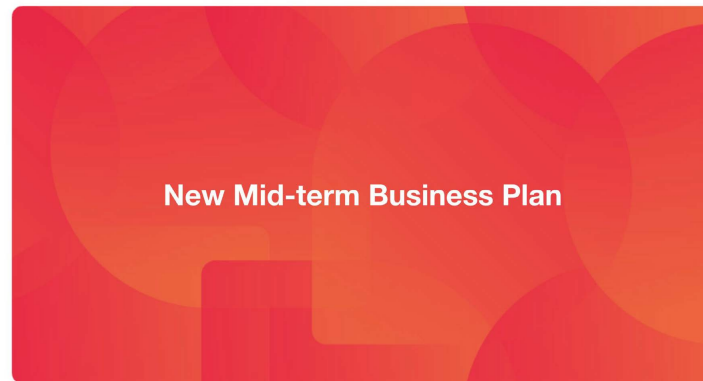
- The medium-term management plan formulated in 2021 targets a four-year period from 2021 to 2024; this is the final year.
- We have established a new medium-term management plan for the **three-year period from 2024 to 2026**, overlapping in 2024.

Former Mid-term Business Plan



Announced in February 2021

New Mid-term Business Plan

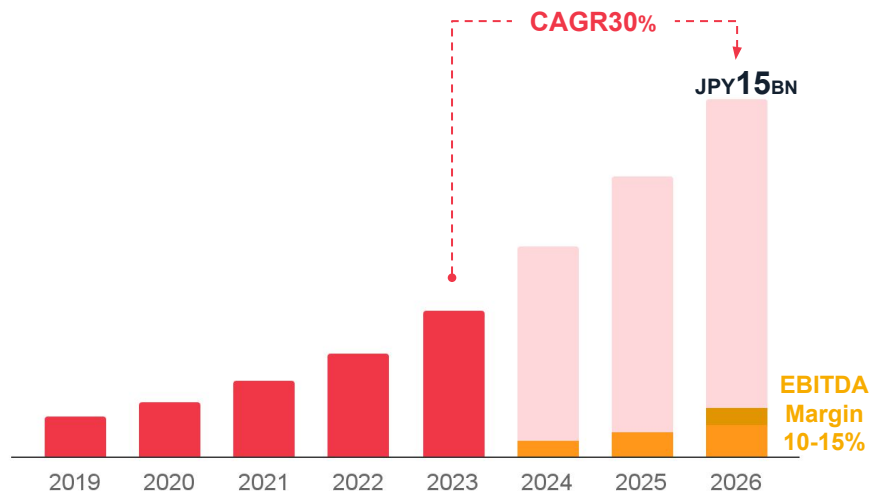


Announced in February 2024

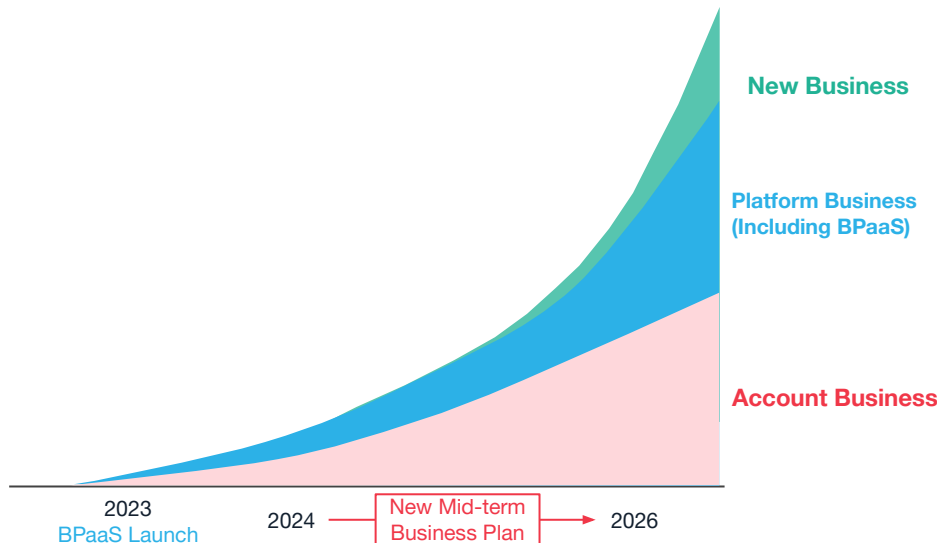
New Mid-term Business Plan

- The financial targets of the new medium-term management plan are **CAGR in Group revenue of 30% or more from 2024 to 2026** and an **EBITDA margin of 10–15% in 2026**.
- In the plan's final year, **FY 2026**, we target **Group revenue of JPY15.0bn** and EBITDA of JPY1.5–2.25bn.
- We anticipate continued revenue growth from business chat, aim for rapid revenue expansion in the BPaaS business (our next pillar of growth), and expect revenue contributions from new businesses.
- This plan represents organic growth figures. M&A is not included, so the plan will be revised in the event of acquisitions.

Group Sales and EBITDA

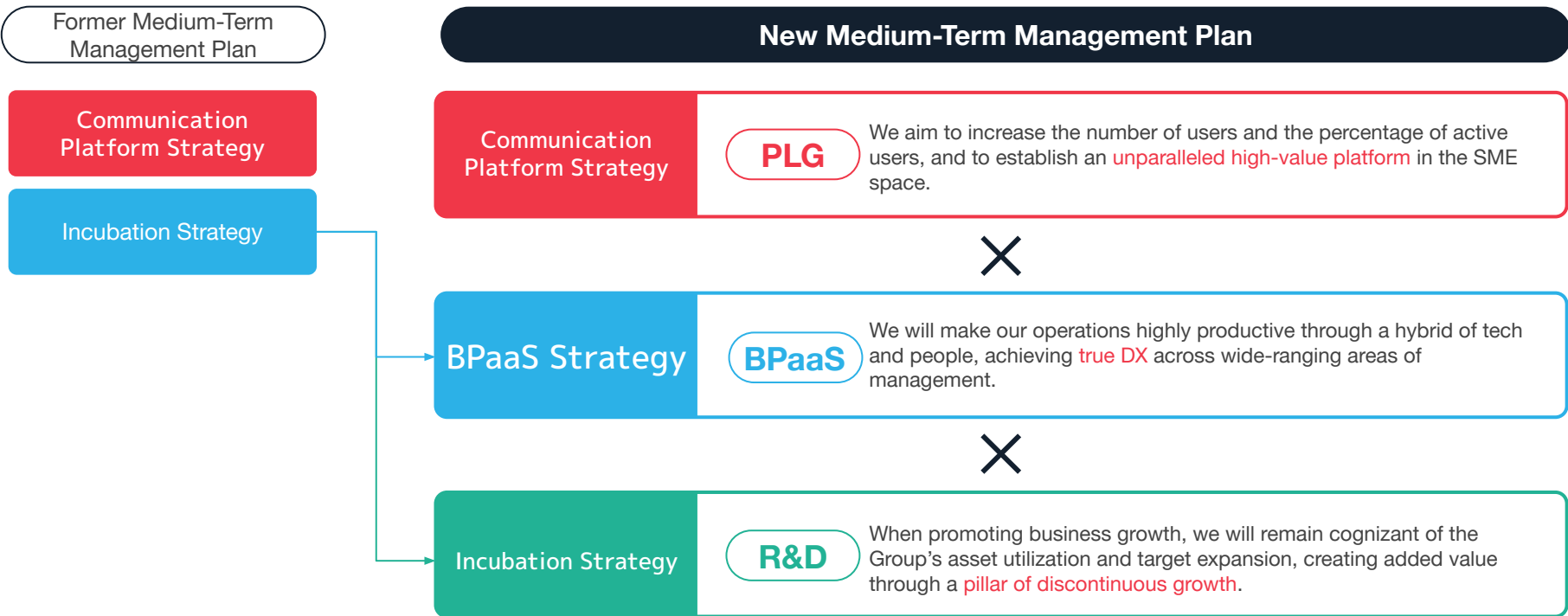


Driving Growth: BPaaS and New Business



Three Strategies of the New Medium-Term Management Plan

- We have expanded from two strategies under the medium-term management plan to FY 2024 to three now.
- We have separated the Incubation Strategy from the BPaaS Strategy, and will conduct a full-fledged rollout of the business to become the **top BPaaS company for SMEs**.



Forecast for the FY 2024

- The new medium-term management plan calls for CAGR in Group revenue of 30% or more from 2024 to 2026 and an EBITDA margin of 10–15% in 2026.
- Our earnings forecast for the first year of the plan, FY 2024, is for **Group revenue growth of 30% or more YoY** and **EBITDA of JPY300mn or more**.
- EBITDA was positive in Q4 FY 2023, confirming that the Company is in a position to generate profits. To continue to build a foundation for long-term growth, we will resume appropriate growth investments from Q1 FY 2024, and aim to generate high growth and profits for the full year.

Forecast for FY2024

Revenue

+30%YoY

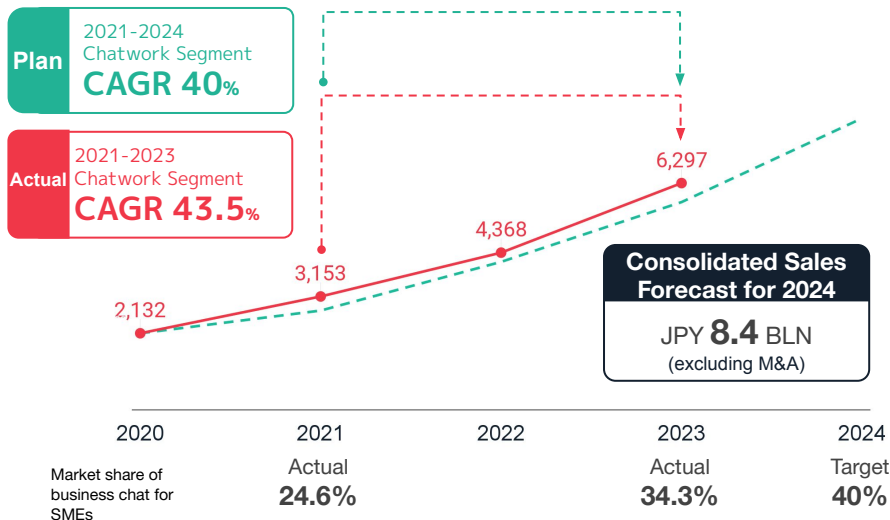
EBITDA

JPY300MM

Mid-term Management Plan 2021-2024 Review

- Under the medium-term management plan concluding in 2024, we have made **good progress toward our quantitative targets**. **CAGR for 2021–2023 was 43.5%**, and we are on track to reach our target CAGR of 40% or more for 2021–2024. While this falls short of our current plan, to achieve JPY10 billion in total Company revenue by 2024, we will explore all possibilities and strive to achieve this goal.
- For each of our two strategies, we have achieved measures and results that will lead to the next major phase of growth.

Quantitative Goal Review



Strategy Review

Communication Platform Strategy

- ARR increased by 2.7 times from 2021 to 2023, indicating significant growth as a platform.
- We are pushing forward with plan revisions and price adjustments, updating our offerings to a more refined plan structure.

Incubation Strategy

- The revenue from the platform business is expected to grow significantly by 9.4 times from 2021 to 2023.
- We have achieved expansion up to a scale where we can contribute to sales through the establishment of a customer acquisition mechanism.

The method for calculating the 2023 share is based on the following assumptions a, b, calculated by a/b:

(a) Multiply the current number of Chatwork licenses (including free licenses) by the "Percentage of SME users among Chatwork users (79.7%)" calculated by our company to estimate the number of SME employees (license count) using Chatwork in 2023.

(b) The estimation method for 2023 SAM involves:

Referring to the total number of employees from the "Labor Force Survey" by the Ministry of Internal Affairs and Communications. Calculating the number of employees engaged in SMEs by multiplying the percentage of SME employees, as announced by the Small and Medium Enterprise Agency (68.8%), with the result from (1). Determining the market size by multiplying the market penetration rate of business chat tools (including both active and inactive users' awareness of business chat tools), set at 30.4%, with the result from (2). The market penetration rate for 2023 is based on the survey results from page 18, "Usage Status of Business Chat Tools."

Based on the above, the calculated market share for our company in 2023 is 34.3%.

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Full year of
FY2023
Results

1

Company Overview

Company Overview



Company Name

Chatwork Co., Ltd.

CEO

Masaki Yamamoto

Group employee count

463 (December 2023)

Locations

Tokyo, Osaka

Established

November 11, 2004

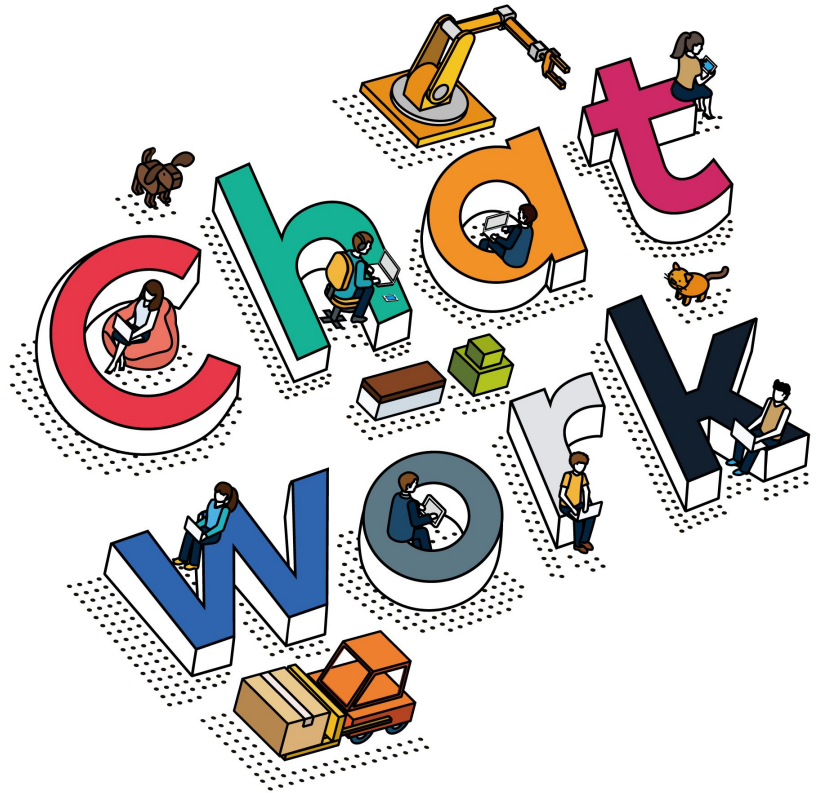


Making work more fun and creative

People spend over half their lives working.

That time is not just for earning money.

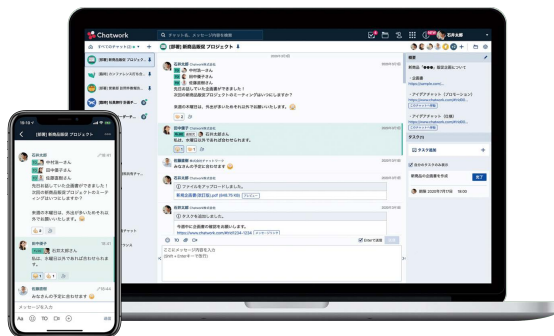
We help companies create environments that enable as many employees as possible to enjoy their work more and express their creativity fully and freely.



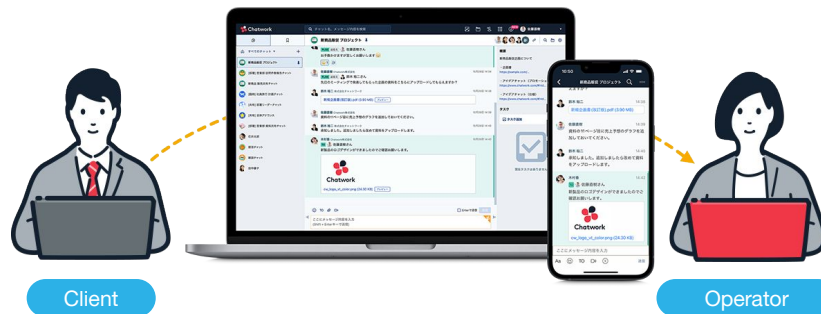
Our Business

- Operating the business of Japan's largest business chat, 'Chatwork'. We are a pioneer in business chat, with the **largest number of users in Japan**^{*1} and adoption by more than 431,000 companies^{*2}.
- Utilizing our extensive customer base and platform, BPaaS, which is a **cloud service that provides digitized business services themselves**.

Business Chat 'Chatwork'



Business Support Service 'BPaaS'



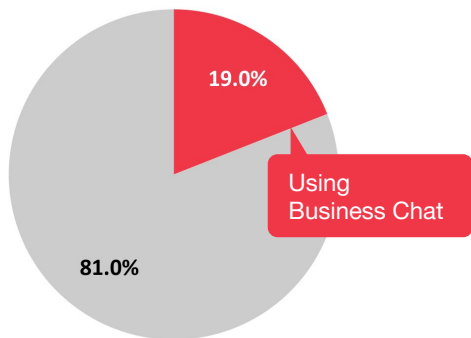
^{*1} According to a survey of monthly active users (MAUs) conducted in May 2023 by Nielsen NetView and Nielsen Mobile NetView; applicable service selected by Chatwork Co., Ltd.

^{*2} As of December 2023

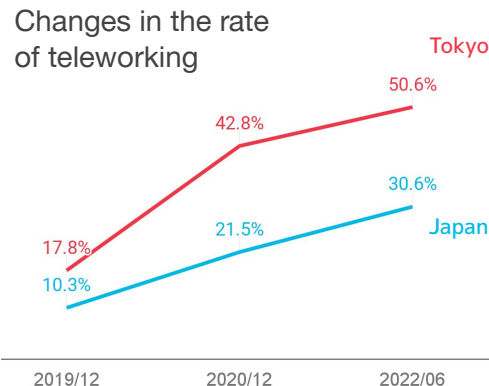
Market Environment for Business Chat

- This is a rapidly expanding market with ample room for growth; **the total addressable market is large**, and the adoption rate remains low.
- Just as personal email communications have shifted onto mobile phones, business communication is making **an irreversible shift** from email to chat.
- Recent social changes have prompted a rapid increase in teleworking. Business chat in the SMB market is **just beginning to gain popularity**.

Business Chat's Rate of Adoption*¹ Remains Low



Teleworking Rapidly Becoming More Prevalent due to the Promotion of DX*²



*1 Based on a study commissioned by Chatwork, n = 30,000, as of December 2023.

*2 Refer to the "Fifth Survey on Changes in Attitudes and Behaviors in Daily Life under the Influence of Novel Coronavirus Infection," Cabinet Office.

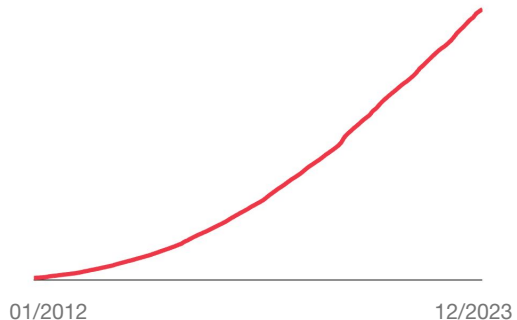
Strengths of Chatwork

- The number of users increases in a compound manner via referrals. This is due to the open-platform feature, which allows for easy connection to the outside world.
- Ongoing increases in functionality have enhanced product value. As a result, ARPU^{*1} has continued to rise over the long term.
- The cost of switching to other tools is high, and the churn rate^{*2} is extremely low, thanks to past history and the formation of business relationships.

Number of Users Increasing at a Compound Rate

Number of registered IDs

6.64MM



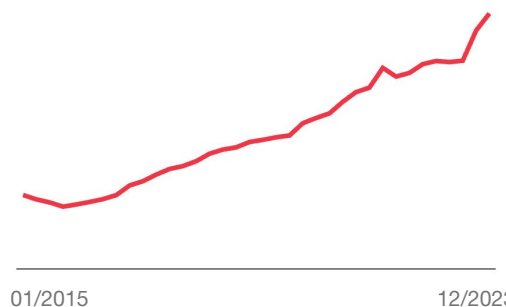
01/2012

12/2023

ARPU Rising due to Ongoing Increase in Product Value

ARPU

JPY 672.4



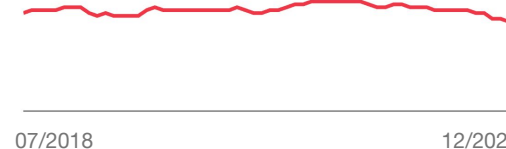
01/2015

12/2023

High Retention Rate

Churn rate

0.31%



07/2018

12/2023

*1 Average revenue per user for paid Chatwork services.

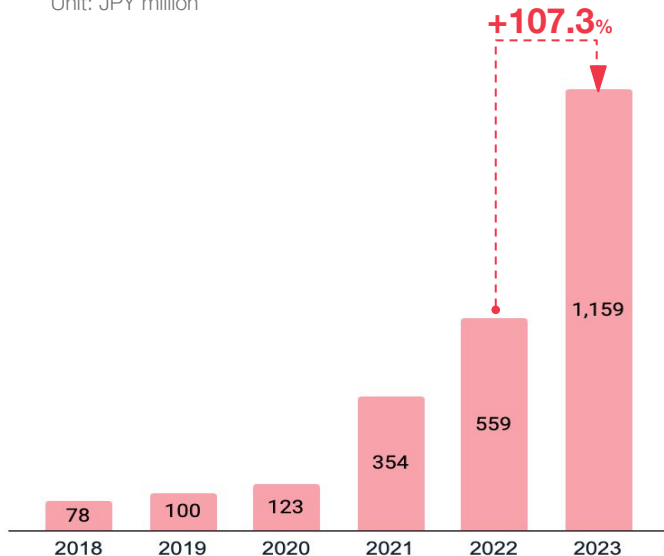
*2 Churn rate of the number of registered IDs, averaged over the 12 months

Platform Value That Extends Beyond Business Chat

- Employees across all industries and in all occupations use the platform during their working hours. As a result, the platform has **substantially more user contacts** than other SaaS offerings.
- Leveraging these strong platform efficiencies, the company is developing sales of peripheral services^{*1}. In FY 2023, **these sales surged 107.3% year on year**.
- Chat is **a powerful connection** that enables users to effectively address customer issues and provide services.

Sales from Platform business

Unit: JPY million



Connect Directly to Users



More than 431,000 companies

Users

Users

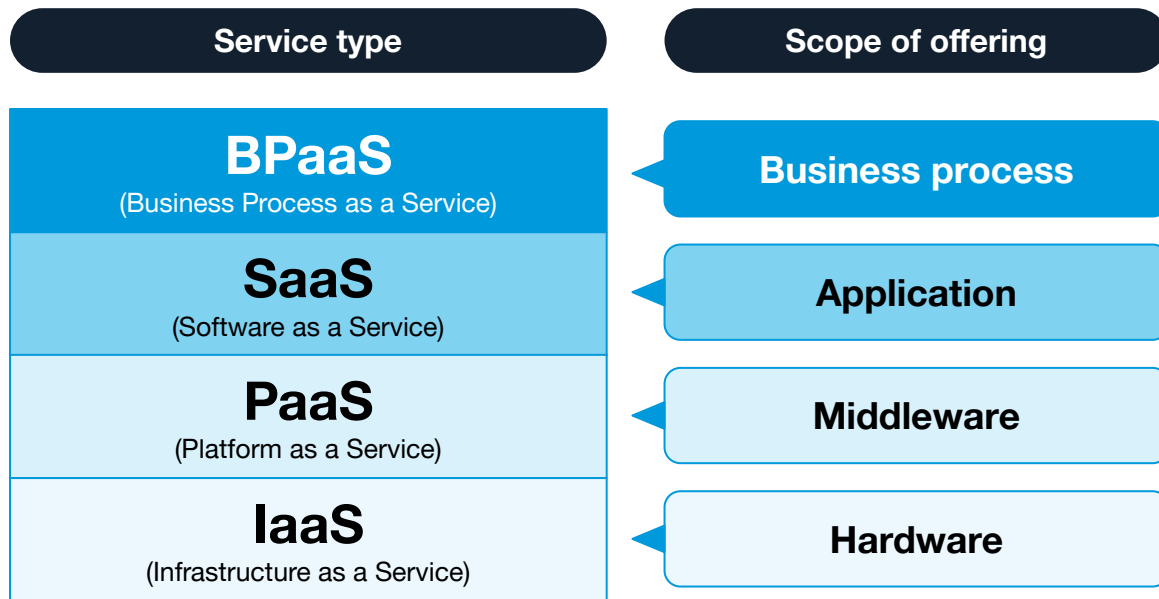
Users



^{*1} See business segment details in Appendix for segment information.

About BPaaS

- BPaaS is short for Business Process as a Service. Rather than just software, BPaaS is a cloud service that provides business services themselves, allowing facilitating **cloud-based business process outsourcing (BPO)**.
- BPaaS, the next upstream layer from SaaS in cloud-based services, will be the **next trend**.

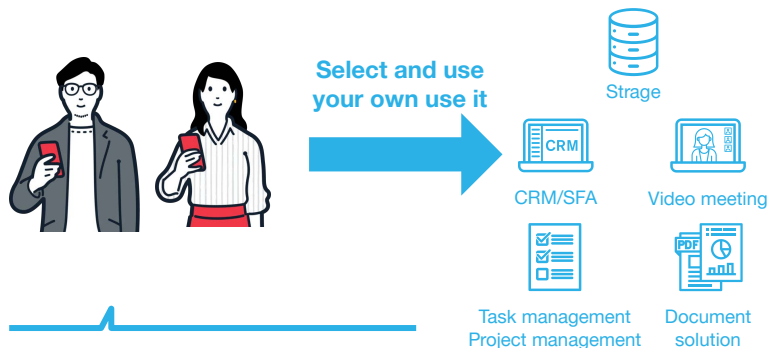


BPaaS is the main player in achieving DX in the majority market

- Choosing and mastering SaaS is **mainly done by advanced users** who are knowledgeable about IT.
- For the **majority market, which accounts for more than two-thirds of the population**, it is difficult to manage and use a variety of SaaS products with different usability.
- To achieve DX in the majority market, it is **effective to use BPaaS** to drive DX by winding up SaaS for each business process and on behalf of customers.

SaaS

Solving business issues through DX on your own



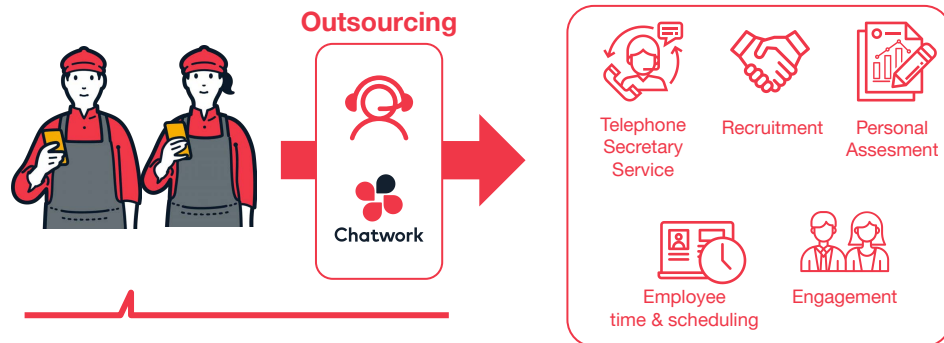
Users suited to SaaS

Tech-savvy early adopters in IT

- Can select tools on their own
- Management and employees can use the tools efficiently

BPaaS

Requests for entire business process and DXing are also outsourced



Users suited to BPaaS

majority

- Difficulty in decision making to adopt SaaS
- Difficulty in using SaaS

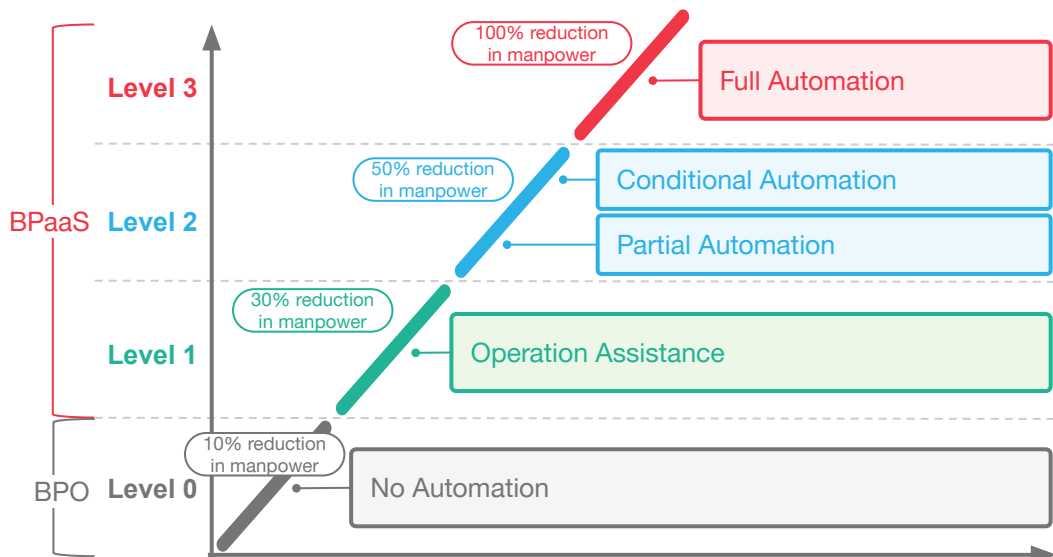
The Rapid Evolution of AI and the Potential of Chatwork

- LLM-based^{*1} systems, like ChatGPT^{*2}, use innovative technology to enable advanced document comprehension and diverse task execution through AI.
- These innovative technologies significantly improves the value of chat services, with the potential to provide text generation and summarization based on past message data, as well as conversational capabilities with AI.
- In the future deployment of our BPaaS, we aim to dramatically improve our productivity by AI-enabling interactions and requests with users.

Image of Integration AI into Chatwork



Automation level of BPaaS



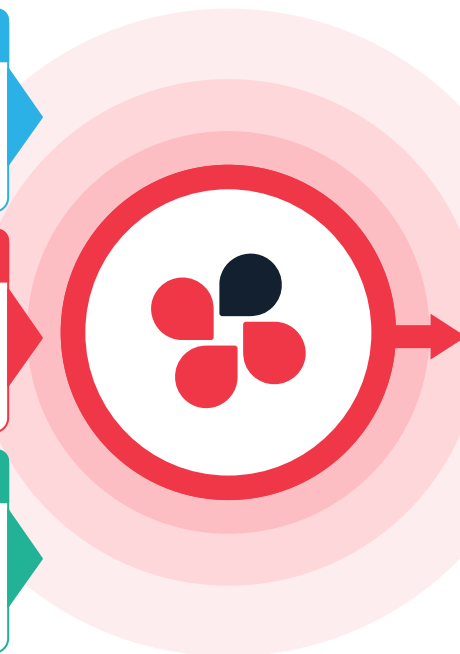
^{*1} Large Language Model (LLM) is an abbreviation for a natural language processing model that has been trained on a large amount of text data.

^{*2} OpenAI's conversational AI service released in November 2022. It is capable of learning from vast amounts of textual data and responding to questions in chat format, as well as performing diverse tasks using a single model.

Long-Term Vision

“Chatwork” upgrade to “**Super app**” for business

- Super apps: apps that become platforms of which function as a starting point for various businesses.
- Business chat tools have the advantage of being business platforms, because users spent more time with these products compared with other SaaS tools.
- We achieve an environment where **SMEs can focus on their core business** by providing SaaS, BPaaS, and various management support through our service.



Full year of
FY2023
Results

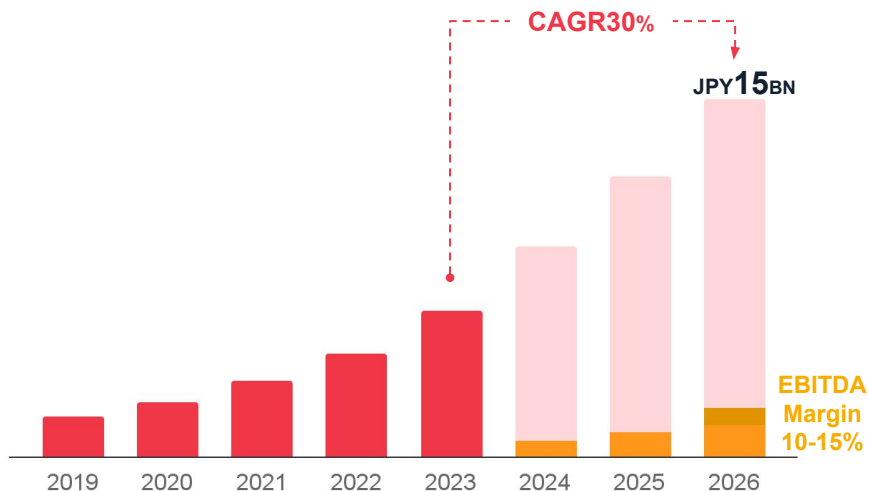
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Major Topics

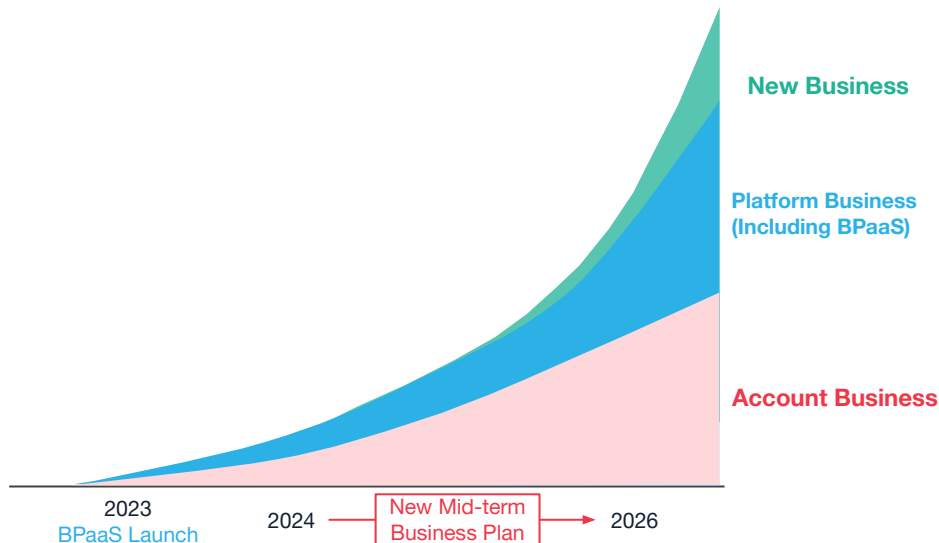
Topic (1)-1: New Mid-term Business Plan

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- In the plan's final year, **FY 2026**, we target **Group revenue of JPY15.0bn** and EBITDA of JPY1.5–2.25bn.
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Group Sales and EBITDA

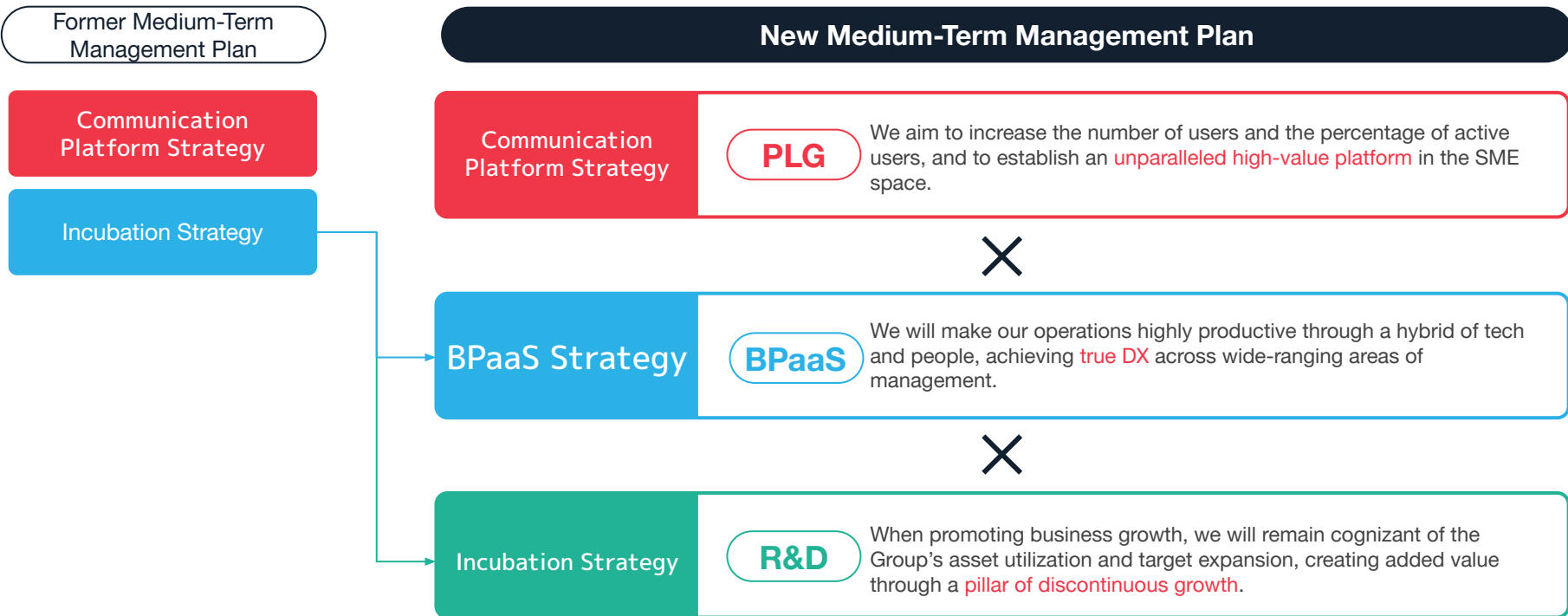


Driving Growth: BPaaS and New Business



Topic (1)-2: Three Strategies of the New Medium-Term Management Plan

- We have expanded from two strategies under the medium-term management plan to FY 2024 to three now.
- We have separated the Incubation Strategy from the BPaaS Strategy, and will conduct a full-fledged rollout of the business to become the **top BPaaS company for SMEs**.



Topic (2): Changing the Company Name to “kubell”

- The new company name is 'kubell Co., Ltd.' (pronounced: Ku-be-ru). Pending approval at the shareholders' meeting on March 27th, we aim to change the name in July 2024.
- Our business is expanding from standalone business chat to BPaaS, including business chat.
- With the goal of growing beyond Chatwork alone and becoming a group of growing companies, we plan to proceed with the name change.

Making work more fun and creative



We want to be a company that continues to add fuel to the fire (aspiration)
that resides in the hearts of all people who work.

(In Japanese, 'Ku-Be-Ru' refers to adding firewood to a bonfire)

We have imbued this sentiment and determination into our new company name.

株式会社kubell kubell Co., Ltd.

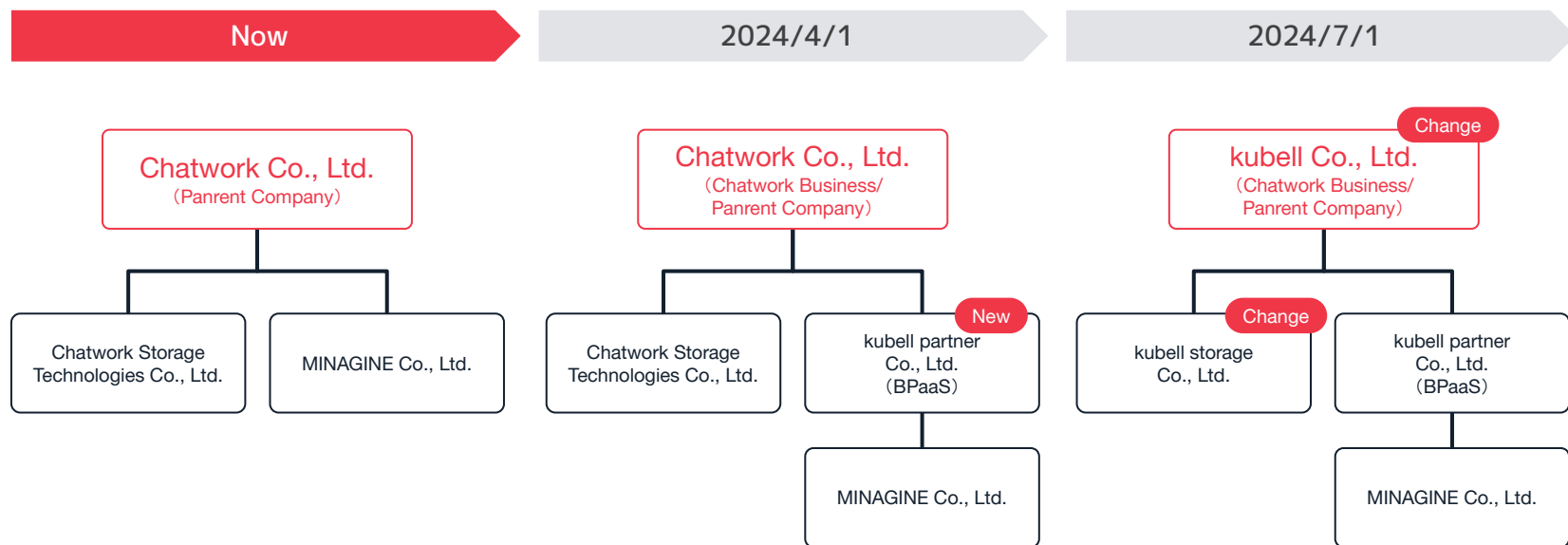
Special Website



<https://corp.chatwork.com/ja/kubell/>

Topic (3): Establishment of kubell Partners as a New Company to Handle the BPaaS Business

- In April 2024, we will establish **kubell Partners Co., Ltd. to handle the BPaaS business**. This company will be a wholly owned subsidiary of kubell Co., Ltd. (the former Chatwork Co., Ltd.).
- As the characteristics of **the BPaaS business differ from those of business chat**, we will separate this business from Chatwork (the parent company, which handles business chat) to accelerate business operations and optimize personnel systems, including work styles and evaluation systems.



Topic (4): Youngest Executive Officer Appointed to Lead Incubation Department

- Starting from January, Kiritani, who has been promoting new businesses within the company, has been appointed as an executive officer to drive the incubation strategy focused on new businesses, aiming to achieve the goals of the new mid-term management plan. At 30 years old, Kiritani is the **youngest executive officer in the company**.
- Our company actively recruits new graduates and **promotes the active involvement and advancement of young talent**.

Introduction of the New Executive Officer



Executive Officer &
Senior Vice President of Incubation Division

Go Kiritani

He joined a power-related venture startup in its founding phase while still in university, where he was involved in establishing joint ventures and launching multiple businesses. Later, he transitioned to ABEJA, an AI venture, where he served as the head of data-related services. In October 2020, he joined Chatwork, initially managing the DX Solutions Promotion Department, then later leading the promotion of new businesses (BPaaS) as a unit manager. In January 2024, he was appointed as an executive officer and head of the Incubation Department at Chatwork Co., Ltd.

Introduction of New Executive Leadership

	Title
Masaki Yamamoto	Director & Senior Executive Officer, CEO
Naoki Inoue	Director & Senior Executive Officer, CFO
Shoji Fukuda	Director & Senior Executive Officer, COO
Masaaki Tobimoto	Senior Executive Officer, CHRO & Senior Vice President of People Division
Shinya Saito	Executive Officer & Senior Vice President of Communication Platform Division
Yuki Tanaka	Executive Officer & Deputy Senior Vice President of Communication Platform Division
Ryoichi Okada	Executive Officer & Senior Vice President of BPaaS Division
Go Kiritani	Executive Officer & Senior Vice President of Incubation Division
Shinsuke Hase	Executive Officer & Senior Vice President of Administration Division

NEW

Topic (5): Withdrawal from the Chatwork Mobile Business

- We have decided to **terminate Chatwork Mobile** at the end of February 2024. We began offering this service in April 2022.
- This decision was based on our judgment that expanding the business would require too much time and cost, and that it would be better to optimize the allocation of costs and concentrate human resources on the full-scale promotion of BPaaS services.
- We will continue to make **appropriate and flexible decisions** on new business development in order to achieve a full-fledged business rollout toward becoming a top BPaaS company for SMEs.

Withdrawal from the Chatwork Mobile Business	
April 2022	Service launch
November 2023	Notified existing users of service termination
February 2024	Termination of the Chatwork Mobile service

Full year of
FY2023
Results

3

Results for the Fiscal Year Ended December 2023

Results Highlights (Full-year)

- We experienced robust growth in revenue in the Chatwork business, our most important management indicator (+44.1% YoY), **reaching our forecast level.**
- With the expansion of sales, EBITDA deficits and operating losses have significantly decreased.

Unit: JPY million	FY 2022 (Actual)	FY 2023 (Forecast)	FY 2023 (Actual)	YoY	Actual VS Forecast
Revenue	4,593	6,451	6,485	+41.2%	+0.5%
Chatwork Segment	4,368	6,262	6,297	+44.1%	+0.5%
Gross profit	3,187	4,125	4,143	+30.0%	+0.4%
Gross margin	69.4%	63.9%	63.9%	-5.5pt	-0.1pt
EBITDA ^{*1}	-468	-116	-83	-	-
Operating profit	-719	-716	-684	-	-
Operating margin	-	-	-	-	-
Ordinary profit	-724	-725	-693	-	-
Profit attributable to owners of parent	-687	-711	-600	-	-

^{*1} EBITDA is calculated by adding operating profit, depreciation and amortization expenses, and share-based payment expenses.

Results Highlights (Q4)

- Chatwork Segment revenue growth was substantial, **expanding 48.7% YoY** and 11.1% QoQ.
- In line with revenue growth, **Q4 EBITDA was positive**, and the full-year operating loss shrank substantially.
- Given our performance this year and our earnings forecast, we posted deferred tax assets of JPY176mn. We also recorded a JPY109mn impairment loss on non-current assets (software) for a Group company.

Unit: JPY million	Q4 '22 (Same period last year)	Q3 '23 (Previous period)	Q4 '23 (Actual)	Same period YoY	Previous period QoQ
Revenue	1,280	1,689	1,871	+46.1%	+10.8%
Chatwork Segment	1,233	1,651	1,835	+48.7%	+11.1%
Gross profit	860	1,069	1,238	+44.0%	+15.8%
Gross margin	67.2%	63.3%	66.1%	-1.0pt	+2.9pt
EBITDA*1	-173	-91	142	-	-
Operating profit	-244	-247	-8	-	-
Operating margin	-	-	-	-	-
Ordinary profit	-253	-249	-12	-	-
Profit attributable to owners of parent	-241	-258	80	-	-

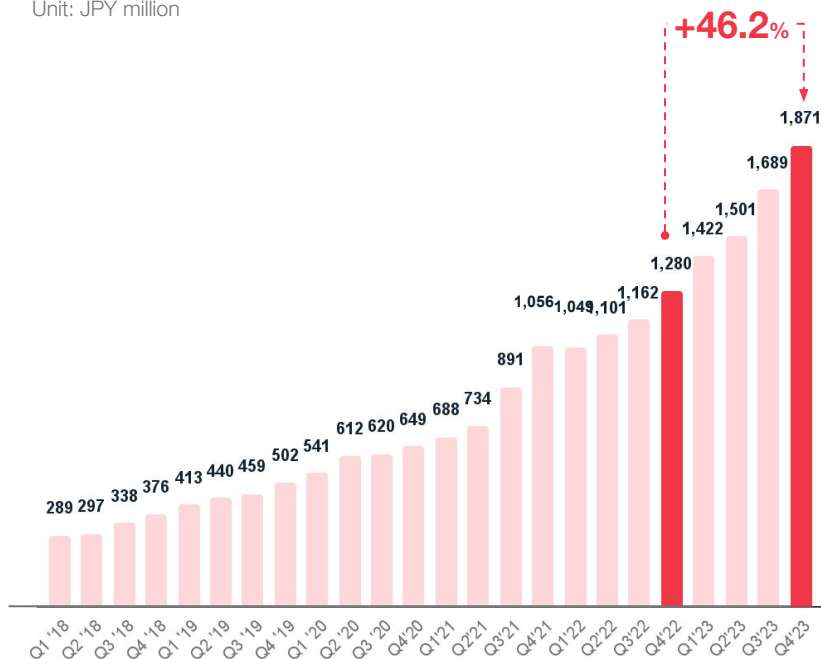
*1 EBITDA is calculated by adding operating profit, depreciation and amortization expenses, and share-based payment expenses.

Revenue

- Revenue increased 46.2% YoY. In the Chatwork Segment, our most important management indicator, revenue surged 48.8% YoY.
- Driving the substantial revenue growth was higher ARPU, owing to the price revision we introduced in July.

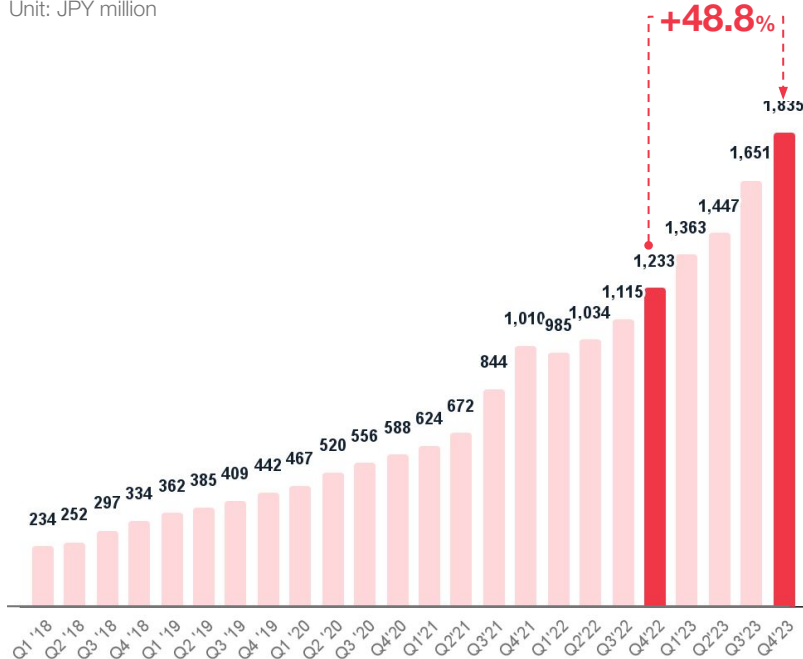
Revenue

Unit: JPY million



Revenue (Chatwork segment)

Unit: JPY million

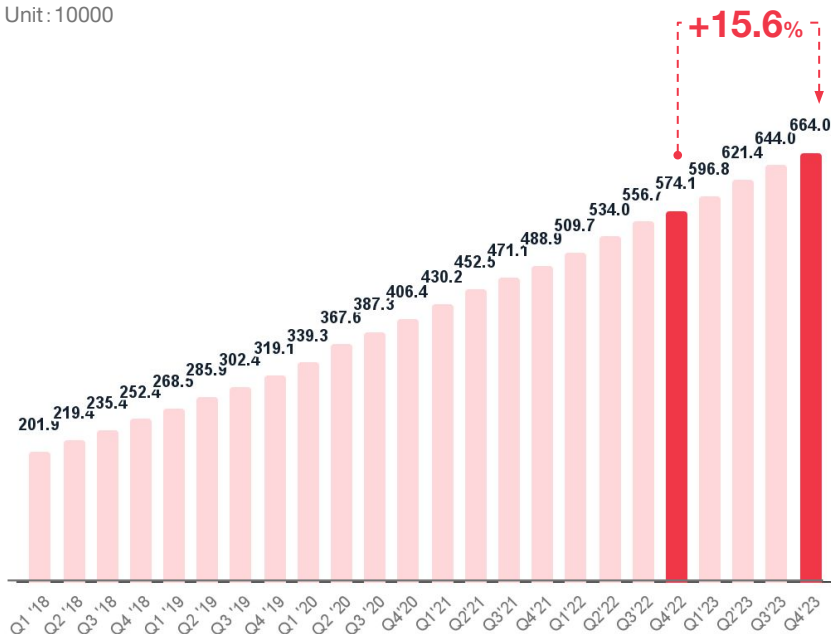


Number of Registered IDs / DAUs

- The number of registered IDs rose 15.6% YoY, to 6.64 million. **New user acquisition continued to grow** during the quarter.
- DAU grew steadily by +5.2% YoY. To encourage further growth, we are considering improvements in functionality and enhancing communication to increase active engagement.

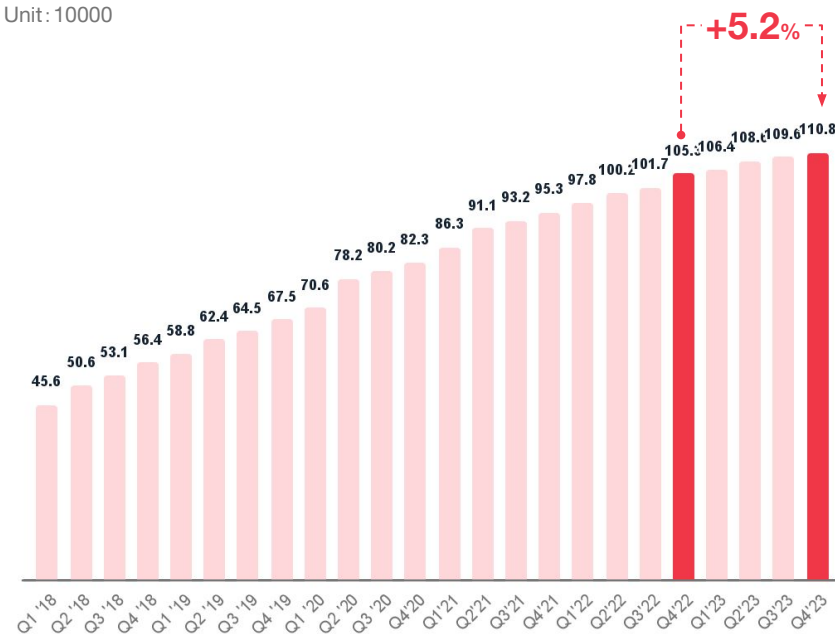
Number of Registered IDs

Unit: 10000



DAUs*¹

Unit: 10000



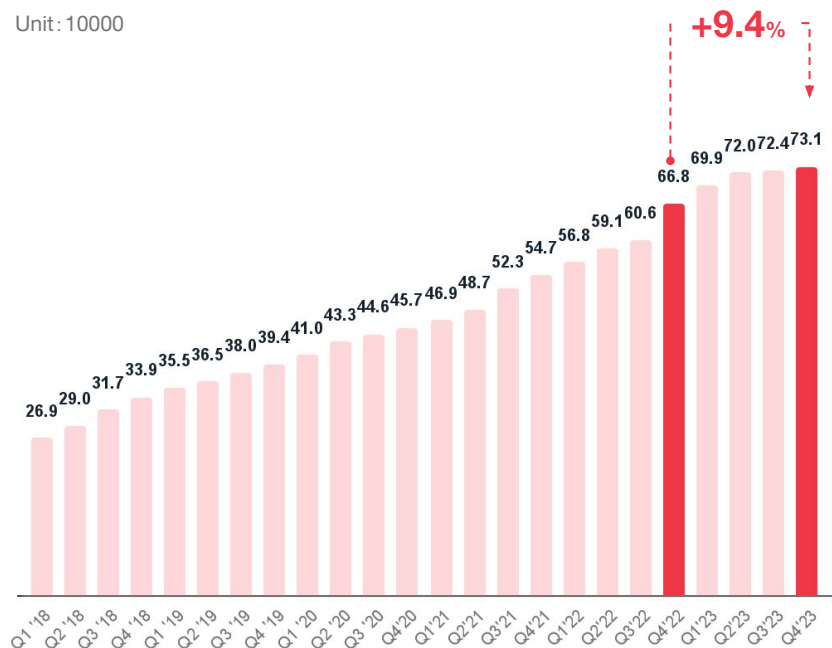
*1 Median number of service users per day (Daily Active User) weekdays excluding weekends and holidays

Number of Paying IDs / ARPU

- The number of paying IDs rose 9.4% YoY, to 731,000. In Q4, the number of paying IDs rose by a net 7,000, compared with a rise of 4,000 IDs in Q3, despite the continued impact of significant churn. This suggests a **recovery from the sluggish growth** following the price revision we introduced in July.
- ARPU was JPY672.4, up 22.8% YoY. This substantial growth was due to the price revision we introduced in July.

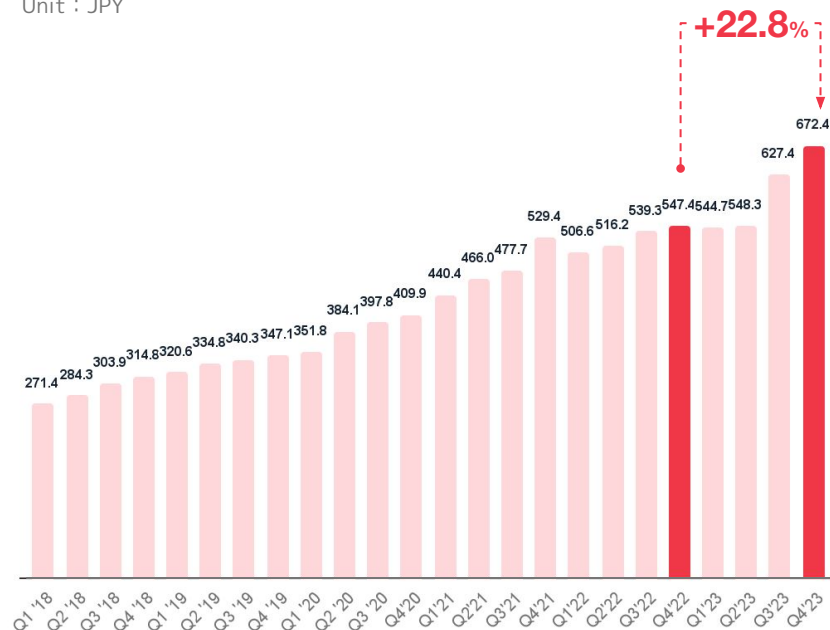
Number of Paying IDs

Unit: 10000



ARPU*1

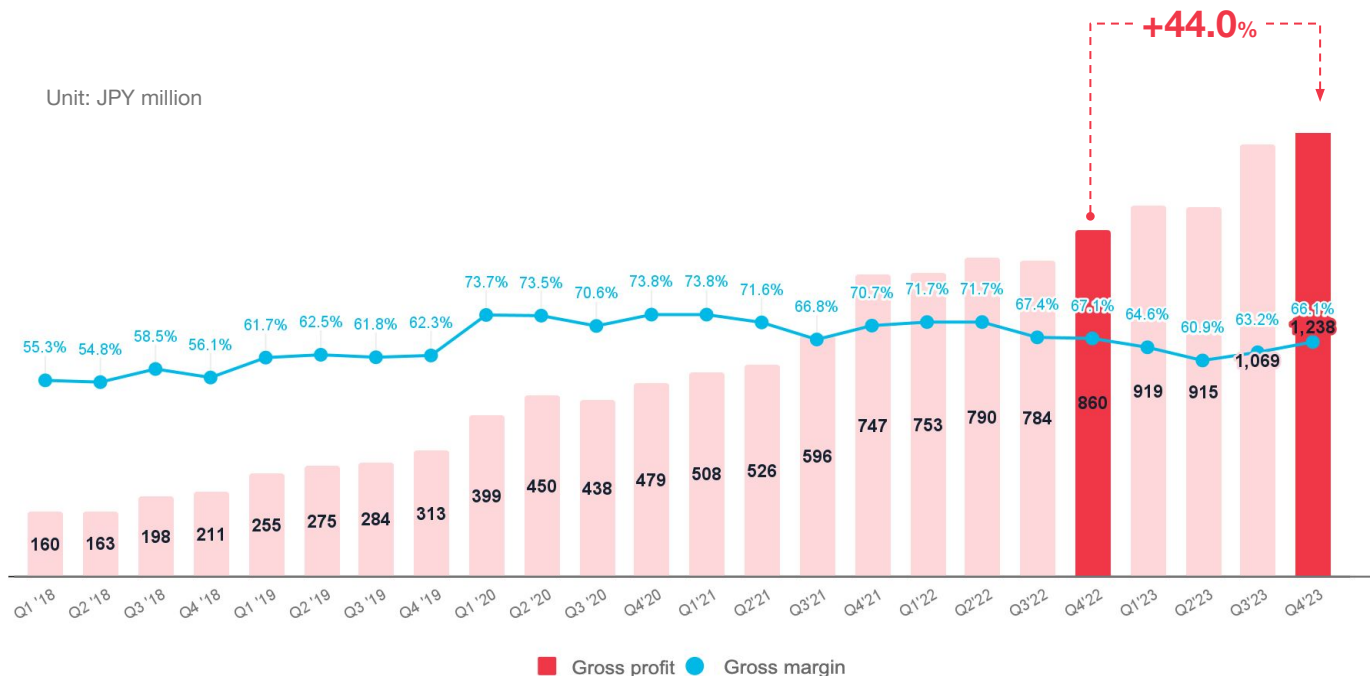
Unit : JPY



*1 Average revenue per user for paid Chatwork services.

Gross Profit / Gross Profit Margin

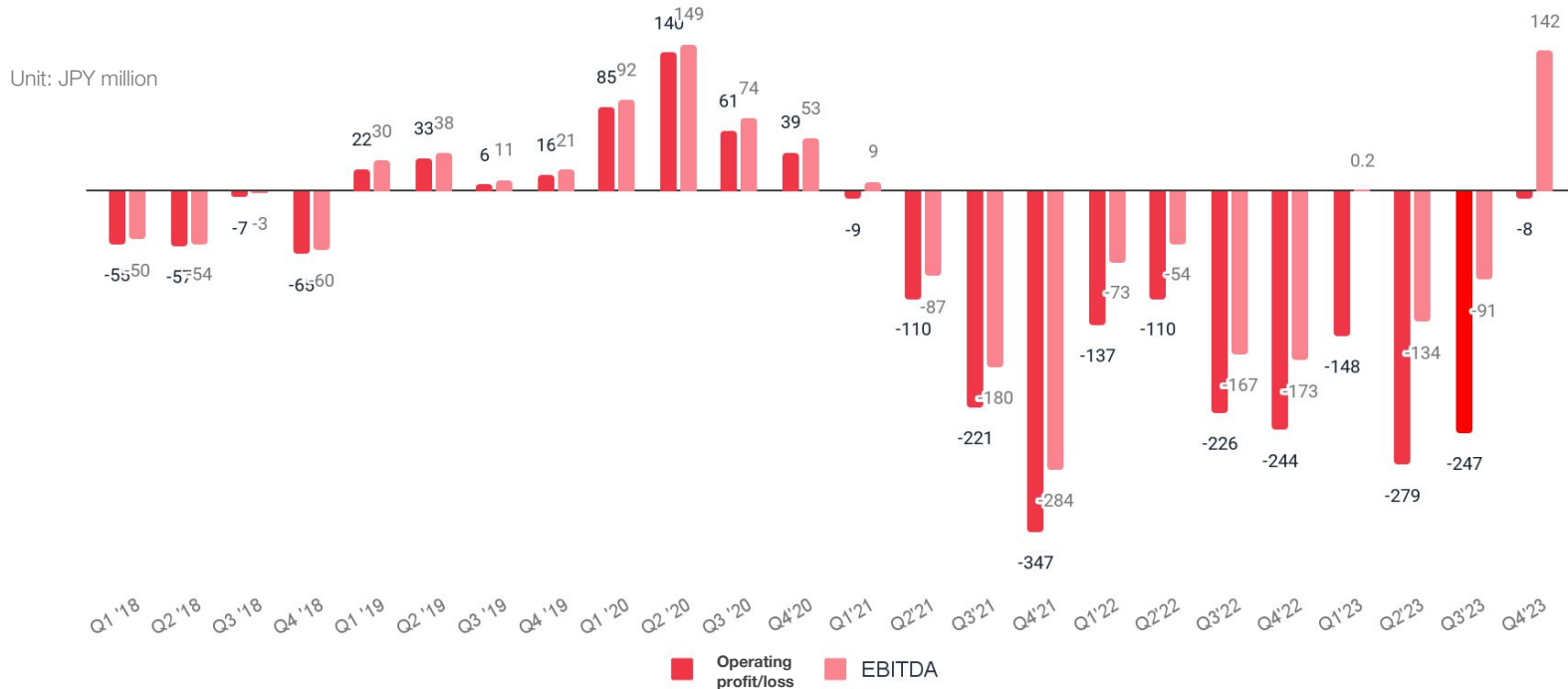
- Gross profit^{*1} rose **44.0% YoY**. The gross margin came to 66.1%, down 1.0pp YoY.
- The gross margin was up substantially QoQ, reflecting significantly higher revenue following the introduction of price revisions in July.



^{*1} System costs (some development personnel and server costs) is recorded as assets from Q1 2020.

Operating profit/loss and EBITDA

- The price revision we introduced in July drove a substantial rise in revenue, **moved EBITDA into the black in Q4** and improved the operating loss significantly.
- We confirmed that the Company is in a position to generate profits. To continue to build a foundation for long-term growth, we will resume appropriate growth investments from Q1 FY 2024, and aim to generate high growth and profits for the full year.

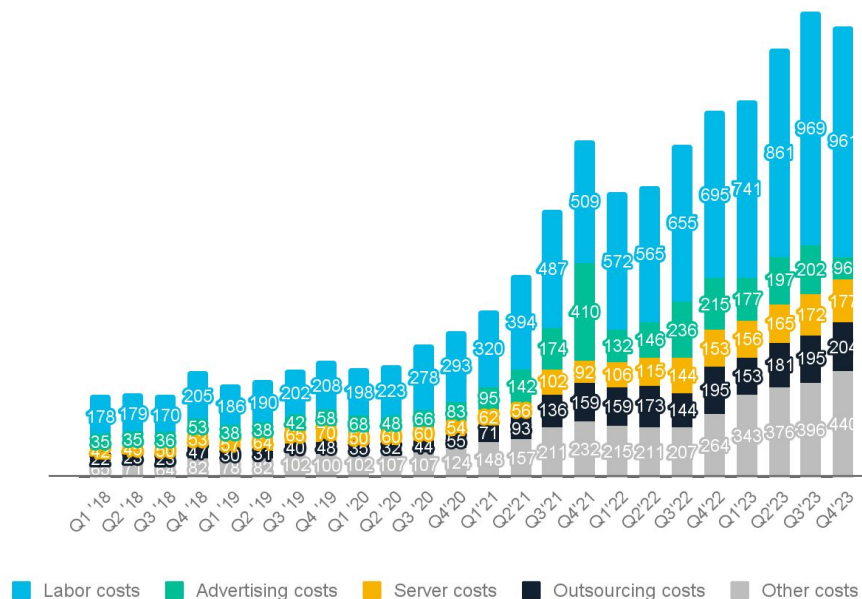


Costs

- Costs decreased QoQ due to lower personnel and advertising expenses, stemming from efforts to identify appropriate investments.

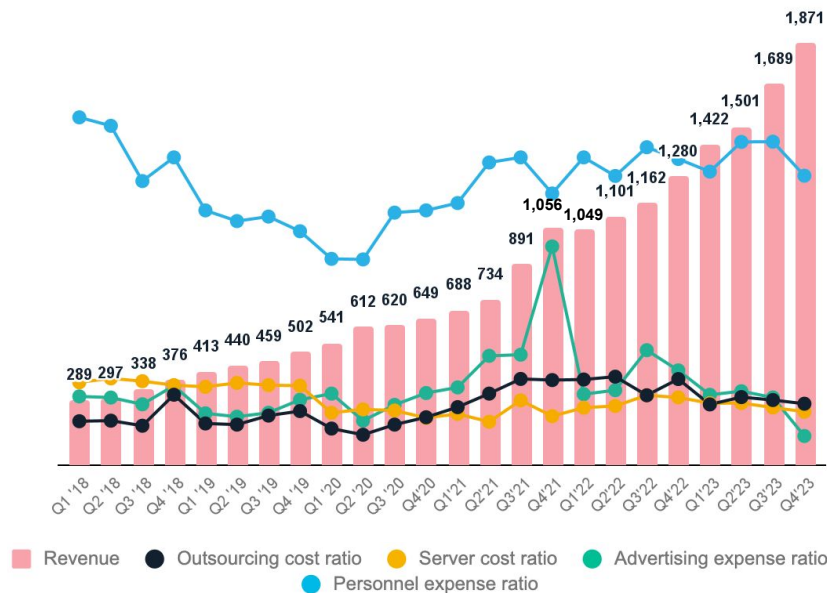
Cost Breakdown

Unit: JPY million



Expense to Sales Ratio

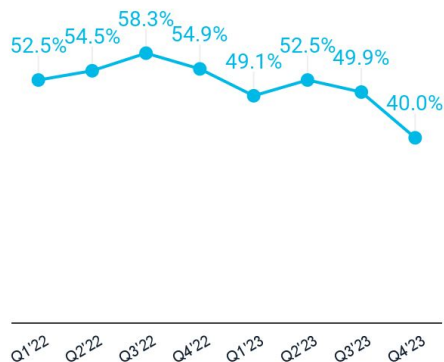
Unit: JPY million



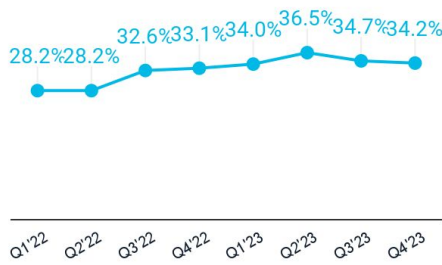
Sales and general administrative expenses to revenue ratio

- All ratios improved QoQ, due to revenue growth and efforts to identify appropriate investments.
- We will resume appropriate growth investments in the Q1 to continue building a foundation for long-term growth, and we aim for continuous improvements over the long term.

S&M Ratio^{*1}



R&D Ratio^{*2}



G&A Ratio^{*3}



^{*1} Sales and Marketing ratio. It refers to the total cost of advertising expenses, sales personnel salaries, related cost of sales, selling and administrative expenses, and other common expenses associated with promoting sales.

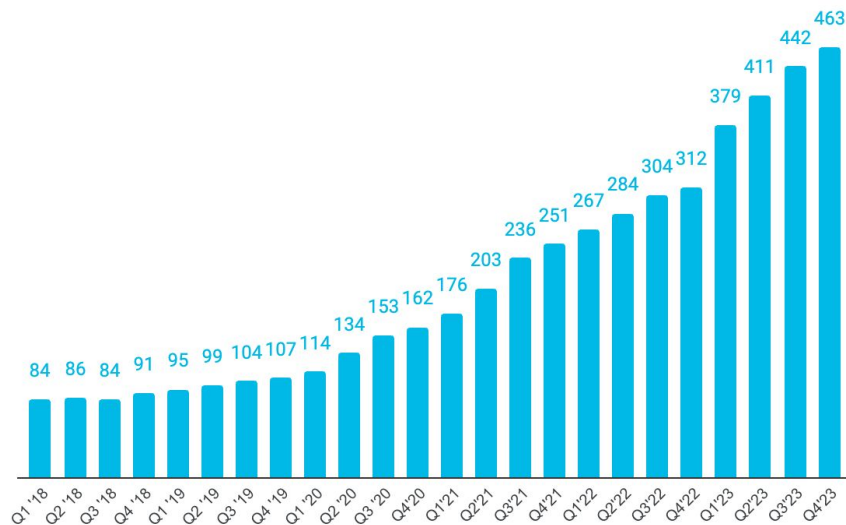
^{*2} Research and Development ratio. It refers to the total cost of engineer salaries and related cost of sales, selling and administrative expenses, and other common expenses associated with service development.

^{*3} General and Administrative ratio. It refers to the total cost of corporate department personnel salaries, related selling and administrative expenses, and other common expenses.

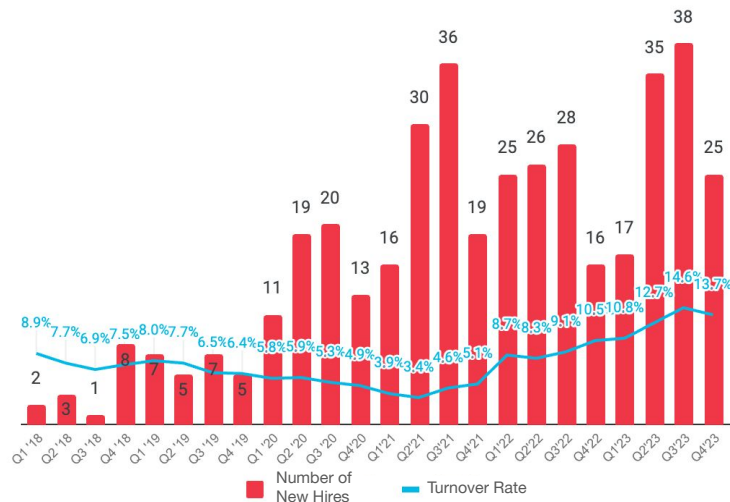
Number of Employees

- The number of Group employees increased by a net 21 in Q4.
- Although a certain number of employees are leaving the Company due to changes in our organizational phase and an increase in the number of hires, the turnover rate declined QoQ. The organization is in sound condition, and we will continue to expand and strengthen our business while maintaining organizational soundness.

Number of Group Employees



Number of New Employees, Turnover Rate*2
(non-consolidated)



*1 The turnover rate for Q4 2023 equals the number of people leaving the Company between January 2023 and December 2023 divided by the sum of employees as of December 2022 and the number of people joining the Company between January 2023 and December 2023.

Full year of
FY2023
Results

4

New Medium-Term Business Plan

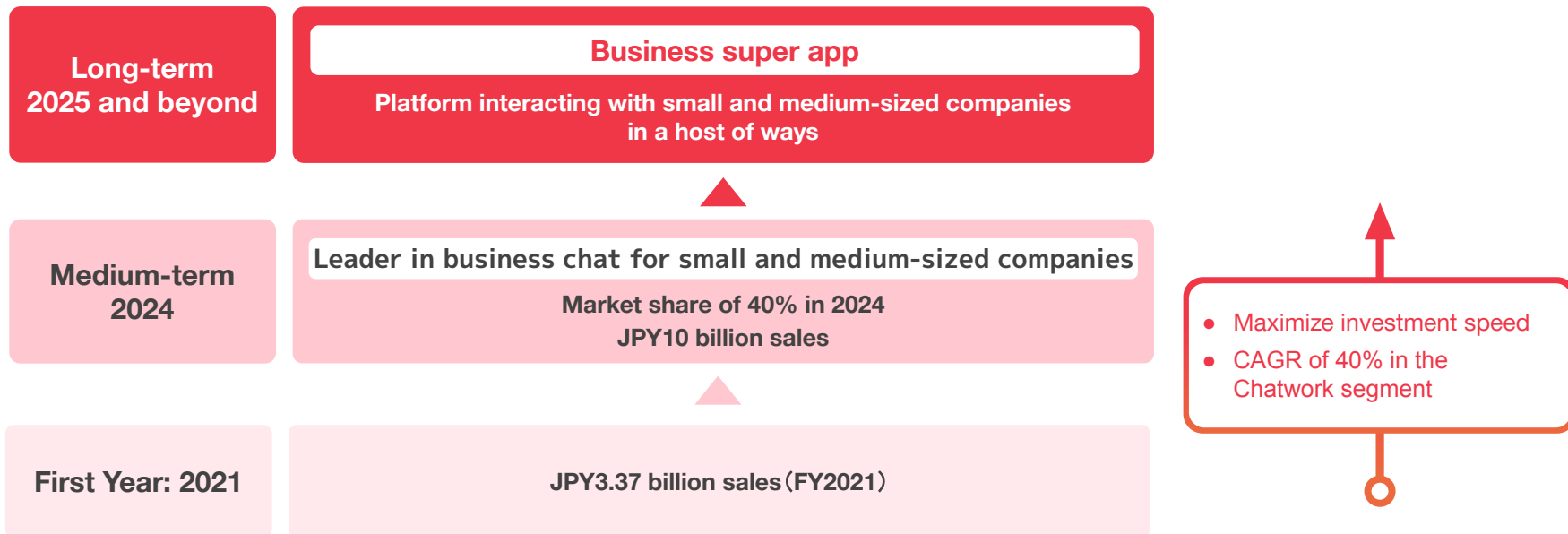


Mid-term Management Plan 2021-2024 Review

Mid-term Management Plan 2021-2024

- In our 2021 medium-term plan, we aimed to **lead the SME business chat market by 2024**, riding the wave of remote work growth due to COVID-19. Beyond 2025, we plan to become a comprehensive business platform, starting with SME dominance and introducing a business super app.
- The period from 2021 to 2024 is the **most important phase** for gaining market share, so we we have been accelerating our speed of investment to the maximum extent in order to expand the scale of our business and revenue.

Mid-term Management Plan 2021-2024



Two Strategies towards Achieving Our Medium-Term Business Plan

- We are executing **two strategies** towards achieving our medium-term business plan.
- Deepening our business chat as **a communication platform strategy** and promoting **an incubation strategy** to enable various business developments on that platform.

Communication Platform Strategy

PLG



Promoting high-efficiency growth using the PLG model

A high-value platform that engages with users through chat

Promote the **PLG^{*1} model**, maximize the number of users, and increase the percentage of active users to establish **an unparalleled high-value platform in the SME space**.



Incubation Strategy

BPaaS



Using SaaS on the customer's behalf across the entire business process.

Implementing essential DX in the majority market

Use **BPaaS^{*2} as the key** to establish a highly productive hybrid operation that combines tech and people to **truly deploy DX** across a wide range of management areas.

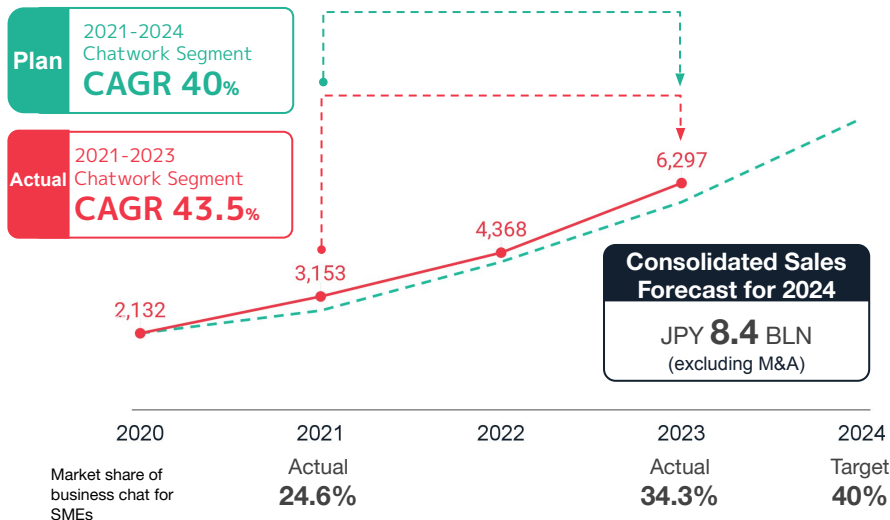
^{*1} Product-Led Growth (PLG) is a SaaS growth strategy that is the focus of attention in the US, whereby products are used to attract customers. This style is distinct from the conventional growth strategy, of Sales-Led Growth.

^{*2} BPaaS is short for Business Process as a Service. Rather than just software, BPaaS is a cloud service that provides business services themselves, allowing facilitating cloud-based business process outsourcing (BPO).

Mid-term Management Plan 2021-2024 Review

- Under the medium-term management plan concluding in 2024, we have made **good progress toward our quantitative targets**. **CAGR for 2021–2023 was 43.5%**, and we are on track to reach our target CAGR of 40% or more for 2021–2024. While this falls short of our current plan, to achieve JPY10 billion in total Company revenue by 2024, we will explore all possibilities and strive to achieve this goal.
- For each of our two strategies, we have achieved measures and results that will lead to the next major phase of growth.

Quantitative Goal Review



Strategy Review

Communication Platform Strategy

- ARR increased by 2.7 times from 2021 to 2023, indicating significant growth as a platform.
- We are pushing forward with plan revisions and price adjustments, updating our offerings to a more refined plan structure.

Incubation Strategy

- The revenue from the platform business is expected to grow significantly by 9.4 times from 2021 to 2023.
- We have achieved expansion up to a scale where we can contribute to sales through the establishment of a customer acquisition mechanism.

The method for calculating the 2023 share is based on the following assumptions a, b, calculated by a/b:

(a) Multiply the current number of Chatwork licenses (including free licenses) by the "Percentage of SME users among Chatwork users (79.7%)" calculated by our company to estimate the number of SME employees (license count) using Chatwork in 2023.

(b) The estimation method for 2023 SAM involves:

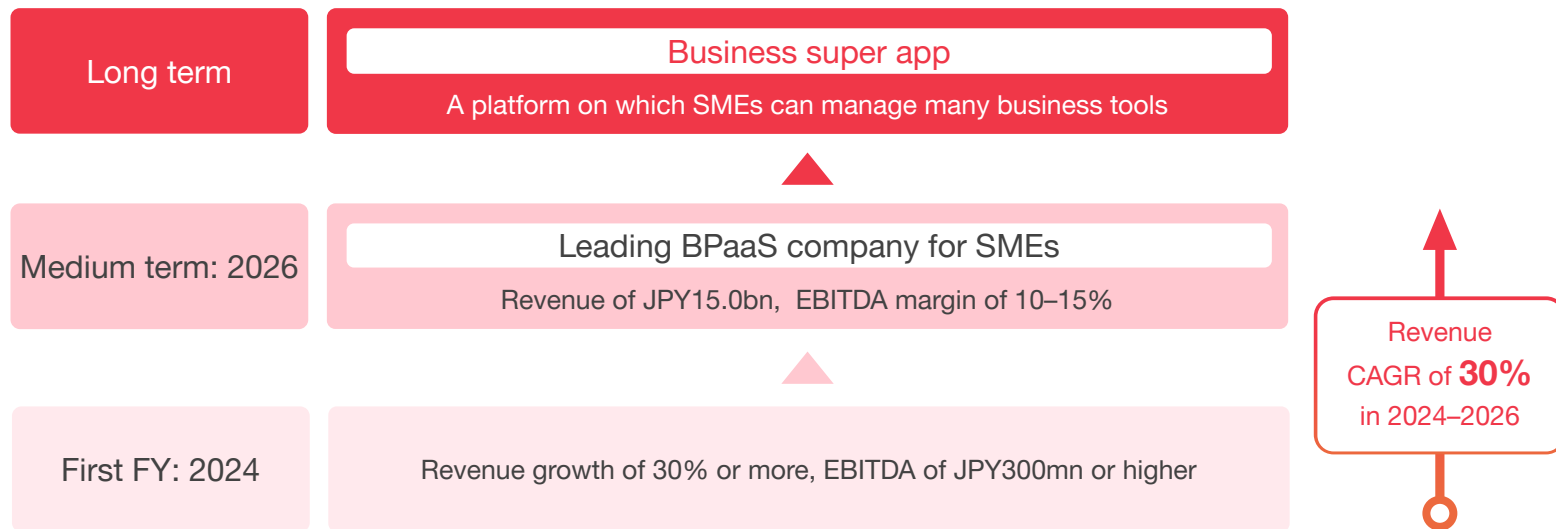
Referring to the total number of employees from the "Labor Force Survey" by the Ministry of Internal Affairs and Communications. Calculating the number of employees engaged in SMEs by multiplying the percentage of SME employees, as announced by the Small and Medium Enterprise Agency (68.8%), with the result from (1). Determining the market size by multiplying the market penetration rate of business chat tools (including both active and inactive users' awareness of business chat tools), set at 30.4%, with the result from (2). The market penetration rate for 2023 is based on the survey results from page 18, "Usage Status of Business Chat Tools."

Based on the above, the calculated market share for our company in 2023 is 34.3%.

New Mid-term Management Plan 2024-2026

New Mid-term Management Plan

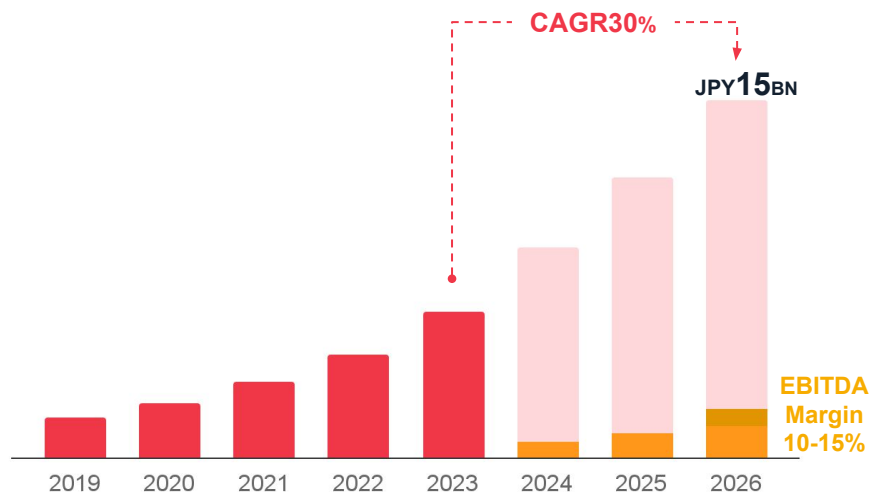
- Under the new medium-term management plan ending in FY 2026, we aim to establish our position as the **leading BPaaS company for SMEs** by 2026. Long-term, we will leverage our overwhelming share of the market among SMEs to roll out a **business super app**, which will be a platform on which users can manage many business tools.
- In 2024–2026, we will accelerate our Groupwide growth toward the goal of becoming the leading BPaaS company for SMEs, and **build a profitable structure**.



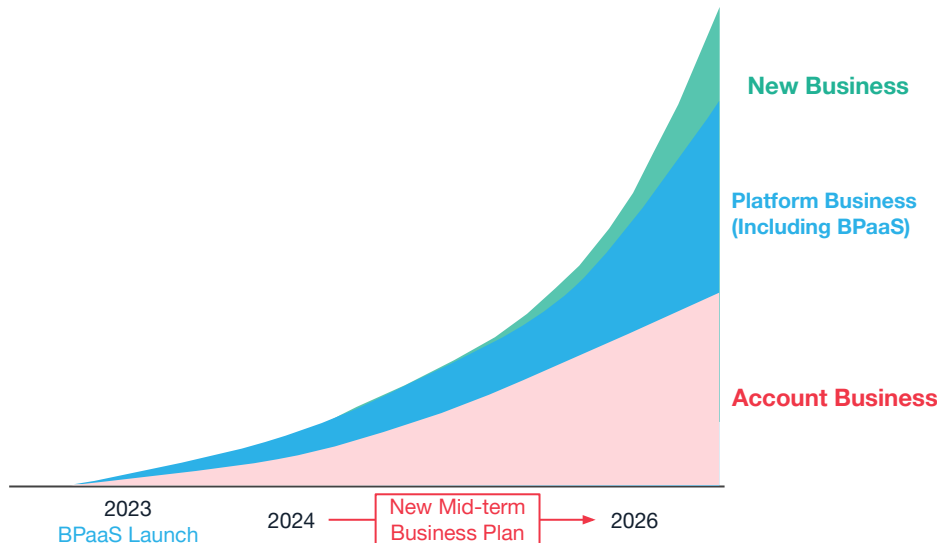
New Mid-term Business Plan

- The financial targets of the new medium-term management plan are **CAGR in Group revenue of 30% or more from 2024 to 2026** and an **EBITDA margin of 10–15% in 2026**.
- In the plan's final year, **FY 2026**, we target **Group revenue of JPY15.0bn** and EBITDA of JPY1.5–2.25bn.
- We anticipate continued revenue growth from business chat, aim for rapid revenue expansion in the BPaaS business (our next pillar of growth), and expect revenue contributions from new businesses.
- This plan represents organic growth figures. M&A is not included, so the plan will be revised in the event of acquisitions.

Group Sales and EBITDA



Driving Growth: BPaaS and New Business

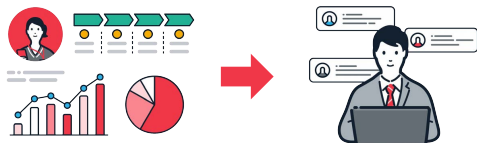


Three Strategies of the New Medium-Term Management Plan

- We are driving the **BPaaS strategy** to enhance the value of business chat as a **communication platform**, enabling various business expansions on this platform.
- Additionally, through our **incubation strategy** leveraging group assets and utilizing AI for research and development, we aim to create further core businesses and achieve discontinuous growth.

Communication Platform Strategy

PLG



Promoting high-efficiency growth using the PLG model

A high-value platform that engages with users through chat

Promote the **PLG model**, maximize the number of users, and increase the percentage of active users to establish an **unparalleled high-value platform in the SME space**.

BPaaS Strategy

BPaaS



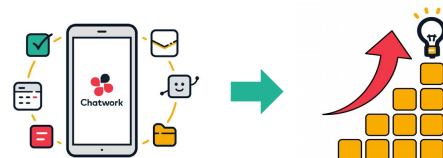
Using SaaS on the customer's behalf across the entire business process.

Implementing essential DX in the majority market

Use **BPaaS as the key** to establish a highly productive hybrid operation that combines tech and people to **truly deploy DX** across a wide range of management areas.

Incubation Strategy

R&D



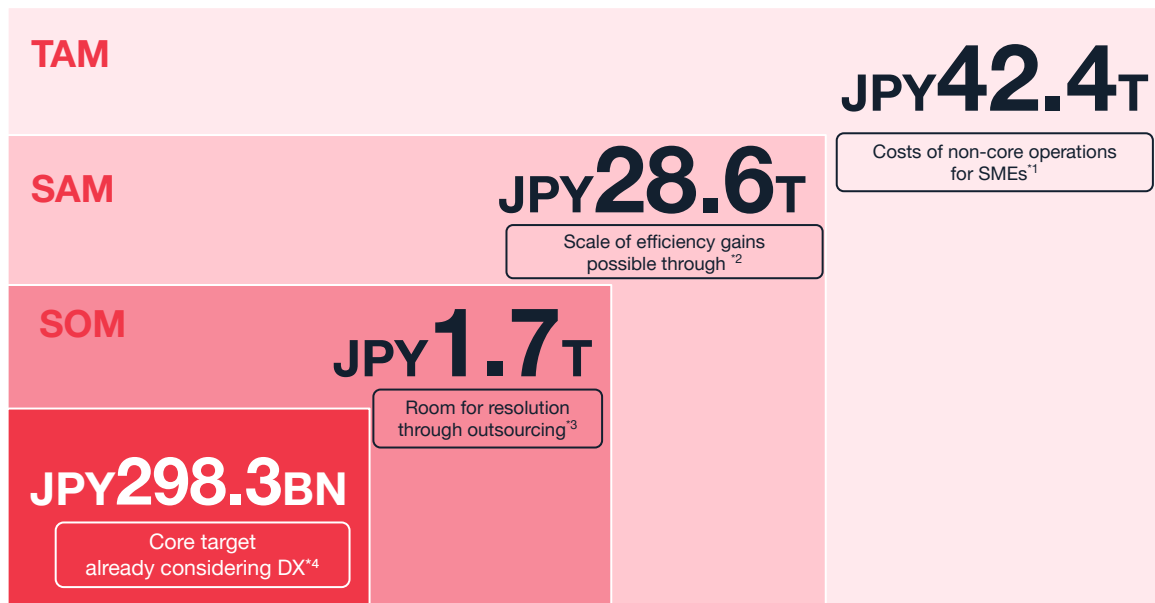
Strengthening Our Unique Assets and Positioning Further

Pillars of Discontinuous Growth: Creating Added Value

When promoting business growth, we will remain cognizant of the Group's asset utilization and target expansion, creating added value through a **pillar of discontinuous growth**.

Size of the Potential Market for BPaaS including business chat (TAM)

- The BPaaS market is by far the largest, with **non-core operations of SMEs valued at JPY42.4 trillion**.
- The **core target market that has already manifested is worth JPY298.3 billion**, and business growth potential is extremely high.



*1 Number of salaried workers: 44.94 million (National Tax Agency's FY 2022 survey on private-sector salary conditions) x percentage of employees working in SMEs: 68.8% (2016 Economic Census by the Ministry of Internal Affairs and Communications) x average salary at SMEs: JPY3.92 million (Ministry of Health, Labour and Welfare) x average percentage of non-core tasks: 31.9% (estimated by the Company and others)

*2 TAM x percentage of business hour reduction through DX: 67.6% (estimated by the Company and others)

*3 SOM: SAM x percentage of small and medium-sized enterprises recognizing the challenges of DX but not yet addressing them: 51% (Small and Medium Enterprise Agency) x percentage of outsourcing costs among SME expenses: 13.0% (FY 2006 Basic Survey on Business Activity conducted by the Ministry of Economy, Trade and Industry)

*4 Focusing on the percentage of SMEs considering DX initiatives: 16.9% (Small and Medium Enterprise Agency)

Changing the Company Name to “kubell”

- In July 2024, we plan to change our company name to “**kubell**.”
- Our new medium-term management plan calls for a full-fledged business rollout that will make us the top BPaaS company for SMEs. The company name change reflects our intent to **expand from the Chatwork business into a growing corporate group**.

Making work more fun and creative



We want to be a company that continues to add fuel to the fire (aspiration)
that resides in the hearts of all people who work.

(In Japanese, 'Ku-Be-Ru' refers to adding firewood to a bonfire)

We have imbued this sentiment and determination into our new company name.

株式会社kubell kubell Co., Ltd.

Special Website



<https://corp.chatwork.com/ja/kubell/>

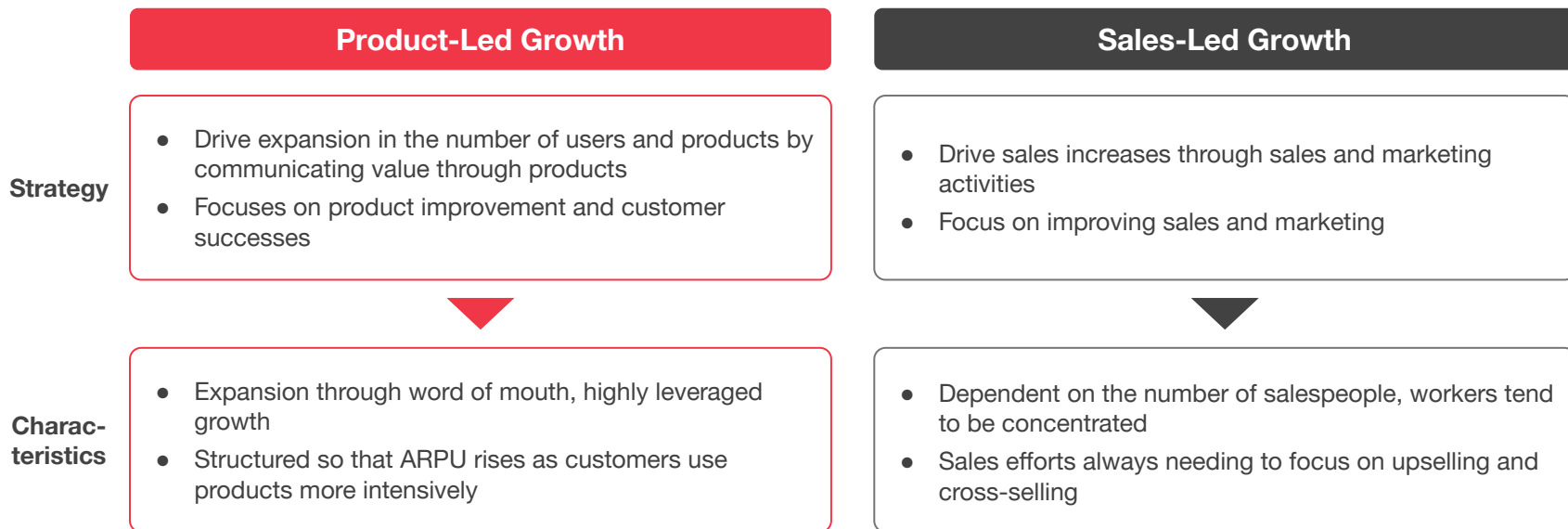
Medium-Term Management Plan #1

Communication Platform Strategy

STRATEGY

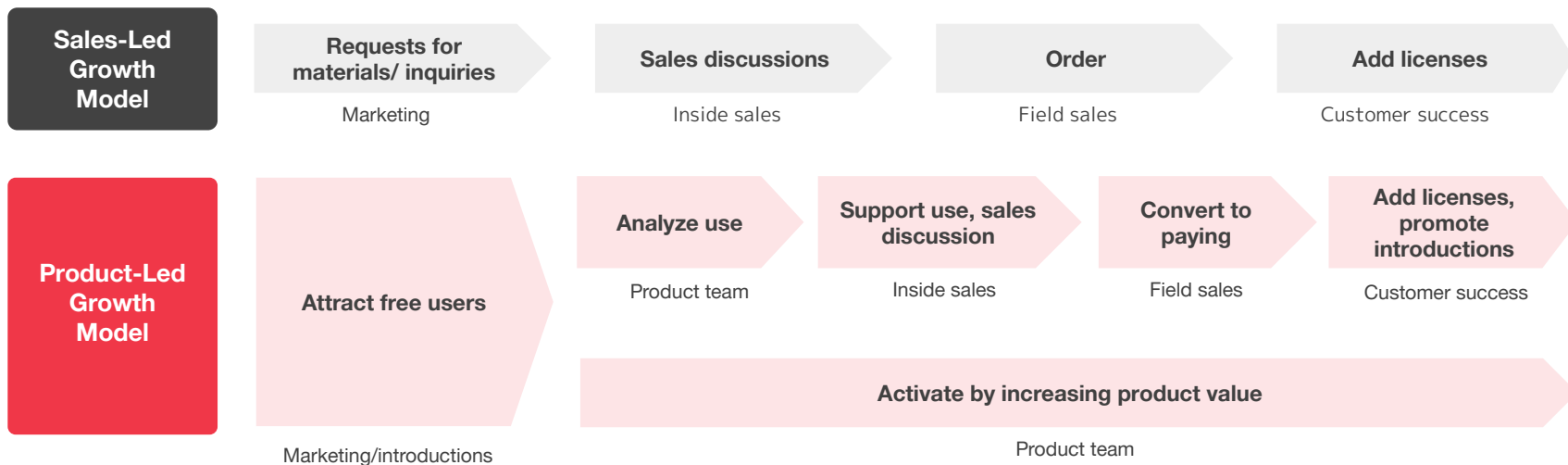
PLG (Product-Led Growth)

- **Product-Led Growth (PLG)** is a SaaS growth strategy that is the focus of attention in the US, whereby products are used to attract customers. This style is distinct from the conventional growth strategy, of **Sales-Led Growth**.
- Zoom and Shopify are two examples of PLG, which achieves notably **higher levels of growth** than non-PLG. PLG requires a large user base and a service that spreads by word of mouth. Our service fits with a PLG growth strategy.



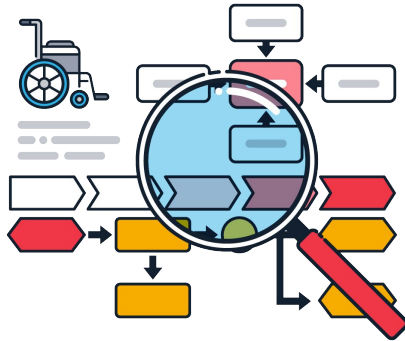
Process of Promoting the PLG Model

- Under the conventional SLG model, marketing gathers a list of potential customers and sales proceeds with the process of negotiating and receiving orders.
- Under the PLG model, **marketing attracts free users**. Our **system** then analyzes their usage data and **automatically creates a list** of users who are likely to become paying customers. Sales staff then makes proposals based on the list, promoting sales discussions and encouraging users to become paying customers.
- Under the PLG model, marketing can invest in advertising to **achieve a large-scale increase in users**. This model also uses AI and sophisticated data analysis to achieve **highly efficient sales and customer success**.



Making the Process Extremely Efficient through: High Customer Resolution x PLG Model x Chat

- We will address overseas competitors by leveraging our strength as a **vendor with a strong presence in Japan**, and use dedicated teams to **gain a better industry understanding**. We will improve the quality of marketing and sales by studying each industry's business processes and challenges and molding business chat to those needs.
- In addition to industry understanding, the PLG model combines customer usage data with advanced data analysis to create a **highly efficient communication process**. In addition, we also take full advantage of the communication service and **use chat to practice the approach**.



Deep understanding of
Industry structure and Business
process



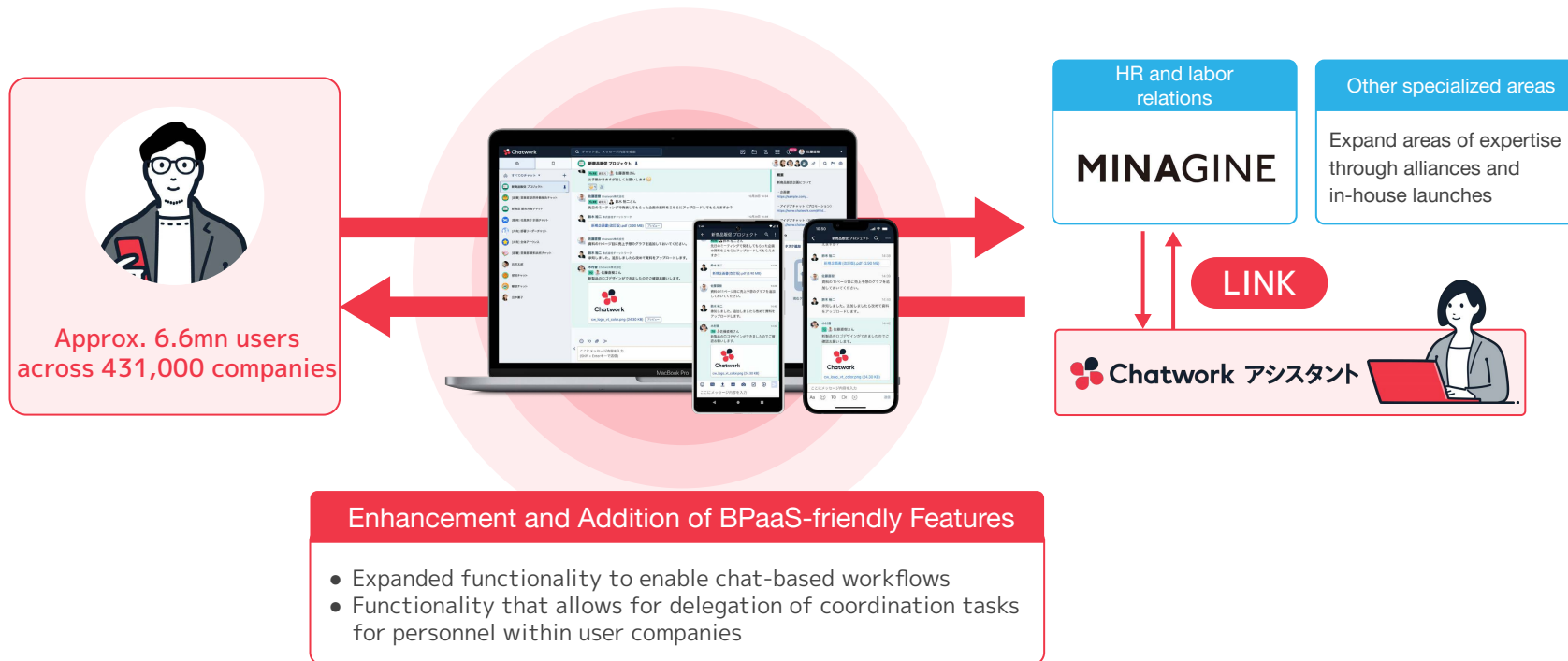
Advanced analysis with users' data
through the PLG model



Efficient Approach via Chat tool

Evolving toward the most BPaaS-Friendly Business Chat

- In addition to expanding our market share to make Chatwork the de facto standard for business chat in the SME space, we will strategically evolve Chatwork into “the most BPaaS-friendly business chat” in an effort to make BPaaS our next pillar of business.
- We will enhance functions for efficient task management, schedule coordination, and information collection, which occur frequently among BPaaS operations. In addition, by developing a system that can manage orders for BPaaS projects and accurately ascertain client needs, we will graft a seamless BPaaS experience onto business chat.



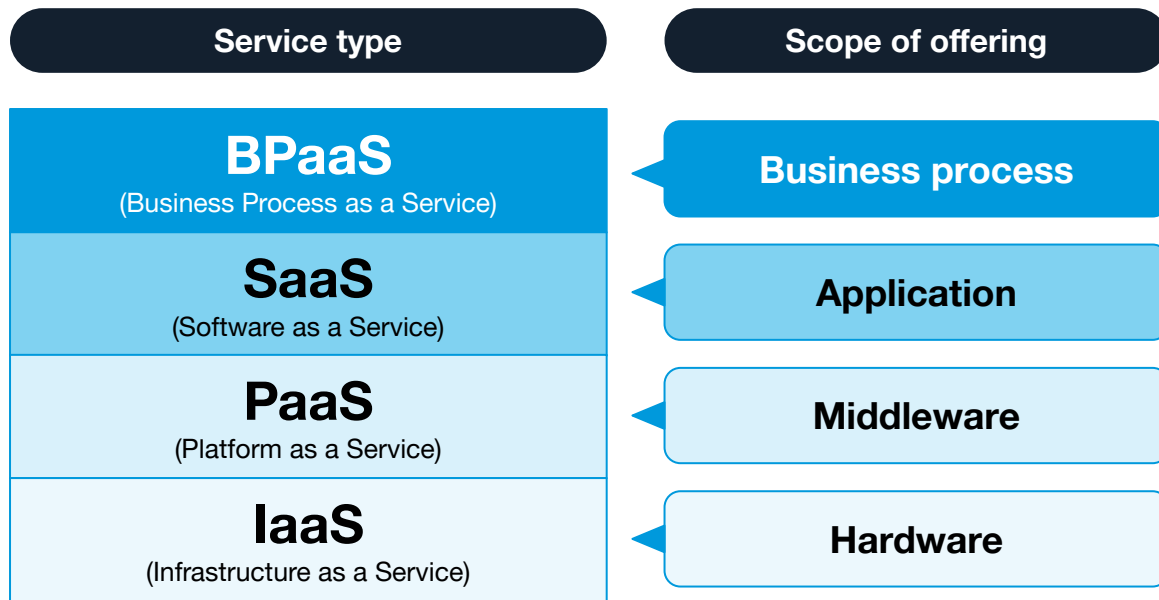
Medium-Term Management Plan #2

BPaaS Strategy

STRATEGY

About BPaaS

- BPaaS is short for Business Process as a Service. Rather than just software, BPaaS is a cloud service that provides business services themselves, allowing facilitating **cloud-based business process outsourcing (BPO)**.
- BPaaS, the next upstream layer from SaaS in cloud-based services, will be the **next trend**.

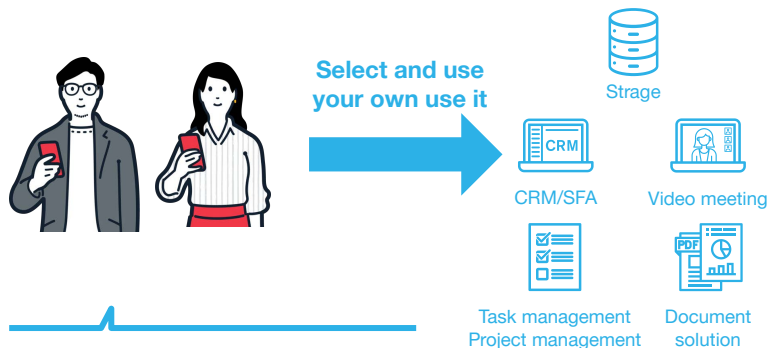


BPaaS is the main player in achieving DX in the majority market

- Choosing and mastering SaaS is **mainly done by advanced users** who are knowledgeable about IT.
- For the **majority market, which accounts for more than two-thirds of the population**, it is difficult to manage and use a variety of SaaS products with different usability.
- To achieve DX in the majority market, it is **effective to use BPaaS** to drive DX by winding up SaaS for each business process and on behalf of customers.

SaaS

Solving business issues through DX on your own



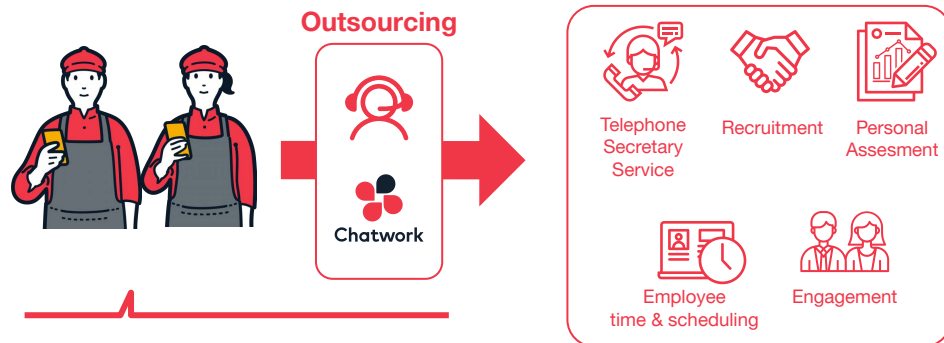
Users suited to SaaS

Tech-savvy early adopters in IT

- Can select tools on their own
- Management and employees can use the tools efficiently

BPaaS

Requests for entire business process and DXing are also outsourced



Users suited to BPaaS

majority

- Difficulty in decision making to adopt SaaS
- Difficulty in using SaaS

Scope for the Provision of BPaaS

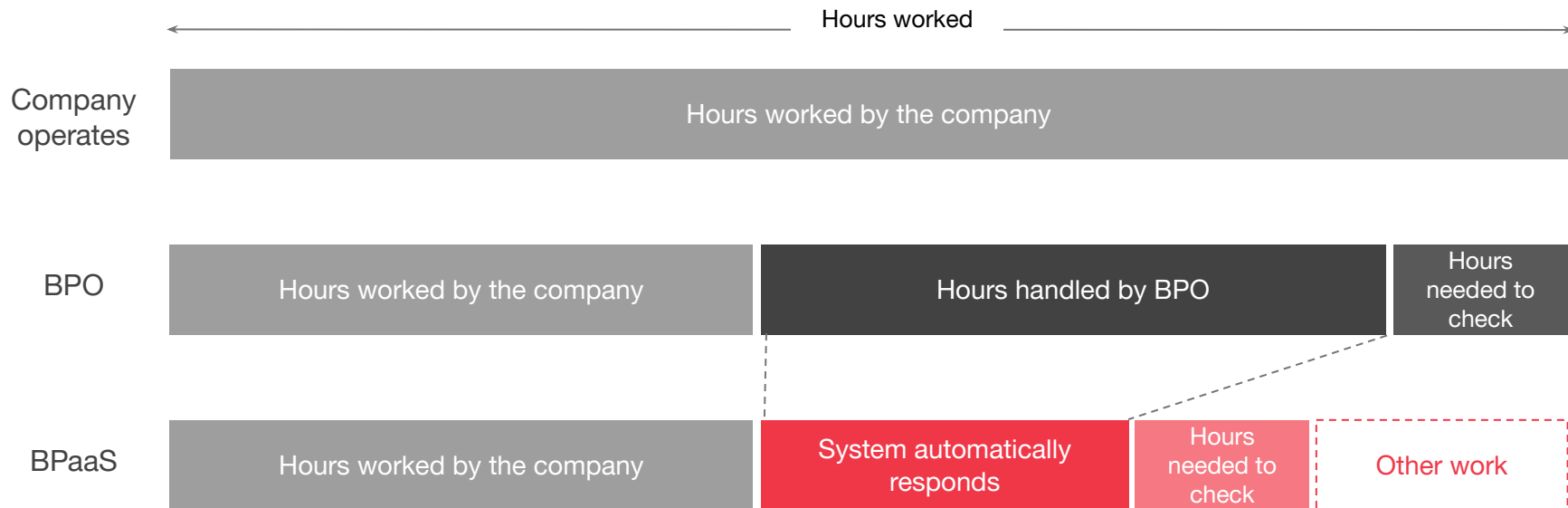
- We will serve for **DX human resources and business operations** in the cloud, **significantly reducing users' administrative costs**.
- **Companies with a shortage of DX talent internally**, where system implementation and operation are not progressing, can still achieve DX.

on-premises	IaaS Infrastructure as a Service	PaaS Platform as a Service	SaaS Software as a Service	BPaaS Business Process as a Service	BPO Business Process Outsourcing
DX Talent	DX Talent	DX Talent	DX Talent	DX Talent	DX Talent
Business Operations	Business Operations	Business Operations	Business Operations	Business Operations	Business Operations
Applications	Applications	Applications	Applications	Applications	Applications
Data	Data	Data	Data	Data	Data
Middleware	Middleware	Middleware	Middleware	Middleware	Middleware
Operating System	Operating System	Operating System	Operating System	Operating System	Operating System
Servers	Servers	Servers	Servers	Servers	Servers
Storage	Storage	Storage	Storage	Storage	Storage
Network	Network	Network	Network	Network	Network

 =User Managed
 =Service Provider Managed

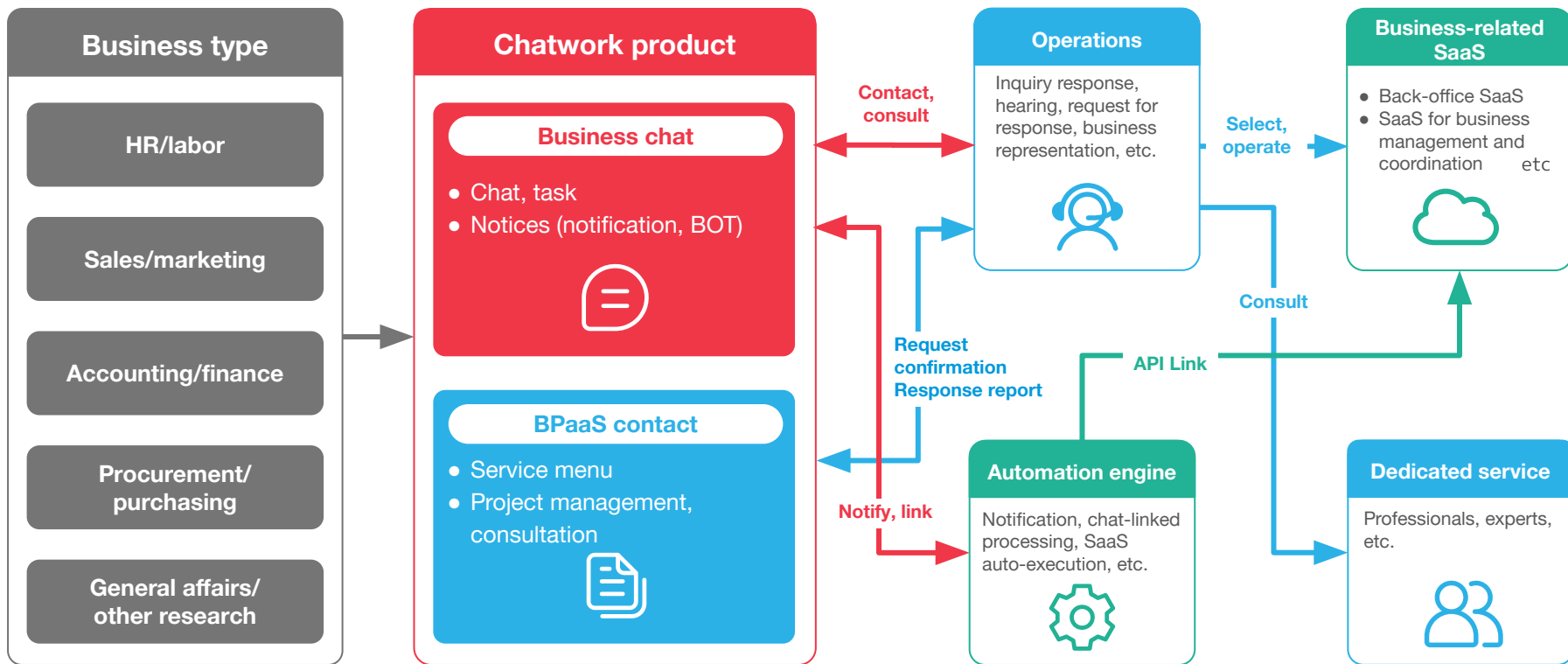
Difference between BPO and BPaaS

- BPO refers to a service that **simply replaces manual labor**, whereas BPaaS uses the cloud to provide **digitally transformed work via SaaS**.
- Linking various SaaSs with APIs and using an **automated response system** can significantly reduce worker hours.
- In this way, we can promote DX of business operations without the need for users to select, configure, and operate the SaaS on their own.
- BPaaS makes BPO-equivalent services available at **low cost and in small lots with a high degree of flexibility for SMEs**.



Our BPaaS Rollout

- We will maximize the use of business chat to develop the BPaaS business. Being a platform operator gives us a **substantial advantage during rollout**.

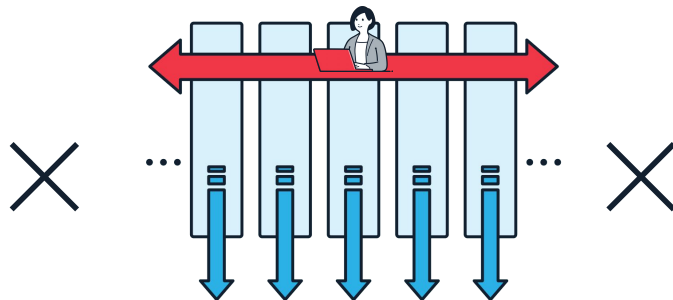


Gaining an Overwhelming Competitive Advantage

- Leveraging Chatwork's overwhelming customer assets to achieve **highly efficient marketing and operations**.
- Combining breadth of business and depth of expertise in small and medium-sized enterprises where digital transformation is not yet advanced, aiming to **provide one-stop services**.
- **By standardizing highly efficient business processes** connected via API between chat and SaaS, we aim to achieve efficient sales expansion.



Comprehensive approach utilizing Chatwork's customer assets



Combining 'Breadth' and 'Depth' to create services that are difficult to imitate



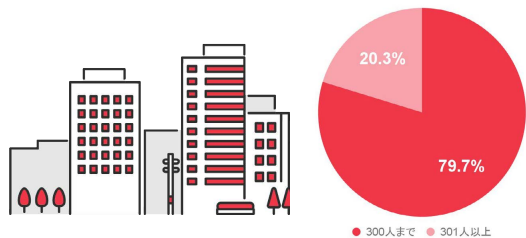
Efficient sales expansion through business formalization and use of technology

Comprehensive Approach to Leveraging Customer Assets

- Chatwork has an overwhelmingly large customer base of **6.64 million users at 420,000 companies**. With its simple UI and easy connection to the outside world, the number of users will continue to **increase at a compound rate** via referrals from SMEs that are reluctant to embrace DX.
- We can efficiently approach SMEs about BPaaS services, these services have a longer latency period relative to other SaaS, and we have strong customer touchpoints.

Overwhelming Presence with SMEs

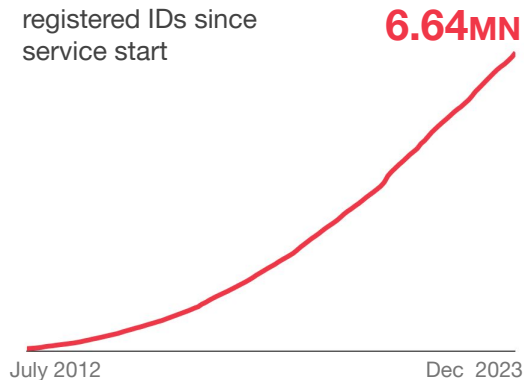
Deployed at more than **431,000 companies** **79.7%** of paid contracts with companies of 300 or fewer people



BPaaS Approach for Business Chat Users

Open Platform Arrangement Compounds User Numbers

Number of registered IDs since service start

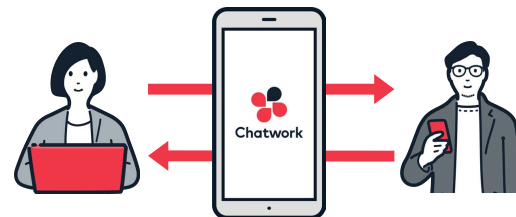


Strong Customer Touchpoints

Long dwell time

Highly efficient interactions

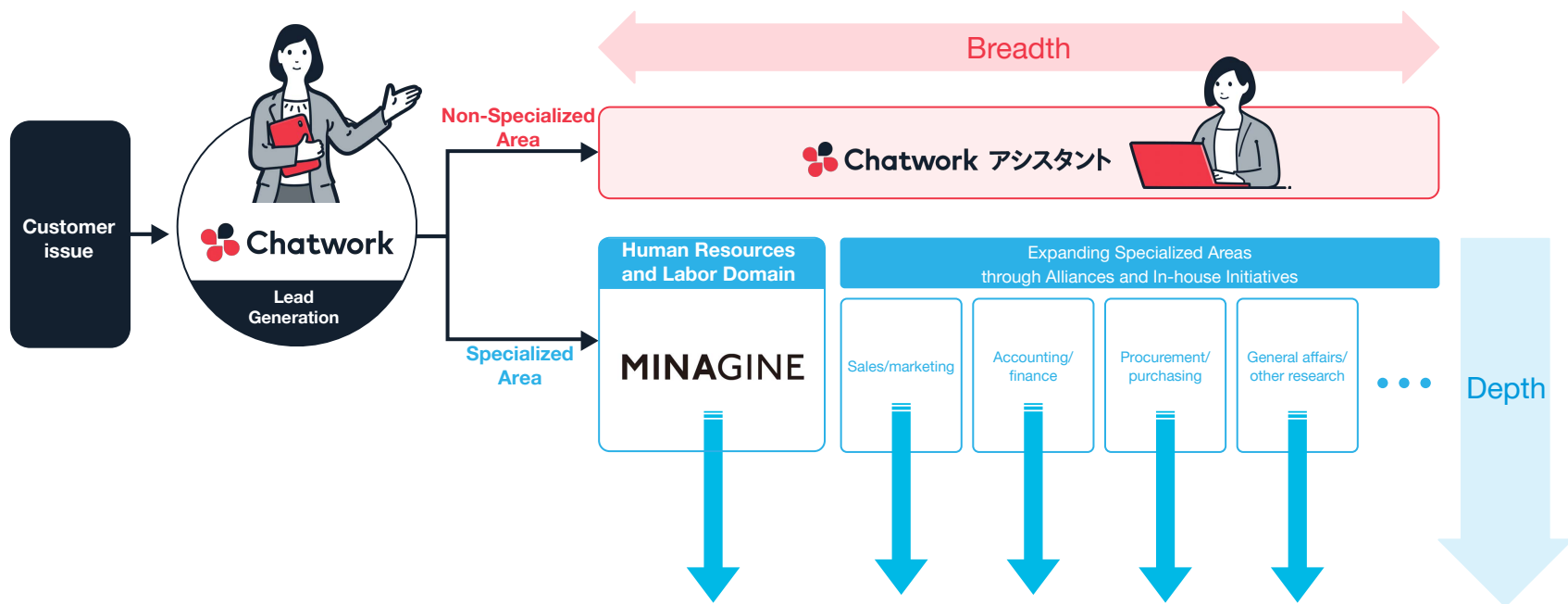
High open rate



Directly approaching customers and **rapidly expand BPaaS**

Configuring Services That Achieve Both 'Breadth' and 'Depth'

- We provide comprehensive support for non-specialized tasks through Chatwork Assistants, **encompassing 'Breadth'**, while offering **specialized expertise, 'Depth'** through M&A and alliances.
- This combination allows us to **offer one-stop support** for our customers' needs.
- Additionally, our subsidiary MINAGINE provides BPaaS for human resources and labor management.



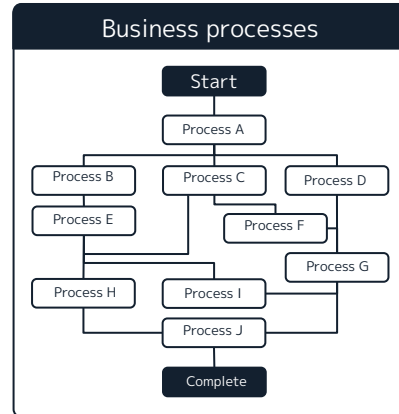
Efficient Sales Expansion with Technology and Formalization

- Our approach to addressing a wide range of challenges faced by SMEs is to **provide services through formalized and packaged business solutions**, rather than individually consulting and designing operational workflows. This allows us to offer **highly efficient and profitable services**.
- We aim to build an **automation engine** that integrates business chat with APIs to streamline operational processes, thus minimizing the operator workload as much as possible or enabling efficient, operator-free service delivery.

Hearing from Customer



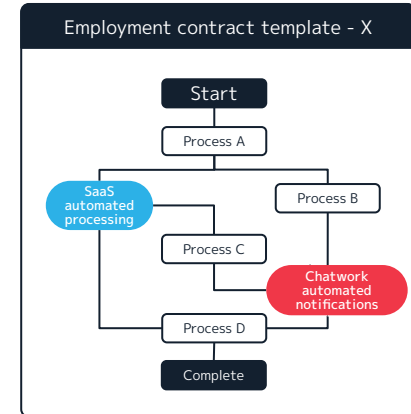
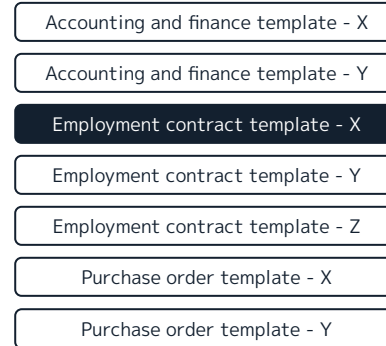
We want to digitize employment contracts



Suggestions derived from standardized templates



For your company, the 'Employment Contract Template-X' would be ideal.



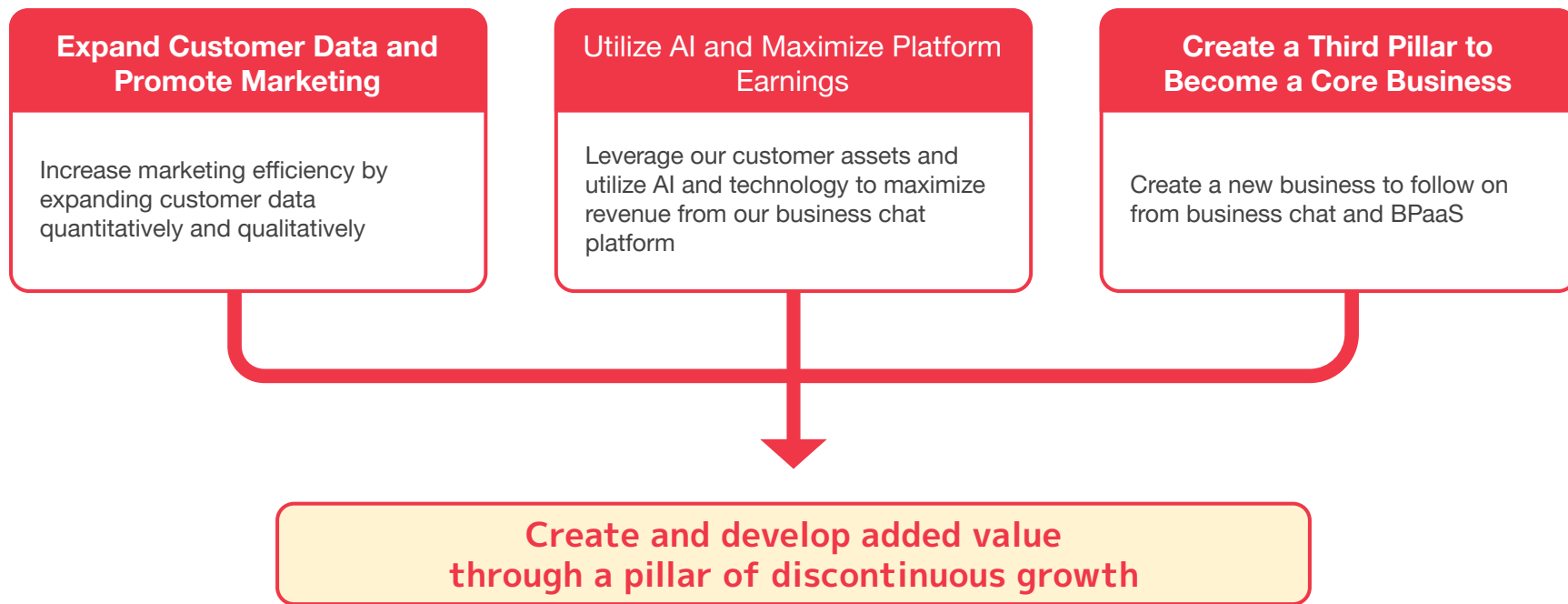
Medium-Term Management Plan #3

Incubation Strategy

STRATEGY

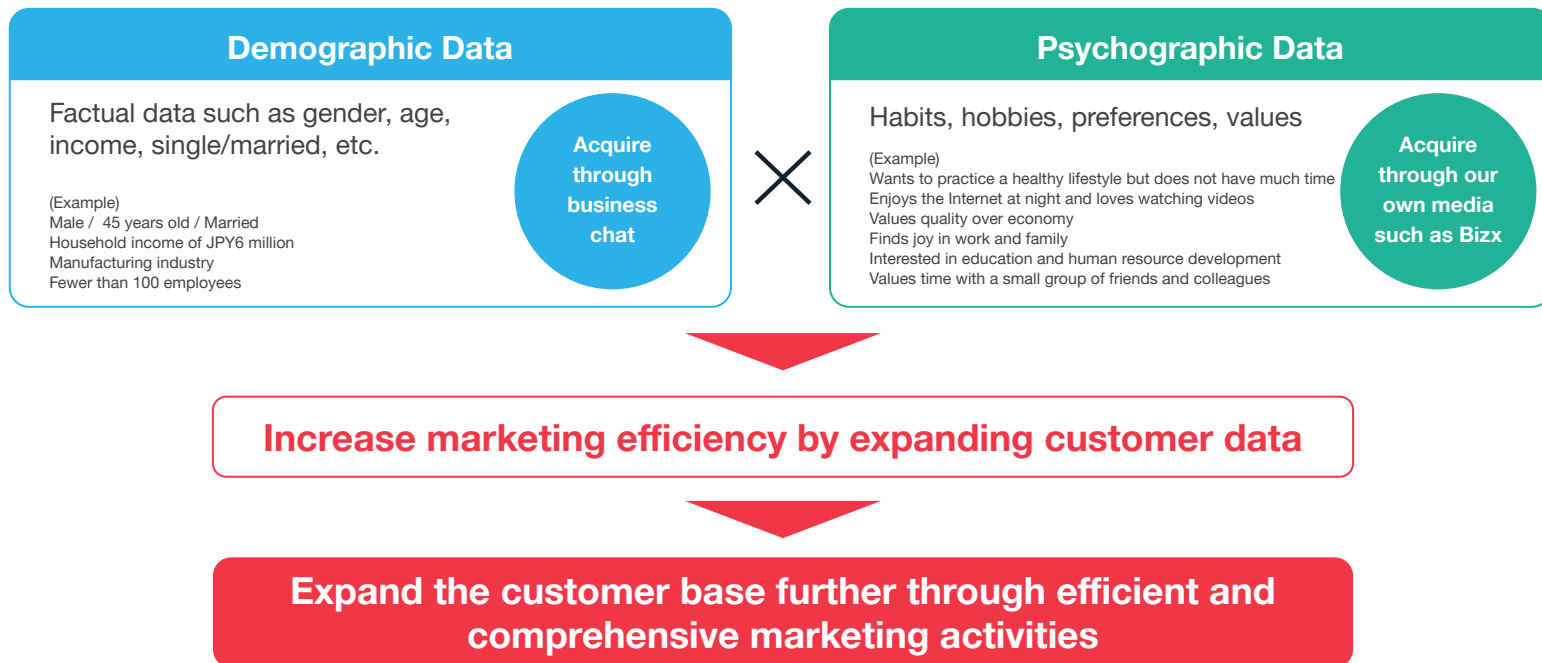
R&D Approach of Our Incubation Strategy

- We will execute a strategy to reinforce the Group's unique assets and positioning.
- We aim to create value-added services that will become **a third pillar of discontinuous growth** following business chat and BPaaS.



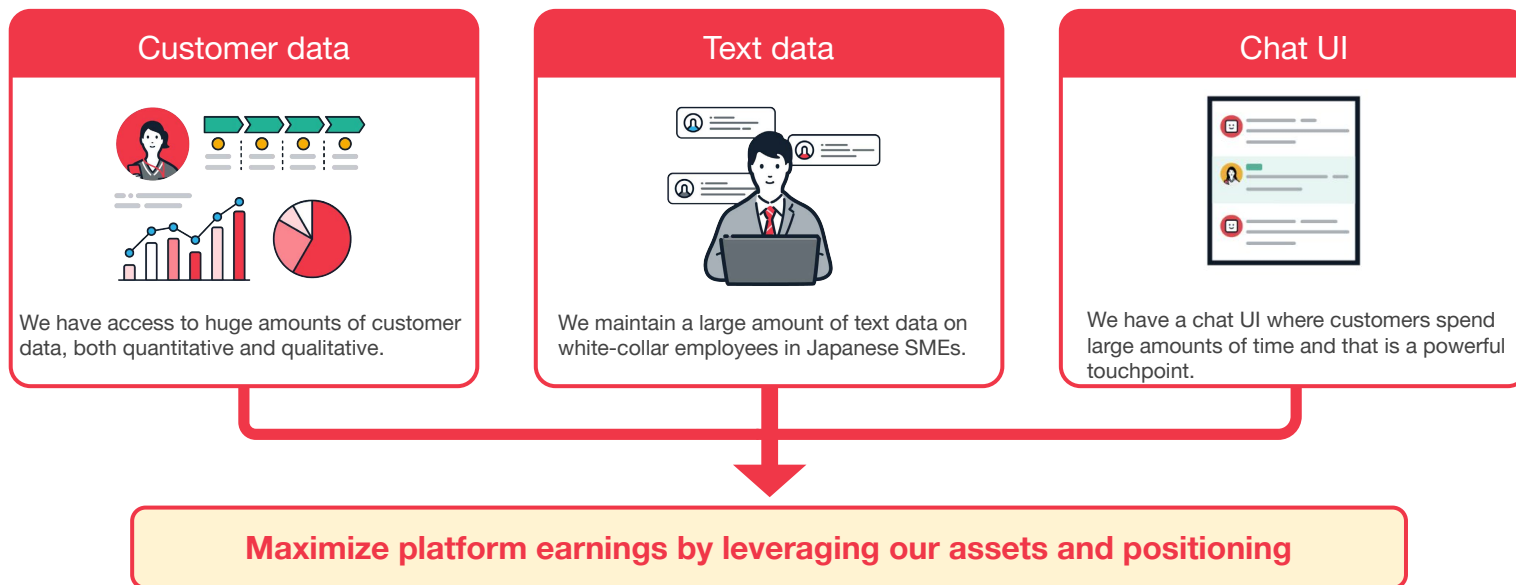
Expand Customer Data and Promote Marketing

- Expand customer demographic data (objective data) through expansion of our business chat customer base and acquire customer psychographic data (subjective data) through growth of our own media and other customer communications.
- **Improve marketing efficiency** by expanding customer data quantitatively and qualitatively. We can expect to **expand the customer base further** through more effective and comprehensive marketing activities.



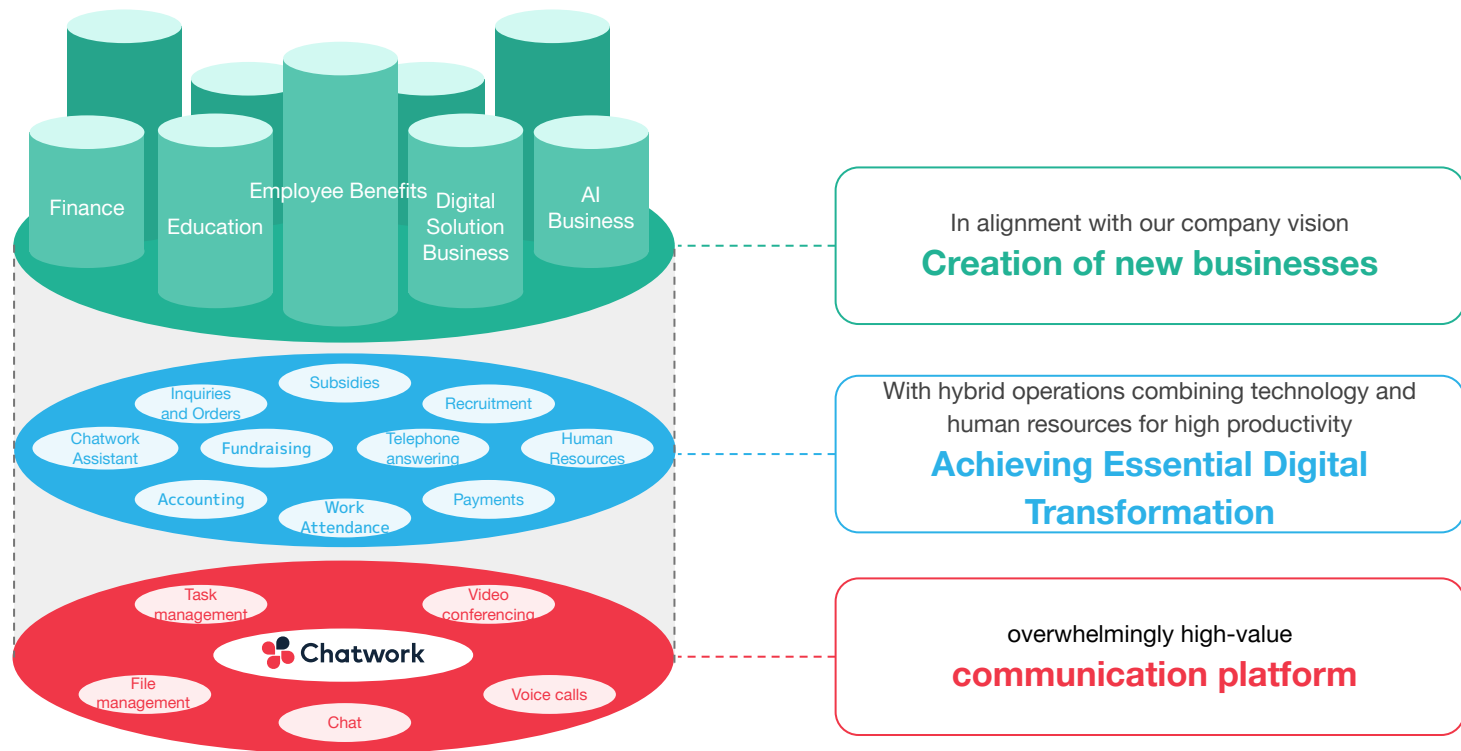
Utilize AI and Maximize Platform Earnings

- We can develop individually tailored AI technology by utilizing customer data and text data accumulated through business chat.
- As business chat is a business communication platform where users spend large amounts of time, it already serves as a point of contact where AI and people can talk to each other.
- **We will maximize earnings from business chat as a platform** by leveraging and deploying AI technology.



Creating a Third Pillar to Become a Core Business

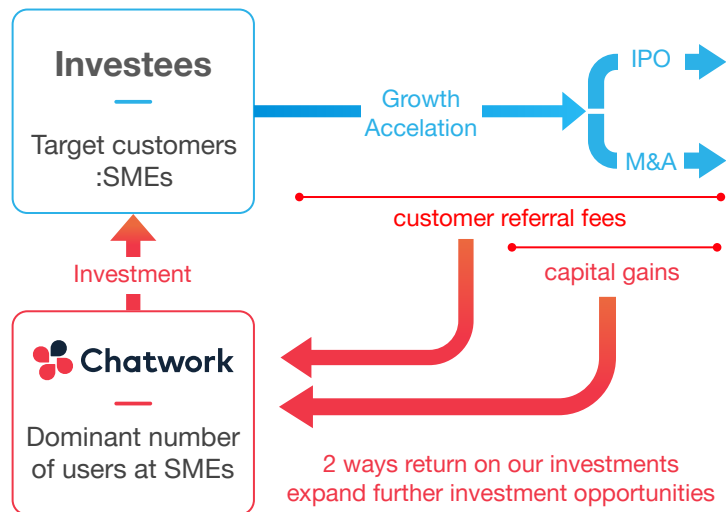
- We are creating a third core pillar of business, following business chat and BPaaS.
- We are creating a new business that matches our vision and mission by leveraging our strengths, such as our “overwhelmingly high-value platform” and a “large-scale operational engine that represents a hybrid of tech and people.”



Chatwork Super App Fund Investment Strategies

- To acquire BPaaS capabilities and create new businesses, in FY 2021 we launched a CVC fund, the **Chatwork Super App Fund**.
- The objective is to invest in and strengthen alliances with companies that share our attributes, and then refer Chatwork customers to them. While **returning our investment through the customer referral fees we receive**, we also **target future capital gains by growing portfolio companies**.
- We acquired MINAGINE Co., Ltd., as a wholly owned subsidiary in January 2023. Any synergies that result will go toward **expanding further investment opportunities**.

Investment Strategy for Maximizing Synergies



Investment Results



Contact Us

<https://corp.chatwork.com/ja/cvc-contact/>

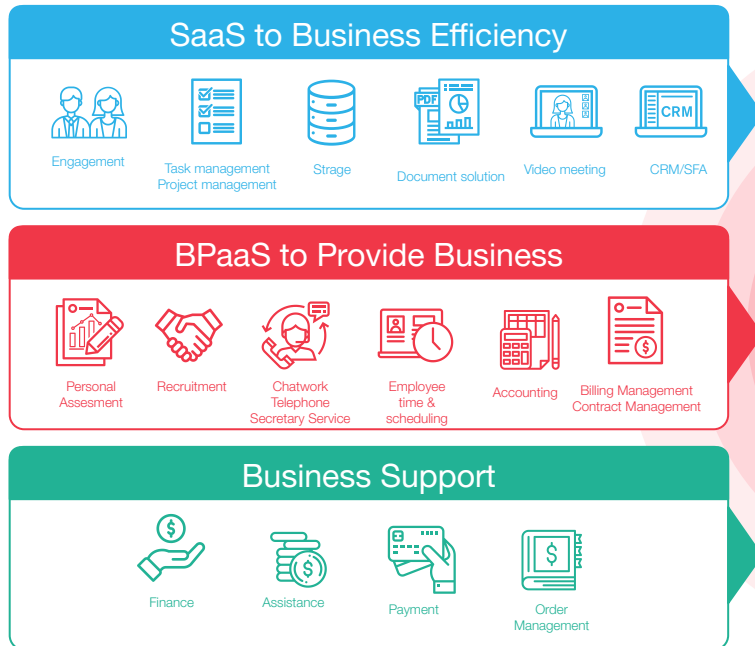


Long-Term Vision, Roadmap

Long-Term Vision

“Chatwork” upgrade to “**Super app**” for business

- Super apps: apps that become platforms of which function as a starting point for various businesses.
- Business chat tools have the advantage of being business platforms, because users spent more time with these products compared with other SaaS tools.
- We achieve an environment where **SMEs can focus on their core business** by providing SaaS, BPaaS, and various management support through our service.



Empower clients to focus on their core business



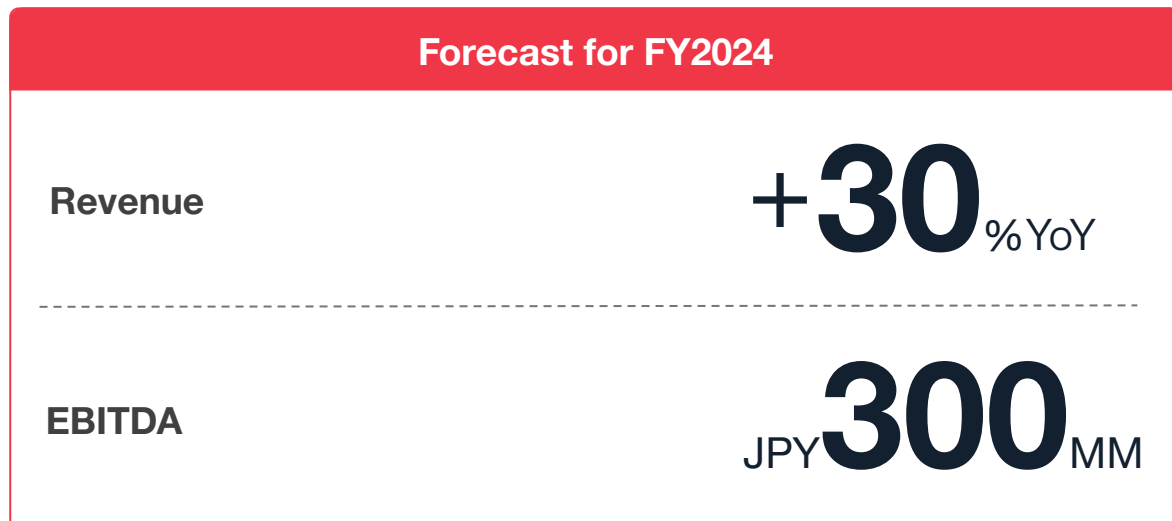
Full year of
FY2023
Results

5

Forecast for FY 2024

Forecast for the FY 2024

- The new medium-term management plan calls for CAGR in Group revenue of 30% or more from 2024 to 2026 and an EBITDA margin of 10–15% in 2026.
- Our earnings forecast for the first year of the plan, FY 2024, is for **Group revenue growth of 30% or more YoY** and **EBITDA of JPY300mn or more**.
- EBITDA was positive in Q4 FY 2023, confirming that the Company is in a position to generate profits. To continue to build a foundation for long-term growth, we will resume appropriate growth investments from Q1 FY 2024, and aim to generate high growth and profits for the full year.



Full year of
FY2023
Results

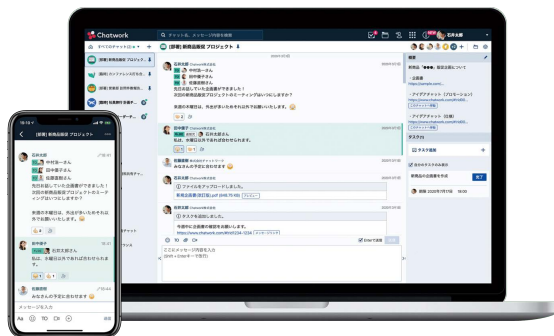
6

Business Overview

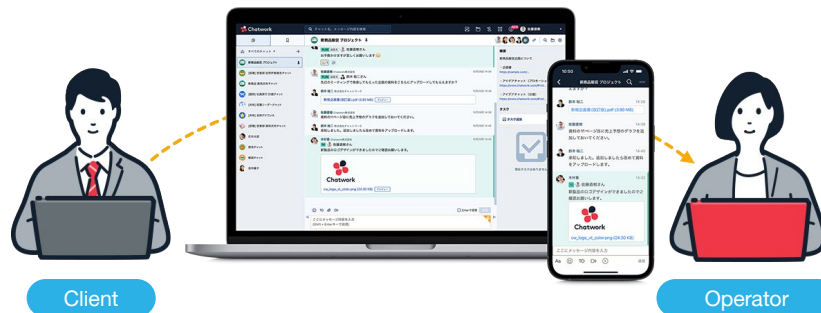
Our Business

- Operating the business of Japan's largest business chat, 'Chatwork'. We are a pioneer in business chat, with the **largest number of users in Japan**^{*1} and adoption by more than 431,000 companies^{*2}.
- Utilizing our extensive customer base and platform, BPaaS, which is a **cloud service that provides digitized business services themselves**.

Business Chat 'Chatwork'



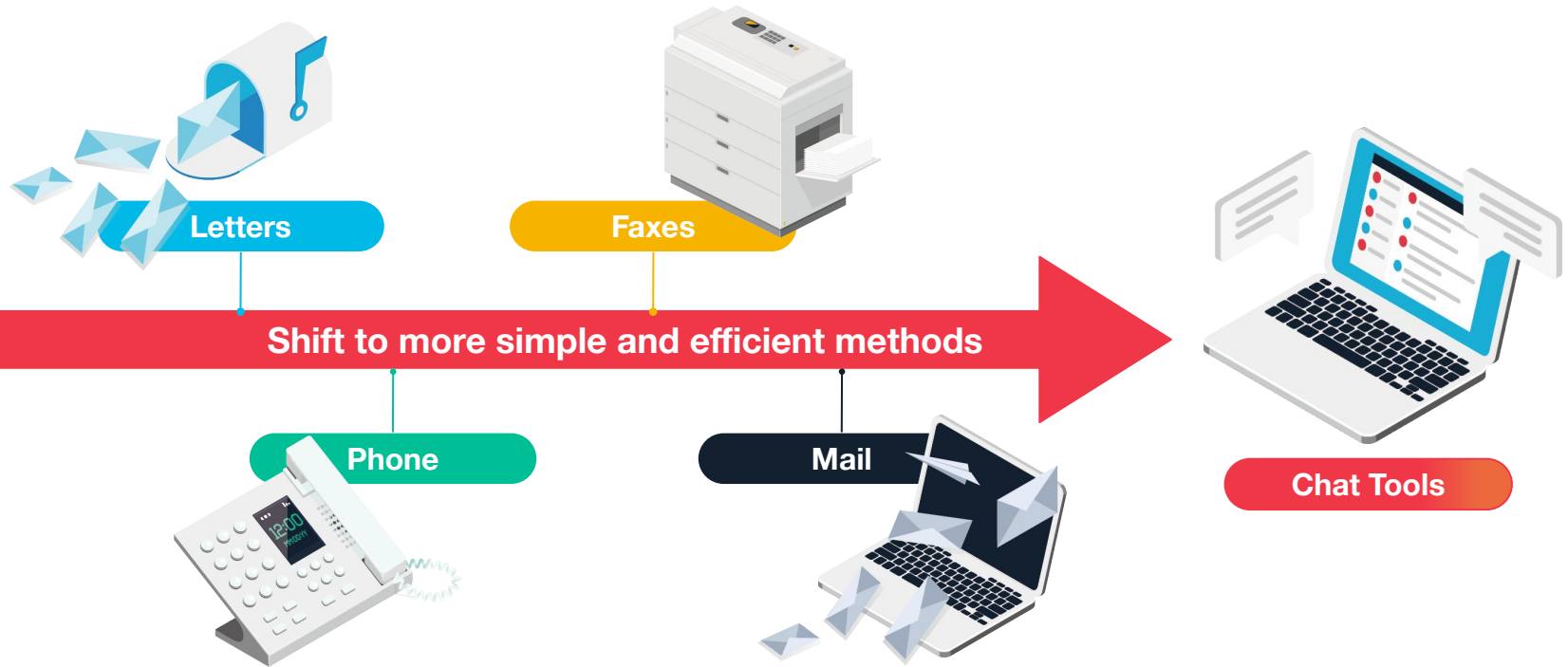
Business Support Service 'BPaaS'



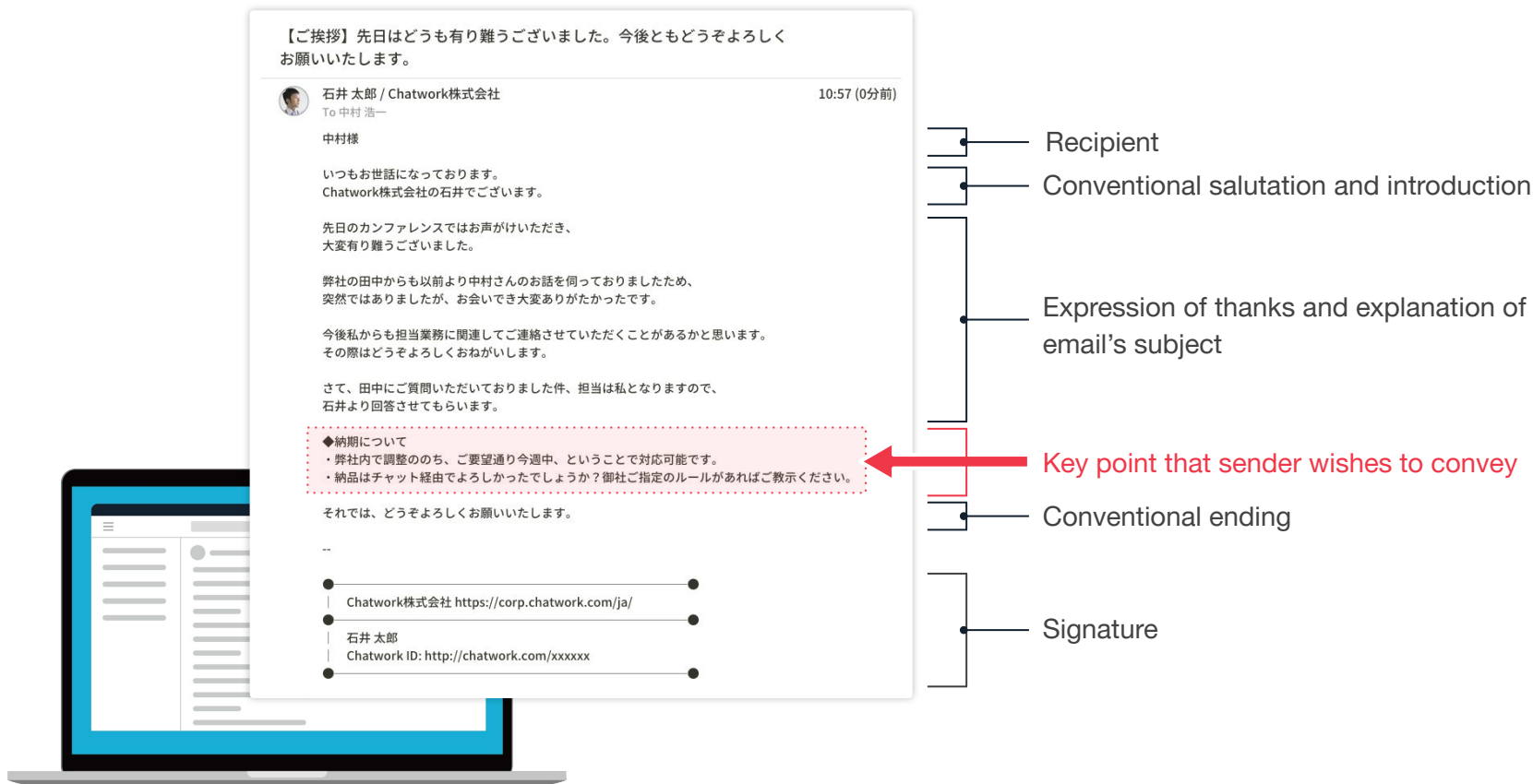
^{*1} According to a survey of monthly active users (MAUs) conducted in May 2023 by Nielsen NetView and Nielsen Mobile NetView; applicable service selected by Chatwork Co., Ltd.

^{*2} As of December 2023

Evolution of Business Communications



Decreased Productivity Due to Long-Winded Emails



Improved Productivity Due to Business Chat Tools



The screenshot shows a business chat application interface. At the top, there is a search bar and a header with the user's name '石井太郎'. The main chat area displays a conversation with '中村浩一' (Nakamura Hiroki) from 'Chatwork株式会社'. The chat history includes a task completion notification and a meeting topic confirmation. A red dashed box highlights a message from '中村浩一さん' (Nakamura Hiroki) at 18:31, which contains a task list. A red arrow points from the text 'Key point that sender wishes to convey' to this highlighted message. On the right side, there is a sidebar with a '概要' (Summary) section and a 'タスク' (Task) section. The 'タスク' section shows a 'タスク追加' (Add Task) button and a large checkmark icon with the text '現在タスクはありません' (No tasks currently). A bracket on the right side of the interface groups the '概要' and 'タスク' sections, with a line pointing to the text 'Information about past interactions and chat participants'. The bottom of the interface shows a message input field with a placeholder 'ここにメッセージ内容を入力 (Shift + Enterキーで送信)' and a '送信' (Send) button.

Information about past interactions and chat participants

Key point that sender wishes to convey

Accelerate Business Collaboration



Create group chat for different teams, projects, and clients

- Within the group chat, participants can interact with multiple people at the same time to facilitate smooth information-sharing.
- Chat enables closer customer communications than via email, creating a stronger sense of connection.

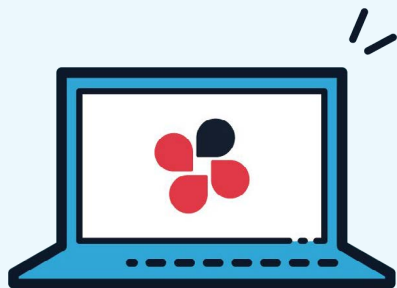
Plan / Pricing

Free	Business	Enterprise
For companies and individuals that want to try out the service for free	For companies and individuals that want to use the service for business	For companies that want enhanced administrative functionality
1 user per month	1 user / month (annual contract)	1 user / month (annual contract)
¥0	¥700	¥1,200
	¥840 / month for monthly contract	¥1,440 / month for monthly contract
Unlimited 1:1 chats	Unlimited 1:1 chats	Unlimited 1:1 chats
Unlimited group chats	Unlimited group chats	Unlimited group chats
1:1 video calls / voice calls	Group video calls / voice calls Up to 14 people	Group video calls / voice calls Up to 14 people
Up to 5,000 viewable messages (within the last 40 days)	Unlimited number of viewable messages	Unlimited number of viewable messages
5GB storage	10GB storage / user	10GB storage / user
User management Restricted	User management unlimited	User management unlimited
—	—	Security management

*1 We stopped accepting new applications for the personal plan at the end of January 2021. We also reduced the minimum number of users under the business plan from five to one. Implementing this change means that even individuals can apply. People currently using the personal plan can continue to do so.

Features of Chatwork's Services

Easy to use



The interface and functions are designed to mainly target business professionals who are not IT experts. The service is easy for anyone to use and requires no complicated customization.

Open platform



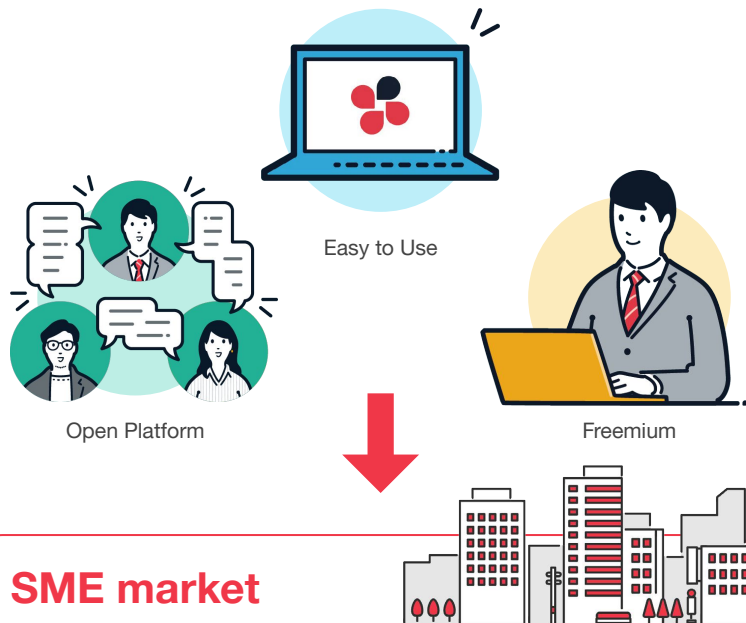
We employ an open platform-based approach that enables seamless internal and external communication using a single account. In many cases, the platform is also used externally with customers and business associates.

Freemium



Services are provided using a “freemium” model that allows unlimited continued use free of charge. Users can casually recommend Chatwork to customers and business associates, then switch to a premium paid plan once usage intensifies.

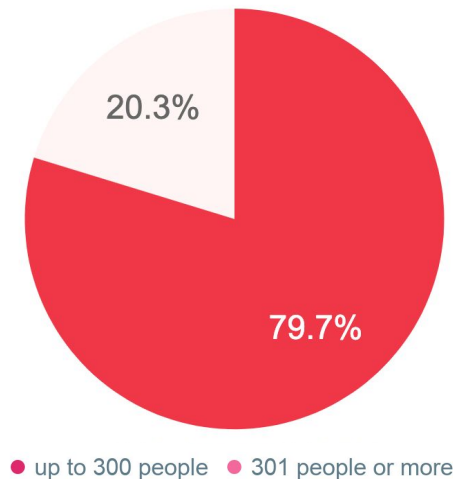
Growing Use in the SME Market



SME market

- Few people with detailed IT knowledge in the company
- No budget for investing in IT
- Want to use the same tools as customers and associates

Proportion of Paying Users by Company Size

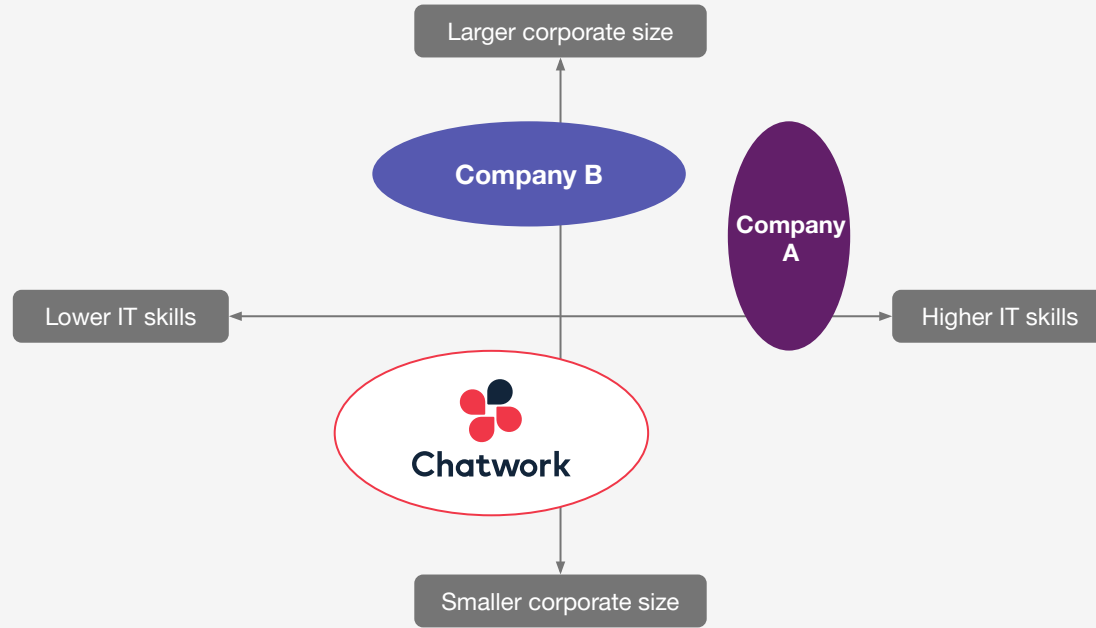


Companies with 300 or fewer people account for 79.7% of paying users.*¹

Note: The customer base is stable, with most of the paying users being SMEs and without much dependence on specific companies.

Positioning in the Industry

Target segments

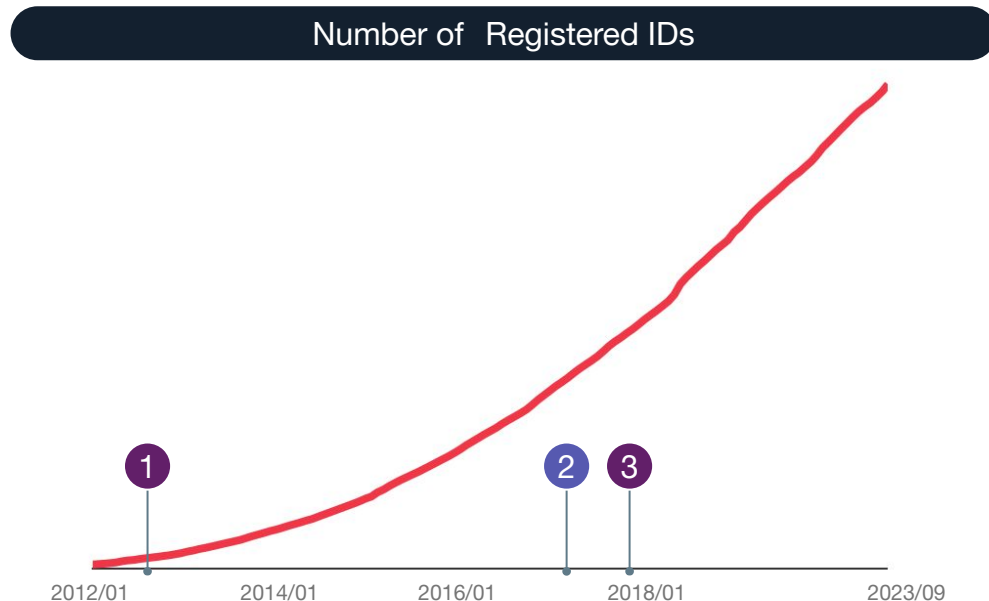


- We have two major competitors, but these companies focus on different target segments.
- As the market penetration rate of business chat tools is still low, the companies are working to develop new markets in their respective domains.

Strengths of Chatwork

A Service Structure Whose User Base Continues to Grow **Exponentially**

- Chatwork is easy to use for communication with customers and business associates thanks to the open platform-based approach, which enables seamless internal and external communications, and the freemium model that allows users to start using the software free of charge. Because of this, the user base continues to grow exponentially as it is introduced through referrals.
- Entry of competitors has not affected growth in the Chatwork's user base.

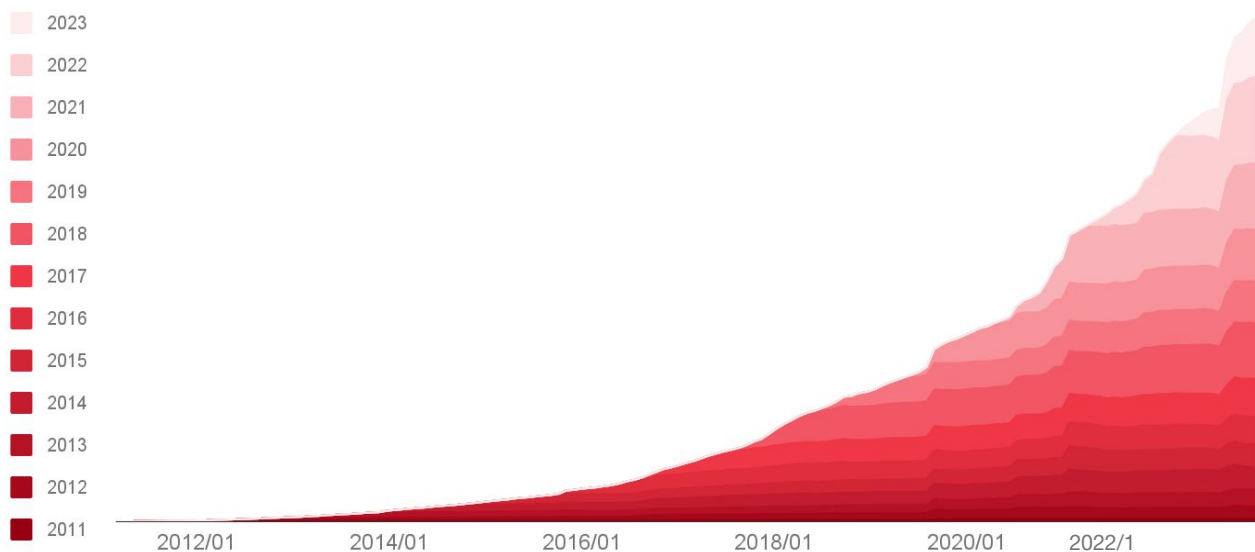


Market Entry by Competitors

- 1 **August 2013**
Release by Company A
- 2 **March 2017**
Release by Company B
- 3 **November 2017**
Release of Japanese version by Company A

Chatwork Revenue Growth by Cohort

- Growth in income due to more internal users and customers upgrading to premium plans exceeds the downward impact of canceled contracts.
- The net revenue retention rate^{*1} is over 123%^{*2}.
- The monthly retention rate is extremely high, at 99.69%^{*3}.



^{*1} NRR rate = (ARR at beginning of period - revenue churn on a monthly basis + revenue expansion on a monthly basis) / ARR at beginning of period

^{*2} Stock revenue as of Dec. 31, 2022 from billing customers as of Dec. 31, 2021 ÷ Stock revenue from Dec. 31, 2020 to Dec. 31, 2021

^{*3} Monthly continuation rate is indicated as "1 - churn rate." Churn rate refers to the rate of churn to the number of registered IDs. The figure indicates the 12-month average value from October 2022 to the end of September 2023.

Chatwork Assistant Service Overview

Troublesome work can be requested on Chatwork for as little as 10 hours a month and as much as you need at the time you need it.

- No recruitment or training required
- No manual required
- Can be up and running in as little as 5 business days
- Monthly fee: 35,000 yen and up



Work that can be requested

Accounting	Journalizing, bookkeeping, and invoicing
HR/labor	Attendance management and payroll
Clerical work	Data Entry/Organization, Transcription
etc	
General Affairs, Sales, Secretarial, Recruitment	
Translation System implementation	

Free combination of different operations

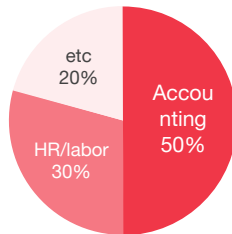


Image of business combination

Contract image

High-volume requests can be handled

Example: 40 hours/month contract

Journal entries , bank transfer handling	15h
Employee time & scheduling	10h
Article writing , SNS updates	15h

Chatwork Attendance powered by Minagin Service Overview

Achieving Legal Compliance and Business.
Efficiency Cloud system with manufacturer's
initial configuration.

- Attendance management system (time clocking, application approval, leave management, attendance data output, etc.)
- Initial fee: 0 yen and up
- Monthly fee: 30,000 yen and up

Retention rate
99.5%

As of 2020
User



Various imprinting methods Freely selectable

Can be used with PCs, smartphones, tablets, IC cards, and dedicated apps. PC logs can also be obtained with Win/Mac.

Compliance with laws and regulations with labor risk countermeasure function

Reporting function for each employee's paid leave utilization rate and 36 agreements.

Available without initial setup

Support for a variety of work styles and rules. Safe and on-schedule implementation without placing a burden on the person in charge.

Payroll Outsourcing Service Overview

Over 30 years of experience as a labor relations specialist.
Solving your problems such as business assignments,
compliance with legal changes.

- Benefit calculation, reward calculation, Web benefit details, year-end adjustment, etc.
- Initial fee: 0 yen
- Monthly fee: 30,000 yen and up



Complete follow-up system

A team of 4 to 5 people ensures a reliable response. We have multiple backup members, so you can rest assured that we will be there for you in the event of an emergency.

Comprehensive labor support

We also own a labor and management company and can perform various procedures on your behalf. employment regulations and other rules and regulations.

Various options available

Year-end adjustment, including responding to inquiries from employees. We can also respond to My Number correspondence, resident tax updates, etc.

Labor Management Package Service Overview

All labor management tasks can be entrusted to us.
Package service limited to less than 100 employees.

- Attendance management system, Web payroll, payroll calculation, all insurance procedures
- Initial fee: 0 yen
- Monthly fee: 60,000 yen and up



A wide range of support is available through group companies

All aspects of labor management are covered, including attendance management system, web-based payroll, payroll calculation, and insurance procedures.

Our all-in-one service allows you to Reduce your company's man-hours

We handle everything from time and attendance data acquisition to payslip uploading! You can also view web payslips in the same system.

Easy to get started Reliable fee structure

No initial cost & simple monthly fee. Many first-time outsourcing companies apply. Additional options are also available.

Personnel Evaluation System Service Overview

Cloud System Specializing in Personnel evaluation functions.
From paper and Excel to centralized management of the
evaluation process.

- Personnel evaluation system
(evaluation progress management, data storage, sheet output, etc.)
- Initial fee: varies depending on the number of employees
- Monthly fee: 10,000 yen and up

Systematization Reduction of man-hours

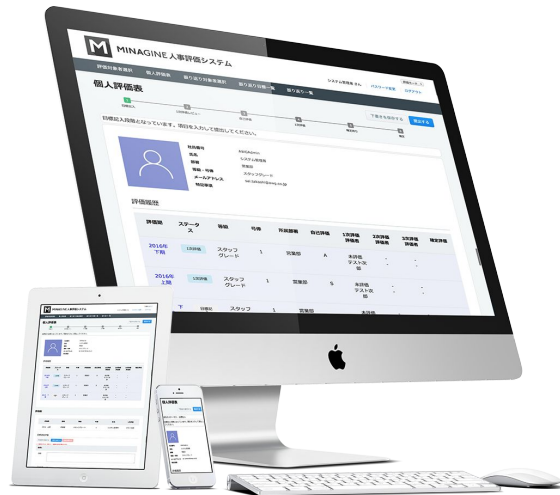
The system can be completed from
goal setting to evaluation. Distribution
and tabulation of evaluation sheets
Reduction of man-hours for evaluation
sheets

Evaluation progress and past data at a glance

Past data is stored in the system and can be
used for human resource development. Past
data is stored in the system and evaluation
results can be utilized for human resource
development.

System that pursues ease of use and cost Easy-to-use and cost-effective system

We offer a simple and affordable
system. We also offer excellent
support through our support desk.



Personnel Evaluation System Development/Operation Support Service Overview

Simple HR evaluation system built in a short period of time.
Accompanying operational support for peace of mind.

みんなの人事評価

- Support for establishment and operation of personnel evaluation system, All personnel evaluation system
- Price: Varies depending on the desired service and number of people

Establishment of personnel evaluation system

Three core systems for grading, compensation, and evaluation systems were built. Speedy construction in about 3 months and the flexibility of a tailor-made system.

Operational Support

We provide not only construction but also operational support. We provide training and support at a pace of once a month to help you establish your business.

Personnel Evaluation System

Complete from goal setting to evaluation. Cloud system that can be used via PC/smartphone. This is a cloud system that can be used via PC/smartphone.

Full year of
FY2023
Results

7

Sustainability

Sustainability Vision

A society where everyone enjoys working and where creativity abounds



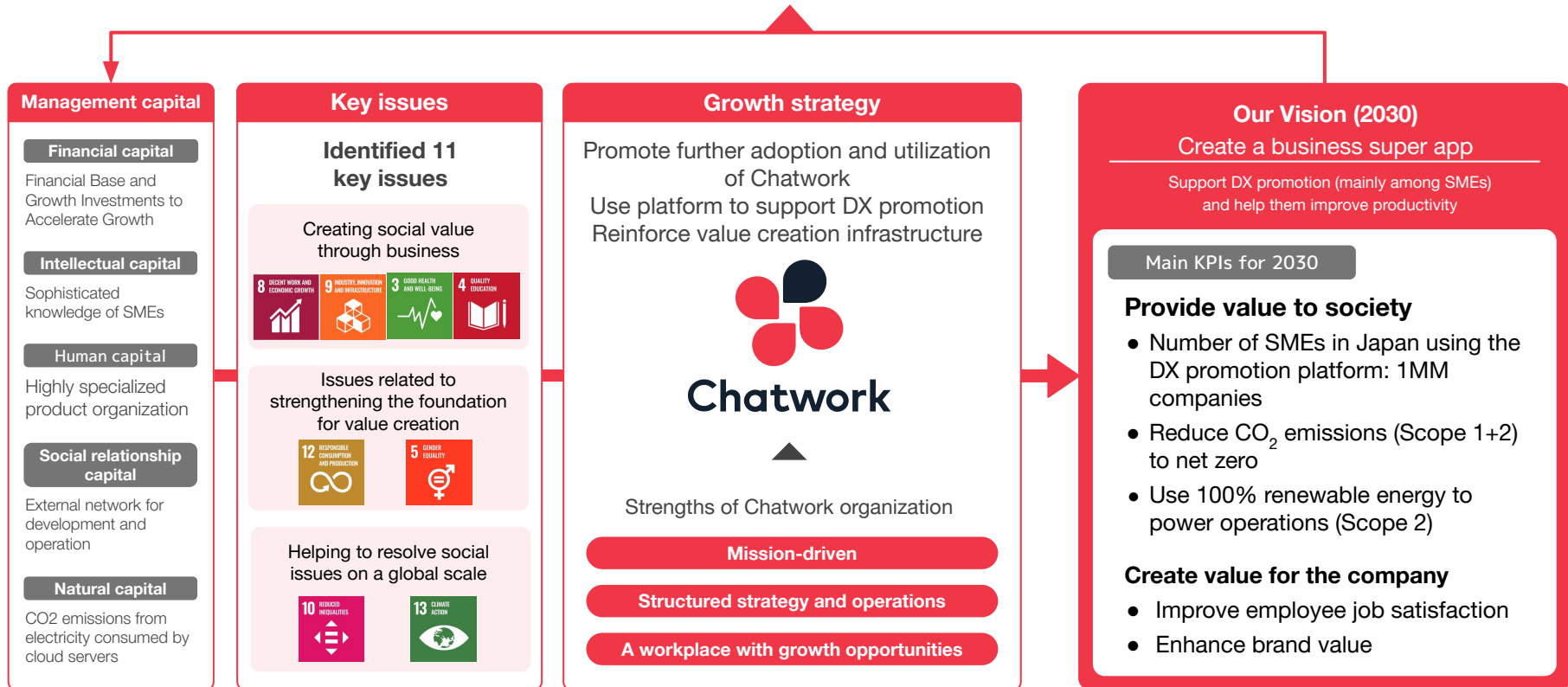
Our mission is "making work more fun and creative." People spend much of their lives working, and that time should not be spent only to earn money. We want to create a society that enables as many people as possible to enjoy their work more and express their creativity fully and freely to achieve their dreams and aspirations.

We believe that more people will work to actively achieve their dreams and aspirations, which will enrich their lives and lead to value creation that will transform our society into one that is more prosperous and sustainable.

Achieving this sustainability vision requires collaboration with our stakeholders, and we are committed to co-creating a sustainable society together.

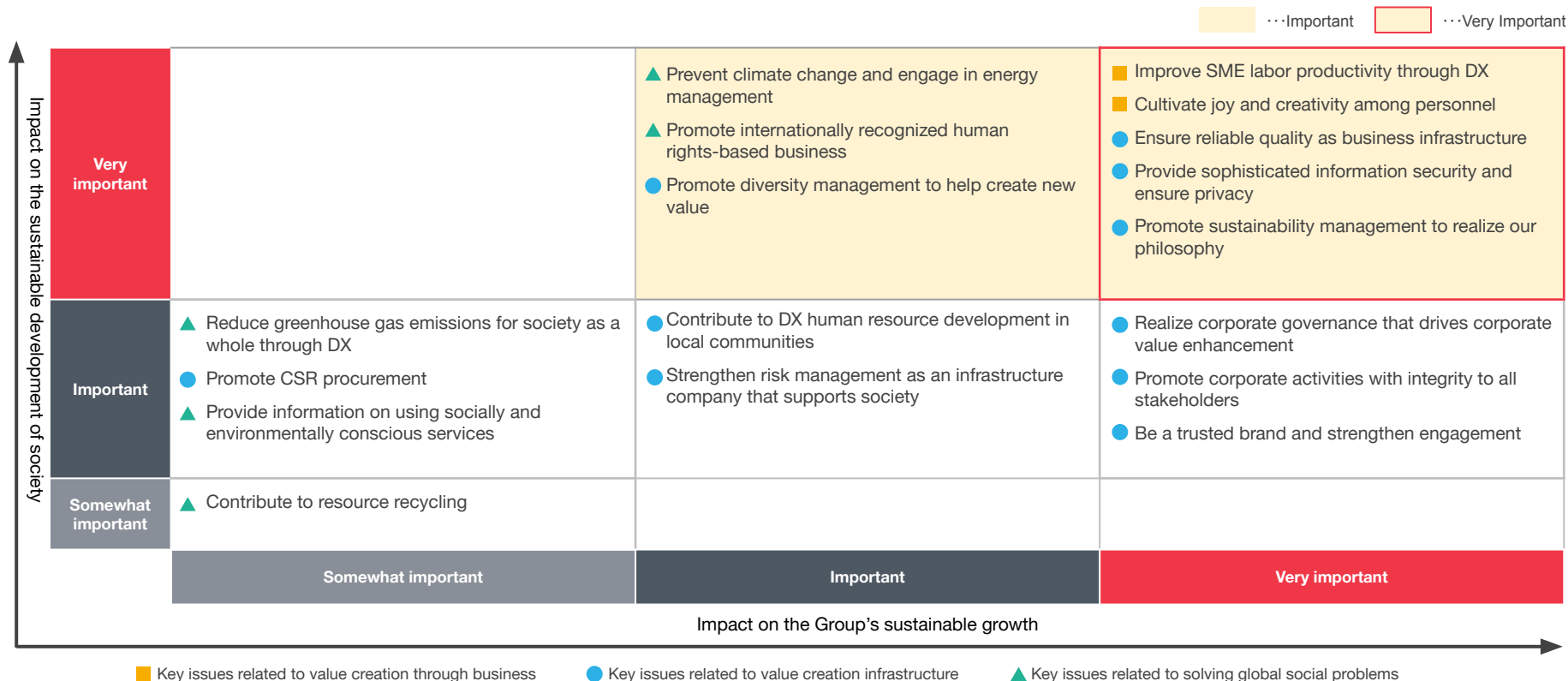
The Value Creation Process

A society where everyone enjoys working and where creativity abounds



Materiality (Key Issues) for Realizing the Mission

- To realize our mission, we have identified key issues that the Group needs to address over the medium to long term on both the financial and non-financial fronts. We have defined “11 key issues for realizing our mission and vision.”



Actions and KPIs Leading to 2030 Goals

- Listed below are the actions and KPIs leading to 2030 goals corresponding to key issues that were identified as being “very important” for both society and the Company.

Category	Key issues	Actions and KPIs leading to 2030 goals
Social value creation through business	Improving labor productivity at SMEs through DX	Number of Japanese SMEs using our business platform: more than 1 million
	Creating human resources who can work in a fun and creative way	Credo ambassadors educate employees about our values Conduct engagement surveys
Enhancement of value creation infrastructure	Ensuring reliable quality as business infrastructure	System uptime for IT services provided: 99.5% or higher on an ongoing basis
	Advanced information security and privacy protection	Enhanced security management across the entire company Critical security incidents: 0
	Conducting sustainability management to achieve the corporate philosophy	Training for basic sustainability and ESG Training for new employees on Chatwork Sustainability Initiatives

Launch of the Sustainability Website



Chatwork Sustainability Website

We are pleased to announce that we have launched a sustainability website to inform our stakeholders about our environmental, social, and governance (ESG) initiatives to realize a sustainable society.

As stated in our Sustainability Vision, of being "A society where everyone enjoys working and where creativity abounds," we are determined to contribute to the realization of a sustainable society together with our stakeholders by taking social issues seriously and sincerely addressing the key issues we have identified. Please have a look.

URL

<https://corp.chatwork.com/ja/sustainability/>



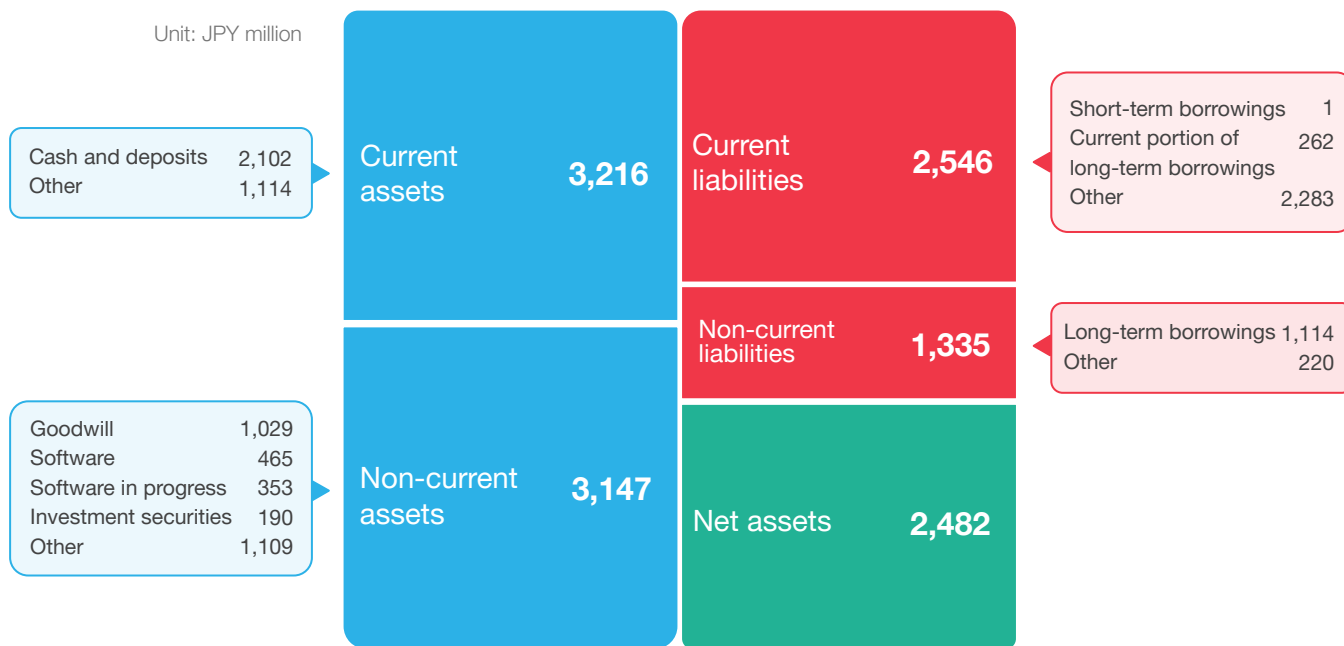
Full year of
FY2023
Results

8

Appendix

Balance Sheet

- Improved financial position due to positive EBITDA and an increase in cash and deposits from advances received in the Account business.

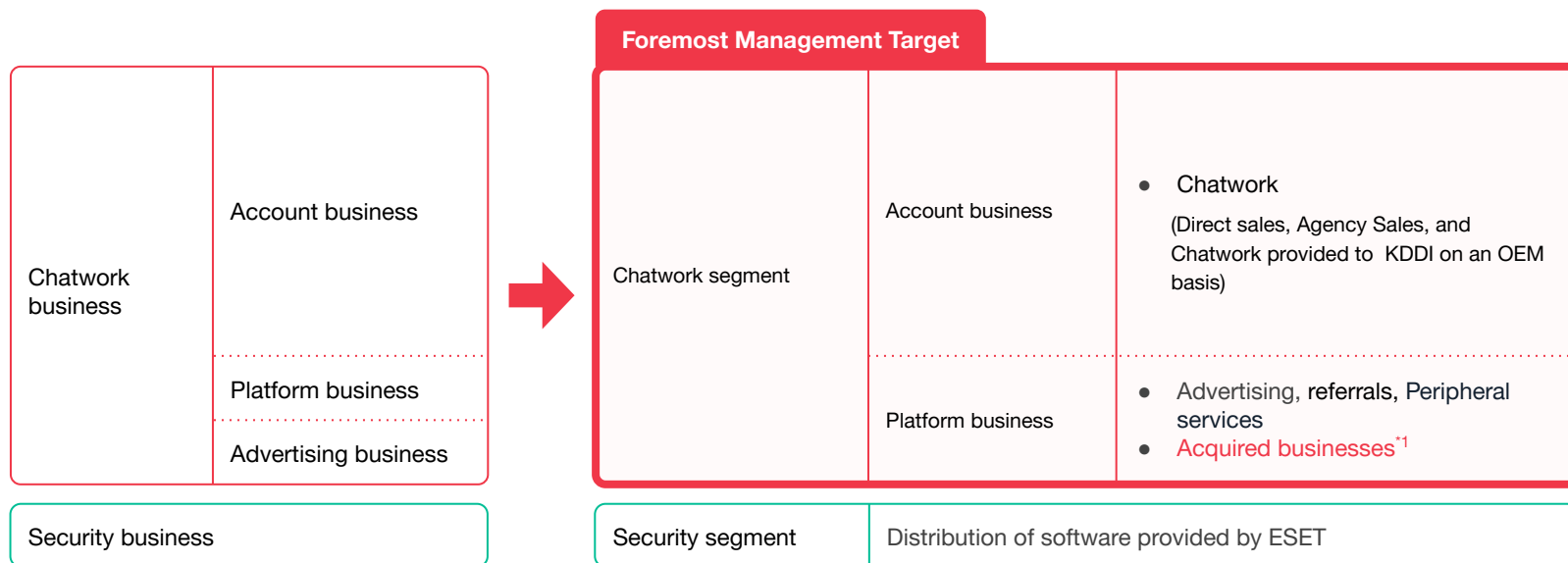


* as of the end of December 2023

* round down to the nearest million yen

Our Business Segments

- The cloud storage business, which we acquired in July, entered the scope of consolidation in Q3 2021. As a result, we have revised our business segments as shown below.
- The cloud storage business and MINAGINE Co., Ltd.'s business acquired through M&A are incorporated (as a peripheral business) into the Chatwork segment's platform business.
- Our foremost management target is revenue growth in the Chatwork segment, which will achieve a CAGR of 40% or more between 2021 and 2024.



*1 Currently indicates the cloud storage business and MINAGINE Co., Ltd.'s business

Terminology

ARPU Average Revenue Per User

Average amount of revenue per paying ID

ARR Annual Recurring Revenue

Monthly recurring revenue multiplied by 12

DAU Daily Active User

People using the service each day

Subscription

A fixed fee paid for content and services

NRR Net Revenue Retention Rate

A sales retention ratio, indicating whether customer sales are maintained year to year

TAM Total Addressable Market

Maximum potential market size

Super app

An integrated app that can be used in a number of situations by integrating various functions into a single app that serves as a platform

LTV/CAC

Indicators of the profitability of acquiring one user:

Lifetime value (LTV) is the revenue generated during a customer lifespan, and customer acquisition cost (CAC) is the cost of acquiring one new customer.

SaaS Software as a Service

Software services provided via the cloud

Horizontal SaaS

SaaS that can be used regardless of industry

Vertical SaaS

SaaS for a specific industry

PLG Product-Led Growth

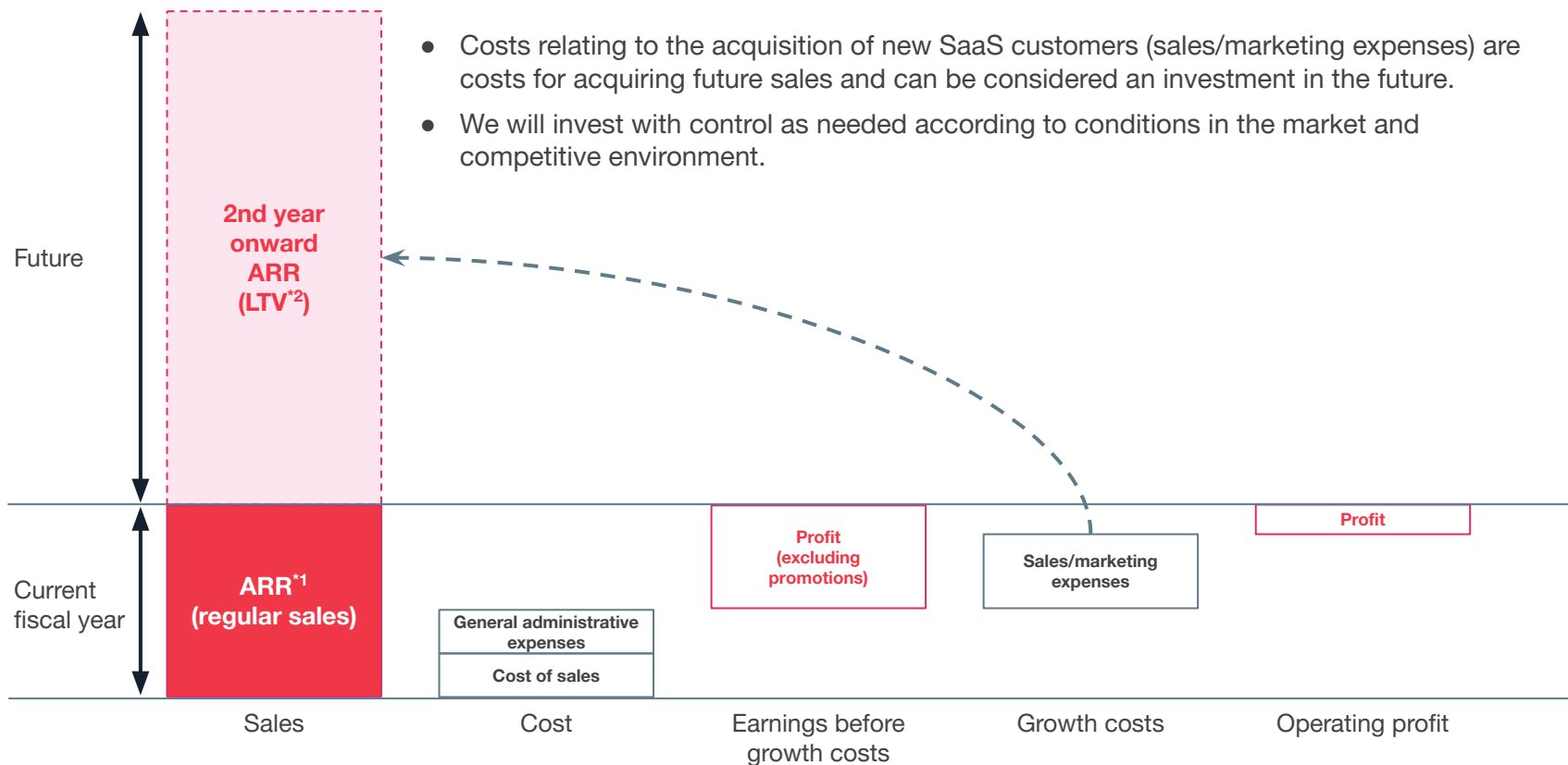
A highly efficient SaaS growth strategy for using products to acquire customers

Historical Changes in Price and Plan Revisions

- Since the service launch in April 2011, we have consistently implemented pricing and plan revisions with the aim of improving convenience and service quality.
- Moving forward, we will continue to consider appropriate measures aligned with the value provided to our users.

July, 2023	Pricing Revisions for Business Plan and Enterprise Plan: - Apply new fees to all users, including existing ones
October, 2022	Changes to Free Plan Services: -Remove the limit on the number of group chats -Introduce browsing restrictions
August, 2022	Integration of Personal Plan into Business Plan: -Discontinue individual paid plans -Transition users with payment failures and account suspensions to the Free Plan
October, 2021	Discontinuation of the previous KDDI Chatwork plan
July, 2021	Old plan discontinuation / Change in group chat restrictions
February, 2021	Plan integration
April, 2020	Discontinuation of the previous plan
February, 2020	Pricing revisions
April, 2016	Pricing revisions
April, 2011	Service launch

Cost Structure: Investment Principle



^{*1} Annual recurring revenue (ARR) is the value of the contracted recurring revenue components of term subscriptions normalized to a one-year period.

^{*2} Life time value (LTV) is an estimate of the average revenue that a customer will generate throughout their lifespan as a customer.

Get enthused about work

We want to make work more exciting and inspiring, revitalizing the workplaces through more invigorating communications.

We cultivate a solid understanding of how people work and facilitate a working style that is unfettered by the constraints of time or location.



“Change starts with Chatwork.”

We released a brand movie expressing our desire to be an activator of business by guiding the success of each person with the power of technology



<https://youtu.be/3NHp8caltK0>

Shareholder Benefit Plan

We aim to increase understanding of our company as more people use our services and encourage their long-term support for the company's growth.



Shareholder eligibility

- People who have held shares continuously for two record dates (six months) in the company's shareholder register, each year as of June 30 and December 31.
- Shareholders registered as holding at least one share unit (100 shares).

Benefit details

- Shareholders can receive one ID per shareholder number for our paid personal plan^{*1}.
- The monthly fee is waived as long as the party continues to hold the company's shares.

^{*1} Although we no longer offer the paid personal plan, due to our integration of the personal plan into the business plan, we will continue to offer this plan to shareholders.



Masaki Yamamoto, CEO

Masaki Yamamoto founded EC studio (currently Chatwork Co., Ltd.) in 2000 while still enrolled in university. Since then, he has been involved in developing a wide range of services as CTO in charge of technology, planning and release of Chatwork, a cloud-based business chat tool, in March 2011. Along with leading development of the tool as an engineer, he has grown it into the company's core business in his role as executive officer. In June 2018, he was appointed CEO of Chatwork Co., Ltd. He was awarded the Venture Manager Prize at the 45th Keizaikai Grand Prix. In October 2023, he was appointed Director & Senior Executive Officer, CEO of Chatwork Co., Ltd.

Strengths as CEO

- Involved with the company's core product, Chatwork, from the outset as a planner, developer and executive officer
- As a board member since founding, has overseen various aspects of the company, including technological development, business operations, and corporate affairs
- **As a CEO with technological expertise**, capable of making decisions based on an in-depth understanding of technological trends.

Director & Senior Executive Officer



Naoki Inoue, Director & Senior Executive Officer, CFO

Naoki Inoue is a graduate of Waseda University. After holding positions at strategic consulting firm Roland Berger, Dell, and other companies, he joined Recruit in 2008 and was involved in new business development and M&A. Having supervised the acquisition of Indeed in 2012, he was assigned to the U.S. to handle post-merger integration (PMI). In 2015, he was assigned to the U.K. to supervise PMI following the acquisition of Treadwell. In November 2017, after returning to Japan, he joined Chatwork as CFO. He was appointed as director and CFO in March 2019. In October 2023, he was appointed Director & Senior Executive Officer, CFO.



Shoji Fukuda, Director & Senior Executive Officer, COO

Shoji Fukuda joined ITOCHU Corporation in 2004, where he was engaged in new business development and investment operations related to the Internet. In 2013, he joined SMS where he supervised the entire nursing care area centering on Kaipoke, a management support service for nursing care operators, and Kaigo Job, a recruitment and career change information service for nursing care workers. In 2018, he was appointed as executive officer of the company. In January 2019, he became an external director of Chatwork. He joined Chatwork in April 2020. Following appointment as executive officer, CSO, and the general manager of Business Headquarters in July 2020, he was appointed director and COO in April 2022, and Director & Senior Executive Officer, COO in October 2023.

Executive Officer



Masaaki Tobimoto, Senior Executive Officer, CHRO and & Senior Vice President of People Division

After working in marketing for a major automobile manufacturer, Mr. Tobimoto went on to obtain an MBA from Kyoto University's graduate school before joining a major foreign consulting firm. After providing management support to several venture companies, he joined TORIDOLL Holdings Corporation in 2018, where he led the group's overall organizational and human resource strategy. In 2019, we was appointed to the position of executive officer, CHRO, and general manager of the management strategy division. In October 2023, Mr. Tobimoto became senior executive officer and CHRO of Chatwork Co., Ltd.



Shinya Saito, Executive Officer & Senior Vice President of Communication Platform Division

After working for a consulting firm and DeNA Co., Ltd., Mr. Saito started his own business in 2014. He developed this business, which focused on supporting the business development of small and medium-sized enterprises. He then joined ZUU Co., Ltd. in 2018, where he oversaw corporate activities as an executive officer. He joined Chatwork Co., Ltd. in 2020. In January 2023, he became senior vice president of the Communication Platform Division, and in October 2023 he was appointed to the position of executive officer.



Yuki Tanaka, Executive Officer & Deputy Senior Vice President of Communication Platform Division

After developing web-based systems for a system integrator, Mr. Tanaka joined Chatwork Co., Ltd., in 2013. He has been in charge of numerous projects including web front-end development for UI renewal projects, REST API development for external use, and message search server renewal. Later, as an engineering manager, gained management experience across a wide range of product areas. He became senior vice president of the Product Division in March 2023, and in October 2023 he was appointed to the position of executive officer.

Executive Officer



Ryoichi Okada, Executive Officer & Senior Vice President of BPaaS Division

After working for Showa Leasing Co., Ltd., Mr. Okada joined the Rakuten Group, Inc. There, he took part in the launch of an e-commerce business in the BtoB domain and gained business management experience. He then moved to SMS Co., Ltd., where he was active in business development. In April 2017, took charge of Kaipoke, driving SMS's elderly care operators business. He joined Chatwork Co., Ltd. in May 2022. In January 2023, he became senior vice president of the Incubation Division, and in October 2023 he was appointed to the position of executive officer.



Go Kiritani, Executive Officer & Senior Vice President of Incubation Division

He joined a power-related venture startup in its founding phase while still in university, where he was involved in establishing joint ventures and launching multiple businesses. Later, he transitioned to ABEJA, an AI venture, where he served as the head of data-related services. In October 2020, he joined Chatwork, initially managing the DX Solutions Promotion Department, then later leading the promotion of new businesses (BPaaS) as a unit manager. In January 2024, he was appointed as an executive officer and head of the Incubation Department at Chatwork Co., Ltd.



Shinsuke Hase, Executive Officer & Senior Vice President of Administration Division

After working at a real estate company and a consulting firm, in 2013 Mr. Hase joined Oisix Inc. (now Oisix Ra Daichi Inc.) where, as the head of the finance and accounting department, promoted M&A and PMI. In 2019, he moved to Japan Post Capital Co., Ltd., where he invested in several companies as part of the investment department. In December 2022, he joined Chatwork Co., Ltd. as senior vice president of the Administrative Division, and in October 2023 he was appointed to the position of executive officer.

Outside Directors and Audit Committee Member



Tomohiro Miyasaka

Outside Director

Through SBI Holdings, the financial holding company of a comprehensive internet-based financial group, in 2006 Mr. Miyasaka was involved in the launch of the current SBI Sumishin Net Bank (investors: Sumitomo Trust and Banking and the SBI Group). He joined GMO VenturePartners in 2008, becoming a director and partner in 2012. In March 2021, he was appointed as an outside director of Chatwork.



Akenobu Hayakawa

Outside Director/Audit Committee Member

Belonged to Nakajima Transactional Law Office since 2005. Became a partner of the same office in 2010. Established HAYAKAWA BUSINESS LAW OFFICE in 2015. Appointed as an outside auditor of HENNGE Co., Ltd. in 2018, and of MonsterLabo Holdings Inc. in 2020. Engages in business activities mainly focusing on consulting for corporate governance and risk management in listed companies, as well as supporting growth strategies for venture companies.



Masayuki Murata

Outside Director/Audit Committee Member

Mr. Murata joined the Osaka Securities Exchange in 1991. He was appointed executive officer in 2003 and was responsible for the launch of the OSE Hercules market. After the Osaka Securities Exchange and the Tokyo Stock Exchange merged, in June 2013 he was appointed as an executive officer of the Tokyo Stock Exchange, where he was in charge of the listing promotion division. In April 2018, he established Public Gate LLC to provide mentoring to management teams aiming to take their companies public. In March 2019, he was appointed as a part-time Audit & Supervisory Board member of Chatwork.



Fumiyuki Fukushima

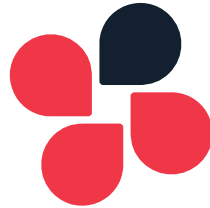
Outside Director/Audit Committee Member

In 2005, joined Koyou Audit Corporation. Joined KPMG AZSA LLC, a limited liability company, in 2006 and engaged in IPO support, internal control audits, financial due diligence, and other related tasks. In 2014, appointed as a full-time auditor of Mercari, Inc., which was in its second year of establishment, and established management and internal control systems to support the company's growth. In January 2020, appointed as an auditor of Findy, Inc., and in May 2022, appointed as an auditor of Kashima Antlers Football Club, Inc.

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