

## Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

### **(Revision, Revision to Numerical Data) Partial Revision to the “Summary of Financial Results for the Fiscal Year Ended December 31, 2023 (Japanese GAAP) (Consolidated)”**



May 15, 2024

Name of listed company: Chatwork Co., Ltd. Listing exchange: Tokyo Stock Exchange  
Securities code: 4448 URL: <https://corp.chatwork.com/en/ir/>  
Representative: Masaki Yamamoto, Representative Director, President, Senior Executive Officer & CEO  
Contact for inquiries: Naoki Inoue, Director, Senior Executive Officer & CFO Tel: 81-50-1791-0683

The Company has made partial revisions to the “Summary of Financial Results for the Fiscal Year Ended December 31, 2023 (Japanese GAAP) (Consolidated),” disclosed on February 9, 2024, as described below.

Also, as numerical data has been revised, we are also sending the revised numerical data.

#### 1. Reasons for and details of the revisions

For reasons for and details of the revisions, please refer to the separate disclosure, dated today (May 15, 2024) and entitled “Notice Concerning Submission of a Correction Report of the Annual Securities Report, etc., for a Prior Fiscal Year; Correction of the Summary of Financial Results, etc., for a Prior Fiscal Year; and the Recording of an Extraordinary Loss in a Prior Fiscal Year.”

#### 2. Revised sections

Underlines indicate the revised sections.

Due to the large number of revisions, only the full text of the corrected information is attached.

## Translation

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### Summary of Financial Results for the Fiscal Year Ended December 31, 2023 (Japanese GAAP) (Consolidated)



February 9, 2024

Name of listed company: Chatwork Co., Ltd. Listing exchange: Tokyo Stock Exchange  
 Securities code: 4448 URL: <https://corp.chatwork.com/en/>  
 Representative: Masaki Yamamoto, Representative Director, President, Senior Executive Officer & CEO  
 Contact for inquiries: Naoki Inoue, Director, Senior Executive Officer & CFO Tel: 81-50-1791-0684  
 Scheduled date of ordinary general meeting of shareholders: March 27, 2024  
 Scheduled date to file annual securities report: March 28, 2024  
 Scheduled date to commence dividend payments: —  
 Preparation of supplementary materials on financial results: Yes  
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts are rounded down to the nearest million yen)

#### 1. Consolidated financial results for the fiscal year ended December 31, 2023

##### (1) Consolidated business results (from January 1, 2023 to December 31, 2023)

(% indicate year-on-year changes)

|                              | Revenue         |      | EBITDA          |   | Operating profit |   | Ordinary profit |   | Profit attributable to owners of parent |   |
|------------------------------|-----------------|------|-----------------|---|------------------|---|-----------------|---|---|---|
|                              | Millions of yen | %    | Millions of yen | % | Millions of yen  | % | Millions of yen | % | Millions of yen                         | % |
| Year ended December 31, 2023 | 6,485           | 41.2 | (83)            | — | (684)            | — | (693)           | — | (661)                                   | — |
| Year ended December 31, 2022 | 4,593           | 36.2 | (468)           | — | (719)            | — | (724)           | — | (687)                                   | — |

(Note) Comprehensive income (millions of yen)

Year ended December 31, 2023: (700) (—%) Year ended December 31, 2022: (725) (—%)

|                              | Basic earnings per share | Diluted earnings per share | Rate of return on equity | Ordinary profit to total assets | Operating profit to Revenue |
|------------------------------|--------------------------|----------------------------|--------------------------|---------------------------------|-----------------------------|
|                              | Yen                      | Yen                        | %                        | %                               | %                           |
| Year ended December 31, 2023 | (16.46)                  | —                          | (25.2)                   | (11.9)                          | (10.6)                      |
| Year ended December 31, 2022 | (17.33)                  | —                          | (22.3)                   | (13.7)                          | (15.7)                      |

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

##### (2) Consolidated financial position

|                        | Total assets    | Net assets      | Equity ratio | Net assets per share |
|------------------------|-----------------|-----------------|--------------|----------------------|
|                        | Millions of yen | Millions of yen | %            | yen                  |
| As of December 31 2023 | 6,273           | 2,422           | 38.6         | 59.66                |
| As of December 31 2022 | 5,400           | 2,869           | 52.4         | 70.88                |

(Reference) Equity As of December 31, 2023 2,422 million yen As of December 31, 2022 2,831 million yen

(3) Consolidated cash flows

|                                | Net cash provided by<br>(used in) operating<br>activities | Net cash provided by<br>(used in) investing<br>activities | Net cash provided by<br>(used in) financing<br>activities | Cash and cash<br>equivalents at end of<br>period |
|--------------------------------|---|---|---|--|
|                                | Millions of yen   | Millions of yen   | Millions of yen   | Millions of yen                                  |
| Year ended December<br>31,2023 | 469   | (1,454)   | 236   | 2,102  |
| Year ended December<br>31,2022 | (283)   | (517)   | 450   | 2,850  |

2. Cash dividends

|  | Annual cash dividends per share |           |           |          |        | Total<br>dividends<br>paid(annual) | Payout ratio<br>(consolidated) | Dividends to<br>net assets<br>(consolidated) |
|--|---------------------------------|-----------|-----------|----------|--------|------------------------------------|--------------------------------|--|
|  | End of 1Q                       | End of 2Q | End of 3Q | Yser-end | Annual |                                    |                                |  |
|  | Yen                             | Yen       | Yen       | Yen      | Yen    | Million yen                        | %                              | %  |
| Fiscal year ended<br>December 31,2022            | —                               | 0.00      | —         | 0.00     | 0.00   | —                                  | —                              | —  |
| Fiscal year ended<br>December 31,2023            | —                               | 0.00      | —         | 0.00     | 0.00   | —                                  | —                              | —  |
| Fiscal year ending December<br>31,2024(forecast) | —                               | 0.00      | —         | 0.00     | 0.00   |                                    | —                              |  |

3. Consolidated earnings forecast for the fiscal year ending December 31, 2024 (from January 1, 2024 to December 31, 2024)

We will continue to focus on achieving high growth rates and improving profitability. For the fiscal year ending December 31, 2024, we will proceed with the development of our business chat tool, "Chatwork" and the establishment of a system that generates investment and profits for the BPaaS MINAGINE and Chatwork Assistant. The full-year forecasts are as follows.

|         | Forecast for FY2024 |
|---------|---------------------|
| Revenue | +30% YoY            |
| EBITDA  | JPY 300mn           |

\*Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation) : No
- (2) Changes in accounting policies, changes in accounting estimates, and restatement
- 1) Changes in accounting policies due to amendment of accounting standards, etc. : Yes
- 2) Changes in accounting policies other than 1) : No
- 3) Changes in accounting estimates : No
- 4) Restatement : No

For details, please refer to "3.Consolidated Financial Statements and Significant Notes Thereto (5) Notes on Consolidated Financial Statements (Changes in Accounting Policies)" on page 13 of the attached materials.

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

|   |                              |                   |                              |                   |
|---|------------------------------|-------------------|------------------------------|-------------------|
| 1) Number of shares issued and outstanding at the end of the period (including treasury shares) | As of December 31, 2023      | 40,627,295 shares | As of December 31, 2022      | 39,941,702 shares |
| 2) Number of treasury shares at end of the period   | As of December 31, 2023      | 25,201 shares     | As of December 31, 2022      | 2,223 shares      |
| 3) Average number of shares during the period   | Year ended December 31, 2023 | 40,168,801 shares | Year ended December 31, 2022 | 39,658,513 shares |

(Reference)

Non-consolidated financial results for the year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)

(1) Non-Consolidated business results (from January 1, 2023 to December 31, 2023)

(% indicate year-on-year changes)

|                              | Revenue         |      | Operating profit |   | Ordinary profit |   | Profit          |   |
|------------------------------|-----------------|------|------------------|---|-----------------|---|-----------------|---|
|                              | Millions of yen | %    | Millions of yen  | % | Millions of yen | % | Millions of yen | % |
| Year ended December 31, 2023 | 5,615           | 33.1 | (333)            | — | (334)           | — | (186)           | — |
| Year ended December 31, 2022 | 4,218           | 32.1 | (586)            | — | (589)           | — | (594)           | — |

|                              | Basic earnings per share | Diluted earnings per share |
|------------------------------|--------------------------|----------------------------|
|                              | Yen                      | Yen                        |
| Year ended December 31, 2023 | (4.65)                   | —                          |
| Year ended December 31, 2022 | (14.98)                  | —                          |

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

(2) Non-Consolidated financial position

|                         | Total assets    | Net assets      | Equity ratio | Net assets per share |
|-------------------------|-----------------|-----------------|--------------|----------------------|
|                         | Millions of yen | Millions of yen | %            | yen                  |
| As of December. 31 2023 | 6,236           | 3,028           | 48.6         | 74.60                |
| As of December. 31 2022 | 5,418           | 2,963           | 54.7         | 74.20                |

(Reference) Equity As of December 31, 2023 3,028 million yen As of December 31, 2022 2,963 million yen

- \* Summary of financial results is not subject to audit by certified public accountants or audit corporations.
- \* Explanation regarding appropriate use of earnings forecasts, and other notes

(Notes on forward-looking statements)

(1) The earnings outlook and other forward-looking statements contained in this document are based on information currently available to and certain assumptions that are thought to be reasonable by the Company. Accordingly, such statements should not be construed as a guarantee of achieving the results by the Company. Actual results and the like may differ materially due to various factors. For the assumptions used for the forecast of financial results and notes on the use of the forecast of financial results, please refer to the attachment on page 3, entitled "1. Overview of Business Results (4) Future Outlook."

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## 1. Overview of Business Results

### (1) Overview of Business Results for the Current Fiscal Year

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

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

In the current consolidated fiscal year, we invested in promoting the adoption of Chatwork and in expanding peripheral services that leverage our business chat platform. Business is progressing steadily, including an increase in ARPU due to price revision and expansion of services into the area of human resources and labor affairs by Minagin, Inc. which became a consolidated subsidiary in February 2023. "Chatwork Assistant" as a new in-house service of “BPaaS” (Note 2) in June 2023, and we will aim to further expand our business.

As a result, in the first nine months of the fiscal year the Company recorded revenue of 4,613,647 thousand yen (up 39.3% year on year), EBITDA (Note 3) of negative 226,376 thousand yen (negative 295,460 thousand yen for the same period of the previous year), an operating loss of 675,955 thousand yen (operating loss of 474,852 thousand yen for the same period of the previous year), an ordinary loss of 680,668 thousand yen (ordinary loss of 471,311 thousand yen for the same period of the previous year), and a loss attributable to owners of parent of 680,770 thousand yen (loss attributable to owners of parent of 445,933 thousand yen for the same period of the previous year).

The following describes the business results by each segment.

#### (Chatwork Segment)

Net revenue was 4,462,052 thousand yen (up 42.3% year on year) and segment loss of 715,167 thousand yen (segment loss of 527,530 thousand yen for the same period of the previous year).

Furthermore, the Chatwork segment is the Company’s mainstay business and all indirect costs, including the headquarters functions, are expensed to maintain and expand this segment. Accordingly, the entire amount of indirect costs is recorded as expenses in this segment.

ARR (Note 4), number of paying IDs, and ARPU in the Chatwork account business

|  | Q4 '20 | Q4 '21 | Q4 '22 | Q4 '23 |
|--|--------|--------|--------|--------|
| ARR<br>(Unit : JPY million)            | 2,279  | 3,447  | 4,425  | 6,180  |
| Number of Paying IDs<br>(Unit : 10000) | 45.7   | 54.7   | 66.8   | 73.1   |
| ARPU<br>(Unit : JPY)                   | 409.9  | 529.4  | 547.4  | 672.4  |

#### (Security Segment)

With regard to the security segment, the Company makes it a policy to not expand the business proactively. As a result, net revenue was 151,594 thousand yen (down 14.7% year on year) and segment profit stood at 39,212 thousand yen (down 25.6% year on year). Furthermore, since the entire amount of indirect costs is recorded for the Chatwork segment as stated above, the recorded segment profit of the security segment is the amount obtained by deducting only the direct costs required for conducting

the segment, including advertising expenses, promotion expenses and outsourcing expenses, from the net revenue of the segment.

#### Notes

1. According to a survey of monthly active users (MAUs) conducted in May 2023 by Nielsen NetView and Nielsen Mobile, from among 44 applicable services selected by Chatwork Co., Ltd. In addition to Chatwork, these included Microsoft Teams, Slack, LINE WORKS, and Skype.
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).
3. EBITDA is calculated by adding operating profit, depreciation and amortization expenses, and share-based payment expenses.
4. ARR is short for annual recurring revenue, which equates to monthly recurring revenue (MRR) times 12.

## (2) Overview of Financial Position for the Current Fiscal Year

### (Assets)

Total assets as of December 31, 2023 increased by 873,103 thousand yen compared with the end of the previous fiscal year to 6,273,490 thousand yen. This was mainly due to an increase in goodwill of 743,966 thousand yen, an increase in software of 216,773 thousand yen, an increase in investments and other assets of 556,297 thousand yen and a decrease in cash and deposits of 747,835 thousand yen.

### (Liabilities)

Total liabilities as of December 31, 2023 increased by 1,320,816 thousand yen compared with the end of the previous fiscal year to 3,851,271 thousand yen. This was mainly due to an increase in long-term borrowings of 351,424 thousand yen, an increase in contract liabilities of 569,932 thousand yen and an increase in current portion of long-term borrowings of 160,336 thousand yen.

### (Net Assets)

Net assets as of December 31, 2023 decreased by 447,713 thousand yen compared with the end of the previous fiscal year to 2,422,218 thousand yen. This was mainly due to an increase in share capital of 126,229 thousand yen, an increase in capital surplus of 126,229 thousand yen and a decrease in retained earnings of 661,264 thousand yen. As a result, the equity ratio was 38.6% (52.4% at the end of the previous fiscal year).

## (3) Overview of Cash Flows for the Current Fiscal Year

As of December 31, 2023, cash and cash equivalents decreased by 747,835 thousand yen compared with the end of the previous fiscal year to 2,102,487 thousand yen. The status of each cash flow and their factors during the current consolidated fiscal year are as follows.

### (Cash flows from operating activities)

Net cash used in operating activities amounted to 469,541 thousand yen. This was mainly due to profit before income taxes of 917,918 thousand yen, depreciation of 393,404 thousand yen, Amortization of goodwill of 112,034 thousand yen, Impairment loss of 200,383 thousand yen, and an increase in contract liabilities of 533,455 thousand yen.

### (Cash flows from investing activities)

Net cash used in investing activities amounted to 1,454,024 thousand yen. This was mainly due to the Payments for acquisition of shares of subsidiaries resulting in change in scope of consolidation 580,349 thousand yen, the purchase of intangible assets of 479,757 thousand yen, and the expenditures for long-term deposits 350,000 thousand yen.

### (Cash flows from financing activities)

Net cash provided by financing activities amounted to 236,936 thousand yen. This was mainly due to proceeds from long-term borrowings of 300,000 thousand yen.

#### (4) Future Outlook

We will continue to focus on achieving high growth rates and improving profitability. Our medium-term management plan states our aim to establish our position as the number one BPaaS company for small and medium-sized enterprises (SMEs) by the fiscal year ending December 31, 2026, and in the long term, to become a “business super app” platform that serves as the starting point for all business activities, backed by a dominant share in the SME market. From the fiscal year ending December 31, 2024 to the fiscal year ending December 31, 2026, we will accelerate the overall growth of the Group toward our goal of becoming the top BPaaS company for SMEs, while also working to build a profitable framework.

Our medium-term targets include a CAGR for revenue of 30% or more from the fiscal year ended December 31, 2024 to the fiscal year ending December 31, 2026, as well as revenue of 15.0 billion yen and an EBITDA margin of 10–15% for the fiscal year ending December 31, 2026. Please note that these medium-term targets will be reviewed and disclosed in the event of any M&A activities.

Based on the above policy, we will continue to focus on achieving high growth rates and improving profitability. For the fiscal year ending December 31, 2024, we will proceed with the development of our business chat tool, "Chatwork" and the establishment of a system that generates investment and profits for the BPaaS MINAGINE and Chatwork Assistant. The full-year forecasts are as follows.

|         | Forecast for FY2024 |
|---------|---------------------|
| Revenue | +30% YoY            |
| EBITDA  | JPY 300mn           |

(5) Important events related to going concern assumptions, etc  
Not applicable.

## 2. Basic Policy for Selecting Accounting Standards

In consideration of comparability among companies, the Group applies Japanese GAAP for accounting standards. With regard to the adoption of IFRS (International Financial Reporting Standards), the Group intends to respond appropriately in consideration of various domestic and international circumstances.



### 3. Consolidated Financial Statements and Significant Notes Thereto

#### (1) Consolidated Balance Sheet

(Unit: thousand yen)

|  | As of December 31, 2022 | As of December 31, 2023 |
|--|-------------------------|-------------------------|
| <b>Assets</b>                              |                         |                         |
| Current assets                             |                         |                         |
| Cash and deposits                          | 2,850,323               | 2,102,487               |
| Accounts receivable - trade                | 307,867                 | 432,075                 |
| Merchandise                                | —                       | 210                     |
| Stored goods                               | 6,124                   | 6,396                   |
| Prepaid expenses                           | 690,402                 | 608,346                 |
| Allowance for doubtful accounts            | (72)                    | (254)                   |
| Other                                      | 65,251                  | 67,703                  |
| <b>Total current assets</b>                | <b>3,919,898</b>        | <b>3,216,966</b>        |
| Non-current assets                         |                         |                         |
| Property, plant and equipment              |                         |                         |
| Building                                   | 28,041                  | 8,206                   |
| Accumulated depreciation                   | (8,061)                 | (3,086)                 |
| Building (net)                             | 19,979                  | 5,119                   |
| Tools, furniture and fixtures              | 45,817                  | 51,335                  |
| Accumulated depreciation                   | (36,145)                | (45,374)                |
| Tools, furniture and fixtures (net)        | 9,672                   | 5,960                   |
| <b>Total property, plant and equipment</b> | <b>29,652</b>           | <b>11,080</b>           |
| Intangible assets                          |                         |                         |
| Software                                   | 248,580                 | 465,353                 |
| Software in progress                       | 523,179                 | 353,270                 |
| Goodwill                                   | 285,326                 | 1,029,292               |
| Customer-related assets                    | 103,497                 | <u>349,708</u>          |
| Telephone subscription right               | —                       | 1,270                   |
| <b>Total intangible assets</b>             | <b>1,160,584</b>        | <b><u>2,198,894</u></b> |
| Investments and other assets               |                         |                         |
| Investment securities                      | 183,246                 | 190,384                 |
| Security deposit and guarantee deposit     | 38,606                  | 45,386                  |
| Deferred tax assets                        | —                       | 176,689                 |
| Long-term prepaid expenses                 | 68,398                  | 82,187                  |
| Long-term time deposits                    | —                       | 350,000                 |
| Others                                     | —                       | 1,900                   |
| <b>Total investment and other assets</b>   | <b>290,251</b>          | <b>846,549</b>          |
| <b>Total non-current assets</b>            | <b>1,480,488</b>        | <b><u>3,056,524</u></b> |
| <b>Total assets</b>                        | <b>5,400,387</b>        | <b><u>6,273,490</u></b> |

(Unit: thousand yen)

|   | As of December 31, 2022 | As of December 31, 2023 |
|---|-------------------------|-------------------------|
| Liabilities                             |                         |                         |
| Current liabilities                     |                         |                         |
| Accounts payable - other                | 327,445                 | 273,017                 |
| Accrued expenses                        | 137,443                 | 216,809                 |
| Income taxes payable                    | 32,160                  | 43,990                  |
| Contract liabilities                    | 995,838                 | 1,565,770               |
| Provision for bonuses                   | 21,600                  | 26,113                  |
| short-term borrowings                   | —                       | 1,300                   |
| Current portion of long-term borrowings | 102,000                 | 262,336                 |
| Other                                   | 115,712                 | 157,304                 |
| Total current liabilities               | <u>1,732,200</u>        | <u>2,546,641</u>        |
| Non-current liabilities                 |                         |                         |
| Long-term borrowings                    | 763,500                 | 1,114,924               |
| Retirement benefit liability            | —                       | 2,274                   |
| Long-term accounts payable              | —                       | 70,000                  |
| Deferred tax liabilities                | 34,754                  | <u>117,432</u>          |
| Total non-current liabilities           | <u>798,254</u>          | <u>1,304,630</u>        |
| Total liabilities                       | <u>2,530,455</u>        | <u>3,851,271</u>        |
| Net assets                              |                         |                         |
| Shareholders' equity                    |                         |                         |
| Share capital                           | 2,622,024               | 2,748,254               |
| Capital surplus                         | 2,607,884               | 2,734,114               |
| Retained earnings                       | (2,398,796)             | <u>(3,060,060)</u>      |
| Treasury stock                          | (88)                    | (88)                    |
| Total shareholders' equity              | <u>2,831,023</u>        | <u>2,422,218</u>        |
| Non-controlling interests               | 38,908                  | —                       |
| Total net assets                        | <u>2,869,931</u>        | <u>2,422,218</u>        |
| Total liabilities and net assets        | <u>5,400,387</u>        | <u>6,273,490</u>        |

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

(Unit: thousand yen)

|   | Fiscal year ended<br>December 31, 2022 | Fiscal year ended<br>December 31, 2023 |
|---|--|--|
| Revenue   | 4,593,178                              | 6,485,207                              |
| Cost of revenue   | 1,405,429                              | 2,341,817                              |
| Gross profit  | 3,187,749                              | 4,143,390                              |
| Selling, general and administrative expenses            | 3,907,022                              | 4,828,096                              |
| Operating profit (loss)                                 | (719,273)                              | (684,706)                              |
| Non-operating income                                    |  |  |
| Interest income   | 116                                    | 93                                     |
| Foreign exchange gains                                  | 10,440                                 | —                                      |
| Subsidy income  | —                                      | 2,497                                  |
| Point income  | —                                      | 7,933                                  |
| Gain on investments in investment partnerships          | —                                      | 1,442                                  |
| Miscellaneous income                                    | 3,758                                  | 595                                    |
| Total non-operating income                              | 14,315                                 | 12,562                                 |
| Non-operating expenses                                  |  |  |
| Interest expenses                                       | 6,548                                  | 6,548                                  |
| Foreign exchange losses                                 | —                                      | 2,335                                  |
| Share issuance costs                                    | 9,885                                  | 641                                    |
| Commitment fees   | 127                                    | 749                                    |
| Guarantee commission                                    | —                                      | 1,106                                  |
| Loss on investments in investment partnerships          | 707                                    | —                                      |
| Loss on retirement of non-current assets                | 2,425                                  | 345                                    |
| Miscellaneous loss                                      | 69                                     | 277                                    |
| Total non-operating expenses                            | 19,763                                 | 21,391                                 |
| Ordinary profit (loss)                                  | (724,720)                              | (693,534)                              |
| Extraordinary profit                                    |  |  |
| Gain on sales of noncurrent assets                      | 924                                    | —                                      |
| Total extraordinary profit                              | 924                                    | —                                      |
| Extraordinary loss                                      |  |  |
| Impairment losses                                       | —                                      | 200,383                                |
| Loss on valuation of investment securities              | —                                      | 24,000                                 |
| Total extraordinary profit                              | —                                      | 224,383                                |
| Profit (loss) before income taxes                       | (723,795)                              | (917,918)                              |
| Income taxes - current                                  | 6,103                                  | 5,550                                  |
| Income taxes - deferred                                 | (4,088)                                | (223,295)                              |
| Total income taxes                                      | 2,014                                  | (217,745)                              |
| Profit (loss)   | (725,810)                              | (700,172)                              |
| Profit (loss) attributable to non-controlling interests | (38,659)                               | (38,908)                               |
| Profit (loss) attributable to owners of parent          | (687,151)                              | (661,264)                              |

## Consolidated Statement of Comprehensive Income

(Unit: thousand yen)

|  | Fiscal year ended<br>December 31, 2022 | Fiscal year ended<br>December 31, 2023 |
|--|--|--|
| Profit (loss)  | (725,810)                              | <u>(700,172)</u>                       |
| Other comprehensive income                                     |  |  |
| Comprehensive income   | <u>(725,810)</u>                       | <u>(700,172)</u>                       |
| Comprehensive income attributable to                           |  |  |
| Comprehensive income attributable to owners of parent          | <u>(687,151)</u>                       | <u>(661,264)</u>                       |
| Comprehensive income attributable to non-controlling interests | <u>(38,659)</u>                        | <u>(38,908)</u>                        |

(3) Consolidated Statement of Shareholders' Equity  
Fiscal year ended December 31, 2022

(Unit:Thousand yen)

|  | Shareholders' equity |                 |                   |                 |                            |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
|  | Share capital        | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period                       | 2,525,611            | 2,511,471       | (1,711,645)       | (42)            | 3,325,394                  |
| Changes of items during period                       |                      |                 |                   |                 |                            |
| Issuance of new shares                               | 96,413               | 96,413          |                   |                 | 192,826                    |
| Profit (loss) attributable to owners of parent       |                      |                 | (687,151)         |                 | (687,151)                  |
| Purchase of treasury shares                          |                      |                 |                   | (46)            | (46)                       |
| Net changes of items other than shareholders' equity |                      |                 |                   |                 |                            |
| Total changes of items during period                 | 96,413               | 96,413          | (687,151)         | (46)            | (494,371)                  |
| Balance at end of period                             | 2,622,024            | 2,607,884       | (2,398,796)       | (88)            | 2,831,023                  |

|  | Non-controlling interests | Total net assets |
|--|---------------------------|------------------|
| Balance at beginning of period                       | 77,567                    | 3,402,962        |
| Changes of items during period                       |                           |                  |
| Issuance of new shares                               |                           | 192,826          |
| Profit (loss) attributable to owners of parent       |                           | (687,151)        |
| Purchase of treasury shares                          |                           | (46)             |
| Net changes of items other than shareholders' equity | (38,659)                  | (38,659)         |
| Total changes of items during period                 | (38,659)                  | (533,030)        |
| Balance at end of period                             | 38,908                    | 2,869,931        |

Fiscal year ended December 31, 2023

(Unit:Thousand yen)

|  | Shareholders' equity |                 |                    |                 |                            |
|--|----------------------|-----------------|--------------------|-----------------|----------------------------|
|  | Share capital        | Capital surplus | Retained earnings  | Treasury shares | Total shareholders' equity |
| Balance at beginning of period                       | 2,622,024            | 2,607,884       | (2,398,796)        | (88)            | 2,831,023                  |
| Changes of items during period                       |                      |                 |                    |                 |                            |
| Issuance of new shares                               | 126,229              | 126,229         |                    |                 | 252,429                    |
| Profit (loss) attributable to owners of parent       |                      |                 | <u>(661,264)</u>   |                 | <u>(661,646)</u>           |
| Purchase of treasury shares                          |                      |                 |                    |                 | —                          |
| Net changes of items other than shareholders' equity |                      |                 |                    |                 |                            |
| Total changes of items during period                 | 126,229              | 126,229         | <u>(661,264)</u>   | —               | <u>(408,804)</u>           |
| Balance at end of period                             | 2,748,254            | 2,734,114       | <u>(3,060,060)</u> | (88)            | <u>2,422,218</u>           |

|  | Non-controlling interests | Total net assets |
|--|---------------------------|------------------|
| Balance at beginning of period                       | 38,908                    | 2,869,931        |
| Changes of items during period                       |                           |                  |
| Issuance of new shares                               |                           | 252,459          |
| Profit (loss) attributable to owners of parent       |                           | <u>(661,264)</u> |
| Purchase of treasury shares                          |                           | —                |
| Net changes of items other than shareholders' equity | (38,908)                  | (38,908)         |
| Total changes of items during period                 | (38,908)                  | <u>(447,713)</u> |
| Balance at end of period                             | —                         | <u>2,422,218</u> |

## (4) Consolidated Statement of Cash Flows

(Unit: Thousand yen)

|  | Fiscal year ended<br>December 31, 2022 | Fiscal year ended<br>December 31, 2023 |
|--|--|--|
| Cash flows from operating activities   |  |  |
| Profit (loss) before income taxes  | (723,795)                              | <u>(917,918)</u>                       |
| Depreciation   | 141,579                                | 393,404                                |
| Amortization of goodwill   | 33,567                                 | 112,034                                |
| Share-based payment expenses   | 65,452                                 | 97,555                                 |
| Amortization of security deposit   | 10,129                                 | (1,727)                                |
| Share issuance costs   | 9,885                                  | 641                                    |
| Loss (gain) on investments in investment partnerships                            | 707                                    | (1,442)                                |
| Loss (gain) on valuation of investment securities                                | —                                      | 24,000                                 |
| Loss (gain) on sale of non-current assets  | (924)                                  | —                                      |
| Loss on retirement of non-current assets   | 2,495                                  | 345                                    |
| Impairment losses  | —                                      | <u>200,383</u>                         |
| Foreign exchange losses (gains)  | (54)                                   | 289                                    |
| Interest income  | (116)                                  | (111)                                  |
| Subsidy income   | —                                      | (2,497)                                |
| Interest expenses  | 6,548                                  | 15,934                                 |
| Commitment fees  | 127                                    | 749                                    |
| Decrease (increase) in trade receivables   | 4,248                                  | (70,638)                               |
| Increase (decrease) in allowance for doubtful accounts                           | (339)                                  | 182                                    |
| Decrease (increase) in prepaid expenses  | (210,117)                              | 111,371                                |
| Decrease (increase) in inventories   | 191                                    | 2,031                                  |
| Increase (decrease) in retirement benefit liability                              | —                                      | 233                                    |
| Decrease (increase) in deposits paid   | 56,399                                 | (30,658)                               |
| Increase (decrease) in accounts payable-other                                    | (127,645)                              | (94,597)                               |
| Increase (decrease) in accrued expenses  | 44,440                                 | 74,580                                 |
| Increase (decrease) in income taxes payable                                      | 6,849                                  | 12,767                                 |
| Increase (decrease) in accrued consumption taxes                                 | 74,840                                 | 40,067                                 |
| Increase (decrease) in contract liabilities                                      | 346,575                                | 533,455                                |
| Increase (decrease) in provision for bonuses                                     | 21,600                                 | (2,860)                                |
| Other  | (35,691)                               | (7,713)                                |
| Subtotal   | <u>(273,047)</u>                       | <u>489,863</u>                         |
| Interest received  | 116                                    | 111                                    |
| Subsidies received   | —                                      | 2,497                                  |
| Interest paid  | (6,548)                                | (15,693)                               |
| Payments for commitment fees   | (127)                                  | (749)                                  |
| Income taxes paid  | (4,068)                                | (6,487)                                |
| Net Cash provided by (used in) operating activities                              | <u>(283,675)</u>                       | <u>469,541</u>                         |
| Cash flows from investing activities   |  |  |
| Payments into Long-term time deposits  | —                                      | (350,000)                              |
| Purchase of property, plant and equipment  | (11,997)                               | (763)                                  |
| Proceeds from sales of property, plant and equipment                             | 1,208                                  | 7                                      |
| Purchase of intangible assets  | (395,938)                              | (479,757)                              |
| Purchase of investment securities  | (109,874)                              | (29,987)                               |
| Payments for asset retirement obligations  | (18,181)                               | —                                      |
| Proceeds from distributions from investment partnerships                         | —                                      | 290                                    |
| Payments of leasehold and guarantee deposits                                     | (444)                                  | (12,162)                               |
| Proceeds from refund of leasehold and guarantee deposits                         | 48,152                                 | 28,696                                 |
| Purchase of shares of subsidiaries resulting in change in scope of consolidation | —                                      | (580,349)                              |
| Other  | (30,000)                               | (30,000)                               |
| Net cash provided by (used in) investing activities                              | <u>(517,076)</u>                       | <u>(1,454,024)</u>                     |

(Unit: Thousand yen)

|   | Fiscal year ended<br>December 31, 2022 | Fiscal year ended<br>December 31, 2023 |
|---|--|--|
| Cash flows from financing activities                        |  |  |
| Repayments of short-term borrowings                         | —                                      | (3,000)                                |
| Proceeds from long-term borrowings                          | 500,000                                | 300,000                                |
| Repayments of long-term borrowings                          | (102,000)                              | (195,272)                              |
| Proceeds from issuance of shares                            | 62,900                                 | 135,850                                |
| Payment for issuance of new shares                          | (9,885)                                | (641)                                  |
| Purchase of treasury shares                                 | (46)                                   | —                                      |
| Net cash provided by (used in) financing activities         | 450,968                                | 236,936                                |
| Effect of exchange rate change on cash and cash equivalents | 54                                     | (289)                                  |
| Net increase (decrease) in cash and cash equivalents        | (349,729)                              | (747,835)                              |
| Cash and cash equivalents at beginning of term              | 3,200,053                              | 2,850,323                              |
| Cash and cash equivalents at end of term                    | 2,850,323                              | 2,102,487                              |





3 amortization period

Equal amortization over 10 years

(5) Amount allocated to intangible assets other than goodwill and its breakdown by type and amortization period

Customer-related assets 385,000 thousand yen      Amortization period 10 years

(Segment Information, Etc.)

[Segment information]

1 Outline of reportable segments

Our reporting segments have separate financial information available from our constituent units and are subject to regular review by the Board of Directors to determine the allocation of resources and assess performance. It is the one that is. Our company has two reporting segments, "Chatwork segment" and "Security segment".

2 The calculating method regarding sales, operating profit or loss, assets, liabilities and other items by the reportable segments

The method of accounting for the reported business segments is in accordance with the accounting standards adopted to prepare the consolidated financial statements. Profit or loss in the reporting segment is adjusted with operating loss in the financial statements. There are no internal transactions between segments.

3. Information regarding sales, operating profit or loss, assets, liabilities and other items by the reportable segments and disaggregation of revenue

Fiscal year ended December 31,2022

(Unit: thousand yen)

|  | Reportable segment |                  |           | Total<br>(Note) |
|--|--------------------|------------------|-----------|-----------------|
|  | Chatwork segment   | Security segment | Total     |                 |
| Revenue  |                    |                  |           |                 |
| Performance obligations satisfied at a point in time | 185,859            | 224,334          | 410,193   | 410,193         |
| Performance obligations satisfied over time          | 4,182,984          | —                | 4,182,984 | 4,182,984       |
| Revenue from contracts with customers                | 4,368,844          | 224,334          | 4,593,178 | 4,593,178       |
| Other revenue  | —                  | —                | —         | —               |
| Revenue to outside customers                         | 4,368,844          | 224,334          | 4,593,178 | 4,593,178       |
| Intersegment net revenue or transfers                | —                  | —                | —         | —               |
| Total  | 4,368,844          | 224,334          | 4,593,178 | 4,593,178       |
| Segment profit ( loss)                               | (775,766)          | 56,492           | (719,273) | (719,273)       |
| Others   |                    |                  |           |                 |
| Depreciation   | 141,579            | —                | 141,579   | 141,579         |
| Amortization of goodwill                             | 33,567             | —                | 33,567    | 33,567          |
| Impairment losses                                    | —                  | —                | —         | —               |

(Note) 1. Segment profit has been adjusted with the operating loss in the quarterly financial statements.

2. The Chatwork segment is the Company's mainstay business and all indirect costs, including the headquarters functions, are expensed to maintain and expand this segment. Accordingly, the entire amount of indirect costs is recorded as expenses in the Chatwork segment.

Fiscal year ended December 31,2023

(Unit: thousand yen)

|  | Reportable segment |                  |                | Total<br>(Note) |
|--|--------------------|------------------|----------------|-----------------|
|  | Chatwork segment   | Security segment | Total          |                 |
| Revenue  |                    |                  |                |                 |
| Performance obligations satisfied at a point in time | 249,191            | 187,960          | 437,152        | 437,152         |
| Performance obligations satisfied over time          | 6,048,055          | —                | 6,048,055      | 6,048,055       |
| Revenue from contracts with customers                | 6,297,246          | 187,960          | 6,485,207      | 6,485,207       |
| Other revenue  | —                  | —                | —              | —               |
| Revenue to outside customers                         | 6,297,246          | 187,960          | 6,485,207      | 6,485,207       |
| Intersegment net revenue or transfers                | —                  | —                | —              | —               |
| Total  | 6,297,246          | 187,960          | 6,485,207      | 6,485,207       |
| Segment profit ( loss)                               | (724,672)          | 39,965           | (684,706)      | (684,706)       |
| Others   |                    |                  |                |                 |
| Depreciation   | 393,404            | —                | 345,940        | 345,940         |
| Amortization of goodwill                             | 112,034            | —                | 112,034        | 112,034         |
| Impairment losses                                    | <u>200,383</u>     | —                | <u>200,383</u> | <u>200,383</u>  |

(Note) 1. Segment profit has been adjusted with the operating loss in the quarterly financial statements.

2. The Chatwork segment is the Company's mainstay business and all indirect costs, including the headquarters functions, are expensed to maintain and expand this segment. Accordingly, the entire amount of indirect costs is recorded as expenses in the Chatwork segment.

(Per Share Information)

|                            | Fiscal year ended<br>December 31, 2022 | Fiscal year ended<br>December 31, 2023 |
|----------------------------|--|--|
| Net assets per share       | 70.88yen                               | <u>59.66yen</u>                        |
| Basic earnings per share   | (17.33yen)                             | <u>(16.46yen)</u>                      |
| Diluted earnings per share | —                                      | —                                      |

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

2. The basis for calculation of net assets per share is as follows:

|  | As of December 31, 2022 | As of December 31, 2023 |
|--|-------------------------|-------------------------|
| Total net assets (thousand yen)  | 2,869,931               | <u>2,422,218</u>        |
| Amount deducted from the total net assets (thousand yen)   | 38,908                  | —                       |
| (Of which, noncontrolling interests(thousand yen))   | 38,908                  | —                       |
| Amount of net assets related to common stock as of the end of the fiscal year (thousand yen)                               | 2,831,023               | <u>2,422,218</u>        |
| Number of shares of common stock used in the calculation of net assets per share as of the end of the fiscal year (shares) | 39,939,479              | 40,602,094              |

3. The basis for calculation of earnings per share is as follows:

|  | Fiscal year ended<br>December 31, 2022 | Fiscal year ended<br>December 31, 2023 |
|--|--|--|
| Basic earnings per share   |  |  |
| Profit (loss) (thousand yen)   | (687,151)                              | <u>(661,264)</u>                       |
| Profit (loss) not attributable to common shareholders (thousand yen)   | —                                      | —                                      |
| Profit (loss) related to common stock (thousand yen)   | (687,151)                              | <u>(661,264)</u>                       |
| Average number of shares of common stock outstanding during the fiscal year (shares)   | 39,658,513                             | 40,168,801                             |
| Overview of dilutive shares that were not included in the calculation of diluted earnings per share because they have no dilutive effect | —                                      | —                                      |

(Significant Subsequent Events)

(establishment of a Subsidiary through a Company Split)

At a Board of Directors meeting on February 9, 2024, Chatwork Co., Ltd. (hereinafter, the "Company") resolved to approve the establishment of a new company through an incorporation-type company split (hereinafter, the "New Company"). April 1, 2024 shall be the effective date of the incorporation-type company split (hereinafter, the "Company Split"). The New Company shall take over from Chatwork its Business Process as a Service (BPaaS) business (hereinafter, the "BPaaS Business"), as described below. As a result of the Company Split, MINAGINE Co., Ltd., a wholly owned subsidiary of Chatwork, will become a wholly-owned subsidiary of the New Company, making it a sub-subsidiary of Chatwork.

As the Company Split is a simple incorporation-type company split conducted solely by the Company, some disclosure items and details are omitted.

For details, please refer to the "Notice of the Date of establishment of a Subsidiary through a Company Split (Simplified Incorporation-type Company Split)" disclosed today.

#### 1. Objective of the Company Split

Under the mission of "Making work more fun and creative," Chatwork Group aims to create a society where people can enjoy their work and unleash their creativity to the fullest, recognizing that work constitutes a significant portion of people's lives. We are committed to developing and providing services that promote work efficiency and creative ways of working. To realize this mission, our flagship service, the business chat tool "Chatwork," helps to increase work productivity and promote diverse ways of working, primarily targeting small and medium-sized enterprises in Japan. To help customers enhance their operational efficiency and productivity, the Company has been expanding its BPaaS Business, which goes beyond providing software and also offers the entire business process as a service for non-core functions such as accounting and labor affairs. In February 2023, the Company acquired MINAGINE Co., Ltd., which provides cloud-based payroll and performance evaluation systems and labor outsourcing, as a consolidated subsidiary. In June 2023, the Company also released Chatwork Assistant, which provides support for non-specialized areas of back-office operations.

To further enhance the corporate value of the Chatwork Group, we aim to achieve efficient management and flexible business operations that can adapt to changes in the market environment by restructuring the Group through the Company Split. This will involve expanding the BPaaS Business as a separate entity within the Company, allowing us to respond effectively to evolving market conditions.

#### 2. Overview of Business to Be Split Off

##### (1) Details of Business to Be Split Off

The Business Process as a Service (BPaaS) Business is to be split off.

##### (2) Operating Performance of Business to Be Split off (Fiscal year ended December 31, 2023)

Revenue: ¥46,837,762

(3) Line Items and Amounts of Assets and Liabilities to Be Split (As of December 31, 2023)

| Assets             |                | Liabilities             |              |
|--------------------|----------------|-------------------------|--------------|
| Current assets     | ¥506,693,387   | Current liabilities     | ¥36,225,979  |
| Non-current assets | ¥683,233,164   | Non-current liabilities | ¥70,000,000  |
| Total              | ¥1,189,926,551 | Total                   | ¥106,225,979 |

Note: Actual amounts of assets and liabilities to be split will correspond to the above amounts plus or minus any changes up to the effective date of the Company split.

(4) Method of the Company Split

The Company Split shall be a simple incorporation-type company split, in which the Company is the splitting company and the New Company is the succeeding company. The New Company is slated to be a wholly-owned subsidiary of the Company.

3. Overview of the Company Split

(1) Schedule of the Company Split

Board of Directors meeting for approval of the incorporation-type company split

February 9, 2024

Effective date

April 1, 2024 (expected)

Note: The Company Split is a simplified company split under the provisions of Article 805 of the Companies Act, and will therefore be implemented without a resolution of approval at a general meeting of shareholders.

( Change in Trade Name)

Our company plans to change its trade name effective July 1, 2024. For details, please refer to the "Notice of a Change in Trade Name, Partial Changes to the Articles of Incorporation, and a Change in Trade Name of a Consolidated Subsidiary" disclosed today.