

COMPANY RESEARCH AND ANALYSIS REPORT

kubell Co., Ltd.

4448

Tokyo Stock Exchange Growth Market

2-Oct.-2026

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<https://www.fisco.co.jp>

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Summary

BPaaS grows strongly, raising the probability of achieving results forecasts

1. Company profile

kubell Co., Ltd. <4448> (hereafter, also “the Company”) offers Chatwork, one of Japan’s largest business chat services; promotes DX of business operations; and develops a Business Process as a Service (BPaaS) business, including TAXITA, a business process outsourcing service that supports efforts to improve productivity at small and medium-sized enterprises (SMEs). The Company’s strength lies in providing precise solutions to the structural issues faced by Japan’s domestic labor market. To address labor shortages caused by a declining birth rate and aging population, as well as the need to improve the productivity of SMEs, the Company has centered its efforts on Chatwork, which can be easily introduced and utilized even by companies with low IT literacy, contributing significantly to many SMEs. Chatwork has been adopted by 1,003,000 companies in Japan (as of the end of June 2026), successfully differentiating itself from competitors by offering services targeted especially at SMEs. Furthermore, by developing BPaaS, which delivers entire business processes via the cloud, the Company supports operational efficiency improvements at SMEs. It also provides a solution that is easy to introduce even for the majority market, which tends to lag in DX due to low IT proficiency.

2. Overview of 1H FY12/26 results

In the 1H FY12/26 consolidated results, the Company reported revenue of ¥5,276mn (up 16.4% year on year [YoY]), EBITDA of ¥938mn (up 62.2%), operating profit of ¥556mn (up 278.7%), ordinary profit of ¥552mn (up 316.6%), and profit attributable to owners of parent of ¥490mn (loss of ¥14mn in the same period of the previous fiscal year). The progress rate against the lower end of the full-year results forecasts announced on August 14, 2026, was 49.0% for revenue, roughly in line with the plan, while the progress rate for EBITDA was 62.5%, exceeding expectations. In addition to the continued stable growth of the mainstay SaaS domain, revenue in the BPaaS domain reached ¥1,193mn (up 77.5% YoY), maintaining a high growth rate and strongly driving Company-wide growth. Under the Company’s strategy of integrating SaaS and BPaaS, progress in its cross-selling strategy leveraging a customer base of more than 1 million companies is also considered to have been an important factor supporting the growth of the BPaaS business. On the profit front, the EBITDA margin rose to 17.8%, as the effects of optimizing the cost structure, mainly advertising expenses and outsourcing expenses, and of productivity improvements materialized in addition to revenue growth. This level exceeds the target range of 10% to 15% for 2026 set in the medium-term management plan, indicating that the earnings structure is improving at a faster-than-expected pace.

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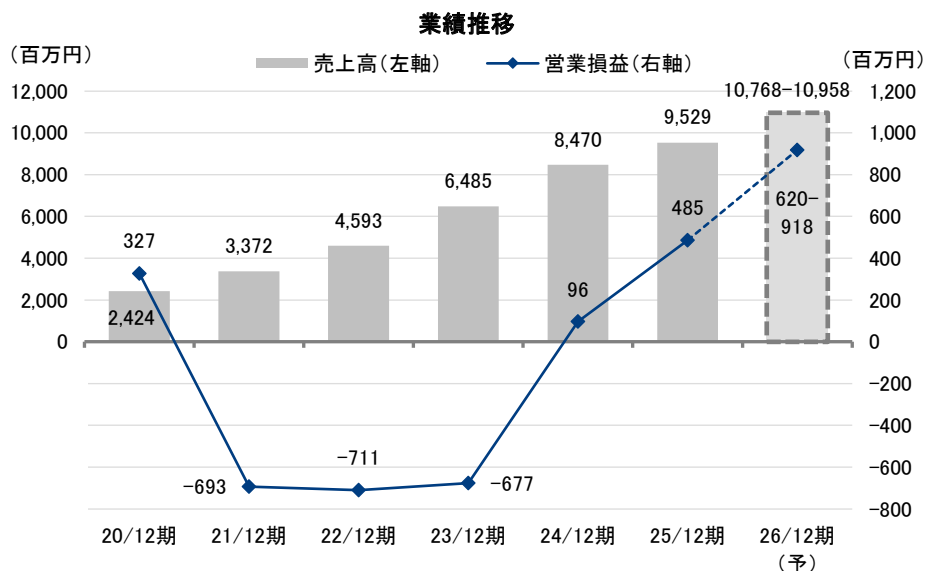
Summary

3. FY12/26 forecasts

For the FY12/26 consolidated results, the Company forecasts revenue of ¥10,768mn to ¥10,958mn (up 13.0% to 15.0% YoY), EBITDA of ¥1,500mn to ¥1,700mn (up 9.4% to 24.0%), operating profit of ¥620mn to ¥918mn (up 28.0% to 89.3%), ordinary profit of ¥615mn to ¥913mn (up 34.4% to 99.4%), and profit attributable to owners of parent of ¥456mn to ¥753mn (up 112.2% to 250.5%). Although the forecasts were disclosed on a growth-rate basis at the beginning of the fiscal year, the Company changed to disclosure in the form of specific ranges of monetary amounts, reflecting the increased certainty of its full-year outlook. As of the interim period, revenue is progressing roughly in line with the plan, while EBITDA is tracking ahead of expectations, indicating the Company's confidence in the progress of its results. The reason profit growth is expected to significantly outpace revenue growth, even as revenue maintains double-digit growth, is the contribution of expanded use of Chatwork, the growing scale of the fast-growing BPaaS business, and improved profitability through cost optimization, mainly of advertising expenses and outsourcing expenses. This can be said to demonstrate steady progress toward the Company's stated goal of achieving both growth and profit generation. Going forward, in addition to growth in existing businesses, progress in M&A and new businesses is considered to be a key point for achieving the medium-term management plan.

Key Points

- Supports productivity improvements at SMEs through BPaaS business including Chatwork, one of Japan's largest business chat services, and TAXITA, a business process outsourcing service
- In 1H FY12/26, achieved increases in revenue and profit at every level
- EBITDA margin already exceeds the target range set in the medium-term management plan, raising the probability of achieving the full-year results forecasts



Note: Consolidated basis from FY12/21

Source: Prepared by FISCO from the Company's financial results

■ Company profile

Provides Chatwork, one of Japan's largest business chat services

1. Company profile

The Company offers Chatwork, one of Japan's largest business chat services, promotes DX of business operations, and provides BPaaS such as TAXITA, a business process outsourcing service that supports efforts to improve productivity at SMEs. With a mission of "making work more fun and creative," the Company aims to create a society in which time spent working is not merely a means to earn money, but enables people to enjoy their work more and express their creativity. In pursuit of this mission, the Company is driven by the determination to "be a company that continues to add fuel to the fire (aspiration) residing in the hearts of all people who work." The Company's name, "kubell" is derived from the Japanese word "kuberu," which means to add firewood to a bonfire.

Chatwork leads the domestic market and has been ranked No. 1 in the number of business chat users in Japan in the Nielsen NetView Customized Report, July 2025 Monthly Active User Survey, conducted by Nielsen Digital Co., Ltd. Further, as of the end of June 2026, the service has been adopted by 1,003,000 companies, a broad customer base that underscores the robustness of the Company's platform. The Company goes beyond providing software as a service (SaaS) to also offer BPaaS, which outsources entire business processes, supporting the DX of SMEs that face challenges with IT literacy. As part of its growth strategy going forward, the Company also aims to become the No. 1 BPaaS provider for SMEs by 2026, with a long-term goal of evolving Chatwork into a platform as a super app for business that incorporates BPaaS. To realize this vision, the Company will continue to expand its share of the domestic market and develop new services that improve labor productivity.

The Company already has a solid foundation in the domestic SaaS market, with a particularly strong competitive advantage in the SME segment. The rollout of new services utilizing BPaaS and AI is a highly effective strategy for sustainably expanding this foundation, and substantial growth is anticipated going forward.

2. History

The Company was originally known as Chatwork Co., Ltd., and today enjoys the largest share of Japan's market for business chat services, primarily for SMEs. The Company's origins go back to July 2000. At the time, the Yamamoto brothers founded EC studio in Suita, Osaka Prefecture, with the goal of providing website customer acquisition support services for businesses. (The Company's current Representative Director, President and CEO is the younger of the brothers, Masaki Yamamoto.) In November 2004, the firm was incorporated as a limited liability company (Y.K.) before reorganizing as a stock company (K.K.) in December 2005. As its business expanded, in 2006 it established its Tokyo office in Setagaya-ku, Tokyo.

Company profile

In March 2011, the Company released Chatwork, its business chat service, which subsequently attracted considerable attention inside Japan. In April 2012, the company name was changed to ChatWork Co., Ltd., and that year, the Company also established a subsidiary in the US, in California. Chatwork not only attempted to expand domestically but also ventured overseas. However, amid a proliferation of competing global services, it withdrew temporarily from competition in the global market. Nevertheless, in the domestic market, its business model aimed particularly at SMEs proved successful, leading to steady growth. The Company once again changed its name to Chatwork Co., Ltd. in November 2018, and was subsequently listed on the Tokyo Stock Exchange Mothers Market (currently the Growth Market) in September 2019. In July 2024, the Company changed its name from Chatwork Co., Ltd. to kubell Co., Ltd., indicating its intention to further diversify its business and strengthen its efforts to support SMEs. Since its founding, the Company has continued to grow and transform, evolving beyond business chat to become a platform that supports the DX of business processes.

Business overview

Based on Chatwork, transforms the way people work using BPaaS

The Company has a single segment, the Platform Business, broadly divided into two domains: the SaaS domain centered on the Chatwork business chat platform and the BPaaS domain in which the Company engages in BPaaS. Chatwork holds a dominant market share in Japan's SME market, leading the industry in both number of users and number of companies adopting the service. Since users rely on it continuously while working, it provides significantly more customer touchpoints compared to other SaaS solutions, making its platform capabilities a key strength of the Company.

The BPaaS offered by the Company is a more advanced form of cloud service than SaaS, characterized by providing not only software, but also delivering entire business processes through the cloud. BPaaS enables even SMEs with low IT literacy to promote DX. In addition, by leveraging the Chatwork platform, it provides new added value by not only offering SaaS but also streamlining operations on behalf of the customer. The Company is also focusing on developing new services utilizing AI technology, and is investing in areas of promising future growth, especially AI-driven conversation features and automated task execution within Chatwork. The use of AI is expected to both further enhance user productivity and help the Company acquire new customer segments.

Although the penetration rate of the business chat market is low at this stage, there is significant room for expansion, and the BPaaS business is expected to boost earnings through higher added value. The Company is driving its growth strategy on the pillars of these businesses, and in the medium term, stable revenue growth is expected. In addition, through the development of its incubation business, the Company is expected to secure new growth opportunities and further enhance its corporate value. It can be described as an attractive business model with expectations for further growth through the expansion of services utilizing AI technology.

1. Business chat business

In the business chat business, the Company offers its flagship product, the business chat tool Chatwork. Targeting primarily SMEs in Japan, it features an easy-to-use UI and seamless external connectivity, contributing to DX at SMEs. Unlike other SaaS products, the user base has expanded rapidly through referrals between users, and the Company maintains stable revenue driven by increases in the number of companies introducing Chatwork. Going forward, the Company will continue to address customer needs by enhancing functions that streamline work, such as task management and scheduling. In addition, based on the business chat service, it anticipates further business growth through seamless collaboration with BPaaS, described later.

2. BPaaS business

In the BPaaS business, the Company offers services that provide entire business processes on the cloud, specifically tailored for SMEs. More than simply providing software, BPaaS is positioned as a next-generation cloud service that promotes business operation streamlining and DX. BPaaS aims to optimize entire business processes, which are particularly difficult to address with SaaS, by having in place an environment in which companies can confidently outsource their operations. In its BPaaS business, the Company offers services such as business process outsourcing and workforce management through deep integration with Chatwork. These services contribute to improving operational efficiency, especially for SMEs with limited IT literacy. Regarding outsourcing of internal operations, some may view it as a risk since it may prevent the accumulation of business expertise within the company. However, in SMEs, it is not uncommon for tasks to become dependent on the knowledge of a single veteran employee. In such cases, the impact of a veteran employee's resignation can pose an even greater risk to the company, and the benefits of properly outsourcing tasks through the Company's services and achieving efficiency through DX are considered to outweigh those risks. In addition, in April 2024 the Company established kubell partner Co., Ltd., a wholly owned subsidiary, to accelerate the development and operation of its services. The BPaaS business is expected to expand further as a Group effort aimed at achieving the Company's goal of becoming the leading BPaaS company for SMEs.

3. Incubation business

In the Incubation business, the Company's goal is to leverage the knowledge and data accumulated through its existing business operations to create new businesses that go beyond its traditional areas of focus. At the center of the business is a large-scale operating engine that is a hybrid of technology and people, cultivated through its business chat and BPaaS businesses. The Company leverages this platform to develop new businesses utilizing AI and other advanced technologies. Examples include automating tasks with AI and offering new services utilizing data. The Company also aims to strengthen alliances with other companies and secure new revenue sources through its incubation business. These initiatives have the potential to become a new pillar of growth following business chat and BPaaS, enabling discontinuous business growth.

4. Company strengths

Centered around Chatwork, one of Japan's largest business chat services, the Company has established a proprietary business model that mainly targets SMEs in Japan. Its strength lies in providing easy-to-introduce, easy-to-use solutions that address structural issues specific to Japan, such as labor shortages caused by the declining birth rate and aging population and low labor productivity among SMEs. In particular, its development of products that are easy to use even for companies with limited IT literacy can be highly regarded as fulfilling a key social role.

Business overview

Chatwork has secured a large market share, supported by an extensive customer base centered on SMEs. The platform's freemium model lowers barriers to adoption, while its simple UI and seamless external connectivity foster organic adoption through referrals from existing users, forming a powerful network effect. The Company's strategy focusing on SMEs has differentiated it from competitors.

The majority of SMEs in Japan are small companies with 5 to fewer than 30 employees. Because the market structure makes it difficult to increase the efficiency of one-to-one sales, most SaaS vendors have little choice but to concentrate on the enterprise segment. Many products are therefore ill-suited to SMEs due to their high prices and complexity. Furthermore, the introduction of SaaS and AI is not progressing due to low IT literacy, and even though the market is large, entry is difficult, leading to it being referred to as the "black ocean" market.

The Company has established a competitive advantage in this market based on the network effect of its Chatwork platform, outsourcing of business processes through BPaaS, and its business model specifically tailored to SMEs. The network effect in particular creates a chain reaction of Chatwork adoption, providing a foundation for growth while keeping marketing costs down.

A feature of BPaaS is that it provides a framework for outsourcing business processes on the cloud and streamlining them. This approach supports DX that encompasses business processes for companies that tend to struggle in the early stages of IT adoption, thereby delivering value that cannot be obtained with conventional SaaS vendors. Additionally, since the Company is able to organically cross-sell BPaaS to its Chatwork user base, it has established a structure for leveraging brand recognition to increase lifetime value (LTV).

The Company's business model enables it to achieve both profitability and growth, and in particular, the unique position it has established in the black ocean market is a major strength. Furthermore, the Chatwork platform is characterized by its seamless external connectivity, and there are some large enterprises that use Microsoft Teams for internal communication and Chatwork for external interactions. This shows its versatility, as it is able to address certain needs of large enterprises while focusing on the SME market.

Furthermore, the Company continues to offer increasingly greater value due to advances in AI technology. Once text generation and summarization using large language models (LLMs), task automation, and other such functions are implemented, they will dramatically improve SMEs' operational efficiency. In the BPaaS domain as well, AI is highly likely to increasingly replace business processes. The Company may therefore be expected to further solidify its presence in its target market.

In the BPaaS market, whose total addressable market (TAM) is estimated at ¥49.1tn, there is scope for the Company's approach specifically tailored to SMEs to contribute significantly to future market growth. The Chatwork platform's many customer touchpoints align well with a product-led-growth (PLG) model, and sustained revenue growth may be expected through enhanced marketing and sales efforts driven by user data.

The competitive landscape includes global players such as Microsoft Teams and Slack, but they both mainly focus on the enterprise domain. There are few players executing a strategy tailored specifically to SMEs. In the BPaaS domain, while there are many BPO services for large enterprises available, the Company is unusual in developing a model that combines business outsourcing for SMEs and provision of appropriate SaaS solutions, giving it a significant competitive advantage in this area. Going forward, the key to the Company achieving further progress is solidifying its position in the SME market while incorporating technological advances and steadily seizing growth opportunities.

Results trends

Achieved increases in revenue and profit at every level

1. Overview of 1H FY12/26 results

In the 1H FY12/26 consolidated results, the Company reported revenue of ¥5,276mn (up 16.4% year on year [YoY]), EBITDA of ¥938mn (up 62.2%), operating profit of ¥556mn (up 278.7%), ordinary profit of ¥552mn (up 316.6%), and profit attributable to owners of parent of ¥490mn (loss of ¥14mn in the same period of the previous fiscal year). Revenue growth was driven by the continued stable growth of the mainstay SaaS domain and by the BPaaS domain maintaining a high growth rate. The progress rate against the lower end of the full-year results forecasts was 49.0%, tracking at a level roughly in line with the plan. The EBITDA margin was 17.8%, exceeding the target range of 10% to 15% for 2026 indicated in the medium-term management plan and indicating that the earnings structure is improving at a faster-than-expected pace.

Revenue continued to grow stably, led by recurring revenue. In particular, recurring revenue, which accounts for approximately 95% of revenue, was ¥5,004mn (up 16.5%), supporting the stability of the earnings base. The gross profit margin improved 4.5 percentage points (pp) YoY to 71.4%, showing progress in profitability improvement. On the cost side, while personnel expenses increased due to the addition of operators accompanying the expansion of the BPaaS business, efficiency improvements progressed in advertising expenses and outsourcing expenses, lowering their ratio to revenue. On the business front, the Company actively rolled out AI-related initiatives. In addition to implementing AI summarization and AI draft creation features in Chatwork, it launched an AI agent business for social insurance and labor consultants, advancing both the enhancement of the added value of existing services and the creation of new earnings opportunities.

The number of employees for the entire Group was 824, an increase of 89 from the previous quarter. This was due to an increase in operators accompanying the expansion of the BPaaS business, a growth driver, and the joining of new graduate hires. Of these employees, 371 are BPaaS operators, and hiring is progressing smoothly in line with revenue expansion. In addition, following the joining of atena Inc., which operates a cloud-based mail service business, to the Group, 29 part-time workers of atena have been newly counted as BPaaS operators. As a result, although the productivity indicator calculated by dividing revenue by the number of operators appears at first glance to have declined recently, productivity indicators such as revenue per person are in fact trending upward when the existing BPaaS business is viewed on a standalone basis. Going forward, the Company aims to build a highly profitable business model while continuing to improve productivity through AI utilization and the standardization of business processes.

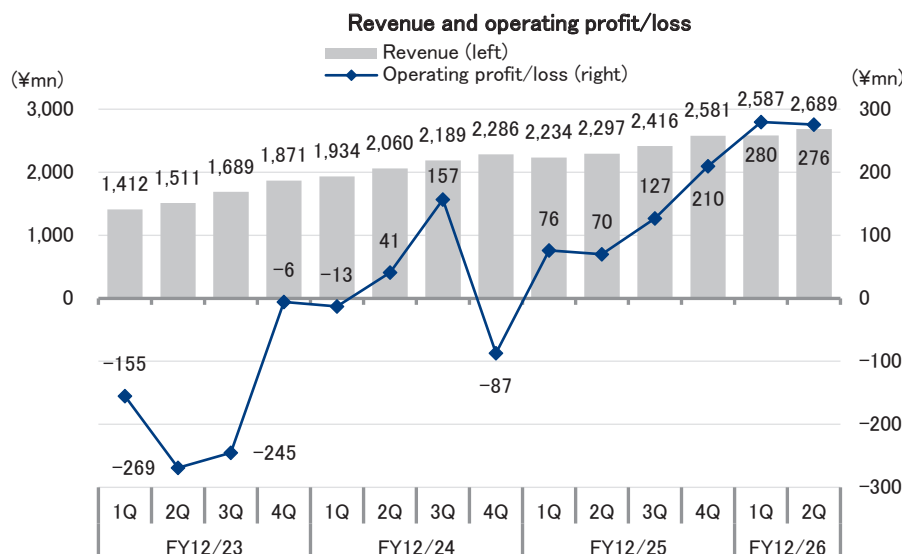
1H FY12/26 consolidated results

	1H FY12/25		1H FY12/26			
	Results	% of revenue	Results	% of revenue	Change	YoY
Revenue	4,532	-	5,276	-	744	16.4%
Operating profit	146	3.2%	556	10.5%	409	278.7%
Ordinary profit	132	2.9%	552	10.5%	420	316.6%
Profit attributable to owners of parent	-14	-	490	9.3%	505	-
Earnings per share (¥)	-0.36	-	11.63	-	11.99	-

Source: Prepared by FISCO from the Company's financial results

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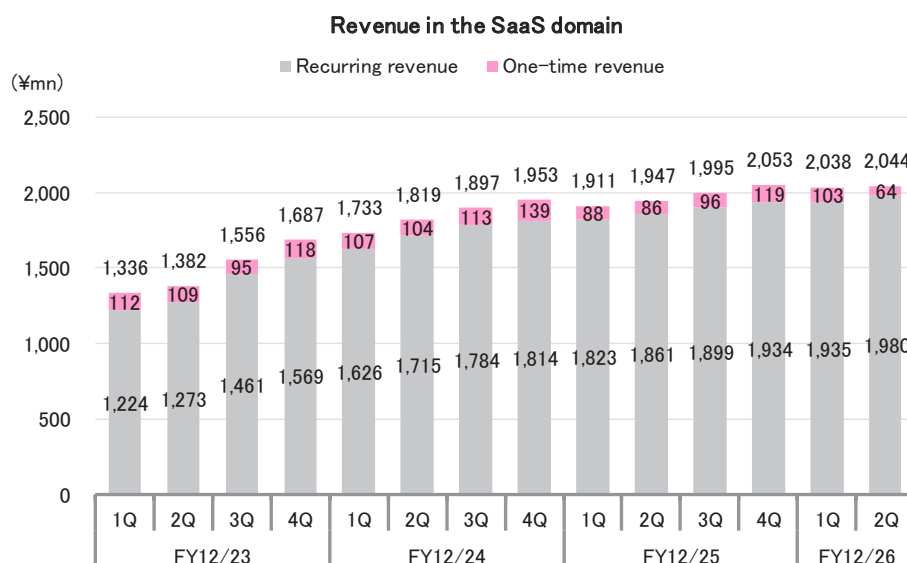
Results trends



Source: Prepared by FISCO from the Company's financial results

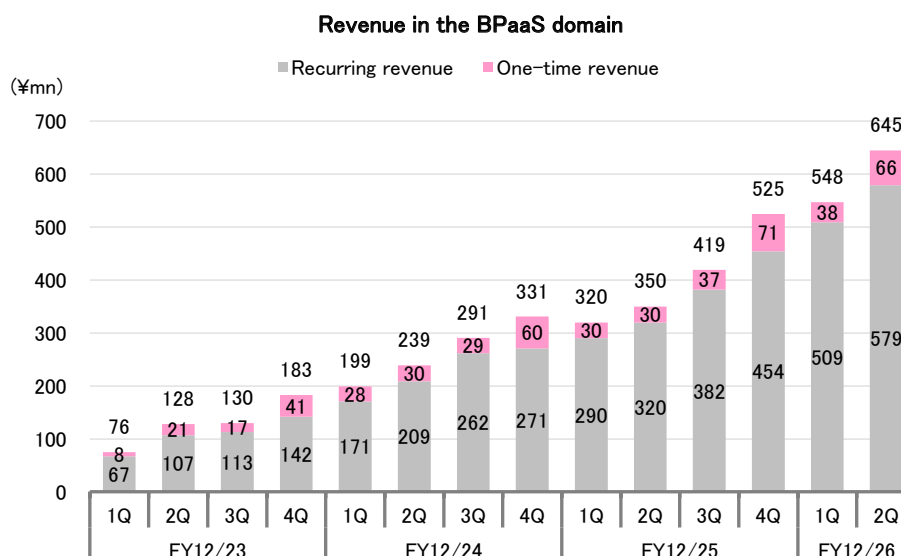
2. Revenue trends by domain

Revenue in the SaaS domain overall was ¥4,083mn (up 5.8% YoY). On a recurring revenue basis, it maintained solid growth of 6.4%, with existing services centered on Chatwork building a stable earnings base. Meanwhile, revenue in the BPaaS domain overall maintained an extremely high growth rate at ¥1,193mn (up 77.5%). Recurring revenue in the BPaaS domain also increased significantly, up 80.9%, reflecting progress in the continuous acquisition of contracts and the expansion of service usage. The Company's strategy of integrating SaaS and BPaaS is a model that achieves growth through cross-selling to its existing customer base, and we at FISCO believe that the results of this strategy are clearly evident.



Source: Prepared by FISCO from the Company's results briefing materials

Results trends



Source: Prepared by FISCO from the Company's results briefing materials

3. Core KPI highlights for 2Q FY12/26

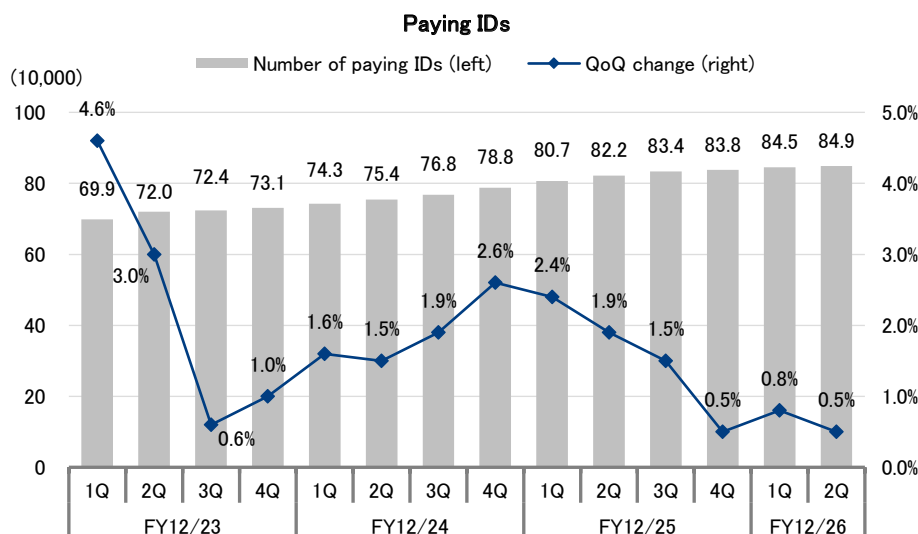
In 2Q FY12/26, annual recurring revenue (ARR) on a Company-wide basis was ¥10,237mn (up 17.3% YoY), as the stable subscription revenue base continued to expand, leading to improved predictability of future revenue. ARR in the SaaS domain was ¥7,920mn (up 6.4%). By breakdown, Chatwork-related ARR was ¥7,474mn (up 5.4%) and other services were ¥445mn (up 25.2%), showing growth in peripheral services in addition to the mainstay service. ARR in the BPaaS domain maintained a high growth rate at ¥2,317mn (up 80.9%). Its contribution to Company-wide ARR growth is increasing year by year, further strengthening its position as the Company's growth driver.

The number of companies adopting the Company's Group services reached 1,004,000 (up 7.3%), steadily expanding its scale as a platform. The number of adopting companies represents the total of companies that have contracts for Chatwork and those that use BPaaS or other services.

The number of registered Chatwork IDs was 8,231,000 IDs (up 6.2%), with the user base steadily expanding and maintaining its position as a business chat service for SMEs. The number of daily active users (DAUs) also steadily expanded to 1,235,000 (up 1.6%). Since not only the number of registered IDs but also DAUs, which indicate actual usage, are increasing, it can be said that the user base is expanding while maintaining its quality.

The number of paying IDs remains solid at 849,000 (up 3.3%). ARPU, the average revenue per paying ID, continues to improve at ¥734.5 (up 1.8%). This was mainly due to rigorous discount management, centered on the appropriate handling of discounted contracts, and the promotion of upselling measures such as encouraging migration from the Standard Plan to the Professional Plan. The churn rate for paying IDs was 1.17% (up 0.29pp). Although it rose slightly due to the impact of phishing scams, we view this as temporary. As for the phishing scams, the actual number of incidents has already decreased significantly. Countermeasures including multi-factor authentication have already been implemented, and the technical response has been largely completed. Moreover, there is no need to hire additional engineers to strengthen security measures, as the situation is being handled within the existing structure. Overall, the churn rate is at a low level, and it can be evaluated that the stability of the recurring revenue model is being maintained.

Results trends



Source: Prepared by FISCO from the Company's financial results and results briefing materials

4. Financial position

Total assets at the end of 1H FY12/26 amounted to ¥6,968mn, an increase of ¥285mn from the end of the previous fiscal year. This was primarily attributable to a ¥255mn increase in goodwill. Total liabilities amounted to ¥4,401mn, a decrease of ¥282mn. This was primarily attributable to a ¥193mn decrease in the current portion of long-term borrowings and a ¥101mn decrease in income taxes payable. Total net assets amounted to ¥2,567mn, an increase of ¥567mn. This was primarily attributable to a ¥54mn increase in share capital, a ¥7mn increase in capital surplus, and a ¥490mn increase in retained earnings. The equity ratio rose 6.9pp to 36.8%. We at FISCO view the shift to positive EBITDA and operating profit as indicating an improving financial base.

■ Outlook

Results forecasts disclosed as ranges of monetary amounts, with a rising probability of achievement

1. FY12/26 forecasts

For the FY12/26 consolidated results, the Company forecasts revenue of ¥10,768mn to ¥10,958mn (up 13.0% to 15.0% YoY), EBITDA of ¥1,500mn to ¥1,700mn (up 9.4% to 24.0%), operating profit of ¥620mn to ¥918mn (up 28.0% to 89.3%), ordinary profit of ¥615mn to ¥913mn (up 34.4% to 99.4%), and profit attributable to owners of parent of ¥456mn to ¥753mn (up 112.2% to 250.5%). The Company has changed from its previous growth-rate-based disclosure to disclosure in the form of specific ranges of monetary amounts. This reflects the increased certainty of its outlook for the business environment and results trends compared with the beginning of the fiscal year, and can be evaluated as indicating a certain degree of confidence in the progress of its results.

Outlook

While maintaining revenue growth, the Company expects significant YoY increases in operating profit and ordinary profit, and forecasts that profit attributable to owners of parent will grow more than twofold to nearly 3.5-fold at the upper end. This is considered to reflect progress in building an operating structure that emphasizes profitability while continuing to invest in the BPaaS business, alongside the expanding use of Chatwork.

Meanwhile, the medium-term management plan sets a revenue target of ¥15,000mn for FY12/26. The gap with the revenue figure in the full-year results forecasts arises because the plan assumes a revenue contribution of ¥4,000mn or more from M&A and other measures, and does not indicate that the progress of the organic business is falling significantly short of the plan. Although the Company continues to consider multiple M&A deals, these have not been factored into the disclosed full-year results forecasts due to uncertainties. We at FISCO view the stance of clearly distinguishing between the medium-term management plan and the full-year results forecasts as reflecting a management policy that emphasizes transparency in disclosure and the likelihood of achieving its targets.

FY12/26 consolidated results forecast

	FY12/25 Results	FY12/26	
		Forecast	Change %
Revenue	9,529	10,768–10,958	13.0%–15.0%
Gross profit	6,603	7,480–7,670	13.3%–16.2%
EBITDA	1,371	1,500–1,700	9.4%–24.0%
Operating profit	485	620–918	28.0%–89.3%
Ordinary profit	458	615–913	34.4%–99.4%
Profit attributable to owners of parent	215	456–753	112.2%–250.5%
Earnings per share (¥)	5.14	10.79–17.82	-

Source: Prepared by FISCO from the Company's financial results and results briefing materials

2. FISCO's view

In the current stock market, the view that "SaaS is Dead" is spreading against the backdrop of the rapid evolution of AI technology, affecting the valuations of SaaS-related stocks. As AI agents use APIs directly without going through the UIs of various SaaS applications, there are concerns that the rationale for per-seat pricing models will weaken in core SaaS, while information SaaS will face greater competition from in-house development using AI and low-cost services. However, Chatwork, the Company's flagship service, occupies a position that is distinct from such arguments.

Communication SaaS, the category to which Chatwork belongs, is a service that derives its value from being used directly by people. Business chat is a platform that supports communication among employees and with business partners. Because the service assumes that each user has a unique ID and communicates directly with others, the concern that AI will consolidate user accounts, which applies to core SaaS, is unlikely to apply. Rather, it has the characteristic that as the number of users increases, the network effect strengthens and the value of the service rises. The Company also positions communication SaaS as a domain whose value will increase as a "platform for interaction between humans and AI," rather than one that will be replaced by AI.

Furthermore, the Company regards the evolution of AI technology as a growth opportunity rather than a threat. Chatwork holds communication data accumulated over many years, leaving significant room to implement AI-driven summarization, text generation, business support features, and more. In fact, the Company has begun offering AI summarization and AI draft creation features, and aims to raise ARPU by continuing to expand its AI features going forward. In this way, AI is highly likely to serve as a lever for increasing Chatwork's added value.

Outlook

The Company also believes that in the AI era, the source of competitive advantage will shift from product functionality itself to distribution channels, namely customer touchpoints. While the evolution of AI lowers software development costs and makes functional differentiation more difficult, the breadth and depth of a company's customer base will determine its competitiveness. The Company has more than 8.23 million registered IDs and a customer base of more than 1 million adopting companies, and Chatwork has become established as communication infrastructure supporting the daily operations of SMEs. The Company's solid customer base can be described as an asset that is difficult for other companies to replicate in a short period.

In addition, this customer base also functions as a powerful sales channel supporting the growth of the BPaaS business. Not only can the Company promote BPaaS services to existing customers with little additional cost, but its deep understanding of customers' operations and issues gained through daily communication also contributes to high LTV and a low churn rate. Even if AI lowers the barriers to new entry, the accumulated customer touchpoints and relationships of trust cannot be easily replaced or replicated and constitute a structural strength of the Company.

Furthermore, the Company also has an advantage in its ability to accumulate customer-specific business context through the BPaaS business. While AI tends to provide only generic answers when relying solely on publicly available information, combining such information with contextual data such as each customer's workflows, issues, and records of past responses enables higher-quality proposals and business support. The Company is in a position to collect and structure such information through its BPaaS operators, and its value is expected to increase along with the evolution of AI. A major distinguishing feature is that, rather than being merely a software provider, the Company is able to create added value by combining its understanding of customers' operations with AI.

Although it cannot be denied that some task-specific SaaS may face reorganization pressure in the future, the Company aims to evolve into a "platform for humans and AI to work together" by combining Chatwork, its communication platform, with BPaaS. The concept of employees, BPaaS operators, and AI agents collaborating on Chatwork to support a wide range of tasks, including general affairs, labor management, accounting, and sales, indicates the Company's direction in the AI era. Although skeptical views of SaaS as a whole exist in the market, the Company can be evaluated as being positioned not as a business that will be replaced by AI, but as a platform that accelerates AI utilization and thereby enhances its value.

3. Topics

Current topics of discussion are as follows.

(1) Number of adopting companies surpassed 1 million and ARR exceeded ¥10.0bn

The number of companies adopting Chatwork surpassed 1 million, 15 years after the service was launched. This signifies more than a mere increase in the number of customers; it means that Chatwork has penetrated deeply into the daily operations of SMEs and has established its position as business infrastructure for working people.

In addition, Company-wide ARR also exceeded ¥10.0bn, establishing a stable subscription revenue base. In particular, the Company positions this customer base of more than 1 million companies as the growth engine for expanding the BPaaS business. The strategy is to raise ARPU and LTV while maintaining high sales efficiency by rolling out BPaaS services through touchpoints with existing customers.

In a market environment where new customer acquisition costs are soaring, the ability to achieve growth through cross-selling to existing customers is a major competitive advantage. Going forward, the Company will continue to leverage its customer base in aiming to become the leading company in the BPaaS market for SMEs.

Outlook

(2) Implementation of AI features in Chatwork

The Company has implemented multiple AI features in Chatwork and is advancing initiatives to help users improve their operational efficiency. Development is focused on features whose value is particularly evident in a business chat service used on a daily basis, and the Company plans to continue expanding these features based on usage and user feedback.

The AI summarization feature enables users to grasp large volumes of unread messages in a short time, and is expected to reduce the time required for gathering information and checking on situations. With the AI draft creation feature, AI supports users in composing messages, making communication tasks more efficient.

Furthermore, the Company began offering AI features that collect and provide commentary on labor- and employment-related news. By automatically collecting information on legal revisions and system changes, organizing the key points, and distributing the information, these features reduce the information-gathering burden on personnel responsible for such matters at companies. In addition, features such as “Expert Analysis” and “Easy-to-understand Explanation” make it possible to provide information tailored to users’ level of understanding and intended use. The Company has also implemented a feature that supports the creation of documents for advisory clients and internal use, forming a suite of services that improves the efficiency of operations as a whole.

AI-related features are currently included in the fees for existing plans. However, since the use of generative AI incurs server usage and other costs, the Company will also consider monetization going forward while assessing usage and customer feedback. Over the medium to long term, we at FISCO believe that the enhanced added value of AI features can also be expected to lead to upselling.

(3) Launch of the Chatwork AI Agent Business for Social Insurance and Labor Consultants

The Company launched the Chatwork AI Agent Business for Social Insurance and Labor Consultants as a new business. This business provides an AI agent for social insurance and labor consultants, developed using the operational insights and AI utilization know-how accumulated through the operation of TAXITA for Social Insurance and Labor Consultants, a service for these consultants. The commercialization was underpinned by the results achieved through the use of AI deployed to streamline TAXITA’s operations. During this process, the Company judged that the AI agent had sufficient commercial viability on its own, and spun it off as a new business.

In terms of value provided, the AI agent automates routine tasks such as procedures, applications, and various types of processing, thereby reducing man-hours and human error. As a result, social insurance and labor consultants can focus on core work requiring greater expertise, such as guarantee and certification work and communication with advisory clients.

Another feature is that the service is designed for social insurance and labor consultant work involving sensitive information and is built and operated with a high level of security. Rather than positioning this as a one-off new business, the Company regards it as an incubation model for commercializing the operational know-how and AI assets cultivated in-house, and aims to continue creating new businesses going forward.

Outlook

(4) Major services earned high evaluations

Chatwork, the Company's major service, ranked first overall in "The Best Software in Japan 2026" announced by ITreview. This is backed by high ratings from users, and shows that the service quality and user experience are supported by the market. In addition, Secure SAMBA, an online storage service, ranked first overall in the IT Trend First Half of 2026 Ranking, and also took first place in multiple categories in BOXIL's First Half of 2026 Document Request Ranking. Furthermore, Chatwork Assistant in the BPaaS domain also ranked first in multiple categories in IT Trend's Rapid Growth Ranking. The Company has earned high evaluations in terms of both customer satisfaction and market demand, and this demonstrates strong competitiveness across its entire business portfolio, comprising Chatwork and Secure SAMBA in the SaaS domain and Chatwork Assistant in the BPaaS domain.

(5) Relocation of the head office to WeWork KDX Toranomon 1 Chome

In July 2026, the Company relocated its head office to WeWork KDX Toranomon 1 Chome. The relocation is aimed at consolidating previously dispersed offices and floors to improve the efficiency of organizational operations and enhance productivity. In addition, by continuing to use WeWork for the new location as before, the Company was also able to prepare the new environment while curbing relocation costs. The Company states that the impact of the head office relocation on its FY12/26 results is minor, and the financial burden is limited. The new office has also been well received by employees in terms of the office environment and air conditioning facilities, contributing to an improved workplace environment. As the organization expands along with business growth, consolidating office functions is expected to invigorate communication and improve operational efficiency.

Growth strategy

Aiming to establish a position as the leading BPaaS company for SMEs

The Company is pursuing a medium-term management plan embracing the objective of establishing the Company's position as the leading BPaaS company for SMEs. Under the plan, the Company targets a compound annual growth rate (CAGR) of at least 30% in consolidated revenue from FY12/24 through FY12/26, with final-year financial targets of consolidated revenue of ¥15.0bn, EBITDA of between ¥1.5bn and ¥2.25bn, and an EBITDA margin of between 10% and 15%. These targets have remained unchanged since the plan was announced. The ¥15.0bn revenue target comprises between ¥9.0bn and ¥10.0bn in the SaaS domain centered on Chatwork, between ¥2.0bn and ¥3.0bn in the BPaaS domain, and at least ¥4.0bn attributable to new business and M&A. While the plan was initially predicated on organic growth, the Company has since shifted to a policy directed toward strategically incorporating M&A as a means of achieving growth. The policy change reflects heightening feasibility of executing a roll-up strategy particularly in its BPaaS domain, through successive acquisitions of relatively small companies that provide BPO services to SMEs, such as kubell partner. At present, the Company is focusing its attention on the BPaaS domain. While details of individual deals have not been disclosed, it has received a large volume of information, including sourcing opportunities. It can be said that joining the Group would offer significant advantages to counterpart companies as well, as it would enable cross-selling by leveraging the customer base of Chatwork.

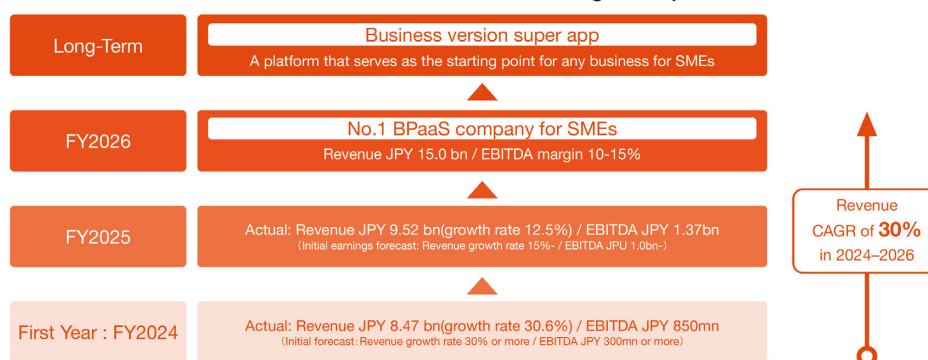
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Growth strategy

The central pillar of the medium-term management plan lies in expanding the BPaaS business in serving as an engine of further growth, while maintaining business chat sales growth. The Company also plans to work toward ensuring that its new businesses contribute to earnings. Strategically, the Company will promote its BPaaS strategy for facilitating the development of various businesses, based on further enhancement of the value of its communication platforms centered on business chat. Additionally, the Company aims to create future core businesses and achieve discontinuous growth through AI-driven research and development that leverages Group assets, combined with its incubation strategy for new businesses.

Looking back on the period up to FY12/25, the Company appointed a CTO and a CPO in July 2025. By strengthening the PLG promotion structure for Chatwork, strategic function development progressed steadily. Revenue in the BPaaS domain in FY12/25 grew at a rapid pace of 77.8% YoY, expanding to ¥1,191mn. On the other hand, because it adopted a strategy prioritizing the maximization of the total volume of business in anticipation of the AI era, streamlining and profit generation were relatively deprioritized. From FY12/26 onward, it will strongly promote AI utilization on a Company-wide basis, thoroughly incorporating it into everything from product development to internal operations. For Chatwork, it will strengthen product-driven PLG investment, and for BPaaS, it aims to significantly improve profit margins through “standardization” and “AI promotion.” Furthermore, it will launch multiple new businesses with high affinity with Chatwork, creating cross-business synergies.

Overview of the medium-term management plan



Source: The Company's results briefing materials

Financial targets of the medium-term management plan

	(¥mn)			
	FY12/23	FY12/24	FY12/25	FY12/26 (target)
Revenue	6,485	8,470	9,529	15,000
EBITDA	-83	856	1,371	1,500-2,250
EBITDA margin	-	10.1%	14.4%	10.0-15.0%

Source: Prepared by FISCO from the Company's financial results and results briefing materials

Growth strategy

The Company released its medium- to long-term financial targets in 1Q FY12/25, in which it specifies key metrics comprising direct cost ratio, marginal profit ratio, sales and marketing (S&M) ratio, research and development (R&D) ratio, general and administrative (G&A) ratio, and EBITDA margin. This reflects the strongly labor-intensive nature of the Company's BPaaS business and the resulting focus on its impact on profit margins. The Company's goal is to reduce S&M from the current 24% to somewhere in the range of 15–20%, in seeking to narrow the gap between its FY12/24 actual results and its medium- to long-term targets, which it aims to achieve by standardizing marketing and sales functions, promoting product-led growth, and using cross-selling to guide customers toward its BPaaS offerings. In R&D, the Company has outlined its policy of continued investment in products and AI. Given its currently high ratio of G&A expenses, the Company will implement stringent cost controls going forward. Over the long term, by evolving Chatwork into a business super app platform that incorporates BPaaS, the Company aims to make it the starting point for all business activities, underpinned by its overwhelming market share in the SME market. The Company has also set a medium- to long-term target for a final EBITDA margin of 25%–40%. The potential size of the BPaaS market for non-core SME business operations is ¥49.1tn (potential market), with the core target segment alone valued at ¥345.3bn (actual market). Accordingly, we at FISCO expect the Company to achieve both medium- to long-term growth and stable profitability.

Medium- to long-term financial targets

	FY12/24 Results	FY12/25 Results	FY12/26 Plan	Medium- to long- term targets
Direct cost* ¹	18%	22%	20%	20–25%
Marginal profit ratio	82%	78%	80%	75–80%
S&M* ²	32%	24%	22–25%	15–20%
R&D* ³	17%	18%	16–18%	15–20%
G&A* ⁴	23%	22%	20–22%	10–15%
EBITDA margin	10%	14%	10–15%	25–40%
Depreciation and amortization	9%	9%	9–10%	Around 10%
Operating profit margin	1%	5%	5–10%	15–30%

*¹ Direct cost refers to the total cost of sales in managerial accounting, excluding depreciation and amortization. It includes server costs, payment fees, and personnel costs related to BPaaS operators and customer support.

*² S&M refers to the sales and marketing ratio. It represents the total sales and marketing costs in managerial accounting, excluding depreciation and amortization. These include advertising expenses related to sales promotion, personnel costs for the sales staff, and other related expenses.

*³ R&D refers to the research and development ratio. It represents the total research and development costs in managerial accounting, excluding depreciation and amortization. These include personnel costs for engineers involved in service development, and other related expenses.

*⁴ G&A refers to the general and administrative ratio. It represents the total general and administrative costs in managerial accounting, excluding depreciation and amortization. These include personnel expenses for the corporate division, and other related expenses.

Source: Prepared by FISCO from the Company's results briefing materials

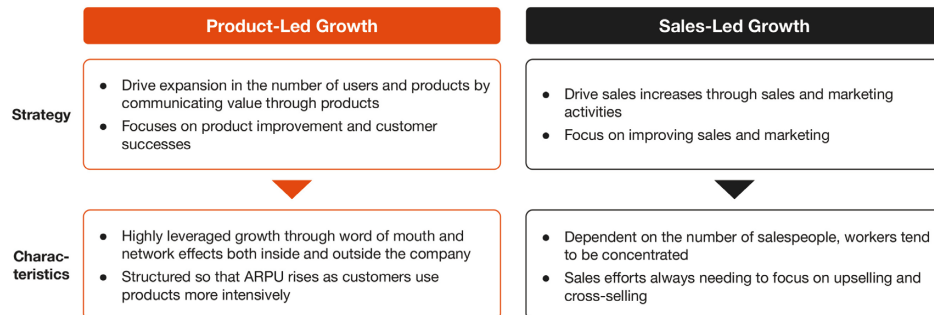
1. Key strategies

(1) Communication platform strategy

The communication platform strategy centers on the Product-Led Growth (PLG) approach. The Company focuses on gaining customers and driving growth specifically through products, which differs from the conventional Sales-Led Growth (SLG) model. Specifically, in the PLG model, the Company offers easy-to-use services free of charge then draws on data derived from use of such services to identify potential paying customers. With an emphasis on efficient customer support using chat, the Company is taking steps to develop business chat service models to address the needs of various industries. The intended effect of this approach is to leverage the Company's competitive advantages in the Japanese market and to improve the quality of its marketing and sales processes. Additionally, the Company seeks to capture an overwhelming market share by leveraging its extensive knowledge of business processes across various industries. The Company harnesses the PLG model in AI-driven data analysis, enabling it to significantly expand its user base while curbing advertising expenses. Through this strategy, the Company is driving the evolution of Chatwork into the most suitable product for next-generation BPaaS in the business chat market.

Growth strategy

Differences between the PLG model and SLG model

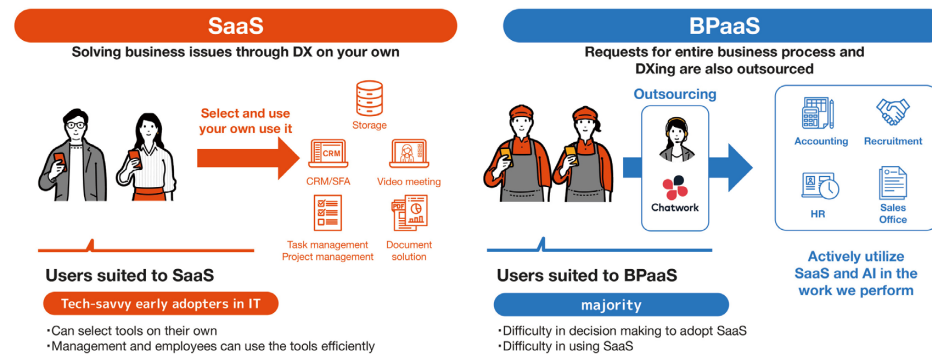


Source: The Company's results briefing materials

(2) BPaaS strategy

The goal of the BPaaS strategy is to dramatically improve the operational efficiency of client companies by delivering business processes as cloud services. BPaaS differs from conventional BPO by offering advanced workflow automation through the use of SaaS. This enables them to significantly reduce management costs by advancing DX in their business processes. The Company has developed an API-integrated workflow automation engine for its business chat-centered platform, providing customers with more efficient services while minimizing operational man-hours. Furthermore, by offering a wide range of one-stop solutions, from non-specialized work to highly specialized operations, the Company seeks to achieve higher earnings while securing competitive advantages in the BPaaS market.

Differences between SaaS and BPaaS



Source: The Company's results briefing materials

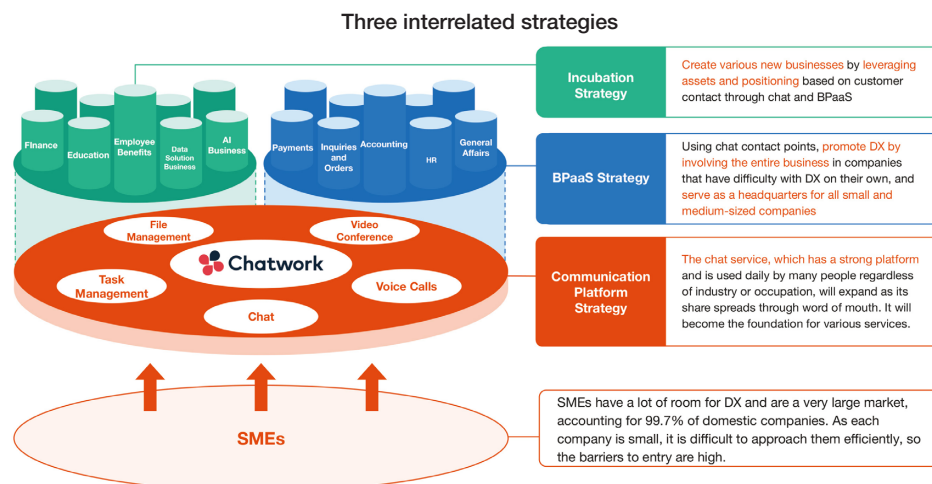
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Growth strategy

(3) Incubation strategy

Under its Incubation strategy, the Company aims to establish a third pillar of growth following its business chat services and BPaaS offerings. This strategy involves integrating AI technology in making the most of the Company's extensive customer assets and platform capabilities with the aim of creating additional value. The Company seeks to qualitatively and quantitatively expand its customer data and improve marketing efficiency while creating new AI-powered businesses. For instance, the Company provides new services tailored to customer needs by analyzing textual data amassed through business chat and developing AI-powered personalized services. Also, the Company launched the Chatwork Super App Fund (now the kubell BPaaS Fund) in FY12/21, which serves as its corporate venture capital vehicle. Through the fund, the Company facilitates growth of its investee companies and strengthens partnerships undertaken to generate synergies. Notably, the Company made MINAGINE Co., Ltd. a wholly owned subsidiary in January 2023 (MINAGINE integrated its operations with kubell partner in July 2025), enabling it to provide BPaaS solutions in the human resources and labor management field and paving the way for more expanded investment opportunities. As such, the Incubation strategy is an important initiative aimed at strengthening the Company's existing businesses, creating new pillars of discontinuous growth, and solidifying its long-term earnings base. The Company announced that it had entered into a capital and business alliance with employee benefits platform provider miive, Inc. in November 2024, raising expectations that the Company will step up its efforts in the employee benefits field, a key pillar of its Incubation strategy.



Source: The Company's results briefing materials

2. Sustainability vision

The Company has established its sustainability vision, underpinned by its mission of "making work more fun and creative." The Company aims to create a society in which the time people spend working is not only spent to earn money, but enables them to enjoy their work and express their creativity to achieve their dreams and aspirations. The Company believes that doing so will enrich the lives of working people and lead to value creation that will transform society into one that is more prosperous and sustainable. To achieve this vision, the Company embraces cooperation with its stakeholders and aims to create sustainable social value through co-creation.

■ Shareholder return policy

Policy of allocating profits to necessary investments for the time being amid ongoing business expansion

The Company positions returning profits to its shareholders as a key management priority and has a basic policy of paying appropriate dividends while considering the balance with internal reserves. However, the Company recognizes that it is currently in a growth phase and has accordingly prioritized fortifying its internal reserves and focusing on investments aimed at enhancing profitability and developing its business foundations. Although the Company's policy is to aim for stable and sustained shareholder returns in the future through such investments, it is currently at a stage where upfront investment takes priority, and dividend payments therefore remain undecided at this time.

Meanwhile, the Company's shareholder benefits plan provides for one ID free of charge under the Personal Plan, which is one of the Company's paid services, thereby waiving the monthly fee for the ID over the duration of stock ownership. The Company offers this benefit in seeking to encourage a greater number of shareholders to use its services so that they gain a more extensive understanding of the Company. The benefit applies to shareholders listed as holding at least one share unit (100 shares) in the shareholder register for 6 or more consecutive months as of June 30 and December 31 of each year. The Company continues to offer the Personal Plan as a shareholder benefit, although it was previously integrated into the Business Plan.

Under its shareholder return policy, the Company has opted to assign priority to investment in growth rather than paying direct dividends at this stage, but it will also encourage long-term support from its shareholders through shareholder benefits and by implementing measures to enhance their understanding and support of the Company. Given the need to allocate capital to upfront investments for the time being, we at FISCO believe that attention should be focused on the medium- to long-term future returns on invested capital.

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