

## Translation

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August 14, 2024

Name of listed company: kubell Co., Ltd. Listing exchange: Tokyo Stock Exchange  
Securities code: 4448 URL: <https://www.kubell.com/en/ir/>  
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### **The Filing of Correction Reports of Prior Fiscal Years' Annual Securities Reports, etc., the Correction of Prior Fiscal Years' Summaries of Financial Results, etc., and the Recording of an Extraordinary Loss in a Prior Fiscal Year**

Today, kubell Co., Ltd. (the "Company") submitted correction reports of the annual securities reports, etc., for prior fiscal years to the Kanto Local Finance Bureau, and also corrected the summaries of financial results for prior fiscal years, as outlined below.

In connection with the corrections made to the financial results of prior fiscal years, we also recorded an extraordinary loss in the consolidated fiscal year ended December 31, 2021.

#### 1. Circumstances leading to and reasons for the corrections

##### (1) Reasons for the corrections

In the process of closing the accounts for the second quarter of the fiscal year ending December 31, 2024, the Company recognized a potential error in the amount recorded for the customer-related assets that were identified at the time of the acquisition of shares in consolidated subsidiary, kubell storage Co., Ltd. (the "Subsidiary"; formerly, Chatwork Storage Technologies Co., Ltd.). Upon thorough examination of the accounting treatment at the time and confirmation with the then accounting auditor Deloitte Touche Tohmatsu LLC, we confirmed that in the process of allocating the acquisition cost concerning the stock acquisition, the customer-related assets had been misstated at a lower amount.

In connection with this finding, we reexamined the application of accounting standards for the impairment of the Subsidiary's fixed assets and identified the need to have recognized an impairment loss in the fiscal year ended December 31, 2021. Further, upon measuring the impairment loss, we confirmed that the Subsidiary's software and customer-related assets should have undergone impairment treatment.

As the need to correct the financial results of prior fiscal years emerged as detailed above, we decided to make corrections to the consolidated financial statements, etc., for the fiscal years ended December 31, 2021, 2022, and 2023. (Hereinafter referred to as the "Latest Corrections.") The summaries of full-year and quarterly financial results for prior fiscal years were also subject to the same corrections. Please refer to "(4) Impact of the corrections on prior years' consolidated results" for details on the impact of these corrections.

Please also note that the Company previously corrected the financial results of the fiscal year ended December 31, 2023, as announced in the "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" released on May 15, 2024. (Hereinafter referred to as the "Previous Corrections.")

##### (Reasons for and details of the Previous Corrections)

On March 28, 2024, we filed the annual securities report for the fiscal year ended December 31,

2023, upon receiving from Deloitte Touche Tohmatsu LLC the audit opinions based on its audits of our financial statements and internal control.

Further, as announced in the “Notice of Changes in Certified Public Accountants, etc.” released on February 21, 2024, the Company newly appointed Ernst & Young ShinNihon LLC to handle the audits of financial statements and internal control from the fiscal year ending December 31, 2024.

In the process of reviewing the financial results of the first quarter of the fiscal year ending December 31, 2024, Ernst & Young ShinNihon LLC pointed out to the Company the potential need to have recorded an impairment loss in the fiscal year ended December 31, 2023 with regard to the customer-related assets that were identified at the time of acquiring the shares in the Subsidiary.

As we confirmed the situation with Deloitte Touche Tohmatsu LLC thereafter, we discovered that in the financial statements, etc., before the corrections, the recognition of impairment loss had been determined without including the customer-related assets in the grouping of the Subsidiary’s assets. However, upon reexamining the application of the accounting standards for the impairment of fixed assets, we determined that the customer-related assets should have been included in the grouping of the Subsidiary’s assets. We also determined that, given the nature of the Subsidiary’s business, the main assets of the asset group should be considered as software. Consequently, we identified the need to recognize an impairment loss, and upon measuring the impairment loss, we found it necessary to write off the customer-related assets in full. Accordingly, the Company decided to correct the financial statements, etc., for the fiscal year ended December 31, 2023.

(Reason for not being aware of the details of the Latest Corrections at the time of the Previous Corrections)

The Previous Corrections were corrections stemming from the grouping procedure of fixed assets under the accounting standards for the impairment of fixed assets applied in the fiscal year ended December 31, 2023. Meanwhile, the Latest Corrections were corrections stemming from the capital consolidation procedure implemented in the fiscal year ended December 21, 2021. At the time of the Previous Corrections, the Company could not trace back to the fiscal year ended December 31, 2021 and identify the accounting treatment error pertaining to the capital consolidation procedure implemented during the said fiscal year.

(2) Correction reports, etc., scheduled to be filed with the Kanto Local Finance Bureau today

Correction reports of annual securities reports:

Fiscal year ended December 31, 2021 (18th fiscal period; January 1 to December 31, 2021)

Fiscal year ended December 31, 2022 (19th fiscal period; January 1 to December 31, 2022)

Fiscal year ended December 31, 2023 (20th fiscal period; January 1 to December 31, 2023)

Correction reports of quarterly reports:

First quarter of the fiscal year ended December 31, 2022

(19th fiscal period; January 1 to March 31, 2022)

Second quarter of the fiscal year ended December 31, 2022

(19th fiscal period; April 1 to June 30, 2022)

Third quarter of the fiscal year ended December 31, 2022

(19th fiscal period; July 1 to September 30, 2022)

First quarter of the fiscal year ended December 31, 2023

(20th fiscal period; January 1 to March 31, 2023)

Second quarter of the fiscal year ended December 31, 2023

(20th fiscal period; April 1 to June 30, 2023)

Third quarter of the fiscal year ended December 31, 2023

(20th fiscal period; July 1 to September 30, 2023)

First quarter of the fiscal year ending December 31, 2024

(21st fiscal period; January 1 to March 31, 2024)

Correction reports of internal control reports:

Internal control report for the fiscal year ended December 31, 2021 (18th fiscal period)

Internal control report for the fiscal year ended December 31, 2022 (19th fiscal period)

Internal control report for the fiscal year ended December 31, 2023 (20th fiscal period)

(3) Corrected summaries of financial results disclosed today

Summary of Financial Results for the Fiscal Year Ended December 31, 2023  
(Japanese GAAP) (Consolidated)  
Summary of Financial Results for the Three Months Ended March 31, 2024  
(Japanese GAAP) (Consolidated)

(4) Impact of the corrections on prior years' consolidated results

The impact of the latest corrections on prior year's consolidated results is as follows.

[Consolidated financial statements]

(Millions of yen)

| Period  | Line item                               | Before corrections<br>(A) | After corrections<br>(B) | Amount of impact<br>(B-A) | Percentage change<br>(%) |
|---|---|---------------------------|--------------------------|---------------------------|--------------------------|
| 18th fiscal period;<br>Fiscal year ended<br>December 31,<br>2021                              | Revenue                                 | 3,372                     | 3,372                    | —                         | —                        |
|   | Operating profit                        | (688)                     | (693)                    | (5)                       | —                        |
|   | Ordinary profit                         | (705)                     | (710)                    | (5)                       | —                        |
|   | Profit attributable to owners of parent | (696)                     | (745)                    | (49)                      | —                        |
|   | Total assets                            | 5,168                     | 5,145                    | (22)                      | (0.44)                   |
|   | Net assets                              | 3,402                     | 3,379                    | (23)                      | (0.68)                   |
| 19th fiscal period;<br>First three months<br>of the fiscal year<br>ended December<br>31, 2022 | Revenue                                 | 1,049                     | 1,049                    | —                         | —                        |
|   | Operating profit                        | (137)                     | (135)                    | 1                         | —                        |
|   | Ordinary profit                         | (134)                     | (132)                    | 1                         | —                        |
|   | Profit attributable to owners of parent | (119)                     | (117)                    | 2                         | —                        |
|   | Total assets                            | 5,108                     | 5,087                    | (20)                      | (0.41)                   |
|   | Net assets                              | 3,289                     | 3,268                    | (21)                      | (0.65)                   |
| 19th fiscal period;<br>First six months of<br>the fiscal year<br>ended December<br>31, 2022   | Revenue                                 | 2,150                     | 2,150                    | —                         | —                        |
|   | Operating profit                        | (247)                     | (244)                    | 3                         | —                        |
|   | Ordinary profit                         | (248)                     | (244)                    | 3                         | —                        |
|   | Profit attributable to owners of parent | (229)                     | (225)                    | 3                         | —                        |
|   | Total assets                            | 5,301                     | 5,283                    | (19)                      | (0.35)                   |
|   | Net assets                              | 3,290                     | 3,271                    | (19)                      | (0.59)                   |
| 19th fiscal period;<br>First nine months<br>of the fiscal year<br>ended December<br>31, 2022  | Revenue                                 | 3,312                     | 3,312                    | —                         | —                        |
|   | Operating profit                        | (474)                     | (468)                    | 5                         | —                        |
|   | Ordinary profit                         | (471)                     | (464)                    | 6                         | —                        |
|   | Profit attributable to owners of parent | (445)                     | (439)                    | 6                         | —                        |
|   | Total assets                            | 5,135                     | 5,119                    | (16)                      | (0.31)                   |
|   | Net assets                              | 3,073                     | 3,056                    | (16)                      | (0.54)                   |
| 19th fiscal period;   | Revenue                                 | 4,593                     | 4,593                    | —                         | —                        |

|  |  |       |       |      |        |
|--|--|-------|-------|------|--------|
| Fiscal year ended<br>December 31,<br>2022  | Operating profit                           | (719) | (711) | 7    | —      |
|  | Ordinary profit                            | (724) | (715) | 9    | —      |
|  | Profit attributable to<br>owners of parent | (687) | (678) | 8    | —      |
|  | Total assets                               | 5,400 | 5,386 | (13) | (0.25) |
|  | Net assets                                 | 2,869 | 2,855 | (13) | (0.49) |
| 20th fiscal period;<br>First three months<br>of the fiscal year<br>ended December<br>31, 2023  | Revenue                                    | 1,422 | 1,412 | (10) | (0.72) |
|  | Operating profit                           | (148) | (155) | (7)  | —      |
|  | Ordinary profit                            | (150) | (157) | (7)  | —      |
|  | Profit attributable to<br>owners of parent | (148) | (154) | (6)  | —      |
|  | Total assets                               | 5,942 | 5,890 | (52) | (0.88) |
|  | Net assets                                 | 2,760 | 2,735 | (24) | (0.9)  |
| 20th fiscal period;<br>First six months of<br>the fiscal year<br>ended December<br>31, 2023    | Revenue                                    | 2,924 | 2,924 | —    | —      |
|  | Operating profit                           | (428) | (424) | 3    | —      |
|  | Ordinary profit                            | (431) | (427) | 3    | —      |
|  | Profit attributable to<br>owners of parent | (422) | (418) | 3    | —      |
|  | Total assets                               | 5,886 | 5,876 | (9)  | (0.16) |
|  | Net assets                                 | 2,558 | 2,548 | (10) | (0.39) |
| 20th fiscal period;<br>First nine months<br>of the fiscal year<br>ended December<br>31, 2023   | Revenue                                    | 4,613 | 4,613 | —    | —      |
|  | Operating profit                           | (675) | (670) | 5    | —      |
|  | Ordinary profit                            | (680) | (674) | 5    | —      |
|  | Profit attributable to<br>owners of parent | (680) | (674) | 5    | —      |
|  | Total assets                               | 5,970 | 5,962 | (7)  | (0.03) |
|  | Net assets                                 | 2,318 | 2,309 | (8)  | (0.36) |
| 20th fiscal period;<br>Fiscal year ended<br>December 31,<br>2023                               | Revenue                                    | 6,485 | 6,485 | —    | —      |
|  | Operating profit                           | (684) | (677) | 7    | —      |
|  | Ordinary profit                            | (693) | (686) | 7    | —      |
|  | Profit attributable to<br>owners of parent | (661) | (620) | 40   | —      |
|  | Total assets                               | 6,273 | 6,273 | —    | —      |
|  | Net assets                                 | 2,422 | 2,422 | —    | —      |
| 21st fiscal period;<br>First three months<br>of the fiscal year<br>ending December<br>31, 2024 | Revenue                                    | 1,934 | 1,934 | —    | —      |
|  | Operating profit                           | (13)  | (13)  | —    | —      |
|  | Ordinary profit                            | (16)  | (16)  | —    | —      |
|  | Profit attributable to<br>owners of parent | (43)  | (43)  | —    | —      |
|  | Total assets                               | 6,160 | 6,160 | —    | —      |

|  |            |       |       |   |   |
|--|------------|-------|-------|---|---|
|  | Net assets | 2,408 | 2,408 | — | — |
|--|------------|-------|-------|---|---|

Note: There is no impact on the consolidated results for the first three months of the fiscal year ending December 31, 2024 (21st fiscal period).

## 2. Recording of an extraordinary loss in the financial results of a prior fiscal year

### (1) Details of the extraordinary loss

With regard to the Subsidiary's software as well as its customer-related assets identified at the time we acquired the Subsidiary's shares, we considered their recoverability under the accounting standards for the impairment of fixed assets and decided to record an impairment loss of 133 million yen in the fiscal year ended December 31, 2021.

Given the financial significance of this matter, we determined it would be appropriate to retroactively correct the financial results of the fiscal year ended December 31, 2021, instead of recording the loss in the second quarter of the fiscal year ending December 31, 2024.

### (2) Impact on operating performance

The impact on our operating performance is shown in the "(4) Impact of the corrections on prior years' consolidated results" section of "1. Circumstances leading to and reasons for the corrections."

The recording of the impairment loss of 133 million yen in the fiscal year ended December 31, 2021 widened the net loss attributable to owners of parent of the said fiscal year by 49 million yen. This was due to the reversal of deferred tax liabilities in connection with the impaired customer-related assets and the fact that a portion of the net loss was attributable to non-controlling interests.

The net loss attributable to owners of parent in the fiscal year ended December 31, 2023 narrowed by 40 million yen. This was due to the corrections (recording of an impairment loss) made to the financial results of the fiscal year ended December 31, 2021 and the fact that a portion of the net loss was attributable to non-controlling interests.

We expect the impact of this matter on our consolidated results forecast for the fiscal year ending December 31, 2024 to be immaterial. However, we will carefully examine future trends and make prompt disclosure should there arise a need to revise our forecast.