

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.

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



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

Today, the Company submitted to the Kanto Local Finance Bureau a Correction Report of an Annual Securities Report, etc., for a prior fiscal year, and also revised the financial statements for the previous fiscal year, as described below.

In connection with the revision of prior period financial statements, the Company also announces that it has recorded an extraordinary loss for the consolidated fiscal year ended December 31, 2023.

1. Circumstances leading to and reasons for the revisions

(1) Reasons for the revisions

In its financial results for the fiscal year ended December 31, 2023, the Company received an opinion on the appropriateness of the audit of the financial statements and audit of internal controls from Deloitte Touche Tohmatsu LLC, and submitted and disclosed the securities report on March 28, 2024.

As the Company made public in a news release dated February 21, 2024 and entitled “Notice of Changes in Certified Public Accountants, etc.,” we have assigned Ernst & Young ShinNihon LLC to perform audits of our financial statements and internal controls from the fiscal year ending December 31, 2024.

When conducting a quarterly review for the first quarter of the fiscal year ending December 31, 2024, Ernst & Young ShinNihon LLC indicated that in our financial results for the fiscal year ended December 31, 2023, possibly we should have recorded an impairment loss on customer-related assets, incurred when acquiring shares in Chatwork Storage Technologies Co., Ltd., a consolidated subsidiary.

In the process of confirming the situation with Deloitte Touche Tohmatsu LLC, we found that the period for estimating future cash flows to determine whether to recognize an impairment loss during the impairment accounting process for fixed assets had not been appropriate in light of the Accounting Standard for Impairment of Fixed Assets. Accordingly, we decided to revise our financial results for the fiscal year ended December 31, 2023.

(2) Correction report, etc., dated today to be filed with the Kanto Local Finance Bureau Annual securities report

For the 20th fiscal period, the fiscal year ended December 31, 2023 (From January 1, 2023 to December 31, 2023)

Internal control report

Internal control report for the fiscal year ended December 31, 2023

(3) Disclosure of revised summary of financial results dated today

Summary of financial results

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

(4) Impact of revisions on prior years' consolidated results

The current revisions have the following impact on the financial results.

[Consolidated financial statements]

(Unit: million yen)

Period	Line item	Before revision (A)	After revision (B)	Amount of impact (B-A)	Percentage change (%)
20th fiscal period (Fiscal year ended December 31, 2023)	Revenue	6,485	6,485	—	—
	Operating profit	▲684	▲684	—	—
	Ordinary profit	▲693	▲693	—	—
	Profit attributable to owners of parent	▲600	▲661	▲60	—
	Total assets	6,364	6,273	▲91	▲1.4
	Net assets	2,482	2,422	▲60	▲2.4

2. Recording of an extraordinary loss for a prior fiscal year

(1) Details of the extraordinary loss

After considering the recoverability of customer-related assets generated when acquiring shares in Chatwork Storage Technologies Co., Ltd., a consolidated subsidiary, based on the “Accounting Standard for Impairment of Fixed Assets,” we decided to record an impairment loss of 91 million yen in our consolidated financial results for the fiscal year ended December 31, 2023.

Given the financial significance of this matter, rather than recording the loss in our results for the first quarter of the fiscal year ending December 31, 2024, we decided it was appropriate to record a retroactive adjustment to our financial results for the fiscal year ended December 31, 2023.

(2) Impact on operating performance

With regard to this matter, our revised summary of financial results for the fiscal year ended December 31, 2023 is reflected in the “Summary of Financial Results for the Fiscal Year Ended December 31, 2023 (Japanese GAAP) (Consolidated),” disclosed today.

We expect this matter to have a negligible impact on our forecast of consolidated operating performance in the fiscal year ending December 31, 2024. However, we will monitor future trends and promptly disclose a revised forecast if the need to revise our forecast arises.