

February 9, 2022

Name of Company: KLab Inc.

Representative: Hidekatsu Morita,
Representative Director,
President and CEO
(TSE1: 3656)

Direct Inquiries to: Kazuyuki Takata,
Senior Managing Director and CFO

E-mail Address: ir@klab.com

Notice Concerning Partial Reversal of Deferred Tax Assets and Differences Between Forecasts and Results

KLab Inc. (the “Company”) has announced that it has partially reversed its deferred tax assets in the fourth quarter for the year ended December 2021 (October 1, 2021 to December 31, 2021). In addition, the Company also announced that there were differences between the forecasts and results for the year ended December 2021, which was announced on November 9, 2021 according to the following details.

Notes

1. Partial Reversal of Deferred Tax Assets

In the fourth quarter of the year ended December 2021, the Company carefully examined the recoverability of deferred tax assets based on a comprehensive consideration of the fiscal year ended December 2021 and future performance trends from a conservative standpoint. As a result, the Company has decided to partially reverse deferred tax assets and record it as deferred income taxes in the amount of 546 million yen.

Differences in Consolidated Forecasts for the Year Ended December 2021

(January 1, 2021 to December 31, 2021)

(Million Yen)

	Revenue	Operating Income	Ordinary Income	Profit Attributable to Owners of Parent	Net Income Per Share (yen)
Previous Projection (A)	24,000	(1,600)	(1,700)	(2,300)	(59.94)
Adjusted Projection (B)	23,895	(1,105)	(1,028)	(3,468)	(90.38)
Amount of Increase / Decrease (B – A)	(104)	494	671	(1,168)	
Rate of Increase / Decrease	(0.4%)	—	—	—	
(Reference) Earnings in Previous Fiscal Year	33,952	2,149	1,564	767	20.08

[Reason for Differences]

Revenue was generally in line with expectations.

Operating income and ordinary income improved from the previous forecast as a result of efforts to reduce expenses, such as reviewing expenses and operations that are not directly linked to revenue.

Profit attributable to owners of parent was significantly lower than the previous forecast, mainly due to the reversal of a portion of deferred tax assets and record it as deferred income taxes in the amount of 546 million yen.