

Summary of Financial Results for Third Quarter of Fiscal Year Ended December 31, 2025 (Japanese GAAP) (Consolidated)



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November 11, 2025

Name of listed company: KLab Inc. Stock exchange listing: Tokyo Stock Exchange Prime Market
Securities code: 3656 URL: <https://www.klab.com/en/>
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Scheduled date for dividends payment: —
Supplementary information for quarterly results: Yes <https://www.klab.com/en/ir/library/>
Information meeting for quarterly financial report: Yes *Institutional investors and analysts only

(Amounts of less than one million yen are rounded down unless otherwise stated.)

1. Consolidated Operating Performance for Third Quarter of FY2025 (January 1, 2025 – September 30, 2025)

(1) Consolidated Operating Results (year-to-date)

(% represents rate of increase or decrease over same period of previous fiscal year)

	Revenue		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Third quarter of FY2025	4,933	(18.6)	(860)	—	(1,045)	—	(3,974)	—
Third quarter of FY2024	6,058	(27.5)	(1,113)	—	(1,182)	—	(1,757)	—

Note: Comprehensive income Third quarter of FY2025: (4,630) million yen [—]
Third quarter of FY2024: (1,469) million yen [—]

	Net income per share	Diluted net income per share
	Yen	Yen
Third quarter of FY2025	(72.55)	—
Third quarter of FY2024	(40.79)	—

(2) Consolidated Financial Status

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
Third quarter of FY2025	10,460	7,195	68.5
FY2024	15,784	10,371	65.6

Reference: Shareholders' equity Third quarter of FY2025: 7,167 million yen FY2024: 10,360 million yen

2. Dividends

	Annual dividends				
	End of Q1	End of Q2	End of Q3	Year End	Total
	Yen	Yen	Yen	Yen	Yen
FY2024	—	0.00	—	0.00	0.00
FY2025	—	0.00	—	—	—
FY2025 (Forecast)	—	—	—	0.00	0.00

Note: Revisions to the most recently announced dividend forecast: No

3. Consolidated Operating Performance Forecasts for FY2025 (January 1, 2025 – December 31, 2025)

The consolidated operating performance forecasts for FY2025 will not be disclosed due to difficulty in reasonably calculating forecasts. It is company policy to disclose calculations as soon as possible based on future progress.

■ Explanatory Notes

(1) Changes to major subsidiaries during the first nine months of FY2025: Yes

New - (Company name) , Excluded 1 company (Company name) GlobalGear Co. Ltd.

(2) Application of special accounting treatment specific to preparation of quarterly consolidated financial statements: Yes

Note: Refer to “2. Consolidated Financial Statements and Related Notes” in section “(3) Notes Related to Consolidated Financial Statements (Application of Special Accounting Treatment Specific to Preparation of Quarterly Consolidated Financial Statements)” on page 6 of Supporting Information.

(3) Changes to accounting policies, estimates, and restatements

① Changes to accounting policies due to revision of accounting standards: Yes

② Changes other than ①: No

③ Changes to accounting estimates: No

④ Restatements: No

(4) Number of outstanding shares (common shares)

① Period end outstanding shares (including treasury shares)	Third quarter of FY2025	60,792,300 shares	FY2024	48,502,300 shares
② Period end treasury shares	Third quarter of FY2025	641,617 shares	FY2024	641,605 shares
③ Average outstanding shares during the period	Third quarter of FY2025	54,787,786 shares	Third quarter of FY2024	43,084,464 shares

■ Review of the attached quarterly consolidated financial statements by a certified public accountant or auditing firm : No

■ Note regarding the appropriate usage of forecasts and other special instructions

(Notes on forward-looking statements)

The earnings forecast and other forward-looking statements contained in this report are based on information currently available to the Company and on certain assumptions deemed to be reasonable by the Company. Actual results may differ materially from these forecasts for various reasons.

(Method of obtaining supplementary materials on quarterly financial results)

For an overview of the financial results, please refer to the quarterly financial results presentation slides posted on the Company website.

<https://www.klab.com/en/ir/library/presentations/>

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1. Overview of Business Performance, etc.

(1) Overview of Business Performance for the Current Consolidated Cumulative Quarter

Revenue for the third quarter of the current consolidated cumulative period was ¥4,933,961 thousand (decrease of 18.6% from the same period last year). This was mainly due to the KPIs for *Captain Tsubasa: Dream Team* declining compared to the previous fiscal year, as well as weak revenue for content.

Furthermore, for *BLEACH Brave Souls*, which celebrated its 10th anniversary since its launch, the Company has been running a campaign since the beginning of the year as part of the "10th Anniversary Year." This has helped to prevent a decline in revenue and ensure revenue at the same level as the same period last year. In addition, the expansion of the distribution area for *Haikyu!! Fly High*, which the Company is working on as a support model business, also contributed to revenue.

Cost of sales was ¥4,341,644 thousand (decrease of 18.8% YoY). This was mainly due to a decrease in commission paid due to the decrease in revenue, as well as a comprehensive reduction in labor costs, outsourcing costs, and subcontracting costs through a review of operations, voluntary retirement offering, and hiring controls. In addition, the review of regional bases and the head office that has been underway so far also contributed to cost reductions.

As with cost of sales, the Company also made efforts to curb overall expenses, resulting in selling, general and administrative expenses of ¥1,452,743 thousand (decrease of 20.3% YoY).

Furthermore, following the sale of multiple securities in the second and third quarters, a gain on the sale of investment securities of ¥1,578,463 thousand was recorded as extraordinary income.

In addition, in the second quarter, the Company recorded a special retirement allowance of ¥41,483 thousand in connection with the implementation of a voluntary retirement offering and an impairment loss of ¥4,426,697 thousand on software assets for *EA SPORTS FC™ TACTICAL* as an extraordinary loss.

As a result, the consolidated cumulative business performance for the third quarter was revenue of ¥4,933,961 thousand (decrease of 18.6% YoY), an operating loss of ¥860,427 thousand (compared to an operating loss of ¥1,113,200 thousand in the same period last year), an ordinary loss of ¥1,045,948 thousand (compared to an ordinary loss of ¥1,182,078 thousand in the same period last year), and a quarterly net loss attributable to owners of the parent company of ¥3,974,723 thousand (compared to a quarterly net loss attributable to owners of the parent company of ¥1,757,440 thousand in the same period last year).

(2) Overview of Financial Status for the Current Consolidated Cumulative Quarter

(Assets)

Total assets at the end of the third quarter consolidated accounting period were ¥10,460,910 thousand, a decrease of ¥5,323,276 thousand compared to the end of the previous consolidated fiscal year.

Total current assets were ¥4,907,532 thousand, an increase of ¥507,069 thousand compared to the end of the previous consolidated fiscal year. This was mainly due to an increase of ¥875,252 thousand in cash and deposits.

Total non-current assets were ¥5,553,378 thousand, a decrease of ¥5,830,346 thousand compared to the end of the previous consolidated fiscal year. This was mainly due to a decrease of ¥3,584,721 thousand yen in software in progress.

(Liabilities)

Total liabilities at the end of the third quarter consolidated accounting period were ¥3,265,899 thousand, a decrease of ¥2,146,781 thousand compared to the end of the previous consolidated fiscal year.

Total current liabilities were ¥2,932,547 thousand, a decrease of ¥1,752,851 thousand compared to the end of the previous consolidated fiscal year. This was mainly due to a decrease of ¥800,000 thousand in short-term debt and a decrease of ¥522,792 thousand in long-term debt to be repaid within one year.

Total non-current liabilities were ¥333,352 thousand, a decrease of ¥393,930 thousand compared to the end of the previous consolidated fiscal year. This was mainly due to an increase of ¥300,000 thousand in corporate bonds, while other long-term liabilities decreased by ¥693,930 thousand.

(Net Assets)

Total net assets at the end of the third quarter consolidated accounting period were ¥7,195,010 thousand, a decrease of ¥3,176,494 thousand compared to the end of the previous consolidated fiscal year. This was mainly due to an increase of ¥718,878 thousand in capital stock and capital reserves, while retained earnings decreased by ¥3,974,723 thousand due to the recording of a quarterly net loss attributable to owners of the parent company.

(3) Explanation Regarding Future Forecast Information for Consolidated Business Forecasts, etc.

The business environment surrounding the Company Group is changing rapidly, and the Company finds it difficult to present a reasonable and reliable performance forecast for the consolidated results for the fiscal year ended December 2025 and has decided not to disclose it.

If it becomes possible to calculate based on future progress, it is company policy to disclose it promptly.

2. Consolidated Financial Statements and Related Notes

(1) Consolidated Balance Sheets

(In thousands of yen)

	FY2024 (Dec. 31, 2024)	Third quarter of FY2025 (Sept. 30, 2025)
Assets		
Current assets		
Cash and deposits	1,605,179	2,480,432
Accounts receivable	1,220,550	787,610
Prepaid expenses	1,083,366	1,105,139
Other	529,311	534,914
Allowance for doubtful accounts	(37,946)	(564)
Total current assets	4,400,462	4,907,532
Non-current assets		
Property, plant, and equipment	81,828	51,605
Intangible assets		
Goodwill	555,425	—
Software	24,748	15,535
Software in progress	7,226,182	3,641,460
Other	4,731	1,891
Total intangible assets	7,811,088	3,658,887
Investments and other assets		
Investment securities	2,031,273	292,900
Other	1,608,705	1,679,015
Allowance for doubtful accounts	(149,171)	(129,030)
Total investments and other assets	3,490,807	1,842,885
Total non-current assets	11,383,724	5,553,378
Total assets	15,784,187	10,460,910
Liabilities		
Current liabilities		
Accounts payable	592,556	534,703
Short-term debt	800,000	—
Long-term debt to be repaid within one year	773,350	250,558
Income taxes payable	69,517	20,454
Advances received	1,772,205	1,710,034
Provision for bonuses	105,920	21,314
Other	571,849	395,482
Total current liabilities	4,685,399	2,932,547
Non-current liabilities		
Corporate bonds	—	300,000
Other	727,282	33,352
Total non-current liabilities	727,282	333,352
Total liabilities	5,412,681	3,265,899
Net assets		
Shareholders' equity		
Capital stock	6,220,354	6,939,233
Capital surplus	5,974,903	6,693,782
Retained earnings	(1,782,339)	(5,757,062)
Treasury shares	(397,395)	(397,397)
Total shareholders' equity	10,015,523	7,478,555
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	744,674	99,114
Foreign currency translation adjustment	(400,125)	(410,281)
Total accumulated other comprehensive income	344,548	(311,166)
Subscription rights to shares	11,432	27,622
Total net assets	10,371,505	7,195,010
Total liabilities and net assets	15,784,187	10,460,910

(2) Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income
Third Quarter Consolidated Cumulative Period

(In thousands of yen)

	Third quarter of FY2024 (Jan. 1, 2024 – Sept. 30, 2024)	Third quarter of FY2025 (Jan. 1, 2025 – Sept. 30, 2025)
Revenue	6,058,908	4,933,961
Cost of sales	5,349,245	4,341,644
Gross profit	709,662	592,316
Selling, general, and administrative expenses	1,822,863	1,452,743
Operating income (loss)	(1,113,200)	(860,427)
Non-operating income		
Interest income	7,765	8,977
Dividend income	58,803	36,758
Other	29,163	13,768
Total non-operating income	95,732	59,504
Non-operating expenses		
Interest expense	26,335	31,149
Commission paid	29,941	66,374
Loss on sale of investment securities	61,661	—
Foreign exchange loss	35,798	98,811
Other	10,873	48,690
Total non-operating expenses	164,609	245,025
Ordinary income (loss)	(1,182,078)	(1,045,948)
Extraordinary income		
Gain on sale of investment securities	—	1,578,463
Other	4,461	75,815
Total extraordinary income	4,461	1,654,278
Extraordinary loss		
Impairment loss	—	4,426,697
Loss on liquidation of affiliated companies	5,709	—
Other	648	42,532
Total extraordinary loss	6,358	4,469,230
Income (loss) before income taxes	(1,183,975)	(3,860,899)
Income taxes	573,464	113,823
Net income (loss)	(1,757,440)	(3,974,723)
Profit (loss) attributable to owners of parent	(1,757,440)	(3,974,723)

Consolidated Statement of Comprehensive Income
Third Quarter Consolidated Cumulative Period

(In thousands of yen)

	Third quarter of FY2024 (Jan. 1, 2024 – Sept. 30, 2024)	Third quarter of FY2025 (Jan. 1, 2025 – Sept. 30, 2025)
Net income (loss)	(1,757,440)	(3,974,723)
Other comprehensive income		
Valuation on difference on available-for-sale securities	333,203	(645,559)
Foreign currency translation adjustment	(44,908)	(10,156)
Total other comprehensive income	288,295	(655,715)
Comprehensive income (loss)	(1,469,145)	(4,630,438)
(Breakdown)		
Comprehensive income (loss) attributable to owners of parent	(1,467,811)	(4,630,438)
Comprehensive income (loss) attributable to non-controlling interests	(1,333)	—

(3) Notes Related to Consolidated Financial Statements

(Notes Related to Ongoing Concern Assumptions)

Not applicable

(Application of Special Accounting Treatment Specific to Preparation of Quarterly Consolidated Financial Statements)

Tax expenses were calculated by reasonably estimating the effective tax rate after applying tax-effect accounting to income before income taxes for the fiscal year, including the third quarter, and multiplying income before income taxes by that estimated effective tax rate.

However, if calculating tax expenses using the estimated effective tax rate results in a significantly unreasonable result, the statutory effective tax rate is used.

(Additional Information)

As a result of the enactment of the "Act for Partial Amendment to the Income Tax Act, etc." (Act No. 13 of 2025) on March 31, 2025, a special defense corporation tax will be imposed from consolidated fiscal years beginning on or after April 1, 2026. In accordance with this change, the statutory effective tax rate used to calculate deferred tax assets and deferred tax liabilities has been changed from 30.62% to 31.52% for temporary differences, etc. that are expected to be resolved from the fiscal year beginning on or after January 1, 2027.

The impact of this tax rate change on profits and losses for the third quarter of the current consolidated fiscal year is minor.

(Notes in Case of Significant Change in Shareholders' Equity)

First nine months of FY2024 (January 1, 2024 – September 30, 2024)

1. Matters Concerning Dividends

Not applicable

2. Significant Change in Shareholders' Equity

During the current third quarter consolidated cumulative period, due to the exercise of Stock Acquisition Rights, capital stock and capital reserves increased by ¥723,387 thousand each. As of the end of the third quarter consolidated accounting period, capital stock was ¥6,181,343 thousand and capital surplus was ¥5,935,893 thousand.

First nine months of FY2025 (January 1, 2025 – September 30, 2025)

1. Matters Concerning Dividends

Not applicable

2. Significant Change in Shareholders' Equity

During the current third quarter consolidated cumulative period, due to the exercise of Stock Acquisition Rights, capital stock and capital reserves increased by ¥718,878 thousand each. As of the end of the third quarter consolidated accounting period, capital stock was ¥6,939,233 thousand and capital surplus was ¥6,693,782 thousand.

(Change in Accounting Policy)

The "Accounting Standard for Income Taxes" (ASBJ Guidance No. 27, October 28, 2022, hereinafter referred to as the "2022 Revised Accounting Standard"), etc. has been applied from the beginning of the first quarter of the consolidated fiscal year.

Regarding the revision of the classification of income taxes, etc. (taxation on other comprehensive income), the Company complies with the transitional measures stipulated in the provisions of Article 20-3 of the 2022 Revised Accounting Standard and the transitional measures stipulated in the provisions of Article 65-2 (2) of the "Implementation Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022, hereinafter referred to as the "2022 Revised Implementation Guidance"). Additionally, the change in accounting policy has no impact on the quarterly consolidated financial statements.

Furthermore, regarding the revision related to the review of the treatment of consolidated financial statements in cases where gains or losses from the sale of subsidiary shares, etc., between consolidated companies are deferred for tax purposes, the 2022 Revised Implementation Guidance has been applied from the beginning of the first quarter of the consolidated fiscal year. This change in accounting policy has been applied retroactively, and the quarterly consolidated financial statements and consolidated financial statements for the previous quarter and fiscal year have been retroactively applied. However, the change in accounting policy has no impact on the quarterly consolidated financial

statements for the previous quarter or the consolidated financial statements for the previous consolidated fiscal year.

(Segment Information and Other Information)

[Segment Information]

I. First nine months of FY2024 (January 1, 2024 – September 30, 2024)

1. Information pertaining to the amount of Revenue and Profit or Loss per Reported Segment, as well as revenue breakdown information

(In thousands of yen)

	Reported Segment	Other (Note 1)	Amount Listed on Consolidated Statement of Income (Note 2)
	Game Business		
Revenue			
Income from Paid Users	4,628,568	—	4,628,568
Other	1,363,528	66,810	1,430,339
Revenue from Contracts with Customers	5,992,097	66,810	6,058,908
Revenue from External Customers	5,992,097	66,810	6,058,908
Intersegment Internal Revenue or Account Transfer Amount	—	—	—
Total	5,992,097	66,810	6,058,908
Segment Profit (Loss)	757,143	(47,480)	709,662

Notes:

1. "Other" refers to the business segment of other businesses not included in the "Reported Segment."
2. "Segment Profit (Loss)" has not been adjusted as it is the same as the gross profit in the consolidated statements of income.

II. First nine months of FY2025 (January 1, 2025 – September 30, 2025)

1. Information pertaining to the amount of Revenue and Profit or Loss per Reported Segment, as well as revenue breakdown information

(In thousands of yen)

	Reported Segment	Other (Note 1)	Amount Listed on Consolidated Statement of Income (Note 2)
	Game Business		
Revenue			
Income from Paid Users	3,844,436	—	3,844,436
Other	1,079,043	10,480	1,089,524
Revenue from Contracts with Customers	4,923,480	10,480	4,933,961
Revenue from External Customers	4,923,480	10,480	4,933,961
Intersegment Internal Revenue or Account Transfer Amount	—	—	—
Total	4,923,480	10,480	4,933,961
Segment Profit (Loss)	599,926	(7,609)	592,316

Notes:

1. "Other" refers to the business segment of other businesses not included in the "Reported Segment."
2. "Segment Profit (Loss)" has not been adjusted as it is the same as the gross profit in the consolidated statements of income.

2. Information on impairment loss on fixed assets or goodwill, etc. by Reported Segment
(Significant Impairment Loss on Fixed Assets)

In the Game Business segment, an impairment loss on software in progress was recorded. The amount of impairment loss recorded for the third quarter of the current consolidated fiscal year was ¥4,426,697 thousand.

(Significant Change in Goodwill Amount)

In the Game Business segment, all shares of GlobalGear Co. Ltd. were transferred, and the company was excluded from the scope of consolidation. The decrease in goodwill due to this event was ¥510,991 thousand for the third quarter of the current consolidated fiscal year.

(Notes Related to Cash Flow Statements)

A quarterly consolidated cash flow statement for the current third quarter consolidated cumulative period has not been prepared. Depreciation expenses (including amortization expenses related to intangible non-current assets other than goodwill) and goodwill amortization amounts for the third quarter consolidated cumulative period are as follows.

	Third quarter of FY2024 (Jan. 1, 2024 – Sept. 30, 2024)		Third quarter of FY2025 (Jan. 1, 2025– Sept. 30, 2025)	
Depreciation expenses	65,442	thousand yen	47,422	thousand yen
Goodwill amortization	66,651	thousand yen	44,434	thousand yen

3. Other

Significant Events etc. Related to Ongoing Concern Assumptions

Due to four consecutive years of operating deficits and negative cash flows from operating activities, the Company Group is in a situation that raises serious doubts about its ability to continue as an ongoing concern.

Additionally, discussions with a major overseas game publisher regarding *EA SPORTS FC™ TACTICAL*, which the Company is developing together, have been prolonged and the release date remains undecided.

On the other hand, a closed beta test for *DRAGON QUEST Smash/Grow*, a title co-developed with SQUARE ENIX CO., LTD., was held worldwide in October. Preparations for this title are progressing smoothly for a simultaneous global release in 2026. Development is also progressing steadily on a title utilizing the IP of the TV anime *My Hero Academia*. In addition, with the aim of further increasing revenue, the Company is focusing on expanding the scope of its mobile online game business by supporting overseas game development companies in acquiring IPs and IP collaborations, and by continuing to work on the new development of hybrid casual games, which have a different revenue structure from traditional mobile online games.

Furthermore, in order to acquire new revenue, the Company has strategically selected business areas with high growth potential, such as "generative AI," "blockchain," and "entertainment," and is working to build business models that will enable it to quickly become profitable. The Company has already announced its "Comprehensive AI Entertainment Business" and "GPU AI Cloud Business," and is currently considering commercializing other projects.

On the expense front, the Company will continue to strive to further reduce expenses through company-wide cost controls and will also continue to consider ways to optimize its workforce.

Through the above measures, etc., the Company aims to improve cash flow and achieve profitability as soon as possible through both business growth and cost reduction.

Furthermore, on the financial front, in order to secure liquidity on hand, the Company will continue to sell investment securities and efficiently manage assets, including cross-shareholdings, while continuing to raise funds from financial institutions. The Company will aim to further strengthen its financial base by implementing these measures. It will also promote the sharing of development costs through joint business schemes and the efficient use of funds across the Company Group.

Based on the above, the Company has determined that there is no material uncertainty regarding the ongoing concern assumptions.