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

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August 7, 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 filing date for securities report: August 7, 2025
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 First Half of FY2025 (January 1, 2025 – June 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	%
First half of FY2025	3,161	(12.9)	(648)	—	(830)	—	(4,748)	—
First half of FY2024	3,629	(32.4)	(1,024)	—	(821)	—	(1,341)	—

Note: Comprehensive income First half of FY2025: (4,889) million yen —%
First half of FY2024: (1,202) million yen —%

	Net income per share	Diluted net income per share
	Yen	Yen
First half of FY2025	(90.96)	—
First half of FY2024	(32.47)	—

(2) Consolidated Financial Status

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
First half of FY2025	10,935	6,855	62.6
FY2024	15,784	10,371	65.6

Reference: Shareholders' equity First half of FY2025: 6,843 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 half of FY2025: No

(2) Application of Special Accounting Treatment Specific to Preparation of First Half Consolidated Financial Statements: Yes

Note: Refer to “1. First Half Consolidated Financial Statements and Related Notes” in section “(3) Notes Related to First Half Consolidated Financial Statements (Application of Special Accounting Treatment Specific to Preparation of First Half Consolidated Financial Statements)” on page 5 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)	First half of FY2025	60,392,300 shares	FY2024	48,502,300 shares
② Period end treasury shares	First half of FY2025	641,617 shares	FY2024	641,605 shares
③ Average outstanding shares during the period (first half)	First half of FY2025	52,206,093 shares	First half of FY2024	41,332,296 shares

■ The first half financial statements are not subject to audits by certified public accountants or audit firms.

■ 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 of 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/

Supporting Information INDEX

1. First Half Consolidated Financial Statements and Related Notes

(1) First Half Consolidated Balance Sheets

(In thousands of yen)

	FY2024 (Dec. 31, 2024)	First half of FY2025 (Jun. 30, 2025)
Assets		
Current assets		
Cash and deposits	1,605,179	1,841,211
Accounts receivable	1,220,550	808,335
Prepaid expenses	1,083,366	1,180,385
Other	529,311	292,351
Allowance for doubtful accounts	(37,946)	(39,838)
Total current assets	4,400,462	4,082,444
Non-current assets		
Property, plant, and equipment	81,828	64,378
Intangible assets		
Goodwill	555,425	510,991
Software	24,748	18,525
Software in progress	7,226,182	3,519,315
Other	4,731	672
Total intangible assets	7,811,088	4,049,505
Investments and other assets		
Investment securities	2,031,273	1,325,873
Other	1,608,705	1,541,913
Allowance for doubtful accounts	(149,171)	(129,030)
Total investments and other assets	3,490,807	2,738,756
Total non-current assets	11,383,724	6,852,640
Total assets	15,784,187	10,935,084
Liabilities		
Current liabilities		
Accounts payable	592,556	426,565
Short-term debt	800,000	500,000
Long-term debt to be repaid within one year	773,350	333,850
Income taxes payable	69,517	76,612
Advances received	1,772,205	1,761,813
Provision for bonuses	105,920	99,398
Other	571,849	522,740
Total current liabilities	4,685,399	3,720,979
Non-current liabilities		
Corporate bonds	—	300,000
Other	727,282	59,042
Total non-current liabilities	727,282	359,042
Total liabilities	5,412,681	4,080,022
Net assets		
Shareholders' equity		
Capital stock	6,220,354	6,906,963
Capital surplus	5,974,903	6,661,512
Retained earnings	(1,782,339)	(6,531,108)
Treasury shares	(397,395)	(397,397)
Total shareholders' equity	10,015,523	6,639,970
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	744,674	612,677
Foreign currency translation adjustment	(400,125)	(409,018)
Total accumulated other comprehensive income	344,548	203,659
Subscription rights to shares	11,432	11,431
Total net assets	10,371,505	6,855,061
Total liabilities and net assets	15,784,187	10,935,084

(2) First Half Consolidated Statements of Income and Comprehensive Income

First Half Consolidated Statements of Income

(In thousands of yen)

	First half of FY2024 (Jan. 1, 2024 – Jun. 30, 2024)	First half of FY2025 (Jan. 1, 2025 – Jun. 30, 2025)
Revenue	3,629,919	3,161,458
Cost of sales	3,485,551	2,844,976
Gross profit	144,368	316,481
Selling, general, and administrative expenses	1,168,909	964,528
Operating income (loss)	(1,024,541)	(648,046)
Non-operating income		
Interest income	4,970	4,062
Dividend income	43,335	34,791
Foreign exchange gains	233,314	—
Other	31,882	11,411
Total non-operating income	313,503	50,265
Non-operating expenses		
Interest expense	17,077	25,064
Loss on sale of investment securities	61,661	—
Investment partnership operating loss	—	80,891
Foreign exchange loss	—	118,501
Other	32,215	8,505
Total non-operating expenses	110,953	232,962
Ordinary income (loss)	(821,991)	(830,743)
Extraordinary income		
Gain on sale of investment securities	—	621,841
Gain on sale of shares of subsidiaries and affiliates	4,453	—
Other	8	13
Total extraordinary income	4,461	621,854
Extraordinary loss		
Impairment loss	—	4,426,697
Other	0	42,531
Total extraordinary loss	0	4,469,229
Income (loss) before income taxes	(817,530)	(4,678,117)
Income taxes	524,436	70,651
Net income (loss) for first half	(1,341,967)	(4,748,769)
Profit (loss) for first half attributable to owners of parent	(1,341,967)	(4,748,769)

First Half Consolidated Statement of Comprehensive Income

(In thousands of yen)

	First half of FY2024 (Jan. 1, 2024 – Jun. 30, 2024)	First half of FY2025 (Jan. 1, 2025 – Jun. 30, 2025)
Net income (loss) for first half	(1,341,967)	(4,748,769)
Other comprehensive income		
Valuation on difference on available-for-sale securities	218,694	(131,996)
Foreign currency translation adjustment	(79,041)	(8,892)
Total other comprehensive income	139,652	(140,889)
Comprehensive income for first half	(1,202,314)	(4,889,658)
(Breakdown)		
Comprehensive income for first half attributable to owners of parent	(1,200,980)	(4,889,658)
Comprehensive income for first half attributable to non-controlling interests	(1,333)	—

(3) Notes Related to First Half Consolidated Financial Statements

(Notes Related to Ongoing Concern Assumptions)

Not applicable

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

The effective tax rate is rationally estimated using the accounting for income taxes and includes the before tax net income from the consolidated financial results from the first half consolidated accounting period, which is multiplied against the applicable effective tax rate when calculating tax expenses.

However, the statutory tax rate shall be used in cases where the applicable effective tax rate cannot be rationally estimated for calculating tax expenses.

(Change in Accounting Policy)

The "Accounting Standard for Income Taxes, etc." (ASBJ Guidance No. 27, October 28, 2022, hereinafter referred to as the "2022 Revised Accounting Standard") has been applied from the beginning of the first half 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 first half 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 half of the consolidated fiscal year. The change in accounting policy has been retrospectively applied, and the first half consolidated financial statements and consolidated financial statements for the previous first half and the previous consolidated fiscal year have been updated accordingly after retrospective application. However, the change in accounting policy has no impact on the first half consolidated financial statements for the previous first half or the consolidated financial statements for the previous fiscal year.

(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 current interim consolidated accounting period is minor.

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

First half of FY2024 (January 1, 2024 – June 30, 2024)

1. Matters Concerning Dividends

   Not applicable

2. Significant Change in Shareholders' Equity

   During the current first half consolidated accounting period, capital and capital reserves each increased by 507,874 thousand yen due to the exercise of stock acquisition rights, resulting in capital of 5,965,831 thousand yen and capital surplus of 5,720,380 thousand yen at the end of the current first half consolidated accounting period.

First half of FY2025 (January 1, 2025 – June 30, 2025)

1. Matters Concerning Dividends

   Not applicable

2. Significant Change in Shareholders' Equity

   During the current first half consolidated accounting period, capital and capital reserves each increased by 686,608 thousand yen due to the exercise of stock acquisition rights, resulting in capital of

6,906,963 thousand yen and capital surplus of 6,661,512 thousand yen at the end of the current first half consolidated accounting period.

(Segment Information and Other Information)
[Segment Information]

I. First half of FY2024 (January 1, 2024 – June 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 First Half Consolidated Statement of Income (Note 2)
	Game Business		
Revenue			
Income from Paid Users	2,588,111	—	2,588,111
Other	977,783	64,025	1,041,808
Revenue from Contracts with Customers	3,565,894	64,025	3,629,919
Revenue from External Customers	3,565,894	64,025	3,629,919
Intersegment Internal Revenue or Account Transfer Amount	—	—	—
Total	3,565,894	64,025	3,629,919
Segment Profit (Loss)	190,234	(45,865)	144,368

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 first half consolidated statements of income.

II. First half of FY2025 (January 1, 2025 – June 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 First Half Consolidated Statement of Income (Note 2)
	Game Business		
Revenue			
Income from Paid Users	2,457,278	—	2,457,278
Other	697,919	6,260	704,180
Revenue from Contracts with Customers	3,155,197	6,260	3,161,458
Revenue from External Customers	3,155,197	6,260	3,161,458
Intersegment Internal Revenue or Account Transfer Amount	—	—	—
Total	3,155,197	6,260	3,161,458
Segment Profit	313,320	3,161	316,481

Notes:
1. "Other" refers to the business segment of other businesses not included in the "Reported Segment."
2. "Segment Profit" has not been adjusted as it is the same as the gross profit in the first half 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 current first half consolidated accounting period was 4,426,697 thousand yen.

(Significant Subsequent Events)

(Sale of Shares of Significant Subsidiaries, etc.)

The Company has announced that its Board of Directors resolved at a meeting held on June 25, 2025 to transfer all shares (hereinafter referred to as the "Share Transfer") of GlobalGear Co. Ltd. (hereinafter referred to as "Global Gear"), to Sun* Inc. The Company concluded a share transfer agreement and executed the share transfer on July 1, 2025.

Based on a growth strategy centered on the mobile online game business, the Company Group is expanding its business domain and providing services ranging from major titles using globally recognized IPs to casual games played by a wide range of users regardless of age or gender.

In the casual game business area, together with Global Gear, which became a subsidiary of the Company in 2021, the two companies have been actively and stably releasing new titles while sharing their knowledge in their respective business areas. However, after comprehensively taking into consideration the business environment surrounding the Company Group, its current business structure, and changes in the direction of its overall business strategy going forward, and reviewing the business portfolio, the Company has decided to transfer all of its shares in Global Gear.

Overview of share transfer

1. Name of the transferee company and business description
   Name of the transferee company: Sun* Inc.
   Business description: digital creative studio business
2. Name of the subsidiary for transfer and business description
   Name of the subsidiary for transfer: GlobalGear Co. Ltd.
   Business description: development of mobile apps for smartphones
3. Details of transfer schedule, transfer price, voting rights ratio, etc.
   Transfer date: July 1, 2025
   Number of shares transferred: 60 shares
   Transfer price: 1,100 million yen
   Transfer gain: 75 million yen
   Voting rights ownership ratio before transfer: 100%
   Voting rights ownership ratio after transfer: 0%
   As a result of the Share Transfer, Global Gear, a consolidated subsidiary, is scheduled to be removed from the scope of consolidation of the Company from the third quarter of the fiscal year ended December 2025.

(Issuance of 21st Stock Acquisition Rights (Paid-in Stock Acquisition Rights) and 22nd Stock Acquisition Rights (Tax-Qualified Stock Options))

The Company has announced that its Board of Directors resolved at a meeting held on July 11, 2025, in accordance with the provisions of Articles 236, 238 and 240 of the Companies Act, to issue market capitalization and performance-linked paid-in stock options (hereinafter referred to as the "21st Stock Acquisition Rights") to its directors (excluding Directors Who Are Audit and Supervisory Committee Members) and employees, and tax-qualified stock options (hereinafter referred to as the "22nd Stock Acquisition Rights") to its employees.

1. Purpose and reason for issuance

The 21st and 22nd Stock Acquisition Rights are being issued for the purpose of encouraging directors and employees to once again seriously work to improve corporate value and shareholder value by further increasing their awareness of the need for a higher stock price and providing a strong motivation for business recovery as the Company aims to recover its business performance and increase its mid- to long-term corporate value.

The Company believes that this will lead to returns to shareholders.

As a result of recording losses for four consecutive fiscal years, as stated in the disclosure dated March 28, 2025, "Notice Concerning Progress Based on Plan for Compliance with Listing Maintenance Criteria," the Company continues to be below the market capitalization of tradeable shares criteria to maintain listing on the Prime Market set by the Tokyo Stock Exchange, where the Company is listed.

The Company strongly believes that in order to recover its market capitalization, it is essential that it returns to profitability as soon as possible and gets back on track for growth. Therefore, the Company is devoting all its efforts to the reliable release of new titles in the future, and is also actively working to secure revenue from related businesses, mainly mobile online games.

Furthermore, based on the recognition that it will be difficult to break away from the current situation without fundamentally reforming its business structure, the Company is promoting the restructuring of its business portfolio by launching projects in new business areas beyond the mobile online game business, such as generative AI, blockchain, and entertainment.

In light of this situation, the 21st Stock Acquisition Rights are subject to the achievement of predetermined market capitalization and performance targets. The Company believes that the achievement of these targets will contribute to a recovery in business performance and the improvement of corporate and shareholder value. The Company also believes that the 22nd stock acquisition rights will serve as a powerful incentive to improve business performance, and thus contribute to increasing corporate value and shareholder value.

If the 21st and 22nd Stock Acquisition Rights are all exercised, the total number of shares of common stock of the Company will increase by 5.7% of the total number of issued shares, which is 60,392,300 shares. However, as mentioned above, these Stock Acquisition Rights have strong incentives, and therefore contribute to the interests of existing shareholders, and we believe that the impact on share dilution will be within a reasonable range.

2. Overview of issuance

(a) Overview of Issuance for 21st Stock Acquisition Rights

1. Number of Stock Acquisition Rights

30,000 rights

Furthermore, the total number of shares that can be issued by exercising the Stock Acquisition Rights shall be 3,000,000 shares of common stock of the Company. In the event that the Number of Shares Granted in relation to the Stock Acquisition Rights is adjusted pursuant to 3. (1) below, the Number of Shares Granted shall be the number obtained by multiplying the number of Stock Acquisition Rights by the Number of Shares Granted after the adjustment.

2. Money paid in exchange for Stock Acquisition Rights

The issue price per Stock Acquisition Right shall be 100 yen. Furthermore, this amount was determined based on the results of calculations made by Plutus Consulting Co., Ltd., a third-party evaluation entity, based on results calculated using the Monte Carlo simulation, a standard option pricing model, while taking into account the Company’s stock price information, etc.

3. Details of Stock Acquisition Rights

(1) Type and number of shares for the purpose of Stock Acquisition Rights

The number of shares to be issued per Stock Acquisition Right (hereinafter referred to as the "Number of Shares Granted") shall be 100 shares of common stock of the Company.

Furthermore, if the Company conducts a stock split (including a free allotment of the Company's common stock; the same applies below) or a share consolidation after the allotment date of the Stock Acquisition Rights, the Number of Shares Granted will be adjusted according to the following formula. However, such adjustment will only be made to the number of shares underlying the Stock Acquisition Rights that have not been exercised at the time, and any fractional shares less than one share resulting from the adjustment will be rounded down.

$$\text{Number of Shares Granted after adjustment} = \text{Number of Shares Granted before adjustment} \times \text{Split (or merger) ratio}$$

In addition, if the Company undergoes a merger, company split, or capital reduction after the allotment date of the Stock Acquisition Rights, or if an adjustment to the Number of Shares Granted is required due to other similar circumstances, the Number of Shares Granted will be appropriately adjusted within a reasonable range.

(2) Value of the assets to be contributed when exercising Stock Acquisition Rights and calculation method

The value of the assets to be contributed when exercising the Stock Acquisition Rights shall be the amount to be paid per share (hereinafter referred to as the "Exercise Price") multiplied by the Number of Shares Granted.

The Exercise Price shall be 121 yen.

Furthermore, if the Company carries out a stock split or consolidation after the allotment date of the Stock Acquisition Rights, the Exercise Price shall be adjusted using the following formula, and any fractional part less than one yen resulting from the adjustment shall be rounded up.

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{1}{\text{Split (or merger) ratio}}$$

In addition, if after the allotment date of the Stock Acquisition Rights, the Company issues new shares or disposes of treasury stock at a price lower than the market price of its common stock (excluding the issuance of new shares and disposal of treasury stock pursuant to the exercise of Stock Acquisition Rights and the transfer of treasury stock through a share exchange), the Exercise Price will be adjusted using the following formula, and any fractional part less than one yen resulting from the adjustment will be rounded up.

$$\text{Exercise Price after adjustment} = \text{Exercise Price after adjustment} \times \frac{\text{Issued shares} + \dfrac{\text{Newly issued shares} \times \text{Paid amount per share}}{\text{Market price per share before new issuance}}}{\text{Issued shares} + \text{Newly issued shares}}$$

Furthermore, in the above formula, "issued shares" shall mean the total number of shares of the Company's common stock that have been issued, minus the number of treasury stock of the Company's common stock and in cases where treasury stock of the Company's common stock is disposed of, "newly issued shares" shall be substituted with "disposed treasury stock."

In addition to the above, in the event that after the allotment date of the Stock Acquisition Rights, the Company merges with another company, undergoes a company split, or in other similar cases where an adjustment to the Exercise Price is required, the Company may adjust the Exercise Price appropriately within a reasonable range.

(3) Stock Acquisition Rights exercise period

The period during which the Stock Acquisition Rights can be exercised (hereinafter referred to as the "Exercise Period") will be from April 1, 2027 to August 11, 2035.

(4) Matters concerning the increase in capital and capital reserves

① The amount of increase in capital resulting from the issuance of shares through the exercise of the Stock Acquisition Rights shall be half the maximum increase in capital, etc. calculated in accordance with Article 17, Paragraph 1 of the Regulation on Corporate Accounting. If the calculation results in a fraction less than one yen, that fraction shall be rounded up to the nearest yen.

② The amount of increase in capital reserves resulting from the issuance of shares through the exercise of the Stock Acquisition Rights shall be the amount obtained by subtracting the amount of increase in capital set forth in ① above from the maximum amount of increase in capital, etc. set forth in ① above.

(5) Transfer restrictions for Stock Acquisition Rights

The acquisition of the Stock Acquisition Rights through transfer shall require approval by resolution of the Company's Board of Directors.

(6) Conditions for exercising Stock Acquisition Rights

① The holder of the stock acquisition rights may exercise the stock acquisition rights only if both of the following (a) and (b) apply.

(a) If during any fiscal year from the fiscal year ended December 2026 to the fiscal year ended December 2030, the revenue recorded other than the "Non-Game Business" in the annual securities report submitted under the Financial Instruments and Exchange Act exceeds 1,000 million yen. In determining the revenue other than the "Game Business," reference shall be made to the amount of revenue recorded under the "Other" segment in the segment information provided in the annual securities report. If significant changes occur in the concept of items to be referenced due to the application of International Financial Reporting Standards, changes in fiscal year-end, etc., other indicators to be referenced shall be separately determined by the Board of Directors.

(b) If at any time between August 13, 2025, and August 11, 2035, the market capitalization of the Company (calculated using the formula below) exceeds 10 billion yen:
Market capitalization = closing price of the Company’s common stock on the stock exchange where the stock is listed (if listed on multiple exchanges, the highest closing price among those exchanges) × Total number of issued shares of the Company (excluding treasury shares).

② The holder of the Stock Acquisition Rights must be a director, auditor or employee of the Company or its affiliates at the time the Stock Acquisition Rights are exercised, unless the holder resigns due to the expiration of his/her term of office, reaches mandatory retirement age, or there is another valid reason that the Board of Directors recognizes.

③ The exercise of the Stock Acquisition Rights by the heirs of the Stock Acquisition Rights holders will not be permitted.

④ If the exercise of any Stock Acquisition Rights would cause the total number of issued shares of the Company to exceed the total number of authorized shares at that time, such Stock Acquisition Rights may not be exercised.

⑤ Less than one Stock Acquisition Right may not be exercised.

4. Allocation date of Stock Acquisition Rights

August 12, 2025

5. Matters concerning the acquisition of Stock Acquisition Rights

(1) In the event that a merger agreement under which the Company will be the dissolving entity, a split agreement or split plan pertaining to a corporate split in which the Company is the splitting entity, or a share exchange agreement or share transfer plan under which the Company will become a wholly-owned subsidiary is approved by the Annual Shareholders Meeting (or by resolution of the Board of Directors in cases where shareholder approval is not required), the Company may, as of the date separately determined by the company's Board of Directors, acquire all of the Stock Acquisition Rights without compensation.

(2) If a holder of the Stock Acquisition Rights is unable to exercise the Stock Acquisition Rights due to the provisions set out in (7) above before exercising the rights, the Company may acquire the Stock Acquisition Rights without compensation.

(3) If the Board of Directors determines a separate acquisition date, the Company will acquire all or part of the Stock Acquisition Rights without compensation upon the arrival of such date. If the Company acquires only a portion of the stock acquisition rights, the portion of the stock acquisition rights to be acquired will be determined by resolution of the Board of Directors.

6. Treatment of Stock Acquisition Rights in the event of organizational restructuring

In the event that the Company undergoes a merger (only in cases where the Company is dissolved as a result of the merger), an absorption-type company split, an incorporation-type company split, a share exchange or a share transfer (collectively, hereinafter referred to as the "Organizational Restructuring Action"), the Company shall on the effective date of the Organizational Restructuring Action, grant to the Stock Acquisition Right Holders, in each case, Stock Acquisition Rights of the companies listed in Article 236, Paragraph 1, Items 8 (a) to (e) of the Companies Act (hereinafter referred to as the "Reorganized Company"), based on the following conditions. However, this will only apply if the issuance of the Stock Acquisition Rights of the Reorganized Company in accordance with the following conditions is stipulated in the absorption-type merger agreement, consolidation-type merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement or share transfer plan.

(1) Number of Stock Acquisition Rights of the Reorganized Company to be issued

The same number of Stock Acquisition Rights will be issued to each Stock Acquisition Rights holder as the number of Stock Acquisition Rights they hold.

(2) Type of shares of the Reorganized Company for the purpose of the Stock Acquisition Rights

The shares of the Reorganized Company will be common stock.

(3) Number of shares of the Reorganized Company for the purpose of the Stock Acquisition Rights

The amount shall be determined in accordance with 3. (1) above, taking into account the conditions of the reorganization.

(4) Value of assets to be contributed when exercising the Stock Acquisition Rights

The value of the assets to be contributed upon the exercise of each Stock Acquisition Right to be issued shall be the post-reorganization Exercise Price obtained by adjusting the Exercise Price determined in 3. (2) above, taking into consideration the terms and conditions of the reorganization, multiplied by the number of shares of the Reorganized Company for the purpose of the Stock Acquisition Rights, as determined in accordance with 6. (3) above.

(5) Period during which the Stock Acquisition Rights can be exercised

The period shall be from the later of either the first day of the Exercise Period specified in 3. (3) above or the effective date of the Organizational Restructuring Action to the last day of the Exercise Period specified in 3. (3) above.

(6) Matters concerning the increase in capital and capital reserves when shares are issued through the exercise of the Stock Acquisition Rights

To be determined in accordance with 3. (4) above.

(7) Restrictions on acquisition of the Stock Acquisition Rights through transfer

Any restrictions on acquisition by transfer shall require approval by resolution of the Board of Directors of the Reorganized Company.

(8) Other conditions for exercising the Stock Acquisition Rights

To be determined in accordance with 3. (6) above.

(9) Reasons and conditions for acquiring the Stock Acquisition Rights

To be determined in accordance with 5. above.

(10) Other conditions will be determined in accordance with the conditions of the Reorganized Company.

7. Matters concerning Stock Acquisition Rights certificates

The Company will not issue Stock Acquisition Right certificates in respect of the Stock Acquisition Rights.

8. Date for payment of money in exchange for Stock Acquisition Rights

August 12, 2025

9. Application due date

August 11, 2025

10. Persons and number of persons to whom Stock Acquisition Rights will be allocated

4 directors of the Company (excluding Directors Who Are Audit and Supervisory Committee Members) and 5 employees of the Company 30,000 rights

(b) Overview of Issuance for 22nd Stock Acquisition Rights

1. Number of Stock Acquisition Rights

5,000 rights

Furthermore, the total number of shares that can be issued by exercising the Stock Acquisition Rights shall be 500,000 shares of common stock of the Company. In the event that the Number of Shares Granted in relation to the Stock Acquisition Rights is adjusted pursuant to 3. (1) below, the Number of Shares Granted shall be the number obtained by multiplying the number of Stock Acquisition Rights by the Number of Shares Granted after the adjustment.

2. Money paid in exchange for Stock Acquisition Rights

No payment of money is required in exchange for the Stock Acquisition Rights.

3. Details of Stock Acquisition Rights

(1) Type and number of shares for the purpose of Stock Acquisition Rights

The number of shares to be issued per Stock Acquisition Right (hereinafter referred to as the "Number of Shares Granted") shall be 100 shares of common stock of the Company.

Furthermore, if the Company conducts a stock split (including a free allotment of the Company's common stock; the same applies below) or a share consolidation after the allotment date of the Stock Acquisition Rights, the Number of Shares Granted will be adjusted according to the following formula. However, such adjustment will only be made to the number of shares underlying the Stock Acquisition Rights that have not been exercised at the time, and any fractional shares less than one share resulting from the adjustment will be rounded down.

$$\text{Number of Shares Granted after adjustment} = \text{Number of Shares Granted before adjustment} \times \text{Split (or merger) ratio}$$

In addition, if the Company undergoes a merger, company split, or capital reduction after the allotment date of the Stock Acquisition Rights, or if an adjustment to the Number of Shares Granted is required due to other similar circumstances, the Number of Shares Granted will be appropriately adjusted within a reasonable range.

(2) Value of the assets to be contributed when exercising Stock Acquisition Rights and calculation method

The value of the assets to be contributed when exercising the Stock Acquisition Rights shall be the amount to be paid per share (hereinafter referred to as the "Exercise Price") multiplied by the Number of Shares Granted.

The Exercise Price shall be the average closing price of the Company's common stock on the Tokyo Stock Exchange on each day of the month preceding the month in which the Stock Acquisition Rights are allotted (excluding days on which no transactions have been concluded) multiplied by 1.05 (rounding up any fraction less than 1 yen). However, if the price is lower than the closing price on the allotment date of the Stock Acquisition Rights (if no transactions have been concluded, the closing price on the most recent trading day preceding that date), the Exercise Price shall be the closing price.

Furthermore, if the Company carries out a stock split or consolidation after the allotment date of the Stock Acquisition Rights, the Exercise Price shall be adjusted using the following formula, and any fractional part less than one yen resulting from the adjustment shall be rounded up.

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{1}{\text{Split (or merger) ratio}}$$

In addition, if after the allotment date of the Stock Acquisition Rights, the Company issues new shares or disposes of treasury stock at a price lower than the market price of its common stock (excluding the issuance of new shares and disposal of treasury stock pursuant to the exercise of Stock Acquisition Rights and the transfer of treasury stock through a share exchange), the Exercise Price will be adjusted using the following formula, and any fractional part less than one yen resulting from the adjustment will be rounded up.

$$\text{Exercise Price after adjustment} = \text{Exercise Price after adjustment} \times \frac{\text{Issued shares} + \dfrac{\text{Newly issued shares} \times \text{Paid amount per share}}{\text{Market price per share before new issuance}}}{\text{Issued shares} + \text{Newly issued shares}}$$

Furthermore, in the above formula, "issued shares" shall mean the total number of shares of the Company's common stock that have been issued, minus the number of treasury stock of the Company's common stock and in cases where treasury stock of the Company's common stock is disposed of, "newly issued shares" shall be substituted with "disposed treasury stock."

In addition to the above, in the event that after the allotment date of the Stock Acquisition Rights, the Company merges with another company, undergoes a company split, or in other similar cases where an adjustment to the Exercise Price is required, the Company may adjust the Exercise Price appropriately within a reasonable range.

(3) Stock Acquisition Rights exercise period

The period during which the Stock Acquisition Rights can be exercised (hereinafter referred to as the "Exercise Period") will be from July 29, 2027 to July 27, 2035.

(4) Matters concerning the increase in capital and capital reserves

① The amount of increase in capital resulting from the issuance of shares through the exercise of the Stock Acquisition Rights shall be half the maximum increase in capital, etc. calculated in accordance with Article 17, Paragraph 1 of the Regulation on Corporate Accounting. If the calculation results in a fraction less than one yen, that fraction shall be rounded up to the nearest yen.

② The amount of increase in capital reserves resulting from the issuance of shares through the exercise of the Stock Acquisition Rights shall be the amount obtained by subtracting the amount of increase in capital set forth in ① above from the maximum amount of increase in capital, etc. set forth in ① above.

(5) Transfer restrictions for Stock Acquisition Rights

The acquisition of the Stock Acquisition Rights through transfer shall require approval by resolution of the Company's Board of Directors.

(6) Conditions for exercising Stock Acquisition Rights

① The holder of the Stock Acquisition Rights must be a director, auditor or employee of the Company or its affiliates at the time the Stock Acquisition Rights are exercised, unless the holder resigns due to the expiration of his/her term of office, reaches mandatory retirement age, or there is another valid reason that the Board of Directors recognizes.

② The exercise of the Stock Acquisition Rights by the heirs of the Stock Acquisition Rights holders will not be permitted.

③ If the exercise of any Stock Acquisition Rights would cause the total number of issued shares of the Company to exceed the total number of authorized shares at that time, such Stock Acquisition Rights may not be exercised.

④ Less than one Stock Acquisition Right may not be exercised.

⑤ If the conditions for exercise set out in a separately concluded agreement, etc. are not met, the Stock Acquisition Rights cannot be exercised.

4. Allocation date of Stock Acquisition Rights

August 12, 2025

5. Matters concerning the acquisition of Stock Acquisition Rights

(1) In the event that a merger agreement under which the Company will be the dissolving entity, a split agreement or split plan pertaining to a corporate split in which the Company is the splitting entity, or

a share exchange agreement or share transfer plan under which the Company will become a wholly-owned subsidiary is approved by the Annual Shareholders Meeting (or by resolution of the Board of Directors in cases where shareholder approval is not required), the Company may, as of the date separately determined by the company's Board of Directors, acquire all of the Stock Acquisition Rights without compensation.

(2) If a holder of the Stock Acquisition Rights is unable to exercise the Stock Acquisition Rights due to the provisions set out in (7) above before exercising the rights, the Company may acquire the Stock Acquisition Rights without compensation.

6. Treatment of Stock Acquisition Rights in the event of organizational restructuring

In the event that the Company undergoes a merger (only in cases where the Company is dissolved as a result of the merger), an absorption-type company split, an incorporation-type company split, a share exchange or a share transfer (collectively, hereinafter referred to as the "Organizational Restructuring Action"), the Company shall on the effective date of the Organizational Restructuring Action, grant to the Stock Acquisition Right Holders, in each case, Stock Acquisition Rights of the companies listed in Article 236, Paragraph 1, Items 8 (a) to (e) of the Companies Act (hereinafter referred to as the "Reorganized Company"), based on the following conditions. However, this will only apply if the issuance of the Stock Acquisition Rights of the Reorganized Company in accordance with the following conditions is stipulated in the absorption-type merger agreement, consolidation-type merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement or share transfer plan.

(1) Number of Stock Acquisition Rights of the Reorganized Company to be issued

The same number of Stock Acquisition Rights will be issued to each Stock Acquisition Rights holder as the number of Stock Acquisition Rights they hold.

(2) Type of shares of the Reorganized Company for the purpose of the Stock Acquisition Rights

The shares of the Reorganized Company will be common stock.

(3) Number of shares of the Reorganized Company for the purpose of the Stock Acquisition Rights

The amount shall be determined in accordance with 3. (1) above, taking into account the conditions of the reorganization.

(4) Value of assets to be contributed when exercising the Stock Acquisition Rights

The value of the assets to be contributed upon the exercise of each Stock Acquisition Right to be issued shall be the post-reorganization Exercise Price obtained by adjusting the Exercise Price determined in 3. (2) above, taking into consideration the terms and conditions of the reorganization, multiplied by the number of shares of the Reorganized Company for the purpose of the Stock Acquisition Rights, as determined in accordance with 6. (3) above.

(5) Period during which the Stock Acquisition Rights can be exercised

The period shall be from the later of either the first day of the Exercise Period specified in 3. (3) above or the effective date of the Organizational Restructuring Action to the last day of the Exercise Period specified in 3. (3) above.

(6) Matters concerning the increase in capital and capital reserves when shares are issued through the exercise of the Stock Acquisition Rights

To be determined in accordance with 3. (4) above.

(7) Restrictions on acquisition of the Stock Acquisition Rights through transfer

Any restrictions on acquisition by transfer shall require approval by resolution of the Board of Directors of the Reorganized Company.

(8) Other conditions for exercising the Stock Acquisition Rights

To be determined in accordance with 3. (6) above.

(9) Reasons and conditions for acquiring the Stock Acquisition Rights

To be determined in accordance with 5. above.

(10) Other conditions will be determined in accordance with the conditions of the Reorganized Company.

7. Matters concerning Stock Acquisition Rights certificates

The Company will not issue Stock Acquisition Right certificates in respect of the Stock Acquisition Rights.

8. Application due date

August 11, 2025

9. Persons and number of persons to whom Stock Acquisition Rights will be allocated

60 employees of the Company　5,000 rights

2. 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, development is progressing well on an undisclosed IP title being developed with a major domestic developer, as well as a title utilizing the IP from the TV anime *My Hero Academia*. In addition, the Company is working to expand the scope of its mobile online game business, including the new development of hybrid casual games, which have a different revenue structure from traditional mobile online games.

Furthermore, the Company is working on new projects in high-growth business areas such as "generative AI," "blockchain," and "entertainment," aiming to generate new revenue through business models that can quickly become profitable.

On the expense front, the Company will continue to strive for company-wide cost control and seek to further reduce expenses by optimizing 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.