

November 9, 2021

Name of Company: KLab Inc.

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(TSE1: 3656)

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Notice Concerning Revision of Earnings Forecast for FY2021 and Reduction in Remuneration of Directors

KLab Inc. (the “Company”) has announced that it has revised the full-year earnings forecast announced on August 5, 2021 in light of recent performance trends and other factors. At the meeting of the Board of Directors held today, the Company decided to reduce the remuneration of directors in order to seriously reflect on the details of the revision to the earnings forecasts and clarify management responsibilities.

Notes

1. Revision of Fiscal Year Earnings Forecast

FY2021 Earnings Forecast (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)	25,500 ~ 28,500	(1,600) ~ 1,000	(1,500) ~ 1,100	(2,000) ~ 20	(52.17) ~ 0.52
Adjusted Projection (B)	24,000	(1,600)	(1,700)	(2,300)	(59.94)
Amount of Increase / Decrease (B – A)	(1,500) ~ (4,500)	0 ~ (2,600)	(200) ~ (2,800)	(300) ~ (2,320)	
Rate of Increase / Decrease (%)	(5.9%) ~ (15.8%)	—	—	—	
(Reference) Earnings in Previous Fiscal Year	33,952	2,149	1,564	767	20.08

[Reason for Revision]

Based on the results up to the third quarter and the forecast for the fourth quarter, the full-year earnings forecast figures have been changed from a range format to specific values.

Although the third quarter contributed to revenue due to the implementation of anniversary campaigns for multiple titles, it is expected that the decline will continue similarly in the fourth quarter as a continuation of the significant decline trend

from the beginning of the fiscal year. The release date for *Lapis Re:LiGHTs* is also sliding further back from the previous forecast.

Based on the above, revenue has been revised to 24,000 million yen, which is lower than the lower end of the previous forecast.

It is expected that operating income will be at the lower end of the previous forecast due to the effects from cost reductions and other factors. However, both ordinary income and profit attributable to owners of parent under quarterly net income were below the lower end of the previous forecast due to an increase in foreign exchange losses and other factors.

Please refer to the [Basis for Earnings Forecast After Revision] below for other rationale for revision.

[Basis for Earnings Forecast After Revision]

(Revenue)

- The new title of *Lapis Re:LiGHTs* is expected to be released within the fourth quarter.
- Changes in revenue are determined by taking into account the revenue life cycle of each title.
- Due to a conservative stance, the non-consolidated business for casual games is not being factored into revenue.

(Expenses)

- Increase in operating costs (labor, outsourcing/subcontracting, and depreciation) associated with the release of *Lapis Re:LiGHTs*.
- Other fixed costs for the fourth quarter are expected to be about the same as the third quarter.

(Other)

- There was an impairment loss recorded of 1,540 million yen in the first quarter of the fiscal year under review.
- GlobalGear Co. Ltd., which became a consolidated subsidiary from April 12 is expected to be on the same scale as the previous fiscal year.

2. Reduction in Remuneration of Directors

(1) Details of Reduction in Remuneration of Directors

Representative Directors	20% reduction in monthly remuneration amount
Other Directors*	10% reduction in monthly remuneration amount

*(Who Are Not Audit and Supervisory Committee Members)

(2) Applicable Period

December 2021 to March 2022 (4 months)

(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 a number of reasons.