

# Summary of Financial Results for Third Quarter of Fiscal Year Ended December 31, 2021 (Japanese GAAP) (Consolidated)



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*In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.*

November 9, 2021

Name of listed company: KLab Inc.	Stock exchange listing: Tokyo Stock Exchange First Section
Securities code: 3656	URL: <a href="https://www.klab.com/en/">https://www.klab.com/en/</a>
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Scheduled filing date for securities report: November 9, 2021	
Scheduled date for dividends payment: -	
Supplementary information for quarterly results: Yes	<a href="https://www.klab.com/en/ir/library/">https://www.klab.com/en/ir/library/</a>
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 FY2021 (January 1, 2021 – September 30, 2021)

### (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 FY2021	18,708	(29.0)	(729)	—	(850)	—	(1,767)	—
Third quarter of FY2020	26,360	17.8	2,254	31.7	1,803	14.9	855	(29.6)

Note: Comprehensive income Third quarter of FY2021: (1,683) million yen [—]  
Third quarter of FY2020: 787 million yen [(42.4%)]

	Net income per share	Diluted net income per share
	Yen	Yen
Third quarter of FY2021	(45.98)	—
Third quarter of FY2020	22.42	22.25

### (2) Consolidated Financial Status

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
Third quarter of FY2021	20,816	14,696	70.6
FY2020	23,491	16,584	70.5

Reference: Shareholders' equity Third quarter of FY2021: 14,686 million yen FY2020: 16,572 million yen

## 2. Dividends

	Annual dividends				
	End of Q1	End of Q2	End of Q3	Year End	Total
	Yen	Yen	Yen	Yen	Yen
FY2020	—	0.00	—	0.00	0.00
FY2021	—	0.00	—	—	—
FY2021 (Forecast)	—	—	—	0.00	0.00

Note: Revisions to the most recently announced dividend forecast: None

## 3. Consolidated Operating Performance Forecasts for FY2021 (January 1, 2021 – December 31, 2021)

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

	Revenue		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Fiscal Year	24,000	(29.3)	(1,600)	—	(1,700)	—	(2,300)	—	(59.94)

Note: Revisions to the most recently disclosed business performance forecast: Yes

■ **Explanatory Notes**

- (1) Changes to major subsidiaries during the first nine months of FY2021: None  
 (2) Changes to accounting principles or treatment: Yes  
 Note: Refer to “Consolidated Financial Statements and Related Notes” in section “(3) Notes Related to Consolidated Financial Statements (Adoption of special accounting treatment)” on page 5 of Supporting Information.

- (3) Changes to accounting policies, estimates, and restatements  
 ① Changes to accounting revision of accounting standards: None  
 ② Changes other than ①: None  
 ③ Changes to accounting estimates: None  
 ④ Restatements: None

(4) Number of outstanding shares (common shares)

① Period end outstanding shares (including treasury shares)	Third quarter of FY2021	38,624,400 shares	FY2020	38,475,100 shares
② Period end treasury shares	Third quarter of FY2021	434,700 shares	FY2020	—
③ Average outstanding shares during the period	Third quarter of FY2021	38,436,668 shares	Third quarter of FY2020	38,168,657 shares

■ **Note Regarding Quarterly Review Procedures**

Quarterly financial results summaries are not subject to quarterly review procedures.

■ **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 a number of reasons.

(Method of Obtaining Supplementary Materials on Quarterly Financial Results)

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

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

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**Consolidated Financial Statements and Related Notes**  
**(1) Consolidated Balance Sheets**

(In thousands of yen)

	FY2020 (Dec. 31, 2020)	Third quarter of FY2021 (Sept. 30, 2021)
<b>Assets</b>		
Current assets		
Cash and deposits	8,115,782	5,691,819
Notes and trade accounts receivable	3,184,076	1,910,142
Securities	502,575	951,907
Income taxes receivable	—	200,021
Other	1,931,018	2,399,683
Allowance for doubtful accounts	(5,899)	(19,189)
<b>Total current assets</b>	<b>13,727,552</b>	<b>11,134,384</b>
Non-current assets		
Property, plant, and equipment	274,281	340,735
Intangible assets		
Software	2,105,810	50,439
Software in progress	546,388	1,336,145
Goodwill	116,305	947,132
Other	672	672
<b>Total intangible assets</b>	<b>2,769,176</b>	<b>2,334,389</b>
Investments and other assets		
Investment securities	3,745,543	3,321,890
Other	2,976,455	3,713,537
Allowance for doubtful accounts	(1,528)	(28,196)
<b>Total investments and other assets</b>	<b>6,720,469</b>	<b>7,007,230</b>
<b>Total non-current assets</b>	<b>9,763,928</b>	<b>9,682,356</b>
<b>Total assets</b>	<b>23,491,480</b>	<b>20,816,741</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	2,407,474	2,189,552
Long-term debt to be repaid within one year	741,768	586,228
Provision for bonuses	129,286	33,686
Other	2,624,519	2,409,747
<b>Total current liabilities</b>	<b>5,903,048</b>	<b>5,219,214</b>
Non-current liabilities		
Long-term debt	1,003,832	580,826
Other	—	320,000
<b>Total non-current liabilities</b>	<b>1,003,832</b>	<b>900,826</b>
<b>Total liabilities</b>	<b>6,906,880</b>	<b>6,120,040</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	4,909,815	4,955,439
Capital surplus	4,659,365	4,704,988
Retained earnings	6,790,349	5,023,185
Treasury shares	—	(294,234)
<b>Total shareholders' equity</b>	<b>16,359,531</b>	<b>14,389,379</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	179,288	280,958
Foreign currency translation	33,960	16,208
<b>Total accumulated other comprehensive income</b>	<b>213,249</b>	<b>297,166</b>
Subscription rights to shares	11,819	10,154
<b>Total net assets</b>	<b>16,584,600</b>	<b>14,696,700</b>
<b>Total liabilities and net assets</b>	<b>23,491,480</b>	<b>20,816,741</b>

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

(In thousands of yen)

	Third quarter of FY2020 (Jan. 1, 2020 – Sept. 30, 2020)	Third quarter of FY2021 (Jan. 1, 2021 – Sept. 30, 2021)
Revenue	26,360,776	18,708,595
Cost of sales	20,488,628	16,728,810
Gross profit	5,872,147	1,979,784
Selling, general, and administrative expenses	3,618,140	2,708,913
Operating income (loss)	2,254,007	(729,128)
Non-operating income		
Interest income	21,219	25,997
Dividend income	35,721	32,974
Investment gains using equity method	—	9,786
Other	48,827	31,573
Total non-operating income	105,768	100,333
Non-operating expenses		
Interest expense	3,721	3,147
Investment loss using equity method	8,629	—
Foreign exchange losses	537,554	167,326
Other	6,760	50,801
Total non-operating expenses	556,665	221,275
Ordinary income (loss)	1,803,110	(850,071)
Extraordinary income		
Gain on sale of non-current assets	—	2,475
Gain on sale of investment securities	—	31,130
Other	1,035	681
Total extraordinary income	1,035	34,287
Extraordinary losses		
Impairment loss	498,871	1,540,574
Other	1,285	436
Total extraordinary losses	500,156	1,541,010
Income (loss) before income taxes	1,303,989	(2,356,794)
Income taxes	522,325	(589,629)
Income (loss) before non-controlling interests	781,664	(1,767,164)
Profit (loss) attributable to non-controlling interests	(74,150)	—
Profit (loss) attributable to owners of parent	855,814	(1,767,164)

**Consolidated Statement of Comprehensive Income**  
**Third Quarter Consolidated Cumulative Period**

(In thousands of yen)

	Third quarter of FY2020 (Jan. 1, 2020 – Sept. 30, 2020)	Third quarter of FY2021 (Jan. 1, 2021 – Sept. 30, 2021)
Net income (loss)	781,664	(1,767,164)
Other comprehensive income		
Valuation on difference on available-for-sale securities	(18,858)	102,867
Foreign currency translation adjustment	44,552	(17,752)
Equity amount of affiliates using equity method	(19,940)	(1,198)
Total other comprehensive income	5,754	83,917
Comprehensive income	787,418	(1,683,246)
(Breakdown)		
Comprehensive income attributable to owners of parent	861,962	(1,683,246)
Comprehensive income attributable to non-controlling interests	(74,544)	—

### **(3) Notes Related to Consolidated Financial Statements**

(Notes related to ongoing concern assumptions)

Not applicable

(Notes in case of significant change in shareholders' equity)

#### **First nine months of FY2020 (January 1, 2020 – September 30, 2020)**

1. Matters concerning dividends

Not applicable

2. Significant change in shareholders' equity

In accordance with a resolution approved at a meeting of the Board of Directors held on April 22, 2020, the Company disposed of 125,100 shares of treasury stock as restricted stock compensation. Capital surplus decreased by 10,248 thousand yen, profit surplus decreased by 126,858 thousand yen, and treasury stock decreased by 222,924 thousand yen during the first nine months of the fiscal year under review. As a result, capital surplus was 4,610,267 thousand yen, profit surplus was 6,956,289 thousand yen at the end of the first nine months of the fiscal year under review.

#### **First nine months of FY2021 (January 1, 2021 – September 30, 2021)**

1. Matters concerning dividends

Not applicable

2. Significant change in shareholders' equity

In accordance with a resolution approved at a meeting of the Board of Directors held on February 19, 2021, the Company acquired 434,700 shares of treasury stock. Treasury stock increased by 294,234 thousand yen at the end of the first nine months of the fiscal year under review. As a result, treasury stock was 294,234 thousand yen at the end of the first nine months of the fiscal year under review.

(Adoption of special accounting treatment)

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 at the end of the first nine months of the fiscal year under review, 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.

(Segment and other information)

[Segment information]

**I. First nine months of FY2020 (January 1, 2020 – September 30, 2020)**

1. Pertaining to Revenue and Profit or Loss

(In thousands of yen)

	Reported Segment	Other Businesses (Note 1)	Amount Listed on Consolidated Statement of Income (Note 2)
	Game Business		
Revenue:			
Revenue from External Customers	26,109,280	251,495	26,360,776
Intersegment Internal Revenue or Account Transfer Amount	—	—	—
Total	26,109,280	251,495	26,360,776
Segment Profit	5,784,942	87,205	5,872,147

Notes:

1. "Other Businesses" refers to the Research & Consulting Business, Venture Capital Business, and Other Businesses not included in the "Reported Segment" above.

2. "Segment Profit" has not been adjusted as it is the same as the gross profit in the consolidated statements of income.

**II. First nine months of FY2021 (January 1, 2021 – September 30, 2021)**

1. Pertaining to Revenue and Profit or Loss

(In thousands of yen)

	Reported Segment	Other Businesses (Note 1)	Amount Listed on Consolidated Statement of Income (Note 2)
	Game Business		
Revenue:			
Revenue from External Customers	18,414,180	294,414	18,708,595
Intersegment Internal Revenue or Account Transfer Amount	—	—	—
Total	18,414,180	294,414	18,708,595
Segment Profit	1,819,713	160,071	1,979,784

Notes:

1. "Other Businesses" refers to the Research & Consulting Business and Other Businesses not included in the "Reported Segment" above.

2. "Segment Profit" has not been adjusted as it is the same as the gross profit in the consolidated statements of income.