

**Summary of Financial Results for
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.

February 9, 2022

Name of listed company: KLab Inc.	Stock exchange listing: Tokyo Stock Exchange First Section
Securities code: 3656	URL: https://www.klab.com/en/
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Scheduled date for annual shareholders meeting: March 25, 2022	
Scheduled filing date for securities report: March 25, 2022	
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)

1. Consolidated Operating Performance of FY2021 (January 1, 2021 – December 31, 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	%
FY2021	23,895	(29.6)	(1,105)	—	(1,028)	—	(3,468)	—
FY2020	33,952	9.1	2,149	28.4	1,564	(3.7)	767	99.9

Note: Comprehensive income FY2021: (3,474) million yen —
FY2020: 797 million yen [61.6%]

	Net income per share	Diluted net income per share	Ratio of net income to equity	Ratio of ordinary income to total assets	Ratio of operating income to revenue
	Yen	Yen	%	%	%
FY2021	(90.38)	—	(23.6)	(4.9)	(4.6)
FY2020	20.08	19.89	4.8	6.6	6.3

Reference: Equity in earnings (losses) of affiliates FY2021: 1 million yen FY2020: 4 million yen

(2) Consolidated Financial Status

	Total assets	Net assets	Equity Ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2021	18,707	12,806	68.4	336.84
FY2020	23,491	16,584	70.5	430.74

Reference: Shareholder's Equity FY2021: 12,796 million yen FY2020: 16,572 million yen

(3) Consolidated Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
FY2021	(1,278)	(1,929)	(1,044)	3,816
FY2020	3,975	(2,342)	318	8,005

2. Dividends

	Annual dividends					Total amount of dividends (Total) (Million Yen)	Dividend payout ratio (Consolidated) (%)	Ratio of dividends to net assets (Consolidated) (%)
	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	—	0.00	0.00	—	—	—
FY2022 (Forecast)	—	0.00	—	0.00	0.00		—	

3. Consolidated Operating Performance Forecasts for FY2022 (January 1, 2022 – December 31, 2022)

The consolidated operating performance forecasts for FY2022 will not be disclosed. For more information, please refer to “1. Overview of Operating Results, Financial Status, Cash Flows, etc.; (4) Forecasts and Various Factors in the Future” on page 4 of Supporting Information.

■ Explanatory Notes

- (1) Changes to major subsidiaries during the period: No
(Changes to specified subsidiaries accompanying changes in scope of consolidation)
- (2) 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
- (3) Number of outstanding shares (common shares)
- | | | | | |
|--|--------|-------------------|--------|-------------------|
| ① Period end outstanding shares
(including treasury shares) | FY2021 | 38,631,100 shares | FY2020 | 38,475,100 shares |
| ② Period end treasury shares | FY2021 | 641,500 shares | FY2020 | — |
| ③ Average outstanding shares
during the period | FY2021 | 38,370,270 shares | FY2020 | 38,215,580 shares |

[Reference] Summary of Non-Consolidated Operating Performance

1. Non-Consolidated Operating Performance for FY2021 (January 1, 2021 – December 31, 2021)

(1) Non-Consolidated Operating Results

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

	Revenue		Operating Income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2021	23,339	(30.6)	(1,245)	—	(1,378)	—	(4,233)	—
FY2020	33,622	9.2	2,103	19.1	1,666	(17.9)	663	(44.3)

	Net income per share	Diluted net income per share
	Yen	Yen
FY2021	(110.32)	—
FY2020	17.37	17.21

(2) Non-Consolidated Financial Status

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2021	18,271	12,536	68.6	329.72
FY2020	23,855	17,012	71.3	441.86

Reference: Shareholder's Equity

FY2021: 12,526 million yen

FY2020: 17,000 million yen

■ Note Regarding Review Procedures

Financial results summaries are not subject to review procedures.

■ Note Regarding Other Special Instructions

(Method for Obtaining Supplementary Materials on Financial Results)

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

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

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1. Overview of Operating Results, Financial Status, Cash Flows, etc.

(1) Overview of Operating Results for the Period

The Company Group plans, develops, and operates online games, mainly smartphone apps. Under the mission of "Creating a World of Excitement," it plans and develops online games in genres in which it excels using IPs that are competitive around the world, and by developing them globally, it will promote the business with the aim of achieving sustainable growth over the mid- to long term as the essential part of its strategy.

In the economic situation for the fiscal year under review, while there were signs of a gradual resumption of economic activities at home and abroad, the outlook for COVID-19 did not converge, and the outlook for the future remained uncertain.

However, in the mobile games field in which the Company operates, the global market is expected to grow by 4.4% year-on-year to \$90.7 billion in 2021 (Source: newzoo "Global Games Market Report 2021"), and it is believed that it will continue to be an industry that grows further globally.

In the fiscal year under review, the Company Group focused on acquiring new IPs to establish an important pipeline to support its game business over the next few years, and also injected resources into the development of new titles. Revenue for existing titles fell sharply due to a slowdown in the sale of content and the impact of the emergence of new competing titles, which led to a higher than expected decline rate from the beginning of the fiscal year.

The revenue analysis of the major game titles is as follows.

BLEACH Brave Souls

The content for this title is based on the work *BLEACH*, which is a serious battle action manga that is extremely popular not only in Japan, but also overseas. In the fiscal year under review, the Company focused on maximizing the value provided to users by expanding the range of playing through the provision of the new Arena function. In April 2021, the total number of downloads worldwide exceeded 60 million.

Revenue fell below the previous year's level, mainly due to a lack of growth in the sale of content.

Captain Tsubasa: Dream Team

The content for this title is based on the work *Captain Tsubasa*, which has been translated into 20 languages worldwide since it began to be published in the Manga Series in 1981 and has been popular among football fans of many generations not only in Japan.

During the fiscal year under review, the Company held various campaigns to commemorate the 40th anniversary of the original series and launched a new story under the supervision of Mr. Yoichi Takahashi, the original author. In September 2021, the number of downloads exceeded 40 million worldwide.

As a result, while revenue fell below the previous year, it performed well and was within the range of expectations.

Love Live! School Idol Festival ALL STARS

The title released in September 2019 is a rhythm action RPG, which was based on the school idol project *Love Live!* series, which started in 2010.

In the fiscal year under review, sales fell sharply, falling below the previous year, mainly due to the impact of the release of new competing titles.

On January 6, 2022, the publisher was transferred to Bushiroad Inc. and the operation was transferred to Mynet Inc.

In addition, for the new title, *Lapis Re:LiGHTs ~Kono Sekai no Idol wa Maho ga Tsukaeru~*, which was planned to be released in the current consolidated fiscal year, the release timing was changed due to the delay in the version under review in China, and the service was launched on December 14, 2021. As a result, the contribution to results was limited.

The analysis of expenditures is as follows.

- During the fiscal year under review, the Company continued to conduct detailed expense reviews throughout the Company Group in an effort to generate profits by reducing expenses.
- The cost of sales was 21,175,399 thousand yen, which was a decrease of 21.5% from the

previous fiscal year. This is mainly due to decreasing revenue, which led to a decrease in commissions, etc.

- The selling, general and administrative expenses were 3,825,486 thousand yen, which was a decrease of 21.0% from the previous fiscal year. This is mainly due to decreases in PR and promotion expenses.
- Extraordinary losses amounted to 1,679,064 thousand yen. This was mainly due to the recording of impairment losses on software-related assets for *Love Live! School Idol Festival ALL STARS* and *Tales of Crestoria* in the first quarter of the fiscal year under review.
- In the fourth quarter of the fiscal year under review, the Company decided to partially reverse deferred tax assets and record it as deferred income taxes in the amount of 546,240 thousand yen.

As a result, the consolidated revenue for FY2021 was 23,895,272 thousand yen (a decrease of 29.6% from the previous fiscal year), operating loss was 1,105,613 thousand yen (operating income was 2,149,485 thousand yen in the previous fiscal year), ordinary loss was 1,028,304 thousand yen (ordinary income was 1,564,827 thousand yen in the previous fiscal year), and loss attributable to owners of parent was 3,468,020 thousand yen (profit attributable to owners of parent was 767,180 thousand yen in the previous fiscal year).

(2) Overview of Financial Status for the Period

Status of Assets, Liabilities and Net Assets

Assets

Total assets at the end of FY2021 were 18,707,512 thousand yen (a decrease of 4,783,968 thousand yen when compared to the end of the previous fiscal year). This was mainly due to a decrease in cash and deposits of 4,298,804 thousand yen and a decrease in software of 1,486,118 thousand yen, while goodwill increased by 705,724 thousand yen.

Liabilities

Total liabilities at the end of FY2021 were 5,900,958 thousand yen (a decrease of 1,005,922 thousand yen when compared to the end of the previous fiscal year). This was mainly due to a decrease in accounts payable of 490,782 thousand yen and a decrease in long-term loans payable of 541,788 thousand yen.

Net assets

Net assets at the end of FY2021 were 12,806,554 thousand yen (a decrease of 3,778,045 thousand yen when compared to the end of the previous fiscal year). This was mainly due to a decrease in retained earnings of 3,468,020 thousand yen resulting from the recording of a loss attributable to owners of parent.

(3) Overview of Cash Flows for the period

Cash and cash equivalents ("net cash") at the end of FY2021 were 3,816,978 thousand yen (a decrease of 4,188,804 thousand yen when compared to the end of the previous fiscal year).

The following is the status of cash flows at the end of FY2021 and the underlying factors.

Cash flows from operating activities

Net cash used in operating activities was 1,278,629 thousand yen (this amount was 3,975,072 thousand yen in the previous fiscal year). This was mainly due to a net loss before tax adjustment of 2,673,471 thousand yen and an impairment loss of 1,648,181 thousand yen.

Cash flows from investing activities

Net cash used in investing activities was 1,929,551 thousand yen (this amount was 2,342,203 thousand yen in the previous fiscal year). This was mainly due to the purchase of intangible fixed assets of 1,448,452 thousand yen and the purchase of securities of 1,104,445 thousand yen.

Cash flows from financing activities

Net cash used in financing activities was 1,044,820 thousand yen (this amount was 318,341 thousand yen in the previous fiscal year). This was mainly due to the repayment of long-term debt of 741,768 thousand yen and the acquisition of treasury stock of 397,362 thousand yen.

[Reference] Changes in Cash Flow Indicators

	FY2017	FY2018	FY2019	FY2020	FY2021
Equity ratio	67.4%	75.1%	65.3%	70.5%	68.4%
Equity ratio on market value basis	358.0%	161.1%	130.8%	146.9%	100.7%
Ratio of interest-bearing liabilities to cash flows	0.00	0.00	1.29	0.44	—
Interest coverage ratio	7,407.9	5,617.2	270.4	893.0	—

Equity ratio: Shareholders' equity ÷ Total assets

Equity ratio on market value basis: Market capitalization ÷ Total assets

Ratio of interest-bearing liabilities to cash flows: Interest-bearing liabilities ÷ Cash flows

Interest coverage ratio: Cash flows ÷ Interest expense

(Note 1) Each indicator is calculated using consolidated financial figures.

(Note 2) Market capitalization is calculated based on the number of outstanding shares, excluding treasury shares.

(Note 3) Operating cash flows are used for cash flows.

(Note 4) Interest-bearing debt covers all liabilities on the balance sheet for which interest is paid.

(Note 5) Interest-bearing liabilities are all liabilities recorded on (consolidated) balance sheets of which are liabilities on which interest is payable.

(4) Forecasts and Various Factors in the Future

Operating Performance Forecasts for FY2021

The Company Group will continue to promote business operations centered on the game and game-related businesses. In particular, in the Game Business, in addition to maintaining the top line through stable operation of existing titles, we will strive to create hit titles utilizing IP, which has high global popularity and calorific value, with the aim of achieving business growth in the medium to long term.

In the future, the Company Group will also work to create new entertainment content utilizing blockchain technology and aim to further expand the company scale by growing it as a second pillar of business.

To date, the Company Group has adopted full-year earnings forecast disclosure based on a range format in light of the extent to which new titles are hits and the performance of existing titles fluctuate significantly.

In recent years, however, the pace of change in the environment surrounding the Game Business has become more pronounced than ever before, and it has become difficult for us to accurately predict trends in existing titles even in a short period of time. Furthermore, in the fiscal year ending December 31, 2022, the Company plans to release titles jointly developed with Electronic Arts Inc., which is expected to contribute significantly to earnings during the fiscal year. However, the timing of the release is not yet finalized at this time, making it difficult to reasonably calculate the impact on earnings.

Therefore, the Company will not disclose the forecast for the fiscal year ending December 2022.

It is the Company policy to promptly disclose any calculations that become possible based on future progress.

2. Rationale Behind the Choice of Accounting Standards

With regard to the timing for introducing the International Financial Reporting Standards (IFRS), the Company is closely monitoring the adoption trend in Japan, and its future adoption has yet to be determined.

3. Consolidated Financial Statements and Related Notes

(1) Consolidated Balance Sheets

(In thousands of yen)

	FY2020 (Jan. 1, 2020 – Dec. 31, 2020)	FY2021 (Jan. 1, 2021 – Dec. 31, 2021)
Assets		
Current assets		
Cash and deposits	8,115,782	3,816,978
Notes and trade accounts receivable	3,184,076	2,259,169
Securities	502,575	936,120
Prepaid expenses	1,101,724	1,141,289
Refundable income taxes	—	189,013
Other	829,294	1,581,792
Allowance for doubtful accounts	(5,899)	(28,553)
Total current assets	13,727,552	9,895,809
Non-current assets		
Property, plant, and equipment		
Buildings, net	283,468	261,532
Accumulated depreciation	(167,044)	(159,226)
Buildings, net	116,424	102,305
Other	634,532	766,428
Accumulated Depreciation	(476,674)	(543,438)
Other, net	157,857	222,990
Total property, plant, and equipment	274,281	325,296
Intangible assets		
Software	2,105,810	619,691
Software in progress	546,388	1,444,880
Goodwill	116,305	822,029
Other	672	672
Total intangible assets	2,769,176	2,887,274
Investments and other assets		
Investment securities	3,745,543	3,234,012
Deferred tax assets	1,322,699	755,675
Other	1,653,755	1,621,346
Allowance for doubtful accounts	(1,528)	(11,901)
Total investments and other assets	6,720,469	5,599,131
Total non-current assets	9,763,928	8,811,702
Total assets	23,491,480	18,707,512

(In thousands of yen)

	FY2020 (Jan. 1, 2020 – Dec. 31, 2020)	FY2021 (Jan. 1, 2021 – Dec. 31, 2021)
Liabilities		
Current Liabilities		
Accounts payable - trade	2,407,474	1,916,692
Current portion of long-term debt	741,768	541,788
Advance payments	1,262,990	1,506,190
Provision for bonuses	129,286	132,521
Other	1,361,528	1,021,722
Total current liabilities	5,903,048	5,118,914
Non-current liabilities		
Long-term debt	1,003,832	462,044
Other	—	320,000
Total non-current liabilities	1,003,832	782,044
Total liabilities	6,906,880	5,900,958
Net assets		
Shareholders' equity		
Capital stock	4,909,815	4,957,479
Capital surplus	4,659,365	4,707,029
Retained earnings	6,790,349	3,322,329
Treasury stock	—	(397,362)
Total shareholders' equity	16,359,531	12,589,476
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	179,288	240,027
Foreign currency translation adjustment	33,960	(33,033)
Total accumulated other comprehensive income	213,249	206,994
Subscription rights to shares	11,819	10,083
Total net assets	16,584,600	12,806,554
Total liabilities and net assets	23,491,480	18,707,512

(2) Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income
Fiscal Year Consolidated Cumulative Period

(In thousands of yen)

	FY2020 (Jan. 1, 2020 – Dec. 31, 2020)	FY2021 (Jan. 1, 2021 – Dec. 31, 2021)
Revenue	33,952,136	23,895,272
Cost of sales	26,959,973	21,175,399
Gross profit	6,992,163	2,719,873
Selling, general and administrative expenses	4,842,677	3,825,486
Operating income (loss)	2,149,485	(1,105,613)
Non-operating income		
Interest income	1,476	2,061
Interest on securities	26,461	28,548
Dividend income	45,490	41,552
Compensation received	15,075	—
Gain on investments in investment partnerships	—	101,574
Other	41,902	38,590
Total non-operating income	130,406	212,328
Non-operating expenses		
Interest expense	4,714	3,899
Foreign exchange losses	670,786	84,088
Other	39,563	47,031
Total non-operating expenses	715,064	135,019
Ordinary income (loss)	1,564,827	(1,028,304)
Extraordinary income		
Gain on sale of non-current assets	—	2,048
Gain on sale of investment securities	—	31,130
Gain on sale of shares of subsidiaries and affiliates	1,140	—
Other	1,054	718
Total extraordinary income	2,194	33,898
Extraordinary losses		
Impairment loss	550,784	1,648,181
Other	49,173	30,883
Total extraordinary losses	599,957	1,679,064
Income (loss) before income taxes	967,064	(2,673,471)
Income taxes - current	573,942	248,307
Income taxes - deferred	(299,908)	546,240
Total income taxes	274,034	794,548
Net income or (loss)	693,029	(3,468,020)
Profit (loss) attributable to non-controlling interests	(74,150)	—
Profit (loss) attributable to owners of parent	767,180	(3,468,020)

Consolidated Statement of Comprehensive Income
Fiscal Year Consolidated Cumulative Period

(In thousands of yen)

	FY2020 (Jan. 1, 2020 – Dec. 31, 2020)	FY2021 (Jan. 1, 2021 – Dec. 31, 2021)
Net income or (loss)	693,029	(3,468,020)
Other comprehensive income		
Valuation difference on available-for-sale securities	91,857	63,352
Foreign currency translation adjustment	43,722	(66,993)
Share of other comprehensive income of entities accounted for using equity method	(30,964)	(2,614)
Total other comprehensive income	104,615	(6,255)
Comprehensive income	797,644	(3,474,275)
(Breakdown)		
Comprehensive income attributable to owners of parent	871,214	(3,474,275)
Comprehensive income attributable to non-controlling interests	(73,569)	—

(3) Consolidated Statements of Changes in Equity

FY2020 (January 1, 2020– December 31, 2020)

(In thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current period	4,820,599	4,574,368	6,227,333	(268,048)	15,354,252
Changes of items during period					
Issuance of new shares	89,216	89,216			178,433
Profit (loss) attributable to owners of parent			767,180		767,180
Acquisition of treasury stock					—
Disposal of treasury stock		(137,106)		268,048	130,942
Transfer of loss on disposal of treasury stock		126,858	(126,858)		—
Capital increase of consolidated subsidiaries		6,028			6,028
Change in scope of consolidation			(77,305)		(77,305)
Net changes of items other than shareholders' equity					
Total changes of items during period	89,216	84,997	563,016	268,048	1,005,278
Balance at end of current period	4,909,815	4,659,365	6,790,349	—	16,359,531

	Accumulated other comprehensive income			Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of current period	118,976	(9,761)	109,214	14,421	1,716,696	17,194,584
Changes of items during period						
Issuance of new shares						178,433
Profit (loss) attributable to owners of parent						767,180
Acquisition of treasury stock						—
Disposal of treasury stock						130,942
Transfer of loss on disposal of treasury stock						—
Capital increase of consolidated subsidiaries						6,028
Change in scope of consolidation						(77,305)
Net changes of items other than shareholders' equity	60,312	43,722	104,034	(2,601)	(1,716,696)	(1,615,263)
Total changes of items during period	60,312	43,722	104,034	(2,601)	(1,716,696)	(609,984)
Balance at end of current period	179,288	33,960	213,249	11,819	—	16,584,600

FY2021 (January 1, 2021– December 31, 2021)

(In thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current period	4,909,815	4,659,365	6,790,349	—	16,359,531
Changes of items during period					
Issuance of new shares	47,663	47,663			95,326
Profit (loss) attributable to owners of parent			(3,468,020)		(3,468,020)
Acquisition of treasury stock				(397,362)	(397,362)
Disposal of treasury stock					—
Transfer of loss on disposal of treasury stock					—
Capital increase of consolidated subsidiaries					—
Change in scope of consolidation					—
Net changes of items other than shareholders' equity					
Total changes of items during period	47,663	47,663	(3,468,020)	(397,362)	(3,770,055)
Balance at end of current period	4,957,479	4,707,029	3,322,329	(397,362)	12,589,476

	Accumulated other comprehensive income			Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of current period	179,288	33,960	213,249	11,819	—	16,584,600
Changes of items during period						
Issuance of new shares						95,326
Profit (loss) attributable to owners of parent						(3,468,020)
Acquisition of treasury stock						(397,362)
Disposal of treasury stock						—
Transfer of loss on disposal of treasury stock						—
Capital increase of consolidated subsidiaries						—
Change in scope of consolidation						—
Net changes of items other than shareholders' equity	60,738	(66,993)	(6,255)	(1,735)		(7,990)
Total changes of items during period	60,738	(66,993)	(6,255)	(1,735)		(3,778,045)
Balance at end of current period	240,027	(33,033)	206,994	10,083	—	12,806,554

(4) Consolidated Statements of Cash Flows

(In thousands of yen)

	FY2020 (Jan. 1, 2020 – Dec. 31, 2020)	FY2021 (Jan. 1, 2021 – Dec. 31, 2021)
Cash flows from operating activities		
Income (loss) before income taxes	967,064	(2,673,471)
Depreciation	1,868,170	663,885
Impairment loss	550,784	1,648,181
Increase (decrease) in the amount of the allowance for doubtful accounts	2,747	18,317
Increase (decrease) in the amount of the allowance for bonuses	(3,473)	3,235
Interest income	(1,476)	(2,061)
Dividend income	(45,490)	(41,552)
Interest expense	4,714	3,899
Foreign exchange loss (gain)	114,885	(170,667)
Gain (loss) on sale of shares of subsidiaries and affiliates	(1,140)	—
Loss (gain) on sale of non-current assets	—	(2,039)
Loss (gain) on sale of investment securities	—	(31,130)
Decrease (increase) in notes and accounts receivable - trade	661,018	972,256
Decrease (increase) in prepaid expenses	(386,119)	(38,290)
Decrease (increase) in accounts receivable	184,513	(423,825)
Decrease (increase) in consumption taxes payable	145,442	(139,287)
Decrease (increase) in notes and accounts payable - trade	(247,511)	(493,460)
Increase (decrease) in accounts payable - other	289,837	(198,940)
Increase (decrease) in advance payments	269,434	242,087
Other	(307,833)	(144,751)
Subtotal	4,065,567	(807,618)
Interest and dividend income received	72,776	78,134
Interest income	(4,451)	(3,822)
Income taxes paid	(158,819)	(545,322)
Net cash provided by (used in) operating activities	3,975,072	(1,278,629)
Cash flows from financing activities		
Expenditures for acquisition of securities	(502,575)	(1,104,445)
Expenditures for sale and redemption of securities	—	675,510
Expenditures for acquisition of investment securities	(715,397)	—
Expenditures for acquisition of intangible fixed assets	(944,873)	(1,448,452)
Expenditures for sale of investment securities	63	612,443
Expenditures for the acquisition of subsidiary shares due to changes in the scope of consolidation	—	(513,552)
Other	(179,421)	(151,054)
Cash flows from investing activities	(2,342,203)	(1,929,551)
Cash flows from financing activities		
Income from long-term borrowing	500,000	—
Expenditures for long-term debt repayment	(698,881)	(741,768)
Expenditures from non-controlling interests	320,000	—
Expenditures for the acquisition of treasury stock	—	(397,362)
Income from the sale of treasury stock	45,123	—
Other	152,099	94,310

(In thousands of yen)

	FY2020 (Jan. 1, 2020 – Dec. 31, 2020)	FY2021 (Jan. 1, 2021 – Dec. 31, 2021)
Cash flows from financing activities	318,341	(1,044,820)
Cash and equivalents conversion changes	(22,672)	64,197
Cash and equivalents increase (decrease)	1,928,538	(4,188,804)
Cash and equivalents (starting balance)	6,669,871	8,005,782
Cash and equivalents decrease associated with new deconsolidation	(592,628)	—
Cash and equivalents (ending balance)	8,005,782	3,816,978

(5) Notes Related to Consolidated Financial Statements
(Notes Related to Ongoing Concern Assumptions)

Not applicable.

(Segment Information)

[Segment Information]

1. Overview of Reported Segments

The “Reported Segment” for the Company Group provides segregated financial information of segregated business units and is subject to regular assessment by the Board of Directors to allocate management resources and to evaluate operating results.

The only “Reported Segment” by the Company Group is the “Game Business” that provides mobile online games.

2. Calculation Method of Revenue, Income or Loss, Assets, Liabilities and Other Items for Each Reported Segment

The accounting method used for reported business segments is generally the same accounting method used in preparing the consolidated balance statements.

The business segment income is the figure based on gross profit.

3. Pertaining to Revenue, Income or Loss, Assets, Liabilities and Other Items

FY2020 (January 1, 2020 - December 31, 2020)

(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	33,586,886	365,250	33,952,136
Intersegment Internal Revenue or Account Transfer Amount	—	—	—
Total	33,586,886	365,250	33,952,136
Segment Profit	6,832,863	159,299	6,992,163
Other Items			
Depreciation and Amortization	1,826,994	6,770	1,833,764

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.
3. The amount of segment assets and liabilities are omitted as they are not subject to regular assessment for allocating administrative resources and evaluating performance.

FY2021 (January 1, 2021 - December 31, 2021)

(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	23,564,309	330,963	23,895,272
Intersegment Internal Revenue or Account Transfer Amount	—	—	—
Total	23,564,309	330,963	23,895,272
Segment Profit	2,569,647	150,226	2,719,873
Other Items			
Depreciation and Amortization	634,317	8,602	642,920

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.
3. The amount of segment assets and liabilities are omitted as they are not subject to regular assessment for allocating administrative resources and evaluating performance.

(Per Share Data)

	FY2020 (Jan. 1, 2020 – Dec. 31, 2020)	FY2021 (Jan. 1, 2021 – Dec. 31, 2021)
Net assets per share	430.74 yen	336.84 yen
Net income (or loss) per share	20.08 yen	(90.38) yen
Diluted net income per share	19.89 yen	—

Notes:

1. Diluted net income per share for the fiscal year under review is not presented because there are dilutive shares, but this is a net loss per share.
2. The following is the basis for calculation of net income (or loss) per share and diluted net income per share.

Item	FY2020 (Jan. 1, 2020– Dec. 31, 2020)	FY2021 (Jan. 1, 2021 – Dec. 31, 2021)
Net income per share		
Profit attributable to owners of parent (in thousands of yen)	767,180	(3,468,020)
Amount not available to common shareholders (in thousands of yen)	—	—
Profit (or loss) attributable to owners of parent attributable for common shares (in thousands of yen)	767,180	(3,468,020)
Average common shares during period (shares)	38,215,580	38,370,270
Diluted net income per share		
Profit attributable to owners of parent adjustment (in thousands of yen)	—	—
Increase in common shares (shares)	354,425	—
[Of which, subscription rights to shares] (shares)	(354,425)	—
Outline of dilutive shares not included in the calculation of diluted net income per share because they do not have dilutive effect	—	—

(Significant Subsequent Events)

Not applicable.