

February 8, 2024

Name of Company: KLab Inc.

Representative: Hidekatsu Morita,

Representative Director,

President and CEO

(TSE Prime Market: 3656)

Direct Inquiries to: Kazuyuki Takata,

Senior Managing Director and CFO

E-mail Address: ir@klab.com

Notice Concerning Change in Consolidated Subsidiary (BLOCKSMITH&Co.)

KLab Inc. ("the Company") has announced that its Board of Directors resolved at a meeting held today that the Company will transfer some of the shares the company BLOCKSMITH&Co., which is a consolidated subsidiary of the Company (hereinafter referred to as "BLOCKSMITH") to Six Cents Holdings Ltd. (hereinafter referred to as "Six Cents"), the asset management company of Tetsuya Sanada, the Chairman of the Board, and will conclude a share transfer agreement.

As a result, BLOCKSMITH will no longer be a consolidated subsidiary of the Company, and BLOCKSMITH will be excluded from the scope of consolidation of the Company and is expected to be excluded from the scope of consolidation of the Company.

Notes

1. Reason for Transfer of Shares

At the beginning of FY2022, the Company focused on the recent spread of Web3-related technology and its compatibility with "games," the core of its business, and quickly entered the Web3-related business. The Company launched a new blockchain game development project using the knowledge gained through the development and operation of mobile online games.

In April 2022, the Company established BLOCKSMITH as a strategic subsidiary with the aim of promoting projects more flexibly, and since then it has been working hard to develop *Captain Tsubasa -RIVALS-* and QAQA. In addition, it is actively working on the development of related technologies outside of the gaming field, such as announcing a business partnership regarding *Face Recognition Web3 Wallet* and during the year of 2023, looking forward to future product development and research and development, it also raised funds from outside by issuing SAFE-type stock acquisition rights.

However, with regard to crypto assets (virtual currency), which are inseparable in providing blockchain games, regulations are becoming stricter as the legal framework progresses internationally, and from the

perspective of convenience for personal use, the Company believes that it will take some time for blockchain games and crypto assets to become generally popular.

As a result of revising the Company Group business structure in order to make flexible business investments and improve corporate value in this situation, and taking into account the Company management situation, it was decided to transfer a part of the shares of BLOCKSMITH held by the Company.

On the other hand, in BLOCKSMITH, the control ratio by the Company will be reduced, which it believes will lead to further promotion of the business.

Furthermore, if the blockchain game business expands steadily in the future, the Company believes that it will contribute to improving the corporate value of the entire group, so it will continue to support the development of the Web3 business as a shareholder.

2. Method for Change

60,000 of the 100,000 BLOCKSMITH shares (75% voting rights) held by the Company will be transferred.

3. Overview of the Subsidiary for Change

(1) Company name	BLOCKSMITH&Co.
(2) Location	Roppongi Hills Mori Tower, 6-10-1, Minato-ku, Tokyo
(3) Representative position and name	Representative Director and CEO, Tetsuya Sanada
(4) Business description	Development and distribution of products using blockchain technology, crypto assets, and NFTs
(5) Capital	14 million yen
(6) Establishment	April 1, 2022
(7) Major shareholders and shareholding ratio	KLab Inc. 75% Six Cents Holdings Ltd. 25% *BLOCKSMITH is raising funds by issuing SAFE-type stock acquisition rights, but these have not been converted into shares at this time.
(8) Relationship between listed company and target company	
Capital relationship	As noted above
Personnel relationship	Three directors of the Company concurrently serve as directors of the company.
Business relationship	There is development, production, management work, and lending of working funds to BLOCKSMITH for the services it provides.
(9) Business results and financial condition for the past two years of target company	

Fiscal year end	FY2022	FY2023
Net assets	-73 million yen	69 million yen
Total assets	556 million yen	933 million yen
Revenue	—	339 million yen
Net income	-92 million yen	-118 million yen

4. Overview of Transfer Partner

(1) Company name	Six Cents Holdings Ltd.
(2) Address	Minato-ku, Tokyo
(3) Relationship between listed company and target company	Six Cents is owned by the chairman of the Company and the representative director of the target company, but the Company has no transaction or capital relationship with Six Cents.

5. Status of Transfer Shares, Transfer Value, and Owned Shares Before and After the Transfer

(1) Number of shares owned before transfer	100,000 shares (number of voting rights: 100,000 rights) (percentage of voting rights held: 75%)
(2) Number of shares for transfer	60,000 shares (number of voting rights: 60,000 rights)
(3) Transfer price	The price will not be disclosed based on contractual confidentiality obligations with the other party, but the price is determined by calculating an appropriate amount through mutual consultation through a fair process.
(4) Number of shares owned after transfer	40,000 shares (number of voting rights: 40,000 rights) (percentage of voting rights held: 30%)

6. Schedule

(1) Resolution at Board of Directors Meeting	February 8, 2024
(2) Transfer agreement conclusion date	February 9, 2024
(3) Transfer effective date	February 9, 2024
(4) Transfer price payment date	February 9, 2024

7. Future Outlook

As a result of the share transfer, BLOCKSMITH is expected to be excluded from the scope of consolidation of the Company from the beginning of FY2024. Therefore, the impact on business results for the FY2024 will be minor.