

March 29, 2024

Name of Company: KLab Inc.

Representative: Hidekatsu Morita,  
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President and CEO  
(TSE Prime Market: 3656)

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## Notice Concerning Plan for Compliance with Listing Maintenance Criteria

KLab Inc. ("the Company") has announced that it no longer meets the listing maintenance criteria of the Tokyo Stock Exchange Prime Market as of December 31, 2023 (hereinafter referred to as the "Reference Date"). The Company has formulated a plan to comply with the listing maintenance criteria and has resolved it at the Board of Directors meeting held today as per below.

### Notes

#### 1. Compliance status and plan period for listing maintenance criteria for the Company

The compliance status for the Company with the Prime Market listing maintenance criteria as of the Reference Date is as shown in the table below, and the market capitalization of outstanding shares does not comply with the criteria. The Company will proceed with various initiatives in order to meet the criteria for market capitalization of outstanding shares, which are now non-conforming.

	Number of shareholders	Number of outstanding shares	Market capitalization of outstanding shares	Ratio of outstanding shares	Average daily trading value
Status of the Company (as of the Reference Date)	17,786	332,364 units	9.1 billion yen	80.8%	240 million yen
Listing maintenance criteria	800	20,000 units	10 billion yen	35.0%	20 million yen
Plan period	—	—	until the end of December 2026	—	—

(Note) The Company's compliance status was calculated based on the distribution of the Company stock certificates, etc., as known by the Tokyo Stock Exchange as of the Reference Date.

## 2. Basic policy, issues, and details of initiatives toward compliance with listing maintenance criteria

### (1) Basic policy

Recently, the market capitalization of the outstanding shares of the Company has fallen below the standard value. The market capitalization of outstanding shares is calculated using the stock price and the number of outstanding shares, but since the outstanding stock ratio of the Company is already at a high level, it believes that an increase in the stock price is necessary for the market capitalization of outstanding shares to increase. Therefore, in order to comply with the listing maintenance criteria, the basic policy is to improve the corporate value of the Company and increase its stock price through the initiatives listed below.

### (2) Issues and details of initiatives

#### [1] Recovery of business performance and achievement of mid-term management plan by creating hit titles

The Company Group is currently developing three large-scale mobile online games that will be released sequentially from 2024 onwards: *EA SPORTS FC™ TACTICAL*, a title whose IP name has not been disclosed, and a title from the TV anime *My Hero Academia* series. The Company is promoting its business with top priority. All of these games use IPs that have a large number of fans and are titles that will greatly contribute to achieving the mid-term management plan goal of 40 billion yen in revenue and 10 billion yen in operating income.

Currently, the business performance of the Company continues to be difficult, but it will strive to improve its business performance and increase the corporate value through the release of these titles.

#### [2] Enhancing IR activities

The Company will strive to promote understanding of its business by strengthening overall IR operations, focusing on the following, and will conduct IR activities that contribute to increasing corporate value.

- Enhancing disclosure of non-financial information such as financial results briefing materials and ESG information
- Improving the quality of dialogue, including interviews with institutional investors
- Improvement of disclosure in English
- Consideration of creating explanatory materials for individual investors and holding explanatory meetings, etc.

The closing price on March 28, 2024 was 361 yen, which is a stock price level that exceeds the standard value of market capitalization of outstanding shares. The Company will continue to promote its business with the aim of recovering business performance and achieving the med-term management plan and will strive to improve its stock price.

# **Mid-Term Management Plan**

## **(February 2023 Announced Version)**

## Theme

**Aiming to achieve performance targets by strengthening the earnings base and creating titles that will serve as new growth drivers, while also promoting blockchain-related business**

### Fundamental Strategy

### Performance Objectives

Game Policy

- ① Earnings base using stable operation of existing titles
- ② New hit titles

Other

- ③ Secure sources of earnings other than conventional means
- ④ Entry into the blockchain-related business

#### FY2025 & beyond

Revenue **40** billion yen

Operating Income **10** billion yen

**+ a**

## **i. Game Policy**



# i. Game Policy: Acquisition of Popular IPs

- ✓ In selecting IPs, the emphasis is placed on whether it has global popularity, whether it is immersive, and whether the company can produce games that will gain support from fans based on a deep understanding of IPs.



# i. Game Policy: Genre Strategy

- ✓ New game development prioritizes genres in which the Company has a track record of creating hit titles to date and has accumulated sufficient know-how.
- ✓ The company also aims to create hit titles by enhancing the competitiveness of areas in which it excels, such as enhancing added value by further refining the expression capabilities in animation that it has cultivated to date.

Genre	KLab Title	Notes
<b>Action RPG</b>		<ul style="list-style-type: none"><li>• High global demand for action RPGs with strong playing elements</li><li>• Hit title with a global track record</li></ul>
<b>Sports Simulation</b>		<ul style="list-style-type: none"><li>• Players worldwide can compete against each other</li><li>• Developed an original simulation game system</li><li>• Hit title with a global track record</li></ul>

# i. Game Policy: Promotion of Global Expansion

- ✓ Games that share worldwide entertainment content, can maximize earnings by expanding globally.
- ✓ Pursue universal UX and content that is easy to understand and use, even if they differ in culture and language, and improve value for users.
- ✓ In operations and development, the company will continue to improve systems and efficiency, thereby maximizing earnings.

**Language additions to flexibly meet user needs**

**Fair operation without time lag**

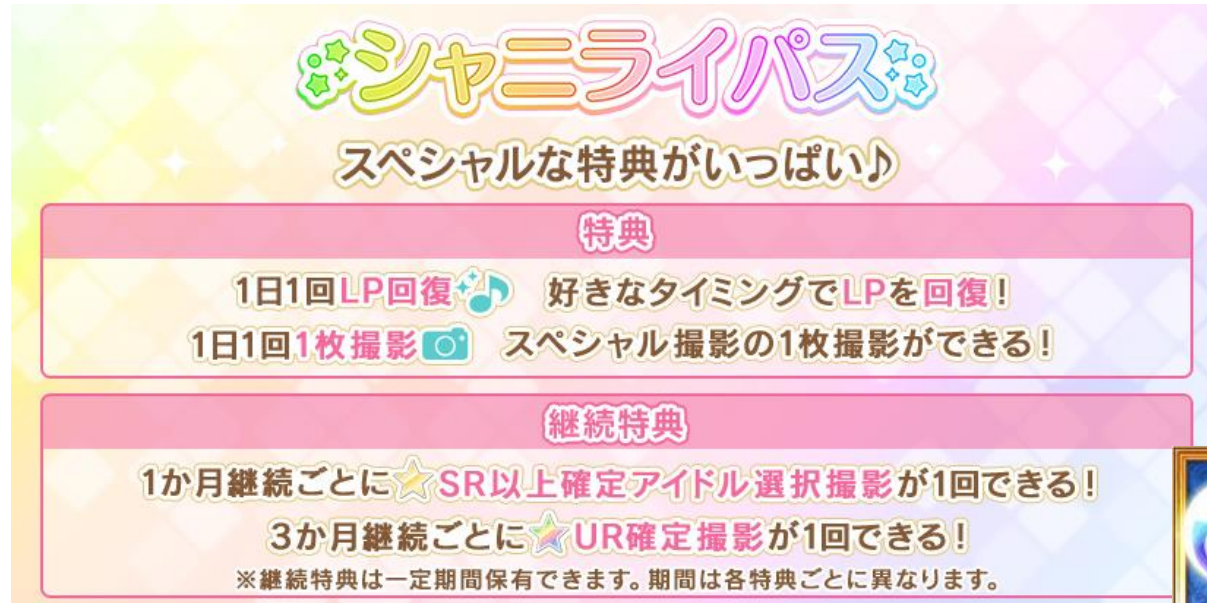
**Smooth distribution on new platforms**

**Promote global expansion to enhance value provided to users and increase earnings**



# i. Game Policy: Diversified Monetization

- ✓ Implemented subscription and advertising not only for conventional gacha billing, but also for earning additional revenue. The company will also expand its payment methods.
- ✓ Subscriptions are priced in the range of several hundred to three thousand yen.
- ✓ Implement system designs tailored to the titles introduced while also taking into account the user base and compatibility with games.



**シャニライブパス**  
スペシャルな特典がいっぱい♪

**特典**

- 1日1回LP回復🎵 好きなタイミングでLPを回復!
- 1日1回1枚撮影📷 スペシャル撮影の1枚撮影ができる!

**継続特典**

- 1か月継続ごとに★SR以上確定アイドル選択撮影が1回できる!
- 3か月継続ごとに★UR確定撮影が1回できる!

※継続特典は一定期間保有できます。期間は各特典ごとに異なります。






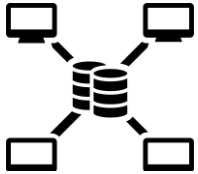
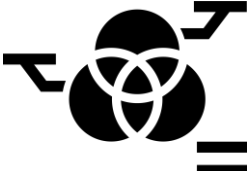




**グレスルパスポート**

- キャラ獲得パス
- グレスル満喫パス

様々な特典が受けられる2種類のパスポートが登場!

# i. Game Policy: Minimize Decline with Stable Long-Term Operation



- ✓ In order to enable more users to play with loyal conditions for a long period of time, the company will conduct user-first operations by strengthening data utilization and other means.
- ✓ In addition, the company will focus on improving efficiency and reducing costs in order to maintain stable long-term operations.

<b>User First</b>	 Integration of trends in campaigns	 Reinforcement of user communication	 Real events (online / offline)
<b>Reinforcement of Data Utilization</b>	 Reinforcement of data sharing between projects	 Reinforcement of analyzing user behavior	 Efficiency achieved through data utilization
<b>Efficiency/ Cost Reduction</b>	 Automation of regular work	 Operational efficiency using AI	 Reduction in operation costs

**ii . Other**

## ii . Other: Promotion of Casual Games

- ✓ Since anyone can easily play with a small amount of time, the content needs to be developed based on intrinsic interests.
- ✓ Take on challenges to create hit games.

		
<b>Area of focus</b>	<b>Focus on the operated-type casual game area</b>	<b>Focus on the entire casual game area</b> <b>Also consider utilizing IPs going forward</b>
<b>Strengths</b>	<ul style="list-style-type: none"><li>• Ability to provide stable services over the long term</li><li>• The company holds knowledge on marketing and distribution necessary for global expansion</li></ul>	<ul style="list-style-type: none"><li>• Planning ability to announce new titles at a pace of one per month, despite a small number of people</li><li>• Track record of developing a variety of games without paying attention to genres</li></ul>

**Work together as a group to create hit titles**

## ii . Other: (Reference) Casual Games

Casual games: The gameplay is simple and intuitive, and you can easily play it even in your spare time.

**Differences in business models in the casual game field and the company business development area**

	Hypercasual	Casual	Operated-Type Casual
<b>Gameplay</b>	Regardless of language, age, gender, religion, etc., simple gameplay that anyone can play.	Compared to hyper casual, you can play for a longer period of time. Equipped with gameplay and creativity.	Added operational elements to casual games for longer playtime. Regularly add events and items even after release.
<b>Main customers</b>	Ad network advertising	Ad network advertising, regular fans	Marketing campaign, ad network advertising, regular fans
<b>Main source of earnings</b>	In-game advertising	In-game advertising	In-game advertising + in-game purchase
<b>Business characteristics</b>	<ul style="list-style-type: none"> <li>• Can be developed with a low-cost budget and short period</li> <li>• Attract users with ad network advertising, earn revenue from in-game ad distribution, and aim for a short-term return on investment</li> </ul>	<ul style="list-style-type: none"> <li>• Earn income by distribution of advertising in the game</li> <li>• Increase the number of regular fans (repeaters) by continuously releasing titles or turning them into a series, thereby stabilizing the probability of hits.</li> <li>• There are cases where IPs are used</li> </ul>	<ul style="list-style-type: none"> <li>• In addition to advertising distribution revenue, there is a possibility that revenue can be greatly increased by offering an item charge menu.</li> <li>• You can earn sustainable income by increasing the number of continuous players.</li> <li>• Since the expected profit increases, more costs can be spent on marketing activities.</li> <li>• There are cases where IPs are used</li> </ul>
<b>Estimated development costs</b>	Several hundred thousand yen ~ several million yen	Up to several million yen	Several ten millions of yen ~ 100 million yen
<b>Estimated development period</b>	Several weeks ~ several months	Several months ~ half a year	Half a year ~ 1 year
<b>Expansion area</b>	—	GlobalGear	GlobalGear, KLab

## ii . Other: Promoting the Overseas Game Development Support for Japanese IPs

- ✓ Receive game licenses from Japanese IP holders aiming to generate earnings overseas and develop games in collaboration with overseas developers.
- ✓ Secure stable earnings by accumulating multiple projects in response to the needs of both the publishers and the development and operating companies.

### Examples of Development



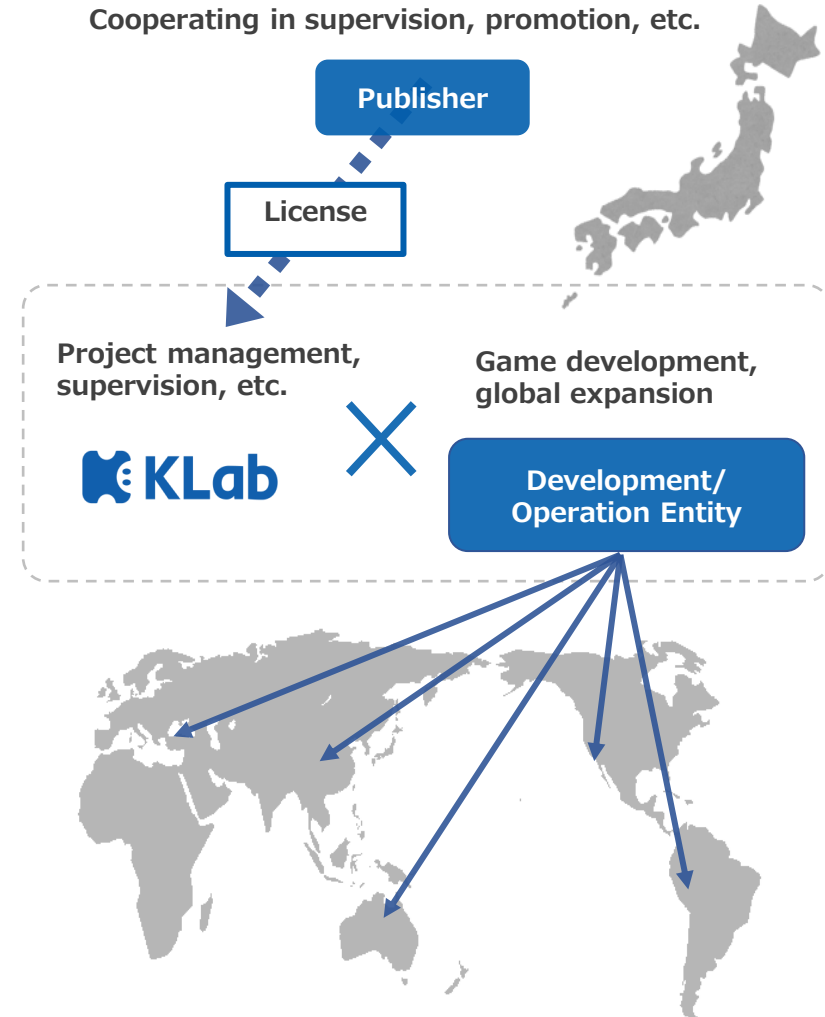
BLEACH Kyo-Kai-Tamashinokakusei : Shinigami



Touhou Arcadia Record (Touhou Project)



JoJo's Bizarre Adventure anime series (乔乔的奇妙冒险 黄金赞歌)

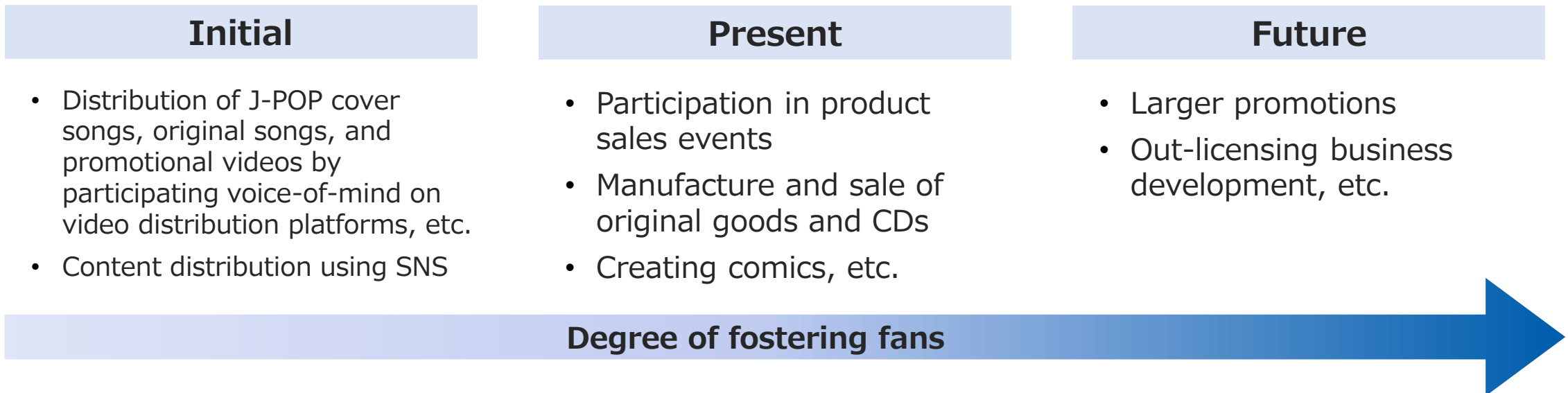




## ii. Other: Approach to Original IPs (Original Works)

- ✓ Continuously engage in original work development as the seed for future earnings.
- ✓ Develop IPs while fostering core fans while developing media in small steps.
- ✓ Games will be developed after comprehensively taking into account the status of the IP fan base, the level of awareness, the market environment, etc.

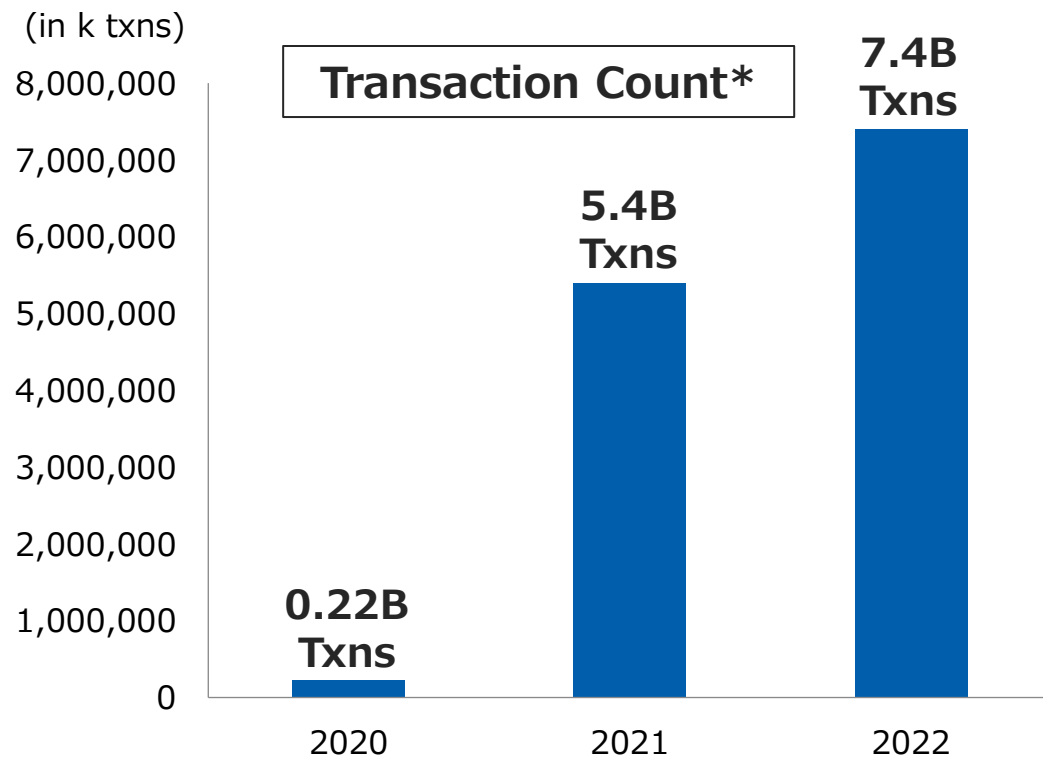
### Image for cultivating *-aoppella!?-*



**Focus on promotions that leverage the great appeal of IP**  
**Gradually expand project scale according to the level of fostering of fans and needs**

## ii. Other: Entry Into the Blockchain-Related Business

- ✓ In recent years, blockchain games have appeared that allow virtual currencies and NFTs acquired in the game to be taken out of the game and exchanged for legal currency.
- ✓ Since then, interest in blockchain games has increased, and the number of cryptocurrency transactions has increased dramatically.
- ✓ On the other hand, the sales of NFTs in blockchain games will be \$5.1B in 2021, which is still in its infancy compared to the size of the mobile online game market, so the company believes that the market will certainly expand in the future.
- ✓ Taking advantage of the high affinity between NFTs and IPs, the company will aim to create new growth drivers using the knowledge that has been cultivated in the game business, centered around the strategy of popular IPs and games, which is the company strength.



### Mobile Online Game Market Size\*\*

2010 \$0.55B → 2022 \$136B

### Blockchain Game NFT Sales Volume\*\*\*

2021 \$5.1B → 20XX \$????B

\* Source: DappRadar (DappRadar x BGA Games Report – 2022 Overview) / \*\* Source: data.ai (2022 Gaming Spotlight)

\*\*\* Source: NonFungible.com (Yearly NFT Market Report 2021)