KLab Inc. (3656)
FY2026 2Q
Presentation Material

2026.08.06

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Highlights for 2Q Financial Results

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DRAGON QUEST Smash/Grow launched successfully, with revenue doubling QoQ
Q2 non-consolidated operating income of 493 million yen recorded
Absorbed the Q1 loss and achieved a return to profitability for the first half overall

Revenue

3,263 million yen

Compared to Q1: +91.3%
Compared to YoY: +113.9%

Operating Income (Q2 Non-Consolidated)

493 million yen

FY25Q2 Results:
-359 million yen

Operating Income (Q2 Cumulative)

39 million yen

FY26Q1 Results:
-453 million yen

Progress is on track to meet earnings forecast

- Regarding progress against earnings forecasts, although currently low due to the impact of first-quarter results, **progress is on track**
- Having absorbed the first quarter loss and returned to profitability, the company will now steadily accumulate profits

FY2026 (Ended Dec. 31)
Second Quarter Financial Results

KLab

2Q Performance Summary

- *DRAGON QUEST Smash/Grow* saw a successful launch, generating revenue through in-app purchases and advertising (via revenue-sharing arrangements), resulting in a doubling of revenue
- Driven by the increase in revenue, operating income turned positive for the quarter, resulting in a profit for the cumulative second quarter as well
- Despite recording an impairment loss of 136 million yen on crypto assets, the company secured a final profit of 383 million yen

(numbers in parenthesis are the percentage of revenue)

In Millions of Yen	FY2026 2Q	FY2026 1Q	QoQ (%)	FY2025 2Q	YoY (%)
Revenue	3,263	1,705	+91.3%	1,525	+113.9%
Gross Profit	1,282 (39.3%)	133 (7.8%)	+859.2%	96 (6.3%)	+1236.0%
Operating Income	493 (15.1%)	-453 (-26.6%)	—	-359 (-23.6%)	—
Ordinary Income	400 (12.3%)	-495 (-29.1%)	—	-391 (-25.7%)	—
Profit Attributable to Owners of Parent	383 (11.8%)	-509 (-29.9%)	—	-4,269 (-279.9%)	—

Revenue Analysis by Title: Comparison to 1Q

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BLEACH Brave Souls

- The sluggish trend observed since the second half of the previous year continues
- Both the Japanese and global versions remained flat compared to the previous quarter

Captain Tsubasa: Dream Team

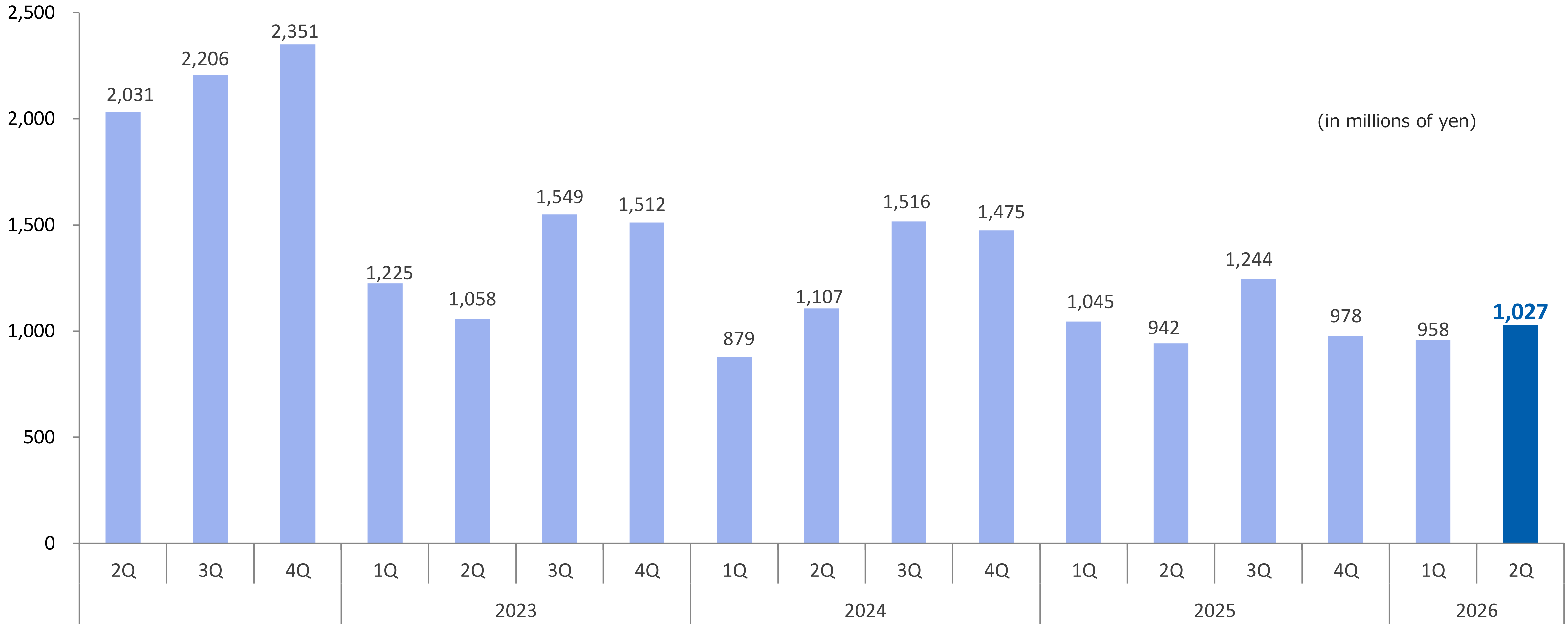
- In addition to stable growth, the Japanese and global versions saw increased revenue compared to the previous quarter, partly due to the impact of anniversary campaigns and the World Cup

DRAGON QUEST Smash/Grow

- Released on April 21, the launch has been successful
- Strong initial momentum enabled the generation of substantial revenue in just over two months

Trend in Overseas Revenue

- Overseas revenue is driven primarily by *BLEACH Brave Souls* and *Captain Tsubasa: Dream Team*, with some contribution from the support model
- North America drives overseas revenue for *BLEACH Brave Souls*, while Asia and the Middle East drive it for *Captain Tsubasa: Dream Team*
- The ratio of overseas revenue declined to 30% due to a significant increase in domestic revenue following the release of *DRAGON QUEST Smash/Grow*



* *The above graph includes revenue from game titles that are no longer available.*

Expenses (Compared to Previous Quarter)

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- Outsourcing and subcontracting expenses increased due to one-time costs associated with the development of new titles, consequently, the amount of account transfers also rose
- Advertising and promotion expenses increased due to costs for the *Captain Tsubasa: Dream Team* anniversary campaign and a share of the promotional costs for the release of *DRAGON QUEST Smash/Grow*

In Millions of Yen	2Q	1Q	Difference	Difference (%)	Reference
Revenue	3,263	1,705	1,557	91.3%	
Game business	3,175	1,376	1,798	130.6%	Increased due to revenue contribution from *DQ Smash/Grow*
Other	88	329	-240	-73.2%	Sales volume of GPU servers has declined
COGS	**1,980**	**1,572**	**408**	26.0%	
Labor Costs	577	568	8	1.5%	
Outsourcing & Subcontracting	1,071	435	635	146.1%	A temporary increase in development costs for new titles
Royalties & Commissions	555	581	-25	-4.4%	
Other	401	407	-6	-1.5%	
Account Transfers (-)*	-626	-421	-204	48.5%	A temporary increase in development costs for new titles
SG&A	**789**	**587**	**202**	34.4%	
Allowance	151	164	-12	-7.8%	
PR & Promotions	300	60	240	395.1%	Increased due to the cost of the *Captain Tsubasa: Dream Team* anniversary campaign and the partial coverage of advertising and promotional expenses for *DQ Smash/Grow*
Other	336	362	-25	-7.0%	
Operating Income	493	-453	946	―	

** Mainly due to the labor and outsourcing costs for new titles, which are recorded as software in progress under assets.*

Quarterly Trend in Fixed Expenses

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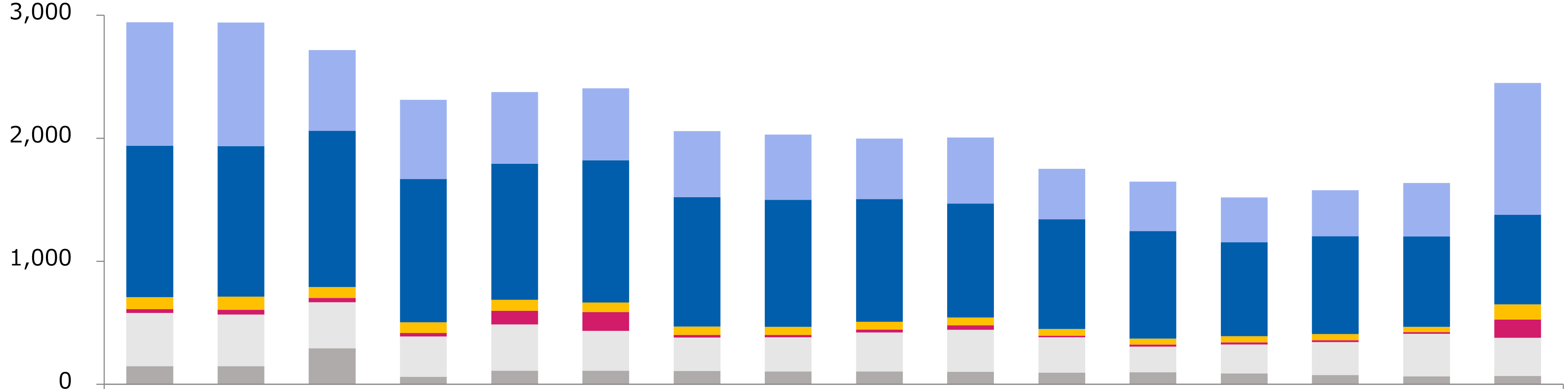
- The significant increase in fixed costs compared to the previous quarter is primarily attributable to the recording of one-time outsourcing and subcontracting expenses associated with new titles
- The software costs for *DRAGON QUEST Smash/Grow* are scheduled to be depreciated over the next five years

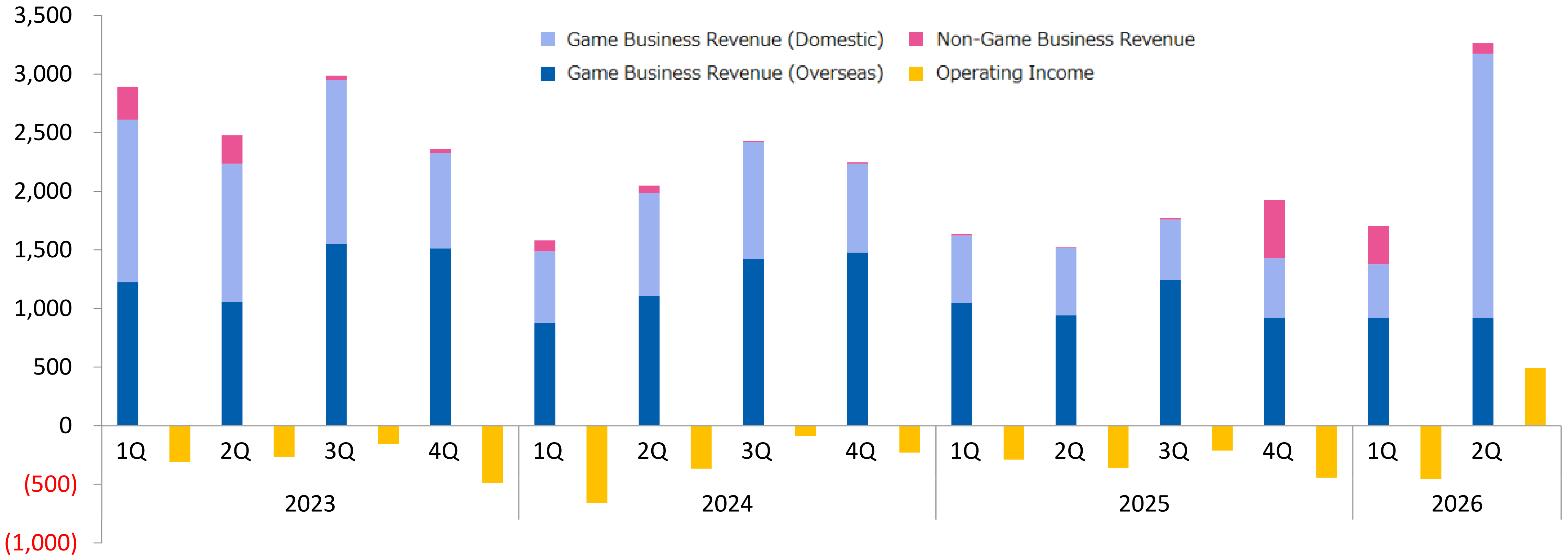


	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
(in millions of yen)	2022		2023				2024				2025					2026
Outsourcing/Subcontracting Costs(COGS)	1,005	1,005	658	643	582	584	536	530	491	538	410	402	366	375	435	1,071
Labor/Personnel Costs	1,231	1,223	1,269	1,167	1,107	1,157	1,052	1,034	999	926	892	875	764	794	733	729
Server Costs	98	107	89	85	89	79	68	64	63	64	53	48	50	50	45	124
Depreciation Costs	31	38	34	30	112	151	22	19	23	35	14	16	16	15	12	148
Other SG&A*	431	420	374	327	375	324	271	280	318	342	286	210	235	269	346	310
Other COGS**	148	148	294	61	111	111	109	103	104	102	96	97	89	75	65	67
Total	2,944	2,941	2,718	2,313	2,376	2,406	2,058	2,030	1,998	2,007	1,751	1,648	1,520	1,578	1,636	2,449
(Reference) Transfer to Other Accounts***	- 820	- 821	- 752	- 729	- 772	- 824	- 624	- 651	- 679	- 669	- 595	- 514	- 421	- 385	- 421	- 626

** Rent, office supply expenses, outsourcing, and other SG&A expenses ** Total expenses related to COGS for rent, office supply expenses, and communication costs*
**** Primarily transferred to software in progress and other accounts*

Quarterly Trend in Performance

- Revenue in the gaming business grew significantly, driven by the contribution of *DRAGON QUEST Smash/Grow*
- Operating income also turned profitable on both a quarterly and cumulative basis



(in millions of yen)	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Revenue	2,891	2,478	2,986	2,361	1,581	2,048	2,428	2,247	1,635	1,525	1,772	1,922	1,705	3,263
Operating Income	-308	-264	-158	-487	-658	-365	-88	-228	-288	-359	-212	-443	-453	493
Operating Income Margin %	-10.7	-10.7	-5.3	-20.6	-41.6	-17.9	-3.7	-10.2	-17.6	-23.6	-12.1	-23.1	-26.6	15.1

Consolidated Balance Sheet (Compared to Previous Quarter)

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- Accounts receivable increased significantly, primarily due to the rise in revenue of *DRAGON QUEST Smash/Grow*
- Accounts payable increased due to the recording of development costs for *DRAGON QUEST Smash/Grow* and *My Hero Academia UNITED SURVIVAL*

In Millions of Yen	2Q	1Q	Difference	Difference (%)	Reference
Current Assets	8,357	6,862	1,495	21.8%	
Cash and Cash Deposits	3,649	3,825	-176	-4.6%	
Other	4,708	3,036	1,671	55.0%	Accounts receivable increased significantly
Non-current Assets	6,279	6,026	252	4.2%	
Intangible Assets	3,704	3,566	138	3.9%	
Total Assets	**14,637**	**12,889**	**1,747**	**13.6%**	
Current Liabilities	2,840	2,319	520	22.5%	Accounts payable increased due to costs incurred for operations and new development
Non-current Liabilities	90	92	-1	-2.0%	
Total Liabilities	**2,930**	**2,411**	**518**	**21.5%**	
Total Net Assets	**11,706**	**10,477**	**1,228**	**11.7%**	
ROE	3.5%	-5.0%	8.5pt	—	
ROA	2.8%	-3.9%	6.7pt	—	
Equity Ratio	78.1%	79.8%	-1.7pt	—	

Topics

『*My Hero Academia UNITED SURVIVAL*』 Service Launch

- On August 6, *My Hero Academia UNITED SURVIVAL*, launched worldwide, excluding mainland China

『*My Hero Academia*』 Anime

・Based on the manga by Kohei Horikoshi, which was serialized in *Weekly Shonen Jump* (published by Shueisha) from July 2014 to August 2024. The original manga series has a total global circulation exceeding 100 million copies.

・Recognized by Guinness World Records in 2025 in two categories: "Most in-demand anime TV show" and "Most in-demand animated TV show."

・Selected for the top honor, "Anime of the Year," at the 2026 Crunchyroll Anime Awards.

・An anime with global acclaim, having reached the top 10 in the overall global rankings on Netflix.

* *Press release from August 5, 2026*: https://www.klab.com/en/press/release/2026/0805/s.html

New Title for『*JoJo's Bizarre Adventure*』Scheduled for August 13 Release

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- Pre-registrations for *JoJo's Bizarre Adventure: Golden Spirit*, a title the company supported in development, has already surpassed 1.5 million
- Publisher WANDA CINEMAS GAMES is scheduled to launch the game globally* on August 13

* *Available worldwide, excluding Japan, mainland China, Hong Kong, Taiwan, and Macau* / SNS Account: @jojogs_official / YouTube: https://www.youtube.com/@jojo_goldenspirit

Nintendo Switch Version of 『*Utano☆Princesama Shining Live*』 in Development

- The company is currently redeveloping the smartphone rhythm action game *Utano☆Princesama Shining Live* for the Nintendo Switch, which it has distributed and operated from 2017 to 2023, in collaboration with the IP holder, Broccoli Co., Ltd.
- Scheduled for release on December 17

* *Press release from June 24, 2026 (in Japanese only)*: https://www.klab.com/jp/press/release/2026/0624/shininglive_switch.html

Progress on VTuber Business

- First-generation VTubers *Oguma Komame* and *Hanasaki Mimoza* have debuted from the VTuber agency *Yumekairo Production.*
- The group, featuring four members including the AI VTuber *Yumemi Nana*, is steadily growing its fan base and expanding as an IP.
- The company has developed a proprietary video generation system that enables high-quality live production by using AI to automatically generate camera work synchronized with the performers' movements and the music. This allows for high-quality streaming while keeping costs down.

Official *Yumekairo* YouTube Channel	https://www.youtube.com/@yumekairo_official
Official Website	https://yumekairo.ai-ent.klab.com/

* *Press release from May 27, 2026 (in Japanese only)*: https://www.klab.com/jp/press/release/2026/0527/yumekairo.html
** *Press release from June 15, 2026 (in Japanese only)*: https://www.klab.com/jp/press/release/2026/0615/nana0707.html

Support for AI Creators and Investment in AI Content

- Formed a business partnership with AI film director Kumiko Endo, who has garnered high acclaim at various film festivals worldwide where the partnership will advance investment in AI content, including the production, distribution, and promotion of video works
- Established *KLab AI GUILD* to provide a platform for AI creators to showcase their work
- Appointed Kumiko Endo as the ambassador for *KLab AI GUILD* to facilitate collaboration with AI creators

KLab AI GUILD

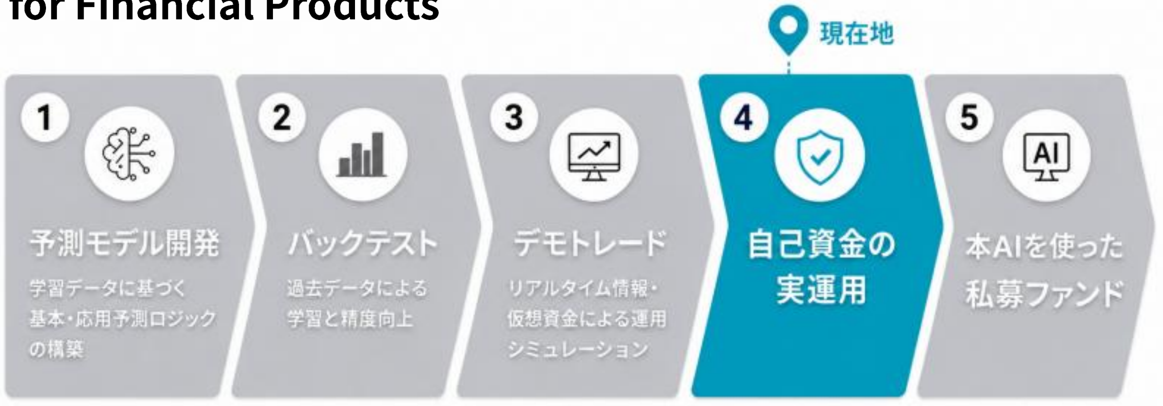
KLab AI GUILD is a registration-based program for AI creators involved in the production of media such as films, music, music videos, and anime. It assigns projects to registered creators based on their areas of expertise and preferences. The guild was established to facilitate collaboration with professionals, connect creators with commercial content and corporate projects, provide learning opportunities for skill enhancement, and offer a platform for creators to interact with one another.

* *Press release from May 21, 2026 (in Japanese only)*: https://www.klab.com/jp/press/release/2026/0521/klabaiguild.html

Launched Own Capital Trading of Bitcoin Using Automated AI Trading System

- Trading using proprietary funds began on July 1 and as of August 6, operations are currently suspended for system tuning
- Operations are scheduled to resume after tuning is complete and a round of demo trading has been conducted
- For the time being, the company will gradually increase the operating capital while monitoring trading performance and risk management, aiming to develop this into a new core business pillar

Roadmap for Developing AI-Based Automated Trading System for Financial Products



Plan to Expand the Range of Financial Products Offered

In the future, the company will also proceed with the development and verification of AI-based automated trading systems for foreign exchange, stock indices, and other financial instruments

Distribution of information on AI automated trading system

You can check the status of AI-driven trading on the official website at any time. Reports on past tests and other information are also available on the official website and the official note website.

KLab AI Trade Official Website	https://aitrade.klab.com
KLab AI Trade Official X	https://x.com/KLab_AI_trade
KLab AI Trade Official note	https://note.com/klab_ai_trade

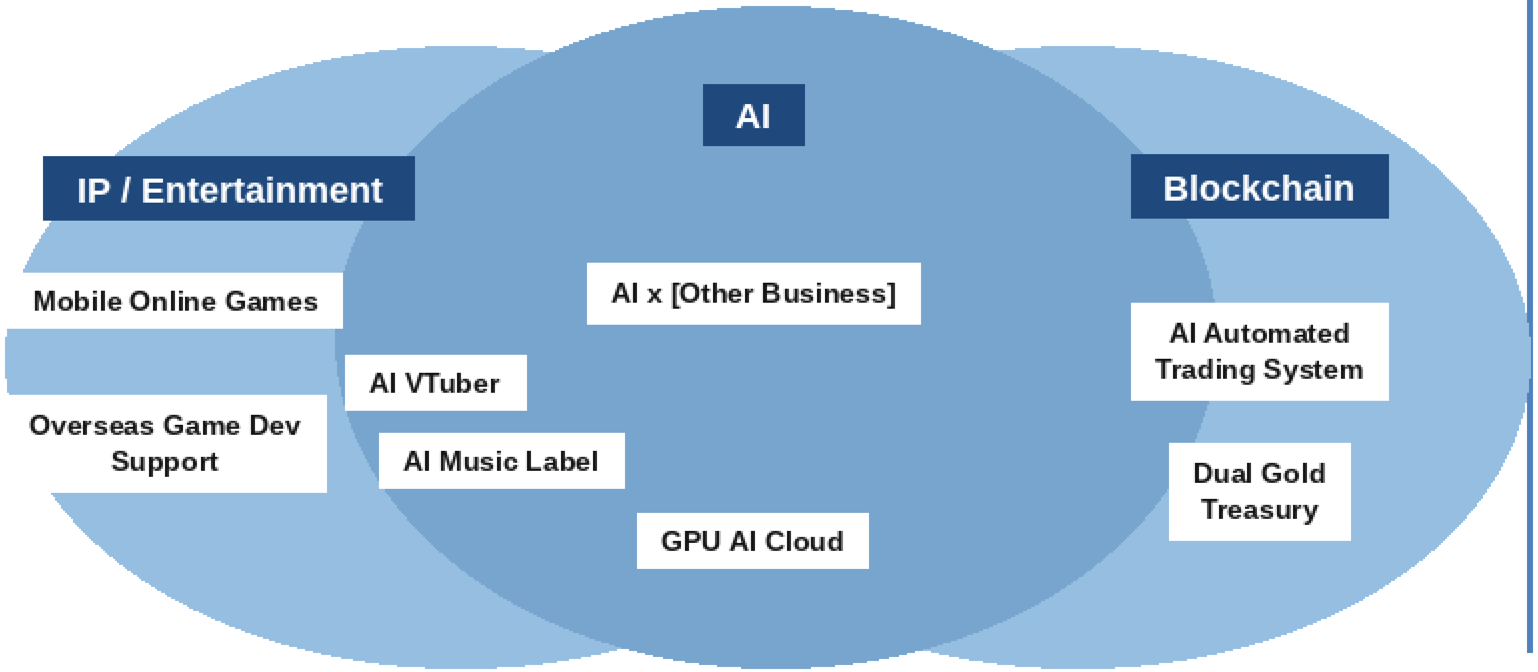
* *Press release from July 1, 2026*: https://www.klab.com/en/press/release/2026/0701/t.html

Established KLab UAE as New Business Base

- The company has decided to establish a wholly owned subsidiary in Dubai, UAE, and the process is currently underway
- Roles will be clearly distinguished from those of the Japanese headquarters, with the Dubai entity serving as the hub for driving business operations across the MENA region

KLab HQ (Japan)

To reduce revenue volatility from relying on a single game business, KLab is diversifying its management through a "high-turnover, high-mortality" strategy of continuously launching multiple new businesses.



KLab UAE

- Marketing & promotion for games, etc.
- Dual gold treasury
- Trade and technology transfer between Japan and MENA
- Promoting and brokering investment between Japan and MENA

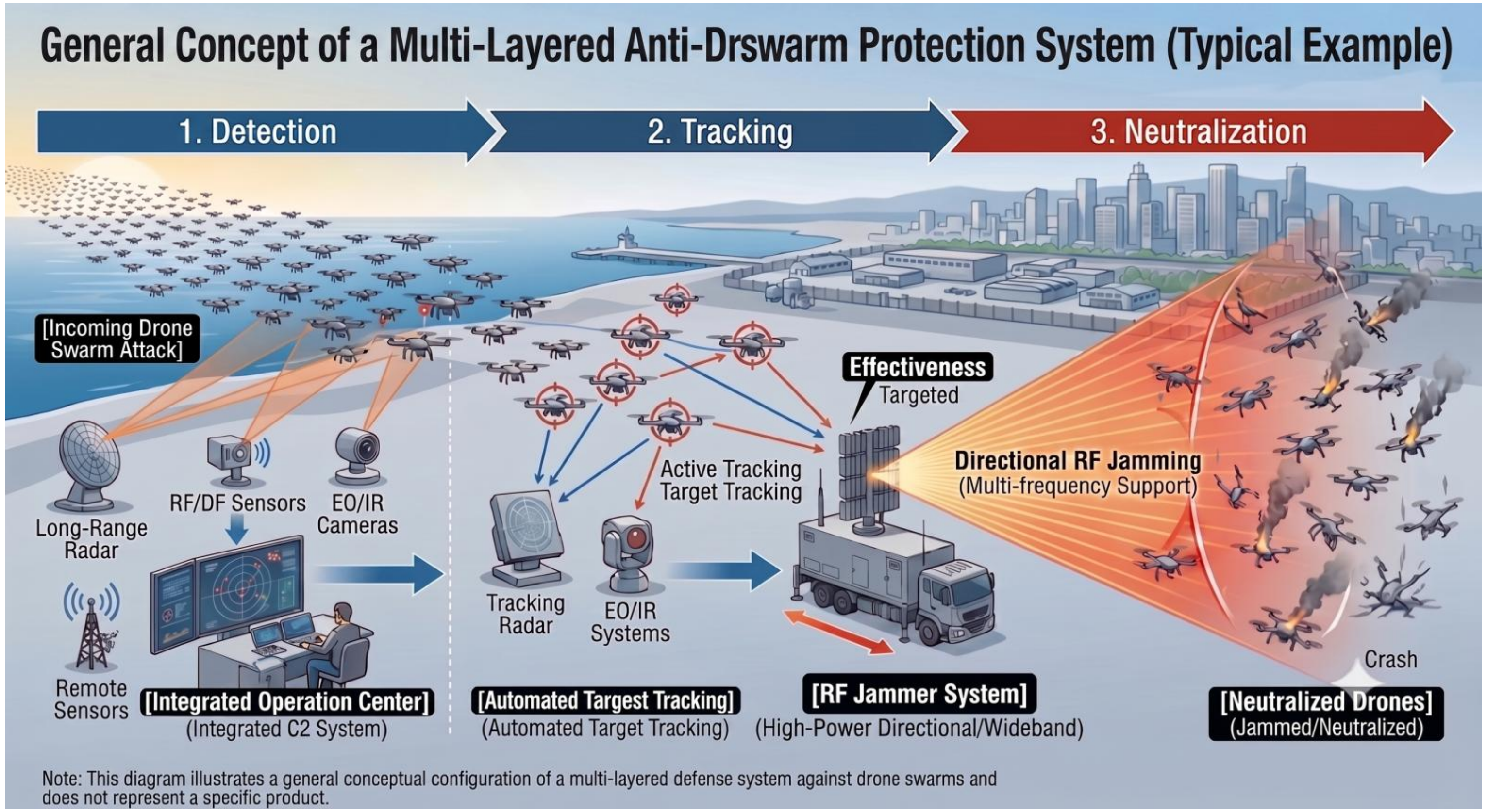
(Currently under development)

- **Anti-drone defense system**
- **Smart home**

* *Press release from June 22, 2026*: https://www.klab.com/en/press/release/2026/0622/u.html

Signing of Memorandum of Understanding to Promote Introduction of Anti-Drone Defense Systems in the UAE

- Signed a memorandum of understanding with an overseas defense company that possesses an integrated protection system (anti-drone defense system) capable of detecting, identifying, and neutralizing unauthorized drones using technologies such as radio frequency (RF) jamming
- This system has been adopted by defense agencies, law enforcement agencies, and government bodies. It has also already been deployed at critical facilities, including public infrastructure, power plants, airports, seaports, and large-scale event venues
- KLab UAE will lead the initiative, initially aiming to promote the deployment of the system within the UAE



* *Press release from July 6, 2026*: https://www.klab.com/en/press/release/2026/0706/d.html

Joint Venture for AI Smart Home Business Established in Dubai

- HOMMA Group, Inc., a developer and provider of "Built-in Intelligence," a built-in smart home system for luxury properties, has established a joint venture in Dubai named KLab HOMMA Living Innovation Middle East (known as KH Living)
- By combining KLab's local network with HOMMA's technology and products, the company aims to build a business foundation for design and construction management within the UAE's luxury residential, hotel, and resort development markets

Company name	KLab HOMMA Living Innovation Middle East
Location	Dubai, United Arab Emirates
Representative	Ryusuke Harada *Director of the company
Capital	100,000UAE Dirham (approx. 4 million yen)
Investment ratio	KLab 51%　HOMMA Group 49%
Business description	Design and sales of smart home systems, construction management, and the import and supply of related materials
Establishment	Currently in progress

* *Press release from July 16, 2026 (in Japanese only)*: https://www.klab.com/jp/press/release/2026/0716/homma.html

Appendix

- List of Game Titles in Operation
- Trend in the Number of Group Employees
- Action to Implement Management that is Conscious of Cost of Capital and Stock Price
- Main Reference Links
- Company Profile
- Disclaimer / Inquiries

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Appendix: List of Game Titles in Operation

BLEACH Brave Souls

Surpassed 100 million downloads worldwide! An exciting 3D slashing action battle game.
Worldwide release (excluding East Asia and Southeast Asia)
Japanese version: July 23, 2015
Global version (English, French): January 14, 2016
Asia version (English, Traditional Chinese): July 9, 2020

Captain Tsubasa: Dream Team

Surpassed 55 million downloads worldwide! Head-to-Head Football Simulation Game based on the classic Captain Tsubasa.
Worldwide release
Japanese version: June 13, 2017
Global version (English, French, German, Italian, Spanish, Traditional Chinese, Arabic, Brazilian Portuguese, Thai): December 5, 2017
*Thai language was released on October 18, 2019
Mainland China version (Simplified Chinese) : June 28, 2019 **Released by Beijing Gaea Interactive Entertainment Co., Ltd

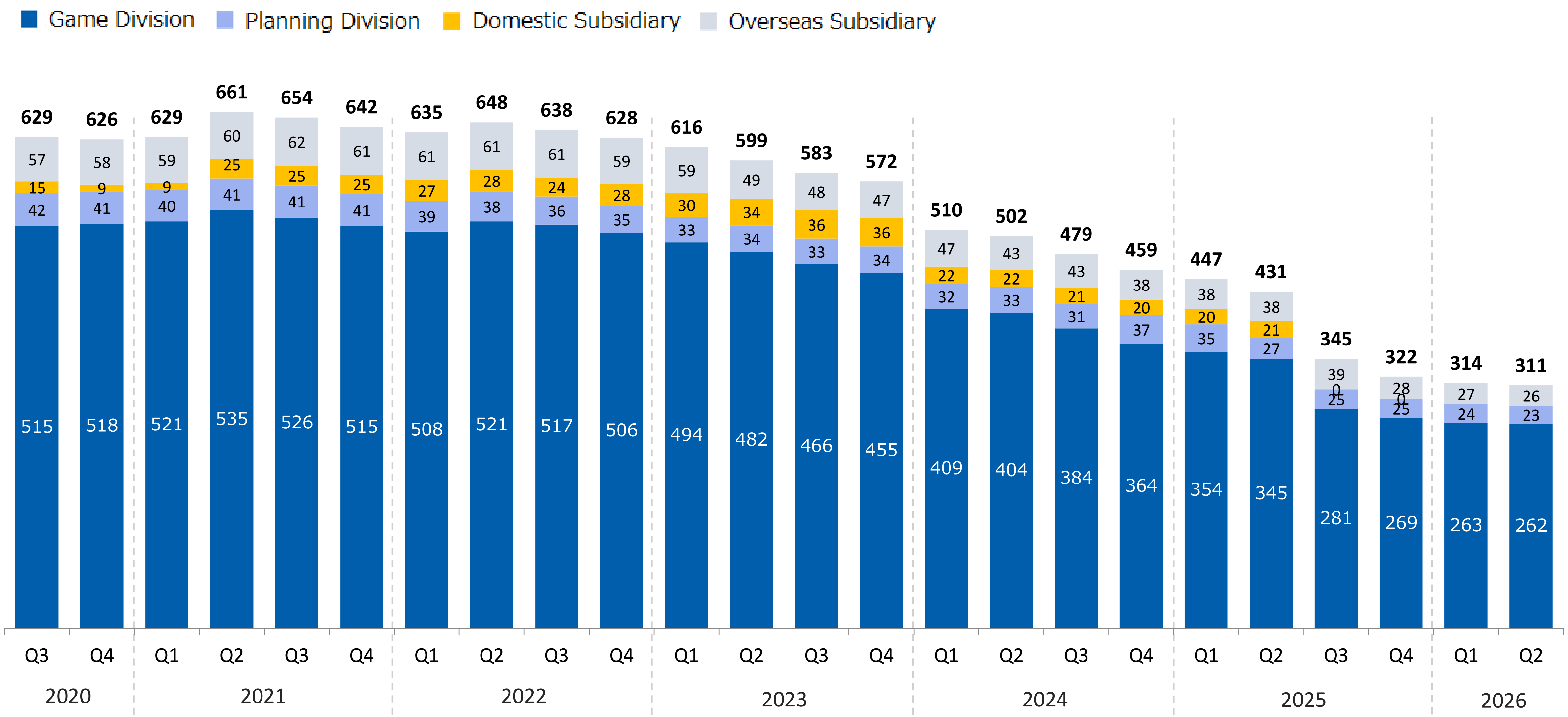
My Hero Academia UNITED SURVIVAL

An exhilarating survival game where you sweep away enemies attacking from all directions.
Worldwide release (excluding mainland China)

DRAGON QUEST Smash/Grow

Roguelite RPG for smartphones
Published by SQUARE ENIX CO., LTD.

Trend in the Number of Group Employees



** Represents the number of full-time employees employed directly by the KLab Group. It does not include contract-based or part-time employees.*

Action to Implement Management that is Conscious of Cost of Capital and Stock Price

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- Current various indicators of the company are as follows
- First, the company will work on its business with top priority on business recovery, and then work to improve corporate value over the mid- to long-term by promoting the mid-term management plan and further enhancing IR activities

In Millions of Yen	2020	2021	2022	2023	2024	2025
Revenue	33,952	23,895	16,880	10,717	8,306	6,856
Operating Income	2,149	-1,105	-598	-1,218	-1,342	-1,304
Profit Attributable to Owners of Parent	767	-3,468	-541	-1,819	-2,782	-4,176
Average shareholders' equity during the period	16,018	14,684	12,959	12,269	10,887	10,280
Interest-bearing debt	1,745	1,003	3,506	3,177	2,220	242
ROE	4.8%	-23.6%	-4.2%	-14.8%	-25.6%	-40.6%
ROIC	8.4%	—	—	—	—	—
PBR	2.1	1.5	1.3	1.0	0.8	2.8
End of period stock price (yen)	897	496	425	287	175	378

Main Reference Links

IR News	https://www.klab.com/en/ir/ir-news/
IR Library	https://www.klab.com/en/ir/library/
YouTube Channel	https://www.youtube.com/@KLabInc
IR News Email Distribution	Registration Form *in Japanese only
Corporate Governance	https://www.klab.com/jp/ir/governance/ *in Japanese only

Company Profile

KLab

Creating a World of Excitement

Company Name	KLab Inc.
Founded	August 1, 2000
Capital	9,345 million yen (as of the end of June 2026)
Stock Exchange	Tokyo Stock Exchange Prime Market (TSE Prime Market: 3656)
Representative Directors	Tetsuya Sanada (Representative Director and President)
Offices	Headquarters (Roppongi Hills Mori Tower, Tokyo, Minato-ku)
Affiliated Companies	KLab China Inc.
Number of Group Employees	311 Full-time employees (as of the end of June 2026)

Disclaimer / Inquiries

Disclaimer

This document has been provided solely for the purpose of providing information on the financial results and future business policies of KLab. It should not be construed as a solicitation to invest in any securities issued by the company.

This document was created based on information currently available as of the announcement date. Please note that the opinions, forecasts, etc., contained herein are the company's judgment made at the time of the preparation of this document, and are subject to change without notice.

Inquiries

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【For individual investors】
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＜Inquiry Form＞ https://supportweb.klab.com/corp-inquiry?lang=en