



KLab Inc. (3656)

Supplementary Explanatory Materials on Financing and Related Announcements

For details, please refer to the "Notice Concerning Issuance of New Shares and 23rd Stock Acquisition Rights Through Third-Party Allotment and Change in Principal Shareholder and Largest Shareholder as a Principal Shareholder"

2025.12.05

Financing Overview

Secure funds by issuing new shares and stock acquisition rights, while stabilizing management by providing paid stock options to directors and employees

New shares
(securing cash)

Stock acquisition rights
(future capital
expansion)

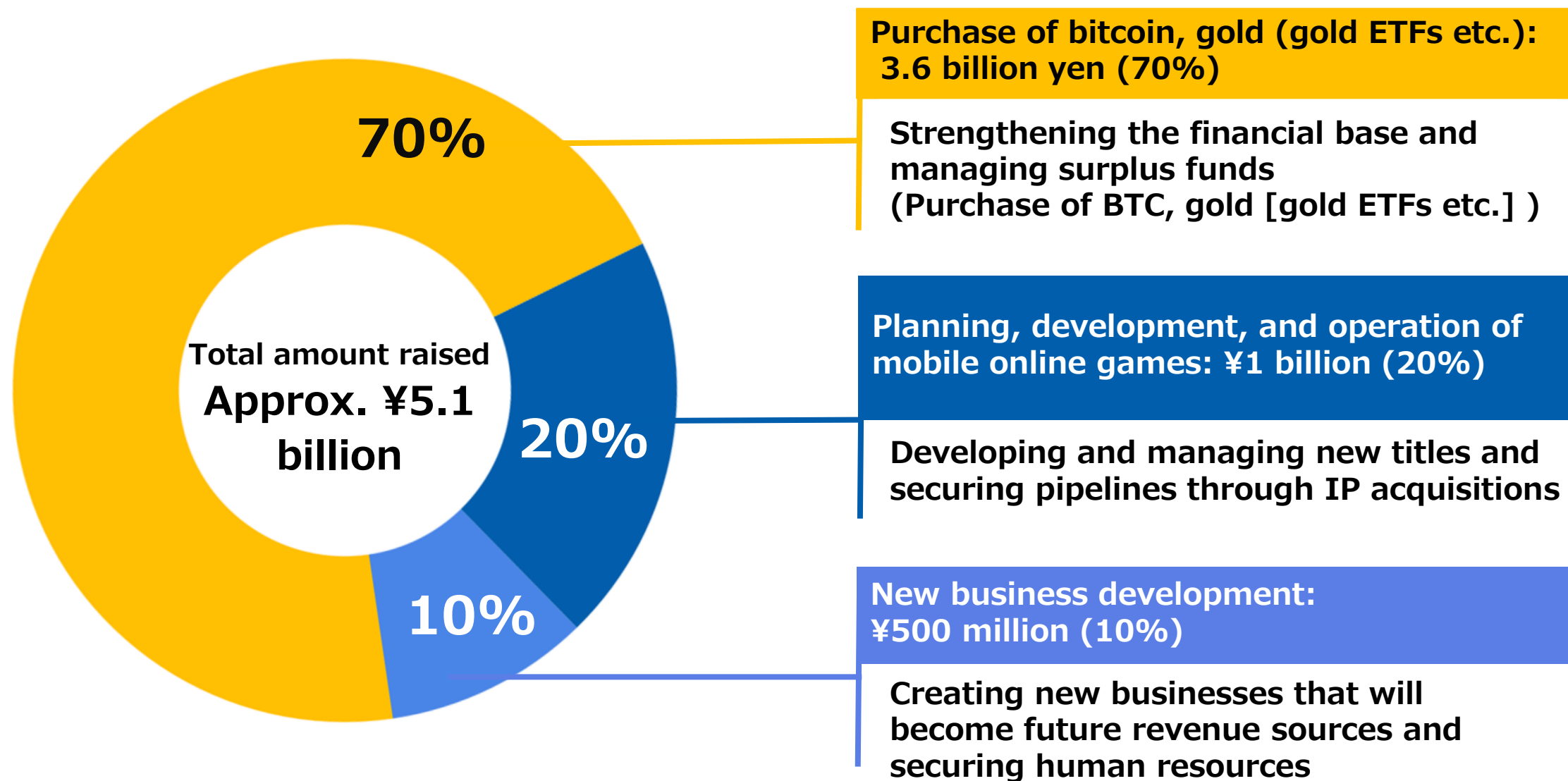
Paid stock options
(stability of management
structure)



approx. **¥5.1** billion yen raised

Since it is a fixed type, if the stock price falls below the exercise price of 207 yen, it cannot be exercised, minimizing downward pressure on the stock price

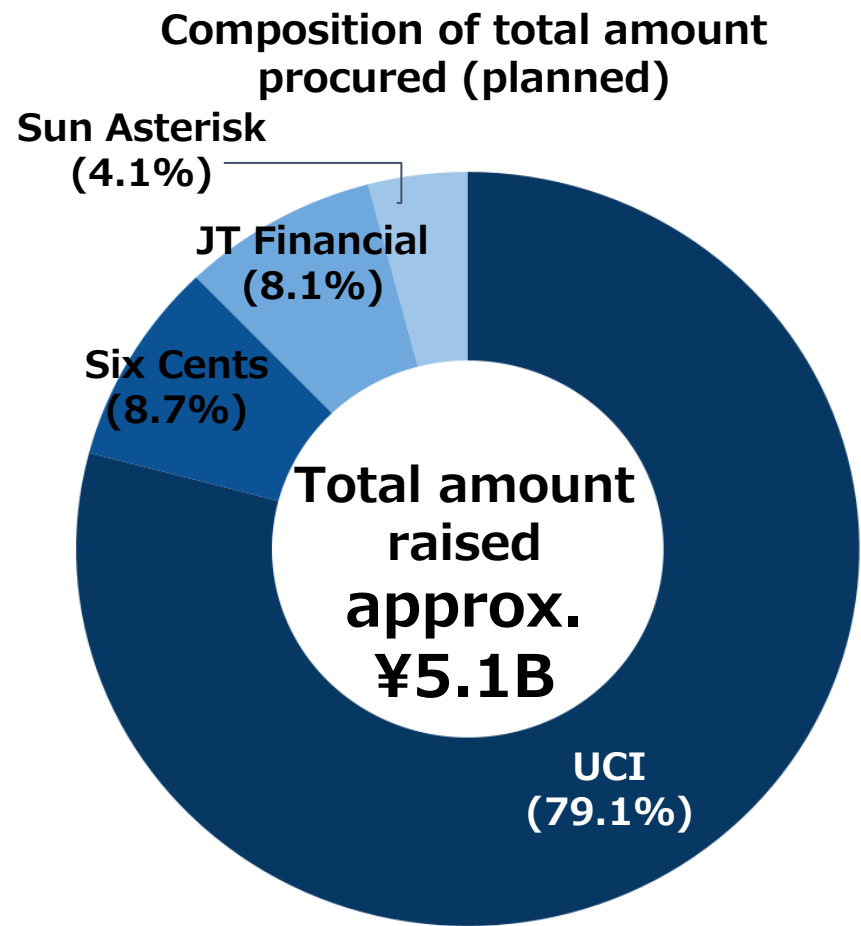
	Financing for the previous time and the time before that	Financing for this time
Scheme	Corporate bonds + warrants	Original shares + warrants
Exercise price	Moving strike (variable)	Fixed
Holding policy	Short-term selling is the prevailing trend	Mid- to long-term holdings + business collaboration
Market impact	Continuing selling pressure weighs on stock prices	Limited selling pressure and expectations of an upswing
Shareholder value	Concerns about dilution and risk of falling stock prices ↓	Contribution to stock price improvement ↑



In order to raise the stock price by committing to ending the deficit and reforming the business structure, executives and employees are taking on the risk through paid stock options

Exercise conditions





Breakdown of new shares / stock acquisition rights (number of shares) by intended allottee

Allottee	New shares (number of shares)	Stock Acquisition Rights (number of shares)	Total (number of shares)	Total amount (in thousands of yen)
UCI	9,750,000	9,750,000	19,500,000	4,036,500
Six Cents	2,000,000	-	2,000,000	444,000
JT Financial	1,000,000	1,000,000	2,000,000	207,000
Sun Asterisk	1,000,000	-	1,000,000	414,000
Total	13,750,000	10,750,000	24,500,000	5,101,500



Breakdown of total planned financing amount:

Third-party allotment of new shares (common shares)
Stock Acquisition Rights (exercise price)

Total: ¥2,876 million
Total: ¥2,225 million

Dilution rate (max): 40.56%

ULTIMATE CLASSIC INVESTMENT LLC (UCI)

- Global financial power, including that of the UAE royal family
- Marketing knowledge and know-how in the Middle East

Sun* Inc. (TSE Prime Market: 4053)

- Strengths include new business development, digital transformation support, software development, and tech talent development
- Creating synergies in the gaming business



JT Financial Limited Liability Partnership

- Mr. Aoyagi, major shareholder of the company, serves as an advisor
- They have extensive knowledge and networks in a wide range of fields, including entertainment, AI, and blockchain

Six Cents Holdings Ltd.

- President Sanada's asset management company
- Strong commitment from top management to improving corporate value

Developing the partnership into a capital and business alliance to further strengthen the partnership

Company name	Sun* Inc. (TSE Prime Market: 4053)
Location	Chiyoda-ku, Tokyo
Representative name	Taihei Kobayashi
Business description	Digital creative studio business (supporting clients' digital transformation and new business development)
Business locations	Japan, Vietnam, Cambodia, Philippines
Number of employees	2,048 employees (consolidated) (as of December 31, 2024)
Business characteristics	<ul style="list-style-type: none">• One-stop support for business, technology, and creativity• Over 1,400 engineers and designers, mainly in Vietnam• Flexibility to support any business phase
Holding policy	Intent to hold the new shares for the duration of the capital and business alliance agreement



Establish close collaboration with UCI, the largest prospective shareholder, the Company is dedicated to pursuing corporate value enhancement from both an operational and a financial perspective

Company name	ULTIMATE CLASSIC INVESTMENT LLC
Location	United Arab Emirates, Emirate of Dubai
Representative name	Masaru Amesaka
Business description	Investment business
Characteristics	An investment company funded by investors including members of the UAE royal family. It possesses knowledge of various financial assets, including crypto assets, as well as marketing expertise and know-how in the Middle East.
Holding policy	Plan to hold the shares for the mid- to long-term



The company has appointed Sheikh Qasimi, a member of the royal family of the Emirate of Ras Al Khaimah in the UAE, as an advisor

Expecting contributions from the existing shareholder, Mr. Aoyagi, that will extend beyond mere financial provision, leveraging his robust support and extensive professional expertise

Investor

Tsunehiro Ozawa
Ryoichi Ota

Purpose of
composition

Acquisition and holding of securities, management consulting services, etc.

Characteristics

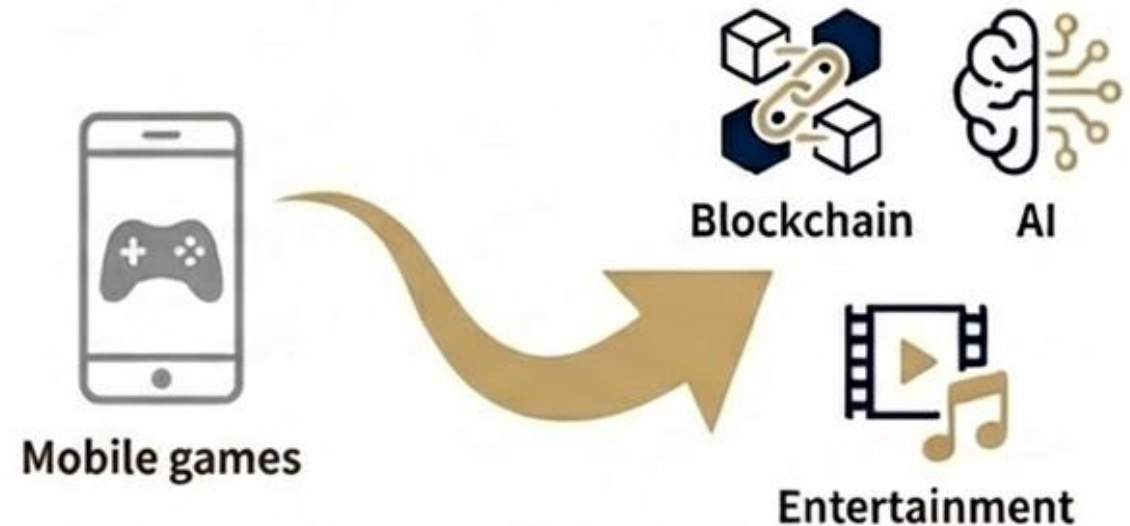
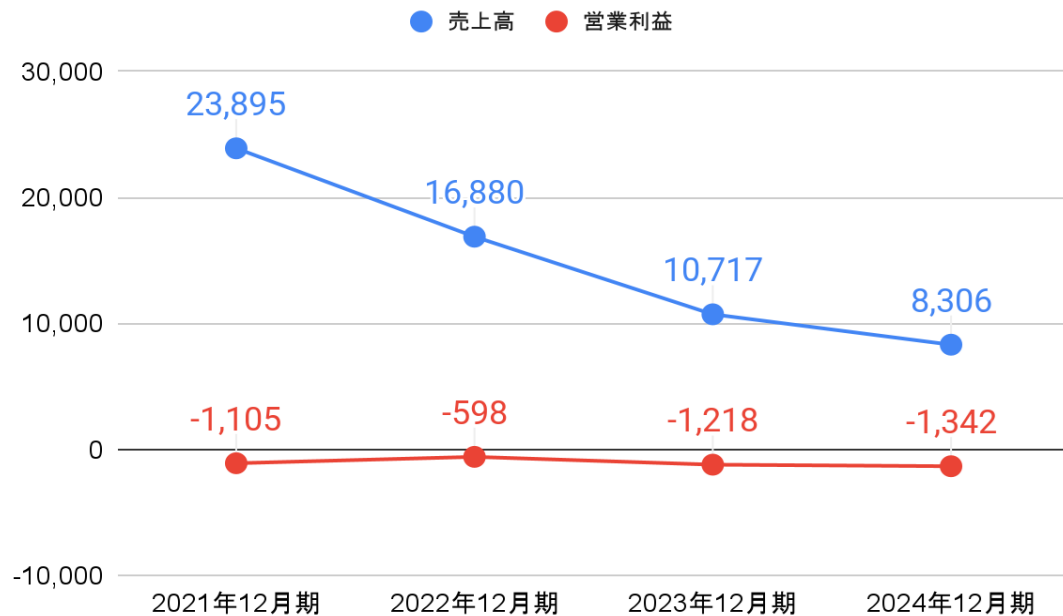
A business association to which Mr. Aoyagi, a major shareholder of our company, serves as an advisor
He has extensive knowledge, specialized insights, and a network

Holding policy

JT Financial highly value the growth potential of the KLab's future business development and intend to hold these shares for the mid- to long-term

Specific Use of Funds

Aiming for a transition from a business structure reliant on high volatility to one focused on sustainable growth



- ✓ Intensifying competitive environment and lackluster new in-house titles
- ✓ Lost revenue opportunities due to prolonged development periods
- ✓ High dependence on the mobile online game business

- ✓ Entering the AI, entertainment, and blockchain business areas
- ✓ Focus on business creation
- ✓ Establishing a business portfolio

The immediate focus of the company is to steadily advance development toward the release of a new title in 2026

Current progress of new major mobile online games

<i>EA SPORTS FC™ TACTICAL</i>	Development suspended
<i>DRAGON QUEST Smash/Grow</i>	Launched an open beta test in Japan and internationally Planned release in 2026
IP title based on <i>My Hero Academia</i>	Planned release in 2026
(Undecided) New IP title	Engaging in IP acquisition activities for new pipelines commencing in 2027 and beyond

The new business aims to generate ¥1 billion in revenue

September announcement:
GPU AI Cloud Business



Future-oriented with
high growth potential
areas
+
Certain degree of affinity
with businesses
developed so far

October announcement:
AI Entertainment Business



In addition to the two businesses already announced,
the company is considering new businesses

An innovative financial strategy integrating bitcoin and gold dual gold treasury

Bitcoin (digital gold)

Growth engine for the portfolio (offensive)

Long-term value appreciation driven by mathematical and programmatic necessity



Gold(gold ETFs, etc.) (real gold)

The immutable anchor (defensive)

Demonstrates value during periods of market turmoil (risk-off environments)

Downward trend ↓

General capital increase and warrant issuance

PL segment (EPS view)

$$\text{Stock price} = \text{PER} \times \text{EPS (profit per stock)} = \frac{\text{Net profit} \rightarrow}{\text{Number of stocks} \uparrow}$$

The number of shares in the denominator increases due to the capital increase. There is a time lag until the profit in the denominator increases → EPS decreases → Stock price decreases

In addition, the following is often added:

- ✓ Increased supply in the market
- ✓ Lack of specific use of funds
- ✓ Execution at peak stock prices

Upward Trend ↑

Bitcoin treasury

BS segment (BPS view)

$$\text{Stock price} = \text{PBR} \times \text{BPS (net assets per stock)} = \frac{\text{Net assets} \rightarrow}{\text{Number of stocks} \uparrow}$$

The number of shares in the denominator increases, but the net assets in the numerator are likely to increase even more
Rising bitcoin price → BPS rises → stock price rises

Opposite price movement

Leading treasury companies such as US-based Strategy have seen their share prices rise despite an increase in the number of shares held, supported by the market consensus that BTC prices will rise in the long term.
On the other hand, when BTC prices fell, their share prices also fell. Holding BTC alone is unlikely to bring about the compound interest benefits of business expansion, and so the premium is declining.

Impact of Capital Increases / Warrants on Stock Prices ②

In this financing, the company has tried to eliminate as many factors as possible that could cause the stock price to fall from both the balance sheet and P&L views



Funds raised will be allocated 7:3 between dual gold treasury and business funds (games, new businesses)

Answering to the BS view:

dual treasury strategy

Volatility issues can be mitigated by diversifying holdings of two finite assets, bitcoin and gold, and rebalancing them.

[increase in net assets] → [increase in BPS]
→ [increase in stock price]

Answering to the PL view:

contributing to business profits in the short term

Minimize the time lag between financing and profit recognition. Plan to release a new game in 2026 and aim for new businesses to contribute to revenue in a relatively short period of time.

[increase in number of shares (denominator)] < increase in profits (numerator) → [increase in EPS] →

[increase in stock price]

► Financing scheme that does not worsen the supply and demand situation in the market

A system in which treasury and business circulate with synergy and compound interest effects



Dual Treasury



Business Operations



(Reference) Major Shareholders

Before allocation (as of June 30, 2025)		After allocation	
Shareholder Name	Voting rights ratio	Shareholder Name	Voting rights ratio
The Master Trust Bank of Japan, Ltd. (Trust Account)	9.75%	ULTIMATE CLASSIC INVESTMENT LLC	18.81%
Kazuhiro Aoyagi	2.99%	The Master Trust Bank of Japan, Ltd. (Trust Account)	7.31%
MACQUARIE BANK LIMITED DBU AC	2.17%	Six Cents Holdings Ltd. (Tetsuya Sanada)	2.51%
Custody Bank of Japan Ltd. (Trust Account)	2.07%	JT Financial Limited Liability Partnership	2.51%
UBS AG LONDON A/C IPB SEGREGATED CLIENT ACCOUNT	1.78%	Kazuhiro Aoyagi	2.24%
MORGAN STANLEY & CO. LLC	1.57%	MACQUARIE BANK LIMITED DBU AC	1.62%
SBI Securities Co., Ltd.	1.55%	Custody Bank of Japan Ltd. (Trust Account)	1.55%
JP JPMSE_LUX RE UBS_AG_LONDON BRANCH EQ CO	1.33%	UBS AG LONDON A/C IPB SEGREGATED CLIENT ACCOUNT	1.33%
The Tokyo Tanshi Co., Ltd.	1.24%	Sun* Inc.	1.25%
Matsui Securities Co., Ltd.	1.16%	MORGAN STANLEY & CO. LLC	1.18%

(Reference) Various Materials Disclosed Today

This supplementary material summarizes the following documents, which were concurrently disclosed today.

Publication link: IR News <https://www.klab.com/en/ir/ir-news/>

- Notice Concerning Issuance of New Shares and 23rd Stock Acquisition Rights Through Third-Party Allotment and Change in Principal Shareholder and Largest Shareholder as a Principal Shareholder
- Notice Concerning Conclusion of Capital and Business Alliance Agreement with Sun Asterisk Inc.
- Notice Concerning Conclusion of Capital and Business Alliance Agreement with ULTIMATE CLASSIC INVESTMENT LLC
- Notice Concerning Issuance of Stock Acquisition Rights (Market Capitalization and Performance Target Achievement-Type Paid-in Stock Options)

Creating a World of Excitement

Company Name	KLab Inc.
Founded	August 1, 2000
Capital	7,175 million yen (as of the end of November 2025)
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	345 Full-time employees (as of the end of September 2025)

Disclaimer

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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.

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