



FY Sep.2022 / 1Q Results
2022.2.9



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FY2022 1Q

Oct2021-Dec2021



01 Overview of Results



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Overview of Results

▶ To a new stage with a new organization!

Business Results

- “DRAGON QUEST WALK” and “Shironeko Project” which had strong in-game events, contributed to the Group’s consolidated financial results.
- 1Q Sales were ¥7.40 billion (▲23.7% QoQ), and Operating profit was ¥0.7 billion (▲28.8% QoQ).

Cost

- Mainly due to a decrease in expenses associated with large-scale promotions implemented in the previous quarter and projects commissioned by group companies.
- Expenses in 1Q decreased by ¥1.99 billion QoQ to ¥6.64 billion (▲23.1% QoQ).

KPI

- “DRAGON QUEST WALK” and “Shironeko Project” performed well. Overall, QAU reached 4.93 million and ARPU ¥1,123.
- We continued to focus on the investment development business, making new and additional investments in 6 companies in 1Q.

TOPICS

- Pre-Registration Now Open for “Shironeko GOLF”! We are proud to announce the release of our first consumer version of “Alice Gear Aegis”.
- Head Office moved to “Tokyo Midtown” on February 1st.

※QAU is obtained by combining the number of users who launched the title at least once after 7 days of its DL date within this quarter.

※ARPU is obtained by dividing the quarterly sales by QAU. Please be cautious that the sales disclosed is quarterly sales, not monthly sales.



Change in accounting policy

From this fiscal year, we have adopted the "Accounting Standard for Revenue Recognition" and changed the timing of recording sales and expenses.

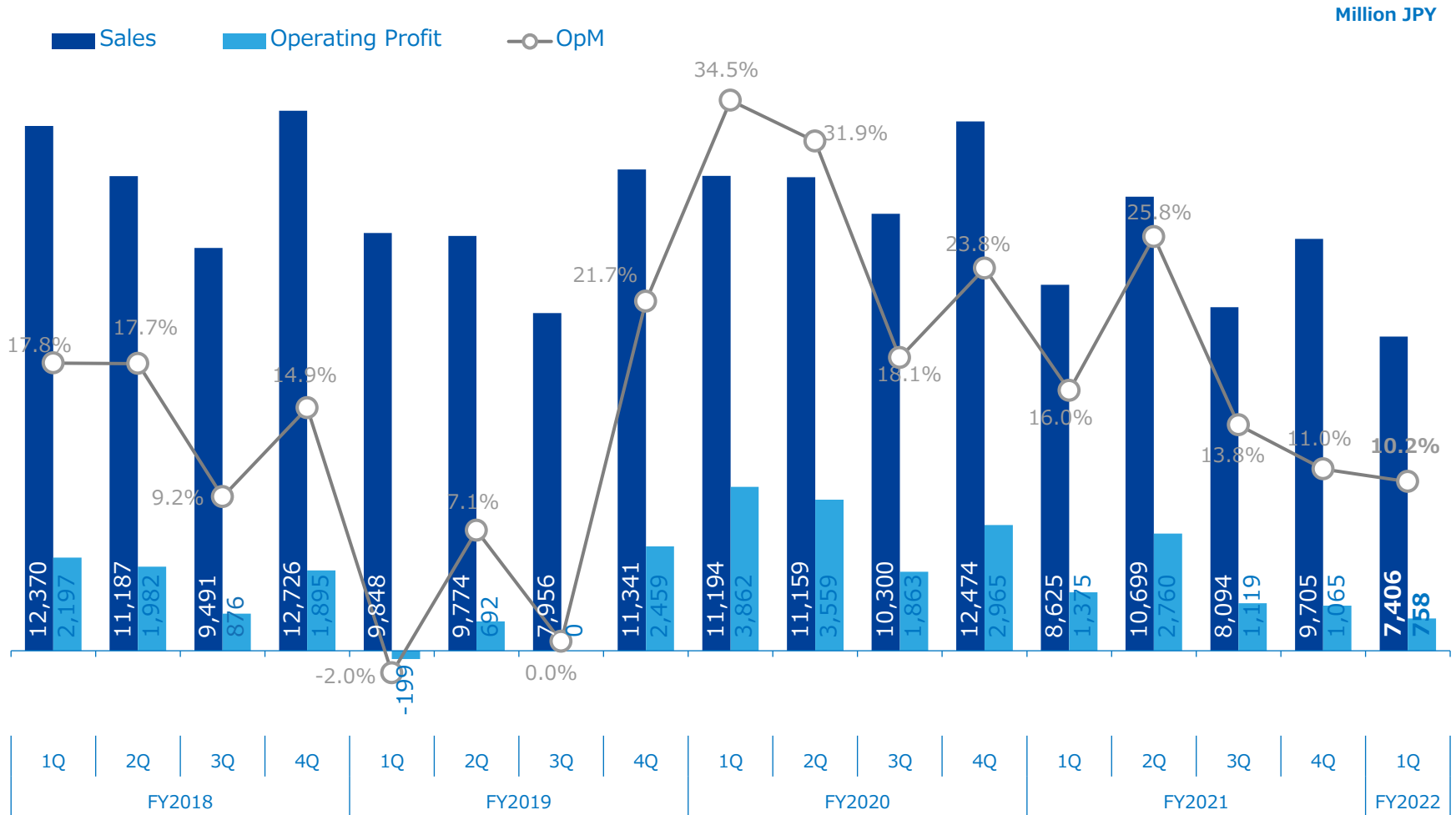
The impact on the full year results is expected to be minimal.

	conventional	from now on	Impact on 1Q
Revenue from user charges "Shironeko Project" etc.	Recorded when a character (item) is acquired by consuming virtual currency	Recorded for a certain period according to the usage period of the character (item)	Sales + ¥1M Operating profit + ¥1M
Revenue from software development by group companies Consumer contracts, etc.	Recorded at the time of acceptance	Depending on the production period Recorded over a certain period	Sales + ¥0.56B Operating profit + ¥0.13B



Revenue Transition

Sales **¥7.40B** (QoQ : ▲23.7%)、Operating profit **¥0.7B** (QoQ : ▲28.8%)



※There are some differences in calculation due to rounding down of less than one million yen and rounding off.
 ※Sales of " DRAGON QUEST WALK " and "Tales of Luminaria" are recorded on a net basis (revenue sharing).



Profit and Loss

Sales and operating income decreased year on year despite steady sales of " DRAGON QUEST WALK " and "Shironeko Project".

Million JPY	【Cons】 1Q FY Sep. 2022 (Oct-Dec 2021)	【Cons】 1Q FY Sep. 2021 (Oct-Dec 2020)	YoY	【Cons】 4Q FY Sep. 2021 (Jun-Sep 2021)	QoQ
Sales	7,406	8,625	-14.1%	9,705	-23.7%
Entertainment Business	7,395	8,625	-14.3%	9,630	-23.2%
Investment and Development	11	-	-	74	-85.2%
SGA	6,647	7,250	-8.3%	8,639	-23.1%
Operating profit	758	1,375	-44.8%	1,065	-28.8%
Entertainment Business	798	1,375	-42.0%	1,114	-28.4%
Investment and Development	-39	-	-	-48	-
Ordinary profit	1,091	1,739	-37.3%	1,008	+8.2%
Pre-Tax Profit	1,091	1,739	-37.3%	717	+52.2%
Net Profit	677	1,249	-45.8%	494	+37.0%

※There are some differences in calculation due to rounding down of less than one million yen and rounding off.

※Sales of " DRAGON QUEST WALK " and "Tales of Luminaria" are recorded on a net basis (revenue sharing).



Expense Transition

Compared to the previous quarter, when we delivered large promotions and contracted projects, we finished the quarter at ¥6.64 billion, down ¥1.99 billion. We continue to be able to control costs.

	【Cons】 Cost (Million JPY) Sales ratio (%)	【Cons】 1Q FY Sep. 2022 (Oct-Dec 2021)	【Cons】 1Q FY Sep. 2021 (Oct-Dec 2020)	YoY	【Cons】 4Q FY Sep. 2021 (Jul-Sep 2021)	QoQ	Comments
PF & Payments		980 13.2%	1,398 16.2%	-29.9% -3.0pt	1,362 14.0%	-28.0% -0.8pt	They decreased in QoQ due to a decrease in sales of titles excluding "DRAGON QUEST WALK", which is recorded on a net basis.
Royalties		151 2.0%	186 2.2%	-18.9% -0.2pt	149 1.5%	+0.9% +0.5pt	These changes were due to the linkage of sales of related titles.
Employment		2,486 33.6%	2,663 30.9%	-6.6% +2.7pt	2,641 27.2%	-5.9% +6.4pt	They decreased compared to the previous quarter, when there was a decrease in the number of employees as well as bonuses for the closing of accounts of group companies.
Office		455 6.1%	358 4.2%	+27.0% +1.9pt	360 3.7%	+26.4% +2.4pt	They increased in QoQ due to the start of new office contracts in September.
iDC related		393 5.3%	310 3.6%	+26.8% +1.7pt	347 3.6%	+13.5% +1.7pt	They increased in QoQ due to the release of new titles and increased traffic associated with events for existing titles.
Advertisement		282 3.8%	288 3.3%	-1.9% +0.5pt	1,028 10.6%	-72.5% -6.8pt	They were down compared to the previous quarter when we had promos for the new "YOU GENERATION", "Shironeko Project" anniversary and "Quiz RPG" finale.
Outsourcing		1,237 16.7%	1,292 15.0%	-4.2% +1.7pt	1,034 10.7%	+19.7% +6.0pt	They increased in QoQ due to the development of new titles and other factors.
Others		658 8.9%	752 8.7%	-12.4% +0.2pt	1,715 17.7%	-61.6% -8.8pt	They decreased compared to the 4Q, when we delivered projects commissioned by group companies.

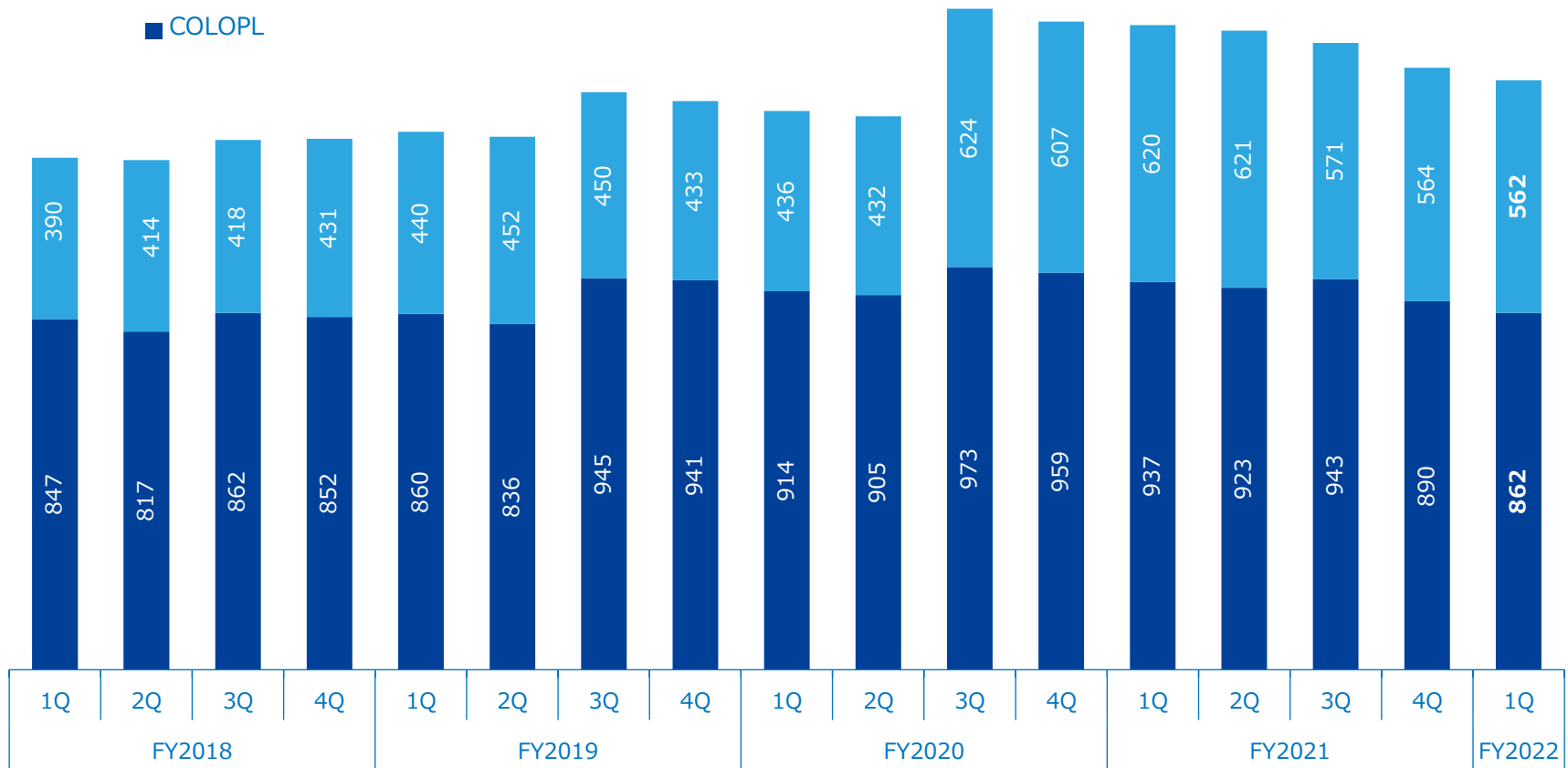
※There are some differences in calculation due to rounding down of less than one million yen and rounding off.



We are being very selective in our hiring. The decrease was as expected from the previous quarter.

Number of employees at the end of the term

- Amount of each group company
- COLOPL



※Executives and temporary employees are not included.



■ We continue to build on our solid financial foundation.

Million JPY	【Cons】 Dec-2021	【Cons】 Dec-2020	YoY	【Cons】 Sep-2021	QoQ
Current assets	72,858	66,290	+9.9%	74,430	-2.1%
Cash and deposits	57,650	58,669	-1.7%	58,871	-2.1%
Operational investment securities	7,592	-	-	7,591	+0.0%
Non-current assets	6,271	13,263	-52.7%	6,384	-1.8%
Total assets	79,129	79,554	-0.5%	80,814	-2.1%
Current liabilities	5,245	5,107	+2.7%	4,922	+6.6%
Non-current liabilities	141	526	-73.2%	141	+0.1%
Net assets	73,742	73,919	-0.2%	75,751	-2.7%
Share capital	6,556	6,536	+0.3%	6,556	-

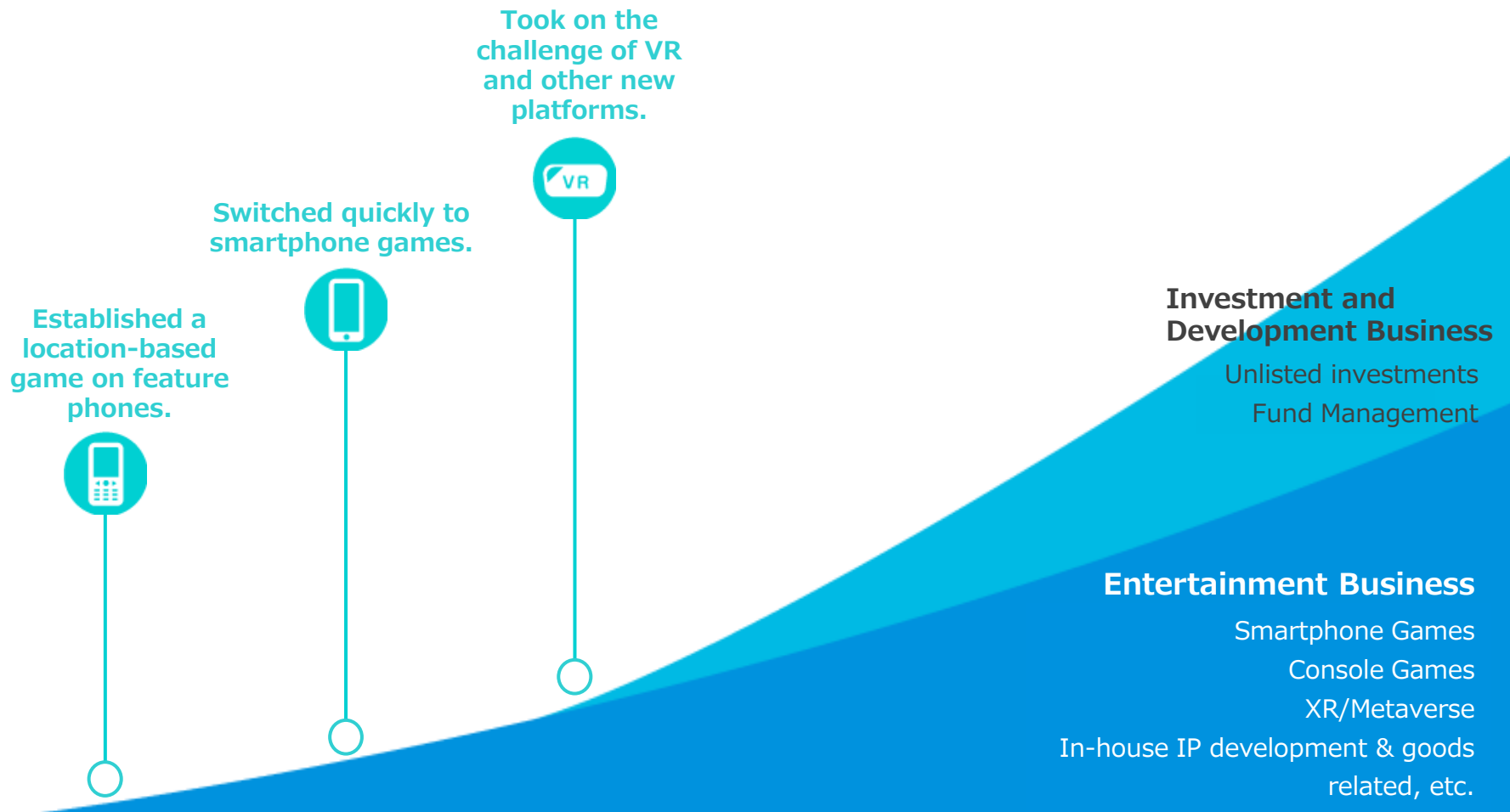
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Status of Businesses

Medium- to long-term growth image

We aim to increase the corporate value of the COLOPL Group by growing each of our businesses.



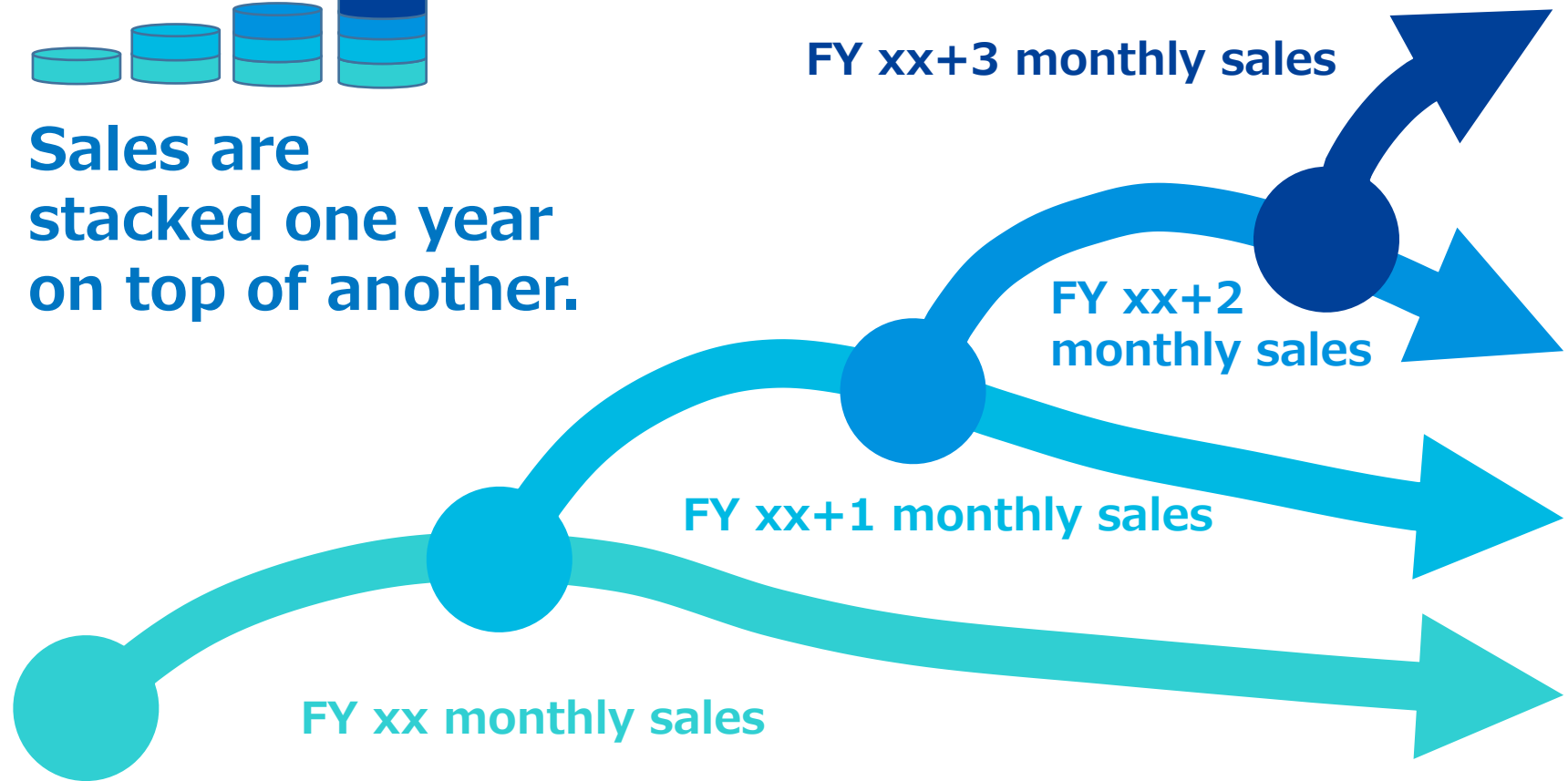


Entertainment Business

We focus on consecutively launching new titles and operating existing titles on a long-term basis. This approach enables us to accumulate sales for each release year like the stack of layers in a 'mille-feuille'.

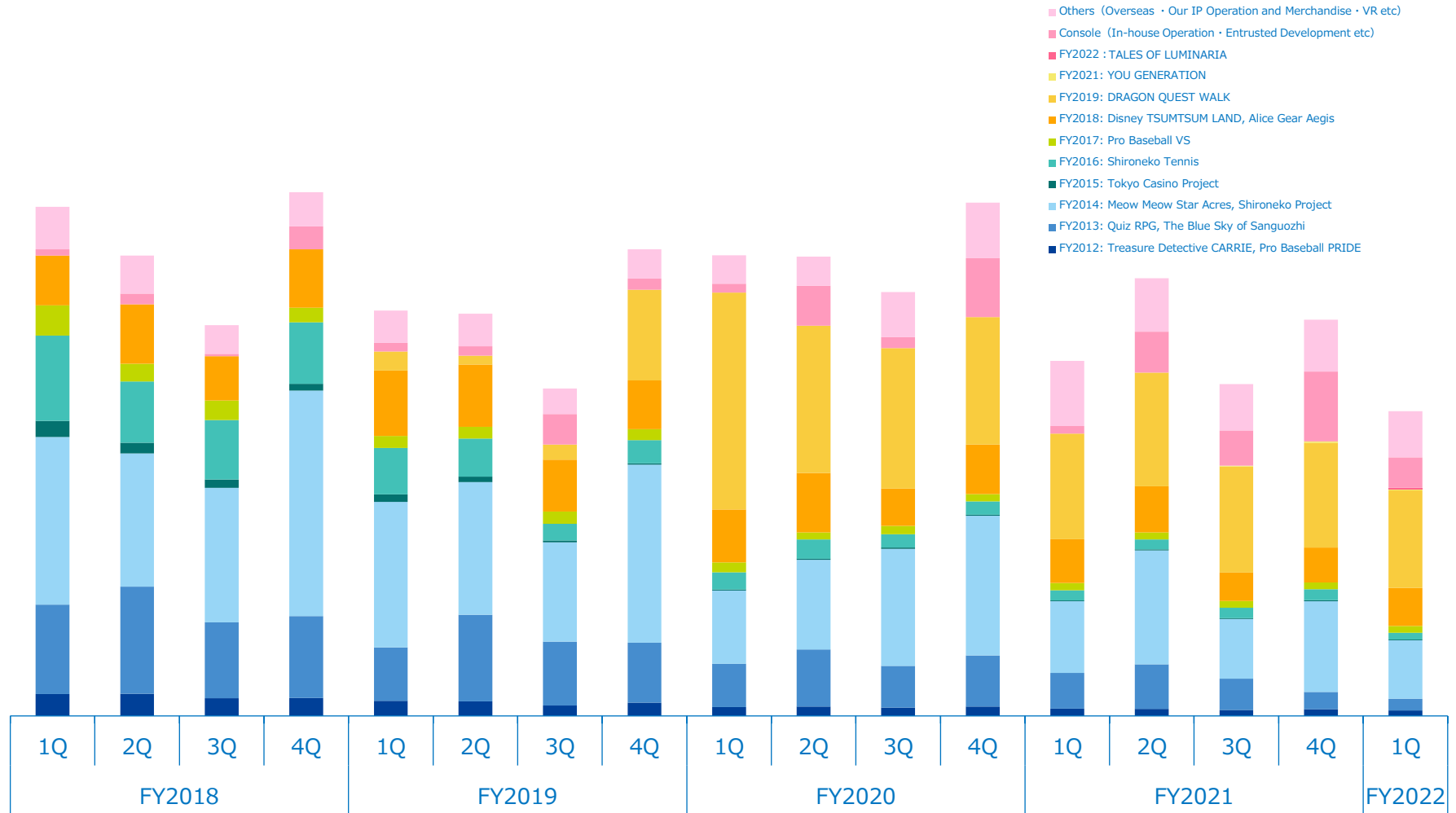


Sales are stacked one year on top of another.



Sales Transition by Release Period (Entertainment Business)

FY18 including “Disney TSUMTUM LAND” and “Alice Gear Aegis”, and FY19 including “DRAGON QUEST WALK” performed well.



※It excludes sales in the Investment and Development Business.

※Some collaboration projects with other companies are calculated in net revenue (shared revenue portion).

※Sales of smartphone app titles operated by COLOPL's group companies under outsourcing contracts from COLOPL are divided among fiscal years.

Sales in the Entertainment business decreased by ¥2.23 billion from the previous quarter to ¥7.39 billion due to the contribution of "Shironeko Project" in collaboration with "EVANGELION" and "DRAGON QUEST WALK" for the "Dragon Quest V: Bride of the Sky" event.

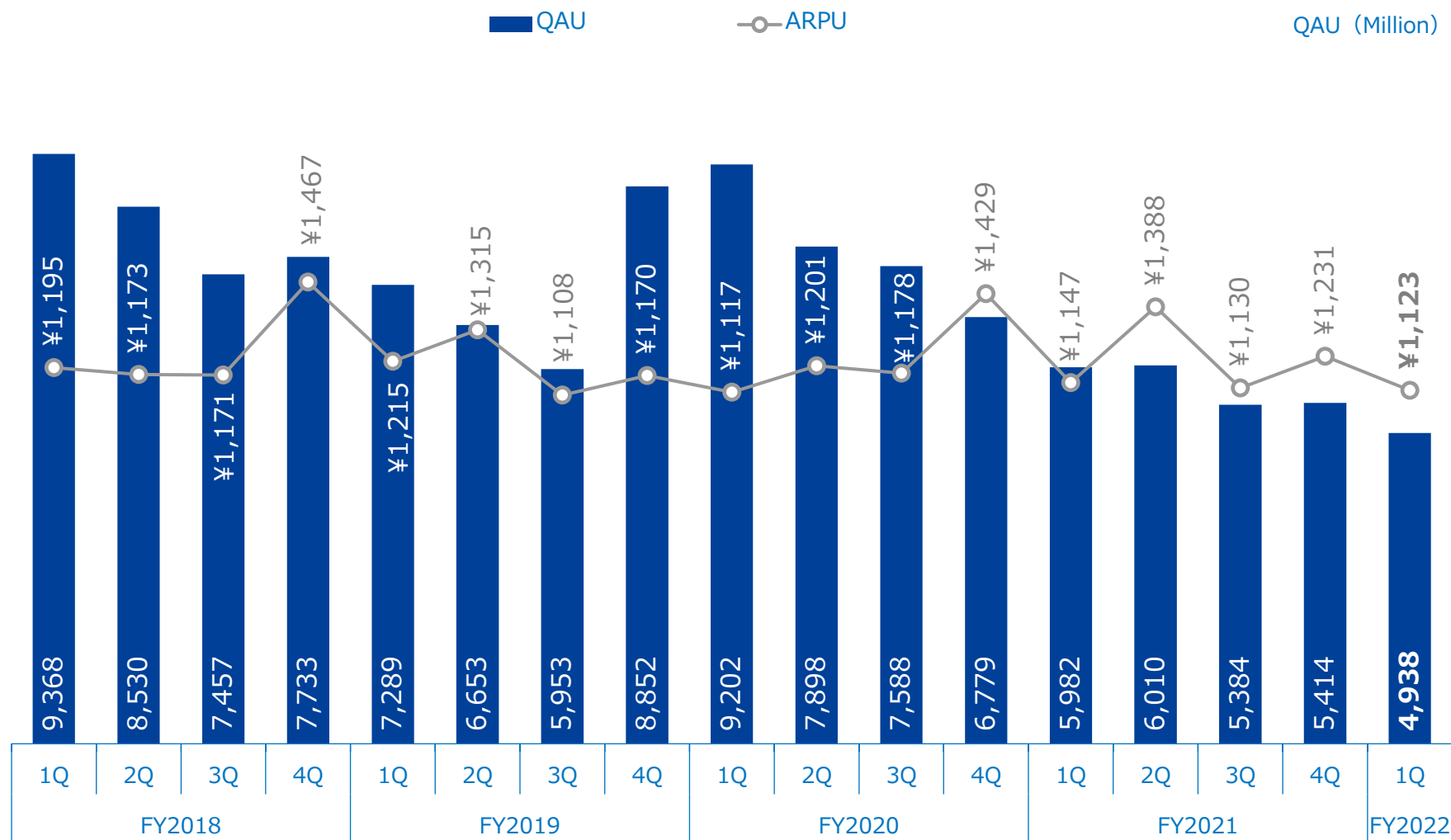
Million JPY	FY2021				FY2022
	1Q	2Q	3Q	4Q	1Q
FY Sep. 2012 Online Titles	177	171	144	165	130
FY Sep. 2013 Online Titles	863	1,082	760	413	287
FY Sep. 2014 Online Titles	1,742	2,765	1,448	2,207	1,413
FY Sep. 2015 Online Titles	22	24	22	22	23
FY Sep. 2016 Online Titles	244	241	248	268	162
FY Sep. 2017 Online Titles	177	168	166	163	163
FY Sep. 2018 Online Titles	1,063	1,121	693	851	927
FY Sep. 2019 Online Titles	2,568	2,767	2,574	2,545	2,368
FY Sep. 2021 Online Titles	-	-	22	30	29
FY Sep. 2022 Online Titles	-	-	-	-	37
Console (In-house Operation · Entrusted Development etc)	182	989	850	1,696	737
Others (Overseas · Our IP Operation and Merchandise · VR etc)	1,583	1,304	1,127	1,266	1,114
Total (Entertainment Business)	8,625	10,637	8,059	9,630	7,395

- FY2012 : Treasure Detective CARRIE, Pro Baseball PRIDE
- FY2013 : Quiz RPG, The Blue Sky of Sanguozhi
- FY2014 : Meow Meow Star Acres, Shironeko Project
- FY2015 : Tokyo Casino
- FY2016 : Shironeko Tennis
- FY2017 : Pro Baseball VS
- FY2018 : Disney TSUMTUM LAND, Alice Gear Aegis
- FY2019 : DRAGON QUEST WALK
- FY2021 : YOU GENERATION
- FY2022 : TALES OF LUMINARIA

※Sales of "DRAGON QUEST WALK" and "TALES OF LUMINARIA" are recorded on a net basis (for revenue sharing).

KPI Transition for Domestic Titles QAU×ARPU

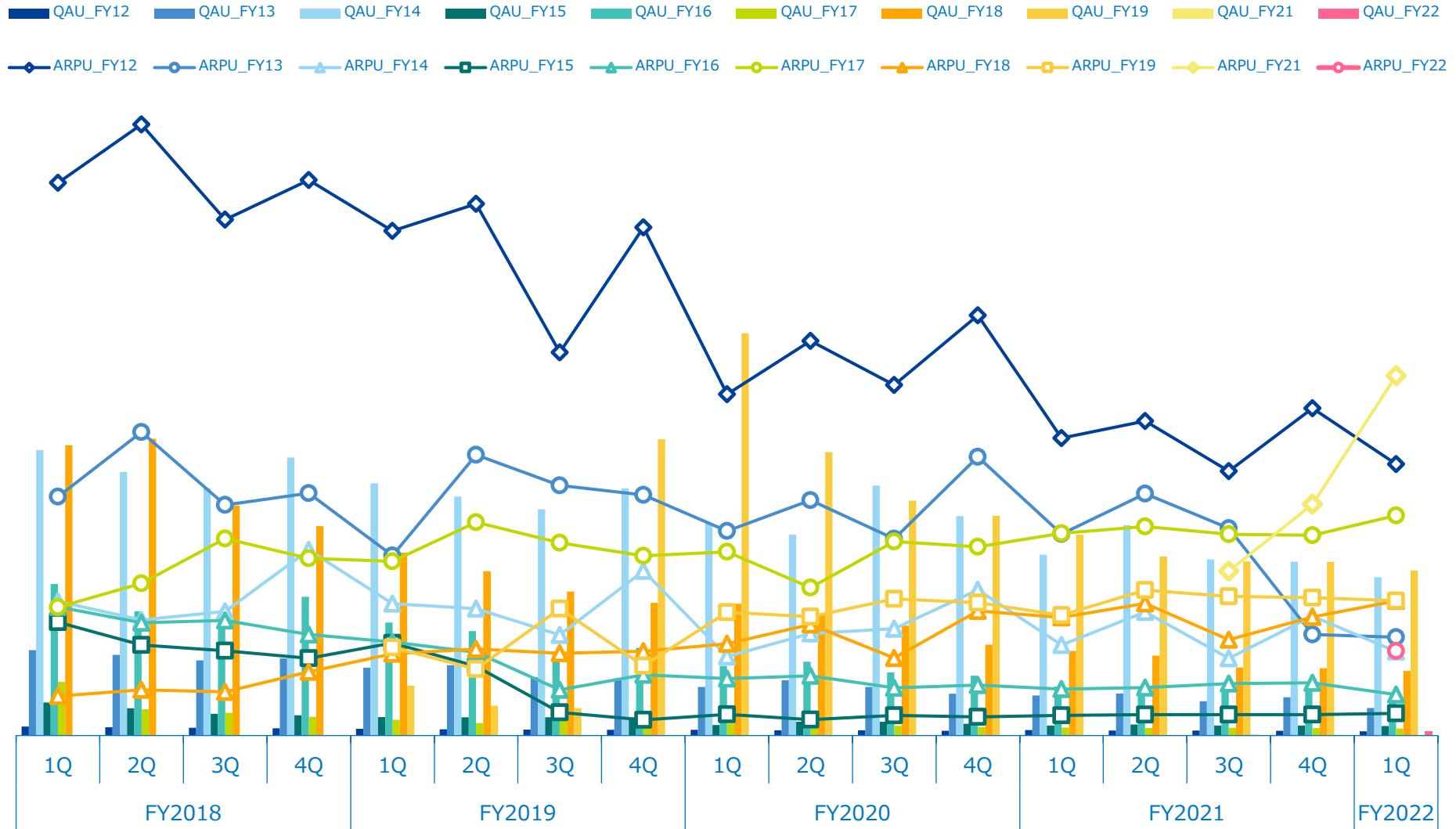
In this quarter, both QAU and ARPU decreased compared to the previous quarter when existing titles had their anniversary.



※Overseas KPIs for "Tales of Luminaria" are not included.

QAU×ARPU Transition by Release Period

FY14 including "Shironeko Project", and FY19 including "DRAGON QUEST WALK" performed well.

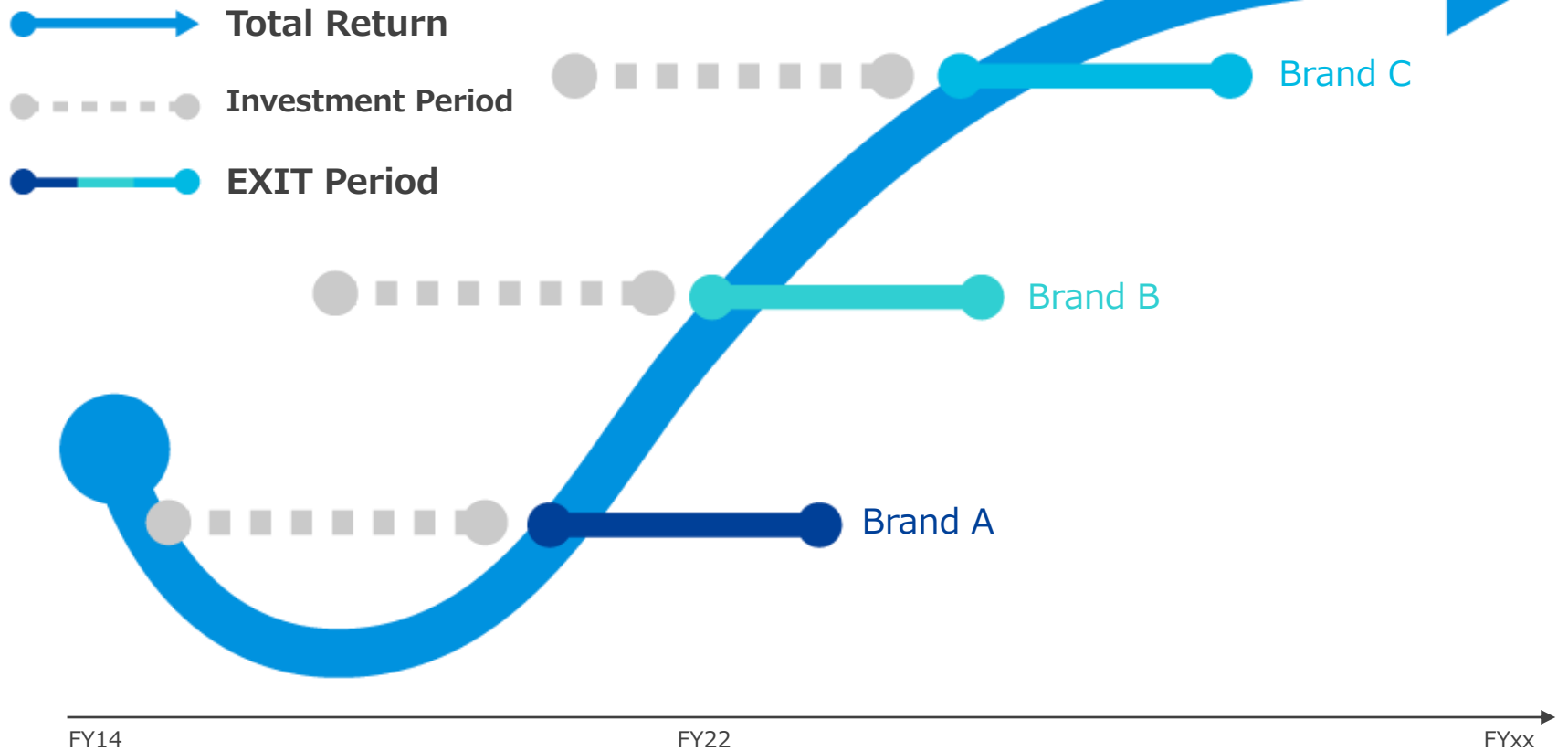




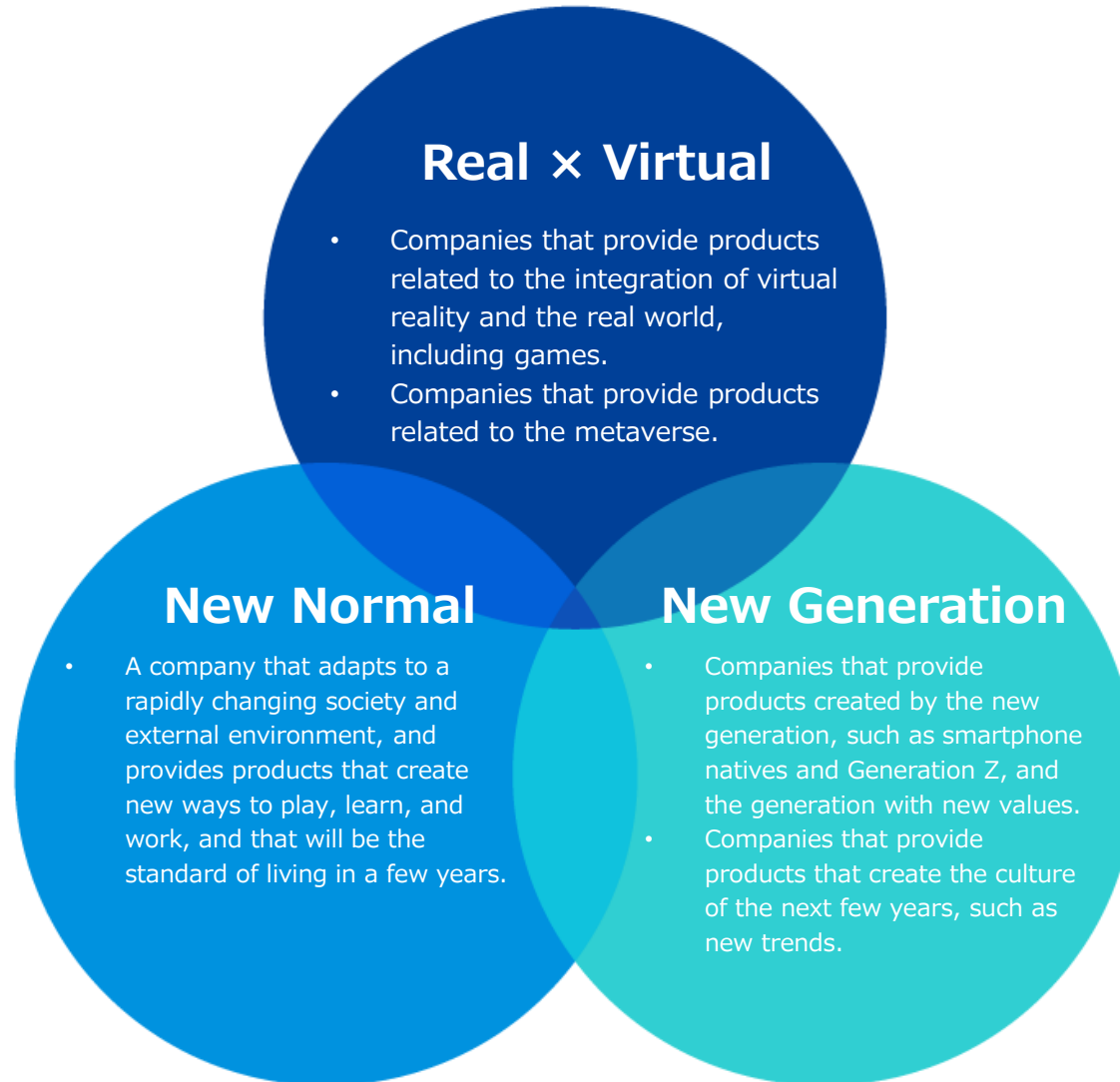
Investment and Development Business

We invest in a wide range of domestic and overseas entertainment and BtoC companies at all stages from seed to rater. By investing in a combination of multiple themes and time periods, we aim to minimize risk and maximize return.

Investment Return Image

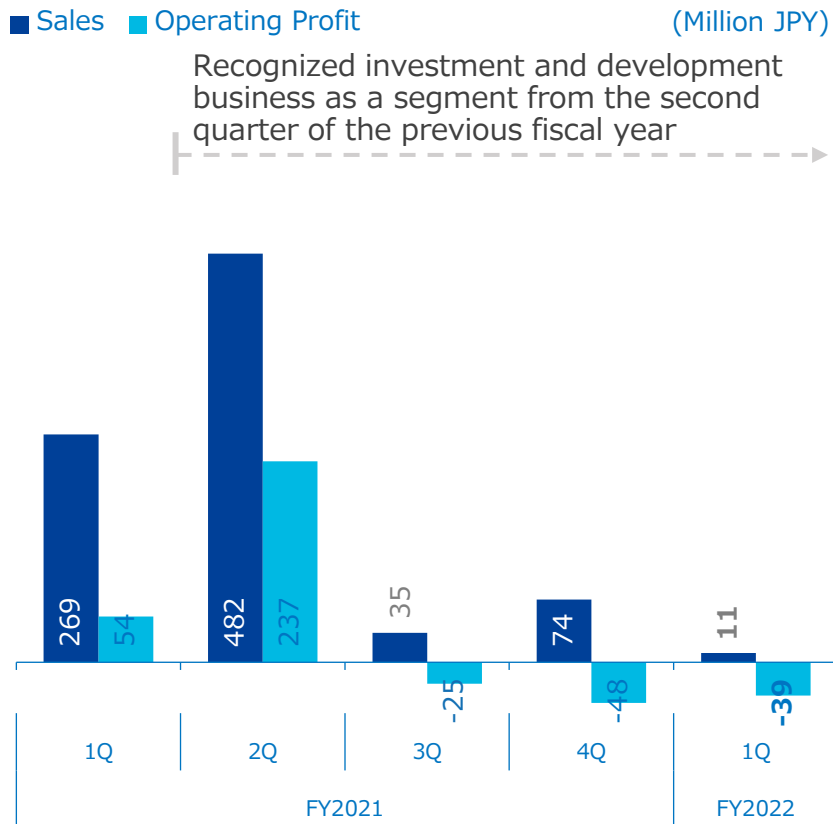


We invest in themes such as the convergence of the real and the virtual, and changes in society and generations. We also invest in new services, content and the technologies that create them, with a focus on domestic and international entertainment and BtoC companies.

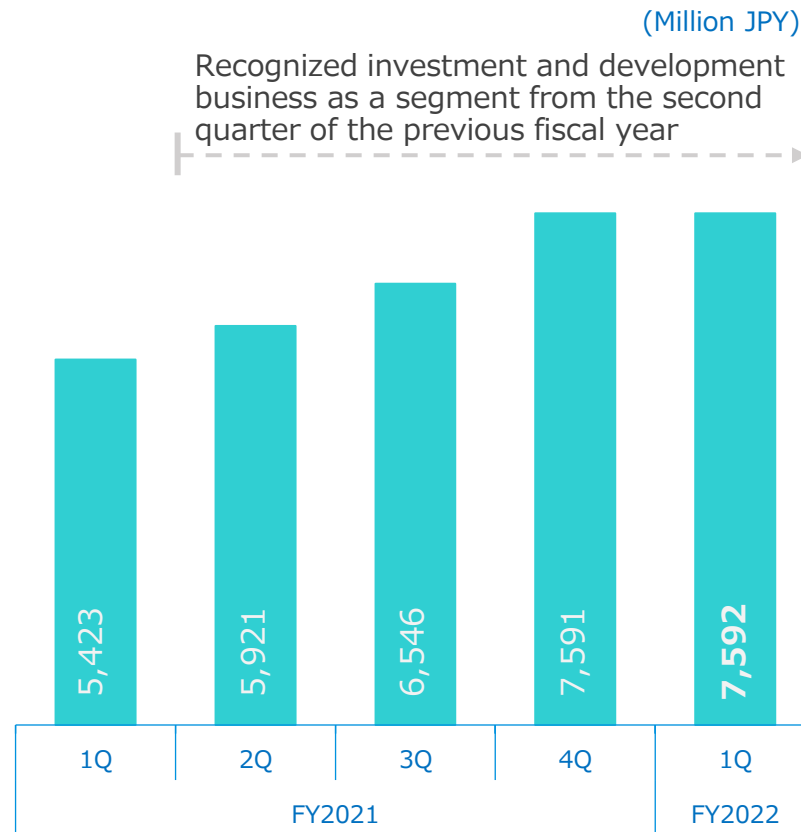


Our balance of operational investment securities was ¥7.5 billion as of 1Q, and we are approaching the EXIT period.

Quarterly Results



Balance of operational investment securities



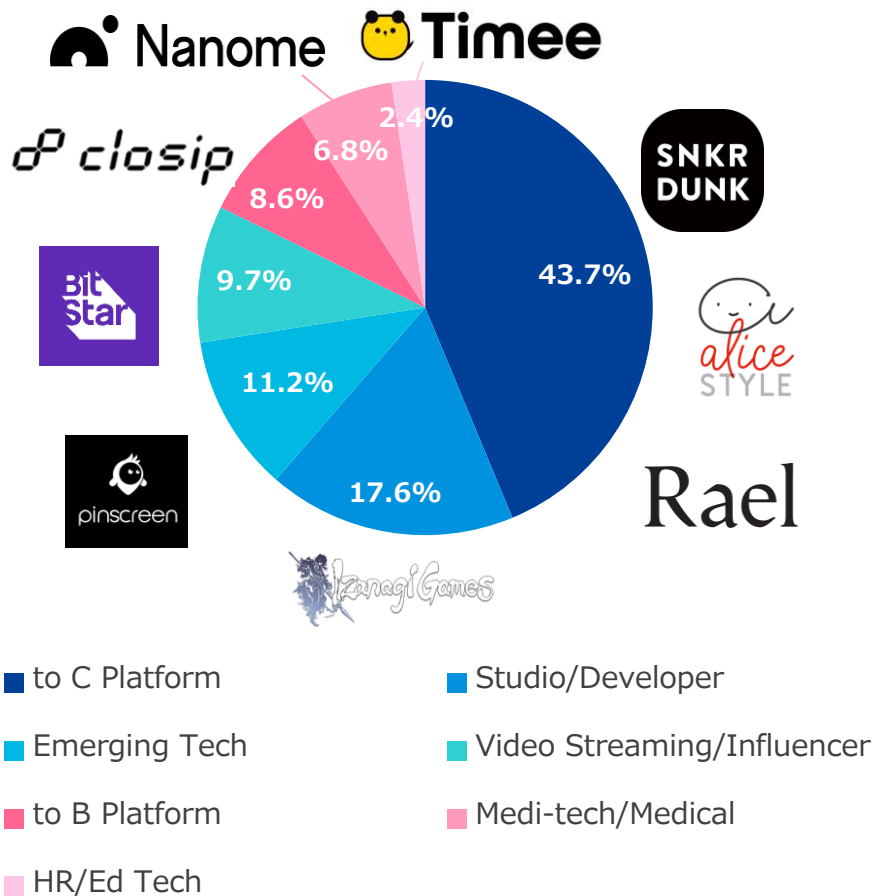
※The figures do not include the performance of COLOPL NEXT No. 1 Fund Investment Partnership(Support for student entrepreneurs) and COLOPL NEXT Listed Shares No. 1 Fund Investment Partnership (targeting listed stocks in Japan) managed by our group company COLOPL NEXT, Inc..

※Ratios by industry/sector is internally managed figures and based on our own classification.

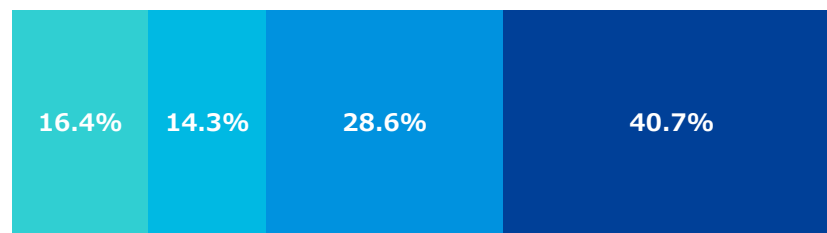
※Quarterly results are based on the assumption that investments are intra-operational transactions from the beginning of the previous quarter, and the balance of operational investment securities is a reference figure based on the calculation of the relevant portion as of the previous quarter.

Invests in a wide range of industries and sectors, with a focus on entertainment and B to C companies. About 70% of our investments are in middle and later stages.

Ratio by industry/sector (Balance of operational investment securities at the end of 1Q)



Ratio by stage (number of companies)



- Seed (Less than ¥0.5 billion)
- Early (¥0.5 billion or more but less than ¥1 billion)
- Middle (¥1 billion or more but less than ¥5 billion)
- Later (More than ¥5 billion)

※Ratios by industry/sector and stage are internally managed figures and based on our own classification.



Topics



We aim to expand our entertainment business by continuing to deliver new experiences to users and cultivating IP that will be loved for a long time by crossing our own IP with other companies' IP and our technological capabilities.

(1) Utilization of IP in existing titles

Collaboration between our IP and other companies' IP Synergy to boost existing titles



"Shironeko Project" x "EVANGELION" Collaboration



"Alice Gear Aegis" x "STEINS;GATE" Collaboration



"YOU GENERATION" x "Kokoro Amamiya" Collaboration

(2) New titles using IP

Draw out the potential of our own and other companies' IP by combining our technological strengths



Development of "Shironeko GOLF"



"TALES OF LUMINARIA" Release (Japanese version and overseas version)

※The new "TALES OF LUMINARIA" is co-developed by BANDAI NAMCO Entertainment Inc. Distribution: BANDAI NAMCO Entertainment Inc.

(3) IP development in peripheral areas

Develop an IP that will be loved for a long time



Entertainment Business

IP creation and development strategy



Development of new titles was promoted for both smartphone and console titles. We expect to release two to three smartphone titles this fiscal year and eight consumer titles this fiscal year.

Online Titles for Smartphone

7 titles

5 in-house IPs and 2 third-party IPs



- “Shironeko GOLF” pre-registration started on January 20, 2022.

Titles for Console

8 titles

3 in-house IPs and 5 third-party IPs



- We've just announced our first console title for “Alice Gear Aegis”, due out in 2022.
- “CHAOS;HEAD NOAH / CHAOS;CHILD DOUBLE PACK” will be released on February 24, 2022.



360Channel, Inc. has started to provide its original "Web Metaverse System" which has high operability in high quality 3D space. The system was adopted by "Virtual Hawks Spring Camp 2022 in Miyazaki" provided by SKY Perfect JSAT Corporation.

360Channel × Web Metaverse



- Web service that anyone can watch without registration, login, or app installation
- Can be used not only with HMDs, but also with smartphones, tablets, and PCs
- High quality 3D space and high operability in a web browser
- No platform review required, quick and easy installation and system update

Case Studies

- This system is being used in the [Virtual Hawks Spring Camp 2022 in Miyazaki](#) from February 1, 2022.
- We will continue to add features and upgrades as we continue to roll out our services.





Head office relocation

Our head office was relocated to "Tokyo Midtown" on February 1, 2022. Under the supervision of experts, we have implemented the latest infection control measures and created a space that promotes diverse communication. We will improve the efficiency of our operations and create creative ideas.



The entrance has a calm atmosphere.



The office has been upgraded with additional construction to increase the ventilation performance so that the employees can feel safe.



The flooring and fixtures are made of linoleum, an anti-viral material. Natural materials contribute to the SDGs.



Many 1-on-1 booths are set up to promote smooth communication between real and online.



The "ColoPark" is a space that promotes communication among employees.



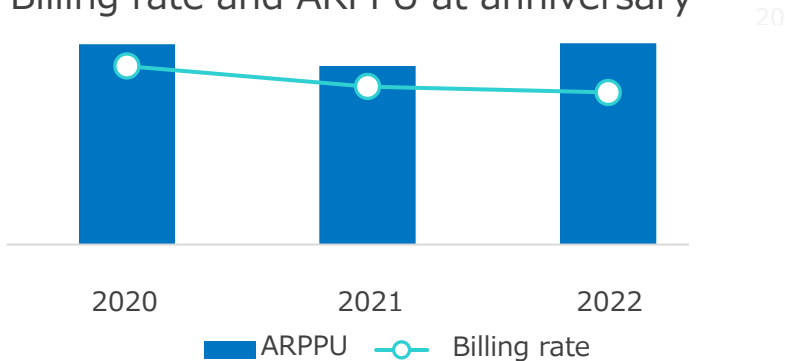
“Alice Gear Aegis” celebrated its 4th anniversary and recent sales are progressing steadily. “DRAGON QUEST WALK” has been in service for more than two years, but its steady operation has resulted in a high level of enthusiasm. ¥0.4 billion is planned for advertising expenses in 2Q, and outsourcing expenses are expected to increase as the release of new titles approaches.

Alice Gear Aegis

- Strong billing rate x ARPPU, more excitement than last year
- A series of measures to enhance the power of the IP both inside and outside the game, such as the announcement of a TV anime adaptation and the decision to release a consumer version.



Billing rate and ARPPU at anniversary



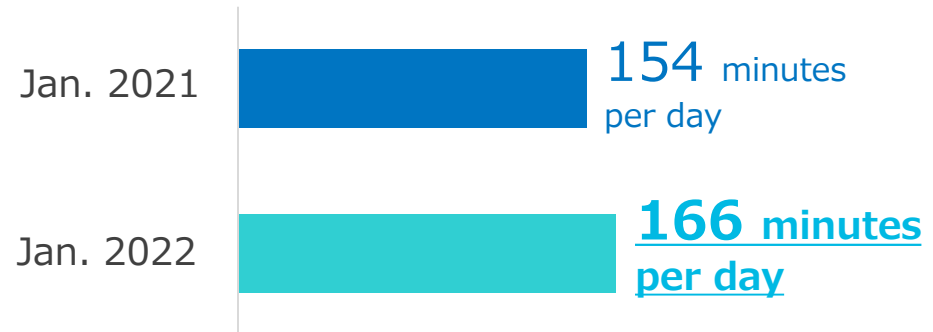
※Daily averages for both billing rate and ARPPU for the first three days of each event

DRAGON QUEST WALK

- Even after more than two years of service, various KPIs remain high.
- We have been able to keep our users enjoying the game for a long time by continuously proposing new ways to play, such as the implementation of "Nakama Monster" on the second anniversary.

Average play time

※Daily average from Jan. 1 to Jan. 31





“Entertainment in Real Life”

Making everyday more enjoyable and wonderful through entertainment

We're sending out the latest information on the COLOPL group!



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