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# Quarterly Securities Report

(14th business term of the first quarter)

COLOPL, Inc.

(E27062)

# Quarterly Securities Report

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- 1 This document is an output and printout of the quarterly report submitted using the Electronic Data Processing System for Disclosure (EDINET) stipulated in Article 27-30-2 of the Financial Instruments and Exchange Act, with a table of contents and pages.
- 2 This document includes the quarterly review report attached to the quarterly report submitted by the above method and the confirmation submitted at the same time as the above quarterly report at the end of the document.

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Document filed: Quarterly Securities Report

Applicable law: Article 24-4-7, Paragraph 1 of the Financial Instruments and Exchange Act

Filed with: Director, Kanto Local Finance Bureau

Filing date: February 14, 2022

Quarterly Accounting Period: 14th business term of the first quarter (From October 1, 2021 to September 30, 2022)

Company: COLOPL, Inc.

Company name in English: COLOPL, Inc.

Name and title of representative: Takashi Miyamoto, President and Representative Director

Address of head office: 9-7-2 Akasaka, Minato-ku, Tokyo  
(Note) The head office (4-20-3 Ebisu, Shibuya-ku, Tokyo) has been relocated to the  
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above address since February 1, 2022.

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Place for public inspection: Tokyo Stock Exchange, Inc.  
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## Part 1. Corporate Information

### I. Company Overview

#### 1. Trends in Major Management Indicators, Etc.

Fiscal term	13th term First Quarter Consolidated Cumulative period	14th term First Quarter Consolidated Cumulative period	13th period
Accounting period	October 1, 2020 to December 31, 2020	October 1, 2021 to December 31, 2021	October 1, 2020 to September 30, 2021
Net sales (Million yen)	8,625	7,406	37,125
Ordinary profit (Million yen)	1,739	1,091	7,843
Profit attributable to owners of parent (Million yen)	1,249	677	3,047
Comprehensive income or income (Million yen)	1,335	415	3,148
Net assets (Million yen)	73,919	73,742	75,751
Total assets (Million yen)	79,554	79,129	80,814
Basic earnings per share (Yen)	9.77	5.29	23.82
Diluted earnings per share (Yen)	9.75	5.28	23.77
Equity ratio (%)	92.9	93.2	93.7

(Notes) 1. Since the Company prepares quarterly consolidated financial statements, changes in major management indices of the submitting company are not shown.

2. The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the first quarter of the current consolidated fiscal year, and the key management indicators, etc. for the first quarter of the current consolidated fiscal year are those after the application of the said accounting standard, etc. For details, please refer to "IV. Financial Information 1. (Quarterly Consolidated Financial Statements) (Notes) (Change in accounting policy) (Application of accounting standard for revenue recognition)".

#### 2. Business Summary

During the first quarter of the current fiscal year, there have been no significant changes in the businesses operated by the Group (the Company and its affiliated companies). There were also no changes in the major affiliated companies.

## II. Business Overview

### 1. Business Risks

During the first quarter of the current fiscal year, there were no occurrences of matters related to the status of business and accounting described in this quarterly report that may have a significant impact on investor decisions, or significant changes to the "business and other risks" described in the securities report for the previous fiscal year. There is no significant change in the "Business Risks" described in the Annual Securities Report for the previous fiscal year.

### 2. Management's Analysis of Financial Position, Operating Results and Cash Flows

The forward-looking statements in this document are based on judgments made as of the end of the current quarter.

#### (1) Financial condition and operating results

##### 1) Operating results

With the Group's mission, "'Entertainment in Real Life': Making everyday more enjoyable and wonderful through entertainment", the Group has been working to enrich people's everyday lives through entertainment. In the three-month period ended December 30, 2021, the Entertainment business has been keeping in mind the need to enhance engagement with users in conjunction with existing games, while also focusing on releasing new games. The investment and development business has been investing mainly in IT-related and entertainment companies in Japan and overseas. Meanwhile, although consumption and economic activity continued to be sluggish due to a range of factors such as restrictions on outings and operations in many countries, the impact of the COVID-19 pandemic on the financial results for three-month period ended December 30, 2021 was limited.

As a result, consolidated results for the three-month period ended December 30, 2021 were net sales of ¥7,406 million (down 14.1% from the same period of the prior fiscal year), operating profit of ¥758 million (down 44.8% from the same period of the prior fiscal year), ordinary profit of ¥1,091 million (down 37.3% from the same period of the prior fiscal year), and profit attributable to owners of the parent of ¥677 million (down 45.8% from the same period of the prior fiscal year).

In addition, the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and other related standards have been applied from the beginning of the first quarter of the current fiscal year. For details, please refer to "2. Quarterly Consolidated Financial Statements and Major Notes (3) Notes to Quarterly Consolidated Financial Statements (Changes in accounting policies) (Application of accounting standard for revenue recognition)".

Operating results by segment are as follows.

The classification of reporting segments was changed from the second quarter of the previous fiscal year, and the analysis for the first quarter of the current fiscal year is based on the classification after the change.

##### a. Entertainment business

The Entertainment Business is responsible primarily for the development and operation of games for smartphones. In games for smartphones that account for a major portion of sales, the DRAGON QUEST WALK, which is a third company IP title (planning and production: SQUARE ENIX CO., LTD., Development: COLOPL, Inc.), performed well and contributed to the Group's consolidated financial results. In addition, we began distributing the Japanese and overseas versions of Tales of Luminaria (distributed by BANDAI NAMCO Entertainment Inc.), which was jointly developed with BANDAI NAMCO Entertainment Inc. . In original IP titles, the Group has been operating services to increase user engagement, such as holding collaboration events with EVANGELION for our mainstay title "Shiroko Project" and with STEINS;GATE for "Alice Gear Aegis".

As a result, consolidated net sales and operating profit for the first quarter of the current fiscal year stood at ¥7,395 million and ¥798 million, respectively.

##### b. Investment development business

The Group conducts the Investment and Development Business with a focus on investments in IT-related and entertainment companies in particular.

As a result, consolidated net sales and operating loss for the first quarter of the current fiscal year stood at ¥11 million and ¥39 million, respectively.

## 2) Consolidated financial position

### (Assets)

Current assets as of December 30, 2021 were ¥72,858 million (down ¥1,571 million from September 30, 2021). This was mainly due to a decrease in cash and deposits.

Non-current assets were ¥6,271 million (down ¥113 million from September 30, 2021). This was mainly due to a decrease in investments and other assets.

As a result, total assets were ¥79,129 million (down ¥1,685 million from September 30, 2021)

### (Liabilities)

Current liabilities as of December 30, 2021 were ¥5,245 million (up ¥323 million from September 30, 2021). This was due to an increase in income taxes payable and other current liabilities, despite a decrease in accounts payable-other.

In addition, non-current liabilities were ¥141 million (up ¥0 million from September 30, 2021).

As a result, total liabilities were ¥5,386 million (up ¥323 million from September 30, 2021).

### (Net assets)

Net assets as of December 30, 2021 were ¥73,742 million (down ¥2,008 million from September 30, 2021). This was mainly due to a decrease in retained earnings resulting from the payment of dividends.

## (2) Priority business and financial issues to be addressed

During the first quarter of the current fiscal year, there were no significant changes in the business and financial issues that the Group needs to address on a priority basis.

## (3) Research and Development

The total amount of research and development expenses for the first quarter of the current consolidated fiscal year was 459 million yen.

There were no significant changes in the status of the Group's research and development activities during the first quarter of the current consolidated fiscal year.

## 3.Important Contracts Etc. Related to Management

During the first quarter of the current consolidated fiscal year, there were no decisions or conclusions of important management contracts.

### III. Information on the Reporting Company

#### 1. Stock Information

##### (1) Total Number of Shares, Etc.

###### 1) Total number of shares

Type	Number of authorized shares
Common shares	450,000,000
Total	450,000,000

###### 2) Number of Shares Issued

Type	Number of shares issued at the end of the fiscal year (shares) (December 31, 2021)	Number of shares issued as of the filing date (shares) (February 9, 2022)	Stock exchange where the Company is listed	Details
Common shares	129,766,034	129,966,023	Tokyo Stock Exchange First Section	The number of shares per one unit of shares is 100 shares.
Total	129,766,034	129,966,023	—	—

(Note) The figures in the “Number of shares issued as of the filing date” column do not include the number of shares issued upon the exercise of share acquisition rights between February 1, 2022 and the filing date of this Annual Securities Report.

##### (2) Information on the Share Acquisition Rights, Etc.

###### 1) Stock options

Not applicable.

###### 2) Other share acquisition plans, etc.

Not applicable.

##### (3) Moving Strike Convertible Bonds, Etc.

Not applicable.

##### (4) Changes in Number of Shares Issued and Capital, Etc.

Date	Changes in number of shares issued (shares)	Balance of number of shares issued (shares)	Change in capital (million yen)	Balance of capital (million yen)	Change in legal capital surplus (million yen)	Balance of legal capital surplus (million yen)
October 1, 2021 - December 31, 2021	—	129,766,034	—	6,556	—	6,553

(Notes) 1. During the period from January 1, 2022 to January 31, 2022, the total number of issued shares increased by 127,500 shares, and capital stock and capital reserve increased by 5 million yen each due to the exercise of stock acquisition rights.

2. As a result of the issuance of new shares of restricted stock compensation with a payment date of January 14, 2022, the total number of issued shares increased by 72,489 shares, and capital stock and capital reserve increased by 24 million yen each.

Issue price 676yen

Capitalized amount 338yen

##### (5) Status of Major Shareholders

As the current quarterly accounting period is the first quarter of the current fiscal year, there is nothing to report.



(6) Information on Voting Rights

The "Status of Voting Rights" as of the end of the first quarter of the current fiscal year is based on the shareholders' register as of the immediately preceding record date (September 30, 2021), as the information in the shareholders' register cannot be confirmed and cannot be stated.

1) Number of Shares Issued

As of September 30, 2021

Classification	Number of shares (shares)	Number of voting rights	Details
Non-voting shares	–	–	–
Shares with restricted voting right (treasury shares, etc.)	–	–	–
Shares with restricted voting right (others)	–	–	–
Shares with full voting right (treasury shares, etc.)	(Treasury stock) Common shares 1,778,500	–	The number of shares per one unit of shares is 100 shares.
Shares with full voting right (others)	Common shares 127,929,600	1,279,296	Ditto
Shares less than one unit	Common shares 57,934	–	–
Number of shares outstanding	129,766,034	–	–
Total number of voting rights	–	1,279,296	–

(Note) The column showing the shares of less than one unit contains 44 treasury stock owned by the Company.

2) Treasury Shares, Etc

As of September 30, 2021

Name of shareholder	Address of shareholder	Number of shares held under the shareholder's name (shares)	Number of shares held under other shareholders' names (shares)	Total number of shares held (shares)	Ratio of number of shares held to number of outstanding shares (%)
(Treasury stock) COLOPL, Inc.	4-20-3 Ebisu, Shibuya-ku, Tokyo	1,778,500	–	1,778,500	1.37
Total	–	1,778,500	–	1,778,500	1.37

(Notes) 1. The Company relocated its head office to 9-7-2 Akasaka, Minato-ku, Tokyo on February 1, 2022.

2. The treasury stock above does not include 44 shares of less than one unit.

(2) Officers

Not applicable.

## IV. Financial Information

### 1. Method of Preparation of Quarterly Consolidated Financial Statements

The Company's quarterly consolidated financial statements are prepared in accordance with the "Regulations Concerning Terminology, Forms and Preparation Methods of Quarterly Consolidated Financial Statements" (Cabinet Office Ordinance No. 64, 2007).

### 2. Audit Certification

Pursuant to Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, the Company has received a quarterly review of its quarterly consolidated financial statements for the first quarter (October 1, 2021 to December 31, 2021) and the cumulative first quarter (October 1, 2021 to December 31, 2021) by Deloitte Touche Tohmatsu LLC.

# 1. Quarterly Consolidated Financial Statements

## (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of September 30, 2021	As of December 31, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	58,871	57,650
Accounts receivable - trade	4,348	—
Accounts receivable - trade, and contract assets	—	3,981
Operational investment securities	7,591	7,592
Inventories	732	544
Other	2,920	3,118
Allowance for doubtful accounts	(34)	(29)
Total current assets	74,430	72,858
Non-current assets		
Property, plant and equipment	484	643
Intangible assets	29	27
Investments and other assets	*5,870	*5,600
Total non-current assets	6,384	6,271
Total assets	80,814	79,129
<b>Liabilities</b>		
Current liabilities		
Accounts payable - other	2,412	1,844
Income taxes payable	292	541
Other	2,217	2,859
Total current liabilities	4,922	5,245
Non-current liabilities		
Asset retirement obligations	123	123
Other	17	17
Total non-current liabilities	141	141
Total liabilities	5,063	5,386
<b>Net assets</b>		
Shareholders' equity		
Share capital	6,556	6,556
Capital surplus	6,296	6,296
Retained earnings	67,037	65,291
Treasury shares	(4,645)	(4,645)
Total shareholders' equity	75,245	73,499
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	461	229
Foreign currency translation adjustment	43	13
Total accumulated other comprehensive income	504	242
Non-controlling interests	1	1
Total net assets	75,751	73,742
Total liabilities and net assets	80,814	79,129

## (2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income

## Consolidated quarterly statements of income

(Millions of yen)

	Three months ended December 31, 2020	Three months ended December 31, 2021
Net sales	8,625	7,406
Cost of sales	5,663	5,290
Gross profit	2,962	2,116
Selling, general and administrative expenses	1,586	1,357
Operating profit	1,375	758
Non-operating income		
Foreign exchange gains	—	130
Gain on sale of investment securities	313	234
Gain on investments in investment partnerships	17	—
Gain on valuation of cryptocurrency	270	—
Gain on investments in derivatives	—	13
Miscellaneous income	49	58
Total non-operating income	651	436
Non-operating expenses		
Foreign exchange losses	99	—
Loss on valuation of investment securities	51	48
Loss on sale of investment securities	—	48
Loss on investments in investment partnerships	—	0
Loss on investments in derivatives	135	—
Miscellaneous losses	0	6
Total non-operating expenses	287	103
Ordinary profit	1,739	1,091
Profit before income taxes	1,739	1,091
Income taxes	488	414
Profit	1,251	677
Profit attributable to non-controlling interests	1	0
Profit attributable to owners of parent	1,249	677

## Consolidated quarterly statements of comprehensive income

(Millions of yen)

	Three months ended December 31, 2020	Three months ended December 31, 2021
Profit	1,251	677
Other comprehensive income		
Valuation difference on available-for-sale securities	84	(231)
Foreign currency translation adjustment	—	(30)
Total other comprehensive income	84	(261)
Comprehensive income	1,335	415
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,333	415
Comprehensive income attributable to non-controlling interests	1	(0)

## Notes

### (Change in accounting policy)

#### (Application of accounting standard for revenue recognition)

The Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020; hereinafter the "Revenue Recognition Accounting Standard"), etc. since the beginning of the first quarter under review and recognizes revenue from goods or services which the Group promised to provide at an amount expected to be received in exchange for the goods or services at the time when control over the promised goods or services is transferred to a customer. The principal changes resulting from the above are as follows.

#### (Revenue from user charges related to games for smartphones)

Previously, the Company had recognized revenues at the point where users consumed onerous currency and exchanged it for items used in games. The Company made a switch to the method of estimating the period for using items obtained through the consumption of onerous currency and recognizing revenues in accordance with their estimated period of use.

#### (Revenue from made-to-order software development on order based on contracts)

Previously, the Company had recognized revenues at the point of acceptance inspection. The Company made a switch to the method of recognizing revenues over a certain period of time.

The application of the Revenue Recognition Accounting Standard follows the provisional treatment stipulated in the proviso of Paragraph 84 of the Revenue Recognition Accounting Standard. The cumulative effects in case of retroactively applying the new accounting policy to before the beginning of the first quarter under review are adjusted in retained earnings at the beginning of the first quarter under review, and the new accounting policy is applied from this initial balance. As a result, consolidated net sales increased ¥569 million, and consolidated operating profit rose 137 million yen in the first quarter under review. The balance of retained earnings at the beginning of the period increased 135 million yen.

With the application of the Revenue Recognition Accounting Standard, the Company included accounts receivable – trade, which had been stated under current assets in the consolidated balance sheet for the previous fiscal year, in accounts receivable – trade and contract assets from the first quarter under review. Pursuant to the transitional provisions in Paragraph 89-2 of the Revenue Recognition Accounting Standard, the Company did not reclassify balance sheet amounts for the previous fiscal year according to a new presentation. Moreover, in accordance with the provisional treatment stipulated in Paragraph 28-15 of the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12, March 31, 2020), information that decomposes revenue from contracts with customers for the first quarter of the previous fiscal year is not stated.

#### (Application of accounting standard for fair value measurement, etc.)

The Company has applied the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019; hereinafter the "Fair Value Measurement Accounting Standard"), etc. since the beginning of the first quarter under review. It was decided that the new accounting policies prescribed in the Fair Value Measurement Accounting Standard, etc. continued to be adopted in accordance with the transitional treatment provided for in Paragraph 19 of the Fair Value Measurement Accounting Standard and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019).

The Company had previously adopted acquisition values as balance sheet values for investments and the like in financial instruments other than shares, such as the convertible bonds with share acquisition rights and share acquisition rights of unlisted investment targets. With the application of the new accounting policies, the Company switched to the method of adopting market values as balance sheet values from the first quarter under review. In addition, the Company adopted accounting in the method of directly posting emerged valuation differences to net assets.

These changes had no material effect on quarterly consolidated financial statements.

### (Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements)

#### (Calculation of tax expense)

Tax expenses are calculated by reasonably estimating the effective tax rate after applying tax effect accounting to income before income taxes for the consolidated fiscal year, including the first quarter under review, and multiplying quarterly income before income taxes by the estimated effective tax rate.

#### (Notes to consolidated balance sheet)

##### \* Assets pledged collateral

The assets below are deposited under the Act on Financial Settlements.

	Previous fiscal year (September 30, 2021)	The first quarter of the current fiscal year (December 31, 2021)
Investments and other assets	473 million yen	473 million yen

(Notes to Quarterly Consolidated Statements of Cash Flows)

We have not prepared a quarterly consolidated cash flow statement for the first quarter consolidated cumulative period. Depreciation expenses for the first quarter consolidated cumulative period (including depreciation expenses for intangible fixed assets excluding goodwill) are as follows.

	As of September 30, 2021 (October 1, 2020 to December 31, 2020)	As of December 31, 2021 (October 1, 2021 to December 31, 2021)
Depreciation	132 million yen	125 million yen

(Shareholders' equity, etc.)

I. Three months ended December 31, 2020 (October 1, 2020 to December 31, 2020)

Dividends paid

(Resolution)	Class of shares	Total amount of dividends (million yen)	Dividend per share (yen)	Record date	Effective date	Source of dividends
December 18, 2020 Annual general meeting of shareholders	Common shares	3,195	25.00	September 30, 2020	December 21, 2020	Retained earnings

II. Three months ended December 31, 2021 (October 1, 2021 to December 31, 2021)

Dividends paid

(Resolution)	Class of shares	Total amount of dividends (million yen)	Dividend per share (yen)	Record date	Effective date	Source of dividends
December 17, 2021 Annual general meeting of shareholders	Common shares	2,559	20.00	September 30, 2021	December 20, 2021	Retained earnings

(Segment Information)

I. For the three months ended December 31, 2020 (October 1, 2020 to December 31, 2020)

The Group's reportable business was only the Mobile Service Business, whose importance was low from the perspective of information disclosure. Therefore, the Company omitted the disclosure of segment information.

II. For the three months ended December 31, 2021 (October 1, 2021 to December 31, 2021)

1. Information on net sales and income or loss by reportable segment

(Million Yen)

	Reportable segment			Adjustment (Note)1	Amount recorded in Consolidated Financial Statements (Note)2
	Entertainment Business	Investment and Development Business	Total		
Net sales					
Sales to external customers	7,395	11	7,406	—	7,406
Intersegment sales or transfers	—	—	—	—	—
Total	7,395	11	7,406	—	7,406
Segment profit (loss)	798	(39)	758	0	758

(Notes) 1. An adjustment in the segment profit (loss) area represents the deduction of intersegment transactions.

2. Segment profit (loss) has been adjusted to be consistent with the operating profit reported in the consolidated statements of income.

2. Matters related to changes in reportable segments, etc.

To advance the Investment and Development Business as one of its main businesses, the Company reclassified the Investment and Development Business as an independent business unit and included it in the reportable segment, starting from the second quarter of the previous fiscal year under review. In addition, it renamed the Mobile Service Business as the Entertainment Business.

(Revenue Recognition)

Three months ended December 31, 2021 (October 1, 2021 to December 31, 2021)

(Million Yen)

	Reportable Segment		Total
	Entertainment Business	Investment and Development Business	
Revenue from user charges	3,276	—	3,276
Income from revenue sharing	2,405	—	2,405
Other (Note 1)	1,713	10	1,724
Revenue from contracts with customers	7,395	10	7,406
Other income (Note 2)	—	0	0
Net sales to external customers	7,395	11	7,406

(Notes) 1. Other includes Revenue from made-to-order software development on order based on contracts.

2. Other income mainly consists of income related to investments in limited liability investment partnerships and similar partnerships in accordance with ASBJ Statement No. 10, "Accounting Standard for Financial Instruments".



(Per share information)

The basis for calculating basic earnings per share and earnings per share fully diluted is as follows.

Item	Three months ended December 31, 2020	Three months ended December 31, 2021
(1) Net assets per share	9.77 yen	5.29 yen
(Basis for calculation)		
Profit attributable to owners of parent (million yen)	1,249	677
Amount not attributable to common shareholders (million yen)	—	—
Profit attributable to owners of parent pertaining to common shares (million yen)	1,249	677
Average number of shares during the period (shares)	127,832,252	127,987,490
(2) Diluted earnings per share	9.75 yen	5.28 yen
(Basis for calculation)		
Adjustments to profit attributable to owners of parent (million yen)	—	—
Increase in the number of common shares (shares)	386,282	262,350
Summary of latent shares not included in the calculation of diluted net income per share due to the absence of dilutive effects, but for which there have been significant changes since the end of the previous fiscal year	—	—

(Significant subsequent events)

Not applicable.

2.Other

Not applicable.

**Part 2. Information Concerning Guarantors of the Reporting Company**

Not applicable.