



COLOPL Report 2021

COLOPL, Inc.
Integrated report 2021

The COLOPL Philosophy

Believing it necessary to clarify our vision and have it understood and embodied on a Group-wide basis, we established our Philosophy about a year ago, made up of our Mission, Vision, and Principles.

We will continue to deliver content that delivers unprecedented new experiences and "The First" content to make everyday life more fun and wonderful.



Mission

“Entertainment in Real Life”

Making everyday more enjoyable and wonderful through entertainment

What if we can make someone's ordinary tomorrow more exciting and thrilling by providing our entertainment.

What if our entertainment can create an opportunity for someone to step forward.

Since the day we were founded in a tiny apartment, this has been our motto and it kept us moving forward.

We will create a world full of hope and vitality by making ordinary life wonderful with our entertainment.

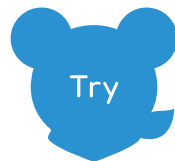
Vision

Delivering "New Experiences" with the latest technology and creative ideas

We have been continuously delivering "New Experiences" using the latest technologies and creative ideas.

The world's first location-based game Colony Life utilizing GPS, the first full-scaled quiz based RPG Quiz RPG: The World of Mystic Wiz for smart devices, and full-scaled action RPG Shironeko Project which can be played with a single finger are some examples. We will continue to pursue "New Experience" with the latest technology and our creative ideas to make people's daily lives more enjoyable and wonderful.

Principles



We will continue to try achieving innovation using the latest technologies and creative ideas without fearing failure and making necessary changes.



We will create new entertainment and new values with our creative ideas. We will pursue customer's value and will not easily compromise to achieve it.



Many difficulties come with the creation of new experiences. We will face those difficulties properly and overcome them by believing in oneself and the team.

Contents

Editorial Policy

This Integrated report has been edited to incorporate non-financial information such as CSR activities in addition to management policies, strategies and medium-to-long-term value creation in order to inform shareholders, investors and other stakeholders about the management and general corporate activities of the COLOPL Group.

Period Covered

Fiscal year ended September 2021 (October 1, 2020 to September 30, 2021) References to times before and after this period are made as necessary.

Organizations Covered

This report generally covers COLOPL, Inc. and Group companies (companies in which COLOPL, Inc. owns more than 50% of outstanding shares as of September 30, 2021), which are collectively described as the COLOPL Group.

Caution Concerning Forward-Looking Statements

Descriptions and statements concerning estimates and forecasts in this report are judgments and assumptions based on the information currently available to COLOPL. Due to the uncertainties inherent in these judgments and assumptions, as well as changes in business management and internal or external conditions, actual results may substantially differ from predictions, and COLOPL does not guarantee the certainty of any details regarding these future predictions.

Note

This document is a translation from the Japanese original for reference purposes only. In the event of any discrepancy between this translation and the Japanese original, the Japanese original shall prevail. COLOPL, Inc. assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

About COLOPL

- 01 The COLOPL Philosophy
- 03 Our Growth History
- 05 The COLOPL Group's Value Creation Process
- 06 Features that Make COLOPL Unique
- 08 COLOPL's Competitive Advantages
- 10 Medium-to long-term growth image

Management

- 11 Message from the New Chairman
- 12 Message from the New President
- 15 Message from the CFO & CHRO

Business

- 19 COLOPL's Business

Special Feature 1

- 20 Entertainment Business: Interview with Directors

Special Feature 2

- 24 Investment and Development Business: Interview with the CEO of COLOPL NEXT, Inc.

ESG

- 27 ESG (Environment, Social, Governance)
- 28 Environment
- 29 Social
- 34 Corporate Governance

Finance

- 44 11-year Financial and Non-financial Summary
- 46 Consolidated Balance Sheet
- 47 Consolidated Statement of Profit and Loss / Consolidated Statement of Cash Flows


Outline

- 48 COLOPL Group
- 49 Corporate Data / Stock Information
- 50 Social Media List



In pursuit of new forms of entertainment, COLOPL has blazed a trail forward through change and challenge.

To date, COLOPL has been among the first to respond to platform changes and paved the way through its own changes and challenges. Looking ahead, COLOPL will pursue entertainment that goes beyond what the world desires.




FEATURE PHONE

2003.5 Game personally developed by Chairman Mr. Naruatsu Baba

Establishment of a location-based game platform

2008.10 Established COLOPL, Inc.



SMART PHONE

Change of direction to smartphone-specific game development

2012.12 Listed on the Mothers section of the Tokyo Stock Exchange

Company-Wide News



2008.10
Established COLOPL, Inc.

2011.3
Established "Outing Research Lab" as a research center to study and analyze the movement of people

2013.3
Social Game Info Inc. joined the Group

2013.7
Overclock Co., Ltd. was established

2014.12
Indigo Game Studios, Inc. joined the Group



2015.2
COLOPL NEXT, Inc. was established, engaging in the investment business



2015.6
RealStyle Co., Ltd. joined the Group



2015.9
Pyramid, Inc. joined the Group

News About Services



2003.5
Chairman Mr. Naruatsu Baba independently launched Colony Life

2010.11
Launched the world's first location-based game platform, "COLOPL+ (currently COLOPL)"



2011.9
Developed the smartphone game brand Kuma the Bear



2013.3
Released Quiz RPG: The World of Mystic Wiz

2014.6
Marketing research smartphone app, Smart Answer, was launched



Rapid expansion of the smartphone game business

2014.4
Listed on the First Section of the Tokyo Stock Exchange

Taking on the challenges of VR and other new platforms

Construction of a strong business foundation through formation of the Group

Company-Wide News

- 

2015.11

360Channel, Inc. was established, engaging in business related to 360-degree video
- 

2015.11

Kuma's Musical Band, Inc. was established
- 

2016.1

Established the second "COLOPL VR Fund", specializing in supporting VR companies in Japan and overseas
- 

2016.5

EIGHTING Co., Ltd. joined the Group
- 2017.1

Established the fourth "COLOPL VR Fund 2", specializing in supporting VR companies in Japan and overseas
- 2018.5

Hired first para athlete
- 

2020.4

MAGES. inc. joined the Group
- 

2020.5


Part of CoreEdge Inc.'s business was transferred to COLOPL
- 2020.10

Our Philosophy, made up of our Mission, Vision, and Principles, was established
- 2021.3


The business segment was changed into the Entertainment Business and the Investment and Development Business
- 2021.12

System changed to strengthen the ability to develop new games
Mr. Naruatsu Baba was appointed Chairman of the Board Chief Creator and Mr. Takashi Miyamoto was appointed President and CEO


News About Services

- 


2014.7

Released Shironeko Project
- 


2014.8

Began distribution of COLOPL's first Oculus Rift VR app Kuma's Festival Marksman!
- 


2016.7

Released Shironeko Tennis
- 

2018.1

Released Alice Gear Aegis
- 

2021.7

YOU GENERATION was officially launched
- 

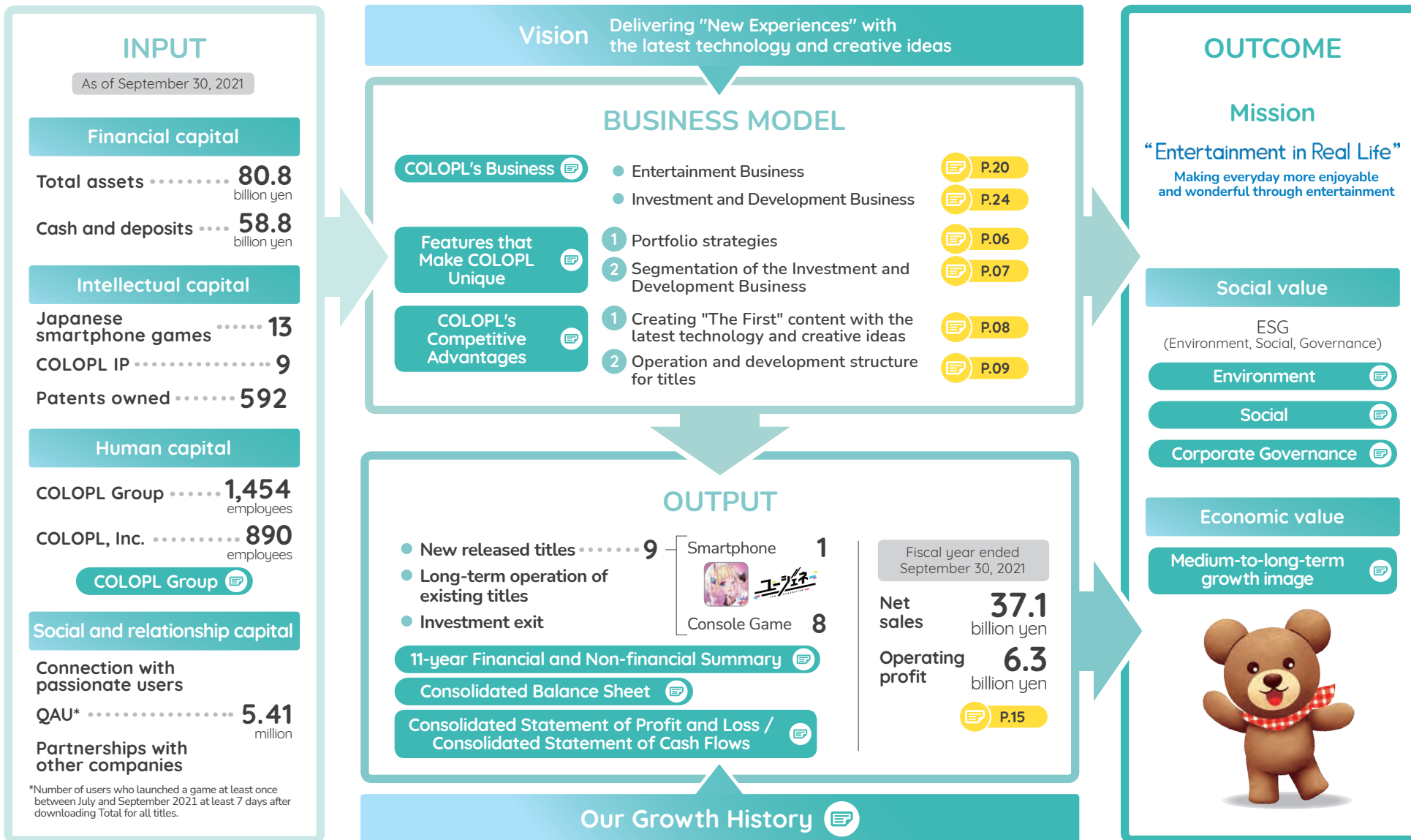
2021.11

TALES OF LUMINARIA, jointly developed with BANDAI NAMCO Entertainment Inc., began distribution
Distributed by BANDAI NAMCO Entertainment Inc.

[Check COLOPL's history here](#)

The COLOPL Group's Value Creation Process

The investment and development business was made one of our main businesses starting in the fiscal year ended September 2021, and we changed our business segment from a single segment to two segments: the Entertainment Business and the Investment and Development Business. We will continue to aim for sustainable growth around these two businesses and work to improve corporate value.





Features that Make COLOPL Unique

1

Portfolio Strategies

To achieve its vision to "Delivering "New Experiences" with the latest technology and creative ideas." COLOPL aims for stable and continuous business growth that combines three portfolio strategies, made up of "content," "regions" and "devices," as explained below.

Content Portfolio Strategy

Rather than offering only a single hit title, we develop and operate multiple titles with different characteristics based on the gender and generation of our target user. As a result, in our current main business, the game business, we have a model in the sales are accumulated for each release year in a multi-layered structure.

Sales are stacked one year on top of another.



Regional Portfolio Strategy

After releasing the game in English-speaking countries in 2012, we have expanded our distribution area to include Taiwan, South Korea, Hong Kong and Macau, and then China (the mainland), providing multiple titles overseas. Although they still account for only a small percentage of our company's sales, we are constantly working on new initiatives.

Device Portfolio Strategy

We provide services for a variety of devices including console, feature phones, smart phones and VR. We will continue to strive to detect devices and platforms with growth potential as quickly as possible and invest in them so that we can expand our business while reducing risk.

Features that Make COLOPL Unique

2

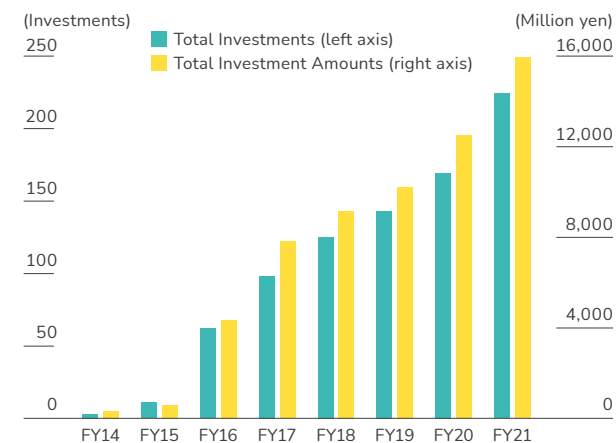
Segmentation of the Investment and Development Business

We aim to minimize risk and maximize returns through combining multiple investment themes and periods.

History of the Business

We began investing in unlisted companies in 2014 to produce business synergies by supporting young entrepreneurs and investing in VR companies. We expanded the range of our businesses while also gaining investment expertise, networks, and excellent human resources, and we currently invest in a wide variety of companies, mainly entertainment and BtoC companies in Japan and abroad, during all stages of business, from founding (recent valuations of less than 500 million yen) to later stages (recent valuations of 5 billion yen or more). We have invested in more than 200 companies, totaling about 16 billion yen, and results have gradually begun to show.

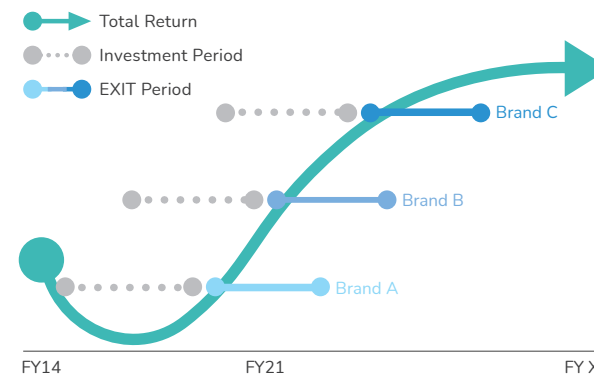
Trends in Total Investments and Investment Amounts



Business Policy

Investments in unlisted companies are divided into two large terms: investment period and exit period. During the initial investment period, impairment loss is often posted in advance, and in the later exit period, large returns are gained from successful investees in this business model. We have set the period to exit at 5-10 years and the internal rate of return at 15 to 20% (equivalent to 4x to 6x in ten years). We aim to minimize risk and maximize returns through combining multiple investment themes and periods.

Investment Return Image





COLOPL's Competitive Advantages

1

Creating "The First" content with the latest technology and creative ideas

In our journey so far, COLOPL has continued to take on the challenge of creating "The First" content that delivers entirely new experiences.

We have delivered new entertainment to the world and grown through the latest technology and creative ideas, starting with Colony Life, the world's first location-based game utilizing GPS, which is our founding business. This also includes Quiz RPG: The World of Mystic Wiz, the first smartphone-based full-scale quiz game released in March 2013, Shironeko Project, a fully-fledged action game that can be played with a single finger released in July 2014, and YOU GENERATION, official service for which began in July 2021 and which started a new genre of games known as "Live Playing Game", creating new titles with full live-streaming and a full-scale game.

While it is never easy to produce new experiences, COLOPL will continue to create "The First" content no matter how difficult it may be and will continue to provide many users with fun services and titles in the years ahead.



コロニー生活



COLOPL's Competitive Advantages

2

Operation and Development Structure for Titles

Chairman of the Board Chief Creator Mr. Baba oversees the development of new games and the creation of new businesses himself. Additionally, to achieve the long-term operation of existing titles and continually launch new titles, COLOPL organizationally secures creator talent and makes decisions on the basis of numbers and data.

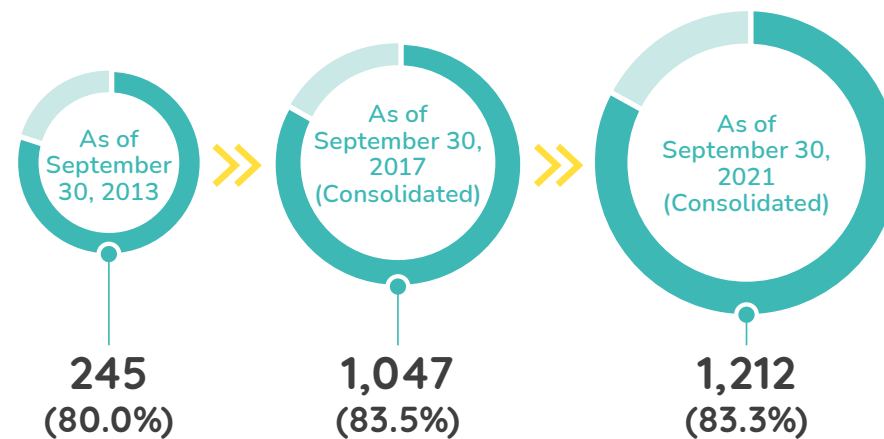
In terms of securing creator talent, creators currently account for over eighty percent of the COLOPL Group's workforce. That is why the percentage of in-house production is extremely high, and explains the development of a system that is able to share

operational and development know-how throughout the Group.

In terms of decision-making based on numbers and data, COLOPL has formed an internal "Data Science Team." The team quickly and thoroughly analyzes vast amounts of numbers and data to make rational decisions that have a high rate of success. This approach has enabled the meticulous fine-tuning of game parameters and efficient ad placements. In addition, the analysis data is accumulated within the Group, allowing for its utilization across different titles.

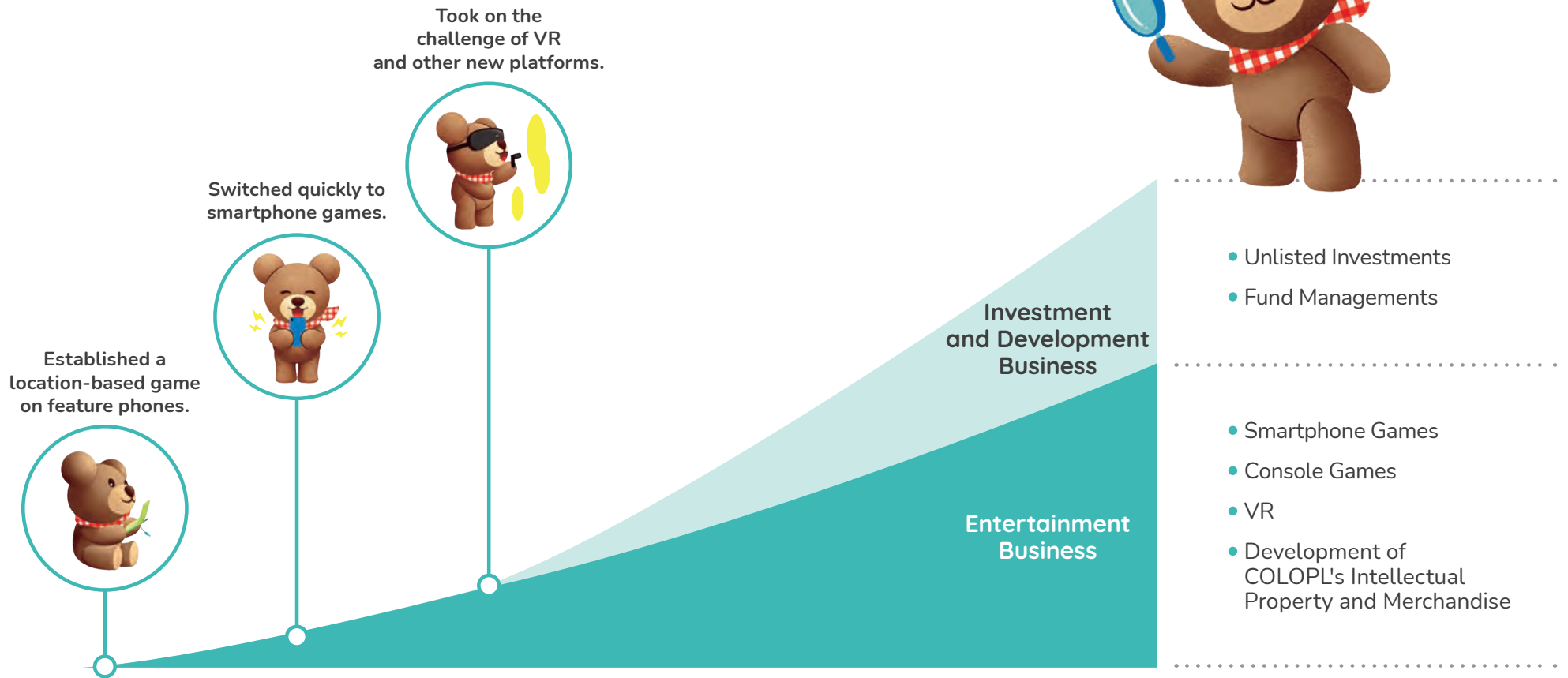
Percentage of Creators Among Group Employees

We have secured human resources to continually launch new titles.



Medium-to long-term growth image

With "Entertainment in Real Life - Making everyday life more enjoyable and wonderful through entertainment" as our Mission, we aim for sustainable growth by growing each business.



Message from the New Chairman

Aiming for Further Improvements in Corporate Value with a New System that Clearly Defines the Division of Roles



Chairman of the Board
Chief Creator
Naruatsu Baba

Since our founding in 2008, we have continued to deliver new entertainment to the world with the latest technology and creative ideas. Many Japanese and international companies have entered the mobile game market of late, adding intensity to the competitive environment with each passing year. As the difficulty of development increases with each year due to the advancement of technology and the diversification of user preferences, even we have felt a sense of crisis in the fact that we haven't been able to release new titles as we had hoped and are not continuously delivering new experiences.

I have played the roles of manager and creator up until now, but in order for us to realize further progress, I thought that I should be putting my efforts towards the development of new games which I am better at and should appoint an appropriate person for management.

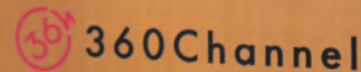
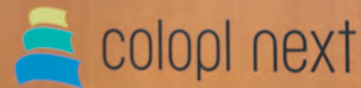
At that time, in May 2020, we took over part of the business of Coreedge Inc., and Mr. Takashi Miyamoto, the President and CEO of that company, joined our company. Mr. Miyamoto had plenty of experience in the game industry as well as management experience as a president, and after joining our company, he worked on improving marketing as well as strengthening the overall Group organization including structural improvements as General Manager. After more than a year of his joining our company, I thought he could safely handle management with his prior experience and we moved to the new management system. Going forward, he will take command of the Group's management as President and CEO, and I will dedicate myself to the development of new games and the creation of new businesses as Chairman of the Board Chief Creator.

We also newly appointed Mr. Harold George Meij as an Outside Director at that time. He has great knowledge and extensive experience with management and marketing, having worked as a marketing chief and president in large corporations, including some in the entertainment industry. We plan to list on the Prime Market in April 2022, which requires stronger governance and a greater globalization of our business than ever before. By incorporating his global knowledge into our management, we aim to further improve the corporate value of the Group.

We will work to meet the expectations of our stakeholders, and I thank you for your continued support in the future.



President and CEO
Takashi Miyamoto



Message from the New President

Aiming for a Stronger COLOPL by Strengthening Our Communications Inside and Outside the Company and by Making Maximum Use of Our Technical Prowess and Creativity

My name is Takashi Miyamoto, and I was appointed President and CEO of COLOPL, Inc. on December 17, 2021, succeeding Mr. Naruatsu Baba (the current Chairman of the Board and Chief Creator). I would like to offer my greetings to everyone as president of the company and convey my ambitions for business operations, future business policies, and more.

Thirteen years have passed since Mr. Baba founded COLOPL. The company that he

started has grown to now employ 1,500 employees, including Group companies.

However, the world and markets have changed greatly over these 13 years, and I sense that COLOPL is approaching a time of great change. During this time, I have inherited the important role of President and CEO from Mr. Baba.

I believe that as president, I should work to raise COLOPL to a new stage based on the track record and knowledge accumulated by COLOPL over these 13 years.



Creating an Organization to Demonstrate Great Technological Prowess and Creativity of Ideas to the Fullest

One of COLOPL's greatest appeals is the fact that it has continued to produce things with high quality. There is technological strength and creativity. I believe this is why we have been able to launch multiple hit titles to the world, such as Colony Life, Quiz RPG: The World of Mystic Wiz, Shironeko Project, and more.

However, as the market has been diversifying recently, just because it is a good game doesn't mean it will sell. This is a time where we cannot produce results unless we strike a smart balance between product-out and market-in approaches. It is necessary for game developers and marketing supervisors to work together and I joined COLOPL last year to put this into practice. Since then, marketing staff have been developed in about a year and results have begun to show.

Based on our new system, we will create an environment that makes it easy for Mr. Baba and our other creators to create new titles and continue to push for enhancements in our marketing division, aiming to create an organization that demonstrates COLOPL's strengths - the latest technology and creative ideas - to the fullest.

Collaborating with Other IPs and Promoting the Expansion of Our IP Succeeding by Understanding the Target

DRAGON QUEST WALK, whose development was overseen by COLOPL and distributed by SQUARE ENIX CO., LTD., and TALES OF LUMINARIA, jointly developed with BANDAI NAMCO Entertainment Inc., were created because of COLOPL's high-level technological abilities. I want to promote this kind of collaboration with other IP moving forward.

At the same time, I also want to greatly develop our own IP as with Shironeko GOLF, the latest in the Shironeko series. This is because while the condition of a game settles over time after its release, the core users will play the game with love and passion, and this itself strengthens the IP as time passes. COLOPL has entered its 14th year and user enthusiasm towards the Shironeko IP has gradually increased, and so we will securely concentrate and strengthen the IP. Also, as COLOPL content often begins from an overwhelming product-out approach, I believe a strategy that incorporates market-in ideas to an extent is necessary in how we sell this content. COLOPL's products are all created with great care by our creators, and in some

cases, users think the content will be too hard for them, even if they think it looks interesting. If we try to deliver to a target with a low affinity, our costs will rise and our gained profit will drop. And so, rather than trying to deliver all over the place haphazardly, we will work to deliver products to our customers after clearly understanding their quality and where the target is. I believe that the importance of understanding the target will increase as international expansion will become a major theme in the future.

There is no mistaking the fact that COLOPL's true value is in the unique IPs created with a product-out approach, and I will leave that up to Mr. Baba and the development team. As president, I want to play the role of creating Group-wide strategies and leading management. This will be key for COLOPL to succeed in the times ahead.





President's Public Relations Office Newly Established to Improve Communication Increasing Fans through Work Visualization

COLOPL possess many wonderful technologies, but I believe our ability to convey this charm both internally and outside the company has been weak. This is because of the idea that value is determined by the market and the user, and I believe this humble attitude is one of COLOPL's characteristics. But I believe that taking an attitude of actively conveying one's own ideas is needed now, and so I set up the new President's Public Relations Office.

In the fiscal year ending September 2022, we will first promote inner branding through the Office.

I believe employees are also stakeholders and that we have a common destiny. This is why I believe that I have accountability not only to outside stakeholders, but to employees, as well. I want to be able to explain why the company makes certain decisions as best I can. When you look at organizations where employees are satisfied with their work and organizations where employees are not satisfied, I

believe that employees who are satisfied with their work can demonstrate their individual abilities to the fullest. I want to properly convey decisions made as a company and my thoughts as president to all employees working in the COLOPL Group, not just conveying the appeal of COLOPL outside the company.

I am aiming to make the company into one where people working here feel no distrust and instead feel joy and interest in their work. I also want each and every employee to become a COLOPL fan. This is why I want to implement Work Visualization. This is because I believe that the motivation of each employee will increase if they are able to see that the hard work they do on one day becomes useful for an event, which in turn contributes to sales and an increase in the number of fans. Doing so will also increase each employee's awareness of their participation in the company. If employees become fans of COLOPL, surely their family and friends will become fans, as well. I hope that we can gradually increase the circle of fans in this way.

I want to implement this Work Visualization for all departments and all Group companies.

The New System is the First Step towards a New Stage Aiming for Further Improvements to Corporate Value

I have been aware of the greatness of the content produced by COLOPL since Mr. Baba founded the company. And about seven years ago, as president of a business partner, I made a passionate presentation to COLOPL executives at the time and received licensing for Quiz RPG: The World of Mystic Wiz and the Shironeko Project. We began operations in Taiwan and this continues today. That's how much I like COLOPL, and how highly I value COLOPL's products. Of course, this love for COLOPL hasn't changed since joining the company.

Now that the baton is passed on to me from Mr. Baba, I will sincerely accept the significance of this, be ready to take on challenges, and dedicate myself to increasing COLOPL's corporate value. We have a strong management team, and I hope to naturally demonstrate my abilities as much as possible without taking on more than I can handle.

I believe that there are few cases of a founder stepping down and returning to development. A company is something that is always changing shape, and I will do what I need to so that in a few years, you will consider this decision to have been the best for COLOPL.

I hope to achieve increasing growth in the future. I believe our investors can look forward to the future of COLOPL and sincerely ask for their continued support.



Message from the CFO & CHRO

Aiming to be a Company Fit for the Top-level "Prime Market"

Executive Director, CFO & CHRO
Yoshiaki Harai

Clarifying Our Vision Both within and Outside the Company a Year After Establishing COLOPL's Philosophy

We established our Philosophy last year in October, made up of our Mission, Vision, and Principles. One year has passed and I feel that we have kept a consistency in a variety of situations both inside and outside the company.

By checking to see if we are following the Philosophy within the company, smooth communication between members has become possible in addition to consistent decision making. When communicating outside the company, it has also become possible to convey what kind of company we are in simple terms and with consistency without individual variations.

Console Games Achieved Results in Addition to New Releases in the Fiscal Year ended September 2021

We released YOU GENERATION, a new title, in the fiscal year ended September 2021, while existing titles remained stable. I also believe we achieved results in platforms other than the smartphone game platform, including strong performance among console game content.

With existing titles, the Shironeko Project was able to create excitement as it approached the 7th year anniversary in July this year, implementing a collaboration with Jujutsu Kaisen, popular intellectual property from another company. DRAGON QUEST WALK, whose development was overseen by COLOPL and distributed by SQUARE ENIX CO., LTD., reached its second

anniversary in September, and we were able to operate the game so that users can enjoy it for a long time with a Dragon Quest V: Hand of the Heavenly Bride event and new game functionality.

I believe we also delivered new titles that embodied our Vision: Delivering "New Experiences" with the latest technology and creative ideas. With YOU GENERATION, we developed a new genre of games known as "Live Playing Game", creating new titles with full live-streaming and a full-scale game. We will continue to focus our efforts on the development of YOU GENERATION, aiming to further increase our user demographic.

We were able to launch eight console game titles in total as MAGES.inc. joined the Group in April last year. Gotobun no Hanayome : Natsu no Omoide mo Gotobun (The Quintessential Quintuplets : Summer Memories Also Come in Five), developed and sold by MAGES., achieved 50,000 copies sold, and Famicom Detective Club: The Missing Heir and The Girl Who Stands Behind, Nintendo Co., Ltd.'s game title remade for the Nintendo Switch by MAGES., have enjoyed great sales. We want to continue to focus on platforms other than the smartphone, including console game content.

Segmentation of the Investment and Development Business and Expansion of Business with an Optimal Portfolio

We divided the conventional Mobile Service Business segment into the Entertainment Business and Investment and Development Business segments in the fiscal year ended September 2021, aiming for continuous growth by further diversifying our businesses.

We began investing in unlisted companies in 2014 to produce business synergies by supporting young entrepreneurs and investing in VR companies, and we expanded the range of our businesses while also gaining investment knowledge, networks, and excellent human resources. We decided to recognize the Investment and Development Business as a business segment just as results gradually began to appear, including the Kaizen Platform, Inc. undertaking an IPO in December last year.

As all of our businesses are highly-volatile, we work to manage our portfolio and reduce risk. In the Entertainment Business, we will develop our three major portfolios (content, regions, and devices) and disperse and optimally combine services and resources. In the Investment and Development Business, we are focusing on extensively investing in domestic and international entertainment and BtoC companies, and aim to minimize risk and maximize returns by combining multiple themes and times. We aim to improve the corporate value of the Group by growing each business as described.

Financial Strategy **Building a Stable Financial Foundation and Seeking Stable and Ongoing Shareholder Returns**

To realize our Vision, we secured cash to ensure sustainability and enable flexible investments for growth, and set dividends at 20 yen per share for the fiscal year ended September 2021 based on our policy of stable and continuous shareholder returns for anything above that standard. We believe our current cash holdings are around 60 billion yen. Firstly, we calculate that we need to hold around 50 billion yen in cash to ensure sustainability and respond to unexpected developments such as platform replacements while maintaining the current size of the company. Development of new games is assumed to take around three years, as the development period for games has increased lately. In addition, we set aside around 10 billion yen to invest flexibly in growth areas, which explains our adequate cash holdings of approximately 60 billion yen in total.

We will continue to offer stable and continuous returns to shareholders, comprehensively taking consolidated performance, DOE, cash flow, and capital efficiency into consideration.

Intellectual Property Strategy **Focusing on Creating and Protecting Ideas to Increase Competitiveness**

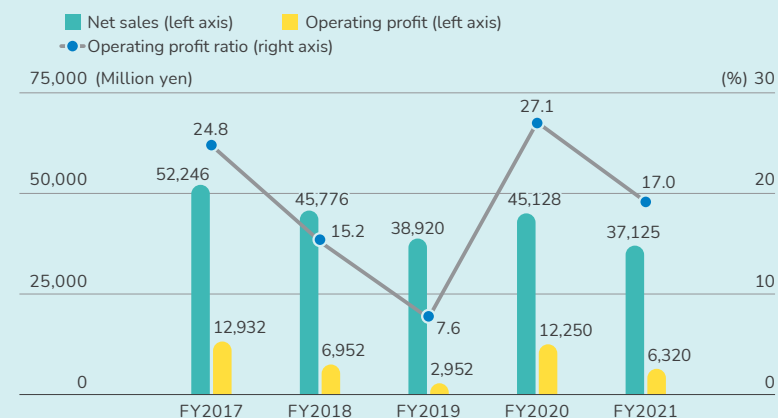
We have focused on creating an environment where great inventions can easily be created, including implementing an employee invention system in 2011 to support our Vision: Delivering "New Experiences" with the latest technology and creative ideas from an intellectual property perspective. In March of this year, we were ranked fourth in the Game and Entertainment Patent Asset Size Ranking 2020*, which evaluates a company's



Overview of Consolidated Financial Results for the Fiscal Year Ended September 2021

(Million yen)	FY2020	FY2021
Net sales	45,128	37,125
Cost of sales	24,275	24,108
Gross profit	20,853	13,016
Selling, general and administrative expenses	8,602	6,695
Operating profit	12,250	6,320
Ordinary profit	11,790	7,843
Profit before income taxes	10,938	4,251
Profit attributable to owners of parent	7,977	3,047

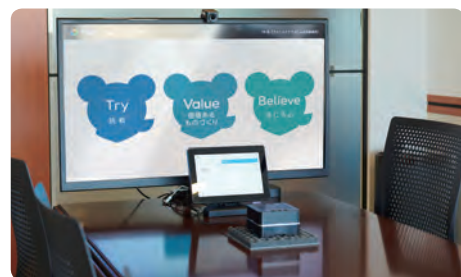
Full Year Consolidated Financial Results



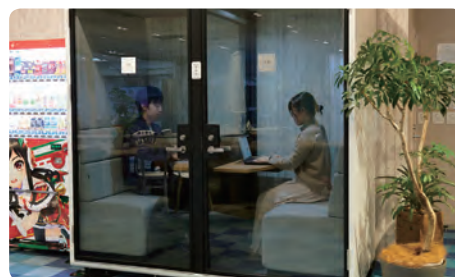


Top 10 Companies in the Game and Entertainment Patent Asset Size Ranking 2020

Ranking	Company	Patent Asset Size (pt)	Number of Patents
1	Konami Digital Entertainment Co., Ltd.	4,156.1	134
2	Nintendo Co., Ltd.	4,010.4	135
3	Sony Interactive Entertainment Inc.	3,882.5	125
4	COLOPL, Inc.	3,848.7	96
5	GREE, Inc.	3,428.8	129
6	SEGA Corporation	3,273.8	108
7	BANDAI Co., Ltd.	2,861.8	86
8	BANDAI NAMCO Entertainment Inc.	2,356.3	110
9	FURYU CORPORATION	1,786.1	34
10	SQUARE ENIX HOLDINGS CO., LTD.	1,739.4	65



Google Meet hardware kits installed in every conference room



Telecubes installed with excellent ventilation



patent assets based on quality and quantity. Our game program, which increases immersion into the game world and enables improvement in game interest, was highly rated. In the fiscal year ended September 2021, we re-evaluated value-based invention incentives so that employees could more actively work on inventions. This was to further strengthen our initiatives towards intellectual property. To appropriately evaluate the value of inventions, we increased the number of times the invention evaluation panel meets, invited Executive Director Mr. Ikeda, who oversees the game technology department, to attend the meetings, and created a system that incorporates the opinions of technology experts.

We will continue to encourage the creation of original ideas while also increasing our competitiveness by supporting our strength of creating new things through patents.

*Patent Result Co., Ltd. independently rated the visibility of individual patents registered between April 1, 2019 and March 31, 2020

Human Resource Strategy Ensure Diversity in Human Resources and Quickly Respond to Environmental Changes

As we believe diversity among creators is necessary to produce unprecedented new things, we have ensured personnel diversity regardless of nationality, gender, or disability, and have made quick decisions in response to environmental changes. In the fiscal year ended September 2021, we moved to a hybrid working style with in-office and at-home work based on a policy aiming for both COVID-19 prevention measures and the promotion of business. There are wide-ranging examples of this, including early workplace vaccinations, the introduction of Google Meet hardware kits in every conference room, installation of telecubes and other environment improvements to allow for smooth communication, and a shift to a balanced evaluation system that places a heavy emphasis on results.

In February of next year, we are also planning to move to a new office implementing the latest infection prevention measures and will gradually boost in-person attendance as we move towards normality. We will also focus on securing human resources that can flexibly respond to pandemic work styles. In addition to acquiring personnel through mergers and acquisitions, we hope to increase our diversity through accelerating employment efforts that do not require employees to come to the office, including employment of excellent personnel regardless of the country or area in which they live. We will continue to steadily invest in personnel, utilizing our stable financial foundation.

Transition to a New System, Aiming to Further Improve Corporate Value

While we were able to diversify our business through recognizing the Investment and Development Business segment in the fiscal year ended September 2021, we were not able



to release new titles as we would've liked. In order to overcome the current situation where we are not continuously delivering new experiences to our users, we transitioned to a new system where our previous President and CEO Mr. Baba will focus on the development of new titles and the creation of new businesses as Chairman of the Board Chief Creator. Mr. Takashi Miyamoto, who was previously the General Manager of Marketing Division and has more than 10 years of experience as a marketing manager and president and CEO at group companies of a major company, will oversee management, and I believe that we have properly laid the foundation for further growth.

In addition to effectively managing existing titles, we are aiming to release three to four new smartphone titles in the fiscal year ending September 2022. I hope we can steadily produce results in the Investment and Development Business in addition to releasing around ten console game titles. We will work to realize further improvements in our corporate value.

Strengthening the System, Aiming to Enhance Governance and Reach the Global Standard of Disclosure

We are making preparations to be listed on the Prime Market in April of next year. We will work on a variety of initiatives due to the need to further strengthen governance and disclose information at the global standard.

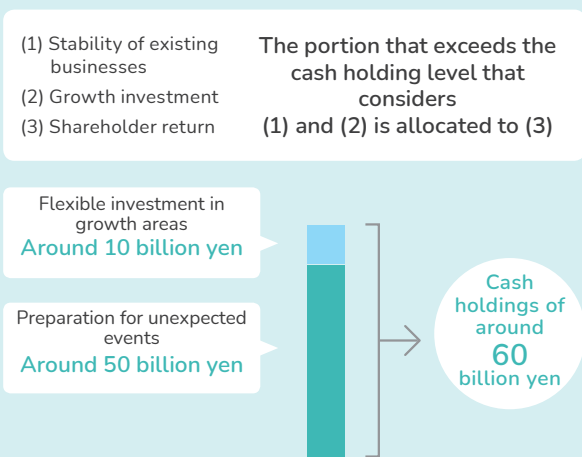
In regards to governance, Mr. Harold George Meij was appointed as an outsider director. He will offer advice on overseas expansion of new titles and globalization of our businesses with international investments while also overseeing decision-making on important issues from an impartial point of view, making use of a wealth of experience in management and knowledge in the entertainment industry. We will continue to aim to further strengthen our governance.

Regarding disclosure, the English version of the COLOPL Report 2020, our annual report from last year, received a gold award in September of this year in the world's largest annual report competition. The report featured a lot of information found only in the report, including an ESG initiative where Outside Director Tamesue interviewed affiliated para-athletes, and we received international praise for our communications. We will focus on enhancing our disclosure of non-financial information, including information on climate change and the securement of diversity, in addition to offering all investor relations materials in English, aiming for a global standard of disclosure.

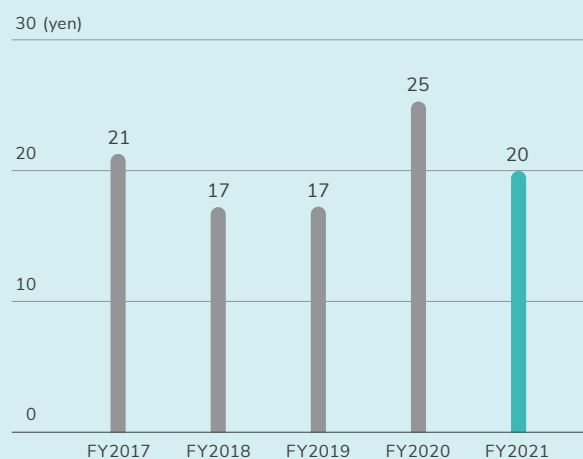
As CFO and CHRO, I will work to further strengthen the system so that we can showcase our strength - the ability to create unprecedented new experiences and "The First" content -, aiming to become a company fit for the Prime Market.

To all our valued stakeholders, we appreciate your continued support and hope you look forward to the company's growth in the future.

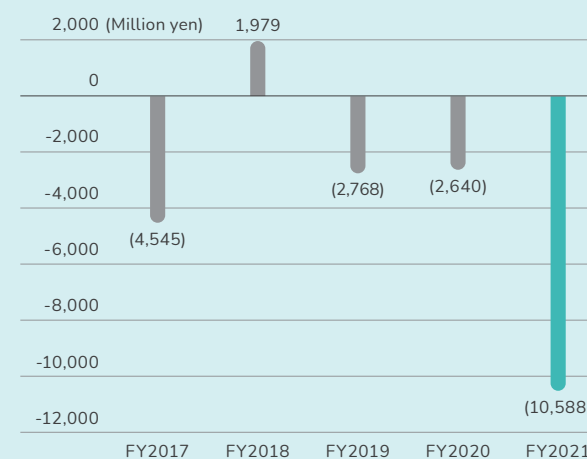
Approach to Cash Holdings



Trends in Dividends per Share



Cash Flows from Investing Activities



COLOPL's Business

The Investment and Development Business was made one of our main businesses starting in the fiscal year ended September 2021, and we changed our business segment from a single segment of the Mobile Game Business to two segments: the Entertainment Business and the Investment and Development Business. We will continue our efforts with these two businesses at the center towards realizing our Mission: "Entertainment in Real Life" - Making everyday more enjoyable and wonderful through entertainment.

Entertainment Business

Smartphone Games

We offer many smartphone games of a wide variety both in Japan and abroad. Our core titles include Quiz RPG: The World of Mystic Wiz, released March 2013, Shironeko Project, released July 2014, and Alice Gear Aegis, released January 2018. We also began distributing these titles in English-speaking countries in 2012, and have currently expanded to East Asia, including Taiwan, Hong Kong, Macao, Indonesia, and South Korea.



[Click here for website](#)

Console Games

We are also focusing on console games planned and developed by MAGES., a comprehensive entertainment company that joined the Group in April 2020. In addition to original titles based on games including STEINS;GATE and other science adventure series and the Memories Off series, we are also working on games derived from anime, light novels, and comics.

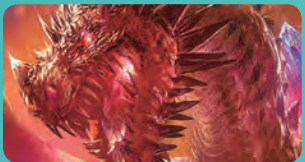


©MAGES./NITRO PLUS

[Click here for website](#)

VR

We offer services for VR devices. We began distributing VR games in 2014 and started 360Channel, a platform to distribute 360-degree videos, in May 2016. We are steadily engaged in this business in anticipation of a future where VR is popularized.



VR Applications



360Channel, Inc. runs a business related to 360-degree videos

[Click here for website](#)

Development of COLOPL's Intellectual Property and Merchandise

We are focusing on the areas surrounding game operations with the goal of developing intellectual property in order to develop the intellectual property that will be loved by users for many years. Our main initiatives are 1) development of derived titles from our intellectual property, 2) expansion to console game content, PCs, and other platforms, 3) sales of original merchandise using new illustration, etc., 4) hosting online events which is effective to strengthen user engagement, and 5) expansion to anime through terrestrial broadcasts and OVA distribution. We are also developing businesses besides games, including real-virtual collaboration services utilizing COLOCA.



[Click here for website](#)

Investment and Development Business

Unlisted Investments

We invest in a wide variety of companies, mainly entertainment and BtoC companies, during all stages of business, from founding to being near listing.

[Click here for our main investees](#)

Fund Managements

COLOPL NEXT, a Group company engaged in the investment business, currently operates multiple funds.

Main Funds

No. 1 fund
Investments in student entrepreneurs

COLOPL VR Fund
Investments in XR companies

No. 3 fund
Investments in young entrepreneurs mainly aged 30 and younger

COLOPL VR Fund2
Investments in XR companies

No. 5, No. 6, and No. 7 Funds
Investments for the purpose of net investments

The Next Unicorn Fund
Investments in South Korean and Southeast Asian companies

Special Feature 1 Entertainment Business: Interview with Directors

Delivering "New Experiences" with the Latest Technology and Creative Ideas

Creating a borderless age with COLOPL's strengths

One Year has Passed since You were Appointed as New Directors. How was the Fiscal Year ended September 2021?

Sakamoto I think my way of thinking has changed for making decisions.

Until becoming a director, I concentrated on pulling the organization together in the direction presented by former President and CEO Mr. Baba and promoting the business as the head of my division. Since being appointed a director, I have come to make decisions from the perspective of maximizing stakeholders' benefit. I still concurrently act as head of my division, but compared to when I was only involved in execution of business, I think that the quality and direction of my decision-making has changed quite a bit.

Ikeda How so specifically?

Sakamoto I now make more long-term decisions. In the past, I placed a heavy emphasis on the current mark, thinking first about what to do now to realize our Mission,

"Entertainment in Real Life" - Making everyday more enjoyable and wonderful through entertainment, from a long-term perspective. Since becoming a director, I have made decisions that, while they might be negative right now, will surely work out to be positive in the future, as I must make decisions that look into the future. I think I now make more drastic, bold decisions.

Ikeda For me, I think I haven't really changed since being appointed a director. Former President and CEO Mr. Baba even told me that I would still be the same even if I became a director...(laughs) But since becoming a director, I am now able to use time, staff, and other resources more on the research and development of technology. Currently, there are many things that we have not released to the public yet, but I think we were able to create many new technologies to support new production in the fiscal year ended September 2021. In addition, my perspective was suddenly expanded because I found a cue to overcome the many existing technological barriers. I believe that in the future, we will be able to do even more interesting things using the new technology we have produced.



Technology Promotion Division
Executive Director
Yoichi Ikeda

Entertainment Division
Live Business Promotion Office
STAR STUDIOS
Executive Director
Yu Sakamoto



Entertainment Division
STAR STUDIOS Live Business Promotion Office
Executive Director
Yu Sakamoto

Entertainment Division

Division in charge of developing new titles and operating existing titles that realize "creating and cultivating IP" and "proposing new ways to play" on which COLOPL focuses.

STAR STUDIOS Live Business Promotion Office

Division in charge of creating new businesses and operating YOU GENERATION, which developed the new genre of "Live Playing Game", creating new titles with full live-streaming and a full-scale game.

Sakamoto From my point of view, I also have great confidence in the results of the Technology Promotion Division.

Ikeda That's because supporting Entertainment Business through technology is my job. The division Mr. Sakamoto is in charge of creates businesses and the division I'm in charge of creates the necessary technology for those businesses. As the technology platforms have been created, there are also cases that I ask Mr. Sakamoto if we can turn them into a business.

Sakamoto The role of our division is to exemplify COLOPL's Vision of Delivering "New Experiences" with the latest technology and creative ideas.



Technology Promotion Division
Executive Director
Yoichi Ikeda

Technology Promotion Division

Division that supports the Entertainment Business with the latest technology by creating a technology base and improving technical abilities, to deliver new experiences to users.

Tell Us about Initiatives and Their Results in the Fiscal Year Ended September 2021.

Sakamoto I think we had good results with our existing titles. In general, the experience offered to users lessens as time passes after a game's release. Meanwhile, Quiz RPG: The World of Mystic Wiz and Shironeko Project, two titles from our own IP, have been in operation for many years yet have maintained stable sales as we continue to propose new ways to play. We also have many users enjoy DRAGON QUEST WALK, whose development was overseen by COLOPL and

distributed by SQUARE ENIX CO., LTD.

For new titles, we began the official YOU GENERATION service in July. YOU GENERATION was created because of our high technical abilities, and it offers new experiences only found with YOU GENERATION. It is a title that fully embodies COLOPL's Vision and I think it shows our high standard for creativity and technology. Through the release of YOU GENERATION, we were able to develop a new field early on and I believe we strengthened the foundation for delivering new experiences.

Ikeda The Technology Promotion Division which I am in charge of is divided between existing titles and new titles, and we created a system that allows for easy development of new titles and support of the operation of existing titles. We also were able to streamline our work, spelling out rules for existing titles and gathering the information together. There were no significant issues with the operations of existing titles during the fiscal year ended September 2021, and I am delighted that our reorganization played a part in that.

Sakamoto Yes, that's right. I am glad that there were no major problems and that we were able to operate stably.

Ikeda We also enhanced our initiatives towards intellectual property. The invention evaluation panel evaluates the value of inventions and we increased the number of panel meetings. We also shifted to a system where I attend the meetings as the person in charge of the Technology Promotion Division. We also created a system to take in ideas from the field, including regular questionnaire on technology. I think we are prepared to support the latest technology and creative ideas - part of COLOPL's Vision - from the perspective of patents, as well.



Tell Us about Your Goals for the Fiscal Year Ending September 2022 and Beyond.

Sakamoto We revised our operational policy for Quiz RPG: The World of Mystic Wiz and Shironeko Project, our main existing titles, to offer services requested by our users.

We will continue to develop them so that they will be loved for many years. We will also continue to operate DRAGON QUEST WALK, a location-based RPG, while considering the state of COVID-19 infections, so that users can enjoy the game.

We will focus on creating and cultivating IP and proposing new ways to play for new titles. Releasing new titles is essential to realize COLOPL's Vision, but we are no longer able to release new titles at the speed we had in the past as development has become more difficult. To overcome this situation, we transitioned to a new system where former President and CEO Mr. Baba will focus on the development of new titles and the creation of new businesses as the Chairman of the Board and Chief Creator. For the fiscal year ending September 2022, we aim to release three to four titles annually, including Shironeko GOLF, the latest release in the Shironeko series that is currently under development, in addition to TALES OF LUMINARIA, which was jointly developed with BANDAI NAMCO Entertainment Inc. and released in November.

Ikeda In the Technology Promotion Division, we will work to further strengthen our systems. Whether high-quality games or conversely, anime-style, illustration-like expressions are accepted by users, we don't know which direction the game world will lean towards. Given this fact, if we do not create a technical



system that can express either style, then we will be unable to compete if the world accepts games that are in a different direction than the games we are considering. I want to create a system that can immediately say okay if Mr. Sakamoto says he wants to create a certain game.

Sakamoto While expanding the fields that we are good at, I hope to increase our flexibility so that we can also adapt to other fields if they go mainstream.

Ikeda The technical abilities and speed in China and South Korea are amazing, so we are always checking the trends of overseas titles.

Recently, I feel that platforms, not just countries, are becoming borderless.

Sakamoto Yes, that's right. COLOPL currently targets mainly domestic smartphone games, but I want to create an experience that works on all platforms worldwide.

Ikeda I believe that we won't survive unless we can do that.

YOU GENERATION

A game that developed the new genre of "Live Playing Game", creating new titles with full live-streaming and a full-scale game. A 3D image is generated quickly and distributed in as little as 0.4 seconds* one-way through "Real-Time Rendering", which minimizes lag. Characters and players can communicate in real-time.

*During normal live-streaming, a lag of a few seconds to tens of seconds can occur

Tell us What You Think COLOPL's Strengths are.

Sakamoto We have many different strengths such as technical strength and planning strength, but I think our greatest strength is the fact that every employee has the mindset of offering something of value to users. This leads to COLOPL's Value, one of the Principles that each officer and employee should embody. While there are many people in general who dislike taking on challenges, our employees will boldly take on technical challenges without a dislike for the challenge. I don't think there are many other companies like COLOPL that can implement businesses with such a speed at a similar scale of about 1,500 Group employees.

That's because it's not possible to mimic a culture of offering something of value to users and a mindset to make this happen on a whim.

Ikeda I think our greatest strength is that we operate games over a wide range of genres. I think there are very few companies like COLOPL who develop and operate



games of such a wide variety of genres, such as Meow Meow Star Acres, a farming game set on a farm, Shironeko Project, a full-scale action RPG that can be played with a single finger, and YOU GENERATION, a game that combines live-streaming and gaming.

Rather than creating similar games to hit titles, I always want to make new games.

Sakamoto Yes, that's right. I think that the desire to take on the challenge of something different next time is definitely a strength in making games. It is difficult to continue to take on the challenge of creating something different, but I think in doing so, the return is great.

I want to overcome these difficulties with the entire company.

Ikeda From a technology standpoint, creating the same things will make the overall company technology

base lean towards a specific genre. But since we operate games of a variety of genres, there is no technological bias, and we are able to maintain a high level of technological ability. I think this is also a strength.

Sakamoto By establishing our Philosophy last year in October, we spelled out what we were thinking about creating things in the back of our minds, and I think our sense of unity as a company increased. Through clearly verbalizing this Philosophy, it became easier to work and all employees are now able to work directly and quickly towards their goals.

Ikeda Yes, that's right. I think it is really great that our vague ideas on the individual basis have been cleanly brought together.

What are Your Outlooks and Ambitions for the Future as Leaders in the Entertainment Business?

Sakamoto Recently, national and platform borders have gone away in the game market, and I think that COLOPL is a company that can flexibly respond even in this environment. I take pride in the fact that we can implement our business based on our stable game development and operation system that includes technical and planning abilities, even in the face of the unexpected, like the COVID-19 pandemic. I also hope to release high-quality titles also from an artistic perspective, as we are currently stepping up our employment of 3D artists.

Ikeda Yes, that's right. I hope to deliver exciting games, both with in-game expressions and

experiences that are offered. We will improve our technical abilities next, as we have already raised the limit of what we can do through putting effort into research and development. The technology base of the entire company is already quite stable, so I want to have a system where each person can use this technology in the future.

Sakamoto I believe that we can further strengthen COLOPL's strengths, as we now have a system where former President and CEO Mr. Baba will focus more on creating new things as Chairman of the Board and Chief Creator. I hope you will look forward to the future.





COLOPL NEXT, Inc.
CEO

Shintaro
Yamakami

Special Feature 2 Investment and Development Business: Interview with the CEO of COLOPL NEXT, Inc.

Seeking to Maximize Returns and for a Better World through Investments

It was very Interesting to Have the Rare Experience of Working in a Company Where the President and CEO was a Creator

I joined COLOPL in 2014 after an acquaintance who worked as a Director at COLOPL asked me if I would help the company out. In addition to being a growing company that had only been listed in the Mothers market for two years, founder Mr. Baba was an engineer, and it seemed really interesting and rare in Japan for the head of the company to be a creator.

When COLOPL began investing in unlisted companies in 2014, I was overseeing finances, management, and other work not related to investments. But when it was decided to establish COLOPL NEXT, there was no one at the company with experience in fund management besides myself, so I assumed the role of CEO.

Begins The No. 1 Fund for Student Entrepreneurs and Operations of a Co-working space

Right after COLOPL NEXT was established in February 2015, we started up the No. 1 Fund for student entrepreneurs. Since 2012, COLOPL began hiring new graduates and worked to secure excellent students, but often, these students turned down their offers for employment because they were going to start their own

companies. As it was a waste to lose the relationship with these students, we decided to continue the relationship by investing in students starting up a business. We also opened TheRoots, a co-working space in Shibuya (currently closed), allowing companies we invest in, as well as other companies, to use the space for free. We did so because we believe that it will benefit COLOPL in the long-term if entrepreneurs and students who want to start a company can actively interact and if there are more students who have an interest in startups or starting a business.

The New COLOPL NEXT is Born with One of the World's Largest Funds Specializing in VR

COLOPL turned its attention to VR quickly and began distributing VR games in 2014. The VR market then began to show signs of enthusiasm, and in January 2016, we started up the COLOPL VR Fund, our No. 2 fund and one of the world's largest specializing in VR, with the goal of investing in more than just games.

At the time, there were no other employees at COLOPL NEXT besides myself. While the employment and investment teams at COLOPL offered their support with operations, their resources were limited, and any proposals besides the No. 1 and No. 2 funds were rejected. But the companies that were declined saw major



growth, and as this occurred more and more often, we started up the No. 3 fund in December 2016 to support entrepreneurs aged 30 and younger, both in Japan and abroad to expand our scope of investees. At the same time, investees were separated between the funds operated by COLOPL NEXT and the investments by COLOPL. Roles were clearly defined, with COLOPL NEXT overseeing minority investments where a majority of stock would not be obtained, and COLOPL overseeing all other investments. Additionally, our company was reorganized with COLOPL staff who had overseen investment projects for COLOPL NEXT becoming staff members of COLOPL NEXT. And so in April 2017, the new COLOPL NEXT was born, in both name and substance.

By Taking Advantage of Diverse Personnel, Investing in over 150 Companies, and Establishing a Position in the West

COLOPL NEXT's staff members have diverse backgrounds, including myself with a background in finance, new graduates hired at COLOPL, and others with experience in starting businesses and as CFOs. We also have a diverse, unique personnel team with members from Japan, South Korea, Taiwan, and more.

We have invested in more than 200 cases, totaling about 16 billion yen. As seen on the separate list of our main investees, many of the companies are in entertainment and BtoC, the same field that COLOPL is operating. Recently, we are investing in medical companies more and more, triggered by VR and AR companies, which are investees of our No. 2 fund. Our investments span multiple countries. For example, we are investing in startup companies based in South Korea and Southeast Asia with TheNext Unicorn Fund which was launched in June 2020. We invest in a wide variety of companies during all stages of business,

from founding to being near listing, with more than 70% of the companies in their middle (recent valuations of 1 billion yen or more but less than 5 billion yen) or later stages (recent valuations of 5 billion yen or more).

Particularly in the West, we are increasingly investing in entertainment, including VR and AR. Because we have created and expanded a network of investors and entrepreneurs in the entertainment industry because of our investments in VR and AR and relatively few investors focus on the entertainment industry, we can quickly obtain good investment projects. I believe we have firmly established COLOPL NEXT's position.

COLOPL's Experts from Various Fields Being a Major Strength in the Selection of Companies for Investment

The standard for selecting a company for investment differs based on the company's stage. For the initial stage, product quality and the personality of the

founder make up the standard for evaluation. When the product quality is confirmed, we try out the actual product from the user's perspective. This is because the COLOPL Group strongly desires to create something that is good and easy to understand for users. Through using the product in this way, we may be able to see the thoughts of the founder and company. We also place weight on analysis of data such as business results as time passes from the founding of the company.

At the same time, we place great importance on market scale regardless of the company's stage. We carefully investigate and analyze a market scale and growth potential, including cases where the company plans to develop a new market. In these cases, we analyze the target company while listening to COLOPL's experts from the various fields, including technology and marketing. I feel that it is a major strength that other companies do not possess to have specialists from various fields nearby, including engineer Mr. Baba.

COLOPL NEXT
CEO

Shintaro Yamakami

Began working at a Japanese bank after graduation from university. Later engaged in research and investment into emerging Japanese companies focused on the internet at an asset management company, and also engaged in investments in American companies in media and communications while in the US. Began handling M&A, investments, and more at COLOPL in 2014. Appointed CEO upon the founding of COLOPL NEXT in February 2015.





Main Investees

Company name	Company profile	Country
SODA	Operates "SNKRDUNK", a flea market app for sneakers	Japan
Timee	Operates "Timee", a service for short-term part-time jobs that matches people who want to work right away with companies who need workers right away	Japan
BitStar	Engages in creator production including YouTubers, content creation, influencer marketing, direct-to-consumer brands, etc.	Japan
inSTREAMLY	Offers a platform for monetization for game distributors	Poland
Admix	Operates a tool offering ads for games, e-sports, VR, and AR	United Kingdom
Channel	Offers a chat-based customer service tool and online-to-offline customer analysis services	South Korea
Vogoplay	Offers smartphone livestream shopping	South Korea
Novakid	Offers an online English conversation service for children	United States
Pragma	Operates "Giblib", an educational platform for the medical industry	United States
Bound Entertainment	Offers TV drama and movie creation and video distribution services	South Korea

Focusing on Maximizing Returns with Investments that Utilize Advantages

Six years have passed since COLOPL NEXT was founded, results have begun to gradually show, and I believe we have finally entered into an interesting period. In the fiscal year ended September 2021, COLOPL acknowledged the Investment and Development Business as an important segment, and COLOPL NEXT will continue to find good companies and invest in them. As a specific investment policy, we have set 5 to 10 years as the period to exit, and we have also set the target investment return at an internal rate of return of 15 to 20% (equivalent to 4x to 6x in ten years). We will focus on minimizing risks and maximizing returns by combining multiple themes and periods. We expect further capital gains as we will gradually start exiting in the fiscal year ending September 2022.

In recent years, the number of venture capital investments has increased and the investment amount for each project is increasing. Competition to get into

investing has increased, and the competition itself has become more intense. I believe it is therefore important to be able to invest in good companies with the right amount of money quickly to minimize investment risks and maximize investment returns.

As I mentioned before, I believe that we are building our own unique position in the West, where we are particularly focused on investments. There are fewer venture capital investments in South Korea and Southeast Asia as compared to the West, and we are gradually accumulating results through the activities of our staff members with local connections. We will make investments utilizing our unique, unrivaled advantages as much as possible. COLOPL NEXT will work to make the COLOPL Mission ("Entertainment in Real Life" - Making everyday more enjoyable and wonderful through entertainment) a reality by aiming for a better world through investments in companies creating new products and services that make our everyday lives better. I look forward to your continued support in the future.



TheRoots

ESG (Environment, Social, Governance)

Based on our Mission of "Entertainment in Real Life - Making everyday life more enjoyable and wonderful through entertainment," at COLOPL we engage in communication with stakeholders and contribute to development of an ESG-focused sustainable society with our unique activities through entertainment.

ESG Initiatives	Applicable SDGs
E Environment <ul style="list-style-type: none"> Balancing Implementation of Business and Environmental Conservation 	
<ul style="list-style-type: none"> Promote Health Management 	 
S Social <ul style="list-style-type: none"> Creating an Environment Conducive to Sustainable Work 	   
<ul style="list-style-type: none"> Supporting the Next-generation of Creators 	 
G Governance <ul style="list-style-type: none"> Basic Approach Governance Structure Specific Policies and Initiatives Internal Control System Safe and Sound Operations of Services Dialogue with Shareholders Risk Management 	





E Environment



Balancing the Implementation of Business and Environmental Conservation

We pursue a number of initiatives that strike a balance between the implementation of business and environmental conservation, with the aim of helping to create a sustainable society. Key initiatives include the promotion of paperless operations, maintaining the

confidentiality of information while recycling resources, and the installation of LEDs for office lighting.

Promoting Paperless Operations

In addition to digitizing internal and external documents, starting this fiscal year we have introduced "CloudSign (Bengo4.com, Inc.)", which digitizes the signing and sealing of documents such as contracts and purchase orders. Reducing paper usage from printing and fax-based communication while also completing all paperwork online mitigates the risks of information leaks and boosts business efficiency.

Installing LEDs for Office Lighting

With the use of LED lighting, we reduce the impact on the environment as much as possible, such as by curbing carbon dioxide emissions. As LEDs do not use harmful substances such as mercury and emit minimal harmful rays such as heat and UV, LED lighting is safe and provides a comfortable office environment.

Maintaining the Confidentiality of Information While Recycling Resources

When disposing of internal documents, we use dedicated "Mamoru-kun" recycling boxes provided by Nihon Purple Co., Ltd. Documents placed in "Mamoru-kun" boxes are recycled after being stripped of confidential information, thus helping to curb deforestation and carbon dioxide emissions.

Between October 2019 and September 2020, we managed to reduce carbon dioxide emissions by 1,378kg (up 66.9% from the previous year).



Interview



Working Towards a Sustainable Society by Balancing Implementation of Business and Environmental Conservation

Corporate Division
Business Management Department General Manager
Rintaro Mori

COLOPL is working on a variety of environmentally-conscious initiatives based on the idea of balancing implementation of business and environmental conservation. When moving to Tokyo Midtown planned for February of next year, we will strengthen our environmental initiatives, including re-using office equipment. These initiatives are wide ranging, including the use of linoleum flooring to reduce CO₂ emissions, the introduction of vending machines that comply with the Act on Promoting Green Procurement to reduce annual power consumption and CO₂ emissions, and the full-scale introduction of "WOSH", a hand-washing stand that circulates and re-uses more than 98% of water used. We will continue working towards a sustainable society from an environmental perspective.



WOSH

Promoting Health Management



For COLOPL to continuously offer quality entertainment, a "Health Promotion Team" was established.

This Team implements various health management measures to maintain and improve the health of our employees.

Full-time experts with specialty knowledge and skills related to health management (managerial dietitians, nurses, certified psychologists, licensed masseurs, etc.) are employed, and they promote various measures to manage and improve health while cooperating with part-time industrial physicians and health insurance societies.

Acquired Certifications

Our efforts to create an environment where employees can work in good health through proactive initiatives aimed at improving health and the employment and support of para athletes have been recognized, and COLOPL has acquired certifications as a "The Certified Health and Productivity Management Organization", a "Tokyo Sports Promotion Company", and a "Sports Yell Company".

Overview of Acquired Certifications

<p>健康経営優良法人 2021 Health and productivity</p>	<p>The Certified Health and Productivity Management Organization</p>	<p>A program where the Ministry of Economy, Trade and Industry recognizes outstanding companies pursuing initiatives in health and productivity management based on efforts to overcome health-related challenges in communities or for promoting health-conscious activities led by the Nippon Kenko Kaigi. 1,789 companies were certified under the large enterprise category in FY2021, and COLOPL certified for the first time.</p>
<p>TOKYO 東京都入賞スポーツ推進企業 2021 認定</p>	<p>Tokyo Sports Promotion Company</p>	<p>A program where the Tokyo Metropolitan Government certifies companies promoting employee sports activities and implementing social activities in the sports field. 333 companies were certified in FY2021, and COLOPL has been certified for four consecutive years.</p>
<p>SPORTS YELL COMPANY 2021</p>	<p>Sports Yell Company</p>	<p>A program where the Japan Sports Agency certifies companies engaging in proactive efforts for facilitating sports to promote the health of employees. 623 companies were certified in FY2021, and COLOPL has been certified for three consecutive years.</p>

Health Management Initiatives

To promote health management, we offer all employees measures to support their mental and physical health. In addition to improving health management and health literacy based on the results of health examinations, we are handling a wide range of initiatives, including facilitating work-life balance and revitalizing the workplace.

Key Initiatives

- Posting of a Health Management Declaration on the corporate website [Click here for the website](#)
- Establishment of an internal Portal Site for Health Management Support
- Holding of online radio calisthenics
- Holding of regular walking events
- Presentation of exercises and stretches by athletes that can be done while at home
- Anti-smoking education aimed at improving health problems from smoking
- Mental health care from full-time nurses and industrial physicians
- Monthly surveys on employee's physical condition and follow-ups for employees who are not feeling well
- Support for reviewing dietary habits from a dietitian COLOPL Healthy TRY
- Full coverage for flu shots
- Full coverage for health checks and optional gynecological examinations
- Full coverage for secondary health checks when detailed testing is required
- Kuma SPA staffed by nationally certified Anma massage and shiatsu practitioners
- An online lunch program, club activities, and other measures to revitalize communication
- Work styles that take work-life balance into consideration, including a flex-time system and thorough management of overtime hours
- Workplace COVID-19 vaccination
- A program allowing time off after the COVID-19 vaccination

S Social

Promoting Health Management

COVID-19 Response

COLOPL makes decisions quickly in light of the state of infections based on a policy aiming for both COVID-19 prevention measures and the implementation of business.

Our Response To Date

A Late March to the End of March 2020 Introduced work-from-home. After considering the need to continue doing business, a third of all employees worked from home in rotation for two weeks.

B April to the End of May 2020 Introduced a super-hot-desking system (a work system that allows employees to choose where they will work, at home or company premises, based on the daily situation). This system was implemented up to the end of May in light of the state of infections.

C June 2020 to Present In place of the super-hot-desking system, we introduced a flexible work style system (an appropriate work attendance rate is designated on a monthly basis, with each department determining which employees will work from home or at the office based on that rate). Office attendance rate is adjusted based on state of infections.

D June to the end of July 2021 Implemented workplace COVID-19 vaccination program.

Workplace COVID-19 Vaccination

With the goal of helping to quickly end COVID-19, COLOPL offered vaccinations to interested Group employees and their families and employees at client companies and portfolio companies. We used well-ventilated buses in cooperation with Tokyo Shinagawa Hospital and KNT Corporate Business, offering vaccinations while ensuring the safety of people to be vaccinated and medical workers. We also introduced a program offering special time off following vaccination. About 1,200 Group employees were vaccinated thanks to an established workplace environment that facilitates vaccinations.



Hiring of Para Athletes

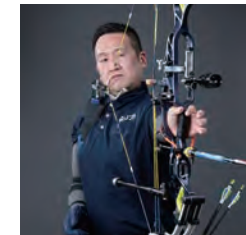
Sport is a form of entertainment that gives people joy and moves their hearts. With the idea of achieving our Mission of "Entertainment in Real Life - Making everyday life more enjoyable and wonderful through entertainment" in the form of support for top athletes, COLOPL began recruiting para athletes in 2018. There are currently seven para athletes that work at COLOPL and are active on the world stage.



Para-badminton
Kaito Nakamura



Wheelchair basketball
Kiyoshi Fujisawa



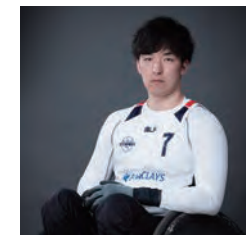
Para-archery
Suguru Ohashi



Paracanoe
Koichi Imai



Blind marathon
Shinji Yamashita



Wheelchair rugby
Shunya Nakamachi



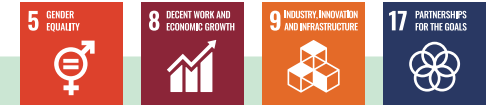
Wheelchair rugby
Masahito Aratake

[Click here for profiles of the para athletes](#)

* Japanese only

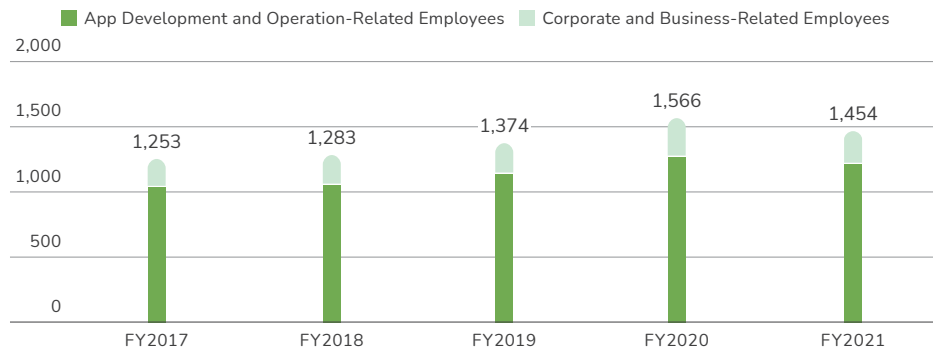
S Social

Strengthening Health Management

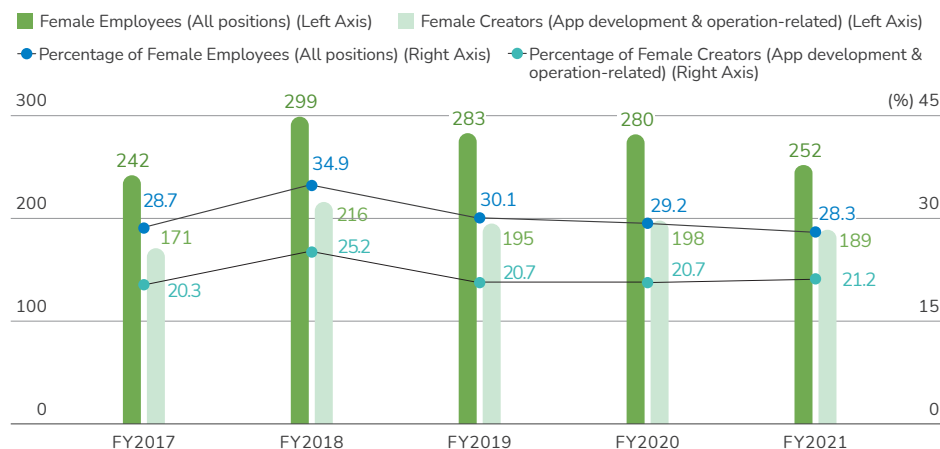


COLOPL implements various personnel measures in response to environmental changes to create a workplace environment in which employees can work for a long time with peace of mind. In addition, we place a particular focus on developing the workplace environment over the past few years to deal with the large increase in employee numbers due to business expansion, together with the increased variety of human resources with diverse backgrounds. We will create a workplace environment where the value of diverse personnel can be exerted as much as possible.

Change in the Number of Employees (Consolidated)



Change in the Number of Female Employees (Non-Consolidated)



Human Resource Development Initiatives

To prevent the loss of opportunities for learning and growth for employees during the pandemic, all training and support programs are being held online. In addition to offering e-learning for all employees, we are also holding previously in-person group training for managers using online tools, with simulated group work and role playing experiences. All training course programs for new graduate hires who entered the company in 2021 were held online, including lectures for business manner training, group work for team building training, and game development training where employees hone specific skills for their jobs. We have established a training curriculum and an operational system so that employees can smoothly begin work once training ends. We also developed our own internal video system with the goal of further revitalizing communication in the current hybrid situation with some employees at home and some in the office. We are also focused on various initiatives to train our personnel, including holding study sessions with other companies in the same industry, for the purpose of improving COLOPL's technological abilities.



Strengthening Health Management

COLOPLANET: COLOPL's Work & Life Balance Support System

Based on the idea that the enrichment of work and life creates entertainment that leads to "New Experiences", we have introduced various systems to ensure that each employee can spend each day healthy and fulfilled.



* Japanese only

Working Styles and Environment

- Flextime System
- Late night work past 10 p.m. is prohibited in general
- Guaranteed two days off a week (closed Saturdays, Sundays and national holidays)
- Annual paid leave + rollover leave
- Paid leave in one-hour increments
- Summer vacation
- 10-year service awards
- Offices with direct links to train stations
- Body-contoured chairs
- Kuma Library
- Rest and recreation room
- Twice-yearly bonuses
- Patent acquisition reward system
- Special salary raise system
- Specialist salary for new graduate recruitment

Human Resources Development

- One-on-one meetings
- Regular interviews
- COLOPL College
- New graduate training
- New graduate training for customer support

Systems Related to Childcare Leave and Family

- My Time
- Congratulatory Bonuses (money / special leave for auspicious events)
- COLOPL Family Day
- Working mother advice hotline
- Maternity leave / childcare days off
- Caregiver leave
- Caregiver days off
- Overtime restrictions / exemptions for childcare and family care
- Days off to care for a sick child
- Kuma's Gifts
- Partnership with Nichii Kids nursery school

Welfare Programs

- Various types of social insurance
- Defined contribution pension (corporate type)
- Employee stockholding association
- Free vending machines and water coolers
- 10% discount on Lovegraph business trip photo services

Communications

- Company-wide communication tool Slack
- Extracurricular activities
- Subsidized job-well-done and reunion parties
- Subsidized online lunches
- Online kick-off parties
- COLOPL WEB, the company newsletter
- In-house social media service Currents

Culture

- Skill-sharing meetings and skill-sharing meetings for new graduates
- Online COLOPL Awards
- Challenge system
- System to encourage personal referrals
- Philosophy (Mission, Vision and Principles)
- Company-wide celebrations the moment a new product is launched

Healthcare / Health

- Health checks and flu shots (free)
- Health check retesting costs covered by the Company
- Optional assistance for gynecological medical examination
- COLOPL Healthy TRY

Diversity

- Employment of people with disabilities - enhancing understanding
- Employment of people with disabilities - environments to facilitate their work
- Employment of people with disabilities - support for para athletes
- Recruitment of non-Japanese nationals
- Consultation service for LGBT employees

Measures to Prevent COVID-19 Infections

- Flexible working style system
- Allowance for working from home
- Measures to prevent infections in offices
- Installation of telecube boothsPortal site for health management support
- Enhanced health consultations
- Introduction of Amazon Business Principles
- Location-free housing allowance (until the end of January 2023)

COLOPL Be-ars Recruitment Media

Information on the workplace environment, recruitment, and more is offered on the COLOPL Be-ars website to convey COLOPL's ideas towards creation, which it cherishes, and the future we aspire to achieve.



* Japanese only

Interview



Working to Realize the COLOPL Mission by Promoting Health Management and Creating a Pleasant Workplace

Human Resources Division
Human Resources Department General Manager

Asako Ishii

To continuously deliver high-quality entertainment to be enjoyed by many, it is of course important for our employees to be mentally and physically healthy, but we believe it is also essential for COLOPL to actively encourage them so that employees can maintain their good performance. In addition to our quick response to COVID-19 and offering vaccines at the office, COLOPL is involved in a variety of initiatives for health management, including enhancing internal programs and optimizing the work environment. We are also focused on creating a workplace where employees can work safely for many years, especially in the last few years as personnel diversification progresses. We will continue to support COLOPL in terms of personnel affairs to realize our Mission: "Entertainment in Real Life" - Making everyday more enjoyable and wonderful through entertainment.

S Social

Support for Next-Generation Creators

In September 2016, COLOPL's founder Mr. Naruatsu Baba established the Kuma Foundation. The foundation was formed with Baba's desire to have talented people create beautiful things, and its purpose is to support and promote the activities of young creators who will oversee the next generation of entertainment. Through the Creator Scholarship Program, which supports the creative efforts of student creators, 248 creators have been supported to date.

Held every year, the "KUMA EXHIBITION" is where the works of these scholarship recipients are gathered under one roof so that visitors can see the next creative scenarios that transcend the boundaries of existing genres. An online exhibition was hosted on a special website in 2021, fully reproducing the exhibit venue in a digital space. COLOPL endorses the aims of the Kuma Foundation and will continue to cooperate with the foundation's initiatives, which are primarily activities to nurture creators.

Source: © Kuma Foundation

Creator Scholarship

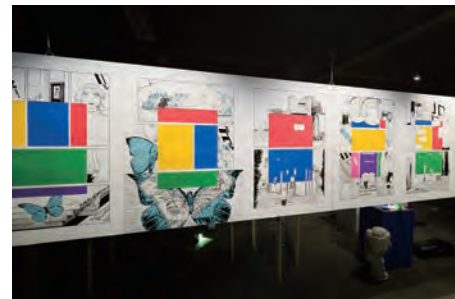
In principle, the Creator Scholarship is a benefit-type scholarship that carries no repayment obligations. The scholarship is designed to support and aid for the activities of students aiming to become creators of all kinds, including original movie and game designers, songwriters, artists, authors, manga artists, filmmakers, and digital content and service creators. By providing assistance for the entire creative cycle through this scholarship, we commit to supporting the earnest creative activities of students for a year.



[Click here for information on the Kuma Foundation](#)

* Japanese only

KUMA EXHIBITION 2021



G Corporate Governance

Basic Approach

The Company's basic approach to corporate governance is to engage in fair, logical, speedy decision-making on the basis of collaborative creation with shareholders, users, employees, business partners, local communities, and other stakeholders for the purpose of enhancing corporate value.

The Company has a basic policy of seeking to balance decision-making, business execution, and management oversight functions to support appropriate management decisions and business execution by the President.

Further, the Company has presented to the Tokyo Stock Exchange a corporate governance report that describes the status of the Company's corporate governance.

 [Click here for the Report on Corporate Governance](#)

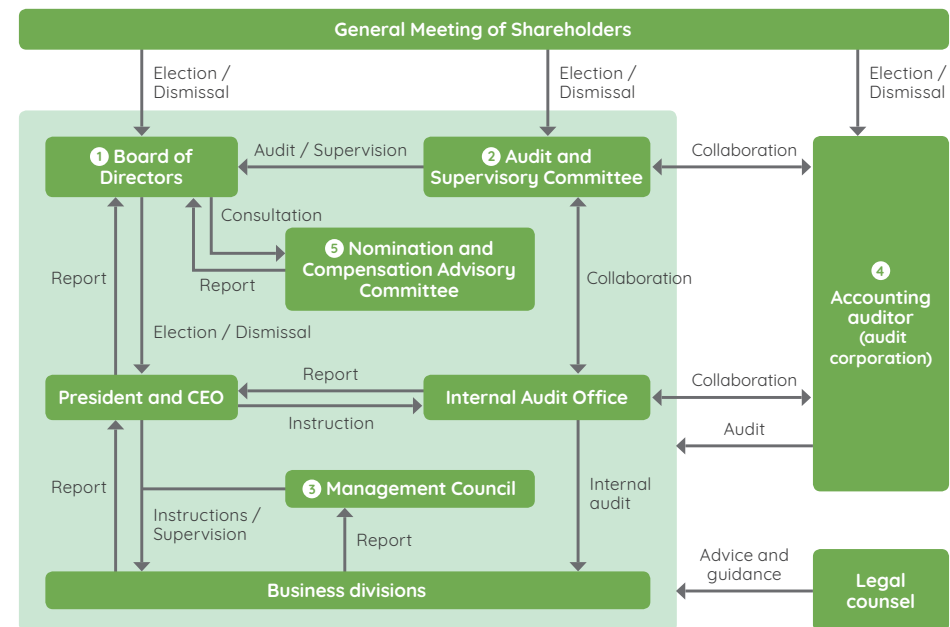
* Japanese only

Governance Structure

The Company has adopted a Board of Directors and an Audit and Supervisory Committee. Since the industry in which the Company operates is still in its growth stage and competition with other companies is fierce, it is necessary to expeditiously execute business strategy. At the same time, the Company has adopted this governance system in the interest of ensuring management transparency and soundness to earn public trust.

	Dec 2013	Dec 2016	Dec 17, 2021
Organizational Form	Company with Company Auditors	▶ Company with an Audit and Supervisory Committee	
Directors*	6	▶ 8	▶ 10
Outside director*	1	▶ 2	▶ 4
Audit and Supervisory Committee members	3 (Outside company auditors)	▶ 3	▶ 3

* Excluding those who are Audit and Supervisory Committee members



G Corporate Governance

Governance Structure

1 Board of Directors

The Company's Board of Directors consists of two representative directors, eight directors who are not Audit and Supervisory Committee members, and three directors who are Audit and Supervisory Committee members, making 13 directors in total. President Mr. Takashi Miyamoto serves as chairman of the Board. Four of the directors who are not Audit and Supervisory Committee members and three of the directors who are Audit and Supervisory Committee members are outside directors under the Companies Act as of December 17, 2021. Descriptions of Board members are listed on pages 42 and 43 of this report. To ensure efficient, speedy decision-making, the Board of Directors holds regular meetings once a month and extraordinary meetings as necessary. The Board of Directors functions as a management decision-making and supervisory body pursuant to the Articles of Incorporation, laws and regulations.

2 Audit and Supervisory Committee

The Company's Audit and Supervisory Committee consists of three members, all of whom are directors, and is chaired by Director Tetsuzo Hasegawa, who is a full-time Audit and Supervisory Committee member. All of the members are outside directors, one of whom is a certified public accountant and tax accountant, and another of whom is an attorney-at-law. Descriptions of the Committee members are as follows. The directors who are Audit and Supervisory Committee members attend meetings of the Board of Directors and other internal meetings to express opinions about the directors' performance of duties as appropriate. The directors who are Audit and Supervisory Committee members conduct audits based on an audit plan, and the Audit and Supervisory Committee holds meetings once a month, along with extraordinary meetings as necessary. The Audit and Supervisory Committee members shares information necessary for auditing by periodically holding meetings with the Internal Audit Office and accounting auditor. One reserve director who is an Audit and Supervisory Committee member is appointed in case the Company does not have the number of directors who are Audit and Supervisory Committee members required by laws and regulations.

Category	Name	Status of Main Activities
Director (Audit and Supervisory Committee member, full-time)	Tetsuzo Hasegawa	Attended all 17 Board of Directors meetings held in the fiscal year under review, attended all 13 Audit and Supervisory Committee meetings, attended major internal meetings as a full-time Audit and Supervisory Committee member, and based on his experience as the officer of a publicly listed company, made comments concerning corporate governance and compliance. Additionally, as chairperson of the Nomination and Compensation Advisory Committee, he attended all four Nomination and Compensation Advisory Committee meetings held during the fiscal year under review and took the lead in the supervising functions in the process of selecting the Company's officer candidates and determining officer compensation from an objective and neutral standpoint.

Category	Name	Status of Main Activities
Director (Audit and Supervisory Committee member)	Ryogo Tsukioka	Attended all 17 Board of Directors meetings held in the fiscal year under review, attended all 13 Audit and Supervisory Committee meetings, and from his professional insight as a certified public accounting and tax accountant, provided comments mainly on matters related to the Company's accounting, finance and taxation. Additionally, as a member of the Nomination and Compensation Advisory Committee, he attended all four Nomination and Compensation Advisory Committee meetings held during the fiscal year under review and assumed the supervising functions in the process of selecting the Company's officer candidates and determining officer compensation from an objective and neutral standpoint.
Director (Audit and Supervisory Committee member)	Koichiro Iida	Attended all 18 Board of Directors meetings held in the fiscal year under review, attended all 14 Audit and Supervisory Committee meetings, and from his professional insight as an attorney-at-law, provided comments mainly on legal matters concerning the Company as well as on corporate governance and compliance. Additionally, as a member of the Nomination and Compensation Advisory Committee, he attended all four Nomination and Compensation Advisory Committee meetings held during the fiscal year under review and assumed the supervising functions in the process of selecting the Company's officer candidates and determining officer compensation from an objective and neutral standpoint.

3 Management Council

The Company seeks to ensure management transparency by holding meetings of the Management Council once a week in principle, where important decisions other than matters for resolution by the Board of Directors and reporting matters from the business divisions are introduced and discussed.

Chairperson	President Takashi Miyamoto
Members	Director Yoshiaki Harai, Director Kenta Sugai, Director Yu Sakamoto, and Director Yoichi Ikeda Full-time Audit and Supervisory Committee Member & Outside Director Tetsuzo Hasegawa Employees whose attendance is deemed necessary by officers, etc. to facilitate the meeting

4 Accounting Auditor

The Company has entered into an audit agreement with Deloitte Touche Tohmatsu LLC and undergoes audits under the Companies Act and the Financial Instruments and Exchange Act.

5 Nomination and Compensation Advisory Committee

The Company has established a Nomination and Compensation Advisory Committee to ensure objectivity and transparency in the process of nominating directors and determining director compensation and to further strengthen the corporate governance system. The committee reports on inquiries regarding the nomination and dismissal of directors, the drafting of the director compensation system, and individual allocations.

Chairperson	Full-time Audit and Supervisory Committee Member & Outside Director Tetsuzo Hasegawa
Members	Chairman of the Board Naruatsu Baba Director Yoshiaki Harai Audit and Supervisory Committee Member & Outside Director Ryogo Tsukioka Audit and Supervisory Committee Member & Outside Director Koichiro Iida

Specific Policies and Initiatives

Scope of Delegation from the Board of Directors to Executive Management

Matters for resolution by the Board of Directors are stipulated in the Rules for Delegation of Authority, and the Board of Directors makes business judgments and decisions about important matters concerning management, important matters concerning the organization, and matters concerning finance. The Management Council makes business judgments and decisions about some matters concerning management other than matters for resolution by the Board of Directors, some matters concerning the organization, and matters concerning new businesses and certain investment and contractual matters. In addition, the Company has instituted the Investment Committee, a body delegated a certain level of authority concerning investment from the Board of Directors whose principal members are the representative director and the director in charge of the corporate headquarters. The Investment Committee makes investment decisions about projects to which all of the following conditions apply. The Management Council and the Board of Directors will be notified of the results of decisions on investments by this Committee.

- Investment amount of 0.1 billion yen or less per project
- Voting rights share of less than 20% after investment
- Maximum total annual (= fiscal year) investment amount of 10 billion yen

Approach to the Overall Balance of Knowledge, Experience and Skills, and Diversity and Size of the Board of Directors

The Company creates a skill matrix that defines performance indicators and contribution areas, such as the knowledge, experience, and skills of each director, and judges whether the Board of Directors as a whole is balanced, diverse, and appropriate in size in light of the combination of those attributes. The Company also considers whether director appointments are optimal for the Board of Directors as a whole on the basis of the performance indicators and contribution areas.

Status Directors or Audit and Supervisory Committee Members Serving Concurrently as Officers at Other Listed Companies

The holding of concurrent board positions at other listed companies by directors is a matter for resolution by the Board of Directors. Additionally, the Company periodically monitors any negative aspects the holding of concurrent board positions may have on officers' roles, responsibilities, and results at the Company. The Company periodically discloses the status of concurrent board positions at other listed companies held by directors, including the above-mentioned situation, through convocation notices and by other means.

Analysis and Evaluation of the Effectiveness of the Board of Directors

Directors conducted self-evaluations of the Board of Directors during the fiscal year ended September 30, 2021. A summary of the results is given below.

(1) Officers surveyed

All directors except the chairperson

(2) Purpose of the surveys

To analyze the survey results to objectively confirm that the Board of Directors is operating effectively, clarify issues that the Board of Directors should address in the next fiscal year with regard to any identified issues, and seek to improve its effectiveness.

(3) Summary of the results of analysis and evaluation of the effectiveness of the Board of Directors during the fiscal year ended September 30, 2021

The following matters were raised as points requiring improvement in the Board of Directors in the future.

- a) Further expansion of Board of Directors discussions on medium- and long-term management problems
- b) Further improvement of diversity in the Board of Directors
- c) Strengthening of the risk management system and improvements in governance in the overall Group

(4) Future handling

The results of this analysis and evaluation will be addressed as operational issues for the Board of Directors in the future, including ongoing discussions at Board of Directors meetings and the establishment of systems. Additionally, the Company's Board of Directors will continue to conduct self-evaluations to improve its functioning in the future.

Policy on Training for Directors

To help improve the overall effectiveness of the Board of Directors, the Company has instituted a training program that aims to further enhance the skills required of each director (operational skills for the divisions under their charge).

Improving Information Disclosure

(1) Policies and Procedures by Which the Board of Directors Determines the Compensation of Executive Management and Directors

The Company has established a Nomination and Compensation Advisory Committee to ensure objectivity and transparency in the process of determining director compensation and to further

Specific Policies and Initiatives

strengthen the corporate governance system. The committee reports on inquiries regarding the drafting of the director compensation system and individual allocations. First, each director conducts a self-assessment of accomplishments and contributions to the Board of Directors during the year and reports the self-assessment results to the representative director. The representative director prepares a proposal for compensation for each director and decides final compensation after thoroughly considering the report on the proposal from the Nomination and Compensation Advisory Committee established voluntarily by the Company. The representative director subsequently interviews each director to provide feedback on contributions and results and once again communicate management objectives.

(2) Policies and Procedures by Which the Board of Directors Appoints and Dismisses Executive Management and Nominates Candidates for Director or Audit and Supervisory Committee Member
The Company's policy related to the appointment and dismissal of candidates for directors is as follows.

Policy on Nomination

- 1 Someone who will form structure that brings balance to the Board of Directors and possess the knowledge, experience, and abilities for their role
- 2 Someone who will contribute to the lasting growth of the business and possesses the character and insight befitting of a director
- 3 Someone who contributes towards the maximization of medium- and long-term corporate value by understanding and implementing the COLOPL Group Philosophy

Policy on Dismissal

- 1 If there are behaviors that violate or may violate laws, regulations, or the Articles of Incorporation
- 2 If it is determined that it is difficult for someone to appropriately carry out their duties
- 3 If someone is deemed to not be adequately demonstrating their functions compared to the initial reason for their appointment

Based on the above policies, the Company's policy is to formulate multiple evaluation items required of directors and outside directors and to appoint candidates taking into consideration the degree to which they satisfy the evaluation criteria. With regard to outside directors in particular, the policy is to appoint persons with knowledge of professional fields such as corporate management, law, accounting, marketing, and management strategy and persons with a wealth of experience and broad insight. In addition, the Company judges whether or not a candidate is suitable to appoint as a director of the Company in light of areas of expertise the Company wishes to add to the Board of Directors as a whole and its diversity. As a procedure, the Nomination and Compensation Advisory Committee is consulted on the pros and cons of a nomination before reporting to the Board of Directors, which deliberates on the above evaluation items and makes the final decision. (3)

Explanation of Individual Appointments/Dismissals and Nominations When the Board of Directors Appoints and Dismisses Executive Management and Nominates Candidates for Director or Audit and Supervisory Committee Member in Accordance with (2) Above

The reason for the nomination of all candidates for director are disclosed each time in the convocation notice for the General Meeting of Shareholders.

Criteria and Qualifications for Determining the Independence of Outside Directors

In the Company's judgment, a person to whom none of the following items applies satisfies the independence criteria for an outside director.

- A relative of said outside director within the second degree of kinship currently serves or has served in the past as an executive director of the Company or a subsidiary of the Company.
- A company at which said outside director currently serves as a business executor or employee and the COLOPL Group have business transactions, and the amount of those transactions exceeds 1% of sales of either company during the past three business years.
- Said outside director has received compensation exceeding 10 million yen directly from the Company as a legal, accounting, or tax professional or consultant during the past three business years (excluding compensation as a director of the Company or compensation paid to an institution or office to which said outside director belongs).
- The Company's donations to a nonprofit organization where said outside director serves as an executive officer have exceeded 10 million yen and exceeded 1% of said organization's total revenue during the past three business years.

Cross-shareholdings

The Company's policy is to acquire shares of publicly listed companies for strategic purposes only when it can be reasonably explained that the shares are strongly tied to business, such as a capital and business alliance, and that such an alliance proceeds more smoothly as a result of the holding of shares.

After the acquisition of shares, the Board of Directors periodically examines the effectiveness of the alliance, taking into account any change in the appraised value of the shares held. With regard to the exercise of voting rights, since the relationship is usually a capital and business alliance, the Company basically approves the proposals of the issuing company provided there is no conflict with the Company's interests.

Related Party Transactions

The Company's policy on related party transactions is for the Board of Directors to discuss and decide the appropriateness of transaction terms and conditions and how they are determined. Even after a Board of Directors' decision, the accounting and internal audit departments perform an ex post facto examination of transaction content and other details.

G Corporate Governance

Specific Policies and Initiatives

Performance of Role of Corporate Pension as an Asset Owner

The Company does not currently operate a corporate pension plan, but it has introduced a defined contribution pension system with the goal of creating stable assets for employees. To support the creation of assets among employees, we also hold a defined contribution pension seminar for employees, informing them of basic knowledge of the system when beginning investment management, cautions related to investments, and more.

Initiatives on Sustainability, etc.

The Company prepares basic policies on sustainability with a desire to solve social problems through business activities and make the everyday lives of people more enjoyable and wonderful. The Company's basic policies and initiatives related to sustainability are publicly disclosed on the Company's website. We have not yet publicly disclosed the effects of climate change on the Company, but we will consider publicly disclosing this in the future.

Approach to the Independence of the Nomination and Compensation Advisory Committee, as well as Its Authority and Role

The Company has established a voluntary Nomination and Compensation Advisory Committee. Outside directors make up the majority of this Committee, and each of these directors possess ample knowledge and insight related to corporate management. We believe this is an appropriate make-up for this Committee as an advisory body of the Board of Directors related to the nomination and compensation of executive management and directors. Resolutions are passed by this Committee with a majority of members when a majority of members who can take part in the passing of resolutions are present.

Details and Methods of Determination for Director Compensation Amounts and Their Calculation

The respective upper limits are set on the compensation, etc. of directors (excluding directors who are Audit and Supervisory Committee members) and directors who are Audit and Supervisory Committee members through resolution of the General Meeting of Shareholders. The Company has established a Nomination and Compensation Advisory Committee as a voluntary advisory body of the Board of Directors to ensure objectivity and transparency in the process of nominating directors and determining director compensation and to further strengthen the corporate governance system. Items for deliberation by the Nomination and Compensation

- 1 Draft policies for determining the content of compensation, etc. for individual directors
- 2 Drafts of the content of compensation, etc. for individual directors
- 3 Necessary basic policies, etc., needed to pass the above drafts

- 4 Creation of nomination and dismissal policies for directors
- 5 Drafts of nomination and dismissal of directors
- 6 Other items accompanying the above deemed necessary by the Board of Directors

The activities of the Board of Directors and the Nomination and Compensation Advisory Committee in the process of determining directors' compensation, etc., during the fiscal year under review are as follows.

Date of Activity	Name	Outline of Activity
June 16, 2021	Nomination and Compensation Advisory Committee	Deliberation over the nomination of Directors and compensation for them
August 18, 2021	Nomination and Compensation Advisory Committee	Deliberations on director compensation system
September 22, 2021	Nomination and Compensation Advisory Committee	Deliberations regarding individual compensation of directors
December 17, 2021	Board of Directors	Discretionary resolution regarding individual compensation of directors

At a meeting of the Board of Directors held on February 17, 2021, the Company's Board of Directors resolved to adopt a policy for determining decisions on compensation, etc. for individual directors. The Nomination and Compensation Advisory Committee was consulted on the content of the corresponding resolution of the Board of Directors and the Committee's recommendations were received. The amount of compensation for individual directors (excluding directors who are Audit and Supervisory Committee members) is left to the discretion of the President and CEO through a resolution of the Board of Directors based on the rationale that the President and CEO is appropriate for evaluating the departments overseen by directors while taking overall company results into consideration. The President and CEO considers the recommendations of the Nomination and Compensation Advisory Committee, which is voluntarily established by the Company, to determine the amount of compensation for individual directors, which is a calculation based on the policy for determining directors' compensation, etc. The amounts of compensation for directors who are Audit and Supervisory Committee members are determined through deliberations among Audit and Supervisory Committee members.

For the fiscal year under review, the Board of Directors entrusted decisions on the amount of compensation for each director (excluding Audit and Supervisory Committee members) to President and CEO Naruatsu Baba, and Mr. Baba determined the amount of individual compensation. The Board of Directors has confirmed with respect to the compensation, etc. of individual directors for the fiscal year under review that the method of determining the details of compensation, etc., is consistent with the determination policy, and that the reports of the Nomination and Compensation Advisory Committee have been respected and judged that the compensation, etc. is in line with the policy.

G Corporate Governance

Specific Policies and Initiatives

Basic Policy Regarding Determination of Compensation, etc.

The Board of Directors established basic policies on determining directors' compensation, etc. as follows in accordance with the recommendations of the Nomination and Compensation Advisory Committee.

- 1 Compensation capable of securing talented individuals, taking into account the standards of other companies in the same industry
- 2 Compensation corresponding to directors' responsibilities and contributions
- 3 Compensation system that encourages directors to work to improve corporate value

Structure of Compensation

The compensation of the Company's directors consists of fixed compensation and restricted stock-based compensation, the amounts of which are determined by comprehensively considering factors that include the consolidated business results and the duties and contributions of each director. The resolution date of the General Meeting of Shareholders relating to fixed compensation of directors (excluding directors who are Audit and Supervisory Committee members) was December 17, 2021. The fixed compensation paid to directors shall not exceed 300 million yen per year (50 million yen of which is for outside directors. However, this figure does not include the salaries of those employees who also serve as directors. As specified in the Articles of Incorporation, the number of directors [excluding directors who are Audit and Supervisory Committee members] shall not exceed 11 and stood at 10 as of December 17, 2021). The resolution date of the General Meeting of Shareholders relating to fixed compensation of directors who are Audit and Supervisory Committee members was December 18, 2015. The fixed compensation paid to directors who are Audit and Supervisory Committee members shall not exceed 30 million yen per year. (As specified in the Articles of Incorporation, the number of directors who are Audit and Supervisory Committee members shall not exceed five and stood at three as of December 17, 2021.) The resolution date of the General Meeting of Shareholders relating to a restricted stock compensation plan was December 20, 2019. The amount of monetary compensation paid to directors (excluding outside directors and directors who are Audit and Supervisory Committee members) as restricted stock-based compensation shall not exceed 300 million yen per year. The compensation, etc. of outside directors and directors who are Audit and Supervisory Committee members is fixed compensation only from the perspective of ensuring independence.

Total amount of compensation, total amount of compensation by type and the number of eligible officers for each officer classification

Director Classification	Total amount of compensation by type (millions of yen)					Number of eligible directors
	Total amount of compensation (millions of yen)	Fixed compensation	Restricted stock-based compensation	Performance-linked compensation	Non-monetary compensation, etc. of the compensation at left	
Directors (excluding Audit and Supervisory Committee members) (excluding outside directors)	148	122	26	-	-	7
Directors (Audit and Supervisory Committee members) (excluding outside directors)	-	-	-	-	-	-
Outside Directors	37	37	-	-	-	5

Internal Control System

Status of Development of Internal Control System

To ensure transparency and fairness in its business management, COLOPL has established a basic policy and regulations related to internal controls and created a system for internal controls. With these initiatives, the Company seeks to make sure that its operations are fully fair and transparent. In addition, COLOPL implements internal audits performed by the Internal Audit Office to confirm that the system for internal controls is functioning effectively. In accordance with the Companies Act and the Ordinance for Enforcement of the Companies Act, COLOPL has adopted its basic policy for the establishment of an internal control system in order to ensure the appropriateness of its operations.

Safe and Sound Operations of Services

As some of the services provided by the COLOPL Group enable communication between users, it is necessary to ensure the safety and soundness of COLOPL Group services so that users can use them with peace of mind. COLOPL has established guidelines and endeavors to ensure the safety and soundness of its services.

[Click here for Guidelines on Safety and Soundness](#)



Dialogue with Shareholders

Policy for Constructive Dialogue with Shareholders

The director in charge of investor relations supervises dialogue with shareholders. Supervisors of corporate planning, accounting and finance, legal affairs, and general affairs hold general meetings for parties involved in practical operations weekly chaired by Director Harai, who is in charge of investor relations, and through implementing a cross-departmental exchange of information, we are strengthening our system for publicly disclosing information to shareholders. We hold information sessions for institutional investors once a quarter as part of our dialogue with shareholders. We also offer separate individual interviews for institutional investors if desired. At meetings of the Board of Directors, the directors share opinions and concerns obtained through dialogue with shareholders that they consider important in their reports about the divisions under their charge. The Company has also developed a system for the immediate sharing of matters requiring urgency between the representative director and the directors in charge. Dialogue with shareholders is undertaken with careful consideration given to insider trading regulations. Additionally, efforts are made to manage and utilize the content of such dialogue by working to preserve records of meetings, e-mails and telephone conversations.

Status of Investor Relations Activities

The Company endeavors to enhance communications with shareholders and investors through briefings held from time to time and responses to regular inquiries.

- General Meeting of Shareholders
- Acceptance of opinions and questions from shareholders and investors by e-mail
- Regular briefings for analysts and institutional investors
- Earnings conference calls for overseas investors
- Overseas investor relations

The Company is taking steps to implement aggressive information disclosure, such as the timely provision of presentation materials and performance and stock price graphs on its website for shareholders and investors.

 [Click here for shareholder and investor information](#)

Risk Management

Important issues facing the COLOPL Group are as described below.

1 Enhancement of corporate brand value

To achieve the COLOPL Group's Vision, we consider it essential to continue to provide services supported by users and to become a company with large numbers of loyal users. The COLOPL Group will endeavor to enhance its corporate brand value through appropriate disclosure of information to stakeholders and active public relations and CSR activities.

2 Expansion of the user base and strengthening of user engagement

The COLOPL Group recognizes that increasing the name recognition of the Group and its services, continuously acquiring new users, and increasing the number of users over time are essential to the sustained growth of the COLOPL Group. To that end, we will endeavor to increase the number of users by boosting the COLOPL Group's name recognition through effective advertising activities and other means and by developing a wide variety of content and actively implementing measures to promote use of the Group's services by greater numbers of users.

In addition, we will continue to identify the needs of existing users and provide them with high-quality services, strengthen user engagement through dialogue with users through a variety of media, and work to ensure that users enjoy our content for longer periods of time.

3 Portfolio expansion

The COLOPL Group has adopted a management strategy of implementing portfolio strategies that combine businesses targeting different users and constantly investing in new business areas.

With entertainment, investment and development at the center, we work to distribute our resources appropriately, diversify our investments, and expand our portfolio based on our Mission, "Entertainment in Real Life" - Making everyday more enjoyable and wonderful through entertainment, in order to realize our Vision of "Delivering 'New Experiences' with the latest technology and creative ideas."



G Corporate Governance

Risk Management

4 Ensuring services' safety and soundness

As some of the services provided by the COLOPL Group enable communication between users, it is necessary to ensure the safety and soundness of COLOPL Group services so that users can use them with peace of mind. COLOPL has established guidelines and endeavors to ensure the safety and soundness of its services.

5 Stable operation of systems

The COLOPL Group's applications and platforms are operated over the Internet, and the Group recognizes that provision of services to users in a pleasant and comfortable environment requires stable systems operation and timely solutions to any problems that may occur.

For this reason, the Group endeavors to secure the personnel necessary for the stable operation of systems and to expand and upgrade its server equipment.

6 Services for overseas markets

The COLOPL Group plans to take advantage of the characteristics of smartphone and continue to actively offer the Group's services overseas.

The Group will identify user preferences in each region and develop and provide unique services that take the traits of users in each region into account, in preparation for further overseas business expansion and improved profitability.

7 Response to new technology

The industry in which the COLOPL Group operates is characterized by constant technological innovation, and related markets are also expanding.

The COLOPL Group recognizes that continuous business expansion in this business environment requires a timely response to various new technologies and will continuously respond to technological change.

8 Strengthening of the internal control system and enhancement of corporate governance

The COLOPL Group believes that earning the trust of society is indispensable to further expanding its business and increasing its corporate value. To that end, in addition to fostering a corporate culture in which all executives and employees have a common awareness of corporate ethics and compliance and make fair and accurate decisions, we will work to strengthen the internal control system and enhance corporate governance by establishing a sound and transparent management system.

9 Ensuring organizational agility

The entertainment industry to which the COLOPL Group belongs experiences changes in its operating environment at a more rapid pace than other industries, making it essential to promptly respond to such changes. To eliminate the adverse effects of organizational expansion, such as a decline in organizational agility, the Group will seek to ensure agility in decision-making by optimizing personnel assignments and instituting an organizational structure adapted to its business development.

10 Securing and developing talented personnel

The COLOPL Group anticipates further business expansion and recognizes that securing and developing personnel to keep pace with the growth rate is an important task. The Group will strengthen its recruiting and training activities in order to secure talented people who resonate with the Group's vision and develop personnel to support sustained growth.

Board of Directors (as of December 17, 2021)

Naruatsu Baba

Chairman of the Board
Chief Creator



Number of shares held		61,776,976
Mar. 2003	Joined K Laboratory Co., Ltd. (name changed to KLab Inc.)	
Apr. 2007	Joined GREE, Inc.	
Oct. 2008	Established COLOPL, Inc. President and Representative Director	
Mar. 2016	Established Kuma Foundation President (current position)	
Dec. 2021	Chairman of the Board and Chief Creator (current position)	

Takashi Miyamoto

President and CEO



Number of shares held		-
Apr. 1995	Joined Meidi-Ya Co., Ltd.	
Sep. 2001	Joined DigiCube Co., Ltd.	
Oct. 2003	Joined SoftBank BB Corp.	
Apr. 2005	Joined Dex Entertainment Inc. Established GP Coreedge Inc. Representative Director, President and CEO	
Apr. 2008	Joined GamePot, Inc. Director and CMO	
Apr. 2011	Established Coreedge Inc. Representative Director, President and CEO	
Jul. 2012	Joined COLOPL, Inc. General Manager of Marketing Communications Division	
Jun. 2020	Head of Marketing Division (current position)	
Sep. 2020	President and CEO (current position)	
Dec. 2021	President and CEO (current position)	

Yoshiaki Harai

Executive Director



Number of shares held		14,603
Mar. 2011	Joined Deloitte Touche Tohmatsu LLC	
Mar. 2014	Registered as Certified Public Accountant	
Jan. 2015	Joined COLOPL, Inc.	
Dec. 2018	Executive Director, COLOPL, Inc. (current position)	

Kenta Sugai

Executive Director



Number of shares held		134,396
Apr. 2000	Joined Fujisetsubi Corporation	
Dec. 2001	Joined Forum Engineering Inc.	
Apr. 2005	Joined COMSYS TECHNO Corporation	
Jan. 2008	Joined forTravel, Inc. (name changed to Kakaku.com, Inc.)	
Jun. 2010	Joined COLOPL, Inc.	
Dec. 2016	Executive Director, COLOPL, Inc. (current position)	

Yu Sakamoto

Executive Director



Number of shares held		4,907
Apr. 2009	Joined Konami Digital Entertainment Co., Ltd.	
Oct. 2013	Joined COLOPL, Inc.	
Dec. 2020	Executive Director, COLOPL, Inc. (current position)	

Yoichi Ikeda

Executive Director



Number of shares held		4,907
Apr. 2009	Joined CAPCOM CO., LTD.	
Dec. 2012	Joined COLOPL, Inc.	
Dec. 2020	Executive Director, COLOPL, Inc. (current position)	

Shinsuke Ishiwatari

Outside Director



Number of shares held		99,000
Apr. 1998	Admitted as Attorney-at-Law	
Jan. 2001	Established Field-R Law Offices	
Aug. 2008	Established VASCO DA GAMA OFFICES Partnered attorney (current position)	
Jul. 2010	Outside Director, COLOPL, Inc.	
Mar. 2011	Executive Officer, Cookpad Inc.	
Jul. 2015	President and CEO, Minnano Wedding Co., Ltd.	
Dec. 2015	Executive Director, COLOPL, Inc.	
Oct. 2018	Director, Kufu Company Inc. (name changed to Kufu Intermediate Holding Company Inc.)	
Aug. 2019	Director, Kashima Antlers F.C. Co., Ltd. (current position)	
Jul. 2021	Chairman of the Board of Directors, HyAS & Co. Inc. (current position)	
Dec. 2021	Outside Director, COLOPL, Inc. (current position)	

Koji Yanagisawa

Outside Director
(Independent Officer)



Number of shares held		5,000
Apr. 1995	Joined Fuji Bank, Limited (name changed to Mizuho Bank, Ltd.)	
May 1999	Joined NTT DATA INSTITUTE OF MANAGEMENT CONSULTING, Inc.	
May 2005	Joined Mizuho Securities Co., Ltd.	
Feb. 2006	Full-time Statutory Auditor, Start Today Co., Ltd. (name changed to ZOZO, Inc.)	
Jun. 2008	Director Head of Strategic Planning and Business Administration Division, Start Today Co., Ltd. (name changed to ZOZO, Inc.)	
Apr. 2009	CFO, Start Today Co., Ltd. (name changed to ZOZO, Inc.)	
Dec. 2015	Outside Director, COLOPL, Inc. (current position)	
Apr. 2017	Executive Vice President and CFO, Start Today Co., Ltd. (name changed to ZOZO, Inc.) (current position)	
Mar. 2020	Outside Director, OPT Holding, Inc. (name changed to DIGITAL HOLDINGS, Inc.) (current position)	

Dai Tamesue

Outside Director
(Independent Officer)



Number of shares held		-
Apr. 2002	Joined Osaka Gas Co., Ltd.	
Oct. 2003	Retired from Osaka Gas Co., Ltd. and became an independent professional track and field athlete	
Mar. 2004	Contracted as an athlete of Asia Partnership Fund	
Dec. 2007	Established SAMURAI CO., LTD. Representative Director (current position) Outside Director, Wedge Holdings CO., LTD.	
Aug. 2010	Established Athlete Society President (current position)	
May 2014	Established Xiborg Co., Ltd. Director (current position)	
Dec. 2015	Outside Director, COLOPL, Inc. (current position)	
Jul. 2018	Established Deportare Partners Co., Ltd. Representative Director (current position)	

Harold George Meij

Outside Director
(Independent Officer)



Number of shares held		-
Jan. 1987	Joined Heineken Japan K.K. (name changed to Heineken Kirin K.K.) Assistant General Manager	
Apr. 1990	Joined Nippon Lever K.K. (name changed to Unilever Japan K.K.) Assistant Brand Manager	
Apr. 2000	Joined Sunstar Inc. Executive Officer of Oral Care Division	
Sep. 2006	Executive Vice President & General Manager of Marketing Headquarters, Coca-Cola(Japan)Company, Limited	
Nov. 2008	Executive Vice President & Chief Customer Officer, Coca-Cola(Japan)Company, Limited	
Mar. 2014	Management Advisor, TOMY COMPANY, LTD.	
Jun. 2015	Representative Director, President & CEO, TOMY COMPANY, LTD.	
May. 2018	Director & CSO, Bushiroad Inc. Representative Director, President & CEO, New Japan Pro-Wrestling Co., Ltd.	
Mar. 2019	Outside Director, Earth Corporation (current position)	
Nov. 2020	Advisor, Sanrio Company, Ltd. (current position)	
Mar. 2021	Advisor, Panasonic Corporation (current position)	
Apr. 2021	Outside Director, Alinamin Pharmaceutical Co., Ltd. (current position)	
Dec. 2021	Outside Director, COLOPL, Inc. (current position)	

Board of Directors

Audit and Supervisory Committee Members

Tetsuzo Hasegawa

Full-time Audit and Supervisory Committee Member (Independent Officer)



Number of shares held 25,000

Apr. 1973	Joined Daiwa Securities Co. Ltd.
Apr. 1999	Joined Daiwa Securities SB Capital Markets Co. Ltd.
Feb. 2004	Director, Daiwa Securities SMBC Principal Investments Co. Ltd.
May 2005	Director, CABIN Co. Ltd.
Jun. 2005	Director, Daiwa Seiko Co. Ltd. (name changed to GLOBERIDE, Inc.)
Oct. 2005	Director, MARUI IMAI Inc.
Jun. 2007	Director, Mitsui Mining Co., Ltd. (name changed to NIPPON COKE & ENGINEERING CO., LTD.)
Oct. 2007	Chairman and Representative Director, HMV Japan K.K.
Jun. 2008	Auditor, Daiwa Sanko Co. Ltd. Auditor, Daiwa Institute of Research Ltd. (name changed to Daiwa Institute of Research Holdings Ltd.) Auditor, Daiwa Pension Consulting Co., Ltd.
Oct. 2008	Auditor, Daiwa Institute of Research Business Innovation Ltd.
Sep. 2010	Full-time Statutory Auditor, COLOPL, Inc.
Dec. 2015	Outside Director (Full-time Audit and Supervisory Committee member), COLOPL, Inc. (current position)

Ryogo Tsukioka

Audit and Supervisory Committee Member (Independent Officer)



Number of shares held -

Apr. 1996	Joined Dai Nippon Printing Co., Ltd.
Jan. 1999	Joined Zeirishi-Hojin PricewaterhouseCoopers (name changed to PwC Tax Japan)
Apr. 2003	Registered as Certified Public Accountant
Jul. 2006	Established Tsukioka CPA Office Director (current position)
Dec. 2010	Statutory Auditor, COLOPL, Inc.
Dec. 2015	Outside Director (Audit and Supervisory Committee member), COLOPL, Inc. (current position)

Koichiro Iida

Audit and Supervisory Committee Member



Number of shares held -

Apr. 1996	Admitted as Attorney-at-Law Joined Mori Sogo (name changed to Mori Hamada & Matsumoto) (current position)
Jun. 2005	Admitted as Attorney-at-Law of California, U.S.
Dec. 2011	Statutory Auditor, COLOPL, Inc.
Oct. 2013	Corporate Auditor, HEROZ, Inc.
Jun. 2014	Auditor, Sansan, Inc.
Jul. 2015	Statutory Auditor, Minnano Wedding Co., Ltd.
Aug. 2015	Outside Director (Audit & Supervisory Committee Member), Sansan, Inc.
Dec. 2015	Outside Director (Audit and Supervisory Committee member), COLOPL, Inc. (current position)
Dec. 2016	Alternative Dispute Resolution Committee Member, Alternative Dispute Resolution Committee of National Consumer Affairs Center of Japan (current position)
Jul. 2017	Outside Director (Audit and Supervisory Committee member), HEROZ, Inc.
Oct. 2018	Outside Director (Audit and Supervisory Committee member), Kufu Company Inc. (name changed to Kufu Intermediate Holding Company Inc.)
Oct. 2020	Auditor, STADIUM Co., Ltd. (current position)
Jul. 2021	Outside Director, HyAS & Co. Inc. (current position)

Skill Matrix for Directors

Name	Particular areas that the Company expects							
	Company management	Game development	Technology R&D	Marketing Branding	Finance and accounting	Legal Compliance	Human Resources	Global sense Internationality
Naruatsu Baba	—	🧠	🧠					
Takashi Miyamoto	—	🧠		🧠				🧠
Yoshiaki Harai	—				🧠	🧠	🧠	
Kenta Sugai	—	🧠	🧠					
Yu Sakamoto	—	🧠						
Yoichi Ikeda	—	🧠	🧠					
Shinsuke Ishiwatari	Outside	🧠				🧠		
Koji Yanagisawa	Outside				🧠			
Dai Tamesue	Outside			🧠				🧠
Harold George Meij	Outside	🧠		🧠				🧠
Tetsuzo Hasegawa	Outside/ Audit and Supervisory Committee member	🧠			🧠	🧠		
Ryogo Tsukioka	Outside/ Audit and Supervisory Committee member				🧠			
Koichiro Iida	Outside/ Audit and Supervisory Committee member					🧠		🧠

(Note) The above table does not represent all of the expertise and experience possessed by the candidates.



11-year Financial and Non-financial Summary

Years ended September 30	2011	2012	2013	2014	2015	2016 (Consolidated)	2017 (Consolidated)	2018 (Consolidated)	2019 (Consolidated)	2020 (Consolidated)	2021 (Consolidated)
Operating Results (Millions of Yen)											
Net sales	2,283	5,071	16,767	53,575	72,395	84,730	52,246	45,776	38,920	45,128	37,125
Cost of sales	683	2,269	8,522	22,160	29,609	37,442	28,449	28,357	26,409	24,275	24,108
Gross profit	1,599	2,802	8,244	31,414	42,786	47,288	23,796	17,418	12,511	20,853	13,016
Selling, general and administrative expenses	1,027	1,303	2,500	7,811	10,468	15,432	10,864	10,465	9,558	8,602	6,695
Operating profit	571	1,498	5,744	23,603	32,317	31,855	12,932	6,952	2,952	12,250	6,320
Current profit	568	1,499	5,787	23,556	32,363	31,272	12,901	6,097	1,655	11,790	7,843
Pre-tax profit	520	1,499	5,787	23,556	32,363	30,761	12,551	5,849	1,318	10,938	4,251
Net profit (profit attributable to owners of parent)	283	778	3,156	13,024	19,436	20,710	8,691	4,192	1,070	7,977	3,047
Financial Position (Millions of Yen)											
Total assets	2,235	4,567	13,762	48,012	59,260	72,301	75,744	77,244	74,740	85,833	80,814
Total liabilities	946	2,000	5,886	17,728	15,665	10,152	6,451	6,619	5,307	10,053	5,063
Total net assets	1,288	2,567	7,876	30,284	43,594	62,149	69,293	70,625	69,433	75,779	75,751
Capital stock	256	506	1,582	6,274	6,328	6,384	6,433	6,491	6,510	6,536	6,556
Cash Flows (Millions of Yen)											
Cash flows from operating activities	161	1,175	4,138	19,021	16,306	19,135	4,957	9,421	53	15,010	(3,104)
Cash flows from investing activities	(799)	(209)	342	(1,087)	(3,118)	(6,501)	(4,545)	1,979	(2,768)	(2,640)	(10,588)
Cash flows from financing activities	440	—	2,137	9,325	(6,121)	(2,452)	(2,018)	(2,518)	(2,118)	(2,780)	(3,200)
Cash and cash equivalents at end of period	729	1,692	8,317	35,584	42,638	52,556	51,409	60,400	55,822	65,308	49,052



11-year Financial and Non-financial Summary

Years ended September 30	2011	2012	2013	2014	2015	2016 (Consolidated)	2017 (Consolidated)	2018 (Consolidated)	2019 (Consolidated)	2020 (Consolidated)	2021 (Consolidated)
Per Share Indicators (Yen)											
Net profit per share (EPS)	42.80	7.38	27.20	107.65	157.70	166.92	69.32	33.08	8.40	62.45	23.82
Book-value per share (BPS)	189.92	24.06	66.54	245.07	354.50	499.07	551.34	555.65	544.53	592.81	591.86
Dividends per share (DPS)	—	—	—	10.00	16.00	17.00	21.00	17.00	17.00	25.00	20.00
Financial Indicators (%)											
Operating profit ratio	25.1	29.6	34.3	44.1	44.6	37.6	24.8	15.2	7.6	27.1	17.0
Net profit ratio	12.4	15.3	18.8	24.3	26.8	24.4	16.6	9.2	2.7	17.7	8.2
Return on assets (ROA)	15.1	22.9	34.4	42.2	36.2	31.5	11.7	5.5	1.4	9.9	3.7
Return on equity (ROE)	30.6	40.4	60.5	68.3	52.6	39.2	13.2	6.0	1.5	11.0	4.0
Equity ratio	57.6	56.2	57.2	63.1	73.6	86.0	91.5	91.4	92.9	88.3	93.7
Dividend payout ratio	—	—	—	9.3	10.1	10.2	30.3	51.4	202.4	40.0	84.0
Others (People)											
Employees	87	155	306	450	753	1,204	1,253	1,283	1,374	1,566	1,454
Non-consolidated total	87	155	306	450	620	796	848	852	941	959	890
(Of which) total for each Group company	—	—	—	—	133	408	405	431	433	607	564

* Please note some rounding variances in calculations.

* The Company implemented a 100-for-1 stock split effective September 13, 2012. Accordingly, BPS and EPS are calculated as if this stock split had been implemented at the beginning of the fiscal year ended September 30, 2011.

* The Company implemented a 5-for-1 stock split effective June 1, 2013, and a 3-for-1 stock split effective October 1, 2013. Accordingly, BPS and EPS are calculated as if these stock splits had been implemented at the beginning of the fiscal year ended September 30, 2012.

* Executives and temporary employees (employees working part time, etc.) are not included.

* Group companies are those where COLOPL holds more than 50% of outstanding shares

* Consolidated financial statements have been introduced starting from the fiscal year ended September 30, 2016.



Consolidated Balance Sheet

COLOPL, Inc. and Consolidated Subsidiaries as of September 30

	(Millions of yen)	
	2020	2021
Assets		
Current assets		
Cash and deposits	65,009	58,871
Accounts receivable—trade	6,977	4,348
Operational investment securities	—	7,591
Merchandise	63	37
Work in process	890	690
Supplies	3	4
Advance payments—other	243	276
Prepaid expenses	360	357
Other	694	2,286
Allowance for doubtful accounts	(62)	(34)
Total current assets	74,180	74,430
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,268	1,101
Accumulated depreciation and impairment loss	(735)	(786)
Buildings and structures, net	532	315
Tools, furniture and fixtures	688	700
Accumulated depreciation and impairment loss	(541)	(572)
Tools, furniture and fixtures, net	146	128
Construction in progress	—	40
Total property, plant and equipment	679	484
Intangible assets		
Goodwill	43	29
Software	251	—
Total intangible assets	294	29
Investments and other assets		
Investment securities	6,953	2,344
Shares of subsidiaries and associates	3	3
Investments in capital of subsidiaries and associates	462	50
Lease and guarantee deposits (Note 8)	1,487	2,132
Deferred tax assets	1,620	1,253
Other	152	87
Total investments and other assets	10,679	5,870
Total non-current assets	11,653	6,384
Total assets	85,833	80,814

	(Millions of yen)	
	2020	2021
Liabilities		
Current liabilities		
Accounts payable—trade	22	50
Accounts payable—other	3,255	2,412
Accrued expenses	190	244
Income taxes payable	3,273	292
Accrued consumption taxes	1,537	152
Advances received	514	850
Deposits received	192	415
Other	535	502
Total current liabilities	9,521	4,922
Non-current liabilities		
Asset retirement obligations	446	123
Other	85	17
Total non-current liabilities	532	141
Total liabilities	10,053	5,063

	(Millions of yen)	
	2020	2021
assets		
Shareholders' equity		
Capital stock	6,536	6,556
Capital surplus	6,295	6,296
Retained earnings	67,185	67,037
Treasury shares	(4,645)	(4,645)
Total shareholders' equity	75,373	75,245
Accumulated other comprehensive profit		
Valuation difference on available-for-sale securities	404	461
Foreign currency translation adjustment	—	43
Total accumulated other comprehensive profit	404	504
Non-controlling interests	1	1
Total net assets	75,779	75,751
Total liabilities and net assets	85,833	80,814



Consolidated Statement of Profit and Loss

COLOPL, Inc. and Consolidated Subsidiaries as of September 30

	(Millions of yen)	
	2020	2021
Net sales	45,128	37,125
Cost of sales	24,275	24,108
Gross profit	20,853	13,016
Selling, general and administrative expenses (Note 9)	8,602	6,695
Operating profit	12,250	6,320
Non-operating profit	530	1,947
Non-operating expenses	991	424
Current profit	11,790	7,843
Extraordinary income	0	—
Extraordinary losses	852	3,591
Pre-tax profit	10,938	4,251
Profit taxes—current	3,375	944
Profit taxes—deferred	(414)	258
Total profit taxes	2,960	1,203
Net profit	7,977	3,048
Profit attributable to non-controlling interests	0	0
Profit attributable to owners of parent	7,977	3,047

Consolidated Statement of Cash Flows

COLOPL, Inc. and Consolidated Subsidiaries as of September 30

	(Millions of yen)	
	2020	2021
Cash flows from operating activities	15,010	(3,104)
Cash flows from investing activities	(2,640)	(10,588)
Cash flows from financing activities	(2,780)	(3,200)
Effect of exchange rate change on cash and cash equivalents	(103)	294
Net increase (decrease) in cash and cash equivalents	9,486	(16,599)
Cash and cash equivalents at beginning of period	55,822	65,308
Increase in cash and cash equivalents from newly consolidated subsidiary	—	344
Cash and cash equivalents at end of period (Note 12)	65,308	49,052

COLOPL Group



Name	COLOPL NEXT, Inc.
Established	February 2015
Address	Yebisu Garden Place Tower 11F 4-20-3 Ebisu, Shibuya-ku, Tokyo
Representative	President and Representative Director Shintaro Yamakami
Business description	Investment business, investment advising and agency

[Click here for the website](#)



Name	RealStyle Co., Ltd.
Established	June 2008
Address	DAITO Building, 6-24-6 Minami-oi, Shinagawa-ku, Tokyo
Representative	President and Representative Director Tomoyuki Kitamura
Business description	Native application planning, development, and management for smartphones and tablets; browser game planning, development, and management for mobile phones

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* Japanese only



Name	Pyramid, Inc.
Established	September 2001
Address	Shibuya MK Building 3-3-2 Shibuya, Shibuya-ku, Tokyo
Representative	President and Representative Director Junichi Kashiwagi
Business description	Planning and development of consumer games, social games, arcade games, etc.; production of game-related scenarios and graphics; video production for game machines and TVCF

[Click here for the website](#)

* Japanese only



Name	360Channel, Inc.
Established	November 2015
Address	Yebisu Garden Place Tower 11F 4-20- 3 Ebisu, Shibuya-ku, Tokyo
Representative	President and Representative Director Kento Nakashima
Business description	360-degree video business

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* Japanese only



Name	Eighting Co., Ltd.
Established	March 1993
Address	Omori Prime Building 6-21-12 Minamioi, Shinagawa-ku, Tokyo
Representative	President and Representative Director Yasuhiko Sameshima
Business description	Home video game software planning and development, digital content planning, development, and management for mobile devices

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Name	MAGES.inc.
Established	June 2011
Address	6th Floor, Mita 43MT Building, 13- 16, Mita 3-chome, Minato-ku, Tokyo
Representative	Chairman and Representative Director Chiyomaru Shikura President and Representative Director Kengo Honjo
Business description	Planning and development of game software, music production and television program production

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* Japanese only



Name	Kuma's Musical Band Inc.
Established	November 2015
Address	Yebisu Garden Place Tower 11F, 4-20-3 Ebisu, Shibuya-ku, Tokyo
Representative	President and Representative Director Tomoki Numata
Business description	Management of music copyrights, development of musical works usage, planning and production of master recordings for CDs, videos, etc.





Corporate Data / Stock Information As of September 30, 2021

Corporate Data

Company name	COLOPL, Inc.
Date established	October 1, 2008
Address	Yebisu Garden Place Tower 11F 4-20-3 Ebisu, Shibuya-ku, Tokyo 150-6011, Japan
Capital stock	6,556 million yen
Employees	890 (Number of Group employees: 1,454)

General Stock Information

Stock code	3668
Year-end dividend record date	September 30
Shares authorized	450,000,000 shares
Number of shares constituting one trading unit	100 shares
Number of shareholders	32,837
Stock exchange registration	Tokyo Stock Exchange, First Section
Shareholder registrar	Sumitomo Mitsui Trust Bank, Limited

- The Group total includes the numbers of employees of the companies in which COLOPL holds more than 50% of outstanding shares.
- Executives and temporary employees (employees working part time, fixed term, etc.) are not included.

COLOPL's Corporate Website

COLOPL offers a wide variety of information through its corporate website, including information on the Company's products and on the real-virtual collaboration business.



COLOPL's Corporate Website

[Click here for the website](#)



IR Website

[Click here for the website](#)

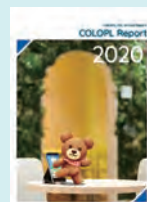


CSR Website

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Awarded Gold at the International ARC Awards 2021

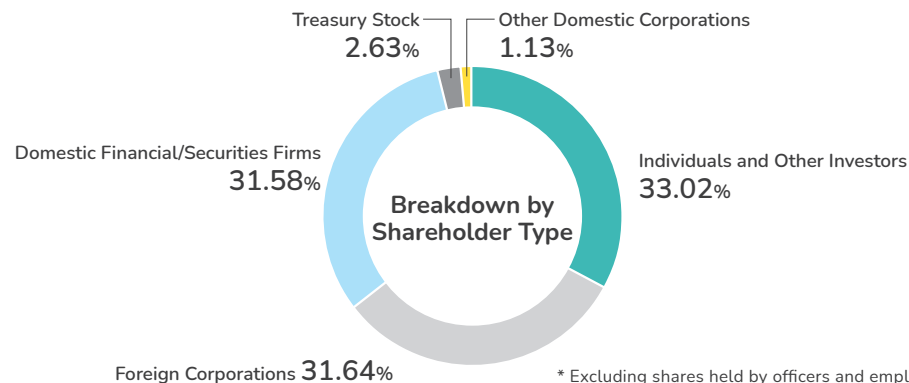
The English version of the COLOPL Report 2020 received the Gold award in the PDF Version of Annual Report category at the world's largest annual report competition, the International ARC Awards 2021.



Principal Shareholders

Name of shareholder	Number of shares held	Shareholding percentage (%)
Naruatsu Baba	61,776,976	48.27
Custody Bank of Japan, Ltd. (Trust account)	9,700,500	7.58
THE BANK OF NEW YORK MELLON 140051 (Standing proxy: Settlement & Clearing Services Division, Mizuho Bank, Ltd.)	8,524,000	6.66
The Master Trust Bank of Japan, Ltd. (Trust account)	7,496,800	5.86
THE BANK OF NEW YORK 133612 (Standing proxy: Settlement & Clearing Services Division, Mizuho Bank, Ltd.)	3,068,100	2.40
STATE STREET BANK AND TRUST COMPANY 505103 (Standing proxy: Custody Services Department, Tokyo Branch, The Hongkong and Shanghai Banking Corporation Limited)	951,200	0.74
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	793,200	0.62
STATE STREET BANK WEST CLIENT - TREATY 505234 (Standing proxy: Settlement & Clearing Services Division, Mizuho Bank, Ltd.)	776,600	0.61
BNP PARIBAS SECURITIES SERVICES SYDNEY/JASDEC/ AUSTRALIAN RESIDENTS (Standing proxy: Custody Business Department, Tokyo branch, The Hongkong and Shanghai Banking Corporation Limited)	736,700	0.58
KUWAIT INVESTMENT AUTHORITY (Standing proxy: Citibank, N.A., Tokyo Branch)	642,300	0.50

Controlling shares are calculated including treasury stock (1,778,259 shares). COLOPL excludes treasury stock from the list of major shareholders above. The shareholding ratio is calculated by means of deducting treasury shares.



Social Media List

Delivering the latest information on the COLOPL Group.

* Japanese only

Twitter

Corporate Accounts



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List of Official Social Media Accounts

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Contact for inquiries

Corporate Planning Department IR Group



Contact us here