



FY Sep.2022 / 2Q Results

2022.5.11



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FY2022 2Q

Jan2022-Mar2022



01 Overview of Results



02 Status of Businesses



03 Topics



Overview of Results

Entertainment Business was steady, and the Investment and Development Business posted an operating profit for the first time.

Business Results

- In the Entertainment Business, the 9th anniversary “Quiz RPG” and the 2.5 anniversary “DRAGON QUEST WALK” contributed.
- Investment and Development Business returned to profitability mainly due to the inclusion of gains and losses from funds in which the Group has invested.
- 2Q Sales were ¥8.25 billion (QoQ +11.5%), and Operating profit was ¥1.41 billion (QoQ +85.8%).

Cost

- Sales-linked PF & Payments, Advertisement and Other expenses increased.
- Expenses in 2Q increased by ¥0.2 billion QoQ to ¥6.84 billion.

KPI

- “Quiz RPG” and “DRAGON QUEST WALK” were steady. Overall, QAU reached 4.74 million and ARPU ¥1,277.
- We continued to focus on the Investment and Development Business, making new and additional investments in 12 cases in 2Q.

TOPICS

- Mr. Chiyomaru Shikura’s Science Adventure series “ANONYMOUS;CODE” and “Alice Gear Aegis CS”, the first consumer title with its own IP for smartphone games, were set for release date.
- We are promoting transition to the Prime Market and are driving our sustainability initiatives.

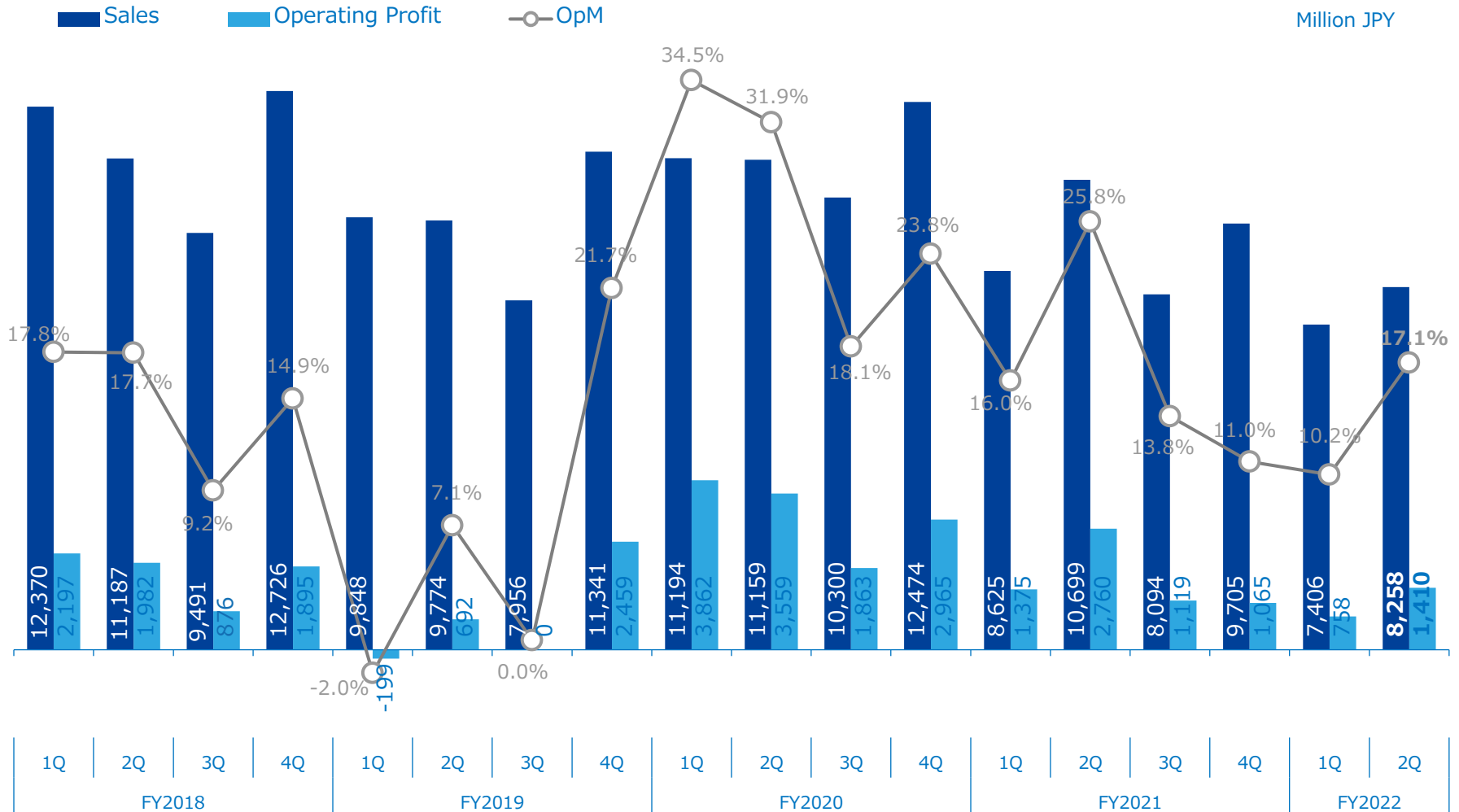
※QAU is obtained by combining the number of users who launched the title at least once after 7 days of its DL date within this quarter.

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



Revenue Transition

Sales **¥8.25B** (QoQ: +11.5%), Operating profit **¥1.41B** (QoQ: +85.8%)



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



Profit and Loss

Although existing titles were steady, both sales and profits declined from the same period of the previous year.

Million JPY	[Cons] 2Q FY Sep. 2022 (Jan-Mar 2022)	[Cons] 2Q FY Sep. 2021 (Jan-Mar 2021)	YoY	[Cons] 1Q FY Sep. 2022 (Oct-Dec 2021)	QoQ
Sales	8,258	10,699	-22.8%	7,406	+11.5%
Entertainment Business	7,951	10,637	-25.3%	7,395	+7.5%
Investment and Development Business	307	61	+399.0%	11	+2693.9%
Expenses	6,848	7,939	-13.7%	6,647	+3.0%
Operating profit	1,410	2,760	-48.9%	758	+85.8%
Entertainment Business	1,173	2,813	-58.3%	798	+47.1%
Investment and Development Business	235	-54	-	-39	-
Ordinary Profit	1,605	3,783	-57.6%	1,091	+47.1%
Pre-Tax Profit	1,605	3,783	-57.6%	1,091	+47.1%
Net Profit	1,126	2,761	-59.2%	677	+66.3%

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

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



Outsourcing expenses decreased, but expenses increased by ¥0.2 billion QoQ to ¥6.84 billion due to sales-linked PF & Payments, Advertisement, and Other expenses.

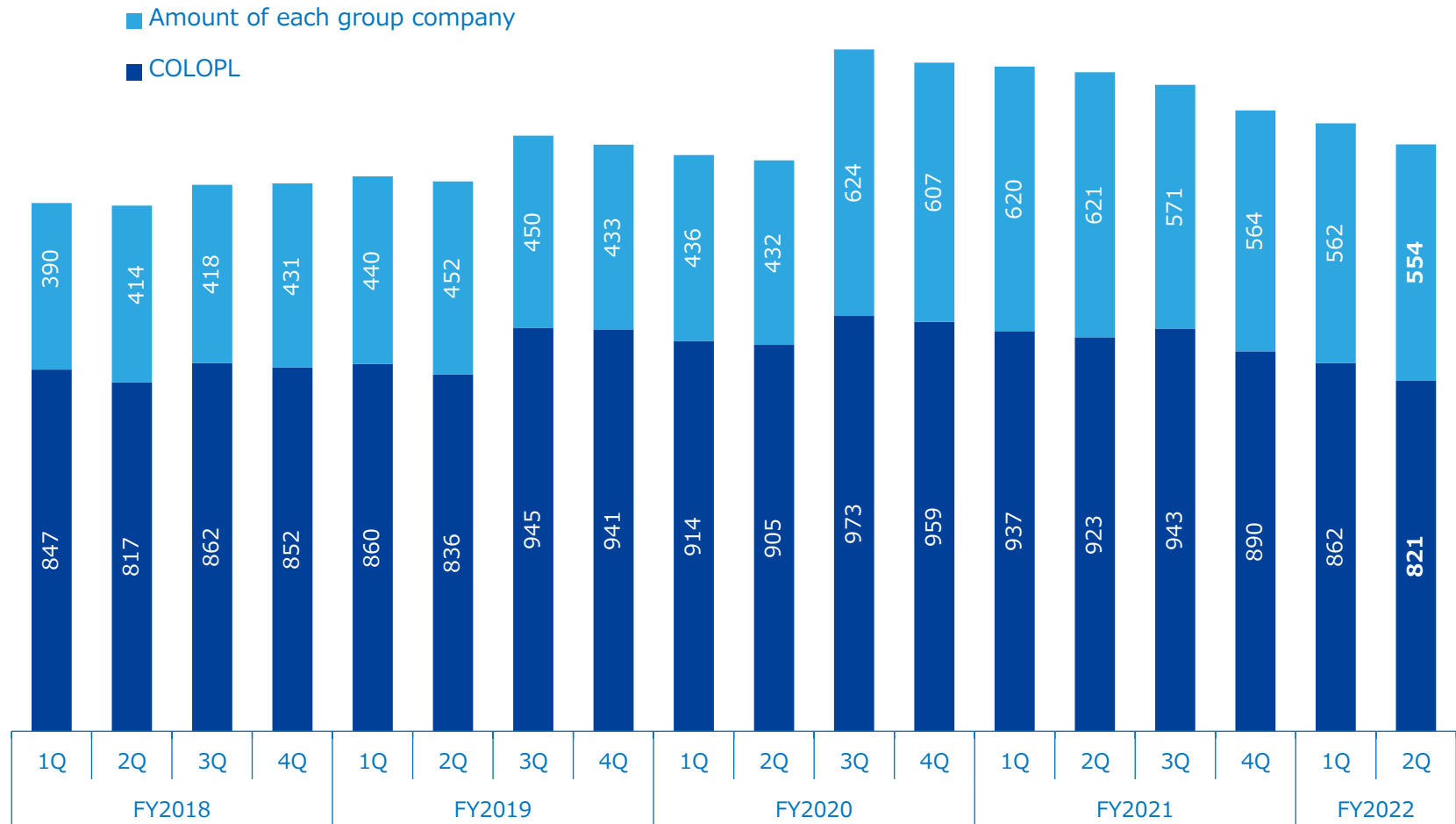
Cost (Million JPY) Sales ratio (%)	【Cons】 2Q FY Sep. 2022 (Jan-Mar 2022)	【Cons】 2Q FY Sep. 2021 (Jan-Mar 2021)	YoY	【Cons】 1Q FY Sep. 2022 (Oct-Dec 2021)	QoQ	Comments
PF & Payments	1,100 13.3%	1,791 16.8%	-38.6% -3.5pt	980 13.2%	+12.2% +0.1pt	They increased QoQ due to an increase in sales of titles other than "DRAGON QUEST WALK" of net revenue.
Royalties	116 1.4%	182 1.7%	-36.2% -0.3pt	151 2.0%	-23.1% -0.6pt	They changed due to sales linkage of related titles.
Employment	2,434 29.5%	2,659 24.9%	-8.4% +4.6pt	2,486 33.6%	-2.1% -4.1pt	They remained almost unchanged QoQ.
Office	457 5.5%	310 2.9%	+47.3% +2.6pt	455 6.1%	+0.5% -0.6pt	They remained almost unchanged QoQ.
iDC related	354 4.3%	311 2.9%	+13.7% +1.4pt	393 5.3%	-10.0% -1.0pt	They decreased in QoQ due to lower traffic and a review of infrastructure resources.
Advertisement	340 4.1%	473 4.4%	-28.1% -0.3pt	282 3.8%	+20.5% +0.3pt	They increased in QoQ due to the anniversary and collaboration with other companies' IP, and generally were in line with our initial estimates.
Outsourcing	1,067 12.9%	1,145 10.7%	-6.8% +2.2pt	1,237 16.7%	-13.8% -3.8pt	They decreased in QoQ due to the maximum use of the Group's resources in the development of new titles and operation of existing titles.
Others	977 11.8%	1,064 9.9%	-8.2% +1.9pt	658 8.9%	+48.3% +2.9pt	They include costs associated with entrusted development by group companies and the relocation of the head office, which increased in QoQ.
Total	6,848	7,939	-13.7%	6,647	+3.0%	They increased by ¥0.2 billion QoQ to ¥6.84 billion.

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



We are hiring in line with the changing environment with the COVID-19, for example, switching from lump-sum hiring of new graduates to year-round hiring.

Number of employees at the end of the term



※Executives and temporary employees are not included.



Balance Sheet

We continue to build on our solid financial foundation.

Million JPY	【Cons】 Mar-2022	【Cons】 Mar-2021	YoY	【Cons】 Dec-2021	QoQ
Current assets	74,334	76,546	-2.9%	72,858	+2.0%
Cash and deposits	58,982	62,383	-5.5%	57,650	+2.3%
Operational investment securities	8,844	5,921	+49.4%	7,592	+16.5%
Non-current assets	7,205	7,190	+0.2%	6,271	+14.9%
Total assets	81,540	83,737	-2.6%	79,129	+3.0%
Current liabilities	5,594	6,493	-13.8%	5,245	+6.7%
Non-current liabilities	758	516	+46.8%	141	+437.1%
Net assets	75,187	76,727	-2.0%	73,742	+2.0%
Share capital	6,587	6,556	+0.5%	6,556	+0.5%

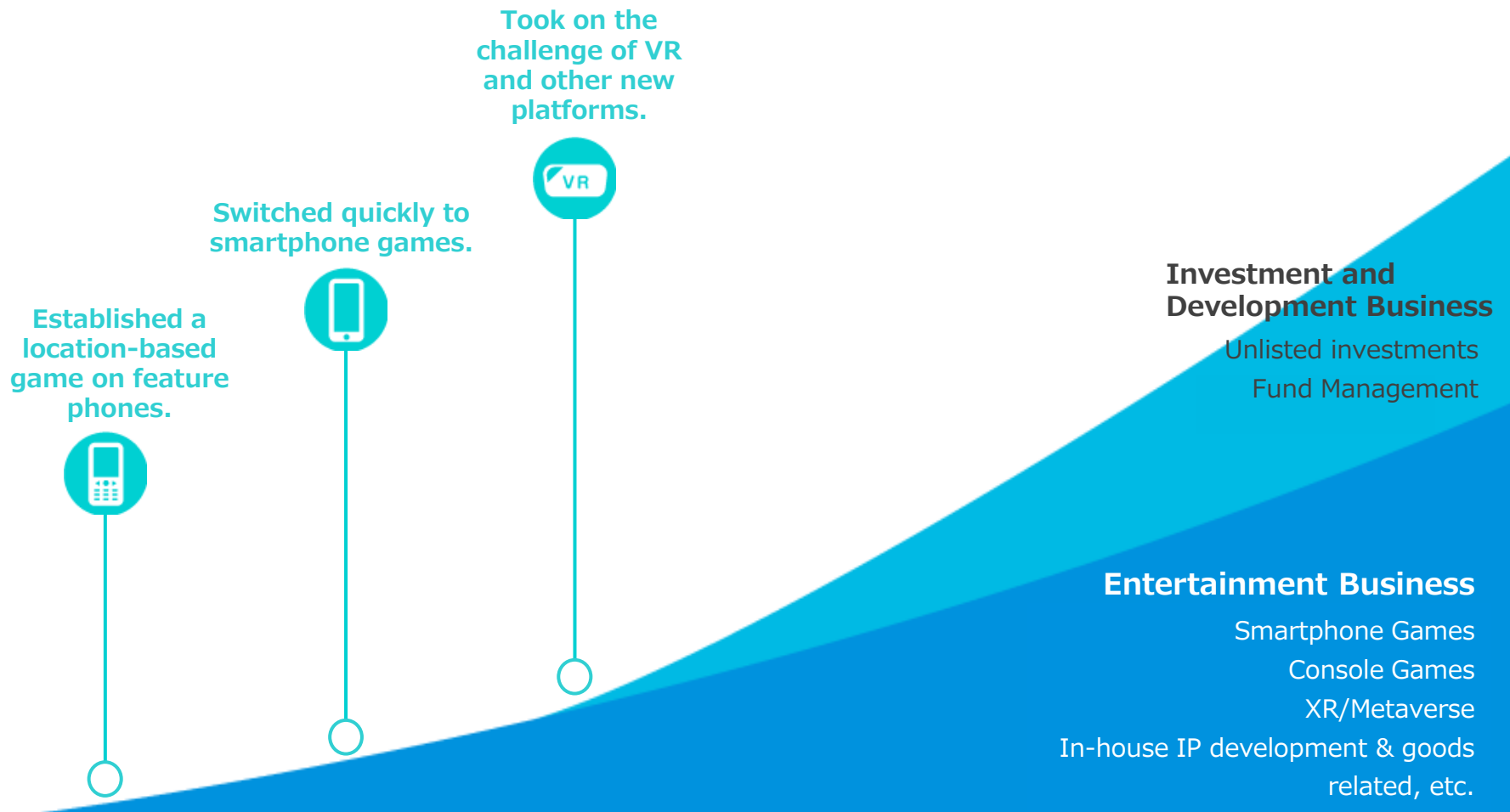
※There are some differences in calculation due to rounding down of less than one million yen and rounding off.



Status of Businesses

Medium- to long-term growth image

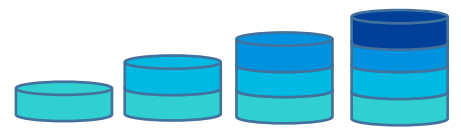
We aim to increase the corporate value of the COLOPL Group by growing each of our businesses.



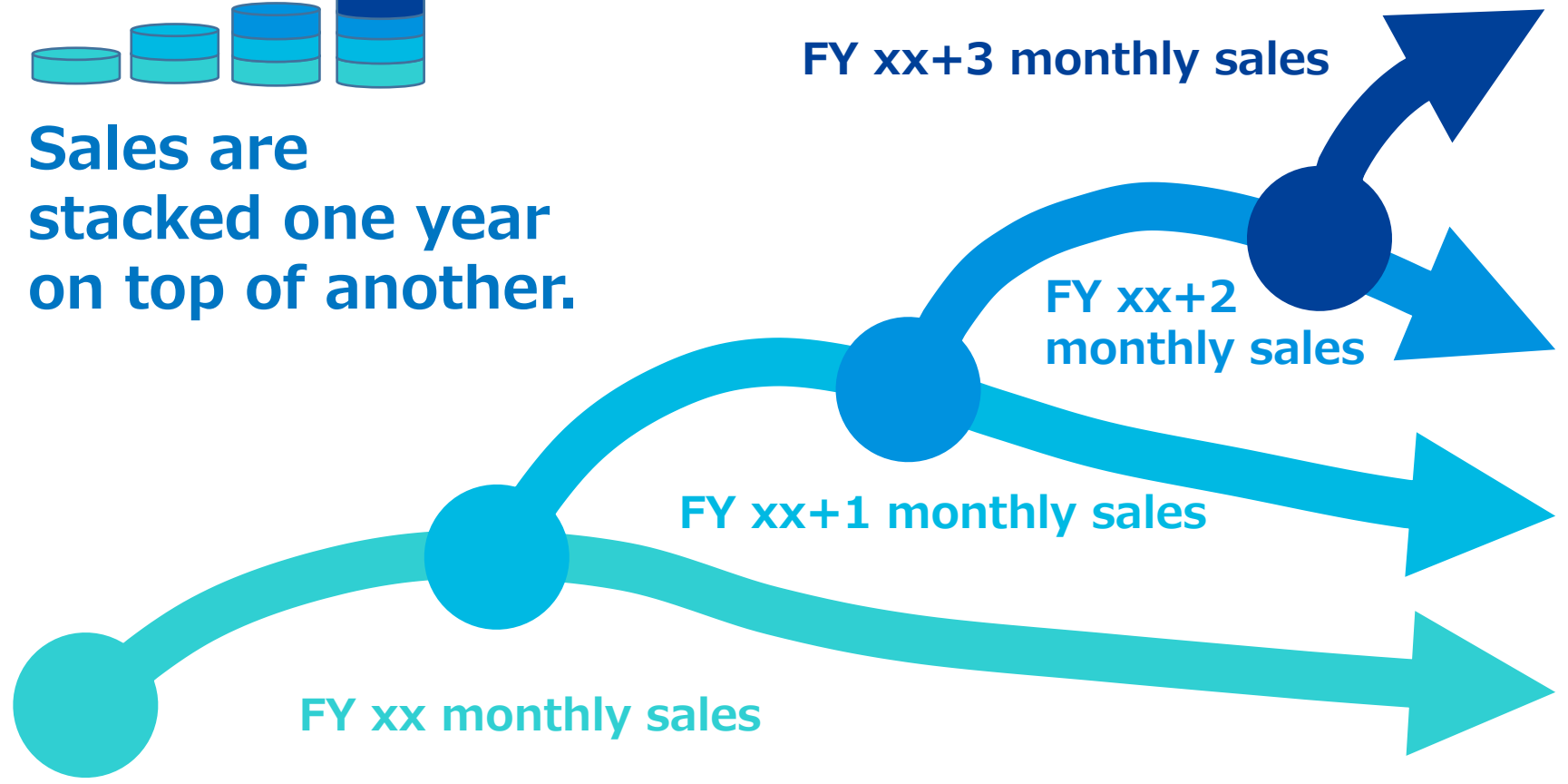


Entertainment Business

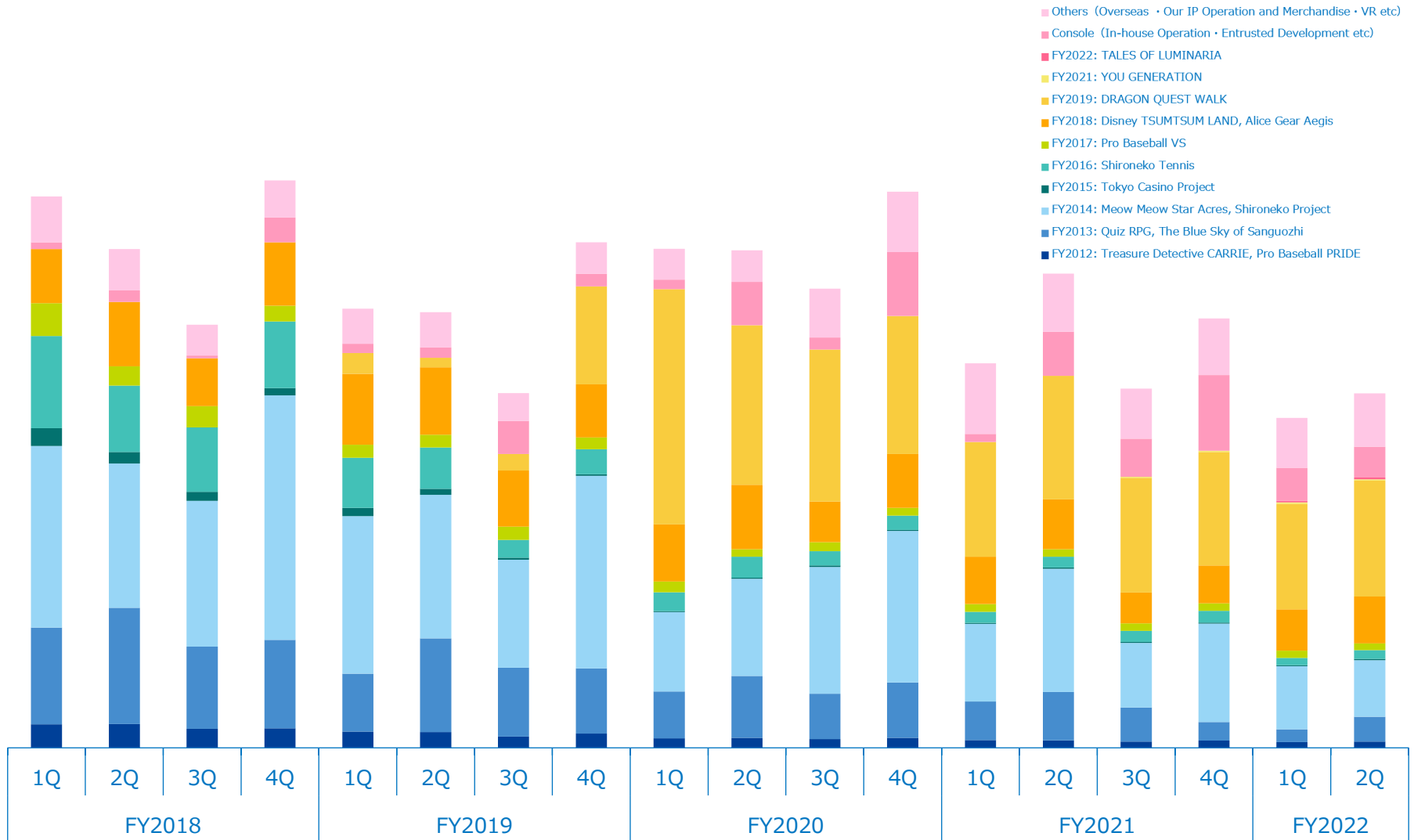
We focus on consecutively launching new titles and operating existing titles on a long-term basis. This approach enables us to accumulate sales for each release year like the stack of layers in a 'mille-feuille'.



Sales are stacked one year on top of another.



FY13 including “Quiz RPG” and “DRAGON QUEST WALK” for FY19 performed well.



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

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

With the contribution of the 9th anniversary “Quiz RPG” and the 2.5 anniversary “DRAGON QUEST WALK”, Entertainment Business sales increased by ¥0.55 billion QoQ to ¥7.95 billion.

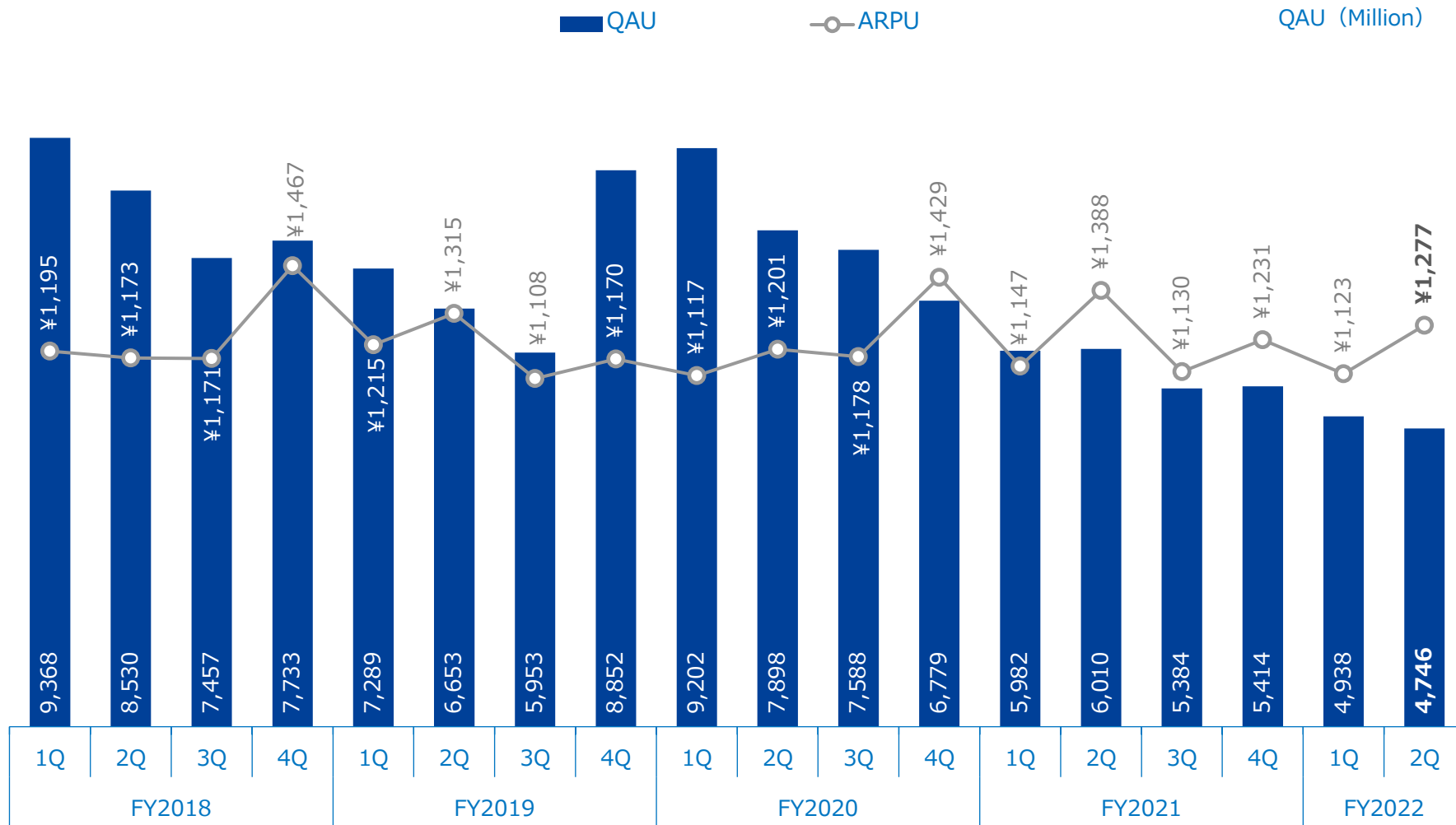
Million JPY	FY2021			FY2022	
	2Q	3Q	4Q	1Q	2Q
FY Sep. 2012 Online Titles	171	144	165	130	140
FY Sep. 2013 Online Titles	1,082	760	413	287	555
FY Sep. 2014 Online Titles	2,765	1,448	2,207	1,413	1,273
FY Sep. 2015 Online Titles	24	22	22	23	23
FY Sep. 2016 Online Titles	241	248	268	162	199
FY Sep. 2017 Online Titles	168	166	163	163	151
FY Sep. 2018 Online Titles	1,121	693	851	927	1,048
FY Sep. 2019 Online Titles	2,767	2,574	2,545	2,368	2,601
FY Sep. 2021 Online Titles	-	22	30	29	27
FY Sep. 2022 Online Titles	-	-	-	37	39
Console (In-house Operation · Entrusted Development etc)	989	850	1,696	737	690
Others (Overseas · Our IP Operation and Merchandise · VR etc)	1,304	1,127	1,266	1,114	1,196
Total (Entertainment Business)	10,637	8,059	9,630	7,395	7,951

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

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

KPI Transition for Domestic Titles QAU×ARPU

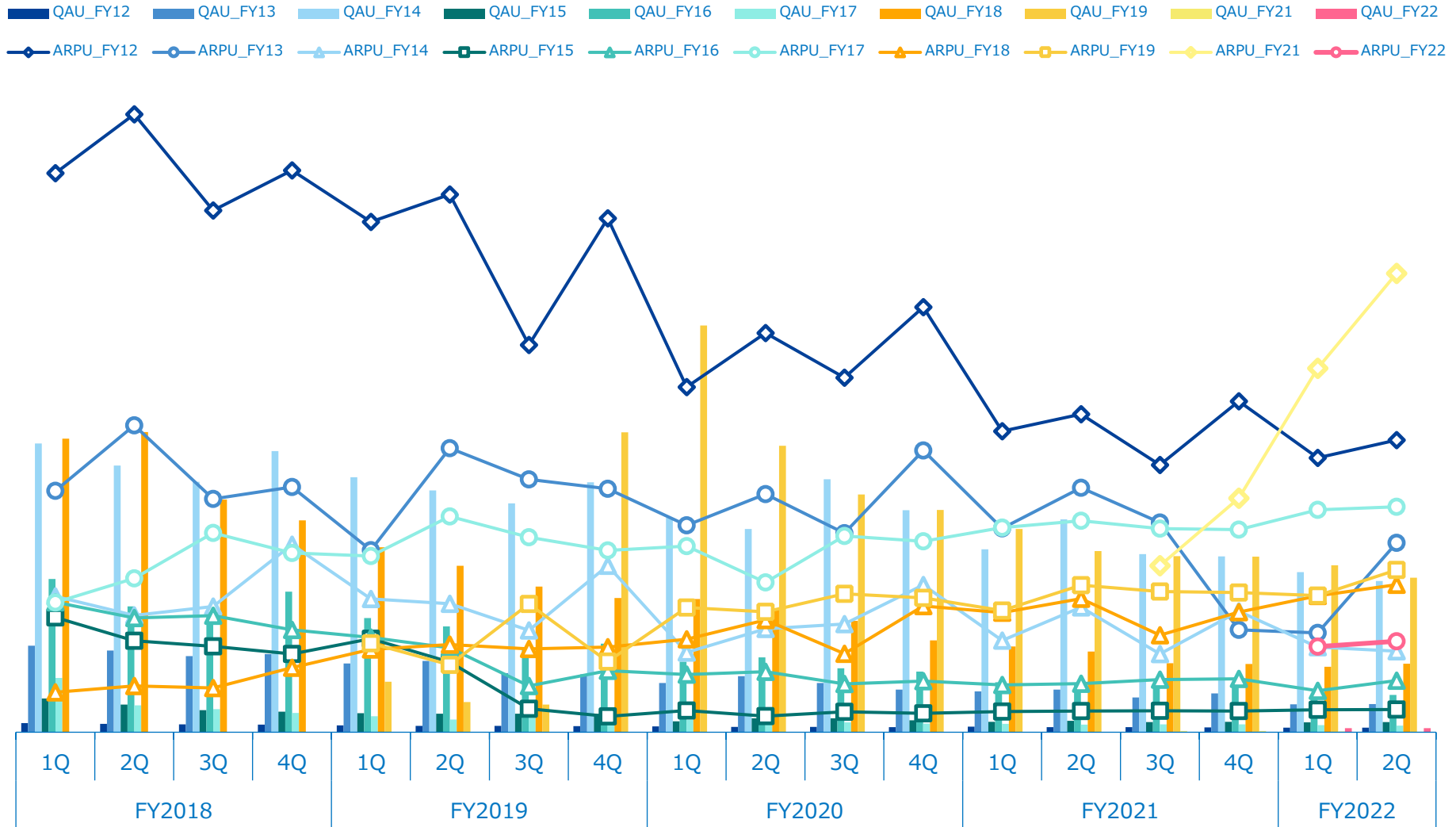
QAU decreased and ARPU increased.



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

QAU×ARPU Transition by Release Period

FY18 including the 4th anniversary “Alice Gear Aegis” and “Disney TSUMTSUM LAND” performed well.

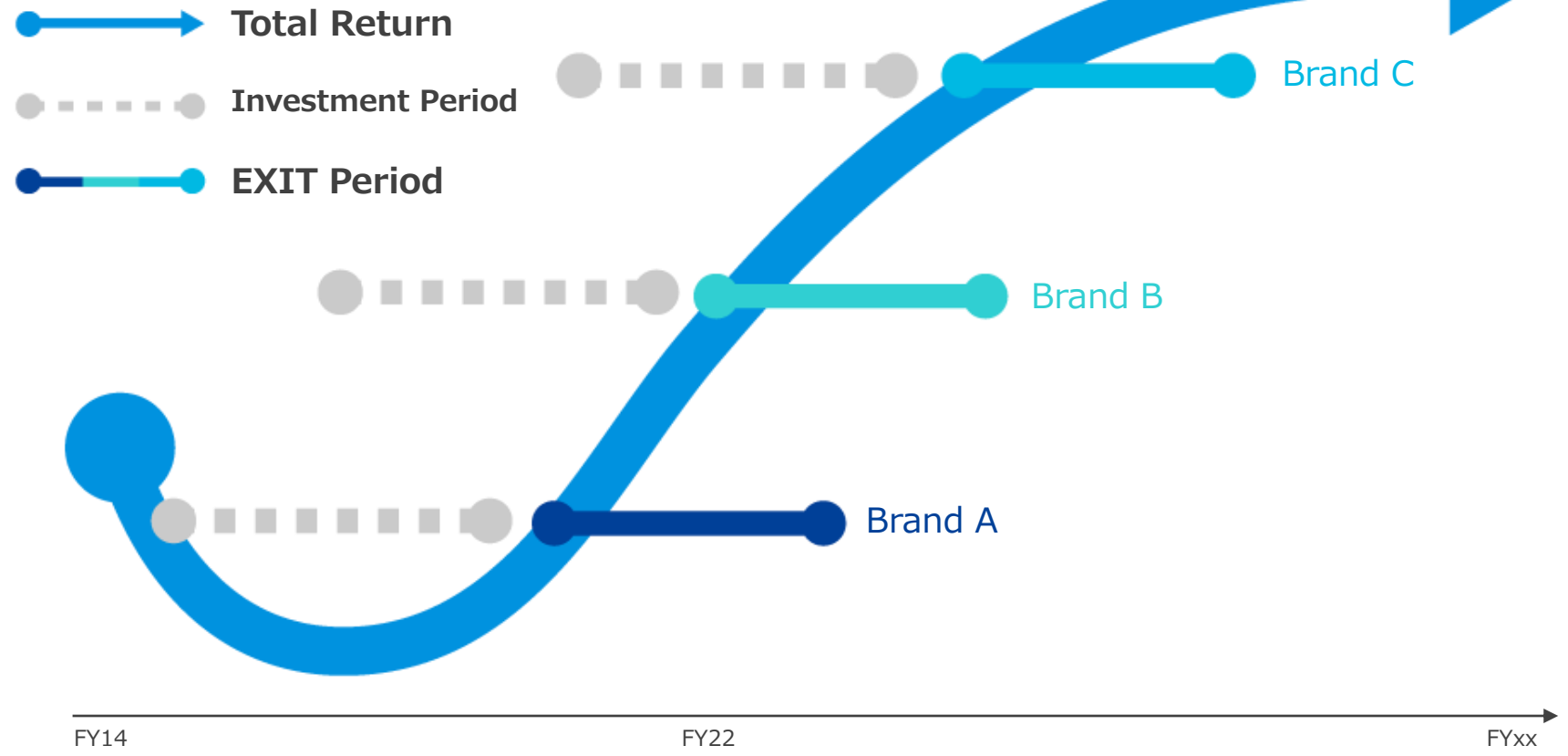




Investment and Development Business

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

Investment Return Image



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

Real × Virtual

- Companies that provide products related to the integration of virtual reality and the real world, including games.
- Companies that provide products related to the metaverse.

New Normal

- A company that adapts to a rapidly changing society and external environment, and provides products that create new ways to play, learn, and work, and that will be the standard of living in a few years.

New Generation

- Companies that provide products created by the new generation, such as smartphone natives and Generation Z, and the generation with new values.
- Companies that provide products that create the culture of the next few years, such as new trends.

Major 2Q Investments

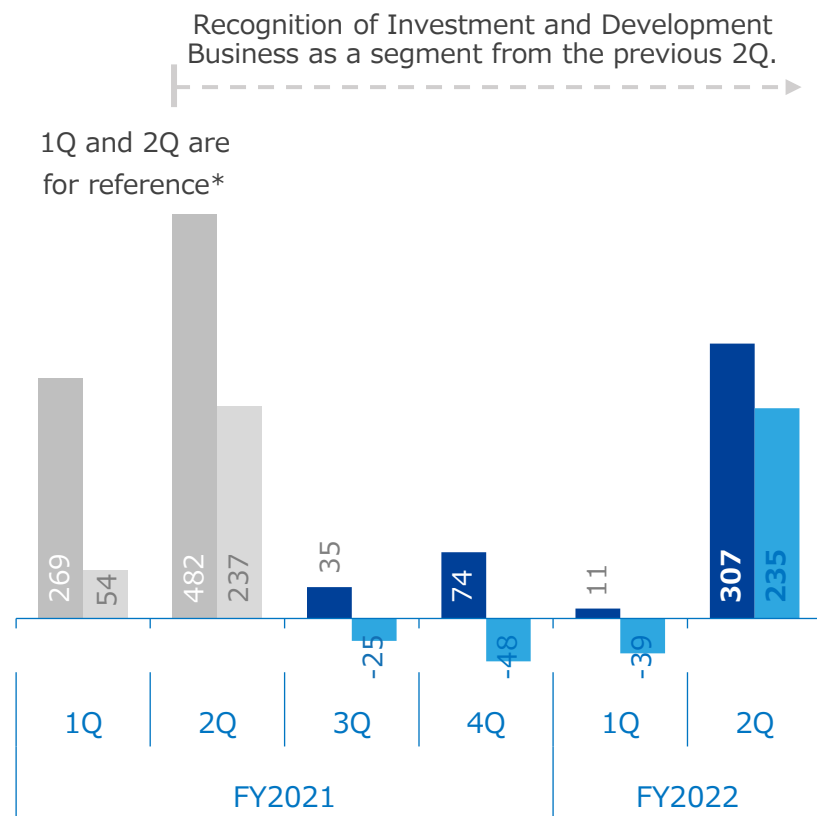


HOSHIGUMI

They returned to profitability for the first time since the segment was recognized, mainly due to the inclusion of gains and losses from funds in which the COLOPL Group has invested. The balance of operating investment securities was ¥8.84 billion at the end of 2Q.

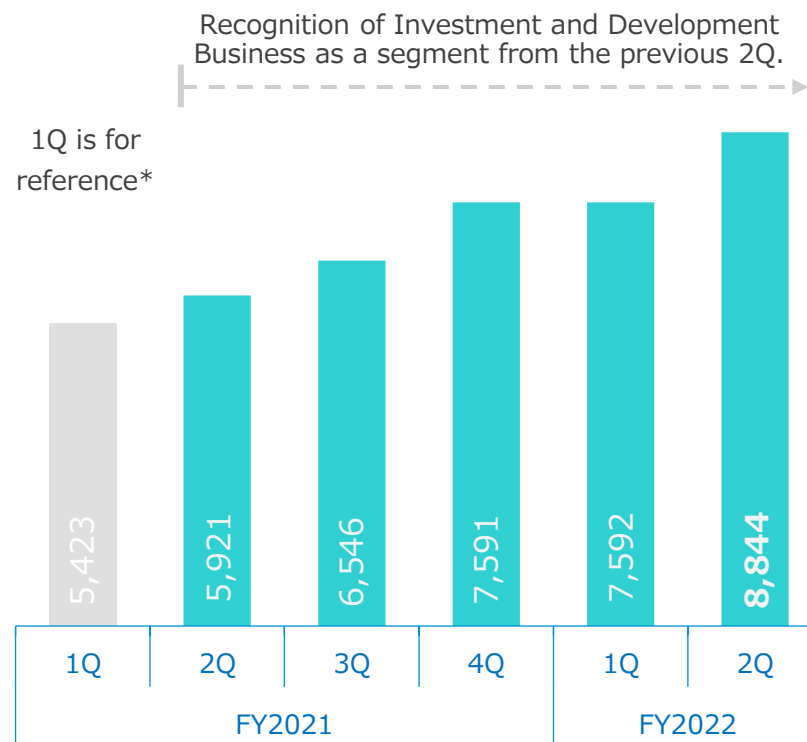
Quarterly Results

■ Sales ■ Operating profit (Million JPY)



Balance of operational investment securities

(Million JPY)

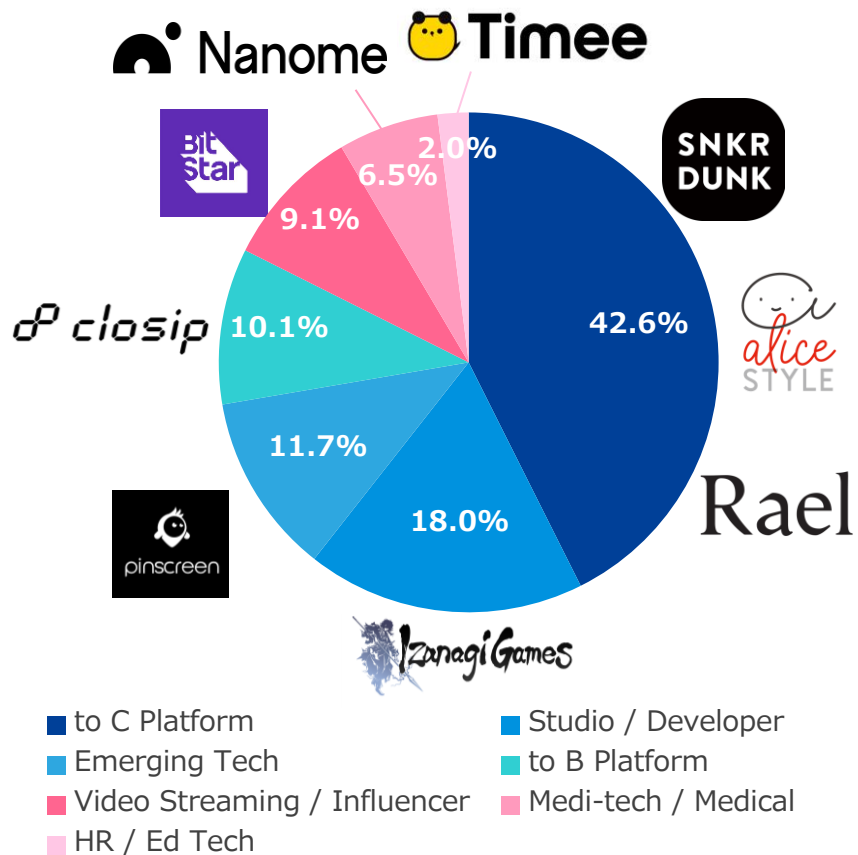


※The Company has recognized the Investment and Development Business as a segment since the middle of the previous 2Q. The quarterly results shows the figure when the investment is regarded as intra-operating transactions from the beginning of the previous 1Q, and the balance of operational investment securities is the reference value when the relevant portion is calculated as of the end of the previous 1Q.

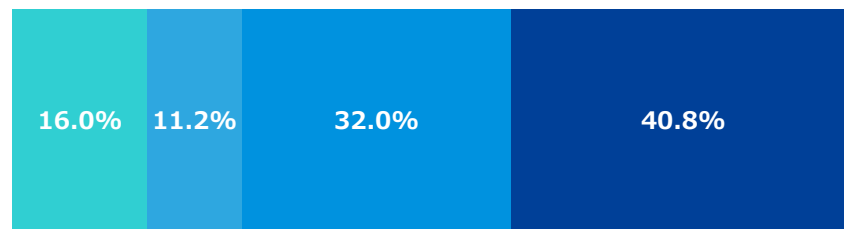
※The figures do not include the performance of No.1 Fund Investment Partnership (Support for student entrepreneurs) and Listed Stock Fund (targeting listed stocks in Japan) managed by our group company COLOPL NEXT, Inc..

Invests in a wide range of industries and sectors, with a focus on entertainment and B to C companies. Middle and Later stage account for more than 70%.

Ratio by industry / sector (Balance of operational investment securities at the end of 2Q)



Ratio by stage (number of companies)



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

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



Topics

- Status of IP Utilization / Deployment
- New Title's Pipeline
- Meta-Science Adventure "ANONYMOUS;CODE"
- Sustainability Philosophy and Initiatives
- 3Q Forecast and Current Situation



Status of IP Utilization / Deployment

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

(1) Utilization of IP in existing titles

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



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(2) New titles using IP

Draw out the potential of IP by combining our own IP, IP of other companies, and our technological capabilities.



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Entertainment Business

IP creation and development strategy

(3) IP development in peripheral areas

Develop an IP that will be loved for a long time by selling goods and holding events, etc.





New Title's Pipeline

The release dates for the highly anticipated console titles "ANONYMOUS;CODE" and "Alice Gear Aegis CS" have been set. In the 3Q, "The Quintessential Quintuplets the Movie: Five Memories of My Time with You" is scheduled for release.

Online Titles for Smartphone

7 titles

5 in-house IPs and
2 third-party IPs

Shironeko GOLF



- New game system video released

<https://youtu.be/ZkS4yuhm4Z0>

* Japanese only

Titles for Console

8 titles

2 in-house IPs and 6 third-party IPs

ANONYMOUS;CODE

To be released on
July 28, 2022



Alice Gear Aegis CS

To be released
on September 8, 2022
April 22 - Reservations already
accepted



- 3D competitive action with online play for up to 6 players
- <http://5pb.jp/games/alicegearaegis/>

* Japanese only

The Quintessential Quintuplets the Movie: Five Memories of My Time with You

To be released
on June 2, 2022





Meta-Science Adventure “ANONYMOUS;CODE”

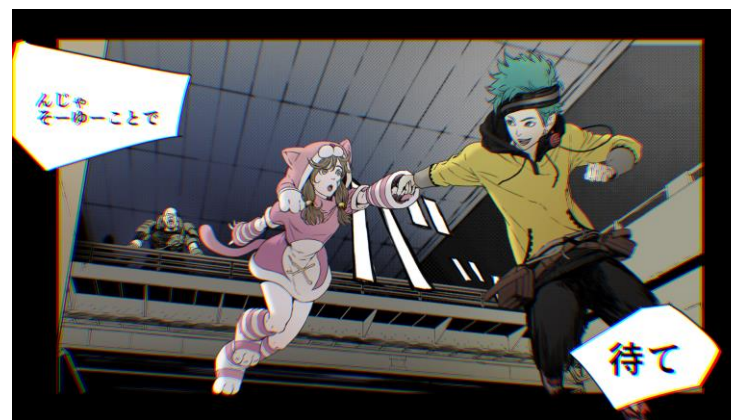
“ANONYMOUS;CODE”, the first major title anticipated since MAGES. inc. joined the group, will be released on July 28, 2022.



- This is the long-awaited latest work by Mr. Chiyoumaru Shikura and the production staff of the Science Adventure Series, seven years after its development was announced.
- It was featured in Famitsu's “44 New Game Software to Watch in 2022”.



By using a “hacking trigger” to instruct the protagonist to “Save & Load”, a scenario branching without choice is achieved.



The new “Manga Trigger” technique makes it easy to understand the changes in the scenario.

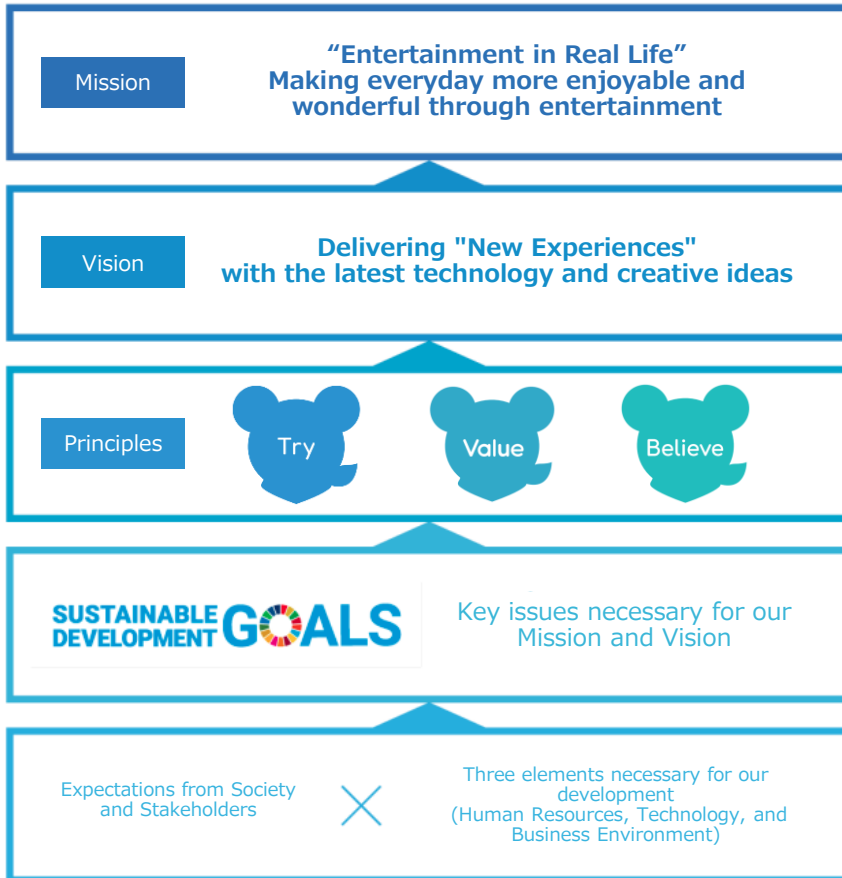
▼ Official HP : <http://anonymouscode.jp/>

* Japanese only



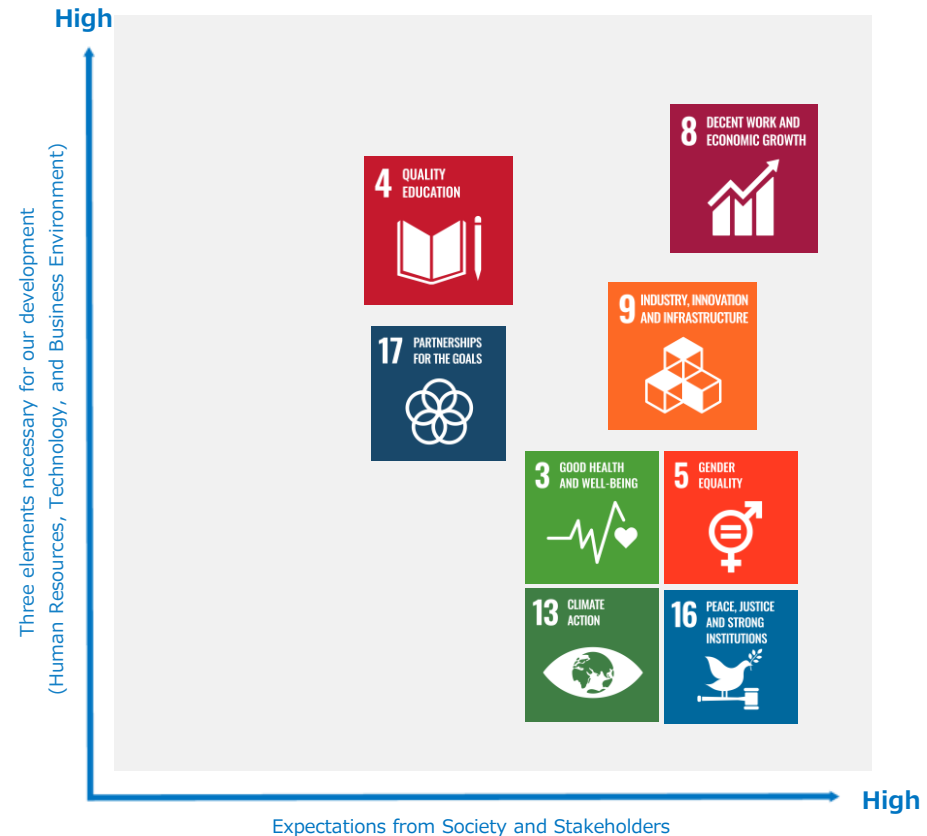
We have identified the key issues we must address in order to realize a sustainable society, based on both the "Expectations from Society and Stakeholders" and the "Three elements necessary for our development (Human Resources, Technology, and Business Environment).

Our Sustainability Goals



Identification of Key Issues

Key Issues Matrix





We are actively working to enhance our corporate value over the medium to long term and to realize a sustainable society.

Key Issue Major Initiatives

Creating an environment where employees can work continuously



- Para-Athlete Recruitment
- Enhancement of various systems to support the child-rearing generation

The rate of male employees taking childcare leave is more than five times the rate surveyed by the Ministry of Health, Labor and Welfare.*

Supporting the next generation of creators



- Support from the Public Interest Incorporated Foundation KUMA Foundation
- Creator Scholarship

Promotion of Health Management



- Measures against the COVID-19, such as vaccination at workplaces
- Health Management Declaration

We recognized as a "Corporation with Excellent Health Management" for the second consecutive year.



Balancing Business Promotion and Environmental Preservation



- Promote paperless operations such as electronic stamping
- Maintain confidential information and reduce CO2 emissions
- Reuse of water resources

Governance to Promote Sustainability



- Corporate Governance Compliance
- We have transitioned to a structure in which more than half of the Nominating and Compensation Advisory Committee is composed of independent outside directors.

*They are calculated as the percentage of employees whose spouses gave birth between January and December 2021 who took childcare leave.

*They are based on data from the FY2020 Basic Survey on Equal Employment conducted by the Ministry of Health, Labor and Welfare.

(<https://www.mhlw.go.jp/toukei/list/dl/71-r02/06.pdf>) * Japanese only



Sales

Existing Titles

- The 3Q, as is the trend in previous years, is a period of preparation for the excitement of the 4Q.
- “Shironeko Project” performed well from April 28 to May 31 with the collaboration with the TV animation “Sword Art Online”.

New Titles

- “Shironeko GOLF” is currently under development for release.
- The number of reservations for “The Quintessential Quintuplets the Movie: Five Memories of My Time with You”, scheduled for release on June 2, has been performed well, surpassing that of the previous title.

Investment and Development Business

- We have established a new ¥5 billion fund, COLOPL NEXT No. 8 Fund Investment Partnership.
- We will continue to focus on creating investment opportunities, primarily in entertainment and B to C companies, both domestically and internationally.

Expenses

Advertising Expenses

- Advertising expenses are expected to be approximately ¥0.4 billion.
- It may be vary depending on new releases.

Outsourcing Expenses

- Outsourcing costs are expected to remain mostly unchanged.





“Entertainment in Real Life”

Making everyday more enjoyable and wonderful through entertainment

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



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