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## Consolidated Financial Results for the Nine Months Ended June 30, 2022 (under Japanese GAAP)

August 3, 2022

Name of the Listed Company: COLOPL, Inc.

Listed Stock Exchanges: Tokyo Stock Exchange

Security code: 3668

URL: <https://colopl.co.jp/en/>

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Scheduled date to file quarterly securities report:

August 5, 2022

Scheduled date to commence dividend payments:

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Preparation of supplementary material on quarterly financial results:

Yes

Holding of quarterly financial results briefing:

Yes (for institutional investors and analysts)

### 1. Consolidated Financial Results for the Nine Months Ended June 30, 2022

#### (1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended								
June 30, 2022	23,079	(15.8)	2,948	(43.9)	4,061	(40.6)	2,774	8.7
June 30, 2021	27,420	(16.0)	5,255	(43.4)	6,834	(25.7)	2,553	(61.4)

Note: Comprehensive income Nine months ended June 30, 2022: 3,173 million yen (up 24.6%)

Nine months ended June 30, 2021: 2,547 million yen (down 64.0%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended		
June 30, 2022	21.65	21.63
June 30, 2021	19.96	19.91

(Note) "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. has been applied from the beginning of the first quarter of the current fiscal year. As a result, the figures for the third quarter of the fiscal year ending September 30, 2022 are after the application of the said accounting standards.

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of			
June 30, 2022	82,322	76,566	93.0
September 30, 2021	80,814	75,751	93.7

Reference: Shareholder's equity As of June 30, 2022: 76,563 million yen

As of September 30, 2021: 75,750 million yen

(Note) "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. has been applied from the beginning of the first quarter of the current fiscal year. As a result, the figures for the third quarter of the fiscal year ending September 30, 2022 are after the application of the said accounting standards.

### 2. Cash dividends

	Dividend per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended					
September 30, 2021	—	0.00	—	20.00	20.00
Fiscal year ending					
September 30, 2022	—	0.00	—		
Fiscal year ending					
September 30, 2022 (forecast)				—	—

(Note) Revisions to the forecast of cash dividends most recently announced: None

Dividends for the fiscal year ending September 30, 2022 are not yet decided.

### 3. Consolidated Financial Forecast for the Fiscal Year Ending September 30, 2022 (October 1, 2021 to September 30, 2022)

Due to the fact that the business environment surrounding our group is subject to rapid changes in the short term, it is difficult to calculate appropriate and reasonable figures for the outlook of our group's business performance, and therefore we do not disclose our business forecast.

Notes: 1.

(1) Change in significant subsidiaries during the nine months ended June 30, 2022 (changes in specified subsidiaries resulting in changes in the scope of consolidation): Yes

Newly added: One company (COLOPL NEXT No. 8 Fund Investment Partnership)

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: Yes

(Note) For details, please refer to "2. Quarterly Consolidated Financial Statements and Major Notes (3) Notes to Quarterly Consolidated Financial Statements (Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements)" on page 7 of the attached materials.

(3) Changes in accounting policies, changes in accounting estimates, and retrospective restatements

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

(ii) Changes in accounting policies due to other than (i): None

(iii) Changes in accounting estimates: None

(iv) Retrospective restatement: None

(4) Number of issued shares (common shares)

(i) Total number of shares issued at the end of the period (including treasury shares)

As of June 30, 2022	129,984,023 shares	As of September 30, 2021	129,766,034 shares
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(ii) Number of treasury shares at the end of the period

As of June 30, 2022	1,778,544 shares	As of September 30, 2021	1,778,544 shares
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(iii) Average number of shares during the period

Nine months ended June 30, 2022	128,128,816 shares	Nine months ended June 30, 2021	127,935,837 shares
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These quarterly financial results are outside the scope of quarterly review by a certified public accountant or audit firm

Proper use of earnings forecasts, and other special matters

Descriptions and statements concerning estimates and forecasts in this material are judgments and assumptions based on information currently available to the Company. 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 differ substantially from predictions, and the Company does not guarantee the certainty of any details regarding these future predictions.

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## 1. Consolidated Results for the Nine Months Ended June 30, 2022

### (1) Analysis of consolidated business results

With the Group's mission, "Entertainment in Real Life": Making everyday more enjoyable and wonderful through entertainment", the Group has been working to enrich people's everyday lives through entertainment. In the nine months ended June 30, 2022, the Entertainment Business has been keeping in mind the need to enhance engagement with users in conjunction with existing games, while also focusing on releasing new games. The Investment and Development Business has been investing mainly in IT-related and entertainment companies in Japan and overseas.

As a result, consolidated results for the nine months ended June 30, 2022 were net sales of ¥23,079 million (down 15.8% from the same period of the prior fiscal year), operating profit of ¥2,948 million (down 43.9% from the same period of the prior fiscal year), ordinary profit of ¥4,061 million (down 40.6% from the same period of the prior fiscal year), and profit attributable to owners of parent of ¥2,774 million (up 8.7% from the same period of the prior fiscal year).

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

Operating results by segment are as follows.

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

#### a. Entertainment Business

The Entertainment Business is responsible primarily for the development and operation of games for smartphones.

In the smartphone games, which accounts for a large portion of sales during the period under review, "DRAGON QUEST WALK" (planning and production: SQUARE ENIX CO., LTD., Development: COLOPL, Inc.), a third-party IP title, contributed to the Group's consolidated results thanks to the "DRAGON QUEST VIII Event" held to celebrate the 36th anniversary of "DRAGON QUEST" and other events. In addition, service operations to increase user engagement were conducted through collaboration events with the TV animation "Sword Art Online" for "Shironeko Project", an in-house IP title, and with the PC game "DEAD OR ALIVE Xtreme Venus Vacation" for "Alice Gear Aegis", also an in-house IP title.

As a result, consolidated net sales and operating profit for the nine months ended June 30, 2022 stood at ¥22,748 million and ¥2,869 million, respectively.

#### b. Investment and Development Business

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

Consolidated net sales and operating profit for the nine months ended June 30, 2022 stood at ¥331 million and ¥76 million, respectively.

### (2) Analysis of consolidated financial position

#### (Assets)

Current assets as of June 30, 2022 were ¥75,337 million (up ¥907 million from September 30, 2021). This was mainly due to an increase in cash and deposits and operational investment securities, while other current assets decreased.

Non-current assets were ¥6,985 million (up ¥600 million from September 30, 2021). This was mainly due to an increase in property, plant and equipment, which was partially offset by a decrease in investments and other assets.

As a result, total assets were ¥82,322 million (up ¥1,508 million from September 30, 2021).

#### (Liabilities)

Current liabilities as of June 30, 2022 were ¥5,006 million (up ¥84 million from September 30, 2021). This was mainly due to an increase in income taxes payable.

In addition, non-current liabilities were ¥750 million (up ¥609 million from September 30, 2021). This was mainly due to an increase in asset retirement obligations.

As a result, total liabilities were ¥5,756 million (up ¥693 million from September 30, 2021).

#### (Net assets)

Net assets as of June 30, 2022 were ¥76,566 million (up ¥815 million from September 30, 2021). This was mainly due to an

increase in retained earnings resulting from the recording of profit attributable to owners of parent as well as an increase in Valuation difference on available-for-sale securities.

(3) Qualitative information on consolidated business forecasts

Given significant short-term changes in the business environment surrounding the Group, the Company has difficulties in calculating the Group's earnings forecasts properly and reasonably, and therefore refrains from disclosing financial forecasts.

## 2. Quarterly Consolidated Financial Statements and Major Notes

### (1) Quarterly Consolidated Balance Sheets

(Million Yen)

	As of September 30, 2021	As of June 30, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	58,871	59,857
Accounts receivable - trade	4,348	—
Accounts receivable - trade, and contract assets	—	3,613
Operational investment securities	7,591	9,604
Inventories	732	722
Other	2,920	1,568
Allowance for doubtful accounts	(34)	(29)
Total current assets	74,430	75,337
Non-current assets		
Property, plant and equipment	484	1,835
Intangible assets	29	23
Investments and other assets	5,870	5,125
Total non-current assets	6,384	6,985
Total assets	80,814	82,322
<b>Liabilities</b>		
Current liabilities		
Accounts payable - other	2,412	1,564
Income taxes payable	292	972
Other	2,217	2,469
Total current liabilities	4,922	5,006
Non-current liabilities		
Asset retirement obligations	123	726
Other	17	23
Total non-current liabilities	141	750
Total liabilities	5,063	5,756
<b>Net assets</b>		
Shareholders' equity		
Share capital	6,556	6,587
Capital surplus	6,296	6,328
Retained earnings	67,037	67,388
Treasury shares	(4,645)	(4,645)
Total shareholders' equity	75,245	75,659
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	461	754
Foreign currency translation adjustment	43	149
Total accumulated other comprehensive income	504	904
Non-controlling interests	1	3
Total net assets	75,751	76,566
Total liabilities and net assets	80,814	82,322

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income  
(Consolidated quarterly statements of income)

(Million Yen)

	Nine months ended June 30, 2021	Nine months ended June 30, 2022
Net sales	27,420	23,079
Cost of sales	17,540	15,984
Gross profit	9,879	7,095
Selling, general and administrative expenses	4,624	4,146
Operating profit	5,255	2,948
Non-operating income		
Foreign exchange gains	191	890
Gain on sale of investment securities	1,041	378
Gain on investments in derivatives	—	59
Gain on sales of cryptocurrency	542	—
Miscellaneous income	120	152
Total non-operating income	1,895	1,480
Non-operating expenses		
Loss on valuation of investment securities	51	48
Loss on investments in investment partnerships	—	1
Loss on sale of investment securities	—	307
Loss on investments in derivatives	259	—
Miscellaneous losses	6	10
Total non-operating expenses	316	367
Ordinary profit	6,834	4,061
Extraordinary losses		
Provision of allowance for related litigation	*3,300	—
Total extraordinary losses	3,300	—
Profit before income taxes	3,534	4,061
Income taxes	979	1,287
Profit	2,554	2,774
Profit (loss) attributable to non-controlling interests	0	(0)
Profit attributable to owners of parent	2,553	2,774

(Consolidated quarterly statements of comprehensive income)

(Million Yen)

	Nine months ended June 30, 2021	Nine months ended June 30, 2022
Profit	2,554	2,774
Other comprehensive income		
Valuation difference on available-for-sale securities	(50)	293
Foreign currency translation adjustment	43	106
Total other comprehensive income	(6)	399
Comprehensive income	2,547	3,173
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,546	3,174
Comprehensive income attributable to non-controlling interests	0	(0)



(3) Notes to Quarterly Consolidated Financial Statements

(Note on going concern assumption)

Not applicable.

(Notes on significant changes in the amount of shareholders' equity)

Not applicable.

(Change in significant subsidiaries during the nine months ended June 30, 2022)

In the third quarter of the current consolidated fiscal year, COLOPL NEXT No. 8 Fund Investment Partnership was formed and included in the scope of consolidation.

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

Calculation of tax expense

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

(Change in accounting policy)

(Application of accounting standard for revenue recognition)

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

(Revenue from user charges related to games for smartphones)

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

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

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

The application of the Revenue Recognition Accounting Standard follows the provisional treatment stipulated in the proviso of Paragraph 84 of the Revenue Recognition Accounting Standard. The cumulative effects in case of retroactively applying the new accounting policy to before the beginning of the first quarter under review are adjusted in retained earnings at the beginning of the first quarter under review, and the new accounting policy is applied from this initial balance. As a result, consolidated net sales increased ¥1,246 million, and consolidated operating profit increased ¥385 million in the third quarter under review. The balance of retained earnings at the beginning of the period increased ¥135 million.

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

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

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

The Company had previously adopted acquisition values as balance sheet values for investments and the like in financial

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

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

(Notes to quarterly consolidated statements of income)

\*Provision of allowance for related litigation

Nine months ended June 30, 2021 (October 1, 2020 to June 30, 2021)

Nintendo Co., Ltd. filed litigation about patent infringement related to Shironeko Project (“Litigation”) against the Company on December 22, 2017. The Company agreed on a settlement with Nintendo on August 4, 2021. Following the settlement, the Company posted a Litigation settlement as a settlement package of ¥3,300 million, including future licensing fees, which is paid to Nintendo, in provision for litigation-related reserves.

(Segment Information)

I For the nine months ended June 30, 2021 (October 1, 2020 to June 30, 2021)

Information on net sales and income or loss by reportable segment

(Million Yen)

	Reportable segment			Adjustment (Note 1)	Amount recorded in Consolidated Financial Statements (Note 2)
	Entertainment Business	Investment and Development Business	Total		
Net sales					
Sales to external customers	27,323	96	27,420	—	27,420
Intersegment sales and transfers	—	—	—	—	—
Total	27,323	96	27,420	—	27,420
Operating profit (loss)	5,333	(80)	5,253	1	5,255

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

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

II For the nine months ended June 30, 2022 (October 1, 2021 to June 30, 2022)

Information on net sales and income or loss by reportable segment

(Million Yen)

	Reportable segment			Adjustment (Note 1)	Amount recorded in Consolidated Financial Statements (Note 2)
	Entertainment Business	Investment and Development Business	Total		
Net sales					
Sales to external customers	22,748	331	23,079	—	23,079
Intersegment sales and transfers	—	—	—	—	—
Total	22,748	331	23,079	—	23,079
Operating profit	2,869	76	2,946	1	2,948

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

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