



Consolidated Financial Results for the Three Months Ended December 31, 2022 (under Japanese GAAP)

February 8, 2023

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:

February 10, 2023

Scheduled date to commence dividend payments:

—

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 three months ended December 31, 2022 (from October 1, 2022 to December 31, 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	%
Three months ended December 31, 2022	7,108	(4.0)	11	(98.5)	(442)	—	(413)	—
December 31, 2021	7,406	(14.1)	758	(44.8)	1,091	(37.3)	677	(45.8)

Note: Comprehensive income Three months ended December 31, 2022: (745) million yen (—%)
Three months ended December 31, 2021: 415 million yen (down 68.9%)

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
December 31, 2022	(3.23)	—
December 31, 2021	5.29	5.28

(Note) Net income per share-fully diluted for the three-months ended December 31, 2022 is not shown in the above table, as there were no residual shares.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Million yen	Million yen	%
December 31, 2022	78,455	73,266	93.4
September 30, 2022	83,280	76,575	91.9

Reference: Shareholder's equity As of December 31, 2022: 73,260 million yen
As of September 30, 2022: 76,569 million yen

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, 2022	—	0.00	—	20.00	20.00
Fiscal year ending September 30, 2023	—				
Fiscal year ending September 30, 2023 (forecast)		—	—	—	—

(Note) Revisions to the forecast of cash dividends most recently announced: None
Dividends for the fiscal year ending September 30, 2023 are not yet decided.

3. Consolidated Financial Forecast for the Fiscal Year Ending September 30, 2023 (from October 1, 2022 to September 30, 2023)

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) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in the scope of consolidation): None
Although not a specified subsidiary, Brilliantcrypto Inc. was established and included in the scope of consolidation during the first quarter of this fiscal year.

(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
(Note) For details, please refer to "2. Quarterly Consolidated Financial Statements and Major Notes (3) Notes to Quarterly Consolidated Financial Statements (Change in accounting policy)" on page 7 of the attached materials.

(4) Number of issued shares (common shares)

(i) Total number of shares issued at the end of the period (including treasury shares)			
As of December 31, 2022	129,984,023 shares	As of September 30, 2022	129,984,023 shares
(ii) Number of treasury shares at the end of the period			
As of December 31, 2022	1,778,544 shares	As of September 30, 2022	1,778,544 shares
(iii) Average number of shares during the period			
Three months ended December 31, 2022	128,205,479 shares	Three months ended December 31, 2021	127,987,490 shares

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 Three-Month Period Ended December 31, 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 three-month period ended December 31, 2022, the Entertainment business has been keeping in mind the need to enhance engagement with users in conjunction with existing titles, while also focusing on developing new titles. 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 three-month period ended December 31, 2022 were net sales of ¥7,108 million (down 4.0% from the same period of the prior fiscal year), operating profit of ¥11 million (down 98.5% from the same period of the prior fiscal year), ordinary loss of ¥442 million (ordinary profit of 1,091 million in the same period of the prior year), and loss attributable to owners of the parent of ¥413 million (profit attributable to owners of ¥677 million in the same period of the prior fiscal year).

Operating results by segment are as follows.

a. Entertainment business

The Entertainment Business is responsible primarily for the development and operation of games for smartphones. In games for smartphones that account for a major portion of sales, we distributed a new title "NEKO GOLF-Anime GOLF-" for the three-month period ended December 31, 2021. As for existing titles, "DRAGON QUEST WALK" (planning and production: SQUARE ENIX CO., LTD., Development: COLOPL, Inc.) performed well and contributed to the Group's consolidated financial results. In original IP titles, the Group has been operating services to increase user engagement, such as holding collaboration events with popular IP for "Shironeko Project" and "Alice Gear Aegis".

As a result, consolidated net sales and operating profit for the first quarter of the current fiscal year stood at ¥7,067 million (down 4.4% from the same period of the prior fiscal year), operating profit of ¥233 million (down 70.7% from the same period of the prior fiscal year).

b. Investment development business

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

The Group's funds generated income from the sale of operational investment securities for the three-month period ended December 31, 2021. In addition, impairment losses were recorded on a portion of operational investment securities held.

As a result, consolidated net sales and operating loss for the first quarter of the current fiscal year stood at ¥40 million (up 268.4% from the same period of the prior fiscal year), operating loss of ¥222 million (operating loss of 39 million in the same period of the prior year).

(2) Analysis of consolidated financial position

(Assets)

Current assets as of December 31, 2022 were ¥72,279 million (down ¥5,638 million from September 30, 2022). This was mainly due to a decrease in cash and deposits and operational investment securities.

Non-current assets were ¥6,175 million (up ¥812 million from September 30, 2022). This was mainly due to an increase in investments and other assets.

As a result, total assets were ¥78,455 million (down ¥4,825 million from September 30, 2022)

(Liabilities)

Current liabilities as of December 31, 2022 were ¥4,383 million (down ¥1,310 million from September 30, 2022). This was due to a decrease in income taxes payable.

In addition, non-current liabilities were ¥805 million (down ¥205 million from September 30, 2022). This was due to a decrease in other non-current liabilities.

As a result, total liabilities were ¥5,189 million (down ¥1,516 million from September 30, 2022).

(Net assets)

Net assets as of December 31, 2022 were ¥73,266 million (down ¥3,309 million from September 30, 2022). This was mainly due to a decrease in retained earnings resulting from the payment of dividends.

(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

(Millions of yen)

	As of September 30, 2022	As of December 31, 2022
Assets		
Current assets		
Cash and deposits	60,330	56,787
Accounts receivable - trade, and contract assets	4,910	4,092
Operational investment securities	10,334	9,383
Inventories	532	639
Other	1,832	1,397
Allowance for doubtful accounts	(21)	(21)
Total current assets	77,917	72,279
Non-current assets		
Property, plant and equipment	1,837	1,800
Intangible assets	21	19
Investments and other assets		
Other	3,510	4,362
Allowance for doubtful accounts	(6)	(6)
Total investments and other assets	3,503	4,355
Total non-current assets	5,363	6,175
Total assets	83,280	78,455
Liabilities		
Current liabilities		
Accounts payable - other	2,239	1,954
Income taxes payable	1,923	114
Other	1,531	2,314
Total current liabilities	5,694	4,383
Non-current liabilities		
Asset retirement obligations	727	728
Other	283	76
Total non-current liabilities	1,011	805
Total liabilities	6,705	5,189
Net assets		
Shareholders' equity		
Share capital	6,587	6,587
Capital surplus	6,328	6,328
Retained earnings	67,028	64,051
Treasury shares	(4,645)	(4,645)
Total shareholders' equity	75,299	72,321
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,083	749
Foreign currency translation adjustment	186	189
Total accumulated other comprehensive income	1,269	938
Non-controlling interests	6	6
Total net assets	76,575	73,266
Total liabilities and net assets	83,280	78,455

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

(Millions of yen)

	Three months ended December 31, 2021	Three months ended December 31, 2022
Net sales	7,406	7,108
Cost of sales	5,290	5,134
Gross profit	2,116	1,973
Selling, general and administrative expenses	1,357	1,961
Operating profit	758	11
Non-operating income		
Interest income	8	28
Foreign exchange gains	130	—
Gain on sale of investment securities	234	77
Gain on investments in derivatives	13	—
Miscellaneous income	49	10
Total non-operating income	436	116
Non-operating expenses		
Foreign exchange losses	—	507
Loss on valuation of investment securities	48	—
Loss on sale of investment securities	48	31
Loss on investments in derivatives	—	29
Miscellaneous losses	6	2
Total non-operating expenses	103	570
Ordinary profit (loss)	1,091	(442)
Profit (loss) before income taxes	1,091	(442)
Income taxes	414	(29)
Profit (loss)	677	(413)
Profit (loss) attributable to non-controlling interests	0	(0)
Profit (loss) attributable to owners of parent	677	(413)

(Consolidated quarterly statements of comprehensive income)

(Millions of yen)

	Three months ended December 31, 2021	Three months ended December 31, 2022
Profit (loss)	677	(413)
Other comprehensive income		
Valuation difference on available-for-sale securities	(231)	(334)
Foreign currency translation adjustment	(30)	3
Total other comprehensive income	(261)	(331)
Comprehensive income	415	(745)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	415	(744)
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.

(Changes in significant subsidiaries during the period)

Although not a specified subsidiary, Brilliantcrypto Inc. was established and included in the scope of consolidation during the first quarter of this fiscal year.

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

(Calculation of tax expense)

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

(Change in accounting policy)

(Implementation Guidance on Accounting Standard for Fair Value Measurement)

The Company has applied the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Statement No. 31, June 17, 2021; hereinafter the "Fair Value Measurement Accounting Standards Application policy"), 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 Standards Application policy, etc. continued to be adopted in accordance with the Paragraph 27-2 of the Fair Value Measurement Accounting Standards Application policy.

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

(Segment Information)

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

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

(Millions of yen)

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

(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 three months ended December 31, 2022 (October 1, 2022 to December 31, 2022)

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

(Millions of yen)

	Reportable segment			Adjustment (Note 1)	Amount recorded in Consolidated Financial Statements (Note 2)
	Entertainment Business	Investment and Development Business	Total		
Net sales					
Sales to external customers	7,067	40	7,108	—	7,108
Intersegment sales and transfers	—	—	—	—	—
Total	7,067	40	7,108	—	7,108
Operating profit (loss)	233	(222)	11	0	11

(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.