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# Quarterly Securities Report

(15th business term of the first quarter)

COLOPL, Inc.

(E27062)

# Quarterly Securities Report

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

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Place for public inspection:	Tokyo Stock Exchange, Inc. (2-1 Nihonbashikabutocho, Chuo-ku, Tokyo)

## Part 1. Corporate Information

### I. Company Overview

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

Fiscal term	14th term First Quarter Consolidated Cumulative period	15th term First Quarter Consolidated Cumulative period	14th period
Accounting period	October 1, 2021 to December 31, 2021	October 1, 2022 to December 31, 2022	October 1, 2021 to September 30, 2022
Net sales (million yen)	7,406	7,108	32,541
Ordinary profit (million yen)	1,091	(442)	5,732
Profit attributable to owners of parent (million yen)	677	(413)	2,414
Comprehensive income or income (million yen)	415	(745)	3,179
Net assets (million yen)	73,742	73,266	76,575
Total assets (million yen)	79,129	78,455	83,280
Basic earnings per share (yen)	5.29	(3.23)	18.84
Diluted earnings per share (yen)	5.28	—	18.83
Equity ratio (%)	93.2	93.4	91.9

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

2. Net income per share-fully diluted for the first quarter of the consolidated fiscal year under review is not shown in the above table, as there were no residual shares.

#### 2. Business Summary

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

Changes in the major affiliated companies are as follows.

##### Entertainment business

Brilliantcrypto Inc. was established and included in the scope of consolidation during the first quarter of the fiscal year under review.

## II. Business Overview

### 1. Business Risks

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

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

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

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

##### 1) Operating results

With the Group's mission, "Entertainment in Real Life: Making everyday more enjoyable and wonderful through entertainment", the Group has been working to enrich people's everyday lives through entertainment. In the first quarter of the consolidated fiscal year under review, 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 first quarter of the fiscal year under review were net sales of 7,108 million yen (down 4.0% from the same period of the prior fiscal year), operating profit of 11 million yen (down 98.5% from the same period of the prior fiscal year), ordinary loss of 442 million yen (ordinary profit of 1,091 million yen in the same period of the prior year), and loss attributable to owners of the parent of 413 million yen (profit attributable to owners of 677 million yen 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 first quarter of the consolidated fiscal year under review. 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 fiscal year under review stood at 7,067 million yen (down 4.4% from the same period of the prior fiscal year), operating profit of 233 million yen (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 first quarter of the consolidated fiscal year under review. 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 fiscal year under review stood at 40 million yen (up 268.4% from the same period of the prior fiscal year), operating loss of 222 million yen (operating loss of 39 million yen in the same period of the prior year).

#### 2) Consolidated financial position

##### (Assets)

Current assets as of December 31, 2022 were 72,279 million yen (down 5,638 million yen 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 yen (up 812 million yen 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 yen (down 4,825 million yen from September 30, 2022)

(Liabilities)

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

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

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

(Net assets)

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

(2) Priority business and financial issues to be addressed

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

(3) Research and Development

The total amount of research and development expenses for the first quarter of the consolidated fiscal year under review was 551 million yen.

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

### 3. Important Contracts Etc. Related to Management

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

### III. Information on the Reporting Company

#### 1. Stock Information

(1) Total Number of Shares, Etc.

1) Total number of shares

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

2) Number of Shares Issued

Type	Number of shares issued at the end of the fiscal year (shares) (December 31, 2022)	Number of shares issued as of the filing date (shares) (February 10, 2023)	Stock exchange where the Company is listed	Details
Common shares	129,984,023	130,055,005	Tokyo Stock Exchange Prime Market	The number of shares per one unit of shares is 100 shares.
Total	129,984,023	130,055,005	—	—

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

1) Stock options

Not applicable.

2) Other share acquisition plans, etc.

Not applicable.

(3) Moving Strike Convertible Bonds, Etc.

Not applicable.

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

Date	Changes in number of shares issued (shares)	Balance of number of shares issued (shares)	Change in capital (million yen)	Balance of capital (million yen)	Change in legal capital surplus (million yen)	Balance of legal capital surplus (million yen)
October 1, 2022 to December 31, 2022	—	129,984,023	—	6,587	—	6,584

(Notes) As a result of the issuance of new shares of restricted stock compensation with a payment date of January 19, 2023, the total number of issued shares increased by 70,982 shares, and capital stock and capital reserve increased by 22 million yen each.

Issue price 634yen

Capitalized amount 317yen

(5) Status of Major Shareholders

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



(6) Information on Voting Rights

The "Status of Voting Rights" as of the end of the first quarter of the fiscal year under review is based on the shareholders' register as of the immediately preceding record date (September 30, 2022), as the information in the shareholders' register cannot be confirmed and cannot be stated.

1) Number of Shares Issued

As of September 30, 2022

Classification	Number of shares (shares)	Number of voting rights	Details
Non-voting shares	–	–	–
Shares with restricted voting right (treasury shares, etc.)	–	–	–
Shares with restricted voting right (others)	–	–	–
Shares with full voting right (treasury shares, etc.)	(Treasury stock) Common shares 1,778,500	–	The number of shares per one unit of shares is 100 shares.
Shares with full voting right (others)	Common shares 128,148,400	1,281,484	Ditto
Shares less than one unit	Common shares 57,123	–	–
Number of shares outstanding	129,984,023	–	–
Total number of voting rights	–	1,281,484	–

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

2) Treasury Shares, Etc.

As of September 30, 2022

Name of shareholder	Address of shareholder	Number of shares held under the shareholder's name (shares)	Number of shares held under other shareholders' names (shares)	Total number of shares held (shares)	Ratio of number of shares held to number of outstanding shares (%)
(Treasury stock) COLOPL, Inc.	9-7-2 Akasaka, Minato-ku, Tokyo	1,778,500	–	1,778,500	1.37
Total	–	1,778,500	–	1,778,500	1.37

(Notes) The treasury stock above does not include 44 shares of less than one unit.

2. Officers

Not applicable.

## IV. Financial Information

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

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

### 2. Audit Certification

Pursuant to Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, the Company has received a quarterly review of its quarterly consolidated financial statements for the first quarter (October 1, 2022 to December 31, 2022) and the cumulative first quarter (October 1, 2022 to December 31, 2022) by Deloitte Touche Tohmatsu LLC.

# 1. Quarterly Consolidated Financial Statements

## (1) Quarterly Consolidated Balance Sheets

(million yen)

	As of September 30, 2022	As of December 31, 2022
<b>Assets</b>		
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)
<b>Total current assets</b>	<b>77,917</b>	<b>72,279</b>
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)
<b>Total investments and other assets</b>	<b>3,503</b>	<b>4,355</b>
<b>Total non-current assets</b>	<b>5,363</b>	<b>6,175</b>
<b>Total assets</b>	<b>83,280</b>	<b>78,455</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable - other	2,239	1,954
Income taxes payable	1,923	114
Other	1,531	2,314
<b>Total current liabilities</b>	<b>5,694</b>	<b>4,383</b>
Non-current liabilities		
Asset retirement obligations	727	728
Other	283	76
<b>Total non-current liabilities</b>	<b>1,011</b>	<b>805</b>
<b>Total liabilities</b>	<b>6,705</b>	<b>5,189</b>
<b>Net assets</b>		
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)
<b>Total shareholders' equity</b>	<b>75,299</b>	<b>72,321</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,083	749
Foreign currency translation adjustment	186	189
<b>Total accumulated other comprehensive income</b>	<b>1,269</b>	<b>938</b>
Non-controlling interests	6	6
<b>Total net assets</b>	<b>76,575</b>	<b>73,266</b>
<b>Total liabilities and net assets</b>	<b>83,280</b>	<b>78,455</b>

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

## Consolidated quarterly statements of income

(million yen)

	The first quarter of the consolidated previous fiscal year (October 1, 2021 to December 31, 2021)	The first quarter of the consolidated fiscal year under review (October 1, 2022 to 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

(million yen)

	The first quarter of the consolidated previous fiscal year (October 1, 2021 to December 31, 2021)	The first quarter of the consolidated fiscal year under review (October 1, 2022 to 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)

Notes

(Changes in scope of consolidation or application of the equity method)

(Significant changes in scope of consolidation)

Brilliantcrypto Inc. was established and included in the scope of consolidation during the first quarter of the consolidated fiscal year under review.

(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.

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

(Calculation of tax expense)

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

(Notes to consolidated balance sheet)

\* Assets pledged collateral

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

	Previous consolidated fiscal year (September 30, 2022)	The first quarter of the consolidated fiscal year under review (December 31, 2022)
Investments and other assets	473 million yen	473 million yen

(Notes to Quarterly Consolidated Statements of Cash Flows)

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

	As of December 31, 2021 (October 1, 2021 to December 31, 2021)	As of December 31, 2022 (October 1, 2022 to December 31, 2022)
Depreciation	125 million yen	65 million yen

(Shareholders' equity, etc.)

I. The first quarter of the consolidated previous fiscal year (October 1, 2021 to December 31, 2021)

Dividends paid

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

II. The first quarter of the consolidated fiscal year under review (October 1, 2022 to December 31, 2022)

Dividends paid

(Resolution)	Class of shares	Total amount of dividends (million yen)	Dividend per share (yen)	Record date	Effective date	Source of dividends
December 23, 2022 Annual general meeting of shareholders	Common shares	2,564	20.00	September 30, 2022	December 27, 2022	Retained earnings

(Segment Information)

I. The first quarter of the consolidated previous fiscal year (October 1, 2021 to December 31, 2021)

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

(million yen)

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

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

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

II. The first quarter of the consolidated fiscal year under review (October 1, 2022 to December 31, 2022)

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

(million yen)

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

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

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



(Revenue Recognition)

The first quarter of the consolidated previous fiscal year (October 1, 2021 to December 31, 2021)

(million yen)

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

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

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

The first quarter of the consolidated fiscal year under review (October 1, 2022 to December 31, 2022)

(million yen)

	Reportable Segment		Total
	Entertainment Business	Investment and Development Business	
Revenue from user charges	3,289	—	3,289
Income from revenue sharing	2,426	—	2,426
Other (Note 1)	1,351	12	1,363
Revenue from contracts with customers	7,067	12	7,079
Other income (Note 2)	—	28	28
Net sales to external customers	7,067	40	7,108

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

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

(Per share information)

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

Item	The first quarter of the consolidated previous fiscal year (October 1, 2021 to December 31, 2021)	The first quarter of the consolidated fiscal year under review (October 1, 2022 to December 31, 2022)
(1) Net assets per share	5.29 yen	(3.23) yen
(Basis for calculation)		
Profit attributable to owners of parent (million yen)	677	(413)
Amount not attributable to common shareholders (million yen)	—	—
Profit attributable to owners of parent pertaining to common shares (million yen)	677	(413)
Average number of shares during the period (shares)	127,987,490	128,205,479
(2) Diluted earnings per share	5.28 yen	—
(Basis for calculation)		
Adjustments to profit attributable to owners of parent (million yen)	—	—
Increase in the number of common shares (shares)	262,350	—
Summary of latent shares not included in the calculation of diluted net income per share due to the absence of dilutive effects, but for which there have been significant changes since the end of the consolidated previous fiscal year	—	—

(Notes) Net income per share-fully diluted for the first quarter of the consolidated fiscal year under review is not shown in the above table, as there were no residual shares.

(Significant subsequent events)

Not applicable.

2.Other

Not applicable.

Part 2. Information Concerning Guarantors of the Reporting Company

Not applicable.