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(Securities Code: 3668)
December 2, 2020

Dear Shareholders,

Naruatsu Baba
President and Representative Director
COLOPL, Inc.
4-20-3 Ebisu, Shibuya-ku, Tokyo

Notice of the 12th Ordinary General Meeting of Shareholders

We are pleased to announce the 12th Ordinary General Meeting of Shareholders of COLOPL, Inc. (the “Company”), which will be held as described below.

As a result of careful consideration regarding the holding of this Ordinary General Meeting of Shareholders, which is an important decision-making for making resolutions on such matters as the payment of the year-end dividend to shareholders (appropriation of surplus) and the election of directors, in order to prevent the spread of the novel coronavirus disease (COVID-19), **the Company will place the highest priority on “taking action to protect the lives and health” of our shareholders, employees and related parties**, and asks for your understanding and cooperation in **holding this meeting only with the Company’s officers** without the attendance of shareholders.

Instead of attending the meeting in person, shareholders are requested to **exercise voting rights in advance in writing or via the internet, etc.** Please examine the attached “Reference Documents for the General Meeting of Shareholders” and exercise your voting rights by 7:00 p.m. on Thursday, December 17, 2020 in accordance with the instructions given below.

Measures to Prevent the Spread of COVID-19

In order to prevent the spread of COVID-19, **the Company will place the highest priority on “taking action to protect the lives and health” of our shareholders, employees and related parties**, and we therefore made the following decisions regarding this meeting:

- **As the meeting will be held with the Company’s officers only, shareholders are requested not to attend.**
- **There will be no souvenirs available.**
- **There will be no company presentation for shareholders after the meeting.**
- **A video summary of the key points of the Matters to be reported will be available on the Company’s website (<https://colopl.co.jp/en/ir/stock/shareholders/>) (to be posted in early December).**

Shareholders are requested to **exercise voting rights in advance in writing or via the internet, etc.** In the event of any change in the content of this document due to changes in circumstances up to the day of the General Meeting of Shareholders, we will post the revised content on the Company’s website.

Details

1. **Date and Time:** Friday, December 18, 2020, at 10:00 a.m.
2. **Place:** 2F Bellesalle Shibuya First, Sumitomo Fudosan Shibuya First Tower
1-2-20 Higashi, Shibuya-ku, Tokyo
3. **Purposes:**
 - Matters to be reported:**
 1. Business Report, Consolidated Financial Statements and Audit Report on the Consolidated Financial Statements by the Financial Auditor and the Audit and Supervisory Committee for the 12th Fiscal Year (from October 1, 2019 to September 30, 2020)
 2. Non-consolidated Financial Statements for the 12th Fiscal Year (from October 1, 2019 to September 30, 2020)
 - Matters to be resolved:**
 - Proposal 1:** Appropriation of Surplus
 - Proposal 2:** Election of Nine (9) Directors (excluding Directors Who Are Audit and Supervisory Committee Members)
4. **Instructions for Exercising Voting Rights:**
 - (1) When exercising voting rights in writing
Please indicate your approval or disapproval for each of the proposals on the enclosed voting card, and return it so that it will reach us by 7:00 p.m., Thursday, December 17, 2020.
 - (2) When exercising voting rights via the internet, etc.
If you would exercise your voting rights via the internet, etc., please refer to page 4 “Exercise of Voting Rights via the Internet, etc.” described hereafter and complete the procedure by 7:00 p.m., Thursday, December 17, 2020.

Note:

- * If any revisions are made to the contents of Reference Documents for the General Meeting of Shareholders, Business Report, Consolidated Financial Statements, and Non-consolidated Financial Statements, the Company will post the altered contents on the Company’s website (<https://colopl.co.jp/en/ir/stock/shareholders/>).

■ Exercise of Voting Rights



- When exercising voting rights by mail (in writing)
Please indicate your approval or disapproval for each of the proposals and post it to the Company without postage stamp.
- ▶ Deadline: to be received **Thursday, December 17, 2020, at 7:00 p.m.**

Proposal 1

- To mark your approval → Please circle “Approve.”
- To mark your disapproval → Please circle “Reject.”

Proposal 2

- To mark your approval for all candidates → Please circle “Approve.”
- To mark your disapproval for all candidates → Please circle “Reject.”
- To mark your disapproval for certain candidates → Please circle “Approve” and write the number of the candidate(s) you wish to reject.

* When neither “Approve” nor “Reject” is circled on a Proposal, that proposal will be deemed to indicate approval.



- When exercising voting rights via the internet, etc. * Please refer to page 4 for details.
Please use a personal computer or smartphone to access the voting website (<https://www.web54.net>).
Please enter the “voting code” and “password” printed on the enclosed voting card, and indicate your approval or disapproval for each of the proposals by following the instructions displayed on the screen.
- ▶ Deadline: **Thursday, December 17, 2020, at 7:00 p.m.**

■ **Exercise of Voting Rights via the Internet, etc.**

Voting website

If you exercise your voting rights via the internet, etc., please use the following voting website designated by the Company.

Exercising your voting rights using a personal computer:
[Voting website] <https://www.web54.net>

Exercising your voting rights using a smartphone:

You can access the voting website without entering the “voting code” and “password” by scanning the “voting website login QR code for smartphone” printed on the enclosed voting card.

In this case, you can exercise your voting rights only once.

* You may exercise your voting rights only once with the method described above.

* “QR Code” is a registered trademark of DENSO WAVE INCORPORATED.

Handling of votes

If voting rights are exercised both in writing and via the internet, etc., the vote via the internet, etc. will be considered effective.

If voting rights are exercised multiple times via the internet, etc., the final vote will be considered effective.

If you exercise your voting rights via the internet, etc., please exercise your voting rights no later than Thursday, December 17, 2020, at 7:00 p.m.

Inquiries: In case you need instructions to operate your personal computer or smartphone	
<ul style="list-style-type: none">In case you need instructions for how to operate your personal computer or smartphone in order to exercise your voting rights on the aforementioned website, please call the following number:	<ul style="list-style-type: none">For other questions relating to shares, please refer to the following:
Dedicated number of Stock Transfer Agent Web Support, Sumitomo Mitsui Trust Bank, Limited Telephone: 0120-652-031 (Toll free within Japan only) Business hours: 9:00 a.m. to 9:00 p.m.	Stock Transfer Agency Department, Sumitomo Mitsui Trust Bank, Limited Telephone: 0120-782-031 (Toll free within Japan only) Business hours: 9:00 a.m. to 5:00 p.m., excluding Saturdays, Sundays and national holidays

Exercise of voting rights via the electronic voting rights exercise platform (for institutional investors)

Institutional investors may use the electronic voting rights exercise platform operated by ICJ, Inc. to electronically exercise the voting rights for this General Meeting of Shareholders.

Reference Documents for the General Meeting of Shareholders

Proposals and Reference Information

Proposal 1: Appropriation of Surplus

The Company would like to declare appropriation of surplus for the current fiscal year as described below.

Matters regarding year-end dividend

With regard to the earnings distribution, the basic policy of the Company is to pay stable and continuous dividends based on the sound balance sheet while comprehensively taking into account consolidated financial results, DOE (dividend on equity), cash flows and capital efficiency.

In light of the abovementioned policy and future business development, among other things, the Company proposes the year-end dividend for the current fiscal year as follows:

(1) Type of dividend property

Cash

(2) Dividend property allotment to shareholders and total amount thereof

Dividend per common share of the Company: 25.00 yen

Total amount of dividends: 3,195,731,925 yen

(3) Effective date for dividends

December 21, 2020

Proposal 2: Election of Nine (9) Directors (excluding Directors Who Are Audit and Supervisory Committee Members)

All seven (7) Directors (excluding Directors who are Audit and Supervisory Committee members) will resign at the conclusion of this meeting due to the expiration of their terms of office.

Accordingly, the Company requests approval for the election of nine (9) Directors (excluding Directors who are Audit and Supervisory Committee members). This proposal was reviewed by the Audit and Supervisory Committee, but the committee did not find any matters requiring special mention.

The candidates for Directors (excluding Directors who are Audit and Supervisory Committee members) to be elected are as follows:

No.	Name (Date of birth)	Career summary, positions, areas of responsibility in the Company, and important concurrent positions	Number of the Company's shares held
1	Naruatsu Baba (January 7, 1978) <u>Reelection</u>	<p>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 (current position) Mar. 2016 Established Kuma Foundation President (current position)</p> <p>Reasons for Nomination as Candidate As its founder, the candidate is the Company's pillar of inspiration and he demonstrates strong leadership. He possesses abundant experience and knowledge of service development technology, particularly in relation to mobile content, and he fulfills an extremely important role in deciding and executing technical decisions, management policy and business strategies. We therefore request his reelection as Director as we expect his aforementioned experience, achievements, leadership and so forth will benefit the decision making of the Company's Board of Directors and contribute to boosting the Company's corporate value.</p>	61,775,994 shares
2	Yoshiaki Harai (September 28, 1988) <u>Reelection</u>	<p>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)</p> <p>Reasons for Nomination as Candidate In addition to a high level of expertise in finance and accounting as a certified public accountant, the candidate possesses abundant experience and broad insight in the overall corporate realm, which have been gained from his involvement in M&A, construction of group governance systems, enhancement of corporate governance, and so forth since joining the Company. Accordingly, we request his reelection as Director as we expect his aforementioned experience and accomplishments will benefit the decision making of the Company's Board of Directors and contribute to boosting the Company's corporate value.</p>	6,752 shares
3	Ryosuke Ishiwatari (April 24, 1972) <u>Reelection</u>	<p>May 2001 Joined International Creative Marketing (name changed to KANTAR JAPAN Inc.) Jan. 2006 Joined Caps Inc. Sep. 2009 Joined NAVIT Co., Ltd. Sep. 2010 Joined COLOPL, Inc. Dec. 2014 Executive Director, COLOPL, Inc. (current position)</p> <p>Reasons for Nomination as Candidate The candidate possesses abundant first-hand experience and broad insight that he gained during his many years managing the game business since joining the Company. He fulfills an important role as the person in charge of the non-game divisions by utilizing his first-hand experience and insight. Accordingly, we request his reelection as Director as we expect his aforementioned experience and accomplishments will benefit the decision making of the Company's Board of Directors and contribute to boosting the Company's corporate value.</p>	75,445 shares

No.	Name (Date of birth)	Career summary, positions, areas of responsibility in the Company, and important concurrent positions	Number of the Company's shares held
4	Kenta Sugai (February 28, 1982) <u>Reelection</u>	<p>Apr. 2000 Joined Fujisetsubi Corporation Dec. 2001 Joined Forum Engineering Inc. Apr. 2005 Joined COMSYS TECHNO Corporation Jan. 2008 Joined forTravel, Inc. Jun. 2010 Joined COLOPL, Inc. Dec. 2016 Executive Director, COLOPL, Inc. (current position)</p> <p>Reasons for Nomination as Candidate With his abundant experience mainly in IT and Web services, the candidate has contributed his high technical proficiency to development and operation of nearly all contents since joining the Company. He possesses abundant experience and broad insight in all aspects of the game business. Accordingly, we request his reelection as Director as we expect his aforementioned experience and accomplishments will benefit the decision making of the Company's Board of Directors and contribute to boosting the Company's corporate value.</p>	126,545 shares
5	Yu Sakamoto (March 5, 1984) <u>New candidate</u>	<p>Apr. 2009 Joined Konami Digital Entertainment Co., Ltd. Oct. 2013 Joined COLOPL, Inc. Jan. 2016 General Manager of Studio 3, Service Division, COLOPL, Inc. Jan. 2018 Executive Officer, Deputy Head of Entertainment Division, COLOPL, Inc. Mar. 2019 Head of Entertainment Division, COLOPL, Inc. (current position)</p> <p>Reasons for Nomination as Candidate In addition to possessing abundant experience and a history of achievements from working at consumer game companies, the candidate possesses abundant experience and broad insight in all aspects of the game business, which have been gained from his involvement as a game creator in the development and operation of a number of mobile games since joining the Company. Accordingly, we request his election as Director as we expect his aforementioned experience and accomplishments will benefit the decision making of the Company's Board of Directors and contribute to boosting the Company's corporate value.</p>	-
6	Yoichi Ikeda (January 18, 1984) <u>New candidate</u>	<p>Apr. 2009 Joined CAPCOM CO., LTD. Dec. 2012 Joined COLOPL, Inc. Mar. 2017 General Manager of Engineering Department 2, Creative Division, COLOPL, Inc. Jan. 2019 Deputy Head of Creative Division, COLOPL, Inc. Sep. 2019 Deputy Head of Entertainment Division, COLOPL, Inc. (current position)</p> <p>Reasons for Nomination as Candidate In addition to possessing abundant experience and a history of achievements from working at consumer game companies, the candidate possesses abundant experience and broad insight into game development, which have been gained from his contribution as an engineer to the development of a number of mobile games since joining the Company. Accordingly, we request his election as Director as we expect his aforementioned experience and accomplishments will benefit the decision making of the Company's Board of Directors and contribute to boosting the Company's corporate value.</p>	-

No.	Name (Date of birth)	Career summary, positions, areas of responsibility in the Company, and important concurrent positions	Number of the Company's shares held
7	Shinsuke Ishiwatari (August 30, 1969) <u>Reelection</u>	<p>Apr. 1998 Admitted as Attorney-at-Law Jan. 2001 Established Field-R Law Offices Aug. 2008 Established VASCO DA GAMA OFFICES 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. (current position) Oct. 2018 Director, Kufu Company Inc. (current position) Aug. 2019 Director, Kashima Antlers F.C. Co., Ltd. (current position)</p> <p>Reasons for Nomination as Candidate In addition to abundant experience and insight as a company manager, the candidate possesses specialist legal knowledge acquired as an attorney-at-law. Accordingly, we request his reelection as Director as we expect his aforementioned experience and accomplishments will benefit the decision making of the Company's Board of Directors and contribute to boosting the Company's corporate value.</p>	99,000 shares
8	Koji Yanagisawa (May 19, 1971) <u>Reelection</u> <u>Outside</u> <u>Independent</u>	<p>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 Executive 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 Director, OPT Holding, Inc. (name changed to DIGITAL HOLDINGS, Inc.) (current position)</p> <p>Reasons for Nomination as Candidate for Outside Director The candidate possesses abundant experience and broad insight as a company manager. We request his reelection as Outside Director as we expect his aforementioned experience and his independent and objective standpoint will enable him to provide advice, suggestions and so forth for ensuring the decision making of management can be carried out suitably and appropriately. Mr. Koji Yanagisawa is currently an Outside Director of the Company, and at the conclusion of this meeting, his tenure as Outside Director will have been five years. The Company has submitted notification to the Tokyo Stock Exchange that Mr. Koji Yanagisawa has been designated as an independent director as provided for by the aforementioned exchange. If his reelection is approved, the Company plans for his appointment as an independent director to continue.</p>	5,000 shares

No.	Name (Date of birth)	Career summary, positions, areas of responsibility in the Company, and important concurrent positions	Number of the Company's shares held
9	Dai Tamesue (May 3, 1978) <input type="checkbox"/> Reelection <input checked="" type="checkbox"/> Outside <input type="checkbox"/> Independent	<p>Apr. 2002 Joined Osaka Gas Co., Ltd.</p> <p>Oct. 2003 Retired from Osaka Gas Co., Ltd. and became an independent professional track and field athlete</p> <p>Mar. 2004 Contracted as an athlete of Asia Partnership Fund</p> <p>Dec. 2007 Established SAMURAI CO., LTD. Representative Director (current position) Director, Wedge Holdings CO., LTD.</p> <p>Aug. 2010 Established Athlete Society President (current position)</p> <p>May 2014 Established Xiborg Co., Ltd. Director (current position)</p> <p>Dec. 2015 Executive Director, COLOPL, Inc. (current position)</p> <p>Jul. 2018 Established Deportare Partners Co., Ltd. Representative Director (current position)</p> <p>Reasons for Nomination as Candidate for Outside Director The candidate possesses abundant experience and broad insight gained from his activities as an athlete and other social and educational activities. We request his reelection as Outside Director as we expect his aforementioned experience and his independent and objective standpoint will enable him to provide advice and suggestions for ensuring the decision making of management can be carried out suitably and appropriately. Mr. Dai Tamesue is currently an Outside Director of the Company, and at the conclusion of this meeting, his tenure as Outside Director will have been five years. The Company has submitted notification to the Tokyo Stock Exchange that Mr. Dai Tamesue has been designated as an independent director as provided for by the aforementioned exchange. If his reelection is approved, the Company plans for his appointment as an independent director to continue.</p>	—

- (Notes) 1. No special interest exists between any of the above candidates and the Company.
2. Mr. Naruatsu Baba, Mr. Yoshiaki Harai, Mr. Ryosuke Ishiwatari, Mr. Kenta Sugai, Mr. Shinsuke Ishiwatari, Mr. Koji Yanagisawa and Mr. Dai Tamesue are currently Directors of the Company, and their positions, areas of responsibility in the Company, and important concurrent positions are as specified in “4. Company Officers, (1) Directors” of the Business Report.
3. Pursuant to Article 427, paragraph (1) of the Companies Act, the Company has concluded an agreement with Mr. Shinsuke Ishiwatari, Mr. Koji Yanagisawa and Mr. Dai Tamesue to limit their liability for damages as stipulated in Article 423, paragraph (1) of the said act. The limit of liabilities for damages under the relevant agreement is the amounts set forth in laws and regulations. The limitation of liability specified in these agreements is limited to times when the Directors are in good faith and not grossly negligent in performing the duties as Director that cause liability. When their reappointments are approved at this General Meeting of Shareholders, the agreements for the previous term will be continued.

(Attached materials)

Business Report

(From October 1, 2019 to September 30, 2020)

1. Overview of Corporate Group (the “Group”)

(1) Business progress and results

The game applications market in Japan is expected to continue on its stable growth. Famitsu Game White Paper 2020 projects that the market, which had grown to 1,214.0 billion yen in 2019, will reach 1,272.0 billion yen by 2021. Furthermore, according to the survey conducted by The Goldman Sachs Group, Inc., the world market for the VR (Virtual Reality) hardware and software is expected to reach 59.0 billion dollars by 2025.

In this environment, for existing games for smartphones, the Group focused on improving the user’s engagement with existing games, while for new games efforts were made to introduce new products. At the same time, the Group has been conducting a range of development tests on contents for VR devices.

In smartphone games, which comprise a large part of sales, DRAGON QUEST WALK (planning and production by SQUARE ENIX CO., LTD. and development by the Company), an IP title from another company, performed well during the current fiscal year and contributed to the consolidated results of the Group. As for in-house IP titles such as Quiz RPG: The World of Mystic Wiz and Shironeko Project, in addition to implementing promotions in TV commercials and on online video platforms, we have been operating services to increase engagement with users through the production of goods and by broadcasting the TV animation Shironeko Project ZERO CHRONICLE.

In April 2020, we made the general entertainment company MAGES., Inc. a wholly owned subsidiary, with the aim of strengthening the Group’s business. MAGES., Inc. is particularly strong in the production of consumer games and the creation of original IP, and has released consumer games such as KonoSuba: God’s Blessing on this Wonderful World! Love for this Tempting Attire, OGRE TALE, and Corpse Party: Blood Drive in the current fiscal year.

Consumption and corporate economic activities have remained sluggish due to restrictions on going out and movement in many countries. However, the impact of COVID-19 on the Group’s financial results for the current fiscal year was limited.

As a result, net sales for the current fiscal year came to 45,128 million yen (up 16.0% from previous fiscal year) while operating profit was 12,250 million yen (up 314.9% from previous fiscal year), ordinary profit was 11,790 million yen (up 612.3% from previous fiscal year), and profit attributable to owners of parent was 7,977 million yen (up 645.5% from previous fiscal year).

As the Group’s business consists only of the mobile service business, statement of segment information is omitted because of lack of its materiality as information to be disclosed.

Sales by business segment

(million yen)	
Business segment	Net sales
Mobile service business	45,128
Total	45,128

(Notes) 1. Consumption taxes are not included in the above amounts.

2. The Group’s business consists only of the mobile service business.

(2) Capital investments

There are no matters of note.

(3) Financing

There are no matters of note.

(4) Significant corporate restructuring, etc.

On April 3, 2020, the Company acquired all of the shares of MAGES., Inc., making it a wholly owned subsidiary of the Company.

(5) Issues to address

The major business issues facing the Group are outlined below.

1) Enhancing corporate brand value

In order to succeed the vision of the Group, we will need to continue providing services our customers will enjoy and become a company many look upon with fondness. As such, the Group will practice proper information disclosure to stakeholders while conducting proactive PR and CSR activities in order to enhance the Group's corporate brand value.

2) Expanding user numbers and enhancing user engagement

In order to achieve continuous growth for the Group, the Group recognizes the necessity of improving name recognition for the Group and the Group's services, acquiring new users in an ongoing manner, and expanding user numbers. The Group is working to expand its user base by improving the name recognition of the Group through effective advertising, and by actively engaging in measures aimed at gaining more customers through the development of a diverse range of services.

With the goal of encouraging customers to use the Group's services for the long-term, we will identify the needs of current users and continue providing high-quality games while using a variety of media to speak with our customers, thereby improving their engagement with us.

3) Expanding our portfolio

The overall management strategy of the Group involves executing strategies towards achieving a portfolio that combines businesses supported by different customers and continually investing in new business domains.

In order to achieve our management vision of "continually creating new kinds of entertainment loved by many, no matter how times change," we are working to expand our portfolio by allocating resources and diversifying investments as appropriate for each kind of content, area, and device, in accordance with the attributes of users, and so forth, not only by provision of the single hit title.

4) Ensuring service safety and integrity

Some of the services provided by the Group allow users to communicate with each other. To ensure that our customers can use these services without worry, it is essential to ensure service safety and integrity. The Group has established a guideline that lays out our mission to ensure service safety and integrity.

5) Stable system operation

As the Group's applications and platform are web-based, we believe it is necessary to ensure stable system operation and be prompt in resolving issues that arise in order to ensure our customers have a pleasant experience when using our services.

To this end, we strive to acquire the necessary personnel and server equipment needed to ensure stable system operation.

6) Services for overseas markets

The Group is planning to continue to actively bring its services to overseas customers by taking advantage of smartphones' characteristics.

In our pursuit of expanded overseas business and improved profitability, we will be learning user preferences in each region and then developing and providing our own services tailored to regional user characteristics.

7) Addressing new technologies

In the industry to which the Group belongs, technological innovation proceeds unabated with the market for related products and services growing alongside. With an eye to achieving continued business expansion amid these market conditions, the Group sees a need to address these various new technologies in a timely manner and take ongoing action.

8) Enhancing internal control system and corporate governance

The Group thinks that in order to aim at further business expansion and increase in the corporate value, it is essential to earn the trust of society. To this end, the Group is working to enhance the internal control system and strengthen corporate governance by developing a sound and transparent control system in addition to ensuring that all officers and employees have a common understanding on business ethics and compliance and fostering a culture where fair and right decisions are made.

9) Ensuring organizational flexibility

The business environment for the entertainment industry surrounding the Group is changing faster than for any other industry, and a rapid response to these changes is critical. To eliminate the factors that compromise flexibility as the organization grows, we will see to ensuring flexibility in decision-making by recruiting and appointing suitable personnel and establishing an organizational structure to support business expansion.

10) Recruiting and developing highly-capable people

For the further business growth, the Group is primarily focused on recruiting and developing people. In order to recruit competent people that resonate with the Group's vision and to develop them into people capable of achieving sustainable growth, we will continually improve our recruiting and training programs.

(6) Changes in assets and profit (loss)

1) Changes in assets and profit (loss) of the Corporate Group

(million yen, except for per share amounts)

Item	The 9th fiscal year ended September 30, 2017	The 10th fiscal year ended September 30, 2018	The 11th fiscal year ended September 30, 2019	The 12th fiscal year ended September 30, 2020
Net sales	52,246	45,776	38,920	45,128
Ordinary profit	12,901	6,097	1,655	11,790
Profit attributable to owners of parent	8,691	4,192	1,070	7,977
Basic earnings per share (yen)	69.32	33.08	8.40	62.45
Total assets	75,744	77,244	74,740	85,833
Net assets	69,293	70,625	69,433	75,779
Net assets per share (yen)	551.34	555.65	544.53	592.81

2) Changes in assets and profit (loss) of the Company

(million yen, except for per share amounts)

Item	The 9th fiscal year ended September 30, 2017	The 10th fiscal year ended September 30, 2018	The 11th fiscal year ended September 30, 2019	The 12th fiscal year ended September 30, 2020
Net sales	50,692	43,666	35,880	39,061
Ordinary profit	14,629	6,422	1,097	11,045
Profit	8,634	3,145	594	7,346
Basic earnings per share (yen)	68.86	24.82	4.66	57.51
Total assets	77,547	77,326	74,324	84,270
Net assets	71,471	71,483	69,822	75,382
Net assets per share (yen)	568.67	562.40	547.58	589.71

(7) Principal subsidiaries

Name	Total amount of capital contribution (million yen)	Ratio of capital contribution by the Company (%)	Principal business
COLOPL NEXT No. 2 Fund Investment Partnership	1,224	100.0 (0.25)	Investment
COLOPL NEXT No. 4 Fund Investment Partnership	1,167	100.0 (0.25)	Investment
COLOPL NEXT No. 7 Fund Investment Partnership	1,882	100.0 (0.04)	Investment
COLOPL NEXT Listed Shares No. 1 Fund Investment Partnership	2,352	99.95 (0.01)	Investment

(Note) The amount shown in parentheses in the ratio of capital contribution by the Company indicates the portion thereof that is the ratio of indirect capital contribution.

(8) Principal business (As of September 30, 2020)

Segment	Summary of business
Mobile service business	Development and administration of mobile device applications, etc., and sales promotion business modeled on linking the real world.

(9) Principal offices (As of September 30, 2020)

Name	Location
Head office	Shibuya-ku, Tokyo

(10) Employees (As of September 30, 2020)

1) Employees of the Corporate Group 1,565 [95] (increase of 197 [decrease of 28] year on year)

(Notes) 1. Number of employees is the number of working employees (excluding personnel on loan at outside the Group from the Group and including personnel on loan at the Group from outside the Group). Annual average number of part-time and temporary employees is shown in brackets.

2. The number of employees increased by 197 compared to the end of the previous fiscal year. This was mainly due to making MAGES., Inc. a wholly owned subsidiary.

3. As the Group's business consists only of the mobile service business, statement by segments is omitted.

2) Employees of the Company

Number of employees	Increase (decrease) from previous fiscal year-end	Average age	Average years of service
954 [41]	19	32.4 years old	3.5 years

(Note) Number of employees is the number of working employees (excluding personnel on loan at outside the Company from the Company and including personnel on loan at the Company from outside the Company). Annual average number of part-time and temporary employees is shown in brackets.

(11) Major creditors (As of September 30, 2020)

No items to report.

(12) Other important matters pertaining to the Corporate Group's present condition

An action for patent infringement was brought against the Company as of December 22, 2017 by Nintendo Co., Ltd. For details, please refer to "Notes to Consolidated Financial Statements, Notes to Consolidated Balance Sheet, (3) Contingent liabilities" on page 28 or "Notes to Non-Consolidated Financial Statements, Notes to Non-Consolidated Balance Sheet, (4) Contingent liabilities" on page 38.

2. Status of Shares (As of September 30, 2020)

- (1) Total number of authorized shares 450,000,000 shares
- (2) Total number of issued shares 129,607,536 shares (including 1,778,259 treasury shares)
- (3) Number of shareholders 35,928

(4) Major shareholders

Shareholder name	Number of shares	Shareholding ratio (%)
Naruatsu Baba	61,775,994	48.33
Custody Bank of Japan, Ltd. (Trust account)	8,785,600	6.87
THE BANK OF NEW YORK MELLON 140051 (Standing proxy: Settlement & Clearing Services Division, Mizuho Bank, Ltd.)	7,512,600	5.88
THE BANK OF NEW YORK 133612 (Standing proxy: Settlement & Clearing Services Division, Mizuho Bank, Ltd.)	2,901,500	2.27
The Master Trust Bank of Japan, Ltd. (Trust account)	2,590,600	2.03
KDDI CORPORATION	2,550,000	1.99
Custody Bank of Japan, Ltd. (Trust account 5)	1,338,700	1.05
STATE STREET BANK AND TRUST COMPANY 505103 (Standing proxy: Custody Business Department, Tokyo branch, The Hongkong and Shanghai Banking Corporation Limited)	993,552	0.78
Shinya Ishihara	726,600	0.57
Custody Bank of Japan, Ltd. (Trust account 6)	720,500	0.56

(Notes) 1. The Company holds 1,778,259 shares of treasury shares and is excluded from the above list of major shareholders.

2. The shareholding ratio is calculated by means of deducting treasury shares.

3. Share Acquisition Rights of the Company

- (1) Share acquisition rights delivered as consideration for performance of duties held by officers of the Company

No items to report.

- (2) Share acquisition rights delivered as consideration for performance of duties to employees, etc. of the Company during the current fiscal year

No items to report.

- (3) Other important matters regarding share acquisition rights

No items to report.

4. Company Officers

(1) Directors

(As of September 30, 2020)

Position	Name	Areas of responsibility in the Company, and important concurrent positions
President and Representative Director	Naruatsu Baba	President, Kuma Foundation Compensation Advisory Committee member
Executive Director	Yoshiaki Harai	Head of Corporate Division Head of HR Division Compensation Advisory Committee member
Executive Director	Ryosuke Ishiwatari	In charge of the Marketing Division
Executive Director	Kenta Sugai	Head of Technology Management Division
Executive Director	Shinsuke Ishiwatari	Partnered attorney, VASCO DA GAMA OFFICES Director, Kufu Company Inc. Director, Kashima Antlers F.C. Co., Ltd.
Executive Director	Koji Yanagisawa	Executive Vice President and CFO, ZOZO, Inc. Director, DIGITAL HOLDINGS, Inc.
Executive Director	Dai Tamesue	Representative Director, Deportare Partners Co., Ltd. Representative Director, SAMURAI CO., LTD. President, Athlete Society
Executive Director (Audit and Supervisory Committee member, full-time)	Tetsuzo Hasegawa	Chairman of Compensation Advisory Committee
Executive Director (Audit and Supervisory Committee member)	Ryogo Tsukioka	Compensation Advisory Committee member Director, Tsukioka CPA Office
Executive Director (Audit and Supervisory Committee member)	Koichiro Iida	Compensation Advisory Committee member Partnered attorney, Mori Hamada & Matsumoto Director (Audit and Supervisory Committee member), Kufu Company Inc.

- (Notes) 1. Executive Directors Koji Yanagisawa and Dai Tamesue, and Executive Directors (Audit and Supervisory Committee members) Tetsuzo Hasegawa, Ryogo Tsukioka and Koichiro Iida are Outside Directors.
2. Executive Director (Audit and Supervisory Committee member) Tetsuzo Hasegawa worked for many years in the securities industry and has extensive experience as a director and statutory auditor at other companies.
3. Executive Director (Audit and Supervisory Committee member) Ryogo Tsukioka is a certified public accountant and certified tax accountant and has a thorough knowledge of finance and accounting.
4. Executive Director (Audit and Supervisory Committee member) Koichiro Iida is a certified attorney with thorough knowledge of legal matters.
5. The Company has appointed the full-time Audit and Supervisory Committee member to enhance the efficacy of information collection and audits, and strengthen audit and supervision functions.
6. The Company has designated Executive Directors Koji Yanagisawa and Dai Tamesue, and Executive Directors (Audit and Supervisory Committee members) Tetsuzo Hasegawa and Ryogo Tsukioka as independent directors stipulated by the Tokyo Stock Exchange, and has registered them as such at the Exchange.
7. Executive Director Jun Hasebe retired from office at the conclusion of the 11th Ordinary General Meeting of Shareholders held on December 20, 2019 due to the expiration of his term of office.

(2) Summary of agreements limiting liability

Pursuant to Article 427, paragraph (1) of the Companies Act, the Company has concluded an agreement with Executive Director Shinsuke Ishiwatari and each Outside Director to limit their liability for damages as stipulated in Article 423, paragraph (1) of the said act.

The limit of liabilities for damages under the relevant agreement is the amounts set forth in laws and regulations. The limitation of liability specified in these agreements is limited to times when the Directors are in good faith and not grossly negligent in performing the duties as Director that cause liability.

(3) Amount of remuneration, etc. to Directors

Classification	Number of payees	Amount of remuneration (million yen)
Director (excluding Audit and Supervisory Committee member) (Outside Director)	8 (2)	140 (10)
Director (Audit and Supervisory Committee member) (Outside Director)	3 (3)	26 (26)
Total (Outside Director)	11 (5)	167 (36)

- (Notes) 1. The above includes one Director who retired from office in the fiscal year under review.
2. Figures shown in total columns represent the number of persons actually paid.
3. It was resolved at the 7th Ordinary General Meeting of Shareholders held on December 18, 2015, that the maximum amount of remuneration to be paid to Directors (excluding Audit and Supervisory Committee members) and to Directors (Audit and Supervisory Committee members) in total per year shall not exceed 300 million yen (including the amount of not more than 20 million yen annually for Outside Directors) and 30 million yen, respectively. In addition, it was resolved at the 11th Ordinary General Meeting of Shareholders held on December 20, 2019, that the total amount of monetary remuneration to be paid to Directors (excluding Outside Directors and Audit and Supervisory Committee members) for granting shares with transfer restrictions shall not exceed 300 million yen annually, separately from the aforementioned maximum amount of remuneration. The amount of remuneration for Directors (excluding Directors who are Audit and Supervisory Committee members) does not include the portion for salaries paid to those Directors who also serve as employees.

(4) Outside officers

- 1) Relationships between the Company and organizations where outside officers hold important concurrent positions

The status of important concurrent positions of outside officers is as specified in “(1) Directors” on page 16. In addition, there is no special relationship between the Company and relevant organizations where outside officers hold concurrent positions.

2) Main activities for the current fiscal year

Classification	Name	Main activities
Executive Director	Koji Yanagisawa	Attended 17 of the 18 meetings of the Board of Directors held in the current fiscal year. Provided advice and recommendations from an independent and objective standpoint to ensure the adequacy and appropriateness of decision-making by the management, based on his considerable experience and broad expertise as a corporate manager.
Executive Director	Dai Tamesue	Attended 17 of the 18 meetings of the Board of Directors held in the current fiscal year. Provided advice and recommendations from an independent and objective standpoint to ensure the adequacy and appropriateness of decision-making by the management, based on his considerable experience and broad expertise gained through social and educational activities, especially his activities as an athlete.
Executive Director (Audit and Supervisory Committee member)	Tetsuzo Hasegawa	Attended all 18 meetings of the Board of Directors held in the current fiscal year. In addition, attended all 14 meetings of the Audit and Supervisory Committee. Also attended major internal meetings as a full-time Audit and Supervisory Committee member. Made remarks concerning corporate governance and compliance from his experience as an officer at listed companies.
Executive Director (Audit and Supervisory Committee member)	Ryogo Tsukioka	Attended all 18 meetings of the Board of Directors held in the current fiscal year. In addition, attended all 14 meetings of the Audit and Supervisory Committee. Made remarks concerning accounting, finance, and taxes pertaining to the Company from an expert perspective primarily as a certified public accountant and tax accountant.
Executive Director (Audit and Supervisory Committee member)	Koichiro Iida	Attended all 18 meetings of the Board of Directors held in the current fiscal year. In addition, attended all 14 meetings of the Audit and Supervisory Committee. Made remarks concerning legal matters pertaining to the Company, corporate governance, and compliance from an expert perspective primarily as an attorney.

5. Financial Auditor

(1) Financial auditor's name

Deloitte Touche Tohmatsu LLC

(2) Financial auditor's compensation, etc. for the current fiscal year

	Amount (million yen)
Financial auditor's compensation, etc. for the current fiscal year (Note)	34
Total money and other economic benefits to be paid to the financial auditor by the Company and its subsidiaries	34

- (Notes) 1. The audit contract between the Company and financial auditor does not clearly distinguish between compensation paid for the audit conducted in accordance with the Companies Act and compensation paid for the audit conducted in accordance with Financial Instruments and Exchange Act. It is practically impossible to make such a distinction. Accordingly, the amount above is the aggregate amount.
2. The Audit and Supervisory Committee, based upon the Practical Guidelines for Cooperation with Financial Auditors released by the Japan Audit & Supervisory Board Members Association, and having obtained necessary materials and having received reports from Directors, accounting-related departments, and the financial auditor regarding auditing performance in the previous fiscal year, conducts confirmation of auditing time and staff allocation plans concerning the auditing plans of the financial auditor, the status of execution of duties by the financial auditor, the grounds for calculation of compensation estimates and other matters, and having investigated these, gives consent to compensation, etc. for the financial auditor in accordance with Article 399, paragraph (1) of the Companies Act.

(3) Policy regarding determination of termination or nonrenewal of appointment of financial auditor

In the event that there is an obstacle to the execution of duties by the financial auditor, or when otherwise deeming the action necessary, the Audit and Supervisory Committee will determine the content of an agenda to be proposed to the General Meeting of Shareholders concerning the termination or nonrenewal of appointment of the financial auditor. In addition, when the matters prescribed in the items in Article 340, paragraph (1) of the Companies Act are applicable to the financial auditor, the Audit and Supervisory Committee will terminate the financial auditor by a unanimous consent of the Audit and Supervisory Committee members.

(4) Summary of agreements limiting liability

Pursuant to Article 427, paragraph (1) of the Companies Act, the Company has established provisions of the Articles of Incorporation allowing the conclusion of an agreement to limit the liability for damages as stipulated in Article 423, paragraph (1) of the said act. However, the Company has not concluded an agreement limiting liability with the financial auditor.

6. Overview of the Systems to Ensure that Business is Conducted Properly and Operating Status of Relevant System

In accordance with the Companies Act and Regulation for Enforcement of the Companies Act, the Company has established basic policy for the improvement of internal control system, as basic policy for the improvement of systems to ensure that business is conducted properly including the below.

- (1) Systems to ensure that the performance of duties by Directors and employees conforms to laws and regulations and the Articles of Incorporation
 - 1) Directors and employees of the Company will perform their duties with awareness of compliance and in accordance with laws and regulations, the Articles of Incorporation, internal regulations, etc.
 - 2) The Company will cooperate with attorneys, the police, etc. against anti-social forces that threaten the order and safety of civil society, and will respond to these in an organized manner with a resolute attitude.
 - 3) In order to satisfy legality according to laws and regulations and validity according to management judgment, the Board of Directors will perform supervision of decisions in executing business and supervision of the duties of Directors.
 - 4) The Audit and Supervisory Committee will exercise the authority stipulated by laws and regulations and will audit the performance of duties by Directors.
 - 5) The Company will establish contact desks for consultation on corporate ethics and for internal whistle-blowing, and will construct mechanisms for the early detection and the correction of actual or possible violations of laws and regulations, the Articles of Incorporation, and internal regulations, etc. (hereafter referred to as “public whistle-blowing system”).
 - 6) Violations of laws and regulations by Directors or employees will be subject to punishment by a disciplinary panel, in accordance with the rules of employment, etc.
 - 7) The Company will establish administrative authority, will clarify responsibilities and authority, and will establish systems for execution in each department.
 - 8) The Company will prepare and operate a variety of necessary approval systems, internal regulations, manuals, etc., and will make these known.
 - 9) The Company will establish a manager responsible for personal information management, and will construct and operate personal information protection systems centered on the said manager. The Company will also establish a secretariat under the direction of the said manager, and will strive to continuously improve the proper protection of personal information.
- (2) Matters related to the preservation and management of information concerning the performance of duties by Directors
 - 1) The Company will establish document management regulations and, following the provisions of the relevant regulations, etc., will appropriately preserve and manage important documents (including electromagnetic recordings) that contain information concerning the performance of duties by Directors, such as the minutes of important meetings.
 - 2) The Company will establish information management regulations and will protect and manage information assets.
- (3) Regulations concerning management of risk of loss and other systems
 - 1) Directors will ascertain the various risks that accompany the business of the Group as a whole, and, with recognition of the importance of performing risk management in an integrated manner, will strive to ascertain, evaluate, and manage these risks.
 - 2) The Company will prepare for unforeseeable events such as disasters, accidents, and system failures, and will formulate business continuity plans.

- (4) Systems to ensure that the duties of Directors are performed efficiently
 - 1) The Board of Directors will operate in accordance with the Articles of Incorporation and the Regulations for the Board of Directors, and will convene regularly every month or as required.
 - 2) Directors will carry out close exchanges of ideas, and, by working to share information, will execute their work with efficiency, agility, and speed.
 - 3) In order to ensure that the duties of Directors are performed efficiently, the Company will establish organizational regulations, regulations concerning the division of duties, and regulations concerning systems for approvals.
- (5) Systems to ensure that business is conducted properly in the corporate group consisting of the Company and subsidiaries
 - 1) The Company will strive to construct compliance systems for the Group as a whole, based on its management philosophy.
 - 2) The Company will perform necessary management in accordance with conditions in each subsidiary and based on Regulations for the Management of Subsidiaries and Associates. The Company will also mandate regular reporting on each subsidiary's sales performance, financial condition, and other important information.
 - 3) The Company will regularly review the institutional design and business execution systems of subsidiaries, taking into account their business, scale, and positioning within the Group, and will perform supervision to ensure the construction of systems by which business is performed efficiently.
 - 4) The Company will audit the business of each subsidiary as necessary.
- (6) Matters concerning relevant employees when the Audit and Supervisory Committee has requested the assignment of employees to assist in the duties of Audit and Supervisory Committee members
 - 1) The Audit and Supervisory Committee may ask the Board of Directors to assign employees that will follow the orders and instructions of the Audit and Supervisory Committee (hereafter referred to as "assistants to the Audit and Supervisory Committee").
 - 2) Personnel transfers, personal evaluations, and disciplinary actions involving an assistant to the Audit and Supervisory Committee require the prior consent of the Audit and Supervisory Committee.
 - 3) When receiving direction from the Audit and Supervisory Committee concerning their work, assistants to the Audit and Supervisory Committee will prepare a system for following the orders and instructions exclusively.
- (7) Systems for reporting to the Audit and Supervisory Committee by Directors and employees of the Company and subsidiaries
 - 1) The Directors and employees of the Company and subsidiaries will report to the Audit and Supervisory Committee without delay concerning legal matters, as well as matters that may have significant effects on the Company, matters resolved in important conference bodies, the status of public whistle-blowing systems and internal audits, etc.
 - 2) At the request of the Audit and Supervisory Committee, the Directors and employees of the Company and subsidiaries will report promptly on the status of business execution, etc.
 - 3) The Company will prohibit disadvantageous treatment of Directors and employees of the Company and subsidiaries for reason of having engaged in reporting to the Audit and Supervisory Committee in accordance with the previous two paragraphs, and will make the fact of this matter thoroughly known to the Directors and employees of the Company and subsidiaries.

- (8) Policies concerning procedures for the handling of expenses or debts arising from the performance of the duties of the Audit and Supervisory Committee members, and advance payment or reimbursement of expenses

When Audit and Supervisory Committee members have requested advance payment of expenses necessary for the performance of their duties, the Company will promptly handle the expenses or debts.

- (9) Other systems to ensure that audits by the Audit and Supervisory Committee are carried out effectively

- 1) The Audit and Supervisory Committee will regularly engage in exchanges of opinion with the Representative Director. The Audit and Supervisory Committee will also conduct hearings with Directors and important employees of the Company as necessary.
- 2) In addition to the Board of Directors meetings, the Audit and Supervisory Committee will attend management meetings and other important meetings as necessary.
- 3) The Audit and Supervisory Committee will engage in exchanges of opinion with an auditing firm as necessary.
- 4) The Audit and Supervisory Committee may independently obtain the aid of attorneys, certified public accountants, and other experts as necessary.
- 5) The Audit and Supervisory Committee will regularly engage in exchanges of opinion with the General Manager of the Internal Audit Office and work to strengthen cooperation.

An overview of the operating status of systems to ensure that the Company's business is conducted properly during the current fiscal year is as follows.

- (1) Internal control systems overall

Through operational audits and internal control audits by the Internal Audit Office, the Company performs maintenance, evaluates operating status, and implements improvements with regard to internal control systems overall.

Under the above system, the Company also performs "Effectiveness Evaluation of Internal Controls for Financial Reporting," in accordance with the Financial Instruments and Exchange Act. During the current fiscal year, no significant deficiencies or defects calling for disclosure were detected.

- (2) Compliance

In order to inspect and strengthen legal compliance systems, the Company has established a department responsible for the promotion of compliance, in accordance with the Company's "Basic Policies on Compliance" and "Compliance Regulations." The Company is also strengthening its initiatives by establishing a Compliance Information Desk in it with the aim of preventing acts that violate compliance, and, in the event that such an act occurs, conducting prompt assessment of the facts and responding appropriately.

- (3) Risk management

The Company has established the "Risk Countermeasure Committee" headed by the Representative Director as Chairman for the purpose of conducting integrated prevention of diverse risks involving the Group, and, in the event that such a risk materializes, conducting prompt and apt response.

- (4) Business management of subsidiaries

With regard to the business management of subsidiaries, the Corporate Planning Division of the Company performs preparation and supervision of business management systems, has established "Regulations for the Management of Subsidiaries and Associates" and the "Table of Common Administrative Authority to the Subsidiaries," and is preparing a system to receive prior approvals and reports from subsidiaries. The Company also receives monthly reports from subsidiaries on financial and other status, and reports these as appropriate to the Board of Directors of the Company.

- (5) Performance of duties by Directors

In accordance with the Regulations for the Board of Directors, the Company convenes Board of Directors meetings once per month in principle, and, in addition to conducting resolutions on matters prescribed by laws and regulations or the Articles of Incorporation or matters of business significance, performs supervision of the performance of duties by Directors. The Company also elects Outside Directors and is strengthening functions for supervision by the Board of Directors of the performance of duties by Directors of the Company.

In the current fiscal year, the Board of Directors convened 18 times.

(6) Audit and Supervisory Committee

Through attendance by the Audit and Supervisory Committee members in meetings of the Board of Directors, attendance by the full-time Audit and Supervisory Committee member in management meetings and other important meetings, and interview with the Directors and important employees, the Audit and Supervisory Committee performs checks of the Company's maintenance and operating status of internal control, and provides counsel for the purpose of more sound management systems and efficient operation.

The Audit and Supervisory Committee also conducts appropriate exchanges of information with the financial auditor and the Internal Audit Office and other organizations involved in internal control, maintaining cooperation and ensuring the effectiveness of audits.

7. Basic Policy on Control of Stock Company

As of the present, the Company has not expressly established related basic policies or anti-takeover measures.

At the same time, the Company believes that there is a need for appropriate response to large-volume stock acquisitions that do not contribute to the corporate value of the Group or to the common interest of shareholders, and will give serious consideration to the matter while carefully watching social trends and the preparation of legal systems.

8. Policy on Determination of Dividends from Surplus and Others

With regard to the earnings distribution, the basic policy of the Company is to pay more stable and continuous dividends based on the sound balance sheet while comprehensively taking into account consolidated financial results, DOE (dividend on equity), cash flows and capital efficiency.

In accordance with the above, and taking into account performance during the current fiscal year and factors including the internal reserves necessary for future business expansion and the strengthening of the Company's business structure, the Company plans to pay an ordinary dividend of 25 yen per share for the current fiscal year.

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(Note) Monetary amounts and number of shares in this Business Report are shown rounded down to the nearest unit.

## Consolidated Financial Statements

(October 1, 2019 to September 30, 2020)

### Consolidated Balance Sheet

(As of September 30, 2020)

(million yen)

| Assets                                                |               | Liabilities                                           |               |
|-------------------------------------------------------|---------------|-------------------------------------------------------|---------------|
| <b>Current assets</b>                                 | <b>74,180</b> | <b>Current liabilities</b>                            | <b>9,521</b>  |
| Cash and deposits                                     | 65,009        | Accounts payable - trade                              | 22            |
| Accounts receivable - trade                           | 6,977         | Accounts payable - other                              | 3,255         |
| Merchandise                                           | 63            | Accrued expenses                                      | 190           |
| Work in process                                       | 890           | Income taxes payable                                  | 3,273         |
| Supplies                                              | 3             | Accrued consumption taxes                             | 1,537         |
| Advance payments - other                              | 243           | Advances received                                     | 514           |
| Prepaid expenses                                      | 360           | Deposits received                                     | 192           |
| Other                                                 | 694           | Other                                                 | 535           |
| Allowance for doubtful accounts                       | (62)          | <b>Non-current liabilities</b>                        | <b>532</b>    |
| <b>Non-current assets</b>                             | <b>11,653</b> | Asset retirement obligations                          | 446           |
| <b>Property, plant and equipment</b>                  | <b>679</b>    | Other                                                 | 85            |
| Buildings and structures                              | 532           | <b>Total liabilities</b>                              | <b>10,053</b> |
| Tools, furniture and fixtures                         | 146           | <b>Net assets</b>                                     |               |
| <b>Intangible assets</b>                              | <b>294</b>    | <b>Shareholders' equity</b>                           | <b>75,373</b> |
| Software                                              | 43            | Share capital                                         | 6,536         |
| Other                                                 | 251           | Capital surplus                                       | 6,295         |
| <b>Investments and other assets</b>                   | <b>10,679</b> | Retained earnings                                     | 67,185        |
| Investment securities                                 | 6,953         | Treasury shares                                       | (4,645)       |
| Shares of subsidiaries and associates                 | 3             | <b>Accumulated other comprehensive income</b>         | <b>404</b>    |
| Investments in capital of subsidiaries and associates | 462           | Valuation difference on available-for-sale securities | 404           |
| Leasehold and guarantee deposits                      | 1,487         | <b>Non-controlling interests</b>                      | <b>1</b>      |
| Deferred tax assets                                   | 1,620         | <b>Total net assets</b>                               | <b>75,779</b> |
| Other                                                 | 152           | <b>Total liabilities and net assets</b>               | <b>85,833</b> |
| <b>Total assets</b>                                   | <b>85,833</b> |                                                       |               |

(Note) Figures less than one million yen are rounded down to the nearest million.

**Consolidated Statement of Income**  
(October 1, 2019 to September 30, 2020)

(million yen)

| Description                                             | Amount |               |
|---------------------------------------------------------|--------|---------------|
| <b>Net sales</b>                                        |        | <b>45,128</b> |
| <b>Cost of sales</b>                                    |        | <b>24,275</b> |
| <b>Gross profit</b>                                     |        | <b>20,853</b> |
| <b>Selling, general and administrative expenses</b>     |        | <b>8,602</b>  |
| <b>Operating profit</b>                                 |        | <b>12,250</b> |
| <b>Non-operating income</b>                             |        |               |
| Interest income                                         | 46     |               |
| Interest on securities                                  | 8      |               |
| Gain on investments in investment partnerships          | 9      |               |
| Gain on sales of investment securities                  | 192    |               |
| Gain on valuation of cryptocurrencies                   | 188    |               |
| Miscellaneous income                                    | 85     | 530           |
| <b>Non-operating expenses</b>                           |        |               |
| Foreign exchange losses                                 | 108    |               |
| Loss on valuation of investment securities              | 662    |               |
| Loss on investments in derivatives                      | 148    |               |
| Miscellaneous loss                                      | 71     | 991           |
| <b>Ordinary profit</b>                                  |        | <b>11,790</b> |
| <b>Extraordinary income</b>                             |        |               |
| Gain on sales of shares of subsidiaries and associates  | 0      | 0             |
| <b>Extraordinary losses</b>                             |        |               |
| Impairment loss                                         | 852    | 852           |
| <b>Profit before income taxes</b>                       |        | <b>10,938</b> |
| Income taxes - current                                  | 3,375  |               |
| Income taxes - deferred                                 | (414)  | 2,960         |
| <b>Profit</b>                                           |        | <b>7,977</b>  |
| <b>Profit attributable to non-controlling interests</b> |        | <b>0</b>      |
| <b>Profit attributable to owners of parent</b>          |        | <b>7,977</b>  |

(Note) Figures less than one million yen are rounded down to the nearest million.

## Consolidated Statement of Changes in Equity

(October 1, 2019 to September 30, 2020)

(million yen)

|                                                               | Shareholders' equity |                 |                   |                 |                            |
|---------------------------------------------------------------|----------------------|-----------------|-------------------|-----------------|----------------------------|
|                                                               | Share capital        | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period                                | 6,510                | 6,269           | 61,376            | (4,644)         | 69,511                     |
| Changes during period                                         |                      |                 |                   |                 |                            |
| Issuance of new shares - exercise of share acquisition rights | 13                   | 13              |                   |                 | 27                         |
| Issuance of new shares - restricted stock compensation        | 12                   | 11              |                   |                 | 24                         |
| Dividends of surplus                                          |                      |                 | (2,167)           |                 | (2,167)                    |
| Purchase of treasury shares                                   |                      |                 |                   | (0)             | (0)                        |
| Profit attributable to owners of parent                       |                      |                 | 7,977             |                 | 7,977                      |
| Net changes in items other than shareholders' equity          |                      |                 |                   |                 |                            |
| Total changes during period                                   | 25                   | 25              | 5,809             | (0)             | 5,861                      |
| Balance at end of period                                      | 6,536                | 6,295           | 67,185            | (4,645)         | 75,373                     |

|                                                               | Accumulated other comprehensive income                |                                              | Non-controlling interests | Total net assets |
|---------------------------------------------------------------|-------------------------------------------------------|----------------------------------------------|---------------------------|------------------|
|                                                               | Valuation difference on available-for-sale securities | Total accumulated other comprehensive income |                           |                  |
| Balance at beginning of period                                | (79)                                                  | (79)                                         | 0                         | 69,433           |
| Changes during period                                         |                                                       |                                              |                           |                  |
| Issuance of new shares - exercise of share acquisition rights |                                                       |                                              |                           | 27               |
| Issuance of new shares - restricted stock compensation        |                                                       |                                              |                           | 24               |
| Dividends of surplus                                          |                                                       |                                              |                           | (2,167)          |
| Purchase of treasury shares                                   |                                                       |                                              |                           | (0)              |
| Profit attributable to owners of parent                       |                                                       |                                              |                           | 7,977            |
| Net changes in items other than shareholders' equity          | 483                                                   | 483                                          | 0                         | 484              |
| Total changes during period                                   | 483                                                   | 483                                          | 0                         | 6,345            |
| Balance at end of period                                      | 404                                                   | 404                                          | 1                         | 75,779           |

(Note) Figures less than one million yen are rounded down to the nearest million.

## Notes to Consolidated Financial Statements

### Notes on Significant Basic Matters for the Preparation of Consolidated Financial Statements

#### 1. Scope of consolidation

- (1) Number of consolidated subsidiaries: 14

Names of consolidated subsidiaries:

Indigo Game Studios, Inc.  
COLOPL NEXT, Inc.  
RealStyle Co., Ltd.  
Pyramid, Inc.  
360Channel, Inc.  
COLOPL NEXT No. 2 Fund Investment Partnership  
COLOPL NEXT No. 3 Fund Investment Partnership  
COLOPL NEXT No. 4 Fund Investment Partnership  
COLOPL NEXT No. 5 Fund Investment Partnership  
COLOPL NEXT No. 6 Fund Investment Partnership  
COLOPL NEXT No. 7 Fund Investment Partnership  
COLOPL NEXT Listed Shares No. 1 Fund Investment Partnership  
Eighting Co., Ltd.  
MAGES., Inc.

During the current fiscal year, MAGES., Inc. was included in the scope of consolidation due to its acquisition. Also, Social Info Inc. and one other company were excluded from the scope of consolidation due to selling and other reasons.

- (2) Number of unconsolidated subsidiaries: 2

Names of principal unconsolidated subsidiaries:

Kuma's Musical Band Inc. and one other company

Unconsolidated subsidiaries are small in size, and their total assets, net sales, profit or loss (amount corresponding to the Company's equity position), retained earnings (amount corresponding to the Company's equity position) and other indicators have immaterial effect on the Company's consolidated financial statements. In addition, they are not material as a whole. Therefore, they are not included in the scope of consolidation.

#### 2. Application of equity method

- (1) Associates accounted for by the equity method

No items to report.

- (2) Unconsolidated subsidiaries or associates not accounted for by the equity method

Number of companies not accounted for by the equity method: 4

Names of companies not accounted for by the equity method:

Kuma's Musical Band Inc. and three other companies

These four companies are excluded from the scope of the equity method since such exclusion has immaterial effect on the Company's consolidated financial statements in terms of profit or loss (amount corresponding to the Company's equity position), retained earnings (amount corresponding to the Company's equity position) and other indicators, and they are not material as a whole.

#### 3. Fiscal year-end of consolidated subsidiaries

The fiscal year-end dates of all consolidated subsidiaries coincide with the consolidated balance sheet date.

#### 4. Accounting policies

##### (1) Standards and methods for valuation of significant assets

###### 1) Securities

Shares of subsidiaries and associates, and investments in capital of subsidiaries and associates  
Stated at cost using the moving-average method

###### Available-for-sale securities

###### With market quotations

Stated based on the market price, etc. on the consolidated balance sheet date

(Unrealized gains and losses are excluded from income and reported in a separate component of net assets.

The cost of sales is calculated using the moving-average method.)

###### Without market quotations

Stated at cost using the moving-average method

###### 2) Derivatives

Stated at fair value

###### 3) Inventories

###### Merchandise

Stated at cost using the moving-average method (determined based on the method of writing down book value in accordance with decreased profitability of assets)

###### Work in process

Stated at cost determined by the identified cost method (determined based on the method of writing down book value in accordance with decreased profitability of assets)

###### Supplies

Stated at cost determined by the last cost method (determined based on the method of writing down book value in accordance with decreased profitability of assets)

##### (2) Accounting method for cryptocurrencies

###### Valuation of cryptocurrencies at end of period

###### If an active market exists

Stated based on the market price, etc. on the consolidated balance sheet date

##### (3) Depreciation & amortization method for significant depreciable assets

###### 1) Property, plant and equipment

The declining-balance method is applied.

However, facilities attached to buildings and structures acquired on or after April 1, 2016, and buildings (excluding facilities attached to buildings) are computed using the straight-line method.

The main economic useful lives are as follows:

Buildings and structures 2 to 22 years

Tools, furniture and fixtures 2 to 20 years

###### 2) Intangible assets (excluding goodwill)

The straight-line method is applied.

Software for provision of services using the web 3 years (Useful lives as internally determined)

Other 5 years

##### (4) Standards for recognition of significant reserves

###### Allowance for doubtful accounts

For loss caused by uncollectible debt, an estimated amount of irrecoverable debt is provided as an allowance for doubtful accounts based on the historical write-off rate for ordinary receivables, and based on the recoverability of individual cases for specified receivables such as debt with a possibility of default.

(5) Method and period for amortization of goodwill

Goodwill is amortized by the straight-line method over a period of up to five years.

(6) Other significant matters for the preparation of consolidated financial statements

Accounting for consumption taxes

The tax-exclusion method is applied for consumption tax and local consumption tax.

### Notes on Change in Presentation

#### Consolidated statement of income

“Gain on valuation of cryptocurrencies,” which was included in “Miscellaneous income” in the previous fiscal year, is presented separately in the current fiscal year because its monetary significance increased.

“Gain on valuation of cryptocurrencies” for the previous fiscal year was 28 million yen.

### Notes to Consolidated Balance Sheet

(1) Assets offered as collateral, etc.

|                                  |                 |
|----------------------------------|-----------------|
| Leasehold and guarantee deposits | 473 million yen |
|----------------------------------|-----------------|

(Note) The above assets are held in trust in accordance with the Act on Settlement of Funds.

(2) Accumulated depreciation of property, plant and equipment

|                               |                         |
|-------------------------------|-------------------------|
| Buildings and structures      | 735 million yen         |
| Tools, furniture and fixtures | 541 million yen         |
| <hr/> Total                   | <hr/> 1,277 million yen |

(3) Contingent liabilities

An action for patent infringement was brought against the Company as of December 22, 2017, and the Company read the content of the complaint on January 9, 2018.

1) Cause of action and circumstances leading to the action brought to the court

In September 2016, Nintendo Co., Ltd. (“Nintendo”) pointed out that the Company’s game infringed a patent held by Nintendo. Since then, the Company has spent time to explain over more than one year, with sincerity and respect, that the Company does not violate the patent of Nintendo.

However, this could not result in acceptance of the Company’s notion by Nintendo, and the action was brought to the court.

2) Party who brought the action

|                 |                                                          |
|-----------------|----------------------------------------------------------|
| Name:           | Nintendo Co., Ltd.                                       |
| Address:        | 11-1 Hokotate-cho, Kamitoba, Minami-ku, Kyoto            |
| Representative: | Shuntaro Furukawa, Representative Director and President |

3) Content of the complaint

a. Content of the claim

Claim for damage based on patent infringement

Demand for an injunction against production, use, distribution via telecommunication lines, etc. of the Company’s application “Shironeko Project” based on patent infringement, and others.

b. Subject matter of suit and amount in controversy

Claim for damage: 4,400 million yen and delay damages

Application subject to the injunction demand: Shironeko Project

4) Future outlook

The Company is confident that there is no fact that its game infringes Nintendo’s patent, and plans to claim the validity of its notion.

## Notes to Consolidated Statement of Changes in Equity

### (1) Type and total number of issued shares

(Unit: shares)

| Type of shares | Number of shares as of October 1, 2019 | Increase | Decrease | Number of shares as of September 30, 2020 |
|----------------|----------------------------------------|----------|----------|-------------------------------------------|
| Common shares  | 129,288,500                            | 319,036  | -        | 129,607,536                               |

(Major cause for the change)

|                                                            |                |
|------------------------------------------------------------|----------------|
| Increase due to exercise of share acquisition rights       | 300,000 shares |
| Increase due to allotment of restricted stock compensation | 19,036 shares  |

### (2) Type and number of treasury shares

(Unit: shares)

| Type of shares | Number of shares as of October 1, 2019 | Increase | Decrease | Number of shares as of September 30, 2020 |
|----------------|----------------------------------------|----------|----------|-------------------------------------------|
| Common shares  | 1,778,039                              | 220      | -        | 1,778,259                                 |

(Major cause for the change)

|                                                       |            |
|-------------------------------------------------------|------------|
| Increase due to purchase of shares less than one unit | 220 shares |
|-------------------------------------------------------|------------|

### (3) Dividends of surplus

#### 1) Dividends paid

| Resolution                                                    | Type of shares | Source of dividend | Total dividends (million yen) | Dividend per share (yen) | Record date        | Effective date    |
|---------------------------------------------------------------|----------------|--------------------|-------------------------------|--------------------------|--------------------|-------------------|
| Ordinary General Meeting of Shareholders on December 20, 2019 | Common shares  | Retained earnings  | 2,167                         | 17.00                    | September 30, 2019 | December 23, 2019 |

#### 2) Dividends whose record date is during the current fiscal year but whose effective date is after the end of the current fiscal year

To be placed on the agenda of the Ordinary General Meeting of Shareholders on December 18, 2020, as follows:

| Resolution                                                    | Type of shares | Source of dividend | Total dividends (million yen) | Dividend per share (yen) | Record date        | Effective date    |
|---------------------------------------------------------------|----------------|--------------------|-------------------------------|--------------------------|--------------------|-------------------|
| Ordinary General Meeting of Shareholders on December 18, 2020 | Common shares  | Retained earnings  | 3,195                         | 25.00                    | September 30, 2020 | December 21, 2020 |

### (4) Type and number of shares to be issued upon the exercise of the share acquisition rights as of the balance sheet date (excluding share acquisition rights for which the first day of the exercise period has not yet arrived)

Common shares      432,000 shares

## Notes on Financial Instruments

### (1) Matters relating to status of financial instruments

#### 1) Policy for handling financial instruments

The Group principally covers its financial needs with internally generated funds. Funds are mainly managed through short-term deposits, etc.

Derivative transactions (equity index future contracts) are managed by taking into account the market risks and positions in the listed stock market.

#### 2) Details of financial instruments and associated risks

Accounts receivable - trade, which are operating receivables, are exposed to credit risks of customers.

Investment securities mainly consist of shares, bonds, government bonds, etc., each of which are exposed to the issuer's credit risk, the risk of interest rate fluctuations and the risk of market price fluctuations.

Shares of subsidiaries and associates, and investments in capital of subsidiaries and associates are not exposed to the risk of market price fluctuations, since these securities are not measured at fair value.

Accounts payable - other and income taxes payable, which are operating payables, mostly become due for settlement or payment within one year.

Monetary receivables and payables denominated in foreign currencies and securities denominated in foreign currencies are exposed to the risk of foreign exchange rate fluctuations.

Derivative transactions are exposed to the risk of fluctuations in equity indices.

#### 3) Management system for risks associated with financial instruments

##### a. Management of credit risk (such as risk associated with nonfulfillment of contracts by business partners)

For operating receivables, the Group has sales staff to periodically monitor the status of major business partners and manage due dates and balances for each business partner in accordance with internal regulations and other rules, while striving to quickly notice and mitigate any concerns on the collection of claims that might be caused by a business partner's deteriorated financial conditions, etc.

##### b. Management of market price fluctuation risk

The Group strives to periodically obtain fair values, equity indices and other information to mitigate risks.

##### c. Management of foreign currency risk (fluctuation risk from foreign exchange)

For monetary receivables and payables denominated in foreign currencies and securities denominated in foreign currencies, exchange fluctuations are monitored.

#### 4) Supplementary explanation regarding fair values of financial instruments

Fair values of financial instruments include theoretical values that are reasonably calculated. Because these calculations are based on certain assumptions, applying different assumptions may result in different fair values.

(2) Matters relating to fair values of financial instruments

Amounts on consolidated balance sheet, fair values, and differences between them are as follows.

Financial instruments whose fair values are deemed to be extremely difficult to determine are not included in the following table (Refer to Note 3).

|                                          | (million yen)                         |             |             |
|------------------------------------------|---------------------------------------|-------------|-------------|
|                                          | Amounts on consolidated balance sheet | Fair values | Differences |
| (1) Cash and deposits                    | 65,009                                | 65,009      | -           |
| (2) Accounts receivable - trade          | 6,977                                 |             |             |
| Allowance for doubtful accounts (Note 1) | (62)                                  |             |             |
| Accounts receivable - trade, net         | 6,915                                 | 6,915       | -           |
| (3) Investment securities                | 2,323                                 | 2,323       | -           |
| Total assets                             | 74,247                                | 74,247      | -           |
| (1) Accounts payable - other             | 3,255                                 | 3,255       | -           |
| (2) Income taxes payable                 | 3,273                                 | 3,273       | -           |
| Total liabilities                        | 6,528                                 | 6,528       | -           |
| Derivative transactions (*)              | (22)                                  | (22)        | -           |

(\*) Net credits/liabilities that arise from derivative transactions are indicated as net amounts, and the amounts of items for which net liabilities are recognized in total are indicated in parentheses.

- (Notes) 1. Allowance for doubtful accounts on accounts receivable - trade has been deducted.  
2. Matters relating to methods of fair value measurement of financial instruments and derivative transactions

Assets

- (1) Cash and deposits, (2) Accounts receivable - trade

Because these are settled in a short period of time and their fair values approximate book values, the Group deems their book values to be the fair values.

- (3) Investment securities

Fair values of bonds are assessed based on statistical data provided by the Japan Securities Dealers Association.

Liabilities

- (1) Accounts payable - other, (2) Income taxes payable

Because these are settled in a short period of time and their fair values approximate book values, the Group deems their book values to be the fair values.

Derivative transactions

The fair value of derivative transactions is based on the prices indicated by the financial institutions with which the Company has transactions.

3. Financial instruments whose fair values are deemed to be extremely difficult to determine

| (million yen)                                           |                                       |
|---------------------------------------------------------|---------------------------------------|
| Classification                                          | Amounts on consolidated balance sheet |
| Investment securities (Unlisted stocks, etc.)           | 4,629                                 |
| Shares of subsidiaries and associates (Unlisted stocks) | 3                                     |
| Investments in capital of subsidiaries and associates   | 462                                   |

Because these instruments have no market price and thus their fair values are deemed to be extremely difficult to determine, they are not subject to disclosure of fair values.

**Notes on Per Share Information**

- (1) Net assets per share 592.81 yen  
(2) Basic earnings per share 62.45 yen

## Other Notes

### Matters related to business combination

#### Business combination through acquisition

##### (1) Outline of business combination

###### 1) Name of acquired company and its business content

Name of acquired company: MAGES., Inc.

Business content: Planning and development of game software, production of music and program

###### 2) Main reasons for business combination

By adding the capabilities of MAGES., Inc. ("MAGES.") to create original IP and its popular IP to the Group, the Company expects to further improve the competitiveness of the Group's mobile service business, which is a core business. By having MAGES. join the Group, MAGES. will further boost the creation of new entertainment businesses, one of MAGES.'s strengths, by enhancing its financial base and business management system. For these reasons, the Company has judged that adding MAGES. to the Group will contribute to enhancing its corporate value.

###### 3) Date of business combination

April 3, 2020 (Deemed acquisition date: April 1, 2020)

###### 4) Legal form of business combination

Acquisition of shares

###### 5) Name of company after combination

No change

###### 6) Percentage of voting rights acquired

100%

###### 7) Main basis for determining acquiring company

Due to the Company's acquisition of shares in consideration for cash.

##### (2) Period of acquired company's operating results included in the consolidated statement of income for the current fiscal year

From April 1, 2020 to September 30, 2020

##### (3) Acquisition cost of acquired company and breakdown by type of consideration

|                               |                         |
|-------------------------------|-------------------------|
| Consideration for acquisition | Cash: 1,500 million yen |
| Acquisition cost              | 1,500 million yen       |

In addition to this acquisition cost, a conditional acquisition consideration (earnout consideration) of 500 million yen or 1,000 million yen may be incurred depending on the degree of achievement of the performance and other factors.

##### (4) Content and amount of major acquisition-related expenses

Advisory fees: 113 million yen

##### (5) Amount, reason, method and period for amortization of goodwill and intangible assets recognized

###### 1) Amount of goodwill and intangible assets recognized

Goodwill: 601 million yen

Intangible assets: 585 million yen

Although the amount of goodwill was provisionally recorded at the end of the third quarter of the current fiscal year as the allocation of acquisition cost had not been completed, the amount has been determined by the end of the current fiscal year.

As a result of the determination, the amount of goodwill decreased by 405 million yen, which was due to increases of 585 million yen and 179 million yen in other intangible assets (contract-related assets) and deferred tax liabilities, respectively.

In addition, as a result of reviewing the business plan in light of the impact of COVID-19 and the fact that it is still unpredictable when the spread will come to a halt, the Company is no longer expecting to earn the revenue that it had originally expected. Consequently, regarding the unamortized balance of goodwill and intangible assets, impairment losses of 541 million yen and 274 million yen have been recorded, respectively, on goodwill and intangible assets.

2) Reason for recognition

This is mainly due to the excess earning capacity expected from IP and other assets.

3) Method and period for amortization

Goodwill: Amortized by the straight-line method over five years.

Intangible assets: Amortized by the straight-line method over five years.

(6) Amount of assets acquired and liabilities assumed on the date of the business combination and their main breakdown

Current assets: 1,345 million yen

Non-current assets: 1,079 million yen

Total assets: 2,425 million yen

Current liabilities: 1,170 million yen

Non-current liabilities: 355 million yen

Total liabilities: 1,526 million yen

**Notes on Significant Subsequent Events**

No items to report.

## Non-consolidated Financial Statements

(October 1, 2019 to September 30, 2020)

### Non-consolidated Balance Sheet

(As of September 30, 2020)

(million yen)

| Assets                                                      |               | Liabilities                                           |                |
|-------------------------------------------------------------|---------------|-------------------------------------------------------|----------------|
| <b>Current assets</b>                                       | <b>67,932</b> | <b>Current liabilities</b>                            | <b>8,544</b>   |
| Cash and deposits                                           | 61,232        | Accounts payable - trade                              | 22             |
| Accounts receivable - trade                                 | 6,052         | Accounts payable - other                              | 2,920          |
| Merchandise                                                 | 24            | Accrued expenses                                      | 126            |
| Supplies                                                    | 3             | Income taxes payable                                  | 3,119          |
| Work in process                                             | 88            | Accrued consumption taxes                             | 1,306          |
| Advance payments - other                                    | 232           | Advances received                                     | 477            |
| Prepaid expenses                                            | 261           | Deposits received                                     | 41             |
| Other                                                       | 36            | Asset retirement obligations                          | 171            |
| Allowance for doubtful accounts                             | (0)           | Other                                                 | 357            |
| <b>Non-current assets</b>                                   | <b>16,337</b> | <b>Non-current liabilities</b>                        | <b>342</b>     |
| <b>Property, plant and equipment</b>                        | <b>531</b>    | Asset retirement obligations                          | 342            |
| Buildings and structures                                    | 436           |                                                       |                |
| Tools, furniture and fixtures                               | 94            | <b>Total liabilities</b>                              | <b>8,887</b>   |
| <b>Intangible assets</b>                                    | <b>35</b>     |                                                       |                |
| Software                                                    | 35            | <b>Net assets</b>                                     |                |
| <b>Investments and other assets</b>                         | <b>15,770</b> | <b>Shareholders' equity</b>                           | <b>75,131</b>  |
| Investment securities                                       | 1,318         | <b>Share capital</b>                                  | <b>6,536</b>   |
| Shares of subsidiaries and associates                       | 3,214         | <b>Capital surplus</b>                                | <b>6,533</b>   |
| Investments in capital of subsidiaries and associates       | 7,681         | Legal capital surplus                                 | 6,533          |
| Long-term loans receivable from subsidiaries and associates | 3,010         | <b>Retained earnings</b>                              | <b>66,706</b>  |
| Long-term prepaid expenses                                  | 36            | Other retained earnings                               | 66,706         |
| Leasehold and guarantee deposits                            | 1,168         | Retained earnings brought forward                     | 66,706         |
| Deferred tax assets                                         | 1,394         | <b>Treasury shares</b>                                | <b>(4,645)</b> |
| Other                                                       | 37            |                                                       |                |
| Allowance for doubtful accounts                             | (2,089)       | <b>Valuation and translation adjustments</b>          | <b>250</b>     |
|                                                             |               | Valuation difference on available-for-sale securities | 250            |
|                                                             |               | <b>Total net assets</b>                               | <b>75,382</b>  |
| <b>Total assets</b>                                         | <b>84,270</b> | <b>Total liabilities and net assets</b>               | <b>84,270</b>  |

(Note) Figures less than one million yen are rounded down to the nearest million.

**Non-consolidated Statement of Income**  
(October 1, 2019 to September 30, 2020)

(million yen)

| Description                                                | Amount |               |
|------------------------------------------------------------|--------|---------------|
| <b>Net sales</b>                                           |        | <b>39,061</b> |
| <b>Cost of sales</b>                                       |        | <b>20,368</b> |
| <b>Gross profit</b>                                        |        | <b>18,693</b> |
| <b>Selling, general and administrative expenses</b>        |        | <b>7,071</b>  |
| <b>Operating profit</b>                                    |        | <b>11,622</b> |
| <b>Non-operating income</b>                                |        |               |
| Interest income                                            | 80     |               |
| Dividend income                                            | 190    |               |
| Gain on sales of investment securities                     | 85     |               |
| Miscellaneous income                                       | 69     | 425           |
| <b>Non-operating expenses</b>                              |        |               |
| Foreign exchange losses                                    | 97     |               |
| Loss on investments in investment partnerships             | 177    |               |
| Loss on valuation of investment securities                 | 291    |               |
| Provision of allowance for doubtful accounts               | 401    |               |
| Miscellaneous loss                                         | 34     | 1,002         |
| <b>Ordinary profit</b>                                     |        | <b>11,045</b> |
| <b>Extraordinary income</b>                                |        |               |
| Gain on sales of shares of subsidiaries and associates     | 40     |               |
| Reversal of allowance for doubtful accounts                | 449    | 489           |
| <b>Extraordinary losses</b>                                |        |               |
| Loss on valuation of shares of subsidiaries and associates | 1,262  |               |
| Other extraordinary losses                                 | 24     | 1,287         |
| <b>Profit before income taxes</b>                          |        | <b>10,247</b> |
| Income taxes - current                                     | 3,154  |               |
| Income taxes - deferred                                    | (253)  | 2,901         |
| <b>Profit</b>                                              |        | <b>7,346</b>  |

(Note) Figures less than one million yen are rounded down to the nearest million.

**Non-consolidated Statement of Changes in Equity**  
(October 1, 2019 to September 30, 2020)

(million yen)

|                                                               | Shareholders' equity |                       |                       |                         |                         |                 |
|---------------------------------------------------------------|----------------------|-----------------------|-----------------------|-------------------------|-------------------------|-----------------|
|                                                               | Share capital        | Capital surplus       |                       | Retained earnings       |                         | Treasury shares |
|                                                               |                      | Legal capital surplus | Total capital surplus | Other retained earnings | Total retained earnings |                 |
| Balance at beginning of period                                | 6,510                | 6,507                 | 6,507                 | 61,527                  | 61,527                  | (4,644)         |
| Changes during period                                         |                      |                       |                       |                         |                         |                 |
| Issuance of new shares - exercise of share acquisition rights | 13                   | 13                    | 13                    |                         |                         |                 |
| Issuance of new shares - restricted stock compensation        | 12                   | 11                    | 11                    |                         |                         |                 |
| Dividends of surplus                                          |                      |                       |                       | (2,167)                 | (2,167)                 |                 |
| Profit                                                        |                      |                       |                       | 7,346                   | 7,346                   |                 |
| Purchase of treasury shares                                   |                      |                       |                       |                         |                         | (0)             |
| Net changes in items other than shareholders' equity          |                      |                       |                       |                         |                         |                 |
| Total changes during period                                   | 25                   | 25                    | 25                    | 5,178                   | 5,178                   | (0)             |
| Balance at end of period                                      | 6,536                | 6,533                 | 6,533                 | 66,706                  | 66,706                  | (4,645)         |

|                                                               | Shareholders' equity       | Valuation and translation adjustments                 |                                             | Total net assets |
|---------------------------------------------------------------|----------------------------|-------------------------------------------------------|---------------------------------------------|------------------|
|                                                               | Total shareholders' equity | Valuation difference on available-for-sale securities | Total valuation and translation adjustments |                  |
| Balance at beginning of period                                | 69,901                     | (78)                                                  | (78)                                        | 69,822           |
| Changes during period                                         |                            |                                                       |                                             |                  |
| Issuance of new shares - exercise of share acquisition rights | 27                         |                                                       |                                             | 27               |
| Issuance of new shares - restricted stock compensation        | 24                         |                                                       |                                             | 24               |
| Dividends of surplus                                          | (2,167)                    |                                                       |                                             | (2,167)          |
| Profit                                                        | 7,346                      |                                                       |                                             | 7,346            |
| Purchase of treasury shares                                   | (0)                        |                                                       |                                             | (0)              |
| Net changes in items other than shareholders' equity          |                            | 329                                                   | 329                                         | 329              |
| Total changes during period                                   | 5,230                      | 329                                                   | 329                                         | 5,560            |
| Balance at end of period                                      | 75,131                     | 250                                                   | 250                                         | 75,382           |

(Note) Figures less than one million yen are rounded down to the nearest million.

## Notes to Non-Consolidated Financial Statements

### Notes on Significant Accounting Policies

(1) Standards and methods for valuation of securities

- 1) Shares of subsidiaries and associates, bonds of subsidiaries and associates, and investments in capital of subsidiaries and associates

Stated at cost using the moving-average method

- 2) Available-for-sale securities

With market quotations

Stated based on the market price, etc. on the balance sheet date (Unrealized gains and losses are excluded from income and reported in a separate component of net assets. The cost of sales is calculated using the moving-average method.)

Without market quotations

Stated at cost using the moving-average method

(2) Standards and methods for valuation of inventories

Merchandise

Stated at cost using the moving-average method (determined based on the method of writing down book value in accordance with decreased profitability of assets)

Work in process

Stated at cost determined by the identified cost method (determined based on the method of writing down book value in accordance with decreased profitability of assets)

Supplies

Stated at cost determined by the last cost method (non-consolidated balance sheet amounts are determined based on the method of writing down book value in accordance with decreased profitability of assets)

(3) Depreciation & amortization method for non-current assets

- 1) Property, plant and equipment

The declining-balance method is applied.

However, facilities attached to buildings and structures acquired on or after April 1, 2016, and buildings (excluding facilities attached to buildings) are computed using the straight-line method.

The main economic useful lives are as follows:

Buildings and structures 3 to 22 years

Tools, furniture and fixtures 2 to 10 years

- 2) Intangible assets

The straight-line method is applied.

Software for provision of services using the web 3 years (Useful lives as internally determined)

Other 5 years

(4) Standards for recognition of reserves

Allowance for doubtful accounts

For loss caused by uncollectible debt, an estimated amount of irrecoverable debt is provided as an allowance for doubtful accounts based on the historical write-off rate for ordinary receivables, and based on the recoverability of individual cases for specified receivables such as debt with a possibility of default.

(5) Other significant basic matters for the preparation of non-consolidated financial statements

Accounting for consumption taxes

The tax-exclusion method is applied for consumption tax and local consumption tax.

## Notes to Non-Consolidated Balance Sheet

- (1) Assets offered as collateral, etc.

|                                                                                              |                 |
|----------------------------------------------------------------------------------------------|-----------------|
| Leasehold and guarantee deposits                                                             | 473 million yen |
| (Note) The above assets are held in trust in accordance with the Act on Settlement of Funds. |                 |

- (2) Accumulated depreciation of property, plant and equipment

|                               |                       |
|-------------------------------|-----------------------|
| Buildings and structures      | 467 million yen       |
| Tools, furniture and fixtures | 249 million yen       |
| <hr/> Total                   | <hr/> 716 million yen |

- (3) Monetary receivables from and payables to subsidiaries and associates (excluding accounting items presented separately)

|                                 |                 |
|---------------------------------|-----------------|
| Short-term monetary receivables | 35 million yen  |
| Short-term monetary payables    | 327 million yen |

- (4) Contingent liabilities

An action for patent infringement was brought against the Company as of December 22, 2017, and the Company read the content of the complaint on January 9, 2018.

- 1) Cause of action and circumstances leading to the action brought to the court

In September 2016, Nintendo Co., Ltd. (“Nintendo”) pointed out that the Company’s game infringed a patent held by Nintendo. Since then, the Company has spent time to explain over more than one year, with sincerity and respect, that the Company does not violate the patent of Nintendo.

However, this could not result in acceptance of the Company’s notion by Nintendo, and the action was brought to the court.

- 2) Party who brought the action

Name: Nintendo Co., Ltd.  
Address: 11-1 Hokotate-cho, Kamitoba, Minami-ku, Kyoto  
Representative: Shuntaro Furukawa, Representative Director and President

- 3) Content of the complaint

- a. Content of the claim

Claim for damage based on patent infringement

Demand for an injunction against production, use, distribution via telecommunication lines, etc. of the Company’s application “Shironeko Project” based on patent infringement, and others.

- b. Subject matter of suit and amount in controversy

Claim for damage: 4,400 million yen and delay damages

Application subject to the injunction demand: Shironeko Project

- 4) Future outlook

The Company is confident that there is no fact that its game infringes Nintendo’s patent, and plans to claim the validity of its notion.

## Notes to Non-Consolidated Statement of Income

### Transactions with subsidiaries and associates

#### Operating transactions

|                                                |                   |
|------------------------------------------------|-------------------|
| Net sales                                      | 0 million yen     |
| Cost of sales                                  | 2,818 million yen |
| Selling, general and administrative expenses   | 29 million yen    |
| Transactions other than operating transactions | 267 million yen   |

## Notes to Non-Consolidated Statement of Changes in Equity

### Type and number of treasury shares

(Unit: shares)

| Type of shares | Number of shares as of October 1, 2019 | Increase | Decrease | Number of shares as of September 30, 2020 |
|----------------|----------------------------------------|----------|----------|-------------------------------------------|
| Common shares  | 1,778,039                              | 220      | -        | 1,778,259                                 |

(Major cause for the change)

Increase due to purchase of shares less than one unit      220 shares

## Notes on Tax Effect Accounting

### Major causes for accrual of deferred tax assets and deferred tax liabilities

(million yen)

#### Deferred tax assets:

|                                                                           |         |
|---------------------------------------------------------------------------|---------|
| Accrued enterprise taxes, currently not deductible                        | 184     |
| Accrued bonuses, currently not deductible                                 | 139     |
| Allowance for doubtful accounts, currently not deductible                 | 668     |
| Bad debts expenses, currently not deductible                              | 2       |
| Asset retirement obligations                                              | 157     |
| Amount exceeding the limit of depreciation of lump-sum depreciable assets | 6       |
| Loss on investments in partnership                                        | 968     |
| Loss on valuation of investment securities                                | 183     |
| Loss on valuation of shares of subsidiaries and associates                | 814     |
| Other                                                                     | 175     |
| Subtotal deferred tax assets                                              | 3,301   |
| Valuation allowance for deductible temporary differences                  | (1,666) |
| Subtotal valuation allowance                                              | (1,666) |
| Total deferred tax assets                                                 | 1,634   |

#### Deferred tax liabilities:

|                                                                |       |
|----------------------------------------------------------------|-------|
| Retirement costs corresponding to asset retirement obligations | (60)  |
| Other                                                          | (179) |
| Total deferred tax liabilities                                 | (240) |
| Net deferred tax assets                                        | 1,394 |

## Notes on Related Party Transactions

### Subsidiaries and associates, etc.

| Attribute  | Name of company                               | Percentage of voting rights owning or owned       | Relationship                                  | Content of transaction           | Transaction amount (million yen) | Account title                                               | Balance as of September 30, 2020 (million yen) |
|------------|-----------------------------------------------|---------------------------------------------------|-----------------------------------------------|----------------------------------|----------------------------------|-------------------------------------------------------------|------------------------------------------------|
| Subsidiary | RealStyle Co., Ltd.                           | Directly owning 100.0%                            | Financial support<br>Interlocking of officers | Repayments of funds (Notes 1, 2) | 70                               | Long-term loans receivable from subsidiaries and associates | 1,230                                          |
|            |                                               |                                                   |                                               | Receipt of interest (Notes 1, 2) | 3                                | Other under investments and other assets                    | 19                                             |
| Subsidiary | MAGES., Inc.                                  | Directly owning 100.0%                            | Financial support<br>Interlocking of officers | Lending of funds (Notes 1, 2)    | 1,000                            | Long-term loans receivable from subsidiaries and associates | 1,000                                          |
|            |                                               |                                                   |                                               | Receipt of interest (Notes 1, 2) | 4                                | Other under investments and other assets                    | 4                                              |
| Subsidiary | COLOPL NEXT No. 4 Fund Investment Partnership | Directly owning 99.75%<br>Indirectly owning 0.25% | Business investment                           | Payment of capital investment    | 1,067                            | —                                                           | —                                              |
| Subsidiary | COLOPL NEXT No. 7 Fund Investment Partnership | Directly owning 99.96%<br>Indirectly owning 0.04% | Business investment                           | Payment of capital investment    | 1,099                            | —                                                           | —                                              |

(Notes) 1. For loans, etc. to the above subsidiaries, allowance for doubtful accounts were recorded at a total of 1,547 million yen.

2. The interest rates of loans are rationally decided by taking into account market interest rates.

## Notes on Per Share Information

- (1) Net assets per share 589.71 yen  
(2) Basic earnings per share 57.51 yen

## Other Notes

### Matters related to business combination

This note is omitted as the contents are the same as that stated in “Matters related to business combination” under “Other Notes” in the Notes to Consolidated Financial Statements.

## Notes on Significant Subsequent Events

No items to report.

(English translation)

Certified copy of Financial Auditor's audit report on the Consolidated Financial Statements

**Independent Auditor's Report**

November 16, 2020

To the Board of Directors  
COLOPL, Inc.

Deloitte Touche Tohmatsu LLC Tokyo Office

Hajime Seishi, CPA  
Designated Unlimited Liability Partner,  
Engagement Partner  
Hiroyuki Ito, CPA  
Designated Unlimited Liability Partner,  
Engagement Partner

**Audit opinion**

Pursuant to Article 444, paragraph (4) of the Companies Act, we have audited the consolidated financial statements, that is, the consolidated balance sheet, consolidated statement of income, consolidated statement of changes in equity and notes to consolidated financial statements, of COLOPL, Inc. (the "Company") for the fiscal year from October 1, 2019 to September 30, 2020.

In our opinion, the above consolidated financial statements fairly present, in every material aspect, the financial position and results of operations of the corporate group comprised of COLOPL, Inc. and its consolidated subsidiaries (the "Group") for the relevant term of the consolidated financial statements, in accordance with the business accounting standards generally accepted in Japan.

**Basis for audit opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that we have obtained sufficient and appropriate audit evidence to support our audit opinion.

**Responsibilities of management and the Audit and Supervisory Committee for the consolidated financial statements**

The responsibility of management is to prepare consolidated financial statements in accordance with business accounting standards generally accepted in Japan and present appropriate accounting information. This responsibility includes the establishment and operation of internal controls deemed necessary by management for the preparation of consolidated financial statements, free of material misstatement due to fraud or error and the presentation of appropriate accounting information.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements with the assumption of the Group's ability to continue as a going concern, and disclosing, as applicable, matters related to going concern in accordance with business accounting standards generally accepted in Japan.

The Audit and Supervisory Committee is responsible for overseeing the Directors' execution of duties relating to the design, implementation and maintenance of the Group's financial reporting process.

**Auditor's responsibilities for the audit of the consolidated financial statements**

Our responsibilities are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the consolidated financial statements based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. The procedures selected to be

applied depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of auditing the consolidated financial statements to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates made by management and related notes thereto.
- Conclude on the appropriateness of management's use of the going concern basis for preparing the consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related notes to the consolidated financial statements or, if such notes are inadequate, to express a qualified opinion with exceptions on the consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the overall presentation of the consolidated financial statements and the notes thereto are in accordance with business accounting standards generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the notes thereto, and whether the consolidated financial statements represent the underlying transactions and accounting events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements. We remain solely responsible for our audit opinion.

We communicate with the Audit and Supervisory Committee regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit, and other matters required by auditing standards.

We also provide the Audit and Supervisory Committee with a statement that we have complied with relevant ethical requirements in Japan regarding independence, and communicate with it all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards in order to eliminate or reduce obstruction factors.

#### Interests in the Company

Our firm and engagement partners have no interest in the Company and its consolidated subsidiaries which shall be disclosed pursuant to the provisions of the Certified Public Accountants Act.

(English translation)

Certified copy of Financial Auditor's audit report on the Non-consolidated Financial Statements

**Independent Auditor's Report**

November 16, 2020

To the Board of Directors  
COLOPL, Inc.

Deloitte Touche Tohmatsu LLC Tokyo Office

Hajime Seishi, CPA  
Designated Unlimited Liability Partner,  
Engagement Partner  
Hiroyuki Ito, CPA  
Designated Unlimited Liability Partner,  
Engagement Partner

**Audit opinion**

Pursuant to Article 436, paragraph (2), item (i) of the Companies Act, we have audited the non-consolidated financial statements, that is, the non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in equity and notes to non-consolidated financial statements, and the supplementary schedules (collectively, "non-consolidated financial statements, etc.") of COLOPL, Inc. (the "Company") for the 12th fiscal term from October 1, 2019 to September 30, 2020.

In our opinion, the above non-consolidated financial statements, etc. fairly present, in every material aspect, the financial position and results of operations of the Company for the relevant term of the non-consolidated financial statements, etc., in accordance with the business accounting standards generally accepted in Japan.

**Basis for audit opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the non-consolidated financial statements, etc. section of our report. We are independent of the Company in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that we have obtained sufficient and appropriate audit evidence to support our audit opinion.

**Responsibilities of management and the Audit and Supervisory Committee for the non-consolidated financial statements, etc.**

The responsibility of management is to prepare non-consolidated financial statements, etc. in accordance with business accounting standards generally accepted in Japan and present appropriate accounting information. This responsibility includes the establishment and operation of internal controls deemed necessary by management for the preparation of non-consolidated financial statements, etc., free of material misstatement due to fraud or error and the presentation of appropriate accounting information.

In preparing the non-consolidated financial statements, etc., management is responsible for assessing whether it is appropriate to prepare the non-consolidated financial statements, etc. with the assumption of the Company's ability to continue as a going concern, and disclosing, as applicable, matters related to going concern in accordance with business accounting standards generally accepted in Japan.

The Audit and Supervisory Committee is responsible for overseeing the Directors' execution of duties relating to the design, implementation and maintenance of the Company's financial reporting process.

**Auditor's responsibilities for the audit of the non-consolidated financial statements, etc.**

Our responsibilities are to obtain reasonable assurance about whether the non-consolidated financial statements, etc. as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the non-consolidated financial statements, etc. based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these non-consolidated financial statements, etc.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the non-consolidated financial statements, etc., whether due to fraud or error, and design and perform audit procedures responsive to those risks. The procedures selected to be applied depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of auditing the non-consolidated financial statements, etc. to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates made by management and related notes thereto.
- Conclude on the appropriateness of management's use of the going concern basis for preparing the non-consolidated financial statements, etc. and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related notes to the non-consolidated financial statements, etc. or, if such notes are inadequate, to express a qualified opinion with exceptions on the non-consolidated financial statements, etc. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the overall presentation of the non-consolidated financial statements, etc. and the notes thereto are in accordance with business accounting standards generally accepted in Japan, as well as the overall presentation, structure and content of the non-consolidated financial statements, etc., including the notes thereto, and whether the non-consolidated financial statements, etc. represent the underlying transactions and accounting events in a manner that achieves fair presentation.

We communicate with the Audit and Supervisory Committee regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit, and other matters required by auditing standards.

We also provide the Audit and Supervisory Committee with a statement that we have complied with relevant ethical requirements in Japan regarding independence, and communicate with it all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards in order to eliminate or reduce obstruction factors.

#### Interests in the Company

Our firm and engagement partners have no interest in the Company which shall be disclosed pursuant to the provisions of the Certified Public Accountants Act.

(English translation)

Certified copy of the audit report of the Audit and Supervisory Committee

### **Audit Report**

The Audit and Supervisory Committee audited the execution of duties by Directors for the 12th fiscal term from October 1, 2019 to September 30, 2020. We hereby report the methods and results as follows.

#### 1. Auditing methods and details of such methods

Regarding the content of the resolution of the Board of Directors relating to matters stipulated in Article 399-13, paragraph (1), item (i) (b) and (c) of the Companies Act and the status of the system being developed pursuant to the resolution (internal control system), the Audit and Supervisory Committee periodically received reports from the Directors, employees and other personnel concerning the establishment and management of such system, sought explanations as necessary, and expressed opinions, and carried out audits according to the following method:

- 1) The Audit and Supervisory Committee worked in coordination with the Company's internal audit division and other divisions with jurisdiction over internal control, attended important meetings, received reports from Directors and employees regarding performance of their duties, sought explanations as necessary, examined important authorized documents, and studied the operations and financial positions at the Company based on the auditing policies determined by the Audit and Supervisory Committee and the allocation of duties, etc. With respect to subsidiaries, we communicated and exchanged information with Directors, Statutory Auditors, and other relevant personnel of the subsidiaries, and received business report from the subsidiaries as necessary.
- 2) In addition to monitoring and verifying whether the financial auditor kept its independent position and whether it performed proper audit, the Committee received reports from the financial auditor concerning the performance of its duties, and requested additional explanation as necessary. Moreover, we were informed of the arrangement of the "System for ensuring that the duties are performed appropriately" (matters stipulated in the items of Article 131 of the Regulation on Corporate Accounting) in accordance with "Standards for the Quality Control of Audits" (Business Accounting Council, October 28, 2005) from the financial auditor and requested explanations as necessary.

In accordance with the procedures mentioned above, we reviewed the business report and supplementary schedules thereto, the non-consolidated financial statements (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in equity and notes to non-consolidated financial statements) and the supplementary schedules thereto and the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in equity and notes to consolidated financial statements), for the fiscal term ended September 30, 2020.

#### 2. Results of audit

##### (1) Results of audit of business report and other relevant documents

- 1) The business report and supplementary schedules present fairly the financial condition of the Company in conformity with related laws and regulations and the Articles of Incorporation of the Company.
- 2) Regarding the execution of duties by Directors, there were no instances of misconduct or material matters in violation of laws and regulations, nor of the Articles of Incorporation of the Company.
- 3) The resolution of the Board of Directors regarding the internal control system is fair and reasonable. There are no matters requiring additional comment regarding the contents of the business report on such internal control system and the execution of duties by Directors.

##### (2) Results of audit of the non-consolidated financial statements and supplementary schedules

The auditing methods and results of the financial auditor, Deloitte Touche Tohmatsu LLC, are fair and reasonable.

##### (3) Results of audit of consolidated financial statements

The auditing methods and results of the financial auditor, Deloitte Touche Tohmatsu LLC, are fair and reasonable.

November 17, 2020

Audit and Supervisory Committee, COLOPL, Inc.

Full-time Audit and Supervisory Committee member  
Audit and Supervisory Committee member  
Audit and Supervisory Committee member

Tetsuzo Hasegawa  
Ryogo Tsukioka  
Koichiro Iida

(Note) Audit and Supervisory Committee members Mr. Tetsuzo Hasegawa, Mr. Ryogo Tsukioka and Mr. Koichiro Iida are Outside Directors provided for in Article 2, item (xv) and Article 331, paragraph (6) of the Companies Act.