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(Securities Code: 3668)  
November 30, 2021

Dear Shareholders,

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

## Notice of the 13th Ordinary General Meeting of Shareholders

We are pleased to announce the 13th Ordinary General Meeting of Shareholders of COLOPL, Inc. (the “Company”), which will be held as described below.

In order to prevent the spread of the novel coronavirus disease (COVID-19), the Company has decided to hold this meeting, taking appropriate measures beforehand to avoid infection.

From the perspective of preventing the spread of the infection, you are encouraged to **exercise your voting rights prior to the meeting in writing or via the internet, etc.**, if at all possible. **Regardless of your own state of health, you are urged to refrain from traveling to the venue on the date of the meeting.**

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 16, 2021.

### Measures to Prevent the Spread of COVID-19

- **Shareholders are requested to exercise voting rights in advance in writing or via the internet, etc. Regardless of your own state of health, you are urged to refrain from traveling to the venue on the date of the meeting.**
- There will be no souvenirs available.
- There will be no company presentation for shareholders after the meeting.
- We will be increasing the space between shareholders’ seats, and have significantly fewer chairs than normal. It is possible that not everyone who comes to the meeting will be able to enter the venue. We ask for your understanding.
- Matters to be reported (including Audit Report) and detailed explanations of the proposals will be omitted to shorten the meeting’s duration.
- 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 by early December).

## Details

- 1. Date and Time:** Friday, December 17, 2021, at 10:00 a.m.  
(The reception of the attendees to the meeting shall start at 9:00 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 13th Fiscal Year (from October 1, 2020 to September 30, 2021)
    2. Non-consolidated Financial Statements for the 13th Fiscal Year (from October 1, 2020 to September 30, 2021)
  - Matters to be resolved:**
    - Proposal 1:** Appropriation of Surplus
    - Proposal 2:** Partial Amendments to the Articles of Incorporation
    - Proposal 3:** Election of Ten (10) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)
    - Proposal 4:** Election of Three (3) Directors Who Are Audit and Supervisory Committee Members
    - Proposal 5:** Election of One (1) Substitute Director Who Is an Audit and Supervisory Committee Member
    - Proposal 6:** Revision of Amounts of Compensation for Outside 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 16, 2021.
  - (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 16, 2021.

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### 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 16, 2021, at 7:00 p.m.**

### **Proposals 1, 2, 5 and 6**

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

### **Proposals 3 and 4**

- 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.

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### ■ 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 16, 2021, 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 16, 2021, at 7:00 p.m.

<b>Inquiries:</b> In case you need instructions to operate your personal computer or smartphone	
<ul style="list-style-type: none"><li>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:</li></ul>	<ul style="list-style-type: none"><li>For other questions relating to shares, please refer to the following:</li></ul>
Dedicated number of Stock Transfer Agent Web Support, Sumitomo Mitsui Trust Bank, Limited	Stock Transfer Agency Department, Sumitomo Mitsui Trust Bank, Limited
Telephone: 0120-652-031 (Toll free within Japan only)	Telephone: 0120-782-031 (Toll free within Japan only)
Business hours: 9:00 a.m. to 9:00 p.m.	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: 20.00 yen

Total amount of dividends: 2,559,749,800 yen

(3) Effective date for dividends

December 20, 2021

## Proposal 2: Partial Amendments to the Articles of Incorporation

### (1) Reasons for the proposal

- 1) The position of Chairman of the Board of Directors will be newly established as a director with executive responsibility in order to build a management structure that can respond quickly to changes in the business environment and to further strengthen and enhance the management foundation. In addition, the newly established position of Chairman of the Board of Directors will be added as a person with the authority to convene and chair general meetings of shareholders and meetings of the Board of Directors so that the Company can flexibly manage general meetings of shareholders and meetings of the Board of Directors.
- 2) In preparation for the event that the number of Directors who are Audit and Supervisory Committee members stipulated in laws and regulations is not sufficient, the Company will newly establish a provision concerning the election of a substitute Director who is an Audit and Supervisory Committee member and the effect of the resolution for the election.
- 3) The location of the head office will be changed in order to streamline operations and generate unique ideas by consolidating office floors.
- 4) Because the amendment of the Companies Act in 2019 allows the provision of Reference Documents for the General Meeting of Shareholders, etc. in an electronic format, the Company has decided that information included in Reference Documents for the General Meeting of Shareholders, etc. shall be provided in an electronic format on and after the date of enforcement of the amended Companies Act.
- 5) The “Act for Partially Amending the Industrial Competitiveness Enhancement Act and Other Related Acts (Act No. 70 of 2021)” was enacted, newly allowing listed companies to hold general meetings of shareholders without a specified location (so-called virtual-only shareholders’ meetings) (enforced on June 16, 2021). Required changes will be made so that increased accessibility to general meetings of shareholders for shareholders will lead to revitalization, improved efficiency and facilitation of general meetings of shareholders, and virtual-only shareholders’ meetings which also contribute to measures against COVID-19, etc. can be held.

### (2) Details of the proposed amendments

Details of the proposed amendments to the Articles of Incorporation are as follows:

(Underlined portions are amended)

Current Articles of Incorporation	Proposed Articles of Incorporation
Articles 1 to 2 (Omitted)	Articles 1 to 2 (Unchanged)
Article 3 (Location of the Head Office) The head office of the Company shall be located at <u>Shibuya-ku</u> , Tokyo, Japan.	Article 3 (Location of the Head Office) The head office of the Company shall be located at <u>Minato-ku</u> , Tokyo, Japan.
Articles 4 to 11 (Omitted)	Articles 4 to 11 (Unchanged)
Article 12 (Convocation of General Meetings of Shareholders) An ordinary general meeting of shareholders of the Company shall be convened within three (3) months from the day following the last day of each business year, and an extraordinary general meeting of shareholders shall be convened from time to time, whenever necessary.  (Newly established)	Article 12 (Convocation of General Meetings of Shareholders) <u>1. An ordinary general meeting of shareholders of the Company shall be convened within three (3) months from the day following the last day of each business year, and an extraordinary general meeting of shareholders shall be convened from time to time, whenever necessary.</u> <u>2. General meetings of shareholders of the Company may be general meetings of shareholders without a specified location.</u>
Article 13 (Omitted)	Article 13 (Unchanged)

Current Articles of Incorporation	Proposed Articles of Incorporation
<p>Article 14 (Person Authorized to Convene Meetings and Chair Thereof)</p> <ol style="list-style-type: none"> <li>The President shall convene the General Meeting of Shareholders and chair the meeting.</li> <li>In the event that the President <u>is</u> unable to act, another Director shall convene and chair the General Meeting of Shareholders in accordance with the order previously determined by the Board of Directors.</li> </ol>	<p>Article 14 (Person Authorized to Convene Meetings and Chair Thereof)</p> <ol style="list-style-type: none"> <li><u>The Chairman of the Board of Directors or the President</u> shall convene the General Meeting of Shareholders and chair the meeting.</li> <li>In the event that <u>both the Chairman of the Board of Directors and the President are</u> unable to act, another Director shall convene and chair the General Meeting of Shareholders in accordance with the order of priority previously determined by the Board of Directors.</li> </ol>
<p>Articles 15 to 17 (Omitted)</p>	<p>Articles 15 to 17 (Unchanged)</p>
<p><u>Article 18 (Internet Disclosure and Deemed Provision of Reference Documents for General Meetings of Shareholders)</u></p> <p><u>When convening a general meeting of shareholders, the Company may deem to have supplied information about matters to be stated or indicated in reference documents for the general meeting of shareholders, business reports, financial statements and consolidated financial statements to shareholders, by disclosing the information via the internet according to the relevant Ordinance of the Ministry of Justice.</u></p>	<p>(Deleted)</p>
<p>(Newly established)</p>	<p><u>Article 18 (Provision of Documents for General Meetings of Shareholders in an Electronic Format)</u></p>
	<ol style="list-style-type: none"> <li><u>When convening a general meeting of shareholders, the Company shall provide information in an electronic format as stipulated in Article 325-2 of the Companies Act.</u></li> <li><u>With regard to matters on which information is provided in an electronic format, the Company may omit all or part of such matters designated by the relevant Ordinance of the Ministry of Justice in written documents delivered to shareholders who make a request for the delivery of the documents by the record date for voting rights.</u></li> </ol>
<p>Article 19 (Omitted)</p>	<p>Article 19 (Unchanged)</p>
<p>Article 20 (Election of Directors)</p> <ol style="list-style-type: none"> <li>to 3. (Omitted)</li> </ol> <p>(Newly established)</p>	<p>Article 20 (Election of Directors)</p> <ol style="list-style-type: none"> <li>to 3. (Unchanged)</li> </ol>
<p>(Newly established)</p>	<ol style="list-style-type: none"> <li><u>The Company may, at a general meeting of shareholders, elect a substitute Director who is an Audit and Supervisory Committee member in preparation for a case where there is a vacancy which results in a shortfall in the number of Directors who are Audit and Supervisory Committee members prescribed by laws and regulations.</u></li> <li><u>The period during which the resolution relating to the election of a substitute Director who is an Audit and Supervisory Committee member shall remain in effect shall be until the beginning of the Ordinary General Meeting of Shareholders relating to the last business year ending within two (2) years after such resolution, unless shortened by such resolution.</u></li> </ol>

Current Articles of Incorporation	Proposed Articles of Incorporation
<p>Article 21 (Representative Director(s) and Directors with Special Titles)</p> <p>1. (Omitted)</p> <p>2. The Board of Directors may by its resolution appoint a President, Vice President(s), Senior Managing Director(s) and Managing Director(s).</p> <p>3. In the event that the President <u>is</u> unable to perform <u>his</u> duties, other Directors shall perform the duties of the President on <u>his</u> behalf.</p>	<p>Article 21 (Representative Director(s) and Directors with Special Titles)</p> <p>1. (Unchanged)</p> <p>2. The Board of Directors may by its resolution appoint <u>a Chairman of the Board of Directors</u>, a President, Vice President(s), Senior Managing Director(s) and Managing Director(s).</p> <p>3. In the event that <u>the Chairman of the Board of Directors and the President are</u> unable to perform <u>their</u> duties, other Directors shall perform the duties of <u>the Chairman of the Board of Directors and the President on their</u> behalf.</p>
<p>Article 22 (Omitted)</p>	<p>Article 22 (Unchanged)</p>
<p>Article 23 (Person Authorized to Convene Meetings of the Board of Directors and Chair Thereof)</p> <p>1. Unless otherwise provided for by laws and regulations, the President shall convene and chair meetings of the Board of Directors.</p> <p>2. In the event that the President <u>is</u> unable to act, other Directors shall take <u>his</u> place in accordance with the order of priority previously determined by the Board of Directors.</p>	<p>Article 23 (Person Authorized to Convene Meetings of the Board of Directors and Chair Thereof)</p> <p>1. Unless otherwise provided for by laws and regulations, <u>the Chairman of the Board of Directors or the President</u> shall convene and chair meetings of the Board of Directors.</p> <p>2. In the event that <u>the Chairman of the Board of Directors and the President are</u> unable to act, other Directors shall take <u>their</u> place in accordance with the order of priority previously determined by the Board of Directors.</p>
<p>Articles 24 to 41 (Omitted)</p> <p>(Newly established)</p> <p>(Newly established)</p>	<p>Articles 24 to 41 (Unchanged)</p> <p style="text-align: center;"><u>Supplementary Provisions</u></p> <p><u>Article 1 (Transitional Measures for Location of the Head Office)</u></p>
<p>(Newly established)</p>	<p><u>The change of Article 3 (Location of the Head Office) of the Current Articles of Incorporation shall become effective on February 1, 2022, and this article shall be removed after the effective date.</u></p> <p><u>Article 2 (Transitional Measures for Convocation of General Meetings of Shareholders)</u></p>
	<p><u>The change of Article 12 (Convocation of General Meetings of Shareholders) of the Current Articles of Incorporation shall become effective on the day of receiving confirmation of the Minister of Economy, Trade and Industry and the Minister of Justice that general meetings of shareholders without a specified location held by the Company meet requirements stipulated in the relevant Ordinances of the Ministry of Economy, Trade and Industry and the Ministry of Justice, and this article shall be removed after the effective date.</u></p>

Current Articles of Incorporation	Proposed Articles of Incorporation
(Newly established)	<p><u>Article 3 (Transitional Measures for Provision of Documents for General Meetings of Shareholders in an Electronic Format)</u></p> <ol style="list-style-type: none"> <li data-bbox="821 338 1417 685">1. <u>The removal of Article 18 (Internet Disclosure and Deemed Provision of Reference Documents for General Meetings of Shareholders) of the Current Articles of Incorporation and the new establishment of Article 18 (Provision of Documents for General Meetings of Shareholders in an Electronic Format) of the amended Articles of Incorporation shall become effective from the date of enforcement specified in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) (the “Enforcement Date”).</u></li> <li data-bbox="821 689 1417 909">2. <u>Notwithstanding the provisions in the preceding paragraph, for any general meeting of shareholders held within six (6) months from the Enforcement Date, Article 18 (Internet Disclosure and Deemed Provision of Reference Documents for General Meetings of Shareholders) of the Current Articles of Incorporation shall remain in effect.</u></li> <li data-bbox="821 913 1417 1070">3. <u>This article shall be removed on the day on which six (6) months have elapsed from the Enforcement Date, or the day on which three (3) months have elapsed from the date of the general meeting of shareholders in the preceding paragraph, whichever is the later.</u></li> </ol>

**Proposal 3: Election of Ten (10) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)**

All nine (9) 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 ten (10) Directors (excluding Directors who are Audit and Supervisory Committee members). This proposal was determined by the Board of Directors by reference to deliberations of the Nomination and Compensation Advisory Committee. It was also 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.)</p> <p>Apr. 2007 Joined GREE, Inc.</p> <p>Oct. 2008 Established COLOPL, Inc. President and Representative Director (current position)</p> <p>Mar. 2016 Established Kuma Foundation President (current position)</p> <p><b>Reasons for Nomination as Candidate</b> He is the founder of the Company and has led growth of the Group as President and Representative Director and creator since its foundation. 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 and achievements will benefit the decision making of the Company's Board of Directors and contribute to boosting the Company's corporate value.</p>	61,776,976 shares
2	Takashi Miyamoto (April 19, 1972) <u>New candidate</u>	<p>Apr. 1995 Joined Meidi-Ya Co., Ltd.</p> <p>Sep. 2001 Joined DigiCube Co., Ltd.</p> <p>Oct. 2003 Joined SoftBank BB Corp.</p> <p>Apr. 2005 Joined Dex Entertainment Inc.</p> <p>Apr. 2008 Established GP Coreedge Inc. Representative Director, President and CEO</p> <p>Apr. 2011 Joined GamePot, Inc. Director and CMO</p> <p>Jul. 2012 Established Coreedge Inc. Representative Director, President and CEO</p> <p>Jun. 2020 Joined COLOPL, Inc. General Manager of Marketing Communications Division</p> <p>Sep. 2020 Head of Marketing Division (current position)</p> <p><b>Reasons for Nomination as Candidate</b> He possesses abundant experience and insight as the person in charge of the marketing divisions and Representative Director, President of group companies of a major company, etc., and has managed the marketing divisions and contributed to expansion of the Company's services 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
3	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><b>Reasons for Nomination as Candidate</b>  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&amp;A, construction of group governance systems, development of the personnel systems, 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>	14,603 shares
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. (name changed to Kakaku.com, Inc.)  Jun. 2010 Joined COLOPL, Inc.  Dec. 2016 Executive Director, COLOPL, Inc. (current position)</p> <p><b>Reasons for Nomination as Candidate</b>  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>	134,396 shares
5	Yu Sakamoto (March 5, 1984) <u>Reelection</u>	<p>Apr. 2009 Joined Konami Digital Entertainment Co., Ltd.  Oct. 2013 Joined COLOPL, Inc.  Dec. 2020 Executive Director, COLOPL, Inc. (current position)</p> <p><b>Reasons for Nomination as Candidate</b>  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 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>	4,907 shares
6	Yoichi Ikeda (January 18, 1984) <u>Reelection</u>	<p>Apr. 2009 Joined CAPCOM CO., LTD.  Dec. 2012 Joined COLOPL, Inc.  Dec. 2020 Executive Director, COLOPL, Inc. (current position)</p> <p><b>Reasons for Nomination as Candidate</b>  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 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>	4,907 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
7	Shinsuke Ishiwatari (August 30, 1969)  R reelection  O Outside	<p>Apr. 1998 Admitted as Attorney-at-Law</p> <p>Jan. 2001 Established Field-R Law Offices</p> <p>Aug. 2008 Established VASCO DA GAMA OFFICES Partnered attorney (current position)</p> <p>Jul. 2010 Outside Director, COLOPL, Inc.</p> <p>Mar. 2011 Executive Officer, Cookpad Inc.</p> <p>Jul. 2015 President and CEO, Minnano Wedding Co., Ltd.</p> <p>Dec. 2015 Executive Director, COLOPL, Inc. (current position)</p> <p>Oct. 2018 Director, Kufu Company Inc. (name changed to Kufu Intermediate Holding Company Inc.)</p> <p>Aug. 2019 Director, Kashima Antlers F.C. Co., Ltd. (current position)</p> <p>Jul. 2021 Chairman of the Board of Directors, HyAS &amp; Co. Inc. (current position)</p> <p><b>Reasons for Nomination as Candidate for Outside Director and Overview of Expected Role</b></p> <p>In addition to abundant experience and insight as a company manager, the candidate possesses specialist legal knowledge acquired as an attorney-at-law. Mr. Shinsuke Ishiwatari is a relative of the second degree of kinship of Mr. Ryosuke Ishiwatari. Because after Mr. Ryosuke Ishiwatari retired from office due to the expiration of his term of office, Mr. Shinsuke Ishiwatari satisfies requirements for Outside Director, his position was changed from Director to Outside Director.</p> <p>We request his election 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.</p>	99,000 shares
8	Koji Yanagisawa (May 19, 1971)  R reelection  O Outside  I Independent	<p>Apr. 1995 Joined Fuji Bank, Limited (name changed to Mizuho Bank, Ltd.)</p> <p>May 1999 Joined NTT DATA INSTITUTE OF MANAGEMENT CONSULTING, Inc.</p> <p>May 2005 Joined Mizuho Securities Co., Ltd.</p> <p>Feb. 2006 Full-time Statutory Auditor, Start Today Co., Ltd. (name changed to ZOZO, Inc.)</p> <p>Jun. 2008 Director Head of Strategic Planning and Business Administration Division, Start Today Co., Ltd. (name changed to ZOZO, Inc.)</p> <p>Apr. 2009 CFO, Start Today Co., Ltd. (name changed to ZOZO, Inc.)</p> <p>Dec. 2015 Outside Director, COLOPL, Inc. (current position)</p> <p>Apr. 2017 Executive Vice President and CFO, Start Today Co., Ltd. (name changed to ZOZO, Inc.) (current position)</p> <p>Mar. 2020 External Director, OPT Holding, Inc. (name changed to DIGITAL HOLDINGS, Inc.) (current position)</p> <p><b>Reasons for Nomination as Candidate for Outside Director and Overview of Expected Role</b></p> <p>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.</p> <p>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 six years.</p> <p>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)  <u>Reelection</u>  <u>Outside</u>  <u>Independent</u>	<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) Outside 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 Outside Director, COLOPL, Inc. (current position)</p> <p>Jul. 2018 Established Deportare Partners Co., Ltd. Representative Director (current position)</p> <p><b>Reasons for Nomination as Candidate for Outside Director and Overview of Expected Role</b></p> <p>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.</p> <p>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 six years.</p> <p>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>	—
10	Harold George Meij (December 4, 1963)  <u>New candidate</u>  <u>Outside</u>  <u>Independent</u>	<p>Jan. 1987 Joined Heineken Japan K.K. (name changed to Heineken Kirin K.K.) Assistant General Manager</p> <p>Apr. 1990 Joined Nippon Lever K.K. (name changed to Unilever Japan K.K.) Assistant Brand Manager</p> <p>Apr. 2000 Joined Sunstar Inc. Executive Officer of Oral Care Division</p> <p>Sep. 2006 Executive Vice President &amp; General Manager of Marketing Headquarters, Coca-Cola(Japan)Company, Limited</p> <p>Nov. 2008 Executive Vice President &amp; Chief Customer Officer, Coca-Cola(Japan)Company, Limited</p> <p>Mar. 2014 Management Advisor, TOMY COMPANY, LTD.</p> <p>Jun. 2015 Representative Director, President &amp; CEO, TOMY COMPANY, LTD.</p> <p>May 2018 Director &amp; CSO, Bushiroad Inc. Representative Director, President &amp; CEO, New Japan Pro-Wrestling Co., Ltd.</p> <p>Mar. 2019 Outside Director, Earth Corporation (current position)</p> <p>Nov. 2020 Advisor, Sanrio Company, Ltd. (current position)</p> <p>Mar. 2021 Advisor, Panasonic Corporation (current position)</p> <p>Apr. 2021 Outside Director, Alinamin Pharmaceutical Co., Ltd. (current position)</p> <p><b>Reasons for Nomination as Candidate for Outside Director and Overview of Expected Role</b></p> <p>The candidate possesses deep insight and experience in management and marketing largely based on his experience serving as the person in charge of marketing and Representative Director in major companies in Japan and abroad. We request his election 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.</p> <p>If the election of Mr. Harold George Meij is approved, the Company plans to submit notification to Tokyo Stock Exchange that he has been designated as an independent director as provided for by the aforementioned exchange.</p>	—

(Notes) 1. No special interest exists between any of the above candidates and the Company.

2. Mr. Naruatsu Baba, Mr. Yoshiaki Harai, Mr. Kenta Sugai, Mr. Yu Sakamoto, Mr. Yoichi Ikeda, 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. In addition, if the election of Mr. Harold George Meij is approved, the Company plans to conclude the same agreement with him.
4. The Company has entered into a directors and officers liability insurance policy as provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company, and the policy covers compensation of damages and litigation expenses incurred by the insured, including the Company’s Directors. If each candidate is elected and assumes the office as Director (excluding Directors who are Audit and Supervisory Committee members), each candidate will be included as an insured in the policy. In addition, when the policy is renewed, the Company plans to renew the policy with the same terms. The contents of the policy are as specified in “4. Company Officers, (3) Overview of the contents of Directors and Officers Liability Insurance Policy” of the Business Report.

**Proposal 4: Election of Three (3) Directors Who Are Audit and Supervisory Committee Members**

All three (3) 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 three (3) Directors who are Audit and Supervisory Committee members. This proposal was determined by the Board of Directors by reference to deliberations of the Nomination and Compensation Advisory Committee. In addition, the consent of the Audit and Supervisory Committee has also been obtained.

The candidates for 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	Tetsuzo Hasegawa (March 26, 1950)  <input checked="" type="checkbox"/> Reelection  <input type="checkbox"/> Outside  <input type="checkbox"/> Independent	<p>Apr. 1973 Joined Daiwa Securities Co. Ltd.</p> <p>Apr. 1999 Joined Daiwa Securities SB Capital Markets Co. Ltd.</p> <p>Feb. 2004 Director, Daiwa Securities SMBC Principal Investments Co. Ltd.</p> <p>May 2005 Director, CABIN Co. Ltd.</p> <p>Jun. 2005 Director, Daiwa Seiko Co. Ltd. (name changed to GLOBERIDE, Inc.)</p> <p>Oct. 2005 Director, MARUI IMAI Inc.</p> <p>Jun. 2007 Director, Mitsui Mining Co., Ltd. (name changed to NIPPON COKE &amp; ENGINEERING CO., LTD.)</p> <p>Oct. 2007 Chairman and Representative Director, HMV Japan K.K.</p> <p>Jun. 2008 Auditor, Daiwa Sanko Co. Ltd.</p> <p>Auditor, Daiwa Institute of Research Ltd. (name changed to Daiwa Institute of Research Holdings Ltd.)</p> <p>Auditor, Daiwa Pension Consulting Co., Ltd.</p> <p>Oct. 2008 Auditor, Daiwa Institute of Research Business Innovation Ltd.</p> <p>Sep. 2010 Full-time Statutory Auditor, COLOPL, Inc.</p> <p>Dec. 2015 Outside Director (Full-time Audit and Supervisory Committee member), COLOPL, Inc. (current position)</p> <p><b>Reasons for Nomination as Candidate for Outside Director and Overview of Expected Role</b></p> <p>Mr. Tetsuzo Hasegawa worked at financial institutions for many years, and he possesses broad insight and abundant experience. Accordingly, we request his reelection as Outside Director as we expect him to serve as a competent Outside Director and to provide advice and checking based on his deep knowledge.</p> <p>Mr. Tetsuzo Hasegawa is currently an Outside Director of the Company, and at the conclusion of this meeting, his tenure as Outside Director will have been six years.</p> <p>The Company has submitted notification to the Tokyo Stock Exchange that Mr. Tetsuzo Hasegawa 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>	25,000 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
2	Ryogo Tsukioka (November 19, 1971)  <input type="checkbox"/> Reelection  <input type="checkbox"/> Outside  <input type="checkbox"/> Independent	<p>Apr. 1996 Joined Dai Nippon Printing Co., Ltd.</p> <p>Jan. 1999 Joined Zeirishi-Hojin PricewaterhouseCoopers (name changed to PwC Tax Japan)</p> <p>Apr. 2003 Registered as Certified Public Accountant</p> <p>Jul. 2006 Established Tsukioka CPA Office Director (current position)</p> <p>Dec. 2010 Statutory Auditor, COLOPL, Inc.</p> <p>Dec. 2015 Outside Director (Audit and Supervisory Committee member), COLOPL, Inc. (current position)</p> <p><b>Reasons for Nomination as Candidate for Outside Director and Overview of Expected Role</b></p> <p>Mr. Ryogo Tsukioka has never in the past been involved in the management of a company except as an outside officer. However, he has a high level of expertise as a certified public accountant as well as a thorough knowledge of finance and accounting. Accordingly, we request his reelection as Outside Director as we expect him to serve as a competent Outside Director and to provide advice and checking based on his deep knowledge.</p> <p>Mr. Ryogo Tsukioka is currently an Outside Director of the Company, and at the conclusion of this meeting, his tenure as Outside Director will have been six years.</p> <p>The Company has submitted notification to the Tokyo Stock Exchange that Mr. Ryogo Tsukioka 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>	-

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
3	Koichiro Iida (October 15, 1971)  Reelection  Outside	<p>Apr. 1996 Admitted as Attorney-at-Law Joined Mori Sogo (name changed to Mori Hamada &amp; Matsumoto) (current position)</p> <p>Jun. 2005 Admitted as Attorney-at-Law of California, U.S.</p> <p>Dec. 2011 Statutory Auditor, COLOPL, Inc.</p> <p>Oct. 2013 Corporate Auditor, HEROZ, Inc.</p> <p>Jun. 2014 Auditor, Sansan, Inc.</p> <p>Jul. 2015 Statutory Auditor, Minnano Wedding Co., Ltd. (name changed to anymarry Co., Ltd.)</p> <p>Aug. 2015 Outside Director (Audit &amp; Supervisory Committee Member), Sansan, Inc.</p> <p>Dec. 2015 Outside Director (Audit and Supervisory Committee member), COLOPL, Inc. (current position)</p> <p>Dec. 2016 Alternative Dispute Resolution Committee Member, Alternative Dispute Resolution Committee of National Consumer Affairs Center of Japan (current position)</p> <p>Jul. 2017 Outside Director (Audit and Supervisory Committee member), HEROZ, Inc.</p> <p>Oct. 2018 Outside Director (Audit and Supervisory Committee member), Kufu Company Inc. (name changed to Kufu Intermediate Holding Company Inc.)</p> <p>Oct. 2020 Auditor, STADIUM Co., Ltd. (current position)</p> <p>Jul. 2021 Outside Director, HyAS &amp; Co. Inc. (current position)</p> <p><b>Reasons for Nomination as Candidate for Outside Director and Overview of Expected Role</b>  Mr. Koichiro Iida has never in the past been involved in the management of a company except as an outside officer. However, he has a high level of expertise as an attorney-at-law as well as long-term experience with regard to corporate legal affairs. Accordingly, we request his reelection as Outside Director as we expect him to serve as a competent Outside Director and to provide advice and checking based on his deep knowledge.  Mr. Koichiro Iida is currently an Outside Director of the Company, and at the conclusion of this meeting, his tenure as Outside Director will have been six years.</p>	—

- (Notes) 1. No special interest exists between any of the above candidates and the Company.
2. Mr. Tetsuzo Hasegawa, Mr. Ryogo Tsukioka and Mr. Koichiro Iida have been Statutory Auditors of the Company in the past.
3. Pursuant to Article 427, paragraph (1) of the Companies Act, the Company has concluded an agreement with Mr. Tetsuzo Hasegawa, Mr. Ryogo Tsukioka and Mr. Koichiro Iida 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.
4. The Company has entered into a directors and officers liability insurance policy as provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company, and the policy covers compensation of damages and litigation expenses incurred by the insured, including the Company's Directors. If each candidate is elected and assumes the office as Director who is an Audit and Supervisory Committee member, each candidate will be included as an insured in the policy. In addition, when the policy is renewed, the Company plans to renew the policy with the same terms. The contents of the policy are as specified in "4. Company Officers, (3) Overview of the contents of Directors and Officers Liability Insurance Policy" of the Business Report.

**Reference** Composition of the Board of Directors (planned composition at the conclusion of this Ordinary General Meeting of Shareholders)

Name		Particular areas that the Company expects							
		Company management	Game development	Technology R&D	Marketing Branding	Finance and accounting	Legal Compliance	Human Resources	Global sense Internationality
Naruatsu Baba	–	●	●						
Takashi Miyamoto	–	●			●				●
Yoshiaki Harai	–					●	●	●	
Kenta Sugai	–		●	●					
Yu Sakamoto	–		●						
Yoichi Ikeda	–		●	●					
Shinsuke Ishiwatari	Outside	●					●		
Koji Yanagisawa	Outside					●			
Dai Tamesue	Outside				●				●
Harold George Meij	Outside	●			●				●
Tetsuzo Hasegawa	Outside/ Audit and Supervisory Committee member	●				●	●		
Ryogo Tsukioka	Outside/ Audit and Supervisory Committee member					●			
Koichiro Iida	Outside/ Audit and Supervisory Committee member						●		●

(Note) The above table does not represent all of the expertise and experience possessed by the candidates.

**Proposal 5: Election of One (1) Substitute Director Who Is an Audit and Supervisory Committee Member**

In preparation for the event that the number of Directors who are Audit and Supervisory Committee members stipulated in laws and regulations is not sufficient, the Company requests approval for the election of one (1) substitute Director who is an Audit and Supervisory Committee member.

Assumption of the office of the substitute Director who is an Audit and Supervisory Committee member is subject to the condition that the number of Directors who are Audit and Supervisory Committee members stipulated in laws and regulations is not sufficient, and the term of office shall be up to the time when the term of office of the former Director who is an Audit and Supervisory Committee member is to expire.

In addition, the effect of the election may be canceled by resolution of the Board of Directors with the consent of the Audit and Supervisory Committee only before he or she assumes the office.

This proposal was determined by the Board of Directors by reference to deliberations of the Nomination and Compensation Advisory Committee. In addition, the consent of the Audit and Supervisory Committee has also been obtained.

The candidate for substitute Director who is an Audit and Supervisory Committee member to be elected is as follows:

Name (Date of birth)	Career summary, positions, areas of responsibility in the Company, and important concurrent positions	Number of the Company's shares held
Hiroshi Sato (September 4, 1978)	Jan. 2009 Joined Meisei Audit Corporation (name changed to HLB Meisei LLC)	—
	Jan. 2012 Joined Broadmedia Studios Corporation	
	Mar. 2015 Joined Gakkyusha co.,Ltd.	
	Jul. 2016 General Manager of Finance Department, Gakkyusha co.,Ltd. Auditor, inter-edu.com Co., Ltd.	
	Jun. 2018 Joined COLOPL, Inc.	
	Jan. 2019 General Manager of Internal Audit Office, COLOPL, Inc. (current position)	
	<p><b>Reasons for Nomination as Candidate for Substitute Director Who Is an Audit and Supervisory Committee Member</b></p> <p>In addition to abundant experience and accomplishments as financial controller and corporate auditor in Japanese companies, he has fulfilled an important role as General Manager of Internal Audit Office since joining the Company. Accordingly, we request Mr. Hiroshi Sato's election as substitute Director who is an Audit and Supervisory Committee member as we expect him to serve as a competent substitute Director who is an Audit and Supervisory Committee member and to provide advice and checking based on his deep knowledge.</p>	

- (Notes) 1. No special interest exists between the above candidate for substitute Director who is an Audit and Supervisory Committee member and the Company.
2. If Mr. Hiroshi Sato assumes office as Director who is an Audit and Supervisory Committee member, pursuant to Article 427, paragraph (1) of the Companies Act, the Company plans to conclude an agreement with him to limit his 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 the agreement is limited to times when the Director is in good faith and not grossly negligent in performing the duties as Director that cause liability.
3. The Company has entered into a directors and officers liability insurance policy as provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company, and the policy covers compensation of damages and litigation expenses incurred by the insured, including the Company's Directors. If the candidate is elected and assumes the office as Director who is an Audit and Supervisory Committee member, the candidate will be included as an insured in the policy. In addition, when the policy is renewed, the Company plans to renew the policy with the same terms. The contents of the policy are as specified in "4. Company Officers, (3) Overview of the contents of Directors and Officers Liability Insurance Policy" of the Business Report.

**Proposal 6: Revision of Amounts of Compensation for Outside Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)**

It was resolved at the 7th Ordinary General Meeting of Shareholders held on December 18, 2015, that the amount of compensation to be paid to Directors (excluding Directors who are 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).

In light of the situation of increase in the number of Outside Directors to globalize the Group and strengthen its corporate governance systems, the Company has decided to newly set the amount of compensation for Directors (excluding Directors who are Audit and Supervisory Committee members) and proposes the compensation amount per year not exceeding 300 million yen (including the amount of not more than 50 million yen annually for Outside Directors), also taking into account the previous compensation amount paid to Directors and the current circumstances including economic conditions. This proposal was determined by the Board of Directors by reference to deliberations of the Nomination and Compensation Advisory Committee, and is considered fair and reasonable.

The amount of compensation 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.

Currently there are nine Directors (excluding Directors who are Audit and Supervisory Committee members) (including two Outside Directors), and the number of Directors related to this proposal will be ten (including four Outside Directors) if Proposal 3 is approved and adopted as proposed.

(Attached materials)

## Business Report

(From October 1, 2020 to September 30, 2021)

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

#### (1) Business progress and results

The Group aims to enrich people’s everyday lives through entertainment, underpinned by its mission of “Entertainment in Real Life”: Making everyday life more enjoyable and wonderful through entertainment.” For existing games, the Group focused on improving the user’s engagement with them, while for new games efforts were made to release new products. In addition, it positioned the Investment and Development Business as one of its main businesses in the fiscal year under review. Details are described in “Additional Information” under “Notes to Consolidated Financial Statements.” Notes to Consolidated Financial Statements will be available on the Company’s website (<https://colopl.co.jp/en/ir/stock/shareholders/>).

With respect to the lawsuit concerning a patent infringement raised in December 2017, the Company reached a settlement with the plaintiff on August 4, 2021, and consequently recorded settlement package of 3,300 million yen as an extraordinary loss in the fiscal year under review.

Consumption and corporate economic activities have remained sluggish due to restrictions on going out and operation 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 37,125 million yen (down 17.7% from previous fiscal year) while operating profit was 6,320 million yen (down 48.4% from previous fiscal year), ordinary profit was 7,843 million yen (down 33.5% from previous fiscal year), and profit attributable to owners of parent was 3,047 million yen (down 61.8% from previous fiscal year).

Operating results by business segment are as follows:

Effective from the fiscal year under review, the Company revised its reportable segment structure, analyzing the results for the fiscal year under review based on the revised structure.

#### a. Entertainment Business

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

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. In original IP titles, the Group has been operating services to enhance engagement with users by featuring the 7th and 5th anniversaries of the Shironeko Project and Shironeko Tennis, two mainstay titles, since their releases. In addition, it launched the YOU GENERATION service on a full scale in Japan.

As a result, consolidated net sales and operating profit for the fiscal year under review stood at 36,953 million yen and 6,447 million yen, respectively.

#### b. Investment and Development Business

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

Consolidated net sales and the operating loss for the fiscal year under review stood at 171 million yen and 129 million yen, respectively.

Sales by business segment

(million yen)

Business segment	Net sales
Entertainment Business	36,953
Investment and Development Business	171
Total	37,125

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

#### (2) Capital investments

There are no matters of note.

(3) Financing

There are no matters of note.

(4) Significant corporate restructuring, etc.

There are no matters of note.

(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 vision "to deliver 'New Experiences' with the latest technology and creative ideas," based on our mission of "'Entertainment in Real Life': Making everyday life more enjoyable and wonderful through entertainment," we will work to expand our portfolio by allocating resources and diversifying investments as appropriate, centered on entertainment and investment and development.

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 philosophy 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 10th fiscal year ended September 30, 2018	The 11th fiscal year ended September 30, 2019	The 12th fiscal year ended September 30, 2020	The 13th fiscal year ended September 30, 2021
Net sales	45,776	38,920	45,128	37,125
Ordinary profit	6,097	1,655	11,790	7,843
Profit attributable to owners of parent	4,192	1,070	7,977	3,047
Basic earnings per share (yen)	33.08	8.40	62.45	23.82
Total assets	77,244	74,740	85,833	80,814
Net assets	70,625	69,433	75,779	75,751
Net assets per share (yen)	555.65	544.53	592.81	591.86

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

(million yen, except for per share amounts)

Item	The 10th fiscal year ended September 30, 2018	The 11th fiscal year ended September 30, 2019	The 12th fiscal year ended September 30, 2020	The 13th fiscal year ended September 30, 2021
Net sales	43,666	35,880	39,061	27,900
Ordinary profit	6,422	1,097	11,045	5,616
Profit	3,145	594	7,346	1,196
Basic earnings per share (yen)	24.82	4.66	57.51	9.35
Total assets	77,326	74,324	84,270	76,982
Net assets	71,483	69,822	75,382	73,566
Net assets per share (yen)	562.40	547.58	589.71	574.79

(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	1,154	100.0 (0.25)	Investment and Development
COLOPL NEXT No. 4 Fund Investment Partnership	1,589	100.0 (0.25)	Investment and Development
COLOPL NEXT No. 7 Fund Investment Partnership	2,049	100.0 (0.04)	Investment and Development
COLOPL NEXT Listed Shares No. 1 Fund Investment Partnership	2,417	99.95 (0.01)	Investment and Development

(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, 2021)

Segment	Summary of business
Entertainment Business	Development and operation of games for smartphones, etc.
Investment and Development Business	Investment in IT-related and entertainment companies

(9) Principal offices (As of September 30, 2021)

Name	Location
Head office	Shibuya-ku, Tokyo

(10) Employees (As of September 30, 2021)

1) Employees of the Corporate Group 1,449 [60] (decrease of 116 [decrease of 35] year on year)

(Note) 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) Employees of the Company

Number of employees	Increase (decrease) from previous fiscal year-end	Average age	Average years of service
885 [8]	(69)	33.3 years old	4.2 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, 2021)

No items to report.

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

The Company had become subject to lawsuit for patent infringement brought against it by Nintendo Co., Ltd. on December 22, 2017, but reached a settlement with the plaintiff on August 4, 2021.

## 2. Status of Shares (As of September 30, 2021)

- (1) Total number of authorized shares                    450,000,000 shares
- (2) Total number of issued shares                        129,766,034 shares (including 1,778,544 treasury shares)
- (3) Number of shareholders                                32,837

### (4) Major shareholders

Shareholder name	Number of shares	Shareholding ratio (%)
Naruatsu Baba	61,776,976	48.27
Custody Bank of Japan, Ltd. (Trust account)	9,700,500	7.58
THE BANK OF NEW YORK MELLON 140051 (Standing proxy: Settlement & Clearing Services Division, Mizuho Bank, Ltd.)	8,524,000	6.66
The Master Trust Bank of Japan, Ltd. (Trust account)	7,496,800	5.86
THE BANK OF NEW YORK 133612 (Standing proxy: Settlement & Clearing Services Division, Mizuho Bank, Ltd.)	3,068,100	2.40
STATE STREET BANK AND TRUST COMPANY 505103 (Standing proxy: Custody Business Department, Tokyo branch, The Hongkong and Shanghai Banking Corporation Limited)	951,200	0.74
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	793,200	0.62
STATE STREET BANK WEST CLIENT - TREATY 505234 (Standing proxy: Settlement & Clearing Services Division, Mizuho Bank, Ltd.)	776,600	0.61
BNP PARIBAS SECURITES SERVICES SYDNEY/ JASDEC/AUSTRALIAN RESIDENTS (Standing proxy: Custody Business Department, Tokyo branch, The Hongkong and Shanghai Banking Corporation Limited)	736,700	0.58
Kuwait Investment Authority (Standing proxy: Citibank, N.A., Tokyo Branch)	642,300	0.50

- (Notes) 1. The Company holds 1,778,544 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.

### (5) Shares delivered as consideration for performance of duties to officers of the Company during the current fiscal year

	Number of shares	Number of recipients
Director (excluding Audit and Supervisory Committee member) (excluding Outside Director)	26,498	5

- (Note) Details of the Company's stock compensation are specified in "4. Company Officers, (4) Amount of compensation, etc. to Directors" on page 28.

### **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, 2021)

Position	Name	Areas of responsibility in the Company, and important concurrent positions
President and Representative Director	Naruatsu Baba	In charge of the Marketing Division Nomination and Compensation Advisory Committee member President, Kuma Foundation
Executive Director	Yoshiaki Harai	Head of the Corporate Division Head of the HR Division Nomination and Compensation Advisory Committee member
Executive Director	Ryosuke Ishiwatari	
Executive Director	Kenta Sugai	In charge of the Technology Base Division
Executive Director	Yu Sakamoto	In charge of the Entertainment Division Head of the White Cat and Black Cat Division
Executive Director	Yoichi Ikeda	Head of the Technology Promotion Division
Executive Director	Shinsuke Ishiwatari	Partnered attorney, VASCO DA GAMA OFFICES Director, Kashima Antlers F.C. Co., Ltd. Chairman of the Board of Directors, HyAS & Co. Inc.
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 Nomination and Compensation Advisory Committee
Executive Director (Audit and Supervisory Committee member)	Ryogo Tsukioka	Director, Tsukioka CPA Office Nomination and Compensation Advisory Committee member
Executive Director (Audit and Supervisory Committee member)	Koichiro Iida	Partnered attorney, Mori Hamada & Matsumoto Director, HyAS & Co. Inc. Nomination and Compensation Advisory Committee member

- (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.

### (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) Overview of the contents of directors and officers liability insurance policy

The Company has entered into a directors and officers liability insurance policy as provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company.

1) Scope of insureds

The insurance policy lists all Directors as insured parties, which includes the Company's Directors (including Audit and Supervisory Committee members) and Directors and Audit and Supervisory Committee members of its subsidiaries.

2) Summary of the insurance policy

The insurance policy covers damages and legal costs incurred by the insured parties, as well as in-house investigation expenses and other such outlays, such that may arise in the event that an insured party becomes subject to a claim for damages made due to a wrongful act he or she has committed on the basis of his or her position. In addition, the insurance policy contains safeguards to ensure that an insured party's performance of duties is not compromised in that the policy does not provide coverage for damages and other charges caused by any action of an insured party with full knowledge of its illegality. The Company will bear the entire amount of insurance premiums.

(4) Amount of compensation, etc. to Directors

1) Description of determining compensation, etc. amounts paid to officers and the method of calculating such amount as well as the method of determination thereof

The Company resolved its decision-making policy on determining compensation, etc. for individual Directors at its meeting of the Board of Directors held on February 17, 2021. In this resolution of the Board of Directors, the Board of Directors consulted with the Nomination and Compensation Advisory Committee in advance on the content to be resolved, and received a report from the committee.

In addition, amounts of compensation for individual Directors (excluding Directors who are Audit and Supervisory Committee members) for the current fiscal year are made at the discretion of the Representative Director per resolution of the Board of Directors, on the grounds that it is suitable to have the Representative Director evaluate departments under control of each Director, while taking into account the Company's overall financial results and other such factors. Such authority includes that of calculating amounts of compensation based on decision-making policy on compensation, etc. for Directors, and the Representative Director makes decisions on amounts of compensation for individuals, upon having fully taken into account the report of the Nomination and Compensation Advisory Committee established by the Company on a discretionary basis. The Board of Directors deems that compensation, etc. for individual Directors for the current fiscal year aligns with such decision-making policy, upon having confirmed both that methodology for determining content of compensation, etc. is consistent with such decision-making policy, and that reports from the Nomination and Compensation Advisory Committee have been duly regarded.

The amount of compensation for each Director who is Audit and Supervisory Committee member is determined by consultation of Audit and Supervisory Committee members.

(i) Basic policy on determining compensation, etc.

Basic policy established for determining amounts of compensation, etc. for Directors is as follows.

- Compensation is to be set at amounts that make it possible to secure top talent, taking into account compensation levels of peer companies.
- Compensation is to be commensurate with professional duties and contributions.
- The compensation structure is to help bring about greater corporate value.

(ii) Composition of compensation

The Company's officer compensation consists of fixed compensation and restricted stock compensation. Amounts of such officer compensation are determined upon having comprehensively taken into account consolidated financial results, each Director's professional duties and contribution, and other such factors. Compensation, etc. for Outside Directors and Directors who are Audit and Supervisory Committee members is limited to fixed compensation from the perspective of ensuring their independence.

2) Total amount of compensation, etc. for the current fiscal year

Classification	Total amount of compensation (million yen)	Total amount of compensation by type (million yen)			Number of recipient officers
		Fixed compensation	Restricted stock compensation	Performance-linked compensation	
Director (excluding Audit and Supervisory Committee member) (Outside Director)	158 (10)	132 (10)	26 (-)	- (-)	9 (2)
Director (Audit and Supervisory Committee member) (Outside Director)	27 (27)	27 (27)	- (-)	- (-)	3 (3)
Total (Outside Director)	186 (37)	159 (37)	26 (-)	- (-)	12 (5)

(Notes) 1. Figures shown in total columns represent the number of persons actually paid.

2. It was resolved at the 7th Ordinary General Meeting of Shareholders held on December 18, 2015, that the maximum amount of compensation 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. As of conclusion of the General Meeting of Shareholders, there are ten (10) Directors (excluding Audit and Supervisory Committee members; of whom, two (2) are Outside Directors), and three (3) Directors (Audit and Supervisory Committee members; of whom three (3) are Outside Directors).

In addition, it was resolved at the 11th Ordinary General Meeting of Shareholders held on December 20, 2019, that the total amount of monetary compensation 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 compensation. As of conclusion of the General Meeting of Shareholders, there are five (5) Directors (excluding Outside Directors and Audit and Supervisory Committee members).

The amount of compensation 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.

3. The Board of Directors delegates decisions on compensation amounts for each Director (excluding Audit and Supervisory Committee members) to President and Representative Director Naruatsu Baba. Such decisions have been delegated to him because the Company deems that it is suitable to have the Representative Director evaluate departments under control of each Director, while taking into account the Group's overall financial results and other such factors. The Nomination and Compensation Advisory Committee confirms validity, etc. when it comes to decisions on delegated content.

(5) 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 27. 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	Summary of main activities and duties performed by Outside Directors involving their role expectations
Executive Director	Koji Yanagisawa	Attended all 17 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 16 of the 17 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 17 meetings of the Board of Directors held in the current fiscal year. In addition, attended all 13 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. Also attended all four meetings of the Nomination and Compensation Advisory Committee held in the current fiscal year, serving as the committee's Chairman. Took on leadership of supervisory functions in the process of selecting the Company's officer candidates and determining officer compensation, etc., from a standpoint of objectivity and neutrality.
Executive Director (Audit and Supervisory Committee member)	Ryogo Tsukioka	Attended all 17 meetings of the Board of Directors held in the current fiscal year. In addition, attended all 13 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. In addition, attended all four meetings of the Nomination and Compensation Advisory Committee held in the current fiscal year, serving as a member of the committee. Engaged in supervisory functions in the process of selecting the Company's officer candidates and determining officer compensation, etc., from a standpoint of objectivity and neutrality.
Executive Director (Audit and Supervisory Committee member)	Koichiro Iida	Attended all 17 meetings of the Board of Directors held in the current fiscal year. In addition, attended all 13 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. In addition, attended all four meetings of the Nomination and Compensation Advisory Committee held in the current fiscal year, serving as a member of the committee. Engaged in supervisory functions in the process of selecting the Company's officer candidates and determining officer compensation, etc., from a standpoint of objectivity and neutrality.

## 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)	38
Total money and other economic benefits to be paid to the financial auditor by the Company and its subsidiaries	40

- (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) Non-audit operation

The Company pays consideration to the financial auditor for advice on the application of revenue recognition standards other than those pertaining to services set forth in Article 2, paragraph (1) of the Certified Public Accountants Act.

### (4) 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.

### (5) 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 17 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 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 20 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, 2020 to September 30, 2021)

### Consolidated Balance Sheet

(As of September 30, 2021)

(million yen)

| Assets                                                |               | Liabilities                                           |               |
|-------------------------------------------------------|---------------|-------------------------------------------------------|---------------|
| <b>Current assets</b>                                 | <b>74,430</b> | <b>Current liabilities</b>                            | <b>4,922</b>  |
| Cash and deposits                                     | 58,871        | Accounts payable - trade                              | 50            |
| Accounts receivable - trade                           | 4,348         | Accounts payable - other                              | 2,412         |
| Operational investment securities                     | 7,591         | Accrued expenses                                      | 244           |
| Merchandise                                           | 37            | Income taxes payable                                  | 292           |
| Work in process                                       | 690           | Accrued consumption taxes                             | 152           |
| Supplies                                              | 4             | Advances received                                     | 850           |
| Advance payments                                      | 276           | Deposits received                                     | 415           |
| Prepaid expenses                                      | 357           | Other                                                 | 502           |
| Other                                                 | 2,286         | <b>Non-current liabilities</b>                        | <b>141</b>    |
| Allowance for doubtful accounts                       | (34)          | Asset retirement obligations                          | 123           |
| <b>Non-current assets</b>                             | <b>6,384</b>  | Other                                                 | 17            |
| <b>Property, plant and equipment</b>                  | <b>484</b>    | <b>Total liabilities</b>                              | <b>5,063</b>  |
| Buildings and structures                              | 315           | <b>Net assets</b>                                     |               |
| Tools, furniture and fixtures                         | 128           | <b>Shareholders' equity</b>                           | <b>75,245</b> |
| Construction in progress                              | 40            | Share capital                                         | 6,556         |
| <b>Intangible assets</b>                              | <b>29</b>     | Capital surplus                                       | 6,296         |
| Software                                              | 29            | Retained earnings                                     | 67,037        |
| <b>Investments and other assets</b>                   | <b>5,870</b>  | Treasury shares                                       | (4,645)       |
| Investment securities                                 | 2,344         | <b>Accumulated other comprehensive income</b>         | <b>504</b>    |
| Shares of subsidiaries and associates                 | 3             | Valuation difference on available-for-sale securities | 461           |
| Investments in capital of subsidiaries and associates | 50            | Foreign currency translation adjustment               | 43            |
| Leasehold and guarantee deposits                      | 2,132         | <b>Non-controlling interests</b>                      | <b>1</b>      |
| Deferred tax assets                                   | 1,253         | <b>Total net assets</b>                               | <b>75,751</b> |
| Other                                                 | 87            | <b>Total liabilities and net assets</b>               | <b>80,814</b> |
| <b>Total assets</b>                                   | <b>80,814</b> |                                                       |               |

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

**Consolidated Statement of Income**  
(From October 1, 2020 to September 30, 2021)

(million yen)

| Description                                             | Amount |               |
|---------------------------------------------------------|--------|---------------|
| <b>Net sales</b>                                        |        | <b>37,125</b> |
| <b>Cost of sales</b>                                    |        | <b>24,108</b> |
| <b>Gross profit</b>                                     |        | <b>13,016</b> |
| <b>Selling, general and administrative expenses</b>     |        | <b>6,695</b>  |
| <b>Operating profit</b>                                 |        | <b>6,320</b>  |
| <b>Non-operating income</b>                             |        |               |
| Interest income                                         | 16     |               |
| Interest on securities                                  | 2      |               |
| Foreign exchange gains                                  | 246    |               |
| Gain on investments in investment partnerships          | 12     |               |
| Gain on sale of investment securities                   | 995    |               |
| Gain on sale of cryptocurrency                          | 542    |               |
| Miscellaneous income                                    | 130    | 1,947         |
| <b>Non-operating expenses</b>                           |        |               |
| Loss on valuation of investment securities              | 51     |               |
| Loss on investments in derivatives                      | 358    |               |
| Miscellaneous losses                                    | 14     | 424           |
| <b>Ordinary profit</b>                                  |        | <b>7,843</b>  |
| <b>Extraordinary losses</b>                             |        |               |
| Impairment losses                                       | 291    |               |
| Settlement package                                      | 3,300  | 3,591         |
| <b>Profit before income taxes</b>                       |        | <b>4,251</b>  |
| Income taxes - current                                  | 944    |               |
| Income taxes - deferred                                 | 258    | 1,203         |
| <b>Profit</b>                                           |        | <b>3,048</b>  |
| <b>Profit attributable to non-controlling interests</b> |        | <b>0</b>      |
| <b>Profit attributable to owners of parent</b>          |        | <b>3,047</b>  |

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

## Consolidated Statement of Changes in Equity

(From October 1, 2020 to September 30, 2021)

(million yen)

|                                                               | Shareholders' equity |                 |                   |                 |                            |
|---------------------------------------------------------------|----------------------|-----------------|-------------------|-----------------|----------------------------|
|                                                               | Share capital        | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period                                | 6,536                | 6,295           | 67,185            | (4,645)         | 75,373                     |
| Changes during period                                         |                      |                 |                   |                 |                            |
| Issuance of new shares - exercise of share acquisition rights | 6                    | 6               |                   |                 | 12                         |
| Issuance of new shares - restricted stock compensation        | 13                   | 13              |                   |                 | 27                         |
| Dividends of surplus                                          |                      |                 | (3,195)           |                 | (3,195)                    |
| Purchase of treasury shares                                   |                      |                 |                   | (0)             | (0)                        |
| Purchase of shares of consolidated subsidiaries               |                      | (18)            |                   |                 | (18)                       |
| Profit attributable to owners of parent                       |                      |                 | 3,047             |                 | 3,047                      |
| Net changes in items other than shareholders' equity          |                      |                 |                   |                 |                            |
| Total changes during period                                   | 19                   | 0               | (147)             | (0)             | (127)                      |
| Balance at end of period                                      | 6,556                | 6,296           | 67,037            | (4,645)         | 75,245                     |

|                                                               | Accumulated other comprehensive income                |                                         |                                              | Non-controlling interests | Total net assets |
|---------------------------------------------------------------|-------------------------------------------------------|-----------------------------------------|----------------------------------------------|---------------------------|------------------|
|                                                               | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Total accumulated other comprehensive income |                           |                  |
| Balance at beginning of period                                | 404                                                   | -                                       | 404                                          | 1                         | 75,779           |
| Changes during period                                         |                                                       |                                         |                                              |                           |                  |
| Issuance of new shares - exercise of share acquisition rights |                                                       |                                         |                                              |                           | 12               |
| Issuance of new shares - restricted stock compensation        |                                                       |                                         |                                              |                           | 27               |
| Dividends of surplus                                          |                                                       |                                         |                                              |                           | (3,195)          |
| Purchase of treasury shares                                   |                                                       |                                         |                                              |                           | (0)              |
| Purchase of shares of consolidated subsidiaries               |                                                       |                                         |                                              |                           | (18)             |
| Profit attributable to owners of parent                       |                                                       |                                         |                                              |                           | 3,047            |
| Net changes in items other than shareholders' equity          | 56                                                    | 43                                      | 99                                           | (0)                       | 99               |
| Total changes during period                                   | 56                                                    | 43                                      | 99                                           | (0)                       | (28)             |
| Balance at end of period                                      | 461                                                   | 43                                      | 504                                          | 1                         | 75,751           |

(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: 13

Names of consolidated subsidiaries:

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.

Indigo Game Studios, Inc. was excluded from the scope of consolidation because absorption-type merger of this company was conducted in the current fiscal year.

- (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: 6

Names of companies not accounted for by the equity method:

Kuma's Musical Band Inc. and five other companies

The Next Unicorn Fund and Colopl Next-Rael Fund were excluded from the scope of the equity method since these funds are accounted for using the gross method (assets, liabilities, revenue and expenses of the funds are recorded in proportion to the Group's investment equity ratio). Kuma's Musical Band Inc. and three other 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 (including operational investment 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 (The cost of sales is calculated using the gross average method.)

##### (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

The straight-line method is applied.

Software for internal use 3 to 5 years

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) Accounting policy for translation of significant foreign currency assets or liabilities into Japanese yen

Monetary receivables and payables in foreign currencies are translated into Japanese yen at the spot exchange rate prevailing as of the consolidated balance sheet date, and translation differences are accounted for as profit or loss. Assets and liabilities of foreign associates are translated into Japanese yen at the spot rate of foreign exchange as of the end of the fiscal term of each company. Revenues and expenses of them are translated into Japanese yen at the average rate during the term of each company. The resulting exchange differences have been recorded as foreign currency translation adjustment in net assets.

(6) Accounting procedures related to investments in capital for the investment partnership

In conjunction with accounting procedures related to investments in capital for the investment partnership managed and operated by the Group, the Company provides the investment partnership's assets, liabilities, revenues and expenses in proportion to the Group's investment ratio.

(7) 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

(Change following the application of the "Accounting Standard for Disclosure of Accounting Estimates")

The Company applies the "Accounting Standard for Disclosure of Accounting Estimates" (ASBJ Statement No. 31, March 31, 2020) from the current fiscal year and states the Notes on Accounting Estimates in the consolidated financial statements.

### Notes on Accounting Estimates

(Deferred tax assets)

(1) Amounts recorded in the consolidated financial statements for the fiscal year under review

Deferred tax assets 1,253 million yen

(2) Information on the content of significant accounting estimates for identified items

Deferred tax assets are recorded for future deductible temporary difference for which it is considered that taxable income based on a future profit plan can be secured sufficiently and that it has recoverability.

Since recoverability of deferred tax assets relies on an estimate of future taxable income, if any change occurs in conditions and assumptions on which the estimate is based, the amounts of deferred tax assets and income taxes - deferred may be affected significantly in the consolidated financial statements for the following fiscal year.

In the estimation of a future profit plan, the Company refers to past records and uses the gradual decrease ratio of net sales of existing games and net sales after service launch of new games to make estimates.

### Additional Information

(Operational investment securities and investments in capital for the investment partnership)

The Company decided to advance the Investment and Development Business as one of its main businesses pursuant to a resolution passed at meeting of the Board of Directors held on March 17, 2021.

Consequently, it posted securities for investment, which had been treated as "investment securities" in the non-current assets section, as "operational investment securities" in the current assets section of the consolidated balance sheet. In addition, starting with transactions on March 17, 2021, it adopted a method in which gain (loss) related to the said securities, which had been posted as non-operating income (loss), is included in "net sales" and the "cost of sales" on the consolidated statement of income. Also, in conjunction with accounting procedures related to investments in capital for the investment partnership managed and operated by the Group, the Company adopted a method in which the

investment partnership's assets, liabilities, revenues and expenses are posted in proportion to the Group's investment ratio.

As a result of these steps including the reclassification of securities for investment, which had been traditionally posted as "investment securities," as "operational investment securities," 7,591 million yen was posted as "operational investment securities," which also contributed to an increase in "cash and deposits" by 525 million yen.

Net sales, the cost of sales and selling, general and administrative expenses increased 171 million yen, 190 million yen and 16 million yen, respectively, while operating profit decreased 35 million yen on the consolidated statement of income.

These arrangements and changes, however, have no impact on ordinary profit or profit before income taxes.

## 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 and accumulated impairment losses of property, plant and equipment

|                               |                          |
|-------------------------------|--------------------------|
| Buildings and structures      | 786 million yen          |
| Tools, furniture and fixtures | 572 million yen          |
| <b>Total</b>                  | <b>1,358 million yen</b> |

## 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, 2020 | Increase | Decrease | Number of shares as of September 30, 2021 |
|----------------|----------------------------------------|----------|----------|-------------------------------------------|
| Common shares  | 129,607,536                            | 158,498  | –        | 129,766,034                               |

(Major cause for the change)

|                                                            |                |
|------------------------------------------------------------|----------------|
| Increase due to exercise of share acquisition rights       | 132,000 shares |
| Increase due to allotment of restricted stock compensation | 26,498 shares  |

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

(Unit: shares)

| Type of shares | Number of shares as of October 1, 2020 | Increase | Decrease | Number of shares as of September 30, 2021 |
|----------------|----------------------------------------|----------|----------|-------------------------------------------|
| Common shares  | 1,778,259                              | 285      | –        | 1,778,544                                 |

(Major cause for the change)

|                                                       |            |
|-------------------------------------------------------|------------|
| Increase due to purchase of shares less than one unit | 285 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 18, 2020 | Common shares  | Retained earnings  | 3,195                         | 25.00                    | September 30, 2020 | December 21, 2020 |

#### 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 17, 2021, 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 17, 2021 | Common shares  | Retained earnings  | 2,559                         | 20.00                    | September 30, 2021 | December 20, 2021 |

### (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 | 300,000 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.

Operational investment securities and investment securities mainly consist of shares and 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                    | 58,871                                | 58,871      | -           |
| (2) Accounts receivable - trade          | 4,348                                 |             |             |
| Allowance for doubtful accounts (Note 1) | (34)                                  |             |             |
| Accounts receivable - trade, net         | 4,314                                 | 4,314       | -           |
| (3) Investment securities                | 2,344                                 | 2,344       | -           |
| Total assets                             | 65,529                                | 65,529      | -           |
| (1) Accounts payable - other             | 2,412                                 | 2,412       | -           |
| (2) Income taxes payable                 | 292                                   | 292         | -           |
| Total liabilities                        | 2,704                                 | 2,704       | -           |
| Derivative transactions (*)              | 15                                    | 15          | -           |

(\*) 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

The fair value of shares is based on the prices quoted by stock exchanges.

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 |
| Operational investment securities (Unlisted stocks, etc.) | 7,591                                 |
| Investment securities (Unlisted stocks, etc.)             | 0                                     |
| Shares of subsidiaries and associates (Unlisted stocks)   | 3                                     |
| Investments in capital of subsidiaries and associates     | 50                                    |

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 591.86 yen  
(2) Basic earnings per share 23.82 yen

**Other Notes**

(Notes on Extraordinary Losses)

Although an action for patent infringement in “Shironeko Project” was brought against the Company on December 22, 2017 by Nintendo Co., Ltd., an agreement on settlement was reached on August 4, 2021. In light of this agreement, 3,300 million yen of total settlement package for the action including future license to Nintendo Co., Ltd. has been recorded as “settlement package” in “extraordinary losses.”

**Notes on Significant Subsequent Events**

No items to report.

## Non-consolidated Financial Statements

(October 1, 2020 to September 30, 2021)

### Non-consolidated Balance Sheet

(As of September 30, 2021)

(million yen)

| Assets                                                      |               | Liabilities                                           |                |
|-------------------------------------------------------------|---------------|-------------------------------------------------------|----------------|
| <b>Current assets</b>                                       | <b>61,005</b> | <b>Current liabilities</b>                            | <b>3,379</b>   |
| Cash and deposits                                           | 53,615        | Accounts payable - other                              | 1,959          |
| Accounts receivable - trade                                 | 3,586         | Accrued expenses                                      | 163            |
| Operational investment securities                           | 1,266         | Income taxes payable                                  | 36             |
| Work in process                                             | 29            | Advances received                                     | 483            |
| Supplies                                                    | 4             | Deposits received                                     | 281            |
| Advance payments                                            | 258           | Asset retirement obligations                          | 437            |
| Prepaid expenses                                            | 191           | Other                                                 | 17             |
| Other                                                       | 2,052         | <b>Non-current liabilities</b>                        | <b>36</b>      |
| Allowance for doubtful accounts                             | (0)           | Asset retirement obligations                          | 36             |
| <b>Non-current assets</b>                                   | <b>15,976</b> | <b>Total liabilities</b>                              | <b>3,415</b>   |
| <b>Property, plant and equipment</b>                        | <b>424</b>    | <b>Net assets</b>                                     |                |
| Buildings and structures                                    | 282           | <b>Shareholders' equity</b>                           | <b>73,129</b>  |
| Tools, furniture and fixtures                               | 101           | <b>Share capital</b>                                  | <b>6,556</b>   |
| Construction in progress                                    | 40            | <b>Capital surplus</b>                                | <b>6,553</b>   |
| <b>Intangible assets</b>                                    | <b>26</b>     | Legal capital surplus                                 | 6,553          |
| Software                                                    | 26            | <b>Retained earnings</b>                              | <b>64,664</b>  |
| <b>Investments and other assets</b>                         | <b>15,526</b> | Other retained earnings                               | 64,664         |
| Investment securities                                       | 191           | Retained earnings brought forward                     | 64,664         |
| Shares of subsidiaries and associates                       | 2,708         | <b>Treasury shares</b>                                | <b>(4,645)</b> |
| Investments in capital of subsidiaries and associates       | 9,702         | <b>Valuation and translation adjustments</b>          | <b>437</b>     |
| Long-term loans receivable from subsidiaries and associates | 2,855         | Valuation difference on available-for-sale securities | 437            |
| Leasehold and guarantee deposits                            | 1,813         | <b>Total net assets</b>                               | <b>73,566</b>  |
| Deferred tax assets                                         | 967           | <b>Total liabilities and net assets</b>               | <b>76,982</b>  |
| Allowance for doubtful accounts                             | (2,712)       |                                                       |                |
| <b>Total assets</b>                                         | <b>76,982</b> |                                                       |                |

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

**Non-consolidated Statement of Income**  
(From October 1, 2020 to September 30, 2021)

(million yen)

| Description                                                | Amount |               |
|------------------------------------------------------------|--------|---------------|
| <b>Net sales</b>                                           |        | <b>27,900</b> |
| <b>Cost of sales</b>                                       |        | <b>17,226</b> |
| <b>Gross profit</b>                                        |        | <b>10,673</b> |
| <b>Selling, general and administrative expenses</b>        |        | <b>5,094</b>  |
| <b>Operating profit</b>                                    |        | <b>5,578</b>  |
| <b>Non-operating income</b>                                |        |               |
| Interest income                                            | 52     |               |
| Foreign exchange gains                                     | 228    |               |
| Gain on investments in investment partnerships             | 593    |               |
| Gain on sale of investment securities                      | 387    |               |
| Miscellaneous income                                       | 48     | 1,311         |
| <b>Non-operating expenses</b>                              |        |               |
| Loss on investments in investment partnerships             | 86     |               |
| Loss on valuation of investment securities                 | 195    |               |
| Provision of allowance for doubtful accounts               | 895    |               |
| Miscellaneous losses                                       | 96     | 1,273         |
| <b>Ordinary profit</b>                                     |        | <b>5,616</b>  |
| <b>Extraordinary income</b>                                |        |               |
| Reversal of allowance for doubtful accounts                | 272    | 272           |
| <b>Extraordinary losses</b>                                |        |               |
| Loss on valuation of shares of subsidiaries and associates | 502    |               |
| Settlement package                                         | 3,300  | 3,802         |
| <b>Profit before income taxes</b>                          |        | <b>2,086</b>  |
| Income taxes - current                                     | 556    |               |
| Income taxes - deferred                                    | 333    | 890           |
| <b>Profit</b>                                              |        | <b>1,196</b>  |

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

## Non-consolidated Statement of Changes in Equity

(From October 1, 2020 to September 30, 2021)

(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                                | 6,536                | 6,533                 | 6,533                 | 66,706                  | 66,706                  | (4,645)         |
| Changes during period                                         |                      |                       |                       |                         |                         |                 |
| Issuance of new shares - exercise of share acquisition rights | 6                    | 6                     | 6                     |                         |                         |                 |
| Issuance of new shares - restricted stock compensation        | 13                   | 13                    | 13                    |                         |                         |                 |
| Dividends of surplus                                          |                      |                       |                       | (3,195)                 | (3,195)                 |                 |
| Profit                                                        |                      |                       |                       | 1,196                   | 1,196                   |                 |
| Decrease by corporate division - split-off type               |                      |                       |                       | (42)                    | (42)                    |                 |
| Purchase of treasury shares                                   |                      |                       |                       |                         |                         | (0)             |
| Net changes in items other than shareholders' equity          |                      |                       |                       |                         |                         |                 |
| Total changes during period                                   | 19                   | 19                    | 19                    | (2,041)                 | (2,041)                 | (0)             |
| Balance at end of period                                      | 6,556                | 6,553                 | 6,553                 | 64,664                  | 64,664                  | (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                                | 75,131                     | 250                                                   | 250                                         | 75,382           |
| Changes during period                                         |                            |                                                       |                                             |                  |
| Issuance of new shares - exercise of share acquisition rights | 12                         |                                                       |                                             | 12               |
| Issuance of new shares - restricted stock compensation        | 27                         |                                                       |                                             | 27               |
| Dividends of surplus                                          | (3,195)                    |                                                       |                                             | (3,195)          |
| Profit                                                        | 1,196                      |                                                       |                                             | 1,196            |
| Decrease by corporate division - split-off type               | (42)                       |                                                       |                                             | (42)             |
| Purchase of treasury shares                                   | (0)                        |                                                       |                                             | (0)              |
| Net changes in items other than shareholders' equity          |                            | 186                                                   | 186                                         | 186              |
| Total changes during period                                   | (2,002)                    | 186                                                   | 186                                         | (1,816)          |
| Balance at end of period                                      | 73,129                     | 437                                                   | 437                                         | 73,566           |

(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, and investments in capital of subsidiaries and associates  
Stated at cost using the moving-average method
- 2) Available-for-sale securities (including operational investment 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      | 5 to 22 years |
| Tools, furniture and fixtures | 2 to 10 years |

##### 2) Intangible assets

The straight-line method is applied.

|                           |         |
|---------------------------|---------|
| Software for internal use | 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 on Change in Presentation

(Change following the application of the “Accounting Standard for Disclosure of Accounting Estimates”)

The Company applies the “Accounting Standard for Disclosure of Accounting Estimates” (ASBJ Statement No. 31, March 31, 2020) from the current fiscal year and states the Notes on Accounting Estimates in the non-consolidated financial statements.

## Notes on Accounting Estimates

(Deferred tax assets)

(1) Amounts recorded in the non-consolidated financial statements for the fiscal year under review

Deferred tax assets 967 million yen

(2) Information on the content of significant accounting estimates for identified items

Deferred tax assets are recorded for future deductible temporary difference for which it is considered that taxable income based on a future profit plan can be secured sufficiently and that it has recoverability.

Since recoverability of deferred tax assets relies on an estimate of future taxable income, if any change occurs in conditions and assumptions on which the estimate is based, the amounts of deferred tax assets and income taxes - deferred may be affected significantly in the financial statements for the following fiscal year.

In the estimation of a future profit plan, the Company refers to past records and uses the gradual decrease ratio of net sales of existing games and net sales after service launch of new games to make estimates.

## Additional Information

(Operational investment securities)

The Company decided to advance the Investment and Development Business as one of its main businesses pursuant to a resolution passed at meeting of the Board of Directors held on March 17, 2021.

Consequently, it posted securities for investment, which had been treated as “investment securities” in the non-current assets section, as “operational investment securities” in the current assets section of the non-consolidated balance sheet. In addition, starting with transactions on March 17, 2021, it adopted a method in which gain (loss) related to the said securities, which had been posted as non-operating income (loss), is included in “net sales” and the “cost of sales” on the non-consolidated statement of income.

As a result of these steps, securities for investment, which had been traditionally recorded as “investment securities,” were reclassified as “operational investment securities,” and 1,266 million yen was recorded as of September 30, 2021.

Net sales, the cost of sales and selling, general and administrative expenses increased 0 million yen, 353 million yen and 10 million yen, respectively, while operating profit decreased 364 million yen on the non-consolidated statement of income.

These arrangements and changes, however, have no impact on ordinary profit or profit before income taxes.

## 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 487 million yen

Tools, furniture and fixtures 285 million yen

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Total 772 million yen

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

Short-term monetary receivables 36 million yen

Short-term monetary payables 127 million yen

## Notes to Non-Consolidated Statement of Income

### Transactions with subsidiaries and associates

#### Operating transactions

|                                                |                   |
|------------------------------------------------|-------------------|
| Net sales                                      | 21 million yen    |
| Cost of sales                                  | 2,394 million yen |
| Selling, general and administrative expenses   | 58 million yen    |
| Transactions other than operating transactions | 137 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, 2020 | Increase | Decrease | Number of shares as of September 30, 2021 |
|----------------|----------------------------------------|----------|----------|-------------------------------------------|
| Common shares  | 1,778,259                              | 285      | -        | 1,778,544                                 |

(Major cause for the change)

Increase due to purchase of shares less than one unit      285 shares

## Notes on Tax Effect Accounting

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

(million yen)

#### Deferred tax assets:

|                                                                           |         |
|---------------------------------------------------------------------------|---------|
| Accrued bonuses, currently not deductible                                 | 116     |
| Allowance for doubtful accounts, currently not deductible                 | 861     |
| Bad debts expenses, currently not deductible                              | 2       |
| Asset retirement obligations                                              | 145     |
| Amount exceeding the limit of depreciation of lump-sum depreciable assets | 4       |
| Loss on investments in partnership                                        | 955     |
| Loss on valuation of investment securities                                | 228     |
| Loss on valuation of shares of subsidiaries and associates                | 967     |
| Other                                                                     | 106     |
| Subtotal deferred tax assets                                              | 3,388   |
| Valuation allowance for deductible temporary differences                  | (2,081) |
| Subtotal valuation allowance                                              | (2,081) |
| Total deferred tax assets                                                 | 1,307   |

#### Deferred tax liabilities:

|                                                                |       |
|----------------------------------------------------------------|-------|
| Enterprise tax refund receivable                               | (34)  |
| Retirement costs corresponding to asset retirement obligations | (42)  |
| Other                                                          | (261) |
| Total deferred tax liabilities                                 | (339) |
| Net deferred tax assets                                        | 967   |

## 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, 2021 (million yen) |
|------------|-------------------------|---------------------------------------------------|-----------------------------------------------|----------------------------------|----------------------------------|-------------------------------------------------------------|------------------------------------------------|
| Subsidiary | RealStyle Co., Ltd.     | Directly owning 100.0%                            | Financial support<br>Interlocking of officers | Repayments of funds (Notes 1, 2) | 30                               | Long-term loans receivable from subsidiaries and associates | 1,200                                          |
|            |                         |                                                   |                                               | Receipt of interest (Notes 1, 2) | 2                                | Other under investments and other assets                    | 18                                             |
| Subsidiary | MAGES., Inc.            | Directly owning 100.0%                            | Financial support<br>Interlocking of officers | Lending of funds (Notes 1, 2)    | 300                              | Long-term loans receivable from subsidiaries and associates | 1,300                                          |
|            |                         |                                                   |                                               | Receipt of interest (Notes 1, 2) | 10                               | Other under investments and other assets                    | 2                                              |
| Associates | Colopl Next-Rael Fund I | Directly owning 83.79%<br>Indirectly owning 0.07% | Business investment                           | Payment of capital investment    | 1,092                            | —                                                           | —                                              |

(Notes) 1. For loans, etc. to the above subsidiaries, allowance for doubtful accounts were recorded at a total of 2,387 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 574.79 yen  
(2) Basic earnings per share 9.35 yen

### Other Notes

(Notes on Extraordinary Losses)

This note is omitted as the contents are the same as that stated in “Notes on Extraordinary Losses” 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 15, 2021

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, 2020 to September 30, 2021.

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.

**Emphasis of matter - Accounting treatments for Investment and Development Business**

As stated in Additional Information, the Company resolved to advance the Investment and Development Business as one of its main businesses. Consequently, it posted part of "investment securities," which had been previously recorded in the non-current assets section, in "operational investment securities" under current assets as securities for investment. In addition, it adopted a method in which gain (loss) related to the said securities, which had been posted as non-operating income (loss), is included in "net sales" and the "cost of sales." Also, in conjunction with accounting procedures related to investments in capital for the investment partnership managed and operated by the Group, the Company adopted a method in which the investment partnership's assets, liabilities, revenues and expenses are posted in proportion to the Group's investment ratio.

Our opinion is not qualified in respect of this matter.

**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 15, 2021

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 13th fiscal term from October 1, 2020 to September 30, 2021.

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.

**Emphasis of Matter - Accounting for Investment and Development Business**

As stated in Additional Information, the Company resolved to advance the Investment and Development Business as one of its main businesses. Consequently, it posted part of "investment securities," which had been previously recorded in the non-current assets section, in "operational investment securities" under current assets as securities for investment. In addition, it adopted a method in which gain (loss) related to the said securities, which had been posted as non-operating income (loss), is included in "net sales" and the "cost of sales."

Our opinion is not qualified in respect of this matter.

**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 13th fiscal term from October 1, 2020 to September 30, 2021. 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, 2021.

#### 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 16, 2021

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.