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August 13, 2019

Company Name: COLOPL, Inc.
Representative: Naruatsu Baba, President and CEO
(Securities Code: 3668
Tokyo Stock Exchange First Section)
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Notice of the Disclosure of an Investigative Report from the Special Investigation Committee

As announced in the news release “Notice of the Establishment of a Special Investigation Committee” dated June 26, 2019, COLOPL, Inc. (the “Company”) has established a Special Investigation Committee, which has investigated an inappropriate transaction by its employees.

Today, the Company received an investigative report from the Special Investigation Committee, the details of which are as follows. Full English Report is scheduled to be disclosed at a later date.

1. Results of the investigation

The Special Investigation Committee reported that two of the Company’s employees, including one in a managerial position, were involved in a request made to its client to pay for items in the online game, the Company’s product “Project Babel,” using money taken from the Company with the aim of manipulating its sales rankings, and that the client spent the money (hereinafter referred to as the “Incident”). The Committee also reported that a director of the Company is highly likely to have been aware of the Incident in advance.

The report also says that the Committee identified no transactions of a similar nature carried out in the past.

2. Impact on the Company’s consolidated financial statements

In the financial results for the third quarter of the fiscal year ending September 30, 2019, the Company had offset 8 million yen spent in the Incident and 8 million yen as advertising costs. The Company also posted 2 million yen as platform usage fees generated in the Incident in its consolidated profit and loss statement. The quarterly report for the third quarter of the fiscal year ending September 30, 2019, is scheduled to be submitted today.

3. Punishment of employees involved in the Incident, etc.

1) Punishment of employees involved in the Incident

Kazunori Morisaki, Executive Director and COO of the Company, said that he takes this problem with utmost seriousness and offered his resignation as of August 13. The Company accepted this offer.

The Company took disciplinary action dated August 13 against the two employees who were involved in the Incident.

2) Clarification of management responsibilities

At the Board of Directors meeting held today, the Company decided to cut the pay of its directors as follows to clarify the

responsibility of management for the Incident.

President, CEO and COO	Naruatsu Baba	10% cut of monthly remuneration (for three months)
Executive Director and CSO in charge of Marketing Division	Jun Hasebe	10% cut of monthly remuneration (for three months)

4. Actions to be taken by the Company in response

The Company takes the results of the investigation seriously and will explain the results to related persons. It will also crystallize and carry out measures for preventing a recurrence of the Incident, which were recommended by the Special Investigation Committee.

The Company will promptly disclose matters that should be disclosed as they occur.

5. New organizational structure

At the Board of Directors meeting held today, a resolution was passed to establish the following executive structure.

Position	Name
President, CEO and COO	Naruatsu Baba
Executive Director in charge of Entertainment Division and White Cat and Black Cat Division	
Executive Director, CSO	Jun Hasebe
Head of Marketing Division, Legal & Intellectual Property Center, and Incubation Division	
Executive Director, CHRO	Ryosuke Ishiwatari
Head of HR Division	
Executive Director, CTO	Kenta Sugai
Head of Engineering Division and Art Division	
Head of System Administration Department	Yoshiaki Harai
Executive Director, CFO	
Head of Corporate Division	Yu Sakamoto
Head of Entertainment Division	
Head of White Cat and Black Cat Division	Mie Kumagai

We sincerely apologize for the serious concern this incident has caused to our shareholders and all stakeholders. We are determined to make company-wide efforts to regain your trust. We would highly appreciate your continued support.