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(Securities Code: 3668)

December 4, 2024

Dear Shareholders,

Takashi Miyamoto
President and Representative Director
COLOPL, Inc.
9-7-2 Akasaka, Minato-ku, Tokyo

Notice of the 16th Ordinary General Meeting of Shareholders

We are pleased to announce the 16th Ordinary General Meeting of Shareholders of COLOPL, Inc. (the “Company”), which will be held as described below.

Pursuant to the provisions of Article 66, paragraph (1) of the Industrial Competitiveness Enhancement Act and Article 12, paragraph (2) of the Company’s Articles of Incorporation, this General Meeting of Shareholders will be held without a fixed location (virtual only). Shareholders are requested to attend the meeting through our designated website (<https://web.sharely.app/login/colopl-16>).

When holding this General Meeting of Shareholders, measures for provision in electronic format will be carried out for information (matters for electronic provision) contained in the Reference Documents for the General Meeting of Shareholders and other materials. This information will be posted at the following websites on the internet. Please access one of the websites and check the information.

[COLOPL, Inc. website]

<https://colopl.co.jp/en/ir/stock/shareholders/>

[Tokyo Stock Exchange website (Listed Company Search)]

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

(Access the above Tokyo Stock Exchange website and enter “COLOPL” in the “Issue name (company name)” or “3668” in the “Code” field and perform a search. Select “Basic information” and then “Documents for public inspection/PR information” and check from the “Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting” area located in “Filed information available for public inspection.”)

For information on the necessary environment and procedures for attending the meeting and similar details, please refer to “Instructions for Virtual-Only Shareholders Meetings” on pages 4-6. If you are unable to attend the meeting, or if you are able to attend but are concerned about the possibility of a network failure or similar problem, you may exercise your voting rights ahead of time in writing or via the internet, etc. If you wish to exercise your voting rights ahead of time in writing or via the internet, etc., please examine the Reference Documents for the General Meeting of Shareholders and review the sections “Exercise of Voting Rights” on pages 7-8, and then exercise your voting rights no later than Thursday, December 19, 2024, at 7:00 p.m.

Details

1. **Date and Time:** Friday, December 20, 2024, at 10:00 a.m.
* In the event it becomes difficult to hold the General Meeting of Shareholders on the above schedule due to a network failure or similar problem, it will be held on the alternate date: Monday, December 23, 2024 at 10:00 a.m. If a decision is made to hold the meeting on the alternate date and time, the new schedule and other information will be posted on the Company's website (<https://colopl.co.jp/en/ir/stock/shareholders/>).
2. **How the Meeting will be conducted:**
It will be a General Meeting of Shareholders without a fixed location (virtual only).
Since the event will be held completely online, there will be no venue for shareholders to visit in person.
Please attend via our designated website (<https://web.sharely.app/login/colopl-16>).
For details such as the URL of the website, how to access it, and the procedures required to attend, please refer to "Instructions for Virtual-Only Shareholders Meetings" on pages 4-6.
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 16th Fiscal Year (from October 1, 2023 to September 30, 2024)
 2. Non-consolidated Financial Statements for the 16th Fiscal Year (from October 1, 2023 to September 30, 2024)**Matters to be resolved:**
 - Proposal 1:** Appropriation of Surplus
 - Proposal 2:** Partial Amendments to the Articles of Incorporation
 - Proposal 3:** Election of Six (6) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)
 - Proposal 4:** Election of One (1) Director Who Is an Audit and Supervisory Committee Member
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 voting card, and return it so that it will reach us by 7:00 p.m., Thursday, December 19, 2024.
When neither "Approve" nor "Reject" is indicated for a Proposal, that will be deemed to indicate approval of the Proposal.
 - (2) When exercising voting rights via the internet, etc.
If you would exercise your voting rights via the internet, etc., please refer to page 8 "Exercise of Voting Rights via the Internet, etc." and complete the procedure by 7:00 p.m., Thursday, December 19, 2024.
5. **Matters Decided upon Convocation**
 - (1) The communication method used to send and receive information during the proceedings of the General Meeting of Shareholders shall be via the internet.
 - (2) In the event you exercise your voting rights in advance in writing or via the internet, etc., but then attend the virtual-only General Meeting of Shareholders meeting on the scheduled day via the internet and exercise your voting rights again, only the latest exercise of voting rights at the General Meeting of Shareholders shall be deemed valid, and the prior exercise of voting rights shall be deemed invalid.
In the event you exercise your voting rights in advance and then attend the virtual-only General Meeting of Shareholders meeting on the scheduled day, but we are unable to confirm that you exercised your voting rights on that day, your prior exercise of voting rights shall be deemed valid. In the event you do not exercise your voting rights in advance, and then attend the virtual-only General Meeting of Shareholders meeting on the scheduled day, but we are unable to confirm that you exercised your voting rights on that day, it will be treated as an abstention. * For shareholders who exercise their voting rights in advance, it is not necessary to exercise their voting rights on the day of the meeting unless there is a change in the exercise contents.
 - (3) In the event that the proceedings of the General Meeting of Shareholders are significantly hindered due to a network failure or similar problem, the Chairman of the General Meeting of Shareholders may decide to postpone or continue the General Meeting of Shareholders. A resolution to that effect will be made at the beginning of the General Meeting of Shareholders. If, pursuant to the resolution, the Chairman of the General

Meeting of Shareholders decides to postpone or continue the General Meeting of Shareholders, we will promptly notify you of that decision and the date and time of the postponed or resumed meeting on the Company's website (<https://colopl.co.jp/en/ir/stock/shareholders/>).

Notes:

- * Before holding this meeting, the Company will be accepting questions in advance from shareholders via the internet. For the method of submitting questions in advance, please see page 4. On the day of the General Meeting of Shareholders, we intend to answer all or part of the questions received from the website for receiving shareholder questions in advance.
- * The website for receiving shareholder questions in advance cannot be used to submit a motion.
- * In the event of a correction to the matters for electronic provision, the fact of the correction, and the matters before and after correction, will be posted on the above websites on the internet.
- * For shareholders who requested provision of written documents, documents containing the matters for electronic provision will also be sent. However, based on the provisions of Article 18, paragraph (2) of the Company's Articles of Incorporation, these documents will not contain the following matters.

(i) Consolidated statement of changes in equity in the consolidated financial statements

(ii) Notes to consolidated financial statements in the consolidated financial statements

(iii) Non-consolidated statement of changes in equity in the non-consolidated financial statements

(iv) Individual notes to financial statements in the non-consolidated financial statements

Therefore, the Business Report, consolidated financial statements and non-consolidated financial statements listed in these documents comprise a portion of the documents which are audited at the time when the financial auditor creates the financial audit report and when the Audit and Supervisory Committee creates the audit report.

Instructions for Virtual-Only Shareholders Meetings

This General Meeting of Shareholders is a “virtual-only shareholders meeting” to be held only over the internet.

Since there will be no venue for shareholders to visit in person, we ask that you attend the meeting online. Details such as the URL of the website, how to access it, and the procedures required to attend the meeting are as follows. On the day of the General Meeting of Shareholders, you can attend the meeting over the internet from our designated website (<https://web.sharely.app/login/colopl-16>), where you will be able to watch live streamed video, exercise your voting rights, ask questions about agenda items, submit a motion, etc. You may also submit your questions, opinions, etc. prior to the meeting on the same website.

* Please be sure to read the following notes before accessing the website.

1. Date and time of streaming

From Friday, December 20, 2024, at 10:00 a.m.

* In the event it becomes difficult to hold the General Meeting of Shareholders on the above schedule due to a network failure or similar problem, the new schedule and other information will be posted on the Company’s website (<https://colopl.co.jp/en/ir/stock/shareholders/>).

2. How to access

<URL> <https://web.sharely.app/login/colopl-16>

<Required information> Shareholder number, postal code, and number of shares held, which are written on your voting card

(i) Please enter the URL above or scan the QR code on the right with a smartphone to access the live streaming page.

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

(ii) After connecting to the site, please log in by entering your shareholder number, postal code, and number of shares held, which are written on your voting card, following the on-screen instructions.



* Before mailing your voting card, please make a note of your shareholder number, postal code, and number of shares held.

* If you have any questions, please visit the following web page for frequently asked questions: <https://sharely.zendesk.com/hc/ja/sections/360009585533> (in Japanese)

3. How to exercise your voting rights on the scheduled day

After logging in, enter your approval or disapproval from the “Resolutions” button at the bottom of the viewing screen in accordance with the instructions of the Chairman of the General Meeting of Shareholders.

4. How to ask a question or submit a motion

(1) How to ask questions in advance

<URL> https://web.sharely.app/e/colopl-16/pre_question

<Required information> Shareholder number, postal code, and number of shares held, which are written on your voting card

(i) Please enter the above URL or scan the above QR code to access the website for receiving shareholder questions in advance.

(ii) After connecting to the site, please log in by entering your shareholder number, postal code, and number of shares held, which are written on your voting card, following the on-screen instructions.

* Before mailing your voting card, please make a note of your shareholder number, postal code, and number of shares held.

Advance questions will be accepted until the following deadline. Enter the contents of your question related to the purposes of the General Meeting of Shareholders in the advance question form. Please note that comments and questions are limited to 2 questions per person, and each question is limited to 150 characters.

<Deadline for receiving shareholder questions in advance>

Monday, December 16, 2024 at 7:00 p.m.

* We cannot respond to comments or questions sent after the deadline.

* We plan to provide explanations, focusing on matters that we believe will be of particular interest to our shareholders on the day of the General Meeting of Shareholders.



* We may not be able to answer all questions, depending on the progress of the General Meeting of Shareholders and the content of the question.

(2) How to ask questions on the scheduled day

After logging in, click the “Question” button at the bottom of the viewing screen and enter your question relating to the agenda items of the General Meeting of Shareholders in accordance with the instructions of the Chairman of the General Meeting of Shareholders. Please note that questions are limited to 2 questions per person, and each question is limited to 150 characters.

(3) How to submit a motion

To submit a motion, select the type of motion from the “Motion” button at the bottom of the viewing screen and enter the motion in accordance with the instructions of the Chairman of the General Meeting of Shareholders.

(4) Posting of questions and answers

On the day of the general meeting of shareholders, we may not be able to answer all of the advance questions and same-day questions. In principle, however, all questions, except those unrelated to the agenda items of the General Meeting of Shareholders, and their answers will be posted on the Company’s website after the General Meeting of Shareholders (posting is scheduled for January 2025).

5. Details of the policy on measures concerning failure of the method of communication used to send and receive information in the proceedings of this General Meeting of Shareholders

For this General Meeting of Shareholders, we will use a system with communication failure countermeasures, and for operations on the day of the general meeting of shareholders, we will assign specialized staff capable of dealing with communication failures. In preparation for a case of considerable disruptions to proceedings due to communication failures, at the beginning of the day of the general meeting of shareholders, the Company will consult with the Chairman regarding a discretionary resolution to postpone or continue the General Meeting of Shareholders, and will prepare a manual in advance on how to respond to communication failures.

6. Details of the policy regarding consideration of the interests of shareholders who have difficulties in using the internet as method of communication for transmitting and receiving information with regard to the proceedings of this General Meeting of Shareholders

Shareholders who wish to exercise their voting rights but have difficulty using the internet are encouraged to exercise their voting rights in writing in advance.

7. How to attend by proxy

A proxy shareholder holding voting rights of the Company may exercise proxy voting rights. Shareholders who wish to do this are required to submit a document (letter of proxy) authorizing the vote by proxy to the Company prior to the General Meeting of Shareholders by mailing it to the address below. For proxy forms and other necessary information, please see “Contact for inquiries concerning the exercise of voting rights by proxy.”

<Contact for inquiries concerning the exercise of voting rights by proxy>

soukai@colopl.co.jp

<Where to submit proxy-related documents>

Midtown East 6F, 9-7-2 Akasaka, Minato-ku, Tokyo 107-0052

Attn: General Meeting of Shareholders Management Office, COLOPL, Inc.

<Deadline for submission>

No later than Monday, December 16, 2024 at 7:00 p.m.

* Please note that if the required documents do not reach us by the submission deadline, attendance by proxy will not be possible.

* If the submitted documents are incomplete, the proxy delegation may be considered invalid.

<Points to note>

1. In the event you exercise your voting rights in advance in writing or via the internet, etc., but then attend the virtual-only General Meeting of Shareholders meeting on the scheduled day via the internet and exercise your voting rights again, only the latest exercise of voting rights at the General Meeting of Shareholders shall be deemed valid, and the prior exercise of voting rights shall be deemed invalid. In the event you exercise your voting rights in advance and then attend the virtual-only General Meeting of Shareholders meeting on the scheduled day, but we are unable to confirm that you exercised your voting rights on that day, your prior exercise of voting rights shall be deemed valid. In the event you do not exercise your voting rights in advance, and then attend the virtual-only General

Meeting of Shareholders meeting on the scheduled day, but we are unable to confirm that you exercised your voting rights on that day, it will be treated as an abstention.

2. The website for receiving shareholder questions in advance cannot be used to submit a motion.
3. To ensure reliable streaming on the day of the event, we have prepared a manual for specific measures to be taken in the event of network failure. However, depending on your communication environment, shareholders watching the event may experience communication failures such as video and audio disturbances or temporary interruptions in the live stream, and there may be minor time lags in transmission and reception.
4. We are not responsible for any connection failures, delays, or audio problems on the day of the General Meeting of Shareholders caused by problems with the shareholder's communication environment. Please be understanding in advance.
5. All telecommunications-related expenses for viewing the meeting including equipment, connection charges, and communication fees are to be borne by the shareholder.
6. It is prohibited to provide video, images, audio data, etc. of the meeting to third parties, or to publicly release, reproduce, or duplicate the content, or to tell third parties how to log in to the meeting.
7. If you have any other questions about the content delivery system, please visit the following web page for frequently asked questions:
<https://sharely.zendesk.com/hc/ja/sections/360009585533> (in Japanese)
Contact:
System operating company (Sharely Co., Ltd.) Tel: 03-6683-7664

[Inquiries concerning how to log in to and use the website in advance]

Date and time for inquiries: Wednesday, December 4, 2024 – Thursday, December 19, 2024 from 10:00 a.m. to 5:00 p.m.

[Inquiries concerning how to log in to and use the website on the scheduled day]

Date and time for inquiries: Friday, December 20, 2024, from 9:00 a.m. to the end of the General Meeting of 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 by **Thursday, December 19, 2024, at 7:00 p.m.**

Proposals 1, 2, and 4

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

Proposal 3

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

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



- When exercising voting rights via the internet, etc. * Please refer to next page for details.
Please use a personal computer or smartphone to access the voting website (<https://www.web54.net>) (in Japanese). Please enter the “voting code” and “password” printed on the voting card, and indicate your approval or disapproval for each of the proposals by following the instructions displayed on the screen.
- ▶ Deadline: **Thursday, December 19, 2024, 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> (in Japanese)

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 voting card.

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

* “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 19, 2024, at 7:00 p.m.

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

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

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

Reference Documents for the General Meeting of Shareholders

Proposals and Reference Information

Proposal 1: Appropriation of Surplus

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

Matters regarding year-end dividend

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

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

(1) Type of dividend property

Cash

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

Dividend per common share of the Company: 20 yen

Total amount of dividends: 2,567,316,120 yen

(3) Effective date for dividends

December 24, 2024

Proposal 2: Partial Amendments to the Articles of Incorporation

(1) Reasons for the proposal

By separating the decision-making and supervision functions of management from the business execution functions, we will make the locations of responsibility for business execution clear, and construct a system for dynamic management through the delegation of authority for business execution. For this purpose, this proposal will introduce the Senior Executive Officer System and make the necessary changes to the Company’s Articles of Incorporation resulting from the introduction of this system.

(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 18 (Omitted)	Articles 1 to 18 (Unchanged)
Chapter 4 Executive Directors <u>and</u> Board of Directors	Chapter 4 Executive Directors, <u>Board of Directors, and Executive Officers</u>
Articles 19 to 20 (Omitted)	Articles 19 to 20 (Unchanged)
Article 21 (Representative Director(s) <u>and</u> Directors with Special Titles)	Article 21 (Representative Director(s), <u>Directors with Special Titles, and Senior Executive Officers, etc.</u>)
1. (Omitted)	1. (Unchanged)
2. The Board of Directors may by its resolution appoint a Chairman of the Board of Directors, a President, Vice President(s), <u>Senior Managing Director(s) and Managing Director(s).</u>	2. The Board of Directors may by its resolution appoint a Chairman of the Board of Directors, a President, <u>and</u> Vice President(s).
3. (Omitted)	3. (Unchanged)
(Newly established)	4. <u>The Board of Directors may by its resolution appoint Senior Executive Officer(s) to execute the business of the Company and subsidiaries and associates.</u>
(Newly established)	5. <u>The Board of Directors may appoint a CEO and other Senior Executive Officers with Special Titles from among the Senior Executive Officers.</u>
(Newly established)	6. <u>The Board of Directors may by its resolution appoint several Executive Officers in addition to Senior Executive Officers.</u>
Articles 22 to 41 (Omitted)	Articles 22 to 41 (Unchanged)

Proposal 3: Election of Six (6) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

All ten (10) Directors (excluding Directors who are Audit and Supervisory Committee members) will reach the expiration of their terms of office at the conclusion of this meeting.

Accordingly, the Company requests approval for the election of six (6) 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</p> <p>Mar. 2016 Established Kuma Foundation President (current position)</p> <p>Dec. 2021 Chairman of the Board, COLOPL, Inc. (current position)</p> <p>Reasons for Nomination as Candidate He is the founder of the Company and has led growth of the Group as Chairman of the Board 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>	61,781,792 shares
2	Takashi Miyamoto (April 19, 1972) <u>Reelection</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.</p> <p>Dec. 2021 President and Representative Director (current position)</p> <p>Reasons for Nomination as Candidate 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 contributed to expansion of the Company's services as President and Representative Director. 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>	79,609 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
3	Yoshiaki Harai (September 28, 1988) <u>Reelection</u>	<p>Mar. 2011 Joined Deloitte Touche Tohmatsu LLC Jan. 2015 Joined COLOPL, Inc. Dec. 2018 Executive Director, COLOPL, Inc. (current position)</p> <p>Reasons for Nomination as Candidate In addition to a high level of expertise in finance and accounting, the candidate possesses abundant experience and broad insight in the overall corporate realm, which have been gained from his involvement in M&A, construction of group governance systems, 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>	52,817 shares
4	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>Reasons for Nomination as Candidate In addition to possessing abundant experience and a history of achievements from working at consumer game companies, the candidate possesses abundant experience and broad insight in all aspects of the game business, which have been gained from his involvement as a game creator in the development and operation of a number of mobile games since joining the Company. Accordingly, we request his 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>	41,942 shares
5	Koji Yanagisawa (May 19, 1971) <u>Reelection</u> <u>Outside</u> <u>Independent</u>	<p>Apr. 1995 Joined Fuji Bank, Limited (name changed to Mizuho Bank, Ltd.) May 1999 Joined NTT DATA INSTITUTE OF MANAGEMENT CONSULTING, Inc. May 2005 Joined Mizuho Securities Co., Ltd. Feb. 2006 Full-time Statutory Auditor, Start Today Co., Ltd. (name changed to ZOZO, Inc.) Jun. 2008 Director Head of Strategic Planning and Business Administration Division, Start Today Co., Ltd. (name changed to ZOZO, Inc.) Apr. 2009 CFO, Start Today Co., Ltd. (name changed to ZOZO, Inc.) Dec. 2015 Outside Director, COLOPL, Inc. (current position) Apr. 2017 Executive Vice President and CFO, Start Today Co., Ltd. (name changed to ZOZO, Inc.) (current position) Mar. 2020 External Director, OPT Holding, Inc. (name changed to DIGITAL HOLDINGS, Inc.) (current position)</p> <p>Reasons for Nomination as Candidate for Outside Director and Overview of Expected Role The candidate possesses abundant experience and broad insight as a company manager. We request his reelection as Outside Director as we expect his aforementioned experience and his independent and objective standpoint will enable him to provide advice, suggestions and so forth for ensuring the decision making of management can be carried out suitably and appropriately. Mr. Koji Yanagisawa is currently an Outside Director of the Company, and at the conclusion of this meeting, his tenure as Outside Director will have been nine years. The Company has submitted notification to the Tokyo Stock Exchange that Mr. Koji Yanagisawa has been designated as an independent director as provided for by the aforementioned exchange. If his reelection is approved, the Company plans for his appointment as an independent director to continue.</p>	5,000 shares

No.	Name (Date of birth)	Career summary, positions, areas of responsibility in the Company, and important concurrent positions	Number of the Company's shares held
6	Masako Takeda (March 31, 1968) <u>Reelection</u> <u>Outside</u> <u>Independent</u>	<p>Jan. 1989 Joined Seibu Credit Co., Ltd. (name changed to Credit Saison Co., Ltd.)</p> <p>Jun. 2014 Director, In Charge of Strategic Human Resources Department, Seibu Credit Co., Ltd. (name changed to Credit Saison Co., Ltd.)</p> <p>Mar. 2016 Director, General Manager of Sales Development Division, Seibu Credit Co., Ltd. (name changed to Credit Saison Co., Ltd.)</p> <p>May 2018 Executive Officer, General Manager of Human Resources & General Affairs Division, Calbee, Inc.</p> <p>Apr. 2019 Managing Executive Officer, CHRO, General Manager of Human Resources & General Affairs Division, Calbee, Inc.</p> <p>Apr. 2023 Senior Managing Executive Director and CHRO, Members Co., Ltd.</p> <p>Dec. 2023 Outside Director, COLOPL, Inc. (current position)</p> <p>Reasons for Nomination as Candidate for Outside Director and Overview of Expected Role</p> <p>Through serving as a director at major corporations in Japan and in other positions, the candidate possesses extensive experience and practice in human resources, general affairs and business promotion. We request her reelection as Outside Director as we expect her aforementioned experience and her independent and objective standpoint will enable her to provide advice, suggestions and so forth for ensuring the decision making of management can be carried out suitably and appropriately.</p> <p>Ms. Masako Takeda is currently an Outside Director of the Company, and at the conclusion of this meeting, her tenure as Outside Director will have been one year. The Company has submitted notification to the Tokyo Stock Exchange that Ms. Masako Takeda has been designated as an independent director as provided for by the aforementioned exchange. If her reelection is approved, the Company plans for her appointment as an independent director to continue.</p>	—

- (Notes) 1. No special interest exists between any of the above candidates and the Company.
2. Mr. Naruatsu Baba, Mr. Takashi Miyamoto, Mr. Yoshiaki Harai, Mr. Yu Sakamoto, Mr. Koji Yanagisawa, and Ms. Masako Takeda 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. Koji Yanagisawa and Ms. Masako Takeda 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 (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 One (1) Director Who Is an Audit and Supervisory Committee Member

Directors who are Audit and Supervisory Committee members Tetsuzo Hasegawa and Ryogo Tsukioka will for personal reasons resign their positions at the conclusion of this meeting.

Accordingly, the Company requests approval for the election of one (1) Director who is an Audit and Supervisory Committee member to fill this vacancy. As prescribed in the Articles of Incorporation of the Company, the term of office of the Director who is an Audit and Supervisory Committee member appointed as a substitute at this General Meeting of Shareholders shall be until the time when the terms of office of the retired Directors who are Audit and Supervisory Committee members would ordinarily end. 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 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
<p>Mizuho Abe (January 27, 1975)</p> <p><u>New candidate</u></p> <p><u>Outside</u></p> <p><u>Independent</u></p>	<p>Oct. 2000 Joined Tohmatsu & Co. (name changed to Deloitte Touche Tohmatsu LLC)</p> <p>Apr. 2004 Registered as Certified Public Accountant</p> <p>Oct. 2016 Established Mizuho Abe CPA Office Director (current position)</p> <p>Jun. 2022 Outside Auditor, INCLUSIVE Inc. (current position)</p> <p>Reasons for Nomination as Candidate for Outside Director and Overview of Expected Role</p> <p>Ms. Mizuho Abe has never in the past been involved in the management of a company except as an outside officer. However, she has a high level of expertise related to finance and accounting as a certified public accountant, as well as extensive experience and past record as an auditor at a major corporation. Accordingly, we request her election as Outside Director as we expect her to serve as a competent Outside Director and to provide advice and checking based on her deep knowledge. If the election of Ms. Mizuho Abe is approved, the Company plans for her appointment as an independent director as provided for by the Tokyo Stock Exchange.</p>	<p>—</p>

- (Notes) 1. No special interest exists between the above candidate and the Company.
2. If the election of Ms. Mizuho Abe is approved, pursuant to Article 427, paragraph (1) of the Companies Act, the Company plans to conclude an agreement with her to limit her liability for damages as stipulated in Article 423, paragraph (1) of the said act. The limit of liabilities for damages under the relevant agreement will be the amounts set forth in laws and regulations. The limitation of liability specified in these agreements will be limited to times when the Directors are 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.

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	–					●			●
Yu Sakamoto	–		●	●					
Koji Yanagisawa	Outside					●			
Masako Takeda	Outside				●			●	
Akira Tozawa	Outside/ Audit and Supervisory Committee member					●	●		
Koichiro Iida	Outside/ Audit and Supervisory Committee member						●		●
Mizuho Abe	Outside/ Audit and Supervisory Committee member					●			

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

Business Report

(From October 1, 2023 to September 30, 2024)

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.” In the Entertainment Business, we have focused on operating existing titles and developing new titles with a focus on improving the user’s engagement with them. The Group has conducted the Investment and Development Business with a focus on investments in IT-related and entertainment companies in Japan and abroad in particular.

As a result, net sales for the current fiscal year came to 25,975 million yen (down 15.7% from previous fiscal year), while operating loss was 1,208 million yen (compared to an operating profit of 2,648 million yen in previous fiscal year), ordinary loss was 947 million yen (compared to an ordinary profit of 3,066 million yen in previous fiscal year), and loss attributable to owners of parent was 1,866 million yen (compared to a profit attributable to owners of parent of 1,746 million yen in previous fiscal year).

Operating results by business segment are as follows:

a. Entertainment Business

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

During the current fiscal year, we began deliveries of the new smartphone game title FESTIBATTLE. In terms of existing titles, DRAGON QUEST WALK (planning and production by SQUARE ENIX CO., LTD. and development by the Company) continued to drive consolidated results. We conducted anniversary events and collaborative events with popular IP for our Company’s IP titles Shironeko Project, Quiz RPG: The World of Mystic Wiz, and Alice Gear Aegis. Despite our focus on providing services that increase user engagement, net sales of smartphone games declined. In addition, there were titles whose service was terminated.

We released the new blockchain game Brilliantcrypto and conducted the Initial Exchange Offering (IEO) (Note) for the crypto-asset Brilliantcrypto Token (BRIL) that can be used in the game. The funds procured by the IEO will be recorded as net sales in stages according to the use of BRIL within the game, however temporary expenses were incurred as a result of advance expenses such as developing and marketing, and for the IEO.

As a result, consolidated net sales and operating loss for the fiscal year under review stood at 24,474 million yen (down 18.2% from previous fiscal year) and 1,302 million yen (compared to an operating profit of 3,320 million yen in previous fiscal year), respectively.

(Note) An Initial Exchange Offering (IEO) is a mechanism for carrying out public offering, sales, and distribution of crypto-assets through a project investigation centered on a crypto-asset exchange, in accordance with the laws of Japan.

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.

In the current fiscal year, earnings were generated from sales of operational investment securities in the Group’s investment funds. In addition, impairment losses were recorded for some of the operational investment securities held.

As a result, consolidated net sales and operating profit for the fiscal year under review stood at 1,500 million yen (up 68.3% from previous fiscal year) and 91 million yen (compared to an operating loss of 674 million yen in previous fiscal year), respectively.

Sales by business segment

Business segment	Net sales
Entertainment Business	24,474
Investment and Development Business	1,500
Total	25,975

(2) Capital investments

There are no matters of note.

(3) Financing

During the current fiscal year, funds required by the Group were procured by means of long-term borrowings of 2,000 million yen from a financial institution.

There was no funds procurement by capital increase, issue of bonds, or other means.

(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) Entertainment Business

(i) 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.

(ii) Expanding our portfolio

The Group operates smartphone games so that users can enjoy themselves for a prolonged period, while also developing new titles that will deliver "New Experiences."

While examining the conditions of each title and the markets, we will conduct the optimal allocation of resources and diversified investment, and will endeavor to expand our portfolio.

(iii) 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.

(iv) 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.

(v) 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.

(vi) 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.

2) Investment and Development Business

(i) Building quality portfolio

The Group invests in IT-related and entertainment companies, etc. with the aim of contributing stable profits.

Going forward, we will continue to diversify our investments into attractive companies and provide appropriate monitoring and support according to the circumstances of our portfolio companies, thereby supporting enhancement of the value of our portfolio companies and ensuring the soundness of our portfolio.

3) Overall

(i) Enhancing corporate brand value

We believe that enhancing corporate awareness and building up our corporate image are essential for the Group to achieve sustainable growth and enhance corporate value in the medium and long term. As such, the Group will practice proper information disclosure to stakeholders while conducting proactive PR and sustainability initiatives, etc. in order to enhance the Group's corporate brand value.

(ii) 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.

(iii) Ensuring organizational flexibility

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.

(iv) 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 supporting sustainable growth, we will continually improve our recruiting and training programs.

(6) Changes in assets and profit (loss)

Numbers for the 15th fiscal year are those following correction of errors.

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

(million yen, except for per share amounts)

Item	The 13th fiscal year ended September 30, 2021	The 14th fiscal year ended September 30, 2022	The 15th fiscal year ended September 30, 2023	The 16th fiscal year ended September 30, 2024
Net sales	37,125	32,541	30,806	25,975
Ordinary profit (loss)	7,843	5,732	3,066	(947)
Profit (loss) attributable to owners of parent	3,047	2,414	1,746	(1,866)
Basic earnings (loss) per share (yen)	23.82	18.84	13.61	(14.55)
Total assets	80,814	83,280	81,464	79,805
Net assets	75,751	76,575	76,060	71,387
Net assets per share (yen)	591.86	597.24	592.90	556.07

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

(million yen, except for per share amounts)

Item	The 13th fiscal year ended September 30, 2021	The 14th fiscal year ended September 30, 2022	The 15th fiscal year ended September 30, 2023	The 16th fiscal year ended September 30, 2024
Net sales	27,900	23,775	23,157	19,174
Ordinary profit	5,616	4,505	3,237	20
Profit (loss)	1,196	1,591	2,389	(2,624)
Basic earnings (loss) per share (yen)	9.35	12.42	18.63	(20.45)
Total assets	76,982	78,839	77,560	73,430
Net assets	73,566	73,247	73,279	67,675
Net assets per share (yen)	574.79	571.33	571.26	527.21

(7) Principal subsidiaries

Name	Share capital (million yen)	Ratio of capital contribution by the Company (%)	Principal business
COLOPL NEXT No. 2 Fund Investment Partnership	3,169	100.0 (0.25)	Investment and Development
COLOPL NEXT No. 4 Fund Investment Partnership	1,941	100.0 (0.25)	Investment and Development
COLOPL NEXT No. 6 Fund Investment Partnership	675	100.0 (0.04)	Investment and Development
COLOPL NEXT No. 7 Fund Investment Partnership	2,871	100.0 (0.04)	Investment and Development
COLOPL NEXT No. 8 Fund Investment Partnership	2,272	99.77 (0.76)	Investment and Development

- (Notes) 1. 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.
2. COLOPL NEXT Listed Shares No. 1 Fund Investment Partnership was excluded from the principle subsidiaries due to the completion of its liquidation during the current fiscal year.

(8) Principal business (As of September 30, 2024)

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, 2024)

Name	Location
Head office	Minato-ku, Tokyo

(10) Employees (As of September 30, 2024)

- 1) Employees of the Corporate Group 1,235 [77] (decrease of 42 [increase of 30] 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
710 [1]	(8)	35.8 years old	5.8 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, 2024)

Creditors	Balance of borrowings (million yen)
Sumitomo Mitsui Banking Corporation	1,666

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

No items to report.

2. Status of Shares (As of September 30, 2024)

- (1) Total number of authorized shares 450,000,000 shares
- (2) Total number of issued shares 130,144,640 shares (including 1,778,834 treasury shares)
- (3) Number of shareholders 27,676

(4) Major shareholders

Shareholder name	Number of shares	Shareholding ratio (%)
Naruatsu Baba	61,781,792	48.13
Custody Bank of Japan, Ltd. (Trust account) (1,394,000 shares of investment trust, 103,300 shares of pension trust)	10,474,000	8.16
The Master Trust Bank of Japan, Ltd. (Trust account) (3,928,577 shares of investment trust, 35,200 shares of pension trust)	9,799,177	7.63
THE BANK OF NEW YORK MELLON 140051 (Standing proxy: Settlement & Clearing Services Division, Mizuho Bank, Ltd.)	6,468,200	5.04
BANK JULIUS BAER AND CO. LTD. SG (Standing proxy: MUFG Bank, Ltd.)	3,695,300	2.88
THE BANK OF NEW YORK 133612 (Standing proxy: Settlement & Clearing Services Division, Mizuho Bank, Ltd.)	3,222,300	2.51
THE HONGKONG AND SHANGHAI BANKING CORPORATION LTD - SINGAPORE BRANCH PRIVATE BANKING DIVISION A/ C CLIENTS (Standing proxy: Custody Business Department, Tokyo branch, The Hongkong and Shanghai Banking Corporation Limited)	1,200,000	0.93
STATE STREET BANK WEST CLIENT - TREATY 505234 (Standing proxy: Settlement & Clearing Services Division, Mizuho Bank, Ltd.)	892,000	0.69
GOLDMAN SACHS INTERNATIONAL (Standing proxy: Goldman Sachs Japan Co., Ltd.)	649,400	0.51
JP MORGAN CHASE BANK 385781 (Standing proxy: Settlement & Clearing Services Division, Mizuho Bank, Ltd.)	605,274	0.47

- (Notes) 1. The Company holds 1,778,834 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)	89,635	7

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

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, 2024)

Position	Name	Areas of responsibility in the Company, and important concurrent positions
Chairman of the Board	Naruatsu Baba	Chief Creator Nomination and Compensation Advisory Committee member President, Kuma Foundation
President and Representative Director	Takashi Miyamoto	In charge of the PR Marketing Division Nomination and Compensation Advisory Committee member
Executive Director	Yoshiaki Harai	In charge of the Corporate Administration Department
Executive Director	Kenta Sugai	Head of the Technology Base Division
Executive Director	Yu Sakamoto	Head of the Entertainment Division
Executive Director	Yoichi Ikeda	Head of the Technology Promotion Division
Executive Director	Satoshi Yamazaki	General Manager of the Legal & Intellectual Property Department
Executive Director	Koji Yanagisawa	Executive Vice President and CFO, ZOZO, Inc. Outside Director, DIGITAL HOLDINGS, Inc. Nomination and Compensation Advisory Committee member
Executive Director	Harold George Meij	Outside Director, Earth Corporation Advisor, Sanrio Company, Ltd. Outside Director, Alinamin Pharmaceutical Co., Ltd. Outside Director, Panasonic Corporation Advisor, Kewpie Corporation
Executive Director	Masako Takeda	
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, full-time)	Akira Tozawa	Nomination and Compensation Advisory Committee member
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

- (Notes) 1. Executive Directors Koji Yanagisawa, Harold George Meij, and Masako Takeda, and Executive Directors (Audit and Supervisory Committee members) Tetsuzo Hasegawa, Akira Tozawa, Ryogo Tsukioka, and Koichiro Iida, are Outside Directors.
2. Executive Directors (Audit and Supervisory Committee members) Tetsuzo Hasegawa and Akira Tozawa worked for many years in the securities industry and have extensive experience as directors and statutory auditors 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, Harold George Meij, and Masako Takeda, and Executive Directors (Audit and Supervisory Committee members) Tetsuzo Hasegawa, Akira Tozawa, and Ryogo Tsukioka as independent directors stipulated by the Tokyo Stock Exchange, and has registered them as such at the Exchange.
7. Executive Director Dai Tamesue retired from office at the conclusion of the 15th Ordinary General Meeting of Shareholders held on December 22, 2023 due to the expiration of his term of office.

(2) Summary of agreements limiting liability

Pursuant to Article 427, paragraph (1) of the Companies Act, the Company has concluded an agreement with 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 insureds under this insurance policy are Directors (including Directors who are Audit and Supervisory Committee members), Statutory Auditors, Executive Officers and other persons carrying out important duties at COLOPL, Inc. and 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 President and Representative Director per resolution of the Board of Directors, on the grounds that it is suitable to have the President and 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 President and 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)	231 (22)	182 (22)	49 (-)	- (-)	11 (4)
Director (Audit and Supervisory Committee member) (Outside Director)	40 (40)	40 (40)	- (-)	- (-)	4 (4)
Total (Outside Director)	271 (62)	222 (62)	49 (-)	- (-)	15 (8)

(Notes) 1. It was resolved at the 13th Ordinary General Meeting of Shareholders held on December 17, 2021, that the maximum amount of compensation to be paid to Directors (excluding Audit and Supervisory Committee members) in total per year shall not exceed 300 million yen (including the amount of not more than 50 million yen annually for Outside Directors). As of conclusion of the General Meeting of Shareholders, there are ten (10) Directors (excluding Audit and Supervisory Committee members), of whom, four (4) are Outside Directors. It was resolved at the 15th Ordinary General Meeting of Shareholders held on December 22, 2023, that the amount of compensation to be paid to Directors (Audit and Supervisory Committee members) in total per year shall not exceed 50 million yen. As of conclusion of the General Meeting of Shareholders, there are four (4) Directors (Audit and Supervisory Committee members), of whom, four (4) 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.

2. The Board of Directors delegates decisions on compensation amounts for each Director (excluding Audit and Supervisory Committee members) for the current fiscal year to President and Representative Director Takashi Miyamoto. Such decisions have been delegated to him because the Company deems that it is suitable to have the President and 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."

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 14 of the 19 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. In addition, attended three of the 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	Harold George Meij	Attended all 19 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 manager of international corporations.
Executive Director	Masako Takeda	Attended all 14 meetings of the Board of Directors held after she assumed office on December 22, 2023. Provided advice and recommendations from an independent and objective standpoint to ensure the adequacy and appropriateness of decision-making by the management, based on her considerable experience and broad expertise as an officer at listed companies.
Executive Director (Audit and Supervisory Committee member)	Tetsuzo Hasegawa	Attended all 19 meetings of the Board of Directors held in the current fiscal year. In addition, attended all 14 meetings of the Audit and Supervisory Committee. Also attended major internal meetings as a full-time Audit and Supervisory Committee member. Made remarks concerning corporate governance and compliance from his experience as an officer at listed companies. 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)	Akira Tozawa	Attended all 14 meetings of the Board of Directors held after he assumed office on December 22, 2023. In addition, attended all 10 meetings of the Audit and Supervisory Committee held after he assumed office on December 22, 2023. 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. In addition, attended all three meetings of the Nomination and Compensation Advisory Committee held after he assumed office on December 22, 2023, 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)	Ryogo Tsukioka	Attended all 19 meetings of the Board of Directors held in the current fiscal year. In addition, attended all 14 meetings of the Audit and Supervisory Committee. Made remarks concerning accounting, finance and taxes pertaining to the Company from an expert perspective primarily as a certified public accountant and tax accountant. 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 19 meetings of the Board of Directors held in the current fiscal year. In addition, attended all 14 meetings of the Audit and Supervisory Committee. Made remarks concerning legal matters pertaining to the Company, corporate governance and compliance from an expert perspective primarily as an attorney.

5. Financial Auditor

(1) Financial auditor's name

Deloitte Touche Tohmatsu LLC

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

	Amount (million yen)
Financial auditor's compensation, etc. for the current fiscal year (Note)	115
Total money and other economic benefits to be paid to the financial auditor by the Company and its subsidiaries	115

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

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

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

(4) Summary of agreements limiting liability

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

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

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

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

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

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

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

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

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

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

- (1) Internal control systems overall

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

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

- (2) Compliance

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

- (3) Risk management

The Company has established the "Risk Countermeasure Committee" headed by the President and 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 19 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, 2023 to September 30, 2024)

### Consolidated Balance Sheet

(As of September 30, 2024)

(million yen)

| Assets                                                |               | Liabilities                                           |               |
|-------------------------------------------------------|---------------|-------------------------------------------------------|---------------|
| <b>Current assets</b>                                 | <b>67,267</b> | <b>Current liabilities</b>                            | <b>6,567</b>  |
| Cash and deposits                                     | 50,250        | Accounts payable - trade                              | 72            |
| Accounts receivable - trade, and contract assets      | 4,206         | Accounts payable - other                              | 2,734         |
| Operational investment securities                     | 10,166        | Accrued expenses                                      | 508           |
| Merchandise                                           | 35            | Income taxes payable                                  | 245           |
| Work in process                                       | 498           | Accrued consumption taxes                             | 204           |
| Supplies                                              | 6             | Advances received                                     | 1,844         |
| Advance payments                                      | 269           | Deposits received                                     | 200           |
| Prepaid expenses                                      | 941           | Provision for business restructuring                  | 57            |
| Other                                                 | 908           | Other                                                 | 700           |
| Allowance for doubtful accounts                       | (17)          | <b>Non-current liabilities</b>                        | <b>1,849</b>  |
| <b>Non-current assets</b>                             | <b>12,537</b> | Long-term borrowings                                  | 999           |
| <b>Property, plant and equipment</b>                  | <b>1,641</b>  | Asset retirement obligations                          | 759           |
| Buildings and structures                              | 1,516         | Deferred tax liabilities                              | 72            |
| Tools, furniture and fixtures                         | 123           | Other                                                 | 17            |
| Other                                                 | 0             | <b>Total liabilities</b>                              | <b>8,417</b>  |
| <b>Intangible assets</b>                              | <b>15</b>     | <b>Net assets</b>                                     |               |
| Software                                              | 15            | <b>Shareholders' equity</b>                           | <b>70,128</b> |
| <b>Investments and other assets</b>                   | <b>10,880</b> | Share capital                                         | 6,635         |
| Investment securities                                 | 7,588         | Capital surplus                                       | 6,373         |
| Shares of subsidiaries and associates                 | 3             | Retained earnings                                     | 61,764        |
| Investments in capital of subsidiaries and associates | 104           | Treasury shares                                       | (4,645)       |
| Leasehold and guarantee deposits                      | 1,611         | <b>Accumulated other comprehensive income</b>         | <b>1,251</b>  |
| Deferred tax assets                                   | 124           | Valuation difference on available-for-sale securities | 814           |
| Other                                                 | 1,460         | Foreign currency translation adjustment               | 437           |
| Allowance for doubtful accounts                       | (11)          | <b>Non-controlling interests</b>                      | <b>7</b>      |
|                                                       |               | <b>Total net assets</b>                               | <b>71,387</b> |
| <b>Total assets</b>                                   | <b>79,805</b> | <b>Total liabilities and net assets</b>               | <b>79,805</b> |

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



**Consolidated Statement of Income**  
(From October 1, 2023 to September 30, 2024)

(million yen)

| Account title                                         | Amount |                |
|-------------------------------------------------------|--------|----------------|
| <b>Net sales</b>                                      |        | <b>25,975</b>  |
| <b>Cost of sales</b>                                  |        | <b>19,216</b>  |
| <b>Gross profit</b>                                   |        | <b>6,758</b>   |
| <b>Selling, general and administrative expenses</b>   |        | <b>7,966</b>   |
| <b>Operating loss</b>                                 |        | <b>(1,208)</b> |
| <b>Non-operating income</b>                           |        |                |
| Interest income                                       | 325    |                |
| Gain on sale of investment securities                 | 247    |                |
| Gain on investments in derivatives                    | 17     |                |
| Miscellaneous income                                  | 130    | 720            |
| <b>Non-operating expenses</b>                         |        |                |
| Foreign exchange losses                               | 289    |                |
| Loss on valuation of investment securities            | 54     |                |
| Loss on sale of investment securities                 | 34     |                |
| Provision for business restructuring                  | 57     |                |
| Miscellaneous losses                                  | 25     | 460            |
| <b>Ordinary loss</b>                                  |        | <b>(947)</b>   |
| <b>Extraordinary losses</b>                           |        |                |
| Impairment losses                                     | 276    | 276            |
| <b>Loss before income taxes</b>                       |        | <b>(1,224)</b> |
| Income taxes - current                                | 654    |                |
| Income taxes - deferred                               | (11)   | 643            |
| <b>Loss</b>                                           |        | <b>(1,867)</b> |
| <b>Loss attributable to non-controlling interests</b> |        | <b>(0)</b>     |
| <b>Loss attributable to owners of parent</b>          |        | <b>(1,866)</b> |

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

## Consolidated Statement of Changes in Equity

(From October 1, 2023 to September 30, 2024)

(million yen)

|                                                           | Shareholders' equity |                 |                   |                 |                            |
|-----------------------------------------------------------|----------------------|-----------------|-------------------|-----------------|----------------------------|
|                                                           | Share capital        | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period                            | 6,610                | 6,350           | 66,358            | (4,645)         | 74,673                     |
| Cumulative effect from correction of errors               |                      |                 | (147)             |                 | (147)                      |
| Balance at beginning of period after correction of errors | 6,610                | 6,350           | 66,210            | (4,645)         | 74,526                     |
| Changes during period                                     |                      |                 |                   |                 |                            |
| Issuance of new shares - restricted stock compensation    | 25                   | 25              |                   |                 | 51                         |
| Dividends of surplus                                      |                      |                 | (2,565)           |                 | (2,565)                    |
| Purchase of treasury shares                               |                      |                 |                   | (0)             | (0)                        |
| Change in scope of consolidation                          |                      | (2)             | (13)              |                 | (15)                       |
| Loss attributable to owners of parent                     |                      |                 | (1,866)           |                 | (1,866)                    |
| Net changes in items other than shareholders' equity      |                      |                 |                   |                 |                            |
| Total changes during period                               | 25                   | 23              | (4,446)           | (0)             | (4,397)                    |
| Balance at end of period                                  | 6,635                | 6,373           | 61,764            | (4,645)         | 70,128                     |

|                                                           | 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                            | 1,206                                                 | 348                                     | 1,555                                        | 5                         | 76,234           |
| Cumulative effect from correction of errors               | (26)                                                  |                                         | (26)                                         |                           | (174)            |
| Balance at beginning of period after correction of errors | 1,179                                                 | 348                                     | 1,528                                        | 5                         | 76,060           |
| Changes during period                                     |                                                       |                                         |                                              |                           |                  |
| Issuance of new shares - restricted stock compensation    |                                                       |                                         |                                              |                           | 51               |
| Dividends of surplus                                      |                                                       |                                         |                                              |                           | (2,565)          |
| Purchase of treasury shares                               |                                                       |                                         |                                              |                           | (0)              |
| Change in scope of consolidation                          |                                                       |                                         |                                              |                           | (15)             |
| Loss attributable to owners of parent                     |                                                       |                                         |                                              |                           | (1,866)          |
| Net changes in items other than shareholders' equity      | (365)                                                 | 88                                      | (276)                                        | 1                         | (274)            |
| Total changes during period                               | (365)                                                 | 88                                      | (276)                                        | 1                         | (4,672)          |
| Balance at end of period                                  | 814                                                   | 437                                     | 1,251                                        | 7                         | 71,387           |

(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: 16

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 No. 8 Fund Investment Partnership

Eighting Co., Ltd.

MAGES. Inc.

Brilliantcrypto, Inc.

Colopl Next Korea, Inc.

Digital Gemstone Fund 1

Because Colopl Next Korea, Inc. has increased in importance, it is included in the scope of consolidation beginning from the current fiscal year.

Digital Gemstone Fund 1 was formed during the current fiscal year, and has been included in the scope of consolidation.

Former consolidated subsidiary COLOPL NEXT Listed Shares No. 1 Fund Investment Partnership was liquidated during the previous fiscal year, and has been removed from the scope of consolidation.

(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: 7

Names of companies not accounted for by the equity method:

Kuma's Musical Band Inc. and six other companies

The Next Unicorn Fund, Colopl Next-Rael Fund, and IBK Scale-up Gyeonggi G-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 four 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 accounts settlement date of consolidated subsidiary Colopl Next Korea, Inc. is June 30. When creating the consolidated financial statements, the financial statements current as of this settlement date are used. However, for important transactions taking place after the consolidated settlement date, the necessary adjustments for consolidated settlement are carried out.

### 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)

Securities other than shares, etc. with no market price

Stated based on the market price, etc. (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.)

Shares, etc. with no market price

Stated mainly 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) 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      |

#### (3) 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.

#### Provision for business restructuring

We recorded the expected amount to be needed in preparation for the expenses resulting from business restructuring.

#### (4) Standards for recognition of significant revenues and expenses

The Group recognizes revenues based on the following five-step model.

- |         |                                                                               |
|---------|-------------------------------------------------------------------------------|
| Step 1: | Identify the contract(s) with a customer                                      |
| Step 2: | Identify the performance obligations in the contract                          |
| Step 3: | Determine the transaction price                                               |
| Step 4: | Allocate the transaction price to the performance obligations in the contract |
| Step 5: | Recognize revenue when (or as) the entity satisfies a performance obligation  |

Revenue recognition standards for each main revenue classification are as follows. The amounts of consideration promised are generally received within one year and do not include significant financing components.

##### 1) Revenue from user charges

The Group offers smartphone games. While providing games to users for free, the Group provides the items used in these games for value. For these services, the Group judges that its performance obligations are satisfied when providing the services set forth for each item while users, or its customers, play games using the items obtained by consuming their currency in value. Therefore, the Group estimates the usage period of customers and recognizes revenue over such usage periods.

##### 2) Revenue from revenue sharing

The Group collaborates with other companies to develop and operate smartphone games. For these services, the Group judges that its performance obligations are satisfied when it provides services such as development and operations to its client companies. Therefore, the Group recognizes revenue upon completion of relevant service provisions. In addition, the Group measures the consideration received from customers according to the amount of user charges.

#### (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.

### Notes on Accounting Estimates

#### (Recoverability of deferred tax assets)

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

Deferred tax assets 124 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 Group 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.

## Notes on Correction of Errors

During the current fiscal year, it was discovered that there was an error in the calculations when incorporating the share of comprehensive income of investment profit and loss for the investment funds of the Group in a past fiscal year, and that excessive net sales had been recorded. An error was also identified in calculation of the Accounting Standard for Revenue Recognition at a consolidated subsidiary of the Company, and it was discovered that an inaccurately small cost of sales had been recorded. This error has been corrected.

The cumulative effects of these error corrections have been applied to the book value of net assets at the beginning of the current fiscal year.

As a result, in the balance at beginning of period in the consolidated statement of changes in equity, retained earnings were reduced by 147 million yen, and valuation difference on available-for-sale securities was reduced by 26 million yen.

## Notes to Consolidated Balance Sheet

- (1) Amounts of receivables and contract assets from contracts with customers, out of “accounts receivable - trade, and contract assets”

|                             |                          |
|-----------------------------|--------------------------|
| Accounts receivable - trade | 4,124 million yen        |
| Contract assets             | 82 million yen           |
| <u>Total</u>                | <u>4,206 million yen</u> |

- (2) 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.

- (3) Accumulated depreciation and accumulated impairment losses of property, plant and equipment

|                               |                          |
|-------------------------------|--------------------------|
| Buildings and structures      | 580 million yen          |
| Tools, furniture and fixtures | 658 million yen          |
| Other                         | 1 million yen            |
| <u>Total</u>                  | <u>1,240 million yen</u> |

## 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, 2023 | Increase | Decrease | Number of shares as of September 30, 2024 |
|----------------|----------------------------------------|----------|----------|-------------------------------------------|
| Common shares  | 130,055,005                            | 89,635   | –        | 130,144,640                               |

(Major cause for the change)

Increase due to allotment of restricted stock compensation 89,635 shares

- (2) Type and number of treasury shares

(Unit: shares)

| Type of shares | Number of shares as of October 1, 2023 | Increase | Decrease | Number of shares as of September 30, 2024 |
|----------------|----------------------------------------|----------|----------|-------------------------------------------|
| Common shares  | 1,778,684                              | 150      | –        | 1,778,834                                 |

(Major cause for the change)

Increase due to purchase of shares less than one unit 150 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 22, 2023 | Common shares  | Retained earnings  | 2,565                         | 20.00                    | September 30, 2023 | December 26, 2023 |

#### 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 20, 2024, 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 20, 2024 | Common shares  | Retained earnings  | 2,567                         | 20.00                    | September 30, 2024 | December 24, 2024 |

### 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.

Long-term borrowings are borrowings from financial institutions and are exposed to liquidity risk.

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 rate fluctuations are monitored.

###### d. Management of liquidity risk related to procurement of funds (risk of being unable to carry out payment by the payment deadline)

The responsible department conducts monitoring related to operation of funds at suitable times, and manages liquidity risk by means such as maintaining on-hand liquidity.

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.

(million yen)

|                                                      | Amounts on consolidated balance sheet | Fair values | Differences |
|------------------------------------------------------|---------------------------------------|-------------|-------------|
| (1) Operational investment securities                | 995                                   | 995         | –           |
| (2) Investment securities                            | 7,588                                 | 7,588       | –           |
| Total assets                                         | 8,583                                 | 8,583       | –           |
| (1) Long-term borrowings (including current portion) | 1,666                                 | 1,664       | (1)         |
| Total liabilities                                    | 1,666                                 | 1,664       | (1)         |

- (Notes) 1. Notes on cash are omitted. “Deposits,” “accounts receivable - trade, and contract assets,” “accounts payable - other,” and “income taxes payable” are omitted, because they comprise short-term instruments whose carrying amount approximates their fair value.
2. Consolidated balance sheet amounts of shares, etc. with no market price  
Shares, etc. with no market price are not included in “(1) Operational investment securities” or “(2) Investment securities.”

(million yen)

| Classification                                            | Amounts on consolidated balance sheet |
|-----------------------------------------------------------|---------------------------------------|
| Operational investment securities (Unlisted stocks, etc.) | 9,171                                 |
| Shares of subsidiaries and associates (Unlisted stocks)   | 3                                     |
| Investments in capital of subsidiaries and associates (*) | 104                                   |

- (\*) “Investments in partnerships” included in “investments in capital of subsidiaries and associates” are not subject to disclosure of fair value in accordance with paragraph 24-16 of the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021).

(3) Fair value information by appropriate classification within the fair value hierarchy

The fair value of financial instruments is classified into the following three levels according to the observability and materiality of inputs used to measure fair value.

- Level 1 fair value: Fair value measured using observable inputs, i.e. quoted prices in active markets for assets or liabilities that are the subject of the measurement
- Level 2 fair value: Fair value measured using observable inputs other than Level 1 inputs
- Level 3 fair value: Fair value measured using unobservable inputs

If multiple inputs are used that are significant to the fair value measurement, the fair value measurement is categorized in its entirety in the level of the lowest level input that is significant to the entire measurement.

1) Financial instruments recognized at fair value on the consolidated balance sheet

(million yen)

| Classification                                         | Fair values |         |         |       |
|--------------------------------------------------------|-------------|---------|---------|-------|
|                                                        | Level 1     | Level 2 | Level 3 | Total |
| Operational investment securities                      | 926         | 69      | –       | 995   |
| Investment securities<br>Available-for-sale securities | 3,045       | 4,542   | –       | 7,588 |
| Total assets                                           | 3,972       | 4,611   | –       | 8,583 |



2) Financial instruments other than those recognized at fair value on the consolidated balance sheet

(million yen)

| Classification                                      | Fair values |         |         |       |
|-----------------------------------------------------|-------------|---------|---------|-------|
|                                                     | Level 1     | Level 2 | Level 3 | Total |
| Long-term borrowings<br>(including current portion) | –           | 1,664   | –       | 1,664 |
| Total liabilities                                   | –           | 1,664   | –       | 1,664 |

(Note) A description of the valuation techniques and inputs used in the fair value measurements

Operational investment securities

The fair value of listed shares is based on the prices quoted by stock exchanges. As listed shares are traded in active markets, their fair value is classified as Level 1.

As the quoted prices of unlisted shares, etc. in active markets are unavailable, they are measured based on a certain valuation technique using observable inputs and classified as Level 2.

Investment securities

The fair value of listed shares is based on the prices quoted by stock exchanges. As listed shares are traded in active markets, their fair value is classified as Level 1.

Bonds are based on the price at which they were obtained from the counterparty financial institutions. Because bonds are not recognized as market prices in active markets, the fair value is classified as Level 2.

Long-term borrowings

Because the total amount of principal and interest is calculated based on the current price discounted at the expected interest rate when conducting new similar borrowings, it is classified as Level 2.

**Notes on Revenue Recognition**

(1) Information that decomposes revenue from contracts with customers

(million yen)

|                                       | Reportable segments    |                            | Total  |
|---------------------------------------|------------------------|----------------------------|--------|
|                                       | Entertainment Business | Investment and Development |        |
| Revenue from user charges             | 9,624                  | –                          | 9,624  |
| Revenue from revenue sharing          | 9,098                  | –                          | 9,098  |
| Other (Note 1)                        | 5,528                  | 81                         | 5,609  |
| Revenue from contracts with customers | 24,251                 | 81                         | 24,332 |
| Other revenue (Note 2)                | 223                    | 1,419                      | 1,642  |
| Revenues from external customers      | 24,474                 | 1,500                      | 25,975 |

- (Notes) 1. Other includes revenue from made-to-order software development on order based on contracts.
2. Other revenue in the Entertainment Business is primarily revenue related to blockchain games. These are transactions related to crypto-assets that satisfy the definition in the Payment Services Act (Act No. 59 of 2009), and are classified under paragraph 3 (7) of the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29). Therefore, they are not included in “Revenue from contracts with customers.” In accordance with the Accounting Standard for Revenue Recognition, the prices of user charges, sales of crypto-assets, and other income (including funds procured by Initial Exchange Offering (IEO)) are recorded as advances received, and are reclassified as revenue in stages as the crypto-assets are used within the game.
- Other revenue in the Investment and Development Business is primarily revenue related to investments in capital of investment limited partnerships or other similar partnerships based on the Accounting Standard for Financial Instruments (ASBJ Statement No. 10), and is classified under paragraph 3 (1) of the Accounting Standard for Revenue Recognition. Therefore, they are not included in “Revenue from contracts with customers.”

(2) Useful information in understanding revenue from contracts with customers

Useful information in understanding revenue from contracts with customers is as presented in “Notes on Significant Basic Matters for the Preparation of Consolidated Financial Statements, 4. Accounting policies, (4) Standards for recognition of significant revenues and expenses.”

- (3) Information for understanding the amount of revenue of the current fiscal year and the next fiscal year and beyond  
 1) Balance of contract assets and contract liabilities, etc.

(million yen)

|                                                               | Amount |
|---------------------------------------------------------------|--------|
| Receivables from contracts with customers (beginning balance) | 4,434  |
| Receivables from contracts with customers (ending balance)    | 4,124  |
| Contract assets (beginning balance)                           | 200    |
| Contract assets (ending balance)                              | 82     |
| Advances received (beginning balance)                         | 574    |
| Advances received (ending balance)                            | 1,844  |

Contract assets consist of the unclaimed portion of “accounts receivable - trade” relating to the revenue recognized based on progress measurement for made-to-order software development.

Advances received are advances received relating to user charges and similar sources, and the ending balance includes 1,445 million yen related to blockchain games. Out of the revenue recognized in the fiscal year under review, the amounts of the items included in the balance of advances received as of the beginning of the fiscal year are immaterial.

In the fiscal year under review, the amounts of revenue recognized for performance obligations satisfied (or partially satisfied) during past periods are immaterial.

- 2) Transaction price allocated to the remaining performance obligations

The total amount of transaction price allocated to the remaining performance obligations and the period when recognition of revenue is expected are as follows. The Group applies the practical expedient when entering notes on transaction price allocated to the remaining performance obligations, and contracts other than contracts for business related to blockchain games that have an initially expected contract period of one year or less are not included in the subjects for notes. The total amount of transaction price allocated to the remaining performance obligations and the period when recognition of revenue is expected are as follows.

(million yen)

|                             | Amount |
|-----------------------------|--------|
| 1 year or less              | 669    |
| More than 1 year to 2 years | 669    |
| More than 2 years           | 107    |

#### Notes on Per Share Information

- (1) Net assets per share 556.07 yen  
 (2) Loss per share (14.55) yen

#### Notes on Significant Subsequent Events

No items to report.

## Non-consolidated Financial Statements

(October 1, 2023 to September 30, 2024)

### Non-consolidated Balance Sheet

(As of September 30, 2024)

(million yen)

| Assets                                                      |               | Liabilities                                           |                |
|-------------------------------------------------------------|---------------|-------------------------------------------------------|----------------|
| <b>Current assets</b>                                       | <b>48,931</b> | <b>Current liabilities</b>                            | <b>3,848</b>   |
| Cash and deposits                                           | 42,524        | Accounts payable - other                              | 2,362          |
| Accounts receivable - trade, and contract assets            | 3,430         | Accrued expenses                                      | 427            |
| Operational investment securities                           | 1,476         | Income taxes payable                                  | 13             |
| Supplies                                                    | 6             | Advances received                                     | 324            |
| Advance payments                                            | 268           | Deposits received                                     | 43             |
| Prepaid expenses                                            | 428           | Other                                                 | 676            |
| Other                                                       | 798           | <b>Non-current liabilities</b>                        | <b>1,905</b>   |
| <b>Non-current assets</b>                                   | <b>24,498</b> | Long-term borrowings                                  | 999            |
| <b>Property, plant and equipment</b>                        | <b>1,610</b>  | Asset retirement obligations                          | 688            |
| Buildings and structures                                    | 1,498         | Deferred tax liabilities                              | 217            |
| Tools, furniture and fixtures                               | 112           | <b>Total liabilities</b>                              | <b>5,754</b>   |
| <b>Intangible assets</b>                                    | <b>14</b>     | <b>Net assets</b>                                     |                |
| Software                                                    | 14            | <b>Shareholders' equity</b>                           | <b>66,939</b>  |
| <b>Investments and other assets</b>                         | <b>22,873</b> | <b>Share capital</b>                                  | <b>6,635</b>   |
| Investment securities                                       | 7,317         | <b>Capital surplus</b>                                | <b>6,632</b>   |
| Shares of subsidiaries and associates                       | 2,987         | Legal capital surplus                                 | 6,632          |
| Investments in capital of subsidiaries and associates       | 9,746         | <b>Retained earnings</b>                              | <b>58,316</b>  |
| Long-term loans receivable from subsidiaries and associates | 1,900         | Other retained earnings                               | 58,316         |
| Leasehold and guarantee deposits                            | 1,398         | Retained earnings brought forward                     | 58,316         |
| Other                                                       | 1,423         | <b>Treasury shares</b>                                | <b>(4,645)</b> |
| Allowance for doubtful accounts                             | (1,900)       | <b>Valuation and translation adjustments</b>          | <b>736</b>     |
|                                                             |               | Valuation difference on available-for-sale securities | 736            |
|                                                             |               | <b>Total net assets</b>                               | <b>67,675</b>  |
| <b>Total assets</b>                                         | <b>73,430</b> | <b>Total liabilities and net assets</b>               | <b>73,430</b>  |

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

**Non-consolidated Statement of Income**  
(From October 1, 2023 to September 30, 2024)

(million yen)

| Account title                                              | Amount |                |
|------------------------------------------------------------|--------|----------------|
| <b>Net sales</b>                                           |        | <b>19,174</b>  |
| <b>Cost of sales</b>                                       |        | <b>14,189</b>  |
| <b>Gross profit</b>                                        |        | <b>4,985</b>   |
| <b>Selling, general and administrative expenses</b>        |        | <b>4,966</b>   |
| <b>Operating profit</b>                                    |        | <b>18</b>      |
| <b>Non-operating income</b>                                |        |                |
| Interest income                                            | 316    |                |
| Gain on investments in investment partnerships             | 269    |                |
| Miscellaneous income                                       | 44     | 630            |
| <b>Non-operating expenses</b>                              |        |                |
| Foreign exchange losses                                    | 266    |                |
| Loss on valuation of investment securities                 | 44     |                |
| Loss on investments in investment partnerships             | 0      |                |
| Provision of allowance for doubtful accounts               | 300    |                |
| Miscellaneous losses                                       | 17     | 628            |
| <b>Ordinary profit</b>                                     |        | <b>20</b>      |
| <b>Extraordinary income</b>                                |        |                |
| Reversal of allowance for doubtful accounts                | 125    | 125            |
| <b>Extraordinary losses</b>                                |        |                |
| Loss on valuation of shares of subsidiaries and associates | 2,421  | 2,421          |
| <b>Loss before income taxes</b>                            |        | <b>(2,276)</b> |
| Income taxes - current                                     | 348    |                |
| Income taxes - deferred                                    | (0)    | 348            |
| <b>Loss</b>                                                |        | <b>(2,624)</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, 2023 to September 30, 2024)

(million yen)

|                                                           | Shareholders' equity |                       |                       |                                   |                         |                 |
|-----------------------------------------------------------|----------------------|-----------------------|-----------------------|-----------------------------------|-------------------------|-----------------|
|                                                           | Share capital        | Capital surplus       |                       | Retained earnings                 |                         | Treasury shares |
|                                                           |                      | Legal capital surplus | Total capital surplus | Other retained earnings           | Total retained earnings |                 |
|                                                           |                      |                       |                       | Retained earnings brought forward |                         |                 |
| Balance at beginning of period                            | 6,610                | 6,607                 | 6,607                 | 63,589                            | 63,589                  | (4,645)         |
| Cumulative effect from correction of errors               |                      |                       |                       | (82)                              | (82)                    |                 |
| Balance at beginning of period after correction of errors | 6,610                | 6,607                 | 6,607                 | 63,506                            | 63,506                  | (4,645)         |
| Changes during period                                     |                      |                       |                       |                                   |                         |                 |
| Issuance of new shares - restricted stock compensation    | 25                   | 25                    | 25                    |                                   |                         |                 |
| Dividends of surplus                                      |                      |                       |                       | (2,565)                           | (2,565)                 |                 |
| Purchase of treasury shares                               |                      |                       |                       |                                   |                         | (0)             |
| Loss                                                      |                      |                       |                       | (2,624)                           | (2,624)                 |                 |
| Net changes in items other than shareholders' equity      |                      |                       |                       |                                   |                         |                 |
| Total changes during period                               | 25                   | 25                    | 25                    | (5,189)                           | (5,189)                 | (0)             |
| Balance at end of period                                  | 6,635                | 6,632                 | 6,632                 | 58,316                            | 58,316                  | (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                            | 72,161                     | 1,227                                                 | 1,227                                       | 73,389           |
| Cumulative effect from correction of errors               | (82)                       | (26)                                                  | (26)                                        | (109)            |
| Balance at beginning of period after correction of errors | 72,078                     | 1,200                                                 | 1,200                                       | 73,279           |
| Changes during period                                     |                            |                                                       |                                             |                  |
| Issuance of new shares - restricted stock compensation    | 51                         |                                                       |                                             | 51               |
| Dividends of surplus                                      | (2,565)                    |                                                       |                                             | (2,565)          |
| Purchase of treasury shares                               | (0)                        |                                                       |                                             | (0)              |
| Loss                                                      | (2,624)                    |                                                       |                                             | (2,624)          |
| Net changes in items other than shareholders' equity      |                            | (464)                                                 | (464)                                       | (464)            |
| Total changes during period                               | (5,139)                    | (464)                                                 | (464)                                       | (5,603)          |
| Balance at end of period                                  | 66,939                     | 736                                                   | 736                                         | 67,675           |

(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)  
Securities other than shares, etc. with no market price  
Stated based on the market price, etc. (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.)  
  
Shares, etc. with no market price  
Stated mainly 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 18 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) Standards for recognition of significant revenues and expenses

The Company recognizes revenues based on the following five-step model.

|         |                                                                               |
|---------|-------------------------------------------------------------------------------|
| Step 1: | Identify the contract(s) with a customer                                      |
| Step 2: | Identify the performance obligations in the contract                          |
| Step 3: | Determine the transaction price                                               |
| Step 4: | Allocate the transaction price to the performance obligations in the contract |
| Step 5: | Recognize revenue when (or as) the entity satisfies a performance obligation  |

Revenue recognition standards for each main revenue classification are as follows. The amounts of consideration promised are generally received within one year and do not include significant financing components.

1) Revenue from user charges

The Company offers smartphone games. While providing games to users for free, the Company provides the items used in these games for value. For these services, the Company judges that its performance obligations are satisfied when providing the services set forth for each item while users, or its customers, play games using the items obtained by consuming their currency in value. Therefore, the Company estimates the usage period of customers and recognizes revenue over such usage periods.

2) Revenue from revenue sharing

The Company collaborates with other companies to develop and operate smartphone games. For these services, the Company judges that its performance obligations are satisfied when it provides services such as development and operations to its client companies. Therefore, the Company recognizes revenue upon completion of relevant service provisions. In addition, the Company measures the consideration received from customers according to the amount of user charges.

(6) Accounting policy for translation of 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 balance sheet date, and translation differences are accounted for as profit or loss.

**Notes on Accounting Estimates**

(Recoverability of deferred tax assets)

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

Details are specified in “Notes on Tax Effect Accounting.”

(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.

**Notes on Correction of Errors**

During the current fiscal year, it was discovered that there was an error in the calculations when incorporating the share of comprehensive income of investment profit and loss for the investment funds of the Group in a past fiscal year, and that excessive net sales had been recorded. This error has been corrected.

The cumulative effects of these error corrections have been applied to the book value of net assets at the beginning of the current fiscal year.

As a result, in the balance at beginning of period in the statement of changes in equity, retained earnings brought forward were reduced by 82 million yen, and valuation difference on available-for-sale securities was reduced by 26 million yen.

**Notes to Non-Consolidated Balance Sheet**

(1) Amounts of receivables and contract assets from contracts with customers, out of “accounts receivable - trade, and contract assets”

|                             |                   |
|-----------------------------|-------------------|
| Accounts receivable - trade | 3,430 million yen |
| Contract assets             | – million yen     |
| Total                       | 3,430 million yen |

(2) 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.

(3) Accumulated depreciation of property, plant and equipment

|                               |                 |
|-------------------------------|-----------------|
| Buildings and structures      | 322 million yen |
| Tools, furniture and fixtures | 345 million yen |
| Total                         | 668 million yen |

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

|                                 |                 |
|---------------------------------|-----------------|
| Short-term monetary receivables | 77 million yen  |
| Short-term monetary payables    | 186 million yen |

**Notes to Non-Consolidated Statement of Income**

Transactions with subsidiaries and associates

|                                                |                   |
|------------------------------------------------|-------------------|
| Operating transactions                         |                   |
| Net sales                                      | 141 million yen   |
| Cost of sales                                  | 1,632 million yen |
| Selling, general and administrative expenses   | 88 million yen    |
| Transactions other than operating transactions | 27 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, 2023 | Increase | Decrease | Number of shares as of September 30, 2024 |
|----------------|----------------------------------------|----------|----------|-------------------------------------------|
| Common shares  | 1,778,684                              | 150      | -        | 1,778,834                                 |

(Major cause for the change)

|                                                       |            |
|-------------------------------------------------------|------------|
| Increase due to purchase of shares less than one unit | 150 shares |
|-------------------------------------------------------|------------|



## Notes on Tax Effect Accounting

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

(million yen)

### Deferred tax assets:

|                                                                           |         |
|---------------------------------------------------------------------------|---------|
| Accrued enterprise taxes, currently not deductible                        | 4       |
| Accrued bonuses, currently not deductible                                 | 94      |
| Allowance for doubtful accounts, currently not deductible                 | 593     |
| Bad debts expenses, currently not deductible                              | 2       |
| Loss on debt forgiveness for subsidiaries, currently not deductible       | 403     |
| Asset retirement obligations                                              | 210     |
| Amount exceeding the limit of depreciation of lump-sum depreciable assets | 8       |
| Loss on investments in investment partnerships                            | 1,796   |
| Loss on valuation of investment securities                                | 255     |
| Loss on valuation of shares of subsidiaries and associates                | 1,705   |
| Other                                                                     | 250     |
| Subtotal deferred tax assets                                              | 5,326   |
| Valuation allowance for deductible temporary differences                  | (4,968) |
| Subtotal valuation allowance                                              | (4,968) |
| Total deferred tax assets                                                 | 358     |

### Deferred tax liabilities:

|                                                                |       |
|----------------------------------------------------------------|-------|
| Retirement costs corresponding to asset retirement obligations | (176) |
| Other                                                          | (399) |
| Total deferred tax liabilities                                 | (575) |
| Net deferred tax liabilities                                   | (217) |

## 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, 2024 (million yen) |
|------------|----------------------------------------------------------------------|---------------------------------------------------|-----------------------------------------------|------------------------------------------------------|----------------------------------|-------------------------------------------------------------|------------------------------------------------|
| Subsidiary | Brilliantcrypto, Inc.                                                | Directly owning 100.0%                            | Financial support                             | Underwriting of capital increase (Note 1)            | 2,500                            | -                                                           | -                                              |
|            |                                                                      |                                                   |                                               | Repayments of funds                                  | 1,000                            |                                                             |                                                |
|            |                                                                      |                                                   | Interlocking of officers                      | Receipt of interest (Note 2)                         | 1                                |                                                             |                                                |
| Subsidiary | MAGES. Inc.                                                          | Directly owning 100.0%                            | Financial support<br>Interlocking of officers | Lending of funds (Note 3)                            | 300                              | Long-term loans receivable from subsidiaries and associates | 1,900                                          |
| Subsidiary | COLOPL NEXT Listed Shares No. 1 Fund Investment Partnership (Note 4) | Directly owning 99.94%<br>Indirectly owning 0.01% | Business investment                           | Allocation of remaining assets following liquidation | 1,944                            | -                                                           | -                                              |

- (Notes)
- Underwriting of capital increase refers to underwriting of a capital increase conducted by the subsidiary.
  - The interest rates of loans are rationally decided by taking into account market interest rates.
  - For loans, etc. to the above subsidiaries, allowance for doubtful accounts were recorded at a total of 1,900 million yen.
  - Liquidation of consolidated subsidiary COLOPL NEXT Listed Shares No. 1 Fund Investment Partnership was completed during the current fiscal year.

## Notes on Revenue Recognition

Useful information in understanding revenue from contracts with customers is omitted as the same details are presented in “Notes on Revenue Recognition” in the Notes to Consolidated Financial Statements.

## Notes on Per Share Information

- |                          |             |
|--------------------------|-------------|
| (1) Net assets per share | 527.21 yen  |
| (2) Loss per share       | (20.45) yen |

## Notes on Significant Subsequent Events

No items to report.