

## Cover Page

|                                   |   |
|-----------------------------------|---|
| Document filed:                   | Correction Report for Annual Securities Report                          |
| Applicable law:                   | Article 24-2, Paragraph 1 of the Financial Instruments and Exchange Act |
| Filed with:                       | Director, Kanto Local Finance Bureau                                    |
| Filing date:                      | November 20, 2024   |
| Fiscal year:                      | 15th business term (From October 1, 2022 to September 30, 2023)         |
| Company:                          | Kabushiki Kaisha COLOPL   |
| Company name in English:          | COLOPL, Inc.  |
| Name and title of representative: | Takashi Miyamoto, President and Representative Director                 |
| Address of head office:           | 9-7-2 Akasaka, Minato-ku, Tokyo   |
| Phone number:                     | 03-6721-7770  |
| Contact person:                   | Yoshiaki Harai, Executive Director                                      |
| Contact address:                  | 9-7-2 Akasaka, Minato-ku, Tokyo   |
| Phone number:                     | 03-6721-7770  |
| Contact person:                   | Yoshiaki Harai, Executive Director                                      |
| Place for public inspection:      | Tokyo Stock Exchange, Inc.<br>(2-1 Nihonbashikabutocho, Chuo-ku, Tokyo) |

## 1. Reason for submitting the correction report for the annual securities report

While the Company were going through the closing procedures for the fiscal year ended September 30, 2024, the Company discovered in past fiscal years (from the fiscal year ended September 30, 2023 to the third quarter of the fiscal year ended September 30, 2024) that there was an error in the calculation of the amount of profit and loss of the investees of the funds invested by our group in the fiscal year ended September 30, 2023 and the second quarter of the fiscal year ended September 30, 2024, and that sales had been overstated. In addition, it was discovered that there was an error in the calculation of the “Accounting Standard for Revenue Recognition” at the Company’s consolidated subsidiary for the fiscal year ended September 30, 2023, and that the Cost of sales had been understated.

In accordance with this, there were matters that needed to be corrected in the securities report for the 15th term (from October 1, 2022 to September 30, 2023) that was submitted on December 25, 2023, the Company hereby submits a correction report for the annual securities report in order to make the corrections, pursuant to the provisions of Article 24-2, Paragraph 1 of the Financial Instruments and Exchange Act.

## 2. Corrections

### Part 1. Corporate Information

#### I. Company Overview

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

(1) Consolidated management indicators, etc.

(2) Management indicators, etc. of the company that has submitted the report

#### II. Business Overview

##### 4. Management’s Analysis of Financial Position, Operating Results and Cash Flows

(1) Overview of operating results, etc.

(2) Details of analysis and examination concerning the state of operating results, etc. from the perspective of the management

#### V. Financial Information

##### 1. Consolidated Financial Statements

(1) Consolidated Financial Statements

(2) Other

##### 2. Financial Statements, Etc.

(1) Financial Statements

## 3. Correction points

The corrections are indicated with underscores. As there are many corrections, only the corrected parts are listed above.

## Part 1. Corporate Information

### I. Company Overview

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

(1) Consolidated management indicators, etc.

| Fiscal term   | 11th term      | 12th term      | 13th term      | 14th term      | 15th term      |
|---|----------------|----------------|----------------|----------------|----------------|
| End of fiscal year  | September 2019 | September 2020 | September 2021 | September 2022 | September 2023 |
| Net sales (million yen)   | 38,920         | 45,128         | 37,125         | 32,541         | <u>30,806</u>  |
| Ordinary profit (million yen)   | 1,655          | 11,790         | 7,843          | 5,732          | <u>3,066</u>   |
| Profit attributable to owners of parent (million yen)   | 1,070          | 7,977          | 3,047          | 2,414          | <u>1,746</u>   |
| Comprehensive income (million yen)  | 937            | 8,461          | 3,148          | 3,179          | <u>2,003</u>   |
| Net assets (million yen)  | 69,433         | 75,779         | 75,751         | 76,575         | <u>76,060</u>  |
| Total assets (million yen)  | 74,740         | 85,833         | 80,814         | 83,280         | <u>81,464</u>  |
| Net assets per share (yen)  | 544.53         | 592.81         | 591.86         | 597.24         | <u>592.90</u>  |
| Basic earnings per share (yen)  | 8.40           | 62.45          | 23.82          | 18.84          | <u>13.61</u>   |
| Diluted earnings per share (yen)  | 8.35           | 62.22          | 23.77          | 18.83          | –              |
| Equity ratio (%)  | 92.9           | 88.3           | 93.7           | 91.9           | <u>93.4</u>    |
| Return on equity (%)  | 1.5            | 11.0           | 4.0            | 3.2            | <u>2.3</u>     |
| Price-earnings ratio (times)  | 212.26         | 14.38          | 33.80          | 36.09          | <u>43.35</u>   |
| Cash flows from operating activities (million yen)  | 53             | 15,010         | (3,104)        | 3,637          | 1,159          |
| Cash flows from investing activities (million yen)  | (2,768)        | (2,640)        | (10,588)       | (593)          | 8,237          |
| Cash flows from financing activities (million yen)  | (2,118)        | (2,780)        | (3,200)        | (2,538)        | (2,567)        |
| Cash and cash equivalents at end of period (million yen)  | 55,822         | 65,308         | 49,052         | 50,914         | 58,167         |
| Number of employees   | 1,368          | 1,565          | 1,449          | 1,348          | 1,277          |
| [Average number of temporary employees, which is not included in the number of employees] (persons) | [123]          | [95]           | [60]           | [74]           | [47]           |

(Notes) 1. “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant implementation guidance has been applied from the beginning of the 14th term. Principal business performance indicators from the 14th term onward reflect the application of this accounting standard.

2. Diluted earnings per share for the 15th term is not shown in the above table, as there were no residual shares.

(2) Management indicators, etc. of the company that has submitted the report

| Fiscal term   | 11th term      | 12th term      | 13th term      | 14th term      | 15th term      |
|---|----------------|----------------|----------------|----------------|----------------|
| End of fiscal year  | September 2019 | September 2020 | September 2021 | September 2022 | September 2023 |
| Net sales (million yen)   | 35,880         | 39,061         | 27,900         | 23,775         | <u>23,157</u>  |
| Ordinary profit (million yen)   | 1,097          | 11,045         | 5,616          | 4,505          | <u>3,237</u>   |
| Profit (million yen)  | 594            | 7,346          | 1,196          | 1,591          | <u>2,389</u>   |
| Share capital (million yen)   | 6,510          | 6,536          | 6,556          | 6,587          | 6,610          |
| Number of shares outstanding (shares)   | 129,288,500    | 129,607,536    | 129,766,034    | 129,984,023    | 130,055,005    |
| Net assets (million yen)  | 69,822         | 75,382         | 73,566         | 73,247         | <u>73,279</u>  |
| Total assets (million yen)  | 74,324         | 84,270         | 76,982         | 78,839         | <u>77,560</u>  |
| Net assets per share (yen)  | 547.58         | 589.71         | 574.79         | 571.33         | <u>571.26</u>  |
| Dividends per share (yen)   | 17.00          | 25.00          | 20.00          | 20.00          | 20.00          |
| [Interim dividends per share]   | [-]            | [-]            | [-]            | [-]            | [-]            |
| Basic earnings per share (yen)  | 4.66           | 57.51          | 9.35           | 12.42          | <u>18.63</u>   |
| Diluted earnings per share (yen)  | 4.63           | 57.30          | 9.33           | 12.41          | -              |
| Equity ratio (%)  | 93.9           | 89.5           | 95.6           | 92.9           | <u>94.5</u>    |
| Return on equity (%)  | 0.8            | 10.1           | 1.6            | 2.2            | <u>3.3</u>     |
| Price-earnings ratio (times)  | 382.62         | 15.61          | 86.10          | 54.75          | <u>31.67</u>   |
| Dividend payout ratio (%)   | 364.8          | 43.5           | 213.9          | 161.0          | <u>107.4</u>   |
| Number of employees (persons)   | 935            | 954            | 885            | 780            | 718            |
| [Average number of temporary employees, which is not included in the number of employees] | [57]           | [41]           | [8]            | [4]            | [2]            |
| Total shareholder return (%)  | 244.2          | 127.5          | 117.6          | 103.4          | 93.9           |
| [Comparison index: TOPIX including dividends] (%)   | [89.6]         | [94.0]         | [119.9]        | [117.8]        | [144.5]        |
| Stock price high (yen)  | 1,783          | 1,681          | 1,054          | 850            | 713            |
| Stock price low (yen)   | 589            | 717            | 761            | 592            | 586            |

- (Notes) 1. “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant implementation guidance has been applied from the beginning of the 14th term. Principal business performance indicators from the 14th term onward reflect the application of this accounting standard.
2. Diluted earnings per share for the 15th term is not shown in the above table, as there were no residual shares.
3. The highest and lowest share prices were recorded on the Tokyo Stock Exchange (Prime Market) on and after April 4, 2022, and prior to that, on the Tokyo Stock Exchange (1st Section).

## 2. Corporate History

In May 2003, Naruatsu Baba, Chairman of the Board of the Company, began providing Colony Life, a game app using the mobile phone's function of sending position information, as a sole proprietorship. Colony Life was improved and renamed Colony Life Plus (Note 1), and was released in May 2005.

In October 2008, COLOPL, Inc. ("the Company") was established to systematically develop Colony Life Plus.

| Month and year | Event   |
|----------------|---|
| October 2008   | COLOPL, Inc. established in Kitaueno, Taito-ku, Tokyo with capital of 3 million yen.<br>The Colony Life Plus business acquired from Naruatsu Baba, Chairman of the Board. Operations of Colony Life Plus were transferred to the Company. |
| February 2009  | The head office moves to Ebisunishi, Shibuya-ku, Tokyo.   |
| June 2009      | Starts COLOCA (specialty shop), the Company's first collaboration service that sends customers to real stores, in collaboration with Ishidaya Co., Ltd. and three other companies.  |
| November 2009  | The head office moves to Ebisuminami, Shibuya-ku, Tokyo.<br>Starts COLOCA (public transport operators) service in collaboration with Kyushu Railway Company (JR Kyushu) as a "Trip around Kyushu location-based game" campaign.           |
| February 2010  | Starts Colotabi service in collaboration with a number of tour operators.   |
| September 2010 | The head office moves to Ebisuminami, Shibuya-ku, Tokyo.  |
| November 2010  | Launches COLOPL+ (Note 2), a location-based game open platform.<br>Launches au one COLOPL+ (Note 3) in alliance with KDDI CORPORATION for mobile phone users of KDDI.   |
| March 2011     | Launches a COLOPL Outing Research Lab project for surveys and analyses of people's movements (the project was transferred in July 2021).  |
| April 2011     | Forms a capital alliance with KDDI CORPORATION.   |
| June 2011      | Holds a COLOPL Bussan Exhibition of specialties nationwide at Tokyu Department Store Kichijoji, bringing together COLOCA member stores.   |
| September 2011 | Launches smartphone game brand Kuma the Bear and starts an app dedicated to smartphones.  |
| September 2012 | The head office moves to Ebisu, Shibuya-ku, Tokyo.  |
| December 2012  | Listed on the Tokyo Stock Exchange Mothers Exchange   |
| March 2013     | Acquires Social Game Info Inc. (present gamebiz, Inc.) in September 2020.   |
| July 2013      | Overclock Inc. established (liquidated in September 2020)   |
| April 2014     | Listed on the First Section of the Tokyo Stock Exchange   |
| December 2014  | Acquires Indigo Game Studios, Inc. (absorption-type merger in May 2021).  |
| February 2015  | COLOPL NEXT, Inc. (a consolidated subsidiary) established   |
| March 2015     | COLOPL NEXT No. 1 Fund Investment Partnership established   |
| April 2015     | COLOPL.NI, Inc. established (liquidated in February 2017) in California, USA  |
| June 2015      | Acquires RealStyle Co., Ltd. (a consolidated subsidiary).   |
| September 2015 | Acquires Pyramid, Inc. (a consolidated subsidiary).   |
| November 2015  | 360Channel, Inc. (a consolidated subsidiary) and Kuma's Musical Band, Inc. (a consolidated subsidiary) established  |
| January 2016   | COLOPL NEXT No. 2 Fund Investment Partnership established   |
| May 2016       | Acquires EIGHTING Co., Ltd. (a consolidated subsidiary).  |
| December 2016  | COLOPL NEXT No. 3 Fund Investment Partnership established   |
| January 2017   | COLOPL NEXT No. 4 Fund Investment Partnership established   |
| April 2017     | COLOPL NEXT No. 5 Fund Investment Partnership established   |
| October 2017   | COLOPL NEXT No. 6 Fund Investment Partnership established   |
| November 2018  | COLOPL NEXT No. 7 Fund Investment Partnership and COLOPL NEXT Listed Shares No. 1 Fund Investment Partnership established   |
| April 2020     | Acquires MAGES. Inc. (a consolidated subsidiary).   |
| May 2020       | Acquires the online game planning and operation business and consultation business of Coreedge Inc.   |
| February 2022  | The head office moves to Akasaka, Minato-ku, Tokyo.   |
| April 2022     | COLOPL NEXT No. 8 Fund Investment Partnership established<br>Listed on the Prime Market of the Tokyo Stock Exchange   |
| November 2022  | Brilliantcrypto, Inc. (a consolidated subsidiary) established<br>Colopl Next Korea, Inc. established in Korea   |

- (Notes)
1. Game app Colony Life Plus was renamed Colony Life in July 2011.
  2. COLOPL+, a location-based game open platform, was renamed COLOPL in July 2011.
  3. The name of au one COLOPL+ changed to au one COLOPL in July 2011.

### 3. Business Summary

The Group (the Company and its subsidiaries and associates) consists of the Company (COLOPL, Inc.) and 15 consolidated subsidiaries.

The Group's businesses and relationships between its businesses and major Group companies are described below.

#### (1) Entertainment Business

The Entertainment Business is responsible primarily for the development and operation of games for smartphones. The mainstay games are native apps for smartphones, including Shironeko Project and Quiz RPG: The World of Mystic Wiz. The Group plans and develops software for home consoles and PC game software. It also provides contract development of game software that other companies, using the development technology that the Group has developed.

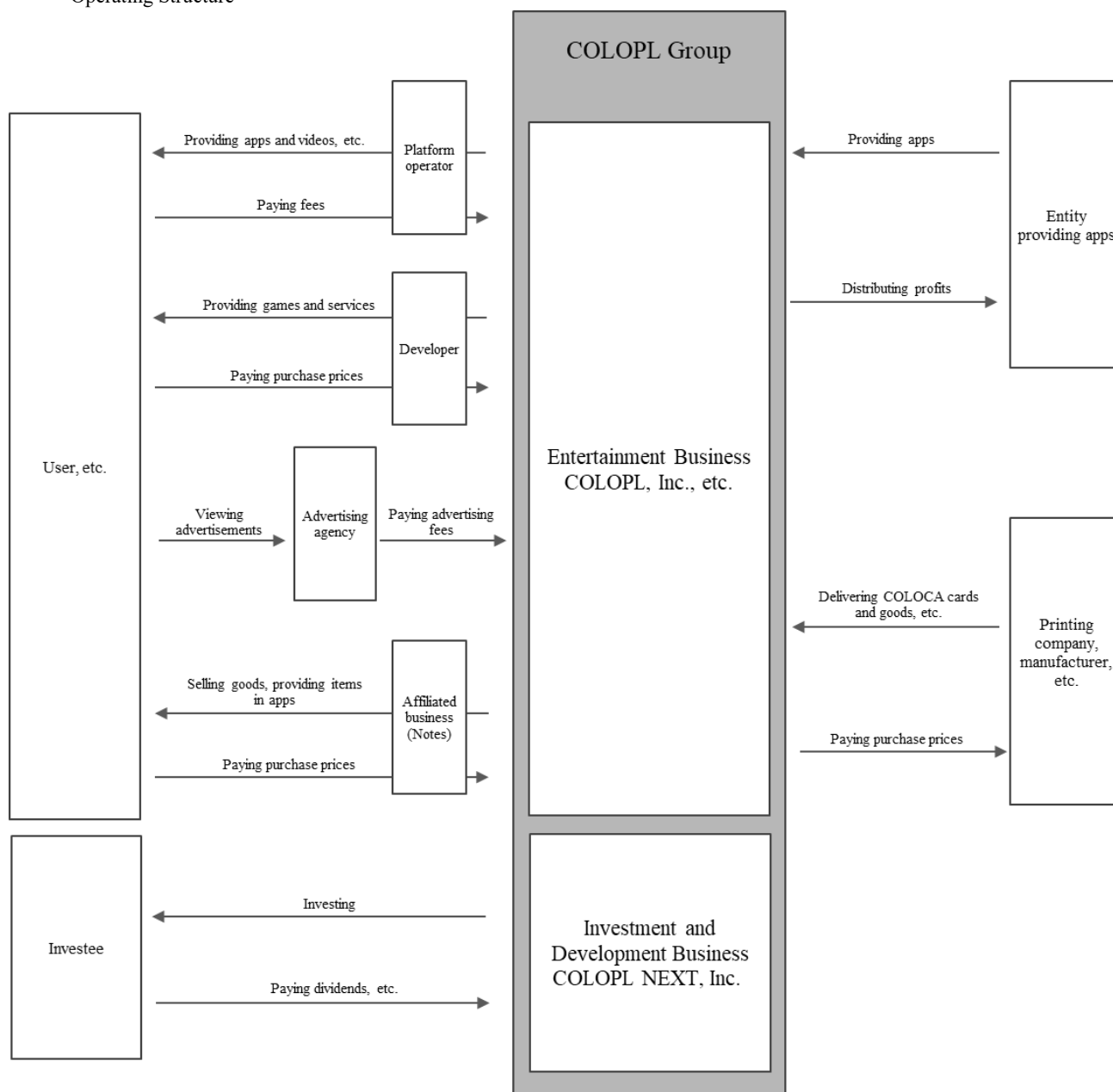
The Group's strength is its ability to create content that will become "The First" through the latest technology and creative ideas. In addition to smartphones, the Group will continue to create content that is unique to the Group in areas such as blockchain, AI, and XR/metaverse, with the aim of delivering it to as many people as possible.

#### (2) Investment and Development Business

In the Investment and Development Business, we aim to build an optimal portfolio by investing in a wide range of domestic and overseas companies, particularly IT companies and entertainment companies, at all stages from the seed stage to the later stage.

The figure below shows the Group's operating structure.

Operating Structure



(Note) The following is major affiliated businesses:

- (1) Shops selling specialties nationwide that collaborate with the Company (COLOCA (specialty shop))
- (2) Public transport (railways, ferries, airlines) operators nationwide that are in alliance with the Company (COLOCA (public transport operators))



#### 4. Subsidiaries and Associates

| Name  | Address             | Share capital<br>(million yen) | Main business                             | Percent of voting<br>rights held by the<br>Company<br>(%) | Relationship   |
|---|---------------------|--------------------------------|---|---|--|
| (Consolidated subsidiaries)   |                     |                                |   |   |  |
| COLOPL NEXT No. 2<br>Fund Investment<br>Partnership (Note 4)                  | Minato-ku,<br>Tokyo | 3,085                          | Investment and<br>Development<br>Business | 100.00<br>[0.25] *1                                       | -  |
| COLOPL NEXT No. 4<br>Fund Investment<br>Partnership (Note 4)                  | Minato-ku,<br>Tokyo | 1,880                          | Investment and<br>Development<br>Business | 100.00<br>[0.25] *1                                       | -  |
| COLOPL NEXT No. 6<br>Fund Investment<br>Partnership (Note 4)                  | Minato-ku,<br>Tokyo | 675                            | Investment and<br>Development<br>Business | 100.00<br>[0.04] *1                                       | -  |
| COLOPL NEXT No. 7<br>Fund Investment<br>Partnership (Note 4)                  | Minato-ku,<br>Tokyo | 2,696                          | Investment and<br>Development<br>Business | 100.00<br>[0.04] *1                                       | -  |
| COLOPL NEXT No. 8<br>Fund Investment<br>Partnership (Note 4)                  | Minato-ku,<br>Tokyo | 1,565                          | Investment and<br>Development<br>Business | 99.65<br>[0.64] *1<br>[0.23] *2                           |  |
| COLOPL NEXT Listed<br>Shares No. 1 Fund<br>Investment Partnership<br>(Note 4) | Minato-ku,<br>Tokyo | 2,001                          | Investment and<br>Development<br>Business | 99.95<br>[0.01] *1  | -  |
| MAGES. Inc. (Note 5)  | Minato-ku,<br>Tokyo | 100                            | Entertainment<br>Business                 | 100.00<br>[-] *1  | Officers serving<br>concurrent positions<br>Loans of funds |
| Eight other companies   |                     |                                |   |   |  |

(Notes) 1. The numbers in \*1 in the column “Percent of voting rights held by the Company” are the percent of voting rights indirectly held.

2. The numbers in \*2 in the column “Percent of voting rights held by the Company” are the percent of voting rights held by persons with close ties or consents.

3. In the Main business column, segment names are entered.

4. They are specified subsidiaries.

5. Net sales (excluding internal net sales between consolidated companies) at MAGES. Inc. exceeds 10% of consolidated net sales.

|                                   |                              |                   |
|-----------------------------------|------------------------------|-------------------|
| Major items of profits and losses | (1) Net sales                | 3,738 million yen |
|                                   | (2) Ordinary profit (loss)   | (72) million yen  |
|                                   | (3) Profit (loss)            | (73) million yen  |
|                                   | (4) Net assets (liabilities) | (701) million yen |
|                                   | (5) Total assets             | 1,668 million yen |

## 5. Employees

(1) On a consolidated basis

As of September 30, 2023

| Segment                             | Number of employees |
|-------------------------------------|---------------------|
| Entertainment Business              | 1,272 [38]          |
| Investment and Development Business | 5 [8]               |
| Annual                              | 1,277 [47]          |

(Note) The number of employees is the number of full-time employees (excluding employees temporarily transferred from the Group and including employees temporarily transferred to the Group). The average number of part-time employees and employees on a short-time contract in the past year, which is not included in the number of employees, is stated in parentheses.

(2) Company that has submitted the report

As of September 30, 2023

| Number of employees | Average age | Average length of service (years) | Average annual salary (thousand yen) |
|---------------------|-------------|-----------------------------------|--------------------------------------|
| 718 [2]             | 35.4        | 5.4                               | 6,614                                |

As of September 30, 2023

| Segment                | Number of employees |
|------------------------|---------------------|
| Entertainment Business | 718 [2]             |

(Notes) 1. The number of employees is the number of full-time employees (excluding employees temporarily transferred from the Company and including employees temporarily transferred to the Company). The average number of part-time employees and employees on a short-time contract in the past year, which is not included in the number of employees, is stated in the parentheses.

2. Bonuses and non-standard wages are included in the calculation of the average annual salary.

(3) Labor union

No labor unions have been formed. Nevertheless, labor-management relations are stable.

(4) Proportion of management positions held by female workers, rate of childcare leave taken among male workers, and pay gap between male and female workers

| Fiscal year under review |   |  |                                    |   |                   |                                    |
|--------------------------|---|--|------------------------------------|---|-------------------|------------------------------------|
| Name                     | Percentage of female employees in management roles (%) (Note 1) | Percentage of male employees taking childcare leave (%) (Note 1 and 2) |                                    | Wage gap between male and female employees (%) (Note 1 and 3) |                   |                                    |
|                          |   | Regular employees  | Part-time and fixed-term employees | All employees   | Regular employees | Part-time and fixed-term employees |
| COLOPL, Inc.             | 9.2   | 89.5   | —                                  | 76.6  | 77.0              | 75.9                               |

(Notes) 1. Calculated in accordance with the stipulations of the Act on Promotion of Women's Participation and Advancement in the Workplace (Act No. 64 of 2015).

2. No part-time and fixed-term employees were eligible for childcare leave in the fiscal year under review.

3. The pay gap between male and female regular employees is mainly due to differences in the length of service and average age. There is no difference in treatment between men and women in terms of salary or evaluation systems.

## II. Business Overview

### 1. Management Policy, Management Environment and Issues to be Addressed

The Group's management policy, management environment, and issues to be addressed are as follows.

The forward-looking statements below are based on judgments of the Group as of the end of the consolidated fiscal year under review.

#### (1) The Company's basic management policy

The Group's mission is "Entertainment in Real Life": Making each day more enjoyable and wonderful through entertainment. To accomplish this mission, the Group has set the vision of delivering "New Experiences" with the latest technology and creative ideas.

The Group's principles are as follows:

##### - Try

We will continue to try achieving innovation using the latest technologies and creative ideas without fearing failure and making necessary changes.

##### - Value

We will create new entertainment and new values with our creative ideas. We will pursue customer's value and will not easily compromise to achieve it.

##### - Believe

Many difficulties come with the creation of new experiences. We will face these difficulties properly and overcome them by believing in ourselves and our team.

#### (2) Target management indicators

Aiming to increase profitability and capital efficiency, the Group pays particular attention to ROE (return on equity) as a management indicator.

#### (3) Business environment and the Company's medium- to long-term management strategies

The Group will implement a diverse portfolio strategy to reduce ups and downs in results and achieve continued stable growth. Focusing on entertainment, and investment and development, we will appropriately allocate resources and diversify investments to expand the portfolio.

#### 1) Entertainment Business

##### (i) Content portfolio strategy

In the Entertainment Business, the Group will endeavor to reach diverse users and stabilize revenue by providing games having multiple motifs in different genres and providing services in multiple entertainment categories other than the game. In the domestic mobile game market, we will continue to consider increasing engagement with users and provide games in a wide range of genres, including highly developed games that core customers are sure to like, sports games that both young people and middle-aged and elderly people will likely prefer, and games using other companies' IP titles, to build an optimal content portfolio.

##### (ii) Regional portfolio strategy

The Group operates in different regions of the world. They are different from each other in values and development stage, among other aspects. They are different in terms of what kinds of entertainment people are interested in and in terms of communications infrastructure and income level. In this way, the Group will seek to reach diverse users and stabilize revenue.

In the overseas mobile game market, we aim to develop operations worldwide by delivering games directly from the Company or commissioning local partners to deliver games or by other methods that are optimal in different regions. We aim to build a more sophisticated geographical area portfolio by bolstering marketing and development systems overseas and ultimately developing and providing unique services according to user characteristics in different regions.

##### (iii) Device portfolio strategy

We will reach diverse users by paying attention to the future possibilities of new devices and platforms that are created one after the other against the backdrop of technological progress and changes in the user environment, and by promptly

responding to changing situations. We will thereby seek to stabilize earnings.

While we expect the smartphone market to continue to expand, we will aim to build an optimal device portfolio by developing services for a variety of devices, including console and VR devices.

## 2) Investment and Development Business

We aim to build an optimal portfolio by investing in a wide range of domestic and overseas companies, particularly IT companies and entertainment companies, at all stages from the seed stage to the later stage.

### (4) Priority business and financial issues to be addressed

#### 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 services while using a variety of media to speak with our customers, thereby improving their engagement with us.

##### (ii) Expanding our portfolio

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

We are working to expand our portfolio by allocating resources and diversifying investments as appropriate for each kind of content, area, and device, in accordance with the attributes of users, and so forth, not only by providing the single hit title.

##### (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 a quality portfolio

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

We will continue to support portfolio companies to enhance their value and ensure the soundness of their portfolios by diversifying investments in attractive companies and providing appropriate monitoring and support according to the situation of the investees.

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

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

(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 achieving sustainable growth, we will continually improve our recruiting and training programs.

## 2. Approaches and initiatives for sustainability

In order to realize its philosophy (Mission and Vision), the Group aims to solve social problems through business activities and make the everyday lives of people more enjoyable and wonderful.

To create a sustainable society, we have identified material issues that the Group should address from the two axes of Expectations from Society and Stakeholders and Three Elements Necessary for the Development of COLOPL (Human Resources, Technology and Business Environment). The Group aims to achieve sustainable growth and increase its medium-to-long-term corporate value through its business activities.

The forward-looking statements below are based on judgments of the Group as of the end of the consolidated fiscal year under review.

### (1) Governance, risk management, strategies, metrics and targets related to overall sustainability

#### 1) Governance

The Group regards addressing environmental issues as a material issue in order to create a sustainable society and are engaged in various measures to balance business operations with environmental conservation. We are strengthening our efforts to combat global warming, which is considered a key factor in climate change, one of the goals of the SDGs.

The President and Representative Director has been appointed as the director in charge of Sustainability. The Risk Management Committee deliberates and considers responses to climate change-related risks and reports the results to the Board of Directors. The Board of Directors gives instructions for improvement and supervises as necessary.

#### 2) Risk management

Risks relating to climate change are analyzed and response measures discussed by the Risk Management Committee, which is chaired by the President and Representative Director and centrally manages group and company-wide risks. The Committee formulates response policies and regularly reports relevant risks to the Board of Directors.

#### 3) Strategies, metrics, and targets

With regard to climate change-related sustainability initiatives, the Group conducted a scenario analysis based on the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), identified risks and opportunities, and examined necessary responses. The Group continue to understand and manage the impact on the Group's business through governance and risk management initiatives, and work to seize opportunities.

The Group has calculated its CO2 emissions as a metric for managing climate-related risks and opportunities. Please refer to the Group's website (<https://colopl.co.jp/en/sustainability/environment/>) for details of the initiatives based on the TCFD recommendations.

(2) Strategies, metrics, and targets related to human capital

The Group works every day to create new forms of entertainment that deliver entirely new experiences, in line with its mission of "Entertainment in Real Life - Making everyday life more enjoyable and wonderful through entertainment." In order to continuously create and deliver high quality entertainment to be enjoyed by a wide range of people, the Group is working to create an environment where employees can work with peace of mind, to promote diversity, and to promote health management. The Group engages in various personnel measures to promote a healthy work-life balance, to create a workplace environment in which all employees can work with peace of mind. In addition, the Group provides training and support online to help employees grow and improve their skills.

As an entertainment company, the Company recognizes that diverse human resources with various experiences, skills, and attributes are essential for the Group's sustainable growth. Furthermore, the Company conducts personnel evaluations based on each employee's abilities, and treats employees accordingly, including promotions and advancement. Although the Group does not promote employees based on gender, nationality, or method of entry into the company, the Group has prepared various measures for childcare, nursing care, and personnel training to create a comfortable working environment for diverse personnel, including women, non-Japanese, and mid-career hires, and is working to promote diversity.

As a company that provides entertainment, the Company has set targets for its employees to enjoy their leisure time and to be healthy in mind and body, and to create an employment environment in which employees, both male and female, can play active roles over the long term. Not all companies in the Group have set metrics and targets, so it is difficult to describe them for the Group as a whole. For this reason, the targets and results related to the following metrics are those of COLOPL.

| Indicators  | Target        | Results |
|---|---------------|---------|
| Percentage of female employees in management role   | More than 20% | 9.2%    |
| Percentage of male employees taking childcare leave | 50%           | 89.5%   |
| Percentage of paid vacation days taken              | 75%           | 79.9%   |

### 3. Business Risks

Major risks that are related to what is stated primarily in the Business Overview and Financial Information chapters of this Annual Securities Report, which management thinks could significantly affect the financial position, operating results and cash flows of the consolidated companies are as follows. If the level of possibility of a risk materializing, the timing of a risk materializing, or its effects on the Group's financial position, operating results and cash flows if it does materialize are not reasonably foreseeable, they are not specifically stated. The Group believes that it has reduced the level of possibility of the risks materializing to a certain level through its risk management (the identification and evaluation of risk and the development of countermeasures).

The Group is fully aware of the possibility of the risks materializing and will strive to prevent them from materializing and take countermeasures against them if they do materialize. Having said that, we think that what is stated in this section and other sections of this Securities Report need to be taken into consideration before decisions to invest in shares in the Company are made.

The forward-looking statements below are based on judgments of the Group as of the end of the consolidated fiscal year under review. Risks that may materialize are not limited to the risks below.

#### (1) Strategy and plan

##### 1) Mobile market

The Group expects that the mobile market will continue to grow with a deeper penetration of smartphones and other high-performance terminals.

However, a significant slowdown in growth in the market could adversely affect the Group's businesses and results. Even if the market expands, the Group may not grow at the same pace as the market. The market is not mature, and any rapid change in the market breakdown resulting from the entry into the market of major companies could adversely affect the Group's businesses and results.

##### 2) Competition

The Group provides distinctive services using position information, content-rich, expressive, high-quality game applications and enhanced customer support to increase competition.

Intensifying competition with companies that provide applications using position information on the Internet and for the mobile phone as the Group does and applications dedicated to the smartphone, among other services, and new competitors in the market could adversely affect the Group's businesses and results.

##### 3) Response to technological innovation

The Group operates based on Internet-related technologies. In Internet-related fields, new technologies are developed, and based on them, a series of new services are introduced. They are rapidly changing fields. On the hardware front, smartphones are becoming more sophisticated, and new services corresponding to new technologies such as blockchain, AI, and XR/metaverse are being developed one after another.

In order to give form to the latest technologies and creative ideas, the Group is focusing on recruiting and cultivating engineers, developing creative work environments, and acquiring technologies, knowledge, and expertise in smartphones, blockchain, AI, and XR/metaverse.

However, any difficulty in acquiring knowledge and expertise or any delay in the Group's response to technological innovations could lead to a decline in the Group's competitiveness. Responses to new technologies may result in an increase in expenses for additional systems and personnel expenses, among other expenses. In that case, the Group's technological capabilities may decline, which may lead to a decline in the quality of services and competitiveness, which could adversely affect the Group's businesses and results.

##### 4) Services overseas

The Group plans to continue to actively offer the Group's services overseas through overseas marketing and other efforts.

However, user preference and laws and regulations overseas are very different from those in Japan, and the Group may not be able to develop operations as expected.

##### 5) Risk related to M&A etc.

The Group will endeavor to expand its size through investments and loans, including M&A, if it thinks they will contribute to increasing growth potential.

When the Group makes investments and loans, including M&A, it makes a detailed preliminary examination of the financial condition and contractual relationships of the target companies and fully examines risks. However, problems that are not detected in the preliminary examination, including contingent liabilities and unrecognized liabilities at target companies, and



progress in business development that is slower than planned could have adverse effects on the Group's businesses and results, including difficulty in recouping invested capital. If new businesses are added to the Group through M&A, etc., risk factors inherent in the new businesses could be added.

6) Risks related to the Investment and Development Business

The Group makes investments in IT-related and entertainment companies in Japan and overseas as part of its growth strategies. When the Group makes investments, it makes a detailed preliminary examination of the target companies, including their financial condition, and fully examines risks. Nevertheless, the businesses of the companies in which the Group does invest may not make progress as planned and investments may not be recouped due to business downturns and trends in share prices, which in turn could adversely affect the Group's businesses and results.

In addition, its activities will be regulated by various national and international legal regulations (Companies Act, Antimonopoly Act, Taxation law, Financial Instruments and Exchange Act, Limited Partnership Act for Investment, Foreign Exchange and Foreign Trade Act, Laws and regulations related to financial accounting, etc.). The Administration Department is committed to gathering information on these legal regulations and taking appropriate measures to comply with them. However, if the Group's activities are restricted by legal restrictions or if costs increase in relation to these restrictions, the Group's business and results could be affected.

7) Risk of damage to the corporate brand

The Group believes that maintaining and enhancing the value of its corporate brand is important for gaining the trust of users and expanding and using the user base. The Group thus discloses information appropriately to stakeholders and actively conducts PR activities and Sustainability activities.

However, if the Group experiences the spread of a negative reputations and evaluation, the Group's brand value may decline, which in turn could adversely affect the Group's businesses, results and financial position.

(2) Business operation

1) Planning, development and operation of game applications

The Group plans, develops and operates a variety of game applications and operates platforms. The number of downloads of the Group's game applications and the number of platform members are increasing steadily, and we think we have achieved a certain level of reputation among users. However, the preferences of users of our services change rapidly. Any difficulty in accurately identifying user needs and introducing content that meets the needs for whatever reason may lead to a decline in appeal to users, which in turn could adversely affect the Group's businesses and results.

2) Planning, development and operation of GameFi services

The Group intends to develop services such as GameFi (a term combining Game and Finance) utilizing blockchain technology or crypto assets and NFT.

When developing services, the Group strives to reduce risk by conducting detailed advance research on accounting, tax, legal, and business matters. However, in the event of unforeseen events, changes in interpretation of existing laws and regulations, enactment of new laws and regulations, or other legal restrictions, or if the Group's cryptocurrency are used for terrorist financing or money laundering, the Group's business may be severely restricted, which in turn could adversely affect the Group's businesses, results and financial position.

Also, the Group will store cryptocurrency in wallets. Despite various security measures, unauthorized access or theft of private keys could result in the outflow of cryptocurrency stored in wallets, which in turn could adversely affect the Group's businesses, results and financial position.

3) Risks related to systems

The Group's businesses are dependent entirely on communication networks and systems that connect mobile phones, personal computers, and computer systems. Although The Group takes measures, including the development of appropriate security measures, the installation of servers at data centers, etc., and the use of cloud services, systems going down due to unpredictable events, including natural disasters, accidents (including accidents caused by human factors in Japan and overseas), rapid increases in access to the sites operated by the Group, the suspension of power supply to data centers and cloud services, and system failures caused by computer viruses and hacker raids, among other causes, could adversely affect the Group's businesses and results.

Due to these factors, system processing related to sales aggregation may not function as expected, which may affect the Group's financial reporting system.

4) Changes and trends at Apple Inc. and Google Inc.

The game application services exclusively for the smartphone are accounting for a high share of sales at the Group, and our dependence on two platformers, Apple Inc. and Google Inc., is increasing.

Changes and trends in the business strategies of the platformers may lead to changes in commission rates and other changes, which could adversely affect the Group's businesses and results.

5) Services involving copyrights

The Group pays royalties to use in game applications characters etc. to which a third party has rights. Significantly lower sales of applications using those characters, etc. than expected and a failure to introduce more influential characters, etc. than those of competitors could adversely affect the Group's businesses and results.

6) Natural disasters, accidents, etc.

In anticipation of natural disasters, accidents, or pandemics, the Group regularly takes backup measures, continuously monitors operating conditions, and introduces telecommuting systems to prevent or avoid trouble in advance. However, major earthquakes and other natural disasters near the business sites of the Group and events that interfere with the Group's business continuity, including damage to the Group's facilities and restricted power supplies, could seriously affect the Group's businesses and results.

7) Climate change

In the event that the shift to renewable energy sources progresses and carbon taxes and related regulations are introduced to address global climate change; in the event that the Group's businesses are unable to respond to changes in behavior and values due to heightened environmental awareness; or in the event of a large-scale natural disaster or infectious disease caused by climate change, etc., the Group's business and results could be affected.

(3) Organization, governance

1) Human resources

The Group has been operating its own platforms and developing and providing its own content and has been expanding its business domains rapidly. To expand and diversify its operations, the Company will need to increase personnel in certain divisions of the Group, including the technology development, advertising and marketing, and administration divisions.

Failure to make progress in human resource development within the Group or the recruitment of human resources from outside the Group as planned in response to the expansion of its business scale and far more outflows of human resources than expected or outflows of capable human resources could lead to a decline in competitiveness and constraints on the expansion of operations, which in turn could adversely affect the Group's businesses and results.

2) Internal control system

The Group believes that effective corporate governance is indispensable for a sustainable increase in corporate value and thinks that it needs to ensure the appropriateness of business operations and the reliability of financial reporting and strictly comply with laws and regulations based on sound ethics.

Although the Group strives to enhance its internal control system, failure to build an adequate internal control system in response to a rapid expansion of businesses could make proper business operation difficult and adversely affect the Group's businesses and results.

3) Information management system

The Group handles users' e-mail addresses and other important information. It has thus formulated an information security policy and provides training related to information security. The Group has achieved ISO27001 certification and actively enhances its information management system. However, any leaks of important information for whatever reason could lead to compensation for the people affected, a loss of social trust in the Group, and additional expenses for bolstering the information management system, which in turn could adversely affect the Group's businesses and results.

4) Dependence on specific persons

Chairman of the Board and Chief Creator Naruatsu Baba, who is also the founder of the Company, has the technology to develop mobile content and services for the Internet, mobile phone and smartphone and extensive experience and knowledge in these areas. He plays a very important role in making technological decisions and in deciding on and implementing

management policies and business strategies.

The Group is making changes in its management system, including the replacement of the president, while promoting information sharing among officers and executives at meetings of the Board of Directors and management meetings, among other meetings, to create a strong management system that is not too dependent on one person.

However, any difficulty in Chairman Baba continuing to work for the Group for any reason could adversely affect the Group's businesses and results.

#### (4) Compliance

##### 1) Risk related to the safety and soundness of services

Certain services provided by the Group are based on the assumption that a large number of unspecified individual members communicate with each other independently. To develop sound communities, the Group's terms of use clearly prevent improper use that may lead to social problems. The Group continuously monitors users, etc. and strives to take steps, including requesting users who have violated the terms of use to take corrective action or cancel their membership. To encourage the proper use of services, we continue to take steps to maintain the soundness of our services. We state more clearly appropriate manners and considerations in the use of content. We also intensify monitoring in terms of systems and human resources. We bolster monitoring systems, etc. and increase the number of personnel patrolling the site, etc.

However, it will be difficult to fully monitor members' activities in a service if the number of members of the service increases rapidly. Any trouble caused by inappropriate activities of members could cause the Group to be held legally liable regardless of the terms of use. Even if the Group is not held legally liable, a reputation risk could adversely affect the Group's businesses and results.

As the scale of the business expands, the Group will continue to take measures necessary to maintain and improve the soundness of its services. However, any delay in systems' responses to the expansion or reinforcement of systems, or a greater-than-expected increase in expenses for responding to the expansion could adversely affect the Group's businesses and results. In the online game industry, some users practice real money trading (RMT) (Note), in which in-game items, etc. are sold on auction sites or by other means. To make games more fun to play, the Group's services have a function by which users can swap in-game items with each other. Nevertheless, a fraction of users sells in-game items on auction sites. The Group's terms of use clearly prohibit RMT. The Group monitors auction sites in a timely manner. The Group's guidelines on safety and soundness clearly state that the Group will take strict measures against violators, including terminating their membership.

However, a large volume of RMT or the expansion of RMT related to the Group may lead to a decline in the reliability of the Group's service, which in turn could adversely affect the Group's businesses and results.

(Note) Real money trading (RMT) is a practice in which characters and items on the Web and in-game virtual currencies, etc. are sold for real money.

##### 2) Risks related to intellectual property

The Group strives to obtain intellectual property rights related to the services that it operates. It takes every care not to infringe on the intellectual property rights of third parties.

However, any right of a third party in the business fields where the Group operates could lead to a third party filing a lawsuit claiming damages or seeking an injunction to suspend use, etc. or the payment of a consideration, such as royalties. Any infringement of the Group's intellectual property rights could significantly affect the Group's businesses and results.

##### 3) Legal regulations related to the Internet

The Act on the Protection of Personal Information applies to the personal information of users of the services that the Group operates. The Act on Prohibition of Unauthorized Computer Access prohibits the unauthorized use of the IDs and passwords of others. Under the Act on Specified Commercial Transactions and the Act on Regulation of Transmission of Specified Electronic Mail, the Group may be required to display legal matters when it sends advertising e-mails. The Telecommunications Business Act applies to the Group as a telecommunications operator.

The Group provides a social media (Note) function for certain services. Those services are based on the assumption that communication among users is healthy communication and are not Internet dating services defined in the Act on Regulation on Soliciting Children by Using Opposite Sex Introducing Service on Internet. Under the Act on Development of an Environment that Provides Safe and Secure Internet Use for Young People, which came into effect in April 2009, mobile phone operators, etc. are required to provide filtering services. As stated above, the Group continues to make stronger efforts to maintain the soundness of services. In certain smartphone native games, paid virtual currencies are used, and the Payment Services Act applies to those virtual currencies. The Group has been registered with the Kanto Local Finance Bureau and complies with the act and related regulations including the Cabinet Office ordinance.

The Group actively works to comply with these laws. However, any administrative measures against the Group due to

violations of the laws under unexpected circumstances or any restrictions on the Group's services resulting from the tightening of the laws or the establishment of new laws and regulations could adversely affect the Group's businesses and results.

(Note) Social media are membership-based, community-based services that facilitate and support interactions between users using e-mails and bulletin boards.

4) Legal regulations, etc. related to applications

Some media outlets have raised questions about excessively encouraging a gambling spirit in the mobile internet industry, where the Group operates. In July 2012, the Consumer Affairs Agency presented the view that the charging method known as complete *gacha* (Note) violates the Act against Unjustifiable Premiums and Misleading Representations. The Group has already taken measures in response to that and believes that the view has not had a significant effect on the Group's services. We naturally provide services in compliance with laws and regulations. Nevertheless, as a corporate group that provides services, we think we should voluntarily respond to social demand, which may change, and strive not to impair the health and development of the industry.

Meanwhile, new legal regulations, including changes in the interpretations of existing laws and regulations and the enactment of new laws and regulations due to changes in social conditions could significantly restrict the Group's businesses and adversely affect the Group's businesses and results.

(Note) Complete *gacha* is a system in which the player can obtain a rare item or card by obtaining common items or cards at random to complete a set of common items or cards.

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

##### (1) Overview of operating results, etc.

The following is an overview of the operating results and cash flows (hereinafter, "operating results, etc.") of COLOPL, Inc. and its consolidated subsidiaries (hereinafter, "the Group") during the consolidated fiscal year under review.

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

With the Group's mission, "'Entertainment in Real Life': Making everyday more enjoyable and wonderful through entertainment", the Group has been working to enrich people's everyday lives through entertainment. The Entertainment Business has been keeping in mind the need to enhance engagement with users in conjunction with existing titles, while also focusing on developing new titles. The Investment and Development Business has been investing mainly in IT-related and entertainment companies in Japan and overseas.

As a result, consolidated results for the fiscal year under review were Net sales of 30,806 million yen (down 5.3% from previous consolidated fiscal year), Operating profit of 2,648 million yen (down 38.5% from previous consolidated fiscal year), Ordinary profit of 3,066 million yen (down 46.5% from previous consolidated fiscal year), and Profit attributable to owners of the parent of 1,746 million yen (down 27.7% from previous consolidated 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.

In games for smartphones that account for a major portion of sales, new titles "NEKO GOLF -Anime GOLF-", "Volzerk:Monsters and Lands Unknown," and "Travel Jimano Nyanko (tentative)" were released. As for existing titles, "DRAGON QUEST WALK", other company's IP, (planning and production: SQUARE ENIX CO., LTD., Development: COLOPL, Inc.) performed well and contributed to the Group's consolidated performance. Our original IP titles, "Shironeko Project" and "Alice Gear Aegis" held collaborative events with popular IPs of other companies, and other services to increase engagement with users.

As a result, consolidated Net sales and Operating profit for the fiscal year under review stood at 29,914million yen (down 6.0% from previous consolidated fiscal year), and 3,320 million yen (down 28.8% from previous consolidated fiscal year), respectively.

##### b. Investment and Development Business

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

The Group's funds generated income from the sale of operational investment securities for the fiscal year under review. In addition, impairment losses were recorded on a portion of operational investment securities held.

As a result, consolidated net sales and the operating loss for the fiscal year under review stood at 891 million yen (up 23.1% from previous consolidated fiscal year), and 674 million yen (operating loss of 353 million yen in the previous consolidated fiscal year), respectively.

##### 2) Status of cash flows

The balance of cash and cash equivalents (hereinafter, "cash") at the end of the fiscal year under review increased 7,253 million yen from the end of the previous fiscal year, to 58,167 million yen. The status of each of the cash flow segments and contributing factors for changes during the fiscal year under review are as follows.

##### (Cash flows from operating activities)

Net cash increased by 1,159 million yen in operating activities during the fiscal year under review (compared to an increase of 3,637 million yen during the previous fiscal year). The main cash inflow was 3,066 million yen in profit before income taxes.

##### (Cash flows from investing activities)

Net cash increased by 8,237 million yen in investing activities during the fiscal year under review (compared to a decrease of 593 million yen during the previous fiscal year). The main cash inflow was 10,000 million yen in proceeds from withdrawal of time deposits.

##### (Cash flows from financing activities)

Net cash decreased by 2,567 million yen in financing activities during the fiscal year under review (compared to a decrease of 2,538 million yen during the previous fiscal year). The main cash outflow was 2,567 million yen in dividends paid.

3) Results for production, orders received and sales

a. Results of production

The information is omitted because production at the Group is not significant in financial terms.

b. Results of orders received

The information is omitted because orders at the Group is not significant in financial terms.

c. Results of sales

Sales performance by segment for the consolidated fiscal year under review is as shown below.

| Segment                             | Amount (million yen) | YoY (%)      |
|-------------------------------------|----------------------|--------------|
| Entertainment Business              | 29,914               | (6.0)        |
| Investment and Development Business | <u>891</u>           | <u>23.1</u>  |
| Consolidated net sales              | <u>30,806</u>        | <u>(5.3)</u> |

(Note) The results of sales by major customer and the ratio of sales by major customer to total sales in the consolidated fiscal year under review are as follows.

| Customer              | Previous consolidated fiscal year<br>(October 1, 2021 to September 30, 2022) |                | Consolidated fiscal year under review<br>(October 1, 2022 to September 30, 2023) |                |
|-----------------------|--|----------------|--|----------------|
|                       | Amount (million yen)   | Percentage (%) | Amount (million yen)   | Percentage (%) |
| SQUARE ENIX Co., Ltd. | 9,846  | 30.3           | 10,399   | <u>33.8</u>    |
| Apple Inc.*           | 7,959  | 24.5           | 7,228  | <u>23.5</u>    |
| Google Inc.*          | 4,919  | 15.1           | 4,548  | <u>14.8</u>    |

\* The partners are payment services providers and collect payments from users.

(2) Details of analysis and examination concerning the state of operating results, etc. from the perspective of the management  
The details of understanding, analysis and examination concerning the state of operating results, etc. for the Group from the perspective of the management are as follows.

The forward-looking statements below are based on judgments of the Group as of the end of the consolidated fiscal year under review.

1) Significant accounting estimates and the assumptions used for them

The Group prepares its consolidated financial statements based on Generally Accepted Accounting Principles in Japan. To prepare the consolidated financial statements, management needs to choose and apply accounting policies and make estimates that affect the reported amounts and disclosure of assets, liabilities, revenues, and expenses. The management reasonably determines the estimates in consideration of past results and other factors, but actual results may be different from the estimates because of the uncertainties of the estimates.

The important accounting policies are stated in V. Financial Information, 1. Consolidated Financial Statements, Etc., (1) Consolidated Financial Statements – Notes (Significant matters that serve as the basis for the preparation of consolidated financial statements).

Of the accounting estimates used in the preparation of the consolidated financial statements and the assumptions used for the estimates, important estimates and assumptions are stated in V. Financial Information Status, 1. Consolidated Financial Statements, Etc., (1) Consolidated Financial Statements – Notes (Significant accounting estimates).

2) Analysis of financial conditions

(Assets)

Current assets at the end of the consolidated fiscal year under review decreased 3,258 million yen from the end of the previous consolidated fiscal year, to 74,658 million yen. This mainly reflected a decrease of 2,369 million yen in Cash and Deposits and a decrease of 584 million yen in Operational investment securities.

Non-current assets amounted to 6,805 million yen, up 1,442 million yen from the end of the previous consolidated fiscal year. This mainly reflected an increase of 1,360 million yen in Investment securities,

As a result, Total assets amounted to 81,464 million yen, down 1,816 million yen from the end of the previous consolidated fiscal year.

(Liabilities)

Current liabilities at the end of the consolidated fiscal year under review decreased 1,411 million yen from the end of the previous consolidated fiscal year, to 4,283 million yen. This mainly reflected a decrease of 1,587 million yen in Income taxes payable.

Non-current liabilities amounted to 1,121 million yen, up 110 million yen from the end of the previous consolidated fiscal year. This mainly reflected an increase of 89 million yen in Deferred tax liabilities.

As a results, Total liabilities amounted to 5,404 million yen, a decrease of 1,301 million yen from the end of the previous consolidated fiscal year.

(Net assets)

Net assets at the end of the consolidated fiscal year under review decreased 515 million yen from the end of the previous consolidated fiscal year, to 76,060 million yen. This mainly reflected a decrease of 817 million yen in Capital surplus with the payment of Dividends, despite an increase of 95 million yen in Valuation difference on available-for-sale securities and an increase of 162 million yen in Foreign currency translation adjustment.

### 3) Analysis of operating results

#### (Net sales)

Net sales in the consolidated fiscal year under review stood at 30,806 million yen, down 5.3% year on year, chiefly reflecting a decrease in sales due to the prolonged distribution periods of some existing titles.

#### (Cost of sales, gross profit)

Cost of sales came to 21,614 million yen, down 4.8% year on year, chiefly due to a decrease in platform fees. Gross profit was 9,192 million yen, down 6.6% year on year.

#### (Selling, general and administrative expenses, operating profit)

Selling, general and administrative expenses stood at 6,543 million yen, up 18.4% year on year, due to an increase in advertising expenses for new titles. As a result, Operating profit was 2,648 million yen, down 38.5% year on year.

#### (Non-operating income and expenses and ordinary profit)

Non-operating income amounted to 926 million yen, down 50.2% year on year, mainly due to a decrease in Foreign exchange gains. Non-operating expenses were 508 million yen, up 16.0% year on year, reflecting Loss on investments in derivatives, etc. As a result, Ordinary profit was 3,066 million yen, down 46.5% year on year.

#### (Extraordinary income and losses and profit attributable to owners of parent)

Profit attributable to owners of the parent stood at 1,746 million yen, down 27.7% year on year.

### 4) Analysis of cash flows

An overview of cash flows in the consolidated fiscal year under review is described in (1) Overview of operating results, etc.,  
2) Status of cash flows.

### 5) Factors that have a significant impact on operating results

As stated in II. Business Overview, 3. Business Risk, the Group is aware that a variety of risk factors may significantly affect its operating results, including the speed of market growth, competition with competitors, the degree of response to innovation, the ensuring of the soundness of content, network failure, and compliance and internal control systems.

The Group will diversify risk factors that may significantly affect its operating results, curb the materialization of risk, and deal with risks appropriately by expanding its business portfolio, which consists primarily of the Entertainment Business and Investment and Development Business, employing capable people, developing new businesses and attractive services, cooperating with leading companies, expanding overseas, and taking security measures.

### 6) Management's awareness of issues and future policy

As stated in II. Business Overview, 1. Management Policy, Management Environment and Challenges to Address, the management of the Group are aware that they need to address a range of challenges in the challenging environment for the Group to achieve further growth and development.

The Group will identify strategic and organizational challenges and address each challenge appropriately and effectively.

### 7) Capital resources and the liquidity of funds

The Group's operating funds and funds for capital investment are primarily its own funds. Cash and cash equivalents were 58,167 million yen at the end of the consolidated fiscal year under review. The Group has adequate resources and liquidity for the future.

### 8) Management policy, management strategies, and objective indicators to determine the achievements of management goals

To increase profitability and capital efficiency, the Group considers ROE (return on equity) as a management indicator. The Group, however, sets no specific numerical targets because the Company's business changes rapidly and calculating future results appropriately and reasonably is difficult. ROE was 2.3% (down 0.9 points year on year) in the consolidated fiscal year under review.

The Group believes that to continue to increase ROE, increasing profitability is important. The Group aims to increase profitability and capital efficiency and, as a result, to continue increasing ROE by releasing new titles continually and providing existing titles for a long time, thereby increasing sales every fiscal year when new games are released and achieving stable growth in sales and by continuing to pay stable dividends based on a healthy balance sheet in comprehensive consideration of consolidated results, DOE (dividend on equity ratio), cash flows and capital efficiency.



The Group will release new titles, striking a balance between original IP titles and third company IP titles. While the Group uses original IP titles to increase competitiveness over the medium to long term, it will actively take advantage of the profitability and ability to attract customers of third company IP titles. In the existing titles, the Group will operate services to enhance engagement with users through TV commercials, promotions of online video platforms, the manufacturing of goods and real events.

| Fiscal year                         | Fiscal year ended<br>September 30, 2021 | Fiscal year ended<br>September 30, 2022 | Fiscal year ended<br>September 30, 2023 |
|-------------------------------------|---|---|---|
| Net sales (million yen)             | 37,125                                  | 32,541                                  | <u>30,806</u>                           |
| Operating profit (million yen)      | 6,320                                   | 4,310                                   | <u>2,648</u>                            |
| ROE (Ratio of profit to equity) (%) | 4.0                                     | 3.2                                     | <u>2.3</u>                              |

## 5. Important Contracts Etc. Related to Management

(1) Contract with the operator of the platform for applications for smartphones and tablets

| Name of<br>counterparty | Location of<br>counterparty | Name on contract  | Term of contract                                | Description of contract  |
|-------------------------|-----------------------------|---|---|--|
| Apple Inc.              | United States               | Apple Developer Program<br>License Agreement              | 1 year<br>(renewed automatically<br>every year) | Agreement on the delivery<br>and sale of applications for<br>iOS terminals     |
| Google Inc.             | United States               | Google Play Developer Sales<br>and Distribution Agreement | Unspecified                                     | Agreement on the delivery<br>and sale of applications for<br>Android terminals |

## 6. Research and Development

The Group's vision is "Delivering 'New Experiences' with the latest technology and creative ideas." In its Entertainment Business, the Group conducts research on new technologies to create new user experiences in parallel with the development of new titles.

Total research and development expenses for the consolidated fiscal year under review amounted to 2,480 million yen.

### III. Facilities

#### 1. Overview of Capital Expenditure, Etc.

Capital expenditures in the consolidated fiscal year under review were 139 million yen. The main contents are the acquisition of equipment for internal use in the Entertainment business.

#### 2. Major Facilities

Major facilities at the Group are as shown below.

Company submitting the report

As of September 30, 2023

| Business site<br>(Location)     | Segment                   | Facilities             | Book value (million yen)    |                                  |          |        | Number of<br>employees |
|---------------------------------|---------------------------|------------------------|-----------------------------|----------------------------------|----------|--------|------------------------|
|                                 |                           |                        | Buildings and<br>structures | Tools, furniture<br>and fixtures | Software | Annual |                        |
| Head Office<br>Minato-ku, Tokyo | Entertainment<br>Business | Business<br>Facilities | 1,590                       | 114                              | 15       | 1,720  | 718 [2]                |

(Notes) 1. The number in parentheses in the Number of employees column is the average number of part-time workers and non-regular employees in the past year.

2. The buildings of the business site above are leased. The book value is the value of the facilities attached to buildings and asset retirement obligations.

#### 3. Planned Construction and Retirement of Facilities, Etc.

Not applicable.

#### IV. Information on the Reporting Company

##### 1. Stock Information

###### (1) Total Number of Shares, Etc.

###### 1) Total number of shares

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

###### 2) Shares issued

| Type          | Number of shares issued at the end of the fiscal year (shares)<br>(September 30, 2023) | Number of shares issued as of the filing date (shares)<br>December 25, 2023 | Stock exchange where the Company is listed | Details  |
|---------------|--|---|--|--|
| Common shares | 130,055,005  | 130,055,005   | Tokyo Stock Exchange Prime Market          | The number of shares per one unit of shares is 100 shares. |
| Total         | 130,055,005  | 130,055,005   | —  | —  |

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

###### 1) Stock options

Not applicable.

###### 2) Shareholder right plans

Not applicable.

###### 3) Other share acquisition plans, etc.

Not applicable.

###### (3) Moving Strike Convertible Bonds, Etc.

Not applicable.

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

| Date   | Changes in number of shares issued (shares) | Balance of number of shares issued (shares) | Change in capital (million yen) | Balance of capital (million yen) | Change in legal capital surplus (million yen) | Balance of legal capital surplus (million yen) |
|--|---|---|---------------------------------|----------------------------------|---|--|
| October 1, 2018 - September 30, 2019 (Note 1)  | 406,500                                     | 129,288,500                                 | 19                              | 6,510                            | 19  | 6,507  |
| January 17, 2020 (Note 2)                      | 19,036                                      | 129,307,536                                 | 12                              | 6,522                            | 11  | 6,519  |
| October 1, 2019 to September 30, 2020 (Note 1) | 300,000                                     | 129,607,536                                 | 13                              | 6,536                            | 13  | 6,533  |
| January 15, 2021 (Note 3)                      | 26,498                                      | 129,634,034                                 | 13                              | 6,550                            | 13  | 6,546  |
| October 1, 2020 to September 30, 2021 (Note 1) | 132,000                                     | 129,766,034                                 | 6                               | 6,556                            | 6   | 6,553  |
| January 14, 2022 (Note 4)                      | 72,489                                      | 129,838,523                                 | 24                              | 6,580                            | 24  | 6,577  |
| October 1, 2021 to September 30, 2022 (Note 1) | 145,500                                     | 129,984,023                                 | 6                               | 6,587                            | 6   | 6,584  |
| January 19, 2023 (Note 5)                      | 70,982                                      | 130,055,005                                 | 22                              | 6,610                            | 22  | 6,607  |

- (Notes)
- These are increases due to the exercise of share acquisition rights.
  - This is an increase due to the issuance of new shares as restricted stock compensation.  
Issue price: 1,261 yen  
Amount capitalized as common shares: 631 yen  
Allottee: Four Directors
  - This is an increase due to the issuance of new shares as restricted stock compensation.  
Issue price: 1,019 yen  
Amount capitalized as common shares: 510 yen  
Allottee: Five Directors
  - This is an increase due to the issuance of new shares as restricted stock compensation.  
Issue price: 676 yen  
Amount capitalized as common shares: 338 yen  
Allottee: Six Directors
  - This is an increase due to the issuance of new shares as restricted stock compensation.  
Issue price: 634 yen  
Amount capitalized as common shares: 317 yen  
Allottee: Six Directors

(5) Shareholders Composition

As of September 30, 2023

As of September 30, 2023

| Classification                         | Status of shares (one unit is 100 shares) |                        |  |                 |                                      |             |                   |           | Number of shares less than one unit (shares) |
|--|---|------------------------|--|-----------------|--------------------------------------|-------------|-------------------|-----------|--|
|  | Government and local governments          | Financial institutions | Financial instruments business operators | Other companies | Foreign corporations and individuals |             | Individuals, etc. | Total     |  |
|  |   |                        |  |                 | Other than individuals               | Individuals |                   |           |  |
| Number of shareholders                 | —   | 17                     | 27                                       | 137             | 169                                  | 96          | 25,693            | 26,139    | —  |
| Number of shares held (unit)           | —   | 208,287                | 19,742                                   | 10,172          | 210,005                              | 1,287       | 850,492           | 1,299,985 | 56,505                                       |
| Ratio of the number of shares held (%) | —   | 16.02                  | 1.52                                     | 0.78            | 16.15                                | 0.10        | 65.42             | 100.00    | —  |

(Note) Of 1,778,684 treasury shares, 17,786 units are included in the “Individuals, etc.” column, while 84 shares are included in the “Number of shares less than one unit” column.

## (6) Status of Major Shareholders

As of September 30, 2023

| Name   | Address  | Share ownership (shares) | Ratio of the number of shares owned to the number of shares issued (excluding treasury shares) (%) |
|--|--|--------------------------|--|
| Naruatsu Baba  | Shibuya-ku, Tokyo  | 61,780,034               | 48.16  |
| Custody Bank of Japan, Ltd. (Trust account)  | 1-8-12, Harumi, Chuo-ku, Tokyo   | 10,539,000               | 8.22   |
| The Master Trust Bank of Japan, Ltd. (Trust account)   | 2-11-3 Hamamatsucho, Minato-ku, Tokyo  | 9,710,800                | 7.57   |
| THE BANK OF NEW YORK MELLON 140051<br>(Standing proxy: Settlement & Clearing Services Division, Mizuho Bank, Ltd.)   | 240 GREENWICH STREET, NEW YORK, NY10286, U.S.A.<br>(2-15-1, Konan, Minato-ku, Tokyo)                             | 7,550,600                | 5.89   |
| THE BANK OF NEW YORK 133612<br>(Standing proxy: Settlement & Clearing Services Division, Mizuho Bank, Ltd.)  | BOULEVARD ANSPACH 1, 1000 BRUSSELS, BELGIUM<br>(2-15-1, Konan, Minato-ku, Tokyo)                                 | 3,130,800                | 2.44   |
| STATE STREET BANK WEST CLIENT - TREATY 505234<br>(Standing proxy: Settlement & Clearing Services Division, Mizuho Bank, Ltd.)  | 1776 HERITAGE DRIVE, NORTH QUINCY, MA 02171, U.S.A.<br>(2-15-1, Konan, Minato-ku, Tokyo)                         | 886,700                  | 0.69   |
| BNP PARIBAS SYDNEY/ 2S/ JASDEC/ AUSTRALIAN RESIDENTS<br>(Standing proxy: Custody Business Department, Tokyo branch, The Hongkong and Shanghai Banking Corporation Limited)   | 60 CASTLEREAGH ST SYDNEY NSW 2000<br>(3-11-1 Nihonbashi, Chuo-ku, Tokyo)   | 786,400                  | 0.61   |
| MLI FOR CLIENT GENERAL NON TREATY - PB<br>(Standing proxy: BofA Securities Japan Co., Ltd.)  | MERRILL LYNCH FINANCIAL CENTRE 2 KING EDWARD STREET LONDON UNITED KINGDOM<br>(1-4-1, Nihonbashi, Chuo-ku, Tokyo) | 700,000                  | 0.55   |
| THE HONGKONG AND SHANGHAI BANKING CORPORATION LTD - SINGAPORE BRANCH PRIVATE BANKING DIVISION A/ C CLIENTS<br>(Standing proxy: Custody Business Department, Tokyo branch, The Hongkong and Shanghai Banking Corporation Limited) | 10 MARINA BOULEVARD #48 - 01 MARINA BAY FINANCIAL CENTRE SINGAPORE 018983<br>(3-11-1 Nihonbashi, Chuo-ku, Tokyo) | 700,000                  | 0.55   |
| SBI SECURITIES Co., Ltd.   | 1-6-1 Roppongi, Minato-ku, Tokyo   | 649,358                  | 0.51   |
| Total  | —  | 96,433,692               | 75.18  |

(Notes) 1. The ratio of the number of shares held to the number of shares issued (excluding treasury stock) is rounded to the second decimal place.

2. The number of shares held is based on names on the shareholder register because the Company cannot determine the number of shares related to the trust business of trust banks, etc.

3. A large-volume holdings report (change report) that was made available for public inspection on October 4, 2023 states that Baillie Gifford & Co and its co-owner Baillie Gifford Overseas Limited own the shares shown below as of September 27, 2023. However, because the Company has not been able to confirm the number of shares actually held by them as of September 30, 2023, they have not been included in the major shareholders above.

The following is what is stated in the large-volume holdings report.

| Name                             | Address  | Number of shares held (shares) | Shareholding ratio |
|----------------------------------|--|--------------------------------|--------------------|
| Baillie Gifford & Co             | Calton Square, 1 Greenside Row, Edinburgh, EH1 3AN, Scotland | 10,681,400                     | 8.21               |
| Baillie Gifford Overseas Limited | Calton Square, 1 Greenside Row, Edinburgh, EH1 3AN, Scotland | 3,125,100                      | 2.40               |
| Total                            | —  | 13,806,500                     | 10.62              |

(7) Information on Voting Rights

1) Outstanding shares

As of September 30, 2023

| Classification  | Number of shares (shares)                   | Number of voting rights | Details  |
|---|---|-------------------------|--|
| Non-voting shares   | —   | —                       | —  |
| Shares with restricted voting right (treasury shares, etc.) | —   | —                       | —  |
| Shares with restricted voting right (others)                | —   | —                       | —  |
| Shares with full voting right (treasury shares, etc.)       | (Treasury stock)<br>Common shares 1,778,600 | —                       | The number of shares per one unit of shares is 100 shares. |
| Shares with full voting right (others)                      | Common shares 128,219,900                   | 1,282,199               | Ditto  |
| Shares less than one unit                                   | Common shares 56,505                        | —                       | —  |
| Number of shares outstanding                                | 130,055,005                                 | —                       | —  |
| Total number of voting rights                               | —   | 1,282,199               | —  |

(Note) The column showing the shares of less than one unit contains 84 treasury stock owned by the Company.

2) Treasury stock, etc.

As of September 30, 2023

| Name of shareholder           | Address of shareholder          | Number of shares held under the shareholder's name (shares) | Number of shares held under other shareholders' names (shares) | Total number of shares held (shares) | Ratio of number of shares held to number of outstanding shares (%) |
|-------------------------------|---------------------------------|---|--|--------------------------------------|--|
| (Treasury stock) COLOPL, Inc. | 9-7-2 Akasaka, Minato-ku, Tokyo | 1,778,600   | —  | 1,778,600                            | 1.37   |
| Total                         | —                               | 1,778,600   | —  | 1,778,600                            | 1.37   |

(Note) The treasury stock above does not include 84 shares of less than one unit.

## 2. Information on Purchase, etc. of Treasury Shares

Class of shares, etc.: Acquisition of common stock under Article 155, Item 7 of the Companies Act

(1) Acquisition of Treasury Shares by Resolution of the General Meeting of Shareholders

Not applicable.

(2) Acquisition of Treasury Shares by Resolution of the Board of Directors

Not applicable.

(3) Acquisition of Treasury Shares Not Based on Resolution of the General Meeting of Shareholders or Resolution of the Board of Directors

| Classification   | Number of shares (shares) | Total value (million yen) |
|--|---------------------------|---------------------------|
| Treasury shares acquired during the fiscal year under review | 140                       | 0                         |
| Treasury shares acquired during this period                  | —                         | —                         |

(Note) The number of treasury shares held during this period does not include the number of shares less than one unit acquired between December 1, 2023 and the date of submission of this Report.

(4) Disposition and Holding of Acquired Treasury Shares

| Classification  | Fiscal year under review  |  | This period               |  |
|---|---------------------------|--|---------------------------|--|
|   | Number of shares (shares) | Total disposition amount (million yen) | Number of shares (shares) | Total disposition amount (million yen) |
| Acquired treasury shares that were offered to subscribers   | —                         | —                                      | —                         | —                                      |
| Acquired treasury shares that have been cancelled   | —                         | —                                      | —                         | —                                      |
| Treasury shares acquired in relation to mergers, share exchanges, stock issuance, and transfers related to company splits | —                         | —                                      | —                         | —                                      |
| Other (sale due to demand for the sale of shares less than one unit)  | —                         | —                                      | —                         | —                                      |
| Number of treasury shares held  | 1,778,684                 | —                                      | 1,778,684                 | —                                      |

(Note) The number of treasury shares held during this period does not include the number of shares less than one unit acquired between December 1, 2023 and the date of submission of this Report.

## 3. Dividend Policy

While securing the necessary funds for stabilizing existing businesses and investing in growth, the basic policy of the Company is to distribute profits in a stable and continuous manner based on a sound balance sheet and by comprehensively taking into account consolidated financial results, DOE (dividend on equity), cash flows and capital efficiency, and other factors.

The basic policy includes paying dividends once a year, year-end dividends. The Articles of Incorporation stipulates that the Company may pay interim dividends once a year. The General Meeting of Shareholders makes decisions on year-end dividends, and the Board of Directors makes decisions on interim dividends.

Considering the basic policy on profit distribution above, the Company will pay common dividends of 20.00 yen per common share for the fiscal year under review.

Dividends of surplus for the fiscal year under review are as shown below.

| Date of resolution  | Total amount of dividends (million yen) | Dividend per share (yen) |
|---|---|--------------------------|
| December 22, 2023<br>Annual general meeting of shareholders | 2,565                                   | 20.00                    |



## 4. Corporate Governance

### (1) Overview of corporate governance

#### 1) Corporate governance policy

The Company's basic approach to corporate governance is to engage in fair, logical and speedy decision-making on the basis of collaborative creation with shareholders, users, employees, business partners, local communities, and other stakeholders for the purpose of enhancing corporate value.

The Company has a basic policy of seeking to balance decision-making, business execution and management oversight functions to support appropriate management decisions and business execution by the President and Representative Director.

#### 2) Overview of the corporate governance structure and reasons for its adoption

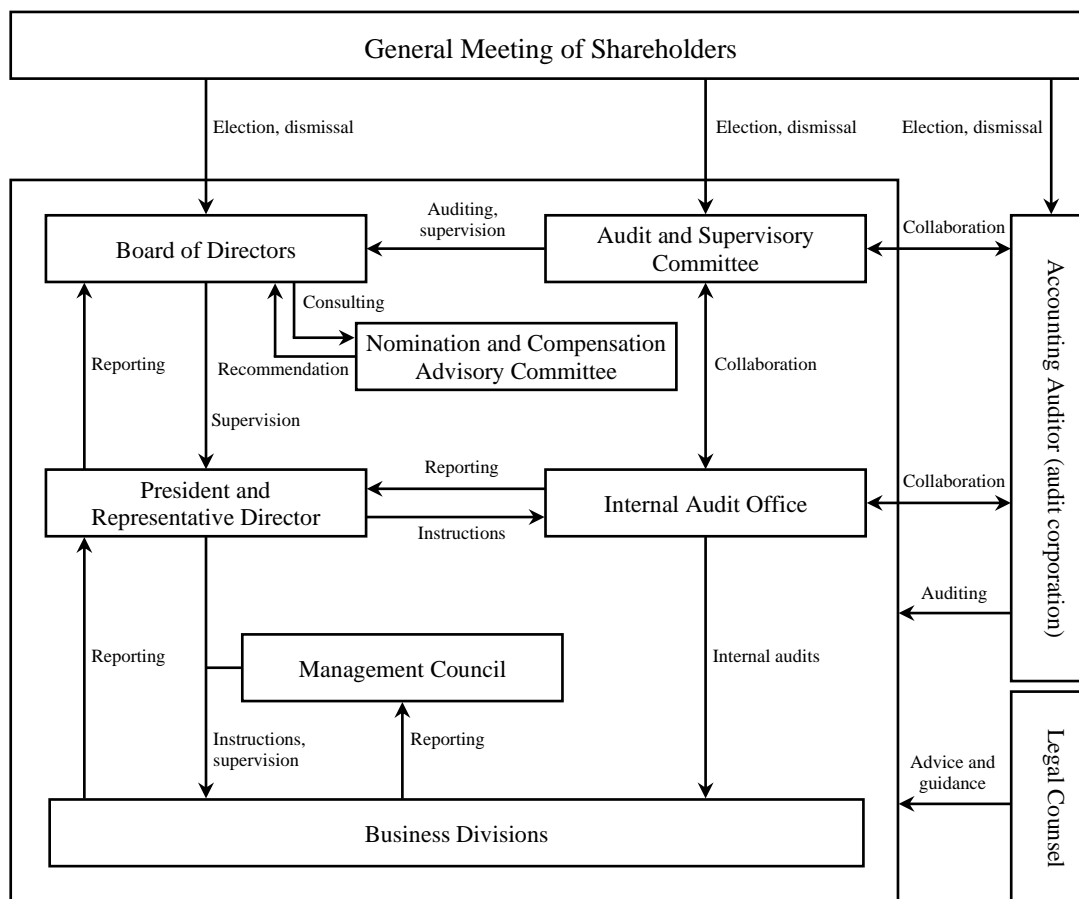
##### (i) Overview of the corporate governance structure

COLOPL, Inc. is a company with an Audit and Supervisory Committee. All four Audit and Supervisory Committee members are Outside Directors. They are a former officer at other companies, a certified public accountant and certified tax accountant, and an attorney. Each has extensive practical experience and expertise.

Seven Directors are Outside Directors under the Companies Act on the date of submission of this report.

Since the industry in which the Company operates is still in its growth stage and competition with other companies is fierce, it is necessary to expeditiously execute business strategy. At the same time, the Company has adopted this governance system in the interest of ensuring management transparency and soundness to earn public trust.

The corporate governance system of the Company is illustrated in the figure below.



i) Board of Directors

The Company's Board of Directors consists of two Representative Directors, eight Directors who are not Audit and Supervisory Committee members, and four Directors who are Audit and Supervisory Committee members, making 14 Directors in total. President and Representative Director Takashi Miyamoto serves as chairperson of the Board. Three of the Directors who are not Audit and Supervisory Committee members and four of the Directors who are Audit and Supervisory Committee members are Outside Directors under the Companies Act as of the date of submission of this report. The members are as stated in (2) Officers. To ensure efficient, speedy decision-making, the Board of Directors holds regular meetings once a month and extraordinary meetings as necessary. The Board of Directors functions as a management decision-making and supervisory body pursuant to the Articles of Incorporation, laws and regulations. During the fiscal year under review, the Board of Directors monitored the monthly status of management and the results of deliberations and discussions by the Risk Countermeasure Committee, reviewed and made decisions on important development and other projects, the initiation of new businesses, and important matters such as personnel, organization, management, and financial results, as well as evaluating the effectiveness of the Board of Directors.

ii ) Nomination and Compensation Advisory Committee

To ensure objectivity and transparency in the process of nominating Directors and determining compensation for them and to strengthen the corporate governance system, the Company has established the Nomination and Compensation Advisory Committee. The committee submits reports on draft plans about the selection and dismissal of Directors, the Directors' compensation system, and the distribution of compensation to each Director, among other matters. During the fiscal year under review, the committee deliberated on drafts of policies for the selection and dismissal of directors and candidates for directors, as well as drafts of policies for determining individual remuneration and the details of such remuneration.

Chairperson: Full-time Audit and Supervisory Committee member & Outside Director Tetsuzo Hasegawa

Members: Chairman of the Board Naruatsu Baba, President and Representative Director Takashi Miyamoto, Outside Director Koji Yanagisawa, and Audit and Supervisory Committee member & Outside Director Ryogo Tsukioka

The attendance at the Board of Directors and Nomination and Compensation Advisory Committee during the fiscal year under review was as follows.

| Title  | Name                | Board of Director |            | Nomination and Compensation Advisory Committee |            |
|--|---------------------|-------------------|------------|--|------------|
|  |                     | Number of meeting | Attendance | Number of meeting                              | Attendance |
| Chairman of the Board  | Naruatsu Baba       | 18                | 18         | 4  | 4          |
| President and Representative Director                                  | Takashi Miyamoto    | 18                | 18         | 4  | 4          |
| Executive Director   | Yoshiaki Harai      | 18                | 18         | —  | —          |
| Executive Director   | Kenta Sugai         | 18                | 18         | —  | —          |
| Executive Director   | Yu Sakamoto         | 18                | 18         | —  | —          |
| Executive Director   | Yoichi Ikeda        | 18                | 18         | —  | —          |
| Outside Director   | Shinsuke Ishiwatari | 5                 | 3          | —  | —          |
| Outside Director   | Koji Yanagisawa     | 18                | 18         | 4  | 4          |
| Outside Director   | Dai Tamesue         | 18                | 17         | —  | —          |
| Outside Director   | Harold George Meij  | 18                | 18         | —  | —          |
| Outside Director<br>(Full-time Audit and Supervisory Committee member) | Tetsuzo Hasegawa    | 18                | 18         | 4  | 4          |
| Outside Director<br>(Audit and Supervisory Committee member)           | Ryogo Tsukioka      | 18                | 18         | 4  | 4          |
| Outside Director<br>(Audit and Supervisory Committee member)           | Koichiro Iida       | 18                | 18         | —  | —          |

(Note) Executive Director Shinsuke Ishiwatari retired from office at the conclusion of the 14th Ordinary General Meeting of Shareholders held on December 23, 2022 due to the expiration of his term of office.

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.

### iii) Audit and Supervisory Committee

The Company's Audit and Supervisory Committee consists of four members, all of whom are Directors, and is chaired by Director Tetsuzo Hasegawa, who is a full-time Audit and Supervisory Committee member. All of the members are Outside Directors, one of whom is a certified public accountant and tax accountant, and another of whom is an attorney-at-law. The members are as stated in (2) Officers. The Directors who are Audit and Supervisory Committee members attend meetings of the Board of Directors and other internal meetings to express opinions about the Directors' performance of duties as appropriate. The Directors who are Audit and Supervisory Committee members conduct audits based on an audit plan, and the Audit and Supervisory Committee holds meetings once a month, along with extraordinary meetings as necessary. The Audit and Supervisory Committee members share information necessary for auditing by periodically holding meetings with the Internal Audit Office and accounting auditor.

The Company elects a substitute for a Director and Audit and Supervisory Committee member in case there is a vacancy among the Directors who are Audit and Supervisory Committee members required by laws and regulations. The substitute for a Director and Audit and Supervisory Committee member is as stated in (2) Officers.

iv) Management Council

The Company seeks to ensure management transparency by holding meetings of the Management Council once a week in principle, where important decisions other than matters for resolution by the Board of Directors and reporting matters from business divisions are introduced and discussed.

Chairperson: President and Representative Director Takashi Miyamoto

Members: Director Yoshiaki Harai, Director Kenta Sugai, Director Yu Sakamoto, Director Yoichi Ikeda, Director Satoshi Yamazaki, Full-time Audit and Supervisory Committee member & Outside Director Tetsuzo Hasegawa, Full-time Audit and Supervisory Committee member & Outside Director Akira Tozawa, and employees that officers etc. consider necessary to facilitate meetings

(ii) Reasons for adoption of the corporate governance structure

Since the industry in which the Company operates is still in its growth stage and competition with other companies is fierce, it is necessary to expeditiously execute business strategy. At the same time, the Company has adopted this governance system in the interest of ensuring management transparency and soundness to earn public trust.

3) Other matters related to corporate governance

(i) Status of development of internal control system

To ensure transparency and fairness in its business management, COLOPL has established a basic policy and regulations related to internal controls and created a system for internal controls. With these initiatives, the Company seeks to make sure that its operations are fully fair and transparent. In addition, COLOPL implements internal audits performed by the Internal Audit Office to confirm that the system for internal controls is functioning effectively.

Under the Companies Act and the Ordinance for Enforcement of the Companies Act, COLOPL has developed its basic policy on the establishment of an internal control system, which is described below, to ensure the appropriateness of its operations.

i) System to ensure that execution of duties by Directors and employees conform to laws, regulations, and the Articles of Incorporation

- (1) At the Company, the Directors and employees will perform their duties in consideration of compliance with laws and regulations, the Articles of Incorporation, and internal regulations, etc.
- (2) The Company will systematically deal with anti-social forces that threaten the order and safety of civil society, adopting a resolute attitude in cooperation with attorneys and the police, etc.
- (3) The Board of Directors will make decisions on business execution and supervise the Directors' performance of their duties to ensure legality under laws and regulations and adequacy based on management decisions.
- (4) The Audit and Supervisory Committee will exercise authority under laws and regulations and audit the Directors' performance of duties.
- (5) The Company will provide a point of contact for consultation on corporate ethics and whistle-blowing and build a system to early detect and correct violations of laws and regulations, the Articles of Incorporation, and internal regulations, etc. and acts that are at risk of violating them (hereinafter "public whistle-blowing system").
- (6) Violations of laws and regulations by Directors and employees will be subject to punishment imposed by the disciplinary panel, under the rules of employment, etc.
- (7) The Company will establish administrative authority to make clear responsibilities and authority and establish a system for business execution in each department.
- (8) The Company will establish necessary authorization systems and prepare internal regulations and manuals, etc., make them known internally, and use them.
- (9) The Company will designate the personal information management officer and build a personal information protection system centered around the officer. The Company will establish a secretariate under the direction of the officer to protect personal information properly and continue to improve the protection.

ii) Matters regarding the retention and management of information relating to the execution of duties by Directors

- (1) The Company will establish document management regulations and properly save and manage important documents (including electromagnetic recordings) related to the performance of duties of the Directors, including the minutes of important meetings, under the regulations, etc.
- (2) The Company will establish information management regulations to protect and manage information assets.

- iii) Regulations concerning management of the risk of loss and other relevant systems
  - (1) The Directors will identify a range of risks related to the entire Group's business. They will recognize the importance of integrated risk management and strive to identify, evaluate and manage them.
  - (2) The Company will formulate business continuity plans in anticipation of unforeseeable events, such as disasters, accidents, and system failures.
- iv) System for ensuring Directors' efficient performance of their duties
  - (1) The meetings of the Board of Directors will be held monthly and facilitated under the Articles of Incorporation and the Regulations for the Board of Directors. Extraordinary meetings will be held as needed.
  - (2) The Directors will closely exchange opinions and share information to perform their duties efficiently and promptly and with agility.
  - (3) The Company will establish organizational regulations, regulations for the division of duties, and internal approval regulations for the Directors to perform their duties efficiently.
- v) System to ensure appropriateness of operations in the group consisting of the Company and Its subsidiaries
  - (1) The Company will work to build a compliance system in the entire Group under its management philosophy.
  - (2) The Company will manage the subsidiaries as needed according to the situation of each subsidiary under the Regulations for the Management of Subsidiaries and Associates. The Company will require each subsidiary to regularly report their operating results and financial position and other important information.
  - (3) The Company will regularly review each subsidiary's organizational design and business execution system, taking into account their business, scale and position in the Group and will supervise them for them to build a system to execute operations efficiently.
  - (4) The Company will audit the business of each subsidiary as needed.
- vi) Matters related to employees who are requested by the Audit and Supervisory Committee to help the committee perform its duties
  - (1) The Audit and Supervisory Committee may request the Board of Directors to assign employees who will follow the orders and instructions of the committee (hereinafter "Assistants to the Audit and Supervisory Committee").
  - (2) Changes in the Assistants to the Audit and Supervisory Committee, the evaluation of them, and disciplinary actions against them require prior consent of the Audit and Supervisory Committee.
  - (3) The Company will build a system where the Assistants to the Audit and Supervisory Committee will follow the orders and instructions if they receive orders or instructions from the committee about their work.
- vii) System for the Directors and employees of the Company and its subsidiaries to report to the Audit and Supervisory Committee
  - (1) The Directors and employees of the Company and its subsidiaries will report without delay to the Audit and Supervisory Committee legal matters, matters that may have significant effects on the Company, matters resolved in important meetings, matters related to the public whistle-blowing system, and the status of internal audits, etc.
  - (2) The Directors and employees of the Company and its subsidiaries will report promptly the status of business execution, etc. to the Audit and Supervisory Committee at its request.
  - (3) The Company will prohibit any disadvantageous treatment of Directors and employees because of their reports to the Audit and Supervisory Committee under the preceding two paragraphs. The Company will make the prohibition known to the Directors and employees of the Company and its subsidiaries.
- viii) Policy on procedures for the handling of expenses and liabilities generated from the Audit and Supervisory Committee members' performance of their duties and the advance payment and reimbursement of expenses
  - If Audit and Supervisory Committee members request the advance payment of expenses necessary for the performance of their duties, the Company will promptly handle expenses or liabilities.

ix) Other systems to ensure effective auditing by the Audit and Supervisory Committee

- (1) The Audit and Supervisory Committee regularly exchange opinions with the Representative Director and interviews Directors and important employees as needed.
- (2) Members of the Audit and Supervisory Committee attend meetings of the Board of Directors and management meetings and other important meetings as needed.
- (3) The Audit and Supervisory Committee exchanges opinions with the auditing firm as needed.
- (4) The Audit and Supervisory Committee can independently receive help from attorneys, certified public accountants, and other experts as needed.
- (5) The Audit and Supervisory Committee regularly exchange opinions with the General Manager of the Internal Audit Office to strengthen their cooperation.

(ii) Status of improvement of risk management system

The Risk Countermeasure Committee is in charge of the Company's risk management system under the risk management rules. The Committee members designated by the Chairman of the Risk Countermeasure Committee collect and share information in cooperation with the business departments to detect risks early and prevent them from materializing. The Risk Countermeasure Committee deliberates and examines responses to risks, including climate change, and reports the results of its deliberations to the Board of Directors.

4) Outline of liability limitation agreement

The Company has signed agreements with the Directors (excluding those who are Executive Directors, etc.) and Outside Directors to limit their liability for damages under Paragraph 1, Article 423 of the Companies Act, pursuant to Paragraph 1, Article 427 of the Companies Act. The maximum amount of their liability for damages under the agreements is the amount provided for under the law. The liability limitation applies only if the Director performs their duties that have caused the liability in good faith and without gross negligence.

5) Overview of the contents of the Directors and officers liability insurance policy

The Company has concluded an agreement on liability insurance for officers, etc. provided for in Article 430-3, Paragraph 1 of the Companies Act with an insurance company.

(i) Scope of the insured

The insured are key executives of the Company and its subsidiaries, including directors, statutory auditors and executive officers.

(ii) Outline of the content of the insurance agreement

If damages are claimed due to unjust acts on the part of the insured using their position, the damages incurred by the insured, court costs, internal investigation costs, etc. are subject to compensation under the agreement on liability insurance. Damages, etc. caused by an act that the insured have done, aware that the act is in a violation of law, shall not be subject to compensation, so that the properness of the execution of duties of the insured will not be impaired. The Company pays all insurance premiums.

6) Number of Directors set out in the Articles of Incorporation

The Articles of Incorporation stipulates that the number of the Directors (excluding the Directors who are Audit and Supervisory Committee members) shall be 11 maximum. The Articles of Incorporation stipulate that the number of Directors who are Audit and Supervisory Committee members shall be five maximum.

7) Resolutions for the election of Directors (excluding Directors who are members of the Audit and Supervisory Committee) and Directors who are members of the Audit and Supervisory Committee

The Company stipulates in its Articles of Incorporation that resolutions for the election of Directors and Audit and Supervisory Committee members shall be passed by a majority of the shareholders present at the meeting where shareholders holding one third or more of the voting rights of the shareholders entitled to vote are present.

The Articles of Incorporation of the Company stipulate that no cumulative voting shall be used to pass resolutions for the election of the Directors.

8) Interim dividend

The Articles of Incorporation of the Company stipulate that the Company may, by a resolution of the Board of Directors, pay interim dividends with a record date of March 31 of each year, pursuant to Article 454, Paragraph 5 of the Companies Act. The aim is to enable flexibility in regard to return of profit to shareholders.

9) Requirement for special resolutions of general shareholders meetings

To facilitate general meetings of shareholders, the Company stipulates in its Articles of Incorporation that special resolutions provided for in Article 309, Paragraph 2 of the Companies Act shall be passed at the general meeting of shareholders by a majority of two-thirds or more of the shareholders present at the meeting where shareholders holding one third or more of the voting rights of the shareholders entitled to vote are present.

10) Purchase of treasury shares

Under Article 165, Paragraph 2 of the Companies Act, the Articles of Incorporation stipulate that the Company may purchase treasury shares by resolution of the Board of Directors. The purpose of the purchase of treasury shares is to promptly respond to changes in the business environment and implement a flexible and active financial strategy.

(2) Officers

1) Directors and Audit and Supervisory Board Members

Men: 13 persons, Women: 1 person (Women's percentage to total number of officers: 7.1%)

| Job title   | Name             | Date of birth      | Career profile   | Term     | Number of shares owned (shares) |
|---|------------------|--------------------|--|----------|---------------------------------|
| Chairman of the Board   | Naruatsu Baba    | January 7, 1978    | Mar. 2003 Joined K Laboratory Co., Ltd. (name changed to KLab Inc.)<br>Apr. 2007 Joined GREE, Inc.<br>Oct. 2008 Established COLOPL, Inc. President and Representative Director<br>Mar. 2016 Established Kuma Foundation<br>President (current position)<br>Dec. 2021 Chairman and Representative Director, COLOPL, Inc. (current position)   | (Note 1) | 61,780,034                      |
| President and Representative Director<br>Head of Marketing Division                                   | Takashi Miyamoto | April 19, 1972     | Apr. 1995 Joined Meidi-Ya Co., Ltd.<br>Sep. 2001 Joined DigiCube Co., Ltd.<br>Oct. 2003 Joined SoftBank BB Corp.<br>Apr. 2005 Joined Dex Entertainment Inc.<br>Apr. 2008 Established GP Coreedge Inc. Representative Director, President and CEO<br>Apr. 2011 Joined GamePot, Inc. Director and CMO<br>Jul. 2012 Established Coreedge Inc. Representative Director, President and CEO<br>Jun. 2020 Joined COLOPL, Inc. General Manager of Marketing Communications Division<br>Sep. 2020 Head of Marketing Division (current position)<br>Dec. 2021 President and Representative Director (current position) | (Note 1) | 53,246                          |
| Executive Director<br>Executive Director in charge of Corporate Division                              | Yoshiaki Harai   | September 28, 1988 | Mar. 2011 Joined Deloitte Touche Tohmatsu LLC<br>Mar. 2014 Registered as Certified Public Accountant<br>Jan. 2015 Joined COLOPL, Inc.<br>Oct. 2016 General Manager of Corporate Planning Division<br>Aug. 2017 General Manager of Accounting Division<br>Jan. 2018 Executive Officer<br>Dec. 2018 Executive Director (current position)<br>Sep. 2019 Head of Corporate Division and Head of HR Division  | (Note 1) | 38,757                          |
| Executive Director<br>Head of Technology Base Division<br>Executive Director in charge of HR Division | Kenta Sugai      | February 28, 1982  | Apr. 2000 Joined Fujisetsubi Corporation<br>Dec. 2001 Joined Forum Engineering Inc.<br>Apr. 2005 Joined COMSYS TECHNO Corporation<br>Jan. 2008 Joined forTravel, Inc. (name changed to Kakaku.com, Inc.)<br>Jun. 2010 Joined COLOPL, Inc.<br>Jan. 2015 General Manager of Fourth Studio, Service Division<br>Dec. 2016 Executive Director (current position)<br>Sep. 2019 Head of Technology Management Division<br>Jul. 2023 Head of Technology Base Division (current position)  | (Note 1) | 155,794                         |
| Executive Director<br>Head of Entertainment Division  | Yu Sakamoto      | March 5, 1984      | Apr. 2009 Joined Konami Digital Entertainment Co., Ltd.<br>Oct. 2013 Joined COLOPL, Inc.<br>Jan. 2018 Executive Officer and Deputy Head of Entertainment Division<br>Mar. 2019 Head of Entertainment Division (current position)<br>Dec. 2020 Executive Director (current position)  | (Note 1) | 27,882                          |
| Executive Director<br>Head of Technology Promotion Division   | Yoichi Ikeda     | January 18, 1984   | Apr. 2009 Joined CAPCOM CO., LTD.<br>Dec. 2012 Joined COLOPL, Inc.<br>Jan. 2019 Deputy Head of Creative Division<br>Sep. 2019 Deputy Head of Entertainment Division<br>Dec. 2020 Executive Director (current position)<br>Jan. 2021 Head of Technology Promotion Division (current position)   | (Note 1) | 23,247                          |



| Job title   | Name               | Date of birth      | Career profile  | Term     | Number of shares owned (shares) |
|---|--------------------|--------------------|---|----------|---------------------------------|
| Executive Director<br>General Manager of Legal and Intellectual Property Department | Satoshi Yamazaki   | September 15, 1972 | Apr.1995 Joined INNOTECH CORPORATION<br>Mar.2004 Joined Sony Global Solutions Inc.<br>Aug.2005 Joined Elpida Memory Inc. (name changed to Micron Memory Japan, K.K.)<br>Mar.2006 Joined CASIO COMPUTER CO., LTD.<br>Jul.2016 General Manager of Legal Department, CASIO COMPUTER CO., LTD.<br>Mar.2020 Joined COLOPL, Inc.<br>Jun.2020 General Manager of Legal & Intellectual Property Department, Corporate Division<br>Apr.2023 Executive Officer, General Manager of Legal & Intellectual Property Department (current position)<br>Dec.2023 Executive Director (current position)  | (Note 1) | —                               |
| Executive Director  | Koji Yanagisawa    | May 19, 1971       | Apr. 1995 Joined Fuji Bank, Limited (present Mizuho Bank, Ltd.)<br>May 1999 Joined NTT DATA INSTITUTE OF MANAGEMENT CONSULTING, Inc.<br>May 2005 Joined Mizuho Securities Co., Ltd.<br>Feb. 2006 Full-time Statutory Auditor, Start Today Co., Ltd. (name changed to ZOZO, Inc.)<br>Jun. 2008 Director Head of Strategic Planning and Business Administration Division, Start Today Co., Ltd. (name changed to ZOZO, Inc.)<br>Apr. 2009 CFO, Start Today Co., Ltd. (name changed to ZOZO, Inc.)<br>Dec. 2015 Outside Director, COLOPL, Inc. (current position)<br>Apr. 2017 Executive Vice President and CFO, Start Today Co., Ltd. (name changed to ZOZO, Inc.) (current position)<br>Mar. 2020 External Director, OPT Holdings, Inc. (name changed to DIGITAL HOLDINGS, Inc.) (current position)  | (Note 1) | 5,000                           |
| Executive Director  | Harold George Meij | December 4, 1963   | Jan. 1987 Joined Heineken Japan K.K. Assistant General Manager<br>Apr. 1990 Joined Nippon Lever K.K. (name changed to Unilever Japan K.K.) Assistant Brand Manager<br>Apr. 2000 Joined Sunstar Inc. Executive Officer of Oral Care Division<br>Sep. 2006 Executive Vice President & General Manager of Marketing Headquarters, Coca-Cola (Japan) Company, Limited<br>Nov. 2008 Executive Vice President & Chief Customer Officer, Coca-Cola (Japan) Company, Limited<br>Mar. 2014 Management Advisor, TOMY COMPANY, LTD.<br>Jun. 2015 Representative Director, President & CEO, TOMY COMPANY, LTD.<br>May 2018 Director & CSO, Bushiroad Inc.<br>Representative Director, President & CEO, New Japan Pro-Wrestling Co., Ltd.<br>Mar. 2019 Outside Director, Earth Corporation (current position)<br>Nov. 2020 Advisor, Sanrio Company, Ltd. (current position)<br>Mar. 2021 Management Advisory Board Member, Kewpie Corporation<br>Mar. 2021 Advisor, Panasonic Corporation<br>Apr. 2021 Outside Director, Alinamin Pharmaceutical Co., Ltd. (current position)<br>Dec. 2021 Outside Director, COLOPL, Inc. (current position)<br>Apr. 2022 Outside Director, Panasonic Corporation (current position)<br>Dec. 2022 Advisor, Kewpie Corporation (current position) | (Note 1) | —                               |

| Job title   | Name                | Date of birth     | Career profile |   | Term     | Number of shares owned (shares) |
|---|---------------------|-------------------|----------------|---|----------|---------------------------------|
| Executive Director  | Masako Takeda       | March 31, 1968    | Jan.1989       | Joined Seibu Credit Co., Ltd. (name changed to Credit Saison Co., Ltd.)   | (Note 1) | —                               |
|   |                     |                   | Jun.2014       | Director, In Charge of Strategic Human Resources Department, Seibu Credit Co., Ltd. (name changed to Credit Saison Co., Ltd.)                       |          |                                 |
|   |                     |                   | Mar.2016       | Director, General Manager of Sales Development Division, Seibu Credit Co., Ltd. (name changed to Credit Saison Co., Ltd.)                           |          |                                 |
|   |                     |                   | May2018        | Executive Officer, General Manager of Human Resources & General Affairs Division, Calbee, Inc.  |          |                                 |
|   |                     |                   | Apr.2019       | Managing Executive Officer, CHRO, General Manager of Human Resources & General Affairs Division, Calbee, Inc.                                       |          |                                 |
|   |                     |                   | Apr.2023       | Senior Managing Executive Director and CHRO, Members Co., Ltd. (current position)   |          |                                 |
|   |                     |                   | Dec.2023       | Outside Director, COLOPL, Inc. (current position)   |          |                                 |
| Executive Director<br>Audit and Supervisory<br>Committee member | Tetsuzo<br>Hasegawa | March 26, 1950    | Apr. 1973      | Joined Daiwa Securities Co. Ltd.  | (Note 2) | 25,000                          |
|   |                     |                   | Apr. 1999      | Joined Daiwa Securities SB Capital Markets Co. Ltd.   |          |                                 |
|   |                     |                   | Feb. 2004      | Director, Daiwa Securities SMBC Principal Investments Co. Ltd. (name changed to Daiwa PI Partners Co. Ltd.)   |          |                                 |
|   |                     |                   | May 2005       | Director, CABIN Co. Ltd.  |          |                                 |
|   |                     |                   | Jun. 2005      | Director, Daiwa Seiko Co. Ltd. (name changed to GLOBERIDE, Inc.)  |          |                                 |
|   |                     |                   | Oct. 2005      | Director, MARUI IMAI Inc.   |          |                                 |
|   |                     |                   | Jun. 2007      | Director, Mitsui Mining Co., Ltd. (name changed to NIPPON COKE & ENGINEERING CO., LTD.)   |          |                                 |
|   |                     |                   | Dec. 2007      | Chairman and Representative Director, HMV Japan K.K.  |          |                                 |
|   |                     |                   | Jun. 2008      | Auditor, Daiwa Sank Co. Ltd.<br>Auditor, Daiwa Institute of Research Ltd<br>Auditor, Daiwa Pension Consulting Co., Ltd.                             |          |                                 |
|   |                     |                   | Oct. 2008      | Auditor, Daiwa Institute of Research Business Innovation Ltd.   |          |                                 |
|   |                     |                   | Sep. 2010      | Full-time Statutory Auditor, COLOPL, Inc.   |          |                                 |
|   |                     |                   | Dec. 2015      | Outside Director (Full-time Audit and Supervisory Committee member), COLOPL, Inc. (current position)  |          |                                 |
| Executive Director<br>Audit and Supervisory<br>Committee member | Akira Tozawa        | August 1, 1958    | Apr.1981       | Joined KEIO DEPARTMENT STORE CO., LTD.  | (Note 2) | —                               |
|   |                     |                   | Apr.1987       | Joined Nikko Securities Co., Ltd.   |          |                                 |
|   |                     |                   | Nov.1999       | General Manager of IPO Division, Sakura Securities Co., Ltd.  |          |                                 |
|   |                     |                   | Apr.2003       | General Manager of IPO Division, Daiwa Securities SMBC Co. Ltd.   |          |                                 |
|   |                     |                   | Jun.2009       | Director, Nippon Dry-Chemical Co., Ltd.   |          |                                 |
|   |                     |                   | Oct.2009       | General Manager of Corporate Planning Department, Daiwa Securities SMBC Principal Investments Co. Ltd. (name changed to Daiwa PI Partners Co. Ltd.) |          |                                 |
|   |                     |                   | Jun.2011       | Auditor, Nozomi Servicing Co. Ltd.  |          |                                 |
|   |                     |                   | Aug.2014       | General Manager of Fukuoka Sales Office, PRONEXUS Inc.  |          |                                 |
|   |                     |                   | Dec.2023       | Outside Director (Full-time Audit and Supervisory Committee member), COLOPL, Inc. (current position)  |          |                                 |
| Executive Director<br>Audit and Supervisory<br>Committee member | Ryogo Tsukioka      | November 19, 1971 | Apr. 1996      | Joined Dai Nippon Printing Co., Ltd.  | (Note 2) | —                               |
|   |                     |                   | Jan. 1999      | Joined Zeirishi-Hojin PricewaterhouseCoopers (name changed to PwC Tax Japan)  |          |                                 |
|   |                     |                   | Apr. 2003      | Registered as Certified Public Accountant   |          |                                 |
|   |                     |                   | Jul. 2006      | Established Tsukioka CPA Office Director (current position)   |          |                                 |
|   |                     |                   | Dec. 2010      | Statutory Auditor, COLOPL, Inc.   |          |                                 |
|   |                     |                   | Dec. 2015      | Outside Director (Audit and Supervisory Committee member), COLOPL, Inc. (current position)  |          |                                 |

| Job title   | Name          | Date of birth    | Career profile  | Term     | Number of shares owned (shares) |
|---|---------------|------------------|---|----------|---------------------------------|
| Executive Director<br>Audit and Supervisory<br>Committee member | Koichiro Iida | October 15, 1971 | Apr. 1996 Admitted as an attorney-at-law<br>Joined Mori Sogo (name changed to Mori Hamada & Matsumoto) (current position)<br>Jun. 2005 Registered as an attorney-at-law in California, U.S.<br>Dec. 2011 Statutory Auditor, COLOPL, Inc.<br>Oct. 2013 Corporate Auditor, HEROZ, Inc.<br>Jun. 2014 Auditor, Sansan, Inc.<br>Jul. 2015 Statutory Auditor, Minnano Wedding Co., Ltd. (name changed to anymarry Co., Ltd.)<br>Aug. 2015 Outside Director (Audit & Supervisory Committee member), Sansan, Inc.<br>Dec. 2015 Outside Director (Audit and Supervisory Committee member), COLOPL, Inc. (current position)<br>Dec. 2016 Alternative Dispute Resolution Committee Member, Alternative Dispute Resolution Committee of National Consumer Affairs Center of Japan (current position)<br>Jul. 2017 Outside Director (Audit and Supervisory Committee member), HEROZ, Inc.<br>Oct. 2018 Outside Director (Audit and Supervisory Committee member), Kufu Company Inc. (name changed to Kufu Sumai Inc.)<br>Oct. 2020 Auditor, STADIUM Co., Ltd.<br>Jul. 2021 Outside Director, HyAS & Co. Inc. | (Note 2) | —                               |
| Total   |               |                  |   |          | 62,108 960                      |

(Notes) 1. The term expires at the conclusion of the Ordinary General Meeting of Shareholders for the last fiscal year ending within one (1) year after the conclusion of the Ordinary General Meeting of Shareholders held on December 22, 2023.

2. The term expires at the conclusion of the Ordinary General Meeting of Shareholders for the last fiscal year ending within two (2) years after the conclusion of the Ordinary General Meeting of Shareholders held on December 22, 2023.

3. The members of the Audit and Supervisory Committee of the Company are as follows:

Chairperson: Tetsuzo Hasegawa; Members: Akira Tozawa, Ryogo Tsukioka, Koichiro Iida

Tetsuzo Hasegawa and Akira Tozawa are full-time members of the Audit and Supervisory Committee. The Company appoints a full-time member of the Audit and Supervisory Committee to gather information, increase the effectiveness of audits, and strengthen the auditing and supervisory functions.

4. Executive Directors Koji Yanagisawa, Harold George Meij, Masako Takeda, Tetsuzo Hasegawa, Akira Tozawa, Ryogo Tsukioka, Koichiro Iida, are Outside Directors.

5. If the number of Directors who are Audit and Supervisory Committee members falls below the number stipulated by laws and regulations, the Company elected Hiroshi Sato as a substitute Director who is an Audit and Supervisory Committee member provided for in Article 329, Paragraph 3 of the Companies Act in the Ordinary General Meeting of Shareholders held on December 22, 2023.

The career history of the substitute for a Director who is an Audit and Supervisory Committee Member is as follows.

| Name         | Date of birth     | Career profile  | Number of shares owned (shares) |
|--------------|-------------------|---|---------------------------------|
| Hiroshi Sato | September 4, 1978 | Jan. 2009 Joins Meisei Audit Corporation (name changed to HLB Meisei LLC)<br>Jan. 2012 Joins Broadmedia Studios Corporation<br>Mar. 2015 Joins Gakkyusha co., Ltd.<br>Jul. 2016 General Manager of Finance Department, Gakkyusha co., Ltd.<br>Auditor, inter-edu.com Co., Ltd.<br>Jun. 2018 Joins COLOPL, Inc.<br>Jan. 2019 General Manager of Internal Audit Office (current position) | -                               |

## 2) Information about Outside Officers

Three of the Directors who are not Audit and Supervisory Committee members and four of the Directors who are Audit and Supervisory Committee members are Outside Directors under the Companies Act as of the date of submission of this report. To establish effective corporate governance by bringing in outside perspectives, the Company expects the Outside Directors to provide objective and neutral advice and to supervise the Executive Directors' performance of their duties using their extensive experience and deep insight into financing, accounting and law as professionals. The Company's criteria for selecting Outside Directors are expertise and experience suitable for the aforementioned purpose and no concerns about independence in terms of relationships with the Company and the Representative Directors and other Executive Directors.

Outside Director Koji Yanagisawa has extensive experience and broad knowledge as a corporate executive.

Outside Director Harold George Meij has a deep insight into and experience in management and marketing.

Outside Director Masako Takeda has extensive experience and a proven track record in human resources and general affairs and business promotion.

Outside Director Tetsuzo Hasegawa, who is an Audit and Supervisory Committee member, has experience of working in the securities industry for a long time and has extensive experience as a Director or an auditor at other companies. He participates in monthly meetings of the Board of Directors and extraordinary meetings of the Board of Directors that are held as needed, among other internal meetings. He actively supervises business execution and gives advice from an objective perspective.

Outside Director Akira Tozawa, who is an Audit and Supervisory Committee member, has long term work experience in the securities industry and experience as a Director or Auditor in other companies.

Outside Director Ryogo Tsukioka, who is an Audit and Supervisory Committee member, has expert knowledge about accounting and tax as a certified public accountant and a tax accountant.

Outside Director Koichiro Iida, who is an Audit and Supervisory Committee member, has legal expertise as an attorney-at-law.

Outside Directors Ryogo Tsukioka and Koichiro Iida, who are Audit and Supervisory Committee members, participate in monthly meetings of the Board of Directors. They actively supervise business execution and give advice from an objective perspective.

Outside Director Koji Yanagisawa holds 5,000 shares in the Company. Outside Director Tetsuzo Hasegawa, who is an Audit and Supervisory Committee member, holds 25,000 shares in the Company.

The Outside Directors have no other special stake in the Company.

3) Relationships between supervision or audits by Outside Officers and internal audits, audits by the Audit and Supervisory Committee and accounting audits, and relationships between Outside Directors and the internal control division

The Outside Directors exchange opinions with the Board of Directors, the Audit and Supervisory Committee, and the Executive Directors and cooperate in audits by the Audit and Supervisory Committee, internal audits, and accounting audits.

The Outside Directors supervise and audit the building and operation of internal control systems.

### (3) Audits

#### 1) Audits by the Audit and Supervisory Committee

##### (i) Members of Audit and Supervisory Committee

The Audit and Supervisory Committee consists of four Outside Directors, Tetsuzo Hasegawa, Akira Tozawa, Ryogo Tsukioka and Koichiro Iida. Director Tetsuzo Hasegawa, full-time Audit and Supervisory Committee member, is chairperson. The Company appoints Directors who are Audit and Supervisory Committee members who have knowledge about not only accounting but also finance, tax, law, intellectual property, etc. in consideration of its situation. The members of the Audit and Supervisory Committee and the accounting auditor cooperate with each other to carry out audits properly. They hold meetings about accounting regularly and as necessary.

##### (ii) Number of meetings of the Audit and Supervisory Committee, attendance of the members, and agenda

The Company held 13 meetings of the Audit and Supervisory Committee in the fiscal year under review. The attendance of each member of the committee was as shown below.

| Name             | Number of meetings attended |
|------------------|-----------------------------|
| Tetsuzo Hasegawa | 13                          |
| Ryogo Tsukioka   | 13                          |
| Koichiro Iida    | 13                          |

The agendas included resolutions on audit plans, audit reports, and the appointment of an auditing firm, the sharing of the agendas of important meetings attended by the full-time Audit and Supervisory Committee member, internal audit reports, whistleblowing reports and investigation results, and discussions about internal control issues.

##### (iii) Activities of the Audit and Supervisory Committee

The members of the Audit and Supervisory Committee participated in important meetings, received reports from Directors and employees, etc. about their performance of their duties, requested explanations as necessary, and investigated the operations and property of the Company in cooperation with the Company's internal audit division and other divisions responsible for internal control, in accordance with the audit policies and division of duties determined by the committee. The committee members communicated and exchanged information with the subsidiaries' Directors and Auditors and received business reports as needed.

They monitored and verified whether the accounting auditor maintained its independence and carried out its audits appropriately, received reports from the accounting auditor regarding the execution of its duties and, where necessary, requested explanations. They also received notification from the accounting auditor to the effect that "systems to ensure that duties are executed appropriately" (the matters listed in each item of Article 131 of the Regulation on Corporate Accounting) had been established in accordance with Quality Control Standards for Auditing (Business Accounting Council) and where necessary requested explanations.

Based on those activities, the Audit and Supervisory Committee regularly gives its opinions to Directors who are not members of the committee.

##### (iv) Activities of full-time Audit and Supervisory Committee member

In addition to the activities described in (iii) Activities of the Audit and Supervisory Committee, the full-time Audit and Supervisory Committee member engages in the following activities:

- He participates in meetings of the Board of Directors and other meetings that are related to important decision making and compliance at the Company, including meetings of the Management Council and Risk Countermeasure Committee, and expresses opinions as necessary.
- He peruses important documents for approval to make sure that decisions are made properly under the internal rules.
- He individually interviews the President, other Directors and important employees, shares views on management issues and business risks, and exchanges opinions.
- He visits subsidiaries and carries out audits and interviews with Directors and other personnel to make sure that the Group's internal control system works effectively.
- As the Chairperson of the Nomination and Compensation Advisory Committee, he participates in the meetings with the one other members of the Audit and Supervisory Committee and expresses opinions about the selection of Director candidates at the Company and compensation for officers.

#### 2) Internal audits

The Internal Audit Office carries out internal audits at the Company. Five staff members of the office are responsible for

internal audits. The Internal Audit Office carries out internal audits to ensure the effectiveness and efficiency of operations in accordance with internal audit plans approved by the President and Representative Director. The office reports the results of audits to the President and Representative Director and full-time Audit and Supervisory Committee member, and points out operations that should be improved to the business divisions audited. The office examines improvements checks later. The Internal Audit Office regularly holds meetings with the Audit and Supervisory Committee and the accounting auditor to share information necessary for audits.

### 3) Accounting audits

#### (i) Name of audit corporation

Deloitte Touche Tohmatsu LLC

#### (ii) Continuous audit period

14 years

#### (iii) Certified public accountants who carried out the audit

Designated Unlimited Liability Partner, Engagement Partner      Hiroyuki Ito

Designated Unlimited Liability Partner, Engagement Partner      Hideki Oi

#### (iv) Assistants for audits

Eight certified public accountants

12 other assistants

#### (v) Policy and reasons for selection of audit corporation

The Company selects auditing firms, comprehensively considering their expertise, independence, and whether they ensure the quality of audits appropriately, among other factors as an accounting auditor suitable for the Group's business type and business scale.

The Company believes that Deloitte Touche Tohmatsu LLC has a system that enables it to carry out accounting audits for the Company appropriately and properly.

The Audit and Supervisory Committee will work out a proposal to dismiss or not to reappoint the accounting auditor to the General Meeting of Shareholders, if the committee decides there are any problems in the accounting auditor's performance of its duties or any need for making the proposal. The Auditor and Supervisory Committee will dismiss the accounting auditor with the consent of all the committee members if the accounting auditor falls under any item of Article 340, Paragraph 1 of the Companies Act.

#### (vi) Evaluation of audit corporation by Audit and Supervisory Committee

The Audit and Supervisory Committee decides whether the accounting auditor maintains the quality of audits and carries out audits properly by monitoring and examining whether the accounting auditor maintains its independence and carries out audits as professionals and requesting explanations about the independence of the accounting auditor and other matters related to its performance of its duties. As a result of the evaluation, the Audit and Supervisory Committee has decided that Deloitte Touche Tohmatsu LLC carries out audits properly.

### 4) Audit fees

#### (i) Fees paid to certified public accountants, etc.

| Classification                           | Previous consolidated fiscal year                                 |   | Consolidated fiscal year under review                             |   |
|--|---|---|---|---|
|  | Compensation based on audit and attestation service (million yen) | Compensation based on non-audit service (million yen) | Compensation based on audit and attestation service (million yen) | Compensation based on non-audit service (million yen) |
| Company submitting the securities report | 37  | -   | 58  | -   |
| Consolidated subsidiaries                | -   | -   | -   | -   |
| Total                                    | 37  | -   | 58  | -   |

#### ( ii ) Fees to the network to which the certified public accountants for audits belong (excluding ( i ))

| Classification                           | Previous consolidated fiscal year                                 |   | Consolidated fiscal year under review                             |   |
|--|---|---|---|---|
|  | Compensation based on audit and attestation service (million yen) | Compensation based on non-audit service (million yen) | Compensation based on audit and attestation service (million yen) | Compensation based on non-audit service (million yen) |
| Company submitting the securities report | -   | -   | -   | 14  |
| Consolidated subsidiaries                | -   | -   | -   | -   |
| Total                                    | -   | -   | -   | 14  |

Non-audit services at the Company in the fiscal year under review comprised due diligence, etc.

(iii) Details of other major fees for audit and attestation services

Not applicable.

(iv) Policy on determination of audit fees

The Company has not formulated any policy to determine audit fees to certified public accountants for audits. The Company determines audit fees after it examines the adequacy of audit plans submitted from the accounting auditor and the basis of the calculation of estimates of fees and decides that the fees are reasonable.

(v) Reasons why the Audit and Supervisory Committee consented to the fees, etc. of the accounting auditor

Taking into consideration the practical guidelines for cooperation with accounting auditors published by the Japan Audit and Supervisory Board Members Association, the Audit and Supervisory Committee obtained the necessary materials and reports about the audit in the previous fiscal year from the Directors, departments related to accounting, and the accounting auditor, and examined the auditing time and personnel arrangements in the auditing plan, the performance of accounting audits, and the basis of calculation of estimates of fees, among other matters. As a result, the committee has given consent to fees, etc. to the accounting auditor under Article 399, Paragraph 1 of the Companies Act.

(4) Directors' Compensation, Etc.

1) Details and methods of determination for Director Compensation amounts and their calculation

The respective upper limits are set on the compensation, etc. of Directors (excluding Directors who are Audit and Supervisory Committee members) and Directors who are Audit and Supervisory Committee members through resolution of the General Meeting of Shareholders.

To ensure objectivity and transparency in the process of nominating Directors and determining compensation and to strengthen the corporate governance system, the Company has established a Nomination and Compensation Advisory Committee as a non-mandatory advisory body of the Board of Directors. Items to deliberate at Nomination and Compensation Advisory meetings are as follows:

1. Draft policy to determine compensation etc. for each Director
2. Draft policy on compensation etc. for each Director
3. Basic policies, etc. needed to resolve the items above
4. Creation of policies to elect and dismiss Directors
5. Draft proposals of election and dismissal of Directors
6. Other items associated with the above that the Board of Directors considers necessary

The activities of the Nomination and Compensation Advisory Committee chiefly in the process of determining Directors' compensation, etc., during the fiscal year under review are as follows.

| Date of activity   | Name   | Activities  |
|--------------------|--|---|
| March 22, 2023     | Nomination and Compensation Advisory Committee | Consultation on candidates for new Outside Directors and their remuneration |
| June 20, 2023      | Nomination and Compensation Advisory Committee | Deliberation on basic policies for compensation, etc. of Directors          |
| September 25, 2023 | Nomination and Compensation Advisory Committee | Deliberation on drafts of Director candidates and aggregate compensation    |
| October 18, 2023   | Nomination and Compensation Advisory Committee | Deliberations regarding individual compensation of Directors                |
| December 22, 2023  | Board of Directors                             | Discretionary resolution regarding individual compensation of Directors     |

At a meeting of the Board of Directors held on February 17, 2021, the Board resolved to adopt the policy on determining compensation etc. for individual Directors. The Board of Directors has consulted the Nomination and Compensation Advisory Committee on the resolution and received recommendations from the Committee.

The amount of compensation for individual Directors (excluding Directors who are Audit and Supervisory Committee members) is left to the discretion of the President and Representative Director by resolution of the Board of Directors because the Representative Director is appropriate for evaluating the departments that each Director is responsible for while taking the overall results of the Company into consideration. The President and Representative Director fully considers the recommendations of the Nomination and Compensation Advisory Committee, which is voluntarily established by the Company, to determine the amount of compensation for individual Directors, which is a calculation based on the policy for determining Directors' compensation, etc.

The amounts of compensation for Directors who are Audit and Supervisory Committee members are determined through deliberations among Audit and Supervisory Committee members.

For the fiscal year under review, the Board of Directors entrusted decisions on the amount of compensation for each Director (excluding Audit and Supervisory Committee members) to President and Representative Director Takashi Miyamoto, and President and Representative Director Takashi Miyamoto determined the amount of compensation for each Director. The Board of Directors has ascertained that the method for determining compensation, etc. for each Director for the fiscal year under review is consistent with the policy to determine compensation and that the reports of the Nomination and Compensation Advisory Committee have been respected. The Board of Directors has determined that the compensation, etc. for each Director is in line with the policy.

(i) Basic policy regarding determination of compensation, etc.

The Board of Directors has established basic policies to determine Directors' compensation, etc. as stated below in consideration of the recommendations of the Nomination and Compensation Advisory Committee.

1. Compensation capable of securing talented individuals, taking into account the standards of other companies in the same industry



2. Compensation corresponding to Directors' responsibilities and contributions
3. Compensation system that encourages Directors to work to improve corporate value

(ii) Structure of compensation

The compensation of the Company's Directors consists of fixed compensation and restricted stock-based compensation, the amounts of which are determined by comprehensively considering factors that include the consolidated business results and the duties and contributions of each Director.

The date of resolution of the General Meeting of Shareholders about fixed compensation for Directors (excluding Directors who are Audit and Supervisory Committee members) was December 17, 2021. The resolution says that fixed compensation paid to the Directors shall not exceed 300 million yen per year (50 million yen of which is for Outside Directors. The fixed compensation does not include the salaries that the Directors who are also employees receive as employees. The number of Directors [excluding Directors who are Audit and Supervisory Committee members] shall not exceed 11 under the Articles of Incorporation and was ten as of the date of submission of this securities reports). The date of resolution of the General Meeting of Shareholders about fixed compensation for Directors who are Audit and Supervisory Committee members was December 22, 2023. The resolution says that the fixed compensation paid to the Directors who are Audit and Supervisory Committee members shall not exceed 50 million yen per year (The number of Directors who are Audit and Supervisory Committee members shall not exceed five under the Articles of Incorporation and was four as of the date of submission of this securities report).

The resolution date of the General Meeting of Shareholders relating to a restricted stock compensation plan was December 20, 2019. The amount of monetary compensation paid to Directors (excluding Outside Directors and Directors who are Audit and Supervisory Committee members) as restricted stock compensation shall not exceed 300 million yen per year. To ensure the independence of the Outside Directors and the Directors who are Audit and Supervisory Committee members, their compensation consists only of fixed compensation.

2) Total remuneration, etc., total amounts of each type of remuneration, and the number of eligible officers for each classification of officers

| Classification  | Total amount of compensation, etc. (million yen) | Compensation, etc. by type (million yen) |                               |                                |   | Number of eligible officers |
|---|--|--|-------------------------------|--------------------------------|---|-----------------------------|
|   |  | Fixed compensation                       | Restricted stock compensation | Performance-based remuneration | Non-monetary compensation, etc. of the compensation at left |                             |
| Directors (excluding those who are Audit and Supervisory Committee members) (excluding Outside Directors) | 189  | 143                                      | 46                            | -                              | -   | 6                           |
| Directors (Audit and Supervisory Committee members) (excluding Outside Directors)                         | -  | -  | -                             | -                              | -   | -                           |
| Outside Directors   | 50   | 50                                       | -                             | -                              | -   | 7                           |

3) Compensation, etc. for each officer of the Company that submits this report

The information is omitted because no officers receive compensation, etc. of 100 million yen or more.

4) Important matters among the salaries of employees who concurrently serve as officers

Not applicable.

(5) Information of Shareholdings

1) Classification of investment shares

The Company classifies investment shares into two categories: investment shares held for purely investment purposes, which are held solely for the purpose of making a profit from changes in share prices or dividends related to the shares, and investment shares held for reasons other than purely investment purposes (strategic shareholdings).

2) Investment shares held for purposes other than pure investment

- (i) Policy for shareholding, method for examining the rationality of shareholding, and the examination of whether holding shares of individual stocks is appropriate or not

The Company's policy is to acquire shares of publicly listed companies for strategic purposes only when it can be reasonably explained that the shares are strongly tied to business, such as a capital and business alliance, and that the shares facilitate our business and alliance.

After the acquisition of shares, the Board of Directors periodically examines the effectiveness of the alliance, taking into account any change in the appraised value of the shares held.

- (ii) Number of shares and balance sheet amount

|                                   | Number of shares<br>(stock) | Total consolidated<br>balance sheet amount<br>(million yen) |
|-----------------------------------|-----------------------------|---|
| Unlisted shares                   | -                           | -   |
| Shares other than unlisted stocks | 1                           | 152   |

(Stocks for which the number of shares increased in the fiscal year under review)

|                                   | Number of shares<br>(stock) | Total acquisition cost<br>related to increases in<br>shares (million yen) | Reason for increase in<br>number of shares |
|-----------------------------------|-----------------------------|---|--|
| Unlisted shares                   | -                           | -   | -  |
| Shares other than unlisted stocks | -                           | -   | -  |

(Stocks for which the number of shares decreased in the fiscal year under review)

|                                   | Number of shares<br>(stock) | Total sale value related<br>to decreases in shares<br>(million yen) |
|-----------------------------------|-----------------------------|---|
| Unlisted shares                   | -                           | -   |
| Shares other than unlisted stocks | -                           | -   |

- (iii) Number and balance sheet amount of specified investment shares and deemed shareholdings for each stock held and other information

Specified investment shares

|                 | Fiscal year under<br>review           | Previous fiscal year                  | Purpose and quantitative effect of<br>shareholding and reason for an<br>increase in the number of shares  | Shareholding<br>by the<br>Company |
|-----------------|---------------------------------------|---------------------------------------|---|-----------------------------------|
|                 | Number of shares<br>(shares)          | Number of shares<br>(shares)          |   |                                   |
|                 | Balance sheet amount<br>(million yen) | Balance sheet amount<br>(million yen) |   |                                   |
| adish Co., Ltd. | 125,800                               | 125,800                               | To maintain and strengthen the<br>business relationship with this<br>company, which provides customer<br>support for services operated and<br>provided by the Group | No                                |
|                 | 152                                   | 127                                   |   |                                   |

(Note) It is difficult to state the effects of shareholdings quantitatively. We examine the purpose of shareholdings, the economic rationality, and the status of transactions to determine the effects.

3) Investment shares held for purely investment purposes

| Classification                    | Fiscal year under review |   | Previous fiscal year     |   |
|-----------------------------------|--------------------------|---|--------------------------|---|
|                                   | Number of shares (stock) | Total consolidated balance sheet amount (million yen) | Number of shares (stock) | Total consolidated balance sheet amount (million yen) |
| Unlisted shares                   | 6                        | 1,548   | 6                        | 1,420   |
| Shares other than unlisted stocks | -                        | -   | -                        | -   |

| Classification                    | Fiscal year under review               |                                  |                                   |
|-----------------------------------|--|----------------------------------|-----------------------------------|
|                                   | Total dividends received (million yen) | Gain/loss on sales (million yen) | Valuation gain/loss (million yen) |
| Unlisted shares                   | -                                      | -                                | (Note)                            |
| Shares other than unlisted stocks | -                                      | -                                | -                                 |

(Note) The valuation gain/loss of unlisted stocks is not entered because they do not have any market prices.

## V. Financial Information

### 1. Method of Preparation of Consolidated Financial Statements and Non-consolidated Financial Statements

- (1) The consolidated financial statements of the Company are prepared in compliance with the Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements (Ordinance of the Ministry of Finance No. 28 of 1976).
- (2) The non-consolidated financial statements of the Company are prepared in compliance with the Regulation on Terminology, Forms, and Preparation Methods of Financial Statements (Ministry of Finance Order No. 59 of 1963; hereinafter referred to as the “Ordinance on Non-Consolidated Financial Statements”).

Because the Company is classified as a company that prepares its financial statements pursuant to special provisions, the non-consolidated financial statements are prepared as provided in Article 127 of the Ordinance on Non-Consolidated Financial Statements.

### 2. Audit Certification

The Company’s consolidated financial statements for the consolidated fiscal year (from October 1, 2022 to September 30, 2023) and the non-consolidated financial statements for the fiscal year (from October 1, 2022 to September 30, 2023) were audited by Deloitte Touche Tohmatsu LLC under Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act.

### 3. Specific Efforts to Secure the Appropriateness of the Consolidated Financial Statements, etc.

The Company has undertaken specific measures to secure the appropriateness of its consolidated financial statements, etc. Specifically, the Company has become a member of the Financial Accounting Standards Foundation (FASF) to properly understand accounting standards, etc. and develop systems that enable it to properly respond to changes in accounting standards, etc. The Company actively participates in training and seminars provided by organization that has specialized information, including the Financial Accounting Standards Foundation (FASF).

# 1. Consolidated Financial Statements

## (1) Consolidated Financial Statements

### 1) Consolidated Balance Sheet

(million yen)

|   | As of September 30, 2022 | As of September 30, 2023 |
|---|--------------------------|--------------------------|
| <b>Assets</b>   |                          |                          |
| Current assets  |                          |                          |
| Cash and deposits                                     | 60,330                   | 57,960                   |
| Accounts receivable - trade, and contract assets      | *1 4,910                 | *1 4,635                 |
| Operational investment securities                     | 10,334                   | 9,750                    |
| Merchandise   | 106                      | 74                       |
| Work in process                                       | 419                      | 362                      |
| Supplies  | 5                        | 5                        |
| Advance payments                                      | 431                      | 461                      |
| Prepaid expenses                                      | 460                      | 673                      |
| Other   | 939                      | 756                      |
| Allowance for doubtful accounts                       | (21)                     | (21)                     |
| Total current assets                                  | 77,917                   | 74,658                   |
| Non-current assets                                    |                          |                          |
| Property, plant and equipment                         |                          |                          |
| Buildings and structures                              | 2,095                    | 2,146                    |
| Accumulated depreciation and impairment               | (413)                    | (517)                    |
| Buildings and structures, net                         | 1,681                    | 1,628                    |
| Tools, furniture and fixtures                         | 702                      | 754                      |
| Accumulated depreciation and impairment               | (547)                    | (608)                    |
| Tools, furniture and fixtures, net                    | 154                      | 146                      |
| Construction in progress                              | 1                        | 5                        |
| Total property, plant and equipment                   | 1,837                    | 1,780                    |
| Intangible assets                                     |                          |                          |
| Software  | 21                       | 20                       |
| Total intangible assets                               | 21                       | 20                       |
| Investments and other assets                          |                          |                          |
| Investment securities                                 | 1,473                    | 2,833                    |
| Shares of subsidiaries and associates                 | 3                        | 212                      |
| Investments in capital of subsidiaries and associates | 20                       | 129                      |
| Leasehold and guarantee deposits                      | *2 1,717                 | *2 1,654                 |
| Deferred tax assets                                   | 133                      | 120                      |
| Other   | 162                      | 55                       |
| Allowance for doubtful accounts                       | (6)                      | (0)                      |
| Total investments and other assets                    | 3,503                    | 5,004                    |
| Total non-current assets                              | 5,363                    | 6,805                    |
| Total assets  | 83,280                   | 81,464                   |

(million yen)

|   | As of September 30, 2022 | As of September 30, 2023 |
|---|--------------------------|--------------------------|
| <b>Liabilities</b>                                    |                          |                          |
| Current liabilities                                   |                          |                          |
| Accounts payable - trade                              | 68                       | 67                       |
| Accounts payable - other                              | 2,239                    | 2,226                    |
| Accrued expenses                                      | 602                      | 610                      |
| Income taxes payable                                  | 1,923                    | 336                      |
| Accrued consumption taxes                             | 100                      | 183                      |
| Advances received                                     | 452                      | 574                      |
| Deposits received                                     | 231                      | 228                      |
| Other   | 75                       | 56                       |
| Total current liabilities                             | 5,694                    | 4,283                    |
| Non-current liabilities                               |                          |                          |
| Asset retirement obligations                          | 727                      | 745                      |
| Deferred tax liabilities                              | 259                      | 349                      |
| Other   | 23                       | 26                       |
| Total non-current liabilities                         | 1,011                    | 1,121                    |
| Total liabilities                                     | 6,705                    | 5,404                    |
| <b>Net assets</b>                                     |                          |                          |
| Shareholders' equity                                  |                          |                          |
| Share capital   | 6,587                    | 6,610                    |
| Capital surplus                                       | 6,328                    | 6,350                    |
| Retained earnings                                     | 67,028                   | 66,210                   |
| Treasury shares                                       | (4,645)                  | (4,645)                  |
| Total shareholders' equity                            | 75,299                   | 74,526                   |
| Accumulated other comprehensive income                |                          |                          |
| Valuation difference on available-for-sale securities | 1,083                    | 1,179                    |
| Foreign currency translation adjustment               | 186                      | 348                      |
| Total accumulated other comprehensive income          | 1,269                    | 1,528                    |
| Non-controlling interests                             | 6                        | 5                        |
| Total net assets                                      | 76,575                   | 76,060                   |
| Total liabilities and net assets                      | 83,280                   | 81,464                   |

2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income  
Consolidated statements of income

(million yen)

|  | Consolidated fiscal year ended<br>September 30, 2022 | Consolidated fiscal year ended<br>September 30, 2023 |
|--|--|--|
| Net sales                                      | *1 32,541  | *1 30,806  |
| Cost of sales                                  | *3 22,704  | *3 21,614  |
| Gross profit                                   | 9,836  | 9,192  |
| Selling, general and administrative expenses   | *2, *3 5,526   | *2, *3 6,543   |
| Operating profit                               | 4,310  | 2,648  |
| Non-operating income                           |  |  |
| Interest income                                | 55   | 223  |
| Foreign exchange gains                         | 1,204  | 290  |
| Gain on sale of investment securities          | 428  | 354  |
| Gain on investments in derivatives             | 37   | —  |
| Miscellaneous income                           | 133  | 58   |
| Total non-operating income                     | 1,860  | 926  |
| Non-operating expenses                         |  |  |
| Loss on valuation of investment securities     | 48   | —  |
| Loss on sale of investment securities          | 361  | 136  |
| Loss on investments in derivatives             | —  | 364  |
| Miscellaneous losses                           | 29   | 7  |
| Total non-operating expenses                   | 438  | 508  |
| Ordinary profit                                | 5,732  | 3,066  |
| Profit before income taxes                     | 5,732  | 3,066  |
| Income taxes - current                         | 2,232  | 1,282  |
| Income taxes - deferred                        | 1,085  | 39   |
| Total income taxes                             | 3,318  | 1,321  |
| Profit   | 2,414  | 1,745  |
| Loss attributable to non-controlling interests | (0)  | (0)  |
| Profit attributable to owners of parent        | 2,414  | 1,746  |

Consolidated Statement of Comprehensive Income

(million yen)

|  | Consolidated fiscal year ended<br>September 30, 2022 | Consolidated fiscal year ended<br>September 30, 2023 |
|--|--|--|
| Profit   | 2,414  | <u>1,745</u>   |
| Other comprehensive income                                     |  |  |
| Valuation difference on available-for-sale securities          | 622  | <u>95</u>  |
| Foreign currency translation adjustment                        | 142  | 162  |
| Total other comprehensive income                               | <u>*1 765</u>  | <u>*1 258</u>  |
| Comprehensive income   | <u>3,179</u>   | <u>2,003</u>   |
| Comprehensive income attributable to                           |  |  |
| Comprehensive income attributable to owners of parent          | 3,180  | <u>2,004</u>   |
| Comprehensive income attributable to non-controlling interests | (0)  | (0)  |



### 3) Consolidated Statement of Changes in Equity

Previous consolidated fiscal year (October 1, 2021 to September 30, 2022)

(million yen)

|   | Shareholders' equity |                 |                   |                 |                            |
|---|----------------------|-----------------|-------------------|-----------------|----------------------------|
|   | Share capital        | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period                                | 6,556                | 6,296           | 67,037            | (4,645)         | 75,245                     |
| Cumulative effects of changes in accounting policies          |                      |                 | 135               |                 | 135                        |
| Restated balance  | 6,556                | 6,296           | 67,173            | (4,645)         | 75,381                     |
| Changes during period   |                      |                 |                   |                 |                            |
| Issuance of new shares - exercise of share acquisition rights | 6                    | 6               |                   |                 | 13                         |
| Issuance of new shares - restricted Stock Compensation        | 24                   | 24              |                   |                 | 49                         |
| Dividends of surplus  |                      |                 | (2,559)           |                 | (2,559)                    |
| Profit attributable to owners of parent                       |                      |                 | 2,414             |                 | 2,414                      |
| Net changes in items other than shareholders' equity          |                      |                 |                   |                 |                            |
| Total changes during period                                   | 31                   | 31              | (145)             | —               | (82)                       |
| Balance at end of period                                      | 6,587                | 6,328           | 67,028            | (4,645)         | 75,299                     |

|   | 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                                | 461   | 43                                      | 504  | 1                         | 75,751           |
| Cumulative effects of changes in accounting policies          |   |   |  |                           | 135              |
| Restated balance  | 461   | 43                                      | 504  | 1                         | 75,887           |
| Changes during period   |   |   |  |                           |                  |
| Issuance of new shares - exercise of share acquisition rights |   |   |  |                           | 13               |
| Issuance of new shares - restricted Stock Compensation        |   |   |  |                           | 49               |
| Dividends of surplus  |   |   |  |                           | (2,559)          |
| Profit attributable to owners of parent                       |   |   |  |                           | 2,414            |
| Net changes in items other than shareholders' equity          | 622   | 142                                     | 765  | 5                         | 770              |
| Total changes during period                                   | 622   | 142                                     | 765  | 5                         | 688              |
| Balance at end of period                                      | 1,083   | 186                                     | 1,269  | 6                         | 76,575           |

Consolidated fiscal year under review (October 1, 2022 to September 30, 2023)

(million yen)

|  | Shareholders' equity |                 |                   |                 |                            |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
|  | Share capital        | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period                         | 6,587                | 6,328           | 67,028            | (4,645)         | 75,299                     |
| Changes during period                                  |                      |                 |                   |                 |                            |
| Issuance of new shares - restricted Stock Compensation | 22                   | 22              |                   |                 | 45                         |
| Dividends of surplus                                   |                      |                 | (2,564)           |                 | (2,564)                    |
| Purchase of treasury shares                            |                      |                 |                   | (0)             | (0)                        |
| Profit attributable to owners of parent                |                      |                 | <u>1,746</u>      |                 | <u>1,746</u>               |
| Net changes in items other than shareholders' equity   |                      |                 |                   |                 |                            |
| Total changes during period                            | 22                   | 22              | <u>(817)</u>      | (0)             | <u>(772)</u>               |
| Balance at end of period                               | 6,610                | 6,350           | <u>66,210</u>     | (4,645)         | <u>74,526</u>              |

|  | 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                         | 1,083   | 186                                     | 1,269  | 6                         | 76,575           |
| Changes during period                                  |   |   |  |                           |                  |
| Issuance of new shares - restricted Stock Compensation |   |   |  |                           | 45               |
| Dividends of surplus                                   |   |   |  |                           | (2,564)          |
| Purchase of treasury shares                            |   |   |  |                           | (0)              |
| Profit attributable to owners of parent                |   |   |  |                           | <u>1,746</u>     |
| Net changes in items other than shareholders' equity   | <u>95</u>   | 162                                     | <u>258</u>                                   | (0)                       | <u>257</u>       |
| Total changes during period                            | <u>95</u>   | 162                                     | <u>258</u>                                   | (0)                       | <u>(515)</u>     |
| Balance at end of period                               | <u>1,179</u>  | 348                                     | <u>1,528</u>                                 | 5                         | <u>76,060</u>    |

## 4) Consolidated Statements of Cash Flows

(million yen)

|  | Consolidated fiscal year ended<br>September 30, 2022 | Consolidated fiscal year ended<br>September 30, 2023 |
|--|--|--|
| Cash flows from operating activities                           |  |  |
| Profit before income taxes                                     | 5,732  | <u>3,066</u>   |
| Depreciation   | 351  | 335  |
| Increase (decrease) in allowance for doubtful accounts         | (6)  | (6)  |
| Foreign exchange losses (gains)                                | (1,262)  | (296)  |
| Decrease (increase) in operational investment securities       | (1,409)  | <u>644</u>   |
| Loss (gain) on sale of investment securities                   | (67)   | (218)  |
| Loss (gain) on valuation of investment securities              | 48   | —  |
| Loss (gain) on investments in derivatives                      | (37)   | 364  |
| Decrease (increase) in trade receivables                       | (207)  | <u>274</u>   |
| Decrease (increase) in inventories                             | 37   | 89   |
| Increase (decrease) in trade payables                          | 17   | (0)  |
| Increase (decrease) in accounts payable - other                | (166)  | (17)   |
| Increase (decrease) in accrued consumption taxes               | (52)   | 82   |
| Increase (decrease) in income taxes payable - factor based tax | 86   | 33   |
| Increase (decrease) in advances received                       | (420)  | 122  |
| Decrease (increase) in prepaid expenses                        | (54)   | (167)  |
| Other, net   | 673  | <u>(458)</u>   |
| Subtotal   | 3,261  | 3,849  |
| Interest and dividends received                                | 92   | 242  |
| Income taxes refund (paid)                                     | 283  | (2,933)  |
| Net cash provided by (used in) operating activities            | 3,637  | 1,159  |

(million yen)

|  | Consolidated fiscal year ended<br>September 30, 2022 | Consolidated fiscal year ended<br>September 30, 2023 |
|--|--|--|
| Cash flows from investing activities                               |  |  |
| Proceeds from withdrawal of time deposits                          | —  | 10,000   |
| Purchase of property, plant and equipment                          | (1,065)  | (124)  |
| Payments for asset retirement obligations                          | (428)  | (0)  |
| Purchase of intangible assets                                      | (5)  | (8)  |
| Purchase of investment securities                                  | (3,623)  | (4,823)  |
| Proceeds from sale of investment securities                        | 4,047  | 3,825  |
| Purchase of shares of subsidiaries and associates                  | —  | (209)  |
| Payments for investments in capital of subsidiaries and associates | —  | (110)  |
| Payments of leasehold and guarantee deposits                       | (9)  | —  |
| Proceeds from refund of leasehold and guarantee deposits           | 423  | 40   |
| Proceeds from (payments for) futures settlement                    | 28   | (356)  |
| Other, net   | 39   | 6  |
| Net cash provided by (used in) investing activities                | (593)  | 8,237  |
| Cash flows from financing activities                               |  |  |
| Proceeds from issuance of shares                                   | 19   | —  |
| Dividends paid   | (2,557)  | (2,567)  |
| Other, net   | —  | (0)  |
| Net cash provided by (used in) financing activities                | (2,538)  | (2,567)  |
| Effect of exchange rate change on cash and cash equivalents        | 1,355  | 423  |
| Net increase (decrease) in cash and cash equivalents               | 1,861  | 7,253  |
| Cash and cash equivalents at beginning of period                   | 49,052   | 50,914   |
| Cash and cash equivalents at end of period                         | *1 50,914  | *1 58,167  |

## Notes

(Significant matters that serve as the basis for the preparation of consolidated financial statements)

### 1. Scope of consolidation

#### (1) Number of consolidated subsidiaries: 15

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

COLOPL NEXT Listed Shares No. 1 Fund Investment Partnership

EIGHTING Co., Ltd.

MAGES. Inc.

Brilliantcrypto, Inc.

In the consolidated fiscal year under review, the Group established Brilliantcrypto, Inc. and newly included it in the scope of consolidation.

#### (2) Number of non-consolidated subsidiaries: 3

Non-consolidated subsidiaries

Kuma's Musical Band, Inc. and two 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. Matters related to the application of the equity method

#### (1) Non-consolidated subsidiaries and affiliates to which the equity method applies

Not applicable.

#### (2) Non-consolidated subsidiaries and affiliates to which the equity method does not apply

Number of affiliates to which the equity method does not apply: 8

Affiliates to which the equity method does not apply

Kuma's Musical Band, Inc. and seven other companies

The Next Unicorn Fund and Colopl Next-Rael Fund were excluded from the scope of the equity method since these funds are accounted for using the gross method (assets, liabilities, revenue and expenses of the funds are recorded in proportion to the Group's investment equity ratio).

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

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

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

### 4. Notes Regarding Accounting Policies

#### (1) Standards and evaluation methods for 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
    - Declining balance method
      - The straight-line method is used for buildings (excluding facilities attached to buildings) and the facilities attached to buildings and structures on or after April 1, 2016.
      - The estimated useful lives of assets are principally as follows:
        - Buildings and structures: 2 to 22 years
        - Tools, furniture and fixtures: 2 to 20 years
  - 2) Intangible assets
    - Straight-line method
      - Software for internal use: three to five years
      - Other: five years
- (3) Accounting for significant allowances and 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.
- (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.

(7) Scope of cash in the consolidated statements of cash flows

Cash and cash equivalents are composed of cash on hand, deposits that can be withdrawn at any time and short-term investments that are readily convertible into cash and face only slight risks of fluctuation in value with redemption due dates arriving within three months from the acquisition date.

(Significant accounting estimates)

(Recoverability of Deferred tax assets)

(1) Amounts recorded in the consolidated financial statements for the consolidated 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 consolidated financial statements for the following consolidated 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.

(Change in Accounting Policy)

(Application of Implementation Guidance on Accounting Standard for Fair Value Measurement)

The Group has applied the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, June 17, 2021; hereinafter the "Implementation Guidance on Fair Value Measurement Accounting Standard") since the beginning of the fiscal year under review. It was decided that the new accounting policies prescribed in the Implementation Guidance on Fair Value Measurement Accounting Standard would continue to be adopted in accordance with the transitional treatment provided for in Paragraph 27-2 of the Implementation Guidance on Fair Value Measurement Accounting Standard.

These changes had no effect on consolidated financial statements.

(Accounting standards issued but not yet adopted)

1. Practical Solution on the Accounting for and Disclosure of the issuance and holding of Electronically Recorded Transferable Rights That Must Be Indicated on Securities, etc.
  - “Practical Solution on the Accounting for and Disclosure of the issuance and holding of Electronically Recorded Transferable Rights That Must Be Indicated on Securities, etc.” (ASBJ PITF No. 43, August 26, 2022)

(1) Overview

The Financial Instruments and Exchange Act was revised due to the “Payment Services Act to Address the Diversification of Financial Transactions based on Advances in Information Technology” (Act No. 28 of 2019) established in May 2019. In light of the fact that so-called investment ICOs (Initial Coin Offering; term for the act of raising funds from investors by issuing tokens (electronic records and symbols) by companies, etc.) are regulated by the Financial Instruments and Exchange Act and various provisions have been established, it was issued from ASBJ to clarify the handling of accounting of issuance and holding of electronically recorded transferable rights to be indicated on securities, etc. in the “Cabinet Office Order on Financial Instruments Business, etc.”

(2) Scheduled date of application

The Company and its domestic consolidated subsidiaries will apply the accounting standard from the beginning of the year ending September 30, 2024.

(3) Impact of application of accounting standard

The Company are currently in the process of determining the impact of the “Practical Solution on the Accounting for and Disclosure of the issuance and holding of Electronically Recorded Transferable Rights That Must Be Indicated on Securities, etc.”

2. Accounting Standard for Current Income Taxes, etc.

- “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022)
- “Accounting Standard for Presentation of Comprehensive Income” (ASBJ Statement No. 25, October 28, 2022)
- “Implementation Guidance on Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022)

(1) Overview

In February 2018, “Partial Amendments to Accounting Standard for Tax Effect Accounting,” etc. of ASBJ Statement No. 28 were announced and the transfer of the Japanese Institute of Certified Public Accountants’ practical guidelines on tax effect accounting to the ASBJ were completed, but in the course of the deliberations, the following two issues, which were to be examined again after the release of ASBJ Statement No. 28, etc., were deliberated and announced.

- Classification of tax expense (taxation on other comprehensive income)
- Tax effect on sale of shares of subsidiaries and other securities (shares of subsidiaries or affiliates) when the corporate group tax system is applied

(2) Scheduled date of application

The Company and its domestic consolidated subsidiaries will apply the accounting standards and implementation guidance from the beginning of the year ending September 30, 2025.

(3) Impact of application of accounting standard

The Company and its domestic consolidated subsidiaries are currently in the process of determining the impact of the “Accounting Standard for Current Income Taxes” and other standards.

(Changes in presentation)

Consolidated statement of income

“Loss on investments in investment partnerships” (2 million yen in the consolidated fiscal year under review) for the consolidated previous fiscal year, is included and presented in “Miscellaneous losses” under non-operating expenses for the consolidated fiscal year under review, as the amount became immaterial.



(Notes to consolidated balance sheet)

\*1 Amounts of receivables and contract assets from contracts with customers, out of “accounts receivable - trade, and contract assets.”

|                             | As of September 30, 2022 | As of September 30, 2023 |
|-----------------------------|--------------------------|--------------------------|
| Accounts receivable - trade | 4,490 million yen        | 4,434 million yen        |
| Contract assets             | 420                      | <u>200</u>               |
| Total                       | 4,910                    | <u>4,635</u>             |

\*2 Assets pledged collateral

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

|                                  | As of September 30, 2022 | As of September 30, 2023 |
|----------------------------------|--------------------------|--------------------------|
| Leasehold and guarantee deposits | 473 million yen          | 473 million yen          |
| Total                            | 473                      | 473                      |

(Notes to consolidated statements of income)

\*1. Revenue from contracts with customers

Net sales are not separately presented for revenues from contracts with customers and other revenues.

The amount of revenue from contracts with customers is stated in “Notes (Revenue Recognition) (1) Information that decomposes revenue from contracts with customers.”

\*2. The major items of selling, general and administrative expenses and the amounts are as follows.

|  | Previous consolidated fiscal year<br>(October 1, 2021<br>to September 30, 2022) | Consolidated fiscal year under review<br>(October 1, 2022<br>to September 30, 2023) |
|--|---|---|
| Advertising expenses                         | 1,126 million yen   | 2,040 million yen   |
| Directors' Remuneration                      | 592   | 533   |
| Salaries and allowances                      | 1,307   | 1,313   |
| Outsourcing expenses                         | 674   | 846   |
| Provision of allowance for doubtful accounts | (1)   | (0)   |
| Depreciation                                 | 57  | 32  |

\*3. Total research and development costs included in selling, general and administrative expenses as well as manufacturing costs.

| Previous consolidated fiscal year<br>(October 1, 2021<br>to September 30, 2022) | Consolidated fiscal year under review<br>(October 1, 2022<br>to September 30, 2023) |
|---|---|
| 2,209 million yen   | 2,480 million yen   |

(Notes to consolidated statements of comprehensive income)

\*1 Reclassification adjustment and tax effect related to other comprehensive income

|  | Previous consolidated fiscal year<br>(October 1, 2021<br>to September 30, 2022) | Consolidated fiscal year under review<br>(October 1, 2022<br>to September 30, 2023) |
|--|---|---|
| Valuation difference on available-for-sale securities: |   |   |
| Amount arisen in fiscal year under review              | 1,978 million yen   | <u>547</u> million yen  |
| Reclassification adjustment                            | (147)   | (379)   |
| Before tax effect adjustment                           | 1,831   | <u>167</u>  |
| Tax effect   | (1,209)   | <u>(71)</u>   |
| Valuation difference on available-for-sale securities  | 622   | <u>95</u>   |
| Foreign currency translation adjustment:               |   |   |
| Amount arisen in fiscal year under review              | 142   | 162   |
| Total other comprehensive income                       | 765   | <u>258</u>  |

(Notes to consolidated statement of changes in equity)

Previous Consolidated fiscal year (October 1, 2021 to September 30, 2022)

1. Type and number of shares issued and treasury shares

|                         | Number of shares at the beginning of the consolidated fiscal year under review | Increase in number of shares during the consolidated fiscal year under review | Decrease in number of shares during the consolidated fiscal year under review | Number of shares at the end of the consolidated fiscal year under review |
|-------------------------|--|---|---|--|
| Number of shares issued |  |   |   |  |
| Common shares           | 129,766,034  | 217,989   | —   | 129,984,023  |
| Annual                  | 129,766,034  | 217,989   | —   | 129,984,023  |
| Treasury shares         |  |   |   |  |
| Common shares           | 1,778,544  | —   | —   | 1,778,544  |
| Annual                  | 1,778,544  | —   | —   | 1,778,544  |

(Notes) 1. An increase of 145,500 in the number of common shares issued is attributable to the exercise of share acquisition rights.

2. An increase of 72,489 in the number of common shares issued is attributable to the granting of restricted stock compensation.

2. Matters concerning subscription rights to shares

Not applicable.

3. Matters related to dividends

(1) Dividends paid

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

(2) Dividends with a record date in the consolidated fiscal year under review but an effective date in the following consolidated fiscal year

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

Consolidated fiscal year under review (October 1, 2022 to September 30, 2023)

1. Type and number of shares issued and treasury shares

|                         | Number of shares at the beginning of the consolidated fiscal year under review | Increase in number of shares during the consolidated fiscal year under review | Decrease in number of shares during the consolidated fiscal year under review | Number of shares at the end of the consolidated fiscal year under review |
|-------------------------|--|---|---|--|
| Number of shares issued |  |   |   |  |
| Common shares           | 129,984,023  | 70,982  | —   | 130,055,005  |
| Annual                  | 129,984,023  | 70,982  | —   | 130,055,005  |
| Treasury shares         |  |   |   |  |
| Common shares           | 1,778,544  | 140   | —   | 1,778,684  |
| Annual                  | 1,778,544  | 140   | —   | 1,778,684  |

(Notes) 1. An increase of 70,982 in the number of common shares issued is attributable to the granting of restricted stock compensation.  
2. An increase of 140 in the number of shares of common treasury stock is attributable to the purchase of odd-lot shares.

2. Matters concerning subscription rights to shares

Not applicable.

3. Matters related to dividends

(1) Dividends paid

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

(2) Dividends with a record date in the consolidated fiscal year under review but an effective date in the following consolidated fiscal year

| (Resolution)  | Class of shares | Total amount of dividends (million yen) | Funds for dividends | Dividend per share (yen) | Record date        | Effective date    |
|---|-----------------|---|---------------------|--------------------------|--------------------|-------------------|
| December 22, 2023<br>Annual general meeting of shareholders | Common shares   | 2,565                                   | Retained earnings   | 20.00                    | September 30, 2023 | December 26, 2023 |

(Notes to consolidated statements of cash flows)

\*1. Year-end balance of cash and cash equivalents and the relationship with the amounts of items listed in the Consolidated Balance Sheet

|  | Previous consolidated fiscal year<br>(October 1, 2021<br>to September 30, 2022) | Consolidated fiscal year under<br>review<br>(October 1, 2022<br>to September 30, 2023) |
|--|---|--|
| Cash and deposits  | 60,330 million yen  | 57,960 million yen   |
| Time deposits whose deposit period is more than three months | (10,000)  | —  |
| Deposits paid (“Other” in current assets)                    | 583   | 206  |
| Cash and cash equivalents                                    | 50,914  | 58,167   |

2. Significant non-cash transactions

The amount of significant asset retirement obligations is as follows.

|  | Previous consolidated fiscal year<br>(October 1, 2021<br>to September 30, 2022) | Consolidated fiscal year under<br>review<br>(October 1, 2022<br>to September 30, 2023) |
|--|---|--|
| The amount of significant asset retirement obligations | 616 million yen   | 13 million yen   |

(Lease transactions)

Operating lease transactions

Noncancelable future operating lease payments

(million yen)

|                  | As of September 30, 2022 | As of September 30, 2023 |
|------------------|--------------------------|--------------------------|
| Within a year    | 722                      | 752                      |
| More than a year | 2,400                    | 1,761                    |
| Annual           | 3,123                    | 2,514                    |

(Financial instruments)

1. Matters relating to status of financial instruments

(1) Policy for handling financial instruments

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

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

(2) Details of financial instruments and associated risks

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

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

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

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

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

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

(3) Management system for risks associated with financial instruments

(i) 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.

(ii) Management of market price fluctuation risk

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

(iii) Management of foreign currency risk (fluctuation risk from foreign exchange)

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

(4) Supplementary explanation regarding fair values of financial instruments

The fair value of financial instruments includes a reasonably calculated price. Since the calculation of fair value is based on variable factors, such values may vary due to the adoption of different assumptions and other factors.

2. Matters relating to fair value, etc. of financial instruments

Consolidated balance sheet amounts, Fair values and their differences are as follows.

Previous consolidated fiscal year (September 30, 2022)

|   | Consolidated Balance Sheet<br>Amount<br>(million yen) | Fair values (million yen) | Difference |
|---|---|---------------------------|------------|
| ( i ) Operational investment securities | 301   | 301                       | —          |
| ( ii ) Investment securities            | 1,473   | 1,473                     | —          |
| Total assets                            | 1,774   | 1,774                     | —          |

(Note) Cash is omitted from the notes and Deposit, Accounts receivable - trade, and contract assets, Accounts payable - other, Income taxes payable and Derivative transactions are omitted from the table as their fair value approximates their book value due to their short maturities.

Consolidated fiscal year under review (September 30, 2023)

|                                     | Consolidated Balance Sheet<br>Amount<br>(million yen) | Fair values (million yen) | Difference |
|-------------------------------------|---|---------------------------|------------|
| (i) Operating investment securities | 74  | 74                        | —          |
| (ii) Investment securities          | 2,833   | 2,833                     | —          |
| Total assets                        | 2,907   | 2,907                     | —          |

(Note) Cash is omitted from the notes and Deposit, Accounts receivable - trade, and contract assets, Accounts payable - other, Income taxes payable and Derivative transactions are omitted from the table as their fair value approximates their book value due to their short maturities.

(Notes) 1. Consolidated Balance Sheet Amount of Shares, etc. with no market price

Shares, etc. with no market price are not included in ( i ) Operating investment securities and ( ii ) Investment securities.  
(million yen)

| Classification   | Previous consolidated fiscal year<br>(September 30, 2022) | Consolidated fiscal year under<br>review<br>(September 30, 2023) |
|--|---|--|
| Operational investment securities (unlisted socks, etc.) | 10,033  | 9,675  |
| Investment securities (unlisted stocks, etc.)            | 0   | 0  |
| Shares of subsidiaries and associates (unlisted stocks)  | 3   | 212  |
| Investments in capital of subsidiaries and associates    | —   | 110  |

(Notes) 2. Share of investments in partnerships and similar entities recorded in the consolidated balance sheet at net is not included.

The share of investments in partnerships recorded in consolidated balance sheet is as follows.

(million yen)

| Classification  | Previous consolidated fiscal year<br>(September 30, 2022) | Consolidated fiscal year under<br>review<br>(September 30, 2023) |
|---|---|--|
| Investments in capital of subsidiaries and associates | 20  | 18   |

(Notes) 3. Amount of money claims to be redeemed after consolidated closing date

Previous consolidated fiscal year (September 30, 2022)

|                             | Within a year<br>(million yen) | More than a year,<br>within five years<br>(million yen) | More than five years,<br>within 10 years<br>(million yen) | More than 10 years<br>(million yen) |
|-----------------------------|--------------------------------|---|---|-------------------------------------|
| Cash and deposits           | 60,330                         | —   | —   | —                                   |
| Accounts receivable – trade | 4,490                          | —   | —   | —                                   |
| Annual                      | 64,820                         | —   | —   | —                                   |

Consolidated fiscal year under review (September 30, 2023)

|  | Within a year<br>(million yen) | More than a year,<br>within five years<br>(million yen) | More than five years,<br>within 10 years<br>(million yen) | More than 10 years<br>(million yen) |
|--|--------------------------------|---|---|-------------------------------------|
| Cash and deposits                                    | 57,960                         | —   | —   | —                                   |
| Accounts receivable – trade                          | 4,434                          | —   | —   | —                                   |
| Investment securities                                |                                |   |   |                                     |
| Available-for-sale securities with<br>maturity dates | —                              | 700   | 300   | —                                   |
| Annual   | 62,395                         | 700   | 300   | —                                   |

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

Previous consolidated fiscal year (September 30, 2022)

| Classification                    | Fair values (million yen) |         |         |       |
|-----------------------------------|---------------------------|---------|---------|-------|
|                                   | Level 1                   | Level 2 | Level 3 | Total |
| Operational investment securities | 111                       | 190     | —       | 301   |
| Investment securities             |                           |         |         |       |
| Available-for-sale securities     | 1,473                     | —       | —       | 1,473 |
| Total assets                      | 1,584                     | 190     | —       | 1,774 |

Consolidated fiscal year under review (September 30, 2023)

| Classification                    | Fair values (million yen) |         |         |       |
|-----------------------------------|---------------------------|---------|---------|-------|
|                                   | Level 1                   | Level 2 | Level 3 | Total |
| Operational investment securities | —                         | 74      | —       | 74    |
| Investment securities             |                           |         |         |       |
| Available-for-sale securities     | 2,833                     | —       | —       | 2,833 |
| Total assets                      | 2,833                     | 74      | —       | 2,907 |

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

Previous consolidated fiscal year (September 30, 2022)

Not applicable.

Consolidated fiscal year under review (September 30, 2023)

Not applicable.

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

Operational investment securities

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.

## (Securities)

## 1. Available-for-sale securities

As of September 30, 2022

|   | Type       | Consolidated balance sheet amount (million yen) | Acquisition cost (million yen) | Difference (million yen) |
|---|------------|---|--------------------------------|--------------------------|
| Other securities whose book carrying amount on the consolidated balance sheets exceed the acquisition cost        | (1) Stocks | 1,156   | 931                            | 224                      |
|   | (2) Other  | 119   | 95                             | 23                       |
|   | Subtotal   | 1,275   | 1,026                          | 248                      |
| Other securities whose book carrying amount on the consolidated balance sheets do not exceed the acquisition cost | (1) Stocks | 428   | 489                            | (61)                     |
|   | (2) Other  | 71  | 438                            | (367)                    |
|   | Subtotal   | 499   | 928                            | (428)                    |
| Annual  |            | 1,774   | 1,954                          | (180)                    |

(Note) Unlisted stocks, etc. (operational investment securities and investment securities recorded in the consolidated balance sheet are 10,033 million yen and 0 million yen, respectively) do not have market prices and their market values are very difficult to determine. They are thus not included in the available-for-sale securities in the table above.

As of September 30, 2023

|   | Type       | Consolidated balance sheet amount (million yen) | Acquisition cost (million yen) | Difference (million yen) |
|---|------------|---|--------------------------------|--------------------------|
| Other securities whose book carrying amount on the consolidated balance sheets exceed the acquisition cost        | (1) Stocks | 1,394   | 1,135                          | 258                      |
|   | (2) Bonds  | 300   | 300                            | 0                        |
|   | (3) Other  | 16  | 15                             | 1                        |
|   | Subtotal   | 1,712   | 1,450                          | 261                      |
| Other securities whose book carrying amount on the consolidated balance sheets do not exceed the acquisition cost | (1) Stocks | 445   | 466                            | (20)                     |
|   | (2) Bonds  | 691   | 700                            | (8)                      |
|   | (3) Other  | 58  | 491                            | (433)                    |
|   | Subtotal   | 1,195   | 1,657                          | (461)                    |
| Annual  |            | 2,907   | 3,108                          | (200)                    |

(Note) Unlisted stocks, etc. (operational investment securities and investment securities recorded in the consolidated balance sheet are 9,657 million yen and 0 million yen, respectively) do not have market prices and their market values are very difficult to determine. They are thus not included in the available-for-sale securities in the table above.

## 2. Available-for-sale securities that were sold

Previous consolidated fiscal year (October 1, 2021 to September 30, 2022)

| Type       | Sale price (million yen) | Total profit on sale (million yen) | Total loss on sale (million yen) |
|------------|--------------------------|------------------------------------|----------------------------------|
| (1) Stocks | 4,204                    | 582                                | (361)                            |
| Annual     | 4,204                    | 582                                | (361)                            |



Consolidated fiscal year under review (October 1, 2022 to September 30, 2023)

| Type       | Sale price (million yen) | Total profit on sale<br>(million yen) | Total loss on sale<br>(million yen) |
|------------|--------------------------|---------------------------------------|-------------------------------------|
| (1) Stocks | 4,260                    | 630                                   | (136)                               |
| Annual     | 4,260                    | 630                                   | (136)                               |

3. Securities on which impairment losses were posted

Previous consolidated fiscal year (October 1, 2021 to September 30, 2022)

The Company posted an impairment loss of 810 million yen on available-for-sale securities in the fiscal year under review.

If the actual values of securities such as no market price stocks falls significantly due to a decline in the financial position, the Company posts impairment losses in consideration of recoverability, etc.

Consolidated fiscal year under review (October 1, 2022 to September 30, 2023)

The Company posted an impairment loss of 1,107 million yen on available-for-sale securities in the fiscal year under review.

If the actual values of securities such as no market price stocks falls significantly due to a decline in the financial position, the Company posts impairment losses in consideration of recoverability, etc.

(Derivative transactions)

1. Derivative transactions for which hedge accounting is not adopted

1) Stocks

Previous consolidated fiscal year (As of September 30, 2022)

(million yen)

| Classification      | Type                                   | Contract amounts |                                  | Fair value | Unrealized gains (losses) |
|---------------------|--|------------------|----------------------------------|------------|---------------------------|
|                     |  |                  | Portion due gains after one year |            |                           |
| Market transactions | Trading of stock index futures<br>Sell | 1,186            | —                                | 48         | 48                        |
| Annual              |  | 1,186            | —                                | 48         | 48                        |

Consolidated fiscal year under review (As of September 30, 2023)

(million yen)

| Classification      | Type                                   | Contract amounts |                                  | Fair value | Unrealized gains (losses) |
|---------------------|--|------------------|----------------------------------|------------|---------------------------|
|                     |  |                  | Portion due gains after one year |            |                           |
| Market transactions | Trading of stock index futures<br>Sell | 1,176            | —                                | 14         | 14                        |
| Annual              |  | 1,176            | —                                | 14         | 14                        |

2. Derivative transactions for which hedge accounting is adopted

Not applicable.

(Retirement benefits)

Previous consolidated fiscal year (October 1, 2021 to September 30, 2022)

1. Outline of the retirement benefits system

The Company has adopted a defined contribution plan to provide retirement benefits.

2. Retirement benefit expenses related to the defined contribution plan

The required contribution, etc. to the defined contribution plan was 32 million yen.

Consolidated fiscal year under review (October 1, 2022 to September 30, 2023)

1. Outline of the retirement benefits system

The Company has adopted a defined contribution plan to provide retirement benefits.

2. Retirement benefit expenses related to the defined contribution plan

The required contribution, etc. to the defined contribution plan was 30 million yen.

(Tax effect accounting)

1. Breakdown of key factors contributing to deferred tax assets and deferred tax liabilities

|   | As of September 30,<br>2022 | As of September 30,<br>2023 |
|---|-----------------------------|-----------------------------|
| Deferred tax assets   |                             |                             |
| Denial of accrued enterprise tax                                      | 111 million yen             | 43 million yen              |
| Denial of accrued bonuses   | 169                         | 163                         |
| Asset retirement obligations  | 231                         | 231                         |
| Non-deductible depreciation expenses                                  | 53                          | 37                          |
| Excess depreciation of lump-sum depreciable assets                    | 15                          | 12                          |
| Excess amortization of software                                       | 327                         | 267                         |
| Loss on valuation of investment securities                            | 1,380                       | 1,634                       |
| Losses carried forward (Note 2)                                       | 1,492                       | 1,742                       |
| Expenses related to purchase of shares of subsidiaries and associates | 86                          | 86                          |
| Loss on debt forgiveness for subsidiaries, currently not deductible   | 403                         | 403                         |
| Other   | 290                         | 362                         |
| Subtotal of deferred tax assets                                       | 4,562                       | 4,986                       |
| Valuation allowance related to tax losses carried forward (Note 2)    | (1,471)                     | (1,665)                     |
| Valuation allowance related to deductible temporary differences       | (2,563)                     | (2,821)                     |
| Valuation allowance subtotal (Notes 1)                                | (4,035)                     | (4,487)                     |
| Total deferred tax assets   | 527                         | 499                         |
| Deferred tax liabilities  |                             |                             |
| Refundable enterprise tax   | (5)                         | (6)                         |
| Removal expenses for asset retirement obligations                     | (183)                       | (184)                       |
| Other   | (464)                       | (536)                       |
| Total deferred tax liabilities  | (653)                       | (728)                       |
| Net deferred tax assets   | (126)                       | (229)                       |

(Note) 1. The main component of the change in the valuation allowance is an increase in the valuation allowance for losses on investment securities.

(Note) 2. Tax losses carried forward and the related deferred tax assets allocated to each fiscal year when carryforwards expired.

As of September 30, 2022

|                                 | Within a<br>year<br>(million yen) | More than<br>one year,<br>within two<br>years<br>(million yen) | More than<br>two years,<br>within three<br>years<br>(million yen) | More than<br>three years,<br>within four<br>years<br>(million yen) | More than<br>four years,<br>within five<br>years<br>(million yen) | More than<br>five years<br>(million yen) | Total<br>(million yen) |
|---------------------------------|-----------------------------------|--|---|--|---|--|------------------------|
| Tax losses carried forward (*1) | 50                                | 61   | 107   | 113  | 139   | 1,019                                    | 1,492                  |
| Valuation allowance             | (50)                              | (61)   | (107)   | (92)   | (139)   | (1,019)                                  | (1,471)                |
| Deferred tax assets             | —                                 | —  | —   | 20   | —   | —  | (*)<br>20              |

As of September 30, 2023

|                                 | Within a year<br>(million yen) | More than one year,<br>within two years<br>(million yen) | More than two years,<br>within three years<br>(million yen) | More than three years,<br>within four years<br>(million yen) | More than four years,<br>within five years<br>(million yen) | More than five years<br>(million yen) | Total<br>(million yen) |
|---------------------------------|--------------------------------|--|---|--|---|---------------------------------------|------------------------|
| Tax losses carried forward (*1) | 61                             | 92   | 113   | 139  | 243   | 1,091                                 | 1,742                  |
| Valuation allowance             | (61)                           | (92)   | (92)  | (139)  | (243)   | (1,035)                               | (1,665)                |
| Deferred tax assets             | —                              | —  | 20  | —  | —   | 55                                    | (*)<br>76              |

(\*1) The tax losses carried forward is an amount obtained by multiplying the effective statutory tax rate.

(\*2) Taxable income is expected and tax losses carried forward are assumed to be recoverable.

2. Major factors for the difference between statutory tax rate and effective income tax rate after the application of tax effect accounting

|  | As of September 30,<br>2022 | As of September 30,<br>2023 |
|--|-----------------------------|-----------------------------|
| Statutory tax rate   | 30.62%                      | 30.62%                      |
| (Adjustment)   |                             |                             |
| Tax credits for experimentation and research expenses, etc.                            | (1.27)                      | <u>(4.32)</u>               |
| Losses carried forward at consolidated subsidiaries                                    | 3.18                        | <u>5.59</u>                 |
| Change in valuation allowance  | 24.55                       | <u>9.74</u>                 |
| Other, net   | 0.80                        | <u>1.46</u>                 |
| Percentage of effective income tax rate after the application of tax effect accounting | 57.88                       | <u>43.09</u>                |

(Asset retirement obligations)

The asset retirement obligations posted in the consolidated balance sheets

(1) Outline of the asset retirement obligations

Obligations of restoration under real estate lease contracts related to the head office building, etc.

(2) Method of calculating asset retirement obligations

The period of use is estimated to be 5 to 18 years from the acquisition. The discount rate is 0.038% to 1.251%. The amount of asset retirement obligations is calculated based on those assumptions.

(3) Change in total asset retirement obligations during the consolidated fiscal year under review

|   | Previous consolidated fiscal year<br>(October 1, 2021<br>to September 30, 2022) | Consolidated fiscal year under<br>review<br>(October 1, 2022<br>to September 30, 2023) |
|---|---|--|
| Balance at beginning of period                            | 560 million yen   | 743 million yen  |
| Increase due to new consolidation                         | 616   | 13   |
| Adjustment due to passage of time                         | 19  | 4  |
| Change due to fulfillment of asset retirement obligations | (454)   | (15)   |
| Balance at end of period                                  | 743   | 745  |

(Revenue Recognition)

(1) Information that decomposes revenue from contracts with customers

Previous consolidated fiscal year (October 1, 2021 to September 30, 2022)

(million yen)

|                                       | Reportable segments    |                            | Total  |
|---------------------------------------|------------------------|----------------------------|--------|
|                                       | Entertainment Business | Investment and Development |        |
| Revenue from user charges             | 14,195                 | -                          | 14,195 |
| Revenue from revenue sharing          | 9,917                  | -                          | 9,917  |
| Other (Note 1)                        | 7,704                  | 46                         | 7,750  |
| Revenue from contracts with customers | 31,817                 | 46                         | 31,863 |
| Other revenue (Note 2)                | -                      | 678                        | 678    |
| Revenues from external customers      | 31,817                 | 724                        | 32,541 |

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

(Notes) 2. Other revenue mainly consists of revenue relating to investments in capital of investment limited partnerships or other similar partnerships in accordance with the ASBJ Statement No. 10 “Accounting Standard for Financial Instruments.”

Consolidated fiscal year under review (October 1, 2022 to September 30, 2023)

(million yen)

|                                       | Reportable segments    |                            | Total         |
|---------------------------------------|------------------------|----------------------------|---------------|
|                                       | Entertainment Business | Investment and Development |               |
| Revenue from user charges             | 13,128                 | -                          | 13,128        |
| Revenue from revenue sharing          | 10,632                 | -                          | 10,632        |
| Other (Note 1)                        | 6,153                  | 42                         | 6,196         |
| Revenue from contracts with customers | 29,914                 | 42                         | 29,957        |
| Other revenue (Note 2)                | -                      | <u>848</u>                 | <u>848</u>    |
| Revenues from external customers      | 29,914                 | <u>891</u>                 | <u>30,806</u> |

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

2. Other revenue mainly consists of revenue relating to investments in capital of investment limited partnerships or other similar partnerships in accordance with the ASBJ Statement No. 10 “Accounting Standard for Financial Instruments

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

Useful information in understanding revenue from contracts with customers is stated in Consolidated Financial Statements “Notes (Significant Basic Matters for the Preparation of Consolidated Financial Statements) 4. Notes Regarding Accounting Policies (4) Standards for recognition of significant revenues and expenses.

- (3) Information for understanding the amount of revenue of the consolidated fiscal year under review and the following consolidated fiscal year and beyond

- 1) Balance of contract assets and contract liabilities, etc.

Previous consolidated fiscal year (October 1, 2021 to September 30, 2022)

(million yen)

|   | Amount |
|---|--------|
| Receivables from contracts with customers (beginning balance) | 4,348  |
| Receivables from contracts with customers (ending balance)    | 4,490  |
| Contract assets (beginning balance)                           | 265    |
| Contract assets (ending balance)                              | 420    |
| Advances received (beginning balance)                         | 873    |
| Advances received (ending balance)                            | 452    |

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 include advances received relating to user charges. Out of the revenue recognized in the consolidated 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 consolidated fiscal year under review, the amounts of revenue recognized for performance obligations satisfied (or partially satisfied) during past periods are immaterial.

Consolidated fiscal year under review (October 1, 2022 to September 30, 2023)

(million yen)

|   | Amount     |
|---|------------|
| Receivables from contracts with customers (beginning balance) | 4,490      |
| Receivables from contracts with customers (ending balance)    | 4,434      |
| Contract assets (beginning balance)                           | 420        |
| Contract assets (ending balance)                              | <u>200</u> |
| Advances received (beginning balance)                         | 452        |
| Advances received (ending balance)                            | 574        |

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 include advances received relating to user charges. Out of the revenue recognized in the consolidated 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 consolidated 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

As the Group does not have material transactions whose period of an individual contract exceeds one year, it applies the practical expedient and omits the information related to remaining performance obligations.

(Segment information, etc.)

## Segment information

### 1. Summary of reporting segments

The Group's reportable segments are the Company's constituent units for which separate financial information is available and periodic reviews are performed by the Board of Directors to determine the allocation of management resources and evaluate financial results.

The Company, which consists of business-based segments, treats two business, namely the Entertainment Business and the Investment and Development Business, as reportable businesses. The Entertainment Business is responsible primarily for the development and operation of games for smartphones. The Investment and Development Business is conducted with a focus on investment in IT-related and entertainment companies in particular.

(Matters concerning changes in the reportable segment)

To advance the Investment and Development Business as one of its main businesses, the Company reclassified the Investment and Development Business as an independent business unit and included it in the reportable segment.

In addition, it renamed the Mobile Service Business as the Entertainment Business.

### 2. Method used to calculate sales, income (loss), assets, liabilities and other items by reportable segment

The accounting method of the reported business segments complies with the accounting policy adopted for preparing consolidated financial statements.

The profit of each reportable segment is presented on an operating profit basis.

Intersegment transactions and transfers are based on prevailing market prices.

### 3. Information regarding sales, income (loss), assets, liabilities and other items of each reportable segment

Previous consolidated fiscal year (October 1, 2021 to September 30, 2022)

(million yen)

|  | Reportable Segment        |   |        | Adjustment<br>(Note 1) | Amounts in<br>consolidated<br>financial<br>statements<br>(Note 2) |
|--|---------------------------|---|--------|------------------------|---|
|  | Entertainment<br>Business | Investment and<br>Development<br>Business | Total  |                        |   |
| Net sales  |                           |   |        |                        |   |
| Sales to external<br>customers   | 31,817                    | 724                                       | 32,541 | —                      | 32,541  |
| Intersegment sales<br>or transfers   | —                         | —   | —      | —                      | —   |
| Total  | 31,817                    | 724                                       | 32,541 | —                      | 32,541  |
| Operating profit (loss)  | 4,661                     | (353)                                     | 4,307  | 2                      | 4,310   |
| Operating Assets   | 68,718                    | 14,562                                    | 83,280 | —                      | 83,280  |
| Other items  |                           |   |        |                        |   |
| Depreciation   | 351                       | —   | 351    | —                      | 351   |
| Increase in<br>property, plant and<br>equipment and<br>intangible assets<br>(Note 3) | 1,201                     | —   | 1,201  | —                      | 1,201   |

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

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

3. The increase in property, plant and equipment and intangible assets does not include the increase in assets corresponding to asset retirement obligations.

4. Segment assets in the Investment and Development Business consist mainly of operational investment securities of 10,334 million and other funds for investment.

5. Segment liabilities have not been included because they are not subject to periodic reviews performed to decide the allocation of management resources and evaluated financial results.

Consolidated fiscal year under review (October 1, 2022 to September 30, 2023)

(million yen)

|  | Reportable Segment        |   |        | Adjustment<br>(Note 1) | Amounts in<br>consolidated<br>financial<br>statements<br>(Note 2) |
|--|---------------------------|---|--------|------------------------|---|
|  | Entertainment<br>Business | Investment and<br>Development<br>Business | Total  |                        |   |
| Net sales  |                           |   |        |                        |   |
| Sales to external<br>customers   | 29,914                    | 891                                       | 30,806 | —                      | 30,806  |
| Intersegment sales<br>or transfers   | —                         | —   | —      | —                      | —   |
| Total  | 29,914                    | 891                                       | 30,806 | —                      | 30,806  |
| Operating profit (loss)  | 3,320                     | (674)                                     | 2,646  | 2                      | 2,648   |
| Operating Assets   | 67,411                    | 14,052                                    | 81,464 | —                      | 81,464  |
| Other items  |                           |   |        |                        |   |
| Depreciation   | 335                       | —   | 335    | —                      | 335   |
| Increase in<br>property, plant and<br>equipment and<br>intangible assets<br>(Note 3) | 139                       | —   | 139    | —                      | 139   |

- (Notes) 1. An adjustment in the segment profit (loss) area represents the deduction of intersegment transactions.  
2. Segment profit (loss) has been adjusted to be consistent with the operating profit reported in the consolidated statements of income.  
3. The increase in property, plant and equipment and intangible assets does not include the increase in assets corresponding to asset retirement obligations.  
4. Segment assets in the Investment and Development Business consist mainly of operational investment securities of 9,750 million yen and other funds for investment.  
5. Segment liabilities have not been included because they are not subject to periodic reviews performed to decide the allocation of management resources and evaluated financial results.

#### Related information

Previous consolidated fiscal year (October 1, 2021 to September 30, 2022)

##### 1. Information by product/service

This information has been omitted as net sales to external customers in a single product or service category account for more than 90% of net sales recorded in the consolidated statement of income.

##### 2. Information by region

###### (1) Net sales

The information is omitted because sales to external customers in Japan exceeded 90% of net sales in the consolidated statements of income.

###### (2) Property, plant and equipment

The information is omitted because the amount of property, plant and equipment in Japan exceeded 90% of the amount of property, plant and equipment in the consolidated balance sheets.

##### 3. Information by major customer

| Customer name         | Net sales (million yen) | Related reportable segment |
|-----------------------|-------------------------|----------------------------|
| SQUARE ENIX CO., LTD. | 9,846                   | Entertainment Business     |
| Apple Inc.*           | 7,959                   | Entertainment Business     |
| Google Inc.*          | 4,919                   | Entertainment Business     |

\* The partners are payment services providers and collect payments from users.



Consolidated fiscal year under review (October 1, 2022 to September 30, 2023)

1. Information by product/service

This information has been omitted as net sales to external customers in a single product or service category account for more than 90% of net sales recorded in the consolidated statement of income.

2. Information by region

(1) Net sales

The information is omitted because sales to external customers in Japan exceeded 90% of net sales in the consolidated statements of income.

(2) Property, plant and equipment

The information is omitted because the amount of property, plant and equipment in Japan exceeded 90% of the amount of property, plant and equipment in the consolidated balance sheets.

3. Information by major customer

| Customer name         | Net sales (million yen) | Related reportable segment |
|-----------------------|-------------------------|----------------------------|
| SQUARE ENIX CO., LTD. | 10,399                  | Entertainment Business     |
| Apple Inc.*           | 7,228                   | Entertainment Business     |
| Google Inc.*          | 4,548                   | Entertainment Business     |

\* The partners are payment services providers and collect payments from users.

Information on impairment losses for non-current assets in reportable segments

Not applicable.

Amortization of goodwill and unamortized balance by reporting segment

Not applicable.

Gain on bargain purchase by reporting segment

Not applicable.

Related party information

Previous consolidated fiscal year (October 1, 2021 to September 30, 2022)

Major affiliated companies

| Type  | Company               | Location          | Common stock or capital contribution (million yen) | Business or occupation              | Percentage of voting rights held (%) | Relationship with related party | Transactions                               | Transaction value (million yen) | Item                     | Balance at end of period (million yen) |
|---|-----------------------|-------------------|--|-------------------------------------|--------------------------------------|---------------------------------|--|---------------------------------|--------------------------|--|
| Company where a subsidiary's officers and their close relatives hold majority voting rights | CHIYOMARU STUDIO Inc. | Minato-ku, Tokyo  | 10   | Planning and production of games    | —                                    | Payment of royalties            | Payment of royalties (Note 1)              | 47                              | Accounts payable - other | 12                                     |
| Company where a subsidiary's officers and their close relatives hold majority voting rights | VIVID Inc.            | Shinjuku-ku Tokyo | 3  | production of music and games, etc. | —                                    | Ordering sound production       | Payment of sound production costs (Note 1) | 10                              | Accounts payable - other | —                                      |

(Note) 1. Royalties and Sound production costs are determined under licensing agreements whose terms and conditions are standard ones.

Consolidated fiscal year under review (October 1, 2022 to September 30, 2023)

Major affiliated companies

| Type  | Company               | Location          | Common stock or capital contribution (million yen) | Business or occupation              | Percentage of voting rights held (%) | Relationship with related party | Transactions                               | Transaction value (million yen) | Item                     | Balance at end of period (million yen) |
|---|-----------------------|-------------------|--|-------------------------------------|--------------------------------------|---------------------------------|--|---------------------------------|--------------------------|--|
| Company where a subsidiary's officers and their close relatives hold majority voting rights | CHIYOMARU STUDIO Inc. | Minato-ku, Tokyo  | 10   | Planning and production of games    | —                                    | Payment of royalties            | Payment of royalties (Note 1)              | 13                              | Accounts payable - other | 5                                      |
| Company where a subsidiary's officers and their close relatives hold majority voting rights | VIVID Inc.            | Shinjuku-ku Tokyo | 3  | production of music and games, etc. | —                                    | Ordering sound production       | Payment of sound production costs (Note 1) | 11                              | Accounts payable - other | 0                                      |

(Note) 1. Royalties and Sound production costs are determined under licensing agreements whose terms and conditions are standard ones.

(Per share information)

|                            | Previous consolidated fiscal year<br>(October 1, 2021<br>to September 30, 2022) | Consolidated fiscal year under review<br>(October 1, 2022<br>to September 30, 2023) |
|----------------------------|---|---|
| Net assets per share       | 597.24 yen  | <u>592.90</u> yen   |
| Basic earnings per share   | 18.84 yen   | <u>13.61</u> yen  |
| Diluted earnings per share | 18.83 yen   | – yen   |

(Notes) 1. Net income per share fully diluted for the Consolidated fiscal year under review is not shown in the above table, as there were no residual shares.

2. The basis for calculating net assets per share is as follows:

|   | As of September 30, 2022 | As of September 30, 2023 |
|---|--------------------------|--------------------------|
| Total net assets (million yen)  | 76,575                   | <u>76,060</u>            |
| Amount deducted from the total net assets (million yen)   | 6                        | 5                        |
| [Non-controlling interests included (million yen)]  | [6]                      | [5]                      |
| Net assets related to common shares at end of period (million yen)  | 76,569                   | <u>76,054</u>            |
| Number of common shares at the end of the fiscal year used for the calculation of net assets per share (shares) | 128,205,479              | 128,276,321              |

3. The basis for calculating basic earnings per share and earnings per share fully diluted is as follows:

|   | Previous consolidated fiscal year<br>(October 1, 2021<br>to September 30, 2022) | Consolidated fiscal year under review<br>(October 1, 2022<br>to September 30, 2023) |
|---|---|---|
| Basic earnings per share  |   |   |
| Profit attributable to owners of parent (million yen)   | 2,414   | <u>1,746</u>  |
| Amount not attributable to common shareholders (million yen)  | –   | –   |
| Profit attributable to owners of parent pertaining to common shares (million yen)   | 2,414   | <u>1,746</u>  |
| Average number of shares during the period (shares)   | 128,147,982   | 128,258,663   |
| Diluted earnings per share  |   |   |
| Adjustments to profit attributable to owners of parent (million yen)  | –   | –   |
| Increase in the number of common shares (shares)  | 111,599   | –   |
| [Share acquisition rights included in the above (shares)]   | [111,599]   | [–]   |
| Overview of potentially dilutive shares not included in the calculation of earning per share fully diluted due to the absence of dilutive effects | –   | –   |

(Significant subsequent events)

Not applicable.

5) Consolidated supplemental schedules

Schedule of asset retirement obligations

Asset retirement obligations at the beginning and end of the consolidated fiscal year under review were one hundredth or less of the sum of liabilities and net assets at the beginning and end of the consolidated fiscal year under review. A schedule of asset retirement obligations is thus omitted under Article 92-2 of the Regulations on Consolidated Financial Statements.

(2) Other

Quarterly information in the consolidated fiscal year under review

| (Year to date)   | First quarter | Second quarter | Third quarter | Consolidated fiscal year under review |
|--|---------------|----------------|---------------|---------------------------------------|
| Net sales (million yen)                                      | 7,108         | 15,897         | 22,483        | <u>30,806</u>                         |
| Profit (loss) before income taxes (million yen)              | (442)         | 1,607          | 2,122         | <u>3,066</u>                          |
| Profit (loss) attributable to owners of parent (million yen) | (413)         | 932            | 1,244         | <u>1,746</u>                          |
| Profit (loss) per share (yen)                                | (3.23)        | 7.27           | 9.70          | <u>13.61</u>                          |

| (Accounting period)           | First quarter | Second quarter | Third quarter | Fourth quarter |
|-------------------------------|---------------|----------------|---------------|----------------|
| Profit (loss) per share (yen) | (3.23)        | 10.49          | 2.43          | <u>3.91</u>    |

## 2. Financial Statements, Etc.

### (1) Financial Statements

#### 1) Balance Sheet

(million yen)

|  | As of September 30, 2022 | As of September 30, 2023 |
|--|--------------------------|--------------------------|
| <b>Assets</b>  |                          |                          |
| Current assets   |                          |                          |
| Cash and deposits  | 54,951                   | 52,422                   |
| Accounts receivable - trade, and contract assets             | *1, *3 3,574             | *1, *3 3,656             |
| Operational investment securities                            | 1,420                    | 1,548                    |
| Supplies   | 5                        | 5                        |
| Advance payments   | 414                      | 458                      |
| Prepaid expenses   | 323                      | 187                      |
| Short-term loans receivable from subsidiaries and associates | —                        | 1,000                    |
| Other  | *3 58                    | *3 123                   |
| Allowance for doubtful accounts                              | (0)                      | (0)                      |
| Total current assets   | 60,748                   | 59,402                   |
| Non-current assets   |                          |                          |
| Property, plant and equipment                                |                          |                          |
| Buildings and structures                                     | 1,740                    | 1,786                    |
| Accumulated depreciation and impairment                      | (90)                     | (195)                    |
| Buildings and structures, net                                | 1,649                    | 1,590                    |
| Tools, furniture and fixtures                                | 362                      | 414                      |
| Accumulated depreciation and impairment                      | (245)                    | (300)                    |
| Tools, furniture and fixtures, net                           | 117                      | 114                      |
| Construction in progress                                     | —                        | 2                        |
| Total property, plant and equipment                          | 1,767                    | 1,707                    |
| Intangible assets  |                          |                          |
| Software   | 19                       | 15                       |
| Total intangible assets                                      | 19                       | 15                       |
| Investments and other assets                                 |                          |                          |
| Investment securities  | 127                      | 1,145                    |
| Shares of subsidiaries and associates                        | 2,708                    | 2,908                    |
| Investments in capital of subsidiaries and associates        | 12,038                   | <u>10,980</u>            |
| Long-term loans receivable from subsidiaries and associates  | 2,055                    | 1,725                    |
| Leasehold and guarantee deposits                             | *2 1,398                 | *2 1,398                 |
| Other  | —                        | 2                        |
| Allowance for doubtful accounts                              | (2,025)                  | (1,725)                  |
| Total investments and other assets                           | 16,303                   | <u>16,434</u>            |
| Total non-current assets                                     | 18,090                   | <u>18,158</u>            |
| Total assets   | 78,839                   | <u>77,560</u>            |

(million yen)

|   | As of September 30, 2022 | As of September 30, 2023 |
|---|--------------------------|--------------------------|
| <b>Liabilities</b>                                    |                          |                          |
| Current liabilities                                   |                          |                          |
| Accounts payable - other                              | *3 1,780                 | *3 1,875                 |
| Accrued expenses                                      | 530                      | 528                      |
| Income taxes payable                                  | 1,715                    | <u>241</u>               |
| Accrued consumption taxes                             | 52                       | 68                       |
| Advances received                                     | 422                      | 370                      |
| Deposits received                                     | 93                       | 96                       |
| Other   | *3 14                    | *3 10                    |
| Total current liabilities                             | 4,608                    | <u>3,191</u>             |
| Non-current liabilities                               |                          |                          |
| Asset retirement obligations                          | 655                      | 672                      |
| Deferred tax liabilities                              | 327                      | <u>417</u>               |
| Total non-current liabilities                         | 983                      | <u>1,089</u>             |
| Total liabilities                                     | 5,591                    | <u>4,281</u>             |
| Net assets  |                          |                          |
| Shareholders' equity                                  |                          |                          |
| Share capital   | 6,587                    | 6,610                    |
| Capital surplus                                       |                          |                          |
| Legal capital surplus                                 | 6,584                    | 6,607                    |
| Total capital surplus                                 | 6,584                    | 6,607                    |
| Retained earnings                                     |                          |                          |
| Other retained earnings                               |                          |                          |
| Retained earnings brought forward                     | 63,681                   | <u>63,506</u>            |
| Total retained earnings                               | 63,681                   | <u>63,506</u>            |
| Treasury shares                                       | (4,645)                  | (4,645)                  |
| Total shareholders' equity                            | 72,208                   | <u>72,078</u>            |
| Valuation and translation adjustments                 |                          |                          |
| Valuation difference on available-for-sale securities | 1,038                    | <u>1,200</u>             |
| Total valuation and translation adjustments           | 1,038                    | <u>1,200</u>             |
| Total net assets                                      | 73,247                   | <u>73,279</u>            |
| Total liabilities and net assets                      | 78,839                   | <u>77,560</u>            |

## 2) Statement of Income

(million yen)

|  | Fiscal year ended<br>September 30, 2022 | Fiscal year ended<br>September 30, 2023 |
|--|---|---|
| Net sales                                      | *1 23,775                               | *1 <u>23,157</u>                        |
| Cost of sales                                  | *1 15,822                               | *1 <u>15,443</u>                        |
| Gross profit                                   | 7,953                                   | <u>7,714</u>                            |
| Selling, general and administrative expenses   | *1, *2 4,094                            | *1, *2 4,857                            |
| Operating profit                               | 3,859                                   | <u>2,856</u>                            |
| Non-operating income                           |   |   |
| Interest income                                | *1 68                                   | *1 252                                  |
| Foreign exchange gains                         | 1,066                                   | 276                                     |
| Gain on investments in investment partnerships | 7                                       | —                                       |
| Miscellaneous income                           | *1 100                                  | *1 31                                   |
| Total non-operating income                     | 1,242                                   | 560                                     |
| Non-operating expenses                         |   |   |
| Loss on valuation of investment securities     | 64                                      | —                                       |
| Loss on investments in investment partnerships | 2                                       | 179                                     |
| Provision of allowance for doubtful accounts   | 400                                     | —                                       |
| Bad debt expenses                              | *1 130                                  | —                                       |
| Total non-operating expenses                   | 596                                     | 179                                     |
| Ordinary profit                                | 4,505                                   | <u>3,237</u>                            |
| Extraordinary income                           |   |   |
| Reversal of allowance for doubtful accounts    | —                                       | 300                                     |
| Total extraordinary income                     | —                                       | 300                                     |
| Profit before income taxes                     | 4,505                                   | <u>3,537</u>                            |
| Income taxes - current                         | 1,876                                   | <u>1,129</u>                            |
| Income taxes - deferred                        | 1,036                                   | 18                                      |
| Total income taxes                             | 2,913                                   | <u>1,147</u>                            |
| Profit   | 1,591                                   | <u>2,389</u>                            |



Cost of Sales Statement

|   |                | Previous fiscal year<br>(From October 1, 2021<br>to September 30, 2022) |            | Fiscal year under review<br>(From October 1, 2022<br>to September 30, 2023) |            |
|---|----------------|---|------------|---|------------|
| Classification                                      | Note<br>number | Amount (million yen)  | Percentage | Amount (million yen)  | Percentage |
| I. Labor cost                                       | *1             | 4,401   | 29.6       | 4,066   | 28.8       |
| II. Expenses  |                | 10,476  | 70.4       | 10,071  | 71.2       |
| Total manufacturing cost during period              |                | 14,878  | 100.0      | 14,138  | 100.0      |
| Inventories at beginning of period                  |                | —   |            | —   |            |
| Work in process inventory at<br>beginning of period |                | —   |            | —   |            |
| Investment and Development cost<br>of sales         |                | 944   |            | <u>1,304</u>  |            |
| Cost of purchased goods                             |                | —   |            | —   |            |
| Annual  |                | 15,822  |            | <u>15,443</u>   |            |
| Work in process inventory at end<br>of period       |                | —   |            | —   |            |
| Cost of sales                                       |                | 15,822  |            | <u>15,443</u>   |            |

(Notes) \*1. Major items in expenses

| Item                                | Previous fiscal year<br>(From October 1, 2021<br>to September 30, 2022) | Fiscal year under review<br>(From October 1, 2022<br>to September 30, 2023) |
|-------------------------------------|---|---|
| Platform fees                       | 3,848 million yen   | 3,512 million yen   |
| Outsourcing expenses                | 3,164   | 3,110   |
| Server-related expenses             | 1,505   | 1,676   |
| Royalties                           | 178   | 240   |
| Rent expenses on land and buildings | 941   | 521   |

2. Costing Method

Job-order costing based on actual costs is employed.

### 3) Statement of Changes in Equity

Previous fiscal year (From October 1, 2021 to September 30, 2022)

(million yen)

|   | Shareholders' equity |                       |                       |  |                         |                 |                            |
|---|----------------------|-----------------------|-----------------------|--|-------------------------|-----------------|----------------------------|
|   | Share capital        | Capital surplus       |                       | Retained earnings  |                         | Treasury shares | Total shareholders' equity |
|   |                      | Legal capital surplus | Total capital surplus | Other retained earnings<br>Retained earnings brought forward | Total retained earnings |                 |                            |
| Balance at beginning of period                                | 6,556                | 6,553                 | 6,553                 | 64,664   | 64,664                  | (4,645)         | 73,129                     |
| Cumulative effects of changes in accounting policies          |                      |                       |                       | (15)   | (15)                    |                 | (15)                       |
| Restated balance  | 6,556                | 6,553                 | 6,553                 | 64,649   | 64,649                  | (4,645)         | 73,113                     |
| Changes during period   |                      |                       |                       |  |                         |                 |                            |
| Issuance of new shares - exercise of share acquisition rights | 6                    | 6                     | 6                     |  |                         |                 | 13                         |
| Issuance of new shares - restricted Stock Compensation        | 24                   | 24                    | 24                    |  |                         |                 | 49                         |
| Dividends of surplus  |                      |                       |                       | (2,559)  | (2,559)                 |                 | (2,559)                    |
| Purchase of treasury shares                                   |                      |                       |                       |  |                         |                 |                            |
| Profit  |                      |                       |                       | 1,591  | 1,591                   |                 | 1,591                      |
| Net changes in items other than shareholders' equity          |                      |                       |                       |  |                         |                 |                            |
| Total changes during period                                   | 31                   | 31                    | 31                    | (967)  | (967)                   | —               | (905)                      |
| Balance at end of period                                      | 6,587                | 6,584                 | 6,584                 | 63,681   | 63,681                  | (4,645)         | 72,208                     |

|   | Valuation and translation adjustments                 |   | Total net assets |
|---|---|---|------------------|
|   | Valuation difference on available-for-sale securities | Total valuation and translation adjustments |                  |
| Balance at beginning of period                                | 437   | 437   | 73,566           |
| Cumulative effects of changes in accounting policies          |   |   | (15)             |
| Restated balance  | 437   | 437   | 73,550           |
| Changes during period   |   |   |                  |
| Issuance of new shares - exercise of share acquisition rights |   |   | 13               |
| Issuance of new shares - restricted Stock Compensation        |   |   | 49               |
| Dividends of surplus  |   |   | (2,559)          |
| Purchase of treasury shares                                   |   |   |                  |
| Profit  |   |   | 1,591            |
| Net changes in items other than shareholders' equity          | 601   | 601   | 601              |
| Total changes during period                                   | 601   | 601   | (303)            |
| Balance at end of period                                      | 1,038   | 1,038                                       | 73,247           |

Fiscal year under review (October 1, 2022 to September 30, 2023)

(million yen)

|  | Shareholders' equity |                       |                       |                                   |                         |                 |                            |
|--|----------------------|-----------------------|-----------------------|-----------------------------------|-------------------------|-----------------|----------------------------|
|  | Share capital        | Capital surplus       |                       | Retained earnings                 |                         | Treasury shares | Total shareholders' equity |
|  |                      | Legal capital surplus | Total capital surplus | Other retained earnings           | Total retained earnings |                 |                            |
|  |                      |                       |                       | Retained earnings brought forward |                         |                 |                            |
| Balance at beginning of period                         | 6,587                | 6,584                 | 6,584                 | 63,681                            | 63,681                  | (4,645)         | 72,208                     |
| Changes during period                                  |                      |                       |                       |                                   |                         |                 |                            |
| Issuance of new shares - restricted Stock Compensation | 22                   | 22                    | 22                    |                                   |                         |                 | 45                         |
| Dividends of surplus                                   |                      |                       |                       | (2,564)                           | (2,564)                 |                 | (2,564)                    |
| Purchase of treasury shares                            |                      |                       |                       |                                   |                         | (0)             | (0)                        |
| Profit   |                      |                       |                       | <u>2,389</u>                      | <u>2,389</u>            |                 | <u>2,389</u>               |
| Net changes in items other than shareholders' equity   |                      |                       |                       |                                   |                         |                 |                            |
| Total changes during period                            | 22                   | 22                    | 22                    | <u>(174)</u>                      | <u>(174)</u>            | (0)             | <u>(129)</u>               |
| Balance at end of period                               | 6,610                | 6,607                 | 6,607                 | <u>63,506</u>                     | <u>63,506</u>           | (4,645)         | <u>72,078</u>              |

|  | Valuation and translation adjustments                 |   | Total net assets |
|--|---|---|------------------|
|  | Valuation difference on available-for-sale securities | Total valuation and translation adjustments |                  |
| Balance at beginning of period                         | 1,038   | 1,038                                       | 73,247           |
| Changes during period                                  |   |   |                  |
| Issuance of new shares - restricted Stock Compensation |   |   | 45               |
| Dividends of surplus                                   |   |   | (2,564)          |
| Purchase of treasury shares                            |   |   | (0)              |
| Profit   |   |   | <u>2,389</u>     |
| Net changes in items other than shareholders' equity   | <u>161</u>  | <u>161</u>                                  | <u>161</u>       |
| Total changes during period                            | <u>161</u>  | <u>161</u>                                  | <u>32</u>        |
| Balance at end of period                               | <u>1,200</u>  | <u>1,200</u>                                | <u>73,279</u>    |

## Notes

### (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) Other securities (including operational investment securities)

###### 1) 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.)

###### 2) 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: five years

#### 4. Standards for reporting allowances

##### Allowance for doubtful accounts

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

#### 5. Accounting for investments in investment partnerships

Net amounts in proportion to the Group's share in the investment partnership's capital are recorded

## 6. 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.

## 7. 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.

### (Significant accounting estimates)

#### (Recoverability of Deferred tax assets)

##### (1) Amounts recorded in the 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

The information is omitted because it is stated in the note (important accounting estimates) to the consolidated financial statements.

### (Change in Accounting Policy)

#### (Application of Implementation Guidance on Accounting Standard for Fair Value Measurement)

The Company has applied the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, June 17, 2021; hereinafter the “Implementation Guidance on Fair Value Measurement Accounting Standard”) since the beginning of the fiscal year under review. It was decided that the new accounting policies prescribed in the Implementation Guidance on Fair Value Measurement Accounting Standard would continue to be adopted in accordance with the transitional treatment provided for in Paragraph 27-2 of the Implementation Guidance on Fair Value Measurement Accounting Standard.

These changes had no material effect on financial statements.

(Matters related to balance sheet)

\*1 Amounts of receivables and contract assets from contracts with customers, out of “accounts receivable - trade, and contract assets.”

|                             | Previous fiscal year<br>(As of September 30, 2022) | Fiscal year under review<br>(As of September 30, 2023) |
|-----------------------------|--|--|
| Accounts receivable - trade | 3,574 million yen                                  | 3,656 million yen                                      |
| Contract assets             | —  | —  |

\*2 Assets pledged as collateral

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

|                                  | Previous fiscal year<br>(As of September 30, 2022) | Fiscal year under review<br>(As of September 30, 2023) |
|----------------------------------|--|--|
| Leasehold and guarantee deposits | 473 million yen                                    | 473 million yen  |

\*3. Assets and liabilities in connection with subsidiaries and associates

In addition to the accounts presented separately, the following accounts are included in other accounts.

|                                 | Previous fiscal year<br>(As of September 30, 2022) | Fiscal year under review<br>(As of September 30, 2023) |
|---------------------------------|--|--|
| Short-term monetary claims      | 33 million yen                                     | 85 million yen   |
| Short-term monetary obligations | 162  | 169  |

(Statements of income)

\*1. Volume of transactions with subsidiaries and associates

|  | Previous fiscal year<br>(From October 1, 2021<br>to September 30, 2022) | Fiscal year under review<br>(From October 1, 2022<br>to September 30, 2023) |
|--|---|---|
| Volume of trade arising from business transactions |   |   |
| Net sales  | 8 million yen   | 4 million yen   |
| Cost of sales                                      | 1,955   | 1,441   |
| Selling, general and administrative expenses       | 58  | 98  |
| Non-business transactions                          | 153   | 37  |

\*2. Of selling, general and administrative expenses, major items, and their amounts and percentages are as shown below.

|  | Previous fiscal year<br>(From October 1, 2021<br>to September 30, 2022) | Fiscal year under review<br>(From October 1, 2022<br>to September 30, 2023) |
|--|---|---|
| Advertising expenses                         | 1,088 million yen   | 1,805 million yen   |
| Salaries and allowances                      | 938   | 959   |
| Outsourcing expenses                         | 551   | 622   |
| Depreciation                                 | 49  | 36  |
| Provision of allowance for doubtful accounts | (0)   | 0   |
| Approximate percentages                      |   |   |
| Selling expenses                             | 28%   | 38%   |
| General and administrative expenses          | 72%   | 62%   |

(Securities)

1. Shares of subsidiaries and associates and investments in capital of subsidiaries and associates

Previous fiscal year (As of September 30, 2022)

Shares of subsidiaries and associates and investments in capital of subsidiaries and associates have not market prices, and it is very difficult to determine their market values. The Group thus does not state their amounts. (Shares of subsidiaries and associates and investments in capital of subsidiaries and associates posted in the balance sheet are 2,708 million yen and 12,038 million yen, respectively.)

Fiscal year under review (As of September 30, 2023)

Shares of subsidiaries and associates and investments in capital of subsidiaries and associates have not market prices, and it is very difficult to determine their market values. The Group thus does not state their amounts. (Shares of subsidiaries and associates and investments in capital of subsidiaries and associates posted in the balance sheet are 2,908 million yen and 11,138 million yen, respectively.)

(Tax effect accounting)

1. Breakdown of key factors contributing to deferred tax assets and deferred tax liabilities

|   | Previous fiscal year<br>(As of September 30,<br>2022) | Fiscal year under review<br>(As of September 30,<br>2023) |
|---|---|---|
| (Deferred tax assets)   |   |   |
| Accrued enterprise tax, currently not deductible                          | 95 million yen  | 35 million yen  |
| Accrued bonuses, currently not deductible                                 | 106   | 97  |
| Allowance for doubtful accounts, currently not deductible                 | 630   | 538   |
| Bad debts expenses, currently not deductible                              | 2   | 2   |
|   | 403   | 403   |
| Asset retirement obligations  | 200   | 205   |
| Amount exceeding the limit of depreciation of lump-sum depreciable assets | 8   | 6   |
| Loss on investments in partnership  | 1,200   | 1,493   |
| Loss on valuation of investment securities                                | 248   | 248   |
| Loss on valuation of shares of subsidiaries and associates                | 967   | 967   |
| Other   | 197   | 224   |
| Subtotal deferred tax assets  | 4,061   | 4,224   |
| Valuation allowance related for deductible temporary differences          | (3,678)   | (3,859)   |
| Subtotal valuation allowance  | (3,678)   | (3,859)   |
| Total deferred tax assets   | 382   | 365   |
| (Deferred tax liabilities)  |   |   |
| Retirement costs corresponding to asset retirement obligations            | (182)   | (183)   |
| Other   | (527)   | (598)   |
| Total deferred tax liabilities  | (710)   | (782)   |
| Net deferred tax assets (Net of deferred tax liabilities)                 | (327)   | (417)   |

2. Major factors for the difference between statutory tax rate and effective income tax rate after the application of tax effect accounting

|  | Previous fiscal year<br>(As of September 30,<br>2022) | Fiscal year under review<br>(As of September 30,<br>2023) |
|--|---|---|
| Statutory tax rate   | 30.62%  | 30.62%  |
| (Adjustment)   |   |   |
| Tax credits for experimentation and research expenses, etc.                            | (1.25)  | <u>(3.56)</u>   |
| Tax credits related to taxation for wage increases and productivity improvement        | 8.96  | —   |
| Change in valuation allowance  | 26.50   | <u>5.09</u>   |
| Other, net   | (0.16)  | <u>0.30</u>   |
| Percentage of effective income tax rate after the application of tax effect accounting | 64.67   | <u>32.45</u>  |

(Revenue Recognition)

Useful information in understanding revenue from contracts with customers as stated in the Consolidated Financial Statements “Notes (Revenue Recognition)”

(Significant subsequent events)

Not applicable.



## 4) Supplementary schedules

## Itemized account of property, plant and equipment, etc.

| Asset type                          | Balance at beginning of period (million yen) | Increase during period (million yen) | Decrease during period (million yen) | Balance at end of period (million yen) | Accumulated depreciation and accumulated impairment losses, or accumulated amortization at end of period (million yen) | Depreciation or amortization during period (million yen) | Balance at end of period (million yen) |
|-------------------------------------|--|--------------------------------------|--------------------------------------|--|--|--|--|
| Property, plant and equipment       |  |                                      |                                      |  |  |  |  |
| Buildings and structures            | 1,740  | 46                                   | –                                    | 1,786                                  | 195  | 104  | 1,590                                  |
| Tools, furniture and fixtures       | 362  | 61                                   | 10                                   | 414                                    | 300  | 64   | 114                                    |
| Construction in progress            | –  | 38                                   | 36                                   | 2                                      | –  | –  | 2                                      |
| Total property, plant and equipment | 2,103  | 146                                  | 46                                   | 2,203                                  | 495  | 169  | 1,707                                  |
| Intangible assets                   |  |                                      |                                      |  |  |  |  |
| Software                            | 136  | 5                                    | 88                                   | 52                                     | 37   | 17   | 15                                     |
| Total intangible assets             | 136  | 5                                    | 88                                   | 52                                     | 37   | 17   | 15                                     |

(Notes) 1. The balance at beginning of period and the balance at end of period are stated based on acquisition values.

2. Major increases during the period are as follows:

|                               |  |                |
|-------------------------------|--|----------------|
| Buildings and structures      | Roppongi soundproofing room added  | 32 million yen |
|                               | Recognition of asset retirement obligations for additional soundproof room in Roppongi | 13 million yen |
| Tools, furniture and fixtures | Equipment for internal use   | 61 million yen |
| Construction in progress      | Roppongi soundproofing room added  | 36 million yen |
|                               | Construction of office area on the 6th floor of Roppongi                               | 2 million yen  |
| Software                      | Acquisition of software for internal use   | 5 million yen  |

3. Major decreases during the current period are as follows:

|                               |   |                |
|-------------------------------|---|----------------|
| Tools, furniture and fixtures | Retirement of fixtures for internal use | 10 million yen |
| Construction in progress      | Roppongi soundproofing room added       | 36 million yen |
| Software                      | Retirement of software for internal use | 88 million yen |

## Itemized account of allowances

| Classification                  | Balance at beginning of period (million yen) | Increase during period (million yen) | Decrease during period (reversal for the purpose of the allowance) (million yen) | Decrease during period (other) (million yen) | Balance at end of period (million yen) |
|---------------------------------|--|--------------------------------------|--|--|--|
| Allowance for doubtful accounts | 2,025  | 0                                    | –  | 300  | 1,725                                  |

(Note) The amount in the “Decrease during period (other)” field is mainly the repayment amount and the amount of a reversal of doubtful accounts.

(2) Details of Major Assets and Liabilities

The presentation of this information is omitted due to the ongoing preparation of consolidated financial statements.

(3) Other

Not applicable.

## VI. Stock Information of the Reporting Company

|  |   |
|--|---|
| Fiscal year  | October 1 to September 30   |
| Annual general meeting of shareholders   | Within three months of the day following the end of each fiscal year  |
| Record date  | September 30  |
| Record date for distribution of dividends of surplus   | March 31<br>September 30  |
| Number of shares constituting one unit   | 100 shares  |
| Purchase and sale of shares less than one unit<br>Handling office<br>Administrator of the register of shareholders<br>Forward office<br>Purchasing and selling fee | —<br>—<br>—<br>—  |
| Method of public notice  | Notices will be posted electronically.<br><a href="https://colopl.co.jp">https://colopl.co.jp</a><br>In the event of a contingency that makes online public notice impossible or in any other unavoidable circumstances, public notices shall be published in the Nihon Keizai Shimbun. |
| Special benefit for shareholders   | Not applicable.   |

(Note) Under the Company's Articles of Incorporation, a shareholder of shares less than one unit may not exercise rights other than the following rights:

- (1) The rights specified in the items of Article 189-2 of the Companies Act
- (2) The right to make a claim as specified in Article 166-1 of the Companies Act
- (3) The right to receive an allotment of shares for subscription and an allotment of share acquisition rights according to the number of shares held by shareholders

## VII. Reference Information on the Reporting Company

### 1. Information on Parent Entities of the Reporting Company

The Company does not have a Parent Company, etc. as specified in Article 24-7 (1) of the Financial Instruments and Exchange Act.

### 2. Other Reference Information

The Company submitted the following documents between the first day of the fiscal year under review and the day of submitting the securities report.

(1) Annual Securities Report and documents attached, and Confirmation Letter

For the 14th fiscal year (October 1, 2021 to September 30, 2022) Submitted to the Director-General of Kanto Local Finance Bureau on December 26, 2022

(2) Internal Control Report and accompanying documents

Submitted to the Director-General of Kanto Local Finance Bureau on December 26, 2022

(3) Quarterly Report and Confirmation Letter

For the first quarter of the 15th fiscal year (October 1, 2022 to December 31, 2022) Submitted to the Director-General of Kanto Local Finance Bureau on February 10, 2023

For the second quarter of the 15th fiscal year (January 1, 2023 to March 31, 2023) Submitted to the Director-General of Kanto Local Finance Bureau on May 12, 2023

For the third quarter of the 15th fiscal year (April 1, 2023 to June 30, 2023) Submitted to the Director-General of Kanto Local Finance Bureau on August 9, 2023

(4) Extraordinary Report

An extraordinary report pursuant to the provisions of Item (ix)-2 (result of exercising voting rights at the general meeting of shareholders), Paragraph (2), Article 19 of the Cabinet Office Ordinance on the Disclosure of Corporate Affairs, etc.

Submitted to the Director-General of Kanto Local Finance Bureau on December 26, 2022

An extraordinary report pursuant to the provisions of Item (iii) (change in specified subsidiary), Paragraph (2), Article 19 of the Cabinet Office Ordinance on the Disclosure of Corporate Affairs, etc.

Submitted to the Director-General of Kanto Local Finance Bureau on November 1, 2023

Part II. Information Concerning Guarantors of the Reporting Company

Not applicable.