

## Cover Page

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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. (2-1 Nihonbashikabutocho, Chuo-ku, Tokyo)

## 1. Reason for submitting the correction report for the quarterly 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 Quarterly Securities Report (The First Quarter of the Fiscal Year Ending September 30, 2024) that was submitted on February 13, 2024, the Company hereby submits a correction report for the quarterly securities report in order to make the corrections, pursuant to the provisions of Article 24-4-7, Paragraph 4 of the Financial Instruments and Exchange Act.

## 2. Corrections

Part 1. Corporate Information

I. Company Overview

1. Trends in Major Management Indicators, Etc.

II. Business Overview

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

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## 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.

Fiscal term	15th term First Quarter Consolidated Cumulative period	16th term First Quarter Consolidated Cumulative period	15th period
Accounting period	October 1, 2022 to December 31, 2022	October 1, 2023 to December 31, 2023	October 1, 2022 to September 30, 2023
Net sales (million yen)	7,108	5,629	<u>30,806</u>
Ordinary profit (million yen)	(442)	<u>(371)</u>	<u>3,066</u>
Profit attributable to owners of parent (million yen)	(413)	<u>(454)</u>	<u>1,746</u>
Comprehensive income or income (million yen)	(745)	<u>(838)</u>	<u>2,003</u>
Net assets (million yen)	73,266	<u>72,641</u>	<u>76,060</u>
Total assets (million yen)	78,455	<u>77,417</u>	<u>81,464</u>
Basic earnings per share (yen)	(3.23)	<u>(3.55)</u>	<u>13.61</u>
Diluted earnings per share (yen)	—	—	—
Equity ratio (%)	93.4	93.8	<u>93.4</u>

(Notes) 1. Since the Company prepares quarterly consolidated financial statements, changes in major management indices of the submitting company are not shown.

2. Diluted earnings per share are not shown in the above table, as there were no residual shares.

#### 2. Business Summary

During the first quarter of the consolidated fiscal year under review, there have been no significant changes in the businesses operated by the Group (the Company and its affiliated companies).

Changes in the major affiliated companies are as follows.

##### Investment and Development Business

Colopl Next Korea, Inc. was included in the scope of consolidation from the first quarter of the consolidated fiscal year under review due to its increased importance.

## II. Business Overview

### 1. Business Risks

During the first quarter of the fiscal year under review, there were no occurrences of matters related to the status of business and accounting described in this quarterly report that may have a significant impact on investor decisions, or significant changes to the "business and other risks" described in the securities report for the previous fiscal year.

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

The forward-looking statements in this document are based on judgments made as of the end of the quarter under review.

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

##### 1) 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. In the three-months period ended December 31, 2023, 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 three months period ended December 31, 2023 were Net sales of 5,629 million yen (down 20.8% from the same period of the previous fiscal year), Operating loss of 324 million yen (Operating profit of 11 million yen in the same period of the previous fiscal year), Ordinary loss of 371 million yen (Ordinary loss of 442 million yen in the same period of the previous fiscal year), and Loss attributable to owners of the parent of 454 million yen (Loss attributable to owners of the parent 413 million yen in the previous fiscal year).

Operating results by 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, "DRAGON QUEST WALK" (planning and production: SQUARE ENIX CO., LTD., Development: COLOPL, Inc.) remained steady and contributed to the Group's consolidated financial results. In original IP titles, the Group has been operating services to increase user engagement, such as holding collaboration events with popular IP for "Shironeko Project".

As a result, consolidated Net sales and Operating loss for the three months period ended December 31, 2023 stood at 5,596 million yen (down 20.8% from the same period of the previous fiscal year) and 254 million yen (Operating profit of 233 million yen in the same period of the previous fiscal year).

##### 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 three-months period ended December 31, 2023. In addition, impairment losses were recorded on a portion of operational investment securities held.

As a result, consolidated Net sales and Operating loss for the three-months period ended December 31, 2023 stood at 32 million yen (down 20.6% from the same period of the previous fiscal year), and 70 million yen (Operating loss of 222 million yen in the same period of the previous fiscal year).

#### 2) Consolidated financial position

##### (Assets)

Current assets as of December 31, 2023 were 70,322 million yen (down 4,336 million yen from September 30, 2023). This was mainly due to a decrease in Cash and deposits and Accounts receivable - trade, and contract assets.

Non-current assets were 7,095 million yen (up 290 million yen from September 30, 2023). This was mainly due to an increase in Investments and other assets.

As a result, Total assets were 77,417 million yen (down 4,046 million yen from September 30, 2023).

(Liabilities)

Current liabilities as of December 31, 2023 were 3,827 million yen (down 455 million yen from September 30, 2023). This was due to a decrease in Accounts payable - other.

In addition, Non-current liabilities were 949 million yen (down 172 million yen from September 30, 2023). This was due to a decrease in Other non-current liabilities.

As a result, total liabilities were 4,776 million yen (down 627 million yen from September 30, 2023).

(Net assets)

Net assets as of December 31, 2023 were 72,641 million yen (down 3,419 million yen from September 30, 2023). This was mainly due to a decrease in Retained earnings resulting from the payment of dividends.

(2) Priority business and financial issues to be addressed

During the first quarter of the consolidated fiscal year under review, there were no significant changes in the business and financial issues that the Group needs to address on a priority basis.

(3) Research and Development

The total amount of research and development expenses for the first quarter of the consolidated fiscal year under review was 592 million yen.

There were no significant changes in the status of the Group's research and development activities during the first quarter of the consolidated fiscal year under review.

### 3. Important Contracts Etc. Related to Management

During the first quarter of the consolidated fiscal year under review, there were no decisions or conclusions of important management contracts.

### III. 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) Number of Shares Issued

Type	Number of shares issued at the end of the first quarter (shares) (December 31, 2023)	Number of shares issued as of the filing date (shares) (February 13, 2024)	Stock exchange where the Company is listed	Details
Common shares	130,055,005	130,144,640	Tokyo Stock Exchange Prime Market	The number of shares per one unit of shares is 100 shares.
Total	130,055,005	130,144,640	—	—

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

###### 1) Stock Options

Not applicable.

###### 2) 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, 2023 to December 31, 2023	—	130,055,005	—	6,610	—	6,607

(Notes) As a result of the issuance of new shares of restricted stock compensation with a payment date of January 18, 2024, the total number of issued shares increased by 89,635 shares, and capital stock and capital reserve increased by 25 million yen each.

Issue price            569 yen

Capitalized amount   285 yen

##### (5) Status of Major Shareholders

As the quarterly accounting period under review is the first quarter of the fiscal year under review, there is nothing to report.

(6) Information on Voting Rights

The "Information of Voting Rights" as of the end of the first quarter of the fiscal year under review is based on the shareholders' register as of the immediately preceding record date (September 30, 2023), as the information in the shareholders' register cannot be confirmed and cannot be stated.

1) Number of Shares Issued

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) 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 Shares, 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

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

2. Officers

Not applicable.

#### IV. Financial Information

##### Method of Preparation of Quarterly Consolidated Financial Statements

The Company's quarterly consolidated financial statements are prepared in accordance with the "Regulations Concerning Terminology, Forms and Preparation Methods of Quarterly Consolidated Financial Statements" (Cabinet Office Ordinance No. 64, 2007).



# 1. Quarterly Consolidated Financial Statements

## (1) Quarterly Consolidated Balance Sheets

(million yen)

	As of September 30, 2023	As of December 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	57,960	55,792
Accounts receivable - trade, and contract assets	4,635	3,400
Operational investment securities	9,750	9,193
Inventories	442	495
Other	1,890	1,460
Allowance for doubtful accounts	(21)	(21)
Total current assets	<u>74,658</u>	<u>70,322</u>
Non-current assets		
Property, plant and equipment	1,780	1,821
Intangible assets	20	22
Investments and other assets		
Other	5,004	5,251
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	5,004	5,251
Total non-current assets	<u>6,805</u>	<u>7,095</u>
Total assets	<u>81,464</u>	<u>77,417</u>
<b>Liabilities</b>		
Current liabilities		
Accounts payable - other	2,226	1,580
Income taxes payable	336	73
Other	1,720	2,173
Total current liabilities	<u>4,283</u>	<u>3,827</u>
Non-current liabilities		
Asset retirement obligations	745	746
Other	375	202
Total non-current liabilities	<u>1,121</u>	<u>949</u>
Total liabilities	<u>5,404</u>	<u>4,776</u>
<b>Net assets</b>		
Shareholders' equity		
Share capital	6,610	6,610
Capital surplus	6,350	6,348
Retained earnings	66,210	63,177
Treasury shares	(4,645)	(4,645)
Total shareholders' equity	<u>74,526</u>	<u>71,490</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,179	780
Foreign currency translation adjustment	348	364
Total accumulated other comprehensive income	<u>1,528</u>	<u>1,145</u>
Non-controlling interests	5	5
Total net assets	<u>76,060</u>	<u>72,641</u>
Total liabilities and net assets	<u>81,464</u>	<u>77,417</u>

## (2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income

## Quarterly Consolidated Statements of Income

## First Quarter Consolidated Cumulative Period

(million yen)

	Three months ended December 31, 2022	Three months ended December 31, 2023
Net sales	7,108	5,629
Cost of sales	5,134	4,374
Gross profit	1,973	1,254
Selling, general and administrative expenses	1,961	1,578
Operating profit (loss)	11	(324)
Non-operating income		
Interest income	28	80
Gain on sale of investment securities	77	213
Gain on investments in derivatives	—	17
Miscellaneous income	10	27
Total non-operating income	116	339
Non-operating expenses		
Foreign exchange losses	507	352
Loss on sale of investment securities	31	18
Loss on investments in derivatives	29	—
Miscellaneous losses	2	14
Total non-operating expenses	570	385
Ordinary loss	(442)	(371)
Loss before income taxes	(442)	(371)
Income taxes	(29)	83
Loss	(413)	(454)
Profit (loss) attributable to non-controlling interests	(0)	0
Loss attributable to owners of parent	(413)	(454)

Quarterly Consolidated Statements of Comprehensive Income  
First Quarter Consolidated Cumulative Period

(million yen)

	Three months ended December 31, 2022	Three months ended December 31, 2023
Loss	(413)	<u>(454)</u>
Other comprehensive income		
Valuation difference on available-for-sale securities	(334)	<u>(399)</u>
Foreign currency translation adjustment	3	15
Total other comprehensive income	<u>(331)</u>	<u>(383)</u>
Comprehensive income	<u>(745)</u>	<u>(838)</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(744)	<u>(837)</u>
Comprehensive income attributable to non-controlling interests	(0)	(0)

## Notes

### (Changes in scope of consolidation or application of the equity method)

Colopl Next Korea, Inc. was included in the scope of consolidation from the first quarter of the consolidated fiscal year under review due to its increased importance.

### (Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements)

#### (Calculation of tax expense)

Tax expenses are calculated by reasonably estimating the effective tax rate after applying tax effect accounting to income before income taxes for the consolidated fiscal year, including the first quarter under review, and multiplying quarterly income before income taxes by the estimated effective tax rate.

### (Notes to consolidated balance sheet)

#### \* Assets pledged collateral

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

	As of September 30, 2023	As of December 31, 2023
Investments and other assets	473 million yen	473 million yen

### (Notes to Quarterly Consolidated Statements of Cash Flows)

We have not prepared a quarterly consolidated cash flow statement for the first quarter consolidated cumulative period.

Depreciation expenses for the first quarter consolidated cumulative period (including depreciation expenses for intangible fixed assets excluding goodwill) are as follows.

	Three months ended December 31, 2022 (October 1, 2022 to December 31, 2022)	Three months ended December 31, 2023 (October 1, 2023 to December 31, 2023)
Depreciation	65 million yen	65 million yen

### (Shareholders' equity, etc.)

#### I. For the three months ended December 31, 2022 (October 1, 2022 to December 31, 2022)

##### Dividends paid

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

#### II. For the three months ended December 31, 2023 (October 1, 2023 to December 31, 2023)

##### Dividends paid

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

(Segment Information)

I. For the three months ended December 31, 2022 (October 1, 2022 to December 31, 2022)

1. Information on net sales and income or loss by reportable segment

(million yen)

	Reportable segment			Adjustment (Note 1)	Amount recorded in Consolidated Financial Statements (Note 2)
	Entertainment Business	Investment and Development Business	Total		
Net sales					
Sales to external customers	7,067	40	7,108	—	7,108
Intersegment sales or transfers	—	—	—	—	—
Total	7,067	40	7,108	—	7,108
Segment profit (loss)	233	(222)	11	0	11

(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.

II. For the three months ended December 31, 2023 (October 1, 2023 to December 31, 2023)

1. Information on net sales and income or loss by reportable segment

(million yen)

	Reportable segment			Adjustment (Note 1)	Amount recorded in Consolidated Financial Statements (Note 2)
	Entertainment Business	Investment and Development Business	Total		
Net sales					
Sales to external customers	5,596	32	5,629	—	5,629
Intersegment sales or transfers	—	—	—	—	—
Total	5,596	32	5,629	—	5,629
Segment profit (loss)	(254)	(70)	(325)	0	(324)

(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 loss reported in the consolidated statements of income.

## (Revenue Recognition)

For the three months ended December 31, 2022 (October 1, 2022 to December 31, 2022)

(million yen)

	Reportable Segment		Total
	Entertainment Business	Investment and Development Business	
Revenue from user charges	3,289	—	3,289
Income from revenue sharing	2,426	—	2,426
Other (Note 1)	1,351	12	1,363
Revenue from contracts with customers	7,067	12	7,079
Other income (Note 2)	—	28	28
Net sales to external customers	7,067	40	7,108

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

2. Other income mainly consists of income related to investments in limited liability investment partnerships and similar partnerships in accordance with ASBJ Statement No. 10, "Accounting Standard for Financial Instruments".

For the three months ended December 31, 2023 (October 1, 2023 to December 31, 2023)

(million yen)

	Reportable Segment		Total
	Entertainment Business	Investment and Development Business	
Revenue from user charges	2,134	—	2,134
Income from revenue sharing	2,160	—	2,160
Other (Note 1)	1,301	13	1,314
Revenue from contracts with customers	5,596	13	5,609
Other income (Note 2)	—	19	19
Net sales to external customers	5,596	32	5,629

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

2. Other income mainly consists of income related to investments in limited liability investment partnerships and similar partnerships in accordance with ASBJ Statement No. 10, "Accounting Standard for Financial Instruments".

(Per share information)

The basis for calculating basic loss per share is as follows.

Item	Three months ended December 31, 2022 (October 1, 2022 to December 31, 2022)	Three months ended December 31, 2023 (October 1, 2023 to December 31, 2023)
Basic loss per share	(3.23) yen	<u>(3.55)</u> yen
(Basis for calculation)		
Loss attributable to owners of parent (million yen)	(413)	<u>(454)</u>
Amount not attributable to common shareholders (million yen)	—	—
Loss attributable to owners of parent pertaining to common shares (million yen)	(413)	<u>(454)</u>
Average number of shares during the period (shares)	128,205,479	128,276,321

(Notes) Diluted earnings per share is not shown in the above table, as there were no residual shares.

(Significant subsequent events)

Not applicable.

## 2.Other

Not applicable.



**Part 2. Information Concerning Guarantors of the Reporting Company**

Not applicable.