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| Document filed: | Correction Report for Quarterly Securities Report |
| Applicable law: | Article 24-4-7, Paragraph 4 of the Financial Instruments and Exchange Act |
| Filed with: | Director, Kanto Local Finance Bureau |
| Filing date: | November 20, 2024 |
| Quarterly Accounting Period: | 16th business term of the second quarter (From January 1, 2024 to March 31, 2024) |
| 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 Second Quarter of the Fiscal Year Ending September 30, 2024) that was submitted on May 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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1. Quarterly Consolidated 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.

| Fiscal term | 15th term Second Quarter Consolidated Cumulative period | 16th term Second Quarter Consolidated Cumulative period | 15th period |
|--|---|---|---------------------------------------|
| Accounting period | October 1, 2022 to March 31, 2023 | October 1, 2023 to March 31, 2024 | October 1, 2022 to September 30, 2023 |
| Net sales (million yen) | 15,897 | <u>12,702</u> | <u>30,806</u> |
| Ordinary profit (million yen) | 1,607 | <u>805</u> | <u>3,066</u> |
| Profit attributable to owners of parent (million yen) | 932 | <u>177</u> | <u>1,746</u> |
| Comprehensive income (million yen) | 627 | <u>22</u> | <u>2,003</u> |
| Net assets (million yen) | 74,683 | <u>73,554</u> | <u>76,060</u> |
| Total assets (million yen) | 80,513 | <u>80,937</u> | <u>81,464</u> |
| Basic earnings per share (yen) | 7.27 | <u>1.38</u> | <u>13.61</u> |
| Diluted earnings per share (yen) | — | — | — |
| Equity ratio (%) | 92.8 | <u>90.9</u> | <u>93.4</u> |
| Cash flows from operating activities (million yen) | 949 | 1,544 | 1,159 |
| Cash flows from investing activities (million yen) | 8,903 | (2,646) | 8,237 |
| Cash flows from financing activities (million yen) | (2,559) | (562) | (2,567) |
| Cash and cash equivalents at end of period (million yen) | 57,768 | 56,845 | 58,167 |

| Fiscal term | 15th term Second Quarter Consolidated period | 16th term Second Quarter Consolidated period |
|----------------------------|--|--|
| Accounting period | January 1, 2023 to March 31, 2023 | January 1, 2024 to March 31, 2024 |
| Net income per share (yen) | 10.49 | <u>4.92</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 is not shown in the above table, as there were no residual shares.

2. Business Summary

During the six months ended March 31, 2024, 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.

During the second quarter of the consolidated fiscal year under review, COLOPL NEXT Listed Shares No. 1 Fund Investment Partnership has been removed from the scope of consolidation, as a result of the completion of its liquidation process.

II. Business Overview

1. Business Risks

During the six months ended March 31, 2024, 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 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 consolidated accounting period.

(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 six months ended March 31, 2024, 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 six months ended March 31, 2024 were Net sales of 12,702 million yen (down 20.1% from the same period of the previous fiscal year), Operating profit of 352 million yen (down 81.9% from the same period of the previous fiscal year), Ordinary profit of 805 million yen (down 49.9% from the same period of the previous fiscal year), and Profit attributable to owners of the parent of 177 million yen (down 81.0% from the same period of 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" and "Travel Jimano Nyanko (tentative)". In addition to the decrease in sales due to the diminishing sales of existing titles, there were upfront expenses for the blockchain business, which is expected to be released soon.

As a result, consolidated net sales and operating profit for the six months ended March 31, 2024 stood at 12,344 million yen (down 20.0% from the same period of the previous fiscal year) and 479 million yen (down 77.7% from the same period of the previous 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 six months ended March 31, 2024. 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 six months ended March 31, 2024 stood at 358 million yen (down 22.5% from the same period of the previous fiscal year) and 128 million yen (operating loss of 207 million yen in the same period of the previous fiscal year), respectively.

2) Consolidated financial position

(Assets)

Current assets as of March 31, 2024 were 71,841 million yen (down 2,817 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 9,095 million yen (up 2,290 million yen from September 30, 2023). This was mainly due to an increase in Investments and other assets.

As a result, total assets were 80,937 million yen (down 527 million yen from September 30, 2023).

(Liabilities)

Current liabilities as of March 31, 2024 were 5,091 million yen (up 808 million yen from September 30, 2023). This was mainly due to an increase in Other current liabilities.

In addition, Non-current liabilities were 2,291 million yen (up 1,170 million yen from September 30, 2023). This was mainly due to an increase in Long-term borrowings.

As a result, total liabilities were 7,382 million yen (up 1,978 million yen from September 30, 2023).

(Net assets)

Net assets as of March 31, 2024 were 73,554 million yen (down 2,505 million yen from September 30, 2023). This was mainly due to a decrease in retained earnings resulting from the payment of dividends.

(2) Status of cash flows

The balance of cash and cash equivalents at the end of the six months ended March 31, 2024 decreased 1,321 million yen from the end of the previous fiscal year, to 56,845 million yen.

The status of each of the cash flow segments and contributing factors for changes during the six months ended March 31, 2024 are as follows.

(Cash flows from operating activities)

Net cash increased by 1,544 million yen in operating activities during the six months ended March 31, 2024 (compared to an increase of 949 million yen during the same period of the previous fiscal year). The main cash inflow was 845 million yen decrease in trade receivables.

(Cash flows from investing activities)

Net cash decreased by 2,646 million yen in investing activities during the six months ended March 31, 2024 (compared to an increase of 8,903 million yen during the same period of the previous fiscal year). The main cash outflow was 2,941 million yen in purchase of investment securities.

(Cash flows from financing activities)

Net cash decreased by 562 million yen in financing activities during the six months ended March 31, 2024 (compared to a decrease of 2,559 million yen during the same period of the previous fiscal year). The main cash outflow was 2,565 million yen in dividends paid, and inflow was 2,000 million yen in proceeds from long-term borrowings.

(3) Priority business and financial issues to be addressed

During the six months ended March 31, 2024, there were no significant changes in the business and financial issues that the Group needs to address on a priority basis.

(4) Research and Development

The total amount of research and development expenses for the six months ended March 31, 2024 was 1,276 million yen.

There were no significant changes in the status of the Group's research and development activities during the six months ended March 31, 2024.

3.Important Contracts Etc. Related to Management

During the six months ended March 31, 2024, 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 second quarter (shares) (March 31, 2024) | Number of shares issued as of the filing date (shares) (May 13, 2024) | Stock exchange where the Company is listed | Details |
|---------------|--|---|--|--|
| Common shares | 130,144,640 | 130,144,640 | Tokyo Stock Exchange Prime Market | The number of shares per one unit of shares is 100 shares. |
| Total | 130,144,640 | 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) |
|--|---|---|---------------------------------|----------------------------------|---|--|
| January 1, 2024 - March 31, 2024 (Notes) | 89,635 | 130,144,640 | 25 | 6,635 | 25 | 6,632 |

(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 surplus increased by 25 million yen each.

Issue price 569 yen

Capitalized amount 285 yen

(5) Status of Major Shareholders

As of March 31, 2024

| 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 | 61,781,792 | 48.13 |
| Custody Bank of Japan, Ltd. (Trust account) | 1-8-12, Harumi, Chuo-ku, Tokyo | 10,050,700 | 7.83 |
| The Master Trust Bank of Japan, Ltd. (Trust account) | 1-8-1 Akasaka, Minato-ku, Tokyo | 8,863,700 | 6.91 |
| THE BANK OF NEW YORK MELLON 140051 (Standing proxy: Settlement & Clearing Services Department of Mizuho Bank, Ltd.) | 240 GREENWICH STREET, NEW YORK, NY10286, U.S.A. (2-15-1, Konan, Minato-ku, Tokyo) | 7,251,900 | 5.65 |
| THE BANK OF NEW YORK 133612 (Standing proxy: Settlement & Clearing Services Department of Mizuho Bank, Ltd.) | BOULEVARD ANSPACH 1, 1000 BRUSSELS, BELGIUM (2-15-1, Konan, Minato-ku, Tokyo) | 3,222,300 | 2.51 |
| CREDIT SUISSE AG HONG KONG TRUST A/C CLIENT (Standing proxy: MUFG Bank, Ltd.) | LEVEL 88, INTERNATIONAL COMMERCE CENTRE, 1 AUSTIN ROAD WEST, KOWLOON, HONG KONG (2-7-1, Marunouchi, Chiyoda-ku, Tokyo) | 2,306,800 | 1.80 |
| KUWAIT INVESTMENT AUTHORITY (Standing proxy: Direct Custody Clearing Operations of Citibank, N.A., Tokyo Branch) | MINISTRIES COMPLEX ALMURQAB AREA KUWAIT KW 13001 (6-27-30 Shinjuku, Shinjuku-ku, Tokyo) | 1,677,500 | 1.31 |
| STATE STREET BANK WEST CLIENT - TREATY 505234 (Standing proxy: Settlement & Clearing Services Department of Mizuho Bank, Ltd.) | 1776 HERITAGE DRIVE, NORTH QUINCY, MA 02171, U.S.A. (2-15-1, Konan, Minato-ku, Tokyo) | 892,600 | 0.70 |
| THE HONGKONG AND SHANGHAI BANKING CORPORATION LTD - SINGAPORE BRANCH PRIVATE BANKING DIVISION A/ C CLIENTS (Standing proxy: Custody Services Department, Tokyo Branch, The Hongkong and Shanghai Banking Corporation Limited) | 10 MARINA BOULEVARD #48-01 MARINA BAY FINANCIAL CENTRE SINGAPORE 018983 (3-11-1 Nihonbashi, Chuo-ku, Tokyo) | 700,000 | 0.55 |
| GOLDMAN SACHS INTERNATIONAL (Standing proxy: Goldman Sachs Japan Co., Ltd.) | PLUMTREE COURT, 25 SHOE LANE, LONDON EC4A 4AU, U.K. (6-10-1, Konan, Minato-ku, Tokyo) | 619,600 | 0.48 |
| Total | — | 97,366,892 | 75.85 |

(Notes) 1. The ratio of the number of shares owned to the number of shares issued (excluding treasury shares) 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 March 31, 2024, 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 |

(6) Information on Voting Rights

1) Number of Shares Issued

As of March 31, 2024

| 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 1,778,700 | — | The number of shares per one unit of shares is 100 shares. |
| Shares with full voting right (others) | Common shares 128,311,700 | 1,283,117 | Ditto |
| Shares less than one unit | Common shares 54,240 | — | — |
| Number of shares outstanding | 130,144,640 | — | — |
| Total number of voting rights | — | 1,283,117 | — |

(Note) The column showing the shares of less than one unit contains 19 treasury stock owned by the Company.

2) Treasury Shares, Etc.

As of March 31, 2024

| 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 | 1,778,700 | — | 1,778,700 | 1.37 |
| Total | — | 1,778,700 | — | 1,778,700 | 1.37 |

(Notes) The treasury stock above does not include 19 shares of less than one unit.

2. Officers

The changes in directors and executive officers from the filing date of the Annual Securities Report for the fiscal year ended September 30, 2023 until March 31, 2024 are as follows.

Changes in titles

| New job title | Former job title | Name | Date of change |
|---|---|------------------|-----------------|
| President and Representative Director In charge of PR Marketing Division | President and Representative Director Head of Marketing Division | Takashi Miyamoto | January 1, 2024 |
| Executive Director In charge of Corporate Administration Department | Executive Director In charge of Corporate Division | Yoshiaki Harai | January 1, 2024 |

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 March 31, 2024 |
|---|--------------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 57,960 | 56,840 |
| Accounts receivable - trade, and contract assets | 4,635 | 3,802 |
| Operational investment securities | 9,750 | 9,523 |
| Inventories | *1 442 | *1 568 |
| Other | 1,890 | 1,116 |
| Allowance for doubtful accounts | (21) | (10) |
| Total current assets | <u>74,658</u> | <u>71,841</u> |
| Non-current assets | | |
| Property, plant and equipment | 1,780 | 1,795 |
| Intangible assets | 20 | 13 |
| Investments and other assets | | |
| Other | *2 5,004 | *2 7,297 |
| Allowance for doubtful accounts | (0) | (11) |
| Total investments and other assets | 5,004 | 7,286 |
| Total non-current assets | <u>6,805</u> | <u>9,095</u> |
| Total assets | <u>81,464</u> | <u>80,937</u> |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable - other | 2,226 | 2,134 |
| Income taxes payable | 336 | 639 |
| Other | 1,720 | 2,317 |
| Total current liabilities | <u>4,283</u> | <u>5,091</u> |
| Non-current liabilities | | |
| Long-term borrowings | — | 1,333 |
| Asset retirement obligations | 745 | 782 |
| Other | 375 | 176 |
| Total non-current liabilities | <u>1,121</u> | <u>2,291</u> |
| Total liabilities | <u>5,404</u> | <u>7,382</u> |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 6,610 | 6,635 |
| Capital surplus | 6,350 | 6,373 |
| Retained earnings | 66,210 | 63,809 |
| Treasury shares | (4,645) | (4,645) |
| Total shareholders' equity | <u>74,526</u> | <u>72,173</u> |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 1,179 | 996 |
| Foreign currency translation adjustment | 348 | 376 |
| Total accumulated other comprehensive income | <u>1,528</u> | <u>1,373</u> |
| Non-controlling interests | 5 | 7 |
| Total net assets | <u>76,060</u> | <u>73,554</u> |
| Total liabilities and net assets | <u>81,464</u> | <u>80,937</u> |

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

Quarterly Consolidated Statements of Income

Second Quarter Consolidated Cumulative Period

(million yen)

| | Six months ended March 31, 2023 | Six months ended March 31, 2024 |
|---|------------------------------------|------------------------------------|
| Net sales | 15,897 | <u>12,702</u> |
| Cost of sales | 10,653 | <u>9,165</u> |
| Gross profit | 5,244 | <u>3,537</u> |
| Selling, general and administrative expenses | * 3,299 | * 3,184 |
| Operating profit | 1,944 | <u>352</u> |
| Non-operating income | | |
| Interest income | 78 | 160 |
| Foreign exchange gains | — | 79 |
| Gain on sale of investment securities | 225 | 226 |
| Gain on investments in investment partnerships | — | 15 |
| Gain on investments in derivatives | — | 17 |
| Miscellaneous income | 25 | 45 |
| Total non-operating income | 328 | 544 |
| Non-operating expenses | | |
| Foreign exchange losses | 462 | — |
| Loss on valuation of investment securities | — | 54 |
| Loss on sale of investment securities | 54 | 21 |
| Loss on investments in derivatives | 144 | — |
| Miscellaneous losses | 3 | 15 |
| Total non-operating expenses | 665 | 91 |
| Ordinary profit | 1,607 | <u>805</u> |
| Extraordinary losses | | |
| Impairment losses | — | 29 |
| Total extraordinary losses | — | 29 |
| Profit before income taxes | 1,607 | <u>776</u> |
| Income taxes | 675 | <u>598</u> |
| Profit | 932 | <u>177</u> |
| Profit (loss) attributable to non-controlling interests | (0) | 0 |
| Profit attributable to owners of parent | 932 | <u>177</u> |

Quarterly Consolidated Statements of Comprehensive Income
Second Quarter Consolidated Cumulative Period

(million yen)

| | Six months ended March 31, 2023 | Six months ended March 31, 2024 |
|--|------------------------------------|------------------------------------|
| Profit | 932 | <u>177</u> |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (328) | <u>(182)</u> |
| Foreign currency translation adjustment | 22 | 27 |
| Total other comprehensive income | <u>(305)</u> | <u>(155)</u> |
| Comprehensive income | 627 | <u>22</u> |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 627 | <u>21</u> |
| Comprehensive income attributable to non-controlling interests | (0) | 0 |

(3) Quarterly Consolidated Statements of Cash Flows

(million yen)

| | Six months ended March 31, 2023 | Six months ended March 31, 2024 |
|---|------------------------------------|------------------------------------|
| Cash flows from operating activities | | |
| Profit before income taxes | 1,607 | <u>776</u> |
| Depreciation | 151 | 127 |
| Impairment losses | — | 29 |
| Increase (decrease) in allowance for doubtful accounts | 0 | 0 |
| Foreign exchange losses (gains) | 487 | (80) |
| Decrease (increase) in operational investment securities | 295 | <u>206</u> |
| Loss (gain) on sale of investment securities | (170) | (204) |
| Loss (gain) on valuation of investment securities | — | 54 |
| Loss (gain) investments in derivatives | 144 | (17) |
| Decrease (increase) in trade receivables | (180) | <u>845</u> |
| Decrease (increase) in inventories | (24) | (125) |
| Increase (decrease) in trade payables | 4 | (67) |
| Increase (decrease) in accounts payable - other | (41) | (90) |
| Increase (decrease) in accrued consumption taxes | 175 | (38) |
| Increase (decrease) in income taxes payable - factor based tax | (57) | (9) |
| Increase (decrease) in advances received | 318 | 45 |
| Decrease (increase) in prepaid expenses | 122 | 117 |
| Other, net | (241) | <u>81</u> |
| Subtotal | 2,593 | 1,649 |
| Interest and dividends received | 92 | 168 |
| Interest paid | — | (1) |
| Income taxes refund (paid) | (1,737) | (272) |
| Net cash provided by (used in) operating activities | 949 | 1,544 |
| Cash flows from investing activities | | |
| Payments into time deposits | — | (1,412) |
| Proceeds from withdrawal of time deposits | 10,000 | — |
| Purchase of property, plant and equipment | (28) | (101) |
| Purchase of intangible assets | (5) | (5) |
| Purchase of investment securities | (2,640) | (2,941) |
| Proceeds from sale of investment securities | 1,906 | 1,736 |
| Purchase of shares of subsidiaries and associates | (209) | — |
| Payments of leasehold and guarantee deposits | — | (0) |
| Proceeds from refund of leasehold and guarantee deposits | 0 | 3 |
| Futures settlement (paid) | (115) | 25 |
| Other, net | (3) | 47 |
| Net cash provided by (used in) investing activities | 8,903 | (2,646) |
| Cash flows from financing activities | | |
| Proceeds from long-term borrowings | — | 2,000 |
| Dividends paid | (2,559) | (2,565) |
| Other, net | (0) | 2 |
| Net cash provided by (used in) financing activities | (2,559) | (562) |
| Effect of exchange rate change on cash and cash equivalents | (439) | 159 |
| Net increase (decrease) in cash and cash equivalents | 6,854 | (1,505) |
| Cash and cash equivalents at beginning of period | 50,914 | 58,167 |
| Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation | — | 184 |
| Cash and cash equivalents at end of period | * 57,768 | * 56,845 |

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.

During the second quarter of the consolidated fiscal year under review, COLOPL NEXT Listed Shares No. 1 Fund Investment Partnership has been removed from the scope of consolidation, as a result of the completion of its liquidation process.

(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 second quarter consolidated accounting period, and multiplying quarterly profit before income taxes by the estimated effective tax rate.

(Notes to Quarterly Consolidated Balance Sheet)

*1 Inventories consist of the following.

| | As of September 30, 2023 | As of March 31, 2024 |
|-----------------|--------------------------|----------------------|
| Merchandise | 74 million yen | 77 million yen |
| Work in process | 362 million yen | 484 million yen |
| Supplies | 5 million yen | 6 million yen |

*2 Assets pledged collateral

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

| | As of September 30, 2023 | As of March 31, 2024 |
|------------------------------|--------------------------|----------------------|
| Investments and other assets | 473 million yen | 473 million yen |

(Notes to Quarterly Consolidated Statements of Income)

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

| | For the six months ended March 31, 2023 (October 1, 2022 to March 31, 2023) | For the six months ended March 31, 2024 (October 1, 2023 to March 31, 2024) |
|-------------------------|--|--|
| Salaries and allowances | 641 million yen | 707 million yen |
| Advertising expenses | 1,200 million yen | 741 million yen |

(Notes to Quarterly Consolidated Statements of Cash Flows)

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

| | For the six months ended March 31, 2023 (October 1, 2022 to March 31, 2023) | For the six months ended March 31, 2024 (October 1, 2023 to March 31, 2024) |
|---|--|--|
| Cash and deposits | 57,543 million yen | 56,840 million yen |
| Deposits paid ("Other" in current assets) | 225 million yen | 5 million yen |
| Cash and cash equivalents | 57,768 million yen | 56,845 million yen |

(Shareholders' equity, etc.)

I. Six months ended March 31, 2023 (October 1, 2022 to March 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 23, 2022 Annual general meeting of shareholders | Common shares | 2,564 | 20.00 | September 30, 2022 | December 27, 2022 | Retained earnings |

II. Six months ended March 31, 2024 (October 1, 2023 to March 31, 2024)

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 Etc.)

Segment Information

I. For the six months ended March 31, 2023 (October 1, 2022 to March 31, 2023)

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 | 15,434 | 462 | 15,897 | — | 15,897 |
| Intersegment sales or transfers | — | — | — | — | — |
| Total | 15,434 | 462 | 15,897 | — | 15,897 |
| Segment profit (loss) | 2,150 | (207) | 1,943 | 1 | 1,944 |

(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 six months ended March 31, 2024 (October 1, 2023 to March 31, 2024)

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 | 12,344 | <u>358</u> | <u>12,702</u> | — | <u>12,702</u> |
| Intersegment sales or transfers | — | — | — | — | — |
| Total | 12,344 | <u>358</u> | <u>12,702</u> | — | <u>12,702</u> |
| Segment profit (loss) | <u>479</u> | <u>(128)</u> | <u>351</u> | 1 | <u>352</u> |

(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.

(Revenue Recognition)

Six months ended March 31, 2023 (October 1, 2022 to March 31, 2023)

(million yen)

| | Reportable Segment | | Total |
|---------------------------------------|------------------------|-------------------------------------|--------|
| | Entertainment Business | Investment and Development Business | |
| Revenue from user charges | 6,898 | — | 6,898 |
| Income from revenue sharing | 5,654 | — | 5,654 |
| Other (Note) 1 | 2,881 | 23 | 2,905 |
| Revenue from contracts with customers | 15,434 | 23 | 15,458 |
| Other income (Note) 2 | — | 438 | 438 |
| Net sales to external customers | 15,434 | 462 | 15,897 |

(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".

Six months ended March 31, 2024 (October 1, 2023 to March 31, 2024)

(million yen)

| | Reportable Segment | | Total |
|---------------------------------------|------------------------|-------------------------------------|---------------|
| | Entertainment Business | Investment and Development Business | |
| Revenue from user charges | 5,018 | — | 5,018 |
| Income from revenue sharing | 4,653 | — | 4,653 |
| Other (Note) 1 | 2,672 | 29 | 2,702 |
| Revenue from contracts with customers | 12,344 | 29 | 12,374 |
| Other income (Note) 2 | — | <u>328</u> | <u>328</u> |
| Net sales to external customers | 12,344 | <u>358</u> | <u>12,702</u> |

(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 earnings per share and earnings per share fully diluted is as follows.

| Item | Six months ended March 31, 2023 (October 1, 2022 to March 31, 2023) | Six months ended March 31, 2024 (October 1, 2023 to March 31, 2024) |
|---|--|--|
| (1) Basic earnings per share (yen) | 7.27 | <u>1.38</u> |
| (Basis for calculation) | | |
| Profit attributable to owners of parent (million yen) | 932 | <u>177</u> |
| Amount not attributable to common shareholders (million yen) | — | — |
| Profit attributable to owners of parent pertaining to common shares (million yen) | 932 | <u>177</u> |
| Average number of shares during the period (shares) | 128,240,958 | 128,321,127 |

(Notes) Diluted earnings per share are 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.