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Consolidated Financial Results for the Six Months Ended March 31, 2025 (under Japanese GAAP)

May 7, 2025

Name of the Listed Company: COLOPL, Inc.

Listed Stock Exchanges: Tokyo Stock Exchange

Security code: 3668

URL: <https://colopl.co.jp/en/>

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Scheduled date to file semi-annual securities report:

May 13, 2025

Scheduled date to commence dividend payments:

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Preparation of supplementary material on semi-annual financial results: Yes

Holding of semi-annual financial results briefing:

Yes (for institutional investors and analysts)

1. Consolidated Financial Results for the Six Months Ended March 31, 2025 (from October 1, 2024 to March 31, 2025)

(1) Consolidated operating results (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Six months ended								
March 31, 2025	14,043	10.6	1,413	301.1	2,025	151.4	177	0.5
March 31, 2024	12,702	(20.1)	352	(81.9)	805	(49.9)	177	(81.0)

(Note) Comprehensive income Six months ended March 31, 2025: 77 million yen (up 242.5%)

Six months ended March 31, 2024: 22 million yen (down 96.4%)

	Basic earnings per share	Diluted earnings per share
	yen	yen
Six months ended		
March 31, 2025	1.39	—
March 31, 2024	1.38	—

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

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
As of			
March 31, 2025	75,919	68,940	90.8
September 30, 2024	79,805	71,387	89.4

Reference: Shareholder's equity As of March 31, 2025: 68,933 million yen

As of September 30, 2024: 71,380 million yen

2. Cash dividends

	Dividend per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Annual
	yen	yen	yen	yen	yen
Fiscal year ended					
September 30, 2024	—	0.00	—	20.00	20.00
Fiscal year ending					
September 30, 2025	—	0.00			
Fiscal year ending					
September 30, 2025 (forecast)			—	—	—

(Note) Revisions to the forecast of cash dividends most recently announced: None

Dividends for the fiscal year ending September 30, 2025, are not yet decided.

3. Consolidated Financial Forecast for the Fiscal Year Ending September 30, 2025 (from October 1, 2024 to September 30, 2025)

Due to the fact that the business environment surrounding our group is subject to rapid changes in the short term, it is difficult to calculate appropriate and reasonable figures for the outlook of our group's business performance, and therefore we do not disclose our business forecast.

Notes.

- (1) Significant changes in the scope of consolidation during the period: None
- (2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements: Yes
(Note) For details, please refer to "2. Semi-annual Consolidated Financial Statements and Major Notes (4) Notes to Semi-annual Consolidated Financial Statements (Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements)" on page 8 of the attached materials.
- (3) Changes in accounting policies, changes in accounting estimates, and retrospective restatements
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- (ii) Changes in accounting policies due to other than (i): None
- (iii) Changes in accounting estimates: None
- (iv) Retrospective restatement: None
(Note) For details, please refer to "2. Semi-annual Consolidated Financial Statements and Major Notes (4) Notes to Semi-annual Consolidated Financial Statements (Notes on change in accounting policy)" on page 8 of the attached materials.

(4) Number of issued shares (common shares)

(i) Total number of shares issued at the end of the period (including treasury shares)

As of March 31, 2025	130,230,769 shares	As of September 30, 2024	130,144,640 shares
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(ii) Number of treasury shares at the end of the period

As of March 31, 2025	1,778,904 shares	As of September 30, 2024	1,778,834 shares
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(iii) Average number of shares during the period

Six months ended March 31, 2025	128,408,859 shares	Six months ended March 31, 2024	128,321,127 shares
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Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm

Proper use of earnings forecasts, and other special matters

Descriptions and statements concerning estimates and forecasts in this material are judgments and assumptions based on information currently available to the Company. Due to the uncertainties inherent in these judgments and assumptions, as well as changes in business management and internal or external conditions, actual results may differ substantially from predictions, and the Company does not guarantee the certainty of any details regarding these future predictions.

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1. Consolidated Results for the Six Months Ended March 31, 2025

(1) Analysis of consolidated business 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, 2025, 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 focused primarily on investment and divestment in IT-related and entertainment companies in Japan and overseas. As a result, consolidated results for the six months ended March 31, 2025 were Net sales of 14,043 million yen (up 10.6% from the same period of the previous fiscal year), Operating profit of 1,413 million yen (up 301.1% from the same period of the previous fiscal year), Ordinary profit of 2,025 million yen (up 151.4% from the same period of the previous fiscal year), and Profit attributable to owners of parent of 177 million yen (up 0.5% 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, "DRAGON QUEST WALK (planning and production: SQUARE ENIX CO., LTD., Development: COLOPL, Inc.)" performed well and continued to contribute to the Group's consolidated financial results. Although there were sales contributions from "FESBA+" released in August 2024 and "ISEKAI∞ISEKAI" released in January 2025, some existing titles saw a decline in sales due to the prolonged distribution period, resulting in a decrease in sales. In addition, advertising expenses increased due to the release of new titles.

As a result, consolidated Net sales and Operating loss for the six months ended March 31, 2025 stood at 12,008 million yen (down 2.7% from the same period of the previous fiscal year) and 167 million yen (Operating profit of 479 million yen in 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 main source of profit for the six months ended March 31, 2025 was the sale of shares in Timee, Inc. In addition, impairment losses were recorded on a portion of operational investment securities held.

As a result, consolidated Net sales and Operating profit for the six months ended March 31, 2025 stood at 2,034 million yen (up 467.8% from the same period of the previous fiscal year) and 1,579 million yen (Operating loss of 128 million yen in the same period of the previous fiscal year), respectively.

(2) Analysis of consolidated financial position

(i) Status of Assets, Liabilities and Net assets

(Assets)

Current assets as of March 31, 2025 were 65,485 million yen (down 1,781 million yen from September 30, 2024). This was mainly due to a decrease in Accounts receivable - trade, and contract assets and Operational investment securities.

Non-current assets were 10,433 million yen (down 2,104 million yen from September 30, 2024). This was mainly due to a decrease in Investments and other assets.

As a result, total assets were 75,919 million yen (down 3,885 million yen from September 30, 2024).

(Liabilities)

Current liabilities as of March 31, 2025 were 5,294 million yen (down 1,273 million yen from September 30, 2024). This was mainly due to a decrease in Accounts payable - other.

In addition, Non-current liabilities were 1,684 million yen (down 164 million yen from September 30, 2024). This was mainly due to a decrease in Long-term borrowings.

As a result, total liabilities were 6,979 million yen (down 1,438 million yen from September 30, 2024).

(Net assets)

Net assets as of March 31, 2025 were 68,940 million yen (down 2,447 million yen from September 30, 2024). This was mainly due to a decrease in Retained earnings resulting from the payment of dividends.

(ii) Status of cash flows

The balance of cash and cash equivalents at the end of the six months ended March 31, 2025 decreased 2,188 million yen from the end of the previous fiscal year, to 47,265 million yen.

The status of each of the cash flow segments and contributing factors for changes during the six months ended March 31, 2025 are as follows.

(Cash flows from operating activities)

Net cash increased by 2,021 million yen in operating activities during the six months ended March 31, 2025 (increase of 1,544 million yen during the same period of the previous fiscal year). The main cash inflow was 1,449 million yen in Loss (gain) on valuation of investment securities and 660 million yen in Decrease (increase) in trade receivables.

(Cash flows from investing activities)

Net cash decreased by 1,450 million yen in investing activities during the six months ended March 31, 2025 (decrease of 2,646 million yen during the same period of the previous fiscal year). The main cash outflow was 1,039 million yen in Payments into time deposits.

(Cash flows from financing activities)

Net cash decreased by 2,896 million yen in financing activities during the six months ended March 31, 2025 (decrease of 562 million yen during the same period of the previous fiscal year). The main cash outflow was 2,564 million yen in Dividends paid.

(3) Qualitative information on consolidated business forecasts

Given significant short-term changes in the business environment surrounding the Group, the Company has difficulties in calculating the Group's earnings forecasts properly and reasonably, and therefore refrains from disclosing financial forecasts.

2. Semi-annual Consolidated Financial Statements and Major Notes

(1) Semi-annual Consolidated Balance Sheets

(million yen)

	As of September 30, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	50,250	50,523
Accounts receivable - trade, and contract assets	4,206	3,442
Operational investment securities	10,166	9,481
Inventories	540	555
Other	2,119	1,499
Allowance for doubtful accounts	(17)	(16)
Total current assets	67,267	65,485
Non-current assets		
Property, plant and equipment	1,641	1,561
Intangible assets	15	32
Investments and other assets		
Other	10,892	8,850
Allowance for doubtful accounts	(11)	(11)
Total investments and other assets	10,880	8,839
Total non-current assets	12,537	10,433
Total assets	79,805	75,919
Liabilities		
Current liabilities		
Accounts payable - other	2,734	1,776
Income taxes payable	245	378
Other	3,588	3,138
Total current liabilities	6,567	5,294
Non-current liabilities		
Long-term borrowings	999	666
Asset retirement obligations	759	718
Other	90	299
Total non-current liabilities	1,849	1,684
Total liabilities	8,417	6,979
Net assets		
Shareholders' equity		
Share capital	6,635	6,656
Capital surplus	6,373	6,394
Retained earnings	61,764	59,375
Treasury shares	(4,645)	(4,645)
Total shareholders' equity	70,128	67,780
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	814	904
Foreign currency translation adjustment	437	249
Total accumulated other comprehensive income	1,251	1,153
Non-controlling interests	7	6
Total net assets	71,387	68,940
Total liabilities and net assets	79,805	75,919

(2) Semi-annual Consolidated Statements of Income and Semi-annual Consolidated Statements of Comprehensive Income
(Semi-annual Consolidated Statements of Income)

(million yen)

	Six months ended March 31, 2024	Six months ended March 31, 2025
Net sales	12,702	14,043
Cost of sales	9,165	8,745
Gross profit	3,537	5,298
Selling, general and administrative expenses	3,184	3,884
Operating profit	352	1,413
Non-operating income		
Interest income	160	181
Foreign exchange gains	79	289
Gain on sale of investment securities	226	38
Gain on investments in investment partnerships	15	50
Gain on investments in derivatives	17	—
Miscellaneous income	45	77
Total non-operating income	544	636
Non-operating expenses		
Interest expenses	1	4
Loss on valuation of investment securities	54	—
Loss on sale of investment securities	21	15
Miscellaneous losses	14	4
Total non-operating expenses	91	24
Ordinary profit	805	2,025
Extraordinary losses		
Impairment losses	29	1
Loss on valuation of investment securities	—	1,449
Total extraordinary losses	29	1,451
Profit before income taxes	776	574
Income taxes	598	398
Profit	177	176
Profit (loss) attributable to non-controlling interests	0	(1)
Profit attributable to owners of parent	177	177

(Semi-annual Consolidated Statements of Comprehensive Income)

(million yen)

	Six months ended March 31, 2024	Six months ended March 31, 2025
Profit	177	176
Other comprehensive income		
Valuation difference on available-for-sale securities	(182)	90
Foreign currency translation adjustment	27	(188)
Total other comprehensive income	(155)	(98)
Comprehensive income	22	77
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	21	79
Comprehensive income attributable to non-controlling interests	0	(1)

(3) Semi-annual Consolidated Statements of Cash Flows

(million yen)

	Six months ended March 31, 2024	Six months ended March 31, 2025
Cash flows from operating activities		
Profit before income taxes	776	574
Depreciation	127	132
Impairment losses	29	1
Foreign exchange losses (gains)	(80)	(276)
Loss (gain) on sale of investment securities	(204)	(23)
Loss (gain) on valuation of investment securities	54	1,449
Decrease (increase) in operational investment securities	206	(66)
Decrease (increase) in trade receivables	845	660
Decrease (increase) in inventories	(125)	(46)
Increase (decrease) in trade payables	(67)	(60)
Increase (decrease) in accounts payable - other	(90)	(883)
Increase (decrease) in accrued consumption taxes	(38)	(84)
Increase (decrease) in advances received	45	(153)
Decrease (increase) in prepaid expenses	117	384
Other, net	55	167
Subtotal	1,649	1,775
Interest and dividends received	168	177
Interest paid	(1)	(4)
Income taxes refund (paid)	(272)	73
Net cash provided by (used in) operating activities	1,544	2,021
Cash flows from investing activities		
Payments into time deposits	(1,412)	(1,039)
Purchase of property, plant and equipment	(101)	(39)
Payments for asset retirement obligations	—	(42)
Purchase of intangible assets	(5)	(22)
Purchase of investment securities	(2,941)	(775)
Proceeds from sale of investment securities	1,736	425
Collection of investment in capital of subsidiaries and affiliates	—	43
Other, net	76	1
Net cash provided by (used in) investing activities	(2,646)	(1,450)
Cash flows from financing activities		
Proceeds from long-term borrowings	2,000	—
Repayments of long-term borrowings	—	(333)
Dividends paid	(2,565)	(2,564)
Other, net	2	0
Net cash provided by (used in) financing activities	(562)	(2,896)
Effect of exchange rate change on cash and cash equivalents	159	136
Net increase (decrease) in cash and cash equivalents	(1,505)	(2,188)
Cash and cash equivalents at beginning of period	58,167	49,454
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	184	—
Cash and cash equivalents at end of period	56,845	47,265

(4) Notes to Semi-annual Consolidated Financial Statements

(Notes on change in accounting policy)

(Application of “Accounting Standard for Current Income Taxes”, etc.)

“Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022; hereinafter referred to as the “Revised Accounting Standard 2022”), etc. have been adopted from the beginning of the semi-annual consolidated fiscal year under review.

The amendment to categories in which current income taxes should be recorded (taxes on other comprehensive income) follows the transitional treatment prescribed in the proviso of paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment prescribed in the proviso (2) of paragraph 65-2 of the Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; hereinafter referred to as the “Revised Implementation Guidance 2022”). This change in accounting policies has no impact on the semi-annual consolidated financial statements.

For the amendment related to the revised accounting treatment for consolidated financial statements when gains or losses on sale of shares in subsidiaries resulting from transactions between consolidated companies were deferred for the tax purposes, the Revised Implementation Guidance 2022 has been adopted from the beginning of the semi-annual consolidated fiscal year under review. This change in accounting policies was applied retrospectively. Hence, the semi-annual consolidated financial statements for the previous fiscal year and the consolidated financial statements for the previous fiscal year have been modified retrospectively. This change in accounting policies has no impact on the semi-annual consolidated financial statements for the previous fiscal year and the consolidated financial statements for the previous fiscal year.

(Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements)

(Calculation of tax expense)

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

(Notes on segment information)

[Segment information]

I 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	358	12,702	—	12,702
Intersegment sales and transfers	—	—	—	—	—
Total	12,344	358	12,702	—	12,702
Operating profit (loss)	479	(128)	351	1	352

(Note) 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 semi-annual consolidated statements of income.

II For the six months ended March 31, 2025 (October 1, 2024 to March 31, 2025)

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	12,008	2,034	14,043	—	14,043
Intersegment sales and transfers	—	—	—	—	—
Total	12,008	2,034	14,043	—	14,043
Operating profit (loss)	(167)	1,579	1,412	1	1,413

(Note) 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 semi-annual consolidated statements of income.

(Notes on significant changes in the amount of shareholders' equity)

Not applicable.

(Note on going concern assumption)

Not applicable.