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COLOPL, Inc. The 15th Ordinary General Meeting of Shareholders Shareholder Questions and Answers

This section contains answers to questions from shareholders in advance and on the day of the 15th Ordinary General Meeting of Shareholders held on December 22, 2023. Questions and answers received from shareholders are supplemented as necessary to clarify the meaning of the text. In addition, "I. Questions and Answers on the day" includes questions and answers that could not be presented due to time constraints.

I. Questions and answers on the day

No.	Questions	Answers
1	Is the reason why you nominated Mr. Satoshi Yamazaki, General Manager of Legal & Intellectual Property Department, as a candidate for a new Director, in order to expand the patent business as you stated before the litigation issue with Nintendo Co., Ltd.? Please let me know what role you expect him to play.	Due to his extensive experience at major corporations in Japan, centering on legal affairs and intellectual property, he has contributed with his advanced knowledge of specialized fields. We nominated him as a candidate for Director in anticipation of his role as the person responsible for all legal and intellectual property affairs. We expect that his comprehensive focus on legal and intellectual property will contribute to enhancing our corporate value.
2	The stock price has been stagnant, and the P/B ratio is 1x. What are your thoughts on stock price measures? Shouldn't you be buying back stocks with the surplus?	As the company is listed on the prime market, we take seriously the Tokyo Stock Exchange's request to "Action to Implement Management that is Conscious of Cost of Capital and Stock Price." Regarding stock price measures, our basic policy is to conduct business and generate profits based on our Vision of "Delivering 'New Experiences' with the latest technology and creative ideas," thereby enhancing our corporate value and engaging in dialogue with the market. With regard to the share buyback, we will refrain from answering whether or not and when the buyback will be executed, as it falls under the category of "material fact" (Article 166 of the Financial Instruments and Exchange Act). Our basic policy for shareholder returns is to provide stable and continuous dividends. In addition to this, we will continue to consider the need for flexible shareholder returns in a timely manner.

No.	Questions	Answers
3	<p>What are your thoughts on the performance for the fiscal year ended September 30, 2023?</p>	<p>We take seriously the fact that sales and profits have declined. On the other hand, the attenuation in sales of existing titles was within our expectations, and we consider it a positive result of our operational efforts that several existing titles, including "DRAGON QUEST WALK," achieved positive year-on-year sales growth. For the fiscal year ending September 30, 2024, we will continue to provide inspiring and valuable services to our users, starting with "Shironeko Project," which will mark its 10th anniversary.</p> <p>We sincerely appreciate the fact that sales of new titles fell short of our expectations, but we will not fall into the trap of taking easy measures such as rehashing successful titles, and will implement measures that take advantage of our strengths in consideration of market conditions, and we would appreciate your support.</p> <p>Although profits have decreased due to development costs related to new titles and advertising expenses including "Brilliantcrypto," these are up-front costs to secure future profits and are not considered a negative factor in the medium to long term.</p>
4	<p>"Battle Girl High School" is currently out of service, but its popularity has not yet declined, with characters appearing in other COLOPL titles. Are there any plans to develop a sequel application to "Battle Girl High School"?</p>	<p>We would like to refrain from giving details of the titles we plan to develop, and our policy for the development of new titles is to develop both our original IP and other companies' IP in a well-balanced manner.</p> <p>Thank you for your continued support of "Battle Girl High School" even after the service ends. We will continue to consider collaboration projects and development of sequels.</p>
5	<p>I have been playing "Quiz RPG: The World of Mystic Wiz" for about 3800 logged in days, but it is difficult to feel that the recent operation is proactive in expanding the number of users and keeping track of current user trends. Could you give me more concrete measures to further improve the service?</p>	<p>We are very pleased that you have played with the game for so long. Although we cannot give you an individual response regarding the operational status of the application, we received this as valuable feedback regarding the service.</p> <p>We believe that "Quiz RPG: The World of Mystic Wiz" is a title that many users are still patronizing after its 10th anniversary, and we will make constant efforts to make the service more enjoyable for many years to come.</p>

No.	Questions	Answers
6	<p>Recently, "X" has been unable to fulfill its role as a social networking service. Other companies are trying to create communities on "Discord," and COLOPL started with "Shironeko Tennis," but it has not been very successful. What are your thoughts on communities outside of "X"? In addition, the inability to register new users for games that have been announced to be out of service has not been fixed and needs to be fixed.</p>	<p>As for social networking services, we intend to utilize them in accordance with the trends and user preferences of those services among a growing number of different services.</p> <p>We are actively using "Discord" as a community for competitive games such as "NEKO GOLF - Anime GOLF-" and "Shironeko Tennis".</p> <p>In terms of providing a place where users can play against each other, we would like to operate not only one service such as "X" or "Discord" but also select services that are easy for users to utilize, as we did with the "Shironeko Circle" (beta version).</p> <p>We apologize for the suspension of new registrations due to the termination of the service, but this is necessary for the process of service termination. With regard to existing accounts, we would like to address this issue so that you will not be unable to log in between the time we notify you of the service termination and the end of the service.</p>
7	<p>The investment and development business is in the red, what is your strategy for this business, along with the specific investment destinations you are making?</p>	<p>In the investment and development business, since we are engaged in the B to C entertainment business, we invest mainly in B to C businesses in which we have knowledge. We focus our investments in the areas of "New Normal," "Real x Virtual," and "New Generation" as our themes.</p> <p>For specific investment destinations, please refer to the website of COLOPL NEXT, Inc. (Please refer to the "Portfolio" page from the top page [https://www.coloplnext.co.jp/?lang=en#!]) for more information on specific investment destinations.</p>
8	<p>In recent years, full-year sales and profits have continued to decline, and as in the previous year, the dividend per share exceeded earnings. To prevent this trend from continuing, I think it is necessary to make some sort of shift in the way management is conducted, what are your thoughts?</p>	<p>As for dividends being more than earnings per share, our basic policy is to continue stable dividends while comprehensively taking into account future business development and changes in the business environment. We plan to consider flexible shareholder returns in accordance with the situation. We take the declines in sales and profits very seriously. Competition in the domestic market for smartphone games is getting tougher every year, and we think it is difficult to achieve results by following the lead of other companies, so we will continue to make efforts that are unique to COLOPL.</p> <p>Based on our Vision of "Delivering 'new experiences' with the latest technology and creative ideas," our accumulated technological capabilities and achievements have led us to be among the first to launch new initiatives. Specifically, in terms of new technology initiatives, we are working on GameFi at "Brilliantcrypto" and actively using AI within the company. We will continue to strive to achieve results with the latest technology and creative ideas.</p>

No.	Questions	Answers
9	Why do you only hold shareholder meetings virtually, though the impact of COVID-19 has calmed down? Isn't it a problem that there is no opportunity to receive harsh opinions directly from shareholders because of the current stagnant stock price and continuing declines in sales and profits?	<p>We chose the virtual-only method for holding the 15th Annual General Meeting of Shareholders because of its various advantages, including cost savings in setting up the venue, ease of participation by shareholders in remote areas, and the ability to hold the meeting without shareholders having to attend in the event of a pandemic before the date of the meeting.</p> <p>We accept questions and opinions from shareholders in advance of the General Meeting of Shareholders and at any time during the General Meeting of Shareholders. All questions and answers will be posted on the Company's website, except those not related to the purpose of the General Meeting of Shareholders.</p> <p>We received this valuable feedback and will consider how to hold future events, taking into account social conditions and trends at other companies.</p>

II. Advance Questions and Answers

No.	Questions	Answers
1	Please explain why you did not implement flexible shareholder returns other than dividends.	<p>We recognize that returning profits to shareholders is one of our most important management policies.</p> <p>Our basic policy is to continue stable dividends while comprehensively taking into account future business development and changes in the business environment.</p> <p>In order to realize our Vision, our policy is to secure cash that will allow us to ensure sustainability and make flexible investments for growth, and to return the portion exceeding that standard in a stable and continuous manner.</p> <p>We consider flexible shareholder returns as necessary on that basis, but in accordance with the above policy, we would like to return profits to shareholders in the form of dividends only for the fiscal year ended September 30, 2023.</p> <p>We will continue to study the need for flexible shareholder returns in a timely manner.</p>
2	Of the 4 smartphone games in the pipeline, I understand that 2 IPs of other companies are in development if there is no change from the previous results briefing materials, is that correct?	<p>We would like to make a request for non-disclosure of development information regarding other companies' IP.</p> <p>We would appreciate your understanding.</p>
3	How many smartphone games do you expect to release in this fiscal year?	<p>As explained in the operating results presentation, we have 4 smartphone games in the pipeline.</p> <p>We will promptly announce specific development information when we are ready to disclose it.</p>