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COLOPL, Inc. The 16th 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 16th Ordinary General Meeting of Shareholders held on December 20, 2024. 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	Looking at the results over the past five years, I believe that the management team's abilities have not been put to good use, and that time, money, people, and other resources have been wasted. I would like an explanation as to why they have been reappointed.	(Miyamoto) The Officers take the company's poor performance very seriously. Therefore, we have decided to introduce a new management structure that makes the most of the expertise of our board members. Under this new management structure, we will be working to improve the cost efficiency of Brilliantcrypto, Inc., releasing two new titles, and prepare for new projects during the fiscal year ending September 2025. We will be taking clear steps forward based on our policy of using strong IP to expand overseas, with a focus on the mobile domain, where we have a strong presence. With regard to the candidates for Directors, we have ensured objectivity and transparency by consulting with the Nomination and Compensation Advisory Committee, and have selected the most suitable candidates.

No.	Questions	Answers
2	<p>The cost-effectiveness of the prior investment in Brilliantcrypto, which is the main cause of the company's losses, is unclear, and the stock price continues to hit new lows. Please explain why it is worth continuing to invest in the company, including the deadline and profit forecasts.</p> <p>If it is difficult to explain, we believe that as a manager, you need to make a decision to end the service.</p>	<p>(Baba) We apologize for any inconvenience caused. Brilliantcrypto's game is a business that is promoting the creation of digital gemstones, which is a difficult and large goal that is probably the first in human history. For this new business, there is a time lag in the timing of sales recognition according to accounting standards. For example, Brilliantcrypto, Inc. conducted an Initial Exchange Offering (IEO) for Brilliantcrypto Tokens (BRIL) in June 2024, and the funds raised were recorded as Advance Received, and will be recorded as Sales in accordance with the use of BRIL in the game. In general, sales of games peak at the time of release and then gradually decline, but Brilliantcrypto is difficult to see short-term profits, but sales are gradually increasing over time, and the volume of gemstone transactions is also steadily increasing. We are also preparing new measures for Phase 2, and we hope to meet the expectations of our shareholders and users with the results of these measures in the future.</p>
3	<p>There has been no announcement regarding the release of the Nintendo Switch version of the “ShironekoProject” for a long time. Is development still continuing?</p>	<p>(Sakamoto) There is no information to announce at present, but we are currently reviewing our plans to ensure that they will be appreciated by our users. We will keep you informed as soon as we are ready to make an announcement.</p>
4	<p>Since the introduction of the virtual-only general meeting of shareholders, sales, profits and stock prices have all been on a downward trend, which may be due in part to the reduced pressure from shareholders. In the absence of external pressure, the passion of the management is important for the growth of a company. I am concerned about the fact that the founder, Mr. Naruatsu Baba, has stepped down as representative director, but I would like to know where his motivation lies.</p>	<p>(Miyamoto) Regardless of the method of holding the general meeting of shareholders, we take the opinions of our shareholders and the situation of our company, including sales, profits, and stock prices, very seriously. We feel that the virtual general meeting of shareholders has the advantage of being able to respond to questions from shareholders who live far away or who are unable to attend on the day. All of our Directors are working with passion to increase our corporate value over the medium to long term through new management systems and measures.</p> <p>(Baba) My resignation as representative director is primarily intended to clarify my responsibilities as the representative of our subsidiary, Brilliantcrypto, Inc. My motivation has not decreased at all since I resigned as representative director. Of course, as a director of our company, I will continue to contribute to improving our corporate value, but my fundamental motivation has not changed since the company's founding, and that is to change the world by creating and making a hit of something that does not exist in the world.</p>

No.	Questions	Answers
5	<p>With the company's performance in decline, the decrease in assets due to dividend payments is probably having a significant impact on the stock price. The only shareholder who benefits from the dividends is the company's founder, Chairman Baba, who owns around half of the company's stocks, while long-term individual shareholders are seeing their assets decrease significantly. The company should consider its individual shareholders by cancelling the dividends and offering QUO cards as a benefit.</p>	<p>(Miyamoto) As it is difficult to distribute shareholder benefits fairly to all shareholders, we would like to return the benefits to shareholders through the distribution of surplus funds.</p>
6	<p>One of the issues you need to address is “developing the number of users”, but users are leaving “Pro Baseball PRIDE” because you keep releasing new rarities. Aren't you doing the opposite of what you're saying?</p>	<p>(Sakamoto) We would like to thank you for playing “Pro Baseball PRIDE” for a long time. We are taking measures to keep each title running for as long as possible, and we believe that adding new elements is essential to ensuring that users continue to enjoy the game. We are aware that we have received various opinions regarding these measures, but we will continue to develop the game with the aim of creating a title that users will love for a long time, so we ask for your continued support.</p>
7	<p>This is the first time the company has posted a full-year loss since it was listed, but I think it will continue to do so in the future. I want to hear the opinions of the management team.</p>	<p>(Miyamoto) We believe that the loss for the period ended September 2024 was due to our challenge to create new value. As the environment surrounding entertainment changes around the world, our company has the technology to adjust to these changes and we are good at it. Therefore, it is necessary to promote appropriate investment as a plan with a medium- to long-term perspective. In addition to working on cost reduction, we will analyze the causes of the loss and make use of them in the future, and we will also promote investment as appropriate and work on improving corporate value over the medium to long term.</p>

No.	Questions	Answers
8	<p>The stock price has been on a downward trend for 10 years, and the PBR has deteriorated since last year, when it was pointed out that it fell below 1. The market views the company as having damaged shareholder value. Isn't it necessary for management to reform its attitude towards stock prices?</p>	<p>(Miyamoto) Regarding the fact that our PBR is below 1, we have all taken on board the fact that we are being asked to improve the efficiency of our capital, in response to requests from the Tokyo Stock Exchange. On the other hand, it is essential to make investments as we grow our entertainment business over the medium to long term, and holding cash and deposits is a strategic move that will enable us to invest in our business and achieve growth. Some people think that we should dissolve the company and return the money to shareholders because our PBR is below 1, but we believe that it is better to return the money to shareholders by investing in the business and increasing corporate value rather than dissolving the company. We will continue to formulate and implement our strategies, so we ask for your continued guidance, encouragement and support.</p>
9	<p>Please tell me about the future of “DREAM!ing”.</p>	<p>(Sakamoto) Although the game service itself has ended, we are very grateful that you have continued to love “DREAM!ing” for a long time even after that, offline and so on. On December 14th, 2024, we held the musical “DREAM!ing ~White Maze~”. This was the final performance in the series, and although the future development of the series is undecided, we would like to continue to think of measures that will please our fans, so we ask for your continued patronage.</p>
10	<p>Please tell us about the response to the Shironeko Festival held in August this year, and your thoughts on future live events and new merchandise.</p>	<p>(Miyamoto) The “Shironeko Project” celebrated its 10th anniversary in July 2024, and we held the Shironeko Festival to commemorate this. Many users came to the Shironeko Festival, and we were able to feel once again that the “Shironeko Project” is widely loved. “Shironeko project” will continue to be our main title, so we held the event with the intention of putting in the effort to make it a success. We will continue to consider holding live events at important milestones in the future.</p>

II. Advance Questions and Answers

No.	Questions	Answers
1	I would like Brilliantcrypto as a shareholder benefit. It would be difficult for institutional and overseas investors to use conventional in-game items, but I think that Brilliantcrypto would be a good choice as a shareholder benefit, and it would also help to popularize the token.	As it is difficult to distribute shareholder benefits fairly to all shareholders, we would like to return the benefits to shareholders through the distribution of surplus funds.
2	Chairman Baba has stepped down as president to focus on content development, but when do you aim to release content that will help the company's stock price recover?	By putting in place a system that allows Baba to concentrate on new titles, we have seen positive effects such as an increase in the speed of internal reviews of new titles and a faster cycle of PDCA in the creative department. The stock price is determined by various factors such as business performance and market supply and demand, but we believe that a hit new title is essential for improving business performance, and we expect to release two new smartphone titles in the fiscal year ending September 2025. We will continue to focus on developing and releasing mobile games that are accepted globally.
3	I have been playing “Quiz RPG: The World of Mystic Wiz” for a long time. External payments have now been implemented. Judging from the reports, etc., I expect that the burden of fees will be reduced, and that the return to users will be strengthened, so I don't have a bad impression. Please tell us about the transition to external payments and their contribution to business performance.	Thank you for playing “Quiz RPG: The World of Mystic Wiz” for so long. The sales ratio for titles that have introduced external payments varies from title to title, so it is difficult to say in general, but users have generally received it favorably. By introducing external payment, we hope to create an environment where users can make more flexible choices.
4	The company recorded a loss for the fiscal year ended September 2024, and the current stock price is about half of what it was three years ago, so the company is not currently being valued. I felt that there was no specific explanation at the last general meeting of shareholders, so please explain more specifically this time.	For the period ending September 2025, we are anticipating increased sales due to the release of two new smartphone titles and gradual cost efficiency improvements at Brilliantcrypto. In addition, we are also constantly discussing projects that have not yet entered the pipeline, and we are steadily moving forward with our future plans.
5	How much do you expect Brilliantcrypto, Inc. to spend this fiscal year? I'd like to know, even if it's just a rough figure.	We expect Brilliantcrypto, Inc. to become more cost-efficient in stages during the fiscal year ending September 2025, but we will refrain from providing specific figures regarding expenses.

No.	Questions	Answers
6	<p>While I am grateful that there will be a dividend, I have my doubts about paying out a dividend when there is no prospect of a return to profitability.</p> <p>Can I assume that there is a prospect or determination to return to profitability this term?</p>	<p>We believe that the loss for the period ended September 2024 was due to our challenge to create new value. As the environment surrounding entertainment changes around the world, our company has the technology to adjust to these changes and we are good at it. Therefore, it is necessary to promote appropriate investment as a plan with a medium- to long-term perspective.</p> <p>In addition to working on cost reduction, we will analyze the causes of the loss and make use of them in the future, and we will also promote investment as appropriate and work on improving corporate value over the medium to long term.</p>
7	<p>Why a virtual general meeting of shareholders when the company is doing badly, the stock price is falling, and the PBR is in the 0.8% range?</p> <p>They should be meeting with shareholders and setting up a forum for exchanging opinions.</p>	<p>We believe that holding a virtual-only general meeting of shareholders not only reduces the risk of the spread of infectious diseases and large-scale disasters, but also has the advantages of reducing venue setup costs and making it easier for shareholders in remote locations or those who are unable to attend to participate. In addition, we post all responses to questions from shareholders in advance and on the day of the general meeting of shareholders on our website in principle.</p> <p>We have received your valuable opinions, and we will consider how to hold future general meetings of shareholders in light of social conditions, trends at other companies, etc.</p>
8	<p>There are issues with costs and preparations, but shareholder meetings should not be held virtually. I understand that virtual shareholder meetings were introduced at the time due to the COVID-19 pandemic, but please explain specifically why they are still being held today.</p>	<p>Ditto</p>
9	<p>Your subsidiary MAGES. Inc. has transferred its business to AMULETE and ITUBE, but what kind of business is it exactly?</p> <p>What will your future policy be?</p>	<p>From August 2024 to November 2024, MAGES. Inc., a wholly owned subsidiary of our company, transferred its talent business to AMULETE, its sound production business to INVISION, its idol business to ITUBE (currently: MFIVE), and its content and program production businesses to AniTone, respectively, through an absorption-type company split. From now on, MAGES. Inc. will focus on the game business, which is expected to be profitable.</p>

No.	Questions	Answers
10	I would like to know what you, as a business manager, think about the downward trend in stock prices since 2014, and what specific measures you would take to reverse this trend. I would also like you to explain how you would use the Retained earnings that exceed the market capitalization, such as through stock buybacks.	The entire management team takes the decline in the stock price very seriously. From the fiscal year ending September 2025, we have started implementing the initiatives set out in our newly formulated medium-term management policy. We have set out three strategies: “Proactive expansion into overseas markets”, “Utilization of domestic IP”, and “Providing new UX”, and we have shifted to a new management structure to promote these strategies, with the aim of further leveraging our strengths and enhancing our corporate value. In addition, with regard to the specific use of retained earnings, rather than taking short-term measures, we intend to make efforts to essentially increase corporate value by investing in the three aforementioned strategies.
11	“Pro Baseball PRIDE” and “Pro Baseball Versus” are suffering from depopulation, and unlike the Shironeko series, they have no future potential. I would like to know the income and expenditure for each of them, within the limits of what you can tell me. If the cost-effectiveness is poor, I would like to propose that the service be stopped.	We would like to refrain from providing detailed figures for individual titles. In addition, the decision to close each title is made based on a comprehensive assessment of sales, running costs, and the trends of various KPIs linked to these.
12	The shareholder benefits are poor. The management of COLOPL's apps is supported by heavy users who pay for them. If you are a heavy user, you can expect to buy stocks for the shareholder benefits, so why not reconsider the shareholder benefits?	As it is difficult to distribute shareholder benefits fairly to all shareholders, we would like to return the benefits to shareholders through the distribution of surplus funds.