Note: This document is a translation from the Japanese original for reference purposes only. In the event of any discrepancy between this translation and the Japanese original, the Japanese original shall prevail.
COLOPL, Inc. assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

June 21, 2019

Company Name: COLOPL, Inc.
Representative: Naruatsu Baba, President and CEO
(Securities Code: 3668
Tokyo Stock Exchange First Section)
Inquiries: Yoshiaki Harai, CFO
(TEL: +81-3-6721-7770)

Inappropriate Transaction Carried Out by COLOPL's Employees

We recently discovered that an inappropriate transaction was carried out by some of our employees. The incident is currently under investigation, and we report below on the facts that have been discovered to date and the responses we will be making. We deeply apologize to each person who has been affected by this incident.

1. Facts discovered so far

We found a reason to suspect that two of our employees, including a managerial position, were involved in a request made to our client to spend money on our game product "*Project Babel*" using 8.5 million yen taken from COLOPL with the aim of manipulating its sales rankings, and that the client spent the money on June 13, 2019.

2. Responses to be made by COLOPL

At this point, we have not identified any transaction of a similar nature carried out in the past; however, we are taking this recent incident seriously and will hold a Board of Directors' meeting, establish an investigation committee that includes a third party, and carry out a strict and thorough investigation. We will also strictly penalize the employees involved. We will announce the members of the committee as soon as they are finalized.

3. Impact on our financial performance

At present, the impact of this incident on our financial performance is negligible. We will disclose any effect identified based on the results of investigations conducted by the investigation committee.

We are taking this incident very seriously and are determined to make every effort to prevent its recurrence and regain your trust.