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August 13, 2021

Summary of Consolidated Financial Results for the Full-Term of the Fiscal Year 2021 [Japanese GAAP] (Consolidated)

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 Stock exchange listing: Tokyo
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Scheduled date of ordinary general meeting of shareholders: September 28, 2021

Scheduled date to file Securities Report: September 29, 2021

Scheduled date to commence dividend payments: —

Preparation of supplementary material on financial results: Yes

Holding of financial results meeting: Yes

(From the viewpoint of preventing wider spread of COVID-19, this meeting has been cancelled, but instead, President will explain the quarterly financial results by video streaming.)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results of FY2021 (August 1, 2020 – June 30, 2021)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year increase/decrease)

	Net sales		Operating profit		Ordinary profit		Net profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
FY2021	32,569	—	344	—	583	—	-284	—
FY2020	33,000	2.6	2,710	-11.4	2,755	-9.1	1,551	-13.8

(Note) Comprehensive income FY2021: -122 million yen [-%]
 FY2020: 1,615 million yen [-18.3%]

	Profit per share	Diluted profit per share	Return on equity	Ordinary profit ratio	Operating profit ratio
	yen	yen	%	%	%
FY2021	-17.60	—	-2.2	1.6	1.1
FY2020	96.54	91.59	12.6	9.4	8.2

(Reference) Equity gains (losses) of affiliated companies FY2021: -103 million yen [-%]

FY2020: -17 million yen [-18.3%]

(Note) The Company has since FY2021 (current term) changed its fiscal year end from July 31 to June 30, and unified the whole Group's fiscal year end as June 30. The current consolidated fiscal year is a transitional period for changing fiscal year end, and its term is irregularly 11 months from August 1, 2020 to June 30, 2021. Therefore, year-on-year increase/decrease (%) are not given.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
FY2021	37,515	13,894	35.3	810.44
FY2020	34,518	13,871	38.3	819.72

(Reference) Shareholders equity FY2021: 13,241 million yen

FY2020: 13,222 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	million yen	million yen	million yen	million yen
FY2021	-1,397	-280	3,895	22,446
FY2020	736	-2,006	8,898	20,152

2. Cash dividends

	Annual dividends per share					Total cash dividends	Dividend payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	yen	yen	yen	yen	yen			
FY2020	—	0.00	—	0.00	0.00	—	—	—
FY2021	—	0.00	—	0.00	0.00	—	—	—
FY2022 (forecasts)	—	0.00	—	0.00	0.00	—	—	—

3. Consolidated performance forecasts for FY2022 (July 1, 2021 – June 30, 2022)

Percentages indicate year-on-year increase/decrease									
Full-term	Net sales		Operating profit		Ordinary profit		Net profit attributable to owners of parent		Profit per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
	36,700	—	1,300	—	1,300	—	700	—	42.84

(Note) The Company has since FY2021 (current term) changed its fiscal year end from July 31 to June 30, and unified the whole Group's fiscal year end as June 30. The current consolidated fiscal year is a transitional period for changing fiscal year end, and its term is irregularly 11 months from August 1, 2020 to June 30, 2021. Therefore, year-on-year increase/decrease (%) are not given.

***Notes**

- (1) Changes in significant subsidiaries during the period
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- ① Changes in accounting policies due to revisions to accounting standards and other regulations: No
- ② Changes in accounting policies due to other reasons: No
- ③ Changes in accounting estimates: No
- ④ Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

- ① Total number of issued shares at the end of the period (including treasury stock)

FY2021:	16,519,400 shares	FY2020:	16,311,400 shares
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- ② Number of treasury stock at the end of the period

FY2021:	180,526 shares	FY2020:	180,526 shares
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- ③ Average number of shares during the period

FY2021:	16,191,617 shares	FY2020:	16,066,410 shares
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* Summary of financial results is not covered by audit by a certified public accountant or an auditing firm.

* Explanation regarding appropriate use of the performance forecasts and other special notes

Descriptions about the future such as performance forecasts contained in this document are based on information currently available to the Company and certain presumptions considered as reasonable, and those are not intended to indicate the Company should assure that it would realize such forecasts. Meanwhile, actual performance in the future may differ substantially, influenced by a wide variety of factors. For preconditions for performance forecasts and precaution statements in using such forecasts, please see the appendix, page 4, "1. Overall Operating Results, etc., (4) Forecasts for the future".

(How to obtain materials for quarterly financial results briefing)

Video streaming will be provided on the Company's website (scheduled on August 16, 2021, Monday, after 15:30 (JST)).

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1. Overall Operating Results, etc.

(1) Overall operating results of the current period

During the current consolidated fiscal year, Japanese economy has still experienced tough situations due to prolonged impacts of COVID-19. Although wider vaccination would help recovery of economic activities, uncertainty for the future is yet to be swept away.

Amid such an environment, our Group has, under its “IP Developer” strategy, promoted a One-Stop Media Mix model which is one of its features and put its efforts to formation/enhancement of a platform to grow up by making use of in-house IPs such as “Weiss Schwarz” and “D4DJ” together with influential external IPs. In addition, we have conducted our business activities while responding quickly and flexibly to the ever-changing landscape against COVID-19. At the same time, considering the background where demand for Japanese animation is rapidly expanding overseas mainly in North America and East Asia, we have also endeavored to prepare for enhancement of overseas business development within the Group as a whole.

Consequently, operating results of the current consolidated fiscal year were as follows: net sales of 32,569,988,000 yen; operating profit of 344,557,000 yen; ordinary income of 583,490,000 yen; and net loss attributable to owners of parent of 284,975,000 yen.

Since the current consolidated fiscal year, year-end (end of business term) has been changed from July 31 to June 30, so financial results of the current fiscal year are those for 11 months from August 1, 2020 to June 30, 2021. Please note that year-on-year increase/decrease (%) are omitted.

Operating results of individual business segments are as follows. Meanwhile, segmental net sales include sales to external customers.

1. Digital IP business

Digital IP business segment has four departments: TCG (Trading Card Games) Dept., MOG (Mobile Online Games) Dept., MD (Merchandising) Dept., and Media Dept.

① TCG Dept.

Due to impacts of COVID-19, there continued to be situations where real events such as large-scale competitions could not be organized throughout the period, but impacts on sales were limited. Nevertheless, our main TCG “Weiss Schwarz” maintained good business performance throughout the period both domestically and overseas, and achieved record-high full-term sales amount. Another main TCG “Cardfight!! Vanguard” marked its 10th anniversary and products of the new series of “CARDFIGHT!! VANGUARD overDress” started sales, aiming at rebooting this IP targeted at all over the world. Regarding the TCG “Rebirth for you” which started sales in March 2020, products of the popular IP “Hololive Production” made a big hit.

② MOG Dept.

Among new application games released during the current period, we promoted “D4DJ Groovy Mix” (released in October 2020) in proactive collaboration with external IPs making use of characteristics of DJ, and proceeded with establishing a platform of music games as one of growth axes of “D4DJ” as an IP. Besides, “Assault Lily Last Bullet” (released in January 2021) showed a good start on one hand, “GRISAIA -CHRONOS REBELLION-” (released in November 2020) and “ARGONAVIS from BanG Dream! AAside” (released in January 2021) stayed at lower level on the other. In addition, especially during the second half, sales of existing application games could not grow very much, resulting in slightly lower profitability of the dept. as a whole.

③ MD Dept.

Postponement/cancellation and scaling down of music live shows caused substantial decrease in sales from merchandising. Increased opportunities for purchasing online helped higher sales by EC shops, but sales in this dept. as a whole got softened. As a part of enhancing sales in EC shops and overseas with much expectation of future growth, a cross-border EC shop based in the U.S.A. named “Bushiroad Global Online Store” was opened in April 2021.

④ Media Dept.

Bushiroad Media Co., Ltd. opened a web comic site named “COMIC BUSHIROAD WEB” in January 2021. Bushiroad Move Co., Ltd. proactively obtained external projects of advertising agency / Audio production, and increased sales to external customers. And in April 2021, the Company acquired shares of FrontWing Lab. Co. Ltd. and made it a consolidated subsidiary, in an attempt to enhance animation production and media mix functions.

These operations resulted in Net sales of 24,333,792,000 yen and Segment profit of 452,320,000 yen.

2. Live IP business

Live IP business segment has two departments: Music Dept. and Sports Dept.

① Music Dept.

Due to impacts of COVID-19, throughout the period, real events such as music live shows were cancelled/postponed or scaled down, some of which were held with no audience. This has led to lower profitability of live shows/stages. Meanwhile, changes in consumers' behavior amid COVID-19 pandemic contributed to growth of sales of music distribution. With respect to music/visual software, steady growth could be maintained and sales started with music/visual software of external IPs utilizing the distribution channels built up by Bushiroad Music Co., Ltd. as well.

② Sports Dept.

Pro-wrestling groups of New Japan Pro-Wrestling and STARDOM held their events with limited spectator capacity, taking sufficient measures against infections in line with requests from each local government. "WRESTLE KINGDOM 15" held for two days at Tokyo Dome by New Japan Pro-Wrestling gathered 20,490 spectators. Video streaming service "New Japan Pro-Wrestling World" provided by New Japan Pro-Wrestling maintains as many as 100,000 paid subscribers on average.

These operations resulted in Net sales of 8,236,195,000 yen and Segment loss of 114,061,000 yen.

(2) Overall financial position of the current period

(Assets)

Total assets was 37,515,349,000 yen at the end of the current consolidated fiscal year, i.e. increase by 2,996,998,000 yen as compared to the end of the previous consolidated fiscal year. This is mainly due to increase in cash and deposits of 2,564,500,000 yen and increase in work in progress of 883,682,000 yen.

(Liabilities)

Total liabilities was 23,620,866,000 yen at the end of the current consolidated fiscal year, i.e. increase by 2,973,965,000 yen as compared to the end of the previous consolidated fiscal year. This is mainly due to increase in long-term loans payable of 1,517,201,000 yen and decrease in accounts payable - other of 730,045,000 yen on one hand, and increase in convertible bond-type bonds with subscription rights to shares of 5,000,000,000 yen on the other.

(Net assets)

Total assets was 13,894,482,000 yen at the end of the current consolidated fiscal year, i.e. increase by 23,033,000 yen as compared to the end of the previous consolidated fiscal year. It comprises mainly, decrease in retained earnings by 284,975,000 yen due to allocating net loss attributable to shareholders of parent company on one hand, and increase in capital stock and capital surplus respectively by 72,825,000 yen, increase in foreign currency translation adjustment of 89,162,000 yen and increase in valuation difference on available-for-sale securities of 68,972,000 yen due to execution of subscription rights to shares (stock option) on the other.

(3) Overall cash flows of the current period

Cash and cash equivalents (hereinafter, "business fund") at the end of the current consolidated fiscal year was 22,446,449,000 yen (increase by 2,294,051,000 yen from the end of the previous consolidated fiscal year).

Each cash flow status and factors thereof in the current consolidated fiscal year are as follows.

(Cash flows from operating activities)

Business fund used as a result of operating activities was 1,397,694,000 yen. Main sources of income were depreciation of 511,163,000 yen and decrease in notes and accounts payable - trade of 406,661,000 yen; and main sources of spending were decrease in accounts payable - other of 907,379,000 yen and payment of income taxes of 1,163,826,000 yen.

(Cash flows from investing activities)

Business fund used as a result of investment activities was 280,224,000 yen. Main source of spending was purchase of non-current assets of 352,057,000 yen.

(Cash flows from financing activities)

Business fund resulting from financial activities was 3,895,435,000 yen. Main source of income was proceeds from issuance of bonds with subscription rights to shares of 4,985,183,000 yen.

(4) Forecasts for the future

Late June, State of Emergency Declarations for some prefectures except Okinawa were lifted and transitioned to Stricter Countermeasures, but State of Emergency was again declared for Tokyo in July and for other 4 prefectures in August. Also, Stricter Countermeasures were applied to 13 prefectures.

In such circumstances, while it is hopeful that domestic status of vaccination shows rapid expansion and that potential consumer demand could come up to the surface after vaccination taking a round, domestic widespread of COVID-19 variant strains which have expanded worldwide and increasing flow of people inside/outside Japan due to Tokyo Olympic/Paralympic Games are much concerned, so during the next fiscal year and onwards Japanese economic climate would depend on future trend of measures against COVID-19 involving suppressed economic activities, and for the meantime there would still continue to be some seesawing movement.

Amid such an environment, with respect to FY2022, it is anticipated that around spring 2022 situations would be restored to the levels before the spread of COVID-19, and the Company forecasts its net sales and profit assuming such situations.

First, for both Digital IP business and Live IP business, overseas development will continue to be promoted by the Group as a whole.

In addition, it is believed that Live IP business can recover its ability to attract guests if current restrictions on organizing real events are relaxed considering such as progress of vaccination. Furthermore, also for Digital IP business, if real events could be held similarly to the situation before the COVID-19 pandemic, it is anticipated that profitability in MD Dept. and MOG Dept. would be improved through vitalizing IPs.

In the context of these assumptions, the Group projects its consolidated business performance of FY2022 as follows: net sales of 36,700,000,000 yen; operating income of 1,300,000,000 yen; ordinary income of 1,300,000,000 yen; and net profit attributable to owners of parent of 700,000,000 yen.

It should be noted that if any subsidy such as J-LODlive could be obtained the Company would have higher revenues. However, since it is uncertain whether and how much it could obtain, such amount is not included in the consolidated performance forecasts for FY2022.

2. Basic Idea for the Selection of Accounting Standards

The Group prepares its consolidated financial statements based on Japanese GAAP, considering burdens of establishing some structure for preparing those based on International Financial Reporting Standards.

3. Consolidated Financial Statements and Principal Notes**(1) Consolidated Balance Sheets**

(thousand yen)

	Previous consolidated fiscal year (July 31, 2020)	Current consolidated fiscal year (June 30, 2021)
Assets		
Current assets		
Cash and deposits	21,895,997	24,460,498
Notes and accounts receivable - trade	4,511,162	4,182,952
Merchandise and finished goods	668,798	821,171
Work in process	1,492,287	2,375,969
Supplies	76,097	59,569
Other	1,646,323	2,209,970
Allowance for doubtful accounts	-31,165	-29,902
Total current assets	30,259,501	34,080,229
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	467,948	427,805
Tools, furniture and fixture (net)	106,597	86,254
Vehicles (net)	56,625	34,958
Land	352,281	316,281
Leased assets (net)	16,545	16,995
Other (net)	72,352	47,563
Total property, plant and equipment	1,072,350	929,858
Intangible assets		
Software	163,286	81,592
Software in progress	36,220	25,243
Goodwill	206,257	180,831
Other	56,302	180,628
Total intangible assets	462,066	468,295
Investments and other assets		
Investment securities	1,623,600	1,140,370
Long-term loans receivable	252,446	48,167
Deferred tax assets	349,665	417,859
Other	523,912	450,379
Allowance for doubtful accounts	-47,028	-31,246
Total investment and other assets	2,702,596	2,025,531
Total non-current assets	4,237,013	3,423,686
Deferred assets		
Stock issuance cost	21,835	11,433
Total deferred assets	21,835	11,433
Total assets	34,518,350	37,515,349

(thousand yen)

	Previous consolidated fiscal year (July 31, 2020)	Current consolidated fiscal year (June 30, 2021)
Liabilities		
Current liabilities		
Accounts payable - trade	3,435,519	3,607,556
Accounts payable - other	1,619,033	888,987
Income taxes payable	689,403	209,392
Short-term loans payable	—	80,000
Current portion of long-term loans payable	3,757,191	4,083,348
Provision for bonuses	84,379	85,854
Other	593,907	731,225
Total current liabilities	10,179,434	9,686,365
Non-current liabilities		
Long-term loans payable	10,198,164	8,680,963
Convertible bond-type bonds with subscription rights to shares	—	5,000,000
Provision for directors' retirement benefits	44,910	59,496
Liabilities on retirement benefits	59,875	75,592
Deferred tax liabilities	96,741	92,035
Other	67,775	26,414
Total non-current liabilities	10,467,466	13,934,501
Total liabilities	20,646,901	23,620,866
Net assets		
Shareholders' equity		
Capital stock	3,092,823	3,165,648
Capital surplus	3,029,593	3,102,418
Retained earnings	7,342,609	7,057,633
Treasury stock	-324,679	-324,679
Total shareholders' equity	13,140,347	13,001,021
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	54,179	123,151
Foreign currency translation adjustment	28,256	117,418
Total accumulated other comprehensive income	82,435	240,570
Non-controlling interests	648,665	652,890
Total net assets	13,871,448	13,894,482
Total liabilities and net assets	34,518,350	37,515,349

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

(Consolidated Statements of Income)

(thousand yen)

	Previous consolidated fiscal year (Aug. 1, 2019 – July 31, 2020)	Current consolidated fiscal year (Aug. 1, 2020 – June 30, 2021)
Net sales	33,000,032	32,569,988
Cost of sales	18,583,184	21,284,401
Gross profit	14,416,848	11,285,586
Selling, general and administrative expenses	11,706,305	10,941,029
Operating profit	2,710,543	344,557
Non-operating profit		
Interest and dividends income	59,829	28,560
Foreign exchange gains	—	129,744
Subsidy income	150,123	248,350
Other	3,955	18,848
Total non-operating profit	213,909	425,503
Non-operating expenses		
Interest expenses	42,931	54,397
Share of loss of entities accounted for using equity method	17,972	103,759
Foreign exchange losses	71,053	—
Amortization of stock issuance cost	11,669	10,401
Provision of allowance for doubtful accounts	20,000	—
Bond issuance cost	—	14,816
Other	5,525	3,196
Total non-operating expenses	169,152	186,570
Ordinary profit	2,755,300	583,490
Extraordinary profit		
Insurance income	35,817	—
Total extraordinary profit	35,817	—
Extraordinary losses		
Loss on step acquisitions	3,557	—
Loss on valuation of investment securities	—	274,629
Impairment loss	—	354,339
Loss on disaster	23,950	—
Loss on transfer of business	4,604	—
Total extraordinary losses	32,112	628,968
Net profit (loss) before income taxes and minority interests	2,759,005	-45,478
Income taxes	1,197,869	338,524
Income taxes-deferred	-41,724	-103,251
Total income taxes	1,156,144	235,272
Net profit (loss)	1,602,860	-280,751
Net profit (loss) attributable to non-controlling shareholders	51,755	4,224
Net profit (loss) attributable to owners of parent	1,551,104	-284,975

(Consolidated Statements of Comprehensive Income)

(thousand yen)

	Previous consolidated fiscal year (Aug. 1, 2019 – July 31, 2020)	Current consolidated fiscal year (Aug. 1, 2020 – June 30, 2021)
Net profit (loss)	1,602,860	-280,751
Other comprehensive income (loss)		
Valuation difference on available-for-sale securities	52,845	68,972
Foreign currency translation adjustment	-39,959	86,653
Share of other comprehensive income of associates accounted for using equity method	—	2,509
Total other comprehensive income	<u>12,886</u>	<u>158,134</u>
Comprehensive income (loss)	<u>1,615,746</u>	<u>-122,616</u>
(detail)		
Comprehensive income (loss) attributable to owners of parent	1,563,990	-126,840
Comprehensive income (loss) attributable to non-controlling interests	51,755	4,224

(3) Consolidated Statements of Changes in Equity
Previous consolidated fiscal year (Aug. 1, 2019 – July 31, 2020)

(thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of the period	2,755,555	2,692,326	5,791,504	—	11,239,387
Changes of items during the period					
Issuance of new shares	337,267	337,267			674,535
Net profit attributable to owners of parent			1,551,104		1,551,104
Purchase of treasury stock				-324,679	-324,679
Net changes of items other than shareholders' equity (net)					
Total changes of items during the period	337,267	337,267	1,551,104	-324,679	1,900,960
Balance at end of the period	3,092,823	3,029,593	7,342,609	-324,679	13,140,347

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of the period	1,333	68,215	69,549	596,909	11,905,846
Changes of items during the period					
Issuance of new shares					674,535
Net profit attributable to owners of parent					1,551,104
Purchase of treasury stock					-324,679
Net changes of items other than shareholders' equity (net)	52,845	-39,959	12,886	51,755	64,642
Total changes of items during the period	52,845	-39,959	12,886	51,755	1,965,602
Balance at end of the period	54,179	28,256	82,435	648,665	13,871,448

Current consolidated fiscal year (Aug. 1, 2020 – June 30, 2021)

(thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of the period	3,092,823	3,029,593	7,342,609	-324,679	13,140,347
Changes of items during the period					
Issuance of new shares	72,825	72,825			145,650
Net loss attributable to owners of parent			-284,975		-284,975
Net changes of items other than shareholders' equity (net)					
Total changes of items during the period	72,825	72,825	-284,975	-	-139,325
Balance at end of the period	3,165,648	3,102,418	7,057,633	-324,679	13,001,021

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of the period	54,179	28,256	82,435	648,665	13,871,448
Changes of items during the period					
Issuance of new shares					145,650
Net loss attributable to owners of parent					-284,975
Net changes of items other than shareholders' equity (net)	68,972	89,162	158,134	4,224	162,359
Total changes of items during the period	68,972	89,162	158,134	4,224	23,033
Balance at end of the period	123,151	117,418	240,570	652,890	13,894,482

(4) Consolidated Cash Flow Statements

(thousand yen)

	Previous consolidated fiscal year (Aug. 1, 2019 – July 31, 2020)	Current consolidated fiscal year (Aug. 1, 2020 – June 30, 2021)
Cash flows from operating activities		
Net profit (loss) before income taxes and minority interests	2,759,005	-45,478
Depreciation	360,916	511,163
Impairment loss	—	354,339
Amortization of goodwill	25,105	40,406
Increase (decrease) in allowance for doubtful accounts	22,579	-17,607
Increase (decrease) in reserve for bonuses	-10,495	-335
Increase (decrease) in liabilities for retirement benefits	16,247	15,717
Interest and dividends income	-59,829	-28,560
Interest expenses paid on loans and bonds	42,931	54,397
Equity in (earnings) losses of affiliates	17,972	103,759
Loss on disaster	23,950	—
Insurance income	-35,817	—
Loss (gain) on valuation of investment securities	—	274,629
Loss (gain) on step acquisitions	3,557	—
Decrease (increase) in notes and accounts receivable - trade	94,688	406,661
Decrease (increase) in inventories	-449,482	-729,073
Increase (decrease) in notes and accounts payable - trade	-883,622	126,131
Increase (decrease) in accounts payable - other	-85,018	-907,379
Other	3,232	-389,395
Subtotal	1,845,920	-230,624
Interest and dividends income received	55,327	52,026
Interest expenses paid	-44,651	-55,269
Payments associated with disaster loss	-23,950	—
Proceeds from insurance income	35,817	—
Income taxes paid	-1,131,537	-1,163,826
Net cash provided by (used in) operating activities	736,926	-1,397,694
Cash flows from investing activities		
Payments into time deposits	-2,594,899	-2,586,302
Proceeds from withdrawal of time deposits	2,077,909	2,440,635
Purchase of non-current assets	-378,749	-352,057
Purchase of investment securities	-1,001,484	—
Proceeds from sales of investment securities	100,000	—
Payments of loans receivable	-20,440	—
Collection of loans receivable	2,755	4,404
Proceeds from redemption of investment securities	—	201,250
Payments for lease deposits	-51,709	-617
Purchase of investments in subsidiaries resulting in change in scope of consolidation	-132,946	-78,265
Other	-6,602	90,727
Net cash provided by (used in) investing activities	-2,006,166	-280,224
Cash flows from financing activities		
Proceeds from long-term loans payable	11,800,000	2,720,000
Repayments of long-term loans payable	-3,204,434	-3,911,044
Proceeds from issuance of common stock	674,535	145,650
Proceeds from issuance of bonds with subscription rights to shares	—	4,985,183
Purchase of treasury stock	-324,679	—
Other	-46,786	-44,353
Net cash provided by (used in) financing activities	8,898,634	3,895,435
Effect of exchange rate change on cash and cash equivalents	-43,578	76,534
Net increase (decrease) in cash and cash equivalents	7,585,816	2,294,051
Cash and cash equivalents at beginning of period	12,566,581	20,152,398
Cash and cash equivalents at end of period	20,152,398	22,446,449

(5) Notes on Consolidated Financial Statements

(Going Concern Assumption)

Not applicable.

(Additional Information)

The Group predicts that, in order to assess collectability of deferred tax assets and to make accounting estimates of such as impairment of property, plant and equipment and that of intangible assets (including goodwill), impacts of the COVID-19 pandemic and other factors would calm down until spring 2022 to the level before the pandemic. So forecasts of net sales and profit are based on such a prediction.

(Segment Information, etc.)

【Segment Information】

1. Overview of reportable segments

The Group's reportable segments are those being its constituent units for which separated financial information is available and are subject to periodic review by the board of directors for determining allocation of management resources and for evaluating business performance.

The Group designs its overarching strategies depending on the service to be handled, and develops its business activities accordingly. Therefore, the Group consists of two segments based on their form of service provision.

Services provided by each segment are as follows.

Reportable segments	Main services
Digital IP business	TCG Dept., MOG Dept., MD Dept., Media Dept.
Live IP business	Music Dept., Sports Dept.

2. How to calculate amounts of net sales, profit/loss, assets, and other items for each reportable segment

Accounting treatment methods for the business segments as reported herein are almost identical to those employed for preparing consolidated financial statements.

Figures of segment profit of individual reportable segments are based on their operating profit. Inter-segment sales or transfer are based on actual market prices.

3. Information on amounts of net sales, profit/loss, assets, and other items for each reportable segment

Previous consolidated fiscal year (Aug. 1, 2019 – July 31, 2020)

(thousand yen)

	Reportable segments			Adjustment (Note 1, 2)	Amount allocated on consolidated financial statements (Note 3)
	Digital IP business	Live IP business	Total		
Net sales					
Sales to external customers	24,413,197	8,586,834	33,000,032	—	33,000,032
Inter-segment sales or transfer	390,011	396,370	786,382	−786,382	—
Total	24,803,209	8,983,205	33,786,415	−786,382	33,000,032
Segment profit (loss)	1,962,828	724,856	2,687,684	22,858	2,710,543
Segment assets	29,253,933	6,264,517	35,518,450	−1,000,100	34,518,350
Other items					
Depreciation	169,041	191,875	360,916	—	360,916
Investment in equity method affiliates	274,781	—	274,781	—	274,781
Increase in property, plant and equipment, and intangible assets	259,670	126,077	385,747	—	385,747

(Notes) 1. Adjusted segment profit of 22,858,000 yen equals to adjusted inventories.

2. Adjusted segment assets of −1,000,100,000 yen equals to offset of inter-segment claims/liabilities.

3. Segment profit (loss) has been aligned with the operating profit (loss) presented on the Consolidated Statements of Income.

Current consolidated fiscal year (Aug. 1, 2020 – June 30, 2021)

(thousand yen)

	Reportable segments			Adjustment (Note 1, 2)	Amount allocated on consolidated financial statements (Note 3)
	Digital IP business	Live IP business	Total		
Net sales					
Sales to external customers	24,333,792	8,236,195	32,569,988	—	32,569,988
Inter-segment sales or transfer	435,851	444,285	880,136	−880,136	—
Total	24,769,643	8,680,480	33,450,124	−880,136	32,569,988
Segment profit (loss)	452,320	−114,061	338,258	6,299	344,557
Segment assets	32,389,346	6,425,355	38,814,702	−1,299,353	37,515,349
Other items					
Depreciation	159,588	351,575	511,163	—	511,163
Investment in equity method affiliates	154,200	—	154,200	—	154,200
Increase in property, plant and equipment, and intangible assets	50,321	292,044	342,366	—	342,366

(Notes) 1. Adjusted segment profit of 6,299,000 yen equals to adjusted inventories.

2. Adjusted segment assets of −1,299,353,000 yen equals to offset of inter-segment claims/liabilities.

3. Segment profit (loss) has been aligned with the operating profit (loss) presented on the Consolidated Statements of Income.

(Per Share Data)

	Previous consolidated fiscal year (Aug. 1, 2019 – July 31, 2020)	Current consolidated fiscal year (Aug. 1, 2020 – June 30, 2021)
Net assets per share	819.72 yen	810.44 yen
Net profit (loss) per share	96.54 yen	-17.60 yen
Diluted profit per share	91.59 yen	—

(Notes) 1. Diluted net profit per share is not disclosed because, although there were residual securities for the current consolidated fiscal year, in fact net loss per share was posted.

2. Calculation bases of net assets per share are as follows.

	Previous consolidated fiscal year (July 31, 2020)	Current consolidated fiscal year (June 30, 2021)
Total net assets (thousand yen)	13,871,448	13,894,482
Deduction from total net assets (thousand yen)	648,665	652,890
(for non-controlling shareholders (thousand yen))	(648,665)	(652,890)
End-of-period net assets applicable to common stock (thousand yen)	13,222,783	13,241,592
End-of-period number of shares used for calculating net assets per share	16,130,874	16,338,874

3. Calculation bases of net profit (loss) per share and diluted profit per share are as follows.

	Previous consolidated fiscal year (Aug. 1, 2019 – July 31, 2020)	Current consolidated fiscal year (Aug. 1, 2020 – June 30, 2021)
Net profit (loss) per share		
Net profit (loss) attributable to owners of parent (thousand yen)	1,551,104	-284,975
Amount not attributable to common stockholders (thousand yen)	—	—
Net profit (loss) attributable to owners of parent applicable to common stock (thousand yen)	1,551,104	-284,975
Average number of shares outstanding during the period (common stock)	16,066,410	16,191,617
Diluted profit per share		
Adjusted profit attributable to owners of parent (thousand yen)	—	—
Increased number of common stock (shares)	869,793	—
(number of shares with subscription rights)	(869,793)	—
Summary of residual securities not included in calculating diluted profit per share, because of having no dilution effect	—	—

(Significant Post-Balance Sheet Events)

(Purchase of treasury stock)

The Company, at its board meeting on August 13, 2021, made decisions on the following matters regarding purchase of its treasury stock, based on the provisions of Article 156 of the Companies Act of Japan which apply mutatis mutandis pursuant to Article 165, Paragraph 3 of that Act.

(1) Reasons for purchasing treasury stock

From January 2021 to the end of June 2021 during which TSE Mothers Index stayed at 99% level, stock price of the Company rose from 2,249 yen to 2,795 yen (124%). However, in the domestic situation where individuals infected with COVID-19 increased, the price dropped to 2,221 yen by the end of July 2021.

Amid such an environment, the Company thought that proactive purchase of its treasury stock would contribute to improved shareholder value and decided to carry out such purchase.

(2) Matters concerning the purchase of treasury stock

1. Type of the stock to be purchased : Common stock of the Company
2. Total number of shares to be purchased : 800,000 shares (upper limit)
(percentage to the total number of outstanding shares: 4.89%)
3. Total value of the stock to be purchased : 2 billion yen (upper limit)
4. Purchasing period : From August 16, 2021 to November 30, 2021
5. How to purchase : Open market purchase on the Tokyo Stock Exchange

(Share split and Partial amendment of articles of incorporation)

The Company, at its board meeting on August 13, 2021, made decisions on share split as follows.

(1) Purpose of share split

The Company seeks to reduce monetary amount per investment unit of its stock and develop more comfort environment for investors, as well as to improve its stock liquidity and further broadening its investor base.

(2) Overview of share split

1. Method of splitting

On September 30, 2021 (Thu.), common stocks of the Company owned by its shareholders recorded on the finalized shareholders' list as of the same date shall be split at the rate of one share to two shares.

2. Number of shares increased by splitting

- ① Total number of outstanding shares before splitting : 16,532,400 shares
- ② Number of shares increased by splitting : 16,532,400 shares
- ③ Total number of outstanding shares after splitting : 33,064,800 shares
- ④ Total number of authorized shares after splitting : 108,848,000 shares

3. Planned schedule of splitting

- ① Announcement of reference date : September 15, 2021 (Wed.)
- ② Reference date : September 30, 2021 (Thu.)
- ③ Effective date : October 1, 2021 (Fri.)
- ④ Recording of increase : October 1, 2021 (Fri.)

4. Effects on per share data

Assuming that the aforementioned share split were carried out at the beginning of the previous consolidated fiscal year, per share would have been as follows.

	Previous consolidated fiscal year (Aug. 1, 2019 – July 31, 2020)	Current consolidated fiscal year (Aug. 1, 2020 – June 30, 2021)
Net assets per share	409.86 yen	405.22 yen
Net profit (loss) per share	48.27 yen	-8.8 yen
Diluted profit per share	45.79 yen	—

(Note) Diluted net profit per share is not disclosed because, although there were residual securities for the current consolidated fiscal year in fact net loss per share was posted.

5. Adjustment of exercise price for subscription rights to shares

With this share split, exercise price per share for subscription rights to shares to be exercised on and after October 1, 2021 (Fri.) shall be adjusted as follows.

Name	Exercise price before adjustment	Exercise price after adjustment
1st subscription rights to shares	150 yen	75 yen
2nd subscription rights to shares	1,200 yen	600 yen

6. Adjustment of conversion price for the 1st unsecured convertible bond-type bonds with subscription rights to shares

With this share split, conversion price for the 1st unsecured convertible bond-type bonds issued by the Company with subscription rights to shares shall be adjusted as follows on and after October 1, 2021 (Fri.) in accordance with the clauses on conversion price adjustment as described in “Notice of Issuance through Third Party Allocation of the 1st Unsecured Convertible Bond-type Bonds with Subscription Rights to Shares” announced on July 30, 2020.

Type	Upper limit before adjustment	Upper limit after adjustment	Lower limit before adjustment	Lower limit after adjustment
1st unsecured convertible bond-type bonds with subscription rights to shares	5,000 yen	2,500 yen	1,290 yen	645 yen

7. Change in the amount of stated capital

There is no change in the amount of stated capital due to this share split.

(3) Partial amendment to articles of incorporation

1. Reason for amendment

With the aforementioned share split and pursuant to the decisions of the board of directors based on the provisions of Article 184, Paragraph 2 of the Companies Act of Japan, the Company shall amend Article 6 of its articles of incorporation to change the total number of authorized shares.

This amendment shall come into effect on October 1, 2021 (Fri.).

2. Content of amendment (indicated by underlined portions)

before	after
(Total number of authorized shares) Article 6. Total number of authorized shares of the Company shall be <u>54,424,000</u> shares.	(Total number of authorized shares) Article 6. Total number of authorized shares of the Company shall be <u>108,848,000</u> shares.