



November 12, 2021

**Summary of Consolidated Financial Results
 for the First Quarter of the Fiscal Year 2022
 [Japanese standards] (Consolidated)**

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 Stock exchange listing: Tokyo
 Securities code: 7803 URL: <https://bushiroad.co.jp/>
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Scheduled date to file Quarterly Securities Report: November 12, 2021
 Scheduled date to commence dividend payments: N/A
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results of the first quarter of FY2022 (July 1, 2021 – September 30, 2021)**(1) Consolidated operating results (cumulative)**

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Net profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
1Q of FY2022	10,484	—	1,321	—	1,669	—	1,136	—
1Q of FY2021	8,971	8.0	-82	—	-93	—	-154	—

(Note) Comprehensive income 1Q of FY2022: 1,083 million yen [-%]
 1Q of FY2021: -142 million yen [-%]

	Net profit per share		Diluted net profit per share	
	yen		yen	
1Q of FY2022	35.27		32.67	
1Q of FY2021	-4.79		—	

(Notes) 1. The Company has since FY2021 changed its fiscal year end from July 31 to June 30, and unified the whole Group's fiscal year end as June 30. With this change, the previous and current first quarter fiscal periods were different: previous period was from August 1, 2020 to October 31, 2020, and current period was from July 1, 2021 to September 30, 2021. Therefore, year-on-year increase/decrease (%) are not given.

2. The Company carried out share splitting to split one share into two shares, on October 1, 2021. Net profit per share and diluted net profit per share are calculated assuming that such share splitting was carried out at the beginning of the previous consolidated fiscal year.

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	million yen		million yen		%	
1Q of FY2022	38,444		13,477		33.4	
FY2021	37,515		13,894		35.3	

(Reference) Shareholders equity 1Q of FY2022: 12,851 million yen
 FY2021: 13,241 million yen

2. Cash dividends

	Annual dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
FY2021	yen	yen	yen	yen	yen
FY2021	—	0.00	—	0.00	0.00
FY2022 (forecasts)	—	0.00	—	0.00	0.00

(Note) Revisions to dividend forecasts published most recently: No

The Company has since FY2021 (previous term) changed its fiscal year end from July 31 to June 30. Therefore, for FY2021 being a transitional period, the Company set its record dates of interim dividend and year-end dividend as January 31 and June 30, respectively.

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
	38,700	—	2,200	—	3,100	—	2,200	—	68.27

(Notes) 1. Revisions to performance forecasts published most recently: Yes

For details on the revision to the consolidated performance forecasts, please refer to "Notices concerning consolidated performance forecasts for the full term of fiscal year" announced today (November 12, 2021).

- The Company has since FY2021 changed its fiscal year end from July 31 to June 30, and unified the whole Group's fiscal year end as June 30. The previous consolidated fiscal year was a transitional period for changing fiscal year end, and its term was irregularly 11 months from August 1, 2020 to June 30, 2021. Therefore, year-on-year increase/decrease (%) are not given.
- The Company carried out share splitting to split one share into two shares, on October 1, 2021. Forecast of net profit per share for FY2022 was calculated taking effects of such share splitting into account.

***Notes**

(1) Changes in significant subsidiaries during the current quarter consolidated cumulative period (changes in specified subsidiaries resulting in the change in scope of consolidation):

No

(2) Application of special accounting methods to the preparation of quarterly consolidated financial statement: Yes

(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

- Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

1Q of FY2022:	33,116,800 shares	FY2021:	33,038,800 shares
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- Number of treasury stock at the end of the period

1Q of FY2022:	983,852 shares	FY2021:	361,052 shares
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- Average number of shares during the period (quarterly cumulative)

1Q of FY2022:	32,227,014 shares	1Q of FY2021:	32,288,182 shares
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(Note) The Company carried out share splitting to split one share into two shares, on October 1, 2021. "Total number of issued shares at the end of the period", "Number of treasury stock at the end of the period", and "Average number of shares during the period" were calculated assuming that such share splitting had been carried out at the beginning of the previous consolidated fiscal year.

* Quarterly summary of financial results is not included in a quarterly review by a certified public accountant or an auditing firm.

* Explanation regarding appropriate use of the earnings forecast 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.

(How to obtain materials for quarterly financial results briefing)

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

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1. Qualitative Information regarding the Current Quarter

(1) Descriptions regarding operating results

It should be noted that descriptions concerning the future in the text are based on judgement of the Company as of the end of the current quarter consolidated fiscal period.

“Partial amendments to the articles of incorporation” was approved at the 14th regular shareholders meeting on October 27, 2020. So the Company has changed its fiscal year end from July 31 to June 30, and unified the whole Group’s fiscal year end as June 30. With this change, the previous and current first quarter consolidated fiscal/cumulative periods were different: previous period was from August 1, 2020 to October 31, 2020, and current period was from July 1, 2021 to September 30, 2021. Therefore, year-on-year comparison of operating results is omitted.

During the current first quarter consolidated cumulative period, Japanese economy has still been in a tough situation due affected by COVID-19, but taking measures against widespread of infections and facilitating vaccination, as well as considering the effects of various political measures and improved economy overseas, it is expected that economic climate would come out of the slump.

Amid such an environment, despite ongoing restrictions on holding real events and gathering guests, the Group is moving toward the future after the pandemic, including several occasions of large-scale music live shows. In addition, “IP Developer” strategy was updated, and efforts were put into enhancement of product services which would contribute to higher value of IPs including Weiss Schwarz, as a platform for utilizing IPs.

As a result, operating results of the current first quarter cumulative period were as follows: Net sales of 10,484,829,000 yen; Operating profit of 1,321,247,000 yen; Ordinary profit of 1,669,558,000 yen; and Net profit attributable to owners of parent of 1,136,537,000 yen.

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., Games Dept., MD (Merchandising) Dept., and Media Dept. Former MOG (Mobile Online Games) Dept. has been renamed to Games Dept. since the current first quarter consolidated fiscal period.

① TCG Dept.

With respect to “Weiss Schwarz”, the main TCG, “Hololive Production” registered record-high sales in the history of Weiss Schwarz, and other products also showed successful results.

“CARDFIGHT!! VANGUARD”, specifically the new series “CARDFIGHT!! VANGUARD overDress” maintained high level of movement especially overseas.

As for “Rebirth for you”, “New Japan Pro-Wrestling” version was released, approaching pro-wrestling fans taking advantage of a synergy within the Group.

As a result, TCG Dept. registered record-high sales in terms of quarterly performance.

② Games Dept.

On September 16, 2021, “BanG Dream! Girls Band Party! for Nintendo Switch” was released, which enabled Bushiroad to enter into the field of console games on a full scale. In addition, mobile online games market has been in a state of overheated competition, so overall sales of this Dept. got softened.

③ MD Dept.

The Company has succeeded its MD/EC business to Bushiroad Creative Co., Ltd., one of its subsidiaries, by means of absorption-type split since the current first quarter consolidated fiscal period. In line with this, functions/resources within the Group should be aggregated and thus MD Dept. aims at further business expansion.

MD Dept. as a whole could maintain high level of performance around capsule toys and general distribution. Also, sales from OEM and events for external IPs such as “Genshin” and “Hololive Production” registered record-high, resulting in record-high quarterly sales in this Dept.

④ Media Dept.

Full 3D CG animation movie “[White Snake] Japanese-dubbed version” jointly produced by Chinese and American productions was premiered on July 30, 2021, whose distribution/production was conducted by Bushiroad Move Co., Ltd. jointly with TEAM JOY CO., LTD., and this movie was ranked at the 10th place during the first week after release among the nationwide attendance ranking surveyed by Kogyo Tsushinsha.

Moreover, live stage of “Girls☆Musical Revue Starlight -The LIVE-#3 Growth” started on July 27, 2021, and the committee’s revenues thereof and other sales led to record-high quarterly sales in Media Dept.

These operations resulted in Net sales of 8,035,202,000 yen and Segment profit of 1,353,567,000 yen.

2. Live IP business

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

① Music Dept.

Bushiroad Music Co., Ltd. held large-scale live shows of BanG Dream! 9th☆LIVE “The Beginning” and “Mythology” at Fuji-Q Highland Conifer Forest, and also overall sales of music/visual software showed good results, and additionally Hikosen Theater Company tended to gather its audience attendance, which led to record-high quarterly sales in this Dept.

② Sports Dept.

Although “New Japan Pro-Wrestling” held a large-scale event “CARD FIGHT!! VANGUARD overDress Presents WRESTLE GRAND SLAM in MetLife Dome” at Tokyo Dome and MetLife Dome, number of spectators was restricted due to extended State of Emergency Declaration, and therefore sales of the event and related goods could not grow very much. However, sales of contents such as video streaming service of “New Japan Pro-Wrestling World” and application of “NJPW Collection” maintained steady growth.

“STARDOM” has increased events held at larger venues in a step-by-step manner, resulting in record-high quarterly sales in Bushiroad Fight Co., Ltd.

These operations resulted in Net sales of 2,449,627,000 yen and Segment loss of 40,188,000 yen.

(2) Descriptions regarding financial position

(Assets)

Total assets was 38,444,141,000 yen at the end of the current first quarter consolidated fiscal period, i.e. increase by 928,792,000 yen as compared to the end of the previous consolidated fiscal year. This is mainly due to decrease in cash and deposits by 842,813,000 yen on one hand, and increase in accounts receivable - trade by 1,581,521,000 yen on the other.

(Liabilities)

Total liabilities was 24,966,792,000 yen at the end of the current first quarter consolidated fiscal period, i.e. increase by 1,345,926,000 yen as compared to the end of the previous consolidated fiscal year. This is mainly due to decrease in current portion of long-term loans payable by 75,610,000 yen and decrease in long-term loans payable by 1,020,536,000 yen on one hand, and increase in accounts payable - trade by 850,703,000 yen on the other.

(Net assets)

Net assets was 13,477,348,000 yen at the end of the current first quarter consolidated fiscal period, i.e. decrease by 417,133,000 yen as compared to the end of the previous consolidated fiscal year. This is mainly due to increase in retained earnings by 1,136,537,000 yen on one hand, and increase in treasury stock by 878,640,000 yen because of purchase of treasury stock and decrease in retained earnings at the beginning of the current period by 656,758,000 yen because of applying the Accounting Standard for Revenue Recognition, etc., on the other.

(3) Descriptions regarding future prospects such as consolidated performance forecasts

During the current first quarter, Digital IP business segment especially TCG Dept. and MD Dept. with high profit rates showed successful results which led to their record-high quarterly sales, and additionally, due to adequate control over SG&A expenses mainly advertising expenses, progression rates of net sales and operating profit against the full-term consolidated performance forecasts (hereinafter, “progression rates against forecasts”) as of the end of the first quarter cumulative period were 28.5% and 101.6%, respectively. Moreover, despite continued restrictions on the number of audience attendance at events held by Live IP business segment, subsidies of J-LODlive and others amounting to 306 million yen could be obtained, and by recording these as non-operating profit, progression rates of ordinary profit and net profit attributable to owners of parent against forecasts were 128.4% and 162.2%, respectively. Thus these profits have significantly exceeded the forecasts.

For the second quarter and onward as well, it is expected that TCG Dept. and MD Dept., including overseas, would show successful results, and also control over SG&A expenses such as advertising expenses shall be sustained. In the Live IP business segment, both Music Dept. and Sports Dept. expect increased attendance by holding large-scale events several times, but in a situation of remaining uncertainty about the suppression of COVID-19, profits from large-scale events have to be estimated conservatively for both Depts. In addition, with respect to subsidies of J-LODlive and others which were not included in the performance forecasts since it had been difficult to forecast at the beginning of the period whether they could be obtained or not and amounts thereof, it was decided, considering the amount actually obtained during the first quarter, to expect 600,000,000 yen, which equals to 80% of the adopted balance, as non-operating profit.

Considering the above, consolidated performance forecasts for FY2022 are upwardly revised as follows: Net sales of 38,700,000,000 yen; Operating profit of 2,200,000,000 yen; Ordinary profit of 3,100,000,000 yen; and Net profit attributable to owners of parent of 2,200,000,000 yen.

(Note) Performance forecasts are based on currently available information. Actual performance may differ from these forecasts due to various factors in the future.

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheets

(Thousand yen)

	Previous consolidated fiscal year (June. 30, 2021)	Current first quarter consolidated fiscal period (September 30, 2021)
Assets		
Current assets		
Cash and deposits	24,460,498	23,617,684
Notes and accounts receivable - trade	4,182,952	5,764,473
Merchandise and finished goods	821,171	865,894
Work in process	2,375,969	2,078,016
Supplies	59,569	65,156
Other	2,209,970	2,385,440
Allowance for doubtful accounts	-29,902	-30,103
Total current assets	34,080,229	34,746,562
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	427,805	423,750
Tools, furniture and fixture (net)	86,254	78,256
Vehicles (net)	34,958	31,113
Land	316,281	316,281
Leased assets	16,995	14,843
Other, net	47,563	37,948
Total property, plant and equipment	929,858	902,192
Intangible assets		
Software	81,592	137,158
Software in progress	25,243	—
Goodwill	180,831	171,243
Other	180,628	142,538
Total intangible assets	468,295	450,941
Investments and other assets		
Investment securities	1,140,370	1,185,443
Long-term loans receivable	48,167	46,939
Deferred tax assets	417,859	682,796
Other	450,379	451,368
Allowance for doubtful accounts	-31,246	-30,699
Total investment and other assets	2,025,531	2,335,847
Total non-current assets	3,423,686	3,688,981
Deferred assets		
Stock issuance cost	11,433	8,597
Total deferred assets	11,433	8,597
Total assets	37,515,349	38,444,141

(Thousand yen)

	Previous consolidated fiscal year (June 30, 2021)	Current first quarter consolidated fiscal period (September 30, 2021)
Liabilities		
Current liabilities		
Accounts payable - trade	3,607,556	4,458,259
Accounts payable - other	888,987	1,226,967
Income taxes payable	209,392	677,498
Short-term loans payable	80,000	80,000
Current portion of long-term loans payable	4,083,348	4,007,738
Provision for bonuses	85,854	188,772
Other	731,225	1,413,798
Total current liabilities	9,686,365	12,053,036
Non-current liabilities		
Long-term loans payable	8,680,963	7,660,427
Convertible bond-type bonds with subscription rights to shares	5,000,000	5,000,000
Provision for directors' retirement benefits	59,496	63,397
Liabilities on retirement benefits	75,592	77,629
Deferred tax liabilities	92,035	87,021
Other	26,414	25,280
Total non-current liabilities	13,934,501	12,913,756
Total liabilities	23,620,866	24,966,792
Net assets		
Shareholders' equity		
Capital stock	3,165,648	3,185,898
Capital surplus	3,102,418	3,122,668
Retained earnings	7,057,633	7,537,412
Treasury stock	-324,679	-1,203,319
Total shareholders' equity	13,001,021	12,642,660
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	123,151	69,945
Foreign currency translation adjustment	117,418	139,134
Total accumulated other comprehensive income	240,570	209,079
Non-controlling interests	652,890	625,608
Total net assets	13,894,482	13,477,348
Total liabilities and net assets	37,515,349	38,444,141

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

(Quarterly Consolidated Statements of Income)

(For the first quarter consolidated cumulative period)

(Thousand yen)

	Previous first quarter consolidated cumulative period (Aug. 1, 2020 – Oct. 31, 2020)	Current first quarter consolidated cumulative period (July 1, 2021 – Sept. 30, 2021)
Net sales	8,971,988	10,484,829
Cost of sales	5,546,874	6,546,466
Gross profit	3,425,114	3,938,363
Selling, general and administrative expenses	3,507,871	2,617,116
Operating profit (loss)	-82,757	1,321,247
Non-operating profit		
Interest and dividends income	5,835	4,533
Share of profit of entities accounted for using equity method	—	18,501
Foreign exchange gains	5,764	18,865
Subsidy income	19,847	306,824
Other	10,283	17,362
Total non-operating profit	41,730	366,086
Non-operating expenses		
Interest expenses	14,871	13,981
Share of loss of entities accounted for using equity method	19,471	—
Amortization of stock issuance cost	2,836	2,836
Bond issuance cost	14,816	—
Other	435	956
Total non-operating expenses	52,431	17,774
Ordinary profit (loss)	-93,457	1,669,558
Extraordinary losses		
Loss on valuation of investment securities	2,609	—
Impairment loss	34,900	—
Total extraordinary losses	37,509	—
Net profit (loss) before income taxes and minority interests	-130,967	1,669,558
Income taxes	16,760	554,572
Net profit (loss)	-147,727	1,114,986
Net profit (loss) attributable to non-controlling shareholders	6,892	-21,550
Net profit (loss) attributable to owners of parent	-154,620	1,136,537

(Quarterly Consolidated Statements of Income)
(For the first quarter consolidated cumulative period)

(Thousand yen)

	Previous first quarter consolidated cumulative period (Aug. 1, 2020 – Oct. 31, 2020)	Current first quarter consolidated cumulative period (July 1, 2021 – Sept. 30, 2021)
Net profit (loss)	-147,727	1,114,986
Other comprehensive income (loss)		
Valuation difference on available-for-sale securities	6,310	-53,206
Foreign currency translation adjustment	-1,044	22,381
Share of other comprehensive income of associates accounted for using equity method	—	-293
Total other comprehensive income	5,266	-31,118
Comprehensive income (loss)	-142,461	1,083,868
(detail)		
Comprehensive income (loss) attributable to owners of parent	-149,354	1,105,046
Comprehensive income (loss) attributable to non-controlling interests	6,892	-21,177

(3) Notes on Quarterly Consolidated Financial Statements

(Going Concern Assumption)

Not applicable.

(Notes in Case of Significant Changes in the Amount of Shareholders' Equity)

The Company purchased its treasury stock of 311,400 shares, based on the decision taken at its board meeting held on August 13, 2021. Consequently, its treasury stock increased by 878,640,000 yen during the current first quarter consolidated cumulative period, and it was worth 1,203,219,000 yen at the end of the current first quarter consolidated cumulative period.

(Application of Special Accounting Methods to the Preparation of Quarterly Consolidated Financial Statements)

(Calculation of tax expenses)

Tax expenses are calculated by multiplying the net profit before income taxes by a reasonably evaluated effective tax rate on the net profit before income taxes for the consolidated fiscal year including the current first quarter consolidated fiscal period.

(Change in Accounting Principles)

(Application of accounting standard for revenue recognition, etc.)

「The Company has applied the "Accounting Standard for Revenue Recognition" (Accounting Standards Board of Japan Guidance No. 29 of March 31, 2020), etc. since the beginning of the current first quarter consolidated fiscal period, and decided to recognize as its revenue an amount which could be received in exchange of a promised good or service upon transfer of control over such good or service to a customer. Accordingly, the Company made some changes as described below.

- With respect to mobile online games published by the Company for games business, previously revenues were recognized at the time when customers purchased any amount of in-game currencies, whereas currently the method to recognize revenues has been amended as recognizing them based on the period during which quotations are available for items exchanged by customers using in-game currencies.
- With respect to contract monies not required to be refunded in providing licenses mainly in the media business, previously revenues were recognized at the time of executing such contracts, whereas currently the method to recognize revenues has been amended as: 1) recognizing them over a certain period if the nature of promise in conjunction with giving the license to the customer constitutes rights to access to relevant intellectual properties for the licensed period; or 2) recognizing them at a point of time if such nature of promise constitutes rights to use relevant intellectual properties at the time giving the license to the customer.
- With respect to some of transactions mainly in media business and music business, previously total prices received from customers were recognized as revenues, whereas currently for transactions in which the role of the Group in providing goods or services to customers corresponds to the one as an agent, revenues are recognized as net amount remaining after deducting the amount to be paid to the transaction partner from the amount received from the customer.
- With respect to transactions for which returning of products is foreseeable at the time of selling them mainly in music business, TCG business and MD business, revenues are not recognized at the time of sales, but in accordance with the rules concerning variable consideration, refund liabilities are recognized as contra-revenues in terms of such part of foreseeable return.

With respect to applying the Accounting Standard for Revenue Recognition, etc., the Company follows the provisional treatment as set forth in the note to Section 84 of the Accounting Standard for Revenue Recognition, and has applied the new accounting policy to the balance at the beginning of the current first quarter consolidated fiscal period and onward, where any amount, which could be affected cumulatively by assuming that the new accounting policy was applied retrospectively to the period prior to the beginning of the first quarter consolidated fiscal period, is added to or subtracted from the retained earnings at the beginning of that period. However, upon applying the method as set forth in Section 86 of the Accounting Standard for Revenue Recognition, the Company has not applied the new accounting policy retrospectively to contracts whose earnings were almost entirely recognized in accordance with the previous treatment before the beginning of the current first quarter consolidated fiscal period. In addition, upon applying Note (1) to Section 86 of the Accounting Standard for Revenue Recognition, with respect to contract changes made before the beginning of the current first quarter consolidated fiscal period, relevant accounting was carried out based on the contract conditions on which every such changes were reflected, and the amounts affected cumulatively by such accounting have been added to or subtracted from the retained earnings at the beginning of the current first quarter consolidated fiscal period. As a result, in the current first quarter consolidated cumulative period, Net sales decreased by 502,144,000 yen, Sales cost decreased by 453,060,000 yen, and each of Operating profit, Ordinary profit and Net profit before income taxes and minority interests decreased by 49,083,000 yen. Also, balance of retained earnings at the beginning of the current period decreased by 656,758,000 yen. Meanwhile, in accordance with the provisional treatment as set forth in Section 89-2 of the Accounting Standard for Revenue Recognition, no interchange in line with the new presentation method was done for the previous consolidated fiscal year. Further, in accordance with the transitional treatment as set forth in Section 28-15 of the "Accounting Standard for Quarterly Financial Statements" (Accounting Standards Board of Japan Guidance No. 12 of March 31, 2020), information about breakdown of earnings arising from contracts with customers during the previous first quarter consolidated cumulative period is not presented.

(Application of Accounting Standard for Fair Value Measurement, etc.)

Applying the “Accounting Standard for Fair Value Measurement” (Accounting Standards Board of Japan Guidance No. 30 of July 4, 2019), etc. since the beginning of the current first quarter consolidated fiscal period, and in accordance with Section 19 of the Accounting Standard for Fair Value Measurement and Section 44-2 of the “Accounting Standard for Financial Instruments” (Accounting Standards Board of Japan Guidance No. 10 of July 4, 2019), the Company decided to apply the new accounting policies as set forth in the Accounting Standard for Fair Value Measurement, etc. now and in the future. Meanwhile, this change has no effect on the profit/loss and financial position of the current first quarter consolidated fiscal/cumulative period.

(Segment Information, etc.)

I Previous first quarter consolidated cumulative period (Aug. 1, 2020 – Oct. 31, 2020)

1. Information on net sales and profit/loss of each reportable segment

	Reportable segments			Adjustment (Note 1)	Amount allocated to the quarterly consolidated P/L statement (Note 2)
	Digital IP business	Live IP business	Total		
Net sales					
Sales to external customers	6,651,317	2,320,670	8,971,988	—	8,971,988
Inter-segment sales or transfer	118,604	147,839	266,444	-266,444	—
Total	6,769,922	2,468,510	9,238,433	-266,444	8,971,988
Segment profit (loss)	3,101	-91,299	-88,198	5,441	-82,757

Notes: 1. Adjusted segment profit (loss) of 5,441,000 yen equals to adjusted inventories.

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

2. Information on impairment loss of non-current assets or goodwill, etc., for each reportable segment

(Important impairment loss on non-current assets)

Not applicable.

(Significant changes in amount of goodwill)

Not applicable.

(Material profit from negative goodwill)

Not applicable.

II Current first quarter consolidated cumulative period (July. 1, 2021 – Sept. 30, 2021)

1. Information on net sales and profit/loss of each reportable segment

	Reportable segments			Adjustment (Note 1)	Amount allocated to the quarterly consolidated P/L statement (Note 2)
	Digital IP business	Live IP business	Total		
Net sales					
Sales to external customers	8,035,202	2,449,627	10,484,829	—	10,484,829
Inter-segment sales or transfer	154,704	148,723	303,428	-303,428	—
Total	8,189,907	2,598,350	10,788,257	-303,428	10,484,829
Segment profit (loss)	1,353,567	-40,188	1,313,379	7,867	1,321,247

Notes: 1. Adjusted segment profit (loss) of 7,867,000 yen equals to adjusted inventories.

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

2. Information on impairment loss of non-current assets or goodwill, etc., for each reportable segment

As described under “Change in Accounting Principles”, because the Accounting Standard for Revenue Recognition has been applied and the accounting method regarding revenue recognition has been changed since the beginning of the current first quarter consolidated fiscal period, the calculation method for profit or loss of reportable segments has been changed accordingly. With these changes, as compared to the previous methods, in the “Digital IP business” segment, Net sales decreased by 470,313,000 yen and Segment profit decreased by 58,202,000 yen; and in the “Live IP business” segment, Net sales decreased by 31,831,000 yen and Segment loss decreased by 9,118,000 yen.

3. Information on impairment loss of non-current assets or goodwill, etc., for each reportable segment

(Important impairment loss on non-current assets)

Not applicable.

(Significant changes in amount of goodwill)

Not applicable.

(Material profit from negative goodwill)

Not applicable.

(Per share data)

Net profit (loss) per share, Diluted net profit per share, and calculation bases thereof are as follows.

	Previous first quarter consolidated cumulative period (Aug. 1, 2020 – Oct. 31, 2020)	Current first quarter consolidated cumulative period (July. 1, 2021 – Sept. 30, 2021)
Net profit (loss) per share	-4.79 yen	35.27 yen
(calculation bases)		
Net profit (loss) attributable to owners of parent	-154,620,000 yen	1,136,537,000 yen
Amount not attributable to common shareholders		
Net profit (loss) attributable to owners of parent applicable to common shares	-154,620,000 yen	1,136,537,000 yen
Average number of common shares outstanding during the period	32,288,182 shares	32,227,014 shares
Diluted profit per share	—	32.67 yen
(calculation bases)		
Adjusted net profit (loss) attributable to owners of parent	—	—
Increased number of common shares	—	2,565,641 shares
(number of shares with subscription rights)	—	(2,565,641 shares)
Summary of residual securities with any significant change since the end of the previous consolidated fiscal year, among those not included in calculating diluted quarterly net profit per share, because of having no dilution effect	—	—

- (Notes) 1. Diluted profit per share is not disclosed for the previous first quarter consolidated cumulative period because, although there were residual securities, in fact net loss per share was posted.
2. The Company carried out share splitting to split one share into two shares, on October 1, 2021. Net profit per share, Net loss per share or diluted profit per share are calculated assuming that such share splitting was carried out at the beginning of the previous FY.

(Significant Post-Balance Sheet Events)

(Share split and Partial amendment to articles of incorporation)

The Company carried out share splitting and partial amendment to articles of incorporation on October 1, 2021, based on the decision taken at its board meeting held on August 13, 2021, as described below.

(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:	16,558,400 shares
② Number of shares increased by splitting:	16,558,400 shares
③ Total number of outstanding shares after splitting:	33,116,800 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

Effects on per share data are described in the relevant sections.

5. Adjustment of exercise price for subscription rights to shares

With this share splitting, 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 prices for the 1st unsecured convertible bond-type bonds issued by the Company with subscription rights to shares were 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 amended Article 6 of its articles of incorporation to change the total number of authorized shares as of 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.