

Summary of Consolidated Financial Results for the Third 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 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. Consolidate financial results of the third quarter of FY2022 (July 1, 2021 ~ March 31, 2022)

(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	%
3Q of FY2022	29,023	-	1,967	-	3,208	-	2,033	-
3Q of FY2021	27,154	7.7	423	-80.9	524	-76.2	-161	-

(Note) Comprehensive income 3Q of FY2022: 2,148 million yen [-%]
 3Q of FY2021: -16 million yen [-%]

	Net profit per share	Diluted quarterly net profit per share
	yen	yen
3Q of FY2022	63.70	58.58
3Q of FY2021	-4.99	-

(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 third fiscal periods were different: previous period was from August 1, 2020 to April 30, 2021, and current period was from July 1, 2021 to March 31, 2022. Therefore, year-on-year quarterly 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	%
3Q of FY2022	41,308	13,699	31.7
FY2021	37,515	13,894	35.3

(Reference) Shareholders equity 3Q of FY2022: 13,240 million yen
 FY2021: 13,241 million yen

2. Cash dividends

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

	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
Full-term	40,000	—	2,500	—	4,100	—	2,350	—	73.47

(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 (May 13, 2022).

2. 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.
3. 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
Newly consolidated company N/A; deconsolidated company N/A
- (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
- ① Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- ② Changes in accounting policies due to other reasons: No
- ③ Changes in accounting estimates: No
- ④ Restatement of prior period financial statements: No

- (4) Number of issued shares (common shares)

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

3Q of FY2022:	33,453,718 shares	FY2021:	33,038,800 shares
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2 Number of treasury stock at the end of the period

3Q of FY2022:	1,659,770 shares	FY2021:	361,052 shares
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3 Average number of shares during the period (quarterly cumulative)

3Q of FY2022:	31,924,075 shares	3Q of FY2021:	32,339,176 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 May 17, 2022, Wednesday, 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 judgment 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 third quarter consolidated fiscal/cumulative periods were different: previous third quarter period was from February 1, 2021 to April 30, 2021 and its cumulative period was from August 1, 2020 to April 30, 2021; current third quarter period was from January 1, 2022 to March 31, 2022 and its cumulative period was from July 1, 2021 to March 31, 2022. Therefore, year-on-year comparison of operating results is omitted.

Japan’s economy remained uncertain during the current third quarter consolidated cumulative period due to expansion again of new SARS-CoV-2 (COVID-19) variants, surges of raw materials and transportation costs caused by confusions of production and distribution both in Japan and overseas, and also economic concerns arising from Russian invasion of Ukraine.

Under such situation, the whole Group has adopted a policy to hold many small-scale events to prevent risks of spread of infection as it did in the previous quarter. Excitements were brought into contents in preparation for various types of large-scale events and new products planed in the fourth quarter by hosting card game competitions and live music concerts across Japan.

Also, with the change in business policy of Frontwing Lab. Inc., the Company booked goodwill impairment losses arose at the acquisition of the shares

As a result, operating results of the current third quarter consolidated cumulative period were as follows: Net sales of 29,023,655,000 yen; Operating profit of 1,967,898,000 yen; Ordinary profit of 3,208,920,000 yen; and Net quarterly profit attributable to owners of parent of 2,033,691,000 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 first quarter consolidated fiscal period.

①TCG Dept.

In relation to “Weiss Schwarz”, many popular own and other companies’ IP products were released including BanG Dream! Girls Band Party! 5th Anniversary” and “HATSUNE MIKU: COLORFUL STAGE!”.

Regarding “Cardfight!! Vanguard”, a popular Lyrical Booster series “Lyrical Monasterio ~It’s a New School Term! ~”, as well as the 10th anniversary products “Triumphant Return of the Brave Heroes” and “Cardfight!! Vanguard 10thAnniversary GiftBox” were released.

With respect to “Rebirth for you”, uniquely formatted products are released including 5 units trial deck variation for “STARDOM” and a special deck set for “hololive production 2nd fes. & 3rd fes.”

Regarding English version “Weiss Schwarz”, “Mushoku Tensei: jobless reincarnation (mushoku Tensei - Isekai Ittara Honki Dasu -)” was released and remained fared well.

For new TCG “Shadowverse EVOLVE” scheduled to be released on April 28, 2022, preview experience session and beginner workshop were held across Japan toward launch and 5,000 users participated in total.

②Games Dept.

“NJPW STRONG SPIRITS” was released worldwide simultaneously on February 28, 2022. The Company mutually performed promotions with New Japan Pro-Wrestling appealing to wrestling fans and brought excitements through synergies withing the Group.

“BanG Dream! Girls Band Party!” marked the 5th anniversary on March 16, 2022, and many commemorative activities were made including in-game campaigns, commemorative animations, and events.

③MD Dept.

The capsule toys business remained firm as what it was in the second quarter being supported by the stable sales from original capsule toys brand “TAMA-KYU” and other companies’ popular IPs including “Genshin” and “The Quintessential Quintuplets”. On-site sale at “BanG Dream! Girls Band Party! 5th Anniversary BanG Dream! x Animate World Fair 2022” and “hololive SUPER EXPO 2022” were successfully finished, and each channel also achieved steady performance of sales.

④Media Dept.

Distribution revenue for the production committee of the animation “BanG Dream!” and books/electronic books published by Bushiroad Media Inc., were the mainstay.

“GRISAIA Phantom Trigger Vol. 8”, the final volume of “GRISAIA: Phantom Trigger” series for PC adventure game was released by Frontwing Lab. Inc. on February 25, 2022, and TV on air of the IP animation was also announced.

These operations resulted in Net sales of 21,624,121,000 yen and Segment profit of 2,009,551,000 yen for the Digital IP segment.

2. Live IP business

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

①Music Dept.

Business performance was steady at Bushiroad Music Inc., because sales grew in music /video software and was also increased by holding multiple number of live music events including “Peaky P-key×Lynx Eyes JOINT LIVE TOUR “Higher and Higher” and “#D4DJ_BATTLE_TIME GONG”.

Hikosen Theater Company which mainly performs mask musical ended up in a poor result as in the second quarter, due to closures of kindergartens and nurseries and repeated cancellations and limitations based on voluntary criteria of relevant associations.

②Sports Dept.

New Japan Pro-Wrestling Co., Ltd., marked the 50th anniversary of funding in 2022, organized 2 matches of “WRESTLE KINGDOM 16 in TOKYO DOME” and “WRESTLE KINGDOM 16 in YOKOHAMA ARENA” in January 2022. The Company also held an exhibition “NJPW ism” from February 11 to 27, 2022 commemorating the 50th anniversary of founding at Gallery AaMo of Tokyo Dome City, which resulted in a steady Net sales during the current third quarter consolidated fiscal period, as compared to the immediate previous quarter, in all business segments including tickets, goods, and contents.

Regarding “STARDOM”, a Women’s Pro-Wrestling brand, online promotions were performed fully leveraging SNS and offline measures were also taken to gain fans to expand the areas of events to entire Japan. As a result, numbers of registrations for each SNS and spectators of events steadily grew. In two games including “LEC Cleanpa! Presents STARDOM WORLD CLIMAX 2022 ~ The Best ~” and “LEC Cleanpa! Presents STARDOM WORLD CLIMAX 2022 ~ The Top ~” held on March 26 and 27, 2022 at Ryogoku Kokugikan, 5,797 spectators were drawn in total enabling Bushiroad Fight Inc., to achieve record high net sales for three consecutive quarters.

Sopratico Co., Ltd. which develops sports club business mainly in Hokkaido has changed the company name to Bushiroad Well-Be, effective April 1, 2022, to strengthen synergies with Bushiroad’s group companies and announced relocation of the head office to Nakano-ku, Tokyo.

These operations resulted in Net sales of 7,399,533,000 yen and Segment loss of 39,235,000 yen for the Live IP segment.

(2) Descriptions regarding financial position

(Assets)

Total assets was 41,308,909,000 yen at the end of the current third quarter consolidated fiscal period, i.e. increase by 3,793,560,000 yen as compared to the end of the previous consolidated fiscal year. This is mainly due to increase in cash and deposits by 2,284,557,000 yen, buildings and structures (net) by 803,139,000 yen, and land by 815,366,000 yen, respectively.

(Liabilities)

Total liabilities was 27,609,654,000 yen at the end of the current third quarter consolidated fiscal period, i.e. increase by 3,988,787,000 yen as compared to the end of the previous consolidated fiscal year. This is mainly due to increase in accounts payable trade by 735,946,000 yen, income taxes payable by 822,403,000 yen, current portion of long-term loans payable by 398,916,000 yen, long-term loans payable by 496,808,000 yen, and other current liabilities by 1,341,341,000 yen.

(Net assets)

Net assets was 13,699,254,000 yen at the end of the current third quarter consolidated fiscal period, i.e. decrease by 195,227,000 yen as compared to the end of the previous consolidated fiscal year. This is mainly due to increase in retained earnings by 2,033,691,000 yen, capital stock by 159,475,000 yen, and capital surplus by 159,475,000 yen from the recording of net quarterly profit attributable to owners of parent, etc., one hand, and increase in treasury stock by 1,999,918,000 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 the application of the Accounting Standard for Revenue Recognition, etc., on the other.

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

TCG Department that boasts high rate of return among the Digital IP segment showed a strong performance both in Japan and overseas during the current third quarter consolidated cumulative fiscal period. For the consolidated performance forecasts for the current period, New TCG “Shadowverse EVOLVE”, a joint business with Cygames Inc., was released on April 28, 2022 and has become a massive hit. The product is being sold out at many card shops across Japan. Also in overseas offices, English version Weiss Schwarz marked a record high in terms of the number of prior orders and is expected to outperform the previous forecasts.

Fluctuations of exchange rate resulted in exchange gains of 251,515,000 yen in the current third quarter consolidated cumulative period. Considering the above situations, exchange rate on the closing day of the current

period, i.e. on June 30, 2022, was assumed as US1\$ = 130 yen, expecting that foreign exchange gains of 166,669,000 yen would be realized in the fourth quarter consolidated fiscal period and foreign exchange gains of 413,184,000 yen would be recognized in non-operating profit in the current period.

Therefore, consolidated performance forecasts for FY2022 are upwardly revised as follows: Net sales of 40,000,000,000 yen; Operating profit of 2,500,000,000 yen; Ordinary profit of 4,100,000,000 yen; and Net profit attributable to owners of parent of 2,350,000,000 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 third quarter consolidated fiscal period (Mar 31, 2022)
Assets		
Current assets		
Cash and deposits	24,460,498	26,745,056
Notes and accounts receivable - trade	4,182,952	4,506,847
Merchandise and finished goods	821,171	804,554
Work in process	2,375,969	2,222,482
Supplies	59,569	74,479
Other	2,209,970	1,875,057
Allowance for doubtful accounts	-29,902	-54,589
Total current assets	34,080,229	36,173,888
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	427,805	1,230,944
Tools, furniture and fixture (net)	86,254	155,967
Vehicles (net)	34,958	25,789
Land	316,281	1,131,647
Leased assets	16,995	10,671
Other, net	47,563	94,898
Total property, plant and equipment	929,858	2,649,918
Intangible assets		
Software	81,592	151,131
Software in progress	25,243	2,400
Goodwill	180,831	2,700
Other	180,628	128,652
Total intangible assets	468,295	284,884
Investments and other assets		
Investment securities	1,140,370	1,001,093
Long-term loans receivable	48,167	44,360
Deferred tax assets	417,859	678,251
Other	450,379	503,184
Allowance for doubtful accounts	-31,246	-29,597
Total investment and other assets	2,025,531	2,197,292
Total non-current assets	3,423,686	5,132,096
Deferred assets		
Stock issuance cost	11,433	2,924
Total deferred assets	11,433	2,924
Total assets	37,515,349	41,308,909

(Thousand yen)

	Previous consolidated fiscal year (June 30, 2021)	Current third quarter consolidated fiscal period (Mar 31, 2022)
Liabilities		
Current liabilities		
Accounts payable - trade	3,607,556	4,343,503
Accounts payable - other	888,987	1,218,071
Income taxes payable	209,392	1,031,795
Short-term loans payable	80,000	30,000
Current portion of long-term loans payable	4,083,348	4,482,264
Provision for bonuses	85,854	182,495
Other	731,225	2,072,567
Total current liabilities	9,686,365	13,360,696
Non-current liabilities		
Long-term loans payable	8,680,963	9,177,771
Convertible bond-type bonds with subscription rights to shares	5,000,000	4,800,000
Provision for directors' retirement benefits	59,496	71,016
Liabilities on retirement benefits	75,592	90,962
Deferred tax liabilities	92,035	85,173
Other	26,414	24,033
Total non-current liabilities	13,934,501	14,248,957
Total liabilities	23,620,866	27,609,654
Net assets		
Shareholders' equity		
Capital stock	3,165,648	3,325,123
Capital surplus	3,102,418	3,261,893
Retained earnings	7,057,633	8,434,566
Treasury stock	-324,679	-2,324,598
Total shareholders' equity	13,001,021	12,696,985
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	123,151	-10,806
Foreign currency translation adjustment	117,418	404,459
Total accumulated other comprehensive income	240,570	393,653
Non-controlling interests	652,890	608,615
Total net assets	13,894,482	13,699,254
Total liabilities and net assets	37,515,349	41,308,909

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

(Quarterly Consolidated Statements of Income)

(For the third quarter consolidated cumulative period)

(Thousand yen)

	Previous third quarter consolidated cumulative period (J Aug. 1, 2020- Apr. 30, 2021)	Current third quarter consolidated cumulative period (J July. 1, 2021- Mar. 31, 2022)
Net sales	27,154,039	29,023,655
Cost of sales	17,506,586	18,950,996
Gross profit	9,647,453	10,072,659
Selling, general and administrative expenses	9,223,834	8,104,761
Operating profit	423,619	1,967,898
Non-operating profit		
Interest and dividends income	17,530	15,026
Share of profit of entities accounted for using equity method	—	31,639
Foreign exchange gains	109,174	251,515
Subsidy income	113,579	1,001,504
Other	15,084	25,976
Total non-operating profit	255,369	1,325,662
Non-operating expenses		
Interest expenses	44,832	46,894
Share of loss of entities accounted for using equity method	83,455	—
Amortization of stock issuance cost	8,509	8,509
Bond issuance cost	14,816	—
Share repurchase cost	—	22,444
Other	3,154	6,790
Total non-operating expenses	154,768	84,639
Ordinary profit	524,219	3,208,920
Extraordinary losses		
Impairment loss	214,339	149,366
Loss on valuation of investment securities	274,629	—
Total extraordinary losses	488,968	149,366
Net profit before income taxes and minority interests	35,250	3,059,554
Income taxes	176,526	1,065,053
Net profit (loss)	-141,275	1,994,500
Net profit (loss) attributable to non-controlling shareholders	20,093	-39,190
Net profit (loss) attributable to owners of parent	-161,368	2,033,691

(Quarterly Consolidated Statements of Income)

(For the third quarter consolidated cumulative period)

(Thousand yen)

	Previous third quarter consolidated cumulative period (Aug. 1, 2020- Apr. 30, 2021)	Current third quarter consolidated cumulative period (July. 1, 2021- Mar. 31, 2022)
Net profit (loss)	-141,275	1,994,500
Other comprehensive income (loss)		
Valuation difference on available-for-sale securities	57,036	-133,957
Foreign currency translation adjustment	67,980	287,528
Share of other comprehensive income of associates accounted for using equity method	—	531
Total other comprehensive income	125,016	154,102
Comprehensive income (loss) for the quarter	-16,258	2,148,602
(detail)		
Comprehensive income (loss) attributable to owners of parent for the quarter	-36,351	2,186,773
Comprehensive income (loss) attributable to non-controlling interests	20,093	-38,170

(3) Notes on Quarterly Consolidated Financial Statements

(Going Concern Assumption)

Not applicable

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

Bushiroad Inc. exercised the subscription right for convertible bond-type bonds with subscription rights to shares in the current third quarter consolidated cumulative period and, consequently, its capital stock and capital reserve increased by 100,000,000 yen each. The Company also exercised the stock option and that resulted in increases of capital stock and stock reserve by 59,475,000 yen, respectively. As a result, capital stock was worth 3,325,123,000 yen and capital reserve was worth 3,324,123,000 yen at the end of the current third quarter consolidated fiscal period.

The Company purchased its treasury stock of 1,298,700 shares, based on the decision taken at its board meeting held on August 13, 2021. Consequently, its treasury stock increased by 1,999,897,000 during the current third quarter consolidated cumulative period, and it was worth 2,324,598,000 yen at the end of the current third quarter consolidated fiscal 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 third 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 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 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 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 first quarter consolidated fiscal period.

As a result, in the current third quarter consolidated cumulative period, Net sales decreased by 1,792,734,000 yen, Sales cost decreased by 1,129,793,000 yen, and each of Operating profit, Ordinary profit and Net profit before income taxes and minority interests decreased by 662,940,000 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.

(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 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 third quarter consolidated fiscal/cumulative period.

(Segment Information, etc.)

[Segment Information]

I Previous third quarter consolidated cumulative period (Aug. 1, 2020 - Apr. 30, 2021)

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

(Thousand yen)

	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	20,299,570	6,854,469	27,154,039	—	27,154,039
Inter-segment sales or transfer	360,874	357,590	718,464	-718,464	—
Total	20,660,444	7,212,059	27,872,504	-718,464	27,154,039
Segment profit	376,857	36,946	413,803	9,816	423,619

Notes: 1. Adjustment on the segment profit of 9,816,000 yen equals to adjustment of inventories.

2. Segment profit 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

(Important impairment loss on non-current assets)

Not applicable

(Significant changes in amount of goodwill)

Bushiroad Inc. acquired shares of Frontwing Lab. Inc. and make the company its subsidiary, effective April 1, 2021. Consequently, the amount of goodwill increased by 334,075,000 yen in the Digital IP segment.

(Material profit from negative goodwill)

Not applicable

II Current third quarter consolidated cumulative period (Jul. 1, 2021 - Mar. 31, 2022)

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

(Thousand yen)

	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	21,624,121	7,399,533	29,023,655	—	29,023,655
Inter-segment sales or transfer	425,173	390,634	815,808	-815,808	—
Total	22,049,295	7,790,168	29,839,464	-815,808	29,023,655
Segment profit (loss)	2,009,551	-39,235	1,970,316	-2,418	1,967,898

Notes: 1. Adjusted segment profit (loss) of 2,418,000 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. Matters relating to changes in reportable segments, etc.

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 1,668,242,000 yen and Segment profit decreased by 669,431,000 yen; and in the “Live IP business” segment, Net sales decreased by 124,491,000 yen and Segment loss decreased by 6,491,000 yen during the current third quarter consolidated cumulative period.

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

(Important impairment loss on non-current assets)

The Digital IP segment booked an goodwill impairment loss of 149,366,000 yen.

(Significant changes in amount of goodwill)

As described in the above “Important impairment loss on non-current assets”, a significant change in the amount of goodwill occurred by booking an impairment loss on goodwill at the Digital IP segment.

(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 third quarter consolidated cumulative period (Aug. 1, 2020- Apr. 30, 2021)	Current third quarter consolidated cumulative period (Jul. 1, 2021- Mar. 31, 2022)
Net profit (loss) per share	-4.99 yen	63.70 yen
(calculation bases)		
Net profit (loss) attributable to owners of parent for the quarter	-161,368 yen	2,033,691 yen
Amount not attributable to common shareholders	—	—
Net profit (loss) for the quarter attributable to owners of parent applicable to common shares	-161,368 yen	2,033,691 yen
Average number of common shares outstanding during the period	32,339,176 yen	31,924,075 shares
Diluted net profit per share	—	58.58 yen
(calculation bases)		
Adjusted net profit (loss) attributable to owners of parent	—	—
Increased number of common shares	—	2,794,547 shares
(number of shares with subscription rights)	—	(2,794,547 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 third 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 quarterly profit (loss) per share and diluted quarterly profit per share are calculated assuming that such share splitting was carried out at the beginning of the previous FY.