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February 14, 2023

**Summary of Financial Results
for the Second Quarter of the Fiscal Year 2023
[Japanese GAAP] (Consolidated)**

Company name Bushiroad Inc.
 Stock exchange listing Tokyo
 Securities code 7803 URL: <https://bushiroad.co.jp/>
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 Scheduled date to file Quarterly Securities Report February 14, 2023
 Scheduled date to commence dividend payments -
 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 second quarter of FY2023 (July 1, 2022 - December 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	%
2Q of FY2023	24,090	23.1	1,382	-18.8	1,506	-41.7	829	-54.9
2Q of FY2022	19,574	-	1,703	-	2,581	-	1,837	-

(Note) Comprehensive income 2Q of FY2023 567 million yen [-68.2%]
 2Q of FY2022 1,784 million yen [-%]

	Quarterly net profit per share	Diluted quarterly net profit per share
	yen	yen
2Q of FY2023	11.79	11.39
2Q of FY2022	28.85	26.71

(Note) The Company carried out share splitting to split one share into two shares, on October 1, 2021 and October 1, 2022, respectively. Net profit per share and diluted net profit per share were calculated assuming that such share splittings were 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	%
2Q of FY2023	46,959	20,600	42.4
FY2022	43,721	16,192	35.6

(Reference) Shareholders equity 2Q of FY2023 19,933 million yen
 FY2022 15,580 million yen

2. Cash dividends

	Annual dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	yen	yen	yen	yen	yen
FY2022	-	0.00	-	9.00	9.00
FY2023	-	0.00	-	-	-
FY2023 (forecast)	-	-	-	4.00	4.00

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

2. The Company carried out share splitting to split one share into two shares, on October 1, 2022. The amount of dividend for FY2022 is the amount before the Company carried out the share splitting. Annual dividend per share

is 4.50 yen, if timing of calculation was assumed to have been after such share splitting.

3. Consolidated performance forecast for FY2023 (July 1, 2022 – June 30, 2023)

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

	Net sales		Operating profit		Ordinary profit		Net profit attributable to owners of parent		Net profit per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full-term	50,000	19.1	3,500	3.2	3,500	-31.5	2,300	-34.4	32.68

(Notes) 1. Revisions to performance forecasts published most recently: No

2. The Company carried out share splitting to split one share into two shares, on October 1, 2022. Consolidated performance forecast of net profit per share for FY2023 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: No

(2) (1) Changes in accounting policies due to other reasons: No

(3) Changes in accounting estimates: No

Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

2Q of FY2023	71,184,550 shares	FY2022:	68,134,780 shares
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ii. Number of treasury stock at the end of the period

2Q of FY2023		FY2022:	3,320,430 shares
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iii. Average number of shares during the period (quarterly cumulative)

2Q of FY2023	70,385,900 shares	2Q of FY2022	63,709,143 shares
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(Note) The Company carried out share splitting to split one share into two shares, on October 1, 2021 and October 1, 2022, respectively. “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 Friday 17, 2023, Thursday, 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.

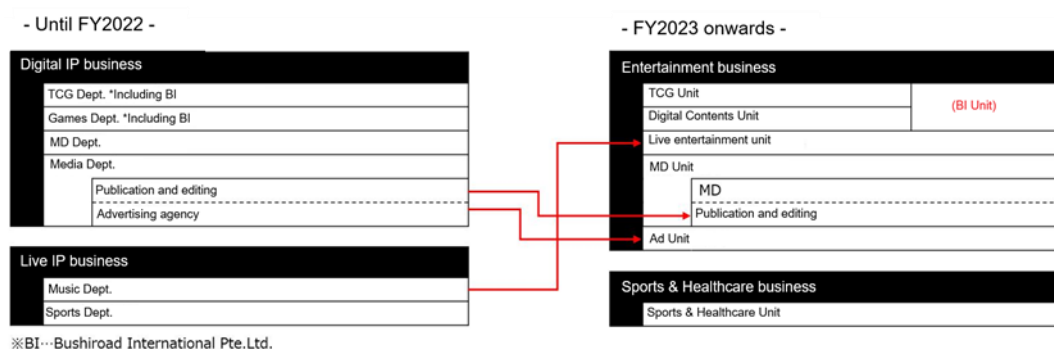
Japanese economy started to show recovery in personal consumption expenditures and see normalization of socioeconomic activities following relaxation of movement restrictions under the impacts from new coronavirus infection during the current second quarter consolidated cumulative period; however, the future outlook continues to be uncertain due to slowdown of global economy on the backdrop of price surges in natural resources and raw materials triggered by prolonged Russia-Ukraine war and monetary tightening in other countries.

Under such circumstances, TCG Unit remained strong and drove the performance of the Group. That said, there were few new releases of major card products both in Japan and abroad during the quarter and revenue decreased from the previous quarter. While restrictions were lifted allowing audiences to shout and cheer at large-scale music lives hosted by the Company and excitements of pre-pandemic days are being resumed, performances of musk play musical mainly for preschool children and others have continued to be suspended.

As a consequence, operating results of the current second quarter consolidated cumulative period were as follows: Net sales of 24,090,600,000 yen (up 23.1% year-on-year); Operating profit of 1,382,648,000 yen (down 18.8% year-on-year); Ordinary profit of 1,506,104,000 yen (down 41.7% year-on-year); and Net profit attributable to owners of parent of 829,808,000 yen (down 54.9% year-on-year).

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

The reportable segments have been changed as follows from the first quarter consolidated fiscal period, and year-on-year comparison and analysis are based on the segments after change.



1. Entertainment business

(1) TCG (Trading Card Game) Unit

In a new TCG “Weiss Schwarz Blau”, eight types of start decks were simultaneously released as the first merchandise in November 2022 and has got a favorable start also by launching the booster pack, the first major card merchandise, in December.

In “Weiss Schwarz”, six major cards including “PIXAR CHARACTERS”, “Sword Art Online”, and “Azur Lane”, and in “Rebirth for you”, two major cards including “Lycoris Recoil” were released. Two major cards were released in “Cardfight!! Vanguard” including a merchandise collaborated with “Monster Strike” and one major card was released in “Shadowverse EVOLVE”.

TCG market continues to be booming. The Company’s merchandises were selling well and the sales of TCG Unit grew significantly year-on-year; however, as there were few new releases of major card merchandises than in the forth quarter of the previous fiscal year and the first quarter of the current fiscal year, the level of growth was low quarter-on-quarter.

(2) Digital Contents Unit

In mobile games, “D4DJ Groovy Mix” marked the 2nd anniversary of release and many tactics were carried out including launch of a new unit and implementation of new functions.

In console games, “The Prince of Tennis II: LET’S GO!! ~Daily Life~ from RisingBeat” was released on September 29, 2022 and “Cardfight!! Vanguard Dear Days” was released on November 17, 2022, respectively.

While mobile games continue to be under harsh environment, console games, despite not being operating type, have got a favorable start in new titles and gathering expectations toward continued download selling in various contents.

(3) BI (Bushiroad International) Unit

BI Unit belongs to both TCG Unit and Digital Contents Unit.

In English language version “Weiss Schwarz”, major card merchandises were released including “Miss Kobayashi’s Dragon Maid” and a title limited to English language version “The Seven Deadly Sins: Revival of The Commandments”. In English language version “Cardfight!! Vanguard”, two major card merchandises were released. Also as a new development, release of English language version “Shadowverse EVOLVE” was decided.

In Digital Contents, English language version “Vanguard ZERO” showed a steady performance supported by broadcast of English language version animation “Cardfight!! Vanguard will+Dress” and release of a console game “Cardfight!! Vanguard Dear Days”. English language version “BanG Dream! Girls Band Party!” broke the cumulative 12 million download mark.

(4) Live Entertainment Unit

Bushiroad Music Inc. hosted a special live event “BanG Dream! Special☆LIVE Girls Band Party! 2020→2022” after two years and “Bushiroad 15th Anniversary Live” at BELLUNA DOME to commemorate the 15th anniversary of Bushiroad’s founding. At “Bushiroad 15th Anniversary Live”, restrictions were lifted for the first time as a large-scale live for animation contents allowing audiences to talk out loud, and the hall was filled with shouts and cheers.

Although Hikosen Theater Company could not achieve strong growth during the current second quarter due to suspensions of some of the performances, use of the event hall “Hikosen Theater” acquired the year before last year is increasing gradually.

(5) MD (Merchandizing) Unit

Sales were earned from large-scale products including capsule toy of “Genshin” and merchandises of “Uma Musume Pretty Derby”; however, surges in transportation and materials costs significantly affected on products being manufactured abroad and the Unit slowed the pace of selling merchandises with low profit margin. As a consequence, both sales and profit got weak overall.

Despite such circumstances, live merchandises showed strong sales at “BanG Dream! Special☆LIVE Girls Band Party! 2020→2022” and “Bushiroad 15th Anniversary Live”, underpinning both sales and profit.

(6) Ad Unit

Bushiroad Move Co., Ltd. continued to achieve a strong result in the Chinese client business as in the first quarter. The Unit was involved in multiple number of events as an agency including “X’mas Fan Meeting Bells ring on Christmas night” for “Identity V” where it worked on planning, event productions, and operations and the 10th anniversary commemorative special exhibition “SENKIZESSHOU SYMPHOGEAR 10th Anniversary Commemorative Special Exhibition Hands that Connect Us” for a serial TV animation “SENKIZESSHOU SYMPHOGEAR” delivering end-to-end jobs from planning, venue setup, and operations in Tokyo, Osaka, and Nagoya, and marked the record high quarterly sales.

As a result of all those efforts, Entertainment Business recorded Net sales of 20,914,448,000 yen (up 21.9% year-on-year) and Segment profit of 1,392,033,000 yen (down 25.3% year-on-year).

2. Sports and Healthcare Business

In Sports and Healthcare Headquarters, New Japan Pro-Wrestling and STARDOM hosted “Historic X-over” at Ariake Arena in Tokyo on November 20, 2022 and a lot of buzz was created as the first-ever joint event. Both New Japan Pro-Wrestling and STARDOM saw a trend of attendance increase partly due to relaxation of restrictions at each event venue; however, costs rose during the current second quarter consolidated cumulative period because of the impacts from yen’s fall and active advertising development toward the second half.

As a result, Sports and Healthcare Business recorded Net sales of 3,176,152,000 yen (up 31.4% year-on-year) and Segment loss of 9,384,000 yen (Segment loss of 159,233,000 yen was recorded in the same quarter of the previous year).

(2) Descriptions regarding financial position

(Assets)

Total assets were 46,959,467,000 yen at the end of the current second quarter consolidated fiscal period, i.e. increased by 3,238,454,000 yen as compared to the end of the previous consolidated fiscal year. This is mainly due to increase in cash and deposits by 1,091,964,000 yen on one hand, and increase in investment securities by 1,829,231,000 yen on the other.

(Liabilities)

Total liabilities were 26,358,545,000 yen at the end of the current second quarter consolidated fiscal period, i.e. decrease by 1,169,648,000 yen as compared to the end of the previous consolidated fiscal year. This is mainly due to increase in current portion of long-term loans payable by 486,693,000 yen and current portion of bonds by 400,000,000 yen, long-term loans payable by 1,108,239,000 yen, bonds by 1,600,000,000 yen and decrease in convertible bond-type bonds with subscription rights to shares by 4,000,000,000 yen, income taxes payable by 792,726,000 yen, and account payable - trade by 595,124,000 yen.

(Net assets)

Total assets were 20,600,922,000 yen at the end of the current second quarter consolidated fiscal period, i.e. increase by 4,408,103,000 yen as compared to the end of the previous consolidated fiscal year. This is mainly due to decrease in retained earnings by 291,664,000 yen for the payment of dividends, on one hand, and increase in capital stock and capital reserve by 2,000,000,000 yen, respectively, for exercise of the subscription right for convertible bond-type bonds with share subscription rights, capital stock and capital reserve by 24,150,000 yen, respectively, for exercise of share subscription rights (stock options), and retained earnings by 829,808,000 yen for recoding of the quarterly net profit attributable to owners of parent, on the other.

Also, retained earnings decreased by 2,325,717,000 yen due to cancellation of treasury stock, resulting in treasury stock decrease by 2,325,717,000 yen (i.e. increase in shareholders' equity).

(3) Cash flow status

Cash and cash equivalents (hereinafter, "business fund") at the end of the current second quarter consolidated fiscal period was 24,265,083,000 yen (increase by 1,162,206,000 yen from the end of the previous consolidated fiscal year).

Each cash flow status and factors thereof in the current second quarter consolidated cumulative period are as follows.

(Cash flows from operating activities)

Business fund used as a result of financing activities was 522,008,000 yen. Main sources of income were net quarterly profit before adjustment for taxes, etc. of 1,506,104,000 yen and subsidy received of 136,412,000 yen, and main source of spending was decrease in notes and accounts receivable-trade of 598,853,000 yen and income tax paid of 1,485,533,000 yen.

(Cash flows from investing activities)

Business fund used as a result of investment activities was 2,650,933,000 yen. Main source of spending was purchase of investment securities of 2,064,772,000 yen

(Cash flows from financing activities)

Business fund provided by financial activities was 4,360,396,000 yen. Main source of income was proceeds from long-term loans payable of 4,000,000,000 yen and proceeds from issuance of bonds of 1,981,693,000 yen; and main source of spending was repayments of long-term loans payable of 2,405,068,000 yen.

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

Bushiroad Inc. has positioned the current fiscal year which is the first fiscal year of the 4-year medium term management plan as a year for preparation where the Company launched the unit system organization, further developed global talents, and made investment in game development. TCG Unit including the overseas operations expect favorable results though there will be fluctuations in the third quarter onward depending on quarters. Digital Contents Unit continues to make upfront investments in game development and also tries to stage a come back by hosting large scale update for "BanG Dream! Girls Band Party!" and others scheduled for March 2023. As restrictions under the pandemic are being further relaxed and events with utterance have been allowed, each Unit plans to hold multiple numbers of large scale events, expecting increase in attendances. With the factors mentioned above, consolidated performance for FY2023 is forecasted as follows: Net sale of 50,000,000,000 yen (up 19.1% year-on-year), Operating profit of 3,500,000,000 yen (up 3.2% year-on-year), Ordinary profit of

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3,500,000,000 yen (down 31.5% year-on-year), and Net profit attributable to owners of parent of 2,300,000,000 yen (down 34.4% year-on-year).

(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, 2022	Current second quarter consolidated fiscal period December 31, 2022
Assets		
Current assets		
Cash and deposits	26,605,682	27,697,646
Notes and accounts receivable - trade	5,404,326	5,326,451
Merchandise and finished goods	817,622	1,134,010
Work in process	2,285,643	2,208,089
Supplies	62,197	79,219
Other	1,899,805	1,768,049
Allowance for doubtful accounts	-79,000	-96,878
Total current assets	36,996,276	38,116,588
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,245,448	1,290,339
Tools, furniture and fixture (net)	148,275	139,930
Vehicles (net)	21,019	49,615
Land	1,135,220	1,135,220
Leased assets	14,800	18,268
Other, net	227,050	147,473
Total property, plant and equipment	2,791,815	2,780,848
Intangible assets		
Software	122,190	117,712
Software in progress	2,400	305,607
Goodwill	2,447	1,940
Other	106,199	99,591
Total intangible assets	233,237	524,852
Investments and other assets		
Investment securities	2,283,224	4,112,455
Long-term loans receivable	42,980	40,280
Deferred tax assets	884,183	860,880
Other	518,244	538,314
Allowance for doubtful accounts	-29,036	-27,915
Total investment and other assets	3,699,595	5,524,014
Total non-current assets	6,724,648	8,829,715
Deferred assets		
Stock issuance cost	87	13,163
Total deferred assets	87	13,163
Total assets	43,721,012	46,959,467

(Thousand yen)

	Previous consolidated fiscal year June 30, 2022	Current second quarter consolidated fiscal period December 31, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	5,794,497	5,199,372
Accounts payable - other	1,293,368	1,102,322
Income taxes payable	1,607,154	814,428
Short-term loans payable	—	995,871
Current portion of long-term loans payable	4,346,829	4,833,522
Current portion of bonds	—	400,000
Provision for bonuses	183,212	86,473
Other	1,746,689	1,651,757
Total current liabilities	14,971,750	15,083,747
Non-current liabilities		
Long-term loans payable	8,165,322	9,273,561
Bonds	—	1,600,000
Convertible bond-type bonds with subscription rights to shares	4,000,000	—
Provision for directors' retirement benefits	74,900	82,554
Liabilities on retirement benefits	94,630	100,896
Deferred tax liabilities	84,250	79,138
Other	137,340	138,647
Total non-current liabilities	12,556,443	11,274,798
Total liabilities	27,528,194	26,358,545
Net assets		
Shareholders' equity		
Capital stock	3,728,723	5,752,873
Capital surplus	3,665,493	5,689,643
Retained earnings	9,909,179	8,121,606
Treasury stock	-2,325,258	—
Total shareholders' equity	14,978,138	19,564,123
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-130,465	-229,572
Foreign currency translation adjustment	733,245	598,956
Total accumulated other comprehensive income	602,780	369,384
(Subscription rights to shares)	—	84,495
Non-controlling interests	611,899	582,918
Total net assets	16,192,818	20,600,922
Total liabilities and net assets	43,721,012	46,959,467

(2) Quarterly Consolidated Statements of Income and Statements of Comprehensive Income(Quarterly Consolidated Statements of Income
For the second quarter consolidated cumulative period)

(Thousand yen)

	Previous second quarter consolidated cumulative period (July. 1, 2021 - December. 31, 2021)	Current second quarter consolidated cumulative period (Jul. 1, 2022 - Dec. 31, 2022)
Net sales	19,574,540	24,090,600
Cost of sales	12,562,661	16,224,277
Gross profit	7,011,879	7,866,323
Selling, general and administrative expenses	5,308,744	6,483,674
Operating profit	1,703,134	1,382,648
Non-operating profit		
Interest and dividends income	10,466	96,102
Share of profit of entities accounted for using equity method	29,779	22,192
Foreign exchange gains	85,348	—
Subsidy income	790,091	136,322
Other	22,554	7,652
Total non-operating profit	938,240	262,270
Non-operating expenses		
Interest expenses	28,309	43,291
Bond interest	—	871
Foreign exchange loss	—	73,467
Bond issuance cost	—	18,306
Other	31,617	2,878
Total non-operating expenses	59,927	138,814
Ordinary profit	2,581,447	1,506,104
Net profit before income taxes and minority interests	2,581,447	1,506,104
Income taxes	779,942	705,332
Net profit per share	1,801,505	800,771
Net loss attributable to non-controlling shareholders	-36,461	-29,036
Quarterly net profit attributable to owners of parent	1,837,966	829,808

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

(Thousand yen)

	Previous second quarter consolidated cumulative period (July. 1, 2021 - December. 31, 2021)	Current second quarter consolidated cumulative period (Jul. 1, 2022 - Dec. 31, 2022)
Net profit per share	1,801,505	800,771
Other comprehensive income (loss)		
Valuation difference on available-for-sale securities	-98,342	-99,106
Foreign currency translation adjustment	80,340	-136,454
Share of other comprehensive income of associates accounted for using equity method	672	2,220
Total other comprehensive income	-17,330	-233,340
Comprehensive income (loss) for the quarter	1,784,174	567,431
(detail)		
Comprehensive income (loss) attributable to owners of parent for the quarter	1,820,089	596,412
Comprehensive income (loss) attributable to non-controlling interests	-35,914	-28,981

(3) Quarterly Consolidated Cash Flow Statements

(Thousand yen)

	Previous second quarter consolidated cumulative period (July. 1, 2021 - December. 31, 2021)	Current second quarter consolidated cumulative period (Jul. 1, 2022 - Dec. 31, 2022)
Cash flows from operating activities		
Net profit before income taxes and minority interests	2,581,447	1,506,104
Depreciation	267,670	230,745
Amortization of goodwill	19,177	506
Increase (decrease) in allowance for doubtful accounts	23,086	16,757
Increase (decrease) in reserve for bonuses	-529	-96,965
Increase (decrease) in liabilities for retirement benefits	4,202	6,266
Interest and dividends income	-10,466	-96,102
Interest expenses and bond interest	28,309	44,162
Share-based compensation expense	—	84,495
Equity in (earnings) losses of affiliates	-29,779	-22,192
Subsidy income	-790,091	-136,412
Decrease (increase) in notes and accounts receivable-trade	-811,071	85,471
Decrease (increase) in inventories	93,174	-258,002
Increase (decrease) in notes and accounts payable-trade	991,896	-598,853
Increase (decrease) in accounts payable - trade	350,137	-227,217
Other	-600,891	258,226
Subtotal	2,116,271	796,988
Interest and dividends income received	10,857	67,165
Interest expenses paid	-25,807	-39,889
Subsidies income received	730,347	136,412
Income taxes paid	-171,368	-1,485,533
income tax refund received	458,584	2,847
Cash flows from operating activities	3,118,884	-522,008
Cash flows from investing activities		
Payments into time deposits	-3,143,921	-724,174
Proceeds from withdrawal of time deposits	2,219,185	718,972
Purchase of non-current assets	-1,846,635	-552,715
Purchase of investment securities	-100,800	-2,064,772
Collection of loans receivable	2,570	2,700
Other	772	-30,943
Cash flows from investing activities	-2,868,828	-2,650,933
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	-20,000	1,062,562
Proceeds from long-term loans payable	4,295,000	4,000,000
Repayments of long-term loans payable	-1,955,156	-2,405,068
Proceeds from issuance of common share	106,200	48,300
Proceeds from issuance of bonds	—	1,981,693
Amount of dividend paid	—	-290,739
Purchase of treasury stock	-2,022,341	-550
Other	-25,654	-35,801
Cash flows from financing activities	378,047	4,360,396
Effect of exchange rate change on cash and cash equivalents	87,575	-25,248
Net increase (decrease) in cash and cash equivalents	715,679	1,162,206
Cash and cash equivalents at beginning of period	22,446,449	23,102,877
Cash and cash equivalents at 2Q end	23,162,128	24,265,083

(4) 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 second quarter consolidated cumulative period, consequently, its capital stock and capital reserve increased by 2,000,000,000 yen each. The Company also exercised the stock option, which resulted in increases in capital stock and stock reserve by 24,150,000 yen, respectively.

The Company cancelled its treasury stock in accordance with the resolution made at its board meeting held on August 25, 2022. Due to the cancellation, retained earnings decreased by 2,325,717,000 yen during the second quarter consolidated cumulative period, which reduced treasury stock by 2,325,717,000 yen. As a consequence, the amount of treasury stock is 0 yen at the end of the current second 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 second quarter consolidated fiscal period.

(Change in Accounting Principles)

Not applicable

(Segment Information, etc.)

[Segment Information]

I Previous second quarter consolidated cumulative period (Jul. 1, 2021 - Dec. 31, 2021)

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

(Thousand yen)

	Reportable segments			Adjustment	Amount allocated to the quarterly consolidated P/L statement (Note)
	Entertainment business	2. Sports and Healthcare business	Total		
Net sales					
Sales to external customers	17,156,892	2,417,648	19,574,540	—	19,574,540
Inter-segment sales or transfer	20,650	70,541	91,191	-91,191	—
Total	17,177,542	2,488,189	19,665,731	-91,191	19,574,540
Segment profit (loss)	1,862,367	-159,233	1,703,134	—	1,703,134

(Note) 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

(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 second quarter consolidated cumulative period (Jul. 1, 2022 - Dec. 31, 2022)

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

(Thousand yen)

	Reportable segments			Adjustment	Amount allocated to the quarterly consolidated P/L statement (Note)
	Entertainment business	2. Sports and Healthcare business	Total		
Net sales					
Sales to external customers	20,914,448	3,176,152	24,090,600	—	24,090,600
Inter-segment sales or transfer	21,678	112,613	134,292	-134,292	—
Total	20,936,127	3,288,766	24,224,893	-134,292	24,090,600
Segment profit (loss)	1,392,033	-9,384	1,382,648	—	1,382,648

(Note) 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.

Although 2 reportable segments had been set in the segment information such as “Digital IP” and “Live IP” previously, Sports and Healthcare Headquarters (changed its name to Sports & Healthcare Unit from July 1, 2022) previously included in “Live IP” business is to be indicated as “Sports and Healthcare” business from FY2023, due to scheduled change in internal reporting management system made upon implementation of the unit system in our Group from FY2023 and as a result of reviewing for rational segments considering the future business development to fulfill the medium-term management plan set to start its first fiscal year from FY2023.

The names of businesses excluding Sports & Health Headquarters will also be changed to “Entertainment” business.

Regarding the segment information for the previous second quarter consolidated cumulative period, it is described based on the reportable segments after the change.

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 per share and diluted net profit per share, and calculation basis thereof are as follows.

	Previous second quarter consolidated cumulative period (Jul. 1, 2021 - Dec. 31, 2021)	Current second quarter consolidated cumulative period (Jul. 1, 2022 - Dec. 31, 2022)
Net profit per share	28.85 yen	11.79 yen
(calculation bases)		
Net profit (loss) attributable to owners of parent	1,837,966	829,808
Amount not attributable to common shareholders	—	—
Net profit (loss) attributable to holders of common share of parent	1,837,966	829,808
Average number of common shares outstanding during the period	63,709,143	70,385,900
Diluted net profit per share	26.71 yen	11.39 yen
(calculation bases)		
Adjusted net profit (loss) attributable to owners of parent	—	—
Increased number of common shares	5,116,519	2,468,977
(number of shares with subscription rights)	(5,116,519)	(2,468,977)
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	—	

(Note) The Company carried out share splitting to split one share into two shares, on October 1, 2021 and October 1, 2022, respectively. Net profit per share and diluted net profit per share were calculated assuming that such share splittings were carried out at the beginning of the previous consolidated fiscal year.

(Significant Post-Balance Sheet Events)

(Issuance of stock options (share subscription rights) to directors)

The Company, at the meeting of board of directors held on November 14, 2022, resolved to bring an agenda, pertaining to amount and decision on specific matters concerning subscription rights to shares as stock options to its directors, to the extraordinary meeting of shareholders scheduled on December 23, 2022, and the agenda was approved at the extraordinary meeting of shareholders. So, the Company carried out 6th allotment of subscription rights to shares on January 13, 2023.

For details, please refer to “Notice concerning issuance of stock options (share acquisition rights)” announced on December 23, 2022 and “Notice concerning finalization of details of stock options (share acquisition rights)” announced on January 13, 2023.