

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes.
In the event of any discrepancy between this translated version and the original Japanese version, the latter shall prevail.



May 15, 2023

Summary of Financial Results
for the Third 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/>
Representative President and COO Takaaki Kidani
Inquiries: Director and General Manager of Business Administration
Toshiyuki Muraoka TEL: 03 (4500) 4350
Scheduled date to file Quarterly Securities Report May 15, 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. Consolidate financial results of the third quarter of FY2023 (July 1, 2022 ~ March 31, 2023)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Attributable to owners of parent Net profit per share	
	million yen	%	million yen	%	million yen	%	million yen	%
3Q of FY2023	35,156	21.1	2,037	3.5	2,689	△16.2	1,243	△38.9
3Q of FY2022	29,023	-	1,967	-	3,208	-	2,033	-

(Note) Comprehensive income 3Q of FY2023 1,036 million yen (△51.8%)
3Q of FY2022 2,148 million yen (-%)

	Quarterly net profit per share Net profit per share	Diluted quarterly net profit per share Quarterly net profit per share Net profit per share
	yen	yen
3Q of FY2023	17.66	17.20
3Q of FY2022	31.85	29.29

(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	%
3Q of FY2023	45,815	21,112	44.4
FY2022	43,721	16,192	35.6

(Reference) Shareholders equity 3Q of FY2023 20,362 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		Quarterly net profit per share
	million yen	%	million yen	%	million yen	%	million yen	%	Net profit yen
Full-term	50,000	19.1	3,500	3.2	3,500	△31.5	2,300	△34.4	32.67

(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
- 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)
- (2) Number of treasury stock at the end of the period
- (3) Average number of shares during the period (quarterly cumulative)

Q3 of FY2023	71,208,550 ^{shares}	FY2022	68,134,780 ^{shares}
Q3 of FY2023	- ^{shares}	FY2022	3,320,430 ^{shares}
Q3 of FY2023	70,395,007 ^{shares}	3Q of FY2022	63,848,149 ^{shares}

- (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 Thursday, May 18, 2023 after 15:30 (JST)).

o Table of Contents: Appendix

- 1. Qualitative Information regarding the Current Quarter - 4 -
 - (1) Descriptions regarding operating results - 4 -
 - (2) Descriptions regarding financial position..... - 6 -
 - (3) Descriptions regarding future prospects such as consolidated performance forecasts..... - 6 -
- 2. Quarterly Consolidated Financial Statements and Principal Notes - 7 -
 - (1) Quarterly Consolidated Balance Sheets - 7 -
 - (2) Quarterly Consolidated Statements of Income and Statements of Comprehensive Income - 9 -
 - (Quarterly Consolidated Statements of Income)..... - 9 -
 - (For the third quarter consolidated cumulative period) - 9 -
 - (Quarterly Consolidated Statements of Income)..... - 10 -
 - (For the third quarter consolidated cumulative period) - 10 -
 - (3) Notes on Quarterly Consolidated Financial Statements..... - 11 -
 - (Going Concern Assumption)..... - 11 -
 - (Notes in Case of Significant Changes in the Amount of Shareholders' Equity)..... - 11 -
 - (Application of Special Accounting Methods to the Preparation of Quarterly Consolidated Financial Statements) - 11 -
 - (Change in Accounting Principles)..... - 11 -
 - (Matters related to Quarterly Consolidated Statements of Income) - 12 -
 - (Segment Information, etc.)..... - 13 -
 - (Per share data) - 15 -
 - (Significant Post-Balance Sheet Events) - 16 -

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.

The outlook of Japanese economy has been uncertain during the current third quarter consolidated cumulative period due to concerned negative effects from downward risks in overseas economy attributable to inflations and tight monetary policies around the world, though we are also seeing a normalizing trend of socioeconomic activities in lifting of movement restrictions under continued impacts from new coronavirus infection continuously.

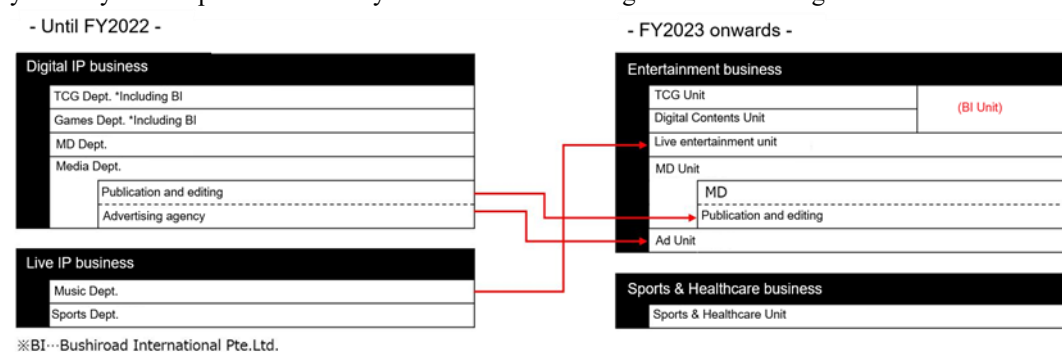
Under such circumstances, our Group has further accelerated our IP Developer Strategy and been committed to the global rollout and building of a structure for IP creations. Bushiroad Inc. hosted a large-scale event called “2023 Bushiroad Expo Asia in Hong Kong” in March 2023 gathering not only local users but also shop developers and made appeals our presence. “2023 Bushiroad Expo Asia” is scheduled to be hosted also in other five Asian cities. In the same month in March, we also have opened a booth at “Anime Japan 2023” and exhibited cards of “Weiss Schwarz”, one of the TCG (trading card game) which celebrated 15th anniversary, and “Weiss Schwarz Blau” which has started in November 2022.

Note that our Group has decided to withdraw from the fitness club business at the end of FY2023 as we informed in the news release dated on April 25, 2023 for the “Notice concerning company split (incorporation-type) at our consolidated subsidiary for withdrawal from the fitness club business, share transfer of the newly established company, and recording of extraordinary losses due to withdrawal from the fitness club business”. Also, as we informed on the same day in the “Notice concerning establishment of a subsidiary through company split (incorporation-type) of our consolidated subsidiary”, we have decided to establish a new company “Bushiroad Works” in July 2023 with the major purpose for creating IPs, aiming to further enhance both quality and quantity in IP creations.

As a result of these decisions, operating results of the current third quarter consolidated cumulative period were as follows: Net sales of 35,156,482,000 yen (up 21.1% year-on-year); Operating profit of 2,037,185,000 yen (up 3.5% year-on-year); Ordinary profit of 2,689,645,000 yen (down 16.2% year-on-year); and Net profit attributable to owners of parent of 1,243,226,000 yen (down 38.9% 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

“Weiss Schwarz” marked the 15th anniversary in March 2023 and has started earning a firm position as a long-established character card game. The Unit released major card merchandises during the current quarter including six cards in “HEAVEN BURNS RED” and “hololive production Vol.2” and four cards for “Touhou Project Vol.2” in “Rebirth for you”. Other releases included a major merchandise in “Cardfight!! Vanguard” and a major card merchandise in “Shadowverse EVOLVE”. In “Weiss Schwarz Blau”, the Unit released four major merchandises for “Chiikawa” and “Strawberry Prince”.

Continued from FY2022, TCG market is expanding significantly. As TCG market has continued to be booming both in Japan and abroad, the sales of TCG Unit have significantly grew year-on-year; however, the level of growth was similar with the previous quarter, because there were fewer new releases of major card merchandises

than in the fourth quarter of the previous fiscal year and in the current first quarter.

② Digital Contents Unit

In mobile games, “BanG Dream! Girls Band Party!” celebrated the 6th anniversary of release and the Unit conducted large-scale updates in which a wide variety of additions and changes were made. On another front, an announcement was made on release in April 2023 of “Love Live! School idol festival 2 MIRACLE LIVE!”, while “Love Live! School idol festival” has finished its services.

In console games, additional download contents were launched for “Cardfight!! Vanguard Dear Days”, though there was no release of new titles.

While mobile games have prepared for contents’ coming back to popularity and releases of new title through reviewing of existing titles, console games are expected to see continued selling of contents download despite its nature of non-operation type games.

③ BI (Bushiroad International) Unit

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

In English language version “Weiss Schwarz”, “Kaguya-sama: Love Is War?” and “Date A Live Vol.2” were released. In English language version “Cardfight!! Vanguard”, two major card merchandises were released. It was also decided that English language version “Shadowverse EVOLVE” will be released in June 2023.

Performance of digital contents has remained firm in each title, and the number of implemented music exceeded cumulative 400 music in the English language version “BanG Dream! Girls Band Party!”.

④ Live Entertainment Unit

Bushiroad Music hosted many music lives and events including “BanG Dream! 11th☆LIVE” and a stage show named “Revue Starlight - The Live-#4 Climax” at Ariake Arena on February 4 (Sat.) and 5 (Sun.). However, in packaged merchandises, the Unit had a sagging result due to partial changes in the schedule for initial plan.

Theater company HIKOSEN saw a sagging result in the current third quarter, because some of the performances were cancelled. Use of the event hall “HIKOSEN THEATER” we acquired the year before last year has been on an increasing trend continued from the previous quarter.

⑤ MD (Merchandizing) Unit

MD showed a favorable result in event business such as “BLUELOCK” and “Mob Psycho”; however, the sales still has been sagging, because the Unit is continuously slowing down the selling of merchandises with low profit margin since the second quarter. Publication and editing achieved strong results in selling of books and magazines related to TCG and collaboration among Units worked effectively.

The Unit was engaged in prior preparation for the future recovery and expansion of the business by participating in “Wonder Festival 2023 Winter” and “Japan Amusement Expo 2023” with an announcement of a figure brand “PalVerse” and merchandized works to be rolled out from the next fiscal year.

⑥ Ad Unit

Bushiroad Move was involved in the multiple number of events in its agency business, offering cooperation in management and production of a large-scale event of a VTuber agency “hololive SUPER EXPO 2023” and serving as an executive committee member in one of the largest outdoor leisure events in Asia “Japan Camping Car Show 2023”.

Performance days of voice actors affiliated with a voice actors’ agency “HiBiKi” increased as real events and music live events where they appear are being hosted actively.

As a result of all those efforts, Entertainment Business recorded Net sales of 29,983,493,000 yen (up 20.0% year-on-year) and Segment profit of 1,880,304,000 yen (down 10.3% year-on-year).

2. Sports and Healthcare business

New Japan Pro-Wrestling Co., Ltd hosted “Antonio Inoki Memorial: WRESTLE KINGDOM 17 in TOKYO DOME~ Fighting Spirit Forever ~ on January 4, 2023, and attracted twice as many spectators as the Game hosted at Tokyo Dome on the same day in the previous year. As a result, it significantly contributed to the Net sale and Operating profit of the current third quarter consolidated cumulative period. The number of spectators attended at games hosted by New Japan Pro-Wrestling has remained on an increasing trend partly due in part to lifting of restrictions at event venues. On another front, Bushiroad Well-Be, which is operating fitness clubs mainly in Hokkaido, reported expansions of operating loss due to increase in operation costs caused by surges of energy prices.

As a result of all those efforts, Sports & Healthcare Business recorded Net sales of 5,172,988,000 yen (up 28.2% year-on-year) and Segment profit of 156,880,000 yen (the same quarter of the previous year had a segment loss of 127,927,000 yen).

(2) Descriptions regarding financial position

(Assets)

Total assets was 45,815,558,000 yen at the end of the current third quarter consolidated fiscal period, i.e. increased by 2,094,545,000 yen as compared to the end of the previous consolidated fiscal year. This is mainly due to increase in investment securities by 1,939,696,000 yen.

Property, plant and equipment decreased by 318,560,000 yen and Intangible assets decreased by 1,511,000 yen, because of the accounting of impairment loss.

(Liabilities)

Total liabilities was 24,703,369,000 yen at the end of the current third quarter consolidated fiscal period, i.e. decrease by 2,824,825,000 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 100,627,000 yen, current portion of bonds by 400,000,000 yen, long-term loans payable by 438,001,000 yen, and bonds by 1,400,000,000 yen and decrease in convertible bond-type bonds with subscription rights to shares by 4,000,000,000 yen and income taxes payable by 1,045,830,000 yen.

(Net assets)

Total assets was 21,112,189,000 yen at the end of the current second quarter consolidated fiscal period, i.e. increase by 4,919,370,000 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 26,706,000 yen, respectively, for exercise of share subscription rights (stock options), and retained earnings by 1,243,226,000 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) 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 comeback 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 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 third quarter consolidated fiscal period March 31, 2023
Assets		
Current assets		
Cash and deposits	26,605,682	25,899,371
Notes and accounts receivable - trade	5,404,326	5,139,494
Merchandise and finished goods	817,622	1,104,138
Work in process	2,285,643	2,281,195
Supplies	62,197	76,389
Other	1,899,805	2,338,686
Allowance for doubtful accounts	△79,000	△94,025
Total current assets	36,996,276	36,745,251
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,245,448	1,126,765
Tools, furniture and fixture (net)	148,275	129,400
Vehicles (net)	21,019	46,881
Land	1,135,220	1,027,220
Leased assets	14,800	16,787
Other, net	227,050	136,338
Total property, plant and equipment	2,791,815	2,483,394
Intangible assets		
Software	122,190	369,776
Software in progress	2,400	332,740
Goodwill	2,447	1,687
Other	106,199	119,893
Total intangible assets	233,237	824,098
Investments and other assets		
Investment securities	2,283,224	4,222,920
Long-term loans receivable	42,980	38,780
Deferred tax assets	884,183	948,577
Other	518,244	568,570
Allowance for doubtful accounts	△29,036	△27,915
Total investment and other assets	3,699,595	5,750,933
Total non-current assets	6,724,648	9,058,426
Deferred assets		
Stock issuance cost	87	11,880
Total deferred assets	87	11,880
Total assets	43,721,012	45,815,558

(Thousand yen)

	Previous consolidated fiscal year June 30, 2022	Current third quarter consolidated fiscal period March 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	5,794,497	5,808,119
Accounts payable - other	1,293,368	1,289,803
Income taxes payable	1,607,154	561,324
Current portion of long-term loans payable	4,346,829	4,447,456
Current portion of bonds	—	400,000
Provision for bonuses	183,212	173,583
Other	1,746,689	1,720,495
Total current liabilities	14,971,750	14,400,782
Non-current liabilities		
Long-term loans payable	8,165,322	8,603,323
Bonds	—	1,400,000
Convertible bond-type bonds with subscription rights to shares	4,000,000	—
Provision for directors' retirement benefits	74,900	85,809
Liabilities on retirement benefits	94,630	112,570
Deferred tax liabilities	84,250	3,734
Other	137,340	97,148
Total non-current liabilities	12,556,443	10,302,586
Total liabilities	27,528,194	24,703,369
Net assets		
Shareholders' equity		
Capital stock	3,728,723	5,755,429
Capital surplus	3,665,493	5,692,199
Retained earnings	9,909,179	8,535,024
Treasury stock	△2,325,258	—
Total shareholders' equity	14,978,138	19,982,654
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	△130,465	△246,893
Foreign currency translation adjustment	733,245	627,055
Total accumulated other comprehensive income	602,780	380,162
Subscription rights to shares	—	121,465
Non-controlling interests	611,899	627,907
Total net assets	16,192,818	21,112,189
Total liabilities and net assets	43,721,012	45,815,558

(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 (July. 1, 2021 – Mar. 31, 2022)	Current third quarter consolidated cumulative period (Jul. 1, 2022 – March 31, 2023)
Net sales	29,023,655	35,156,482
Cost of sales	18,950,996	23,425,297
Gross profit	10,072,659	11,731,184
Selling, general and administrative expenses	8,104,761	9,693,999
Operating profit	1,967,898	2,037,185
Non-operating profit		
Interest and dividends income	15,026	150,479
Share of profit of entities accounted for using equity method	31,639	–
Foreign exchange gains	251,515	–
Subsidy income	1,001,504	642,383
Other	25,976	9,971
Total non-operating profit	1,325,662	802,833
Non-operating expenses		
Interest expenses	46,894	61,642
Bond interest	–	1,320
Share of loss of entities accounted for using equity method	–	1,480
Foreign exchange loss	–	60,299
Bond issuance cost	–	18,306
Other	37,745	7,323
Total non-operating expenses	84,639	150,373
Ordinary profit	3,208,920	2,689,645
Extraordinary losses		
Loss on valuation of stocks of subsidiaries and affiliates	–	82,031
Impairment loss	※ 149,366	※ 320,071
Total extraordinary losses	149,366	402,103
Net profit before income taxes and minority interests	3,059,554	2,287,542
Income taxes	1,065,053	1,028,392
Net profit per share	1,994,500	1,259,149
Net profit (loss) attributable to non-controlling shareholders	△39,190	15,923
Quarterly net profit attributable to owners of parent	2,033,691	1,243,226

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

(Thousand yen)

	Previous third quarter consolidated cumulative period (July. 1, 2021 – Mar. 31, 2022)	Current third quarter consolidated cumulative period (Jul. 1, 2022 – March 31, 2023)
Net profit per share	1,994,500	1,259,149
Other comprehensive income (loss)		
Valuation difference on available-for-sale securities	△133,957	△116,427
Foreign currency translation adjustment	287,528	△108,633
Share of other comprehensive income of associates accounted for using equity method	531	2,527
Total other comprehensive income	154,102	△222,533
Comprehensive income (loss) for the quarter	2,148,602	1,036,616
(detail)		
Comprehensive income (loss) attributable to owners of parent for the quarter	2,186,773	1,020,608
Comprehensive income (loss) attributable to non-controlling interests	△38,170	16,007

(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, 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 26,706,000 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 third 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 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)

Not applicable

(Matters related to Quarterly Consolidated Statements of Income)

※ Impairment loss

Previous third quarter consolidated cumulative period (Jul. 1, 2021 – Mar. 31, 2022)

Bushiroad Inc. recorded impairment loss on the following asset group for the current third quarter consolidated cumulative period.

(1) Assets recognized for impairment loss

Location	Purpose	Type	Impairment loss
Nakano-ku, Tokyo Frontwing Lab. Inc.	Other	Goodwill	149,366,000 yen

In principle, Bushiroad Inc. identifies asset groupings according to the groupings used in management accounting, by which income and expenditure are controlled continually.

In animation production and produce business of Frontwing Lab. Inc., presence of impairment signs was recognized because the company conducted reassessment of business policies due to changes in market environment and revised business plans. As a result of consideration about revised business plans and feasibility of the rate of growth, recognition of impairment loss became necessary; therefore, impairment loss was recorded. Recoverable amount was assessed as zero based on careful consideration of the future uncertainties.

Current third quarter consolidated cumulative period (Jul. 1, 2022 – Mar. 31, 2023)

Bushiroad Inc. recorded impairment loss on the following asset group for the current third quarter consolidated cumulative period.

(1) Assets recognized for impairment loss

Location	Purpose	Type	Impairment loss
Kanto	Operations of fitness clubs	Building, equipment and machines	45,654,000 yen
Hokkaido	Operations of fitness clubs	Land, building, equipment and machines, etc.	274,417,000 yen

In principle, Bushiroad Inc. identifies asset groupings according to the groupings used in management accounting, by which income and expenditure are controlled continually.

The basic strategy of Bushiroad Inc. is to develop various business as an IP developer in the areas including animation, music, event, MD, and others putting IPs at its center. In order to further enhance our services, we have made Bushiroad Well-Be (the trade name was Sopratico Co., Ltd. as of February 2020), which was operating fitness club business (hereafter “the Business”) mainly in Hokkaido, our consolidated subsidiary in February 2020 (the trade name was changed on April 1, 2022). However, with the expansion of new coronavirus infection occurred immediately after we took the stakes to consolidate the company, the number of fitness club members significantly dropped and the profit in the Business eventually decreased having impacts also from surges in energy prices on the operational costs. Although the company was working on launch of healthcare business releasing “New Japan Protein” jointly developed with one of our group company New Japan Pro-Wrestling Co., Ltd in January 2023, the entire business has still significantly deviated from the business plan we assumed before the acquisition. Considering these situations, Bushiroad Inc. has decided to withdraw from the Business as part of the optimization of our business portfolio, establishing a new company to have it succeed the Business through company split (incorporation-type), and transferring all the shares of the newly established company to Mr. Takashi Ooba, the current representative director of Bushiroad Well-Be.

As a result of this decision, the Business being operated by Bushiroad Well-Be was recognized as having the signs of impairment.

Recoverable amount is to be calculated based on net salable amount of the asset. Incidentally, the recoverable amount was assessed as zero, because feasibility on sale of real estate properties such as lands and buildings on an as-is basis is low due to their locations and nature of the structures specialized in fitness gym and also because the expected costs for clearing the lands exceed the market values of the lands.

(Segment Information, etc.)

[Segment Information]

I Previous 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	Amount allocated to the quarterly consolidated P/L statement (Note)
	Entertainment business	Sports and Healthcare business	Total		
Net sales					
Sales to external customers	24,989,377	4,034,277	29,023,655	—	29,023,655
Inter-segment sales or transfer	24,611	124,863	149,474	△149,474	—
Total	25,013,988	4,159,141	29,173,129	△149,474	29,023,655
Segment profit (loss)	2,095,825	△127,927	1,967,898	—	1,967,898

(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)

Entertainment Business recorded a 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 recording an impairment loss on goodwill at the Entertainment Business.

(Material profit from negative goodwill)

Not applicable.

II Current third quarter consolidated cumulative period (Jul. 1, 2022 - Mar. 31, 2023)

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	Sports and Healthcare business	Total		
Net sales					
Sales to external customers	29,983,493	5,172,988	35,156,482	—	35,156,482
Inter-segment sales or transfer	26,902	162,599	189,502	△189,502	—
Total	30,010,396	5,335,587	35,345,984	△189,502	35,156,482
Segment profit	1,880,304	156,880	2,037,185	—	2,037,185

(Note) Segment profit 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 third 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)

Sports & Healthcare Business recorded a goodwill impairment loss of 320,071,000 yen.

(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 third quarter consolidated cumulative period (Jul. 1, 2021 - Mar. 31, 2022)	Current third quarter consolidated cumulative period (Jul. 1, 2022 - Mar. 31, 2023)
Net profit per share	31.85 yen	17.66 yen
(calculation bases)		
Net profit (loss) attributable to owners of parent	2,033,691	1,243,226
Amount not attributable to common shareholders	—	—
Net profit (loss) attributable to holders of common share of parent	2,033,691	1,243,226
Average number of common shares outstanding during the period	63,848,149	70,395,007
Diluted net profit per share	29.29 yen	17.20 yen
(calculation bases)		
Adjusted net profit (loss) attributable to owners of parent	—	—
Increased number of common shares	5,589,094	1,907,447
(number of shares with subscription rights)	(5,589,094)	(1,907,447)
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)

(Company split on Bushiroad Well-Be)

Bushiroad Inc. made a resolution as follows at the company's board meeting held on April 25, 2023 to withdraw from the fitness club business (hereafter "the Business") being operated by the consolidated subsidiary Bushiroad Well-Be Co., Ltd. (hereafter "Bushiroad Well-Be") by splitting the Business through company split (incorporation-type) (hereafter "the company split") and having the newly established company succeed the Business, with transfer of 100% shares of the newly established company to Mr. Takashi Ooba (hereafter "the share transfer"), the current representative director of Bushiroad Well-Be.

1. Purpose

The basic strategy of Bushiroad Inc. is to develop various business as an IP developer in the areas including animation, music, event, MD, and others putting IPs at its center. In order to further enhance our services, we have made Bushiroad Well-Be (the trade name was Sopratico Co., Ltd. as of February 2020), which was operating fitness club business mainly in Hokkaido, our consolidated subsidiary in February 2020 (the trade name was changed on April 1, 2022).

However, with the expansion of new coronavirus infection occurred immediately after we took the stakes to consolidate the company, the number of fitness club members significantly dropped and the profit in the Business eventually decreased having impacts also from surges in energy prices on the operational costs. Although the company has been working on the launch of healthcare business releasing "New Japan Protein" jointly developed with one of our group company New Japan Pro-Wrestling Co., Ltd., in January 2023 as part of the launch, the entire business has remained significantly deviated from the business plan we assumed before the acquisition.

Considering these situations, Bushiroad Inc. has decided to withdraw from the Business, establishing a new company to have it succeed the Business through company split (incorporation-type) and transferring all the shares of the newly established company to Mr. Takashi Ooba, the current representative director of Bushiroad Well-Be.

We had multifaceted considerations about various possibilities before making the decision and has arrived at a judgment that, in aiming at a long-term growth of each business, it would be best for the Business to depart from the group of Bushiroad Inc., a listed company, through the share transfer to Mr. Ooba, who has been managing the business since before the acquisition, and to work on business development in a way community-oriented services are enhanced through Mr. Ooba's strengths in that field, while the healthcare business being pursued as a new business is to aim for development by strengthening collaborations with other business of our group.

2. The company split and the share transfer of the newly established company

(1) Schedule for the company split and the share transfer

Date of resolution made at the board meeting	April 25, 2023
Date of resolution made at the general shareholders meeting of Bushiroad Well-Be	June 20, 2023 (plan)
Effective date of the incorporation-type company split	June 30, 2023 (plan)
Date of conclusion of the share transfer agreement	June 30, 2023 (plan)
Date of the share transfer execution	June 30, 2023 (plan)

(2) Form of the company split

Incorporation-type split where Bushiroad Well-Be will be the splitting company and the newly established company will be the successor company.

(3) Details of the allotment related to the company split

The newly established company will issue 200 common shares upon the company split and allot and deliver all the shares to Bushiroad Well-Be, the splitting company. The split company will transfer all the said shares to Mr. Takashi Ooba on the same date as the effective date of the company split. The transfer value is not described based on the wish of the other party; however, it was decided after having negotiations with the other party and the board of directors of Bushiroad Inc. has judged it as being fair and appropriate.

(4) Handling of share acquisition rights related to the company split

Not applicable.

(5) Changes in the capital stock arise in the company split

There will be no changes in the capital stock of Bushiroad Well-Be in the company split.

(6) Rights and obligations succeeded by the newly established company

The newly established company will succeed the assets, liabilities, and the associated rights and obligations related to the Business in the scope stipulated in the agreement on the incorporation-type company split.

(7) Prospects for obligation performance

Bushiroad Inc. has judged that the newly established company has no problems in the prospects for performance of obligations to be borne in the company split.

(8) Summary of the companies concerned with the company split

		Splitting company (As of April 25, 2023)	Newly established company (To be established on June 30, 2023)
(1)	Name	Bushiroad Well-Be Co., Ltd.	Sopratico Co., Ltd.
(2)	Address	Sumitomo Nakanosakaue Bldg. 4F, 1-38-1, Chuo, Nakano-ku, Tokyo	4-17-3, Hanazono, Otaru-city, Hokkaido
(3)	Title and name of the representative	Takashi Ooba, Representative director (Scheduled to resign on June 30, 2023)	Takashi Ooba, Representative director
(4)	Details of business	Fitness club business Healthcare business	Fitness club business
(5)	Capital stock	10,000,000 yen	10,000,000 yen
(6)	Date of establishment	October 7, 2004	June 30, 2023 (plan)
(7)	Number of shares issued	200 shares	200 shares
(8)	Fiscal year end	June 30	March 31
(9)	Major shareholder and shareholding ratio	Bushiroad Inc. 100%	(At the time of establishment) Bushiroad Well-Be Co., Ltd. 100% (After the share transfer) Takashi Ooba 100%
(10)	Relationship between the listed company and the company	(Capital relationship) 100% subsidiary of Bushiroad Inc.	(Capital relationship) Although the splitting company has 100% shares of the newly established company on the effective date of the company split, all the said shares will be transferred to Mr. Takashi Ooba on the same date.
		(Human relationship) Two employees of Bushiroad Inc. are concurrently serving as directors of the company.	(Human relationship) Not planed.
		(Business relationship) Not applicable.	(Business relationship) Not planed.
		(Information about the related parties) The company is 100% subsidiary of Bushiroad Inc. and falls under the related party.	(Information about the related parties) The newly established company does not meet the definition of the related party after the share transfer; however, it still falls under the related party, because the share transfer is the transaction with Mr. Ooba, the representative director of a subsidiary of Bushiroad Inc.

(9) Financial conditions and operating results in the accounting year immediately before the company split

			FY2022
Net	assets		△286,208,000 yen
Total	assets		520,311,000 yen
Net	assets	per share	△1,431,000 yen
Net	sales		474,010,000 yen
Operating	profit	(loss)	△82,584,000 yen
Operating	profit	(loss)	△37,776,000 yen
Net profit (loss) attributable to owners of parent			△91,139,000 yen
Net	loss	per share	△455,000 yen

(10) Summary of the business division to be split

① Details of the business of division to be split

Fitness club business

② Operating results of the business to be split

Net sales 474,010,000 yen (FY2022)

(Note) Bushiroad Well-Be reported 474,010,000 yen of Net sales in FY2022 in the fitness club business, but some of the stores are scheduled to be closed in late June 2023 and the split will be carried out to the business of stores which continue their operations. Net sales in FY2022 of the stores which will continue operations was 388,661,000 yen.

③ Amounts and items of assets and liabilities to be split (As of the end of March 2023)

Assets		Liabilities	
Current assets	76,398,000 yen	Current liabilities	7,600,000 yen
Non-current assets	18,853,000 yen	Non-current liabilities	0 yen
Total	95,251,000 yen	Total	7,600,000 yen

(Note) The above amounts are based on the figures as of the end of March 2023; therefore, the actual amount to be split may differ.

(11) Situations of the companies concerned after the split

The name, address, capital stock, and fiscal year end of Bushiroad Well-Be remain unchanged after the company split. Please refer to “2. (8) Summary of the companies concerned with the company split” for other information including trade name, address, representative person, details of business, capital stock, and fiscal year end of the newly established company.

(12) Summary of the share transfer of the newly established company

① Summary of the other party in the share transfer

Name	Takashi Ooba
Address	Otaru-city, Hokkaido
Relationship between the listed company and the individual	Mr. Takashi Ooba is the representative director of the consolidated subsidiary of Bushiroad Inc. as of the submission date of the current third quarter earnings summary, and will resign from the position effective on June 30, 2023.

② The number of transferred shares and share ownership before and after the transfer

The number of shares owned before the transfer	200 shares (voting rights: 100%)
The number of shares to be transferred	200 shares (voting rights: 100%)
The number of shares owned after the transfer	0 share (voting rights: 0%)

(Company split on Bushiroad Creative Inc.)

We announce that Bushiroad Inc. has made a resolution at the board meeting held on April 25, 2023 that we will partially split (incorporation-type) the business of our consolidated subsidiary Bushiroad Creative Inc. (hereafter “Bushiroad Creative”) having the newly established Bushiroad Works Inc. (hereafter “Bushiroad Works”) succeed the business and Bushiroad Inc. to take the 100% stakes of the company.

1. Purpose of the incorporation-type split and acquiring of the 100% stakes

The basic strategy of Bushiroad Inc. is to develop various business including animation, game, music, event, MD, and others as an IP developer putting IPs at its center. In the medium-term management plan announced in August 2022, Bushiroad Inc. has hammered out the IP developer 2.0 “Global Mega Character Platform Strategy” to extend the business as IP platform globally and has been making efforts to diversify IP touch points and for engagement in customer development around the world. As we are seeing an elevated importance of IP creations in fulfillment of this strategy, our purpose is to enhance both quality and quantity of IP creations through concentrated deployment of human resources specialized in new IP creations to the newly established company and to prepare for a structure that enables us to make further commit to creating new IPs.

2. Summary of the company split

(1) Schedule for the company split and acquisition of the 100% stakes

Board meeting for approval of the plan on incorporation-type split	April 25, 2023
Extraordinary meeting of shareholders for approval of plan on incorporation-type split	June 20, 2023 (plan)
Effective date of the incorporation-type split and acquisition of the 100% stakes	July 3, 2023 (plan)

(2) Form of the company split

The company split of this time is an incorporation-type split where Bushiroad Creative will be the splitting company and Bushiroad Works, the newly established company, will be the successor company.

(3) Details of the allotment related to the company split

Bushiroad Works, the newly established company, will issue 900 common shares and allot and deliver all the shares to Bushiroad Creative, the split company in the incorporation-type split. At the same time, Bushiroad Creative will deliver all the allotted shares as dividends from surplus to the Bushiroad Inc., its 100% parent company.

(4) Handling of the subscription rights to shares and bonds with subscription rights to shares under the company split

Not applicable.

(5) Changes in the capital stock arise in the incorporation-type split

There will be no changes in the capital stock of Bushiroad Inc. under the incorporation-type split.

(6) Rights and obligations succeeded by the newly established company

Bushiroad Works, the newly established company, will succeed, on the effective date, the rights and obligations associated with the assets, liabilities, contractual positions, and others related to them owned by the business intended for the split at Bushiroad Creative, the splitting company.

(7) Prospects for obligation performance

Bushiroad Inc. has judged that Bushiroad Creative and Bushiroad Works have no problems in the prospects of performing obligations.

3. Summary of the companies concerned with the company split

		Splitting company (As of April 25, 2023)	Newly established company (To be established on July 3, 2023)
(1)	Name	Bushiroad Creative Inc.	Bushiroad Works Inc.
(2)	Address	1-38-1, Chuo, Nakano-ku, Tokyo	1-38-1, Chuo, Nakano-ku, Tokyo
(3)	Details of business	Planning, manufacturing, and selling of goods	Creation of intellectual property rights (IPs) Publication of magazines and books Planning and management of comics website
(4)	Capital stock	49,000,000 yen	9,000,000 yen
(5)	Date of establishment	February 27, 2015	July 3, 2023
(6)	Number of shares issued	1,780 shares	900 shares
(7)	Fiscal year end	June 30	June 30
(8)	Major shareholder and shareholding ratio	Bushiroad Inc. 100%	Bushiroad Inc. 100%

4. Situations after the incorporation-type split

The name, address, details of business, capital stock, and fiscal year end of Bushiroad Creative will remain unchanged in the company split.