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August 14, 2023

**Summary of Financial Results
for 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 CEO Takaaki Kidani
 Inquiries: Director Toshiyuki Muraoka TEL: 81-3-4500-4350
 Scheduled date to hold regular shareholders meeting September 26, 2023
 Scheduled date to commence dividend payments September 27, 2023
 Scheduled date to submit securities report September 27, 2023
 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 for FY2023 (July 1, 2022 – June 30, 2023)

(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	%
FY2023	48,799	16.3	3,385	-0.1	4,503	-11.9	2,050	-41.5
FY2022	41,966	—	3,390	—	5,113	—	3,508	—

(Note) Comprehensive income FY2023 2,279 million yen (-40.6%)
 FY2022 3,835 million yen [- %]

	Net profit per share	Diluted net profit per share	Shareholders equity net profit margin	Total assets Ordinary profit margin	Net sales Operating profit margin
	yen	yen	%	%	%
FY2023	29.13	28.45	11.0	10.0	6.9
FY2022	54.81	50.03	24.3	12.6	8.1

(Reference) Equity gains (losses) of affiliated companies FY2023 15 million yen
 FY2022 30 million yen

(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 splitting had been carried out at the beginning of the previous consolidated fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
FY2023	46,335	22,399	46.6	302.92
FY2022	43,721	16,192	35.6	240.40

(Reference) Shareholders equity FY2023 21,585 million yen
 FY2022 15,580 million yen

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

(3) Consolidated cash flow

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	million yen	million yen	million yen	million yen
FY2023	1,981	-2,270	716	23,600
FY2022	6,868	-4,437	-2,295	23,102

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Dividend on net assets (%) (Consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	yen	yen	yen	yen	yen	million yen	%	%
FY2022	—	0.00	—	9.00	9.00	291	8.2	0.5
FY2023	—	0.00	—	4.50	4.50	320	15.5	1.7
FY2024 (forecast)	—	0.00	—	4.50	4.50		26.0	

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 FY2024 (July 1, 2023 – June 30, 2024)

(Percentages indicate increase/decrease (%) in comparison with the previous term for the full year and year-on-year for the quarter.)

	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	51,000	4.5	2,000	-40.9	2,300	-48.9	1,234	-39.8	17.32

*** Notes**

(1) Change in significant subsidiaries during the term (changes in specified subsidiaries resulting in the change in scope of consolidation): No

Newly consolidated company N/A; deconsolidated company N/A

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

- i Changes in accounting policies due to revisions to accounting standards and other regulations: No
- ii Changes in accounting policies due to reasons other than i: No
- iii Changes in accounting estimates: No
- iv Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

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

FY2023	71,256,550 shares	FY2022	68,134,780 shares
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ii. Number of treasury stock at the end of the period

FY2023	27 shares	FY2022	3,320,430 Shares
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iii. Average number of shares during the period

FY2023	70,400,504 shares	FY2022	64,008,172 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.

(Reference) Summary of non-consolidated financial results

Non-consolidated financial results for FY2023 (July 1, 2022 – June 30, 2023)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Net profit	
	million yen	%	million yen	%	million yen	%	million yen	%
FY2023	26,672	24.9	2,107	61.4	2,076	13.0	763	-33.8
FY2022	21,353	—	1,305	—	1,836	—	1,153	—

	Profit per share	Diluted net profit per share
	yen	yen
FY2023	10.85	10.60
FY2022	18.02	16.44

(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 splitting had been carried out at the beginning of the previous fiscal year.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
FY2023	32,260	12,614	38.6	174.84
FY2022	30,291	7,867	26.0	121.39

(Reference) Shareholders equity
FY2023 12,458 million yen
FY2022 7,867 million yen

(Note) The Company carried out share splitting to split one share into two shares, on October 1, 2021 and October 1,

2022, respectively. Net assets per share was calculated assuming that such share splittings had been carried out at the beginning of the previous fiscal year.

* Summary of financial results is not included in an audit by a certified public accountant or 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. Please refer to P. 5 “1. Overall Operating Results, etc., (4) Forecast for the future” presented in the Appendix regarding the conditions assumed for performance forecast and cautions in use of the performance forecast.

(How to obtain materials for financial results briefing)

Materials for financial results meeting are provided along with this document. Financial results meeting will be held for institutional investors and analysts on Thursday, August 15, 2023.

(Publication of “Matters concerning business plans and growth potentials”)

“Matters concerning business plans and growth potentials” is scheduled to be publicized in September, 2023.

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1. Overall Operating Results, etc.

(1) Overall operating results of the current period

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 consolidated fiscal period.

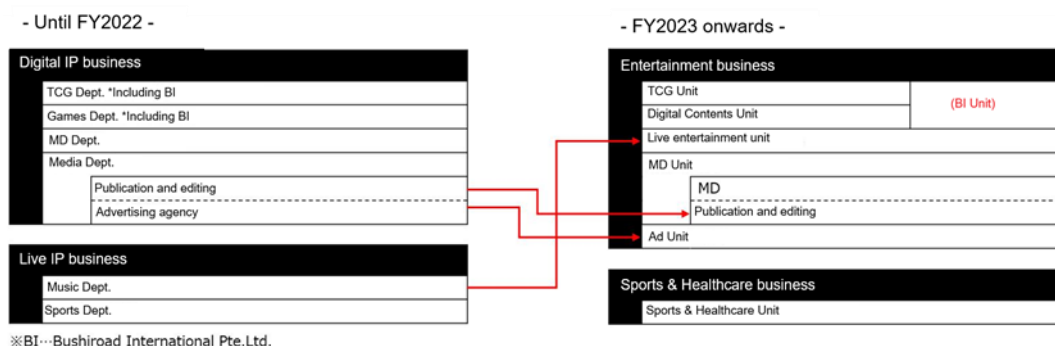
The Japanese economy has moderately recovered mainly in personal consumptions during the current consolidated fiscal year following the ease of behavioral restrictions and border controls imposed due to novel corona virus infection. However, future outlook has remained uncertain because of concerns over the impacts from global inflations, tight money policies, surges in raw material prices caused by procrastinated Russian aggression against Ukraine, foreign exchange fluctuations and others on the Japanese economy.

Under such circumstances, Bushiroad Group has continuously promoted global business development setting the TCG (trading card game) as our pillar under the “IP Developer” strategy. We released the English version of “Shadowverse EVOLVE”, a TCG jointly developed with Cygames, Inc., on June 30, 2023 and have started a tour around the same time to offer more than 300 workshops dispatching staff members worldwide including North America, Asia and Europe. The workshop hosted in June gathered a greater number of participants than we expected and it is showing a very favorable takeoff. Although there are almost no businesses which succeeded in multiple global developments in TCG, our global development of TCG has been on track.

As a consequence, operating results of the current consolidated fiscal year were as follows: Net sales of 48,799,238,000 yen (up 16.3% year-on-year); Operating profit of 3,385,981,000 yen (down 0.1% year-on-year); Ordinary profit of 4,503,590,000 yen (down 11.9% year-on-year); and Net profit attributable to owners of parent of 2,050,725,000 yen (down 41.5% 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 current consolidated fiscal year, and year-on-year comparison and analysis are based on the segments after change.



1. Entertainment business

(1) TCG (Trading Card Game) Unit

In “Weiss Schwarz”, a sibling brand “Weiss Schwarz Blau” was released in November 2022 and the brand also marked the 15th anniversary in March 2023, starting to establish a steady position as a character card game with a long track record. There were also a number of new releases in global IP merchandise such as “hololive Production Vol.2” and “Disney100” and record high Net sale was achieved. In “Cardfight!! Vanguard”, an animation “Cardfight!! Vanguard will+Dress” has been on air since July 2022 and the title is further expanding its development as an original IP continuing the production of animation until December 2025 including rebroadcast

as announced in January 2023. “Shadowverse EVOLVE” has driven the sales throughout the year from the current fiscal year and became a contributor in the sales growth for the TCG Unit.

TCG Unit renewed the record high Net sales again in the current consolidated fiscal year as in the previous fiscal year, which was achieved through growth of Weiss Schwarz as a platform, favorable takeoff of new titles, expansions of the Japanese and overseas TCG markets, and others.

(2) Digital Contents Unit

In mobile games, a super large scale update was made for “BanG Dream! Girls Band Party!”, which marked the 6th anniversary in March 2023. In April 2023, “Love Live! School idol festival 2 MIRACLE LIVE!” was released, while the services for “Love Live! School idol festival”, “Love Live! School idol festival ALL STARS”, and “VANGUARD ZERO” were terminated. Amid sustained harsh conditions, Bushiroad Inc. is reviewing titles in operations and revenue structure and is also committed to rekindling its contents focusing mainly on our own IP titles.

In console games, multiple number of titles including “Cardfight!! Vanguard Dear Days” were released in November 2022, showing favorable takeoffs as a new source of revenue.

Digital Contents Unit has ended the period in a bearish tone due to sluggish sales in existing titles, termination of services, and posting of development expenses for unreleased titles, though there were multiple number of new title releases.

(3) BI (Bushiroad International) Unit

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

In TCG, the equivalent or higher level of Net sales was maintained compared to the previous fiscal year, when the growth was significantly higher than the previous fiscal year, and the English version “Shadowverse EVOLVE” was also newly released in June 2023.

In digital contents, the services for the English version “Love Live! School idol festival ALL STARS” and the English version “VANGUARD ZERO” were terminated as they were in Japan.

Bushiroad Inc. has also made appeals of its presence globally managing an international exhibition “2023 BUSHIROAD EXPO ASIA” planned in 6 cities in Asian region and launching worldwide workshops concurrently with the release of the English version “Shadowverse EVOLVE”.

(4) Live Entertainment Unit

Bushiroad Music Co., Ltd., hosted “BanG Dream! Special☆LIVE Girls Band Party! 2020 -> 2022” after 2 years on November 12, 2022 and “Bushiroad 15th Anniversary Live” on November 13, both at BELLUNA DOME. In the next year in 2023, the company hosted “BUSHIROAD ROCK FESTIVAL 2023” on May 27 and RAISE A SUILEN LIVE 2023 “EXCLAMATION HIGHLAND” on May 28 at Fujikyū Highland Conifer Forest and a number of live events were hosted throughout the fiscal year.

In music and video software, the results were substantial including merchandise of other companies’ IPs.

Theater company HIKOSEN has been delivering a greater number of stage performances including “Revue Starlight - The STAGE Junior High - Rebellion” hosted from June 7, 2023 at HIKOSEN THEATER.

Although the impacts from novel coronavirus infection were quite huge until the previous fiscal year, the company is seeing a sign of recovery, because the number of live event attendances has been gradually recovered.

(5) MD (Merchandizing) Unit

In MD business, Net sales were strong and operating profit was also on a recovery trend. This is because of sales at events and fairs such as “HEAVEN BURNS RED Campaign in GiGO” and “A film The Quintessential Quintuplets Collab Cafe & Goods Fair” fared well, and on top of that, hit merchandise also in capsule toys

including “OPANCHU USAGI” and “Pichi Pichi Pitch” underpinned the results during the current fourth quarter consolidated fiscal period.

However, the results was sagging due to huge impacts brought from weaker yen and surges in transportation and materials prices throughout the current consolidated fiscal year.

In April 2023, MD business has started accepting reservations for “My Hero Academia”, the fist volume of a trading figure brand “PalVerse” scheduled to be rolled out from August, and is creating tailwinds toward the future growth.

(6) Ad Unit

Bushiroad Move Co., Ltd., was involved in operations and productions of multiple number of large scale events including “hololive SUPER EXPO 2023” and “Japan Camping Car Show 2023”, achieving strong results in its agency business. The company has been positively making investments and participating in animation committees, which has led to increase in the sales from promotions, acoustic, and other services.

Also, with the ease of behavioral restrictions related to novel corona virus and downgrade of the legal status of the infection to Class 5 (the lowest and the same category as seasonal flu, etc.), working days for live music events and others of voice actors affiliated with the voice actors’ office “HiBiKi” increased.

As a result of all those efforts, Entertainment Business recorded Net sales of 41,824,470,000 yen (up 15.0% year-on-year) and Segment profit of 3,047,844,000 yen (down 11.2% year-on-year).

2. Sports and Healthcare Business

New Japan Pro-Wrestling Co., Ltd. continuously showed a recovery trend on the number of attendees in Japan and events including “SAKURA GENESIS 2023” hosted at RYOGOKU KOKUGIKAN on April 8, 2023 and “WRESTLING DONTAKU 2023” hosted at FUKUOKA INTERNATIONAL CENTER on May 3, 2023 attracted a great number of fans during the current fourth quarter consolidated fiscal year. In addition, “AEW x NJPW: FORBIDDEN DOOR”, the second time event since last year, jointly hosted with a U.S. pro-wrestling group “All Elite Wrestling” in Ontario, Tront in Canada also contributed significantly to the revenue.

The female pro-wrestling brand “STARDOM” achieved increase in the number of attendees hosting events including “ALLSTAR GRAND QUEENDOM 2023” at YOKOHAMA ARENA on April 23, 2023 for the fist time in 20 years as a female pro-wrestling team, marking the record high Operating profit as Bushiroad Fight Co., Ltd., in the current consolidated fiscal year.

As a result of all those efforts, Sports & Healthcare Business recorded Net sales of 6,974,767,000 yen (up 24.6% year-on-year) and Segment profit of 338,136,000 yen (41,898,000 yen for the Segment loss in the same quarter in the previous fiscal year).

(2) Overall financial position of the current period

(Assets)

The total assets at the end of the current consolidated fiscal year was 46,335,845,000 yen, i.e. increase by 2,614,832,000 yen from the end of the previous consolidated fiscal year. This is mainly due to decrease in cash and deposits by 497,430,000 yen on one hand, and increase in accounts receivable - trade by 932,064,000 yen, merchandise and finished goods by 452,788,000 yen, and investment securities by 1,861,044,000 yen on the other.

(Liabilities)

Total liabilities was 23,936,537,000 yen at the end of the current consolidated fiscal year, i.e. increase by 3,591,656,000 yen as compared to the end of the previous consolidated fiscal year. This is mainly due to decrease in income taxes payable by 443,181,000 yen, long-term loans payable by 688,700,000 yen, and convertible bond-type bonds with subscription rights to shares by 4,000,000,000 yen on one hand, and increase in bonds by 1,400,000 yen and current portion of bonds by 400,000,000 yen on the other.

(Net assets)

Total assets at the end of the current consolidated fiscal year was 22,399,308,000 yen, i.e. increase by 6,206,489,000 yen from the end of the previous consolidated fiscal year. This is mainly due to increase in retained earnings by 2,050,725,000 yen from the recording of the net profit attributable to owners of parent and in capital stock and capital reserve by 2,031,810,000 yen from conversion of convertible bond-type bonds with subscription rights to shares and exercise of share subscription rights (stock options), respectively.

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) Overall cash flow of the current period

Cash and cash equivalents (hereinafter, "business fund") at the end of the current consolidated fiscal year was 23,600,926,000 yen, up by 498,049,000 yen on year-on-year basis.

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

(Cash flows from operating activities)

Business fund provided by operating activities was 1,981,493,000 yen. Main sources of income were net profit before adjustment for taxes, etc. of 3,442,587,000 yen, depreciation of 732,603,000 yen, impairment loss of 995,282,000 yen, and subsidy received of 807,397,000 yen, and main sources of spending were increase in accounts receivable - trade of 858,327,000 yen and income taxes paid of 2,338,516,000 yen.

(Cash flows from investing activities)

Business fund used as a result of investing activities was 2,270,409,000 yen. Main sources of spending were purchase of non-current assets of 1,488,312,000 yen and purchase of investment securities of 2,350,481,000 yen.

(Cash flows from financing activities)

Business fund provided by financing activities was 716,637,000 yen. Main sources of income were proceeds from long-term loans payable of 4,500,000,000 yen and proceeds from issuance of bonds of 1,981,693,000 yen; and main sources of spending were repayments of long-term loans payable of 5,323,036,000 yen.

(4) Forecast for the future

Bushiroad Group has developed the 4-year medium-term management plan in August 2022 set to start its fiscal year from FY2023. However, the market and environment surrounding our group have been changing rapidly, and the Company has withdrawn from the loss making fitness club business and is facing hard challenges also in

mobile games, though TCG grew more than the initial expectation. For such a reason, Bushiroad Inc. has revised the 4-year medium-term management plan as “Bushiroad Medium-Term Management Plan 2027”.

For the details, please refer to the “Bushiroad Medium-Term Management Plan 2027” released today.

Numerical targets for FY2027

Consolidated net sales 100 billion yen

Consolidated operating profit 133 billion yen

Medium-term management strategy

- Strengthening of TCG business
- Global expansion
- Diversification of touch point
- Change in organizational structure

Growth of profit is expected to be small, because Digital Contents Unit is pivoting its strategy in FY2024 and the Net sale will decrease, though results of TCG Unit, Live Entertainment Unit, and Sports Unit are forecasted to be substantial.

On cost side, expenses for research and development, personnel expenses, advertising expenses, and others are expected to increase deeming it as investments in new game titles in Digital Contents Unit.

With the above factors, consolidated performance for FY2024 is forecasted as follows: Net sale of 51,000,000,000 yen (up 4.5% from the previous period), Operating profit of 2,000,000,000 yen (down 40.9% from the previous period), Ordinary profit of 2,300,000,000 yen (down 48.9% from the previous period), Net profit attributable to owners of parent of 1,234,000,000 yen (down 39.8% from the previous period).

(5) Basic policy for profit distribution and dividends for FY2023 and FY2024

Bushiroad Inc. has positioned return to shareholders as one of the important challenges in our business management. Our policy on dividends is to work on enhancement of shareholders equity to stabilize and strengthen financial base in order to focus on positive investments for growth on one hand, and to continuously return profit based on our operating results as set around 10% against net profit attributable to owners of parent excluding temporary profit and profit not accompanying increase in cash and deposits, on the other.

Ordinary dividend for FY2023 will be 4.50 yen per share (consolidated payout ratio at 15.5%) increasing the forecasted amount of ordinary dividend of 4.00 yen per share from the previous forecast by 0.50 yen considering that the Operating profit was only at the similar level with FY2022 at 3,385,981,000 yen (down 0.1% from the previous period) despite the increase in investment in research and development.

With regard to annual dividends forecast for FY2024, it will be 4.50 yen per share, the same amount as FY2023.

2. Basic Idea for the Selection of Accounting Standards

Our Group has prepared the consolidated financial statements based on the Japanese accounting standards considering the burdens, etc., to establish necessary structure to prepare consolidated financial statements following the international financial reporting standards.

3. Consolidated Financial Statements and Principal Notes

(1) Consolidated Balance Sheets

(Thousand yen)

	Previous consolidated fiscal year (June 30, 2022)	Current consolidated fiscal year (June 30, 2023)
Assets		
Current assets		
Cash and deposits	26,605,682	26,108,251
Notes and accounts receivable - trade	5,404,326	6,336,390
Merchandise and finished goods	817,622	1,270,411
Work in process	2,285,643	2,049,388
Supplies	62,197	64,895
Other	1,899,805	1,854,941
Allowance for doubtful accounts	-79,000	-96,009
Total current assets	36,996,276	37,588,270
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,245,448	1,116,044
Tools, furniture and fixture (net)	148,275	121,807
Vehicles (net)	21,019	37,830
Land	1,135,220	1,027,220
Leased assets	14,800	23,561
Other, net	227,050	142,130
Total property, plant and equipment	2,791,815	2,468,594
Intangible assets		
Software	122,190	146,612
Software in progress	2,400	28,076
Goodwill	2,447	1,434
Other	106,199	127,354
Total intangible assets	233,237	303,477
Investments and other assets		
Investment securities	2,283,224	4,144,268
Long-term loans receivable	42,980	37,250
Deferred tax assets	884,183	1,260,107
Other	518,244	550,048
Allowance for doubtful accounts	-29,036	-26,768
Total investment and other assets	3,699,595	5,964,906
Total non-current assets	6,724,648	8,736,978
Deferred assets		
Stock issuance cost	87	10,597
Total deferred assets	87	10,597
Total assets	43,721,012	46,335,845

(Thousand yen)

	Previous consolidated fiscal year (June 30, 2022)	Current consolidated fiscal year (June 30, 2023)
Liabilities		
Current liabilities		
Accounts payable - trade	5,794,497	5,575,977
Accounts payable - other	1,293,368	1,527,242
Income taxes payable	1,607,154	1,163,973
Current portion of long-term loans payable	4,346,829	4,212,493
Current portion of bonds	—	400,000
Provision for bonuses	183,212	101,390
Other	1,746,689	1,779,423
Total current liabilities	14,971,750	14,760,500
Non-current liabilities		
Long-term loans payable	8,165,322	7,476,622
Bonds	—	1,400,000
Convertible bond-type bonds with subscription rights to shares	4,000,000	—
Provision for directors' retirement benefits	74,900	89,064
Liabilities on retirement benefits	94,630	114,833
Deferred tax liabilities	84,250	2,541
Other	137,340	92,975
Total non-current liabilities	12,556,443	9,176,036
Total liabilities	27,528,194	23,936,537
Net assets		
Shareholders' equity		
Capital stock	3,728,723	5,760,533
Capital surplus	3,665,493	5,697,303
Retained earnings	9,909,179	9,342,523
Treasury stock	-2,325,258	-23
Total shareholders' equity	14,978,138	20,800,337
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-130,465	-240,554
Foreign currency translation adjustment	733,245	1,025,224
Total accumulated other comprehensive income	602,780	784,670
(Subscription rights to shares)	—	155,903
Non-controlling interests	611,899	658,396
Total net assets	16,192,818	22,399,308
Total liabilities and net assets	43,721,012	46,335,845

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

(Thousand yen)

	Previous consolidated fiscal year (Jul. 1, 2021 - Jun. 30, 2022)	Current consolidated fiscal year (Jul. 1, 2022 – Jun. 30, 2023)
Net sales	41,966,359	48,799,238
Cost of sales	27,308,149	31,893,115
Gross profit	14,658,210	16,906,123
Selling, general and administrative expenses	11,267,212	13,520,141
Operating profit	3,390,997	3,385,981
Non-operating profit		
Interest and dividends income	30,048	250,347
Share of profit of entities accounted for using equity method	30,518	15,135
Foreign exchange gains	564,533	194,617
Subsidy income	1,182,244	737,046
Other	27,768	23,380
Total non-operating profit	1,835,113	1,220,526
Non-operating expenses		
Interest expenses and bond interest	68,614	69,863
Amortization of stock issuance cost	11,347	4,890
Bond issuance cost	—	18,306
Other	32,999	9,857
Total non-operating expenses	112,961	102,917
Ordinary profit	5,113,149	4,503,590
Extraordinary profit		
Gain on sale of investment securities	—	109,916
Total extraordinary profit	—	109,916
Extraordinary losses		
Loss on sale of subsidiaries and affiliates	※2 -	※2 93,605
Loss on valuation of investment securities	90,499	—
Loss on valuation of stocks of subsidiaries and affiliates	—	82,031
Impairment loss	※1 149,366	※1 995,282
Total extraordinary losses	239,866	1,170,918
Net profit before income taxes and minority interests	4,873,283	3,442,587
Income taxes	1,606,121	1,778,640
Income taxes - deferred	-204,300	-432,520
Total income taxes	1,401,821	1,346,119
Net profit	3,471,461	2,096,468
Net profit (loss) attributable to non-controlling shareholders (-)	-36,842	45,743
Net profit attributable to owners of parent	3,508,304	2,050,725

(Consolidated Statements of Comprehensive Income)

(Thousand yen)

	Previous consolidated fiscal year (Jul. 1, 2021 - Jun. 30, 2022)	Current consolidated fiscal year (Jul. 1, 2022 – Jun. 30, 2023)
Net profit	3,471,461	2,096,468
Other comprehensive income (loss)		
Valuation difference on available-for-sale securities	-253,617	-110,088
Foreign currency translation adjustment	611,201	287,388
Share of other comprehensive income of associates accounted for using equity method	6,582	5,343
Total other comprehensive income	364,165	182,643
Comprehensive income	3,835,627	2,279,112
(detail)		
Comprehensive income (loss) attributable to owners of parent	3,870,513	2,232,615
Comprehensive income (loss) attributable to non-controlling interests	-34,886	46,496

(3) Consolidated Statements of Changes in Equity

Previous consolidated fiscal year (Jul. 1, 2021 - Jun. 30, 2022)

(Thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of the period	3,165,648	3,102,418	7,057,633	-324,679	13,001,021
Cumulative effects of changes in accounting policies			-656,758		-656,758
Restated balance	3,165,648	3,102,418	6,400,875	-324,679	12,344,263
Changes of items during the period					
Issuance of new shares (exercise of share subscription rights)	563,075	563,075			1,126,150
Purchase of treasury stock				-2,000,579	-2,000,579
Net profit attributable to owners of parent			3,508,304		3,508,304
Net changes of items other than shareholders' equity (net)					
Total changes of items during the period	563,075	563,075	3,508,304	-2,000,579	2,633,875
Balance at the end of the period	3,728,723	3,665,493	9,909,179	-2,325,258	14,978,138

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Other securities Valuation difference	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of the period	123,151	117,418	240,570	652,890	13,894,482
Cumulative effects of changes in accounting policies				-6,103	-662,861
Restated balance	123,151	117,418	240,570	646,786	13,231,620
Changes of items during the period					
Issuance of new shares (exercise of share subscription rights)					1,126,150
Purchase of treasury stock					-2,000,579
Net profit attributable to owners of parent					3,508,304

Net changes of items other than shareholders' equity (net)	-253,617	615,827	362,209	-34,886	327,322
Total changes of items during the period	-253,617	615,827	362,209	-34,886	2,961,198
Balance at the end of the period	-130,465	733,245	602,780	611,899	16,192,818

Current consolidated fiscal year (Jul. 1, 2022 - Jun. 30, 2023)

(Thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of the period	3,728,723	3,665,493	9,909,179	-2,325,258	14,978,138
Changes of items during the period					
Issuance of new shares (exercise of share subscription rights)	2,031,810	2,031,810			4,063,620
Purchase of treasury stock				-481	-481
Cancellation of treasury stock			-2,325,717	2,325,717	—
Dividend from surplus			-291,664		-291,664
Net profit attributable to owners of parent			2,050,725		2,050,725
Net changes of items other than shareholders' equity (net)					
Total changes of items during the period	2,031,810	2,031,810	-566,656	2,325,235	5,822,198
Balance at the end of the period	5,760,533	5,697,303	9,342,523	-23	20,800,337

	Accumulated other comprehensive income			(Subscription rights to shares)	Non-controlling interests	Total net assets
	Other securities Valuation difference	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of the period	-130,465	733,245	602,780	—	611,899	16,192,818
Changes of items during the period						
Issuance of new shares (exercise of share subscription rights)						4,063,620
Purchase of treasury stock						-481

FOR TRANSLATION PURPOSE ONLY

Cancellation of treasury stock							—
Dividend from surplus							-291,664
Net profit attributable to owners of parent							2,050,725
Net changes of items other than shareholders' equity (net)	-110,088	291,978	181,890	155,903	46,496		384,290
Total changes of items during the period	-110,088	291,978	181,890	155,903	46,496		6,206,489
Balance at the end of the period	-240,554	1,025,224	784,670	155,903	658,396		22,399,308

(4) Consolidated Cash Flow Statements

(Thousand yen)

	Previous consolidated fiscal year (Jul. 1, 2021 - Jun. 30, 2022)	Current consolidated fiscal year (Jul. 1, 2022 - Jun. 30, 2023)
Cash flows from operating activities		
Net profit before income taxes and minority interests	4,873,283	3,442,587
Depreciation	501,340	732,603
Impairment loss	149,366	995,282
Amortization of goodwill	29,018	1,012
Increase (decrease) in allowance for doubtful accounts	46,888	14,740
Increase (decrease) in reserve for bonuses	94,585	-83,095
Increase (decrease) in liabilities for retirement benefits	19,038	20,203
Interest and dividends income	-30,048	-250,347
Interest expenses and bond interest	68,614	69,863
Share-based compensation expense	—	155,903
Equity in (earnings) losses of affiliates	-30,518	-15,135
Subsidy income	-1,182,244	-737,046
Loss (gain) on valuation of investment securities	90,499	—
Loss (gain) on sale of investment securities (- stands for gain)	—	-109,916
Loss on valuation of stocks of subsidiaries and affiliates	—	82,031
Loss on sale of subsidiaries and affiliates (- stands for gain)	—	93,605
Decrease (increase) in notes and accounts receivable-trade	-1,094,536	-858,327
Decrease (increase) in inventories	129,653	-205,742
Increase (decrease) in notes and accounts payable-trade	2,068,281	-286,702
Increase (decrease) in accounts payable - trade	540,583	94,901
Other	-613,618	197,833
Subtotal	5,660,185	3,354,255
Interest and dividends income received	29,018	225,247
Interest expenses paid	-68,867	-69,737
Subsidies income received	1,111,893	807,397
Income taxes paid	-321,886	-2,338,516
income tax refund received	458,584	2,847
Cash flows from operating activities	6,868,927	1,981,493
Cash flows from investing activities		
Payments into time deposits	-4,675,022	-2,308,687
Proceeds from withdrawal of time deposits	3,740,490	3,463,170
Purchase of non-current assets	-2,084,491	-1,488,312
Purchase of investment securities	-1,479,366	-2,350,481
Proceeds from sale of investment securities	—	565,801
Collection of loans receivable	5,300	5,730
Proceeds from redemption of investment securities	116,920	—
Expenditure in sale of subsidiaries and affiliates resulting in change in scope of consolidation	—	-106,972
Other	-61,654	-50,657
Cash flows from investing activities	-4,437,822	-2,270,409
Cash flows from financing activities		

FOR TRANSLATION PURPOSE ONLY

Increase (decrease) in short-term loans payable	-80,000	—
Proceeds from long-term loans payable	4,295,000	4,500,000
Repayments of long-term loans payable	-4,547,160	-5,323,036
Proceeds from issuance of common share	126,150	63,620
Proceeds from issuance of bonds	—	1,981,693
Expenditure for redemption of bonds	—	-200,000
Amount of dividend paid	—	-290,769
Purchase of treasury stock	-2,023,028	-573
Other	-66,905	-14,297
Cash flows from financing activities	-2,295,944	716,637
Effect of exchange rate change on cash and cash equivalents	521,266	70,328
Net increase (decrease) in cash and cash equivalents	656,427	498,049
Cash and cash equivalents at beginning of period	22,446,449	23,102,877
Cash and cash equivalents at the end of period	23,102,877	23,600,926

(5) Notes on Consolidated Financial Statements

(Going Concern Assumption)

Not applicable

(Change in Accounting Principles)

Not applicable

(Change in Presentation Method)

Consolidated Statement of Income

The “Share repurchase cost” in the “Non-operating expenses”, which was independently described in the previous consolidated fiscal year, is included in “Other” in the current consolidated fiscal year, because it has become financially less important. To reflect this change in the presentation method, the financial statements for the previous consolidated fiscal year has been reclassified.

As a result, -22,449 thousand yen posted for the “Share purchase cost” in the “Non-operating expenses” in the consolidated statement of income for the previous consolidated fiscal year has been reclassified as “Other”.

(Consolidated Cash Flow Statements)

The “interest expenses” included in the “Cash flow from operating activities” in the previous consolidated fiscal year is described as “Interest expenses and bond interest”, which includes the bond interest posted in the current consolidated fiscal year.

(Matters related to Consolidated Statements of Income)

* 1 Impairment loss

Previous consolidated fiscal year (Jul. 1, 2021 - Jun. 30, 2022)

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

The assets recognized for impairment loss

Purpose	Type	Location	Impairment loss (1,000 yen)
Other	Goodwill	Chiyoda-ku, Tokyo Frontwing Lab. Inc.	149,366

Goodwill of Frontwing Lab. Inc.

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.

Currents consolidated fiscal year (Jul. 1, 2022 – Jun. 30, 2023)

In principle, Bushiroad Inc. identifies asset groupings according to the groupings used in management accounting, by which income and expenditure are controlled continually. Idle assets and mobile online games are being grouped by individual asset and title, respectively.

The assets recognized for impairment loss

Purpose	Type	Location	Impairment loss (1,000 yen)
Operations of fitness clubs	Building, equipment and machines	Kanto	45,654
Operations of fitness clubs	Land, building, equipment and machines, etc.	Hokkaido	274,417
Mobile online games	Software	The head office	675,210

The impairment loss on the fitness club operations

Bushiroad Inc. has a basic strategy to develop various business as an IP developer in the areas including animation, music, event, MD, and others putting IPs at our center. In order to further enhance our services, we have taken 100% stakes of 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, and made it our consolidated subsidiary in February 2020 (the trade name was changed on April 1, 2022). However, as new coronavirus infection expanded immediately after Bushiroad Well-Be has become our consolidated subsidiary, the number of fitness club members significantly dropped and the profit in the Business eventually decreased having impacts also from the surges in energy prices on the operational costs. Although the company was undertaking 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, the entire business has still significantly deviated from the business plan we assumed before the acquisition. Considering these situations, Bushiroad Inc. has resolved at its board of directors’ meeting held on April 25, 2023 that it would withdraw from the business as part of optimization of the business portfolio, and made the newly established company to succeed

the Business through company split (incorporation-type) and transferred all the shares of the newly established company to Mr. Takashi Ooba, the current representative director of Bushiroad Well-Be, on June 30, 2023.

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.

The impairment loss on mobile online games

With regard to mobile online games, discussions were held to decide whether an impairment loss should be recognized, because the profit was significantly lower than that in the initial plan showing a sign of impairment due to lack in the prospect of recovery to the initially assumed profitability level, and it was judged that an impairment loss should be recognized. The recoverable amount was calculated based on the usage values, and the amount was evaluated as zero as a result of careful considerations about the future uncertainties.

* 2 Loss on sale of shares of subsidiaries and affiliates

Previous consolidated fiscal year (Jul. 1, 2021 - Jun. 30, 2022)

Not applicable.

Current consolidated fiscal year (Jul. 1, 2022 - Jun. 30, 2023)

This is due to the same-day-sale of shares of the company established through company split by Bushiroad Well-Be Co., Ltd., carried out on June 30, 2023.

(Matters related to Business Combinations and Others)

(Company split [incorporation-type split] and share transfer of newly established company)

Bushiroad Well-Be Co., Ltd. (hereinafter Bushiroad Well-Be), a consolidated subsidiary of Bushiroad Inc., has made newly established company succeed the Fitness Club Business through company split (incorporation-type) effective on June 30, 2023 and transferred the shares of the newly established company to Mr. Takashi Ooba.

1. Summary of the company split and the share transfer

(1) The name of the split company established through company split and the name of the company to which shares were transferred

- i The name of the split company established through company split Sopratico Co., Ltd.
- ii The name of person who received the share transfer

(2) Details of the business to be split

Fitness club business

(3) Purpose of the company split and the share transfer

Bushiroad Inc. has a basic strategy to develop various business as an IP developer in the areas including animation, music, event, MD, and others putting IPs at our center. In order to further enhance our services, we have taken 100% stakes of 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, and made it our

consolidated subsidiary in February 2020 (the trade name was changed on April 1, 2022). However, as new coronavirus infection expanded immediately after Bushiroad Well-Be has become our consolidated subsidiary, the number of fitness club members significantly dropped and the profit in the Business eventually decreased having impacts also from the surges in energy prices on the operational costs. Although the company was undertaking 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, the entire business has still significantly deviated from the business plan we assumed before the acquisition. Considering these situations, Bushiroad Inc. has resolved at its board of directors’ meeting held on April 25, 2023 that it would withdraw from the business as part of optimization of the business portfolio, and made the newly established company to succeed the Business through company split (incorporation-type) and transferred all the shares of the newly established company to Mr. Takashi Ooba, the current representative director of Bushiroad Well-Be, on June 30, 2023.

(4) The dates of the company split and the share transfer

June 30, 2023

(5) Matters related to overview of other transactions which includes legal forms

i. Form of the company split

It was an incorporation-type split where Bushiroad Well-Be was the splitting company and the newly established company was the successor company.

ii. 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. Bushiroad Well-Be transferred all the said shares to Mr. Takashi Ooba on the same date as the effective date of the company split.

iii. Method of the share transfer

It was a share transfer where considerations received was limited to properties such as cash.

2. Summary of the company split and the share transfer

(1) The amount of gain or loss on the transfer

Loss on sale of shares of subsidiaries and affiliates 93,605 thousand yen

(2) The rationale book values of assets and liabilities related to the transferred business and the major items

Current assets	117,978	thousand yen
Non-current assets	19,089	--
Total assets	<u>137,068</u>	--
Current liabilities	43,462	--
Non-current liabilities	--	--
Total liabilities	<u>43,462</u>	--

(3) Accounting treatment

The accounting was performed based on the “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013) and the “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, January 16, 2019).

3. The name of the reportable segment in which the split business was included

Sports & Healthcare business

4. The estimated amount of gain and loss related to the split business posted on the consolidated income statement for the current consolidated fiscal year

Net sales	478,208	thousand yen
Operating loss	134,747	--

(Segment Information, etc.)

[Segment Information]

1. Overview of reportable segments

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

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

Although two 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 has been indicated as “Sports and Healthcare” business from FY2023, due to change in internal reporting management system made upon implementation of the unit system in our Group from FY2023 and as a result of reviewing toward segment rationality considering the future business development in fulfilling the medium-term management plan set to start from FY2023.

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

Regarding the segment information for the previous consolidated fiscal year, it is described based on the reportable segments after the change.

Services provided by each segment are as follows.

Reportable segments	Main services
Entertainment business	TCG Unit, Digital Contents Unit, Live Entertainment Unit, MD Unit, Ad Unit
Sports & Healthcare business	Sports and healthcare unit

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

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

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

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

Previous consolidated fiscal year (Jul. 1, 2021 - Jun. 30, 2022)

(Thousand yen)

	Reportable segments			Adjustment (Note 1)	Amount allocated on consolidated financial
	Entertainment business	Sports and Healthcare	Total		

		business			statements (Note 2)
Net sales					
Sales to external customers	36,366,394	5,599,964	41,966,359	—	41,966,359
Inter-segment sales or transfer	151,294	171,560	322,854	-322,854	—
Total	36,517,688	5,771,525	42,289,214	-322,854	41,966,359
Segment profit (loss) (-)	3,432,895	-41,898	3,390,997	—	3,390,997
Segment assets	40,374,460	3,808,630	44,183,090	-462,078	43,721,012
Other items					
Depreciation	423,361	77,978	501,340	—	501,340
Investment in equity method affiliates	191,300	—	191,300	—	191,300
Increase in property, plant and equipment, and intangible assets	2,073,112	20,947	2,094,059	—	2,094,059

(Note) 1. The adjusted segment assets of - 4,62,078,000 yen equals to the offset of inter-segment claims/liabilities.

2. The segment profit (loss) (-) has been aligned with the operating profit presented on the Consolidated Statements of Income.

Current consolidated fiscal year (Jul. 1, 2022 - Jun. 30, 2023)

(Thousand yen)

	Reportable segments			Adjustment (Note 1)	Amount allocated on consolidated financial statements (Note 2)
	Entertainment business	Sports and Healthcare business	Total		
Net sales					
Sales to external customers	41,824,470	6,974,767	48,799,238	—	48,799,238
Inter-segment sales or transfer	286,497	226,621	513,118	-513,118	—
Total	42,110,968	7,201,389	49,312,357	-513,118	48,799,238
Segment profit	3,047,844	338,136	3,385,981	—	3,385,981
Segment assets	42,621,885	3,781,657	46,403,542	-67,696	46,335,845
Other items					
Depreciation	668,492	64,110	732,603	—	732,603
Investment in equity method affiliates	134,559	—	134,559	—	134,559
Increase in property, plant and equipment, and intangible assets	1,414,090	67,032	1,481,123	—	1,481,123

(Note) 1. The adjusted segment assets of - 67,969,000 yen equals to the offset of inter-segment claims/liabilities.

2. The segment profit has been aligned with the operating profit presented on the Consolidated Statements of Income.

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

(Important impairment loss on non-current assets)

Previous consolidated fiscal year (Jul. 1, 2021 - Jun. 30, 2022)

Entertainment Business recorded an goodwill impairment loss of 149,366,000 yen.

Current consolidated fiscal year (Jul. 1, 2022 - Jun. 30, 2023)

Entertainment Business recorded an impairment loss of 675,210,000 yen.

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

(Significant changes in amount of goodwill)

Previous consolidated fiscal year (Jul. 1, 2021 - Jun. 30, 2022)

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.

Current consolidated fiscal year (Jul. 1, 2022 - Jun. 30, 2023)

Not applicable.

(Significant negative goodwill profit)

Previous consolidated fiscal year (Jul. 1, 2021 - Jun. 30, 2022)

Not applicable.

Current consolidated fiscal year (Jul. 1, 2022 - Jun. 30, 2023)

Not applicable.

(Per share data)

	Previous consolidated fiscal year (Jul. 1, 2021 - Jun. 30, 2022)	Current consolidated fiscal year (Jul. 1, 2022 - June 30, 2023)
Net assets per share	240.40 yen	302.92 yen
Profit per share	54.81 yen	29.13 yen
Diluted profit per share	50.03 yen	28.45 yen

(Note) 1. 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 splitting had been carried out at the beginning of the previous consolidated fiscal year.

2. Calculation base of the Net assets is as follows.

	Previous consolidated fiscal year June 30, 2022	Current consolidated fiscal year June 30, 2023
Total net assets (thousand yen)	16,192,818	22,399,308
Deduction from total net assets (thousand yen)	611,899	814,300
(the number of shares with subscription rights [thousand yen])	(-)	(155,903)
(for non-controlling shareholders [thousand yen])	(611,899)	(658,396)
End-of-period net assets applicable to common share(thousand yen)	15,580,918	21,585,007
End-of-period number of shares used for calculating net assets per share	64,814,350	71,256,523

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

	Previous consolidated fiscal year (Jul. 1, 2021 - Jun. 30, 2022)	Current consolidated fiscal year (Jul. 1, 2022 - June 30, 2023)
Profit per share		
Net profit (loss) attributable to owners of parent (thousand yen)	3,508,304	2,050,725
Amount not attributable to common shareholders (thousand yen)	—	—
Net profit (loss) attributable to holders of common share of parent (thousand yen)	3,508,304	2,050,725
Average number of common shares outstanding during the period	64,008,172	70,400,504
Diluted profit per share		
Adjusted profit attributable to owners of parent (thousand yen)	—	—

	Previous consolidated fiscal year (Jul. 1, 2021 - Jun. 30, 2022)	Current consolidated fiscal year (Jul. 1, 2022 - June 30, 2023)
Increased number of common shares	6,120,792	1,673,313
(Number of shares with subscription rights)	(6,120,792)	(1,673,313)
Summary of residual securities not included in calculating diluted profit per share, because of having no dilution effect	—	—

(Significant Post-Balance Sheet Events)

(Company split on Bushiroad Creative Inc.)

Effective on July 3, 2023, Bushiroad Inc. has partially split (incorporation-type) the business of its consolidated subsidiary Bushiroad Creative Inc. (hereinafter “Bushiroad Creative”) having the newly established Bushiroad Works Inc. (hereinafter “Bushiroad Works”) succeed the business and making the company as 100% subsidiary of Bushiroad Inc.

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
Effective date of the incorporation-type split and acquisition of the 100% stakes	July 3, 2023

(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

In this incorporation-type split, the newly established company Bushiroad Works has issued 900 common shares and allotted and delivered all the shares to the split company Bushiroad Creative. At the same time, Bushiroad Creative has delivered 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

(5) Not applicable

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, has succeed, on the effective date, the rights and obligations related to the business split from Bushiroad Creative including the assets, liabilities, contractual positions, and others associated with them.

(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	Newly established company
(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.

5. Forecast for the future

Bushiroad Inc. believes that the impacts from the company split on our consolidated business performance would be a minor one, because it is an incorporation-type split where Bushiroad Inc. has taken the 100% stakes.