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November 14, 2023

**Summary of Financial Results
for the First Quarter of Fiscal 2024
[Japanese GAAP] (Consolidated)**

Company name: Bushiroad Inc.
 Stock exchange listing: Tokyo
 Securities code: 7803 URL: <https://bushiroad.co.jp/en/>
 Representative: President and CEO Takaaki Kidani
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 Scheduled date to submit quarterly securities report: November 14, 2023
 Scheduled date to commence dividend payments: -
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the first quarter of FY2024 (July 1, 2023 – September 30, 2023)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
1Q of FY2024	11,584	-6.1	621	-28.3	770	-35.1	299	-53.4
1Q of FY2023	12,340	17.7	867	-34.4	1,186	-28.9	643	-43.4

(Note) Comprehensive income 1Q of FY2024 481 million yen (-37.4%)
 1Q of FY2023 769 million yen (-29.0%)

	Quarterly profit per share	Diluted quarterly profit per share
	yen	yen
1Q of FY2024	4.21	4.17
1Q of FY2023	9.15	8.66

(Note) The Company carried out share splitting to split one share into two shares on October 1, 2022. Quarterly profit per share and diluted quarterly profit per share were calculated assuming that such share splitting had been carried out at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
1Q of FY2024	48,023	22,610	45.2
FY2023	46,335	22,399	46.6

(Reference) Shareholders equity 1Q of FY2024 21,717 million yen
 FY2023 21,585 million yen

2. Cash dividends

	Annual dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	yen	yen	yen	yen	yen
FY2023	—	0.00	—	4.50	4.50
FY2024	—				
FY2024 (forecast)		0.00	—	4.50	4.50

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

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		Profit attributable to owners of parent		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

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

* Notes

- (1) Change in significant subsidiaries during the current quarter (cumulative) (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 financial statements: Yes
- (3) 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

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

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

As of September 30, 2023	71,308,550 shares	As of June 30, 2023	71,256,550 shares
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ii. Number of treasury shares at the end of the period

As of September 30, 2023	27 shares	As of June 30, 2023	27 shares
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iii. Average number of shares during the period (quarterly cumulative)

1Q of FY2024	71,299,365 shares	1Q of FY2023	70,317,199 shares
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(Note) The Company carried out share splitting to split one share into two shares on October 1, 2022. "Average number of shares during the period" was calculated assuming that such share splitting had been carried out at the beginning of the previous fiscal year.

* Quarterly summary of financial results is not included in a quarterly 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.

(How to obtain materials for quarterly financial results briefing)

Video streaming will be provided on the Company's website (scheduled on November 17, 2023, Friday, after 15:30 (JST)).

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1. Qualitative Information regarding the Current Quarter

(1) Descriptions regarding operating results

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

The Japanese economy showed signs of a pickup in social and economic activities during the first quarter under review as COVID-19 was reclassified to Class 5 infection and the number of travelers from abroad has increased. On the other hand, the future outlook of the economy still remains uncertain due to factors such as prolonged Russian aggression against Ukraine and rise in domestic prices caused by exchange fluctuations.

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. In September, we held an international exhibition, “2023 BUSHIROAD EXPO ASIA,” which we have been managing throughout 2023, in Kuala Lumpur, and had many users and distributors attend the event. We plan to also hold the exhibition in Bangkok, Singapore and Seoul before the end of this year.

As a result, operating results of the first quarter under review were as follows: net sales of 11,584,885 thousand yen (down 6.1% year-on-year); operating profit of 621,362 thousand yen (down 28.3% year-on-year); ordinary profit of 770,630 thousand yen (down 35.1% year-on-year); and profit attributable to owners of parent of 299,940 thousand yen (down 53.4% year-on-year).

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

The name of a reportable segment, “Sports & Healthcare Business,” has been changed to “Sports Business” from the beginning of the first quarter under review due to the withdrawal from the healthcare business. This change is only the change in the name of the segment and does not affect the segment information.

1. Entertainment Business

(1) TCG (Trading Card Game) Unit

All TCG brands have performed steadily. Particularly, TCG “Weiss Schwarz,” a Booster Pack “Dengeki Bunko,” which is a collection of over 50 titles from Dengeki Bunko celebrating its 30th anniversary this year, became a big hit.

Furthermore, for the purpose of creating original IPs, we established Bushiroad Works Inc. through an incorporation-type company split, succeeding part of businesses from Bushiroad Creative Inc. on July 3, 2023.

(2) Digital Contents Unit

For the mobile games, the environment continued to be weak and since there was no launch of console games in the first quarter under review, the unit as a whole performed on a weak note.

While carrying out sustainable operation while reviewing operating costs for the entire mobile games, we developed the business taking advantage of the media mix, such as adding a new band “MyGO!!!!” in the mobile game “BanG Dream! Girls Band Party!” to coincide with the timing of the TV animation “BanG Dream! It’s MyGO!!!!” becoming a major topic of conversation.

We also participated in the Tokyo Game Show 2023 and widely showcased our future business development as a game brand, “Bushiroad Games,” by exhibiting and offering trial playing of console games to be launched in the future as well as holding presentations.

(3) BI (Bushiroad International) Unit

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

In TCG, all TCG brands performed steadily.

As with the English version “Weiss Schwarz,” a Booster Pack “hololive production Vol.2” was released, among others.

As with the English version “Shadowverse: Evolve,” we launched worldwide workshops “Shadowverse: Evolve Demo Caravan” at over 300 stores, etc. concurrently with the release of the English version to start full-scale global expansion.

In digital contents, business was soft due to the same the harsh environment as in Japan.

(4) Live Entertainment Unit

The Live Entertainment Unit performed solidly due to the hosting of many music live shows related to “BanG Dream!” and such. Particularly, “Fabre,” Roselia’s first solo live performance in about a year held at Tokyo Ariake Arena on September 16th and 17th attracted a great deal of attention.

As to packages, shipments of CDs of the new band “MyGO!!!!!” and “Ave Mujica” remained strong.

(5) MD (Merchandizing) Unit

The MD Unit performed steadily centering on the sales related to “BanG Dream!” including those from selling live show goods at Roselia’s solo live performance “Fabre” and hosting of MyGO!!!!! events, despite the continuing effects of the weaker yen and surges in transportation and material prices.

For the new petit figure brand “PalVerse,” two products were released and their high-quality designs were well received, bringing about a steady result for a start.

(6) Ad Unit

Although Bushiroad Move Co., Ltd. was receiving fewer mobile game-related sound production contracts, the Ad Unit performed steadily backed by its agency business such as operation and production of both in-house and outside events.

The company also continued to actively make investments in animation committees and increased the working days of voice actors affiliated with the voice actors’ office “HiBiKi,” contributing to the expansion of the entire group business.

As a result, Entertainment Business recorded net sales of 9,899,525 thousand yen (down 8.1% year-on-year) and segment profit of 361,795 thousand yen (down 56.5% year-on-year).

2. Sports Business

New Japan Pro-Wrestling held “G1 CLIMAX 33” and other events while STARDOM held 5★STAR GP 2023 and other events. The number of audience participants remained solid, continuing to show a gradual recovery trend.

Bushiroad Well-Be Co., Ltd. launched the sale of “Roselia Protein Bar,” which are protein bars with a card created by crossing New Japan Protein x BanG Dream! x Weiss Schwarz and the IP within the group. On another front, operating loss decreased due to the withdrawal from the fitness club business.

As a result, the Sports Business recorded net sales of 1,685,360 thousand yen (up 7.5% year-on-year) and segment profit of 259,566 thousand yen (up 646.9% year-on-year).

(2) Descriptions regarding financial position

(Assets)

Total assets at the end of the current first quarter under review amounted to 48,023,799 thousand yen, an increase of 1,687,953 thousand yen from the end of the previous fiscal year. This is mainly due to an increase in cash and deposits of 1,240,592 thousand yen and investment securities of 598,276 thousand yen while accounts receivable - trade decreased by 711,031 thousand yen.

(Liabilities)

Total liabilities at the end of the current first quarter under review amounted to 25,412,982 thousand yen, an increase of 1,476,444 thousand yen from the end of the previous fiscal year. This is mainly due to an increase in current portion of long-term borrowings of 946,440 thousand yen and long-term borrowings of 1,125,576 thousand yen while accounts payable - trade decreased by 213,417 thousand yen, income taxes payable by 550,143 thousand yen and bonds payable by 200,000 thousand yen.

(Net assets)

Total net assets at the end of the current first quarter under review amounted to 22,610,816 thousand yen, an increase of 211,508 thousand yen from the end of the previous fiscal year. This is mainly due to a decrease in retained earnings of 320,654 thousand yen from payment of dividends while share capital and legal capital surplus each increased by 7,800 thousand yen from the exercise of share acquisition rights (stock options) and retained earnings by 299,940 thousand yen from the recording of quarterly profit attributable to owners of parent.

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

In the TCG Unit, sales and profits are expected to fall in the second quarter compared to the first quarter, but larger progress is planned in the second half of the fiscal year, as in the previous fiscal year. Furthermore, development of the new TCG presented in the “Bushiroad Medium-Term Management Plan 2027” announced on August 14, 2023, is progressing solidly.

In the Digital Contents Unit, we will continue to invest in the development of console games while for mobile games, we will continue to optimize operating costs and curb SG&A expenses to monetize loss-making titles, but we will consider withdrawing titles that are not expected to be profitable.

In the Live Entertainment Unit, both package shipments and live attendance have trended upward with “MyGO!!!!!!,” the new band of BanG Dream!, showing a strong start on top of the recovery from the COVID-19 pandemic.

In the Sports Unit, we will hold the annual 1.4 Tokyo Dome Taikai again in the current fiscal year as “Belc Presents WRESTLE KINGDOM 18 in Tokyo Dome” on January 4, 2024.

We also plan to announce the details of new TCGs and other developments concerning the entire Bushiroad contents in the second half of the fiscal year and onward at the “Bushiroad New Year Presentation 2024” on January 6, 2024.

With the factors mentioned above, consolidated performance for FY2024 is forecast as follows (no change from the initial forecast): net sales of 51,000,000 thousand yen (up 4.5% year-on-year), operating profit of 2,000,000 thousand (down 40.9% year-on-year), ordinary profit of 2,300,000 thousand yen (down 48.9% year-on-year), and profit attributable to owners of parent of 1,234,000 thousand yen (down 39.8% 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 fiscal year (June 30, 2023)	Current first quarter under review (September 30, 2023)
Assets		
Current assets		
Cash and deposits	26,108,251	27,348,843
Accounts receivable - trade	6,336,390	5,625,359
Merchandise and finished goods	1,270,411	1,515,153
Work in process	2,049,388	2,161,091
Supplies	64,895	65,038
Other	1,854,941	1,939,328
Allowance for doubtful accounts	-96,009	-60,533
Total current assets	37,588,270	38,594,280
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,116,044	1,102,036
Tools, furniture and fixture, net	121,807	116,255
Vehicles, net	37,830	33,209
Land	1,027,220	1,027,220
Leased assets, net	23,561	29,728
Other, net	142,130	230,152
Total property, plant and equipment	2,468,594	2,538,602
Intangible assets		
Software	146,612	179,003
Software in progress	28,076	6,852
Goodwill	1,434	1,181
Other	127,354	133,003
Total intangible assets	303,477	320,040
Investments and other assets		
Investment securities	4,144,268	4,742,545
Long-term loans receivable	37,250	37,255
Deferred tax assets	1,260,107	1,221,179
Other	550,048	586,770
Allowance for doubtful accounts	-26,768	-26,189
Total investments and other assets	5,964,906	6,561,561
Total non-current assets	8,736,978	9,420,204
Deferred assets		
Share issuance costs	10,597	9,313
Total deferred assets	10,597	9,313
Total assets	46,335,845	48,023,799

(Thousand yen)

	Previous fiscal year (June 30, 2023)	Current first quarter under review (September 30, 2023)
Liabilities		
Current liabilities		
Accounts payable - trade	5,575,977	5,362,560
Accounts payable - other	1,527,242	1,517,739
Income taxes payable	1,163,973	613,829
Advances received	866,699	853,000
Current portion of long-term borrowings	4,212,493	5,158,933
Current portion of bonds payable	400,000	400,000
Provision for bonuses	101,390	199,624
Other	912,724	1,217,560
Total current liabilities	14,760,500	15,323,248
Non-current liabilities		
Long-term borrowings	7,476,622	8,602,198
Bonds payable	1,400,000	1,200,000
Provision for retirement benefits for directors (and other officers)	89,064	71,472
Retirement benefit liabilities	114,833	129,248
Deferred tax liabilities	2,541	2,541
Other	92,975	84,273
Total non-current liabilities	9,176,036	10,089,734
Total liabilities	23,936,537	25,412,982
Net assets		
Shareholders' equity		
Share capital	5,760,533	5,768,333
Capital surplus	5,697,303	5,705,103
Retained earnings	9,342,523	9,321,809
Treasury shares	-23	-23
Total shareholders' equity	20,800,337	20,795,223
Accumulated other comprehensive income		
Valuation difference on available-for- sale securities	-240,554	-275,012
Foreign currency translation adjustment	1,025,224	1,196,880
Total accumulated other comprehensive income	784,670	921,867
Share acquisition rights	155,903	190,584
Non-controlling interests	658,396	703,141
Total net assets	22,399,308	22,610,816
Total liabilities and net assets	46,335,845	48,023,799

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

(Quarterly Consolidated Statements of Income)

(For the first quarter)

(Thousand yen)

	Previous first quarter (cumulative) (Jul. 1, 2022 - Sep. 30, 2022)	Current first quarter (cumulative) (Jul. 1, 2023 – Sep. 30, 2023)
Net sales	12,340,365	11,584,885
Cost of sales	8,254,193	7,476,277
Gross profit	4,086,172	4,108,608
Selling, general and administrative expenses	3,219,127	3,487,245
Operating profit	867,044	621,362
Non-operating income		
Interest and dividend income	48,642	48,605
Share of profit of entities accounted for using equity method	11,000	14,380
Foreign exchange gains	185,762	100,413
Subsidy income	111,769	4,360
Other	2,004	2,633
Total non-operating income	359,177	170,392
Non-operating expenses		
Interest expenses on borrowings and bonds	20,780	17,570
Bond issuance costs	18,306	—
Other	208	3,553
Total non-operating expenses	39,295	21,124
Ordinary profit	1,186,926	770,630
Profit before income taxes	1,186,926	770,630
Income taxes	549,282	426,317
Profit	637,644	344,312
Profit (loss) attributable to non-controlling interests	-6,063	44,372
Quarterly profit attributable to owners of parent	643,707	299,940

(Quarterly Consolidated Statements of Comprehensive Income)

(For the first quarter)

(Thousand yen)

	Previous first quarter (cumulative) (Jul. 1, 2022 - Sep. 30, 2022)	Current first quarter (cumulative) (Jul. 1, 2023 – Sep. 30, 2023)
Profit	637,644	344,312
Other comprehensive income		
Valuation difference on available-for-sale securities	-111,912	-34,458
Foreign currency translation adjustment	241,943	171,830
Share of other comprehensive income of entities accounted for using equity method	1,880	197
Total other comprehensive income	131,910	137,568
Comprehensive income	769,555	481,881
(detail)		
Comprehensive income attributable to owners of parent	775,178	437,137
Comprehensive income attributable to non-controlling interests	-5,623	44,744

(3) Notes on Consolidated Financial Statements

(Going Concern Assumption)

Not applicable

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

Not applicable

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

(Calculation of tax expenses)

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

(Change in Accounting Principles)

Not applicable

(Segment Information, etc.)

[Segment Information]

I Previous first quarter (Jul. 1, 2022 - Sep. 30, 2022)

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

(Thousand yen)

	Reportable segments			Adjustment	Amount allocated to the quarterly consolidated statements of income (Note)
	Entertainment business	Sports business	Total		
Net sales					
Sales to external customers	10,772,140	1,568,225	12,340,365	—	12,340,365
Inter-segment sales or transfer	11,378	74,771	86,150	-86,150	—
Total	10,783,519	1,642,996	12,426,516	-86,150	12,340,365
Segment profit	832,293	34,751	867,044	—	867,044

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

II Current first quarter under review (Jul. 1, 2023 - Sep. 30, 2023)

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

(Thousand yen)

	Reportable segments			Adjustment	Amount allocated to the quarterly consolidated statements of income (Note)
	Entertainment business	Sports business	Total		
Net sales					
Sales to external customers	9,899,525	1,685,360	11,584,885	—	11,584,885
Inter-segment sales or transfer	53,170	54,722	107,892	-107,892	—
Total	9,952,695	1,740,082	11,692,777	-107,892	11,584,885
Segment profit	361,795	259,566	621,362	—	621,362

(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.

The name of a reportable segment, “Sports & Healthcare Business,” has been changed to “Sports Business” from the beginning of the first quarter under review due to the withdrawal from the healthcare business. This change is only the change in the name of the segment and does not affect the segment information.

Segment information for the previous first quarter is also provided using the name after the change.

(Per share data)

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

	Previous first quarter (cumulative) (Jul. 1, 2022 - Sep. 30, 2022)	Current first quarter (cumulative) (Jul. 1, 2023 - Sep. 30, 2023)
Profit per share (yen)	9.15	4.21
(calculation basis)		
Profit attributable to owners of parent (thousand yen)	643,707	299,940
Amount not attributable to common shareholders (thousand yen)	—	—
Profit attributable to owners of parent for common shares	643,707	299,940
Average number of common shares outstanding during the period (shares)	70,317,199	71,299,365
Diluted profit per share (yen)	8.66	4.17
(calculation basis)		
Adjusted profit attributable to owners of parent	—	—
Increased number of common shares (shares)	3,973,871	637,717
(of which, number of shares with subscription rights)	(3,973,871)	(637,717)
Summary of residual securities with any significant change since the end of the previous fiscal year, among those not included in calculating diluted quarterly 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, 2022. Profit per share and diluted profit per share were calculated assuming that such share splitting had been carried out at the beginning of the previous fiscal year.