Financial Results Briefing Material for the Third Quarter of the Fiscal Year 2021

Bushiroad Inc.
Securities code: 7803
June 14, 2021

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NOTICE

The Company has changed its fiscal year end **from July 1 to June 30** since FY2021.

Now FY2021 is **11 months** from August 1, 2020 to June 30, 2021.

1Q: Aug.-Oct.
2Q: Nov.-Jan.
3Q: Feb.-Apr.
4Q: **May and June**

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FY2021 Third Quarter Financial Results Summary/Overview

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3Q of FY2021: Financial Results Summary

Higher revenues and earnings YonY/QonQ

Quarterly record-high sales was achieved due to contributions from TCG Dept.

- Sales exceeded the earlier quarterly record-high in FY20 2Q, achieving substantially higher revenues and earnings YonY, as well as QonQ.
- In the Digital IP business segment, **TCG Dept. greatly contributed to both sales and profit.** This segment **achieved record-high sales in three quarters in a row since 1Q**, and **also increased segment profit.**
- In the Live IP business segment, both sales and profit decreased QonQ, because **events were held with limited audience capacity** due to State of Emergency and other factors.
- As equity in losses of affiliates (non-operating expenses), impairment of goodwill of 41 million yen was allocated with respect to the affiliate company (Lingua franca, Inc.) to which the equity method was applied.
  In addition, extraordinary loss of 272 million yen was allocated as loss on valuation of investment securities.

Unit: million yen	FY21 3Q (①)	FY20 3Q (②)	+/- amount (①－②＝③)	+/- % (③／②)	FY21 2Q (④)	+/- amount (①－④＝⑤)	+/- % (⑤／④)
Net sales	9,127	7,794	+1,333	+17.1%	9,054	+73	+0.8%
Operating profit	264	-19	+283	–	241	+23	+9.5%
Ordinary profit	361	-55	+416	–	256	+105	+41.0%
Profit (loss) attributable to owners of parent	30	-48	+78	–	-36	+66	–
Digital IP business							
Net sales	6,940	6,036	+904	+14.9%	6,707	+233	+3.4%
Segment profit	348	105	+243	+231.4%	24	+324	–
Live IP business							
Net sales	2,187	1,758	+429	+24.4%	2,346	−159	−6.7%
Segment profit	-87	-123	+36	–	215	−302	–

* For segment profit, amount of adjusted inventories is not shown.

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Summary Income Statement (Consolidated)

・Although consolidated net sales increased, **gross profit rate declined**, because net sales decreased in MOG Dept., and cost rate of music live events was yet to be improved.
Meanwhile, since putting advertising expenses into launching new application games passed a peak, **SG&A expenses decreased**, and **operating/ordinary profit turned to the black.**

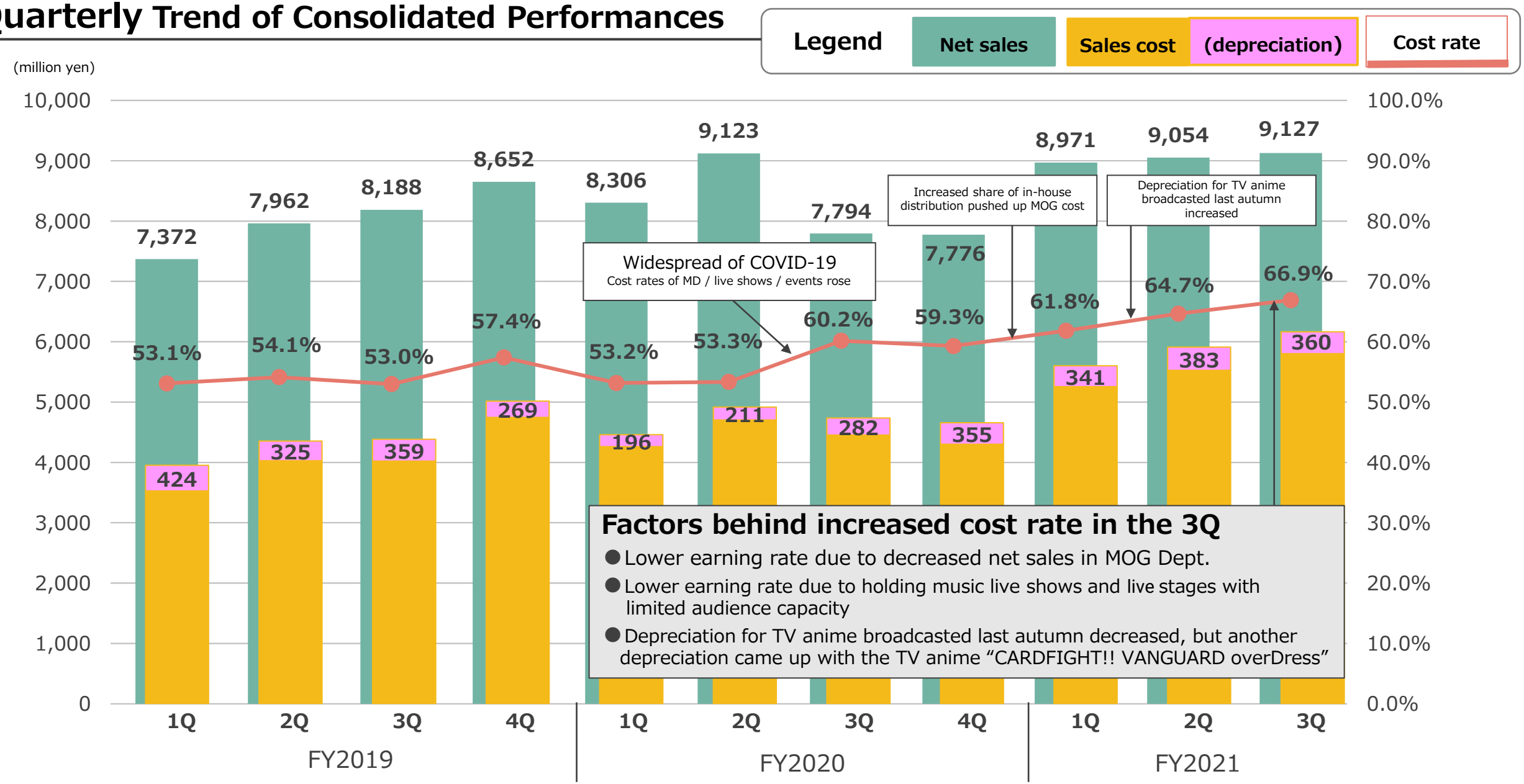
・**Cumulative net sales in the 3Q has kept a pace even higher than the same period of the previous year which registered record-high.**

	Quarter				Cumulative total			
Unit: million yen	FY21 3Q (①)	FY20 3Q (②)	+/- amount (①－②＝③)	+/- % (③／②)	FY21 3Q (④)	FY20 3Q (⑤)	+/- amount (④－⑤＝⑥)	+/- % (⑥／⑤)
Net sales	9,127	7,794	+1,333	+17.1%	27,154	25,224	+1,930	+7.6%
Gross profit	3,021	3,105	－84	－2.7%	9,647	11,252	－1,605	－14.2%
SG&A expenses	2,756	3,124	－368	－11.7%	9,223	9,038	+185	+2.0%
Advertising expenses	1,141	1,502	－361	－24.0%	4,435	3,957	+478	+12.0%
Promotion expenses	282	246	+36	+14.6%	658	1,075	－417	－38.7%
Operating profit	264	-19	+283	－	423	2,213	－1,790	－80.8%
Operating profit margin	2.8%	-0.2%	+3.0pt	－	1.5%	8.7%	－7.2pt	－
Ordinary profit	361	-55	+416	－	524	2,204	－1,680	－76.2%
Ordinary profit rate	3.9%	-0.7%	+4.6pt	－	1.9%	8.7%	－6.8pt	－
Profit (loss) attributable to owners of parent	30	-48	+78	－	-161	1,229	－1,390	－

* As consolidated performance forecasts are not disclosed, progress thereof is not shown.

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Quarterly Trend of Consolidated Performances

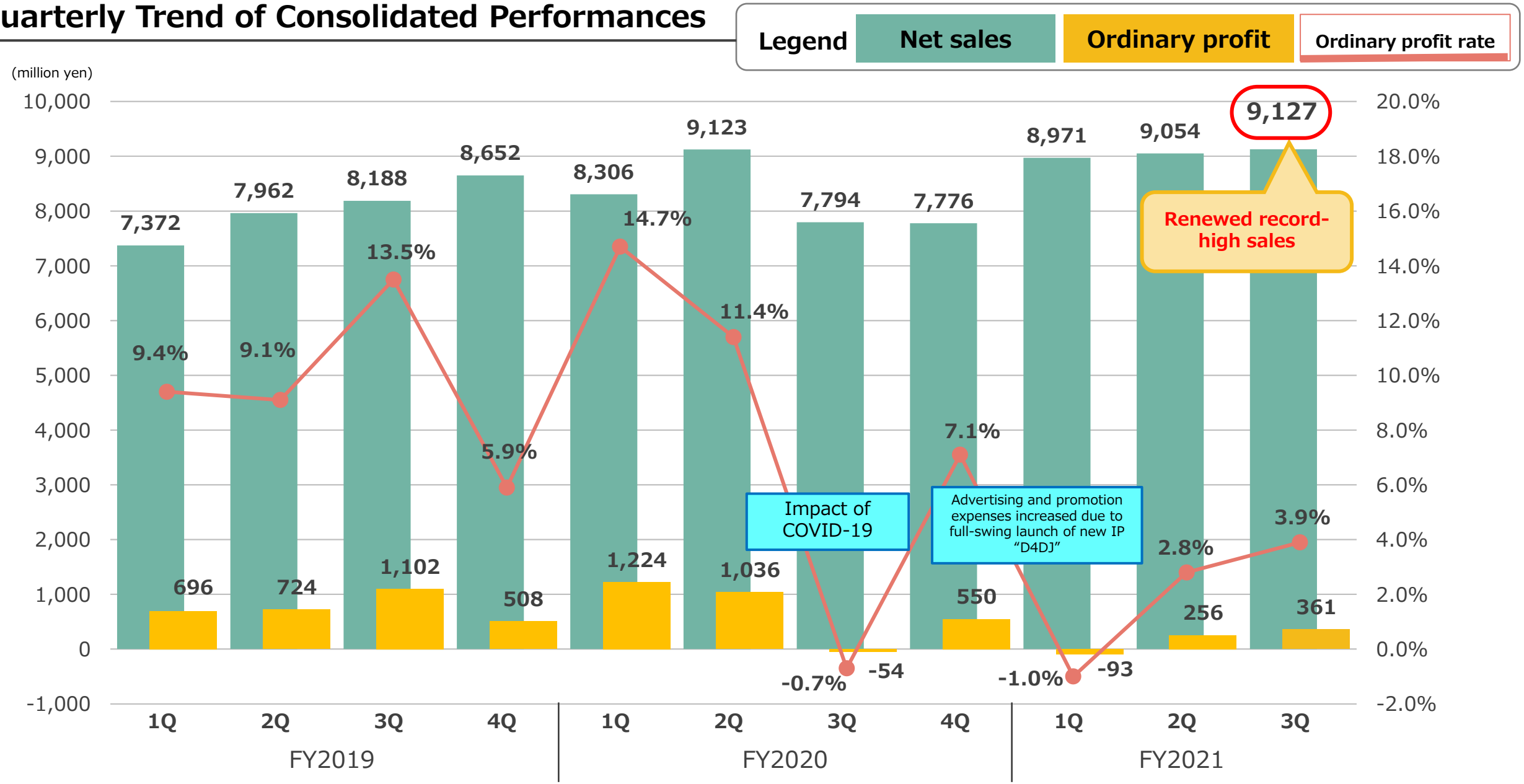


Factors behind increased cost rate in the 3Q

- Lower earning rate due to decreased net sales in MOG Dept.
- Lower earning rate due to holding music live shows and live stages with limited audience capacity
- Depreciation for TV anime broadcasted last autumn decreased, but another depreciation came up with the TV anime “CARDFIGHT!! VANGUARD overDress”

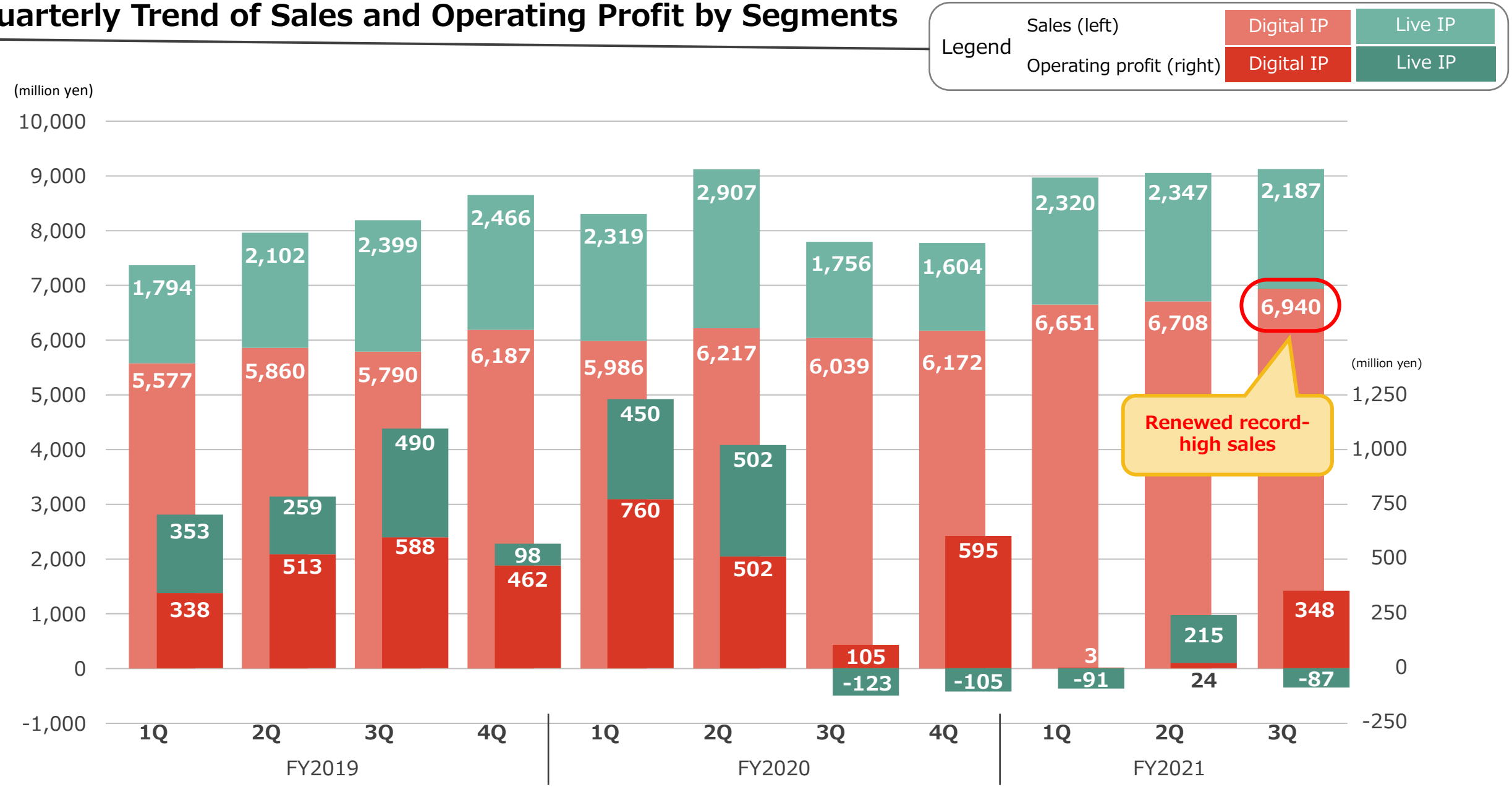
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Quarterly Trend of Consolidated Performances



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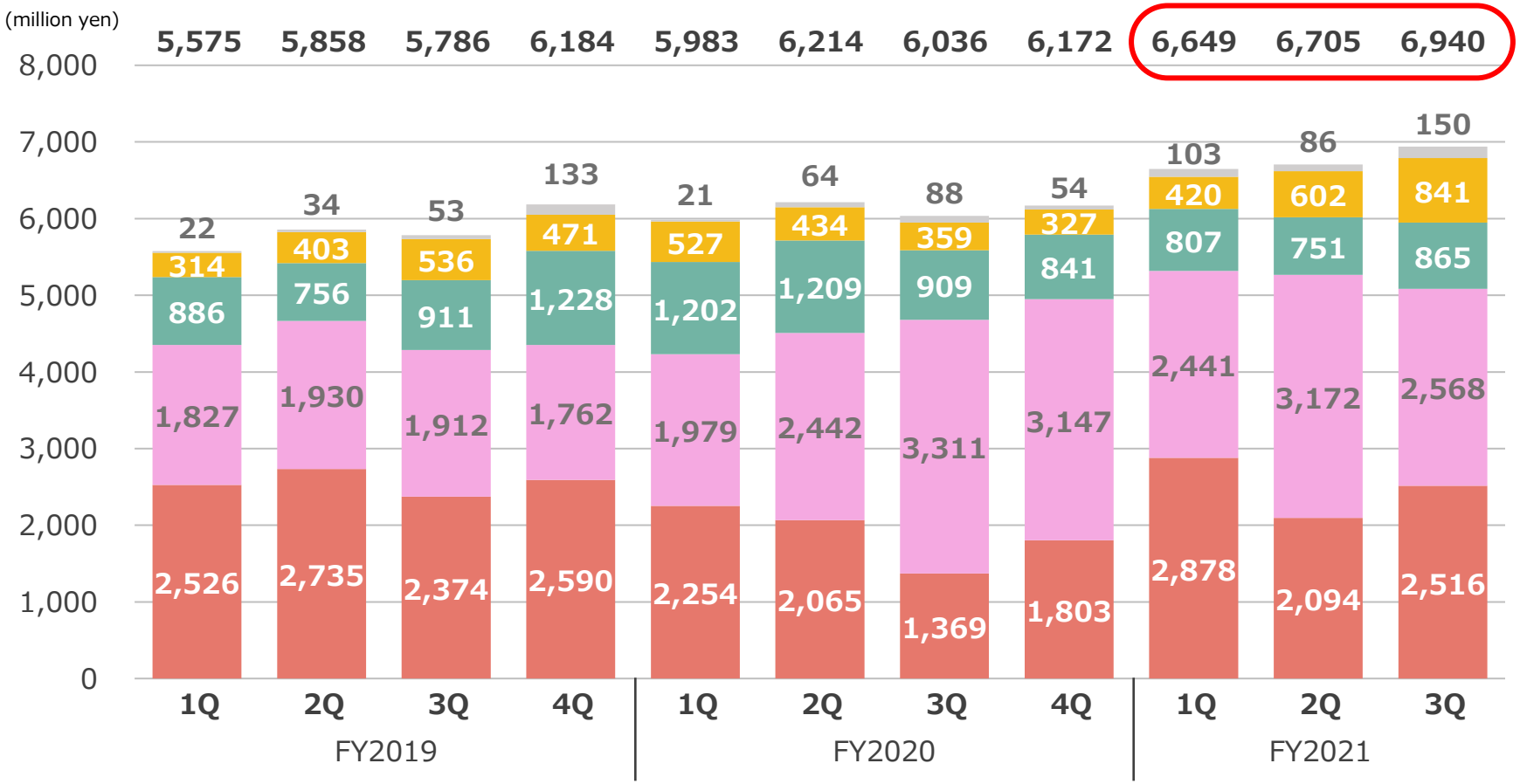
Quarterly Trend of Sales and Operating Profit by Segments



* Segment sales are sales to external customers. * For segment operating profit, adjusted amount is not shown.

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Change in Quarterly Net Sales by Department: ① Digital IP Business



Record-high sales in three successive quarters!

- **Media Dept.:** Sales increased due to the contribution of FrontWing Lab, Inc. which became a consolidated subsidiary in Apr. 2021.
- **MD Dept.:** Although some impacts of scale-down and postponement/cancellation of real events still remain, several merchandising events helped slight recovery of sales.
- **MOG Dept.:** Both “Garupa (*1)” marking its 4th anniversary and “D4DJ Groovy Mix” having organized several collaborations contributed, but overall sales of application games got slightly softened.
- **TCG Dept.:** New series of “CARDFIGHT!! VANGUARD” started in Apr. 2021 and many popular IP products of “Weiss Schwarz” were released, which contributed to sales keeping a good pace.

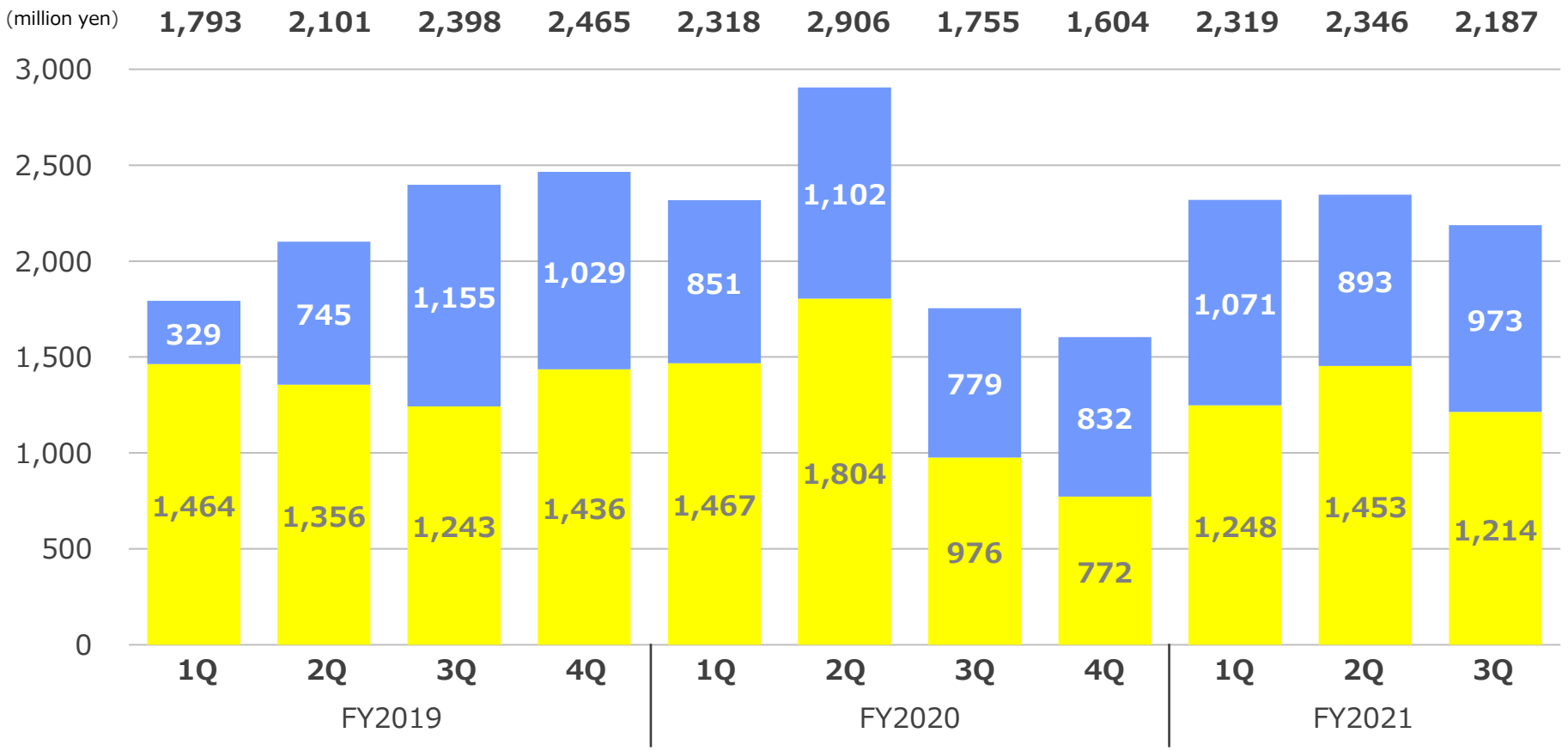
Legend

TCG Dept.	MOG Dept.	MD Dept.	Media Dept.	Other
YonY ↑ QonQ ↑	YonY ↓ QonQ ↓	YonY → QonQ ↑	YonY ↑ QonQ ↑	

*1 Application game “BanG Dream! Girls Band Party!”

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Change in Quarterly Net Sales by Department: ② Live IP Business



Legend

Music Dept. YonY ↑ QonQ ↑ **Sports Dept.** YonY ↑ QonQ ↓

● **Music Dept:** Sales of music/video software maintained steady growth because of higher sales of music distribution, in addition to releasing 5 single CDs, 2 albums, and 5 video products including 3 Blu-rays of the TV anime “Assault Lily BOUQUET”. Concerning live shows/stages, music live shows of “BanG Dream!” were held at Yokohama Arena for 2 days. However, such shows have still been organized with limited audience capacity, leaving net sales yet to be improved.

● **Sports Dept.:** Events were held with limited spectator capacity, taking sufficient measures against infections in line with requests from each local government. New Japan Pro-Wrestling held 48 events including “NEW JAPAN CUP 2021” series, and STARDOM held 24 events including “STARDOM’s 10th Anniversary ~Hinamatsuri ALLSTAR DREAM CINDERELLA~”. However, since there was no large-scale event like “WRESTLE KINGDOM 15” held at Tokyo Dome in the 2Q, net sales decreased QonQ.

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Topics

●“D4DJ” develops many collaborations

Also, for “D4DJ Groovy Mix” (in-house IP / in-house distribution), large-scale update was implemented and in-game events were held in collaborations with “Hololive Production”, the TV animation “The Quintessential Quintuplets ∬” and the movie “Godzilla vs. Kong”.
Moreover, wider promotion has been developed for entertainment fans, such as the theme song collaborated with “Animelo Summer Live 2021 -COLORS-”, one of the world’s largest live event of animation songs, covered by 6 units with 24 members this summer.













● Wrestlers’ behavior during an earthquake made a topic

New Japan Pro-Wrestling held “NEW JAPAN CUP 2021” from March 4 – 21 nationwide, attracting 16,762 spectators in total.
During the event at Xebio Arena Sendai on March 20, a strong earthquake occurred and matches were temporarily interrupted.
At that time, wrestlers took instantaneous actions to calm down the atmosphere in the Arena, and many people talked about such actions which were full of pro-wrestler’s spirit and sportsmanship for pleasing fans.



Messrs. Okada, Tanahashi and Ibushi on the ring during match interruption

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Situations of holding principal events

Efforts have been made to hold real events, in accordance with the “Basic Countermeasure Policy for COVID-19 Control”.
Many events could be held with limited audience capacity, while some events were inevitably shifted to online formats and/or postponed.

Situation	Date	Event
held	2/22	Roselia×RAISE A SUILEN: joint live “Rausch und/and Craziness Ⅱ” (Yokohama Arena)
held	2/23	Poppin'Party×Morfonica Friendship LIVE “Astral Harmony” (Yokohama Arena)
held	3/14～4/20	Bushiroad Grand Exhibition (Tokyo Dome City / Gallery AaMo)
held	4/15～18	Live stage “ROAD59-SHINJIDAI NINKYOU TOKKU-” Matenrou Yozakura Kousou (Kanagawa Arts Theatre)
without audience	4/30	Peaky P-key×Photon Maiden joint LIVE “Ultimate Melodies” (Zepp Haneda)
online format	5/3～5	Bushiroad Card Game Festival 2021 (TRC: Tokyo Ryutsu Center)
postponed	5/15・29	New Japan Pro-Wrestling “WRESTLE GRAND SLAM” (Yokohama Stadium / Tokyo Dome)
held	5/29	D4DJ D4 FES.-Be Happy- REMIX (Fuji-Q Highland Conifer Forest)
held	5/30	ARGONAVIS LIVE 2021 JUNCTION A-G (Fuji-Q Highland Conifer Forest)
postponed	6/5・6	BanG Dream! Special☆LIVE Girls Band Party! 2020→2021 (MetLife Dome)
		→On the same day, public talk “BanG Dream! Girls Talk Party! 2021” were held by paid online distribution.

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Upcoming Activities

Principal upcoming activities of Bushiroad Group scheduled around FY2021/4Q (May/June 2021) and FY2022/1Q (July – Sept. 2021)

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Upcoming Activities ①: Scheduled Principal Projects

* Below listed ones are as announced as of June. 14, 2021, to be held/released.
* Order of listing may not be in line with actual timing of holding/releasing.

D4DJ / ARGONAVIS / Joran / BanG Dream! / Assault Lily / New Japan Pro-Wrestling / Girls☆Musical Revue Starlight

June ▼ July ▼ From Aug.

Live Shows/Stages

- ARGONAVIS live stage “ARGONAVIS the Live Stage”
- BanG Dream! music live RAISE A SUILEN ZEPP TOUR 2021 “BE LIGHT” in Osaka
- Assault Lily music live Assault Lily Last Bullet Presents “Edel Lilie+”
- BanG Dream! music live Pastel＊Palettes Special Live “TITLE DREAM”
- Girls☆Musical Revue Starlight live stage “Girls☆Musical Revue Starlight -The LIVE-#3 Growth”
- D4DJ online music live “Happy Around! ONLINE LIVE Seifuku Disco!”
- BanG Dream! music live BanG Dream! 9th☆LIVE “The Beginning” at Fuji-Q Highland Conifer Forest (8/21･22)
- BanG Dream!, Girls☆Musical Revue Starlight, ARGONAVIS, and Assault Lily will show up at “Animelo Summer Live 2021 -COLORS-” (8/27 – 29)
- BanG Dream! music live BanG Dream! 9th☆LIVE “Mythology” at Fuji-Q Highland Conifer Forest (9/4･5)

Music/Video Softwares

- Single CDs of “Project Sekai: Colorful Stage! feat. Hatsune Miku” will be released by Bushiroad Music Co., Ltd. (5 titles, 6/9 – 8/4)
- Blu-rays of Hololive Production live shows will be released by Bushiroad Music Co., Ltd. (3 titles, 6/23 – 8/25)
- Merm4id 2nd Single
- Joran: THE PRINCESS OF SNOW AND BLOOD TV anime, Blu-ray (3 volumes in total, 6/23 – 8/25)
- Theater version “BanG Dream! Episode of Roselia” Theme Songs Collection
- Hello, Happy World! 1st Album
- Single CDs of all 5 bands of ARGONAVIS will be released at the same time
- RONDO 2nd Single
- D4DJ Groovy Mix cover tracks vol.2
- Lyrical Lily 2nd Single
- Poppin'Party mini Album
- Theater version "BanG Dream! FILM LIVE 2nd Stage" Special Songs

Topics

- Girls☆Musical Revue Starlight Theater version “Girls☆Musical Revue Starlight”
- BanG Dream! Theater version “BanG Dream! Episode of Roselia II: Song I am.”
- New Japan Pro-Wrestling “SUMMER STRUGGLE 2021” 8 venues nationwide, 14 events (7/10 – 8/1)
- BanG Dream! Theater version “BanG Dream! FILM LIVE 2nd Stage”
- D_CIDE TRAUMEREI TV anime broadcasting will start in summer 2021 Application game will be released in 2021
- Card products of TCG “Weiss Schwarz” will be released “The Quintessential Quintuplets ∬” (9/10) “Hololive Production” (10/1), etc.

  * Dates are release dates of booster packs.

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Upcoming Activities ② D_CIDE TRAUMEREI:







Broadcasting of the new TV anime project **“D_CIDE TRAUMEREI”** produced by Sumzap, Inc., Drecom Co., Ltd. and Bushiroad Inc. will start in summer 2021. Theme song of this project, titled “Kemono no Kotowari” is made by Tokyo Incidents.
In addition, within the application game for smartphones to be released in 2021, not only the theme songs “Kemono no Kotowar”, but also among other excellent pieces of Tokyo Incidents, “Gunjou Biyori”, “Killer Tune”, “Toumei Ningen”, “Senkou Shoujo”, “Sora ga Natte Iru”, “Rakujitsu” and “Syuraba” are specially chosen, all of which make various dramatic scenes of this game more sensational.

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Upcoming Activities ③ Real events



A large-scale outdoor festival event “D4DJ D4 FES. -Be Happy- REMIX” was held at Fuji-Q Highland Conifer Forest on May 29. More than 4,000 audiences gathered there and about 2,000 others participated in paid online live streaming.
Further, throughout this summer, lots of live music shows / stages are planned to be held in each IP.







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Upcoming Activities ④ Real events



Assault Lily music live “Edel Lilie+”
on July 3, 2021



BanG Dream! music live Pastel＊Palettes Special Live “TITLE DREAM”
on July 8, 2021



ARGONAVIS live stage
“ARGONAVIS the Live Stage”
on June 24 – 27 (7 stages in total)



Girls☆Musical Revue Starlight live stage
“Girls☆Musical Revue Starlight -The LIVE-#3 Growth”
on July 23 – Aug.1 (15 stages in total)

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Upcoming Activities ⑤ Theater version animation



Movies released during the 1st week in June
Won the 1st place of the opening day satisfaction survey!

Source: Filmarks (★4.48)

3 theater version animation movies of “Girls☆Musical Revue Starlight” and “BanG Dream!” will be on theaters this summer.





Theater version
Girls☆Musical Revue Starlight
(now on screen since June 4)

Theater version BanG Dream!
Episode of Roselia Ⅱ : Song I am.
(from June 25)

Theater version BanG Dream!
FILM LIVE 2nd Stage
(from Aug. 20)

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Upcoming Activities ⑥ Trading card games

Card game product versions of very popular IPs are continuously planned to be released, such as **“The Quintessential Quintuplets ∬”** which is the sequel of the TV anime **“The Quintessential Quintuplets”** that registered the largest class production quantity (*) after commercialization as one of the TCG **“Weiss Schwarz”** in Sept. 2020, and **“Hololive Production”** which is also popular upon commercialization as one of the TCG “Rebirth for you”.



The Quintessential Quintuplets ∬
Release Date: Sept. 10



Hololive Production
Release Date: Oct. 1

* As its initial production quantity of a single product in a booster pack format of “Weiss Schwarz” * Dates are planned release dates of booster packs.

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Appendix

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Company Overview

Bushiroad Group's management philosophy

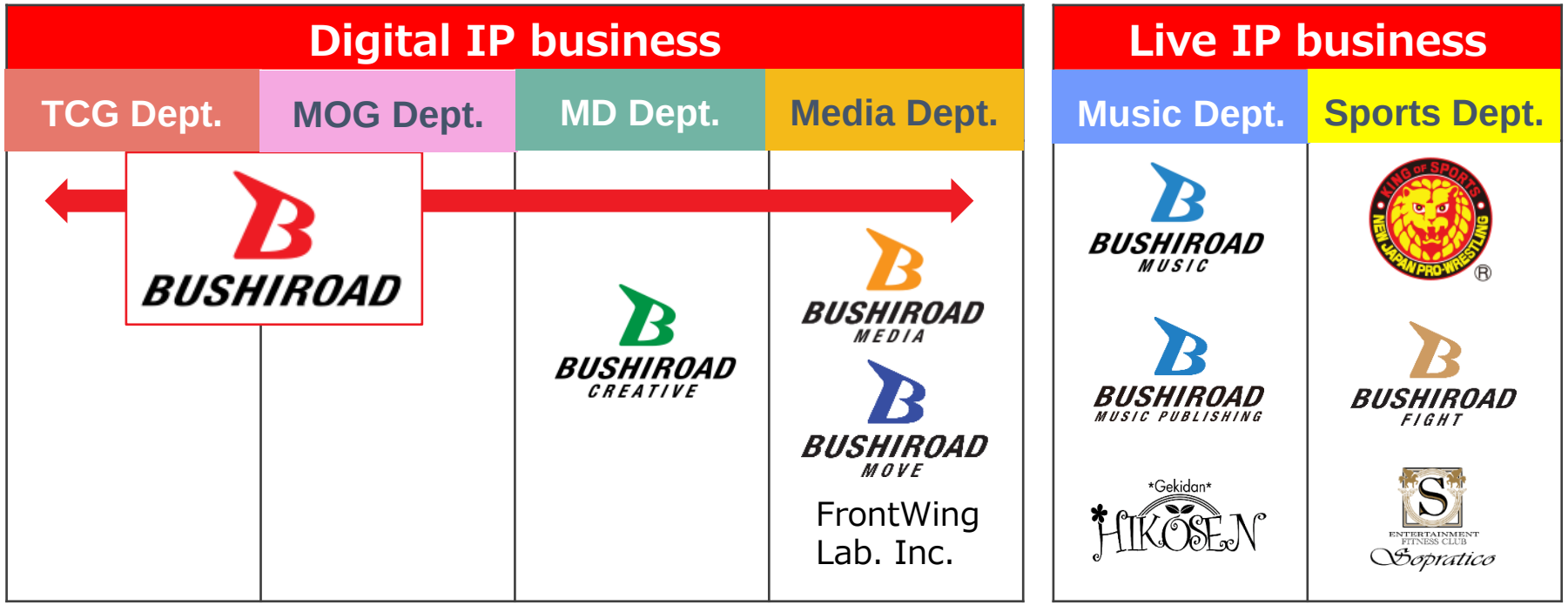
IP DEVELOPER

Creating next generation entertainment

Intellectual **P**roperty

The Company uses this term to mean entertainment works, characters and a variety of other products.

Bushiroad Group's business and departments



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What is the IP Developer Strategy?

"One-Stop Media Mix" is to carry out various corporate activities, essential for IP creation/growth speedily, within the Group.
And IP will be widely perceived upon strong dissemination by group-wide **"Promotion Development"** using of our know-how and alliance.
This is the Bushiroad's **"IP Developer Strategy"**.

A case of BanG Dream! Project





It is a new generation girls band project where anime, games, comics and live performances all come together as a media mix. Among many music related anime contents, the project took **the initiative in style that the voice actresses of the characters actually play instruments and perform in live events**. Its feature is allowing to see the growth of characters through anime, games, and comics at the same time that real bands also grow through live stages and releasing songs.

Music Dept.



Media Dept.





MD Dept.





TCG Dept.





MOG Dept.



One-Stop Media Mix

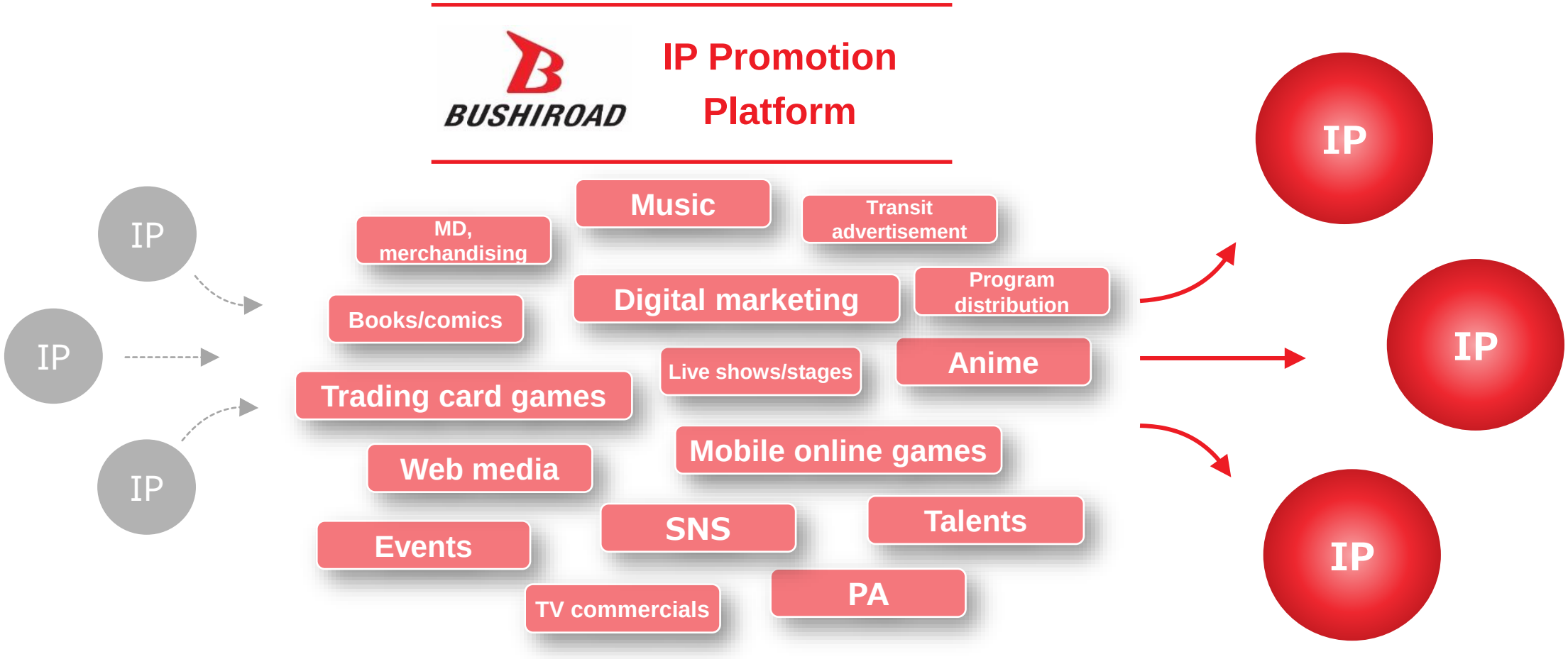
Various promotion strategies

- TV commercials
- Transit Advertising
- SNS
- Events
- Web advertisement
- Recital
- Distribution

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Toward an IP Promotion Platform

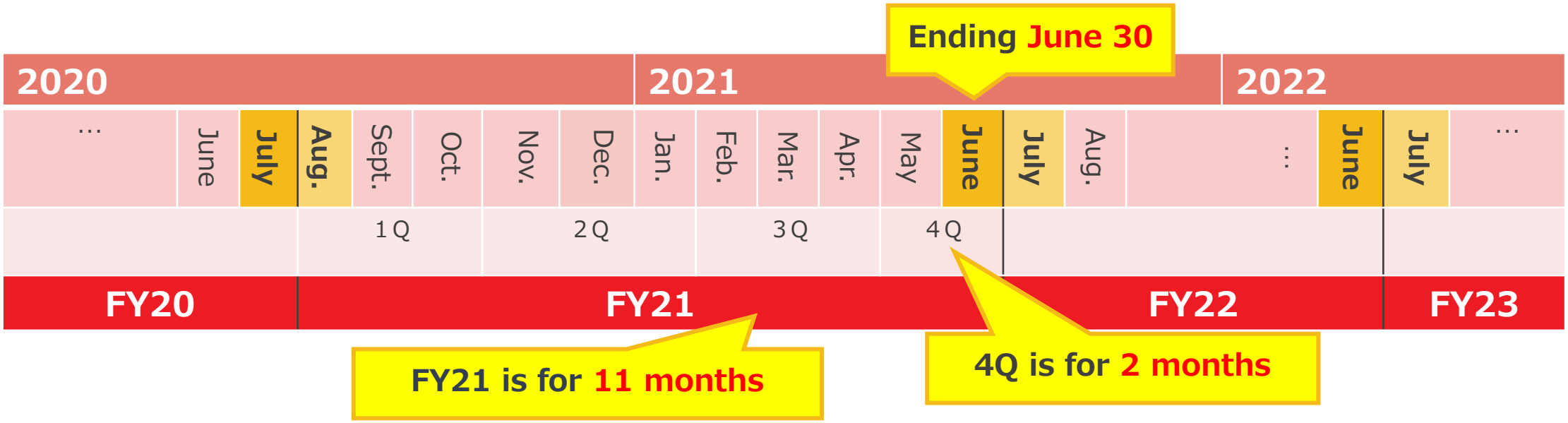
We aim to enhance our presence further in the entertainment market by making use of our **“Creative ability (idea)”** and **“Promotion power”** based on our own experience as an IP developer, and by strengthening our position as a **“Platform company”** that adds more value of IPs in collaboration with external IPs.



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Notice on changing business year

From FY2021, the Company has **changed its fiscal period as "from July 1 to June 30 every year".**
As a transitional period for changing business year, the term of FY2021 is for **11 months** from August 1, 2020 to June 30, 2021.



Full term financial results of FY2021 will be announced on **Aug. 13, 2021 (Fri.).**

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Furthermore, please note that the material includes financial information based on past financial statements or the like that has not been audited by an independent certified public accountant or audit corporation, or management figures not based on financial statements or the like.

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