



BUSHIROAD

**Financial Results Briefing Material
for the Fiscal Year Ended July 2020**

**Bushiroad Inc.
Securities code: 7803**

September 14, 2020

Table of Contents

- Financial Results Summary for the Fourth Quarter of the Fiscal Year Ended July 2020
- Financial Results Summary for the Fiscal Year Ended July 2020

Summary Income Statement (Consolidated)

[Full year] Change in Financial Results by Segment

Net Sales Composition by Department

[Quarter] Change in Consolidated Financial Results

Change in Net Sales by Segment

Change in Operating Profit by Segment

[Fourth quarter] Topics

Change in Net Sales by Department

- Initiatives
- References



Card Game Shiyoko

Financial Results Summary for the Fourth Quarter of the Fiscal Year Ended July 2020

Financial Results Summary for the Fourth Quarter of the Fiscal Year Ended July 2020

Although the Live IP business continues to be in a difficult situation, the consolidated surplus was achieved again due to the contribution of the digital IP business such as the recovery of the TCG Dept.

Financial Results for the Fourth Quarter of the Fiscal Year Ended July 2020	Net sales	7,776	million yen	YoY	8,653	million yen (-10.1%)
	Operating profit	496	million yen	YoY	558	million yen (-11.1%)
	Ordinary profit	550	million yen	YoY	509	million yen (+8.1%)
	Profit attributable to owners of parent	320	million yen	YoY	349	million yen (-8.3%)

Digital IP business	The TCG Dept. bottomed out from the decline in net sales and profits in 3Q and showed a recovery trend, and the MOG Dept. remained at the same level as in 3Q where it achieved record-high net sales. Segment profit increased year on year due to the cancellation of large-scale real promotional events held in the same period of the previous year due to COVID-19.					
	Net sales	6,172	million yen	YoY	6,187	million yen (-0.2%)
	Segment profit	595	million yen	YoY	462	million yen (+28.8%)

Live IP business	Since late June, we have actively held events combining live audiences and online distribution, but due to the cancellation or postponement of almost all live shows, performances, and events in May and early June, both net sales and profit continued to face a difficult situation as of the end of the current quarter. For the Music Dept., the strong performance of music software such as “BanG Dream!” album CDs contributed to both net sales and profit.					
	Net sales	1,604	million yen	YoY	2,466	million yen (-35.0%)
	Segment profit	-105	million yen	YoY	98	million yen

* For segment profit, the adjustment amount of inventories is omitted. * From 3Q of the current fiscal year, the results of Theater Company Hikosen and Sopratico are recorded in the Live IP business.

Financial Results Summary for the Fiscal Year Ended July 2020

Summary Income Statement (Consolidated)

**Net sales increased and profits decreased year on year.
Both net sales and profits exceeded the revised forecast**

- For the current quarter, due to **the recovery of the Digital IP business**, we returned from consolidated deficit in 3Q to the **black for each profit item**.
For the full year, **net sales increased**, and **profits decreased year on year**, and **finally, net sales were the same as** the revised full-year financial forecast and **each profit item exceeded the forecast**.
- **SG&A expenses** for the current quarter **decreased significantly due to the effects of ongoing cost reduction** as a measure against COVID-19.
- The consolidated financial forecast for the fiscal year ending July 2021 is **undecided** because rational calculation is difficult. It will be announced as soon as calculation becomes possible.

Unit: million yen		FY2020 4Q	FY2019 4Q	YoY change rate	FY2020 full year	FY2019 full year	YoY change rate	Financial forecast progress rate
Net sales		7,776	8,653	-10.1%	33,000	32,175	+2.6%	100.0%
Gross profit		3,165	3,686	-14.1%	14,416	14,645	-1.6%	-
Selling, general and administrative expenses		2,669	3,128	-14.7%	11,706	11,587	+1.0%	-
	Advertising expenses	1,148	1,127	+1.9%	5,105	5,003	+2.0%	-
	Sales promotion expenses	180	589	-69.4%	1,225	1,644	-25.5%	-
Operating profit		496	557	-11.0%	2,710	3,058	-11.4%	104.2%
Operating profit margin		6.4%	6.4%	+0.0 pt	8.2%	9.5%	-1.3 pt	-
Ordinary profit		550	508	+8.3%	2,755	3,031	-9.1%	105.9%
Ordinary profit ratio		7.1%	5.9%	+1.2 pt	8.3%	9.4%	-1.1 pt	-
Profit attributable to owners of parent		320	349	-8.3%	1,551	1,799	-13.8%	103.4%

* The financial forecast progress rate is the ratio to the revised full-year financial forecast disclosed on July 22, 2020.

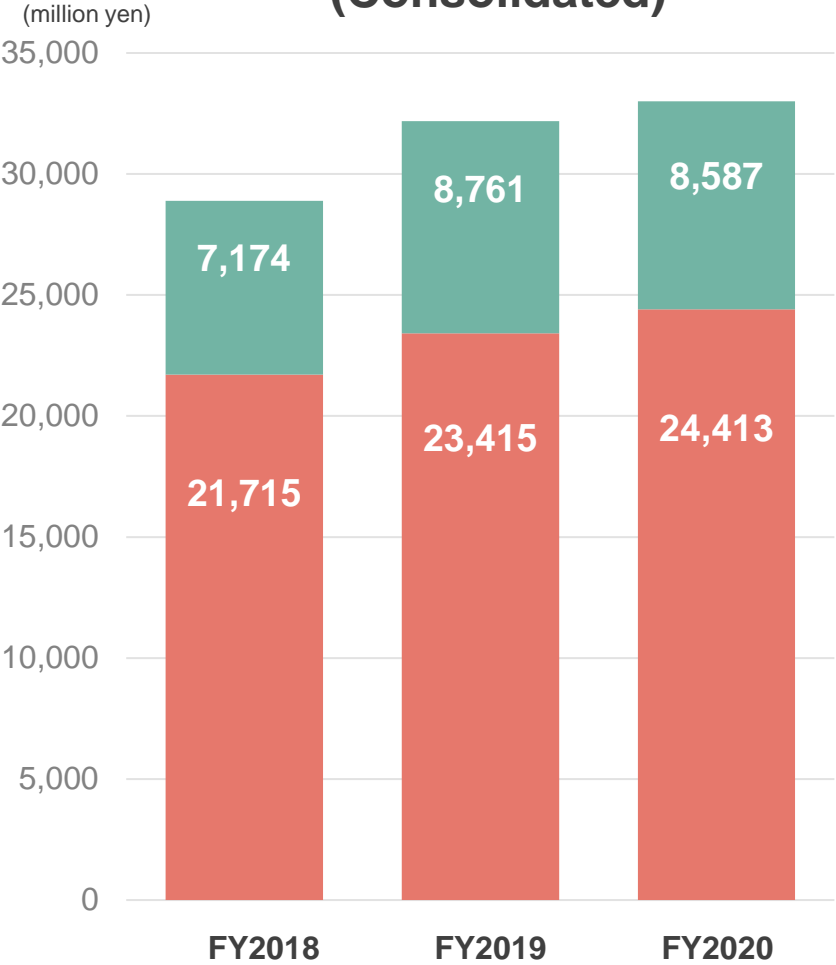
Change in Full-Year Financial Results by Segment

Legend

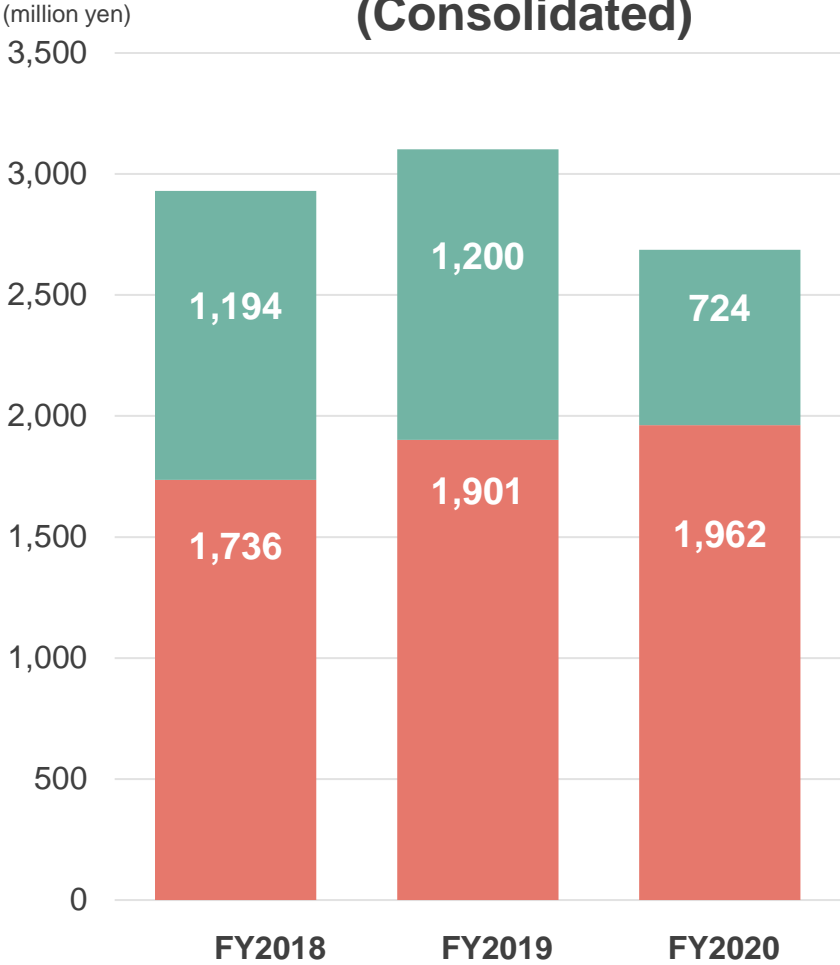
Digital IP

Live IP

Change in Net Sales Composition (Consolidated)



Change in Operating Profit Composition (Consolidated)



* Net sales and segment profits for each quarter of the fiscal year ended July 2018 were not audited by an audit corporation.
* Segment sales are sales to external customers.

Full-Year Net Sales Composition by Department

- The TCG Dept. saw a decrease in net sales as in the previous fiscal year, but the MOG Dept. saw significant growth, resulting in an overall increase in net sales. The strong performance of the MD, Sports, and Music departments in the first half covered the weakness of the TCG, Sports, and Music departments exposed by COVID-19 in the second half.
- Bushiroad Music Inc., a subsidiary operating the business of the Music Dept., achieved record-high net sales and ordinary profit as in the previous fiscal year. Although impacts were seen from COVID-19, including the suspension of TCG shipments for about one month, subsidiary Bushiroad International Pte. Ltd. achieved record-high ordinary profit due to the expansion of overseas business.

Legend

TCG Dept.

MOG Dept.

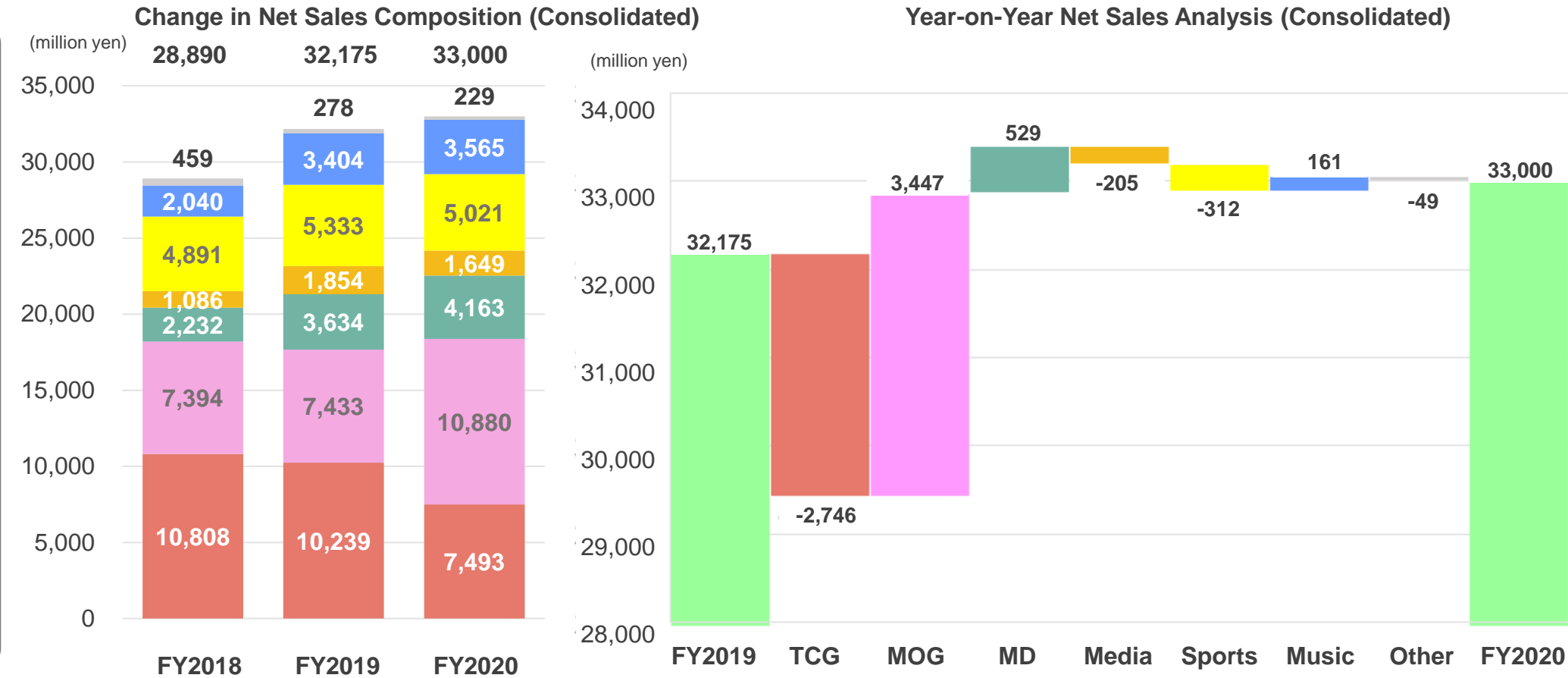
MD Dept.

Media Dept.

Sports Dept.

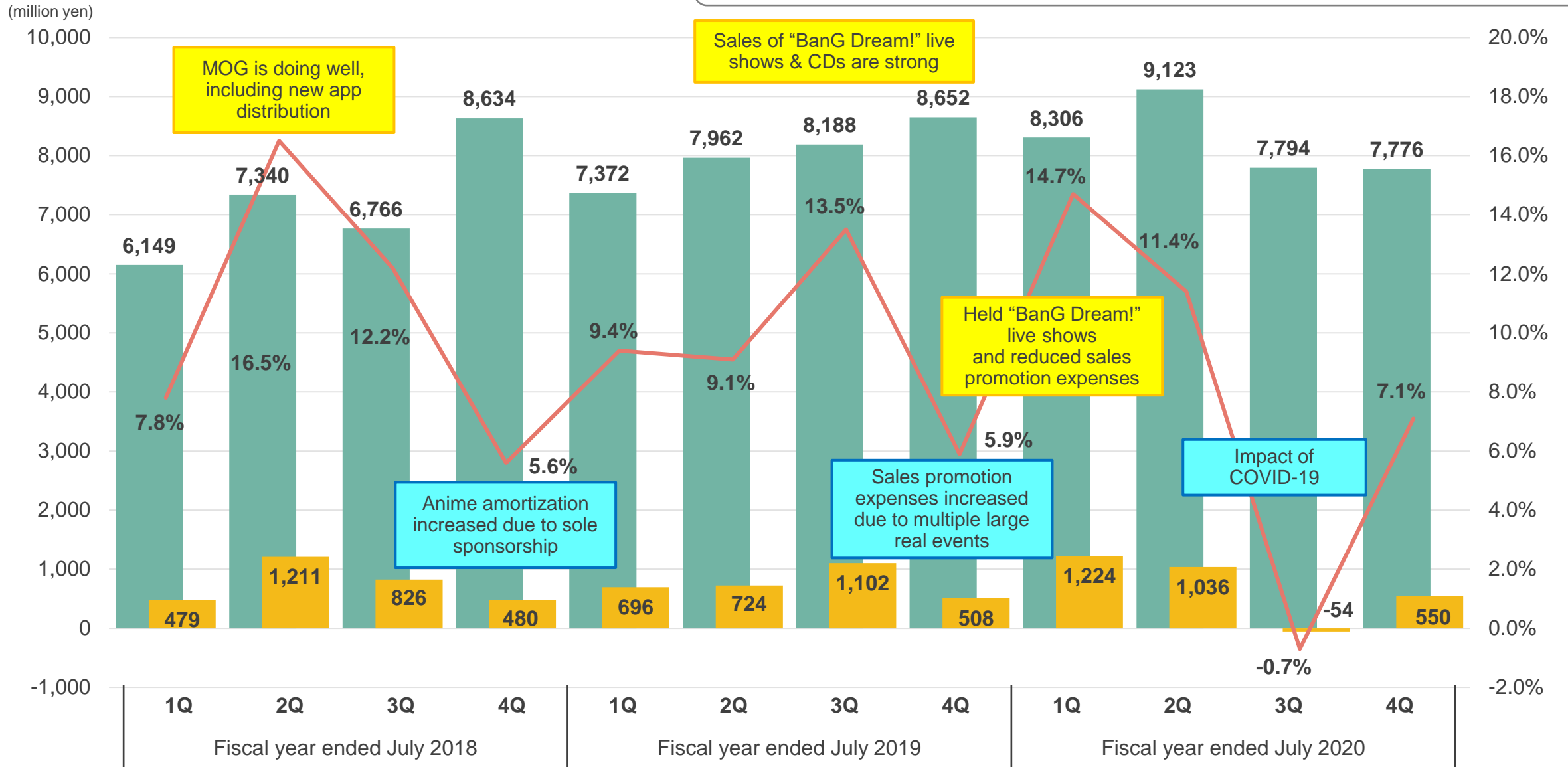
Music Dept.

Other



* Net sales for each quarter of the fiscal year ended July 2018 were not audited by an audit corporation.

Change in Quarterly Consolidated Financial Results



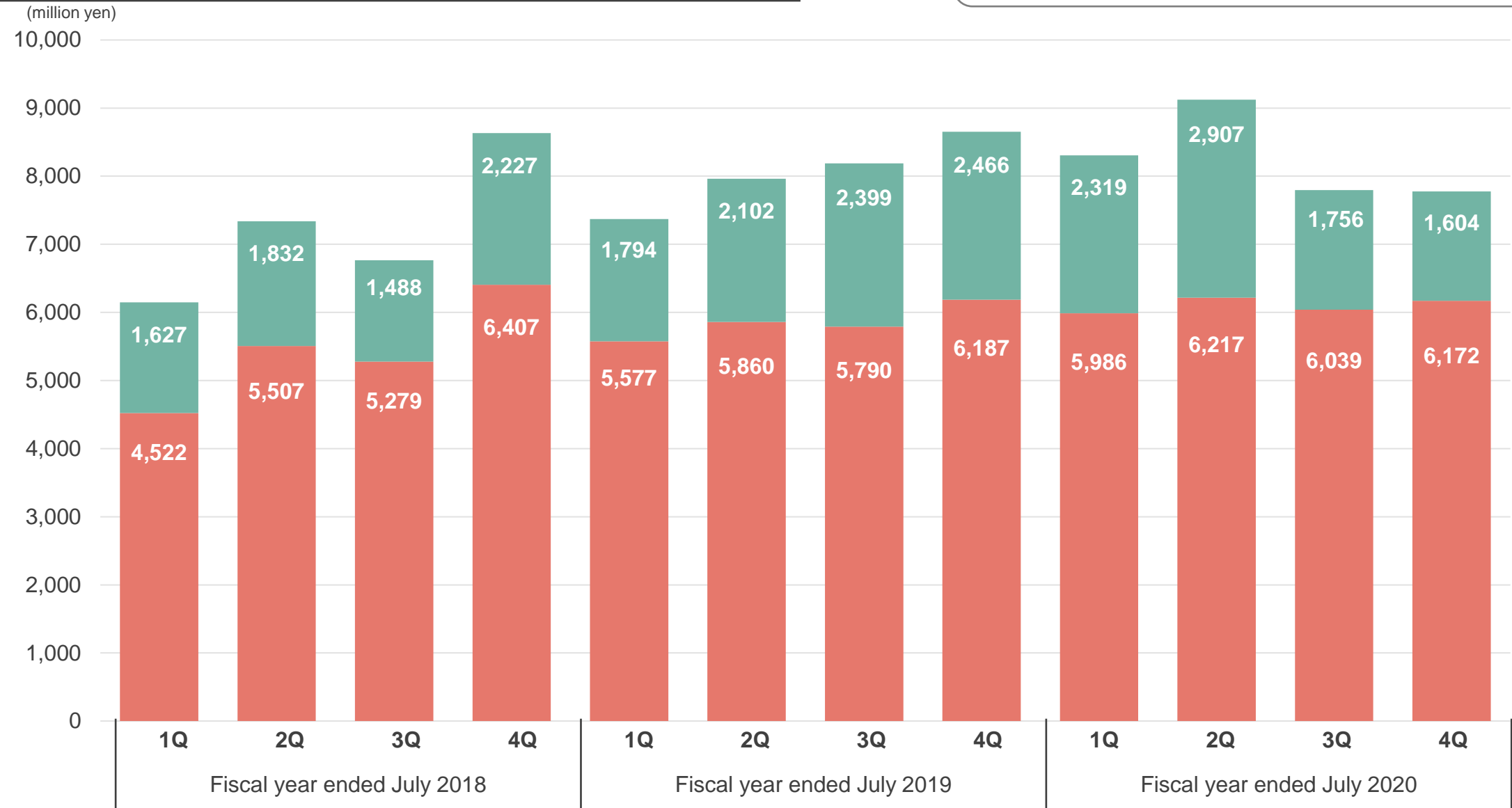
* Net sales and ordinary profit for each quarter of the fiscal year ended July 2018 were not audited by an audit corporation.

Change in Quarterly Net Sales by Segment

Legend

Digital IP

Live IP



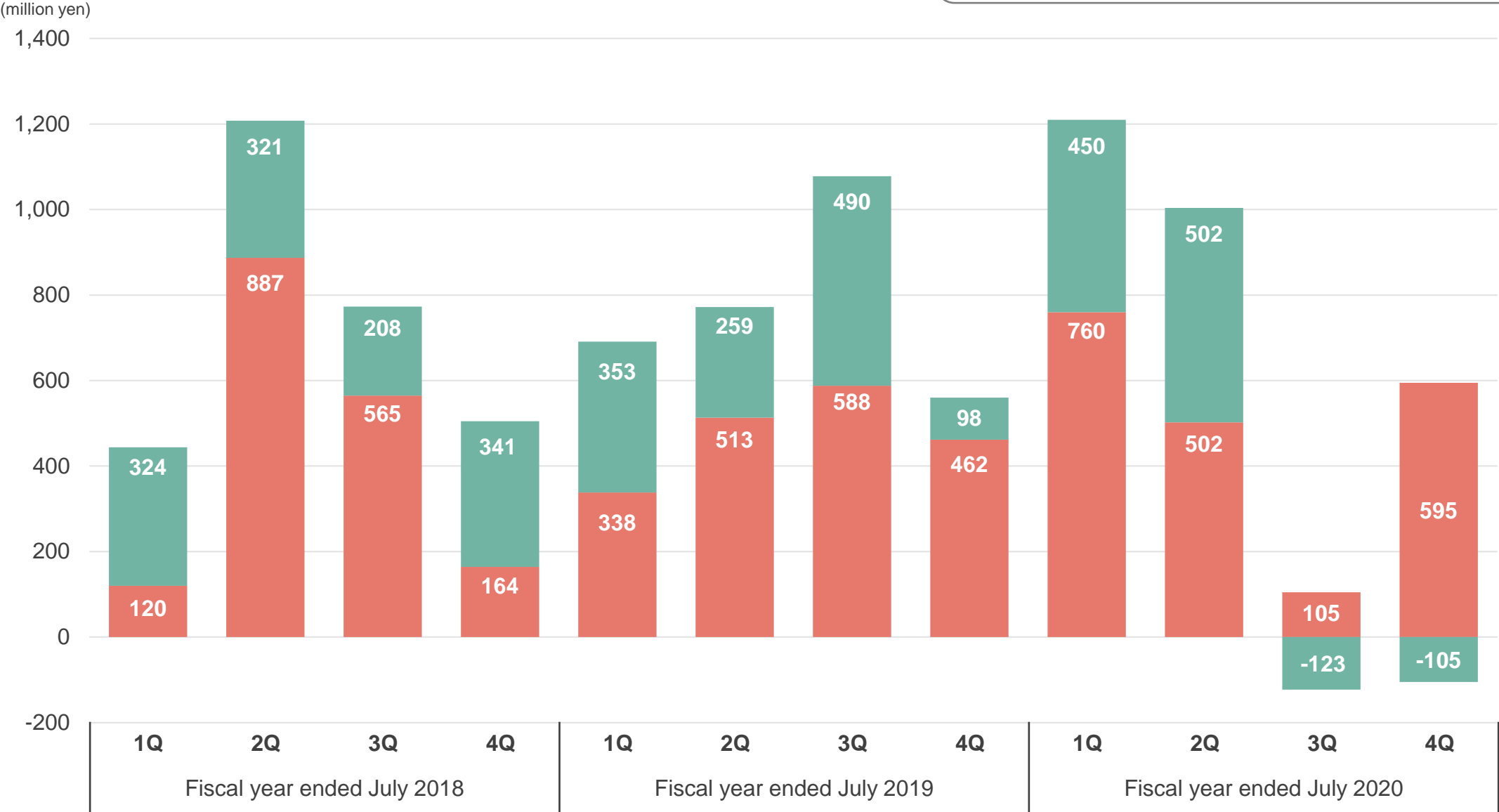
* Net sales and segment profits for each quarter of the fiscal year ended July 2018 were not audited by an audit corporation.
* Segment sales are sales to external customers.

Change in Quarterly Operating Profit by Segment

Legend

Digital IP

Live IP



* Net sales and segment profits for each quarter of the fiscal year ended July 2018 were not audited by an audit corporation.
* For operating profit by segment, the adjustment amount is omitted.

Fourth-Quarter Topics

MD Dept.

Established a VTuber Office!



Subsidiary Bushiroad Creative Inc. established the **VTuber office “Irodori Entertainment Post Company”** as a new business. It aims to build uniqueness by focusing on characters and stories. Auditions are being held to recruit first-phase members, with recruitment of between one and three Virtual Actors planned.

Music Dept.

Sports Dept.

Resumed events with an audience, toward a hybrid profit model!



“BanG Dream!,” New Japan Pro-Wrestling, Stardom, and other events were held with an audience. In August, “BanG Dream! 8th☆LIVE Summer Outdoors 3DAYS” was held with an audience of 4,000 people and a capacity of about 18,000 people. Over three days, 34,073 people attended in total, including live-viewing from Japan and abroad.

In addition to the conventional (1) on-site, (2) live viewing, and (3) package sales, we are **providing various viewing methods such as (4) real-time online distribution and (5) online archive distribution in order to diversify the profit model.**

MOG Dept.

“BanG Dream! Girls Band Party!” collaborations with companies and local governments are being developed one after another!

By developing numerous collaborations with companies and local governments, we are increasing opportunities for a wider range of people to see our works and characters.



▲ Nissin Foods



▲ Nakano Ward (Location of Bushiroad)



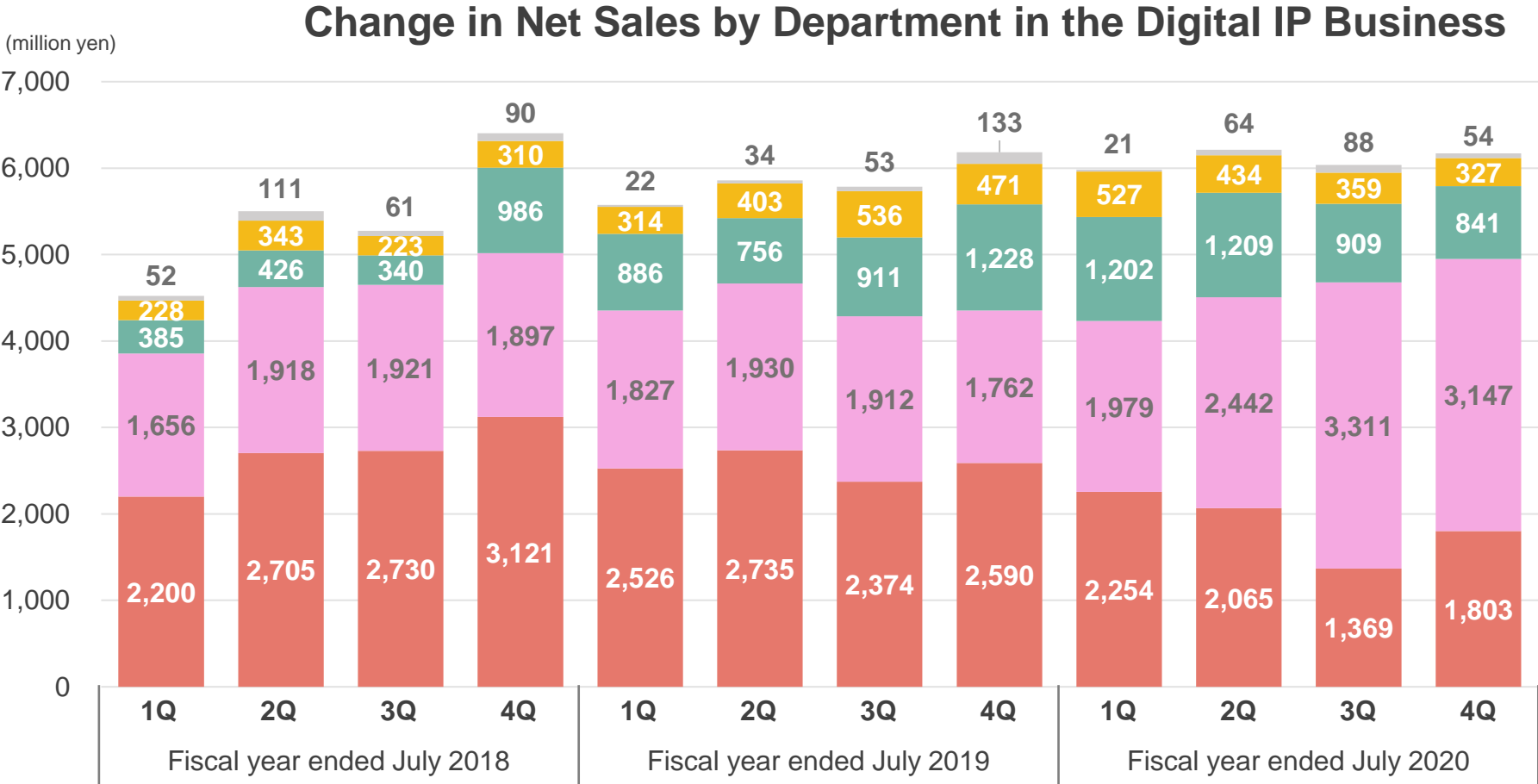
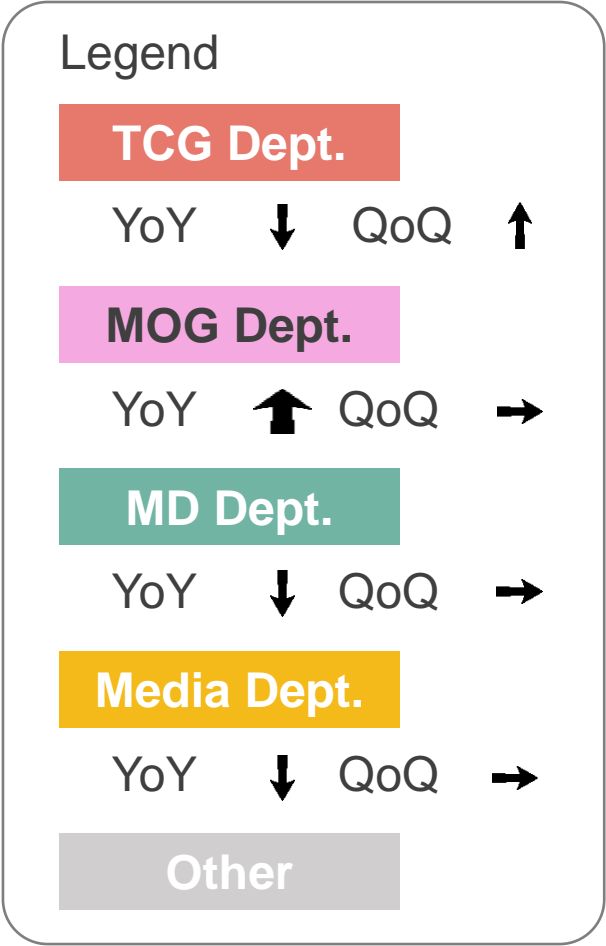
▲ Meiji (at Seven-Eleven from August)



▲ House Wellness Foods (at Seven-Eleven from August)

Change in Fourth Quarter Net Sales by Department (1) Digital IP Business

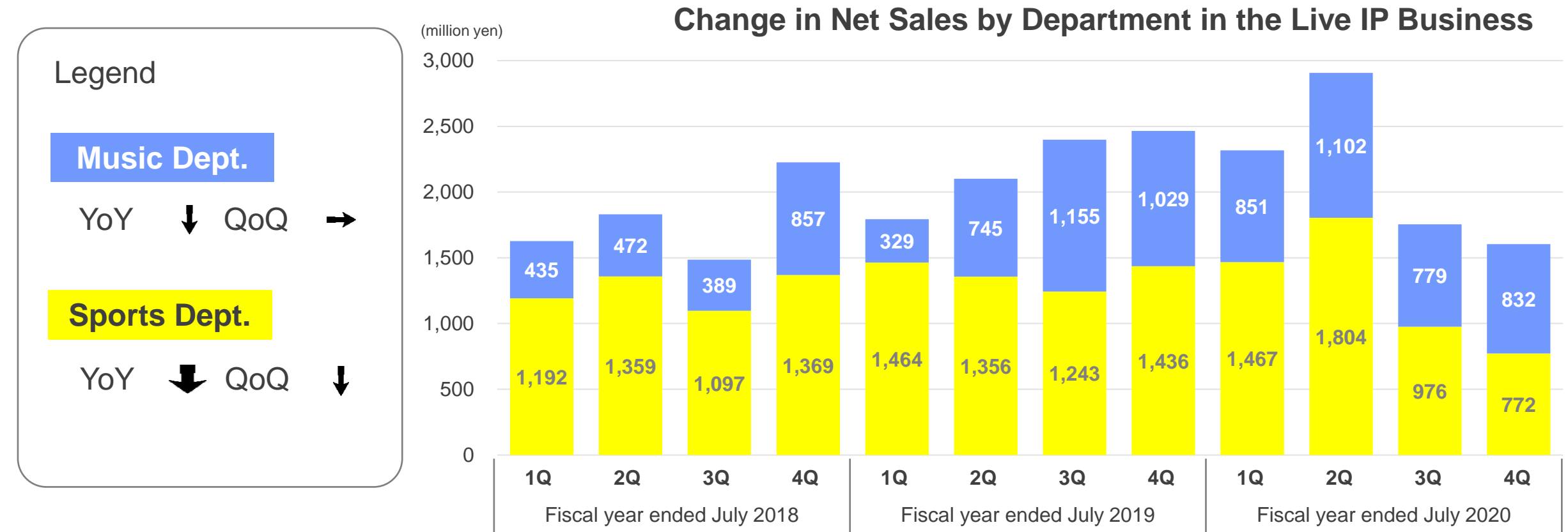
- For the TCG Dept., the new TCG “Rebirth for you” made full contribution from the 4Q, and after June, the impact of decrease in orders due to COVID-19 subsided, resulting in a bottoming out and subsequent recovery trend.
- For the MOG Dept., in addition to the release of “Vanguard ZERO” and “Lost Decade” in the current period, existing apps continued to perform well, resulting in net sales at the same level as the previous quarter where record-high sales were achieved.
- In the Digital IP business as a whole, both YoY and QoQ finally remained almost unchanged.
- For the full year, net sales increased by 4.3% YoY due to increase in the MOG Dept. that outweighed the decrease in the TCG Dept.



* Net sales for each quarter of the fiscal year ended July 2018 were not audited by an audit corporation.

Change in Fourth Quarter Net Sales by Department (2) Live IP Business

- **The Music Dept. canceled or postponed** most of the **events** in the quarter **or switched them to be online**, resulting in **lower live-related sales** than in the previous quarter. On the other hand, **music software** performed well, with **the shipment of a total of about 100,000 copies** of Poppin'Party's second album "Breakthrough!" and Roselia's second album "Wahl," resulting in **sales covering the decline in live-related sales**.
- For the **Sports Dept.**, almost all performances were canceled or held without spectators from May to June, and mainly held with a small number of spectators in July, resulting in **even lower performance sales** than in the previous quarter (normally held in February, and canceled in March and April). **MD sales and content sales were on a par with the previous quarter** due to the resumption of performances and the resulting resumption of the provision of new video content.

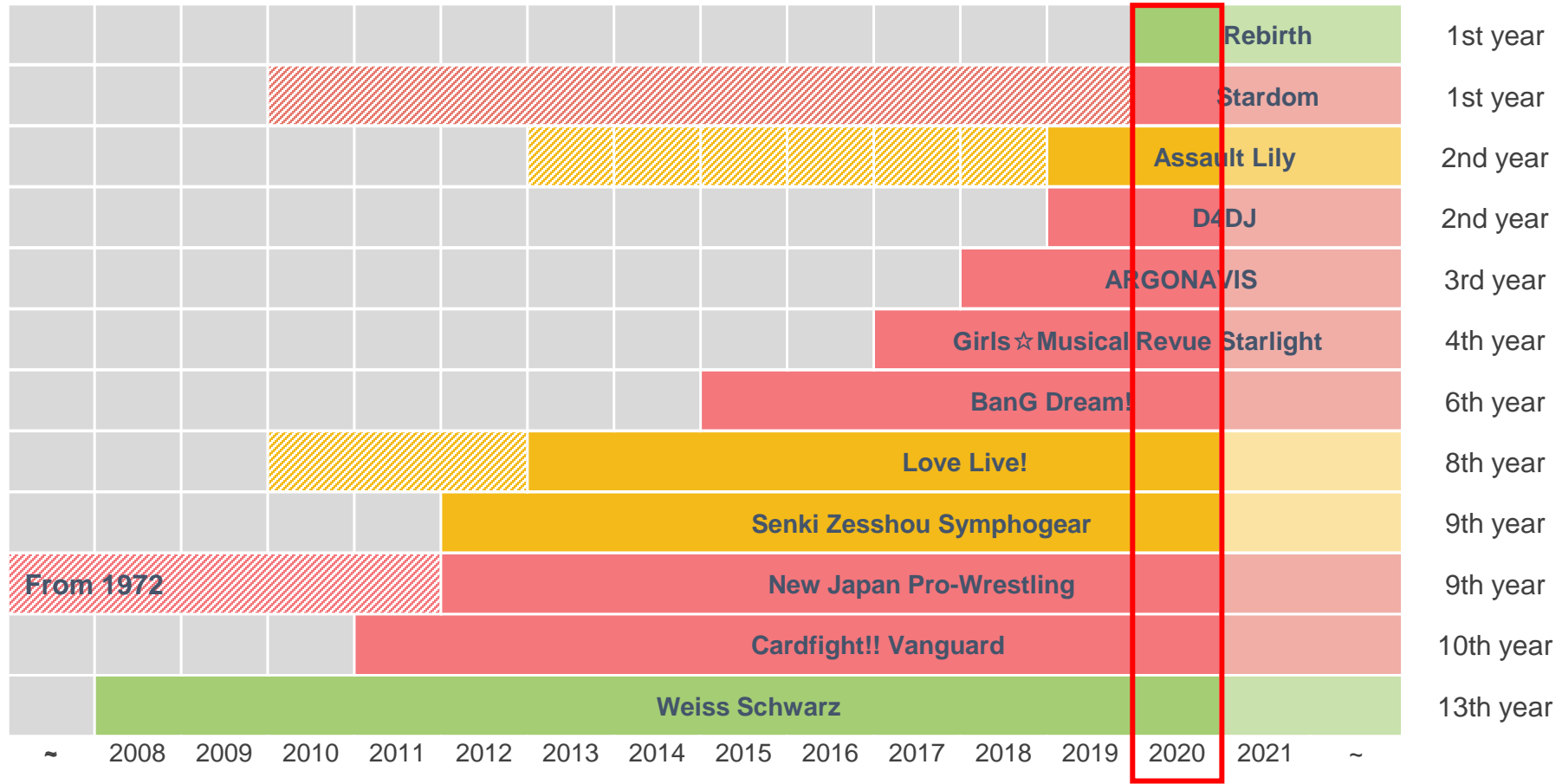
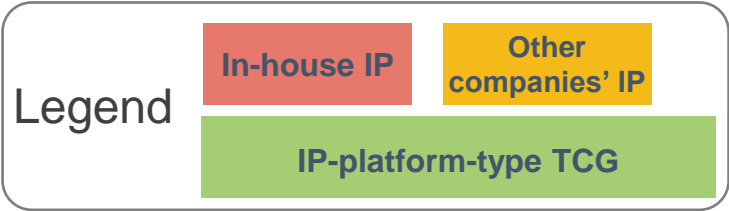


Initiatives

Major IPs That Bushiroad Group Is Currently Working On

“BanG Dream!” achieved sales of over 10 billion yen for the first time

Number of Years of Major IP Continuation



FY2020 Top Sales IPs

	IP	Category
*1	BanG Dream!	In-house IP
*2	New Japan Pro-Wrestling	In-house IP
*2	Cardfight!! Vanguard	In-house IP + original TCG
	Weiss Schwarz	IP-platform-type TCG
	Love Live!	Other companies' IP + original TCG
	Senki Zesshou Symphogear	Other companies' IP
	Girls☆Musical Revue Starlight	In-house IP

Prepared based on internally aggregated figures of net sales in the Group.

* 1 = IP with FY2020 net sales of 10 billion yen or more

* 2 = IP with FY2020 net sales of 4 billion yen or more

New IPs for Investment in the FY2021



Anime	Start broadcasting TV animation “D4DJ First Mix” from October 2020
MOG	Launch mobile online game “D4DJ Groovy Mix” in October 25th, 2020



Anime	Start broadcasting TV animation “Assault Lily BOUQUET” from October 2020
MOG	Launch mobile online game “Assault Lily Last Bullet” in this winter



MOG	Launch mobile online game “Argonavis from BanG Dream! AAside” in next early spring
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Financing

1st Unsecured Convertible Bonds with Stock Acquisition Rights (CB)

Payment completion date: August 17, 2020

Funds raised: 5 billion yen

Financing to deal with the anticipated next significant impact of COVID-19 in and after November 2020.

[Defensive perspective]

- We began considering the issuance as the contract repayment was about 300 million yen every month for the entire Group and we felt we should increase cash on hand.
- Low cost and immediate financing with convertible bonds issued at no interest rate.
- Allotted raised funds to anime production costs such as those for new IP “D4DJ,” “Assault Lily BOUQUET,” existing IP “Cardfight!! Vanguard,” and the film versions of “BanG Dream!” and “Girls☆Musical Revue Starlight.”

[Offensive perspective]

- MOG “D4DJ Groovy Mix,” “Assault Lily Last Bullet,” and “ARGONAVIS from BanG Dream! AAside” are scheduled to be released in the fiscal year ending July 2021, and this is the best financing that can suppress dilution for us by leveraging the asset value of multiple new IPs.
- While promoting DX (digital transformation) throughout the Group, we also consider M&A and capital and business alliances to be one means, and flexibly execute investment when good investment projects arise.

Acquisition of Shares of Broccoli Co., Ltd.

Acquisition overview

Number of acquired shares	: 341,100 shares (holding ratio 3.89%)
Total acquisition price	: 449,626,500 yen (excluding fees)
Average acquisition price per share	: 1,318.16 yen (excluding fees)
Acquisition period	: From September 25, 2019, to December 23, 2019

Purpose of acquisition

To strengthen the IP developer strategy as well as to build a wide range of cooperative relationships in the business domain, such as licensing-in and rebooting of leading IPs.

Happy Around! 「PARTY☆NIGHT」
カバーリリックビデオ公開記念RTキャンペーン

デ・ジ・キャラット公式アカウント (@dejiko_15th)
D4DJ Groovy Mix 公式アカウント (@D4DJ_gm)
をフォロー＆リツイートで、抽選で合計3名様にプレゼント!

1名様にプレゼント!
デ・ジ・キャラット アクリルスタンド3点 &
Happy Around! アクリルキーホルダー4点セット

2名様にプレゼント!
デ・ジ・キャラット 缶バッジ3点 &
Happy Around! アクリルキーホルダー4点セット

応募期間 **8月23日[日] 23:59まで**

DiGiCharat × D4DJ Groovy Mix

デ・ジ・キャラット 缶バッジ
デ・ジ・キャラット アクリルスタンド
Happy Around! アクリルキーホルダー

©BROCCOLI Illustr.Koge-Donbo ©BUSHI © Donuts

Acquisition of Social Info, Inc.

Acquisition overview

Total acquisition price : 61,833,000 yen (excluding fees)

Date of acquisition : September 1, 2020

* Acquired 100% of the shares owned by COLOPL, Inc.

Through this capital alliance, Social Info, Inc. became our consolidated subsidiary.



Purpose of acquisition

By expanding the online advertising function through “Social Game Info” and “Anime Recorder,” which have been well received by the industry, we will set our eyes on the era of COVID-19 and Post-COVID-19 and further strengthen the digital domain which will play an increasingly important role.

In addition, in the business of promotion of other companies’ IPs, we will strengthen our ability to transmit information by incorporating it as a medium that Bushiroad Move can provide.

We will continue to ensure neutrality as a medium and make maximum use of it as our own medium.

Reference Material

Company Overview

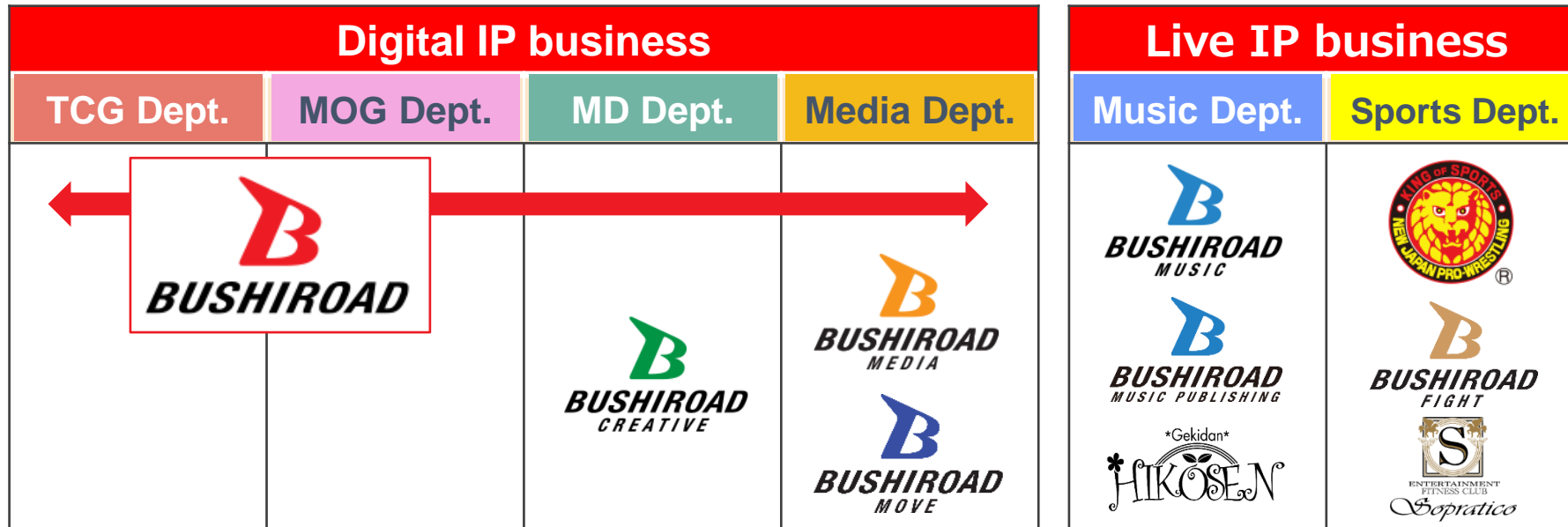
Bushiroad Group's management philosophy



Intellectual Property

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

Bushiroad Group's business and departments



What Is the IP Developer Strategy?

Example of BanG Dream! Project



BanG Dream!
バンドリ★



About BanG Dream! Project

A project to present a next-generation all-female band through a media mix of anime, games, manga, and real-life concerts performed by voice actresses. Among many music-oriented anime contents, the project is unique in **its style that the voice actresses of the characters actually play instruments and perform live music**. Consumers can enjoy the growth of the characters in anime as well as the real-life musical band through live shows and CDs.

Music Dept.



Media Dept.



MD Dept.



TCG Dept.



MOG Dept.



One-stop media mix

Various promotion strategies

TV commercial

Transportation advertising

Social media

Event

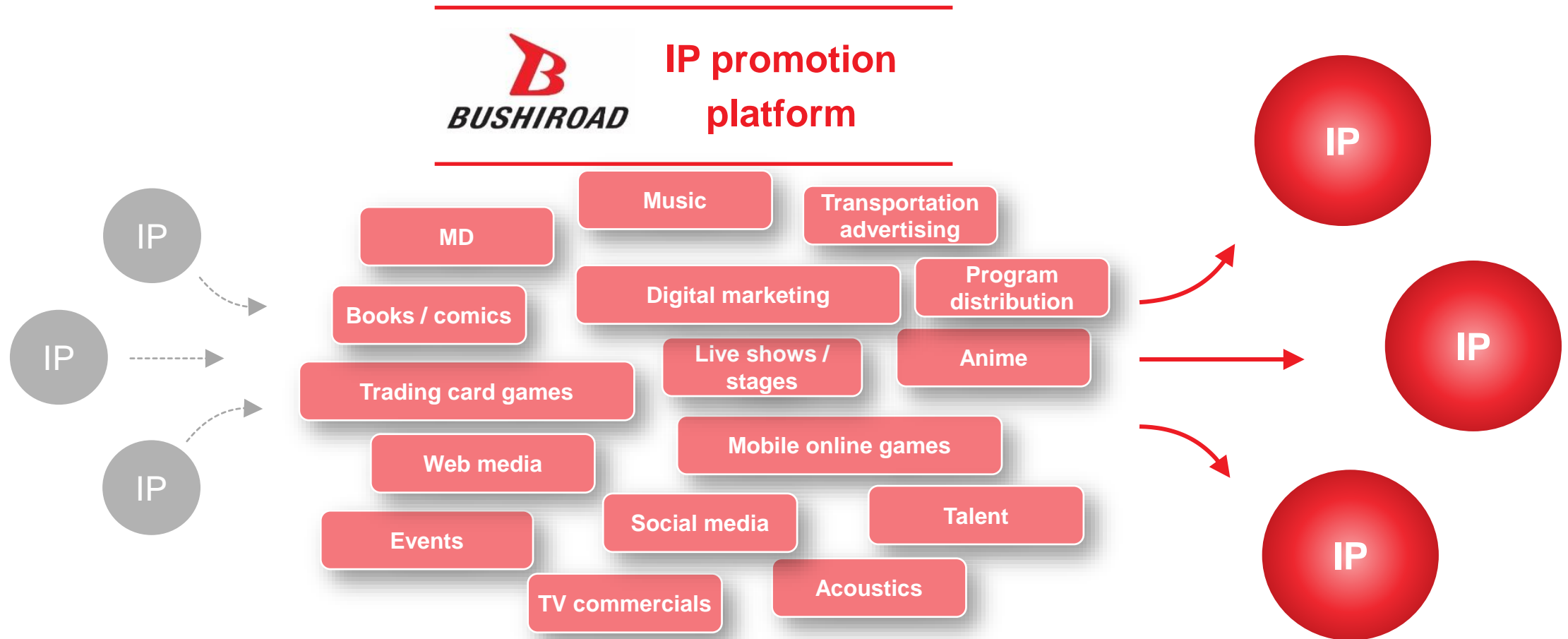
Web advertisement

Recital

Distribution

Toward an IP Promotion Platform

We aim to further enhance our presence in the entertainment market by strengthening our position as a **platform company** that enhances the value of IPs by leveraging know-how to create in-house IPs and collaborate with other companies' leading IPs.



CSR Activities

Collaboration with Akai Hane Community Chest

In our third collaboration, we're newly drawn awareness-raising posters and presenting original Akai Hane Community Chest collaboration goods to those who cooperate in the donation. (Sequentially from September)



Donation of part of goods revenue

We donated a portion of the revenue from “BanG Dream!” and “Girls☆Musical Revue Starlight” original cloth masks, 2,418,432 yen, to the National Center for Global Health and Medicine, which supports measures against COVID-19. (July 27)



Launched 2,000 fireworks at the Garupa No-Audience Fireworks Festival in early summer

During the long-lasting stay-at-home period due to COVID-19, we held a fireworks festival without an audience and broadcast the scenes live as a program to deliver the feeling of summer to our fans. (June 2)



Enlightenment Activities

Video on measures against COVID-19

We produced and posted a video explaining infection prevention measures.



Video of a lecture on manners for live shows

We produced and posted a video explaining manners for live shows.



Response to nuisances and slander

We are strengthening measures such as publishing press releases, posting articles on news sites, requesting deletion or information disclosure to social media, reporting damage to the police, and taking civil and criminal legal measures. We will continue to take responses resolutely.

We will continue to carry out enlightenment activities through various media so that people concerned can deliver entertainment safely and securely and customers can enjoy it.
We will also always deliver entertainment flexibly while giving maximum consideration to risks.



Bushiroad Inc.

Securities code: 7803

Disclaimer

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