



Consolidated Financial Results for the Fiscal Year Ended July 31, 2019 (Japanese GAAP)

September 13, 2019

Name of listed company: Bushiroad Inc. Listed stock exchange: Tokyo Stock Exchange
 Securities code: 7803 URL: <https://bushiroad.co.jp/>
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 Scheduled date for next ordinary general meeting of shareholders: October 25, 2019 Scheduled date for start of dividend payment: —
 Scheduled date for submission of periodic securities report: October 28, 2019
 Supplementary materials on financial results: Yes
 Financial results briefing session: Yes (for institutional investors and analysts)

(Amounts are rounded down to the nearest million yen)

1. Consolidated results for the fiscal year ended July 31, 2019 (from August 1, 2018 to July 31, 2019)

(1) Consolidated operating results (% figures show the rate of increase (decrease) compared with the previous fiscal year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Fiscal year ended July 2019	32,175	11.4	3,058	4.4	3,031	1.2	1,799	9.9
Fiscal year ended July 2018	28,889	26.9	2,929	855.9	2,996	825.5	1,637	—

(Note) Comprehensive income: Fiscal year ended July 2019 1,977 million yen (5.6%) Fiscal year ended July 2018 1,873 million yen (—)

	Earnings per share	Diluted earnings per share	Return on equity	Return on assets	Operating profit ratio
	yen	yen	%	%	%
Fiscal year ended July 2019	132.12	123.90	20.5	14.3	9.5
Fiscal year ended July 2018	120.35	—	29.9	20.0	10.1

(Reference) Share of loss (profit) of entities accounted for using equity method Fiscal year ended July 2019 (1) million yen Fiscal year ended July 2018 (15) million yen

- (Note) 1. Diluted earnings per share for the fiscal year ended July 31, 2018, is not stated because the Company's shares were not listed although there were latent shares, and the average share price during the period cannot be determined.
2. Based on a resolution made at the Board of Directors' meeting held on April 22, 2019, the Company conducted a 1,000-for-1 share split of its common shares on May 11, 2019. Accordingly, earnings per share and diluted earnings per share have been calculated on the assumption that the share split was conducted at the beginning of the fiscal year ended July 31, 2018.
3. The Company's stock was listed on the Mothers market of the Tokyo Stock Exchange on July 29, 2019. Accordingly, the diluted earnings per share has been calculated by deeming the average share price for the period from the listing day to the end of the consolidated fiscal year under review as the average share price during the period.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	million yen	million yen	%	yen
Fiscal year ended July 2019	24,136	11,905	46.9	720.04
Fiscal year ended July 2018	18,232	6,920	34.5	359.02

(Reference) Equity Fiscal year ended July 2019 11,308 million yen Fiscal year ended July 2018 6,282 million yen

Note: Based on a resolution made at the Board of Directors' meeting held on April 22, 2019, the Company conducted a 1,000-for-1 share split of its common shares on May 11, 2019. Net assets per share are calculated on the assumption that the share split was conducted at the beginning of the fiscal year ended July 31, 2018.

(3) Consolidated cash flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	million yen	million yen	million yen	million yen
Fiscal year ended July 2019	2,165	(1,349)	4,328	12,566
Fiscal year ended July 2018	3,264	(1,440)	969	7,447

2. Dividends

	Annual dividends					Total dividends	Dividend payout ratio (consolidated)	Net asset to dividend ratio (consolidated)
	End of first quarter	End of second quarter	End of third quarter	Year-end	(Total)			
	yen	yen	yen	yen	yen	million yen	%	%
Fiscal year ended July 2018	—	0.00	—	0.00	0.00	—	—	—
Fiscal year ended July 2019	—	0.00	—	0.00	0.00	—	—	—
Fiscal year ending July 2019 (forecast)	—	0.00	—	0.00	0.00		—	

3. Consolidated financial forecast for the fiscal year ending July 31, 2020 (from August 1, 2019 to July 31, 2020)

(% figures show the rate of increase (decrease) compared with the previous fiscal year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full year	36,000	11.9	3,100	1.4	3,100	2.3	1,800	0.0	112.18

*Notes

(1) Changes in significant subsidiaries during the period

(Changes in specified subsidiaries resulting in change in scope of consolidation): None

Newly included: – companies (Company name) – Excluded: – companies (Company name) –

(2) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to amendment of accounting standards, etc.: None

(ii) Changes in accounting policies other than (i): None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(3) Number of shares issued and outstanding (common shares)

(i) Number of shares issued and
outstanding (including treasury
shares) at the end of the period

Fiscal year ended July 2019	15,706,000shares	Fiscal year ended July 2018	13,606,000shares
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(ii) Number of treasury shares at
the end of the period

Fiscal year ended July 2019	— shares	Fiscal year ended July 2018	— shares
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(iii) Average number of shares
during period

Fiscal year ended July 2019	13,623,260shares	Fiscal year ended July 2018	13,606,000shares
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(Note) 1. Class A preferred shares are included as shares equivalent to common shares because they have the same rights as common shares in the right to claim surplus dividends. The Company acquired all shares of Class A preferred shares (1,679 thousand shares) on April 5, 2019, upon request for acquisition from shareholders, and 1,679 thousand shares of common shares were issued as compensation. All shares of Class A preferred shares acquired by the Company were canceled on the same date.

2. Based on the resolution made at the Board of Directors' meeting held on April 22, 2019, the Company conducted a 1,000-for-1 share split of common shares on May 11, 2019. The number of shares issued (common shares) is calculated on the assumption that the share split was conducted at the beginning of the fiscal year ended July 31, 2018.

*This summary of accounts is not subject to audit procedures by a public accountant or audit corporation.

*Explanation regarding appropriate use of financial forecasts, and other notes

The financial outlook and other forward-looking statements contained in this document are based on the information

currently available to and certain assumptions that are considered to be reasonable by the Company. Accordingly, those statements should not be construed as a guarantee of achieving the results by the Company. Actual financial results and the like may differ materially due to various factors. For the conditions forming the assumptions on which financial forecasts are based, notes for use of financial forecasts, and the like, please see the explanations on the forecast information described in “1. Overview of Operating Results, etc.; (4) Future Outlook” on page 3 of the Attachment.

The Company will hold a financial results briefing session for institutional investors and analysts on Wednesday, September 18, 2019. The materials to be distributed on the day will be posted on the Company’s website on the day of the meeting.

Table of Contents of the Attachment

1. Overview of Operating Results, etc.....	5
(1) Overview of Operating Results for the Period under Review	5
(2) Overview of Financial Position for the Period under Review.....	6
(3) Overview of Cash Flows for the Period under Review	6
(4) Future Outlook	6
2. Basic Policy Regarding Selection of Accounting Standards.....	7
3. Consolidated Financial Statements and Significant Notes Thereto.....	8
(1) Consolidated Balance Sheet.....	8
(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income	10
(Consolidated Statement of Income)	10
(Consolidated Statement of Comprehensive Income)	11
(3) Consolidated Statement of Changes in Equity.....	12
(4) Consolidated Statement of Cash Flows	14
(5) Notes to Consolidated Financial Statements	15
(Notes on Going Concern Assumption)	15
(Change in Presentation Method).....	15
(Segment Information, etc.)	16
(Per Share Information).....	18
(Significant Subsequent Events)	20

1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Period under Review

The Japanese economy in the fiscal year under review was on a modest upward trend with a positive circulation mechanism from income to spending, despite the impact of a slowdown in overseas economies on exports, production and corporate sentiment.

Under such circumstances, the Group has promoted aggressive business activities to create entertainment of the next era, with its “IP (Intellectual Property) Developer” strategy for offering various media mixes based on attractive “IPs” of its own and other companies in a speedy and timely manner. In addition, supported by investors, the Company became listed on the Tokyo Stock Exchange Mothers market on July 29, 2019. Allocating the proceeds to the development, acquisition and enhancement of IPs, we are even more determined to create a number of high-quality IPs going forward. In addition, we became listed on the Tokyo Stock Exchange Mothers market on July 29, 2019, with your support. The proceeds will be allocated to IP development, acquisition and development, and we will strive to create more and more high-quality IPs going forward.

As a result, for the fiscal year under review, the Company recorded net sales of 32,175,839 thousand yen (up 11.4%), operating profit of 3,058,637 thousand yen (up 4.4%), ordinary profit of 3,031,079 thousand yen (up 1.2%), and profit attributable to owners of parent of 1,799,845 thousand yen (up 9.9%), all on a year-on-year basis.

Operating results by segment are as follows. Net sales of each segment indicate those to external customers.

Entertainment Business

The Group's Entertainment Business is comprised of five departments: Trading Card Game (TCG), Mobile Online Game (MOG), Music, Merchandising (MD), and Media. The Company has established a business model in which the functions of the respective departments are utilized to create and develop IPs, especially for in-house IPs. In the TCG Department, “Weiß Schwarz,” the mainstay brand, achieved record-high sales since its release and showed strong presence as one of the Company's sales pillars even after 11 years in the market. The MOG Department released “Revue Starlight -ReLIVE-” and “Detective Conan Runner: Race to the Truth,” and proactively worked on overseas expansion, including the release of the simplified Chinese version of “BanG Dream! Girls Band Party!” The Media Department has steadily expanded its business scope through such new initiatives as broadcasting “24 Hours BanG Dream! TV,” a year-end and New Year special program, and starting the sound production business. Of these departments, the Music Department and the MD Department particularly drove the growth of net sales in the fiscal year under review, achieving a year-on-year increase of 59.8% and 58.8%, respectively. One of the factors that supported the drive is the growth of the IP called “BanG Dream!,” which expanded to only one step away from the Company's target of “an IP with annual sales of 10 billion yen or more.”

These measures resulted in net sales of 26,675,397 thousand yen (up 11.8% year-on-year) and segment profit of 2,450,367 thousand yen (up 13.5% year-on-year).

Sports Business

As for New Nippon Pro-Wrestling, the main pillar of the Sports Business, the number of visitors increased due to measures to hold medium- to large-scale shows at the same venue for consecutive days, although the number of performances decreased slightly compared to the previous fiscal year. As a result, sales of the Performance Department of New Japan Pro-Wrestling increased by 12.8% year-on-year. Moreover, in April 2019, New Japan Pro-Wrestling held a performance at Madison Square Garden (MSG) in New York jointly with RHO, an American professional wrestling organization. The performance, the first one conducted at the MSG by New Japan Pro-Wrestling since its inception, drew 16,534 visitors, the highest ever in its overseas performances, and provided an impetus for future overseas business expansion. Its Content Department saw the number of subscribers of the video distribution service “New Japan Pro-Wrestling World” reach 100,000 people. In the MD Department, sales remained strong due to the increase in the number of box office visitors, aggressive campaigns and development and market launches of collaboration items and other new products. Looking ahead, the Group will make unified efforts to grow the New Japan Pro-Wrestling brand as one of the IPs supporting the Group. In addition, the Company has been promoting rebranding of “KNOCK OUT,” the kickboxing brand promoted by Kicks Road Inc., under a new system since May 2019 in order to establish it as an IP.

As a result of the above, net sales were 5,500,442 thousand yen (up 9.6% year-on-year) and segment profit was 608,269 thousand yen (down 21.1% year-on-year).

(2) Overview of Financial Position for the Period under Review

(Assets)

Total assets at the end of the fiscal year under review increased by 5,903,936 thousand yen from the end of the previous fiscal year to 24,136,743 thousand yen. This was mainly due to the increase of 5,473,923 thousand yen in cash and deposits in accordance with the issuance of new shares and 418,484 thousand yen in long-term loans receivable.

(Liabilities)

Total liabilities at the end of the fiscal year under review increased by 918,156 thousand yen from the end of the previous fiscal year to 12,230,896 thousand yen. This is mainly due to the increase of 719,320 thousand yen in current portion of long-term loans payable and 612,711 thousand yen in long-term loans payable, despite the decrease of 364,925 thousand yen in accounts payable - other and 497,460 thousand yen in income taxes payable.

(Net assets)

Net assets at the end of the fiscal year under review increased by 4,985,780 thousand yen from the end of the previous fiscal year to 11,905,846 thousand yen. This is mainly due to the increase of 1,825,740 thousand yen in share capital following the issuance of new shares, 1,404,913 thousand yen in capital surplus and 1,799,845 thousand yen in retained earnings.

(3) Overview of Cash Flows for the Period under Review

Cash and cash equivalents ("net cash") at the end of the fiscal year under review increased by 5,118,947 thousand yen from the end of the previous fiscal year to 12,566,581 thousand yen.

The status of cash flows in the fiscal year under review and their contributing factors are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities was 2,165,519 thousand yen (net cash of 3,264,882 thousand yen provided in the previous fiscal year). The main sources of cash were profit before income taxes of 3,024,240 thousand yen and a decrease in inventories of 613,578 thousand yen, while the main use of cash was an increase in income taxes paid of 1,618,916 thousand yen.

(Net cash provided by (used in) investing activities)

Net cash used in investment activities was 1,349,839 thousand yen (net cash of 1,440,310 thousand yen used in the previous fiscal year). The main use of cash was payments into time deposits of 1,045,168 thousand yen and loan advances of 420,000 thousand yen.

(Net cash provided by (used in) financing activities)

Net cash provided by financing activities was 4,328,661 thousand yen (net cash of 969,229 thousand yen provided in the previous fiscal year). The main sources of cash were proceeds from issuance of shares of 3,651,480 thousand yen and proceeds from long-term borrowings of 2,474,000 thousand yen. The main use of cash was repayment of long-term loans payable of 1,141,969 thousand yen.

(4) Future Outlook

In the fiscal year ending July 31, 2020, the Company will continue to take on new attempts including investment and collaboration, while steadily pursuing efforts to expand IPs both in Japan and abroad, following the existing "IP Developer" strategy.

In the Entertainment Business, while continuing to expand the businesses of each department, the Company will increase net sales especially in the MOG Department, focusing on the release of powerful new titles such as "Love Live! School Idol Festival ALL STARS" and "Cardfight!! Vanguard ZERO." On the other hand, in order to cultivate and develop new IPs such as "D4DJ" and "ARGONAVIS from BanG Dream!," the Company will actively make investments in development and advertisement while targeting double-digit growth in net sales. Through these efforts, the Company will further solidify its layered earnings model that builds new IPs on existing IPs, aiming to increase corporate value over the medium to long term.

In the Sports Business, focusing on New Japan Pro-Wrestling, the Company will promote growth of the Content Department by expanding the media business, expand overseas operations mainly in the United States, and further develop the Performance Department by expanding the scale including two-day performances at Tokyo Dome.

With these endeavors, the Company forecast the Group's overall net sales of 36,000,000 thousand yen, operating profit of 3,100,000 thousand yen, ordinary profit of 3,100,000 thousand yen and profit attributable to owners of parent of 1,800,000 thousand yen for the fiscal year ending July 31, 2020.

2. Basic Policy Regarding Selection of Accounting Standards

The Group prepares consolidated financial statements based on Japanese GAAP, taking into account the burden of developing a system for preparing consolidated financial statements based on international accounting standards.

3. Consolidated Financial Statements and Significant Notes Thereto

(1) Consolidated Balance Sheet

(Unit: thousand yen)

	Fiscal year ended July 2018 (As of Jul. 31, 2018)	Fiscal year ended July 2019 (As of Jul. 31, 2019)
Assets		
Current assets		
Cash and deposits	8,377,057	13,850,981
Accounts receivable - trade	4,467,815	4,510,627
Merchandise and finished goods	1,021,924	880,159
Work in process	1,245,110	774,235
Supplies	90,409	88,975
Other	1,412,832	1,646,973
Allowance for doubtful accounts	(2,516)	(27,780)
Total current assets	16,612,632	21,724,171
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	197,533	192,895
Tools, furniture and fixtures, net	53,890	75,102
Vehicles, net	51,731	77,839
Land	197,981	197,981
Leased assets, net	32,442	22,183
Total property, plant and equipment	533,579	566,002
Intangible assets		
Software	136,974	84,386
Software in progress	42,350	50,786
Goodwill	4,000	2,000
Other	38,635	50,936
Total intangible assets	221,960	188,109
Investments and other assets		
Investment securities	229,862	471,678
Long-term loans receivable	16,515	435,000
Deferred tax assets	265,375	330,212
Other	362,208	408,866
Allowance for doubtful accounts	(12,814)	(17,656)
Total investments and other assets	861,146	1,628,101
Total non-current assets	1,616,686	2,382,213
Deferred assets		
Share issuance cost	3,487	30,358
Total deferred assets	3,487	30,358
Total assets	18,232,806	24,136,743

(Unit: thousand yen)

	Fiscal year ended July 2018 (As of Jul. 31, 2018)	Fiscal year ended July 2019 (As of Jul. 31, 2019)
Liabilities		
Current liabilities		
Accounts payable - trade	4,116,839	4,277,326
Accounts payable - other	1,921,923	1,556,997
Income taxes payable	1,065,271	567,810
Current portion of long-term loans payable	770,881	1,490,201
Provision for bonuses	87,584	95,072
Provision for bonuses for directors (and other officers)	5,741	-
Other	518,459	798,940
Total current liabilities	8,486,700	8,786,349
Non-current liabilities		
Long-term loans payable	2,729,064	3,341,775
Provision for retirement benefits for directors (and other officers)	25,358	28,120
Retirement benefit liability	33,371	43,628
Other	38,245	31,023
Total non-current liabilities	2,826,039	3,444,546
Total liabilities	11,312,740	12,230,896
Net assets		
Shareholders' equity		
Share capital	929,815	2,755,555
Capital surplus	1,287,413	2,692,326
Retained earnings	3,991,659	5,791,504
Total shareholders' equity	6,208,888	11,239,387
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(13,999)	1,333
Foreign currency translation adjustment	87,304	68,215
Total accumulated other comprehensive income	73,305	69,549
Non-controlling interests	637,871	596,909
Total net assets	6,920,065	11,905,846
Total liabilities and net assets	18,232,806	24,136,743

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

(Unit: thousand yen)

	Fiscal year ended July 2018 (From Aug. 1, 2017 to Jul. 31, 2018)	Fiscal year ended July 2019 (From Aug. 1, 2018 to Jul. 31, 2019)
Net sales	28,889,777	32,175,839
Cost of sales	15,188,701	17,529,906
Gross profit	13,701,076	14,645,933
Selling, general and administrative expenses	10,771,417	11,587,295
Operating profit	2,929,659	3,058,637
Non-operating income		
Interest and dividend income	3,844	33,696
Foreign exchange gains	32,876	-
Subsidy income	60,183	24,670
Other	5,559	603
Total non-operating income	102,464	58,971
Non-operating expenses		
Interest expenses on borrowings and bonds	17,953	22,645
Share of loss of entities accounted for using equity method	15,306	1,393
Foreign exchange losses	-	48,530
Settlement package	-	8,225
Other	2,840	5,734
Total non-operating expenses	36,100	86,529
Ordinary profit	2,996,022	3,031,079
Extraordinary income		
Gain on sales of investment securities	7,621	-
Total extraordinary income	7,621	-
Extraordinary losses		
Loss on valuation of investment securities	54,609	-
Loss on sales of investment securities	-	2,897
Impairment loss	40,114	3,940
Total extraordinary losses	94,723	6,838
Profit before income taxes	2,908,920	3,024,240
Income taxes - current	1,171,731	1,107,908
Income taxes - deferred	(146,465)	(64,559)
Total income taxes	1,025,265	1,043,348
Profit	1,883,654	1,980,891
Profit attributable to non-controlling interests	246,188	181,046
Profit attributable to owners of parent	1,637,465	1,799,845

(Consolidated Statement of Comprehensive Income)

(Unit: thousand yen)

	Fiscal year ended July 2018 (From Aug. 1, 2017 to Jul. 31, 2018)	Fiscal year ended July 2019 (From Aug. 1, 2018 to Jul. 31, 2019)
Profit	1,883,654	1,980,891
Other comprehensive income		
Valuation difference on available-for-sale securities	(14,761)	15,333
Foreign currency translation adjustment	4,138	(19,089)
Total other comprehensive income	(10,623)	(3,756)
Comprehensive income	1,873,030	1,977,135
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	1,626,841	1,796,089
Comprehensive income attributable to non-controlling interests	246,188	181,046

(3) Consolidated Statement of Changes in Equity

Fiscal year ended July 2018 (From Aug. 1, 2017 to Jul. 31, 2018)

(Unit: thousand yen)

	Shareholders' equity			
	Share capital	Capital surplus	Retained earnings	Total shareholders' equity
Balance at beginning of period	929,815	1,287,413	2,354,193	4,571,422
Changes of items during period				
Issuance of new shares				
Purchase of shares of consolidated subsidiaries				
Profit attributable to owners of parent			1,637,465	1,637,465
Net changes in items other than shareholders' equity (net)				
Total changes in items during period	-	-	1,637,465	1,637,465
Balance at end of period	929,815	1,287,413	3,991,659	6,208,888

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	762	83,166	83,929	391,683	5,047,035
Changes of items during period					
Issuance of new shares					
Purchase of shares of consolidated subsidiaries					
Profit attributable to owners of parent					1,637,465
Net changes in items other than shareholders' equity (net)	(14,761)	4,138	(10,623)	246,188	235,564
Total changes in items during period	(14,761)	4,138	(10,623)	246,188	1,873,030
Balance at end of period	(13,999)	87,304	73,305	637,871	6,920,065

Fiscal year ended July 2019 (From Aug. 1, 2018 to Jul. 31, 2019)

(Unit: thousand yen)

	Shareholders' equity			
	Share capital	Capital surplus	Retained earnings	Total shareholders' equity
Balance at beginning of period	929,815	1,287,413	3,991,659	6,208,888
Changes of items during period				
Issuance of new shares	1,825,740	1,825,740		3,651,480
Purchase of shares of consolidated subsidiaries		(420,826)		(420,826)
Profit attributable to owners of parent			1,799,845	1,799,845
Net changes in items other than shareholders' equity (net)				
Total changes in items during period	1,825,740	1,404,913	1,799,845	5,030,498
Balance at end of period	2,755,555	2,692,326	5,791,504	11,239,387

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	(13,999)	87,304	73,305	637,871	6,920,065
Changes of items during period					
Issuance of new shares					3,651,480
Purchase of shares of consolidated subsidiaries					(420,826)
Profit attributable to owners of parent					1,799,845
Net changes in items other than shareholders' equity (net)	15,333	(19,089)	(3,756)	(40,961)	(44,718)
Total changes in items during period	15,333	(19,089)	(3,756)	(40,961)	4,985,780
Balance at end of period	1,333	68,215	69,549	596,909	11,905,846

(4) Consolidated Statement of Cash Flows

(Unit: thousand yen)

	Fiscal year ended July 2018 (From Aug. 1, 2017 to Jul. 31, 2018)	Fiscal year ended July 2019 (From Aug. 1, 2018 to Jul. 31, 2019)
Net cash provided by (used in) operating activities		
Profit before income taxes	2,908,920	3,024,240
Depreciation	266,215	253,417
Impairment loss	40,114	3,940
Amortization of goodwill	2,000	2,000
Increase (decrease) in allowance for doubtful accounts	820	30,104
Increase (decrease) in provision for bonuses	39,099	7,563
Increase (decrease) in retirement benefit liability	11,061	10,256
Interest and dividend income	(3,844)	(33,696)
Interest expenses on borrowings and bonds	17,953	22,645
Share of loss (profit) of entities accounted for using equity method	15,306	1,393
Loss (gain) on valuation of investment securities	54,609	-
Loss (gain) on sales of short-term and long-term investment securities	(7,621)	2,897
Decrease (increase) in trade receivables	(902,401)	(47,412)
Decrease (increase) in inventories	(1,040,560)	613,578
Increase (decrease) in trade payables	1,822,248	164,751
Other	145,835	(284,098)
Subtotal	3,369,756	3,771,583
Interest and dividends received	3,346	35,865
Interest paid	(16,889)	(23,012)
Income taxes paid	(206,577)	(1,618,916)
Income taxes refund	115,246	-
Net cash provided by (used in) operating activities	3,264,882	2,165,519
Net cash provided by (used in) investing activities		
Payments into time deposits	(854,414)	(1,045,168)
Proceeds from withdrawal of time deposits	52,750	666,619
Purchase of investment securities	(161,225)	(234,823)
Proceeds from sales of investment securities	14,535	100
Purchase of non-current assets	(406,061)	(267,982)
Loan advances	-	(420,000)
Collection of loans receivable	5,734	2,928
Payments of leasehold deposits	(66,347)	(25,471)
Other	(25,281)	(26,041)
Net cash provided by (used in) investing activities	(1,440,310)	(1,349,839)
Net cash provided by (used in) financing activities		
Proceeds from long-term borrowings	2,100,000	2,474,000
Repayments of long-term loans payable	(875,439)	(1,141,969)
Redemption of bonds	(235,000)	-
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-	(642,835)
Proceeds from issuance of shares	-	3,651,480
Other	(20,331)	(12,014)
Net cash provided by (used in) financing activities	969,229	4,328,661
Effect of exchange rate change on cash and cash equivalents	21,314	(25,393)
Net increase (decrease) in cash and cash equivalents	2,815,116	5,118,947
Balance of cash and cash equivalents at beginning of period	4,632,517	7,447,634
Balance of cash and cash equivalents at end of period	7,447,634	12,566,581

(5) Notes to Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Change in Presentation Method)

(Changes due to the application of "Partial Amendments to Accounting Standard for Tax Effect Accounting")

"Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) have been applied from the beginning of the fiscal year under review. The method has been changed to that of displaying deferred tax assets in the category of investments and other assets and deferred tax liabilities in the category of non-current liabilities.

(Segment Information, etc.)

a. Segment Information

1. Overview of Reportable Segments

The reportable segments of the Group are the Group's constituent units for which separate financial information is available and for which the Board of Directors regularly conducts examinations to determine the allocation of management resources and evaluate business performance.

The Group deploys business activities by formulating comprehensive strategies according to the services handled. The Group is therefore composed of segments based on the form of service provision, and the "Entertainment Business" and "Sports Business" are the reportable segments.

The services provided by each segment are as follows.

Reportable segment	Main services
Entertainment Business	Trading Card Game Department, Mobile Online Game Department, Music Department, MD Department, Media Department
Sports Business	Performance Department, MD Department, Content Department

2. Calculation Methods of Net sales, Profit or Loss, Assets, and Other Items for Each Reportable Segment

The accounting methods used for the business segments reported are generally the same as those used in the preparation of the consolidated financial statements.

The profit of each reportable segment indicates the figure of operating profit. Inter-segment net sales or transfers are based on current market prices.

3. Information on Net Sales, Profit or Loss, Assets, and Other Items for Each Reportable Segment

Fiscal year ended July 2018 (From Aug. 1, 2017 to Jul. 31, 2018)

(Unit: thousand yen)

	Reportable segment			Adjustment (Note 1)	Amount presented in consolidated financial statements (Note 2)
	Entertainment Business	Sports Business	Total		
Net sales					
Net sales to external customers	23,869,989	5,019,787	28,889,777	—	28,889,777
Inter-segment net sales or transfers	142,836	69,354	212,190	(212,190)	—
Total	24,012,826	5,089,141	29,101,968	(212,190)	28,889,777
Segment profit	2,159,056	770,602	2,929,659	-	2,929,659
Segment assets	15,550,228	2,910,759	18,460,988	(228,181)	18,232,806
Other items					
Depreciation	211,536	54,679	266,215	—	266,215
Investment in entities accounted for using equity method	47,144	—	47,144	—	47,144
Increase in property, plant and equipment and intangible assets	311,362	74,809	386,172	—	386,172

(Note) 1. The segment assets adjustment of -228,181 thousand yen is the elimination of inter-segment receivables and payables.

2. Segment profit is adjusted with operating profit in the quarterly consolidated statement of income.

Fiscal year ended July 2019 (From Aug. 1, 2018 to Jul. 31, 2019)

(Unit: thousand yen)

	Reportable segment			Adjustment (Note 1)	Amount presented in consolidated financial statements (Note 2)
	Entertainment Business	Sports Business	Total		
Net sales					
Net sales to external customers	26,675,397	5,500,442	32,175,839	—	32,175,839
Inter-segment net sales or transfers	37,261	105,446	142,707	(142,707)	—
Total	26,712,658	5,605,888	32,318,547	(142,707)	32,175,839
Segment profit	2,450,367	608,269	3,058,637	—	3,058,637
Segment assets	21,352,374	2,955,571	24,307,946	(171,203)	24,136,743
Other items					
Depreciation	174,344	79,073	253,417	—	253,417
Investment in entities accounted for using equity method	42,753	—	42,753	—	42,753
Increase in property, plant and equipment and intangible assets	153,809	103,674	257,483	—	257,483

(Note) 1. The segment assets adjustment of -171,203 thousand yen is the elimination of inter-segment receivables and payables.

2. Segment profit is adjusted with operating profit in the quarterly consolidated statement of income.

(Per Share Information)

	Fiscal year ended July 2018 (From Aug. 1, 2017 to Jul. 31, 2018)	Fiscal year ended July 2019 (From Aug. 1, 2018 to Jul. 31, 2019)
Net assets per share	359.02 yen	720.04 yen
Earnings per share	120.35 yen	132.12 yen
Diluted earnings per share	— yen	123.90 yen

(Note) 1. Diluted earnings per share for the previous fiscal year is not stated because the Company's shares were not listed although there were latent shares, and the average share price during the period cannot be determined.

2. Based on a resolution made at the Board of Directors' meeting held on April 22, 2019, the Company conducted a 1,000-for-1 share split of common shares on May 11, 2019. Net assets per share, earnings per share, and diluted earnings per share are calculated on the assumption that the share split was conducted at the beginning of the previous fiscal year.

3. The Company became listed on the Mothers market of the Tokyo Stock Exchange on March 23, 2018. Accordingly, the diluted earnings per share of the fiscal year under review has been calculated by deeming the average share price for the period from the listing day to the end of the fiscal year under review as the average share price during the period.

4. The basis for calculating net assets per share is as follows.

	Fiscal year ended July 2018 (As of Jul. 31, 2018)	Fiscal year ended July 2019 (As of Jul. 31, 2019)
Total amount of net assets (thousand yen)	6,920,065	11,905,846
Amount deducted from the total amount of net assets (thousand yen)	2,638,015	596,909
(Of which, Class A preferred shares preferred payment amount (thousand yen))	(2,000,144)	—
(Of which, non-controlling interests (thousand yen))	(637,871)	(596,909)
Amount of net assets at the end of the period for common shares (thousand yen)	4,282,050	11,308,936
Number of common shares at the end of the period used to calculate net assets per share (shares)	11,927,000	15,706,000

5. The basis for calculation of earnings per share and diluted earnings per share is as follows:

	Fiscal year ended July 2018 (From Aug. 1, 2017 to Jul. 31, 2018)	Fiscal year ended July 2019 (From Aug. 1, 2018 to Jul. 31, 2019)
Earnings per share		
Profit attributable to owners of parent (thousand yen)	1,637,465	1,799,845
Amount not attributable to common shareholders (thousand yen)	—	—
Profit attributable to owners of parent for common shares (thousand yen)	1,637,465	1,799,845
Average number of common shares during period (shares) (Of which, common shares) (Of which, Class A Preferred shares)	13,606,000 (11,927,000) (1,679,000)	13,623,260 (12,487,060) (1,136,200)
Diluted earnings per share		
Adjustment to profit attributable to owners of parent (thousand yen)	—	—
Increase in number of common shares (shares)	—	903,056
(Of which, share acquisition rights (shares))	—	(903,056)
Description of potentially dilutive shares not included in calculation of diluted earnings per share, because they are not dilutive	Three types of share acquisition rights (1,464 share acquisition rights).	—

(Significant Subsequent Events)

Issuance of new shares through third-party allotment (related to secondary offering through over-allotment)

At the Board of Directors' meetings held on June 24, 2019, and July 19, 2019, the Company resolved to issue new shares through third-party allotment with SMBC Nikko Securities Inc. as the allottee as shown below, for the purpose of returning the Company's common shares borrowed by SMBC Nikko Securities Inc. from Nakano-Sakaue K.K. relating to secondary offering through over-allotment. Payment was completed on August 28, 2019.

(1) Number of shares issued and outstanding	Common shares 367,400 shares
(2) Paid-in amount	1,564.00 yen per share
(3) Total paid-in amount	574,613,600 yen
(4) Allotted price	1,738.80 yen per share
(5) Total allotted price	638,835,120 yen
(6) Items related to increasing share capital	869.40 yen per share of increasing share capital
and legal capital surplus	869.40 yen per share of increasing legal capital surplus
(7) Allottee and number of shares allocated	SMBC Nikko Securities Inc. 367,400 shares
(8) Payment date	August 28, 2019
(9) Use of funds	(i) IP development (development costs for anime production of new and existing in-house IP) (ii) IP acquisition (investment for acquisition of merchandising rights for other companies' IP, etc.) (iii) IP development (investment in advertising expenses when launching new IP)