



***BUSHIROAD***

**Financial Results Briefing Material  
for the Fiscal Year Ended July 2019**

**Bushiroad Inc.  
September 18, 2019**

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## Our Strategy and Business Philosophy

# IP DEVELOPER

Creating next-generation entertainment

### Intellectual **P**roperty

The Company uses the term “intellectual property” (IP) to mean entertainment works, characters and a variety of other products.

## Contents of Business

### ◆ Entertainment Business

- Trading Card Game (TCG) Department
- Mobile Online Game (MOG) Department
- Music Department
- Merchandising (MD) Department
- Media Department



### ◆ Sports Business

- Performance Department
- MD Department
- Content Department



# Business Overview Entertainment Business

Example of multi-faceted offering of in-house IP

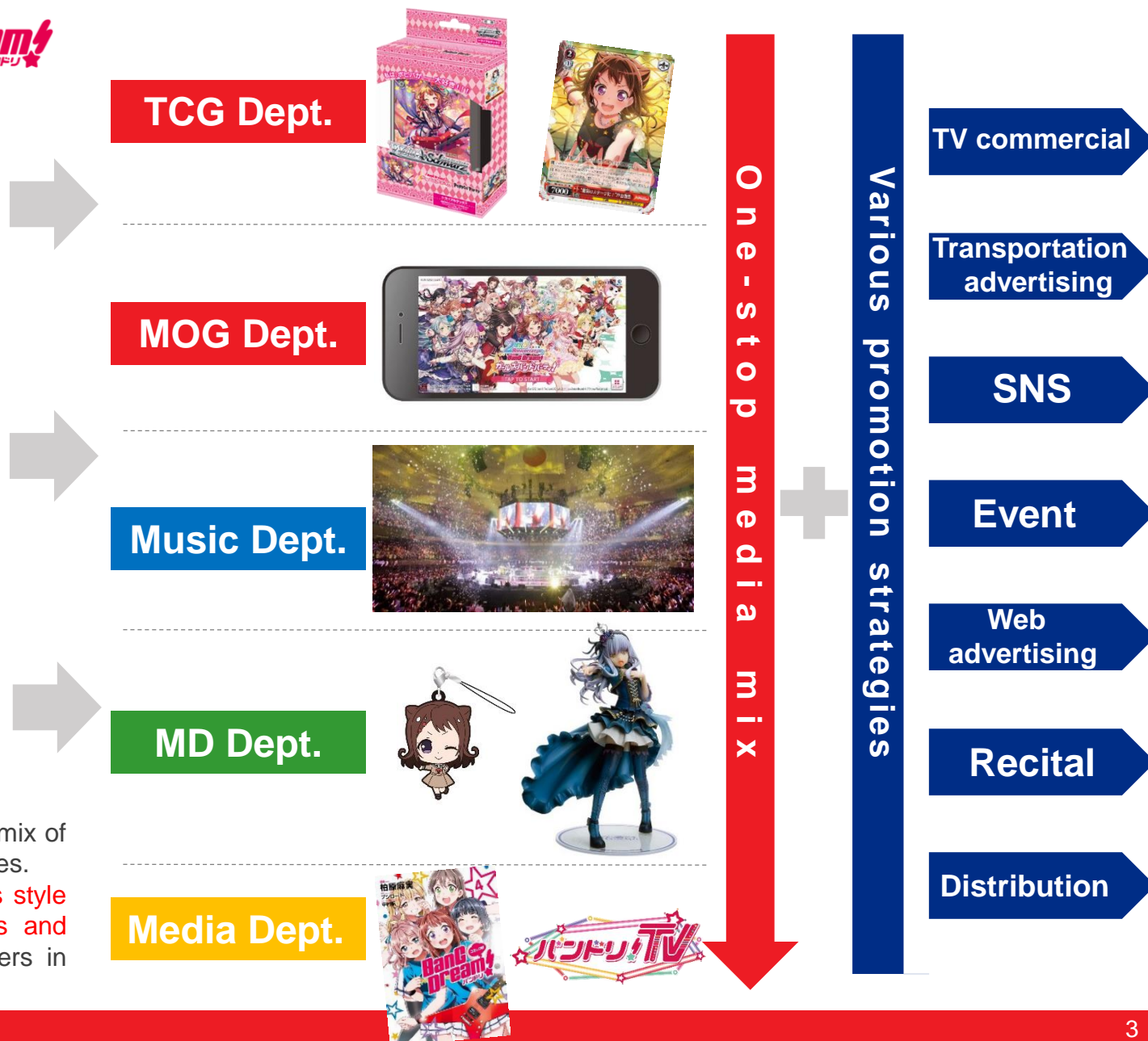
## Example of BanG Dream! Project



### 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 much music-oriented anime content, 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.

## Business Model that Generates Hit Products



## Example of TCG “Weiß Schwarz”



## A character TCG that allows users to play with various IP characters on one stage

The game incorporates a variety of popular IPs including anime and games, regardless of whether they are in-house or external. Since its launch in March 2008, we have seen participation by more than 100 IPs. Thanks to the synergy of involvement of existing IP fans, the company’s active advertising methods and easy playability through which even TCG beginners can win over advanced players, it has maintained stable sales for more than 10 years since launch.



▼ Building on trust gained in Weiß Schwarz, deploy the same IP to businesses in a multifaceted manner

MOG

MD

① TV commercial and production investment

② Permission for IP to participate in Weiß Schwarz

③ Various advertising deployment, royalty payment

► Approach to both Weiß Schwarz fans and fans of IPs

④ Enhancing trust

⑤ Acquisition of rights of next major IP

## IP rights holders

Examples of titles that have participated in Weiß Schwarz

“JoJo’s Bizarre Adventure”  
“Symphogear”  
“Cardcaptor Sakura”  
“LoveLive!”  
“Sword Art Online”  
“Hatsune Miku -Project DIVA-”  
“Puella Magi Madoka Magica”  
“Attack on Titan”  
“Shin-chan”

etc.



**Example of “New Japan Pro-Wrestling”**



Acquired New Japan Pro-Wrestling as a Subsidiary in 2012



Post-acquisition Measures

## Conducted promotions to expand IP

- Deployed advertisement to appeal to the masses, such as wrapping advertisement on Yamanote Line trains and TV commercials
- Message delivery on SNS by wrestlers
- Appearance on variety programs

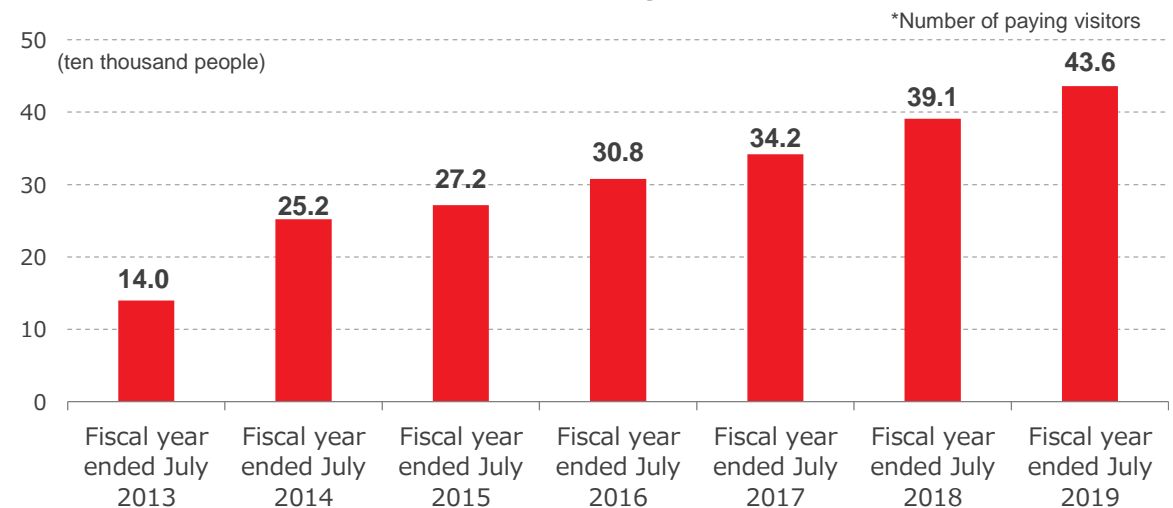
etc.

## Reinvigorate Struggling IPs

Reason for Acquisition as a Subsidiary

Wrestler characters and their individual stories  
**Attractiveness as an IP**

Post-Acquisition Annual Attendance to New Japan Pro-Wrestling Performances



# **Financial Results Summary**

## **for the Fiscal Year Ended**

### **July 2019 (FY2019)**

## Summary of Full-year Financial Results for the Fiscal Year Ended July 2019

### Financial results for the fiscal year ended July 2019

Achieved record highs in all profit types. IP “BanG Dream!” reached close to 10 billion yen in sales, and the number of IPs selling 1 billion yen or more increased by 1 title from the previous fiscal year to 7 titles in total.

Net sales	<b>32,175</b> million yen	YoY	<b>+11.4</b> %
Operating profit	<b>3,058</b> million yen	YoY	<b>+4.4</b> %
Ordinary profit	<b>3,031</b> million yen	YoY	<b>+1.2</b> %
Profit*	<b>1,799</b> million yen	YoY	<b>+9.9</b> %

\*Attributable to owners of parent

### Entertainment Business

Music Dept. and MD Dept. grew significantly by 59.8% and 58.8% year on year, respectively

Net sales	<b>26,675</b> million yen	YoY	<b>+11.8</b> %
Segment profit	<b>2,450</b> million yen	YoY	<b>+13.5</b> %

### Sports Business

While profit declined due to increase in investment costs, New Japan Pro-Wrestling continued to perform well

Net sales	<b>5,500</b> million yen	YoY	<b>+9.6</b> %
Segment profit	<b>608</b> million yen	YoY	<b>-21.1</b> %

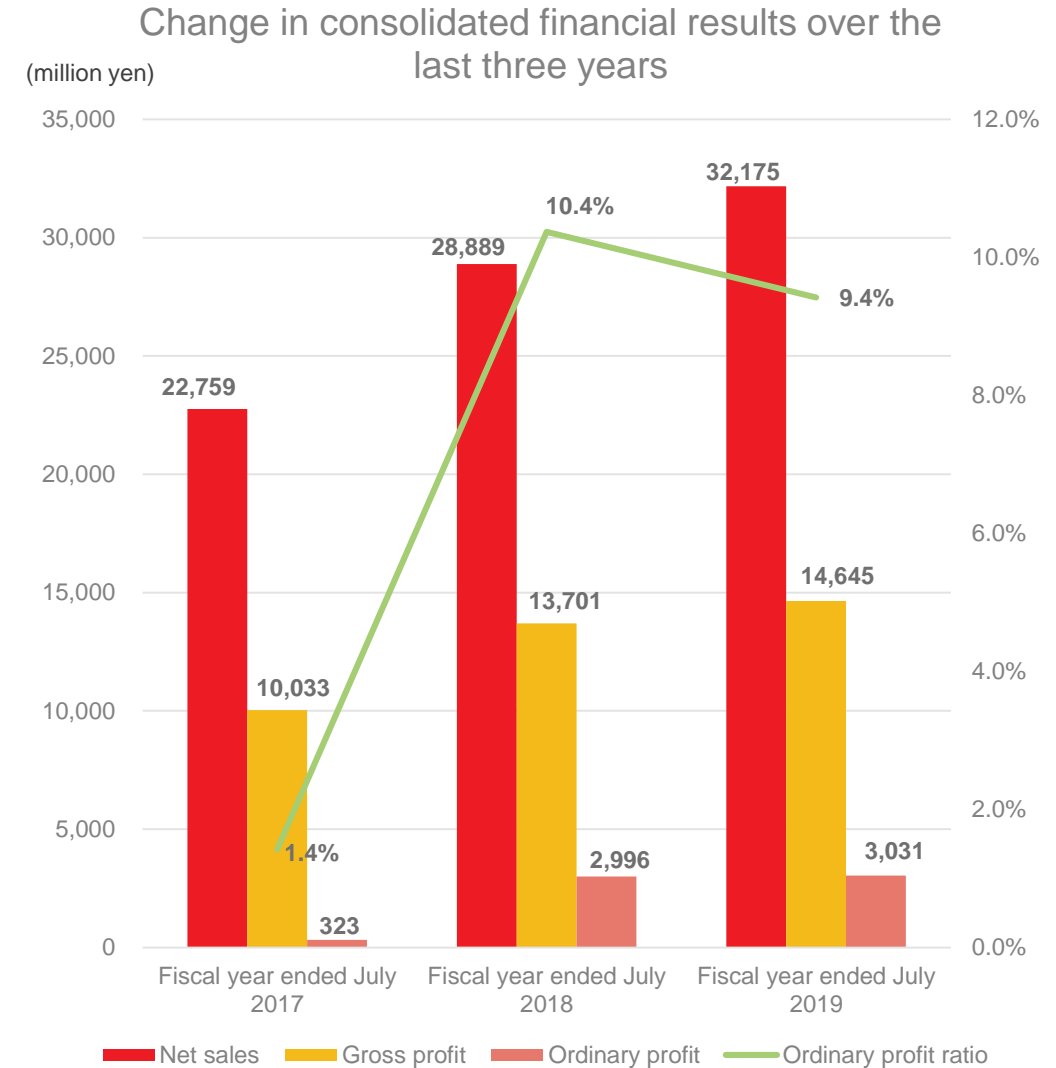


## Condensed Statement of Income (consolidated)

- Music Dept. and MD Dept. grew more than expected
- Profit margin slightly decreased due to investment in the MOG title scheduled for release in the fiscal year ending July 2020, as well as investment in video and overseas enhancement in the Sports Business

(million yen)	Fiscal year ended July 2019	Fiscal year ended July 2018	YoY change	YoY change rate
<b>Net sales</b>	<b>32,175</b>	28,889	+3,286	+11.4%
<b>Gross profit</b>	<b>14,645</b>	13,701	+944	+6.9%
<b>Selling, general and administrative expenses</b>	<b>11,587</b>	10,771	+816	+7.6%
Advertising expenses	<b>5,003</b>	5,060	-57	-1.1%
Promotion expenses	<b>1,644</b>	1,717	-73	-4.3%
<b>Operating profit</b>	<b>3,058</b>	2,929	+129	+4.4%
<b>Ordinary profit</b>	<b>3,031</b>	2,996	+35	+1.2%
<b>Ordinary profit ratio</b>	<b>9.4%</b>	10.4%	-1.0pt	-
<b>Profit attributable to owners of parent</b>	<b>1,799</b>	1,637	+162	+9.9%

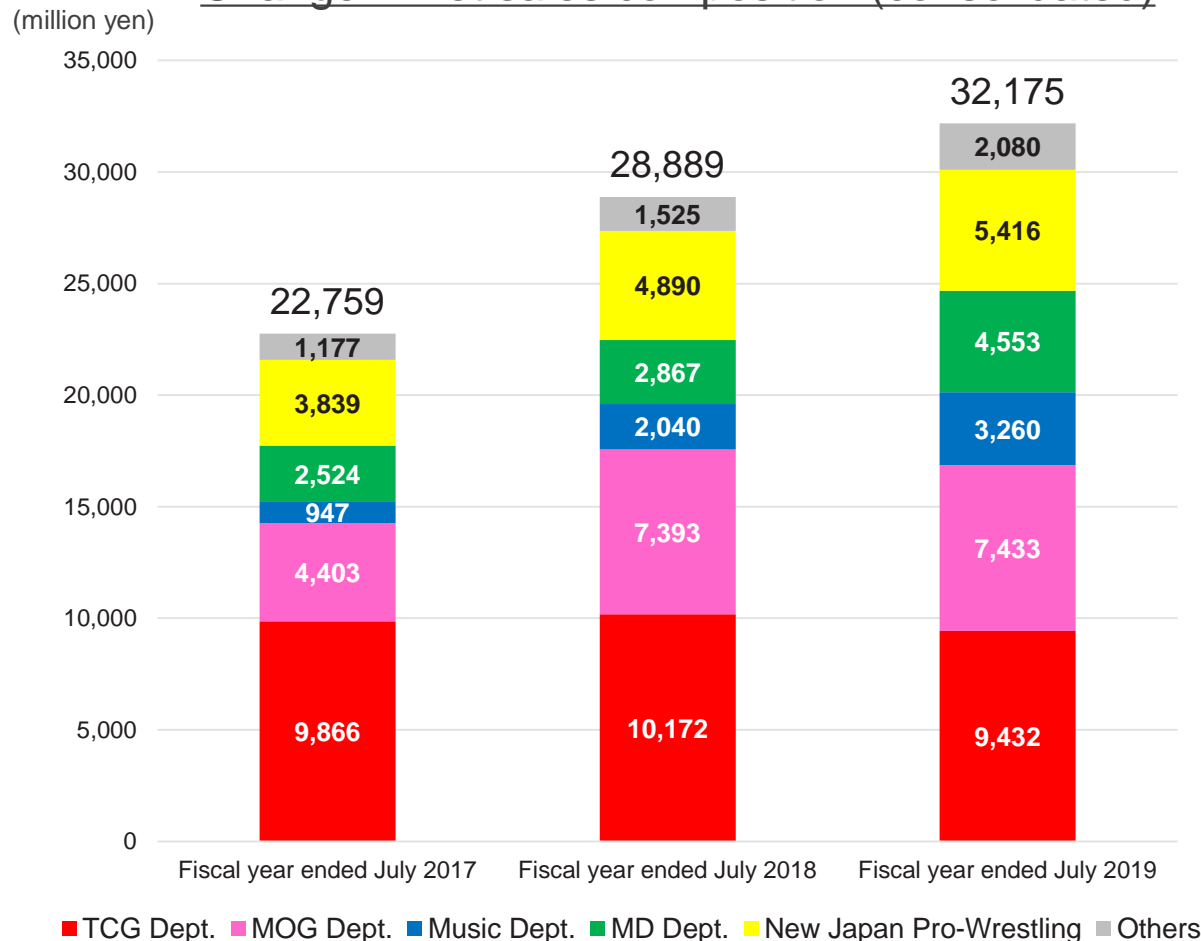
## Achieved Record Sales and Profits



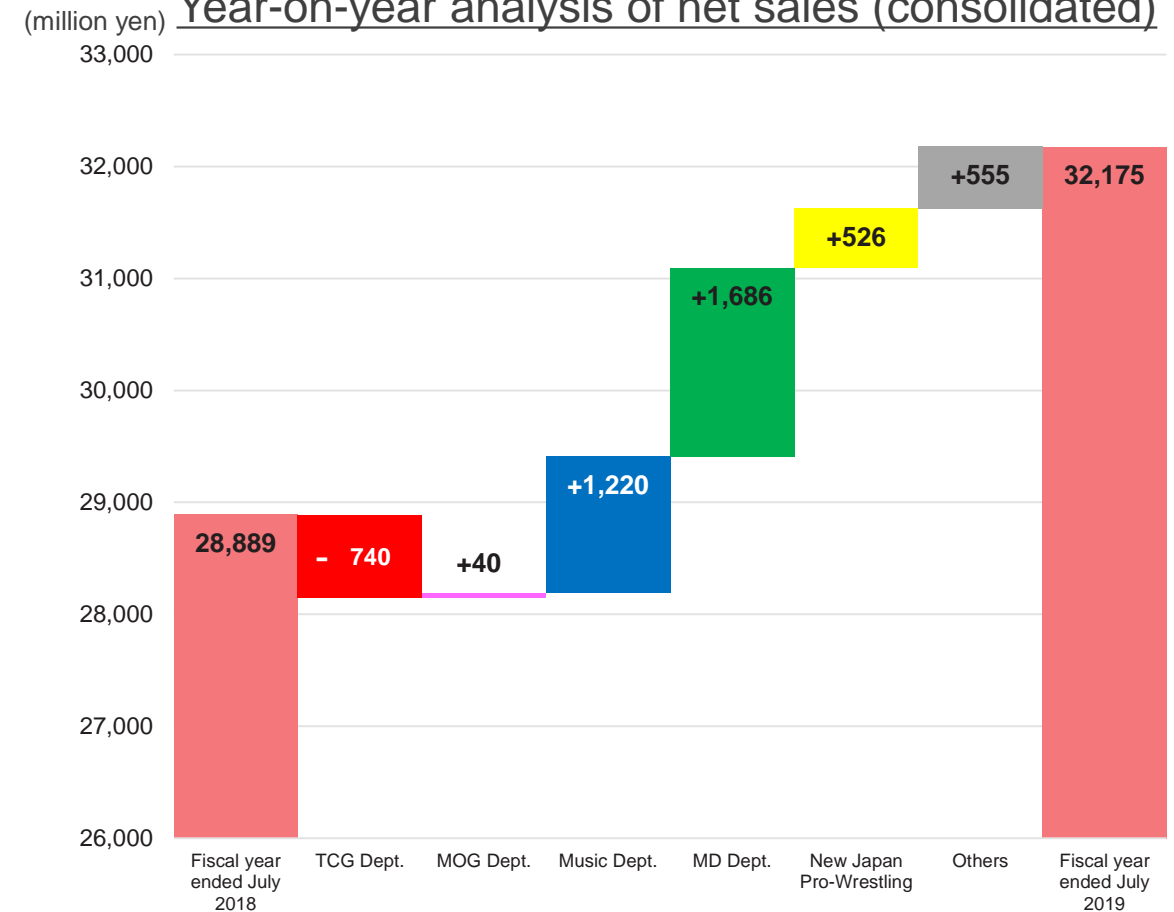
## Sales Composition (Consolidated)

- Overall net sales increased with the growth in Music Dept. and MD Dept. offsetting the decrease in sales in TCG Dept. and the flat growth in MOG Dept.
- New Japan Pro-Wrestling continued double-digit growth in the fiscal year ended July 2019 as well and achieved record sales
- \* “Other” includes proceeds from anime production committees of which Media Dept. is in charge

### Change in net sales composition (consolidated)



### Year-on-year analysis of net sales (consolidated)

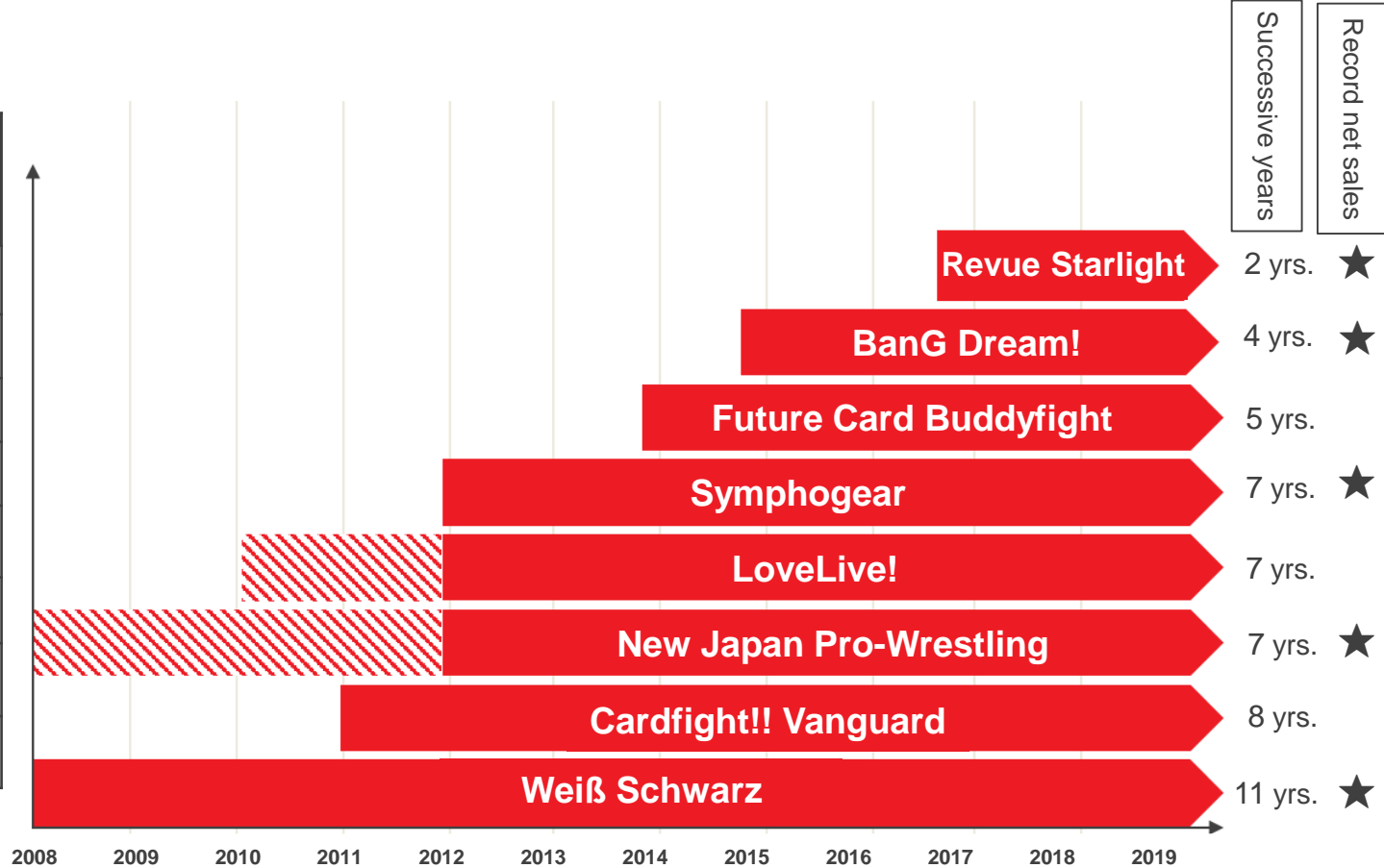


# IP ranking for the fiscal year ended July 2019

- IP “BanG Dream!” is about to reach net sales of 10 billion
- IP “Revue Starlight,” which originated from musicals and was launched in 2017, newly entered the ranking

## IP Ranking for the Fiscal Year Ended July 2019 (IP with net sales of 1 billion yen or more<sup>\*1</sup> at the Company)

Rank	IP Title	Launch year <sup>*2</sup>	In-house IP/other companies' IP
1	BanG Dream!	2015	In-house
2	New Japan Pro-Wrestling	2012	In-house
3	Cardfight!! Vanguard	2011	In-house
4	LoveLive!	2012	Other company
5	Future Card Buddyfight	2014	In-house
<b>NEW</b> 6	Revue Starlight	2017	In-house
7	Symphogear	2012	Other company



\*1 Internally aggregated figures

\*2 For other companies' IP and New Japan Pro-Wrestling, the year in which the Company started handling the business is shown

# **Topics by Segment:**

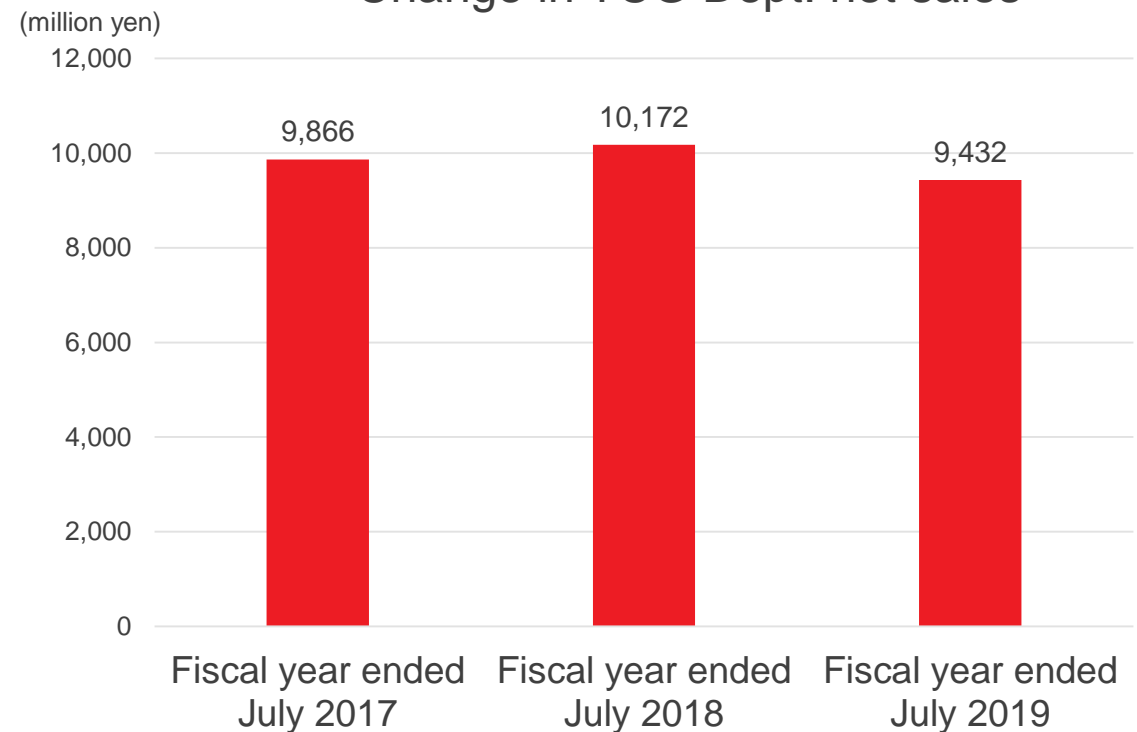
## **Entertainment Business**

- While revenues of “Vanguard” and “Buddyfight” declined year on year, “Weiß Schwarz” achieved record net sales in the 11 years since its launch
- Strong sales overseas as a whole in the TCG Dept. Participation in the official tournament for the English version of “Cardfight!! Vanguard” increased by 48% compared to the previous tournament (\*1), with players from about 30 countries participating. \*1 Comparison between participants in “Bushiroad Championship Series 2018” and “Bushiroad Spring Fest 2019”
- Overseas sales account for about 26% of TCG Dept.’s net sales



Bushiroad Championship Series 2019 New York tournament held in May 2019

Change in TCG Dept. net sales

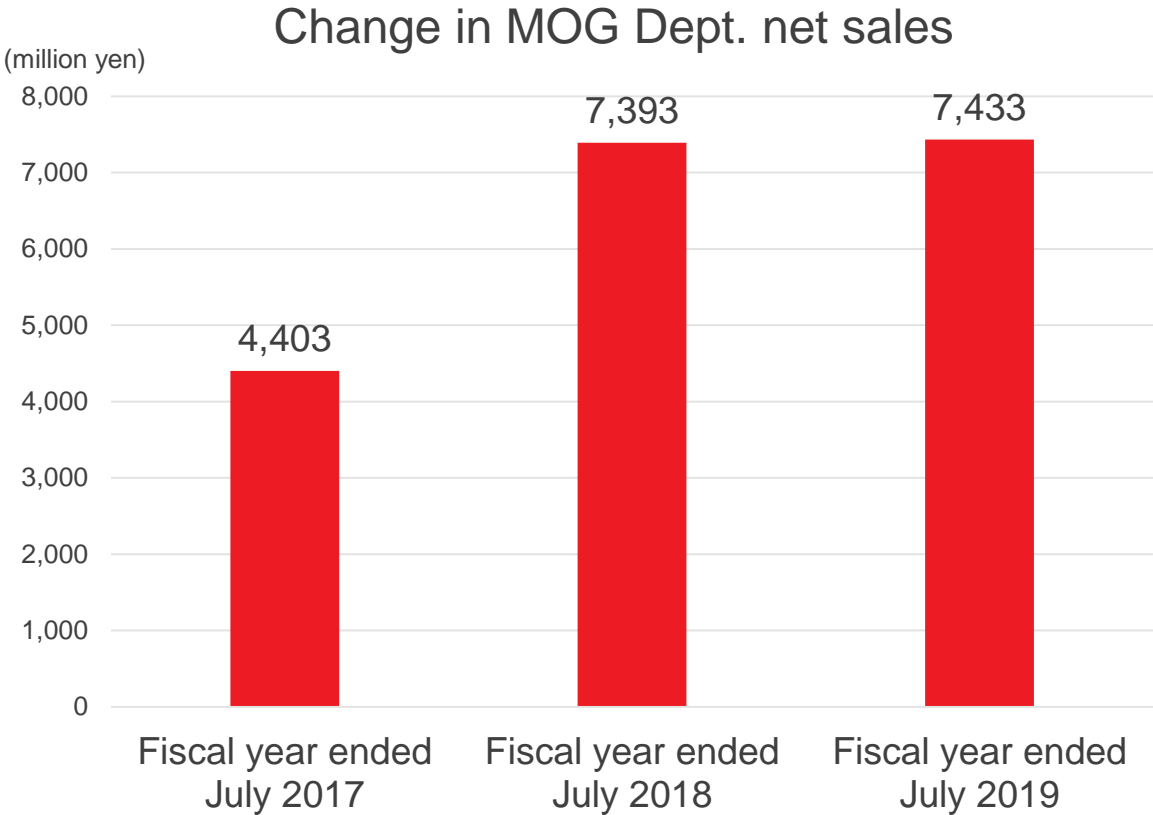




- “BanG Dream! Girls Band Party!” (Distributor: Craft Egg), the pillar of the Department’s sales, achieved first place in the App Store sales ranking for the first time, with the number of domestic users surpassing 10 million.
- Began distribution of “Revue Starlight -ReLIVE-” (Distributor: Ateam) and “Detective Conan Runner: Race to the Truth”
- Held “Garu-Suta Festival,” a real-life event for “Garuparty!” and “Revue Starlight -ReLIVE-,” attracting 30,981 people in two days
- Overseas sales account for about 14% of MOG Dept.’s net sales



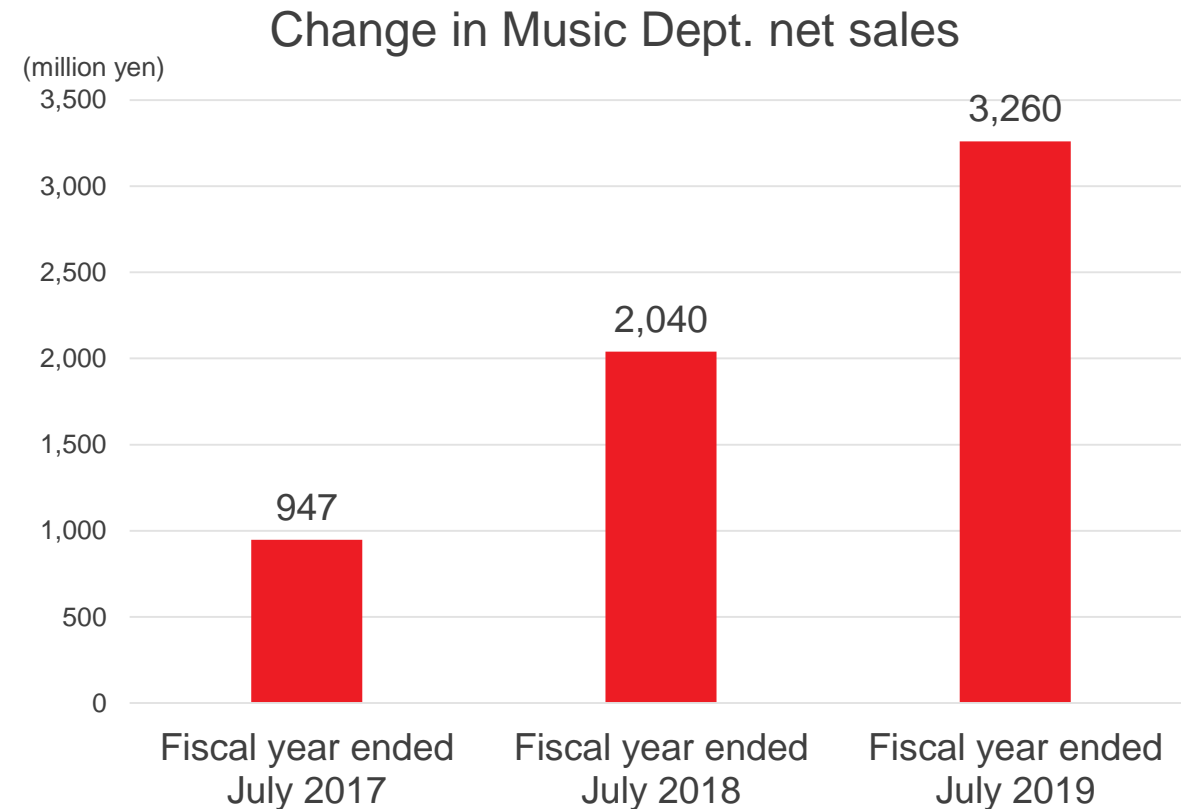
Distribution of the simplified Chinese version of “Garuparty!” (“BanG Dream! 少女乐团派对!”) also started (Distributor: bilibili)



- Cumulative sales of CDs related to “BanG Dream!” exceeded 1 million copies.
- “BanG Dream!” 6 titles released simultaneously in February 2019; all titles ranked within top 10 in the Oricon chart
- About 190,000 people attended music events hosted by Bushiroad Music (including live viewing)



“BanG Dream! 7th☆LIVE” held in February 2019 over 3 days at Nippon Budokan





## Entertainment Business Topics

### MD Dept.

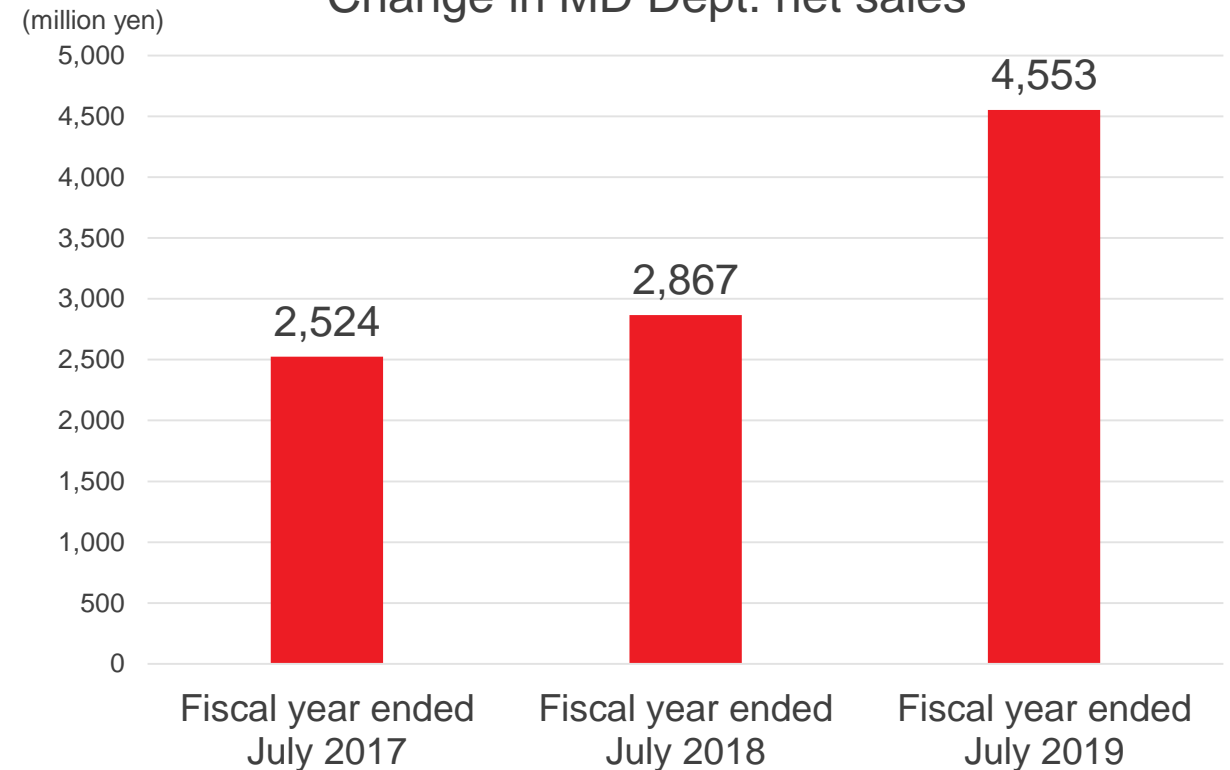
- Held the industry-first Animate World Fair at 125 Animate stores worldwide. About 1.2 million people purchased “BanG Dream!” goods (based on the number of checkouts)
- Entered the scale figure market
- Held regular event at Marui stores
- IP products created by and incorporated from other companies, such as “Re:Zero – Starting Life in Another World” and “Detective Conan” also performed well.



Example of “BanG Dream! Animate World Fair” held from February to March 2019

## Achieve Results by Establishing a Business Model

Change in MD Dept. net sales



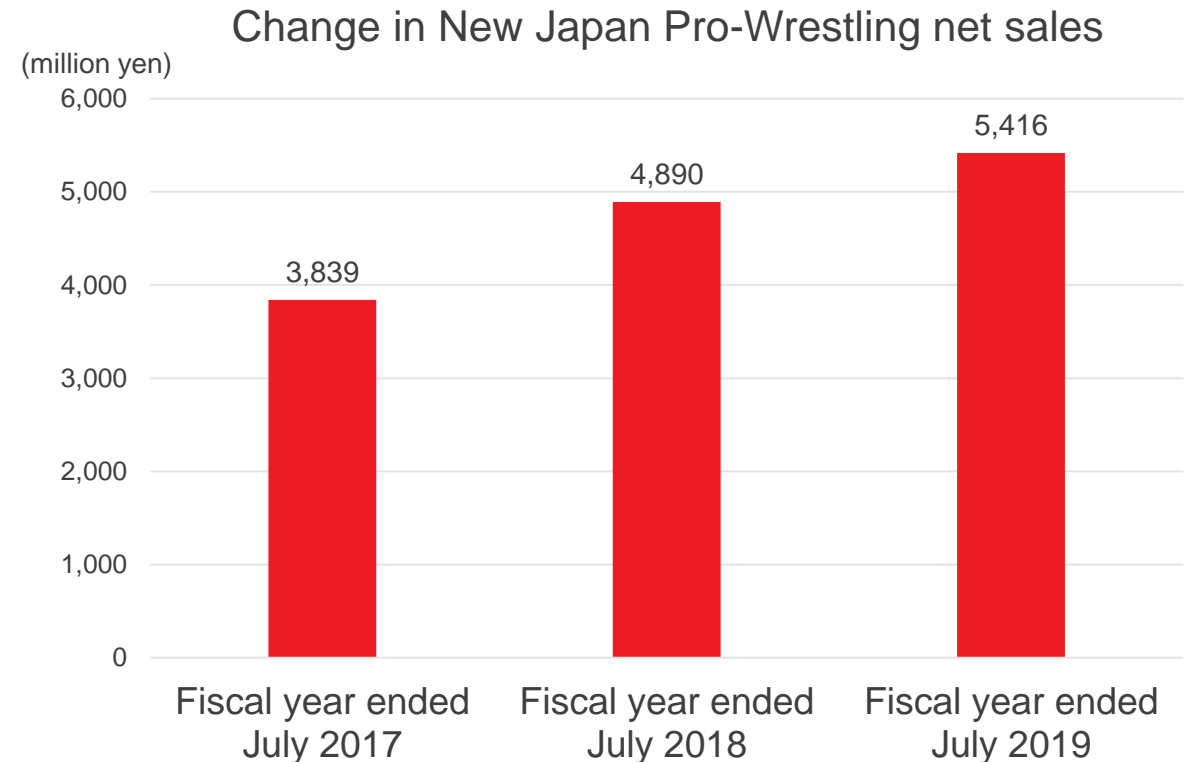
# **Topics by Segment:**

## **Sports Business**

- New Japan Pro-Wrestling has drawn approximately 436,000 people, marking 6 consecutive years of increase
- Held first tournament in Madison Square Garden in New York put on by a Japanese professional wrestling organization and drew a crowd of 16,534 people (sold out)
- Increased investment in video and overseas enhancement
- Kixroad announced partnership with kickboxing event “REBELS” and the new organization and concept of “KNOCK OUT”



ROH/NJPW “G1 Supercard”  
held in New York’s Madison Square Garden in April 2019



# **Forecast for the Fiscal Year Ending July 2020 (FY2020)**

# Financial Forecast for the Fiscal Year Ending July 2020

(million yen)	Fiscal year ending July 2020 (forecast)	Fiscal year ended July 2019 (actual)	YoY change	YoY change rate
Net sales	36,000	32,175	+3,825	+11.9%
Operating profit	3,100	3,058	+42	+1.4%
Ordinary profit	3,100	3,031	+69	+2.3%
Ordinary profit ratio	8.6%	9.4%	-0.8pt	-
Profit attributable to owners of parent	1,800	1,799	+1	+0.1%

- In the Entertainment Business, sales will expand due to the release of new titles in the MOG Dept. such as “LoveLive! School Idol Festival ALL STARS (Suku-Suta)” and “Cardfight!! Vanguard ZERO”
- Costs for new IPs such as “D4DJ” and “ARGONAVIS from BanG Dream!” will incur ahead of sales
- In the Sports Business, the Performance Dept. will grow through expansion of scale, such as two-day performances at Tokyo Dome, and the Content Dept. will expand overseas operations in anticipation of future growth.





“Cardfight!! Vanguard ZERO”



“LoveLive! School Idol Festival ALL STARS (Suku-Suta)”

© 2013 Project LoveLive! © 2017 PROJECT Love Live! Sunshine!! © KLabGames © SUNRISE



“Lost Decade”

© RASTAR GAMES (HK) CO., LIMITED ALL RIGHTS RESERVED.



“Cardcaptor Sakura Clear Card: Happiness Memories”

© CLAMP and ST/Kodansha, NEP and NHK ©Bushiroad Inc. © Monstar Lab, Inc.



## New IPs for Investment in the Fiscal Year Ending July 2020

- “D4DJ” and “ARGONAVIS” are already building their fan bases through such measures as live performances at Makuhari Messe
- The launch ceremony of the new TCG “Rebirth for you” will be held at 19:00 on September 18 (Wednesday)
- “Assault Lily” will be staged in January 2020



“D4DJ”



“Rebirth for you”



“ARGONAVIS from BanG Dream!”



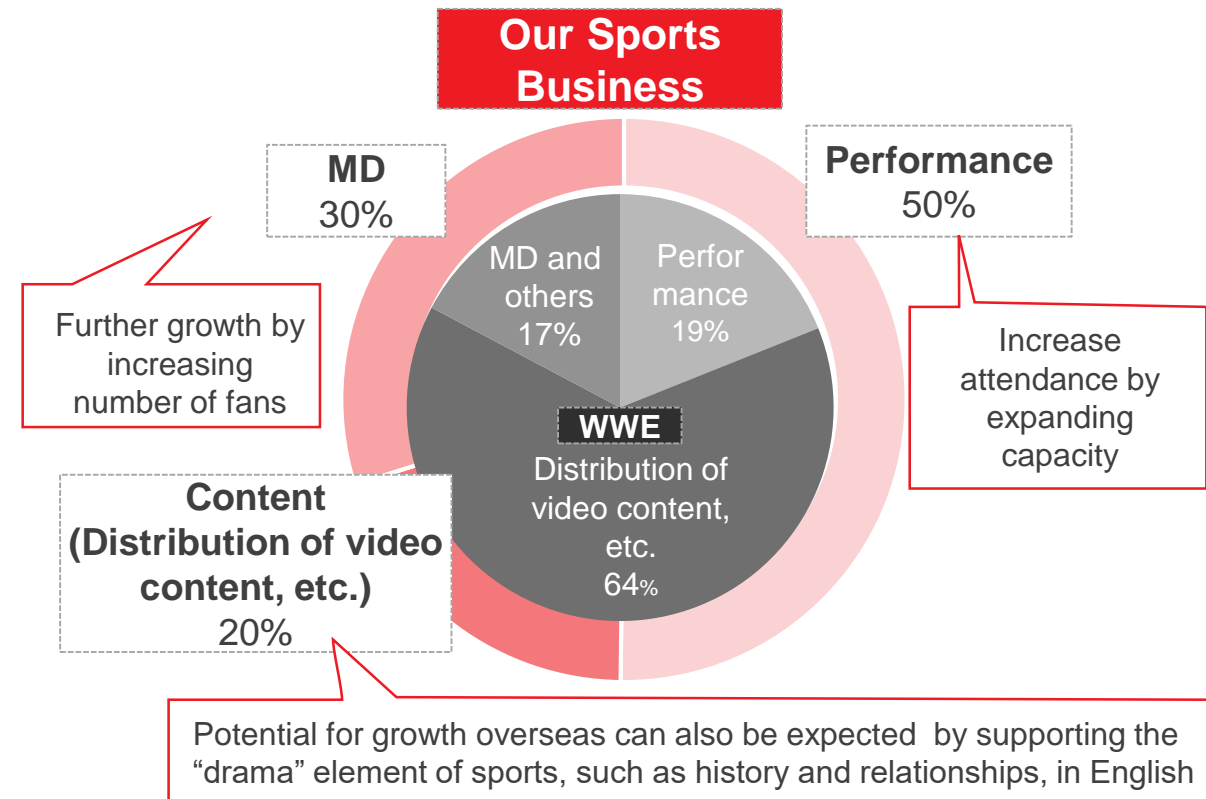
Stage Performance “Assault Lily League of Gardens”



- Make new attempts such as two-day performances at Tokyo Dome
- Looking ahead, expand the video content business with an aim to have a portfolio centered on video content distribution, etc., as world-renowned major sports companies have  
→ To achieve this goal, expand overseas operations mainly in the United States.



Two Days at Tokyo Dome will be held on January 4 (Saturday) & January 5 (Sunday) 2020!

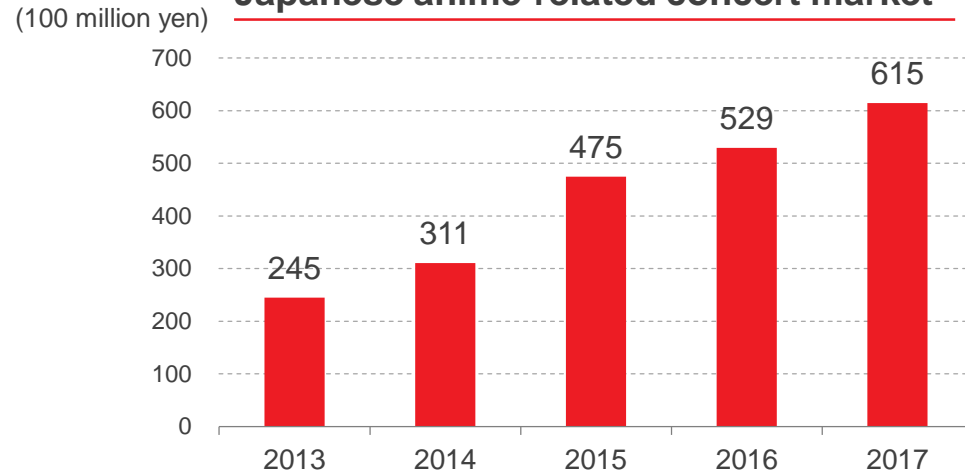


Source: WWE (World Wrestling Entertainment) , Annual Report (2012–2017)

Note: **Performance:** Live Events **Distribution of video content:** Media Division (Network, Television, Home Entertainment, Digital Media)

**MD:** Consumer Products Division, **Others:** WWE Studios, Corporate & Other

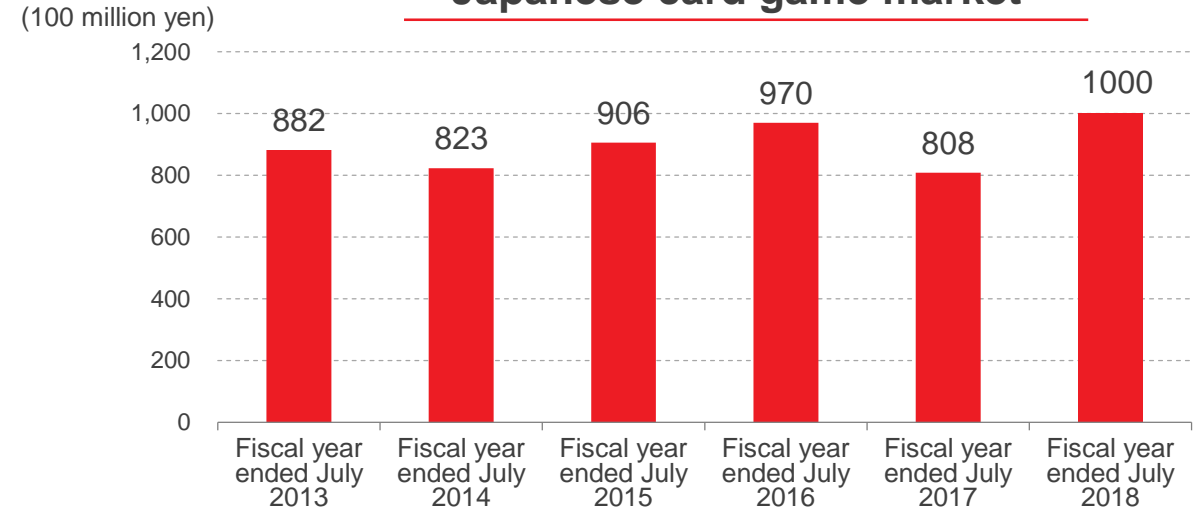
## Japanese anime-related concert market



Source: The Association of Japanese Animations, "Anime Industry Report 2018"

Note: The figures for "stage events," "2.5D musicals," "concert viewing," "anime museums and exhibitions," and "anime cafés" are combined.

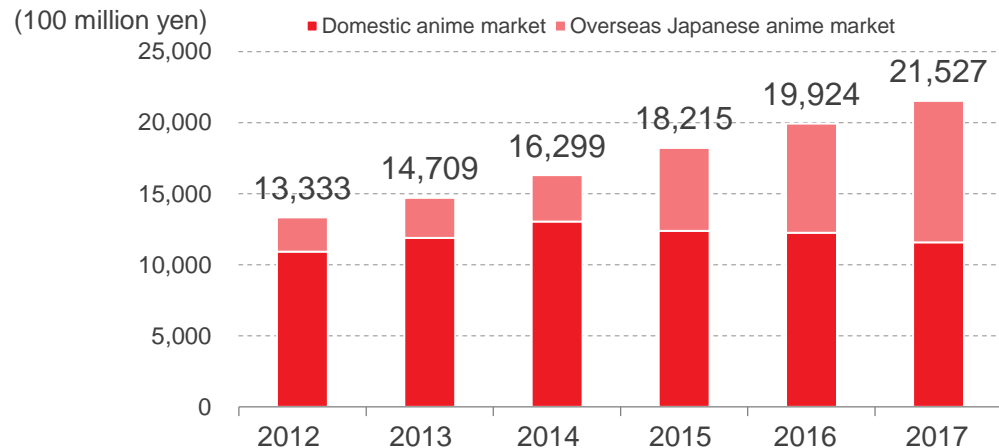
## Japanese card game market



Source: Media Create Research Institute

"Monthly Trading Card Game Research Data 2013-2018"

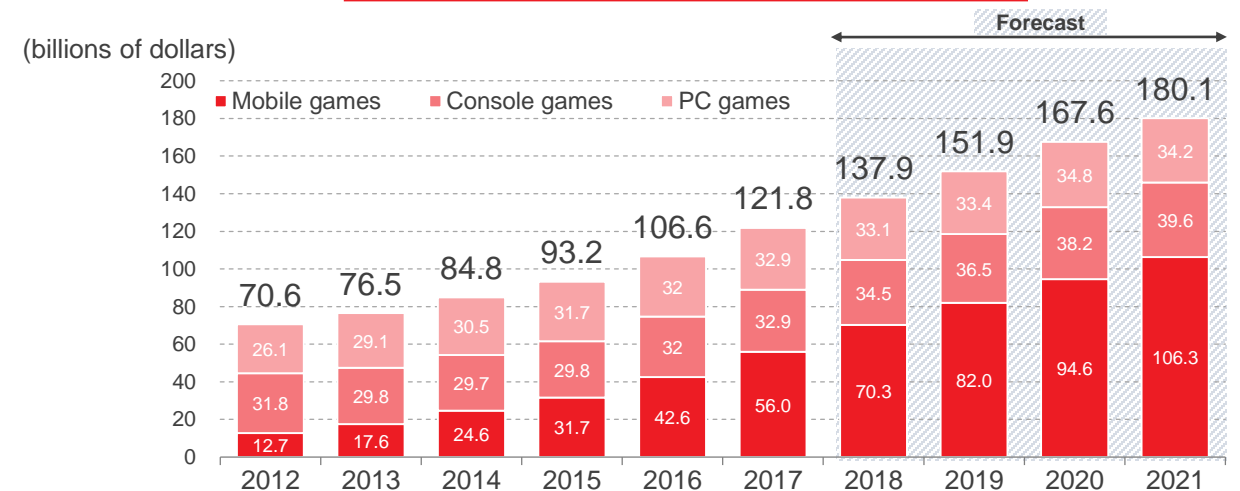
## Japanese anime domestic and overseas markets



Source: The Association of Japanese Animations, "Anime Industry Report 2018"

Note: In the domestic anime market, "TV," "Movie," "Videogram," "Internet Distribution," "Merchandising," "Music," "Pachinko," and "Concerts" are combined.

## Global games market



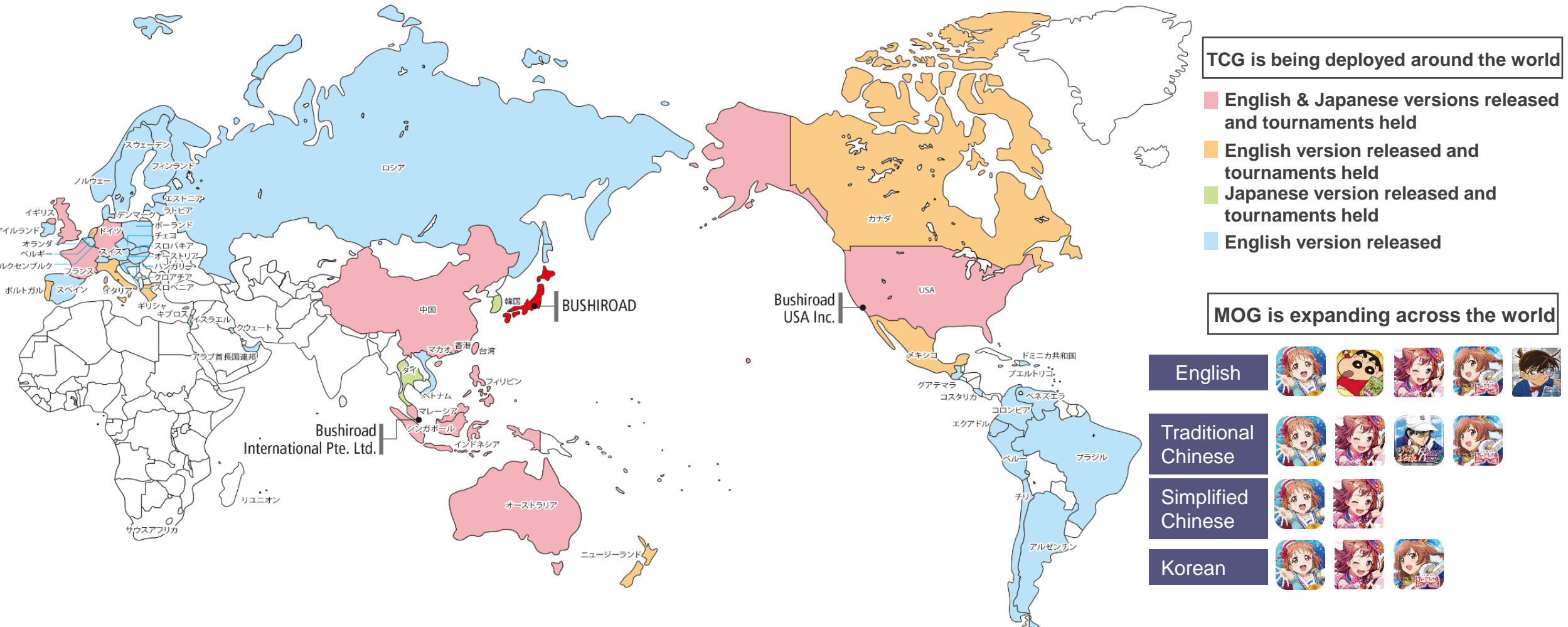
Source: newzoo

"Mobile Revenues Account for More Than 50% of the Global Games Market as It Reaches \$137.9 Billion in 2018"

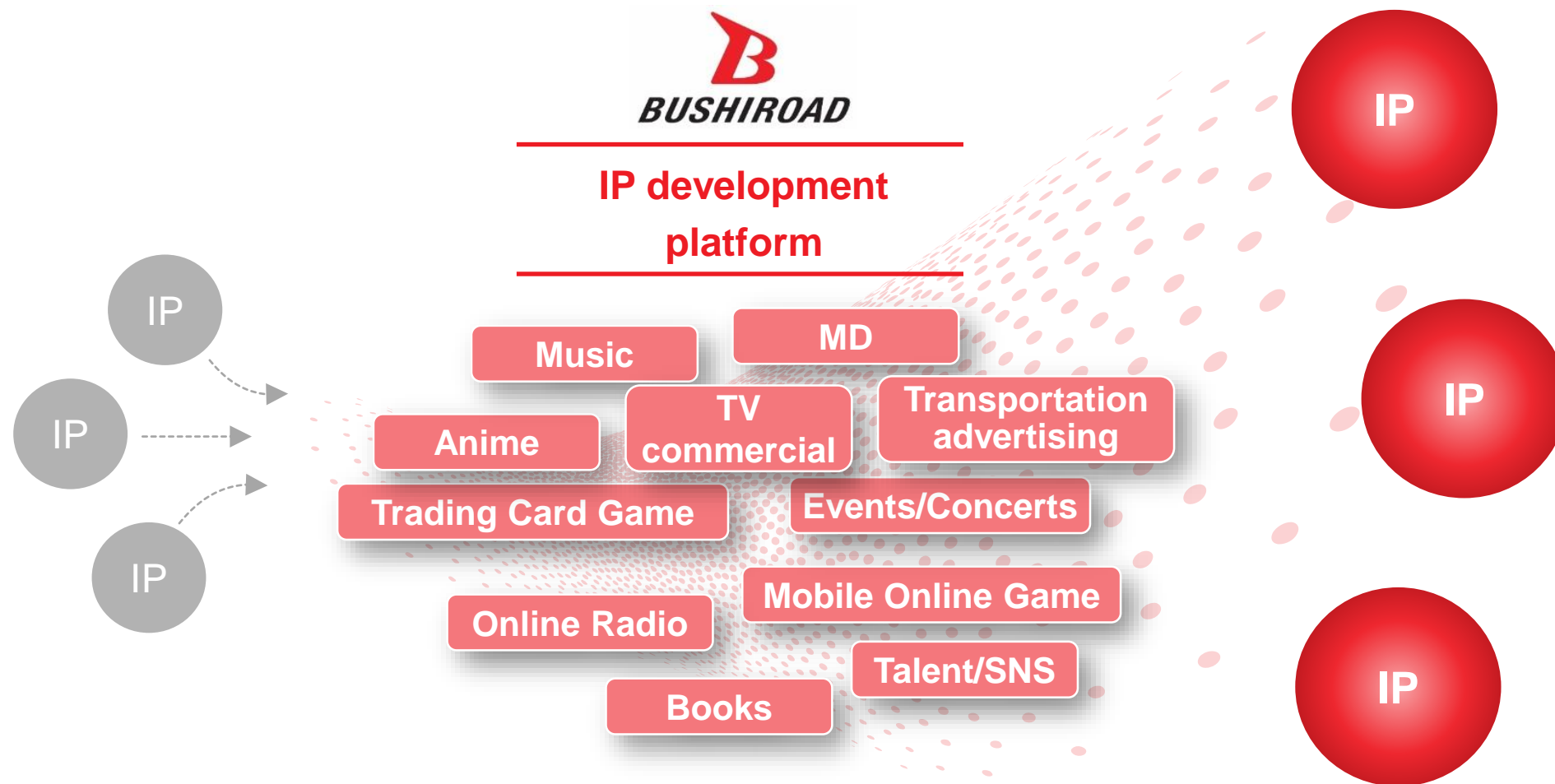
# Further Development of Overseas Markets

## Launch Overseas IP Developer Strategy

- The TCG Dept. is steadily developing in overseas markets  
(Countries in which our TCG conducts sales: more than 60 countries, conventions held: more than 20 countries) \*as of May 2019
- The expansion of the overseas Japanese anime market along with the expansion of the games market are favorable development for our MOG Dept., whose focus is IP

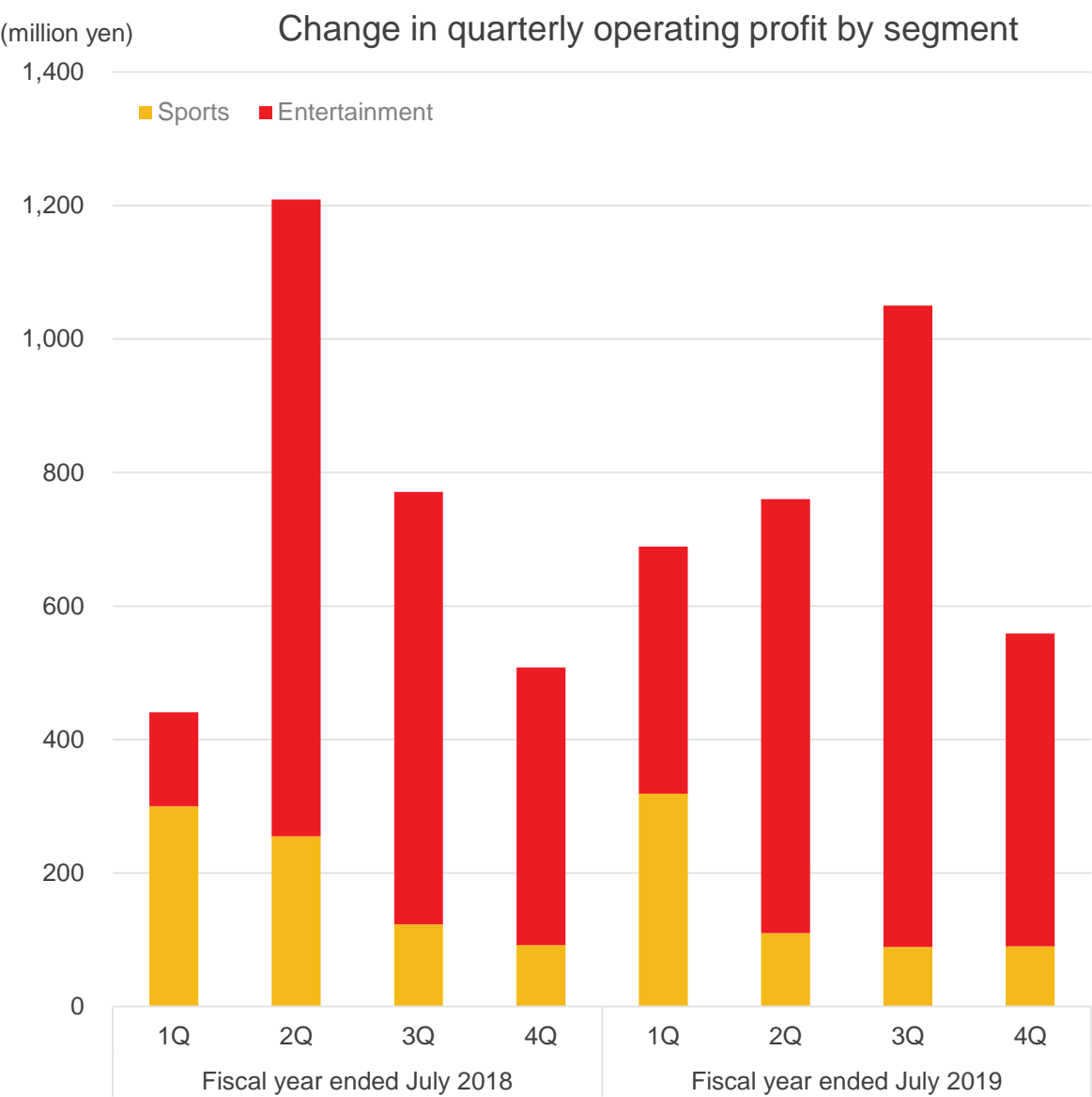
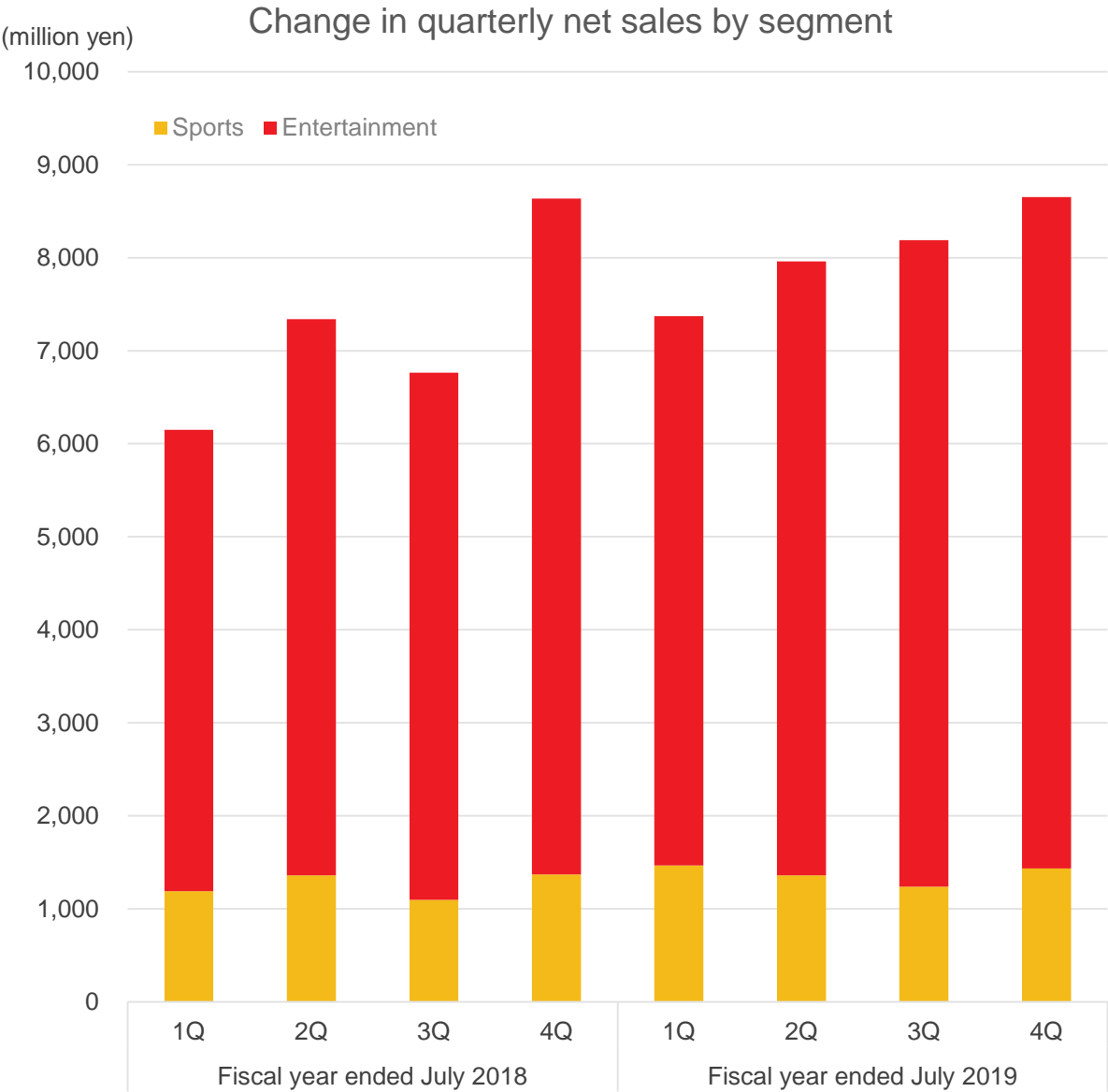


- In the future, we aim to further enhance our presence in the entertainment market by strengthening our position as a platform company that connects our own and other companies' IPs with users.



# Appendix

# Change in Quarterly Financial Results

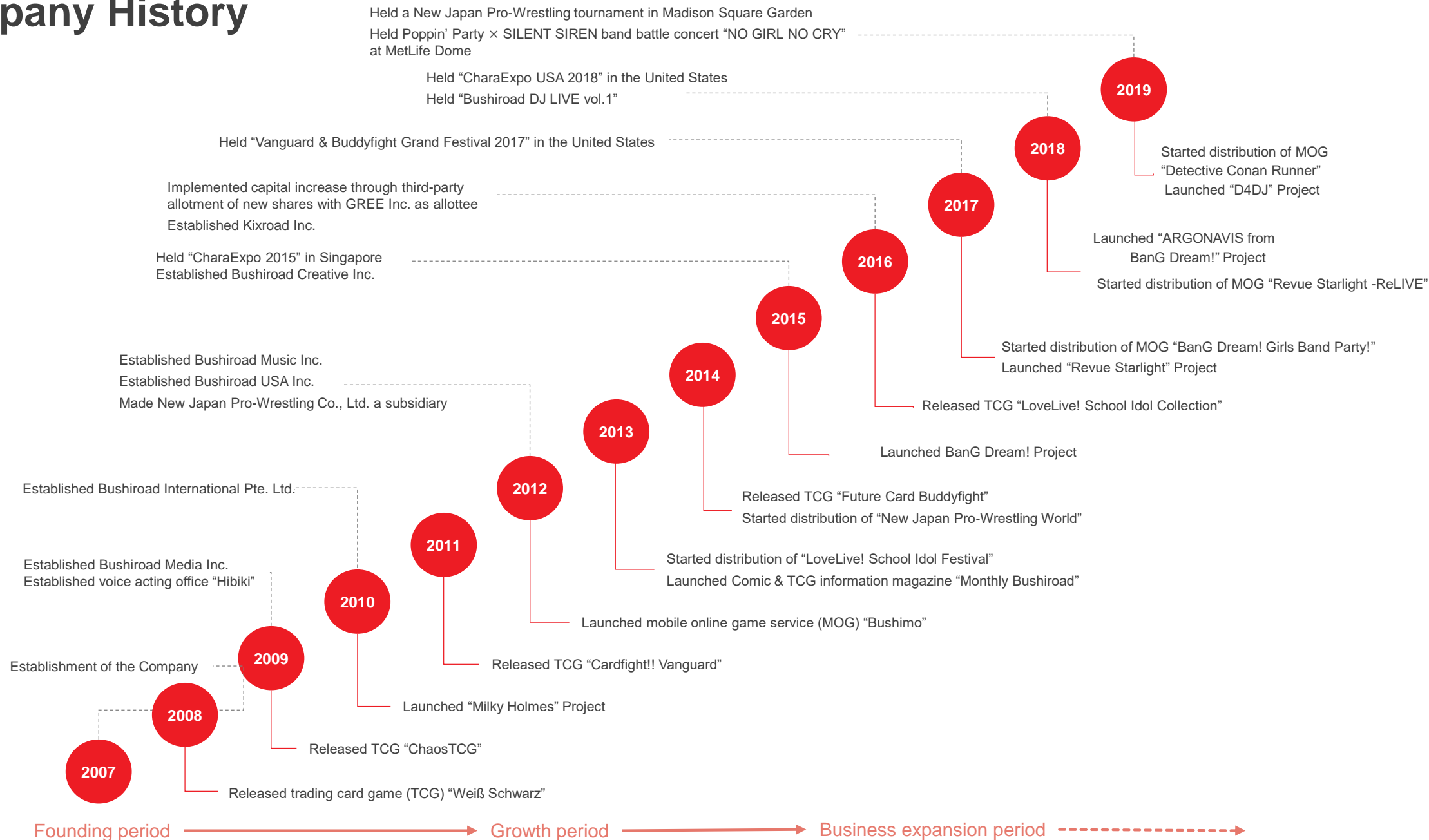


\*Net sales and operating profit for each quarter of the fiscal year ended July 2018 were not audited by an audit corporation.

\*Segment net sales are net sales to external customers. \*Segment profit is adjusted with operating profit in the quarterly consolidated statement of income.



# Company History





# Company Profile

Company name	Bushiroad Inc.
Capital	2,755,555 thousand yen (as of July 31, 2019)
Establishment	May 18, 2007
Head office location	Sumitomo Nakanosakaue Building 2F, Chuo 1-38-1, Chuo, Nakano-ku, Tokyo
Number of employees	Consolidated: 451 Non-consolidated: 247 (As of July 31, 2019)
Overview of Businesses	Planning, development and release of trading card games Planning and development of mobile online games MD Planning, development and release EC site management Various IP planning, development, production, etc.

CEO	Yoshitaka Hashimoto
Director	Takaaki Kidani
Director	Kazuhiko Hirose
Director	Harold George Meij
Director	Toshiyuki Muraoka
Outside Director	Daisuke Okeda
Auditor	Norifumi Morise
Outside Auditor	Yuichi Takatsu
Outside Auditor	Shinya Yamada

# Biography of Management Team

**CEO**  
**Yoshitaka Hashimoto**



Apr. 1987  
May 1995  
Apr. 2006  
Jan. 2012  
Sep. 2015  
Oct. 2017

Joined IBM Japan, Ltd.  
Established Costume Paradise inc. (current Cospa inc.)  
Established Tablier Communications inc. (current COSPA Group Holdings Inc.)  
Advisor of the Company  
Director of the Company  
CEO of the Company (current position)

**Director**  
**Takaaki Kidani**



Apr. 1984  
Mar. 1994  
May 2007  
Oct. 2017  
Oct. 2017

Joined Yamaichi Securities Co., Ltd.  
Broccoli Co., Ltd. established  
Established the Company and assumed CEO  
Director of the Company (current position)  
CEO of Bushiroad Music Inc. (current position)

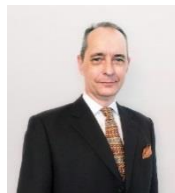
**Director**  
**Kazuhiko Hirose**



Apr. 2003  
May 2006  
May 2011  
Sep. 2012

Joined IBM Japan, Ltd.  
Joined ACQUIRE Corp.  
Joined the Company  
Director of the Company (current position)

**Director**  
**Harold George Meij**



Jan. 1987  
Apr. 1990

Joined Heineken Japan K.K. (currently Heineken K.K.) and assumed post of Assistant General Manager  
Joined Nippon Lever K.K. (currently Unilever Japan K.K.) and assumed post of Assistant Brand Manager

Apr. 2000  
Sep. 2006

Joined Sunstar Inc. and assumed post of Executive Officer, Oral Care Division  
Joined Coca-Cola Japan Co., Ltd. and assumed posts of Executive Vice President & General Manager, Marketing Headquarters

Nov. 2008  
Mar. 2014  
Jun. 2015  
May 2018

Executive Vice President and Chief Customer Officer of Coca-Cola Japan Co., Ltd.  
Joined TOMY Company, Ltd. and assumed post of Managing Advisor  
Representative Director & President of TOMY Company, Ltd.  
Director and CSO of the Company (current position), Representative Director & CEO of New Japan Pro-Wrestling Co., Ltd. (current position)

**Director**  
**Toshiyuki Muraoka**



Apr. 2000  
Jan. 2008  
Jul. 2009  
Jul. 2017  
May 2019

Joined Five Foxes Co., Ltd.  
Joined Rakuten, Inc.  
Joined Aoi Advertising Promotion Inc. (current AOI Pro. Inc.)  
Joined the Company  
Director of the Company (current position)



***BUSHIROAD***

**Bushiroad Inc.**

**Securities code: 7803**

## Disclaimer

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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.