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March 16, 2021

## Summary of Consolidated Financial Results for the Second Quarter of the Fiscal Year 2021 [Japanese standards] (Consolidated)

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 Stock exchange listing: Tokyo  
 Stock code: 7803 URL: <https://bushiroad.co.jp/>  
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Scheduled date to file Quarterly Securities Report: March 16, 2021

Scheduled date to commence dividend payments: N/A

Preparation of supplementary material on financial results: Yes

Holding of financial results meeting: Yes

(From the viewpoint of preventing wider spread of COVID-19, this meeting has been cancelled, but instead, President will explain the quarterly financial results by video streaming.)

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results of the second quarter of FY2021 (August 1, 2020 – January 31, 2021)

#### (1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Net profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
2Q of FY2021	18,026	3.4	158	-92.9	162	-92.8	-191	-
2Q of FY2020	17,429	-	2,233	-	2,260	-	1,278	-

(Note) Comprehensive income 2Q of FY2021: -178 million yen [-%]  
 2Q of FY2020: 1,525 million yen [-%]

	Net profit per share	Diluted net profit per share
	yen	yen
2Q of FY2021	-11.86	-
2Q of FY2020	79.79	75.00

(Note) The Company has since FY2021 (current term) changed its fiscal year end from July 31 to June 30, and unified the whole Group's fiscal year end as June 30.

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
2Q of FY2021	39,724	13,698	32.8
FY2020	34,518	13,871	38.3

(Reference) Shareholders equity 2Q of FY2021: 13,028 million yen  
 FY2020: 13,222 million yen

### 2. Cash dividends

	Annual dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2020	—	0.00	—	0.00	0.00
FY2021	—	0.00	—	0.00	0.00
FY2021 (forecasts)	—	—	—	0.00	0.00

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

The Company has since FY2021 (current term) changed its fiscal year end from July 31 to June 30. Therefore, for FY2021 being a transitional period, the Company set its record dates of interim dividend and year-end dividend as January 31 and June 30, respectively.

### 3. Consolidated performance forecasts for FY2021 (August 1, 2020 – June 30, 2021)

Consolidated financial forecast for FY2021 is undecided because rational calculation is difficult. Such forecast will be made public promptly, when it becomes possible.

**\*Notes**

- (1) Changes in significant subsidiaries during the current quarter consolidated cumulative period  
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods to the preparation of quarterly consolidated financial statement: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- ① Changes in accounting policies due to revisions to accounting standards and other regulations: No
  - ② Changes in accounting policies due to other reasons: No
  - ③ Changes in accounting estimates: No
  - ④ Restatement of prior period financial statements: No

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

- ① Total number of issued shares at the end of the period (including treasury stock)

2Q of FY2021:	16,345,400 shares	FY2020:	16,311,400 shares
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- ② Number of treasury stock at the end of the period

2Q of FY2021:	180,526 shares	FY2020:	180,526 shares
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- ③ Average number of shares during the period (quarterly cumulative)

2Q of FY2021:	16,153,727 shares	2Q of FY2020:	16,020,363 shares
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\* Quarterly summary of financial results is not included in a quarterly review by a certified public accountant or an auditing firm.

\* Explanation regarding appropriate use of the earnings forecast and other special notes

Descriptions about the future such as performance forecasts contained in this document are based on information currently available to the Company and certain presumptions considered as reasonable, and those are not intended to indicate the Company should assure that it would realize such forecasts. Meanwhile, actual performance in the future may differ substantially, influenced by a wide variety of factors.

(How to obtain materials for quarterly financial results briefing)

Video streaming will be provided on the Company's website (scheduled on March 16, 2021, Tuesday, after 15:30 (JST)).

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## 1. Qualitative Information regarding the Current Quarter

### (1) Descriptions regarding operating results

During the current second quarter consolidated cumulative fiscal period, Japanese economy has regained a certain level of activeness with economic activities resuming under so-called “With Corona” situation, but because of reissuance of the state of emergency in January, 2021, due to the third wave of domestic widespread of COVID-19, economic activities have again suffered from various restrictions mainly on food-service and events.

Amid such an environment, our Group has developed its business activities under “IP Developer” strategy, based on, in addition to rolling out new IP promotion and media-mix such as “D4DJ”, a range of plans in each business department and each IP project in consideration of present With Corona situation as well as After Corona in the future.

As a result, consolidated performance of the current second quarter consolidated cumulative period was as follows. Net sales: 18,026,394,000 yen (increase by 3.4% YoY); Operating profit: 158,829,000 yen (decrease by 92.9% YoY); Ordinary profit: 162,810,000 yen (decrease by 92.8% YoY); and Net loss attributable to owners of parent: 191,532,000 yen (as opposed to Net profit attributable to owners of parent of 1,278,301,000 yen in the same period of the previous year).

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

#### 1. Digital IP business

Digital IP business segment has four departments: TCG (Trading Card Games) Dept., MOG (Mobile Online Games) Dept., MD (Merchandising) Dept., and Media Dept.

##### ① TCG Dept.

Overseas sales grew up mainly in East Asia, staying at high level mainly with the flagship TCG “Weiss Schwarz”. In addition, articles branded with “Assault Lily” included in “Weiss Schwarz”, and those with “D4DJ” included in “Rebirth for you” were released, whereby business development combined as a new IP media-mix was carried out. As for “Cardfight!! Vanguard”, new series of “CARDFIGHT!! VANGUARD overDress” starting in April, 2021, was publicized in January, 2021, which marked as a full-swing promotion development towards rebooting the IP business celebrating its 10th anniversary.

##### ② MOG Dept.

“D4DJ Groovy Mix” (in-house IP / in-house distribution) was promoted, in addition to a large-scale event within the game collaborated with “Monster Hunter”, also along with development as a music platform such as implementing a lot of original works including “hololive production”, “Nana Mizuki”, and “Momi Clover Z”, which led to sales growth. Meanwhile, new application games “ARGONAVIS from BanG Dream! AAside” (in-house IP / external distribution) and “Assault Lily Last Bullet” (external IP / external distribution) were released on January 14, 2021, and on January 20, 2021, respectively. In addition, “GRISAIA -CHRONOS REBELLION-” (external IP / in-house distribution) was released on November 26, 2020, developed by Frontwing Lab. having business tie-up with us.

##### ③ MD Dept.

Affected by scale-down, postponement and abortion of real events due to reissuance of the state of emergency, sales of this department got softened. Despite such a situation, sales of capsule toys has maintained steady growth, where a variety of topical articles were released such as “160% Animals”, “Trap” and “Majide Naru Drum” from the original capsule toy brand “TAMA-KYU”.

##### ④ Media Dept.

Bushiroad Media opened “COMIC BUSHIROAD WEB”, a website where comics can be enjoyed for free, on January 22, 2021. As a place for IP development/creation, the site will distribute new series for 12 months successively. Meanwhile, concerning TV animation, some large depreciation was incurred due to starting broadcast of “Assault Lily BOUQUET” and “D4DJ First Mix” from October, 2020.

These operations resulted in Net sales of 13,359,110,000 yen (increase by 9.5% YoY) and Segment profit of 27,864,000 yen (decrease by 97.8% YoY).

## 2. Live IP business

Live IP business segment has two departments: Music Dept. and Sports Dept.

### ① Music Dept.

As for music software, 12 single-CDs and 2 albums, mainly those of “BanG Dream!” and “D4DJ” were released and maintained steady growth, notably Poppin’Party 16th Single “Photograph” achieved No.1 on the Oricon weekly singles ranking. As for live shows/stages, music live shows/stages of “BanG Dream!”, “Girls☆Musical Revue Starlight” and “D4DJ” were organized several times with audience, and further, the first stage of new IP “ROAD59-SHINJIDAI NINKYOU TOKKU” was organized on December 24-27, 2020, with audience. However, reissuance of the state of emergency had some impact such as postponement of a portion of events initially planned to be held in January, 2021.

In addition, Hikosen Theater Company expects to show a deficit in the immediate future because of aborting more than 180 stages from August, 2020 to March, 2021, due to widespread of COVID-19, and as such its goodwill has been fully booked as impairment loss considering uncertainty and other factors under the environment of the new coronavirus.

### ② Sports Dept.

One of the biggest events organized by New Japan Pro-Wrestling, “Varsan Presents WRESTLE KINGDOM 15 in Tokyo Dome” (Ittenyon and Ittengo) was held on January 4-5, 2021, attracting 20,490 spectators. Besides, New Japan Pro-Wrestling organized 53 events. Also, number of paid subscribers of the video streaming service “New Japan Pro-Wrestling World” reached 116,000, the highest ever, in January, 2021.

In addition, STARDOM, a brand of women’s pro-wrestling, organized 26 events and also played a part in “WRESTLE KINGDOM 15” as its sponsoring matches.

These operations resulted in Net sales of 4,667,284,000 yen (decrease by 10.7% YoY) and Segment profit of 124,453,000 yen (decrease by 86.9% YoY).

## (2) Descriptions regarding financial position

### (Assets)

Total assets was 39,724,916,000 yen at the end of the current second quarter consolidated fiscal period, i.e. increase by 5,206,566,000 yen as compared to the end of the previous consolidated fiscal year. This is mainly due to increase in cash and deposits of 4,693,587,000 yen and increase in work in progress of 575,320,000 yen.

### (Liabilities)

Total liabilities was 26,026,706,000 yen at the end of the current second quarter consolidated fiscal period, i.e. increase by 5,379,804,000 as compared to the end of the previous consolidated fiscal year. This is mainly due to increase in convertible bond-type bonds with subscription rights to shares of 5,000,000,000 yen.

### (Net assets)

Total assets was 13,698,210,000 yen at the end of the current second quarter consolidated fiscal period, i.e. decrease by 173,238,000 yen as compared to the end of the previous consolidated fiscal year. This is mainly because, both capital stock and legal capital surplus increased by 2,550,000 yen respectively due to execution of subscription rights to shares (stock option), whereas retained earnings decreased by 191,532,000 yen due to allocation of net loss attributable to owners of parent.

**(3) Cash flow status**

Cash and cash equivalents (hereinafter, "business fund") at the end of the current second quarter consolidated fiscal period was 24,971,689,000 yen (increase by 4,819,291,000 yen from the end of the previous consolidated fiscal year).

Each cash flow status and factors thereof in the current second quarter consolidated fiscal period consolidated fiscal year are as follows.

(Cash flows from operating activities)

Business fund used as a result of operating activities was 883,066,000 yen. Main sources of income were depreciation of 269,104,000 yen, impairment loss of 214,339,000 yen and increased notes and accounts payable-trade of 392,201,000 yen; and main sources of spending were increased inventories of 648,083,000 yen and income taxes paid of 631,788,000 yen.

(Cash flows from investing activities)

Business fund used for investment activities was 125,909,000 yen. Main source of spending was purchase of non-current assets of 265,014,000 yen.

(Cash flows from financing activities)

Business fund resulting from financial activities was 5,811,065,000 yen. Main source of income was proceeds from issuance of bonds of 4,985,183,000 yen.

**(4) Descriptions regarding future prospects such as consolidated performance forecasts**

Prospects for the future have still been unpredictable, as widespread of COVID-19 and other factors give rise to concerns about impacts on economic activities.

In such a situation, our Group will put its efforts to establishing a profitability model by group-wide media-mix, creating IP even faster, promoting DX (Digital transformation) while producing online live shows in the Live IP business segment, producing electronic comics, enhancing EC (online sales), and putting resources into application development in the Digital IP business segment, while retaining advantages of offline and analog dimensions.

However, consolidated financial forecast for FY2021 is undecided because rational calculation is difficult, as widespread of COVID-19 and other factors are expected to have impacts on postponement and cancellation of pro-wrestling events, music live shows and other events, on consumer activities with stores suspending operation and other situations, and on schedules of content production and MD production/sales. Such forecast will be made public promptly, when it becomes possible.

## 2. Quarterly Consolidated Financial Statements and Principal Notes

## (1) Quarterly Consolidated Balance Sheets

	(Thousand yen)	
	Previous consolidated fiscal year (Jul. 31, 2020)	Current second quarter consolidated fiscal period (Jan. 31, 2021)
<b>Assets</b>		
Current assets		
Cash and deposits	21,895,997	26,589,584
Notes and accounts receivable - trade	4,511,162	4,519,949
Merchandise and finished goods	668,798	751,016
Work in process	1,492,287	2,067,608
Supplies	76,097	66,524
Other	1,646,323	1,780,525
Allowance for doubtful accounts	-31,165	-30,311
Total current assets	30,259,501	35,744,896
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	467,948	440,778
Tools, furniture and fixture (net)	106,597	86,943
Vehicles (net)	56,625	45,133
Land	352,281	316,281
Leased assets	16,545	20,582
Other, net	72,352	53,146
Total property, plant and equipment	1,072,350	962,864
Intangible assets		
Software	163,286	95,365
Software in progress	36,220	-
Goodwill	206,257	3,881
Other	56,302	183,151
Total intangible assets	462,066	282,398
Investments and other assets		
Investment securities	1,623,600	1,558,965
Long-term loans receivable	252,446	250,306
Deferred tax assets	349,665	443,075
Other	523,912	503,870
Allowance for doubtful accounts	-47,028	-37,624
Total investment and other assets	2,702,596	2,718,594
Total non-current assets	4,237,013	3,963,858
Deferred assets		
Stock issuance cost	21,835	16,161
Total deferred assets	21,835	16,161
Total assets	34,518,350	39,724,916

(Thousand yen)

	Previous consolidated fiscal year (Jul. 31, 2020)	Current second quarter consolidated fiscal period (Jan. 31, 2021)
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	3,435,519	3,826,468
Accounts payable-other	1,619,033	1,378,870
Income taxes payable	689,403	233,362
Current portion of long-term loans payable	3,757,191	4,515,135
Provision for bonuses	84,379	82,647
Other	593,907	444,357
<b>Total current liabilities</b>	<b>10,179,434</b>	<b>10,480,841</b>
Non-current liabilities		
Long-term loans payable	10,198,164	10,284,818
Convertible bond-type bonds with subscription rights to shares	—	5,000,000
Provision for directors' retirement benefits	44,910	52,913
Liabilities on retirement benefits	59,875	63,582
Deferred tax liabilities	96,741	94,311
Other	67,775	50,239
<b>Total non-current liabilities</b>	<b>10,467,466</b>	<b>15,545,864</b>
<b>Total liabilities</b>	<b>20,646,901</b>	<b>26,026,706</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	3,092,823	3,095,373
Capital surplus	3,029,593	3,032,143
Retained earnings	7,342,609	7,151,077
Treasury stock	-324,679	-324,679
<b>Total shareholders' equity</b>	<b>13,140,347</b>	<b>12,953,915</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	54,179	48,680
Foreign currency translation adjustment	28,256	26,034
<b>Total accumulated other comprehensive income</b>	<b>82,435</b>	<b>74,714</b>
Non-controlling interests	648,665	669,580
<b>Total net assets</b>	<b>13,871,448</b>	<b>13,698,210</b>
<b>Total liabilities and net assets</b>	<b>34,518,350</b>	<b>39,724,916</b>



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

(Quarterly Consolidated Statements of Income)

(For the second quarter consolidated cumulative period)

	Previous second quarter consolidated cumulative period (Aug 1, 2019 - Jan 31, 2020)	Current second quarter consolidated cumulative period (Aug 1, 2020 - Jan 31, 2021)
	(Thousand yen)	
Net sales	17,429,354	18,026,394
Cost of sales	9,282,501	11,400,582
Gross profit	8,146,853	6,625,812
Selling, general and administrative expenses	5,913,786	6,466,983
Operating profit	2,233,067	158,829
Non-operating profit		
Interest and dividends income	19,573	8,887
Share of profit of entities accounted for using equity method	5,204	-
Foreign exchange gains	13,965	23,326
Subsidy income	3,033	46,914
Other	2,363	11,713
Total non-operating income	44,140	90,841
Non-operating expenses		
Interest expenses	11,122	30,324
Share of loss of entities accounted for using equity method	-	33,206
Amortization of stock issuance cost	5,996	5,673
Bond issuance cost	-	14,816
Other	1	2,839
Total non-operating expenses	17,120	86,859
Ordinary profit	2,260,088	162,810
Extraordinary profit		
Insurance income	33,817	-
Total extraordinary profit	33,817	-
Extraordinary losses		
Loss on valuation of investment securities	-	2,609
Impairment loss	-	214,339
Loss on disaster	26,288	-
Total extraordinary losses	26,288	216,949
Net profit (loss) before income taxes and minority interests	2,267,617	-54,139
Income taxes	872,084	116,478
Net profit (loss)	1,395,533	-170,617
Net profit (loss) attributable to non-controlling shareholders	117,231	20,914
Net profit (loss) attributable to owners of parent	1,278,301	-191,532

(Quarterly Consolidated Statements of Income)  
(For the second quarter consolidated cumulative period)

	(Thousand yen)	
	Previous second quarter consolidated cumulative period (Aug 1, 2019 - Jan 31, 2020)	Current second quarter consolidated cumulative period (Aug 1, 2020 - Jan 31, 2021)
Net profit (loss)	1,395,533	-170,617
Other comprehensive income (loss)		
Valuation difference on available-for-sale securities	124,685	-5,499
Foreign currency translation adjustment	5,019	-2,221
Total other comprehensive income	129,705	-7,720
Comprehensive income (loss)	1,525,238	-178,338
(detail)		
Comprehensive income (loss) attributable to owners of parent	1,408,006	-199,253
Comprehensive income (loss) attributable to non-controlling interests	117,231	20,914

**(3) Quarterly Consolidated Cash Flow Statements**

	(Thousand yen)	
	Previous second quarter consolidated cumulative period (Aug 1, 2019 - Jan 31, 2020)	Current second quarter consolidated cumulative period (Aug 1, 2020 - Jan 31, 2021)
<b>Cash flows from operating activities</b>		
Net profit (loss) before income taxes and minority interests	2,267,617	-54,139
Depreciation	106,347	269,104
Impairment loss	-	214,339
Amortization of goodwill	1,168	23,280
Increase (decrease) in allowance for doubtful accounts	-520	-10,259
Increase (decrease) in reserve for bonuses	4,281	-3,051
Increase (decrease) in liabilities for retirement benefits	2,807	3,706
Interest and dividends income	-19,573	-8,887
Interest expenses	11,122	30,324
Equity in (earnings) losses of affiliates	-5,204	33,206
Loss on disaster	26,288	-
Insurance income	-33,817	-
Loss (gain) on valuation of investment securities	-	2,609
Decrease (increase) in notes and accounts receivable-trade	95,172	-7,560
Decrease (increase) in inventories	-68,184	-648,083
Increase (decrease) in notes and accounts payable-trade	-959,716	392,201
Other	-155,001	-492,445
Subtotal	1,272,786	-255,654
Interest and dividends income received	19,389	32,677
Interest expenses paid	-11,203	-28,300
Payments associated with disaster loss	-26,288	-
Proceeds from insurance income	33,817	-
Income taxes paid	-566,822	-631,788
Net cash provided by (used in) operating activities	721,679	-883,066
<b>Cash flows from investing activities</b>		
Payments into time deposits	-1,028,412	-1,225,407
Proceeds from withdrawal of time deposits	879,295	1,354,293
Purchase of non-current assets	-162,978	-265,014
Purchase of investment securities	-684,834	-
Proceeds from sales of investment securities	100,000	-
Payments of loans receivable	-20,187	-
Collection of loans receivable	950	2,191
Purchase of investments in subsidiaries resulting in change in scope of consolidation	-	-28,641
Other	-11,081	36,669
Net cash provided by (used in) investing activities	-927,249	-125,909
<b>Cash flows from financing activities</b>		
Proceeds from long-term loans payable	3,450,000	2,700,000
Repayments of long-term loans payable	-1,018,482	-1,855,402
Proceeds from issuance of bonds with subscription rights to shares	-	4,985,183
Proceeds from issuance of common stock	648,585	5,100
Other	-5,096	-23,816
Net cash provided by (used in) financing activities	3,075,006	5,811,065
Effect of exchange rate change on cash and cash equivalents	4,365	17,201
Net increase (decrease) in cash and cash equivalents	2,873,802	4,819,291
Cash and cash equivalents at beginning of period	12,566,581	20,152,398
Cash and cash equivalents at 2Q end	15,440,384	24,971,689

**(4) Notes on Quarterly Consolidated Financial Statements**

(Going Concern Assumption)

Not applicable.

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

Not applicable.

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

Tax expenses are calculated by multiplying the net profit before income taxes by a reasonably evaluated effective tax rate on the net profit before income taxes for the consolidated fiscal year including the current second quarter consolidated fiscal period.

(Segment Information, etc.)

**【Segment Information】**

I Previous second quarter consolidated cumulative period (Aug 1, 2019 - Jan 31, 2020)

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

	Reportable segments			Adjustment (Note 1)	Amount allocated to the quarterly consolidated P/L statement (Note 2)
	Digital IP business	Live IP business	Total		
Net sales					
Sales to external customers	12,204,996	5,224,358	17,429,354	—	17,429,354
Inter-segment sales or transfer	176,970	199,239	376,210	-376,210	—
Total	12,381,966	5,423,598	17,805,564	-376,210	17,429,354
Segment profit (loss)	1,262,863	953,309	2,216,173	16,894	2,233,067

Notes: 1. Adjusted segment profit of 16,894,000 yen equals to adjusted inventories.

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

2. Information on impairment loss of non-current assets or goodwill, etc., for each reportable segment

(Important impairment loss on non-current assets)

Not applicable.

(Significant changes in amount of goodwill)

Not applicable.

(Material profit from negative goodwill)

Not applicable.

II Current second quarter consolidated cumulative period (Aug 1, 2020 - Jan 31, 2021)

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

	Reportable segments			Adjustment (Note 1)	Amount allocated to the quarterly consolidated P/L statement (Note 2)
	Digital IP business	Live IP business	Total		
Net sales					
Sales to external customers	13,359,110	4,667,284	18,026,394	—	18,026,394
Inter-segment sales or transfer	217,849	255,068	472,917	-472,917	—
Total	13,576,959	4,922,353	18,499,312	-472,917	18,026,394
Segment profit (loss)	27,864	124,453	152,317	6,511	158,829

Notes: 1. Adjusted segment profit of 6,511,000 yen equals to adjusted inventories.

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

## 2. Information on impairment loss of non-current assets or goodwill, etc., for each reportable segment

(Important impairment loss on non-current assets)

Impairment loss of 214,339,000 yen was recorded in the Digital IP business segment.

(Significant changes in amount of goodwill)

In the Digital IP business segment, there was a significant change in amount of goodwill due to impairment of goodwill. Such event caused decrease in goodwill by 179,439,000 yen.

Meanwhile, the amount as described in “Important impairment loss on non-current assets” above includes this impairment of goodwill.

(Material profit from negative goodwill)

Not applicable.

(Significant Post-Balance Sheet Events)

Not applicable.