



FuRyu

Precious days, always

Securities code: 6238

Material for briefing financial results

Term ended March 2020



INDEX

- 03 Corporate Profile
- 06 Introduction of Girls' Trend Business
- 11 Introduction of Sekaikan Business
- 15 Overview of Results for FY 3/2020
- 23 Measures and Earnings Forecast for FY 3/2021
- 31 Envisioned Growth
- 36 Value Creation

Corporate Profile



**Create quality entertainment that brings happiness
and fulfillment to people.**

**Each of us acts with visions, and
aims to grow ourselves and our company by combining
“what I will do” and “what I can do” as individuals
and “what we must do” as a company.**

**We will keep pursuing our business and endeavoring to evolve our business,
and create quality entertainment
that brings happiness and fulfillment to people.**

Sekaikan Business

Game and anime business

Net sales: **2,132** million yen Ratio to total sales: **7.8%**

- Planning, development, and sale of video game software for consoles and game apps
- Planning and production of animation works

Character merchandizing business

Net sales: **6,364** million yen Ratio to total sales: **23.2%**

- Planning, development, and sale of arcade prizes, character lotteries, and expensive hobby goods

Girls' Trend Business

Photo sticker business

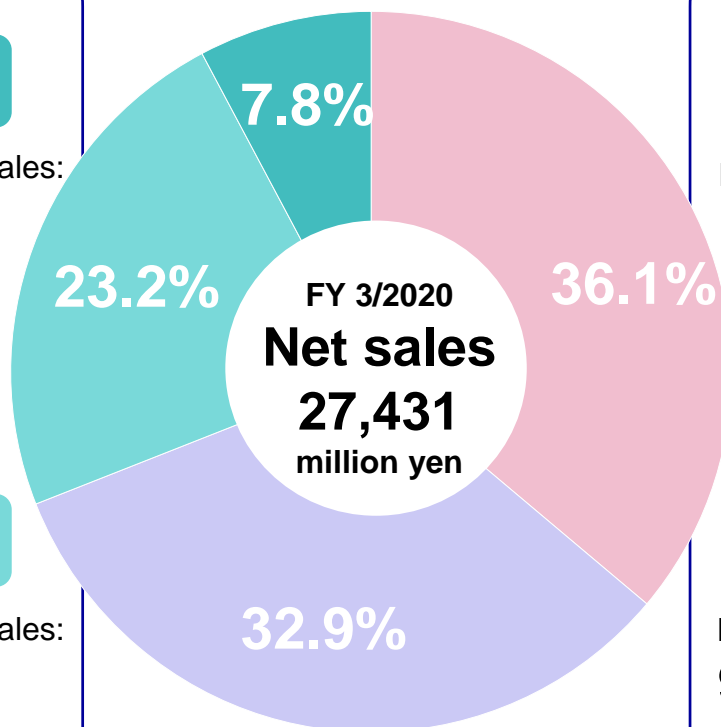
Net sales: **9,913** million yen Ratio to total sales: **36.1%**

- Planning, development, and sale of photo sticker booths
- Operation of shops of photo sticker booths

Content and media business

Net sales: **9,020** million yen Ratio to total sales: **32.9%**

- Planning, development, and distribution of mobile content services
- Operation and sale of media
- Planning, development, and sale of colored contact lenses



Introduction of Girls' Trend Business

—To make all girls happy—



Introduction of Girls' Trend Business (photo sticker business 1)

We operate the photo sticker business targeted at young women

Photo sticker booths took root as a Japanese culture of women in their 10s and 20s



Ratio of female high school students in Japan who have the experience of using a photo sticker booth:

98.3%

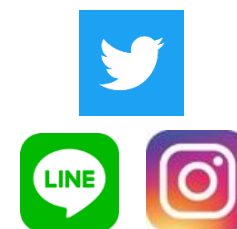
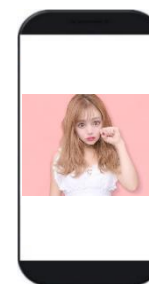
*Survey outsourced to: MACROMILL, INC.
(survey in June 2019)

Total number of plays per year:

45.49 million times

Results in FY 3/2020

How to use a photo sticker booth



We installed photo shooting equipment that can record memories with your beloved ones in enjoyable and adorable fashions like a photo studio in amusement arcades nationwide

Photo-shooting*, Scribbling (decoration),
Production of Stickers

*Normally, more than one customer takes photos

To download image data

To post the data in SNS

We have the largest share in the photo sticker market
Our strengths are marketing and technological capabilities

Strength 1 Marketing capability

Qualitative Group interview
(Model evaluation, trend surveys, etc.)



Quantitative Quantitative analysis
(No. of plays,
No. of booths in service, age, etc.)



Strength 2 Technologies

Manufacturing capacity
inherited from Omron

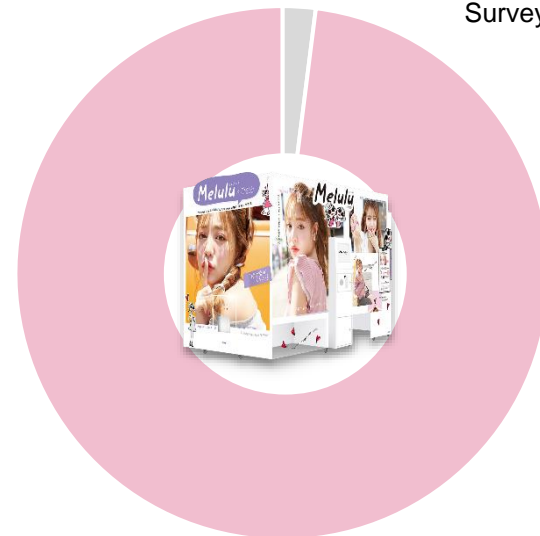


FURYU's original technologies
(AI-based image processing, etc.)

Market share in the number of photo
sticker booths

about **98.0%**

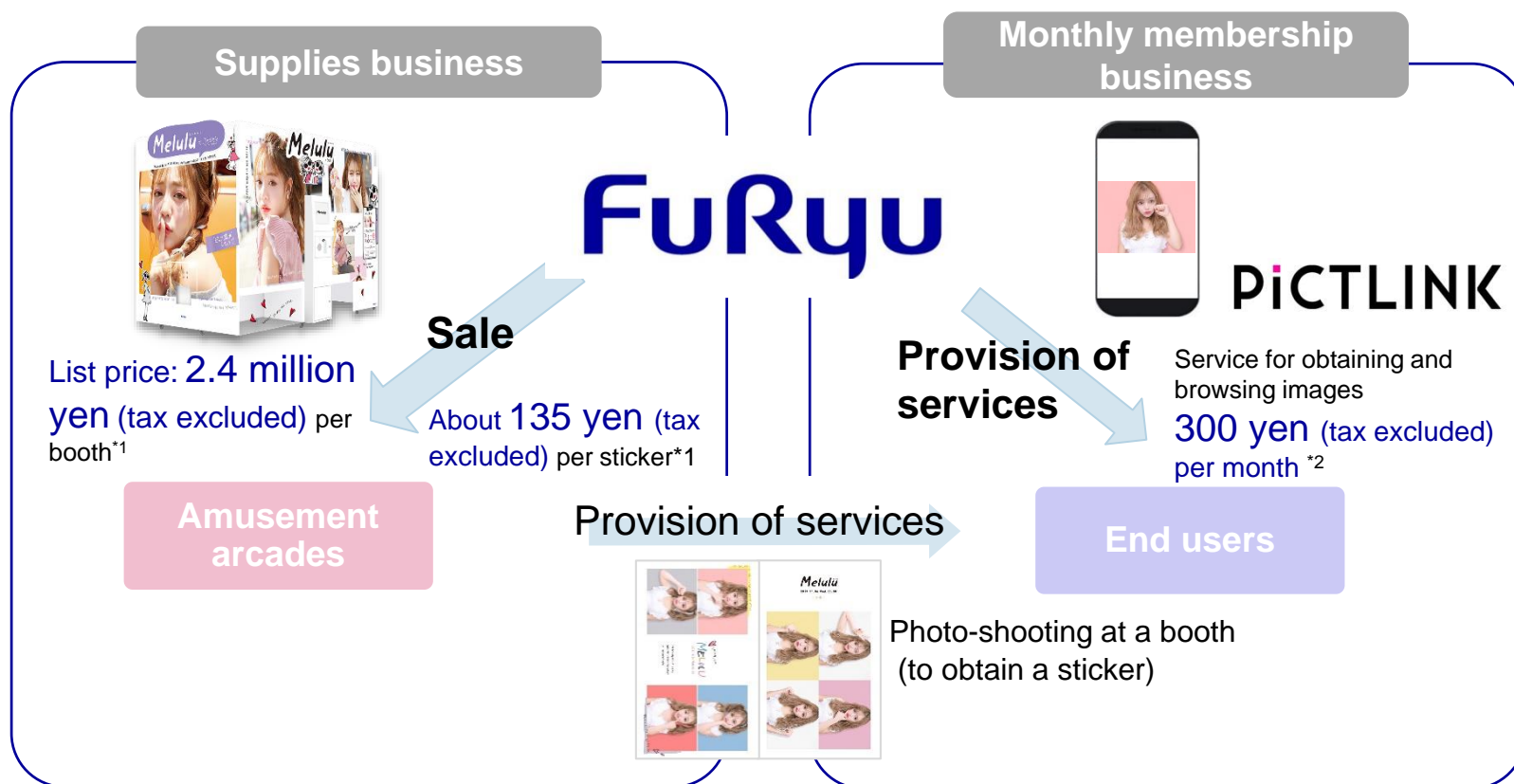
Surveyed by FURYU in 2019





Structure of the photo sticker business

We earn revenues from supplies and monthly membership charges



*1 It is the price of our model "Melulu." The open price of dedicated stickers of "Melulu" is 66,150 yen per roll (One roll is composed of 490 stickers)

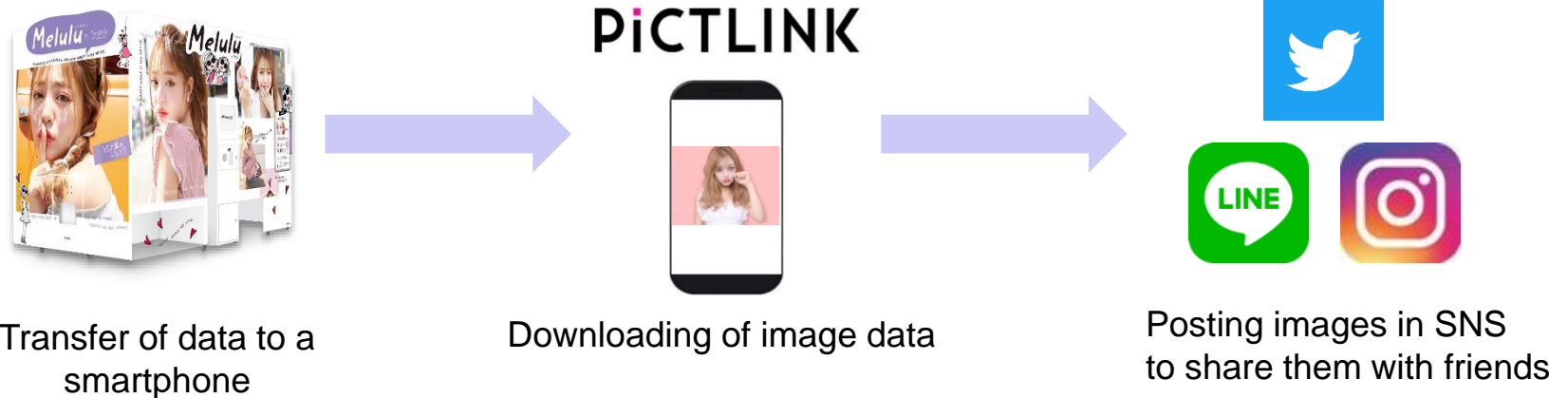
*2 Monthly charge varies among feature phones, smartphone websites, and smartphone apps



Introduction of Girls' Trend Business (Content and media business)

We operate “Pictlink,” a service for obtaining and browsing the images of photo stickers

The number of paid members is nearly equal to the population of female high school students in Japan (*1)



No. of users (*2)

about **19** million

as of the end of Mar. 2020

No. of paid members

about **1.63** million

as of the end of Mar. 2020

(It is possible to obtain multiple stickers from one photo-shooting)

*1 It means that the population of women aged 15 to 17 years in Japan is nearly equal to the number of paid members of Pictlink
Actually, as for the age structure, the paid members of Pictlink include women in the 20s and older in addition to in 10s

*2 No. of registered addresses of Pictlink users, including free trial members

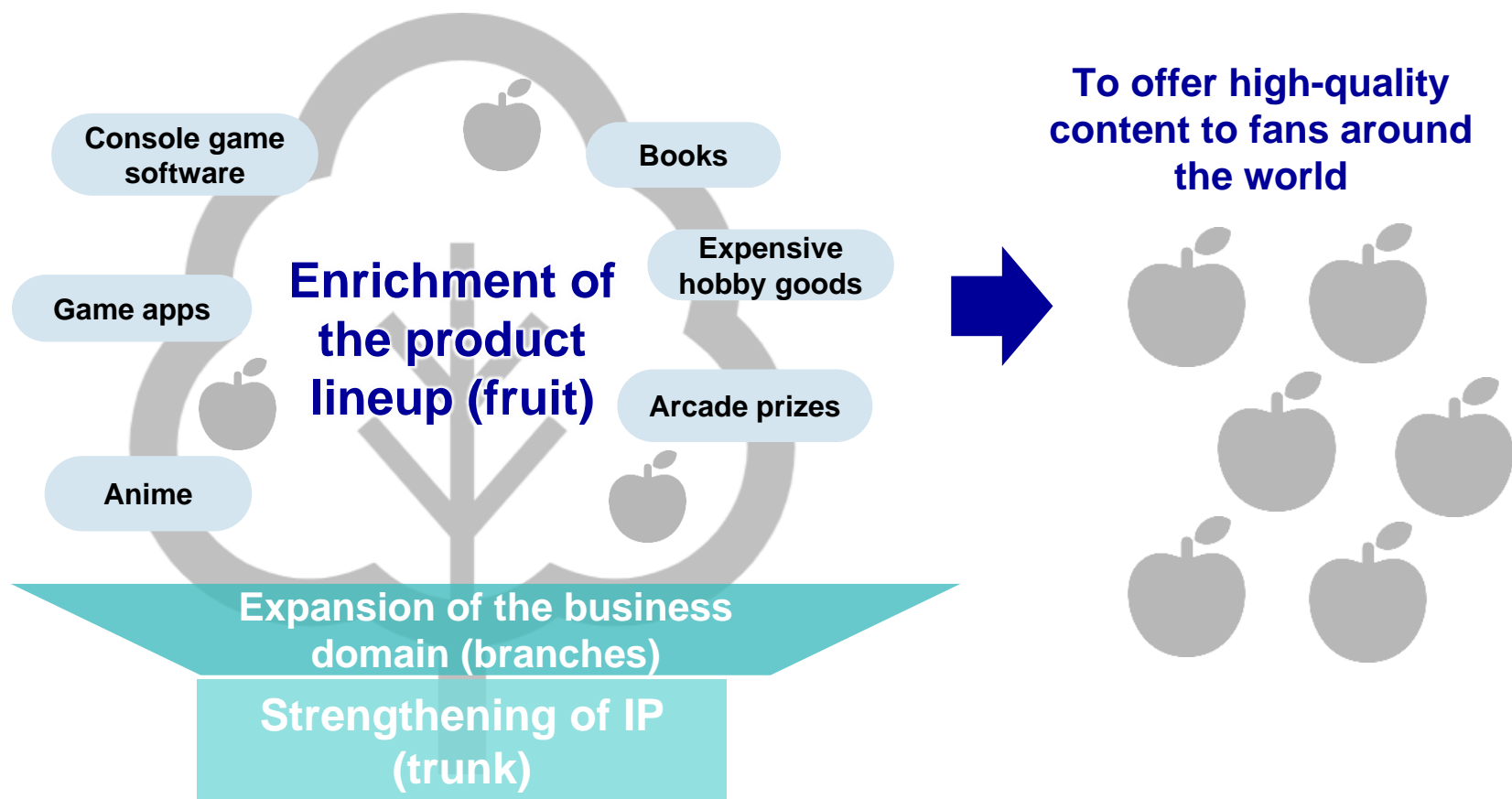
Introduction of Sekaikan Business

—To satisfy fans around the world with IP—



We plan products utilizing the intellectual property (IP) of popular characters

We develop and manufacture a broad range of products, and provide fans around the world with them





Introduction of Sekaikan Business (character MD business)

We sell stuffed toys and figurines as prizes and EC products

Our strengths are the capability of acquiring IP and the capacity to design 2D characters as products

Characteristics of this business

Use of IP

To sell products utilizing the world views of characters

Production after receiving orders

Business model free of the risk of inventory

The third largest market share

Business of arcade prizes

- No. of products: over 1,000 per year
- The 3rd largest sales in the field

(*Surveyed by our company)

Major popular products

Arcade prizes

Related to artists



GENERATIONS HIGH SCHOOL TV

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Related to anime



Re:ZERO - Starting Life in Another World-

Fancy



Pompompurin

Expensive hobby goods



Sword Art Online Alicization Asuna -Shiromuku- 1/7 Scale Figure
17,400 yen (tax excluded)

©2017 REKI KAWAHARA/KADOKAWA CORPORATION AMW/SAO-A Project



Re:ZERO -Starting Life in Another World- Rem 1/1 Bust Figure
234,000 yen (tax excluded)

©Tappei Nagatsuki, KADOKAWA/Re:ZERO2 PARTNERS



Introduction of Sekaikan Business (game and anime business)

We aim to create hit titles by utilizing other companies' IP and our original IP

Video games

Steady business with the titles based on our original and other companies' IP

Anime

To invest in handpicked titles and serialize hit titles and establish a track record

Console game software

Game apps

Representative works

Use of other companies' IP



Doraemon The MOVIE
Nobita's Chronicle of
the Moon Exploration



Cardfight!!
Vanguard EX

Original IP



The Caligula Effect:
Overdose



The Alliance Alive HD
Remastered



Renai Bakumatsu
Kareshi
Toki no Kanata de Hanasaku
Koi



Renai HOTEL
Himitsu no Room Service



Laid-Back Camp



SHOW BY ROCK!!
Mashumairesh!!

DVD/BD of the 1st season of Laid-Back
Camp (a total of 3 DVD/BDs)

Cumulative total sales volume:

over **58,000**

As of the end of Mar. 2020

Blu-ray
DVD

14,000 yen (tax excluded)
12,000 yen (tax excluded)

Doraemon The MOVIE Nobita's Chronicle of the Moon Exploration
©Fujiko-Pro, Shogakukan, TV-Asahi, Shin-ei, and ADK 2019
©FURYU Corporation.

Cardfight!! Vanguard EX
©Project Vanguard2018 ©Project Vanguard2019/Aichi Television
©FURYU Corporation.

Laid-Back Camp
©Afro, HOUBUNSHA /Yurucamp
Partners

SHOW BY ROCK!! Mashumairesh!!
©2012, 2019 SANRIO CO., LTD. SHOWBYROCK!! Project-M

The Caligula Effect: Overdose
©FURYU Corporation.

The Alliance Alive HD Remastered
©FURYU Corporation.

Overview of Results for FY 3/2020





Highlights of results for FY 3/2020

We concentrated on the investment in new businesses and the improvement in profit from the game and anime business, and increased sales and profit. The programmatic ad made a good start, and orders for expensive hobby goods increased. The deficit of the game and anime business shrank, and we withdrew from the business game apps targeted at men.

Net sales

27.4 billion yen

Y/y growth rate*1 + 1.1%
Compared with the forecast*2 -2.0%

Operating profit

3.6 billion yen

Y/y growth rate + 2.7%
Compared with the forecast -6.7%

Profit

3 billion yen

Y/y growth rate + 60.4%
Compared with the forecast + 0.7%

Total No. of plays of photo
sticker booths per year

45.49 million

Y/y growth rate: + 0.2%

No. of paid members of Pictlink
at the end of the term

1.63 million

Y/y growth: -10,000

Y/y growth of sales of
expensive hobby goods

About **2.6** times

Previous term: 2.96 million yen
Current term: 7.92 million yen

Rise in profit from the game
and anime business

+ **660** million yen

Previous term: -7.82 million yen
Current term: -1.17 million yen

*1 We shifted to non-consolidated financial statements during the term ended Mar. 2020, so the figures for the term ended Mar. 2019 are consolidated ones.

*2 The earnings forecast for the term ended Mar. 2020 is non-consolidated.



P/L for FY 3/2020

The results for FY 3/2020 were affected by COVID-19, but its effect was limited, and sales and profit grew year on year

Through the restructuring of the corporate group, extraordinary income and loss were posted, and income taxes decreased

[unit: million yen]	Full-year results for FY 3/2019 (consolidated) *1	Full-year results for FY 3/2020 (non- consolidated)	Y/y		Full-year forecast for FY 3/2020 (non- consolidated) *2	Ratio to estimate	Full-year results for FY 3/2019 (non- consolidated)
			Change	Ratio			
Net sales	27,134	27,431	296	101.1%	28,000	98.0%	26,405
Operating profit	3,543	3,637	94	102.7%	3,900	93.3%	3,786
Ordinary profit	3,531	3,656	125	103.5%	3,850	95.0%	3,801
Extraordinary income	9	223	214	-	-	-	0
Extraordinary loss	697	125	-572	-	-	-	894
Profit before income taxes	2,843	3,755	911	132.1%	-	-	2,906
Income taxes	1,031	734	-296	71.3%	-	-	1,005
Profit*3	1,882	3,020	1,137	160.4%	3,000	100.7%	1,901

*1 We shifted to non-consolidated financial statements during the term ended Mar. 2020, so the figures for the term ended Mar. 2019 are consolidated ones.

*2 The earnings forecast for the term ended Mar. 2020 is non-consolidated.

*3 For the term ended Mar. 2019, "profit attributable to owners of parent" is used.



Overview of y/y change in each segment

The sales and profit of photo stickers business increased, thanks to the favorable sales of photo sticker booths

The sales of the content and media business grew, but profit declined, due to the planned investment in new business development

The sales of the character MD business rose, but profit dropped due to the cancellation caused by COVID-19

The deficit of the game and anime business shrank, as we withdrew from the business of game apps targeted at men

[unit: million yen]	Full-year results for FY 3/2019 (consolidated)	Full-year results for FY 3/2020 (non- consolidated)	Y/y	
			Change	Ratio
Net sales	27,134	27,431	296	101.1%
Photo stickers	9,602	9,913	311	103.2%
Content and media	8,616	9,020	404	104.7%
Character MD*1	5,598	6,364	766	113.7%
Game and anime*2	3,318	2,132	-1,185	64.3%
Operating profit	3,543	3,637	94	102.7%
Photo stickers	1,488	1,493	4	100.3%
Content and media	4,070	3,913	-156	96.2%
Character MD	372	59	-312	16.0%
Game and anime	-782	-117	665	—
Company-wide costs	-1,605	-1,711	-106	—

*1 During the term ended Mar. 2020, we merged the consolidated subsidiary We've Inc. on absorption basis, so the publication business, etc., which had been categorized into "Other," are included in "Character Merchandizing Business." The figures in the term ended Mar. 2019 are categorized into the revised segments.

*2 The figures in the term ended Mar. 2019 include the results of the consolidated subsidiary Coreedge, which was sold in the term ended Mar. 2020.



Results of each segment – Photo sticker business

The total number of plays was healthy until 3Q

In 4Q, our performance was affected by the temporary closure of amusement arcades, but the number of plays per year remained healthy

	3Q, cumulative (Apr. to Dec.)				4Q (Jan. to Mar.)				Annual			
	FY 3/2019	FY 3/2020	Increase/ decrease	Ratio	FY 3/2019	FY 3/2020	Increase/ decrease	Ratio	FY 3/2019	FY 3/2020	Increase/ decrease	Ratio
[unit: million yen]												
Net sales	7,019	7,517	497	107.1%	2,582	2,395	-186	92.8%	9,602	9,913	311	103.2%
Revenue from amusement arcades	6,133	6,543	409	106.7%	2,211	2,072	-138	93.7%	8,345	8,616	270	103.2%
Revenue from directly managed shops	795	948	153	119.2%	357	327	-30	91.6%	1,153	1,276	122	110.7%
Other	90	25	-64	28.2%	12	-4	-17	-34.6%	103	21	-82	20.4%
Operating profit	1,166	1,359	192	116.5%	322	133	-188	41.5%	1,488	1,493	4	100.3%
Supplementary information												
Total No. of plays [10,000]	3,262	3,470	208	106.4%	1,277	1,079	-198	84.5%	4,539	4,549	10	100.2%
No. of plays at amusement arcades [10,000]	3,054	3,219	165	105.4%	1,187	993	-194	83.7%	4,241	4,212	-29	99.3%
No. of plays at directly managed shops [10,000]	208	250	42	120.2%	90	85	-5	94.4%	298	335	37	112.4%
No. of directly managed shops	28	31	3	110.7%	30	33	3	110.0%	30	33	3	110.0%



Results of each segment – Content and media business

The revenue from Pictlink charges increased, as the average spending per customer rose due to the increase of premium members

Planned investment in new business development: Net profit/loss: -427 million yen

The ad business, including the programmatic ad business, made a good start: Sales in March: 43 million yen

	3Q, cumulative (Apr. to Dec.)				4Q (Jan. to Mar.)				Annual			
	FY 3/2019	FY 3/2020	Increase/ decrease	Ratio	FY 3/2019	FY 3/2020	Increase/ decrease	Ratio	FY 3/2019	FY 3/2020	Increase/ decrease	Ratio
[unit: million yen]												
Net sales	6,429	6,740	310	104.8%	2,186	2,279	93	104.3%	8,616	9,020	404	104.7%
Revenue from Pictlink charges	4,538	4,853	314	106.9%	1,578	1,659	80	105.1%	6,117	6,512	394	106.5%
Sales of colored contact lenses	1,086	1,255	168	115.5%	374	371	-3	99.1%	1,461	1,627	165	111.3%
Other	804	631	-172	78.6%	232	249	16	107.1%	1,038	881	-155	85.0%
Operating profit	3,103	2,933	-170	94.5%	966	980	13	101.4%	4,070	3,913	-156	96.2%
Supplementary information												
No. of paid members of Pictlink as of the end of the term (10,000)*	163	164	1	100.6%	164	163	-1	—	—	—	—	—
No. of premium members of Pictlink as of the end of the term (10,000)	4	13	9	—	8	14	6	—	—	—	—	—
Profit/loss from new business development [million yen]	—	-348	—	—	—	-79	—	—	—	-427	—	—

* including the number of premium members



Results of each segment – Character MD business

The sales of arcade prize, etc. increased, but the cancellation due to COVID-19 amounted to 271 million yen

The sales of expensive hobby goods grew considerably due to the increase of products, but we posted loss due to the upfront investment period

	3Q, cumulative (Apr. to Dec.)				4Q (Jan. to Mar.)				Annual			
	FY 3/2019	FY 3/2020	Increase/ decrease	Ratio	FY 3/2019	FY 3/2020	Increase/ decrease	Ratio	FY 3/2019	FY 3/2020	Increase/ decrease	Ratio
[unit: million yen]												
Net sales	4,129	4,677	547	113.3%	1,468	1,687	219	114.9%	5,598	6,364	766	113.7%
Arcade prize, etc.	3,739	3,965	226	106.1%	1,246	1,441	194	115.6%	4,985	5,406	420	108.4%
Expensive hobby goods	121	612	491	505.6%	174	180	5	103.0%	296	792	496	267.6%
Publication*	269	99	-169	36.9%	45	66	20	145.7%	315	165	-149	52.7%
Operating profit	239	227	-11	95.1%	132	-168	-300	—	372	59	-312	16.0%



GENERATIONS HIGH
SCHOOL TV



Re:ZERO -Starting
Life in Another
World-



Pompompurin

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* On July 1, 2019, we merged the consolidated subsidiary We've Inc. on absorption basis, so the publication business, etc., which had been categorized into "Other," are included in "Character Merchandizing Business."

The figures in the term ended Mar. 2019 are categorized into the revised segments.

The non-consolidated results for the term ended Mar. 2020 include the results of the publication business, etc. from the second quarter, in which the absorption-type merger was conducted.

Results of each segment – Game and anime business

The profit of console game software increased, due to the growth of overseas license sale, which is high return

As for game apps, we withdrew from the business targeted at men (selling Coreedge), but the profitability of apps for women improved

As for anime, we concentrated on the planning and promotion of the sequel of Laid-Back Camp

	3Q, cumulative (Apr. to Dec.)				4Q (Jan. to Mar.)				Annual			
	FY 3/2019	FY 3/2020	Increase/ decrease	Ratio	FY 3/2019	FY 3/2020	Increase/ decrease	Ratio	FY 3/2019	FY 3/2020	Increase/ decrease	Ratio
[unit: million yen]												
Net sales	2,658	1,642	-1,016	61.8%	659	489	-169	74.3%	3,318	2,132	-1,185	64.3%
Console game software	994	657	-336	66.2%	115	147	32	128.3%	1,109	805	-303	72.6%
Game apps	1,036	708	-328	68.3%	456	224	-232	49.1%	1,493	932	-560	62.4%
Anime	628	276	-351	44.1%	87	117	30	134.4%	715	394	-321	55.1%
Operating profit	-535	-60	475	—	-246	-56	189	—	-782	-117	665	—
Supplementary information												
No. of new titles of console games	6	3	-3	—	1	1	0	—	7	4	-3	—
Sales volume of new titles of console games [10,000]	15.7	8.4	-7.3	53.5%	3.1	2.6	-0.5	83.9%	18.8	11.0	-7.8	58.5%
Sales of overseas licenses for console games	37	216	179	583.8%	13	16	3	123.1%	50	232	182	464.0%
Sales of game apps (romance)	533	708	174	132.7%	232	224	-7	96.6%	766	932	166	121.7%
Sales of game apps (other)	502	—	—	—	224	—	—	—	727	—	—	—

* The figures for the term ended Mar. 2019 include the results of the consolidated subsidiary Coreedge sold during the term ended Mar. 2020.

Measures and Earnings Forecast for FY 3/2021





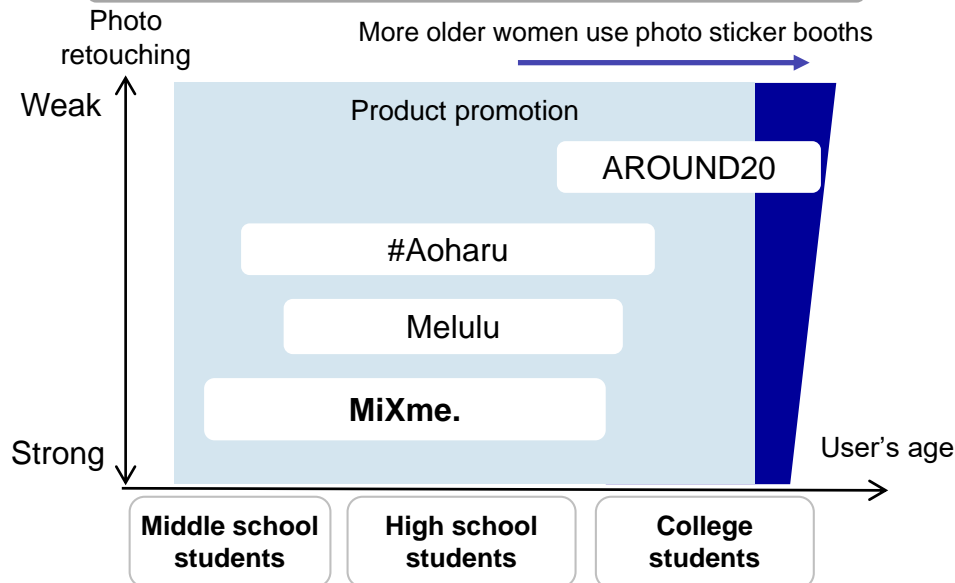
Measures of each segment – Photo sticker business

Amid the trend of the declining birthrate, we strive to maintain the market and grow stably

Product strategy

- To vitalize the entire market by providing a variety of photo sticker booths differentiated with functions and designs
 - To increase the number of plays per customer
 - To expand the age groups of users

Schematic diagram of the product strategy*



* The above diagram depicts the product strategies for already released models as of May 2020.

Efforts to keep the number of photo sticker booths in market

- To improve the revenue from photo sticker booths in amusement arcades, and supply photo sticker booths stably
- To keep opening directly managed shops, and increase photo sticker booths
(33 shops as of the end of Mar. 2020; We aim to have 50 shops by the end of Mar. 2024)



New model in the spring of 2020
MiXme.



We aim to enhance profitability by increasing average spending per customer while keeping the number of members stable

Policies

- To increase the number of paid members stably, rather than increasing it rapidly
- To raise average spending per customer by increasing the ratio of premium members

Monthly charging system of Pictlink

Monthly charge

Standard members*1 **300 yen** (tax excluded)*2

Premium members*1 **500 yen** (tax excluded)*2

“Premium members” can save not only ordinary images, but also undecorated images

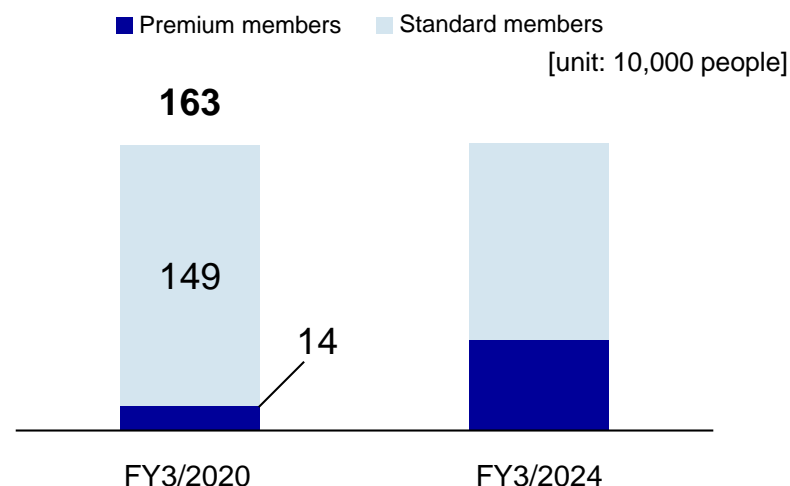
*1 “Standard and premium members” are different from actual names of services.

*2 Monthly charges vary among feature phones, smartphone websites, and smartphone apps.

Strategies

- To enhance the strategic integration with the photo sticker business
- To enhance the promotion of premium membership

Envisioned growth of premium membership of Pictlink





Measures of each segment – Character MD business

In the current term, we will sell products outside Japan, mainly in the Chinese market on a full-scale basis

As for expensive hobby goods, we will keep enriching the product lineup, and concentrate on the improvement in production efficiency

Arcade prize, etc.

Policies

- Promotion of product sale outside Japan
 - To release the products for arcade prizes, which was originally for inside Japan, outside Japan after modifying their specs
 - Selling price: 1,000-2,000 yen per product
 - The market is expanding in China.

Business category	Selling price per product
Arcade prizes in Japan	Price regulation by the Act Regulating Adults Entertainment Business, etc. (Upper limit: 800 yen)
Overseas product sale (mainly in China)	Selling unit price 1,000-2,000 yen

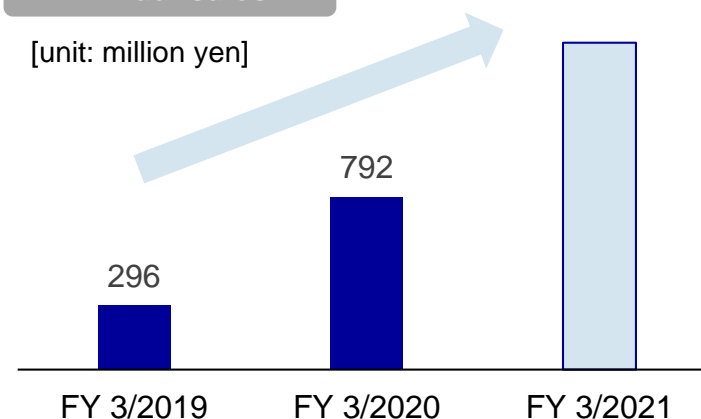
Expensive hobby goods

Policies

- To expand the product lineup
- To improve production efficiency
 - Increase of new factories
 - Improvement of our negotiation advantage through the enrichment of our product lineup
 - Increase and training of production managers

Annual sales

[unit: million yen]



We aim to create hit titles while controlling costs

We aim to move into a black from the game and anime business in the term ending March 2021

Strategies

Console game software

- New titles are released in FY 3/2021 (scheduled)
 - One title of original IP software
 - One title of software based on external IP
- Enhancement of overseas sale of existing original titles (Localization at low cost)

Software released abroad



PlayStation®4 software
“CRYSTAR”
© FURYU Corporation.

Game apps

- To concentrate on the operation of existing titles
- To plan events for mutually reeling in customers among several titles
- To get out of the red and earn significant profit by utilizing the business model



Game app: “Renai Bakumatsu
Kareshi: Toki no Kanata de
Hanasaku Koi”
© FURYU Corporation.

Anime

- To serialize the hit title “Laid-Back Camp”
 - To release the Blu-ray and DVD of the short anime “Room Camp” in May 2020
 - To start airing the TV anime “Laid-Back Camp, Season 2” in Jan. 2021
 - To be made into a movie



TV anime “Laid-Back Camp” series
© afro,HOUBUNSHA/Yurucamp Committee



Recent impact of COVID-19 and envisioned business recovery

Recently, the sales of photo stickers and orders for prizes decreased, due to the temporary closure of amusement arcades

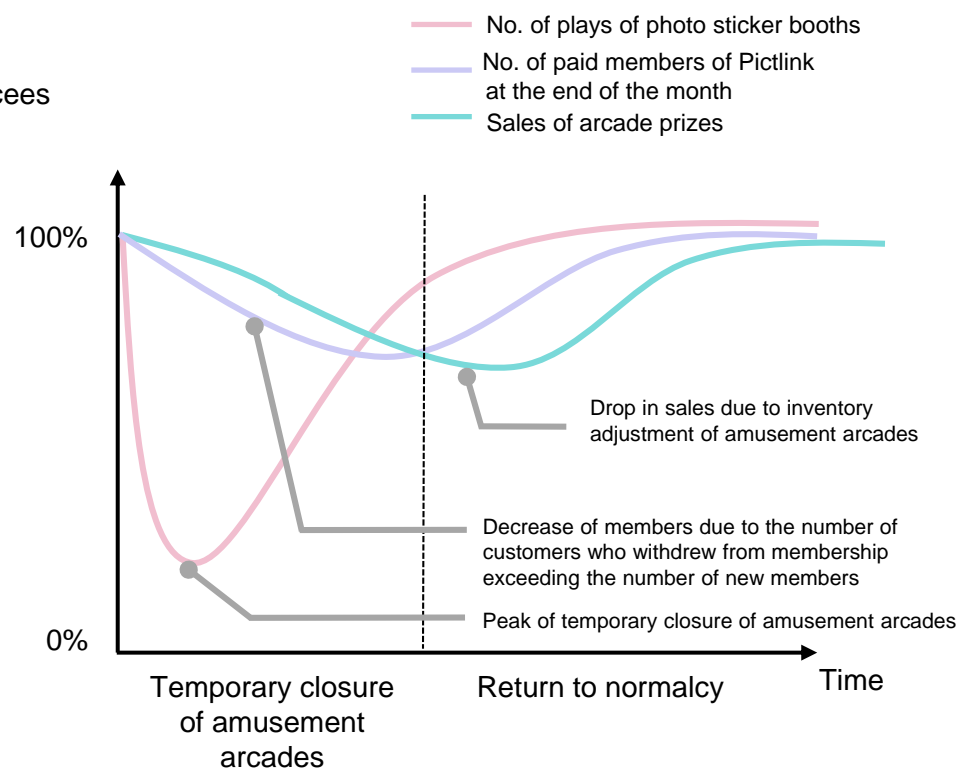
If the operation of facilities returns to normalcy, our performance will recover swiftly

Impact of COVID-19

- Turmoil in the supply chain
 - Temporary closure of amusement arcades
 - Suspension of operation of manufacturing outsourcees
 - Delay in supervision of products

	Recent situation	
	Mar. 2020	Apr. 2020
Photo stickers	Y/y ratio of the total number of plays 67.3%	Y/y ratio of the total number of plays 11.0%
Content and media	Y/y ratio of the number of paid members of Pictlink at the end of the month 99.4%	Y/y ratio of the number of paid members of Pictlink at the end of the month 93.9%
Character MD	Cancellation of orders for arcade prizes	

Envisioned recovery of the core business





Regarding the earnings forecast for FY 3/2021

It's assumed that the operation of amusement arcades will return to normalcy in 2Q

As for the full-year business results, annual sales and profit are estimated to drop, mainly due to the decrease in sales from the photo sticker business

Assumptions for the full-year earnings forecast for FY 3/2021

Photo stickers	The number of plays will drop 90-95% year on year in 1Q, but will be unchanged year on year from 2Q
Content and media	Due to the decline in the number of plays, the number of paid members of Pictlink will be 1.45 to 1.50 million at the end of Mar. 2021
Character MD	The sales of arcade prize, etc. are estimated to be unchanged year on year The sales of expensive hobby goods are projected to grow
Game and anime	No. of newly released titles of console game software: 2 (1 original IP and 1 external IP) To air the sequel of the anime "Yurukyan" and contribute to the sale of videogram

[unit: million yen]	Full-year results for FY 3/2020 (non-consolidated)	Full-year forecast for FY 3/2021 (non-consolidated)	Y/y	
			Change	Ratio
Net sales	27,431	27,000	-431	98.4%
Operating profit	3,637	2,000	-1,637	55.0%
Ordinary profit	3,656	2,000	-1,656	54.7%
Profit	3,020	1,350	-1,670	44.7%

* The earnings forecast may be revised according to the situation of COVID-19 pandemic. We would appreciate your understanding.



Shareholder return and financial policy

While securing the safety of the financial base, we aim to enrich the return to shareholders by paying dividends stably and acquiring treasury shares flexibly

We aim to achieve an ROE of 15.0% or higher in FY 3/2024

	Results for FY 3/2019 (consolidated)	Results for FY 3/2020 (non-consolidated)	Forecast for FY 3/2021 (non-consolidated)
Total number of issued shares	28,296,000	28,296,000	28,296,000
No. of treasury shares as of the end of the term	325	935,672	—
Earnings per share (EPS)*	66.53 yen	108.54 yen	49.34 yen
Dividend per share (DPS)	30.00 yen	40.00 yen	35.00 yen
Payout ratio	45.1%	36.9%	70.9%
Amount of acquired treasury shares	0 million yen	1,000 million yen	-
Net assets	17,948 million yen	18,994 million yen	-
Book-value per share (BPS)	633.39 yen	694.22 yen	-
Return on equity (ROE)	10.8%	16.4%	10% or lower (estimated)

* For the term ended Mar. 2019, the figures of “profit attributable to owners of parent” are used.

Envisioned Growth





Our growth strategies

We implement growth strategies for Girls' Trend Business and Sekaikan Business

Girls' Trend Business

Strengths



Creation of new businesses utilizing strengths

Budget for investing in new businesses with an upper limit of 500 million yen per term

Programmatic ad

Food services

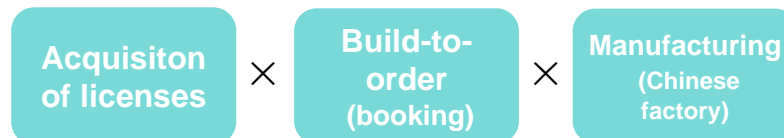
Help-wanted ads for part-time jobs

Marketing support

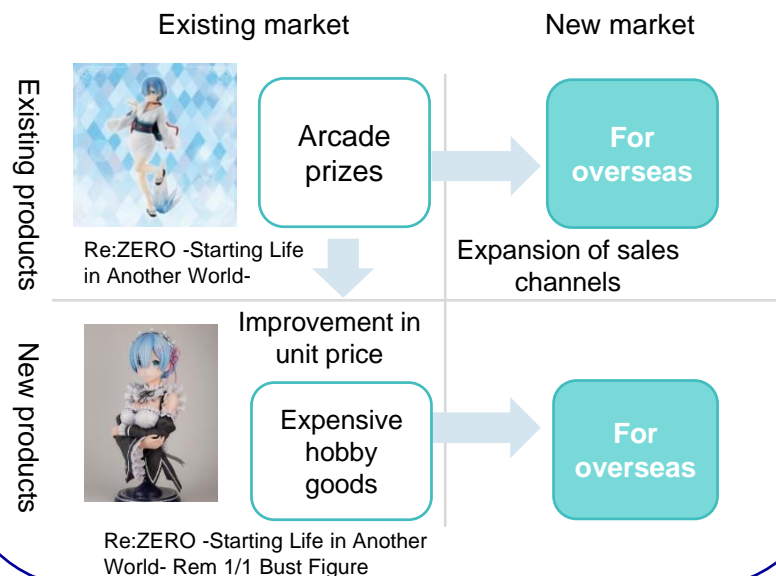
Creation of other businesses

Sekaikan Business

Basic business model



Application of business models





Programmatic ad business (growth potential)

Thanks to the advance of ad technologies, the programmatic ad market expanded

We keep competitive advantage with outstanding contact points with women in their 10s and 20s

Scale of the programmatic ad market

Over 1 trillion yen^{(*)2}

Sales of the photo sticker-related business (the market we dominate)

About
16.4
billion yen
^{(*)1}

Utilization of resources of Girls' Trend Business

Interview survey **over 200** times per year (Results in FY 2019)

No. of paid members of Pictlink **1.63** million (as of the end of Mar. 2020)

No. of unique users of Pictlink per month **about 5.5** million (Results in FY 3/2020)

No. of members of "Mew contact" **about 0.3** million (Results in Mar. 2020)

Main targets:
Women in their 10s
and 20s

*1 Sum of sales from our photo sticker business and revenue from Pictlink charges.

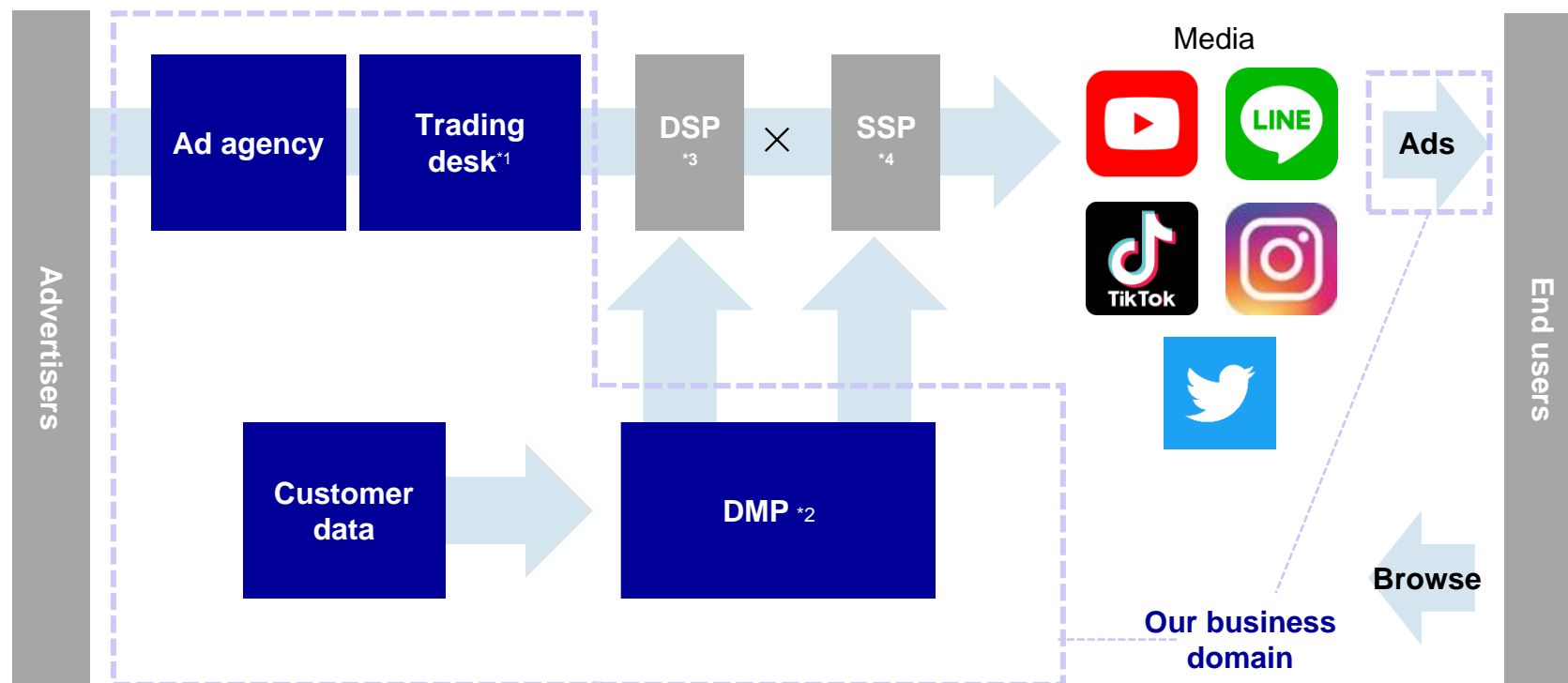
*2 Taken from "2019 Detailed Analysis of Expenditures on Internet Advertising Media" of DENTSU INC.



Programmatic ad business (business model)

We envisage an ad business utilizing a data management platform

We utilize the customer data on young women and the creativity nurtured through the existing business for our advertising distribution service



*1 Service of managing ads utilizing DSP, etc. on behalf of advertisers

*2 Data management platform: Segmentation can be conducted by cross-checking the other services of their own company and the customer data of other companies, including attributes and behavioral history.

*3 Demand-side platform: A platform in which advertisers can bid on a real-time basis, comparing the ad slots of multiple media.

*4 Supply-side platform: A platform in which media can compare the prices of their own ad slots.



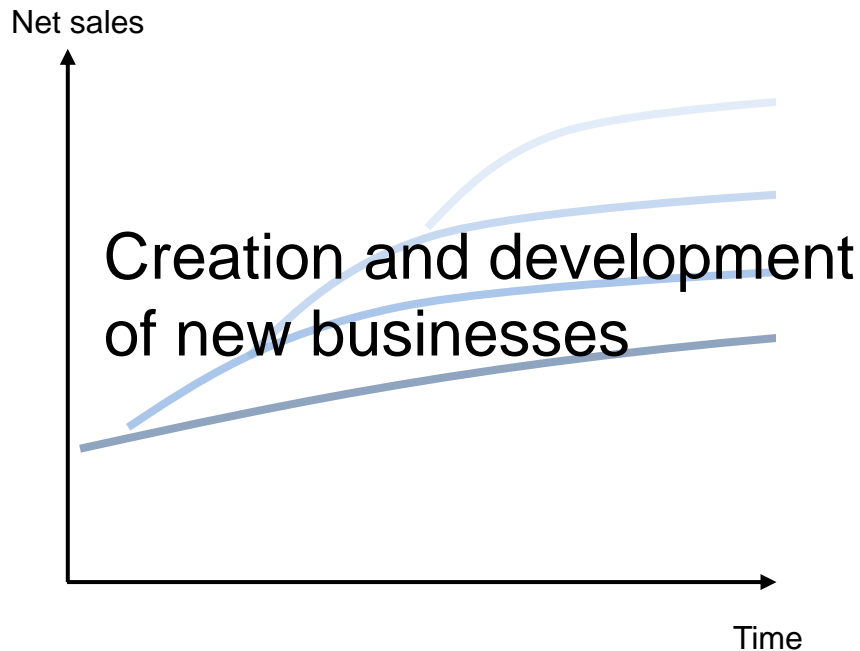
Envisioned corporate growth

The basic strategy is to create and develop new businesses

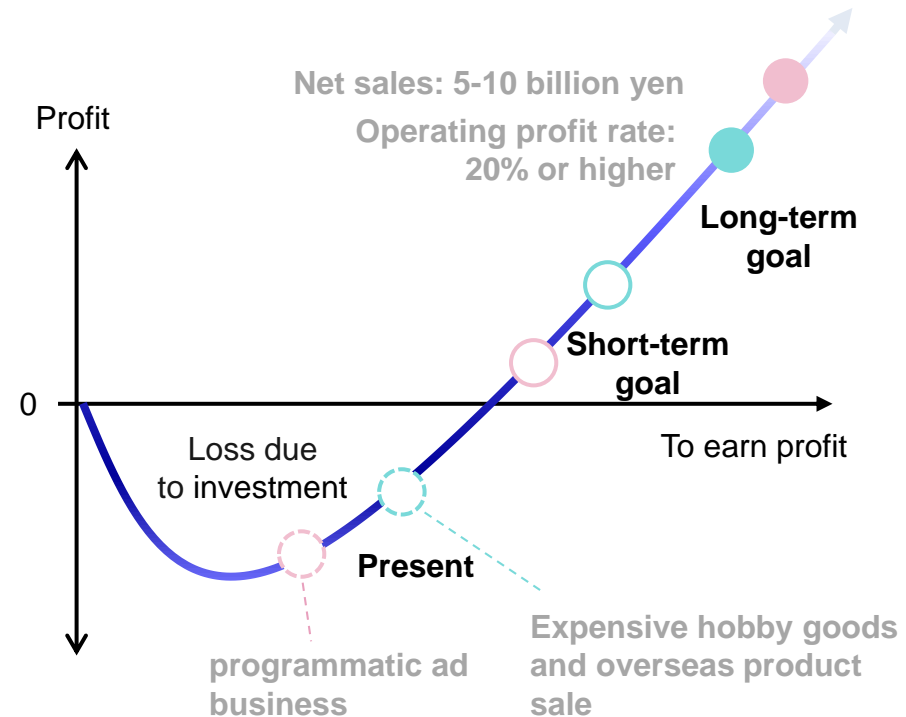
In the short term (3-5 years), expensive hobby goods and overseas product sale will contribute to growth

In the long term (5 years or longer), the programmatic ad business will contribute to growth

Company-wide growth strategy



Envisioned growth of new businesses



Value Creation



Employees' strong motivation is essential for creating new entertainment

Since business start-up, we have created a variety of new businesses from the photo sticker business

To motivate employees

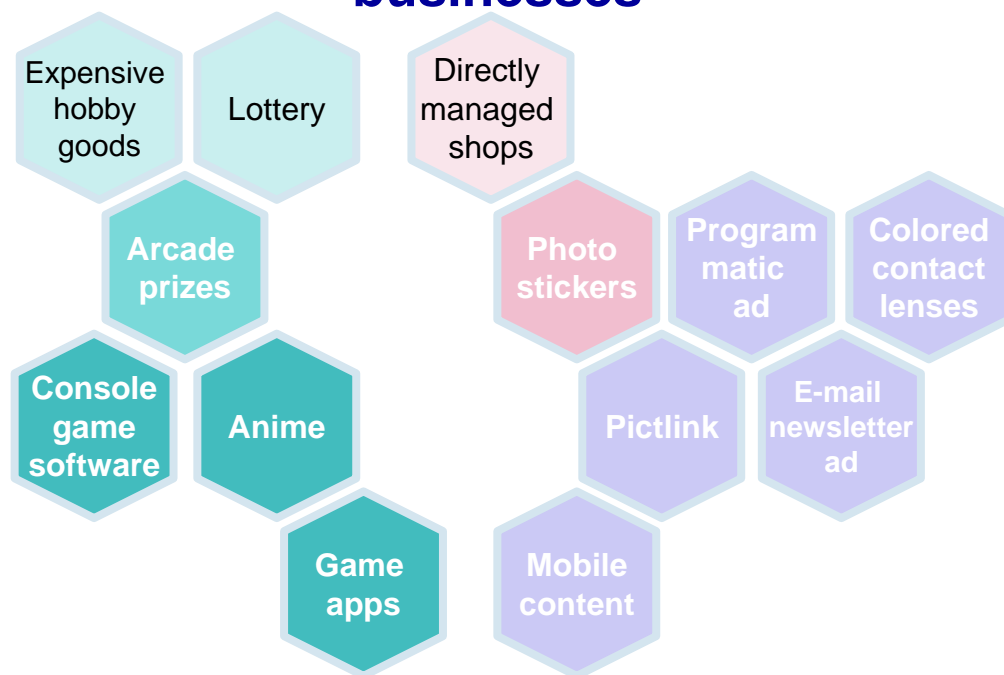
Promotion of self-realization



**Comfortable working environment
Diversity**



Creation of new businesses





System for supporting employees

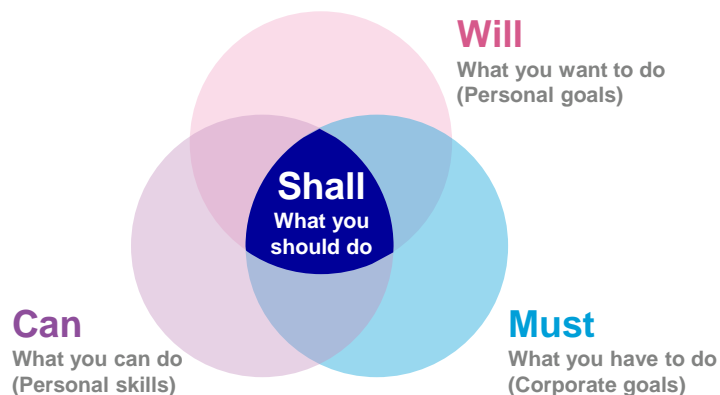
We motivate employees, by helping them produce good business results and achieve self-realization

We develop a comfortable working environment, and secure diversity such as empowering women

Promotion of self-realization

DYNAMIC VISION

- FURYU's unique value shared by all employees
- To diffuse it among employees through company-wide meetings and dialogues



Comfortable working environment, diversity

Ratio of paid days off taken

88%

Results in FY 2019

Ratio of female employees who took childcare leave

100%

Results in FY 2019

Ratio of female managers (section chief or higher)

26%

as of FY 4/2020

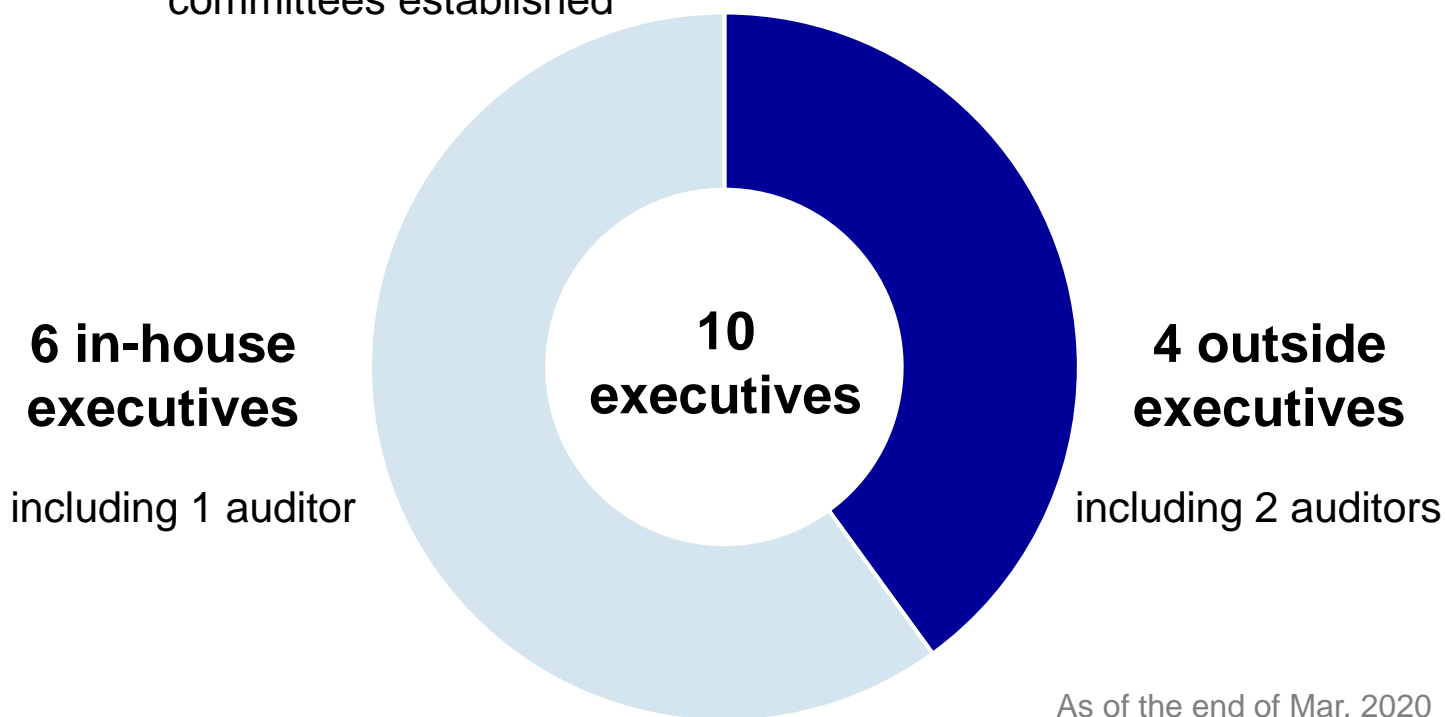


Obtained the third "Eruboshi" mark
Certified by the Minister of Health,
Labour and Welfare on Apr. 14, 2020

The ratio of outside executives, including a female director, is over 1/3
The supervising function strengthened

Composition of executives

- A female outside director
- Nomination and remuneration committees established



As of the end of Mar. 2020

We put importance on the dialogue with stakeholders, to actualize sustainable growth

For individual investors

- To issue correspondence for shareholders once a year



For institutional investors and analysts

- IR1on1MTG by the top executives

over **70** times in FY 2019

- A results briefing held twice a year



Customers

Business partners

- To set basic policies for quality
- To formulate guidelines for CSR procurement
- Interviews with customers

Over **200** times a year

Results in FY 2019

Employees

- Employee survey
- Whistle-blowing system
- Company-wide meetings

Reference material



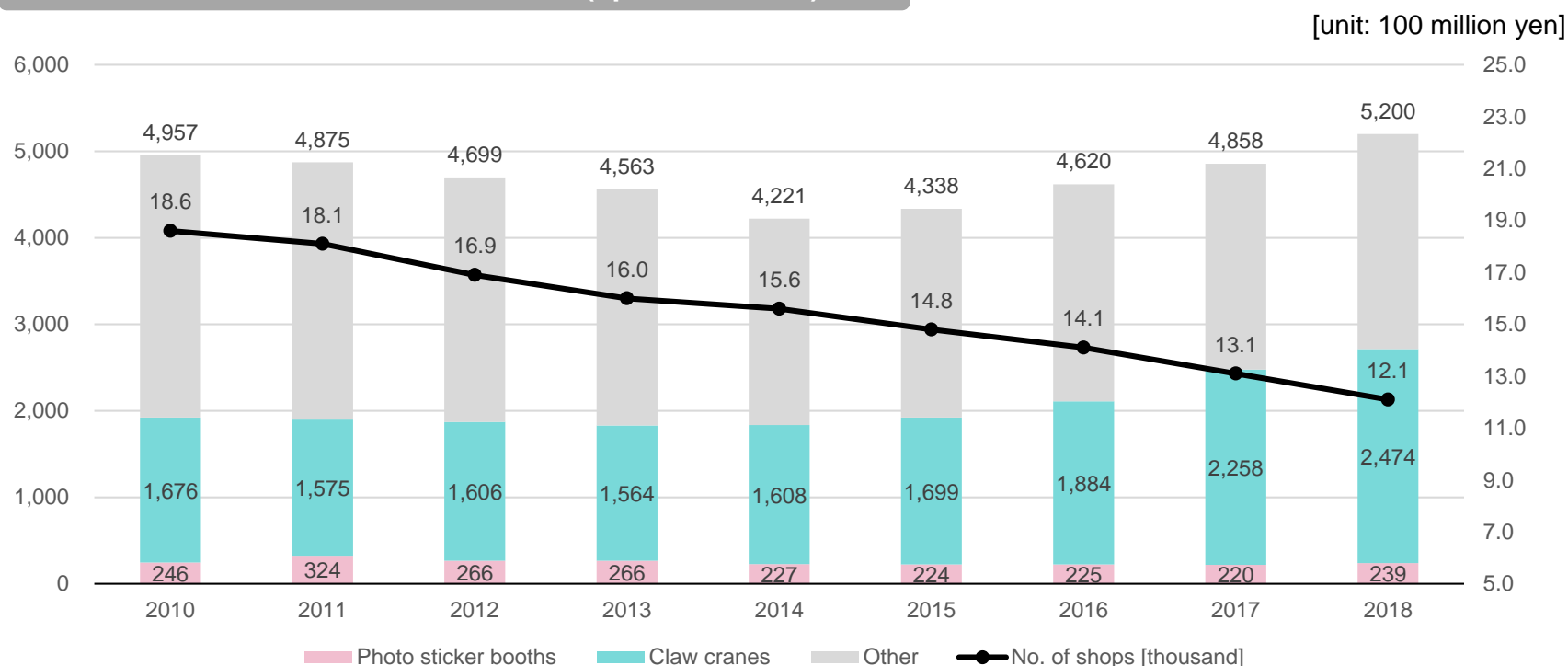


Market environment (entire amusement market)

The number of shops decreased, but the market expanded thanks to the amendment to the Act Regulating Adults Entertainment Business, etc. and the favorable performance of claw cranes

Claw cranes account for about 50% of total sales

Variation in the amusement market (operation sales)



Source: Japan Amusement Industry Association
"Amusement Industry Survey 2018"

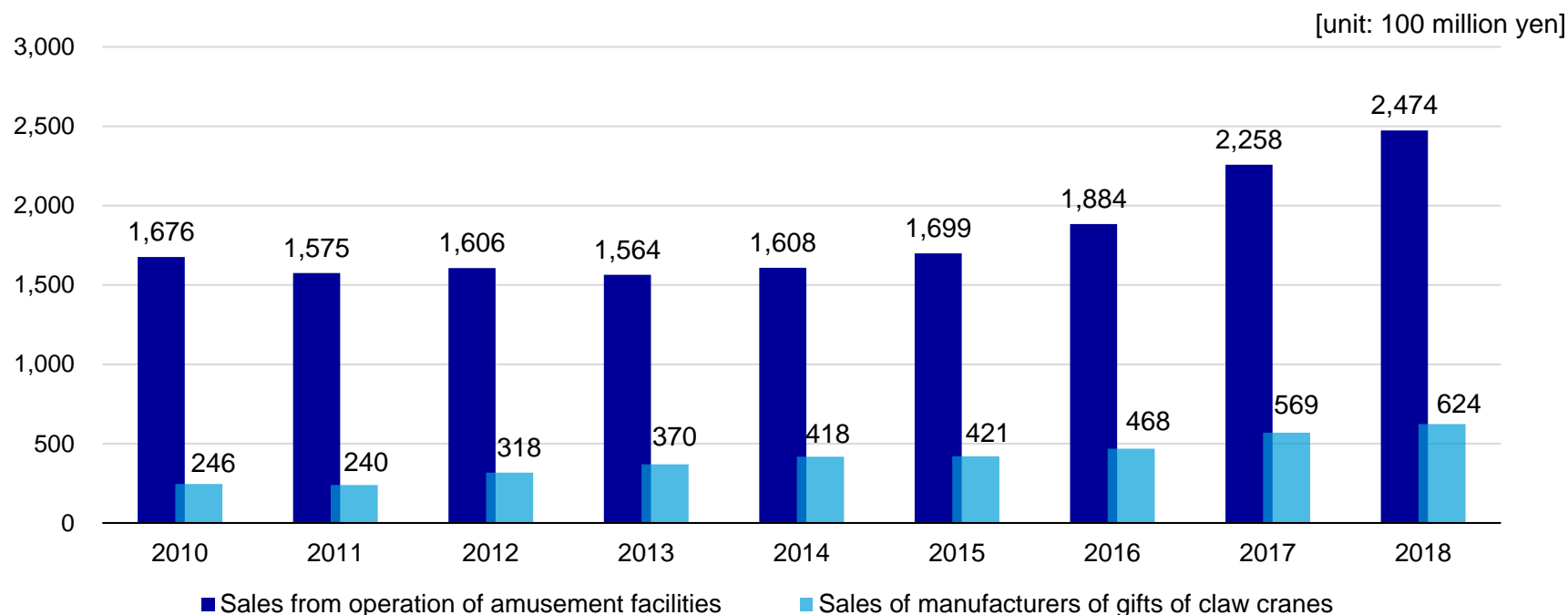


Market environment (claw crane market)

Due to the amendment to the Act Regulating Adults Entertainment Business, etc., the use by families increased

Recently, prize vending game machines for large-sized prizes and sundry goods have increased

Variation in the claw crane market



Source: Japan Amusement Industry Association
"Amusement Industry Survey 2018"



Regarding the shift to non-consolidated accounting

Shift to non-consolidated accounting in the 3rd quarter of the current term

FY 3/2019

- We've Inc. and Coreedge Inc. exist as consolidated subsidiaries
- Shareholding ratio: 100% for We've; 75.5% for Coreedge
- Coreedge became a subsidiary through the allocation of new shares to third parties (25.4%→75.5%) at the end of Sep. 2018 (at the end of the 2nd quarter)

FY 3/2020

- We merged **We've on absorption basis** on July 1, 2019
- As we withdrew from the business of game apps targeted at men, we **transferred all shares of Coreedge** on Nov. 15, 2019
- Since there are no consolidated subsidiaries, we **shifted to non-consolidated accounting** in the third quarter of the term ended Mar. 2020
- On Feb. 13, 2020, we **disclosed a non-consolidated earnings forecast**

Notes for non-consolidated financial results for the term ended Mar. 2020

	We've	Coreedge
Sales and operating profit	The results of We've are included in non-consolidated financial statements as the results of the publication business of FURYU <u>from the time of merger (2nd quarter of the current term)</u>	Since Coreedge was excluded from the scope of consolidation, its business results are not included in non-consolidated financial results
Extraordinary income/loss	Gain on extinguishment of tie-in shares amounting to 223 million yen due to absorption-type merger was posted (extraordinary income)	Loss on valuation of stocks of subsidiaries and affiliates amounting to 92 million yen was posted at the end of the 2 nd quarter (extraordinary loss)
Income taxes	Reduction of income taxes through the transfer/use of loss carried forward	—

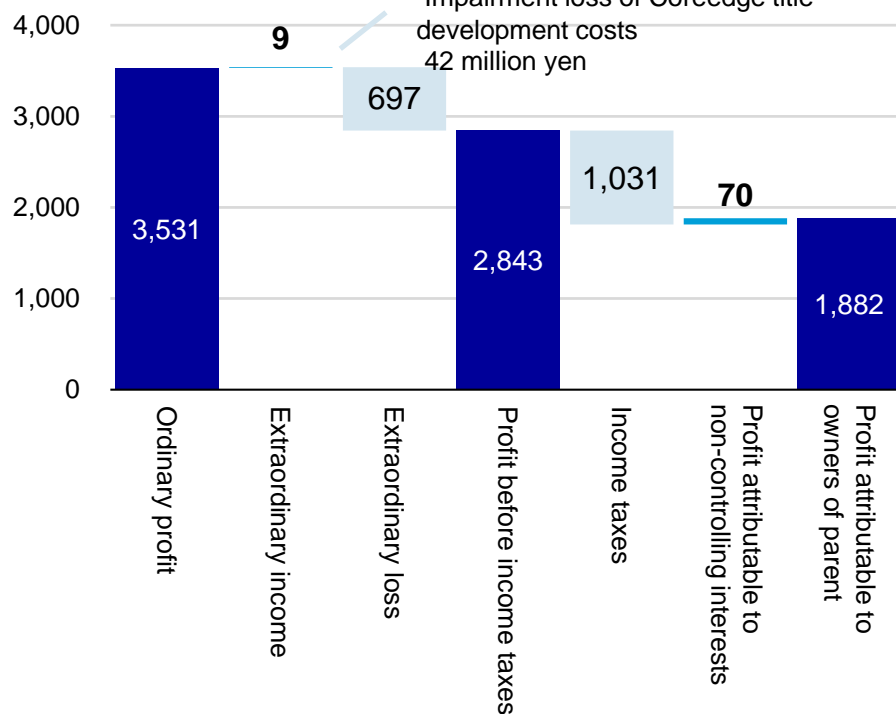


(For reference) Breakdown of extraordinary profit/loss, etc.

FY 3/2019 (consolidated)

[unit: million yen]

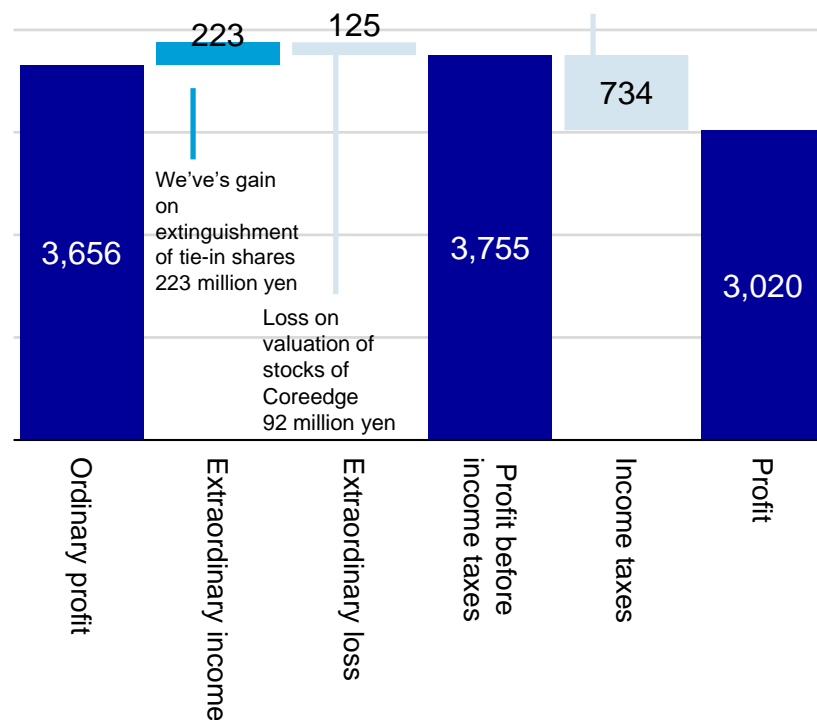
- Impairment loss of anime production costs: 549 million yen
- Impairment loss of console game development costs: 60 million yen
- Impairment loss of Coreedge title development costs: 42 million yen



FY 3/2020 (non-consolidated)

[unit: million yen]

Reduction of income taxes through the use of loss carried forward of We've





Variation in major management indicators

[unit: million yen]	FY 3/2016 (consolidated)	FY 3/2017 (consolidated)	FY 3/2018 (consolidated)	FY 3/2019 (consolidated)	FY 3/2020 (non-consolidated)
Net sales	24,167	24,890	25,383	27,134	27,431
Operating profit	3,651	3,920	2,453	3,543	3,637
Ordinary profit	3,663	3,921	2,474	3,531	3,656
Profit*1	2,462	2,798	1,725	1,882	3,020
Earnings per share (EPS) [yen]	92.14	98.89	60.99	66.53	108.54
Total number of issued shares	9,432,000	28,296,000	28,296,000	28,296,000	28,296,000
Total amount of dividends	707	848	848	848	1,094
Payout ratio [%]	27.1	31.7	49.2	45.1	36.9
Dividend per share (DPS) [yen]	25	30	30	30	40
Net assets	13,881	16,089	16,883	17,948	18,994
Capital-to-asset ratio [%]	68.7	72.1	73.9	71.6	79.1
Book value per share (BPS) [yen]	490.57	568.63	596.67	633.39	694.22
Return on equity (ROE) [%]	20.9	18.7	10.5	10.8	16.4
No. of employees	371	398	421	482	453

*1 For FY 3/2016 to FY 3/2019, the figures of “profit attributable to owners of parent” are used.

*2 On Mar. 1, 2017, a 3-for-1 stock split was carried out, and the total number of outstanding shares became 28,296,000. Net profit per share, dividend per share, and net assets per share were calculated under the assumption that said stock split was conducted at the beginning of the term ended Mar. 2016.



Annual variation in performance of each segment

[unit: million yen]	FY 3/2016 (consolidated)	FY 3/2017 (consolidated)	FY 3/2018 (consolidated)	FY 3/2019 (consolidated)	FY 3/2020 (non-consolidated)
Net sales	24,167	24,890	25,383	27,134	27,431
Photo stickers	8,850	9,090	9,075	9,602	9,913
Content and media	7,456	7,950	8,396	8,616	9,020
Character MD*	6,143	5,750	5,268	5,598	6,364
Game and anime	1,740	2,101	2,641	3,318	2,132
Operating profit	3,651	3,920	2,453	3,543	3,637
Photo stickers	1,023	1,284	1,097	1,488	1,493
Content and media	4,079	4,304	4,150	4,070	3,913
Character MD	474	498	165	372	59
Game and anime	-580	-876	-1,556	-782	-117
Company-wide common expenses	-1,345	-1,290	-1,403	-1,605	-1,711

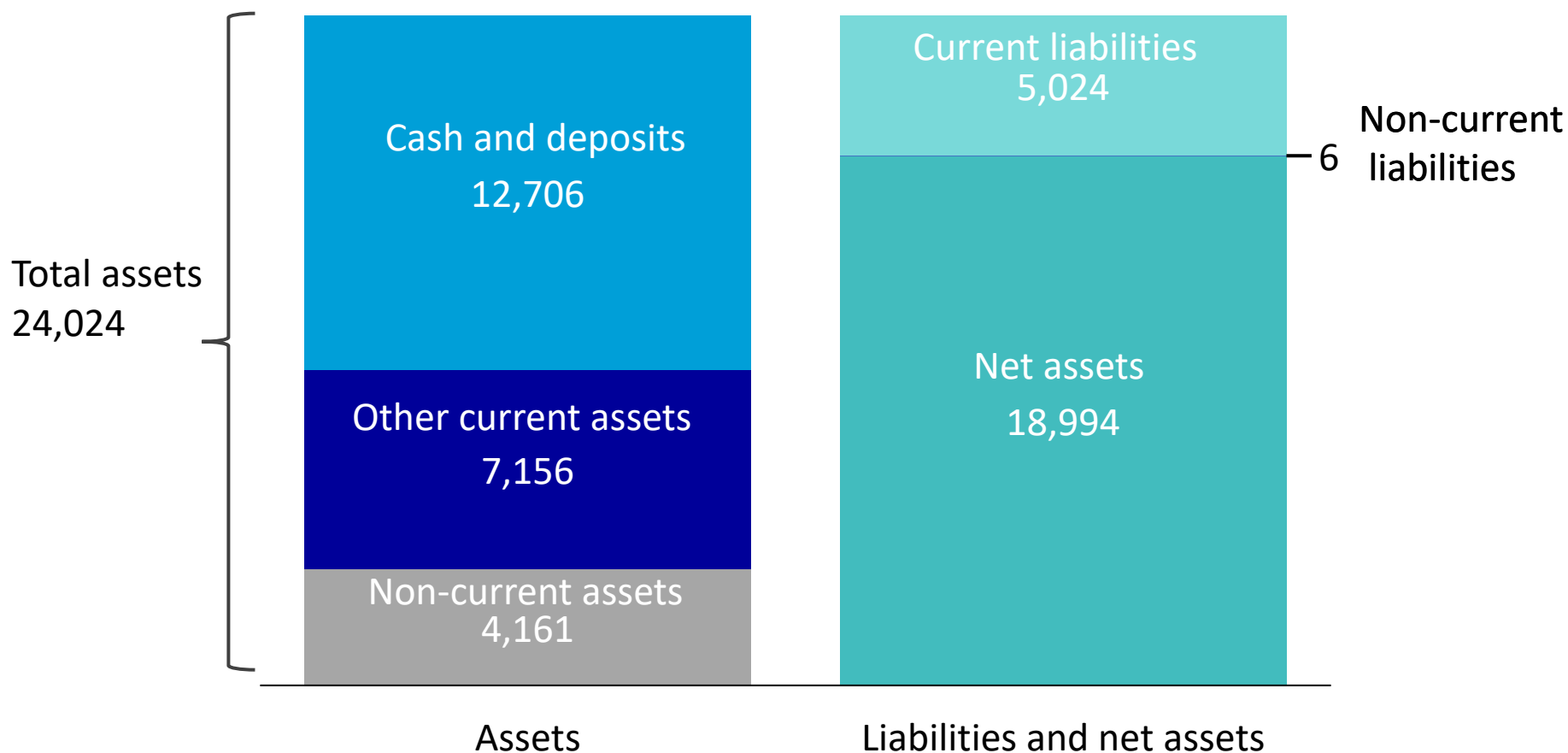
*1 As we merged the consolidated subsidiary We've Inc. on absorption basis on Jul. 1, 2019, the book publication business, etc., which had been categorized into "Other," are included in "Character Merchandizing Business." The figures before the term ended Mar. 2019 are indicated in new segments. The non-consolidated results for the term ended Mar. 2020 include the results of the publication business, etc. from the second quarter, in which absorption-type merger was conducted.

*2 The figures for the term ended Mar. 2019 include the results of the consolidated subsidiary Coreedge, which was sold during the term ended Mar. 2020.



Quarterly variation in performance of each segment

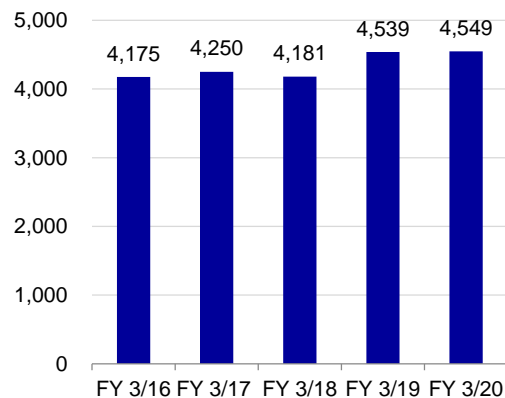
	FY 3/2019 (consolidated)				FY 3/2020 (non-consolidated)			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
[unit: million yen]								
Net sales	6,124	6,581	7,532	6,896	6,002	6,667	7,908	6,853
Photo stickers	2,017	2,403	2,599	2,582	2,343	2,474	2,699	2,395
Revenue from amusement arcades	1,760	2,068	2,305	2,211	2,042	2,114	2,386	2,072
Revenue from directly managed shops	222	306	267	357	296	356	295	327
Other	34	28	27	12	4	3	17	-4
Content and media	2,105	2,147	2,177	2,186	2,216	2,270	2,253	2,279
Revenue from Pictlink charges	1,486	1,514	1,538	1,578	1,600	1,624	1,627	1,659
Sale of colored contact lenses	349	365	372	374	403	442	409	371
Other	269	267	266	232	212	203	215	249
Character MD	1,158	1,460	1,510	1,468	1,127	1,329	2,220	1,687
Arcade prize, etc.	1,059	1,279	1,399	1,246	985	1,187	1,792	1,441
Expensive hobby goods	0	108	12	174	141	95	374	180
Publication*	98	72	98	45	-	46	53	66
Game and anime	844	570	1,244	659	314	592	735	489
Console game software	312	79	602	115	37	259	361	147
Game apps	248	279	507	456	226	257	224	224
Anime	282	211	134	87	51	76	149	117
Operating profit	741	1,114	920	767	756	1,154	1,229	497
Photo stickers	252	598	316	322	320	720	318	133
Content and media	1,043	1,037	1,023	966	1,002	950	981	980
Character MD	64	77	97	132	48	-64	244	-168
Game and anime	-145	-229	-160	-246	-158	5	92	-56
Company-wide expenses	-473	-369	-355	-406	-445	-471	-403	-390



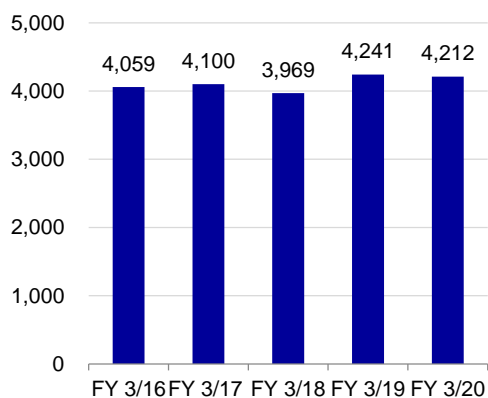


Annual variation in KPI

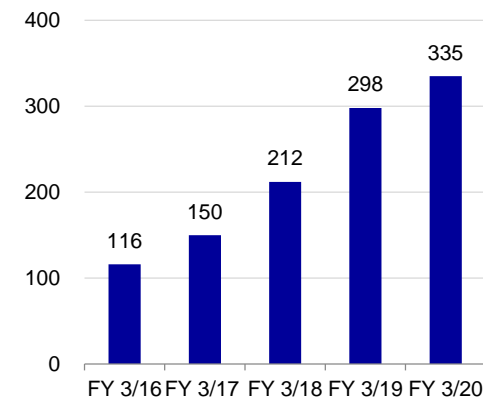
■ Total number of plays [10,000]



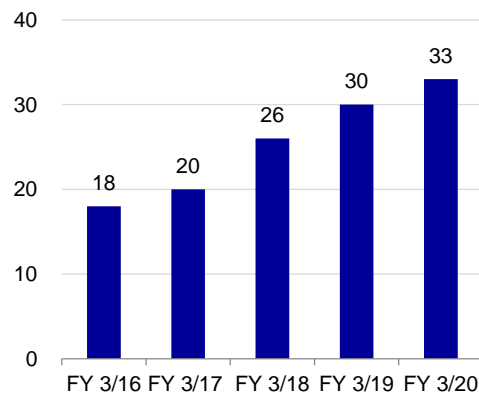
■ No. of plays at amusement arcades [10,000]



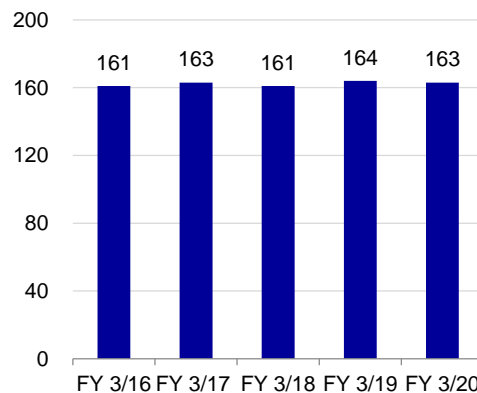
■ No. of plays at directly managed shops [10,000]



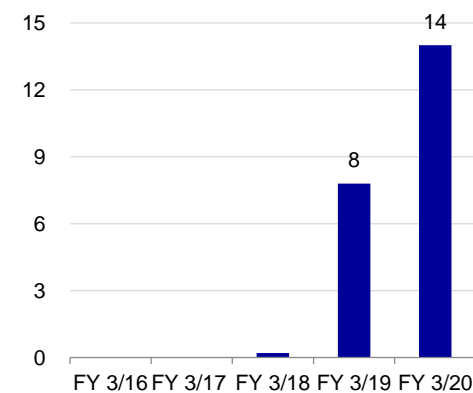
■ No. of directly managed shops



■ No. of paid members of Pictlink as of the end of the term [10,000]



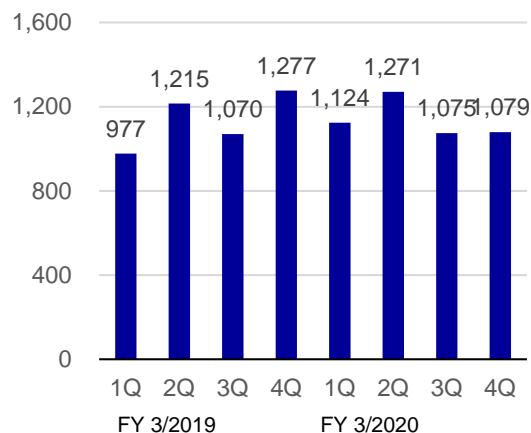
■ No. of premium members of Pictlink [10,000]



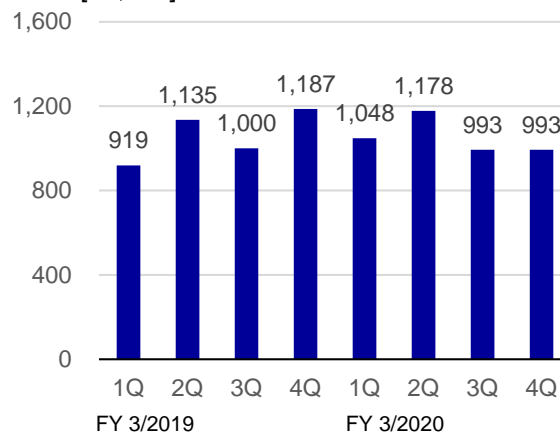


Quarterly variation in KPI

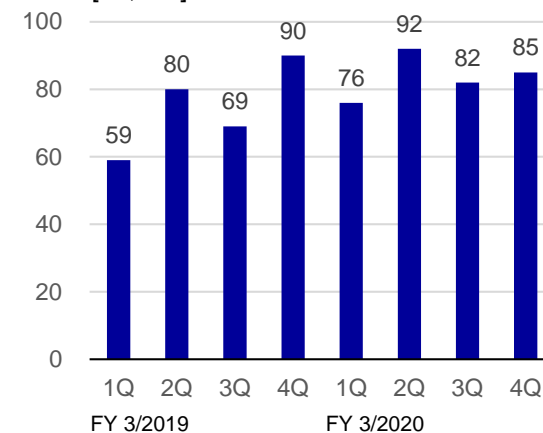
■ Total number of plays [10,000]



■ No. of plays at amusement arcades [10,000]



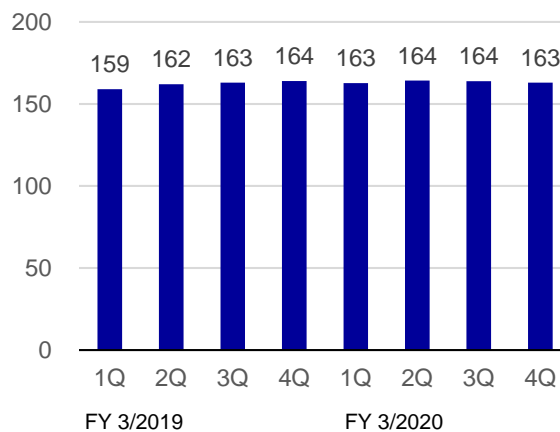
■ No. of plays at directly managed shops [10,000]



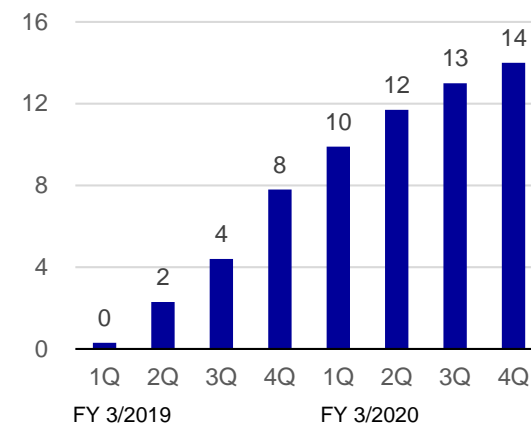
■ No. of directly managed shops



■ No. of paid members of Pictlink as of the end of the term [10,000]



■ No. of premium members of Pictlink [10,000]





Released console game software

Category	Original or external IP	Console	Release date	Title
FY 3/2019 (a total of 7 titles)	Original IP	PlayStation®4	May 17, 2018	“Caligula overdose”
	Original IP	Nintendo Switch™	Oct. 4, 2018	“WORK × WORK”
	Original IP	PlayStation®4	Oct. 18, 2018	“CRYSTAR”
	External IP	Nintendo Switch™	Oct. 25, 2018	“Beyblade Burst Battle Zero”
	External IP	Nintendo Switch™	Nov. 8, 2018	“Pikachin Kit – Operation Pirameki with Game!”
	External IP	PlayStation®4	Nov. 15, 2018	”Yuragisou-no-Yuuna-san: Yukemuri Dungeon”
	External IP	Nintendo Switch™	Feb. 28, 2019	“Game: Doraemon: Nobita's Chronicle of the Moon Exploration”
FY 3/2020 (a total of 4 titles)	External IP	PlayStation®4 Nintendo Switch™	Sep. 19, 2019	“Cardfight!! Vanguard Ex”
	Original IP	PlayStation®4 Nintendo Switch™	Oct. 10, 2019	“Alliance Alive HD Remastered”
	External IP	Nintendo Switch™	Nov. 1, 2019	“MODEL Debut #Nicola”
	External IP	Nintendo Switch™	Mar. 5, 2020	“Game: Doraemon: Nobita's New Dinosaur”



Regarding shares (as of Mar. 31, 2020)

Total No. of authorized shares	104,400,000
Total No. of issued shares	28,296,000
No. of shareholders	12,153

Shareholder	No. of shares held	Shareholding ratio [%]
Yoshiro Tasaka	3,680,000	13.45
FURYU Shoji Corporation	1,450,000	5.30
The Master Trust Bank of Japan, Ltd. (Trust account)	1,186,800	4.34
Japan Trustee Services Bank, Ltd. (Trust account)	1,128,700	4.13
FURYU Employee Shareholding Association	982,200	3.59
Masato Yoshida	840,000	3.07
Takashi Mishima	820,000	3.00
TM Corporation	800,000	2.92
Katsuyuki Inage	750,000	2.74
Akihiko Yamamoto	540,000	1.97

*1 Our company owns 935,672 treasury shares, but our company is not included as a major shareholder.

*2 Shareholding ratio was calculated after subtracting the number of treasury shares.



For inquiries about this material

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Actual business performance may be different, according to various risks and uncertainties, such as economic situations and market trends. We would appreciate your understanding.

FuRyu
Precious days, always