



Securities code: 6238

# Material for Briefing Financial Results

2Q of Term Ended March 2021



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# 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  
(SKB)**

**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  
(GTB)**

**Photo Sticker Business**

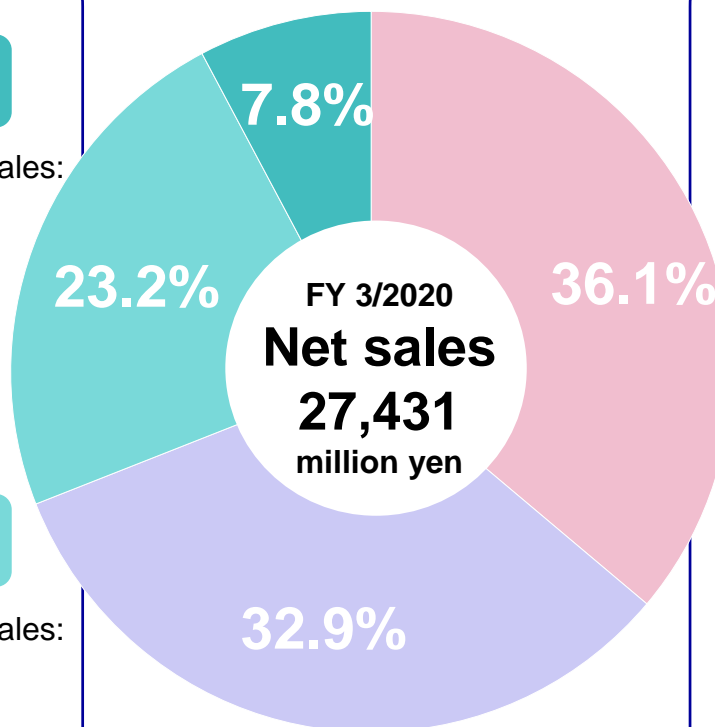
Net sales: **9,913** million yen      Ratio to total sales: **36.1%**

- 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—



**FuRyu**  
Precious days, always

# 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%**

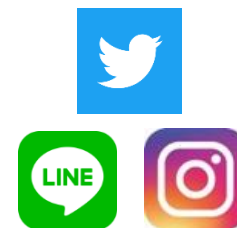
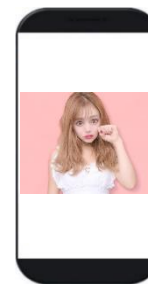
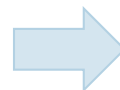
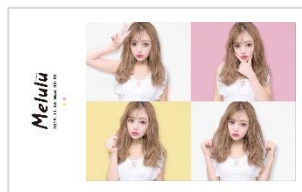
\*Survey outsourced to: MACROMILL, INC.  
(survey in June 2019)

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

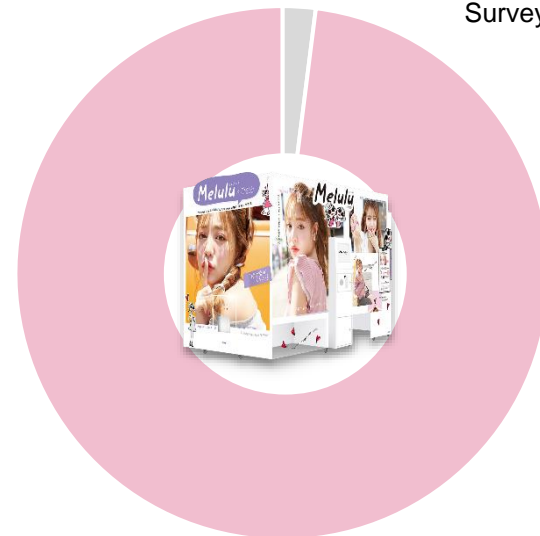


FURYU's original technologies  
(AI-based image processing, etc.)

Market share in the number of photo  
sticker booths

about **98.0%**

Surveyed by FURYU in 2019

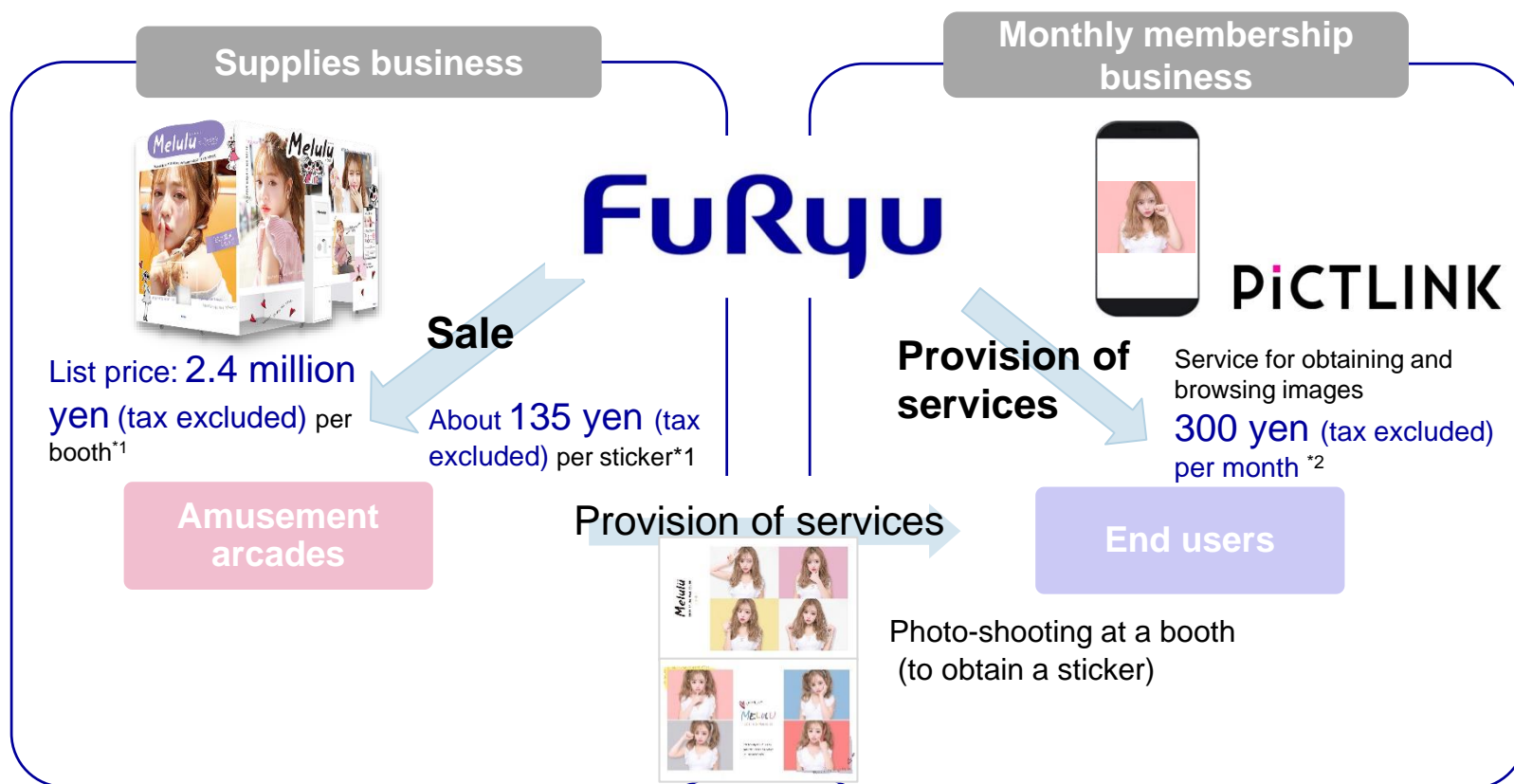






## Structure of the Photo Sticker Business

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)

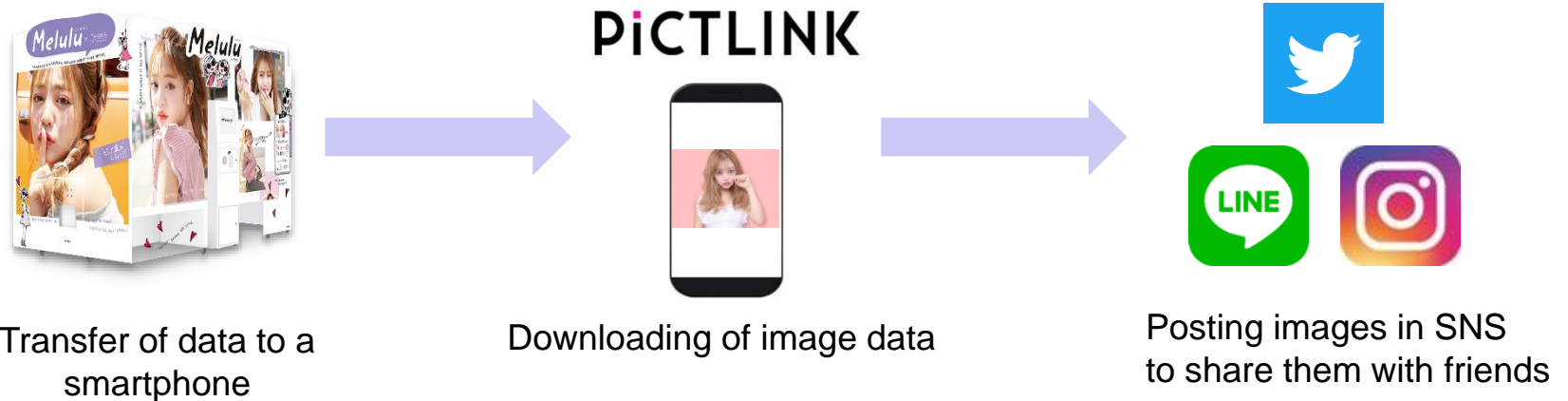
\*2 Monthly charge varies among feature phones, smartphone websites, and smartphone apps



## 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

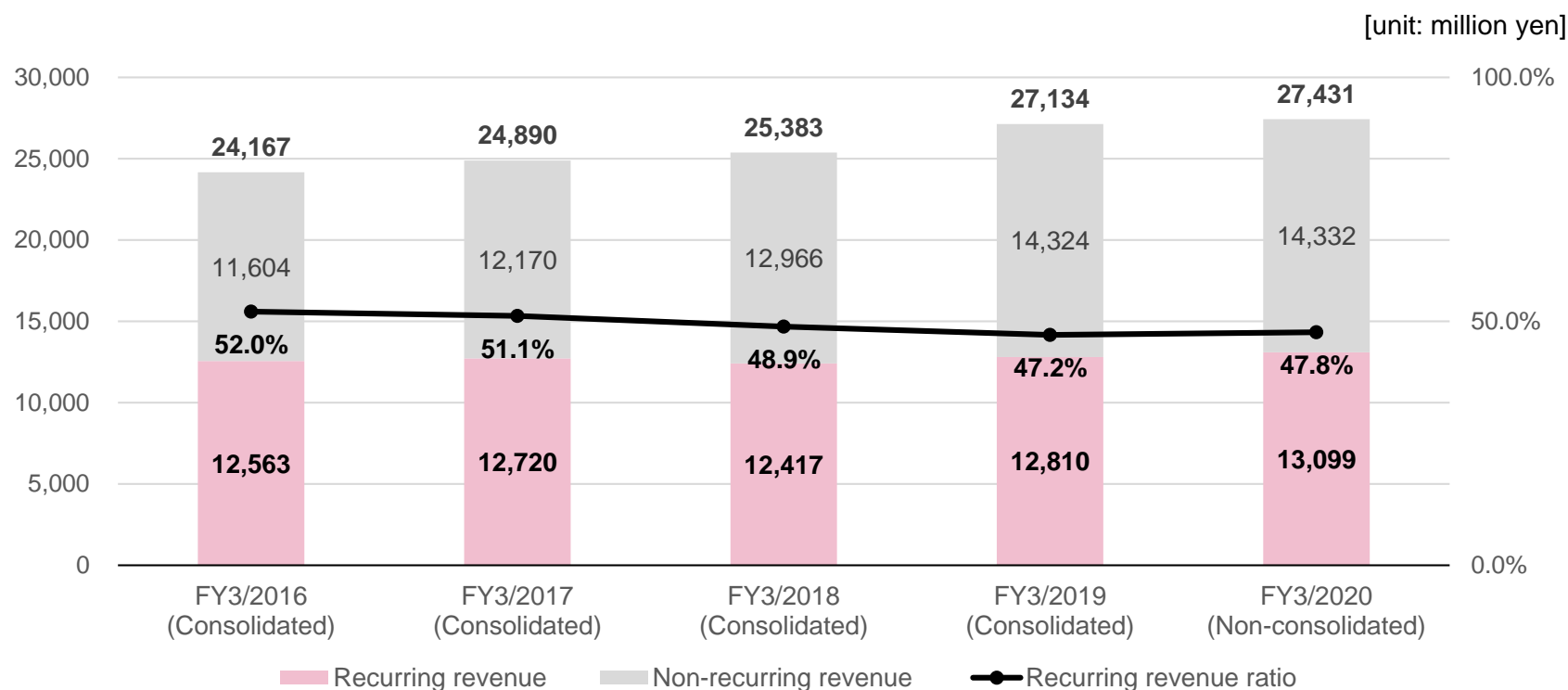


## Our Business in terms of Revenue Stability

We have developed a stable revenue model based on the sales of photo stickers and Pictlink charges.

Our recurring revenue ratio is approximately 50%

### Variation in Recurring Revenue



\* Recurring revenue includes the sales of photo stickers, Pictlink charges, and content services for feature phone

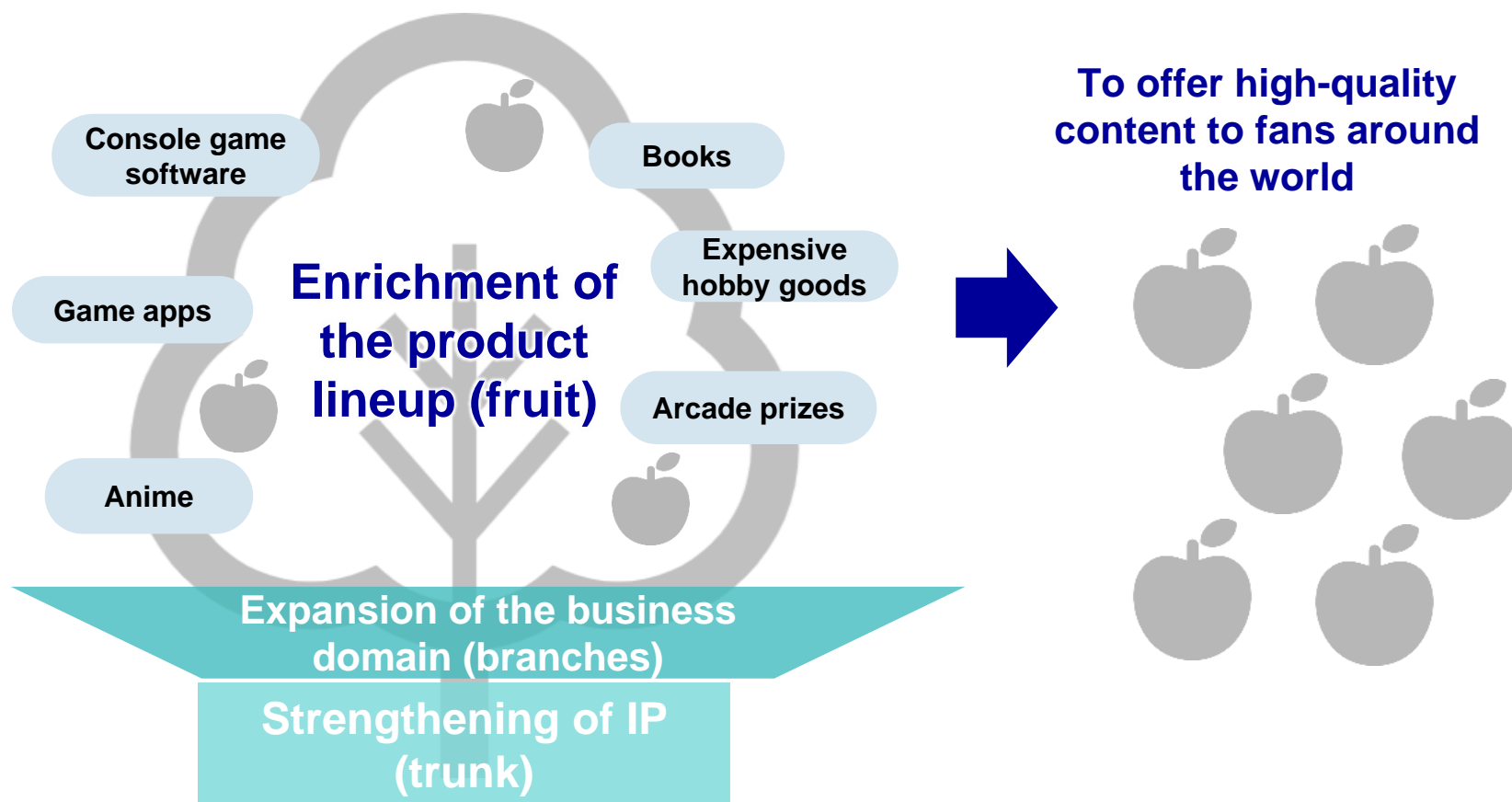
# Introduction of Sekaikan Business

—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 3<sup>rd</sup> largest sales in the field

(\*Surveyed by our company)

### Major popular products

#### Arcade prizes

##### Related to artists



**GENERATIONS HIGH SCHOOL TV**

©AbemaTV

©KoyoharuGotoge/ SHUEISHA, Aniplex, ufotable

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##### Related to anime



**Demon Slayer**

##### Fancy



**Cinnamoroll**

#### 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 1<sup>st</sup> 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 Vanguard 2018 ©Project Vanguard 2019/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 2Q FY 3/2021







## P/L for 2Q FY 3/2021

**Sales and profit decreased year on year in the first half of the fiscal year due to the impact of COVID-19.**

**Our business performance rapidly recovered in 2Q (July to September) thanks to the reopening of amusement arcades.**

	1Q (Apr. to Jun.)			2Q (Jul. to Sep.)			2Q, cumulative		
	FY 3/2020	FY 3/2021	Ratio	FY 3/2020	FY 3/2021	Ratio	FY 3/2020	FY 3/2021	Ratio
[unit: million yen]									
Net sales	6,234	4,390	70.4%	6,757	6,267	92.7%	12,992	10,657	82.0%
Operating profit	711	145	20.4%	1,093	765	70.0%	1,804	911	50.5%
Ordinary profit	710	140	19.7%	1,081	753	69.6%	1,791	893	49.8%
Extraordinary income	-	-	-	0	0	21.1%	0	0	21.1%
Extraordinary loss	9	1	11.8%	2	1	77.0%	11	2	23.0%
Profit before income taxes	700	138	19.8%	1,079	751	69.6%	1,780	890	50.0%
Income taxes	167	44	26.3%	286	236	82.6%	453	280	61.8%
profit*2	549	94	17.2%	803	515	64.1%	1,352	609	45.1%

\*1 Since non-consolidated results are not prepared for the 1Q and 2Q of the term ended Mar. 2020, the results shown for reference in this chart are the previous fiscal year's consolidated results.

\*2 For the term ended Mar. 2020, "profit attributable to owners of parent" is used.



## Overview of the Results of Each Segment

The sales of Photo Stickers Business recovered to 76.3% year on year in 2Q (July to September).

The sales of Content and Media Business recovered moderately in 2Q (July to September).

The sales of Character MD Business were healthy, especially for arcade prize.

Game and Anime Business posted a quarterly loss due to fewer titles released in 2Q (July to September).

	1Q (Apr. to Jun.)			2Q (Jul. to Sep.)			2Q, cumulative		
	FY 3/2020	FY 3/2021	Ratio	FY 3/2020	FY 3/2021	Ratio	FY 3/2020	FY 3/2021	Ratio
[unit: million yen]									
Net sales	6,234	4,390	70.4%	6,757	6,267	92.7%	12,992	10,657	82.0%
Photo Stickers	2,343	525	22.4%	2,474	1,889	76.3%	4,818	2,414	50.1%
Content and Media	2,216	1,997	90.1%	2,270	2,185	96.3%	4,486	4,183	93.2%
Character MD	1,211	1,435	118.5%	1,329	1,829	137.6%	2,541	3,264	128.5%
Game and Anime	463	432	93.4%	682	362	53.1%	1,145	795	69.4%
Operating profit	711	145	20.4%	1,093	765	70.0%	1,804	911	50.5%
Photo Stickers	320	-608	-	720	140	19.6%	1,040	-467	-
Content and Media	1,002	870	86.8%	950	882	92.8%	1,952	1,752	89.7%
Character MD	81	229	About 3 times	-64	96	-	17	325	About 19 times
Game and Anime	-233	17	-	-54	-42	-	-288	-24	-
Company-wide costs	-459	-363	-	-457	-311	-	-917	-675	-



## Results of Each Segment – Photo Sticker Business

The business fell into the red in 1Q (April to June), but recovered rapidly in 2Q (July to September) and posted profits.

The total number of plays recovered to 72.4% year on year in 2Q (July to September).

	1Q (Apr. to Jun.)			2Q (Jul. to Sep.)			2Q, cumulative		
	FY 3/2020	FY 3/2021	Ratio	FY 3/2020	FY 3/2021	Ratio	FY 3/2020	FY 3/2021	Ratio
[unit: million yen]									
Net sales	2,343	525	22.4%	2,474	1,889	76.3%	4,818	2,414	50.1%
Revenue from Amusement arcades	2,042	456	22.3%	2,114	1,649	78.0%	4,157	2,106	50.7%
Revenue from directly managed shops	296	68	23.1%	364	239	65.6%	661	307	46.5%
Other	4	0	-	-4	-	-	-	-	-
Operating profit	320	-608	-	720	140	19.6%	1,040	-467	-
Supplementary information									
Total No. of plays [10,000]	1,124	344	30.6%	1,271	920	72.4%	2,396	1,264	52.8%
No. of plays at amusement arcades [10,000]	1,048	326	31.1%	1,178	857	72.8%	2,228	1,183	53.1%
No. of plays at directly managed shops [10,000]	76	18	23.7%	92	63	68.5%	169	81	47.9%
No. of directly managed shops	29	32	110.3%	29	32	110.3%	-	-	-



## Results of Each Segment – Content and Media Business

The number of paid members of Pictlink saw a net increase from 1.5 million at the end of June to 1.53 million at the end of September.

The sales of colored contact lenses recovered to 82.9% year on year in 2Q (July to September) due to the lifting of voluntary restraint on going out.

	1Q (Apr. to Jun.)			2Q (Jul. to Sep.)			2Q, cumulative		
	FY 3/2020	FY 3/2021	Ratio	FY 3/2020	FY 3/2021	Ratio	FY 3/2020	FY 3/2021	Ratio
[unit: million yen]									
Net sales	2,216	1,997	90.1%	2,270	2,185	96.3%	4,486	4,183	93.2%
Revenue from Pictlink charges	1,600	1,518	94.9%	1,624	1,547	95.3%	3,225	3,066	95.1%
Sales of colored contact lenses	403	287	71.2%	442	366	82.9%	845	654	77.3%
Other	212	191	90.1%	203	271	133.3%	415	462	111.3%
Operating profit	1,002	870	86.8%	950	882	92.8%	1,952	1,752	89.7%
Supplementary information									
No. of paid members of Pictlink as of the end of the term (10,000)*	163	150	91.9%	164	153	93.0%	-	-	-
No. of premium members of Pictlink as of the end of the term (10,000)	10	13	129.3%	12	14	116.2%	-	-	-
Profit/loss from new business development [million yen]	-100	-91	-	-130	-98	-	-230	-190	-

\* including the number of premium members



## Results of Each Segment – Character MD Business

The sales of arcade prize, etc. were healthy mainly for the popular IP “Demon Slayer: Kimetsu no Yaiba”.

A reversal of the provision for loss on received orders recorded in the previous term was posted (profit impact of 168 million yen in 1Q and 66 million yen in 2Q).

	1Q (Apr. to Jun.)			2Q (Jul. to Sep.)			2Q, cumulative		
	FY 3/2020	FY 3/2021	Ratio	FY 3/2020	FY 3/2021	Ratio	FY 3/2020	FY 3/2021	Ratio
[unit: million yen]									
Net sales	1,211	1,435	118.5%	1,329	1,829	137.6%	2,541	3,264	128.5%
Arcade prize, etc.	985	1,202	122.0%	1,187	1,547	130.3%	2,173	2,749	126.5%
Expensive hobby goods	141	203	143.1%	95	212	222.3%	237	415	174.9%
Publication	84	29	35.4%	46	70	151.3%	130	99	76.5%
Operating profit	81	229	About 3 times	-64	96	-	17	325	About 19 times



Demon Slayer

©KoyoharuGotoge/ SHUEISHA, Aniplex, ufotable



Cinnamoroll

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Re:ZERO -Starting Life in Another World-

©Tappei Nagatsuki, KADOKAWA/Re:ZERO2 PARTNERS

# Results of Each Segment – Game and Anime Business

We focused on the preparation for the sequel of “Laid Back Camp” and “Maou-jou de Oyasumi,” which are the mainstays in the current term.

The deficit of the business shrank, thanks to the Group’s reorganization (withdrawal from male-oriented game apps and reallocation of personnel) in the previous term.

	1Q (Apr. to Jun.)			2Q (Jul. to Sep.)			2Q, cumulative		
	FY 3/2020	FY 3/2021	Ratio	FY 3/2020	FY 3/2021	Ratio	FY 3/2020	FY 3/2021	Ratio
[unit: million yen]									
Net sales (CoreEdge)	463 (148)	432	93.4%	682 (90)	362	53.1%	1,145 (239)	795	69.4%
Console game software	37	48	131.4%	259	39	15.1%	296	88	29.7%
Game apps	374	226	60.5%	348	232	66.8%	723	459	63.5%
Anime	51	157	306.3%	76	90	118.8%	127	247	194.3%
Operating profit (CoreEdge)	-233 (-66)	17	-	-54 (-59)	-42	-	-288 (-125)	-24	-
Supplementary information									
No. of new titles of console games	-	-	-	1	-	-	1	-	-
Sales volume of new titles of console games [10,000]	-	-	-	2.8	-	-	2.8	-	-
Sales of overseas licenses for console games	-	5	-	85	8	9.4%	85	13	15.3%
Sales of game apps (romance)	226	226	100.2%	257	232	90.4%	483	459	95.0%

# Measures and Earnings Forecast for FY 3/2021





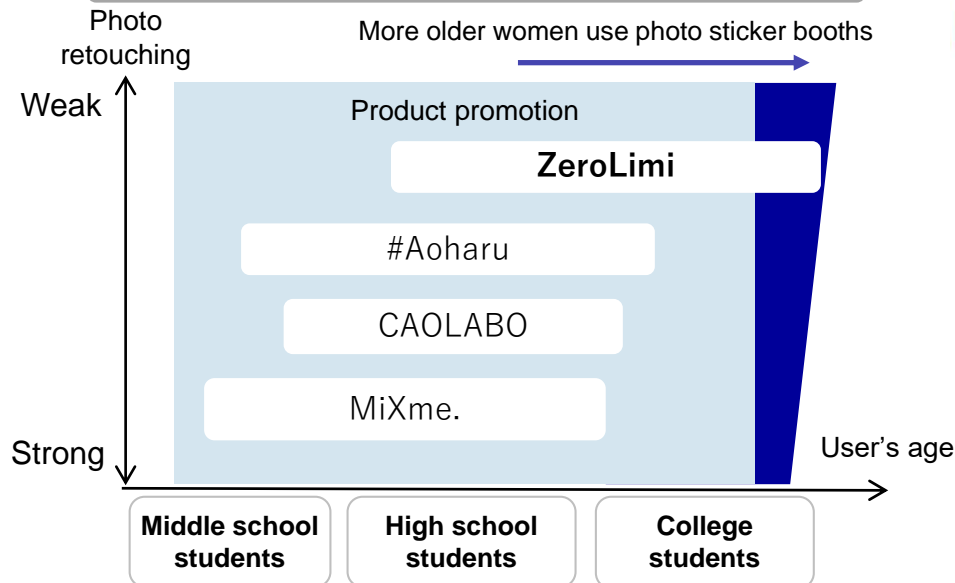
## Measures of Each Segment – Photo Sticker Business

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 Nov 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  
(32 shops as of the end of Sep. 2020; We aim to have 50 shops by the end of Mar. 2024)



New model in the winter of 2020  
**ZeroLimi**







**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

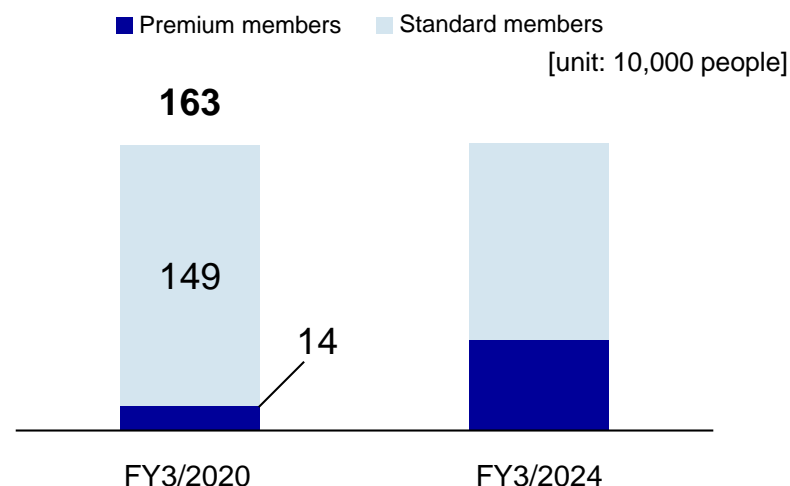
\*1 “Standard and premium members” are different from actual names of services.

\*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

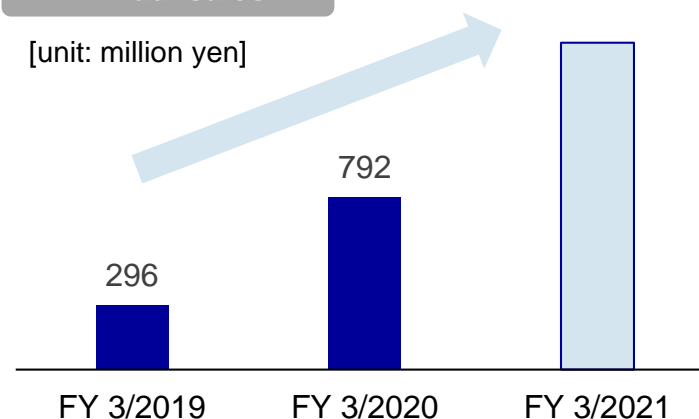
### Expensive hobby goods

#### 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]





# Measures of Each Segment – Game and Anime Business

**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 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



## Regarding the Revision to the Full-year Earnings Forecast (Published on November 12, 2020).

We have upwardly revised the estimates for the number of plays and the number of paid members while taking into account the recent recovery.

In addition, the earnings forecast has been revised upwardly in response to the strong performance of arcade prize.

Assumptions for the full-year earnings forecast for FY 3/2021 (changes from the previous forecast)

Photo stickers	Revised the total number of plays per year to approx. 32 million (approx. 107% of the previous forecast, approx. 70% year on year)
Content and media	No. of paid members of Pictlink as of the end of Mar. 2021: approx. 1.47 million (approx. 60,000 more compared to the previous forecast, and approx. 160,000 less year on year)
Character MD	Reflected the strong performance of arcade prize
Game and anime	Unchanged

[unit: million yen]	Previous forecast for FY 3/2021	Revised forecast for FY 3/2021	Compared to the previous forecast	
			Change	Ratio
Net sales	24,000	24,500	500	102.1%
Operating profit	1,500	2,000	500	133.3%
Ordinary profit	1,500	2,000	500	133.3%
profit	1,000	1,350	350	135.0%

\*There is a possibility that the earnings forecast will change, depending on the status of the COVID-19 pandemic.



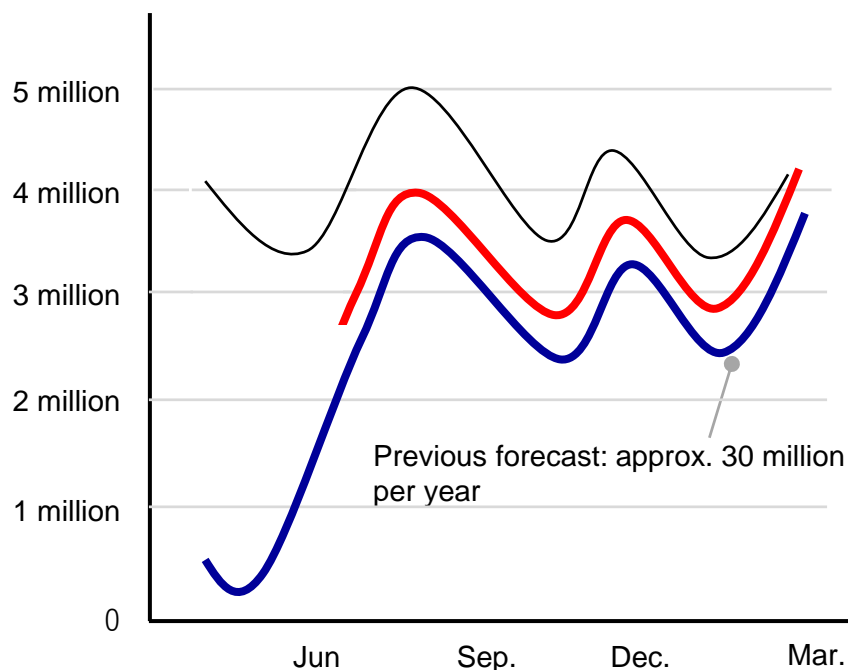
# Forecast of the Number of Plays and the Number of Paid Members of Pictlink

Both the number of plays and the number of paid members are projected to exceed the previous forecast.

Total no. of plays per year (revised forecast)

**Approx. 32 million** YoY comparison  
approx. 70%

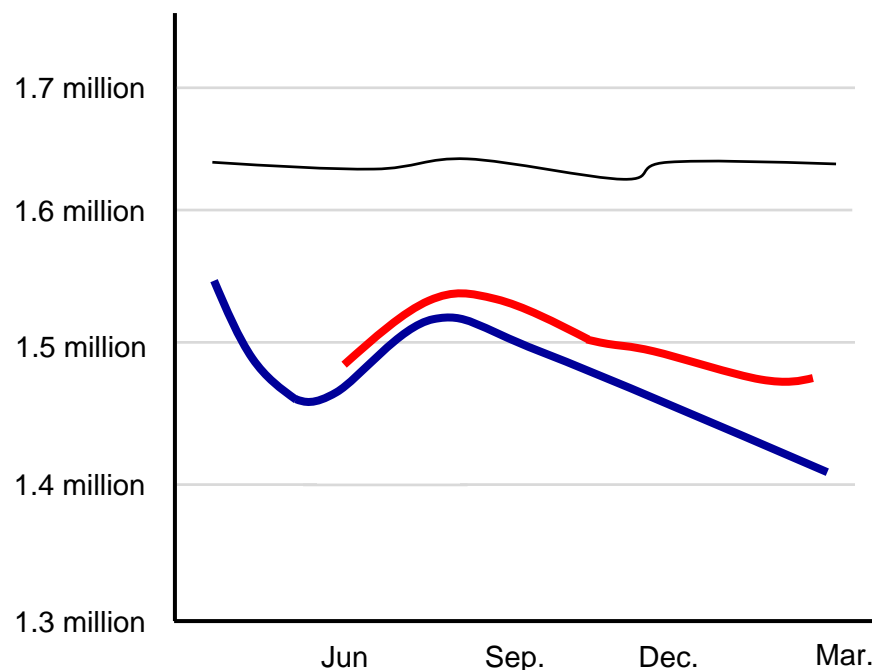
Image of monthly variation in total no. of plays



No. of paid members at the end of March 2021  
(revised forecast)

**Approx. 1.47million** YoY comparison  
About 160,000 less

Image of variation in no. of paid members of Pictlink at the end of each month





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

\* 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 (GTB)

##### 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

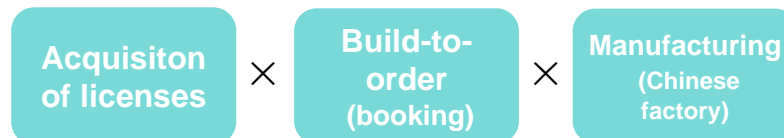
Help-wanted ads for part-time jobs

Marketing support

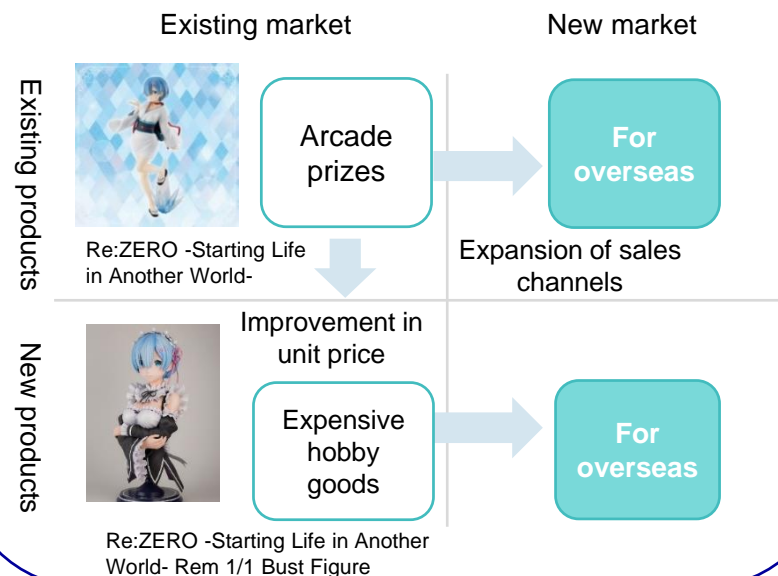
Creation of other businesses

#### Sekaikan Business (SKB)

##### 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<sup>(\*)2</sup>

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

About  
**16.4**  
billion yen  
<sup>(\*)1</sup>

### 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.

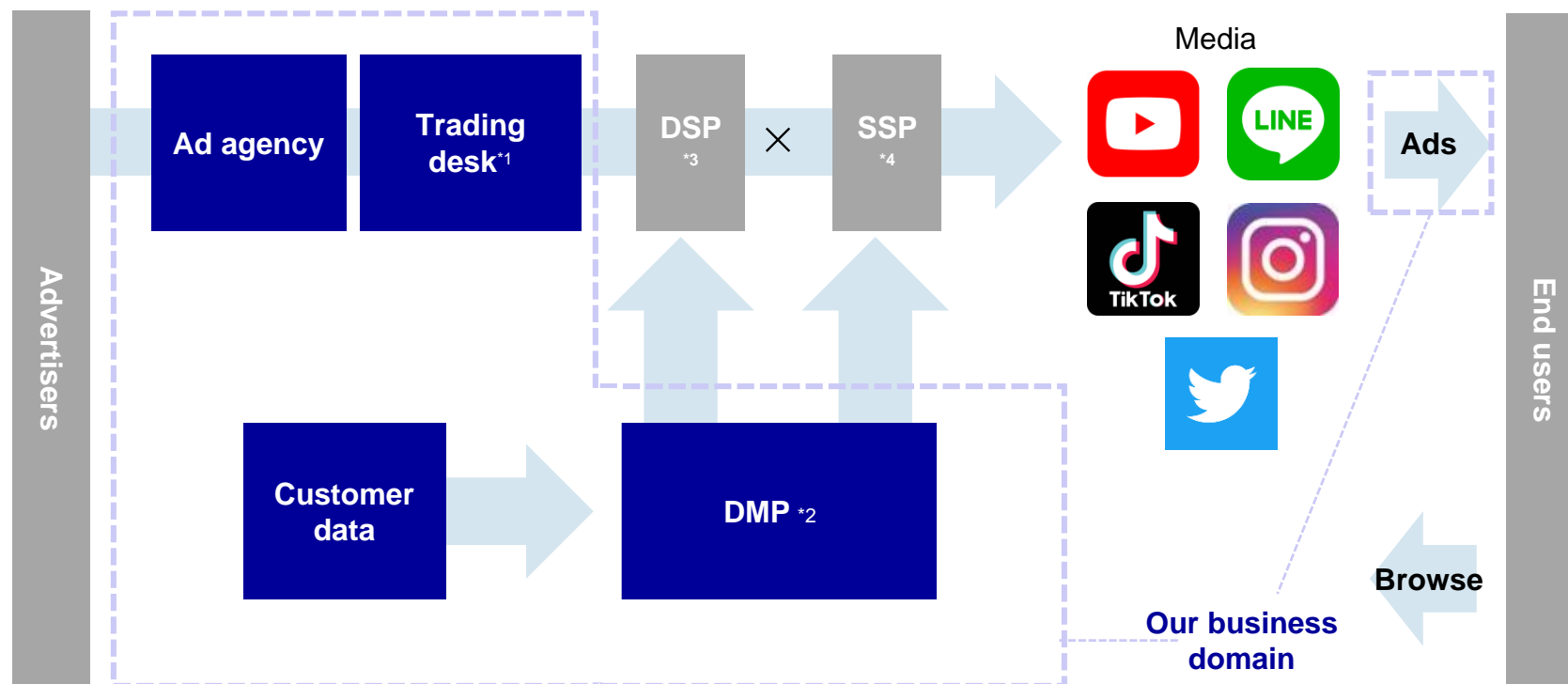
\*2 Taken from "2019 Detailed Analysis of Expenditures on Internet Advertising Media" of DENTSU INC.



## 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.



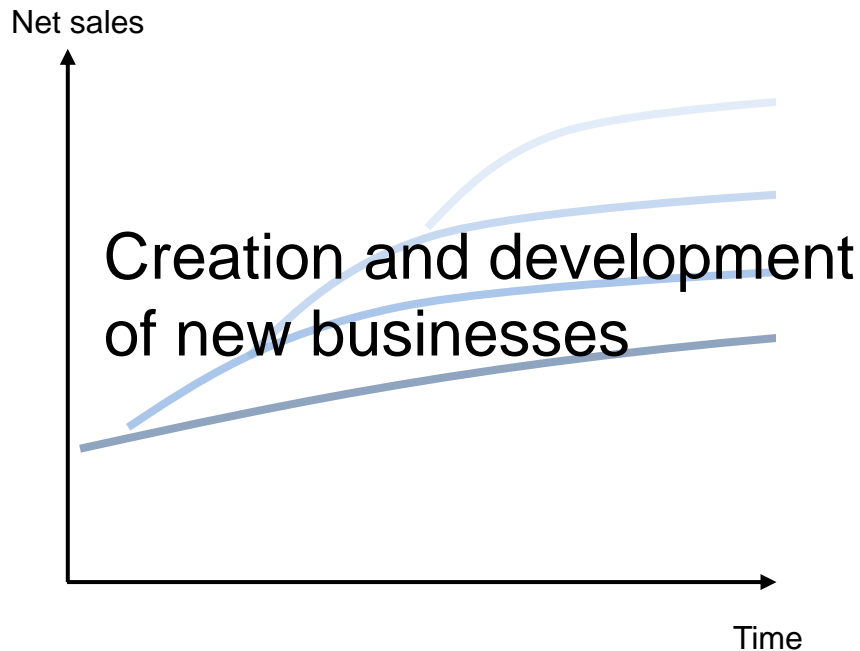
## Envisioned Corporate Growth

## The basic strategy is to create and develop new businesses

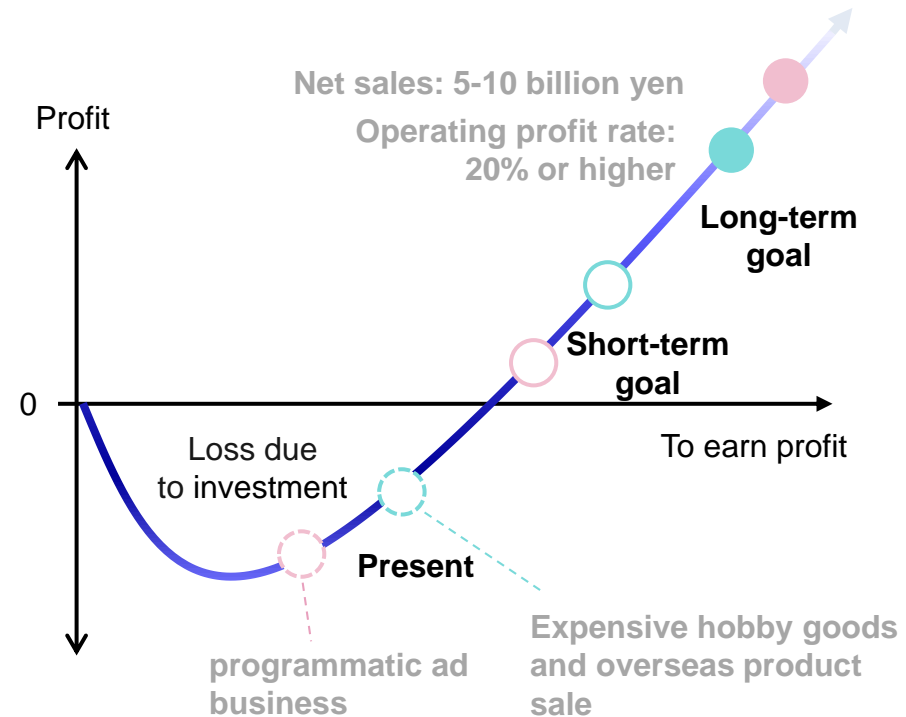
**In the short term (3-5 years), expensive hobby goods and overseas product sale will contribute to growth**

**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

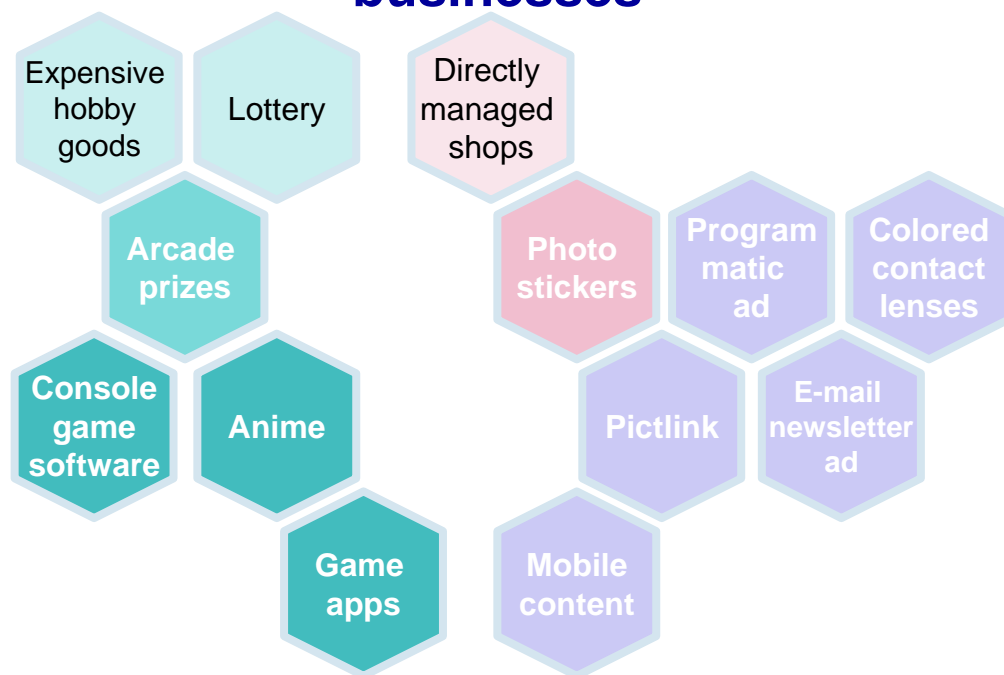
**Promotion of self-realization**



**Comfortable working environment**  
**Diversity**



## Creation of new businesses



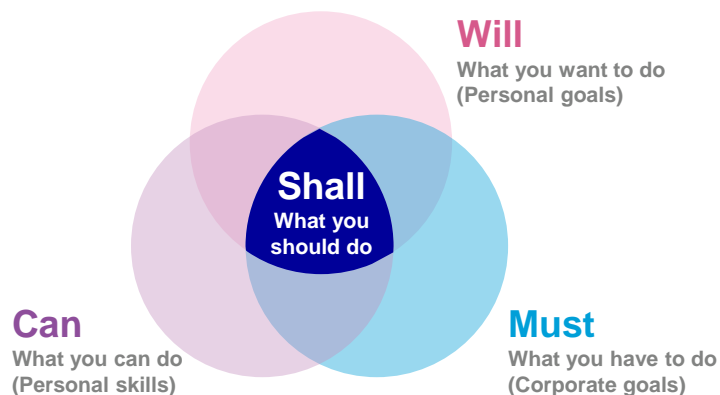
**We motivate employees, by helping them produce good business results and achieve self-realization**

**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

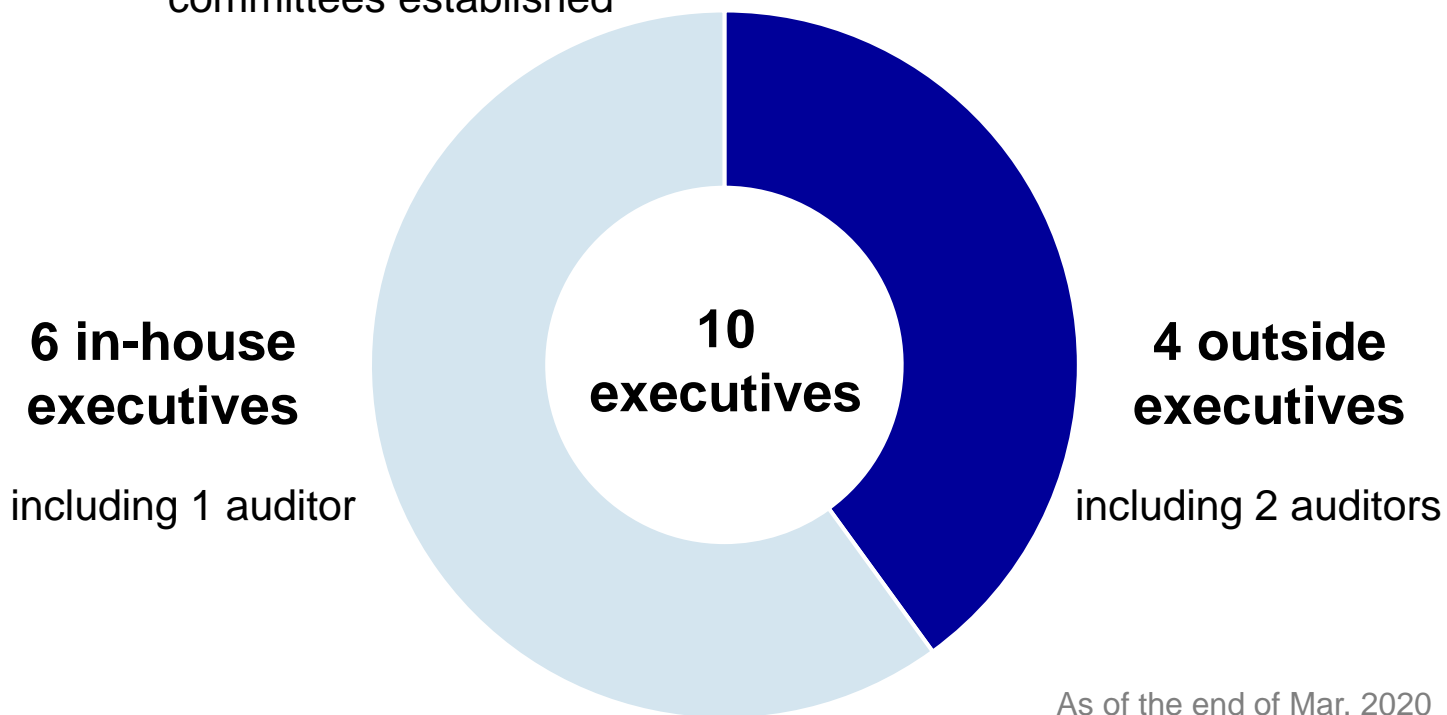


Obtained the third "Eruboshi" mark  
Certified by the Minister of Health,  
Labour and Welfare on Apr. 14, 2020

**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



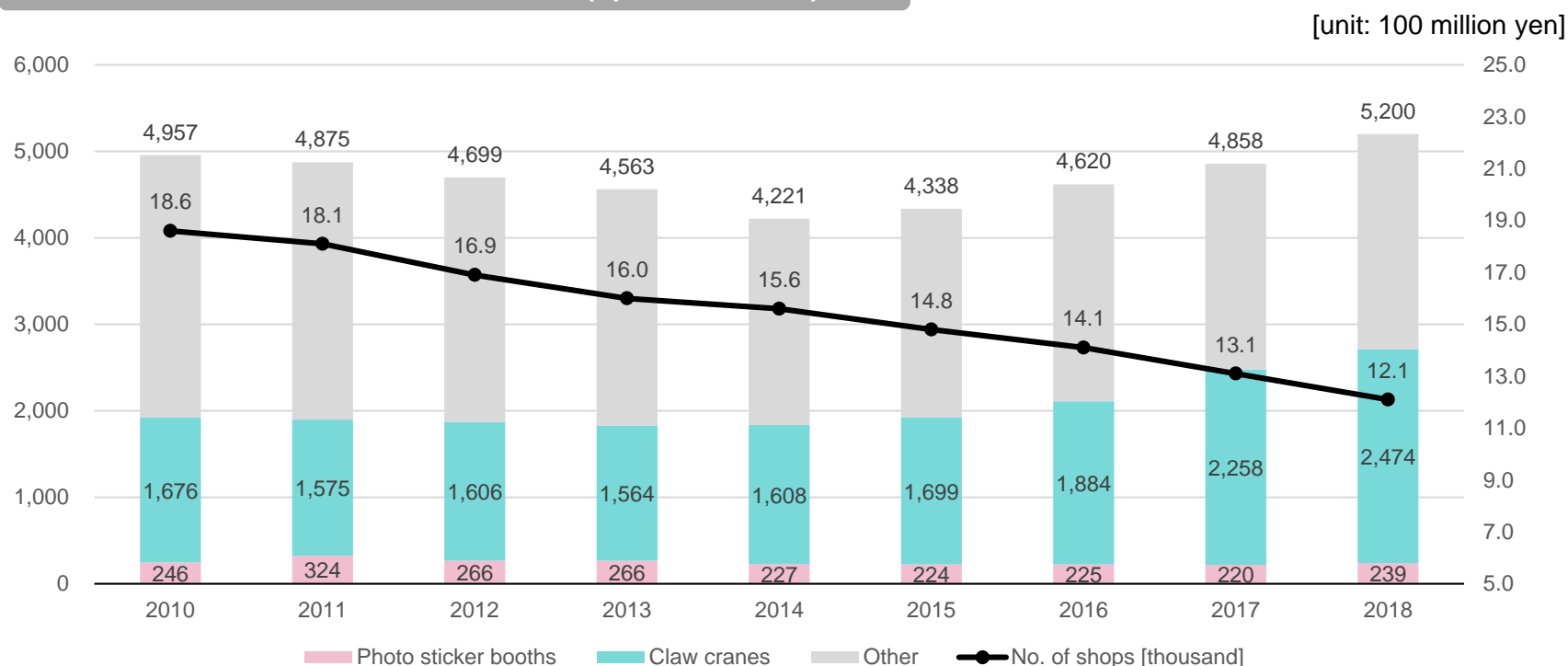


## Market Environment (Entire Amusement Market)

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"

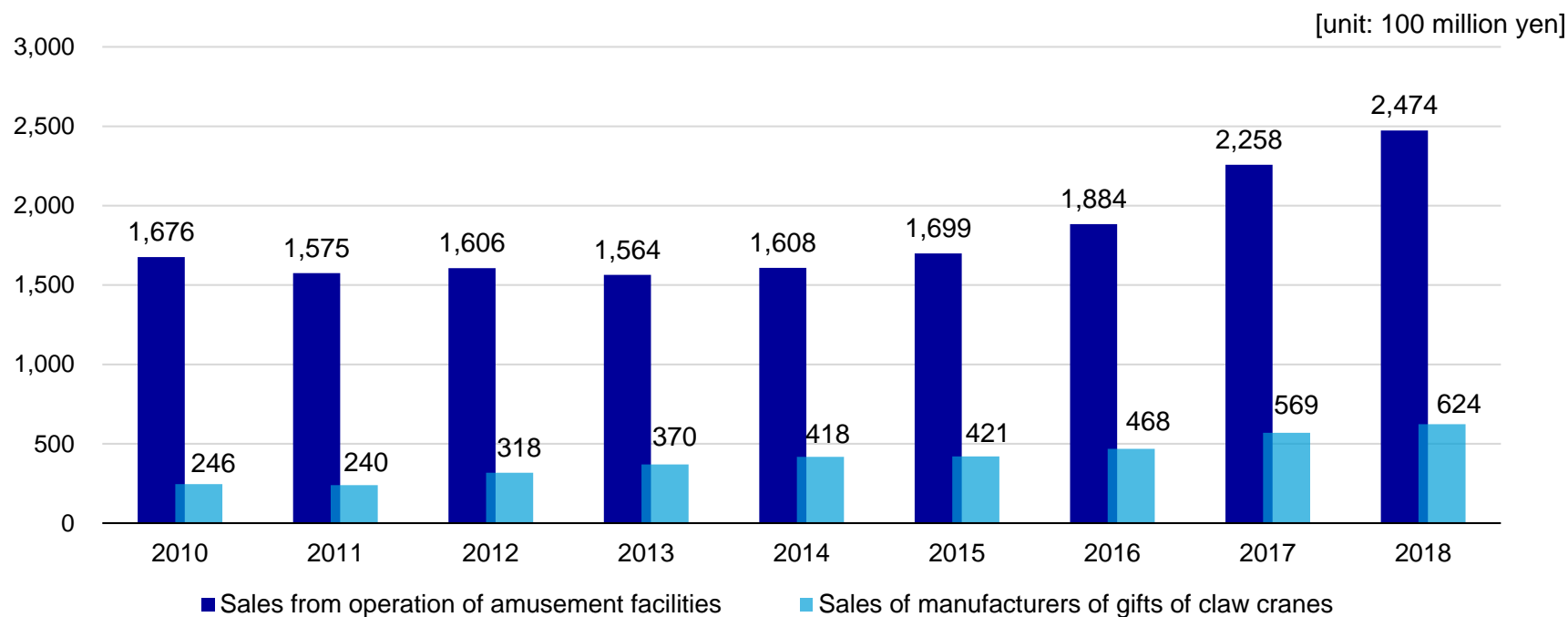


## Market Environment (Claw Crane Market)

**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 3<sup>rd</sup> quarter of the term ended Mar. 2020

#### 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 2<sup>nd</sup> 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**



## 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.



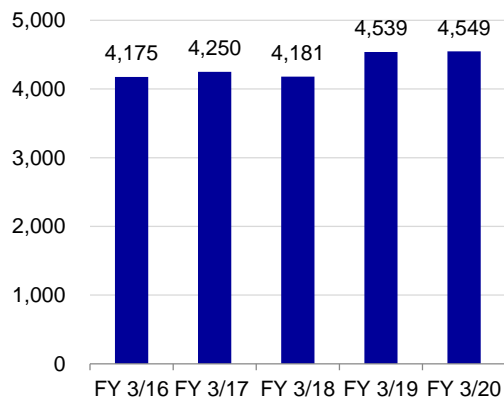
## Quarterly Variation in Performance of Each Segment

[unit: million yen]	FY 3/2020 (Non-consolidated)				FY 3/2021 (Non-consolidated)			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net sales	6,002	6,667	7,908	6,853	4,390	6,267		
Photo stickers	2,343	2,474	2,699	2,395	525	1,889		
Revenue from amusement arcades	2,042	2,114	2,386	2,072	456	1,649		
Revenue from directly managed shops	296	356	295	327	68	239		
Other	4	3	17	-4	-	-		
Content and media	2,216	2,270	2,253	2,279	1,997	2,185		
Revenue from Pictlink charges	1,600	1,624	1,627	1,659	1,518	1,547		
Sale of colored contact lenses	403	442	409	371	287	366		
Other	212	203	215	249	191	271		
Character MD	1,127	1,329	2,220	1,687	1,435	1,829		
Arcade prize, etc.	985	1,187	1,792	1,441	1,202	1,547		
Expensive hobby goods	141	95	374	180	203	212		
Publication	-	46	53	66	29	70		
Game and anime	314	592	735	489	432	362		
Console game software	37	259	361	147	48	39		
Game apps	226	257	224	224	226	232		
Anime	51	76	149	117	157	90		
Operating profit	756	1,154	1,229	497	145	765		
Photo stickers	320	720	318	133	-608	140		
Content and media	1,002	950	981	980	870	882		
Character MD	48	-64	244	-168	229	96		
Game and anime	-158	5	92	-56	17	-42		
Company-wide expenses	-445	-471	-403	-390	-363	-311		

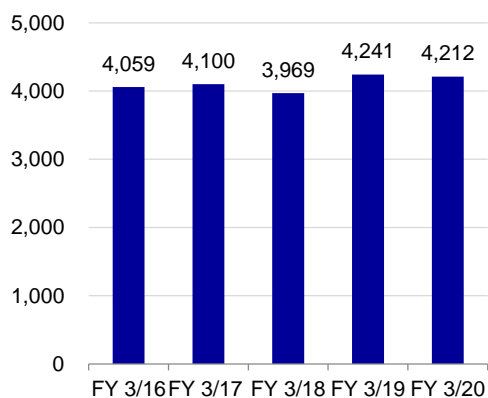


# Annual Variation in KPI

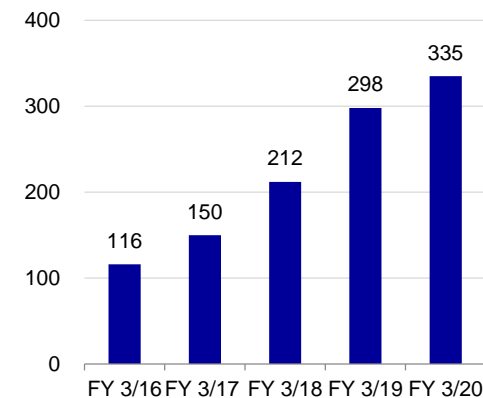
■ Total number of plays [10,000]



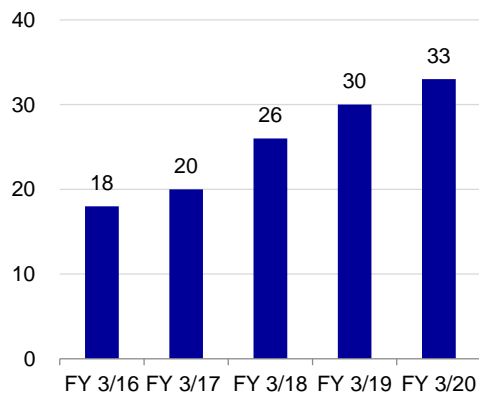
■ No. of plays at amusement arcades [10,000]



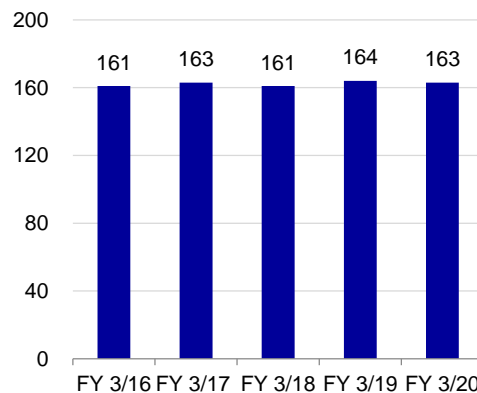
■ No. of plays at directly managed shops [10,000]



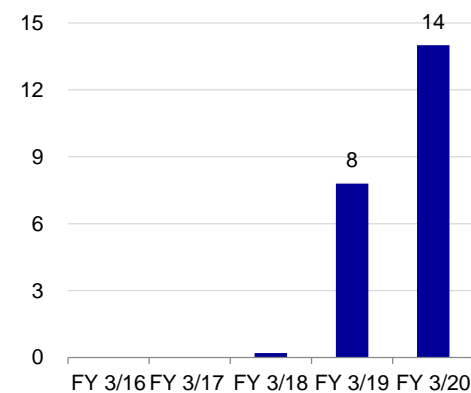
■ No. of directly managed shops



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



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

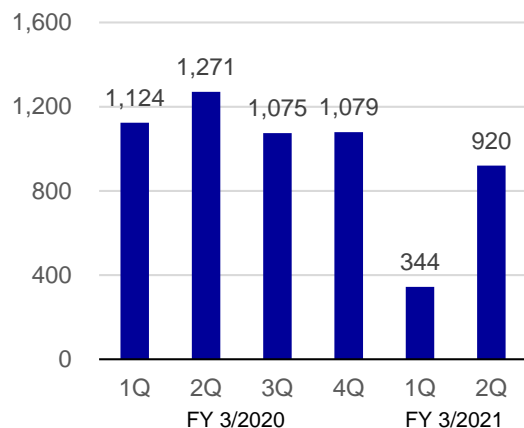




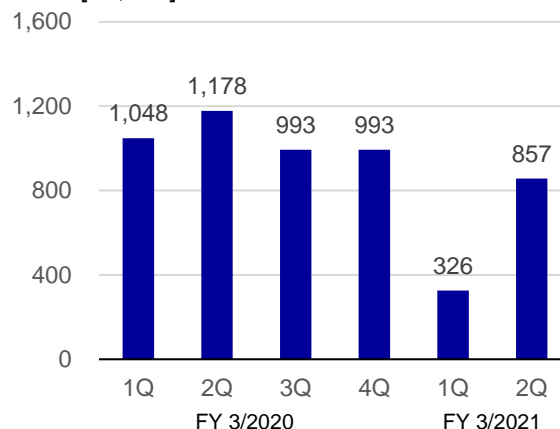


# Quarterly Variation in KPI

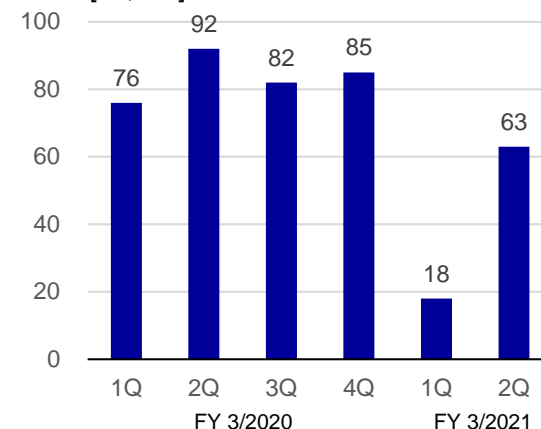
■ Total number of plays [10,000]



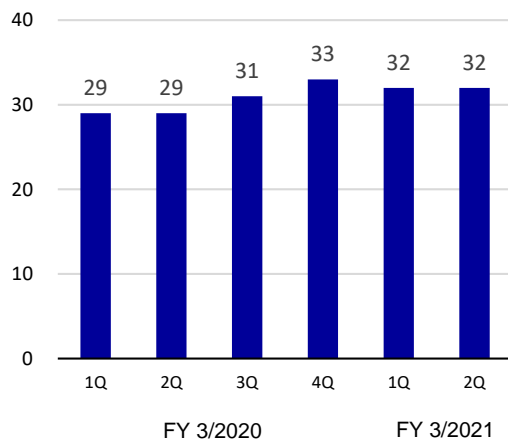
■ No. of plays at amusement arcades [10,000]



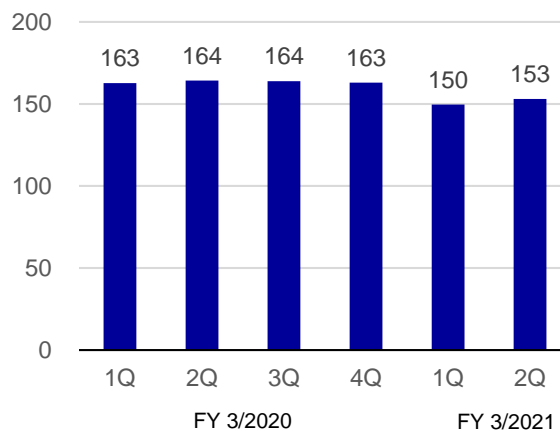
■ No. of plays at directly managed shops [10,000]



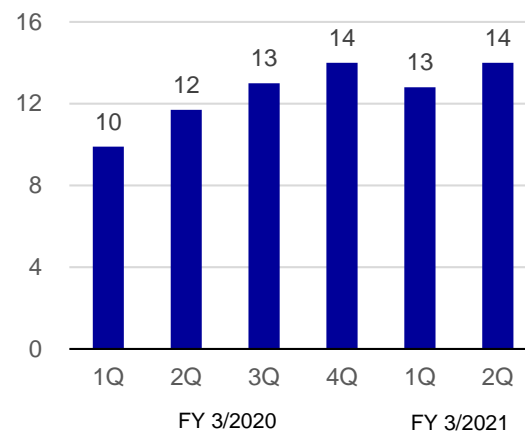
■ No. of directly managed shops



■ 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 3/2020 (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 Sep. 30, 2020)

<b>Total No. of authorized shares</b>	<b>104,400,000</b>
<b>Total No. of issued shares</b>	<b>28,296,000</b>
<b>No. of shareholders</b>	<b>9,694</b>

<b>Shareholder</b>	<b>No. of shares held</b>	<b>Shareholding ratio [%]</b>
FURYU Shoji Corporation	3,000,000	10.96
Yoshiro Tasaka	2,130,000	7.79
Japan Trustee Services Bank, Ltd. (Trust account)	2,005,900	7.33
Custody Bank of Japan, Ltd.(Trust account)	1,373,900	5.02
FURYU Employee Shareholding Association	967,600	3.54
Masato Yoshida	840,000	3.07
Takashi Mishima	820,000	3.00
TM Corporation	800,000	2.92
Katsuyuki Inage	750,000	2.74
HIKARI TSUSHIN, INC.	559,300	2.04

\*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**

**Staff in charge of IR**

**Finance/accounting division**

**Management Dept.**

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In its disclosures, our company's outlook for business performance included in this material was produced with reference to information available as of the time of announcement.  
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