



FuRyu

Precious days, always

Securities code: 6238

Material for Briefing Financial Results

Q2 Term ended March 2023



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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.



Business Portfolio

Due to the recent rapid growth of Character Merchandising, the business size of SKB has expanded to almost the same size with GTB.

Sekaikan Business (SKB)

Game and Anime Business

Net sales: **¥2,980 mn**
Total sales composition: **8.8%**

- Planning, development, and sale of console game software and game apps
- Planning and production of animation works
- Publication of partworks

Character Merchandizing Business

Net sales: **¥15,175 mn**
Total sales composition: **44.6%**

- Planning, development, and sale of arcade prizes, character lotteries, and high-end figurines

Girls' Trend Business (GTB)

Photo Sticker Business

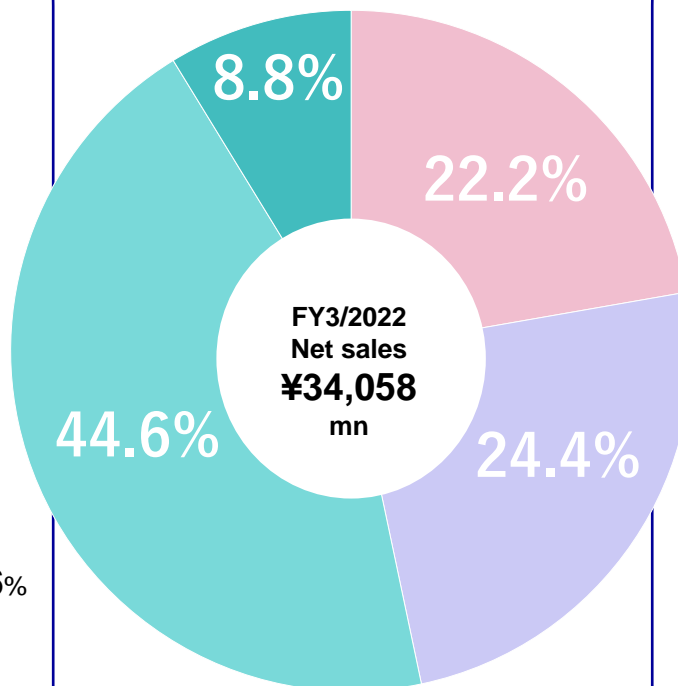
Net sales: **¥7,576 mn**
Total sales composition: **22.2%**

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

Content and Media Business

Net sales: **¥8,324 mn**
Total sales composition: **24.4%**

- Planning, development, and distribution of mobile content services
- Data-based ad
- Planning, development, and sale of colored contact lenses



Overview of Results for Q2 FY3/2023





P/L for 2Q FY3/2023

Although net sales rose, profit declined YoY.

Although net sales rose as a result of a recovery in photo stickers and release of the movie Laid-Back Camp, profit declined because of an increase in costs due to the weak yen.

	1Q (Apr. to Jun.)			2Q (Jul. to Sep.)			2Q cumulative		
	FY3/2021	FY3/2022	Ratio	FY3/2021	FY3/2022	Ratio	FY3/2021	FY3/2022	Ratio
(¥mn)									
Net sales	7,999	8,142	101.8%	8,729	9,845	112.8%	16,728	17,987	107.5%
Operating profit	1,190	679	57.1%	1,497	904	60.5%	2,687	1,584	59.0%
Ordinary profit	1,179	639	54.2%	1,514	934	61.7%	2,694	1,574	58.4%
Extraordinary income	-	-	-	-	0	-	-	0	-
Extraordinary losses	0	0	-	0	3	-	0	3	-
Profit before income taxes	1,179	639	54.2%	1,514	931	61.5%	2,694	1,570	58.3%
Income taxes	375	222	59.3%	483	310	64.2%	859	533	62.1%
Loss attributable to non-controlling interests	-8	-	-	-18	-	-	-26	-	-
Profit attributable to owners of parent	812	416	51.2%	1,049	620	59.1%	1,861	1,036	55.7%



Results of Each Segment

	1Q (Apr. to Jun.)			2Q (Jul. to Sep.)			2Q cumulative		
	FY3/2022	FY3/2023	Ratio	FY3/2022	FY3/2023	Ratio	FY3/2022	FY3/2023	Ratio
(¥mn)									
Net sales	7,999	8,142	101.8%	8,729	9,845	112.8%	16,728	17,987	107.5%
Photo stickers	1,500	1,660	110.6%	1,715	2,215	129.1%	3,216	3,876	120.5%
Content and media	2,024	2,114	104.5%	2,031	2,139	105.3%	4,055	4,253	104.9%
Character MD	3,574	3,705	103.7%	4,342	4,286	98.7%	7,916	7,991	100.9%
Games	899	661	73.6%	639	1,204	188.5%	1,538	1,866	121.3%
Operating profit	1,190	679	57.1%	1,497	904	60.5%	2,687	1,584	59.0%
Photo stickers	-211	70	-	133	260	195.7%	-78	331	-
Content and media	872	803	92.1%	813	798	98.1%	1,686	1,601	95.0%
Character MD	829	237	28.7%	946	93	9.9%	1,776	331	18.7%
Games	102	1	1.3%	-28	162	-	74	164	221.5%
Company-wide costs	-402	-432	-	-368	-411	-	-771	-843	-



Results of Each Segment—Photo Sticker Business

Both net sales and profit rose YoY

Recovery in number of photo sticker booth plays and impact of increases in the wholesale price of stickers for various new booths

	1Q (Apr. to Jun.)			2Q (Jul. to Sep.)			2Q cumulative		
	FY3/2022	FY3/2023	Ratio	FY3/2022	FY3/2023	Ratio	FY3/2022	FY3/2023	Ratio
(¥mn)									
Net sales	1,500	1,660	110.6%	1,715	2,215	129.1%	3,216	3,876	120.5%
Revenue from amusement arcades	1,296	1,371	105.7%	1,466	1,877	128.0%	2,763	3,248	117.6%
Revenue from directly managed shops	204	289	141.7%	249	338	135.6%	453	627	138.3%
Operating profit	-211	70	-	133	260	195.7%	-78	331	-
Supplementary information									
Total No. of plays (10,000)	655	766	117.0%	828	881	106.4%	1,483	1,647	111.1%
No. of plays at amusement arcades (10,000)	604	705	116.8%	769	809	105.2%	1,373	1,514	110.3%
No. of plays at directly managed shops (10,000)	51	61	119.3%	59	72	122.4%	110	133	121.0%
No. of directly managed shops	35	33	94.3%	34	34	100.0%	-	-	-

- Models for which sticker prices rose account for about 46% of plays.
- Total plays for FY3/2020 (before the COVID-19 pandemic): 1Q, 11.24 million 2Q, 12.70 million



Results of Each Segment—Content and Media Business

Although net sales rose, profit declined YoY.

As the number of photo sticker booth plays recovered, the number of Pictlink paid members rose, and investments continued to be made in Olu.

(¥mn)	1Q (Apr. to Jun.)			2Q (Jul. to Sep.)			2Q cumulative		
	FY3/2022	FY3/2023	Ratio	FY3/2022	FY3/2023	Ratio	FY3/2022	FY3/2023	Ratio
Net sales	2,024	2,114	104.5%	2,031	2,139	105.3%	4,055	4,253	104.9%
Revenue from Pictlink charges	1,499	1,532	102.2%	1,494	1,558	104.3%	2,993	3,091	103.3%
Sales of colored contact lenses	311	299	96.1%	317	272	85.8%	628	571	90.9%
Other	213	282	132.3%	220	308	140.1%	433	590	136.2%
Operating profit	872	803	92.1%	813	798	98.1%	1,686	1,601	95.0%
Supplementary information									
No. of paid Pictlink members as of the end of the term [10,000]*	142	143	100.6%	142	145	102.5%	-	-	-
No. of premium Pictlink members as of the end of the term [10,000]	14	16	113.8%	15	17	115.1%	-	-	-
Profit/loss from new business development (¥mn)	-16	-60	-	-37	-42	-	-54	-102	-

※ Includes number of premium numbers

▪ Premium Member Ratio 11.5%(end of 1Q 11.2%)

Results of Each Segment—Character MD Business

Both net sales and profit fell YoY.

Orders were firm due to success in continuing to capture copyrights for popular characters.

Costs rose because of the weak yen, and profits fell as a result of a decline in economies of scale due to changes in the sales mix.

(¥mn)	1Q (Apr. to Jun.)			2Q (Jul. to Sep.)			2Q cumulative		
	FY3/2022	FY3/2023	Ratio	FY3/2022	FY3/2023	Ratio	FY3/2022	FY3/2023	Ratio
Net sales	3,574	3,705	103.7%	4,342	4,286	98.7%	7,916	7,991	100.9%
Arcade prizes, etc.	2,759	2,441	88.5%	3,677	3,115	84.7%	6,437	5,556	86.3%
Overseas product sales	129	673	520.2%	380	370	97.4%	509	1,043	204.7%
high-end figurines	459	567	123.4%	264	524	198.1%	724	1,091	150.7%
Other	225	23	10.5%	19	275	1428.4%	245	299	122.3%
Operating profit	829	237	28.7%	946	93	9.9%	1,776	331	18.7%
Average remittance rate at time of purchase (Yen/1 USD)	110	127	-	111	134	-	-	-	-

• The weak yen had a major impact on profit as costs are denominated in dollars but sales are denominated in yen.

Arcade game prizes: Although the profit margin improved in 1Q due to large volume orders of popular character products, the profit margin deteriorated 2Q on account of changes in the sales mix

Other: Firm sales of the convenience-store lotteries in 1Q and 2Q



Results of Each Segment – Game and Anime Business

Although net sales rose, profit declined YoY.

Box-office revenue from the movie *Laid-back Camp* topped ¥1.0 bn and made major contributions to revenue and profit.

Sales of the console game software *Trinity Trigger*, which was released in September, are generally in line with forecasts

(¥mn)	1Q (Apr. to Jun.)			2Q (Jul. to Sep.)			2Q cumulative		
	FY3/2022	FY3/2023	Ratio	FY3/2022	FY3/2023	Ratio	FY3/2022	FY3/2023	Ratio
Net sales	899	661	73.6%	639	1,204	188.5%	1,538	1,866	121.3%
Console game software	288	286	99.4%	127	271	212.0%	416	558	134.0%
Game apps	186	165	88.8%	210	159	75.9%	397	325	82.0%
Anime	424	209	49.3%	300	773	257.3%	724	982	135.6%
Operating profit	102	1	1.3%	-28	162	-	74	164	221.5%
Supplementary information									
No. of new console game titles	1	1	-	0	1	-	1	2	-
Sales volume of new console game titles [10,000]	3.8	2.9	-	0.2	2.4	-	4.0	5.3	-

Earnings Forecast for FY3/2023





Full-year Earnings Forecasts

Remain unchanged from previous forecast

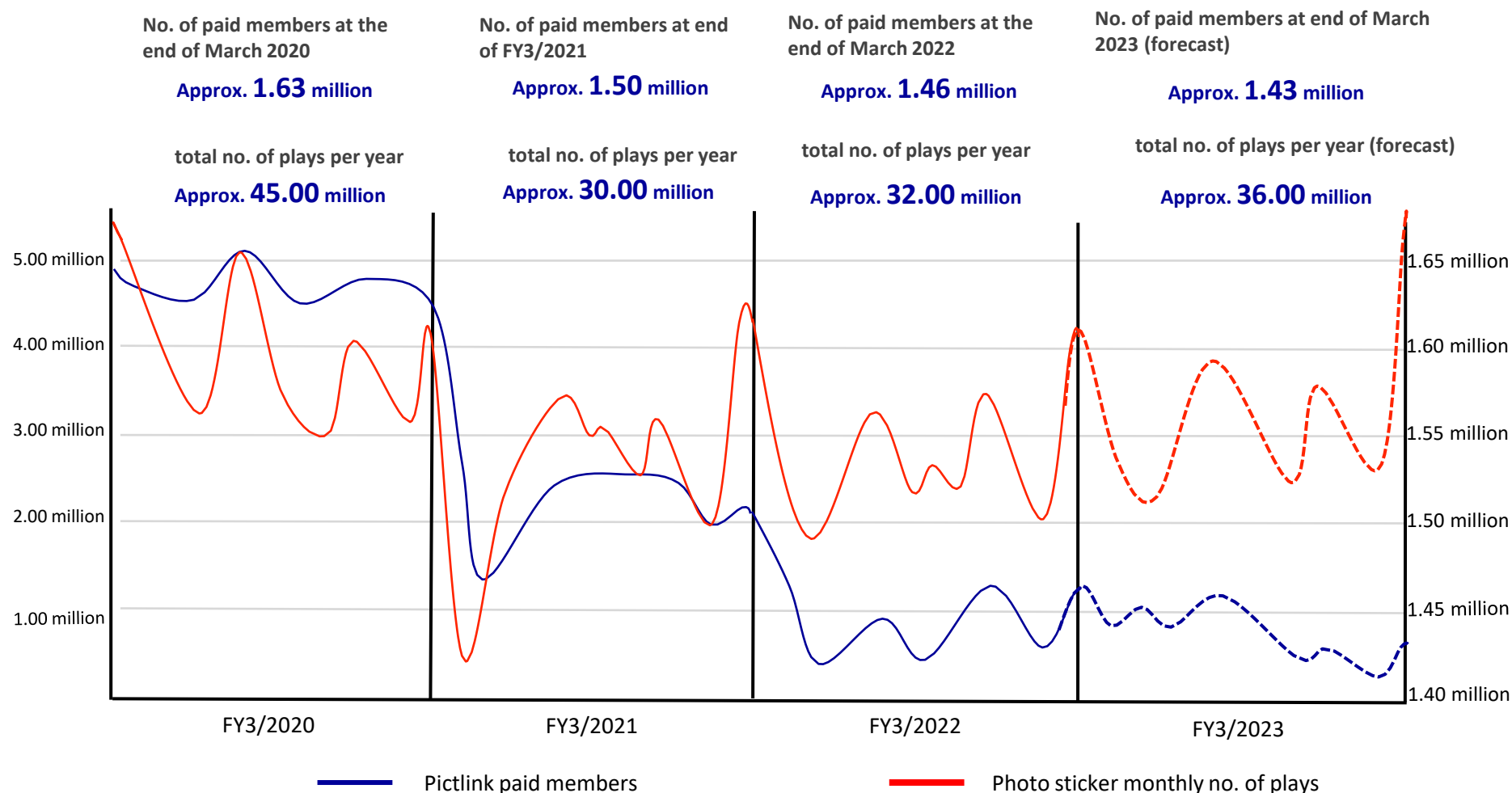
		FY3/2022 actual	FY3/2023 forecast	Compared to FY3/2022
	(¥mn)			
Net sales		34,058	36,600	107.5%
Operating profit		3,709	2,240	60.4%
Ordinary profit		3,707	2,240	60.4%
Profit		2,544	1,555	61.1%

Segment	Net sales	Operating profit	Assumptions for FY3/2023 consolidated earnings forecasts
Photo stickers	8,700	150	Plays will remain firm. Percentage of plays accounted for by machines that use stickers whose price will rise exceeds 50% Expect an increase in parts and material costs
Content and media	8,500	3,000	Number of members as of the end of FY3/2023 is conservative Examining measures to maximize LTV
Character MD	16,900	890	Price increase for some arcade game prizes Switch to dollar-denominated sales for some overseas items Orders expected to remain firm due to the weak yen
Games and anime	2,500	0	Launch of the subscription service streaming of the movie Laid-back Camp in November Expect to launch sales of the console game software Logical Thinking in December
Company-wide costs	-	-1,800	



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

Calculated number of plays and members based on the most recent results. The number of members is forecast to gradually improve compared to recovery in number of plays.



Shareholder Returns and Financial Policy





Shareholder Return and Financial Policy

We aim to increase shareholder return by paying stable dividends and flexibly acquiring treasury shares and to achieve ROE of 15.0% or higher in FY3/2024.

We also plan to increase dividends.

	FY3/2021 Actual	FY3/2022 Actual	FY3/2023 Forecast
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	935,731	935,766	935,766
Earnings per share (EPS) ¹	67.42 yen	93.01 yen	56.83 yen
Dividend per share (DPS) ¹	36.00 yen	52.00 yen	38.00 yen
ROE	53.4%	55.9%	66.9%
Amount of acquired treasury shares	-	-	-
Net assets	¥19,764 mn	¥21,25 mn	-
Book-value per share (BPS)	722.38	776.71	-
Return on equity (ROE)	9.5%	12.0%	about 7.3%

1. For FY3/2021, profit is given since consolidated financial statements were not created.
2. Impact from the share buyback after the announcement on Aug. 12, 2022 is omitted



Share buyback summary

Decided to conduct share buyback in order to improve capital efficiency and increase shareholder return.

Share buyback summary

Share class	Common shares
Total number of shares	1,120,000 (upper limit) <Percentage of total number of issued shares (excluding treasury shares): 4.09%>
Total purchase price	¥1,000,000,000 (upper limit)
Purchase period	August 15–December 30, 2022
Purchase method	Purchase in the market, Tokyo Stock Exchange

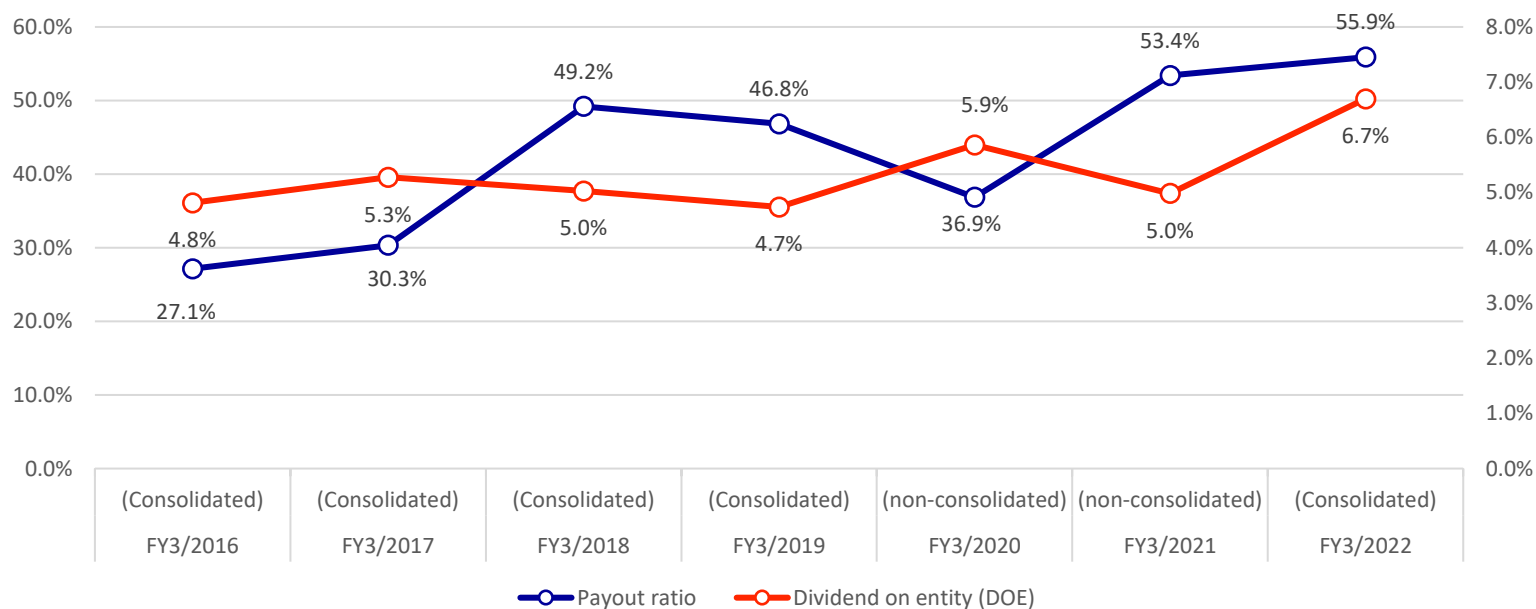
※Treasury shares as of September 30, 2022

Total number of issued shares (excluding treasury shares): 26,878,234

Number of treasury shares: 1,417,766

We will pay dividends using a payout ratio of 40% or dividend on equity (DOE) of 5% as reference targets.

$$\text{ROE} \times \text{Payout ratio} = \text{DOE}$$



* Figures for FY3/2020 and FY3/2021 are given as reference figures as they are unconsolidated figures.

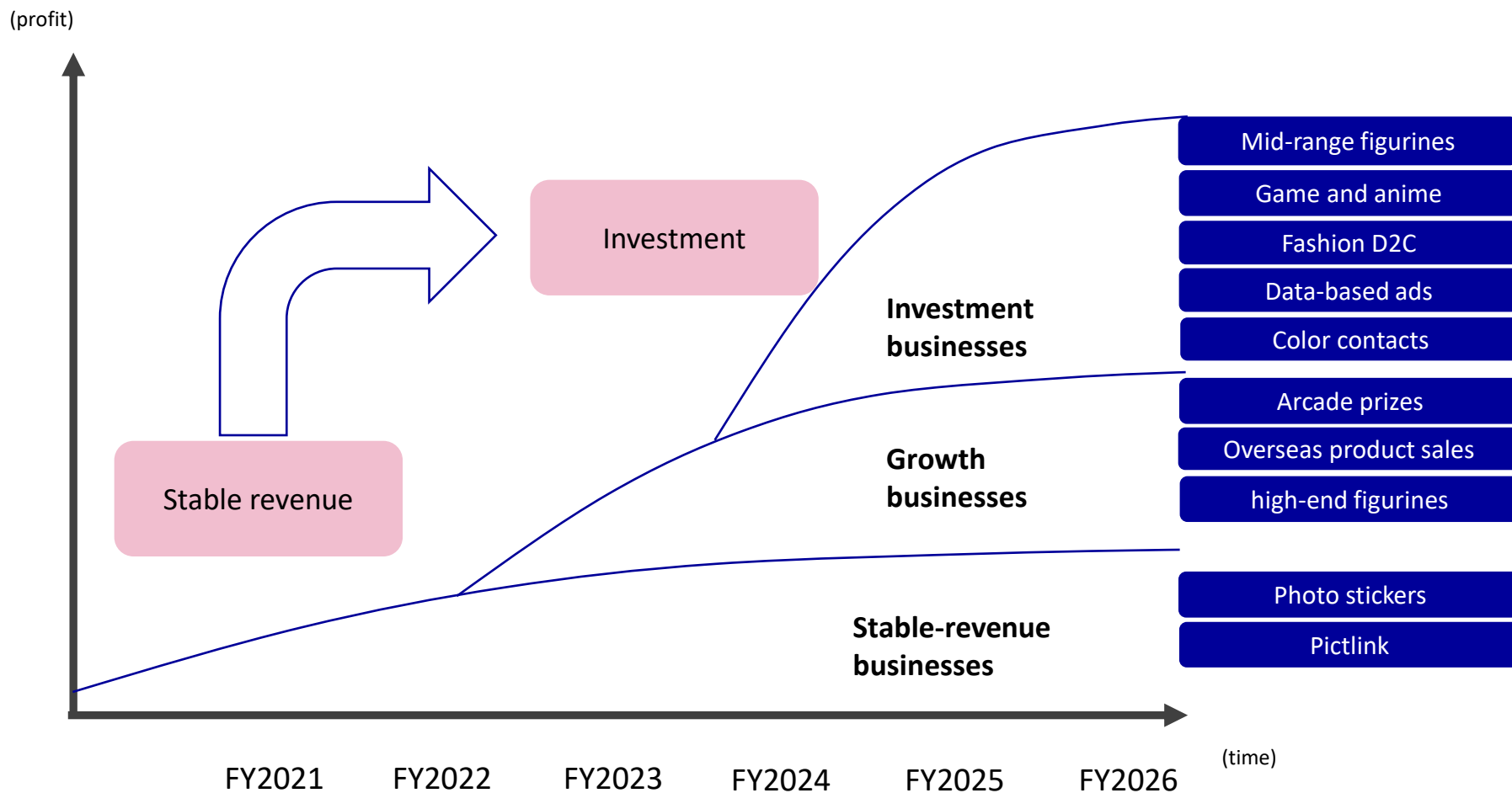
Envisioned Growth





Image of Company-Wide Growth

We will continue to invest in new fields while ensuring a certain level of profit from stable revenue businesses.

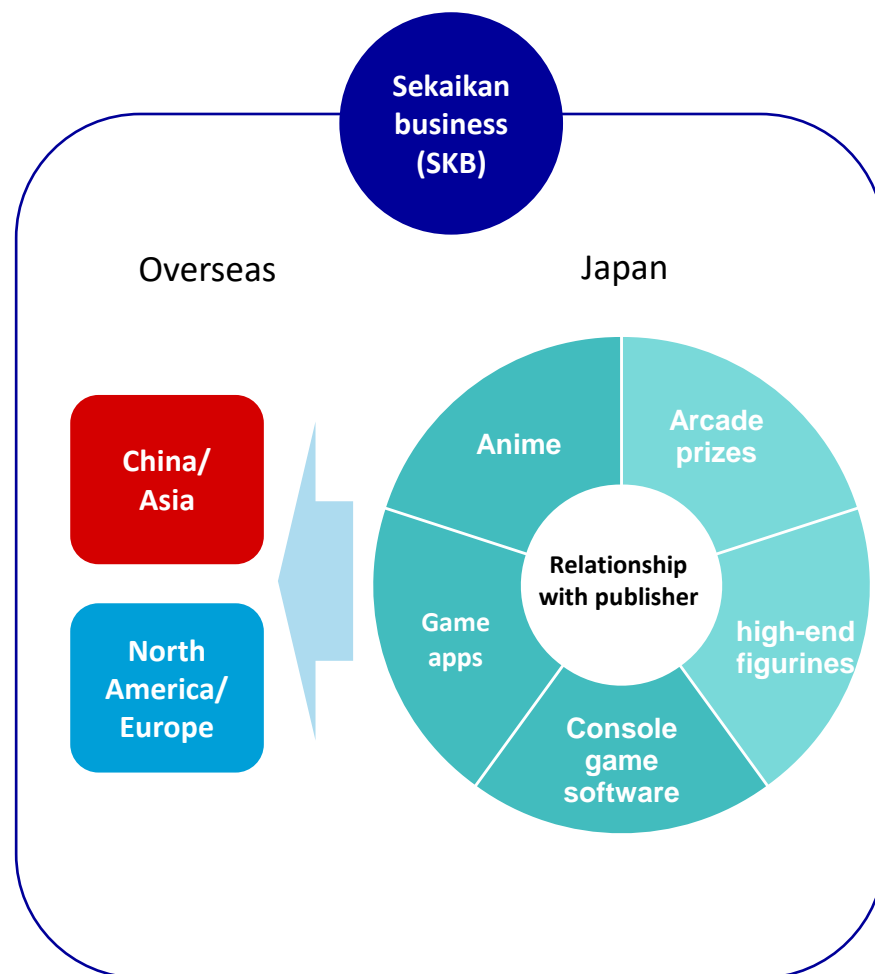
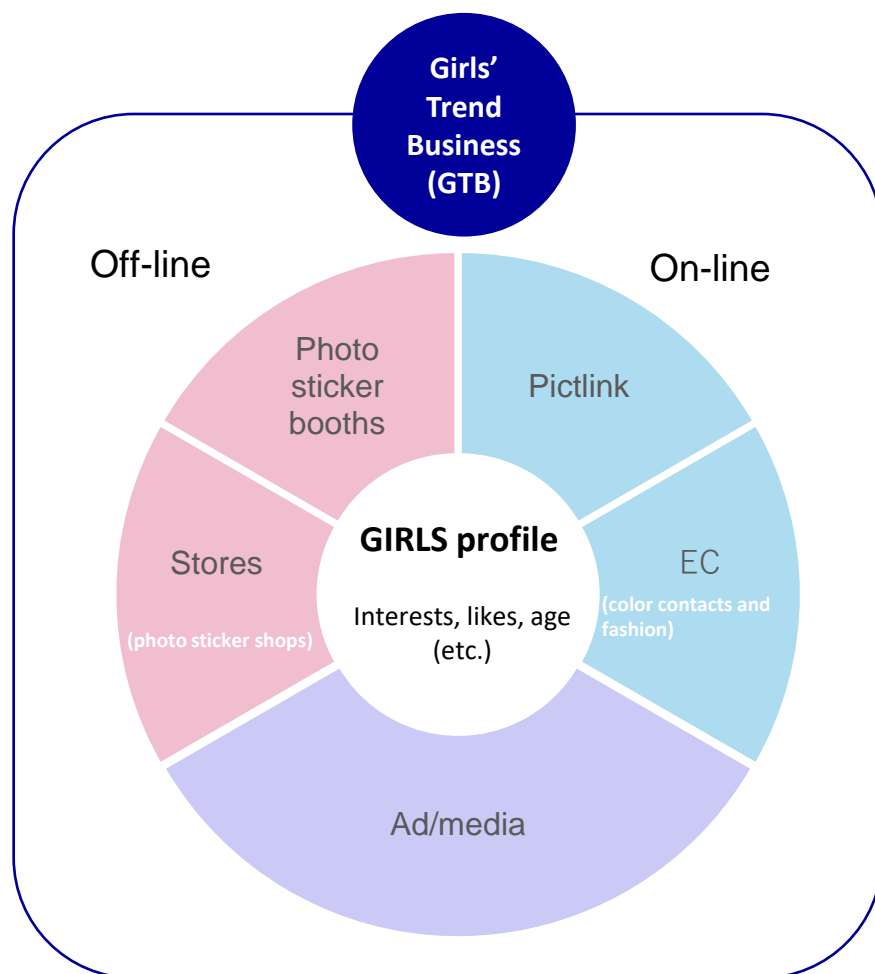




Our Growth Strategy

GTB: Leverage girls' profile to maximize LTV

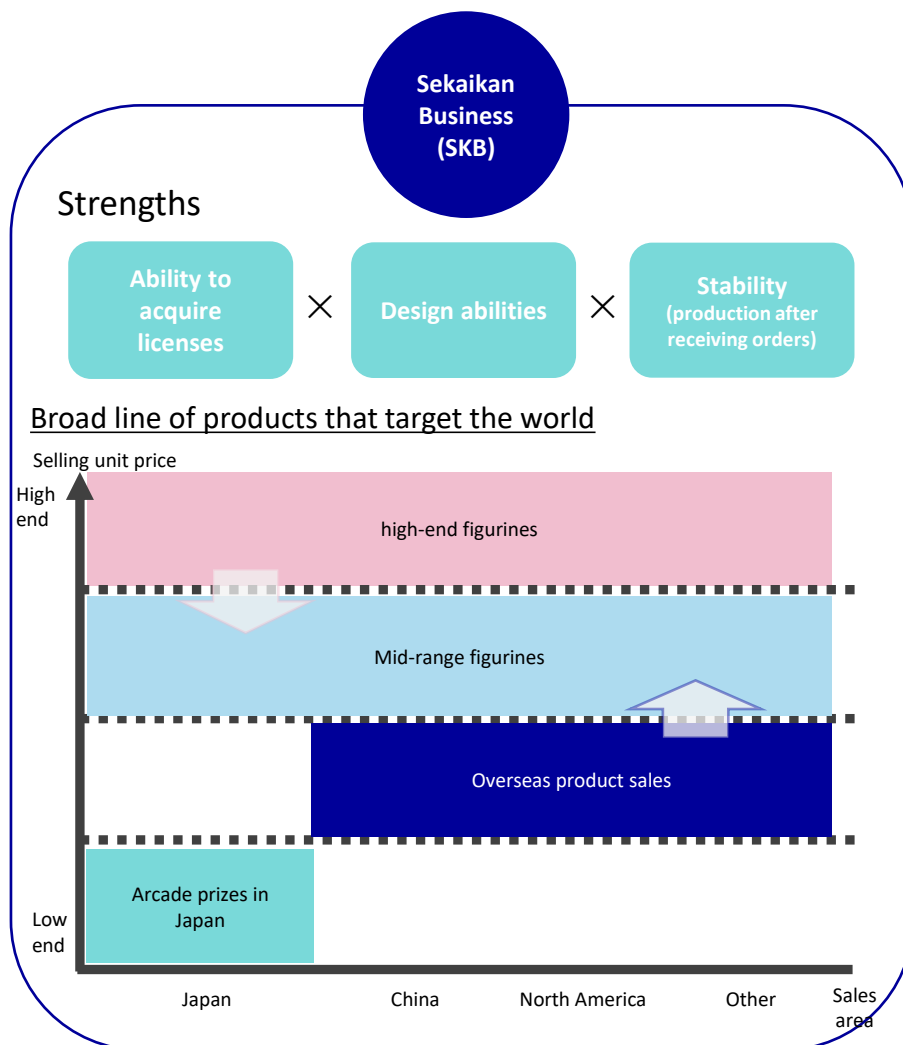
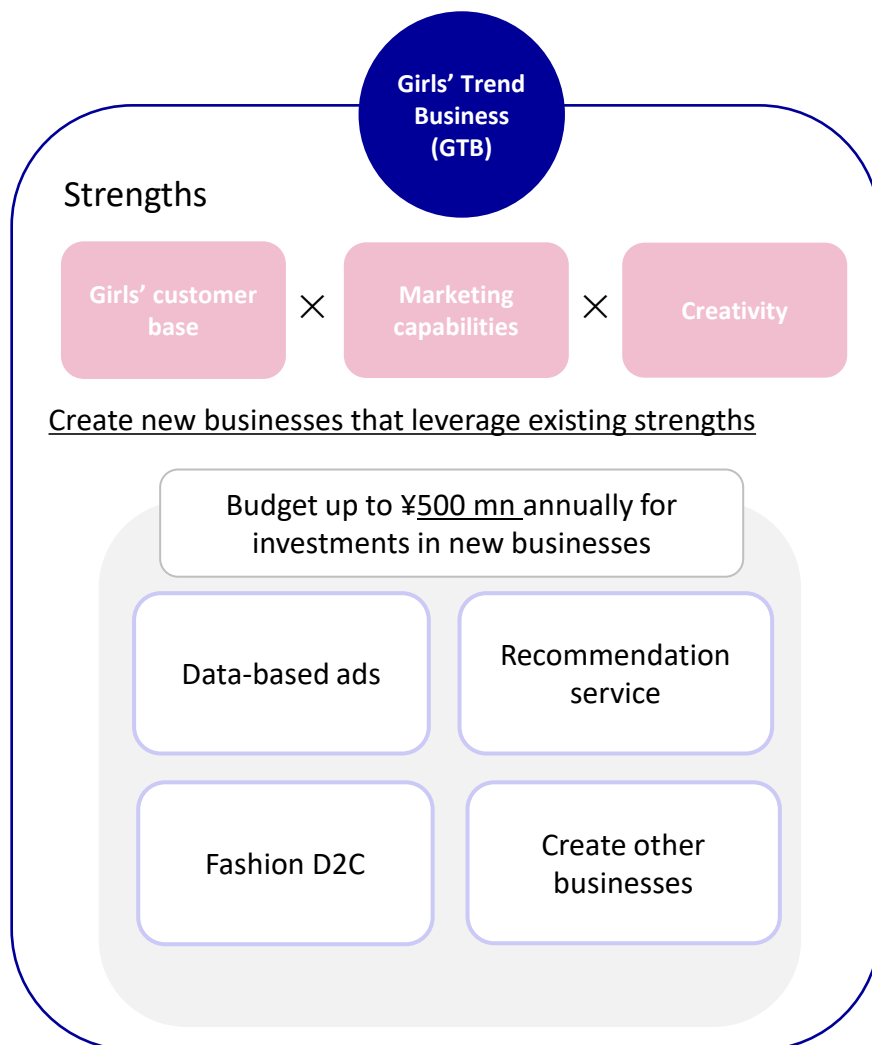
SKB: Maximize earnings from character IP by global marketing





Creating New Businesses

We will launch new businesses that leverage the strengths of GTB and SKB.

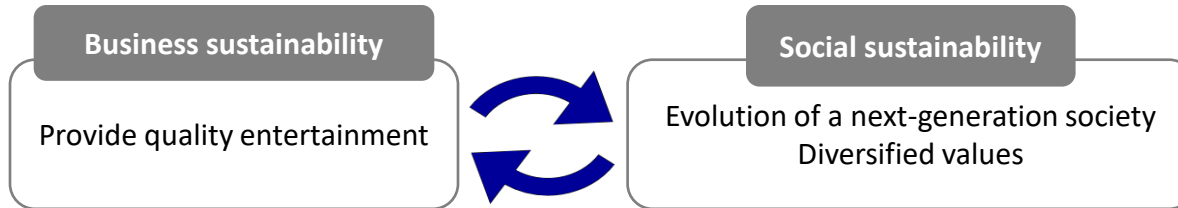


Initiatives for Sustainability

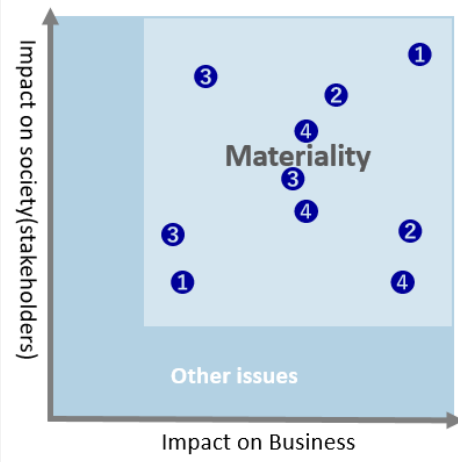


Initiatives for Sustainability

We will strive for both business sustainability and social sustainability.



FURYU's materialities



1 Create quality entertainment

- Provide customers with safety and peace of mind while improving quality
- Give consideration to the environment through business

2 Implement Dynamic Vision

- Promote the creation of a satisfying work environment
- Develop diverse human resources essential to the improvement of corporate value

3 Support the next generation that will create the future

- Support challenges of future generations
- Help youth grow in a healthy manner
- Contribute to local communities

4 Proper management foundation

- Ensure information security and privacy
- Conduct fair, impartial deals and proper procurement
- Protect intellectual property and undertake educational activities



Bring happiness and fulfillment to customers



Bring happiness and fulfillment to business partners



Bring happiness and fulfillment to employees



Management

Strong employee motivation is essential for creating new entertainment.

We have created a variety of new businesses from the photo sticker business since the founding of the company.

Motivate employees

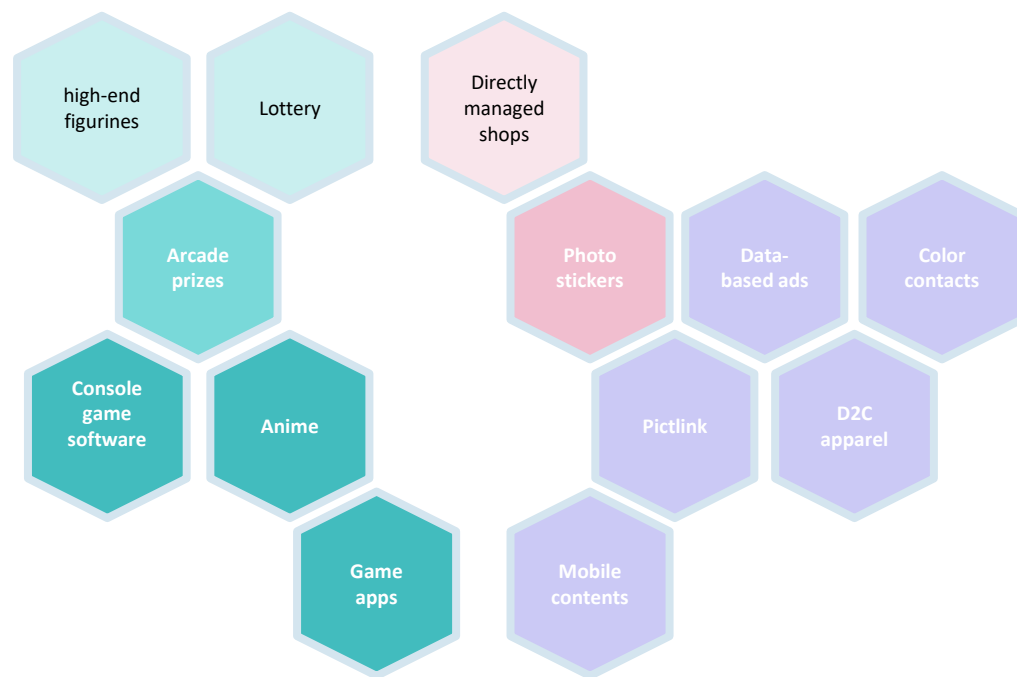
Promote self-realization



**Promote comfortable
working environment and
diversity**



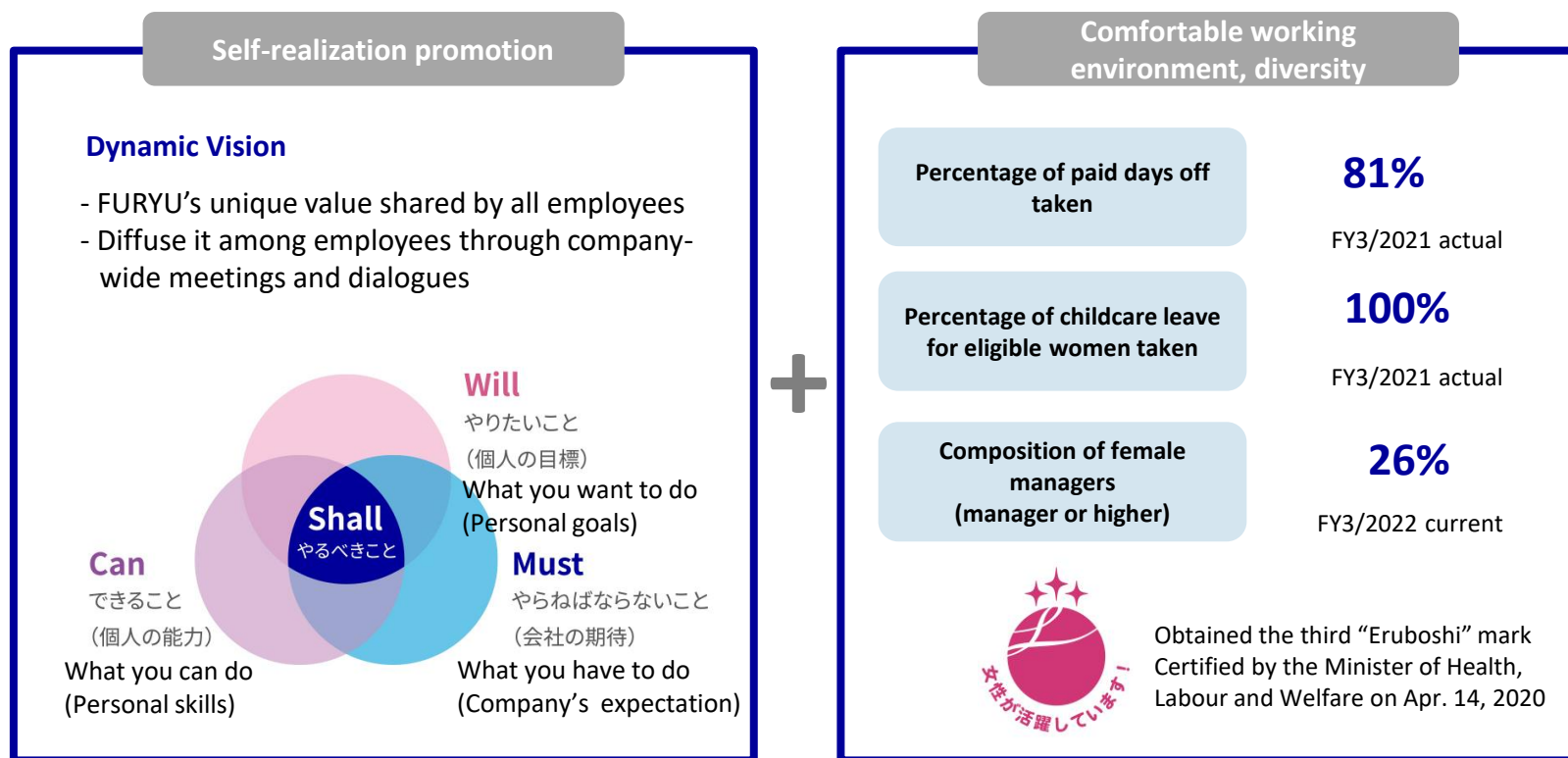
Create new businesses





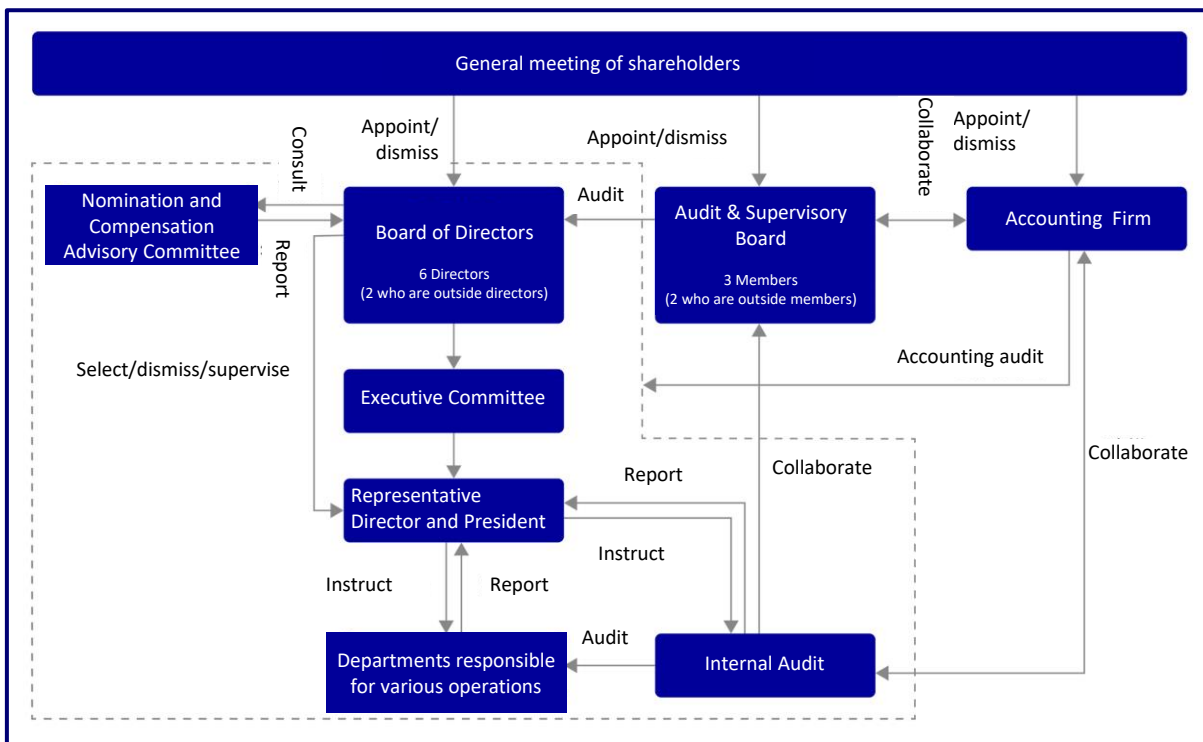
System for Supporting Employees—Diversity and Inclusion

By respecting the individuality of each employee, we aim to maintain a workplace where a diverse workforce can maximize their abilities in a variety of work styles.

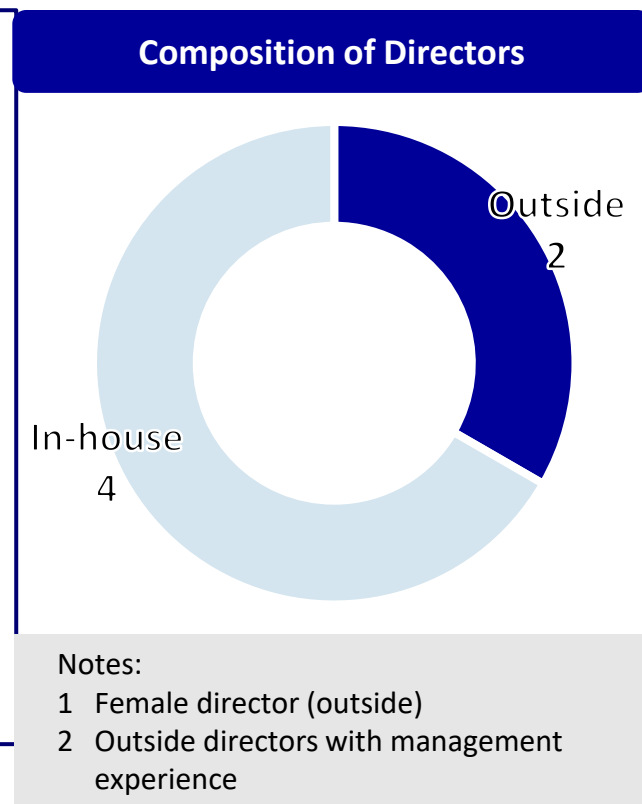


We established a nomination and remuneration committee, a majority of whose members are independent outside directors.

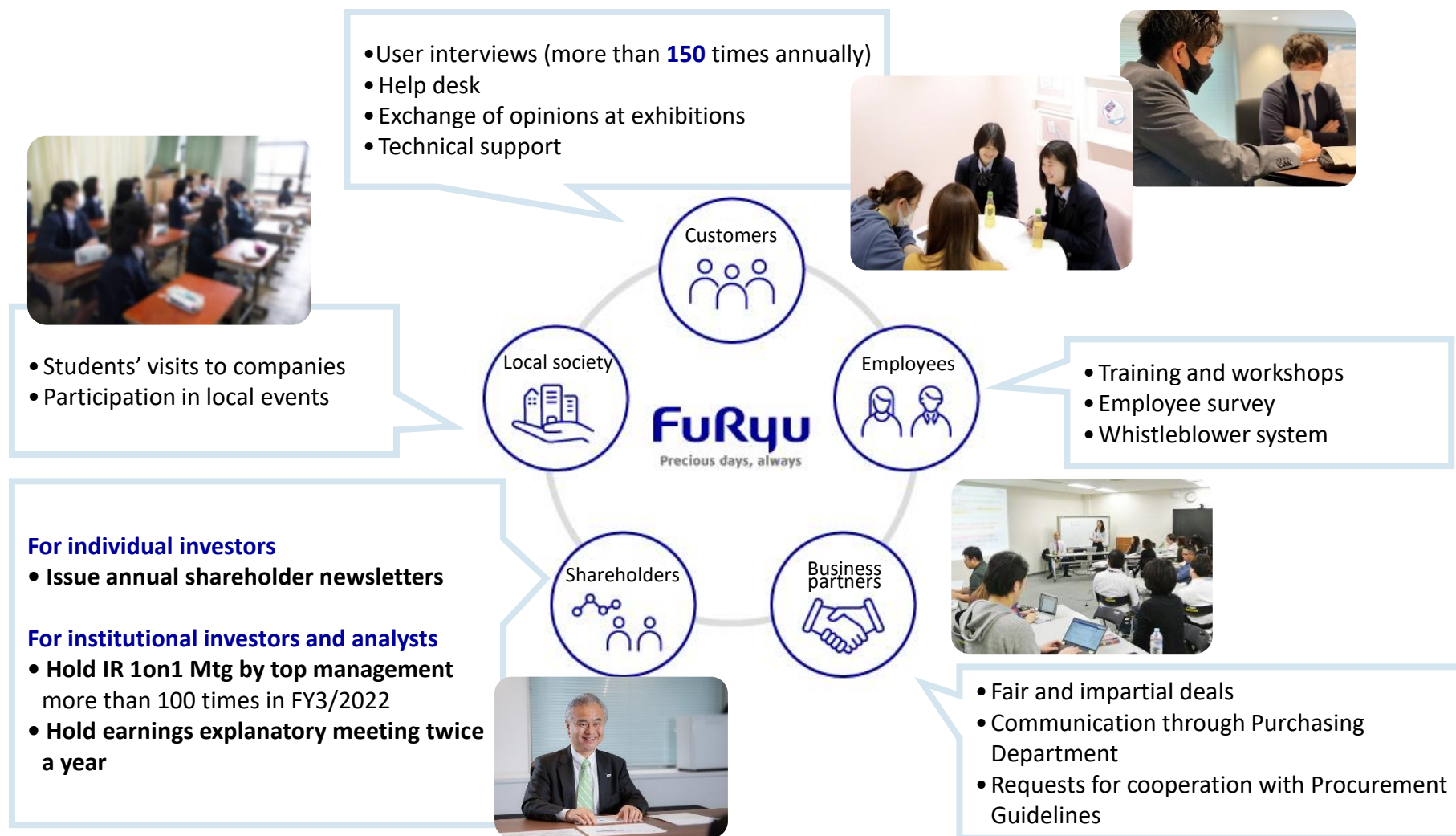
We will strength the Board of Director's supervising function by raising the weight of independent outside directors to at least 1/3.



as of the end of March 2022



We stress dialogue with stakeholders to realize our sustainable growth.



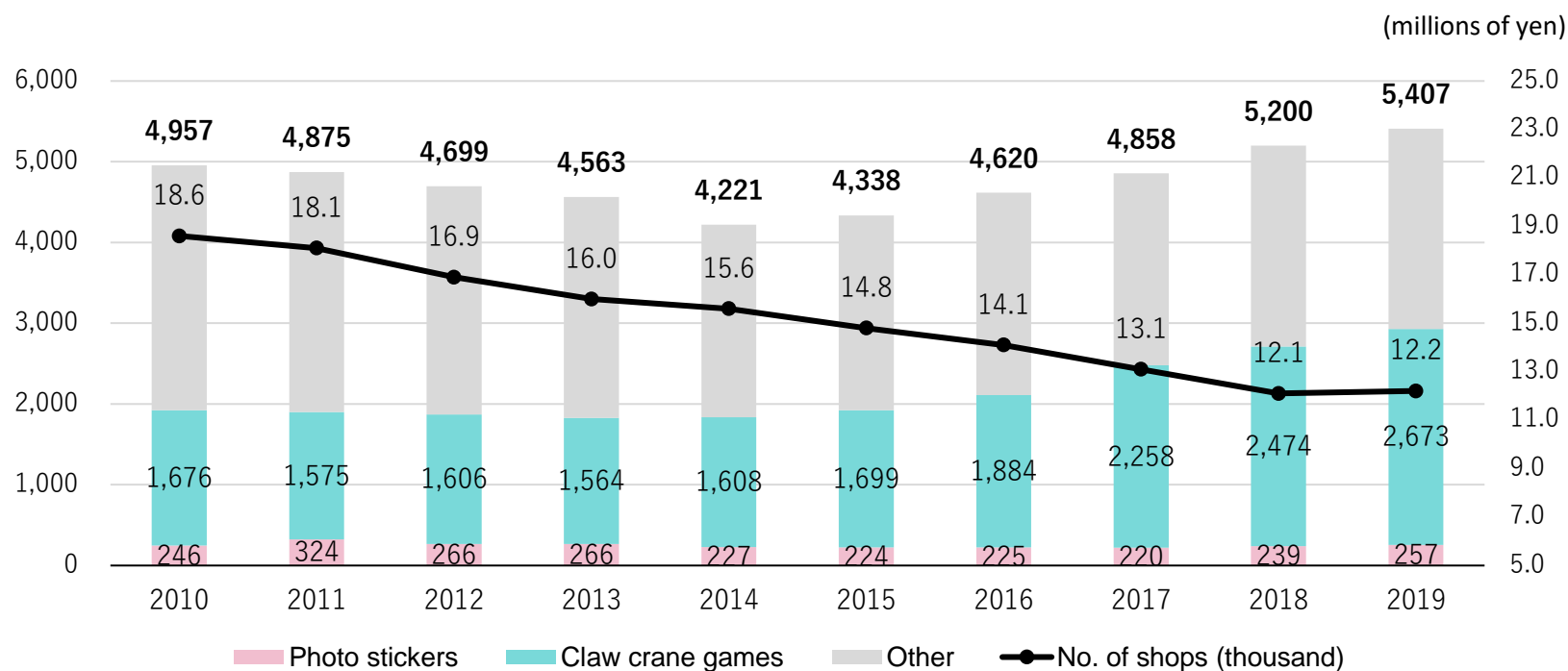
Reference Material





Market Environment (Overall Amusement Market)

Trend in the amusement market (operation sales)

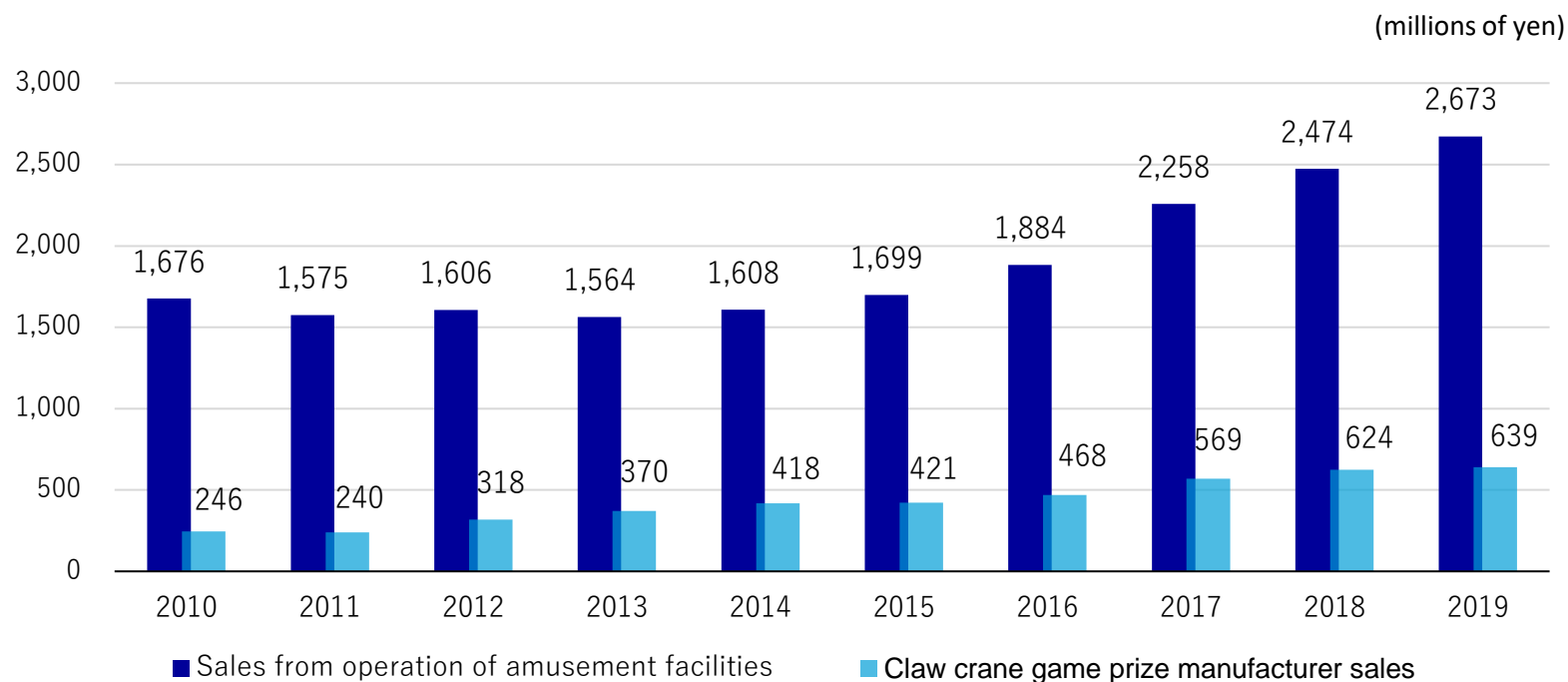


Source: Japan Amusement Industry Association "Amusement Industry Survey 2019"



Market Environment (Claw Crane Game Market)

Trend in the claw crane game market



Source: Japan Amusement Industry Association "Amusement Industry Survey 2019"



Trend in Major Financial Indicators

	(¥mn)	FY3/2016 (consolidated)	FY3/2017 (consolidated)	FY3/2018 (consolidated)	FY3/2019 (consolidated)	FY3/2020 (non-consolidated)	FY3/2021 (non-consolidated)	FY3/2022 (consolidated)
Net sales		24,167	24,890	25,383	27,134	27,431	24,777	34,058
Operating profit		3,651	3,920	2,453	3,543	3,637	2,736	3,709
Ordinary profit		3,663	3,921	2,474	3,531	3,656	2,716	3,707
Profit attributable to owners of parent ¹		2,462	2,798	1,725	1,882	3,020	1,844	2,544
Earnings per share (EPS) (yen)		92.14	98.89	60.99	66.53	108.54	67.42	93.01
Total number of issued shares		9,432,000	28,296,000	28,296,000	28,296,000	28,296,000	28,296,000	28,296,000
Total amount of dividends		707	848	848	848	1,094	984	1,422
Payout ratio (%)		27.1	31.7	49.2	45.1	36.9	53.4	55.9
Dividends per share (DPS) (yen)		25	30	30	30	40	36	52
Net assets		13,881	16,089	16,883	17,948	18,994	19,764	21,250
Equity ratio (%)		68.7	72.1	73.9	71.6	79.1	82.3	75.5
Book value per share (BPS) (yen)		490.57	568.63	596.67	633.39	694.22	722.38	776.71
Return on equity (ROE) (%)		20.9	18.7	10.5	10.8	16.4	9.5	12.0
Employees		371	398	421	482	453	453	488

1. For FY3/2020 to FY3/2021, profit is given.

2. On March 1, 2017, a 3-for-1 stock split was carried out, and the total number of outstanding shares increase to 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.



Earnings By Segment (by fiscal year)

(¥mn)	FY3/2016 (consolidated)	FY3/2017 (consolidated)	FY3/2018 (consolidated)	FY3/2019 (consolidated)	FY3/2020 (non-consolidated)	FY3/2021 (non-consolidated)	FY3/2022 (Consolidated)
Net sales	24,167	24,890	25,383	27,134	27,431	24,777	34,058
Photo stickers	8,850	9,090	9,075	9,602	9,913	5,952	7,576
Content and media	7,456	7,950	8,396	8,616	9,020	8,602	8,324
Character MD ¹	6,143	5,750	5,268	5,598	6,364	8,332	15,175
Games and anime	1,740	2,101	2,641	3,318	2,132	1,889	2,980
Operating profit	3,651	3,920	2,453	3,543	3,637	2,736	3,709
Photo stickers	1,023	1,284	1,097	1,488	1,493	-512	-252
Content and media	4,079	4,304	4,150	4,070	3,913	3,608	3,173
Character MD	474	498	165	372	59	1,092	2,408
Games and anime	-580	-876	-1,556	-782	-117	-81	26
Company-wide costs	-1,345	-1,290	-1,403	-1,605	-1,711	-1,369	-1,645

1. As we conducted an absorption-type merger of the subsidiary We've Inc. on July 1, 2019, the book publication business, etc., which had been included in "Other" is now included in "Character MD Business." For FY3/2019 and before, figures have been reclassified into the new segments.
The non-consolidated results for FY3/2020 include the results of the publication business, etc. from the second quarter in which an absorption-type merger was conducted.
2. The figures for FY3/2019 include the results of the consolidated subsidiary Coreedge, which was sold during FY3/2020.

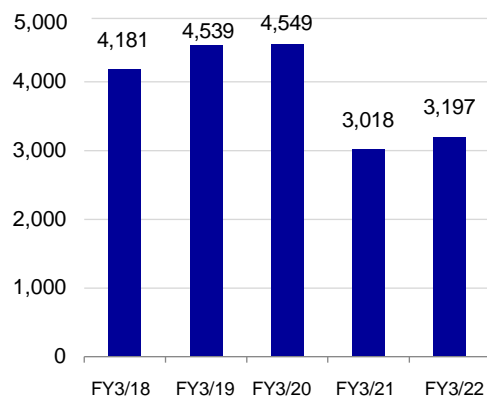


Earnings By Segment (by quarter)

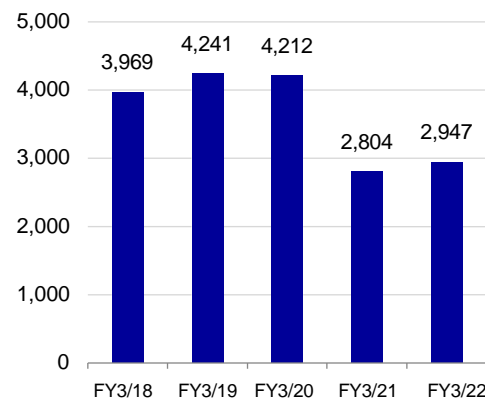
	(¥mn)	FY3/2022				FY3/2023			
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net Sales		7,999	8,729	9,073	8,256	8,142	9,845		
Photo sticker		1,500	1,715	2,217	2,142	1,660	2,215		
Revenue from amusement arcades		1,296	1,466	1,921	1,817	1,371	1,877		
Revenue from directly managed shops		204	249	295	325	289	338		
Content and media		2,024	2,031	2,102	2,166	2,114	2,139		
Revenue from Pictlink charges		1,499	1,494	1,516	1,546	1,532	1,558		
Sales of colored contact lenses		311	317	362	326	299	272		
Other		213	220	223	294	282	308		
Character MD		3,574	4,342	3,873	3,385	3,705	4,286		
Arcade prizes, etc.		2,759	3,677	2,748	2,160	2,441	3,115		
Overseas product sales		129	380	531	262	673	370		
high-end figurines		459	264	523	934	567	524		
Other		225	19	69	27	23	275		
Game and anime		899	639	880	562	661	1,204		
Console and game software		288	127	466	202	286	271		
Game apps		186	210	199	196	165	159		
Anime		424	300	214	162	209	773		
Operating profit		1,190	1,497	896	126	679	904		
Photo sticker		-211	133	-64	-109	70	260		
Contents and media		872	813	785	701	803	798		
Character MD		829	946	579	52	237	93		
Game and anime		102	-28	-8	-38	1	162		
Company-wide expenses		-402	-368	-394	-479	-432	-411		

Trend in KPI (FY)

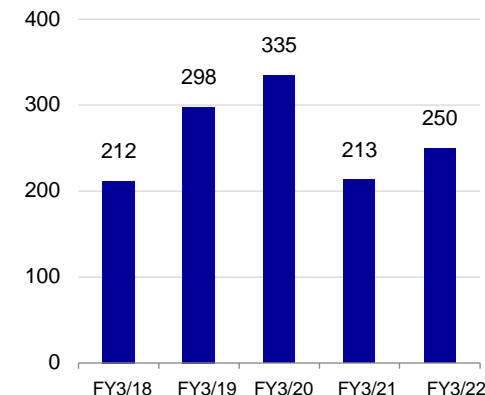
■ Total number of plays [10,000]



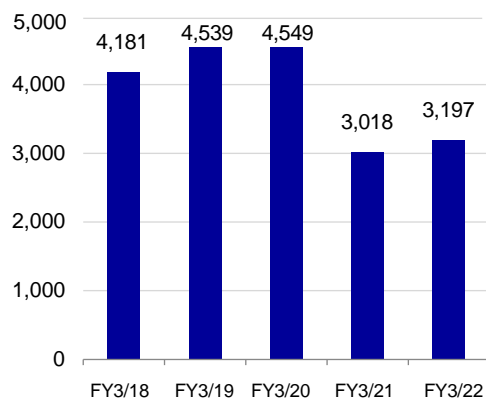
■ No. of plays amusement arcades (10,000)



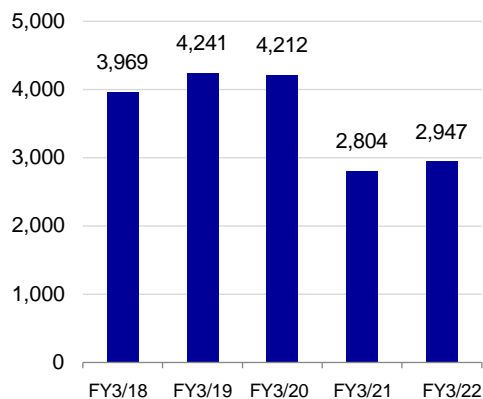
■ No. of plays at directly managed shops (10,000)



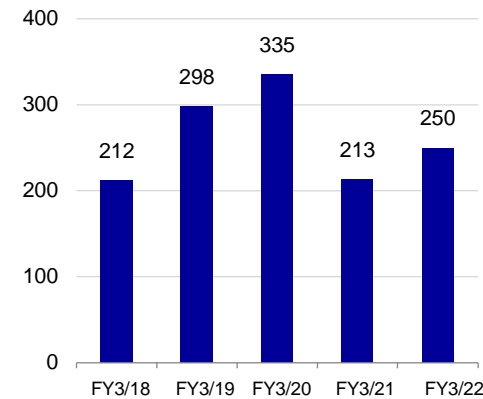
■ No. of directly managed shops



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

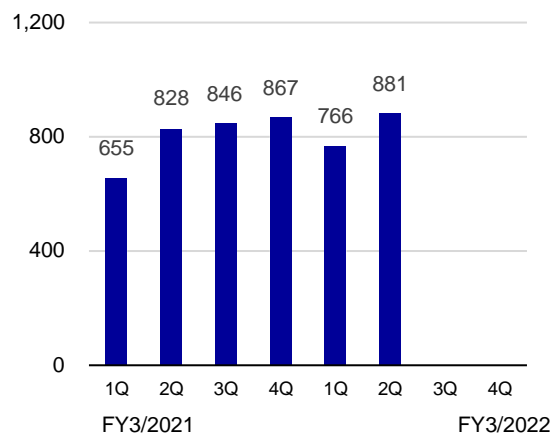


■ No. premium Pictlink members as of the end of the term [10,000]

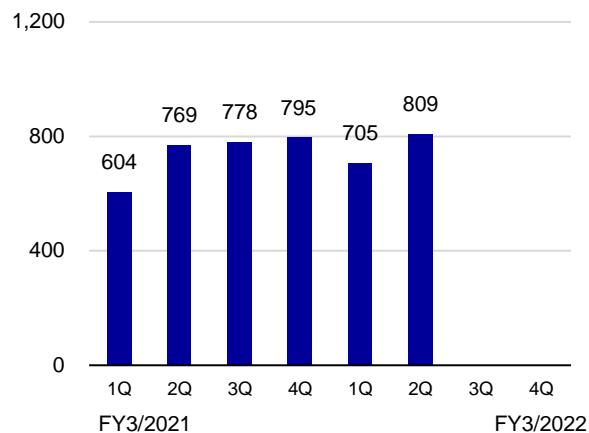


Trend in KPIs (Quarterly)

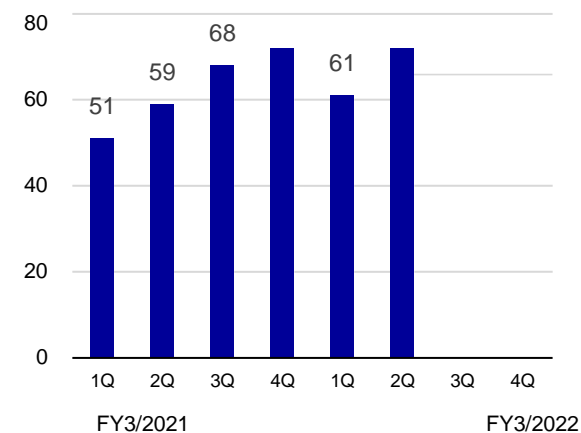
■ Total number of plays [10,000]



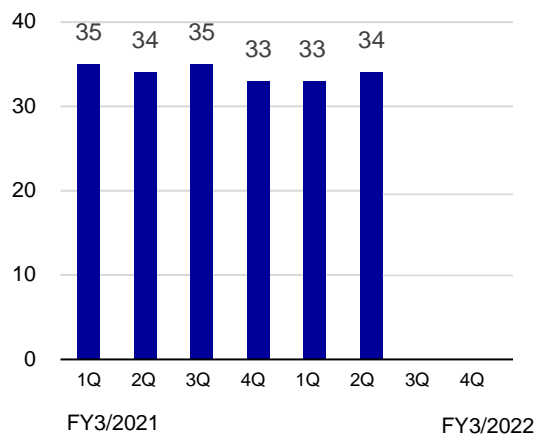
■ No. of plays amusement arcades (10,000)



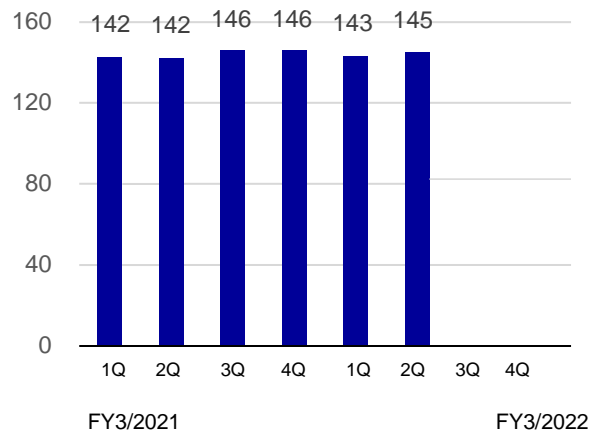
■ No. of plays at directly managed shops (10,000)



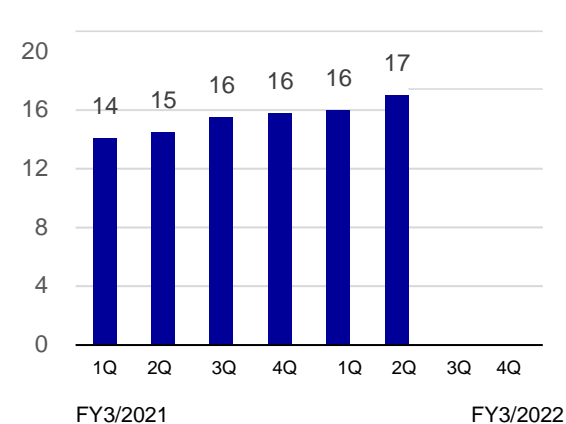
■ No. of directly managed shops



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



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





Console game software game apps— Main Titles Released

Type	Original or other company's IP	Console	Release date	Title
FY3/2023 Release Titles	other company's IP	PlayStation®4 Nintendo Switch™	2022/4/14	<i>Battle Spirits CONNECTED BATTLERS</i>
	Original	PlayStation®4 PlayStation®5 Nintendo Switch™	2022/9/15	<i>TRINITY TRIGGER</i>
	other company's IP	Nintendo Switch™	2022/12/15 scheduled to be released	<i>Logical Thinking</i>



Share Information (as of Sep.30, 2022)

Total no. of authorized shares	104,400,000
Total number of issued shares	28,296,000
No. of shareholders	8,628

Shareholders	No. of shares held	Shareholding ratio (%)
FURYU Shoji Corporation	4,340,000	16.15
The Master Trust Bank of Japan (trust account)	3,810,700	14.18
Custody Bank of Japan, Ltd. (Trust account)	2,335,400	8.69
TM Corporation	1,415,000	5.26
FURYU Employee Shareholding Association	923,900	3.44
Yoshiro Tasaka	840,000	3.13
Masato Yoshida	840,000	3.13
Katsuyuki Inage	750,000	2.79
Shinji Nakamura	525,800	1.96
Koshi Mizoue	467,900	1.74

Note: The company owns 935,766 treasury shares, but they are not included as a major shareholder.
Shareholding ratio was calculated after subtracting the number of treasury shares.



For inquiries about this material

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The disclosed outlook for business performance, including that in this material, was produced based on 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