

# Summary of Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2022

**Broadmedia Corporation** 

July 29, 2021

The statements contained here indicate the Company's current plans, expectations, strategies, and beliefs. Any statements that are not historical facts are forward-looking statements regarding future business performance. This document contains forecasts determined by the Company's management based on information presently available. The Company asks that you do not rely completely on these forward-looking statements because actual business results may vary materially from these statements due to various risks and uncertain factors.

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# **Summary of Financial Results for 1Q FY2021**

Financial Forecasts for FY2021 and Shareholder Return

Acquisition of Shares of System Design Development Co., Ltd.

**Consolidation of Shares** 

 [Reference Documents]
 Progress in the case of damages suffered from fraud involving Fishing Vision Co., Ltd.

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## **Consolidated Financial Results for the First Quarter** (April – June)



(Unit: Million yen)(Amounts are rounded down to the nearest million yen)

	FY 2020 1Q	FY 2021 1Q	Difference	Rate of difference	Financial Forecasts (announced on Apr. 28)	Achievement ratio
Revenue	2,705	3,024	<b>7</b> 319	12%	12,000	25%
Operating income	129	186	<b>7</b> 56	44%	600	31%
Ordinary income	137	202	<b>6</b> 5	47%	600	34%
Net income	90	316	225	248%	400	79%

- ✓ Both revenue and income increased from a year earlier, making a smooth start of the fiscal year.
- ✓ Fishing Vision received a settlement from the damage suit.
- ✓ Net income increased substantially thanks to the financial impact (approx. 150 million yen) after subtracting tax expenses and non-controlling interests from the extraordinary income related to the settlement.



(Unit: Million yen)(Amounts are rounded down to the nearest million yen)

	Revenue		Operating income		ome	
	FY 2020 1Q	FY 2021 1Q	Difference	FY 2020 1Q	FY 2021 1Q	Difference
Education	603	749	146	161	206	45
Studio & Content	678	669	(9)	(45)	(9)	35
Broadcast	626	649	23	68	67	<b>→</b> (1)
Technology	796	955	158	53	99	45
Corporate expenses				(108)	(178)	(69)
Total	2,705	3,024	319	129	186	56



(Unit: Million yen)(Amounts are rounded down to the nearest million yen)



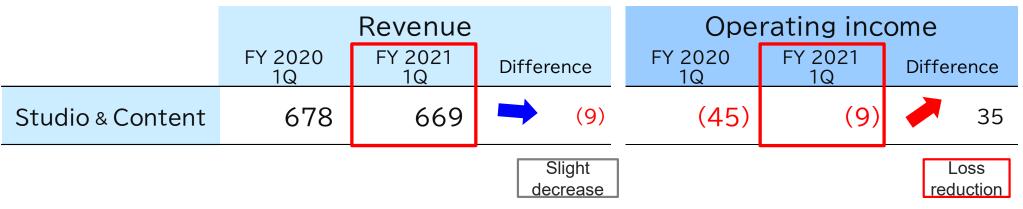
- ✓ The number of new students reached a record high in six consecutive periods, resulting in growth in both revenue and income.
- ✓ The scope of business increased thanks to the opening of the Yokohama Campus and expansion of Osaka Campus (in preparation).
- ✓ This segment became a positive driver for the consolidated financial results in 1Q.

 Operation of online credit-based e-learning high schools
 Renaissance High School Group

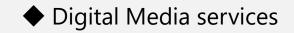
♦ Japanese Language Education



(Unit: Million yen)(Amounts are rounded down to the nearest million yen)



- ✓ Revenue in the production business increased and the business produced a profit thanks to resumption of Japanese dubbing productions, which had been postponed or canceled in the same period of the previous year due to COVID-19.
- ✓ In the content licensing business, sales of programs to TV stations decreased.
- ✓ As a result, revenue fell slightly from the same period of the previous year and the loss decreased.

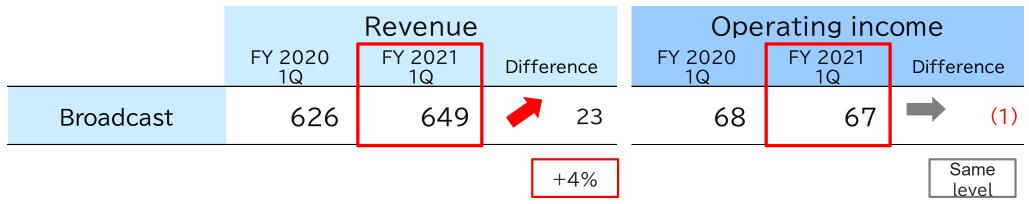


Content licensing business

Production business



(Unit: Million yen)(Amounts are rounded down to the nearest million yen)

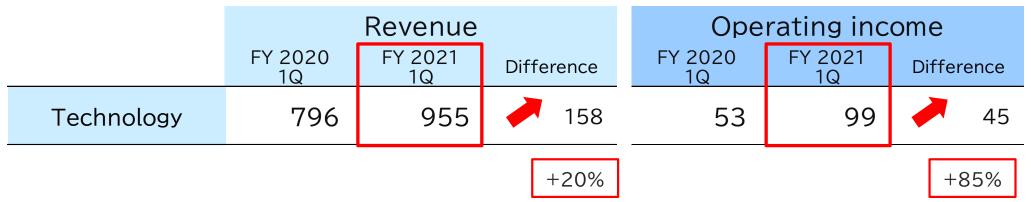


- ✓ Subscription revenue continues to decline.
- ✓ Revenue from sponsors recovered thanks to the resumption of the production of new programs that had been suspended in the same period of the previous year due to COVID-19.
- ✓ Both revenue and expenses increased for Fishing Vision VOD.

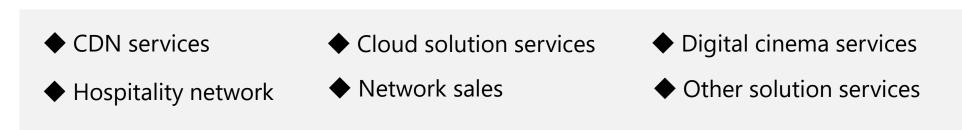
 "Fishing Vision", a channel dedicated to fishing programs  "Fishing Vision VOD", a streaming service for multiple devices



(Unit: Million yen)(Amounts are rounded down to the nearest million yen)

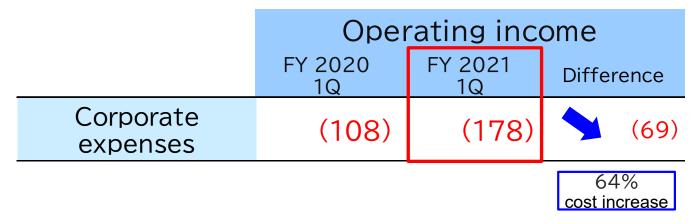


- ✓ CDN (Akamai) services maintained good performance.
- ✓ The deficit in the cloud solution services decreased.
- ✓ Sales of broadband lines in network sales temporarily increased.
- ✓ Delivery services (digital cinema services) remained sluggish.





(Unit: Million yen)(Amounts are rounded down to the nearest million yen)



- ✓ Temporary expenses were incurred for security measures and company acquisition.
- ✓ A temporary adjustment of tax expenses was required for the M&A of subsidiaries in the previous fiscal year.

• Operating costs for the administrative division of the Group headquarters (Broadmedia)

 Costs for supporting the entire Group (improving productivity and efficiency and enhancing governance, etc.)

## **Consolidated Financial Position**

# Broadmedia

# Condition of assets, liabilities, and net assets

(Unit: Million yen)(Amounts are rounded down to the nearest million yen)

d net assets	FY2020	FY 2021 1Q	Difference	Rate of difference
Total assets	6,994	7,389	394	6%
Liabilities	3,287	3,256	(31)	(1%)
Net assets	3,706	4,132	426	11%
Shareholders' equity	2,748	3,067	319	12%
Stock acquisition rights for non- controlling shareholders	957	1,065	107	11%
Shareholders' equity ratio	39%	42%	_	_

Total assets	While program accounts decreased, accounts receivable and prepaid expenses increased.
	While deposits received increased accounts payable and advances

Liabilities While deposits received increased, accounts payable and advances received, among other liabilities, decreased.

Net assets increased due to the recording of net income.

Net

assets

## **Consolidated Financial Position**



Condi	tion of Cash flow	FY 2020 1Q	FY 2021 1Q
	Operating cash flow	(393)	116
	Investing cash flow	(101)	(67)
	Financing cash flow	(64)	(33)
	Changes in cash and cash equivalents	(559)	16
	Year-end balance of cash and cash equivalents	2,815	3,384

(Unit: Million yen)(Amounts are rounded down to the nearest million yen)

Note: The table above does not reflect the effects of the exchange rate change on cash and cash equivalents.

Operating cash flow	Cash inflow of 116 million yen mainly due to the posting of 533 million yen as profit before income taxes despite an increase in accounts receivable and payment of bonuses.
Investing cash flow	Cash outflow of 67 million yen, due to fixed asset acquisition and payment of security deposits
Financing cash flow	Cash outflow of 33 million yen due to the repayment of lease obligations.



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# **Consolidated Financial Forecasts and Shareholder Return**



(Unit: Million yen)(Amounts are rounded down to the nearest million yen)

	Previously forecast (announced on Apr.28)	Revised forecast (announced on Jul.29)	Difference	Ref; FY2020 <sub>Results</sub>
Revenue	12,000	12,000	—	10,991
Operating income	600	600	—	478
Ordinary income	600	600	—	476
Net income	400	550	150	151

- ✓ Forecasts for revenue, operating income, and ordinary income remain unchanged despite the strong start in the first quarter.
- ✓ Net income will be revised upward to reflect the impact of the settlement money from the damage suit received in the first quarter.
- ✓ The Group will continue to examine shareholder returns for the fiscal year under review, taking into account the upcoming trends in its financial performance and necessary investment.

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## Acquisition of Shares of System Design Development Co., Ltd.



# **Purpose of Acquisition**

- $\checkmark$  Expansion of business domain in the Technology segment
  - Providing new services such as software development and corporate system design
  - Securing engineers essential to the growth of existing services
- ✓ Technical support for Group businesses
  - Internally supporting the Group's system development by increasing engineers

# SDD システムデザイン開発株式会社 (https://www.sddgrp.co.jp/)

Location	10-1-2 Minami-ichijo Nishi, Chuo-ku, Sapporo-shi, Hokkaido
Business content	Software development business, cloud service business, business process outsourcing (BPO) business (Features ) Providing one-stop services of system design, development, maintenance, and operation based on the proven performance and technical skills of engineers possessing extensive experience
Date of establishment	August 1, 1985
Net Sales	284 million yen ( for fiscal year ended July 31, 2020)

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**Consolidation of Shares** 



# <u>consolidate shares at a ratio of 10 to 1</u> (Effective date: October 1, 2021)

 Adjusted to "between 50,000 yen and 500,000 yen," the investment unit level considered desirable in the TSE Securities Listing Regulations.

Note: on the basis of the numbers of shares held by shareholders recorded in the list of shareholders as of September 30, 2021.



Current	1 to 10 shares	10 to 100 shares	100 to 1000 shares	1000 shares or more
	Odd-lot shares			
	Without voting rights		With vot	ing rights

#### **Reverse stock split from 10 shares to 1 share**

After October 1,	0.1 to 1 shares	1 to 10 shares	10 to 100 shares	100 shares or more
2021	fractional shares	Odd-lo <sup>-</sup>	t shares	
	Wit	hout voting rig	ghts	With voting rights

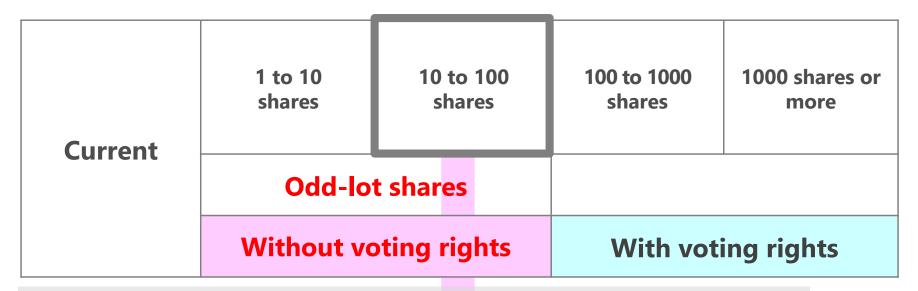


Current	1 to 10 shares	10 to 100 shares	100 to 1000 shares	1000 shares or more
	Odd-lot shares			
	Without voting rights		With vot	ing rights

#### **Reverse stock split from 10 shares to 1 share**

		If there are fractional	shares,	
After October 1,	0.1 to 1 shares	they are disposed of together and the proceeds are distributed to shareholders proportionally based on the percentages of		
2021	fractional shares	such shares held.		
	Wit	hout voting rights	With voting rights	





#### **Reverse stock split from 10 shares to 1 share**

			To Sharehold	lers Holding Ode	<u>d-Lot</u>
After October 1, 2021	0.1 to 1 shares	1 to 10 shares	<u>Shares</u> You may ask us to purchase your od lot shares. Please contact your securities companies or our shareholder registry administrator		our Ir
	fractional shares	Odd-lot shares			
	Without voting rights		With voting rights		



	Current	1 to 10 shares	10 to 100 shares	100 to 1000 shares	1000 shares or more
		Odd-lot shares			
		Without voting rights		With voting rights	
To Shareholders Holding Odd-Lot Shares You may ask us to purchase your odd- lot shares. Please contact your securities companies or our shareholder registry administrator.		Reverse stock split from 10 shares to 1 share			
		1 to 10 shares	10 to 100 shares	100 shares or more	
	After October 1,		Shares	Shares	
	2021	fractional shares	Odd-lot shares		
		Without voting rights			With voting rights



#### **To Shareholders Holding Odd-Lot Shares,**

You may ask us to purchase your odd-lot shares. Please contact your securities companies or our shareholder registry administrator.

#### If there are fractional shares,

Where fractions of less than one share arise as a result of the consolidation of shares, we will collectively dispose of the fractions based on the provisions of the Companies Act, and distribute the proceeds of their disposal to shareholders for whom the fractions emerged in proportion to the ratios of the fractions.



#### ex) A shareholder currently holding 3900 shares

Current	Number of shares	3	3900 shares	
Current	Current Number of voting rights		39 rights	

Number of shares after consolidation: 390 shares

After October 1, 2021	Breakdown by number of shares	300 shares	90 shares
		100 shares or more	10 to 100 shares
	Number of voting rights	3 voting rights	Without voting rights

#### **Impact of Consolidation of Shares**



#### ex) A shareholder currently holding 3900 shares

	Number of shares	3900 shares	
Current	Number of voting rights	39 r	ights
Number of shares after consolidation: 390 shares			
After October 1, 2021	Breakdown by number of shares	300 shares	90 shares
		100 shares or more	10 to 100 shares
	Number of voting rights	3 voting rights	Without voting rights



# Thank you for your attention.



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# Progress in the case of damages from fraud involving Fishing Vision Co., Ltd.



Civil procedure (remedy through a claim for damages, etc.)	<ul> <li>Settled a damage suit against a former executive by reconciliation.</li> <li>A settlement of 350 million yen was paid by the insurance company under a directors and officers liability insurance policy.</li> </ul>
Criminal procedure (ongoing)	<ul> <li>⇒ A complaint was accepted by the police.</li> <li>Fishing Vision will continue to cooperate in the investigations.</li> </ul>



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