



Summary of Financial Results for the First Three Quarters of the Fiscal Year Ending March 31, 2023

Broadmedia Corporation

February 3, 2023

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.

Financial Summary for the First Three Quarters of FY2022

Shareholder Return

Topics

[Reference Documents]

- Consolidated Financial Results by Business Segment
Breakdown of revenue by income type
- Other Topics

Consolidated Financial Results for the First Three Quarters (April – December)



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

	FY2021 Q3	FY2022 Q3	Difference	Rate of difference	Financial Forecasts (announced on Apr. 27)	Achievement ratio
Revenue	9,170	9,653	↗ 482	+5%	13,600	71%
Operating income	637	774	↗ 137	+22%	1,000	77%
Ordinary income	686	808	↗ 122	+18%	1,050	77%
Net income	721	549	↘ (172)	(24%)	1,050	52%

- ✓ Revenue increased from a year earlier.
- ✓ Both operating income and ordinary income increased significantly.
- ✓ Net income decreased with the posting of a loss (110 million yen) on withdrawal from the foreign movie theatrical distribution business in Studio & Content in the first half, in addition to the special factor in the same period of the previous year.

* In the same period of the previous year, the result was affected by the settlement money (+150 million yen) received by Fishing Vision Co., Ltd. in a damages suit, and the gains on the sale of an equity method affiliate (+50 million yen), etc.

Consolidated Financial Forecasts

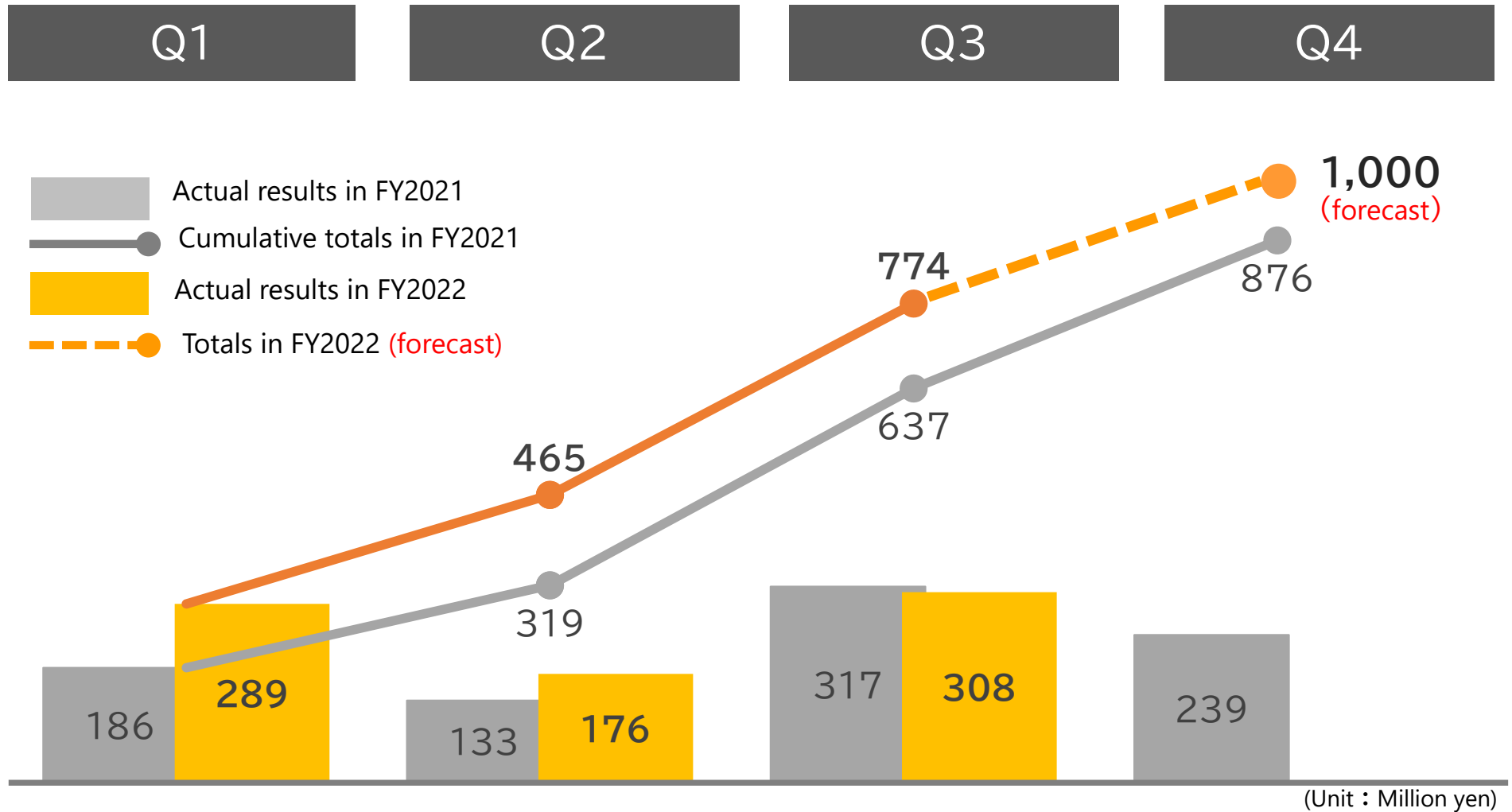


(Unit: Million yen)(Amounts are rounded down to the nearest million yen)

	FY2021 Q3	FY2022 Q3	Difference	Rate of difference	Financial Forecasts (announced on Apr. 27)	Achievement ratio
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Net income	721	549	(172)	(24%)	1,050	52%

- ✓ Results in revenue to ordinary profit are making steady progress towards the full-year forecast.
- ✓ Net income is expected to absorb the impact of extraordinary losses through the accumulation of deferred tax assets in the fourth quarter.
- ✓ Full-year forecasts remain unchanged.

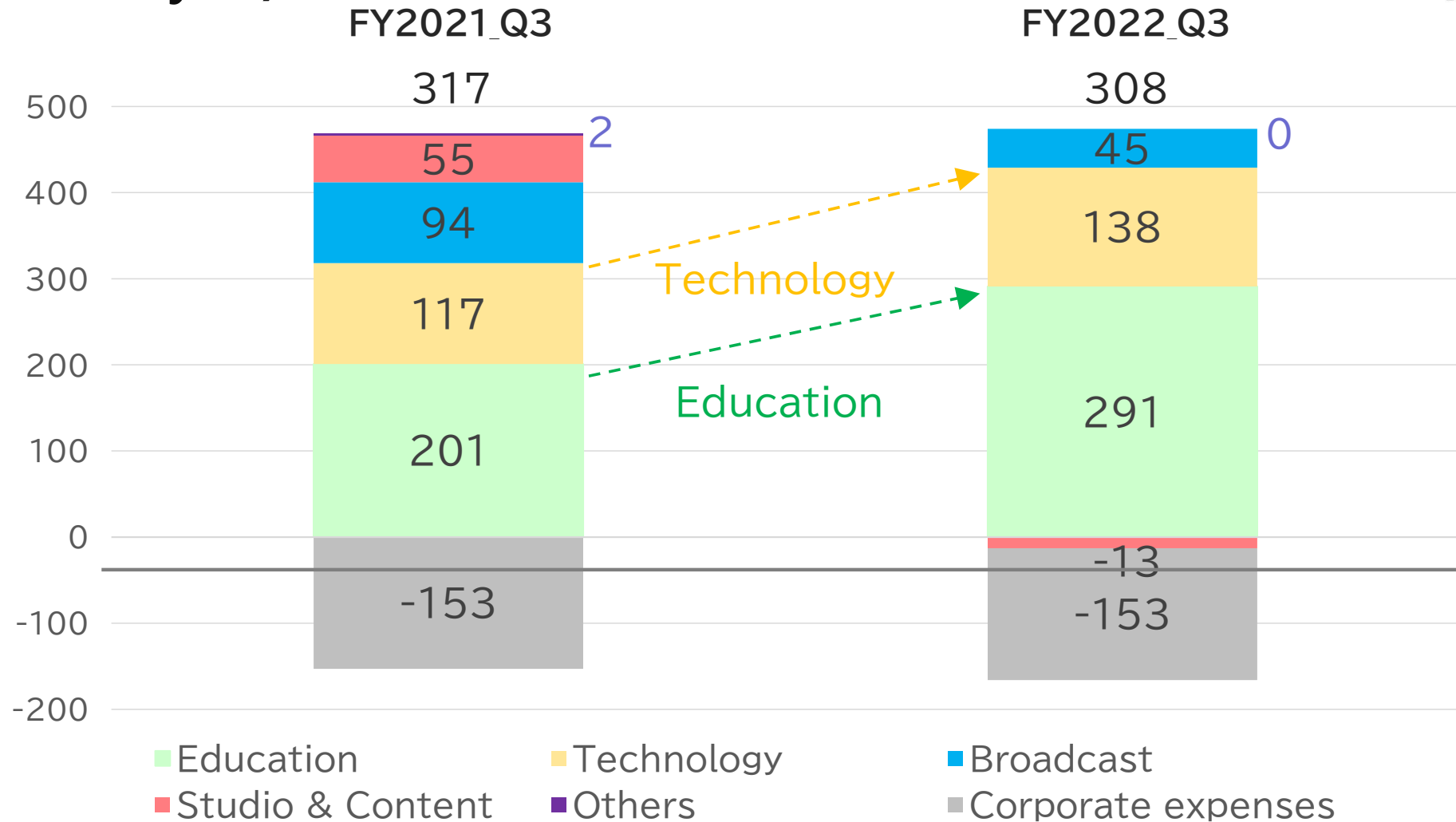
Changes in Operating Income (year over year)



Operating income decreased by 8 million yen year on year in the third quarter.

Education: +89, Technology: +21,
 Studio & Content: (68), Broadcast: (48), Others: (2)

Operating Income for the third quarter of the fiscal year (year over year)



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

- ✓ Amid the drastic change of the composition ratio of operating income, it decreased slightly year on year as a whole.

Consolidated Financial Results by Business Segment



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

	Revenue			Operating income		
	FY2021 Q3	FY2022 Q3	Difference	FY2021 Q3	FY2022 Q3	Difference
Education	2,001	2,524	↑ 523	525	789	↑ 263
Studio & Content	2,304	2,018	↓ (286)	47	(74)	↓ (122)
Broadcast	1,978	1,878	↓ (99)	225	161	↓ (64)
Technology	2,679	3,090	↑ 410	278	365	↑ 87
Others	206	141	— ※2	33	(17)	— ※2
Corporate expenses				(472)	(449)	↑ 23
Total	9,170	9,653	↑ 482	637	774	↑ 137

*1 From the Q1 of FY2022, the Others segment was established and a portion of the Technology segment was reclassified into the Others segment. Therefore, the results for Q3 of FY2021 are shown after being reclassified under the new segment.

*2 Difference in the Others segment is not mentioned due to lack of continuity of business subject to comparison.

Consolidated Financial Results by Business Segment



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

	Revenue			Operating income		
	FY2021 Q3	FY2022 Q3	Difference	FY2021 Q3	FY2022 Q3	Difference
Education	2,001	2,524	↑ 523	525	789	↑ 263
			+26%			+50%

- ✓ The number of new students reached a record high in seven consecutive periods, resulting in growth in both revenue and income.
- ✓ The Hakata Campus and the Namba eSports Campus were established in April 2022. And the Ikebukuro Campus is scheduled to open in April 2023, continuing expansion of operation.
- ✓ Responses to rapid growth such as the securing of teachers and increasing the enrollment limit are issues in the future.
- ✓ Progress is made in the preparation for new businesses in Japanese language education.

◆ Operation of online credit-based e-learning high schools

Renaissance High School Group

◆ Japanese Language Education

Consolidated Financial Results by Business Segment



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

	Revenue			Operating income		
	FY2021 Q3	FY2022 Q3	Difference	FY2021 Q3	FY2022 Q3	Difference
Studio & Content	2,304	2,018	(286)	47	(74)	(122)
			(12%)			loss recorded

- ✓ In the production business, revenue remained at the same level as the same period of the previous year while income increased with the lowered cost rate.
- ✓ In digital media services, the loss increased due to a decline in advertising revenue.
- ✓ In the content licensing business, a deficit increased due to a decrease in Movie & TV Licensing to TV stations although costs were lower as a result of the devaluation of rights for past works, which had a heavy burden of amortization, along with the withdrawal from the foreign movie theatrical distribution business.

◆ Digital Media services

◆ Content licensing business

◆ Production business

Consolidated Financial Results by Business Segment



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

	Revenue			Operating income		
	FY2021 Q3	FY2022 Q3	Difference	FY2021 Q3	FY2022 Q3	Difference
Broadcast	1,978	1,878	(99)	225	161	(64)
			(5%)			(29%)

- ✓ Revenue dropped because the impact of the continued downward trend of subscription fee revenue cannot be eliminated completely while revenue from sponsors and Fishing Vision Club (VOD) sales expanded.
- ✓ Operating income decreased due to the impact of decreased revenue and an increase in SG&A expenses for recruitment associated with the enhancement of the VOD business despite the reduction in satellite usage fees for broadcasting.

◆ "Fishing Vision",
a channel dedicated to fishing programs

◆ "Fishing Vision VOD",
a streaming service for multiple devices

Consolidated Financial Results by Business Segment



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

	Revenue			Operating income		
	FY2021 Q3	FY2022 Q3	Difference	FY2021 Q3	FY2022 Q3	Difference
Technology	2,679	3,090	410	278	365	87
			+15%			+31%

- ✓ CDN (Akamai) services maintained good performance.
- ✓ Digital cinema services and CM online services grew steadily despite their small scale.
- ✓ From Q2 of the previous year, System Design Development Co., Ltd. joined the consolidated group, and contributed to the increase in revenue and operating income in the technology segment and system development within the group.

*1 From Q1 of FY2022, the Others segment was established and a portion of the Technology segment was reclassified into the Others segment.

*2 The results for Q3 of FY2021 are shown after being reclassified under the new segment.

- ◆ Akamai (CDN) services
- ◆ Cloud solution services
- ◆ Digital cinema services
- ◆ Hospitality network
- ◆ System development
- ◆ Other solution services

Consolidated Financial Results by Business Segment



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

	Revenue			Operating income		
	FY2021 Q3	FY2022 Q3	Difference	FY2021 Q3	FY2022 Q3	Difference
Others	206	141	—	33	(17)	—

- ✓ The figures for Q3 of FY2021 represent the results of network sales only.
- ✓ In network sales, sales of broadband lines plunged due to the suspension of activities for acquiring new customers.
- ✓ From this quarter, Broadmedia eSports Corporation joined the consolidated group. The business (income from prize money, distribution, sponsorship, etc.) is still in its early stage and posted a deficit.

*1 From the Q1 of FY2022, the Others segment was established and a portion of the Technology segment was reclassified into the Others segment.

*2 The results for Q3 of FY2021 are shown after being reclassified under the new segment.

*3 Difference in the Others segment is not mentioned due to lack of continuity of business subject to comparison.

◆ Promotion of professional eSports

◆ Network sales

Consolidated Financial Results by Business Segment



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

	Operating income		
	FY2021 Q3	FY2022 Q3	Difference
Corporate expenses	(472)	(449)	23
			5% cost reduced

- ✓ Costs during the the third quarter accounting period remained at the same level as the same period of the previous year.
- ✓ Accumulated expenses for the first three quarters dropped because temporary expenses for company acquisition and additional expenses for security measures were not incurred, although they had been in the same period in the preceding 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



Condition of assets, liabilities, and net assets

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

	FY2021	FY2022 Q3	Difference	Rate of difference
Total assets	8,940	8,889	(51)	(1%)
Liabilities	4,329	3,858	(471)	(11%)
Net assets	4,610	5,030	420	+9%
Shareholders' equity	3,466	3,891	424	+12%
Stock acquisition rights for non-controlling shareholders	1,143	1,139	(4)	(0%)
Shareholders' equity ratio	39%	44%	—	—

Total assets

While property, plant and equipment increased due to accounts receivable and capital investment, etc., cash and deposits and program accounts decreased.

Liabilities

While deposits received increased, advances received and accrued taxes payable decreased.

Net assets

Net assets increased due to the posting of net income despite dividends paid.

Consolidated Financial Position



Condition of Cash flow

	FY2021 Q3	FY2022 Q3
Operating cash flow	675	(133)
Investing cash flow	48	(239)
Financing cash flow	48	(345)
Changes in cash and cash equivalents	777	(706)
Year-end balance of cash and cash equivalents	4,202	4,612

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

The table above does not reflect the effect of changes in exchange rates on cash and cash equivalents and an increase due to the addition of Broadmedia eSports Corporation to consolidation.

Operating cash flow

Cash outflow of 133 million yen due to a decrease in payable and advances received and an increase in trade receivables, despite the posting of 696 million yen as profit before income taxes and an increase in deposits received.

Investing cash flow

Decreased 239 million yen, resulting mainly from asset acquisition for the expansion of sites in the high school correspondence course business and capital investment related to the production business

Financing cash flow

Decreased 345 million yen mainly for reasons of dividend payment and the repayment of lease liabilities, and redemption of corporate bonds.

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Shareholders Return (Acquisition of treasury stock)



Type of shares to be acquired	common shares of the Company
Total number of acquirable shares	up to 150,000 shares <u>(Their ratio to the total number of outstanding shares (excluding treasury stock): 2.02%)</u>
Total share acquisition price	up to 150 million yen
Acquisition period	from February 8, 2023, to March 24, 2023
Acquisition method	(1) Market buying by discretionary account transaction with securities companies (2) Purchase by Off-Auction Own Share Repurchase Trading System (ToSTNeT-3) on the Tokyo Stock Exchange

【reference】 as of December 31, 2022

Number of issued shares (excluding treasury stock) 7,414,639 shares

Number of treasury stock 500,093 shares

Shareholders Return (Dividends)



The year-end dividend for FY2022 is planned to be 30 yen per share.

The Company recognizes that one crucial issue for its management is simultaneously securing competitiveness in our business lines and returning profits to our shareholders.

	Dividends per Share		Total dividends paid	Consolidated Payout ratio
	Midterm Dividend	Year-End Dividend		
FY2022	0.00 yen	30.00 yen (planned)	222 Millions yen (planned)	21.1% (planned)
FY2021	0.00 yen	25.00 yen	184 Million yen	18.8%

The Company will continue to implement shareholder returns through treasury stock acquisition and the payment of dividends, considering the need to balance shareholder returns with investments necessary for growth.

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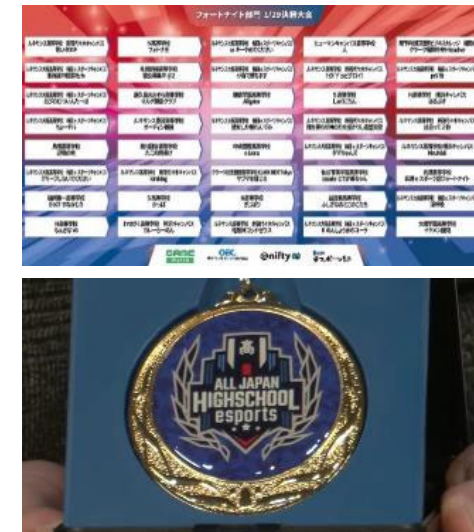
The Ikebukuro Campus is scheduled to open in April 2023.



The campus is the seventh facility to provide an eSports program.
It is the third large-scale flagship campus in the Tokyo metropolitan area.

Providing eSports classes unique to the Renaissance High School Group

The 5th All Japan High School esports Championship Renaissance Osaka: A team from the Umeda eSports Campus won in the Fortnite Division.



19 out of 40 finalist teams are from the Renaissance High School Group.
417 teams from 200 schools around Japan entered the division championship.

Supporting growth of the students in the eSports program with a rich gaming environment and unique program classes.

A new service was added to *Kokoro Mate*, a comprehensive stress check service that has been provided since 2016.

The stress check service is provided free of charge to people with intellectual disabilities.¹



SDD developed a cloud service that allows stress levels to be checked over the internet easily using a stress check survey sheet for people with disabilities, which was developed by a group led by then Professor Norito Kawakami of The University of Tokyo Graduate School.²



1. The Kokoro Mate Friendly is a charge-free service for enterprises that introduce and use the Kokoro Mate.

Aiming to provide services that are friendly to customers' demands

2. Subsidy for work-related disease clinical study projects for 2017 to 2018 by the Ministry of Health, Labour and Welfare Study on desired supports for a variety of workers taking stress checks (170101-01), representative researcher: Norito Kawakami https://www.mhlw.go.jp/stf/seisakunitsuite/bunya/koyou_roudou/roudoukijun/rousai/hojokin_00050.html

Thank you for your attention.



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Consolidated Financial Results by Business Segment



Breakdown of revenue by income type

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

lower row: Composition ratio

	Total	Breakdown of income by stock/flow		Breakdown of revenue from original products/others	
		Stock	Flow	Original products	Products other than original products
Education	2,524	2,524 100%	— —	2,524 100%	— —
Studio & Content	2,018	331 16%	1,687 84%	1,582 78%	435 22%
Broadcast	1,878	1,523 81%	355 19%	1,878 100%	— —
Technology	3,090	2,718 88%	372 12%	616 20%	2,474 80%
Others	141	30 22%	110 78%	124 88%	17 12%
Total	9,653	7,128 74%	2,525 26%	6,726 70%	2,927 30%

- ✓ Revenue from Education and Broadcast mainly consists of stock income with a high continuity.
- ✓ Revenue from Studio & Content mainly came from flow income that fluctuates considerably over the short term.
- ✓ Income from Technology centered on products other than original products.

Tenth in a series !

Cloud game app for smartphones and tablets,
"I Am an Air Traffic Controller 4 Narita" is started.

The advertisement features a 3D-rendered airport control tower and terminal building under a clear blue sky. A red and white airplane is shown in flight. The main title is in large, stylized Japanese characters: **ぼくは航空管制官4** (I am an Air Traffic Controller 4). Below it, the English title **I am an Air Traffic Controller** and the location **成田 Narita** are displayed. A red banner at the bottom reads: **「ぼく管4シリーズ」第10弾! 日本最大級の空の玄関口「成田国際空港」が登場!!** (The 10th installment of the 'I am an Air Traffic Controller 4' series! The largest airport in Japan, 'Narita International Airport', is featured!!). The right side of the ad shows the app's icon, the text **配信開始** (Distribution Start), and the price **通常価格 8,000円(税込)** (Regular price 8,000 yen including tax). Logos for the App Store and Google Play are also present.

We will continue to improve and develop our services.

Topics

(Others; Promotion of Professional eSports)



CYCLOPS athlete gaming,
concluded a sponsorship agreement with hi-ho Inc.



Aim for a further breakthrough in competitions in response to the provision of the hi-ho with games line, which ensures a stable connection environment even during online multiplayer games.

Topics

(Others; Promotion of Professional eSports)

CYCLOPS
ATHLETE GAMING



CYCLOPS athlete gaming will participate in SIX INVITATIONAL 2023



The biggest global Rainbow Six Siege competition which decides the world champion for the 2022 season

To be held in Montreal, Canada from February 7 through 19, 2023

They have participated in it for three straight years, since 2021.

Our Mission



We contribute to communities through quality content and services produced by human creativity.

<https://www.broadmedia.co.jp/>



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