



Broadmedia

# **Summary of Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2020**

**Broadmedia Corporation**

**July 30, 2019**

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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Broadmedia

# **Financial Summary for the First Quarter of FY2019**

## **Topics**

### **[ Reference Documents ]**

- **Results by Business Segment**

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



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

	FY2018 1Q	FY2019 1Q	Difference	Forecasts for full-year financial results (*)	Achievement ratio
Revenue	2,764	2,803	↑ 38	12,000	23%
Operating income	(30)	139	↑ 169	350	39%
Ordinary income	(43)	183	↑ 227	360	51%
Net income	(89)	150	↑ 239	180	83%

\* Announced on May 10, 2019

## Overview

- Revenue and income increased year on year.
- Ordinary income increased partly due to the receipt of insurance money.
- Net income also increased partly because Fishing Vision received its local tax refund.
- Business performance in the first quarter started off well, but the full-year results forecasts remain unchanged.

# Consolidated Financial Results by Business Segment



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

	Revenue			Operating income		
	FY2018 1Q	FY2019 1Q	Difference	FY2018 1Q	FY2019 1Q	Difference
Content	588	760	↑ 172	(14)	95	↑ 110
Broadcast	722	692	↓ (30)	41	79	↑ 38
Studio	529	593	↑ 64	(8)	(22)	↓ (13)
Technology	628	690	↑ 62	100	110	↑ 9
Network Sales	295	65	↓ (229)	12	(1)	↓ (13)
Corporate expenses				(161)	(122)	↑ 39
<b>Total</b>	<b>2,764</b>	<b>2,803</b>	<b>↑ 38</b>	<b>(30)</b>	<b>139</b>	<b>↑ 169</b>

- ✓ Consolidated financial results improved, mainly driven by increases in revenue and income achieved in Content.
- ✓ Network sales decreased significantly.

# Consolidated Financial Results by Business Segment



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

	Revenue			Operating income		
	FY2018 1Q	FY2019 1Q	Difference	FY2018 1Q	FY2019 1Q	Difference
Content	588	760	172	(14)	95	110
			+29%			turned profitable

- ✓ In educational services, both revenue and income increased due to the record high number of new students.
- ✓ Digital media services returned to profitability because revenue increased due to strong advertising revenues and VOD services.
- ✓ Sales increased and operating loss declined in the cloud gaming business.

# Consolidated Financial Results by Business Segment



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

	Revenue			Operating income		
	FY2018 1Q	FY2019 1Q	Difference	FY2018 1Q	FY2019 1Q	Difference
Content	588	760	172	(14)	95	110
Broadcast	722	692	(30)	41	79	38
			(4%)			+92%

- ✓ Revenue decreased due to a downward trend in subscription revenue.
- ✓ Operating income increased through continuous efforts to reduce costs on a full scale.

# Consolidated Financial Results by Business Segment



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

	Revenue			Operating income		
	FY2018 1Q	FY2019 1Q	Difference	FY2018 1Q	FY2019 1Q	Difference
Content	588	760	↑ 172	(14)	95	↑ 110
Broadcast	722	692	↓ (30)	41	79	↑ 38
<b>Studio</b>	<b>529</b>	<b>593</b>	<b>↑ 64</b>	<b>(8)</b>	<b>(22)</b>	<b>↓ (13)</b>

+12%
loss widened

- ✓ In the production business, both revenue and income rose due to an increase in orders.
- ✓ In the program sales business, sales declined and the cost ratio rose.
- ✓ The film distribution business continued to experience difficulties.
- ✓ As a result, revenue increased but the operating loss expanded.

# Consolidated Financial Results by Business Segment



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

	Revenue			Operating income		
	FY2018 1Q	FY2019 1Q	Difference	FY2018 1Q	FY2019 1Q	Difference
Content	588	760	172	(14)	95	110
Broadcast	722	692	(30)	41	79	38
Studio	529	593	64	(8)	(22)	(13)
<b>Technology</b>	<b>628</b>	<b>690</b>	<b>62</b>	<b>100</b>	<b>110</b>	<b>9</b>
			<b>+10%</b>			<b>+10%</b>

✓ Both revenue and operating income increased thanks to the expansion of new solutions and services for existing customers in CDN services.



# Consolidated Financial Results by Business Segment



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

	Revenue			Operating income		
	FY2018 1Q	FY2019 1Q	Difference	FY2018 1Q	FY2019 1Q	Difference
Content	588	760	172	(14)	95	110
Broadcast	722	692	(30)	41	79	38
Studio	529	593	64	(8)	(22)	(13)
Technology	628	690	62	100	110	9
<b>Network Sales</b>	<b>295</b>	<b>65</b>	<b>(229)</b>	<b>12</b>	<b>(1)</b>	<b>(13)</b>

(78%)
loss recorded

- ✓ Sales (sales through agents) of broadband lines remained sluggish, resulting in a significant decline in revenue.
- ✓ The startup of direct sales is taking a long time.

# Consolidated Financial Results by Business Segment



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

	Revenue			Operating income		
	FY2018 1Q	FY2019 1Q	Difference	FY2018 1Q	FY2019 1Q	Difference
Content	588	760	172	(14)	95	110
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Technology	628	690	62	100	110	9
Network Sales	295	65	(229)	12	(1)	(13)
Corporate expenses				(161)	(122)	39

- ✓ The results reflect expenses to bolster compliance and the implementation of security measures, despite the absence of the temporary expense (approximately 70 million yen) incurred the year before.

# Consolidated Financial Position



## Condition of assets, liabilities, and net assets

(Unit : Million yen)

	FY2018	FY2019 1Q	Difference	Rate of difference
Total assets	6,557	6,493	(64)	(1%)
Liabilities	3,554	3,280	(274)	(8%)
Net assets	3,003	3,213	209	7%
Shareholders' equity	2,333	2,471	137	6%
Stock acquisition rights for non-controlling shareholders	669	742	72	11%
Shareholders' equity ratio	36%	38%	—	—

(Amounts are rounded down to the nearest million yen)

### Total assets

■ While prepaid expenses increased, program accounts and lease assets decreased.

### Liabilities

■ While deposits increased, accounts payable and lease obligations declined.

### Net assets

■ Due to posting of net income, net assets increased.

# Consolidated Financial Position



Condition of Cash flow	FY2018 1Q	FY2019 1Q
Operating cash flow	(308)	120
Investing cash flow	(22)	(51)
Financing cash flow	(72)	(75)
Changes in cash and cash equivalents	(405)	(6)
Year-end balance of cash and cash equivalents	1,211	1,863

(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.

<b>Operating cash flow</b>	<ul style="list-style-type: none"> <li>A cash inflow of 120 million yen mainly due to the posting of 183 million yen as income before income taxes, a decrease in inventories, and income tax refunds for past fiscal years</li> </ul>
<b>Investing cash flow</b>	<ul style="list-style-type: none"> <li>A cash outflow of 51 million yen chiefly due to the acquisition of non-current assets and payments for lending.</li> </ul>
<b>Financing cash flow</b>	<ul style="list-style-type: none"> <li>A cash outflow of 75 million yen mainly due to the repayment of lease obligations.</li> </ul>

# **Financial Summary for the First Quarter of FY2019**

## **Topics**

### **[ Reference Documents ]**

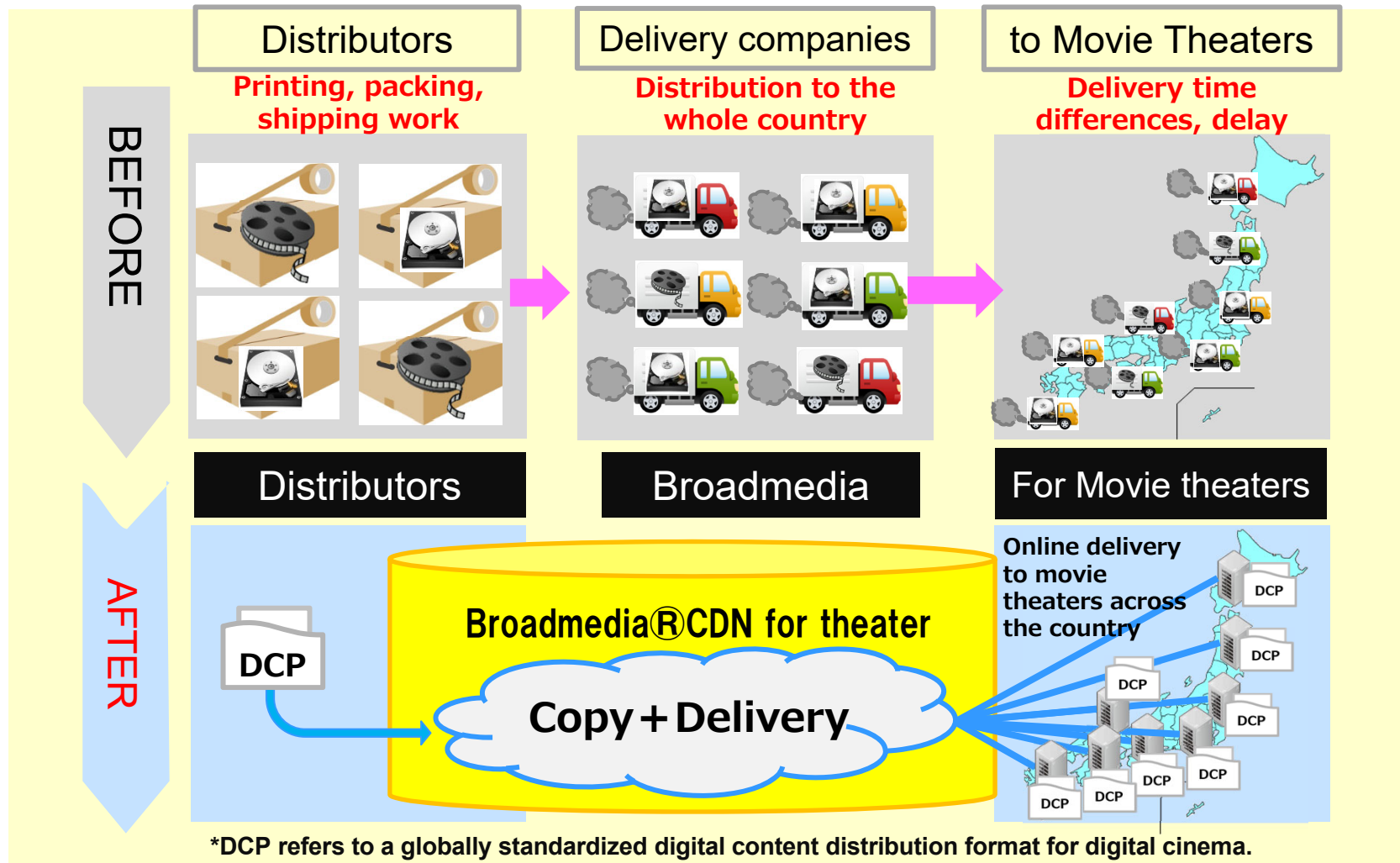
- **Results by Business Segment**

# Technology Service

## - Broadmedia®CDN for theater -



- Started delivering full movies of Hollywood major studios via the Internet



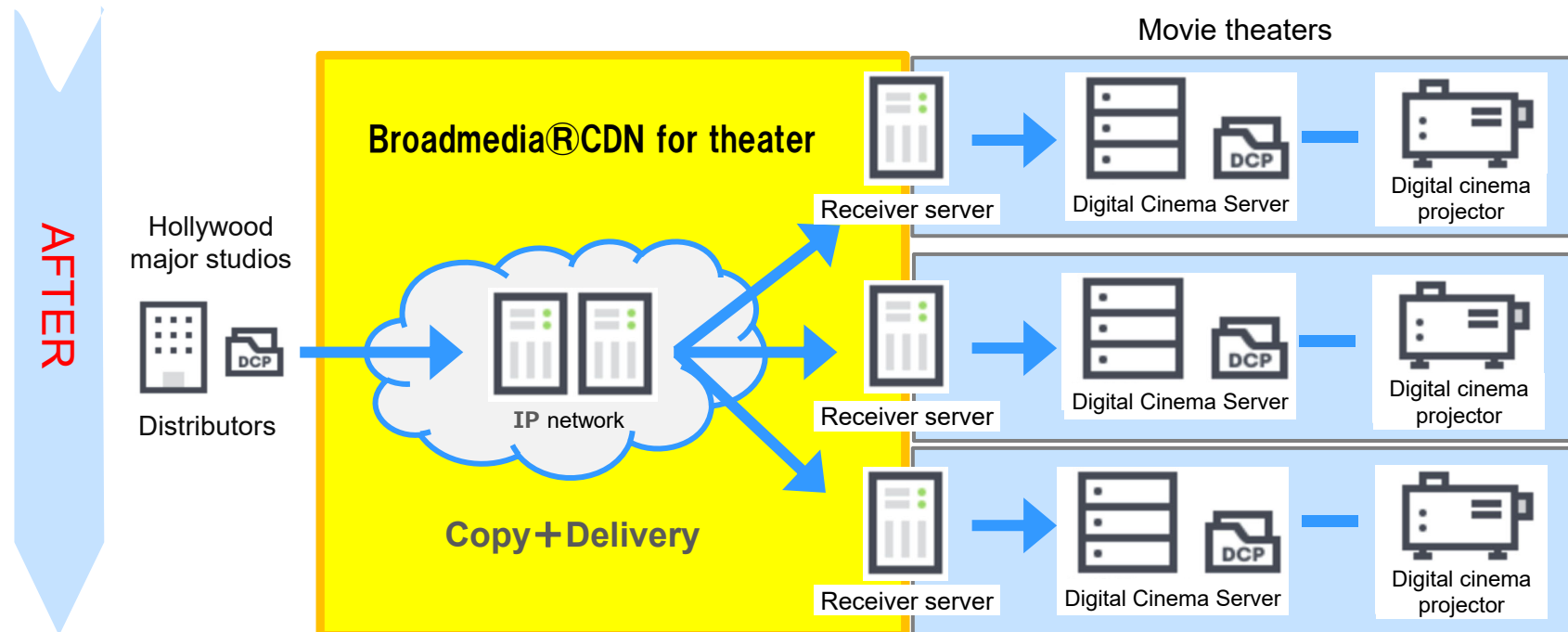
# Technology Service

## - Broadmedia®CDN for theater -



Broadmedia

- Started delivering full movies of Hollywood major studios via the Internet



\*DCP refers to a globally standardized digital content distribution format for digital cinema.

⇒ Increase the delivery of full movies to  
movie theaters  
(Technology Service × Studio)

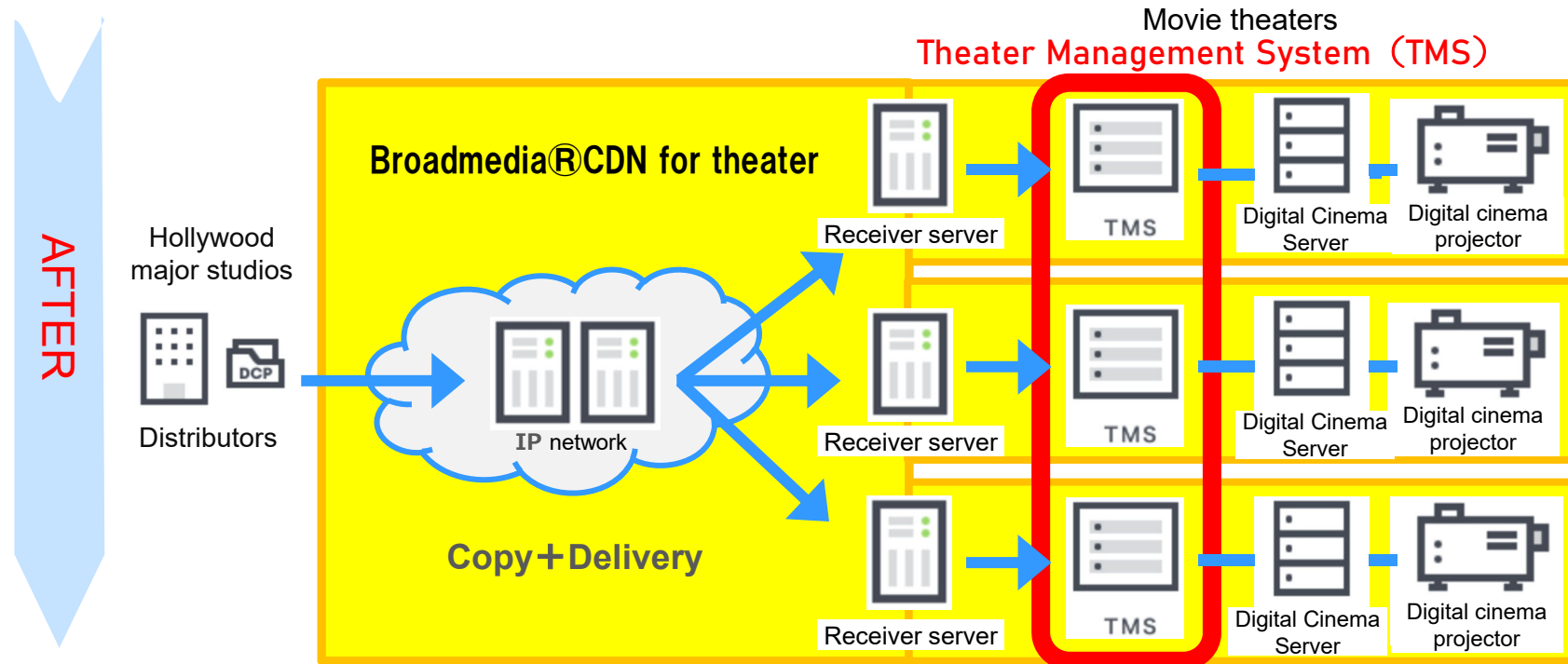
# Technology Service

## - Broadmedia®CDN for theater -



Broadmedia

- Contribute to improvements in the film industry's operation efficiency through the combination of CDN and TMS.



\*TMS refers to software that comprehensively manages digital cinema facilities installed in movie theaters.  
(Content transfer, replay/stop, schedule registration and the preparation and transfer of reports on movies screened)



⇒ **Expand sales of digital cinema equipment to movie theaters.**

( Technology Service × Studio )



# Content

## - Digital Media Services -



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A source for the latest trends, designed for women who wish to lead active, joyful lives

# “Crank In! Trend”

行きたい & 欲しいが  
きっとみつける

クラクイン!

trend



<https://www.crank-in.net/trend/>

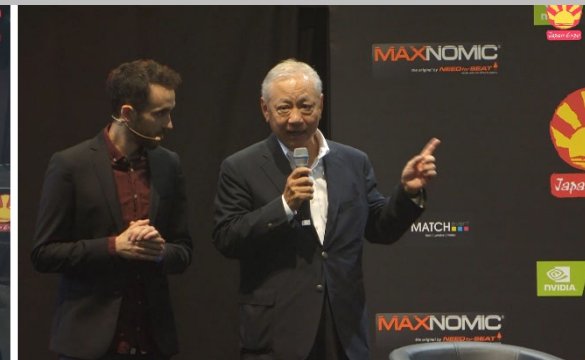
# Content

## - Educational Services -



International eSports events at the 20th Japan Expo  
- at Nord Villepinte in Paris, France from July 4, 2019 to July 7, 2019 -

Students of Renaissance Academy played matches against French students and Japanese/French professional gamers. There was a packed audience every day.





# Studio

## - Theatrical Distribution -



Broadmedia

## Film *Angel Face*

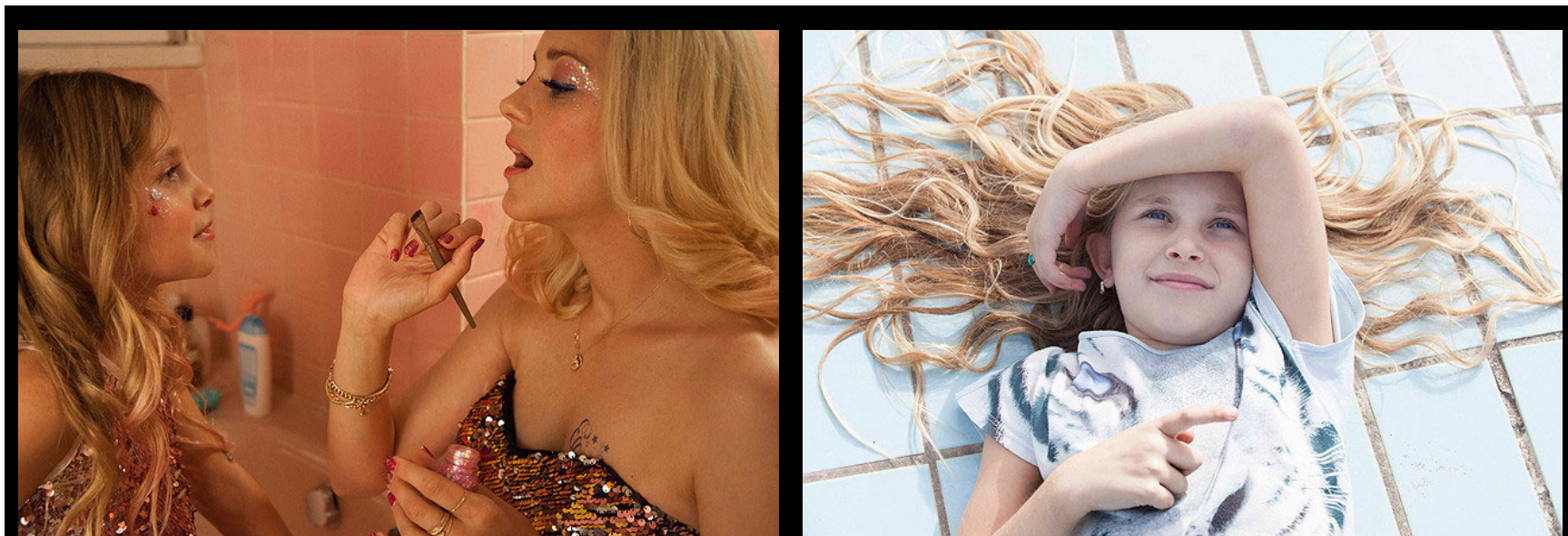
starring Marion Cotillard

to be released progressively at theaters nationwide including  
Yurakucho Subaru-za from August 10 (Sat.)



SÉLECTION OFFICIELLE  
**UN CERTAIN REGARD**  
FESTIVAL DE CANNES

*Angel Face* tells a story about the affection that a mother who does not know how to provide love and a daughter who has no experience of being loved struggle to establish with each other.



© 2018 WINDY PRODUCTION – MOANA FILMS – MARS FILMS LYNK HOLDINGS LIMITED – MY UNITY PRODUCTION

# Thank you for your attention.



**Broadmedia**

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# Financial Summary for the First Quarter of FY2019



## Topics

### **[ Reference Documents ]**

- **Results by Business Segment**

# Consolidated Financial Results by Business Segment – Content –



	Revenue			Operating income		
	FY2018 1Q	FY2019 1Q	Difference	FY2018 1Q	FY2019 1Q	Difference
Content	588	760	 172	(14)	95	 110

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

- In educational services, both revenue and income increased due to the record high number of new students.
- Digital media services returned to profitability because revenue increased due to strong advertising revenues and VOD services.
- Sales increased and operating loss declined in the cloud gaming business.

### ◆ Cloud Gaming services

- Cloud gaming: “G-cluster”
- Cloud game apps for smartphones
- Providing platform for telcos

### ◆ Digital Media services



- “Crank in !”
- “Crank in ! Video”
- “Crank in ! Comic”

### ◆ Educational services

- Renaissance High School
- Renaissance Toyota High School
- Renaissance Osaka High School

# Consolidated Financial Results by Business Segment – Broadcast –



	Revenue			Operating income		
	FY2018 1Q	FY2019 1Q	Difference	FY2018 1Q	FY2019 1Q	Difference
Broadcast	722	692	 (30)	41	79	 38

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



- Revenue decreased due to a downward trend in subscription revenue.
- Operating income increased through continuous efforts to reduce costs on a full scale.

## ◆ “*Fishing Vision*”, a channel dedicated to fishing programs

- Satellite basic broadcasting (BS broadcasting)
- Distribution of “*Fishing Vision*” mainly to cable operators
- Others

# Consolidated Financial Results by Business Segment – Studio –



	Revenue			Operating income		
	FY2018 1Q	FY2019 1Q	Difference	FY2018 1Q	FY2019 1Q	Difference
Studio	529	593	 64	(8)	(22)	 (13)

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

- In the production business, both revenue and income rose due to an increase in orders.
- In the program sales business, sales declined and the cost ratio rose.
- The film distribution business continued to experience difficulties.
- As a result, revenue increased but the operating loss expanded.

## ◆ Production business

- Production of Japanese subtitles
- Production of Japanese dubs
- Production of teletext data
- Production of program promotions

## ◆ Film distribution business

- Production and distribution of theatrical films
- Sales of DVD and Blu-ray titles
- Sales of TV broadcasting rights
- Sales of VOD rights



## ◆ Program sales business

- Provisioning of Hollywood and other movies to TV stations.



# Consolidated Financial Results by Business Segment – Technology –



	Revenue			Operating income		
	FY2018 1Q	FY2019 1Q	Difference	FY2018 1Q	FY2019 1Q	Difference
Technology	628	690	 62	100	110	 9

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

- Both revenue and operating income increased thanks to the expansion of new solutions and services for existing customers in CDN services.

### ◆ CDN services

- Broadmedia®CDN CM online
- Broadmedia Technologies' CDN service etc.

### ◆ Hospitality network

- Provisioning of Internet services to hotel guest rooms, conference rooms, etc.

### ◆ Digital cinema services

- Broadmedia®CDN for theaters
- Sales and rental services of distribution equipment, etc.
- Provisioning of VPF services

### ◆ Other solution services

- Private network "Aryaka"
- a Conversational AI Platform "Passage AI "

# Consolidated Financial Results by Business Segment – Network Sales –



	Revenue			Operating income		
	FY2018 1Q	FY2019 1Q	Difference	FY2018 1Q	FY2019 1Q	Difference
Network Sales	295	65	(229)	12	(1)	(13)

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


- Sales (sales through agents) of broadband lines remained sluggish, resulting in a significant decline in revenue.
- The startup of direct sales is taking a long time.

◆ Sales of ISP services

◆ Sales of broadband lines

◆ Others

# Consolidated Financial Results by Business Segment – Corporate expenses – Broadmedia

	Operating income		
	FY2018 1Q	FY2019 1Q	Difference
Corporate expenses	(161)	(122)	 39

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

- The results reflect expenses to bolster compliance and the implementation of security measures, despite the absence of the temporary expense (approximately 70 million yen) incurred the year before.

◆ Expenses and income for the administrative division of the Group headquarters (Broadmedia)

**We aim to contribute to the development of a more affluent community through the dissemination of high quality products and services that are derived from creativity.**

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



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