



Broadmedia

Summary of Financial Results for the First Three Quarters of the Fiscal Year Ending March 31, 2020

Broadmedia Corporation

January 30, 2020

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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Consolidated Results for the First Three Quarters of FY2019

Topics

[Reference Documents]

- **Results by Business Segment**

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



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

	FY2018 3Q	FY2019 3Q	Difference	Financial Forecasts (announced on Oct. 30)	Achievement ratio
Revenue	8,301	8,433	↑ 132	12,000	71%
Operating income	31	376	↑ 345	450	84%
Ordinary income	60	481	↑ 421	510	95%
Net income	(39)	350	↑ 390	340	103%

Overview

< Revenue & Operating Income >

- Revenue increased year on year, and operating income rose significantly.
- Revenue decreased in Network Sales with low profitability.
- Operating income increased significantly due to a rise in revenue in Content and Technology, with high profitability, and an improvement in profitability in Broadcast.

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



Broadmedia

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

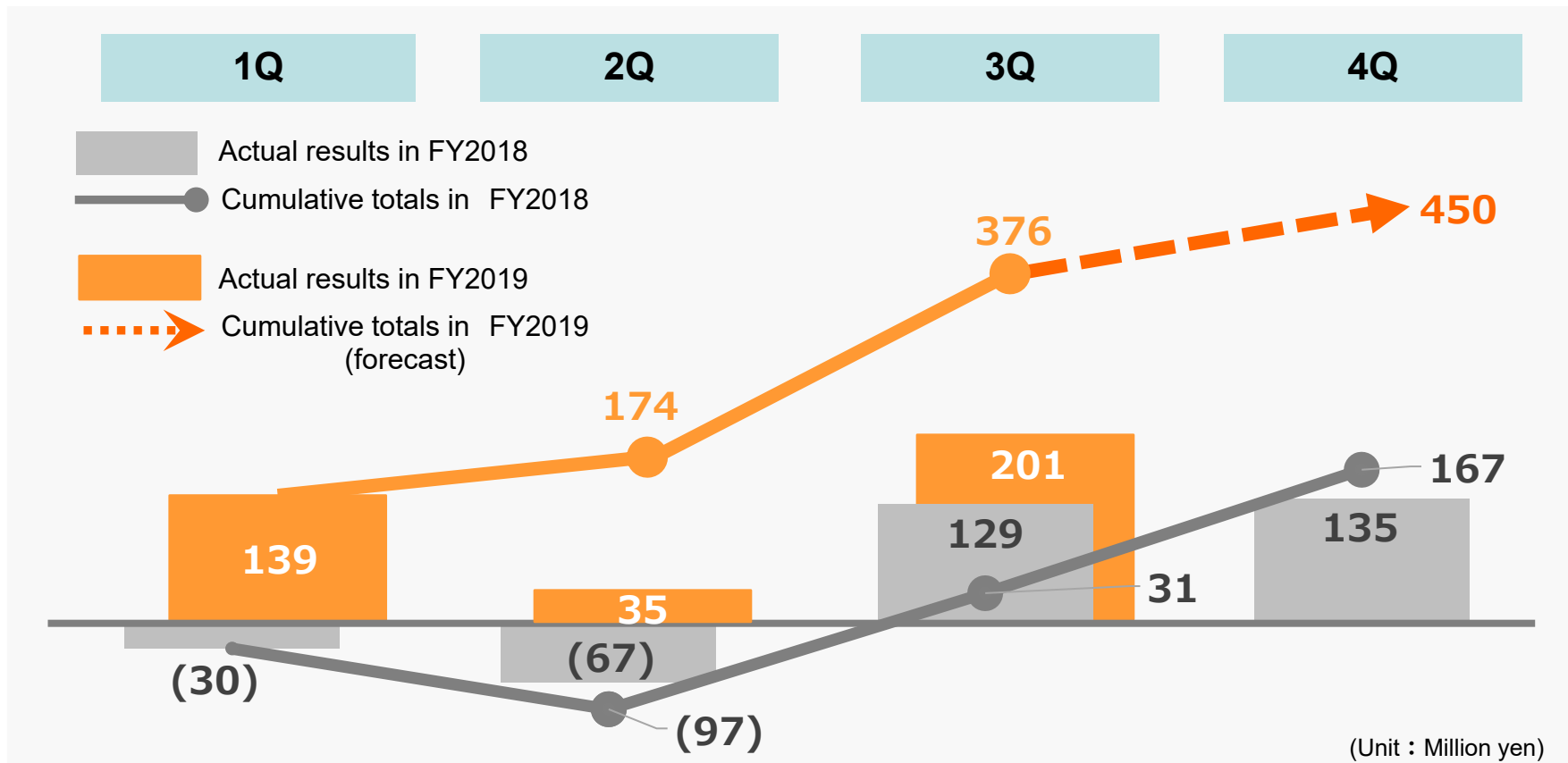
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Overview

< Ordinary income & Net Income >

- Ordinary income also increased, mainly due to the receipt of insurance proceeds in the first half, in addition to a significant rise in operating income.
- Net income also increased, chiefly due to local tax refunds at Fishing Vision in the first half and the posting of some of the settlement money for damage suits as extraordinary income, in addition to higher ordinary income.

Changes in operating income



- Operating income remained strong until the end of the third quarter, exceeding the forecast.
- Operating income for the full year is highly likely to achieve the forecast.

Consolidated Financial Results by Business Segment



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

	Revenue			Operating income		
	FY2018 3Q	FY2019 3Q	Difference	FY2018 3Q	FY2019 3Q	Difference
Content	1,768	2,237	↑ 469	34	202	↑ 167
Broadcast	2,192	2,098	↓ (94)	147	230	↑ 82
Studio	1,669	1,820	↑ 150	(31)	(64)	↓ (32)
Technology	1,934	2,162	↑ 227	321	370	↑ 49
Network Sales	735	115	↓ (620)	24	(15)	↓ (39)
Corporate expenses				(463)	(346)	↑ 117
Total	8,301	8,433	↑ 132	31	376	↑ 345

- ✓ 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		
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Corporate expenses				(463)	(346)	↑ 117
Total	8,301	8,433	↑ 132	31	376	↑ 345

- ✓ Technology achieved a significant increase in operating income in the third quarter (October – December).
- ✓ Corporate expenses decreased significantly due to the absence of special factors in the previous fiscal year.
- 7 ✓ We will proceed with the preparations for the integration of six subsidiaries in April 2020.

Consolidated Financial Position



Condition of assets, liabilities, and net assets

(Unit : Million yen)

	FY2018	FY2019 3Q	Difference	Rate of difference
Total assets	6,557	6,807	249	4%
Liabilities	3,554	3,331	(223)	(6%)
Net assets	3,003	3,476	472	16%
Shareholders' equity	2,333	2,641	307	13%
Stock acquisition rights for non-controlling shareholders	669	835	165	25%
Shareholders' equity ratio	36%	39%	—	—

(Amounts are rounded down to the nearest million yen)

- Total assets : While program accounts, etc. decreased, cash and accounts receivable increased.
- Liabilities : While deposits received increased, accounts payable and advances received decreased.
- Net assets : Due to posting of net income, net assets increased.
- As the business performance improves, the financial structure is becoming sounder.

Consolidated Financial Position



Condition of Cash flow	FY2018 3Q	FY2019 3Q
Operating cash flow	(245)	728
Investing cash flow	(3)	(250)
Financing cash flow	(49)	(128)
Changes in cash and cash equivalents	(298)	352
Year-end balance of cash and cash equivalents	1,317	2,225

(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	<ul style="list-style-type: none"> A cash inflow of 728 million yen due to a decrease in inventories, the receipt of settlement money and income tax refunds for past fiscal years, despite a fall in advances received.
Investing cash flow	<ul style="list-style-type: none"> A cash outflow of 250 million yen due to the acquisition of non-current assets, payments for lending and the underwriting of convertible bonds of a new alliance partner.
Financing cash flow	<ul style="list-style-type: none"> A cash outflow of 128 million yen due to the repayment of lease obligations, despite the issuance of straight bonds (100 million yen).

Consolidated Results for the First Three Quarters of FY2019

Topics

[Reference Documents]

- **Results by Business Segment**

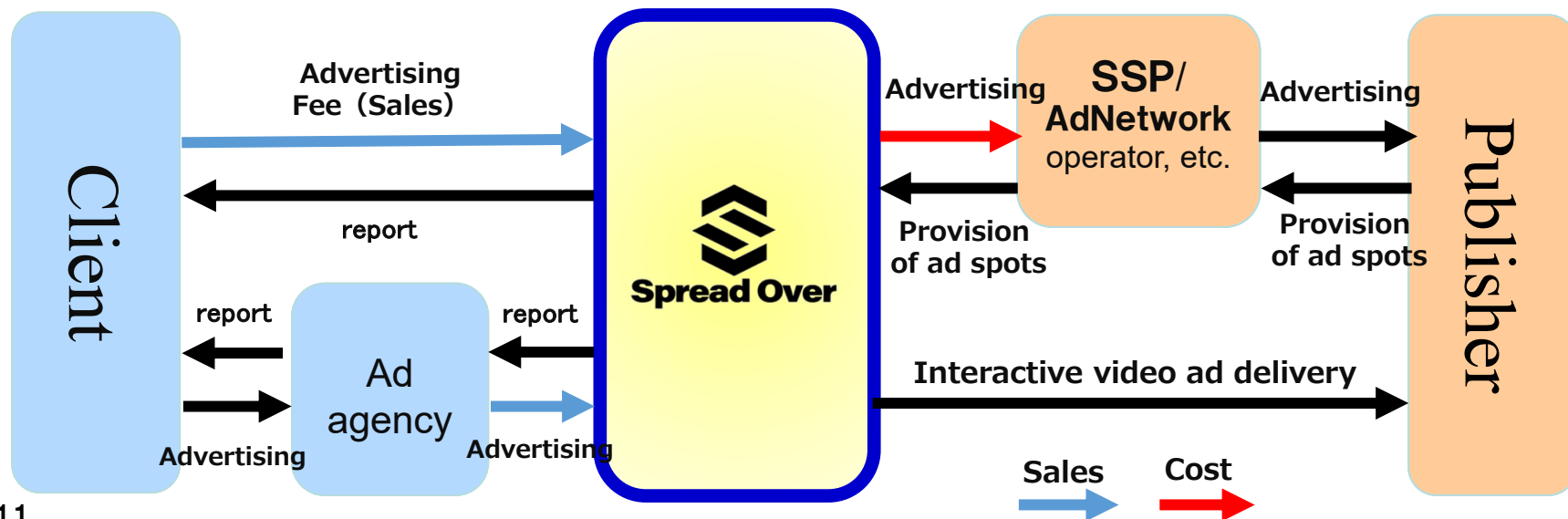


December in 2019,

We subscribed for convertible bonds of Spread Over, Inc.

<https://www.spread-over.com/>

1. Customer and partner of our CDN services
2. Provides an independently developed interactive video distribution platform
3. Production technology of videos that are watched until the end



We will cooperate in contributing to local communities through “ICT x eSports,” which NTTe-Sports Inc.* is aiming for.

* NTT East announced the establishment of NTTe-Sports Inc., a new company in the area of eSports, on January 21, 2020.

[We submitted the following endorsement in response to this announcement.]

We extend our warmest congratulations on the establishment of the new company. The new company is very timely because the further development of eSports-related markets in Japan is expected, and we believe that the new company will make a significant contribution to the dissemination and development of eSports in Japan in the years to come. We will do our best to play a part in this endeavor, taking advantage of our strength of offering an eSports course for high school students as a Group business.

January in 2020,

Basic agreement on the acquisition of a professional eSports team

“CYCLOPS athlete gaming”

⇒ Professional eSports team with its activity base in Osaka



1. Being one of Japan's top five teams, it is very well known, particularly in Osaka.
2. The Renaissance High School Group has been supporting it as a sponsor.

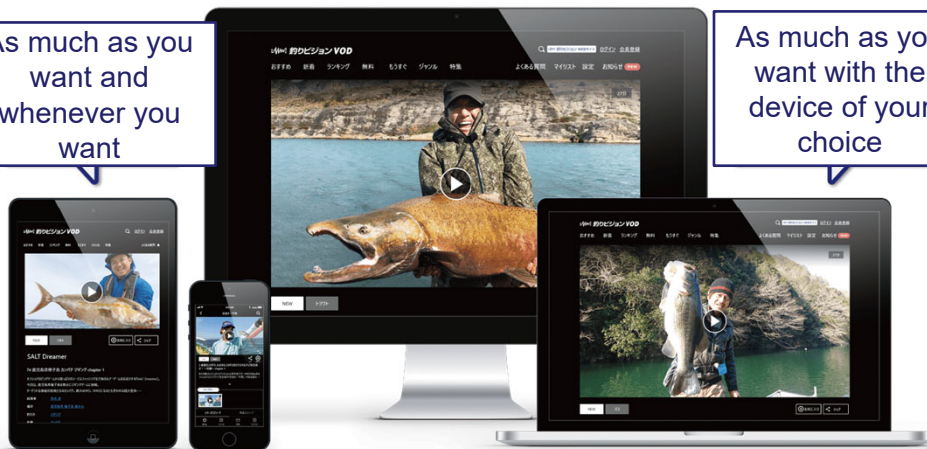
We aim to cultivate eSports-related businesses by creating synergies with educational services, cloud gaming and distribution technology.



The new service will commence in spring 2020.

釣りビジョン VOD

As much as you want and whenever you want



As much as you want with the device of your choice

You can watch **more than 5,000** videos.

Around 100 videos will be added every month.

+

New programs are streamed the same day they are broadcast !

*The images above are for illustrative purposes only. They differ from actual images.

*Some programs are distributed on different days and time.

The business is expanding with two pillars of broadcasting and Internet delivery.

Studio

- Theatrical Distribution -



Broadmedia

An official invitation to the 70th Berlin International Film Festival
(Generation Section) has been received.

The background of the poster is a scenic landscape with a white gazebo in the foreground, surrounded by trees and hills. The title 'Film The Phone of the Wind' is overlaid in white serif font.

Film **The Phone
of the Wind**

Serena Motola モトセラ世理奈
Hidetoshi Nishijima 西島秀俊
Toshiyuki Nishida 西田敏行
Tomokazu Miura 三浦友和

released in theaters nationwide including Shinjuku
Piccadilly on January 24 (Fri), 2020

Thank you for your attention.



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Consolidated Results for the First Three Quarters of FY2019

Topics

[Reference Documents]

- **Results by Business Segment**

Consolidated Financial Results by Business Segment – Content –



	Revenue			Operating income		
	FY2018 3Q	FY2019 3Q	Difference	FY2018 3Q	FY2019 3Q	Difference
Content	1,768	2,237	↑ 469	34	202	↑ 167

(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”
- “Crank in ! Trend”

◆ Educational services

- Renaissance High School
- Renaissance Toyota High School
- Renaissance Osaka High School
- Operation of Japanese language training and training courses for Japanese-language teachers

Consolidated Financial Results by Business Segment – Broadcast –



	Revenue			Operating income		
	FY2018 3Q	FY2019 3Q	Difference	FY2018 3Q	FY2019 3Q	Difference
Broadcast	2,192	2,098	(94)	147	230	82

(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 3Q	FY2019 3Q	Difference	FY2018 3Q	FY2019 3Q	Difference
Studio	1,669	1,820	150	(31)	(64)	(32)

(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 increased but 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 3Q	FY2019 3Q	Difference	FY2018 3Q	FY2019 3Q	Difference
Technology	1,934	2,162	↑ 227	321	370	↑ 49

(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 3Q	FY2019 3Q	Difference	FY2018 3Q	FY2019 3Q	Difference
Network Sales	735	115	(620)	24	(15)	(39)

(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.
- Restructuring of business 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 3Q	FY2019 3Q	Difference
Corporate expenses	(463)	(346)	 117

(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 150 million yen) incurred the year before.

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

Content

- Educational Services -



ルネサンス・アカデミー株式会社



Broadmedia

January 24, 2020

The Renaissance High School Group formed an alliance with A.ver Inc.

A come-from-behind success in an examination with a low pass rate for preferred university with a unique learning method (“Takeda-juku route”)

日本初！授業をしない。

武田塾 

Support students' dreams with a partnership with the alliance partner.

Content

- cloud gaming business -



Broadmedia

Air traffic control puzzle game

“I am an Air Traffic Controller 4 Naha”

Cloud game app for smartphones and tablets

Distribution begins on Thursday, January 30, 2020.



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

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



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