



# Summary of Financial Results for the Fiscal Year Ending March 31, 2021

**Broadmedia Corporation**

**April 28, 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.



# **Summary of Financial Results for FY2020**

**Financial Forecasts for FY2021**

**Shareholder Return**

**Restricted Stock Compensation Plan for Employees**

**[Reference Documents]**

- Business Segment Content**
- Topics**

# Consolidated Financial Results for FY2020 (year over year)

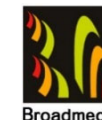


(Unit: Million yen)(Amounts are rounded down to the nearest million yen)

	FY 2019	FY 2020	Difference	Rate of difference	Financial Forecasts (announced on Oct. 30)	Achievement ratio
Revenue	11,506	10,991	↓ (515)	(4%)	11,000	100%
Operating income	505	478	↓ (26)	(5%)	400	120%
Ordinary income	627	476	↓ (150)	(24%)	400	119%
Net income	411	151	↓ (260)	(63%)	190	80%

- ✓ Revenue and operating income decreased year on year due to the Covid-19 pandemic.
- ✓ Ordinary income decreased in the absence of insurance proceeds.
- ✓ Net income declined sharply due to the effects of an impairment loss (-104 million yen) from cloud solutions, in addition to the absence of settlement proceeds for lawsuits (122 million yen) and a corporate tax refund (56 million yen) recorded in the previous year.

# Consolidated Financial Results for FY2020 (compared to earnings forecast)

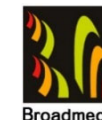


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Ordinary income	627	476	(150)	(24%)	400	119%
Net income	411	151	(260)	(63%)	190	80%

- ✓ Revenue almost reached the consolidated earnings forecast.  
Operating income and ordinary income exceeded the forecast.
- ✓ Net income fell short of the forecast due to an impairment loss.

# Consolidated Financial Results for FY2020 (compared to the 4Q accounting period)

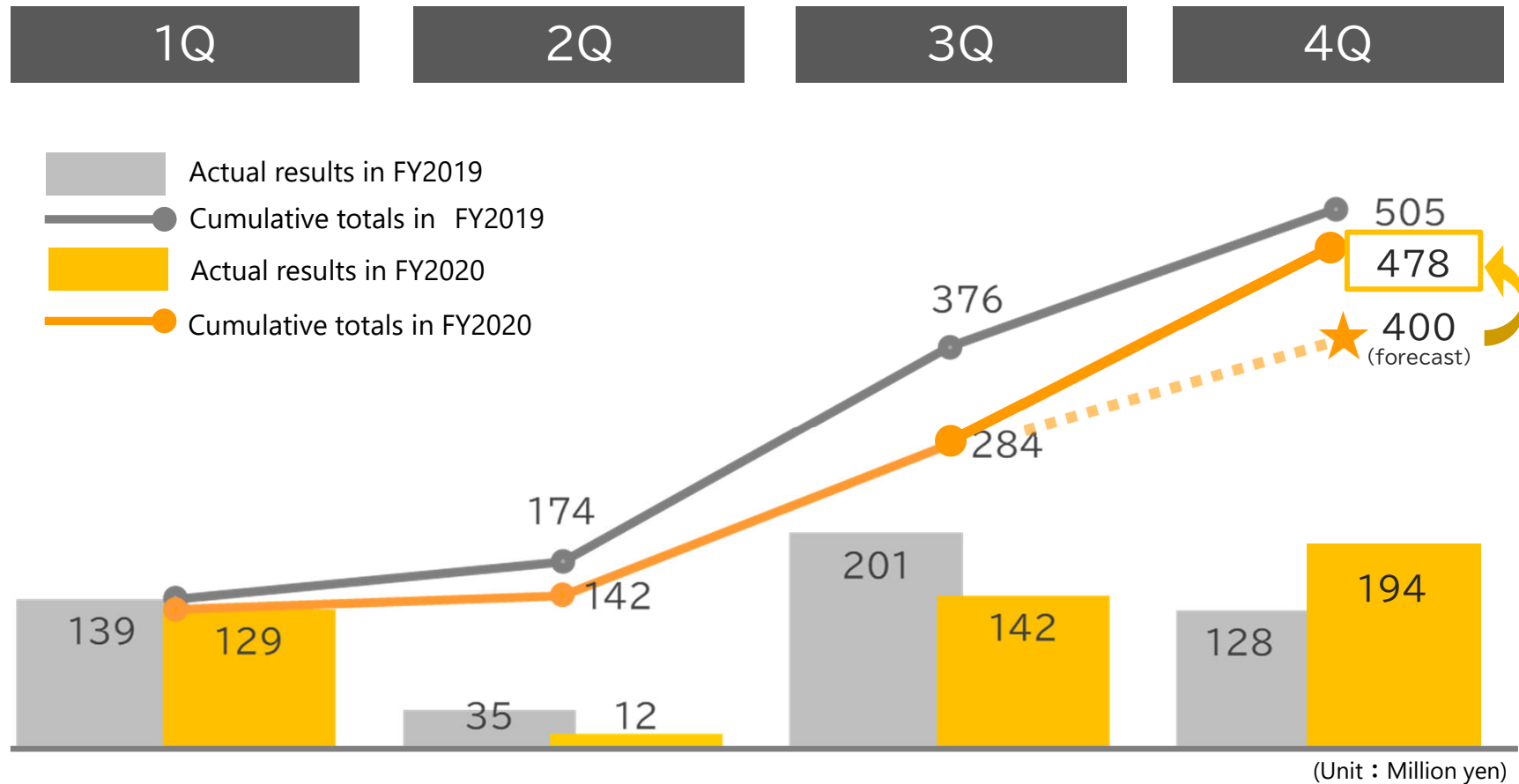


(Unit: Million yen)(Amounts are rounded down to the nearest million yen)

	FY 2019 4Q	FY 2020 4Q	Difference	Rate of difference
Revenue	3,073	2,932	(140)	(5%)
Operating income	128	194	65	51%
Ordinary income	146	197	51	35%
Net income	61	136	75	124%

- ✓ In the fourth quarter (January through March), revenue decreased year on year and income increased.
- ✓ Net income rose significantly and made a substantial contribution to the full-year result.

# Changes in Operating Income (year over year)



In the first three quarters, operating income was less than the year-ago level. In the fourth quarter, the Education segment performed well, and the loss in the Studio & Content segment shrank.

# Consolidated Financial Results by Business Segment

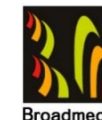


(Unit: Million yen)(Amounts are rounded down to the nearest million yen)

	Revenue			Operating income		
	FY 2019	FY 2020	Difference	FY 2019	FY 2020	Difference
Education	1,969	2,297	328	377	596	218
Studio & Content	3,261	2,729	(532)	(137)	(156)	(18)
Broadcast	2,802	2,681	(121)	292	319	27
Technology	3,473	3,282	(190)	449	304	(144)
Corporate expenses				(476)	(585)	(108)
<b>Total</b>	<b>11,506</b>	<b>10,991</b>	(515)	<b>505</b>	<b>478</b>	(26)

\* We have changed the reporting segment from the 1Q of 2020.  
The numbers for FY2019 are shown after being reclassified under the new segment.

# Consolidated Financial Results by Business Segment



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

	Revenue			Operating income		
	FY 2019	FY 2020	Difference	FY 2019	FY 2020	Difference
Education	1,969	2,297	328	377	596	218
			+17%			+58%

- ✓ The number of new students reached a new record high following the previous year, increasing revenue and operating income.
- ✓ This segment continued to be a positive driver for the consolidated financial results.

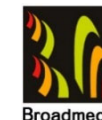
◆ Operation of online credit-based e-learning high schools

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		
	FY 2019	FY 2020	Difference	FY 2019	FY 2020	Difference
Studio & Content	3,261	2,729	↓ (532)	(137)	(156)	↓ (18)
			+17%			+58%

- ✓ With the segment affected as a whole by the COVID-19 pandemic, revenue decreased, resulting in a larger deficit.
- ✓ In digital media services, both revenue and income decreased due to a decline in advertising revenue, despite good performance on content delivery.
- ✓ In the content licensing business, sales of programs to TV stations decreased significantly.
- ✓ In the production business, both revenue and income fell significantly. Although the production of Japanese dubs resumed in the second half of the fiscal year, orders for them declined or were pushed back because the production of films and dramas was postponed.

◆ 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		
	FY 2019	FY 2020	Difference	FY 2019	FY 2020	Difference
Broadcast	2,802	2,681	(121)	292	319	27
			(4%)			+9%

- ✓ Subscription revenue continues to decline.
- ✓ Expenses for filming were curtailed, reflecting the voluntary refraining from filming in the first half due to the COVID-19 pandemic.
- ✓ SG&A expenses were reduced due to the postponement of promotional activities for Fishing Vision VOD.
- ✓ Revenue from sponsors, which declined in the first half, recovered and exceeded the previous year's level in the second half (October-March).

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

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

# Consolidated Financial Results by Business Segment



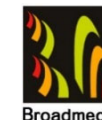
(Unit: Million yen)(Amounts are rounded down to the nearest million yen)

	Revenue			Operating income		
	FY 2019	FY 2020	Difference	FY 2019	FY 2020	Difference
Technology	3,473	3,282	(190)	449	304	(144)
			(5%)			(32%)

- ✓ CDN (Akamai) services maintained good performance.
- ✓ The 10-year period for VPF services (digital cinema) expired, and the posting of relevant revenue from film distributors ended in the first half.
- ✓ Delivery services (digital cinema services) remained sluggish, partly reflecting the temporary closure of movie theaters and the postponement of new movie releases due to the Covid-19 pandemic.
- ✓ Cloud solutions suffered lower-than-expected revenues from the platforms of partner companies, as well as a decline in development orders, despite strong sales of apps in particular.

- ◆ CDN services
- ◆ Cloud solution services
- ◆ Digital cinema services
- ◆ Hospitality network
- ◆ Network sales
- ◆ Other solution services

# Consolidated Financial Results by Business Segment



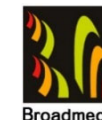
(Unit: Million yen)(Amounts are rounded down to the nearest million yen)

	Operating income		
	FY 2019	FY 2020	Difference
Corporate expenses	(476)	(585)	(108)
			23% cost increase

- ✓ Administrative staff members who belonged to respective subsidiaries and expenses for company operations were consolidated as a result of the integration of the Group companies.
- ✓ Temporary expenses arose as a result of the change to the record date for the general meeting of shareholders.
- ✓ On the other hand, tax expenses decreased due to the implementation of capital reduction.

- ◆ 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)

	FY 2019	FY 2020	Difference	Rate of difference
Total assets	7,408	6,994	(414)	(6%)
Liabilities	3,856	3,287	(568)	(15%)
Net assets	3,552	3,706	154	4%
Shareholders' equity	2,693	2,748	54	2%
Stock acquisition rights for non-controlling shareholders	858	957	99	12%
Shareholders' equity ratio	36%	39%	—	—

### Total assets

While prepaid expenses increased, cash and deposits and program accounts decreased.

### Liabilities

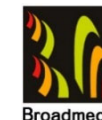
While advances received increased, deposits received and lease obligations, among other liabilities, decreased.

### Net assets

Net assets increased due to the recording of net income.  
Acquisition of treasury stock (-153 million yen).  
Disposal of treasury shares as restricted stock compensation for employees (54 million yen).

Shareholders' equity includes the earned surplus of 2,390 million yen.

# Consolidated Financial Position



Condition of Cash flow	FY 2019	FY 2020
Operating cash flow	1,991	558
Investing cash flow	(256)	(136)
Financing cash flow	(235)	(432)
Changes in cash and cash equivalents	1,501	(6)
Year-end balance of cash and cash equivalents	3,374	3,368

(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 558 million yen, mainly due to the posting of 354 million yen as profit before income taxes, a decrease in inventories and an increase in advances received.

## Investing cash flow

Cash outflow of 136 million yen, mainly due to the acquisition of fixed assets, despite the collection of loans.

## Financing cash flow

Cash outflow of 432 million yen due to expenditures for treasury acquisition, return of corporate bonds and the repayment of lease obligations.



# Summary of Financial Results for FY2020

## **Financial Forecasts for FY2021**

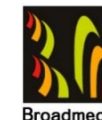
## Shareholder Return

## Restricted Stock Compensation Plan for Employees

### **【Reference Documents】**

- **Business Segment Content**
- **Topics**

# Consolidated Financial Forecasts



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

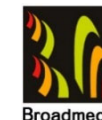
	FY 2020 Results	FY 2021 Annual Forecasts	Difference	Rate of difference
Revenue	10,991	12,000	↑ 1,009	9%
Operating income	478	600	↑ 122	26%
Ordinary income	476	600	↑ 124	26%
Net income	151	400	↑ 249	165%

- ✓ Revenue is expected to increase in all segments.
- ✓ Although operating income in the Broadcast segment is likely to decline, overall operating income, ordinary income and net income are forecast to increase, reflecting increases in income in all segments except Broadcast.
- ✓ The curtailment of tax expenses due to the management integration contributed to the increase in net income.

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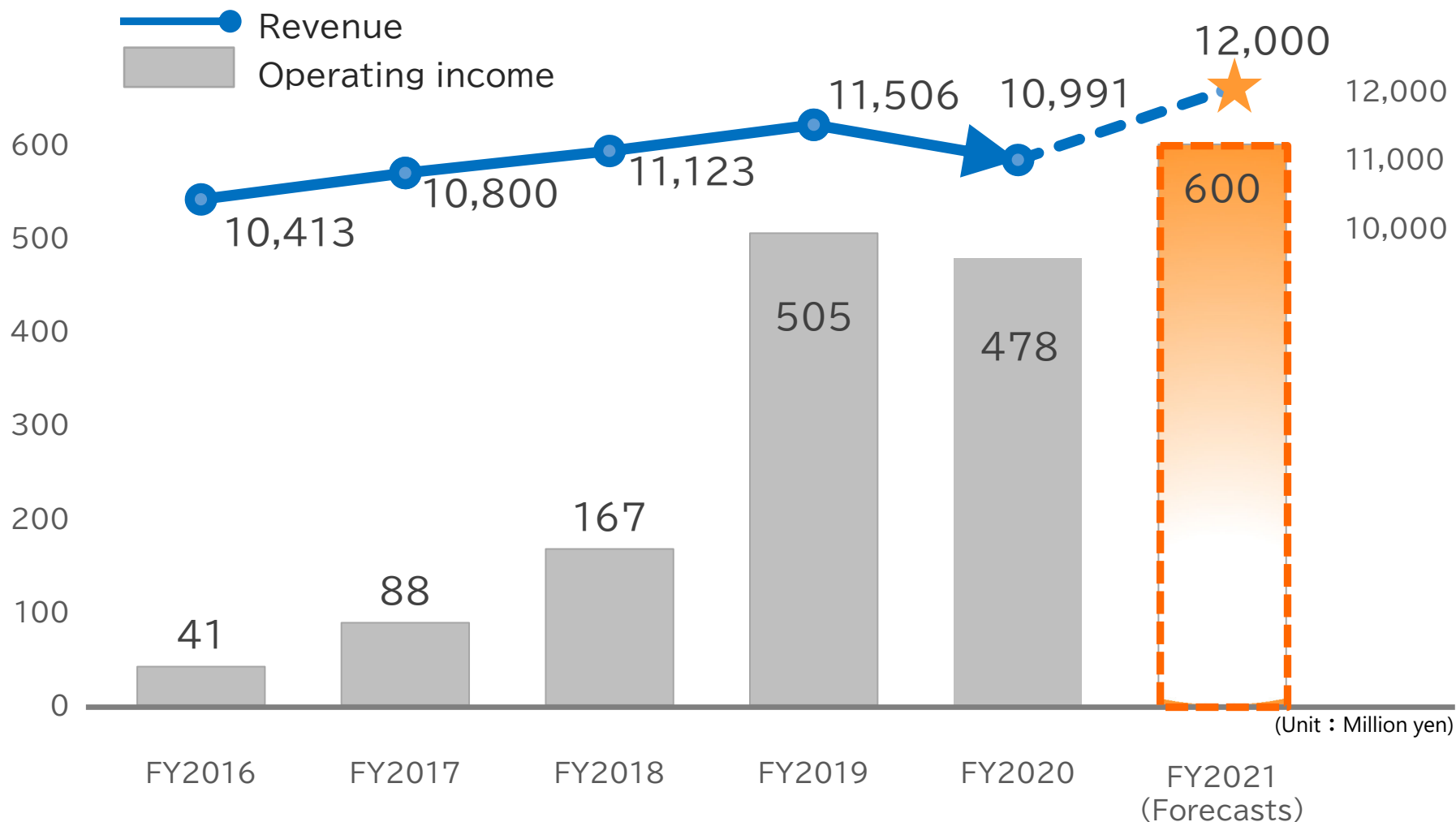


# Financial Forecasts – Key Points



Segment	Forecasts	Factors
Education	Both revenue and income will rise.	<ul style="list-style-type: none"> <li>With new facilities, including the Yokohama Campus, the number of new students is expected to increase.</li> <li>Growth in e-sports is expected.</li> </ul>
Studio & Content	Revenue will rise and income will improve.	<ul style="list-style-type: none"> <li>The number of advertisements posted on entertainment/information websites and the average advertising price are expected to improve.</li> <li>Orders in the Japanese dubs production business are expected to increase.</li> </ul>
Broadcast	Revenue will rise, and income will fall.	<ul style="list-style-type: none"> <li>Revenue is forecast to increase, reflecting a recovery in revenue from sponsors and events to be held.</li> <li>Active promotional activities for Fishing Vision VOD.</li> </ul>
Technology	Both revenue and income will rise.	<ul style="list-style-type: none"> <li>CDN (Akamai) services are likely to expand.</li> <li>CM Online service and delivery services (digital cinema) are expected to grow.</li> </ul>
Corporate expenses	Expenses will rise.	<ul style="list-style-type: none"> <li>Investment needed to improve productivity and efficiency is expected in relation to proactive security measures and the integration of the Group companies.</li> </ul>

# Full-year earnings trends and forecasts (Revenue, Operating income)

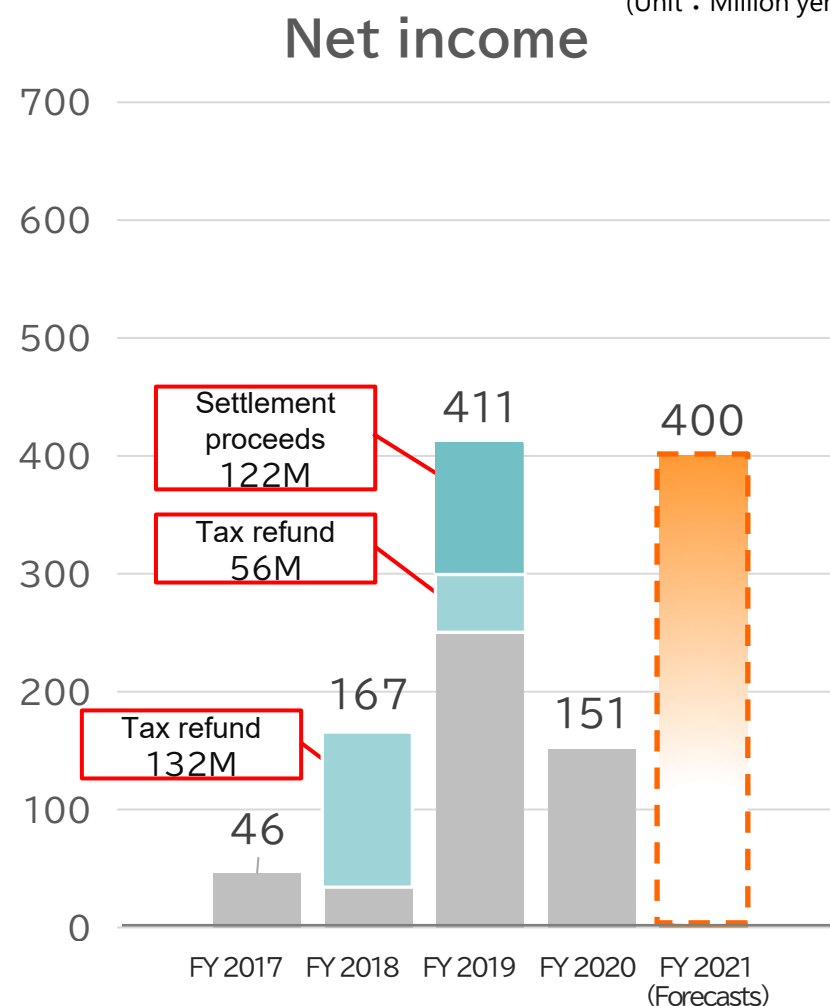
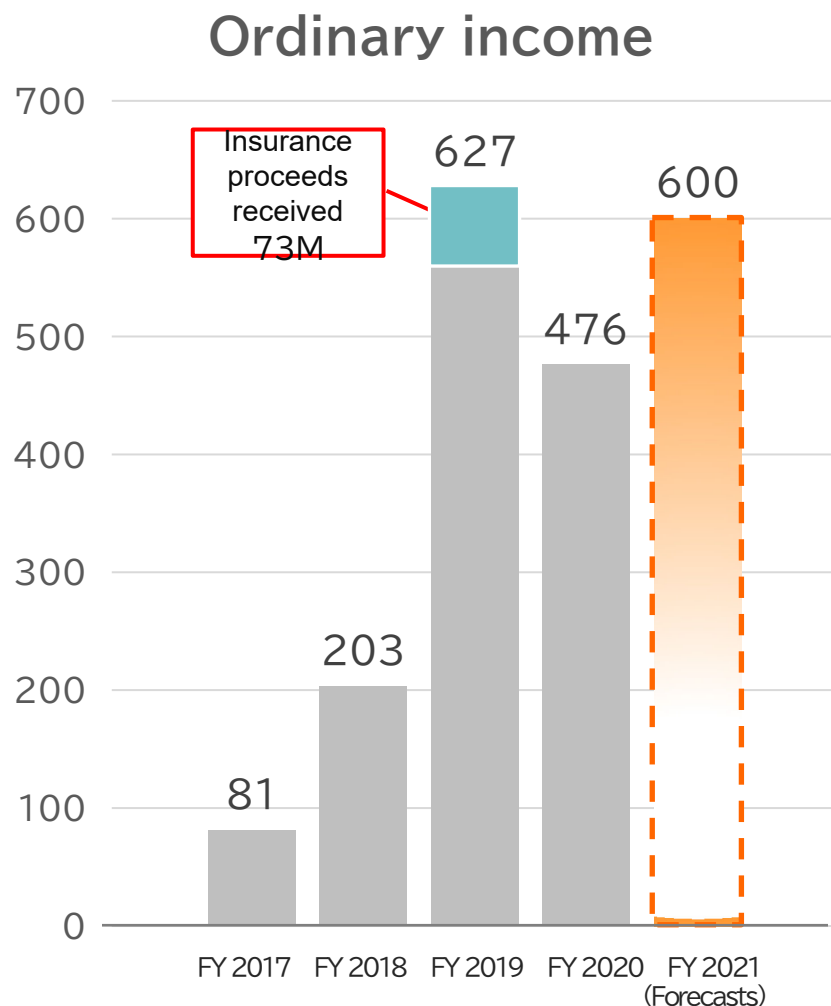


The Company aims to increase revenue and income through sustainable growth in each business.

# Full-year earnings trends and forecasts (Ordinary income, Net income)



(Unit : Million yen)



Net income is forecast to increase significantly partly due to the curtailment of tax expenses as a result of management integration.

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- Business Segment Content
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# Shareholder Return



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

- ✓ In FY2020, the Company purchased treasury stock (1.6 million shares\*).  
\*2.05% of all issued shares (excluding treasury stock)
- ✓ Unfortunately, the Company will pay no year-end dividends in FY2020.
- ✓ Dividends in FY2021 have yet to be determined.
- ✓ The Company will examine shareholder return, considering the balance with required investment.

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## **Restricted Stock Compensation Plan for Employees**

### **【Reference Documents】**

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- **Topics**

# Restricted Stock Compensation Plan for Employees



Completion of payment for disposal of treasury shares as restricted stock compensation for employees.

	Overview
Date of the disposal	March 19, 2021
Class and number of shares to be disposed of	Common stock of the Company 454,400 shares
Disposition amount	88 yen per share
Total disposition amount	39,987,200 yen
Planned recipients of compensation and number of shares to be disposed of	Regular employees and contract employees of the Company 328 people                      454,400 shares

Reinforcing the motivation to enhance corporate value and sharing value with shareholders



# Thank you for your attention.



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# Topics (Technology)



At an event for experiencing Puyo Puyo with color vision accessibility features\* held on February 20, 2021, G-cluster's distribution technology was used in "Puyo Puyo eSports Cloud," which made its debut online.



1(P) 2 color vision  
Classic



2(D) 2 color vision  
Moji



3(T) 2 color vision  
Sonic

This event was an online event for encouraging people who were reluctant to play Puyo Puyo because of color vision problems to experience color vision accessibility features held by SEGA in the 47th CUD meeting held by NPO Color Universal Design Organization (CUDO).

# Topics (Technology)



On April 15, 2021,  
the distribution of Dynasty Warriors 9,  
a cloud game application, started.



A new Muso, an open-world action game under the concept of “a new mighty warrior in an open world.”

# Activity Report for CYCLOPS



April 2021

CYCLOPS athlete gaming, a professional e-sports team, concluded a sponsorship agreement with Joshin Denki.



CYCLOPS athlete gaming will cooperate with Joshin in promotional activities and will hold events and e-sports meetings at *eSPORTS Arena Sannomiya*.

# Topics (Education)

April 16, 2021

## Renaissance High School Yokohama Campus Opening Event



From left

<b>Hatsume</b> A famous streamer (Fighting games, FPS, etc.)	<b>Tanukana</b> CYCLOPS athlete gaming (Tekken and other fighting games, FPS, etc.)	<b>Retloff</b> FAV gaming (Valorant)	<b>Sofia</b> ALBA (Fortnite)
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Four celebrity guests who are outstanding players in the world of e-sports were invited. At a talk show, they answered questions from participants.

# Studio & Content (Theatrical Distribution)



June 11, 2021

The film "*Blue Heaven wo Kimini (Blue Heaven to You)*" will be released nationwide.



Flying to the blue sky for the first time to make her long-held dream come true A miraculous story full of joie de vivre

A moving work that depicts the beauty of life through the real life story of a rose breeder who created a blue rose, said to be impossible. Given a half year to live, she strove to achieve her long-held dream.

# Our Mission



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



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



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