



Broadmedia

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.

Broadmedia

Summary of Financial Results for 1Q FY2020

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.**

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

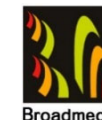


(Unit: Million yen)(Amounts are rounded down to the nearest million yen)

	FY 2020 1Q	FY 2021 1Q	Difference	Rate of difference	Financial Forecasts (announced on Apr. 28)	Achievement ratio
Revenue	2,705	3,024	↗ 319	12%	12,000	25%
Operating income	129	186	↗ 56	44%	600	31%
Ordinary income	137	202	↗ 65	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.

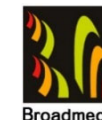
Consolidated Financial Results by Business Segment



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

	Revenue			Operating income		
	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	↔ (1)
Technology	796	955	↗ 158	53	99	↗ 45
Corporate expenses				(108)	(178)	↘ (69)
Total	2,705	3,024	↗ 319	129	186	↗ 56

Consolidated Financial Results by Business Segment



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

	Revenue			Operating income		
	FY 2020 1Q	FY 2021 1Q	Difference	FY 2020 1Q	FY 2021 1Q	Difference
Education	603	749	↑ 146	161	206	↑ 45
			+24%			+28%

- ✓ 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

Consolidated Financial Results by Business Segment



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

	Revenue			Operating income		
	FY 2020 1Q	FY 2021 1Q	Difference	FY 2020 1Q	FY 2021 1Q	Difference
Studio & Content	678	669	 (9) <div style="border: 1px solid gray; padding: 2px; display: inline-block;">Slight decrease</div>	(45)	(9)	 35 <div style="border: 1px solid red; padding: 2px; display: inline-block;">Loss reduction</div>

- ✓ 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.

◆ 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)

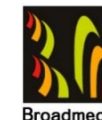
	Revenue			Operating income		
	FY 2020 1Q	FY 2021 1Q	Difference	FY 2020 1Q	FY 2021 1Q	Difference
Broadcast	626	649	23	68	67	(1)
			+4%			Same level

- ✓ 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

Consolidated Financial Results by Business Segment



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

	Revenue			Operating income		
	FY 2020 1Q	FY 2021 1Q	Difference	FY 2020 1Q	FY 2021 1Q	Difference
Technology	796	955	↑ 158	53	99	↑ 45
			+20%			+85%

- ✓ 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.

◆ 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 2020 1Q	FY 2021 1Q	Difference
Corporate expenses	(108)	(178)	↓ (69)
			64% cost increase

- ✓ 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



Condition of assets, liabilities, and net assets

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

	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.

Liabilities

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

Net assets

Net assets increased due to the recording of net income.

Consolidated Financial Position



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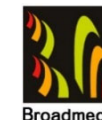
Acquisition of Shares of System Design Development Co., Ltd.

Consolidation of Shares


[Reference Documents]

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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 Results
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

- ✓ 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



consolidate shares at a ratio of 10 to 1
(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.

Precautions for Consolidation of Shares

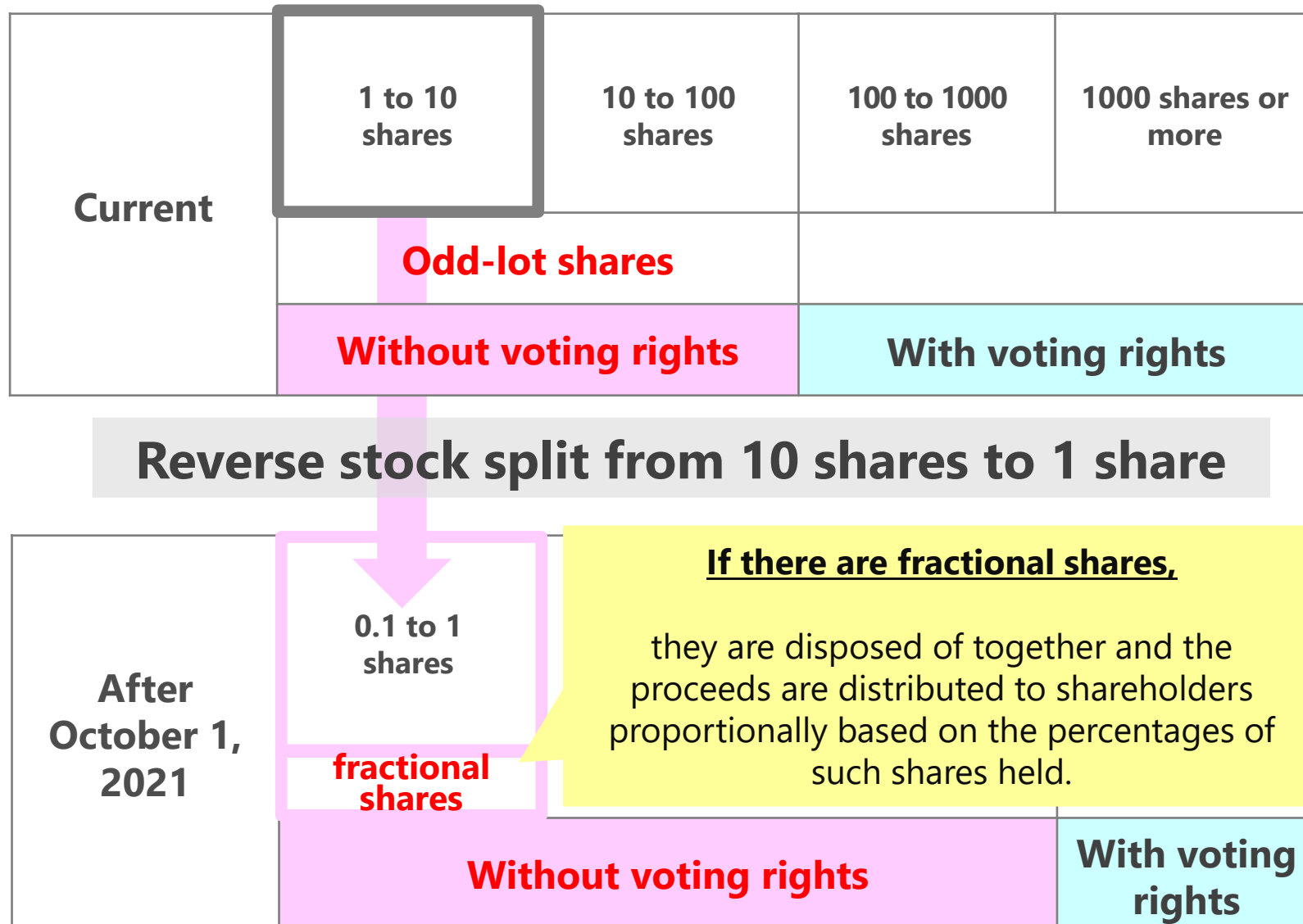


Current	1 to 10 shares	10 to 100 shares	100 to 1000 shares	1000 shares or more
	Odd-lot shares			
	Without voting rights		With voting rights	

Reverse stock split from 10 shares to 1 share

After October 1, 2021	0.1 to 1 shares	1 to 10 shares	10 to 100 shares	100 shares or more
	fractional shares	Odd-lot shares		
	Without voting rights			With voting rights

Precautions for Consolidation of Shares



Precautions for Consolidation of Shares



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	

Reverse stock split from 10 shares to 1 share

After October 1, 2021	0.1 to 1 shares	1 to 10 shares		
	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.

Precautions for Consolidation of Shares



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		Odd-lot shares		
	Without voting rights		With voting rights	

Precautions for Consolidation of Shares



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.

Precautions for Consolidation of Shares



ex) A shareholder currently holding 3900 shares

Current	Number of shares	3900 shares
	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

Current	Number of shares	3900 shares
	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



Thank you for your attention.



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



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

Our Mission



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



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



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