



# **Summary of Financial Results for the First Half of the Fiscal Year Ending March 31, 2022**

**Broadmedia Corporation**

**October 27, 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.

# **Financial Summary for the First Half of FY2021**

## **Financial Forecasts for FY2021**

## **Shareholders Returns**

### **[Reference Documents]**

- **Sale of an equity method affiliate**
- **Overview of treasury stock acquisition**
- **Topics**
- **Consolidation of Shares**
- **Progress in the case of damages suffered from fraud involving Fishing Vision Co., Ltd.**

# Consolidated Financial Results for the First Half (April – September)



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

	FY 2020 1H	FY 2021 1H	Difference	Rate of difference	Financial Forecasts (announced on Jul. 29)	Achievement ratio
Revenue	5,304	5,967	↑ 663	13%	12,000	50%
Operating income	142	319	↑ 177	125%	600	53%
Ordinary income	138	355	↑ 216	156%	600	59%
Net income	43	413	↑ 369	855%	550	75%

- ✓ Both revenue and income increased from a year earlier, making a smooth start of the fiscal year.
- ✓ Lawsuit involving compensation for damages for Fishing Vision resolved in the first quarter.
- ✓ Net income increased substantially thanks to the financial impact 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 1H	FY 2021 1H	Difference	FY 2020 1H	FY 2021 1H	Difference
Education	1,065	1,306	241	230	324	93
Studio & Content	1,392	1,455	62	(77)	(7)	69
Broadcast	1,300	1,288	(12)	137	131	(6)
Technology	1,544	1,917	372	119	191	72
Corporate expenses				(268)	(319)	(51)
Total	5,304	5,967	663	142	319	177

# Consolidated Financial Results by Business Segment



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

	Revenue			Operating income		
	FY 2020 1H	FY 2021 1H	Difference	FY 2020 1H	FY 2021 1H	Difference
Education	1,065	1,306	↑ 241	230	324	↑ 93
			+23%			+40%

- ✓ The number of students enrolled in April was a record high for the sixth consecutive year, and the number of students enrolled during the year also remained steady.
- ✓ The scope of business increased thanks to the opening of the Yokohama Campus and expansion of Osaka Campus.
- ✓ An increase in both revenue and income following the first quarter drove consolidated 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 2020 1H	FY 2021 1H	Difference	FY 2020 1H	FY 2021 1H	Difference
Studio & Content	1,392	1,455	62	(77)	(7)	69
			+4%			Loss reduction

- ✓ Revenue and income in the production business significantly increased thanks to the 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.
- ✓ Digital Media Services continued to experience weakening advertising revenue.
- ✓ As a result, revenue increased year on year and losses 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 1H	FY 2021 1H	Difference	FY 2020 1H	FY 2021 1H	Difference
Broadcast	1,300	1,288	→ (12)	137	131	→ (6)
			(1%)			(5%)

- ✓ Subscription revenue continues to decline.
- ✓ Revenue from sponsors which fell sharply in the previous year recovered thanks to the resumption of the production of new programs that had been suspended due to the COVID-19 pandemic.
- ✓ Both revenue and expenses increased for Fishing Vision VOD which had begun operating in the previous year.

◆ *"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 1H	FY 2021 1H	Difference	FY 2020 1H	FY 2021 1H	Difference
Technology	1,544	1,917	↑ 372	119	191	↑ 72
			+24%			+61%

- ✓ CDN (Akamai) services maintained good performance.
- ✓ The deficit in the cloud solution services decreased.
- ✓ Sales of broadband lines in network sales temporarily increased.
- ✓ From the second quarter, System Design Development Co., Ltd. joined the consolidated group.
- ✓ Delivery services (digital cinema services) remained sluggish.

◆ CDN services    ◆ Cloud solution services    ◆ Digital cinema services    ◆ Network sales  
 ◆ 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)

	Operating income		
	FY 2020 1H	FY 2021 1H	Difference
Corporate expenses	(268)	(319)	(51)

19%  
cost increase

- ✓ Temporary expenses were incurred for security measures and company acquisition.
- ✓ A temporary adjustment of tax expenses was required for the group consolidation 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 Results by Business Segment



## Revenue by income type (i)

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

lower row: Composition ratio

	Stock income	Flow income	Total
Education	1,306 100%	0 0%	1,306 100%
Studio & Content	234 16%	1,221 84%	1,455 100%
Broadcast	1,068 83%	219 17%	1,288 100%
Tchnology	1,548 81%	368 19%	1,917 100%
Total	4,158 70%	1,809 30%	5,967 100%

- ✓ Revenue from Education/Broadcast/Technology 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.

# Consolidated Financial Results by Business Segment



## Revenue by income type (ii)

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

lower row: Composition ratio

	Original products	Products other than original products	Total
Education	1,306 100%	0 0%	1,306 100%
Studio & Content	1,089 75%	366 25%	1,455 100%
Broadcast	1,288 100%	0 0%	1,288 100%
Tchnology	386 20%	1,530 80%	1,917 100%
Total	4,071 68%	1,896 32%	5,967 100%

- ✓ Income from Education/Studio & Content/Broadcast primarily depends on original products.
- ✓ Income from Technology centered on products other than original products.

# 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 1H	Difference	Rate of difference
Total assets	6,994	7,974	980	14%
Liabilities	3,287	3,725	437	13%
Net assets	3,706	4,248	542	15%
Shareholders' equity	2,748	3,165	417	15%
Stock acquisition rights for non-controlling shareholders	957	1,083	125	13%
Shareholders' equity ratio	39%	40%	—	—

### Total assets

While program accounts decreased, cash and deposit and accounts receivable increased.

### Liabilities

Accounts payable and advances received decreased, while loans and deposits received increased.

### Net assets

Net assets increased due to the recording of net income.

# Consolidated Financial Position



Condition of Cash flow	FY 2020 1H	FY 2021 1H
Operating cash flow	(432)	330
Investing cash flow	(186)	(237)
Financing cash flow	(156)	349
Changes in cash and cash equivalents	(777)	443
Year-end balance of cash and cash equivalents	2,597	3,868

(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

Increased 3.3 million yen due to an increase in accounts receivable, earnings before tax of 679 million yen posted, an increase in deposits received, and other factors.

## Investing cash flow

Decreased 237 million yen due to acquisition of fixed assets and payment of security deposits associated with the expansion of the Education business base, acquisition of subsidiary's stock, and other factors.

## Financing cash flow

Increased 349 million yen because of corporate bonds that were issued (100 million yen) and short-term loans from banks (350 million yen) although lease obligations were repaid.

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# Consolidated Financial Forecasts



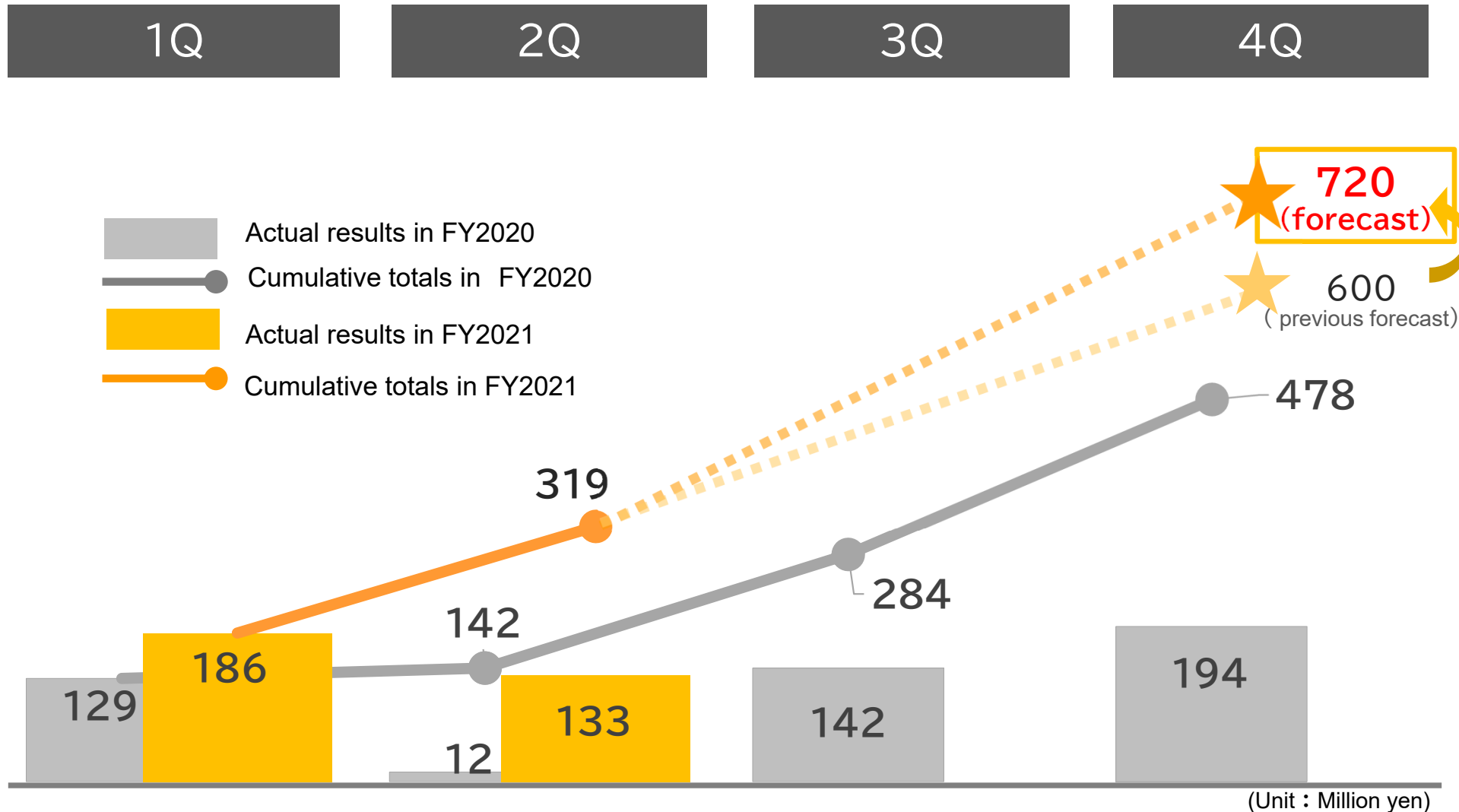
(Unit: Million yen)(Amounts are rounded down to the nearest million yen)

	Previously forecast (announced on Jul.29)	Revised forecast (announced on Oct.27)	Difference	Rate of difference	Ref; FY2020 Results
Revenue	12,000	12,000	—	—	10,991
Operating income	600	720	↗ 120	20%	478
Ordinary income	600	750	↗ 150	25%	476
Net income	550	750	↗ 200	36%	151

- ✓ Revenue was obtained almost as assumed, so the previous forecast was not changed.
- ✓ Operating income and ordinary income were revised upward, reflecting the strong results in the first half of the year.
- ✓ Net income was also revised upward in consideration of the impact of the gain on sale of investment securities to be posted in the second half.

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# Changes in Operating Income (YoY)



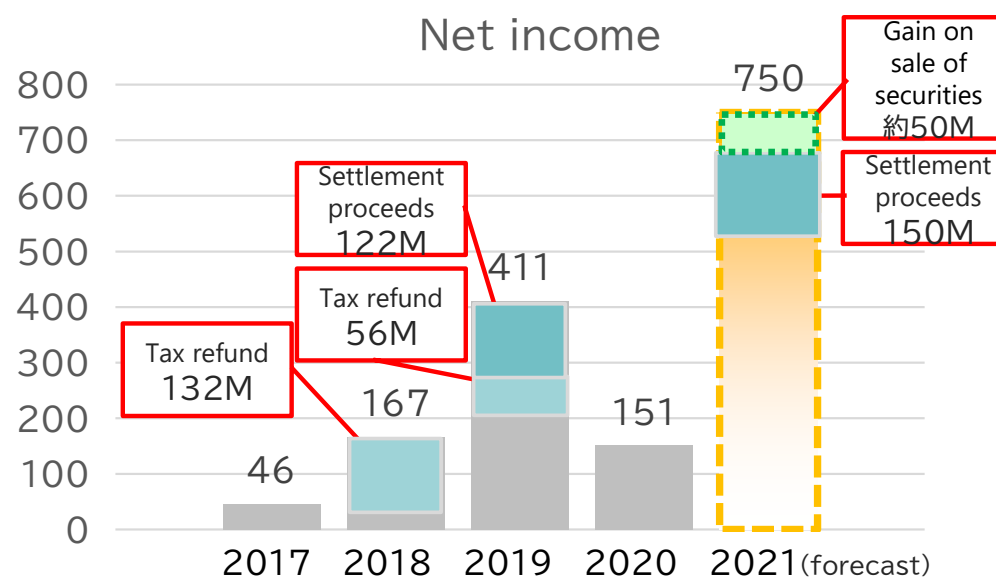
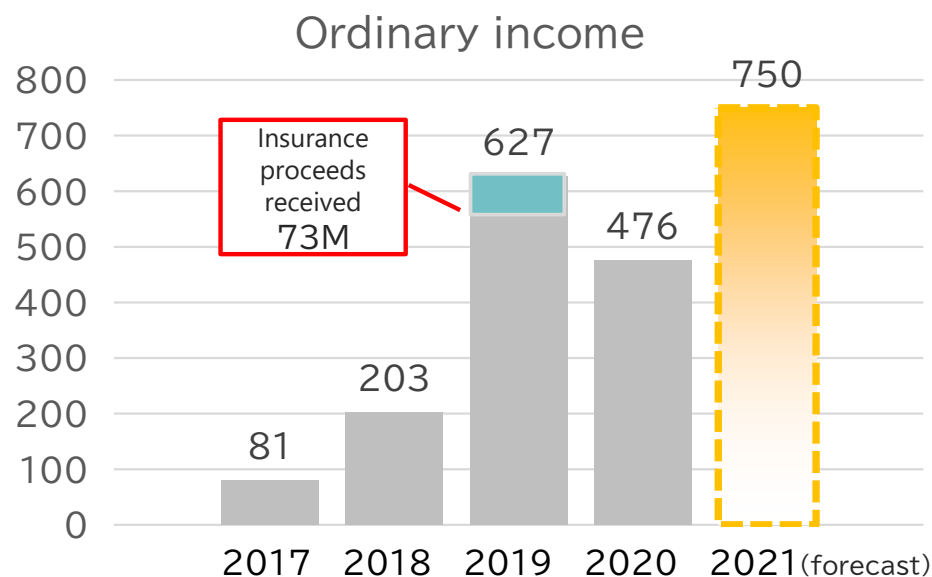
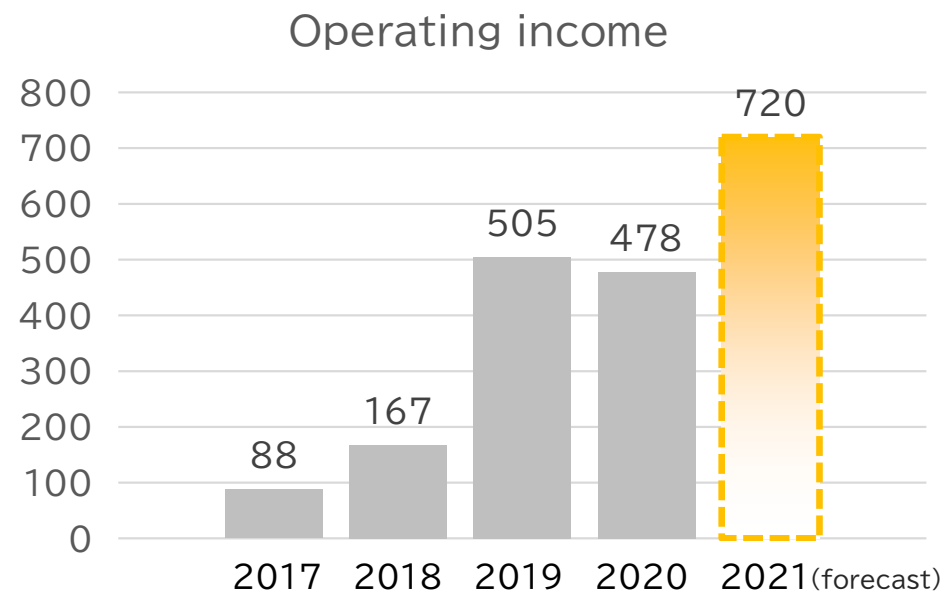
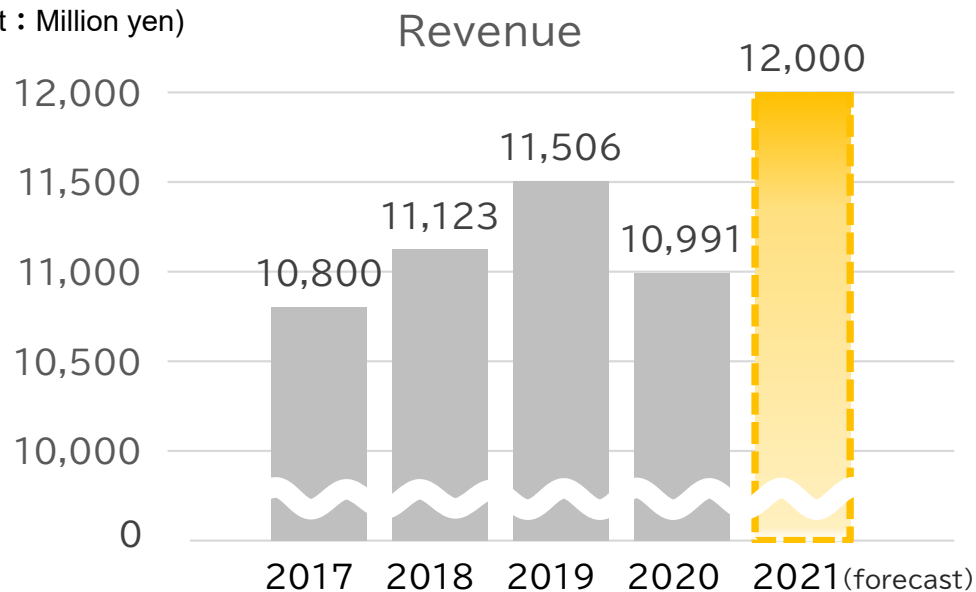
Continued from the first quarter, the second quarter also posted a significant increase in operating income.



# Changes in Operating Income and Financial Forecasts



(Unit : Million yen)



It is expected that revenue and income at each level will reach a peak in these five years.

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**At a Board of Directors' meeting held on October 27, the Company passed a resolution for acquiring treasury stock.**  
**Total purchase price and number of shares to be acquired: up to 250 million yen and 300,000 shares.**

**(Their ratio to the total number of outstanding shares (excluding treasury stock): 3.90%)**

**Period: from November 1, 2021, to January 27, 2022**

- ✓ On October 1, 2021, a one-for-10 reverse stock split was executed.
- ✓ In the previous fiscal year, the Company purchased 1.6 million shares\* treasury stock for a total of 153 million yen.
  - \*2.05% of all issued shares (excluding treasury stock) before consolidation of shares
- ✓ At the end of first half;
  - consolidated retained earnings: 2,804 million yen
  - Non-consolidated retained earnings: 2,032 million yen

Unfortunately, we will pay no mid-term dividends in FY2021.

# Shareholders Returns



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

⇒ We will acquire treasury stock to return profit and execute an agile capital policy.

**The Company will continue to proactively examine shareholder returns, considering the need to balance it with investments necessary for growth.**

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# Thank you for your attention.



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# Sale of an equity method affiliate



- ✓ Broadmedia Corporation and Fishing Vision Co., Ltd. decided to transfer all equity interests that they have in Hunan Happy Fishing Development Co., Ltd.

Date of execution of agreement	October 14, 2021
Date of transfer	Middle of December 2021
The Group's investment ratio	40% → 0%

⇒ As a result of the transfer, Hunan Happy Fishing Development will be excluded from the Group's equity method affiliates.

- ✓ We will post approximately 90\* million yen (for consolidated) and 57\* million yen (for non-consolidated) as a gain on sales of securities in extraordinary income.

\* The above amounts may change depending on how Hunan Happy Fishing Development's business will perform until the transfer is completed, as well as how exchange rate conditions will change, going forward.



# Overview of treasury stock acquisition



Type of shares to be acquired	common shares of the Company
Total number of acquired shares	300,000 shares (upper limit) Their ratio to the total number of outstanding shares (excluding treasury stock): 3.90%
Total share acquisition value	250 million yen (upper limit)
Acquisition period	from November 1, 2021, to January 27, 2022
Acquisition method	market purchase through discretionary investment performed by a securities company

## 【reference】 as of September 30, 2021

Number of issued shares (excluding treasury stock)	7,683,490 shares
Number of treasury stock	231,242 shares

Note; The Company implemented a one-for-10 reverse stock split, which took effect on October 1, 2021. The number of shares above was the number of shares taking into account the reverse stock split based on the shareholder registry as of September 30, 2021 (Fractions of shares were rounded down).

## Renaissance High School Group participated in the Tokyo Game Show 2021 Online

TOKYO  
GAME SHOW  
2021



They introduced Renaissance High School's eSports course, held an in-school competition, the Renaissance Cup, and reported on their excellent achievements such as the victory in STAGE:0, the national eSports high-school championship.

# Topics (Education)

## Recent activities of eSports course



ルネサンス高等学校グループ



August 2021

Largest high school eSports tournament in Japan

Coca-Cola STAGE:0 eSPORTS High-School Championship 2021

**Fortnite Division**  
**Renaissance High School won the championship!**

Record high number of participants:  
1,589 teams



October 2021

National Sports Festival cultural program

All-Japan Inter-Prefectural Sports Championship 2021 MIE

**High School eFootball™ Division**  
**Renaissance High School won the championship!**

More than 80,000 students participated in the preliminary competition, with 154 students representing their prefectures.



# Activity Report for CYCLOPS



September 2021

X-MOMENT's Rainbow Six Japan League 2021  
CYCLOPS achieved a perfect record with no losses,  
becoming the first champion!



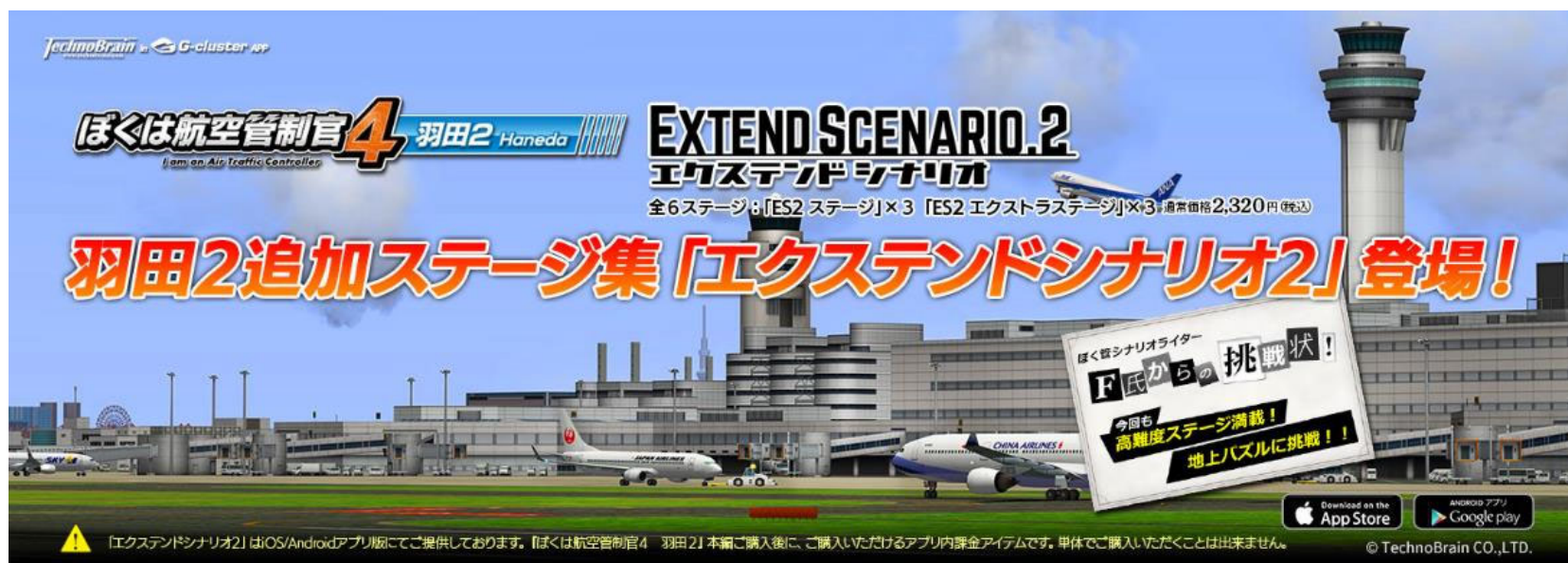
Ayagator won the MVP award and the Fan Favorite Award!  
Their goal is to win consecutive victories  
in the Rainbow Six Japan Championship 2021.

※ Rainbow Six Japan League 2021およびRainbow Six Japan Championship 2021は、NTTドコモが主催するeスポーツリーグブランド“X-MOMENT”の大会です。

October 14, 2021

I Am an Air Traffic Controller 4 Haneda 2's very difficult stage.

Extend Scenario 2 is released



Efforts will continue to create and provide services utilizing the features of Cloud Gaming Technology.

# Studio & Content (Theatrical Distribution)

The Laura and Her Two Brothers movie will be released on Friday,  
December 10, 2021.

The movie will be sequentially released at Human Trust Cinema Shibuya,  
Shinjuku Musashino-kan, and other theaters throughout the nation.



Bittersweet and heart-warming French-style romantic comedy  
about family relationships

# Progress of Investee (The Pocket Company )

Pocket Inc., in which the Company has a stake, released FiNC HOME FiT, a fitness program for the Nintendo Switch, overseas.



Released on 16 Sept, 2021, in Asia



Released on 28 Sept, 2021, in North America,  
8 Oct, 2021, in Europe

Rhythm fitness game with the concept, “Really exercise at home.”

<https://www.pckt.co.jp/homefit/>

**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



## 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.

## Handling of fractional shares

With regard to fractional shares generated among the shares possessed by shareholders as a result of the reverse stock split, the Company purchases them to be held as treasury stock at the closing price on October 27, 2021, and makes a distribution in accordance with the percentage of fractional shares.

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



## Civil procedure

(remedy through a claim for damages, etc.)

=> Settled a damage suit against a former executive by reconciliation.

A settlement of 350 million yen was paid by the insurance company under a directors and officers liability insurance policy.

## Criminal procedure (ongoing)

=> A complaint was accepted by the police.

Fishing Vision will continue to cooperate in the investigations.

# Our Mission



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

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



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