



Summary of Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2023

Broadmedia Corporation

July 28, 2022

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.

New Reporting Segments

Summary of Financial Results for Q1 FY2022

Shareholder Return

Topics

[Reference Documents]

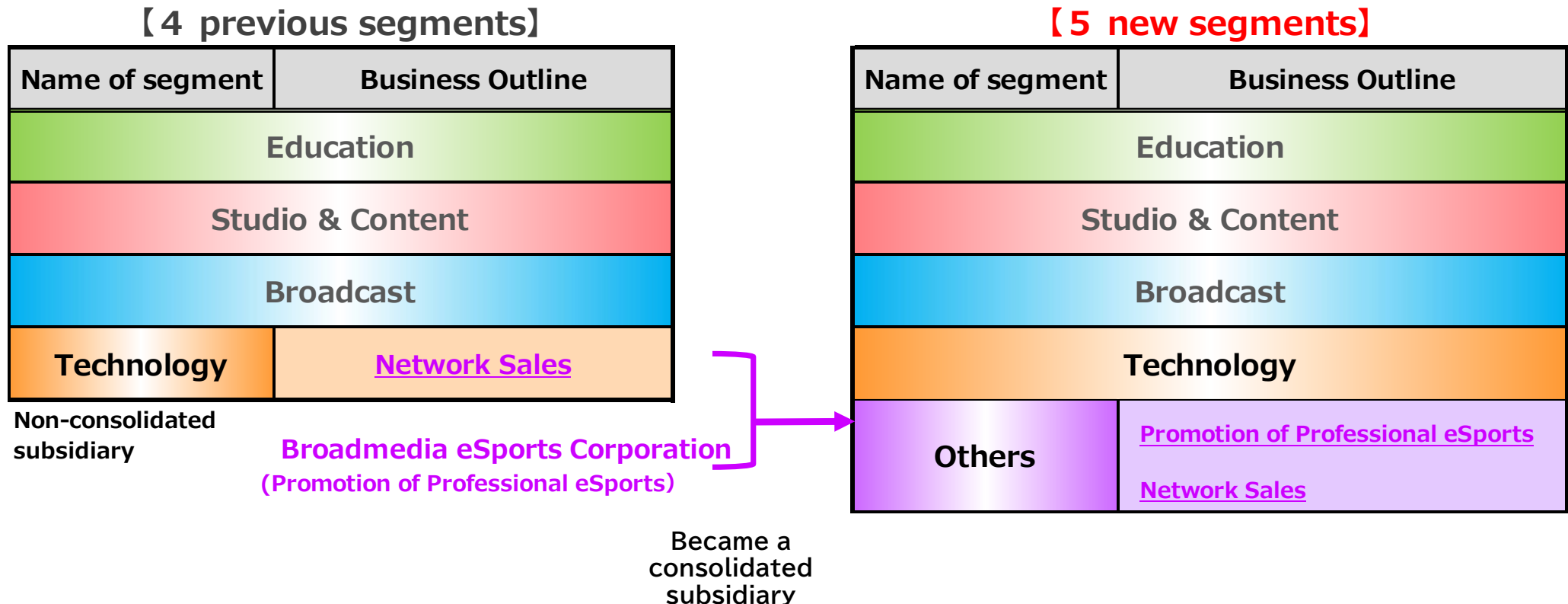
- **Restricted Stock Compensation Plan
(for Directors / for Employees)**

New Reporting Segments

New reportable segments applied from this fiscal year.

There are five reportable segments, including a new segment, Others.

The Others segment covers network sales and Broadmedia eSports Corporation, which has now become a consolidated subsidiary.



New Reporting Segments



About Two businesses in the "Others" segment;

◆ Broadmedia eSports Corporation

- ✓ Although it is still in the course of incubation, it was made a consolidated subsidiary in the fiscal year under review since it became strategically significant.
- ✓ Its business does not fall under any of the conventional segments and a new independent Others segment has been established.

◆ Network Sales

- ✓ It was transferred to the Others segment after the segment was downsized and that its activities in the Technology segment stopped.
- ✓ Expertise in this business was transferred to Broadcast and to Studio & Content (digital medial services).

About Broadmedia eSports Corporation



eSports

- Became a wholly owned subsidiary of Broadmedia Corporation in February 2020
 - Engaged in development of world-class eSports business
 - Management of professional eSports team *CYCLOPS athlete gaming*
- <https://www.broadmediaesports.co.jp/>



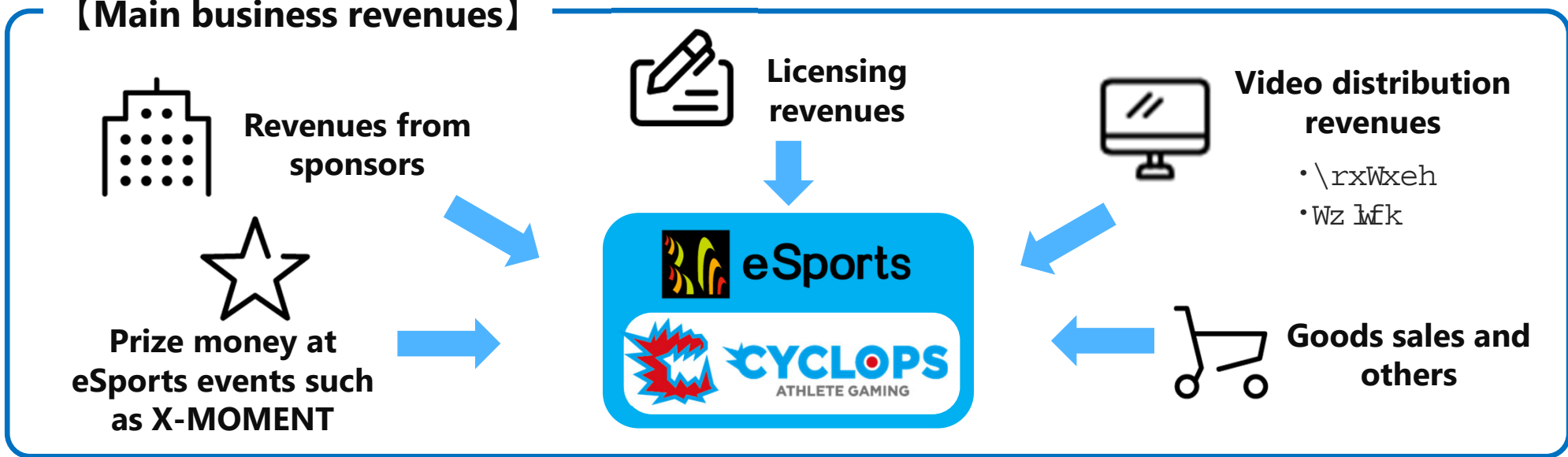
About Broadmedia eSports Corporation



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【Main business revenues】



【Medium-to-Long-Term Initiative】



Education
Technology

&



Accelerate incubation !

New Reporting Segments

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- **Restricted Stock Compensation Plan
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Consolidated Financial Results for the First Quarter (April – June)

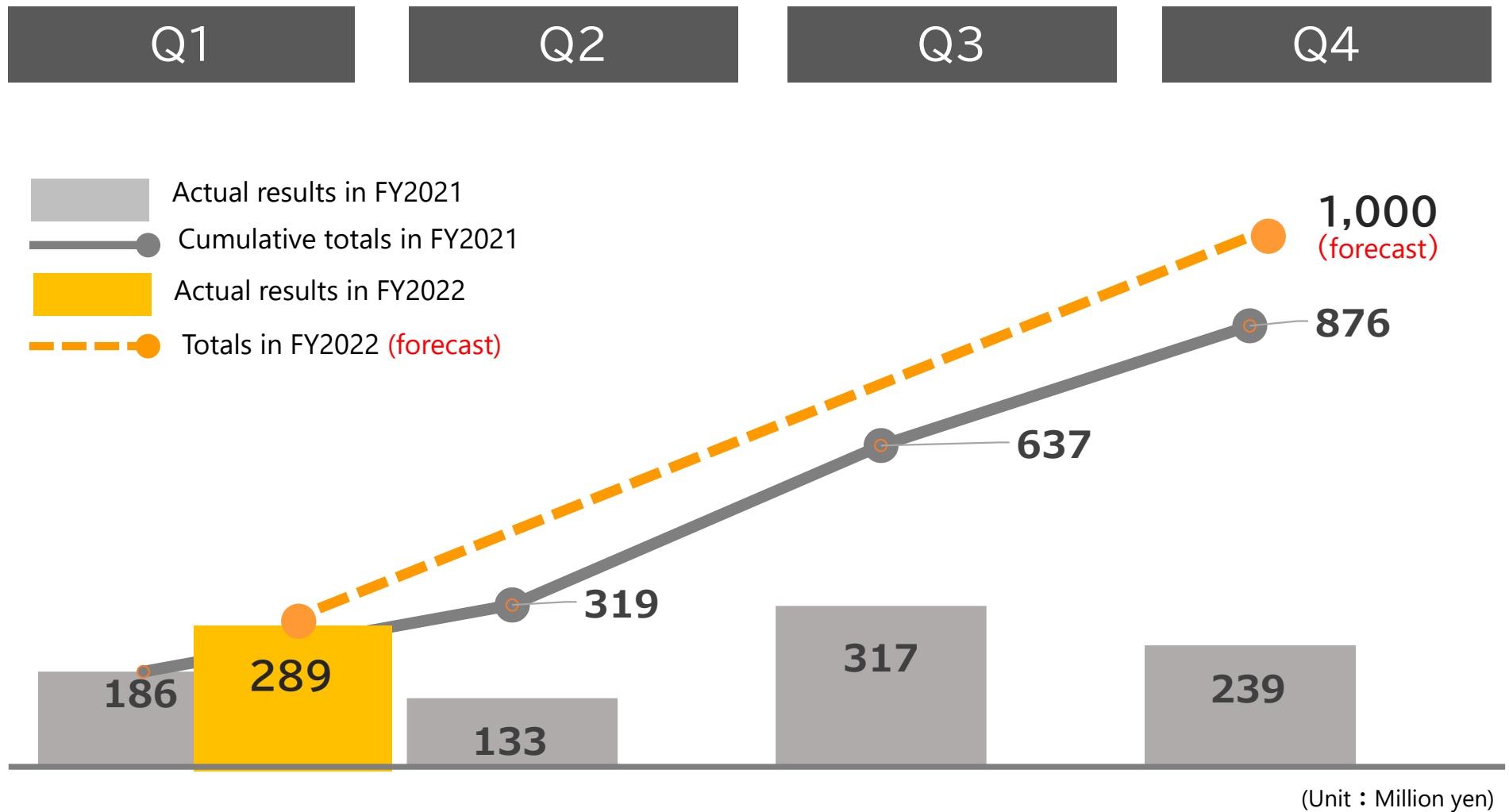


(Unit: Million yen)(Amounts are rounded down to the nearest million yen)

	FY2021 Q1	FY2022 Q1	Difference	Rate of difference	Financial Forecasts (announced on Apr. 27)	Achievement ratio
Revenue	3,024	3,203	179	+6%	13,600	24%
Operating income	186	289	103	+55%	1,000	29%
Ordinary income	202	314	111	+55%	1,050	30%
Net income	316	272	(43)	(14%)	1,050	26%

- ✓ Revenue increased from a year earlier.
- ✓ Both operating income and ordinary income increased significantly.
- ✓ Net income decreased due mainly to absence of settlement proceeds from the lawsuit for damages filed by Fishing Vision Co., Ltd. that occurred in the same period a year earlier.

Changes in Operating Income (year over year)



The Group made a good start in the first quarter.

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



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

	FY2021 Q1	FY2022 Q1	Difference	Rate of difference	Financial Forecasts (announced on Apr. 27)	Achievement ratio
Revenue	3,024	3,203	↑ 179	+6%	13,600	24%
Operating income	186	289	↑ 103	+55%	1,000	29%
Ordinary income	202	314	↑ 111	+55%	1,050	30%
Net income	316	272	↓ (43)	(14%)	1,050	26%

✓ Full-year forecasts remain unchanged.

Consolidated Financial Results by Business Segment



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

	Revenue			Operating income		
	FY2021 Q1	FY2022 Q1	Difference	FY2021 Q1	FY2022 Q1	Difference
Education	749	960	↗ 210	206	318	↗ 111
Studio & Content	669	584	↘ (84)	(9)	(52)	↘ (43)
Broadcast	649	634	↘ (14)	67	78	↗ 11
Technology	820	989	↗ 169	77	108	↗ 31
Others	135	33	— ※2	21	(14)	— ※2
Corporate expenses				(178)	(148)	↗ 29
Total	3,024	3,203	↗ 179	186	289	↗ 103

*1 The results of Technology and Others segments for Q1 of FY2021 are shown after being reclassified under the new segment.

*2 Difference in the Others segment is not mentioned due to lack of continuity of business subject to comparison.

Consolidated Financial Results by Business Segment



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

	Revenue			Operating income		
	FY2021 Q1	FY2022 Q1	Difference	FY2021 Q1	FY2022 Q1	Difference
Education	749	960	↑ 210	206	318	↑ 111
			+28%			+54%

- ✓ The number of new students reached a record high in seven consecutive periods, resulting in growth in both revenue and income.
- ✓ Launched in April 2021, the Yokohama Campus helped increase new students.
- ✓ The Hakata Campus and the Namba eSports Campus were established in April 2022.

◆ 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		
	FY2021 Q1	FY2022 Q1	Difference	FY2021 Q1	FY2022 Q1	Difference
Studio & Content	669	584	(84)	(9)	(52)	(43)
			(13%)			loss increased

- ✓ In the production business, revenue fell following the postponement of orders to be received while operating income stayed flat year on year.
- ✓ In the content licensing business, sales of programs to TV stations decreased, and the loss increased.
- ✓ In digital media services, the loss increased due to a decline in advertising revenue.

◆ 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		
	FY2021 Q1	FY2022 Q1	Difference	FY2021 Q1	FY2022 Q1	Difference
Broadcast	649	634	(14)	67	78	11
			(2%)			+16%

- ✓ Revenue dropped slightly. While revenue from sponsors and Fishing Vision VOD sales expanded, the downward trend of subscription fee revenue continued.
- ✓ Operating income was up, mainly because of the reduction in satellite usage fees for broadcasting.

◆ "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		
	FY2021 Q1	FY2022 Q1	Difference	FY2021 Q1	FY2022 Q1	Difference
Technology	820	989	↑ 169	77	108	↑ 31
			+21%			+40%

- ✓ CDN (Akamai) services maintained good performance.
- ✓ In cloud solution services, sales of game apps and orders received for development contracted.
- ✓ From Q2 of the previous year, System Design Development Co., Ltd. joined the consolidated group, and contributed to the increase in revenue and operating income in the technology segment.

* The results of Technology segment for Q1 of FY2021 are shown after being reclassified under the new segment.

- ◆ Akamai (CDN) services
- ◆ Cloud solution services
- ◆ Digital cinema services
- ◆ 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)

	Revenue			Operating income		
	FY2021 Q1	FY2022 Q1	Difference	FY2021 Q1	FY2022 Q1	Difference
Others	135	33	—	21	(14)	—

- ✓ The figures for Q1 of FY2021 represent the results of network sales only.
- ✓ In network sales, sales of broadband lines plunged due to the suspension of activities for acquiring new customers.
- ✓ From this quarter, Broadmedia eSports Corporation joined the consolidated group.

*1 The results of Others segments for Q1 of FY2021 are shown after being reclassified under the new segment.

*2 Difference is not mentioned due to lack of continuity of business subject to comparison.

◆ Promotion of professional eSports

◆ Network sales

Consolidated Financial Results by Business Segment



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

Operating income			
	FY2021 Q1	FY2022 Q1	Difference
Corporate expenses	(178)	(148)	↑ 29
			16% cost reduced

- ✓ Expenses dropped because temporary expenses for company acquisition and for security measures were not incurred, although they had been in the same period in the preceding 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)

	FY2021	FY2022 Q1	Difference	Rate of difference
Total assets	8,940	8,571	(369)	(4%)
Liabilities	4,329	3,907	(421)	(10%)
Net assets	4,610	4,663	52	+1%
Shareholders' equity	3,466	3,544	77	+2%
Stock acquisition rights for non-controlling shareholders	1,143	1,118	(25)	(2%)
Shareholders' equity ratio	39%	41%	—	—

Total assets While prepaid expenses increased, cash and deposits decreased.

Liabilities While deposits received increased, advances received and accrued taxes payable decreased.

Net assets While net income has been posted, the figure was nearly at the same level as at the end of the previous fiscal year due to dividend payment.

Consolidated Financial Position



Condition of Cash flow

	FY2021 Q1	FY2022 Q1
Operating cash flow	116	(429)
Investing cash flow	(67)	(92)
Financing cash flow	(33)	(206)
Changes in cash and cash equivalents	16	(711)
Year-end balance of cash and cash equivalents	3,384	4,607

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

The table above does not reflect the effect of changes in exchange rates on cash and cash equivalents and an increase due to the addition of Broadmedia eSports Corporation to consolidation.

Operating cash flow

Decreased 429 million yen chiefly due to income taxes paid and bonuses paid while posting 314 million yen in income before income taxes.

Investing cash flow

Decreased 92 million yen, resulting mainly from asset acquisition for expansion of sites in the high school correspondence course business.

Financing cash flow

Decreased 206 million yen mainly for reasons of dividend payment and repayment of lease liabilities borrowings.

New Reporting Segments

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Topics

[Reference Documents]

- **Restricted Stock Compensation Plan
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Shareholder Return



For the current fiscal year, we plan to pay a year-end dividend of 30 yen per share (est. payout ratio: 21.0%).

We recognize that ensuring competitiveness in our business while returning profits to shareholders is an important management issue.

We will continue to provide shareholder returns, considering the need to balance it with investments necessary for growth.

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April 2022 VALORANT Course launched



An original curriculum at Renaissance High School has been developed for VALORANT, a tactical shooter game hugely popular among middle school and high school students, with a license obtained from Riot Games, Inc.

Continue to enrich eSports courses

July 2022

Tie-up with Shuei Yobiko Co., Ltd.

Support for entrance to higher-level schools at Shuei
Neo Koto Gakuin



ルネサンス高校グループ



秀英NEO高等学院

Shuei Yobiko Co., Ltd. launched Shuei Neo Koto Gakuin in April 2023 as a support school of the Renaissance High School Group.

The new school provides efficient learning support for students aiming to take university entrance exams with the goal to go to universities directly after high school without waiting for another chance the following year.

Help individual students with efforts to make their dreams a reality

Newly launched cloud game apps

June 16, 2022

*A-Train: All Aboard!
Tourism MOBILE*



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July 14, 2022

*Neo ATLAS 1469
MOBILE*



THE ATLAS:©ARTDINK Neo ATLAS:©FlipFlop Neo ATLAS 1469:©2022 STUDIOARTDINK / ARTDINK. All Rights Reserved.

We'll continue to create and provide services utilizing the features of Cloud Gaming Technology.

Thank you for your attention.



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Consolidated Financial Results by Business Segment



Breakdown of revenue by income type

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

lower row: Composition ratio

	Total	Breakdown of income by stock/flow		Breakdown of revenue from original products/others	
		Stock	Flow	Original products	Products other than original products
Education	960	960 100%	— —	960 100%	— —
Studio & Content	584	110 19%	474 81%	452 77%	131 23%
Broadcast	634	512 81%	122 19%	634 100%	— —
Technology	989	880 89%	109 11%	196 20%	793 80%
Others	33	7 23%	25 77%	27 83%	5 17%
Total	3,203	2,471 77%	732 23%	2,272 71%	930 29%

- ✓ Revenue from Education and Broadcast 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.
- ✓ Income from Technology centered on products other than original products.

Restricted Stock Compensation Plan



■ for Directors

- ✓ The plan serves the purposes of providing an incentive for continuous improvement in corporate value and advancing value sharing with shareholders.
- ✓ It was approved at the General Meeting of Shareholders on June 24, 2022.

■ for Employees

- ✓ The plan is aimed at boosting unity among employees and at increasing motivation for improving corporate value.
- ✓ Resolution for introduction was made at the Board of Directors meeting on October 30, 2020. If approved, a second Restricted Stock Compensation Plan will be offered.

Restricted Stock Compensation Plan



■ for Directors

Date of the disposal	August 22, 2022
Class and number of shares to be disposed of	Common stock of the Company 16,200 shares
Disposition amount	1,234 yen per share
Total disposition amount	19,990,800 yen
Planned recipients of compensation and number of shares to be disposed of	Directors of the Company 5 people 16,200 shares

■ for Employees

Date of the disposal	October 28, 2022
Class and number of shares to be disposed of	Common stock of the Company 47,420 shares
Disposition amount	1,234 yen per share
Total disposition amount	58,516,280 yen
Planned recipients of compensation and number of shares to be disposed of	Regular employees and contract employees of the Company 379 people 43,180 shares Regular employees and contract employees of the Company's subsidiaries 39 people 4,240 shares

Our Mission



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

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



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