



Broadmedia

## The Second quarter business report

# Business Report

For the First Half of FY2023

(April 1, 2023 to September 30, 2023)

Broadmedia Corporation (Securities Code: 4347)



Taro Hashimoto, CEO

## Top Management Interview

# We will continue to actively develop our unique, integrated education business.

## Q1

### How was the performance for the first half of FY 2023, and what is the full-year performance forecast?

In the first half of the fiscal year ending March 31, 2024, revenue and income increased steadily year on year. Revenue was up 8% year on year, operating income increased by 19%, and ordinary income increased by 17%. Additionally, net income increased by a significant 37%, mainly due to the absence of the loss incurred in the same period of the previous year related to our withdrawal from the foreign film theatrical distribution business in the "Studio & Content" segment.

(Unit: millions of yen) (Rounded down to the nearest million)

	The first half of FY2022	The first half of FY2023	Difference	Rate of Difference	Full-year forecast (announced on May 9)	Achievement ratio
Revenue	6,323	<b>6,861</b>	↗ 537	+ 8%	14,300	<b>48%</b>
Operating Income	465	<b>552</b>	↗ 86	+ 19%	1,200	<b>46%</b>
Ordinary Income	503	<b>589</b>	↗ 86	+ 17%	1,200	<b>49%</b>
Net Income	326	<b>447</b>	↗ 121	+ 37%	1,000	<b>45%</b>

The achievement rate is slightly below 50% of the full-year performance forecast, but given that performance tends to be better in the second half than the first half, we expect overall steady progress within the projected range. Therefore, we have decided to leave the full-year performance forecast unchanged.

Regarding dividends for FY 2023, as announced at the beginning of the fiscal year, we plan to pay a year-end dividend of 33 yen per share, an increase of 3 yen from the previous fiscal year, without an interim dividend. [\[Details of performance are on page 3.\]](#)

## Q2

### Please explain the factors behind the increase or decrease for each segment.

The Education and Technology segments continued to drive overall performance with increased revenue and income.

In particular, Education segment has grown substantially, setting a new record high for student enrollment for the eighth consecutive fiscal year. However, securing more instructors and increasing enrollment capacity to accommodate this rapid growth are ongoing issues that we must continue to address appropriately.

The Media Content segment saw decreased revenue due to poor advertising revenue from digital media services. However, cost control efforts helped narrow the deficit. We are pushing organizational reforms and business model transformation, aiming to improve performance and achieve growth.

The Studio & Production segment saw decreases in both revenue and income. The main reason for these decreases was the impact of recording revenue for content such as overseas TV drama series in full after delivery of all episodes in Q1. This impact will continue through the end of the fiscal year, but we forecast that things will level out and return to normal next fiscal year.

We are also closely monitoring the impact of strikes by the Writers Guild of America and the Screen Actors Guild in Hollywood on performance in the second half and beyond.

The Broadcast segment saw decreases in both revenue and income. Although the revenue of our newly launched Fishing Vision Club (VOD+ $\alpha$ ) is growing, we have been unable to make up for decreases in subscription fee revenue and sponsor revenue. It will take some time to transform our business structure from broadcast-only to having video-on-demand (VOD) as a second pillar, but we aim to improve our performance by cultivating the Fishing Vision Club (VOD+ $\alpha$ ) as that second pillar.

The Technology segment, centered on our core Akamai (CDN) services, continued its stable growth by expanding services for existing clients, driving performance. Although not prominent in the consolidated results due to revenue offsetting, this segment also greatly contributes to digital transformation (DX) of businesses across the Broadmedia Group.

The Others segment saw its deficit widen. The Promotion of Professional eSports business is still in its launch phase operating at a deficit, but increased revenue from larger appearance fees and prize pools at events. The Pocket Company, included in the scope of consolidation since the beginning of the fiscal year, recorded a deficit in the first half due to the absence of new title releases. However, we have high expectations for the Nintendo Switch™ fitness game UCHITORE (Home Training) released this November to recover revenue and income rapidly.

[\[Details of financial results by segment are on page 4.\]](#)

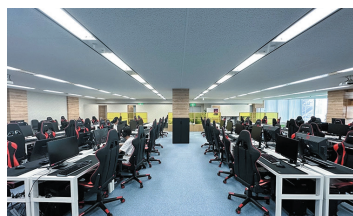
### Q3

#### Please tell us about mid- to long-term incubation (business development).

Growth with sustainable and ethical businesses is an important theme for the Broadmedia Group. As part of our mid- to long-term initiatives, we are accelerating incubation of our eSports and Japanese Language Education businesses.

In Education segment, in the first half the Renaissance High School Group developed new eSports campuses across Japan. Following the April launch of our Ikebukuro Campus, we expanded and relocated our Nagoya eSports Campus. We also doubled the learning space at our Namba eSports Campus. In addition, we launched a new Okayama School for Renaissance Junior High School, our eSports and programming course for middle school students, covering the Chugoku/Shikoku regions.

At STAGE:0 2023, Japan's largest high school eSports event, students from Renaissance High School Group's eSports courses again performed exceptionally, winning championships across multiple titles. eSports deliver greater educational benefits than we initially envisioned, and we will continue proactive efforts in this space.



Nagoya eSports Campus  
(expanded in July)



Namba eSports Campus  
(expanded in October)



Renaissance Junior High School,  
Okayama School  
(launched in September)

On the Japanese Language Education front, the Renaissance Japanese Language Academy launched its new Japanese language teacher training course (e-learning) in April. With this course, we have formally entered the business of training Japanese language teachers, anticipating significant demand as national certification of the profession moves ahead.

### Q4

#### Do you have a message for your shareholders?

Performance through Q2 has been steady, and we will continue working to increase revenue and income, centered on the Education and Technology segments, in the second half. As announced at the beginning of the fiscal year, we also plan to pay a fiscal year-end dividend of 33 yen per share, a 3-yen increase. While seeking appropriate balance with growth investments, we will continue shareholder returns.

The growth investments the Company needs going forward will center not just on previous incubation activities, but also on areas spanning Education or both Education and Technology. Through these and other efforts, we will continue proactive development of our unique, integrated education business combining online high school, eSports education, Japanese language education, and other offerings. We also plan to strengthen collaboration between business segments, add value to existing businesses, and review our business portfolio. We will make the necessary investments for these initiatives.

I would be most grateful to our shareholders for their continuing support.

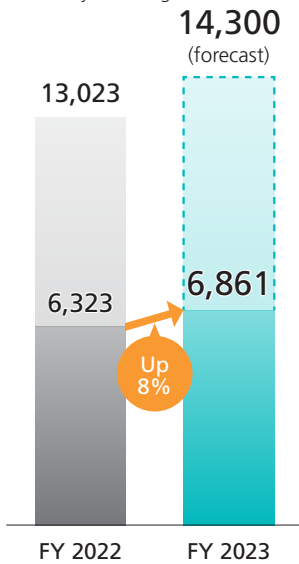
# Financial Highlights for the First Half of FY2023

## Financial Results Key Points

1. Increased revenue and income year-on-year, driven overall by the Education and Technology segments
2. Steady progress towards the full-year performance forecast, maintaining the forecast at the beginning of the fiscal year

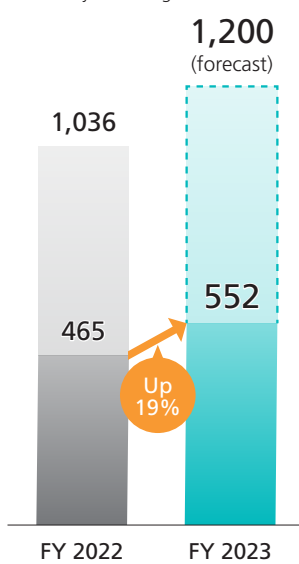
### Revenue

(Unit: millions of yen)  
 ■ First half ended September 30  
 ■ Full year ending March 31



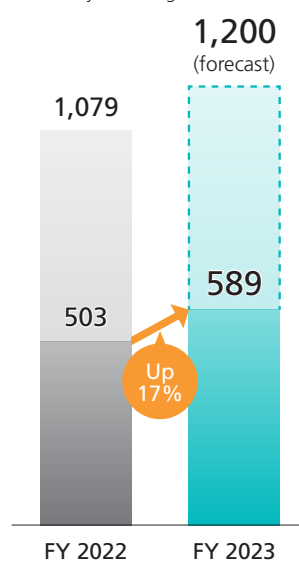
### Operating Income

(Unit: millions of yen)  
 ■ First half ended September 30  
 ■ Full year ending March 31



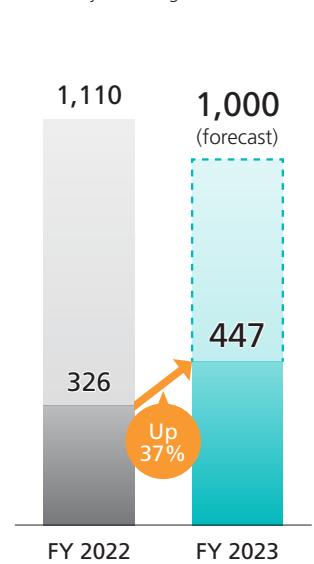
### Ordinary Income

(Unit: millions of yen)  
 ■ First half ended September 30  
 ■ Full year ending March 31



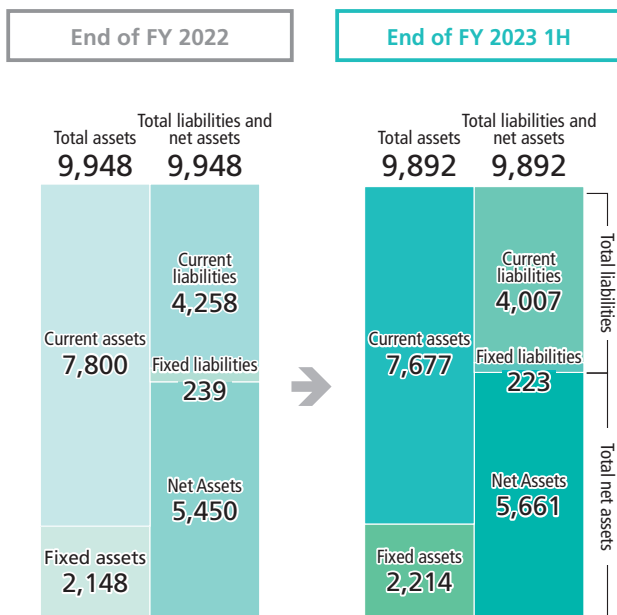
### Net income attributable to owners of parent

(Unit: millions of yen)  
 ■ First half ended September 30  
 ■ Full year ending March 31



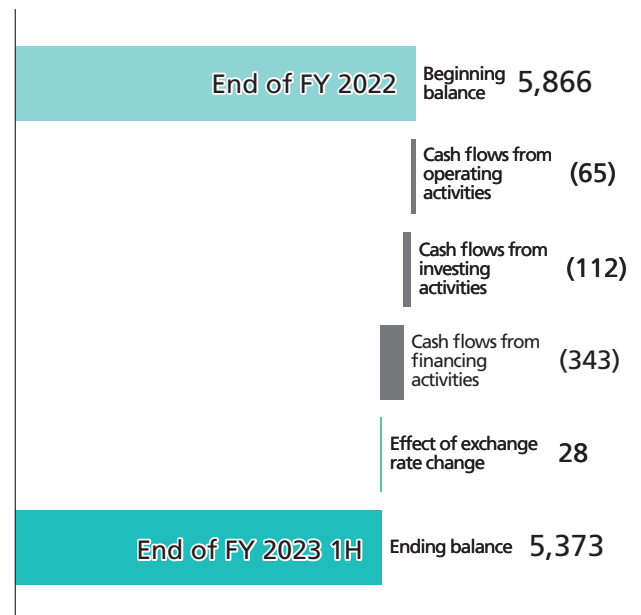
### Financial Position

(Unit: millions of yen)



### Cash Flows

(Unit: millions of yen)



# Financial Results by Segment



## Education

### Revenue

**2,177** million yen  
up 30.6% YOY

### Operating income

**698** million yen  
498 million yen in the first half of FY2022



### Business and Service

- ▶ Online high school (Renaissance High School Group)
- ▶ Japanese language education (Renaissance Japanese Language Academy)



## Media Content

### Revenue

**318** million yen  
down 18.2% YOY

### Operating income

**(88)** million yen  
(136) million yen in the first half of FY2022



### Business and Service

- ▶ Digital media services
- ▶ Content sales business



## Studio & Production

### Revenue

**899** million yen  
down 3.8% YOY

### Operating income

**51** million yen  
75 million yen in the first half of FY2022



### Business and Service

- ▶ Production business



## Broadcast

### Revenue

**1,166** million yen  
down 6.6% YOY

### Operating income

**22** million yen  
115 million yen in the first half of FY2022



### Business and Service

- ▶ Fishing channel (Fishing Vision)
- ▶ Fishing Vision Club (VOD)



## Technology

### Revenue

**2,188** million yen  
up 9.1% YOY

### Operating income

**242** million yen  
226 million yen in the first half of FY2022



### Business and Service

- ▶ Akamai (CDN) services
- ▶ Cloud solutions
- ▶ Digital cinema services
- ▶ Hospitality network service
- ▶ System development
- ▶ Other solution services



## Others

### Revenue

**110** million yen  
up 42.5% YOY

### Operating income

**(31)** million yen  
(17) million yen in the first half of FY2022



### Business and Service

- ▶ Promotion of Professional eSports business
- ▶ Game Publishing business
- ▶ Network sales

## Topics

### Education



## Renaissance High School Group partners with Zest, Inc., the talent management company for the female idol group SKE48 and others

[Details available here](#) in Japanese

The Group will provide learning assistance for students looking to balance academics and entertainment activities at Zest Entertainment High School, opening in April 2024. The Group will support students aiming to debut while still in high school.



### Education



## Hana Murphy appointed image character for Renaissance Japanese Language Academy

[Details available here](#) in Japanese

The Company has appointed bilingual influencer Hana Murphy, hugely popular with the younger generation, as the academy's image character. With the aging of Japanese language teachers, the profession's current conditions need improving. With national certification launching in April 2024, Hana Murphy will help us train the next generation of Japanese language teachers from Gen Z.



### Others



## Efficient fat burning with strength training × aerobic exercise combo! Fitness game for Nintendo Switch™ *UCHITORE* launched on November 30

[Details available here](#) in Japanese

*UCHITORE* (Home Training) is an all-out fitness game allowing short yet efficient workouts combining high intensity interval training (HIIT) for strength with moves like squats and crunches, with aerobic exercise like aerobics, boxercise, jazz dance, samba, and more. Please give it a try!



### Broadcast



## Fishing Vision official online shop now open

[Official online shop here](#) in Japanese

The Company has opened an online shop with numerous Fishing Vision original goods available only through this site. We also offer show collaboration merchandise, and are accepting requests for new products based on shows. We look forward to serving you!

**釣りビジョン  
公式オンラインショップ**

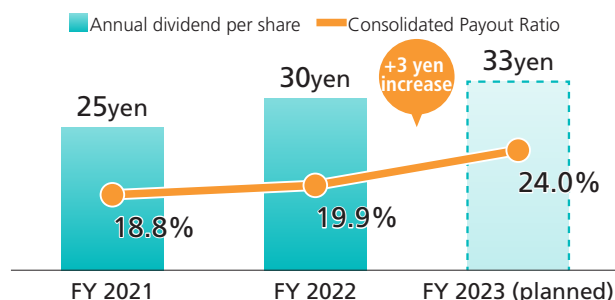


# Shareholder Return

## Dividends

Raising the dividend for the second straight year since resuming dividends in FY 2021, the Company is planning a FY 2023 year-end dividend of 33 yen per share (a 3-yen increase). While targeting a consolidated payout ratio around 20%, we will balance shareholder returns with growth investments.

Dividends per Share **33yen (planned)**



## Shareholder incentive

### Deadline for points application

**12:00 PM on December 28, 2023**

### Eligible shareholders

All shareholders holding 100 shares (1 trading unit) or more as of **March 31, 2023**.

### What you need for points application

Shareholder number / coupon code



Please refer to the **Guidance on Shareholder Incentives** delivered in early July 2023 for your shareholder number and coupon code.

As a shareholder incentive, the Company gives out points that can be used in both the video distribution service "Crank In! Video" and the digital comic service "Crank In! Comic." See Broadmedia's corporate website for details.

## クラクイン!ビデオ クラクイン!コミック



Shareholder incentive system is here [in Japanese](#)

Crank-In! Video [in Japanese](#)

Crank-In! Comic [in Japanese](#)

## Shareholders' Memo

Transfer agent and administration institution for special accounts

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