

Summary of Financial Results for the First Half of the Fiscal Year Ending March 31, 2025

Broadmedia Corporation

October 30, 2024

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.

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Summary of Financial Results for the First Half of FY2024 Revision of Financial Forecasts

Shareholder Return

Initiatives Aimed at Education Business Growth

Education Business Topics

[Reference Documents]•Sustainability (Human Capital) Initiatives•Other Topics

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



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

	FY2023 1H	FY2024 1H	Difference	Rate of difference	Financial Forecasts (announced on May 10)	Achievement ratio
Revenue	6,861	7,871	1,010	+15%	17,000	46%
Operating income	552	269	(282)	(51%)	1,000	27%
Ordinary income	589	268	(321)	(55%)	1,000	27%
Net income	447	36	(411)	(92%)	800	5%

- Education, Technology, and Others performed steadily. Revenue increased but income decreased from a year earlier due to the acquisition of div Inc. and divx Inc.
- ✓ In addition to a decrease in ordinary income, net income:
 - 1) Suffered extraordinary losses due to the business transfer in Media Content business
 - 2) Saw a significant decrease in profits due to the direct impact of div Inc. and divx Inc. losses on net income

(Note: Gains and losses cannot be aggregated for tax purposes as of the end of the second quarter because some of shares have not yet been acquired.)

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



Progress against financial forecasts

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

	FY2023 1H	FY2024 1H	Difference	Rate of difference	Financial Forecasts (announced on May 10)	Achievement ratio
Revenue	6,861	7,871	1,010	+15%	17,000	46%
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Net income	447	36	(411)	(92%)	800	5%

- ✓ The financial forecast for the net income achievement rate remains at 5%.
- $\checkmark\,$ This can mainly be attributed to:
 - 1) Extraordinary losses due to the business transfer in Media Content business (approx. 113 million yen)
 - 2) The increase in div/divx losses in the first half of the year (up approx. 15 million yen) compared to forecasts had a direct impact on net income

The above factors for net income decreases were not reflected in the forecasts at the start of the year.

-> Revise financial forecasts for the year



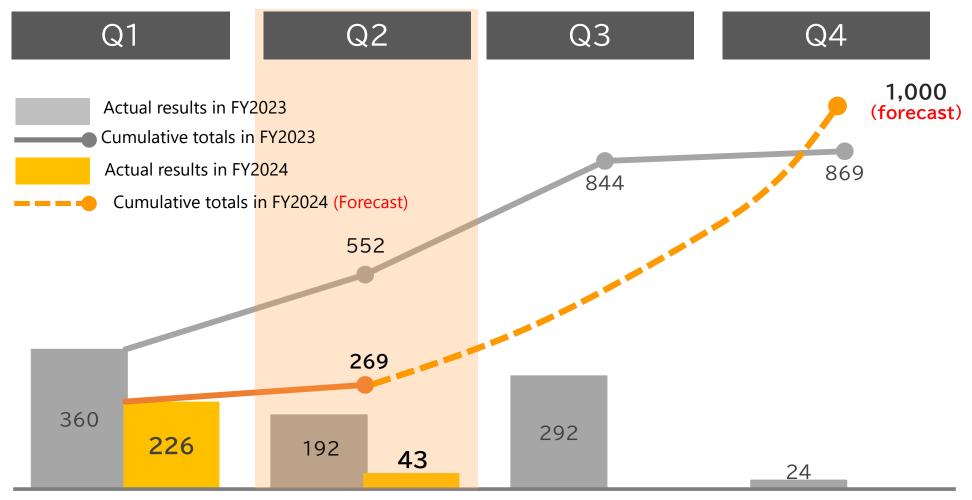
(Unit: Million yen)(Amounts are rounded down to the nearest million yen)

	Previous Forecasts (announced on May 10, 2024)	Revised Forecasts (announced on Oct. 30, 2024)	Difference	Rate of difference	(ref.) FY2023 Actual results
Revenue	17,000	17,000	_	_	14,179
Operating income	1,000	1,000	_	_	869
Ordinary income	1,000	1,000	_	_	910
Net income	800	680) (120)	(15%)	680

- ✓ A downward revision will be applied to net income, reflecting the previously mentioned factors.
- Previous forecasts for revenue, operating income, and ordinary income will remain the same as they are expected to be in line with the assumptions made at the beginning of the year, though dispersions can be seen among segments.

Changes in Operating Income (Year-over-Year)



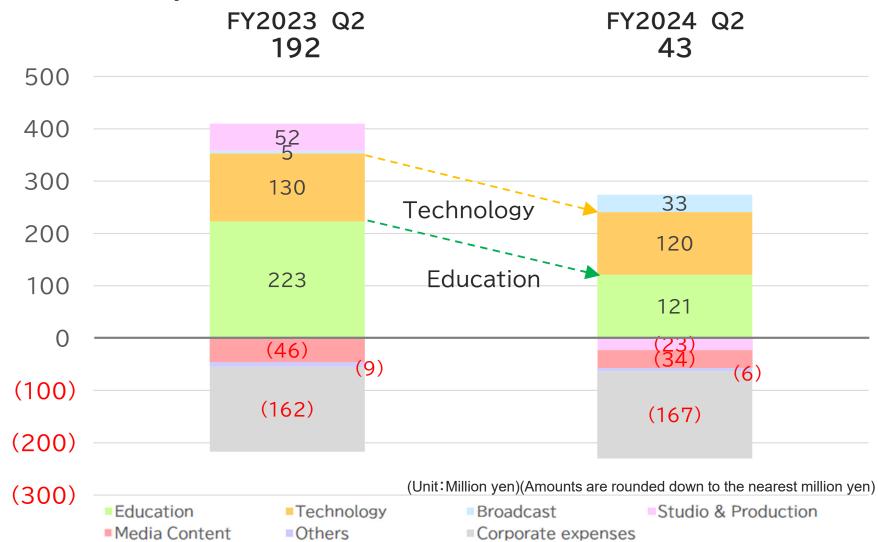


(Unit: Million yen)(Amounts are rounded down to the nearest million yen)

Decrease of 149 million yen in the second quarter from the same period of the previous year

Operating Income for the 2nd quarter of the fiscal year (Year-over-Year)



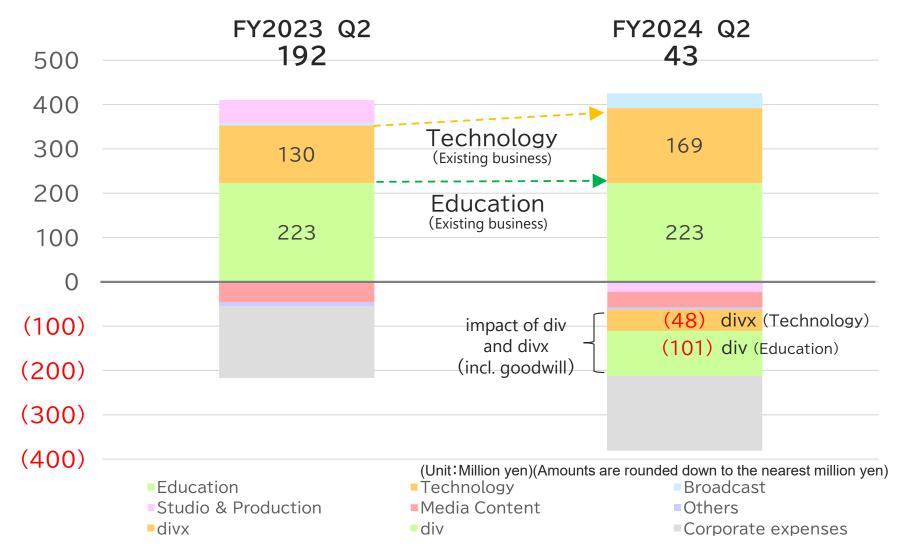


- On a segment-by-segment basis, Education and Technology experienced a decline in profits.
- ✓ Studio & Production shifted from profit to loss compared to the pervious period.

Operating Income for the 2nd quarter of the fiscal year (Year-over-Year)



- Breakdown of operating income with div Inc. and divx Inc. shown separately from their respective segments -

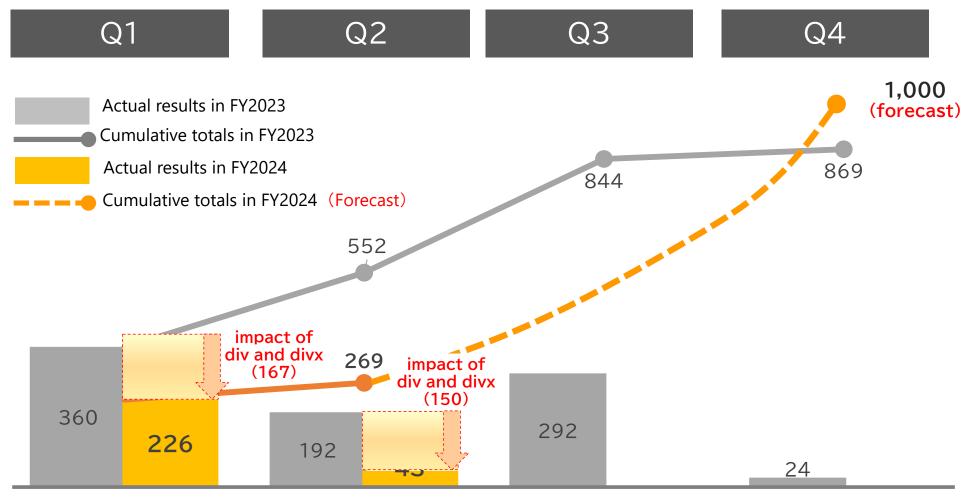


 Existing businesses in the Technology sector performed well, and those in Education remained at approximately the same level.

Both div Inc. and divx Inc. negatively impacted operating income (including goodwill).
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Changes in Operating Income (Year-over-Year)





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

- ✓ There was a decrease of 149 million yen in the first half from the same period of the previous year.
- Excluding the effects of div/divx, income from existing businesses remained at approximately the same level from the same period of the previous year.

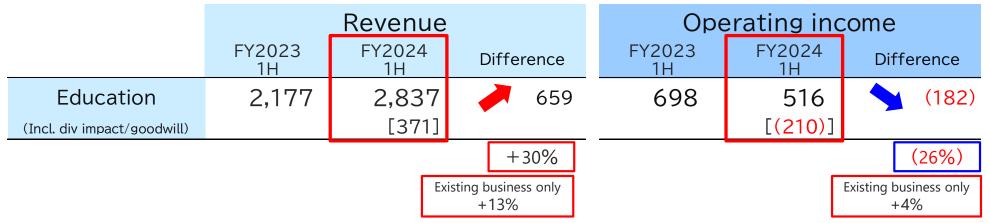


(Unit: Million yen)(Amounts are rounded down to the nearest million yen)

	Revenue			Operating income		
	FY2023 1H	FY2024 1H	Difference	FY2023 1H	FY2024 1H	Difference
Education (Incl. div impact/goodwill)	2,177	2,837 [371]	659	698	516 [(210)]	(182)
Media Content	318	257	(61)	(88)	(76)	/ 12
Studio & Production	899	701	(198)	51	(57)	(109)
Broadcast	1,166	1,160	→ △ 6	22	70	4 8
Technology (Incl. divx impact/goodwill)	2,188	2,671 [328]	483	242	169 [(107)]	(73)
Others	110	244	133 🧪	(31)	8	7 39
Corporate expenses				(343)	(361)	(17)
Total	6,861	7,871	1,010	552	269	(282)



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

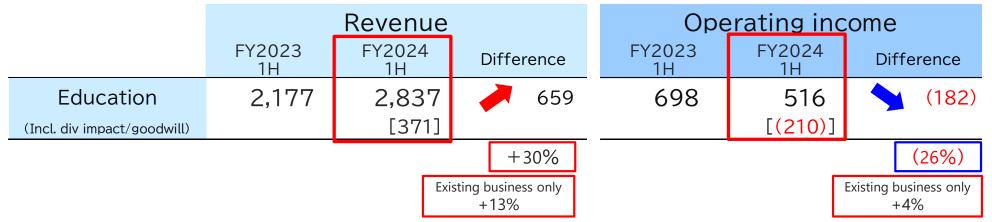


- ✓ Overall, business segments saw an increase in revenue but a decrease in income, although existing businesses increased in both revenue and income.
- ✓ Online high school saw record enrollment, leading to increased revenue and income.
- ✓ Enrollment in the on-campus courses, including the eSports course, also increased.
- ✓ At the same time, labor and educational costs increased.
- Measures will continue to be taken to address issues attributable to rapid growth such as the securing of teachers, increase of enrollment limits, etc.
- ✓ Enrollment in the Japanese language teacher training courses increased.

Online credit-based e-learning high schools (Renaissance High School Group)
 Japanese Language Education (Renaissance Japanese Language Academy)
 Programming Education



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



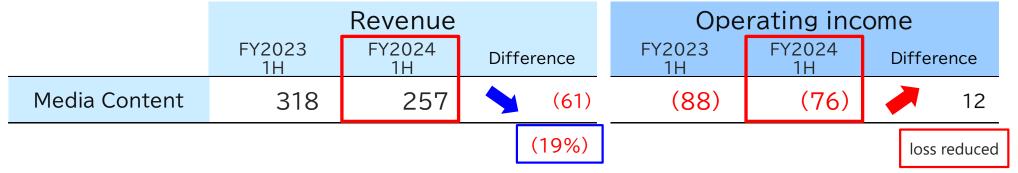
Impact of div Inc. which was acquired as a subsidiary

- ✓ Div operating loss pushed segment income down by 210 million yen (including goodwill amortization).
- In the second quarter (July to September), revenue decreased (by 32 million yen) compared to the previous quarter (April to June), but the deficit was reduced (by 6 million yen) due to cost containment measures.
- ✓ While the losses are expected to affect the Group in the short term, efforts will be made to improve profitability with an eye toward achieving more robust growth.

Online credit-based e-learning high schools (Renaissance High School Group)
 Japanese Language Education (Renaissance Japanese Language Academy)
 Programming Education



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

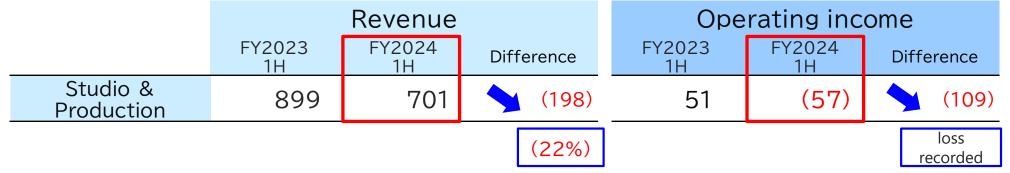


- ✓ The decision to transfer businesses was made after considering strategic options.
 - Video and comic services will be transferred on November 1.
 - Entertainment information services will be transferred on December 1.
- ✓ Content license fees were recorded as extraordinary losses (approx. 113 million yen) due to the transfer of the business.
- ✓ All operations within this segment will be concluded in the third quarter.

- Digital Media services
 - Video distribution and Digital comic service
 - Entertainment news website, etc.



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

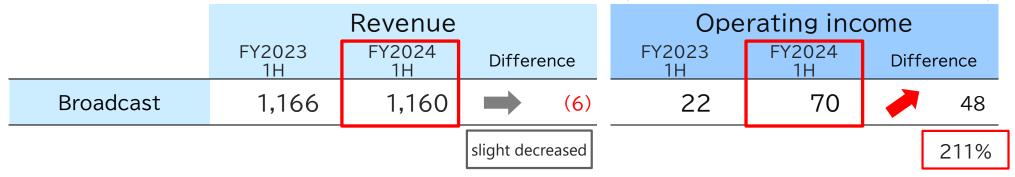


- ✓ The impact of the Hollywood strike in May 2023 continues, with income and expenditures significantly worsening due to a decline in sales. A loss was recorded.
- ✓ Order levels recovered in the second half of the year, with a full-year profit expected.
- ✓ Our medium-term goal is to provide high-value-added products and services through operational improvements and the use of AI.

Production business



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

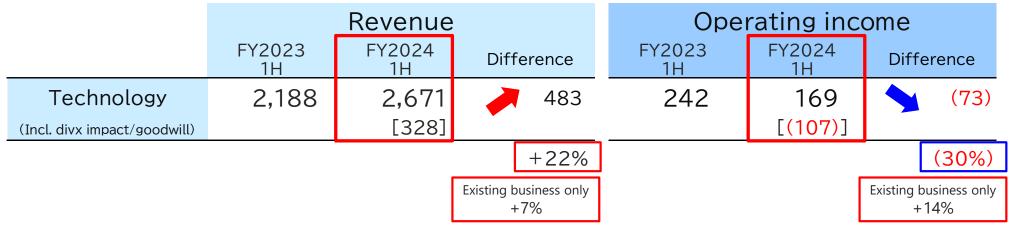


- \checkmark Subscription fee revenue continues to fall.
- ✓ Meanwhile, sponsor revenue and sales from Fishing Vision Club (VOD) increased, maintaining revenue at a level similar to the same period in the previous year.
- ✓ Operating income increased due to the effect of cost control.
- ✓ The Company continues to consider its options strategically.

"Fishing Vision", a channel dedicated to fishing programs
 "Fishing Vision VOD", a streaming service for multiple devices



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



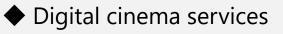
- ✓ Overall business segments saw an increase in revenue but a decrease in income, although existing businesses increased in both revenue and income.
- ✓ Our flagship Akamai (CDN) service increased income and profit.
- ✓ Costs were higher with System Design Development, resulting in a loss.
- \checkmark Contributing to the DX and security measures of each business in the Group
- ✓ The G-cluster cloud game service will cease operations in February 2025.



Hospitality network



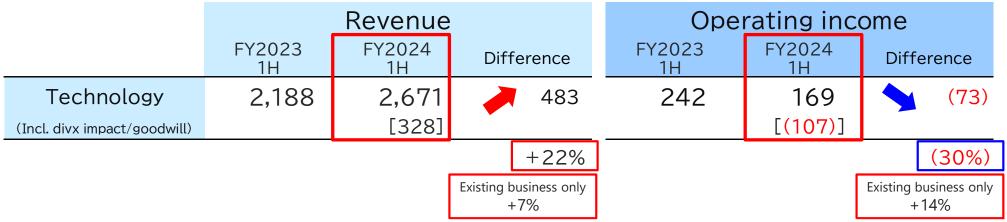
System development



Other solution services



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



Impact of divx Inc. which was acquired as a subsidiary

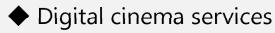
- Divx operating loss pushed segment income down by 107 million yen (including \checkmark goodwill amortization).
- In the second quarter (July to September), revenue decreased (by 13 million yen) \checkmark compared to the previous quarter (April to June), but the deficit was reduced (by 11 million yen) due to cost containment measures.
- ✓ Contributing to the DX and security measures of each business in the Group (Approx. 50 million yen)
- \checkmark We aim to achieve profitability quickly.
 - Akamai (CDN) services

Hospitality network



System development

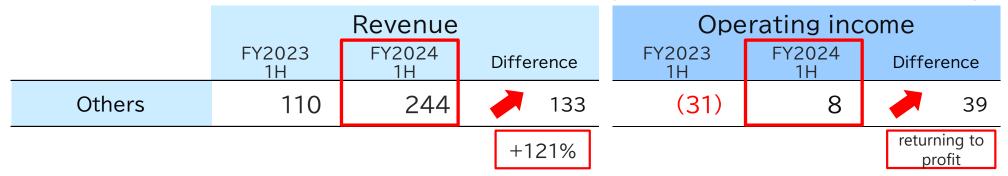
• Cloud solution services



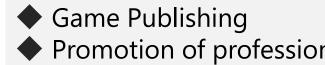
Other solution services



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

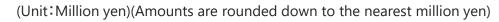


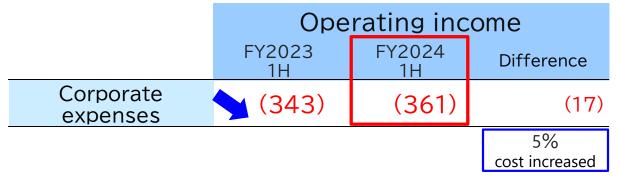
- The Game Publishing business saw a significant increase in revenue and returned to profitability due to a commission for a large-scale development project and new releases in the first quarter.
- Promotion of Professional eSports recorded at the same level as the same period of the previous year.



Promotion of professional eSports (income from prize money, distribution, sponsorships, etc.)







✓ Personnel expenses increased due to the enhancement of the administrative division and new graduate recruitment associated with the Group's growth.

• 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)				
		FY2023	FY2024 1H	Difference	Rate of difference	
	Total assets	11,890	10,783	(1,106)	(9%)	
	Liabilities	5,981	5,311	(669)	(11%)	
	Net assets	5,909	5,471	(437)	(7%)	
	Shareholders' equity	4,774	4,337	(437)	(9%)	
	Stock acquisition rights for non-controlling shareholders	1,134	1,133	0	(0%)	
	Shareholders' equity ratio	40%	40%			

While accounts receivable and prepaid expenses increased, cash and Total assets deposits decreased. While deposits received increased, advances received and provision for Liabilities bonuses decreased. Despite the posting of net income, net assets decreased as a result of Net assets dividend payments and the repurchase of treasury stock.



Consolidated Financial Position



Condition of Cash flow

	FY2023 1H	FY2024 1H
Operating cash flow	(65)	(513)
Investing cash flow	(112)	(70)
Financing cash flow	(343)	(667)
Effect of exchange rate change on cash and cash equivalents	28	(10)
Changes in cash and cash equivalents	(493)	(1,262)
Year-end balance of cash and cash equivalents	5,373	4,564

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

Operating cash flow	Decreased 513 million yen, mainly due to the increase of accounts receivable and decrease of advances received, despite the posting of 180 million yen in income before income taxes and an increase in deposits received
Investing cash flow	Decreased 70 million yen, resulting mainly from asset acquisition for expansion of sites in the high school correspondence course business
Financing cash flow	Decreased 667 million yen, due to dividend payments, the repurchase of treasury stock, and the repayment of debt



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Shareholder Return

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Education Business Topics

[Reference Documents]
• Sustainability (Human Capital) Initiatives
• Other Topics

Shareholder Return; (1) Dividend



- ✓ As planned at the beginning of the fiscal year, the midterm dividend for FY2024 will not be paid.
- ✓ The year-end dividend for FY2024 is planned to be 40 yen (+7 yen increase) per share.

	Mid-term Dividend (per share)	Year-end Dividend (per share)	Payout Ratio (Consolidated)
FY 2024 (planned)	00.00	40.00	42.1%
FY 2023 (results)	00.00	33.00	35.3%
FY 2022 (results)	00.00	30.00	19.9%
FY 2021 (results)	00.00	25.00	18.8%

Shareholder Return; (2) Acquisition of Treasury Stock



Completed acquisition of treasury stock is completed in accordance with the Board of Directors' resolution of May 10, 2024, and July 30*.

*Note) The Board of Directors resolved on July 30 to extend the acquisition period (from July 31, 2024 to October 31, 2024).

【 Result of Acquisition of Treasury Stock 】

Type of shares acquired	common shares of the Company
Total number of acquired shares	163,900 shares (Progress against the upper limit of 200,000 shares: 82.0%)
Total share acquisition value	259.8 million yen (Progress toward the upper limit of 260 million yen: 99.9%)
Acquisition period	from May 13, 2024, to August 9, 2024 (Contract basis)

(Reference as of September 30, 2024)

- Number of issued shares: 7,500,000 shares* (excluding treasury stock: 7,126,019 shares)
- Number of treasury stock: 373,981 shares
- * The company cancelled its treasury stock on June 11, 2024.



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

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



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Shareholder Return

Initiatives Aimed at Education Business Growth

Education Business Topics

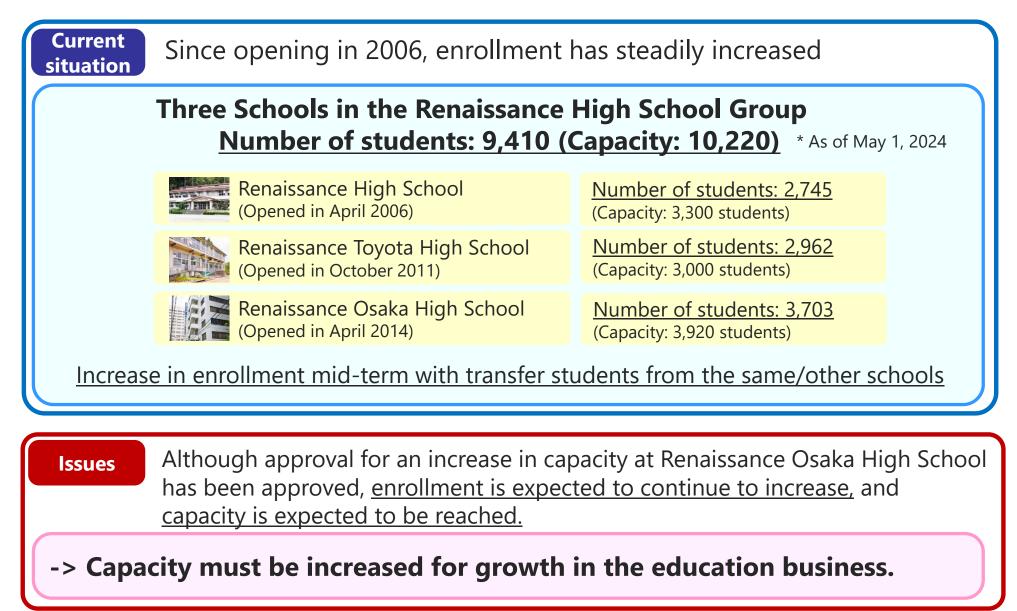
[Reference Documents]•Sustainability (Human Capital) Initiatives•Other Topics

Initiatives Aimed at Education Business Growth





Initiatives to Increase Online High School Enrollment Capacity



Initiatives Aimed at Education Business Growth





Initiatives to Increase Online High School Enrollment Capacity

Two options to increase capacity

- 1) Increase capacity of three existing schools
- 2) Establish new schools

Establishment of a fourth school is necessary to achieve a significant increase in capacity.



Preparations are underway in anticipation of an April 2026 opening.

<u>Growth in the education business will be accelerated through the opening of a</u> <u>fourth school while also responding to the challenges of securing teachers</u> <u>and increasing capacity at three existing schools.</u>

Solution

Initiatives Aimed at Education Business Growth



\checkmark Promotion of the original combined education business



<u>Wide-area online school business</u>, the only school business expanding despite the declining birth rate



<u>eSports education business</u>, a business whose market is expected to expand.

3

Japanese language education business, a business for developing Japanese language teachers who are in short supply

X

 \mathbf{X}

4

Programming education business, a business for developing engineers because they are in short supply due to the implementation of DX

Accelerating education business incubation (business development)



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Education Business Topics

(Programming Education)



Developing Programming Education for high school students Providing high school students who will lead the digital society with learning opportunities and options for the future

DX High School Support* Service



Offering comprehensive support, including classes utilizing generative AI for the high school subject, Information II



Earn a high school diploma and IT engineering skills at the same time / Offering diverse studies and a wide range of future options

Aiming for further growth in the programming education business by utilizing div's knowledge of IT engineering education

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* A program launched in FY2024 subsidized by the Ministry of Education, Culture, Sports, Science and Technology https://www.mext.go.jp/content/20240416 mxt koukou01_000033692_005.pdf

Education Business Topics (Japanese Language Education)





Developing a Japanese language teacher training course (e-learning)

- Selected as a course for the Ministry of Economy, Trade and Industry's Career Advancement Support Project through Reskilling
- Certified as a designated course (general educational training) for the Ministry of Health, Labour and Welfare's Education and Training Benefits System
- Obtained Charged Employment Placement Businesses license from the Ministry of Health, Labour and Welfare

Recognized as a course eligible for two subsidies, offering support from enrollment to employment through obtaining the Charged Employment Placement Businesses <u>license</u>

Education Business Topics (Japanese Language Education 1)





Developing a Japanese language teacher training course (e-learning) (1)

The Japanese Language Teacher Training Course was selected as a course for the Ministry of Economy, Trade and Industry's Career Advancement Support Project through Reskilling*.



https://www.rn-ac.jp/course/elearning/

Total support for career advancement and job transitions through relearning

* An integrated support system offered by the Ministry of Economy, Trade and Industry for career counseling, reskilling, and job transitions <u>https://careerup.reskilling.go.jp/worker/</u>

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Education Business Topics (Japanese Language Education 2)





Developing a Japanese language teacher training course (e-learning) (2)

The Japanese Language Teacher Training Course was certified as a designated course (general educational training) for the Ministry of Health, Labour and Welfare's Education and Training Benefits System*.



https://www.rn-ac.jp/course/elearning/

Support for Independent Skill and Career Development

* An employment insurance benefit program created to support independent skill development efforts and promote job security and re-employment

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https://www.mhlw.go.jp/stf/seisakunitsuite/bunya/koyou_roudou/jinzaikaihatsu/kyouiku.html

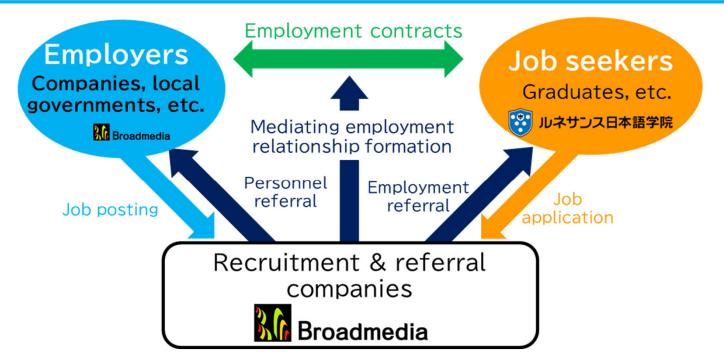
Education Business Topics (Japanese Language Education 3)





Developing a Japanese language teacher training course (e-learning) (3)

Obtained Charged Employment Placement Businesses license from the Ministry of Health, Labour and Welfare



Renaissance Japanese Language Academy trains and employs high-quality Japanese language teachers, creating opportunities for them to shine.

Helping to eliminate the shortage of Japanese language teachers and creating opportunities for employment

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Education Business Topics

(Credit-based e-learning Schools)





Japan's Largest School eSports Festival - STAGE:0 2024 The Renaissance High School Group performed outstandingly!



Thank you very much for all your support!

(Note) Coca-Cola STAGE:0 eSPORTS High-School Championship 2023: This competition is attracting attention as the largest high school eSports festival in Japan with 2,322 teams and 7,692 participants in 2024.



Thank you for your attention.



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Consolidated Financial Results by Business Segment



Breakdown of revenue by income type

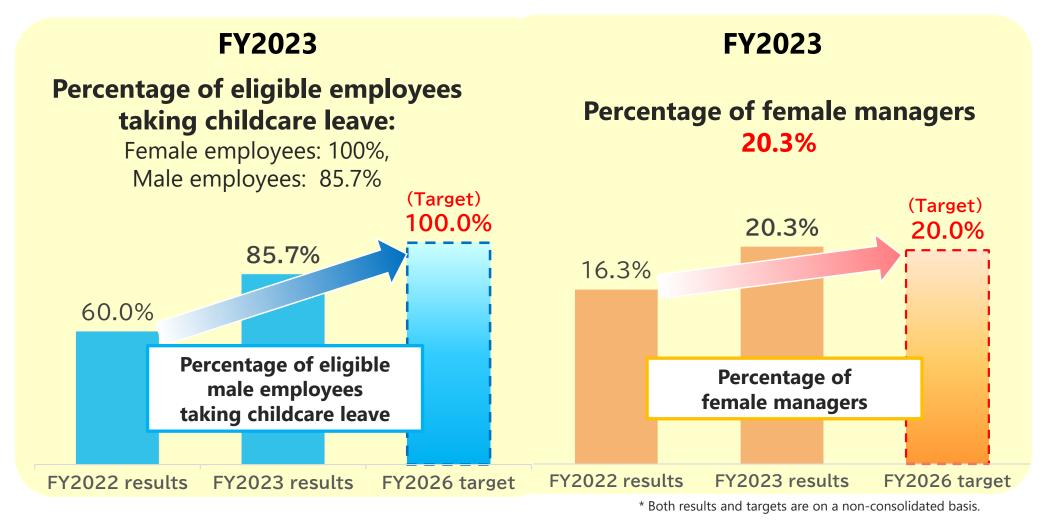
upper row:revenue(Unit:Million yen)(Amounts are rounded down to the nearest million yen) lower row: Composition ratio

	Total	Breakdown of income by stock/flow		Breakdown of revenue from original products/others	
		Stock	Flow	Original products	Products other than original products
Education	2,837	2,388 ^{84%}	448 16%	2,837	
Media Content	257	165 _{64%}	91 36%	89 35%	167 65%
Studio & Production	701		701 100%	701 100%	
Broadcast	1,160	962 83%	198 17%	1,160 100%	
Technology	2,671	2,353 88%	317 12%	715 27%	1,955 _{73%}
Others	244	3 1%	240 99%	244 100%	
Total	7,871	5,873 ^{75%}	1,998 ^{25%}	5,748 _{73%}	2,123 27%

- ✓ Revenue from Education and Broadcast mainly consists of stock income with a high continuity.
- ✓ Income from Technology and Media Content centered on products other than original products.
- ✓ Revenue from Studio & Production and Others mainly came from flow income that fluctuates considerably over the short term.

Sustainability (Human Capital) Initiatives





Build and operate an environment and systems that enable all employees to work with high motivation

Restricted Stock Compensation for Directors



The disposal of treasury shares has been completed for the restricted stock awards resolved on July 26, 2024.

- ✓ The aim is to give them an incentive to work on the sustainable enhancement of the Company's corporate value and promote the further sharing of values with the Company's shareholders.
- ✓ It was approved by the General Meeting of Shareholders held on June 27, 2024.

Date of the disposal	August 23, 2024		
Class and number of shares to be disposed of	Common stock of the Company 17,500 shares		
Disposition amount	1,720 yen per share		
Total disposition amount	30,100,000 yen		
Planned recipients of compensation and number of shares to be disposed of	Directors of the Company 6 people 17,500 shares (Excluding outside directors and directors who are members of the Audit & Supervisory Committee)		

Abolition of Shareholder Incentive



The Company will abolish the shareholder incentive program with the presentation of points to eligible shareholders as of the record date on March 31, 2024.

Shareholder benefit incentive with a record date of March 31, 2024			
Deadline for points application	Until 12:00 PM on December 27, 2024		
Shareholder incentive points expiry date	Valid until the end of 12th month counting from the day they are acquired		

The services for which shareholder incentive point can be used, the video distribution service Crank In! Video, and the digital comic service Crank In! Comic, will be transferred to ZITTO, Inc. on November 1, 2024, but these services will continue to be available.

https://www.broadmedia.co.jp/ir/stock/benefit/

The understanding of shareholders is kindly requested.



Renaissance High School Group Activity report for students in the eSports Course



JAPAN FESTIVAL IN MONGOLIA Participated in the eSports event and helped facilitate international cultural exchange.





Tokyo Game Show 2024 Students ran their own booth and studied eSports social research.





Koyabu Sonic 2024 Students displayed their skills in eSports and toured event backstage operations.

Students experienced international exchange and toured event operations while also showcasing what they've studied and their own gaming skills.





Renaissance High School Group Launch of New Virtual On-Campus Course



https://www.r-ac.jp/curriculum/virtual/

An optional course on the shared virtual space for all three schools in the Renaissance High School Group where students across the nation can interact with one another, even those who have concerns for face-to-face interactions

Educational guidance and career support are also offered in the virtual space.

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Broadcast



Launch of Fishing Vision VOD for Lemino on the NTT docomo Lemino Channel



20% pointback (d POINTs) on monthly subscription

https://lemino.docomo.ne.jp/channel/2-1-150-3

Aiming to enrich fishing experiences



Rainbow Six Siege category

Major championship in November Secured a place in BLAST R6 Major Montreal 2024



PUBG MOBILE category

Major championship starting October 31 Participation locked in for PUBG Mobile Global Championship 2024!



Anticipating fierce competition against the world's best teams



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



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



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