

## Regarding the shareholder incentive system

The deadline for eligible shareholders as of March 31, 2019 to acquire shareholder incentive points is fast approaching.

**Until December 27, 2019**

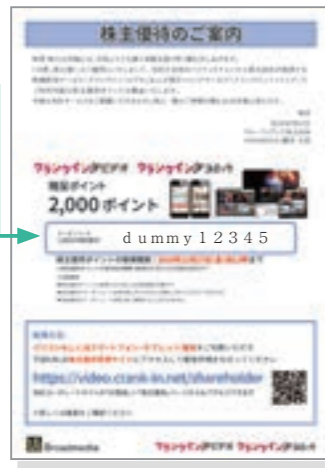
### What you need

Please refer to the **Guidance on Shareholder Incentives** mailed in late July.

#### 1 Shareholder number

#### 2 Coupon code

Please have the above information prepared to receive incentive points from the **dedicated Shareholder Incentives website**.



<https://video.crank-in.net/shareholder/>

Shareholder incentive points accepted for use are valid for a period of 12 months from the day they are acquired.

### Contents of shareholder incentives

クランクイン!ビデオ クランクイン!コミック



We will give out points that can be used in the video distribution service, "Crank-In! Video" and the digital comics service "Crank-In! Comic." (1 point is equivalent to 1 yen)

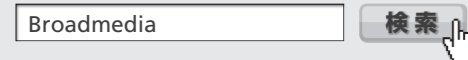
Number of shares held	Shareholding duration	
	Less than 1 year	1 year or more *1
1,000 to 4,999 shares	2,000 points	2,500 points
5,000 shares or more	4,000 points	6,000 points

\*1. Shareholders who are registered in the Company's shareholders' register as of March 31 every year and also recorded as holding either 1,000 shares or more, or 5,000 shares or more under an identical shareholder number in the Company's shareholders' register consecutively as of both March 31 and September 30 of the preceding year.

\*2. Shareholders who wish to use the shareholder incentive points must register with either "Crank-In! Video" or "Crank-In! Comic" as members. Either membership allows shareholders to use both the video and comic services.

### Introduction to the Corporate Website

Updated regularly with the latest news, as well as press releases and investor relations information. Links to individual and corporate services, as well as group company sites, will help you find the information you need quickly. Please make use of our website as your resource.



For added convenience, our website is now available on your smartphone.

The Company's website can be browsed from smartphones and tablets, enabling access to the Company's information on the go.

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



### Company Profile /Information on Shares/ Shareholders' Memo (As of September 30, 2019)

#### Company Profile

Company Name	Broadmedia Corporation
Established	September 5, 1996
Paid-in Capital	3,457,496 (thousands of yen)
Employees	46 (consolidated: 417)
URL	<a href="https://www.broadmedia.co.jp/">https://www.broadmedia.co.jp/</a>

#### Executive Directors and Auditors

CEO	Taro Hashimoto	Auditor (full-time)	Shunichi Furuya
Executive Director	Toshihito Kubo	Auditor	Kenji Kitatani
Executive Director	Yasutaka Shimamura	Auditor	Jyunko Sato
Executive Director	Hideaki Oshio	Auditor	Jun Yamada
Executive Director (part-time)	Takayoshi Momoi		
Executive Director (outside)	Nobuhiko Seki		

\* Shunichi Furuya, Kenji Kitatani, Jyunko Sato, and Jun Yamada are outside auditors.

#### Stock Information

Number of shares authorized	128,000,000 shares
Number of shares issued*	79,147,323 shares
Number of shareholders	14,508

\* The total number of shares issued includes treasury stock (1,157,427 shares).

#### Distribution of Shareholders

	Number of shares held (thousands)	Shareholding ratio (%)
Individuals and others*	62,137	78.51
Japanese securities companies	5,586	7.06
Overseas institutions	8,786	11.10
Other Japanese institutions	2,159	2.73
Japanese financial institutions	476	0.60

\* "Individuals and others" includes treasury stock.

#### Shareholders' Memo

Fiscal year	April 1 to March 31 (every year)
Ordinary general meeting of shareholders	June every year
Record date for year-end dividend	March 31
Record date for interim dividend	September 30
Stock exchange listings	Tokyo Stock Exchange, JASDAQ Standard
Method for public notice	Electronic public notice (posted on the Company's website) <a href="http://www.broadmedia.co.jp/">http://www.broadmedia.co.jp/</a> When notifications are unable to be made due to unavoidable reasons, notifications will be posted in The Nikkei.
Transfer agent	Mizuho Trust & Banking Co., Ltd.
Place of business	Mizuho Trust & Banking Co., Ltd. Stock Transfer Agency Department
For administrative procedures	2-8-4 Izumi, Sugunami-ku, Tokyo 168-8507 Mizuho Trust & Banking Co., Ltd. Stock Transfer Agency Department TEL: 0120-288-324 (toll-free in Japan)



Broadmedia

## The Second quarter business report

# Business Report

For the First Half of FY2019

(April 1, 2019 to September 30, 2019)

# BROADEN THE BORDERS OF MEDIA

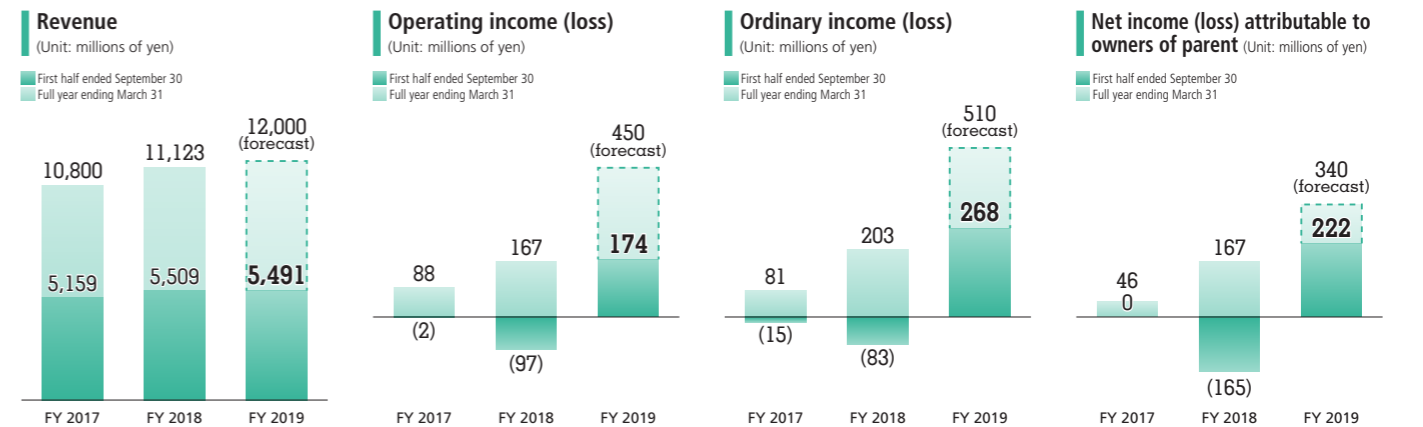
**Broadmedia Corporation**

(Securities Code: 4347)

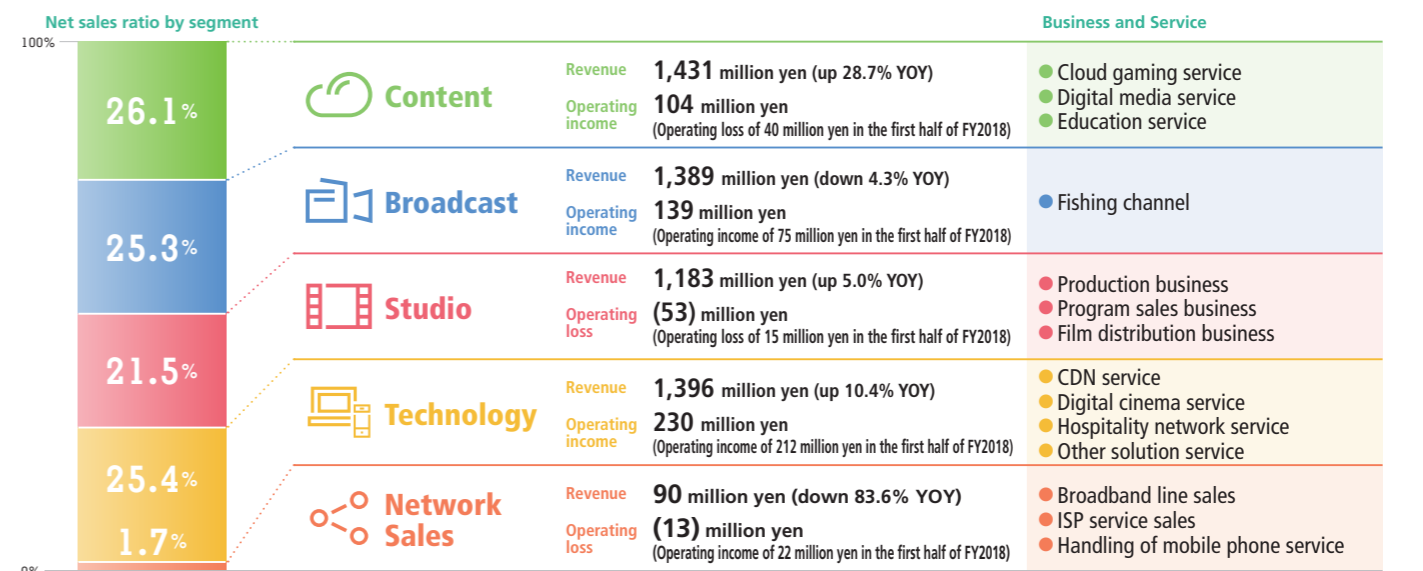
### Greeting

We would like to express our heartfelt gratitude to our shareholders for their continued support and understanding of the Company's business. Along with reporting on the business results for the first half of FY2019, we herein offer an explanation on the progress of management and business operations. Thank you for taking your time to read this report.

### Financial Highlights for the First Half of FY2019



### Financial Results by Segment





## Top Management Interview

We will break down the barriers within our Group in order to accelerate innovation.

Taro Hashimoto, CEO

### Q Financial results for the first half of FY2019

While revenue was on par with the same period of the previous fiscal year, income grew steadily. Looking by segment, the “Content” has been driving profit from the previous year with the record highest number of students enrolled in the Renaissance High School Group. Our digital media service also turned profitable thanks to increased advertising revenue from the entertainment news website “Crank-In!” and “Crank-In! Trend,” as well as steady growth in revenue from the video distribution service “Crank-In! Video.” The “Broadcast” segment posted higher income due to the progress in management reform, and the “Technology” segment was favorable as with the previous year. In addition to CDN service, our new solutions and services are so well received that they boosted profit.

Ordinary income increased as a result of higher operating income. Net income also rose owing mainly to the refunds for taxes as well as the posting of settlement proceeds received from a lawsuit we filed for damages.

### Q Full-year financial results forecast was revised upward

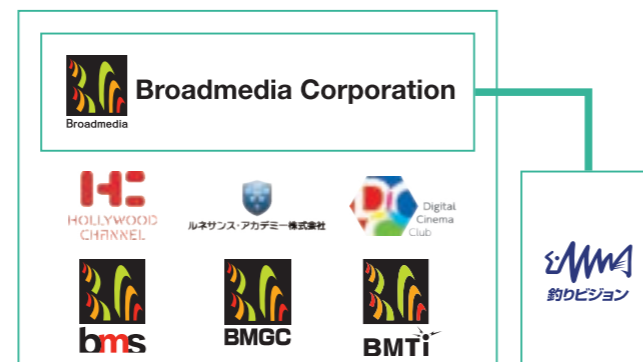
Results in the first half were favorable exceeding our projection. As we expect income in the second half to be flat year on year, operating income was revised upward to 450 million yen, an increase by 100 million yen from the previous forecast. Ordinary income and net income were also revised upward, in line with the latest upward revision of operating income, following the first upward revisions made on September 30.

(Unit: millions of yen)	First half of FY2019 (Results)	Initial forecast (Announced on May 10)	Previous forecast (Announced on September 30)	Revised forecast (Announced on October 30)	Difference
Revenue	5,491	12,000	12,000	12,000	0
Operating income	174	350	350	450	100
Ordinary income	268	360	410	510	100
Net income	222	180	270	340	70

### Q Primary objective of Group consolidation

We had announced a plan to merge our six wholly-owned subsidiaries, and recently decided to merge them into the Company on April 1, 2020. Up to the present, each subsidiary has developed its own unique businesses, but from now on, we will remove barriers between organizations, fuse different businesses together and accelerate innovations, so as to create new businesses.

Upon this merger, we are considering changes in organizational structure and business segments. Having more opportunities for personnel exchange and cross-sectoral dialogues, we intend to foster



human resources who will act as bridges between different businesses. We will build a proactive management structure capable of promoting operations that go beyond the existing boundaries.

In recent years, initiatives on Environmental, Social and Governance (ESG) and Sustainable Development Goals (SDGs) have been spreading widely. We will incorporate them into the management strategies going forward to achieve the Company’s sustainable growth.

### Q Response to the 5G environment

The year 2020 will see the full-scale launch of 5G service in Japan. Leveraging the advantage of providing cloud gaming service to network operators, the Company is laying groundwork for the 5G environment.

We expect that 5G will bring significant progress in the cooperation between two different business segments, eSports and cloud gaming.

### Q To our shareholders

Although results are steadily recovering, we sincerely regret that we did not pay an interim dividend for FY2019 as retained earnings are negative at present. At the same time, we also do not plan to pay year-end dividend. Giving priority to earning solid profit, we will strive to provide returns to shareholders as soon as possible.

The Company is committed to improving its corporate value by pursuing development of businesses that are exceptionally unique. I would be most grateful to our shareholders for their continuing support.

## Topics

### Education & Games Develop a unique eSports business

The Renaissance High School Group is promoting eSports as part of its educational business. This fiscal year, it exhibited at the “20th Japan Expo” held in Paris, France in July, and “Tokyo Game Show 2019” held in September. Along with the explosive growth of cloud gaming in parallel with the spread of 5G, highly educational eSports courses have been growing. We will intensify our effort in this area so as to make it a symbolic initiative under our current move to promote collaboration among business segments by removing barriers between group companies.



### “Kaze no Denwa,” the latest film directed by Nobuhiro Suwa, will be released nationwide on Friday January 24, 2020

“Kaze no Denwa” is a telephone booth set up by Itaru Sasaki, a garden designer living in Otsuchi-cho, Iwate Prefecture, longing to talk to his departed cousin again. The phone booth located in his own garden has become known as a “telephone to get through to heaven” after the Great East Japan Earthquake, and was visited by more than 30 thousand people. The film “Kaze no Denwa” is the first video work inspired by this telephone.

The film is directed by Nobuhiro Suwa, who is exceptionally acclaimed in France and other countries in Europe, and stars an up-and-coming actress Serena Motola as the main character, Haru. The biggest actors in Japan including Hidetoshi Nishijima, Toshiyuki Nishida and Tomokazu Miura complement her enthusiastic performance. The touching movie brought by the sublime performance of the actors will be released nationwide on Friday January 24, 2020.