

Regarding the shareholder incentive system

The deadline for eligible shareholders as of March 31, 2020, to acquire shareholder incentive points is fast approaching.

Until December 28, 2020

What you need

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

1 Shareholder number

2 Coupon code

Please have the above information ready in order 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

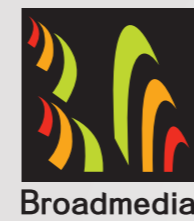
クランクイン!ビデオ クランクイン!コミック



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	One 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.



The Second quarter business report

Business Report

For the First Half of FY2020
(April 1, 2020 to September 30, 2020)

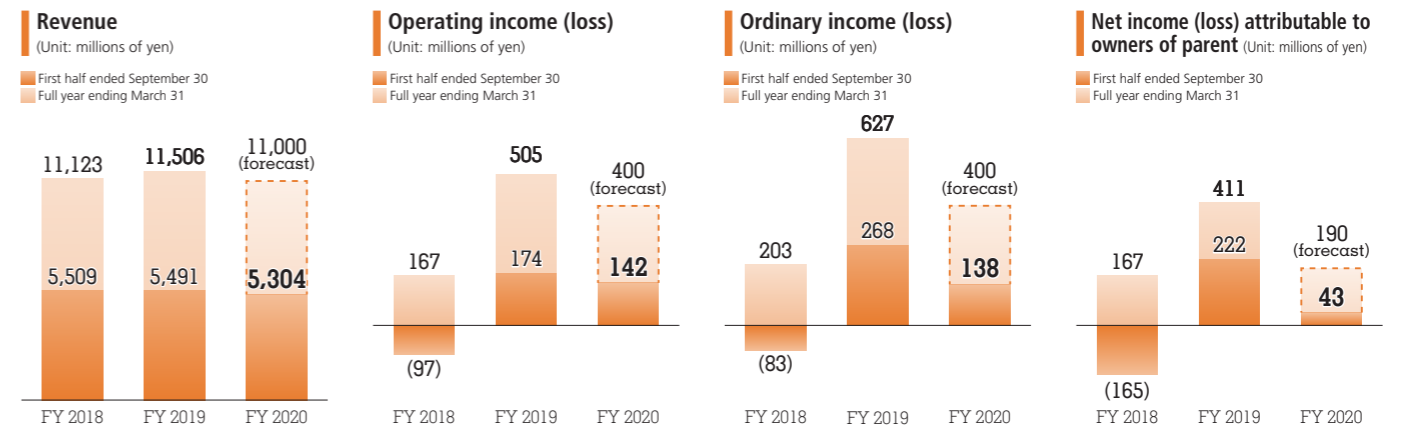
**BROADEN
THE BORDERS
OF MEDIA**

Broadmedia Corporation
(Securities Code: 4347)

Greeting

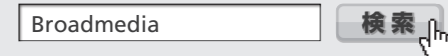
We would like to express our heartfelt gratitude to our shareholders for their continued support and understanding of the Company's business. Along with reporting on the business results for the first half of FY2020, we herein offer an explanation on the progress of management and business operations. Thank you for taking the time to read this report.

Financial Highlights for the First Half of FY2020



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, 2020)

Company Profile

Company Name	Broadmedia Corporation
Established	September 5, 1996
Paid-in Capital	600,000 (thousands of yen) (As of September 15, 2020)
Employees	350 (consolidated: 440)
URL	https://www.broadmedia.co.jp/

Executive Directors and Auditors

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

*Shunichi Furuya, Kenji Kitatani, Jyunko Sato, and Misao Kumekawa are outside auditors.

Stock Information

Number of shares authorized	128,000,000 shares
Number of shares issued*	79,147,323 shares
Number of shareholders	16,696

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

Distribution of Shareholders

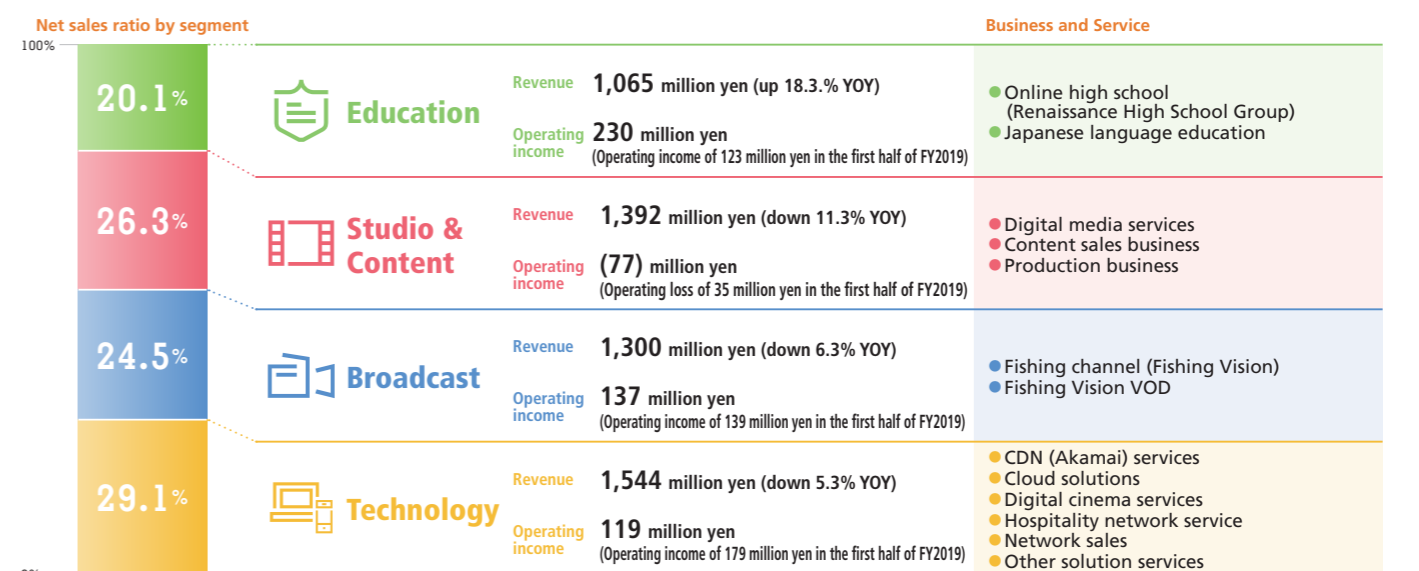
	Number of shares held (thousands)	Shareholding ratio (%)
Individuals and others*	63,479	80.20
Japanese securities companies	8,021	10.14
Overseas institutions	3,755	4.74
Other Japanese institutions	2,587	3.27
Japanese financial institutions	1,303	1.65

* "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
Transfer agent and administration institution for special accounts	Sumitomo Mitsui Trust Bank, Limited 1-4-1, Marunouchi, Chiyoda-ku, Tokyo
Postal address / Telephone enquiry line	Stock Transfer Agency Business Planning Dept. Sumitomo Mitsui Trust Bank, Limited 2-8-4, Izumi, Suginami-ku, Tokyo 168-0063 Phone: 0120-782-031 (Toll-free in Japan) Business hours: 9:00-17:00 (except weekends and holidays)
Method for public notice	Electronic public notice (posted on the Company's website) https://www.broadmedia.co.jp/ When notifications are unable to be made due to unavoidable reasons, notifications will be posted in The Nikkei.

Financial Results by Segment *The reporting segments were changed from the first quarter of FY2020.



We will pursue growth by fostering a sense of unity among employees.

Taro Hashimoto, CEO



Financial results for the first half of FY2020 and full-year financial results forecast for FY2020

During the first half of the fiscal year ending March 31, 2021, the Company posted a decline in both revenue and income year on year partly due to the impacts of the COVID-19 pandemic.

Looking at the results by segment, in the “Education” segment, both revenue and income increased as the number of new students in the Renaissance High School Group reached a record high as in the previous fiscal year, and this segment was a driver of overall financial results. In the “Studio & Content” segment, loss expanded due to the COVID-19 pandemic. The “Broadcast” segment saw an overall decline in revenue, but operating income remained at the same level as the same period of the previous fiscal year due to the curbing of expenses. In the “Technology” segment, CDN (Akamai) services remained favorable, but the segment saw a year-on-year decline in both revenue and income due to the fact that the 10-year planned period for providing VPF services in digital cinema services expired.

Both ordinary income and net income declined significantly. These declines were caused by the drop in operating income as well as the non-recurrence of special factors that boosted profit in the previous fiscal year, including insurance proceeds received, lump-sum settlement proceeds for damage suits and a corporate tax refund for previous years.

For full-year forecast for the fiscal year ending March 31, 2021, we are currently forecasting a decline in both revenue and income, but we will continue to pursue improvements in our financial results.

(Unit: millions of yen)	First half of FY2020 (Results)	FY2020 full-year forecast (Announced on October 30)	Progress rate
Revenue	5,304	11,000	48%
Operating Income	142	400	36%
Ordinary Income	138	400	35%
Net Income	43	190	23%

Executing shareholder returns

We have been aiming to realize shareholder returns as soon as possible, and this period we were able to implement shareholder returns due to the fact

that we posted retained earnings in conjunction with extraordinary income (gain on extinguishment of tie-in shares) resulting from the mergers with six subsidiaries, and the capital reduction without compensation resolved at the general meeting of shareholders taking effect. With this, in November we carried out a treasury stock acquisition with a total share acquisition value of 200 million yen (upper limit) and total number of acquirable shares of 1,600,000 shares (upper limit). The treasury stock acquisition resulted in the acquisition of 1,600,000 shares with a total share acquisition value of 153,650,900 yen.

Going forward, we will continue to proactively consider shareholder returns, taking into consideration the balance with investment necessary for growth.

Group consolidation and introduction of restricted stock compensation plan

This April, the absorption-type mergers with six subsidiaries resulted in many employees of these former subsidiaries becoming directly employed by the Company. On the occasion of this group consolidation, we decided to introduce a restricted stock compensation plan for employees as a new incentive system. Going forward, we will aim to develop a sense of unity among employees and enhance motivation for improving corporate value, as we pursue significant growth.

Future business development

While developing and rolling out new businesses during the COVID-19 pandemic is challenging, I would like to discuss a few of the initiatives we are currently working on.

First of all, in the education business, I have once again sensed our strength in the online remote education. The Renaissance High School Group has been working to provide education through broadband and mobile devices since its founding in 2006. The group adopted tablets and smartphones as learning tools from an early stage, and has been providing digital education, centered on adaptive learning. The group is currently leveraging this know-how to develop its own original teaching and learning materials, eyeing the government curriculum guidelines which will be revised in FY2022.

The eSports course is extremely popular, and in October we launched “Renaissance Junior High,” an eSports and programming course for junior high students. The school utilizes the Renaissance High School Group’s

expertise in learning instruction for the eSports course, and aims to help junior high students who like video games develop digital skills while also gaining social skills.

We position the eSports course as one of our proprietary project-based learning (PBL) programs. With the cooperation of CYCLOPS athlete gaming, the Company’s professional eSports team and one of the leading eSports teams in Japan, we will work to evolve this program at an even faster pace.

In terms of the cloud gaming business, in November we began providing our cloud gaming technology (G-cluster) to “7 (Nana) Stream,” CommSeed Corporation’s cloud-based pachinko and pachislot game for Amazon Fire TV. Going forward, we will continue to create and provide services utilizing the unique features of our cloud gaming technologies.



To our shareholders

Our results had been indisputably recovering over the four years through last year. However, partly due to the impact of COVID-19, at the current point in time we are unfortunately forecasting a decline in revenue and income for the full-year financial results forecast. However, over the medium- to long-term, there is ample room for the Company’s innovative “education” and “technologies” to grow, and I am certain that the Company will make a leap forward.

In FY2020, we were able to implement shareholder returns for the first time in quite some time through the acquisition of treasury stock. I get the sense that we have finally returned to the start line. I would be most grateful to our shareholders for their continuing support.

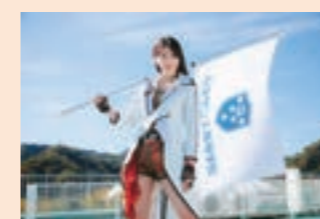
Topics

Opening of Renaissance Junior High eSports and programming course for junior high students



-Renaissance Junior High, an eSports and programming course for junior high school students, was launched in October 2010 at the Umeda eSports Campus and the Shinjuku-Yoyogi Campus. Utilizing the know-how from Renaissance High School Group’s eSports course curriculum, Renaissance Junior High has adopted a curriculum that provides practical instruction, highly sought-after programming skills which are especially in demand among junior high students in the field of eSports, and teaches students basic concepts required for eSports that they will need in the real world, including problem-solving skills, communication skills, and teamwork.

Ms. Maria Makino of “Morning Musume ‘20” appointed image character for the Renaissance High School Group!



Ms. Maria Makino of “Morning Musume ‘20” has been appointed as the image character of wide-area, online, credit-based Renaissance High School Group. She graduated from the Renaissance High School Group while continuing her activities as a member of “Morning Musume ‘20.” We hope that many people know the appeal of the Renaissance High School Group, which offers highly-customizable programs for people who, like Maria Makino herself, wish to prioritize spending time fulfilling their personal dreams and future goals, as well as adults already working in the real world who want to go back and study a new field but find it difficult to find the time to do so.

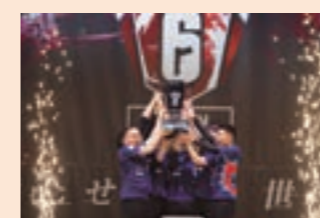
Began offering Vue.ai next-generation AI solution for retail industry



-We began offering Vue.ai to customers following the conclusion of the first-ever distribution agreement in Japan with Mad Street Den Inc., which has an AI-based platform that provides solutions for the retail industry.

Vue.ai utilizes AI-based image analysis technology to allow retailers to offer product information tailored to the tastes of each individual customer based on the customer’s e-commerce browsing history. Vue.ai also allows a store to compare rapidly-changing trendy items with its own products, thereby helping the store to continually optimize its product lineup. Vue.ai supports retailers’ efforts to provide e-commerce sites that allow customers to easily find the items they want to buy.

CYCLOPS athlete gaming wins championship at “Rainbow Six Japan Championship 2020” – Japan’s biggest eSports tournament!



-CYCLOPS athlete gaming, the professional eSports team managed by Broadmedia eSports Corporation, was victorious at “Rainbow Six Japan Championship 2020,” the eSports tournament in Japan (Rainbow Six Siege (R6S) on PC) held in October 2020 by NTT DoCoMo and Ubisoft. This victory, along with winning the championship at the online tournament “ALIENWARE Japan League Championship FINAL” held in March 2020, put the team at the top of this year’s R6S in Japan. Going forward, we will continue to strive for the further growth and advancement of Japanese eSports.