



**Business report**  
**For the FY2020**  
 (April 1, 2020 to March 31, 2021)

**BROADEN THE BORDERS OF MEDIA**

**Broadmedia Corporation**  
 (Securities Code: 4347)

Top Management Interview



**We will aim for growth by adapting to the changes of a post-pandemic era.**

**Taro Hashimoto, CEO**



**How was FY2020?**

During the fiscal year ended 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. Revenue and operating income fell only by 4% and 5%, respectively. Ordinary income and net income, however, saw significant decreases owing to the impact of no insurance proceeds received and to the fact that no settlement proceeds for suits or corporate tax refunds were received unlike the previous fiscal year. The decrease also stemmed from the fact that we recorded an impairment loss in relation to cloud solutions at the end of the third quarter.

When it came to our financial results by segment, the "Education" segment saw a significant increase in revenue and income. The "Studio & Content" segment experienced a fall in revenue and income, which widened the loss, the "Broadcast" segment saw a decrease in revenue but a slight increase in income, and the "Technology" segment, while in the black, saw decreases in terms of both revenue and income. We also recorded expenses associated with our group consolidation.

FY2020 was a tough year from a financial results perspective, but it also ended up serving as a year in which we were able to strengthen our management framework.

Our group consolidation involving the merging of six subsidiaries in April

(Unit: millions of yen)

	FY2019	FY2020	Difference	Rate of difference
Revenue	11,506	10,991	(515)	(4%)
Operating Income	505	478	(26)	(5%)
Ordinary Income	627	476	(150)	(24%)
Net Income	411	151	(260)	(63%)

2020 meant that in one swoop, we did away with the walls standing between subsidiaries and the parent as well as those standing between subsidiaries themselves. We are currently driving initiatives which have been challenges that we have dealt with for a long time: the streamlining of operations, the exchange of human resources, the generation and cultivation of new businesses through collaborations, and the raising of quality in terms of how things are managed. We are already starting to see results in some respects, so I would like for us to continue with the effort we have put forth thus far and have that lead to improvement of our financial results and enhancement of compliance measures.

We have also made changes to the composition of our net assets by conducting a capital reduction in September. The goal of this capital reduction

## Top Management Interview

was to make it so that we could maintain a positive amount of legal retained earnings and be able to flexibly provide shareholder returns. As a result of this, we ended up acquiring 1.6 million shares of treasury stock in November 2020 (meaning 2.05% of total outstanding shares, excluding treasury stock) as a shareholder return during FY2020.

### Q What do you foresee in terms of financial results for the entirety of FY2021?

On June 24, 2021, our consolidated subsidiary, Fishing Vision Co., Ltd., reached an amicable settlement in a lawsuit at the Tokyo District Court wherein it was the plaintiff in a case involving a demand for compensation for damages incurred due to fictitious transactions.

This has caused our shareholders both worry and trouble for at least the past three years. The amount obtained by subtracting our legal fees and other such expenses from the settlement amount of 350 million yen will be recorded as extraordinary income for the first quarter of FY2021.

Before the settlement took place, the full-year financial results for FY2021 were forecast to be 12,000 million yen in terms of revenue, 600 million yen in terms of operating income, 600 million yen in terms of ordinary income, and 400 million yen in terms of net income. Our net income amount, however, is projected to increase due to the occurrence of extraordinary income resulting from this settlement. We are currently undergoing a detailed confirmation of the increase amount and will provide a speedy disclosure when adjustments to our financial results forecast takes place.

(Unit: millions of yen; announcement on April 28, 2021)

	FY2020 results	FY2021 full-year forecast	Difference	Rate of difference
Revenue	10,991	12,000	▲ 1,009	9%
Operating Income	478	600	▲ 122	26%
Ordinary Income	476	600	▲ 124	26%
Net Income	151	400	▲ 249	165%

Segment	Financial Results Forecast	Details
Education	Increase of revenue and income	<ul style="list-style-type: none"> <li>With expansion taking place in the form of new bases (such as our Yokohama Campus), we project a further increase in the number of students enrolling.</li> <li>We project growth in terms of eSports.</li> </ul>
Studio & Content	Increase of revenue and improvements of income	<ul style="list-style-type: none"> <li>We project increases in the number of advertisements being placed on entertainment and information websites, as well as increases in unit prices for advertisements.</li> <li>We project increases in terms of orders received when it comes to the Japanese dubbing production business.</li> </ul>
Broadcast	Increase of revenue and decrease of income	<ul style="list-style-type: none"> <li>We project a recovery of our sponsor income and an increase in income resulting from the holding of events.</li> <li>Proactive promotional activities undertaken for Fishing Vision VOD.</li> </ul>
Technology	Increase of revenue and income	<ul style="list-style-type: none"> <li>We project an expansion of CDN (Akamai) services.</li> <li>We project growth in terms of CM online services and streaming services (digital cinema).</li> </ul>
Company-wide Expenses	Increase in expenses	<ul style="list-style-type: none"> <li>We foresee investments being undertaken which are needed to improve productivity and efficiency to address proactive security measures and the group consolidation.</li> </ul>

### Q Please tell us about your intentions behind introducing a restricted stock compensation plan.

We have given company shares to full-time employees and contract employees as part of our restricted stock compensation plan. As a result

of our group consolidation, employees from six former subsidiaries became directly employed by the Company. So, we want to take this opportunity to give them company shares and to foster an actual feel for the concept of One Broadmedia in both emotional and economic respects. Under the banner of One Broadmedia, we intend to boost employee motivation for improving corporate value and will share value with our shareholders.

### Q Can you touch on shareholder returns once again?

As stated earlier, we acquired 1.6 million shares of treasury stock in FY 2020, but no year-end dividends were provided.

In FY2021, I would like to see us produce some solid profit and then implement a shareholder return. The methods, amounts and other elements involved in doing that is something which will be decided upon having looked at how the situation unfolds. Right now, we have not decided on the issuance of dividends. We will proactively consider shareholder returns while keeping in mind the balance which needs to be maintained with future investments.

### Q Can you tell us about the aim of the reverse stock split?

On October 1, 2021, we plan to execute a reverse stock split at a rate of 1 share for every 10 common shares. The unit of investment for our shares is going to be adjusted to a level deemed appropriate and desirable in the context of the Securities Listing Regulations of the Tokyo Stock Exchange.

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

We will be aiming to execute a shareholder return after first ensuring a recovery in the context of our financial results for FY2021. After doing that, we will go about enhancing the generation and cultivation of businesses shouldering our future growth.

Every storm eventually lets up. It is forecast that our global society as a whole will see significant changes in the coming post-pandemic world. I believe that companies will be required to run their businesses in a way which benefits all stakeholders through more ethical behavior. We welcome this change and see it as positive.

We have a long history in the education business (for 16 years) and the broadcasting business (for 24 years by Fishing Vision) and have done business in these sectors based on aspirations similar to "Quality Education," "Life below Water" and "Life on Land," which are three of the 17 SDGs. I would like to further build upon those great traditions and leverage them as we navigate the post-pandemic world.

Our mission is that "we contribute to communities through quality content and services produced by human creativity." It is under this mission that we will adapt to the changes ushered in by a post-pandemic world and aim at subsequent growth.

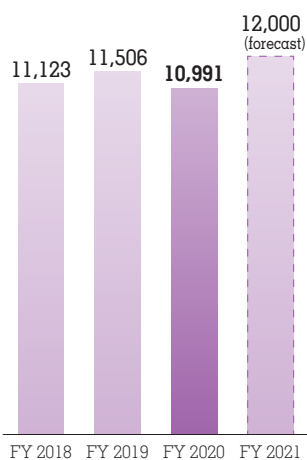
We will also be further enhancing our compliance measures in an effort to build and maintain frameworks serving to prevent damage attributable to crimes.

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

## Financial Highlights for FY2020

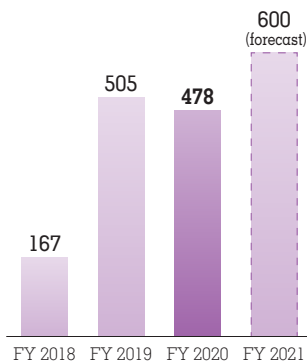
### Revenue

(Unit: millions of yen)



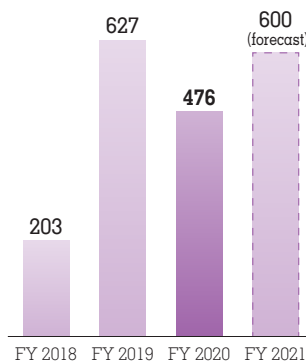
### Operating income

(Unit: millions of yen)



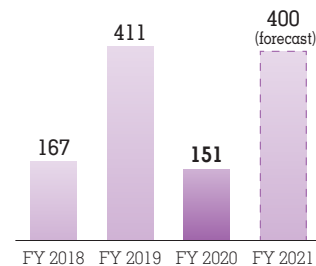
### Ordinary income

(Unit: millions of yen)



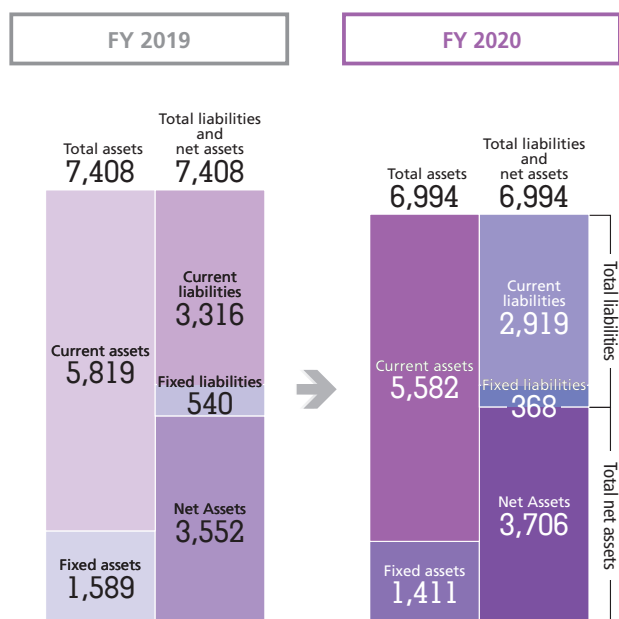
### Net income attributable to owners of parent

(Unit: millions of yen)



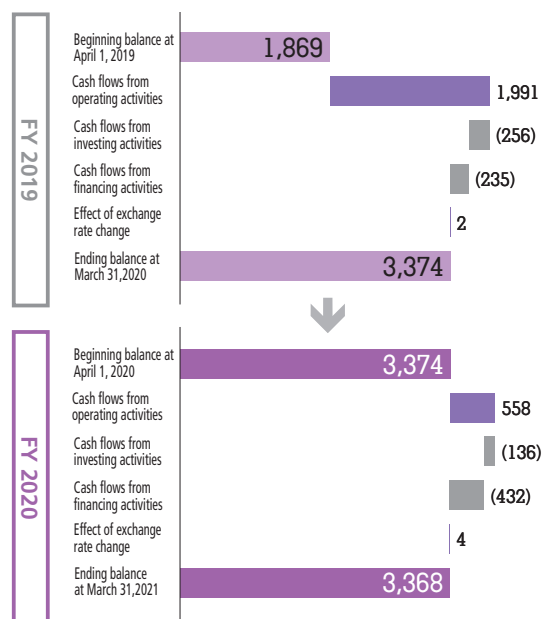
### Financial Position

(Unit: millions of yen)



### Cash Flows

(Unit: millions of yen)



#### Reverse stock split

On October 1, 2021, we will be executing a 10-for-1 reverse stock split

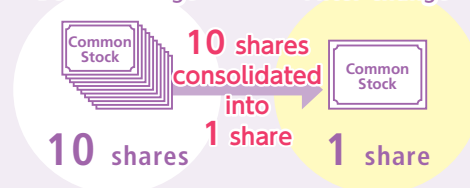
We will increase our flexibility in terms of capital management by adjusting our investment unit level into what is deemed desirable in the context of the Securities Listing Regulations of the Tokyo Stock Exchange. The level will be adjusted to the 50,000 or more to less than 500,000 yen range.

#### Reminders

- The share unit number will remain at 100 shares. One voting right will correspond to one hundred shares held after the reverse stock split.
- There may be restrictions put in place on transactions involving odd-lot shares. There is a program in place to buy odd-lot shares. Please inquire with your securities broker or with the shareholder registry administrator of our company as listed on the back cover.

Before change

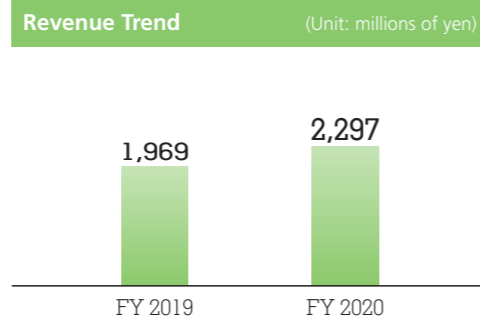
After change



## Education

Revenue **2,297** million yen  
(up 16.7% YOY)

Operating income **596** million yen  
(Operating income of 377 million yen in the previous fiscal year)



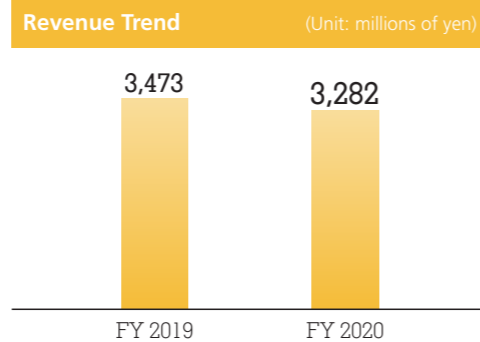
### Business and Service

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

## Technology

Revenue **3,282** million yen  
(down 5.5% YOY)

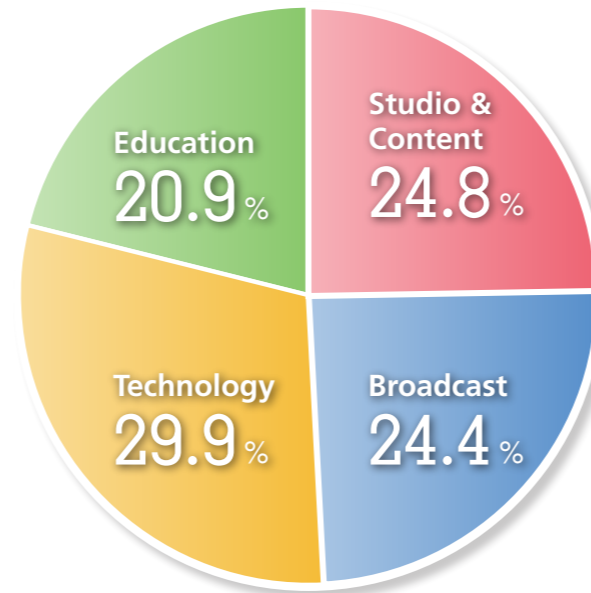
Operating income **304** million yen  
(Operating income of 449 million yen in the previous fiscal year)



### Business and Service

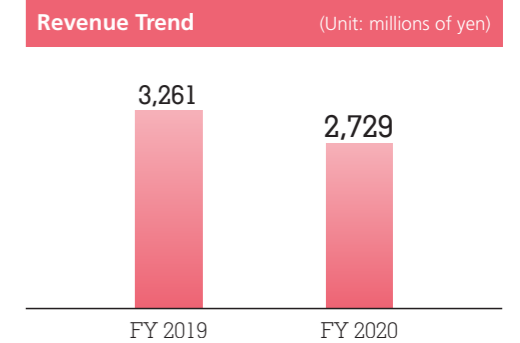
- ▶ CDN (Akamai) services
- ▶ Cloud solutions
- ▶ Digital cinema services
- ▶ Hospitality network service
- ▶ Network sales
- ▶ Other solution services

Total Revenue **10,991** million yen



Revenue **2,729** million yen  
(down 16.3% YOY)

Operating income **(156)** million yen  
(Operating loss of 137 million yen in the previous fiscal year)

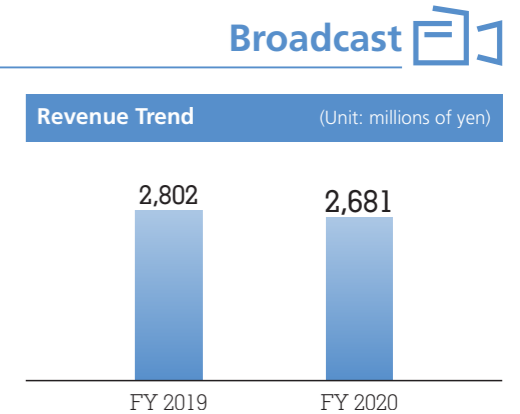


### Business and Service

- ▶ Digital media services
- ▶ Content sales business
- ▶ Production business

Revenue **2,681** million yen  
(down 4.3% YOY)

Operating income **319** million yen  
(Operating income of 292 million yen in the previous fiscal year)



### Business and Service

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

## TOPICS Renaissance High School Group's Yokohama Campus opened in April 2021! eSports courses provided at our fourth location!

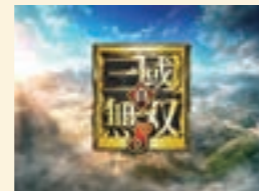


In association with the increase that we are seeing in terms of current students and students hoping to enroll, we opened our Yokohama Campus as an urban campus situated in an amazingly accessible location just a four-minute walk from Yokohama Station. The school provides what was launched as Japan's first high school eSports course in 2018. While the course was already available in Osaka, Tokyo and Nagoya, we have expanded upon that scope owing to the increasing popularity of eSports. At our fourth location in Yokohama, we have created a classroom with an open design that is conceptually based on a garage. All sorts of equipment are available at this campus, such as the latest gaming PCs and gaming chairs, and the classes provided have resulted in students producing great results, even in national eSports tournaments.

The Renaissance Junior High course, which is popular among middle school students hoping to take eSports classes, is also available.

## TOPICS Cloud game apps "Dynasty Warriors 8" and "I am an Air Traffic Controller 4: Itami" now available!

In 2021, we made available the popular tactical action game "Dynasty Warriors 8" (KOEI TECMO GAMES CO., LTD.) in April and the popular air traffic control puzzle game "I am an Air Traffic Controller 4: Itami" (TechnoBrain CO.,LTD.) in May. Both of these games make use of the cloud gaming technology G-cluster and are provided to customers through the App Store and Google Play as game apps for smartphones and tablets. All processing of the game programs themselves takes place on cloud servers, meaning that players can casually enjoy their games without having to download large amounts of data onto their smartphone or tablet device.



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© TechnoBrain CO.,LTD.



## CYCLOPS competes in two X-MOMENT eSports leagues sponsored by NTT DoCoMo

X-MOMENT is an eSports brand sponsored by NTT DoCoMo. CYCLOPS athlete gaming, a professional eSports team run by Broadmedia eSports Corporation (our subsidiary), is competing in two leagues; one is PUBG MOBILE JAPAN LEAGUE SEASON 1 (a domestic, professional league for the game PUBG MOBILE, which has been downloaded more than 1 billion times around the world) and the other is Rainbow Six Japan League 2021, the prize money for which has been set at 32 million yen.

Please offer the team your support.

### X-MOMENT



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## CYCLOPS enters into sponsorship agreement with Joshin Denki

CYCLOPS and Joshin Denki Co., Ltd. have entered into a sponsorship agreement. CYCLOPS has significantly contributed to the development of the entire eSports industry through their efforts, which includes emerging as the first champion of the Rainbow Six Japan Championship 2020 (which is the largest competition in Japan). The team also has an extensive track record when it comes to many tournaments and events both domestic and international. Joshin Denki Co., Ltd., headquartered in Osaka, decided to enter into this agreement due to the mutual aspirations held by the two parties of further livening the eSports industry. Joshin Denki will be supporting CYCLOPS in the team's stronghold of Osaka as they continue to drive forward the world of eSports there.



# Guidance on the shareholder incentive system

To eligible shareholders, 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)

クランクイン!ビデオ クランクイン!コミック



Please receive shareholder incentive points from the dedicated Shareholder Incentives website via a personal computer, a smartphone, or a tablet.



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

Shareholders eligible for our shareholder incentive system will receive a notice to that effect enclosed within this package (called “Guidance on Shareholder Incentives”). Please refer to that notice for more details.

## Eligible shareholders

All shareholders registered or recorded as holding 1,000 shares (10 units) or more in the Company’s shareholders’ register as of March 31, 2021.

## Timing of the grant

We mail a “Guidance on Shareholder Incentives” once a year to eligible shareholders after the conclusion of the ordinary general meeting of shareholders.

## Contents of shareholder incentives

		Shareholding duration	
		Less than 1 year	1 year or more *1
Number of shares held	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 distribution services.

\*3. The standard for issuing the Guidance to Shareholder Incentives is scheduled to change for shareholders registered on the final shareholder registry as of March 31, 2022 and thereafter, due to the reverse stock split. However, the issuance standard will remain substantially unchanged.

## Company Profile / Information on Shares/ Shareholders’ Memo (As of March 31, 2021)

### Company Profile

Company Name	Broadmedia Corporation
Established	September 5, 1996
Paid-in Capital	600,000 (thousands of yen)
Employees	352 (consolidated: 439)
URL	<a href="https://www.broadmedia.co.jp/">https://www.broadmedia.co.jp/</a>

### Executive Directors and Auditors (As of June 25, 2021)

CEO	Taro Hashimoto	Auditor (full-time)	Shunichi Furuya
Executive Director	Toshihito Kubo	Auditor	Kenji Kitatani
Executive Director	Takayoshi Momi	Auditor	Jyunko Sato
Executive Director	Hideaki Oshio	Auditor	Misao Kumekawa
Director	Yasutaka Shimamura		
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	17,956

\* The total number of shares issued includes treasury stock (2,303,027 shares).

### Distribution of Shareholders

	Number of shares held (thousands)	Shareholding ratio (%)
Individuals and others*	67,896	85.78
Japanese securities companies	6,159	7.78
Overseas institutions	1,677	2.12
Other Japanese institutions	2,553	3.23
Japanese financial institutions	859	1.09

\* “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) <a href="https://www.broadmedia.co.jp/">https://www.broadmedia.co.jp/</a> When notifications are unable to be made due to unavoidable reasons, notifications will be posted in The Nikkei.



Broadmedia

Group companies



Fishing Vision Co., Ltd.

<https://www.fishing-v.jp/>

Established March 1998

Location Shinjuku-ku, Tokyo



eSports

Broadmedia eSports Corporation

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

Established February 2020

Location Minato-ku, Tokyo



Broadmedia Corporation

(Securities Code: 4347)

Aoyama Tower Place 6F, 8-4-14 Akasaka, Minato-ku, Tokyo 107-0052, Japan



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