

Regarding the shareholder incentive system

The deadline for eligible shareholders as of March 31, 2021, to acquire shareholder incentive points is fast approaching.

Until December 28, 2021

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 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.

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 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.

Introduction to the Corporate Website

The site is updated as needed with the latest news, press releases and investor information. It also provides video presentations of quarterly financial results. Please take advantage of the fact that you can also view the site on a smartphone or tablet.



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

To shareholders holding odd-lot shares

Shareholders holding odd-lot shares may request the Company to purchase them. For details of the procedure, please contact your securities broker or the shareholder registry administrator of the Company.

Company Profile / Information on Shares / Shareholders' Memo (As of September 30, 2021)

Company Profile

Company Name	Broadmedia Corporation
Established	September 5, 1996
Paid-in Capital	600,000 (thousands of yen)
Employees	363 (consolidated: 483)
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	Hideaki Oshio	Auditor	Misao Kumekawa
Director	Yasutaka Shimamura		
Director (outside)	Jun Yamada		

*The Company conducted a reverse stock split (10:1) on October 1, 2021. The total number of authorized shares is 30 million due to the amendment of the Articles of Incorporation following the reverse stock split. The numbers of shares shown above are the numbers of shares as of the end of September (before the reverse stock split).

Stock Information

Number of shares authorized*	128,000,000 shares
Number of shares issued*	79,147,323 shares
Number of shareholders	17,354

* The total number of shares issued includes treasury stock (2,312,427 shares).

Distribution of Shareholders

	Number of shares held (thousands)	Shareholding ratio (%)
Individuals and others*	72,030	91.00
Japanese securities companies	463	0.59
Overseas institutions	3,457	4.37
Other Japanese institutions	2,619	3.31
Japanese financial institutions	576	0.73

* "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 weekend 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.



The Second quarter business report

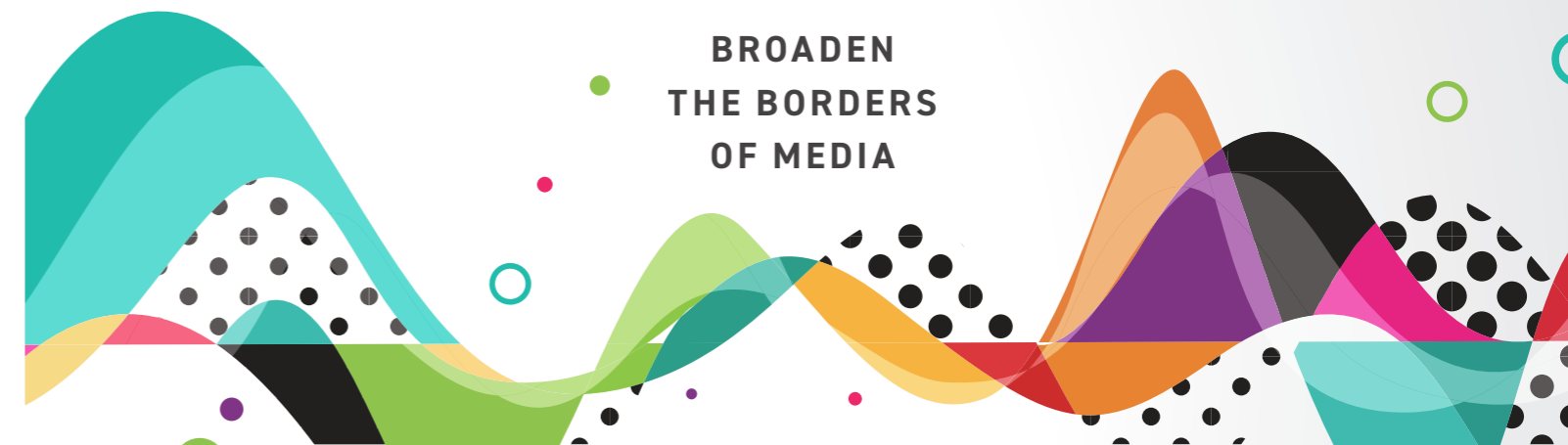
Business Report

For the First Half of FY2021

(April 1, 2021 to September 30, 2021)

Broadmedia Corporation

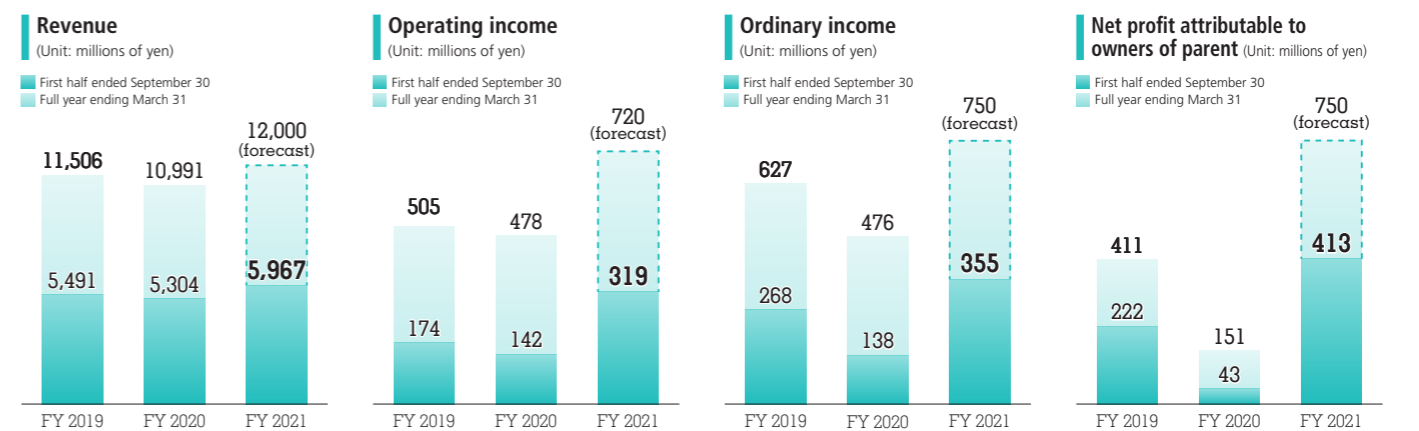
(Securities Code: 4347)



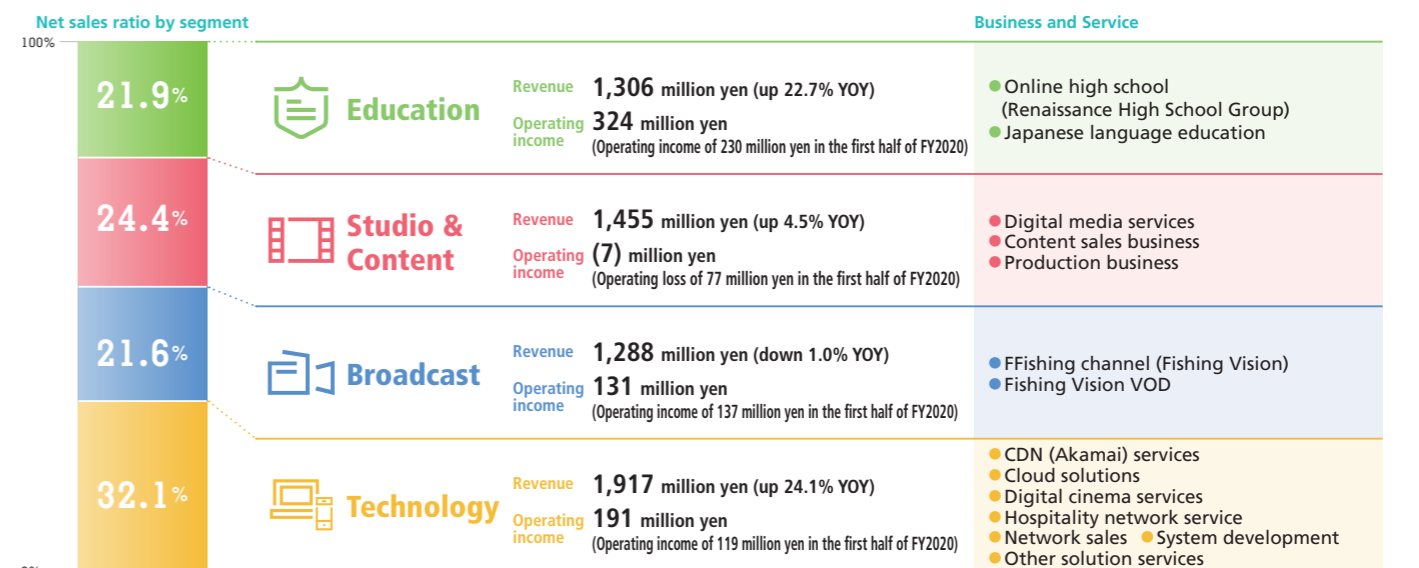
Greeting

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 FY2021, 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 FY2021



Financial Results by Segment





We will aim to further improve our performance while preparing new businesses.

Taro Hashimoto, CEO

How was the performance of the first half of FY2021?

In the first half of the fiscal year ending March 31, 2022, the Company's performance was strong, with revenue up 13% year on year, operating income increasing 2.2 fold, and ordinary income increasing 2.5 fold. Net income increased significantly, 9.5 fold, mainly due to the recording of a settlement payment for a lawsuit claiming compensation for damages suffered by the Company in which Fishing Vision Co., Ltd. was a plaintiff.

Looking at our performance by segment, the "Education" and "Technology" segments drove consolidated performance, with a continued increase in revenue and income.

In the "Education" segment, the Renaissance High School Group set a new record for the number of students enrolled in April for the sixth consecutive year, and the number of students enrolled during the term also grew steadily. In addition to the opening of the Yokohama campus and the expansion of the Osaka commuter campus, the Hakata campus will open next spring. We will continue to expand our business and respond to the increase in the student numbers.

The "Studio & Content" segment experienced an increase in revenue and the losses decreased significantly. The production business, which was affected by the COVID-19 pandemic in the same period of the previous year, has seen a significant recovery in Japanese dubbing production in FY2021.

The "Broadcast" segment experienced a slight decline in both revenue and income due to the ongoing decline in viewing fee income, but revenue from sponsors, which fell sharply in the previous fiscal year, is recovering owing to the resumed production of new programs, which had been suspended due to the COVID-19 pandemic. "Fishing Vision VOD," which was launched in the previous fiscal year, has seen an increase in revenue but also an increase in expenses. At present, the impact on the Company's performance is negligible, but we will continue to cultivate the service.

In the "Technology" segment, the mainstay CDN (Akamai) services continued to perform well. The deficit in cloud solutions decreased, and a temporary increase in broadband lines sales contributed positively. On the other hand, Digital Cinema services have been sluggish. In addition, System Design Development Co., Ltd. newly joined the group in the second quarter.

Starting from the current fiscal year, we have decided to newly disclose our performance by segment as two types of "revenue by income type." Looking first at the breakdown of income by stock/flow, we can see that among the four segments, "Education," "Broadcast," and "Technology" have a large percentage

of stock income with high continuity, such as subscription services and tuition fees. On the other hand, in the "Studio & Content" segment, flow income, which is highly volatile in the short term, accounts for 84% of revenue. In terms of overall revenue, "stock income" accounts for a large portion, approximately 70%.

Next, looking at the breakdown of whether the products and services we handle are original or other than original, we can see that original products are the main source of income for the "Education," "Studio & Content," and "Broadcast" segments, while "Technology" has a large percentage of products from partner companies and a large percentage of products other than original products. As a percentage of our revenue, original products account for two-thirds (68%) and products other than original products account for one-third (32%).

We will aim to further improve our performance by creating and growing unique stock income businesses that are both profitable and sustainable.

	Breakdown of revenue by segment for the first half of FY2021	Breakdown of income by stock/flow		Breakdown of revenue from original products/others	
		Stock	Flow	Original products	Products other than original products
Education	1,306	1,306	0	1,306	0
		100%	0%	100%	0%
Studio & Content	1,455	234	1,221	1,089	366
		16%	84%	75%	25%
Broadcast	1,288	1,068	219	1,288	0
		83%	17%	100%	0%
Technology	1,917	1,548	368	386	1,530
		81%	19%	20%	80%
total	5,967	4,158	1,809	4,071	1,896
		70%	30%	68%	32%

Upper row: Revenue (Unit: millions of yen, rounded down to the nearest million)
Lower row: Composition ratio

Revision of full-year performance forecast for FY2021

The previous forecast for revenue has been left unchanged, as revenue has been mostly in line with expectations, while operating income and ordinary income have been revised upward to reflect the strong results obtained in the first half. The forecast of net income was revised upward in July to reflect the posting of the extraordinary income from the settlement of a lawsuit, and was further revised upward in October to take into account the gain from the

conclusion of an agreement to transfer all equity interests in Hunan Happy Fishing Development Co., Ltd., an equity method affiliate.

Both revenue and incomes are expected to be the highest they have been in the past five years, and we will aim to firmly achieve this full-year forecast.

	Previous forecast (announced on July 29)	Revised forecast (announced on October 27)	Difference	Rate of difference
Revenue	12,000	12,000	—	—
Operating Income	600	720	120	20%
Ordinary Income	600	750	150	25%
Net Income	550	750	200	36%

(Unit: millions of yen; announcement on October 27, 2021)

Reverse stock split

On October 1, 2021, we executed a reverse stock split at a rate of 1 share for every 10 common shares. The aim of the reverse stock split was to adjust the unit of investment for our shares to a level deemed appropriate and desirable in the context of the Securities Listing Regulations of the Tokyo Stock Exchange. Shareholders who hold odd-lot shares may request the Company to purchase them. To make such a request, please inquire with your securities broker or with the shareholder registry administrator of the Company.

Acquisition of treasury stock

As a measure to return profits to shareholders, we acquired 1.6 million shares (2.05% of the total number of shares issued before the reverse stock split*) of treasury stock at a cost of approximately 150 million yen in FY2020. In the current fiscal year, the Company will acquire more treasury stock, up to 300,000 shares (3.90% of the total number of shares issued after the reverse stock split*) at a total cost of 250 million yen. The acquisition period will be from November 1, 2021, to January 27, 2022.

We have decided to acquire treasury stock this fiscal year and not to pay an interim dividend. We will continue to proactively consider shareholder returns while keeping in mind the balance which needs to be maintained with future investments necessary for growth.

*Excluding treasury stock

Do you have a message for your shareholders?

In the first half of FY2021, we were able to achieve a solid recovery in the context of our performance. In addition to providing greater shareholder returns this fiscal year than in the previous fiscal year, we have begun preparing to generate and cultivate businesses that will shoulder our future growth. While absorbing upfront costs through strong performance, we also raised funds through the issuance of bonds and borrowings to make necessary investments.

As for the new businesses, we will make thorough preparations so that we can provide an appropriate report to you when the time comes.

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

TOPICS Renaissance High School Group's Hakata Campus scheduled to open in April 2022 and provide eSports courses!



This will be our fifth location for eSports courses in Japan, conveniently located within a 10-minute walk from Hakata Station. With the cooperation of Ikea Japan K.K., we have introduced gaming furniture that combines good functionality and design, as well as high-speed, low-latency Internet connections, and a large selection of cutting-edge gaming PCs customized to the same specifications as machines used by professional gamers. This enables us to offer unique classes that have resulted in students achieving excellent results in national e-Sports tournaments.

The school will be used as an open campus for students of Renaissance High School in the Kyushu area, as well as a contact point for enrollment counseling. In the future, we plan to provide the Renaissance Junior High course, an e-Sports and programming class for middle school students, at the school.

TOPICS System Design Development Co., Ltd. joined our group



In July 2021, we acquired 100% of the shares of System Design Development Co., Ltd. and made it a wholly owned subsidiary of the Company. System Design Development Co., Ltd. is a system development company that provides one-stop services from system design to software development, maintenance and operation for companies. It develops systems in a wide range of fields, including agricultural, distribution and manufacturing, food, medical, and service industries. The company has dealings with many local companies, including major corporations, on the strength of its extensive development experience and advanced technology. From now on, with System Design Development Co., Ltd. as part of the group's "Technology" segment, we will work to enhance the corporate value of our group.