



October 30, 2019

Press Release

Head office address	8-4-14 Akasaka, Minato-ku, Tokyo
Company name	Broadmedia Corporation (Code: 4347)
Representative	Representative CEO Taro Hashimoto
Contact for inquiries	Executive Director CFO Hideaki Oshio

## **Notice of Absorption-type Merger (Simplified Merger/ Short-form Merger) with Consolidated Subsidiaries**

Broadmedia Corporation (the “Company”) announces that its Board of Directors resolved at its meeting held on October 30, 2019 that the Company would merge with its consolidated subsidiaries, namely Renaissance Academy Corporation, Broadmedia Studios Corporation, Broadmedia Technologies Co. Ltd., Digital Cinema Club Inc., Broadmedia GC Corporation and HOLLYWOOD CHANNEL INC. (the “Six Consolidated Subsidiaries”) through absorption-type mergers with each (the “Merger”). Details are as follows.

### **1. Purpose of the Merger**

Placing emphasis on quick decision-making and mobility, the Company Group has to date been operating through close collaboration and business integration among the Group companies under the structure of doing business at a number of subsidiaries. To advance this structural reinforcement with a stronger sense of speed, the Company has decided to merge with its six wholly owned subsidiaries through absorption-type mergers with each.

In addition, through the Merger, the Company will improve management efficiency and the profit margin by eliminating the duplication of administrative operations and promoting the optimization of personnel distribution.

### **2. Summary of the Merger**

#### **(1) Schedule of the Merger**

Board of Directors’ meeting to resolve the Merger	October 30, 2019
Date of the merger agreement with each subsidiary	October 30, 2019
Date of the Merger (effective date)	April 1, 2020 (scheduled)

\*Because the Merger is a simplified merger under Article 796, Paragraph 2 of the Companies Act for the Company, and a short-form merger under Article 784, Paragraph 1 of the Companies Act for the Six Consolidated Subsidiaries, none of the parties will hold a shareholders meeting to approve their respective merger agreement.

#### **(2) Method of the Merger**

The Merger is an absorption-type merger with the Company as the surviving company, and the Six Consolidated Subsidiaries will be dissolved. Broadmedia GC Corporation and HOLLYWOOD CHANNEL INC. have negative net worth; However, the Company will conduct the Merger after eliminating the negative net worth by waiving some loans receivable among claims the Company has against both companies before the Merger.

(3) Allocation pertaining to the merger

In the Merger, there is no allotment of shares or money.

(4) Treatment of share acquisition rights and bonds with share acquisition rights associated with the merger

Not applicable.

3. Outlines of the companies involved in the Merger (as of March 31, 2019)

	Company surviving the merger	Company absorbed in the merger (1)
(1) Company name	Broadmedia Corporation	Renaissance Academy Corporation
(2) Location	8-4-14 Akasaka, Minato-ku, Tokyo	1253 Asakawa, Daigo-machi, Kuji-gun, Ibaraki
(3) Representative name and title	CEO Taro Hashimoto	CEO Takayoshi Momoi
(4) Business description	Supervision and management of the Group businesses and distribution technology services, and others	Operation of correspondence credit-system high schools
(5) Paid-in Capital	3,457 million yen	262 million yen
(6) Established	June 25, 1973	October 3, 2005
(7) Number of shares issued	79,147,323 shares	7,300 shares
(8) Closing period	March 31	March 31
(9) Major shareholders and equity ratio	Goldman Sachs International 3.12% SBI SECURITIES Co., Ltd. 2.80% Kosuke Fujita 1.68% Japan Trustee Services Bank, Ltd. (Trust Account) 1.36% Taro Hashimoto*1 1.31%	Broadmedia Corporation 100%
(10) Financial status and operating results for the previous year		
Closing period	FY2018 (consolidated)	FY2018 (non-consolidated)
Total assets	6,557 million yen	1,829 million yen
Net assets	3,003 million yen	820 million yen
Net assets per share	29.92 yen	123,262.06 yen
Revenue	11,123 million yen	1,613 million yen
Operating income and loss	167 million yen	279 million yen
Ordinary income and loss	203 million yen	288 million yen
Net income attributable to owners of parent	167 million yen	197 million yen
Net income per share	2.15 yen	29,649.41 yen

\*1. The equity ratio of Taro Hashimoto, CEO of the Company, is the substantive equity ratio including 1 million shares (1.28%) held by TALO Corporation, an asset management company the shares of which he holds.

	Company absorbed in the merger (2)	Company absorbed in the merger (3)
(1) Company name	Broadmedia Studios Corporation	Broadmedia Technologies Co., Ltd.
(2) Location	1-14-7 Tsukishima, Chuo-ku, Tokyo	8-4-14 Akasaka, Minato-ku, Tokyo
(3) Representative name and title	CEO Taro Hashimoto	CEO Toshihito Kubo
(4) Business description	Distribution, production and sales of motion pictures	Provision of content delivery network (CDN), security and other services
(5) Paid-in Capital	100 million yen	300 million yen

(6) Established	August 10, 2000	April 3, 2001
(7) Number of shares issued	117,500 shares	15,000 shares
(8) Closing period	March 31	March 31
(9) Major shareholders and equity ratio	Broadmedia Corporation 100%	Broadmedia Corporation 100%
(10) Financial status and operating results for the previous year		
Closing period	FY2018 (non-consolidated)	FY2018 (non-consolidated)
Total assets	2,767 million yen	1,607 million yen
Net assets	1,968 million yen	1,286 million yen
Net assets per share	16,751.15 yen	85,790.28 yen
Revenue	2,292 million yen	2,043 million yen
Operating income and loss	(36) million yen	256 million yen
Ordinary income and loss	(39) million yen	261 million yen
Net income attributable to owners of parent	(80) million yen	180 million yen
Net income per share	(687.45) yen	12,058.76 yen

	Company absorbed in the merger (4)	Company absorbed in the merger (5)
(1) Company name	Digital Cinema Club, Inc.	Broadmedia GC Corporation
(2) Location	8-4-14 Akasaka, Minato-ku, Tokyo	8-4-14 Akasaka, Minato-ku, Tokyo
(3) Representative name and title	CEO Toshihito Kubo	CEO Taro Hashimoto
(4) Business description	Operation and implementation of various services for movie theaters and distribution companies to disseminate digital cinema	Provision of technologies and content suitable for cloud games
(5) Paid-in Capital	64 million yen	10 million yen
(6) Established	April 22, 2010	September 29, 2004
(7) Number of shares issued	2,360 shares	200 shares
(8) Closing period	March 31	March 31
(9) Major shareholders and equity ratio	Broadmedia Corporation 100%	Broadmedia Corporation 100%
(10) Financial status and operating results for the previous year		
Closing period	FY2018 (non-consolidated)	FY2018 (non-consolidated)
Total assets	306 million yen	140 million yen
Net assets	164 million yen	(446) million yen
Net assets per share	69,914.53 yen	—
Revenue	524 million yen	317 million yen
Operating income and loss	147 million yen	(78) million yen
Ordinary income and loss	146 million yen	(69) million yen
Net income attributable to owners of parent	100 million yen	(71) million yen
Net income per share	42,592.36 yen	(356,802.68) yen

	Company absorbed in the merger (6)
(1) Company name	HOLLYWOOD CHANNEL INC.
(2) Location	8-4-14 Akasaka, Minato-ku, Tokyo
(3) Representative name and title	CEO Taro Hashimoto

(4) Business description	Distribution of content for multimedia and others
(5) Paid-in Capital	20 million yen
(6) Established	April 23, 2003
(7) Number of shares issued	600 shares
(8) Closing period	March 31
(9) Major shareholders and equity ratio	Broadmedia Corporation 100%
(10) Financial status and operating results for the previous year	
Closing period	FY2018 (non-consolidated)
Total assets	290 million yen
Net assets	(478) million yen
Net assets per share	—
Revenue	571 million yen
Operating income and loss	(65) million yen
Ordinary income and loss	(75) million yen
Net income attributable to owners of parent	(75) million yen
Net income per share	(126,021.16) yen

#### 4. Status after the Merger

The name, the head office location, representative name and title, business description, paid-in capital and closing period of the Company will remain the same after the Merger.

#### 5. Future outlook

The impact of the Merger on the Company's consolidated results will be immaterial because it is a merger between the Company and its wholly owned subsidiaries.

End

For inquiries regarding this press release:

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