



June 26, 2020

Press Release

Head office address	8-4-14 Akasaka, Minato-ku, Tokyo
Company name	Broadmedia Corporation (Code: 4347)
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Notice of Reduction of Amounts of Capital and Capital Reserves and Disposition of Surplus

Broadmedia Corporation (the “Company”) announces that the Board of Directors resolved at a meeting held on June 26, 2020 to submit a proposal on the reduction of amounts of capital and capital reserves and the disposition of surplus to the 24th Ordinary General Meeting of Shareholders scheduled on July 30, 2020, as follows.

1. Purpose of reduction of amounts of capital and capital reserves and disposition of surplus

The purpose of the above proposal is to allow the implementation of shareholder return policy, including payment of dividends in the future and acquisition of treasury stock, by rectifying the retained earnings deficiency, which is currently occurring, and to ensure flexibility and mobility of the Company’s future capital policy.

As the proposed treatment is accounting transfers within the net assets section of the balance sheet, the Company’s net assets will remain unchanged and the numbers of shares held by the shareholders and the amount of net assets per share will not be affected.

2. Details of reduction of amounts of capital and capital reserves

(1) Amount of capital to be reduced

The total amount of capital will be 600,000,000 yen, after reducing 2,857,496,091 yen from the current total amount of 3,457,496,091 yen (as of March 31, 2020).

(2) Amount of capital reserves to be reduced

The total amount of capital reserves of 3,061,353,236 yen (as of March 31, 2020) will be reduced.

(3) Method of reducing the amounts of capital and capital reserves

The capital will be reduced without compensation to shareholders and the total number of outstanding issued shares will remain unchanged. Only the amounts of capital and capital reserves will be reduced and the aggregate amount reduced will be transferred to other capital surplus.

3. Procedures for disposition of surplus

In accordance with the provisions of Article 452 of the Companies Act, the Company will offset a loss of 5,972,692,737 yen recorded as of March 31, 2020 by transferring to retained earnings brought forward 5,972,399,327 yen, which comprises 5,918,849,327 yen in other capital surplus transferred from capital and capital reserves as described above and 53,550,000 yen in other capital surplus outstanding as of March 31, 2020, upon the condition that the reduction of the amounts of capital and capital reserves takes effect.

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| (1) Surplus item decreased and amount: Other capital surplus | 5,972,399,327 yen |
| (2) Surplus item increased and amount: Retained earnings brought forward | 5,972,399,327 yen |

Due to absorption-type mergers of six wholly owned subsidiaries conducted on April 1, 2020, the Company posted extraordinary income (gain on extinguishment of tie-in shares) of 1,738,604,577 yen. Accordingly, in the non-consolidated accounting for the fiscal year ending March 31, 2021, the said amount, together with net income from sales activities, etc., will be added to the retained earnings brought forward that will be allocated as funds for shareholder return.

4. Schedule

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| (1) Day of resolution of the Board of Directors | Friday, June 26, 2020 |
| (2) Day of resolution of General Shareholders meeting | Thursday, July 30, 2020 |
| (3) Deadline for creditor objections | Monday, September 7, 2020 (scheduled) |
| (4) Effective date | Tuesday, September 15, 2020 (scheduled) |

5. Outlook

As the proposed treatment is accounting transfers within the net assets section of the balance sheet, the Company's net assets will remain unchanged and there will be no impact on the Company's consolidated and non-consolidated financial results.

The above content is conditional upon approval at the 24th Ordinary General Meeting of Shareholders scheduled on July 30, 2020.

End

For inquiries regarding this press release:

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