

Regarding the shareholder incentive system

The deadline for eligible shareholders as of March 31, 2017 to acquire shareholder incentive points is fast approaching.

Until December 28, 2017

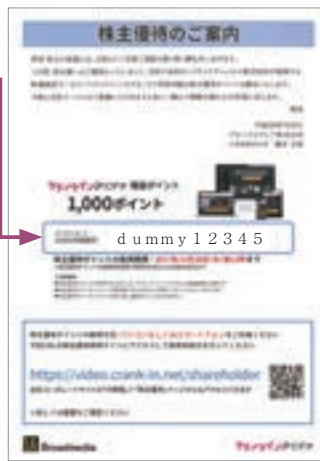
What you need

Please refer to the **Guidance on Shareholder Incentives mailed** in mid-July.

1 Shareholder number

2 Coupon code

Please have the above information prepared 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.

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.

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

Broadmedia



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.



Contents of shareholder incentives



We will give out points that can be used in the video distribution service, "Crank-In! video." In addition, we will make partial changes to the shareholder incentive content as of March 31, 2018, increasing the shareholder incentive points for shareholders holding 1,000 to 4,999 shares to 2,000 and 2,500 points.

We are also currently considering the establishment and expansion of eligible services.

		Shareholding duration	
		Less than 1 year	1 year or more *1
Number of shares held	1,000 to 4,999 shares	(FY2017) 1,000 points ↓ (FY2018) 2,000 points	(FY2017) 1,500 points ↓ (FY2018) 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 "Crank-In! video" as members.

2017

The Second quarter business report

For the First Half of FY2017
(April 1, 2017 to September 30, 2017)



Broadmedia

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Broadmedia Corporation

Securities Code: 4347



Broadmedia Corporation

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

01 Broadmedia's Strengths

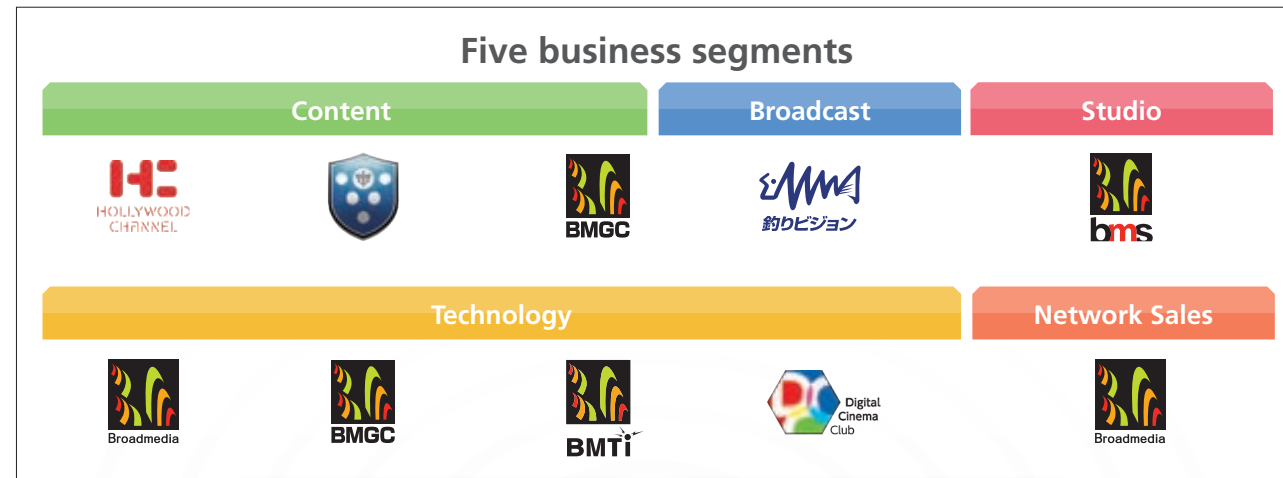
"Content procurement capabilities"



"Technology for stable, high quality distribution of content"

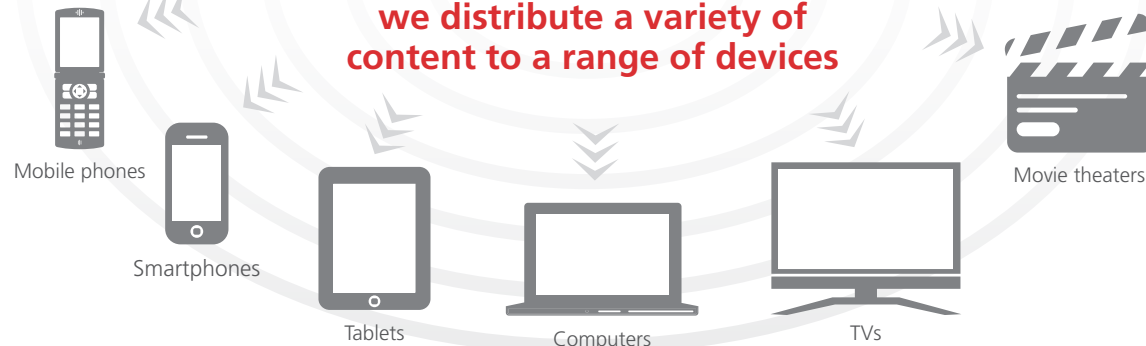
Our strength lies in originality that combines both content procurement and distribution technology

Through tight-knit collaboration and mutual cooperation among the five business segments below, we put our corporate philosophy of "aiming to contribute to the development of a more affluent community through the dissemination of high quality products and services that are derived from creativity" into practice.



Services for Individuals / Services for Businesses

In combination with our unique technology, we distribute a variety of content to a range of devices



02 Top Management Interview



We will exert even greater efforts to improve profitability and corporate value, and work to become profitable by the end of the fiscal year.

Taro Hashimoto, CEO

Q Please tell us about the financial results for the first half of the current fiscal year.

For the six months ended September 30, 2017, the first half of the current fiscal year, we believe that we were able to attain adequate financial results by achieving profitability on the bottom line, which we set as our goal, while working on mid- to long-term initiatives. Revenue increased in all segments except the "Studio" segment. We were able to achieve a significant

improvement in operating income, overcoming losses in the cloud gaming business and the digital media business (VOD) in the "Content" segment. Since we have many business lines considering the size of the Company, areas of growth can also offset other areas. However, we achieved increases in revenue and income overall. Ordinary income increased significantly, as the result of a decrease in equity method impairment loss due to the reorganization of G-cluster Global Corporation, an equity

method affiliate until last year. We were able to become profitable in terms of our bottom line due both to the posting of extraordinary income and decreases in tax expenses and income attributable to non-controlling interests as the result of Group restructuring. We will continue our efforts so that the figures for the full year exceed the financial results forecasts.

Q Please tell us about your progress in tackling the challenges faced by the management.

We issued convertible bonds about a year and a half ago, and to some extent we were able to establish a stable financial base by completing the conversion of all these bonds by October this year.

At the same time, we worked to build a more efficient

(Unit: millions of yen)

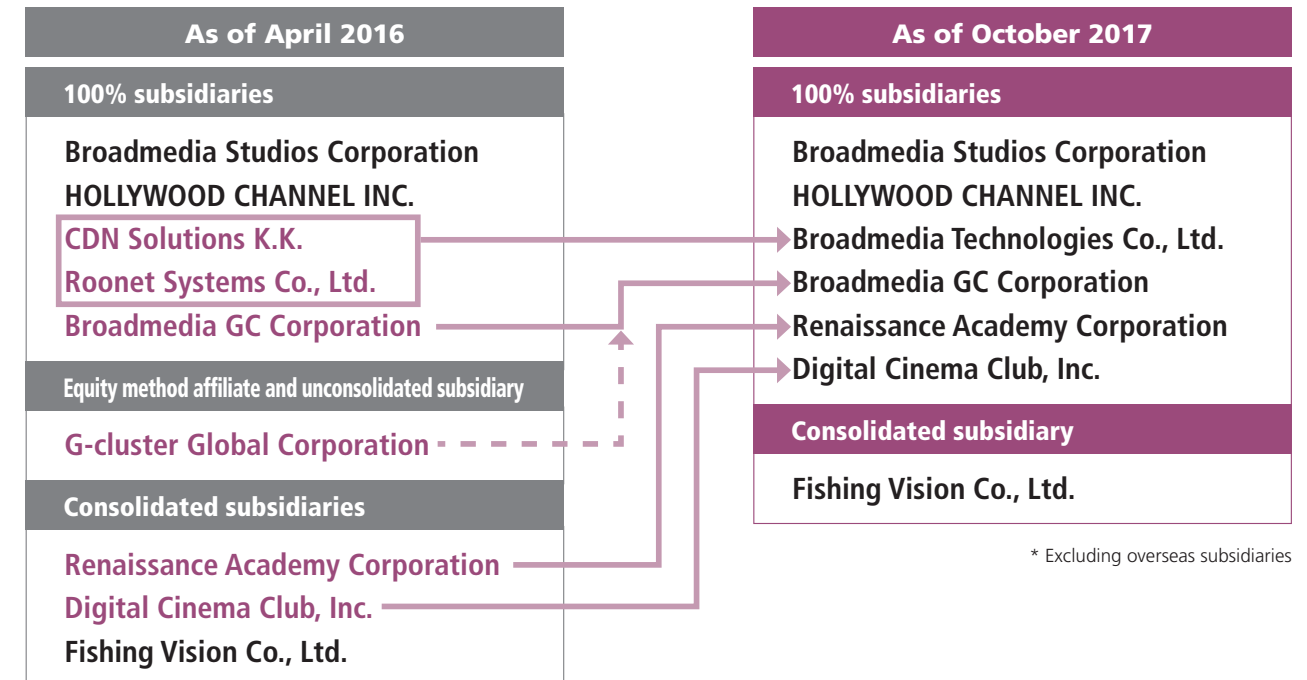
	Revenue			Operating income		
	FY2016 First half	FY2017 First half	Difference	FY2016 First half	FY2017 First half	Difference
Content	959	1,020	↗ 60	(172)	(37)	↗ 134
Broadcast	2,866	3,015	↗ 148	177	127	↘ (49)
Studio	1,424	1,178	↘ (245)	132	12	↘ (120)
Technology	902	1,108	↗ 206	148	188	↗ 39
Network Sales	335	359	↗ 24	6	(11)	↘ (18)
Corporate expenses	—	—	—	(230)	(211)	↗ 18
Total	6,487	6,682	↗ 195	62	67	↗ 4

structure with the aim of strengthening the Group's management structure and improving profitability. As part of such effort, we consolidated the gaming business under Broadmedia GC Corporation and made Renaissance Academy Corporation and Digital Cinema Club, Inc. into 100% subsidiaries. We also merged CDN Solutions K.K. with Roonet Systems Co., Ltd., and

changed the trading name to Broadmedia Technologies Co., Ltd. This enabled us to reorganize our capital structure and business structure, which had become somewhat unclear.

Apart from increasing the efficiency of the Group management, there is also a financial benefit in making these companies 100% subsidiaries. Since amounts

Initiatives to Restructure the Group since April 2016



* Excluding overseas subsidiaries

attributable to non-controlling interests (minority interests) and consolidated taxation have a large impact on the bottom line, increasing the number of 100% subsidiaries allows us to fully benefit from gains, and contributes to pushing up the profitability on the bottom line.

Furthermore, we integrated the offices for HOLLYWOOD CHANNEL INC. and Broadmedia Technologies Co., Ltd. at our Aoyama office which has head office functions. We will exert even greater efforts to improve profitability and corporate value by creating group synergies, including through improved human resources' exchanges and communication among group companies and strengthened collaboration across divisions and organizations.

Q Please tell us about the mid- to long-term goals and the progress of each business.

Among the number of highly unique businesses that we operate, we are paying particular attention in the current fiscal year to the "Technology" and "Education" businesses.

The Technology business leverages the experience and

know-how that were cultivated through our track record in the large-scale content delivery network business and digital cinema distribution, in which we have been involved for many years, and in October 2017 we launched a service (Broadmedia® CDN CM Online) offering the online delivery of television commercial materials to TV stations.

Since the Company already has a large-scale distribution network, the additional cost involved for CM Online is limited compared with other companies. Leading advertising agencies have already started using our service to deliver advertising content to 21 stations, some of which are key television networks, in Tokyo, Osaka, Nagoya, etc., and the service is gradually extending to terrestrial and BS stations throughout the country. We anticipate full-scale expansion of a new business in the Education segment from the next fiscal year.

With regard to the progress of the cloud gaming business, we are continuing to strengthen collaborative relationships in the current fiscal year, and have expanded the devices and services that allow users to enjoy the "G-cluster" games. Additionally, regarding our initiatives with virtual reality, 4K and 5G, we verified the

effectiveness of using "G-cluster" technology in collaboration with TOPPAN PRINTING CO., LTD. and NTT DOCOMO, INC. at an event held in November 2017, and received high acclaim. In addition, we will aim to start providing the next-generation portal currently under development at the earliest opportunity. We are also steadily pursuing the development and procurement of new games, and are continuing our efforts toward the growth of the cloud gaming business.

Q Please give a message to the shareholders.

As I mentioned at the beginning of the fiscal year, in the current fiscal year we aim to reach 14.0 billion yen in

revenue, a record high since listing, and to achieve profitability in terms of our bottom line. Our performance in the first half has generally progressed as expected, and in the second half we will continue to make diligent efforts toward achieving our goals. Together with this, we will continue even greater efforts to improve profitability and corporate value by enhancing the efficiency of our group management, and will strive to provide a return to the shareholders as soon as possible.

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

(Unit: millions of yen)

Progress compared with the full-year forecast

	FY2017 First half results	Full-year forecast (announced on April 28)	Progress rate
Revenue	6,682	14,000	48%
Operating income	67	250	27%
Ordinary income	54	200	27%
Net income	24	50	50%

“Final Fantasy® IX Cloud version” and “FINAL FANTASY® X/X-2 HD Remaster” playable on various devices are now available on “G-cluster” cloud gaming service!

Broadmedia GC Corporation began to distribute “Final Fantasy® IX Cloud version” and “Final Fantasy® X/X-2 HD Remaster,” the popular RPG series by SQUARE ENIX CO., LTD. Given their multi-device compatibility, by synchronizing the device in use with a TV connected to a “G-cluster” cloud gaming console or a G-cluster-ready TV, users can enjoy their game on a large TV screen.



App name	Final Fantasy® IX Cloud version	Final Fantasy® X/X-2 HD Remaster
Price (tax included)	2,500 yen	3,400 yen
Compatible devices	【Smartphones / Tablets】 Google Play, App Store, Amazon Android app store 【Televisions】 Cloud gaming service “G-cluster,” “G-cluster for LEONET,” “COCORO GAME,” Apple TV, Amazon Fire TV	
App introduction website	http://gcluster.jp/pc/app/sqex/ff9/	http://gcluster.jp/pc/app/sqex/ff10/



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 * Final Fantasy is a trademark or registered trademark of Square Enix Holdings Co., Ltd. in Japan and other countries.
 © 2000,2017 SQUARE ENIX CO., LTD. All Rights Reserved. © 2001-2004,2013-2015 SQUARE ENIX CO., LTD. All Rights Reserved. CHARACTER DESIGN: TETSUYA NOMURA

Expanded the number of devices supported by the “G-cluster” cloud gaming service!

In November, Broadmedia GC Corporation began to provide “G-cluster,” a cloud gaming service, to “COCORO GAME” for “AQUOS 4K,” an AIoT (AIoT = AI & IoT) LCD TV compatible with “COCORO VISION*1” provided by Sharp Corporation. In December, the company also began to provide the service via “PIXELA Smart Box*2” provided by PIXELA CORPORATION, an IP set-top box equipped with Android TV™ OS, compatible with 4K/HDR.



*1: “COCORO VISION” is Sharp’s unique AIoT cloud service in which AI learns user preferences from TV viewing patterns, finding relevant recommended content from TV programs and online streaming programs, and informs the user with a voice message.

*2: “PIXELA Smart Box” is a high-performance IP set-top box equipped with Android TV™ OS, compatible with 4K/HDR. Connecting it to an HDMI terminal on a regular TV turns the TV into a latest smart TV, enabling users to enjoy YouTube, videos, games and various other apps and content. It also supports the much-talked-about voice recognition functionality, allowing easy operation for users.

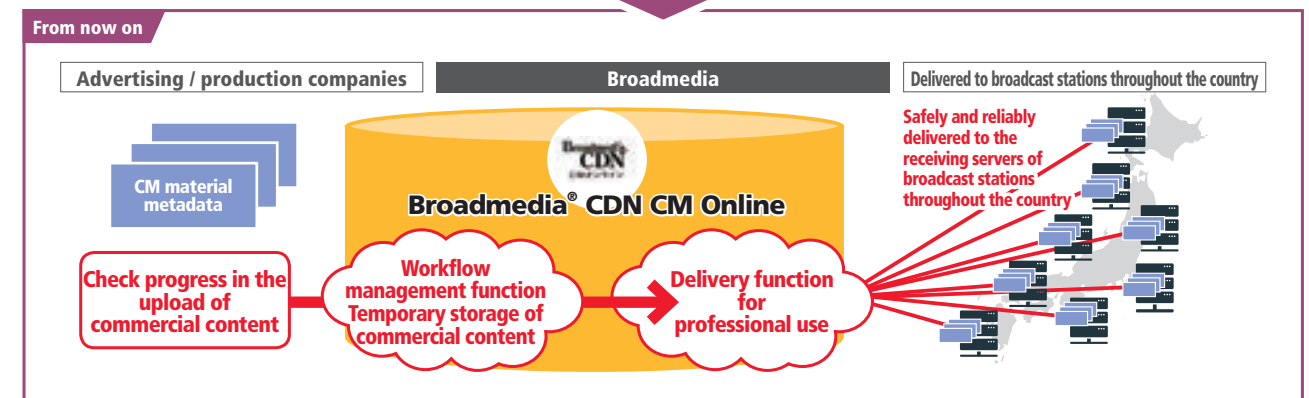
The names of companies, products, and services in this article are trademarks or registered trademarks of their respective owners. Android is a trademark of Google Inc. Final Fantasy is a trademark or registered trademark of Square Enix Holdings Co., Ltd. in Japan and other countries. © 2009 - 2015 SQUARE ENIX CO., LTD. All Rights Reserved. CHARACTER DESIGN: TETSUYA NOMURA
 © 2013 KOEI TECMO GAMES All rights reserved. © SHARP CORPORATION © Hanaji Games All rights reserved © 2016 Active Gaming Media Inc. All Rights Reserved. © Nihon Falcom Corporation. All rights reserved.

Launched “Broadmedia® CDN CM Online,” an online content service for TV commercials!

In October 2017, we started to provide “Broadmedia® CDN CM Online,” a service that will form part of the online operations for TV commercial content. By submitting TV commercial content online to TV stations, instead of submitting it by physical media (HDCAM, XDCAM, etc.) as was previously necessary, it is possible to greatly shorten the time required to distribute ad content. This will improve operating efficiency in various ways, not least by enabling content to be submitted uniformly from all over the country, 24 hours a day, 365 days a year, and eliminating issues such as non-delivery of content or delays due to bad weather or emergency situations.

“Broadmedia® CDN CM Online” leverages considerable experience and know-how cultivated in the large-scale content delivery network business and the digital cinema business. Major advertising agencies have started using our online service and currently 21 stations in Tokyo, Osaka and Nagoya, including key stations, have already been using our service. (As of October 2017.)

Going forward, we will gradually offer the service to the terrestrial and satellite broadcast stations throughout the country.



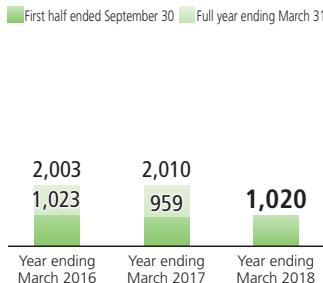
09 Financial Results by Segment

Content

Revenue **1,020** million yen
(up 6.3% YOY)

Operating loss **(37)** million yen
(Operating loss of 37 million yen in the first half of FY2016)

Revenue Trend (Unit: millions of yen)



Business and Service
Cloud gaming service / Digital media service / Education service

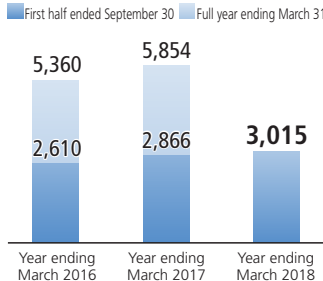
In the education service business, revenue and income rose thanks to an increase in the number of students enrolled. In the digital media service, operating losses decreased due to growth in revenue, while operating losses in the cloud gaming business also decreased as a result of cost reductions, etc.

Broadcast

Revenue **3,015** million yen
(up 5.2% YOY)

Operating income **127** million yen
(Operating income of 177 million yen in the first half of FY2016)

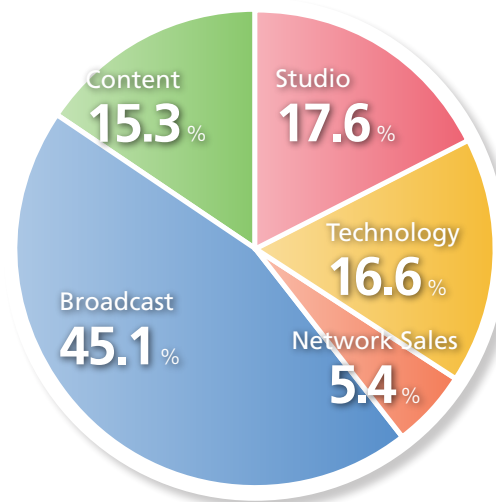
Revenue Trend (Unit: millions of yen)



Business and Service
Fishing channel

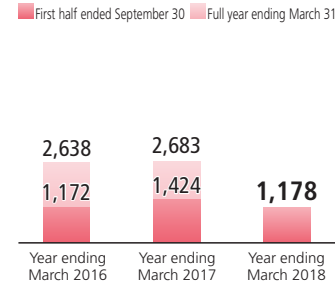
Although income from the production business (income from non-broadcast service) with high cost ratio remained favorable and revenue increased, revenue for the segment rose and income fell due to a decrease in income from part of the subscription fee revenues.

Total Revenue **6,682** million yen



Revenue **1,178** million yen
(down 17.3% YOY)

Revenue Trend (Unit: millions of yen)



Business and Service
Production business / Program sales business / Film distribution business

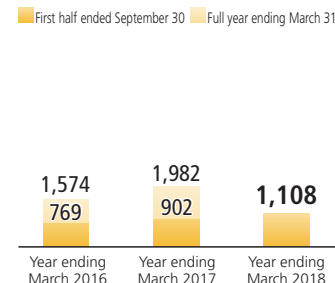
Both the production business and the program sales business showed a weak performance in orders received. Due to the effect of extraordinary costs associated with the consolidation of the Group's offices, as well as the absence of films produced and distributed in-house and other factors, revenue and income decreased in this segment.

Operating income **12** million yen
(Operating income of 132 million yen in the first half of FY2016)

Technology

Revenue **1,108** million yen
(up 22.9% YOY)

Revenue Trend (Unit: millions of yen)



Business and Service
CDN service / Digital cinema service / Hospitality Network

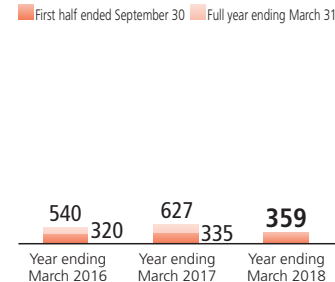
Revenue from the CDN service showed a steady performance, thanks to an increase in customer numbers, etc. In addition, the cost of goods sold decreased due to the impairment of fixed assets related to the technology service in the previous fiscal year and other factors. As a result, revenue and income increased in this segment.

Operating income **188** million yen
*(Operating income of 148 million yen in the first half of FY2016)

Network Sales

Revenue **359** million yen
(up 7.4% YOY)

Revenue Trend (Unit: millions of yen)



Business and Service
ISP service sales / Handling of mobile phone service / Broadband line sales

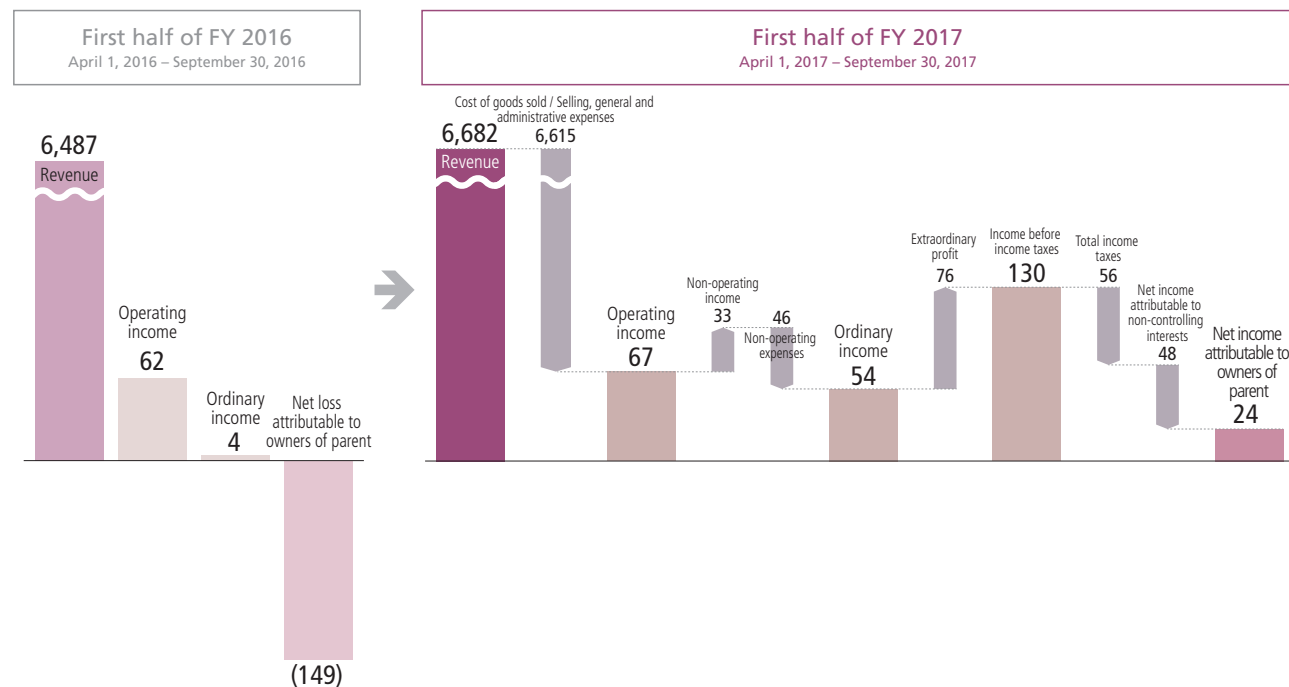
While revenue increased after we started handling "Softbank Air," due to the effect of an increase in the cost ratio of Broadband line sales and other factors, revenue rose and income decreased in this segment.

Operating loss **(11)** million yen
*(Operating income of 6 million yen in the first half of FY2016)

Consolidated Financial Review

Operating Results

(Unit: millions of yen)



Guidance on our website "IR" (Investor Information)



Please visit our "IR" website to see the most recent financial results and their summary videos, information on shares and shareholder incentives, and more.

<http://www.broadmedia.co.jp/ir/>

Revenue

Although the revenue of "Studio" decreased, overall revenue increased because the revenues of the other four segments increased.

Operating income / Ordinary income

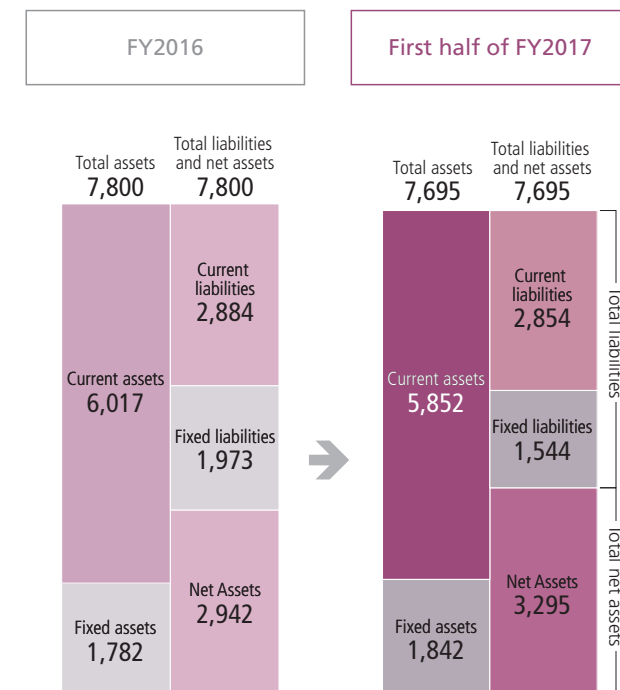
Operating loss of "Content" was improved. Operating income remained at the same level as the corresponding period of the previous fiscal year as steady performance of "Technology" offset the lower income in "Broadcast" and "Studio" and relocation expenses of the Group, etc. Ordinary income increased, owing mainly to the posting of equity in income of affiliates, in addition to the increased operating income.

Net income attributable to owners of parent

Reversal of provision for directors' retirement benefits was recorded as extraordinary profit. Profitability was achieved due to a decrease in net income attributable to non-controlling interests as a result of converting Renaissance Academy Corporation into a wholly-owned subsidiary at the end of the previous fiscal year and a decrease in tax expenses due to the application of consolidated taxation.

Financial Position

(Unit: millions of yen)



Total assets

Total assets decreased by 1% compared to the end of the previous fiscal year. This was mainly due to factors including increases in program rights and prepaid expenses owing to the increased purchase of programs for sale to TV stations and prepayment of satellite usage fees related to satellite broadcasting, and an increase in guarantee deposits associated with the integration of Group offices, while cash and deposits and leased assets decreased.

Total liabilities

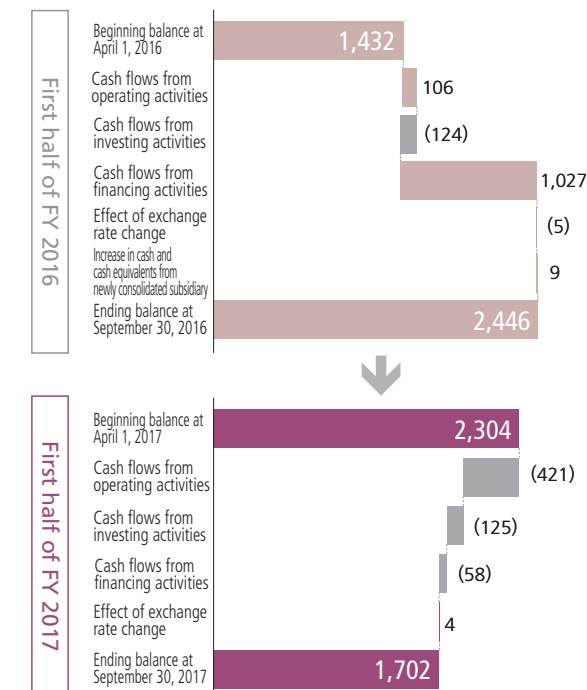
Total liabilities decreased by 9% compared to the end of the previous fiscal year, due to factors including a decrease in advances received, a decrease in provision due to the abolition of directors' retirement benefits plan and a decrease in convertible bonds owing to the exercise of stock acquisition rights, despite increases in accounts payable-trade and short-term loans payable.

Total net assets

Total net assets increased by 12% compared to the end of the previous fiscal year, due to the posting of net income attributable to owners of parent and increases in capital stock and capital surplus owing to the exercise of stock acquisition rights. As a result, the equity ratio stood at 29.4%.

Cash Flows

(Unit: millions of yen)



Cash flows from operating activities

Net cash used in operating activities was 421 million yen, due to factors including an increase in inventory and a decrease in advances received, which offset the recording of income before income taxes.

Cash flows from investing activities

Net cash used in investing activities was 125 million yen, due to factors including the acquisition of fixed assets and the payment of lease deposits associated with the integration of Group company offices.

Cash flows from financing activities

Net cash used in financing activities was 58 million yen, because of the repayments of lease obligations, which offset the proceeds from short-term loans payable, etc.

Company Information

As of September 30, 2017

Company Profile

Company Name	Broadmedia Corporation
Established	September 5, 1996
Paid-in Capital	3,107,496 (thousands of yen)
Employees	35 (consolidated: 398)
URL	http://www.broadmedia.co.jp/

* All of the first series unsecured convertible bonds with stock acquisition rights that remained unexercised were exercised during the period from October 1 to October 24, 2017, as a result of which capital came to 3,457,496 thousand yen.

Group companies



Fishing Vision Co., Ltd.

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

Produces the program dedicated to fishing, "Fishing Vision," and distributes programs for BS broadcasting, SKY PerfecTV! Premium Service, cable TV and others.

Established March 1998
Location Shinjuku-ku, Tokyo



Renaissance Academy Corporation

<http://www.renaissance-academy.co.jp/>

Operates three online high schools in the "Renaissance High School Group" where students can learn via smartphones, tablets, and personal computers. Coinciding with the 10th anniversary, the number of alumni has exceeded 10,000. Education content is continuously evolving to achieve further development as an innovator of online high schools.

Established October 2005
Location Minato-ku, Tokyo



HOLLYWOOD CHANNEL INC.

<http://www.hollywood-ch.com/company>

Distributes video, mainly new foreign and Japanese films and dramas, for TVs, personal computers, smartphones, and tablets. Also, distributes entertainment news, provides promotional services, and undertakes production of official websites with focus on movies and dramas.

Established April 2003
Location Minato-ku, Tokyo



Digital Cinema Club, Inc.

<http://www.dcinema.jp/>

Offers VPF services for film distributors and theaters promoting installation of digital equipment in movie theaters.

Established April 2010
Location Minato-ku, Tokyo

Executive Directors and Auditors

CEO	Taro Hashimoto	Auditor (full-time)	Shunichi Furuya
Executive Director	Yasutaka Shimamura	Auditor	Kenji Kitatani
Executive Director	Toshihito Kubo	Auditor	Jyunko Sato
Executive Director	Hideaki Oshio	Auditor	Jun Yamada
Executive Director (part-time)	Ryo Arisawa	*Nobuhiko Seki is an outside director.	
Executive Director (part-time)	Takayoshi Momoi	*Shunichi Furuya, Kenji Kitatani, Jyunko Sato, and Jun Yamada are outside auditors.	
Director	Nobuhiko Seki		

Stock Information

Number of shares authorized	128,000,000 shares
Number of shares issued*	72,480,657 shares
Number of shareholders	14,560

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

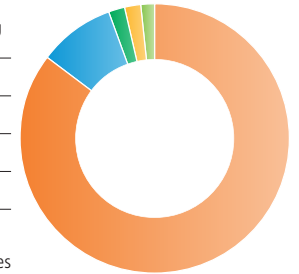
* The total number of shares issued as of October 31, 2017 is 79,147,323 shares.

Stock Information

As of September 30, 2017

Distribution of Shareholders

	Number of shares held (thousands)	Shareholding ratio (%)
Individuals and others*	61,965	85.49
Japanese securities companies	6,598	9.10
Overseas institutions	1,496	2.07
Other Japanese institutions	1,391	1.92
Japanese financial institutions	1,028	1.42



* "Individuals and others" in Distribution of Shareholders 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

Method for public notice Electronic public notice (posted on the Company's website) <http://www.broadmedia.co.jp/> When notifications are unable to be made due to unavoidable reasons, notifications will be posted in The Nikkei.

Transfer agent Mizuho Trust & Banking Co., Ltd. 1-2-1 Yaesu, Chuo-ku, Tokyo

	If you have an account at a securities company	If you do not have an account at a securities company (In the case of a special account)
Mailing Address	Securities company which you have dealings with.	2-8-4 Izumi, Suginami-ku, Tokyo 168-8507 Mizuho Trust & Banking Co., Ltd. Stock Transfer Agency Department
Inquiry by Telephone		0120-288-324 Toll-free in Japan (Office hours: from 9:00 am to 5:00 pm, every day except Saturdays, Sundays and public holidays)
Agencies for procedures such as change of address, change of method for receiving dividends, etc.		The head office or all branches nationwide of Mizuho Securities Co., Ltd. The same services are available at the Planet Booth (placed within a Mizuho Bank office). The head office or all branches nationwide of Mizuho Trust & Banking Co., Ltd. * These services are not available at the Trust Lounge of the bank.
Payment of dividends unclaimed	Head office and all branches nationwide of Mizuho Trust & Banking Co., Ltd. (*) and Mizuho Bank, Ltd. (Mizuho Securities Co., Ltd. will provide transfer services only.) * These services are not available at the Trust Lounge of the bank.	
Notice	For issuance of a payment statement, please use the mailing address, the contact for inquiry by telephone, or agencies for various procedures for "In the case of a special account" stated in the column on the right.	Shares registered with our special accounts cannot be traded, except for the purpose of selling your less-than-one-unit shares or buying additional shares to reach the number of shares per unit. For other share transaction, the shares in the special account need to be transferred to an account opened in a securities company.