



Broadmedia

Report on a series of materials  
announced today  
and  
Summary of Financial Results  
for the First Three Quarters of  
the Fiscal Year Ended March 31, 2018

**Broadmedia Corporation**  
**April 13, 2018**

- **Internal investigation and results with regard to damages from fictitious transactions**
- **Establishment of a third-party committee**
- **Management responsibility and punitive actions against the management team**
- **Submission of quarterly financial results**

## Damages from Fictitious Transactions Suffered by Fishing Vision



- We received a report from the Internal Investigation Committee with regard to damages suffered by Fishing Vision, a consolidated subsidiary, due to fictitious transactions, which were discovered in January 2018.

We will establish a third-party committee and conduct an additional investigation because there was a request from an insider who had already held an interview with the Internal Investigation Committee that an additional investigation should be made with regard to the Officers of the Company.

We regret that the situation remains outstanding and apologize sincerely to all stakeholders for any inconvenience and concern that may have been caused.

The main points of the investigation report by the Internal Investigation Committee are as follows.

- The report confirmed that the matter was a case of fraud committed by a company to which Fishing Vision subcontracted video production work.
- The report did not confirm that there were any individuals internally who had been involved in the fictitious transactions.
- In addition, the report did not confirm that other fictitious transactions or transactions that may be considered fictitious had been conducted at any of our group companies.
- The report confirmed that there were some areas to which corrective measures should be applied with respect to internal control.
- On the other hand, the report also touched on the background situation in which damages could not be avoided.

- The matter was a case of fraud committed by a company that Fishing Vision subcontracted video production work to.
- It occurred over ten years, however...
  - When the transactions first started, they were genuine transactions.
  - All documents necessary for the transactions were counterfeit as were the seals that were affixed to the documents.
  - Accounts receivable were paid in full by multiple clients under the clients' names with almost no delay.
  - Normally balance confirmation letters were sent directly from the accounting auditor to the individual clients, but the subcontractor obtained them from the client staff etc, and forged and returned them.

Because of above cunning modus operandi, we did not realize that the transactions were fictitious.



- The total number of transactions related to this matter was 694, with total orders received worth approximately 12.2 billion yen, of which 652 transactions worth nearly 12.0 billion yen were fake.
- There were genuine transactions at first. However, the number of fictitious transactions gradually increased, resulting in all transactions being fictitious ones in fiscal 2011 and thereafter.

	Number of Transactions per year	Number of Fictitious Transactions
FY2006	1	0
FY2007	12	3
FY2008	20	7
FY2009	44	27
FY2010	38	36
After FY2011	579	579
Total	694	652

- We commenced investigations due to a confession made by an attorney of the subcontractor that the matter was a case of fraud committed by the subcontractor.
- We conducted investigations mainly through interviews and the inspection of emails and documents, but did not identify any facts indicating that any individuals in the Group were involved in the matter.
- We conducted an investigation of other similar transactions as well as a survey by a questionnaire, but did not discover any other fictitious transactions or transactions that may be considered fictitious in any of our group companies.

## Reasons why we failed to avoid falling victim to the fraud



- The following facts were presented as reasons why we failed to avoid falling victim to the fraud, in addition to the aforementioned cunning methods.
- ✓ No appropriate personnel was assigned to the task of checking delivered items.
- ✓ The internal control system had been established, but it was implemented only as a formality.
- ✓ Improvements in operation flows were made on a limited scale.
- ✓ In hindsight, we may have been able to discover the fraud, but a situation occurred in which it was unavoidable to make a decision on continuing transactions from then on.



- The report identified inadequacies in some internal control procedures.
- We will strengthen the administrative system while simultaneously applying corrective measures to inadequacies in internal control.
  - ✓ The Company's involvement in the internal document approval and other approval processes of Fishing Vision
  - ✓ Review of Fishing Vision's organizational structure
  - ✓ Enhancement of cooperation among the management sections of the Group
  - ✓ Establishment of a reporting structure according to business circumstances
  - ✓ Enhancement of internal auditing system
  - ✓ Comprehensive compliance education

- The report of the Internal Investigation Committee, as a result of its investigation, did not identify any insiders that were involved with respect to the damages from the fictitious transactions.
- However, there was a request from an insider who had already held an interview with the Internal Investigation Committee that an additional investigation should be made with regard to the Officers of the Company.
- We took the request seriously and examined the situation. Consequently, we decided to expand the scope of investigation more carefully and establish a third-party committee comprising outside experts (lawyers, etc.).
- We are in the process of selecting committee members, and will make an announcement as soon as the members are officially assigned.

- The matter relates to damages suffered due to a sophisticated fraud, nonetheless, we believe that Fishing Vision has certain responsibilities for allowing the fictitious transactions to occur and for not being able to detect them at an early stage.
- The company has oversight responsibility for the insufficient management of its subsidiary.
- We acknowledge responsibility for the effects caused by this incident including:
  - the sharp decline in the earnings forecast for the FY2017
  - the significant delay in the submission of the quarterly financial report
  - the “opinion disclaimer” in the quarterly review report
  - the errors in the settlement of accounts in past years.
- We will reduce the remuneration of five directors of the Company to clarify the Company’s management responsibility.

- Status of the auditing of the financial report for the first three quarters of the fiscal year ended March 31, 2018.
  - Some of the audit procedures have not been completed with regard to the impacts of corrections of past fiscal years' results on the financial report for the first three quarters under review.
  - The results of the investigations by the third-party committee should be reflected.

⇒ The “opinion disclaimer” was expressed in the quarterly review report.

- Our understanding is that we have already specified monetary impacts and implemented accounting procedures related to the fictitious transactions.
- In addition, considering that it will not be beneficial to stakeholders to postpone the submission of the financial report for the first three quarters again, we have today submitted the financial report for the first three quarters (together with the quarterly review report indicating the opinion disclaimer) and disclosed the earnings report as well.

- Report incorporating correction to reports that were submitted in past fiscal years as well as those for the first three months and the first six months
  - ⇒ We are currently in the process of auditing. The report will be submitted before the submission of the annual securities report.
  
- Year-end annual securities report
  - ⇒ There is no change to the schedule of submission by June 30.

- An additional investigation will be conducted by the aforementioned third-party committee.

- Recovery of damages

Damages incurred by our group...

- Appr. 500 million yen recorded as extraordinary loss for direct damages.
- Incidental expenses incurred for investigation and outside experts.

Regarding above, the Company will make efforts to obtain refunds, claim damages, etc.

- Criminal Prosecution

As the Company recognizes this as a case of fraud, we plan to pursue criminal prosecution in the future.



Broadmedia

# Summary of Financial Results for the First Three Quarters of the Fiscal Year Ended March 31, 2018

**Broadmedia Corporation**

**April 13, 2018**

The statements contained here indicate the Company's current plans, expectations, strategies, and beliefs. Any statements that are not historical facts are forward-looking statements regarding future business performance. This document contains forecasts determined by the Company's management based on information presently available. The Company asks that you do not rely completely on these forward-looking statements because actual business results may vary materially from these statements due to various risks and uncertain factors.

- The audit company has provided us with its quarterly review report today, stating that it will refrain from expressing an opinion with regard to the consolidated quarterly financial statements for the first three quarters of the fiscal year ended March 31, 2018.
- The company says that it is unable to decide on the necessity of revisions to the consolidated quarterly financial statements because some of the audit procedures have not been completed with regard to the impacts of corrections of past years' financial statements on the financial report for the first three quarters under review, and the results of investigations by the third-party committee should be reflected.
- The Company, meanwhile, has already specified the monetary impacts and implemented accounting procedures of cancelling sales and costs with respect to the fictitious transactions, and therefore considers that it will not be beneficial to stakeholders to postpone the submission of the financial report for the first three quarters again.



## Financial Summary for the First Three Quarters of FY2017

Topics

Shareholder Benefit Programs

【Reference Documents】

- Results by Business Segment
- Other Topics

# Consolidated Financial Results for the First Three Quarters (April – December)



\* Announced on March 14, 2018

	FY2016 3Q	FY2017 3Q	Difference	Rate of difference	Forecasts for full-year financial results (*)
Revenue	7,721	8,005	↗ 284	4%	10,600
Operating income	(8)	70	↗ 78	-	50
Ordinary income	(79)	56	↗ 136	-	40
Net income	(255)	(231)	↗ 24	-	(260)

(Unit : Million yen) (Amounts are rounded down to the nearest million yen)

## Overview

- Revenue remained at the same level, and operating income increased year on year.
- Ordinary income increased due partly to the effect of a decline in the investment loss on entities accounted for using the equity method.
- Net loss reflects the provision of allowance for doubtful accounts posted as an extraordinary loss as a result of damages from the fictitious transactions suffered by Fishing Vision.

Figures for the previous year are presented hereinafter by deducting the impacts of the fictitious transactions.

# Consolidated Financial Results by Business Segment



(Unit : Million yen) (Amounts are rounded down to the nearest million yen)

	Revenue			Operating income		
	FY2016 3Q	FY2017 3Q	Difference	FY2016 3Q	FY2017 3Q	Difference
Content	1,470	1,556	85	(208)	(31)	176
Broadcast	2,339	2,231	(108)	130	74	(55)
Studio	2,047	2,001	(45)	155	71	(83)
Technology	1,413	1,705	291	238	281	42
Network Sales	449	511	61	5	(11)	(17)
Corporate expenses				(328)	(313)	15
<b>Total</b>	<b>7,721</b>	<b>8,005</b>	<b>284</b>	<b>(8)</b>	<b>70</b>	<b>78</b>

- Revenue increased in Content, Technology and Network Sales.
- Operating income rose, reflecting a significant reduction in operating loss in Content and the solid performance of Technology, which offset decreases in operating income in Broadcast, Studio and Network Sales.

# Consolidated Financial Results by Business Segment



(Unit : Million yen) (Amounts are rounded down to the nearest million yen)

	Revenue			Operating income		
	FY2016 3Q	FY2017 3Q	Difference	FY2016 3Q	FY2017 3Q	Difference
<b>Content</b>	<b>1,470</b>	<b>1,556</b>	<b>85</b>	<b>(208)</b>	<b>(31)</b>	<b>176</b>
Broadcast	2,339	2,231	(108)	130	74	(55)
<b>Total</b>	<b>7,721</b>	<b>8,005</b>	<b>284</b>	<b>(8)</b>	<b>70</b>	<b>78</b>

- ✓ Both revenue and income increased in education services.
- ✓ Revenue increased and the operating loss decreased in VOD (digital media).
- ✓ Operating loss also decreased in the cloud gaming business.

■ Revenue increased in Content, Technology and Network Sales.  
 ■ Operating income rose, reflecting a significant reduction in operating loss in Content and the solid performance of Technology, which offset decreases in operating income in Broadcast, Studio and Network Sales.

# Consolidated Financial Results by Business Segment



(Unit : Million yen) (Amounts are rounded down to the nearest million yen)

	Revenue			Operating income		
	FY2016 3Q	FY2017 3Q	Difference	FY2016 3Q	FY2017 3Q	Difference
Content	1,470	1,556	↑ 85	(208)	(31)	↑ 176
Broadcast	2,339	2,231	↓ (108)	130	74	↓ (55)
Studio	2,047	2,001	↓ (45)	155	71	↓ (83)
Total	7,721	8,005	↑ 284	(8)	70	↑ 78

✓ Both revenue and operating income decreased due to a decline in the unit price of some subscription revenue.

- Revenue increased in Content, Technology and Network Sales.
- Operating income rose, reflecting a significant reduction in operating loss in Content and the solid performance of Technology, which offset decreases in operating income in Broadcast, Studio and Network Sales.

# Consolidated Financial Results by Business Segment



(Unit : Million yen) (Amounts are rounded down to the nearest million yen)

	Revenue			Operating income		
	FY2016 3Q	FY2017 3Q	Difference	FY2016 3Q	FY2017 3Q	Difference
Content	1,470	1,556	85	(208)	(31)	176
Broadcast	2,339	2,231	(108)	130	74	(55)
<b>Studio</b>	<b>2,047</b>	<b>2,001</b>	(45)	<b>155</b>	<b>71</b>	(83)
Techn	1,413	1,705	291	238	281	42

- ✓ In the program sales business, sales of programs to TV stations increased.
- ✓ In the production business, orders remained at a low level.
- ✓ In the film distribution business, both revenue and operating income declined given the absence of films we produced and distributed in-house.

Operating income rose, reflecting a significant reduction in operating loss in Content and the solid performance of Technology, which offset decreases in operating income in Broadcast, Studio and Network Sales.

# Consolidated Financial Results by Business Segment



(Unit : Million yen) (Amounts are rounded down to the nearest million yen)

	Revenue			Operating income		
	FY2016 3Q	FY2017 3Q	Difference	FY2016 3Q	FY2017 3Q	Difference
Content	1,470	1,556	↑ 85	(208)	(31)	↑ 176
Broadcast	2,339	2,231	↓ (108)	130	74	↓ (55)
Studio	2,047	2,001	↓ (45)	155	71	↓ (83)
<b>Technology</b>	<b>1,413</b>	<b>1,705</b>	<b>↑ 291</b>	<b>238</b>	<b>281</b>	<b>↑ 42</b>
Network Sales	149	511	↑ 362	5	(11)	↓ (16)

- ✓ Both revenue and income increased, reflecting the strong performance of CDN services.
- ✓ The reduction of fixed costs, etc. had an impact.

- Revenue increased in Content, Technology and Network Sales.
- Operating income rose, reflecting a significant reduction in operating loss in Content and the solid performance of Technology, which offset decreases in operating income in Broadcast, Studio and Network Sales.

# Consolidated Financial Results by Business Segment



(Unit : Million yen) (Amounts are rounded down to the nearest million yen)

	Revenue			Operating income		
	FY2016 3Q	FY2017 3Q	Difference	FY2016 3Q	FY2017 3Q	Difference
Content	1,470	1,556	85	(208)	(31)	176
Broadcast	2,339	2,231	(108)	130	74	(55)
Studio	2,047	2,001	(45)	155	71	(83)
Technology	1,413	1,705	291	238	281	42
<b>Network Sales</b>	<b>449</b>	<b>511</b>	<b>61</b>	<b>5</b>	<b>(11)</b>	<b>(17)</b>
Corporate				(228)	(213)	15

✓ The segment recorded a loss because the rising cost ratio had an impact on operating income and loss.

- Revenue increased in Content, Technology and Network Sales.
- Operating income rose, reflecting a significant reduction in operating loss in Content and the solid performance of Technology, which offset decreases in operating income in Broadcast, Studio and Network Sales.



# Consolidated Financial Results by Business Segment



(Unit : Million yen) (Amounts are rounded down to the nearest million yen)

	Revenue			Operating income		
	FY2016 3Q	FY2017 3Q	Difference	FY2016 3Q	FY2017 3Q	Difference
Content	1,470	1,556	↑ 85	(208)	(31)	↑ 176
Broadcast	2,339	2,231	↓ (108)	130	74	↓ (55)
Studio	2,047	2,001	↓ (45)	155	71	↓ (83)
Technology	1,413	1,705	↑ 291	238	281	↑ 42
Network Sales	449	511	↑ 61	5	(11)	↓ (17)
<b>Corporate expenses</b>				<b>(328)</b>	<b>(313)</b>	<b>↑ 15</b>

- ✓ Expenses pertaining to affiliates incurred in the first half of the previous fiscal year did not arise.
- ✓ Expenses were curbed overall, although relocation expenses associated with the integration of offices were incurred.

# Consolidated Financial Position



## Position of assets, liabilities, and net assets

(Unit : Million yen)

	FY2016	FY2017 3Q	Difference	Rate of difference
Total assets	7,278	6,326	(952)	(13%)
Liabilities	4,857	3,438	(1,419)	(29%)
Net assets	2,420	2,888	467	19%
Shareholders' equity	1,692	2,405	712	42%
Stock acquisition rights for non-controlling shareholders	727	482	(245)	(34%)
Shareholders' equity ratio	23%	38%	—	—

(Amounts are rounded down to the nearest million yen)

<b>Total assets</b>	<ul style="list-style-type: none"> <li>While program account and accounts receivable increased, cash and deposits declined.</li> </ul>
<b>Liabilities</b>	<ul style="list-style-type: none"> <li>Advances received, lease obligations and bonds with stock acquisition rights decreased.</li> </ul>
<b>Net assets</b>	<ul style="list-style-type: none"> <li>Net assets increased with the posting of net income and the exercise of stock acquisition rights.</li> </ul>

# Consolidated Financial Position



Condition of Cash flow	FY2016 3Q	FY2017 3Q
Operating cash flow	36	(575)
Investing cash flow	(86)	(221)
Financing cash flow	918	(234)
Changes in cash and cash equivalents	866	(1,026)
Year-end balance of cash and cash equivalents	2,308	1,277

(Unit : Million yen) (Amounts are rounded down to the nearest million yen)

Note: The table above does not reflect the effects of the exchange rate change on cash and cash equivalents.

## Operating cash flow

- A cash outflow of 575 million yen primarily due to an increase in inventories and a fall in advances received, despite the posting of net income.

## Investing cash flow

- A cash outflow of 221 million yen chiefly due to the payment of lease deposits associated with the integration of Group company offices and the acquisition of non-current assets.

## Financing cash flow

- A cash outflow of 234 million yen mainly due to the acquisition of additional shares of subsidiaries and the repayment of lease obligations.

# Consolidated Financial Forecasts



(Unit : Million yen) (Amounts are rounded down to the nearest million yen)

Forecasts for full-year	Previously forecast as of April 28, 2017	Revised forecast as of March 14, 2018	Difference
Revenue	14,000	10,600	(3,400)
Operating income	250	50	(200)
Ordinary income	200	40	(160)
Net income	50	(260)	(310)

- For revenue and cost, deduction of impact amount on fictitious transaction damage incurred by Fishing Vision, a consolidated subsidiary.
- We recorded approximately 500 million yen for provision of allowance for doubtful accounts as an extraordinary loss in connection with the damages caused by fictitious transactions.
- As a result, revenue, operating income and ordinary income are projected to be much lower than the previous forecast, and a net loss is expected to be posted.

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## Financial Summary for the First Three Quarters of FY2017

### Topics

Shareholder Benefit Programs

#### 【Reference Documents】

- Results by Business Segment
- Other Topics

## **We joined UK-based DPP officially in November 2017.**



- ✓ **We invited DPP to Inter BEE 2017 in November 2017.**
- ✓ **DPP is promoting the international standardization of IMF, a standard for the distribution of television content and files for storage.**
- ✓ **The Group supports efforts to popularize the IMF standard in Japan, promote the more efficient expansion of domestically produced content in Japan and overseas, and facilitate the more efficient storage of content.**



**Renaissance Academy Corporation concluded a sponsor agreement as the top partner of FC Osaka, a professional soccer club, in January 2018.**



**Renaissance Osaka High School provides support to students aspiring to be professional soccer players in collaboration with FC Osaka.**



## Four commuting-based learning courses will be launched in April 2018.

eSports course



YouTuber development course



Preparatory course for university exams using “*Studysapuri*” materials



Dedicated English language course



**Programming classes and a soccer club will be newly offered.**



**On March 22, 2018,  
we launched the “I Am an Air Traffic Controller 4 at Haneda 2,”  
a popular air traffic control simulation game  
of TechnoBrain Co., Ltd., as a cloud gaming app for  
enjoyment on smartphones and tablets.**





## Game development / Procurement

- In January 2018, Pocket Co., Ltd., a company in which we have a stake, commenced the distribution of “Chiki-Chiki BOXYRACERS,” a gaming app for the Nintendo Switch™, in Japan!



The company is considering the adoption of online battle functions and distribution to overseas users going forward.



## Game development / Procurement

- Pocket Co., Ltd., a company in which we have a stake, decided to release “*Hifumin’s* Shogi School (tentative name) supervised by Mr. Hifumi Kato, a professional Shogi player with 9-Dan ranking,” a 2018 gaming app for the Nintendo Switch™!



The company commenced the distribution of “*Hifumin* Runs and Moves Forward! Go Straight towards Silver Climbing,” a free app, on February 14!



The company will announce the progress of development and the official release date via the app.

We launched the service of providing digital comics for smartphones and tablets in March 2018, featuring more than 150,000 volumes including the latest publications as well as much-discussed originals made into movies and anime versions!



Users can enjoy original comics as well as movie versions as a package in conjunction with the “Crank-in! Video” service.

<http://comic.crank-in.net/>

## Financial Summary for the First Three Quarters of FY2017

### Topics

#### Shareholder Benefit Programs

#### 【Reference Documents】

- Results by Business Segment
- Other Topics

**Partial changes have been made to the content of shareholder benefits for parties who are confirmed as shareholders as of March 31, 2018.**

**We have increased the points for shareholder benefits for shareholders who own 1,000 shares or more but less than 5,000 shares.**

**Shareholders can now use the services of the Crank-in! Comic.**

## 【Content of shareholder benefits】

Shareholders will be presented with points that can be used with the Crank-in! Video film distribution service and the Crank-in! Comic digital comic service operated by Hollywood Channel Inc.

Number of shares held	Period shares have been continuously held	
	Less than 1 year	1 year or more
1,000 shares or more but less than 5,000 shares	1,000 points (FY2017)	1,500 points (FY2017)
	↓ <b>2,000 points (FY2018)</b>	↓ <b>2,500 points (FY2018)</b>
5,000 shares or more	4,000 points	6,000 points

# Thank you for your attention.



**Broadmedia**

The statements contained here indicate the Company's current plans, expectations, strategies, and beliefs. Any statements that are not historical facts are forward-looking statements regarding future business performance. This document contains forecasts determined by the Company's management based on information presently available. The Company asks that you do not rely completely on these forward-looking statements because actual business results may vary materially from these statements due to various risks and uncertain factors.

## Financial Summary for the First Three Quarters of FY2017

Topics

Shareholder Benefit Programs

### 【Reference Documents】

- Results by Business Segment
- Other Topics



# Consolidated Financial Results by Business Segment - Content -



	Revenue			Operating income		
	FY2016 3Q	FY2017 3Q	Difference	FY2016 3Q	FY2017 3Q	Difference
Content	1,470	1,556	85	(208)	(31)	176

(Unit : Million yen) (Amounts are rounded down to the nearest million yen)

- ✓ Both revenue and income increased in education services.
- ✓ Revenue increased and the operating loss decreased in VOD (digital media).
- ✓ Operating loss also decreased in the cloud gaming business.

#### ◆ Cloud Gaming services

- Cloud gaming: “G-cluster”
- Cloud game apps for smartphones
- Providing platform for telcos

#### ◆ Digital Media services

- “Crank in !”
- “Crank in ! Video”

#### ◆ Educational services

- Renaissance High School
- Renaissance Toyota High School
- Renaissance Osaka High School

# Consolidated Financial Results by Business Segment – Broadcast –



	Revenue			Operating income		
	FY2016 3Q	FY2017 3Q	Difference	FY2016 3Q	FY2017 3Q	Difference
Broadcast	2,339	2,231	(108)	130	74	(55)

(Unit : Million yen) (Amounts are rounded down to the nearest million yen)

✓ Both revenue and operating income decreased due to a decline in the unit price of some subscription revenue.

◆ **“Fishing Vision”, a channel dedicated to fishing programs**

- Satellite basic broadcasting (BS broadcasting)
- Distribution of “Fishing Vision” mainly to cable operators
- Others

# Consolidated Financial Results by Business Segment – Studio –



	Revenue			Operating income		
	FY2016 3Q	FY2017 3Q	Difference	FY2016 3Q	FY2017 3Q	Difference
<b>Studio</b>	2,047	2,001	(45)	155	71	(83)

(Unit : Million yen) (Amounts are rounded down to the nearest million yen)

- ✓ In the program sales business, sales of programs to TV stations increased.
- ✓ In the production business, orders remained at a low level.
- ✓ In the film distribution business, both revenue and operating income declined given the absence of films we produced and distributed in-house.

<p><b>◆ Production business</b></p> <ul style="list-style-type: none"> <li>• Production of Japanese subtitles</li> <li>• Production of Japanese dubs</li> <li>• Production of teletext data</li> <li>• Production of program promotions</li> </ul>	<p><b>◆ Film distribution business</b></p> <ul style="list-style-type: none"> <li>• Production and distribution of theatrical films</li> <li>• Sales of DVD and Blu-ray titles</li> <li>• Sales of TV broadcasting rights</li> <li>• Sales of VOD rights</li> </ul>	<p><b>◆ Program sales business</b></p> <ul style="list-style-type: none"> <li>• Provisioning of Hollywood and other movies to TV stations.</li> </ul>
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# Consolidated Financial Results by Business Segment – Technology –



	Revenue			Operating income		
	FY2016 3Q	FY2017 3Q	Difference	FY2016 3Q	FY2017 3Q	Difference
<b>Technology</b>	1,413	1,705	291	238	281	42



(Unit : Million yen) (Amounts are rounded down to the nearest million yen)

- ✓ Both revenue and income increased, reflecting the strong performance of CDN services.
- ✓ The reduction of fixed costs, etc. had an impact.

<p><b>◆CDN services</b></p> <ul style="list-style-type: none"> <li>•Broadmedia®CDN Entry</li> <li>•Broadmedia®CDN mobile</li> <li>•Broadmedia®CDN mobile movie</li> <li>•Broadmedia®CDN CM online</li> <li>•Broadmedia Technologies' CDN service etc.</li> </ul>	<p><b>◆Hospitality network</b></p> <ul style="list-style-type: none"> <li>•Provisioning of Internet services to hotel guest rooms, conference rooms, etc.</li> </ul>	<p><b>◆ Digital cinema services</b></p> <ul style="list-style-type: none"> <li>•Broadmedia®CDN for theaters</li> <li>•Sales and rental services of distribution equipment, etc.</li> <li>•Provisioning of VPF services</li> </ul>
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# Consolidated Financial Results by Business Segment – Network Sales –



	Revenue			Operating income		
	FY2016 3Q	FY2017 3Q	Difference	FY2016 3Q	FY2017 3Q	Difference
<b>Network Sales</b>	<b>449</b>	<b>511</b>	 <b>61</b>	<b>5</b>	<b>(11)</b>	 <b>(17)</b>

(Unit : Million yen) (Amounts are rounded down to the nearest million yen)


- ✓ The segment recorded a loss because the rising cost ratio had an impact on operating income and loss.

◆ Sales of ISP services

◆ Sales of broadband lines

◆ Others

# Consolidated Financial Results by Business Segment – Corporate expenses – Broadmedia

	Operating income		
	FY2016 3Q	FY2017 3Q	Difference
Corporate expenses	(328)	(313)	 15

(Unit : Million yen) (Amounts are rounded down to the nearest million yen)

- ✓ Expenses pertaining to affiliates incurred in the first half of the previous fiscal year did not arise.
- ✓ Expenses were curbed overall, although relocation expenses associated with the integration of offices were incurred.

## ◆ Expenses and income for the administrative division of the Group headquarters (Broadmedia)

## Adolescence of “Talking Only”

Two actors Mahiro Takasugi and Shono Hayama star.

# TV Tokyo Drama 25 “Setoutsumi” DVD BOX

Released on Friday, March 2, 2018 !



A movie based on a heart-warming story about a girl obsessed with cooking the best-ever ramen noodle soup.

## “Ramen kuite (I want to eat Ramen)!”

To be released progressively at theaters nationwide including Shinjuku Musashinokan from Saturday, March 3, 2018.



A live-action movie version of “Ramen kuite!”, an online comic by Mr. Akiteru Hayashi that achieved over 1,000,000 PVs, starring Ms. Yurika Nakamura and co-starring Ms. Wakana Aoi, who made impressive appearances in the NHK serial TV dramas “Mare” and “Warotenka,” respectively.



On March 8, 2018, we launched “Nobunaga’s Ambition: Sphere of Influence – Ascension,” a popular historical simulation game of Koei Tecmo Games Co., Ltd., as a cloud gaming app.



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**We aim to contribute to the development of a more affluent community through the dissemination of high quality products and services that are derived from creativity.**

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