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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 Revision to Financial Forecasts and Posting of Non-operating Expenses

Broadmedia Corporation (hereinafter referred to as “the Company”) announces that it has revised the financial forecasts for the first six months in the fiscal year ending March 31, 2017, as announced on July 28, 2016. Details are as follows.
The Company also announces that it has posted non-operating expenses (investment loss by equity method) for the first six months in the fiscal year ending March 31, 2017.

1. Revision to the consolidated financial forecasts for the first six months in the fiscal year ending March 31, 2017

(April 1, 2016 to September 30, 2016)

	Revenue	Operating income	Ordinary income	Net income attributable to owners of parent	Net income per share
	Million yen	Million yen	Million yen	Million yen	Yen
Previously forecast (A)	6,300	(20)	(60)	(170)	(2.49)
Revised forecast (B)	6,487	62	(15)	(149)	(2.18)
Difference (B－A)	187	82	44	20	—
Increase/Decrease (%)	3.0	—	—	—	—
(For reference) Financial results for the first six months in the previous year (First six months in the fiscal year ended March 31, 2016)	5,896	(78)	(216)	(589)	(8.67)

2. Reason for the revision

<Revenue>

We expect that the revenue will climb to 6,487 million yen, reflecting better-than-expected performances in four segments - Content, Broadcast, Studio, and Technology, although the revenue from the Network Sales segment was lower than expected.

<Income>

An operating income of 62 million yen is expected to be posted, chiefly reflecting an increase in revenue and income in the Broadcast and Studio segments, as well as a reduction of costs in the Technology segment and corporate expenses, although we had expected an operating of loss of 20 million yen.

In addition, with regard to the ordinary income and quarterly net income attributable to the owners of the parent, we expect that the loss will be smaller than expected for the same reason. However, in regards to consolidated financial forecasts for the fiscal year ending March 31, 2017, we have decided not to revise the previous forecasts, mainly due to the impact of a contract that was concluded in the first half in the Studio segment ahead of the initial timeframe of the second half, as well as the uncertain outlook for cloud game services and digital media services in the Content segment.

[For reference]

The following is a segment-by-segment breakdown of consolidated financial forecasts for the first six months

（Unit: Million yen）

	Revenue			Operating income		
	Previously announced forecasts (A)	Newly revised forecasts (B)	Difference (B) － (A)	Previously announced forecasts (A)	Newly revised forecasts (B)	Difference (B) － (A)
Total	6,300	6,487	187	(20)	62	82
Content	900	959	59	(180)	(172)	7
Broadcast	2,800	2,866	66	160	177	17
Studio	1,300	1,424	124	100	132	32
Technology	900	902	2	130	148	18
Network sales	400	335	(64)	10	6	(3)
Corporate expenses	—	—	—	(240)	(230)	9

* The forward-looking statements above, including financial forecasts, are based on information currently available to the Company and certain assumptions judged to be reasonable. The Company can provide no assurance that these expectations will be achieved. Actual results may differ due to a range of factors. In particular, such results may fluctuate materially depending on the conditions of the cloud gaming business.

3. Posting of non-operating expenses (investment loss by equity method)

In regards to G-cluster Global Corporation, an equity method unconsolidated subsidiary, we recognized accumulated losses until it was dissolved in May 2016, in proportion to the equities held by the Company. In addition, we have recognized income and losses of other equity method affiliates for the first six months, in proportion to equities held by the Company. As a result, we have posted a cumulative loss of 56 million yen due to the investment loss by equity method.

For inquiries regarding this press release:
IR Dept., Broadmedia Corporation (E-mail: ir@broadmedia.co.jp)