



May 24, 2016

## Press Release

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| Company name          | Broadmedia Corporation (Code: 4347)  |
| Representative        | Representative CEO Taro Hashimoto    |
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### **Notice of the Filing of a Petition for the Commencement of Bankruptcy Proceedings by an Equity-Method Unconsolidated Subsidiary and the Transfer of its Assets to a Subsidiary**

Broadmedia Corporation (hereinafter referred to as “the Company”) announces that G-cluster Global Corporation (hereinafter referred to as “GCG”), an equity-method unconsolidated subsidiary of the Company, was dissolved on May 23, 2016, as announced in the Company’s press release issued on April 22, 2016 entitled “Notice of Dissolution of an Equity-Method Affiliate,” and that, on May 23, 2016, GCG filed a petition for the commencement of bankruptcy proceedings and a decision to commence bankruptcy proceedings was made.

The Company further announces that Broadmedia GC Corporation (hereinafter referred to as “BMGC”), a wholly owned subsidiary of the Company, acquired the technology, etc. owned by GCG on May 23, 2016.

#### 1. Events Leading to the Filing of a Petition for the Commencement of Bankruptcy Proceedings by GCG

GCG passed a resolution for dissolution at its extraordinary shareholders’ meeting held on April 22, 2016, and was dissolved with effect May 23, 2016. Prior to the effective date of dissolution, there was much discussion between GCG and its shareholders, but since GCG had negative equity and there was no prospect of repayment or debt workout, on May 23, 2016, GCG filed a petition for the commencement of bankruptcy proceedings with the Tokyo District Court and a decision to commence bankruptcy proceedings was made by the court the same day.

#### 2. Outline of Transfer of GCG’s Assets to a Subsidiary

With approval of the court, BMGC concluded an asset purchase agreement with GCG on May 23, 2016, and acquired the technology (patents), trademark rights, stock of subsidiaries owned by GCG, and servers and other fixed assets necessary for continuation of the cloud gaming business.

#### 3. Outlook for the Future

The effects of the events stated above on the Company’s consolidated financial results forecast for the fiscal year ending March 2017 are reflected in “3. Forecast for the year ending March 31, 2017 (from April 1, 2016 to March 31, 2017)” in the “Summary of Consolidated Financial Results for the Fiscal Year Ended March 2016 (based on Japanese Standards)” dated April 28, 2016.

In addition to the transfer of assets to BMGC outlined above, BMGC has also made steady progress in discussions with business partners and, as a result, the services provided by GCG have been provided by BMGC since May 23.

More specifically, the services that GCG provided in Japan and Asia have continued without interruption because BMGC more or less reached agreement with IPTV operators and cable operators in Japan and game licensors.

Similarly, the services that GCG provided in Europe have continued without interruption, as BMGC more or less reached agreement with IPTV operators to enter into technology license agreements.

Moving forward, the Company plans to make BMGC the core operating company for the Broadmedia Group's cloud gaming business. In addition to the transfer of assets from GCG outlined above, the Company plans to transfer its cloud gaming business operations to BMGC in the future in order to concentrate management resources and further increase the speed of business expansion.

The Company will update information after detailed plans are determined.

For inquiries regarding this press release:

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