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Press Release

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Notice of Change in Status of Equity Method Affiliate and Posting of Extraordinary Income

Broadmedia Corporation (hereinafter referred to as “the Company”) announces that the Company and Fishing Vision Co., Ltd. ("Fishing Vision," a consolidated subsidiary of the Company; hereinafter, the two companies are collectively referred to as the "Group") decided to transfer all equity interests that they have in Hunan Happy Fishing Development Co., Ltd. ("Hunan Happy Fishing Development"), an equity method company of the Company, concluding the relevant agreement today. Details are as follows. The Company also announces that it will post extraordinary income for consolidated and non-consolidated financial results, respectively, for the first nine months of the fiscal year ending March 31, 2022.

1. Reason of the change

The Group established Hunan Happy Fishing Development with Hunan happy vanguard media Co., Ltd., a wholly owned subsidiary of Hunan Broadcast System, a Chinese state-owned broadcaster, in December 2011. Since then, it has engaged in fishing-related businesses in China, primarily consulting services for fishing programs, the operation of portal sites dedicated to fishing, sales of fishing-related goods and the operation of fishing events.

However, with the business environment surrounding the broadcasting and fishing industries changing significantly in China, it has been agreed, as a result of deliberations on future management structures, that all equity interests the Group has in Huanan Happy Fishing Development will be transferred to Hunan happy vanguard media Co., Ltd.

The Group will continue to maintain an amicable relationship with Hunan happy vanguard media Co., Ltd. after the transfer.

2. Overview of the equity method affiliate to which change will occur

(1) Name	Hunan Happy Fishing Development Co., Ltd.
(2) Location	The Golden Eagle TV Culture City, Kaifu District, Changsha City, Hunan Province, China
(3) Name and title of representative	Executive Director, General Manager Xiao Xiao
(4) Business description	Fishing-related business in China, primarily consulting services for fishing programs, operation of portal sites dedicated to fishing, sales of fishing-related goods and the operation of fishing events in China.
(5) Capital stock	45 million RMB
(6) Date of establishment	December 9, 2011

(7) Major shareholders and their ownerships	Hunan happy vanguard media Co.,Ltd	55%
	Broadmedia Corporation	25%
	Fishing Vision Co., Ltd.	15%
	Others	5%

3. Details of the change

(1) Status of investment ratios before and after the transfer

- (i) The Group's investment ratio before the change: 40%
- (ii) The Group's investment ratio after the change: 0%

*All equity interests that the Group has in Huanan Happy Fishing Development will be transferred.

As a result of the transfer, Huanan Happy Fishing Development will be excluded from the Group's equity method affiliates.

(2) Schedule

- (i) Date of execution of agreement: October 14, 2021
- (ii) Date of transfer: Middle of December 2021 (plan)

(3) Extraordinary income

As a result of the transfer, the Company will post approximately 90 million yen and 57 million yen as a gain on sales of securities in extraordinary income, respectively, for consolidated and non-consolidated financial results for the first nine months of the fiscal year ending March 31, 2022. (based on the exchange rate of 17.29 yen for one RMB) The above amounts may change depending on how Huanan Happy Fishing Development's business will perform until the transfer is completed, as well as how exchange rate conditions will change, going forward.

4. Future outlook

The consolidated earnings forecast for the fiscal year ending March 31, 2022 is currently under review, and will be announced immediately if any revisions to the forecast are required in the future.

End

For inquiries regarding this press release:

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