

Flash Report [Japanese GAAP] (Consolidated Basis)**Results for the three months ended June 30, 2020****Company name: Fuji Media Holdings, Inc.**

Stock listing: Tokyo Stock Exchange Code number: 4676 URL: <https://www.fujimediahd.co.jp/en>
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Scheduled date of filing quarterly securities report: August 12, 2020

Scheduled date of commencing dividend payments: —

Availability of supplementary briefing material on quarterly financial results: Available

Schedule of quarterly financial results briefing session: Not scheduled

(Figures less than ¥1 million have been omitted.)

1. Consolidated Financial Results**(1) Business Performance**

Three months ended June 30

Percentages indicate year-on-year increases/(decreases).

	Net sales		Operating income		Recurring profit		Net income attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
2020	120,299	(19.4)	2,822	(62.5)	5,578	(46.5)	2,013	(90.6)
2019	149,217	3.2	7,519	23.0	10,430	22.5	21,367	277.4

(Note) Comprehensive income: Three months ended June 30, 2020: ¥13,202 million, (33.3)%,
 Three months ended June 30, 2019: ¥19,805 million, 90.1%

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
2020	8.71	—
2019	92.30	—

(2) Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
June 30, 2020	1,289,888	753,551	57.7
March 31, 2020	1,254,613	745,574	58.6

(Reference) Total shareholders' equity: June 30, 2020: ¥743,729 million,
 March 31, 2020: ¥735,431 million

2. Dividends

Year ended March 31, 2020/ Year ending March 31, 2021

	Dividends per share				
	1Q	2Q	3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
2020	—	22.00	—	22.00	44.00
2021	—				
2021 (Forecast)		18.00	—	18.00	36.00

(Note) Revision to the most recently announced dividends forecast: None

3. Forecasts of Consolidated Financial Results for the Fiscal Year Ending March 31, 2021

Percentages indicate year-on-year increases/(decreases).

	Net sales		Operating income		Recurring profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year	569,400	(9.8)	13,000	(50.6)	18,200	(47.8)

	Net income attributable to owners of the parent		Basic earnings per share
	Millions of yen	%	Yen
Fiscal year	9,000	(78.2)	38.91

(Note) Revision to the most recently announced financial results forecasts: None

Notes:

1. Significant changes in subsidiaries (changes in specific subsidiaries involving a change in the scope of consolidation) during the subject period: None

Additions: None

Deletions: None

2. Adoption of special accounting treatment in preparing the quarterly consolidated financial statements: None

3. Changes in accounting policies, changes in accounting estimates, and modifications and restatements:

1) Changes in accounting policies based on revision of accounting standards: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Modifications and restatements: None

4. Number of issued shares (Common stock)

	Three months ended June 30, 2020	Year ended March 31, 2020
1) Number of issued shares (including treasury stock) at end of the period (shares)	234,194,500	234,194,500
2) Number of treasury stock at end of the period (shares)	2,885,904	2,863,495
		Three months ended June 30, 2019
3) Average number of issued shares during the period (shares)	231,308,596	231,488,964

This flash report is outside the scope of quarterly review by certified public accountants or an audit firm.

Explanation of appropriate use of forecasts of financial results; other important items

The forward-looking statements made in this document, including the aforementioned forecasts, are based on all information available to the management at the time of this document's release and certain assumptions considered rational. Actual results may differ materially from the forecasts due to various factors in the future. Regarding the assumptions forming the forecast of financial results, please refer to "1. QUALITATIVE INFORMATION ON CONSOLIDATED FINANCIAL RESULTS FOR THE FIRST QUARTER OF THE FISCAL YEAR ENDING MARCH 31, 2021: (3) Explanation of Consolidated Financial Results Forecasts and Other Future Projections" on page 8.

CONTENTS OF ATTACHMENT

1. QUALITATIVE INFORMATION ON CONSOLIDATED FINANCIAL RESULTS FOR THE FIRST QUARTER OF THE FISCAL YEAR ENDING MARCH 31, 2021	5
(1) Explanation of Business Results	5
(2) Explanation of Financial Position	7
(3) Explanation of Consolidated Financial Results Forecasts and Other Future Projections	8
2. CONSOLIDATED FINANCIAL STATEMENTS AND PRIMARY NOTES	9
(1) Consolidated Balance Sheets	9
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income	11
(3) Notes to Consolidated Financial Statements	13
(Note on Assumptions for Going Concern)	13
(Notes in the Event of Major Change in Shareholders' Equity)	13
(Segment Information)	13
(Significant Events after the Reporting Period)	14

1. QUALITATIVE INFORMATION ON CONSOLIDATED FINANCIAL RESULTS FOR THE FIRST QUARTER OF THE FISCAL YEAR ENDING MARCH 31, 2021

(1) Explanation of Business Results

The Japanese government's Monthly Economic Report on the Japanese economy for the three months ended June 30, 2020 (April 1, 2020 to June 30, 2020) states, "Concerning short-term prospects, the economy is expected to move toward picking up from an extremely severe situation, supported by the effects of the policies while the socio-economic activities will be resumed gradually with taking measures to prevent the spread of infectious diseases. However, attention should be given to the trend of domestic and overseas infections, and the effects of fluctuations in the financial and capital markets, among others." It also states that firms' judgments on business conditions "show signs of improvement, although some severe aspects remain."

Fuji Media Holdings Group (the "Group") was also affected by the impact of the novel coronavirus infection (COVID-19), including a decline in advertising revenue, a drop in travel and tourism demand, and the cancellation or postponement of events. However, the Group managed to limit the impact on revenue by making sales efforts.

Amid this economic environment, the consolidated net sales of the Group decreased overall during the three months ended June 30, 2020, down 19.4% from the same period of the previous fiscal year to ¥120,299 million, as there were decreases in both the Media & Content segment and the Urban Development, Hotels & Resorts segment.

In terms of earnings, operating income also decreased 62.5% year-on-year to ¥2,822 million, as there were revenue decreases in both the Media & Content segment and the Urban Development, Hotels & Resorts segment. Recurring profit decreased 46.5% year-on-year to ¥5,578 million, and net income attributable to owners of the parent decreased 90.6% year-on-year to ¥2,013 million, due to a reactionary decrease as a result of posting a gain on return of substitutional portion of employees' pension fund as an extraordinary gain in the previous fiscal year, as well as posting a loss on COVID-19 under extraordinary loss.

Results by operating segment are as follows.

Three months ended June 30

	Net sales			Operating income		
	2019	2020	Change	2019	2020	Change
	Millions of yen	Millions of yen	%	Millions of yen	Millions of yen	%
Media & Content	124,573	105,081	(15.6)	5,534	2,613	(52.8)
Urban Development, Hotels & Resorts	23,177	13,998	(39.6)	2,151	527	(75.5)
Other	4,980	4,249	(14.7)	216	59	(72.3)
Eliminations	(3,514)	(3,030)	—	(383)	(377)	—
Total	149,217	120,299	(19.4)	7,519	2,822	(62.5)

Media & Content

Fuji Television Network, Inc. ("Fuji TV") saw a decrease in broadcasting revenue, as network time advertising sales dropped due to the cancellation or postponement of one-off programs such as sports events that had been scheduled, as a result of the impact of COVID-19, while spot advertising revenue also declined due to the deterioration of corporate business performances reflecting the slowdown in economic activities. Revenue from other businesses also declined as a result of cancellations or postponements of events and movie releases. As a result of the above, decreases were recorded in both revenue and earnings.

Fuji Satellite Broadcasting, Inc. recorded a decrease in revenue and an increase in earnings, due to efforts to curb operating expenses despite the decline in broadcasting revenue.

Nippon Broadcasting System, Inc., despite a strong performance in the radio shopping business, recorded a decrease in net sales overall due to a decline in broadcasting revenue and posted an operating loss.

Pony Canyon Inc. saw a steady performance in streaming and strong contributions made by package sales of old releases. However, net sales overall decreased due to poor ticket revenue and goods sales as events were canceled due to the impact of COVID-19. Meanwhile, earnings turned positive thanks to the absence of such expenses as head office relocation-related expenses in the previous fiscal year.

Fujipacific Music Inc. recorded a decrease in net sales overall, as royalty declined, in addition to the poor performance in the video production and artists management businesses due to the impact of COVID-19. However, earnings increased as a result of a decrease in the cost rate.

The Dinos business of Dinos Cecile Co., Ltd. recorded an increase in net sales overall, as particularly beauty and health products in television shopping performed strongly, while the catalog business also grew. helped by an increase in demand for catalog shopping especially in the living and food categories. Meanwhile, in the Cecile business, also, the catalog business as a whole grew particularly in the living goods and women's undergarments and posted an increase in net sales. As a result, Dinos Cecile Co., Ltd. as a whole posted increases in both revenue and earnings.

Quaras Inc. posted a decrease in revenue due to weak advertising revenue, resulting in the posting of an operating loss.

Fuji Games, Inc. posted a decrease in revenue as the games it released struggled and recorded an operating loss.

As a result of the above, in the Media & Content segment overall, net sales declined 15.6% from the same period of the previous fiscal year to ¥105,081 million, and segment operating income decreased 52.8% from the same period of the previous fiscal year to ¥2,613 million.

Urban Development, Hotels & Resorts

The Sankei Building Co., Ltd. recorded a decrease in net sales overall due to decreases in revenue in the building business and the asset development business. However, an increase in operating income was recorded due mainly to an increase in the number of condominiums sold in the housing business, as well as a rise in the profit rate of the properties sold in the asset development business.

GRANVISTA Hotels & Resorts Co., Ltd. posted an operating loss as a result of a decrease in

revenue due to a decline in demand for travel and tourism, including that of inbound tourists, caused by the impact of COVID-19.

As a result of the above, the Urban Development, Hotels & Resorts segment recorded net sales of ¥13,998 million, down 39.6% from the same period of the previous fiscal year, with segment operating income down 75.5% from the same period of the previous fiscal year to ¥527 million.

Other

Net sales in the Other segment overall decreased 14.7% from the same period of the previous fiscal year to ¥4,249 million, and segment operating income decreased 72.3% from the same period of the previous fiscal year to ¥59 million.

Affiliates accounted for using the equity method such as WOWOW Inc., ITOCHU Fuji Partners, Inc. and Nihon Eiga Broadcasting Corp. contributed to equity in earnings of affiliates.

(2) Explanation of Financial Position

Total assets at the end of the first quarter of the fiscal year under review (June 30, 2020) amounted to ¥1,289,888 million, an increase of ¥35,274 million (2.8%) from the end of the previous fiscal year (March 31, 2020).

Total current assets amounted to ¥412,855 million, a decrease of ¥11,178 million (2.6%) from the end of the previous fiscal year. This was due mainly to decreases of ¥26,615 million in notes and accounts receivable-trade and ¥26,745 million in marketable securities; against an increase of ¥36,617 million in cash and deposits.

Total noncurrent assets amounted to ¥876,814 million, an increase of ¥46,467 million (5.6%) from the end of the previous fiscal year. This was due mainly to increases of ¥30,513 million in investment securities and ¥14,790 million in buildings and structures, net.

Total liabilities amounted to ¥536,336 million, an increase of ¥27,298 million (5.4%) from the end of the previous fiscal year.

Total current liabilities amounted to ¥154,467 million, a decrease of ¥11,617 million (7.0%) from the end of the previous fiscal year. This was due mainly to decreases of ¥8,181 million in notes and accounts payable-trade and ¥4,494 million in trade accounts payable included in the "Other" line item.

Total noncurrent liabilities amounted to ¥381,868 million, an increase of ¥38,915 million (11.3%) from the end of the previous fiscal year. This was due mainly to increases of ¥31,819 million in long-term loans payable and ¥4,734 million in deferred tax liabilities included in the "Other" line item.

Total net assets amounted to ¥753,551 million, an increase of ¥7,976 million (1.1%) from the end of the previous fiscal year. This was due mainly to the recording of ¥2,013 million in net income attributable to owners of the parent and an increase of ¥11,485 million in valuation difference on available-for-sale securities; against a decrease of ¥5,152 million in retained earnings due to the payment of dividends of surplus.

(3) Explanation of Consolidated Financial Results Forecasts and Other Future Projections

The consolidated financial results during the three months ended June 30, 2020 saw decreases in both revenue and earnings in the Media & Content segment and the Urban Development, Hotels & Resorts segment. As for the forecasts of consolidated financial results for the fiscal year ending March 31, 2021, the Company has made no changes to its financial results forecasts announced in the “Notice of Forecasts of Consolidated Financial Results and Dividends” released on July 22, 2020. Whereas the timing of the containment of COVID-19 is still uncertain, the forecasts have been calculated, incorporating the expected impact of the pandemic on the Company’s business assuming that the impact will remain during the fiscal year while economic activities resume and consumption continues to gradually recover.

2. CONSOLIDATED FINANCIAL STATEMENTS AND PRIMARY NOTES

(1) Consolidated Balance Sheets

	Millions of yen	
	March 31, 2020	June 30, 2020
ASSETS		
Current assets:		
Cash and deposits	76,126	112,743
Notes and accounts receivable-trade	110,390	83,774
Marketable securities	97,536	70,790
Inventories	101,163	104,937
Other	39,725	41,474
Allowance for doubtful accounts	(908)	(865)
Total current assets	424,033	412,855
Noncurrent assets:		
Property, plant and equipment		
Buildings and structures, net	135,228	150,018
Land	258,037	259,885
Other, net	42,759	40,673
Total property, plant and equipment	436,024	450,577
Intangible assets		
Goodwill	811	785
Other	17,235	18,926
Total intangible assets	18,046	19,711
Investments and other assets		
Investment securities	333,806	364,320
Other	44,242	43,962
Allowance for doubtful accounts	(1,773)	(1,758)
Total investments and other assets	376,276	406,524
Total noncurrent assets	830,346	876,814
Deferred assets	233	218
Total assets	1,254,613	1,289,888

	Millions of yen	
	March 31, 2020	June 30, 2020
LIABILITIES		
Current liabilities:		
Notes and accounts payable-trade	40,976	32,795
Electronically recorded obligations-operating	12,374	13,007
Short-term loans payable	40,559	42,393
Provision for sales returns	673	603
Provision for directors' bonuses	436	74
Provision for point card certificates	457	477
Provision for environmental measures	47	—
Other	70,559	65,117
Total current liabilities	<u>166,085</u>	<u>154,467</u>
Noncurrent liabilities:		
Bonds payable	20,000	20,000
Long-term loans payable	182,829	214,649
Provision for directors' retirement benefits	2,443	2,281
Net defined benefit liability	37,835	37,851
Other	99,845	107,085
Total noncurrent liabilities	<u>342,953</u>	<u>381,868</u>
Total liabilities	<u>509,038</u>	<u>536,336</u>
NET ASSETS		
Shareholders' equity:		
Capital stock	146,200	146,200
Capital surplus	173,794	173,796
Retained earnings	346,693	343,555
Treasury stock	(3,997)	(4,023)
Total shareholders' equity	<u>662,691</u>	<u>659,528</u>
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	76,475	87,961
Deferred gains or losses on hedges	(218)	(219)
Revaluation reserve for land	1,479	1,479
Foreign currency translation adjustment	(1,310)	(1,382)
Remeasurements of defined benefit plans	(3,686)	(3,637)
Total accumulated other comprehensive income	<u>72,739</u>	<u>84,200</u>
Non-controlling interests	<u>10,143</u>	<u>9,822</u>
Total net assets	<u>745,574</u>	<u>753,551</u>
Total liabilities and net assets	<u>1,254,613</u>	<u>1,289,888</u>

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

Three months ended June 30

	Millions of yen	
	2019	2020
Net sales	149,217	120,299
Cost of sales	102,540	82,356
Gross profit	46,676	37,943
Selling, general and administrative expenses	39,157	35,121
Operating income	7,519	2,822
Non-operating income:		
Dividends income	1,658	1,737
Equity in earnings of affiliates	1,236	744
Other	486	774
Total	3,380	3,257
Non-operating expenses:		
Interests	259	331
Loss on investments in partnership	2	106
Other	206	63
Total	469	501
Recurring profit	10,430	5,578
Extraordinary gain:		
Gain on sales of investment securities	31	92
Gain on return of substitutional portion of employees' pension fund	18,832	—
Subsidies for employment adjustment	—	32
Other	34	20
Total	18,899	145
Extraordinary loss:		
Loss on COVID-19	—	1,699
Other	254	47
Total	254	1,746
Income before income taxes	29,075	3,977
Income taxes-current	2,052	1,864
Income taxes-deferred	5,571	270
Total	7,624	2,135
Net income	21,451	1,842
Net income (loss) attributable to non-controlling interests	83	(171)
Net income attributable to owners of the parent	21,367	2,013

Consolidated Statements of Comprehensive Income

Three months ended June 30

	Millions of yen	
	2019	2020
Net income	21,451	1,842
Other comprehensive income:		
Valuation difference on available-for-sale securities	(8,705)	11,189
Deferred gains or losses on hedges	(44)	(5)
Revaluation reserve for land	666	—
Foreign currency translation adjustment	(10)	(123)
Remeasurements of defined benefit plans	6,758	93
Share of other comprehensive income of affiliates accounted for using equity method	(310)	205
Total other comprehensive income	(1,645)	11,360
Comprehensive income	19,805	13,202
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	19,725	13,474
Comprehensive income attributable to non-controlling interests	80	(271)

(3) Notes to Consolidated Financial Statements

(Note on Assumptions for Going Concern)

Not applicable

(Notes in the Event of Major Change in Shareholders' Equity)

Not applicable

(Segment Information)

I. Three months ended June 30, 2019

1. Information on Amounts of Net Sales and Profit or Loss by Reported Segment

(Millions of yen)

	Reported segment			Other (Note 1)	Total	Adjustment (Note 2)	Consolidated statement of income (Note 3)
	Media & Content	Urban Development, Hotels & Resorts	Total				
Net sales:							
Net sales to third parties	124,443	23,097	147,540	1,676	149,217	—	149,217
Inter-segment net sales and transfers	130	79	210	3,303	3,514	(3,514)	—
Total net sales	124,573	23,177	147,751	4,980	152,731	(3,514)	149,217
Segment operating income	5,534	2,151	7,686	216	7,902	(383)	7,519

Notes: 1. The "Other" category is a business segment not included in reported segments. It includes such operations as temporary agency services, movables leasing and software development.

2. The segment operating income adjustment of minus ¥383 million mainly comprises ¥805 million in eliminations of inter-segment business, together with minus ¥1,188 million in Group-wide expenses not allocated to a particular reported segment. Group-wide expenses are the expenses of the parent company as a certified broadcast holding company.

3. Segment operating income is adjusted to the operating income figure on the Consolidated Statement of Income.

II. Three months ended June 30, 2020

1. Information on Amounts of Net Sales and Profit or Loss by Reported Segment

(Millions of yen)

	Reported segment			Other (Note 1)	Total	Adjustment (Note 2)	Consolidated statement of income (Note 3)
	Media & Content	Urban Development, Hotels & Resorts	Total				
Net sales:							
Net sales to third parties	105,022	13,917	118,939	1,359	120,299	—	120,299
Inter-segment net sales and transfers	59	81	140	2,889	3,030	(3,030)	—
Total net sales	105,081	13,998	119,080	4,249	123,329	(3,030)	120,299
Segment operating income	2,613	527	3,140	59	3,200	(377)	2,822

Notes: 1. The "Other" category is a business segment not included in reported segments. It includes such operations as temporary agency services, movables leasing and software development.

2. The segment operating income adjustment of minus ¥377 million mainly comprises ¥746 million in eliminations of inter-segment business, together with minus ¥1,123 million in Group-wide expenses not allocated to a particular reported segment. Group-wide expenses are the expenses of the parent company as a certified

broadcast holding company.

3. Segment operating income is adjusted to the operating income figure on the Consolidated Statement of Income.

(Significant Events after the Reporting Period)

(Stock Repurchase)

At the meeting of the Board of Directors held on July 22, 2020, the Company passed a resolution regarding the details of the Company's stock repurchase to be conducted in accordance with the provisions set forth in Article 156 of the Companies Act as applied pursuant to the provisions set forth in Article 165, Paragraph 3 of the said Act.

1. Reason for the stock repurchase

The Company will conduct the stock repurchase in accordance with the Articles of Incorporation in order to implement a flexible capital policy that responds to changes in the business environment and to improve shareholder returns by improving capital efficiency. All of the repurchased shares are scheduled to be retired.

2. Details of the stock repurchase

- (1) Class of shares to be repurchased: Common stock of the Company
- (2) Total number of shares to be repurchased: 12,500,000 shares (upper limit) (5.3% of the total number of issued shares (excluding treasury stock))
- (3) Total purchase price for the repurchase of shares: ¥10,000,000,000 (upper limit)
- (4) Period of repurchase: August 7, 2020 to March 31, 2021
- (5) Method of repurchase: Market purchase at the Tokyo Stock Exchange

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