August 5, 2021

Flash Report [Japanese GAAP] (Consolidated Basis)

Results for the three months ended June 30, 2021

Company name: Fuji Media Holdings, Inc.

Stock listing: Tokyo Stock Exchange Code number: 4676 URL: https://www.fujimediahd.co.jp/en

Representative: Osamu Kanemitsu, President and Representative Director

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Scheduled date of filing quarterly securities report: August 12, 2021

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	%
2021	111,401	(7.4)	4,643	64.5	6,951	24.6	4,138	105.5
2020	120,299	(19.4)	2,822	(62.5)	5,578	(46.5)	2,013	(90.6)

(Note) Comprehensive income: Three months ended June 30, 2021: ¥13,392 million, 1.4%,
Three months ended June 30, 2020: ¥13,202 million, (33.3)%

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
2021	18.60	—
2020	8.71	—

(2) Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
June 30, 2021	1,333,498	792,719	58.7
March 31, 2021	1,336,042	784,429	57.9

(Reference) Total shareholders' equity: June 30, 2021: ¥782,255 million,
March 31, 2021: ¥774,011 million

2. Dividends

Year ended March 31, 2021/ Year ending March 31, 2022

	Dividends per share				
	1Q	2Q	3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
2021	—	18.00	—	18.00	36.00
2022	—				
2022 (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, 2022

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

	Net sales		Operating income		Recurring profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year	509,700	(2.0)	21,600	32.7	25,200	13.0

	Net income attributable to owners of the parent		Basic earnings per share
	Millions of yen	%	Yen
Fiscal year	17,400	72.1	78.22

(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: Yes
   2) Changes in accounting policies other than 1) above: None
   3) Changes in accounting estimates: None
   4) Modifications and restatements: None

   (Note) For details, please refer to “2. CONSOLIDATED FINANCIAL STATEMENTS AND PRIMARY NOTES: (3) Notes to Consolidated Financial Statements (Changes in Accounting Policies)” on page 13.

4. Number of issued shares (Common stock)

	Three months ended June 30, 2021	Year ended March 31, 2021
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)	11,743,558	11,743,558
		Three months ended June 30, 2020
3) Average number of issued shares during the period (shares)	222,450,942	231,308,596

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, 2022: (3) Explanation of Consolidated Financial Results Forecasts and Other Future Projections" on page 8.

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1. QUALITATIVE INFORMATION ON CONSOLIDATED FINANCIAL RESULTS FOR THE FIRST QUARTER OF THE FISCAL YEAR ENDING MARCH 31, 2022

(1) Explanation of Business Results

The Japanese government's Monthly Economic Report on the Japanese economy for the three months ended June 30, 2021 (April 1, 2021 to June 30, 2021) states, "Concerning short-term prospects, the economy is expected to continue to show movements of picking up, supported by the effects of various policies and improvement in overseas economies while taking measures to prevent the spread of infectious diseases, and accelerating vaccinations. However, full attention should be given to the movement of the infections which would affect the domestic and foreign economies." It also states that firms' judgments on business conditions "appear to be pausing for picking up while some severe aspects remain."

Fuji Media Holdings Group (the "Group"), as in the same period of the previous fiscal year, was affected by the lasting impact of the novel coronavirus infection (COVID-19), including a drop in travel and tourism demand and the cancellation and postponement of events. However, the Group was able to improve its performance thanks to a recovery in advertising revenue and efforts to cut back on operating expenses.

Amid this economic environment, the consolidated net sales of the Group decreased overall during the three months ended June 30, 2021, down 7.4% from the same period of the previous fiscal year to ¥111,401 million, as there were decreases in both the Media & Content segment and the Urban Development, Hotels & Resorts segment.

In terms of earnings, operating income increased 64.5% year-on-year to ¥4,643 million, as there was a revenue increase in the Media & Content segment despite losses reported in the Urban Development, Hotels & Resorts segment. Recurring profit increased 24.6% year-on-year to ¥6,951 million, and net income attributable to owners of the parent increased 105.5% year-on-year to ¥4,138 million due to a decrease in loss on COVID-19, which was reported under extraordinary loss in the same period of the previous fiscal year.

Due to the application of the Accounting Standard for Revenue Recognition, etc., net sales decreased ¥5,652 million, cost of sales decreased ¥5,005 million and selling, general and administrative expenses decreased ¥690 million, while operating income, recurring profit and income before income taxes increased ¥42 million, respectively.

Results by operating segment are as follows.

Three months ended June 30

	Net sales			Operating income (loss)		
	2020	**2021**	Change	2020	**2021**	Change
	Millions of yen	**Millions of yen**	%	Millions of yen	**Millions of yen**	%
Media & Content	105,081	**97,215**	(7.5)	2,613	**5,600**	114.3
Urban Development, Hotels & Resorts	13,998	**12,919**	(7.7)	527	**(756)**	—
Other	4,249	**4,375**	3.0	59	**115**	92.8
Eliminations	(3,030)	**(3,109)**	—	(377)	**(315)**	—
Total	120,299	**111,401**	(7.4)	2,822	**4,643**	64.5

Media & Content

Fuji Television Network, Inc. (“Fuji TV”) saw an increase in broadcasting revenue, as a result of spot advertising revenue, which had been materially impacted by the slowdown in economic activities due to COVID-19 in the same period of the previous fiscal year, recovering to levels nearly the same as those in the same period of the fiscal year ended March 31, 2020. In terms of revenue from other businesses, while revenue from the digital business exceeded that of the same period of the previous fiscal year, those businesses were impacted by the cancellation of events and the closing and shorter operating hours of movie theaters due to the declaration of a state of emergency and the implementation of coronavirus priority preventative measures, and revenue from the video business also fell short of the same period of the previous fiscal year. As a result of the above, Fuji TV as a whole recorded increases in both revenue and earnings.

Fuji Satellite Broadcasting, Inc. recorded increases in both revenue and earnings, due to steady revenues from both broadcasting and other businesses.

Nippon Broadcasting System, Inc. reported an operating loss in the same period of the previous fiscal year. However, this turned positive thanks to an increase in broadcasting revenue as sports events such as the professional baseball leagues started their regular seasons as planned.

Pony Canyon Inc., despite the recovery of revenue from events, concerts and goods sales, as well as steady revenue from the sales of streaming rights of anime both in Japan and overseas, posted a decrease in net sales overall due to a decrease in revenue from package sales of music and videos, in addition to the effects of the application of the Accounting Standard for Revenue Recognition, etc. Meanwhile, earnings increased due to the growth in distributed profits from anime and the sales of streaming rights.

Fujipacific Music Inc. recorded increases in both revenue and earnings due to steady revenue from royalties, in addition to an increase in video production revenue.

DINOS CORPORATION recorded decreases in both revenue and earnings due to the sale of the Cecile business and the sluggish growth of the catalog business of the living category, which had performed steadily in the same period of the previous fiscal year on the back of the stay-at-home demand, and the fashion category, which faced a harsh market environment, despite the strong sales of beauty and health products in television shopping.

Quaras Inc. posted a decrease in revenue, due to the effects of the application of the Accounting Standard for Revenue Recognition, etc., despite an increased volume of advertising mainly in television and web advertising, but managed to reduce its operating loss.

FUSOSHA Publishing Inc. increased revenue and turned profitable in terms of operating income, thanks to an increase in revenue from the substantial growth in e-books as well as strong sales of books.

As a result of the above, in the Media & Content segment overall, net sales declined 7.5% from the same period of the previous fiscal year to ¥97,215 million, and segment operating income increased 114.3% from the same period of the previous fiscal year to ¥5,600 million.

Due to the application of the Accounting Standard for Revenue Recognition, etc., net sales of the Media & Content segment decreased ¥5,703 million and segment operating income decreased ¥7 million.

Urban Development, Hotels & Resorts

The Sankei Building Co., Ltd. recorded decreases in both revenue and earnings due to decreases in sales of properties and condominiums, despite a strong performance in the building business including office leasing.

GRANVISTA Hotels & Resorts Co., Ltd. posted an operating loss as in the same period of the previous fiscal year, due to a decline in demand for travel and tourism, including that of inbound tourists, caused by the continuing impact of COVID-19, despite reporting an increase in revenue.

As a result of the above, the Urban Development, Hotels & Resorts segment recorded net sales of ¥12,919 million, down 7.7% from the same period of the previous fiscal year, with segment operating loss of ¥756 million, compared to segment operating income of ¥527 in the same period of the previous fiscal year.

Due to the application of the Accounting Standard for Revenue Recognition, etc., net sales of the Urban Development, Hotels & Resorts segment increased ¥50 million and segment operating loss decreased by the same amount.

Other

Net sales in the Other segment overall increased 3.0% from the same period of the previous fiscal year to ¥4,375 million, and segment operating income increased 92.8% from the same period of the previous fiscal year to ¥115 million.

Affiliates accounted for using the equity method such as Fuji TV network affiliates, 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, 2021) amounted to ¥1,333,498 million, a decrease of ¥2,544 million (0.2%) from the end of the previous fiscal year (March 31, 2021).

Total current assets amounted to ¥393,867 million, a decrease of ¥18,842 million (4.6%) from the end of the previous fiscal year. This was due mainly to decreases of ¥10,315 million in cash and deposits and ¥4,512 million in marketable securities.

Total noncurrent assets amounted to ¥939,630 million, an increase of ¥16,297 million (1.8%) from the end of the previous fiscal year. This was due mainly to increases of ¥10,963 million in investment securities and ¥6,840 million in land.

Total liabilities amounted to ¥540,778 million, a decrease of ¥10,834 million (2.0%) from the end of the previous fiscal year.

Total current liabilities amounted to ¥128,262 million, a decrease of ¥11,751 million (8.4%) from the end of the previous fiscal year. This was due mainly to decreases of ¥4,869 million in notes and accounts payable-trade and ¥6,874 million in trade accounts payable included in the "Other" line item.

Total noncurrent liabilities amounted to ¥412,516 million, an increase of ¥916 million (0.2%) from the end of the previous fiscal year. This was due mainly to an increase of ¥4,039 million in deferred tax liabilities included in the "Other" line item; against a decrease of ¥2,473 million in long-term loans payable.

Total net assets amounted to ¥792,719 million, an increase of ¥8,289 million (1.1%) from the end of the previous fiscal year. This was due mainly to the recording of ¥4,138 million in net income attributable to owners of the parent and an increase of ¥7,257 million in valuation difference on available-for-sale securities; against a decrease of ¥4,056 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, 2021 saw an increase in earnings in the Media & Content segment, while the Urban Development, Hotels & Resorts segment posted decreases in both revenue and earnings. Consolidated performance overall was mainly in line with the plan, and the Company has made no changes to its full-year consolidated financial results forecasts for the fiscal year ending March 31, 2022 announced on May 13, 2021.

2. CONSOLIDATED FINANCIAL STATEMENTS AND PRIMARY NOTES

(1) Consolidated Balance Sheets

	Millions of yen	
	March 31, 2021	**June 30, 2021**
ASSETS		
Current assets:		
Cash and deposits	104,851	**94,535**
Notes and accounts receivable-trade	91,194	—
Notes and accounts receivable-trade, and contract assets	—	**85,149**
Marketable securities	88,806	**84,293**
Inventories	89,841	**90,115**
Other	38,619	**40,359**
Allowance for doubtful accounts	(603)	**(586)**
Total current assets	412,709	**393,867**
Noncurrent assets:		
Property, plant and equipment		
Buildings and structures, net	150,175	**149,429**
Land	261,148	**267,989**
Other, net	36,160	**36,686**
Total property, plant and equipment	447,484	**454,106**
Intangible assets		
Goodwill	707	**681**
Other	20,524	**20,156**
Total intangible assets	21,231	**20,838**
Investments and other assets		
Investment securities	408,767	**419,730**
Other	47,478	**46,576**
Allowance for doubtful accounts	(1,629)	**(1,621)**
Total investments and other assets	454,616	**464,686**
Total noncurrent assets	923,333	**939,630**
Total assets	1,336,042	**1,333,498**

	Millions of yen	
	March 31, 2021	**June 30, 2021**
LIABILITIES		
Current liabilities:		
Notes and accounts payable-trade	34,803	**29,933**
Electronically recorded obligations-operating	10,530	**10,917**
Short-term loans payable	16,668	**16,668**
Provision for sales returns	414	—
Provision for directors’ bonuses	423	**73**
Provision for point card certificates	9	—
Other	77,163	**70,669**
Total current liabilities	140,013	**128,262**
Noncurrent liabilities:		
Bonds payable	10,000	**10,000**
Long-term loans payable	247,529	**245,056**
Provision for directors’ retirement benefits	2,474	**2,197**
Net defined benefit liability	32,403	**31,909**
Other	119,192	**123,353**
Total noncurrent liabilities	411,599	**412,516**
Total liabilities	551,612	**540,778**
NET ASSETS		
Shareholders’ equity:		
Capital stock	146,200	**146,200**
Capital surplus	173,797	**173,797**
Retained earnings	347,506	**346,593**
Treasury stock	(14,037)	**(14,037)**
Total shareholders’ equity	653,467	**652,554**
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	122,069	**129,326**
Deferred gains or losses on hedges	(216)	**(226)**
Revaluation reserve for land	1,453	**1,495**
Foreign currency translation adjustment	(2,579)	**(995)**
Remeasurements of defined benefit plans	(182)	**101**
Total accumulated other comprehensive income	120,543	**129,701**
Non-controlling interests	10,418	**10,463**
Total net assets	784,429	**792,719**
Total liabilities and net assets	1,336,042	**1,333,498**

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

Consolidated Statements of Income

Three months ended June 30

	Millions of yen	
	2020	**2021**
Net sales	120,299	**111,401**
Cost of sales	82,356	**75,882**
Gross profit	37,943	**35,518**
Selling, general and administrative expenses	35,121	**30,874**
Operating income	2,822	**4,643**
Non-operating income:		
Dividends income	1,737	**1,500**
Equity in earnings of affiliates	744	**802**
Other	774	**681**
Total	3,257	**2,984**
Non-operating expenses:		
Interests	331	**379**
Loss on investments in partnership	106	**114**
Other	63	**182**
Total	501	**676**
Recurring profit	5,578	**6,951**
Extraordinary gain:		
Gain on change in equity	—	**10**
Other	145	**3**
Total	145	**14**
Extraordinary loss:		
Loss on COVID-19	1,699	**135**
Other	47	**39**
Total	1,746	**174**
Income before income taxes	3,977	**6,790**
Income taxes-current	1,864	**1,582**
Income taxes-deferred	270	**1,118**
Total	2,135	**2,701**
Net income	1,842	**4,089**
Net loss attributable to non-controlling interests	(171)	**(48)**
Net income attributable to owners of the parent	2,013	**4,138**

Consolidated Statements of Comprehensive Income

Three months ended June 30

	Millions of yen	
	2020	**2021**
Net income	1,842	**4,089**
Other comprehensive income:		
Valuation difference on available-for-sale securities	11,189	**7,528**
Deferred gains or losses on hedges	(5)	—
Revaluation reserve for land	—	**41**
Foreign currency translation adjustment	(123)	**1,411**
Remeasurements of defined benefit plans	93	**308**
Share of other comprehensive income of affiliates accounted for using equity method	205	**12**
Total other comprehensive income	11,360	**9,303**
Comprehensive income	13,202	**13,392**
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	13,474	**13,296**
Comprehensive income attributable to non-controlling interests	(271)	**96**

(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

(Changes in Accounting Policies)

(Application of the Accounting Standard for Revenue Recognition, etc.)

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020; hereinafter the "Accounting Standard for Revenue Recognition"), etc., effective from the beginning of the first quarter of the fiscal year ending March 31, 2022, and recognizes revenue in the amount expected to be received in exchange for promised goods or services at the time when the control of these goods or services is transferred to the customer. The major changes resulting from the application of the Accounting Standard for Revenue Recognition, etc., are as follows.

- The Company, in certain advertising transactions, previously recognized the amount invoiced by the Group to a customer as revenue, but instead recognizes revenue in the amount net of the cost of sales associated with such transaction, in cases where the Group acts as an agent.
- The Company previously recognized certain sales promotion transactions in selling, general and administrative expenses, but instead recognizes revenue by deducting such amounts from net sales as consideration to be paid to customers.
- The Company, regarding occupancy contracts in the elderly facilities operation business, previously recognized the non-refundable portion of the deposit in a lump sum as revenue at the time the customer moved in, but has shifted to the method by which it allocates the amount over the estimated length of residency.

The application of the Accounting Standard for Revenue Recognition, etc., is subject to the transitional treatment provided for in the proviso to paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of the retrospective application of the new accounting policy, assuming it has been applied to the periods prior to the beginning of the first quarter of the fiscal year ending March 31, 2022, has been added to or subtracted from retained earnings at the beginning of the first quarter of the fiscal year ending March 31, 2022, and the new accounting policy has been applied from the said beginning balance. In addition, based on paragraph 86, second sentence, (1) of the Accounting Standard for Revenue Recognition, the Company has accounted for the contracts modified prior to the beginning of the first quarter of the fiscal year ending March 31, 2022, by applying the contract conditions made after reflecting all the modifications to the contracts, and the amount of their cumulative effect has been added to or subtracted from retained earnings at the beginning of the first quarter of the fiscal year ending March 31, 2022.

As a result, for the three months ended June 30, 2021, net sales decreased ¥5,652 million; cost of sales decreased ¥5,005 million; selling, general and administrative expenses decreased ¥690 million; and operating income, recurring profit and income before income taxes increased ¥42 million, respectively. In addition, the balance of retained earnings at the beginning of the period decreased ¥1,007 million.

Due to the application of the Accounting Standard for Revenue Recognition, etc., “notes and accounts receivable-trade,” which were presented under “current assets” in the consolidated balance sheet for the previous fiscal year, are included in “notes and accounts receivable-trade, and contract assets” from the first quarter of the fiscal year ending March 31, 2022. In accordance with the transitional treatment provided for in paragraph 89-2 of the Accounting Standard for Revenue Recognition, the Company has not reclassified the financial statements for the previous fiscal year by using the new presentation method.

(Application of the Accounting Standard for Fair Value Measurement, etc.)

The Company has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019; hereinafter the “Accounting Standard for Fair Value Measurement”), etc., effective from the beginning of the first quarter of the fiscal year ending March 31, 2022 and in accordance with the transitional treatment provided for in paragraph 19 of the Accounting Standard for Fair Value Measurement and paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019), the Company will apply the new accounting policy prescribed by the Accounting Standard for Fair Value Measurement, etc. into the future. This has no impact on the consolidated financial statements.

(Segment Information)

I. 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.

II. Three months ended June 30, 2021

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	97,054	12,878	109,933	1,467	111,401	—	111,401
Inter-segment net sales and transfers	161	40	201	2,908	3,109	(3,109)	—
Total net sales	97,215	12,919	110,135	4,375	114,510	(3,109)	111,401
Segment operating income (loss)	5,600	(756)	4,843	115	4,959	(315)	4,643

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 ¥315 million mainly comprises ¥782 million in eliminations of inter-segment business, together with minus ¥1,097 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.

2. Information on Changes in Reported Segments

The Company has applied the Accounting Standard for Revenue Recognition, etc., effective from the beginning of the first quarter of the fiscal year ending March 31, 2022, as stated in “Changes in Accounting Policies,” and due to the changes in the accounting treatment of revenue recognition, the method of calculating incomes or losses of the business segments has been changed as well.

As a result of this change, net sales decreased ¥5,703 million and segment operating income decreased ¥7 million in the Media & Content segment, while net sales increased ¥50 million and segment operating loss decreased by the same amount in the Urban Development, Hotels & Resorts segment, compared to the previous method.

(Significant Events after the Reporting Period)

Not applicable

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