

Flash Report [Japanese GAAP] (Consolidated Basis)**Results for the six months ended September 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

Person to contact: Junji Okunogi, Executive Managing Director and General Manager of Treasury & Finance Department
Telephone: +81-3-3570-8000 (key)

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

Scheduled date of commencing dividend payments: December 8, 2021

Availability of supplementary briefing material on quarterly financial results: Available

Schedule of quarterly financial results briefing session: Scheduled

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

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

Six months ended September 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	241,503	(2.2)	11,576	138.8	18,701	97.3	13,638	151.8
2020	246,868	(22.0)	4,847	(73.5)	9,480	(58.2)	5,417	(81.2)

(Note) Comprehensive income: Six months ended September 30, 2021: ¥55,164 million, 94.0%,

Six months ended September 30, 2020: ¥28,437 million, 10.5%

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
2021	61.31	—
2020	23.46	—

(2) Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
September 30, 2021	1,397,615	834,394	58.9
March 31, 2021	1,336,042	784,429	57.9

(Reference) Total shareholders' equity: September 30, 2021: ¥823,877 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	—	18.00			
2022 (Forecast)			—	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	520,100	0.0	27,500	69.0	35,400	58.8

	Net income attributable to owners of the parent		Basic earnings per share
	Millions of yen	%	Yen
Fiscal year	21,800	115.6	98.01

(Note) Revision to the most recently announced financial results forecasts: Yes

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: (4) Notes to Consolidated Financial Statements (Changes in Accounting Policies)" on page 16.

4. Number of issued shares (Common stock)

	Six months ended September 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)	11,788,891	11,743,558
		Six months ended September 30, 2020
3) Average number of issued shares during the period (shares)	222,442,161	230,895,092

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 SECOND QUARTER OF THE FISCAL YEAR ENDING MARCH 31, 2022: (3) Explanation of Consolidated Financial Results Forecasts and Other Future Projections" on page 9.

CONTENTS OF ATTACHMENT

1. QUALITATIVE INFORMATION ON CONSOLIDATED FINANCIAL RESULTS FOR THE SECOND QUARTER OF THE FISCAL YEAR ENDING MARCH 31, 2022	5
(1) Explanation of Business Results	5
(2) Explanation of Financial Position	7
(3) Explanation of Consolidated Financial Results Forecasts and Other Future Projections	9
2. CONSOLIDATED FINANCIAL STATEMENTS AND PRIMARY NOTES	10
(1) Consolidated Balance Sheets	10
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income	12
(3) Consolidated Statements of Cash Flows	14
(4) Notes to Consolidated Financial Statements	16
(Note on Assumptions for Going Concern)	16
(Notes in the Event of Major Change in Shareholders' Equity)	16
(Changes in Accounting Policies)	16
(Segment Information)	17

1. QUALITATIVE INFORMATION ON CONSOLIDATED FINANCIAL RESULTS FOR THE SECOND 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 six months ended September 30, 2021 (April 1, 2021 to September 30, 2021) states, "Concerning short-term prospects, the economy is expected to pick 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 a further increase in downside risks due to the trend of domestic and overseas infections and negative effects through the supply chains." It also states that firms' judgments on business conditions "show movements of picking up, although 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. 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 six months ended September 30, 2021, down 2.2% from the same period of the previous fiscal year to ¥241,503 million despite an increase in the Urban Development, Hotels & Resorts segment, as there was a decrease in the Media & Content segment.

In terms of earnings, operating income increased 138.8% year-on-year to ¥11,576 million, as there were revenue increases in both the Media & Content segment and the Urban Development, Hotels & Resorts segment. Recurring profit increased 97.3% year-on-year to ¥18,701 million and net income attributable to owners of the parent increased 151.8% year-on-year to ¥13,638 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 ¥11,209 million, cost of sales decreased ¥9,872 million and selling, general and administrative expenses decreased ¥1,466 million, while operating income, recurring profit and income before income taxes increased ¥129 million, respectively.

Results by operating segment are as follows.

Six months ended September 30

	Net sales			Operating income		
	2020	2021	Change	2020	2021	Change
	Millions of yen	Millions of yen	%	Millions of yen	Millions of yen	%
Media & Content	209,765	197,893	(5.7)	3,195	6,241	95.3
Urban Development, Hotels & Resorts	34,631	41,151	18.8	2,035	5,718	181.0
Other	8,600	8,733	1.5	175	227	29.9
Eliminations	(6,128)	(6,274)	—	(558)	(611)	—
Total	246,868	241,503	(2.2)	4,847	11,576	138.8

Media & Content

Fuji Television Network, Inc. (“Fuji TV”) saw an increase in broadcasting revenue as a result of the reactionary increase in terrestrial TV 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. In terms of revenue from other businesses, revenue from the movie business was lower than that in the same period of the previous fiscal year despite some box-office hits because their revenues were not recorded for the first half of the fiscal year under review. However, revenue from other businesses increased due to steady revenue from the digital business, which exceeded that of the same period of the previous fiscal year, as well as a reactionary increase in revenue from the events business. 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 increases in revenues from both broadcasting and other businesses.

Nippon Broadcasting System, Inc. recorded increases in both revenue and earnings due to the recovery in broadcasting revenue and box-office revenue from events, both of which had been materially impacted by COVID-19 in the same period of the previous fiscal year.

Pony Canyon Inc., despite the recovery of revenue from events and concerts, as well as steady revenues from package sales of music and 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 videos, in addition to the effects of the application of the Accounting Standard for Revenue Recognition, etc. Earnings reached the same strong level as in the same period of the previous fiscal year due to the growth in distributed profits from anime and the sales of streaming rights.

Fujipacific Music Inc. posted a decrease in net sales overall due to a decline in revenue from royalties despite an increase in video production revenue. Earnings saw an increase due to the improvement in the cost rate.

DINOS CORPORATION recorded decreases in both revenue and earnings due to the sluggish growth of the catalog shopping 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, as well as the drop in the number of broadcasts of television shopping shows due to the holding of the Tokyo Olympic Games, in addition to the sale of

the Cecile business.

Quaras Inc. posted a decrease in revenue due to the effects of the application of the Accounting Standard for Revenue Recognition, etc. Meanwhile, it had reported an operating loss in the same period of the previous fiscal year, but secured a surplus thanks to the recovery in advertising revenue, including from web advertising, and event revenue, as well as the strong merchandise sales.

FUSOSHA Publishing Inc. recorded increases in both revenue and earnings due to strong sales of books and e-books, despite poor revenue from magazine advertising.

As a result of the above, in the Media & Content segment overall, net sales declined 5.7% from the same period of the previous fiscal year to ¥197,893 million, while segment operating income increased 95.3% from the same period of the previous fiscal year to ¥6,241 million.

Due to the application of the Accounting Standard for Revenue Recognition, etc., net sales of the Media & Content segment decreased ¥11,294 million and segment operating income increased ¥45 million.

Urban Development, Hotels & Resorts

The Sankei Building Co., Ltd. recorded increases in both revenue and earnings due to a strong performance in the building business including office leasing and also helped by sales of owned properties, despite a decline in the number of condominium units sold.

GRANVISTA Hotels & Resorts Co., Ltd. posted an operating loss as in the same period of the previous fiscal year, due to a continued decline in demand for travel and tourism, including that of inbound tourists, caused by the 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 ¥41,151 million, up 18.8% from the same period of the previous fiscal year, with segment operating income increasing 181.0% from the same period of the previous fiscal year to ¥5,718 million.

Due to the application of the Accounting Standard for Revenue Recognition, etc., net sales of the Urban Development, Hotels & Resorts segment increased ¥84 million and segment operating income increased by the same amount.

Other

Net sales in the Other segment overall increased 1.5% from the same period of the previous fiscal year to ¥8,733 million, and segment operating income increased 29.9% from the same period of the previous fiscal year to ¥227 million.

Affiliates accounted for using the equity method such as Fuji TV network affiliates, ITOCHU Fuji Partners, Inc., SANKEI SHIMBUN CO., LTD. and Nihon Eiga Broadcasting Corp. contributed to equity in earnings of affiliates.

(2) Explanation of Financial Position

Total assets at the end of the second quarter of the fiscal year under review (September 30, 2021) amounted to ¥1,397,615 million, an increase of ¥61,572 million (4.6%) from the end of the previous fiscal year (March 31, 2021).

Total current assets amounted to ¥415,485 million, an increase of ¥2,776 million (0.7%) from the end of the previous fiscal year. This was due mainly to an increase of ¥13,992 million in marketable securities; against a decrease of ¥4,987 million in inventories as well as a decrease of ¥3,974 million in notes and accounts receivable-trade, and contract assets compared to the notes and accounts receivable-trade recorded as of the end of the previous fiscal year.

Total noncurrent assets amounted to ¥982,129 million, an increase of ¥58,796 million (6.4%) from the end of the previous fiscal year. This was due mainly to increases of ¥51,439 million in investment securities and ¥8,460 million in land.

Total liabilities amounted to ¥563,220 million, an increase of ¥11,608 million (2.1%) from the end of the previous fiscal year.

Total current liabilities amounted to ¥147,450 million, an increase of ¥7,437 million (5.3%) from the end of the previous fiscal year. This was due mainly to an increase of ¥16,000 million in short-term loans payable; against decreases of ¥2,109 million in notes and accounts payable-trade and ¥7,228 million in trade accounts payable included in the "Other" line item.

Total noncurrent liabilities amounted to ¥415,770 million, an increase of ¥4,170 million (1.0%) from the end of the previous fiscal year. This was due mainly to an increase of ¥18,300 million in deferred tax liabilities included in the "Other" line item; against a decrease of ¥13,296 million in long-term loans payable.

Total net assets amounted to ¥834,394 million, an increase of ¥49,964 million (6.4%) from the end of the previous fiscal year. This was due mainly to an increase of ¥39,244 million in valuation difference on available-for-sale securities.

Cash flows during the six months ended September 30, 2021 were as follows.

Cash provided by operating activities amounted to ¥20,924 million, a decrease of ¥3,352 million (13.8%) from cash provided during the same period of the previous fiscal year. This was due mainly to a decrease of ¥25,059 million in notes and accounts receivable-trade; against an increase of ¥10,727 million in income before income taxes and a decrease of ¥7,505 million in notes and accounts payable-trade.

Cash used in investing activities amounted to ¥28,899 million, an increase of ¥4,122 million (16.6%) from cash used during the same period of the previous fiscal year. This was due mainly to an increase of ¥34,024 million in payments on purchase of marketable securities; against a decrease of ¥14,649 million in payments on purchase of investment securities and an increase of ¥11,325 million in proceeds from sales and redemption of investment securities.

Cash used in financing activities amounted to ¥1,927 million, a decrease of ¥18,366 million compared to ¥16,439 million provided during the same period of the previous fiscal year. This was due mainly to a decrease of ¥43,000 million in proceeds from long-term loans payable; against a net decrease of ¥13,500 million in short-term loans payable and a decrease of ¥7,698 million in repayments of long-term loans payable.

As a result, the balance of cash and cash equivalents at the end of the second quarter of the fiscal year under review amounted to ¥109,822 million, a decrease of ¥8,769 million (7.4%) from the end of the previous fiscal year and an increase of ¥14,206 million (14.9%) from the end of the same

period of the previous fiscal year.

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

There has been a revision to the figures in the forecast of full-year consolidated financial results for the fiscal year ending March 31, 2022, announced on May 13, 2021. For details, please see the “Notice of Revision to Forecasts of Consolidated Financial Results for the Fiscal Year Ending March 31, 2022” released on November 4, 2021.

Consolidated financial results (full year)

(Millions of yen)

	Net sales	Operating income	Recurring profit	Net income
Previous forecast (A)	509,700	21,600	25,200	17,400
Revised forecast (B)	520,100	27,500	35,400	21,800
Change (B-A)	10,400	5,900	10,200	4,400
Percent change (%)	2.0	27.3	40.5	25.3

2. CONSOLIDATED FINANCIAL STATEMENTS AND PRIMARY NOTES

(1) Consolidated Balance Sheets

	Millions of yen	
	March 31, 2021	September 30, 2021
ASSETS		
Current assets:		
Cash and deposits	104,851	103,404
Notes and accounts receivable-trade	91,194	—
Notes and accounts receivable-trade, and contract assets	—	87,220
Marketable securities	88,806	102,799
Inventories	89,841	84,854
Other	38,619	37,788
Allowance for doubtful accounts	(603)	(581)
Total current assets	412,709	415,485
Noncurrent assets:		
Property, plant and equipment		
Buildings and structures, net	150,175	158,176
Land	261,148	269,609
Other, net	36,160	32,888
Total property, plant and equipment	447,484	460,674
Intangible assets		
Goodwill	707	655
Other	20,524	18,788
Total intangible assets	21,231	19,443
Investments and other assets		
Investment securities	408,767	460,206
Other	47,478	43,413
Allowance for doubtful accounts	(1,629)	(1,607)
Total investments and other assets	454,616	502,011
Total noncurrent assets	923,333	982,129
Total assets	1,336,042	1,397,615

	Millions of yen	
	March 31, 2021	September 30, 2021
LIABILITIES		
Current liabilities:		
Notes and accounts payable-trade	34,803	32,693
Electronically recorded obligations-operating	10,530	10,130
Short-term loans payable	16,668	32,668
Provision for sales returns	414	—
Provision for directors' bonuses	423	151
Provision for point card certificates	9	—
Other	77,163	71,806
Total current liabilities	<u>140,013</u>	<u>147,450</u>
Noncurrent liabilities:		
Bonds payable	10,000	10,000
Long-term loans payable	247,529	234,232
Provision for directors' retirement benefits	2,474	2,299
Net defined benefit liability	32,403	31,612
Other	119,192	137,625
Total noncurrent liabilities	<u>411,599</u>	<u>415,770</u>
Total liabilities	<u>551,612</u>	<u>563,220</u>
NET ASSETS		
Shareholders' equity:		
Capital stock	146,200	146,200
Capital surplus	173,797	173,797
Retained earnings	347,506	356,049
Treasury stock	(14,037)	(14,090)
Total shareholders' equity	<u>653,467</u>	<u>661,956</u>
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	122,069	161,314
Deferred gains or losses on hedges	(216)	(223)
Revaluation reserve for land	1,453	1,539
Foreign currency translation adjustment	(2,579)	(1,024)
Remeasurements of defined benefit plans	(182)	315
Total accumulated other comprehensive income	<u>120,543</u>	<u>161,921</u>
Non-controlling interests	<u>10,418</u>	<u>10,516</u>
Total net assets	<u>784,429</u>	<u>834,394</u>
Total liabilities and net assets	<u>1,336,042</u>	<u>1,397,615</u>

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

Consolidated Statements of Income

Six months ended September 30

	Millions of yen	
	2020	2021
Net sales	246,868	241,503
Cost of sales	173,323	168,695
Gross profit	73,544	72,808
Selling, general and administrative expenses	68,696	61,231
Operating income	4,847	11,576
Non-operating income:		
Dividends income	2,041	1,836
Equity in earnings of affiliates	2,054	4,121
Other	1,647	2,415
Total	5,743	8,372
Non-operating expenses:		
Interests	709	749
Loss on investments in partnership	199	258
Other	201	240
Total	1,110	1,248
Recurring profit	9,480	18,701
Extraordinary gain:		
Gain on sales of noncurrent assets	1	152
Compensation income	—	62
Other	367	23
Total	369	238
Extraordinary loss:		
Loss on COVID-19	1,783	169
Loss on liquidation of business	—	140
Other	384	219
Total	2,167	528
Income before income taxes	7,682	18,410
Income taxes-current	3,227	3,942
Income taxes-deferred	(862)	724
Total	2,365	4,667
Net income	5,316	13,743
Net income (loss) attributable to non-controlling interests	(100)	104
Net income attributable to owners of the parent	5,417	13,638

Consolidated Statements of Comprehensive Income

Six months ended September 30

	Millions of yen	
	2020	2021
Net income	5,316	13,743
Other comprehensive income:		
Valuation difference on available-for-sale securities	22,730	39,187
Deferred gains or losses on hedges	(16)	—
Revaluation reserve for land	—	41
Foreign currency translation adjustment	(329)	1,403
Remeasurements of defined benefit plans	389	537
Share of other comprehensive income of affiliates accounted for using equity method	348	251
Total other comprehensive income	23,121	41,421
Comprehensive income	28,437	55,164
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	28,290	55,016
Comprehensive income attributable to non-controlling interests	147	148

(3) Consolidated Statements of Cash Flows

Six months ended September 30

	Millions of yen	
	2020	2021
Cash flows from operating activities:		
Income before income taxes	7,682	18,410
Depreciation and amortization	8,442	8,841
Increase (decrease) in net defined benefit liability	(30)	(293)
Interest and dividends income	(2,196)	(1,898)
Interest expenses	709	749
Equity in (earnings) losses of affiliates	(2,054)	(4,121)
Decrease (increase) in notes and accounts receivable-trade	29,070	4,010
Decrease (increase) in inventories	3,651	2,173
Increase (decrease) in notes and accounts payable-trade	(10,023)	(2,518)
Other	(8,343)	(1,958)
Subtotal	26,905	23,395
Interest and dividends income received	3,291	3,077
Interest expenses paid	(633)	(756)
Income taxes paid	(8,111)	(7,261)
Income taxes refunded	2,826	2,468
Net cash provided by operating activities	24,276	20,924
Cash flows from investing activities:		
Payments on purchase of marketable securities	(81,287)	(115,312)
Proceeds from sales and redemption of marketable securities	103,645	97,300
Payments on purchase of property, plant and equipment	(26,224)	(20,423)
Payments on purchase of intangible assets	(4,300)	(1,275)
Payments on purchase of investment securities	(17,621)	(2,971)
Proceeds from sales and redemption of investment securities	1,317	12,643
Other	(306)	1,140
Net cash used in investing activities	(24,776)	(28,899)

(Continued on page 14)

	Millions of yen	
	2020	2021
Cash flows from financing activities:		
Net increase (decrease) in short-term loans payable	(13,500)	—
Proceeds from long-term loans payable	51,000	8,000
Repayments of long-term loans payable	(12,994)	(5,296)
Purchase of treasury stock	(2,444)	—
Dividends paid	(5,147)	(4,056)
Dividends paid to non-controlling shareholders	(47)	(50)
Other	(426)	(523)
Net cash provided by financing activities	<u>16,439</u>	<u>(1,927)</u>
Effect of exchange rate changes on cash and cash equivalents	(293)	1,133
Net increase (decrease) in cash and cash equivalents	<u>15,645</u>	<u>(8,769)</u>
Cash and cash equivalents at the beginning of the period	<u>79,970</u>	<u>118,591</u>
Cash and cash equivalents at the end of the period	<u>95,615</u>	<u>109,822</u>

(4) 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 six months ended September 30, 2021, net sales decreased ¥11,209 million; cost of sales decreased ¥9,872 million; selling, general and administrative expenses decreased ¥1,466 million; and operating income, recurring profit and income before income taxes increased ¥129 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. Six months ended September 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	209,623	34,488	244,111	2,756	246,868	—	246,868
Inter-segment net sales and transfers	142	142	284	5,844	6,128	(6,128)	—
Total net sales	209,765	34,631	244,396	8,600	252,997	(6,128)	246,868
Segment operating income	3,195	2,035	5,231	175	5,406	(558)	4,847

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 ¥558 million mainly comprises ¥1,667 million in eliminations of inter-segment business, together with minus ¥2,226 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. Six months ended September 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	197,592	41,064	238,657	2,846	241,503	—	241,503
Inter-segment net sales and transfers	300	86	387	5,887	6,274	(6,274)	—
Total net sales	197,893	41,151	239,044	8,733	247,777	(6,274)	241,503
Segment operating income	6,241	5,718	11,960	227	12,187	(611)	11,576

- 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 ¥611 million mainly comprises ¥1,593 million in eliminations of inter-segment business, together with minus ¥2,204 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 ¥11,294 million and segment operating income increased ¥45 million in the Media & Content segment, while net sales increased ¥84 million and segment operating income increased by the same amount in the Urban Development, Hotels & Resorts segment, compared to the previous method.

---End of Document---