

Flash Report [Japanese GAAP] (Consolidated Basis)**Results for the fiscal year ended March 31, 2022****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 the General Meeting of Shareholders: June 28, 2022

Scheduled date of commencing dividend payments: June 29, 2022

Scheduled date of filing securities report: June 28, 2022

Availability of supplementary briefing material on financial results: Available

Schedule of financial results briefing session: Scheduled

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

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

Years ended March 31

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	%
2022	525,087	1.0	33,338	104.9	45,534	104.2	24,879	146.0
2021	519,941	(17.7)	16,274	(38.2)	22,295	(36.0)	10,112	(75.5)

(Note) Comprehensive income: Year ended March 31, 2022: ¥33,624 million, (42.3)%,

Year ended March 31, 2021: ¥58,254 million, 236.9%

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Recurring profit-to-total-assets ratio	Operating income-to-net-sales ratio
	Yen	Yen	%	%	%
2022	111.86	—	3.2	3.4	6.3
2021	44.31	—	1.3	1.7	3.1

(Reference) Equity in earnings of affiliates: Year ended March 31, 2022: ¥6,390 million,

Year ended March 31, 2021: ¥2,347 million

(2) Financial Position

At March 31

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
2022	1,335,991	808,788	59.7	3,588.35
2021	1,336,042	784,429	57.9	3,479.47

(Reference) Total shareholders' equity: March 31, 2022: ¥798,068 million,

March 31, 2021: ¥774,011 million

(3) Cash Flows

Years ended March 31

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
2022	53,859	(46,790)	(24,892)	102,598
2021	45,844	(26,613)	20,395	118,591

2. Dividends

Years ended March 31, 2021 and 2022 / Year ending March 31, 2023

	Dividends per share					Total amount of dividends (for the entire fiscal year)	Payout ratio	Dividends-to-net assets ratio
	1Q	2Q	3Q	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen			
2021	—	18.00	—	18.00	36.00	8,229	81.2	1.1
2022	—	18.00	—	20.00	38.00	8,563	34.0	1.1
2023 (Forecast)	—	20.00	—	20.00	40.00		32.9	

(Note) Please refer to “Notice Concerning Revision of Dividend Forecasts” released today on May 12, 2022 for the revision of the dividend forecasts.

3. Forecasts of Consolidated Financial Results for the Fiscal Year Ending March 31, 2023

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

	Net sales		Operating income		Recurring profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year	542,200	3.3	35,000	5.0	41,500	(8.9)

	Net income attributable to owners of the parent		Basic earnings per share
	Millions of yen	%	Yen
Fiscal year	27,000	8.5	121.40

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. 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 “3. CONSOLIDATED FINANCIAL STATEMENTS AND PRIMARY NOTES: (5) Notes to Consolidated Financial Statements (Changes in Accounting Policies)” on page 22.

3. Number of issued shares (Common stock)

	Years ended March 31	
	2022	2021
1) Number of issued shares (including treasury stock) at end of fiscal year (shares)	234,194,500	234,194,500
2) Number of treasury stock at end of fiscal year (shares)	11,788,673	11,743,558
3) Average number of issued shares during the fiscal year (shares)	222,423,996	228,223,747

(Reference) Flash Report (Non-Consolidated Basis)

Non-Consolidated Financial Results for the Fiscal Year ended March 31, 2022

(1) Business Performance

Years ended March 31

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

	Net sales		Operating income		Recurring profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
2022	13,584	(50.0)	7,096	(65.5)	11,810	(49.4)	10,557	(63.8)
2021	27,182	49.2	20,561	78.3	23,338	57.6	29,128	74.1

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
2022	46.85	—
2021	126.03	—

(2) Financial Position

At March 31

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
2022	820,418	576,092	70.2	2,556.38
2021	825,203	570,955	69.2	2,533.59

(Reference) Total shareholders' equity: March 31, 2022: ¥576,092 million, March 31, 2021: ¥570,955 million

This flash report is outside the scope of audit 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. OVERVIEW OF BUSINESS RESULTS, ETC.: (4) Future Outlook" on page 10.

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1. OVERVIEW OF BUSINESS RESULTS, ETC.

(1) Overview of Business Results for the Fiscal Year under Review

The Japanese government's Monthly Economic Report on the Japanese economy for the fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022) 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 economic and social activities are moving toward normalization with taking all possible measures to prevent the spread of infectious diseases. However, amid the uncertainty caused by the situation in Ukraine and other factors, full attention should be given to further increase in downside risks due to rising raw material prices, fluctuations in financial and capital markets, supply-side constraints, etc. In addition, the impact of infectious diseases should be closely monitored." It also states that firms' judgments on business conditions "appear to be pausing for picking up."

Fuji Media Holdings Group (the "Group"), as in the previous fiscal year, was affected by the lasting impact of the novel coronavirus infection (COVID-19). However, the Group was able to improve its performance thanks to a marked recovery in advertising revenue, gradual resumption of events, etc., as well as an expansion of digital-related sales such as distribution, and a review of its profit structure.

Amid this economic environment, consolidated net sales of the Group increased overall during the fiscal year under review, up 1.0% from the previous fiscal year to ¥525,087 million, thanks to an increase in the Urban Development, Hotels & Resorts segment, despite a decrease in the Media & Content segment due to the application of the Accounting Standard for Revenue Recognition, etc. and the transfer of the Cecile business.

In terms of earnings, operating income increased 104.9% year-on-year to ¥33,338 million, as there were revenue increases in both the Media & Content segment and the Urban Development, Hotels & Resorts segment. Recurring profit increased 104.2% year-on-year to ¥45,534 million and net income attributable to owners of the parent increased 146.0% year-on-year to ¥24,879 million, despite a reactionary decrease in gain on sales of investment securities recorded in the previous fiscal year and the posting of extra retirement payments under extraordinary loss, and other factors.

Due to the application of the Accounting Standard for Revenue Recognition, etc., net sales decreased ¥23,779 million, cost of sales decreased ¥20,884 million and selling, general and administrative expenses decreased ¥3,133 million, while operating income, recurring profit and income before income taxes increased ¥237 million, respectively.

Results by operating segment are as follows.

Years ended March 31

	Net sales			Operating income		
	2021	2022	Change	2021	2022	Change
	Millions of yen	Millions of yen	%	Millions of yen	Millions of yen	%
Media & Content	439,466	415,036	(5.6)	13,723	23,072	68.1
Urban Development, Hotels & Resorts	76,048	105,493	38.7	3,728	11,153	199.2
Other	17,510	17,681	1.0	444	654	47.2
Eliminations	(13,083)	(13,124)	—	(1,622)	(1,541)	—
Total	519,941	525,087	1.0	16,274	33,338	104.9

Media & Content

Broadcasting revenue of Fuji Television Network, Inc. (“Fuji TV”), the core subsidiary of the Group, recovered significantly from the previous fiscal year, when it was affected by COVID-19, to ¥201,926 million, an increase of 8.2% year-on-year.

Among the mainstay broadcasting businesses, in network time advertising sales (time advertising for nationwide broadcast), contributions were made by the “Tokyo 2020 Olympics”, the “Beijing 2022 Olympics”, and the “Japan Figure Skating Championships 2021”, as well as the implementation of large-scale one-off programs that were cancelled or postponed in the previous fiscal year. These together more than compensated for a decline in regular program revenues. As a result, network time advertising sales increased 5.7% year-on-year to ¥71,803 million.

Local time advertising sales (time advertising for the Kanto region) decreased 4.4% year-on-year to ¥11,073 million.

Spot advertising sales increased substantially as the recovery trend from the second half of the previous fiscal year continued in the fiscal year under review. By industry category, 16 of the 19 industry categories, including “Information/Communications/Broadcasting,” “Finance/Insurance,” and “Food Services/Other Services,” posted a year-on-year growth. As a result, spot advertising sales increased 16.6% year-on-year to ¥88,814 million.

With regard to other businesses, the digital business, which saw strong sales of “Re-streaming service,” “FOD (Fuji TV On Demand)” and “FNN Prime Online,” the event business, which saw a string of cancellations and postponements in the previous year due to the impact of COVID-19, and the movie business, which saw a string of hits including “Tokyo Revengers,” “Masquerade Night” and “THE CONFIDENCE MAN JP - EPISODE OF THE HERO -,” outperformed the previous year. As a result, net sales from other businesses increased 17.5% year-on-year to ¥36,314 million.

As a result of the above, net sales of Fuji TV as a whole increased 9.5% year-on-year to ¥238,240 million. Operating income increased 122.4% year-on-year to ¥11,280 million.

Fuji Satellite Broadcasting, Inc. recorded increases in both revenue and earnings due to higher broadcasting business revenues.

Nippon Broadcasting System, Inc. recorded increases in both revenue and earnings due to the recovery in broadcasting business and box-office revenue from events, as well as growth in revenue in the digital domain.

Pony Canyon Inc. recorded a slight decrease in revenue due to the effects of the application of the Accounting Standard for Revenue Recognition, etc. However, in addition to hits in the music segment, distributed profits from anime and the sales of streaming rights were strong, and revenues from events and concerts showed a recovery trend, resulting in an increase in earnings.

Fujipacific Music Inc. recorded increases in both revenue and earnings due to an increase in video production revenue and the improvement in the cost rate, despite a decline in revenue from royalties.

DINOS CORPORATION posted a substantial decrease in revenue due to the impact of the sale of the Cecile business. In addition, while television shopping recorded an increase in revenues due to steady performance of beauty and health products, spending from home on catalog shopping on the back of the stay-at-home demand has run its course. As a result, the company recorded decreases in both revenue and earnings.

Quaras Inc. posted a decrease in revenue due to the effects of the application of the Accounting Standard for Revenue Recognition, etc. Meanwhile, it posted an increase in earnings thanks to the recovery in advertising revenue, including revenue from four traditional mass media (i.e., TV, radio, magazines and newspapers) and web advertising, and event revenue, as well as the strong merchandise sales.

FUSOSHA Publishing Inc. recorded increases in both revenue and earnings due to an increase in sales of books, as well as a substantial growth in e-books and efforts to cut back on costs.

As a result of the above, in the Media & Content segment overall, net sales decreased 5.6% year-on-year to ¥415,036 million, and segment operating income increased 68.1% year-on-year to ¥23,072 million.

Due to the application of the Accounting Standard for Revenue Recognition, etc., net sales of the Media & Content segment decreased ¥23,867 million and segment operating income increased ¥149 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 a significant contribution 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 previous fiscal year, due to a decline in demand for travel and tourism, including that of inbound tourists, caused chiefly by the continued impact of COVID-19, despite reporting an increase in revenue. However, the amount of loss improved thanks to efforts to cut back on costs.

As a result of the above, the Urban Development, Hotels & Resorts segment recorded net sales of ¥105,493 million, up 38.7% from the previous fiscal year, with segment operating income up 199.2% from the previous fiscal year to ¥11,153 million.

Due to the application of the Accounting Standard for Revenue Recognition, etc., net sales of

the Urban Development, Hotels & Resorts segment increased ¥87 million and segment operating income increased by the same amount.

Other

Net sales in the Other segment overall increased 1.0% from the previous fiscal year to ¥17,681 million, and segment operating income increased 47.2% from the previous fiscal year to ¥654 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) Overview of Financial Position for the Fiscal Year under Review

Total assets at the end of the fiscal year under review (March 31, 2022) amounted to ¥1,335,991 million, a decrease of ¥51 million (0.0%) from the end of the previous fiscal year (March 31, 2021).

Total current assets amounted to ¥393,020 million, a decrease of ¥19,689 million (4.8%) from the end of the previous fiscal year. This was due mainly to a decrease of ¥24,033 million in inventories.

Total noncurrent assets amounted to ¥942,971 million, an increase of ¥19,637 million (2.1%) from the end of the previous fiscal year. This was due mainly to increases of ¥12,413 million in buildings and structures and ¥11,034 million in land as a result of the acquisition of real estate in the Urban Development, Hotels & Resorts segment.

Total liabilities amounted to ¥527,202 million, a decrease of ¥24,410 million (4.4%) from the end of the previous fiscal year.

Total current liabilities amounted to ¥139,322 million, a decrease of ¥691 million (0.5%) from the end of the previous fiscal year. This was due mainly to decreases of ¥10,000 million in current portion of bonds payable included in the "Other" line item and ¥4,186 million in electronically recorded obligations-operating, against an increase of ¥13,940 million in short-term loans payable.

Total noncurrent liabilities amounted to ¥387,880 million, a decrease of ¥23,719 million (5.8%) from the end of the previous fiscal year. This was due mainly to a decrease of ¥19,733 million in long-term loans payable and ¥4,565 million in net defined benefit liability.

Total net assets amounted to ¥808,788 million, an increase of ¥24,358 million (3.1%) from the end of the previous fiscal year. This was due mainly to an increase of ¥3,152 million in remeasurements of defined benefit plans and an increase of ¥2,676 million in valuation difference on available-for-sale securities due to an increase in unrealized gains on listed shares, etc. and the recording of ¥24,879 million in net income attributable to owners of the parent; against the payment of ¥8,112 million in dividends of surplus.

(3) Overview of Cash Flows for the Fiscal Year under Review

Cash flows during the fiscal year under review were as follows.

Cash provided by operating activities amounted to ¥53,859 million, an increase of ¥8,015 million (17.5%) from cash provided during the previous fiscal year. This was due mainly to an increase of ¥13,363 million in income before income taxes and an increase of ¥13,525 million in inventories;

against a decrease of ¥20,796 million in notes and accounts receivable-trade.

Cash used in investing activities amounted to ¥46,790 million, an increase of ¥20,176 million (75.8%) from cash used in the previous fiscal year. This was due mainly to an increase of ¥45,135 million in payments on purchase of marketable securities; against a decrease of ¥11,573 million in payments on purchase of investment securities and an increase of ¥5,004 million in proceeds from sales and redemption of marketable securities.

Cash used in financing activities amounted to ¥24,892 million, an increase of ¥45,287 million compared to ¥20,395 million provided during the previous fiscal year. This was due mainly to a decrease of ¥68,885 million in proceeds from long-term loans payable; against a net decrease of ¥11,550 million in short-term loans payable and a decrease of ¥10,898 million in repayments of long-term loans payable.

After taking into account the above and a decrease of ¥58 million in cash and cash equivalents resulting from the exclusion of Fuji Games, Inc. from consolidation, the balance of cash and cash equivalents at the end of the fiscal year under review amounted to ¥102,598 million, a decrease of ¥15,993 million (13.5%) from the end of the previous fiscal year.

(Reference) Trends in cash flow indices are shown below:

Years ended March 31

	2018	2019	2020	2021	2022
Equity ratio (%)	56.7	56.5	58.6	57.9	59.7
Equity ratio, based on market value (%)	33.7	27.4	19.9	22.6	19.5
Ratio of interest-bearing debt to cash flow (times)	4.6	2.1	14.7	6.3	5.1
Interest coverage ratio (times)	38.4	90.2	14.4	33.5	35.8

Notes: Equity ratio: shareholders' equity/ total assets

Equity ratio, based on market value: total market capitalization/ total assets

Ratio of interest-bearing debt to cash flow: interest-bearing debt/ cash flows

Interest coverage ratio: cash flows/ interest expense

- *1. All indices are calculated on a consolidated basis.
- *2. The total market value of stocks is calculated by multiplying market value at the balance sheet date by the number of shares issued (with shares of treasury stock deducted) at the balance sheet date.
- *3. "Cash flows" refers to cash flows provided by (used in) operating activities as shown in the consolidated statements of cash flows.
- *4. "Interest-bearing debt" refers to all debts listed in the consolidated balance sheets on which the Company (as defined below) pays interest. "Interest payments" denotes interest payments as reflected in the consolidated statements of cash flows.
- *5. The Company adopted the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) effective from the beginning of the fiscal year ended March 31, 2019. Accordingly, the standards have been retroactively applied to the indicators for the fiscal year ended March 31, 2018.

(4) Future Outlook

The economy is expected to pick up due to the effects of various policies and other factors, although it is necessary to continue to pay attention to the trend of COVID-19 in the future. On the other hand, with the military invasion of Ukraine by Russia, the furtherance of global inflation and geopolitical risks have raised concerns about a downturn in consumption. In particular, the future outlook is becoming increasingly uncertain, with a need to keep a close watch on the ongoing depreciation of the yen, soaring raw material costs, and rising logistics costs due to high crude oil prices.

Under these circumstances, the Group expects overall consolidated net sales and operating income to exceed the results of the fiscal year under review by further reviewing its profit structure and encouraging expansion in growth areas. Recurring profit is expected to fall short of the results of the fiscal year under review due to a decrease in equity in earnings of affiliates as a reaction to the negative goodwill generated in the fiscal year under review and an expected downward swing in gain on investments in partnership. Net income attributable to owners of the parent is expected to exceed the results of the fiscal year under review due to a reactionary decrease in extraordinary losses.

Accordingly, reflecting the above, Fuji Media Holdings, Inc. (the "Company") is forecasting consolidated net sales of ¥542,200 million, with operating income of ¥35,000 million, recurring profit of ¥41,500 million and net income attributable to owners of the parent of ¥27,000 million for the fiscal year ending March 31, 2023.

(5) Basic Policy Regarding Profit Allocation and Dividends in the Fiscal Year under Review and the Next Fiscal Year

The Company regards the redistribution of profits to its shareholders as one of its most important management responsibilities. The Company's basic policy, under the certified broadcast holding company structure, is to provide distributions to its shareholders commensurate with performance, while making proactive investments for the growth of the Group's businesses, and entry into new business fields, in order to enhance its corporate value.

The Company's policy regarding the distribution of retained earnings is to determine the disbursement based on a target of a payout ratio of 40% on a consolidated basis, with consideration to the stability of dividends from the standpoint of emphasizing the redistribution of profits to its shareholders. The Company previously announced a year-end dividend forecast of 18 yen per share for the fiscal year under review (ended March 31, 2022). However, taking into consideration the consolidated financial results, the Company has decided to increase the year-end dividend by 2 yen to 20 yen per share. This brings the total annual dividend to ¥38 per share, including the interim dividend of ¥18 per share. For details, please refer to the "Notice of Revision to Dividend Forecast" released today (May 12, 2022). A proposal concerning this matter will be submitted to the 81st Ordinary General Meeting of Shareholders scheduled for June 28, 2022.

The same policy shall be applied to dividends for the fiscal year ending March 31, 2023. Based on this policy, the Company expects to pay ¥20 per share as the interim dividend and the year-end dividend for the next fiscal year, respectively, totaling an annual dividend of ¥40 per share.

2. BASIC STANCE ON SELECTION OF ACCOUNTING STANDARDS

The Group's policy is to prepare its consolidated financial statements based on Japanese standards for the time being, considering the comparability of consolidated financial statements among periods and among companies. Regarding the application of the IFRS (International Financial Reporting Standards), its policy is to respond appropriately, considering the various conditions inside and outside Japan.

3. CONSOLIDATED FINANCIAL STATEMENTS AND PRIMARY NOTES

(1) Consolidated Balance Sheets

	Millions of yen	
	March 31, 2021	March 31, 2022
ASSETS		
Current assets:		
Cash and deposits	104,851	103,960
Notes and accounts receivable-trade	91,194	—
Notes and accounts receivable-trade, and contract assets	—	93,491
Marketable securities	88,806	92,191
Inventories	89,841	65,807
Other	38,619	38,021
Allowance for doubtful accounts	(603)	(451)
Total current assets	412,709	393,020
Noncurrent assets:		
Property, plant and equipment		
Buildings and structures, net	150,175	162,589
Machinery, equipment and vehicles, net	13,385	14,337
Land	261,148	272,183
Construction in progress	8,970	5,097
Other, net	13,803	12,946
Total property, plant and equipment	447,484	467,154
Intangible assets		
Goodwill	707	603
Leasehold right	7,357	6,187
Software	8,103	8,124
Other	5,063	4,969
Total intangible assets	21,231	19,885
Investments and other assets		
Investment securities	408,767	411,723
Net defined benefit asset	943	1,920
Deferred tax assets	10,955	9,985
Other	35,580	33,859
Allowance for doubtful accounts	(1,629)	(1,557)
Total investments and other assets	454,616	455,930
Total noncurrent assets	923,333	942,971
Total assets	1,336,042	1,335,991

	Millions of yen	
	March 31, 2021	March 31, 2022
LIABILITIES		
Current liabilities:		
Notes and accounts payable-trade	34,803	32,855
Electronically recorded obligations-operating	10,530	6,343
Short-term loans payable	16,668	30,608
Accrued income taxes	5,610	5,544
Provision for sales returns	414	—
Provision for directors' bonuses	423	467
Provision for point card certificates	9	—
Other	71,553	63,504
Total current liabilities	140,013	139,322
Noncurrent liabilities:		
Bonds payable	10,000	10,000
Long-term loans payable	247,529	227,796
Deferred tax liabilities	82,097	84,703
Deferred tax liabilities for land revaluation	11,795	11,745
Provision for directors' retirement benefits	2,474	2,450
Net defined benefit liability	32,403	27,838
Negative goodwill	2,333	1,759
Other	22,966	21,586
Total noncurrent liabilities	411,599	387,880
Total liabilities	551,612	527,202
NET ASSETS		
Shareholders' equity:		
Capital stock	146,200	146,200
Capital surplus	173,797	173,797
Retained earnings	347,506	363,223
Treasury stock	(14,037)	(14,088)
Total shareholders' equity	653,467	669,133
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	122,069	124,746
Deferred gains or losses on hedges	(216)	(168)
Revaluation reserve for land	1,453	1,532
Foreign currency translation adjustment	(2,579)	(144)
Remeasurements of defined benefit plans	(182)	2,969
Total accumulated other comprehensive income	120,543	128,935
Non-controlling interests	10,418	10,719
Total net assets	784,429	808,788
Total liabilities and net assets	1,336,042	1,335,991

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

Consolidated Statements of Income

Years ended March 31

	Millions of yen	
	2021	2022
Net sales	519,941	525,087
Cost of sales	361,548	364,680
Gross profit	158,393	160,406
Selling, general and administrative expenses	142,118	127,067
Operating income	16,274	33,338
Non-operating income:		
Interest income	131	137
Dividends income	3,155	3,093
Equity in earnings of affiliates	2,347	6,390
Amortization of negative goodwill	573	573
Gain on investments in partnership	401	1,703
Other	1,941	2,627
Total	8,550	14,526
Non-operating expenses:		
Interests	1,438	1,477
Loss on investments in partnership	458	270
Other	633	582
Total	2,530	2,330
Recurring profit	22,295	45,534
Extraordinary gain:		
Gain on sales of noncurrent assets	2	141
Gain on sales of investment securities	11,926	265
Other	527	284
Total	12,457	691
Extraordinary loss:		
Impairment loss	7,384	661
Extra retirement payments	733	9,425
Other	5,366	1,507
Total	13,484	11,594
Income before income taxes	21,268	34,631
Income taxes-current	11,807	7,952
Income taxes-deferred	(1,477)	1,370
Total	10,329	9,322
Net income	10,938	25,308
Net income attributable to non-controlling interests	825	428
Net income attributable to owners of the parent	10,112	24,879

Consolidated Statements of Comprehensive Income

Years ended March 31

	Millions of yen	
	2021	2022
Net income	10,938	25,308
Other comprehensive income:		
Valuation difference on available-for-sale securities	43,972	2,614
Revaluation reserve for land	(22)	41
Foreign currency translation adjustment	(1,147)	2,324
Remeasurements of defined benefit plans	3,470	3,221
Share of other comprehensive income of affiliates accounted for using equity method	1,044	113
Total other comprehensive income	47,316	8,315
Comprehensive income	58,254	33,624
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	57,929	33,271
Comprehensive income attributable to non-controlling interests	324	352

(3) Consolidated Statements of Changes in Net Assets

Year ended March 31, 2021

Millions of yen

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance at the beginning of fiscal year	146,200	173,794	346,693	(3,997)	662,691
Cumulative effects of changes in accounting policies					
Restated balance	146,200	173,794	346,693	(3,997)	662,691
Changes of items during the fiscal year:					
Dividends from surplus			(9,325)		(9,325)
Net income attributable to owners of the parent			10,112		10,112
Purchase of treasury stock				(9,999)	(9,999)
Change in equity in affiliates accounted for by equity method – treasury stock				(39)	(39)
Reversal of revaluation reserve for land			26		26
Changes in the parent company's holdings related to transactions involving shareholders with non-controlling interests		2			2
Net changes of items other than shareholders' equity					
Total	—	2	813	(10,039)	(9,224)
Balance at the current year-end	146,200	173,797	347,506	(14,037)	653,467

(Continued on page 17)

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total		
Balance at the beginning of fiscal year	76,475	(218)	1,479	(1,310)	(3,686)	72,739	10,143	745,574
Cumulative effects of changes in accounting policies								
Restated balance	76,475	(218)	1,479	(1,310)	(3,686)	72,739	10,143	745,574
Changes of items during the fiscal year:								
Dividends from surplus								(9,325)
Net income attributable to owners of the parent								10,112
Purchase of treasury stock								(9,999)
Change in equity in affiliates accounted for by equity method – treasury stock								(39)
Reversal of revaluation reserve for land								26
Changes in the parent company's holdings related to transactions involving shareholders with non-controlling interests								2
Net changes of items other than shareholders' equity	45,594	1	(26)	(1,269)	3,504	47,804	275	48,079
Total	45,594	1	(26)	(1,269)	3,504	47,804	275	38,855
Balance at the current year-end	122,069	(216)	1,453	(2,579)	(182)	120,543	10,418	784,429

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance at the beginning of fiscal year	146,200	173,797	347,506	(14,037)	653,467
Cumulative effects of changes in accounting policies			(1,007)		(1,007)
Restated balance	146,200	173,797	346,499	(14,037)	652,460
Changes of items during the fiscal year:					
Dividends from surplus			(8,112)		(8,112)
Net income attributable to owners of the parent			24,879		24,879
Change in equity in affiliates accounted for by equity method – treasury stock				(51)	(51)
Reversal of revaluation reserve for land			(25)		(25)
Change in scope of consolidation			(17)		(17)
Net changes of items other than shareholders' equity					
Total	—	—	16,723	(51)	16,672
Balance at the current year-end	146,200	173,797	363,223	(14,088)	669,133

(Continued on page 19)

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total		
Balance at the beginning of fiscal year	122,069	(216)	1,453	(2,579)	(182)	120,543	10,418	784,429
Cumulative effects of changes in accounting policies								(1,007)
Restated balance	122,069	(216)	1,453	(2,579)	(182)	120,543	10,418	783,422
Changes of items during the fiscal year:								
Dividends from surplus								(8,112)
Net income attributable to owners of the parent								24,879
Change in equity in affiliates accounted for by equity method – treasury stock								(51)
Reversal of revaluation reserve for land								(25)
Change in scope of consolidation								(17)
Net changes of items other than shareholders' equity	2,676	48	79	2,435	3,152	8,391	301	8,693
Total	2,676	48	79	2,435	3,152	8,391	301	25,365
Balance at the current year-end	124,746	(168)	1,532	(144)	2,969	128,935	10,719	808,788

(4) Consolidated Statements of Cash Flows

Years ended March 31

	Millions of yen	
	2021	2022
Cash flows from operating activities:		
Income before income taxes	21,268	34,631
Depreciation and amortization	17,691	18,152
Impairment loss	7,384	661
Amortization of goodwill	(470)	(470)
Increase (decrease) in net defined benefit liability	(1,106)	(5,433)
Interest and dividends income	(3,287)	(3,231)
Interest expenses	1,438	1,477
Equity in (earnings) losses of affiliates	(2,347)	(6,390)
Loss (gain) on sales of investment securities	(10,113)	(221)
Decrease (increase) in notes and accounts receivable-trade	17,009	(3,787)
Decrease (increase) in inventories	10,663	24,189
Increase (decrease) in notes and accounts payable-trade	(4,553)	(6,149)
Other	(935)	6,451
Subtotal	52,643	59,881
Interest and dividends income received	4,465	4,422
Interest expenses paid	(1,368)	(1,504)
Income taxes paid	(12,721)	(11,409)
Income taxes refunded	2,826	2,468
Net cash provided by operating activities	45,844	53,859
Cash flows from investing activities:		
Payments on purchase of marketable securities	(178,573)	(223,709)
Proceeds from sales and redemption of marketable securities	201,295	206,300
Payments on purchase of property, plant and equipment	(41,040)	(37,943)
Payments on purchase of intangible assets	(6,025)	(2,403)
Payments on purchase of investment securities	(20,865)	(9,291)
Proceeds from sales and redemption of investment securities	20,875	17,846
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	2,181	
Payments into time deposits	(3,000)	(1,980)
Proceeds from withdrawal of time deposits		3,324
Other	(1,462)	1,067
Net cash used in investing activities	(26,613)	(46,790)

(Continued on page 21)

	Millions of yen	
	2021	2022
Cash flows from financing activities:		
Net increase (decrease) in short-term loans payable	(14,500)	(2,950)
Proceeds from long-term loans payable	76,885	8,000
Repayments of long-term loans payable	(21,691)	(10,793)
Redemption of bonds	—	(10,000)
Purchase of treasury stock	(9,999)	—
Dividends paid	(9,316)	(8,111)
Other	(982)	(1,037)
Net cash provided by (used in) financing activities	20,395	(24,892)
Effect of exchange rate changes on cash and cash equivalents	(1,004)	1,887
Net increase (decrease) in cash and cash equivalents	38,621	(15,935)
Cash and cash equivalents at the beginning of the year	79,970	118,591
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	—	(58)
Cash and cash equivalents at the end of the year	118,591	102,598

(5) Notes to Consolidated Financial Statements
(Note on Assumptions for Going Concern)

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 fiscal year under review, 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 fiscal year under review, has been added to or subtracted from retained earnings at the beginning of the fiscal year under review, 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 fiscal year under review, 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 fiscal year under review.

In addition, “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 fiscal year under review. However, 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.

As a result, for the fiscal year under review, net sales decreased ¥23,779 million; cost of sales decreased ¥20,884 million; selling, general and administrative expenses decreased ¥3,133 million; and

operating income, recurring profit and income before income taxes increased ¥237 million, respectively, compared to those before the application of the Accounting Standard for Revenue Recognition, etc.

The beginning balance of retained earnings in the consolidated statement of changes in net assets decreased ¥1,007 million as the cumulative effect was reflected in net assets at the beginning of the fiscal year under review.

(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 fiscal year under review 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.

(Changes in Presentation)

Consolidated Statements of Income

“Gain on sales of noncurrent assets,” which was included in “Other” under “Extraordinary gain” in the previous fiscal year, is separately presented from the fiscal year under review as it exceeded 10% of the total amount of extraordinary gain.

“Extra retirement payments,” which were included in “Other” under “Extraordinary loss” in the previous fiscal year, is separately presented from the fiscal year under review as it exceeded 10% of the total amount of extraordinary loss.

In addition, “Loss on sale of investment securities” and “Loss on COVID-19,” which were independently presented under “Extraordinary loss” in the previous fiscal year, are included in “Other” in the fiscal year under review, as they accounted for 10% or less of the total amount of extraordinary loss.

The consolidated financial statements for the previous fiscal year have been reclassified in order to reflect such changes in presentation.

As a result, the amount of ¥530 million, which was presented as “Other” under “Extraordinary gain” in the consolidated statement of income for the previous fiscal year, is reclassified as ¥2 million in “Gain on sales of noncurrent assets” and as ¥527 million in “Other.”

In addition, the amounts of ¥1,813 million, ¥1,955 million and ¥2,330 million, which were presented as “Loss on sales of investment securities,” “Loss on COVID-19” and “Other” under “Extraordinary loss,” respectively, are reclassified as ¥733 million in “Extra retirement payments” and ¥5,366 million in “Other” .

(Segment Information)

1. Overview of Reported Segments

The Company's reported segments allow it to acquire financial data separated into the various components of the corporate group. The scope of the segments is reviewed on a regular basis in order to allow the Board of Directors to determine the allocation of management resources and evaluate earnings performance.

The Group comprises affiliated companies under the Company as a certified broadcast holding company. These affiliates conduct broadcast-related business activities centering on the mainstay business of broadcasting as prescribed by the Broadcast Act. The Group's two reported segments are "Media & Content" and "Urban Development, Hotels & Resorts."

The "Media & Content" segment includes mainly broadcasting as prescribed by the Broadcast Act; production of TV programming, movies, animations, games and events; sale of videos and music software; music publication; advertisement and direct marketing; while the "Urban Development, Hotels & Resorts" segment includes mainly building leasing, real-estate transactions, hotels and resorts operations, etc.

2. Calculation Methods for Amounts of Net Sales, Profit or Loss, Assets and Other Items by Reported Segment

The accounting methods for reported business segments are basically the same as those for the significant items that form the basis for preparation of the consolidated financial statements. Profit figures for reported segments are on an operating income basis. Inter-segment net sales and transfers are based on prevailing market prices.

The Company has applied the Accounting Standard for Revenue Recognition, etc. to the consolidated financial statements for the fiscal year under review, as stated in "Changes in Accounting Policies," and due to such change in the accounting treatment of revenue recognition, the method of calculating profits or losses of the business segments has been changed as well.

As a result of this change, for the fiscal year under review, net sales decreased ¥23,867 million and segment operating income increased ¥149 million in the Media & Content segment, while net sales increased ¥87 million and segment operating income increased by the same amount in the Urban Development, Hotels & Resorts segment, compared to the previous method.

3. Information on Amounts of Net Sales, Profit or Loss, Assets and Other Items by Reported Segment

Year ended March 31, 2021

(Millions of yen)

	Reported segment			Other (Note 1)	Total	Adjustment (Notes 2, 3)	Consolidated financial statements (Note 4)
	Media & Content	Urban Development, Hotels & Resorts	Total				
Net sales:							
Net sales to third parties	438,875	75,673	514,549	5,392	519,941	—	519,941
Inter-segment net sales and transfers	591	374	965	12,117	13,083	(13,083)	—
Total net sales	439,466	76,048	515,514	17,510	533,024	(13,083)	519,941
Segment operating income	13,723	3,728	17,451	444	17,896	(1,622)	16,274
Segment assets	524,367	499,447	1,023,814	20,559	1,044,373	291,668	1,336,042
Other:							
Depreciation	11,712	5,704	17,417	552	17,969	(278)	17,691
Amortization of goodwill	66	37	103	0	103	—	103
Increase in property, plant and equipment and intangible assets	8,836	39,290	48,126	678	48,805	(247)	48,557

- 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 ¥1,622 million mainly comprises ¥3,075 million in eliminations of inter-segment business, together with minus ¥4,697 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. The segment assets adjustment of ¥291,668 million mainly comprises minus ¥468,914 million in inter-segment credit eliminations, together with ¥760,583 million in Group-wide assets not allocated to a particular reported segment. Group-wide assets mainly included the Company's surplus funds (cash and deposits, marketable securities, etc.), funds for long-term investment (investment securities, etc.), and assets connected with management divisions.
4. Segment operating income is adjusted to the operating income figure on the Consolidated Statement of Income.

Year ended March 31, 2022

(Millions of yen)

	Reported segment			Other (Note 1)	Total	Adjustment (Notes 2, 3)	Consolidated financial statements (Note 4)
	Media & Content	Urban Development, Hotels & Resorts	Total				
Net sales:							
Net sales to third parties	414,504	105,081	519,585	5,501	525,087	—	525,087
Inter-segment net sales and transfers	532	412	944	12,179	13,124	(13,124)	—
Total net sales	415,036	105,493	520,530	17,681	538,211	(13,124)	525,087
Segment operating income	23,072	11,153	34,225	654	34,880	(1,541)	33,338
Segment assets	517,131	492,514	1,009,646	21,824	1,031,471	304,520	1,335,991
Other:							
Depreciation	11,551	6,278	17,830	606	18,436	(284)	18,152
Amortization of goodwill	66	37	103	0	103	—	103
Increase in property, plant and equipment and intangible assets	7,972	32,136	40,108	498	40,606	(392))	40,213

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 ¥1,541 million mainly comprises ¥3,041 million in eliminations of inter-segment business, together with minus ¥4,582 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. The segment assets adjustment of ¥304,520 million mainly comprises minus ¥449,525 million in inter-segment credit eliminations, together with ¥754,045 million in Group-wide assets not allocated to a particular reported segment. Group-wide assets mainly included the Company's surplus funds (cash and deposits, marketable securities, etc.), funds for long-term investment (investment securities, etc.), and assets connected with management divisions.

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

(Amounts per Share)

The amounts of net assets per share and basic earnings per share with their respective bases for calculating are as follows.

	March 31, 2021	March 31, 2022
(1) Net assets per share (Yen)	3,479.47	3,588.35
(Basis for calculating)		
Total net assets on the consolidated balance sheet (Millions of yen)	784,429	808,788
Total net assets related to shares of common stock (Millions of yen)	774,011	798,068
Major components of the difference (Millions of yen) Non-controlling interests	10,418	10,719
Number of shares of common stock issued (Shares)	234,194,500	234,194,500
Number of shares of treasury stock (Shares)	11,743,558	11,788,673
Number of shares of common stock used to determine net assets per share (Shares)	222,450,942	222,405,827

Years ended March 31

	2021	2022
(2) Basic earnings per share (Yen)	44.31	111.86
(Basis for calculating)		
Net income attributable to owners of the parent on the consolidated statement of income (Millions of yen)	10,112	24,879
Net income attributable to owners of the parent related to shares of common stock (Millions of yen)	10,112	24,879
Average number of issued shares of common stock during the fiscal year (Shares)	228,223,747	222,423,996

(Note) Information on diluted earnings per share is omitted since there is no potentially dilutive share.

(Significant Events after the Reporting Period)

Not applicable

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