

Flash Report [Japanese GAAP] (Consolidated Basis)**Results for the nine months ended December 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 filing quarterly securities report: February 10, 2023

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**

Nine months ended December 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	385,561	(2.5)	22,439	(14.8)	28,857	(21.1)	20,732	(21.8)
2021	395,271	1.4	26,334	78.3	36,588	66.2	26,509	27.1

(Note) Comprehensive income: Nine months ended December 31, 2022: ¥37,180 million, (4.2)%,
 Nine months ended December 31, 2021: ¥38,801 million, (2.0)%

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
2022	93.22	—
2021	119.18	—

(2) Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
December 31, 2022	1,382,222	837,365	59.8
March 31, 2022	1,335,991	808,788	59.7

(Reference) Total shareholders' equity: December 31, 2022: ¥826,347 million,
 March 31, 2022: ¥798,068 million

2. Dividends

Year ended March 31, 2022 / Year ending March 31, 2023

	Dividends per share				
	1Q	2Q	3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
2022	—	18.00	—	20.00	38.00
2023	—	20.00	—		
2023 (Forecast)				20.00	40.00

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

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	121.41

(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)

	Nine months ended December 31, 2022	Year ended March 31, 2022
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)	11,809,966	11,788,673
		Nine months ended December 31, 2021
3) Average number of issued shares during the period (shares)	222,393,506	222,429,942

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 THIRD QUARTER OF THE FISCAL YEAR ENDING MARCH 31, 2023: (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 THIRD QUARTER OF THE FISCAL YEAR ENDING MARCH 31, 2023

(1) Explanation of Business Results

The Japanese government's Monthly Economic Report on the Japanese economy for the nine months ended December 31, 2022 (April 1, 2022 to December 31, 2022) states, "the economy is expected to show movements of picking up, supported by the effects of the policies, under the "new normal". However, slowing down of overseas economies is downside risk of the Japanese economy, amid ongoing global monetary tightening and other factors. Also, full attention should be given to price increases, supply-side constraints, fluctuations in the financial and capital markets and the spread of infectious diseases in China." It also states that firms' judgments on business conditions "show movements of picking up."

Fuji Media Holdings Group (the "Group") benefited from the full-scale resumption of events in reaction to the lifting of restraints on activities. Moreover, the recovery of travel and tourism demand, under the government's nationwide travel support program and the relaxation of immigration restrictions, contributed to the performance. On the other hand, the Group was also affected by price increases against the backdrop of rising raw material prices, the depreciation of the yen and other factors.

Amid this economic environment, consolidated net sales of the Group decreased overall during the nine months ended December 31, 2022, down 2.5% year-on-year to ¥385,561 million, as the Urban Development, Hotels & Resorts segment recorded a decrease in net sales, while the Media & Content segment posted a slight increase in net sales.

In terms of earnings, operating income overall decreased 14.8% year-on-year to ¥22,439 million, as the Media & Content segment recorded a decrease in operating income, while the Urban Development, Hotels & Resorts segment reported a slight increase in operating income. Recurring profit decreased 21.1% year-on-year to ¥28,857 million due to a decrease in equity in earnings of affiliates, and net income attributable to owners of the parent decreased 21.8% year-on-year to ¥20,732 million.

Results by operating segment are as follows.

Nine months ended December 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	309,718	310,796	0.3	17,028	13,219	(22.4)
Urban Development, Hotels & Resorts	81,819	70,261	(14.1)	9,719	9,723	0.0
Other	13,416	15,295	14.0	503	777	54.5
Eliminations	(9,683)	(10,791)	—	(916)	(1,280)	—
Total	395,271	385,561	(2.5)	26,334	22,439	(14.8)

Media & Content

Fuji Television Network, Inc. (“Fuji TV”) enjoyed an increase in streaming advertising revenue due to the strong performance of serial dramas on streaming services. However, mainstay terrestrial TV advertising revenue decreased due to the effects of lower viewer ratings and price increases against the backdrop of soaring raw material prices, the depreciation of the yen and other factors. Accordingly, revenue from the broadcasting and media business declined. In the content business, revenue increased year-on-year, as revenues from the movie business and the digital business exceeded revenues of the previous year. The movie business recorded smash-hits of “*ONE PIECE FILM - RED*” and “*Chinmoku no Parade (Silent Parade)*,” and the digital business saw growth in the number of subscribers of a VOD service, FOD Premium. As a result of the above, Fuji TV as a whole recorded lower net sales than the same period of the previous fiscal year, and operating income decreased despite efforts to manage costs efficiently.

Fuji Satellite Broadcasting, Inc. recorded increases in both revenue and earnings due to strong performances of the broadcasting business and other businesses.

Nippon Broadcasting System, Inc. recorded a decrease in net sales overall due to a decrease in broadcasting revenue. Meanwhile, earnings increased due to improvement in the cost ratio in the event business and an increase in revenue in the digital domain including streaming.

Pony Canyon Inc. recorded an increase in net sales overall due to a contribution of revenue related to the hit of “*Go-Tobun no Hanayome (The Quintessential Quintuplets)*,” an animation film it distributed, and a recovery trend in revenue from events and concerts. Meanwhile, earnings decreased due to a decrease in revenue from music and video packages and a rise in their cost ratio.

Fujipacific Music Inc. recorded increases in both revenue and earnings due to continuous strong revenues from royalties, as well as a significant growth in event and concert-related revenue following the resumption of economic activities.

DINOS CORPORATION saw a recovery trend in the fashion category thanks to the successful approach of strengthening sales promotion, as well as strong sales of food, bedding and other products, which offset decreases in sales of television shopping and catalog shopping for the living, and beauty and health categories. However, this was not enough to cover the loss caused by the company split of *imini* business. As a result, the company as a whole recorded lower net sales year-on-year, and operating income also decreased due to increases in sales promotion expenses and other expenses.

Quaras Inc. recorded increases in both revenue and earnings thanks to an increase in advertising revenue mainly in television and web advertising, as well as strong revenue related to events.

grape Co., Ltd. enjoyed growth in advertising revenue as a result of the high number of page views on “grape” and other online media operated by the company, which contributed to net sales and operating income for the nine months ended December 31, 2022.

As a result of the above, in the Media & Content segment overall, net sales increased 0.3% from the same period of the previous fiscal year to ¥310,796 million and segment operating income decreased 22.4% to ¥13,219 million.

Urban Development, Hotels & Resorts

THE SANKEI BUILDING CO., LTD. recorded decreases in both revenue and earnings due to a smaller scale of sale of owned properties than the same period of the previous fiscal year, although revenue from leasing of both offices and houses remained strong and the sale of condominium units progressed according to plan.

GRANVISTA Hotels & Resorts Co., Ltd. reported an operating loss in the same period of the previous fiscal year. However, this turned positive due to an increase in revenue with a significant improvement in the balance thanks to the recovery of tourism demand as a result of the government's nationwide travel support program and the relaxation of immigration restrictions.

As a result of the above, the Urban Development, Hotels & Resorts segment overall recorded net sales of ¥70,261 million, down 14.1% from the same period of the previous fiscal year, and segment operating income remained flat as compared to the same period of the previous fiscal year at ¥9,723 million.

Other

Net sales in the Other segment overall increased 14.0% from the same period of the previous fiscal year to ¥15,295 million, and segment operating income increased 54.5% from the same period of the previous fiscal year to ¥777 million.

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

(2) Explanation of Financial Position

Total assets at the end of the third quarter of the fiscal year under review (December 31, 2022) amounted to ¥1,382,222 million, an increase of ¥46,231 million (3.5%) from the end of the previous fiscal year (March 31, 2022).

Total current assets amounted to ¥416,471 million, an increase of ¥23,451 million (6.0%) from the end of the previous fiscal year. This was due mainly to increases of ¥17,884 million in marketable securities and ¥16,801 million in inventories; against a decrease of ¥12,914 million in cash and deposits.

Total noncurrent assets amounted to ¥965,751 million, an increase of ¥22,780 million (2.4%) from the end of the previous fiscal year. This was due mainly to an increase of ¥20,313 million in investment securities.

Total liabilities amounted to ¥544,857 million, an increase of ¥17,654 million (3.3%) from the end of the previous fiscal year.

Total current liabilities amounted to ¥165,009 million, an increase of ¥25,687 million (18.4%) from the end of the previous fiscal year. This was due mainly to an increase of ¥21,730 million in short-term loans payable.

Total noncurrent liabilities amounted to ¥379,847 million, a decrease of ¥8,032 million (2.1%) from the end of the previous fiscal year. This was due mainly to decreases of ¥10,000 million in bonds payable and ¥3,143 million in long-term loans payable; against an increase of ¥4,750 million in deferred tax liabilities included in the "Other" line item.

Total net assets amounted to ¥837,365 million, an increase of ¥28,576 million (3.5%) from the end of the previous fiscal year. This was due mainly to an increase of ¥12,232 million in retained earnings owing primarily to recording dividends of surplus of ¥9,014 million and net income attributable to owners of the parent of ¥20,732 million, as well as increases of ¥8,804 million in valuation difference on available-for-sale securities and ¥7,373 million in foreign currency translation adjustment.

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

The consolidated financial results during the nine months ended December 31, 2022 saw an increase in revenue and a decrease in earnings in the Media & Content segment, while the Urban Development, Hotels & Resorts segment posted a decrease in revenue and an increase in earnings. Fuji Media Holdings, Inc. (the "Company") has made no change to its full-year consolidated financial results forecasts for the fiscal year ending March 31, 2023 announced on May 12, 2022. However, situations surrounding the advertising market are expected to remain uncertain due to the effects of the depreciation of the yen, rising raw material prices and other factors.

2. CONSOLIDATED FINANCIAL STATEMENTS AND PRIMARY NOTES

(1) Consolidated Balance Sheets

	Millions of yen	
	March 31, 2022	December 31, 2022
ASSETS		
Current assets:		
Cash and deposits	103,960	91,045
Notes and accounts receivable-trade, and contract assets	93,491	94,565
Marketable securities	92,191	110,075
Inventories	65,807	82,609
Other	38,021	38,619
Allowance for doubtful accounts	(451)	(443)
Total current assets	393,020	416,471
Noncurrent assets:		
Property, plant and equipment		
Buildings and structures, net	162,589	164,630
Land	272,183	274,676
Other, net	32,381	33,792
Total property, plant and equipment	467,154	473,099
Intangible assets		
Goodwill	603	525
Other	19,282	17,532
Total intangible assets	19,885	18,058
Investments and other assets		
Investment securities	411,723	432,036
Other	45,765	44,071
Allowance for doubtful accounts	(1,557)	(1,514)
Total investments and other assets	455,930	474,593
Total noncurrent assets	942,971	965,751
Total assets	1,335,991	1,382,222

	Millions of yen	
	March 31, 2022	December 31, 2022
LIABILITIES		
Current liabilities:		
Notes and accounts payable-trade	32,855	34,572
Electronically recorded obligations-operating	6,343	8,962
Short-term loans payable	30,608	52,338
Provision for directors' bonuses	467	212
Other	69,048	68,924
Total current liabilities	139,322	165,009
Noncurrent liabilities:		
Bonds payable	10,000	—
Long-term loans payable	227,796	224,652
Provision for directors' retirement benefits	2,450	2,358
Net defined benefit liability	27,838	27,822
Other	119,795	125,014
Total noncurrent liabilities	387,880	379,847
Total liabilities	527,202	544,857
NET ASSETS		
Shareholders' equity:		
Capital stock	146,200	146,200
Capital surplus	173,797	173,797
Retained earnings	363,223	375,456
Treasury stock	(14,088)	(14,111)
Total shareholders' equity	669,133	681,342
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	124,746	133,551
Deferred gains or losses on hedges	(168)	(190)
Revaluation reserve for land	1,532	1,539
Foreign currency translation adjustment	(144)	7,229
Remeasurements of defined benefit plans	2,969	2,874
Total accumulated other comprehensive income	128,935	145,004
Non-controlling interests	10,719	11,018
Total net assets	808,788	837,365
Total liabilities and net assets	1,335,991	1,382,222

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

Consolidated Statements of Income

Nine months ended December 31

	Millions of yen	
	2021	2022
Net sales	395,271	385,561
Cost of sales	275,526	269,026
Gross profit	119,744	116,534
Selling, general and administrative expenses	93,410	94,095
Operating income	26,334	22,439
Non-operating income:		
Dividends income	2,701	3,268
Equity in earnings of affiliates	6,013	2,488
Other	3,119	2,069
Total	11,834	7,826
Non-operating expenses:		
Interests	1,118	1,092
Other	461	314
Total	1,580	1,407
Recurring profit	36,588	28,857
Extraordinary gain:		
Gain on sale of investment securities	26	155
Other	320	42
Total	347	198
Extraordinary loss:		
Loss on retirement of non-current assets	77	116
Loss on sale of investment securities	43	239
Loss on COVID-19	168	—
Other	482	65
Total	771	420
Income before income taxes	36,164	28,635
Income taxes-current	7,718	6,423
Income taxes-deferred	1,717	1,215
Total	9,436	7,638
Net income	26,727	20,996
Net income attributable to non-controlling interests	217	264
Net income attributable to owners of the parent	26,509	20,732

Consolidated Statements of Comprehensive Income

Nine months ended December 31

	Millions of yen	
	2021	2022
Net income	26,727	20,996
Other comprehensive income:		
Valuation difference on available-for-sale securities	9,531	9,043
Revaluation reserve for land	41	—
Foreign currency translation adjustment	1,698	6,822
Remeasurements of defined benefit plans	736	(32)
Share of other comprehensive income of affiliates accounted for using equity method	65	349
Total other comprehensive income	12,073	16,184
Comprehensive income	38,801	37,180
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	38,632	36,800
Comprehensive income attributable to non-controlling interests	168	380

(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)

The Company has applied the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021; hereinafter the "Fair Value Measurement Guidance") effective from the beginning of the first quarter of the fiscal year ending March 31, 2023, and in accordance with the transitional treatment provided for in paragraph 27-2 of the Fair Value Measurement Guidance, the Company will apply the new accounting policy prescribed by the Fair Value Measurement Guidance into the future. This has no impact on the consolidated financial statements.

(Segment Information)

I. Nine months ended December 31, 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	309,323	81,651	390,974	4,296	395,271	—	395,271
Inter-segment net sales and transfers	395	168	563	9,119	9,683	(9,683)	—
Total net sales	309,718	81,819	391,538	13,416	404,954	(9,683)	395,271
Segment operating income	17,028	9,719	26,747	503	27,251	(916)	26,334

- 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 ¥916 million mainly comprises ¥2,404 million in eliminations of inter-segment business, together with minus ¥3,320 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. Nine months ended December 31, 2022

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	310,526	69,807	380,333	5,228	385,561	—	385,561
Inter-segment net sales and transfers	269	454	724	10,067	10,791	(10,791)	—
Total net sales	310,796	70,261	381,057	15,295	396,353	(10,791)	385,561
Segment operating income	13,219	9,723	22,942	777	23,719	(1,280)	22,439

- 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 ¥1,280 million mainly comprises ¥2,230 million in eliminations of inter-segment business, together with minus ¥3,510 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.

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