

FY3/19 Financial Results Briefing
Summary of Question and Answer Session

Q. Regarding program production expenditures at Fuji TV, spending in the fourth quarter of FY3/19 increased from the same period of the previous fiscal year.

Does this mean the trend toward reducing expenditures has ended?

As we have outlined in the medium-term strategy plan, in FY3/20 we are adopting a strategy of increasing production expenditures in order to boost viewer ratings. During FY3/19 4Q, we began investing in production expenditures a little ahead of schedule. We believe that it's already having an effect.

Q. You're increasing production expenditures this year. If viewer ratings don't recover, will you reduce production spending next year?

Our plan is to make strategic investments for production expenditures in accordance with the medium-term plan without being influenced by near-term trends, and increase viewer ratings. At this point we are not considering cutting spending if ratings don't increase.

Q. The movie business had a considerable positive impact in FY3/19. Is it fair to expect a similar result for this fiscal year?

For the movie production business, we aim to produce around 10 titles a year. Fuji Media utilizes a promotion strategy involving not just Fuji TV but the entire corporate group, and has achieved excellent results. We feel that by combining planning and promotional capabilities, we are able to generate fairly positive results.

Q. What are your current measures for streaming services?

As we note in the medium-term strategy plan, this is an important issue. We have established a project team, and are considering how to increase "fee-based" subscription revenue, and advertising revenue for missed or back episodes, as well as future developments such as simultaneous streaming and platform strategies.

Q. What is the current status and outlook for the games business?

Fuji Games was established in 2016. In FY3/18 the company posted a loss as expected due to up-front development expenditures. In FY3/19, despite the development costs we had envisioned turning a small profit with the release of several games. However, the three original titles released in FY3/19 did not perform as expected, and were less than favorable in terms of profitability.

Going forward, we are developing more original games, while also keeping in mind that they may not generate earnings as planned, and that we will need to consider the future of the games business over the medium term.

Q. Will you be making any changes to the medium-term strategy plan?

Our current management policy is to ensure we achieve the FY3/21 plan targets, so we are not considering changing the plan.

Q. Regarding the Urban Development, Hotels & Resorts segment, for the current FY3/20 fiscal year you are forecasting **¥11.5 billion in operating income, in line** with the medium-term plan. However, it seems that this segment is already structured to generate **¥14-15 billion in profit. Should we consider ¥11.5 billion as** simply a level you can consistently meet?

Enhancing the earnings base is something we naturally keep in mind, but we feel that our first priority is to generate stable earnings. For this current fiscal year and the next, we will maintain ¥11.5 billion as one base, and manage the business to produce positive results.

END