July 31, 2019

Flash Report [Japanese GAAP] (Consolidated Basis)

Results for the three months ended June 30, 2019

Company name: Fuji Media Holdings, Inc.

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

Representative: Osamu Kanemitsu, President and Representative Director

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Scheduled date of filing quarterly securities report: August 9, 2019

Scheduled date of commencing dividend payments: —

Availability of supplementary briefing material on quarterly financial results: Available

Schedule of quarterly financial results briefing session: No

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

1. Consolidated Financial Results

(1) Business Performance

Three months ended June 30

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

	Net sales		Operating income		Recurring profit		Net income attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
2019	149,217	3.2	7,519	23.0	10,430	22.5	21,367	277.4
2018	144,544	(3.0)	6,114	85.3	8,517	47.4	5,662	34.7

(Note) Comprehensive income: Three months ended June 30, 2019: ¥19,805 million, 90.1%,
Three months ended June 30, 2018: ¥10,417 million, (36.6)%

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
2019	92.30	—
2018	24.45	—

(2) Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
June 30, 2019	1,245,874	753,679	59.7
March 31, 2019	1,290,484	743,348	56.5

(Reference) Total shareholders' equity: June 30, 2019: ¥744,027 million,
March 31, 2019: ¥729,354 million

2. Dividends

Year ended March 31, 2019/ Year ending March 31, 2020

	Dividends per share				
	1Q	2Q	3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
2019	—	22.00	—	22.00	44.00
2020	—				
2020 (Forecast)		22.00	—	22.00	44.00

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

Breakdown of dividends per share for the year ended March 31, 2019:

2Q: Ordinary dividend: ¥20.00, Commemorative dividend: ¥2.00

Year-end: Ordinary dividend: ¥20.00, Commemorative dividend: ¥2.00

3. Forecasts of Consolidated Financial Results for the Fiscal Year Ending March 31, 2020

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

	Net sales		Operating income		Recurring profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year	639,500	(4.4)	28,500	(17.9)	34,000	(19.0)

	Net income attributable to owners of the parent		Basic earnings per share
	Millions of yen	%	Yen
Fiscal year	33,900	43.5	146.44

(Note) Revision to the most recently announced earnings forecast: 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: None
   2) Changes in accounting policies other than 1) above: Yes
   3) Changes in accounting estimates: Yes
   4) Modifications and restatements: None

   (Note) The Company has changed the method of depreciation and years of useful life as from the three months ended June 30, 2019, and this is applicable under “Change in Accounting Policy Difficult to be Distinguished from Change in Accounting Estimates, and Change in Accounting Estimates.” For details, please refer to “2. CONSOLIDATED FINANCIAL STATEMENTS AND PRIMARY NOTES, (3) Notes to Consolidated Financial Statements, (Change in Accounting Policy Difficult to be Distinguished from Change in Accounting Estimates, and Change in Accounting Estimates)” on page 12.

4. Number of issued shares (Common stock)

	Three months ended June 30, 2019	Year ended March 31, 2019
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)	2,705,536	2,695,505
		Three months ended June 30, 2018
3) Average number of issued shares during the period (shares)	231,488,964	231,576,289

This flash report is outside the scope of quarterly review by certified public accountants or an audit firm.

Explanation of appropriate use of forecasts of financial results; other important items

The forward-looking statements made in this document, including the aforementioned forecasts, are based on all information available to the management at the time of this document's release and certain assumptions considered rational. Actual results may differ materially from the forecasts due to various factors in the future.

Regarding the assumptions forming the forecast of financial results, please refer to "1. QUALITATIVE INFORMATION ON CONSOLIDATED FINANCIAL RESULTS FOR THE FIRST QUARTER OF THE FISCAL YEAR ENDING MARCH 31, 2020: (3) Explanation of Consolidated Financial Results Forecasts and Other Future Projections" on page 7.

CONTENTS OF ATTACHMENT

1. QUALITATIVE INFORMATION ON CONSOLIDATED FINANCIAL RESULTS FOR THE FIRST QUARTER OF THE FISCAL YEAR ENDING MARCH 31, 2020

(1) Explanation of Business Results

The Japanese government's Monthly Economic Report on the Japanese economy for the three months ended June 30, 2019 (April 1, 2019 to June 30, 2019) states, "Concerning short-term prospects, weakness remains for the time being, but the economy is expected to continue recovering moderately, supported by the effects of various government policy measures, while the employment and income situation is improving. However, further attention should be given to the effects of situations over trade issues on the world economy, while the prospect of the Chinese economy, the uncertainty of situations and policies in overseas economies and the effects of fluctuations in the financial and capital markets also need attention." It also states that "Firms' judgments on current business conditions show cautiousness, mainly among manufacturers."

Amid this economic environment, the consolidated net sales of Fuji Media Holdings Group (the "Group") increased during the three months ended June 30, 2019, up 3.2% from the same period of the previous fiscal year to ¥149,217 million, as increases in the Urban Development, Hotels & Resorts and Other segments offset decreases in the Media & Content segment.

In terms of earnings, operating income increased 23.0% year-on-year to ¥7,519 million due to increases in the Media & Content, Urban Development, Hotels & Resorts and Other segments. Recurring profit increased 22.5% year-on-year to ¥10,430 million, and net income attributable to owners of the parent increased 277.4% year-on-year to ¥21,367 million due to the posting of a gain on return of substitutional portion of employees' pension fund as an extraordinary gain.

Results by operating segment are as follows.

Three months ended June 30

	Net sales			Operating income		
	2018	**2019**	Change	2018	**2019**	Change
	Millions of yen	**Millions of yen**	%	Millions of yen	**Millions of yen**	%
Media & Content	124,895	**124,573**	(0.3)	3,962	**5,534**	39.7
Urban Development, Hotels & Resorts	18,278	**23,177**	26.8	1,872	**2,151**	14.9
Other	4,555	**4,980**	9.3	121	**216**	77.8
Eliminations	(3,185)	**(3,514)**	—	157	**(383)**	—
Total	144,544	**149,217**	3.2	6,114	**7,519**	23.0

Media & Content

Fuji Television Network, Inc. ("Fuji TV") saw a decrease in broadcasting revenue due to a reactionary drop in network time advertising sales after the "2018 FIFA World Cup" in the previous fiscal year, despite an increase in spot advertising revenue. Revenue from other businesses overall increased thanks to the significant contribution from "Tonde Saitama (Fly Me to the Saitama)" in the movie business. As a result of the above, increases in revenue and earnings were recorded.

Fuji Satellite Broadcasting, Inc. ("BS Fuji") recorded slight decreases in revenue and earnings as a result of a decline in broadcasting revenue outweighing an increase in revenue from other businesses.

Nippon Broadcasting System, Inc. showed a strong performance in the event business and radio shopping business despite a decrease in revenues in the broadcasting business, and revenue and earnings increased as a result.

Pony Canyon Inc. posted an increase in revenue as a result of strong performance in streaming, events and goods revenues. However, an operating loss was recorded as a result of head office relocation-related expenses.

Fujipacific Music Inc. recorded an increase in revenue overall as a result of strong performance in royalty and other revenues offsetting a decrease in management revenue. However, earnings decreased as a result of an increase in the cost rate.

The Dinos business of Dinos Cecile Co., Ltd. recorded a decrease in revenue overall due to poor performance of both living and fashion products in the catalog business, despite strong performance particularly of beauty and health products in television shopping. Meanwhile, in the Cecile business, revenue decreased as a whole because the overall catalog business was sluggish. As a result, the entire business of Dinos Cecile Co., Ltd. posted decreases in revenue and earnings.

Quaras Inc. posted decreases in revenue and earnings due to weak advertising revenue.

Fuji Games, Inc. posted a decrease in revenue and an operating loss as the games it released struggled.

As a result, for the Media & Content segment overall, net sales declined 0.3% from the same period of the previous fiscal year to ¥124,573 million, but segment operating income increased 39.7% to ¥5,534 million.

Urban Development, Hotels & Resorts

The Urban Development, Hotels & Resorts segment posted net sales of ¥23,177 million, up 26.8% from the same period of the previous fiscal year, with segment operating income up 14.9% to ¥2,151 million as a result of sales of developed properties by The Sankei Building Co., Ltd. in the asset development business and strong performance in the marine leisure facilities business of GRANVISTA Hotels & Resorts Co., Ltd.

Other

Net sales in the Other segment overall increased 9.3% from the same period of the previous fiscal year to ¥4,980 million, and segment operating income increased 77.8% from the same period of the previous fiscal year to ¥216 million.

The twelve Fuji TV network affiliates, along with WOWOW Inc. and ITOCHU Fuji Partners, Inc. contributed to the equity in earnings of affiliates.

(2) Explanation of Financial Position

Total assets at the end of the first quarter of the fiscal year under review (June 30, 2019) amounted to ¥1,245,874 million, a decrease of ¥44,610 million (3.5%) from the end of the previous fiscal year (March 31, 2019).

Total current assets amounted to ¥385,268 million, a decrease of ¥22,338 million (5.5%) from the end of the previous fiscal year. This was due mainly to decreases of ¥14,513 million in cash and deposits and ¥13,310 million in notes and accounts receivable-trade.

Total noncurrent assets amounted to ¥860,078 million, a decrease of ¥22,240 million (2.5%) from the end of the previous fiscal year. This was due mainly to decreases of ¥12,761 million in investment securities and ¥8,085 million in deferred tax assets included in “Other” line item under investments and other assets.

Total liabilities amounted to ¥492,195 million, a decrease of ¥54,940 million (10.0%) from the end of the previous fiscal year.

Total current liabilities amounted to ¥168,009 million, a decrease of ¥22,772 million (11.9%) from the end of the previous fiscal year. This was due mainly to decreases of ¥12,334 million in notes and accounts payable-trade, ¥7,699 million in accrued income taxes and ¥6,976 million in accrued expenses, both included in the “Other” line item.

Total noncurrent liabilities amounted to ¥324,185 million, a decrease of ¥32,168 million (9.0%) from the end of the previous fiscal year. This was due mainly to decreases of ¥28,470 million in net defined benefit liability resulting from the return of the substitutional portion of the Employees’ Pension Fund and ¥4,155 million in deferred tax liabilities included in the “Other” line item.

Net assets amounted to ¥753,679 million, an increase of ¥10,330 million (1.4%) from the end of the previous fiscal year. This was due mainly to the recording of ¥21,367 million in net income attributable to owners of the parent and an increase of ¥6,705 million in remeasurements of defined benefit plans; against decreases of ¥5,152 million in retained earnings due to dividends of surplus, ¥8,972 million in valuation difference on available-for-sale securities and ¥4,341 million in non-controlling interests.

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

Consolidated financial results during the three months ended June 30, 2019 comprised a decrease in revenue and an increase in earnings in the Media & Content segment, and increases in both revenue and earnings in the Urban Development, Hotels & Resorts and Other segments. Overall consolidated performance was mainly in line with the plan. Accordingly, the Company has made no changes to its full-year consolidated financial results forecasts for the fiscal year ending March 31, 2020 from those announced on May 15, 2019.

2 CONSOLIDATED FINANCIAL STATEMENTS AND PRIMARY NOTES

(1) Consolidated Balance Sheets

	Millions of yen	
	March 31, 2019	**June 30, 2019**
ASSETS		
Current assets:		
Cash and deposits	75,655	**61,142**
Notes and accounts receivable-trade	112,994	**99,684**
Marketable securities	107,300	**102,036**
Inventories	74,192	**79,706**
Other	38,179	**43,400**
Allowance for doubtful accounts	(715)	**(701)**
Total current assets	407,606	**385,268**
Noncurrent assets:		
Property, plant and equipment		
Buildings and structures, net	134,005	**129,973**
Land	266,168	**269,113**
Other, net	38,023	**37,213**
Total property, plant and equipment	438,197	**436,300**
Intangible assets		
Goodwill	923	**985**
Other	17,112	**17,591**
Total intangible assets	18,035	**18,577**
Investments and other assets		
Investment securities	378,036	**365,275**
Other	49,856	**41,725**
Allowance for doubtful accounts	(1,807)	**(1,801)**
Total investments and other assets	426,085	**405,200**
Total noncurrent assets	882,319	**860,078**
Deferred assets	558	**527**
Total assets	1,290,484	**1,245,874**

	Millions of yen	
	March 31, 2019	**June 30, 2019**
LIABILITIES		
Current liabilities:		
Notes and accounts payable-trade	47,796	**35,461**
Electronically recorded obligations-operating	15,218	**16,638**
Short-term loans payable	41,924	**43,824**
Provision for sales returns	990	**822**
Provision for directors' bonuses	392	**76**
Provision for point card certificates	448	**509**
Other	84,012	**70,676**
Total current liabilities	190,782	**168,009**
Noncurrent liabilities:		
Bonds payable	20,000	**20,000**
Long-term loans payable	157,063	**157,767**
Provision for directors' retirement benefits	2,272	**2,185**
Provision for environmental measures	46	**46**
Provision for loss on guarantees	37	**34**
Net defined benefit liability	65,747	**37,276**
Other	111,185	**106,874**
Total noncurrent liabilities	356,353	**324,185**
Total liabilities	547,136	**492,195**
NET ASSETS		
Shareholders' equity:		
Capital stock	146,200	**146,200**
Capital surplus	173,680	**173,794**
Retained earnings	315,956	**332,171**
Treasury stock	(3,808)	**(3,822)**
Total shareholders' equity	632,029	**648,343**
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	107,804	**98,831**
Deferred gains or losses on hedges	(205)	**(293)**
Revaluation reserve for land	616	**1,283**
Foreign currency translation adjustment	(995)	**(949)**
Remeasurements of defined benefit plans	(9,893)	**(3,188)**
Total accumulated other comprehensive income	97,325	**95,683**
Non-controlling interests	13,993	**9,652**
Total net assets	743,348	**753,679**
Total liabilities and net assets	1,290,484	**1,245,874**

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

Consolidated Statements of Income

Three months ended June 30

	Millions of yen	
	2018	**2019**
Net sales	144,544	**149,217**
Cost of sales	98,986	**102,540**
Gross profit	45,557	**46,676**
Selling, general and administrative expenses	39,442	**39,157**
Operating income	6,114	**7,519**
Non-operating income:		
Dividends income	1,410	**1,658**
Equity in earnings of affiliates	580	**1,236**
Other	849	**486**
Total	2,840	**3,380**
Non-operating expenses:		
Interests	283	**259**
Foreign exchange losses	24	**139**
Other	128	**70**
Total	437	**469**
Recurring profit	8,517	**10,430**
Extraordinary gain:		
Gain on return of substitutional portion of employees' pension fund	—	**18,832**
Gain on transfer of business	82	—
Other	0	**66**
Total	82	**18,899**
Extraordinary loss:		
Loss on valuation of investment securities	43	**223**
Other	221	**31**
Total	265	**254**
Income before income taxes	8,334	**29,075**
Income taxes-current	1,283	**2,052**
Income taxes-deferred	1,316	**5,571**
Total	2,600	**7,624**
Net income	5,733	**21,451**
Net income attributable to non-controlling interests	71	**83**
Net income attributable to owners of the parent	5,662	**21,367**

Consolidated Statements of Comprehensive Income

Three months ended June 30

	Millions of yen	
	2018	**2019**
Net income	5,733	**21,451**
Other comprehensive income:		
Valuation difference on available-for-sale securities	5,057	**(8,705)**
Deferred gains or losses on hedges	45	**(44)**
Revaluation reserve for land	—	**666**
Foreign currency translation adjustment	(1,115)	**(10)**
Remeasurements of defined benefit plans	344	**6,758**
Share of other comprehensive income of affiliates accounted for using equity method	351	**(310)**
Total other comprehensive income	4,683	**(1,645)**
Comprehensive income	10,417	**19,805**
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	10,281	**19,725**
Comprehensive income attributable to non-controlling interests	136	**80**

(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

(Change in Accounting Policy Difficult to be Distinguished from Change in Accounting Estimates, and Change in Accounting Estimates)

(Change in Method of Depreciation and Change in Years of Useful Life)

Although the declining balance method has been used for some of the property, plant and equipment of the Company and some of its consolidated subsidiaries, it has been changed to the straight-line method as from the three months ended June 30, 2019.

As the result of the consideration of the use status of property, plant and equipment at the time of renewal of broadcasting transmission and other facilities, which are the main assets, the change was made because it was judged that the straight-line method in which the benefits of use are allocated to expense on an average basis would appropriately reflect the status of use thereof, on the grounds that renewal investments would basically continue stably and regularly for the maintenance of the facilities based on the medium-term business plan, that there would be a low risk of technical obsolescence and that the stable use thereof is expected in the future.

In addition, although some of the broadcasting machinery and equipment owned by some of the consolidated subsidiaries has been depreciated based on a useful life of 6 years, the useful life thereof has been revised to 10 years as from the three months ended June 30, 2019 because by carrying out regular maintenance and the like, renewal investments are expected to be made about every 10 years. The useful life will prospectively be changed.

As a result, in comparison with those under the previous method, operating income, recurring profit and income before income taxes each increased by ¥180 million yen for the three months ended June 30, 2019.

(Segment Information)

I. Three months ended June 30, 2018

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	124,815	18,184	143,000	1,544	144,544	—	144,544
Inter-segment net sales and transfers	80	94	174	3,011	3,185	(3,185)	—
Total net sales	124,895	18,278	143,174	4,555	147,729	(3,185)	144,544
Segment operating income	3,962	1,872	5,835	121	5,956	157	6,114

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 ¥157 million mainly comprises ¥1,266 million in eliminations of inter-segment business, together with minus ¥1,109 million in Group-wide expenses not allocated to a particular reported segment. Group-wide expenses are the expenses of the parent company as a certified broadcast holding company.

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

II. Three months ended June 30, 2019

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	124,443	23,097	147,540	1,676	149,217	—	149,217
Inter-segment net sales and transfers	130	79	210	3,303	3,514	(3,514)	—
Total net sales	124,573	23,177	147,751	4,980	152,731	(3,514)	149,217
Segment operating income	5,534	2,151	7,686	216	7,902	(383)	7,519

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 ¥383 million mainly comprises ¥805 million in eliminations of inter-segment business, together with minus ¥1,188 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. Matters concerning Changes of the Reported Segment

(Change in Method of Depreciation and Change in Years of Useful Life)

As stated in “Change in Accounting Policy Difficult to be Distinguished from Change in Accounting Estimates, and Change in Accounting Estimates,” although the declining balance method has been used for some of the property, plant and equipment of the Company and some of its consolidated subsidiaries, it has been changed to the straight-line method as from the three months ended June 30, 2019. In addition, the useful life has been revised from 6 years to 10 years for some of the broadcasting machinery and equipment owned by some of the consolidated subsidiaries and the useful life will prospectively be changed as from the three months ended June 30, 2019.

As a result of the change, segment operating income for the three months ended June 30, 2019 increased ¥178 million in the Media & Content segment. In addition, Group-wide expenses not allocated to a particular reported segment decreased ¥1 million.

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