

Flash Report [Japanese GAAP] (Consolidated Basis)**Results for the nine months ended December 31, 2020****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, 2021

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	%
2020	389,691	(18.5)	14,769	(40.2)	22,014	(28.7)	20,856	(39.5)
2019	477,936	6.6	24,717	14.0	30,891	12.1	34,466	123.2

(Note) Comprehensive income: Nine months ended December 31, 2020: ¥39,599 million, (6.7)%,

Nine months ended December 31, 2019: ¥42,462 million, 165.7%

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
2020	90.83	—
2019	148.89	—

(2) Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
December 31, 2020	1,319,016	769,774	57.6
March 31, 2020	1,254,613	745,574	58.6

(Reference) Total shareholders' equity: December 31, 2020: ¥759,423 million,

March 31, 2020: ¥735,431 million

2. Dividends

Year ended March 31, 2020/ Year ending March 31, 2021

	Dividends per share				
	1Q	2Q	3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
2020	—	22.00	—	22.00	44.00
2021	—	18.00	—		
2021 (Forecast)				18.00	36.00

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

3. Forecasts of Consolidated Financial Results for the Fiscal Year Ending March 31, 2021

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

	Net sales		Operating income		Recurring profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year	569,400	(9.8)	13,000	(50.6)	18,200	(47.8)

	Net income attributable to owners of the parent		Basic earnings per share
	Millions of yen	%	Yen
Fiscal year	9,000	(78.2)	39.36

(Note) Revision to the most recently announced financial results forecasts: None

Notes:

- 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
- Adoption of special accounting treatment in preparing the quarterly consolidated financial statements: None
- Changes in accounting policies, changes in accounting estimates, and modifications and restatements:
 - Changes in accounting policies based on revision of accounting standards: None
 - Changes in accounting policies other than 1) above: None
 - Changes in accounting estimates: None
 - Modifications and restatements: None

4. Number of issued shares (Common stock)

	Nine months ended December 31, 2020	Year ended March 31, 2020
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)	8,596,657	2,863,495
		Nine months ended December 31, 2019
3) Average number of issued shares during the period (shares)	229,626,973	231,488,960

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, 2021: (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, 2021

(1) Explanation of Business Results

The Japanese government's Monthly Economic Report on the Japanese economy for the nine months ended December 31, 2020 (April 1, 2020 to December 31, 2020) states, "Concerning short-term prospects, the economy is expected to show movements of picking up, supported by the effects of the policies and improvement in overseas economies while measures are taken to prevent the spread of infectious diseases. However, full attention should be given to further downside risks to the domestic and foreign economies which are affected by the contraction in the socio-economic activities due to the spread of the infectious diseases." It also states that firms' judgments on business conditions "show movements of improvement, although some severe aspects remain."

Fuji Media Holdings Group (the "Group") was also affected by the impact of the novel coronavirus infection (COVID-19), including a decline in advertising revenue, a drop in travel and tourism demand, and the cancellation and postponement of events.

Amid this economic environment, the consolidated net sales of the Group decreased during the nine months ended December 31, 2020, down 18.5% from the same period of the previous fiscal year to ¥389,691 million, as there were decreases in all the Media & Content segment, the Urban Development, Hotels & Resorts segment and the Other segment.

In terms of earnings, operating income decreased 40.2% year-on-year to ¥14,769 million, as there were revenue decreases in both the Media & Content segment and the Urban Development, Hotels & Resorts segment, despite a revenue increase in the Other segment. Recurring profit decreased 28.7% year-on-year to ¥22,014 million, and net income attributable to owners of the parent decreased 39.5% year-on-year to ¥20,856 million, due to a reactionary decrease as a result of posting a gain on return of substitutional portion of employees' pension fund in the previous fiscal year, despite an increase in gain on sales of investment securities recorded under extraordinary gain.

Results by operating segment are as follows.

Nine months ended December 31

	Net sales			Operating income		
	2019	2020	Change	2019	2020	Change
	Millions of yen	Millions of yen	%	Millions of yen	Millions of yen	%
Media & Content	392,096	327,256	(16.5)	12,490	10,526	(15.7)
Urban Development, Hotels & Resorts	81,671	58,922	(27.9)	13,267	4,896	(63.1)
Other	14,733	13,103	(11.1)	379	385	1.6
Eliminations	(10,565)	(9,590)	—	(1,419)	(1,038)	—
Total	477,936	389,691	(18.5)	24,717	14,769	(40.2)

Media & Content

Fuji Television Network, Inc. ("Fuji TV") saw a decrease in broadcasting revenue as a result of the impact of COVID-19. Network time advertising sales dropped due to the cancellation and postponement of one-off programs such as sports events, while spot advertising revenue also declined due to the deterioration of corporate business performances reflecting the slowdown in economic activities, in spite of it being on a recovery trend. Other businesses were also affected by COVID-19. While the video business showed a strong performance, revenue from other businesses as a whole declined as a result of a decrease in movies and merchandising revenue as well as the cancellation and postponement of events. Fuji TV has made efforts to curb operating expenses, but decreases were recorded in both revenue and earnings as a result.

Fuji Satellite Broadcasting, Inc. recorded a decrease in revenue and an increase in earnings, due to efforts to curb operating expenses despite a decline in broadcasting revenue.

Nippon Broadcasting System, Inc., despite a strong performance in the radio shopping business, recorded decreases in both revenue and earnings due to a decline in the mainstay broadcasting revenue.

Pony Canyon Inc. saw solid sales of old releases, but revenue from package sales as a whole declined and event revenue was poor. As a result, net sales overall decreased. Meanwhile, earnings increased thanks to the curbing of operating expenses.

Fujipacific Music Inc. recorded a decrease in revenue and an increase in earnings overall, as revenue from royalties and master disc usage fees increased but artist management and video production revenue decreased.

The Dinos business of Dinos Cecile Co., Ltd. recorded an increase in net sales as particularly beauty and health products in television shopping continued to perform strongly and household products and furniture also performed steadily on the back of the stay-at-home demand. Meanwhile, the Cecile business posted a decrease in revenue as the catalog business was sluggish. As a result, Dinos Cecile Co., Ltd. as a whole posted a slight increase in revenue, and earnings also increased thanks to efforts to curb selling, general and administrative expenses.

Quaras Inc. posted a decrease in revenue due to weak advertising revenue, resulting in the posting of an operating loss.

Fuji Games, Inc. posted an operating loss as smartphone games struggled, but the loss was diminished due to efforts to curb operating expenses.

As a result of the above, in the Media & Content segment overall, net sales decreased 16.5% from the same period of the previous fiscal year to ¥327,256 million, and segment operating income decreased 15.7% from the same period of the previous fiscal year to ¥10,526 million.

Urban Development, Hotels & Resorts

The Sankei Building Co., Ltd. recorded decreases in both revenue and earnings as a whole due to decreases in revenue in the building business and the asset development business, despite an increase in sales of the condominiums in the housing business.

GRANVISTA Hotels & Resorts Co., Ltd. posted an operating loss as a result of a decrease in revenue due to a decline in demand for travel and tourism, including that of inbound tourists, caused by the impact of COVID-19.

As a result of the above, the Urban Development, Hotels & Resorts segment recorded net sales of ¥58,922 million, down 27.9% from the same period of the previous fiscal year, with segment operating income down 63.1% from the same period of the previous fiscal year to ¥4,896 million.

Other

Net sales in the Other segment overall decreased 11.1% from the same period of the previous fiscal year to ¥13,103 million. However, thanks to efforts to curb selling, general and administrative expenses, segment operating income increased 1.6% from the same period of the previous fiscal year to ¥385 million.

Affiliates accounted for using the equity method such as WOWOW Inc., ITOCHU Fuji Partners, Inc. and SANKEI SHIMBUN CO., LTD. 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, 2020) amounted to ¥1,319,016 million, an increase of ¥64,403 million (5.1%) from the end of the previous fiscal year (March 31, 2020).

Total current assets amounted to ¥428,361 million, an increase of ¥4,327 million (1.0%) from the end of the previous fiscal year. This was due mainly to an increase of ¥55,219 million in cash and deposits; against decreases of ¥26,376 million in marketable securities and ¥18,746 million in notes and accounts receivable-trade.

Total noncurrent assets amounted to ¥890,465 million, an increase of ¥60,119 million (7.2%) from the end of the previous fiscal year. This was due mainly to increases of ¥38,107 million in investment securities and ¥18,091 million in buildings and structures, net. The increase in investment securities was due primarily to a rise in unrealized gains on listed securities owned by the Company.

Total liabilities amounted to ¥549,241 million, an increase of ¥40,203 million (7.9%) from the end of the previous fiscal year.

Total current liabilities amounted to ¥140,084 million, a decrease of ¥26,000 million (15.7%) from the end of the previous fiscal year. This was due mainly to decreases of ¥23,691 million in short-term loans payable and ¥8,402 million in notes and accounts payable-trade.

Total noncurrent liabilities amounted to ¥409,157 million, an increase of ¥66,204 million (19.3%) from the end of the previous fiscal year. This was due mainly to an increase of ¥67,523 million in long-term loans payable. Long-term loans payable rose due to fund procurement for the Urban Development, Hotels & Resorts segment.

Total net assets amounted to ¥769,774 million, an increase of ¥24,200 million (3.2%) from the end of the previous fiscal year. This was due mainly to the recording of ¥20,856 million in net income attributable to owners of the parent and an increase of ¥18,766 million in valuation difference on available-for-sale securities; against the payment of ¥9,325 million in dividends of surplus.

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

The consolidated financial results during the nine months ended December 31, 2020 saw decreases in both revenue and earnings in the Media & Content segment and the Urban Development, Hotels & Resorts segment due to the impact of the weak advertising market conditions and the decline in tourism demand, including that of inbound tourists, caused by COVID-19, especially during the first quarter.

From the second quarter onwards, consumption activities and the advertising market began to recover but in the fourth quarter, factors including the resurgence in COVID-19 infections that has led to the issuing of a state of emergency have the potential to impact the Company's business performance. The Company will continue to keep a close eye on conditions and engage in efficient business operations in order to improve its earning capabilities.

Under these circumstances, the consolidated financial results during the nine months ended December 31, 2020 are currently exceeding the forecasts for operating income, recurring profit and net income attributable to owners of the parent announced in the "Notice of Forecasts of Consolidated Financial Results and Dividend" released on July 22, 2020.

Meanwhile, although the Company is forecast to record an extraordinary loss mainly in the Urban Development, Hotels & Resorts segment during the fourth quarter, after considering recent trends and other factors based on currently available information, the Company has made no changes to the financial results forecasts announced on July 22, 2020.

2. CONSOLIDATED FINANCIAL STATEMENTS AND PRIMARY NOTES

(1) Consolidated Balance Sheets

	Millions of yen	
	March 31, 2020	December 31, 2020
ASSETS		
Current assets:		
Cash and deposits	76,126	131,345
Notes and accounts receivable-trade	110,390	91,643
Marketable securities	97,536	71,160
Inventories	101,163	94,028
Other	39,725	40,547
Allowance for doubtful accounts	(908)	(364)
Total current assets	424,033	428,361
Noncurrent assets:		
Property, plant and equipment		
Buildings and structures, net	135,228	153,319
Land	258,037	262,628
Other, net	42,759	35,979
Total property, plant and equipment	436,024	451,928
Intangible assets		
Goodwill	811	733
Other	17,235	20,094
Total intangible assets	18,046	20,827
Investments and other assets		
Investment securities	333,806	371,913
Other	44,242	47,427
Allowance for doubtful accounts	(1,773)	(1,630)
Total investments and other assets	376,276	417,710
Total noncurrent assets	830,346	890,465
Deferred assets	233	189
Total assets	1,254,613	1,319,016

	Millions of yen	
	March 31, 2020	December 31, 2020
LIABILITIES		
Current liabilities:		
Notes and accounts payable-trade	40,976	32,574
Electronically recorded obligations-operating	12,374	15,571
Short-term loans payable	40,559	16,868
Provision for sales returns	673	491
Provision for directors' bonuses	436	212
Provision for point card certificates	457	378
Provision for environmental measures	47	—
Other	70,559	73,987
Total current liabilities	166,085	140,084
Noncurrent liabilities:		
Bonds payable	20,000	10,000
Long-term loans payable	182,829	250,352
Provision for directors' retirement benefits	2,443	2,434
Net defined benefit liability	37,835	37,781
Other	99,845	108,589
Total noncurrent liabilities	342,953	409,157
Total liabilities	509,038	549,241
NET ASSETS		
Shareholders' equity:		
Capital stock	146,200	146,200
Capital surplus	173,794	173,797
Retained earnings	346,693	358,224
Treasury stock	(3,997)	(10,023)
Total shareholders' equity	662,691	668,198
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	76,475	95,242
Deferred gains or losses on hedges	(218)	(260)
Revaluation reserve for land	1,479	1,479
Foreign currency translation adjustment	(1,310)	(1,968)
Remeasurements of defined benefit plans	(3,686)	(3,267)
Total accumulated other comprehensive income	72,739	91,225
Non-controlling interests	10,143	10,351
Total net assets	745,574	769,774
Total liabilities and net assets	1,254,613	1,319,016

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

Consolidated Statements of Income

Nine months ended December 31

	Millions of yen	
	2019	2020
Net sales	477,936	389,691
Cost of sales	335,579	268,917
Gross profit	142,356	120,774
Selling, general and administrative expenses	117,639	106,004
Operating income	24,717	14,769
Non-operating income:		
Dividends income	2,986	2,941
Equity in earnings of affiliates	3,006	3,459
Other	1,570	2,688
Total	7,564	9,089
Non-operating expenses:		
Interests	873	1,061
Loss on investments in partnership	19	379
Other	497	403
Total	1,390	1,844
Recurring profit	30,891	22,014
Extraordinary gain:		
Gain on sales of investment securities	532	10,946
Gain on return of substitutional portion of employees' pension fund	18,832	—
Other	74	358
Total	19,440	11,304
Extraordinary loss:		
Loss on COVID-19	—	1,852
Other	2,604	541
Total	2,604	2,394
Income before income taxes	47,728	30,923
Income taxes-current	7,019	9,129
Income taxes-deferred	5,894	133
Total	12,913	9,263
Net income	34,814	21,660
Net income attributable to non-controlling interests	347	804
Net income attributable to owners of the parent	34,466	20,856

Consolidated Statements of Comprehensive Income

Nine months ended December 31

	Millions of yen	
	2019	2020
Net income	34,814	21,660
Other comprehensive income:		
Valuation difference on available-for-sale securities	609	17,810
Deferred gains or losses on hedges	(8)	(21)
Revaluation reserve for land	875	—
Foreign currency translation adjustment	(554)	(704)
Remeasurements of defined benefit plans	7,065	573
Share of other comprehensive income of affiliates accounted for using equity method	(340)	281
Total other comprehensive income	7,647	17,938
Comprehensive income	42,462	39,599
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	41,840	39,341
Comprehensive income attributable to non-controlling interests	621	257

(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

(Segment Information)

I. Nine months ended December 31, 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	391,683	81,317	473,001	4,934	477,936	—	477,936
Inter-segment net sales and transfers	413	353	766	9,798	10,565	(10,565)	—
Total net sales	392,096	81,671	473,767	14,733	488,501	(10,565)	477,936
Segment operating income	12,490	13,267	25,757	379	26,137	(1,419)	24,717

- 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 ¥1,419 million mainly comprises ¥2,162 million in eliminations of inter-segment business, together with minus ¥3,582 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. Segment operating income is adjusted to the operating income figure on the Consolidated Statement of Income.

II. Nine months ended December 31, 2020

1. Information on Amounts of Net Sales and Profit or Loss by Reported Segment

(Millions of yen)

	Reported segment			Other (Note 1)	Total	Adjustment (Note 2)	Consolidated statement of income (Note 3)
	Media & Content	Urban Development, Hotels & Resorts	Total				
Net sales:							
Net sales to third parties	326,999	58,620	385,619	4,071	389,691	—	389,691
Inter-segment net sales and transfers	256	301	558	9,031	9,590	(9,590)	—
Total net sales	327,256	58,922	386,178	13,103	399,281	(9,590)	389,691
Segment operating income	10,526	4,896	15,422	385	15,808	(1,038)	14,769

- 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 ¥1,038 million mainly comprises ¥2,390 million in eliminations of inter-segment business, together with minus ¥3,429 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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