1H FY3/22 Financial Results Briefing
Summary of President's Remarks

Earnings rose considerably in the first half, exceeding our forecasts. For the full fiscal year, considering that Fuji TV is projecting earnings exceeding the level in FY3/20, and Sankei Building's performance remains firm, we have revised upward our consolidated earnings forecast for FY3/22, with operating income of ¥27.5 billion, exceeding the level in fiscal 2019 prior to the Covid-19 pandemic. With the notable exception of the tourism and event-related businesses, most of our business companies are recovering from the impact of Covid-19. Revisions to the earnings and cost structure are also producing results, and it feels that we are regaining a positive footing.

For Fuji TV, we want to boost our share of terrestrial television advertising, and increase revenue. An effective increase in viewer ratings will be necessary to achieve this, and the proper allocation of personnel and budgets will be key. Since I also serve as president of Fuji TV, I immediately brought together the programming and production divisions that manage content, the sales division, and management to hold discussions, and ensure that everyone is in agreement regarding the basic policy for the timetable and targets. We set policies that included strengthening regular programming, centering our target on young people and expanding the individual audience rating, and expanding the range of programs mindful of female viewers. We will conduct management accordingly, and hope to produce results as quickly as possible.

For program production expenditures, from the standpoint of providing opportunities to effectively secure earnings, we plan to allocate resources liberally for the golden and prime time slots. Distribution will focus on areas with greater potential for generating concomitant value.

We plan to expand and grow advertising revenue from streaming so that it will more than make up for any future falloff in overall terrestrial television advertising. From this fiscal year we shifted to a policy emphasizing viewing on the TVer service. Expansion of the programming lineup resulted in a sharp rise in the number of views, providing a certain degree of success, but we have been unable to reach ad revenue proportionate to the number of views. We are strengthening the digital sales division, and hope to achieve significant growth as quickly as possible.

Fuji Media Holdings Group is a producer of content, as well as a supplier. Up to now, we have received many contracts for original programming from major foreign-affiliated platforms, and this fiscal year as well, we are streaming dramas and variety programs through major platforms. We will continue to strengthen content production.

Pony Canyon contributed significantly to earnings with streaming revenue utilizing outside platforms and services such as YouTube, and the success of productions and content for which it provided financial support, such as *Violet Evergarden: The Movie*. The Fuji TV movie streaming business maximized earnings with a strategy of providing content to outside platforms and other broadcasters. Going forward, we will continue to pursue broadcast program content and streaming strategies that expand external sales channels. Further, in news content, monthly page views for *FNN Prime Online* exceeded 100 million views, and we have been able to monetize content. We will aim for growth to reach the next level.

Other Fuji Media Holdings Group companies are shifting to business structures to monetize their content capabilities. Fuji TV is implementing reforms to support a solid timetable and content, as well as revising its organizational and personnel structures, fixed cost structure, and capital expenditure programs in order to enhance profitability.

In the Urban Development, Hotels & Resorts segment, the asset development business, the building business including office leasing, and the residential housing business are expected to regain earnings on a par with their pre-Covid-19 levels. Trends such as an increase in telework might affect future demand, but we plan to ensure safety based on long-term projections, reshuffle assets as necessary, and achieve stable growth.

In the tourism business, for the present we will secure earnings with domestic demand. While we have suspended certain types of tourism-related development, in the aquarium business, which has been less impacted by Covid-19, we are moving forward with the redevelopment of Suma Aqualife Park KOBE, with completion planned for 2024. Over the longer term, we maintain our stance that tourism demand in Japan will continue to grow, and plan to accelerate development in expectation of a demand recovery.

With these policies, we hope to earn the trust of shareholders, business partners, employees, and all stakeholders. In terms of shareholder returns, we will continue to pay dividends taking into account stability, based on a 40% payout ratio. We also plan to disclose our medium-term business plan and quantitative targets, while duly ascertaining the impact of Covid-19 on the tourism and other businesses.

END