

1H FY3/22 Financial Results Briefing

Summary of Question and Answer Session

Q. Measures to improve profitability and efficiency

Based on a policy of revising the scope of business operations to enhance profitability, we sold the Cecile business in the previous fiscal year. We will continue to consider other possibilities, with options other than disposal, such as merging organizations or rebalancing businesses, in order to enhance efficiency. Increasing profitability or ROE will require an additional boost from new businesses, and we are considering several different types of investment. We have gained considerable returns over the last ten years or so from investments in U.S. funds, but generating business synergy from minor investments is not easy. We consider the aim of investment in FSV or funds to be gathering information or gaining earnings, and hope to utilize a larger scale to acquire businesses.

Q. Initiatives for the new structure of Fuji TV

We are making changes to the organizational structure, as well as the allocation of human resources and budget distribution. We have issued guidelines regarding the structure and focus of content and approach to programming, and are making improvements for the new season lineup in April next year. During next year's regular reshuffling of personnel, we will revise the organizational structure and placement of human resources, looking ahead to the next program lineup in October. Going forward, we will make further revisions to the lineup, and we expect that these changes will produce results.

Q. Increasing ad income from streaming and real-time streaming

Advertising income for streaming amounted to around ¥1.0 billion in the previous fiscal year, as the sales structure was not fully in place. Currently, we are focusing on promotions for the TVer service overall, and user numbers are rising. Fuji TV is also bolstering its content. Further, by switching to digitized sales methods, we should be able to increase the figure two-fold each period. For real-time streaming, our first goal will be to gain understanding from everyone involved. Profitability is probably several years down the road.

Q. Policy for FOD, and collaboration with other platforms

Currently, FOD serves as a streaming tool for our in-house content, with content from other companies as well. It has a platform function to attract, retain and manage paying members, which is necessary to compete with foreign-affiliated services. Going forward, we plan to stream our in-house content, and expand the monetization function.

Previously, much of the content was exclusive to FOD, but we plan to make more content available to other platforms. FOD is operated as an internal division rather than being spun off as a separate company, giving it an agility that allowed for a wide range of possibilities and options for collaboration.

Q. External sales of content, monetization

Fuji Media Holdings Group receives billions of yen in revenue each year from external platforms for such services as production of content under contract, and providing technology for live sports broadcasts. Rather than just receiving a one-time payment for content production, we need to consider more comprehensive methods of monetization, such as gaining earnings based on the number of views, or securing content rights. We plan to increase revenue to the level of tens of billions of yen in the future.

Q. Urban Development's commercial buildings, residential housing, and asset development

Market conditions for residential housing are extremely favorable. The demand for office space is also steady, and while it is necessary to pay attention to longer-term trends, vacancy rates for prime properties are low, and we expect the real estate market to remain firm. Regular procurement is important in the real estate business, so we plan to make the necessary investments, while carefully assessing the risks based on our internal criteria.

Q. Shareholder returns

There has been no change to our basic policy of paying dividends taking into account stability, based on a 40% payout ratio. We will make determinations regarding share buybacks, taking into account the overall balance.

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