

# Reform Action Plan

May 16, 2025





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# 1. Introduction

We sincerely apologize once again to all our stakeholders for the concern and inconvenience caused by the recent incident at Fuji Television.

This Reform Action Plan stems from a deep and sincere reflection on issues related to human rights and compliance. It replaces our former Medium-Term Group Vision 2023 and serves as a new management guideline that will precede the next Medium-Term Group Vision.

With the highest priority placed on respecting human rights, we will promote human capital management to maximize the value of our people, thereby building a solid foundation for sustainable growth and enhanced corporate value. Furthermore, we will focus resources on growth areas, optimize our business portfolio, generate cash, and proactively invest and return value to shareholders through strategic capital allocation.

We are also committed to thoroughly strengthening our governance, including improving the transparency and independence of director nomination processes and enhancing risk management across the entire group to ensure higher quality management.

Under the dual goals of “social responsibility” and “profitability,” our group aims to evolve into a new growth company, working as one group to deliver sustainable progress together with all our stakeholders.

# 2. Reform Action Plan: Executive Summary

Human Capital-Driven Management

Advancing human capital-driven management

- Foster a work environment where employees can feel secure for the long term, with a human rights-first approach
- Develop and thoroughly implement practical and systematic training programs and guidelines
- Cultivate and acquire talent with a business mindset while promoting diversity and inclusion

Ensuring psychological safety at Fuji Television

- Overhaul our corporate culture by restructuring and reorganizing departments such as Programming and Variety Production, and consolidate and strengthen corporate functions and divisions

Management indicators to ensure effectiveness

- Establish a Sustainability Management Committee reporting directly to the President
- Continuously conduct human rights due diligence and human rights education and training
- Incorporate indicators such as human capital investment, engagement scores, and employee satisfaction into management KPIs to ensure responsible and effective transformation

Proactive Business Transformation

Fuji Television’s comprehensive reform & growth strategy

- Fuji TV aims to evolve into a true “content company”
- Maximize IP value with a clear segmentation and collaboration across business divisions
- Make strategic investment in strengthening IP and the content supply chain
- Expand film and animation production; invest and broaden distribution channels in the streaming sector
- Manage on a per-content basis and utilize investment efficiency as a KPI

Business portfolio reform

- To improve profitability, review inefficient or unprofitable divisions and focus management resources on growth areas and sectors with strong competitive advantage
- Proactively leverage generative AI and strengthen digital transformation to significantly enhance content capabilities
- Promote continuous growth in urban development and tourism through strategic investments

Capital optimization for medium- to long-term value creation

Generating cash to promote investment

- Divest over 100 billion yen in strategic shareholdings within three years; reduce to less than 15% of net assets by the end of FY2027, and pursue further reductions

Growth Investment

- Expand operating cash flow and utilize interest-bearing debt flexibly
- Enhance competitiveness and profitability through increased investment in human capital and digital transformation (DX); expand medium-term profits by investing in and developing in new growth areas
- Plan to invest approximately 250 billion yen over five years

Improving capital efficiency and enhancing shareholder returns

- Assuming a business recovery, plan to conduct large-scale share buybacks, expect to repurchase over 100 billion yen by FY2029
- Barring extraordinary circumstances, aim for a consolidated dividend payout ratio of 50% to ensure stable dividends
- Aim for ROE of 8% or higher through improved business performance and profitability

Transition to governance-focused management

Establish highly independent and objective decision-making framework and processes

- Establish a Nomination and Remuneration Committee with a majority of independent outside directors (scheduled for June)
- Consider transitioning to a company with a Nomination Committee in June 2026
- Amend the Articles of Incorporation to allow the board chair to be an independent outside director
- Begin drafting succession plans by June
- Director compensation to be linked to management KPIs such as the engagement score
- In April, introduced a mandatory retirement age and term limits for officers. Will abolish “Executive Managing Advisor/Advisor” system in June.

\*Premised on amendment of Articles of Incorporation at June General Meeting of Shareholders

Robust risk management

- Establish a Risk Policy Committee composed of independent outside directors and external experts to oversee critical risks across the group

The Reform Action Plan will be flexibly updated based on changes in key management indicators and business performance, and once preparations are complete, we plan to announce the next, more advanced and effective Medium-Term Group Vision.

### 3. Reform Action Plan 3-1 Human capital-driven management

We will enhance human rights and compliance awareness across the entire group and rebuild our corporate culture. We are committed to sincerely addressing long working hours, harassment, and other longstanding issues in the production workplace, aiming to create a work environment where employees can find purpose and motivation.



#### Advancing human capital- driven management

- **Returning to the fundamental principle that “people” are the source of the group’s diverse value creation, we will promote human capital management with a human rights-first approach.**
  - ✓ **Create a work environment where everyone can fully demonstrate their abilities and individuality, and work with security and satisfaction in the long term**
    - Deepen understanding of human rights and compliance, and integrate these principles into all business processes, including content production
    - Create content that earns the trust of viewers, users, and advertisers
  - ✓ **Implement practical and systematic training, and establish and enforce clear guidelines**
    - Foster an organizational culture in which all executives and employees proactively understand and embody human rights and compliance as their guiding principles
  - ✓ **Develop and recruit talent with a business mindset, and promote the active participation of diverse personnel**
    - Actively recruit and engage with external talent, and enhance reskilling initiatives and skill development training programs

### 3. Reform Action Plan 3-1 Human capital-driven management



#### Ensuring psychological safety at Fuji Television

- **Dynamically restructure the organization to transform the corporate culture**
  - ✓ Disband and reorganize departments such as the programming department and variety production department, that were directly linked to formation of the organizational culture
  - ✓ Consolidate and strengthen corporate functions and divisions, such as legal affairs, compliance, general affairs, and human resources
- **Establish a Sustainability Management Committee reporting directly to the President**
  - ✓ Establish a company-wide cross-functional organization, with the President serving as Chairperson and each Division Director as a committee member, to ensure that human rights policies are always incorporated into management decision-making. Invite external experts to strengthen monitoring
- **Continually conduct human rights due diligence and provide ongoing human rights education and training programs for executives and employees**



#### Management indicators to ensure effectiveness

- **Quantify human capital investment, engagement scores, and employee satisfaction, as well as the level of understanding of human rights and compliance, and incorporate these metrics into management objectives**
  - ✓ Continuously monitor and disclose progress
  - ✓ Link achievement levels to executive compensation to ensure responsible transformation



### 3. Reform Action Plan 3-2 Proactive Business Transformation: Fuji Television’s growth strategy

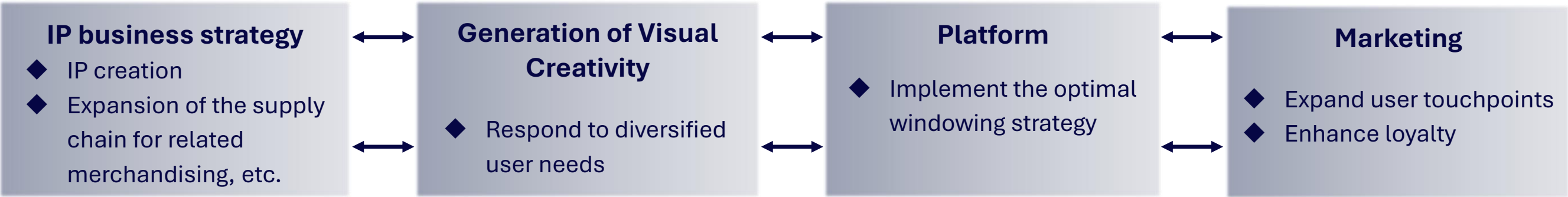
We will fundamentally reform Fuji Television in response to the ongoing structural decline in terrestrial broadcasting advertising revenue, accelerate the growth strategy for our media and content businesses, and achieve new progress. At the same time, we will promote a comprehensive transformation of our overall business portfolio.



#### Fuji Television’s comprehensive reform & growth strategy

■ Fuji Television will evolve into a true “content company” and become the core engine that strongly drives the entire group forward

- ✓ Maximize the value of existing IPs and establish a cycle for creating new IPs by clearly separating business divisions and promoting strategic collaboration



- ✓ Accelerate the development, acquisition, and nurturing of IP, and promote strategic investment in the content supply chain
- ✓ Enhance content businesses, especially in film and animation
- ✓ Expand investment and distribution channels in the high-growth streaming sector, while also exploring collaboration with external platforms
- ✓ Shift the management structure from a media-based (terrestrial broadcasting/streaming) to a content-based approach to enable more effective operations
- ✓ Set “content investment efficiency” as a KPI and actively utilize it

### 3. Reform Action Plan 3-2 Proactive Business Transformation: Business portfolio reform



#### Business portfolio reform

- **Reviewing inefficient and unprofitable divisions to improve profitability**
  - ✓ Conduct structural reforms by thoroughly examining unprofitable divisions, businesses, and assets
  - ✓ Build a more efficient production system within the Group and strengthen production capabilities
- **Focus management resources on fields with medium- to long-term growth potential and business areas with a competitive advantage**
  - ✓ Focus on content IP development and acquisition, and on the streaming business
  - ✓ Expand sales channels including overseas
  - ✓ Consider medium-term investment targets and the scale of investment, taking market potential into account
- **Dramatically improve the group's content creation, development, and expansion capabilities through active use of advanced technologies—including generative AI—and reinforced DX initiatives**
  - ✓ Achieve more advanced video effects, employ multifaceted data analysis of content value, strengthen marketing, and improve processes more efficient
- **Promote continuous growth by making strategic investments in urban development and tourism sectors**
  - ✓ Continue to invest in a wide variety of assets with attention to financial soundness, capture robust inbound tourism demand, and accelerate growth



# 3. Reform Action Plan 3-3 (a) Capital optimization for medium- to long-term value creation

We will promptly establish an optimal capital structure to enhance corporate value over the medium to long term.



Generating cash  
to promote investment

- **Divest over 100 billion yen** in strategic shareholdings within three years; **reduce to less than 15% of net assets by the end of FY2027, and pursue further reductions**
- We aim to increase operating cash flow through enhanced profitability and structural reforms in the media and content businesses, and by reviewing working capital. In addition, we will flexibly consider the use of interest-bearing debt, ensuring financial stability



Business recovery and further  
investment in growth

- **Human capital investments** including fostering an environment for cultural transformation and enhancing talent development
- **Expanding DX investments** to improve work efficiency and promote digitalization
- By **making focused investments in promising areas** such as IP content, platform businesses, urban development, and tourism, and by **exploring new business domains**, aim to **achieve medium- to long-term profit growth**
- Investment of **250 billion yen over 5 years** planned

> **Improve competitiveness and profitability**



Improving  
capital efficiency  
and enhancing  
shareholder returns

- Assuming a business recovery, **large-scale share repurchase** is planned  
**Repurchase of more than 100 billion yen worth of shares by FY2029 is expected**
- Barring extraordinary circumstances, **aim for a consolidated dividend payout ratio of 50% to ensure stable dividends**

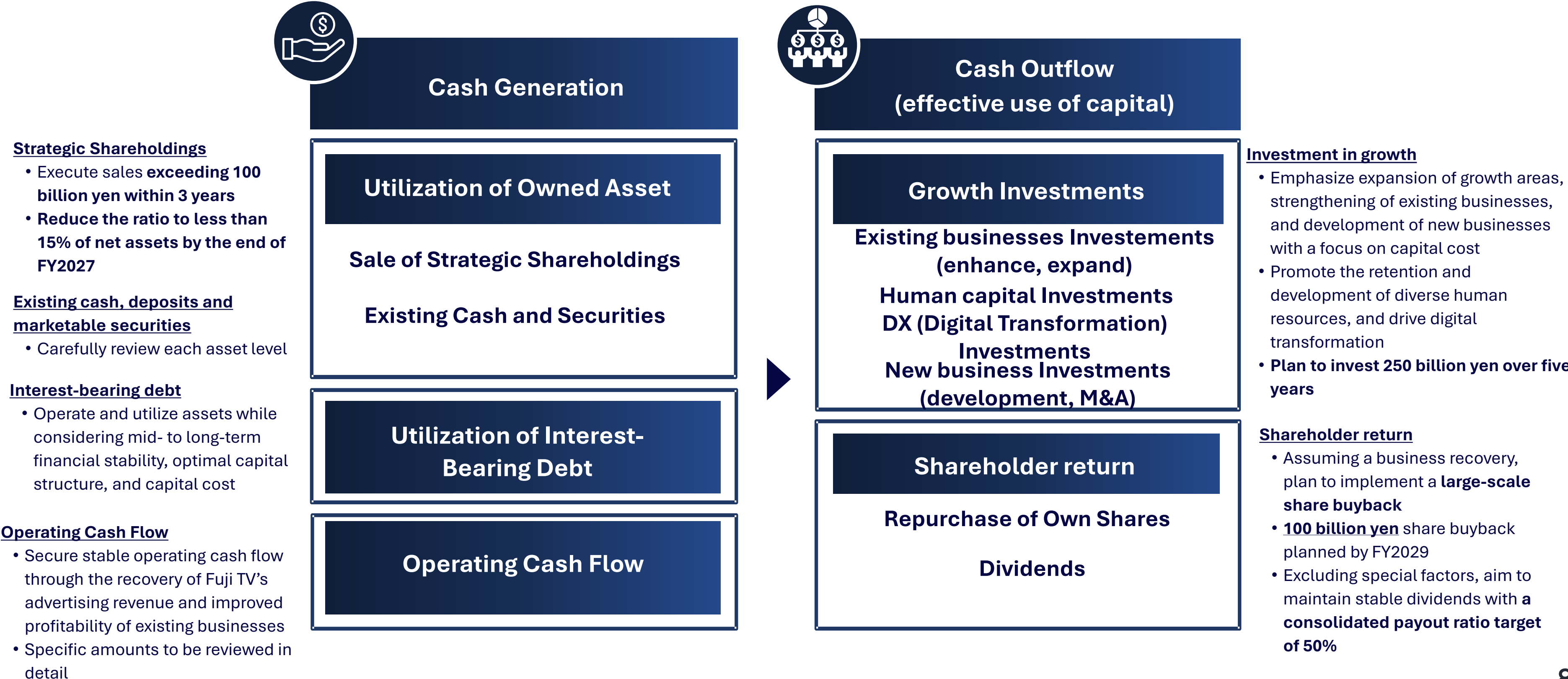


Through improved business performance and capital profitability, aim to achieve ROE of 8% or above

# 3. Reform Action Plan 3-3 (b) Approach to capital allocation

Promote growth investments and shareholder returns by reviewing and strategically utilizing the balance sheet

⇒ Aim to achieve ROE of 8% or higher and increase PBR





### 3. Reform Action Plan 3-4 Transition to governance-focused management

We will implement a highly independent and objective decision-making process for executive nominations, while also establishing a stronger group-wide risk management framework. Through these measures, we aim to further enhance our management oversight functions.



#### Establishment of Nomination and Compensation Committee with a majority of independent outside directors

- **Nomination and Compensation Committee, majority comprised of independent outside directors, to be established in June (planned) to ensure transparency in executive nomination process and compensation system**
  - ✓ Will be responsible for deliberating on director candidates and making recommendations to the Board, as well as formulating the succession plan
  - ✓ Executive compensation will be linked to management targets such as the engagement score to clarify accountability for organizational transformation, while increasing the proportion of stock-based compensation
- Amend the Articles of Incorporation to allow the **Chairperson of the Board to be an independent outside director**



To further enhance governance effectiveness, **will consider transitioning to a “Company with a Nominating Committee, etc.” structure in June 2026**

### 3. Reform Action Plan 3-4 Transition to governance-focused management



#### Succession Planning (Leadership Development)

- **To ensure a fair and transparent successor selection process, will initiate the formulation of a succession plan by June**
  - ✓ Develop next-generation management talent in a long-term and systematic manner to ensure business continuity and sustainable growth, cultivating leaders who can adapt to an evolving business environment and management risks
  - ✓ Aim to maintain and strengthen organizational competitiveness by developing a structured talent development program that fosters diverse skills and experiences. The formulation and management of this plan will be overseen by the Nomination and Compensation Committee



#### Introduction of Regulations on Executive Retirement Age and Term of Office

- **Introduced retirement age for full-time executives and term limits for outside directors in April**

- **Will eliminate senior advisor\* and advisor roles in June**
  - ✓ Establish a system to prevent the long-term concentration of authority in specific individuals

\*Premised on amendment of Articles of Incorporation at Ordinary General Meeting of Shareholders in June



#### Establishment of Risk Policy Committee

- **Transition from the Management Reform Subcommittee to establish the Risk Policy Committee, composed of independent outside directors and external experts**
  - ✓ Will oversee key risks, including human rights risks, across the group organization
  - ✓ Strengthen the board's check and oversight functions over management by objectively identifying, assessing, and formulating policies for risks



## 4. Going Forward

We are fully committed, as an integrated group, to driving forward the "Reform Action Plan" announced today in a steady and decisive manner. As part of our responsibility to society and our stakeholders, we will ensure thorough management transparency by proactively and promptly disclosing the progress of our initiatives.

Looking ahead, we will carefully monitor changes in our business environment and performance, including the recovery of advertising revenue at Fuji Television. We will flexibly update the "Reform Action Plan" as necessary and advance it to a more comprehensive and effective next "Medium-Term Group Vision." Once preparations are complete, we will announce the details and address them swiftly across the group.

In our next "Medium-Term Group Vision," we will further accelerate transformation and bold challenges to achieve an early performance recovery and sustainable growth, with the goal of maximizing our medium- to long-term corporate value.