

Initiatives to Strengthen Governance and Enhance Corporate Value, and Opinion of the Board of Directors on Director Candidates (Additional Explanatory Materials 2)

June 18, 2025



About this document

This document was prepared to provide additional information, following up on that released May 28, 2025, regarding the opinion of our Board of Directors announced May 16, 2025, based on subsequent public statements by the proposing shareholder and those in news reports, and on questions, etc. we have received in discussions with our stakeholders.

For other materials relevant to this document that have been made public to date, please refer to the special website (currently in Japanese only), or to the following sources.

Special website

Please see the special website giving details on our initiatives related to this document, including materials that have been made public to date.

[Go here](https://www.fujimediahd.co.jp/en/reform/) (<https://www.fujimediahd.co.jp/en/reform/>) or scan the QR code on the right.



Initiatives to strengthen governance and enhance corporate value, and opinion of the Board of Directors on director candidates

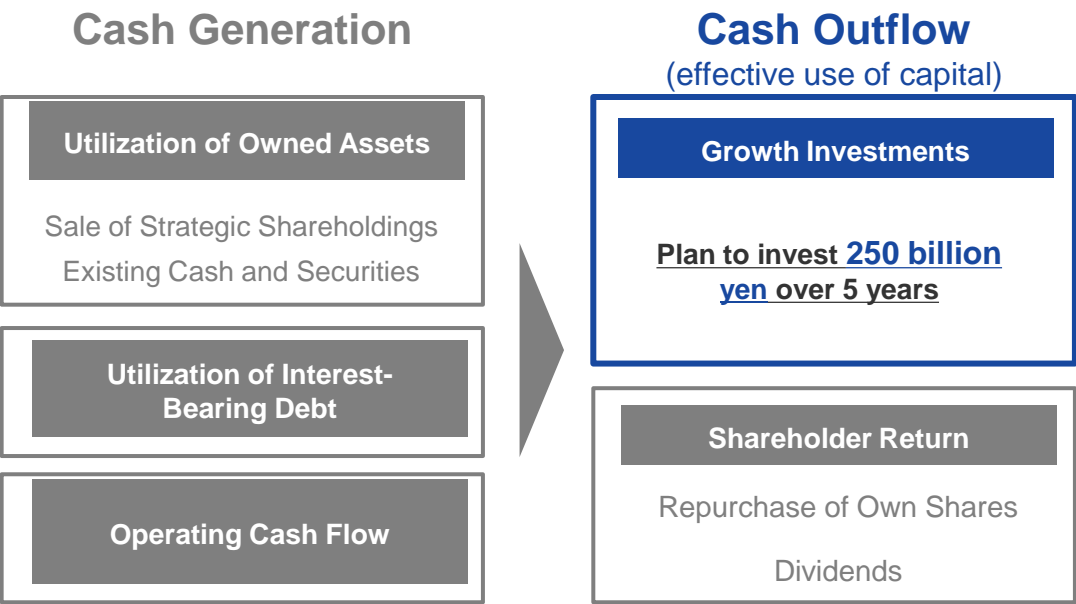
- [“Notice Regarding the Opinion of the Board of Directors on Shareholder Proposal”](#) (released May 16, 2025)
- [“Initiatives to Strengthen Governance and Enhance Corporate Value, and the Opinion of the Board of Directors on Director Candidates”](#) (released May 16)
- [“Capital Allocation Policy \(Summary\)”](#) (released May 16)
- [“Notice Regarding Withdrawal of ‘Medium-Term Group Vision 2023’ Targets and Formulation of ‘Reform Action Plan’”](#) (released May 16)
- [“Reform Action Plan”](#) (released May 16)
- [“Initiatives to Strengthen Governance and Enhance Corporate Value, and Opinion of the Board of Directors on Director Candidates \(Additional Explanatory Materials\)”](#) (released May 28)
- [“Regarding the Recommendation Report by Institutional Shareholder Services Inc. \(ISS\) on the Proposals for the 84th Ordinary General Meeting of Shareholders”](#) (released June 10)
- **New:** [“Initiatives to Strengthen Governance and Enhance Corporate Value, and Opinion of the Board of Directors on Director Candidates \(Additional Explanatory Materials 2\)”](#) **(this document)**

Questionnaire on “Capital Allocation Policy”

1. Growth investment

- We have received questions from many shareholders regarding details of the planned growth investment of 250 billion yen described in the “Capital Allocation Policy” announced May 16.
- We plan to invest over half of the 250 billion yen in media and content business. This investment will be concentrated especially on IP and content-related spending, with an eye on a broad range of areas from upstream to downstream for each IP, going well beyond our initiatives to date, aiming at maximizing profit.
- Investments in urban development and tourism sectors are indicated as net amount from new capital expenditures and return on investment from sale of assets.

Overview of capital allocation



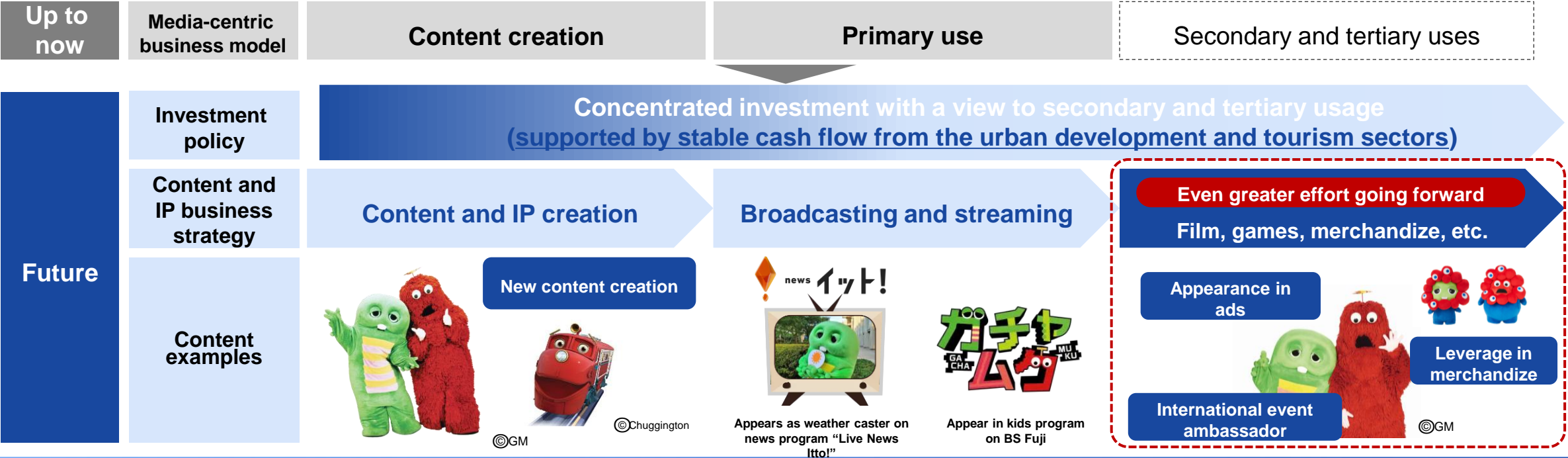
Growth investment details and gross investment amount



**Growth strategy toward becoming a true
“content company”**

2. Investment in media and content business (content and IP business strategy)

- The media and content business is seen as centering around content and IP production, but investment will be carried out not only for use in broadcasting and streaming but assuming from the planning stage various usages including film, games, theater, and merchandize.
- While it is likely to take time before the investment contributes to profits, large profits can be expected when a work becomes a hit. Stable cash flow from the urban development and tourism sectors will be important until strong IP is accumulated.
- Toward raising corporate value in the medium to long term, we plan to consider the roles of the urban development and tourism sectors while compiling content and IP assets and proceeding with profit structure reform.



2. Investment in media and content business (streaming and global)

- **Content sales by Fuji TV for streaming platforms**

Increasing the types of content for sale has led to growth in digital business revenue and revenue from worldwide program sales. Until recently, sales centered on film and anime. Starting with TV dramas in the 2024 summer quarter (July to September), however, from the rich array of content, a careful selection was made of new and old content, such as drama and variety shows, suitable for global markets, and streaming began to 190 countries and regions worldwide. Work was started also on planning and producing original content, considering also delivering content to global markets and thereby opening new markets beyond terrestrial broadcasting.

For reference: “Global streaming of Fuji TV products on Netflix” (June 28, 2024) (in Japanese) <https://www.fujimediahd.co.jp/pdf/8r0p6jd8hRU1ozcc.pdf>

- **FOD**

The number of paying members is steadily growing.

After exceeding 1 million in November 2022, around 1 year and 9 months later in August 2024, the number increased by 500,000 to 1.5 million, and has continued on a growth path since then. During these approximately three years, five Fuji TV major hit dramas per month are being newly added for streaming, as the archived content is being effectively leveraged and attracting a wide range of new members, especially female viewers. Contributing to the success are the popularity of FOD original variety shows and live streaming of programs like the summer “Mezamashi Live.”

For reference: “FOD paying members exceed 1.5 million! Grew by 500,000 in 1 year and 9 months!” (Sept. 2, 2024) (in Japanese) <https://www.fujimediahd.co.jp/pdf/6qs7uTL7lY9jeY5p.pdf>

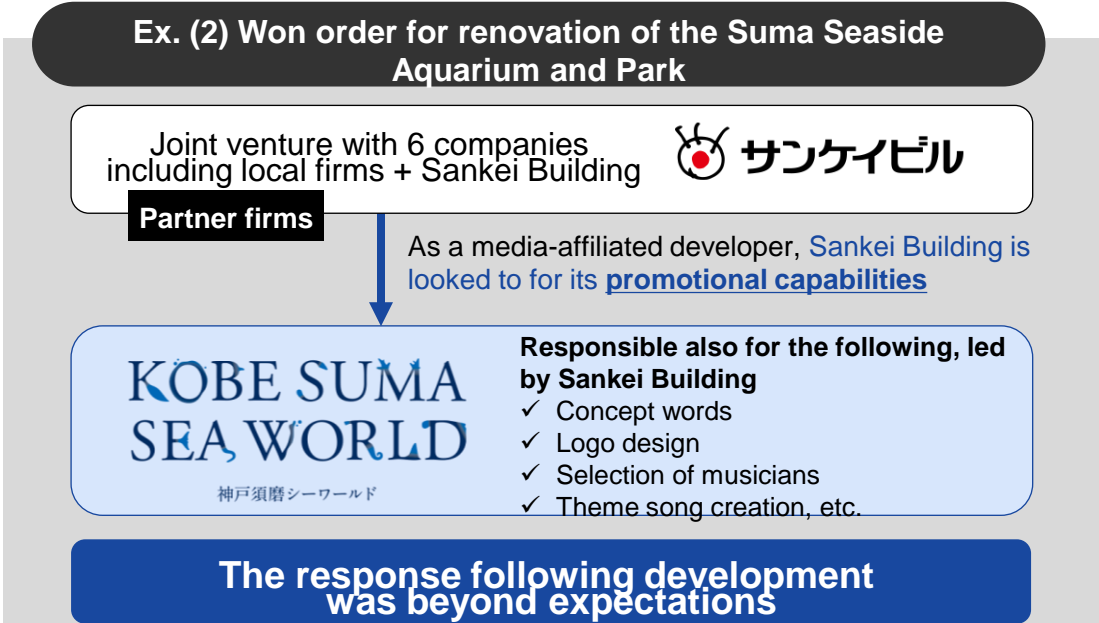
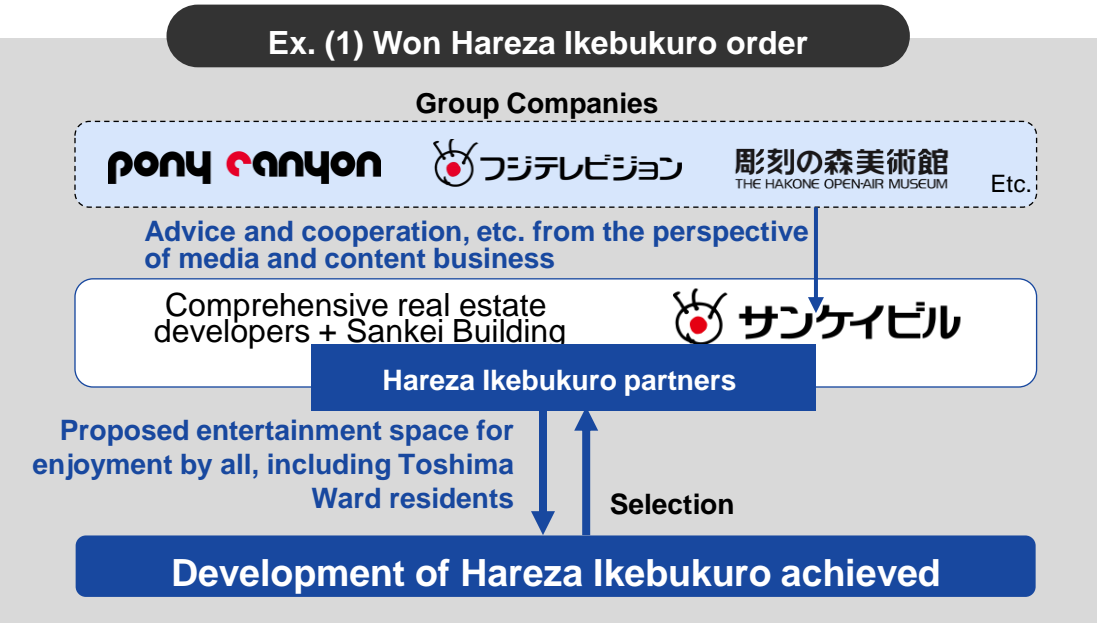
- **Global Expansion**

Fuji TV has been actively promoting overseas sales of its programs, remake rights, and format rights. In recent years, it has also been promoting collaboration with various overseas entertainment companies, among them Skybound Entertainment (USA), Bilibili (China), Kakao Entertainment (South Korea), and GMM Studios (Thailand), having clearly laid out a global strategy.

3. Investment in urban development and tourism sectors

- The urban development and tourism sectors have continued to grow since being made part of the corporate Group. Winning orders for large-scale development projects, for example, with live entertainment tied to media and content business as added value, we are demonstrating our advantage as the one and only media-related real estate developer.
- The future-oriented live theatre harevutai, in Hareza Ikebukuro, is operated by Pony Canyon Inc. in our media and content business segment; while the planning and operation of Kobe Suma Sea World is something that could only be done by a group like ours engaging in both “Media and Content” and “Urban development and Tourism” business segments.

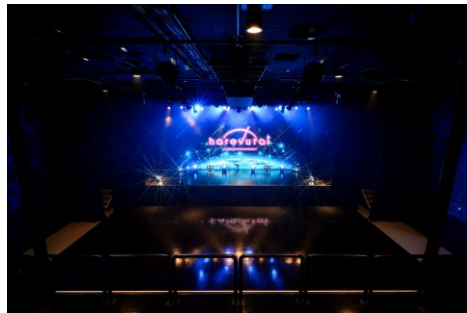
The urban development and tourism sectors are tying up with media and content business to demonstrate “one-and-only” strength



For Reference: Project Details

Ex. (1) Hareza Ikebukuro

- Working with Hareza Ikebukuro project partners including Sankei Building, proposed entertainment space for enjoyment by all, from professional artists to ordinary local residents.
- The planning and operation of harevutai, one of the Hareza Ikebukuro stages, are done in collaboration with FMH Group firm Pony Canyon. Group firms cooperated on the opening event, which was a great success.



Hareza Ikebukuro

See [here](#) for more details about Hareza Ikebukuro.

- The former site of government offices and Toshima Kokaido was redeveloped in a project symbolizing the “international and art culture urban concept,” taking advantage of the qualities of Ikebukuro as the site of a subculture drawing worldwide attention, while building an urban place that is both fascinating and can be enjoyed in safety and peace of mind.
- What’s more, Hareza Ikebukuro is part of a public-private partnership project encompassing cultural facilities including the adjoining Civic Center and Naka-ikebukuro Park and nearby roads, which Toshima Ward and The Sankei Building Co., Ltd., are aiming to complete all at the same time.

Ex. (2) Won order for renovation of the Suma Seaside Aquarium and Park

- The response to Kobe Suma Sea World following development was beyond expectations
- Especially notable were the strong sales of annual passports for Kobe Suma Sea World, evidence of the desire by local residents to enjoy not just the park but the facilities as a whole.
- By May 4, 2025, 11 months after opening, the number of visitors had reached two million.



Suma Seaside Park and Kobe Suma Sea World

See [here](#) for more details about Kobe Suma Sea World.

Watch a promotional video [here](#).

● Kobe Suma Sea World

An “Edutainment” aquarium connecting learning and play, where the only orca performance in Western Japan can be enjoyed.

● Kobe Suma Sea World Hotel

With “A vacation dreaming of the sea” as theme, a hotel that values experiences. Offering ocean views in every room, there are also premium rooms adjoining the aquarium.

● Suma Seaside Park

A park with the Sea World and Sea World Hotel, as well as shops and restaurants, sports and leisure facilities, and open space.

Frequently Asked Questions (FAQ)

(Note: On the following pages, questions marked as **New** and the parts of answers in **blue** have been newly added since the version made public on May 28.)

Q Besides the Reform Action Plan, I believe various other initiatives have been announced in the past. What new initiatives are now going to be taken, and what is the role of the new Reform Action Plan?

- A**
- Since the establishment in Fuji Television of a Revitalization and Reform Project Headquarters in February 2025, we have announced and are implementing specific enhancement measures for strengthening the governance framework and the response to human rights and compliance issues, toward the revitalization and reform of Fuji TV.
 - We have also established the “Group Human Rights Committee” and Fuji TV “Sustainability Management Committee,” creating a structure for ensuring the steady implementation of these reforms. For each of these, we invite outside experts and devise means to ensure the activities can continue to be viewed objectively.
 - The Reform Action Plan, formulated against the backdrop of these initiatives, is intended to serve as our management guideline in advance of the release of the next Medium-Term Group Vision.

Q The proposing shareholder has called for spinning off your real estate holdings. What is your thinking on this proposal?

- A**
- The urban development and tourism sectors have continued to grow since being made part of the corporate Group.
 - Winning orders for large-scale development projects, for example, with live entertainment tied to media and content business as added value, we are demonstrating our advantage as the one and only media-related real estate developer.
 - We do not consider simply spinning off these businesses to be optimal.
 - In addition, seeing media and content business as centering around content and IP production, we are considering concentrated investment not only for use in broadcasting and streaming but assuming various usages including film, games, theater, and merchandize.
 - While it is likely to take time before the investment contributes to profits, large profits can be expected when a work becomes a hit. Given this bold and resolute change in approach, stable cash flow from the urban development and tourism sectors will be important until strong IP is accumulated.
 - Toward raising corporate value in the medium to long term, we plan to consider the roles of the urban development and tourism sectors while compiling content and IP assets and proceeding with profit structure reform.

Q New What are the details of the 250 billion yen in growth investment over 5 years?

- A**
- We are considering investing over half of the 250 billion yen in media and content business.
 - This investment will be concentrated especially on IP and content-related spending, with an eye on a broad range of areas from upstream to downstream for each IP, going well beyond our initiatives to date, aimed at maximizing profit.
 - Note that investments in urban development and tourism sectors are indicated as net amount from new capital expenditures and return on investment from sale of assets.

Q About reducing strategic shareholdings of 100 billion yen.

- A**
- Aimed at raising our capital profitability and optimization of asset allocation, we divested approximately 77 billion yen over the past seven years and 19.2 billion yen in April 2025, as we are steadily reducing our strategic shareholdings.
 - We plan to divest 100 billion yen in the next three years, reducing the amount to less than 15% of net assets by the end of FY2027, to be followed by further reductions.

Q About ROE 8%.

- A**
- By reviewing asset allocation and making strategic use of capital, we will invest in growth and expand the return to shareholders.
 - Through the resulting improvement in business performance and capital profitability, we will aim to achieve ROE of 8% or above.

Q What is the timing for deepening to the next Medium-Term Group Vision?

- A**
- After a certain level of business recovery has been confirmed, we would like to present a medium-term management policy as soon as possible.

Q New How did you find the candidates? Is there no problem regarding their independence?

- A**
- In selecting candidates, we listened to the views of a wide range of stakeholders and received recommendations. This involved asking various institutional investors, diverse organizations, and advertising sponsors about what they saw as necessary regarding our company's governance, and compiling a list of the persons whose names came up in the process.
 - After deliberation in the Management Advisory Committee and Management Reform Subcommittee as to which of the candidates could best carry out our Reform Action Plan, the final decision was made by the Board of Directors.
 - As can be seen also from their career background, each of the candidates is very highly independent.

Q New What points were given prime consideration in selecting candidates?

- A**
- In the case of internal directors, previously there was an emphasis on those with experience in our core subsidiary Fuji TV. This time, however, from the standpoint of wanting to strengthen oversight functions and to reform governance in response to the compliance problem, the emphasis was on people with experience and knowledge in the corporate field. These were further narrowed down to those with management experience in other companies or those with a wealth of experience supporting management over a long period of time.
 - As for outside directors, candidates with knowledge in many different areas were selected with an emphasis on strengthening overall Group oversight. From the standpoint of strengthening oversight of the urban development and tourism sectors, those with experience in these areas were added. With the aim of solving the problem of low profit margins up to now in the media and content businesses, people were also selected from outside the Company with new perspectives and with a strict management focus based on diverse management experience. Besides corporate management, emphasis was placed on such areas as human rights, sustainability, personnel and human resource development, as well as on aptitude for new areas such as digital, AI, and global.
 - In such ways, people with a good balance of skills necessary for carrying out the Reform Action Plan were chosen, while aiming for an overall Board of Directors makeup unbiased toward either inside or outside the Company.

Q **New** Do the new internal director candidates have any relation to the compliance problem?

A ● An investigation was conducted by third-party attorneys, confirming that the internal director candidates have no direct or indirect involvement in the compliance problem.

Q **New** What points were given prime consideration in selecting candidates?

A ● There is no truth whatsoever to implications that the thinking of Mr. Hieda or any other specific person is reflected in the consideration of director candidates or in deciding our future management policy, such as the Reform Action Plan.

● Director candidates, in accordance with a process conforming to the Corporate Governance Code and in light of the skill matrix considered necessary by the Board of Directors, were selected after consideration by all independent outside directors and deliberation by the Board of Directors.

● Regarding the Reform Action Plan that is our new management policy, as well, starting in January 2025, we have actively provided opportunities for dialogue with a total of 66 institutional investors and shareholders, making use of their views in our management while at the same time sincerely explaining our Company's situation and plans going forward; and through these interactions with stakeholders, the Plan was drawn up in the Board of Directors endeavoring to reflect these various views.

● As an objective fact, Mr. Hieda has already stepped down as a Fuji TV director and his resignation from FMH has also been decided, while we move ahead with governance reform. Moreover, as we have noted earlier in a press conference, there has been no prior consultation whatsoever. From an objective standpoint, claiming that there is some kind of influence is plainly wrong.

Q The proposing shareholder says “We had no discussions with the company.” Is that true?

- A**
- Since the shareholder proposal was submitted, we have held sincere dialogue with the proposing shareholder many times, including more than 60 exchanges via emails, telephone calls, and offline/online meetings.
 - For details of our interactions to date with the proposing shareholder, please see page 2 of “[Initiatives to Strengthen Governance and Enhance Corporate Value, and Opinion of the Board of Directors on Director Candidates \(Additional Explanatory Materials\)](#)” (released May 28).

Q The proposing shareholder also claims, “It does not appear that our candidates were even given serious consideration.” By what process were they considered?

- A**
- The nomination of directors took place through a nomination process in accordance with the Corporate Governance Code.
 - Except for a few who did not take part, most of the candidates participated in individual interviews with our current directors (both internal and external). Through a process of review and recommendations by the Management Advisory Committee, made up of three independent outside directors and two internal directors, and further discussions by all independent outside directors, they underwent serious consideration in the Board of Directors.
 - When selecting director candidates, every candidate in both the company proposal and shareholder proposal was given equal, careful, and sincere consideration in accordance with our nomination process.
 - Moreover, the proposal submitted by the shareholder dated April 16 had multiple problems from a legal standpoint; but as described on page 2 of “[Initiatives to Strengthen Governance and Enhance Corporate Value, and Opinion of the Board of Directors on Director Candidates \(Additional Explanatory Materials\)](#)” (released May 28), after changes, etc. were made in dialogue with the Company, we accepted it as a lawful shareholder proposal and are planning to submit it to the Annual General Meeting of Shareholders in June.

Q Response to those who have raised doubts about the propriety of the decision to oppose the shareholder proposal being made by a Board of Directors consisting mostly of members soon to resign.

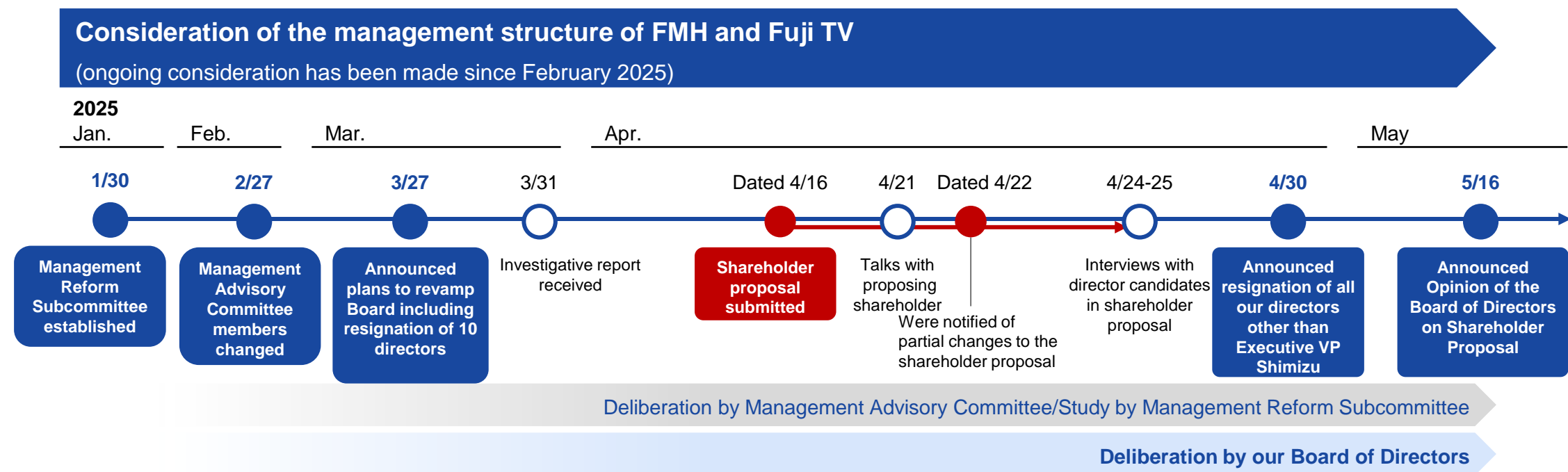
- A**
- Our current directors (both internal and external) conducted individual interviews with the candidates in the shareholder proposal (except for a few who refused). Then, through a process of review and recommendations by the Management Advisory Committee, made up of three independent outside directors and two internal directors, and further discussions by all independent outside directors, they underwent serious consideration in the Board of Directors before the resolution was made.
 - When selecting director candidates, every candidate in both the company proposal and shareholder proposal was given equal, careful, and sincere consideration in accordance with our nomination process.
 - Note that the Board of Directors is in a position whereby it must give sincere consideration to a shareholder proposal when one is received. Under the Companies Act, it is therefore necessary, when the Board of Directors has an opinion on a shareholder proposal, to include that opinion in reference materials of the General Meeting of Shareholders.

Q New The proposing shareholder has said it is necessary to create an “all-star team.” What are your thoughts on this?

- A**
- What we gave serious consideration to regarding the Board of Directors was how effectively it would function as a Board overall, carrying out the Reform Action Plan as an optimally balanced team, and whether it would make appropriate management decisions and perform management oversight.
 - We have determined that the 11-member Board of Directors composition in the Company proposal is optimal for steadily executing and achieving the four key policy measures indicated in the Reform Action Plan, namely, Human Capital-Driven Management, Proactive Business Transformation, Capital Optimization for Medium-to-Long-Term Value Creation, and Transition to Governance-Focused Management.

For reference: Director candidates selection process and timeline, etc.

- Responding to the issue at Fuji TV, from around February 2025 we have been moving forward with studies of a senior management reshuffle in the Company and Fuji TV, and on March 27 announced major changes to the officer makeup. Toward further reforms, after selecting new candidates for internal and independent outside directors, on April 30 we announced that all directors other than Executive Vice President Shimizu would resign as directors at the Annual General Meeting of Shareholders in June.
- During this time, we received a written proposal on director nominations from the proposing shareholder, after which every candidate in both the company proposal and shareholder proposal was given equal, careful, and sincere consideration in accordance with our nomination process. Then on May 16, we announced the Company’s director candidates.



Disclaimer

- This document does not solicit proxy voting or the exercise of voting rights by shareholders, either by the Company or by any third party, in relation to the agenda items at the Company's Annual General Meeting.
- Any information contained herein other than that originating from the Company has been prepared based on information that is publicly available. However, the Company does not guarantee the accuracy, reliability, or completeness of such information, and assumes no liability for any decisions made based on it.
- This document also contains forward-looking statements based on the Company's current plans, estimates, outlook, and projections regarding its business and industry trends. These forward-looking statements are subject to various risks and uncertainties.
- Forward-looking statements and projections contained in this document are based on information currently available to the Company and on certain assumptions deemed reasonable. They are not intended as a guarantee of future performance or results by the Company. Please note that actual results may differ significantly due to various factors.

