

Board of Directors

Fuji Media Holdings, Inc.

3rd February 2025

Dear Sirs,

Request for Implementation of Governance Reforms to Restore Trust

We would like to thank you for establishing a third-party committee following the guidelines of the Japan Federation of Bar Associations on 23rd January 2025, as we requested in our letter to you dated 21st January. In addition, we appreciate that you held another press conference in front of all the mass media on 27th January.

Immediately prior to the press conference of 27th January, Koichi Minato, President of Fuji Television Network, Inc. ("Fuji TV"), and Shuji Kano, Chairman of Fuji Media Holdings, Inc. ("FMH" or "the Company"), resigned, and Kenji Shimizu, Executive Vice President of FMH, was appointed as President of Fuji TV. Very disappointingly, Hisashi Hieda, Director and Executive Managing Advisor of Fuji TV and Director and Executive Managing Advisor of FMH, who is also the representative of the Fuji Sankei Group, did not attend this important press conference. On 28th January, Ryunosuke Endo, Vice Chairman of Fuji TV, also announced his resignation following the announcement of the results of the investigation by the third-party committee.

However well-intentioned, these departures alone will not bring back the sponsors. So, how can Fuji TV regain the trust of its sponsors, and, even more important, viewers? The answer is obvious.

First, and most importantly, Hisashi Hieda must resign as a Director of both FMH and Fuji TV. We have long argued that FMH, despite being a Prime Market listed company, has fundamental flaws in its governance. Hisashi Hieda retains absolute control and influence over the Board of FMH and Fuji TV. With the present scandal, it has become clear to everyone, especially the public, that the governance of both FMH and Fuji TV is completely dysfunctional.

FMH is a certified broadcasting holding company under the Broadcast Act. It is a vast enterprise, with 25 core broadcasting companies under its umbrella, including Fuji TV. The governing Principle of Excluding Multiple Ownership of the Media is designed to prevent a small number of specific people from controlling multiple broadcasters, so why has a single dictator been allowed to control this vast broadcasting group for nearly 40 years? It beggars belief!

This scandal has exposed the abnormal governance and management structures of FMH not only to the Japanese people, but also to the world at large. Unless these structures are overhauled and reformed immediately, sponsors and collaborators will not return.

At the FMH Board meeting on 30th January, a Management Reform Committee made up exclusively of outside directors was established. We called for and heartily welcome this development. The responsibility of these outside directors cannot be exaggerated. If they do not demand the resignation of Hisashi Hieda and all the other directors appointed by him, thus failing to reform the management structure, they will also be culpable for the damage to FMH's shareholder value.

Second, in order to prevent the re-emergence of a similar dictator figure in the future, FMH must change its governance structure to comply with modern best practice. The Board as a whole must have a majority of independent directors. (Former Company employees who have retired cannot be considered independent if they are elected to the Board.) The Board of FMH should immediately change to the governance form of "Company with Nomination Committee etc." and establish a Nomination Committee, an Audit Committee and a Compensation Committee. Independent directors must comprise a majority on each Committee, and those Directors owe a duty of care to the shareholders.

FMH is in a severe crisis, and the Board must respond quickly and vigorously. It must reform the Company's governance structure, and the independent directors must assert their control as stewards of the assets with a fiduciary duty owed to the shareholders. The directors must not wait for the report of the third-party committee, currently only expected to arrive at the end of March. They must act now before any additional financial damage is done through the loss of sponsorship. For the FMH Board, regaining trust is a top priority. Any further damage to the value of the FMH Group is something that we cannot accept as major shareholders.

Finally, there are four important stakeholders the FMH Board must listen to. First, are the Fuji TV employees. We are encouraged to see that the Fuji TV employees are willing to have their voices heard through the labour union. They are demanding change. We want them heard. Second, are the shareholders. The shareholders are demanding an overhaul of the Company's governance structure. Hisashi Hidea must go. Third, are the sponsors. Finally, it is the viewers who are also demanding change.

We are sending you this letter as we take our responsibility as shareholders, in other words as owners of the Company, very seriously. We urge the FMH Board to listen to the voice of the stakeholders, which should not be ignored for the sake of one dictator. If the voices are not heard, the impact to Japanese society will be significant.

Inaction proves management is hopelessly insular. We may be forced to wonder whether FMH is really the best owner for Fuji TV. In our view, if a new owner can promote functional corporate governance, and manage Fuji TV in the best interest of all the stakeholders, there is plenty of talent within Fuji TV to grow the business again.

We are not the only ones watching, now it seems everybody is.

For the avoidance of doubt, I can confirm that we will be publishing this letter as before.

Yours sincerely,



Paul ffolkes Davis
Chairman
Rising Sun Management Ltd.