

Presentation

Moderator: Now, we will hold the financial results briefing of Asahi Broadcasting Group Holdings Corporation for the fiscal year ended March 2020.

Now, Mr. Okinaka, President of Asahi Broadcasting Group Holdings, and Mr. Yamamoto, Vice President of Asahi Broadcasting Group Holdings in charge of Broadcasting Business and President of Asahi Television Broadcasting Corporation, will give explanations.

First, Mr. Okinaka will explain the performance of the entire Group.

Consolidated Results



(Millions of yen)

	19/3	20/3	YoY	% Change	
Net Sales	81,986	82,937	950	1.2%	
Operating Expenses	77,723	79,548	1,825	2.3%	
Break down	Cost of Sales	53,463	54,959	1,496	2.8%
	Selling, General and Administrative Expenses	24,260	24,588	328	1.4%
Operating Income	4,262	3,388	-874	-20.5%	
Ordinary Income	4,591	3,633	-958	-20.9%	
Profit Attributable to Owners of Parent	3,742	2,278	-1,464*	-39.1%*	

* Major decrease was due to tax effect accounting associated with change to holding company structure in FY2018 (19/3)

Despite increased revenues due to the impact of newly consolidated businesses and firm time revenue and content-related revenue, weakness in highly profitable spot revenue and net losses among newly consolidated businesses resulted in lower profits

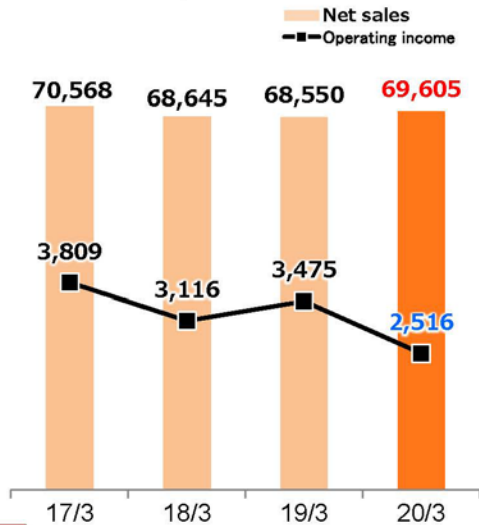
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Okinaka: I'm Okinaka, President. Thank you very much for participating in today's meeting. We could not hold a face-to-face meeting today, but I hope to see you again.

Page three shows our performance for the fiscal year ended March 2020. Consolidated net sales were JPY82.937 billion, a YoY increase of JPY950 million. Operating income was JPY3.388 billion, down JPY874 million. Profit attributable to owners of parent was JPY2.278 billion. Sales increased, but profit decreased.

Segment Information

Broadcasting Business



Point

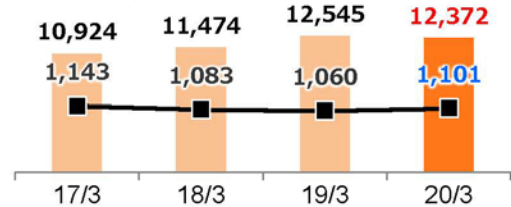
Net sales / Operating income : Higher revenue and lower profits

Strong performance in time revenue resulted in firm content-related revenue. Newly consolidated companies also contributed to revenue increase. Weakness in spot revenue and net losses among newly consolidated companies resulted in lower profits.

(Note) Figures reflect consolidation adjustments

Housing Business

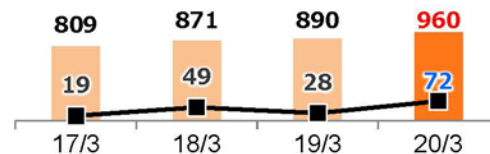
(Millions of yen)



Net sales / Operating income : Lower revenue, higher profits

Closures of certain housing exhibitions due to the conclusion of lease contracts drove revenues down; however, profits were essentially level, as the closed housing exhibitions were experiencing declining profits

Golf Business



Net sales / Operating income : Higher revenue and profits

New member recruitment beginning in July had a positive impact. Although visitor numbers were strong through February, the impact of the spread of COVID-19 in March had a negative impact driving performance slightly lower for the fiscal year.

Adjustments	FY2018	FY2019
Operating Income	-301	-301

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Page four shows segment information. In the broadcasting business on the left, TV time revenue (revenue from program CM) and content-related revenue were solid, and the new consolidation also contributed to the sales increase. On the other hand, TV spot revenue was sluggish, resulting in a decline in profit.

In the housing business, shown on the right, sales decreased, and profit increased. Although sales declined due to the closure of some housing exhibitions, profitability at those exhibitions was low, so profitability improved, and profit increased.

In the golf club business, both sales and profit increased. The recruitment of new memberships made a significant contribution. The number of visitors, however, increased from the previous year until February but decreased significantly in March due to the spread of COVID-19 infections. As a result, unfortunately, the number of visitors decreased from the previous year. I have outlined our consolidated financial results.

We put off the performance forecast for the year ending March 2021 because the impacts of COVID-19 are not yet clear, and it is difficult to forecast the results. We would like to announce it when the impact can be predicted, so I would appreciate your cooperation.

Results of ABC TV



(Millions of yen)

	19/3	20/3	YoY	% Change
Net Sales	58,947	57,605	-1,342	-2.3%
Operating Expenses	57,173	56,203	-969	-1.7%
Operating Income	1,774	1,401	-372	-21.0%
Ordinary Income	1,807	1,452	-354	-19.6%
Profit	1,933	834	-1,099*	-56.9%*

Point

* Major decrease was due to tax effect accounting associated with change to holding company structure in FY2018 (19/3)

The scope of the decrease in spot revenue was considerable, resulting in lower revenue and profit

Despite strong performance in time revenue, the spot advertising market in the Kansai Region was sharply lower, and spot revenue decreases resulted in lower revenue and profit.

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Yamamoto: I will explain the broadcasting business.

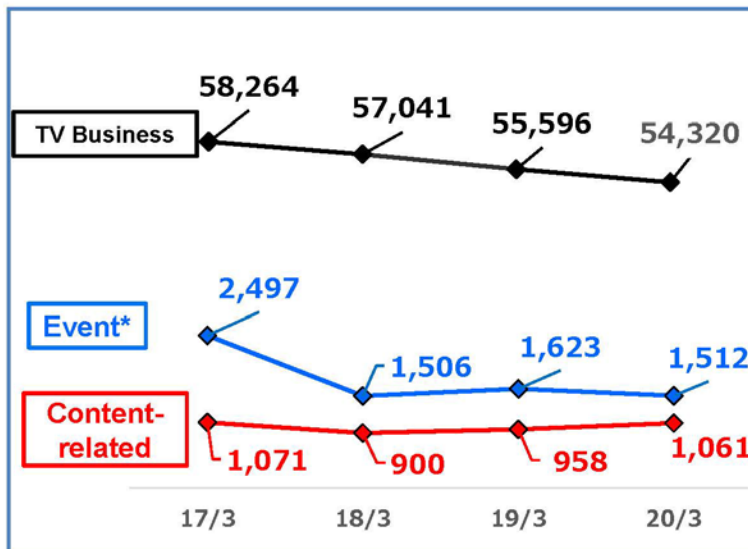
First, page six shows non-consolidated results for Asahi Television Broadcasting. Net sales were JPY57.605 billion, down 2.3% YoY. Operating profit was JPY1.401 billion, down 21% YoY. Unfortunately, both sales and profit declined.

As I will explain in more detail later, the extent of the decline in the spot revenue was large, not being offset by the strong performance of the network and local time revenue.

ABC TV (Former ABC) Revenue Growth



(Millions of yen)



Point

- ◆ **TV Business ↓ 2.3%**
*See P.8 for more
- ◆ **Event ↓ 6.8%**
-We postponed or cancelled events scheduled for March
- ◆ **Content-related ↑ 10.8%**
-Making *M-1 Grand Prix* and *Who is a real celebrity?* available online had a very positive reception
-Strong performance in the Virtual High School Baseball

*Event revenue before FY2017 includes radio-related events.

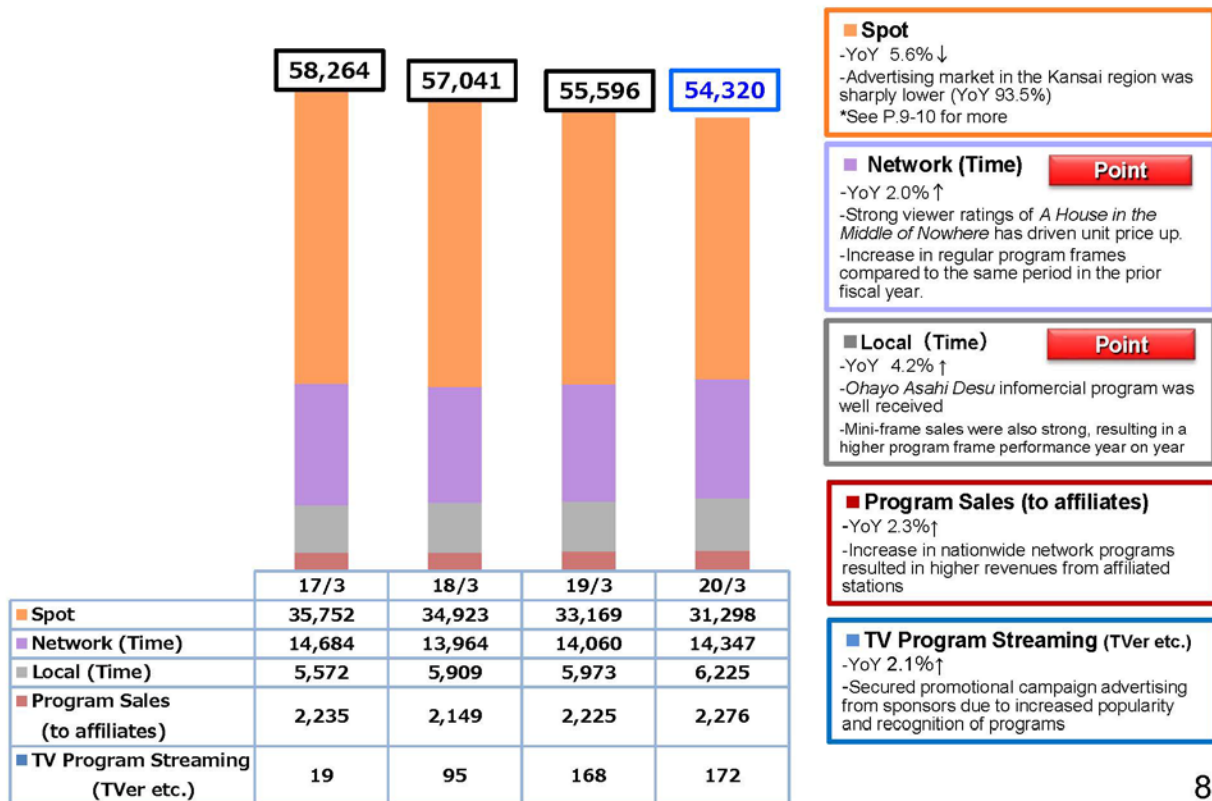
	17/3	18/3	19/3	20/3
Other	454	458	769	711

Page seven shows status of each business. TV business revenue decreased 2.3% YoY. Details of TV business revenue will be provided on page.

Revenue from events declined 6.8% YoY. The performances and the concerts scheduled in March were discontinued due to the COVID-19.

Content-related revenue rose 10.8% YoY, buoyed by the Internet delivery of large special programs during the year-end and New Year period and strong sales of virtual high school baseball games.

Details of TV Business Revenue



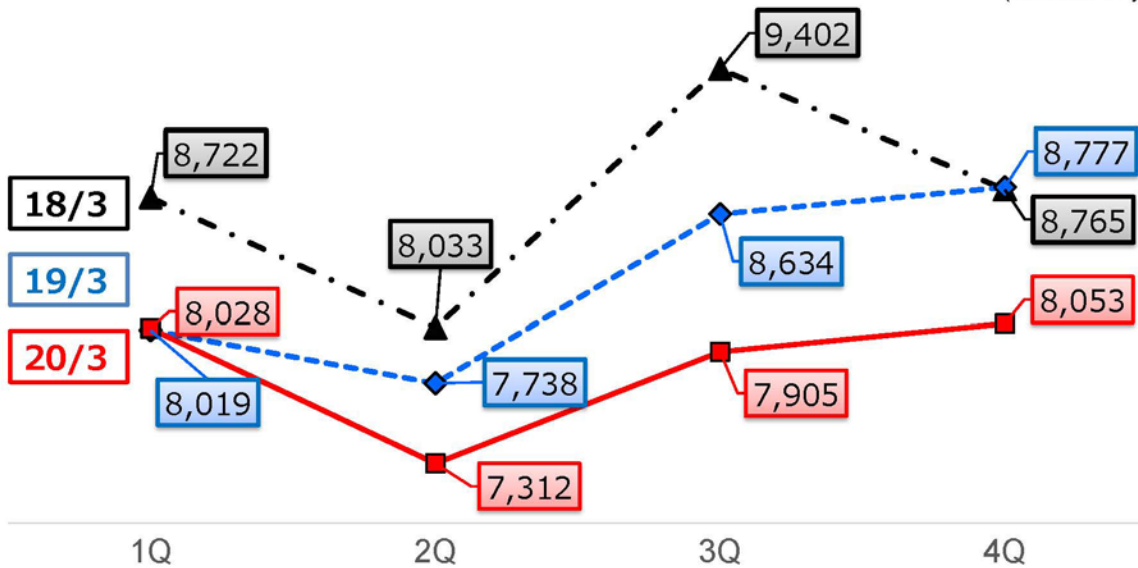
Then, the content of TV business revenue is shown on page eight. First, regarding spot revenue I mentioned earlier, regional shares in the Kansai region declined significantly by 6.5% due to the worsening of the nationwide spot market. While we increased our market share, spot revenue declined 5.6% YoY.

On the other hand, revenues other than spot revenue, such as time revenue, program sales, and TVer, saw an increase. In particular, time revenue increased because of the favorable viewing rate of, “A house in the middle of nowhere,” which was on the air nationwide. Local (time) and program sales were also strong, achieving a new record.

Spot Revenue of TV Business (Quarterly Growth)



(Millions of yen)



-In conjunction with recovering viewer ratings, we saw a recovery trend from Q4 of last year through Q1 of this year; however, in Q2 and later, we again underperformed year on year
 -The company's spot revenues concentrate toward the second half of the fiscal year; therefore, the decrease in sport advertising after the increase in consumption tax had a significant negative impact

Next, page nine shows quarterly trends in spot revenue. As you can see, our spot revenue is structurally very [Inaudible] in the second half of the year. As a result, since the consumption tax hike in the fall of last year, the worsening of the nationwide spot market directly hit the spot revenue in the second half of the year, resulting in a significant YoY decline in sales for the full year. Looking at the full FY2019, since April, revenue has not exceeded that of the previous year.

Spot Revenue of TV Business (By Top 20 Industries)

Industry	19/3		20/3	
	YoY	Composition rate	YoY	Composition rate
Transportation/Leisure/Restaurants & Fast Foods/Services	111.9%	11.2%	102.9%	12.2%
Foods	96.4%	10.0%	94.3%	10.0%
Information/Telecommunications	82.3%	9.4%	81.3%	8.1%
Pharmaceutical/Medical Products	96.1%	7.9%	95.4%	7.9%
Automobiles	92.6%	7.9%	86.9%	7.3%
Beverages/Liquors	98.7%	7.1%	95.0%	7.1%
Finance	109.1%	7.2%	86.3%	6.6%
Consumer Electronics/Computer	87.9%	5.1%	110.9%	6.0%
Cosmetics/Toiletries	85.3%	6.5%	78.8%	5.4%
Hobby (Movie/Game/Music etc.)	104.7%	6.0%	79.9%	5.1%
Housing/Real Estate/Construction	86.9%	4.1%	89.9%	3.9%
Government/Political Organization	98.1%	2.5%	122.8%	3.3%
Publishing	106.6%	2.6%	108.9%	3.0%
Fashion (Apparel/Jewelry etc.)	92.6%	2.8%	98.4%	3.0%
Energy/Machine/Material	83.1%	2.3%	101.3%	2.5%
Various Organizations (Law Office etc.)	87.6%	1.5%	126.1%	2.0%
Logistics services/Businesses/Events	85.7%	1.3%	128.7%	1.8%
Distribution	80.3%	1.4%	89.1%	1.7%
Mail Order Sales	80.3%	1.4%	108.3%	1.6%
Housewares	81.7%	1.4%	97.3%	1.4%
Other	73.0%	0.1%	300.6%	0.2%
Total		100.0%		100.0%

Although viewer ratings were strong and advertisements from advertisers in the Kansai Region local market were solid, the impact of the national decrease in spot advertising and commercial spot market decrease was significant.

As a trend in recent years, a decrease in the information and telecommunications, cosmetics and toiletries, and automobile industries has been prominent. → Given the web marketing trends, we are strengthening development plans incorporating targeted buying.

*Year-on-year comparisons

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Next, page 10 shows the situation of spot revenue by industry. There has been a decline in the industries that have supported TV advertising revenues, such as information and communications, cosmetics, and automobiles.

On the other hand, as the trend toward Web marketing has increased the need for targeted buying, I believe that we must make further efforts to meet the needs of our clients, such as viewing data.

To this end, we separated the Marketing Strategy Department and the Program Publicity Department from the General Programming Division and established Marketing Division in April.

In April, we implemented another major structural reform. Although there are no materials, we have set up a conference body called Business Strategy Committee, which consists of the General Programming Division, Sales Division, and the newly established Marketing Division. I chair this committee. We would like to promote the integration of content strategy and monetization strategy.

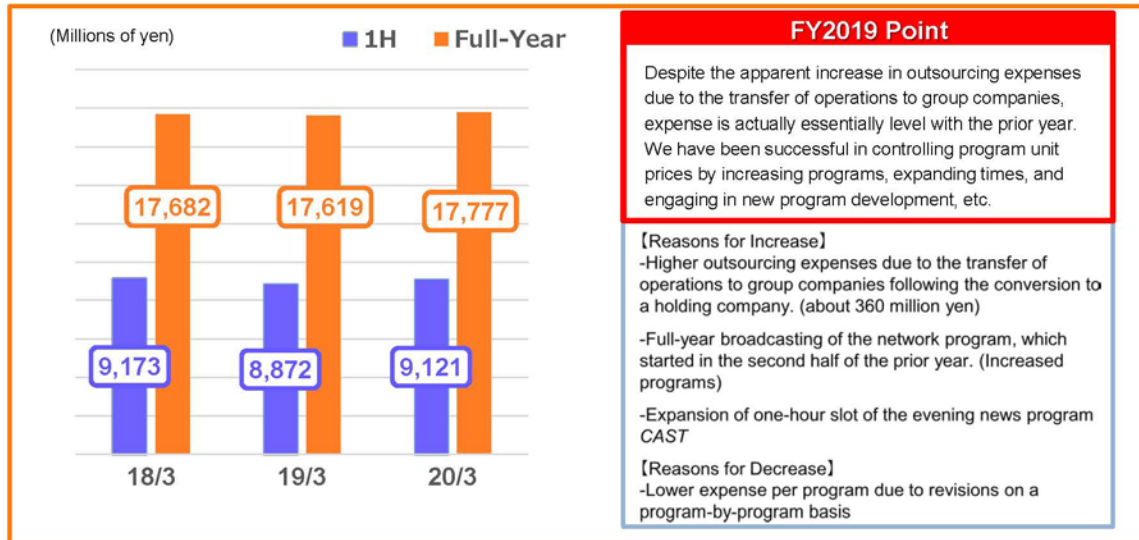
Changes in program costs and viewer ratings are as shown on page 11 to page 13. Please review the details.

Program Expenses of TV Business*

(Millions of yen)

	18/3	19/3	20/3
Program Expenses	17,682**	17,619 (YoY -62)	17,777 (YoY +157)

** FY2017 program expenses include contract production expenses.



*Approach to program production expense: Examine expenses while keeping an eye on profitability of terrestrial broadcasting and secondary use (program streaming, events, etc.)

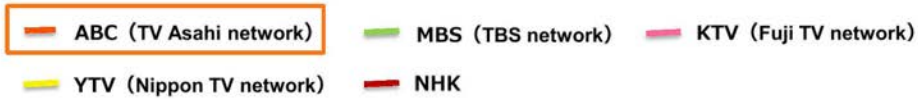
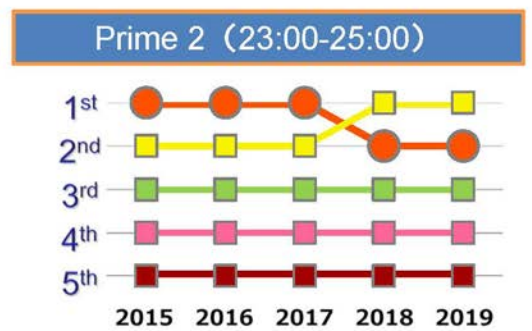
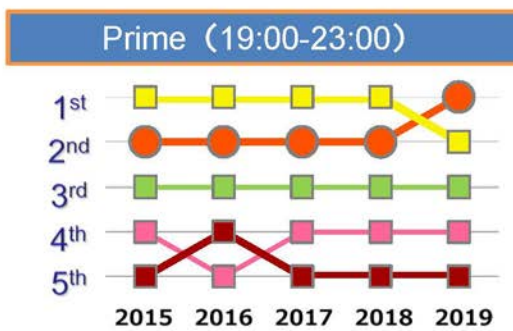
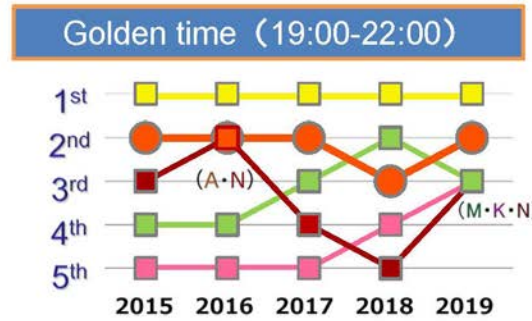
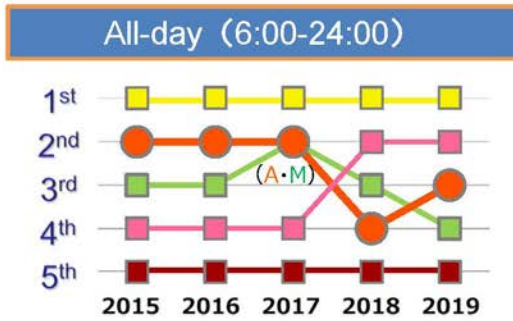
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Regarding program expenses, as shown on page 11, we are continuing to optimize the entire Group. As a result of the transfer of operations, the cost of placing orders to the Group has increased. This is included in the program expenses. Also, as I mentioned earlier, "A house in the middle of nowhere" started in the fall of 2018, so the cost of making this program was not recorded in the first half of FY2019 but is included in full in the fiscal year under review. As a result, sales have remained almost flat.

Ranking of Television Viewer Ratings in Kansai Region by Year



(Source: Video Research)



In regards to the viewer ratings, all the categories of all-day, golden time, and prime saw a rise of ranking.

Television Viewer Ratings in Kansai Region for April 2019-
March 2020



(Source: Video Research)

	All-day (6:00-24:00)	Golden time (19:00-22:00)	Prime (19:00-23:00)	Prime 2 (23:00-25:00)
1	YTV 8.0%	YTV 11.7%	ABC 11.5% (+0.2)	YTV 7.6%
2	KTV 7.6%	ABC 10.9% (+0.1)	YTV 11.4%	ABC 6.5% (-0.6)
3	ABC 7.3% (±0)	MBS·KTV·NHK 10.0%	MBS 10.1%	MBS 5.5%
4	MBS 6.9%	* * * * * *	KTV 9.8%	KTV 5.1%
5	NHK 5.8%	* * * * * *	NHK 8.7%	NHK 2.4%

■ABC (TV Asahi network) ■MBS (TBS network) ■KTV (Fuji TV network) ■YTV (Nippon TV network) ■NHK

Since last fall the market has shifted from households to individuals, we will aim to create programs that are mindful of individuals.

ABC TV FY2019 Notable Second Half Results



The national network time frame performed strongly for both regular and year-end/New Year programs, and **Prime won the top position for the first time in six years!** We also rose to the No.2 spot in Golden. We have battled, maintaining the No.2 position in Prime 2.

[Regular national network slot]

- **A House in the Middle of Nowhere** (Sunday night)
Average viewer ratings 19.2% (Kansai), 18.6% (Kanto)
- **TORINIKU tte nanno niku!?**
Average viewer ratings 11.4% (Kansai), 8.9% (Kanto)

⇒ Prime and Golden contributed to increased viewer ratings. Higher unit prices for **A House in the Middle of Nowhere** also contributed to increased time revenue.

[National network special programs]

- **M-1 Grand Prix 2019**: Peak viewer rating was 33.2% in Kansai and 21.9% in Kanto.
Average viewer ratings 26.7% (Kansai), 17.2% (Kanto)
- **Who is a Real Celebrity? 2020**: New record highs in viewer ratings for both Kansai and Kanto! Average viewer ratings 25.6% (Kansai), 21.2% (Kanto)

⇒ Contributed to increase in time revenue. Online availability was also well received, contributing to content-related revenue.

[Local slot]

- The change in department chief for **Detective Knight Scoop** in Prime 2 led to strong performance. Average viewer ratings 12.8% (Highest 15.4%)
- Heading into its 40th anniversary, the **Ohayo Asahi Desu** anniversary campaign has performed well, and both viewer ratings and revenues were strong.



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Page 14 shows the result of the second half of the year. A major topic was the strong performance of both regular and year-end time slots on a nationwide network, which has contributed to the acquisition of the top ranking in Prime slot for the first time in six years. We also became the second in Golden time slot. It also contributed to time and content revenues.

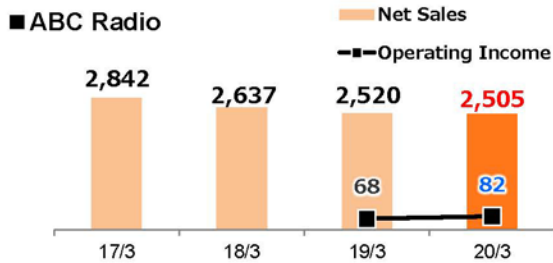
As for local slots, the entertainer in a role of the head of "Detective Knight Scoop" has changed, and the program has remained strong since then. In "Ohayo Asahi Desu," which celebrated the 40th anniversary, many commemorative projects were well received.

Major Broadcasting Segment: Non ABC TV-Related (Non-consolidated)

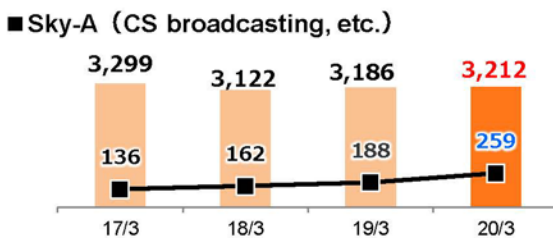


*Companies for which the bulk of revenues are from non-group sources

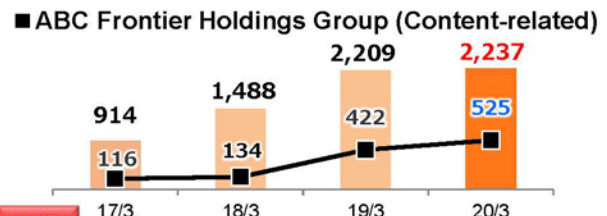
(Millions of yen)



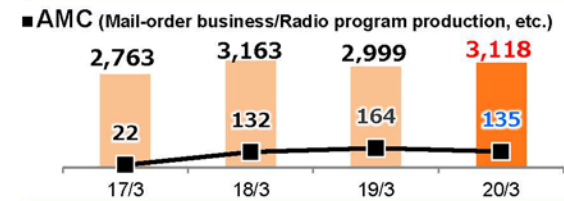
Net sales / Operating income : Lower revenue, higher profits
Time revenue were strong, despite a decrease in spot revenue. Secured profits by limiting expenses.
(Note) ABC Radio sales prior to March 2018 were for the former Asahi Broadcasting Corporation



Net sales / Operating income: Higher revenue and profits
The SKY PerfectTV basic plan sold well, driving increased revenue. Postponements and cancellations of sporting events in March resulted in lower programming costs.



Point
Net sales / Operating income: Higher revenue and profits
Despite lower performance year on year due to the impact of the postponement of the ABC ANIMATION movie release and implementation of censorship in China, copyright revenues of the *Hissatsu* Series and online video in the ABC RIGHTS BUSINESS performed well.



Net sales / Operating income: Higher revenue, lower profits
The TV shopping business saw weak sales year on year of seasonal products due to the warm winter; however, sales agent revenue and other revenue was strong, leading to higher revenues

	17/3	18/3	19/3	20/3
Four companies (Non-consolidated) Total of Operating Income *Reference	274	428	844	1,002

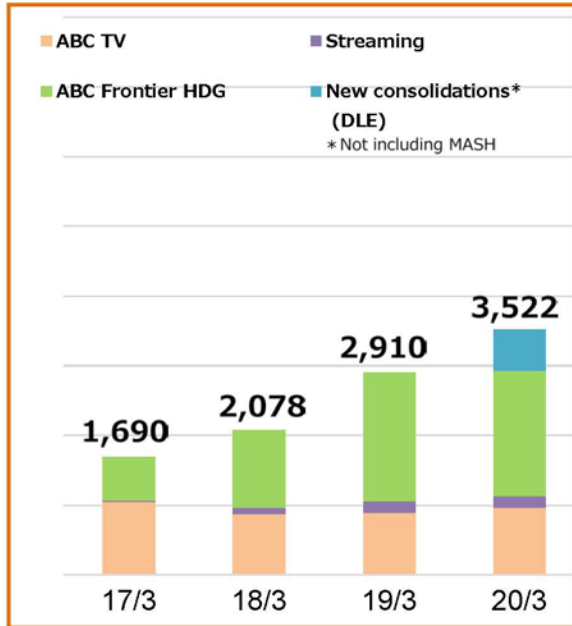
Next, page 15 shows the status of other companies of the broadcasting business. They have generally performed well.

The point is the ABC Frontier related to content, which develops animation, overseas business, and rights business. ABC Animation, which has been a driving force for growth since the establishment of Frontier, saw a decline in overseas revenue due to the impact of the introduction of sensors in China, and postponed the release of movies. As a result, in the fiscal year ended March 2020, sales declined from the previous fiscal year. On the other hand, ABC Rights Business posted higher sales and profit, thanks to robust copyright revenue and video distribution.

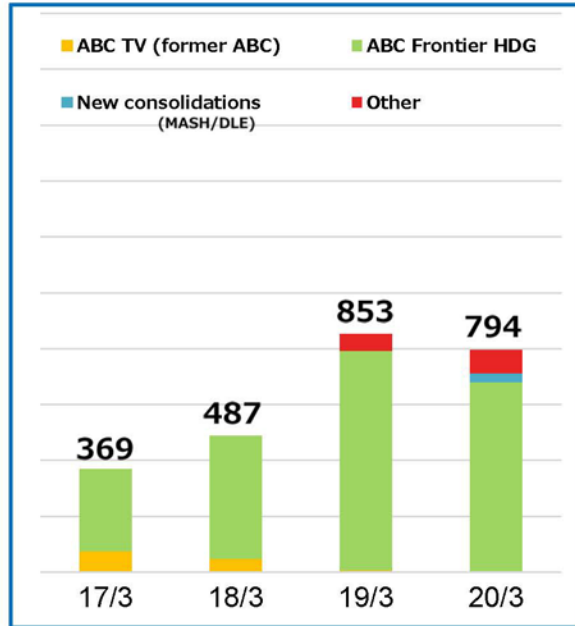
Sales Growth of Content/Overseas Businesses (Reference) ©ABC2020



▼ Sales Growth of Content-Related Businesses



▼ Sales Growth of Overseas Businesses



Page 16 shows trends in our Group's content business and overseas business. The content-related business is currently being developed, and we are currently making efforts to grow the top-line. Sales increased due to the new consolidation.

Overseas business has been somewhat sluggish due to a decline in overseas sales of ABC Frontier.

I have briefly explained the broadcasting business.

Business Targets

■ Definitely achieve our target of “consolidated sales of 89 billion yen and ordinary income of 6 billion yen” in FY2020

⇒ **There is a large gap between the target and actual results, but we aim to achieve our goals by combining growth investments such as M&A.**

■ Invest in growth areas (investment ceiling of 20 billion yen) to achieve the Group Growth Vision

⇒ **So far, we invest about 7 billion yen in total in M&A contracts and acquisitions.**

■ Pursue a dividend payout ratio of 30% or higher

⇒ **30.6% in FY2018, 32.4% in FY2019**

■ Strive to improve ROE

⇒ **5.9% in FY2018 (YoY +1.4%), 3.5% in FY2019 (YoY -2.4%)**

■ Target an overseas business sales ratio to consolidated sales of 3% or more

⇒ **The total amount was about 850 million yen in FY2018, about 800 million yen in FY2019**

- While the current fiscal year (FY2020) is the final year of our medium-term management plan, the impact of the spread of COVID-19 at the beginning of 2020 has resulted in a continued severe condition as of May 2020, mainly in the advertising business and live event business.
- See P.19-P.21 for more about new investments and dividends.

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Okinaka: Okinaka. I would like to explain the progress of the medium-term management plan, the current status and initiatives for the fiscal year ending March 2021.

On page 18, you see a list of the progress of the five management goals of the medium-term management plan. As you can see in the first goal of the list, the numerical targets are in a difficult situation. Unfortunately, the spread of COVID-19 is expected to have a significant impact on the Company's performance in the current fiscal year, the final year of the plan, and it is difficult to achieve the numerical targets.

As for the growth investment, we made a JPY7 billion investment. This fiscal year, we are facing a challenging business environment, but we will not freeze our growth strategies and will implement them while keeping a close watch on our business performance and finances.

The dividend payout ratio reached 30%, while ROE declined as a result of lower profits.

As for the overseas business, although we are achieving reasonable growth, there is still a divergence from our target.

NTT Sportict

Company name: NTT Sportict
 *Joint venture established with NTT West
 Establishment: April 1, 2020

Business lines: AI camera device sales, installation, and maintenance; platform for sports facility, sports group broadcasting; video content broadcasting, etc.

【Purpose of Investment】

- ▶ Creation of new businesses based on ABC Group film production technologies, technologies offered by other ABC Group investees, and NTT West ICT technologies
- ▶ Contribute to activation of regional sports tournaments and greater promotion of amateur sports

Investment in US online video broadcaster Quibi Holdings via Pegasus Tech Ventures Company III, L.P. (Pegasus Fund), established jointly with Pegasus Tech Ventures Management III, LLC (US-based investment company).

Pegasus Investment: USD30 million (initial investment)
 ABC Group Holdings 99% ownership



Quibi

- Service launched in April 2020 in the U.S.
- Platform for Hollywood-quality short film viewing on smartphones

【Purpose of Investment】

- ▶ Financial returns
- ▶ Content production contracts from Quibi
- ▶ Royalties from providing Group content
- ▶ Coordinate with Japanese production companies (movies and animation)



PROCEN STUDIO

Company name: Procen Studio
 Establishment: 1979

Business lines: Audio dubbing production for animation and foreign movies, TV program post-production. Currently providing dubbing production for major Hollywood movies, online video content (Amazon, Netflix, etc.), as well as editing, multi-audio, and other fields related to animation and other key commercial station TV programs.

【Purpose of Investment】

- ▶ Use as one base for Group content production in Tokyo, aiming to strengthen filming and sound production/editing businesses in Japan.

Next, let's look at the growth investments. The main investments made in the second half of the year are shown on page 19. NTT Sportict at the upper left, which was established on April 1, 2020, is a video production and distribution company for amateur sports using AI cameras. It is a JV, in which NTT WEST invested 80% and the Company 20%. The business started on April 1, in the midst of the fierce headwind, but it seems that sales have already been generated. This was a smoother start than we had worried

PROCEN STUDIO at the lower left is a company that engages in the audio and post-production businesses. It plays a part in the value chain of the Group's content production. It is a company with strengths in animation production, such as postscoring/post synchronization.

As shown on the right of the slide, we made an investment in Quibi. Quibi started services in the US in April. We made a large investment of USD25 million on a paid video platform for short content viewed on smartphones.

It was a net investment, but we have positioned it as a strategic investment, and we would like to supply content such as animation produced by the Group through this company, and to play a central role when it develops services in Japan in the near future. We are also participating in the advisory panel of this company at present.

Launched 2nd Fund (January 2019-)

Total investment: ¥1.8 billion
Management period: 10-year

Target: Venture companies with outstanding IP, content, or technologies



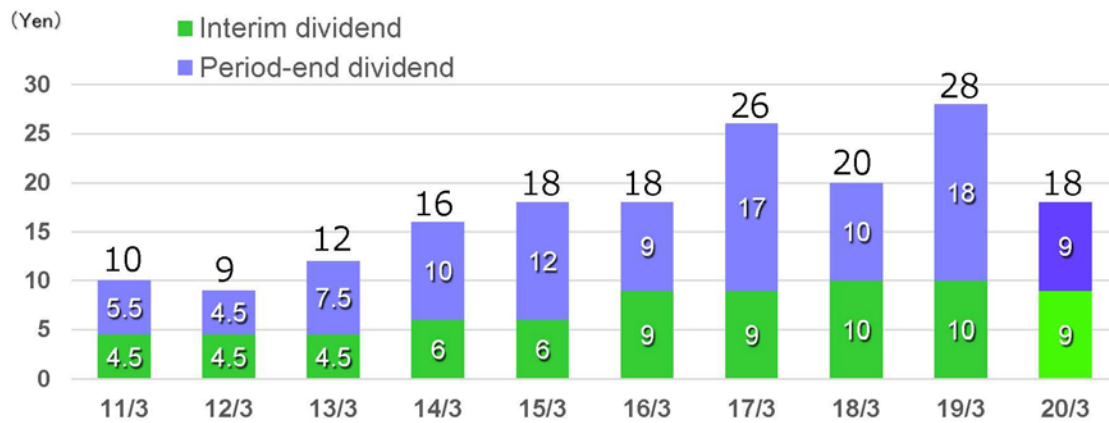
1st Fund (July 2015-)

Portfolio: video/ad technology, media, life style etc.

19 Funds, Total investment ¥880 million
Net unrealized gains ¥250 million



Dividends



<Profit distribution policy>

The Company places one of its highest management priorities on shareholder return. With respect to profit distribution, we strive to continuously provide steady dividends and maintain a dividend payout ratio (consolidated) that does not fall below 30% as well as strengthen and maintain our financial structure from the standpoint of a responsible certified broadcasting holding company. We will do so while making appropriate investments for our future growth.

<2018-2020 Medium-Term Management Plan>
Pursue a dividend payout ratio of 30% or higher

	19/3	20/3
Dividend per share	¥28	¥18
Dividend payout ratio	30.60%	32.35%

With regard to dividends, as I mentioned earlier, we have achieved a dividend payout ratio of 30%. The dividend is JPY18.

FY2020 Results Forecasts and Current Operations

■ At present, it is extremely difficult to predict the timing of the end of COVID-19 and the state of economic activity recovery in the post-COVID-19 era. Therefore, due to the difficulty in performing calculations at this time, we have decided to leave FY2020 consolidated results forecasts as undecided for the time being. We will make an announcement as quickly as we are able to make appropriate and rational calculations.

▼ The following table provides our current status, including the impact of COVID-19.

Segment	Company	Status as of April 2020
Broadcasting	ABC TV	Spot revenue experienced a significant decline year on year at almost 30%, due in part to advertising cuts by sponsors. Although we strengthened our reporting system for news related COVID-19, etc., re-edited/re-run our entertainment programs, and implemented other measures, we experienced shortages in new content due to suspended recordings, postponed sports broadcasts, etc. We canceled events of all types beginning in early March.
	ABC Radio	
	Sky-A (CS broadcasting)	The business experienced an increase in contract cancellations due to a shortage of content, including postponed professional baseball broadcasts.
	AMC (Mail-order business/Radio program production)	TV shopping performance rose year on year due to increased demand.
	ABC Libra (Program production)	Although we suspended program production, we received orders to re-run a library of programs.
	ABC FRONTIER HOLDINGS (Anime/International/Rights business)	Due to the decline in inbound tourism, we experienced a decrease in hotel and in-flight screenings. Overseas sales were stagnant as well.
	Digiassa (Digital content production)	The impact on operations has been limited, as we had been transitioning to remote work arrangements prior to the outbreak of COVID-19.
	i-NEX (General technical production)	Orders decreased significantly due to cancellations of program production and sports broadcasts.
	MASH (Event planning and management)	We began canceling events in early March. We were able to secure profits through facility operations contracting based on regular repeat contracts.
	DLE	Sales and consulting have been difficult due to voluntary restraints on non-essential travel outside the home. Accordingly, we experienced sluggish performance for new orders.
Procen Studio (Post-production)	Post-production and MA orders fell after the state of emergency declaration.	
Housing	ABC Development Corporation	Our housing exhibition business closed all facilities on a temporary basis after the state of emergency declaration. We plan to open facilities in Nabari (Mie Prefecture) and other areas that are no longer subject to temporary closure orders beginning in May. HDC has also closed all facilities temporarily. We plan to reopen gradually based on the decision of each facility, etc.
Golf Club	ABC GOLF CLUB	Although we continue to operate (under restrictions), cancellations have risen and visitors are down 45% year on year.

Next, I will explain our earnings forecasts and the current status and initiatives for the current fiscal year. As I mentioned at the beginning, it is difficult to predict when COVID-19 calms down, so we would like to announce it to you as soon as possible when it becomes foreseeable in some degree.

See page 22. This is a list of the status of each Group Company in April. The major point is Asahi Television Broadcasting, which saw a decline in advertisements from sponsors due to the impacts of COVID-19. In addition, this has had a major impact on the business of attracting customers such as events, as well as the business for inbound tourists, and each Group Company is trying to endure the situation while taking innovative measures in a difficult environment.

Preventive Measures Related to COVID-19

■ Employee-related measures

The ABC Group is utilizing telework, online conferencing, and other measures, actively leveraging business methods using the internet to avoid the Three C's (closed spaces, crowded places, close-contact settings). During the declaration of emergency, as a rule, we limited employees to only those required for ongoing broadcasts, securing the safety of our employees.

■ Responsibilities as a news media organization

As the spread of COVID-19 has an increasingly serious impact on society and the economy, we will assess changes in society as we respond flexibly through stronger backup systems and use of the internet, ensuring the safety of performers and staff, while contributing to society by broadcasting accurate information related to COVID-19 for the health and sustained development of society.

Current Conditions Related to COVID-19

- Given our responsibilities as a news media organization, the ABC Group has been prepared to respond to crises and disasters. Therefore, we do not believe the current crisis will impede the continuity of our core broadcasting business.
- The slowdown of the Japanese and global economies due to the spread of COVID-19 has had a significant impact on the ABC Group businesses.
- Due to the increased uncertainties about the future, we understand that developing new business methods and reforming our business structure are pressing needs for all group businesses.

Page 23 shows our initiatives to prevent the spread of the infectious disease throughout the Group.

On Monday, the national emergency declaration was lifted, but we would like to fulfill our responsibilities as the media and continue our business while preparing for the second wave.

■ Results after two years as a holding company and initiatives going into our third year

We transitioned to a holdings company structure in April 2018.

In our first year, we focused on creating an organization to support growth strategies centered on investments and new businesses.

In our second year, we implemented M&A and other investments, strengthening the structure of our content business.

➔ **In two years, we made progress in awareness reform internally, evolving steadily into a comprehensive content business group.**

For FY2020, we will launch new business development, while at the same time developing management talent for growth and strengthening marketing to make new appeals for media value.

■ Two new projects launched in April

(1) DXP (Digital Transformation Project)

Advancing through three pillars of Business Use of Data; Technology Investigation, Research, and Development; and Greater Efficiency

(2) MoonShot Lab.

Concept: Develop new businesses that solve social issues

Base of activities: Outside co-working spaces

■ Policies in the With-COVID-19/Post-COVID-19 era

We will pursue the goals of changing ourselves and creating new things, creating new content and making investments.

See page 24. This section explains our initiatives and policies for the fiscal year under review. First, initiatives for the third year since we became a Holding Company.

This year marks the third year of the Holding Corporation. In the first year, FY2018, we first created an organization so that we could conduct investments and implement new businesses. In the second year, we further strengthened our content system and began to make invests including M&A and sowed seeds.

What I felt during the last two years was a significant change in awareness within the Group about investment and content businesses. As it is now, I feel that understanding as a comprehensive content business group has grown and that the Group will be able to unite as a whole.

Now, in the current fiscal year, the third year, we would like to focus on the following two areas.

The first is the development of human resources. One of the major risks of our growth strategy is the lack of management personnel. We intend to focus on these areas for further growth in the future.

The other is marketing. As mentioned earlier, Asahi Television Broadcasting newly established the Marketing Division in April. This era requires a different approach to sales. We will strengthen our marketing system in order to enhance the value of media and conduct research to promote it.

Next, I would like to explain about the two projects that started on April 1.

The first is the DX Project, which we began preparations from last fall for and was launched in April. The three pillars of this project are data business, technology, and work efficiency.

Regarding the first data business, our goals are how to utilize the data in the Group, and ultimately how to improve the media value of television.

With regard to the second pillar, technology, for example, we will study the information on IT technology that the Group's corporate venture capital firms have gathered and reflect it in our business. One of these is NTTSportict's AI-camera, which I mentioned earlier.

The third pillar is to improve business efficiency through IT and to improve the IT skills of all Group employees. Starting on April 1, we are proceeding rapidly responding the spread of COVID-19 infection.

Another project is MoonShot Lab. We are aiming to create a new business that will become the third pillar following broadcasting and housing. The concept is "Solving Social Issues." We would like to create a long-lasting business unique to the ABC Group. Four staff members are assigned to the activity sites in a co-working space outside the Company.

Next, I will briefly explain our policies for after COVID-19 and with COVID-19.

In response to the social changes caused by the spread of COVID-19 infection, we would like to immediately reform the mindset of every employee in Asahi Television Broadcasting and other companies in the Group. In anticipation of future paradigm shifts in society, we will not pursue changes in society, but rather, we will raise our spirit of challenge with the theme of changing ourselves at first and creating new value.

I have explained the current status and our initiatives for the current fiscal year.

Moderator: That is the explanations from Mr. Okinaka and Mr. Yamamoto.

Question & Answer

Moderator: Now we will move on to the Question & Answer session.

We will give priority to analysts and institutional investors.

Questioner: First, please tell me about the current situation of the spot revenue in the Kansai area. Please let me know the current situation in April and May, as well as when they will bottom out and recover, as far as possible. This is the first.

Secondly, you explained that a new department called the Marketing Division and a PR department were created on April 1. What is the specific size of the team? Could you tell us what kind of revenue impact you anticipate in a few years?

Lastly, you introduced and explained some new investment funds that we can have expectations for. If you have an expectation to generate large profit in the next few years, for example, from Quibi in which you made relatively large investments, please tell us. That is all.

Moderator: Thank you. In terms of the general status of spot revenue and the Marketing Division, Mr. Yamamoto will provide an answer, and then Mr. Okinaka will answer the question about the investment.

Please, Mr. Yamamoto, Vice President.

Yamamoto: First, I would like to talk about the current situation of the spot revenue from April. As April has already ended and May is coming to an end, so we can almost see the spot revenue.

As you can imagine, COVID-19 is having a great influence. Although I have seen TV spot revenue for many years, I have never seen such a severe figure for TV spot revenue.

We have experienced spots being affected by the Lehman's collapse, the Great East Japan Earthquake, and other disasters, but this figure is truly harsh.

To be specific, in April, spot revenue was 71.9% compared to the same period of the previous year. In May, current figure is about 63%, so it will be plus something extra. For June, it has not reached 60% as of now. This figure is basically at the same level in the Kansai region.

The current figure is not reached at the 60% level, but if we estimate the figure in June to be about 65%, YoY figure in Q1 will be 66.8%. Our plan is 70.3%.

Then, I will answer the question about when the spot revenue bottoms out and recovers. Naturally, we hope that that it recovers soon, but we have yet to see how the impact of COVID-19 bottoms out and when it recovers. Yesterday, even today, the second wave is said to be occurring, and it will be completely different depending on how it will change.

As for the best scenario, I would be grateful if it would begin to recover in the season that starts in July. If the second wave would come again, the recovery would naturally be delayed, as anyone can see.

This year, our spot budget naturally did not include the COVID-19. In the regular budget, we planned is 96.8%, taking into account the fact that the spot has been declining steadily every year for a long time. Naturally, this was greatly broken down by COVID-19.

Without the impact of COVID-19, the budget for the Q2 (July-September) was originally set taking into account the Olympic Games. We assumed that the spot revenue would be reduced due to the Olympic Games. Every four years, due to Olympic Games, spot revenue flows to time revenue. Therefore, we planned the spot revenue of 87.4% in the Q2, with 85% in July and August and 92.3% in September.

Due to the COVID-19, it will be around 70% in the Q1, but we hope it to recover to 87.4% in the Q2 as originally planned. In short, assuming that the COVID-19 calms down and there aren't the second and third wave, we hope that the figure will recover in the Q2.

We achieved 70% in April, because we had received orders from March before the serious situation due to COVID-19. The decline in time revenue was still small because time slots were filled from several months before and such time lag occurred.

Then, I would like to talk about organizational reforms. To begin with, we began examining structural reforms from the last autumn.

As I mentioned several times, the situation of the spot revenue has become increasingly difficult year by year, and this has put pressure on management. In order to cope with this situation, it has become an urgent issue how to compensate for the future decline in spot revenue. Therefore, without thinking of COVID-19 at all, we undertook these structural reforms for the future of television. As I mentioned earlier, we will centralize our content strategy and monetization strategy.

We will create content based on the needs of the selling side, rather than just selling content as in the past. This is a matter of course, but by increasing the speed of doing so, we will unite our stations and do our business across meetings.

In order to do so, even after COVID-19, of course, in the same way, we continue doing business facing the viewers, the consumers, and the clients.

We will do it through marketing, combining the content strategy and the monetization strategy. To date, the Marketing Strategy Department was in the General Programming Division and has not had no awareness of monetization at all, but it has inevitably conducted marketing emphasized on viewer rating analysis or more oriented to the viewers. By making the Marketing Division independent, we will analyze the needs of the clients and the viewers and utilize it in the Business Strategy Committee.

The Program Publicity Department was originally called Program Advertising Department. This department, which is responsible for promoting various content, was not newly established, but transferred from the General Programming Division to the Marketing Division, in order to consider the PR strategy, not limited to the viewer ratings of programs.

The Marketing Strategy Department itself has four members, including Manager, so far, but we will reinforce the staff of the Marketing Strategy Department in Tokyo.

Last year, one employee in mid-career was hired. I think it is urgent to hire people who learned about marketing from outside the Company and evaluate this.

That is all from me.

Okinaka: Then, I explain about Quibi. As you may know, Quibi is a platform dedicated to the short contents and smartphones that has been serviced in by the US since April.

Basically, I hear that the contents are composed of dramas, news, and varieties. This includes the dramas by big directors, such as Spielberg, and I heard that it will be launched soon.

Currently, Quibi has been growing steadily for a month and a half since its launch in April.

As we said earlier, USD25 million is a large investment for us, but this is a strategic investment. We haven't yet finished the details with the partner, but we hope that we will be able to develop the business in Japan as early as around 2022. At that time, we are currently considering how far we can play a central role.

I have been discussing with the person in charge of the international department of the other party, but unfortunately, due to the COVID-19 the discussion is progressing slowly.

Furthermore, we would like to provide content as well as platforms as the core of our business.

We are not so good at story-related content, so, we have proposed an animation and currently talking with the other party, especially about works jointly made with Kyoto Animation.

That's all.

Questioner: Thank you very much. I'm sorry, I'd like to ask you just one more thing.

Given that top-line is extremely challenging, particularly for spots, what is your approach to controlling program production costs?

Given the harsh top-line situation, do you think it is highly likely that the Company will cut back its business?

Yamamoto: Regarding cost control, we are naturally reviewing not only program expenses but also entire budgets for the current fiscal year.

In this sense, we are naturally reviewing expenditures, which will make the Company more robust, rather than program expenses. I hope to accelerate the reviewing by taking advantage of this COVID-19 as an opportunity.

It is also true that program expenses account for an extremely large proportion of the total, so, we review our thinking on program expenses every year.

However, as you all know, it is fatal to cut down the cost of the program and reduce the quality of the program in a vain manner. We consider every year how to scrutinize the program expenses without hurting the timetable. The major portion of the program expenses is production cost for the golden time, so we are reviewing the program production cost year by year while changing the program.

In the meantime, "A house in the middle of nowhere" is producing results. While reviewing the production costs of the golden time, we will improve the efficiency of the daily-based program in the autumn. This is all.

Questioner: Thank you very much. I understand well.

Moderator: Thank you. We will continue to accept your questions.

Questioner: In the briefing, there was a comment that changes in the way of measuring viewer ratings will change the way program production thinking a little. Specifically, do you mean the [Inaudible] style of program production that mixes the entire composition of [Inaudible] on page eight and the time shift?

Please tell us any image, in order to grasp the image of the direction in which the programs will change.

Yamamoto: Thank you.

As I mentioned earlier, the Kansai area changed from households to individuals as a whole last autumn. In the Kanto region, we have done so since earlier.

For many years, households rating was used as an indicator for programs. We were not entirely unconscious of the individual viewer ratings.

Before we changed to the individual ratings, ABC has been producing programs with a focus on the U49 (under 49), and with a focus on how much that program is being played.

This does not naturally change, but in addition, the change from household ratings to individual ratings does not mean that the viewer ratings of households up to now will be shifted to individuals, so there are variations. So we want to get used to the individual viewer ratings quickly and find out where our strengths are.

So, just now, I mentioned about our rankings with the household ratings, but when replaced with the individual ratings, it will change. In that sense, the indicators will also change altogether, and perhaps this will affect the buying of spots. We are aware that these moves will also affect the spot revenue, and we have to pay close attention to what impact they will be when the business environment recovers, although the results in April to June will not be useful as reference due to COVID-19.

For the time being, producers of programs must have such a consciousness. So, producers of the programs are also examining the U49 on a day-to-day basis. Is that okay with you?

Questioner: Yes. Thank you very much.

Does it mean that the programs will have a stronger tendency toward younger people than ever?

Yamamoto: Yes. We have to secure the zone under 49, just as Nippon TV has been able to succeed from early on with such a direction. The household ratings can be raised even with the elderly, so you shouldn't just pursue them.

However, as I mentioned earlier, in the case of "A house in the middle of nowhere," the household rating exceeds 20% and the individual rating also reaches about 12%. Even if the age group is biased, monetization can also make a big impact on the viewer rating. So it depends on the case.

Questioner: Understood. Thank you very much.

Moderator: Thank you.

Now, we would like to conclude Asahi Broadcasting Group Holdings Corporation financial results briefing for fiscal year ended March 2020.

Thank you very much for participating until the end today despite the unusual arrangement. We look forward to your continued support for this fiscal year. Thank you very much.

[END]