



## **Asahi Broadcasting Group Holdings Corporation**

Financial Results Briefing for the Fiscal Year Ended March 2022

May 23, 2022

**[Venue]**

Webcast

**[Speakers]**

Susumu Okinaka  
Kazuhiko Ogura  
Toshiaki Imamura

Representative Director and President  
Director, Managing Executive Officer  
Executive Officer/Director of Asahi Television  
Broadcasting Corporation

## Presentation

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**Moderator:** Analysts and investors, thank you for your patience. We would now like to begin the presentation of Asahi Broadcasting Group Holdings Corporation's financial results for the fiscal year ended March 31, 2022.

Today, we would like to begin with an overview of our financial results for the fiscal year ended March 31, 2022, and then explain our medium-term management strategy, Rolling Plan 2022. The presentation will last approximately 40 minutes, followed by a Q&A session. The entire briefing will last approximately one hour.

First, Okinaka, Representative Director and President of Asahi Broadcasting Group Holdings Corporation, will explain the Group's overall performance.

# Consolidated Results

Susumu Okinaka

Representative Director and President  
Asahi Broadcasting Group Holdings Corporation

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**Okinaka:** This is Okinaka. Thank you very much for taking time out of your busy schedules today. We would also like to thank everyone for their continued support.

While the fiscal year under review was another year of continuous efforts to combat COVID-19, television advertising revenues recovered at a faster pace than initially expected, contributing significantly to our business performance. Events such as theater, music, and sporting events, including the Tokyo Olympics, have resumed. We are well on our way to a post-COVID-19 era.

The past year has also been one of considering sustainable corporate growth from an ESG perspective. We are committed to solving social issues and contributing to a sustainable society through a variety of initiatives.

# Consolidated Results



(Millions of yen)

	FY21/3	FY22/3	YoY	% Change	
<b>Net Sales</b>	<b>78,344</b>	<b>85,100</b>	<b>6,755</b>	<b>8.6%</b>	
Operating Expenses	75,650	80,897	5,246	6.9%	
Details	Cost of Sales	52,393	55,581	3,188	6.1%
	Selling, General and Administrative Expenses	23,256	25,315	2,058	8.9%
<b>Operating Income</b>	<b>2,694</b>	<b>4,203</b>	<b>1,508</b>	<b>56.0%</b>	
Ordinary Income	3,033	4,792	1,759	58.0%	
Profit Attributable to Owners of Parent	-930	2,671	3,601	-	

**< Higher revenue and profits >**

- Advertising market conditions improved for the Broadcasting business, while the performance for the Content business, including anime and other streaming, was strong. Performance in the Lifestyle business was firm.
- Meanwhile, profit recovered significantly due to measures to control program production costs in the context of increased TV advertising revenue, despite an increase in overall expenses given the rise in program expenses with the resumption of broadcasting live sports matches and other factors, as well as increased costs due to upfront investments in new businesses.

4 (Note) FY22/3 refers to the fiscal year ending March 31, 2022 and all other fiscal years are referred to in the same manner.

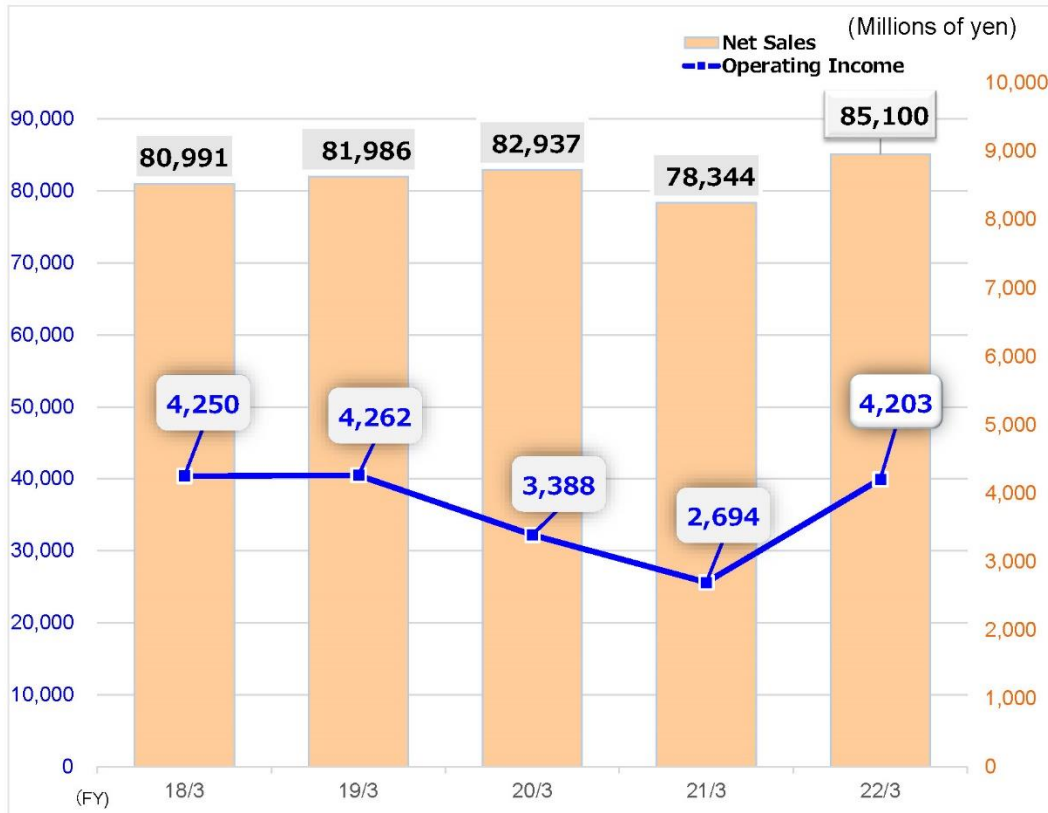
I will now explain the financial results for the fiscal year ended March 31, 2022.

In the period under review, the recovery from COVID-19 led to a significant increase in both net sales and income. Consolidated net sales were JPY85,100 million, up 8.6% year on year. The increase was mainly due to improved advertising market conditions in the Broadcasting business and strong performance in the Content business, including program streaming.

Total expenses rose due to increased content and higher program production costs associated with the resumption of live sports broadcasts and other programs, as well as upfront investments in new businesses. However, the increase in TV advertising revenues outweighed the increase in expenses, resulting in a significant profit recovery.

As a result, operating income was JPY4,203 million, up 56% YoY, ordinary income was JPY4,792 million, up 58% YoY, and profit attributable to owners of parent was JPY2,671 million.

# Growth of Consolidated Results



## Point

**Net sales exceeded pre-COVID-19 levels, while operating income was on par with pre-COVID-19 results.**

➔New businesses and initiatives are beginning to bear fruit and contribute to sales growth.

### ■ Net Sales

In addition to a significant recovery in our mainstay advertising market compared to the previous fiscal year, streaming and other businesses performed well. Newly consolidated companies also contributed to an increase in sales compared pre-COVID-19 levels.

### ■ Operating Income

Operating income has returned to the same level as pre-COVID-19 performance. The slight decrease in operating income margin compared with pre-COVID-19 levels is due to increased expenses (despite improved efficiencies due to work-style reform, including remote meetings, etc., we incurred upfront costs such as investments in new businesses and program development)

Here is graph showing the five-year trend of our consolidated results.

Net sales exceeded the level before COVID-19. Operating income has recovered to almost the same level as before COVID-19.

While continuing to make the necessary investments for growth, we first want to firmly raise the top line and increase income toward FY2025, the final year of our medium-term management strategy.

# Results by Segment



(Millions of yen)

Net Sales		FY21/3	FY22/3	YoY	% Change
Broadcasting and Content		61,850	71,348	9,498	15.4%
By business	Broadcasting		56,130		
	Content		15,170		
	Other		47		
Lifestyle		16,494	13,751	-2,743	-16.6%
By business	Housing		9,825		
	Golf		854		
	At-home shopping		2,694		
	Other		377		
Operating Income		FY21/3	FY22/3	YoY	% Change
Broadcasting and Content		2,020	3,654	1,634	80.9%
Lifestyle		988	874	-113	-11.5%
Adjustments		-314	-325	-11	-

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Here is the segment information.

Broadcasting and Content increased sales and income. Sales were JPY71,348 million, up 15.4% YoY, a significant increase. Robust performance by Asahi Television Broadcasting Corporation contributed greatly to the increase in sales. Details will be provided by Imamura, Director of Asahi Television Broadcasting Corporation, after this section.

In the Content business, Virtual High School Baseball performed well. Sales of animation, variety and other program streaming increased, and events resumed.

On the other hand, sales and income declined in the Lifestyle business. This was mainly due to the fact that the Real Estate Sales Business did not have as many large properties and projects as in the previous fiscal year. Other sales remained steady. ABC GOLF CLUB also performed well due to an increase in the number of visitors and playing revenue.

Operating income was JPY3,654 million, up 80.9% YoY, in the Broadcasting and Content business, and JPY874 million, down 11.5% YoY, in the Lifestyle business.

Since the reporting segments were changed in the current fiscal year, YoY comparisons of the breakdown are not shown. For reference, individual results of major group companies in each segment are shown in the reference materials at the end of this presentation material.

# FY23/3 Consolidated Financial Results Forecasts



(Millions of yen)

	FY22/3 (actual)	FY23/3	YoY	% Change
Net Sales	85,100	<b>91,000</b>	5,899	6.9%
Operating Income	4,203	<b>4,000</b>	-203	-4.8%
Ordinary Income	4,792	<b>4,500</b>	-292	-6.1%
Profit Attributable to Owners of Parent	2,671	<b>2,900</b>	228	8.6%



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Next, I will explain our consolidated earnings forecast for the current fiscal year.

For the fiscal year ending March 31, 2023, we forecast net sales of JPY91,000 million, an increase of approximately JPY6,000 million from the previous fiscal year.

On the other hand, depreciation expenses increased due to investments in IT-related equipment and broadcasting facilities. In addition, asset retirement obligations of ABC Development Corporation and upfront investments in new businesses and content business also increased. As a result, we forecast operating income of JPY4,000 million, a decrease of approximately JPY200 million from the previous fiscal year.

# FY23/3 Financial Results Forecasts by Segment



(Millions of yen)

Net Sales		FY22/3 (actual)	FY23/3	YoY	% Change
Broadcasting and Content		71,348	75,200	3,851	5.4%
By business	Broadcasting	56,130	56,400	269	0.5%
	Content	15,170	18,500	3,329	21.9%
	Other	47	300	252	529.5%
Lifestyle		13,751	15,800	2,048	14.9%
By business	Housing	9,825	9,800	-25	-0.3%
	Golf	854	900	45	5.4%
	At-home shopping	2,694	4,500	1,805	67.0%
	Other	377	600	222	59.0%
Operating Income		FY22/3 (actual)	FY23/3	YoY	% Change
Broadcasting and Content		3,654	3,300	-354	-9.7%
Lifestyle		874	1,000	125	14.4%
Adjustments		-325	-300	25	-

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Next, I will explain our forecast by segment.

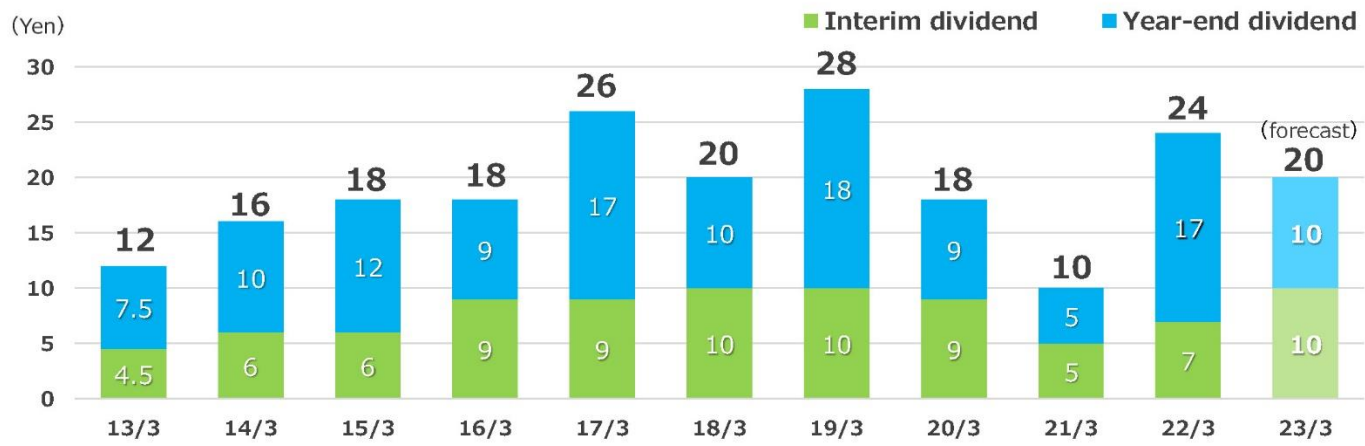
In the Broadcasting and Content business in total, we forecast sales of JPY75,200 million, up 5.4% YoY. In the Broadcasting business, we forecast sales of JPY56,400 million, the same level as the previous fiscal year. In the Content business, we forecast sales of JPY18,500 million, an increase of approximately JPY3,300 million on expectations of a strong program streaming market, particularly for animation, and a further easing of the sense of self-restraint in holding events.

In the Lifestyle business, we forecast sales of JPY15,800 million, up 14.9% YoY. We expect growth in the mail-order business. Our new company, ONE DAY DESIGN Inc., which we launched in the previous fiscal year, will be in full swing.

On the other hand, while we expect an increase in income in the Lifestyle business, we expect a decrease in income in the Broadcasting and Content business due to an increase in depreciation expenses and upfront investment in content, as I mentioned earlier.



# Dividends



Regarding shareholder returns, we will make determinations on dividend payment in a consistent, stable, and flexible manner, after comprehensive consideration of the balance between strengthening and maintaining our financial position and investing toward improved corporate value and toward our growth strategies. We maintain a target consolidated dividend payout ratio of 30%.

For the fiscal year ending March 31, 2022, we will maintain the year-end dividend of 17 yen per share announced in February, for an annual dividend of 24 yen per share. For the fiscal year ending March 31, 2023, we forecast an annual dividend of 20 yen per share, with both interim and year-end dividends of 10 yen per share.

For the fiscal year ended March 31, 2022, we expect to pay a year-end dividend of JPY17 per share, for a total annual dividend of JPY24 per share. For the fiscal year ending March 31, 2023, we forecast an interim dividend of JPY10 per share and a year-end dividend of JPY10 per share, for a total annual dividend of JPY20 per share.

We regard the stable and continuous payment of dividends to shareholders as an important management issue, while also taking into consideration our medium- and long-term business development.

This concludes my explanation of the consolidated financial results.

# ABC TV Results

Toshiaki Imamura

Executive Officer  
Asahi Broadcasting Group Holdings Corporation  
Director, General Programming, Content Management  
Asahi Television Broadcasting Corporation

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**Moderator:** Next, Imamura, Executive Officer of Asahi Broadcasting Group Holdings Corporation and Director of Asahi Television Broadcasting Corporation in charge of general programming and content production, will explain the financial results of Asahi Television Broadcasting Corporation.

**Imamura:** I am Imamura.

This is our second announcement of full-year financial results since the COVID-19 outbreak two years ago. In the first year, we were hit hard by COVID-19, including television production. However, in FY2021, both event and program production began to resume, albeit gradually. For us, it was a year in which we were able to once again experience the joy of production.

However, there are still restrictions for overseas location shooting and audience restrictions for events. Taking this coexistence with COVID-19 or post-COVID-19 situation as an opportunity, we would like to focus on the Content business while managing the Broadcasting business well.

# ABC TV Results



(Millions of yen)

	FY21/3	FY22/3	YoY	% Change	
Net Sales	51,288	55,812	4,523	8.8%	
Operating Expenses	49,935	52,879	2,943	5.9%	
Details	Cost of Sales	30,855	32,877	2,022	6.6%
	Selling, General and Administrative Expenses	19,080	20,001	921	4.8%
Operating Income	1,353	2,933	1,580	116.8%	
Ordinary Income	1,411	3,057	1,645	116.6%	
Profit	882	1,814	932	105.7%	
	FY21/3	FY22/3	YoY	% Change	
Program Expenses	15,175	15,361	185	1.2%	

### < Higher revenue and profits >

- TV spot revenues were strong in our mainstay Broadcasting business. Content business performance was also strong, resulting in an increase in revenues.
- Despite an increase in program expenses due to the resumption of broadcasting live sports matches, etc., the increase in revenue outweighed the increase in expenses, resulting in a significant increase in profit.

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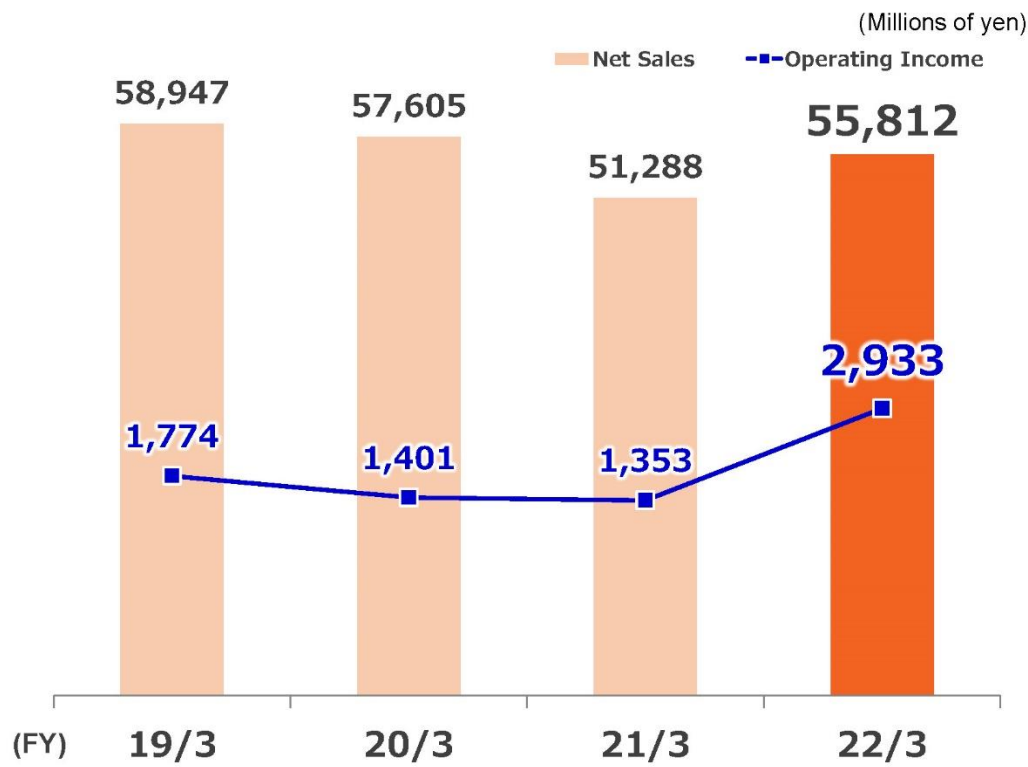
I will now explain the performance of Asahi Television Broadcasting Corporation.

Net sales were JPY55,812 million, an increase of JPY4,523 million from the previous fiscal year. In addition to strong TV spot sales revenue, the mainstay of the Company's business, strong content revenue also contributed to the increase in sales.

Operating income was JPY2,933 million, up JPY1,580 million YoY, ordinary income was JPY3,057 million, up JPY1,645 million YoY, and profit attributable to owners of parent was JPY1,814 million, up JPY932 million YoY.

In addition to an increase in program production costs associated with the resumption of live sports broadcasts and other activities, there was also an increase in content production costs for Virtual High School Baseball and YouTube channels. On the other hand, the increase in sales exceeded the increase in cost, resulting in a significant increase in income.

# Growth of ABC TV Results



## Point

### Net Sales

#### Approaching pre-COVID-19 levels

➔ Although performance recovered from the downturn caused by the COVID-19 pandemic in the previous fiscal year, we have not seen a full recovery, yet. And we continue to feel the impact of the shift to digital advertising that began prior to COVID-19. On the other hand, TVer streaming and internet-related revenue continues to grow, due in part to demand for in-home consumption.

### Operating Income

#### Highest profit since the April 2018 spin-off

➔ The popularity of regular and special one-off programs on nationwide networks made a significant contribution.

Here is a graph showing the performance trend over the last four fiscal years.

As you can see, sales have returned to near pre-COVID-19 levels, but have not yet fully recovered. In FY2021, the market rebounded from the COVID-19 slump in the previous year, but the shift to digital advertising as a major trend affected our performance.

On the other hand, Internet-related businesses such as TVer streaming and Virtual High School Baseball continued to grow, partly due to demand for stay-at-home demand.

Against this backdrop, operating income exceeded pre-COVID-19 levels and was the highest since the spin-off in April 2018.

# Details of ABC TV Revenue



(Millions of yen)

	FY21/3 (reference)	FY22/3
<b>Broadcasting Revenue</b>	47,549	<b>50,502</b>
<b>Content Revenue</b>	3,372	<b>4,980</b>
<b>Other Revenue</b>	366	<b>329</b>

■ **Broadcasting Revenue**

※ Recorded in the broadcasting business in the consolidated financial results

Mainly advertising revenue obtained through broadcasting (including revenue from TVer, a service streaming past broadcasts)

■ **Content Revenue**

※ Recorded in the content business in the consolidated financial results

Revenue obtained from multifaceted production and development of content and intellectual property (IP), including videos and events (including program sales to affiliates, content development derived from TV programs such as Virtual High School Baseball)

- Broadcasting Revenue: Up approximately 6% from the previous fiscal year (Note) See the following pages for more details.
- Content Revenue: Up approximately 48% from the previous fiscal year
  - Events and functions, which were mostly canceled or postponed in the previous year, resumed and contributed to sales growth.
  - Virtual High School Baseball, which experienced a significant increase in broadcasts for regional tournaments, also contributed to sales growth.

The following is a breakdown of revenue.

Broadcasting revenue totaled JPY50,502 million, an increase of approximately JPY2,950 million, or 6%, from the previous fiscal year. Details are explained on the following pages and beyond.

Content revenue totaled JPY4,980 million, an increase of approximately JPY1,600 million, or 48%, from the previous fiscal year. The main reason for this increase was the resumption of events and festivals that were mostly cancelled or postponed in the previous fiscal year. In addition, Virtual High School Baseball, which greatly increased the number of live-streamed games of local tournaments starting this year, contributed to the increase in revenue.

# Growth of ABC TV Major Broadcasting Revenues



(Millions of yen)

	FY19/3	FY20/3	FY21/3	FY22/3
<b>Spot</b>	33,169	31,298	27,587	<b>30,817</b>
<b>Network (Time)</b>	14,060	14,347	13,461	<b>13,018</b>
(Ref) Time revenue of ABC productions	10,504	10,870	10,710	<b>10,229</b>
<b>Local (Time)</b>	5,973	6,225	5,538	<b>5,527</b>
<b>TV Program Streaming (TVer, etc.)</b>	168	172	306	<b>502</b>

## Spot

•Up 11.7% YoY

Positive Factors

⇒ Advertising market recovered from the COVID-19 pandemic

Negative factors

⇒ Decrease in spot advertising slots due to increase in key station programming for the Olympics

Decrease in willingness to place ads given the uncertain situation overseas

## Network (Time)

•Down 3.3% YoY

•Mainly due to the decrease in prime programming slots on nationwide networks

## Local (Time)

•Down 0.2% YoY

•Despite the end of the mini-slots for the weekday daytime belt, high school baseball-related and new one-off derivative programs performed well, leading results nearly at the same level as the previous year

## TV Program Streaming (TVer, etc.)

•Up 64.0% YoY

•Significant increase due to *Aiseki Shokudo* branded content and large placements in connection with one-off programs, etc.

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On page 14, you will find the main broadcasting revenues.

Spot sales revenue was JPY30,817 million, an increase of JPY3,200 million from the previous fiscal year.

On the other hand, network (time) revenue declined, mainly due to the decrease in the number of prime programming slots. However, popular programs produced by our company, such as *In the Middle of Nowhere*, performed extremely well during the year-end and New Year holidays. The unit price of such programs has been rising year after year.

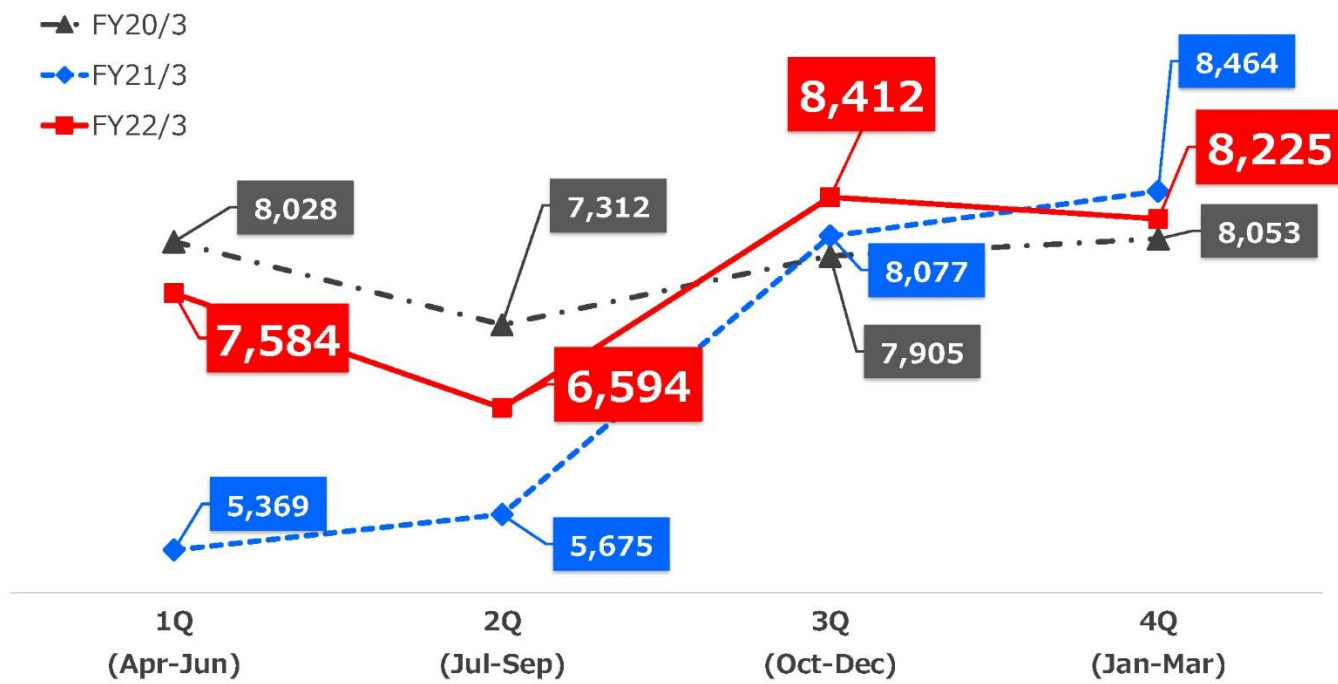
This is evidenced by the fact that time revenue of ABC productions, which are listed as a reference, have not declined significantly, despite the decrease in program slots. As a result, revenue for nationwide network programs rather improved, resulting in a significant contribution to increased revenue.

Time revenue from local program was essentially unchanged from the previous year. Television program streaming grew significantly, up 64% from the previous fiscal year, thanks to the branded content of *Aiseki Shokudo* and large placements associated with one-off programs.

# Spot Revenue of TV Business (Quarterly performance)



(Millions of yen)



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Next is page 15. Quarterly spot sales revenue is compared over the last three years.

The COVID-19 outbreak hit our spot sales revenue hardest in the first half of FY2020, as shown by the blue dotted line, but this recovered in the second half of the year and, conversely, exceeded the previous year's level. For the fiscal year ended March 31, 2022, shown by the red line, the first half of the year saw a rebound from the previous year, but due to a decrease in spot slots for broadcasting Tokyo Olympics-related programs, we were unable to return revenue to the pre-COVID-19 level.

However, in the second half of the year, advertisers once again became more willing to place advertisements, and in the third quarter, the amount of advertisements placed further exceeded that of the previous year, reaching the highest level in the past three years. In the fourth quarter, the number of programs decreased slightly from the same period of the previous year due to a decrease in spot slots for broadcasting the Beijing Olympics-related programs produced by a key station, and a sharp rise in resource prices due to the worsening situation overseas, which affected sponsors' willingness to place advertisements.

Please see the next page for changes in spot sales revenue by industry.

# Spot Revenue of TV Business (By Top 20 Industries)



Rank	Industry	FY21/3		FY22/3	
		YoY	Composition rate	YoY	Composition rate
1	Transportation/ Leisure/ Food Services / Services	70.9%	9.8%	124.3%	10.9%
2	Foods	89.4%	10.1%	105.3%	9.5%
3	Information/Communications	90.0%	8.2%	126.3%	9.3%
4	Beverages/Liquors	92.7%	7.5%	120.9%	8.1%
5	Pharmaceuticals/Medical Supplies	88.6%	8.0%	102.9%	7.4%
6	Home Electric Appliances / Computer	88.2%	6.0%	131.2%	7.1%
7	Hobby (Movie/Game/Music etc.)	96.0%	5.5%	121.5%	6.0%
8	Finance	81.1%	6.1%	100.5%	5.5%
9	Cosmetics/Toiletries	91.4%	5.6%	108.7%	5.5%
10	Automobiles	83.6%	6.9%	87.5%	5.4%
11	Government/Political Organization	102.4%	3.8%	119.7%	4.1%
12	Publications	93.5%	3.2%	133.4%	3.8%
13	Housing/Real Estate/Construction	77.2%	3.4%	119.8%	3.7%
14	Mail Order Sales	203.8%	3.6%	78.5%	2.5%
15	Household Products	127.6%	2.1%	128.3%	2.4%
16	Fashion (Apparel/Jewelry etc.)	78.5%	2.6%	101.2%	2.4%
17	Energy/Machines/Materials	102.4%	2.9%	76.5%	2.0%
18	Distribution	92.8%	1.8%	101.3%	1.6%
19	Various Organizations (Law Office etc.)	54.2%	1.3%	125.0%	1.4%
20	Logistics Services/Businesses/Events	67.5%	1.3%	106.1%	1.3%
21	Others	105.8%	0.2%	112.1%	0.2%
	Total		100.0%		100.0%

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\*Year-on-year comparisons

By industry, Information/Communications and Beverages/Liquors led sales, and major industries except Automobiles, which was heavily affected by the semiconductor supply shortage, posted YoY growth.

In addition, the Government/Political Organization industry were notable for their placement of advertisements related to measures against COVID-19. In addition, advertisement placements increased for services oriented toward lifestyles under COVID-19 conditions, such as for air purifiers, sterilization and antibacterial products, program streaming services, food delivery services represented by Uber Eats, and job search sites.



# Television Viewer Ratings in Kansai Region for April 2021- March 2022\* [ Individual (ALL) ]



(\*March 29, 2021 to April 3, 2022)

(Source: Video Research)

	All Day (6:00-24:00)	Golden Time (19:00-22:00)	Prime Time (19:00-23:00)	Prime 2 (23:00-25:00)
<b>1</b>	YTV 4.1%	YTV 6.5%	YTV 6.2%	YTV 3.4%
<b>2</b>	<b>ABC·KTV</b> <b>3.8% (-0.2)</b>	NHK 6.0%	<b>ABC</b> <b>6.1% (-0.5)</b>	<b>ABC</b> <b>2.9% (-0.3)</b>
<b>3</b>	* * * * * *	<b>ABC</b> <b>5.9% (-0.4)</b>	KTV 5.6%	KTV 2.6%
<b>4</b>	NHK·MBS 3.1%	KTV 5.7%	NHK 5.1%	MBS 2.5%
<b>5</b>	* * * * * *	MBS 4.9%	MBS 4.9%	NHK 1.3%

■ ABC (TV Asahi network) ■ MBS (TBS network) ■ KTV (Fuji TV network) ■ YTV (Nippon TV network) ■ NHK  
\* Figures in parentheses represent the company's year-on-year change.

Page 17 provides an overview of our viewer ratings for Individual (ALL).

We ranked second for All Day for the first time in four years since FY2017, third for Golden Time for the second consecutive year, second for Prime Time for the eighth consecutive year, and second for Prime 2 for the fourth consecutive year.

We performed well for All Day and Prime Time because of the continued strong performance of *In the Middle of Nowhere*. In addition, as in the previous year, demand for news related to COVID-19 increased, and news programs such as *Hodo Station* attracted attention. High viewer ratings of programs related to the Tokyo Olympics and Beijing Olympics, as well as TV Asahi's Thursday drama series, also contributed to the strong performance.

# ABC TV Results Forecasts



(Millions of yen)

	FY22/3 (actual)	FY23/3	YoY	% Change
Net Sales	55,812	<b>57,050</b>	1,237	2.2%
Operating Expenses	52,879	<b>54,550</b>	1,670	3.2%
Operating Income	2,933	<b>2,500</b>	-433	-14.8%
Ordinary Income	3,057	<b>2,900</b>	-157	-5.1%

	FY22/3 (actual)	FY23/3	YoY	% Change
Program Expenses	15,361	<b>15,500</b>	138	0.9%

Page 18 provides an overview of our financial results forecast for the fiscal year ending March 31, 2023.

In the current fiscal year, we forecast an increase in net sales over the previous year, expecting the impact of COVID-19 to largely dissipate and the mood of voluntary restraint on events to ease further.

On the other hand, due to an increase in expenses to secure new revenues in the medium to long term and an increase in depreciation expenses related to broadcasting equipment, we expect an increase in sales and a decrease in income compared to the previous fiscal year.

We expect programming expenses to increase 0.9% over the previous year, despite a decrease in program slots, in anticipation of expenses for new programming and content development.

# FY23/3 ABC TV Revenue Forecasts



(Millions of yen)

		FY22/3 (actual)	FY23/3	YoY	% Change
<b>Broadcasting Business Revenue</b>		<b>50,502</b>	<b>50,100</b>	<b>-402</b>	<b>-0.8%</b>
Details	Spot	30,817	30,800	-17	-0.1%
	Network	13,018	12,220	-798	-6.1%
	(Ref) Time revenue of ABC productions	10,229	9,531	-698	-6.8%
	Local	5,527	5,850	322	5.8%
	TV Program Streaming (TVer etc.)	502	600	97	19.3%
<b>Content Business Revenue</b>		<b>4,980</b>	<b>6,530</b>	<b>1,549</b>	<b>31.1%</b>

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Here is a breakdown of our revenue forecast.

We expect spot sales revenue to remain flat from the previous year. While the strong performance of the previous fiscal year is expected to continue, we anticipate the impact of the digital shift, the yen's depreciation due to uncertainties in the overseas situation, and soaring resource prices on the advertising market.

We expect time advertising revenue for nationwide network programs to decrease due to the full-year impact of reduced program slots in Prime Time.

For local programs in Kansai, we aim to increase time advertising revenue mainly by accumulating new projects. In addition, we expect an increase in sales by strengthening the content distributed through TVer.

We expect content revenue to increase through further expansion of Virtual High School Baseball in addition to the resumption of events.

# FY2021 Notable Results

## Year-end and New Year's special programs, In the Middle of Nowhere continue to do well

- ▶ **M-1 Grand Prix 2021:** In both Kanto and Kansai regions, Individual (ALL) programs recorded top viewership by a wide margin.
- ▶ **Who is a real celebrity? 2022 New Year Special:** Individual (ALL) for Kanto and Kansai regions were top performers in same time slot. Top Individual (ALL) program in Kansai for the first three days New Year's holiday viewing.
- ▶ **In the middle of nowhere:** Continued strong performance.



## Pursuing multifaceted development of streaming, events, etc.

### ▶ 相席食堂 Aiseki Shokudo

Received TVer Award 2021 Special Prize for a second consecutive year; most total views of a program not broadcast on a nationwide network.



### ▶ パチ+L高校野球 Virtual High School Baseball

Increased the number of live-streams of regional tournaments in addition to national tournaments on SPORTS BULL. Also, pay-per-view service for streaming now available.

## ▶ Events Using Program IP

✓ Online event for the *Okitalando* **Online** quiz segment of popular morning show *Ohayo Asahi Desu* (ABC local broadcast) held three times with nearly 5,700 participants.



✓ Held the *Travel Salad EXPO* at GRAND FRONT OSAKA to commemorate the 30<sup>th</sup> anniversary of *Travel Salad-Discovering Fresh Sites of Japan*, a nationwide network Saturday morning live program. Roughly 18,000 people attended over the three-day celebration.



The results for FY2021 are as shown here.

Our signature year-end and New Year's programs continued to perform extremely well in FY2021. We were by far the top in both East and West Japan, contributing to increased revenue. We are expanding our non-TV broadcasting business, such as digital development, year after year to further increase profitability.

Late night variety program *Aiseki Shokudo* (Tr. Let's Share a Table) won the TVer Award 2021 Special Prize for the second year in a row following 2020, despite being a local program. Virtual High School Baseball has increased the number of live games and launched a pay-per-view service for missed games. We also tried events using the program's IP, such as the *Travel Salad EXPO*.

## Reorganized timetable with greater emphasis on U49\* in April

\*U49: ABC TV unique indicator targeting viewers 49 years of age and younger



Okaeri

ABC Local  
Monday-Friday 3:45-7:00 p.m.

Delivering relevant content in the evenings, including everything from news to seasonal spotlights, under the theme, Fostering Closer Family Ties Every Day.



Daigo mo daidokoro

Monday-Friday 1:30-1:45 p.m.

A cooking show in which novice cook DAIGO struggles to improve his skills.



Travel Salad

Saturday 8:00-9:30 a.m.

Yuichi Nakamaru of KAT-TUN added as a new regular. Nakamaru serves as reporter in a new segment to rediscover the charms of Japan.



Welcome, Newlyweds!

Sunday 0:55-1:25 p.m.

A popular ABC TV program running for more than half a century. Relaunched with the fresh duo of Takashi Fujii and Sakura Inoue as hosts.

## Regional revitalization in conjunction with programs



### ► Moco's Travel Kitchen

(Saturday 1:28-2:00 p.m. ABC Local Broadcast)

A road-movie style gourmet show in which Mokomichi Hayami, actor and relentless food explorer, travels around Japan in a food truck.



► The Premium Malt's presents CHEF-1 Grand Prix 2022. A program in which young chefs from Japan's 47 prefectures vie for their opportunity and a chance to make their dreams come true, aiming for the title of No.1. Program title changed from DRAGON CHEF 2021, broadcast last year.

Next, I will explain our initiatives in FY2022.

In the April reprogramming, the timetable was set up with a stronger focus on viewers aged 49 and under. First, we have reorganized the evening news to make it easier for viewers to understand, providing daily live coverage from on-the-ground news and hot places to watch.

On weekday afternoons, we produce a cooking program in which DAIGO, a beginner in cooking, struggles to hone his skills. The weekend nationwide network program is also getting a fresh start with an MC duo and regular cast. We will also take on the challenge of regional revitalization through our programs and content.

In FY2022, we expect spot sales revenue to remain essentially unchanged from the previous year. This figure is more conservative than the forecasts published by various agencies since the beginning of the year. Please consider that this is also a statement of our determination to take a hard look at the current state of the advertising market and expand the scale of our content business and various other areas that do not depend solely on TV advertising revenues.

In fact, the current situation as of April and May remains almost flat compared to the previous year. Now that we are nearing the end of the COVID-19 tunnel, we see this as a new opportunity to further focus on both the broadcasting and content businesses, as I said at the beginning.

We ask for your continued support.



# Asahi Broadcasting Group 2021–2025 Medium-Term Management Strategy NEW HOPE Rolling Plan 2022

**Asahi Broadcasting Group Holdings Corporation**

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**Moderator:** Now, Okinaka, President of Asahi Broadcasting Group Holdings Corporation, will explain the progress in the first year of the medium-term management strategy and the numerical plan for the next four years.



# Priority Targets (Quantitative)



## Three-Year Financial Plan (as of May 2021)

(Millions of yen)

	FY2021		FY2022		FY2023		...	FY2025	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income		Net Sales	Operating Income
Consolidated Group	82,000	2,300	88,000	3,000	92,000	4,500		100,000	5,700



## Financial Plan by 2025

	FY2021 (actual)		FY2022		FY2023		FY2024		FY2025	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
Consolidated Group	85,100	4,203	91,000	4,000	94,000	4,500	97,000	5,000	100,000	5,700



**Okinaka:** Hello, again. This is Okinaka.

In the first year of the medium-term management strategy, the speed of recovery from COVID-19 was faster than expected, and both net sales and operating income were much higher than planned. So, as you can see, we have decided to bring forward our future numerical targets. The final target for FY2025 remains unchanged.



# Priority Targets (Quantitative by Segment)



## Three-Year Financial Plan (as of May 2021)

(Millions of yen)

▼ By reportable segment	FY2021		FY2022		FY2023		...	FY2025
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income		Net Sales
Broadcasting and Content	67,800	1,700	72,000	1,800	75,000	3,200	...	81,000
Lifestyle	14,200	900	16,000	1,500	17,000	1,600	...	19,000



## Financial Plan by 2025

▼ By reportable segment	FY2021 (actual)		FY2022		FY2023		FY2024		FY2025	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
Broadcasting and Content	71,348	3,654	75,200	3,300	77,000	3,200	79,300	3,600	81,000	3,800
Lifestyle	13,751	874	15,800	1,000	17,000	1,600	17,700	1,700	19,000	2,200

Note: We expect an annual adjustment of -300 million yen in *Adjustments, Other* related to operating income in FY2022 and later for items not allocated to a specific segment (not shown in table)



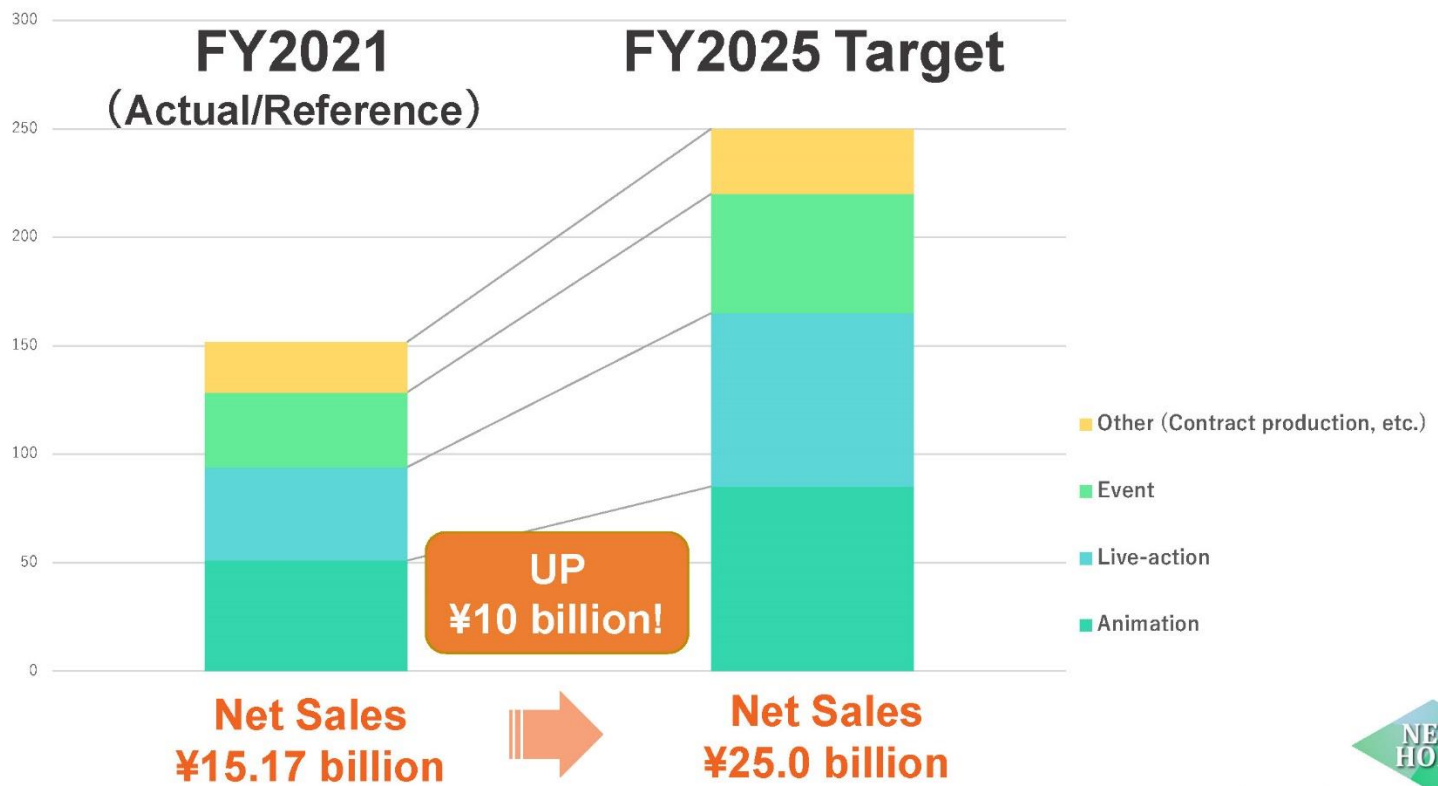
Here is the numerical plan by segment.

We have decided to bring forward our numerical plan for the Broadcasting and Content business for FY2022 and FY2023 in this manner.

On the other hand, the Lifestyle business is generally progressing according to plan, and we expect it to remain in line with the initial plan from FY2023 onward.



# Priority Targets (Quantitative Content)



This is an image of the growth of the Content business.

We hope to grow sales in the Content business from JPY15.17 billion in FY2021 to JPY25 billion in FY2025.

With regard to animation, we aim to expand overall group sales from the current level of around JPY5 billion to JPY8 billion or JPY9 billion.

We are considering the same level of growth for live-action content such as dramas.

We also aim to double the event business from its current scale of JPY3 billion to JPY10 billion by FY2025.

## Animation

- ✓ Continue to strengthen programming centered on ABC ANIMATION
  - ✖ABC ANIMATION
  - Record-high sales in FY2021
  - CG animation production studio built in 2020 now fully operational
- ✓ Aim to expand and strengthen the peripheral anime business (character figures and other merchandise) and overseas development



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©ABC・A・Toei Animation



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## Live-action content such as dramas and variety show



The Sealer

- ✓ Establish streaming system for drama, variety, etc., linked to broadcasts
- ✓ Strengthen development of new content for streaming
- ✓ Expand efforts in overseas markets
  - ✖Planning to collaborate with leading overseas entertainment companies to develop and market program formats for the purpose of global sales

## Event

- ✓ Create new entertainment through the fusion of images and live performance
- ✓ Aim to increase the number of TV program-related sponsored events and Expo 2025 Osaka, Kansai related events



## Other

- ✓ Focus on the music business, working to find undiscovered and promising new artists
- ✓ Develop consumer and technology brands
- ✓ Improve advanced production technology further, and step up contract production from domestic and overseas clients

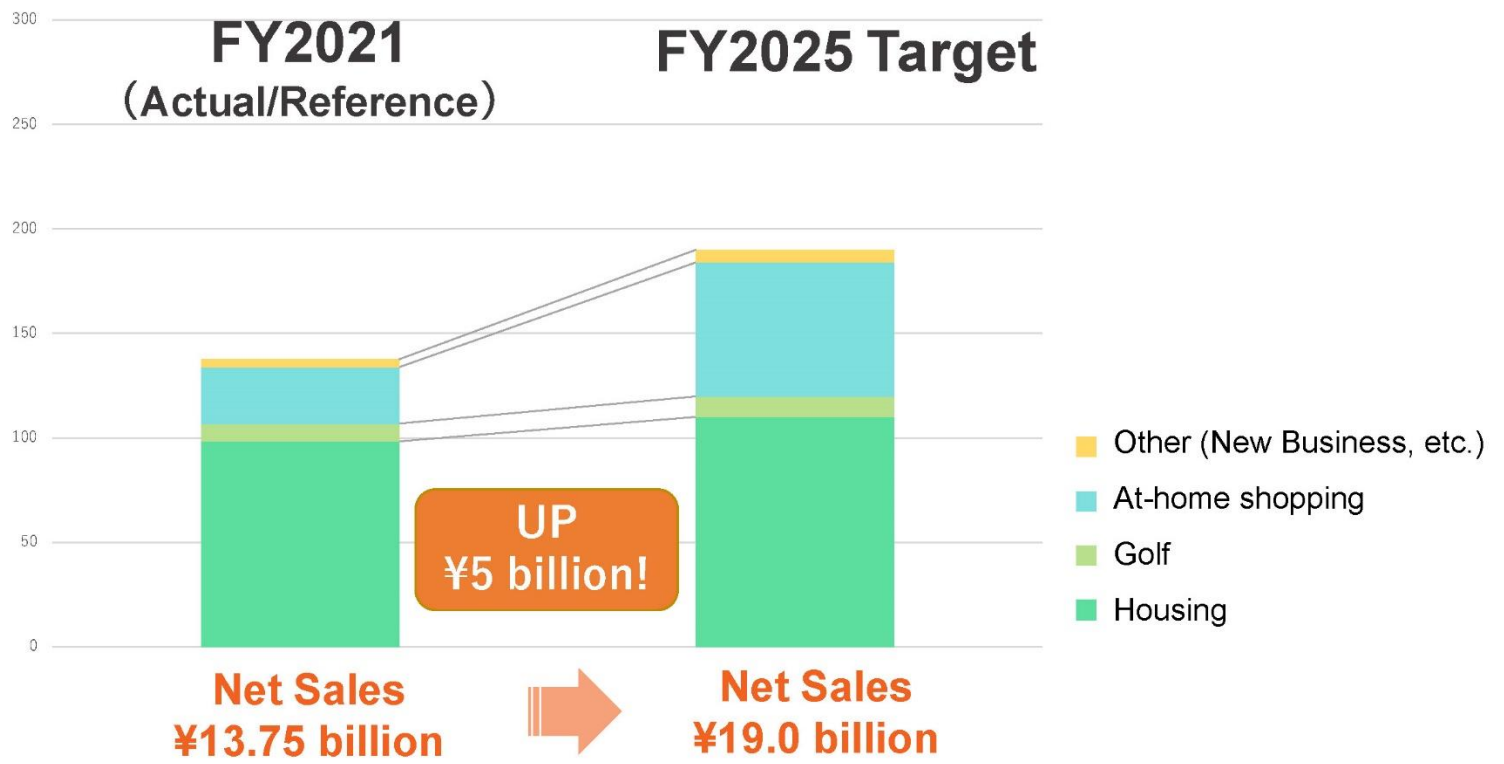
This is our strategy by business.

In animation, we will continue to promote our business focusing on ABC Animation. We also plan to start a merchandising business for anime figures and other products to strengthen overseas sales, especially in China.

Live-action dramas will be linked to broadcasts, while aiming for higher quality titles. In addition, we will collaborate with major overseas entertainment companies to develop and market program formats in earnest.

We also plan to take on the challenge of developing new game businesses, particularly through our animation affiliates. We would like to initiate similar animation-derived projects related to the metaverse and Web 3.0.

# Priority Targets (Quantitative Lifestyle)



We plan to grow sales in our Lifestyle business from JPY13.75 billion in FY2021 to a scale of JPY19 billion in FY2025.

In particular, we anticipate growth in the mail-order business, including e-commerce, and aim to double the current JPY2.7 billion in sales to the JPY6 billion level.

## At-home Shopping Business

- ✓ Strengthen TV shopping
  - ➔ Expand sales channels through two companies: ABC Media Communications (AMC) and ONE DAY DESIGN (ODD)\*.
  - \*ODD: Joint venture with DMM.com established in 2021



- ✓ Strengthen e-commerce business
  - ➔ Improve AMC and ODD e-commerce sites
  - ➔ Invest in overseas social commerce and live commerce companies to expand sales channels for e-commerce business; strengthen marketing capabilities using distributed media

## Housing Business

- ✓ Open new exhibit/venue
- ✓ Pursue DX and attract new tenants and visitors through an improved customer experience



Developing lifestyle proposals using online media



Next, I will explain the business-specific strategies for the Lifestyle business.

In TV shopping, two companies, ABC Media Communications and ONE DAY DESIGN, have begun to strengthen their e-commerce businesses. We also plan to jointly engage in social commerce business in China in collaboration with Onedot, a Chinese social media account management company, and Daiko (China).

The housing business, a major pillar of our Lifestyle business, is also in the process of adding new venues. We will also strive to attract new customers by serving customers through DX promotions and utilizing TV programs and web media.

# Sustainability-Related Topics

- **The ABC Green Declaration (January 2022)**  
The ABC Group Aims for CO2-Free Electricity by the Year 2025  
※Planning to declare our support for TCFD recommendations
- **ABC@Colorful Declaration**  
The ABC Group pursues diversity in work styles (telework, shortened work hours, side work, etc.) and diversity among employees (women's empowerment, maternity leave for males, recognition of same-sex partners, etc.)
- **Formation of *SDGs Fund***  
Fund to invest in start-ups that contribute to the achievement of the SDGs
- **Other Initiatives for regional revitalization**  
Signed Comprehensive Collaboration Agreement with Kameoka City, Kyoto Prefecture

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Finally, I would like to explain our sustainability initiatives.

This year, early in the year, we announced our ABC Green Declaration. We have been striving to become an environmentally conscious broadcaster by, for example, being one of the first to engage in the solar power generation business, and we hope to accelerate our efforts with this declaration. The ABC Group has set a goal of achieving CO2-free electricity by 2025. We also plan to endorse the TCFD recommendations.

We also recently issued the ABC@Colorful Declaration to Group employees and staff. The theme is diversity. We will greatly promote diversity, especially among our employees and the way they work. In the future, we intend to promote D&I (Diversity and Inclusion) through pro bono activities, diversity in work styles, women's participation and advancement, same-sex partnerships, and more.

We have also decided to establish an SDGs fund to invest in startups that contribute to the achievement of the SDGs.

In April, we signed a comprehensive partnership agreement with Kameoka City, Kyoto Prefecture, as part of our regional revitalization project. We would like to jointly create a model project for regional revitalization, and in the future, we would like to expand it not only in the Kansai region but also to the rest of Japan.

We ask for your continued support.

**Moderator:** This concludes our explanation.

## Question & Answer

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**Moderator:** We would now like to move on to the Q&A session.

Please note that the content of today's presentation and Q&A session is being recorded by a transcription and distribution service.

When it is your turn to ask a question, you will be designated by the moderator. Please ask your question after stating your company name and name. We would like to give priority to answering questions from analysts and institutional investors.

Please raise your hand if you have any questions.

We will now take questions from those in attendance by phone. Please ask your question after your name and company name.

**Questioner:** I would like to ask three questions. All questions are about the outlook for the current fiscal year.

First, let me ask you about the sales outlook for TV program streaming and other video delivery. You are planning sales of about JPY600 million this fiscal year. Last fiscal year, sales were JPY500 million, an increase of more than 60% from the previous year. TVer will conduct trials of real-time program distribution in Tokyo until around September of this year and sell advertising space. After October, although it is still uncertain, I believe new revenue opportunities will arise. Therefore, I got the impression that the forecast is very conservative. First, please explain your assumptions for sales of TV program streaming.

**Imamura:** We project sales at JPY600 million, after JPY500 million in the previous year. Two factors are behind this growth rate. One factor is the availability of so much content, which has led to a collapse in the price per ad. Compared to one or two years ago, we estimate that the unit price per ad could drop to nearly half. Another factor is that the TVer market itself is expected to further expand in size, with the industry forecasting that it will grow to approximately 133% over the previous year. We believe that both of these factors need to be taken into account. We do not believe that this is a time where we can create content, stream it, and expand the scale of distribution as done in the past.

As for video delivery as a whole, we are not relying solely on TVer but are looking to reach out to other areas through various catch-up distribution. For these reasons, we expect sales of JPY600 million in FY2022. This is a conservative figure because we are developing new businesses, but we still expect some growth.

**Questioner:** Thank you.

**Okinaka:** Now the second one, please.

**Questioner:** My second question is about the content business. Page 12 shows content sales revenue for Asahi Television Broadcasting Corporation alone, which were up nearly 50% last fiscal year, and I believe you are planning another 30% increase in sales this fiscal year. Could you please explain or add a little more here about the background behind the nearly 30% increase in sales this fiscal year as well?

**Okinaka:** I will make a few comments on this and ask Imamura to add his input.

Basically, the Group's entire content business is based on organic growth, which means creating lots of content, especially anime and live-action dramas, but we are also looking at other non-organic growth.

As mentioned earlier, we would like to reach this figure while taking into account how we will tackle the gaming and other businesses, and how we will incorporate areas where we have no knowledge. Conversely, we cannot achieve this number through organic growth alone. However, we are preparing measures with this number as our goal.

Is there anything to add regarding the content business?

**Imamura:** As Okinaka just mentioned, basically, we believe that we can still scale up in the content field, especially in areas where we are most competitive, such as animation, story-based content, and the music business. In addition, we may enter the game business based on our IP, such as animation.

In FY2022, Asahi Television Broadcasting Corporation will expand the scale of its owned media such as Virtual High School Baseball, in addition to working on distribution platforms other than TVer. Based on these factors, we are making a bullish forecast with the goal to achieve steady growth.

**Ogura:** This is Ogura, in charge of accounting. Please also note that the content business includes revenue from events.

**Okinaka:** Events are also a big contributor.

**Ogura:** Yes. With the recovery from COVID-19, I think we will see some very strong growth.

**Questioner:** Thank you.

I would like to move on to my last question. This is also about the content business. Could you tell us a little about the situation of your subsidiaries, including the outlook for financial results in this fiscal year? Please tell us a little about your plan for the current fiscal year regarding ABC ANIMATION, MASH, and SILVER LINK., which are a group of companies with large sales that may see some movement.

**Okinaka:** I will briefly explain the numbers.

Events are mainly handled by MASH, and MASH alone is expected to increase sales by nearly JPY500 million. We also expect an increase in sales of roughly JPY300 million at ABC ANIMATION. On the other hand, we expect a JPY200 million decrease in sales at SILVER LINK. due to a dropout in contributions from finalized title orders in the current fiscal year.

There is also a technology company, i-NEX corporation, included in the content business, and we expect the Company to increase its sales by JPY300 million. Another company included in the content business is DLE. Our goal is to significantly increase the sales of this company, and M&A will likely be a major contributor to this.

**Questioner:** Thank you.

**Ogura:** Each company has its own unique factors, but the basics are as just described. In the case of ABC ANIMATION, we expect a certain degree of long-term growth, so our investment plan is not based on a single year's performance or what will happen next year, but on a longer time horizon. I believe that you all can have greater expectations for the future of this company.

As for SILVER LINK. mentioned earlier, it takes a long period of two or three years to produce a title. The orders we received in the past will not be booked as much next year, and we are taking various structural measures to increase both orders placed and orders received. Thus, we believe we can grow this business.

**Questioner:** Thank you.

**Moderator:** There are no other questions, so we will conclude the Q&A session.

Thank you for taking time out of your busy schedule to attend today's presentation on our financial results and medium-term management strategy. We look forward to your continued support of ABC Group.

Thank you.

[END]