



## **Asahi Broadcasting Group Holdings Corporation**

Financial Results Briefing for the Second Quarter of the Fiscal Year Ending March 2023

November 21, 2022

**[Venue]**           Webcast

<b>[Speakers]</b>	Susumu Okinaka	Representative Director and President
	Shinya Yamamoto	Representative Director and Vice President/ Representative Director and President of Asahi Television Broadcasting Corporation
	Kazuhiko Ogura	Director, Managing Executive Officer
	Toshiaki Imamura	Executive Officer/Director of Asahi Television Broadcasting Corporation

## Presentation

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**Moderator:** Good afternoon, everyone. We would now like to begin Asahi Broadcasting Group Holdings Corporation's financial results briefing for second quarter of the fiscal year ending March 2023. Thank you for joining us today.

Today's presentation begins with an overview of the consolidated financial results and segment information, as well as the revision to the consolidated financial results forecasts. This is followed by the performance of Asahi Television Broadcasting Corporation. The presentation is scheduled to last approximately 25 minutes, followed by a question-and-answer session. The entire briefing will last a maximum of 60 minutes.

First, Susumu 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 to join us today. We would also like to thank everyone for their continued support.

Let me begin by explaining our business results for the first half of the fiscal year ending March 2023.

# Consolidated Results



(Millions of yen)

		FY22/3 1H (Apr. to Sep. 2021)	FY23/3 1H (Apr. to Sep. 2022)	YoY	% Change
<b>Net Sales</b>		<b>40,889</b>	<b>41,100</b>	<b>210</b>	<b>0.5%</b>
Operating Expenses		39,654	40,806	1,151	2.9%
Details	Cost of Sales	27,723	28,121	397	1.4%
	Selling, General and Administrative Expenses	11,930	12,684	753	6.3%
<b>Operating Income</b>		<b>1,234</b>	<b>293</b>	<b>-940</b>	<b>-76.2%</b>
Ordinary Income		1,539	479	-1,060	-68.9%
Profit Attributable to Owners of Parent		1,133	403	-729	-64.4%

### <Higher Revenue and Lower Profits>

- **Content business performance was strong, resulting in an increase in revenues.**
- **At the same time, expenses increased due to increased amortization burden related to content development, leading to lower profit.**

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(Note) FY23/3 refers to the fiscal year ending March 31, 2023 and all other fiscal years are referred to in the same manner.

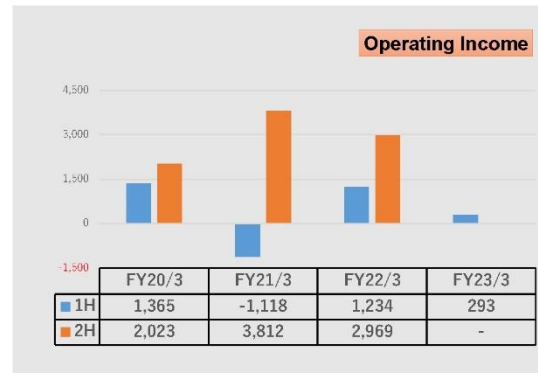
Net sales totaled JPY41.1 billion, a YoY increase of JPY210 million. Although advertising revenue was weak due to the sharp depreciation of the Japanese yen and the resulting rise in prices, content business sales revenue was strong, resulting in the increase in sales.

On the other hand, operating expenses increased YoY in the content business due to production costs, investments in program production consortiums, and amortization. As a result, operating income was JPY293 million, ordinary income was JPY479 million, and profit attributable to owners of parent was JPY403 million, all of which incurred YoY decreases.

# Trend of Consolidated Results



(Millions of yen)



## Point

Performance tends to be stronger in the second half of the year compared to the first half, particularly since the emergence of the COVID-19 pandemic. Operating income since FY2020 has been weighted heavily toward the second half of the year.

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This is a historical trend in the past four years.

As you can see, our business performance, especially operating income, tends to grow more in the second half of the year than in the first half. In the graph on operating income, the blue bars and orange bars show the first half results and the second half results, respectively.

This is due to the concentration of sports events, such as high school baseball and professional baseball broadcasts, in the first half of the year. Then there is the strong tendency for advertisers' campaigns to increase in the second half. Moreover, there are many of our national network special programs during the year-end and New Year's holidays, etc., so this is somewhat a structural tendency.

## Results by Segment

(Millions of yen)



Net Sales		FY22/3 1H (Apr. to Sep. 2021)	FY23/3 1H (Apr. to Sep. 2022)	YoY	% Change
Broadcasting and Content		33,954	34,482	527	1.6%
By business	Broadcasting	26,215	26,468	252	1.0%
	Content	7,719	7,987	268	3.5%
	Other	19	26	7	37.7%
Lifestyle		6,934	6,617	-317	-4.6%
By business	Housing	5,215	4,476	-738	-14.2%
	Golf	410	484	73	18.0%
	At-home shopping	1,064	1,471	407	38.3%
	Other	244	184	-59	-24.5%
Operating Income		FY22/3 1H (Apr. to Sep. 2021)	FY23/3 1H (Apr. to Sep. 2022)	YoY	% Change
Broadcasting and Content		962	407	-554	-57.6%
Lifestyle		412	118	-294	-71.4%
Adjustments		-140	-232	-91	-

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Next, we move on to segment information.

First of all, sales. In the broadcasting business, the CS broadcasting service sky-A performed well. In the content business, there was strong performance of *Virtual High School Baseball*, a high school baseball distribution service provided by Asahi Television Broadcasting Corporation.

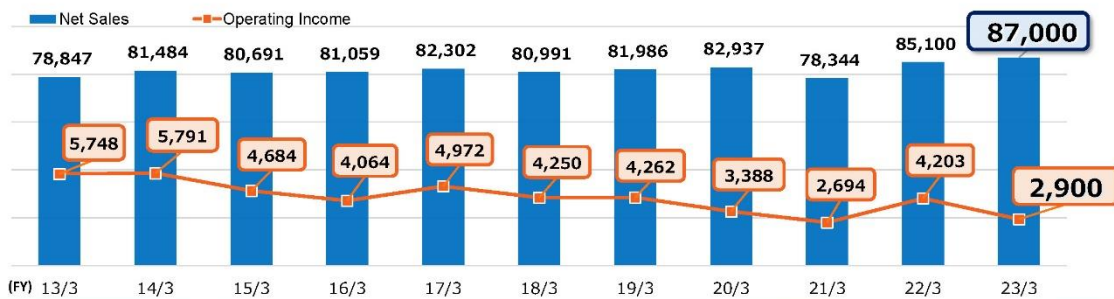
In the lifestyle business, the housing division incurred a YoY decline in sales due to the absence of large-scale real estate sales in the same period of the previous fiscal year.

Operating income, on the other hand, was JPY407 million YoY in the broadcasting and content segment, down JPY554 million YoY. Operating income in the lifestyle segment was JPY118 million, down JPY294 million YoY.

# FY23/3 Consolidated Financial Results Forecasts ABC

(Millions of yen)

	FY22/3 (actual)	FY23/3 (as of May)	FY23/3 (revised in Nov.)	YoY	% Change
Net Sales	85,100	91,000	<b>87,000</b>	1,899	2.2%
Operating Income	4,203	4,000	<b>2,900</b>	-1,303	-31.0%
Ordinary Income	4,792	4,500	<b>3,400</b>	-1,392	-29.1%
Profit Attributable to Owners of Parent	2,671	2,900	<b>2,200</b>	-471	-17.6%



This shows the full-year earnings forecasts.

Based on the first half performance and current conditions in the second half, we have revised downward our forecast for net sales to JPY87 billion, that for operating income to JPY2.9 billion, that for ordinary income to JPY3.4 billion, and that for profit attributable to owners of parent to JPY2.2 billion. From the previous forecasts in May, the sales estimate is down JPY4 billion, the operating income and ordinary income forecasts are down JPY1.1 billion, respectively, and the estimate for profit attributable to owners of parent is down JPY700 million.

I will explain the details in the following slide.

# Financial Results Forecasts by Segment (Millions of yen)



<b>Net Sales</b>		<b>FY22/3 Actual</b>	<b>FY23/3 Forecast (revised in Nov.)</b>	<b>YoY</b>	<b>% Change</b>
<b>Broadcasting and Content</b>		<b>71,348</b>	<b>71,800</b>	<b>451</b>	<b>0.6%</b>
By business	Broadcasting	56,130	55,400	-730	-1.3%
	Content	15,170	16,100	929	6.1%
	Other	47	300	252	530.9%
<b>Lifestyle</b>		<b>13,751</b>	<b>15,200</b>	<b>1,448</b>	<b>10.5%</b>
By business	Housing	9,825	9,600	-225	-2.3%
	Golf	854	900	45	5.4%
	At-home shopping	2,694	4,100	1,405	52.2%
	Other	377	600	222	59.0%
<b>Operating Income</b>		<b>FY22/3 Actual</b>	<b>FY23/3 Forecast (revised in Nov.)</b>	<b>YoY</b>	<b>% Change</b>
<b>Broadcasting and Content</b>		<b>3,654</b>	<b>2,400</b>	<b>-1,254</b>	<b>-34.3%</b>
<b>Lifestyle</b>		<b>874</b>	<b>800</b>	<b>-74</b>	<b>-8.5%</b>
<b>Adjustments</b>		<b>-325</b>	<b>-300</b>	<b>-</b>	<b>-</b>

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First, in the broadcasting business, spot sales revenue in the second half is uncertain and some severe forecasts are being made. Due to a decrease in the number of program slots for nationwide network programs, we expect net sales in the business to be JPY55.4 billion, a YoY decrease of JPY730 million.

Sales in the content business are expected to be JPY16.1 billion, a YoY increase of JPY929 million. We expect that sales in the at-home shopping business will increase YoY, including expectations for a new business.

Expenses are increasing as we continue to invest aggressively to expand our content business. As a result, the profit margin in each segment become smaller, with operating income for the broadcasting and content segment expected to be JPY2.4 billion, down JPY1,254 million YoY, and that for the lifestyle segment to be JPY800 million, down JPY74 million YoY.



# Sustainability-Related Initiatives

## Launched food loss reduction e-commerce site, *Lossmile*, in October



Group company ONE DAY DESIGN launched a food loss reduction business offering up to 66% in discounts on food products previously discarded due to near-expiration dates or damaged packaging. E-commerce site *Lossmile*(<https://lossmile.jp/>) began operations in October.

## Established a new fund to invest in social entrepreneurs operating in the Kansai region. Invested in a food loss reduction PF management company



ABC Holdings and group company, ABC DREAM VENTURES, launched the Social Interaction Design Fund, which aims to foster sustainable societies in the Kansai region. As the first project, the fund invested in LOSSZERO (Nishi-ku, Osaka City, Japan; Mitsuki Bun, representative director and president). LOSSZERO operates an at-home shopping platform that connects producers and buyers to reduce food loss.

## Three broadcasting companies are engaged in the *Asu Mirai Project*, an initiative to achieve the SDGs



Two broadcasting companies, ABC Radio and sky-A (CS Broadcasting), have joined the *Asu Mirai Project*, an initiative by ABC TV to communicate the existence and content of the SDGs through broadcasting, tying efforts to concrete actions. The project marks further efforts to achieve the SDGs.

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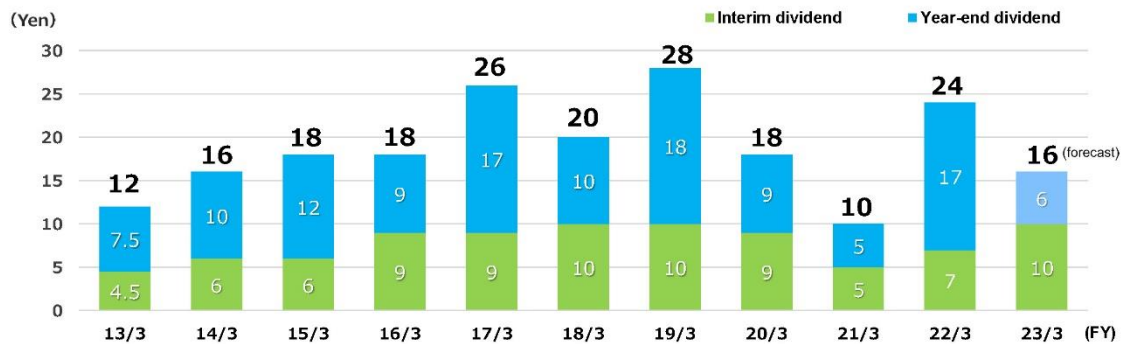
Another thing we are actively promoting is ESG initiatives. We started our business with a strong focus on the environment and sustainability.

We invested in two businesses to reduce food loss. One is a food loss reduction business established by ONE DAY DESIGN, a group company, which launched an e-commerce site called *lossmile*, using the at-home shopping mechanism.

In addition, the Company and its group company, ABC DREAM VENTURES, Inc., have formed a new fund, a kind of SDGs fund. That is called the Social Interaction Design Fund. The first investment target is Loss Zero, an Osaka-based food loss reduction platform operator.

In addition, we would like to actively develop the *Asu Mirai Project* to introduce the SDGs widely through TV, radio, and CS.

# 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%.

Therefore, for the fiscal year ending March 31, 2023, we expect to issue annual dividends per share of 16 yen, including an interim dividend of 10 yen and a year-end dividend of 6 yen.

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Finally, I will explain the dividend payment plan for the current fiscal year. In line with the revised earnings forecasts, we have also revised down the dividend payment plan for the current fiscal year. Please see page 10.

The interim dividend remains unchanged at JPY10 per share and the year-end dividend is set at JPY6. The annual dividend forecast per share is JPY16. Although the impact of the coronavirus disaster seems to have finally subsided, we feel that we are currently at a bit of a plateau due to the worsening global situation and the weak yen and higher prices since the beginning of the current fiscal year.

In the second half and toward the next fiscal year, as a comprehensive content business group, we intend to more aggressively develop content that viewers, listeners, and consumers demand, and to develop new businesses.

I ask for your continued support.

**Moderator:** Next, Shinya Yamamoto, Representative Director and President of Asahi Television Broadcasting Corporation, or ABC TV, will give an explanation of ABC TV's business performance.

# ABC TV Results

**Shinya Yamamoto**  
Representative Director and Vice-President  
Asahi Broadcasting Group Holdings Corporation  
Representative Director and President  
Asahi Television Broadcasting Corporation

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**Yamamoto:** This is Yamamoto. Thank you.

I will explain the financial results of Asahi Television Broadcasting Corporation.

# ABC TV Results



(Millions of yen)

		FY22/3 1H (Apr. to Sep. 2021)	FY23/3 1H (Apr. to Sep. 2022)	YoY	% Change
Net Sales		26,197	<b>26,859</b>	662	2.5%
Operating Expenses		25,833	<b>26,484</b>	651	2.5%
Details	Cost of Sales	16,285	<b>16,588</b>	302	1.9%
	Selling, General and Administrative Expenses	9,547	<b>9,895</b>	348	3.6%
Operating Income		363	<b>375</b>	11	3.0%
Ordinary Income		420	<b>604</b>	183	43.7%
Profit		261	<b>339</b>	78	29.9%
		FY22/3 1H (Apr. to Sep. 2021)	FY23/3 1H (Apr. to Sep. 2022)	YoY	% Change
Program Expenses		7,834	<b>7,862</b>	27	0.4%

**<Higher revenue and profits>**

- Content business performance was strong, resulting in an increase in revenues
- Revenues exceeded the increase in expenses related to increased costs of sales, stemming from higher content sales, and increased amortization and depreciation, leading to higher profits

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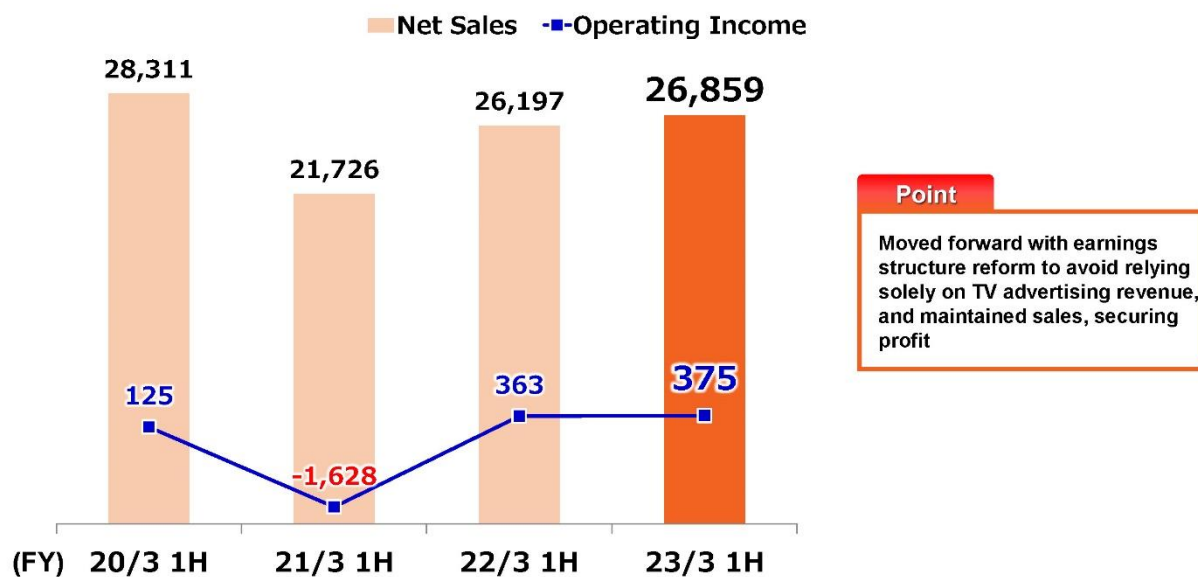
Sales totaled JPY26,859 million, a YoY increase of JPY662 million. Operating income was JPY375 million, up JPY11 million YoY, and ordinary income was JPY604 million, up JPY183 million YoY. Profit was JPY339 million, a YoY increase of JPY78 million.

The increase in expenses was due to higher costs associated with increased sales of content and higher costs associated with content development. In addition, depreciation expenses increased due to the renewal of the broadcast master facilities and other items.

On the other hand, content income from *Virtual High School Baseball*, a high school baseball distribution service, and various events exceeded the increase in expenses and led to the increase in income.

# Trend of ABC TV Results

(Millions of yen)



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The following is a four-year trend of our performance.

Reform of the revenue structure, which does not rely solely on TV advertising revenue, is underway. As in the period under review, we were able to maintain solid sales and profitability even in the midst of a slowdown in the TV advertising market.

## Details of ABC TV Revenue



(Millions of yen)

	FY22/3 1H (Apr. to Sep. 2021)	FY23/3 1H (Apr. to Sep. 2022)	YoY	% Change
<b>Broadcasting Revenue</b>	23,463	23,317	-146	-0.6%
<b>Content Revenue</b>	2,570	3,400	830	32.3%
<b>Other Revenue</b>	163	140	-22	-13.5%

■ **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)

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(Note) See the following pages for more details of broadcasting revenue.

This is a breakdown of revenue.

In the period under review, the increase in content revenue offset the decline in broadcasting revenue. Broadcasting revenue, mainly advertising revenue, totaled JPY23,317 million, down approximately JPY146 million YoY.

On the other hand, content revenue from events and Internet development totaled JPY3.4 billion, up approximately JPY830 million, or 32.3%, YoY. In particular, *Virtual High School Baseball* contributed to the revenue growth by increasing the number of platforms to two this year, as well as by significantly increasing the number of distributed local tournament games.

## Trend of ABC TV Major Broadcasting Revenues



(Millions of yen)

	FY20/3 1H (Apr. to Sep. 2019)	FY21/3 1H (Apr. to Sep. 2020)	FY22/3 1H (Apr. to Sep. 2021)	FY23/3 1H (Apr. to Sep. 2022)
<b>Spot</b>	15,340	11,045	14,178	<b>14,208</b>
<b>Network (Time)</b>	6,581	6,202	5,858	<b>5,581</b>
<b>Local (Time)</b>	3,251	2,673	2,859	<b>2,985</b>
<b>TV Program Streaming (TVer, etc.)</b>	84	97	249	<b>254</b>

**Spot**

- Up 0.2% YoY
- \*See the following pages for more details.

**Network (Time)**

- Down 4.7% YoY
- The number of programming slots for nationwide networks decreased

**Local (Time)**

- Up 4.4% YoY
- *Ohayo Asahi Desu* related events, and one-off programs, etc. were favorable

**TV Program Streaming (TVer, etc.)**

- Up 1.7% YoY
- July programming drama broadcasts performed well
- Increasing plans for high school baseball and other TV-related projects

\* Network (Time) revenues for FY22/3 and thereafter are affected by applying to the Revenue Recognition Accounting Standard.

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Page 15 shows the major broadcasting revenue trends.

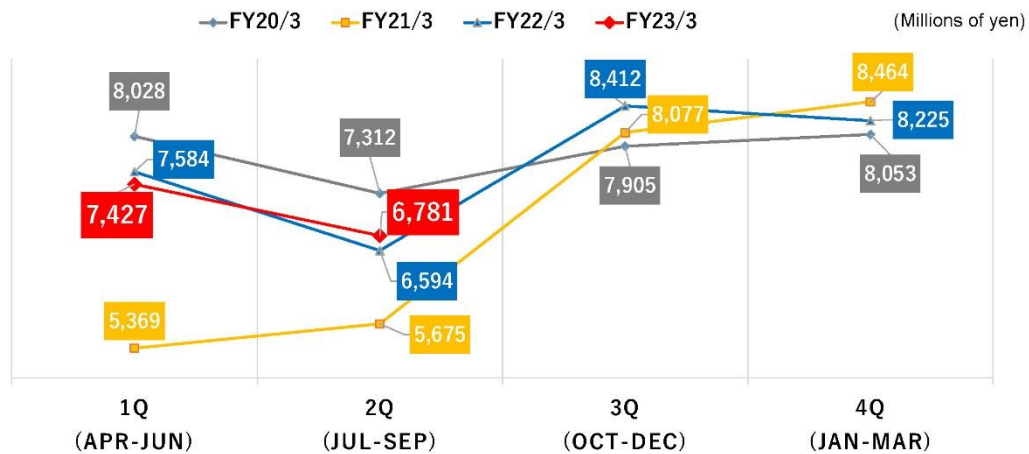
Spot revenue was able to secure 100.2% of the year-before level. While spot sales in the Osaka local market were less than 100% YoY, we were able to increase our share of the spot market. This was the result of a series of careful interviews with advertising agencies and advertisers, and aggressive promotion of various planning proposals.

Network time revenue was down 4.7% YoY. The main cause is a decrease in the number of broadcast slots.

Local time revenue was strong at 104.4% of the year-before result. One of the main reasons was that we were able to establish a new daytime belt mini-program in the April program reorganization. Another factor was that the popular morning information program *Ohayo Asahi Desu* was doing well. In addition, an event held in September, *Oha Asa Park*, and special programs were well received, resulting in the increased revenue.

Revenue from TV program streaming in first half exceeded the year-before level due to the strong performance of dramas distributed in the second quarter.

# ABC TV Spot Revenue (Quarterly Performance)



Some advertisers have been reluctant to place ads since the beginning of the fiscal year due to the weak yen and high prices; however, we secured 97.9% of the previous year's levels in 1Q, 102.8% in 2Q, and **100.2% for the first half overall** (regional placements in the first half were 96.9% of previous year)

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Next is quarterly TV spot revenue.

From the beginning of the fiscal year, some advertisers were reluctant to place advertisements, but we were able to secure almost the flat level from the year-before result by increasing our market share. However, revenue in the second half is expected to decrease slightly YoY in reaction to the strong performance in the second half of the previous year.

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



# ABC TV Spot Revenue (By Top 20 Industries)



Industry	FY22/3 1H (Apr. to Sep. 2021)		FY23/3 1H (Apr. to Sep. 2022)	
	YoY	Composition rate	YoY	Composition rate
Transportation/ Leisure/ Food Services/ Services	154.5%	12.1%	115.8%	14.0%
Foods	109.6%	10.0%	93.9%	9.4%
Beverages/ Liquors	139.2%	9.8%	93.3%	9.1%
Pharmaceuticals/ Medical Supplies	113.8%	7.6%	109.9%	8.3%
Home Electric Appliances/ Computer	168.4%	7.5%	96.9%	7.2%
Information/ Communications	154.0%	8.4%	84.5%	7.1%
Hobbies (Movie/ Game/ Music etc.)	167.5%	6.4%	85.3%	5.4%
Finance	98.6%	4.5%	119.5%	5.4%
Automobiles	108.9%	5.6%	82.7%	4.6%
Cosmetics/ Toiletries	130.6%	6.0%	75.7%	4.6%
Publications	180.3%	3.4%	123.5%	4.2%
Government/ Political Organization	103.5%	3.6%	103.8%	3.7%
Mail Order Sales	81.2%	2.7%	130.9%	3.6%
Housing/ Real Estate/ Construction	130.7%	2.8%	128.8%	3.6%
Household Products	140.2%	2.2%	90.5%	2.0%
Fashion (Apparel/ Jewelry etc.)	123.5%	2.2%	91.7%	2.0%
Energy/ Machines/ Materials	70.3%	1.3%	148.6%	1.9%
Distribution	130.7%	1.5%	98.8%	1.5%
Logistics Services/ Businesses/ Events	113.9%	1.1%	103.7%	1.2%
Various Organizations (Law Office etc.)	129.1%	1.1%	86.0%	1.0%
Others	97.84%	0.1%	218.8%	0.3%
<b>Total</b>		<b>100.0%</b>		<b>100.0%</b>

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Page 17 shows spot sales revenue by industry.

The strong impact of the weak yen and higher prices were reflected in a decrease in ad placements from cosmetics and toiletries, while revenue from information/communications saw a reactionary decline from a sharp increase in placements in the previous year. On the other hand, strong performance was seen in the leisure-related sector, which saw increased ad placements during the Golden Week holidays and summer holidays, and the remote work-related and other services.

Then there was also strong performance in the finance industry, where the growth of cashless transactions was remarkable, and the diversification of payment methods accelerated. Job change-related publishing continued to do well, and mail order sales grew significantly.

## Television Viewer Ratings in Kansai Region for Apr-Sep 2022\* [ Individual (ALL) ]



(\*April 4, 2022 to October 2, 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)
1	YTV 3.8%	YTV 6.2%	YTV 6.0%	YTV 3.3%
2	<b>ABC</b> 3.5% (-0.4)	<b>ABC</b> 5.3% (-0.6)	<b>ABC</b> 5.5% (-0.7)	<b>ABC</b> 2.8% (-0.1)
3	KTV 3.3%	KTV 5.0%	KTV 5.0%	MBS 2.4%
4	MBS 3.0%	NHK 4.9%	MBS 4.6%	KTV 2.3%
5	NHK 2.7%	MBS 4.6%	NHK 4.2%	NHK 0.9%

■ 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.

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Next, as you can see, our TV viewer ratings for Individual All in the Kansai region were ranked second in all categories.

Although persons using television, or PUT, have been declining due to the lifting of action restrictions after the COVID-19 pandemic and the digital shift, we continued to maintain our value as trusted mass media. By delivering better content, we will continue to improve our brand value and business performance.

## Reorganized timetable in April with greater emphasis on U49

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



- ▶ **Daigo mo daidokoro** (Monday-Friday 1:30-1:45 p.m.)  
A cooking show featuring novice cook DAIGO. New initiatives to sell cook books, meal kits, and other products.
- ▶ **Travel Salad** (Saturday 8:00-9:30 a.m.)  
Yuichi Nakamaru of KAT-TUN regularly serves as a reporter for a new segment that highlights the forgotten charms of Japan
- ▶ **Welcome, Newlyweds!** (Sunday 0:55-1:25 p.m.)  
The fresh duo of Takashi Fujii and Sakura Inoue as hosts. Some content broadcast via social media and in news segments.
- ▶ **news Okaeri** (Monday-Friday 3:45-7:00 p.m.)  
Delivering relevant content, including everything from news to seasonal spotlights, under the theme, Fostering Closer Family Ties Every Day

## Initiatives to expand in-person communications and streaming, etc., in addition to broadcasts



- ▶ **Popular Information program Ohayo Asahi Desu: Live event, Oha Asa Park**  
Event held 9/23 to 9/25 in the Expo'70 Commemorative Park at Senri in Osaka; total of 26,000 attendees during the event.
- ▶ **Virtual High School Baseball: Expansion to two platforms; expanded coverage of regional tournaments**  
Joint broadcast service launched with The Asahi Shimbun Company in 2015 allowing viewers to enjoy high school baseball online. Now with two content platforms, viewers will be able to see regional tournament representing more than 3,200 games.

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Page 19 shows the main achievements in first half.

We have set people under 49 as U49, our priority target. In the April program reorganization, we launched or modified four programs aiming at U49.

One is *DAIGO mo Daidokoro*. This new cooking program has already generated business opportunities, such as the publication of a recipe book from our group company, ABC ARC, and the sale of meal kits in joint development with Oisix.

*Travel Salad -Discovering fresh sites of Japan-*, newly joined by KAT-TUN's Mr. Yuichi Nakamaru, has been also doing well. In the Kansai area, its average Individual All rating was ranked first in the same time zone in first half at 4.8%.

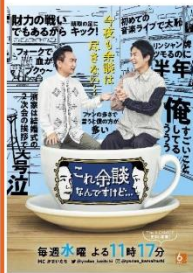
*Welcome, Newlyweds!*, which replaced the MCs, was increasingly introduced by social media and news feeds, creating more buzz after the broadcast.

We have been proceeding with various efforts to increase points of contact with the audience other than on TV.

We held *Oha Asa Park*, a real event associated with *Ohayo Asahi Desu*, the weekday morning information program, at the Expo'70 Commemorative Park at Senri in Osaka for three days in September. Many people who regularly watch the program came to the event.

In addition, *Virtual High School Baseball* is now available on Sportsnavi from this year, in addition to SPORTS BULL. As the number of distributed baseball games increased sharply, we believe that many people watched the program.

## Greater content emphasis on U49



► **Night in Night: The Icebreaker show**  
 (Wednesday night 11:17 p.m.- late-night 0:17 a.m.  
 \*Launched on November 2)

Talk show featuring the popular comedy duo *Kamaitachi*, finalists in the *M-1 Grand Prix* and champions of *the King of Conte*. The program aired late night for six months beginning January 2021 and received a great response on social media. It starts as a regular feature in the popular late-night variety program slot in November.

## ► Drama L: *If My Favorite Pop Idol Made It to the Budokan, I Would Die*

(Sunday night 11:55 p.m. – late-night 0:25 a.m. \*Launched on October 9)

More than 1 million copies of the manga sold. Dramatization of a very popular program animated version launched in January 2020. Sayuri Matsumura, formerly of Nogizaka 46, first starring role in terrestrial television drama series.



## ► Drama + : *Cinderella Again*

(Sunday late-night 0:25 a.m.- 0:55 a.m. \*Launched on October 16)

Dramatized version of the popular girls' manga that has been viewed over 70 million times on the *Manga Mee* e-manga app starring up-and-coming actress, Rinka Kumada. While the dramas of the Tokyo stations occupy the TVer top rankings for Golden and Prime time broadcast slots; this program ranked 8th, despite being a late-night local Kansai broadcast.

## Of course, we will broadcast the *M-1 Grand Prix 2022* at the end of the year

► **7,261 duos/groups, the largest number in history, have entered the *M-1 Grand Prix!* The final round will be broadcast on Sunday, December 18**

This year, we plan to continue leveraging content across YouTube, GYAO!, and other distribution platforms.



Page 20 shows initiatives for the second half. In the second half, we also reorganized our programs with U49 in mind.

In November, we started *Kore Yodan nandesukedo...* (*The Icebreaker show*), a talk show hosted by the comic team *Kamaitachi*, who are popular among Generation Z, high school students, as a late-night variety show on Wednesday. We aim to foster this program as a second *Aiseki Shokudo* (*Let's share a table*).

In the area of drama content, which is a priority area for ABC TV, two dramas adapted from popular manga have been airing since October in two late-night slots on Sunday.

*M-1 Grand Prix*, a year-end annual program of comic team battles that has produced numerous dramas, once again saw the largest number of entries in its history this year, with 7,261 entries. We expect the battles to be even more heated. In addition to terrestrial broadcasting, we have distributed a variety of content of *M-1 Grand Prix* on distribution platforms including YouTube and GYAO! this year.

The current spot sales revenue situation in October and November has been somewhat difficult. We expect that advertisers will continue to refrain from placing advertisements in the second half, and we are not optimistic about the situation, especially for spot advertising, but we will continue to make investments for the next content while maintaining a firm footing. We appreciate your continued support. That is all from me.

## Question & Answer

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**Moderator:** Now, let's move on to the question-and-answer session.

Please note that today's presentation and the Q&A session are covered by the transcription service.

Now, when it is your turn to ask a question, I will nominate you. Please ask your question after giving your name and company name. Please note that questions from analysts and institutional investors will be given precedence.

If you have any questions, please go ahead.

**Questioner:** I have two questions.

The first one is about TV program streaming. Would you please show us a little more about your initiatives and strategy for increasing earnings from TVer and other platformers, separately, for the second half of the current fiscal year and the next fiscal year?

Sales of TV program streaming increased significantly in the second quarter. Considering your content lineup, I expect that the size of sales is still going to grow more and more, but how do you plan to expand the sales?

Together, I would like to know the situation of each distributor. For example, looking at the recent financial results of the platformers, they lost some the momentum they once had and became less energetic in buying content. Or for TVer, you are going to have some events like selling your real-time distribution slots from April next year. Please tell us what will happen in the future and how your Company will react to such events. This is the first question.

The second question. You have revised down your financial results forecasts. I believe that basically you lowered your estimate for spot sales revenue due to the worsening of the advertising market. When you separate the broadcasting and the content businesses, how is the current performance of the content?

I would like to know whether progress is in line with your budget, or whether the profit expansion of the content alone is in line with your long-term perspective. Or is the pace of profit expansion somewhat delayed due to the change in the market conditions?

Please explain the contribution of the content business to earnings. These two questions. Thank you.

**Okinaka:** Thank you for your questions. Yamamoto will answer the first question about program streaming and TVer and the future of program streaming.

**Yamamoto:** Now I would like to talk about program streaming.

First of all, TVer managed to exceed the year-before level in the first half. This was because dramas were doing rather well in the second quarter. Actually, however, we had set a little higher level of budget. The reason why the budget has not been achieved was the sluggish results of dramas in the first quarter.

Though we provide a lot of variety content on TVer, the point is how dramas will perform well. In that sense, we are planning a steady strategy for dramas for the next fiscal year for both TVer and other platformers.

In terms of variety programs, a lot of TVer viewers watch our *Aiseki Shokudo*, *Detective Knight Scoop*, and *DAIGO mo Daidokoro*, which started in April.

As I explained earlier, we would like to nurture *Kore Yodan nandesukedo...* (*The Icebreaker show*), hosted by *Kamaitachi*, which started in November, to become a second *Aiseki Shokudo*, and I would like it to somehow contribute to program streaming sales.

As the platformers face intense competition, it is a very difficult situation whether we will be able to maintain the unit prices. The point is creating solid content because the content with a good response can earn solid earnings.

Regarding real-time streaming on TVer, we are going to start full-fledged sales in April next year, so we are still at a preliminary stage. Our Company has only one program, *In the middle of nowhere* in Golden Time slot for the nationwide network, so the problem is how our programs will be watched toward next April. That's all I have to say about program streaming.

**Okinaka:** Just to add a little more, as for sales from program streaming, it is true that each platform seems to have paused its activities. However, we are planning to strengthen our sales force so that we can sell more of our content.

Animations should have been sold more overseas, but sales in China have not been going well as we had expected. Considering countermeasures fitted for each country, we hope to enhance our sales activities from the second half and strengthen overseas distribution further.

Now, we will discuss the revision to the forecasts for the second half. We expect the weakening of advertising expenses, and the question is about whether the content will be in line with expectations. Imamura will answer the question.

**Imamura:** This is Imamura, in charge of the content business.

The basic outlook or strategy for the content for the second half is, as Yamamoto said, we will basically aim to expand profits and income by focusing on the story-based content and animation content.

Each platform is exposed to the severe situation due to intense competition. Though we don't plan to have our own media and we don't have our distribution platform, we will aim to sell various content through all-round diplomacy to any platformer by taking advantage of this non-possession of own media.

In the second half, NTT DOCOMO and DMM.com will establish new platforms, so we will aim for working with them. We are also talking with ABEMA TV about some specific initiatives.

Regarding TVer, the point is not only revenue from TVer, but also the mechanism that TVer will contribute to PR of our content. In fact, looking at response on TVer, other distribution platformers become motivated to sell their products. ABC will focus on how to use TVer as a PR tool for the whole of Japan and the world. That's all.

**Okinaka:** Regarding the question about how we will expand profits. We have been enhancing the animation content for several years now. In the past two to three years, we have shifted some focus on live-action dramas as they are important for sharp expansion of the content. There have been a lot of initial expenses for this initiative because we are somewhat behind in this.

Naturally, we hope to see a lot of hits in line with our efforts. In the year before last, *Baby Boyfriends* made a hit. We have to consider how to collect the advance investments while we create such hits.

However, the burden of amortization under a consortium framework for production is still in an expansion phase, so the upside remains heavy. We plan to raise the topline first and then profits as we create hit dramas. Did I answer your question?

**Questioner:** Thank you very much.

**Moderator:** Thank you. Well then, this concludes the Q&A session.

Thank you very much for taking time out of your busy schedules to participate in our financial results briefing today. We look forward to your continued support for our group.

Thank you very much for today.