



Asahi Broadcasting Group Holdings Corporation

Financial Results Briefing for the Fiscal Year Ended March 2023

May 22, 2023

Presentation

Moderator: Analysts and investors, thank you for your patience. The scheduled time has arrived, so we will now commence the financial results briefing for the fiscal year ended March 2023 of Asahi Broadcasting Group Holdings Corporation. Thank you for your cooperation.

The contents of today's report will cover the financial results for the fiscal year ended March 2023, followed by our medium-term management strategy, NEW HOPE 2nd STAGE.

The presentation will take about 40 minutes, followed by a question-and-answer session. The entire meeting is scheduled for one hour.

First, we'll have words of greetings from the Representative Director and President of Asahi Broadcasting Group Holdings Corporation, Susumu Okinaka.

Greetings

Susumu Okinaka

Representative Director and President
Asahi Broadcasting Group Holdings Corporation

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Okinaka: Hello everyone, I'm Susumu Okinaka from Asahi Broadcasting Group Holdings Corporation. Thank you for taking time out of your busy day to attend our briefing meeting. Also, we deeply appreciate your continued support of our company.

Now, the COVID-19 situation has shifted to stage five after the May holidays, and we are on the brink of returning to a normal life, the so-called new normal.

However, over these three years, people's lives, our lives, and the media environment have changed dramatically, along with the incredible advancement of technology.

Amidst all this, our company, while maintaining our broadcasting media business as our core, is striving to grow beyond this framework and is aiming to be a comprehensive content business group, and we are continuing to aim for growth.

Today, I would like to briefly explain our financial results from last fiscal year and our updated medium-term management plan, which we released the other day. We call our medium-term management strategy, or the updated version, if you will, as the 2nd STAGE. Thank you in advance for your understanding.

Consolidated Results

Hironobu Nakamura

Executive Officer (Accounting)
Asahi Broadcasting Group Holdings Corporation

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Moderator: Now, Hironobu Nakamura, who was appointed as the Executive Officer in charge of accounting this April, will explain the overall performance of the Group.

Consolidated Results



(Millions of yen)

	FY22/3	FY23/3	YoY	% Change	
Net Sales	85,100	87,028	1,928	2.3%	
Operating Expenses	80,897	84,434	3,537	4.4%	
Details	Cost of Sales	55,581	58,067	2,485	4.5%
	Selling, General and Administrative Expenses	25,315	26,366	1,051	4.2%
Operating Income	4,203	2,594	-1,608	-38.3%	
Ordinary Income	4,792	2,661	-2,131	-44.5%	
Profit Attributable to Owners of Parent	2,671	1,354	-1,317	-49.3%	

< Higher Revenue and Lower Profits >

- Higher revenue due to increased content revenue, impact of full-year home and online shopping business (launched last year), etc.
- In contrast, profits declined due to higher content-related expenses and depreciation and amortization

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Nakamura: This is Nakamura. Let's get straight into the financial results for the fiscal year ended March 2023.

Consolidated net sales were JPY87,028 million, an increase of JPY1,928 million from the previous fiscal year. While broadcasting revenue at ABC TV, our core business, decreased, content revenue increased. Additionally, sales in the TV mail order business, which started last year, increased over the full year, leading to an increase of 2.3% in consolidated net sales.

On the other hand, expenses increased due to factors such as content-related costs and increased depreciation. As a result, operating income was JPY2,594 million, a decrease of JPY1,608 million from the previous fiscal year. Ordinary income was JPY2,661 million, a decrease of JPY2,131 million, and profit attributable to owners of parent was JPY1,354 million.

Results by Segment



(Millions of yen)

Net Sales		FY22/3	FY23/3	YoY	% Change
Broadcasting and Content		71,348	72,967	1,618	2.3%
By business	Broadcasting	56,130	55,516	-614	-1.1%
	Content	15,170	17,387	2,216	14.6%
	Other	47	63	16	33.9%
Lifestyle		13,751	14,061	310	2.3%
By business	Housing	9,825	9,770	-55	-0.6%
	At-home shopping	2,694	2,954	259	9.6%
	Golf	854	939	85	10.0%
	Other	377	397	20	5.4%
Operating Income		FY22/3	FY23/3	YoY	% Change
Broadcasting and Content		3,654	2,602	-1,052	-28.8%
Lifestyle		874	433	-440	-50.4%
Adjustments		-325	-441	-116	-

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Next is our results by segment.

Net sales increased in both the broadcasting and content and lifestyle segments compared to the same period last year.

Broadcasting business saw the main TV advertising revenue fall below last year, resulting in sales of JPY55,516 million, a decrease of 1.1% from the same period last year. Content sales were JPY17,387 million, an increase of 14.6% from the same period last year, due to strong content revenue from ABC TV.

In the lifestyle business, sales in housing segment were down due to a pullback from the large real estate sales of the same period last year, but sales in at-home shopping segment increased due to the full-year effect of the TV mail-order program that started last year. Golf segment was also steady.

On the other hand, operating income for the broadcasting and content segment was JPY2,602 million, a decrease of JPY1,052 million from the same period last year. This was affected by increased content-related costs and upfront investment costs related to it.

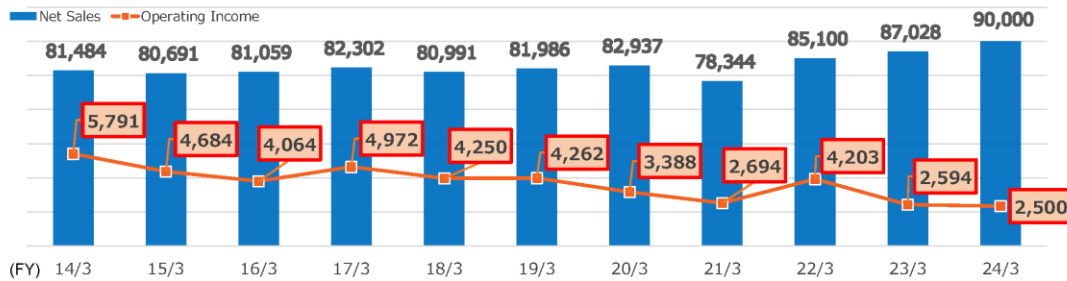
Operating income in the lifestyle business was JPY433 million, a decrease of JPY440 million. This was due to increased costs related to the housing exhibition site and TV mail order.

FY24/3 Consolidated Financial Results Forecasts



(Millions of yen)

	FY23/3 (actual)	FY24/3	YoY	% Change
Net Sales	87,028	90,000	2,971	3.4%
Operating Income	2,594	2,500	-94	-3.6%
Ordinary Income	2,661	2,700	38	1.4%
Profit Attributable to Owners of Parent	1,354	1,700	345	25.6%



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Regarding our consolidated financial results forecast for this period:

Net sales are expected to be JPY90,000 million, an increase of JPY2,971 million from the previous fiscal year. Operating income is projected to be JPY2,500 million, and ordinary income JPY2,700 million, both approximately flat. Profit attributable to owners of parent is expected to be JPY1,700 million, an increase from the previous period. Details will be explained on the next slide.

FY24/3 Financial Results Forecasts by Segment



(Millions of yen)

Net Sales		FY23/3 (actual)	FY24/3	YoY	% Change
Broadcasting and Content		72,967	75,400	2,432	3.3%
By business	Broadcasting	55,516	56,700	1,183	2.1%
	Content	17,387	18,600	1,212	7.0%
	Other	63	100	36	57.0%
Lifestyle		14,061	14,600	538	3.8%
By business	Housing	9,770	9,700	-70	-0.7%
	At-home shopping	2,954	3,500	545	18.5%
	Golf	939	950	10	1.1%
	Other	397	450	52	13.1%
Operating Income		FY23/3 (actual)	FY24/3	YoY	% Change
Broadcasting and Content		2,602	2,300	-302	-11.6%
Lifestyle		433	600	166	38.3%
Adjustments		-441	-400	41	-

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We expect to increase sales in both the broadcasting and content and lifestyle segments.

In the broadcasting and content business as a whole, we expect sales of JPY75,400 million, an increase of JPY2,432 million from the previous fiscal year.

In broadcasting, we expect sales of JPY56,700 million, an increase of JPY1,183 million from the previous fiscal year, due to an increase in broadcast slots for nationwide network programs from April and the expected good performance of TVer. In content, we aim to increase sales by 7% from the previous fiscal year to JPY18,600 million due to increased content distribution and expansion of the anime business.

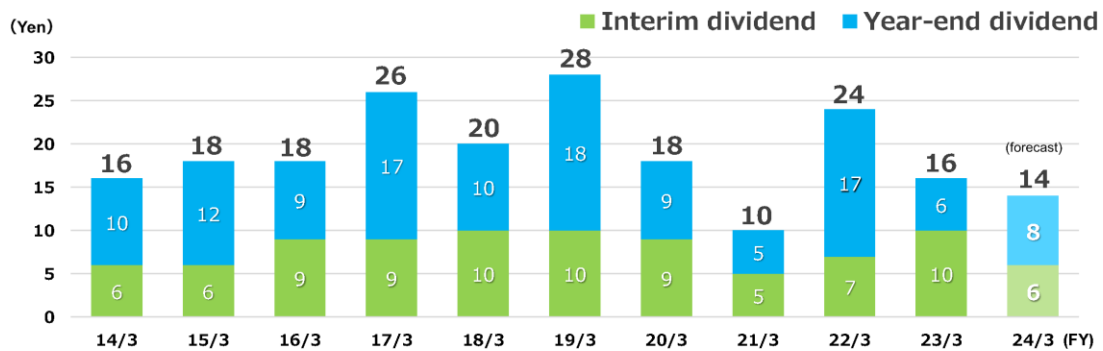
In the housing operations of the lifestyle business, we closed the Senri Housing Park, one of the largest housing exhibition sites in the Kinki region, at the end of February, but in March, we opened Wellbe Minoh, a new flagship theme park for living and life.

In at-home shopping, we aim to increase sales by 18.5% from the previous fiscal year through new EC sites and strengthening and expanding the existing mail order business.

In the broadcasting and content business, we forecast operating income of JPY2,300 million, expecting a decrease of about JPY300 million from the previous period. This is mainly due to increased costs associated with establishment of a new nationwide network program slot and upfront investments for the diversification of content.

In the lifestyle business, we expect to increase operating income by JPY166 million compared to the previous period, reaching JPY600 million.

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, 2023, we will maintain the year-end dividend of 6 yen per share, for an annual dividend of 16 yen per share. For the fiscal year ending March 31, 2024, we forecast an annual dividend of 14 yen per share, including an interim dividend of 6 yen and a year-end dividend of 8 yen.

Finally, let me explain about the dividends for this period.

In the previous period, the interim dividend was JPY10 per share, and the year-end dividend was JPY6 per share. The annual dividend per share was JPY16. For this period, we are projecting an interim dividend of JPY6 and a year-end dividend of JPY8, which results in an expected annual dividend per share of JPY14.

That concludes the explanation regarding the consolidated financial results.

ABC TV Results

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

Moderator: Next, I would like to invite Shinya Yamamoto, the President of Asahi Television Broadcasting Corporation, to explain about the performance of Asahi Broadcasting Television. Please proceed.

ABC TV Results



(Millions of yen)

		FY22/3	FY23/3	YoY	% Change
Net Sales		55,812	56,527	714	1.3%
Operating Expenses		52,879	53,990	1,110	2.1%
Details	Cost of Sales	32,877	33,635	757	2.3%
	Selling, General and Administrative Expenses	20,001	20,354	353	1.8%
Operating Income		2,933	2,537	-396	-13.5%
Ordinary Income		3,057	2,987	-70	-2.3%
Profit		1,814	1,968	154	8.5%
		FY22/3	FY23/3	YoY	% Change
Program Expenses		15,361	15,316	-45	-0.3%

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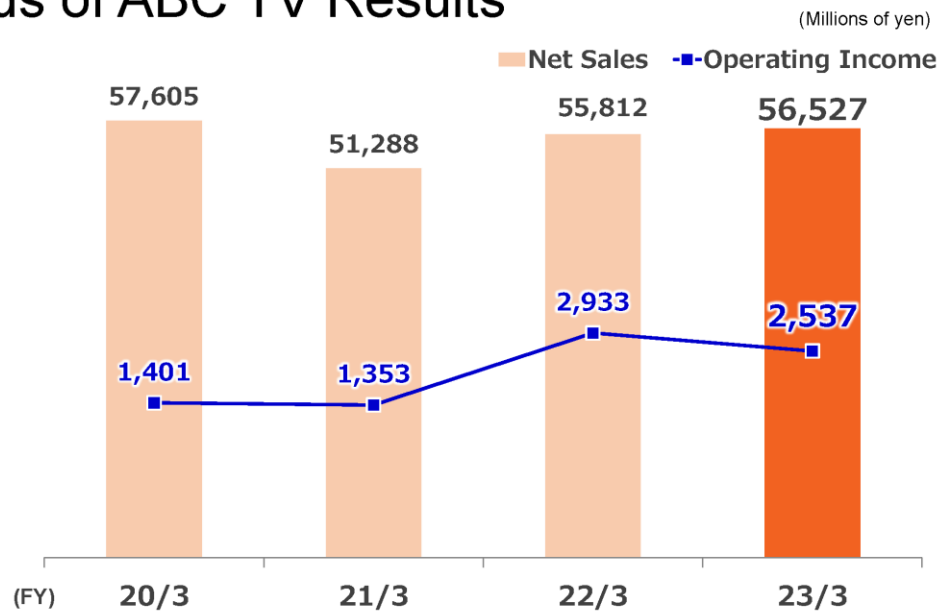
Yamamoto: I am Yamamoto from Asahi Television Broadcasting Corporation. I appreciate your attention. I would now like to explain the performance of ABC TV.

First, net sales were JPY56,527 million, an increase of JPY714 million from the same period last year.

The operating expenses increased by JPY1,110 million due to increased production costs associated with increased content revenue and depreciation costs due to master updates and the like.

Therefore, the operating income was JPY2,537 million, ordinary income was JPY2,987 million, both showing a decrease. However, profit for the current period was JPY1,968 million, an increase of JPY154 million.

Trends of ABC TV Results



Next is the performance trend over the past four years.

We have been advancing profit structure reform that does not rely solely on TV advertising revenue. Even in a period like this, when the TV advertising market is slowing down, we were able to maintain our revenue. Going forward, we aim to further increase our profits by maximizing the value of our content.

Details of ABC TV Revenue



(Millions of yen)

	FY22/3	FY23/3	YoY	% Change
Broadcasting Revenue	50,502	49,534	-968	-1.9%
Content Revenue	4,980	6,694	1,714	34.4%
Other Revenue	329	297	-31	-9.6%

■ **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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Here is a breakdown of the revenue.

In this period, the decrease in broadcasting revenue was covered by an increase in content revenue. The broadcasting revenue was JPY49,534 million, a decrease of 1.9% compared to the same period last year.

The content revenue, such as events and online development, was JPY6,694 million, up 34.4% from the same period last year. Factors contributing to this included the addition of another platform for our high school baseball video streaming service, Virtual High School Baseball, last summer and the successful events due to the recovery from the pandemic.

Trends of ABC TV Major Broadcasting Revenues



(Millions of yen)

	20/3	21/3	22/3	23/3
Spot	31,298	27,587	30,817	30,094
Network (Time)	14,347	13,461	13,018*	12,294*
Local (Time)	6,225	5,538	5,527	5,805
TV Program Streaming (Mainly on TVer)	172	306	502	618

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

Spot

• **Down 2.3% YoY**

*See the following pages for more details.

Network (Time)

• **Down 5.6% YoY**

• Decrease in the broadcast time of our nationwide network programs

Local (Time)

• **Up 5.0% YoY**

• Events related to *Ohayo Asahi Desu* and *Ohayo Asahi Doyobi Desu* performed well
• Daytime belt programming beginning in April

TV Program Streaming (TVer, etc.)

• **Up 22.9% YoY**

• July seasonal drama streaming performed well
• TVer original production: *Aiseki Shokudo (Let's Share a Table)*

Here is a look at the main trends in broadcasting revenue.

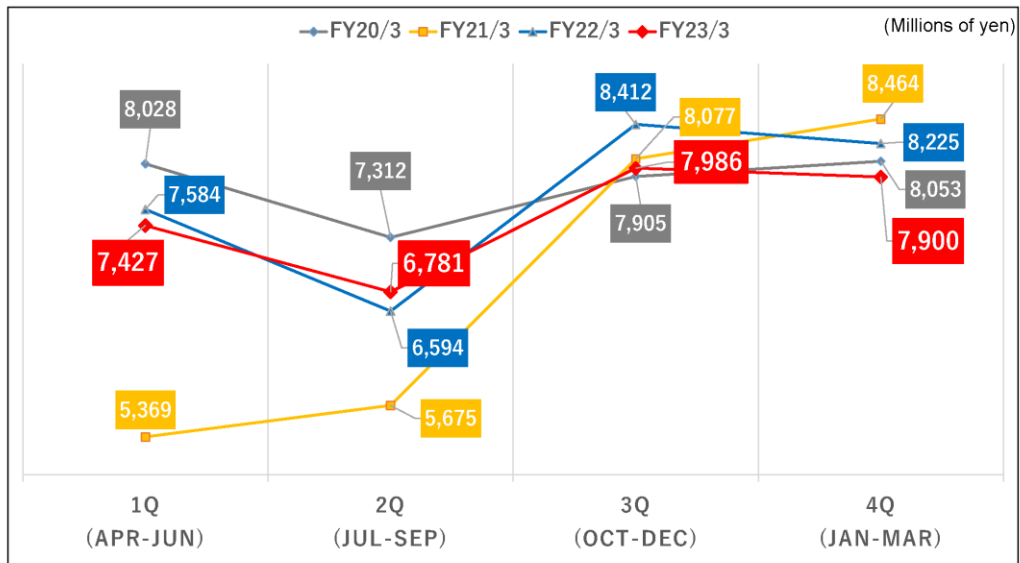
As for spot sales revenue, despite a more than 5% drop in distribution to the Osaka area compared to the same period last year, our company was able to expand its share, showing a strong performance at 97.7% of the previous year.

As for network (time) revenue, it decreased to 94.4% compared to the previous year. This was mainly due to a decrease in the broadcast time of our in-house production programs.

As for local (time) revenue, it was favorable, increasing by 5% compared to the previous year.

As for TVer streaming, drama we distributed in Q2 performed well. In addition, there was a collaboration between *Aiseki Shokudo (Let's share a table)* and a major retailer, which led to a 22.9% increase compared to the same period last year.

ABC TV Spot Revenue (Quarterly Performance)



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Next is the trend of spot sales revenue by quarter.

In H1, we were able to secure almost the same level as the previous year by expanding our share. However, in H2, we couldn't reach the level of the previous year due to a pullback from the favorable same period of the previous year, resulting in 97.7% of the previous year for the full year.

ABC TV Spot Revenue (By Top 20 Industries)



Rank	Industry	April 2021-March 2022		April 2022-March 2023	
		YoY*	Composition rate	YoY*	Composition rate
1	Transportation/Leisure/Food Services/Services	124.3%	10.9%	119.5%	13.3%
2	Foods	105.3%	9.5%	92.9%	9.1%
3	Pharmaceuticals/Medical Supplies	102.9%	7.4%	100.4%	7.6%
4	Information/Communications	126.3%	9.3%	79.2%	7.6%
5	Beverages/Liquors	120.9%	8.1%	86.6%	7.2%
6	Home Electric Appliances/Computer	131.2%	7.1%	94.2%	6.8%
7	Finance	100.5%	5.5%	107.6%	6.1%
8	Hobbies (Movie/Game/Music etc.)	121.5%	6.0%	91.7%	5.6%
9	Automobiles	87.5%	5.4%	93.0%	5.2%
10	Government/Political Organization	119.7%	4.1%	106.8%	4.4%
11	Cosmetics/Toiletries	108.7%	5.5%	78.1%	4.4%
12	Housing/Real Estate/Construction	119.8%	3.7%	110.9%	4.2%
13	Publications	133.4%	3.8%	97.6%	3.8%
14	Mail Order Sales	78.5%	2.5%	114.3%	3.0%
15	Energy/Machines/Materials	76.5%	2.0%	126.8%	2.5%
16	Fashion (Apparel/Jewelry etc.)	101.2%	2.4%	94.7%	2.3%
17	Household Products	128.3%	2.4%	91.7%	2.3%
18	Distribution	101.3%	1.6%	108.3%	1.8%
19	Various Organizations (Law Office etc.)	125.0%	1.4%	104.9%	1.5%
20	Logistics Services/Businesses/Events	106.1%	1.3%	87.7%	1.1%
21	Others	112.1%	0.2%	136.5%	0.3%
	Total		100.0%		100.0%

*Year-on-year comparisons

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For the increase or decrease in spot sales revenue by industry, the impact of a weak yen and high prices is strongly reflected, leading to a decrease in cosmetics and toiletries advertisements. In addition, there was a pullback in information and communications due to a significant increase in the previous year.

The leisure-related industries that saw an increase in advertisements due to the recovery from the pandemic were doing well. Also, services related to remote work continued to perform well.

Television Viewer Ratings in Kansai Region for April 2022- March 2023* [Individual (ALL)]



(*April 4, 2022 to April 2, 2023)

(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 3.7%	YTV 6.2%	YTV 6.0%	YTV 3.2%
2	ABC 3.6%	ABC 5.8%	ABC 5.9%	ABC 2.8%
3	KTV 3.2%	KTV 5.0%	KTV 5.0%	KTV 2.4%
4	MBS 3.0%	MBS・NHK 4.8%	MBS 4.7%	MBS 2.3%
5	NHK 2.6%	* * * * * *	NHK 4.2%	NHK 1.1%

■ 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.

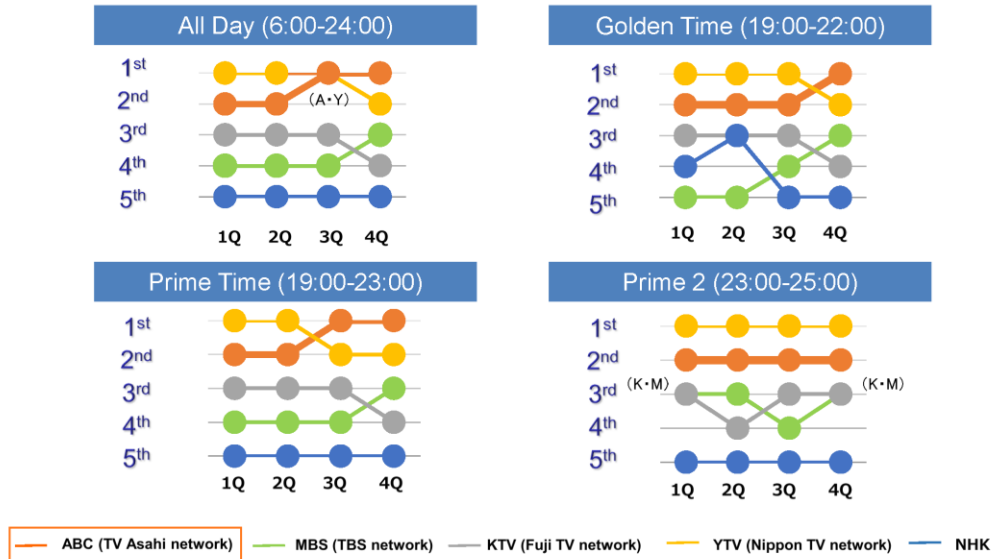
Next are the viewer ratings. The overall individual viewer rating in the Kansai region has risen from third place in the previous year to second place during the golden time, and ABC is ranked second in all segments.

Trends of Ranking of Television Viewer Ratings in Kansai Region [Individual (ALL)]

(Fiscal 2022 Quarterly)



(Source: Video Research)



This is the trend in the viewer rating ranking by quarter. Orange represents our company.

The viewer rating for H2 from October 2022 was boosted by major sports events like the Soccer World Cup broadcast and the World Baseball Classic broadcast in March and high ratings of regular programs such as *In the Middle of Nowhere* and one-off programs like the *M-1 Grand Prix*, making us the top-ranked broadcaster in all day, golden time, and prime time slots.

FY2022 Notable Results

Year-end and New Year's Special Programs Continued to Maintain Top Share



- *M-1 Grand Prix, Who is a real celebrity?*: Individual (ALL) for Kanto and Kansai regions were top performers in same time slot.
- *Who is a real celebrity?* topped all programs on the three New Year's days in Kansai for the 13th year in a row!

New content using existing program IP

Events



Ohayo Asahi Desu

- Various program events
Fan engagement ↑

Stages



- Stage adaptation

Internet



Aiseki Shokudo

- Received TVer Award Special Prize for a third consecutive year



Travel Salad PLUS+

- New travel and food website beyond the framework of the program



Virtual High School Baseball

- Recorded the highest number of streams ever



- Subscribers surpass 400,000; No. 1 news channel among broadcasters in Osaka

Multiple routes for ABC content, including streaming, internet, events, etc.

The main achievements of FY2022 are as you can see.

Our New Year's special programs continued to do very well. We have been diversifying the development of our program IP, undertaking real and remote events based on popular programs, and exploring the dramatization of programs.

Additionally, we have actively expanded our online development.

FY24/3 ABC TV Results Forecasts



(Millions of yen)

	FY23/3 (actual)	FY24/3	YoY	% Change
Net Sales	56,527	58,650	2,122	3.8%
Operating Expenses	53,990	56,650	2,659	4.9%
Operating Income	2,537	2,000	-537	-21.2%
Ordinary Income	2,987	2,050	-937	-31.4%

	FY23/3 (actual)	FY24/3	YoY	% Change
Program Expenses	15,316	16,500	1,183	7.7%

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As for the forecast for the current period, we expect an increase in sales but a decrease in profits.

We expect to see an increase of 3.8% in net sales from the same period of the previous year to JPY58,650 million, with the increase in broadcasting slots for nationwide network programs and expected increase in distribution content.

Our aim is to create high-quality content and develop multi-faceted distribution, including overseas, to create a source of medium- to long-term revenue.

For this reason, the costs of upfront investment are expected to increase, leading to an expected decrease in profits for the current period.

FY24/3 ABC TV Revenue Forecasts



(Millions of yen)

		FY23/3 (actual)	FY24/3	YoY	% Change
Broadcasting Business Revenue		49,534	50,500	965	1.9%
Details	Spot	30,094	30,100	5	0.0%
	Network	12,294	12,740	445	3.6%
	Local	5,805	5,850	44	0.8%
	TV Program Streaming (Mainly on TVer)	618	850	231	37.5%
Content Business Revenue		6,694	7,900	1,205	18.0%

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Here are the details of the results forecast.

Our main source of spot sales revenue continues to face a tough environment, such as global uncertainty and a decrease in persons using television (PUT) due to the digital shift. However, we aim to secure the same level of revenue as the previous year by improving our viewer ratings and carefully uncovering sponsor needs.

We expect our network (time) revenue to increase by 3.6% compared to the same period of the previous year due to the establishment of a new drama slot on Sunday prime time.

We aim to increase our content revenue by 18% to JPY7,900 million by increasing our distributed content and expanding the multifaceted development of events using our program IP.

Start of a New Nationwide Network Primetime Drama Series



- Create and deliver original, high-quality content with an eye to overseas markets; provide to as many people as possible, not only on terrestrial TV but also through streaming

First Drama Entry in the National Network Slot
At Least On Sunday Night
 Launched on April 30 Sunday 10:00-10:54 p.m.

New Services Leveraging Program IP



Released Fan Community App!

- Many new ways to enjoy *Aiseki Shokudo (Let's Share a Table)* 24/7/365. Staff meetings streamed!

To Maximize Content Value as Quickly as Possible...

New Content Strategy Committee

- New committee established in April to strategize the maximization of content value and clarify future direction. The committee consists of members from **ABC TV and ABC Holdings (12 divisions in total)**. The committee is charged with accelerating the maximization of ABC TV IP and Group IP through overseas content delivery and events beyond the framework of company and organization.

Our main initiatives for FY2023 are as you can see.

In addition to variety shows, sports, and news, which have been the mainstay of our content development, we will focus on growing dramas as one of our main contents. To that end, we have established a new drama series slot in the prime time at 10:00 PM on Sunday nights from April.

We will take on the challenge of creating high-quality dramas, with a view not only to domestic but also overseas development.

We will further enhance the multifaceted development of existing program IPs, such as releasing fan community apps for popular programs.

To accelerate these initiatives, in April we established a Content Strategy Committee consisting of 12 Divisions related to content from ABC TV and Asahi Broadcasting Group Holdings. We aim to further expand our content business.

SDGs/Regional Co-Creation x Business Creation

あすを、きょうより素晴らしく。
SDGs × 77ミライ

- For a better tomorrow, for a better future. Doing all we can under the *Asu Mirai Project*, currently in full swing. Our goal is to leverage broadcasts and content to growth together with communities and businesses that share common goals.



ふるらぼ

- Furulabo is a Furusato Nouzei hometown tax donation system website addressing issues across communities and municipalities. We provide support through broadcasts, content creation, and our content delivery capabilities.



- The Travel Salad Expo (held in March 2022) is an event based on the *Travel Salad* TV program. A number of municipalities connected through the *Furulabo* site sponsored booths at the expo. The new *Travel Salad PLUS+* travel and food website is taking on the challenge to foster more lively communities and create new fans.

Maximizing Program Value x Supporting Local Communities
→ Toward the Creation of New Business Models

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Lastly, I would like to explain our efforts toward the SDGs and solving social issues.

The *Asu Mirai Project*, which started in 2021, is enhancing the introduction of sustainability-related information in programs.

Last month, we broadcast a variety of special projects on energy and food loss in morning and evening information programs over two weeks as *Asu Mirai Week*.

In our Furusato Nouzei hometown tax donation system site, *Furulabo*, which celebrated its first anniversary last summer, we have developed return gifts in collaboration with our popular programs and participated in events at department stores in Osaka.

We are also taking on new business schemes with regions, municipalities, and companies connected through *Furulabo* based on our IP. In March 2022, we held the Travel Salad EXPO on our travel information program *Travel Salad-Discovering Fresh Sites of Japan*, where regions and municipalities connected through *Furulabo* exhibited booths and received high praise.

Our company aims to contribute to society's happiness by creating and delivering content, which is at the core of our group vision, and we would like to work on initiatives to solve social issues, such as the SDGs, not only with municipalities who sympathize with this vision but also with companies.

In addition to our responsibility, we also see opportunities. We aim to grow in both revenue and social value while maximizing the value of our content.

Thank you for your understanding and support.

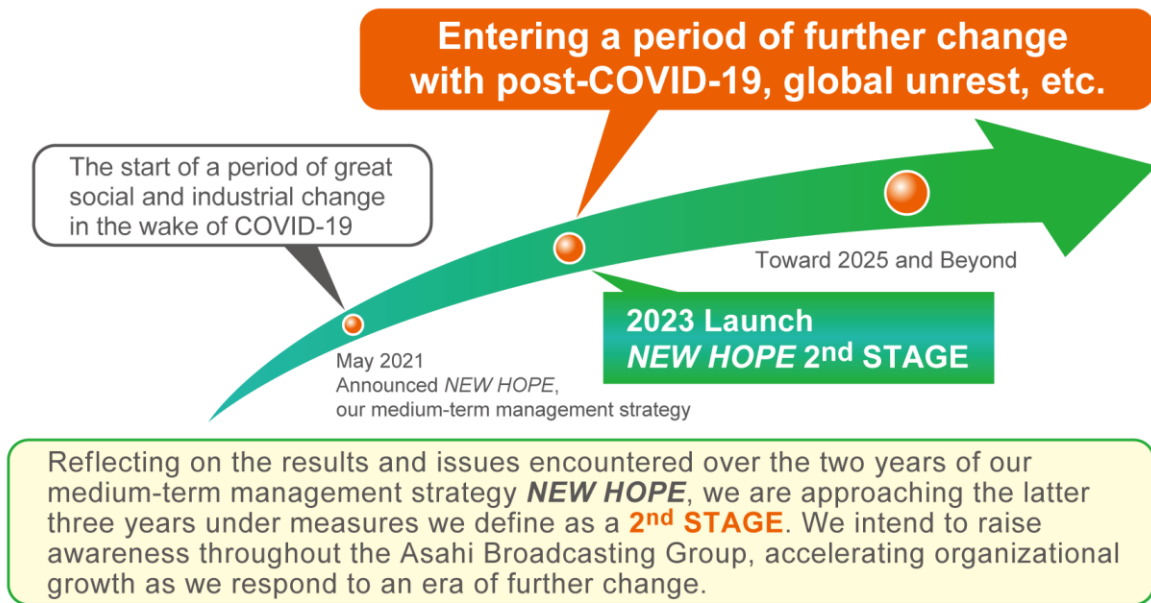
2021–2025 Medium-Term Management Strategy

NEW HOPE 2nd STAGE

Susumu Okinaka
Representative Director and President
Asahi Broadcasting Group Holdings Corporation

Moderator: Now, President Okinaka of Asahi Broadcasting Group Holdings Corporation will explain the Group's medium-term management strategy, NEW HOPE 2nd STAGE.

NEW HOPE 2021-2025 2nd STAGE : Our Vision



Okinaka: Continuing on, I am Okinaka. I will now explain our medium-term management strategy, an updated version of *NEW HOPE*, which we call 2nd STAGE.

Our medium-term plan is a five-year plan from 2021 to 2025, and we are now almost at the halfway point. We have updated it to the 2nd STAGE, including the issues that have become apparent and the issues and measures that we need to work on in the remaining half.

NEW HOPE 2021-2025 Vision and Priority Targets

Creating and Delivering *New Happiness*

〈Priority Targets〉

1. Strengthen and diversify human resources throughout the group
2. Leverage the power of broadcasting, and strengthen and deepen group collaboration
3. Build a data utilization system and pursue the use of digital technologies
4. Create businesses that contribute to regional revitalization and solutions to social issues



Achieve consolidated sales of 100 billion yen, operating income of 5.7 billion yen, and ordinary income of 6.0 billion yen by FY2025

First, here are the vision and four priority targets of the current medium-term strategy.

All of our employees are working on these four priority targets. Based on them, we have set quantitative targets to achieve consolidated net sales of JPY100 billion, operating income of JPY5.7 billion, and ordinary income of JPY6 billion yen in the final fiscal year. We have not changed these targets this time.

NEW HOPE 2nd STAGE

**Our Greatest Strengths are Our *Diverse Content* and *Content Creation Human Resources*.
Maximizing Our Strengths for Further Growth.**

In 2nd STAGE, we will continue to make the most out of our group's greatest strengths, diverse content, and creative talent that create content and aim for further growth.

NEW HOPE 2nd STAGE Our Business Environment

The Industry and Our Company

- Changing media/content environment
- Changing customer needs
- Target market globalization
- Shrinking market due to population decline

Technology

- Disruptive evolution in digital technologies (AI, XR, IoT, robotics, etc.)
- Advent of the data-driven society
- A future of digital twins

Society

- Prolonged global instability
- Increased awareness of the need to fulfill the SDGs
- Newly emerging lifestyles
- Accelerated low birth rate and aging society
- Decline in local economies and regional strength

Rising Needs for Diversification and Higher-Quality Content and an Increase in Our Social Role as a Media Group

Awareness of and Challenges in Business Transformation

Transcend Corporate Boundaries to Become a Corporate Group Supported by Diverse Human Resources, and Deliver Happiness* to Our Stakeholders Through Greater Diversity in Content

* Happiness for viewers, listeners, and consumers; Well-Being for local communities; and Good Living for the Group employees.

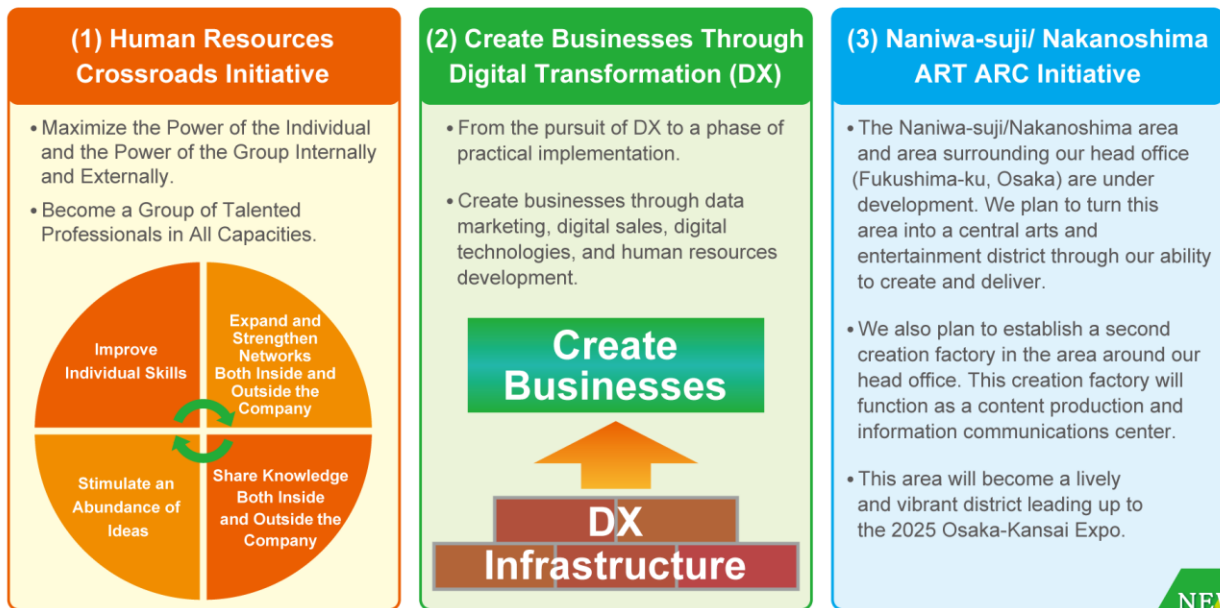
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Two years have passed since the start of the medium-term strategy, but the business environment surrounding our company is changing rapidly.

As you can see from the three boxes at the top, the media industry is changing dramatically every day, and technology is undergoing dramatic changes and evolution, such as generative AI and Web3. The social environment is also as you can see.

In the midst of these changes, we believe that challenging business transformation and changing consciousness is essential to fulfill this mission.

NEW HOPE 2nd STAGE Priority Measures



Next, I will explain the three priority measures of 2nd STAGE. These are intended to further promote the four priority targets that you saw earlier.

The first is human resource development and strengthening. We call this the Human Resources Crossroads Initiative. We want to create a place where diverse people can come and go and where our Group employees can grow together. With a strong awareness of diversity and inclusion, we want to link it to new ideas and innovation.





The second is DX, where we are thinking of moving from promotion to the phase of business creation. We want to utilize the data accumulation that we have been doing in the Group so far and focus on digital sales.

The third is the Naniwa-suji/Nakanoshima ART ARC Initiative. Our headquarters is located in this Naniwa-suji, Nakanoshima area, and we will work with neighboring companies to promote the revitalization of the area with art, health, and entertainment as themes.

We are also currently planning an information distribution and content production base around our headquarters.

Looking ahead, we have the Expo 2025 Osaka, Kansai in two years.

NEW HOPE 2nd STAGE Growth Investment Strategy

-  Leverage M&A and corporate venture capital (ABC DREAM VENTURES) to secure functions and resources in line with our content and lifestyle business strategies.
-  Strengthen investment in the digital domain, aiming to create businesses through DX.
-  Maximize the knowledge and skills of each employee and strengthen human capital investment, aiming to become a group (Human Resources Crossroads) attracting talented professionals inside and outside our organization.
-  Invest in the creation of businesses that contribute to society.

Next, I would like to talk about our growth investment strategy. We've roughly categorized our investments into four items.

First is our M&A strategy. We will continue to pursue this to acquire or expand content and lifestyle business functions. As for CVC, or corporate venture capital, we intend to utilize it to further embrace open innovation, aiming to attract outstanding technology and talent.

Second is business creation through DX. Here as well, we plan to explore business partnerships through investment behaviors such as investing in the digital domain using corporate venture capital and also through M&A.

Third is investing in human resources, also known as human capital investment. This is one of the most crucial themes for us. Although it's a long-term perspective looking ahead several years, we believe it's indispensable for enhancing our corporate value 5 years to 10 years down the line.

Lastly, regarding social contributions, our sustainability initiatives represent a significant pillar for our company. As a company that has been rooted in the Kansai region for over 70 years, coexistence with the local community has been, and will continue to be, increasingly important.

We believe it is absolutely necessary to undertake these initiatives to ensure sustainable growth for our company in tandem with society.

NEW HOPE 2nd STAGE Financial Strategy

-  Optimize our business portfolio by allocating management resources in light of the cost of capital for investment.
-  Increase corporate value as a comprehensive content business group through ongoing investment in growth to achieve our medium-term management strategy.
-  Aim to maximize optimal funding sources and efficiencies to maintain an appropriate balance between financial health and financial leverage.

Continuing on, let's discuss our financial strategy, which consists of three points.

The first is that our business has expanded to some extent over the past few years. It has become necessary to optimize our business portfolio, keeping our target cost of capital in mind.

Regarding cost of capital, we are currently promoting awareness enhancement from our executives to the presidents of related companies through various initiatives.

The second point is that we aim to significantly scale up our content business by continuously investing in content, reinvesting, and expanding it. This can be said to be essential for realizing our medium-term business strategy.

The third and final point is about the issue of funding, which naturally comes with growth investment. We will continue to consider funding sources while seeking a balance between financial health and efficiency.

First, we aim to strategically execute our plan while efficiently utilizing the assets we possess.

Priority Targets (Quantitative)

Financial Plan by 2025 (Rolling Plan 2022)

(Millions of yen)

	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



Rolling Plan 2023

	FY2021 (actual)		FY2022 (actual)		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	87,028	2,594	90,000	2,500	94,000	3,900	100,000	5,700

Next is the medium-term management strategy, rolling update, and quantitative targets, which I will briefly explain.

The goal of achieving JPY100 billion in net sales and JPY5.7 billion in operating income in the final year, FY2025, remains unchanged. Considering the current situation, we have slightly revised the targets for the interim years.

We fell behind schedule last year due to delays in planned projects or timing differences. However, we are planning to recover from FY2023 onward.

Priority Targets (Quantitative by Segment)

Financial Plan by 2025 (Rolling Plan 2022)

(Millions of yen)

▼ 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



Rolling Plan 2023

▼ By reportable segment	FY2021 (actual)		FY2022 (actual)		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	72,967	2,602	75,400	2,300	77,700	3,300	81,000	4,500
Lifestyle	13,751	874	14,061	433	14,600	600	16,300	1,050	19,000	1,650

Note: We anticipated operating income-related adjustments of -400 million yen in FY2023, and -450 million in the FY2024 to FY2025 time frame, recorded as Adjustments, Other for items not allocated to a specific segment (not shown in table).

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Here is a breakdown by segment.

The sales target for the final year remains unchanged, but we have made minor adjustments to the distribution. We also plan to further enhance and grow our content business in terms of profits.

A Final Word

This medium-term strategy runs until 2025, but the environment surrounding us is changing at an incredibly fast pace. We are now at a stage where we have to think about what comes after this medium-term strategy. First and foremost, we've provided some broad guidelines at this stage.

Our primary goal is to improve our corporate value in the medium to long term. Of course, cash is needed for this, and we must also maintain the periodic profit and loss. Furthermore, not only in financial terms but inclusion is also an important keyword. We need to be inclusive not only within our company but also in our approach to society. We believe that the essence of sustainability lies there.

When considering this vision, human resources indeed become key. We believe that if all group employees become conscious of enhancing their talent, this will lead to the success of our group in the future, including the medium-term strategy *NEW HOPE* 2nd STAGE that I explained today.

Susumu Okinaka
Representative Director and President

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Finally, I'd like to say a few words. This medium-term strategy runs until 2025, but as I mentioned earlier, the environment surrounding us is changing at an incredibly fast pace.

We are now at a stage where we have to think about what comes after this medium-term strategy. First and foremost, we've provided some broad guidelines at this stage.

Our primary goal is to improve our corporate value in the medium to long term. Of course, cash is needed for this, and we must also maintain the periodic profit and loss. Furthermore, not only in financial terms but inclusion is also an important keyword. We need to be inclusive not only within our company but also in our approach to society. We believe that the essence of sustainability lies there.

When considering this vision, human resources indeed become key. We believe that if all group employees become conscious of enhancing their talent, this will lead to the success of our group in the future, including the 2nd STAGE of this medium-term strategy. That's all from me. Thank you for your attention.

Question & Answer

Moderator: That concludes our presentation. Now, we would like to move on to the question-and-answer session. Please be aware that today's presentation and question-and-answer session are being transcribed. Priority will be given to questions from analysts and institutional investors.

If you have a question, kindly raise your hand. We have a question. Thank you. Please proceed.

Questioner: Thank you for the presentation. Would it be alright to ask them one by one? I anticipate having about four questions in total.

Moderator: Let's proceed with one question at a time.

Questioner: Understood. My first question is about your forecast for this fiscal year. I didn't see you strongly factoring in spot sales in the local market for H1, but I believe there could be significant variations between industries. Could you discuss the current ad spending appetite among your clients by industry until May, and if there's anything you expect to see after June? This is my first question.

Moderator: Thank you. I will ask ABC TV President Yamamoto to respond to this.

Yamamoto: As for spot sales, as I explained earlier, we are setting our budget at the same level as the previous year for this fiscal year. Considering the recent trend in the market and the decline in persons using television (PUT), we are aiming to keep spot sales revenues at the previous year's level.

The trend has not changed since H2 of last year. In that sense, as the pandemic is beginning to ease, sectors like transportation, leisure, dining out, and services are growing relatively large. Additionally, cashless finance and, continuingly, human resources services are also significantly growing.

As for what we are hoping to see in the future, automobile ads have been largely halted due to the semiconductor issue, but we hear that there's a motor show and other events in H2, so we expect a considerable recovery in auto-related ads.

Also, food and cosmetics/toiletries, which are major sectors for spot sales, have been significantly declining due to price increases since last fiscal year. If these sectors could bounce back quickly, we feel that spot sales would pick up a little more momentum.

Questioner: Thank you. My second question is about your program production expense forecast. For this fiscal year, you are projecting an 8% increase compared to the previous fiscal year. During your explanation, you mentioned focusing on dramas. So, I am wondering if you are expecting an increase in costs primarily for dramas, or if there's something one-off like a special program or sports, including special programs, that you are anticipating. Could you clarify this for me?

If it's about dramas, given the recent growth in secondary use, it seems not just about the increase in costs, but also about the expectation that revenues, including distribution, could grow more than before. Could you explain your thoughts behind the increase in program production expenses? That's my second question.

Yamamoto: Let me continue to respond. As you pointed out, regarding the increase in production expense, it goes without saying that it includes the increased production expense for the drama slot we started at 10:00 PM on Sundays since April this year.

Since we are a broadcaster in Osaka, we do not have many major rights in other sports projects.

Regarding the revenue side, many stations, including ours, have increased their drama slots in the April programming schedule change.

In this sense, we are shifting to drama production not only for real broadcasting but also for catch-up viewing on TVer and revenue from distribution on streaming platforms.

As I mentioned during the TVer discussion, we are broadcasting two local drama slots on Sundays and streaming them. We think that we need a high-quality drama with substantial production costs, so we started a drama in prime time this time. Therefore, while we expect the balance to be tough for this fiscal year until we accumulate content, we believe this will eventually become a significant source of income. That's the strategy we pivoted to in April.

Questioner: Thank you. My third question is about the achievement level of content-related performance against the medium-term strategy. According to the medium-term explanatory document, you aim to increase content sales by JPY10 billion compared to the initial year by FY2025.

For the live-action sales, this will likely be boosted from here on out due to the strengthening of dramas you mentioned earlier. On the other hand, the impression is that operating income might be a little challenging this year. How about anime, the other major part?

While it's a bit hard to imagine the overall buildup, in the presentation materials, you list the sales and operating income of major subsidiaries, and it seems that operating income might have been a bit tough this year.

As you explained about the live-action content earlier, for anime, was the fiscal year ending March 2023 more or less as expected? Although it is a decrease in operating income, is the main reason for the profit decrease the upfront investment, and can we expect that the costs incurred upfront this year will boost operating income later? Please confirm the current level of achievement and the impression regarding the medium-term growth strategy for anime. That's my third question.

Okinaka: Thank you for your question. Anime, in the fiscal year that ended, FY2022, was progressing smoothly overall despite various factors. However, due to the impact of COVID-19, there were delays in deliveries from China, and so on, so sales were somewhat short of our target. That portion has been shifted to this fiscal year.

In addition, a major real estate company in China that operated an anime company actually went bankrupt. We had invested to a certain extent and were in charge of the production committee, so we incurred some losses there. Although we have recovered some of it, we had a bit of trouble related to China.

Nevertheless, I believe we have come to a certain point of achievement, and this fiscal year, we are working hard to make up for the various delays from the previous year. I think we can expect quite good numbers. Does this answer your question?

Questioner: Thank you. Lastly, my fourth question is about the cost of capital and capital efficiency. In your presentation materials, there's a comment about management resource allocation with awareness of cost of capital. I don't need a specific mention of the cost of capital itself, but if there is a target figure, such as an expected ROE or any other indicator that can be confirmed from outside, I would like to ask about that.

Even if there isn't such a specific capital cost goal, you have set performance targets. Assuming these targets for operating income and ordinary income are achieved, it will result in a certain level of profit. From this, we could expect a particular ROE. If this is the general intent, that's understandable. However, if there are any

quantitative metrics that could better inform our understanding of improvements in capital efficiency, I would appreciate if you could share those. This is my last question.

Okinaka: We do intend to provide specific quantitative figures over time. We don't have a target percentage to share today. As outlined in our financial strategy, we are beginning internal discussions on implementing the overall financial strategy. In terms of ROE, we are considering how to improve profitability and various elements of the balance sheet. When it comes to the balance sheet in particular, our focus is on how to mobilize assets more efficiently. Within that context, our aim is to boost ROE. Of course, we are also keen to increase profits. We are raising awareness within the company and have prepared several measures.

Questioner: Thank you. I look forward to any additional information.

Okinaka: While immediate action may not be possible, we're considering implementing various strategies over the next half year to a year. We haven't been as active in these efforts in the past, and we believe there's considerable untapped potential. Thank you for your understanding.

Questioner: Thank you for the explanation.

Moderator: Thank you for your questions. Does anyone else have any questions?

As there seem to be no further questions, we would like to bring this briefing meeting to a close. Thank you very much for your participation today.