

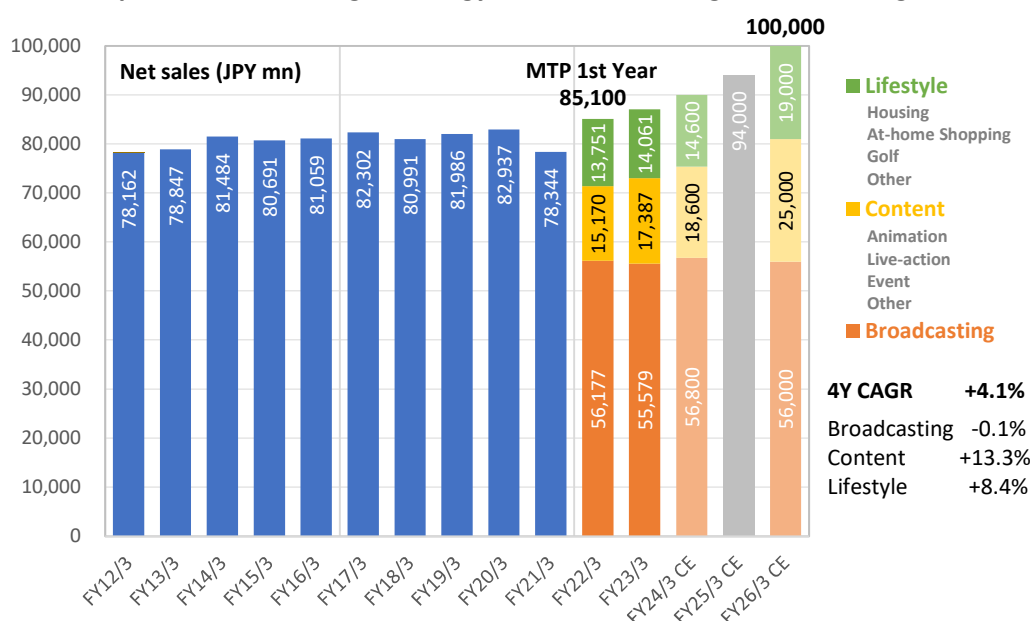
## Stock market begins to re-evaluate TV content

ABC share price lagging on shortfall and conservative guidance

### SUMMARY

- Over the last 5 years, share prices of major terrestrial TV broadcasters have substantially underperformed TOPIX, in large part due to the unprecedented, challenging environment as annual data by Dentsu showed total internet advertising expenditures exceeded total television media advertising expenditures in 2019 for the first time ever, and the annual MIC survey on average time spent using main media showed internet usage time exceeded TV real-time viewing in 2020. However, this underperformance trend has begun to change in 2023, as the stock market begins to discount the potential to commercialize the IP value of broadcaster content libraries.
- In February, USEN-NEXT HOLDINGS announced plans to acquire Premium Platform Japan, Inc. (PPJ), the operator of "Paravi" subscription video distribution service. While the direct beneficiaries were stakeholders TBS Holdings and TV Tokyo Holdings, share prices of all of the major broadcasters were highlighted. GEM Partners estimates Japan's VOD market will rise from ¥530.7bn in 2022 to ¥748.7bn in 2027 (+7.1% CAGR, see P9), and there are multiple other channels to monetize video content such as TVer, YouTube, DVD sales, etc., aiming to diversify the revenue stream from reliance on spot and time (network and local) advertising.
- Under the 2021–2025 Medium-Term Management Strategy *NEW HOPE*, prescribing concrete steps to evolve the business model, Asahi Broadcasting Group HD aims to become a comprehensive content business group, prioritizing the strengthening of the content production value chain, and attracting and fostering diverse human resources to drive content creation. Additionally, the Group aims to expand TV shopping to e-commerce, leveraging data utilization and digital technologies, and expand B-to-C business. Along with FY23/3 4Q results, Medium-Term Mgt. Strategy Rolling Plan 2023 targets were announced.

### ABC Group Medium-Term Mgt. Strategy *NEW HOPE* Rolling Plan 2023 Targets



Source: compiled by SIR from Medium-Term Mgt. Strategy *NEW HOPE* 2nd STAGE Rolling Plan 2023 IR materials.

### 4Q Follow-up



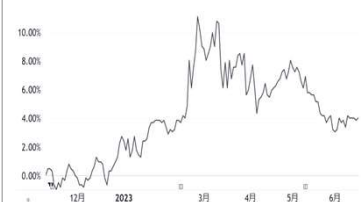
#### Focus Points:

A leading broadcaster covering the Kansai region, aiming to become a comprehensive content business group. It also aims to expand its e-commerce business through data utilization and DX.

#### Key Indicators

Share price (6/19)	652
YH (23/3/10)	695
YL (23/1/6)	630
10YH (15/4/16)	1,276
10YL (16/6/24)	581
Shrs out. (mn shrs)	41.833
Mkt cap (¥ bn)	27.276
Shr equity ratio (3/31)	56.6%
24.03 P/E (CE)	16.0x
24.03 EV/EBITDA (CE)	2.7x
23.03 P/B (act)	0.39x
22.03 ROE (act)	2.0%
24.03 DY (CE)	2.15%

#### Share price chart (6M)



Source: Trading View

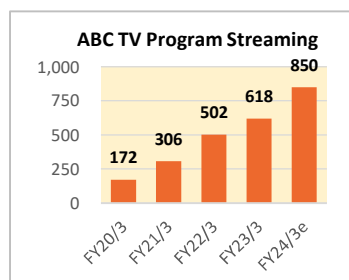
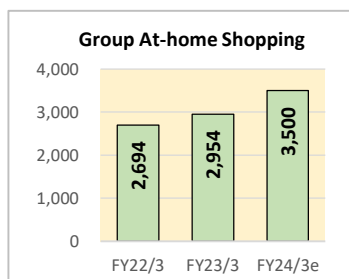
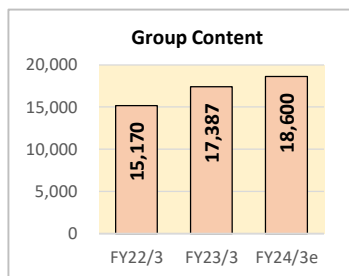
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This report was prepared by Sessa Partners on behalf of Asahi Broadcasting Group Holdings Corporation. Please refer to the legal disclaimer at the end for details.


**Selected Sales Trends for Priority Initiatives (JPY mn)**


Source: compiled by SIR from IR results briefing materials.

## Priority Content sales +14.6% YoY, +8% vs RCE

MTP 2021 – 2025 *NEW HOPE* 2nd STAGE Rolling Plan 2023 announced

### 4Q RESULTS SUMMARY

- Asahi Broadcasting Group HD announced consolidated 4Q financial results on Friday 5/12 at 15:00, and it held a results briefing by Zoom Webinar on Monday 5/22 at 15:00. Headline numbers were net sales +2.3% YoY, operating expenses +4.4% YoY, OP -38.3% YoY, ordinary profit -44.5% YoY and profit attributable to owners of parent -49.3% YoY. OPM declined from 4.9% → 3.0%. Relative to revised full-term guidance on 2Q results, OP came in 10.6% lower, and profit ATOP came in 38.5% lower.
- Regarding OP -38.3% YoY, despite better-than-expected performance in priority Content business net sales +14.6% YoY (topping revised guidance by 8%), delays in at-home shopping and other new businesses (shortfalls of 28% and 33.8%, respectively), as well as higher operating expenses from increased upfront investments in Content development were cited. Regarding ordinary profit -44.5% YoY (21.7% shortfall), the consolidated statements of income on the following page show that non-operating expenses increased by ¥446mn due to recording a loss on disposal of non-current assets and provision of allowance for doubtful accounts, etc. Regarding profit ATOP -49.3% (38.5% shortfall), total extraordinary loss increased by ¥442mn due to recording an impairment loss and loss on venue closing, etc. Initial guidance for FY24/3 is net sales +3.4% YoY, OP -3.6% YoY and profit ATOP +25.6% YoY. Noteworthy features described in MTP 2021 – 2025 *NEW HOPE* 2nd STAGE Rolling Plan 2023 include prioritizing HR and collaboration with group companies that have in-house producers and creators in order to meet Content targets.

### Asahi Broadcasting Group HD FY23/3 Consolidated Financial Results Summary

JPY mn, % [J-GAAP]	FY22/3 act	FY23/3 init CE	FY23/3 Nov RCE	FY23/3 act	Pct YoY	Pct vs Nov RCE	FY24/3 init CE	Pct YoY
<b>Net sales</b>	<b>85,100</b>	<b>91,000</b>	<b>87,000</b>	<b>87,028</b>	<b>2.3</b>	<b>0.0</b>	<b>90,000</b>	<b>3.4</b>
Broadcasting & Content	71,348	75,200	71,800	72,967	2.3	1.6	75,400	3.3
• Broadcasting	56,130	56,400	55,400	55,516	(1.1)	0.2	56,700	2.1
• Content	15,170	18,500	16,100	17,387	14.6	8.0	18,600	7.0
• Other	47	300	300	63	34.0	(79.0)	100	58.7
Lifestyle	13,751	15,800	15,200	14,061	2.3	(7.5)	14,600	3.8
• Housing	9,825	9,800	9,600	9,770	(0.6)	1.8	9,700	(0.7)
• Golf	854	900	900	939	10.0	4.3	950	1.2
• At-home shopping	2,694	4,500	4,100	2,954	9.7	(28.0)	3,500	18.5
• Other	377	600	600	397	5.3	(33.8)	450	13.4
<b>Operating expenses</b>	<b>80,897</b>	<b>87,000</b>	<b>84,100</b>	<b>84,434</b>	<b>4.4</b>	<b>0.4</b>	<b>87,500</b>	<b>3.6</b>
<b>ratio to sales (%)</b>	<b>95.1%</b>	<b>95.6%</b>	<b>96.7%</b>	<b>97.0%</b>	—	—	<b>97.2%</b>	—
• Cost of sales	55,581	—	—	58,067	4.5	—	—	—
• SG&A expenses	25,315	—	—	26,366	4.2	—	—	—
<b>Operating profit</b>	<b>4,203</b>	<b>4,000</b>	<b>2,900</b>	<b>2,594</b>	<b>(38.3)</b>	<b>(10.6)</b>	<b>2,500</b>	<b>(3.6)</b>
<b>OPM (%)</b>	<b>4.9%</b>	<b>4.4%</b>	<b>3.3%</b>	<b>3.0%</b>	—	—	<b>2.8%</b>	—
Broadcasting & Content	3,654	3,300	2,400	2,602	(28.8)	8.4	2,300	(11.6)
Lifestyle	874	1,000	800	433	(50.5)	(45.9)	600	38.6
eliminations	(325)	(300)	(300)	(441)	—	—	(400)	—
Ordinary profit	4,792	4,500	3,400	2,661	(44.5)	(21.7)	2,700	1.5
Profit ATOP	2,671	2,900	2,200	1,354	(49.3)	(38.5)	1,700	25.6
EPS (¥)	64.97	69.49	52.66	32.42	—	—	40.74	—
DPS (¥)	24.00	20.00	16.00	16.00	—	—	14.00	—
Dividend payout ratio (%)	36.9%	28.8%	30.4%	49.4%	—	—	34.4%	—

Source: compiled by SIR from TANSBIN financial results summary statements and IR Earnings Reference materials.

## Consolidated Statements of Income

	Fiscal 2021 (April 1, 2021 to March 31, 2022)	Fiscal 2022 (April 1, 2022 to March 31, 2023)
(Millions of Yen)		
Net sales	85,100	87,028
Cost of sales	55,581	58,067
Gross profit	29,518	28,961
Selling, general and administrative expenses	25,315	26,366
Operating income	4,203	2,594
Non-operating income		
Interest and dividends income	187	217
Subsidy income	497	342
Other	112	160
Total non-operating income	797	720
Non-operating expenses		
Interest expenses	30	32
Share of loss of entities accounted for using equity method	—	32
Loss on disposal of non-current assets	23	117
Provision of allowance for doubtful accounts	—	202
Loss on investments in partnership	67	220
Loss on investments in silent partnership	25	—
Commission expenses	26	—
Other	33	48
Total non-operating expenses	207	653
Ordinary income	4,792	2,661
Extraordinary income		
Gain on sales of non-current assets	—	210
Gain on sales of investment securities	267	—
Total extraordinary income	267	210
Extraordinary loss		
Loss on valuation of investment securities	121	249
Impairment loss	369	491
Loss on venue closing	—	127
Special retirement expenses	—	65
Total extraordinary loss	491	933
Profit before income taxes	4,568	1,938
Income taxes - current	1,809	787
Income taxes - deferred	274	138
Total income taxes	2,083	926
Profit	2,485	1,012
Profit (loss) attributable to non-controlling interests	(185)	(341)
Profit attributable to owners of parent	2,671	1,354

Source: Consolidated Financial Report for Fiscal 2022 (FY ended March 31, 2023, TANSWIN financial results summary)



FY2024/3  
Revised Targets

## NEW HOPE 2nd STAGE Rolling Plan 2023 is Launched

① ABC Group 2021 – 2025 Medium-Term Management Strategy <i>NEW HOPE</i>						
JPY mn, %	FY21/3	FY22/3	FY23/3	FY24/3	• • •	FY26/3
[J-GAAP]	act	init CE	MTP CE	MTP CE		MTP CE
Net sales	78,344	82,000	88,000	92,000	NA	100,000
YoY	(5.5)	4.7	7.3	4.5		
• Broadcasting & Content	61,850	67,800	72,000	75,000	NA	81,000
• Lifestyle	16,494	14,200	16,000	17,000	NA	19,000
Operating profit	2,694	2,300	3,000	4,500	NA	5,700
YoY	(20.5)	(14.6)	30.4	50.0		
OPM (%)	3.4%	2.8%	3.4%	4.9%		5.7%
• Broadcasting & Content	2,020	1,700	1,800	3,200	NA	NA
• Lifestyle	988	900	1,500	1,600	NA	NA
② ABC Group 2021 – 2025 Medium-Term Management Strategy <i>NEW HOPE</i> Rolling Plan 2022						
JPY mn, %	FY21/3	FY22/3	FY23/3	FY24/3	FY25/3	FY26/3
[J-GAAP]	act	act	init CE	MTP CE	MTP CE	MTP CE
Net sales	78,344	85,100	91,000	94,000	97,000	100,000
YoY	(5.5)	8.6	6.9	3.3	3.2	3.1
• Broadcasting & Content	61,850	71,348	75,200	77,000	79,300	81,000
• Lifestyle	16,494	13,751	15,800	17,000	17,700	19,000
Operating profit	2,694	4,203	4,000	4,500	5,000	5,700
YoY	(20.5)	56.0	(4.8)	12.5	11.1	14.0
OPM (%)	3.4%	4.9%	4.4%	4.8%	5.2%	5.7%
• Broadcasting & Content	2,020	3,654	3,300	3,200	3,600	3,800
• Lifestyle	988	874	1,000	1,600	1,700	2,200
③ ABC Group 2021 – 2025 Medium-Term Management Strategy <i>NEW HOPE</i> 2nd STAGE Rolling Plan 2023						
JPY mn, %	FY21/3	FY22/3	FY23/3	FY24/3	FY25/3	FY26/3
[J-GAAP]	act	act	act	init CE	MTP CE	MTP CE
Net sales	78,344	85,100	87,028	90,000	94,000	100,000
YoY	(5.5)	8.6	2.3	3.4	4.4	6.4
• Broadcasting & Content	61,850	71,348	72,967	75,400	77,700	81,000
• Lifestyle	16,494	13,751	14,061	14,600	16,300	19,000
Operating profit	2,694	4,203	2,594	2,500	3,900	5,700
YoY	(20.5)	56.0	(38.3)	(3.6)	56.0	46.2
OPM (%)	3.4%	4.9%	3.0%	2.8%	4.1%	5.7%
• Broadcasting & Content	2,020	3,654	2,602	2,300	3,300	4,500
• Lifestyle	988	874	433	600	1,050	1,650

Source: compiled by SIR from 2021–2025 Medium-Term Management Strategy *NEW HOPE* 2nd STAGE Rolling Plan 2023.

### ROLLING PLAN 2023 KEY INITIATIVES

- Final year sales and profit targets for FY26/3 were left unchanged, although the segment OP breakdown changed (red dashed boxes above). SIR believes this is appropriate, acknowledging growth hurdles for housing exhibition sites and more time required to establish online shopping partner tie-ups, etc.
- In order to achieve MTP targets, the Company assumes both organic growth in priority focus businesses, as well as inorganic growth through M&A, joint ventures, etc. Rolling Plan 2023 growth investment and financial strategies are summarized on the next page. For Broadcasting & Content Business, a key initiative this term by ABC TV is launching a new Sunday 10:00PM drama prime time slot, details described on P6. However, the Company recognizes drama production requires each offering to be a hit, which is not always predictable. Therefore, it intends to continue to aggressively also pursue expansion of animation, where quality and popularity have higher visibility, and lead to multiple new opportunities through games, live events, etc. Production delays in FY23/3 in China attributed to a real estate failure and COVID lockdowns have been resolved.



**Content and Lifestyle are the growth drivers of the Medium-Term Management Strategy  
NEW HOPE**

Among the fairly long menu of management initiatives currently underway, SIR believes the three most noteworthy are: 1) transition to a profitable and sustainable business group by taking all possible steps to strengthen Content across all genres, 2) promote expansion of mail-order and e-commerce through digital marketing and use of social media, leading to synergies and cross-selling opportunities throughout the Asahi Broadcasting Group, and 3) improve the Asahi Broadcasting Group brand as a blue-chip company by focusing on ESG and SDGs.

## 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.

## 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

## FY24/3 Capex and Depreciation/Amortization Initial Company Estimates

JPY bn	FY22/3		FY23/3		FY24/3 CE	
	consol.	ABC TV	consol.	ABC TV	consol.	ABC TV
Capital investments	¥8.4	¥6.5	¥7.9	¥0.8	¥4.8	¥2.9
Depreciation and amortization	¥3.2	¥1.5	¥3.7	¥1.7	¥3.9	¥1.9

Source: compiled by SIR from IR results briefing materials.

## ABC TV launches its new Sunday 10:00PM Prime Time Drama official slot on ABC TV and TV Asahi nationwide network – "At Least On Sunday Night"

As part of its priority initiative to enhance and expand its drama lineup, ABC TV secured a new Sunday 10:00PM prime time nationwide 1-hour slot. **According to the Company, it is planning to have 4 offerings during the current fiscal year, including the current title, and intends to continue the prime time nationwide network slot in the future.**

Starting 10:00PM Sunday, April 30, 2023, the first drama is "At Least On Sunday Night", a heartwarming story of friendship among three women "*Romantic love is not a miracle. Friendship is the miracle.*" The background of the story also portrays contemporary social issues in Japan such as social isolation and caregiving. Starring actresses Nana Seino, Yukino Kishii and Meru Nukumi, by screenwriter Yoshikazu Okada.

**STORY:** An old apartment complex, a rented house in the suburbs, and a cab running empty through the city. There is nothing special to note about these ordinary scenes, individuals who have been left behind by the times, have lost their liveliness, and are somewhat lonely. However, if you look closely behind each window, you will find a life with a variety of circumstances. A daughter who works part-time to support her crippled mother; a woman who has been cut off from her family but continues to work as a cab driver in search of entertainment in her boring life; a granddaughter who lives in a rented house with her parents and continues to work at a factory with her grandmother.... The three, who live far apart from each other and do not even know each other exist, have a fateful encounter through a radio program, and by chance meet on a bus tour. The three women are perplexed by each other, but as they begin to connect with each other, a "miracle" occurs... and the lives of the three people, who had been stuck in their aimless lives, quietly begin to move forward..!



**New Sunday 10:00PM  
Prime Time Drama slot**



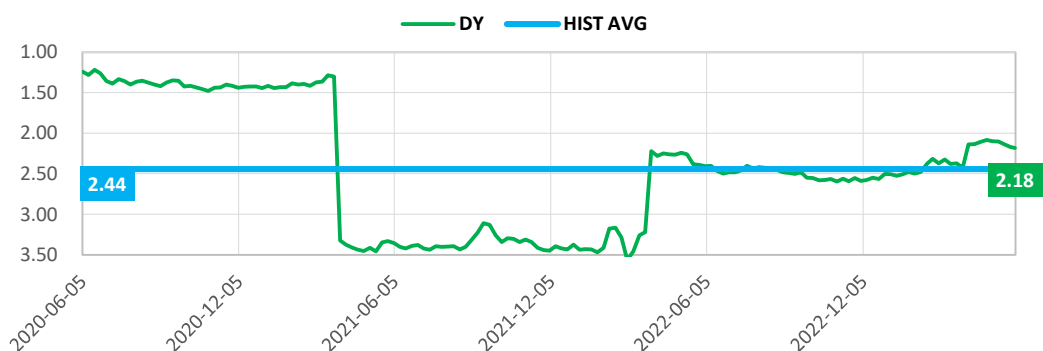
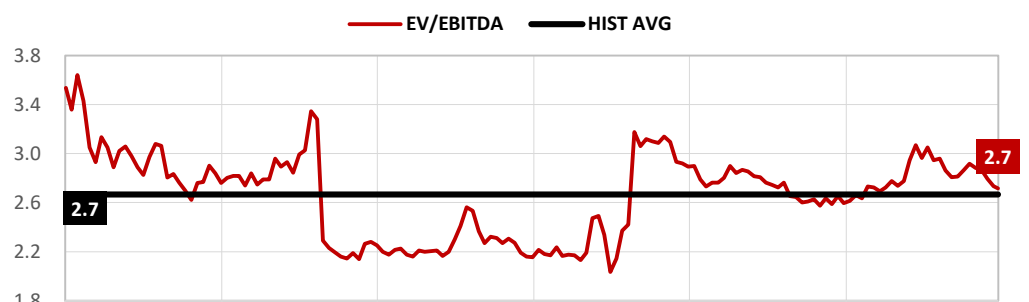
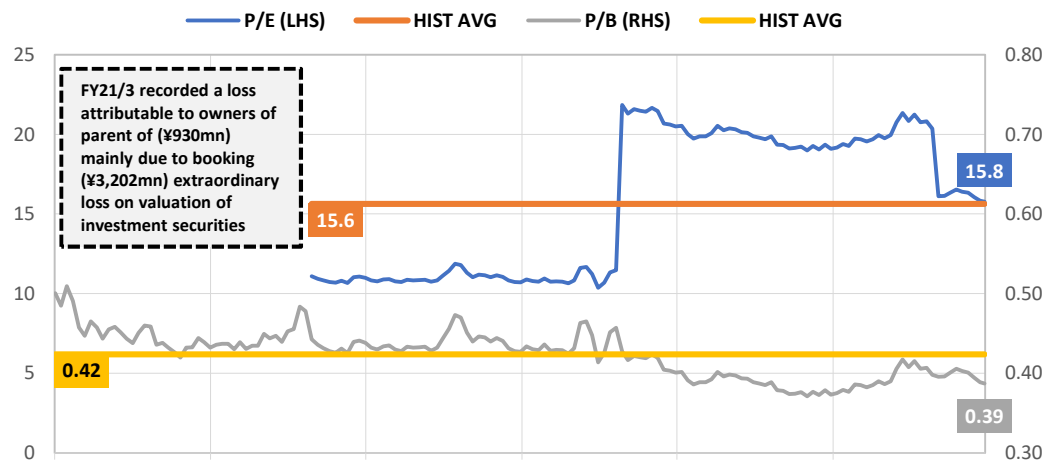
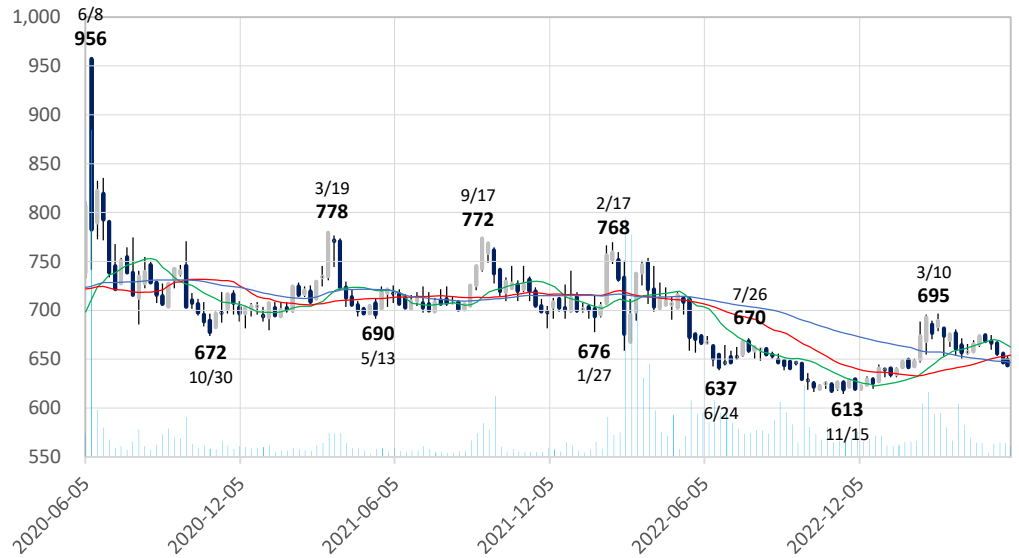
**Performance and Valuations:  
SESSA Smart Charts**

- ✓ The current P/E and EV/EBITDA on initial FY24/3 forecasts are trading right on their historical averages. Based on our follow-up interview, SIR believes initial guidance is conservative following the shortfall in FY23/3.
- ✓ As can be seen from the relative price chart on the next page, ABC is the only major TV broadcaster down over the last 3 years, which SIR believes reflects conservative guidance.
- ✓ However, considering rising margins going forward on the increasing weight of content and expanding TV shopping to e-commerce, SIR believes current valuations do not reflect the medium-term opportunity.



Analyst's view

**SESSA Smart Charts: 3-Year Weekly Share Price (13W, 26W, 52W MA) / Volume**

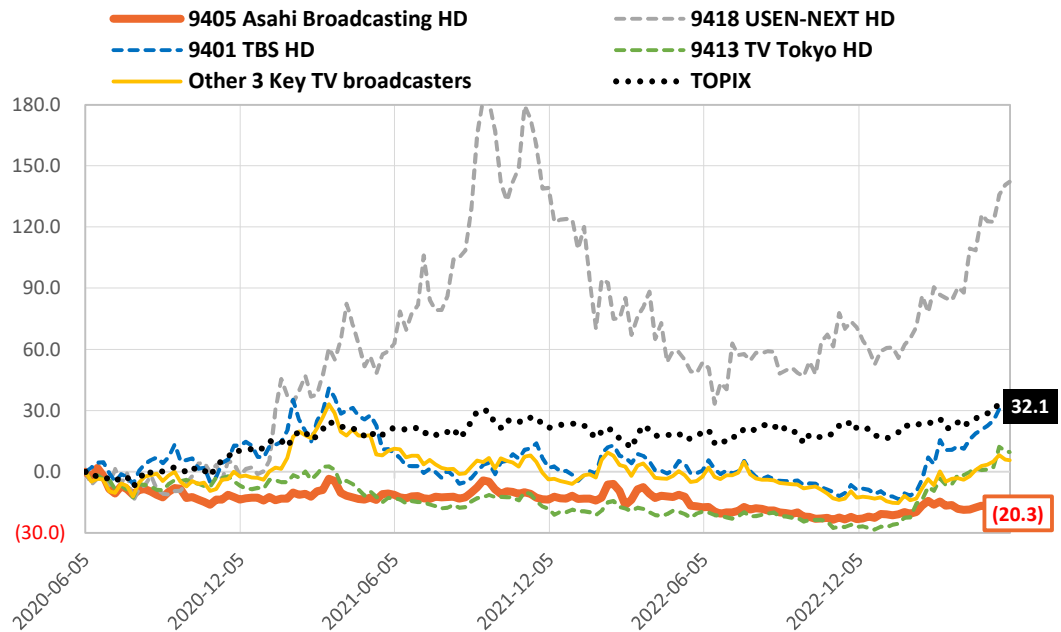


Source: created by SIR from SPEEDA price data. Calculations are based on company estimates.

✓ On February 17, 9418 USEN-NEXT HOLDINGS announced plans to acquire Premium Platform Japan, Inc. (PPJ), the operator of the “Paravi” subscription video distribution service (started in April 2018, operated jointly by TBS Holdings, Nikkei, TV Tokyo Holdings, WOWOW, Dentsu Group, and Hakuholdo DY Media Partners), making it a wholly-owned subsidiary through simplified share exchange and absorption-type merger.

✓ 9401 TBS Holdings and 9413 TV Tokyo Holdings have concluded agreements related to content procurement, reacting favorably. **The point is the stock market has begun to assign premiums for TV content-related.**

3-Year Weekly Relative Performance: Content-related outperforming YTD in 2023



\*Note: Other 3 Key TV broadcasters = 9404 Nippon TV HD, 4676 Fuji Media HD and 9409 TV Asahi HD (mkt cap weighted)

Stock market begins to discount TV content-related

May 31, 2023 closing prices	Mkt cap (¥ mn)	P/E (x)	P/B (x)	DY (%)	2023 YTD (%)
9401 TBS HD	389,168	15.3	0.48	1.94	48.0
9404 Nippon TV HD	333,734	8.7	0.39	2.92	21.4
4676 Fuji Media HD	313,820	11.5	0.36	3.58	24.8
9409 TV Asahi HD	164,312	10.3	0.39	3.30	13.0
9413 TV Tokyo HD	75,926	10.6	0.80	2.91	49.9
9405 Asahi Broadcasting HD	26,856	15.8	0.39	2.18	0.5
9418 USEN-NEXT HD	195,604	21.3	5.16	0.61	52.2

Source: compiled by SIR from SPEEDA share price database. Note: TOPIX 2023 YTD is +12.6%

ABC TV FY24/3 Revenue Forecasts: Program Streaming +37.5%, Content Rev +18.0%

(Millions of yen)

		FY23/3 (actual)	FY24/3	YoY	% Change
<b>Broadcasting Business Revenue</b>		<b>49,534</b>	<b>50,500</b>	<b>965</b>	<b>1.9%</b>
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%
<b>Content Business Revenue</b>		<b>6,694</b>	<b>7,900</b>	<b>1,205</b>	<b>18.0%</b>

Source: excerpt from FY23/3 4Q IR results briefing materials.

**Broadcasting revenue** is mainly advertising revenue obtained through broadcasting (including revenue from TVer, a catch-up platform streaming past broadcasts)

**Content revenue** is revenue obtained from multifaceted production and development of content and IP, including videos and events (program sales to affiliates, content development derived from TV programs such as Virtual High School Baseball, etc.).

### ABC TV's viewer ratings performance indicates high content production capability

Below is a ranking of terrestrial TV viewer ratings in the Kansai area. Since April is the time for each station to revamp its programs each year, results from April 2022 to March 2023 are shown. ABC TV has the no. 1 household viewer ratings in the prime-time slot from 7:00 p.m. to 11:00 p.m. In addition, according to the estimated number of viewers nationwide in 2022 released by Video Research, ABC TV's "M-1 Grand Prix 2022" topped the Variety category with an average of 19.1mn viewers, while "Who is a real celebrity? New Year's Special 2022" ranked second (same base as competitors) with 18.3mn viewers, dominating the no. 1 and no. 2 positions nationwide.

Television Viewer Ratings for the Kansai Region  
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%

Television Viewer Ratings for the Kansai Region  
April 2022 – March 2023 : Households

(\*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 6.6%	ABC·YTV 9.7%	ABC 10.0%	YTV 5.8%
2	ABC 6.4%	* * * * * *	YTV 9.4%	ABC 5.2%
3	KTV 5.6%	NHK 8.4%	KTV 8.0%	KTV·MBS 4.3%
4	MBS 5.3%	KTV 7.9%	MBS 7.7%	* * * * * *
5	NHK 4.8%	MBS 7.7%	NHK 7.4%	NHK 2.2%

■ 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.

Source: excerpt from IR results briefing materials.

### ABC TV high-quality, highly popular 'Killer Content' programming

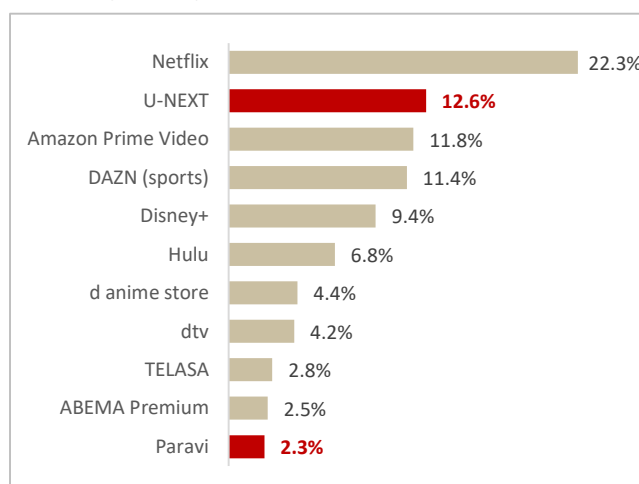
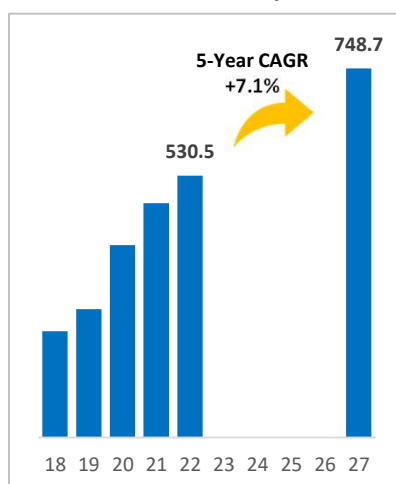
- ♣ **Aiseki Shokudo (Let's share a table):** A variety show in which celebrity entertainers go on location to various locations across Japan and meet people in diner restaurants, etc., while a popular comic duo sitting in the studio pokes fun at them and watches on. The show is also very popular on internet streaming.
- ♣ **Tantei Knight Scoop (Detective Knight Scoop):** Viewer-participation variety show that airs late night every Friday. Celebrities serve as "detectives," conducting investigations in response to viewer requests delivered to the "detective agency," and report back to the "bureau chief" sitting in the studio. This popular long-running program from Kansai, which celebrated its 35th anniversary in 2023, is also popular for internet streaming and DVDs, etc.
- ♣ **Potsunto Ikkenya (In the middle of nowhere):** Using only satellite images, this is a human variety program that uses local information to locate homes in remote areas throughout Japan, meets the people who live there, and interviews them about their reasons for living there and their thoughts and feelings. The program is popular among people of all ages and boasts extremely high viewer ratings.
- ♣ **M-1 Grand Prix:** This is an annual year-end competition to determine the best *manzai* (comic duo) comedians in Japan, unrivaled by other comedy contests in terms of history, performance, and viewer ratings. The hotly contested competition is broadcast live nationwide by ABC TV, and it is also popular on YouTube and other social media platforms, as well as on DVD after the broadcast.
- ♣ **Who is a real celebrity?:** A popular annual program aired on January 1, has maintained the top household viewership rating among major programs aired on the first three days of the New Year for 8 consecutive years. This is a variety program in which top celebrity entertainers use their sense of taste, sight, and hearing to identify the best ingredients, musical instruments, and other top-notch products. The program "rates" popular guests according to their number of correct answers.
- ♣ **Ohayou Asahi Desu:** A morning information program that provides news, weather, and the latest trends in the Kansai area, as well as useful information for daily life. Having celebrated its 44th anniversary in April 2023, it is a popular and long-running program that can be called the "face of Kansai mornings."



The subscription VOD market, which has once again gained attention with the merger of U-NEXT and Paravi, is expected to grow at CAGR of 7.1% over the next five years and reach approx. ¥750bn by 2027, according to GEM Partners, a media consulting firm. ABC TV's content is available on Netflix and multiple other SVOD services, and the market is expected to grow.

#### 5-Year Forecast for Japan's VOD market\* (JPY bn) and 2022 SVOD market shares

U-NEXT and Paravi post-merger SVOD share: 14.9%



\* VOD market includes total of subscription VOD, transactional VOD (rental) and electronic sell-through (sales).

Note: TVer is not included in SVOD as it is a free platform.

Source: compiled by SIR from GEM Partners five-year forecast (2023-2027) of the video-on-demand VOD market in Japan, USEN-NEXT HOLDINGS, merger presentation slides.

#### Asahi Broadcasting HD aiming to become a comprehensive Content Business Group

The stated priority focus initiative of the Asahi Broadcasting Group's FY22/3 – FY26/3 Medium-Term Management Strategy *NEW HOPE* is to become a "comprehensive content business group, raising Content Business sales to about 50% of Broadcasting Business sales." Although *NEW HOPE* clearly lays out the Group's direction as a content creator going forward, the Group has been implementing this strategy for some time. Below is a list of companies newly established and acquired through M&A in recent years.

#### Companies newly established and acquired through M&A in the content area

Date	Newly established cos., acquired through M&A	Business description
2016	ABC ANIMATION, INC., ABC INTERNATIONAL, INC. and ABC RIGHTS BUSINESS, INC. ABC FRONTIER HOLDINGS, INC. (Restructuring centered on ABC FRONTIER, Inc. in 2021)	Planning / production of anime content, overseas and merchandise sales Licensing and music publishing business International business, business development
2019	MASH CORPORATION ✖	Event planning and production, promotions
2019	DLE Group (DLE, Inc., Churapps Co., Ltd., AMIDUS, Inc.) ✖	Fast entertainment, etc.
2020	Procen Studio Co., Ltd. ✖	Audio and post-production business
2020	SILVER LINK, Inc. ✖	Planning and production of animated cartoons
2020	ABC ARC, INC.	Publishing, social media, online media operations, regional development projects, planning, events, and marketing based on local history
2021	Bestie Corporation	Sports-related content planning, production, consulting
2021	ABC&SET, INC.	Planning/production/contracting/performance of live plays, etc., planning/production of various events
2022	Zero G Act Co., Ltd.	Planning, design, manufacturing, and development of character and anime merchandise. Design and development, OEM production of toys and hobby products

Source: compiled by SIR from company disclosed materials. ✖ denotes acquired through M&A.

Overview of Asahi Broadcasting Group HD Group Companies (※consolidated subsidiaries, line connections refer to 2<sup>nd</sup> tier subsidiaries)

**Broadcasting & Content** **Lifestyle**

- 

※ **Asahi Television Broadcasting Corporation**  
TV broadcasting business
- 

※ **ABC ARC, INC.**  
Publishing, social media, and online media operations, regional development projects, planning, events, and marketing based on local history
- 

※ **Asahi Radio Broadcasting Corporation**  
Radio broadcasting business
- 

※ **sky-A, Inc.**  
CS broadcasting business
- 

※ **ABC Libra Co., Ltd.**  
Mainly TV program planning/production, video archiving/management
- 

※ **ABC FRONTIER, INC.**  
Content licensing, music publishing, international operation, domestic business development
- 

※ **ABC&SET, INC.**  
Planning/production/contracting/performance of live plays, etc., planning/production of various events
- 


※ **ABC ANIMATION, INC.**  
Planning/production, overseas sales, and product sales etc. regarding animated content
- 

※ **Digiya Inc.**  
Digital content production, subtitles production
- 


※ **i-NEX corporation**  
General technical production agency
- 

※ **MASH CORPORATION**  
Event planning and production, promotions

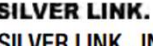
- 

※ **DLE, Inc.**  
Fast Entertainment Model
- 

※ **Churapps Co., Ltd.**  
Game and app planning, development, and management
- 

※ **AMIDUS, INC.**  
Design, branding, and video production, label and agency business
- 

※ **CARAVAN Japan, Inc.**  
World celebrity portrait rights and merchandising rights business  
Discovering products from Asia and creating startups
- 

※ **Procen Studio Co., Ltd.**  
Audio and post-production business
- 

※ **SILVER LINK, INC.**  
Planning and production of animated cartoons
- 

※ **Bestie Corporation**  
Sports-related content planning, production, consulting
- 

※ **Zero G Act Co., Ltd.**  
Planning, design, manufacturing, and development of character and anime merchandise  
Design and development, OEM production of toys and hobby products

- 

※ **ABC Development Corporation**  
Planning/management of housing exhibitions and Housing Design Center, advertising agency business, real estate business, insurance agency business, and web media business
- 

※ **Housing Support Corporation**  
Operations and management, worker dispatch business, and job placement business related to housing exhibitions, etc., owned by ABC Development Corporation
- 

※ **ABC GOLF CLUB INCORPORATED**  
Golf course management
- 

※ **ABC FUN LIFE Inc.**  
Mail order/online sales business, agency business
- 

※ **ONE DAY DESIGN Inc.**  
Mail-order/online sales business, regional development business, start-up growth support, brand production business
- 

※ **ABC Glamp&Outdoors Inc.**  
Regional co-creation and area development production focused on glamping



**Other**

- 

※ **ABC DREAM VENTURES, Inc.**  
Management of corporate venture capital
- 

※ **ABC HORIZON PTE. LTD.** (Headquarters: Singapore)  
Overseas business support for Japanese companies and regional governments, and support for Southeast Asian startups entering the Japanese market
- 

※ **ABC KOSAN Co., Ltd.**  
Facility security, reception services, support counter operations, etc., for the Asahi Television Broadcasting Headquarters Building and other facilities

Source: excerpt from 'Corporate Report 2022'  
<https://corp.asahi.co.jp/en/company/report.html>

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