Asahi Broadcasting Group Holdings Corporation

Q2 Financial Results Briefing for the Fiscal Year Ending March 2025

November 18, 2024

Presentation

Moderator: Ladies and gentlemen, analysts and investors, thank you for your patience. As scheduled, we will now begin the Asahi Broadcasting Group Holdings Corporation Q2 Financial Results Briefing for the Fiscal Year Ending March 2025.

I am Takashi Matoba, General Manager of the General Affairs Division at Asahi Broadcasting Group Holdings Corporation, and I will be your moderator today. Thank you for joining us. Let me start by introducing today's presenters.

Firstly, Masayuki Nishide, who assumed the role of President, Executive Officer of Asahi Broadcasting Group Holdings Corporation this October. Next, Toshiaki Imamura, Director and Managing Executive Officer as well as Representative Director and President of Asahi Television Broadcasting Corporation. Finally, Yoko Kumada, Executive Officer in charge of finance and accounting.

Matters to be reported

■ Financial Results for the Six Months Ended September 30, 2024

- Consolidated Results and Segment Information …P.4
- Results of Asahi Television Broadcasting (ABC TV) …P.10

■ Initiatives for Growth …P.19

Today's presentation will cover the following points: the financial results for H1 of the fiscal year ending March 2025, the full-year performance forecast, the financial performance of Asahi Television Broadcasting Corporation, and initiatives for future growth. The presentation is expected to last approximately 30 minutes, followed by a Q&A session.

Additionally, while we have received questions in advance, we will also be accepting questions during the Q&A session. With that, I would now like to invite President Nishide to deliver his opening remarks.

Greetings

Nishide: I am Masayuki Nishide, and I assumed the role of President, Executive Officer of Asahi Broadcasting Group Holdings Corporation as of October 1. Thank you very much for taking time out of your busy schedules to join us today. I would also like to express my deep gratitude for your continued support of our company.

During this interim consolidated period, the Japanese economy showed moderate recovery. Personal consumption demonstrated a rebound, and corporate earnings generally improved. On the other hand, factors such as inflation in the US, economic stagnation in China, and instability in the Middle East have created risks of a downturn in overseas economies, which, in turn, pose risks to the domestic economy.

As the new President, my mission is to enhance our speed of response to change and strengthen our profitability. In April, we also appointed a new president to our core subsidiary, Asahi Television Broadcasting Corporation, launching a fresh start under a new management framework. Under this next-generation management team, the entire Group will work together to further enhance corporate value. I ask for your continued support.

Consolidated Results

Moderator: Next, Kumada, Executive Officer in charge of finance and accounting, will present an overview of the Group's financial performance.

Consolidated Results

(Millions of yen)

		FY24/3 H1 (Apr. to Sep. 2023)	FY25/3 H1 (Apr. to Sep. 2024)	YoY	% Change
Net Sales		**41,776**	**41,657**	**-118**	**-0.3%**
Operating Expenses		42,768	42,817	49	0.1%
Details	Cost of Sales	29,977	29,743	-234	-0.8%
	Selling, General and Administrative Expenses	12,790	13,074	283	2.2%
Operating Profit		**-992**	**-1,160**	**-167**	**–**
Ordinary Profit		-832	-1,047	-214	–
Profit Attributable to Owners of Parent		-673	-852	-178	–

<Decrease in Net Sales and Profit >
The broadcasting business performed well. At-home shopping posted increased net sales year on year, after not performing well in the previous year. Meanwhile, the negative factors in the content business and housing business outweighed the increase in sales.

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Kumada: I am Yoko Kumada, in charge of finance. Thank you for your attention. I will now provide an overview of our interim financial performance.

For this period, consolidated net sales amounted to JPY41.657 billion, representing a decrease of JPY118 million or 0.3% YoY. Operating loss was JPY1.16 billion, ordinary loss was JPY1.047 billion, and loss attributable to owners of parent was JPY852 million.

While the Broadcasting and At-home Shopping businesses showed YoY growth, the declines in the Content and Housing businesses outweighed these gains, resulting in lower sales and profits.

Results by Segment

(Millions of yen)

Net Sales		FY24/3 H1 (Apr. to Sep. 2023)	FY25/3 H1 (Apr. to Sep. 2024)	YoY	% Change
Broadcasting and Content		**35,541**	**35,198**	**-343**	**-1.0%**
By business	Broadcasting	25,550	26,137	586	2.3%
	Content	9,948	9,031	-917	-9.2%
	Other	42	29	-12	-30.1%
Lifestyle		**6,234**	**6,459**	**224**	**3.6%**
By business	Housing	4,376	4,205	-170	-3.9%
	At-home shopping	1,196	1,586	390	32.7%
	Golf	488	492	3	0.7%
	Other	173	174	1	1.0%

Operating Profit	FY24/3 H1 (Apr. to Sep. 2023)	FY25/3 H1 (Apr. to Sep. 2024)	YoY	% Change
Broadcasting and Content	**-733**	**-858**	**-125**	**–**
Lifestyle	**-60**	**7**	**67**	**–**
Adjustments	**-198**	**-308**	**-109**	**–**

Next, let me discuss segment information.

Net sales for the broadcasting and content segment was JPY35.198 billion, down 1% YoY. Net sales for the lifestyle segment was JPY6.459 billion, reflecting a 3.6% increase YoY.

Breaking it down further, in the Broadcasting business, net sales reached JPY26.137 billion, a 2.3% increase YoY, driven by growth in core television advertising sales revenue. However, in the Content business, net sales fell to JPY9.031 billion, down 9.2% YoY. Contributing factors included the absence of large-scale events held in the previous year, reduced streaming platforms for Virtual High School Baseball, and the transition of DLE, Inc. from a consolidated subsidiary to an equity-method affiliate.

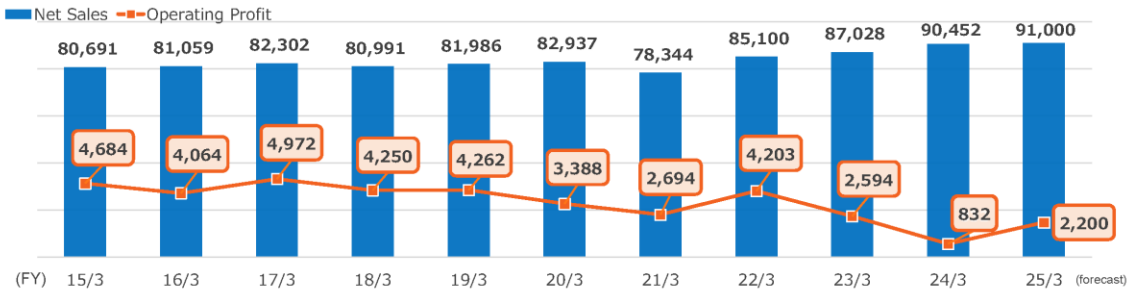
As for the Lifestyle business, net sales from the housing segment declined due to lower exhibition fee income. However, the at-home shopping business saw growth, supported by the January revision of underperforming TV shopping programs from the previous year. As a result, the Lifestyle business as a whole recorded positive growth.

Consequently, the Broadcasting and Content business posted an operating loss of JPY858 million, reflecting a YoY decrease of JPY125 million in profitability. Meanwhile, the Lifestyle business achieved an operating profit of JPY7 million, a YoY increase of JPY67 million.

FY25/3 Consolidated Financial Results Forecasts

(Millions of yen)

	FY24/3 (actual)	FY25/3	YoY	% Change
Net Sales	90,452	**91,000**	547	0.6%
Operating Profit	832	**2,200**	1,367	164.2%
Ordinary Profit	723	**2,300**	1,576	218.1%
Profit Attributable to Owners of Parent	-884	**1,500**	2,384	–



Now, regarding the consolidated performance forecast for the fiscal year:

So far, the results have been progressing roughly within the expected range, and therefore, there are no changes to the figures announced in May.

FY25/3 Financial Results Forecasts by Segment

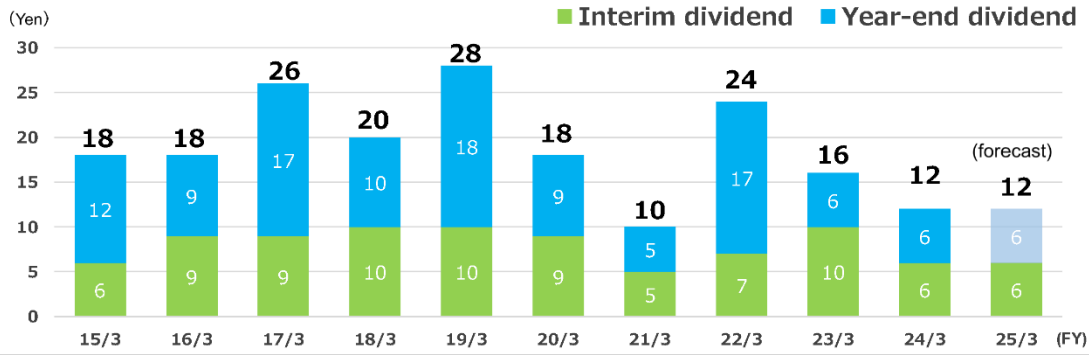
(Millions of yen)

Net Sales		FY24/3 (actual)	FY25/3	YoY	% Change
Broadcasting and Content		**76,701**	**77,000**	**298**	**0.4%**
By business	Broadcasting	55,974	55,900	-74	-0.1%
	Content	20,655	21,000	344	1.7%
	Other	71	100	28	39.6%
Lifestyle		**13,751**	**14,000**	**248**	**1.8%**
By business	Housing	9,516	9,100	-416	-4.4%
	At-home shopping	2,930	3,500	569	19.4%
	Golf	975	1,000	24	2.5%
	Other	328	400	71	21.6%

Operating Profit	FY24/3 (actual)	FY25/3	YoY	% Change
Broadcasting and Content	**917**	**2,200**	**1,282**	**139.8%**
Lifestyle	**373**	**600**	**226**	**60.5%**
Adjustments	-458	-600	-141	–

Regarding segment-specific performance forecasts, there are also no changes to the May announcement.

Dividends



[Dividend Policy]
Returning appropriate levels of profits to all shareholders is one of the most important management issues for the Company. With respect to the distribution of profits, given the Company's responsibility as a certified broadcasting holding company, it will take into comprehensive account factors such as operating results, the dividend payout ratio, and an appropriate level of internal reserves, while also constantly being aware of the balance between strengthening and maintaining the Company's financial position and making investments for supporting increases in corporate value and growth strategies. In accordance with this policy, the Company plans to flexibly make decisions for continuous and stable dividend payment, targeting a dividend payout ratio of 30% for profit after deducting the amount equivalent to the effective statutory tax rate from consolidated operating profit, which indicates profit from the core business of the Group (deemed net profit). Moreover, the Company has set an annual dividend of 12.00 yen per share as the lower limit except in times of a significant decline in business performance due to a rapidly deteriorating business environment.

Next, let me explain about dividends.

In accordance with our dividend policy, we plan to pay an interim dividend of JPY6 and a year-end dividend of JPY6, resulting in an expected total annual dividend of JPY12.

This concludes the explanation of the consolidated performance.

Results of ABC TV

Moderator: Next, we will have an explanation of the financial performance of Asahi Television Broadcasting Corporation, presented by Mr. Imamura, Representative Director and President of Asahi Television Broadcasting Corporation.

Results of ABC TV

(Millions of yen)

		FY24/3 H1 (Apr. to Sep. 2023)	FY25/3 H1 (Apr. to Sep. 2024)	YoY	% Change
Net Sales		27,275	**27,207**	-67	-0.2%
Operating Expenses		27,691	**27,265**	-426	-1.5%
Details	Cost of Sales	18,110	**17,678**	-431	-2.4%
	Selling, General and Administrative Expenses	9,581	**9,587**	5	0.1%
Operating Profit		-416	**-58**	358	—
Ordinary Profit		-356	**-23**	333	—
Profit		-265	**-18**	247	—

	FY24/3 H1 (Apr. to Sep. 2023)	FY25/3 H1 (Apr. to Sep. 2024)	YoY	% Change
Program Expenses	8,278	**8,400**	121	1.5%

<Decrease in Net Sales, Increase in Profit>

- Decrease in net sales, despite strong broadcasting sales, which could not compensate for lower content sales
- Increase in profit due to an increase in highly profitable spot advertising sales

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Imamura: I am Toshiaki Imamura, thank you very much. Allow me to provide an overview of the financial performance of Asahi Television Broadcasting Corporation.

Net sales amounted to JPY27.207 billion, representing a YoY decrease of JPY670 million. Operating loss was JPY58 million, ordinary loss was JPY23 million, and interim net loss was JPY18 million. Despite these declines in net sales, there was YoY improvement in each category of profitability, with a recovery trend evident, including into Q3.

The increase in profit was due to robust advertising market conditions and strong spot advertising sales revenue, which benefited from high viewer ratings across all time slots, resulting in improved profit margins.

Details of ABC TV Sales

(Millions of yen)

	FY22/3 H1 (Apr. to Sep. 2021)	FY23/3 H1 (Apr. to Sep. 2022)	FY24/3 H1 (Apr. to Sep. 2023)	**FY25/3 H1 (Apr. to Sep. 2024)**	YoY	% Change
Broadcasting	23,463	23,317	22,551	**22,948**	397	1.8%
Content	2,570	3,400	4,579	**4,124**	-455	-9.9%
Other	163	140	143	**134**	-9	-6.8%

■ **Broadcasting sales** ※**Recorded in the broadcasting business in the consolidated financial results**
Mainly advertising sales obtained through broadcasting (including sales from TVer, a Japanese ad-supported free streaming service)

■ **Content sales** ※ **Recorded in the content business in the consolidated financial results**
Sales obtained from multifaceted production and development of content and intellectual property, including videos and events (including program sales to affiliates, content development derived from TV programs such as Virtual High School Baseball)

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

Let me now break down the sales.

Broadcasting sales reached JPY22.948 billion, an increase of JPY397 million. Conversely, content sales, including events and online initiatives, amounted to JPY4.124 billion, reflecting a decline of JPY455 million. Factors contributing to the decline included the absence of large-scale events held in the previous year, such as theatrical versions of dramas and the Sakura Circus, as well as reduced platforms for Virtual High School Baseball streaming.

Trends of ABC TV Major Broadcasting Sales

(Millions of yen)

	FY22/3 H1 (Apr. to Sep. 2021)	FY23/3 H1 (Apr. to Sep. 2022)	FY24/3 H1 (Apr. to Sep. 2023)	FY25/3 H1 (Apr. to Sep. 2024)
Spot	14,178	14,208	13,619	**13,942**
Network (Time)	5,858	5,581	5,435	**5,596**
Local (Time)	2,859	2,985	2,745	**2,700**
TV Program Streaming (TVer, etc.)	249	254	310	**283**

■ **Spot**
・ **Up 2.4% YoY**
*See the following pages for more details

■ **Network (Time)**
・**Up 3.0% YoY**
・Broadcast *Chef-1 Grand-Prix* in July (broadcast in October last year)

■ **Local (Time)**
・**Down 1.6% YoY**
・Impact of the conclusion of mini-slot programs and decrease in TV shopping program slots

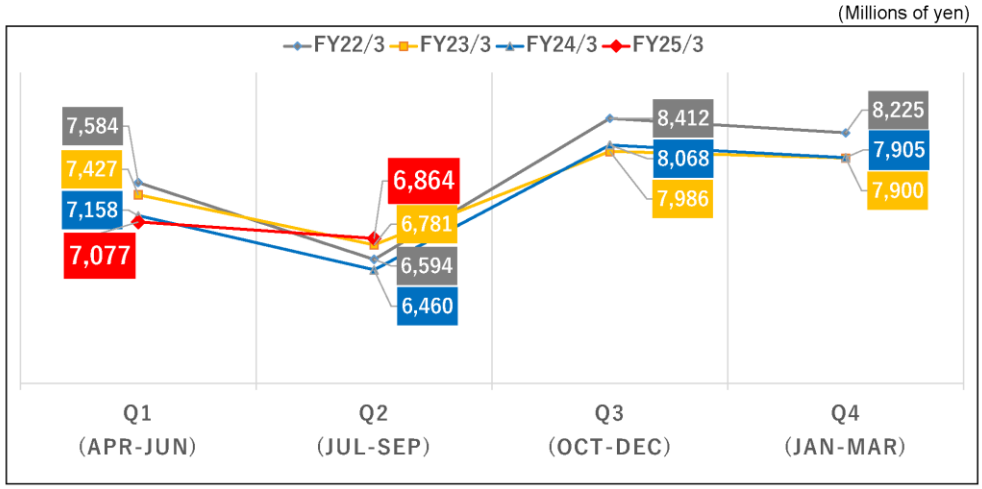
■ **TV Program Streaming (Mainly on TVer)**
・**Down 8.7% YoY**
・Struggled with programmatic advertising aired on limited media and for a limited number of advertisers

Slide 13 shows the trends in major broadcasting sales.

Spot sales revenue increased by 2.4% YoY. More details are provided on the following slide. Network time sales revenue also rose by 3% YoY. While there were negative factors such as a decline in the number of drama productions and nationwide travel programs, contributions from the broadcast of *CHEF-1 Grand Prix*, aired in October of the previous year but this year's version of the program broadcast in July, and the strong performance of sports tournaments helped exceed last year's results.

Local time sales revenue decreased by 1.6% YoY. Despite the development of several projects in the one-off programs with growth potential, factors such as the end of mini-slot programs and a reduction in TV shopping program slots resulted in a decline. Additionally, video streaming sales struggled in the programmatic advertising category, resulting in an 8.7% YoY decrease.

Spot Sales of ABC TV (Quarterly Performance)



Q1 was 98.9% compared to the same period in the previous fiscal year; Q2 was 106.3% compared to the same period in the previous fiscal year.
First half performance overall was 102.4% compared with the same period in the previous fiscal year
(spot sales in the local market in the first half was 102.1% compared to the same period in the previous fiscal year)

Next, regarding the quarterly trends in spot sales revenue.

In Q2, spot sales revenue significantly surpassed the previous year, bringing the total for H1 to 102.4% YoY. The market share remained unchanged at 26.1% YoY, but higher local investment and strong viewer ratings contributed to increased net sales. Combining spot sales revenue and local (time) sales revenue, we achieved the top position in local sales rankings among TV stations in Osaka. For a breakdown of spot sales revenue changes by industry, please refer to the next slide.

Spot Sales of ABC TV (By Top 20 Industries)

	FY24/3 H1 (Apr. to Sep. 2023)		FY25/3 H1 (Apr. to Sep. 2024)	
Industry	YoY*	Composition rate	YoY*	Composition rate
Transportation/Leisure/Food Services/Services	105.3%	15.4%	101.0%	15.2%
Foods	93.8%	9.2%	113.0%	10.1%
Beverages/Liquors	110.8%	10.5%	97.7%	10.1%
Pharmaceuticals/Medical Supplies	85.7%	7.4%	108.9%	7.9%
Information/Communications	92.7%	6.9%	105.3%	7.1%
Finance	110.6%	6.2%	106.9%	6.4%
Home Electric Appliances/Computer	90.0%	6.8%	90.5%	6.0%
Cosmetics/Toiletries	100.9%	4.8%	117.5%	5.5%
Automobiles	83.8%	4.0%	123.1%	4.8%
Hobby (Movie/Game/Music etc.)	102.4%	5.8%	69.7%	3.9%
Government /Political Organization	89.3%	3.4%	106.1%	3.6%
At-home Shopping	82.6%	3.1%	91.2%	2.8%
Housing/Real Estate/Construction	94.6%	3.5%	79.1%	2.7%
Distribution	125.1%	2.0%	138.7%	2.7%
Publications	56.4%	2.5%	100.7%	2.4%
Fashion (Apparel/Jewelry etc.)	125.2%	2.6%	91.6%	2.3%
Household Products	105.7%	2.2%	99.8%	2.2%
Energy/Machines/Materials	72.9%	1.5%	147.9%	2.1%
Various Organizations (Law Office etc.)	133.5%	1.3%	78.7%	1.0%
Logistics Services/Businesses/Events	55.4%	0.7%	154.1%	1.0%
Other	69.2%	0.2%	49.5%	0.1%
Total	-	100.0%	-	100.0%

*Year-on-year comparisons

Looking at trends by industry, recovery is evident in food advertisements, which had been affected by rising raw material costs. Automotive advertising, previously impacted by semiconductor shortages, has gradually picked up. There was a substantial increase in advertising from major cosmetics and toiletries companies, while advertisings in the convenience store and supermarket sectors also intensified. Additionally, inbound demand drove pharmaceutical advertising, and energy and finance sectors remained strong. On the other hand, there were declines in certain areas, including movies—owing to a lack of major releases—and housing, affected by a drop in orders due to rising construction material costs.

Television Viewer Ratings in Kansai Region for Apr-Sep 2024*
[Individual All]

(*April 1 to September 29, 2024) (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	ABC 3.3%	ABC・YTV 4.8%	ABC 5.0%	ABC・YTV 2.5%
2	YTV 3.0%	＊＊＊ ＊＊＊	YTV 4.6%	＊＊＊ ＊＊＊
3	KTV 2.9%	NHK 4.5%	KTV 4.3%	KTV 2.0%
4	MBS 2.7%	KTV 4.3%	MBS・NHK 4.0%	MBS 1.9%
5	NHK 2.6%	MBS 4.1%	＊＊＊ ＊＊＊	NHK 1.2%

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

Next, regarding overall viewer ratings in the Kansai region.

For H1, we achieved first place across all time slots: all day, golden time, prime time, and prime 2 time, securing a quadruple crown. This marks the first quadruple crown in 11 and a half years, since H2 of FY2012. Programs such as *Ohayo Asahi Desu*, *In the Middle of Nowhere*, and broadcasts of the Hanshin Tigers' baseball games performed exceptionally well and drove these results.

Next, let me explain the key topics for H1 of FY2024.

One of the programs that led to the high viewership was *Ohayo Asahi Desu*. Celebrating its 45th anniversary, it continues to be the leading face of morning TV show in Kansai. As part of its anniversary year, various initiatives have been implemented throughout the year to solicit and support viewer's dreams, which have been well received. A related event held this past weekend attracted 47,000 visitors over two days.

There were also notable recognitions and awards in the sports and drama categories. In sports, our Virtual High School Baseball initiative was officially recognized by the Guinness World Records for live-streaming all 3,482 matches of the 105th Japanese National High School Baseball Championship Tournament in 2023, from the first round of regional tournaments onward.

Meanwhile, a drama broadcast locally in Kansai in 2023 won the Local Drama Award at the TOKYO DRAMA AWARD 2024.

We are also focusing on event developments originating from TV programs. For example, the number one Chef Championship, *CHEF-1 Grand Prix*, held its first-ever program-linked event. Additionally, the *Q1 -U18 Changing the Future★Research Results Presentation Show-*, known as the "Koshien of Knowledge," where high school students present and compete with unique research ideas, is scheduled to hold its finals at the Expo 2025 Osaka, Kansai venue.

Initiatives in the Second-Half of FY2024 (Oct 2024-Mar 2025)

Multifaceted developments of drama IP

(*Baby Boyfriends 2* started broadcasting in the Kansai area on Saturday late night, October 12, 2024.)

Multifaceted developments of drama IP, such as stage adaptations, pre-drama events, merchandise, and DVD sales

Year-end tradition

M-1 Grand Prix 2024

This is the 20th year of the event, which attracted a record number of entries at 10,330

Finals and loser's bracket matches will air on Sunday, December 22, 2024

Expo 2025 Osaka, Kansai, Japan
Commemorative *ACN EXPO EKIDEN 2025*

To be held and broadcast on Sunday, March 16, 2024
All-star *ekiden* race; powerhouse university and corporate teams competing

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Next, let me discuss our initiatives for H2.

In October, we began broadcasting the second season of the late-night drama *Baby Boyfriends* in the Kansai region, which originally aired in 2020 and was well-received, with strong DVD sales. This new season aims to boost profitability by expanding beyond DVD sales to include stage adaptations, pre-drama events, merchandise production, and other multifaceted developments of the drama IP.

The year-end tradition *M-1 Grand Prix 2024* marks its 20th tournament this year. A record-breaking 10,330 entries were submitted for this monumental competition to determine the best comedy duo in Japan. We are eagerly anticipating another year of fierce and exciting battles.

Additionally, with less than six months until the opening of the Expo 2025 Osaka, Kansai, we are organizing and broadcasting a pre-expo event, *ACN EXPO EKIDEN 2025*, on March 16, one month prior to the opening. The race will begin at the site of the 1970 Expo and travel through famous landmarks in Osaka, culminating at the current expo venue. Together with corporate sponsors, primarily local companies based in Osaka, we aim to contribute to the excitement and success of both the relay race and the expo.

In Q3, supported by strong viewer ratings, broadcasting sales remains robust. Additionally, we are focused on the multi-platform development of popular program content. By leveraging appealing program content for diverse initiatives, we aim to continue building our financial performance. This concludes my explanation.

Initiatives for Growth

Moderator: Lastly, Mr. Nishide, President of Asahi Broadcasting Group Holdings Corporation, will explain the Group's initiatives for growth.

Initiatives for Growth

① Business portfolio optimization

② Effective asset utilization (Sale of cross-shareholdings, etc.)

☞Completed a review of cross-shareholdings, stocks selected for sale, and sale timing; to sell during the second half of the year or later

③ Growth Investment (Investments in content and lifestyle business sectors)

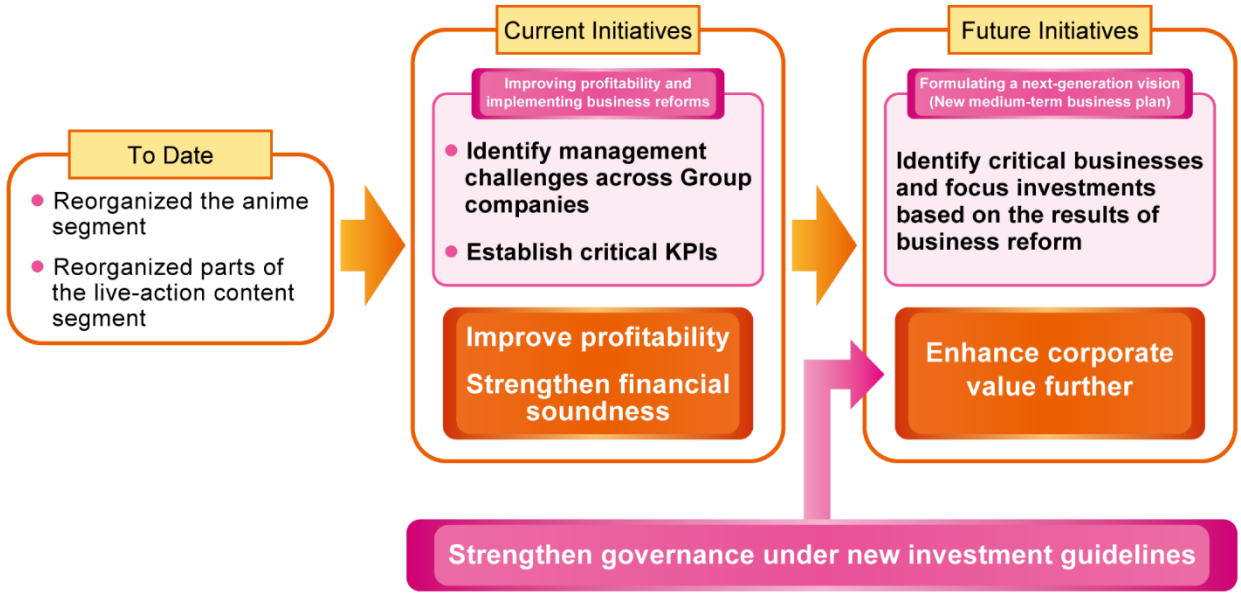
☞A game app development company and a women's apparel brand joined the Group

Nishide: I am Masayuki Nishide. Let me provide an update on the three growth initiatives we outlined during the May financial results briefing, as well as our plans moving forward.

The three initiatives are: business portfolio optimization; effective asset utilization; and growth investment.

Starting with the second initiative, the sale of cross-shareholdings, we have identified the target stocks and determined the timing of their sale. These will be sold starting in H2 of this fiscal year. Regarding the third initiative, growth investments, we have focused on the content segment, particularly the anime segment, where we have welcomed Toydium Inc., a game app development company, into the Group. In the lifestyle business, we have acquired Eim co.,ltd, a women's apparel brand specializing in e-commerce, through M&A. Currently, our main focus is on the first initiative—business portfolio optimization—to enhance profitability and strengthen our foundation.

Business Portfolio Optimization



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Regarding the restructuring of the business portfolio, we have thus far conducted group-wide reorganizations in the anime segment and parts of the live-action content segment to effectively utilize resources such as business strategies, funding, and planning capabilities.

Currently, we are actively pursuing projects aimed at improving profitability and implementing business reforms to strengthen our earning power. We have almost completed identifying management challenges across the Group companies and began implementing business reforms in October. First, we are focusing on building a framework to enhance competitiveness and efficiency in the live-action content segment, where partial reorganization took place this spring.

As Imamura is leading this effort, I will now hand it over to him for an explanation.

Imamura: The live-action content segment is centered on Asahi Television Broadcasting Corporation. We aim to establish a new creative collective that efficiently generates profits by effectively integrating the people, assets, and finances of group companies, including production and technical departments, beyond the borders among the Group companies.

Nishide: In the lifestyle business, we are also examining ways to efficiently scale operations by sharing resources and business strategies among e-commerce and at-home shopping companies. Additionally, we have revised our investment guidelines to enhance discipline in decision-making and strengthen governance.

As the culmination of these projects, we are formulating a next-generation vision to connect with the next medium-term management plan for the new fiscal year. This vision will be announced at an appropriate time.

Expo 2025 Osaka, Kansai

Looking Ahead to Events Held Inside/Surrounding the Expo 2025 Osaka, Kansai venue

The Expo 2025 Osaka, Kansai, Japan Commemorative *ACN EXPO EKIDEN 2025* will be held and broadcast on March 16, 2025 (Sunday).

・Host an exhibition related to disaster prevention, *A Blueprint for the Future of Disaster Prevention to Share with the World*

・Host the *Q1 ～U18 Changing the Future★Research Results Presentation Show～*, known as the "Koshien of Knowledge," where high school students present research in a competition at the EXPO Hall

・Broadcast various programs on TV and radio before and during the Expo

and more events…

As a media group, we will also continue to actively contribute to society and enhance corporate value. A major highlight of the current fiscal year is the upcoming Expo 2025 Osaka, Kansai, which will take place in our home region in approximately five months.

To generate excitement ahead of the expo, we will organize and broadcast a pre-expo event, the "ACN EXPO EKIDEN 2025," which will travel through famous landmarks in Osaka, as mentioned earlier by Imamura of Asahi Television Broadcasting Corporation.

During the expo, we plan to host various events both inside and outside the venue. For us, contributing to the success of the Expo is a significant theme as a local broadcaster and content business group. We also see it as a substantial business opportunity, and we will actively participate.

What I place great emphasis on is further strengthening our understanding of the situations across the Group's content businesses and accelerating our responsiveness to changes. Our top priority is to focus on generating profits and improving earnings while maintaining a solid foundation.

During the medium-term management strategy launched in 2021, we have raised the top line and actively pursued challenges in new domains. Moving forward, we will accelerate the PDCA cycle of our businesses, working in unison with Imamura, to enhance profitability. Thank you for your attention.

Moderator: This concludes the presentation from our company.

Question & Answer

Moderator: We will now move on to the Q&A session.

Please be informed that today's presentation and Q&A session are being recorded for transcription and distribution services. We have also received questions in advance. Let us begin by addressing those pre-submitted questions.

Questioner 1: With the recovery in the television advertising market gaining momentum, how do you view its sustainability? Additionally, are there any changes in advertiser behavior compared to Q2? Lastly, could you share your outlook on advertiser activity for the next fiscal year?

Moderator: For this question, we'll hear from Takeda, Director in charge of sales at Asahi Television Broadcasting Corporation (ABC TV), who is present today.

Takeda: I'm Takeda, thank you. First, regarding the sustainability of the television advertising market recovery—this remains undoubtedly strong for the remainder of the year. As for the new year, we already have information suggesting steady trends at least through February.

For March, the final month of this fiscal year, while we do not yet have definitive information, common sense suggests that the current trends will continue along the same trajectory.

Next, on the outlook for the upcoming fiscal year—while factors such as the viewer ratings of our channel, total PUT (Persons Using Television), and overall individual audience rating fluctuations must be considered, society is gradually addressing major challenges like the economic disruptions caused by COVID-19, global instability driving oil and raw material price hikes, and semiconductor shortages. Unless a significant new negative factor emerges, we expect companies to continue allocating budgets to television advertising, maintaining a recovery trend.

As for changes in advertiser behavior compared to Q2—by Q2, as mentioned earlier, nearly all major industries that had been regular advertisers returned to the market. Additionally, we are starting to see gradual participation from B2B companies, driven by their need for workforce recruitment.

Regarding the H2 outlook, we are observing signs of recovery among telecommunications carriers, which had been cutting advertising expenditures for years. This trend extends to the broader information and communication sectors. Furthermore, the gradual implementation of liquor tax law revisions through October 2026 is prompting increased activity in the beer industry. Similarly, we anticipate increased advertising from companies targeting inbound tourism, such as those in the vacation rental and leisure industries.

Lastly, regarding advertiser trends for the next fiscal year—we will wait for forecasts from industry bodies like the Japan Commercial Broadcasters Association (JBA), but we expect the current trend of broad participation from major industries to continue. That concludes my response.

Moderator: Next, we have a question regarding the profitability of the content business, particularly the anime business. There are two parts to this question.

Questioner 2: Could you explain the reasons behind ABC Animation's losses, the measures currently being taken, and the anticipated timeline for achieving profitability?

Questioner 3: Regarding the anime business, we've heard from other companies that monetization is taking longer. Are you seeing similar trends within your company?

Moderator: President Nishide will address this question.

Nishide: First, regarding the losses at ABC Animation during the interim period—the main reason is the lack of programs we produced as the lead company of the production committee in the first and second quarters, leading to a concentration of programs in H2. As a result, investment costs have preceded net sales. Production and broadcast of programs we produced as the lead company of the production committee are proceeding smoothly in H2, and we expect to achieve profitability for the full year. That concludes my response to the first part to this question.

Regarding the second part to this question on monetization in the anime business—yes, we are also observing some delays in achieving profitability. This is partly due to cost increases, such as higher labor expenses, which have driven up production costs and break-even points, leading to longer monetization cycles.

Anime is inherently a long-cycle business—from planning and production to broadcasting, streaming, and merchandising. Additionally, we are working on responding to the rapidly growing demand for anime-related merchandise in China. To support future growth, we are also strengthening production process management, particularly within our production subsidiaries. That concludes my response.

Moderator: Next, we have a question regarding the full-year plan.

Questioner 4: The full-year plan seems to have become more challenging to achieve. Could you share your views on the feasibility of meeting these targets and the measures being taken?

Moderator: President Nishide will address this question.

Nishide: Overall, we anticipate upward trends in the performance of ABC TV, as well as contributions from other group companies.

Firstly, ABC TV continues to maintain strong performance in the advertising market as we enter Q3. Viewer ratings also remain strong. During the year-end and New Year period, popular programs like *M-1 Grand Prix* and *Who is the Real Celebrity?* will air. As Imamura mentioned earlier, the 20th tournament of *M-1* represents a milestone and is supported by various enhanced initiatives, including online content, which are expected to contribute to performance.

Additionally, we are planning multifaceted developments of drama IP, which will also contribute to the performance of group companies. Furthermore, we are progressing in improving profitability within the anime group and strengthening our e-commerce business. Net sales improvements following the program timetable reorganization in January are expected to continue into H2. That concludes my response.

Moderator: That concludes our answers to the pre-submitted questions. Thank you very much.

Let's now proceed to live questions. If you have a question, please raise your hand on Zoom. We will take questions in order. Are there any questions?

If not, this concludes today's briefing. Thank you very much for taking the time to join us today.

We appreciate your continued support of our group.

Nishide, Imamura, Takeda, and Kumada: Thank you very much.