



Asahi Broadcasting Group Holdings Corporation
Q2 Financial Results Briefing for the Fiscal Year Ending March 2024

November 20, 2023

Presentation

Moderator: Thank you for your patience, analysts and investors. As we have reached the scheduled time, we will now begin the Q2 Financial Results Briefing for the Fiscal Year Ending March 2024 of Asahi Broadcasting Group Holdings Corporation.

Matters to be reported

- Overview of Financial Report for the Second Quarter of Fiscal 2023 and Consolidated Financial Results Forecasts for Fiscal 2023
 - Consolidated Results and Segment Information... P.4
 - Asahi Television Broadcasting Results ... P.11

- Growth Investment/Financial Strategy ... P.20

2

Today's presentation will cover three main topics: first, an explanation of the Q2 earnings and full-year performance forecast for the fiscal year ending March 2024; second, a report on the performance of Asahi Television Broadcasting Corporation; and finally, our growth investment and financial strategy.

The presentation is scheduled to last about 30 minutes, followed by a question-and-answer session. The total duration of the earnings call is expected to be around one hour.

To begin, I would like to invite Mr. Susumu Okinaka, Representative Director and President of Asahi Broadcasting Group Holdings Corporation, to deliver his opening remarks.

Greetings

Susumu Okinaka

Representative Director and President
Asahi Broadcasting Group Holdings Corporation

3

Okinaka: Good afternoon, everyone. I'm Okinaka. Thank you for taking the time to join us today, despite your busy schedules. I also want to express my deep gratitude for your continued support of our company.

This period has seen a transition of COVID-19 to a lower classification (Class 5) and a gradual recovery of the economy. However, the advertising market, which constitutes a significant portion of our earnings, is still recovering slowly.

Our medium to long-term vision involves transforming from a broadcasting business to a comprehensive content business group, diversifying and scaling our operations, and making proactive upfront investments.

In Q2, however, we experienced some stagnation in our content and lifestyle businesses. Entering H2, we are beginning to see signs of recovery, but considering the performance in H1, we have revised our full-year earnings and dividend forecasts. Mr. Nakamura, our director in charge of accounting, will provide more details shortly.

Consolidated Results

Hironobu Nakamura

Director (Accounting)
Asahi Broadcasting Group Holdings Corporation

4

Moderator: Now, Mr. Hironobu Nakamura, the director in charge of accounting, will explain the overall performance of the Group.

Consolidated Results



(Millions of yen)

	FY23/3 1H (Apr. to Sep. 2022)	FY24/3 1H (Apr. to Sep. 2023)	YoY	% Change	
Net Sales	41,100	41,776	675	1.6%	
Operating Expenses	40,806	42,768	1,962	4.8%	
Details	Cost of Sales	28,121	29,977	1,856	6.6%
	Selling, General and Administrative Expenses	12,684	12,790	105	0.8%
Operating Income	293	-992	-1,286	-	
Ordinary Income	479	-832	-1,311	-	
Profit Attributable to Owners of Parent	403	-673	-1,077	-	

<Higher Revenue and Lower Profits>

- Increase in revenue from ABC TV content and content-related affiliates contributed to an increase in consolidated net sales
- Decrease in profit due to a decrease in high-profit TV spot sales revenue, sluggish at-home shopping business sales, and higher content-related expenses

5

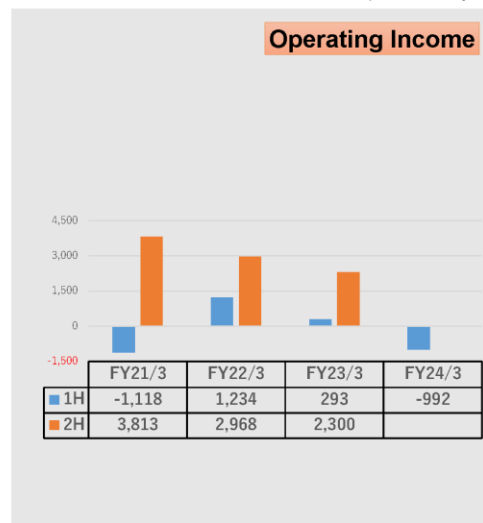
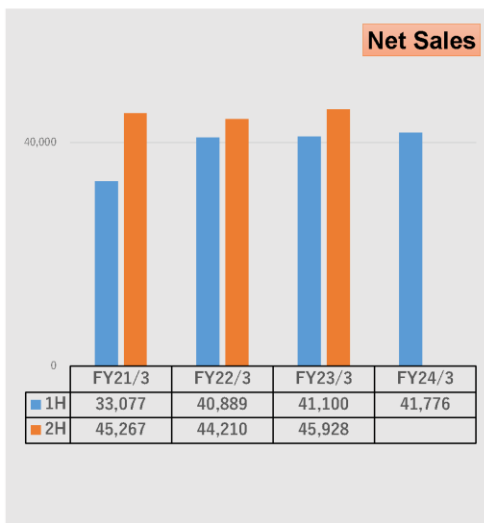
Nakamura: I'm Nakamura, in charge of accounting. Thank you for your attention.

Let me dive straight into our performance for H1.

Our consolidated net sales were JPY41,776 million, a 1.6% increase, or JPY675 million higher compared to the same period last year. While our core broadcasting business saw a decrease compared to the previous year, and our lifestyle segment's at-home shopping business struggled, the robust performance of our content business contributed to the increase in sales.

Regarding profits, several factors contributed to a decrease. The sales from high-margin TV spot sales revenue fell short of our expectations, and the at-home shopping business underperformed. Additionally, content-related expenses, such as program costs, increased as part of our strategy to strengthen our content business, which was more of an upfront investment. Consequently, we recorded an operating loss of JPY992 million, an ordinary loss of JPY832 million, and a loss attributable to the parent company's shareholders of JPY673 million.

Trend of Consolidated Results



6

This chart shows the performance trend over the last four years.

It's notable that this is the first time since the fiscal year ending March 2021 that we've experienced an operating loss in H1. However, as you can see, our company tends to perform better in H2 compared to H1. This is largely due to structural reasons, such as advertisers increasing their campaigns in the latter half of the fiscal year. We aim to build upon our sales and profits in H2, improving our overall performance.

Results by Segment



(Millions of yen)

Net Sales		FY23/3 1H (Apr. to Sep. 2022)	FY24/3 1H (Apr. to Sep. 2023)	YoY	% Change
Broadcasting and Content		34,482	35,541	1,058	3.1%
By business	Broadcasting	26,468	25,550	-917	-3.5%
	Content	7,987	9,948	1,961	24.6%
	Other	26	42	15	56.3%
Lifestyle		6,617	6,234	-383	-5.8%
By business	Housing	4,476	4,376	-100	-2.2%
	At-home shopping	1,471	1,196	-275	-18.7%
	Golf	484	488	4	0.9%
	Other	184	173	-11	-6.3%
Operating Income		FY23/3 1H (Apr. to Sep. 2022)	FY24/3 1H (Apr. to Sep. 2023)	YoY	% Change
Broadcasting and Content		407	-733	-1,141	-
Lifestyle		118	-60	-178	-
Adjustments		-232	-198	33	-

7

Here's the segment information.

Sales varied across segments, with broadcasting and content businesses experiencing an increase, while the lifestyle business saw a decline.

In broadcasting, our mainstay TV advertising sales fell below the previous year, resulting in JPY25,550 million in sales, a 3.5% decrease YoY. Content business, however, rose to JPY9,948 million, a significant increase of 24.6%. This growth was driven by strong performance in content sales, including events organized by ABC TV and video streaming, along with robust rights business and event-related activities across the group.

The lifestyle business generated JPY6,234 million, down JPY383 million YoY. The primary reasons for this decline were in our at-home shopping business, where the new program launched in April took time to establish, and in our housing business, where we closed one housing exhibition site in the Tokyo area due to the expiration of a land lease contract.

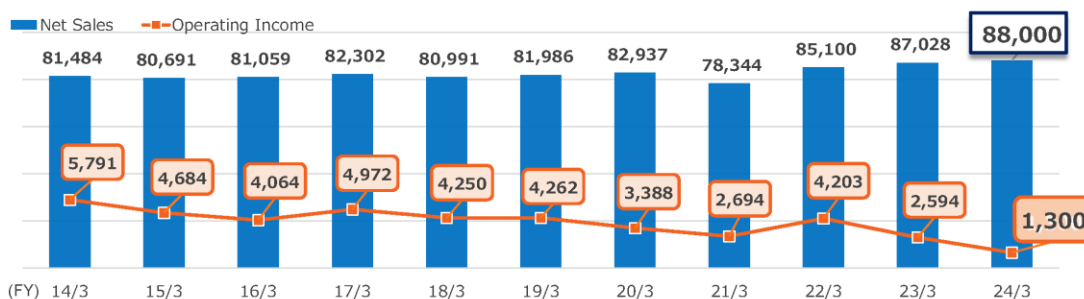
Regarding profits, as mentioned earlier, the broadcasting and content businesses recorded an operating loss of JPY733 million, down JPY1,141 million compared to the previous period. This was due to lower high-margin spot sales revenue and increased production costs for new programs and related expenses outweighing the sales increase. The lifestyle business reported an operating loss of JPY60 million, a decrease of JPY178 million compared to the previous period.

FY24/3 Consolidated Financial Results Forecasts



(Millions of yen)

	FY23/3 (actual)	FY24/3 (as of May)	FY24/3 (revised in Nov.)	YoY	% Change
Net Sales	87,028	90,000	88,000	972	1.1%
Operating Income	2,594	2,500	1,300	-1,294	-49.9%
Ordinary Income	2,661	2,700	1,500	-1,161	-43.6%
Profit Attributable to Owners of Parent	1,354	1,700	1,000	-354	-26.1%



8

Here's the consolidated performance forecast for this period.

Considering H1's performance and the current situation in H2, we have revised our forecasts. We now expect net sales to be JPY88,000 million, operating income at JPY1,300 million, ordinary income at JPY1,500 million, and profit (attributable to owners of parent) at JPY1,000 million. Compared to our May forecast, this is a downward revision of JPY2,000 million in net sales, JPY1,200 million in operating income, JPY1,200 million in ordinary income, and JPY700 million in profit (attributable to owners of parent).

I'll explain the adjustments for each segment in the next slide.

Financial Results Forecasts by Segment

(Millions of yen)



Net Sales		FY23/3 Actual	FY24/3 Forecast (revised in Nov.)	YoY	% Change
Broadcasting and Content		72,967	73,800	832	1.1%
By business	Broadcasting	55,516	55,100	-416	-0.7%
	Content	17,387	18,600	1,212	7.0%
	Other	63	100	36	57.0%
Lifestyle		14,061	14,200	138	1.0%
By business	Housing	9,770	9,700	-70	-0.7%
	At-home shopping	2,954	3,200	245	8.3%
	Golf	939	950	10	1.1%
	Other	397	350	-47	-12.0%
Operating Income		FY23/3 Actual	FY24/3 Forecast (revised in Nov.)	YoY	% Change
Broadcasting and Content		2,602	1,400	-1,202	-46.2%
Lifestyle		433	300	-133	-30.9%
Adjustments		-441	-400	41	-

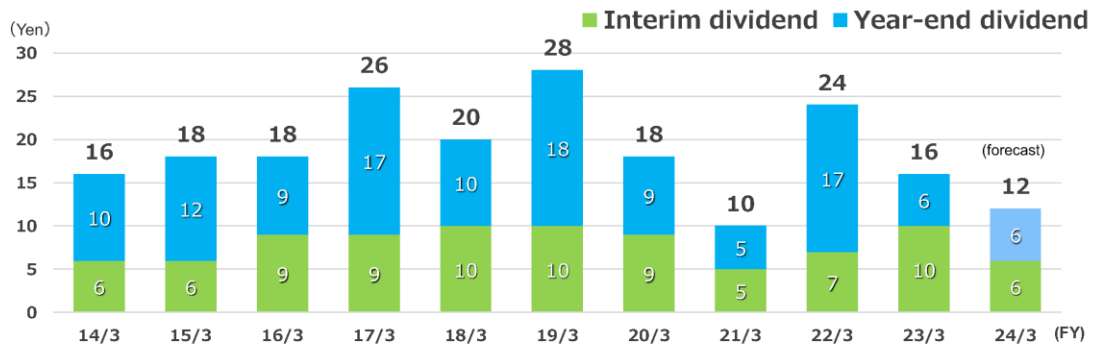
9

First, for the broadcasting business, while there are signs of recovery in our main spot sales revenue in H2, it is not enough to offset the decline in H1. Therefore, we forecast a decrease in net sales to JPY55,100 million, a JPY416 million reduction YoY. The content business sales are progressing as initially planned, and we anticipate an increase of JPY1,212 million YoY to JPY18,600 million.

In the at-home shopping business, we are currently enhancing our marketing strategies, and we expect to surpass last year's performance for the full year.

However, expenses will continue to increase as we invest aggressively in expanding our content business throughout the year. Consequently, we project the broadcasting and content businesses to have an operating income of JPY1,400 million, a decrease of JPY1,202 million YoY. The lifestyle business is expected to see a reduction of JPY133 million YoY, resulting in an operating income of JPY300 million.

Dividends



In light of the revision to the financial results forecasts, and in line with our dividend policy, the Company revised the year-end dividend down by ¥2.00 from the previous forecast to ¥6.00 per share. As a result, the annual dividend is forecasted to be ¥12.00.

[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 income, 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.

Now, let me explain about dividends.

In our previous announcement, we forecasted an interim dividend of JPY6 per share and a year-end dividend of JPY8 per share. However, due to the revised earnings forecast and in line with our dividend policy, we have reduced the year-end dividend by JPY2 to JPY6 per share. Consequently, the expected annual dividend payout will be JPY12 per share.

That concludes the explanation regarding our consolidated performance.

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, we will hear about the performance of Asahi Television Broadcasting Corporation. Mr. Shinya Yamamoto, Vice President of Asahi Broadcasting Group Holdings Corporation and President of Asahi Television Broadcasting Corporation, will provide the details. President Yamamoto, please go ahead.

ABC TV Results



(Millions of yen)

		FY23/3 1H (Apr. to Sep. 2022)	FY24/3 1H (Apr. to Sep. 2023)	YoY	% Change
Net Sales		26,859	27,275	415	1.5%
Operating Expenses		26,484	27,691	1,207	4.6%
Details	Cost of Sales	16,588	18,110	1,521	9.2%
	Selling, General and Administrative Expenses	9,895	9,581	-314	-3.2%
Operating Income		375	-416	-791	—
Ordinary Income		604	-356	-960	—
Profit		339	-265	-605	—
		FY23/3 1H (Apr. to Sep. 2022)	FY24/3 1H (Apr. to Sep. 2023)	YoY	% Change
Program Expenses		7,862	8,278	416	5.3%

<Higher Revenue and Lower Profits>

- Content business performance was strong, resulting in an increase in revenues
- In terms of expenses, profit decreased due to an increase in program expenses for the start of a new nationwide network drama and higher costs in connection with increased content sales

12

Yamamoto: I'm Yamamoto. Thank you for your attention.

Let me now discuss the performance of Asahi Television Broadcasting.

Net sales were JPY27,275 million, an increase of JPY415 million compared to the same period last year. However, due to increased expenses under our strategy to strengthen our content business and enhance our program content lineup, we recorded an operating loss of JPY416 million, an ordinary loss of JPY356 million, and a loss (attributable to owners of parent) of JPY265 million.

Details of ABC TV Revenue



(Millions of yen)

	FY22/3 1H (Apr. to Sep. 2021)	FY23/3 1H (Apr. to Sep. 2022)	FY24/3 1H (Apr. to Sep. 2023)	YoY	% Change
Broadcasting Revenue	23,463	23,317	22,551	-766	-3.3%
Content Revenue	2,570	3,400	4,579	1,178	34.7%
Other Revenue	163	140	143	3	2.1%

■ **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)

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

Breaking down the sales.

As in the previous fiscal year's H1, the increase in content revenue offset the decrease in broadcasting revenue. Broadcasting revenue was JPY22,551 million, down JPY766 million.

Content revenue, including events and internet initiatives, was JPY4,579 million, an increase of JPY1,178 million, up 34.7% YoY. The increase in streaming content due to new nationwide network drama slots, the expansion of our streaming platforms for *Virtual High School Baseball*, and the success of events and stages we organized all contributed to this increase in sales.

Trends of ABC TV Major Broadcasting Revenues



(Millions of yen)

	FY21/3 1H (Apr. to Sep. 2020)	FY22/3 1H (Apr. to Sep. 2021)	FY23/3 1H (Apr. to Sep. 2022)	FY24/3 1H (Apr. to Sep. 2023)
Spot	11,045	14,178	14,208	13,619
Network (Time)	6,202	5,858	5,581	5,435
Local (Time)	2,673	2,859	2,985	2,745
TV Program Streaming (TVer, etc.)	97	249	254	310

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

- Spot**
 - Down -4.1% YoY
 - See the following pages for more details.
- Network (Time)**
 - Down -2.6% YoY
 - Despite a new slot for a nationwide network drama series, special one-off programs from the previous year have been scheduled for the second half this year
- Local (Time)**
 - Down -8.0% YoY
 - Fewer mini-slot programs
 - Program-linked events from the previous year have been scheduled for the second half this year
- TV Program Streaming (TVer, etc.)**
 - Up 22.1% YoY
 - Increase in the number of live streams
 - Nationwide network drama series performed well

Page 14 details the trends in our main broadcasting revenue.

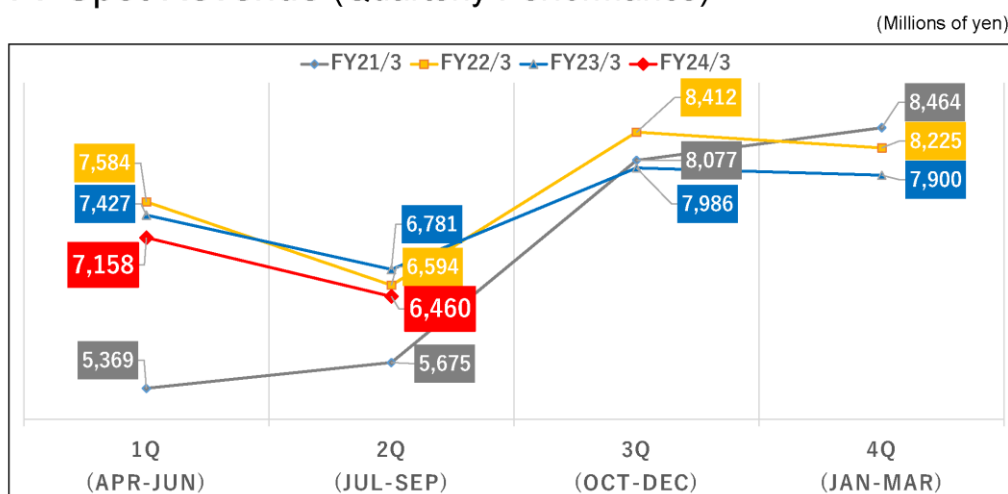
Spot sales revenue saw a 4.1% decrease compared to the same period last year. I'll provide more details on the next page.

Network time revenue decreased by 2.6%. Although there was an increase due to the introduction of a new nationwide drama slot in our April programming changes, we faced challenges in sales of existing programs. This was partly due to stagnation in advertising spending by sponsor companies. Additionally, a significant factor was the shift of the special program *CHEF-1 Grand Prix* from H1 of the previous year to H2 of this year, contributing to the sales decline.

Local time revenue decreased by 8%. This was influenced by advertisers' tendency to reduce fixed costs, resulting in fewer mini-slot programs, challenges in sales of existing programs similar to nationwide network programs, and the shift of program-linked events from H1 of the previous year to H2 of this year.

On a positive note, TV program streaming revenue was very strong, showing a 22.1% increase YoY. This growth was due to an increase in streaming content and the popularity of our nationwide network drama streaming.

ABC TV Spot Revenue (Quarterly Performance)



1Q was 96.4% of previous year, while 2Q was 95.3%.
First half was 95.9% of previous year overall.
(First-half spot sales in the local market was 92.6% of previous year)

15

Next, let's look at the quarterly trends in spot sales revenue.

Unfortunately, both Q1 and Q2 saw a slight decrease from the previous year, resulting in an overall performance for H1 of 95.9% compared to the same period last year. While the advertising spent in the Kansai region dropped significantly to 92.6%, we managed to increase our share by nearly 1%. However, this was not enough to compensate for the overall decrease in the region's advertising spend.

For a breakdown of the changes in spot sales revenue by industry, please refer to the next page.

ABC TV Spot Revenue (By Top 20 Industries)



Industry	FY23/3 1H (Apr. to Sep. 2022)		FY24/3 1H (Apr. to Sep. 2023)	
	YoY	Composition rate	YoY	Composition rate
Transportation/Leisure/Food Services/Services	115.8%	14.0%	105.3%	15.4%
Beverages/Liquors	93.3%	9.1%	110.8%	10.5%
Foods	93.9%	9.4%	93.8%	9.2%
Pharmaceuticals/Medical Supplies	109.9%	8.3%	85.7%	7.4%
Information/Communications	84.5%	7.1%	92.7%	6.9%
Home Electric Appliances/Computer	96.9%	7.2%	90.0%	6.8%
Finance	119.5%	5.4%	110.6%	6.2%
Hobbies (Movie/Game/Music etc.)	85.3%	5.4%	102.4%	5.8%
Cosmetics/Toiletries	75.7%	4.6%	100.9%	4.8%
Automobiles	82.7%	4.6%	83.8%	4.0%
Housing/Real Estate/Construction	128.8%	3.6%	94.6%	3.5%
Government/Political Organization	103.8%	3.7%	89.3%	3.4%
Mail Order Sales	130.9%	3.6%	82.6%	3.1%
Fashion (Apparel/Jewelry etc.)	91.7%	2.0%	125.2%	2.6%
Publications	123.5%	4.2%	56.4%	2.5%
Household Products	90.5%	2.0%	105.7%	2.2%
Distribution	98.8%	1.5%	125.1%	2.0%
Energy/Machines/Materials	148.6%	1.9%	72.9%	1.5%
Various Organizations (Law Office etc.)	86.0%	1.0%	133.5%	1.3%
Logistics Services/Businesses/Events	103.7%	1.2%	55.4%	0.7%
Others	218.8%	0.3%	69.2%	0.2%
Total		100.0%		100.0%

16 *Year-on-year comparisons

By industry, transportation and leisure saw a positive trend post-COVID-19, with increased campaigns. Beverages and liquors also performed well, driven by new product campaigns, and the finance sector saw growth due to promotions related to the new NISA system.

On the other hand, food advertising decreased due to price increases caused by rising raw material costs, and the information and communications sector also declined with reduced advertising by the three major carriers. The automobiles sector has not yet recovered, still affected by the semiconductor shortage. Additionally, government advertising related to COVID-19 prevention, such as vaccination awareness, decreased, along with pharmaceuticals and medical supplies.

Television Viewer Ratings in Kansai Region for Apr-Sep 2023* [Individual (ALL)]



(*April 3 to October 1, 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	ABC 3.4%	YTV 5.5%	ABC 5.3%	YTV 3.0%
2	YTV 3.3%	ABC 5.0%	YTV 5.2%	ABC 2.6%
3	KTV 3.0%	KTV 4.7%	KTV 4.7%	KTV 2.2%
4	MBS 2.8%	MBS 4.5%	MBS 4.4%	MBS 2.0%
5	NHK 2.5%	NHK 4.4%	NHK 3.9%	NHK 0.9%

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

17

Next, let's look at the overall viewer ratings in the Kansai region.

Following the previous year's H2, we ranked first in both All Day and Prime Time ratings. Achieving the top spot in All Day ratings for H1 is a milestone we've reached for the first time in 11 years since FY2012.

FY2023 1H (Apr-Sep 2023) Notable Results



In April, ABC Established its First in-House Nationwide Network Drama Series Slot in 28 Years



▶ In addition to broadcasts, we are creating and delivering high-quality dramas with a focus on **content produced in-house** by well-established scriptwriters, with a view to domestic and international distribution, etc.

Airs on Sunday night 10:00 - 10:54
April programming drama:
At Least On Sunday Night
July programming drama:
The Birthday Mystery

Broadcasts and Streams of all Games Contributed to Expanded Viewer Demographics for High School Baseball



▶ Online service to view high school baseball anytime, anywhere. (in collaboration with The Asahi Shimbun Company)

• **All summer championship games made available for streaming beginning this year!**
 • **This year, ABEMA broadcast games in addition to SPORTS BULL and Sportsnavi. Heated competition delivered through three platforms.**

Increased Number of Events Due to New Categorization of COVID-19 as a Class 5 Disease Contributing to the Development of Local Entertainment

SAKURA CIRCUS OSAKA CASTLE SUMMER SIEGE

▶ 7/1 (Sat) to 9/3 (Sun)
 Performances and interactive content by Wakayama-based SAKURA CIRCUS at Osaka Castle Park. 77,000 visitors.



Recognition of our Creativity Japan Commercial Broadcasters Association Award

Semi-Grand Prix ※Numerous other national and international awards
CHILDREN'S HOSPICES- A "HOME AWAY FROM HOME" PULSING WITH LIFE



In-depth look at the first-ever private children's hospice in Japan as a "HOME AWAY FROM HOME" for children with serious illnesses and their families; received high-acclaim for long-term coverage of the issue.

• **Outstanding Award, TV Cultural Program, Program Div.**
Q-1 ~U18 Changing the Future★ Research Results Presentation Show~

• **Outstanding Award, TV Drama, Program Div.**
At Least On Sunday Night

※Won the Galaxy Honors for programs recommended in the first half of the year and the Galaxy Monthly Award for July.

18

Now, let me highlight some of our key achievements for H1.

Firstly, in April, we launched a new Sunday 10:00 PM national network drama slot produced solely by ABC, the first in 28 years. With a focus on multi-faceted content distribution, including internet streaming, we emphasized original scripts to produce high-quality dramas.

The April series, *At Least On Sunday Night*, won the Excellence Award in the Television Drama category of the Japan Commercial Broadcasters Association Award and the Monthly Award for July of the Galaxy Awards. The July series, *The Birthday Mystery*, has just been announced as the Monthly Award winner for October of the Galaxy Awards.

Additionally, our *Virtual High School Baseball* coverage reached new heights this year, streaming a record 3,434 regional tournament games. With more streaming platforms available, we were able to bring exciting matches to an even larger audience.

This summer, we hosted a real-life entertainment event in Osaka Castle Park, featuring performances by the Wakayama-based Sakura Circus and various interactive contents. The downgrading of COVID-19 to Category Five helped boost attendance, and we believe many people enjoyed the event.

Furthermore, this period was notable not just for our Sunday night dramas, but also for our documentaries and educational programs, which received numerous awards from the Japan Commercial Broadcasters Association, affirming the strength of our content creation capabilities.

Encouraging Real-Life Engagement With Program Fans



▶ **Travel Salad -Discovering fresh sites of Japan- event held**

11/3 (Fri, holiday) to 11/5 (Sun), for 3 days
A total of 33 local governments, overseas tourist bureaus, companies, and organizations showcased their unique value through booth exhibits and stage performances.

▶ **Popular Information program Ohayo Asahi Desu: Live event, "Oha Asa Park" held**

11/18 (Sat) and 11/19 (Sun), for 2 days
at the Expo'70 Commemorative Park at Senri in Osaka



**Oha Asa x Solutions for Local Issues
The Ultimate Mixed Fruit Juice Project**

▶ *Oha Asa* developed a mixed juice from locally sourced ingredients in collaboration with ANA Akindo. ANA Akindo strives for regional development to solve local social challenges, including food loss, branding for local products, and sustainable agriculture using mixed juice, a famous local drink originating in Kansai. Special sales event held at Oha Asa Park.

Creating Community Excitement Through Food

▶ **Abundant Japanese ingredients x chef creativity and imagination**

CHEF-1 Grand Prix, a competition to determine the No.1 chef and discover a new generation of star talent



A third season of the competition was broadcast on October 22. Three-star restaurant chef NEMOTO FUMIYA declared the winner; GACKT appeared as a national representative judge. Recorded the highest viewer ratings ever in the individual (ALL) and Kanto/Kansai regions.

On December 24 of the year-end, M-1 Grand Prix 2023, On January 1 of the New Year, Who is a real celebrity?

▶ **Various developments in progress for the two most popular programs for the year-end and New Year holidays this winter**



M-1 Grand Prix to air on December 24, with finals and loser's revival matches. This year will feature a pre-show event on December 23 in Shinjuku.

For H2, we are focusing on enhancing real engagement with our program fans through events linked to popular shows. Building on the success of last year, we held an even bigger and better event for our travel information program, Travel Salad Expo. This year, we welcomed numerous local governments and tourism bureaus from both domestic and international destinations. The attendance more than doubled compared to the previous event.

Just this past weekend, our flagship morning show, *Ohayo Asahi Desu*, hosted an event titled Oha Asa Park, attracting 52,000 visitors over two days. In collaboration with ANA Akindo, which is involved in regional revitalization projects, we developed the ultimate mixed fruit juice, themed around the Kansai-originated mixed juice. This special juice was sold exclusively at Oha Asa Park. ANA Akindo and our company have started the Mix Project, aimed at blending regional attractions to solve local issues, and this juice initiative is the first step in this project.

In addition, the *CHEF-1 Grand Prix* broadcasted in October, which aims to invigorate regions through cuisine, has now reached its third iteration. It has been well received by sponsors and is seeing an increase in viewer ratings.

Regarding the situation in H2, the spot sales revenue for October and November are showing signs of recovery. However, given the backdrop of high inflation and raw material costs, the advertising market remains uncertain.

On the other hand, internally, our ability to create content that meticulously meets the needs of viewers and sponsors has improved, embracing a market-in approach. I believe our content creation capabilities themselves are being recognized and present business opportunities. Thank you for your continued support. That concludes my remarks.

Growth Investment / Financial Strategy

Susumu Okinaka
Representative Director and President
Asahi Broadcasting Group Holdings Corporation

Moderator: Next, President Susumu Okinaka of Asahi Broadcasting Group Holdings will explain our growth investment and financial strategy.

Improving Capital Efficiency Through Business Portfolio Optimization and Asset Review



1. Business Portfolio Optimization

We are optimizing our business portfolio to achieve significant growth, **shifting management resources and capital to strategic areas through selection and concentration.**

2. Investment Areas

We invest with an awareness of medium- to long-term growth, focusing on scaling up functions in our **Content Business and Lifestyle Business, increasing investments in DX-related fields, and investing in human capital.**

3. Effective Asset Utilization

We review assets in light of resources for activities supporting our growth strategy. As one measure, we engage in **the effective use of assets, including the sale of strategic shareholdings.** We also use external financing to maintain an appropriate balance between financial soundness and financial leverage.

4. Targets

Our immediate medium-term target is to achieve **an ROE of 5% or greater** heading into the fiscal year ending March 31, 2026. We will do so by achieving the goals of our medium-term management strategy.

21

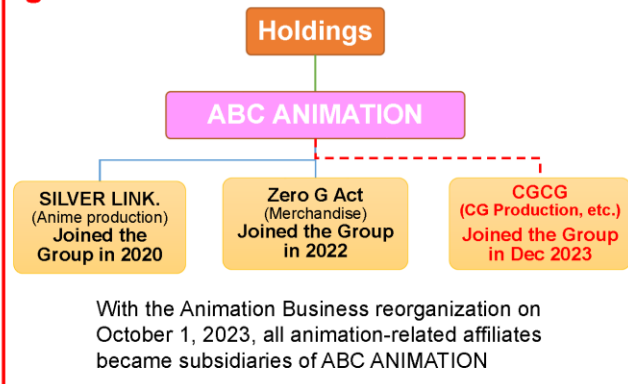
Okinaka: Once again, this is Okinaka. In our May briefing this spring, I outlined several initiatives as part of our medium-term management strategy, the second stage growth investment and financial strategy. Today, I would like to update you on the progress of these initiatives.

Since transitioning to a holdings structure in 2018, our company has been aiming to become a comprehensive content business group through Group management and has undertaken various challenges. Among these, we are focusing on what is commonly known as select and concentrate, optimizing our management resources to drive stronger growth in the future.

As I explained this spring, and as shown in this slide, we have set four key objectives in this regard.

Business Portfolio Optimization: Animation Business Initiatives

Strengthen the growing animation business further through M&A and organizational restructuring to achieve our medium-term management strategy goals*



Expanding business lineup (M&A)

Unified strategic direction and stronger business execution capabilities (reorganization)

Building a solid management foundation supporting business growth (reorganization)

***Medium-Term Management Strategy Quantitative Targets**
Consolidated sales of 100 billion yen, operating income of 5.7 billion yen by FY2025

22

The first objective is the optimization of our business portfolio. We are focusing on reallocating management resources more intensively into businesses where growth is expected, thereby optimizing our portfolio.

One example I'd like to highlight is our anime business. It's one of the growth drivers in our content business, and we've recently restructured and expanded it.

In October, we reorganized several subsidiaries in our animation business. ABC ANIMATION, an animation production company, serves as the headquarters. Under it, we have SILVER LINK., Inc., a studio, Zero G Act Co., Ltd., which handles merchandise like figures, and CGCG Inc., a CG animation production company, joining us next month in December. This restructuring aims to enhance our supply chain and diversify our sales sources, allowing us to grow our anime business comprehensively. In the future, we're considering partnerships with companies that have strong synergy with anime, such as game companies and anime art studios.

We will continue to invest management resources in this area, aiming to achieve JPY8 billion in sales from our anime business by FY2025.

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21

The second area is our investment focus. Currently, our primary investment is in the content business. However, at this stage, scaling up the content business still requires more time. To complement this, we have also begun focusing on growing our lifestyle business. Going forward, we will appropriately allocate resources to accelerate growth in this segment.

Another significant long-term investment we initiated two and a half years ago is in human capital. Investing in talent development is crucial for the future of our group, and we are committed to strengthening our human resources. Even in challenging times, we intend to continue this investment.

The funding for these growth activities is related to the third objective, which is the effective utilization of assets. This includes the sale of cross-shareholdings and other proactive asset management strategies. We plan to utilize dormant assets for new investments and will also explore external funding options.

The fourth objective is our target. Our immediate goal is to achieve a 5% ROE. While this may seem like a high hurdle, we are committed to increasing our profit levels and achieving this target through various strategies. That concludes my remarks.

Moderator: This concludes the presentation from our company.

Question & Answer

Moderator: We will now begin the Q&A session.

Please note that today's session, including both the presentation and the Q&A, is being recorded for transcription and distribution services.

Questioner: Firstly, regarding the outlook for the advertising market in H2, it seems that your company is expanding its market share and performing well relative to the overall market. Could you share your expectations for regional advertising spend and your company's advertising sales in H2?

Secondly, regarding the anime business, you mentioned a target of JPY8 billion. Could you provide some insight into the current sales level of the anime business and the confidence level in achieving this target? Also, if possible, could you share the direction of your IP acquisition strategy? Thank you.

Yamamoto: Addressing your question about the current state in H2, our spot advertising revenue in October and November has seen a rise. Our share increased by nearly 1% in H1. Last year's H1 share of 25.2% has risen to 26.1% at the close of H1. For H2, in October and November, our share has further increased to around 26.4%. From our perspective, both October and November have exceeded 100% of last year's figures, and our budget was almost at 100%, so the start of October and November has been very strong.

On the other hand, regional advertising spend in October was around 98%, and November was just slightly below 97%. Thus, the regional spend in H2 has significantly recovered. Since our share has increased, we have been able to achieve 100% in October and November. The regional advertising spend for H1 was 92.6%, but for H2, it is nearing 100%. However, we are still not back to 100% of last year's level.

For December, we haven't yet reached 100% of our budget, but I'm not too pessimistic. The latter half of December and the New Year period typically see an increase in spot advertising and local (time) advertising sales, so we're hopeful for that period. Therefore, for Q3, we're generally expecting advertising sales to align with our original budget.

However, we can't be certain about spot advertising until the figures for the actual month are available. For example, we don't yet know how January, the start of Q4, will perform. The performance of spot advertising towards the end of December and during the New Year period will likely influence January's trend, but it's also true that much of Q4 is still not visible. We're working to maintain the increased market share we achieved in H1 and aim to recover from the operating loss incurred by our TV business.

As mentioned in the financial report, our company typically has a stronger performance in H2. We had originally budgeted H1 with almost a break-even expectation, so if we proceed as planned in H2, we anticipate a recovery. We're focused on performing well in Q4. That's all from me.

Okinaka: I will answer your second question regarding the anime business. We have set a target of JPY8 billion for the FY2025. This fiscal year, we planned for just over JPY6 billion. However, deliveries from our studio, SILVER LINK., Inc., have been significantly delayed despite receiving orders. Consequently, we might slightly fall short of the JPY6 billion mark. For the next fiscal year, with the addition of one or two companies to our group, we anticipate exceeding JPY7 billion. I am quite confident that we will achieve our JPY8 billion target for the FY2025 with a high degree of certainty.

Regarding IP acquisition in the anime business, we primarily acquire IPs through what is known as production committees. Recently, the presence of our ABC Animation Group has significantly increased, often taking on

a major role or even the leading role in these committees. For instance, our frequent partner, Kyoto Animation, is one such collaborator with whom we are looking to jointly develop various IPs.

Additionally, we are also considering the acquisition of original IPs independently, without collaborating with publishers or studios. I hope this answers your question. That concludes my response.

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

Questioner: I have one question about the anime business. Earlier, you mentioned that SILVER LINK. has received orders, but there are delays in progress. Is this due to a shortage of animators or other related issues? If so, could you elaborate on your strategy for talent acquisition in this area? Thank you.

Okinaka: First, in the case of animation, we usually receive orders about one and a half to two years in advance, so the volume of work is already determined. The skill of a production studio lies in how accurately and quickly they can deliver high-quality work.

There are several factors. Certainly, a shortage of manpower is one aspect, but there have also been issues with process control during production. For instance, sometimes too much time is spent perfecting a battle scene due to the artisans' dedication to detail. While this dedication is important, it has contributed to challenges in managing the workflow.

Another factor is that we might have taken on too much work, or conversely, our resources may have been slightly insufficient. There was a significant delay in deliveries in H1. For H2, we're implementing measures for more rigorous process management.

Moderator: Thank you for your question. It seems there are no further questions, so we will conclude the meeting. Thank you all for taking the time to join us today.