Asahi Broadcasting Group Holdings Corporation

Financial Results Briefing for the Fiscal Year Ended March 2024

May 20, 2024

Presentation

Moderator: Thank you for waiting, analysts and investors. As it is now the scheduled time, we will begin the Asahi Broadcasting Group Holdings Corporation financial results briefing for the fiscal year ended March 2024. Thank you for joining us.

Let me introduce today's speakers. We have three speakers today: Mr. Susumu Okinaka, Representative Director and President of Asahi Broadcasting Group Holdings Corporation; Mr. Toshiaki Imamura, who assumed the position of Representative Director and President of Asahi Television Broadcasting Corporation and Managing Executive Officer of Asahi Broadcasting Group Holdings Corporation in April; and Ms. Yoko Kumada, who assumed the position of Executive Officer in charge of Finance and Accounting of Asahi Broadcasting Group Holdings Corporation in April.

Matters to be reported

Today's presentation will cover the financial results for the fiscal year ended March 2024, followed by the progress of our medium-term management strategy. The explanation will take approximately 40 minutes, after which we will hold a Q&A session. Now, we will start with an address from Mr. Susumu Okinaka, Representative Director and President of Asahi Broadcasting Group Holdings Corporation.

Greetings

Susumu Okinaka

Representative Director and President
Asahi Broadcasting Group Holdings Corporation

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Okinaka: I am Okinaka. Thank you for taking the time to join us today despite your busy schedules. We are deeply grateful for your continued support of our company. In FY2023, we took significant steps to strengthen our content business by reorganizing and expanding the functions of our anime group and making a full-scale entry into the drama business.

As a result, our sales steadily increased, marking the third consecutive year of sales growth. However, due to increased costs associated with drama production and delays and poor performance in some businesses, our profits unfortunately saw a significant decline. The medium-term management strategy *NEW HOPE* has two years remaining. Despite the challenging environment, we have begun reviewing the financial structure and operations of the entire group, and we are also working on restructuring our business portfolio. More details will be provided later.

As we approach the final year of our medium-term strategy, we are determined to achieve our goals, and we appreciate your continued support.

Consolidated Results

Yoko Kumada

Executive Officer (Finance and Accounting)
Asahi Broadcasting Group Holdings Corporation

Moderator: Now, Ms. Yoko Kumada, Executive Officer in charge of Finance and Accounting of Asahi Broadcasting Group Holdings Corporation, will explain the overall performance of the group.

Consolidated Results

(Millions of yen)

		FY23/3	FY24/3	YoY	% Change
Net Sales		**87,028**	**90,452**	**3,423**	**3.9%**
Operating Expenses		84,434	89,620	5,185	6.1%
Details	Cost of Sales	58,067	62,906	4,838	8.3%
	Selling, General and Administrative Expenses	26,366	26,714	347	1.3%
Operating Income		**2,594**	**832**	**-1,761**	**-67.9%**
Ordinary Income		2,661	723	-1,938	-72.8%
Profit Attributable to Owners of Parent		1,354	-884	-2,238	—

<Higher Revenue and Lower Profits>

Reasons for sales increase: Time and streaming revenues increased due to an increase in content with the start of nationwide network dramas. Animation-related sales increased.

Reasons for profit decrease: Expenses made in advance due to delays in new business and for content development. Decrease in high-margin spot revenue.

*Extraordinary Losses: We recorded a loss of JPY1.251 billion due to impairment of goodwill in a subsidiary and losses from investment in overseas businesses.

Kumada: I am Kumada, the newly appointed Executive Officer in charge of Finance and Accounting. Thank you for your attention. Let me now explain the financial results for the fiscal year ended March 2024. Consolidated net sales were JPY90.452 billion, a 3.9% increase YoY, showing sales growth.

However, due to delays in the development of new businesses and upfront costs for content development, expenses increased and exceeded the sales growth. As a result, operating income was JPY832 million and ordinary income was JPY723 million, both significantly down compared to the previous year.

Additionally, as announced on May 1, we recorded an extraordinary loss of JPY1.251 billion due to impairment of goodwill in a subsidiary and losses from investment in overseas businesses. Consequently, the loss attributable to owners of parent was JPY884 million.

Results by Segment

(Millions of yen)

Net Sales		FY23/3	FY24/3	YoY	% Change
Broadcasting and Content		**72,967**	**76,701**	**3,734**	**5.1%**
By business	Broadcasting	55,516	55,974	458	0.8%
	Content	17,387	20,655	3,268	18.8%
	Other	63	71	7	12.5%
Lifestyle		**14,061**	**13,751**	**-310**	**-2.2%**
By business	Housing	9,770	9,516	-253	-2.6%
	At-home shopping	2,954	2,930	-23	-0.8%
	Golf	939	975	36	3.9%
	Other	397	328	-68	-17.3%

Operating Income	FY23/3	FY24/3	YoY	% Change
Broadcasting and Content	**2,602**	**917**	**-1,684**	**-64.7%**
Lifestyle	**433**	**373**	**-60**	**-13.8%**
Adjustments	-441	-458	-16	–

Next, I will explain by segment. The broadcasting and content business saw an increase in sales, while the lifestyle business experienced a decrease in sales. The broadcasting business recorded JPY55.974 billion, a 0.8% increase YoY. This increase in sales was due to higher network (time) sales, which was boosted by the start of nationwide network dramas.

The content business achieved JPY20.655 billion, an 18.8% increase YoY. Contributing factors included an expanded lineup of streaming content, an increase in the number of events held due to the reclassification of COVID-19 as a Class 5 disease, and increased sales in the anime business.

The lifestyle business recorded JPY13.751 billion, a 2.2% decrease YoY. The main reason for this decline was a reduction in sales from the housing business due to the closure of some venues. Regarding operating income, both the broadcasting and content business and the lifestyle business saw a decrease.

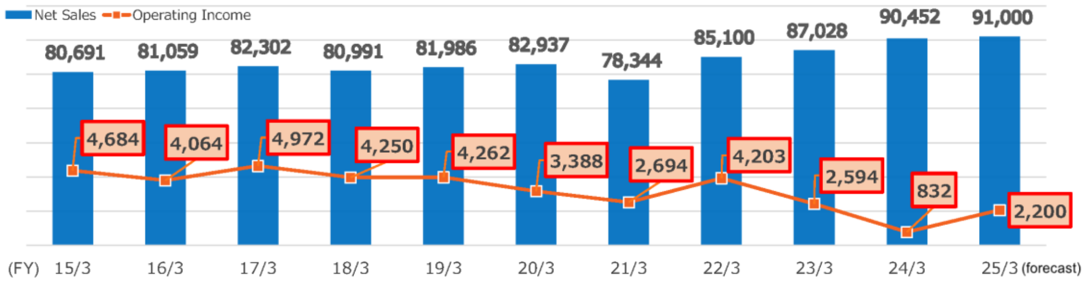
Operating income for the broadcasting and content business was JPY917 million, a 64.7% decrease YoY. This significant decline was mainly due to the burden of upfront investments in the content business, delays and poor performance in planned businesses, and a YoY decrease in high-margin spot sales revenue.

Operating income for the lifestyle business was JPY373 million, a 13.8% decrease YoY, primarily due to the poor performance of the at-home shopping business.

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 Income	832	**2,200**	1,367	164.2%
Ordinary Income	723	**2,300**	1,576	218.1%
Profit Attributable to Owners of Parent	-884	**1,500**	2,384	–



Here is the consolidated financial forecast for the current fiscal year.

We anticipate net sales of JPY91 billion, representing an increase of JPY547 million YoY. Operating income is expected to be JPY2.2 billion, ordinary income JPY2.3 billion, and profit attributable to owners of parent JPY1.5 billion, with increases forecasted across all profit categories.

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%

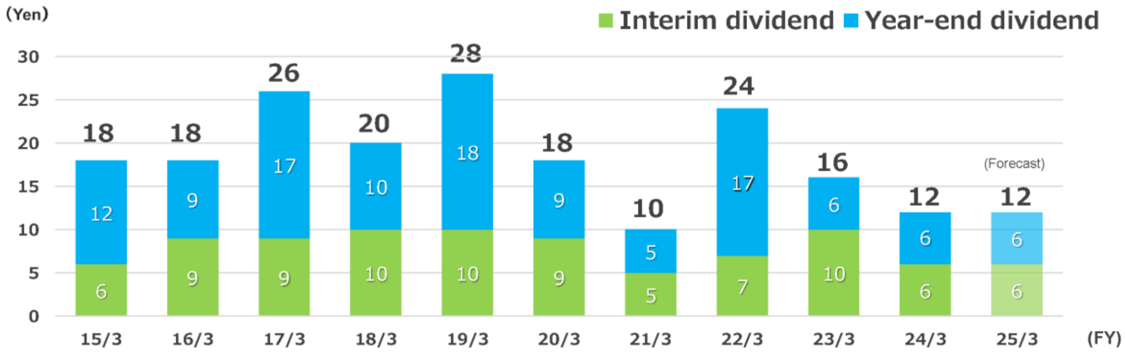
Operating Income	FY24/3 (actual)	FY25/3	YoY	% Change
Broadcasting and Content	**917**	**2,200**	**1,282**	**139.8%**
Lifestyle	**373**	**600**	**226**	**60.5%**
Adjustments	-458	-600	-141	–

Here is the segment-specific earnings forecast. The broadcasting and content business is expected to achieve net sales of JPY77 billion, representing a JPY298 million increase YoY.

Breaking it down, the broadcasting business is projected to reach JPY55.9 billion, a slight decrease of 0.1% YoY. However, the content business is expected to continue its strong performance in anime and Internet streaming, with a projected increase of 1.7% to JPY21 billion. The lifestyle business is also forecasted to see an increase in sales, reaching JPY14 billion, a JPY248 million increase YoY. The main positive factors include the anticipated timetable reorganization of television shopping programs, which performed poorly in the previous year, and the impact of acquiring an apparel brand.

Operating income for the broadcasting and content business is expected to be JPY2.2 billion, a JPY1.282 billion increase YoY, while the lifestyle business is forecasted to achieve JPY600 million, a JPY226 million increase YoY.

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 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.

Lastly, I will explain the dividend.

In accordance with our dividend policy, the annual dividend per share for the fiscal year ended March 2024 will be JPY12, and we plan to maintain the same JPY12 per share for the current fiscal year.

This concludes the explanation of the consolidated financial results.

Moderator: Next, Mr. Imamura, Representative Director and President of Asahi Television Broadcasting Corporation and Managing Executive Officer of Asahi Broadcasting Group Holdings Corporation, will explain the performance of Asahi Television Broadcasting Corporation.

ABC TV Results

(Millions of yen)

		FY23/3	FY24/3	YoY	% Change
Net Sales		**56,527**	**58,638**	**2,111**	**3.7%**
Operating Expenses		53,990	57,204	3,213	6.0%
Details	Cost of Sales	33,635	37,150	3,515	10.5%
	Selling, General and Administrative Expenses	20,354	20,053	-301	-1.5%
Operating Income		**2,537**	**1,434**	**-1,102**	**-43.4%**
Ordinary Income		2,987	1,522	-1,464	-49.0%
Profit		1,968	279	-1,689	-85.8%

	FY23/3	FY24/3	YoY	% Change
Program Expenses	15,316	17,200	1,883	12.3%

Imamura: I am Imamura, and I have assumed the position of President of Asahi Television Broadcasting Corporation as of April.

Now, let me explain the performance of Asahi Television Broadcasting Corporation.

Net sales were JPY58.638 billion, a 3.7% increase YoY. However, due to increased costs associated with higher sales and increased program expenses, operating income was JPY1.434 billion, a 43.4% decrease YoY. Ordinary income was JPY1.522 billion, a 49% decrease YoY. Profit was JPY279 million.

Details of ABC TV Revenue

ABC

(Millions of yen)

	FY23/3	**FY24/3**	YoY	% Change
Broadcasting Revenue	49,534	**50,122**	587	1.2%
Content Revenue	6,694	**8,234**	1,540	23.0%
Other Revenue	297	**281**	-16	-5.4%

■**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)

Here is the breakdown of the revenue.

Both broadcasting and content revenue saw an increase. Detailed explanations of the broadcasting revenue will follow on the next pages.

In the content business, *Virtual High School Baseball* performed well, and Internet-related projects such as dramas and *M-1 Grand Prix* also showed strong performance. Additionally, the reclassification of COVID-19 to a Class 5 disease last May allowed us to increase large-scale events and program-linked events, which also contributed to the revenue increase.

Trends of ABC TV Major Broadcasting Revenues

(Millions of yen)

	FY21/3	FY22/3	FY23/3	FY24/3
Spot	27,587	30,817	30,094	**29,592**
Network (Time)	13,461	13,018*	12,294*	**13,184***
Local (Time)	5,538	5,527	5,805	**5,491**
TV Program Streaming (Mainly on TVer)	306	502	618	**897**

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

■ Spot
・Down 1.7% YoY
*See the following pages for more details

■ Network (Time)
・Up 7.2% YoY
・Program broadcast time increased with the start of nationwide network drama series

■ Local (Time)
・Down 5.4% YoY
・Sales decreased due to a decrease in the number of program sponsors compared to the previous fiscal year, despite strong performance of program-linked events, etc.

■ TV Program Streaming (Mainly on TVer)
・Up 45.2% YoY
・Sales increased due to the start of nationwide network drama series, strong performance of popular programs, etc.

Here are the trends in primary broadcasting revenue sources.

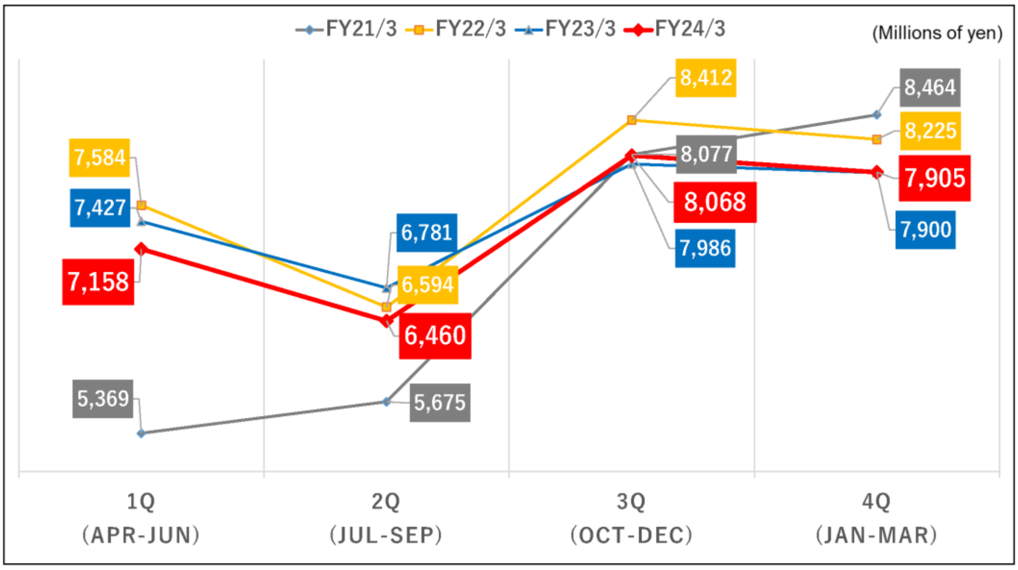
Spot sales revenue decreased by 1.7% YoY to JPY29.592 billion. The background for this will be explained on the next page.

Network (time) revenue increased by 7.2% YoY to JPY13.184 billion. This increase was due to the start of broadcasting dramas on the nationwide network, which increased the airtime of our self-produced programs.

Local (time) revenue decreased by 5.4% YoY to JPY5.491 billion. Although popular programs like *Ohayo Asahi Desu* and their associated events were well-received by sponsors and led to ad placements, a strong trend towards reducing fixed costs resulted in fewer program sponsors, leading to a full-year decrease in revenue.

TVer streaming revenue was driven by the start of streaming nationwide network dramas. The number of views for regular programs also increased overall. Additionally, the strong performance of major year-end and New Year's special programs such as *M-1 Grand Prix* and *Who Is The Real Celebrity*? contributed to a 45.2% increase YoY, reaching JPY897 million.

Spot Revenue of TV Business (Quarterly Performance)



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

While spot sales in the Osaka area was 96% of the previous year, our company performed well at 98.3% YoY.

Thanks to strong viewer ratings, securing the top spot in two time categories, which I will explain later, we were able to increase our spot share from 25.5% to 26.1%. Particularly in the second half of the fiscal year, there were more months that exceeded the same period of the previous year, allowing us to surpass the previous year's performance in the second half.

ABC TV Spot Revenue (By Top 20 Industries)

		April 2022-March 2023		April 2023-March 2024	
Rank	Industry	YoY*	Composition rate	YoY*	Composition rate
1	Transportation/Leisure/Food Services/Services	119.5%	13.3%	108.6%	14.7%
2	Foods	92.9%	9.1%	106.0%	9.8%
3	Beverages/Liquors	86.6%	7.2%	126.8%	9.3%
4	Pharmaceuticals/Medical Supplies	100.4%	7.6%	94.2%	7.2%
5	Information/Communications	79.2%	7.6%	93.8%	7.2%
6	Finance	107.6%	6.1%	105.2%	6.5%
7	Home Electric Appliances/Computer	94.2%	6.8%	89.0%	6.2%
8	Hobbies (Movie/Game/Music etc.)	91.7%	5.6%	94.6%	5.4%
9	Automobiles	93.0%	5.2%	83.9%	4.4%
10	Cosmetics/Toiletries	78.1%	4.4%	95.1%	4.2%
11	Housing/Real Estate/Construction	110.9%	4.2%	93.4%	4.0%
12	Government/Political Organization	106.8%	4.4%	86.5%	3.9%
13	Fashion (Apparel/Jewelry etc.)	94.7%	2.3%	124.0%	2.9%
14	Household Products	91.7%	2.3%	112.7%	2.6%
15	Mail Order Sales	114.3%	3.0%	84.0%	2.5%
16	Publications	97.6%	3.8%	57.8%	2.3%
17	Energy/Machines/Materials	126.8%	2.5%	80.5%	2.1%
18	Distribution	108.3%	1.8%	110.4%	2.0%
19	Various Organizations (Law Office etc.)	104.9%	1.5%	101.8%	1.6%
20	Logistics Services/Businesses/Events	87.7%	1.1%	91.4%	1.1%
21	Others	136.5%	0.3%	72.8%	0.2%
	Total		100.0%		100.0%

*Year-on-year comparisons

By industry, transportation and leisure, which increased campaigns post-COVID, saw positive growth. The food sector also increased due to a rebound from the previous year. Additionally, the beverage and alcohol sector saw significant growth due to new product campaigns following the Liquor Tax Act revision last October, and the financial sector increased with announcements such as the new NISA, or the Nippon (Japan) Individual Savings Account.

On the other hand, government advertising, including COVID-19 vaccination awareness, decreased. Additionally, advertising declined YoY for home appliances and automotive, which were hit by the semiconductor shortages.

Television Viewer Ratings in Kansai Region for April 2023-March 2024* [Individual (ALL)]

(*April 3, 2023 to March 31, 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 3.5%**	YTV 5.5%	**ABC 5.5%**	YTV 2.9%
2	YTV 3.3%	**ABC 5.3%**	YTV 5.3%	**ABC 2.6%**
3	KTV 3.0%	KTV 4.7%	KTV 4.7%	KTV 2.1%
4	MBS 2.8%	MBS 4.6%	MBS 4.5%	MBS 1.9%
5	NHK 2.5%	NHK 4.4%	NHK 3.9%	NHK 1.0%

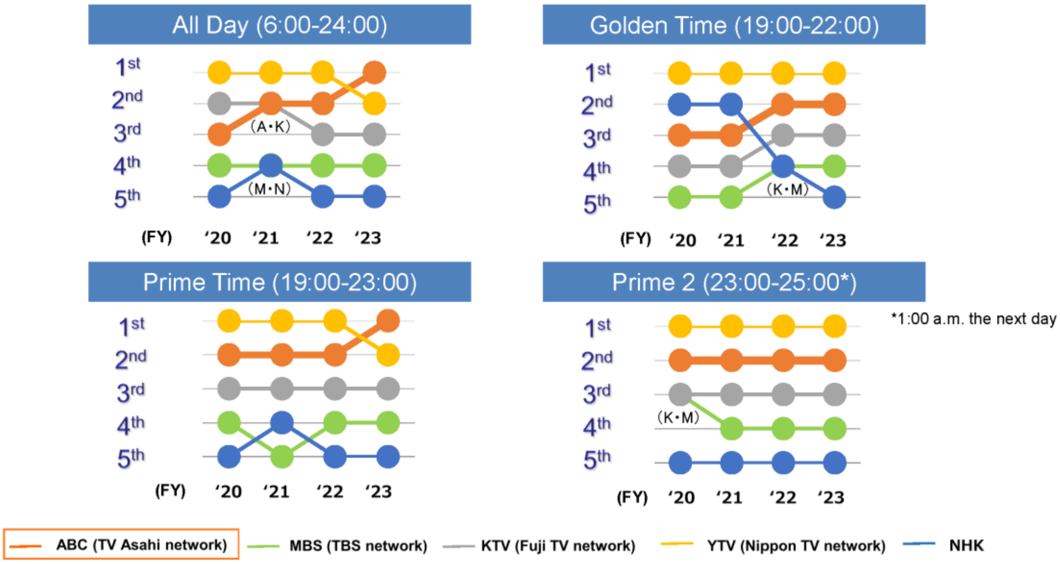
■ABC (TV Asahi network) ■MBS (TBS network) ■KTV (Fuji TV network) ■YTV (Nippon TV network) ■NHK

These ratings pertain to the Kansai region. As previously mentioned, let me explain the viewer ratings that contributed to the increase in our spot share.

Last fiscal year, we achieved the top spot in both All Day and Prime Time categories. It was the first time in 11 years that we topped the All Day category since FY2012, and the first time in 10 years that we reclaimed the top spot in Prime Time since FY2013. In the Golden Time category, we secured second place for two consecutive year, and in the Prime 2 category, we maintained second place for six consecutive years.

Trends of Ranking of Television Viewer Ratings in Kansai Region (Individual ALL) Over 4 Years (FY2020~2023)

(Source: Video Research)



This graph shows the viewership ranking trends for all individuals in the Kansai region over the past four years.

The orange graph represents our company. Compared to four years ago, our All Day ranking has improved from third place to the top, Golden Time remains at second place, and Prime Time has risen from second place to first. This demonstrates a steady improvement in our rankings.

FY25/3 ABC TV Earnings Forecasts

(Millions of yen)

	FY24/3 (actual)	FY25/3	YoY	% Change
Net Sales	58,638	**57,000**	-1,638	-2.8%
Operating Expenses	57,204	**55,000**	-2,204	-3.9%
Operating Income	1,434	**2,000**	565	39.4%
Ordinary Income	1,522	**2,050**	527	34.7%

	FY24/3 (actual)	FY25/3	YoY	% Change
Program Expenses	17,200	**16,200**	-1,000	-5.8%

Now, for the earnings forecast for the current fiscal year.

We expect net sales to be JPY57 billion, a 2.8% decrease YoY. On the other hand, expenses are projected to decrease by 3.9% YoY to JPY55 billion, resulting in an operating income of JPY2 billion, a JPY565 million increase YoY.

This improvement is largely due to anticipated reductions in program costs through strategic selection and concentration of content, and reforms in production methods for greater efficiency. Additionally, the forecast does not currently include expenses for one-off special programs or costs related to the Hanshin Tigers' victory, such as the Japan Series in the first half, which impacted last fiscal year's expenses.

FY25/3 ABC TV Revenue Forecasts

(Millions of yen)

		FY24/3 (actual)	FY25/3	YoY	% Change
Broadcasting Business Revenue		**50,122**	**49,100**	**-1,022**	**-2.0%**
Details	Spot	29,592	29,500	-92	-0.3%
	Network	13,184	11,900	-1,284	-9.7%
	Local	5,491	5,600	108	2.0%
	TV Program Streaming (Mainly on TVer)	897	1,000	102	11.5%
Content Business Revenue		**8,234**	**7,600**	**-634**	**-7.7%**

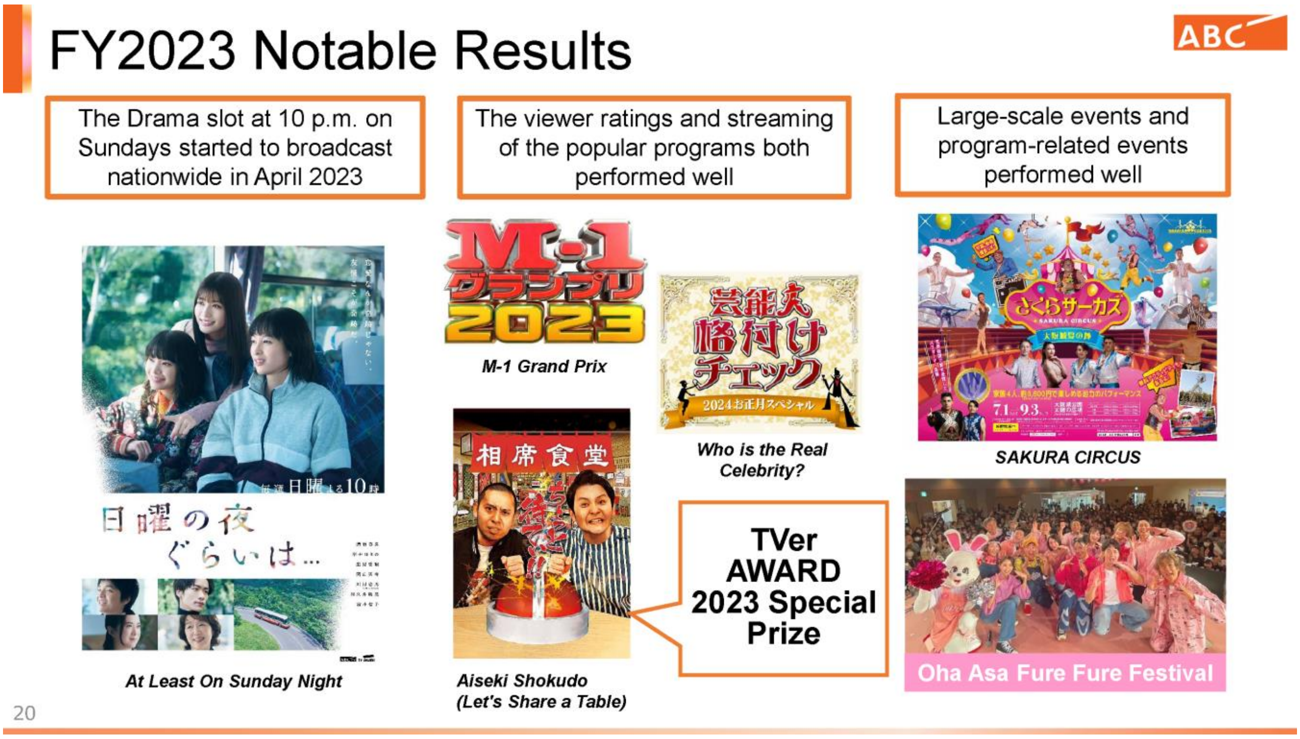
Here is the breakdown of the revenue.

First, for spot sales revenue, although we will continue to strive for a share increase, reflecting recent trends, we anticipate a 0.3% decrease YoY to JPY29.5 billion.

Network (time) advertising revenue is expected to decrease by 9.7% YoY to JPY11.9 billion. This decline is influenced by the exclusion of one-off special programs such as variety shows and programs related to the Hanshin Tigers' victory, as mentioned earlier.

On the other hand, local (time) advertising revenue is projected to be JPY5.6 billion, a 2% increase YoY, and TVer streaming revenue is expected to be JPY1 billion, an 11.5% increase YoY.

Content business revenue is expected to decrease by 7.7% YoY to JPY7.6 billion, primarily due to a reduction in the number of events compared to the previous year.



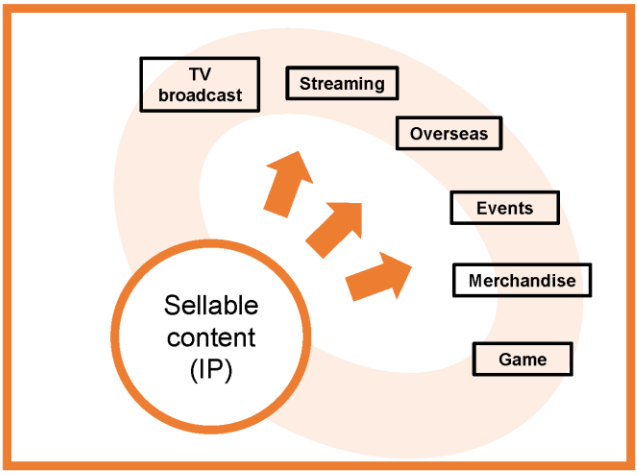
The major achievements for FY2023 are as follows. First, from April 2023, we launched a one-hour nationwide network drama airing on Sunday nights at 10:00 PM, marking our full-fledged entry into the drama market.

By delivering high-quality dramas, we won several prestigious awards, including the Japan Commercial Broadcasters Association Award for the Outstanding Television Drama category and the Galaxy Award's Monthly Award. Additionally, the theme song of our first drama won the Japan Record Award, contributing to music copyright revenue, which reaffirms the potential of our drama productions.

Our popular year-end and New Year special programs, *M-1 Grand Prix* and *Who Is The Real Celebrity?,* performed well in terms of viewership and streaming, including their spin-off programs. *Aiseki Shokudo* (*Can You Share A Table?*) won the Special Award at the TVer AWARD 2023 for the fourth consecutive year. Large-scale events such as *Sakura Circus* and program-linked events like those for *Ohayo Asahi Desu* were also very successful.

Establishment of the Content Strategy Headquarters

April 2024 Established the Content Strategy Headquarters to strengthen content-driven development. Created "sellable" content through integrated production and sales with ABC Frontier (now a subsidiary of ABC TV), aiming to increase profitability through multi-development.



Lastly, let me explain our initiatives for the current fiscal year.

ABC TV has aimed to maximize the value of existing content as a strategy. However, to achieve further significant growth, developing new content is essential. Our full-scale entry into the drama business, which started last year, is one such initiative. To generate even more powerful and efficient new content, we have restructured our organization.

In April this year, we established the Content Strategy Headquarters within ABC TV. Simultaneously, we made ABC Frontier, which was previously a subsidiary of the holding company and on equal footing with other subsidiaries, a 100% subsidiary of ABC TV.

ABC Frontier is a company that sells content domestically and internationally. By combining the production capabilities of ABC TV with the sales and marketing strengths of ABC Frontier, we aim to create and deliver more marketable content and IPs to a wider audience more efficiently.

Asahi Television Broadcasting Corporation will continue to create attractive content and IPs by thoroughly analyzing the market surrounding media, including broadcasting and streaming. This will help improve our performance and profitability.

Growth Strategies

Susumu Okinaka

Representative Director and President
Asahi Broadcasting Group Holdings Corporation

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Moderator: Now, to conclude, President Okinaka of Asahi Broadcasting Group Holdings Corporation will explain our growth strategy.

Okinaka: Once again, I am Okinaka. From here, I will explain the initiatives we are currently undertaking to enhance our profitability for sustainable growth.

FY25/3 Consolidated Financial Results Forecasts

(Millions of yen)

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A comprehensive review of the entire group company

(1) Review and improvement of the profit and loss structure
(2) Review and improvement of the added value of our businesses
(3) Improvement of labor productivity

First, as a supplement to the forecast explained earlier by Kumada, Executive Officer in charge of Finance and Accounting, I will discuss our future initiatives. Our company is currently in the process of building up the group's overall figures towards achieving our medium-term management strategy goals for the next fiscal year while simultaneously conducting a comprehensive review of the entire company.

The themes for this review are listed below the slide: (1) review and improvement of the profit and loss structure; (2) review and improvement of the added value of our businesses; and (3) improvement of labor productivity.

For the first theme, the review of the profit and loss structure. We are reassessing the cost structure across the entire group, particularly focusing on in-group companies where profit margins have recently declined.

The second theme is the review of the added value of our businesses. Many companies in our group have a long history, and in some businesses, the added value has decreased, leading to a commoditization of the business and a weakening ability to generate revenue. Addressing this is an urgent task.

The third theme involves improving labor productivity across the entire group. This includes ensuring an appropriate employee structure in terms of age and making optimal allocations of human resources in both quality and quantity. Given that many of our group companies have a long history and an aging workforce, this is also an urgent issue.

All three of these are challenging issues. However, without overcoming them, we cannot envision future growth and development. We are fully committed to addressing these issues with a medium- to long-term perspective.

Next, I will discuss our medium-term management strategy goals.

For the final year, FY2025, we have set targets of JPY100 billion in net sales and JPY5.7 billion in operating income. We are currently compiling the preliminary figures for FY2025 from each company. Unfortunately, we are not yet on track to meet these targets.

To close this gap, we will implement the three comprehensive reviews I mentioned earlier. While some of these reviews may not yield immediate results, we will focus on determining how much we can improve through these efforts.

Given the challenging environment we are in, there is still a possibility that we may fall short. To address any shortfall, we are also considering non-organic methods such as mergers and acquisitions (M&A) to help us achieve our targets.

Initiatives for Growth

1. Business portfolio optimization
2. Effective asset utilization
   (Sale of cross-shareholdings, etc.)
3. Growth Investment (Investments in content and lifestyle business domains)

NEW HOPE

One more initiative I would like to discuss regarding our future growth involves a slightly different angle. In response to the request from the Tokyo Stock Exchange last March to address our P/B ratio falling below 1x, we have had several discussions on this matter at the Board of Directors meetings. Based on these discussions, we have initiated three actions since the end of last year.

The first is business portfolio reorganization to enhance profitability. The second is effective asset utilization, including the sale of cross-shareholdings. The third is growth investment.

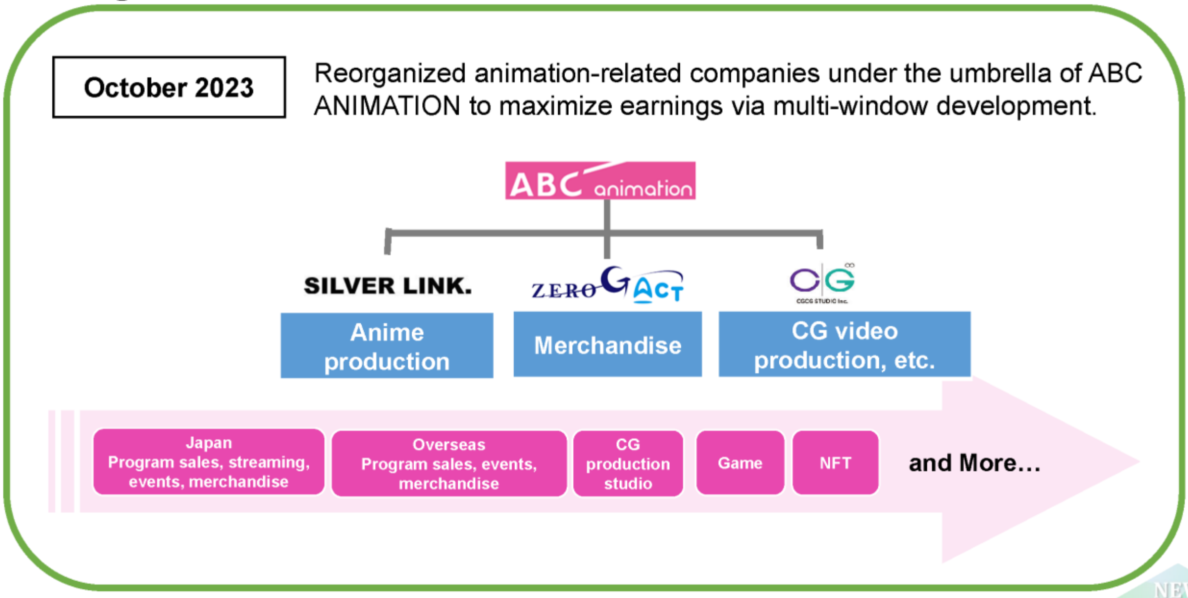
Initiatives for Growth

1. Business portfolio optimization
2. Effective asset utilization
   (Sale of cross-shareholdings, etc.)
3. Growth Investment (Investments in content and lifestyle business domains)

NEW HOPE

Regarding the first initiative, optimizing our business portfolio, we have implemented two reorganizations of the group's content-related companies over the past six months.

Reorganized the Anime Sector

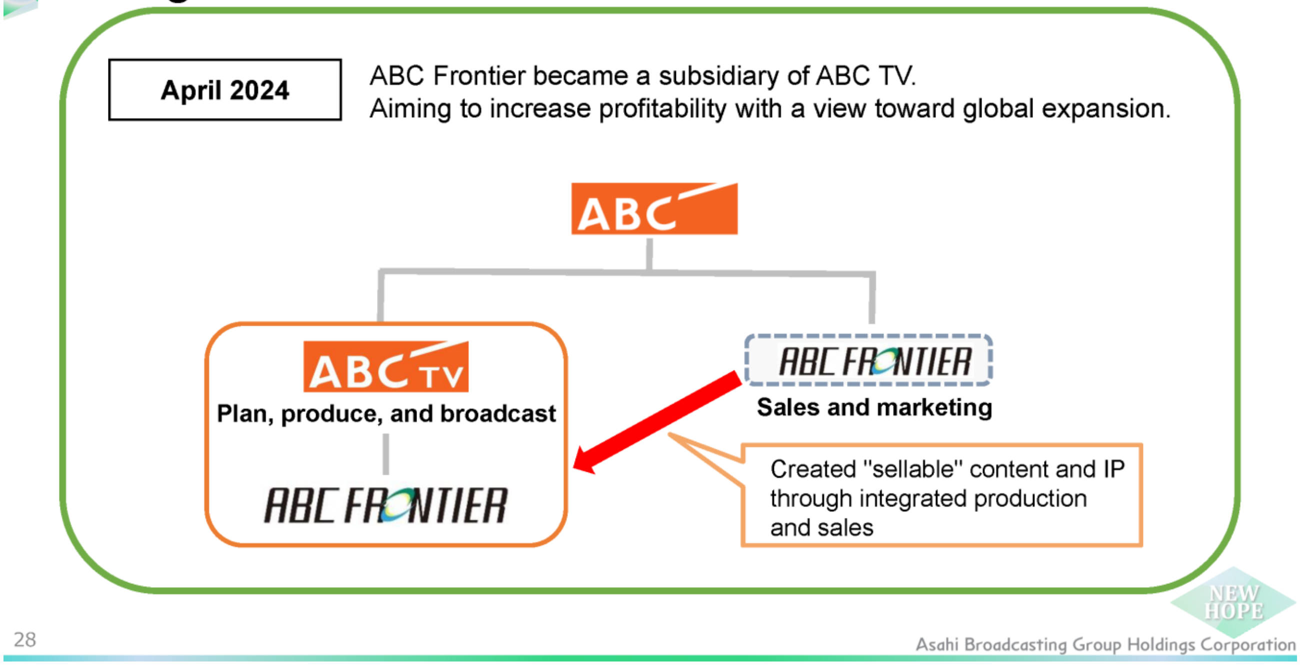


First, regarding our growing anime business, when we started this business in FY2016, its net sales were less than JPY700 million. Over the past seven years, by FY2023, it has grown to JPY6 billion. To further develop this business, we reorganized our anime-related companies under ABC ANIMATION in October of last year.

The key point is to build a structure that allows us to monetize anime IPs through multiple channels. Specifically, this includes sales both domestically and internationally, merchandise, events, and stage productions. Additionally, this fiscal year, we plan to expand into the gaming sector.

To achieve even greater growth, we are considering various strategies, with a focus on M&A. We aim to establish a foundation to deploy anime IP with higher added value.

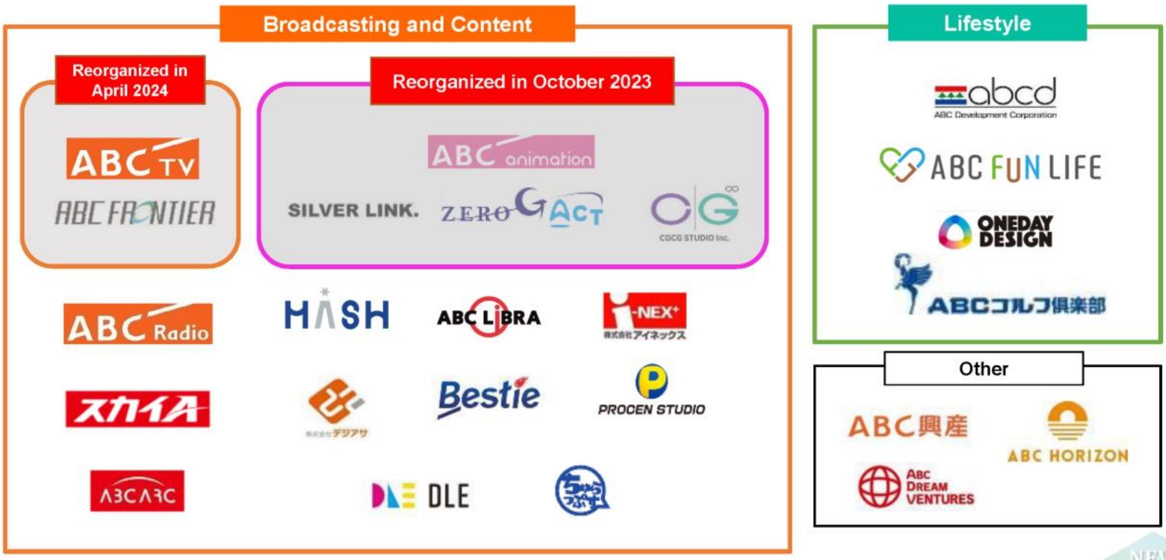
Reorganized the Live-action Content Sector



Following our anime business, we have reorganized our live-action content sector, primarily focusing on dramas and variety shows, starting this April. As President Imamura of ABC TV previously mentioned, in the content business, collaboration between the creators and the sellers is crucial. To address this, we have established an integrated system where ABC TV, with its strong content production capabilities, and ABC Frontier, with its strong sales capabilities, work together.

Currently, approximately ten drama producers and some other members have been seconded from ABC TV to ABC Frontier, for a total of 15 personnel. Moving forward, we will develop content and IPs with a strong focus on marketability. Of course, we will develop by focusing on sellable content and IPs.

Optimizing the Business Portfolio



We will also continue to distinguish between core and non-core businesses. Moving forward, we plan to implement a reorganization of the lifestyle business, which has seen sluggish performance in recent years, to better align with the group's growth objectives.

Initiatives for Growth

1. Business portfolio optimization

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

3. Growth Investment (Investments in content and lifestyle business domains)

Let me explain the second initiative, which involves the effective utilization of assets.

Specifically, this mainly includes generating cash through the sale of cross-shareholdings and effectively utilizing other assets.

We have completed preparations for this and are progressing smoothly. Additionally, we are working towards the implementation of a cash management system by this fall, which will allow us to centrally manage and efficiently utilize cash across the group companies.

We are also considering monetizing other assets, such as idle real estate, which are difficult to utilize effectively.

Initiatives for Growth

1. Business portfolio optimization

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

3. Growth Investment (Investments in content and lifestyle business domains)

And now, about the third growth investment.

The third is how we will use the funds generated from the previously mentioned measures.

We plan to invest primarily in the content and lifestyle sectors. As an example, in December of last year, ABC ANIMATION acquired a computer graphics video production company through an M&A transaction, making it a subsidiary. We intend to continue making proactive investments in the anime sector.

Strengthen At-home Shopping Sector

ABC FUN LIFE (at-home shopping) acquired all shares of Eim, a women's apparel brand

ABC FUN LIFE + eim

Securing new genres and customer segments for growth and expansion not only in the at-home shopping business but also in the total lifestyle business

Regarding recent topics, in April, just last month, our group's at-home shopping company added a women's apparel brand called Eim to our group in the lifestyle business sector.

Eim is a company that has grown by using social media as its main sales platform. This represents resources and expertise that we do not currently possess. By leveraging this strength and collaborating with ABC FUN LIFE, engaging in the television shopping business, we aim to develop original products and explore new genres and customer segments.

As mentioned earlier, we are considering further reorganization and new initiatives in the lifestyle business. Our goal is to scale the entire business and transform it into a solid supporting pillar for our broadcasting and content businesses.

Initiatives for Growth

1. Business portfolio optimization

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

3. Growth Investment (Investments in content and lifestyle business domains)

NEW HOPE

Through these three initiatives, we aim to efficiently create attractive content and IPs, aligning with our medium-term management strategy's final goals. We will also focus on achieving a P/B ratio of 1x or higher.

Expo 2025 Osaka, Kansai, Japan

Expo 2025 Osaka, Kansai, Japan
Commemorative EXPO EKIDEN 2025
to Be Held on Sunday, March 16, 2025

From the Past to the Future,
From Osaka to the World,
Passing the Baton to the Next Generation

The top teams of universities and businesses are scheduled to participate

OSAKA, KANSAI, JAPAN
EXPO
2025

NEW HOPE

Finally, in FY2025, the final fiscal year of our medium-term management strategy, we will have the Osaka-Kansai Expo taking place in our local Kansai region.

One month before the opening, we will host the EXPO EKIDEN 2025. This dream event will feature top university and corporate ekiden (relay race) teams competing against each other, and it will be broadcast nationwide.

Additionally, we plan to hold various events both inside and outside the expo venue during the expo period. Promoting the Osaka-Kansai Expo is a significant theme for us as a local broadcaster and content group. At the same time, we see this as a substantial business opportunity and plan to actively participate in it.

Financial Plan of Medium-Term Management Strategy 2021-2025

Financial Plan announced in May 2023

(Millions of yen)

▼ By reportable segment	FY2021 (actual)		FY2022 (actual)		FY2023 (actual)		FY2024		FY2025	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
Broadcasting and Content	71,348	3,654	72,967	2,602	76,701	917	77,700	3,300	81,000	4,500
Lifestyle	13,751	874	14,061	433	13,751	373	16,300	1,050	19,000	1,650
Total	85,100	4,203	87,028	2,594	90,452	832	94,000	3,900	100,000	5,700

(Note) The total of operating income includes Adjustments, Other (not shown in segment)

As of May 2024

-The financial plan for fiscal year 2024 has been revised

-No changes have been made for the final fiscal year

FY2024		FY2025	
Net Sales	Operating Income	Net Sales	Operating Income
77,000	2,200	81,000	4,500
14,000	600	19,000	1,650
91,000	2,200	100,000	5,700

Finally, let me explain the financial plan of our ongoing medium-term management strategy.

As highlighted in the red frame on the right, both sales and profits are currently behind the numbers for FY2024. Unfortunately, we are in a challenging situation. However, through the comprehensive group-wide review and the P/B ratio improvement measures that we started last year, we are diligently working towards achieving our targets.

We appreciate your continued support.

Question & Answer

Moderator: This concludes our presentation. Now, we will move on to the Q&A session. Questions from analysts and institutional investors will be given priority. If you have a question, please raise your hand.

Questioner 1: Thank you for the explanation. I have two questions.

First, regarding the assumptions for the broadcasting business, you mentioned a decrease in production expenses due to not including the costs related to the focus on and concentration of content selection, efficiency improvements, and the Hanshin Tigers. Could you please provide an estimate of the impact of each of these factors on costs?

My second question is about the content business. Looking at page 38 of the explanatory materials, it seems that the DLE Group and SILVER LINK. are still running at a loss, and there doesn't seem to be much improvement. Could you provide details on the measures being taken to return these to profitability and the challenges involved? Thank you.

Moderator: Thank you for your questions. For the first question regarding the breakdown of reduced costs in the broadcasting business for the new fiscal year, I believe Mr. Imamura can address this.

Imamura: Regarding the reduction in costs for the broadcasting business, primarily, we are looking at a few factors. Last fiscal year, the special programs, including special programs related to the Hanshin Tigers, were produced at a scale of several tens of millions of yen each. The absence of such programs this year contributes to the cost reduction. Additionally, the number of nationwide network programs and one-off special programs, which are not currently included in our estimates, impacts the total reduction. Overall, this contributes to an approximate reduction of JPY1 billion. However, it is difficult to provide detailed figures for each individual program.

To give you an idea, compared to last year, we are projecting fewer regular programs including *In the Middle of Nowhere*. Also, last year we broadcast various urgent special programs including the Hanshin Tigers' victory and its victory parade, but we are not currently estimating or recording costs for such events. The absence of anticipated costs for such one-off programs contributes to the overall reduction in expenses.

Moderator: I believe your second question was about the outlook for improving the profitability of the content business. Mr. Imamura will address this as well.

Imamura: Regarding the content business, as you pointed out, since the start of the *NEW HOPE* strategy, we have been focusing on maximizing the value of existing content as our primary content business strategy.

In terms of existing content value, we have diversified and leveraged our flagship content like *M-1 Grand Prix*, *Who Is The Real Celebrity*?, and high school baseball’s *Virtual High School Baseball* to drive the content business. Starting from FY2024, we are also focusing on developing new content from scratch, zero to one, and it is crucial to maintain a solid grasp on profitability as we undertake these new initiatives.

As I mentioned earlier, within ABC TV, we have established the Content Strategy Headquarters. This will enable us to keep a tight grip on the profitability while developing growth strategies for the content business, particularly in the live-action sector. By doing so, we aim to ensure that the growth potential of our content translates into profitability, avoiding any deterioration in financial performance. That concludes my response.

Questioner 1: Could you also address the revenue improvement for the DLE Group and SILVER LINK.?

Okinaka: The DLE Group is a listed company, so I have limited information, but since it is consolidated, I do have some details. Unfortunately, the last fiscal year was very disappointing in terms of achieving profitability.

I have heard that the subsidiary's game business experienced significant setbacks, particularly in the latter half of the year, where almost all orders were lost. Additionally, their animation projects are expected to start delivering from this fiscal year into the next, mainly next fiscal year and the fiscal year after.

It will take some time to return to profitability, but new ventures, especially the K-POP business, which we are jointly working on, are expected to become fully operational this fiscal year and next. These efforts are expected to contribute positively.

Regarding SILVER LINK., although their sales have increased significantly, profits have remained low. This is mainly due to many low-priced orders that have been in the pipeline for several years. These orders need to be processed before we can see a positive impact on the numbers.

Management reforms are underway, but anime production typically operates on a two-year cycle. This means orders received now will be delivered two years later. We anticipate that by delivering the current orders on schedule over next year, and the year after, profitability will surely recover. That concludes my response.

Moderator: Does this answer your questions satisfactorily?

Questioner 1: Yes, I understand clearly. Thank you very much.

Moderator: Thank you. Let's move on to the next person.

Questioner 2: I have three questions.

First, regarding the assumptions for the spot advertising market. What level of local spot sales do you anticipate for the full fiscal year, and how do you see the current spot market conditions in April and May?

Secondly, a follow-up question about SILVER LINK. It seems that there has been an impairment of goodwill. Could you comment on what changes in the business environment occurred compared to your initial assumptions and any unexpected factors?

Lastly, regarding the reorganization of the lifestyle business. Could you provide some details on the direction of the reorganization, and whether the sale of the business is an option? Any information you can share would be appreciated.

Okinaka: For the first question regarding the broadcasting business and spot advertising, I'll ask Mr. Imamura to respond.

Imamura: I will answer your question. Regarding the spot, we are currently projecting just over 99% of the previous fiscal year's level for the full fiscal year, slightly below last fiscal year's figure. For Q1, we anticipate spot sales to be around 96% or 97%.

Regarding the market conditions from April, last year saw strong performance in April, followed by a decline in May and June. This fiscal year, however, April's performance is below 97%, and we expect May and June to also fall short of last year's figures. We believe that current social uncertainties and the weak yen are influencing these results, leading to market conditions that do not meet last year's levels.

Looking ahead to the summer and beyond, we are hopeful due to various upcoming events, but for now, this is our assessment of the current market situation. That concludes my response.

Okinaka: Moving on to the second question regarding the impairment of goodwill for SILVER LINK. Ms. Kumada, could you please address the accounting aspect?

Kumada: SILVER LINK. is currently revising various production processes and so on, but unfortunately, they have recorded operating losses for two consecutive fiscal years. Despite ongoing improvements, there are still some left from the past orders. This is why we have decided to process the impairment of goodwill this time.

Okinaka: Regarding the business environment for anime production, we have received a significant number of orders. Last fiscal year, SILVER LINK. had plans to deliver around 140 titles annually.

One reason for the increase in the number of orders is the increasing costs due to the start of a nationwide drama in the previous fiscal year, which impacted our profitability. SILVER LINK. was one of the entities that took on many titles in an effort to compensate for this challenging situation. They endeavored to meet these orders, but it seems that the production lines faced difficulties, leading to this situation. Therefore, SILVER LINK. takes on many titles in an effort to compensate through other content businesses. They endeavored to meet these orders, but it seems that the production lines faced difficulties, leading to a challenging situation. While SILVER LINK. is increasing its revenue and profits, it is still far from improving its balance of income and expenditures.

Regarding the business environment, we are currently working on projects for FY2027 and FY2026. The orders for these titles are progressing smoothly, so we believe that things will improve progressively over the next year or two.

Now, about the lifestyle business. The direction of the reorganization involves areas such as the e-commerce and at-home shopping businesses, where there is some overlap between two or three companies.

The key is how to consolidate these management resources into one efficient and rationalized entity. Currently, we have two companies handling the at-home shopping business, so by unifying warehouses and procurement, we can achieve significant efficiency gains. I believe that this plan for optimization is quite solid.

Our approach to business portfolio reorganization involves effectively consolidating the functions of several companies.

Additionally, considering the sale of businesses is one of our options, and the decision will be made based on whether it is essential to our group. When unnecessary, we intend to proceed swiftly with business divestitures.

Although I cannot provide specific matters here, we are already examining these aspects from various angles. That concludes my response.

Questioner: Thank you for the detailed explanations.

Moderator: Thank you. It seems there are no more questions.

If there are no further questions, we will conclude the briefing. Thank you very much for taking the time to join us today.

Okinaka, Imamura, Kumada: Thank you very much.

[END]