

Consolidated Financial Report for the Second Quarter of Fiscal 2022
(The Fiscal Year Ended March 31, 2023 under Japanese GAAP)



November 14, 2022

Company Name: Asahi Broadcasting Group Holdings Corporation
 Stock Exchange Listing: Tokyo Stock Exchange
 Securities Code: 9405
 URL <https://corp.asahi.co.jp/en/>
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 Scheduled Date of Securities Report Filing: November 14, 2022
 Scheduled Date of Dividend Payment Commencement: December 1, 2022
 Preparation of Quarterly Supplementary Explanatory Materials: Yes
 Quarterly Results Briefing Held: Yes (for institutional investors and analysts)

(Figures are rounded down to the nearest million yen unless otherwise stated.)

1. Consolidated Financial Results for the First Half of Fiscal 2022 (April 1, 2022 to September 30, 2022)

(1) Consolidated Operating Results (Cumulative)

(Percentage figures show the year-on-year increase (decrease) for each corresponding period.)

	Net Sales		Operating Income		Ordinary Income		Profit attributable to owners of parent	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
First Half of Fiscal 2022	41,100	0.5	293	(76.2)	479	(68.9)	403	(64.4)
First Half of Fiscal 2021	40,889	23.6	1,234	—	1,539	—	1,133	—

Note: Comprehensive Income First half of fiscal 2022: ¥138 million (-21.9%)
 First half of fiscal 2021: ¥176 million (— %)

	Basic Earnings per Share	Diluted Earnings per Share
	¥	¥
First Half of Fiscal 2022	9.67	—
First Half of Fiscal 2021	27.61	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity-to-Asset Ratio
	¥ million	¥ million	%
September 30, 2022	118,876	69,955	56.0
March 31, 2022	123,788	70,497	54.1

(Reference) Shareholders' Equity September 30, 2022: ¥66,540 million
 March 31, 2022: ¥66,975 million

2. Dividends

	Annual Dividend per Share				
	1Q-End	2Q-End	3Q-End	Period-End	Total
	¥	¥	¥	¥	¥
Fiscal 2021	—	7.00	—	17.00	24.00
Fiscal 2022	—	10.00	—	—	—
Fiscal 2022 (Forecast)	—	—	—	6.00	16.00

Note: Revisions from recently announced dividend forecast: Yes

3. Consolidated Financial Results Forecasts for Fiscal 2022 (April 1, 2022 to March 31, 2023)

(Percentage figures show the year-on-year increase (decrease) for each corresponding period.)

	Net Sales		Operating Income		Ordinary Income		Profit attributable to owners of parent		Basic Earnings per Share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Full Fiscal Year	87,000	2.2	2,900	(31.0)	3,400	(29.1)	2,200	(17.6)	52.66

Note: Revision from recently announced performance forecast: Yes

* Notes

(1) Changes in the number of important subsidiaries during the period: None

(2) Application of special accounting treatment for the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, accounting estimates and restatements

1) Changes in accounting policies in accordance with changes in accounting standards, etc.: None

2) Changes in accounting policies other than 1): None

3) Changes in accounting estimates: None

4) Restatements: None

(4) Number of shares issued and outstanding (common shares)

1) Number of shares issued and outstanding as of the period-end (including treasury shares)	September 30, 2022	41,833,000 shares	March 31, 2022	41,833,000 shares
2) Number of treasury shares as of the period-end	September 30, 2022	31,209 shares	March 31, 2022	101,261 shares
3) Average number of shares issued and outstanding for the period	September 30, 2022	41,760,154 shares	September 30, 2021	41,051,407 shares

* This financial report is exempt from the quarterly review procedure.

* Explanation concerning the appropriate use of forecasts and other special instructions

(Caution regarding forward-looking statements, etc.)

Results forecasts and other forward-looking statements contained in this report are based on the assumptions, beliefs, and uncertainties in light of information available to the Company's management as of the publication date and do not represent promises by the Company or its management that these performance figures will be attained. Actual results may differ materially from forecasts due to a variety of factors. Please refer to "1. Analysis of Operating Results and Financial Position (3) Explanation of Forward-Looking Statements, including the Outlook for Consolidated Performance" on page 3 of the attached supplementary materials for information regarding the underlying assumptions for financial results forecasts, as well as explanatory and other notes regarding the use of financial results forecasts.

The Company will hold a briefing for institutional investors and analysts (online), scheduled for Monday, November 21, 2022. The document to be used at this briefing shall be published on the Company's website at 9:00 a.m. on the day of the event.

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1. Analysis of Operating Results and Financial Position

(1) Analysis of Operating Results

In the first half of fiscal 2022, which extended from April 1, 2022 to September 30, 2022, the Japanese economy saw a gradual recovery mainly in consumer spending thanks to the further easing of activity restriction, despite the COVID-19 that spread again. However, due to the rapid yen's depreciation, the resulting prices surge, and other factors, the economic outlook has remained uncertain.

Under these circumstances, net sales of the broadcasting and content business, where the Asahi Broadcasting Group (the Group) conducts its core business, increased due to an increase in content-related revenue. Net sales of the lifestyle business were down due to a decrease in revenue from real estate sales and other factors. As a result of these factors, the Group's net sales for the first half of fiscal 2022 increased ¥210 million, or 0.5%, compared to the same period of the previous fiscal year and amounted to ¥41,100 million.

From the cost standpoint, cost of sales increased ¥397 million (1.4%) compared with the same period of the previous fiscal year, to ¥28,121 million. Selling, general and administrative expenses increased ¥753 million (6.3%) compared with the same period of the previous fiscal year, to ¥12,684 million. As a result of the above, operating income decreased ¥940 million, or 76.2%, to ¥293 million, while ordinary income totaled ¥479 million, a decrease of ¥1,060 million, or 68.9%. Additionally, ¥210 million of extraordinary income due to sale of real estate for business was recorded, while ¥260 million of extraordinary loss was recorded due in part to the recording of impairment loss on non-current assets.

As a result, income before income taxes was ¥429 million, a decrease of ¥1,320 million, or 75.5%, and profit attributable to owners of parent was ¥403 million, a decrease of ¥729 million, or 64.4%.

Results by business segment are as follows:

Broadcasting and Content Business

Net sales in the broadcasting and content business totaled ¥34,482 million, up ¥527 million, or 1.6%, compared to the same period of the previous fiscal year. Revenue grew with an increase in sales of content-related business and other factors, despite a decrease in contract production of animated content. Operating expenses increased 3.3% from the same period of the previous fiscal year due to an increase in amortization of investment in content-related business and other factors even with a decrease in expenses for contract production of animated content, etc. As a result, operating income amounted to ¥407 million, a decrease of ¥554 million or 57.6% from the same period of the previous fiscal year.

Lifestyle Business

Net sales in the lifestyle business amounted to ¥6,617 million, down ¥317 million or 4.6% from the same period of the previous fiscal year. The principal factor was a decrease in revenue from real estate sales. Operating expenses decreased 0.4% due to a decrease in cost of real estate sales, despite increases in amortization of asset retirement obligations, etc. recorded in the previous fiscal year. As a result, operating income amounted to ¥118 million, a decrease of ¥294 million or 71.4% from the same period of the previous fiscal year.

(2) Analysis of Financial Position

(Assets)

Total assets as of the end of the second quarter of fiscal 2022 were ¥118,876 million, ¥4,911 million lower than at the end of the previous fiscal year (March 31, 2022). This was primarily attributable to a decrease in cash and deposits resulting from payments of taxes and accounts payable, redemption of securities, etc.

(Liabilities)

Total liabilities were ¥48,920 million, ¥4,369 million lower than at the end of the previous fiscal year. The principal reasons for the decrease in liabilities were decreases in accounts payable—other and accounts payable for equipment which is included in other current liabilities.

(Net Assets)

Consolidated total net assets came to ¥69,955 million, ¥541 million lower than at the end of the previous fiscal year. This was attributable mainly to dividends from surplus and a decrease in valuation difference on available-for-sale securities.

(3) Explanation of Forward-Looking Statements, including the Outlook for Consolidated Performance

The Company downwardly revised its full-year consolidated financial results forecasts for net sales, operating income, ordinary income and profit attributable to owners of parent mainly due to a downward trend in TV spot advertising sales compared with the previous forecast in the Company's mainstay broadcasting business, a delay in development of new business, and upfront investment in the content business.

Concerning the dividend forecasts for the full fiscal year, the interim dividend forecast (the end of the second quarter) was ¥10.00 and the year-end dividend forecast was ¥10.00 in the Consolidated Financial Report for Fiscal 2021 (The Fiscal Year Ended March 31, 2022 under Japanese GAAP) announced on May 16, 2022. The Company determined that the interim dividend (the end of the second quarter) would remain unchanged from the initial forecast at ¥10.00. However, the year-end dividend forecast will be ¥6.00, down ¥4.00 from the previous forecast. The Company positions the appropriate return of profits to shareholders as one of its most important measures for corporate management. Regarding the distribution of profits, we always consider the balance between strengthening and maintaining our financial position and investing toward improved corporate value and toward our growth strategies, comprehensively taking into account our financial results, dividend payout ratio, appropriate internal reserves, and other factors in light of our position of responsibility as a certified broadcasting holding company. The Company flexibly determines continuous and stable distribution of profits, aiming at dividend payout ratio of 30% on a consolidated basis.

For details on the revision of financial results forecasts and dividend, please refer to the Notice of Revision of Financial Results Forecasts and the Notice of Dividends from Surplus and Revisions of Dividends Forecasts announced today (November 14, 2022).

The outlook presented above may significantly change due to external factors such as domestic and overseas economic trends, as well as when COVID-19 comes to an end and the range of its impact. Should any event arise that affects the financial results of the Group, the Company will promptly announce it.

Note: The forecasts presented above are based on information that is currently available to the Group and certain assumptions that are judged to be reasonable. Actual results may differ from the forecasts due to various factors.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheet

(Millions of Yen)

	March 31, 2022	September 30, 2022
Assets		
Current assets		
Cash and deposits	23,586	21,758
Notes and accounts receivable - trade, and contract assets	15,497	15,031
Short-term investment securities	4,715	2,211
Inventories	3,149	3,024
Income taxes receivable	279	203
Other	2,527	2,110
Allowance for doubtful accounts	(11)	(115)
Total current assets	49,744	44,224
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	18,854	17,468
Land	14,252	15,212
Other, net	8,444	8,058
Total property, plant and equipment	41,550	40,740
Intangible assets		
Software	2,313	2,135
Software in progress	60	103
Goodwill	986	1,016
Other	111	87
Total intangible assets	3,472	3,342
Investments and other assets		
Investment securities	16,900	17,788
Other	12,116	12,779
Allowance for doubtful accounts	(31)	(29)
Total investments and other assets	28,985	30,538
Total non-current assets	74,009	74,621
Deferred assets		
Bond issuance cost	34	30
Total deferred assets	34	30
Total assets	123,788	118,876

(Millions of Yen)

	March 31, 2022	September 30, 2022
Liabilities		
Current liabilities		
Short-term borrowings	50	75
Current portion of long term loans payable	513	451
Current portion of bonds	26	26
Accounts payable-other	8,131	7,128
Income taxes payable	1,277	390
Provision	516	446
Other	8,006	6,197
Total current liabilities	18,520	14,715
Non-current liabilities		
Long term loans payable	1,852	1,833
Bonds payable	10,013	10,000
Net defined benefit liability	13,203	12,786
Other	9,700	9,586
Total non-current liabilities	34,770	34,205
Total liabilities	53,290	48,920
Net assets		
Shareholders' equity		
Capital stock	5,299	5,299
Capital surplus	5,984	6,006
Retained earnings	54,923	54,617
Treasury stock	(50)	(15)
Total shareholders' equity	66,157	65,909
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,826	1,530
Foreign currency translation adjustment	(126)	(120)
Remeasurements of defined benefit plans	(881)	(779)
Total valuation and translation adjustments	818	631
Subscription rights to shares	8	8
Non-controlling interests	3,513	3,406
Total net assets	70,497	69,955
Total liabilities and net assets	123,788	118,876

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income

Quarterly Consolidated Statement of Income
For the First Half of Fiscal 2021 and 2022

(Millions of Yen)

	First Half of Fiscal 2021 (April 1, 2021 to September 30, 2021)	First Half of Fiscal 2022 (April 1, 2022 to September 30, 2022)
Net sales	40,889	41,100
Cost of sales	27,723	28,121
Gross profit	13,165	12,978
Selling, general and administrative expenses	11,930	12,684
Operating income	1,234	293
Non-operating income		
Interest income	5	2
Dividends income	91	115
Share of profit of entities accounted for using equity method	-	11
Subsidy income	190	207
Other	55	51
Total non-operating income	343	387
Non-operating expenses		
Interest expenses	16	17
Loss on disposal of non-current assets	13	41
Provision of allowance for doubtful accounts	-	104
Other	8	39
Total non-operating expenses	39	202
Ordinary income	1,539	479
Extraordinary income		
Gain on sales of non-current assets	-	210
Gain on sales of investment securities	267	-
Total extraordinary income	267	210
Extraordinary loss		
Loss on valuation of investment securities	56	23
Impairment loss	-	236
Total extraordinary loss	56	260
Income before income taxes	1,750	429
Income taxes	772	104
Profit	977	325
Loss attributable to non-controlling interests	(155)	(78)
Profit attributable to owners of parent	1,133	403

Quarterly Consolidated Statement of Comprehensive Income
For the First Half of Fiscal 2021 and 2022

(Millions of Yen)

	First Half of Fiscal 2021 (April 1, 2021 to September 30, 2021)	First Half of Fiscal 2022 (April 1, 2022 to September 30, 2022)
Profit	977	325
Other comprehensive income		
Valuation difference on available-for-sale securities, net of tax	(905)	(295)
Foreign currency translation adjustment	0	6
Remeasurements of defined benefit plans, net of tax	103	102
Total other comprehensive income	(800)	(187)
Comprehensive income	176	138
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	332	216
Comprehensive income attributable to non-controlling interests	(155)	(78)

(3) Notes regarding Quarterly Consolidated Financial Statements

(Going Concern Assumptions)

Not applicable.

(Any Major Change in the Amount of Consolidated Shareholders' Equity)

Not applicable.

(Additional Information)

The Company and a part of its consolidated subsidiaries have shifted to the group tax sharing system from the non-consolidated taxation system from the first quarter of fiscal 2022. Accordingly, with regard to accounting treatment and disclosure of income tax, local income tax, and tax effect accounting, the Company has conformed to the Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System (the Practical Solution No.42 issued on August 12, 2021.)

(Segment Information, etc.)

Explanation of Measurements of Sales, Profit for Each Reportable Segment

First Half of Fiscal 2021 (April 1, 2021 to September 30, 2021)

(Millions of Yen)

	Reportable Segment			Adjustments (Note 1, 2)	Amounts Recorded on Quarterly Consolidated Statement of Income (Note 3)
	Broadcasting and Content	Lifestyle	Total		
Sales					
Revenues from external customers	33,954	6,934	40,889	—	40,889
Transactions with other segments	174	271	446	(446)	—
Total	34,129	7,206	41,336	(446)	40,889
Segment profit	962	412	1,374	(140)	1,234

Notes:

1. The adjustment to transactions with other segments of negative ¥446 million represents the amount of intersegment transaction elimination.
2. The adjustment to segment profit of negative ¥140 million represents the elimination of intersegment transactions of ¥12 million and the amount of expenses which do not belong to any reportable segment of negative ¥152 million, mainly regarding development of new business and market.
3. Segment profit refers to operating income recorded on the quarterly consolidated statement of income.

First Half of Fiscal 2022 (April 1, 2022 to September 30, 2022)

(Millions of Yen)

	Reportable Segment			Adjustments (Note 1, 2)	Amounts Recorded on Quarterly Consolidated Statement of Income (Note 3)
	Broadcasting and Content	Lifestyle	Total		
Sales					
Revenues from external customers	34,482	6,617	41,100	—	41,100
Transactions with other segments	199	265	465	(465)	—
Total	34,682	6,883	41,565	(465)	41,100
Segment profit	407	118	526	(232)	293

Notes:

1. The adjustment to transactions with other segments of negative ¥465 million represents the amount of intersegment transaction elimination.
2. The adjustment to segment profit of negative ¥232 million represents the elimination of intersegment transactions of ¥19 million and the amount of expenses which do not belong to any reportable segment of negative ¥251 million, mainly regarding development of new business and market.
3. Segment profit refers to operating income recorded on the quarterly consolidated statement of income.