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Consolidated Financial Report for the Second Quarter of Fiscal 2023
(The Fiscal Year Ended March 31, 2024 under Japanese GAAP)

November 8, 2023

Company Name: Asahi Broadcasting Group Holdings Corporation
 Securities Code: 9405
 Representative: Susumu Okinaka, Representative Director and President
 Inquiries: Yoko Kumada, General Manager, Corporate Management Division
 Scheduled Date of Securities Report Filing: November 13, 2023
 Scheduled Date of Dividend Payment Commencement: December 1, 2023
 Preparation of Quarterly Supplementary Explanatory Materials: Yes
 Quarterly Results Briefing Held: Yes (for institutional investors and analysts)

Stock Exchange Listing: Tokyo Stock Exchange
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(Figures are rounded down to the nearest million yen unless otherwise stated.)

1. Consolidated Financial Results for the First Half of Fiscal 2023 (April 1, 2023 to September 30, 2023)

(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 2023 | 41,776 | 1.6 | (992) | — | (832) | — | (673) | — |
| First Half of Fiscal 2022 | 41,100 | 0.5 | 293 | (76.2) | 479 | (68.9) | 403 | (64.4) |

Note: Comprehensive Income First half of fiscal 2023: ¥15 million (-88.6%)
 First half of fiscal 2022: ¥138 million (-21.9%)

| | Basic Earnings per Share | Diluted Earnings per Share |
|---------------------------|--------------------------|----------------------------|
| | ¥ | ¥ |
| First Half of Fiscal 2023 | (16.13) | — |
| First Half of Fiscal 2022 | 9.67 | — |

(2) Consolidated Financial Position

| | Total Assets | Net Assets | Equity-to-Asset Ratio |
|--------------------|--------------|------------|-----------------------|
| | ¥ million | ¥ million | % |
| September 30, 2023 | 120,481 | 72,227 | 57.3 |
| March 31, 2023 | 122,305 | 72,445 | 56.6 |

(Reference) Shareholders' Equity September 30, 2023: ¥69,000 million
 March 31, 2023: ¥69,259 million

2. Dividends

| | Annual Dividend per Share | | | | |
|------------------------|---------------------------|--------|--------|------------|-------|
| | 1Q-End | 2Q-End | 3Q-End | Period-End | Total |
| | ¥ | ¥ | ¥ | ¥ | ¥ |
| Fiscal 2022 | — | 10.00 | — | 6.00 | 16.00 |
| Fiscal 2023 | — | 6.00 | — | — | — |
| Fiscal 2023 (Forecast) | — | — | — | 6.00 | 12.00 |

Note: Revisions from recently announced dividend forecast: Yes

3. Consolidated Financial Results Forecasts for Fiscal 2023 (April 1, 2023 to March 31, 2024)

(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 | 88,000 | 1.1 | 1,300 | (49.9) | 1,500 | (43.6) | 1,000 | (26.1) | 23.95 |

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, 2023 | 41,833,000 shares | March 31, 2023 | 41,833,000 shares |
| 2) Number of treasury shares as of the period-end | September 30, 2023 | 58,467 shares | March 31, 2023 | 101,209 shares |
| 3) Average number of shares issued and outstanding for the period | September 30, 2023 | 41,750,109 shares | September 30, 2022 | 41,760,154 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 20, 2023. The document to be used at this briefing shall be published on the Company's website at 10:00 a.m. on the day of the event.

Supplementary Materials: Table of Contents

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1. Analysis of Operating Results and Financial Position

(1) Analysis of Operating Results

In the first half of fiscal 2023, which extended from April 1, 2023 to September 30, 2023, the Japanese economy saw a return to regular economic activity and made a moderate recovery, as COVID-19 was reclassified as a Class 5 infectious disease under the Infectious Diseases Act. However, the economic outlook has remained uncertain due to soaring raw material prices, rising prices, the risk of a downturn in overseas economies, and other factors.

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 sales, despite a decrease in TV spot advertising sales, the mainstay of the business. Net sales of the lifestyle business were down mainly due to a decrease in sales from TV shopping. As a result of these factors, the Group's net sales for the first half of fiscal 2023 increased ¥675 million, or 1.6%, compared to the same period of the previous fiscal year and amounted to ¥41,776 million.

From the cost standpoint, cost of sales increased ¥1,856 million (6.6%) compared with the same period of the previous fiscal year, to ¥29,977 million. Selling, general and administrative expenses increased ¥105 million (0.8%) compared with the same period of the previous fiscal year, to ¥12,790 million. As a result of the above, operating loss totaled ¥992 million, a decrease of ¥1,286 million from operating income reported in the same period of the previous fiscal year, while ordinary loss totaled ¥832 million, a decrease of ¥1,311 million from ordinary income reported in the same period of the previous fiscal year. Additionally, a ¥54 million gain on sale of investment securities was recorded under extraordinary income.

As a result, loss before income taxes was ¥777 million, a decrease of ¥1,207 million from profit before incomes taxes reported in the same period of the previous fiscal year, and loss attributable to owners of parent was ¥673 million, a decrease of ¥1,077 million from profit attributable to owners of parent reported in the same period of the previous fiscal year.

Results by business segment are as follows:

Broadcasting and Content Business

Net sales in the broadcasting and content business totaled ¥35,541 million, up ¥1,058 million, or 3.1%, compared with the same period of the previous fiscal year. Despite decreases in TV spot advertising sales, the mainstay of the business, and some other sales, net sales mainly grew with an increase in sales of content-related business such as events and streaming. Operating expenses increased by 6.6% mainly due to an increase in the costs of production of TV programs and content. As a result, operating loss amounted to ¥733 million, a decrease of ¥1,141 million from operating income reported in the same period of the previous fiscal year.

Lifestyle Business

Net sales in the lifestyle business totaled ¥6,234 million, down ¥383 million, or 5.8%, compared with the same period of the previous fiscal year. The principal factor accounting for this decrease in revenue was a decrease in TV shopping sales. Operating expenses decreased 5.7% in line with lower net sales. As a result, operating loss amounted to ¥60 million, a decrease of ¥178 million from operating income reported in 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 2023 were ¥120,481 million, ¥1,823 million lower than at the end of the previous fiscal year (March 31, 2023). This was primarily attributable to a decrease in cash and deposits resulting from payments of accounts payable, among others, despite an increase in investment securities.

(Liabilities)

Total liabilities were ¥48,254 million, ¥1,605 million lower than at the end of the previous fiscal year. The principal reason for the decrease in liabilities was a decrease in accounts payable for equipment which is included in other current liabilities, despite an increase in long-term loans payable.

(Net Assets)

Consolidated total net assets came to ¥72,227 million, ¥218 million lower than at the end of the previous fiscal year. This was attributable mainly to a decrease in retained earnings resulting from the payment of dividends and the recording of loss attributable to owners of parent, despite an increase 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 Group's mainstay broadcasting and content business, a delay in development of new business, and the lagging at-home shopping business in the lifestyle business.

Concerning the dividend forecasts for the full fiscal year, the interim dividend forecast (the end of the second quarter) was ¥6.00 and the year-end dividend forecast was ¥8.00 in the Consolidated Financial Report for Fiscal 2022 (The Fiscal Year Ended March 31, 2023 under Japanese GAAP) announced on May 12, 2023. The Company determined that the interim dividend (the end of the second quarter) would remain unchanged from the initial forecast at ¥6.00. However, the year-end dividend forecast will be ¥6.00, down ¥2.00 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.

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 per share as the lower limit except in times of a significant decline in business performance due to a rapidly deteriorating business environment.

For details on the revision of financial results forecasts and dividend, please refer to the Notice of Revisions of Financial Results Forecasts and Dividends Forecasts announced today (November 8, 2023).

The outlook presented above may significantly change due to external factors such as domestic and overseas economic trends. 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, 2023 | September 30, 2023 |
|--|----------------|--------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 22,251 | 20,145 |
| Notes and accounts receivable - trade, and contract assets | 15,934 | 15,335 |
| Short-term investment securities | 2,208 | 2,210 |
| Inventories | 2,828 | 3,425 |
| Income taxes refund receivable | 600 | 180 |
| Other | 2,704 | 2,906 |
| Allowance for doubtful accounts | (142) | (142) |
| Total current assets | 46,385 | 44,061 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 17,223 | 17,107 |
| Land | 15,512 | 15,512 |
| Other, net | 8,446 | 8,488 |
| Total property, plant and equipment | 41,181 | 41,107 |
| Intangible assets | | |
| Software | 2,055 | 1,844 |
| Software in progress | 97 | 108 |
| Goodwill | 955 | 895 |
| Other | 120 | 125 |
| Total intangible assets | 3,229 | 2,973 |
| Investments and other assets | | |
| Investment securities | 17,928 | 18,806 |
| Other | 13,649 | 13,615 |
| Allowance for doubtful accounts | (94) | (103) |
| Total investments and other assets | 31,483 | 32,318 |
| Total non-current assets | 75,894 | 76,399 |
| Deferred assets | | |
| Bond issuance costs | 25 | 20 |
| Total deferred assets | 25 | 20 |
| Total assets | 122,305 | 120,481 |

(Millions of Yen)

| | March 31, 2023 | September 30, 2023 |
|---|----------------|--------------------|
| Liabilities | | |
| Current liabilities | | |
| Short-term borrowings | 202 | 172 |
| Current portion of long-term borrowings | 337 | 538 |
| Current portion of bonds payable | 13 | 5,000 |
| Accounts payable-other | 8,364 | 8,114 |
| Income taxes payable | 180 | 102 |
| Provision | 586 | 446 |
| Other | 9,916 | 7,363 |
| Total current liabilities | 19,601 | 21,738 |
| Non-current liabilities | | |
| Long-term borrowings | 1,593 | 2,788 |
| Bonds payable | 10,000 | 5,000 |
| Retirement benefit liability | 9,339 | 9,285 |
| Asset retirement obligations | 1,509 | 1,509 |
| Other | 7,814 | 7,932 |
| Total non-current liabilities | 30,257 | 26,515 |
| Total liabilities | 49,859 | 48,254 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 5,299 | 5,299 |
| Capital surplus | 5,999 | 6,000 |
| Retained earnings | 55,150 | 54,226 |
| Treasury stock | (62) | (36) |
| Total shareholders' equity | 66,386 | 65,490 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 1,900 | 2,511 |
| Foreign currency translation adjustment | (121) | (120) |
| Remeasurements of defined benefit plans | 1,093 | 1,119 |
| Total accumulated other comprehensive income | 2,872 | 3,509 |
| Share acquisition rights | 8 | 8 |
| Non-controlling interests | 3,177 | 3,218 |
| Total net assets | 72,445 | 72,227 |
| Total liabilities and net assets | 122,305 | 120,481 |

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

Quarterly Consolidated Statement of Income
For the First Half of Fiscal 2022 and 2023

(Millions of Yen)

| | First Half of Fiscal 2022 (April 1, 2022 to September 30, 2022) | First Half of Fiscal 2023 (April 1, 2023 to September 30, 2023) |
|---|---|---|
| Net sales | 41,100 | 41,776 |
| Cost of sales | 28,121 | 29,977 |
| Gross profit | 12,978 | 11,798 |
| Selling, general and administrative expenses | 12,684 | 12,790 |
| Operating income (loss) | 293 | (992) |
| Non-operating income | | |
| Interest income | 2 | 2 |
| Dividend income | 115 | 121 |
| Share of profit of entities accounted for using equity method | 11 | — |
| Subsidy income | 207 | 34 |
| Other | 51 | 79 |
| Total non-operating income | 387 | 237 |
| Non-operating expenses | | |
| Interest expenses | 17 | 18 |
| Share of loss of entities accounted for using equity method | — | 24 |
| Loss on disposal of non-current assets | 41 | 16 |
| Provision of allowance for doubtful accounts | 104 | — |
| Other | 39 | 18 |
| Total non-operating expenses | 202 | 77 |
| Ordinary income (loss) | 479 | (832) |
| Extraordinary income | | |
| Gain on sale of non-current assets | 210 | — |
| Gain on sale of investment securities | — | 54 |
| Total extraordinary income | 210 | 54 |
| Extraordinary loss | | |
| Loss on valuation of investment securities | 23 | — |
| Impairment loss | 236 | — |
| Total extraordinary loss | 260 | — |
| Profit (loss) before income taxes | 429 | (777) |
| Income taxes | 104 | (38) |
| Profit (loss) | 325 | (739) |
| Loss attributable to non-controlling interests | (78) | (65) |
| Profit (loss) attributable to owners of parent | 403 | (673) |

Quarterly Consolidated Statement of Comprehensive Income
For the First Half of Fiscal 2022 and 2023

(Millions of Yen)

| | First Half of Fiscal 2022 (April 1, 2022 to September 30, 2022) | First Half of Fiscal 2023 (April 1, 2023 to September 30, 2023) |
|---|---|---|
| Profit (loss) | 325 | (739) |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities, net of tax | (295) | 729 |
| Foreign currency translation adjustment | 6 | 0 |
| Remeasurements of defined benefit plans, net of tax | 102 | 25 |
| Total other comprehensive income | (187) | 755 |
| Comprehensive income | 138 | 15 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of the parent | 216 | (36) |
| Comprehensive income attributable to non-controlling interests | (78) | 52 |

(3) Notes regarding Quarterly Consolidated Financial Statements

(Going Concern Assumptions)

Not applicable.

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

Not applicable.

(Segment Information, etc.)

Explanation of Measurements of Sales, Profit or Loss for Each Reportable Segment

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.

First Half of Fiscal 2023 (April 1, 2023 to September 30, 2023)

(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 | 35,541 | 6,234 | 41,776 | — | 41,776 |
| Transactions with other segments | 245 | 86 | 332 | (332) | — |
| Total | 35,787 | 6,320 | 42,108 | (332) | 41,776 |
| Segment loss | (733) | (60) | (793) | (198) | (992) |

Notes:

1. The adjustment to transactions with other segments of negative ¥332 million represents the amount of intersegment transaction elimination.
2. The adjustment to segment loss of negative ¥198 million represents the elimination of intersegment transactions of ¥0 million and the amount of expenses which do not belong to any reportable segment of negative ¥199 million, mainly regarding development of new business and market.
3. Segment loss refers to operating loss recorded on the quarterly consolidated statement of income.