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May 29, 2024

Company Name: Asahi Broadcasting Group Holdings Corporation
Representative: Susumu Okinaka, Representative Director and President
(Securities Code: 9405, Tokyo Stock Exchange Prime Market)
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Notice Regarding Partial Sale of Shares Resulting in Change to Specified Subsidiary (DLE, Inc.)

At the Board of Directors meeting held on May 29, 2024, the Company performed a review of the positioning of the fast entertainment business within the Group and, based upon which, resolved to sell some of the shares of DLE, Inc. (hereinafter referred to “DLE,” securities code: 3686), a subsidiary that handles the fast entertainment business. The details on this sale are as follows.

The sale of shares is expected to be 2.0% of the total number of issued shares. As a result of this change, we expect that DLE will become an equity method affiliate of the Company by March 31, 2025.

1. Reasons for sale of shares

As a comprehensive content business group, the Asahi Broadcasting Group continues to grow while making revisions, as appropriate, to its business portfolio. Currently, we have two business segments: The mainstay broadcasting and content business, which accounts for the bulk of our revenue, and the lifestyle business.

In order for the fast entertainment business, which is handled by DLE, to respond to the aggressive changes in the business environment and to continue creating highly profitable IP and grow, a more agile management structure than what is currently in place is required.

In light of this situation and in consideration of what would be the Group’s optimal business portfolio, we have decided to concentrate management resources on the broadcasting and content business and the lifestyle business. And, while the fast entertainment business remains a part of the scope of the content business, we have, upon a review of the capital relationship between the Company and DLE, determined that increasing the independence and freedom of DLE and allowing its management to respond more nimbly will ultimately maximize the corporate value of both parties.

With regard to business collaboration within the scope of the content business, we plan to continue our policy of considering each project on a case-by-case basis. Moving forward, we will maintain a policy of maximum respect with regard to the management decisions of DLE when it comes to matters of the business environment and business risk, and also fulfil the Company’s role as a responsible investor through engagement.

2. Overview of the subsidiary (DLE, Inc.) subject to change (As of March 31, 2024)

(1) Name	DLE, Inc.
(2) Location	KDX Kojimachi Bldg., 3-3-4 Kojimachi, Chiyoda-ku, Tokyo
(3) Job title and name of representative	Representative Director and President CEO Naoto Obama
(4) Description of business	Fast entertainment business
(5) Share capital	2,933 million yen
(6) Date of establishment	December, 2001

(7)	Major shareholders and ownership ratios	Asahi Broadcasting Group Holdings Corporation 51.75% Ryuta Shiiki 16.09% Hasbro, Inc. 1.69%		
(8)	Relationship between the Company and said company	Capital relationship	The Company holds 51.75% of the issued shares of DLE, Inc.	
		Personnel relationship	One of the executive officers of the Company also serves as director of DLE, Inc. Further, one employee of the Company has been seconded to DLE, Inc.	
		Business relationship	Nothing of particular note.	
(9)	Consolidated operating results and consolidated financial positions of the said company for the last three years	(Millions of yen, unless otherwise noted)		
	As of/ Fiscal year ended	March 31, 2022	March 31, 2023	March 31, 2024
	Consolidated net assets	3,161	2,784	2,942
	Consolidated total assets	3,576	3,183	3,615
	Consolidated net assets per share (Yen)	73.82	62.63	66.81
	Consolidated net sales	1,640	2,020	1,705
	Consolidated operating profit	-288	-344	-589
	Consolidated ordinary profit	-287	-336	-590
	Profit attributable to owners of parent	-315	-582	-520
	Consolidated earnings per share (Yen)	-7.44	-13.71	-12.25
	Dividend per share (Yen)	—	—	—

3. Number of shares to be sold, ownership before and after sale, and method of sale

(1)	Number of shares held before sale	22,000,000 (Ratio to total number of issued shares: 51.75%)
(2)	Number of shares to be sold	850,000 (Ratio to total number of issued shares: 2.00%)
(3)	Number of shares held after sale	21,150,000 (Ratio to total number of issued shares: 49.75%)
(4)	Method of sale	Sale via the Tokyo Stock Exchange

4. Timetable

(1)	Date of resolution at the meeting of the Board of Directors	May 29, 2024
(2)	Start date of share sale	May 30, 2024 (scheduled)

5. Future outlook

Following this sale, we expect that DLE will become an equity method affiliate of the Company by March 31, 2025, and be removed from the consolidated subsidiaries of the Company. As a result, consolidated net sales and consolidated net assets are expected to decrease.

Please note that the impact of this has already been factored into the consolidated results forecast for the fiscal year ending March 31, 2025 announced on May 13, 2024.

Extraordinary income (loss) resulting from this sale is expected to be minor; however, we will disclose any relevant matters upon completion of the sale.