

Asahi Broadcasting Group Holdings (9405)

Initiation Report

GIR View



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Company Profile
Business Overview

■ Leading certified broadcasting holding company in the Kansai region

Asahi Broadcasting Group Holdings ("the company") is a leading certified broadcasting holding company and the only publicly listed company in the Kansai region. Subsidiary Asahi Television Broadcasting Corp. belongs to the same TV Network affiliated stations as TV Asahi Corporation.

The ABC Group is transforming itself into a "comprehensive content business group" by maximizing its content production capabilities under the business philosophy of "The ABC Group continues to evolve as a dynamic and creative corporate organization, adapting to social change and contributing to the development of society."

The company's business consists of broadcasting and content business and lifestyle business. Of the former, the company is currently focusing on the content business.

■ Medium-Term Management Strategy 2021-2025 "NEW HOPE"

The company's mainstay TV broadcasting business is facing a difficult business environment due to the shrinking TV advertising market and the establishment of Internet Content. In response to these changes in the business environment, in May 2021 the company announced its medium-term management strategy, 2021-2025 "NEW HOPE," aiming for net sales of 100 billion yen and operating income of 5.7 billion yen in FY03/2026. The detailed business plan is updated annually.

Business Environment
and
Medium-term
Management Strategy
"NEW HOPE"

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Initiative to Achieve the
Medium-Term Management
Strategy

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■ Initiative to achieve the Medium-Term Management Strategy

The company plans to grow both of the above two segments to achieve its goals. A key priority is to strengthen its content business, and the company will focus on the animation business and its own IP business, including drama productions.

Financially, the company aims to achieve ROE of 5% in FY03/2026 by promoting cost-of-capital conscious management. For the time being, the company will be in a period of cost overruns to strengthen its content. However, it is examining dividend policies and business structure for creating added value, and the number of shareholder-oriented measures is steadily increasing.

(Note) As Asahi Broadcasting Group Holdings, including Asahi Television Broadcasting is traditionally popular under the abbreviation "ABC," many group companies have commonly entitled their name starting with "ABC."

GIR View(cont.)

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Strengthen Content Business

■ Growth spurts in animation, focus on drama

The content business is steadily growing in size, thanks in part to internal growth and M&A. Sales in this business were 15.1 billion yen in FY03/2022, 17.3 billion yen in FY03/2023, 20.6 billion yen in FY03/2024, and are expected at 21.0 billion yen in FY03/2025, and the company is targeting 25.0 billion yen in FY03/2026, the landing point of its medium-term management strategy. Of these, the animation business generated sales of 6 billion yen in FY03/2024 and is projected to reach 8 billion yen in FY03/2026. ABC ANIMATION emerged as a frontrunner upon its 2016 launch, leveraging its knowledge from the Precure series, which is celebrating its 20th anniversary.

Furthermore, to develop drama productions into a new pillar of its business, the company has begun producing serial dramas as part of the nationwide network program of the national terrestrial television network for the first time in 28 years to be aired in prime time (19:00-23:00). There have also been successful cases of Kansai-local variety shows being developed into a nationwide streaming platform, and the company is now transforming its business model to one that is appropriate for the era of Internet Content.

■ FY03/2024 results showed fragility amid transformation

FY03/2024 financial results were harsh, with net sales up +3.9% (YoY), but ordinary income down -72.8% and profit attributable to shareholders of the parent company in the red. TV spot advertising revenue declined in the market as a whole at a time when content development costs were increasing, and this was not covered by growth in animation and Internet streaming, as well as in the lifestyle business, combined with delays in new business development. Those events hit a weak point in the earnings structure. The company posted an extraordinary loss, including an impairment loss on goodwill, resulting in a net loss for the period.

The company's forecast for FY03/2025 is a recovery, including +0.6% revenue growth and +218.1% ordinary income growth. Profit attributable to shareholders of the parent company is expected to be 1.5 billion yen, which is higher than the FY03/2023 result, but operating income and ordinary income are not expected to recover to the FY03/2023 level.

Tough Fiscal Year
Ended March 31, 2024

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GIR View(cont.)

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Stock Price Trends

■ Flat stock prices, awaiting improved visibility on the path to higher ROE

In recent years, share price has been in a box range of 630-700 yen.

On the other hand, P/B ratio remains around 0.4x, well below 1x. This is likely due to the fact that ROE has remained in the low single-digit range even in profitable years, and that it continues to be difficult to forecast the results of strengthening the content business.

From a different perspective, many of the negative materials have already been factored in, and the stock price is at a level where it will respond favorably to any positive material that emerges.

■ When and how will we see clues to sustainable improvement in ROE?

With investors and Tokyo Stock Exchange taking a tougher stance on low P/B ratios, the company is beginning to advocate management that is conscious of its cost of capital. However, a certain amount of lead time is needed before the company can transform itself into a "comprehensive content business group" and thereby improve its ROE. Until then, if the company can show that it is serious about its structural reforms without sanctuary and that it is expanding its content portfolio, its reputation in the stock market could change dramatically, even if it does not wait for ROE to improve.

It is important to keep in mind that the severe outcome of the fiscal year ended March 31, 2024, will instead accelerate the strengthening of the company's structure.

First, as an emergency response, the President is leading a "group-wide review," which will deep dive into the value-added creation capabilities of each business within the group companies.

In addition, the company will promote three growth strategies: business portfolio optimization, effective use of assets (e.g., sale of cross-shareholdings), and investment for growth. The President suggested closely examining its core competencies and current business choices to optimize its portfolio. Going forward, there is potential for innovative changes to occur.

As mentioned earlier, the medium-term management strategy targets net sales of 100 billion yen and operating income of 5.7 billion yen for the fiscal year ending March 31, 2026, but this target appears to be quite challenging since the company's forecast for operating income for the fiscal year ending March 31, 2025 is 2.2 billion yen. The President has shown his commitment to these figures. Whether the company will be able to get on a growth trajectory through the various measures it is currently implementing, it will likely draw even greater scrutiny on the President's leadership and its outcomes.

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Next Catalyst:

Will the company's comprehensive review without sanctuary toward final year of its medium-term strategy (FY03/2026) ensure its growth path and raise investors' expectations regarding future ROE improvement?

GIR View(cont.)

Consolidated Results									Share Price ¥677 (2024/06/28)	
Fiscal Year	Net sales (mn)	YoY (%)	Operating income(mn)	YoY (%)	Ordinary income(mn)	YoY (%)	Profit (mn)	YoY (%)	EPS (Yen)	PER (X)
FY03/2020	82,937	1.2	3,388	-20.5	3,633	-20.9	2,278	-39.1	55.6	12.2
FY03/2021	78,344	-5.5	2,694	-20.5	3,033	-16.5	-930	turning deficit	-22.7	n.a.
FY03/2022	85,100	8.6	4,203	56.0	4,792	58.0	2,671	turning profit	65.0	10.4
FY03/2023	87,028	2.3	2,594	-38.3	2,661	-44.5	1,354	-49.3	32.4	20.9
FY03/2024	90,452	3.9	832	-67.9	723	-72.8	-884	turning deficit	-21.1	n.a.
FY03/2025CE	91,000	0.6	2,200	164.2	2,300	218.1	1,500	turning profit	35.9	18.9

Source: Prepared by Global IR, Inc. based on company's securities report

Note: CE=Company Estimate. Rounded under JPY mn. Rounded to one decimal place. Calculated by Global IR, Inc.



FAQs from Meetings with Investor

Asahi Broadcasting Group Holdings (9405) has been holding meetings with overseas institutional investors on an ongoing basis. The following is a summary of the common concerns of investors that emerged from these meetings and their responses. The responses are based on the company's answers, with analyst commentary and additional information. The order of the responses is based on the questions that seemed to be of particular interest.

Q1:
Perception of low PBR, ROE
The course of improvement

In the Japanese stock market, there has been a lot of attention recently not only on raising capital efficiency but also on improving PBR. What is your company's perception of ROE and PBR, and how do you plan to improve them?

We recognize that both ROE and PBR are important financial issues, and we plan to improve ROE to 5% by FY03/2026. To achieve this goal, we intend to fully demonstrate our core competence in content production in the animation and drama businesses.

However, it is also important to understand that it will take some time for the company to improve ROE significantly, as expenses are likely to be incurred for some time as we expand in-house content production and pursue M&A. Our approach is to accelerate the growth strategy for priority businesses by securing sufficient resources for growth through a careful examination of businesses and assets while being conscious of the cost of capital, and by unwinding cross-shareholdings within a reasonable range. We believe that by thoroughly communicating these initiatives to investors, we will be able to increase PBR.

Q2:
Animation Business
Growth strategy and
progress

You said that you will focus on the animation business. How do you see the business opportunities? What are your company's unique characteristics and competitive strengths? How are you progressing with your medium-term management strategy?

We believe that the shift from a business structure that relies on the broadcasting business, whose main source of income is advertising revenue, to a content-based business model with multi-development will lead to improved ROE over the medium to long term.

Among these, the animation business is an area where the market continues to grow on a global scale, with Japan maintaining a strong competitive edge. For the company, this is a field that fits just right with the direction the company is heading because it is a business that can be developed in multiple ways, including broadcasting, streaming, overseas sales, merchandise sales, and the holding of events.

We have been developing the Precure series for 20 years, and have accumulated knowledge in the aforementioned multi-development. Also, unlike Tokyo-based broadcasters, our Kansai location and collaborative corporate culture enable us to build strong relationships with Kansai-based production companies. This has allowed the company to build a very good relationship with Kyoto Animation, an animation production company that is very popular overseas, and to obtain overseas contact rights as a member of the production committee for the "Free!" and "Violet Evergarden" series, leading to the growth of the animation business. In addition, by carefully proposing partnerships with publishers and others of original works for each content, the company believes it can make steady progress in acquiring IP. At the same time, the company is focusing on creating original works that do not originate from manga, novels, etc.



"Lycoris Recoil," an original work created in collaboration with A-1 Pictures and Aniplex, aired in the late-night slot during the July 2022 season, and is well received on the Internet streaming, demonstrating the company's capabilities. It is one of the finest recent examples showcasing our capabilities. Further to our current "Japan originated=>Global markets" business model, we aim to explore commercial streaming using the "Overseas-originated=> Global markets" business model in the future.

The company plans to increase overall sales of its content business from 15.1 billion yen in FY03/2022 to 25 billion yen in FY03/2026. The animation business is expected to play a crucial role in this growth, with a sales target of 8 billion yen in FY03/2026 and 10 billion yen in FY03/2031.

The company is confident in the direction of the animation business expansion, following a positive response. To accelerate the business further, it reorganized its related entities in October 2023. Specifically, SILVER LINK., which handles animation production, Zero G Act, which handles merchandising, and CGCG Studio, which handles CG image production, have been placed under the umbrella of ABC ANIMATION, and are being operated as a single entity. As the results of these efforts emerge, we believe that the potential of this business can be envisioned more concretely.

Q3:

Strengthen drama business

In terms of content-related activities, the company intends to strengthen its drama business in addition to its animation business. Is it possible to develop content into multifaceted use on par with the animation business?

We take pride in our ability to accurately grasp the changing needs of viewers and have been providing high-quality programming for many years. Our fundamental competence lies in our ability to produce content.

Today, as monetization channels for video content expand to the Internet and overseas, we believe that we can expand commercial opportunities for non-animated content, including dramas, by demonstrating our ability to produce content with originality.

Therefore, from April 2023 onward, we have begun production of a nationally televised drama series in the 22:00 slot on Sunday nights. By working on original productions with original scripts, the company aims to make this the second pillar of growth after the animation business.

Furthermore, in April 2024, the company established a Content Strategy Headquarters in Asahi Television Broadcasting and incorporated ABC Frontier (involved in sales and marketing of live-action content), which was a fellow subsidiary of Asahi Television Broadcasting, into a subsidiary of Asahi Television Broadcasting. By creating this organizational structure, the company aims to develop a system that can simultaneously promote sales activities while being mindful of the multifaceted use of content, as the planning and production of content such as dramas progresses.

Currently, revenues from TVer streaming and other sources are on an increasing trend year after year. This includes contributions not only from variety shows but also from the above-mentioned dramas, and we are feeling a positive response. (Note: TVer is a Japanese ad-supported video-on-demand service.)



Q4:
Cross-shareholdings

The company has stated that it will proceed with business portfolio optimization and that it will review its assets as a source of activity for its growth strategy. Will there be an unwinding of cross-shareholdings?

In order to reform our business structure to one based on content, we want to generate sufficient resources for our activities without compromising the financial stability expected of a broadcaster. For this purpose, we would like to proceed with the divest of cross-shareholdings in addition to raising external funds, not only through flow earnings.

However, the cross-shareholdings have a considerable amount in our partners in the broadcasting and content businesses, and vis-a-vis by our partners. We will consider the appropriateness of selling these shares more carefully.

We also have many listed companies as major shareholders, and we imagine that they too are under pressure to evaluate the appropriateness of cross-shareholdings. If their confidence in our corporate value-enhancing measures increases, they will be more likely to continue to hold the shares, and the impact on the share price in the event of a sale should be minimized. In that sense, we need to steadily do what we can now to accelerate our growth strategy.

Q5:
Involvement in
Expo 2025 Osaka, Kansai,
Japan

What is your policy on the Expo 2025 Osaka, Kansai, Japan?

The Expo 2025 Osaka, Kansai, Japan will be held on Yumeshima, Osaka, from April 13 to October 13, 2025, the final year of the current medium-term management strategy.

We will first televise the "ACN EXPO EKIDEN 2025" on March 16, just before the EXPO, on a nationwide network.

Various events are scheduled to be held both inside and outside the venue during the event. We plan to actively participate in these events as business opportunities.

Q6:
Risk factors

Please list risk factors.

The size of the broadcast advertising revenue market itself depends on the business sentiment of advertisers, so a certain degree of volatility must be taken into account.

In the fiscal year ended March 31, 2024, a decline in TV spot commercial revenues pushed down earnings. Therefore, in addition to our growth strategy, we are also promoting a "group-wide review" to ensure that the decline in broadcast advertising revenue will not cause us to trim our efforts to strengthen content, which is the cornerstone of our medium- to long-term strategy. This is not a temporary measure to find room for cost reductions, but rather a measure to strengthen our management structure.

Regarding our content business, both for animation and drama creation, an upfront investment is necessary to build up content libraries, and a certain rate of failure is unavoidable. We will maintain disciplined investment and risk management practices, and we are grateful for the patience of our investors as we work towards building a substantial content library.

In the lifestyle business, customers' consumption behavior may cool down due to the declining birthrate, aging population, inflation, and rising interest rates.



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About the Company

Company and Business Overview

About the Company

Leading certified broadcast holding company in Kansai

Asahi Broadcasting Group Holdings ("the company") is a leading certified broadcast holding company and is the only certified broadcast holding company listed on the stock exchange in the Kansai region.

The company's television broadcasting business ranks first in the Kansai region and in all day (06:00-24:00) slot in both household viewer ratings and individual (all) viewer ratings, at 6.2% and 3.5% respectively (according to the company's FY03/2024 results materials, based upon Video Research data). The company is strong in the prime time slot (19:00-23:00) and has a reputation for its content production capabilities, as it produces programs that are well known nationwide.

The company's consolidated business scale for the fiscal year ended March 2024 is 90.4 billion yen in net sales, 832 million yen in operating income, and 884 million yen in loss attributable to shareholders of the parent company, with a market capitalization of approximately 28 billion yen.

History

Belongs to the same network affiliate as TV Asahi Corp.

Founded in 1951, the company developed radio and television broadcasting and was listed on the Second Section of the Osaka Securities Exchange in 1961. Later, following the merger of the Osaka and Tokyo Stock Exchanges, the company was listed on the Second Section of the Tokyo Stock Exchange and then the First Section of the Tokyo Stock Exchange, and has been listed on the Prime Market since April 2022.

Asahi Television Broadcasting Corp., a subsidiary of the company has been a member of the same TV network affiliated stations as its TV Asahi Corp., a subsidiary of TV Asahi Holdings Corp. (9409). In terms of TV program production and broadcast content, the company airs programs produced by TV Asahi and others in the Kansai region, provides programs produced by the company to TV Asahi's TV network, and airs programs produced by the company in the Kansai region. The company's in-house production ratio (hours of programming produced by each company in the group divided by total broadcast hours) was 38.8% in FY03/2023 (based on TV listings as of April) and has gradually increased over time.

The company's largest shareholder is The Asahi Shimbun Company (14.90% as of March 31, 2024), followed by TV Asahi Holdings (9.28%). Meanwhile, the company owns 1.45% of TV Asahi Holdings's shares.

In 2018, the company transitioned to a certified broadcast holding company, transferring its TV and radio broadcasting licenses to its subsidiaries Asahi Television Broadcasting Corp. and Asahi Radio Broadcasting Corp. respectively. As a certified broadcast holding company, the company must be an entity with the broadcasting business as its core business. On the other hand, the company is subject to foreign capital controls (e.g., foreign shareholders are not allowed to hold more than 20% of voting rights), which means that the management team has relatively large discretion in its decision-making.

Core Competence

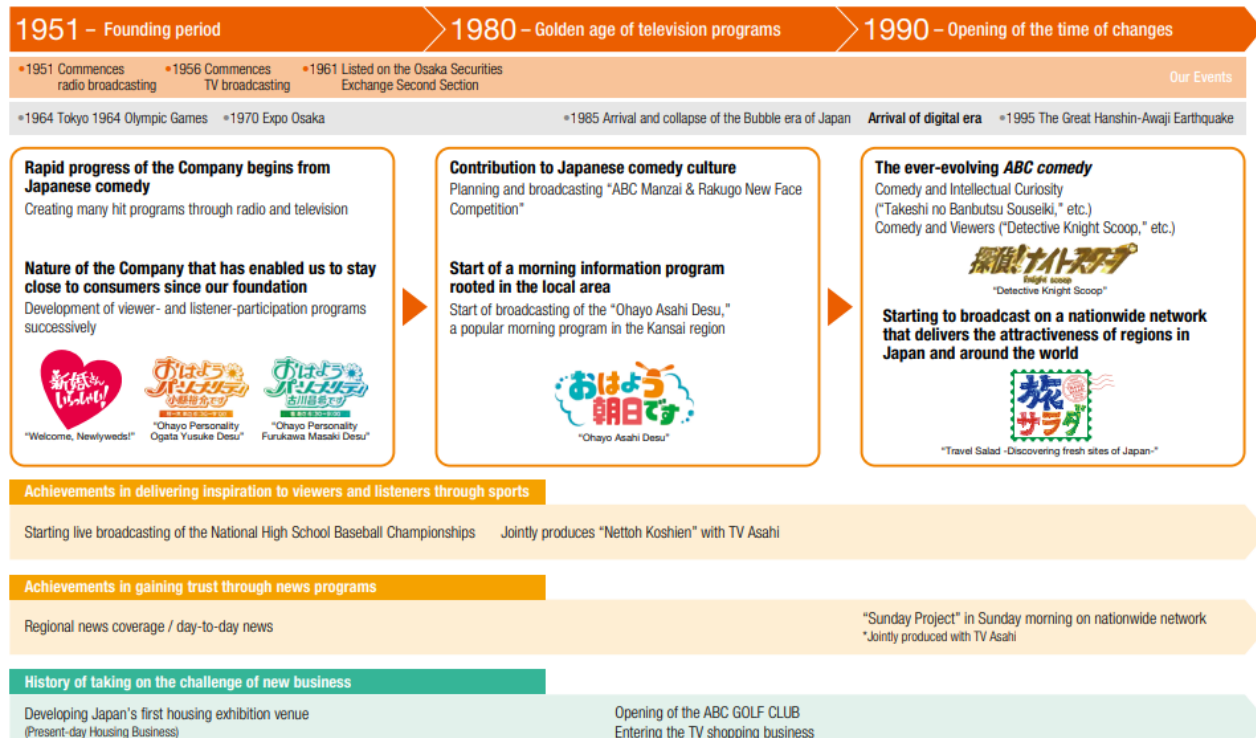
Core competence in
content production

The core competence of the company, rooted in its long history, lies in its consistent production of quality content that meets the evolving needs of the times. The historical transition of the company is shown below.

Figure 1. ABC Trajectory

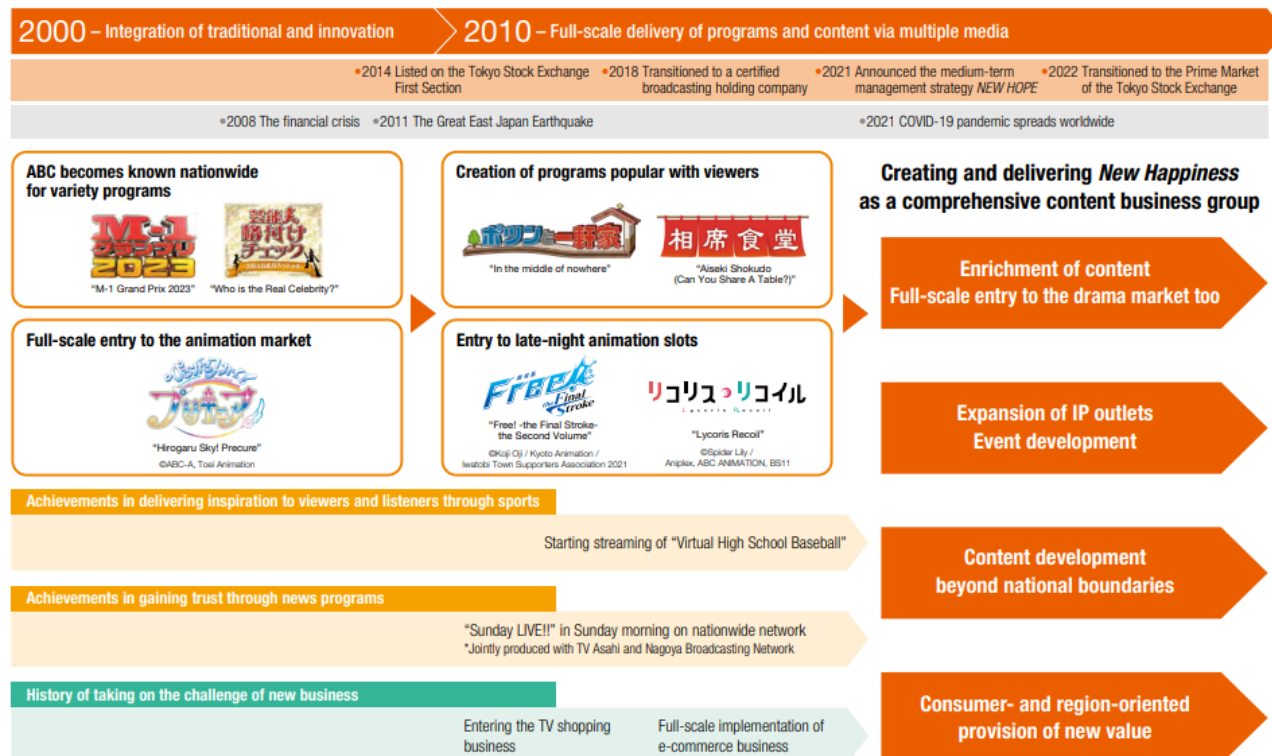
ABC Trajectory

Achievements in creating and delivering programs and content that have led the times by responding to changing times



Source: Company's Integrated Report 2023

Responding to the needs of the time by keeping consumers first, and aiming to become a comprehensive content business group



Source: Company's Integrated Report 2023

The company's strength lies not only in its ability to produce content of high commercial value but also in its ability to produce quality content of high social significance. Here are some recent examples.

Figure 2. Examples of High Quality Content with High Social Significance

ABC TV Wins Silver Award at the 2023 New York Festivals® TV & Film Awards

Asahi Television Broadcasting Corporation (ABC TV) proudly announces that our documentary program titled Children's Hospices A "Home Away from Home" Pulsing with Life was awarded Silver in the Documentary: Educational / Instructional category at the 2023 New York Festivals® TV & Film Awards. This is the first time ABC TV won the Silver.

In addition, our documentary program One Day, Dad Became a Woman made it to the Shortlist of this year's New York Festivals® TV & Film Awards in the Documentary: Social Issues category.



JBA Awards for Semi-Grand Prix, TV Div.

JBA Awards for Best TV Documentary & News Feature, Program Div.

Silver Award, Documentaries Category, WorldMediaFestivals

Silver, Documentary: Educational/Instructional Category, New York Festivals® TV & Film Awards

Incentive Award, Broadcasting Program/TV Documentary Category, HBF PRIZE

Outline: Pediatric cancer, heart disease, immunodeficiency... Statistics show there are over 20,000 children in Japan who are battling severe illnesses. Children's hospices are facilities where children with lengthy hospitalizations can get together with their siblings and parents. How do the children spend their time there and take back their natural childlike qualities? Japan's first private children's hospice, established in Osaka in spring 2016, has sown seeds that show promise of flowers blooming in places around the nation.

In addition to "Children's Hospices," "One Day, Dad Became a Woman," in which a father of two suddenly comes out and lives as a woman, won the Silver Award in the Documentaries Category at the WorldMediaFestivals, and many other works were recognized in domestic and international competitions in the first half of FY2023.

Source: Company's news releases

Integrity & Sustainability

Management Philosophy and Materiality

A strong creative group that continues to evolve while responding to change

The company's business philosophy is "The ABC Group continues to evolve as a dynamic and creative corporate organization, adapting to social change and contributing to the development of society,"

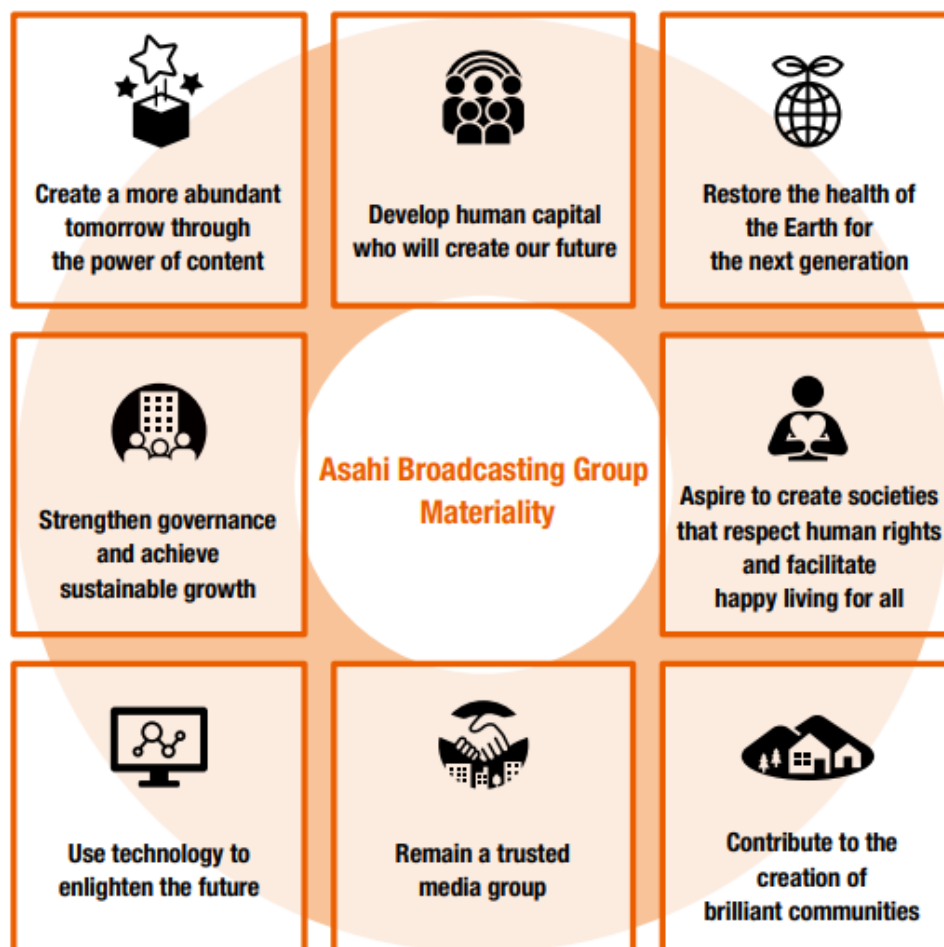
and it can be evaluated that the company is accurately orienting itself to the business environment and management issues it faces.

To "Comprehensive Content Business Group"

As we will see later, although the company boasts a solid business foundation in the broadcasting business in the Kansai region, the environment surrounding television broadcasting is becoming increasingly difficult. Therefore, the company is in a position to leverage its strength in production to steadily increase profitability in the content business and evolve into a "comprehensive content business group," thereby solidifying its broadcasting business base and improving capital efficiency. The company's policy of being an evolving creative group is a response to these demands.

The company has identified the following Materiality.

Figure 3. Materiality of Asahi Broadcasting Group Holdings



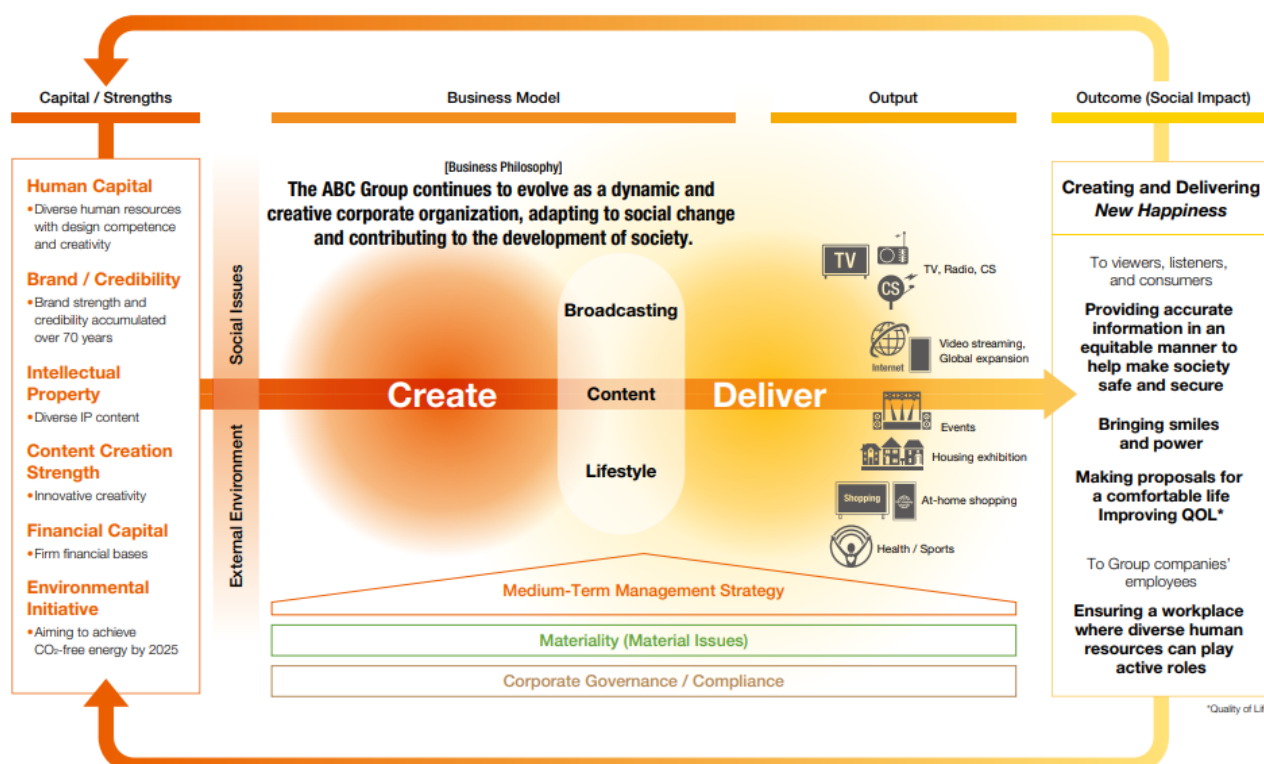
Source: Company's Integrated Report 2023

Value Creation Process and Business Segments

The company's business is divided into two segments: broadcasting and content business and lifestyle business. First, the company's overall value creation process is shown below.

Figure 4. Asahi Broadcasting Group Holdings' Value Creation Process

ABC Value Creation Process



Source: Company's Integrated Report 2023

Broadcasting and Content Business

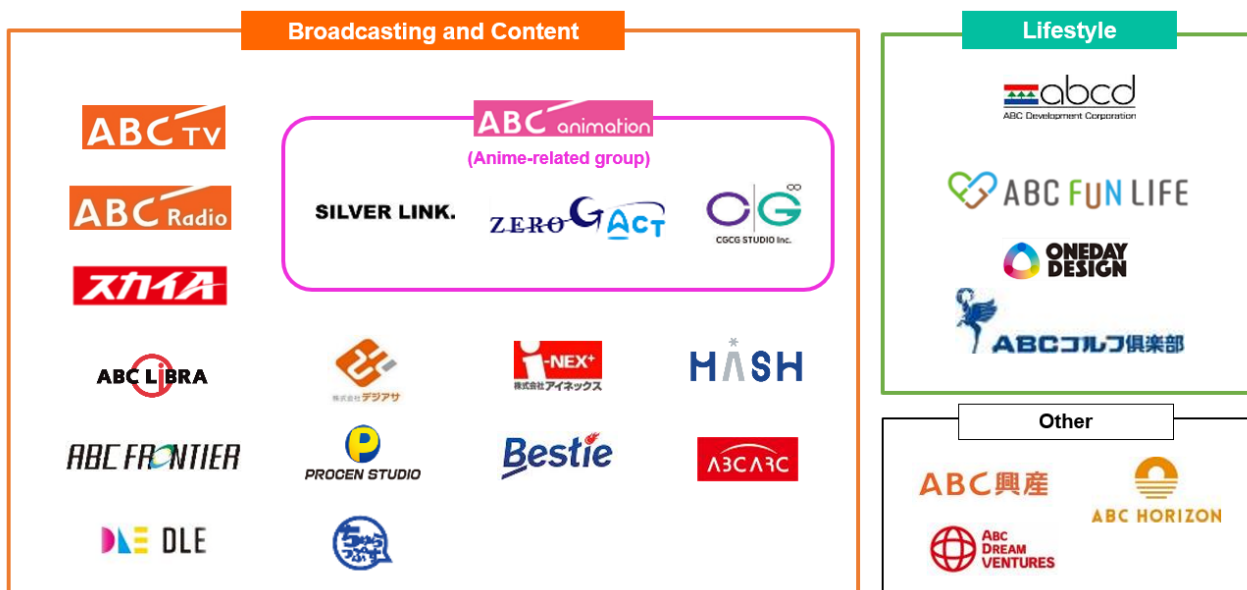
The broadcasting and content business is the company's core business, and in addition to TV broadcasting, radio broadcasting, CS broadcasting, program and other content production, and sports content planning and production, the company is expanding into animation content planning, creation, and production, copyright management, and theater and event planning and provision. The company's expansion into these content areas is relatively new, having only begun in earnest in 2016. Since then, the company acquired a number of companies and made them subsidiaries, resulting in sales to external customers of 76.7 billion yen, segment income of 0.9 billion yen (before adjustments), and segment assets of 72.1 billion yen in FY03/2024, accounting for 84%, 110%, and 58% of consolidated figures, respectively.

The breakdown of sales between Broadcasting and Content was 55.9 billion yen for the former and 20.6 billion yen for the latter.

Lifestyle Business

The Lifestyle Business is developing in an area adjacent to the Broadcasting and Content Business with the objective of planning and providing experiential value. Specifically, the company plans, operates, and manages housing exhibitions, operates a golf course, and operates an at-home shopping business, with FY03/2024 results of 13.7 billion yen in sales to external customers, 0.3 billion yen in segment income (before adjustments), and 29.8 billion yen in segment assets.

Figure 5. Business of the Asahi Broadcasting Group



Source: Company's IR materials



Business Environment

Business Environment Surrounding the Broadcasting Business

Mass Media Advertising Expenses

Gradual decline in TV media advertising spending

The company's core business is terrestrial TV broadcasting. We will summarize two aspects of the business environment related to this business.

First is the trend of advertising expenditures, the main source of revenue.

As is widely known, advertising expenditures for TV media are beginning to fall below those for Internet media, and the absolute amount is on a slight downward trend. This is a common trend in Japan, including the Kansai region, and should be taken into account when analyzing the company's broadcasting revenue base.

However, it is believed that the TV media still plays a certain important role for sponsors, and there is a strong possibility that the TV media will recover in monetary terms through the expansion of sponsors' earnings as the economy expands and exit from deflation takes hold. Rather than being a short-term risk factor for the company, it should be recognized as one that will force the company to diversify its sources of income over the medium to long term.

Internet Content

Establishment of Internet Content

Second, Internet Content has taken root.

It is needless to point out once again that viewing of paid and free video streaming services through smartphones, PCs, and tablet devices has taken root among individuals, and it can be inferred that the structure of competing for viewers' time share is strengthening.

Netflix, YouTube, and Amazon Prime Video offer a wide range of content, much of which is available on demand. They have a large global user base and can maximize the lifetime value of each piece of content by recurring use as stock content. This makes it possible to spend a great deal of money on content production. Furthermore, productivity improvement through the use of generative AI is also expected in the future.

In this way, the establishment of Internet Content is an existence that the company cannot ignore as it competes for viewers' time.

However, TV and radio broadcasting maintains a certain advantage over Internet-streamed content in terms of breaking news, accuracy, and objectivity. In addition, broadcasters with production capabilities such as the company can position themselves as beneficiaries of such a global video platform by providing content that can be stocked and globally streamed. This is a point to keep in mind in predicting the company's future.



Long-Term Performance Trends

Long-Term Performance Trends

What the Long-Term Performance Table Reveals

Highlights of the consolidated financial data for the 11-year period are as follows.

(Data through FY03/2023 is presented here because the most recent consolidated report was used at the time this report was prepared)

Figure 6. 11 Years Consolidated Financial Data Highlights

(Fiscal Year)	3/2013	3/2014	3/2015	3/2016	3/2017	3/2018	3/2019	3/2020	3/2021	3/2022	3/2023
(Unit: million yen)											
Profit and loss											
Net sales	78,847	81,484	80,691	81,059	82,302	80,991	81,986	82,937	78,344	85,100	87,028
Gross profit	28,766	29,131	27,823	27,104	28,514	27,985	28,522	27,977	25,951	29,518	28,861
Selling, general and administrative expenses	23,017	23,339	23,138	23,039	23,541	23,735	24,260	24,588	23,256	25,315	26,366
Operating income	5,748	5,791	4,684	4,064	4,972	4,250	4,262	3,388	2,694	4,203	2,594
Ordinary income	5,820	6,025	4,830	4,407	5,261	4,539	4,591	3,633	3,033	4,792	2,661
Profit attributable to owners of parent	2,774	3,254	2,203	2,372	3,416	2,691	3,742	2,278	(930)	2,671	1,354
Cash flows											
Cash flows from operating activities	6,271	7,350	5,947	(126)	6,806	4,803	3,286	4,546	5,952	4,689	2,951
Cash flows from investing activities	(5,317)	(3,934)	(6,562)	209	(579)	(5,113)	(2,394)	2,655	(10,311)	(4,276)	(5,046)
Free cash flow	953	3,415	(615)	83	6,226	(309)	892	7,201	(4,359)	412	(2,095)
Cash flows from financing activities	(3,385)	(1,576)	(1,757)	(1,860)	(1,202)	(2,260)	(53)	3,203	4,583	543	(1,610)
Financial position (as of the end of fiscal year)											
Total assets	93,986	97,833	103,116	99,596	101,979	102,680	107,788	114,786	119,079	123,788	122,305
Interest-bearing liabilities	3,904	2,975	1,946	1,014	592	495	981	6,674	11,910	12,518	12,187
Shareholders' equity	56,495	58,625	54,554	53,279	56,750	61,625	65,223	65,230	66,035	66,975	69,259
Per-share data											
Profit (loss) attributable to owners of parent (EPS) (JPY)	67.93	79.70	53.95	58.11	83.66	65.92	91.55	55.63	(22.69)	64.97	32.42
Net assets per share (BPS) (JPY)	1,383.45	1,435.60	1,335.91	1,304.70	1,389.70	1,509.06	1,594.83	1,591.64	1,609.44	1,604.91	1,659.63
Dividend (JPY)	12	16	18	18	26	20	28	18	10	24	16
Payout ratio	17.7%	20.1%	33.4%	31.0%	31.1%	30.3%	30.6%	32.4%	—	36.9%	49.4%
Financial indicators											
Operating income margin ratio	7.3%	7.1%	5.8%	5.0%	6.0%	5.2%	5.2%	4.1%	3.4%	4.9%	3.0%
Ordinary income margin ratio	7.4%	7.4%	6.0%	5.4%	6.4%	5.6%	5.6%	4.4%	3.9%	5.6%	3.1%
Return on equity (ROE)	5.0%	5.7%	4.2%	4.4%	6.2%	4.5%	5.9%	3.5%	(1.4%)	4.0%	2.0%
Equity-to-asset ratio	60.1%	59.9%	52.9%	53.5%	55.6%	60.0%	60.5%	56.8%	55.5%	54.1%	56.6%
Capital investment	2,416	2,960	2,641	4,474	3,900	5,477	2,689	2,585	5,116	8,468	7,991
Depreciation and amortization	3,567	3,394	3,347	3,299	2,841	2,971	3,031	3,223	3,088	3,246	3,740
Non-financial data											
Number of Group employees (consolidated basis)	845	850	869	883	907	918	1,167	1,356	1,456	1,509	1,561
Television viewer ratings [Household]											
According to Video Research surveys (Kansai)											
All Day (6:00-24:00) (Ranking)	8.1% (1st)	7.8% (3rd)	7.5% (2nd)	7.4% (2nd)	7.6% (2nd)	7.4% (2nd)	7.3% (4th)	7.3% (3rd)	7.5% (3rd)	7.0% (2nd)	6.4% (2nd)
Golden Time (19:00-22:00) (Ranking)	12.8% (1st)	12.2% (1st)	11.3% (2nd)	11.1% (2nd)	11.1% (2nd)	10.8% (2nd)	10.8% (3rd)	10.9% (2nd)	10.8% (3rd)	10.1% (3rd)	9.7% (1st)
Prime Time (19:00-23:00) (Ranking)	13.5% (1st)	12.8% (1st)	12.1% (2nd)	11.7% (2nd)	11.7% (2nd)	11.3% (2nd)	11.3% (2nd)	11.5% (1st)	11.4% (1st)	10.6% (1st)	10.0% (1st)
Prime 2 (23:00-25:00) *1:00 on the next day (Ranking)	9.6% (1st)	9.5% (1st)	8.8% (1st)	8.4% (1st)	8.2% (1st)	7.6% (1st)	7.1% (2nd)	6.5% (2nd)	6.0% (2nd)	5.5% (2nd)	5.2% (2nd)
Television viewer ratings [Individual (All)]											
According to Video Research surveys (Kansai)											
All Day (6:00-24:00) (Ranking)	—	—	—	—	—	3.9% (2nd)	3.9% (3rd)	3.9% (3rd)	4.0% (3rd)	3.8% (2nd)	3.6% (2nd)
Prime Time (19:00-23:00) (Ranking)	—	—	—	—	—	6.3% (2nd)	6.5% (2nd)	6.6% (2nd)	6.6% (2nd)	6.1% (2nd)	5.9% (2nd)
In-house production ratio ²⁾	35.7%	34.0%	34.1%	35.0%	34.9%	34.0%	33.8%	36.9%	38.0%	37.6%	38.8%
Total waste volume ³⁾	196.2t	179.9t	206.2t	210.9t	207.9t	192.4t	178.2t	195.9t	161.7t	157.5t	173.1t
Recycle rate	60.6%	65.7%	68.4%	68.0%	68.0%	67.2%	70.8%	72.2%	71.2%	69.7%	74.0%

Note 1: The stock was split 10 for 1 in July 2010.

Note 2: In-house production ratio is calculated by the number of program hours produced by Asahi Broadcasting Group companies divided by the total number of broadcasting hours (based on TV listings as of April)

Note 3: Total waste generated at the head office and annex building

Source: Company's Integrated Report 2023

Steady expansion of scale while maintaining financial soundness

On a positive note, it can be pointed out that total assets have generally increased steadily and sales have been building up, while the equity ratio has been maintained at a high level in the mid-50% range. The company's cash outlay for capital expenditures and investment activities is also commendable.

Profitability challenges

On the other hand, the company's issues include sluggish growth in operating income, etc.; a decline in the operating margin from the previous high single-digit percentage (7.3% in FY03/2013) to the low single-digit percentage (3.0% in FY03/2023 and 0.9% in FY03/2024); a general downward trend in ROE since achieving 6.2% in FY03/2017, which was 2.0% in FY03/2023 and -1.2% in FY03/2024. Although there is a minimum dividend per share, the actual dividend is linked to net income and cannot be considered a stable dividend (The company's dividend calculation method has a minimum limit of 12 yen, and the dividend payout ratio is based on the deemed net income based on operating income, not net income).

Medium-Term Management Strategy "NEW HOPE"

Medium-Term Management Strategy "NEW HOPE"

Based on the above overview of the company's financial challenges, we will now review the company's management strategy.

Medium-Term Management Strategy 2021-2025 "NEW HOPE"

In May 2021, the company announced its medium-term management strategy, "NEW HOPE." This is a five-year plan covering the period from 2021 to 2025.

The company's priority targets for the five-year period are as follows.

Medium-Term
Management Strategy 2021-2025
Priority targets of "NEW HOPE"

In the first fiscal year, FY03/2022, the company achieved net sales of 85.1 billion yen and operating income of 4.2 billion yen, but the financial target is to increase net sales to 100 billion yen in FY03/2026.

Figure 7. Priority Targets of "NEW HOPE"

NEW HOPE 2021-2025 Vision and Priority Targets

Creating and Delivering New Happiness

To become a *comprehensive content business group* that *creates* and *delivers* content that enriches society and lives, helping everyone find their own sense of happiness.

〈Priority Targets〉

1. Strengthen and diversify human resources throughout the group
2. Leverage the power of broadcasting, and strengthen and deepen group collaboration
3. Build a data utilization system and pursue the use of digital technologies
4. Create businesses that contribute to regional revitalization and solutions to social issues

Achieve consolidated sales of 100 billion yen by FY2025

Source: Company's 2021-2025 Medium-Term Management Strategy "NEW HOPE" 2nd STAGE <Rolling Plan 2023>

The company positions the group's greatest strengths as its "diverse content" and "human resources that create content," and it aims to maximize these strengths to achieve further growth. Details of the numerical targets are as follows.

1. Aiming for net sales of 100 billion yen and operating income of 5.7 billion yen in FY03/2026.
2. This would be an increase of approximately 15 billion yen in net sales and an increase of approximately 1.5 billion yen in operating income compared to the FY03/2022 results of 85.1 billion yen in net sales and 4.2 billion yen in operating income.
3. The targets for FY03/2026 by segment are as follows, with each of the two segments aiming to steadily increase sales and profits.
 - a. Broadcasting and Content Business:
Net sales 81.0 billion yen (approximately 10.0 billion yen increase from FY03/2022), operating income 4.5 billion yen (approximately 900 million yen increase from FY03/2022)
 - b. Lifestyle Business:
Net sales 19.0 billion yen (up approximately 5.2 billion yen from FY03/2022), operating income 1.65 billion yen (up approximately 0.8 billion yen from FY03/2022)

Figure 8. Financial Plan to 2025

● Financial Plan announced in May 2023

(Millions of yen)

▼ By reportable segment	FY2021 (actual)		FY2022 (actual)		FY2023		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	75,400	2,300	77,700	3,300	81,000	4,500
Lifestyle	13,751	874	14,061	433	14,600	600	16,300	1,050	19,000	1,650
Total	85,100	4,203	87,028	2,594	90,000	2,500	94,000	3,900	100,000	5,700
							The financial plan announced in May 2024			
▼ 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	77,000	2,200	81,000	4,500
Lifestyle	13,751	874	14,061	433	13,751	373	14,000	600	19,000	1,650
Total	85,100	4,203	87,028	2,594	90,452	832	91,000	2,200	100,000	5,700

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

Source: Company's IR materials



Growth Investment Strategy

In May 2023, the company established the following four points as its three-year long investment strategy for the second half of the overall medium-term business plan.

1. Leverage M&A and corporate venture capital (ABC DREAM VENTURES) to secure functions and resources in line with the strategy of each content/lifestyle business.
2. Strengthen investment in the digital domain, aiming to create businesses through DX.
3. Maximize the knowledge and skills of each employee and strengthen human capital investment, aiming to become a group (Human Resources Crossroads) attracting talented professionals inside and outside our organization.
4. Invest in the creation of businesses that contribute to society.

Financial Strategy

Then, the next three points are related to financial strategies.

1. Optimize the business portfolio by allocating management resources with a conscious of the cost of capital for investments.
2. Increase corporate value as a comprehensive content business group through ongoing investment in growth to achieve our medium-term management strategy.
3. Aim to maximize optimal funding sources and efficiencies to maintain an appropriate balance between financial health and financial leverage.

Aiming for ROE over 5% first by strengthening selection and concentration

In November 2023, the company made a more aggressive statement in this regard. Namely

1. Shift management resources and capital into strategic areas through selection and concentration.
2. Focus areas of investment will be "scaling up functions in our Content Business and Lifestyle Business, increasing investments in DX-related fields, and investing in human capital."
3. Unwind cross-shareholdings and use external financing as well.
4. Achieve medium-term management strategy and target ROE of 5% or more in the fiscal year ending March 2026.

"Group-wide review" to be promoted in the fiscal year ending March 31, 2025.

As will be mentioned later, the fiscal year ended March 31, 2024, was a difficult one, with increased revenues but significantly reduced profits. Therefore, under the leadership of the President, a "group-wide review" is currently underway, to identify the gap between the current severe situation and the target for the fiscal year ending March 31, 2026, and implementing appropriate measures on a company-wide basis as soon as possible.

The gist of it is

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



This approach aims to enhance the effectiveness of the above-mentioned business portfolio management, with a conscious of the cost of capital. As a result, even if TV advertising revenue falls short of expectations during the heavy investment phase in its content business, the company will maintain profit/loss stability and establish a system that continuously strengthens its content business.

Furthermore, during the financial results meeting, the President announced the company's intention to closely examine its core competencies and current business choices to optimize its portfolio.

Although we will have to wait for further reports on the specific measures to be taken, this will be a touchstone of the company's seriousness, and therefore, is highly watched by investors.

Ongoing reorganization

From FY03/2024 onward, the company has aggressively reorganized its animation and live-action content-related businesses to improve efficiency.



Progress of Focused Businesses

Progress in Broadcasting and Content Business

Content Business, the Core of Growth

As mentioned earlier, the company's strategy is to grow both its broadcasting/content and lifestyle businesses. However, growth in the broadcasting and content business is the key to the company's medium- to long-term business upside.

The following is a summary of the company's progress in this business.

Content Business Overview

Content business to drive growth

Sales in this business are steadily increasing.

The company achieved net sales of 15.1 billion yen in FY03/2022, 17.3 billion yen in FY03/2023, 20.6 billion yen in FY03/2024, and forecasts 21.0 billion yen in FY03/2025, putting it within reach of the 25.0 billion yen target for FY03/2026, the landing point for the company's medium-term management strategy.

This business consists of TV dramas, variety shows, documentaries, animation, events, stage performances (theatrical performances), music, and contract production.

Among these, the animation business is positioned as a key driver for growth.

Animation Business

Key driver of growth

The animation business

It is assumed that the animation business generated sales of approximately 5.5 billion yen in FY03/2022, 6 billion yen in FY03/2024, and is expected to reach 8 billion yen in FY03/2026, the landing point for the mid-term management strategy.

Animation market continues to grow worldwide

According to the company, the Japanese animation industry market continues to grow, driven by growth in overseas markets, and the global animation market is expected to exceed a CAGR of 5% during the 10-year period from 2021 to 2030, reaching \$587 billion in 2030. Furthermore, the 3D animation market is expected to grow rapidly.

Driven by
ABC ANIMATION, INC.

The company has used the multifaceted development of the Precure series, now celebrating its 20th anniversary, as one model case. Currently, ABC ANIMATION, established in 2016, is the driving force behind the company's aggressive business expansion through new business launches and M&As.

The animation business now has more than 300 employees, and the company plans to move beyond acquiring domestic IP, strengthening multi-use, and expanding overseas. The company aims to originate creation overseas for global marketing, with the goal of reaching 10 billion yen in sales by 2030.

Once this business exceeds a certain size, it will become a stock-type recurring business with a high margin profit ratio, and it has the potential to transform the company's entire profit structure. Although there is a high degree of uncertainty as to whether or not each creation will be a hit, it has the potential to transform the company's medium-term performance with just one major hit, and therefore the stock market is likely to pay increasing attention.

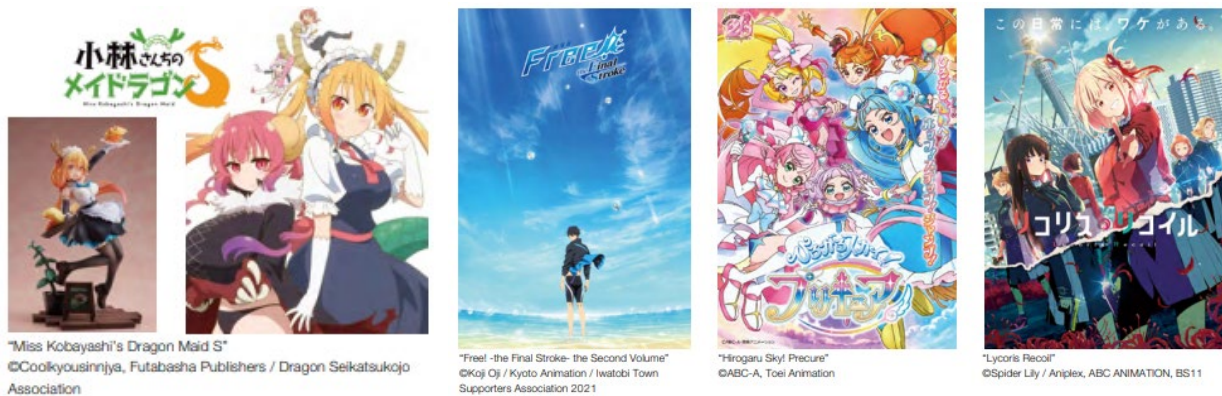


Figure 9. Business Portfolio Optimization: Animation Business Initiatives

Business Portfolio Optimization: Animation Business Initiative



Source: Company's Integrated Report 2023



Drama as a New Pillar

Making drama a new pillar of the Content Business

The company is shifting its conception of live-action content, such as dramas and variety shows, which have supported its broadcast advertising business, away from the TV program listings and toward content-driven production with TVer and various other streaming platforms in mind. As a result, the company will be able to monetize nationwide its unique and challenging content production capabilities, which have been cultivated in Kansai, Japan's second largest metropolitan area, and which are different from those of the Tokyo key stations. It also has the potential to enhance content.

An example of such success is the Kansai local variety show “Aiseki Shokudo” on TVer. It has been the number one variety show produced in the Kansai region in terms of views and has won the “TVer Award” special prize for four consecutive years. (Note: TVer is a Japanese ad-supported video-on-demand service.)

In the spring of 2023, the company launched “ABC TV's first independent, nationally televised drama series” in 28 years. In the highly competitive Sunday night time slot of 10:00 p.m., the company is expanding its lineup of high-quality original IP by introducing “original works” with “original scripts” created in collaboration with renowned scriptwriters.

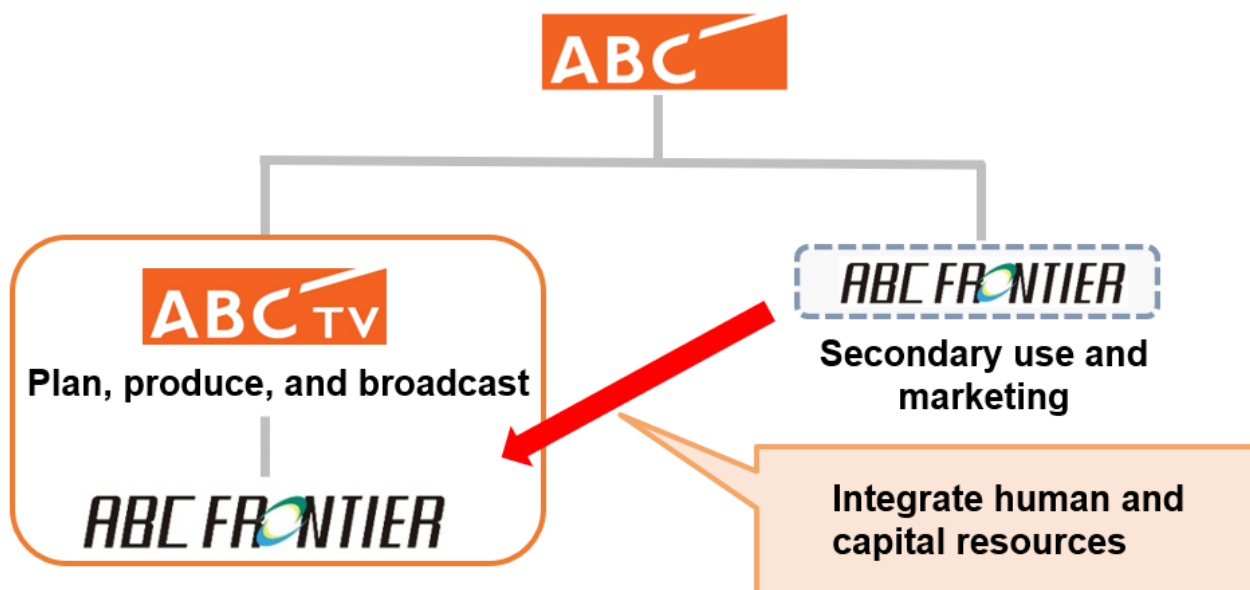
Behind this move is a structural change in the business environment, with the rise of video platforms in Japan and abroad increasing the monetization potential of drama content, allowing producers with planning and production capabilities to enter this market without being limited by their own financial resources.

In April 2024, Asahi Television Broadcasting established a Content Strategy Headquarters and incorporated ABC Frontier, previously a subsidiary fellow involved in sales and marketing of live-action content, as a subsidiary.

As a result, from the planning stage of live-action content, our production team will work closely with the sales and marketing team to create “sellable content and IP” through a wide range of channels.

It can be said that the company is not on the defensive in response to these changes in the business environment but rather is going on the offensive by utilizing its production capabilities, and expectations are high for future results.

Figure 10. Business Portfolio Optimization: Reorganization of Live-action Content Domain



Aiming to establish a strategic promotion system for IP development and sales, and work towards becoming a studio

Source: Company's IR materials

Current Performance Trends

Performance Trends for FY03/2024

FY03/2024 financial results showed fragility in the midst of transformation

For the fiscal year ended March 31, 2024, the company posted a challenging performance, with net sales of 90.4 billion yen (+3.9% YoY), operating income of 832 million yen (-67.9% YoY), ordinary income of 723 million yen (-72.8% YoY), and loss attributable to shareholders of the parent company of 884 million yen (turning into a loss for the year).

The Broadcasting and Content business posted higher sales and lower profits, while the Lifestyle business posted lower sales and profits.

TV spot advertising revenue declined in the market as a whole at a time when content development costs were rising, and this was not offset by growth in animation and Internet streaming, or by the lifestyle business, compounded by delays in the development of new ventures. Those events hit a weak point in the earnings structure.

The company posted an extraordinary loss of 1,251 million yen due to impairment loss, loss on investment business, and loss on valuation of investment securities, which contributed to the net loss.

Figure 11. Segment Information

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	—

Source: Company's Earnings for Fiscal 2023(FY03/2024) Presentation material

Performance Trends for FY03/2025

Aiming for recovery, but not to a large extent

For the fiscal year ending March 31, 2025, the company forecasts net sales of 91.0 billion yen (+0.6% YoY), operating income of 2.2 billion yen (+164.2% YoY), ordinary income of 2.3 billion yen (+218.1% YoY), and profit attributable to shareholders of the parent company of 1.5 billion yen (to return to profitability).

Both the Broadcasting/Content and Lifestyle businesses plan to increase sales and profits.

In the former, broadcasting revenues are expected to decline slightly, while the content business plans higher revenues. In terms of profit and loss, the company plans to increase profits by reducing program production costs and improving efficiency.

The latter incorporates the effects of the reorganization of TV shopping programs and the acquisition of apparel brands.

Thus, the expectation of a profit recovery is favorable. However, (although the company's profit forecast attributable to shareholders of the parent company is expected to exceed the FY03/2023 result at 1.5 billion yen), the forecasted amounts of operating income and ordinary income are not expected to recover to the FY03/2023 actual level.

Due to the significant gap in reaching the operating income target of 5.7 billion yen for the fiscal year ending March 31, 2026, there is an increasing expectation for the outcome of the "group-wide review" and a focus on enhancing monetization in the content business.

Figure 12. Forecast for FY03/2025 by Segment

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	—

Source: Company's Earnings for Fiscal 2023(FY03/2024) Presentation material



Stock Price Trends

Stock Price Trends

Long-Term Stock Price Trends

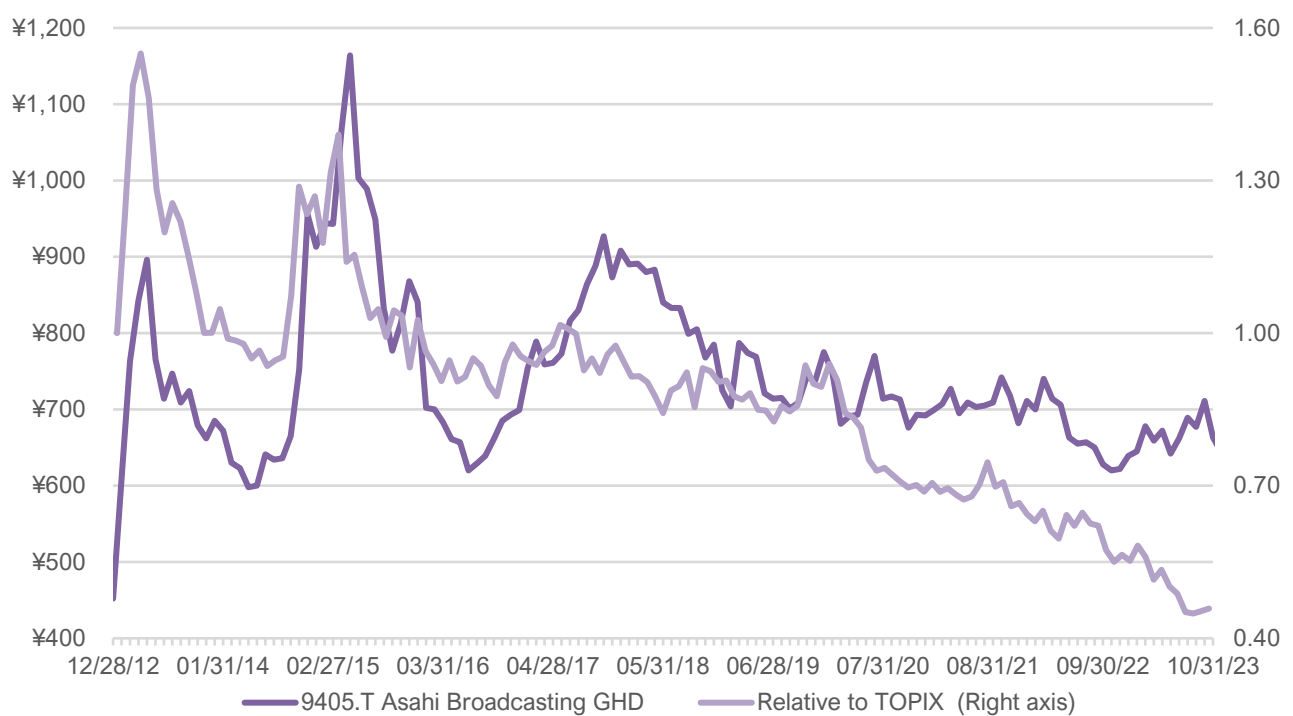
Stock prices remain in the box, but no benefit is seen from the rise in TOPIX

The long-term trends of the company's stock price and its relative price to TOPIX are shown.

The share price showed a large swing until 2019, but after 2020, it has been hovering around 700 yen in a range of 630-750 yen.

On the other hand, the relative stock price against TOPIX has been declining since 2020. This is because the company's stock has not met the rising expectations of earnings growth, management reforms, and capital efficiency improvements in the Japanese stock market as a whole.

Figure 13. Long-Term Stock Price Trends



Note: Prepared by Global IR, Inc. based on month-end closing prices

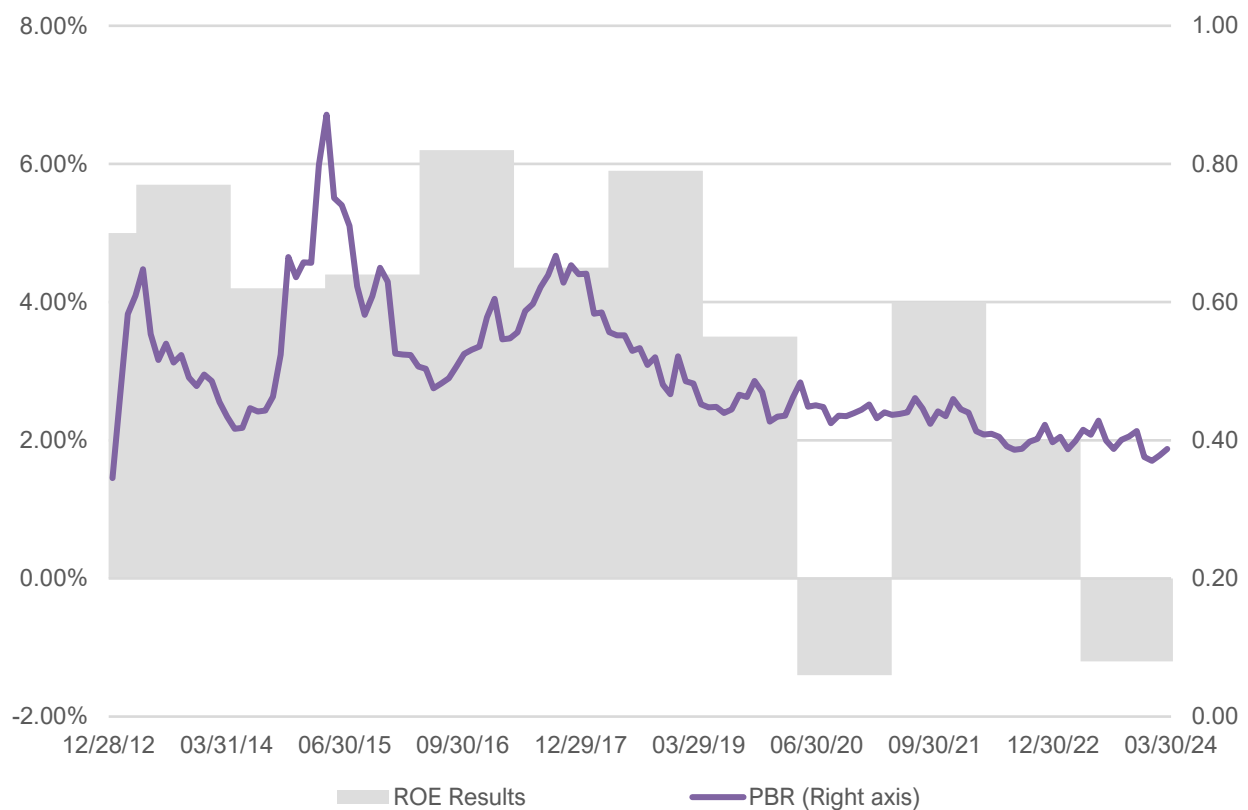
ROE and PBR Over Time

Declining ROE
PBR to remain low

Next, we will review the company's ROE and P/B ratios.

Over the long term, ROE has been on a downtrend in recent years, and consequently, PBR has fallen to around 0.4x. The company has yet to find a catalyst for improving its PBR.

Figure 14. Long-Term Trends in ROE and PBR



Note: Prepared by Global IR, Inc. based on month-end closing prices



Future Highlights

Catalyst for future stock price movement

Time for the right strike, time for results

Business restructuring is the right direction, but upfront investment may continue for the time being

The description above is a summary of the company's trends. The company's medium-term management strategy and its updates are appropriate measures, and the company has been swift in launching additional measures as indicated by the reorganization of the content business and the group-wide review, which are generally positive.

However, the company's ROE and other earnings levels are not high enough to compare with those of the average Japanese listed company, and any improvement will require a clear path for the content business to build up its pipeline and maximize its value, and for the burden of upfront investment in this business to peak out.

Achieving the financial targets for the final year of the mid-term strategy will not be easy, especially in terms of profits.

Have stock prices factored in negative factors?

At a P/B ratio of 0.4x, chances are that negatives have already been priced in

On the other hand, the share price has already fully factored in these negative factors (business structure). The company's P/B ratio is around 0.4x, EV/Ebitda ratio is only about 3-4x, and the company's net cash position, where cash and deposits exceed interest-bearing debt, suggests that there is not much downside concern for the stock price.

There was a release on May 1, 2024, regarding the landing of earnings for the fiscal year ended March 31, 2024, but the stock price reaction was notably subdued.

In other words, it is necessary to recognize that the current stock price is poised to respond to positive news. If a favorable catalyst emerges that increases the likelihood of the company achieving its ROE target of 5% in FY03/2026, or indications of further ROE improvement beyond that, we can assume that the stock price will move up from the boxed range and enter an upward trend.

What to expect as a positive catalyst for stock prices

Scope for positive catalysts

The following is a list of the positive catalysts expected from the company.

The company's challenging financial results for the fiscal year ended March 31, 2024, could be an important stepping stone for its transformation into a "comprehensive content business group."

Continued leadership from the President and timely disclosure of information to shareholders could also be key drivers.



[Catalyst to look forward to]

- ◆ Improve the certainty of the FY03/2026 numerical targets
- ◆ Unfold more flexible cost structure
- ◆ Explanation of the specific level of cost of capital and the level of return (ROE, etc.) to be aimed for in the long term and the basis for that return
- ◆ Mapping of business portfolios, evaluation of synergies among businesses, and stepping in to concentrate and select businesses based on this assessment
- ◆ Proactively redeem cross-shareholdings and non-core business assets and use the proceeds for business investments
- ◆ Make sufficient investments in the content business and manage progress after investments, and accelerate the timeline for monetization of these businesses
- ◆ Enhance content pipeline and build on best practices
- ◆ Clearly state capital allocation policy
- ◆ Adoption of a more downwardly rigid and progressive dividend policy than before



Management Indicators

Consolidated Statements of Income (Millions of yen)

Accounting period	FY03/2018	FY03/2019	FY03/2020	FY03/2021	FY03/2022	FY03/2023	FY03/2024	FY03/2025 CE
Net Sales	80,991	81,986	82,937	78,344	85,100	87,028	90,452	91,000
YoY	-1.6%	1.2%	1.2%	-5.5%	8.6%	2.3%	3.9%	0.6%
Gross Profit	27,985	28,522	27,977	25,951	29,518	28,961	27,546	
YoY	-1.9%	1.9%	-1.9%	-7.2%	13.7%	-1.9%	-4.9%	
Gross Profit Margin	34.6%	34.8%	33.7%	33.1%	34.7%	33.3%	30.5%	
SG&A	23,735	24,260	24,588	23,256	25,315	26,366	26,714	
YoY	0.8%	2.2%	1.4%	-5.4%	8.9%	4.2%	1.3%	
Operating Income	4,250	4,262	3,388	2,694	4,203	2,594	832	2,200
YoY	-14.5%	0.3%	-20.5%	-20.5%	56.0%	-38.3%	-67.9%	164.4%
Operating Income Margin	5.2%	5.2%	4.1%	3.4%	4.9%	3.0%	0.9%	2.4%
Ordinary Income	4,539	4,591	3,633	3,033	4,792	2,661	723	2,300
YoY	-13.7%	1.2%	-20.9%	-16.5%	58.0%	-44.5%	-72.8%	218.1%
Profit Attributable to Shareholders of Parent Company	2,691	3,742	2,278	-930	2,671	1,354	-884	1,500
YoY	-21.2%	39.0%	-39.1%	turning deficit	turning profit	-49.3%		
Net Profit Margin	3.3%	4.6%	2.7%	-1.2%	3.1%	1.6%	-1.0%	1.6%

Note: CE=Company Estimate.

Per-share data (yen)

Accounting period	FY03/2018	FY03/2019	FY03/2020	FY03/2021	FY03/2022	FY03/2023	FY03/2024
Total number of shares issued and outstanding (thousand shares)	40,837	40,897	40,983	41,030	41,732	41,732	41,774
EPS	65.9	91.6	55.6	-22.7	65.0	32.4	-21.2
EPS Adjusted							
BPS	1509.1	1594.8	1591.6	1609.4	1604.9	1659.6	1,748.0
DPS	20.0	28.0	18.0	10.0	24.0	16.0	12.0



Consolidated Balance Sheets (Millions of yen)

Accounting period	FY03/2018	FY03/2019	FY03/2020	FY03/2021	FY03/2022	FY03/2023	FY03/2024
Current assets	33,379	37,852	47,307	46,664	49,744	46,385	45,393
Cash & deposits, marketable securities	16,513	16,537	27,252	27,983	28,301	24,459	25,553
Tangible fixed assets	38,928	37,837	36,944	39,760	41,550	41,181	41,759
Intangible fixed assets	1,184	1,381	1,485	2,995	3,472	3,229	2,292
Investments & other assets	29,186	30,716	29,024	29,614	28,985	31,483	33,763
Investment securities	18,376	18,406	17,299	18,606	16,900	17,928	19,293
Deferred assets			24	44	34	25	16
Total assets	102,680	107,788	114,786	119,079	123,788	122,305	123,225
Total current liabilities	12,496	13,129	13,647	15,112	18,520	19,601	22,665
Total long-term liabilities	26,820	27,609	32,047	34,266	34,770	30,257	24,406
Total liabilities	39,316	40,738	45,694	49,378	53,290	49,859	47,072
Shareholders' equity	61,625	65,223	65,230	66,035	66,975	69,259	73,022
Total net assets	63,363	67,049	69,091	69,700	70,497	72,445	76,153
Interest-bearing debt	495	981	6,674	11,910	12,518	12,187	14,122

Cash flows (Millions of yen)

Accounting period	FY03/2018	FY03/2019	FY03/2020	FY03/2021	FY03/2022	FY03/2023	FY03/2024
Capital expenditures	5,477	2,689	2,585	5,116	8,468	7,991	4,094
Depreciation and amortization of goodwill	2,971	3,031	3,263	3,140	3,373	3,854	3,743
Cash flows from operating activities	4,803	3,286	4,546	5,952	4,689	2,951	5,658
Cash flows from investing activities	-5,113	-2,394	2,655	-10,311	-4,276	-5,046	-5,659
Cash flows from financing activities	-2,260	-53	3,203	4,583	543	-1,610	1,145

Financial Data (%)

Accounting period	FY03/2018	FY03/2019	FY03/2020	FY03/2021	FY03/2022	FY03/2023	FY03/2024
Return on Assets (ROA)	4.4%	4.4%	3.3%	2.6%	3.9%	2.2%	0.6%
Return on Equity (ROE)	4.5%	5.9%	3.5%	-1.4%	4.0%	2.0%	-1.2%
Equity-to-Asset Ratio	60.0%	60.5%	56.8%	55.5%	54.1%	56.6%	59.3%

Source: Prepared by Global IR, Inc. based on company securities reports and company IR materials.

Note: Rounded to the nearest million yen, rounded to one decimal place *Calculated by Global IR, Inc.

Shareholder Information

Figure 15. Shareholder Information

[Status of Major Shareholders] Updated

Name / Company Name	Number of Shares Owned	Percentage (%)
The Asahi Shimbun Company	6,224,900	14.90
TV Asahi Holdings Corporation	3,877,600	9.28
Kosetsu Museum of Art Public-interest Incorporated Foundation	2,930,000	7.01
Teikyo University	1,571,000	3.76
Asahishimbun Credit Cooperative	1,500,000	3.59
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,450,711	3.47
Osaka Gas Co., Ltd.	1,065,000	2.55
Shimamura Yoshihiro Eiga Kikaku Co., Ltd.	801,000	1.92
Kintetsu Bus co., ltd.	800,000	1.92
Takenaka Corporation	776,600	1.86

Controlling Shareholder (except for Parent Company)	-
Parent Company	None

Supplementary Explanation Updated

1. Major shareholders are as listed in the current register of shareholders as of March 31, 2024.
2. The Company holds 58,521 shares of treasury stock.
3. Ratio calculations exclude treasury stock.

Source: Company's Corporate Governance Report (June 28, 2024)

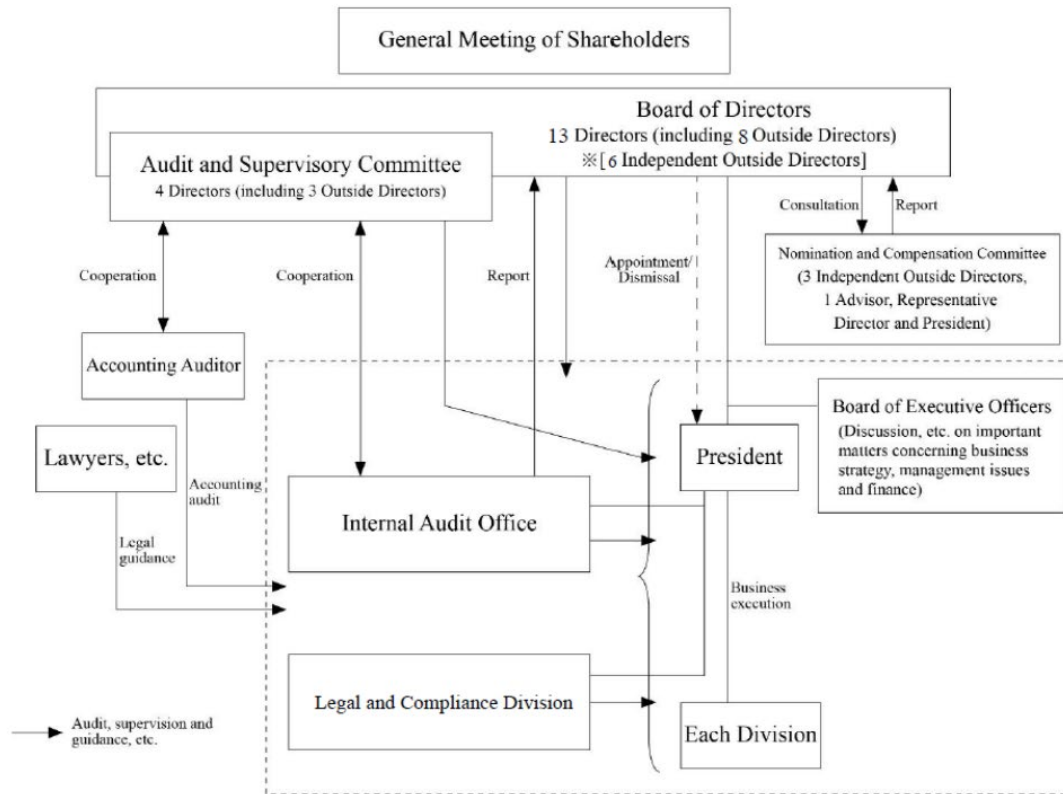
As of March 31, 2024									
Classification	Status of Shares (Number of Shares per Unit: 100 shares)								Status of odd-lot shares
	Government and local governments	Japanese financial institutions	Financial instruments business operators	Other Japanese corporations	Foreign institutions and individuals		Japanese individuals and others	Total	
					Other than Individuals	Individuals			
Number of shareholders	-	15	17	260	56	152	41,721	42,221	-
Number of shares held (unit)	-	40,859	3,017	243,762	15,540	258	114,775	418,211	11,900
Percentage of shares held (%)	-	9.769	0.721	58.286	3.715	0.061	27.444	100.000	-

(Note) 58,521 shares of treasury stock are included in 585 units in "Japanese individuals and others" and 21 shares in "Status of odd-lot shares."

Source: Company's Securities Report for the Fiscal Year Ended March 31, 2024 (97th period)

Governance

Figure 16. Corporate Governance Structure



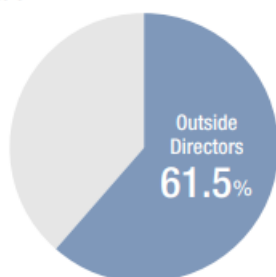
Source: Company's Corporate Governance Report (June 28, 2024)

Figure 17. Trends in Governance Enhancement

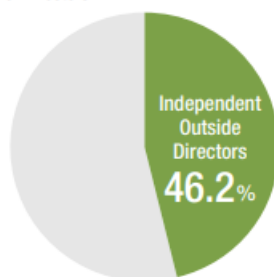
The Trends of Governance Enhancement

		FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Board of Directors	Board of Directors	15	14	13	12	12	13
	Outside Directors	6	6	6	6	7	8
	Independent Outside Directors	4	4	4	4	5	6
Audit and Supervisory Committee	Audit and Supervisory Committee	5	5	5	5	4	4
	Outside Directors	3	3	3	3	3	3
Nomination and Compensation Committee	Nomination and Compensation Committee		4	4	5	5	5
	Independent Outside Directors		2	2	3	3	3
Initiatives for governance enhancement		Transition to a company with the Audit and Supervisory Committee					
		Implementation of the restricted stock (RS) compensation plan					
		Implementation of the Executive Officer system					
		Establishment of the Nomination and Compensation Committee					
		Establishment of the Sustainability Promotion Committee					
Stock listing market		Tokyo Stock Exchange First Section				Transition to the Prime Market	

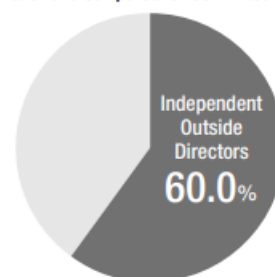
•Ratio of the Outside Directors on the Board of Directors



•Ratio of the Independent Outside Directors on the Board of Directors



•Ratio of the Independent Outside Directors on the Nomination and Compensation Committee



Source: Company's Integrated Report 2023

Figure 18. Skills Matrix

Skills Matrix for the Board of Directors:

Expertise and experience of Directors (excluding Directors who are Audit and Supervisory Committee Members) and Directors who are Audit and Supervisory Committee Members

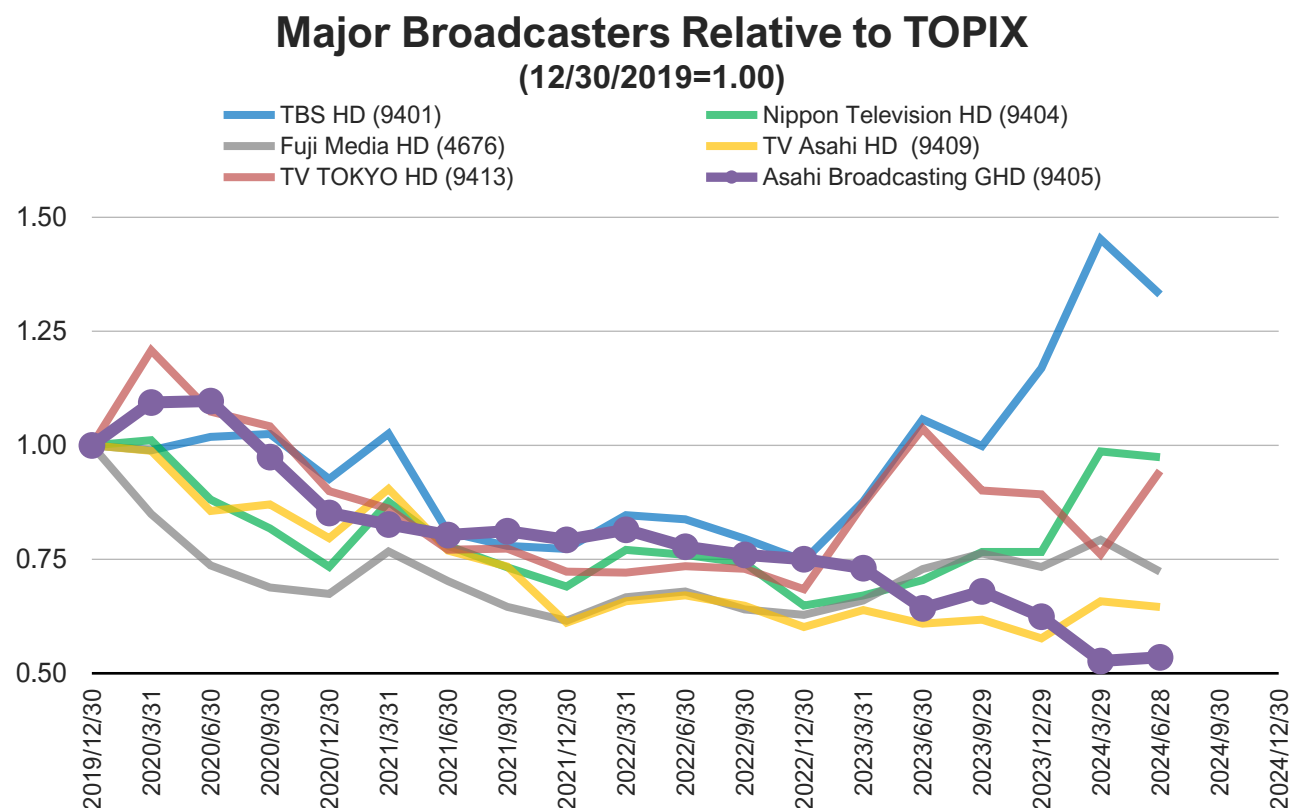
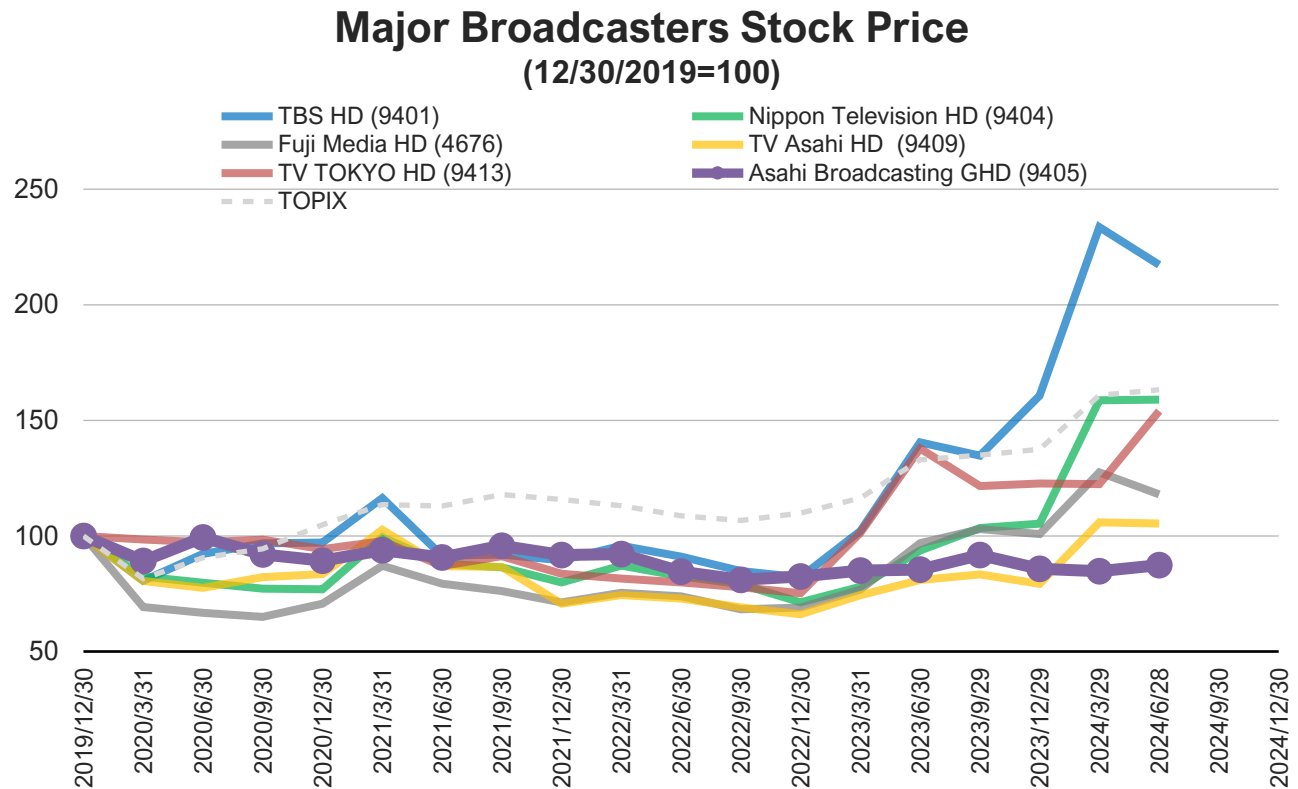
The skills possessed by the Directors (excluding Directors who are Audit and Supervisory Committee Members) and Directors who are Audit and Supervisory Committee Members are as shown below.

			Corporate management	Media industry insights	Finance and accounting	DX/ Technology	Organizational structures and human resources development	Diversity	Governance	Sustainability and ESG
Susumu Okinaka	Representative Director and President		O		O	O			O	
Shinya Yamamoto	Representative Director and Vice President		O	O			O			O
Hironobu Nakamura	Director, Executive Officer			O	O		O		O	
Toshiaki Imamura	Director, Managing Executive Officer		O	O		O	O			
Takehiro Honjo	Director	Outside Independent	O		O				O	O
Akihiro Kuroda	Director	Outside Independent	O					O	O	O
Hiroshi Shinozuka	Director	Outside	O	O		O			O	
Reiko Horikoshi	Director	Outside	O	O			O	O		
Senko Ikenobo	Director	Outside Independent					O	O	O	O
Natsuto Tanaka	Director (Standing Audit and Supervisory Committee Member)				O		O		O	O
Misako Fujioka	Director (Audit and Supervisory Committee Member)	Outside Independent	O		O			O	O	
Junko Okawa	Director (Audit and Supervisory Committee Member)	Outside Independent	O				O	O		O
Haruhiko Kato	Director (Audit and Supervisory Committee Member)	Outside Independent	O		O			O	O	

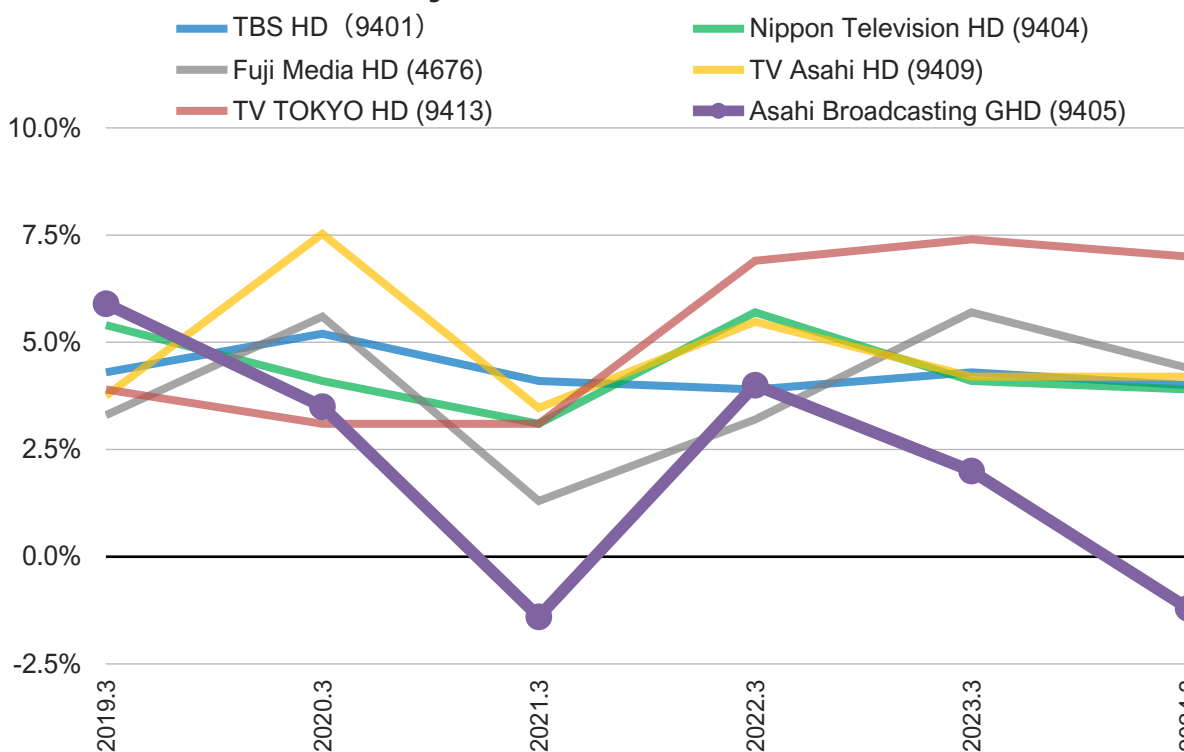
(Note) The table above shows top four of particularly expected skills based on their experiences, etc., and it does not represent all the knowledge of Directors.

Source: Company's Corporate Governance Report (June 28, 2024)

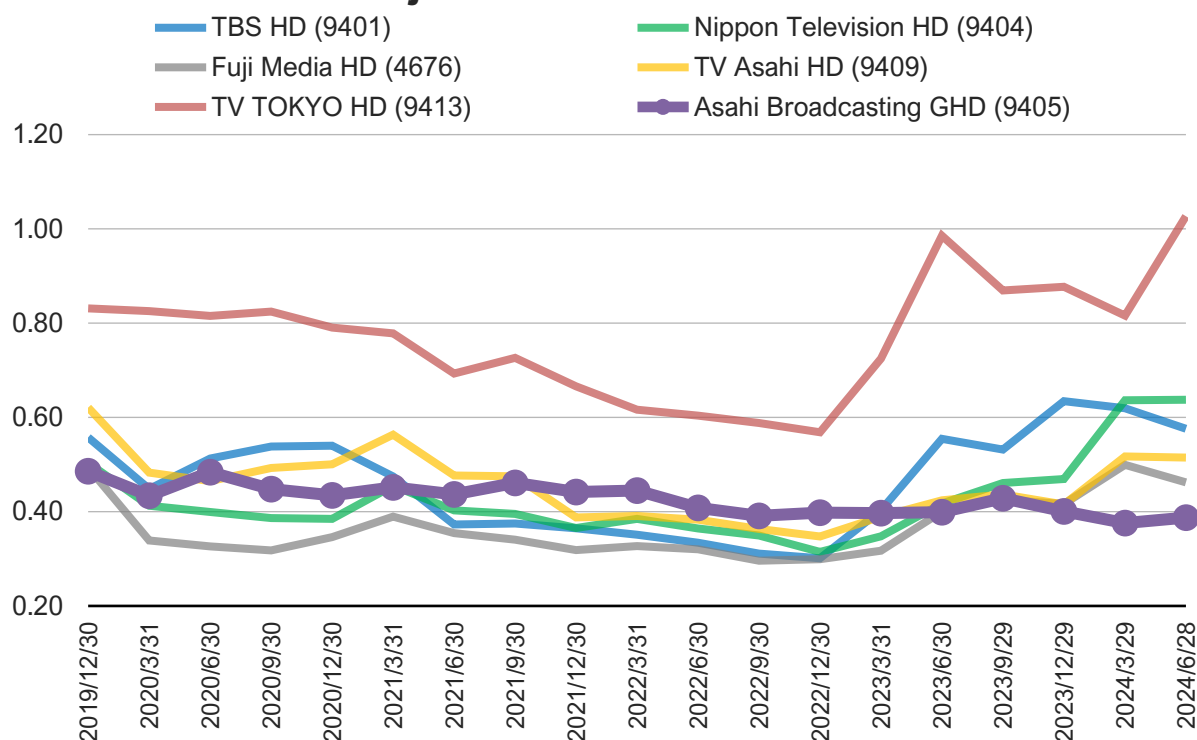
Figure 19. Comparative Data of Major Broadcasters



Major broadcasters ROE



Major broadcasters PBR



Note: Prepared by Global IR, Inc. based on quarter-end closing prices.



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