

Medium-Term Strategy Prioritizes Content

Blue-chip regional broadcaster with strong ESG corporate culture

SUMMARY

- Asahi Broadcasting Group Holdings Corporation (hereinafter “Asahi Broadcasting Group HD”) is a comprehensive content business group headquartered in the Kansai area centered around quasi-key station Asahi Television Broadcasting Corporation (“ABC TV”), and it is the only listed company among the five Kansai commercial broadcasters, with deep roots in the local community and a management philosophy to contribute to regional development and revitalization. ABC TV is consistently ranked second in individual and household television viewership ratings in the Kansai region, and it is highly rated for its variety and entertainment programming.
- President Okinaka noted upon the start of listing on the TSE Prime Market that advanced governance standards and sustainable growth are just two of the requirements that must be met, and management policy is keenly focused on ESG issues, including promoting the achievement of the UN SDGs as part of the Group’s ESG policies and framework.
- The terrestrial television broadcasting industry is facing an unprecedented, challenging environment as total internet advertising expenditures exceeded total television media advertising expenditures in 2019 for the first time ever, and average time spent using internet media exceeded TV real-time viewing in 2020 under the COVID-19 pandemic, forcing broadcasters to take a hard look at their existing business models in order to secure growth going forward.
- Under the 2021–2025 Medium-Term Management Strategy “NEW HOPE,” prescribing concrete steps to evolve the business model, Asahi Broadcasting Group HD aims to become a comprehensive content business group, prioritizing the strengthening of the content production value chain, and attracting a wide range of human resources to drive content creation. Additionally, the Group aims to expand TV shopping to e-commerce, leveraging data utilization and digital technologies, and expand B-to-C business.

Initiation



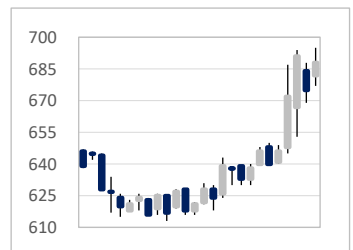
Focus Points:

A leading broadcaster covering the Kansai region, aiming to become a comprehensive content business group. It also aims to expand its e-commerce business through data utilization and DX.

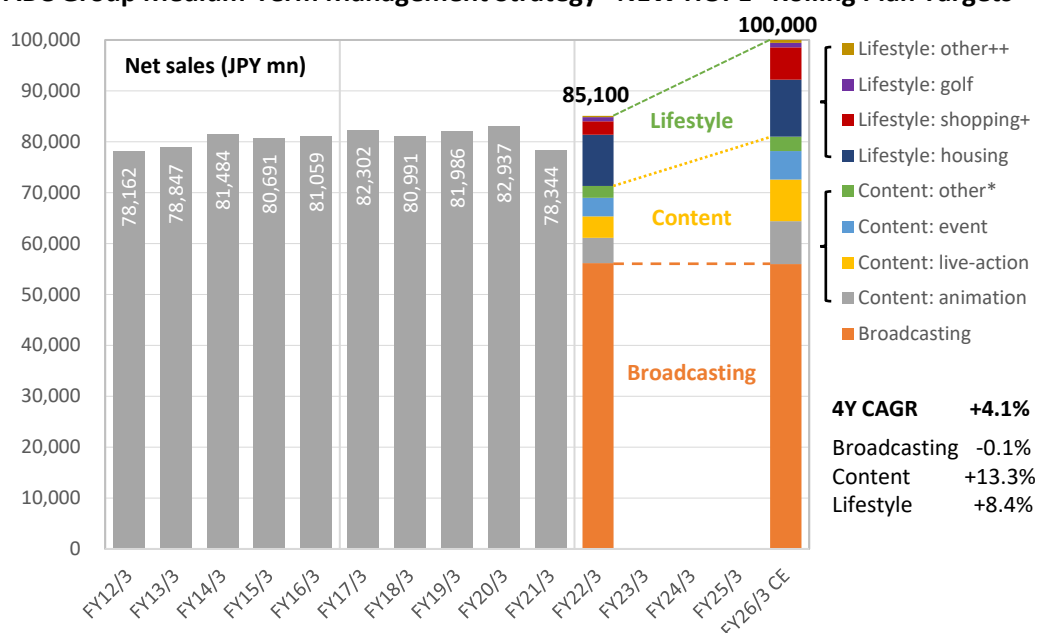
Key Indicators

Share price (3/27)	675
YH (22/2/17)	768
YL (22/11/15)	613
10YH (15/4/16)	1,276
10YL (16/6/24)	581
Shrs out. (mn shrs)	41.833
Mkt cap (¥ bn)	28.781
Shr equity ratio (12/31)	55.9%
23.03 P/E (CE)	13.1x
23.03 EV/EBITDA (CE)	3.2x
22.12 P/B (act)	0.43x
22.03 ROE (act)	4.0%
23.03 DY (CE)	2.33%

6M stock price (weekly)



ABC Group Medium-Term Management Strategy “NEW HOPE” Rolling Plan Targets



Source: compiled by SIR from IR materials. *contract production, etc., +TV plus online shopping, ++new business, etc.

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This report was prepared by Sessa Partners on behalf of Asahi Broadcasting Group Holdings Corporation. Please refer to the legal disclaimer at the end for details.



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Osaka head office for Asahi Broadcasting Group HD, ABC TV and ABC Radio, overlooking the Dojima River



PART 1
INTRODUCTION

Business Segments

Broadcasting Business

Business that earns advertising revenue mainly by delivering high-quality programs and trusted information to viewers and listeners through broadcasting.

Content Business

Creating high quality content/IP (intellectual property) and developing it in a multifaceted manner through video distribution, events, etc.

Lifestyle Business

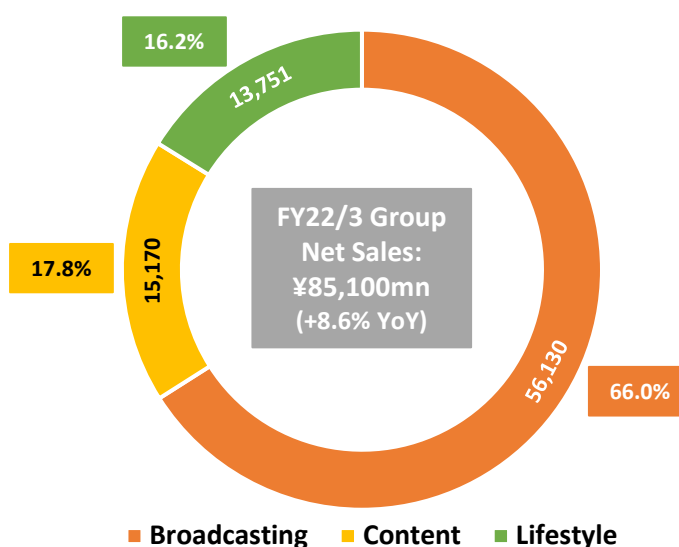
Businesses that leverage the power of broadcasting and content to provide services that enrich people's lives, including Housing, At-home Shopping, Golf and Others.

Business description

Headquartered in Osaka, the Company operates terrestrial television, radio and CS (communications satellite) broadcasting business in the Kinki area. It is an equity-method affiliate of its top shareholder, The Asahi Shimbun Company media group (14.9%), and ABC TV is part of ANN (All Nippon News Network), one of the five nationwide affiliations of broadcasters, together with its second largest shareholder, TV Asahi Holdings Corporation (TSE 9409) based in Tokyo (9.3%). The Company's three main business segments are Broadcasting, Content and Lifestyle (shown below), and its two reportable segments are Broadcasting & Content and Lifestyle.

The Company is engaged in radio, television and CS broadcasting and the production of broadcast programs as stipulated under the Broadcasting Act. It produces a variety of TV programs, including news and information programs, variety, sports, drama, and animation, and broadcasts in the six Kansai prefectures of Osaka, Hyogo, Kyoto, Shiga, Nara and Wakayama, as well as parts of Mie (Chubu) and Tokushima (Shikoku). Group companies are also engaged in housing-related business, mail-order business, golf course management and other.

Asahi Broadcasting Group Holdings Corporation Business Portfolio



Source: compiled by SIR from the '2022 Corporate Report.'

Broadcasting & Content Segment FY22/3 results

Net sales totaled ¥71,348mn, up ¥9,498mn (+15.4%) from the previous year due to an increase in mainstay TV spot revenues, which were affected by the COVID-19 pandemic in the previous year. At the same time, operating expenses increased due to the resumption of sports broadcasts and events. Nevertheless, operating income totaled ¥3,654mn, an increase of ¥1,634mn (+80.9%) from the previous fiscal year.

Lifestyle Segment FY22/3 Results

Net sales decreased ¥2,743mn (-16.6%) year on year to ¥13,751mn, and operating income decreased ¥113mn (-11.5%) year on year to ¥874mn. The main reason for the decrease in both sales and profit was that the real estate sales business did not have as many large projects as in the previous fiscal year. Income from housing exhibitions, mail-order sales, and the golf business remained steady.

Overview of Asahi Broadcasting Group HD Group Companies (※consolidated subsidiaries, line connections refer to 2nd tier subsidiaries)

Broadcasting & Content **Lifestyle**

- 

※ **Asahi Television Broadcasting Corporation**
TV broadcasting business
- 

※ **ABC ARC, INC.**
Publishing, social media, and online media operations, regional development projects, planning, events, and marketing based on local history
- 

※ **Asahi Radio Broadcasting Corporation**
Radio broadcasting business
- 

※ **sky-A, Inc.**
CS broadcasting business
- 

※ **ABC Libra Co., Ltd.**
Mainly TV program planning/production, video archiving/management
- 

※ **ABC FRONTIER, INC.**
Content licensing, music publishing, international operation, domestic business development
- 


※ **ABC&SET, INC.**
Planning/production/contracting/performance of live plays, etc., planning/production of various events
- 


※ **ABC ANIMATION, INC.**
Planning/production, overseas sales, and product sales etc. regarding animated content
- 


※ **Digiassa Inc.**
Digital content production, subtitles production
- 


※ **i-NEX corporation**
General technical production agency
- 


※ **MASH CORPORATION**
Event planning and production, promotions

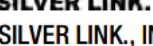
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※ **DLE, Inc.**
Fast Entertainment Model
- 


※ **Churapps Co., Ltd.**
Game and app planning, development, and management
- 

※ **AMIDUS, INC.**
Design, branding, and video production, label and agency business
- 

※ **CARAVAN Japan, Inc.**
World celebrity portrait rights and merchandising rights business
Discovering products from Asia and creating startups
- 

※ **Procen Studio Co., Ltd.**
Audio and post-production business
- 

※ **SILVER LINK, INC.**
Planning and production of animated cartoons
- 

※ **Bestie Corporation**
Sports-related content planning, production, consulting
- 

※ **Zero G Act Co., Ltd.**
Planning, design, manufacturing, and development of character and anime merchandise
Design and development, OEM production of toys and hobby products

- 

※ **ABC Development Corporation**
Planning/management of housing exhibitions and Housing Design Center, advertising agency business, real estate business, insurance agency business, and web media business
- 

※ **Housing Support Corporation**
Operations and management, worker dispatch business, and job placement business related to housing exhibitions, etc., owned by ABC Development Corporation
- 

※ **ABC GOLF CLUB INCORPORATED**
Golf course management
- 

※ **ABC Media Communications Inc.**
Mail-order business, radio program production, and agency business
- 

※ **ONE DAY DESIGN Inc.**
Mail-order/online sales business, regional development business, start-up growth support, brand production business
- 

※ **ABC Glamp&Outdoors Inc.**
Regional co-creation and area development production focused on glamping



Other

- 

※ **ABC DREAM VENTURES, Inc.**
Management of corporate venture capital
- 

※ **ABC HORIZON PTE. LTD.** (Headquarters: Singapore)
Overseas business support for Japanese companies and regional governments, and support for Southeast Asian startups entering the Japanese market
- 

※ **ABC KOSAN Co., Ltd.**
Facility security, reception services, support counter operations, etc., for the Asahi Television Broadcasting Headquarters Building and other facilities

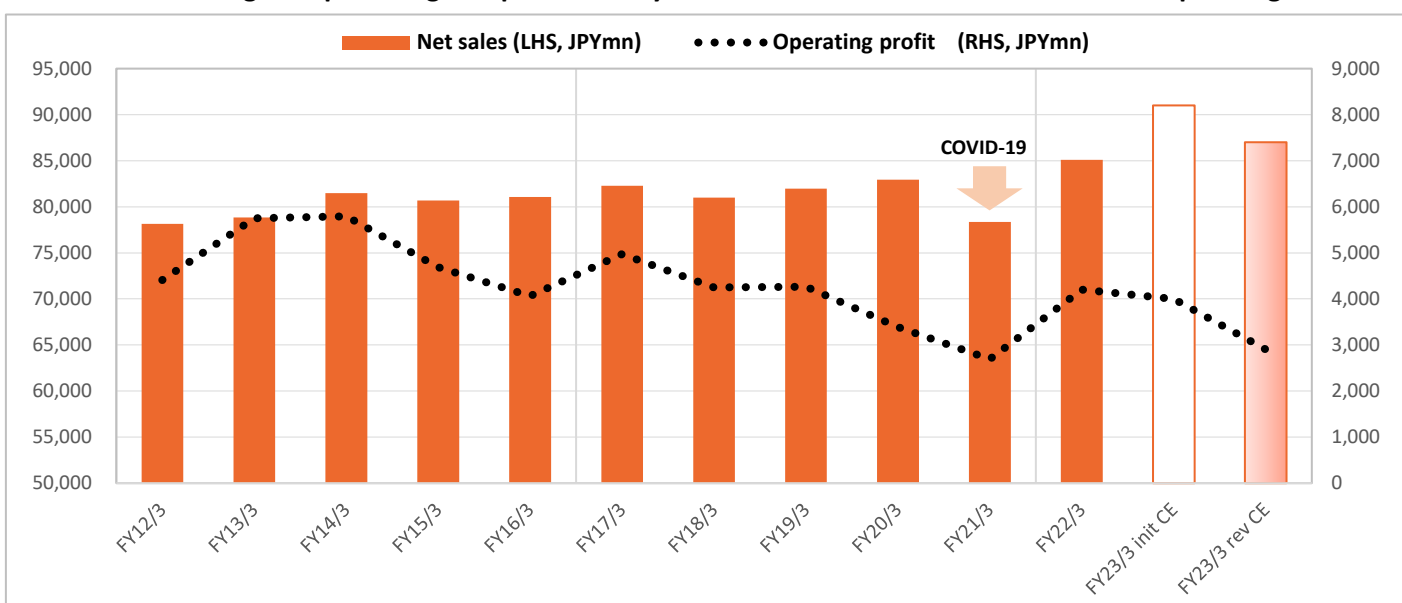
Source: excerpt from 'Corporate Report 2022'
<https://corp.asahi.co.jp/en/company/report.html>

Asahi Broadcasting Group Holdings Corp. 12-year P/L Summary

JPYmn, % [J-GAAP]	FY12/3	FY13/3	FY14/3	FY15/3	FY16/3	FY17/3	FY18/3	FY19/3	FY20/3	FY21/3	FY22/3	FY23/3	FY23/3	
	act	act	act	act	act	act	act	act	act	act	act	init CE	rev CE	
Net sales	78,162	78,847	81,484	80,691	81,059	82,302	80,991	81,986	82,937	78,344	85,100	91,000	87,000	
YoY	1.9	0.9	3.3	(1.0)	0.5	1.5	(1.6)	1.2	1.2	(5.5)	8.6	6.9	2.2	
<i>by new segments</i>														
Broadcasting & Content											61,850	71,348	75,200	71,800
• Broadcasting												56,130	56,400	55,400
• Content												15,170	18,500	16,100
• Other												47	300	300
Lifestyle											16,494	13,751	15,800	15,200
• Housing												9,825	9,800	9,600
• Golf												854	900	900
• At home shopping												2,694	4,500	4,100
• Other												377	600	600
<i>by old segments</i>														
Broadcasting	68,519	68,957	70,739	69,688	69,794	70,568	68,645	68,550	69,605	64,602				
Housing	8,804	9,039	9,824	10,155	10,424	10,924	11,474	12,545	12,372	12,958				
Golf	837	849	920	847	840	809	871	890	960	783				
Gross Profit	27,104	28,766	29,131	27,823	27,104	28,514	27,985	28,522	27,977	25,951	29,518			
<i>ratio to sales (MRG)</i>	<i>34.7%</i>	<i>36.5%</i>	<i>35.8%</i>	<i>34.5%</i>	<i>33.4%</i>	<i>34.6%</i>	<i>34.6%</i>	<i>34.8%</i>	<i>33.7%</i>	<i>33.1%</i>	<i>34.7%</i>			
SG&A	22,697	23,017	23,339	23,138	23,039	23,541	23,735	24,260	24,588	23,256				
<i>ratio to sales (MRG)</i>	<i>29.0%</i>	<i>29.2%</i>	<i>28.6%</i>	<i>28.7%</i>	<i>28.4%</i>	<i>28.6%</i>	<i>29.3%</i>	<i>29.6%</i>	<i>29.6%</i>	<i>29.7%</i>	<i>29.7%</i>			
EBITDA	8,338	9,348	9,185	8,031	7,363	7,813	7,221	7,293	6,651	5,834	7,576			
<i>ratio to sales (MRG)</i>	<i>10.7%</i>	<i>11.9%</i>	<i>11.3%</i>	<i>10.0%</i>	<i>9.1%</i>	<i>9.5%</i>	<i>8.9%</i>	<i>8.9%</i>	<i>8.0%</i>	<i>7.4%</i>	<i>8.9%</i>			
Depreciation + GW amortization	3,932	3,600	3,394	3,347	3,299	2,841	2,971	3,031	3,263	3,140	3,373			
Operating profit	4,406	5,748	5,791	4,684	4,064	4,972	4,250	4,262	3,388	2,694	4,203	4,000	2,900	
YoY	22.2	30.5	0.7	(19.1)	(13.2)	22.3	(14.5)	0.3	(20.5)	(20.5)	56.0	(4.8)	(31.0)	
<i>ratio to sales (MRG)</i>	<i>5.6%</i>	<i>7.3%</i>	<i>7.1%</i>	<i>5.8%</i>	<i>5.0%</i>	<i>6.0%</i>	<i>5.2%</i>	<i>5.2%</i>	<i>4.1%</i>	<i>3.4%</i>	<i>4.9%</i>	<i>4.4%</i>	<i>3.3%</i>	
<i>OP by new segments</i>														
Broadcasting & Content											2,020	3,654	3,300	2,400
Lifestyle											988	874	1,000	800
Adjustments											(314)	(325)	(300)	(300)
<i>OP by old segments</i>														
Broadcasting	3,312	4,507	4,412	3,278	2,781	3,809	3,116	3,475	2,516	2,186				
Housing	1,069	1,197	1,283	1,362	1,279	1,143	1,083	1,060	1,101	874				
Golf	24	44	95	43	3	19	49	28	72	(52)				
Adjustments														
											(301)	(301)	(314)	
Ordinary profit	4,637	5,820	6,025	4,830	4,407	5,261	4,539	4,591	3,633	3,033	4,792	4,500	3,400	
Profit ATOP	574	2,774	3,254	2,203	2,372	3,416	2,691	3,742	2,278	(930)	2,671	2,900	2,200	

Source: compiled by SIR from TANSWIN financial statements and IR results briefing presentations.

Asahi Broadcasting Group Holdings Corporation 12-year Trend of Consolidated Net Sales and Operating Profit





In addition to the demographic factors of Japan's aging population and declining birthrate depressing growth in the Japanese economy, erosion of TV viewership to the internet examined in part two has confronted the terrestrial broadcasting industry with an unprecedented, challenging environment. The Asahi Broadcasting Group distributes its popular variety shows, dramas, and animations through platforms such as Amazon Prime, Netflix, and Hulu in order to deliver its popular content to as many users, viewers, and consumers as possible. Main subsidiary ABC TV has also invested in TVer, an OTT service in which commercial broadcasters have invested.

Internet content other than video distribution also continues to grow. "Virtual High School Baseball" was launched jointly with The Asahi Shimbun Company as an Internet service to enjoy high school baseball games anytime, anywhere, now contributing to earnings.

Management published its new 2021 – 2025 Medium-Term Management Strategy NEW HOPE in May 2021. SIR believes the three most noteworthy initiatives are: 1) transition to a profitable and sustainable business group by taking all possible steps to strengthen Content across all genres, 2) promote expansion of mail-order and e-commerce through digital marketing and use of social media, leading to synergies and cross-selling opportunities throughout the Asahi Broadcasting Group, and 3) improve the Asahi Broadcasting Group brand as a blue-chip company by focusing on ESG and SDGs (explained with examples later in Part 6).

Asahi Broadcasting Group Holdings Corporation selected B/S and CF/S items, per share data, other

JPYmn, % [J-GAAP]	FY12/3 act	FY13/3 act	FY14/3 act	FY15/3 act	FY16/3 act	FY17/3 act	FY18/3 act	FY19/3 act	FY20/3 act	FY21/3 act	FY22/3 act
Cash and deposits	8,595	9,862	10,701	9,684	11,857	17,082	14,412	16,337	27,048	22,362	23,586
ST investment securities	9,808	9,138	8,599	10,254	4,397	1,650	2,101	200	204	5,621	4,715
Interest-bearing debt	6,862	3,903	2,974	1,945	1,013	591	495	981	6,674	11,909	12,517
Net debt (net cash)	(11,541)	(15,097)	(16,326)	(17,993)	(15,241)	(18,141)	(16,018)	(15,556)	(20,578)	(16,074)	(15,784)
Total assets	94,621	93,986	97,833	103,116	99,596	101,979	102,680	107,788	114,786	119,079	123,788
• Current assets	34,800	34,385	35,072	35,915	32,108	35,608	33,989	37,852	47,307	46,664	49,744
• Non-current assets	59,821	59,600	62,761	67,200	67,487	66,371	68,690	69,935	67,454	72,370	74,009
Total liabilities	37,723	33,841	35,275	44,407	41,882	40,705	39,316	40,738	45,694	49,378	53,290
• Current liabilities	14,023	11,202	12,536	12,905	12,632	11,918	12,496	13,129	13,647	15,112	18,520
• Non-current liabilities	23,700	22,638	22,738	31,502	29,250	28,786	26,820	27,609	32,047	34,266	34,770
Total net assets	56,898	60,145	62,558	58,709	57,713	61,274	63,363	67,049	69,091	69,700	70,497
• Shareholders' equity	53,466	56,496	58,625	54,555	53,280	56,751	61,625	65,223	65,231	66,036	66,984
Retained earnings	44,408	46,814	49,518	43,995	45,510	48,191	49,780	53,241	54,415	52,910	54,923
• Non-controlling int.	3,432	3,649	3,933	4,154	4,433	4,523	1,738	1,826	3,860	3,664	3,513
Shareholders' equity ratio	56.5	60.1	59.9	52.9	53.5	55.6	60.0	60.5	56.8	55.5	54.1
ROE	1.08	5.05	5.65	3.89	4.40	6.21	4.55	5.90	3.49	(1.42)	4.02
ROIC	4.37	6.23	6.33	4.12	3.97	6.22	5.14	6.26	3.15	2.20	3.46
CF from operating activ.	7,610	6,271	7,350	5,947	(126)	6,806	4,803	3,286	4,546	5,952	4,689
CF from investing activ.	(1,568)	(5,317)	(3,934)	(6,562)	209	(579)	(5,113)	(2,394)	2,655	(10,311)	(4,276)
CF from financing activ.	(1,373)	(3,385)	(1,576)	(1,757)	(1,860)	(1,202)	(2,260)	(53)	3,203	4,583	543
Free cash flow (FCF)	6,042	954	3,416	(615)	83	6,227	(310)	892	7,201	(4,359)	413
No. of shares out. (000)	41,833	41,833	41,833	41,833	41,833	41,833	41,833	41,833	41,833	41,833	41,833
EPS (¥)	14.06	67.93	79.70	53.95	58.11	83.66	65.92	91.55	55.63	(22.69)	64.97
DPS (¥)	9.00	12.00	16.00	18.00	18.00	26.00	20.00	28.00	18.00	10.00	24.00
Payout ratio	64.0%	17.7%	20.1%	33.4%	31.0%	31.1%	30.3%	30.6%	32.4%	—	36.9%
BPS (¥)	1,309.24	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
No. of employees (FY-end)	852	845	850	869	883	907	918	1,167	1,356	1,456	1,509
No. of consol. subsidiaries	5	5	5	5	5	9	11	13	18	22	20

Source: compiled by SIR based on TANSBIN and YUHO financial statements, and SPEEDA earnings database.



Asahi Broadcasting Group HD Corporate History

Date	Event
1951.03	Asahi Broadcasting Corporation established in Kita-Ku, Osaka
1951.11	Radio broadcasting commences
1952	Live coverage of the National High School Baseball Championship Tournament (Live coverage begins on TV from 1957)
1955.05	Osaka Television Broadcasting Corporation (OTV) established
1956.12	Osaka Television Broadcasting Corporation commences main broadcasting
1959.06	Asahi Broadcasting Corporation and Osaka Television Broadcasting Corporation merge
1960.09	*Color TV broadcasting commences
1961.10	Listed on the Osaka Securities Exchange Second Section
1964.10	*Tokyo Summer Olympics held
1966.06	Head office relocated to Oyodo-Ku, Osaka (currently Oyodo Minami, Kita-Ku)
1970	*Osaka World Expo held
1972.05	Established ABC Development Corporation (currently consolidated subsidiary)
1980.01	ABC Kigyo K.K. established (company name changed to ABC GOLF CLUB INCORPORATED in Jun-2006, currently a consolidated subsidiary)
1982.10	The Symphony Hall, Japan's first hall dedicated to classical music, opens
1985	ABC Golf Club opens
1990.02	Satellite ABC Corporation is established (CS broadcasting commenced in Aug-1990, name changed to sky-A Inc. in Apr-2020, currently is a consolidated subsidiary)
1990.04	ABC Archive Co., Ltd. established (name changed to ABC Libra Co., Ltd. in Apr-2000, currently is a consolidated subsidiary)
2008.06	Head office relocated to new headquarters building in Fukushima-Ku, Osaka (current location)
2011.07	*Analog TV broadcasting ends, complete transition to digital terrestrial TV broadcasting
2013.07	Moved to the Tokyo Stock Exchange Second Section due to market integration
2014.10	Listing designation moved to the Tokyo Stock Exchange First Section
2015.07	ABC DREAM VENTURES, Inc. established
2016.04	ABC FRONTIER HOLDINGS, INC. (currently a consolidated subsidiary), ABC ANIMATION, INC. (currently a consolidated subsidiary), ABC INTERNATIONAL, INC. and ABC RIGHTS BUSINESS, INC. are established
2016.12	ABC HORIZON PTE. LTD. established in Singapore
2018.04	Transition to a certified broadcasting holding company and name changed to the Asahi Broadcasting Group Holdings Corporation Asahi Television Broadcasting Corporation and Asahi Radio Broadcasting Corporation commence operations
2019.04	Acquired shares of MASH CORPORATION, making it a subsidiary (currently a consolidated subsidiary)
2019.05	DLE, Inc. becomes a subsidiary through the underwriting of a third-party allotment of new shares (currently a consolidated subsidiary)
2020.01	Acquired shares of Procen Studio Co., Ltd., making it a subsidiary (currently a consolidated subsidiary)
2020.10	Acquired shares of SILVER LINK, Inc., making it a subsidiary (currently a consolidated subsidiary)
2020.10	Established ABC ARC, INC. (currently a consolidated subsidiary)
2021.01	Acquired shares of Bestie Corporation, making it a subsidiary (currently a consolidated subsidiary)
2021.01	Established ONE DAY DESIGN Inc. (currently a consolidated subsidiary)
2021.04	ABC FRONTIER HOLDINGS, INC. through absorption merger makes ABC INTERNATIONAL, INC. and ABC RIGHTS BUSINESS, INC. a division, and changes name to ABC FRONTIER, INC.
2022.04	Moved to the Prime Market of the Tokyo Stock Exchange

Source: compiled by SIR from YUHO financial statements and company website.

Note: *denotes an industry event.

Representative Director Biographies



Representative Director and President: Susumu Okinaka (born 1955.12.17)

• Overall Management, Internal Auditing

Date	Career summary, position and area responsibilities
1978.04	Joined the Company
2005.04	GM, Financial Affairs Division
2011.06	Director Commissioned GM of Management Strategy Office
2014.04	Executive Managing Director
2017.06	Executive Managing Director, General Business, Overseas Business, Corporate Strategy and Related Business support
2018.04	Representative Director and President, Overall Management, Management Strategy, Business Development, and Internal Auditing Non-Executive Director of Asahi Television Broadcasting Corporation (current)
2019.04	Representative Director and President, Overall Management and Internal Auditing
2021.04	Representative Director and President, Overall Management, Internal Auditing, and Business Development
2022.04	Representative Director and President, Overall Management and Internal Auditing (current)



Representative Director and Vice President: Shinya Yamamoto (born 1956.11.30)

• Overall Management Support, Chief Broadcasting Officer

Date	Career summary, position and area responsibilities
1979.04	Joined the Company
2006.04	GM, Programming Division
2010.04	GM, General Business Division
2011.06	Director Commissioned GM of General Business Division
2014.04	Executive Managing Director
2017.06	Executive Managing Director, Accounting, Management Strategy and Related Business
2018.04	Representative Director and Vice President, Accounting, Management Strategy support (TV Business) Representative Director and President of Asahi Television Broadcasting Corporation (current)
2018.06	Representative Director and Vice President, Management Strategy support (TV Business) of the Company
2019.04	Representative Director and Vice President, TV Broadcasting Business of the Company
2020.04	Representative Director and Vice President, Broadcasting Business and Content Business
2020.06	Outside Member of the Board of TV Asahi Holdings Corporation Member of the Board of TV Asahi Corporation (current)
2021.04	Representative Director and Vice President, Chief Broadcasting Officer of the Company
2021.06	Outside Director of Video Research Ltd. (current)
2022.04	Representative Director and Vice President, Overall Management support, Chief Broadcasting Officer (current)

Source: both biographies compiled by SIR from Company website, YUHO financial statements.

Asahi Broadcasting Group Holdings Corporation: Board of Directors Skills Matrix

Name	Position	Outside Director	Corporate management	Knowledge about media industry	Finance and accounting	DX/ Technology	Organization structures, HR development	Diversity	Governance	Sustainability and ESG
Susumu Okinaka	Representative Director and President		●		●	●			●	
Shinya Yamamoto	Representative Director and Vice President		●	●			●			●
Kazuhiko Ogura	Director, Managing Executive Officer			●	●		●	●		
Koichi Yamagata	Director, Executive Officer					●	●		●	●
Takehiro Honjo	Director	●	●		●				●	●
Akihiro Kuroda	Director	●	●					●	●	●
Hiroshi Shinozuka	Director	●	●	●		●			●	
Gaku Shinji	Director	●	●	●			●			●
Natsuto Tanaka	Director (Audit and Supervisory Committee Member)				●		●		●	●
Michio Yoneda	Director (Audit and Supervisory Committee Member)	●	●		●				●	●
Misako Fujioka	Director (Audit and Supervisory Committee Member)	●	●		●			●	●	
Junko Okawa	Director (Audit and Supervisory Committee Member)	●	●				●	●		●

Source: compiled by SIR from "Corporate Report 2022."



Major Shareholders (as of September 30, 2022)

Name or Designation	No. of shares	% owned
① The Asahi Shimbun Company	6,224,900	14.89
② TV Asahi Holdings Corporation	3,877,600	9.28
③ Kosetsu Museum of Art Public-interest Incorporated Foundation	2,930,000	7.01
④ The Master Trust Bank of Japan, Ltd. (trust account)	1,684,800	4.03
⑤ Teikyo University	1,571,000	3.76
⑥ Asahishimbun Credit Cooperative	1,500,000	3.59
⑦ Osaka Gas Co., Ltd.	1,065,000	2.55
⑧ Nippon Life Insurance Company	1,005,200	2.40
⑨ Kintetsu Bus Co., Ltd.	800,000	1.91
⑩ Takenaka Corporation	776,600	1.86
Top 10 Total (% owned excludes treasury shares)	21,435,100	51.28
Treasury shares	31,200	
Total number of shares outstanding	41,833,000	100.00

Source: compiled by SIR from 2Q YUHO financial statements.

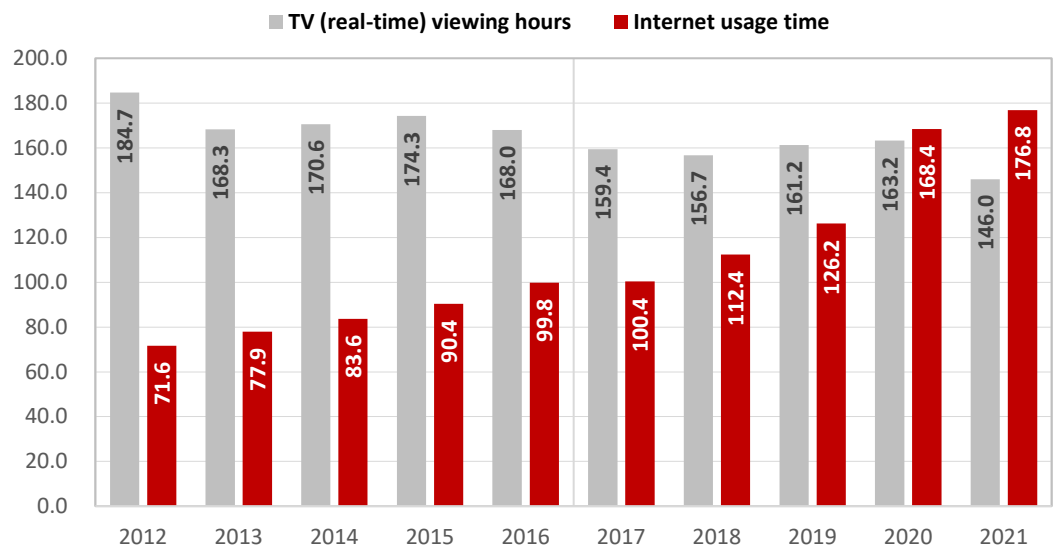


PART 2
MARKET
ENVIRONMENT

Addressing industrywide erosion of TV viewership by prioritizing Content Business

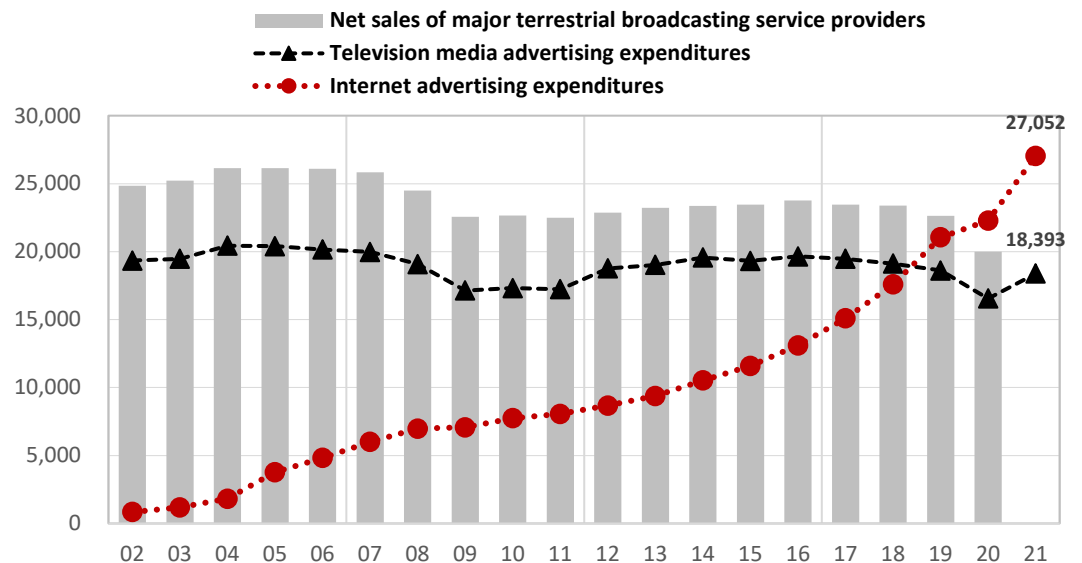
The terrestrial television broadcasting industry is facing an unprecedented, challenging environment as annual data by Dentsu below shows total internet advertising expenditures exceeded total television media advertising expenditures in 2019 for the first time ever, and the annual MIC survey on average time spent using main media showed internet usage time exceeded TV real-time viewing in 2020 under the COVID-19 pandemic, forcing broadcasters to take a hard look at their existing business models in order to secure growth going forward. The exact same trend is observed for animations on P16, with streaming overtaking TV.

Weekdays: Average time spent using main media (all ages, minutes)



Source: compiled by SIR based on "FY2021 Survey Report on Usage Time of Information and Communications Media and Information Behavior" by the Institute for Information and Communications Policy (IICP) of the Ministry of Internal Affairs and Communications (MIC), August 2022.

Trend of TV Broadcasters Net Sales and Ad Spending for TV and the Internet (¥100mn)



Source: compiled by SIR based on "Information and Communications in Japan: White Paper 2021" by the Ministry of Internal Affairs and Communications and "Advertising Expenditures in Japan 2021" by Dentsu Inc.



Missed program webcast (catch-up TV)

ABC TV Official YouTube channel

Other ABC TV YouTube channels:



M-1 Grand Prix
@m1grandprix
536K subscribers

- ABC TV News
- ABC Sports Channel
- ABC drama ch!
- various other program-linked channels

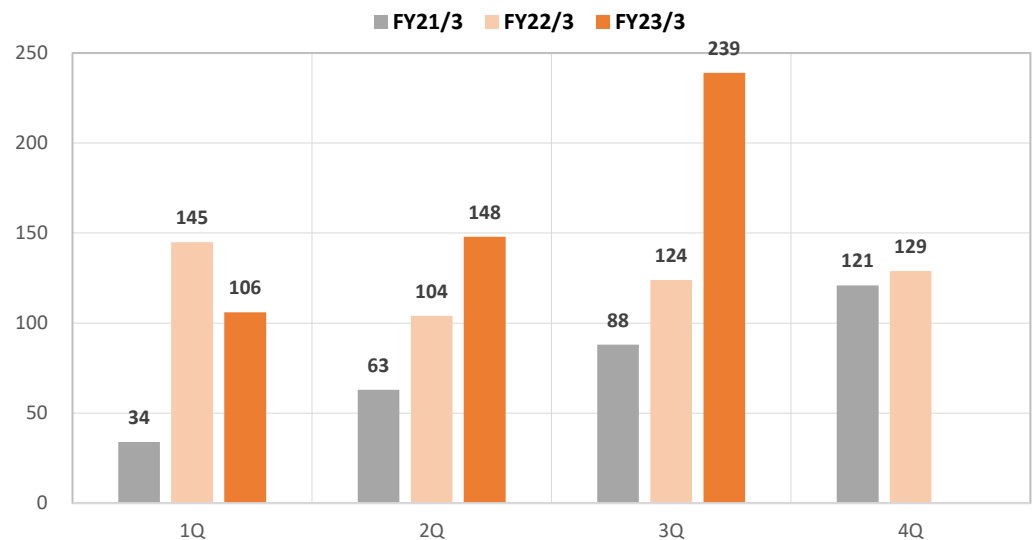
Thorough and comprehensive pursuit of new channels to monetize video content

Launched on October 26, 2015, TVer is an OTT service (over-the-top media service offered directly to viewers via the Internet) operated by TVer Inc. (formerly Presentcast Inc.), a joint venture of five Tokyo-based commercial key broadcasters (NTV, TV Asahi, TBS, TV Tokyo and Fuji TV), five Osaka-based commercial broadcasters (MBS Mainichi Broadcasting System, ABC TV, Kansai Telecasting Corp., Yomiuri Telecasting Corp. and TV Osaka) and four advertising agencies (Dentsu Group, Hakuhodo DY Media Partners, ADK Marketing Solutions and Tokyu Agency). TVer serves as a portal to consolidate program offerings by each respective broadcaster.

Regarding YouTube, according to President Okinaka, ABC TV met the requirements to obtain a Google AdSense Preferred Publisher status based on per month metrics of over 500K unique users, 5mn page views, 10mn ad impressions, high-quality content, 2-3 years history, no malpractice incidents, growing traffic, etc. ABC TV has several channels on YouTube for its popular programs, with approximately 2 million subscribers to channels under its management and an average of over 100 million views per month. President Okinaka has said that "TV must integrate with the Internet, and the Internet must integrate with TV to develop." He also noted that coexistence and co-prosperity are possible.

While traditional spot and time TV commercials are flat or slightly declining, streaming (video distribution) revenues are rising rapidly, albeit at a low level.

Quarterly Trend of ABC TV Streaming (Video Distribution) Revenues (JPY mn)



Source: compiled by SIR from IR quarterly results briefing materials



PART 3
MEDIUM-TERM
MANAGEMENT
STRATEGY

“NEW HOPE”
Targeting net sales of
¥100bn and OP ¥5.7bn
in FY26/3

2021–2025 Medium-Term Management Strategy “NEW HOPE” – Rolling Plan 2022

In the wake of the aforementioned unprecedented challenges to the terrestrial television broadcasting industry exacerbated under COVID-19, management published its new Asahi Broadcasting Group 2021 – 2025 Medium-Term Management Strategy NEW HOPE in May 2021, followed up a year later with NEW HOPE Rolling Plan 2022, updating plan financial forecasts after sharply exceeding year one targets, summarized in the table below.

This Vision for the ABC Group outlines specific strategies and action measures toward becoming a comprehensive content business group, striving to achieve greater development of society, creating and delivering a variety of content and services that enrich society and lives, and that make people happy. The stated goal is to achieve consolidated net sales of JPY 100 billion by FY2025 (FY26/3), and the plan identifies 4 priority targets toward achieving that goal.

ABC Group Medium-Term Management Strategy “NEW HOPE” 2021

JPYmn, % [J-GAAP]	FY22/3 init CE	FY23/3 MTP	FY24/3 MTP	FY26/3 MTP	5-year CAGR
Group Net sales	82,000	88,000	92,000	100,000	
YoY	4.7	7.3	4.5	n/a	5.0
Broadcasting & Content	67,800	72,000	75,000	81,000	
YoY	9.6	6.2	4.2	n/a	
Lifestyle	14,200	16,000	17,000	19,000	
YoY	(13.9)	12.7	6.3	n/a	
Group Operating Inc.	2,300	3,000	4,500	5,700	
YoY	(14.6)	30.4	50.0	n/a	16.2
ratio to sales (MRG)	2.8%	3.4%	4.9%	5.7%	
Broadcasting & Content	1,700	1,800	3,200		
YoY	(15.8)	5.9	77.8		
ratio to sales (MRG)	2.5%	2.5%	4.3%		
Lifestyle	900	1,500	1,600		
YoY	(8.9)	66.7	6.7		
ratio to sales (MRG)	6.3%	9.4%	9.4%		

ABC Group “NEW HOPE” Rolling Plan Revised Forecasts 2022

JPYmn, % [J-GAAP]	FY22/3 act	FY23/3 init CE	FY24/3 rev MTP	FY25/3 new MTP	FY26/3 rev MTP	5-year CAGR
Group Net sales	85,100	91,000	94,000	97,000	100,000	
YoY	8.6	6.9	3.3	3.2	3.1	5.0
Broadcasting & Content	71,348	75,200	77,000	79,300	81,000	
YoY	15.4	5.4	2.4	3.0	2.1	5.5
Lifestyle	13,751	15,800	17,000	17,700	19,000	
YoY	(16.6)	14.9	7.6	4.1	7.3	2.9
Group Operating Inc.	4,203	4,000	4,500	5,000	5,700	
YoY	56.0	(4.8)	12.5	11.1	14.0	16.2
ratio to sales (MRG)	4.9%	4.4%	4.8%	5.2%	5.7%	
Broadcasting & Content	3,654	3,300	3,200	3,600	3,800	
YoY	80.9	(9.7)	(3.0)	12.5	5.6	13.5
ratio to sales (MRG)	5.1%	4.4%	4.2%	4.5%	4.7%	
Lifestyle	874	1,000	1,600	1,700	2,200	
YoY	(11.5)	14.4	60.0	6.3	29.4	17.4
ratio to sales (MRG)	6.4%	6.3%	9.4%	9.6%	11.6%	

Source: compiled by SIR from TANSHIN financial statements and IR results briefing presentations. OPM before elim.

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

Specific measures in point 1 include focusing on training for the development of staff with group leadership potential, sharing knowledge through intra-group exchange, and training with companies outside the group. In addition, it promotes achieving true diversity by hiring human resources with a wide variety of characteristics, valuing differences in skill sets, career experience and ways of thinking, and promote opportunities for advancement. Establish a comfortable workplace environment that employees to achieve a high degree of satisfaction through balancing career advancements with life events.

Point 2 emphasizes strengthening and leveraging the trust, reach, and promotion capabilities cultivated over 70 years of business in order to promote growth across the entire group, and most importantly, strengthening the content production value chain within the group, continuing to create and deliver more attractive content as a creative corporate organization, as well as encouraging exchanges transcending barriers between group companies and sections.

Point 3 calls for whole-heartedly embracing digital transformation (DX) across all Group companies, creating an environment for active acquisition and management of data, promoting its utilization in group company businesses, and using it as an engine driving business growth. It promotes actively utilizing the latest cutting-edge digital technologies, such as RPA and AI, thereby contributing to greater efficiency and diversity in operations, as well as realizing the transformation of existing businesses and development of new businesses.

Point 4 targets creating new regional revitalization projects alongside local governments and companies, contributing to revitalization in local communities, and recognizing its privilege to use the airwaves, to create businesses contributing to solving social issues by contributing to society and continuously and sustainably generating social value, including but not limited to contributing to the development and stimulation of Kansai region culture through broadcasting and events.

Main Business Strategies

- ♣ **Broadcasting:** To strengthen advertising revenues, produce user-oriented programs with a high degree of satisfaction, and enhance viewership data and establish analytical methods to ensure reach to core targets. In addition, undertake programming and production with an awareness of expanding into Content business. At the same time, strengthen advertising sales in media and platforms other than broadcasting.
- ♣ **Content:** Monetize content by creating high quality content / IP and developing it in a multifaceted manner. Develop content that can be used in a variety of media, both domestic and international, and utilize broadcasting promotion capabilities to maximize the value of the content. In production, strengthen Group collaboration and promote M&A and entrepreneurship in order to optimize the value chain.
- ♣ **Lifestyle:** To strengthen existing businesses, enhance planning capabilities to improve customer satisfaction and experience value, and also strengthen the digital domain, including the utilization of data. In new businesses, focus on businesses that resolve social challenges such as the aging of society and disaster prevention /mitigation, etc., and strengthen initiatives that leverage the social brand and trust of broadcasting. In addition, strengthen Group cooperation as a media organization and expand into new business areas such as e-commerce business.

Top 3 most promising initiatives

Content and Lifestyle are the growth drivers of the Medium-Term Management Strategy "NEW HOPE"

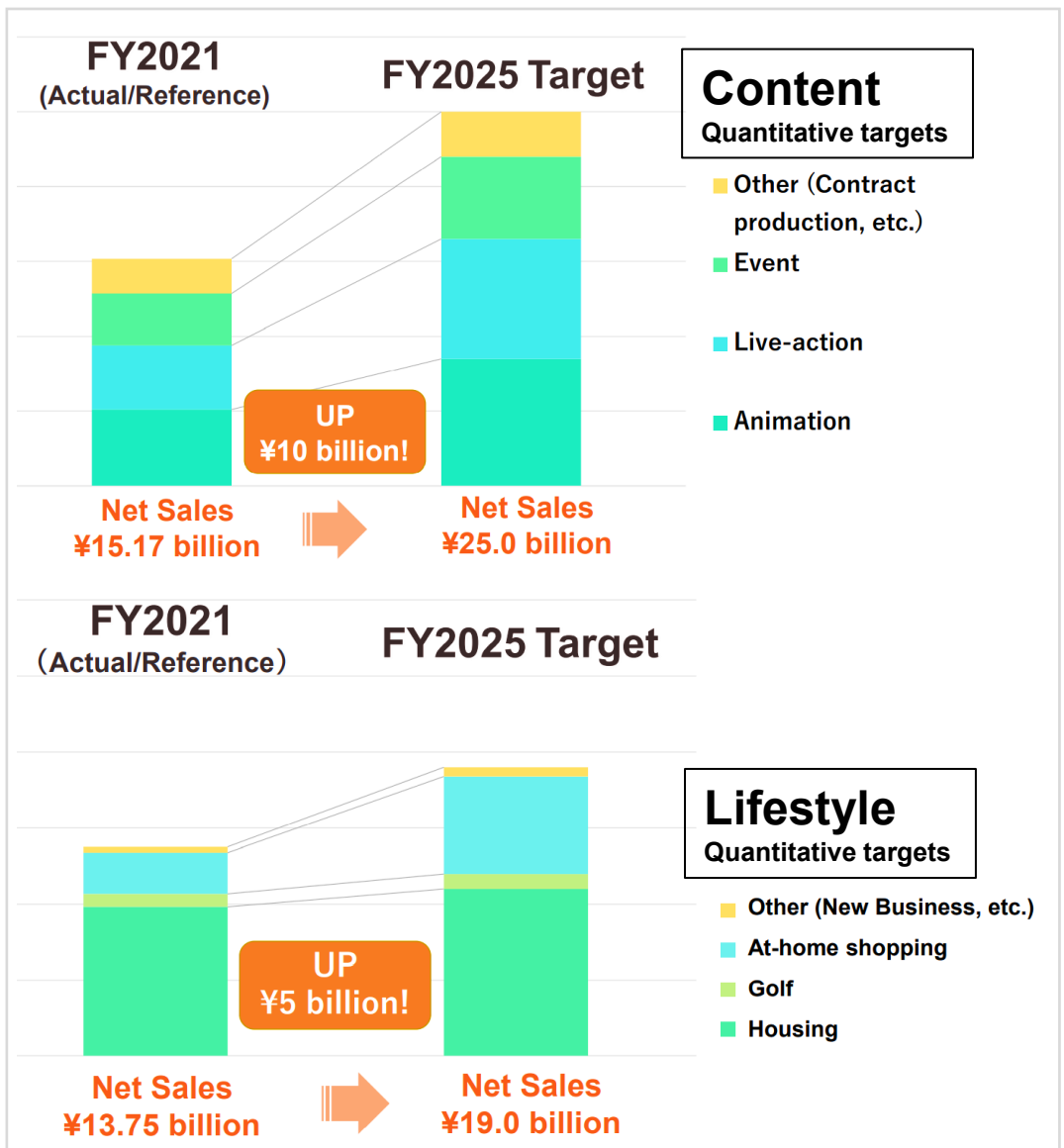
The graphs on the right show that the sales target for the Content business is ¥25.0bn in FY26/3 (+13.3% CAGR), and for the Lifestyle business is ¥19.0bn (+8.4% CAGR). When Broadcasting business is backed out from the consolidated sales target of ¥100 billion, CAGR is effectively flat, so the Content and Lifestyle businesses are the core of the Company's Medium-Term Management Strategy for growth.

Growth Investment Strategy Focus Targets

The company will conduct M&A and other investments as a means of acquiring the necessary functions and resources to implement its Medium-Term Management Strategy, and it has identified the following four targets as focus areas for investment.

- ① Content investments to acquire strong intellectual properties
- ② Investments in the digital domain to strengthen the push to digital transformation in the group
- ③ Investments in business domains targeted at solving social issues
- ④ Investments to strengthen the value chain and promote more in-house production in the group

The two graphics below from the NEW HOPE Rolling Plan 2022 provide a more detailed explanation of management targets toward achieving FY2025 net sales of JPY 100 billion. Among the fairly long menu of management initiatives currently underway, SIR believes the three most noteworthy are: 1) transition to a profitable and sustainable business group by taking all possible steps to strengthen Content across all genres, 2) promote expansion of mail-order and e-commerce through digital marketing and use of social media, leading to synergies and cross-selling opportunities throughout the Asahi Broadcasting Group, and 3) improve the Asahi Broadcasting Group brand as a blue-chip company by focusing on ESG and SDGs (explained with examples later in Part 6).



Source: excerpt from "2021–2025 Medium-Term Management Strategy "NEW HOPE" – Rolling Plan 2022

ABC TV's viewer ratings performance indicates high content production capability

Below is a ranking of terrestrial TV viewer ratings in the Kansai area. Since April is the time for each station to revamp its programs each year, results from April 2022 to December 2022 are shown. ABC TV has the no. 1 household viewer ratings in the prime-time slot from 7:00 p.m. to 11:00 p.m. In addition, according to the estimated number of viewers nationwide in 2022 released by Video Research, ABC TV's "M-1 Grand Prix 2022" topped the Variety category with an average of 19.1mn viewers, while "Who is a real celebrity? New Year's Special 2022" ranked second (same base as competitors) with 18.3mn viewers, dominating the no. 1 and no. 2 positions nationwide.

Television Viewer Ratings for the Kansai Region
Apr-Dec 2022: Individual (all)

(*April 4, 2022 to January 1, 2023) (Source: Video Research)

	All Day (6:00-24:00)	Golden Time (19:00-22:00)	Prime Time (19:00-23:00)	Prime 2 (23:00-25:00)
1	YTV 3.8%	YTV 6.3%	YTV 6.0%	YTV 3.2%
2	ABC 3.5% (-0.3)	ABC 5.6% (-0.3)	ABC 5.7% (-0.4)	ABC 2.8% (-0.1)
3	KTV 3.3%	KTV 5.1%	KTV 5.0%	KTV 2.4%
4	MBS 2.9%	NHK 4.8%	MBS 4.6%	MBS 2.3%
5	NHK 2.6%	MBS 4.7%	NHK 4.2%	NHK 1.1%

Television Viewer Ratings for the Kansai Region
Apr-Dec 2022: Households

(*April 4, 2022 to January 1, 2023) (Source: Video Research)

	All Day (6:00-24:00)	Golden Time (19:00-22:00)	Prime Time (19:00-23:00)	Prime 2 (23:00-25:00)
1	YTV 6.7%	YTV 9.8%	ABC 9.7% (-0.9)	YTV 5.9%
2	ABC 6.4% (-0.6)	ABC 9.4% (-0.8)	YTV 9.6%	ABC 5.2% (-0.3)
3	KTV 5.7%	NHK 8.5%	KTV 8.1%	MBS·KTV 4.4%
4	MBS 5.3%	KTV 8.0%	MBS·NHK 7.5%	* * * * * *
5	NHK 4.9%	MBS 7.6%	* * * * * *	NHK 2.3%

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

Figures in parentheses represent the company's year-on-year change.

Source: excerpt from IR results briefing materials.

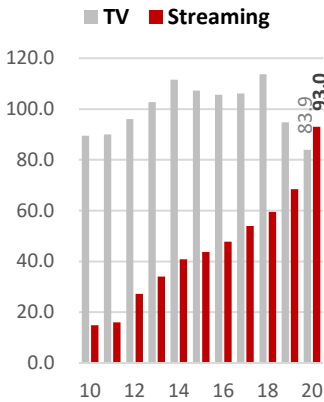
ABC TV high-quality, highly popular 'Killer Content' programming

- ♣ **Aiseki Shokudo (Let's share a table):** A variety show in which celebrity entertainers go on location to various locations across Japan and meet people in diner restaurants, etc., while a popular comic duo sitting in the studio pokes fun at them and watches on. The show is also very popular on internet streaming.
- ♣ **Tantei Knight Scoop (Detective Knight Scoop):** Viewer-participation variety show that airs late night every Friday. Celebrities serve as "detectives," conducting investigations in response to viewer requests delivered to the "detective agency," and report back to the "bureau chief" sitting in the studio. This popular long-running program from Kansai, which will celebrate its 35th anniversary in 2023, is also popular for internet streaming and DVDs, etc.
- ♣ **Potsunto Ikkenya (In the middle of nowhere):** Using only satellite images, this is a human variety program that uses local information to locate homes in remote areas throughout Japan, meets the people who live there, and interviews them about their reasons for living there and their thoughts and feelings. The program is popular among people of all ages and boasts extremely high viewer ratings.
- ♣ **M-1 Grand Prix:** This is an annual year-end competition to determine the best *manzai* (comic duo) comedians in Japan, unrivaled by other comedy contests in terms of history, performance, and viewer ratings. The hotly contested competition is broadcast live nationwide by ABC TV, and it is also popular on YouTube and other social media platforms, as well as on DVD after the broadcast.
- ♣ **Who is a real celebrity?:** A popular annual program aired on January 1, has maintained the top household viewership rating among major programs aired on the first three days of the New Year for 8 consecutive years. This is a variety program in which top celebrity entertainers use their sense of taste, sight, and hearing to identify the best ingredients, musical instruments, and other top-notch products. The program "rates" popular guests according to their number of correct answers.
- ♣ **Ohayou Asahi Desu:** A morning information program that provides news, weather, and the latest trends in the Kansai area, as well as useful information for daily life. Celebrating its 44th anniversary in April 2023, it is a popular and long-running program that can be called the "face of Kansai mornings."



Free!—the Final Stroke— the second volume (movie, 22.04)
Koji Oji / Kyoto Animation / Iwatobi Town Supporters Association 2021

The graph below in JPY bn is effectively the exact same trend as observed on the two graphs on P10 (internet shift).

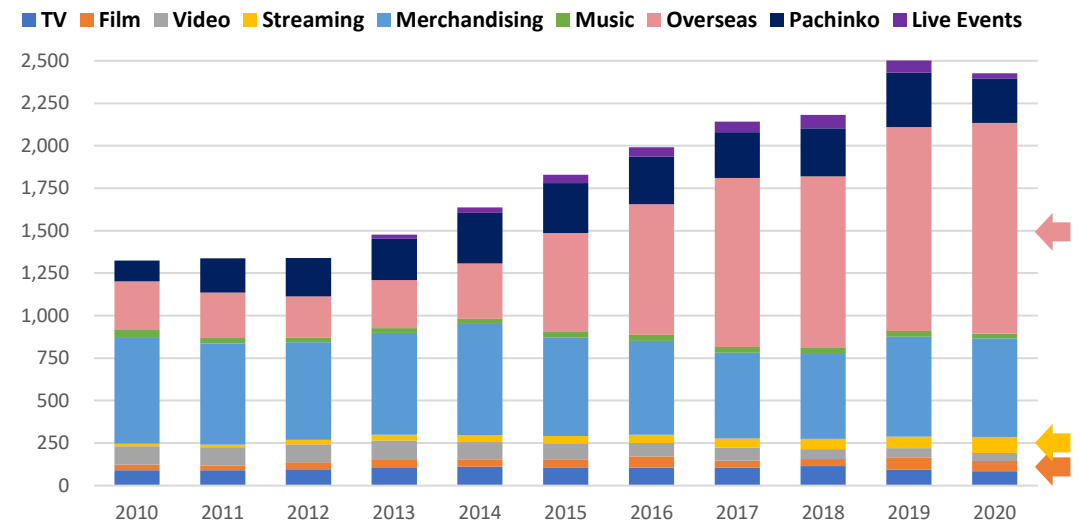


Source: AJA Report 2021 Summary.

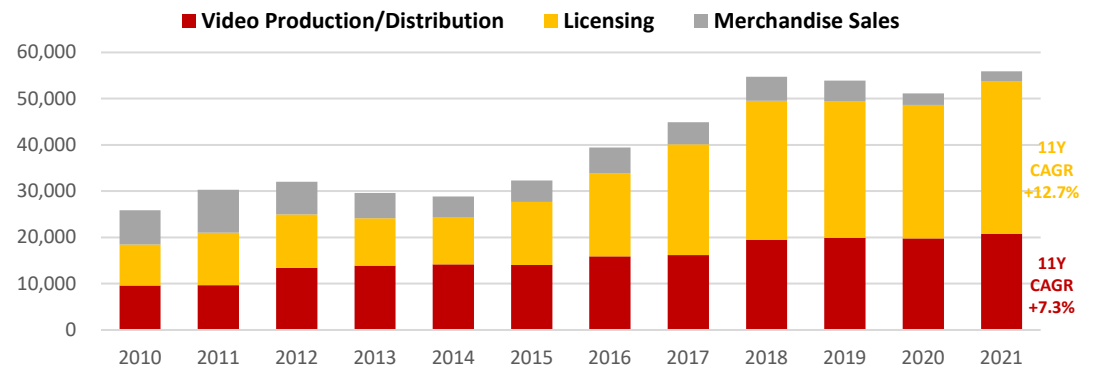
Focusing efforts on Animation business

Kyoto Animation has a worldwide audience. The ABC Group has a deep business connection with Kyoto Animation, and according to President Okinaka, the ABC Group is virtually the main overseas sales agent for Kyoto Animation. The company also has a relationship with industry leader Toei Animation, through the "Pretty Cure" series, which celebrates its 20th anniversary in 2023. Expanding animation business is one key element in the prioritization of content business.

AJA Japan Animation Market Trends by Segment (JPY bn)



4816 TOEI ANIMATION Net Sales by Business Segment (JPY mn)



Source: compiled by SIR from SPEEDA earnings database.

Japan Animation Market Trends by Segment (JPY bn)

Year	TV	Film	Video	Streaming	Merchandising	Music	Overseas	Pachinko	Live Events	TOTAL MKT	YoY
2010	89.5	33.7	108.5	14.9	627.4	40.6	286.7	122.6	0.0	1,323.9	4.6
2011	90.0	28.5	106.7	16.0	594.3	32.5	266.9	202.6	0.0	1,337.5	1.0
2012	96.0	40.9	105.9	27.2	573.2	28.3	240.8	227.2	0.0	1,339.5	0.1
2013	102.7	47.0	115.3	34.0	598.5	29.6	282.3	242.7	24.8	1,476.9	10.3
2014	111.6	41.7	102.1	40.8	655.2	29.2	326.6	298.1	31.8	1,637.1	10.8
2015	107.3	47.7	92.8	43.7	579.4	32.4	583.4	294.1	48.4	1,829.2	11.7
2016	105.6	66.3	78.8	47.8	552.2	36.9	767.7	281.8	53.2	1,990.3	8.8
2017	106.1	41.0	76.5	54.0	503.7	34.4	994.8	268.7	62.9	2,142.1	7.6
2018	113.7	42.6	58.7	59.5	500.3	35.8	1,009.2	283.5	77.4	2,180.7	1.8
2019	94.8	69.2	56.3	68.5	586.8	33.7	1,200.9	319.9	84.4	2,514.5	15.3
2020	83.9	61.7	46.6	93.0	581.9	27.6	1,239.4	263.0	29.0	2,426.1	(3.5)
CAGR	(0.6)	6.2	(8.1)	20.1	(0.8)	(3.8)	15.8	7.9	2.3	6.2	
Ratio	3.5%	2.5%	1.9%	3.8%	24.0%	1.1%	51.1%	10.8%	1.2%	100.0%	

Source: compiled by SIR from "Anime Industry Report 2021 Summary" by the Association of Japanese Animations (AJA, March 2022).

What is required to achieve numerical targets of the "NEW HOPE" Medium-Term Management Strategy

In order to achieve the MTP target of boosting FY26/3 Content Business net sales to ¥25bn (4Y CAGR 13.25%), an increase of ¥10bn, **ABC is specifically targeting focused investment in animation and drama productions.** In the graph on the P14, the category titled 'live action' includes drama, variety and documentaries. ABC TV produces many popular variety shows, but it needs to beef up drama programs. To date, animation business is making steady progress, but drama production is apparently running slightly behind schedule.

This appears to be due in part to issues surrounding the strengthening of human resources, but at the 2023 New Year's press conference, Asahi Broadcasting Television President Yamamoto stated that drama is at the core of the content business with an eye toward cooperation with distribution platforms and overseas expansion. In addition, the company will establish a new nationwide network drama series slot on Sundays at 10 pm from April 2023. This will be the first time in 28 years (since 1995) that the company will independently produce a drama series in the golden and prime time slots, which shows the Company's enthusiasm.

Video distribution is an important channel for content sales, and video distribution using "killer content" is being developed on various platforms such as TVer, YouTube, Amazon Prime, and Netflix. Internet content other than video distribution also continues to grow. "Virtual High School Baseball" was launched jointly with The Asahi Shimbun Company in 2015 as an Internet service to enjoy high school baseball games anytime, anywhere. In FY23/3, more than 3,200 games were distributed. The Company is proud of the high growth it has achieved with streaming high school baseball tournaments, which is now contributing nicely to business performance.

Streaming high school baseball tournaments has become big business



Contribution to the local community and deep involvement with the Osaka-Kansai EXPO 2025

As the top local broadcaster, the Osaka-Kansai EXPO will provide an endless supply of opportunities for The ABC Group to introduce the charms of Osaka and Kansai to the world, as well as communicating the events in greater depth to everyone in the region. Consolidated subsidiary MASH CORPORATION is responsible for event production and management, has a long track record in Expo management, and it will be deeply involved in the business this time as well. Other Group companies are also hoping to make the Osaka-Kansai Expo a great success in their respective fields of expertise. The ABC Group aims to actively grow together with the region as a Group united, and it is involved in planning and creating projects for the purpose of regional development and revitalization. The ABC Group positions the Osaka-Kansai EXPO 2025, which will be held from April to October 2025, as a starting point intended for a long-term trend of regional development (please refer to the Supplement starting on P34 for EXPO details).


PART 4
EARNINGS
REVIEW
FY22/3:
2Q and 3Q
upward
revisions

FY23/3:
2Q downward
revision

Background for the FY23/3 Full-Term Downward Revision on 1H results


It is well understood that advertising revenue, particularly TV spot revenue, is a major swing factor for broadcaster earnings that is highly susceptible to fluctuations in the macro environment. Just like forecasting trends in the economy, forecasting TV spot revenue is more of an art-form than a science. In FY22/3, Asahi Broadcasting Group Holdings Corp. revised up full-term guidance twice, on 2Q and 3Q results. Following the unprecedented headwinds in FY21/3 due to the COVID-19 pandemic, the table at the bottom shows that the initial industry outlook for FY22/3 proved extremely conservative, and hence the consecutive upward revisions. However, 4Q full-term results missed the 2nd revised profit targets, as momentum slowed in the 4Q. The table on the following page shows ABC TV FY22/3 4Q net sales -5.2% YoY and 4Q OP -43.0% YoY.

Asahi Broadcasting Holding Corp. Consolidated Revisions History

JPY mn, % [J-GAAP]	Net Sales	YoY	Operating Profit	YoY	OPM	Ordinary Profit	YoY	Profit ATOP	YoY
[2021.05.12]									
FY21/3 results	78,344	(5.5)	2,694	(20.5)	3.4%	3,033	(16.5)	(930)	—
FY22/3 initial CE	82,000	4.7	2,300	(14.6)	2.8%	2,500	(17.6)	1,600	—
[2021.11.08]									
FY22/3 revised CE	84,000	7.2	2,900	7.6	3.5%	3,200	5.5	2,100	—
AMT CHG	2,000		600			700		500	
PCT CHG	2.4		26.1			28.0		31.3	
[2022.02.07]									
FY22/3 revised CE	85,000	8.5	5,000	85.6	5.9%	5,500	81.3	3,400	—
AMT CHG	1,000		2,100			2,300		1,300	
PCT CHG	1.2		72.4			71.9		61.9	
[2022.05.16]									
FY22/3 results	85,100	8.6	4,203	56.0	4.9%	4,792	58.0	2,671	—
FY23/3 initial CE	91,000	6.9	4,000	(4.8)	4.4%	4,500	(6.1)	2,900	8.6
[2022.11.14]									
FY23/3 revised CE	87,000	2.2	2,900	(31.0)	3.3%	3,400	(29.1)	2,200	(17.6)
AMT CHG	(4,000)		(1,100)			(1,100)		(700)	
PCT CHG	(4.4)		(27.5)			(24.4)		(24.1)	

Source: compiled by SIR from TANSBIN financial statements and revision press releases.

Japan Commercial Broadcasters Association (JBA) Forecast Outlook for Terrestrial Broadcaster Operating Revenues

Pct YoY (127 cos.)	FY20/3 FY act	FY21/3 1H act	FY21/3 FY act	FY22/3 JBA est	FY22/3 1H act	FY22/3 FY act	FY23/3 JBA est	FY23/3 1H act	FY23/3 FY JBA	FY24/3 JBA est
JCER Macro assumptions										
Nominal GDP			(3.9)	2.1	3.0	2.5	3.0	1.3	2.5	2.9
Nominal private demand			(6.4)	3.2	2.9	3.9	4.2	6.7	6.0	2.3
• Consumer spending			(5.5)	2.7	2.9	2.7	4.1	6.0	5.3	2.5
• Capital expenditures			(8.1)	4.2	3.9	4.8	4.6	6.5	7.6	3.5
Real GDP			(4.6)	2.7	4.1	2.7	3.0	1.5	1.7	0.8
JCER Corporate earnings (all ind.)										
Net sales			(9.3)	4.8	7.4	7.1	5.5	7.9	6.5	1.4
Ordinary profits			(16.2)	20.6	64.5	36.7	14.0	18.3	2.2	(10.4)
Terrestrial broadcasters										
Operating revenue	(3.2)	(20.0)	(11.3)	6.9	17.0	9.0	2.3	0.1	(1.8)	0.2
• TKO/OSA/NGO 15 stations	(3.4)	(19.0)	(10.8)	7.1	17.9	10.0	2.3	0.0	(1.4)	0.4
• Local network affiliates	(2.5)	(22.8)	(12.8)	6.9	15.6	6.9	2.1	(0.2)	(2.9)	(0.6)
Spot revenue	(6.0)	(28.3)	(12.6)	9.3	33.8	14.8	3.7	(2.4)	(4.1)	(0.2)
• TKO/OSA/NGO 15 stations	(6.4)	(28.7)	(12.9)	9.4	37.4	17.1	4.2	(2.4)	(3.7)	0.0
• Local network affiliates	(5.2)	(27.7)	(12.1)	9.1	26.4	10.1	2.7	(2.4)	(5.0)	(0.7)
Time revenue	(1.4)	(9.5)	(8.4)	3.5	6.1	4.0	(0.6)	(4.7)	(2.7)	(1.0)
• TKO/OSA/NGO 15 stations	(1.5)	(8.7)	(8.6)	3.7	6.7	4.6	(1.2)	(6.5)	(2.9)	(0.9)
• Local network affiliates	(0.1)	(11.1)	(8.5)	3.1	4.2	2.4	(0.1)	1.5	(2.3)	(1.3)

Source: compiled by SIR from JBA annual forecast press releases in January each year.

JBA: Japan Commercial Broadcasters Association is a non-profit incorporated association made up of 207 radio and TV broadcasters (estab. Jul-1951)

JCER: Japan Center for Economic Research is a non-profit private research institute supported by 340 leading cos., government organizations and universities as members (estab. Dec-1963).

ABC TV Financial Results (quarterly trend)

JPY mn, %	FY22/3	FY22/3	FY22/3	FY22/3	FY22/3	FY23/3	FY23/3	FY23/3	FY23/3	FY23/3
	1Q act	2Q act	3Q act	4Q act	FY act	1Q act	2Q act	3Q act	9M FYTD	% total
Net sales	12,855	13,342	15,293	14,322	55,812	12,618	14,241	15,276	42,135	100.0%
• Broadcasting revenue	12,001	11,462	13,847	13,192	50,502	11,569	11,748	13,373	36,690	87.1%
□ Spot	7,584	6,594	8,413	8,226	30,817	7,427	6,781	7,986	22,194	52.7%
□ Network (time)*	2,698	3,160	3,762	3,398	13,018	2,531	3,050	3,520	9,101	21.6%
□ Local (time)	1,394	1,465	1,399	1,269	5,527	1,365	1,620	1,401	4,386	10.4%
□ Streaming (Tver, etc.)	145	104	124	129	502	106	148	239	493	1.2%
• Content revenue	770	1,800	1,365	1,045	4,980	977	2,423	1,823	5,223	12.4%
• Other revenue	83	80	81	85	329	71	69	81	221	0.5%

Pct YoY

Net sales	25.8	15.9	5.8	(5.2)	8.8	(1.8)	6.7	(0.1)	1.6
• Broadcasting revenue	23.3	8.3	5.3	(6.3)	6.2	(3.6)	2.5	(3.4)	(1.7)
□ Spot	41.3	16.2	4.2	(2.8)	11.7	(2.1)	2.8	(5.1)	(1.8)
□ Network (time)*	(8.8)	(2.6)	9.9	(11.4)	(3.3)	(6.2)	(3.5)	(6.4)	(5.4)
□ Local (time)	14.0	1.0	(1.5)	(12.2)	(0.2)	(2.1)	10.6	0.1	3.0
□ Streaming (Tver, etc.)	326.5	65.1	40.9	6.6	64.1	(26.9)	42.3	92.7	32.2
• Content revenue	100.5	114.5	11.9	12.5	47.7	26.9	34.6	33.6	32.7
• Other revenue	(14.4)	(8.0)	(8.0)	(9.6)	(10.1)	(14.5)	(13.8)	0.0	(9.4)

CHG AMT

Net sales	2,640	1,831	840	(787)	4,524	(237)	899	(17)	645
• Broadcasting revenue	2,268	878	700	(893)	2,953	(432)	286	(474)	(620)
□ Spot	2,215	918	336	(239)	3,230	(157)	187	(427)	(397)
□ Network (time)*	(260)	(84)	340	(439)	(443)	(167)	(110)	(242)	(519)
□ Local (time)	171	15	(21)	(176)	(11)	(29)	155	2	128
□ Streaming (Tver, etc.)	111	41	36	8	196	(39)	44	115	120
• Content revenue	386	961	145	116	1,608	207	623	458	1,288
• Other revenue	(14)	(7)	(7)	(9)	(37)	(12)	(11)	0	(23)

*Note: Network (time) revenue from FY22/3 onward affected by adoption of the Accounting Standard for Revenue Recognition (ASBJ No. 29).

JPY mn, %	FY22/3	FY22/3	FY22/3	FY22/3	FY22/3	FY23/3	FY23/3	FY23/3	FY23/3	FY23/3
	1Q act	2Q act	3Q act	4Q act	FY act	1Q act	2Q act	3Q act	9M YTD	% sales
Operating expenses	12,558	13,275	13,737	13,309	52,879	12,588	13,896	14,080	40,564	96.3%
ratio to net sales	97.7%	99.5%	89.8%	92.9%	94.7%	99.8%	97.6%	92.2%	96.3%	
• Cost of sales	7,684	8,601	8,587	8,005	32,877	7,624	8,964	8,896	25,484	60.5%
ratio to net sales	59.8%	64.5%	56.1%	55.9%	58.9%	60.4%	62.9%	58.2%	60.5%	
• SG&A expenses	4,874	4,673	5,150	5,304	20,001	4,964	4,931	5,184	15,079	35.8%
ratio to net sales	37.9%	35.0%	33.7%	37.0%	35.8%	39.3%	34.6%	33.9%	35.8%	
Operating profit	296	67	1,556	1,014	2,933	29	346	1,196	1,571	3.7%
ratio to net sales	2.3%	0.5%	10.2%	7.1%	5.3%	0.2%	2.4%	7.8%	3.7%	
Ordinary profit	329	91	1,613	1,024	3,057	235	369	1,308	1,912	4.5%
Profit	210	51	1,047	506	1,814	111	228	848	1,187	2.8%

Pct YoY

Operating expenses	12.0	9.3	3.7	(0.2)	5.9	0.2	4.7	2.5	2.5
• Cost of sales	12.8	10.5	4.4	(0.3)	6.6	(0.8)	4.2	3.6	2.5
• SG&A expenses	10.9	7.1	2.5	0.1	4.8	1.8	5.5	0.7	2.6
Operating profit	TB	TB	29.5	(43.0)	116.8	(90.2)	416.4	(23.1)	(18.1)
Ordinary profit	TB	TB	33.9	(43.0)	116.7	(28.6)	305.5	(18.9)	(6.0)
Profit	TB	TB	34.6	(56.9)	105.7	(47.1)	347.1	(19.0)	(9.3)

CHG AMT

Operating expenses	1,347	1,132	486	(21)	2,944	30	621	343	994
• Cost of sales	869	820	360	(27)	2,022	(60)	363	309	612
• SG&A expenses	479	311	125	6	921	90	258	34	382
Operating profit	1,291	740	354	(765)	1,580	(267)	279	(360)	(348)
Ordinary profit	1,293	717	408	(772)	1,646	(94)	278	(305)	(121)
Profit	843	488	269	(668)	932	(99)	177	(199)	(121)

(Ref.) Program expenses	3,827	4,007	3,782	3,745	15,361	3,725	4,137	3,741	11,603
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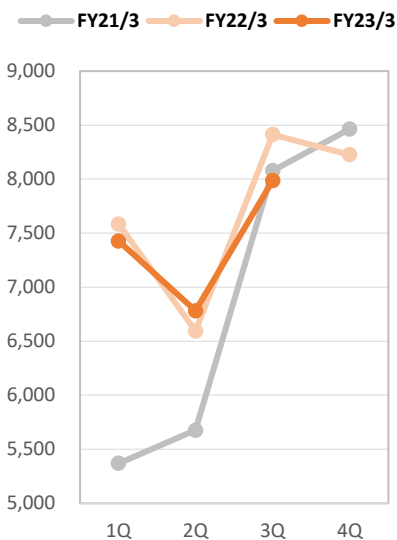
Source: compiled by SIR from IR reference materials and TANSIN financial statements



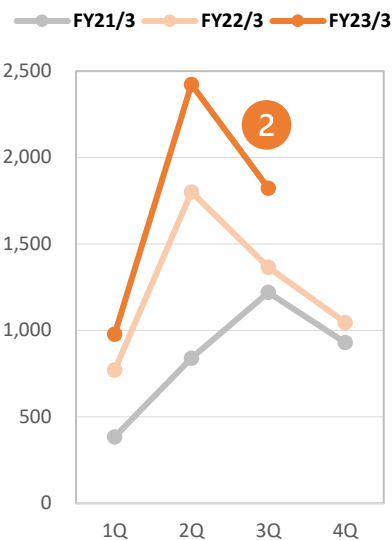
The Jan-2022 forecast outlook by JBA for FY23/3 was based on assumptions prior to Russia’s invasion of Ukraine on February 24, 2022, which sparked a wave of high global inflation, with spiking energy and food prices exacerbating global supply chain disruptions, chip shortages, forex market turbulence, etc. Therefore, the initial industry outlook for FY23/3 proved to be overly optimistic, in addition to the 7th wave of COVID-19 during the Jul-Sep quarter (highest number of new infection cases), resulting in the Company revising down full-term guidance on 2Q results.

Key takeaways for 3Q cumulative (9M) results for ABC TV, the Group’s largest subsidiary, are that despite Broadcasting revenue declining ¥620mn (-1.7% YoY), **① within Broadcasting, MTP focus area Streaming (TVer, etc.) revenue increased ¥120mn (+32.2% YoY), and ② more importantly, MTP priority target Content revenue increased ¥1,288mn (+32.2% YoY)**, resulting in 9M total net sales actually increasing ¥645mn (+1.6% YoY). 9M operating expenses increased ¥994mn (+2.5% YoY), resulting in 9M operating profit declining ¥348mn (-18.1% YoY), including upfront investment in Content.

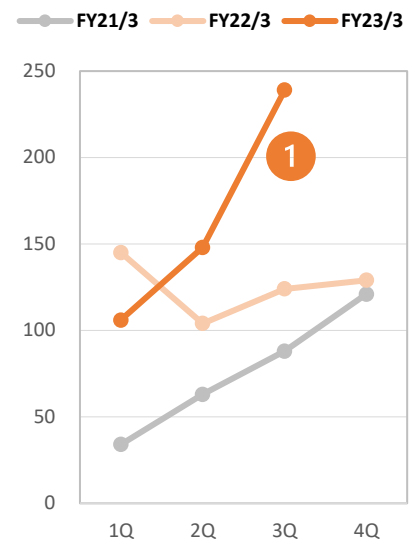
Spot Revenue (JPY mn)



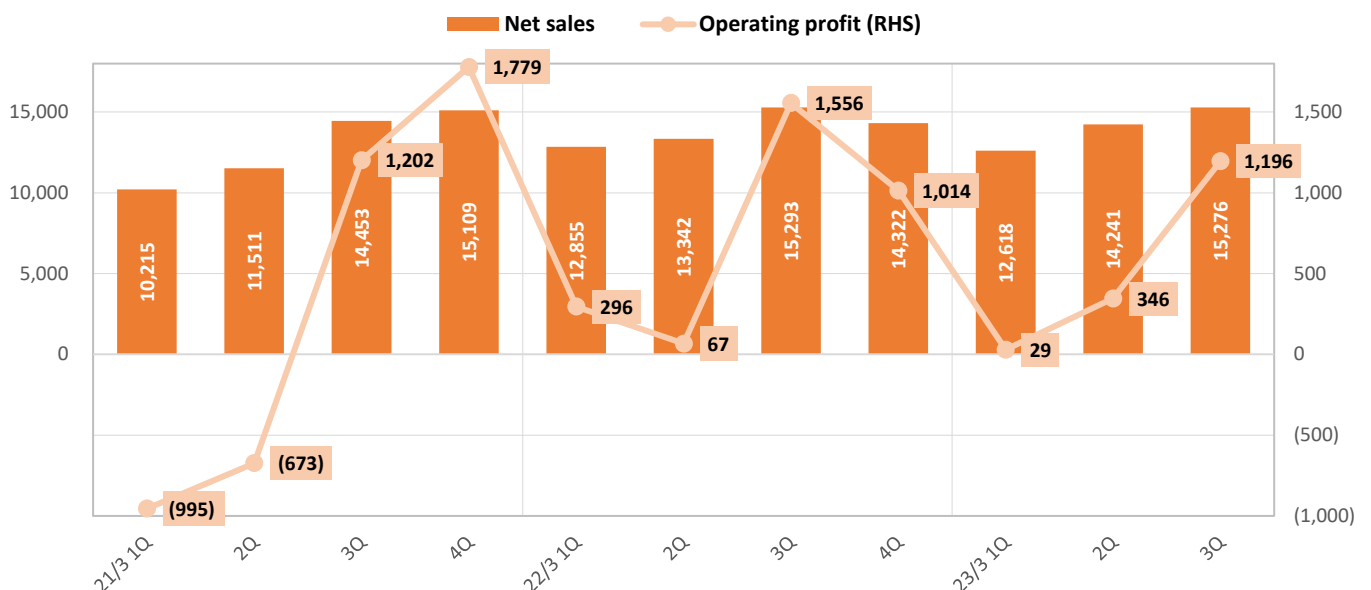
Content Revenue (JPY mn)



Streaming Revenue (JPY mn)



ABC TV Quarterly Earnings Trend (JPY mn)



Source: compiled by SIR from IR reference materials and TANSIN financial statements.



Asahi Broadcasting Group HD

3Q cumulative (9M) FY23/3 consolidated financial results and full-term outlook

Asahi Broadcasting Group Holdings Corporation announced 3Q consolidated results at 15:00 on Monday 2/13. Headline numbers were net sales ¥64,542mn, an increase of 809mn (+1.3% YoY), operating expenses increased ¥2,540mn (+4.2% YoY), and operating profit ¥1,756mn, a decrease of ¥1,730mn (-49.6% YoY). Operating expenses increased mainly due to an increase in amortization of investment in content related business, a priority target in the MTP.

Key takeaways for 3Q cumulative (9M) results are that despite the difficult environment for Broadcasting spot revenue, **① within the Lifestyle segment, MTP focus area At-home shopping net sales of ¥2,284mn increased ¥412mn (+22.0% YoY), and ② more importantly, MTP priority target Content net sales of ¥12,442mn increased ¥754mn (+6.5% YoY), both key initiatives in NEW HOPE** (see graphs on the bottom of the next page). Also, increased expenses from upfront investment in content business should be viewed as a clear sign that management is committed to executing its plan, despite the tough environment, which will translate into future earnings growth.

Based on our follow-up interview with the Company, SIR believes it is likely 4Q full-term results will post a slight shortfall to 1H revised full-term guidance. The table below shows that relative to 5-year average 3Q cumulative (9M) progress ratios, FY3/23 9M progress ratios for profits in particular are below the 5-year averages. In addition, 4Q implied CE in the sales breakdown table on the following page show a number of categories such as At-home shopping that are unlikely to achieve full-term targets. Also, 4Q implied CE for operating profit +59.3% YoY (Broadcasting and Content +9.4%, Lifestyle +356.1%) would mark a departure from the trend FYTD.



Analyst's view

Asahi Broadcasting Holdings Corp. 3Q Progress Ratios

JPY mn, %	Net sales	Operating Profit	Ordinary Profit	Profit ATOP
FY2018/03 9M	60,813	2,800	3,081	1,879
FY2018/03 12M	80,991	4,250	4,539	2,691
3Q progress ratio	75.1%	65.9%	67.9%	69.8%
FY2019/03 9M	61,058	2,907	3,204	2,895
FY2019/03 12M	81,986	4,262	4,591	3,742
3Q progress ratio	74.5%	68.2%	69.8%	77.4%
FY2020/03 9M	61,388	2,477	2,711	1,779
FY2020/03 12M	82,937	3,388	3,633	2,278
3Q progress ratio	74.0%	73.1%	74.6%	78.1%
FY2021/03 9M	56,925	729	1,137	(2,031)
FY2021/03 12M	78,344	2,694	3,033	(930)
3Q progress ratio	72.7%	27.1%	37.5%	—
FY2022/03 9M	63,732	3,487	4,084	2,815
FY2022/03 12M	85,100	4,203	4,792	2,671
3Q progress ratio	74.9%	83.0%	85.2%	105.4%
5-year AVG 9M	60,783	2,480	2,843	1,467
5-year AVG 12M	81,872	3,759	4,118	2,090
5-year AVG 3Q progress	74.2%	66.0%	69.1%	70.2%
FY2023/03 9M	64,542	1,756	2,087	1,307
FY2023/03 12M	87,000	2,900	3,400	2,200
3Q progress ratio	74.2%	60.6%	61.4%	59.4%

Source: compiled by SIR from SPEEDA earnings database.

Asahi Broadcasting Group Holdings Corp. Consolidated Financial Results (quarterly trend)

JPY mn, %	FY22/3					FY23/3				
	1Q act	2Q act	3Q act	4Q act	FY act	1Q act	2Q act	3Q act	4Q CE	FY CE
Net sales	19,854	21,035	22,843	21,368	85,100	19,606	21,494	23,442	22,458	87,000
Broadcasting & Content	16,009	17,945	19,364	18,030	71,348	16,237	18,245	19,340	17,978	71,800
• Broadcasting	13,308	12,907	15,381	14,534	56,130	13,185	13,283	14,850	14,082	55,400
• Content	2,691	5,028	3,969	3,482	15,170	3,039	4,948	4,455	3,658	16,100
• Other	9	10	15	13	47	12	14	35	239	300
Lifestyle	3,844	3,090	3,479	3,338	13,751	3,369	3,248	4,102	4,481	15,200
• Housing	2,944	2,271	2,322	2,288	9,825	2,279	2,197	2,890	2,234	9,600
• Golf	191	219	264	180	854	252	232	262	154	900
• At-home shopping	606	458	808	822	2,694	751	720	813	1,816	4,100
• Other	102	142	84	49	377	86	98	137	279	600

Pct YoY

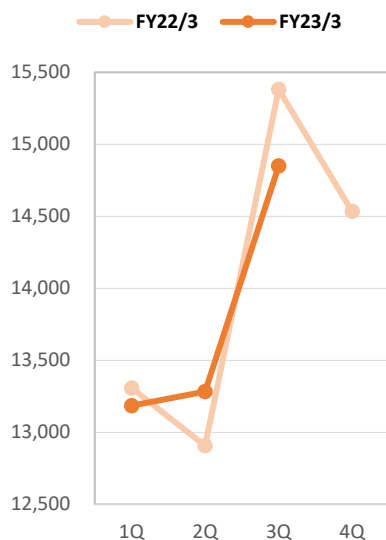
Net sales	29.3	18.7	(4.2)	(0.2)	8.6	(1.2)	2.2	2.6	5.1	2.2
Broadcasting & Content	29.2	28.7	10.4	0.2	15.4	1.4	1.7	(0.1)	(0.3)	0.6
• Broadcasting						(0.9)	2.9	(3.5)	(3.1)	(1.3)
• Content						12.9	(1.6)	12.2	5.1	6.1
• Other						33.3	40.0	133.3	1,738.5	538.3
Lifestyle	29.8	(18.4)	(44.9)	(2.7)	(16.6)	(12.4)	5.1	17.9	34.2	10.5
• Housing						(22.6)	(3.3)	24.5	(2.4)	(2.3)
• Golf						31.9	5.9	(0.8)	(14.4)	5.4
• At-home shopping						23.9	57.2	0.6	120.9	52.2
• Other						(15.7)	(31.0)	63.1	469.4	59.2

CHG AMT

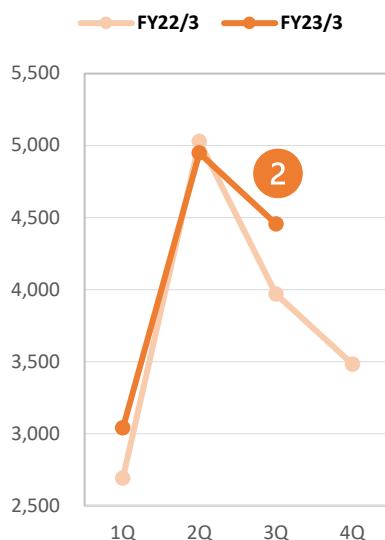
Net sales	4,501	3,311	(1,005)	(51)	6,756	(248)	459	599	1,090	1,900
Broadcasting & Content	3,618	4,007	1,830	43	9,498	228	300	(24)	(52)	452
• Broadcasting						(123)	376	(531)	(452)	(730)
• Content						348	(80)	486	176	930
• Other						3	4	20	226	253
Lifestyle	883	(696)	(2,836)	(94)	(2,743)	(475)	158	623	1,143	1,449
• Housing						(665)	(74)	568	(54)	(225)
• Golf						61	13	(2)	(26)	46
• At-home shopping						145	262	5	994	1,406
• Other						(16)	(44)	53	230	223

Source: compiled by SIR from IR reference materials and TANSIN financial statements

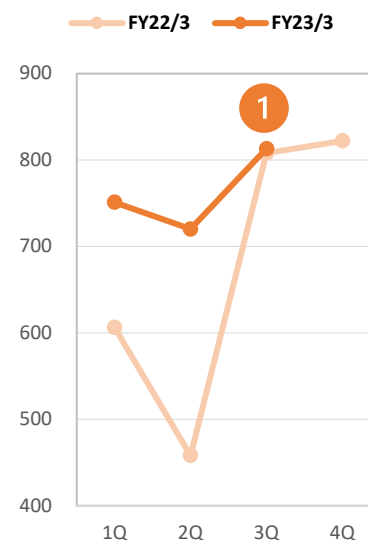
Broadcasting net sales (JPY mn)



Content net sales (JPY mn)



At-home shopping (JPY mn)



Source: compiled by SIR from IR reference materials and TANSIN financial statements.

Asahi Broadcasting Group Holdings Corp. Consolidated Financial Results (quarterly trend, continued)

JPY mn, %	FY22/3 1Q act	FY22/3 2Q act	FY22/3 3Q act	FY22/3 4Q act	FY22/3 FY act	FY23/3 1Q act	FY23/3 2Q act	FY23/3 3Q act	FY23/3 4Q CE	FY23/3 FY CE
Operating expenses	19,233	20,421	20,591	20,652	80,897	19,834	20,971	21,980	21,315	84,100
ratio to net sales	96.9%	97.1%	90.1%	96.6%	95.1%	101.2%	97.6%	93.8%	94.9%	96.7%
• Cost of sales	13,034	14,689	14,150	13,708	55,581	13,406	14,715	15,254	NA	NA
ratio to net sales	65.6%	69.8%	61.9%	64.2%	65.3%	68.4%	68.5%	65.1%		
• SG&A expenses	6,199	5,731	6,442	6,943	25,315	6,428	6,256	6,726	NA	NA
ratio to net sales	31.2%	27.2%	28.2%	32.5%	29.7%	32.8%	29.1%	28.7%		
Operating profit	620	614	2,253	716	4,203	(228)	521	1,463	1,144	2,900
ratio to net sales	3.1%	2.9%	9.9%	3.4%	4.9%	-1.2%	2.4%	6.2%	5.1%	3.3%
Broadcasting & Content	353	609	1,938	754	3,654	(236)	643	1,168	825	2,400
Lifestyle	325	87	396	66	874	90	28	381	301	800
eliminations	(57)	(83)	(80)	(105)	(325)	(82)	(150)	(86)	18	(300)
Ordinary profit	771	768	2,545	708	4,792	(40)	519	1,608	1,313	3,400
Profit ATOP	442	691	1,682	(144)	2,671	352	51	904	893	2,200

Pct YoY

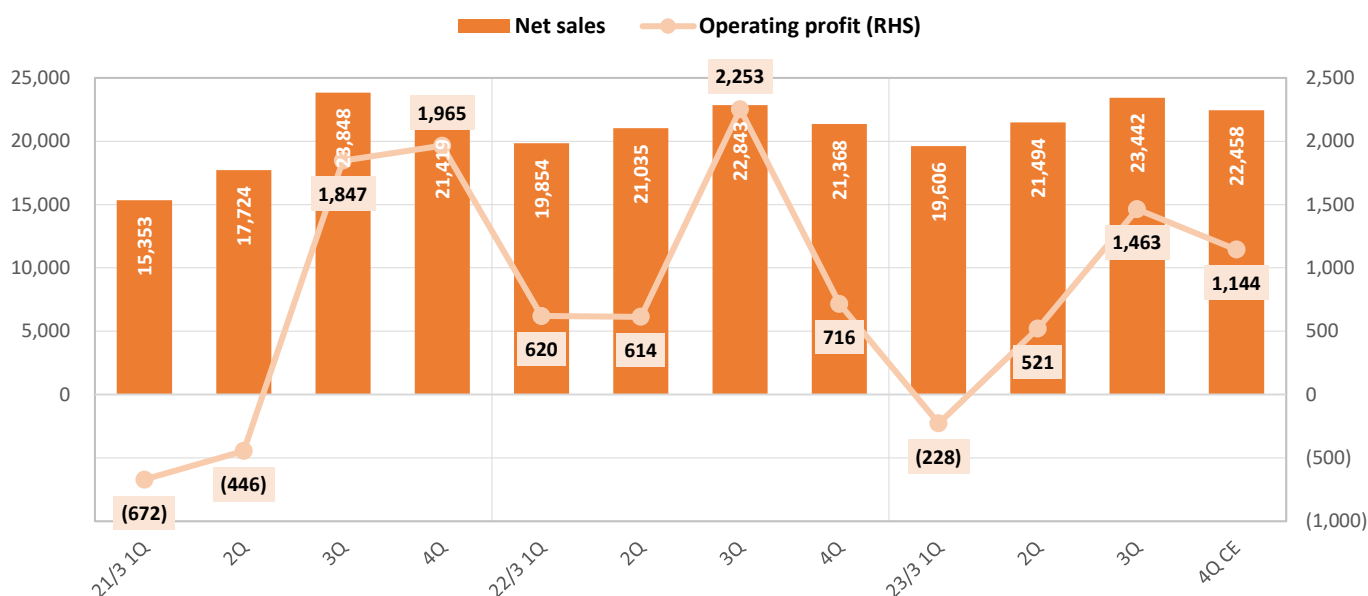
	20.0	12.4	(6.4)	6.2	6.9	3.1	2.7	6.7	3.2	4.0
Operating expenses										
• Cost of sales	23.1	15.0	(10.7)	4.0	6.1	2.9	0.2	7.8	NA	NA
• SG&A expenses	14.0	6.2	4.8	10.7	8.9	3.7	9.2	4.4	NA	NA
Operating profit	TB	TB	22.0	(63.6)	56.0	TR	(15.1)	(35.1)	59.8	(31.0)
Broadcasting & Content	TB	TB	57.2	(60.1)	80.9	TR	5.6	(39.7)	9.4	(34.3)
Lifestyle	TB	(46.3)	(42.9)	(56.3)	(11.5)	(72.3)	(67.8)	(3.8)	356.1	(8.5)
eliminations	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm
Ordinary profit	TB	TB	24.9	(62.7)	58.0	TR	(32.4)	(36.8)	85.5	(29.0)
Profit ATOP	TB	TB	TB	TR	TB	(20.4)	(92.6)	(46.3)	TB	(17.6)

CHG AMT

	3,207	2,252	(1,409)	1,197	5,247	601	550	1,389	663	3,203
Operating expenses										
• Cost of sales	2,447	1,918	(1,703)	526	3,188	372	26	1,104	NA	NA
• SG&A expenses	760	334	294	671	2,059	229	525	284	NA	NA
Operating profit	1,292	1,060	406	(1,249)	1,509	(848)	(93)	(790)	428	(1,303)
Broadcasting & Content	923	1,143	705	(1,137)	1,634	(589)	34	(770)	71	(1,254)
Lifestyle	344	(75)	(298)	(85)	(114)	(235)	(59)	(15)	235	(74)
eliminations	25	(8)	(1)	(27)	(11)	(25)	(67)	(6)	123	25
Ordinary profit	1,282	1,157	508	(1,188)	1,759	(811)	(249)	(937)	605	(1,392)
Profit ATOP	795	942	3,109	(1,245)	3,601	(90)	(640)	(778)	1,037	(471)

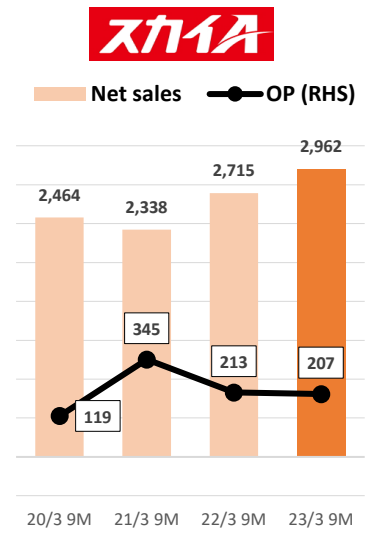
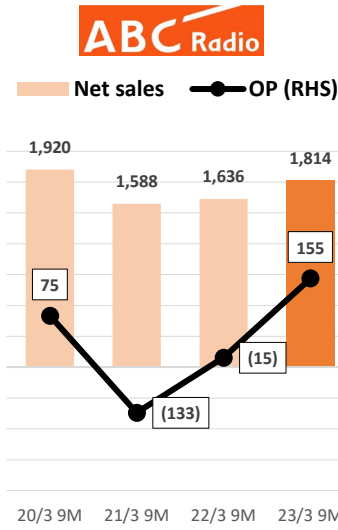
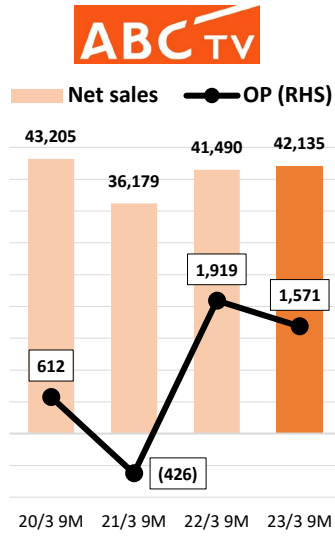
Source: compiled by SIR from IR reference materials and TANSIN financial statements

Asahi Broadcasting Group Holdings Corp. Quarterly Earnings Trend (JPY mn)

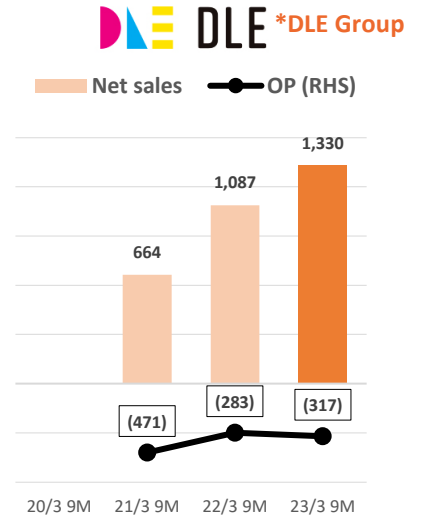
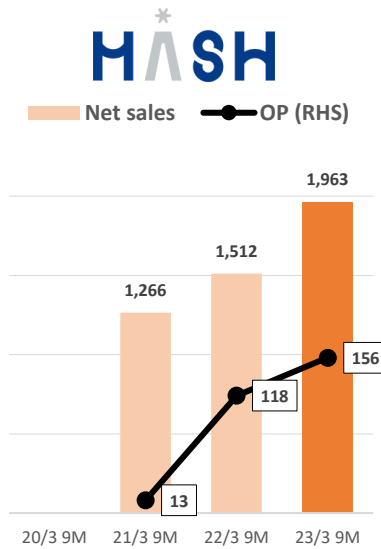
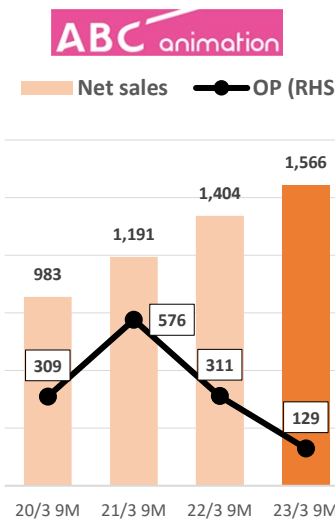


Source: compiled by SIR from IR reference materials and TANSIN financial statements.

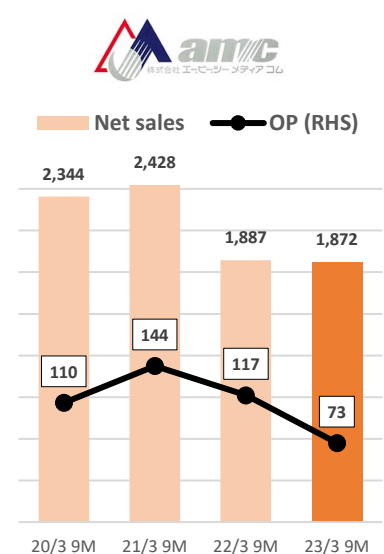
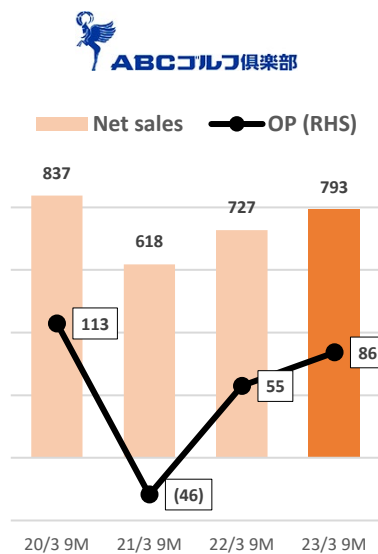
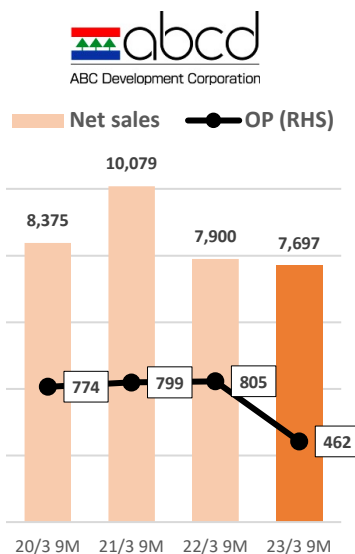
Major Broadcasting subsidiaries



Major Content subsidiaries



Major Lifestyle subsidiaries



Source: compiled by SIR from IR reference materials.

*Note: please refer to P4 for a list with business descriptions of major ABC Group companies



PART 5
SHARE PRICE
INSIGHTS

Comparative market valuations of Broadcasting-related versus Content-related

Since the stated central initiative of the Asahi Broadcasting Group's FY22/3 – FY26/3 Medium-Term Management Strategy *NEW HOPE* is to become a “comprehensive content business group,” “raising Content Business sales to about 50% of Broadcasting Business sales,” the table below provides a summary of comparative stock market valuations of broadcasting-related and content-related company stocks. Specifically, the Broadcasting-related group includes 6 terrestrial broadcasters (the key 5 nationwide TV broadcasters and the top regional TV broadcaster), 2 satellite broadcasters and 2 video production companies. This group is characterized by low to negative sales growth, relatively low profit margins and assigned valuations akin to utility stocks (P/E ratios around 10x, P/B ratios generally below 0.5x and above-average dividend yields). The content-related group includes 2 representative animation companies, 3 representative movie companies and the top domestic subscription VOD provider. **The clear takeaway here is that relatively higher growth in net sales and profits for content is assigned premium valuations in the market.** Although *NEW HOPE* clearly lays out the Group's direction as a Content creator going forward, the Group has been implementing the same strategy for some time. Below is a list of companies newly established and acquired through M&A in recent years.

Companies newly established and acquired through M&A in the Content area

Date	Newly established cos., acquired through M&A	Business description
2016	ABC ANIMATION, INC., ABC INTERNATIONAL, INC. and ABC RIGHTS BUSINESS, INC. ABC FRONTIER HOLDINGS, INC. (Restructuring centered on ABC FRONTIER, Inc. in 2021)	Planning / production of anime content, overseas and merchandise sales Licensing and music publishing business International business, business development
2019	MASH CORPORATION ※	Event planning and production, promotions
2019	DLE Group (DLE, Inc., Churapps Co., Ltd., AMIDUS, Inc.) ※	Fast entertainment, etc.
2020	Procen Studio Co., Ltd. ※	Audio and post-production Business
2020	SILVER LINK, Inc. ※	Planning and production of animated cartoons
2020	ABC ARC, INC.	Publishing, social media, online media operations, regional development projects, planning, events, and marketing based on local history
2021	Bestie Corporation	Sports-related content planning, production, consulting
2021	ABC&SET, INC.	Planning/production/contracting/performance of live plays, etc., planning/production of various events
2022	Zero G Act Co., Ltd.	Planning, design, manufacturing, and development of character and anime merchandise. Design and development, OEM production of toys and hobby products

Source: compiled by SIR from company disclosed materials. ※ denotes acquired through M&A.

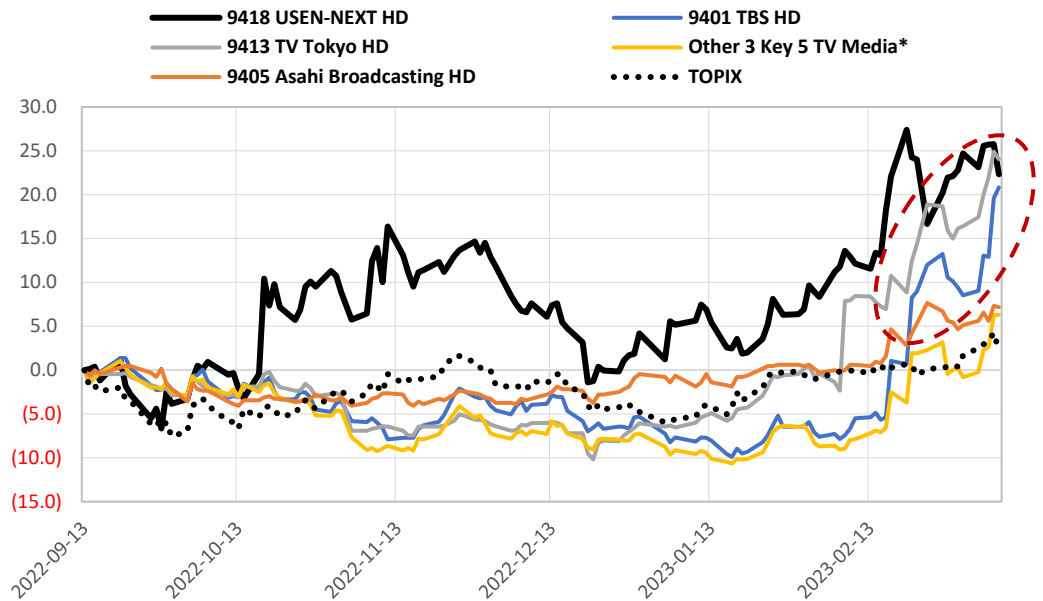
Comparative Stock Market Valuations of Broadcasting-related and Content-related Shares (March 10 closing prices)

TSE code	Sector Company	Market cap (JPY mn)	P/E ratio CE (times)	P/B ratio act (times)	Div yield CE (%)	EV/EBITDA CE (times)	ROE act (%)	Net sales 10Y CAGR*	Net assets 10Y CAGR*
BROADCASTING-RELATED									
Terrestrial Broadcasting									
9401	TBS Holdings, Inc.	335,460	16.2	0.44	2.05%	7.8	3.88%	0.3%	10.6%
9404	Nippon Television Holdings, Inc.	313,948	9.2	0.36	3.11%	3.7	5.72%	2.9%	6.7%
4676	Fuji Media Holdings, Inc.	285,483	10.0	0.33	3.28%	6.8	3.17%	0.0%	4.2%
9409	TV Asahi Holdings Corp.	170,499	9.4	0.40	2.55%	3.3	5.48%	2.2%	4.7%
9413	TV Tokyo Holdings Corp.	66,880	10.7	0.72	3.30%	2.9	6.86%	2.9%	3.7%
9405	Asahi Broadcasting Group Holdings Corp.	28,781	13.1	0.43	2.33%	3.2	4.02%	0.9%	2.2%
Satellite Broadcasting									
9412	SKY Perfect JSAT Holdings Inc.	157,921	10.3	0.61	3.39%	3.2	6.12%	-2.6%	2.8%
4839	WOWOW Inc.	37,180	22.6	0.53	3.88%	0.9	6.59%	1.8%	8.6%
Video Production									
2329	Tohokushinsha Film Corp.	32,808	11.2	0.41	2.42%	—	4.22%	-1.7%	3.2%
6879	IMAGICA GROUP Inc.	29,081	7.6	0.83	2.31%	4.7	9.31%	4.7%	3.7%
CONTENT-RELATED									
Animation / rights									
7832	Bandai Namco Holdings Inc.	1,869,462	19.5	2.89	0.64%	10.3	16.95%	7.0%	10.6%
4816	Toei Animation Co., Ltd.	558,600	30.2	4.96	0.74%	19.9	14.15%	5.6%	11.2%
Movies / rights									
6758	Sony Group Corp.	14,754,656	16.6	2.18	0.64%	7.8	12.76%	4.3%	11.2%
9602	Toho Co., Ltd.	921,263	27.0	2.15	1.21%	15.4	7.66%	2.3%	5.6%
9468	KADOKAWA Corp.*	389,339	34.8	1.90	1.09%	11.4	9.41%	11.9%	7.8%
Subscription VOD									
9418	USEN-NEXT HOLDINGS Co., Ltd.*	150,891	15.7	3.47	0.72%	6.8	23.60%	21.9%	28.0%

Source: compiled by SIR from SPEEDA share price and earnings database and NIKKEI KAISHA JOHO DIGITAL database.

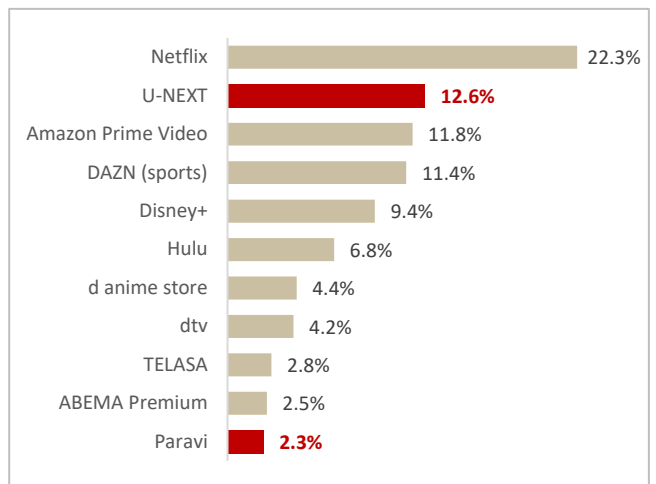
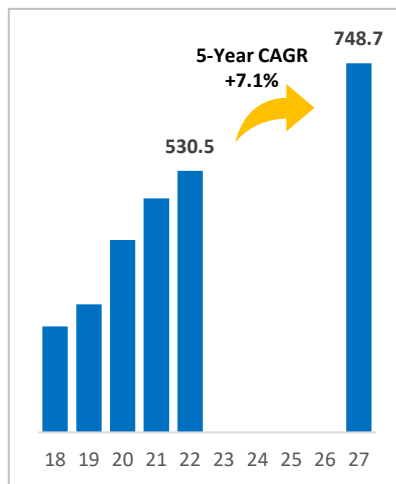
*Note: the number of periods for CAGR calculations by SIR based on comparable same FY for KADOKAWA = 7, for U-NEXT HD = 4.

6-Month Daily Relative Performance of Broadcaster Shares



5-Year Forecast for Japan's VOD market* (JPY bn) and 2022 SVOD market shares

Post-merger SVOD share:
14.9%



*Note: VOD market includes total of subscription VOD, transactional VOD (rental) and electronic sell-through (sales). Source: compiled by SIR from GEM Partners five-year forecast (2023-2027) of the video-on-demand VOD market in Japan, USEN-NEXT HOLDINGS, merger presentation slides.

ABC TV Streaming Revenue
As described on P20, for the 9 months ended Dec-2022, within Broadcasting, MTP focus area Streaming (TVer, etc.) revenue increased ¥120mn (+32.2% YoY). In addition to non-subscription platforms such as TVer and YouTube, etc., ABC TV is pursuing video distribution tie-ups with leading SVOD platforms such as Netflix, Amazon Prime Video and Hulu.

On February 17, 9418 USEN-NEXT HOLDINGS announced plans to acquire Premium Platform Japan, Inc. (PPJ), the operator of the “Paravi” subscription video distribution service (started in April 2018, operated jointly by TBS Holdings, Nikkei, TV Tokyo Holdings, WOWOW, Dentsu Group, and Hakuholdo DY Media Partners), making it a wholly-owned subsidiary through simplified share exchange and absorption-type merger. The post-merger U-NEXT/Paravi platform will have a combined 3.7mn users and the top SVOD domestic share of 14.9% (see graph above). Since both 9401 TBS Holdings and 9413 TV Tokyo Holdings have concluded agreements related to content procurement, the respective share prices reacted favorably. **All of the six major broadcasters have massive and extensive content-related intellectual property libraries, and the focus on content business will likely only attract further attention going forward. Asahi Broadcasting Group Holdings Corp. has the additional thematic driver of the Osaka-Kansai EXPO 2025.**



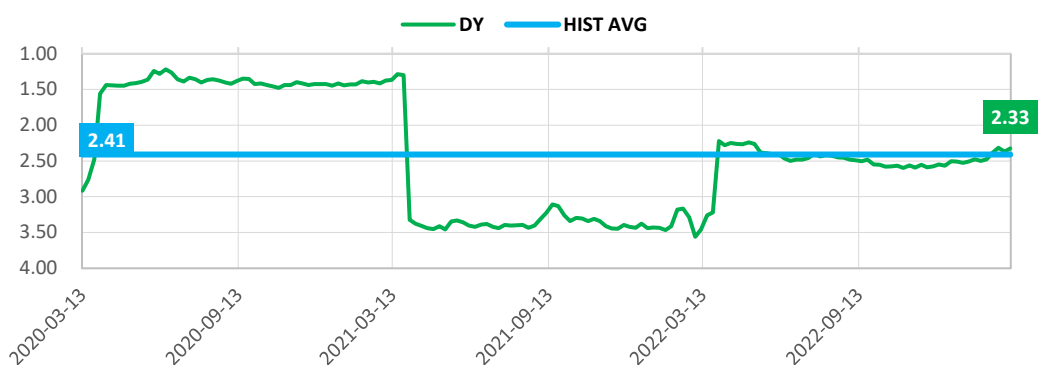
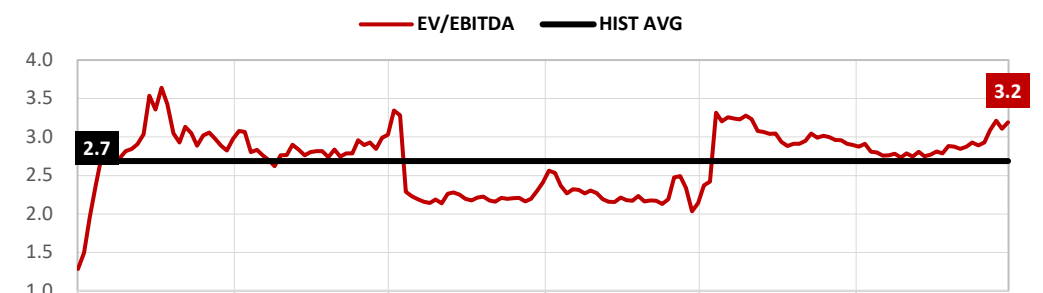
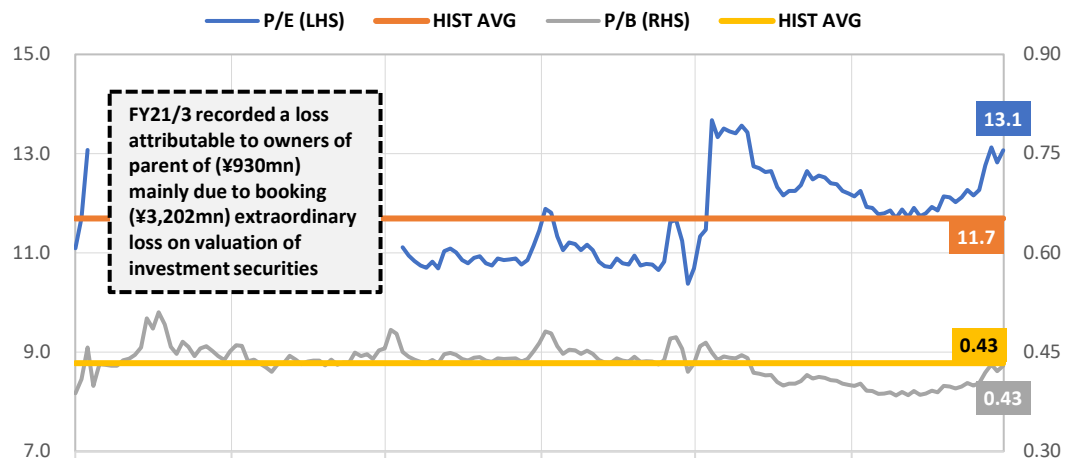
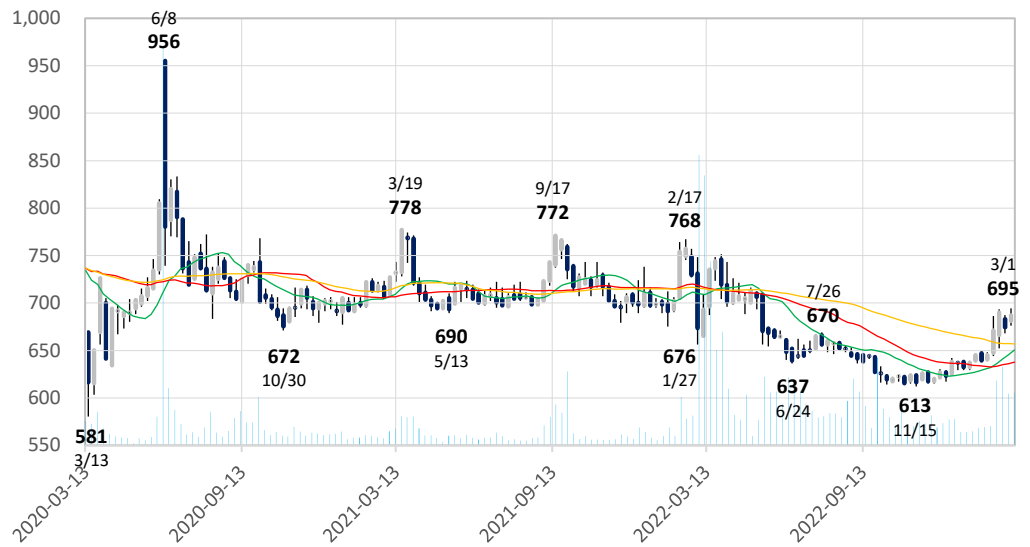
**Performance and Valuations:
SESSA Smart Charts**

- ✓ The current P/E on revised FY23/3 forecasts is trading 12% above its historical average, and EV/EBITDA is trading 19% above its historical average. Both P/B and DY are trading around their historical averages.
- ✓ On a short-term perspective, depressed current earnings and cash flows together with the recent share price rally have pushed up the P/E and EV/EBITDA.
- ✓ However, considering rising margins going forward on the increasing weight of content and expanding TV shopping to e-commerce, SIR believes current valuations do not reflect the medium-term opportunity.



Analyst's view

SESSA Smart Charts: 3-Year Weekly Share Price (13W, 26W, 52W MA) / Volume



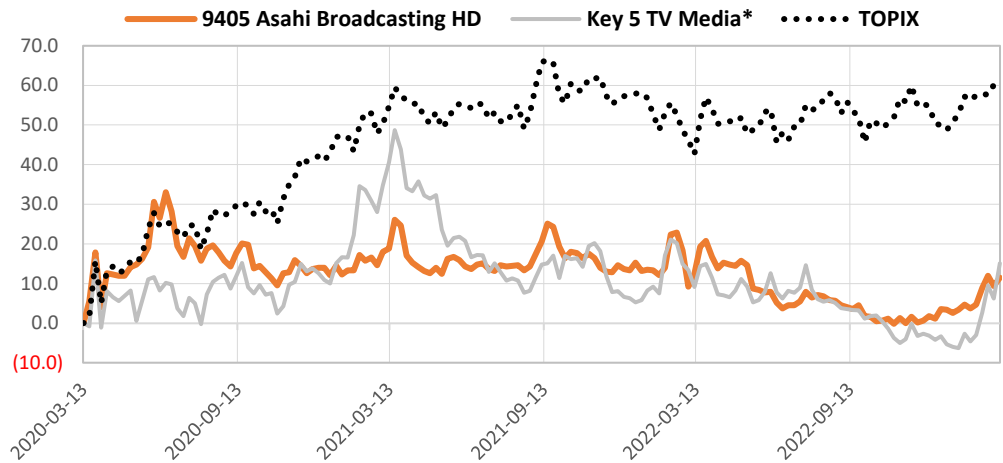
Source: created by SIR from SPEEDA price data. Calculations are based on company estimates.

✓ In order to create a benchmark for ABC, SIR calculated a market-cap weighted index for the key 5 TV broadcasters. Even after the recent rally, broadcasters have significantly lagged TOPIX in the wake of the transition to “living with the pandemic,” a clear reflection of the unprecedented challenges from the shift in viewership from TV to the internet.

✓ HOWEVER, as described on the bottom of P26, all of the six major broadcasters have massive and extensive content-related intellectual property libraries, and the focus on content business will likely only attract further attention going forward.

✓ Asahi Broadcasting Group Holdings Corp. has the additional thematic driver of the Osaka-Kansai EXPO 2025 (Supplement).

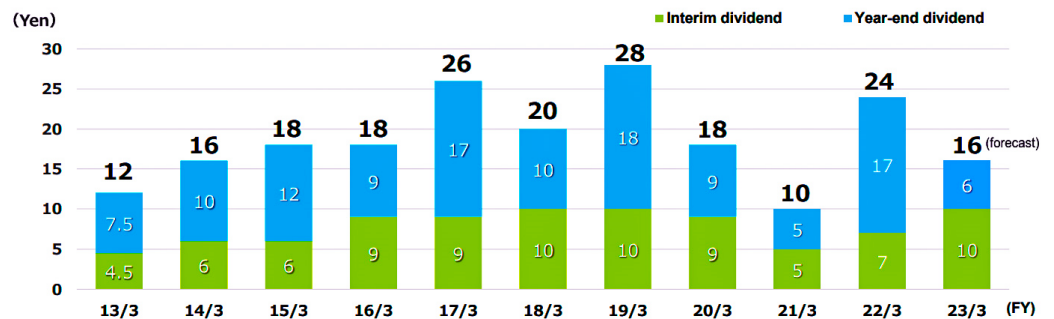
3-Year Weekly Relative Performance



*Note: Key 5 TV media market capitalization-weighted index calculated by SIR.

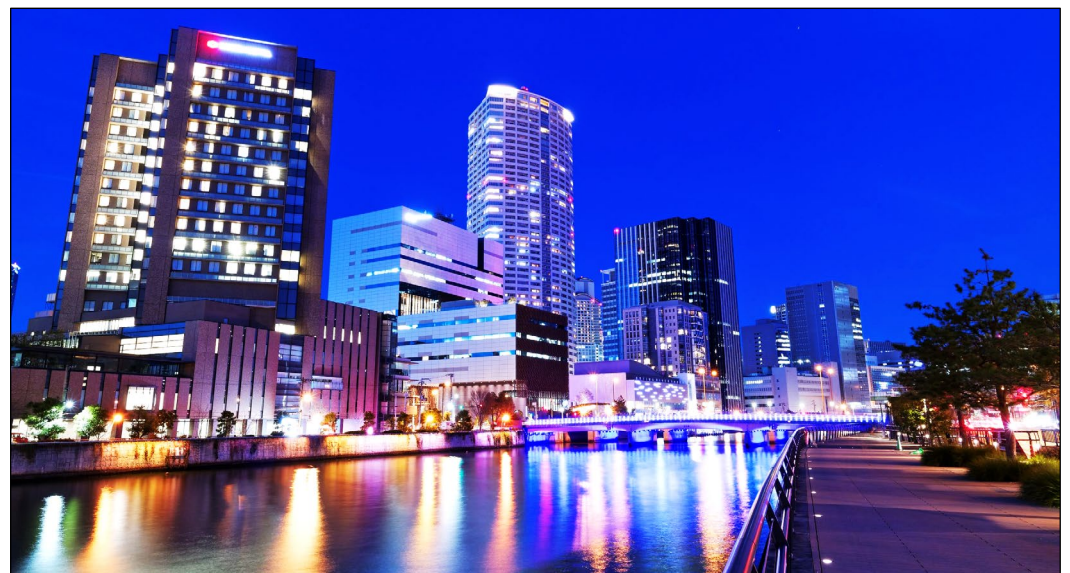
Dividends and ABC Group Shareholder Returns Policy

Regarding the distribution of profits, management considers the balance between strengthening and maintaining the Group’s financial position and investing toward improved corporate value through growth strategies, comprehensively taking into account financial results, dividend payout ratio, appropriate internal reserves, and other factors in light of the Group’s position of responsibility as a certified broadcasting holding company. The Company makes determinations on dividend payment in a consistent, stable and flexible manner, with a target consolidated dividend payout ratio of 30%.



Source: excerpt from 23/3 H1 results briefing presentation.

Asahi Broadcasting Group Holdings Corporation Osaka Head Office on the Dojima River





PART 6
ESG INITIATIVES



Strengthening sustainable management base and corporate brand

It is well known that the emergence of new digital media including social media has created many social problems and side effects. This is an aspect where fake news, unethical content, and anything else to gain viewership arises. At the same time, existing TV media have produced programs based on their own ethical standards and scrutiny of information for the sake of the public interest. The Asahi Broadcasting Group is working on developing its Content business by leveraging its brand and trustworthiness as a broadcaster that it has cultivated over many years. In order to strengthen its brand, SIR believes that addressing ESG issues is a core part of the Group's business strategy.

In August 2020, Asahi Broadcasting Group Holdings Corporation (includes ABC TV, ABC Radio, sky-A, and other Group companies) joined the SDG Media Compact, in which the United Nations calls for cooperation from the world's news media on the SDGs, goals aimed at solving global social issues.

All 193 members of the United Nations, including Japan, adopted the 2030 Agenda for Sustainable Development at the UN Sustainable Development Summit held in 2015 at the UN Headquarters in New York. The agenda consists of 17 Sustainable Development Goals (SDGs) and 169 associated targets covering global social issues such as poverty, the environment and sanitation, human rights, climate change, and education along with challenges to be resolved and a vision to be achieved by 2030. The SDGs are a universal endeavor involving the entire world, developed and developing countries alike, at both the national and regional levels, pledging to "leave no one behind."

As a media outlet, the ABC Group seeks to contribute to the resolution of diverse global social issues, and to this end will inform society broadly about the presence and details of

ABC Group CSR Basic Policy

Through the ABC Group's ever-evolving variety of content, we strive to create a happier and more enriched tomorrow.

The ABC Group CSR Basic Policy is a comprehensive vision for pursuing the group's CSR activities.

Three action guidelines

For tomorrow's adults

By fulfilling our responsibilities as a media outlet, we hand over a better society to the children.

News and Information, ABC's School Outreach Project, TABLE FOR TWO, Anchor Personality Visits to Welfare Facilities, etc.



For tomorrow's lifestyles

By respecting the global environment and human activity, we relay information on protecting lives and lifestyles.

Disaster Prevention and Mitigation Information and Initiatives, *Minna no Ki* (Trees for Everyone), Recycling Promotions, Solar Power Generation, etc.



For tomorrow's culture

By upholding the time-honored culture of the Kansai region, we help to further develop and enrich the local culture.

Community Cultural Support Events, Cultural Asset Programs, Mecenat Activities, Health and Sports Culture Support, etc.



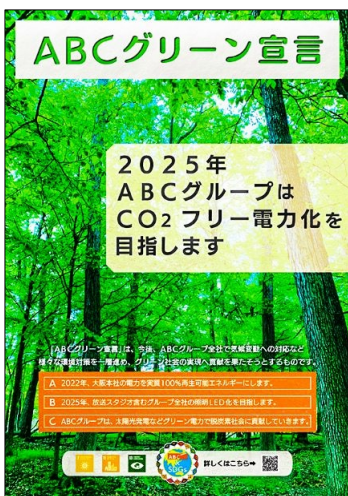
SDGs Targets Related to Each Action Guideline Activity

the SDGs through the ABC Group’s broadcasting content. The ABC Group CSR Policy forms the basis of the group’s Business Philosophy and expresses its commitment to achieve sustainable societies. **As a corporate media group, ABC will continue to contribute to the achievement of the goals of the SDGs beyond the CSR activities conducted through regular business activities.**



Sustainability Promotion Committee

In August 2021, Asahi Broadcasting Group Holdings Corporation established the Sustainability Promotion Committee to address the need for a groupwide strategy toward sustainability over the medium to long term. The committee responds to various issues related to sustainability, including consideration for global environmental issues such as climate change, respect for human rights, consideration for the health and working environment of employees, fair and appropriate treatment of employees, fair and appropriate transactions with suppliers, and crisis management in response to natural and environmental disasters, pursuing the sustainable growth of society and ABC Group business activities, as well as enhancing corporate value over the medium to long term.



ABC Green Declaration

In January 2022, Asahi Broadcasting Group Holdings Corporation announced the ABC Green Declaration, pursuing a variety of environmental measures to further cope with climate change. The ABC Group was among the first to be involved in solar power generation business (2013) and other measures toward becoming an environmentally friendly broadcasting company.

- **Osaka Head Office Building will use 100% renewable energy by 2022**
Electricity used at the Osaka head office building will be effectively 100% CO₂-free, derived from renewable energy every day in 2022. This shift will take advantage of the Kansai Electric Power Co., Inc. CO₂-free electricity rate menu, *Renewable Energy ECO Plan*. In 2023, the group will convert the Annex Building (Fukushima-ku, Osaka, occupied by seven Group companies), ABC TV Ikoma Transmission Station, and ABC Radio Takaishi Transmission Station to CO₂-free electricity, and by 2025, the ABC Group aims to achieve CO₂-free electricity groupwide, including the Tokyo office.

• **The ABC Group aims to install LED lighting in all broadcast studios and other group facilities**

The ABC Group intends to complete the current conversion to LED lighting on the office floors of the Osaka head office building by the end of fiscal 2022 (excl. certain facilities in consideration of electricity consumption), as well as the Annex Building. The Tokyo office has already been converted to LED lighting.

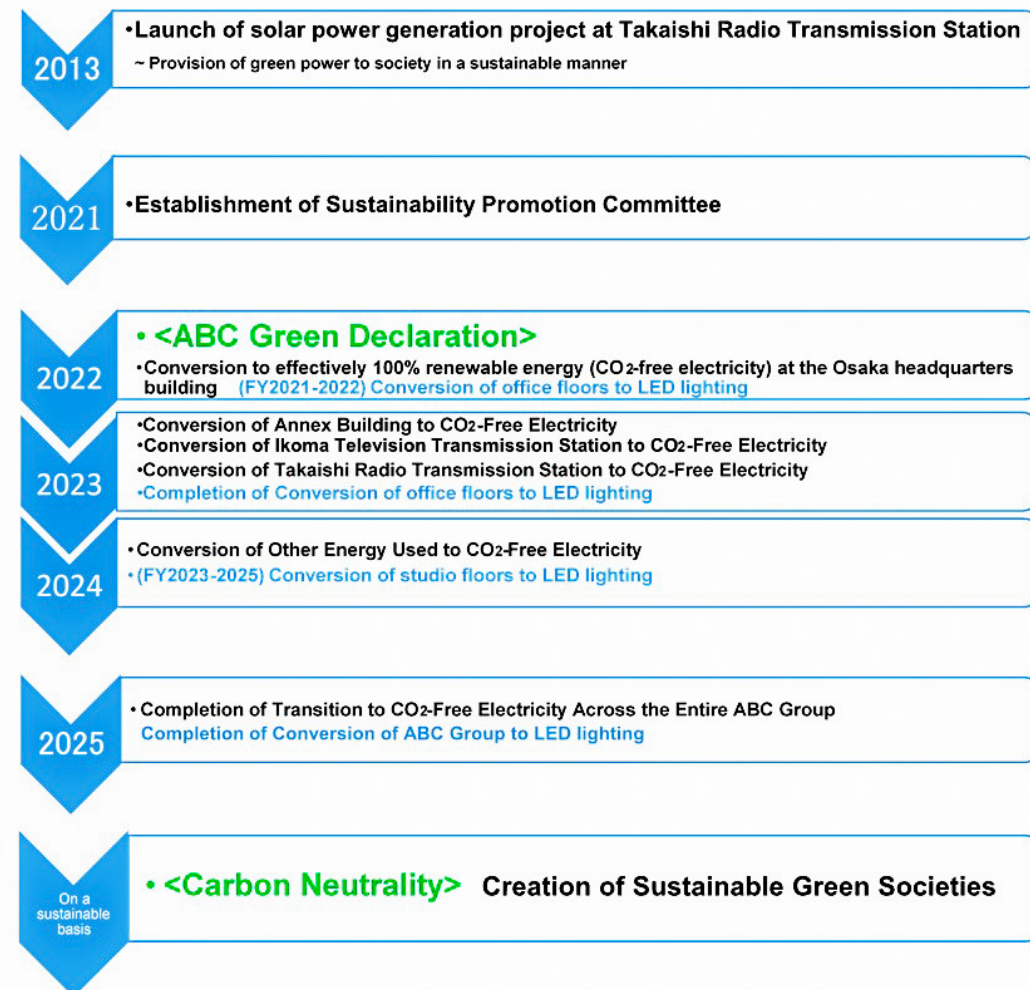




Solar panels at Takaishi Radio Transmission Station

Launched in November 2013, approx. 10,000 solar panels have been installed (1,990kW generation capacity), providing the equivalent of approx. 26.9% of electricity used in the ABC Group head office in FY22/3.

The ABC Group Aims for CO₂-Free Electricity Use Groupwide by 2025



Endorsement of Task Force on Climate-related Financial Disclosures (TCFD)

In May 2022, Asahi Broadcasting Group Holdings Corporation became one of the first broadcasting holding companies to endorse TCFD Recommendations. The Company views climate change as one of the most important management issues facing the ABC Group, and it believes that the TCFD provides an effective framework for implementing information disclosure related to climate change issues.

TCFD is a task force established by the Financial Stability Board (FSB) in December 2015 at the request of the Group of Twenty Finance Ministers and Central Bank Governors (G20) to reduce the risk of financial market instability as a result of climate change. The final provisions were published in June 2017, recommending the disclosure of information on the impact of climate change on business activities, as well as specific responses and strategies. This is a key point of information disclosure in the Revised Corporate Governance Code of 2021. The link to a report with details of assumptions regarding changes in the business environment related to climate change under the 1.5° C Scenario (mitigation of climate change) and under the 4.0° C Scenario (adaptation to climate change), major risks and opportunities related to climate change response, and indicators and targets for greenhouse gas emissions reductions (Scope 1 and Scope 2) for the ABC Group is:

<https://corp.asahi.co.jp/en/csr/environment/main/01/teaserItems1/03/linkList/0/link/TCFD2022.pdf>

Colorful@ABC Statement

In June 2022, Asahi Broadcasting Group Holdings Corporation announced its basic policy for making the ABC Group a more colorful and more inclusive workplace environment, focusing on efforts to promote diversity, including promoting greater career opportunities for women. The Company believes that fostering a corporate culture where everyone can reach their fullest potential is an essential element towards sustainability, and will lead to creating a workplace environment where each person is respected and acknowledged irrespective of sex, age, nationality, religious preference, life stage, disability or sexual orientation, striving for a company where the diverse capabilities of every member of the ABC family can shine through as the Japanese proverb “Junin Toiro” (ten people, ten colors, or everyone has his or her own tastes and ideas) suggests.

Creating a comfortable workplace / diversity in workstyles

Telework and telecommuting systems: Group companies are developing telework systems to enable employees to work from home not only for countermeasures against COVID-19, but also in normal times. More than 80% of Group companies have adopted telework operations, and more than 50% have established telework regulations. In addition, guidelines have been established for side and concurrent jobs, the path to reskilling has been expanded, and the Company has also introduced a system of accumulated leave and other paid time off to prepare for illness, nursing care, and childcare.

■ **Strengthening overall Asahi Broadcasting Group HR capabilities and promoting diversity**



Source: Asahi Broadcasting Group HD 2022 Corporate Report.

Other Business: Initiatives Related to ESG/SDGs

As can be seen from the list of Group companies on P4 and ABC Group’s corporate history on P7, ABC DREAM VENTURES, Inc. was established in July 2015 for the purpose of managing corporate venture capital investments. ABC Dream Fund No.1 Investment Limited Liability Partnership (JPY 1.2bn, 10 years, early stage to late stage) launched in July 2015 was created to invest in services and the latest technologies with great potential for future media, such as video distribution, video advertising, VR, AR, and near-future entertainment. ABC Dream Fund No.2 Investment Limited Partnership (JPY 1.8bn, 10 years, early stage to middle stage) launched in January 2019 was created to invest in startups with superior IP, content, and technology, and to engage in business collaboration with the ABC Group.

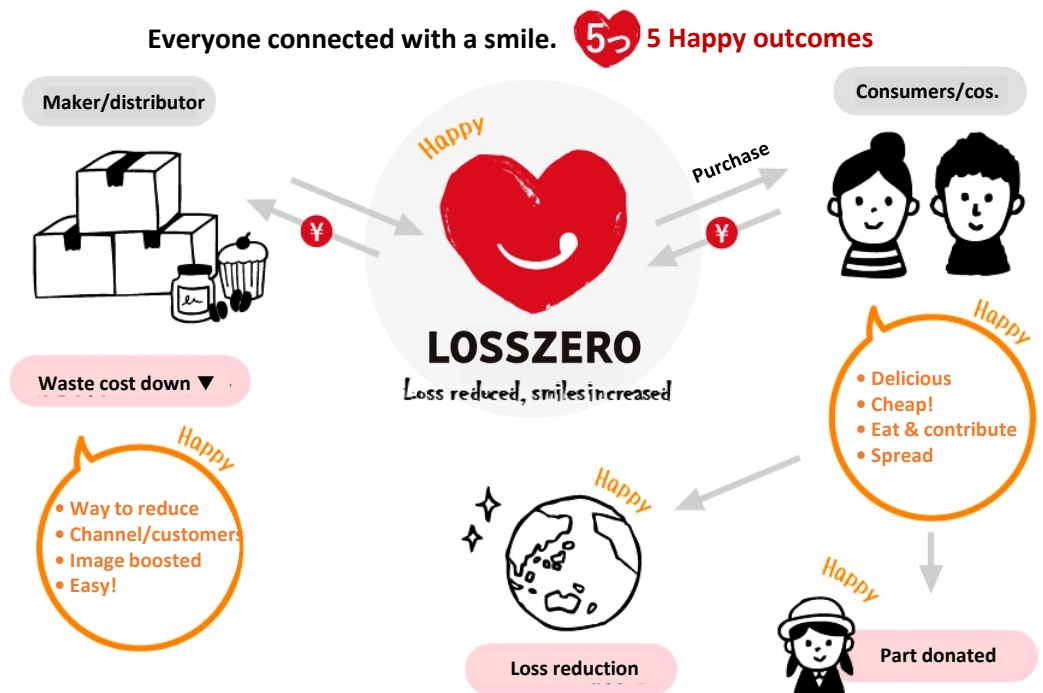
Social Interaction Design Fund (SIF) Investment Limited Partnership (JPY 0.3bn, 15 years, pre-seed to early stage) launched in July 2022 was created to invest in businesses that quickly create services and products that contribute to solving social issues and are related to the Kansai region, the first time to invest exclusively in venture companies related to achieving SDGs in the Kansai region. The Company announced in October 2022 that SIF's first investment will be in Loss Zero Co., Ltd. **LOSS ZERO aims to realize a sustainable society by making the most of "Mottainai (what a waste)" food, and it operates a platform to reduce food loss by connecting food manufacturers and consumers through its LOSS ZERO food sharing service.**

LOSS ZERO principal business:

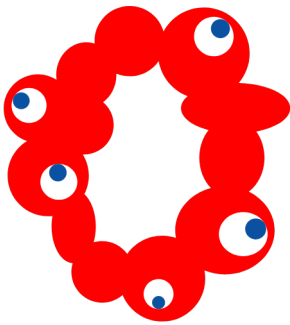
- ♥ Food sharing service (e-commerce, department stores, etc.)
- ♥ Planning and development of upcycled food products
- ♥ Information dissemination/media business regarding food loss and SDGs
- ♥ Operation of LOSS ZERO Cafeterias and LOSS ZERO Cafés in Osaka
- ♥ Advisor/consulting business related to food loss reduction
- ♥ Projects to support the social advancement of women and youth

SDGs addressed by LOSS ZERO

12 RESPONSIBLE CONSUMPTION AND PRODUCTION 	13 CLIMATE ACTION 
1 NO POVERTY 	17 PARTNERSHIPS FOR THE GOALS 
4 QUALITY EDUCATION 	



Source: compiled by SIR from LOSS ZERO Co., Ltd. website.



OSAKA, KANSAI, JAPAN

EXPO
2025

OVERVIEW

Schedule: 184 days from Sunday, April 13 to Monday, October 13, 2025

Venue: Yumeshima Island, on the waterfront of Osaka City

Projected visitors: Approx. 28.2 million

Economic impact: estimated to be approximately 1.9 trillion yen, consisting of 0.4 trillion yen in construction costs, 0.4 trillion yen in operating costs, and 1.1 trillion yen in consumer spending

Overview of the Osaka • Kansai EXPO 2025

Osaka was selected to be the host city of World Expo 2025 by member states during a General Assembly of the Bureau International des Expositions (BIE) in Paris, France in November 2018. The venue site is Yumeshima, one of three man-made islands on reclaimed land as part of the Technoport Osaka Plan, currently home to one of the largest container terminals in Japan, and located in close proximity to theme park Universal Studios Japan. As can be seen from the map on the following page, Yumeshima offers excellent access to the Kansai area including Kyoto and Kobe, with three airports and multiple stops along the JR Shinkansen main line.

Yumeshima aerial view, accessible from the Yumemai Bridge and Yumesaki Tunnel



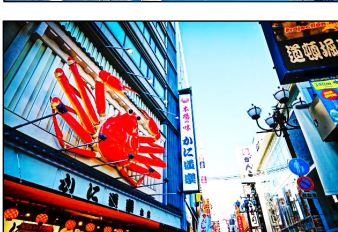
Source: photo image above and those on the left side of the next page licensed from Adobe Stock

Artist image of the completed venue site for EXPO 2025

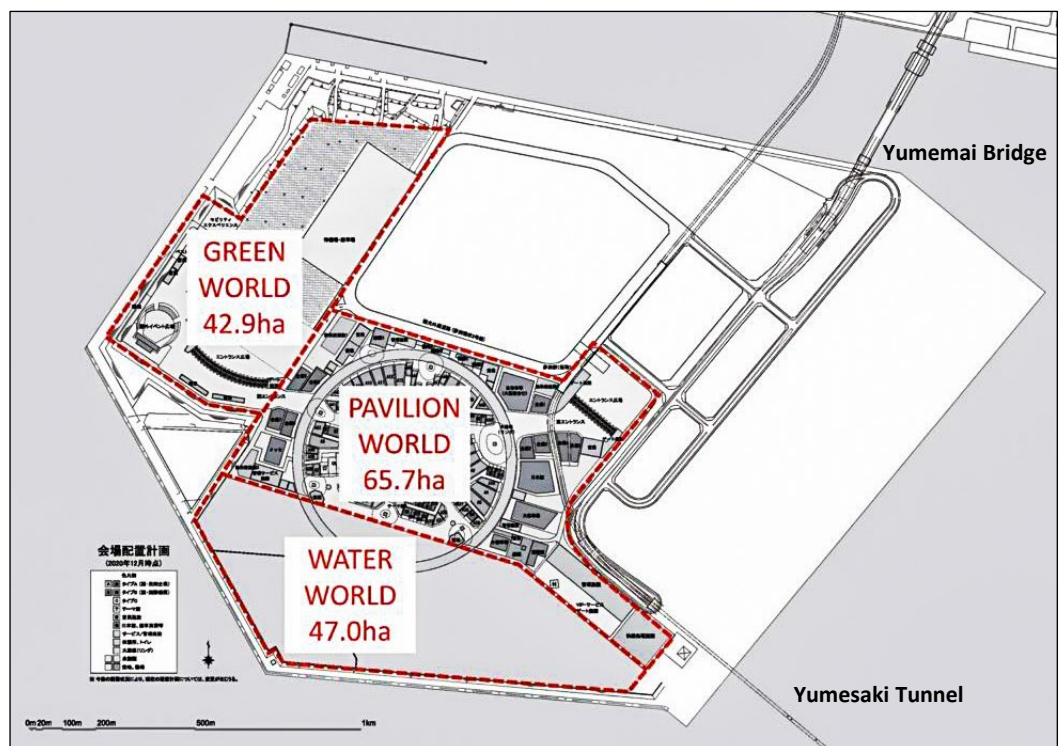


Source: Osaka Kansai EXPO 2025 official website – <https://www.expo2025.or.jp/en/>

Osaka



Yumeshima – Kansai area location map (upper) and EXPO 2025 site map (lower)



Source for both maps: Expo 2025 Master Plan, Japan Association for the 2025 World Exposition

The Kansai region is characterized as leading Japan with a concentration of research institutes and industries with state-of-the-art technologies in electronics and precision manufacturing, the environment and life sciences, among others.



Three Sub-themes:

- ❁ Saving Lives
- ❁ Empowering Lives
- ❁ Connecting Lives

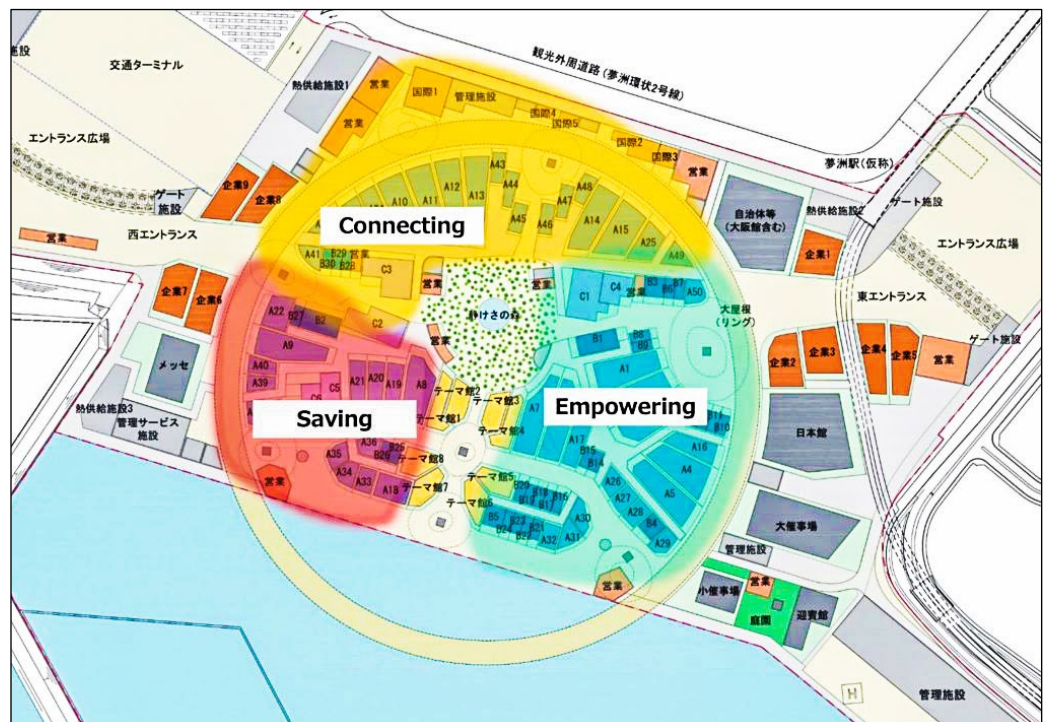
Saving Lives focuses on countermeasures against infectious diseases through improvement in public health, ensuring safety through disaster readiness and disaster risk reduction initiatives, and harmonious coexistence with nature.

Empowering Lives focuses on enriching the lives of individuals and expanding their potential, such as high quality remote education through the use of ICT, extension of a healthy life span through appropriate exercise and diet, and the maximization of human potential through the use of AI and robotics.

Connecting Lives focuses on getting everyone engaged, building communities and enriching society, through the power of partnership and co-creation, advanced communications enabled by ICT, and the design of a data-driven society.

EXPO 2025 Theme: Designing Future Society for Our Lives

World Expos traditionally showcase new technologies and products to enhance daily lives: Elevator (New York Exhibition, 1853), telephone (Philadelphia Centennial Exposition, 1876), family restaurants, wireless telephones, electric cars, moving sidewalks (Expo 1970 Osaka), entry tickets embedded with IC chips, AED, dry mist (Aichi Exposition, 2005). Osaka boasts a history dating back over 1,400 years as a gateway to Japan for travelers and traders throughout Asia, who brought cutting-edge technology for creating new, novel crafts and pottery, techniques for forging, and the newest methods and know-how. The Kansai region’s advanced technologies include those required to achieve Japan’s “Society 5.0” initiatives (see next page).



Source for both images: Expo 2025 Master Plan, Japan Association for the 2025 World Exposition



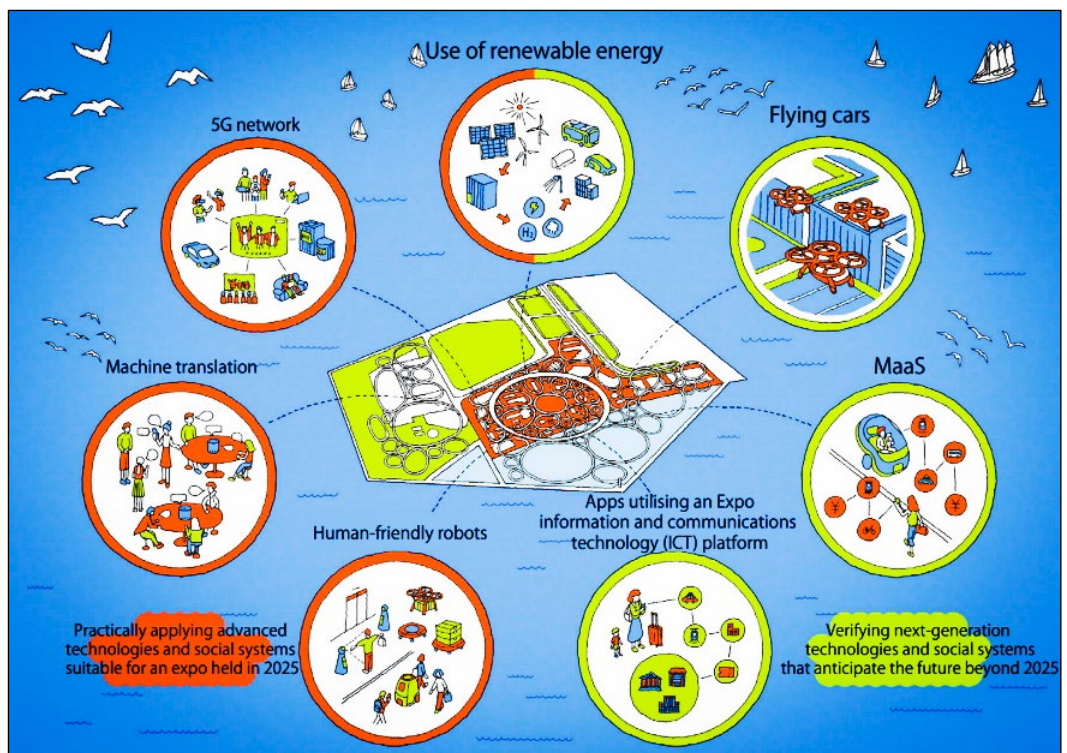
Springboard toward achieving the SDGs and verifying Japan’s “Society 5.0”

Part 1 outlined ABC Group’s management commitment to achieving the SDG’s. Just 5 years ahead of the 2030 target to achieve the 17 SDG’s and 169 associated targets, EXPO 2025 will provide an opportunity to confirm interim progress, given setbacks due to the COVID-19 pandemic and war in Ukraine, as well as intensifying impacts from climate change. **“Designing Future Society for Our Lives”** aims to bring together people and innovations (key new technologies shown below) to address issues facing mankind on a global scale. Japan’s “Society 5.0” envisions developing a human-centered, super-smart society that resolves social issues through a system that combines both cyber and physical spaces, incorporating technologies such as the Internet of Things (IoT), Artificial Intelligence (AI), robotics, big data, mobility as a service (MaaS), and biotechnology, among others.

ABC Group HD is a core related stock of EXPO 2025

Currently the stock market is focusing on the usual suspects of stocks related to EXPO 2025, which include construction cos., companies with business locations along the adjacent waterfront, railways, hotels and travel companies, etc.

However, these are short-term oriented thematic plays. **ABC Group stands to benefit additionally from medium-term content creation opportunities well after the event is over.**



Source: Expo 2025 Master Plan, Japan Association for the 2025 World Exposition



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