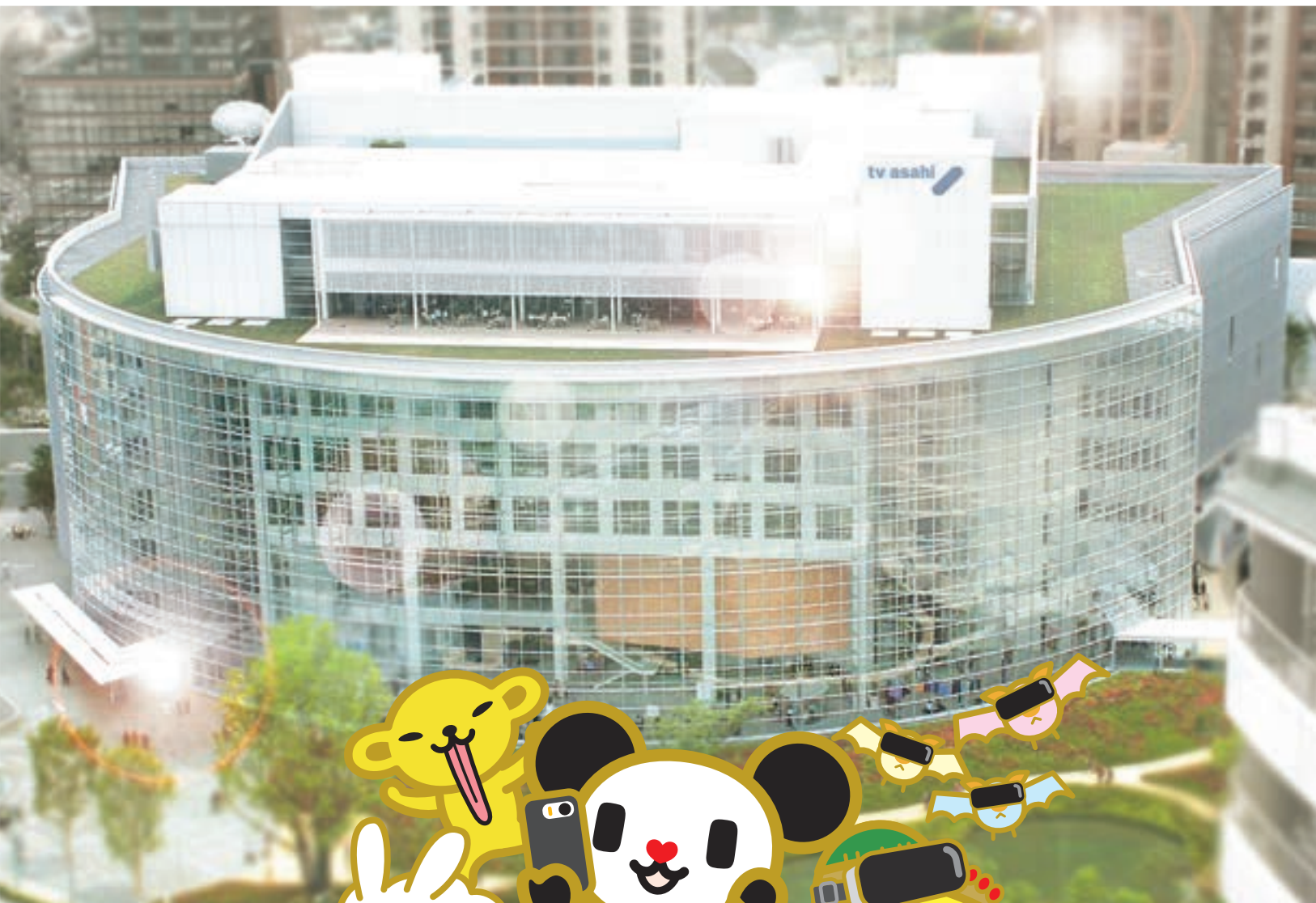


# Investor's Guide 2020



／tv asahi holdings corporation

# TV Asahi Group Philosophy

## Company Creed

Be Fair, Be Bold and Be Glowing at Heart

## TV Asahi Group Philosophy



## Corporate Mission

TV Asahi Group will contribute to the realization of a society that can hold on to its dreams and hopes by offering information and content that are not only more attractive but also sought by the society through its broadcast and other businesses

## Five Declarations

TV Asahi Group pledges to evolve and grow with its customers, and will work together closely to fulfill those promises.

### With customers including viewers

Contribute to the realization of safe and fulfilling life by offering various content including prompt and accurate news reports and high quality entertainment while striving to strengthen the relationship of trust with customers including viewers

### With advertisers

Contribute to the maintenance and promotion of free competition and sound development of the company by appropriately capturing the needs of the customers including viewers as well as the advertisers and by raising the value as an advertising medium

### With partners

Strive for coexistence and mutual prosperity by working together with the staff and other involved parties of all cooperating companies including affiliated broadcasting stations

### With the society

Contribute to the development of the local community and society by fully recognizing the social mission, complying with the laws and ordinances, and carrying out business activities based on social norms and common sense

### With shareholders

Build good and long-lasting relationship of trust with shareholders and generate appropriate profits by carrying out business activities that are sound and highly transparent aimed at realizing the company's vision

## Contents

1	To Our Shareholders	6	Review of Operations
2	New Mid-Term Management Plan "TV Asahi 360° 2020–2025"	10	ESG Initiatives
4	FY20/3 at a Glance	13	MD&A / Risk Information
5	Consolidated Financial Highlights	15	Financial Section
		20	Corporate Information

### Forward-Looking Statements

This report contains forward-looking statements based on management's assumptions and beliefs in light of the information currently available. These statements are subject to risks and uncertainties that could cause actual results to differ materially from those discussed in this report. Such risks include, but are not limited to, market trends, economic conditions and changes in industry regulations.

### Note

"FY20/3" refers to the fiscal year ended March 31, 2020 and all other fiscal years are referred to in the same manner.

## To Our Shareholders



**Hiroshi Hayakawa**  
Chairman & CEO

早河洋

I would like to take this opportunity to extend my sincere gratitude to our shareholders for your continued support of the TV Asahi Group (TV Asahi Holdings Corporation and its consolidated subsidiaries). Our business report for the 80th term is as follows.

Although the Group implemented performance improvement and cost control measures in the 80th term, the operating results were highly unfavorable. Consolidated net sales declined 2.7% year on year to ¥293.638 billion, and operating income was down 22.3% to ¥12.565 billion.

The most significant factor contributing to the unfavorable results was a sudden cooling off of the television advertising market overall. 2019 was an historic year in which Internet advertising expenditures exceeded terrestrial television advertising expenditures for the first time and the Internet supplanted television as the mainstay of mass media in Japan. The television advertising market as a whole is facing structural change.

This was followed by the blow from the novel coronavirus outbreak in early 2020. While it goes without saying that the outbreak brought stagnation of economic activity, another repercussion has been acceleration of the use of digital tools to compensate for social distancing. This is expected to add further impetus to the digital shift occurring throughout society.

The TV Asahi Group has taken a number of measures to enable sustained growth even amid this societal transformation and structural change in the business environment brought about by the novel coronavirus pandemic and the paradigm shift to the Internet.

ABEMA (formerly AbemaTV), a service we started up in partnership with CyberAgent, Inc. with the objective of launching a new Internet-based mass media outlet, has grown to the point of exceeding 10 million weekly active users (WAU).

We launched the consolidated subsidiary Ultrampression, Inc. in May of last year with the aim of capturing demand in the Internet video advertising market, which is expected to rapidly expand. As opportunities for television stations to distribute programs and video content on the Internet rapidly increase in the coming years, it will become extremely important for stations themselves to possess the technology infrastructure required for distribution of video advertising on the Internet without relying on Internet companies.

Ultrampression, a company established with the objective of developing and operating a video advertising distribution platform, is the first experiment of its kind for a Japanese television station. It is already being utilized by advertisers,

and in the future we expect it to grow and become an important asset that will support the TV Asahi Group.

Furthermore, Video Pass, KDDI Corporation's flat-fee video streaming service, was converted into a fifty-fifty joint venture of KDDI and TV Asahi in March of this year and reborn as the new TELASA service in April. The paid video-on-demand market has grown substantially in recent years, and subscription video-on-demand (SVOD), a service that offers unlimited viewing of content for a fixed monthly fee, is considered particularly promising. In these circumstances, the TV Asahi Group has at last secured an SVOD service headquarters. The partners intend to freely provide TELASA with access to KDDI's customer base and technological platforms, including 5G, and TV Asahi's content production capabilities and media power with the aim of growing the joint venture into one of Japan's leading video streaming platforms, alongside ABEMA.

Only those capable of continuously creating powerful content will survive this chaotic time in the business environment surrounding mass media. In its 80th term, the TV Asahi Group once again fully demonstrated its content production capabilities. Four of our programs ranked among the top five in average viewer ratings among drama series of commercial broadcasting companies in fiscal 2019: *Doctor X – Surgeon Daimon Michiko*, *Aibou (PARTNERS) Season 18*, *Grill Room Investigation*, and *Tokusou 9*. Our news and information programs also delivered strong results, thanks to continuous efforts to address viewer concerns about the novel coronavirus. *Hodo Station* recorded its highest annual average viewer rating in five years, and *Shinichi Hatori's MORNING SHOW* captured the top rating among the morning programs of all broadcasters for the first time.

To further strengthen our content production capabilities, and to further accelerate initiatives for the evolution on which our survival depends, the TV Asahi Group has formulated a new management plan that starts in the 81st term. Our future actions will be based on the new plan. The Group will mount a united effort to ensure that we remain necessary to viewers and consumers, and are capable of meeting the expectations of our shareholders, 10 years and 20 years into the future.

We request the continued guidance and encouragement or our shareholders in the coming years.

### Evolving into a “TV Station for a New Era” ~Innovative Station & Studio~

The TV Asahi Group achieved a certain level of success by taking new measures in rapid succession in response to the Internet era under TV Asahi 360° 2017-2020, a four-year management plan launched in the fiscal year ended March 2018. Nevertheless, the business environment surrounding the Group is rapidly changing due to a structural slump in television advertising revenue, the rise of Internet video advertising, and other factors.

To appropriately respond to this situation and steadfastly survive the 2020s, we finished up the previous management plan one year ahead of schedule and formulated TV Asahi 360° 2020-2025, a new management plan, which starts in July, to serve as a basic guideline for the first half of the 2020s.

Under the new management plan, we will refine the 360° Strategy pursued to date and accelerate evolution into a “TV Station for a New Era,” while maintaining the basic principle that content is the source of all value in the TV Asahi Group. And, we will link content to revenue and profit maximization by engaging in 360° creation of content that meets the requirements of society and the expectations of viewers and advertisers and 360° deployment of that content on the media possessed by the Group.

To realize this policy, we will implement an organizational reform, setting up a Business Solutions Headquarters to manage integrated operation of the Content Programming Division, Sales Promotion Division, Business Production Division, and IoTv Division of core subsidiary TV Asahi Corporation. Through integrated operation of the four divisions, we will plan and implement special promotions that people will find more appealing than ever.

Apr. 2016

**Abema TV**  
Start-up

**Launch of an Internet TV station**

Market Penetration as social infrastructure

Nov. 2018

Establishment of the IoTv Center

**A command center for Internet strategy**

Jul. 2019

**Ultra/Impression**  
Full-scale operation

**Operation of a digital video advertising distribution platform**

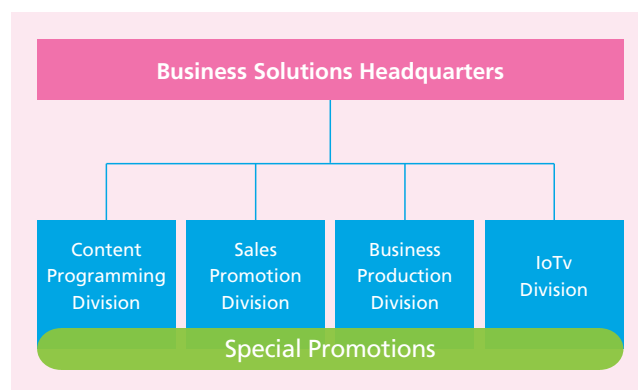
Apr. 2020

**TELASA**  
Service launch

**Construction of an SVOD platform**

#### Basic Policy for the New Management Plan

Maintain the basic principle and refinement of the 360° Strategy





In addition, we will implement the following initiatives built on this organizational foundation.



### Content production structure

Shift to a content production structure premised on 360° deployment of content from terrestrial broadcasting to the Internet.



### Sales structure

Develop a sales structure to provide comprehensive solutions to advertisers by fully utilizing the TV Asahi Group's content and media.



### Data and technology utilization

Data and technology will become important competitive weapons in the digital age. Develop a structure to take advantage of the start of 5G service, the IoT, and other data and technology in content production, advertising sales, and other aspects of business.



### Internet Strategy for the 5G Era



TELASA

Maximization of revenue and profit using the TELASA platform as business infrastructure

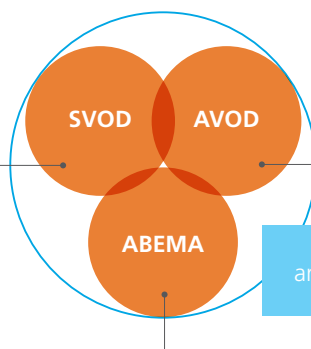


TVer

Ultra/Impression

Boosting of revenue and profit from the catch-up service  
Video advertising platform utilization

Enhancement of content  
Monetization assistance



Development of new revenue  
and profit sources using cutting-edge  
technology

Utilization of VR/AR, Vtubers,  
AI, and RPA



### Media City

Strengthen the Group's information transmission capabilities by constructing Digital Square, a business base where entertainment and technology converge.

### Groundbreaking scheduled for 2022 Digital Square

A content distribution base where  
**entertainment** and **technology** converge

eSports

Digital art

Incremental development of Roppongi  
even after start of construction of Digital Square

## Strategic Investment

The Group intends to continue with the policy implemented under the previous management plan of making strategic investments to achieve strategic objectives: For example, mergers and acquisitions, new business development, and real estate investments to accelerate the Media City strategy.

## Numerical Target

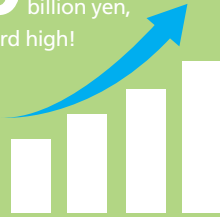
Although the Company plans to set numerical targets, the outlook for the future remains uncertain due to the novel coronavirus outbreak. Accordingly, we will make a public announcement once it becomes possible to reasonably calculate specific numerical targets. Since the business environment is changing at a rapid pace, our policy from now on will be to set numerical targets each year on a rolling basis, taking into consideration the business results of each term and other factors.

## FY20/3 at a Glance

### Consolidated results:

[FY20/3] Ordinary income exceeded

**32.0** billion yen,  
reaching a record high!



### Viewer ratings:

[FY20/3] Maintained the

**No.2**

spot in  
all time slots!



### Viewer ratings:

[FY20/3] Captured the top rating

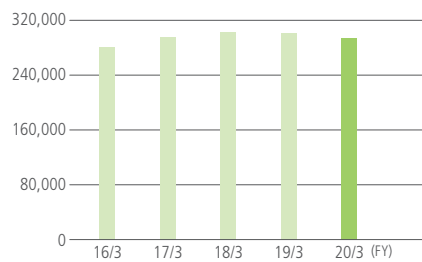
**19 of 52**

weeks on an all-day  
time basis!



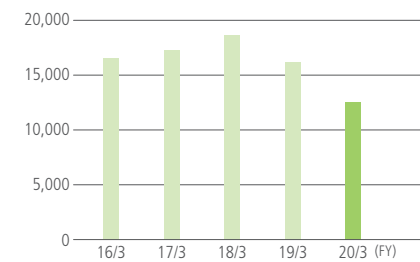
### Net Sales

(Millions of yen)



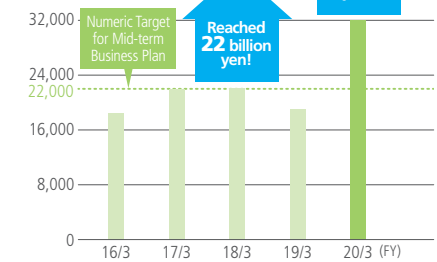
### Operating Income

(Millions of yen)



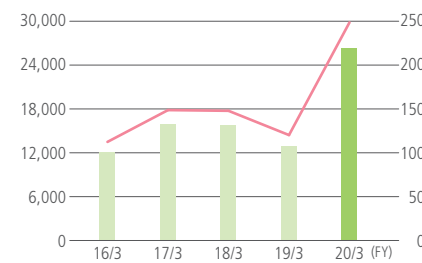
### Ordinary Income

(Millions of yen)



### Profit Attributable to Owners of the Parent and Earnings per Share

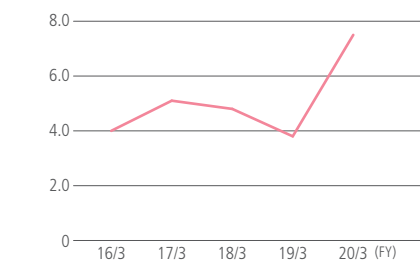
(Millions of yen)



■ Profit Attributable to Owners of the Parent  
— Earnings per Share

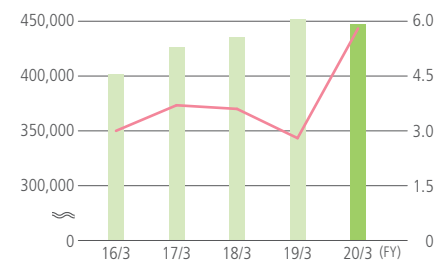
### Return on Equity (ROE)

(%)



### Total Assets and Return on Assets (ROA)

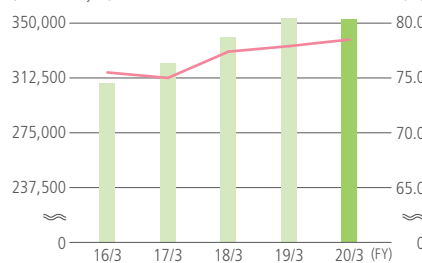
(Millions of yen)



■ Total Assets  
— Return on Assets (ROA)

### Net Assets and Equity Ratio

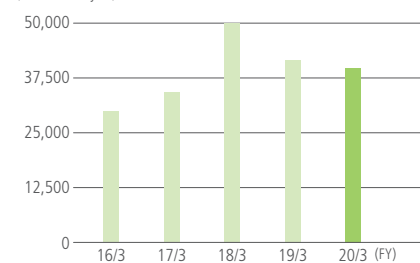
(Millions of yen)



■ Net Assets  
— Equity Ratio

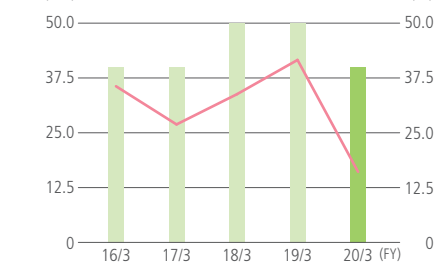
### Cash and Cash Equivalents at End of Period

(Millions of yen)



### Cash Dividends and Dividend Payout Ratio

(Yen)



■ Cash Dividends  
— Dividend Payout Ratio

# Consolidated Financial Highlights

## Five-Year Summary

TV Asahi Holdings Corporation and Consolidated Subsidiaries (As of and for the years ended March 31)

Millions of yen

	2016	2017	2018	2019	2020
<b>Operating Results:</b>					
Net sales	¥ 280,779	¥ 295,879	¥ 302,511	¥ 301,744	¥ 293,638
Operating income	16,570	17,278	18,634	16,164	12,565
Ordinary income	18,509	21,947	22,053	19,097	32,048
Profit attributable to owners of the parent	12,169	15,949	15,848	12,879	26,398
Comprehensive income	5,747	20,369	22,157	18,445	11,067
Capital expenditures	12,392	15,233	6,813	14,615	17,449
Depreciation and amortization	10,356	9,541	9,752	10,350	10,801
<b>Financial Position:</b>					
Total assets	¥ 402,251	¥ 426,070	¥ 435,488	¥ 452,000	¥ 447,549
Total net assets	308,917	322,793	340,161	353,757	352,518
<b>Cash Flows:</b>					
Cash flow from operating activities	¥ 13,022	¥ 23,464	¥ 18,149	¥ 20,273	¥ 24,513
Cash flow from investing activities	(12,329)	(11,635)	4,134	(21,260)	(16,450)
Cash flow from financing activities	(6,719)	(7,441)	(6,506)	(7,430)	(9,878)
Cash and cash equivalents at end of period	29,835	34,202	49,961	41,533	39,709
<b>Per Share Data (yen):</b>					
Earnings per share	¥ 112.39	¥ 148.66	¥ 147.85	¥ 120.18	¥ 248.58
Net assets per share	2,832.02	2,979.63	3,144.71	3,264.51	3,380.36
Cash dividends	40	40	50* <sup>1</sup>	50* <sup>2</sup>	40
Dividend payout ratio (%)	35.6	26.9	33.8	41.6	16.1
<b>Key Ratios (%):</b>					
Operating margin	5.9	5.8	6.2	5.4	4.3
Return on equity (ROE)	4.0	5.1	4.8	3.8	7.5
Return on assets (ROA)	3.0	3.7	3.6	2.8	5.9
Equity Ratio	75.5	75.0	77.4	77.4	78.5
<b>Other Data:</b>					
Number of shares issued (Thousands)	108,529	108,529	108,529	108,529	108,529
Number of employees	4,271	4,616	4,938	5,085	5,229

\*1 Year-end dividend for the fiscal year ended March 31, 2018 is 30 yen per share. This includes a special dividend of 10 yen per share.

\*2 Year-end dividend for the fiscal year ended March 31, 2019 is 30 yen per share. This includes a commemorative dividend of 10 yen per share.

## ■ TV BROADCASTING BUSINESS

Maintained the No. 2 spot for viewer ratings in all time slots and our position among Japan's top broadcasting groups!

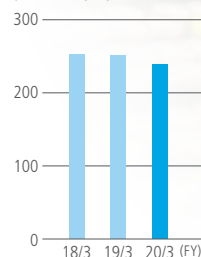
### Net Sales

**239.2** Billion Yen  
(down 4.5% year on year)

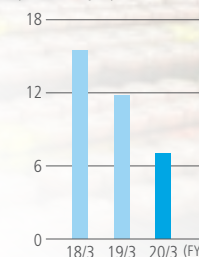
### Operating Income

**7.0** Billion Yen  
(down 40.7% year on year)

### Net Sale (Billions of yen)



### Operating Income (Billions of yen)



For the fiscal year ended March 31, 2020, the TV Broadcasting Business generated net sales of ¥239.283 billion (down 4.5%) while incurring operating expenses of ¥232.283 billion (down 2.7%), resulting in operating income of ¥7.0 billion (down 40.7%).

Although viewer ratings were strong, net sales decreased because of weak advertising revenue. Although the Company took measures including cost control centered on program production costs, operating income decreased.

Average viewer ratings for the fiscal year ended March 31, 2020 were as follows: 7.7% on an all-day basis (6 a.m. – midnight), 10.8% for golden time (7 p.m. – 10 p.m.), 11.0% for prime time (7 p.m. – 11 p.m.), and 5.2% for prime 2 (11 p.m. – 1 a.m.). The

Company captured the second highest average viewer ratings in all time slots, maintaining its position among the top broadcasting groups.

Throughout the fiscal year ended March 31, 2020, the Company produced powerful content to commemorate TV Asahi's 60th anniversary. Programs such as the five-night serial drama special *Shiroi Kyoto* (by Toyoko Yamasaki), *Doctor X – Surgeon Daimon Michiko*, and *Aibou (PARTNERS) Season 18* captured high viewer ratings, and major special programs and major live sports broadcasts such as *Music Station Ultra SUPER LIVE 2019*, *Unexplored Land Cut Off by Ice and Snow-Tribes of the Himalayan Heavens: 150 Death-Defying Days of Up-Close*



Hodo Station

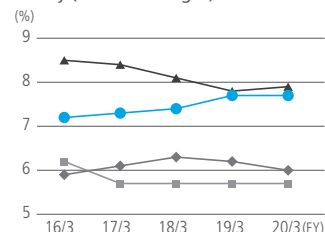


Shinichi Hatori's Morning Show

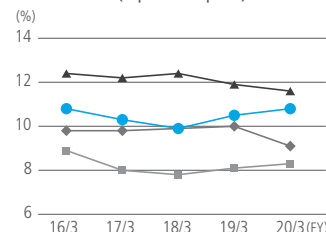
### Viewer Rating for Japan's Top Four Commercial Broadcasters

● TV Asahi ▲ Broadcaster A ◆ Broadcaster B ■ Broadcaster C

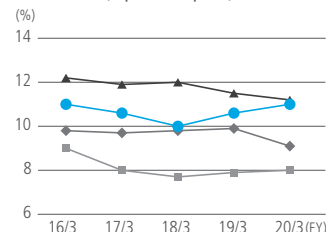
#### All-Day (6 a.m.–midnight)



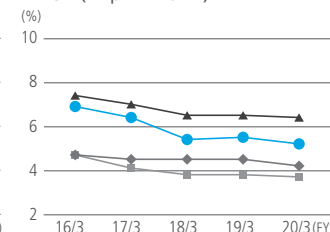
#### Golden Time (7 p.m.–10 p.m.)



#### Prime Time (7 p.m.–11 p.m.)



#### Prime 2 (11 p.m.–1 a.m.)



Source: Video Research Ltd.



Coverage, and *ISU Grand Prix of Figure Skating Final 2019* delivered strong results. In the results for regular programs, Hodo Station captured its highest ratings in five years, and the Company strengthened viewer ratings for variety programs on Sundays thanks to strong performance from *Nani Kore Chin Hyakkei*, on Mondays with the introduction of *Jyumanen de Dekirukana* in an April programming change, and on Fridays with the introduction of three golden-time programs in October. As a result, the Company captured the top rating in prime time for two consecutive programming seasons (the autumn and winter seasons) and its highest ratings in four years on both a golden-time and prime-time basis.

On an all-day basis, the Company created positive momentum beginning with morning belt programming and captured the top monthly all-day viewer rating five times, with *Shinichi Hatori's MORNING SHOW* capturing its highest viewer ratings ever and the top rating among the morning programs of all broadcasters for the first time.

*Doctor X – Surgeon Daimon Michiko* (average of 18.5%) and *Aibou (PARTNERS) Season 18* (average of 14.8%) ranked first and second, respectively, among drama series of commercial broadcasting companies. Four of our programs ranked among the top five, with *Grill Room Investigation* (average of 13.2%) ranking fourth and *Tokusou 9* (average of 13.0%) ranking fifth. In addition, *Kasoken no Onna (Woman of the Crime Lab)* (average of 11.6%) and *Serial Drama Theater Yasuragi no Toki ~ Michi* (average of 5.0%), which aired for one year each as 60th anniversary commemorative programs, both delivered strong results.

Among sports broadcasts, *World Baseball Premier 12 Final – Japan vs. Korea* (19.2%) captured a high viewer rating. In figure skating, *2019 ISU World Team Trophy in Figure Skating Women's Free Program* (14.6%), *ISU Grand Prix of Figure Skating Canada Men's and Women's Free Programs* (15.8%), and *ISU Grand Prix of Figure Skating Final Women's Short Program/Men's Free Program* (15.4%) delivered strong results.

In the results for programs aired during the three-day New Year's holiday period, *Partners New Year Special* captured a high viewer rating. TV Asahi programs maintained the top average viewer ratings for the three-day period in the prime time slot for the twelfth consecutive year and in the golden-time slot for the sixth consecutive year and had the highest average weekly prime-time and golden-time ratings for the first week of January 2020, including the three-day period.

## Time Sales

**84.0** Billion Yen (down 2.7% year on year)

In regard to time advertising sales revenue, a movement among advertisers to place importance on flexibility and efficiency in advertising activities has resulted in continuation of a tendency to reduce fixed costs, and advertising sales for regular programs decreased. Revenue from one-off broadcasting events also declined in the absence of *2018 FIFA World Cup™ Russia* and *AFC Asian Cup 2019*, events aired in the previous fiscal year, despite efforts to increase revenue with programs including *World Baseball Premier 12*, five-night serial drama special *Shiroi Kyoto* (by Toyoko Yamasaki), which was broadcast as a 60th anniversary commemorative program, *2019 World Aquatic Championships, Gwangju, South Korea*, and *World Team Trophy in Figure Skating 2019*. As a result of the above, time advertising sales revenue for the fiscal year ended March 31, 2020 totaled ¥84.066 billion (down 2.7% year on year).

## Spot Sales

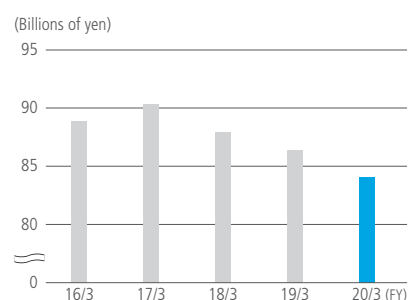
**92.4** Billion Yen (down 8.9 year on year)

Spot advertising sales decreased due to weak market conditions, such as a year-on-year decrease in Tokyo area spot advertising volume. Although revenues were strong in client industry sectors such as government and organizations, and energy, materials, and machinery; revenues from cosmetics and toiletries, information and communications, hobby and sporting goods, and other categories declined. Reflecting the above factors, spot advertising sales revenue in the fiscal year under review totaled ¥92.494 billion (down 8.9%).

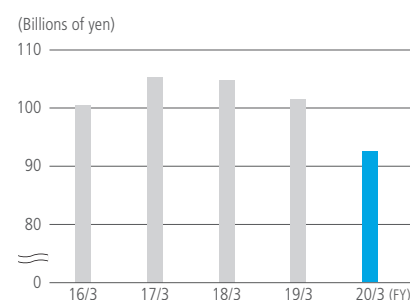
## Sales of TV Broadcasting Business

	Billions of yen		
	FY19/3	<b>FY20/3</b>	YoY
Time Sales	86.401	<b>84.066</b>	△ 2.7%
Spot Sales	101.538	<b>92.494</b>	△ 8.9%
Program Sales	12.975	<b>13.168</b>	+ 1.5%
BS/CS	26.844	<b>26.110</b>	△ 2.7%
Other	22.821	<b>23.443</b>	+ 2.7%
Total	250.581	<b>239.283</b>	△ 4.5%

## Time Sales Revenue



## Spot Sales Revenue



## MUSIC PUBLICATION BUSINESS

Affiliated artists held nationwide tours and actively pursued other professional activities!

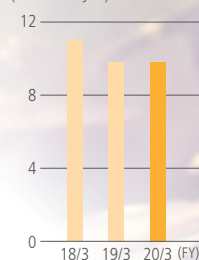
### Net Sales

**9.8** Billion Yen  
(up 0.0% year on year)

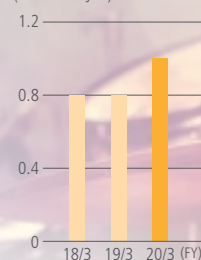
### Operating Income

**1.0** Billion Yen  
(up 24.2% year on year)

### Net Sale (Billions of yen)



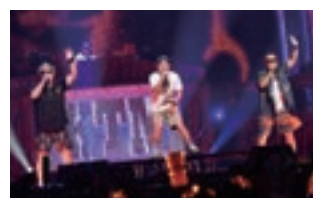
### Operating Income (Billions of yen)



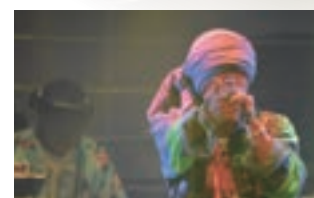
Artists affiliated with TV ASAHI MUSIC CO., LTD. (a consolidated subsidiary of the Company) continued to actively pursue professional activities during the fiscal year under review, holding nationwide tours and releasing new singles and DVDs that were well received.

As a result of the above, the Music Publication Business generated net sales of ¥9.867 billion (up marginally year on year). The result reflects factors including the holding of a Ketsumeishi nationwide concert tour. Operating expenses were ¥8.849 billion (down 2.1%), resulting in operating income of ¥1.018 billion (up 24.2%).

The Company will continue to make efforts to expand its business by actively promoting live concerts by its artists, as well as discovering and nurturing new artists.



KETSUMEISHI,  
KTM TOUR 2019



HAN-KUN(SHONAN NO KAZE),  
LIVE TOUR 2019 -Sunshine Love-



Dai Hirai,  
Concert Tour 2019 -THE GIFT-

## OTHER BUSINESSES

Internet-related businesses drove the business results, fueled by strong performance from video distribution services!

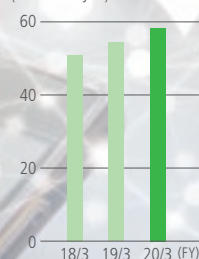
### Net Sales

**58.3** Billion Yen  
(up 7.4% year on year)

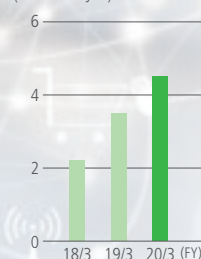
### Operating Income

**4.5** Billion Yen  
(up 29.0% year on year)

### Net Sale (Billions of yen)



### Operating Income (Billions of yen)



During the fiscal year under review, the Other Businesses segment recorded net sales of ¥58.388 billion (up 7.4% year on year), while operating expenses were ¥53.789 billion (up 5.9%). As a result, operating income was ¥4.598 billion (up 29.0%).

Details of each business are as follows.

Internet-related businesses delivered solid results. AbemaTV, a joint venture with CyberAgent, Inc., achieved a cumulative total of 50 million application downloads, and weekly active users

(WAU) increased, surpassing the target of 10 million. We are strategically expanding our Internet-related businesses: for example, we have begun catch-up streaming of *Aibou (PARTNERS) Season 18* original stories immediately after the terrestrial broadcasts for the first time in series history on au Video Pass and TV Asahi Catch-up, a free-of-charge ad-supported TV streaming service. The number of users is increasing, and advertising revenue is steadily growing as well. Furthermore, the NJPW World video distribution business is expanding its fan base in the United States and other countries and continues to grow as a global content platform: for example, it was the first Japanese pro wrestling organization to live stream an event held at Madison Square Garden worldwide.

In the special events business, the sixth *TV Asahi-Roppongi Hills Summer Festival SUMMER STATION* was held over a period of 44 days beginning on July 13. Other well-received events included *TOKYO-OSAKA METROPOLITAN ROCK FESTIVAL 2019*, an event held in both metropolises, and four major events sponsored to commemorate TV Asahi's 60th anniversary that drew a total of 350,000 people: *BLUE MAN GROUP WORLD TOUR IN JAPAN, SUMMER SONIC 2019, TV Asahi Dream Festival 2019*, and *QUEEN+ADAM LAMBERT THE RHAPSODY TOUR*. A high operation rate led to strong operating results from EX THEATER Roppongi, which held various entertainment programs, such as *Papa Mama Ichiban Hadaka no Shounen Natsu Matsuri!*, a song and dance competition held during the summer festival by Johnny's Jr. featuring HiHi Jets and B Shounen.

Revenue increased in the shopping business, boosted by hit products against a backdrop of strong viewer ratings for the Jun

## Sales of Major Other Businesses

	Billions of yen		
	FY19/3	FY20/3	YoY
Internet Related	17.755	20.124	+ 13.3%
Shopping	9.582	10.732	+ 12.0%
Special Events	6.578	7.237	+ 10.0%
Equipment Sales/Lease	5.551	6.082	+ 9.6%
Motion Pictures	2.207	1.996	△ 9.6%
DVD	1.907	1.212	△ 36.4%

Sanpo TV shopping program.

The Company's investment in motion pictures produced the blockbusters *Doraemon the Movie 2019: Nobita's Chronicle of the Moon Exploration*, which earned box office revenue of ¥5.02 billion, the second highest ever for the series, and *Ossan's Love the Movie ~Love or Dead~*, which earned box office revenue of ¥2.65 billion, as well as movie versions of the *Crayon Shin-chan*, *Masked Rider*, and *Super Sentai* series, which delivered stable box-office revenue.

In the results for DVD sales, the Company released a variety of titles, including *Ossan's Love -in the sky-* and the popular series *Aibou (PARTNERS)*, which can be expected to sell in large numbers.



## Establishment of TELASA, a video distribution platform company

Launch of a new 5G-era unlimited entertainment  
viewing service in partnership with KDDI

# TELASA

At a time of sweeping change in the environment surrounding the television business, the TV Asahi Group aims to evolve into a "TV station for a new era" with a new business model and revenue and profit structure.

Seeing change in the business environment for video distribution driven by the spread of 5G as a business opportunity, in March 2020 the Group established TELASA, a video distribution platform company in partnership with KDDI. The new company launched TELASA, an eponymous video distribution service, on April 7, 2020.

This initiative marks the Group's first involvement with, and full-scale entry into, the flat-fee video streaming service business. Through TELASA, the partners will combine their assets—TV Asahi's distinctive video content, mainly terrestrial broadcast programs, and appeal grounded in terrestrial

broadcasting, and KDDI's 5G technology and other leading-edge technologies, video drawing technology, and customer base—to provide people with a new video viewing experience designed to create unprecedentedly high service loyalty.

Under the concept "Greater freedom to access the content you want," TELASA will deliver a rich lineup of content, including dramas, variety shows, animation, special effects, sports, and other popular programs broadcast by TV Asahi as well as a wide variety of other Japanese and foreign movies, dramas, documentaries, and new and original programs! Users will be able to freely enjoy videos using smartphones, tablets, PCs, TVs, and other devices suited to their own viewing situations.

We invite you to look forward to exciting things to come!



# TV Asahi Group's Initiatives for ESG

The Group actively promotes non-financial initiatives, such as ESG (Environment, Social, Governance). We believe that it is vital to reduce future risks and build a strong foundation for creating value through the realization of sustainable management for all stakeholders.

Guided by this belief, in accordance with the TV Asahi Group's corporate mission we have also set forth the following high-priority ESG measures in the newly formulated TV Asahi 360° 2020-2025 management plan (page 2).

## Corporate Mission of the TV Asahi Group

"Contribute to the realization of a society that can hold on to its dreams and hopes by offering information and content that are not only more attractive, but also sought by the society."

### Promotion of social contribution through content

- Provision of content trusted by viewers/customers and advertisers
- Strengthening of lifeline functions in times of emergency
- Doraemon Charity Fund (TV Asahi Welfare Foundation)
- Signing of the SDG Media Compact by BS Asahi



### Business foundation-related initiatives

- Smart work and work style reforms utilizing AI, RPA, and other tools
- Deter harassment and violations of corporate ethics and create a workplace environment that gives rise to innovation.

In conjunction with this, the Group is also proactively implementing initiatives such as the following.

## Specific ESG initiatives

## E nvironment



### Energy and climate change

- Reduce CO<sub>2</sub> emissions (convert to LED, limit use of air conditioners and heaters), greening of headquarters building, etc.



### Circularity and efficient use of resources

- Engage in recycling activities for used videotapes to reduce waste material

## S ocial



### Sustainable Workplace

- Implement "TV Asahi 360° workstyle transformation," a measure to reduce long working hours



### Contribution to community welfare

- Conduct social welfare activities, supporting activities for domestic and overseas disaster victims and so forth via the TV Asahi Welfare Foundation
- Provide media-related integrated learning support activities such as "TV Asahi Cater Classes"

## G overnance



### Compliance, good Corporate Governance and ethical culture

- Transition to a "Company with an Audit and Supervisory Committee" (June 2015)
- Establish "Nomination and Compensation Committee"
- Delegate important decisions on business execution to the Directors based on the Articles of Incorporation
- Implement various management initiatives which position improvement of capital efficiency and returns to shareholders as top priorities

The specific measures we have taken are as follows.

## Environment



### Energy and climate change

#### CO<sub>2</sub> emission reductions and other energy-saving measures

Introducing the “Stop the Global Warming Project” in November 2007, TV Asahi has been engaged in environmental activities as a member of the media in order to preserve the global environment and all its natural splendor for the benefit of our children and future generations.

We are working to reduce CO<sub>2</sub> emissions through concerted group-wide efforts including converting to LED lighting at the headquarters building, and setting cooling/heating temperature limits while installing window film and encouraging employees to dress in lighter clothing during the summer months.

Furthermore, the Company is greening both the headquarters building and the Gochan Square facility. Greening is effective in reducing the heat island effect and purifying the atmosphere and plays a significant role in urban life.

Through these initiatives, we achieved 15% average annual reductions in CO<sub>2</sub> emissions at the headquarters building and Ark Broadcasting Center compared with the emissions standards set forth in the Tokyo Metropolitan Government’s environmental protection ordinances from the fiscal year ended March 31, 2016 through the fiscal year ended March 31, 2020. We aim to achieve 25% average annual reductions compared with such emissions standards from the fiscal year ending March 31, 2021 through the fiscal year ending March 31, 2025.



### Circularity and efficient use of resources

#### Initiatives for Reusing (Recycling of discarded videotapes)

TV Asahi has engaged in recycling activities for used videotapes to reduce waste material since 1998. Every month, we collect discarded videotapes accumulated at in-house recycling sites that are transported to work clubs for people with disabilities and disassembled.

The approximately 50 types of disassembled videotape components are then used as recycling resources in construction materials and so forth.

## Social



### Sustainable Workplace

#### Implement Workstyle Transformation

We implement “workstyle transformation” aimed at maintaining the physical and mental health of employees and related staff to ensure the continuous and stable creation of “appealing content,” the source of value at the Company.

As this issue is highly urgent and must address the needs of society, the Company is proactively taking the following initiatives.

- ▶ Systematic management of working hours (strict adherence to work intervals, implementation of workplace-specific overtime reduction measures)
- ▶ Implement measures to encourage leave utilization, such as establishment of “Lucky! Fridays”
- ▶ Reorganize and review all aspects of work (Review of meetings, introduction of robots for clerical work, smart work utilizing AI, RPA, and other tools, etc.)

- ▶ Consideration of diverse work styles (introduction of a telework system, etc.)
  - ▶ Deterrence of harassment and violations of corporate ethics and creation of a workplace environment that gives rise to innovation
- Through these initiatives, total working hours have steadily decreased, and this has led to higher productivity. The Company will continue to steadily implement such initiatives and strive to reduce total working hours to better facilitate the creation of appealing content.



### Contribution to community welfare

#### Integrated Learning Support Activities

TV Asahi conducts various information and integrated learning support activities, including Guided Tours, TV Asahi Cater Classes and TV Asahi Cater Classes for grown-ups, etc. We will continue to pursue the development of interactive media literacy activities in which both viewers and broadcasters can think about the television business in an enjoyable manner.

Information on the activities is available on the following site.

<https://www.tv-asahi.co.jp/teleasa/>

*\*Only available in Japanese*

#### Social Contributions through the TV Asahi Welfare Foundation

The TV Asahi Welfare Foundation (established in 1977) conducts a broad range of social welfare activities

relating to children, senior citizens, people with disabilities and singlemother families living in support facilities.

Furthermore, TV Asahi introduced the Doraemon Charity Fund in 1999 to support domestic and overseas disaster victims in view of the public nature of the broadcasting business.

In recent years as well, funds collected to assist victims of the torrential rainfall in western Japan in 2018 and Typhoon Hagibis in 2019 have been allocated to economic assistance for those victims through the TV Asahi Welfare Foundation.

The details of these activities are reported on the following site. We will continue to engage in a broad array of social activities in close collaboration with the broadcasting business.

<https://www.tv-asahi.co.jp/fukushi/>

*\*Only available in Japanese*



TV Asahi Cater Class

## Governance



### Compliance, good Corporate Governance and ethical culture

**The Company recognizes corporate governance to be one of management’s top priorities. Based on this basic policy, we are proactively building a management structure and taking initiatives as outlined below.**

#### Basic Policy on Corporate Governance

The Company, as a certified broadcasting holding company with commercial broadcasters as subsidiaries, maintains appropriate relationships with various stakeholders while pursuing profit through fair and proper means. At the same time, the Company fosters and secures human resources that share the same philosophy, maintains the trust of its stakeholders and fulfills its responsibility as a broadcaster and news media, while enhancing its corporate value by continuing to produce and transmit content that match the needs of society based on these principles. We



believe this basic policy is the source of our corporate value.

Accordingly, the Company considers the establishment and utilization of a system that will enable its sustained growth and medium- to long-term enhancement of corporate value to be the basis of its corporate governance.

### Corporate Governance System

Based on our corporate governance policy and efforts to maintain public interest, we intend to strive for the long term, stable enhancement of the TV Asahi Group's corporate value and the interests of shareholders and other stakeholders. To this end, the Company has adopted "a company with an audit and supervisory committee" system that is able to both execute operations and provide appropriate management oversight through the appointment of Audit and Supervisory Committee members who will be responsible for auditing and supervising the execution of business by directors, to the Board of Directors.

In addition, the Company's policy regarding major bodies and organizations and their functions which have built our governance system is as follows.

#### • General Meeting of Shareholders

The Company believes that to begin with, securing the exercise of voting rights of all shareholders and other rights equally will lead to the substantive exercise of rights. Based on this policy, the Company makes decisions on the schedule for General Meeting of Shareholders and disclose information in accordance with the Companies Act and other related laws and regulations.

#### • Board of Directors and Audit and Supervisory Committee

For the members of the Board of Directors, in addition to the Standing Directors who execute business operation, the Company elects persons with diverse roles and backgrounds such as partners for capital and management strategy purposes, persons who have certain relationships with the broadcasting industry and abundant experience and knowledge of the broadcasting business, and persons independent from the Company's management who are capable of objectively overseeing the Company's fair and appropriate relationship with its stakeholders.

##### ▶ Board of Directors:

Pursuant to a provision of the Articles of Incorporation, the Company has established a framework that enables the Company to delegate important decisions on business execution (regarding acquisitions and disposals of vital assets, etc.) to the Directors and make flexible decisions.

##### ▶ Audit and Supervisory Committee:

A majority of the Committee members are independent Outside Directors who have met the Company's standards for the independence of Outside Directors.

##### ▶ Nomination and Compensation Committee:

The Nomination and Compensation Committee, which consists of a majority of independent Outside Directors, is a body that reports to the Board of Directors on policies and decision-making procedures concerning the selection, dismissal, and compensation of the Company's senior officers and Directors (excluding Directors who are Audit and Supervisory Committee members).

In addition to monetary compensation, a portion of compensation for Directors consists of stock compensation utilizing restricted stock.

### System to Protect Stakeholder Interests

As a listed company, we will ensure the equality of shareholders while providing vital and appropriate information via our website and other various tools so that our shareholders can appropriately exercise their rights. In addition, the Company works to ensure that, based on the Broadcasting Act and other various regulations, doubts are not raised over the exercise of legal shareholders' rights regarding individual and common benefits to strictly maintain its public nature, public interest and impartiality as a certified broadcasting holding company with commercial broadcasters as subsidiaries.

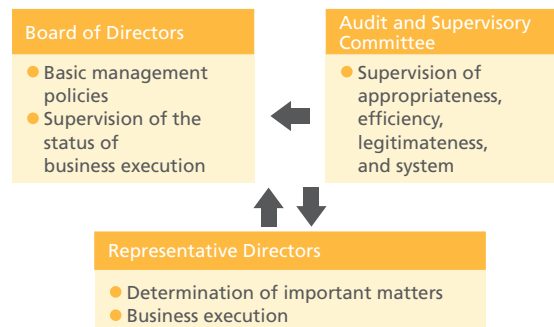
With regard to cross shareholdings, the Company has established the Investment Review Committee, a sub-organization of the standing Board Meeting to examine, in principle annually, in which companies it will invest and whether to continue to invest in certain firms based on the results of verifications by the Committee.

### Shareholdings

In principle, the Company does not, without reasonable grounds, continuously hold for long periods of time shares that do not contribute to enhancement of the Company's corporate value for reasons such as customary business practices or long-standing relationships. The policy is to acquire and hold shares of companies with which the Company has important business trading relationships or collaborative relationships provided that the holding of these shares will contribute to the enhancement of corporate value. The Company has established the Investment Review Committee as a sub-organization of the standing Board Meeting to monitor and manage investments in these companies and the status of shareholdings after investment.

The Investment Review Committee considers the economic rationality of equity investments and the continued holding of these, in accordance with their purpose, scale, type, necessity, risk, profitability, and other characteristics, based on regulations concerning equity investments. When verifying economic rationality, the Committee performs multifaceted verification of the quantitative returns obtained from investments and their qualitative significance, using balance between returns and capital cost as one verification item. In the light of these regulations, the Committee's verification results, and other factors, the Board of Directors is able to judge the necessity of investments and their continuation, and the Company disposes of shares for which the necessity of continued holding is judged to be low.

#### Company with an Audit and Supervisory Committee



## Information Disclosure

To ensure appropriate information disclosure in compliance with laws and regulations, the Company appoints one standing executive officer who will ultimately be in charge of the subject matter and content of the information to be disclosed. Regarding non-financial information for accurate and highly useful content, officers in charge of the Company's accounting, general affairs and IR divisions will hold regular meetings to carefully examine the information to be disclosed, have constructive discussions, and make preliminary decisions on policies.

The Company has compiled and disclosed the basic policy on its corporate governance as "TV Asahi's Corporate Governance Guidelines."

## Selection for the FTSE4Good Index Series

As a result of these initiatives, the Company has been selected as one of the companies that make up the FTSE4Good Index Series, a leading benchmark for socially responsible investment, since 2009. FTSE4Good Index Series is a series of share price indices designed to promote investments in companies that satisfy ESG global standards.

Further, the Group has also been a constituent of the FTSE Blossom Japan Index, one of the ESG share index adopted by GPIF, since 2017. We will continue to proactively promote ESG initiatives into the future.



## MD&A/Risk Information

### Critical Accounting Estimates and Assumptions

The consolidated financial statements of TV Asahi Group are prepared in accordance with accounting standards generally accepted in Japan as fair and appropriate. When preparing these consolidated financial statements, the Company uses estimates and assumptions that may affect the reported amounts of assets, liabilities, revenues, and expenses. Figures based on these estimates and assumptions may differ from actual results.

### Operating Environment for the Broadcasting Industry

During the fiscal year under review (ended March 31, 2020), although the Japanese economy had continued to show a gradual recovery trend, economic conditions turned adverse due to the impact of the novel coronavirus outbreak.

Conditions in the television advertising market remained difficult, with, for example, Tokyo area spot advertising volume falling below the prior-year level.

### Risk Information

Forward-looking statements contained herein represent the judgments of the Company as of March 31, 2020. This is not an exhaustive list of risks, and risks that cannot be foreseen or are not currently viewed as material may affect the Company in the future. Accordingly, the TV Asahi Group endeavors to share information necessary for judging management and business risks and works to minimize risks.

### Risks Associated with Changes in the Environment Surrounding the TV Broadcasting Business

A large portion of the TV Asahi Group's net sales are from TV broadcasting business, which relies on corporate advertising expenditure. This factor is in turn affected greatly by the state of the Japanese economy. Furthermore, the business environment facing the TV Asahi Group is changing rapidly. With the spread of smartphones and tablet PCs, the ways of viewing television are gradually changing. In addition, with the advent of smart TVs and the spread of broadband, content distribution channels are diversifying, and competition with other media is intensifying. In the future, the position of terrestrial broadcasting on TV sets may be relativized.

Moreover, in the TV broadcasting business, viewer ratings play an important role in determining selling prices of advertising time, and the Group's business is significantly affected by weakness in consumer and economic activity.

Any decrease in the Group's sales, or inability to absorb costs required for multifaceted deployment of content due to the progression of these complex factors may adversely affect the Group's financial position and business performance.

For this reason, in accordance with the basic principle that content is the source of all corporate value, the Company will link content to revenue and profit maximization by engaging in 360° deployment of

content on the media possessed by the Group. To realize this policy, the Company will implement an organizational reform, setting up a Business Solutions Headquarters to manage integrated operation of the Content Programming Division, Sales Promotion Division, Business Production Division, and IoT Division of core subsidiary TV Asahi Corporation, and proceed with production and provision of content suited to stakeholder requirements, utilization of data and technology, and enhancement of information transmission.

The Company will also make strategic investments to implement these measures.

### Risks Related to the Impacts of the Novel Coronavirus Outbreak

The novel coronavirus outbreak has had a number of impacts on the real economy. The outbreak has also led to decreased revenue for the Company's TV Broadcasting Business and other businesses due to impacts such as a decline in the volume of ad placements by advertisers, and the postponement and cancellation of scheduled events and motion pictures financed by the Company. There have also been situations in which the continued provision of content has been impacted, such as cases in which the filming of dramas has been suspended to prevent the risk of infection.

As it is not possible to predict when the novel coronavirus outbreak will come to an end, it is difficult to reasonably estimate the outbreak's impact on business performance etc. at this point in time. Under the oversight of the COVID-19 Emergency Countermeasures Committee and the Emergency Countermeasures Implementation Team, the Company has implemented a wide range of measures to ensure the continuation of broadcasting and business and prevent the spread of infection.

Specific examples of measures that have been implemented include: Thoroughgoing countermeasures to prevent infection, disinfection of surfaces in all workspaces, strict adherence to building admission control rules, use of staggered work times and teleworking, enhancement of employee health management and monitoring, etc. To prepare for potential cases of infection among employees, we are also implementing revolving work shifts as measure to ensure the continuation of broadcasting and business.

At content production worksites we are working to ensure avoidance of the 3Cs (closed spaces, crowded places, and close contact) during meetings and filming. Measures have been implemented for each division and each program, including separation of workspaces, thorough efforts to prevent infection when conducting interviews and news-gathering activities, suspending the use of studio audiences in program production, and temporary suspension of program filming. Measures taken when filming programs include taking people's temperatures, thorough disinfection of surfaces, the wearing of masks by

## MD&A/Risk Information

staff, and preventing the shared use of microphones.

The purpose of the abovementioned Business Solutions Headquarters is to respond to all of the changes in the business environment surrounding the Company, taking on responsibility for the enhancement of content distribution, the production and provision of content that meets the needs of stakeholders, and the utilization of data technologies. We therefore believe it will also be able to fulfill its purpose in relation to addressing the impacts on business of the novel coronavirus outbreak.

### **Risks Associated with Capital Expenditures and Investments**

The TV Asahi Group continues to make appropriate capital expenditures and investments, makes strategic investments to maintain technical standards and enhance corporate competitiveness, and is endeavoring to strengthen content production capabilities, acquire appealing content, and enhance its media strategy.

Although the Group has developed an internal system to judge risks in accordance with the scale, nature, and type of investments to ensure that these capital expenditures and investments make steady additional profit contributions, there is no guarantee that such investments will produce the expected returns. If returns fall short of expectations, the Group's financial position and business performance may be adversely affected.

### **Risks Associated with Handling of Personal Information**

The TV Asahi Group holds personal information of individuals appearing on its programs and program spectators, audience and viewers, as well as that of subscribed members of its mobile and internet-related businesses and customers of its shopping business. The Group does not strictly adhere to the conventional concept of broadcasting; rather, the Group has adopted Internet technology and is utilizing big data in order to meet the needs of viewers, consumers, and advertisers.

While such personal information is subject to stringent management in accordance with internal rules and is handled with adequate care, any leakage of information due to unauthorized access or use or other reasons may lead to a decline in the reliability of the Company's information and data management and adversely affect the revenue the Company obtains from such businesses or transactions and the Group's business performance because of stagnation of business operations that use this information and data or a reduction of the Group's credibility.

### **Risks Associated with Natural Disasters**

In the TV broadcasting business, which is the TV Asahi Group's principal business, the occurrence of a major disaster may render broadcasting difficult or result in the broadcasting of commercial free disaster information programs. It is also possible that broadcasting hours will be shortened to address power shortages. Furthermore, if damage occurs to facilities necessary for the business, or if employees are affected, due to the occurrence of earthquakes, heavy rains, flooding, or other natural disasters or epidemics, normal business continuity may be affected. Although the Company has taken measures such as preparation of a disaster response manual, business continuity preparedness simulations, an employee safety confirmation system, and disaster preparedness drills, these measures cannot completely eliminate the effects or damage of natural disasters, and the Group's business performance may be affected.

### **Risks Associated with Compliance**

The TV broadcasting business, which is the TV Asahi Group's principal business, is subject to legal restrictions under the Broadcasting Act and related laws and ordinances. By obtaining certification as a certified broadcasting holding company under the Broadcasting Act, the Company is permitted to own multiple terrestrial, BS and CS broadcasting companies as its subsidiaries. There is a possibility that the certification will

be rescinded in the future, should the Company cease to satisfy the criteria and other requirements relating to the assets of a certified broadcasting holding company or the criteria stipulated in the Broadcasting Act. Should the certification be rescinded, the business performance and the financial position of the TV Asahi Group may be seriously impacted.

The principal business of the TV Asahi Group is TV broadcasting, and TV Asahi Corporation, Asahi Satellite Broadcasting Limited and CS One Ten, Ltd. are subject to the requirements and restrictions under the Radio Act, the Broadcasting Act, and other laws and ordinances in conducting said business.

The revocation of a broadcast license, due to violation of law or ordinance, or failure to obtain a relevant business license may impact the business performance of the TV Asahi Group. Furthermore, the Group is subject to various legal restrictions in the pursuit of business activities in addition to the restrictions mentioned above. The Group may be subject to legal penalties, initiation of litigation, or social sanctions in the event of a violation of these laws, ordinances, or social imperatives, and this may result in loss of the Group's credibility and affect the business performance of the Group, which operates as a broadcast station and news organization whose foundation is credibility in information transmission.

For this reason, in keeping with the belief that "multifaceted cooperation in compliance with laws, ordinances, and other rules from top management to employees" is the basis for internal control, the Group has developed an internal control framework and clearly indicates authority and responsibilities by means of organizations and regulations and has also developed a system for oversight by multiple internal organizations, such as the Legal Affairs Department and Compliance Audit Department, and reporting of the status of activities to the Council of Executive Directors and other management organizations.

The Company has also appointed a top executive as an officer with overall responsibility for compliance and, under the direction of this officer, conducts training and awareness activities necessary for internal control, the foundation for compliance.

Through the above measures, the Company strives to reduce the probability of the occurrence of violations of laws, ordinances, or societal norms by the Group and its employees.

### **Risks Associated with Shares Held by Foreign Nationals and Entities**

Regarding voting rights of the Company held by foreign nationals, etc. stipulated in the Broadcasting Act ((i) those who are not Japanese nationals, (ii) foreign governments or representatives of such foreign governments, (iii) foreign corporations or associations, (iv) a corporation or an association which ratio of voting rights directly held by the aforementioned (i) through (iii) is the same or more than such ratio as stipulated in the Ordinance of the Ministry of Internal Affairs and Communications) (hereinafter, "foreign nationals"), if the total of the ratio of voting rights directly held by those set out in (i) through (iii) and ratio of voting rights to be indirectly held by those set out in (i) through (iii) through those set out in (iv) as stipulated by the Ministry of Internal Affairs and Communications is 20 % or more, the certification as a certified broadcasting holding company will be revoked.

For this reason, upon such condition, based on Article 116, Paragraph 2 of the Broadcasting Act which will be applied mutatis mutandis pursuant to Article 161, Paragraph 1 and 2, the Company is capable of refusing to enroll or record the name and address of foreign nationals in the shareholder register, and based on Article 116, Paragraph 3 of the Broadcasting Act which will be applied mutatis mutandis pursuant to Article 161, Paragraph 2, the exercise of voting rights of them will be restricted.

## Consolidated Balance Sheets

As of March 31, 2019 and 2020

	Millions of yen	
	2019	2020
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	¥ 29,908	¥ 39,534
Trade notes and accounts receivable	78,534	74,417
Marketable securities	44,400	17,405
Inventories	10,571	11,791
Other current assets	12,422	12,455
Less allowance for doubtful accounts	(73)	(71)
Total current assets	175,762	155,532
<b>Fixed assets</b>		
<b>Tangible assets</b>		
Buildings and structures, net	28,957	29,825
Machinery and vehicles, net	16,897	18,394
Land	43,700	46,438
Leased assets, net	5,337	5,194
Other tangible assets, net	5,748	7,368
Total tangible assets	100,642	107,221
<b>Intangible assets</b>		
Other intangible assets	6,373	6,651
Total intangible assets	6,373	6,651
<b>Investments and other assets</b>		
Investment securities	148,176	155,951
Deferred tax assets	13,892	15,098
Other investments and other assets	7,330	7,349
Less allowance for doubtful accounts	(178)	(256)
Total investments and other assets	169,220	178,144
Total fixed assets	276,237	292,016
<b>Total assets</b>	¥452,000	¥447,549
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade notes and accounts payable	¥ 9,149	¥ 8,934
Other payables	21,268	19,358
Accrued expenses	25,409	26,594
Other current liabilities	6,510	8,740
Total current liabilities	62,337	63,627
<b>Non-current liabilities</b>		
Deferred tax liabilities	16,274	10,521
Net defined benefit liabilities	17,596	19,120
Other non-current liabilities	2,035	1,761
Total non-current liabilities	35,905	31,403
Total liabilities	98,243	95,030
<b>Net assets</b>		
<b>Stockholders' equity</b>		
Common stock	36,642	36,654
Additional paid-in capital	70,226	70,427
Retained earnings	212,447	235,961
Treasury stock	(2,854)	(9,343)
Total stockholders' equity	316,462	333,699
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	37,484	23,240
Deferred gain (loss) on hedges	580	(88)
Foreign currency translation adjustments	(57)	(124)
Remeasurements of defined benefit plans	(4,640)	(5,264)
Total accumulated other comprehensive income	33,367	17,763
<b>Non-controlling interests</b>	3,926	1,055
<b>Total net assets</b>	353,757	352,518
<b>Total liabilities and net assets</b>	¥452,000	¥447,549

## Consolidated Statements of Income

Years ended March 31, 2019 and 2020

	Millions of yen	
	2019	2020
<b>Net sales</b>	¥301,744	<b>¥293,638</b>
Cost of sales	220,469	<b>218,779</b>
<b>Gross profit</b>	81,275	<b>74,859</b>
<b>SGA expenses</b>	65,110	<b>62,294</b>
<b>Operating income</b>	16,164	<b>12,565</b>
<b>Non-operating revenue</b>		
Dividend income	1,134	<b>1,436</b>
Share of profit of entities accounted for using equity method	1,477	<b>17,748</b>
Other non-operating revenue	464	<b>564</b>
Total non-operating revenue	3,076	<b>19,749</b>
<b>Non-operating expenses</b>		
Foreign exchange losses	—	<b>71</b>
Loss on disposal of noncurrent assets	119	<b>171</b>
Other non-operating expenses	24	<b>24</b>
Total non-operating expenses	143	<b>266</b>
<b>Ordinary Income</b>	19,097	<b>32,048</b>
<b>Extraordinary gains</b>		
Gain on sales of investment securities	548	<b>310</b>
Total extraordinary gains	548	<b>310</b>
<b>Extraordinary losses</b>		
Loss on valuation of investment securities	92	<b>599</b>
Total extraordinary losses	92	<b>599</b>
<b>Income before income taxes</b>	19,552	<b>31,758</b>
<b>Income taxes</b>		
Current	5,952	<b>5,715</b>
Deferred	483	<b>(515)</b>
Total income taxes	6,436	<b>5,199</b>
<b>Profit</b>	13,116	<b>26,559</b>
<b>Profit attributable to non-controlling interests</b>	237	<b>160</b>
<b>Profit attributable to owners of the parent</b>	¥ 12,879	<b>¥ 26,398</b>

## Consolidated Statements of Comprehensive Income

Years ended March 31, 2019 and 2020

	Millions of yen	
	2019	2020
<b>Profit</b>	¥ 13,116	<b>¥ 26,559</b>
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	5,239	<b>(13,074)</b>
Deferred gain (loss) on hedges	(116)	<b>(669)</b>
Foreign currency translation adjustments	(14)	<b>(6)</b>
Remeasurements of defined benefit plans	177	<b>(593)</b>
Share of other comprehensive income of entities accounted for using equity method	44	<b>(1,148)</b>
Total other comprehensive income	5,329	<b>(15,491)</b>
<b>Comprehensive income</b>	¥ 18,445	<b>¥ 11,067</b>
Components:		
Comprehensive income attributable to owners of the parent	¥ 18,208	<b>¥ 10,906</b>
Comprehensive income attributable to non-controlling interests	237	<b>160</b>



# Consolidated Statements of Changes in Net Assets

Years ended March 31, 2019 and 2020

	Millions of yen											
	Stockholders' equity					Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total stockholders' equity	Valuation difference on available-for-sale securities	Deferred gain (loss) on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
<b>Balance at March 31, 2018</b>	¥36,642	¥70,226	¥204,941	¥(2,850)	¥308,959	¥ 32,200	¥ 695	¥ (40)	¥(4,817)	¥ 28,038	¥ 3,163	¥340,161
<b>Changes during term</b>												
Cash dividends			(5,372)		(5,372)							(5,372)
Profit attributable to owners of the parent			12,879		12,879							12,879
Purchase of treasury stock				(0)	(0)							(0)
Increase due to a change in the scope of applying equity method-treasury stock				(3)	(3)							(3)
Net changes other than stockholder's equity						5,284	(115)	(16)	177	5,329	763	6,092
Total changes during term	—	—	7,506	(3)	7,502	5,284	(115)	(16)	177	5,329	763	13,595
<b>Balance at March 31, 2019</b>	¥36,642	¥70,226	¥212,447	¥(2,854)	¥316,462	¥ 37,484	¥ 580	¥ (57)	¥(4,640)	¥ 33,367	¥ 3,926	¥353,757
<b>Changes during term</b>												
Issuance of new shares	11	11			22							22
Cash dividends			(5,373)		(5,373)							(5,373)
Profit attributable to owners of the parent			26,398		26,398							26,398
Purchase of treasury stock				(67)	(67)							(67)
Cancellation of treasury stock			(27)	27	—							—
Change in ownership interest of parent due to transactions with non-controlling interests		189			189							189
Change in treasury stock arising from change in equity in entities accounted for using equity method				(0)	(0)							(0)
Change in scope of equity method			2,517	(6,449)	(3,932)							(3,932)
Net changes other than stockholder's equity						(14,244)	(669)	(66)	(624)	(15,604)	(2,871)	(18,475)
Total changes during term	11	201	23,513	(6,489)	17,237	(14,244)	(669)	(66)	(624)	(15,604)	(2,871)	(1,238)
<b>Balance at March 31, 2020</b>	¥36,654	¥70,427	¥235,961	¥(9,343)	¥333,699	¥ 23,240	¥ (88)	¥(124)	¥(5,264)	¥ 17,763	¥ 1,055	¥352,518

## Consolidated Statements of Cash Flows

Years ended March 31, 2019 and 2020

	Millions of yen	
	2019	2020
<b>Cash flows from operating activities</b>		
Income before income taxes	¥ 19,552	¥ 31,758
Depreciation and amortization	10,350	10,801
Amortization of goodwill	282	279
(Gain) loss on disposal of noncurrent assets	119	171
(Gain) loss on sales of investment securities	(548)	(310)
Loss on valuation of investment securities	92	599
Increase (decrease) in allowance for doubtful accounts	(3)	75
Increase (decrease) in net defined benefit liabilities	132	616
Dividend income	(1,134)	(1,436)
Share of (profit) loss of entities accounted for using equity method	(1,477)	(17,748)
(Increase) decrease in trade notes and accounts receivables	517	4,116
(Increase) decrease in inventories	(353)	(1,235)
Increase (decrease) in trade notes and accounts payables	1,007	(214)
Other cash flows from operating activities	(3,199)	(1,670)
Subtotal	25,337	25,803
Interest and dividend received	1,874	2,500
Income taxes refunded	1,414	1,368
Income taxes paid	(8,353)	(5,159)
Net cash provided by operating activities	20,273	24,513
<b>Cash flows from investing activities</b>		
Payments into time deposits	(3,097)	(12)
Proceeds from withdrawal of time deposits	998	2,061
Purchase of marketable securities	(145,200)	(114,600)
Proceeds from redemption of marketable securities	148,200	133,300
Purchase of trust beneficiary right	(26,799)	(47,200)
Proceeds from redemption of trust beneficiary right	24,500	47,200
Purchase of tangible assets	(8,288)	(14,323)
Purchase of intangible assets	(1,651)	(2,329)
Purchase of investment securities	(12,309)	(21,339)
Proceeds from redemption of investment securities	1,000	1,000
Proceeds from sales of investment securities	598	334
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	889	—
Other cash flows from investing activities	(99)	(541)
Net cash used in investing activities	(21,260)	(16,450)
<b>Cash flows from financing activities</b>		
Dividends paid to stockholders	(5,372)	(5,373)
Dividends paid to non-controlling interests	(16)	(11)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	(3,199)
Other cash flows from financing activities	(2,041)	(1,294)
Net cash used in financing activities	(7,430)	(9,878)
Effect of exchange rate changes on cash and cash equivalents	(11)	(7)
Net increase (decrease) in cash and cash equivalents	(8,428)	(1,823)
Cash and cash equivalents at beginning of term	49,961	41,533
Cash and cash equivalents at end of term	¥ 41,533	¥ 39,709

## Segment Information

Business segment of the Company and its consolidated subsidiaries for the fiscal years ended March 31, 2019 and 2020 are summarized as follows:

### Business Segment Information

The Company's major business categories are TV broadcasting business, music publication business and other businesses.

	Millions of yen					Amounts reported on consolidated financial statements <sup>2</sup>
	2019					
	Reportable segment				Adjustments <sup>1</sup>	
TV Broadcasting Business	Music Publication Business	Other Businesses	Total			
Sales						
Sales to outside customers	¥247,689	¥9,616	¥44,438	¥301,744	¥ —	¥301,744
Inter-segment sales and transfers	2,892	246	9,906	13,045	(13,045)	—
Total	250,581	9,863	54,344	314,789	(13,045)	301,744
Segment income	11,812	819	3,564	16,197	(32)	16,164
Segment assets	268,233	9,898	56,496	334,628	117,371	452,000
Other items						
Depreciation/amortization	8,490	98	1,761	10,350	—	10,350
Investment in affiliates	11,548	—	14,338	25,886	—	25,886
Increase in tangible/intangible assets	12,599	29	1,986	14,615	—	14,615

Notes: 1. Details of adjustments are as follows:

1) Segment income adjustments totaling minus 32 million yen includes elimination of inter-segment transactions of minus 132 million yen, 2,058 million yen income accruing from inter-company transactions with our subsidiaries, and corporate expenses of minus 1,957 million yen. Corporate expenses are chiefly those expenses related to the Company's management of the Group's business.

2) Segment assets adjustment of 117,371 million yen consists of corporate assets of 164,648 million yen and elimination of inter-segment claims and liabilities of minus 47,276 million yen.

2. Segment income is adjusted to align it with operating income reported on the consolidated statements of income for the corresponding period.

	Millions of yen					Amounts reported on consolidated financial statements <sup>2</sup>
	2020					
	Reportable segment				Adjustments <sup>1</sup>	
TV Broadcasting Business	Music Publication Business	Other Businesses	Total			
Sales						
Sales to outside customers	¥235,838	¥9,641	¥48,159	¥293,638	¥ —	¥293,638
Inter-segment sales and transfers	3,445	226	10,229	13,900	(13,900)	—
Total	239,283	9,867	58,388	307,539	(13,900)	293,638
Segment income	7,000	1,018	4,598	12,617	(51)	12,565
Segment assets	262,060	9,244	77,135	348,440	99,108	447,549
Other items						
Depreciation/amortization	8,632	69	2,099	10,801	—	10,801
Investment in affiliates	19,265	—	28,551	47,816	15,590	63,406
Increase in tangible/intangible assets	14,110	19	3,318	17,449	—	17,449

Notes: 1. Details of adjustments are as follows:

1) Segment income adjustments totaling minus 51 million yen includes elimination of inter-segment transactions of minus 166 million yen, 2,164 million yen income accruing from inter-company transactions with our subsidiaries, and corporate expenses of minus 2,048 million yen. Corporate expenses are chiefly those expenses related to the Company's management of the Group's business.

2) Segment assets adjustment of 99,108 million yen consists of corporate assets of 128,157 million yen and elimination of inter-segment claims and liabilities of minus 29,048 million yen.




3) Adjustment of investment in affiliates of 15,590 million yen is corporate assets.

2. Segment income is adjusted to align it with operating income reported on the consolidated statements of income for the corresponding period.

## Holding Company Structure

### tv asahi holdings corporation

#### Consolidated Subsidiaries of TV Asahi Holdings Corporation

 TV Asahi Corporation
 Asahi Satellite Broadcasting Limited
 CS One Ten, Ltd.








#### Equity-Method Affiliates of TV Asahi Holdings Corporation

 Akita Asahi Broadcasting Co., Ltd.
 Asahi Broadcasting Aomori Co., Ltd.
 Asahi Broadcasting Nagano Co., Ltd.
 Fukushima Broadcasting Co., Ltd.
 HIGASHI NIPPON BROADCASTING Co., Ltd.
 Iwate Asahi Television Co., Ltd.
 Shizuoka Asahi Television Co., Ltd.
 The Niigata Television Network 21, Inc.
 TOEI COMPANY, LTD.
 Yamagata Television System Inc.

#### Consolidated Subsidiaries of TV Asahi Corporation

 AbemaProduction, Inc.	 TRUST NETWORK INC.
 Bunkakobo, inc.	 TV ASAHI AMERICA, Inc.
 FLEX Co., Ltd.	 TV Asahi ASK Co., Ltd.
 HOSOGIYUTSUSHA CO., LTD.	 TV Asahi BEST Co., Ltd.
 Japan Cable Television, Ltd.	 TV Asahi Create Corporation
 Media Mix Japan Co., Ltd.	 TV Asahi mediaplex corporation
 Plus ZERO Co., Ltd.	 TV ASAHI MUSIC CO., LTD.
 ROPPING LIFE Co., Ltd.	 TV Asahi Productions Co., Ltd.
 SHIN-EI ANIMATION Co., Ltd.	 TV Asahi Service Co., Ltd.
 TAKESYSTEMS Co., Ltd.	 UltrImpression Inc.
 Tokyo Sound Production Inc.	

#### Equity-Method Affiliates of TV Asahi Corporation

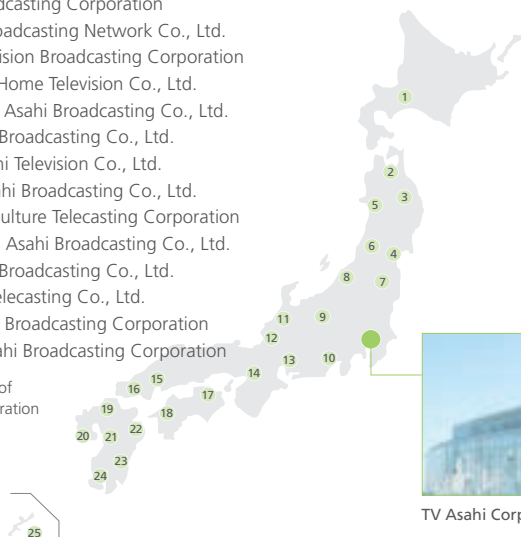
 AbemaNews, inc.	 Ray Corporation
 AbemaTV, inc.	 TELASA Corporation
 Kaeru AbemaTV, Inc.	 TOEI ANIMATION CO., LTD.
 New Japan Pro-Wrestling Co., Ltd.	

 TV BROADCASTING BUSINESS  MUSIC PUBLICATION BUSINESS  OTHER BUSINESSES

## Domestic Network

- 1 **HTB** Hokkaido Television Broadcasting Co., Ltd.
- 2 **ABA** Asahi Broadcasting Aomori Co., Ltd.\*
- 3 **IAT** Iwate Asahi Television Co., Ltd.\*
- 4 **KHB** HIGASHI NIPPON BROADCASTING Co., Ltd.\*
- 5 **AAB** Akita Asahi Broadcasting Co., Ltd.\*
- 6 **YTS** Yamagata Television System Inc.\*
- 7 **KFB** Fukushima Broadcasting Co., Ltd.\*
- 8 **UX** The Niigata Television Network 21, Inc.\*
- 9 **abn** Asahi Broadcasting Nagano Co., Ltd.\*
- 10 **SATV** Shizuoka Asahi Television Co., Ltd.\*
- 11 **HAB** Hokuriku Asahi Broadcasting Co., Ltd.
- 12 **FBC** Fukui Broadcasting Corporation
- 13 **NBN** Nagoya Broadcasting Network Co., Ltd.
- 14 **ABC** Asahi Television Broadcasting Corporation
- 15 **HOME** Hiroshima Home Television Co., Ltd.
- 16 **yab** Yamaguchi Asahi Broadcasting Co., Ltd.
- 17 **KSB** Setonaikai Broadcasting Co., Ltd.
- 18 **eat** Ehime Asahi Television Co., Ltd.
- 19 **KBC** Kyusyu Asahi Broadcasting Co., Ltd.
- 20 **NCC** Nagasaki Culture Telecasting Corporation
- 21 **KAB** Kumamoto Asahi Broadcasting Co., Ltd.
- 22 **OAB** Oita Asahi Broadcasting Co., Ltd.
- 23 **UMK** Miyazaki Telecasting Co., Ltd.
- 24 **KKB** Kagoshima Broadcasting Corporation
- 25 **QAB** Ryukyu Asahi Broadcasting Corporation

\* Equity-Method Affiliates of TV Asahi Holdings Corporation



TV Asahi Corporation

## International Network

### Bureaus

- **North America**  
New York (TV ASAHI AMERICA, Inc.)  
Washington, D.C.  
(TV ASAHI AMERICA, Inc.)  
Los Angeles (TV ASAHI AMERICA, Inc.)
- **Europe/Africa**  
London  
Moscow  
Cairo  
Paris (ABC's Bureau\*)
- **Asia/Oceania**  
Bangkok (News Bureau)  
Bangkok (Business Bureau)  
Beijing  
Seoul  
Shanghai (ABC's Bureau\*)

\*ABC: Asahi Television Broadcasting Corporation

### Media Partners

- **North America**  
CNN USA
- **Europe/Africa**  
RTL Germany  
TF1 France
- **Asia/Oceania**  
JTBC South Korea  
CCTV China  
SMG China  
CTV Taiwan  
ETTV Taiwan  
CH3 Thailand  
Kantana Thailand  
ZEEL India  
CH7 Australia

## Board of Directors As of June 26,2020

### Chairman and CEO

Hiroshi Hayakawa\*

### President and COO

Shinichi Yoshida\*

### Vice President

Gengo Sunami

### Senior Executive Director

Masaya Fujinoki

### Members of the Board

Keiji Kameyama  
Toru Takeda  
Hiroshi Shinozuka  
Satoshi Hamashima  
Junji Itabashi  
Arata Nishi  
Satoru Takada  
Miwako Konishi  
Hiroshi Oba  
Tsuyoshi Okada  
Shinya Yamamoto  
Masataka Watanabe  
Yoshihisa Yabuuchi  
Katsuhiko Ikeda  
Akira Genma

\*Representative Directors

(Note)

- Messrs.Tsuyoshi Okada, Shinya Yamamoto, Masataka Watanabe, Katsuhiko Ikeda and Akira Genma are Outside Members of the Board.
- Messrs.Yoshihisa Yabuuchi, Katsuhiko Ikeda and Akira Genma are Members of the Board who also serve as Audit and Supervisory Committee members.

## Stock Information

Authorized Number of Shares	300,000,000
Issued Number of Shares	108,529,000
Number of Stockholders	19,543
Foreign Shareholding Ratio(%)	15.12%
Listing	Tokyo Stock Exchange

## Stockholder Information

Fiscal Year-End	March 31
General Meeting of Stockholders	June
Transfer Agent	Sumitomo Mitsui Trust Bank, Limited

## Underwriter

Daiwa Securities Co. Ltd.

## Sub-Underwriter

Nomura Securities Co., Ltd.

SMBC Nikko Securities Inc.

## Corporate Data

Corporate Name	TV Asahi Holdings Corporation
Abbreviation	TV Asahi HD
Head Office	6-9-1,Roppongi, Minato-Ku, Tokyo 106-8001, Japan Tel. +81-3-6406-1115 <a href="http://www.tv-asahihd.co.jp/e/">http://www.tv-asahihd.co.jp/e/</a>
Date of Establishment	November 1, 1957
Paid-in Capital	¥36,654,300,000

## Major Stockholders

Name	Shares	Shareholding Ratio (%)
The Asahi Shimbun Company	26,651,840	24.80
TOEI COMPANY, LTD.	16,670,400	15.51
KOSETSU Museum of Art	5,030,000	4.68
Mizuho Trust & Banking Co., Ltd. Retirement Benefit Trust Dai Nippon Printing Account Retruster Trust & Custody Services Bank, Ltd	4,030,000	3.75
Kyushu Asahi Broadcasting Co., Ltd.	3,333,500	3.10
The Asahi Shimbun Foundation	2,297,100	2.14
SSBTC CLIENT OMNIBUS ACCOUNT	2,274,690	2.12
Recruit Holdings Co., Ltd.	2,100,000	1.95
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,916,400	1.78
STATE STREET CLIENT OMNIBUS ACCOUNT OM44	1,899,720	1.77

Note: The Shareholding Ratio is calculated deducting the Company's treasury stock (1,056,073 shares).



