

Note: This document is a direct translation of the Q&A Session Summary released in Japanese. If there are any discrepancies between this document and the original Japanese version, the original Japanese version prevails.

May 15, 2024

■ Earnings Presentation for Fiscal Year Ended March 31, 2024: Q&A Session Summary

TV Advertising Revenue

1. Regarding the terrestrial advertising revenue for FY25/3, spot advertising sales revenue is assumed to increase by 0.2%. What are your assumptions for the Tokyo area? I would also like to know your assumptions on pricing, inventory and growth rates for the first and second half of the year.

In addition, given time advertising sales revenue tends to increase in Olympic years, what is the background behind the planned 0.6% decline in time advertising sales revenue for this fiscal year?

- The budget assumptions for time advertising are 99.4% for the fiscal year, 99.3% for the first half, and 99.6% for the second half. Spot advertising for the Tokyo area is estimated to be 99%, and as Gengo Sunami, Member of the Board explained in the presentation, the 1% decline is estimated on account of the unpredictable advertising market. The growth for the first half is forecast to be 98.7% and the second half, 92.0%. The assumption for TV Asahi's spot advertising is 100.8% for the first half of the fiscal year, 99.7% for the second half, and 100.2% for the fiscal year.
- Regarding time advertising and the Olympics, in general, the Olympics have a positive effect of boosting sales, but in FY24/3, we broadcast a great number of world-class sporting events. Two World Aquatics Championships were held in the fiscal year, one in Fukuoka and the other in Qatar at the beginning of this year. We also broadcast the qualifying games of FIBA Basketball World Cup held in Okinawa, as well as the AFC Asia Cup and MLB Seoul Series. As such, the total number of sporting events exceeds that of last year, creating a special situation in structuring the time advertising forecast for this fiscal year.
- Regarding pricing, we believe there are opportunities for slight increases. In fact, since April, we have been able to increase prices by more than 102% YoY in spot advertising. For May, we are close to reaching 101%. We believe there remains to be opportunities to increase prices, depending on market conditions.
- Also, in terms of pricing, there is the "net spot", where empty slots in regular programs are sold in spot sales style but as national net time. For these cases, we have been able to

increase prices by 10% to 14% YoY for the planned empty advertising slots placed in strategically chosen programs.

Management Plan 2023-2025 (Strategic Investment Budget)

2. A strategic investment budget of 50 billion yen has been established. What are the results of the investments in FY24/3? Are you considering revising or raising the investment limit, especially as construction costs are rising?

- In addition to investments related to Tokyo Dream Park, the strategic investment budget of 50 billion yen is mainly intended for strategic investment in areas that contribute to IP development.
- As for Tokyo Dream Park, as pointed out, construction costs are soaring, and we will spend on construction over the next three years to open the establishment in spring 2026, but we are also investing in IP development and other areas within our current strategic investment budget.
- Regarding investment in new areas such as IP development, BookLive Co., Ltd. became an equity method affiliate in April 2023, and we entered into a capital and business alliance with KOTOBUKIYA CO., LTD. in December 2023 followed by the said company becoming an equity method affiliate in April 2024. Such are examples of our investing in original IP development and content distribution.
- In addition, TV Asahi, BookLive and KOTOBUKIYA have formed a steering committee to deepen collaboration in IP business, particularly in manga and anime. The three companies are already working together and have set up a program slot for manga and will also be slotting an anime program in the future.
- At present, investments for growth are within our strategic investment budget, and we are considering further investments such as M&A and business alliances that are expected to have strategic synergies with our endeavors, mainly in areas related to IP development.

Management Plan 2023-2025 (Numerical Targets)

3. What is the outlook for achieving the performance targets set for the final year of the Management Plan 2023-2025? Are large-scale M&As and other options being considered to achieve this goal?

- We may have already touched upon that matter in our presentation but allow me to elaborate. In our ongoing management plan, "BREAKOUT STATION!", we have set numerical targets for FY26/3, the final year of the plan, which are net sales of 330 billion yen, operating income of 20 billion yen, ordinary income of 25 billion yen, and profit attributable to owners of the parent of 20 billion yen.
- The results for FY24/3 have already been reported. Looking also at our forecast for FY25/3, the hurdles are becoming somewhat higher, and although the economic environment is extremely challenging, we will do our utmost to achieve our goals by pursuing the five strategies outlined in our Management Plan.
- The five strategies, which were also shown in the presentation slides, are, to reiterate, the Terrestrial Broadcast Strategy, Internet Strategy, Shopping Strategy, Media City Strategy, and New Frontiers.
- We believe that development of New Frontiers will take some time. This may result in a slight discrepancy with the time frame of the Management Plan, but we are developing profit opportunities in the New Frontiers businesses both domestically and internationally through the development of new IP. As mentioned in our presentation and earlier response, we are steadily taking concrete steps, such as forming capital and business alliances with BookLive Co., Ltd. and KOTOBUKIYA CO., LTD.
- We will continue to positively consider any investment projects that are consistent with the direction of our Management Plan.

Internet Business

4. The performance of the Internet Business segment has been strong compared to the previous year. Please tell us about the current situation and the outlook of the business environment.

- First, the business segment within the Internet Business that is growing the highest is the digital advertising business centered on TVer, and our catch-up numbers, our AVOD number of views, grew 35% in FY24/3 compared to FY23/3. Digital ads-related revenue also grew rapidly, up 29.7% YoY.
- To make an additional point, the revenue of 5.873 billion yen in the presentation material is the revenue of TV Asahi Corporation. As a group, with respect to AVOD, we use the advertising distribution platform of our subsidiary UltraImpression, and the platform usage fees are included at the consolidated level, but the revenues of this subsidiary are not included in this figure.

- Dramas such as *Destiny*, *Believe*, and *Tokyo Tower* are also doing very well in the spring programming season at the start of this fiscal year, further increasing the number of views. The week of April 29, during Golden Week, recorded the highest number of views ever. As the number of TVer users and time spent on TVer continues to grow, we will strengthen our content and marketing efforts focused on SNS, to achieve growth that exceeds that of TVer.
- Another area to highlight in the digital advertising business is our news distribution business, where the number of subscribers to the *ANNnewsCH* on YouTube exceeded 4 million in March of this year. The channel has been generating stable advertising revenue as the number of users grows, and we will pursue further growth.
- In the SVOD business, TELASA is performing well as our SVOD headquarters and the business is contributing to increased content sales in addition to profit of entities accounted for using equity method. Moreover, we are strategically providing a number of our content to external platforms such as Netflix and Amazon Prime and will continue to do so in the current fiscal year.
- Finally, ABEMA continues to grow its user base by providing high-profile content, such as MLB and foreign soccer broadcasts and WAU has grown to approximately 23 million. Advertising revenues are also growing, and steady progress is being made to turn profitable.

Media City

5. The investment in "Tokyo Dream Park" in Ariake is now in full swing. Please tell us about the amount of future investment, the events and expenses after the grand opening, and the expected contribution to business performance.

- Construction of Tokyo Dream Park began last fall and is now well underway.
- Regarding the amount of investment, etc., costs related to building construction are rising due to the recent economic situation, including inflation of building materials, the weak yen, and labor environment issues in the construction industry. We will refrain from giving a detailed amount due to confidentiality, but we are proceeding with a building plan that ensures the feasibility of the project.
- With regard to events, etc. that are being planned, based on the Media City concept, we are considering businesses that utilizes content. Specifically, the facility will be equipped with a hall, studio, theater, and entertainment space, and we are in talks with various parties regarding event programs, etc. The goal is to plan a variety of entertainment offerings that will create a new vibrant space in the Ariake district of the Tokyo Bay area.
- "Tokyo Bay eSG Project," which aims to create a city for the future, has been launched by the Tokyo Metropolitan Government for the Ariake district of the Tokyo Bay area, which is

a substantial development area with a yearly growing population and continuous large-scale constructions by major developers. In addition, the area is considered very suitable for entertainment, with a large arena such as the TOYOTA ARENA TOKYO and an international cruise terminal, which is expected to generate inbound demand. We expect to be able to generate stable earnings in this market by building on the experience we have accumulated over many years of program production and producing events/concerts at EX THEATER.

- The grand opening is scheduled for spring of 2026. Details of the entertainment offerings will be announced at an appropriate timing. We look forward to sharing the details with you.

Capital Policy

6. Regarding the relationship with major shareholders, what are your views on the mutual dissolution of cross-shareholdings and share buybacks when considering capital policy?

- Our major shareholders are The Asahi Shimbun Company and TOEI COMPANY, LTD. As it is well known, our relationships with the two companies are very long and have deep histories. Both companies have contributed greatly in providing quality content that is the source of our value. This remains true today.
- We recognize that this fact also ties closely into the improvement of our corporate value. Based on this recognition, as Chairman Hayakawa explained at the beginning of the meeting, the partnership with TOEI COMPANY, LTD. will be extended further going forward. This will further increase our corporate value. We ask for your understanding on this point.
- Regarding share buybacks, we recognize that the restriction on voting rights for cross-held shares is one of the hurdles, but we have executed share buybacks twice in the past, in FY16/3 and FY21/3. We will continue to engage in careful dialogue with stakeholders to determine the timing of share buybacks.

Shareholder Returns

7. In April, there was a disclosure regarding the payment of dividends to foreign shareholders outside the shareholder registry. Please tell us about the background that led to this policy change.

- With respect to shares held by foreign shareholders exceeding the ratio (20%) stipulated in the foreign investment restriction, the registry and recording of such shares are refused in

accordance with the Broadcasting Act, and we have adopted a policy of not paying dividends to those shareholders who are not registered or recorded on the shareholder registry.

- However, the capital market has changed dramatically in recent years, and the proportion of foreign shareholders in our company has also increased. We have decided to change our policy based on the belief that it is essential to increase corporate value through effective communication and ensuing investment of diverse shareholders, and to execute discernably necessary schemes that largely take into account capital cost and share price.

8. For FY24/3, the dividend payout ratio was high at 35.6%, partly due to the commemorative dividend. What are your thoughts on the dividend payout ratio for FY25/3? Also, what are your thoughts on share buybacks?

- Our dividend policy is to seek stable common dividends with an emphasis on continued growth. We also consider commemorative and special dividends in milestone years and in response to performance trends and other factors in each fiscal year to enhance shareholder returns.
- We do not have a target for dividend payout ratio, but it has trended at approximately 30%, and we view it as one of our guidelines. The increase in the common dividend by 10 yen to 50 yen is an example of this. The basic amount of common dividend will be 50 yen going forward.
- Share buybacks were conducted in FY16/3 and FY21/3. The restriction of voting rights on cross-shareholdings with major shareholders is an obstacle, but as we have done in the past, we will continue to discuss this with stakeholders to determine the timing of share buybacks.

New Partnership with TOEI COMPANY, LTD.

9. Please tell us about the new partnership with TOEI COMPANY, LTD. that was announced today, including what is different from the previous one and whether it is the first step in any developments regarding capital alliance.

- TOEI COMPANY, LTD., and TV Asahi have been in partnership mainly regarding content production since the establishment of our business. Today, however, the economic environment of producing and distributing content is changing dramatically. Some examples are AI, the metaverse, and other innovations. In addition, the nature of the business and,

most importantly, the demographics of viewers, audiences, and users are changing significantly.

- We have a continuing relationship regarding important content such as *AIBOU: Tokyo Detective Duo*, *The Woman of S.R.I.*, and *Kamen Rider*, but if we settle at this stage, we may become redundant. The new partnership will further develop the know-how of both companies, conduct joint research and explore new developments.
- One example is movies. With *AIBOU*, we have produced six films that have grossed over 10 billion yen at the box office. Since such large productions are not being carried out recently, we will strategically create content for TV Asahi's programming table that incorporates movie production from the initial stages of program production. It would require a combination of popular actors, talented scriptwriters, and top-notch directors. The idea is to develop big hit content with a long-term vision, and to make it available not only domestically but also for VOD and other media.
- We have not discussed matters on capital business relations. The purpose of this alliance is to take one step, two steps forward from the current stage and to create and produce bountiful results.

Capital Expenditure Plan

10. Capex for the current fiscal year is planned at 35.4 billion yen. Please tell us about your capex plan, including what it will include in the future, whether it will remain at such a high level during the "Management Plan 2023-2025" period, and when it will peak.

- Consolidated capex for FY25/3 is expected to be 35.4 billion yen (up 17.82 billion yen YoY), a high level compared to the previous year, due in part to the start of construction at Ariake. Depreciation and amortization for FY25/3 is expected to be 9.7 billion yen (down 120 million yen YoY) on a consolidated basis, the same level as the previous year.
- Regarding future capex, both capex and depreciation and amortization will be at the 10 billion yen per year level, but real estate investments related to the Media City Strategy, such as the Ariake construction project, will be added as appropriate.
- Construction at Ariake began in 2024 and the grand opening is scheduled for spring 2026. We expect cash out over that period.

Reasons of Strong Spot Advertising Sales Revenue

11. What are the factors behind the strong performance of spot advertising sales revenue compared to the market in terms of pricing, customers, marketing, and other aspects?

- As a premise, it is important to ask what the advertisers' issues are. One is, as always, reach. The second is how to distribute advertisements that leave strong impressions in an environment of information overload in the multimedia age.
- In the past three years, our commitment has been to deliver more creative marketing to our customers by providing solutions across our various business units. On one hand, our basic premise of reach is that there are permanently high viewer ratings as we are competing for the top spot in this area. In addition, we have added value to our sales products by developing what we call revenue enhancing solutions. We believe this reputation is the main reason for the sustained increase of our share of the spot advertising market since around January last year.
- We believe it is important to continue our commitment of company-wide solutions while maintaining high viewer ratings.
- In terms of by-industry performance, a flat look at the numbers shows that "foods" and "beverage & liquors" have increased in April and May, as they have become accustomed to price increases. Both are up more than 10% YoY. "Automobiles" also stagnated last year due to the delivery delays and the incident of improper information management, but in April and May, it is growing at about 30% YoY. We believe that these factors are contributing to the bottoming out of the market.

ABEMA and Terrestrial Sales Collaboration

12. ABEMA's advertising sales revenue for January to March 2024 was very strong. I think it is a strength of TV Asahi in terms of sales that you can take measures such as bundling ABEMA with your spot sales to increase total reach, and I wonder if you will accelerate such efforts in FY25/3. I would like to know your current sales strategy in relation to ABEMA.

- ABEMA and TV Asahi have been working together on advertising sales.
- The most recent major event was the 2022 FIFA World Cup, and in the past fiscal year, ABEMA and TV Asahi have jointly marketed several sports properties using broadcast content as a hook.

- Because the number of sports events will decrease, I think there will be fewer opportunities for that this year. However, since we have a cooperative relationship, we will continue to promote sales by using the drama as a hook or by working together on infomercials when the opportunity arises.

###