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May 19, 2025

■ Earnings Presentation for Fiscal Year Ended March 31, 2025: Q&A Session Summary

TV Advertising Revenue: Advertising market

1. Compared to your competitors, your advertising revenue assumptions seem ambitious. What is your outlook of the market, and what is the reason behind the expected strong performance of TV advertising revenue compared to your competitors?
Please also let us know about the impact of ad suspension on Fuji TV.

- We expect the market to remain generally favorable. In particular, we anticipate a positive outlook for the first half of the fiscal year. One reason is that the advertising market in the Tokyo area has been recovering steadily since August last year, and prices are continuing to rise in line with this recovery. Therefore, we believe that advertising demand will remain firm. This view is supported by the fact that the April programming season sales are progressing very steadily, delivering the best results since the onset of the COVID-19 pandemic.
- In addition, both time and spot advertising prices have risen significantly in the current fiscal year as well, and we believe that demand will remain strong throughout the fiscal year if this pace continues. In terms of industries, growth among the industries are well balanced, with no particular irregularities, so we believe the risk is minimal.
- The reason we have a more optimistic forecast compared to other stations is fundamentally due to viewer ratings. Throughout FY25/3, viewer ratings have remained stable at a high level, and this has coincided with strong demand for commercials, creating a favorable situation for our company. As you may know, the terms for this fiscal year's transactions are decided based on last fiscal year's viewer ratings, while considering the latest market conditions. Since we have maintained stable ratings from last fiscal year to the present, we will be incorporated into companies' marketing plans. This means that TV Asahi is included in their portfolio, and we are confident that we are able to respond effectively to the current demand.

- For reference, advertising prices in April and May also continued to rise, and sales are expected to show double-digit growth compared to the same period last year.
- Finally, due to the current situation at Fuji Television Network, Inc. (Fuji Television), there has been a definite surge in demand, but the greatest impact is actually not on sales, but on the regular program sales and the speed of advertising orders. It is true that our company has benefited from the fact that advertisers are not able to purchase Fuji Television's regular programs and they are purchasing from other stations. Moreover, we believe that the big impact is the increased speed of advertising transactions which is allowing us to leverage our abundant inventory, giving us a favorable position in negotiations. Looking ahead to the second quarter (July to September), we anticipate that the current shortage of advertising inventory will intensify due to the sports programming schedule of our competitor. Combined with Fuji Television's situation and the programming of sports specials in the Tokyo region, we believe the first half of the fiscal year will present a very positive outlook for our company.

TV Advertising Revenue: Plan for time sales revenue in the current fiscal year

2. Regarding the plan for terrestrial advertising revenue in the current fiscal year, time advertising sales revenue is assumed to increase by 1.0%, but considering the strong performance of regular programs, the plan seems to be a low estimate. Are you factoring in impact of a decrease of large-scale special programs into the plan, and are there any large projects that are not included in the plan for the current fiscal year?

- The nominal figure stands at 101%, which translates to an increase of 0.8 billion yen. There is an element of reactionary decline, but it is already factored in in the 0.8 billion yen. In reality, when considering the actual fluctuations, we recognize the effective figure to be an increase of 2.1 billion yen, or 102.6%.
- As for future one-off programs, we have two large-scale special programs planned for this fiscal year, namely the Milano Cortina Olympic Games and the 2026 WORLD BASEBALL CLASSIC. However, as the programming schedule has not yet been finalized, only a minimum amount has been included in the plan. In addition, one-off programs related to sports events and other special programs that may arise in the future are not currently included in the plan, so these will become factors that contribute to increased revenue if and when they are programmed.

Program Production

3. The drama series *Doctor-X* and *The Woman of S.R.I.* have ended, and *Tokuso 9* is also in its final season, marking the end of several popular series. There may be scheduling issues with the cast and crew, but are there also changes in the direction of the program productions?

- No announcement has been made to date that *The Woman of S.R.I.* has ended.
- *Doctor-X* started in 2012, and *Tokuso 9* started in 2006 as *Keishicho Sousa Ikka 9 Gakari*. Both series have been very well received. We believe that these long-running series have reached a milestone.
- We have not changed our approach in terms of program production. We will continue to pursue our “all-targets strategy” in order to deliver as many works as possible that can be enjoyed by a wide range of generations.
- Furthermore, competition is expected to intensify, including that from global over-the-top services. From the initial planning stage, we intend to engineer concepts, scripts, casts, and production budgets with an eye on film adaptations and global distribution, and we aim to actively pursue large-scale projects.

Internet Business

4. Regarding the sustainability of strong sales growth in digital advertising revenue centered on TVer, what strategic initiatives will the industry or TV Asahi take to further grow TVer as an attractive advertising medium?

- The figure of 8.59 billion yen in digital ads-related revenue for FY25/3 is the sales figure for TV Asahi alone and does not include platform fees from TVer advertising distribution by UltraImpression, a consolidated subsidiary that is a key feature of our business. Therefore, the figures are higher on a consolidated basis.
- In addition, revenue is growing faster than the number of views. This is partly due to market conditions, but also largely due to the sales promotion efforts of our Sales Promotion Division and UltraImpression.
- From FY26/3 onwards, for the overall growth of TVer, it is paramount to increase advertising inventory. To this end, we believe it is essential to increase the number of users, the frequency of use, and the duration of use.
- As such, TVer is currently working to expand the genres of distributed content and will continue its effort to constantly improve the usability of its user interface (UI) and user experience (UX) throughout the current fiscal year.

- On our end, in terms of content, as drama series tend to fluctuate in popularity from season to season, we would like to strengthen our variety shows, which is consistently viewed throughout the year, and strategically provide archived works in between seasons when drama series are not aired.
- We also believe it is necessary to strengthen social media and digital marketing so that users can more easily discover our content. In addition, although there is our rival YouTube, we also aim to raise advertising rates as much as possible.

Other Businesses

5. The Other Businesses segment shows a significant decline in profit for the current fiscal year. What is the reason for this? Are there any projects that could lead to an upward projection?

- The forecast for Other Businesses for the current fiscal year is a decrease of 1,330 million yen in net sales and a decrease of 642 million yen in operating profit compared to the previous fiscal year.
- The reason for the decline, as explained in Other Businesses at the beginning of this presentation, is that each genre, including Music Publication, Special Events, and Motion Pictures, recorded revenue that exceeded expectations in the previous fiscal year, and a decline is expected as a rebound from this. Sales in Other Businesses for FY25/3 recorded a significant increase of 6,173 million yen compared to the previous fiscal year.
- Specifically, one factor contributing to this significant increase in sales is that in Music Publication, there was a concentration of tours held during FY25/3 by musicians such as KETSUMEISHI, HIRAIIDAI, and ATARASHII GAKKO!, who are artists under management by TV ASAHI MUSIC, resulting in a significant increase in revenue and profit, including sales of merchandise.
- Another factor is that the TV Asahi 65th Anniversary events, including projects that had been in preparation for several years, achieved the expected results throughout the year. Additionally, *NINAGAWA Mika with EiM: Lights of the beyond, Shadows of this world* and *Ryuichi Sakamoto / seeing sound, hearing time*, an exhibition organized together with The Asahi Shimbun Company, achieved far greater success than anticipated. These events significantly contributed to increased revenue and profit.
- As each musician's tours and anniversary events are not held every year, we have forecast a year-on-year decrease in revenue and profit for Other Businesses for the current fiscal year.

- However, in Motion Pictures, *Crayon Shin chan the Movie* recorded the highest box office revenue in the series in FY25/3, and the latest *Doraemon the Movie* also outperformed the series' prior release. We aim to achieve revenue growth that exceeds our expectations by ensuring the success of these annual releases in this fiscal year as well.
- With regard to Special Events, we intend to actively hold original program-related events, which combine television programs with events and internet distribution, as we are seeing positive results from these events recently. We look forward to further increasing our revenue and profit in the Other Businesses segment in the current fiscal year.

TOKYO DREAM PARK

6. The opening of TOKYO DREAM PARK is just around the corner, and I am very excited about it. Please share with us any information and thoughts regarding the total capital investment currently expected and the revenue forecast after opening.

- The construction of TOKYO DREAM PARK is currently progressing smoothly, and a tour for officers was held the other day. Regarding the amount of investment etc., although the recent economic climate is challenging with soaring construction material prices, depreciation of the yen, and labor environment issues in the construction industry, we expect that construction costs will be kept within the strategic investment budget of 50 billion yen in our management plan.
- The grand opening is scheduled for next spring, and the impact on business performance will be seen from FY27/3.
- We have now entered the final year of our medium-term management plan, "Management Plan 2023-2025: TV Asahi for the New Era," and in the discussions on the management plan for the period starting in 2026, which will begin shortly, we plan to examine the business plan in more detail and carefully assess their impact on business performance.
- Reservations for the multipurpose hall and theater are currently proceeding steadily, and the details are expected to be finalized by the end of the year. We will provide a more detailed explanation at the appropriate time.

Capital Expenditure

7. Please provide a breakdown of the 35.9 billion yen in capital expenditure for the previous fiscal year. The plan is to reduce it to 18.4 billion yen for the current fiscal year. Can we expect capital expenditure to remain at this level for the foreseeable future?

- Capital expenditure of 35.9 billion yen in the previous fiscal year includes various facilities for continuing stable broadcasting, which is essential for our content, renewal of file servers used for recording programs, facilitation of BS multi-channel broadcasting, and development costs for TOKYO DREAM PARK, which is under construction in the Ariake district.
- Capital expenditure for the current fiscal year is expected to decrease significantly from the previous fiscal year to 18.4 billion yen, partly due to the stabilization of capital expenditure for TOKYO DREAM PARK.
- Going forward, capital expenditure on projects such as broadcasting system upgrades will continue in the next fiscal year and beyond, but we plan to continue to curb capital expenditure through reviews of upgrade timing and requirements. We are considering 10 billion yen as a benchmark.

Shareholder Returns

8. Other companies in the same industry are introducing the total payout ratio and are increasingly focusing on sharing the effects of performance growth with shareholders as shareholder returns, in addition to stable dividend payments. Do you have any plans to aim for returns based on total payout ratio or a combination of stable dividend payments and performance-linked payouts?

Also, can we expect flexible and continuous share buybacks in the future, given that the recent share offering increased the tradable share ratio? The total payout ratio for the current fiscal year is around 35% based on the dividend plan and share buyback plan. Do you consider the total payout ratio as a benchmark?

- Our current dividend policy is to consider commemorative dividends in milestone years and special dividends in response to performance trends, in addition to maintaining stable common dividends with an emphasis on continued growth, to enhance shareholder returns.
- The common dividend was increased by 10 yen to 60 yen for the current fiscal year. This will be the base, and we will consider commemorative dividends and special dividends as necessary.

- With regard to share buybacks, the secondary offering of shares announced on April 14 has enabled us to improve the liquidity of our shares and establish a foundation for flexible share buybacks. We will continue to consider the timing of share buybacks while taking into account market trends and other factors.
- The total payout ratio for the current fiscal year is expected to be around 35%, including dividends and share buybacks. The total payout ratio and performance-linked payouts are used as reference points when considering shareholder returns, and future payout policies will be reviewed in light of the business environment and stock market trends.

Capital Policy

9. In April, there were many developments in terms of capital policy, including the announcement of a secondary offering of shares by shareholders and your share buybacks. Are there any changes in the capital alliance strategy, including relationships with major shareholders, and what is the direction for the future?
- As announced, the purpose of this secondary offering of shares is to improve the liquidity of our shares and to establish a foundation that will enable us to conduct share buybacks in a flexible manner. In fact, the percentage of floating shares will increase to nearly 40%.
 - On the other hand, we are maintaining close relationship with The Asahi Shimbun Company, our major shareholder and one of the companies in the offering, and continuing to build a strong cooperative relationship, particularly with regard to news and information activities. We believe that the cooperative relationship between the two companies will continue to contribute to the enhancement of both companies' corporate value.

Next Medium-term Management Plan

10. This fiscal year is the final year of the current medium-term management plan. Please tell us about the main elements of the next medium-term management plan.
Also, will the announcement be made in March as in the previous plan?
- This fiscal year marks the final year of our medium-term management plan, "Management Plan 2023-2025: TV Asahi for the New Era." We plan to begin full-scale discussions starting this summer on our management plan for FY27/3.

- We have achieved significant results in terms of viewer ratings and business performance under the current management plan. The trends surrounding television and technological innovations are evolving at an accelerating pace, and we will not rest on our current achievements, but will design an innovative and strong plan that can respond to the next new era.
- At this stage, the key point is to further strengthen viewer ratings of the timetable that has brought about these good results. To that end, we would like to actively employ young creators who are showing remarkable growth, particularly in the production of programs in the late-night “Barabara Daisakusen” time zone, and give them opportunities to work in Golden Time.
- Another area is the IP animation business. We will further strengthen our relationships with publishers that own excellent IP, and work closely with all of our partner companies to actively materialize projects in the timetable and as special events.
- In formulating our next management plan, we would like to comprehensively gather the discussions of all levels within the company, external knowledge, opinions from young personnel, the thoughts of female employees, etc., in order to create a plan that is in line with the times. We look forward to presenting our plan to you in time.

Governance

11. The Asahi Shimbun Company has decided to sell a portion of the Company’s shares, but we believe that your policy to deepen the business collaboration will remain unchanged. With regards to voting rights ratio, please tell us what changes or significance you expect in terms of governance, such as whether this will be an opportunity to increase a certain degree of independence.

- The Asahi Shimbun Company has agreed to a secondary offering of a portion of their shares, but as explained above, there will be no change in the business alliance between the two companies.
- Previously, there was a restriction to maintain the voting rights ratio below 25%. The secondary offering of shares significantly reduces the ratio to well below the limit of 25%. This will allow us to flexibly conduct share buybacks by monitoring market trends, which is the main purpose of the offering.

12. In terms of dividends, can we assume that the company will be able to flexibly proceed according to its own judgment, compared to the past?

- This time, we have increased the common dividend by 10 yen to 60 yen. As I mentioned earlier, we will consider commemorative dividends and performance-linked payouts based on this figure.

Term of Member of the Board

13. The broadcasting industry spans various fields, including dealing with government offices and entertainers, and its business and supply chains are diverse, and many companies in this industry tend to have long-term leadership. I understand that each company, including TV Asahi Holdings, makes various decisions based on circumstances. Could you please share your thoughts on the advantages and issues of a long tenure and how your company addresses them?

- There is a question on the view that an executive is unfit for the role due to advanced age alone. There are top executives at various business companies, besides TV stations, who are making significant, sustained efforts. I believe that these persons too, naturally entrust the work to the next generation, when a company grows and good performance continues.

Full-year Forecast for Internet Business

14. Regarding your plans for the Internet Business this fiscal year, sales are expected to grow steadily by double digits, while profit is expected to remain flat. Please explain the background and reasoning behind this.

- We expect sales to grow steadily, mainly in digital ads-related revenue. On the other hand, profit will be affected by a reactionary decline in sales of anime to platforms that contributed significantly to profits in FY25/3. In addition, there will be an increase in cost of sales, such as system usage fees and outsourcing, as well as various investments in anticipation of future growth, resulting in increased revenue and a slight increase in profit.
- We are quite conservative in our profit forecast and look forward to working hard to improve this figure.

Expansion of Anime IP in Overseas Market

15. The main IPs, *Crayon Shin chan* and *Doraemon*, are gaining considerable momentum. In Japan, *Crayon Shin chan* has repeatedly broken the box office records in recent years. Regarding the overseas expansion of these powerful IPs, you mentioned earlier that distribution rights have performed well so far, but could you tell us more about your business initiatives in areas such as merchandise sales and licensing of other general products?

- *Crayon Shin chan* and *Doraemon* are indeed IP content that our company is proud of. Regarding overseas expansion, a *Crayon Shin chan the Movie* will be released in India for the first time. In India, movies for adults are very popular, but releasing animated movies for children is quite rare, and the response has been very positive so far. We would like to take this opportunity to expand our business to include movies and related merchandise as you mentioned.
- *Doraemon* has also been expanding into overseas markets in various forms, one of which is television broadcasts in Spain, which historically began quite some time ago. In addition, traveling exhibitions featuring *Doraemon* characters are being held in various locations in Asia, and these have also been very well received.
- Going forward, we will continue to firmly and effectively expand these two important IPs in overseas markets.

Capital Policy

16. Please tell us how you will address risks in your medium- to long-term capital policy. Other companies have announced aggressive capital policy guidelines. It may be premature, but if you decide to adopt a capital policy similar to that of other companies in the future, I think the presence of major shareholders is likely to become a bottleneck in your capital policy again in the medium- to long-term. In that case, it will probably be necessary to coordinate with not just one but two major shareholders. Please give us a rough idea of your policy for addressing potential future risks.

- We will soon begin considering our medium- to long-term capital policy, but for now, we were able to realize our capital policy through gaining the approval of the secondary offering from two companies.
- Going forward, the first point is the sale of strategic shareholdings. We have been selling the strategic shareholdings every year for the past several years, and we have no plans to change this policy. The proceeds will be used for growth strategies, strategic

investments in growth areas, capital expenditures for stable broadcasting, shareholder returns, and other purposes.

- Furthermore, regarding the need for capital policy measures similar to those taken by the two major shareholders this time, we will continue to have various discussions with our shareholders as necessary.

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