

■ Presentation for the New Management Plan (2026-2029): Q&A Session Summary

TV Advertising: Medium- to long-term advertising market

1. Regarding the numerical targets (net sales and operating profit) of the new management plan, what assumptions have you made about the growth rates of the terrestrial television advertising market and the digital advertising market?

In addition, what are your assumptions regarding TV broadcasting revenue? In particular, how will you improve unit prices when negative growth is expected for terrestrial television advertising?

- First, regarding the future of the advertising market, there are positive factors for terrestrial television, such as the current economic recovery, state of inflation, and the reevaluation of media reach, but on a macroeconomic level, it is assumed that a slight decline will continue. As we have done for the past three years, we intend to increase sales by expanding our share. The difference in sales between us and the number one station is around 40.0 billion yen, and we believe there is ample opportunity to close this gap.
- On the other hand, we believe that the digital advertising market will continue to show a high growth rate.
- Regarding future advertising revenue, we believe that FY27/3 will be the year in which the market distortions caused by the Fuji TV incident will be resolved and transactions will return to normal. For the first year of the four-year plan, we expect sales to be slightly weaker for the total figure of terrestrial television and digital ads, but we aim to achieve sustained sales growth over the following three years and secure 50% or more of the Group's overall sales target.
- One way to achieve this growth curve is to raise prices. We will take advantage of inflation and strategically leverage our stable viewer ratings and inventory.
- Another method is to make use of TV Asahi's unique marketing solutions. We view TOKYO DREAM PARK (TDP), ABEMA, and digital distribution as new advertising media with great potential and believe that by implementing coordinated solutions that flexibly combine them in various ways, we can increase the value of TV advertising.

- In particular, as TDP will be a space for real in-person contact and communication with consumers, we believe that by combining it with broadcast programs and commercial campaigns, we will be able to achieve unprecedented marketing effects. Advertisers' need for real in-person contact are only increasing, and by continuing to implement initiatives that are unique to TV Asahi, we hope to increase our value and raise prices.
- The final point has to do with the evolution of collaboration with advertisers through the use of AI. In order to expand the marketing solutions I just explained, we will increase working closely on content design with advertisers. With the help of AI, we can, for instance in projects linked to TV programs, work alongside advertisers to confirm specific video work patterns while improving the quality and speed of creative work. By developing marketing strategies in collaboration with advertisers, we believe that business relationships will become deeper and broader, which will ultimately lead to an increase in transaction volume.

TOKYO DREAM PARK: Business performance outlook

2. TDP is about to open, and the TDP & Events Business will aim for operating profit of 4.0 billion yen in FY30/3. I would like to know your outlook on business performance as well as the thought process behind your business performance forecast.

In particular, I would like to know, to the extent possible, the level of profit contribution you expect from the first year (the opening year), as well as the steps toward profit growth (utilization rates, number of events, merchandise sales, etc.) towards the final year.

- TDP is a major new base positioned at the core of the management plan. We will build a future-oriented business that brings together all the experience and know-how that the Company has garnered through its music programs and events business.
- While there is uncertainty in the TV advertising market, we plan to make up for the uncertainties over the medium to long term by developing a pillar of revenue centered around TDP.
- Although certain expenses such as depreciation and amortization are expected to be incurred after opening, we aim to expand profits and expect them to account for a certain proportion of the operating profit target of 4.0 billion yen for the TDP & Events Business in FY30/3.
- We will continue to build up our business performance through the strategic development of our IPs, the creation of activity in the Ariake area, and the domestic and international expansion of events originating from TDP.

- We also anticipate that TDP will lead to the creation of new content and IPs through collaborative schemes with television. Through such innovative endeavors, we aim to not only improve short-term earnings/profits, but also to develop a pillar of revenue centered around TDP in the medium to long term.

Numerical Targets: Profit trends

3. Regarding profit trends toward the final year of the management plan, although the temporary demand surge for TV advertising revenue is expected to fall in the next fiscal year, will profit growth continue from the first year even taking this into consideration? Or will the first year be positioned as an investment phase for projects such as TDP, resulting in a temporary weakening of profit levels?

In addition, how, to what extent, and over what time frame will each of the five key strategies contribute to the numerical targets for net sales and operating profit?

- We are currently in the process of formulating the budget for the next fiscal year, which will be the first year of the management plan.
- We expect factors unique to this fiscal year to affect advertising revenue, as well as an increase in expenses such as depreciation and amortization related to TDP. Nevertheless, we will consider ways to improve business performance even slightly.
- Furthermore, in implementing the five key strategies, the source of their value lies in “content and IP.”
- Our plan is to create a large amount of compelling content and IPs and deploy them in multiple ways to maximize their value, thereby accumulating profit contributions each fiscal year in line with our numerical targets. The numerical targets set for four years from now represent the culmination of these efforts.

AI Utilization

4. How much investment will be put into AI utilization, and what improvements in efficiency can be expected?

- As part of the ongoing management plan as well as digital transformation, we aim to reduce annual working hours by 150,000 hours across the company over the

next four years by introducing AI tools and fundamentally reviewing business processes.

- If we convert this into an impact per employee, it would be equivalent to an efficiency improvement of 30 minutes per day, or approximately 10 hours per month. We are currently formulating measures with this specific figure as a shared company-wide target.
- Rather than simply using the time saved through this improved efficiency to cut costs, we hope to apply the time to creative areas and use it to develop IPs that will generate long-term revenue and create new businesses.
- Furthermore, we would like to invest in AI with the aim of directly expanding the creative work of creators.
- Specifically, in addition to supporting content planning, generating AI videos, and even producing commercials linked to our content using AI, we expect the scope of application to expand to anime as well.
- Through this, we hope to create a cycle that will strengthen our content capabilities in both broadcasting and digital video distribution which will ultimately lead to improved profitability.
- We will summarize specific investment amounts and response tools, including specific measures, in the near future.

Global Strategy

5. I would like to hear about your global strategy plans, including the number of personnel to be allocated, the scale of investment, and the scale of monetization opportunities.

- Regarding our global strategy, we will accelerate the shift from our previous style of focusing on global program sales to an IP-centered business, as outlined in our five key strategies.
- Although we have not announced specific details such as the scale of earnings/profits, we will review our overseas bases and consider establishing new ones in order to steadily strengthen our system for global expansion.

Capital Efficiency: ROE targets

6. You are aiming for an ROE in the 7% range, and an ROE of 8% in the early 2030s. What are your thoughts on assumptions regarding the level of shareholders' equity and specific measures to improve ROE (such as improving profit margins and asset efficiency)? Based on the profit plan, it appears that, depending on the level of shareholders' equity, it could be possible to achieve an ROE of 8% in FY30/3. What is the background behind the rather conservative target of "7% range" and what risk factors have you taken into consideration?

- We view the improvement and enhancement of ROE levels as an important management issue.
- To achieve the targets we have set out, we will first undertake innovative challenges based on our overall management plan and increase the absolute amount of profits.
- Specifically, we aim to increase profit attributable to owners of parent by approximately 10.0 billion yen from the current fiscal year's forecast.
- At the same time, we will appropriately control shareholders' equity, which is the denominator, by adhering to our basic policy of maintaining a 40% payout ratio and proceeding with flexible share buybacks as newly announced.
- However, as a certified broadcasting holding company with broadcasters as subsidiaries, we must continue to fulfill our public role as a news media no matter the situation. For example, we must maintain a certain amount of internal reserves to ensure that we always have the necessary foundation to continue broadcasting, even during emergencies such as large-scale disasters.
- Given the need to strike such a balance, it would be difficult at present to achieve an ROE of 8% all at once within the period of this management plan.
- The plan is to first achieve an ROE in the 7% range in four years, and then use that as a stepping stone to aim for 8% in the early 2030s.

Capital Efficiency: Commitment to ROE targets

7. If profits stagnate due to market conditions or other factors, would it be an option to commit to achieving the ROE targets by controlling the level of shareholders' equity?

- We view the improvement and enhancement of ROE levels and the achievement of ROE targets as one of our important management issues.

- It could vary depending on the extent of the impact of market conditions, but we intend to respond appropriately to the given situation, including by controlling shareholders' equity, as pointed out, and by increasing the reduction of strategic holdings.

Shareholder Returns: Dividend policy

8. You have introduced a 40% payout ratio, but will you set a dividend floor?

- We have disclosed our dividend policy, and within it state that “excluding times of large declines in performance and other factors due to a rapid deterioration in the business environment, the minimum annual dividend per share will be set at 60 yen.”
- It could vary depending on the extent of the decline in performance and other factors, but we intend to set the current level of common dividends (60 yen per share) as the floor.

IP Business: Development of a next-generation revenue model with ABEMA

9. One of your key strategies is to strengthen your collaboration with ABEMA and work on developing a next-generation revenue model, but is there anything specific that you are considering, such as jointly investing with ABEMA to create content for a global audience?

- We have in mind three major collaborations with ABEMA.
- The first is to create content that mutually complement each other, such as creating content together.
- Another is to combine data such as viewing logs that we each hold.
- As two separate companies, we also hope to create entirely new businesses together.
- Regarding the projects mentioned in your question, we are considering various measures for the future, such as acquiring rights from each other for large-scale dramas, period dramas, as well as sports, including urban sports, and organizing tournaments.
- In terms of variety shows, we currently exchange content and co-produce late-night shows, and we would like to further cooperate in these efforts.

Anime Business

10. While your plan is to double the number of anime IPs and increase business earnings/profits by 1.5 times, there are examples of other companies increasing their investments only to incur operating losses when their works failed to become hits. How do you view the risks involved in increasing the number of investments in anime?

In addition, the Group has a strong studio called Shin-ei Animation, but how do you plan to increase the likelihood of producing hits?

- Regarding the risks involved in increasing IPs, in addition to having a studio called Shin-ei Animation, we also have TOEI ANIMATION as an affiliated company. In terms of original works, our collaboration with BookLive provides access to a wide range of original stories, and we are aiming for a vertically integrated model that allows projects to be completed entirely within the Group.
- Furthermore, since we have terrestrial television slots, we will pursue advertising revenue there, as well as various 360-degree initiatives such as developing merchandise and holding events at TDP, in order to increase profitability from all angles and create hit IPs while minimizing risks.

Numerical Targets: Towards achieving targets

11. I would like to know, by segment, what issues must be prioritized in order to achieve numerical targets, and what risk factors you are particularly concerned about.

- There is no doubt that the Media & Content Business segment is the base of the Company. We must steadily increase advertising revenue, including from TVer, and increase the unit price of advertising for terrestrial television.
- There are various possibilities for future developments in the TDP & Events Business segment. Specific targets have not been disclosed individually at this time, but the target of net sales is 46.0 billion yen by FY30/3.

Global Strategy

12. I expect that a large amount of human resources will be invested into reviewing and establishing new overseas bases as part of the overseas IP business in your global strategy. What is the investment amounts involved and the situation regarding human resources? In particular, I would like to know whether you will be hiring personnel to set up overseas bases going forward, or whether you are expecting to set up the bases relatively quickly through the utilization of internal resources.

- In terms of human resources, TV Asahi already has a long history of international strategies and has many staff members with overseas connections. We plan to make more effective use of these staff members by reviewing our overseas bases.
- For example, regarding our North American strategy, we already have a company called TV Asahi America, Inc., and by strengthening our ties with this company, we would like to reconsider staff allocation and other measures in order to develop global content.
- Regarding content, the government's growth strategy includes a strategy to spread Japanese content across the globe, and we plan to pursue global growth in line with this strategy.

Production Costs

13. Regarding production costs in the broadcasting business, my understanding is that a review of production costs is underway in areas where you have traditionally been strong, such as sports. Will you maintain the current level, or will you proceed with selection and prioritization? I would like to understand your approach to medium-term production costs in the medium-term management plan.

- With regard to sports, we will continue with selection and prioritization. We have firmly established an IP strategy, and will proceed with selection and prioritization from the perspective of how much revenue can be generated in the long term.
- Furthermore, in order to double the number of IPs, we are planning various content aimed at generating IPs, such as increasing the number of anime slots and revamping late-night slots and as such, plan to focus our investments in these areas.
- Currently, we are expecting program production costs to increase. Our approach is to invest in increasing IPs and then generate revenue from them.

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