



Summary of Consolidated Financial Results (Japanese Accounting Standards)  
for the First Quarter of the Fiscal Year Ending December 31, 2018

May 15, 2019

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Stock Exchange: Tokyo Stock Exchange  
Code: 3975  
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Scheduled date of submission of quarterly report: May 15, 2019  
Scheduled date of commencement of dividend payment: —  
Supplementary documents for quarterly results: Yes  
Quarterly results briefing: No

(Rounded down to the nearest million yen)

1. Consolidated Financial Results for the First Quarter (from January 1, 2019 to March 31, 2019)

(1) Consolidated operating results (The percentages are year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Q1 FY2019	15,470	-0.3	633	-42.0	564	-45.3	263	-68.7
Q1 FY2018	15,521	-16.0	1,092	-40.0	1,031	-41.9	842	-17.0

(Note) Comprehensive income Q1 FY2019: 356 million yen (-58.8%) Q1 FY2018: 866 million yen (-15.0%)

	Net income per share	Diluted net income□ per share
	Yen	Yen
Q1 FY2019	11.20	11.15
Q1 FY2018	35.38	34.94

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
Q1 FY2019	56,845	25,515	43.9
FY2018	55,631	25,679	45.1

(For reference) Shareholders' equity Q1 FY2019: 24,967 million yen FY2018 25,114 million yen

2. Dividends

	Dividends per share				
	End of Q1	End of Q2	End of Q3	Year end	Annual
FY2018	—	8.00	—	22.00	30.00
FY2019	—	—	—	—	—
FY2019 (forecast)	—	8.00	—	12.00	20.00

(Note) Revisions to dividends forecast published most recently: No

3. Consolidated Financial Forecast for FY2019 (January 1, 2019 to December 31, 2019)

(The percentages are year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	32,000	3.7	1,100	-37.0	1,000	-40.5	500	-57.3	21.13
Full year	65,000	0.3	2,600	-24.3	2,500	-24.8	1,300	-33.4	54.93

(Note) Revisions to earnings forecast published most recently: No

\* Notes

(1) Important changes in subsidiaries for the third quarter under review (Changes is specified subsidiaries resulting in change in scope of consolidation): No

New: — companies

Excluded: — companies

(2) Application of accounting treatment specific to the preparation of quarterly consolidated financial statements:

Not applicable

(3) Changes in accounting policies, and changes or restatements of accounting estimates

(i) Changes in accounting policies due to revisions to accounting standards etc. : Not applicable

(ii) Changes in accounting policies other than (i) : Not applicable

(iii) Changes in accounting estimates: : Not applicable

(iv) Restatements of accounting estimates: : Not applicable

(4) Number of issued shares (common stock)

(i) Number of issued shares (including treasury stock

Q1 FY2019	24,566,447 shares	FY2018	24,566,447 shares
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(ii) Number of treasury stock at end of period

Q1 FY2019	1,013,131 shares	FY2018	1,013,157 shares
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(iii) Average number of issued shares

Q1 FY2019	23,553,340 shares	Q1 FY2018	23,826,837 shares
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(Note) The number of treasury stock includes the 418,900 shares that Trust & Custody Services Bank, Ltd. (trust account E) holds as trust property related to a Board Benefit Trust system.

\* This summary of quarterly financial results is not included in the scope of the quarterly review.

\* Explanation on the proper use of results forecasts and other notes

- The forward-looking statements, including results forecasts, in this document are based on information that AOI TYO Holdings has obtained at the time of publication and certain assumptions that it believes to be reasonable. Actual results may differ materially from the forecasts due to a variety of reasons. For the assumptions of results forecasts and notes on the use of results forecasts, please refer to 1. Qualitative Information on Results in the First Quarter, (3) Description of Information on Outlook on page two of the Accompanying Materials..

## Attachments

1. Qualitative Information on Results in the First Quarter	2
(1) Description of Results of Operations	2
(2) Description of Financial Position	2
(3) Description of Information on Outlook	2
2. Quarterly Consolidated Financial Statements and Major Notes	3
(1) Quarterly consolidated balance sheets	3
(2) Quarterly consolidated statements of income and statements of comprehensive income	5
(3) Notes to Quarterly Consolidated Financial Statements	7
(Notes regarding assumption of going concern)	7
(Notes in the event of significant changes in shareholders' equity)	7
(Segment Information)	7
(Supplementary Information)	7

## 1. Qualitative Information on Results in the First Quarter

### (1) Discussion of operating results

Any forward-looking statements below are based on AOI TYO Group judgments as of the end of the current consolidated fiscal year.

The Japanese economy continued to recover moderately through the first three months of the current consolidated fiscal year, showing signs of improved employment and personal income. At the same time, concerns remain about trade issues and the potential negative impact of such risks on the global economy, while business sentiment appears to be cautious, particularly in the manufacturing industry.

Operating in this environment, AOI TYO Holdings recorded net sales essentially level with the same period in the prior fiscal year. This result was mainly due to continued strict order acceptance for the benefit of work-style reform and a decreasing trend in print sales (see note).

In contrast, profits were more than 50% ahead of our first half earnings forecast, despite operating profit underperforming the year-ago quarter.

This result was due to several negative factors, including our adoption of work-style reform, cost increases accompanying new systems implementation, and lower print sales, which is a high-margin business for the company.

Our order situation advanced steadily, with order backlog up 6.2% year on year to 15,912 million yen as of the end of the consolidated first quarter.

As a result, the AOI TYO Group recorded net sales of ¥15,470 million for the consolidated first quarter, representing a 0.3% decrease compared to year-ago quarter. Operating profit amounted to ¥633 million (42.0% decrease), while ordinary profit and profit attributable to owners of parent amounted to ¥564 million and ¥263 million, representing decreases of 45.3% and 68.7%, respectively. Selling, general and administrative expenses included ¥74 million in amortization of goodwill associated with M&A activity.

(Note) Historically, television commercial content had been copied to media (“printed”) and delivered to each broadcast station. The AOI TYO Group recognizes the sales and profits of this activity in our accounting records. As of October 2017, this content can be delivered via online data transmission (“printless” format), leading to a decline in related sales and profits.

As of the first quarter of the current fiscal year, the AOI TYO Group initiated disclosure as a single segment. Accordingly, we do not provide data by individual segment herein.

### (2) Discussion of financial position

Total assets as of the end of the consolidated first quarter amounted to ¥56,845 million, a ¥1,213 million increase compared to the end of the prior consolidated fiscal year. This increase was mainly due to increases in electronically recorded monetary claims and work in process of 982 million yen and 727 million yen, respectively, compared to a decrease in notes and accounts receivable - trade of 817 million yen.

Liabilities increased by 1,378 million yen compared with the end of the prior fiscal year to 31,330 million yen. This increase was mainly due to an increase in short-term loans payable of 2,754 million yen, which more than offset decreases in income taxes payable and accounts payable - trade of 825 million yen and 280 million yen, respectively.

Net assets amounted to ¥25,515 million, a decrease of ¥164 million compared to the end of the prior consolidated fiscal year. Retained earnings rose ¥263 million due to profit attributable to owners of parent. At the same time, the AOI TYO Group paid ¥527 million in dividend payments.

### (3) Discussion of consolidated results forecasts

There are no changes to the consolidated results forecast for the first half and full year of the fiscal year ending December 31, 2018 announced on February 19, 2019.

## 2. Quarterly Consolidated Financial Statements and Major Notes

### (1) Quarterly consolidated balance sheets

	(Unit: thousand yen)	
	FY 2018 (December 31, 2018)	Q1 FY2019 (March 31, 2019)
<b>Assets</b>		
Current assets		
Cash and deposits	9,836,071	9,688,401
Notes and accounts receivable - trade	16,731,160	15,913,873
Electronically recorded monetary claims - operating	4,273,694	5,256,023
Merchandise and finished goods	7,544	7,444
Work in process	4,256,243	4,983,795
Other	876,667	1,140,835
Allowance for doubtful accounts	-43,407	-41,453
Total current assets	35,937,974	36,948,920
Non-current assets		
Property, plant and equipment		
Land	3,615,121	3,615,400
Other	3,619,949	3,647,754
Total property, plant and equipment	7,235,071	7,263,154
Intangible assets		
Software	1,590,986	1,513,885
Goodwill	4,117,710	4,046,597
Other	64,172	56,172
Total intangible assets	5,772,869	5,616,655
Investments and other assets		
Investment securities	3,147,176	3,639,105
Lease and guarantee deposits	1,619,387	1,620,127
Other	2,025,326	1,864,160
Allowance for doubtful accounts	-106,495	-106,983
Total investments and other assets	6,685,395	7,016,410
Total non-current assets	19,693,336	19,896,221
Total assets	55,631,310	56,845,141

(Unit: thousand yen)

	FY 2018 (December 31, 2018)	Q1 FY2019 (March 31, 2019)
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	8,126,930	7,846,649
Short-term loans payable	5,777,154	8,531,200
Current portion of long-term loans payable	2,159,836	2,054,015
Advances received	1,136,482	1,186,632
Income taxes payable	1,055,553	229,819
Provision for bonuses	115,779	136,026
Other	1,742,279	1,970,737
Total current liabilities	20,114,017	21,955,079
Non-current liabilities		
Long-term loans payable	4,549,727	4,063,811
Long-term deposits received	3,501,199	3,501,199
Provision for directors' retirement benefits	253,770	255,724
Provision for management board incentive plan trust	197,115	213,030
Net defined benefit liability	280,118	279,529
Asset retirement obligations	509,156	531,161
Other	546,278	530,473
Total non-current liabilities	9,837,367	9,374,930
Total liabilities	29,951,385	31,330,010
<b>Net assets</b>		
Shareholders' equity		
Capital stock	5,000,000	5,000,000
Capital surplus	12,106,819	12,106,758
Retained earnings	9,055,601	8,791,971
Treasury shares	-1,190,097	-1,190,010
Total shareholders' equity	24,972,324	24,708,719
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	167,873	266,135
Foreign currency translation adjustment	-23,287	-5,269
Remeasurements of defined benefit plans	-2,393	-2,108
Total accumulated other comprehensive income	142,193	258,757
Share acquisition rights	92,723	91,571
Non-controlling interests	472,685	456,081
Total net assets	25,679,925	25,515,130
Total liabilities and net assets	55,631,310	56,845,141

## (2) Quarterly consolidated statements of income and statements of comprehensive income

## Quarterly consolidated statements of income

## Consolidated first quarter

(Unit: thousand yen)

	Q1 FY2018 (January 1, 2018 - March 31, 2018)	Q1 FY2019 (January 1, 2019 - March 31, 2019)
Net sales	15,521,703	15,470,991
Cost of sales	12,319,963	12,332,885
Gross profit	3,201,739	3,138,105
Selling, general and administrative expenses	2,109,491	2,504,341
Operating profit	1,092,247	633,764
Non-operating income		
Interest income	3,031	2,296
Dividend income	9,902	5,268
Insurance return	4,896	27,379
Other	18,387	27,712
Total non-operating income	36,217	62,656
Non-operating expenses		
Interest expenses	21,032	16,240
Commission fee	39,978	41,675
Share of loss of entities accounted for using equity method	23,234	43,305
Other	12,651	31,146
Total non-operating expenses	96,897	132,369
Ordinary profit	1,031,567	564,051
Extraordinary income		
Gain on sales of non-current assets	385,099	—
Gain on reversal of share acquisition rights	216	1,152
Total extraordinary income	385,315	1,152
Profit before income taxes	1,416,883	565,203
Income taxes - current	496,898	230,234
Income taxes - deferred	55,694	89,311
Total income taxes	552,593	319,545
Profit	864,290	245,658
Profit attributable to non-controlling interests	21,403	-18,100
Profit attributable to owners of parent	842,886	263,758

Quarterly consolidated comprehensive statements of income

Consolidated first quarter

(Unit: thousand yen)

	Q1 FY2018 (January 1, 2018 - March 31, 2018)	Q1 FY2019 (January 1, 2019 - March 31, 2019)
Profit	864,290	245,658
Other comprehensive income		
Valuation difference on available-for-sale securities	50,819	98,261
Foreign currency translation adjustment	-28,587	7,907
Remeasurements of defined benefit plans, net of tax	266	285
Share of other comprehensive income of entities accounted for using equity method	-20,073	4,626
Total other comprehensive income	2,424	111,080
Comprehensive income	866,715	356,738
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	850,096	371,582
Comprehensive income attributable to non-controlling interests	16,618	-14,843



### (3) Notes to quarterly consolidated financial statements

(Notes on the premise of a going concern)

Not applicable.

(Notes in the event of significant changes in shareholders' equity)

Not applicable

(Segment Information)

Business Segment Information

I Q1 FY2018 (January 1, 2108 - March 31, 2018)

As disclosed under (Notes related to changes in reportable segments, etc.) for the first quarter of the current consolidated fiscal year.

II Q1 FY2019 (January 1, 2019 - March 31, 2019)

As the AOI TYO Group consists of a single Advertising Business segment, we have omitted separate disclosure herein.

(Notes related to changes in reportable segments, etc.)

The AOI TYO Group had consisted of two reportable segments: Advertising Business and Video-Related Business. However, as of the first quarter of the current consolidated fiscal year, the group consists of a single business segment.

Sales and profits in the Video-Related Business have been minor in importance to the group. After reconsidering the AOI TYO Group business, management asset allocation, the state of business management systems, etc., we made the rational decision to manage our whole business under a single segment defined as Advertising Business.

With this change, the AOI TYO Group now consists of a single Advertising Business segment. Accordingly, we have omitted reporting of segment information for the first quarters of the prior and current consolidated fiscal years.

(Supplementary Information)

The company adopted Partial Amendment to Accounting Standard for Tax-Effect Accounting (ASBJ Statement No.28, February 16, 2018) at the beginning of the first quarter of the current consolidated fiscal year. Under this standard, the company presents deferred tax assets under investments and other assets and deferred tax liabilities under non-current liabilities.