

# NEWS RELEASE



AOI TYO Holdings Inc.  
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## Notice Regarding Revision of Full-year Consolidated Results Forecasts, Revision of Year-end Dividends Forecasts, and Reduction of Directors' Compensations for the Fiscal Year Ending December 2020

At a meeting held today, the AOI TYO Holdings board of directors resolved to revise undecided full-year consolidated results forecasts and dividends forecasts for the fiscal year ending December 2020, as follows. The board also resolved to reduce directors' compensations.

### 1. Revision of Consolidated Results Forecasts

#### (1) Revised forecast of consolidated financial results for January 1 – December 31, 2020

Millions of yen, excepting net income per share

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent	Net income per share (¥)
Earlier forecast (A)	TBD	TBD	TBD	TBD	TBD
Revised forecast (B)	50,000	-1,400	-1,500	-1,500	-63.94
(B) – (A)					
Percentage of changes					
Reference (FY2019 results)	65,229	2,118	1,763	-1,280	-54.50

#### (2) Reasons for the revision

In light of the impact of the spread of COVID-19, AOI TYO Holdings published revised results forecasts on April 28, 2020. We also announced that we would continue to leave the status of our full-year results forecasts for the fiscal year ending December 2020 as undecided. Later, in consideration of our results for the consolidated second quarter and as a result of our continued analysis of the current business environment and order trends, we completed our calculations of full-year consolidated results forecasts and decided to announce these.

During the state of emergency announced by the Japanese government in the consolidated second quarter, the Group took a number of measures in response. We decided to have employees work from

home in principle, to temporarily suspend operations at filming and editing studios, to request postponements to advertising companies and sponsors involved in filming projects, and so on. The resulting decrease in net sales from project postponement/suspension due to COVID-19's impact during the consolidated second quarter was about 5,400 million yen (of which approximately 70% was postponed to the third quarter or later). Note that order volumes also fell sharply during the consolidated second quarter due to future uncertainty from the spread of COVID-19 and suspension of economic activity during the state of emergency. The balance of order volumes as of the end of the consolidated second quarter was 14,029 million yen, down 1,090 million yen year-on-year.

After the state of emergency was lifted on May 25, we applied new standards for safety in production work, and, in addition to a series of information from national and local governments and various domestic and overseas film production guideline examples, we have entered into an advisory contract with a medical coordination company, drafting our own guidelines for production work. During filming, we have also required attendance of a hygiene management team which includes healthcare professionals, and we are taking a number of other measures to prevent the spread of COVID-19 in filming and editing work, such as health checks, and regularly conducting and checking disinfection and ventilation. Further, we are also implementing remote video editing methods.

However, while there is still uncertainty as to when the spread of COVID-19 will subside, it is assumed that efforts to prevent the spread of infection, such as voluntary closures of commercial facilities and voluntary at-home quarantine, will continue to suppress economic activity in the future. Also, with deterioration of corporate profits and the economy both in Japan and overseas, there is significant potential for an immediate reduction in corporate demand for advertising; therefore, though order volumes will be lowest in the consolidated second quarter, we believe it would be difficult to expect a broad recovery in order volumes in the consolidated third and fourth quarters.

As a result, although net sales in the consolidated third and fourth quarters will increase compared to the second quarter, we forecast that operating profit levels will not reach profitability.

Note that for this newly-announced full-year consolidated results forecast, while we assume that the spread of COVID-19 and the accompanying state of economic activities will continue through the year, we do not assume a similar postponement/suspension of orders on par with the consolidated second quarter due to re-declaration of a state of emergency by the Japanese government triggered by greater spread of the virus. Therefore, please be aware that this results forecast has significant potential to fluctuate upward or downward depending on the state of the spread of COVID-19 going forward.

## 2. Revision of dividends forecasts

### (1) Revised dividend forecast for the fiscal year ending December 31, 2020

yen

	End of Q2	Year end	Annual
Earlier forecast	0.00	TBD	TBD
Revised forecast		12.00	12.00

FY2020 results	0.00		
Reference (FY2019 results)	8.00	12.00	20.00

## (2) Reasons for the revision

As mentioned above, though the full-year consolidated results forecast for the fiscal year ending December 2020 expects to record negative profit attributable to parent equity, the results for the consolidated second quarter are expected to be at their lowest levels during the second quarter, with recovery expected going forward, albeit a gradual one. Therefore, for the year-end dividend forecast which had been undecided for the fiscal year ending December 2020, we have decided to maintain the dividend of 12 yen from the previous year from a perspective of maintaining a stable dividend level as much as possible while maintaining a basic policy to achieve a consolidated dividend payout ratio of 30% or more. Therefore, full-year dividends per share will be 12 yen (a 12 yen year-end dividend).

## 3. Reduction of directors' compensations

AOI TYO Holdings takes the severe business environment, business performance trends, revisions to dividend forecasts, and other aforementioned results of the spread of COVID-19 very seriously. Therefore, given considerations such as reducing fixed expenses on the short term, we will reduce directors' compensations as follows.

### (1) Reduction Details

Directors (excluding External Directors): 10% reduction in monthly compensation

### (2) Applicable Period

The six months from September 2020 to February 2021

Our entire management team is making every effort toward recovered business performance and future growth. We ask for continued support from all of our shareholders and stakeholders going forward.

\*The forecasts above are based on information available at the time. Actual performance may vary from forecasts due to various factors that may occur in the future.