

AOI TYO Holdings

Earnings Presentation

First Quarter, FYE December 2019

May 2019

AOI TYO Holdings Inc.

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1. Summary of Consolidated Financial Results

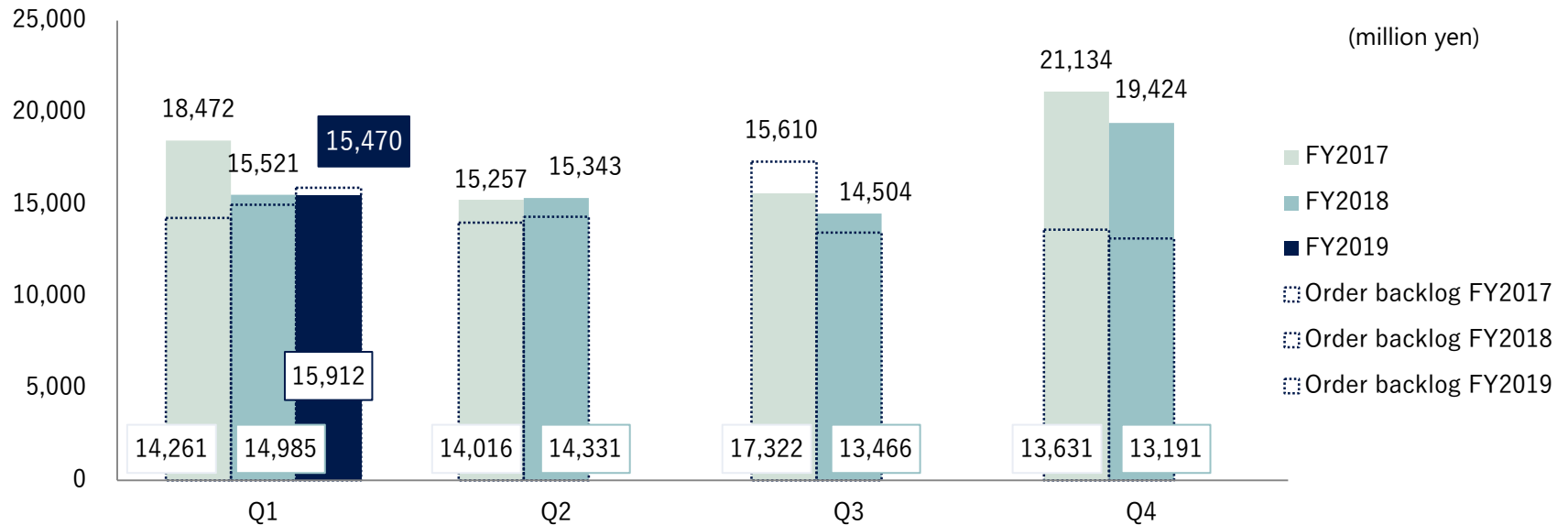
Financial Highlights

- Net sales remained essentially level year on year, even as (1) strict order acceptance associated with work-style reform and (2) experience decreasing print sales.
- Despite underperforming year on year, profits are more than 50% ahead of our first half earnings forecast.

(million yen)	Q1 FY2017	Q1 FY2018	Q1 FY2019	YoY Change	Progress Vs. 1H Forecast
Net Sales	18,472	15,521	15,470	- 50	48.3%
Operating Income	1,820	1,092	633	- 458	57.5%
Ordinary Income	1,776	1,031	564	- 467	56.4%
Profit Attributable to Owners of Parent	1,016	842	263	- 579	52.6%
EBITDA	2,094	1,406	990	- 415	54.1%

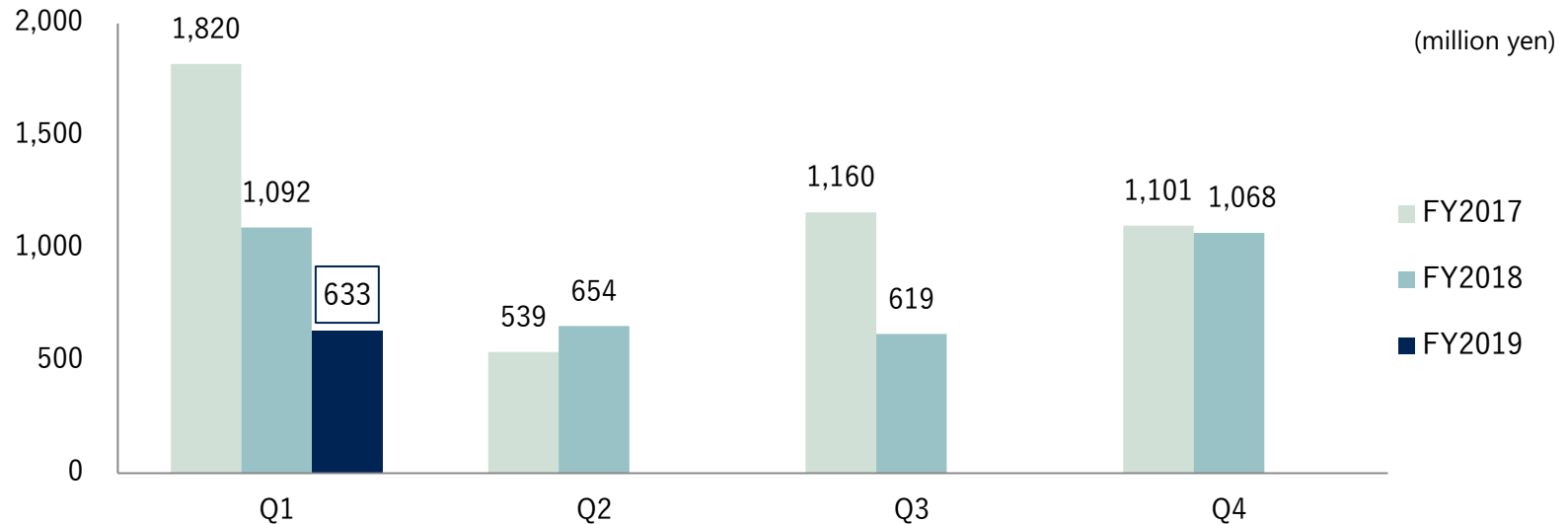
Trend of Net Sales by Quarter and Order Backlog

- Q1 net sales were even year on year.
- Order backlog as of the end of Q1 was steady, amounting to 15,912 million yen (+6.2% compared to the end of the year-ago period).



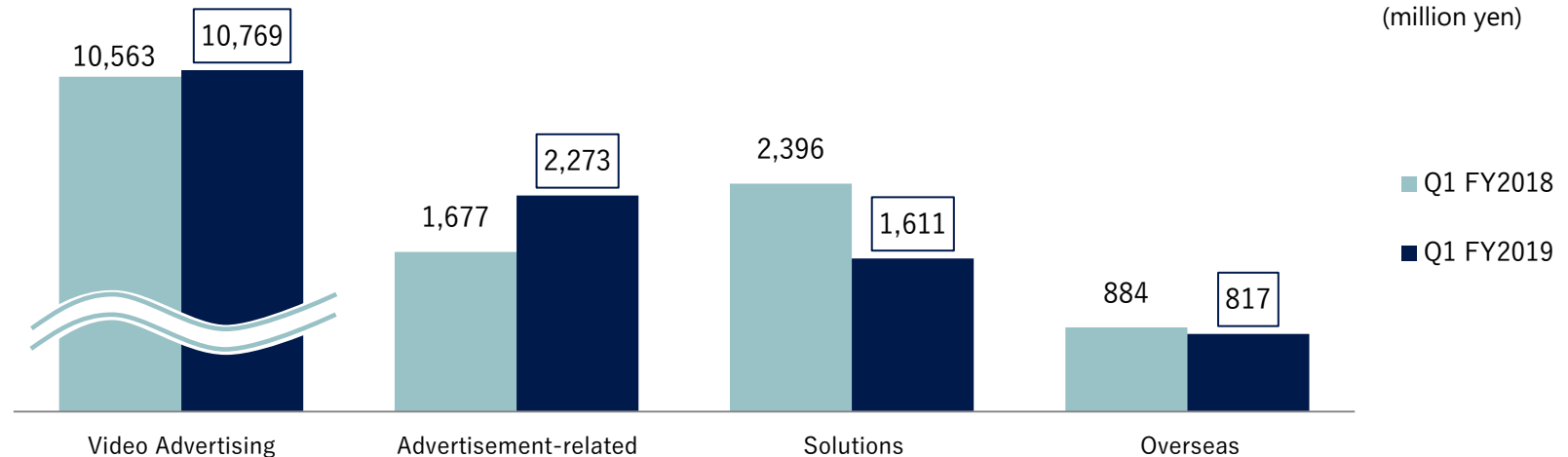
Trends of Operating Income by Quarter

- Q1 operating income underperformed year on year, mainly due to (1) costs associated with work-style reform and new system operations, and (2) lower print sales.



Net Sales by Business Segment

- Video Advertising Business performance was flat year on year.
- Advertisement-related Business experienced strong orders for movies, TV dramas, and events.
- Solutions Business performance was flat year on year after excluding media sales related to direct business with advertisers.

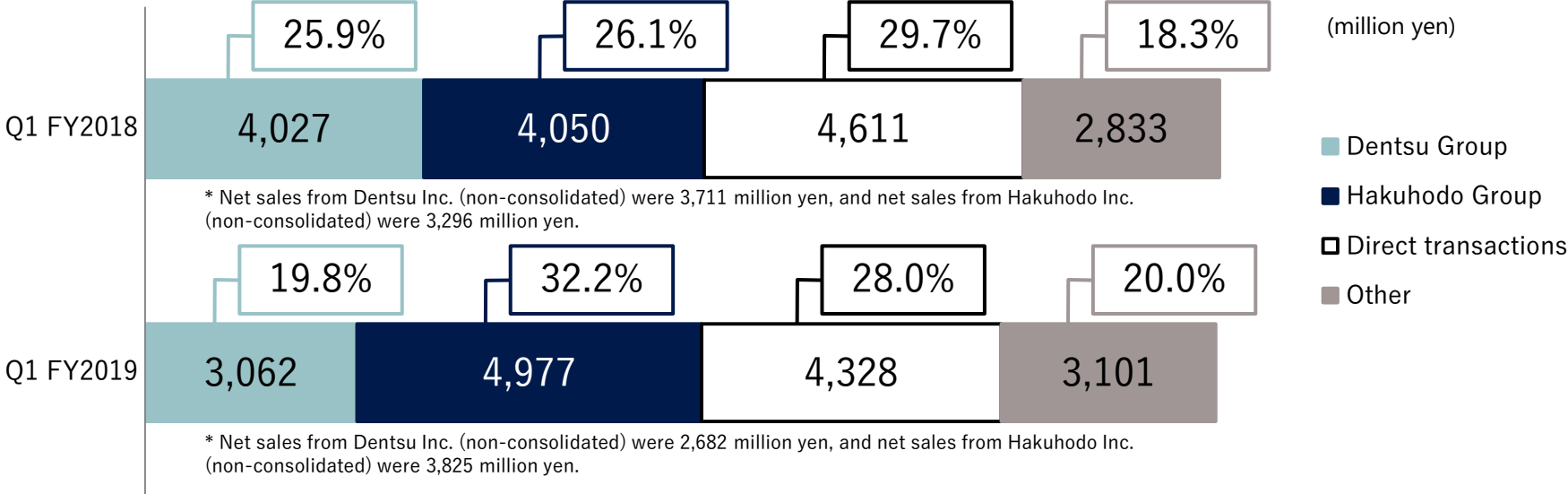


Overview of Business Segments

Business	Overview
Video Advertising	Planning and production of TV commercials, online video, and other video advertising
Advertisement-related	Planning and production of movies, TV dramas, and events; production of digital content, promotional content, and music videos
Solutions	Solutions that answer customer issues (direct business with advertisers, video content marketing, etc.)
Overseas	Business in Southeast Asia and other locations overseas; video production orders received from overseas

Net Sales by Customer

- Sales to advertising agencies were essentially level year on year.
- The ratios of direct transactions and Other were also flat.



Net Sales by Medium

(million yen)

Medium	Q1 FY2018	Component Ratio	Q1 FY2019	Component Ratio	YoY Change
TV commercial production	9,639	61.3%	8,831	56.3%	- 808
Original work	8,481	54.0%	7,822	49.9%	- 659
Printed commercial materials	531	3.4%	393	2.5%	- 138
Other	628	4.0%	616	3.9%	- 12
Entertainment contents	265	1.7%	534	3.4%	269
Digital contents	2,692	17.1%	3,269	20.8%	577
Overseas	876	5.6%	791	5.0%	- 85
Other	2,246	14.3%	2,255	14.4%	9
Total	15,719	100.0%	15,681	100.0%	- 38

* The results are simple totals of the consolidated financial results of AOI Pro. Inc. and TYO Inc.

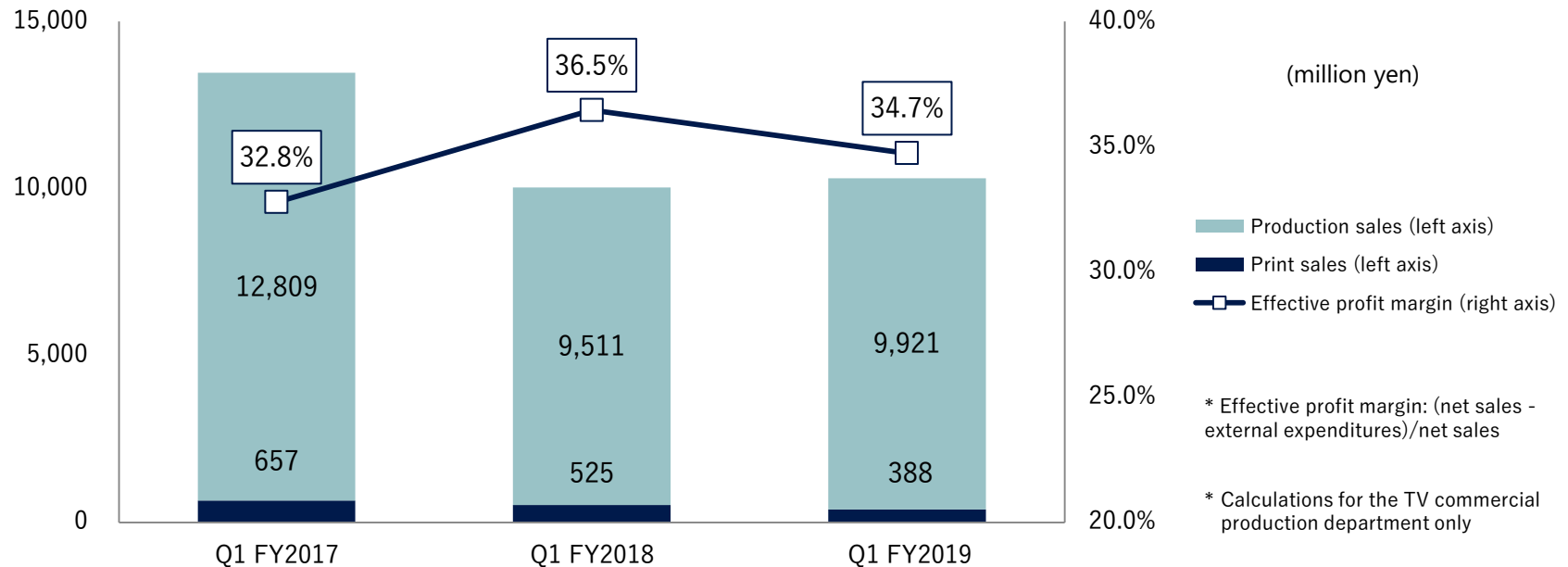
Summary of Consolidated Balance Sheet

(million yen)	FY2018	Q1 FY2019	Major Components
Current Assets	35,937	36,948	Cash and deposits (-147); notes and accounts receivable (-817); electronically recorded monetary claims (+982); work in process (+727)
Non-current Assets	19,693	19,896	Property, plant, and equipment (+28); intangible assets (-156); investments and other assets (+331)
Total Assets	55,631	56,845	
Current Liabilities	20,114	21,955	Accounts payable (-280); short-term loans payable (+2,754)
Non-current Liabilities	9,837	9,374	Long-term loans payable (-485)
Total Liabilities	29,951	31,330	
Total Net Assets (percentage of total assets)	25,679 (46.2%)	25,515 (44.9%)	Retained earnings (-263)
Total Liabilities and Net Assets	55,631	56,845	

* AOI TYO Holdings adopted Partial Amendment to Accounting Standard for Tax-Effect Accounting (ASBJ Statement No.28, February 16, 2018) as of the beginning of Q1 of the current consolidated fiscal year.

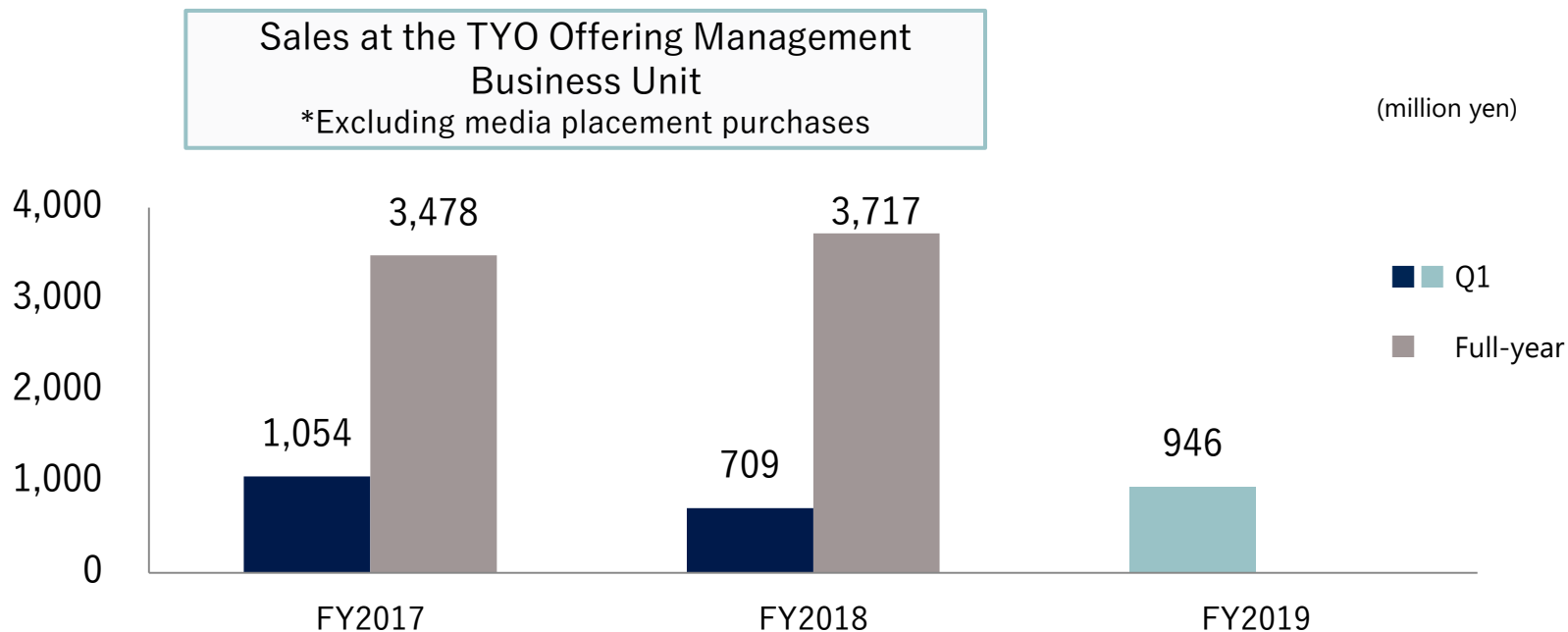
Initiatives in the Video Advertising Business

- Overall effective profit margin decreased, even as we continue to focus on cost control over external expenditures. Negative factors included receiving orders for major projects with low effective profit margins and a decrease in print sales.



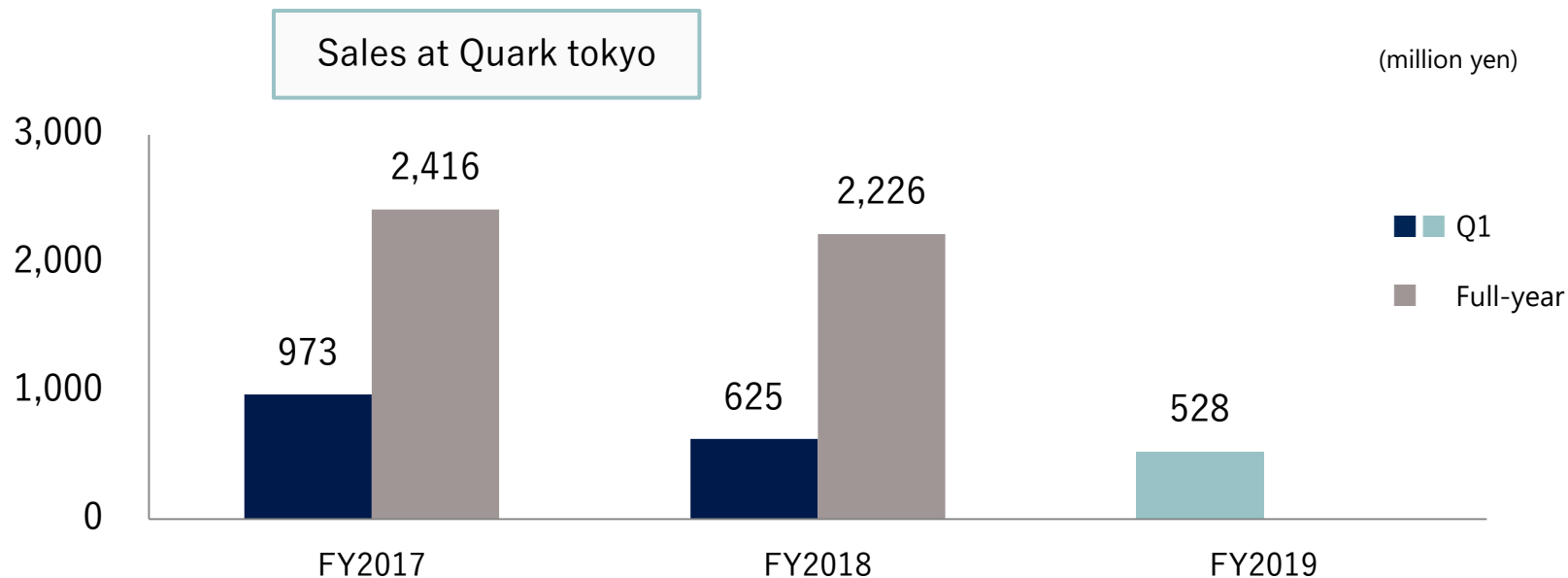
Initiatives in the Solutions Business (1)

- Sales increased, mainly owing to an increase in orders for TV commercials, events for new customers, etc.



Initiatives in the Solutions Business (2)

- A decrease in scope for existing major projects drove down sales year on year. However, orders of online video production and media distribution were steady.

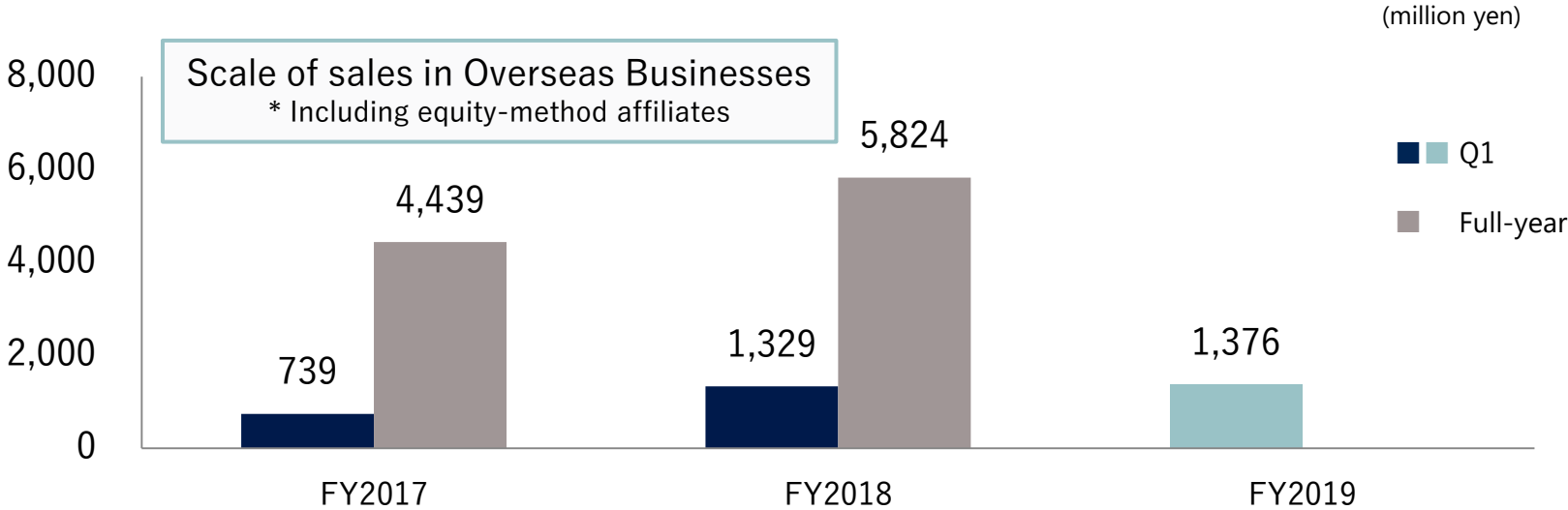


Initiatives in the Overseas Business

- Sales were level year on year.
- In July, we plan to acquire shares to convert APRIL to an equity-method affiliate and convert K&L-ISC to a consolidated subsidiary.

*APRIL: APRIL ADVERTISING JOINT STOCK COMPANY (Vietnamese digital creative agency)

*K&L-ISC : K&L ISC(SOUTHEAST ASIA) SDN.BHD. (Malaysian advertising firm)



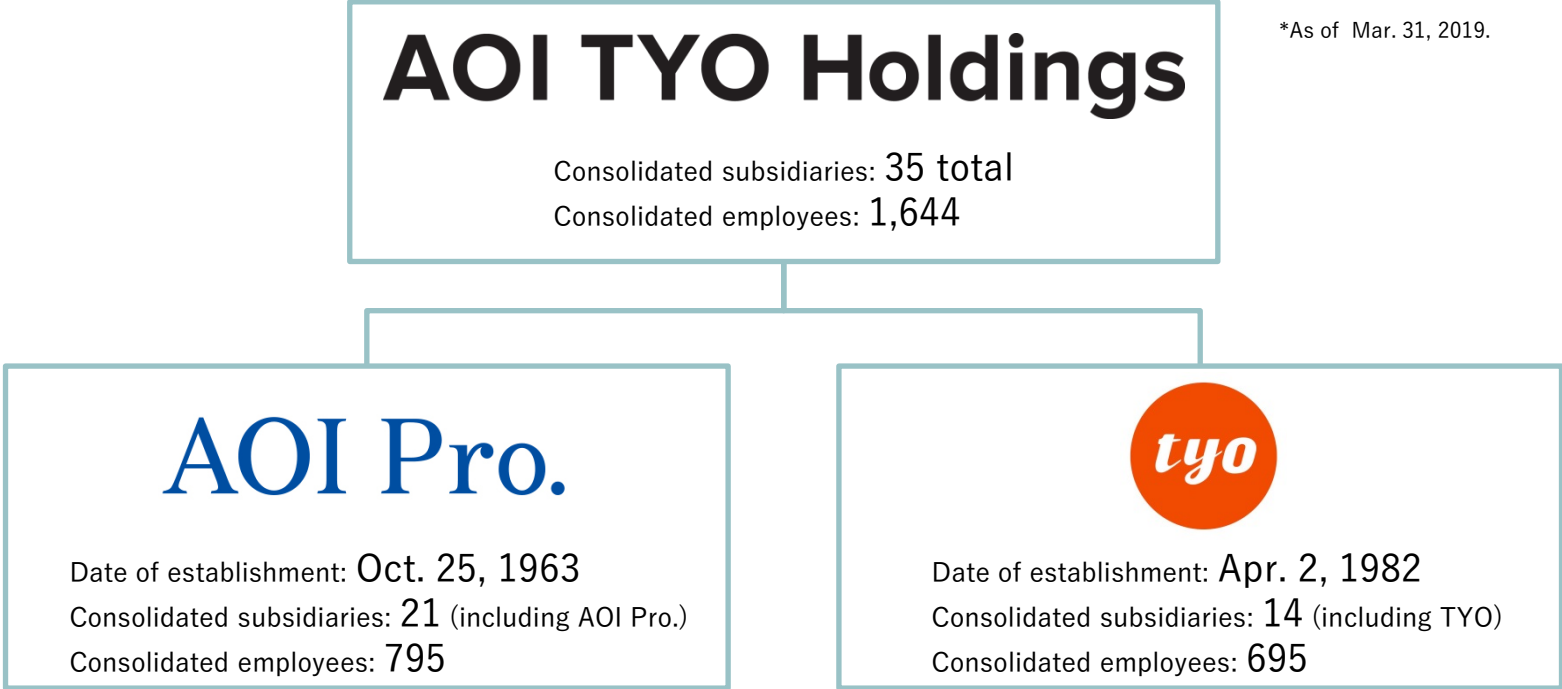
2. Appendix – Company Profile, Stock Information, etc

Company Profile

Company Name	AOI TYO Holdings Inc.
Representatives	Hiroaki Yoshida, Representative Director, Chairman & CEO Yasuhito Nakae, Representative Director, President & COO
Establishment	January 4, 2017
Capital	5.0 billion yen
Fiscal Year-end	December 31
Location of Head Office	1-5-1 Osaki, Shinagawa-ku, Tokyo 141-8580, Japan +81 3-6893-5005 (main)
Securities Code	3975 First Section of the Tokyo Stock Exchange
URL	http://aoityo.com/en/

Founding of AOI TYO Holdings

- Founded in January 2017, following the management integration of AOI Pro. and TYO.



Shareholder Return

■ Dividends

- Policy: 30%-plus consolidated payout ratio
- FY2019: Forecast dividend of 20 yen per share

	End of Q2	End of FY	Total	Dividend Payout Ratio
FY2018	8 yen	22 yen	30 yen	36.4%
FY2019 (forecast)	8 yen	12 yen	20 yen	36.4%

■ Purchase of treasury shares

	Period of Purchase	Type of Shares	Total Number of Shares Purchased	Total Value of Shares purchased
Previous Purchase	Jun. 1, 2018 – Jun. 7, 2018	Common Stock	400,000 shares	531 million yen
(Plan) Current Purchase	Mar. 1, 2019 – Feb. 29, 2020	Common Stock	500,000 shares (maximum)	600 million yen (maximum)

Shareholder Benefit Program

- The following shareholder benefits are provided to investors with 500 or more shares of AOI TYO Holdings, who are listed on the share register as of June 30, 2019.

Shareholder Gifts

500 shares or more	Original Quo Card	3,000 yen
1,000 shares or more	Original Quo Card	5,000 yen
2,000 shares or more	Original Catalog	value of 10,000 yen

*Original catalog allows shareholders to choose from original products, Quo Cards, or charitable donations

Animation Studio Tour

500 shares or more (randomly selected from those who enter the draw)

Studio tour of AOI TYO Group character development and stop-motion animation division TYO/dwarf



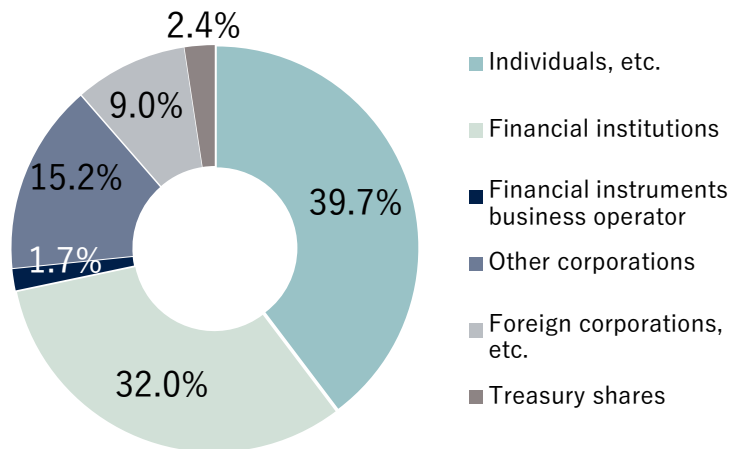
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Status of Stock and Shareholders (as of Dec. 31, 2018)

Number of Shares and Shareholders

Total number of shares issued	24,566,447
Total number of shareholders	11,011

Shareholder Composition by Type of Shareholder



Status of Large Shareholders

	Shareholder Name	Number of Shares Held	Shareholding Ratio
1	The Master Trust Bank of Japan, Ltd. (Trust Account)	1,956,500	8.16%
2	Japan Trustee Services Bank, Ltd. (Trust Account)	1,890,200	7.88%
3	Cosmo Channel	1,153,740	4.81%
4	IMAGICA GROUP Inc.	1,018,000	4.25%
5	Japan Trustee Services Bank, Ltd. (Trust Account 9)	558,200	2.33%
6	Fields Corporation	479,660	2.00%
7	The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	475,300	1.98%
8	Trust & Custody Services Bank, Ltd. (Trust Account E)	418,900	1.75%
9	Japan Trustee Services Bank, Ltd. (Trust Account 5)	418,000	1.74%
10	Hitoshi Hara	400,000	1.67%

* The shareholding ratios are calculated by subtracting treasury shares (594,257).

Disclaimer

This document includes future forecasts that reflect the plans and outlook of AOI TYO Holdings.

The future forecasts and related descriptions are based on information available to the company at the time of the preparation of this document, and the forecasts are affected by the economic environment of the company's businesses, competition, the results of new services provided, and other factors that involve uncertainties. Please acknowledge, therefore, that the actual business results may deviate significantly from the forecasts and related information provided in this document.

In addition, the company does not have any obligation to update and publish the information concerning future forecasts in this document after its publication.

Please contact the following for any questions:
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