



Summary of Consolidated Financial Results (Japanese Accounting Standards) for the Second Quarter of the Fiscal Year Ending December 31, 2021

August 13, 2021

Company name: AOI TYO Holdings Inc.
 Stock Exchange: Tokyo Stock Exchange
 Code: 3975
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 Scheduled date of submission of quarterly report: August 13, 2021
 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 Second Quarter (from January 1, 2021 to June 30, 2021)

(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	%
Q2 FY2021	29,025	19.1	1,686	—	1,668	—	891	—
Q2 FY2020	24,367	-20.5	-881	—	-1,047	—	-956	—

(Note) Comprehensive income Q2 FY2021: 1,072 million yen (-%) Q2 FY2020: -1,133 million yen (-%)

	Net income per share	Diluted net income per share
	Yen	Yen
Q2 FY2021	37.96	37.88
Q2 FY2020	-40.76	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
Q2 FY2021	53,154	20,986	38.9
FY2020	48,682	20,231	40.9

(For reference) Shareholders' equity Q2 FY2021: 20,683 million yen FY2020: 19,925 million yen

2. Dividends

	Dividends per share				
	End of Q1	End of Q2	End of Q3	Year end	Annual
	Yen	Yen	Yen	Yen	Yen
FY2020	—	0.00	—	12.00	12.00
FY2021	—	0.00	—	—	—
FY2021 (forecast)	—	—	—	0.00	0.00

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

3. Consolidated Financial Forecast for FY2021 (January 1, 2021 to December 31, 2021)

As stated in Notice Regarding Results of the Tender Offer by Studio Cruise Co., Ltd. for Shares etc. and the Changes of Parent Company and the Largest Shareholder as a Major Shareholder, published July 6, 2021, and Announcement of Extraordinary General Meeting of Shareholders for Share Consolidation as well as Abolishment of Provision Concerning Share Unit Number and Partial Amendments to the Articles of Incorporation, published July 30, 2021, the Company will become a wholly owned subsidiary of Studio Cruise Co., Ltd. by means of a reverse stock split, subsequent to which said shares are scheduled to be delisted. Accordingly, we have not provided a consolidated results forecast for the fiscal year ending December 2021 herein

* Notes

(1) Important changes in subsidiaries for the second 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)

Q2	FY2021	24,566,447 shares	FY2020	24,566,447 shares
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(ii) Number of treasury stock at end of period

Q2	FY2021	1,082,069 shares	FY2020	1,088,298 shares
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(iii) Average number of issued shares

Q2	FY2021	23,481,643 shares	Q2	FY2020	23,459,787 shares
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(Note)

The number of treasury stock includes the 405,500 shares for Q2 FY2021 and 411,200 shares for FY2020 that Trust & Custody Services Bank, Ltd. (trust account E) holds as trust property related to a Board Benefit Trust system.

* This summary of financial results is not subject to review by a certified public accountant or certified public accounting firm.

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

As stated in Notice Regarding Results of the Tender Offer by Studio Cruise Co., Ltd. for Shares etc. and the Changes of Parent Company and the Largest Shareholder as a Major Shareholder, published July 6, 2021, and Announcement of Extraordinary General Meeting of Shareholders for Share Consolidation as well as Abolishment of Provision Concerning Share Unit Number and Partial Amendments to the Articles of Incorporation, published July 30, 2021, the Company will become a wholly owned subsidiary of Studio Cruise Co., Ltd. by means of a reverse stock split, subsequent to which said shares are scheduled to be delisted. Accordingly, we have not provided a consolidated results forecast for the fiscal year ending December 2021 herein.

Attachments

1. Qualitative Information on Results in the Second Quarter	2
(1) Discussion of operating results	2
(2) Discussion of financial position	3
(3) Discussion of consolidated results forecasts	3
2. Quarterly Consolidated Financial Statements and Major Notes	4
(1) Quarterly consolidated balance sheets	4
(2) Quarterly consolidated statements of income and statements of comprehensive income	6
(3) Quarterly consolidated cash flows	8
(4) Notes to Quarterly Consolidated Financial Statements	10
(Notes on the premise of a going concern)	10
(Notes in the event of significant changes in shareholders' equity)	10
(Segment Information)	11
(Significant Subsequent Events)	12

1. Qualitative Information on Results in the Second Quarter

(1) Discussion of operating results

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

During the second quarter of the current consolidated fiscal year, the manufacturing industry continued to recover despite the impact of COVID-19, reflecting the upward trend in exports to China and other Asian countries, as well as an uptick in exports to Europe and the United States. On the other hand, consumer spending has inconsistent due to the spread of COVID-19 and multiple extensions of the declaration of a state of emergency.

Despite the situation, group business operations were not affected significantly by COVID-19, as we took measures to prevent the spread of the virus and normalized operations. Order intake returned to pre-COVID-19 levels in conjunction with the gradual recovery in the domestic advertising market. At the same time, we are working ahead of schedule on the cost reduction measures set forth in our medium-term plan.

As a result, the AOI TYO Group recorded net sales of ¥29,025 million for the consolidated second quarter, representing an 19.1% increase compared to year-ago quarter. Operating profit amounted to ¥1,686 million (¥881 million of operating loss in the same period of prior fiscal year), while ordinary profit amounted to ¥1,668 million (¥1,047 million of ordinary loss in the same period of prior fiscal year), and profit attributable to owners of parent amounted to ¥891 million (¥956 million of loss attributable to owners of parent in the same period of prior fiscal year). Selling, general and administrative expenses included ¥105 million in amortization of goodwill associated with M&A activity.

Until recently, the AOI TYO Group operated as a single segment, the Advertising Video Production Business. In January of this year, the group conducted a major organizational restructuring based on our medium-term plan. We reduced the number of consolidated subsidiaries by 10, and we changed our reportable segments into the Content Production Business (responsible for traditional advertising video production) and the Communication Design Business (responsible for the design and execution of communications based on direct transactions with advertisers).

Operating results by segment were as follows.

(1) Content Production Business

The Content Production Business recorded net sales of ¥21,141 million (up 13.7% year on year) for the current consolidated second quarter. Segment profit was ¥2,607 million (up 211.5% year on year).

Sales and profit increased year on year due to a recovery in orders for commercial production and other projects from advertising companies, the postponement and cancellation of projects in the year-ago quarter due to COVID-19, and a decrease in various expenses as a result of our cost reduction measures.

(2) Communication Design Business

The Communication Design Business recorded net sales of ¥7,883 million (up 36.4% year on year) for the current consolidated second quarter. Segment profit was ¥331 million (¥338 million of segment loss in the same period of prior fiscal year).

In January of this year, we merged five companies to form xpd Inc. to provide better all-around execution of services, from video to digital solutions, PR, events, space design, and more in the advertising and marketing solutions domain. In addition to an increase in orders received through direct transactions, an area of focus for the company, we saw a recovery in demand via the use of online technology in our events business, which experienced numerous postponements and cancellations in the year-ago period. These factors combined for a year-on-year increase in sales and profits for the Communication Design Business.

(2) Discussion of financial position

(Overview of Assets, Liabilities and Net assets)

Total assets as of the end of the consolidated second quarter amounted to ¥53,154 million, a ¥4,472 million increase compared to the end of the prior consolidated fiscal year. This increase was mainly due to increases in cash and deposits of ¥5,787 million and electronically recorded monetary claims of ¥484 million, compared to decrease in notes and accounts receivable of ¥1,251 million.

Liabilities increased by ¥3,716 million compared with the end of the prior fiscal year to ¥32,168 million. Although long-term loans payable and accounts payable decreased ¥1,784 million and ¥1,330 million, respectively, short-term loans increased ¥6,500 million.

Net assets amounted to ¥20,986 million, an increase of ¥755 million compared to the end of the prior consolidated fiscal year. This was mainly due to an increase of ¥891 million in retained earnings by the posting of net income attributable to shareholders of the parent company, despite a decrease of ¥286 million by the payment of dividends.

(Overview of Cash Flows)

Cash and cash equivalents (hereinafter referred to as “net cash”) as of the end of the consolidated second quarter increased by ¥5,830 million compared with the end of the previous fiscal year to ¥16,533 million. Net cash provided by (used in) respective activities during the consolidated second quarter are as follows.

(Cash Flows from Operating Activities)

Cash flows from operating activities amounted to ¥2,478 million, compared to cash from operating activities of ¥2,494 million for the prior fiscal year. This result was mainly due to profit before income taxes of ¥1,695 million, decrease in trade receivables of ¥773 million, decrease in trade payables of ¥1,341 million.

(Cash Flows from Investing Activities)

Cash used in investing activities amounted to ¥591 million, compared to ¥365 million for the prior fiscal year. The main cash inflow was ¥258 million in proceeds from refund of leasehold and guarantee deposits, while the main cash outflow was due to ¥686 million in purchase of property, plant and equipment, ¥219 million in payments for asset retirement obligations.

(Cash Flows from Financing Activities)

Cash used in financing activities amounted to ¥3,920 million compared to cash from financing activities of ¥2,057 million for the prior fiscal year. This result was mainly due to ¥6,500 million in cash proceeds from short-term loans, ¥2,195 million in outlays for repayments of long-term loans payable, and ¥280 million in outlays for dividends paid.

(3) Discussion of consolidated results forecasts

As stated in Notice Regarding Results of the Tender Offer by Studio Cruise Co., Ltd. for Shares etc. and the Changes of Parent Company and the Largest Shareholder as a Major Shareholder, published July 6, 2021, and Announcement of Extraordinary General Meeting of Shareholders for Share Consolidation as well as Abolishment of Provision Concerning Share Unit Number and Partial Amendments to the Articles of Incorporation, published July 30, 2021, the Company will become a wholly owned subsidiary of Studio Cruise Co., Ltd. by means of a reverse stock split, subsequent to which said shares are scheduled to be delisted. Accordingly, we have not provided a consolidated results forecast for the fiscal year ending December 2021 herein.

2. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly consolidated balance sheets

	(Unit: thousand yen)	
	FY2020 (December 31, 2020)	Q2 FY2021 (June 30, 2021)
Assets		
Current assets		
Cash and deposits	10,813,819	16,601,084
Notes and accounts receivable - trade	13,222,465	11,971,312
Electronically recorded monetary claims - operating	3,562,775	4,047,647
Merchandise and finished goods	8,267	7,117
Work in process	4,331,475	4,291,606
Other	1,108,034	900,373
Allowance for doubtful accounts	(31,847)	(19,484)
Total current assets	33,014,989	37,799,656
Non-current assets		
Property, plant and equipment		
Land	3,593,652	3,593,652
Other	2,663,808	3,107,714
Total property, plant and equipment	6,257,460	6,701,366
Intangible assets		
Software	210,209	203,543
Goodwill	3,375,272	3,269,795
Other	15,994	23,716
Total intangible assets	3,601,476	3,497,055
Investments and other assets		
Investment securities	1,081,036	1,134,265
Deferred tax assets	1,533,026	1,101,411
Lease and guarantee deposits	1,661,033	1,425,264
Other	2,303,819	2,261,283
Allowance for doubtful accounts	(770,326)	(765,772)
Total investments and other assets	5,808,588	5,156,452
Total non-current assets	15,667,526	15,354,874
Total assets	48,682,515	53,154,531

(Unit: thousand yen)

	FY2020 (December 31, 2020)	Q2 FY2021 (June 30, 2021)
Liabilities		
Current liabilities		
Accounts payable - trade	7,144,690	5,814,018
Short-term loans payable	—	6,500,000
Current portion of long-term loans payable	4,374,787	3,966,842
Advances received	720,753	1,385,298
Income taxes payable	172,515	418,591
Provision for bonuses	218,448	247,092
Other	2,112,543	1,943,926
Total current liabilities	14,743,739	20,275,769
Non-current liabilities		
Long-term loans payable	8,774,895	6,990,383
Long-term deposits received	3,501,199	3,501,199
Provision for directors' retirement benefits	259,435	259,435
Provision for management board incentive plan trust	247,750	237,406
Net defined benefit liability	343,303	353,102
Asset retirement obligations	442,737	466,399
Other	138,037	84,317
Total non-current liabilities	13,707,359	11,892,245
Total liabilities	28,451,099	32,168,015
Net assets		
Shareholders' equity		
Capital stock	5,000,000	5,000,000
Capital surplus	12,111,198	12,101,233
Retained earnings	4,217,210	4,821,917
Treasury shares	(1,233,609)	(1,222,772)
Total shareholders' equity	20,094,798	20,700,379
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(109,116)	12,674
Foreign currency translation adjustment	(59,597)	(29,968)
Remeasurements of defined benefit plans	(231)	365
Total accumulated other comprehensive income	(168,945)	(16,928)
Share acquisition rights	42,855	12,046
Non-controlling interests	262,707	291,019
Total net assets	20,231,415	20,986,515
Total liabilities and net assets	48,682,515	53,154,531

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

Quarterly consolidated statements of income

Consolidated second quarter

(Unit: thousand yen)

	Q2 FY2020 (January 1, 2020 – June 30, 2020)	Q2 FY2021 (January 1, 2021 – June 30, 2021)
Net sales	24,367,278	29,025,206
Cost of sales	21,163,971	23,704,606
Gross profit	3,203,306	5,320,600
Selling, general and administrative expenses	4,084,431	3,633,643
Operating profit (loss)	(881,125)	1,686,956
Non-operating income		
Interest income	1,541	3,111
Dividend income	7,448	5,011
Insurance return	32,971	55,917
Other	93,155	106,465
Total non-operating income	135,117	170,505
Non-operating expenses		
Interest expenses	41,605	41,501
Commission fee	80,649	81,549
Share of loss of entities accounted for using equity method	90,577	15,557
Other	88,763	50,174
Total non-operating expenses	301,595	188,782
Ordinary profit (loss)	(1,047,603)	1,668,679
Extraordinary income		
Gain on sales of non-current assets	6,038	930
Gain on reversal of share acquisition rights	864	25,670
Other	3	–
Total extraordinary income	6,905	26,601
Extraordinary losses		
Loss on change in equity	116,673	–
Other	4,496	–
Total extraordinary losses	121,170	–
Profit (loss) before income taxes	(1,161,867)	1,695,281
Income taxes - current	126,735	394,594
Income taxes - deferred	(312,841)	386,268
Total income taxes	(186,106)	780,862
Profit (loss)	(975,761)	914,418
Profit (loss) attributable to non-controlling interests	(19,626)	23,038
Profit (loss) attributable to owners of parent	(956,134)	891,379

Quarterly consolidated comprehensive statements of income
 Consolidated second quarter

(Unit: thousand yen)

	Q2 FY2020 (January 1, 2020 – June 30, 2020)	Q2 FY2021 (January 1, 2021 – June 30, 2021)
Profit (loss)	(975,761)	914,418
Other comprehensive income		
Valuation difference on available-for-sale securities	(109,336)	121,791
Foreign currency translation adjustment	(43,387)	35,141
Remeasurements of defined benefit plans, net of tax	640	597
Share of other comprehensive income of entities accounted for using equity method	(5,533)	101
Total other comprehensive income	(157,617)	157,630
Comprehensive income	(1,133,378)	1,072,049
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,108,089)	1,043,396
Comprehensive income attributable to non-controlling interests	(25,289)	28,652

(3) Consolidated statements of cash flows

(Unit: thousand yen)

	Q2 FY2020 (January 1, 2020 – June 30, 2020)	Q2 FY2021 (January 1, 2021 – June 30, 2021)
Cash flows from operating activities		
Profit (loss) before income taxes	(1,161,867)	1,695,281
Depreciation	398,219	327,846
Impairment loss	116,673	—
Amortization of goodwill	169,174	105,477
Increase (decrease) in allowance for doubtful accounts	(13,967)	(19,111)
Increase (decrease) in provision for bonuses	9,706	28,574
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(8,590)	—
Increase (decrease) in provision for share-based remuneration for directors (and other officers)	(13,811)	(10,343)
Increase (decrease) in retirement benefit liability	23,380	9,795
Interest and dividend income	(8,990)	(8,122)
Gain on maturity of insurance contract	(22,737)	(55,917)
Interest expenses	41,605	41,501
Commission expenses	80,649	81,549
Share of loss (profit) of entities accounted for using equity method	90,577	15,557
Decrease (increase) in trade receivables	7,201,404	773,147
Decrease (increase) in inventories	162,236	50,571
Increase (decrease) in trade payables	(4,624,825)	(1,341,733)
Increase (decrease) in accounts payable - other	(283,270)	219,687
Increase (decrease) in accrued consumption taxes	(297,112)	3,009
Increase (decrease) in advances received	810,368	662,286
Decrease (increase) in other assets	49,496	80,549
Increase (decrease) in other liabilities	(154,224)	(210,891)
Other, net	63,500	58,657
Subtotal	2,627,595	2,507,371
Interest and dividends received	8,990	8,422
Proceeds from insurance income	5,070	938
Interest paid	(39,140)	(41,374)
Income taxes (paid) refund	(107,827)	3,204
Net cash provided by (used in) operating activities	2,494,688	2,478,563

(Unit: thousand yen)

	Q2 FY2020 (January 1, 2020 – June 30, 2020)	Q2 FY2021 (January 1, 2021 – June 30, 2021)
Cash flows from investing activities		
Purchase of property, plant and equipment	(262,084)	(686,180)
Proceeds from sales of property, plant and equipment	81,771	1,090
Purchase of intangible assets	(13,863)	(82,654)
Proceeds from sales of investment securities	3	34,987
Payments for investments in capital	(155,407)	(25,766)
Payments into time deposits	(37,317)	(43,358)
Proceeds from withdrawal of time deposits	4,617	91,862
Payments of leasehold and guarantee deposits	(46,263)	(23,251)
Proceeds from refund of leasehold and guarantee deposits	32,072	258,933
Payments for asset retirement obligations	—	(219,334)
Proceeds from maturity of insurance funds	55,262	117,084
Other, net	(24,761)	(14,877)
Net cash provided by (used in) investing activities	(365,972)	(591,463)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(3,200,000)	6,500,000
Proceeds from long-term borrowings	7,200,000	—
Repayments of long-term borrowings	(1,544,555)	(2,195,412)
Dividends paid	(278,868)	(280,353)
Purchase of treasury shares	(394)	(12,057)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(10,843)	—
Commission fee paid	(80,649)	(81,549)
Other, net	(27,182)	(10,438)
Net cash provided by (used in) financing activities	2,057,506	3,920,189
Effect of exchange rate change on cash and cash equivalents	(21,608)	23,088
Net increase (decrease) in cash and cash equivalents	4,164,613	5,830,377
Cash and cash equivalents at beginning of period	9,060,407	10,703,205
Cash and cash equivalents at end of period	13,225,021	16,533,582

(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)

I. Q2 FY2020 (January 1, 2020 to June 30, 2020)

1. Information on operating revenue and operating profits or loss by reported segment

(Unit: thousand yen)

	Reported segment			Adjustments (Note 1)	Amount posted in the quarterly consolidated statement of income (Note 2)
	Contents Production	Communication Design	Total		
Operating Revenue					
Outside customers	18,586,561	5,780,716	24,367,278	—	24,367,278
Inter-segment internal revenue or transfers	684,547	145,109	829,657	(829,657)	—
Total	19,271,108	5,925,826	25,196,935	(829,657)	24,367,278
Segment profit (loss)	836,953	(338,829)	498,124	(1,379,250)	(881,125)

(Note 1) Adjustments in segment profit of -¥1,379,250,000 include the elimination of inter-segment transactions of ¥49,155,000 and corporate expenses of -¥1,428,405,000. Corporate expenses are mainly personnel expenses and expenses related to administrative departments.

(Note 2) Segment profit has been adjusted with operating profit recorded in the quarterly consolidated statements of income.

2. Information on impairment loss on non-current assets by reported segment

(Significant changes in goodwill)

Our Communication Design Business experienced a significant change in goodwill due to the recording of impairment of goodwill. Goodwill decreased by ¥116,673,000 due to this event.

II. Q2 FY2021 (January 1, 2021 to June 30, 2021)

1. Information on operating revenue and operating profits or loss by reported segment

(Unit: thousand yen)

	Reported segment			Adjustments (Note 1)	Amount posted in the quarterly consolidated statement of income (Note 2)
	Contents Production	Communication Design	Total		
Operating Revenue					
Outside customers	21,141,964	7,883,241	29,025,206	—	29,025,206
Inter-segment internal revenue or transfers	670,952	77,946	748,899	(748,899)	—
Total	21,812,917	7,961,188	29,774,105	(748,899)	29,025,206
Segment profit	2,607,337	331,630	2,938,967	(1,252,010)	1,686,956

(Note 1) Adjustments in segment profit of -¥1,252,010,000 include the elimination of inter-segment transactions of ¥4,022,000 and corporate expenses of -¥1,256,032,000. Corporate expenses are mainly personnel expenses and expenses related to administrative departments.

(Note 2) Segment profit has been adjusted with operating profit recorded in the quarterly consolidated statements of income.

2. Information on changes in reported segment

The AOI TYO Group conducted a major reorganization on January 4, 2021. Under this reorganization, the group split off a portion of the business of TYO Inc., a consolidated subsidiary, and conducted an absorption-type merger and trade name change among consolidated subsidiaries, with TYO Inc. and Digital Garden Inc. as the surviving entities. As a result of this reorganization, we have shifted from a single Advertising Video Production Business segment to a dual-segment structures. This structure consists of the Content Production Business, handling traditional advertising video production primarily for orders from advertising companies, and the Communication Design Business, handling design and execution of communication and focused on directly transacting with advertisers. Segment information for the second quarter of the previous consolidated fiscal year reflects the new reporting segment classifications.

3. Information on impairment loss on non-current assets by reported segment

Not applicable.

(Significant Subsequent Events)

(Share Consolidation)

At a meeting held July 30, 2021, the AOI TYO board of directors resolved to submit a proposal for a reverse stock split for approval at the extraordinary general meeting of shareholders (“Extraordinary Meeting”) scheduled for September 7, 2021.

1. Objectives of the Share Consolidation

As stated in an extraordinary report dated July 30, 2021, Studio Cruise Co., Ltd. (“Offeror”) conducted a tender offer (“Tender Offer”) for the Company's stock and stock acquisition rights with a tender offer period (“Tender Offer Period”) of May 17, 2021 to July 5, 2021. As the Offeror was unable to acquire all of the Company's shares (excluding treasury shares held by the Company) through the Tender Offer, the Company decided to implement a reverse stock split procedure at the request of the Offeror to make the Offeror the sole shareholder of the Company. Specifically, and subject to the approval of the shareholders at the Extraordinary Meeting, the Company will implement a share consolidation (“Share Consolidation”), whereby 3,900,000 shares of the Company's common stock will be consolidated into one share. As a result of the Share Consolidation, the number of shares held by shareholders other than the Offeror is expected to be a fractional share.

2. Consolidation Ratio

The Company will conduct a share consolidation; 3,900,000 shares of Company common stock into one share.

3. Total Number of Issued Shares after Effective Date

6 Shares

4. Total Number of Issued Shares Issuable on Effective Date

24 Shares

5. Method of Treatment of Fractional Less Than One Share (If Any) and Amount Expected to Be Delivered to Shareholders after Such Treatment

As stated in 1. Objectives of the Share Consolidation, above, as a result of the Reverse Split, the number of Company shares held by shareholders other than the Offeror is expected to be a fractional share.

Fractional shares resulting from Share Consolidation will be sold as an amount of shares equivalent to the total of said fractional shares (rounded down for any remaining fractional shares), and the proceeds of the sale will be paid to shareholders in proportion to their fractional holdings. With respect to said sale, the Company intends to sell Company shares to the Offeror in an amount equivalent to the total number of fractional shares, with the permission of the courts in accordance with the provisions of Article 234-2 of the Companies Act as applied mutatis mutandis pursuant to Article 235-2 of the same Act.

If permission for the sale is granted by the courts as planned, the price for said sale will be delivered in cash in an amount equivalent to the number of Company shares held by shareholders multiplied by ¥900, which is the same price as the Tender Offer

6. Schedule of Share Consolidation

- (1) Date of resolution by board of directors : July 30, 2021
 (2) Date of the Extraordinary Shareholders' Meeting : September 7, 2021
 (3) Effective date of Share Consolidation : September 30, 2021 (Planned)

7. Impact on Per-Share Information

The following shows per-share information for the first half of the previous fiscal year and the first half of the current fiscal year based on the assumption that the Share Consolidation was implemented at the beginning of the previous fiscal year.

	Q2 FY2020 (January 1, 2020 – June 30, 2020)	Q2 FY2021 (January 1, 2021 – June 30, 2021)
Net income (loss) per share	(¥159,355,797.83)	¥148,563,305.00

8. Plans for Delisting

If the procedures above are conducted as scheduled, the Company's shares will be subject to the criteria for delisting from the First Section of the Tokyo Stock Exchange. In this event, the Company's shares will be designated as securities to be delisted between September 7, 2021 to September 27, 2021, after which the shares will be delisted on September 28, 2021.

(Cancellation of Treasury shares)

At a meeting held July 30, 2021, the Company's board of directors resolved to cancel treasury shares held by the Company in accordance with the provisions of Article 178 of the Companies Act.

1. Reasons for the Cancellation of Treasury Shares

As stated in the opinion report dated May 17, 2021, the Offeror intends to make the Offeror the only shareholder of the Company. Therefore, the Company has decided to cancel treasury shares held by the Company pursuant to the provisions of Article 178 of the Companies Act.

2. Cancellation Details

- (1) Type of shares to be cancelled : AOI TYO Holdings Inc. common stock
 (2) Total shares to be cancelled : 1,082,069 shares
 (sum of 676,569 shares of treasury stock as of June 30, 2021, and 405,500 shares held by the Company's board benefit trust (BBT), which the Company intends to acquire without consideration by September 29, 2021)
 (3) Cancellation date : September 29, 2021
 (4) Cancellation method : Reduction of capital surplus

The cancellation of the treasury stock is subject to the approval as proposed of the Share Consolidation at the extraordinary general meeting of shareholders, as well as the Company's acquisition of the Company shares owned by the board benefit trust (BBT) without consideration by September 29, 2021.