



**Summary of Consolidated Financial Results (Japanese Accounting Standards)
for the Third Quarter of the Fiscal Year Ending December 31, 2017**

November 14, 2017

Company name: AOI TYO Holdings Inc.
 Stock Exchange: Tokyo Stock Exchange
 Code: 3975
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 Scheduled date of submission of quarterly report: November 14, 2017
 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 Third Quarter (from January 1, 2017 to September 30, 2017)

(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	%
Q3 FY2017	49,339	—	3,519	—	3,372	—	1,897	—
Q3 FY2016	—	—	—	—	—	—	—	—

(Note) Comprehensive income Q3 FY2017: 2,048 million yen (—%) Q3 FY2016: — million yen (—%)

	Net income per share	Diluted net income per share
	Yen	Yen
Q3 FY2017	79.88	78.80
Q3 FY2016	—	—

(Note) AOI TYO Holdings was established on January 4, 2017, and there are no amounts or year-on-year changes for Q3 FY2016.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
Q3 FY2017	55,069	24,551	42.7
FY2016	—	—	—

(For reference) Shareholders' equity Q3 FY2017: 23,504 million yen FY2016: — million yen

(Note) AOI TYO Holdings was established on January 4, 2017, and there are no amounts for FY2016.

2. Dividends

	Dividends per share				
	End of Q1	End of Q2	End of Q3	Year end	Annual
	Yen	Yen	Yen	Yen	Yen
FY2016	—	—	—	—	—
FY2017	—	8.00	—	—	—
FY2017 (forecast)	—	—	—	20.00	28.00

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

3. Consolidated Financial Results Forecast for FY2017 (from January 1, 2017 to December 31, 2017)

(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
Full year	66,000	—	4,100	—	3,800	—	1,850	—	77.96

(Note) Revisions to earnings forecast published most recently: Yes

AOI TYO Holdings was established on January 4, 2017, and there are no year-on-year changes.

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1. Qualitative Information on Results in the Third Quarter

(1) Discussion of operating results

AOI TYO Holdings was established on January 4, 2017 as the wholly owning parent company of AOI Pro. Inc. and TYO Inc. through a joint share transfer. Since the consolidated fiscal year under review is the first term of AOI TYO Holdings, there are no comparisons with the previous fiscal year or the third quarter of the previous fiscal year.

The forward-looking statements below are based on AOI TYO Group's judgments at the end of the third quarter under review.

During the first nine months of the fiscal year under review, the Japanese economy continued to recover moderately with an improvement in corporate earnings and the employment situation together with robust stock prices and a pickup in consumer sentiment. Meanwhile, downside risks continued to be felt due to the uncertainty of the overseas economy, among other causes.

In the domestic advertising market*, where AOI TYO Group operates, revenue in the advertising industry has been steady overall in 2017. While advertising revenue through conventional media, including television, remains flat or is declining slightly, revenue from Internet advertising continues to show high growth.

In this environment, AOI TYO Holdings was founded on January 4, 2017 through the management integration described above to generate synergies from business expansion and the combination of the companies' strengths. Based on the experience acquired from the advertising video production business, AOI TYO Group defines its mission as crossing borders between media and linking companies and consumers through excitement, considering the experience design business as a strategic area. AOI TYO Group is promoting operations with the aim of achieving sustainable growth and improving corporate value as a group that creates excitement and a group that will touch people's hearts and encourage them to take action.

As a result, AOI TYO Group received steady orders for the advertising video production business, its core business. In the strategic area, sales from the business in which solutions are provided to clients in the digital-related and direct transactions with advertisers increased. In the first nine months under review, AOI TYO Group posted net sales of 49,339 million yen, operating income of 3,519 million yen, ordinary income of 3,372 million yen, and profit attributable to owners of parent of 1,897 million yen. Selling, general and administrative expenses include amortization of goodwill of 222 million yen associated with M&A.

* According to "Monthly Report on the Current Survey of Selected Service Industries" (METI)

AOI TYO Group has two reporting segments: Advertising Business and Video Related Business. Because the Video Related Business accounts for only a small percentage of its overall results and is not very important as disclosure information, it does not state segment information.

(2) Discussion of financial position

(Assets, Liabilities and Net Assets Statement)

Total assets at the end of the third quarter under review stood at 55,069 million yen. Current assets were 37,452 million yen, which included cash and deposits of 10,373 million yen and notes and accounts receivable – trade 19,588 million yen. Non-current assets were 17,616 million yen, of which property, plant and equipment was 8,083 million yen, intangible assets were 5,147 million yen, and investments and other assets were 4,385 million yen.

Liabilities came to 30,517 million yen. Current liabilities were 23,075 million yen, including accounts payable – trade of 6,394 million yen and short-term loans payable of 8,029 million yen. Non-current liabilities were 7,441 million yen, including long-term loans payable of 2,134 million yen.

Net assets were 24,551 million yen. The main part of them was total shareholders' equity of 23,159 million yen, including capital stock of 5,000 million yen, capital surplus of 12,103 million yen, and retained earnings of 6,924 million yen.

(3) Discussion of consolidated results forecasts

There are no changes to the consolidated results forecast for the full year of the fiscal year ending December 31, 2017 announced on August 14, 2017.

2. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly consolidated balance sheets

	(Unit: thousand yen)
	Q3 FY2017
	(September 30, 2017)
Assets	
Current assets	
Cash and deposits	10,373,805
Notes and accounts receivable - trade	19,588,522
Merchandise and finished goods	21,938
Work in process	6,339,750
Other	1,158,210
Allowance for doubtful accounts	-29,271
Total current assets	37,452,955
Non-current assets	
Property, plant and equipment	
Land	4,414,822
Other	3,669,167
Total property, plant and equipment	8,083,990
Intangible assets	
Goodwill	4,168,915
Other	978,543
Total intangible assets	5,147,459
Investments and other assets	
Investment securities	1,709,171
Lease and guarantee deposits	1,332,986
Other	1,407,158
Allowance for doubtful accounts	-63,948
Total investments and other assets	4,385,367
Total non-current assets	17,616,817
Total assets	55,069,772
Liabilities	
Current liabilities	
Accounts payable - trade	6,394,634
Short-term loans payable	8,029,587
Current portion of long-term loans payable	2,090,456
Advances received	2,978,427
Income taxes payable	1,039,930
Provision for bonuses	157,359
Other	2,385,565
Total current liabilities	23,075,959
Non-current liabilities	
Long-term loans payable	2,134,046
Long-term deposits received	3,501,199
Provision for directors' retirement benefits	283,040
Provision for management board incentive plan trust	88,923
Net defined benefit liability	294,661
Asset retirement obligations	413,580
Other	726,535
Total non-current liabilities	7,441,988
Total liabilities	30,517,947

	(Unit: thousand yen)
	Q3 FY2017
	(September 30, 2017)
Net assets	
Shareholders' equity	
Capital stock	5,000,000
Capital surplus	12,103,426
Retained earnings	6,924,650
Treasury shares	-868,585
Total shareholders' equity	23,159,491
Accumulated other comprehensive income	
Valuation difference on available-for-sale securities	322,283
Foreign currency translation adjustment	21,811
Remeasurements of defined benefit plans	1,266
Total accumulated other comprehensive income	345,360
Subscription rights to shares	174,778
Non-controlling interests	872,194
Total net assets	24,551,825
Total liabilities and net assets	55,069,772

(2) Quarterly consolidated statements of income and statements of comprehensive income
Quarterly consolidated statements of income
Consolidated third quarter

	(Unit: thousand yen)
	Q3 FY2017
	(January 1, 2017 — September 30, 2017)
Net sales	49,339,133
Cost of sales	39,377,002
Gross profit	9,962,131
Selling, general and administrative expenses	6,442,922
Operating income	3,519,208
Non-operating income	
Interest income	9,600
Dividend income	20,464
Share of profit of entities accounted for using equity method	3,344
Gain on investments in partnership	29,482
Other	73,819
Total non-operating income	136,711
Non-operating expenses	
Interest expenses	66,984
Commission fee	178,686
Other	37,833
Total non-operating expenses	283,503
Ordinary income	3,372,416
Extraordinary income	
Gain on sales of investment securities	18,142
Gain on step acquisitions	11,732
Other	3,722
Total extraordinary income	33,597
Extraordinary losses	
Impairment loss	23,587
Business structure improvement expenses	23,498
Loss on cancellation of rental contracts	19,091
Other	21,696
Total extraordinary losses	87,873
Profit before income taxes	3,318,140
Income taxes - current	1,287,303
Income taxes - deferred	60,824
Total income taxes	1,348,128
Profit	1,970,012
Profit attributable to non-controlling interests	72,179
Profit attributable to owners of parent	1,897,832

Quarterly consolidated comprehensive statements of income
Consolidated third quarter

	(Unit: thousand yen)
	Q3 FY2017
	(January 1, 2017 – September 30, 2017)
Profit	1,970,012
Other comprehensive income	
Valuation difference on available-for-sale securities	50,341
Foreign currency translation adjustment	20,480
Remeasurements of defined benefit plans, net of tax	-345
Share of other comprehensive income of entities accounted for using equity method	8,346
Total other comprehensive income	78,822
Comprehensive income	2,048,834
Comprehensive income attributable to	
Comprehensive income attributable to owners of parent	1,972,757
Comprehensive income attributable to non-controlling interests	76,076

(4) Notes to quarterly consolidated financial statements

(Notes on the premise of a going concern)

Not applicable

(Notes if there is a considerable change to shareholders' equity)

AOI TYO Holdings was established on January 4, 2017 as the wholly owning parent company of AOI Pro. Inc. and TYO Inc. through a joint share transfer.

At the end of the third quarter under review, capital stock, capital surplus, and retained earnings stood at 5,000 million yen, 12,103 million yen, and 6,924 million yen, respectively. Treasury shares were minus 868 million yen.