



**Summary of Consolidated Financial Results (Japanese Accounting Standards)
for Fiscal Year Ended December 31, 2019**

February 19, 2020

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 Stock Exchange: Tokyo Stock Exchange
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 Scheduled date of General Shareholders' Meeting: March 26, 2020
 Scheduled date of commencement of dividend payment: March 27, 2020
 Scheduled date of filing of securities report: March 26, 2020
 Supplementary documents for quarterly results: Yes
 Quarterly results briefing: Yes (for institutional investors and analysts)

(Rounded down to the nearest million yen)

1. Consolidated Financial Results for Fiscal Year Ended December 31, 2019 (January 1, 2019 to December 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	%
FY2019	65,229	0.7	2,118	-38.3	1,763	-47.0	-1,280	-
FY2018	64,792	-8.1	3,433	-25.7	3,325	-24.3	1,952	-29.8

(Note) Comprehensive income FY2019: -1,433 million yen (-%) FY2018: 1,699 million yen (-45.2%)

	Net income per share	Diluted net income per share	Return on equity (ROE)	Ordinary income as percentage of total assets	Operating income on sales
	Yen	Yen	%	%	%
FY2019	-54.50	-	-5.3	3.2	3.2
FY2018	82.48	81.53	7.8	5.8	5.3

(Reference) Equity in earnings of affiliates FY2019: -159 million yen FY2018: -70 million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2019	53,352	23,363	43.0	977.76
FY2018	55,631	25,679	45.1	1,066.28

(Reference) Shareholders' equity FY2019: 22,935 million yen FY2018: 25,114 million yen

(3) Consolidated cash flow

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
FY2019	1,198	-1,561	-336	9,060
FY2018	5,379	-2,060	-5,862	9,790

2. Dividends

	Dividends per share					Total dividends	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	End of Q1	End of Q2	End of Q3	Year end	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY2018	-	8.00	-	22.00	30.00	718	36.4	2.9
FY2019	-	8.00	-	12.00	20.00	477	-	2.0
FY2020 (forecast)	-	8.00	-	12.00	20.00		33.6	

3. Consolidated Financial Forecast for FY2020 (January 1, 2020 to December 31, 2020)

(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	31,500	2.8	1,000	22.4	900	41.1	500	94.0	21.28
Full year	65,000	-0.4	2,500	18.0	2,400	36.1	1,400	—	59.59

* Notes

(1) Important changes in subsidiaries for FY2019 under review : No
(Changes in specified subsidiaries resulting in change in scope of consolidation)

New: — companies Excluded: — companies

(2) 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

(3) Number of issued shares (common stock)

(i) Number of issued shares (including treasury stock)

FY2019 24,566,447 shares FY2018 24,566,447 shares

(ii) Number of treasury stock at end of period

FY2019 1,109,564 shares FY2018 1,013,157 shares

(iii) Average number of issued shares

FY2019 23,495,396 shares FY2018 23,666,970 shares

(Note)

Treasury stock includes shares that Trust & Custody Services Bank, Ltd. (trust account E) holds as trust property related to a Board Benefit Trust system (FY2019: 418,900 shares; FY2018: 418,900 shares).

* 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

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 more about assumptions underlying earnings forecasts and cautions regarding the use of earnings forecasts, see 1. *Qualitative Information on Results* (4) *Future Outlook* on P.4 of Attachments.

- AOI TYO Holdings will hold an earnings briefing for institutional investors and analysts on March 5, 2020. After the conclusion of this meeting, the group will publish the materials distributed on the AOI TYO Holdings corporate website as quickly as possible.

Attachments

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1. Qualitative Information on Results

(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.

During the consolidated fiscal year under review, the Japanese economy continued to grow gradually in the face of both negative and positive trends. The manufacturing sector reported weakness due to several factors, including slow external demand and the impact of large-scale typhoons. At the same time, the non-manufacturing sector demonstrated firmness, supported in part by software investment. The October consumption tax increase in Japan led to a downturn in retail and wholesale activity, resulting in a sense of stagnancy. However, as a prevailing trend, the economy continued to grow gradually.

Operating in this environment, the AOI TYO Group experienced a slight decline in sales to major advertising agencies year on year, while direct transactions with clients grew. By media type, the group maintained level year-on-year sales for TV commercial production and recorded higher sales for online video production. As a result, consolidated net sales rose 0.7% year on year.

Meanwhile, operating profit underperformed year on year. This result was due to several factors, including our adoption of work-style reform, cost increases accompanying new enterprise systems implementations at subsidiary companies, and lower print sales, which has been a high-margin business for the company in the past. Further, the company saw a decline in margins associated with an increase in orders this year in our Video Advertising Business, which had experienced improving margins to date. At the same time, the group experienced the negative impact associated with reorganizing the businesses of poorly performing subsidiaries. The group also recorded lower ordinary profit compared to the prior consolidated fiscal year. This result was mainly due a gain on investment in partnerships recognized in the prior consolidated fiscal year that was not repeated this year. Although the group recorded extraordinary income related to the sale of strategic stock holdings, we also recorded several extraordinary losses. These extraordinary losses included losses due to reorganizing the businesses of poorly performing subsidiaries, impairment loss associated with software due to the integration of systems for group-wide efficiencies and cost reductions, and extraordinary loss associated with a loss on valuation of investment securities.

As a result, the AOI TYO Group recorded net sales of ¥65,229 million for the consolidated fiscal year ended December 2019, representing an 0.7% increase compared to the prior year. Operating profit amounted to ¥2,118 million (38.3% decrease), while ordinary profit amounted to ¥1,763 million representing decreases of 47.0%, and loss attributable to owners of parent amounted to ¥1,280 million (¥1,952 million of profit attributable to owners of parent in the same period of prior fiscal year). Selling, general and administrative expenses included ¥320 million in amortization of goodwill associated with M&A activity.

AOI TYO Group reportable segments consist of our Advertising Business and our Video-Related Business. However, the Video-Related Business accounts for only a small portion of overall results. As this segment does not represent a significant source of material information, we have omitted disclosure of reportable segments.

(2) Discussion of financial position

Total assets at the end of the consolidated fiscal year decreased by ¥2,279 million compared with the end of the prior fiscal year to ¥53,352 million. This decrease was mainly due to decreases in software of ¥1,429 million and investment securities of ¥1,360 million.

Liabilities increased by ¥36 million compared with the end of the prior fiscal year to ¥29,988 million. Although short-term loans payable decreased ¥2,577 million, long-term loans payable and current portion of long-term loans payable increased ¥2,122 million and ¥914 million, respectively.

Net assets amounted to ¥23,363 million, a decrease of ¥2,316 million compared to the end of the prior consolidated fiscal year. Retained earnings decreased ¥1,280 million due to loss attributable to owners of parent. At the same time, the AOI TYO Group paid ¥718 million in dividend payments.

(3) Discussion of cash flows

Cash and cash equivalents (“Cash”) amounted to ¥9,060 million as of the end of the consolidated fiscal year, representing a decrease of ¥730 million compared to the prior consolidated fiscal year.

The state of cash flow by segment for the fiscal year under review is as follows.

Cash Flows From Operating Activities

Cash flows from operating activities amounted to ¥1,198 million, compared to cash from operating activities of ¥5,379 million for the prior fiscal year. This result was mainly due to impairment loss of ¥1,207 million, amortization and goodwill of ¥1,167, and loss of revaluation of investment securities of ¥1,157 million. At the same time, major cash outlays included the payment of ¥1,873 million in income taxes.

Cash Flows From Investing Activities

Cash used in investing activities amounted to ¥1,561 million, compared to ¥2,060 million for the prior fiscal year. This result was mainly due to ¥813 million in outlays for property, plant, and equipment, and ¥399 million in outlays for investment securities. At the same time, we recorded ¥503 million in proceeds from the sale of investment securities.

Cash Flows From Financing Activities

Cash used in financing activities amounted to ¥336 million compared to cash from financing activities of ¥5,862 million for the prior fiscal year. This result was mainly due to a ¥2,318 million decrease in short-term loans payable, ¥2,786 million in outlays for repayments of long-term loans payable, and ¥5,850 million in cash proceeds from long-term loans payable.

(4) Future outlook

We expect to see continuing gradual economic growth in Japan and a related steady expansion in advertising demand. In particular, we expect internet advertising to continue to take market share from TV and other traditional advertising media.

The market for online video is also likely to grow steadily as the environment experiences rapid changes in methods and structure. These changes will include more diversification in video consumption methods, diversification in services utilizing video, and technological innovations in communications infrastructure technologies.

In response to this environment, the AOI TYO Group will focus on measures to dig deeper and grow wider in our business lines. This approach reflects our medium-term policies that address long-term, sustainable growth in corporate value. At the same time, we will accelerate the pace of development for our human resources, a particular strength of the AOI TYO Group.

We intend to secure stable, long-term income in video advertising production, based on our position as the No.1 provider in the TV commercial production market. At the same time, we will continue to focus on growing our relatively high-unit-priced branded video production business in the online video market, leveraging the strengths we developed in TV commercial production. We have identified video content marketing and direct transactions with clients as growth areas for the AOI TYO Group. Under video content marketing, we plan secure more orders for content proposals, production, and analysis, leveraging the characteristics unique to each type of video media for target customer segments. Under direct transactions with clients, we plan to expand beyond video into promotional event proposals, planning, and other areas to grow our customer base. At the same time, we will continue to be active in hiring and training personnel in both areas. Further, we will investigate more alliances as another of several means to strengthen our Overseas Business.

The recent move to a printless format in the TV commercial industry (Note 1) has resulted in decreasing TV commercial print sales for the group. However, we expect the impact will now be more limited in scope compared to the past two years, in which our major clients completed their transition to printless. We expect a temporary spike in advertising demand related to the Tokyo 2020 Olympics and Paralympics scheduled for July through September. However, due to the constrained nature of how much order volume we can accept, we do not expect to see a dramatic jump in production order volume next period. Given the impact of reorganizing the businesses of poorly performing subsidiaries during the current period and other factors, we forecast net sales for the next period to be level with the current period. Given these conditions, we plan to deal with the decrease in effective profit margin (Note 2) in our Video Advertising Business stemming from order growth and other factors during the period ended December 2019 by once again engaging in stricter research, selection, and management of our cost of sales. Based on this approach, we will emphasize profitability from the very beginning of the order acceptance stage.

Meanwhile, we expect to see lower costs related to software and reorganizations of poorly performing businesses, for which we recorded extraordinary losses during the fiscal year ended December 2019. At the same time, we forecast higher expenses related to hiring and training personnel, a critical component of increasing corporate value in the future.

Based on the preceding, we forecast FY2020 earnings reflecting ¥65,000 million in net sales, ¥2,500 million in operating profit, ¥2,400 million in ordinary profit, and ¥1,400 million in profit attributable to owners of parent.

(Note 1) Historically, TV 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 over time.

(Note 2) Effective profit margin = (net sales-external expenditures)/net sales

2. Basic Policy Regarding Selection of Accounting Standards

AOI TYO Group prepares consolidated financial statements according to the Japanese accounting standards in consideration of comparability between fiscal years and between companies. We will consider the adoption of the International Financial Reporting Standards (IFRS) as appropriate, taking into account conditions in Japan and abroad.

3. Consolidated Financial Statements and Major Notes

(1) Consolidated balance sheets

(Unit: thousand yen)

	FY2018 (December 31, 2018)	FY2019 (December 31, 2019)
Assets		
Current assets		
Cash and deposits	9,836,071	9,111,122
Notes and accounts receivable - trade	16,731,160	16,873,978
Electronically recorded monetary claims - operating	4,273,694	4,413,564
Merchandise and finished goods	7,544	7,301
Work in process	4,256,243	4,510,288
Other	876,667	1,125,296
Allowance for doubtful accounts	(43,407)	(37,727)
Total current assets	35,937,974	36,003,823
Non-current assets		
Property, plant and equipment		
Buildings and structures	5,021,587	5,142,068
Accumulated depreciation	(2,591,876)	(2,773,935)
Buildings and structures, net	2,429,710	2,368,133
Machinery, equipment and vehicles	1,150,904	1,024,383
Accumulated depreciation	(894,040)	(846,805)
Machinery, equipment and vehicles, net	256,863	177,577
Tools, furniture and fixtures	2,890,481	2,854,794
Accumulated depreciation	(2,076,067)	(2,046,931)
Tools, furniture and fixtures, net	814,413	807,862
Land	3,615,121	3,606,822
Leased assets	726,179	717,898
Accumulated depreciation	(615,802)	(658,957)
Leased assets, net	110,376	58,940
Construction in progress	8,585	65,312
Total property, plant and equipment	7,235,071	7,084,649
Intangible assets		
Goodwill	4,117,710	4,010,215
Software	1,590,986	161,589
Software in progress	48,319	87,485
Other	15,853	15,994
Total intangible assets	5,772,869	4,275,284
Investments and other assets		
Investment securities	3,147,176	1,787,051
Deferred tax assets	736,079	1,328,303
Leasehold and guarantee deposits	1,619,387	1,522,658

(Unit: thousand yen)

	FY2018 (December 31, 2018)	FY2019 (December 31, 2019)
Other	1,289,247	2,125,874
Allowance for doubtful accounts	(106,495)	(775,409)
Total investments and other assets	6,685,395	5,988,478
Total non-current assets	19,693,336	17,348,413
Total assets	55,631,310	53,352,237

(Unit: thousand yen)

	FY2018 (December 31, 2018)	FY2019 (December 31, 2019)
Liabilities		
Current liabilities		
Accounts payable - trade	8,126,930	8,697,200
Short-term loans payable	5,777,154	3,200,000
Current portion of long-term loans payable	2,159,836	3,073,876
Accounts payable - other	628,973	661,603
Income taxes payable	1,055,553	428,710
Accrued consumption taxes	379,942	551,961
Advances received	1,136,482	899,779
Provision for bonuses	115,779	72,660
Other	733,363	757,366
Total current liabilities	20,114,017	18,343,158
Non-current liabilities		
Long-term loans payable	4,549,727	6,672,675
Long-term deposits received	3,501,199	3,501,199
Deferred tax liabilities	153,171	46,098
Provision for directors' retirement benefits	253,770	261,883
Provision for management board incentive plan trust	197,115	254,811
Net defined benefit liability	280,118	267,504
Asset retirement obligations	509,156	491,279
Other	393,106	149,711
Total non-current liabilities	9,837,367	11,645,165
Total liabilities	29,951,385	29,988,323
Net assets		
Shareholders' equity		
Capital stock	5,000,000	5,000,000
Capital surplus	12,106,819	12,172,896
Retained earnings	9,055,601	7,056,711
Treasury shares	(1,190,097)	(1,259,085)
Total shareholders' equity	24,972,324	22,970,523
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	167,873	10,693
Foreign currency translation adjustment	(23,287)	(44,141)
Remeasurements of defined benefit plans	(2,393)	(1,945)
Total accumulated other comprehensive income	142,193	(35,393)
Share acquisition rights	92,723	86,274
Non-controlling interests	472,685	342,508
Total net assets	25,679,925	23,363,913
Total liabilities and net assets	55,631,310	53,352,237

(2) Consolidated statements of income and statements of comprehensive income

Consolidated statements of income

(Unit: thousand yen)

	FY2018 (January 1, 2018- December 31, 2018)	FY2019 (January 1, 2019- December 31, 2019)
Net sales	64,792,263	65,229,849
Cost of sales	52,052,181	53,514,621
Gross profit	12,740,082	11,715,227
Selling, general and administrative expenses		
Directors' compensations	1,474,221	1,484,604
Salary and bonus	2,338,713	2,718,118
Retirement benefit expenses	45,917	54,385
Provision for management board incentive plan trust	91,282	57,696
Business consignment expenses	564,578	560,977
Commission fee	668,267	577,609
Provision of allowance for doubtful accounts	9,585	15,203
Depreciation	252,648	250,382
Amortization of goodwill	331,137	320,115
Other	3,530,649	3,557,688
Total selling, general and administrative expenses	9,307,001	9,596,781
Operating profit	3,433,080	2,118,445
Non-operating income		
Interest income	9,545	7,234
Dividend income	18,260	21,886
Insurance return	29,069	42,061
Gain on investments in partnership	168,567	—
Other	88,615	108,807
Total non-operating income	314,057	179,989
Non-operating expenses		
Interest expenses	81,358	76,310
Commission fee	159,072	170,381
Share of loss of entities accounted for using equity method	70,000	159,466
Provision of allowance for doubtful accounts	44,800	8,850
Other	66,357	120,070
Total non-operating expenses	421,588	535,078
Ordinary profit	3,325,549	1,763,356

(Unit: thousand yen)

	FY2018 (January 1, 2018- December 31, 2018)	FY2019 (January 1, 2019- December 31, 2019)
Extraordinary income		
Gain on sales of non-current assets	398,163	—
Gain on sales of investment securities	109,927	323,073
Other	1,368	3,672
Total extraordinary income	509,458	326,745
Extraordinary losses		
Impairment loss	217,909	1,207,313
Loss on sales of investment securities	—	65,374
Loss on valuation of investment securities	—	1,157,265
Loss on liquidation of subsidiaries and associates	—	279,462
Loss on sales of shares of subsidiaries and associates	—	34,635
Other	133,561	12,916
Total extraordinary losses	351,471	2,756,967
Profit (loss) before income taxes	3,483,536	(666,865)
Income taxes - current	1,759,910	1,200,964
Income taxes - deferred	(332,849)	(600,476)
Total income taxes	1,427,061	600,487
Profit (loss)	2,056,475	(1,267,352)
Profit attributable to non-controlling interests	104,315	13,139
Profit (loss) attributable to owners of parent	1,952,159	(1,280,492)

Consolidated statements of comprehensive income

(Unit: thousand yen)

	FY2018 (January 1, 2018- December 31, 2018)	FY2019 (January 1, 2019- December 31, 2019)
Profit (loss)	2,056,475	(1,267,352)
Other comprehensive income		
Valuation difference on available-for-sale securities	(276,592)	(157,171)
Foreign currency translation adjustment	(57,594)	(12,002)
Remeasurements of defined benefit plans, net of tax	(4,278)	448
Share of other comprehensive income of entities accounted for using equity method	(18,061)	2,737
Total other comprehensive income	(356,526)	(165,987)
Comprehensive income	1,699,949	(1,433,340)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,604,472	(1,448,017)
Comprehensive income attributable to non-controlling interests	95,476	14,676

(3) Consolidated statements of changes in shareholders' equity

FY 2018 (January 1, 2018–December 31, 2018)

(Unit: thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	5,000,000	12,074,353	7,823,773	(711,360)	24,186,766
Changes of items during period					
Dividends of surplus			(721,445)		(721,445)
Profit attributable to owners of parent			1,952,159		1,952,159
Purchase of treasury shares				(772,166)	(772,166)
Disposal of treasury shares		75,954		293,429	369,383
Change in ownership interest of parent due to transactions with non-controlling interests		(43,487)			(43,487)
Change of scope of consolidation			1,113		1,113
Net changes of items other than shareholders' equity					—
Total changes of items during period	—	32,466	1,231,827	(478,736)	785,557
Balance at end of current period	5,000,000	12,106,819	9,055,601	(1,190,097)	24,972,324

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	444,466	42,391	1,884	488,742	140,824	889,719	25,706,052
Changes of items during period							
Dividends of surplus							(721,445)
Profit attributable to owners of parent							1,952,159
Purchase of treasury shares							(772,166)
Disposal of treasury shares							369,383
Change in ownership interest of parent due to transactions with non-controlling interests							(43,487)
Change of scope of consolidation							1,113
Net changes of items other than shareholders' equity	(276,592)	(65,678)	(4,278)	(346,549)	(48,101)	(417,034)	(811,684)
Total changes of items during period	(276,592)	(65,678)	(4,278)	(346,549)	(48,101)	(417,034)	(26,126)
Balance at end of current period	167,873	(23,287)	(2,393)	142,193	92,723	472,685	25,679,925

(Unit: thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	5,000,000	12,106,819	9,055,601	(1,190,097)	24,972,324
Changes of items during period					
Dividends of surplus			(718,397)		(718,397)
Profit (loss) attributable to owners of parent			(1,280,492)		(1,280,492)
Purchase of treasury shares				(79,943)	(79,943)
Disposal of treasury shares		(7,905)		10,955	3,049
Change in ownership interest of parent due to transactions with non-controlling interests		73,982			73,982
Net changes of items other than shareholders' equity					—
Total changes of items during period	—	66,076	(1,998,889)	(68,988)	(2,001,800)
Balance at end of current period	5,000,000	12,172,896	7,056,711	(1,259,085)	22,970,523

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	167,873	(23,287)	(2,393)	142,193	92,723	472,685	25,679,925
Changes of items during period							
Dividends of surplus							(718,397)
Profit (loss) attributable to owners of parent							(1,280,492)
Purchase of treasury shares							(79,943)
Disposal of treasury shares							3,049
Change in ownership interest of parent due to transactions with non-controlling interests							73,982
Net changes of items other than shareholders' equity	(157,180)	(20,853)	448	(177,586)	(6,449)	(130,176)	(314,211)
Total changes of items during period	(157,180)	(20,853)	448	(177,586)	(6,449)	(130,176)	(2,316,012)
Balance at end of current period	10,693	(44,141)	(1,945)	(35,393)	86,274	342,508	23,363,913

(4) Consolidated statements of cash flows

(Unit: thousand yen)

	FY 2018 (January 1, 2018- December 31, 2018)	FY 2019 (January 1, 2019- December 31, 2019)
Cash flows from operating activities		
Profit (loss) before income taxes	3,483,536	(666,865)
Depreciation	1,012,989	1,167,950
Impairment loss	217,909	1,207,313
Amortization of goodwill	331,137	320,115
Increase (decrease) in allowance for doubtful accounts	40,129	52,044
Increase (decrease) in provision for bonuses	33,477	(34,332)
Increase (decrease) in provision for directors' retirement benefits	(31,575)	8,113
Increase (decrease) in provision for management board incentive plan trust	91,282	57,696
Increase (decrease) in net defined benefit liability	27,794	(5,160)
Interest and dividend income	(27,806)	(29,120)
Interest expenses	81,358	76,310
Share of loss (profit) of entities accounted for using equity method	70,000	159,466
Commission fee	159,072	170,381
Loss (gain) on sales of non-current assets	(398,163)	—
Loss (gain) on sales of investment securities	(109,927)	(257,698)
Loss (gain) on valuation of investment securities	1,030	1,157,265
Loss on abolishment of retirement benefit plan	133,561	—
Loss (gain) on sales of stocks of subsidiaries and associates	—	34,635
Loss on liquidation of subsidiaries and associates	—	279,462
Decrease (increase) in notes and accounts receivable - trade	3,271,185	(485,653)
Decrease (increase) in inventories	(652,238)	(295,780)
Increase (decrease) in notes and accounts payable - trade	451,020	666,645
Increase (decrease) in accounts payable - other	(759,178)	86,332
Increase (decrease) in accrued consumption taxes	(487,672)	173,678
Increase (decrease) in advances received	117,489	(224,755)
Decrease (increase) in other assets	236,814	(599,979)
Increase (decrease) in other liabilities	(126,248)	96,053
Other, net	(75,482)	(4,691)
Subtotal	7,091,497	3,109,426
Interest and dividend income received	27,806	36,344
Proceeds from insurance income	11,310	6,532
Interest expenses paid	(74,325)	(80,967)
Income taxes paid	(1,677,000)	(1,873,019)
Net cash provided by (used in) operating activities	5,379,288	1,198,316

(Unit: thousand yen)

	FY 2018 (January 1, 2018- December 31, 2018)	FY 2019 (January 1, 2019- December 31, 2019)
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,354,504)	(813,431)
Proceeds from sales of property, plant and equipment	1,328,933	12,617
Purchase of intangible assets	(676,389)	(84,578)
Purchase of investment securities	(681,113)	(399,333)
Proceeds from sales of investment securities	166,282	503,208
Payments into time deposits	(22,454)	(189,869)
Payments for leasehold and guarantee deposits	(393,633)	(54,128)
Proceeds from collection of leasehold and guarantee deposits	92,532	138,806
Proceeds from maturity of insurance funds	36,477	81,778
Payments for investments in capital	(220,587)	(266,382)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(382,018)	(188,141)
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	—	(181,819)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	15,420	—
Other, net	30,318	(119,865)
Net cash provided by (used in) investing activities	(2,060,737)	(1,561,137)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(4,701,764)	(2,318,500)
Proceeds from long-term loans payable	3,643,425	5,850,000
Repayments of long-term loans payable	(2,708,672)	(2,786,830)
Purchase of treasury shares	(540,253)	(80,086)
Cash dividends paid	(716,552)	(705,122)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(634,537)	—
Commission fee paid	(159,072)	(170,381)
Other, net	(45,164)	(125,633)
Net cash provided by (used in) financing activities	(5,862,590)	(336,555)
Effect of exchange rate change on cash and cash equivalents	(75,142)	(14,803)
Net increase (decrease) in cash and cash equivalents	(2,619,182)	(714,181)
Cash and cash equivalents at beginning of period	12,372,307	9,790,600
Increase in cash and cash equivalents from newly consolidated subsidiary	37,474	—
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	—	(16,011)
Cash and cash equivalents at end of period	9,790,600	9,060,407

(5) Notes on the consolidated financial statements

(Notes regarding assumption of going concern)

Not applicable

(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.

(Segment information)

Business Segment Information

I FY2018 (January 1, 2018- December 31, 2018)

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

II FY2019 (January 1, 2019 - December 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.

This change is due to the fact that sales and profits in the Video-Related Business have become of only minor importance to the group after the transfer of consolidated subsidiary Hollyhock Inc. shares, resulting in the removal of said company from consolidation. Further, 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 prior and current consolidated fiscal years.

(Per-share indicators)

FY 2018 (January 1, 2018-December 31, 2018)		FY 2019 (January 1, 2019-December 31, 2019)	
Net assets per share	1,066.28 yen	Net assets per share	977.76yen
Net income per share	82.48 yen	Net income (loss) per share	(54.50)yen
Diluted net income per share	81.53 yen	Diluted net income per share	—

(Note 1) Although the Company has dilutive shares, we have not presented diluted net income per share for the current consolidated fiscal year, since the Company has a diluted net loss per share.

(Note 2) Basis for calculating net income per share and fully diluted net income per share is as shown below.

	FY 2018 (January 1, 2018– December 31, 2018)	FY 2019 (January 1, 2019– December 31, 2019)
Net income per share		
Profit (loss) attributable to owners of parent (thousand yen)	1,952,159	(1,280,492)
Amount not attributable to common shareholders (thousand yen)	—	—
Net income (loss) attributable to owners of parent pertaining to common shares (thousand yen)	1,952,159	(1,280,492)
Average number of common shares issued (thousand shares)	23,666	23,495
Diluted net income per share		
Net income adjustments attributable to owners of parent (thousand yen)	—	—
Number of common shares increased (thousand shares)	277	—
(Subscription rights to shares (thousand shares))	277	—
Summary of fully diluted shares not included in the calculation of fully diluted net income per share due to anti-dilutive effect	—	—

*To calculate net income per share, those AOI TYO Holdings shares remaining in trust that are posted as treasury shares are included in treasury shares deducted in the calculation of average number of shares during the term. To calculate net assets per share, these same shares are also included in the number of treasury shares deducted from the year-end number of shares issued. A total of 363,361 shares and 418,900 shares of treasury stock noted above were deducted for the purpose of calculating net income per share for the prior consolidated fiscal year and current consolidated fiscal year, respectively. At total of 418.900 shares and 418,900 shares of treasury stock noted above were deducted for the purpose of calculating net assets per share for the prior consolidated fiscal year and current consolidated fiscal year, respectively.

(Significant subsequent events)

Not applicable.