

AOI TYO Holdings

Earnings Presentation

First Quarter, FYE December 2020

May 2020

AOI TYO Holdings Inc.

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1. Summary of Consolidated Financial Results

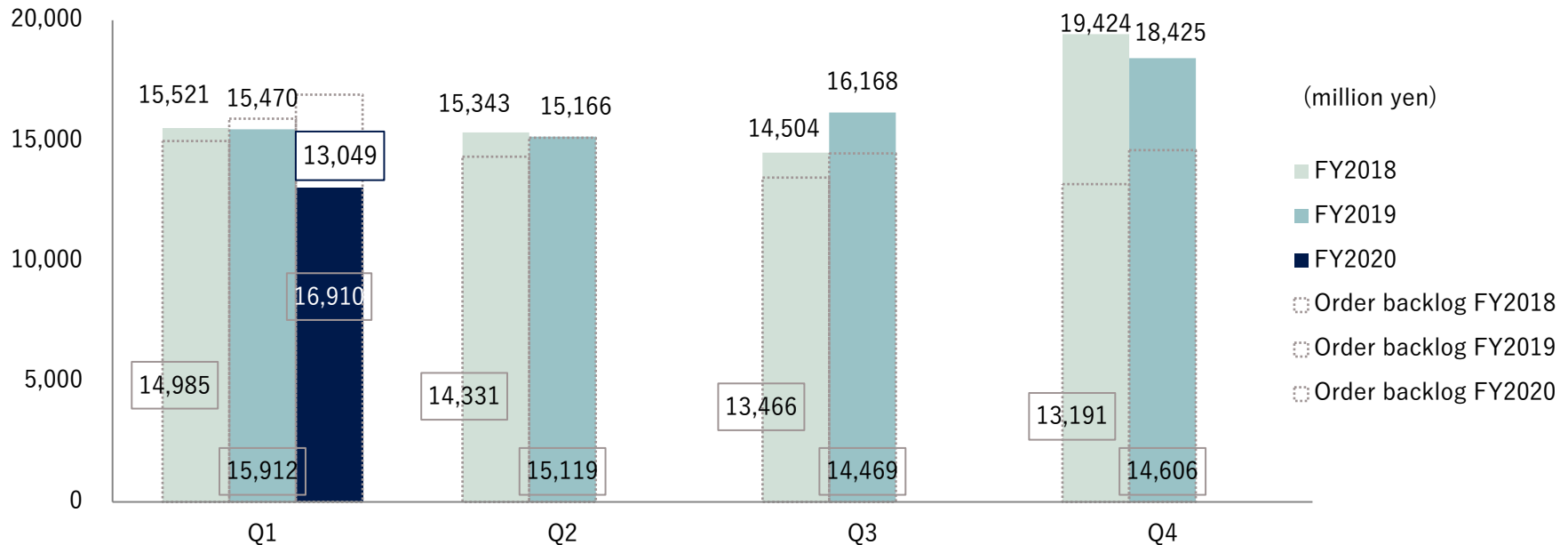
Financial Highlights

- Sales were lower year on year due to delays in filming and editing video advertising projects, event cancellations and delays in our advertisement-related business, and a drop-off in sales from underperforming subsidiaries that we restructured in the prior fiscal year.
- Each profit category was lower year on year, mainly due to the impact of lower sales.

(million yen)	Q1 FY2018	Q1 FY2019	Q1 FY2020	YoY Change	Progress Vs. 1H Forecast
Net Sales	15,521	15,470	13,049	-2,421	41.4%
Operating Income	1,092	633	116	-517	11.6%
Ordinary Income	1,031	564	5	-558	0.6%
Profit Attributable to Owners of Parent	842	263	-32	-296	-6.4%
EBITDA	1,406	990	400	-590	24.1%

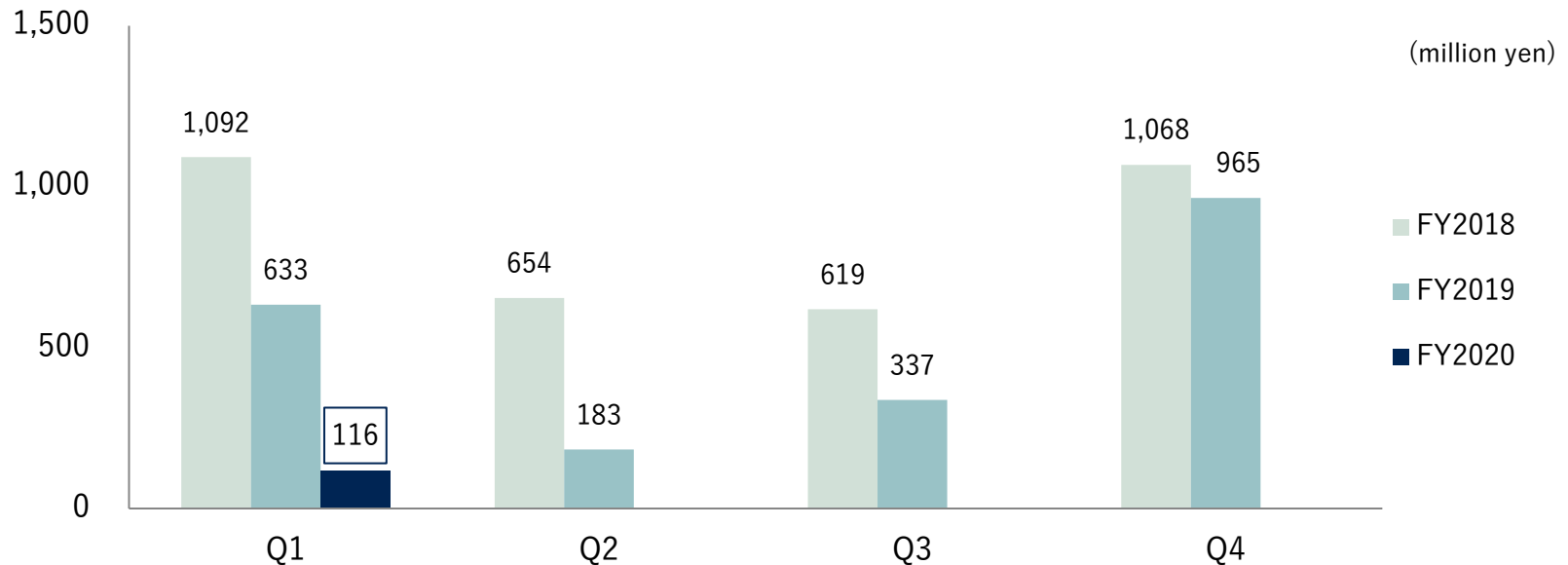
Trend of Net Sales by Quarter and Order Backlog

- The negative impact on sales of postponements or cancellations of projects due to COVID-19 amounted to ¥1,850 million (80% delayed until Q2 or later).
- End of Q1 order backlog amounted to 16,910 million yen (up 6.3% year on year).



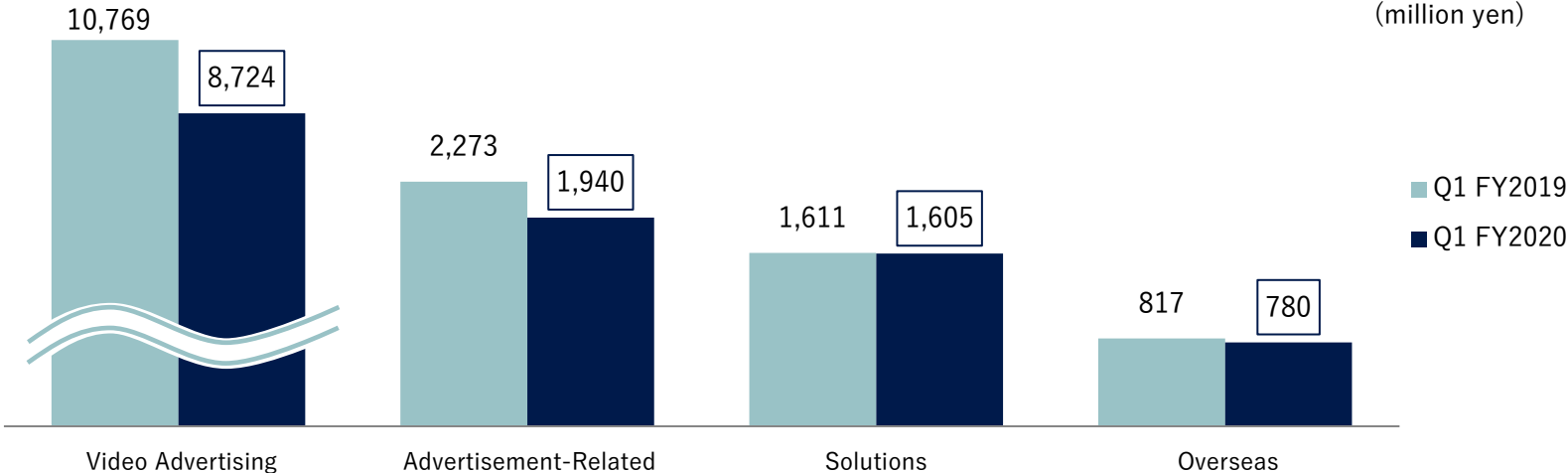
Trends of Operating Income by Quarter

- Q1 operating profit was significantly lower due to lower sales, despite differences due to costs in the prior year in connection with impairment loss related to software and prior-year costs related to restructuring at poorly performing subsidiaries.



Net Sales by Business Segment

- Solutions Business sales were essentially level year on year; however, other businesses recorded lower sales due to the impact of COVID-19.

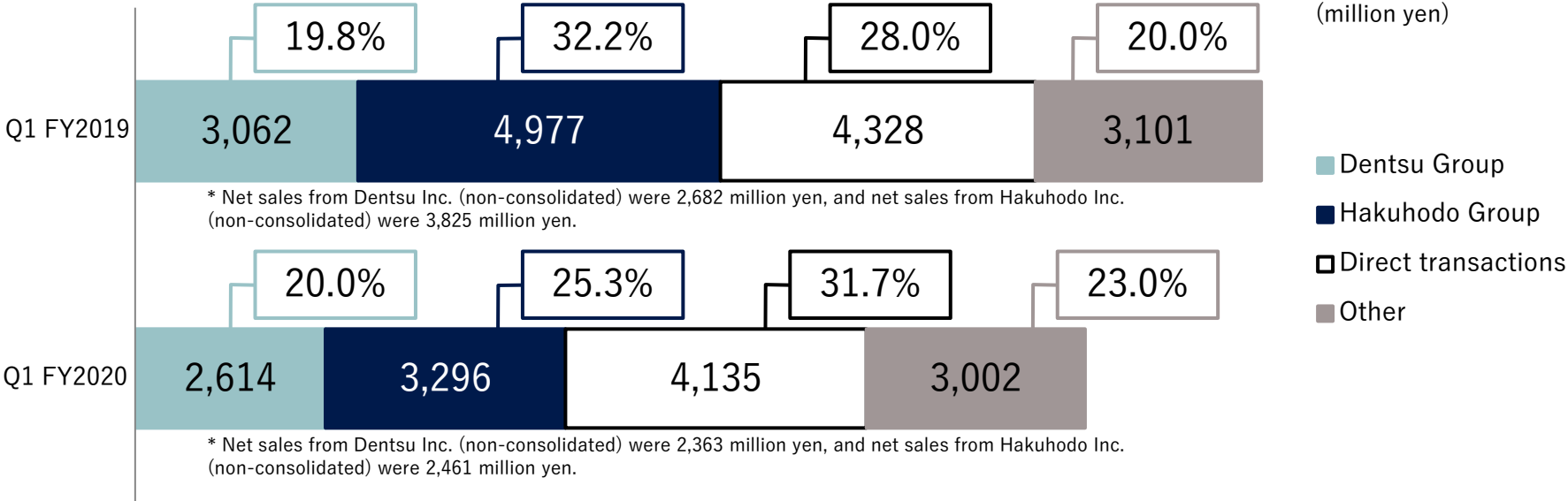


Overview of Business Segments

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 major advertising agencies were significantly lower year on year due to delays in filming and editing related to video advertising production projects.



Net Sales by Medium

- Digital content sales continued to grow.

(million yen)

(million yen)	Q1 FY2019	Component Ratio	Q1 FY2020	Component Ratio	YoY Change
TV commercial production	8,831	56.3%	7,353	55.5%	-1,477
TV commercial	8,438	53.8%	7,058	53.3%	-1,380
Printed commercial materials	393	2.5%	295	2.2%	-98
Entertainment contents	534	3.4%	353	2.7%	-182
Digital contents	3,269	20.8%	3,684	27.8%	+415
Overseas	791	5.0%	627	4.7%	-164
Other	2,255	14.4%	1,234	9.3%	-1,021
Total	15,681	100.0%	13,252	100.0%	-2,429

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

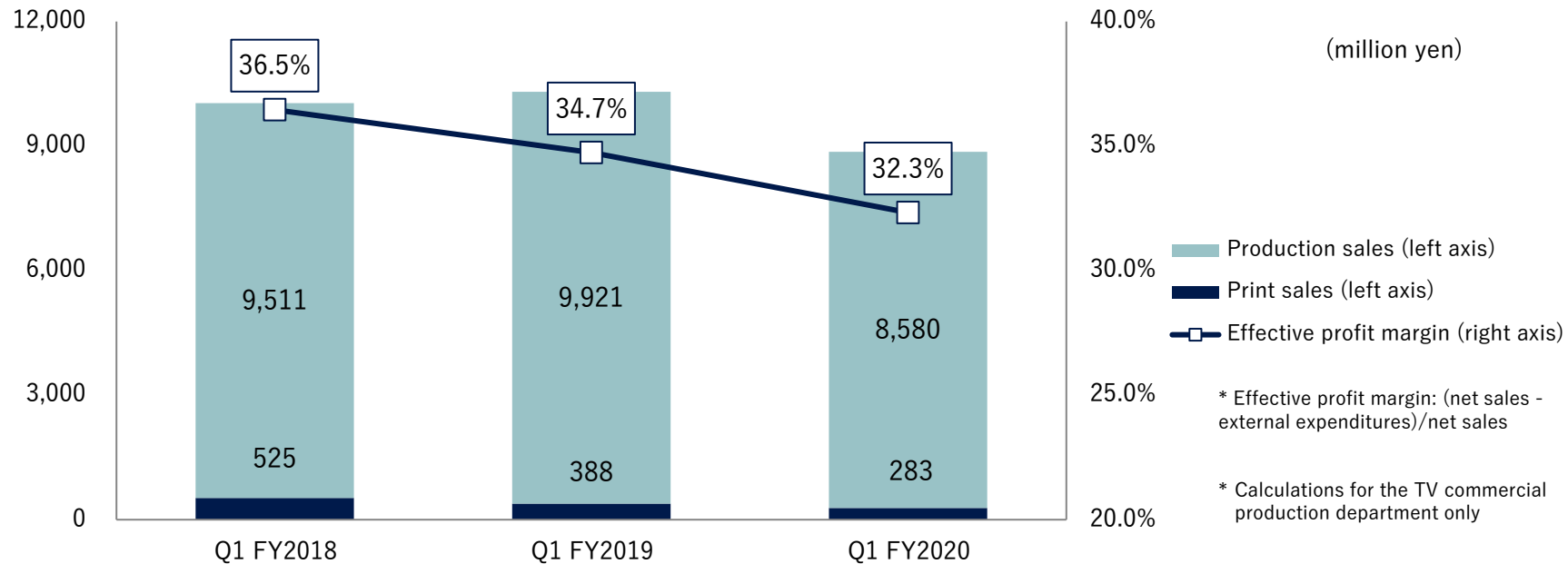
Summary of Consolidated Balance Sheet

- Cash and cash equivalents amounted to ¥9,142 million, as we maintained a high 188.7% liquidity ratio.
- We closed commitment lines with a number of financial institutions for a combined ¥12 billion, securing sufficient liquidity.

(million yen)	FY2019	Q1 FY2020	Major Components
Current Assets	36,003	35,103	notes and accounts receivable (-3,277); electronically recorded monetary claims (+697); work in process (+1,514)
Non-current Assets	17,348	17,246	
Total Assets	53,352	52,349	
Current Liabilities	18,343	18,606	Accounts payable (-1,431); short-term loans payable (+2,300)
Non-current Liabilities	11,645	10,893	Long-term loans payable (-742)
Total Liabilities	29,988	29,500	
Total Net Assets (percentage of total assets)	23,363 (43.8%)	22,849 (43.6%)	Retained earnings(-319)
Total Liabilities and Net Assets	53,352	52,349	

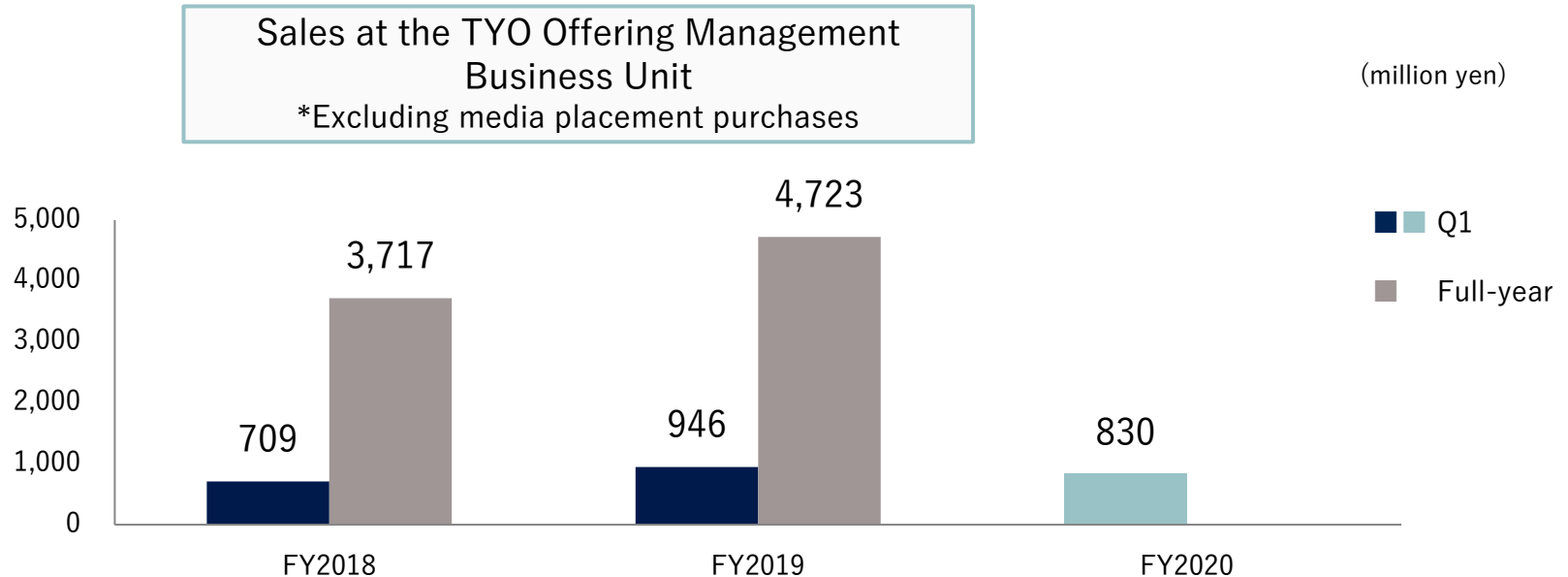
Video Advertising Business

- Despite measures to improve effective profit margin, the impact of several unprofitable projects accepted in the prior fiscal year led to lower effective profit margin.



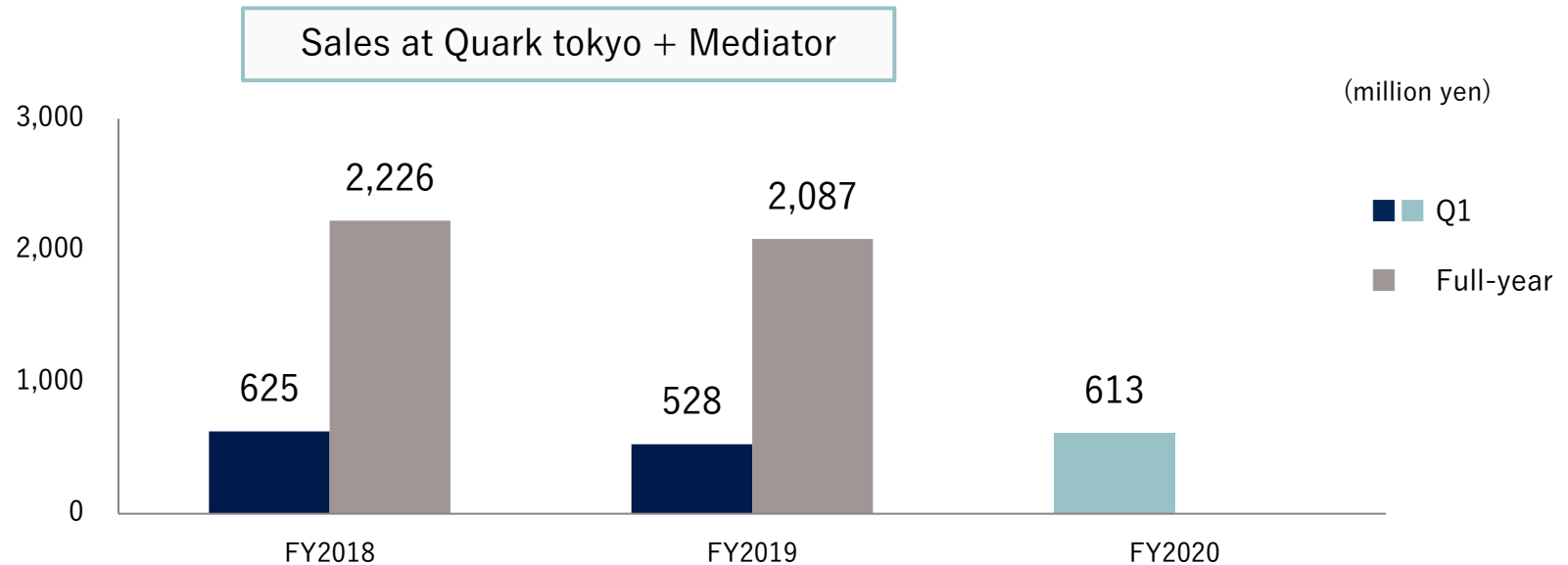
Solutions Business (1) - TYO Offering Management Business Unit

- Despite lower net sales, we expanded our customer base by winning new customers, etc.

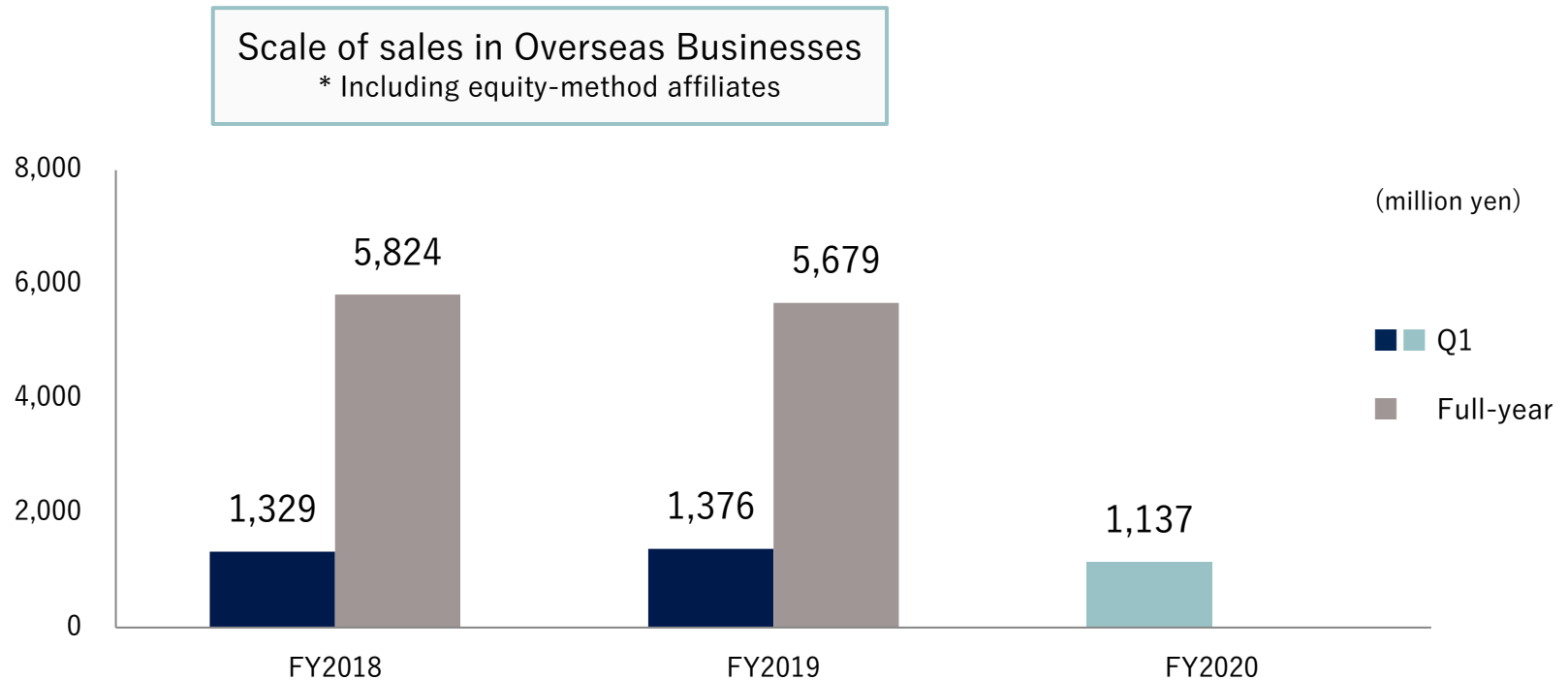


Solutions Business (2) - Quark tokyo + Mediator

- Mediator, established last year, got off to a favorable start, leading to higher sales.

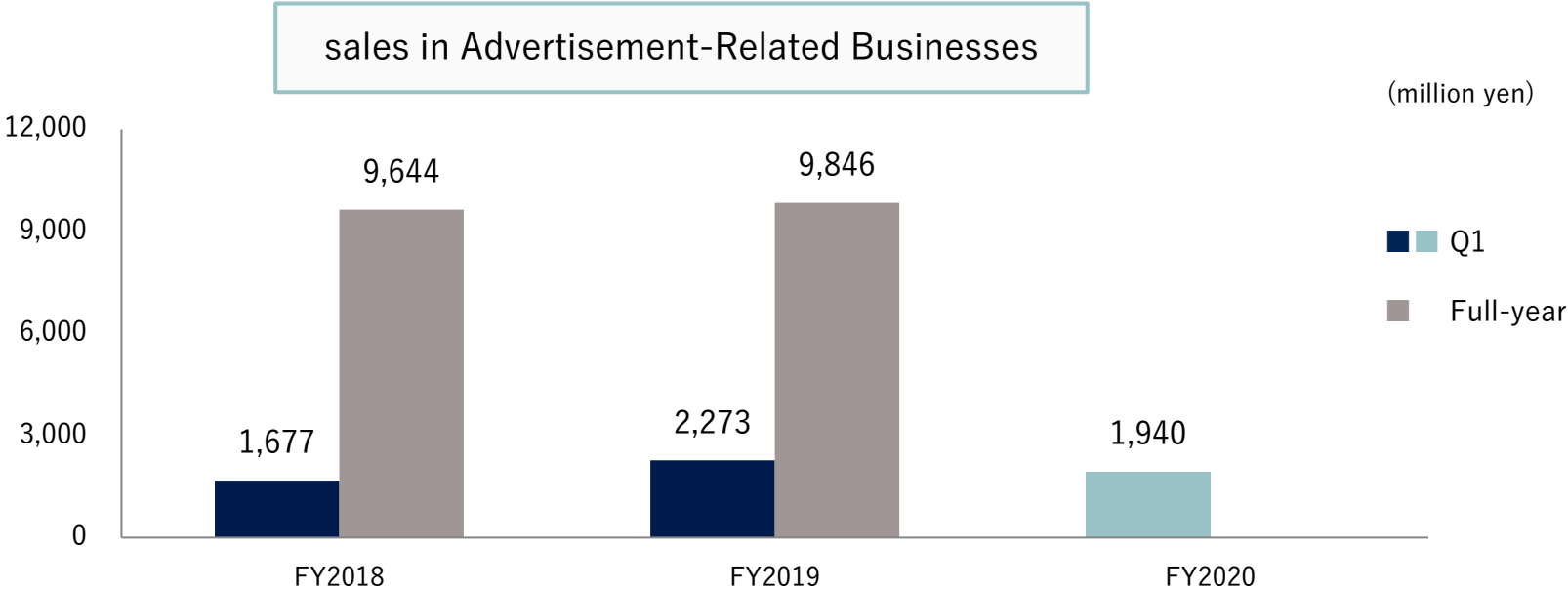


Overseas Business



Advertisement-Related Business

- Cancellations and postponements of events and exhibitions due to COVID-19 resulted in lower sales for events-related subsidiaries.



2. Consolidated Earnings Forecast

Revised Consolidated Earnings Forecast

- At present, there are no forecasts as to when the conclusion of COVID-19 will occur. Therefore, we find it difficult to make rational calculations of the impact of COVID-19 on our results. For the time being, we plan to leave our earnings forecasts undecided and make an announcement at a future time when we are able to make calculations.

(million yen)	FY2020 Previous Forecast		FY2020 Latest Revised Forecast	
	First Half	Full Year	First Half	Full Year
Net Sales	31,500	65,000	TBD	TBD
Operating Income	1,000	2,500	TBD	TBD
Ordinary Income	900	2,400	TBD	TBD
Profit Attributable to Owners of Parent	500	1,400	TBD	TBD
EBITDA	1,660	3,830	TBD	TBD

*Published February 19, 2020

*Published April 28, 2020

Initiatives Against COVID-19

Ensuring Employee Safety

- Create AOI TYO Group policies that define basic employee behavior.
- Implementing telework and restricting office access as a rule. When office attendance is necessary, we require masks and prohibit eating in groups.

Measures for Video Advertising Production

- We have asked customers to postpone filming, editing, or other work requiring close contact. Also, we have closed studios and engaged remote services for editing and other tasks.
- We are negotiating with advertising agencies and advertisers regarding plans and production methods to minimize the risk of infection, striving to continue with appropriate advertising communications.

Impact of COVID-19 on Earnings

Impact of Measures to Prevent the Spread of Disease

- Even if the declaration of emergency is lifted in the future, measures are still likely to be required to prevent the spread of COVID-19. The degree of such requirements has not been clarified at this time, so it is difficult to determine the extent to which the AOI TYO Group and our video and event production operations will be affected.

Impact of Slowing Economic Activities

- The stagnation of economic activity caused by COVID-19 may exacerbate the economic situation and dampen corporate earnings in Japan and overseas, resulting in lower demand for advertising. However, it is difficult to provide a rational calculation of this impact on orders for group services at this time.

3. Appendix - Stock Information, etc

AOI TYO Group

AOI TYO Holdings

*As of Mar. 31, 2020.

Consolidated subsidiaries: 33 total
Consolidated employees: 1,622

AOI Pro.

Date of establishment: Oct. 25, 1963
Consolidated subsidiaries: 17 (including AOI Pro.)
Consolidated employees: 722



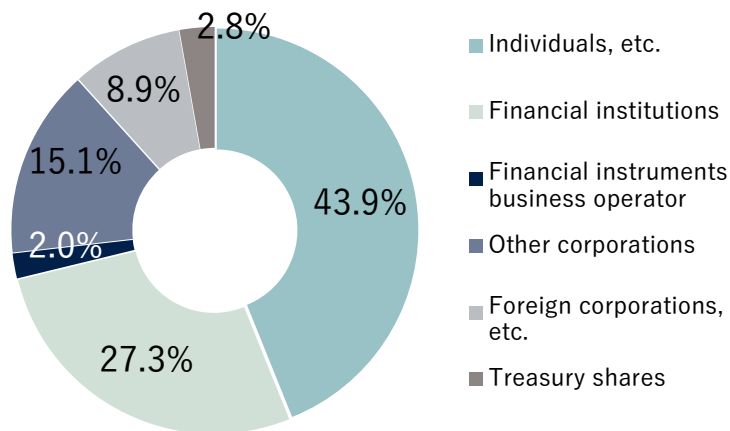
Date of establishment: Apr. 2, 1982
Consolidated subsidiaries: 16 (including TYO)
Consolidated employees: 744

Status of Stock and Shareholders (as of Dec. 31, 2019)

Number of Shares and Shareholders

Total number of shares issued	24,566,447
Total number of shareholders	11,169

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)	1,960,300	8.21%
2	Cosmo Channel	1,153,740	4.83%
3	Japan Trustee Services Bank, Ltd. (Trust Account 9)	1,070,200	4.48%
4	IMAGICA GROUP Inc.	1,018,000	4.26%
5	Japan Trustee Services Bank, Ltd. (Trust Account)	831,700	3.48%
6	Fields Corporation	479,660	2.01%
7	Trust & Custody Services Bank, Ltd. (Trust Account E)	418,900	1.75%
8	Japan Trustee Services Bank, Ltd. (Trust Account 5)	411,000	1.72%
9	Hitoshi Hara	400,000	1.68%
10	Fumiko Hara	328,000	1.37%

* The shareholding ratios are calculated by subtracting treasury shares (690,664).

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:
Contact (<http://aoityo.com/en/contact.html>)