

NEWS RELEASE



AOI TYO Holdings Inc.
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Notice Regarding Recognition of Extraordinary Loss (Consolidated) and Revision to Full-year Consolidated Performance Forecast

AOI TYO Holdings Inc. recorded an extraordinary loss for the fiscal year ended December 2019 as described below. In conjunction with this extraordinary loss, we have revised the full-year consolidated performance forecast as originally announced on August 9, 2019.

1. Recognition of extraordinary loss (consolidated)

To date, AOI TYO Holdings has recorded accounting and business process system software at consolidated subsidiaries as assets. We plan to integrate systems for the group to achieve greater efficiency and reduce costs. After researching recoverability under the *Accounting Standard for Impairment of Fixed Assets*, we have decided to record an extraordinary loss of 1,125 million yen in impairment loss for the systems in question.

We have also recorded 1,117 million yen in impairment loss related to a loss on valuation of investment securities for certain investment securities held by our consolidated subsidiaries. This transaction is the result of our consideration of a significant delay in business plan progress in light of the variance between business plan projections made at the time of investment and actual performance to date.

2. Revised forecast of consolidated financial results for January 1 – December 31, 2019

Millions of yen, excepting net income per share

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent	Net income per share (¥)
Earlier forecast (A)	63,600	2,300	2,150	1,050	44.63
Revised forecast (B)	65,220	2,110	1,750	-1,280	-54.48
(B) – (A)	1,620	-190	-400	-2,330	
Percentage of changes	2.5%	-8.3%	-18.6%		
Reference (FY2018 results)	64,792	3,433	3,325	1,952	82.48

3. Reasons for the revision of consolidated performance forecast

We forecast net sales to outperform our original performance forecast. Although sales to major advertising agencies have decreased slightly, direct transactions with clients have increased. By media type, we forecast TV commercial production to remain level year on year, while online video production should increase.

At the same time, weaker profit margins in connection with increased orders in our Video Advertising Business, which had been experiencing improving profit margins, and the impact of weak performance among certain subsidiaries lead us to expect operating income and ordinary income somewhat lower than initial plan. Based on the extraordinary loss discussed under 1., above, we have revised our initial performance forecast.

4. Dividend forecast for FY2019

We have left our forecast for year-end dividends unchanged from our previously announced figure of 12 yen per share (20 yen per share annual dividend when combined with an 8 yen per share interim dividend).

5. Outlook for FY2020 (January 1 – December 31, 2020)

During the fiscal year ending December 2020, we intend to reduce costs related to software, for which we recorded the impairment loss as described in 1., above, and reorganization of poorly performing subsidiaries. At the same time, we are focused on measures to delve deeper and wider in business fields described under our medium-term policies, looking toward long-term, sustainable corporate value improvement. We also intend to hire and develop more professionals, which is a strength of the AOI TYO Group.

*The forecasts above are based on information available at the time. Actual performance may vary from forecasts due to various factors that may occur in the future.