

Note: This document is a direct translation of the *kessan tanshin* released in Japanese. All figures in millions of yen have thus been rounded down to the nearest million yen. If there are any discrepancies between this document and the original Japanese version, the original Japanese version prevails.

February 10, 2022

TV Asahi Holdings Corporation
Consolidated Earnings Report for the Nine Months ended December 31, 2021
(Japanese GAAP)

Stock listing: Tokyo Stock Exchange (First Section)
 Headquarters: 6-9-1 Roppongi, Minato-ku, Tokyo 106-8001 JAPAN
 Representative: Hiroshi Hayakawa, Chairman and CEO
 Information contact: Naoji Kobayashi, Treasurer

Securities code: 9409
 URL: <https://www.tv-asahihd.co.jp/e/>
 Tel: +81-3-6406-1115

Scheduled dates

Filing of statutory quarterly financial report (*shihanki hokokusho*): February 10, 2022

Dividend payout: -

Supplementary materials to quarterly financial results available: Yes

Quarterly earnings presentation held: No

(Amounts rounded down to the nearest ¥ million)

1. Consolidated Performance for the Nine Months ended December 31, 2021 (April 1, 2021–December 31, 2021)

(1) Consolidated Operating Results (percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary Income		Profit attributable to owners of the parent	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Nine months ended December 31, 2021	222,223	16.6	16,353	80.6	20,665	66.5	14,118	81.7
Nine months ended December 31, 2020	190,627	(14.0)	9,056	(16.2)	12,410	(57.9)	7,768	(68.6)

Note: Comprehensive income: Nine months ended December 31, 2021 ¥ 22,994 million (minus 19.8%)
 Nine months ended December 31, 2020 ¥ 19,193 million (minus 15.3%)

	Earnings per share	Diluted earnings per share
	¥	¥
Nine months ended December 31, 2021	139.06	-
Nine months ended December 31, 2020	74.96	-

(2) Consolidated Financial Position

	Total assets	Net assets	Owners' equity ratio
	¥ million	¥ million	%
December 31, 2021	497,740	395,601	79.2
March 31, 2021	473,739	376,105	79.1

Note: *Owners' equity: December 31, 2021: ¥ 394,353 million; March 31, 2021: ¥ 374,964 million

*Owners' equity = Net assets – Share purchase warrants – Non-controlling interests

2. Dividends

	Dividend per share				
	End-Q1	End-Q2	End-Q3	Year-end	Annual total
	¥	¥	¥	¥	¥
FYE March 31, 2021	—	20.00	—	20.00	40.00
FYE March 31, 2022	—	20.00	—		
Forecast for FYE March 31, 2022				30.00	50.00

Note: Revisions from the latest release of dividends forecasts: Yes

3. Forecast for the Fiscal Year ending March 31, 2022 (April 1, 2021 – March 31, 2022)

(percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary Income		Profit attributable to owners of the parent		Earnings per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
FYE March 31, 2022	300,000	13.4	20,000	38.8	24,000	33.5	19,000	50.8	187.10

Note: Revisions from the latest release of earnings forecasts: Yes

4. Other Information

- (1) Changes in consolidation status of major subsidiaries during the term: None
- (2) Accounting methods specific to quarterly consolidated financial statements: Yes
- (3) Changes in accounting principles, changes in accounting estimates, and retrospective restatement
 - 1) Changes in accordance with amendments to accounting standards, etc.: Yes
 - 2) Changes other than noted in 1) above: None
 - 3) Changes in accounting estimates: None
 - 4) Retrospective restatement: None
- (4) Shares outstanding (ordinary shares)

	December 31, 2021	March 31, 2021
1) Number of shares issued (including treasury stock)	108,529,000	108,529,000
2) Number of shares held in treasury	6,925,333	7,019,586
	Nine months ended December 31, 2021	Nine months ended December 31, 2020
3) Average number of shares outstanding during the term	101,530,904	103,637,800

* This document is outside the scope of quarterly review.

*Appropriate Use of Earnings Forecasts and Other Important Information

- The above forecasts are based on information available as of this report's publication. Actual results may differ from forecasts due to changes in the business environment. For assumptions regarding the earnings forecast, please refer to the next page.
- TV Asahi Holdings Corporation intends to publish the supplementary material to quarterly financial results on its website on Thursday, February 10, 2022.

* Changes in Accounting Principles

Adoption of accounting standards for revenue recognition

TV Asahi Holdings Corporation has adopted the accounting standards for revenue recognition (Accounting Standards Board of Japan (ASBJ) Statement No. 29; March 31, 2020) and related guidelines from the first quarter of FYE March 31, 2022. In line with this adoption, revenue is recognized upon the transfer of controls for promised goods or services to customers in an amount that reflects the consideration to which they expect to be entitled in exchange for those goods or services. The main effects of the adoption are as follows.

- (1) Principal or agent

For a number of transactions in the TV Broadcasting Business and Other Businesses, the gross amount was

previously recognized as revenue. As a result of assessing the provider (principal or agent) of the goods or services, the net amount is now recognized as revenue.

(2) Grant of license

For a number of transactions regarding grant of license in the internet business of Other Businesses, revenue was previously recognized throughout the term of the license period. Revenue is now recognized at the time when the promised goods or services has been transferred to the customer and such duty has been fulfilled.

In adopting the accounting standard for revenue recognition, in accordance with the transitional treatment set forth in the proviso of Article 84 of the accounting standards for revenue recognition, the cumulative effect of retrospective application of the standards prior to the beginning of the first quarter of FYE March 31, 2022 was added to or subtracted from retained earnings at the beginning of the first quarter of FYE March 31, 2022.

As a result, net sales decreased by ¥3,281 million, cost of sales decreased by ¥3,269 million and operating income, ordinary income and income before income taxes have respectively increased by ¥12 million for the nine months ended December 31, 2021 of FYE March 31, 2022. In addition, retained earnings at the beginning of the first quarter of FYE March 31, 2022 increased by ¥487 million.

Consolidated Earnings Forecasts and Other Forward-looking Statements

Regarding the consolidated earnings forecast for the fiscal year ending March 31, 2022, due to various measures taken by the Business Solution Headquarters together with cost control of program production costs and reduced SGA costs from the Covid-19 pandemic, operating costs have decreased. Thus, the Company foresees that operating income, ordinary income and profit attributable to owners of the parent will exceed the previous forecast (released on November 11, 2021).

Revision of the consolidated forecast for the Fiscal Year Ending March 31, 2022 (April 1, 2021~March 31, 2022)

	Net Sales	Operating Income	Ordinary Income	Profit attributable to owners of the parent	Earnings per share
	¥ million	¥ million	¥ million	¥ million	¥
Previous Forecast (A)	300,000	17,000	20,000	17,000	167.45
New Forecast (B)	300,000	20,000	24,000	19,000	187.10
Difference (B-A)	-	3,000	4,000	2,000	
Difference (%)	-	17.6	20.0	11.8	
<Reference> Results for FYE March 31, 2021	264,557	14,413	17,980	12,600	122.08

Consolidated Financial Statements

(1) Consolidated Balance Sheets

	As of March 31, 2021 Amount	(millions of yen) As of December 31, 2021 Amount
Assets		
Current assets		
Cash and deposits	36,400	20,002
Trade notes and accounts receivable	74,757	79,452
Marketable securities	19,099	45,103
Inventories	12,211	11,547
Other current assets	9,149	10,821
Less allowance for doubtful accounts	(77)	(79)
Total current assets	151,540	166,848
Fixed assets		
Tangible assets		
Land	51,266	51,266
Other tangible assets, net	56,316	51,697
Total tangible assets	107,582	102,964
Intangible assets		
Other intangible assets	9,117	8,654
Total intangible assets	9,117	8,654
Investments and other assets		
Investment securities	183,834	198,038
Other investments and other assets	22,523	21,844
Less allowance for doubtful accounts	(859)	(608)
Total investments and other assets	205,498	219,273
Total fixed assets	322,199	330,892
Total assets	473,739	497,740

	As of March 31, 2021 Amount	(millions of yen) As of December 31, 2021 Amount
Liabilities		
Current liabilities		
Trade notes and accounts payable	6,105	7,528
Other current liabilities	54,257	54,197
Total current liabilities	60,362	61,725
Non-current liabilities		
Net defined benefit liabilities	17,278	16,514
Other non-current liabilities	19,992	23,899
Total non-current liabilities	37,271	40,413
Total liabilities	97,634	102,139
Net assets		
Stockholders' equity		
Common stock	36,665	36,667
Additional paid-in capital	70,438	70,472
Retained earnings	244,232	254,585
Treasury stock	(13,837)	(13,637)
Total stockholders' equity	337,499	348,097
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	41,213	49,480
Deferred gain (loss) on hedges	12	10
Foreign currency translation adjustments	(75)	112
Remeasurements of defined benefit plans	(3,686)	(3,347)
Total accumulated other comprehensive income	37,464	46,256
Non-controlling interests	1,141	1,247
Total net assets	376,105	395,601
Total liabilities and net assets	473,739	497,740

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

	(millions of yen)	
	Nine Months ended December 31, 2020	Nine Months ended December 31, 2021
	Amount	Amount
Net sales	190,627	222,223
Cost of sales	141,308	157,616
Gross profit	49,318	64,606
SGA expenses	40,262	48,253
Operating income	9,056	16,353
Non-operating revenue		
Dividend income	1,278	1,185
Share of profit of entities accounted for using equity method	1,996	2,762
Other non-operating revenue	276	439
Total non-operating revenue	3,551	4,387
Non-operating expenses		
Loss on disposal of non-current assets	77	35
Other non-operating expenses	119	39
Total non-operating expenses	197	75
Ordinary Income	12,410	20,665
Extraordinary losses		
Provision of allowance for doubtful accounts	603	-
Loss on COVID-19	344	205
Total extraordinary losses	948	205
Income before income taxes	11,462	20,460
Income taxes	3,663	6,258
Profit	7,798	14,202
Profit attributable to non-controlling interests	29	83
Profit attributable to owners of the parent	7,768	14,118

Consolidated Statements of Comprehensive Income

	Nine Months ended December 31, 2020	(millions of yen) Nine Months ended December 31, 2021
	Amount	Amount
Profit	7,798	14,202
Other comprehensive income		
Valuation difference on available-for-sale securities	9,454	8,157
Deferred gain (loss) on hedges	26	(0)
Foreign currency translation adjustments	(18)	45
Remeasurements of defined benefit plans	393	342
Share of other comprehensive income of entities accounted for using equity method	1,537	246
Total other comprehensive income	11,394	8,791
Comprehensive income	19,193	22,994
Components:		
Comprehensive income attributable to owners of the parent	19,163	22,910
Comprehensive income attributable to non-controlling interests	29	83

Segment Information

Information about Sales and Segment Income by Reportable Segment

Nine Months ended December 31, 2020 (April 1, 2020 to December 31, 2020)

	Reportable segment				Total	Adjustments*1	(millions of yen) Amounts reported on consolidated financial statements*2
	TV Broadcasting Business	Music Publication Business	Other Businesses				
Sales							
Sales to outside customers	151,990	4,498	34,138	190,627	-	190,627	
Inter-segment sales and transfers	2,618	163	6,795	9,577	(9,577)	-	
Total	154,609	4,661	40,933	200,204	(9,577)	190,627	
Segment income	6,638	463	1,954	9,056	0	9,056	

Notes: 1. Segment income adjustments totaling 0 million yen includes elimination of inter-segment transactions of minus 67 million yen, 1,632 million yen income accruing from inter-company transactions with subsidiaries, and corporate expenses of minus 1,564 million yen. Corporate expenses are chiefly those expenses related to the Company's management of the Group's business.

2. Segment income is adjusted to align it with operating income reported on the quarterly consolidated statements of income for the corresponding period.

Nine Months ended December 31, 2021 (April 1, 2021 to December 31, 2021)

	Reportable segment				Total	Adjustments*1	(millions of yen) Amounts reported on consolidated financial statements*2
	TV Broadcasting Business	Music Publication Business	Other Businesses				
Sales							
Sales to outside customers	177,025	5,571	39,626	222,223	-	222,223	
Inter-segment sales and transfers	2,862	157	6,806	9,826	(9,826)	-	
Total	179,887	5,729	46,432	232,049	(9,826)	222,223	
Segment income	14,363	640	1,315	16,319	33	16,353	

Notes: 1. Segment income adjustments totaling 33 million yen includes elimination of inter-segment transactions of minus 52 million yen, 1,503 million yen income accruing from inter-company transactions with subsidiaries, and corporate expenses of minus 1,417 million yen. Corporate expenses are chiefly those expenses related to the Company's management of the Group's business.

2. Segment income is adjusted to align it with operating income reported on the quarterly consolidated statements of income for the corresponding period.

* Note regarding changes in Sales and Segment Income by Reportable Segment

As noted in Changes in Accounting Principles, the accounting standards for revenue recognition has been adopted from the first quarter of FYE March 31, 2022. As the manner of revenue recognition has changed, the calculation method for segment income and loss has also changed.

As a result, compared to the previous accounting method, sales for TV Broadcasting Business for the nine months ended September 30, 2021 decreased by 574 million yen and there were no changes to segment income. Sales for Other Businesses decreased by 2,707 million yen, and segment income increased by 12 million yen.