Consolidated Financial Report For Fiscal 2018
(The Fiscal Year Ended March 31, 2019 under Japanese GAAP)

May 10, 2019

Company Name: Asahi Broadcasting Group Holdings Corporation  Stock Exchange Listing: Tokyo Stock Exchange
Securities Code: 9405  URL https://corp.asahi.co.jp/en/
Representative: Susumu Okinaka, Representative Director and President
Inquiries: Kengo Otsuka, General Manager, Financial Affairs Division  TEL: +81-6-6458-5321
Scheduled Date of Ordinary General Meeting of Shareholders: June 20, 2019
Scheduled Date of Dividend Payment Commencement: June 21, 2019
Scheduled Date of Securities Report Filing: June 21, 2019
Preparation of Annual Supplementary Explanatory Materials: Yes
Annual Results Briefing Held: Yes (for institutional investors and analysts)

(Figures are rounded down to the nearest million yen unless otherwise stated.)

1. Consolidated Financial Results for Fiscal 2018 (April 1, 2018 to March 31, 2019)

(1) Consolidated Operating Results

(Percentage figures show the year-on-year increase (decrease).)

| | Net Sales | | Operating Income | | Ordinary Income | | Profit attributable to owners of parent | |
|---|---|---|---|---|---|---|---|---|
| | ¥ million | % | ¥ million | % | ¥ million | % | ¥ million | % |
| Fiscal 2018 | 81,986 | 1.2 | 4,262 | 0.3 | 4,591 | 1.2 | 3,742 | 39.0 |
| Fiscal 2017 | 80,991 | (1.6) | 4,250 | (14.5) | 4,539 | (13.7) | 2,691 | (21.2) |

Note: Comprehensive Income Fiscal 2018: ¥3,858 million (-9.3%)
Fiscal 2017: ¥4,252 million (-4.9%)

| | Basic Earnings per Share | Diluted Earnings per Share | Rate of return on equity | Ordinary Income/Total Assets | Operating Income/Net Sales |
|---|---|---|---|---|---|
| | ¥ | ¥ | % | % | % |
| Fiscal 2018 | 91.55 | — | 5.9 | 4.4 | 5.2 |
| Fiscal 2017 | 65.92 | — | 4.5 | 4.4 | 5.2 |

(Reference) Equity in Earnings of Affiliates Fiscal 2018: ¥— million
Fiscal 2017: ¥— million

(2) Consolidated Financial Position

| | Total Assets | Net Assets | Equity-to-Asset Ratio | Net Assets per Share |
|---|---|---|---|---|
| | ¥ million | ¥ million | % | ¥ |
| March 31, 2019 | 107,788 | 67,049 | 60.5 | 1,594.83 |
| March 31, 2018 | 102,680 | 63,363 | 60.0 | 1,509.06 |

(Reference) Shareholders' Equity March 31, 2019: ¥65,223 million
March 31, 2018: ¥61,625 million

(3) Consolidated Cash Flows

| | Net Cash Provided By (Used In) Operating Activities | Net Cash Provided By (Used In) Investing Activities | Net Cash Provided By (Used In) Financing Activities | Ending Balance of Cash and Cash Equivalents |
|---|---|---|---|---|
| | ¥ million | ¥ million | ¥ million | ¥ million |
| Fiscal 2018 | 3,060 | (2,167) | (53) | 16,239 |
| Fiscal 2017 | 4,803 | (5,113) | (2,260) | 15,076 |

2. Dividends

| | Annual Dividend per Share | | | | | Total Dividends | Payout Ratio (Consolidated) | Ratio of Dividends to Net Assets (Consolidated) |
|---|---|---|---|---|---|---|---|---|
| | 1Q-End | 2Q-End | 3Q-End | Period-End | Total | | | |
| | ¥ | ¥ | ¥ | ¥ | ¥ | ¥ million | % | % |
| Fiscal 2017 | — | 10.00 | — | 10.00 | 20.00 | 816 | 30.3 | 1.4 |
| Fiscal 2018 | — | 10.00 | — | 18.00 | 28.00 | 1,145 | 30.6 | 1.8 |
| Fiscal 2019 (Forecast) | — | 9.00 | — | 9.00 | 18.00 | | 29.4 | |

3. Consolidated Financial Results Forecasts for Fiscal 2019 (April 1, 2019 to March 31, 2020)

(Percentage figures show the year-on-year increase (decrease) for each corresponding period.)

| | Net Sales | | Operating Income | | Ordinary Income | | Profit attributable to owners of parent | | Basic Earnings per Share |
|---|---|---|---|---|---|---|---|---|---|
| | ¥ million | % | ¥ million | % | ¥ million | % | ¥ million | % | ¥ |
| Full Fiscal Year | 83,500 | 1.8 | 3,700 | (13.2) | 4,000 | (12.9) | 2,500 | (33.2) | 61.13 |

* Notes

(1) Changes in the number of important subsidiaries during the period: None
(changes in specified subsidiaries resulting in a change in the scope of consolidation)

(2) Changes in accounting policies, accounting estimates and restatements
1) Changes in accounting policies in accordance with changes in accounting standards, etc.: None
2) Changes in accounting policies other than 1): None
3) Changes in accounting estimates: None
4) Restatements: None

(3) Number of shares issued and outstanding (common shares)

| | | | | |
|---|---|---|---|---|
| 1) Number of shares issued and outstanding as of the period-end (including treasury shares) | March 31, 2019 | 41,833,000 shares | March 31, 2018 | 41,833,000 shares |
| 2) Number of treasury shares as of the period-end | March 31, 2019 | 936,032 shares | March 31, 2018 | 996,088 shares |
| 3) Average number of shares issued and outstanding for the period | March 31, 2019 | 40,878,494 shares | March 31, 2018 | 40,836,913 shares |

* These consolidated financial results are outside the scope of audit by certified public accountants and audit corporations

* Explanation concerning the appropriate use of forecasts and other special instructions
(Caution regarding forward-looking statements, etc.)
Results forecasts and other forward-looking statements contained in this report are based on the assumptions, beliefs, and uncertainties in light of information available to the Company's management as of the publication date and do not represent promises by the Company or its management that these performance figures will be attained. Actual results may differ materially from forecasts due to a variety of factors. Please refer to "1. Overview of Business Results, etc. (4) Future Outlook" on page 4 of the attached supplementary materials for information regarding the underlying assumptions for financial results forecasts, as well as explanatory and other notes regarding the use of financial results forecasts.
The Company will hold a briefing for institutional investors and analysts, scheduled for Monday, May 20, 2019. A summary of the presentation materials to be distributed at this briefing shall be published on the Company's website after the event.

(Transition to a certified broadcasting holding company structure)
The Company transited to a certified broadcasting holding company on April 1, 2018. On the same date, the Company caused Asahi Television Broadcasting Split Preparatory Company which is wholly owned subsidiary of the Company to succeed a part of the rights and obligations that the Company holds with respect to all businesses excluding the radio broadcasting business, the group administrative management business, the real estate management business and the solar power generation business as well as the Company caused Asahi Radio Broadcasting Split Preparatory Company which is wholly owned subsidiary of the Company to succeed a part of the rights and obligations that the Company holds with respect to the radio broadcasting business through an absorption-type company split in accordance with the Agreement concluded on May 10, 2017 and approved at ordinary general shareholders meeting on June 22, 2017. Further, the Company changed the trade name to Asahi Broadcasting Group Holdings Corporation, Asahi Television Broadcasting Split Preparatory Company changed the trade name to Asahi Television Broadcasting Corporation, and Asahi Radio Broadcasting Split Preparatory Company changed the trade name to Asahi Radio Broadcasting Corporation on the same date respectively.

Supplementary Materials: Table of Contents

## 1. Overview of Business Results, etc.

### (1) Overview of Business Results for the Fiscal Year under Review

In fiscal 2018, which extended from April 1, 2018 to March 31, 2019, the Japanese economy continued a moderate recovery trend, with corporate earnings holding steady and an improvement in income conditions, while uncertainty increased in regard to trade friction and trends in overseas economies.

Under these circumstances, in the broadcasting field where the Asahi Broadcasting Group (the Group) conducts its core business, decreases in TV spot advertising sales and other factors caused net sales to decrease. Net Sales of the housing business were up due to an increase in revenue from sales of real estate and the opening of a new housing exhibition facility. Net sales of the golf business were up due to an increase in the number of registration transfers, despite lower numbers of visitors. As a result of these factors, the Group's net sales for the fiscal year ended March 31, 2019 increased ¥995 million, or 1.2%, compared to the previous fiscal year and amounted to ¥81,986 million.

From the cost standpoint, cost of sales increased ¥457 million (0.9%) compared with the previous fiscal year, to ¥53,463 million. Selling, general and administrative expenses increased ¥524 million (2.2%) compared with the previous fiscal year, to ¥24,260 million. As a result of the above, operating income for the period increased ¥12 million, or 0.3%, to ¥4,262 million, while ordinary income totaled ¥4,591 million, an increase of ¥52 million, or 1.2%. In addition, as extraordinary income, ¥76 million in gain on sales of non-current assets was recorded. Furthermore, as extraordinary loss, ¥176 million in special retirement expenses was recorded. As a result, income before income taxes were ¥4,491 million, a decrease of ¥25 million, or 0.6%, and profit attributable to owners of parent was ¥3,742 million, an increase of ¥1,050 million, or 39.0%.

Results by business segment are as follows:

*Broadcasting Business*

In the fiscal year under review, net sales in the broadcasting business totaled ¥68,550 million, down ¥94 million, or 0.1%, compared to the previous fiscal year. The principal factor accounting for this decrease in revenue is a decrease in TV spot advertising sales, despite increases in TV advertising time sales and revenue associated with the secondary use of the content. On the other hand, operating expenses decreased 0.5% from the previous fiscal year, owing to factors including decreases in agency fee and labor expenses. Furthermore, profit increased by ¥199 million due to a change in the calculation method of segment profit in line with the transition to a certified broadcasting holding company, and operating income amounted to ¥3,475 million, an increase of ¥358 million, or 11.5%, from the previous fiscal year.

*Housing Business*

In the housing business, net sales amounted to ¥12,545 million, an increase of ¥1,070 million, or 9.3%, compared with the previous fiscal year. Principal factors were increases in revenue from sales and leasing of real estate, and an increase in revenue from the advertising business in addition to an increase in revenue associated with the opening of a new housing exhibition facility. Meanwhile, operating expenses rose 10.5% due to cost price appropriation consequent upon the sales of real estate, increased costs from leasing of real estate, and other factors. Furthermore, profit decreased by ¥198 million due to a change in the calculation method of segment profit in line with the transition to a certified broadcasting holding company, and operating income amounted to ¥1,060 million, a decrease of ¥23 million, or 2.2%, from the previous fiscal year.

*Golf Business*

Net sales in the golf business amounted to ¥890 million, an increase of ¥18 million, or 2.2%, compared with the previous fiscal year. This was due to increases in the price per visitor and the number of registration transfers despite a lower number of visitors due to poor weather over the summer. On the other hand, operating expenses rose 3.9% due to increased labor expenses and other factors. As a result, operating income amounted to ¥28 million, a decrease of ¥20 million, or 42.1%, from the previous fiscal year.

**(2) Overview of Financial Position for the Fiscal Year under Review**

*(Assets)*

Total assets as of the end of the fiscal year under review were ¥107,788 million, ¥5,108 million higher than at the end of the previous fiscal year (March 31, 2018). This was primarily attributable to an increase of ¥4,473 million in current assets in line with the acquisition of real estate for sale.

*(Liabilities)*

Total liabilities were ¥40,738 million, ¥1,421 million higher than at the end of the previous fiscal year. The principal reason for the increase in liabilities was an increase in the amount recorded for accounts payable - other.

*(Net Assets)*

Consolidated total net assets came to ¥67,049 million, ¥3,686 million higher than at the end of the previous fiscal year. Although profit attributable to owners of parent reported for the period under review was ¥3,742 million, the Group paid a total of ¥817 million in dividends from surplus. In addition, retained earnings increased ¥535 million due to a change in the scope of consolidation.

**(3) Overview of Cash Flows for the Fiscal Year under Review**

For the fiscal year under review, net cash provided by operating activities totaled ¥3,060 million. Net cash used in investing activities was ¥2,167 million, and net cash used in financing activities came to ¥53 million. In addition, cash and cash equivalents increased ¥323 million due to a change in the scope of consolidation.

Accounting for each of these activities, the ending balance of cash and cash equivalents stood at ¥16,239 million, an increase of ¥1,162 million compared with the end of the previous fiscal year. In specific terms, cash flow activities are presented as follows.

*(Cash Flows from Operating Activities)*

Net cash provided by operating activities was ¥3,060 million (an inflow of ¥4,803 million during the previous fiscal year) due to the recording of income before income taxes and depreciation and amortization despite payment in line with the acquisition of real estate for sale.

*(Cash Flows from Investing Activities)*

Net cash used in investing activities was ¥2,167 million (an outflow of ¥5,113 million during the previous fiscal year) due to purchase of broadcasting equipment and other property, plant and equipment.

*(Cash Flows from Financing Activities)*

Net cash used in financing activities was ¥53 million (an outflow of ¥2,260 million during the previous fiscal year) due to proceeds from long term loans payable despite cash dividends paid.

### (4) Future Outlook

In the fiscal year ending March 31, 2020, the Japanese economy is expected to maintain a moderate recovery trend, backed by corporate earnings holding steady and a projected improvement in income conditions, but conditions are likely to remain unclear due to concern over factors such as economic slowdown in Europe and China. Under these circumstances, the Group will aim to improve viewer ratings in the mainstay broadcasting business, while carrying out aggressive investments aimed at expansion in rapidly growing content-related businesses.

In the fiscal year ending March 31, 2020, net sales, operating income, ordinary income, and profit attributable to owners of parent are projected to total ¥83.5 billion, ¥3.7 billion, ¥4.0 billion, and ¥2.5 billion, respectively.

### (5) Significant Events regarding Going Concern Assumptions

Not applicable.

## 2. Rationale behind the Choice of Accounting Standards

To sustain comparability of consolidated financial statements between periods as well as between companies, the Group shall, for the time being, prepare consolidated financial statements under Japanese GAAP.

## 3. Consolidated Financial Statements and Primary Notes

### (1) Consolidated Balance Sheet

(Millions of Yen)

| | March 31, 2018 | March 31, 2019 |
|---|---|---|
| Assets | | |
| Current assets | | |
| Cash and deposits | 14,412 | 16,337 |
| Notes and accounts receivable - trade | 13,009 | 13,550 |
| Short-term investment securities | 2,101 | 200 |
| Inventories | 2,169 | 5,114 |
| Income taxes receivable | — | 312 |
| Other | 1,692 | 2,345 |
| Allowance for doubtful accounts | (6) | (9) |
| Total current assets | 33, 379 | 37,852 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 34,645 | 34,706 |
| Accumulated depreciation | (14,249) | (14,985) |
| Buildings and structures, net | 20,396 | 19,721 |
| Machinery equipment and vehicles | 18,859 | 20,289 |
| Accumulated depreciation | (13,830) | (14,609) |
| Machinery equipment and vehicles, net | 5,028 | 5,679 |
| Tools furniture and fixtures | 1,701 | 1,791 |
| Accumulated depreciation | (1,299) | (1,243) |
| Tools furniture and fixtures, net | 402 | 548 |
| Land | 11,049 | 10,769 |
| Lease assets | 616 | 38 |
| Accumulated depreciation | (293) | (25) |
| Lease assets, net | 322 | 13 |
| Construction in progress | 1,729 | 1,104 |
| Total property, plant and equipment | 38,928 | 37,837 |
| Intangible assets | | |
| Software | 216 | 1,167 |
| Software in progress | 848 | 105 |
| Other | 119 | 109 |
| Total intangible assets | 1,184 | 1,381 |
| Investments and other assets | | |
| Investment securities | 18,376 | 18,406 |
| Long-term loans receivable | 9 | 73 |
| Long-term prepaid expenses | 1,635 | 1,479 |
| Deferred tax assets | 6,823 | 8,571 |
| Other | 2,579 | 2,196 |
| Allowance for doubtful accounts | (237) | (10) |
| Total investments and other assets | 29,186 | 30,716 |
| Total non-current assets | 69,300 | 69,935 |
| Total assets | 102,680 | 107,788 |

(Millions of Yen)

| | March 31, 2018 | March 31, 2019 |
|---|---|---|
| Liabilities | | |
| Current liabilities | | |
| Current portion of long term loans payable | 40 | 240 |
| Lease obligations | 324 | 1 |
| Accounts payable - other | 5,837 | 6,475 |
| Accrued expenses | 1,679 | 1,866 |
| Income taxes payable | 614 | 934 |
| Provision for directors' bonuses | 77 | 113 |
| Other | 3,922 | 3,497 |
| Total current liabilities | 12,496 | 13,129 |
| Non-current liabilities | | |
| Long term loans payable | 130 | 740 |
| Lease obligations | 1 | — |
| Net defined benefit liability | 18,019 | 17,092 |
| Long-term guarantee deposited | 7,624 | 7,487 |
| Deferred tax liabilities | — | 1,049 |
| Other | 1,044 | 1,239 |
| Total non-current liabilities | 26,820 | 27,609 |
| Total liabilities | 39,316 | 40,738 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 5,299 | 5,299 |
| Capital surplus | 5,754 | 5,775 |
| Retained earnings | 49,780 | 53,241 |
| Treasury stock | (500) | (470) |
| Total shareholders' equity | 60,334 | 63,846 |
| Valuation and translation adjustments | | |
| Valuation difference on available-for-sale securities | 3,308 | 3,018 |
| Remeasurements of defined benefit plans | (2,018) | (1,641) |
| Total valuation and translation adjustments | 1,290 | 1,377 |
| Non-controlling interests | 1,738 | 1,826 |
| Total net assets | 63,363 | 67,049 |
| Total liabilities and net assets | 102,680 | 107,788 |

## (2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

Consolidated Statement of Income

(Millions of Yen)

| | Fiscal 2017 (April 1, 2017 to March 31, 2018) | Fiscal 2018 (April 1, 2018 to March 31, 2019) |
|---|---|---|
| Net sales | 80,991 | 81,986 |
| Cost of sales | 53,005 | 53,463 |
| Gross profit | 27,985 | 28,522 |
| Selling, general and administrative expenses | 23,735 | 24,260 |
| Operating income | 4,250 | 4,262 |
| Non-operating income | | |
| Interest and dividends income | 292 | 269 |
| Other | 96 | 113 |
| Total non-operating income | 389 | 383 |
| Non-operating expenses | | |
| Interest expenses | 8 | 8 |
| Loss on disposal of non-current assets | 25 | 19 |
| Business commencement expenses | 50 | 14 |
| Other | 15 | 12 |
| Total non-operating expenses | 99 | 54 |
| Ordinary income | 4,539 | 4,591 |
| Extraordinary income | | |
| Gain on sales of non-current assets | — | 52 |
| Gain on sales of investment securities | 80 | 23 |
| Subsidy | 20 | — |
| Total extraordinary income | 101 | 76 |
| Extraordinary loss | | |
| Impairment loss | 53 | — |
| Loss on valuation of stocks of subsidiaries and affiliates | — | 70 |
| Special retirement expenses | 70 | 106 |
| Total extraordinary loss | 123 | 176 |
| Income before income taxes | 4,517 | 4,491 |
| Income taxes - current | 1,431 | 1,369 |
| Income taxes - deferred | 48 | (651) |
| Total income taxes | 1,479 | 718 |
| Profit | 3,037 | 3,773 |
| Profit attributable to non-controlling interests | 345 | 31 |
| Profit attributable to owners of parent | 2,691 | 3,742 |

Consolidated Statement of Comprehensive Income

(Millions of Yen)

| | Fiscal 2017 (April 1, 2017 to March 31, 2018) | Fiscal 2018 (April 1, 2018 to March 31, 2019) |
|---|---|---|
| Profit | 3,037 | 3,773 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities, net of tax | 311 | (291) |
| Remeasurements of defined benefit plans, net of tax | 903 | 376 |
| Total other comprehensive income | 1,214 | 84 |
| Comprehensive income | 4,252 | 3,858 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of the parent | 3,917 | 3,827 |
| Comprehensive income attributable to non-controlling interests | 334 | 31 |

### (3) Consolidated Statement of Changes in Equity

Fiscal 2017 (April 1, 2017 to March 31, 2018)

(Millions of Yen)

| | Shareholders' equity | | | | |
|---|---|---|---|---|---|
| | Capital stock | Capital surplus | Retained earnings | Treasury stock | Total shareholders' equity |
| Balance at the beginning of period | 5,299 | 3,695 | 48,191 | (500) | 56,686 |
| Changes of items during the period | | | | | |
| Dividends from surplus | | | (1,102) | | (1,102) |
| Profit attributable to owners of parent | | | 2,691 | | 2,691 |
| Purchase of treasury stock | | | | (0) | (0) |
| Disposal of treasury stock | | | | | — |
| Change of scope of consolidation | | | | | — |
| Change in treasury shares of parent arising from transactions with non-controlling shareholders | | 2,059 | | | 2,059 |
| Net changes of items other than shareholders' equity | | | | | — |
| Total changes of items during the period | — | 2,059 | 1,589 | (0) | 3,648 |
| Balance at the end of period | 5,299 | 5,754 | 49,780 | (500) | 60,334 |

| | Valuation and translation adjustments | | | Non-controlling interests | Total net assets |
|---|---|---|---|---|---|
| | Valuation difference on available-for-sale securities | Remeasure-ments of defined benefit plans | Total valuation and translation adjustments | | |
| Balance at the beginning of period | 2,985 | (2,921) | 64 | 4,523 | 61,274 |
| Changes of items during the period | | | | | |
| Dividends from surplus | | | | | (1,102) |
| Profit attributable to owners of parent | | | | | 2,691 |
| Purchase of treasury stock | | | | | (0) |
| Disposal of treasury stock | | | | | — |
| Change of scope of consolidation | | | | | — |
| Change in treasury shares of parent arising from transactions with non-controlling shareholders | | | | | 2,059 |
| Net changes of items other than shareholders' equity | 323 | 903 | 1,226 | (2,785) | (1,559) |
| Total changes of items during the period | 323 | 903 | 1,226 | (2,785) | 2,089 |
| Balance at the end of period | 3,308 | (2,018) | 1,290 | 1,738 | 63,363 |

Fiscal 2018 (April 1, 2018 to March 31, 2019)

(Millions of Yen)

| | Shareholders' equity | | | | |
|---|---|---|---|---|---|
| | Capital stock | Capital surplus | Retained earnings | Treasury stock | Total shareholders' equity |
| Balance at the beginning of period | 5,299 | 5,754 | 49,780 | (500) | 60,334 |
| Changes of items during the period | | | | | |
| Dividends from surplus | | | (817) | | (817) |
| Profit attributable to owners of parent | | | 3,742 | | 3,742 |
| Purchase of treasury stock | | | | (0) | (0) |
| Disposal of treasury stock | | 20 | | 30 | 50 |
| Change of scope of consolidation | | | 535 | | 535 |
| Change in treasury shares of parent arising from transactions with non-controlling shareholders | | | | | — |
| Net changes of items other than shareholders' equity | | | | | — |
| Total changes of items during the period | — | 20 | 3,461 | 30 | 3,512 |
| Balance at the end of period | 5,299 | 5,775 | 53,241 | (470) | 63,846 |

| | Valuation and translation adjustments | | | Non-controlling interests | Total net assets |
|---|---|---|---|---|---|
| | Valuation difference on available-for-sale securities | Remeasure-ments of defined benefit plans | Total valuation and translation adjustments | | |
| Balance at the beginning of period | 3,308 | (2,018) | 1,290 | 1,738 | 63,363 |
| Changes of items during the period | | | | | |
| Dividends from surplus | | | | | (817) |
| Profit attributable to owners of parent | | | | | 3,742 |
| Purchase of treasury stock | | | | | (0) |
| Disposal of treasury stock | | | | | 50 |
| Change of scope of consolidation | | | | | 535 |
| Change in treasury shares of parent arising from transactions with non-controlling shareholders | | | | | — |
| Net changes of items other than shareholders' equity | (290) | 376 | 86 | 88 | 174 |
| Total changes of items during the period | (290) | 376 | 86 | 88 | 3,686 |
| Balance at the end of period | 3,018 | (1,641) | 1,377 | 1,826 | 67,049 |

### (4) Consolidated Statement of Cash Flows

(Millions of Yen)

| | Fiscal 2017 (April 1, 2017 to March 31, 2018) | Fiscal 2018 (April 1, 2018 to March 31, 2019) |
|---|---|---|
| Cash flows from operating activities | | |
| Income before income taxes | 4,517 | 4,491 |
| Depreciation and amortization | 2,971 | 3,031 |
| Impairment loss | 53 | — |
| Increase (decrease) in allowance for doubtful accounts | (3) | (226) |
| Increase (decrease) in net defined benefit liability | (1,174) | (1,120) |
| Interest and dividend income | (292) | (269) |
| Interest expenses | 8 | 8 |
| Loss (gain) on sales of property, plant and equipment | — | (52) |
| Loss (gain) on disposal of non-current assets | 25 | 19 |
| Loss (gain) on sales of investment securities | (80) | (23) |
| Loss (gain) on valuation of investment securities | — | 70 |
| Loss (gain) on investments in partnership | 50 | 14 |
| Decrease (increase) in notes and accounts receivable - trade | (479) | (431) |
| Decrease (increase) in inventories | (20) | (2,993) |
| Increase (decrease) in notes and accounts payable - trade | 444 | 509 |
| Other, net | 519 | 928 |
| Subtotal | 6,539 | 3,954 |
| Interest and dividend income received | 302 | 344 |
| Interest expenses paid | (8) | (8) |
| Income taxes paid | (2,030) | (1,230) |
| Net cash provided by (used in) operating activities | 4,803 | 3,060 |
| Cash flows from investing activities | | |
| Payments into time deposits | — | (273) |
| Proceeds from withdrawal of time deposits | — | 273 |
| Purchase of short-term investment securities | (100) | — |
| Proceeds from sales of short-term investment securities | 1,049 | 1,400 |
| Purchase of property, plant and equipment | (4,424) | (3,185) |
| Proceeds from sales of property, plant and equipment | 7 | 563 |
| Purchase of intangible assets | (117) | (530) |
| Payments for asset retirement obligations | — | (78) |
| Purchase of investment securities | (1,636) | (879) |
| Proceeds from sales of investment securities | 231 | 227 |
| Payments of loans receivable | (11) | (75) |
| Collection of loans receivable | 24 | 10 |
| Other, net | (135) | 378 |
| Net cash provided by (used in) investing activities | (5,113) | (2,167) |

(Millions of Yen)

| | Fiscal 2017 (April 1, 2017 to March 31, 2018) | Fiscal 2018 (April 1, 2018 to March 31, 2019) |
|---|---|---|
| Cash flows from financing activities | | |
| Increase (decrease) in short-term loans payable | (100) | — |
| Proceeds from long-term loans payable | 200 | 1,000 |
| Repayments of long-term loans payable | (30) | (190) |
| Purchase of treasury stock | (0) | (0) |
| Cash dividends paid | (1,102) | (817) |
| Dividends paid to non-controlling interests | (67) | (13) |
| Repayments of lease obligations | (167) | (32) |
| Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation | (993) | — |
| Net cash provided by (used in) financing activities | (2,260) | (53) |
| Net increase (decrease) in cash and cash equivalents | (2,569) | 839 |
| Beginning balance of cash and cash equivalents | 17,646 | 15,076 |
| Increase in cash and cash equivalents from newly consolidated subsidiary | — | 323 |
| Ending balance of cash and cash equivalents | 15,076 | 16,239 |

### (5) Notes regarding Consolidated Financial Statements

(Going Concern Assumptions)
Not applicable.

(Change in Presentation Methods)
(Change accompanying adoption of “Partial Amendments to Accounting Standard for Tax Effect Accounting”)
“Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018) has been adopted from the beginning of the fiscal year under review, whereby deferred tax assets are presented under investments and other assets, while deferred tax liabilities are presented under non-current liabilities.
As a result, ¥610 million in “deferred tax assets” under “current assets” is included and presented within the ¥6,823 million in “deferred tax assets” under “investments and other assets” on the Consolidated Balance Sheet for the previous fiscal year.

(Segment Information, etc.)
(Segment Information)
1. Description of Reportable Segments
The reportable segments of the Group are its constituent units for which separate financial information is available and which are subject to periodic examination in order for the Board of Directors to determine the allocation of management resources and evaluate financial results.
The Group maintains three reportable segments with business activities undertaken primarily in the broadcasting, housing, and golf club business fields.
The broadcasting business comprises television, radio, and related broadcasting activities. The housing business is made up of housing exhibition site operating and related activities. The golf club business includes golf club operating activities.

2. Calculation Method of Measurements of Sales, Profit, Loss, Asset, Liability and Other Items for Each Reportable Segment
The accounting treatment methods for reported business segments are generally the same as those for statements in “Significant Matters for the Preparation of Consolidated Financial Statements.”
Profit in the reportable segments is based on operating income. In addition, intrasegment revenues or transfers are based on prevailing market prices.

3. Explanation of Measurements of Sales, Profit, Loss, Asset, Liability and Other Items for Each Reportable Segment

Fiscal 2017 (April 1, 2017 to March 31, 2018)

(Millions of Yen)

| | Reportable Segment | | | | Adjustments (Note 1) | Amounts Recorded on Consolidated Financial Statements (Note 2) |
|---|---|---|---|---|---|---|
| | Broadcasting | Housing | Golf Club | Total | | |
| Sales | | | | | | |
| Revenues from external customers | 68,645 | 11,474 | 871 | 80,991 | — | 80,991 |
| Transactions with other segments | 527 | 22 | 62 | 612 | (612) | — |
| Total | 69,172 | 11,497 | 934 | 81,604 | (612) | 80,991 |
| Segment profit | 3,116 | 1,083 | 49 | 4,250 | — | 4,250 |
| Segment assets | 79,014 | 12,992 | 10,904 | 102,911 | (231) | 102,680 |
| Other items | | | | | | |
| Depreciation and amortization | 2,331 | 558 | 82 | 2,971 | — | 2,971 |
| Increase in property, plant and equipment and intangible assets | 3,014 | 2,428 | 34 | 5,477 | — | 5,477 |

Notes:

1. Adjustments are outlined as follows:
   (1) The adjustment to transactions with other segments of negative ¥612 million represents the amount of intrasegment transaction elimination.
   (2) The adjustment to segment assets of negative ¥231 million represents the amount of intrasegment receivables and payables elimination.
2. Segment profit refers to operating income recorded on the consolidated statement of income.
3. Amortization and increases of long-term prepaid expenses are included in depreciation and amortization as well as increase in property, plant and equipment and intangible assets.

Fiscal 2018 (April 1, 2018 to March 31, 2019)

(Millions of Yen)

| | Reportable Segment | | | | Adjustments (Note 1) | Amounts Recorded on Consolidated Financial Statements (Note 2) |
|---|---|---|---|---|---|---|
| | Broadcasting | Housing | Golf Club | Total | | |
| Sales | | | | | | |
| Revenues from external customers | 68,550 | 12,545 | 890 | 81,986 | — | 81,986 |
| Transactions with other segments | 622 | 19 | 57 | 699 | (699) | — |
| Total | 69,172 | 12,565 | 947 | 82,686 | (699) | 81,986 |
| Segment profit | 3,475 | 1,060 | 28 | 4,564 | (301) | 4,262 |
| Segment assets | 62,851 | 14,595 | 10,760 | 88,207 | 19,581 | 107,788 |
| Other items | | | | | | |
| Depreciation and amortization | 2,321 | 628 | 81 | 3,031 | — | 3,031 |
| Increase in property, plant and equipment and intangible assets | 2,379 | 73 | 66 | 2,519 | — | 2,519 |

Notes:

1. Adjustments are outlined as follows:
   (1) The adjustment to transactions with other segments of negative ¥699 million represents the amount of intrasegment transaction elimination.
   (2) The adjustment to segment profit of negative ¥301 million represents the amount of expenses which do not belong to any reportable segment, mainly regarding development of new business and market.
   (3) The adjustment to segment assets of ¥19,581 million represents companywide assets which are not allocated to the reportable segments of ¥19,823 million and negative ¥242 million as the amount of intrasegment receivables and payables elimination.
   Companywide assets are primarily cash and deposits and investment securities which do not belong to any reportable segment.
2. Segment profit refers to operating income recorded on the consolidated statement of income.
3. Amortization and increases of long-term prepaid expenses are included in depreciation and amortization as well as increase in property, plant and equipment and intangible assets.

4. Notes relating to changes in reportable segments, etc.

(Change in calculation method of segment profit and segment assets in line with transition to a certified broadcasting holding company)

In line with the transition to a certified broadcasting holding company on April 1, 2018, the Company is now responsible for the group administrative management business and the real estate management business. As a result, the Company has adopted the method where the expenses and retained assets associated with the group administrative management business and the real estate management business are allocated to each reportable segment. In addition, companywide assets retained by the Company are processed as adjustments.

Owing to this change, in the fiscal year under review, segment profit of broadcasting business increased by ¥199 million whereas segment assets decreased by ¥19,870 million, segment profit of housing business decreased by ¥198 million whereas segment assets increased by ¥46 million, segment profit of golf business decreased by ¥1 million, and the adjustment to segment assets increased by ¥19,823 million compared with figures calculated using the former method.

(Per Share Information)

(Yen)

| | Fiscal 2017 (April 1, 2017 to March 31, 2018) | Fiscal 2018 (April 1, 2018 to March 31, 2019) |
|---|---|---|
| Net assets per share | 1,509.06 | 1,594.83 |
| Basic earnings per share | 65.92 | 91.55 |

Notes:

1. Diluted earnings per share information has been omitted as there were no potential shares with a dilutive effect.
2. The basis for calculating basic earnings per share is presented as follows.

| | Fiscal 2017 (April 1, 2017 to March 31, 2018) | Fiscal 2018 (April 1, 2018 to March 31, 2019) |
|---|---|---|
| Basic earnings per share | | |
| Profit attributable to owners of parent (Millions of Yen) | 2,691 | 3,742 |
| Amount not attributable to common shareholders (Millions of Yen) | — | — |
| Profit attributable to owners of parent related to common stock (Millions of Yen) | 2,691 | 3,742 |
| Average number of common stock shares issued and outstanding during the period (Thousands of Shares) | 40,836 | 40,878 |

3. The basis for calculating net assets per share is presented as follows:

| | March 31, 2018 | March 31, 2019 |
|---|---|---|
| Total net assets (Millions of Yen) | 63,363 | 67,049 |
| Amount excluded from total net assets (Millions of Yen) | 1,738 | 1,826 |
| (Non-controlling interests) | (1,738) | (1,826) |
| Net assets attributable to common stock as of the end of the period (Millions of Yen) | 61,625 | 65,223 |
| Number of shares of common stock issued and outstanding as of the end of the period calculated under net assets per share (Thousands of Shares) | 40,836 | 40,896 |

(Significant Events after Reporting Period)

(Business Combination through Acquisition)

The Company resolved at a meeting of the Board of Directors held on May 10, 2019 to acquire a certain number of shares of DLE, Inc. and make it a subsidiary.

Please refer to the "Notice on Acquisition of Subsidiary DLE, Inc. through Third-Party Allocation of Shares and Execution of Business Alliance Agreement" released on May 10, 2019 for more information. (Available in Japanese only.)

**4. Other Information**

**(1) Changes to the Officers of the Company**

Please refer to the "Notice of Changes in Personnel" announced on May 10, 2019. (Available in Japanese only.)