

Nippon Television Holdings, Inc.

Consolidated Flash Report

Results for the 2nd Quarter ended September 30, 2023

November 2, 2023

(Japanese GAAP)

Stock listing: Tokyo Stock Exchange (Prime Market)

Code number: 9404

URL: <http://www.ntvhd.co.jp/>

Representative: Yoshikuni Sugiyama, Representative Director, Chairman

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Schedule dates

Filing of statutory financial report: November 13, 2023

Dividends payout: December 1, 2023

Supplementary materials to financial results available: Yes

Result meeting held: Yes

1. Results for the 2nd Quarter FY2023 (From April 1, 2023 to September 30, 2023)

(1) Consolidated operating results

(Figures less than 1 million yen have been omitted.)

	Net sales		Operating profit		Recurring profit	
	(% change from the previous year)		(% change from the previous year)		(% change from the previous year)	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
2 nd Qtr FY 2023	196,000	△1.7	16,796	△13.0	20,846	△2.0
2 nd Qtr FY 2022	199,441	2.3	19,302	△20.7	21,263	△23.5

(Note) Comprehensive income: 2nd Qtr FY2023 ¥37,159 million (—%) 2nd Qtr FY2022 △¥12,454 million (—%)

	Net income attributable to owners of the parent		Net income per share	Diluted income per share
	(% change from the previous year)			
	Millions of yen	%	yen	yen
2 nd Qtr FY 2023	13,701	△3.8	53.75	53.52
2 nd Qtr FY 2022	14,246	△22.7	55.85	55.56

(Note) At the end of FY2022, the Company finalized the provisional accounting treatment for the business combination, and the figures for 2nd Qtr FY 2022, reflect the finalized provisional accounting treatment.

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
2 nd Qtr FY 2023	1,063,745	871,022	81.2
FY 2022	1,035,501	843,585	80.8

(For reference) Equity capital: 2nd Qtr FY 2023 ¥863,752 million FY 2022 ¥836,759 million

2. Cash Dividends

	Dividends per share				
	1Q	2Q	3Q	Year-end	Annual
	yen	yen	yen	yen	yen
FY 2022	—	10.00	—	27.00	37.00
FY 2023	—	10.00			
Forecast for FY 2023			—	30.00	40.00

(Note) Revisions of cash dividends forecast: Yes

The Year-end dividends forecast for FY2023 of 30 yen includes commemorative dividends of 3 yen. Please refer to notice for the revision of the dividends forecast.

3. Forecast for FY 2023 (From April 1, 2023 to March 31, 2024)

	Net sales		Operating profit		Recurring profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2023	436,000	5.3	48,000	3.0	54,000	4.3

	Net income attributable to owners of the parent		Net income per share
	Millions of yen	%	yen
FY2023	37,000	8.6	145.05

(Note) Revisions in consolidated performance forecasts: None

4. Others

(1) Changes in significant subsidiaries during the period (Reclassification due to change in scope of consolidation):

None

(2) Application of accounting methods specific to preparation of the quarterly consolidated financial statements: Yes

(3) Change in the accounting policies, accounting estimates and restatements.

- ① Changes in accounting policies due to amendment of accounting standards: None
- ② Change in accounting policies other than ① : None
- ③ Changes in accounting estimate: None
- ④ Restatement: None

(4) Issued shares (Common stock)

- ① Issued shares at the end of period
(Including treasury stock)
- ② Treasury stock at the end of period
- ③ Average shares

2nd Qtr FY 2023	263,822,080 shares	FY2022	263,822,080 shares
2nd Qtr FY 2023	10,390,281 shares	FY2022	8,739,371 shares
2nd Qtr FY 2023	254,917,304 shares	2nd Qtr FY 2022	255,083,399 shares

(Note) The number of treasury stock at the end of the period includes shares of the Company held by Trust-type Employee Shareholding Incentive Plan (1,897,600 shares as of 2nd Qtr FY2023). In addition, the shares of the Company owned by Trust-type Employee Shareholding Incentive Plan are included in the number of treasury stock deducted in the calculation of average number of shares outstanding during the period (271,085 shares in the 2nd Qtr FY2023).

* This flash report is outside the scope of audit by certified public accountants or an audit firm.

Quarterly Consolidated Financial Statements
Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	75,228	76,414
Notes and accounts receivable - trade, and contract assets	103,047	90,589
Securities	28,000	51,000
Inventories	2,667	4,687
Program rights	6,919	6,372
Other	21,851	22,619
Allowance for doubtful accounts	(427)	(405)
Total current assets	237,285	251,278
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	64,729	62,908
Machinery, equipment and vehicles, net	11,039	10,140
Tools, furniture and fixtures, net	2,673	2,679
Land	174,711	174,957
Leased assets, net	2,615	2,310
Construction in progress	1,198	1,779
Total property, plant and equipment	256,968	254,775
Intangible assets		
Goodwill	11,894	20,856
Other	14,807	14,056
Total intangible assets	26,702	34,912
Investments and other assets		
Investment securities	479,593	486,211
Long-term loans receivable	2,334	2,741
Deferred tax assets	3,314	3,540
Other	30,267	31,220
Allowance for doubtful accounts	(964)	(934)
Total investments and other assets	514,545	522,779
Total non-current assets	798,215	812,467
Total assets	1,035,501	1,063,745

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	13,013	14,414
Short-term borrowings	3,084	2,846
Accounts payable - other	8,626	7,221
Accrued expenses	55,784	46,575
Income taxes payable	8,562	5,916
Provision for loss on store closings	758	95
Other	15,684	17,177
Total current liabilities	105,514	94,245
Non-current liabilities		
Long-term borrowings	-	3,088
Lease liabilities	9,608	8,766
Deferred tax liabilities	35,166	44,882
Retirement benefit liability	14,130	14,193
Long-term guarantee deposits	21,198	21,189
Other	6,297	6,357
Total non-current liabilities	86,402	98,477
Total liabilities	191,916	192,723
Net assets		
Shareholders' equity		
Share capital	18,600	18,600
Capital surplus	36,051	36,051
Retained earnings	706,394	712,825
Treasury shares	(9,099)	(11,509)
Total shareholders' equity	751,946	755,968
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	84,515	107,322
Deferred gains or losses on hedges	16	18
Foreign currency translation adjustment	280	443
Total accumulated other comprehensive income	84,812	107,784
Non-controlling interests	6,825	7,270
Total net assets	843,585	871,022
Total liabilities and net assets	1,035,501	1,063,745

Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the six months)

(Millions of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Net sales	199,441	196,000
Cost of sales	134,309	133,685
Gross profit	65,131	62,314
Selling, general and administrative expenses	45,829	45,518
Operating profit	19,302	16,796
Non-operating income		
Interest income	799	1,004
Dividend income	1,122	1,245
Share of profit of entities accounted for using equity method	-	1,307
Foreign exchange gains	-	144
Gain on investments in investment partnerships	207	169
Other	183	402
Total non-operating income	2,312	4,274
Non-operating expenses		
Interest expenses	187	161
Share of loss of entities accounted for using equity method	127	-
Foreign exchange losses	19	-
Loss on investments in investment partnerships	0	39
Other	16	22
Total non-operating expenses	351	224
Ordinary profit	21,263	20,846
Extraordinary income		
Gain on sale of non-current assets	0	3
Gain on sale of investment securities	408	-
Subsidy income	4	-
Total extraordinary income	414	3
Extraordinary losses		
Loss on sale of non-current assets	0	-
Loss on retirement of non-current assets	182	98
Loss on sale of investment securities	3	-
Loss on valuation of investment securities	382	418
Other	24	86
Total extraordinary losses	592	603
Profit before income taxes	21,085	20,245
Income taxes	6,532	6,060
Profit	14,552	14,185
Profit attributable to non-controlling interests	306	484
Profit attributable to owners of parent	14,246	13,701

Quarterly Consolidated Statements of Comprehensive Income (For the six months)

(Millions of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Profit	14,552	14,185
Other comprehensive income		
Valuation difference on available-for-sale securities	(27,194)	22,483
Deferred gains or losses on hedges	-	7
Foreign currency translation adjustment	282	50
Share of other comprehensive income of entities accounted for using equity method	(94)	432
Total other comprehensive income	(27,007)	22,974
Comprehensive income	(12,454)	37,159
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(12,760)	36,672
Comprehensive income attributable to non-controlling interests	306	486

(Significant subsequent events)

(Business combination through acquisition)

Our consolidated subsidiary, Nippon Television Network Corporation (“Nippon TV”), has resolved at the Meeting of the Board of Directors on September 21, 2023 to acquire shares of Studio Ghibli Inc. (“Studio Ghibli”) and make it a subsidiary (sub-subsidiary for us) of Nippon TV. The execution of the share purchase agreement and the acquisition of the shares were completed on the same date, October 6, 2023.

1. Overview of the business combination

(1) Name of the acquired company and the description of its business

Name of the acquired company	Studio Ghibli Inc.
Business description	Planning and production of animation movies and related operations

(2) Main reason for the business combination

Ever since it showed *Nausicaä of the Valley of the Wind* (1984, directed by Hayao Miyazaki) on TV in 1985, Nippon TV has shown Studio Ghibli works on its film program, *Friday Road Show*. Nippon TV has a long history of partnership with Studio Ghibli, starting from its funding of the film production of *Kiki's Delivery Service* (1989, directed by Hayao Miyazaki) and including its support for the opening of Ghibli Museum, Mitaka.

Studio Ghibli has created works loved by people from all over the world as well as Japan. Nippon TV decided to acquire the shares of Studio Ghibli because it believes that supporting this world-class studio more than ever before will contribute to enhancing the corporate value of the entire Nippon TV Group.

(3) Date of the business combination

October 6, 2023

(4) Legal form of the business combination

Acquisition of the shares by cash

(5) Name of the acquired company after the business combination

Unchanged

(6) Percentage of acquired voting rights

Percentage voting rights held immediately prior to the business combination	14.86%
Percentage of voting rights additionally acquired on the date of the business combination	27.48%
Percentage of voting rights post-acquisition	42.34%

(7) Major basis for determining the acquirer

Through the share acquisition by cash, Nippon TV gains 42.34% of the voting rights of Studio Ghibli and is considered to essentially control the decision-making body of Studio Ghibli.

2. Acquisition cost of the acquired company and breakdown by type of consideration

Consideration for acquisition	Market value of the shares held immediately before the business combination as of the date of the business combination	JPY 5,445 million
	Consideration of ordinary shares additionally acquired as of the date of the business combination (Cash)	JPY 10,065 million
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Acquisition cost		JPY 15,510 million

3. Breakdown and amount of the major acquisition-related costs

Advisory fees JPY 33 million

4. The difference between the acquisition cost and the total amount of acquisition cost for each transaction that led to the acquisition

Gain on step acquisition JPY 4,083 million

5. The amount of goodwill generated, cause of generation, and amortization method and period

Currently undetermined

6. Breakdown of assets acquired and liabilities assumed at the date of the business combination and the corresponding amounts

Currently undetermined