

Nippon Television Holdings, Inc.**Consolidated Flash Report****Results for the 3rd Quarter ended December 31, 2023**

February 1, 2024

(Japanese GAAP)

Stock listing: Tokyo Stock Exchange (Prime Market)

Code number: 9404

URL: <https://www.ntvhd.co.jp/english/>

Representative: Yoshikuni Sugiyama, Representative Director, Chairman

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Schedule dates

Filing of statutory financial report: February 13, 2024

Dividends payout: —

Supplementary materials to financial results available: Yes

Result meeting held: None

1. Results for the 3rd Quarter FY2023 (From April 1, 2023 to December 31, 2023)

(1) Consolidated operating results

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

	Net sales (% change from the previous year)		Operating profit (% change from the previous year)		Recurring profit (% change from the previous year)	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
3 rd Qtr FY 2023	306,219	0.2	31,062	△12.2	37,060	△4.9
3 rd Qtr FY 2022	305,633	1.5	35,383	△21.1	38,985	△22.3

(Note) Comprehensive income: 3rd Qtr FY2023 ¥ 75,602 million (—%) 3rd Qtr FY2022 ¥ 3,052 million (△95.1%)

	Net income attributable to owners of the parent (% change from the previous year)		Net income per share yen	Diluted income per share yen
	Millions of yen	%		
3 rd Qtr FY 2023	33,174	22.5	130.37	130.14
3 rd Qtr FY 2022	27,089	△30.3	106.20	105.87

(Note) At the end of FY2022, the Company finalized the provisional accounting treatment for the business combination, and the figures for 3rd 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	%
3 rd Qtr FY 2023	1,137,974	924,898	79.0
FY 2022	1,035,501	843,585	80.8

(For reference) Equity capital: 3rd Qtr FY 2023 ¥ 899,477 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: None

The Year-end dividends forecast for FY2023 of 30 yen includes commemorative dividends of 3 yen.

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

3 rd Qtr FY 2023	263,822,080 shares	FY2022	263,822,080 shares
3 rd Qtr FY 2023	10,299,053 shares	FY2022	8,739,371 shares
3 rd Qtr FY 2023	254,465,168 shares	3 rd Qtr FY 2022	255,083,267 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 (1,806,100 shares as of 3rd 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 (765,460 shares in the 3rdQtr 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 December 31, 2023
Assets		
Current assets		
Cash and deposits	75,228	108,297
Notes and accounts receivable - trade, and contract assets	103,047	104,411
Securities	28,000	72,768
Inventories	2,667	5,607
Program rights	6,919	6,967
Other	21,851	23,238
Allowance for doubtful accounts	(427)	(426)
Total current assets	237,285	320,863
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	64,729	62,463
Machinery, equipment and vehicles, net	11,039	9,141
Tools, furniture and fixtures, net	2,673	2,953
Land	174,711	178,400
Leased assets, net	2,615	2,176
Construction in progress	1,198	1,546
Total property, plant and equipment	256,968	256,682
Intangible assets		
Goodwill	11,894	19,083
Other	14,807	19,417
Total intangible assets	26,702	38,500
Investments and other assets		
Investment securities	479,593	483,274
Long-term loans receivable	2,334	2,808
Deferred tax assets	3,314	4,052
Other	30,267	32,679
Allowance for doubtful accounts	(964)	(887)
Total investments and other assets	514,545	521,927
Total non-current assets	798,215	817,110
Total assets	1,035,501	1,137,974

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	13,013	13,533
Short-term borrowings	3,084	3,180
Accounts payable - other	8,626	5,832
Accrued expenses	55,784	52,930
Income taxes payable	8,562	8,441
Provision for loss on store closings	758	49
Other	15,684	17,331
Total current liabilities	105,514	101,298
Non-current liabilities		
Long-term borrowings	-	3,088
Lease liabilities	9,608	8,360
Deferred tax liabilities	35,166	56,217
Retirement benefit liability	14,130	14,299
Long-term guarantee deposits	21,198	21,274
Other	6,297	8,536
Total non-current liabilities	86,402	111,777
Total liabilities	191,916	213,075
Net assets		
Shareholders' equity		
Share capital	18,600	18,600
Capital surplus	36,051	36,051
Retained earnings	706,394	729,739
Treasury shares	(9,099)	(11,369)
Total shareholders' equity	751,946	773,021
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	84,515	125,982
Deferred gains or losses on hedges	16	12
Foreign currency translation adjustment	280	460
Total accumulated other comprehensive income	84,812	126,455
Non-controlling interests	6,825	25,421
Total net assets	843,585	924,898
Total liabilities and net assets	1,035,501	1,137,974

Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the nine months)

(Millions of yen)

	For the nine months ended December 31, 2022	For the nine months ended December 31, 2023
Net sales	305,633	306,219
Cost of sales	201,252	204,424
Gross profit	104,380	101,795
Selling, general and administrative expenses	68,997	70,732
Operating profit	35,383	31,062
Non-operating income		
Interest income	1,233	1,495
Dividend income	1,890	2,084
Share of profit of entities accounted for using equity method	383	2,014
Foreign exchange gains	-	55
Gain on investments in investment partnerships	302	245
Other	273	503
Total non-operating income	4,083	6,399
Non-operating expenses		
Interest expenses	277	236
Foreign exchange losses	132	-
Loss on investments in investment partnerships	30	109
Other	41	55
Total non-operating expenses	481	401
Ordinary profit	38,985	37,060
Extraordinary income		
Gain on sale of non-current assets	1	3
Gain on sale of investment securities	410	7,587
Subsidy income	4	-
Gain on step acquisitions	-	4,083
Other	-	855
Total extraordinary income	416	12,530
Extraordinary losses		
Loss on sale of non-current assets	0	-
Loss on retirement of non-current assets	211	153
Loss on tax purpose reduction entry of non-current assets	-	378
Loss on sale of investment securities	3	-
Loss on valuation of investment securities	382	1,149
Other	24	101
Total extraordinary losses	622	1,782
Profit before income taxes	38,779	47,808
Income taxes	11,130	13,848
Profit	27,649	33,959
Profit attributable to non-controlling interests	559	784
Profit attributable to owners of parent	27,089	33,174

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

(Millions of yen)

	For the nine months ended December 31, 2022	For the nine months ended December 31, 2023
Profit	27,649	33,959
Other comprehensive income		
Valuation difference on available-for-sale securities	(24,770)	41,218
Deferred gains or losses on hedges	-	(0)
Foreign currency translation adjustment	388	69
Share of other comprehensive income of entities accounted for using equity method	(213)	355
Total other comprehensive income	(24,596)	41,642
Comprehensive income	3,052	75,602
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,493	74,817
Comprehensive income attributable to non-controlling interests	559	784

(Business combination)

(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.
Contents of the business	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. Period of the acquired company's results

The results of the acquired company are not included in the current consolidated cumulative the 3rd Qtr. FY2023 as only its balance sheet is consolidated with December 31, 2023 as the deemed acquisition date.

3. 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
Acquisition cost		JPY 15,510 million

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

Advisory fees JPY 33 million

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

Gain on step acquisitions JPY 4,083 million

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

(1) Amount of goodwill generated

JPY 2,400 million

Since the identification of identifiable assets and liabilities as of the date of the business combination has not yet been completed in the 3rd Qtr. FY2023, the allocation of acquisition cost has not been completed and the amount of goodwill is tentatively calculated.

(2) Cause of generation

Since the acquisition cost of the acquired company exceeded the net amount allocated to the assets received and liabilities assumed from the acquired company, the difference is recorded as goodwill.