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Consolidated Financial Results for the Six Months Ended August 31, 2021 <Under Japanese GAAP>

October 12, 2021

Company name: **TOHO CO., LTD.**
 Listing: Tokyo Stock Exchange/Fukuoka Stock Exchange
 Securities code: 9602
 URL: <https://www.toho.co.jp/>
 Representative: Yoshishige Shimatani
 President
 Inquiries: Harunori Kato
 Senior Executive Officer in charge of Finance & Accounting, Corporate Management Group
 TEL: +81-3-3591-1221
 Scheduled date to file Quarterly Securities Report: October 12, 2021
 Scheduled date to commence dividend payments: November 19, 2021
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results presentation meeting: None

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended August 31, 2021 (from March 1, 2021 to August 31, 2021)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended August 31, 2021	118,050	59.5	21,463	202.4	22,752	188.1	15,081	297.3
August 31, 2020	73,991	(48.6)	7,098	(78.8)	7,897	(77.2)	3,795	(83.4)

Comprehensive income Six months ended August 31, 2021 ¥13,514 million [766.1%]
 Six months ended August 31, 2020 ¥1,560 million [(92.0)%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
August 31, 2021	85.17	-
August 31, 2020	21.30	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
August 31, 2021	485,306	393,433	78.2
February 28, 2021	473,804	389,011	79.3

Equity As of August 31, 2021 ¥379,649 million
 As of February 28, 2021 ¥375,820 million

2. Cash dividends

	Annual cash dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended February 28, 2021	–	17.50	–	17.50	35.00
Fiscal year ending February 28, 2022	–	17.50			
Fiscal year ending February 28, 2022 (forecast)			–	17.50	35.00

Note: Revisions to dividends forecasts most recently announced: None

3. Consolidated earnings forecasts for the fiscal year ending February 28, 2022 (from March 1, 2021 to February 28, 2022)

(Percentages indicate year-on-year changes.)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending February 28, 2022	226,000	17.7	38,000	69.3	40,000	65.3	26,000	77.0	146.83

Note: Revisions to earnings forecasts most recently announced: Yes

*** Notes**

- (1) Changes in significant subsidiaries during the period: None
- (2) Adoption of special accounting treatments for preparing quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
- a. Changes in accounting policies due to revisions to accounting standards and other regulations: None
 - b. Changes in accounting policies due to other reasons: None
 - c. Changes in accounting estimates: None
 - d. Restatement: None
- (4) Number of issued shares (common shares)

- a. Total number of issued shares at the end of the period (including treasury shares)

As of August 31, 2021	186,490,633 shares
As of February 28, 2021	186,490,633 shares

- b. Number of treasury shares at the end of the period

As of August 31, 2021	10,192,650 shares
As of February 28, 2021	8,834,605 shares

- c. Average number of shares during the period

Six months ended August 31, 2021	177,073,889 shares
Six months ended August 31, 2020	178,203,864 shares

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

(Caution regarding forward-looking statements and others)

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed reasonable by the Company. Actual results may differ significantly from these forecasts due to various factors. Please refer to “(3) Consolidated earnings forecasts and other forward-looking statements” in “1. Qualitative Information” on page 4 of the attached materials for the suppositions that form the assumptions for earnings forecasts and cautions concerning the use thereof.

(Availability of supplementary material on financial results)

The supplementary document on quarterly earnings is disclosed on the same day as the quarterly financial results, and it is made available on the Company’s website.

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1. Qualitative Information

(1) Details of operating results

In the six months ended August 31, 2021, the outlook for the Japanese economy remained uncertain because of the sudden spread of infection due to variants of the novel coronavirus disease (COVID-19), such as the Delta variant, despite continuing signs of recovery amid the difficult economic environment caused by the impact of COVID-19.

Under these conditions, the Group continued business after taking appropriate measures to prevent infection. However, due to recurring declarations of states of emergency, the Group carried out measures such as temporary closures/shortened operating hours at movie theaters, commercial facilities, etc. due to requests for businesses to close temporarily from some local governments in Tokyo, Osaka, etc.; restrictions on sales for admission; and the suspension of theatre performances as well as the suspension of ticket sales for some performances. On the other hand, blockbuster releases distributed by TOHO and works under the animation label “TOHO animation” contributed to financial results. As a result, the Company recorded operating revenue of ¥118,050 million (up 59.5% year on year), operating profit of ¥21,463 million (up 202.4% year on year), ordinary profit of ¥22,752 million (up 188.1% year on year), and profit attributable to owners of parent of ¥15,081 million (up 297.3% year on year). Extraordinary losses were recorded as “Loss caused by temporary closures” for personnel expenses, rent expenses, depreciation, etc. during the temporary closures of theaters, commercial facilities, etc. and production expenses, etc. pertaining to suspended theatre performances. Extraordinary income was recorded as “Subsidy income” for subsidies for employment adjustment received due to special measures because of the impact of COVID-19, subsidies from the Japanese and local governments, etc.

The operating results by segment are as follows.

Cinema business

In the Production and Distribution business, “EVANGELION:3.0+1.0 THRICE UPON A TIME,” “Detective Conan: The Scarlet Bullet” and “Belle” were blockbusters for TOHO CO., LTD. out of the collaborative productions and distributed works. “Monster Hunter” was collaboratively distributed by TOHO CO., LTD. and Towa Pictures Co., Ltd., and “Fast & Furious 9” was distributed by Toho-Towa Co., Ltd. As a result, operating revenue in the Production and Distribution business was ¥22,649 million (up 88.2% year on year) and operating profit was ¥5,433 million (up 85.1% year on year).

Combining the Production and Distribution department and the International business department of TOHO CO., LTD., revenue was ¥26,862 million (up 97.5% year on year) before intracompany transfers deduction (¥1,759 million, down 1.7% year on year). This consists of domestic distribution revenue of ¥21,258 million (up 149.2% year on year), income from a film work that belongs to the producer of ¥548 million (up 190.1% year on year), international sales income of ¥1,827 million (up 94.6% year on year), TV program sales revenue of ¥500 million (down 33.8% year on year), videogram revenue of ¥288 million (down 69.6% year on year) and revenue from the Internet and other distribution of ¥2,438 million (up 9.1% year on year). Furthermore, revenue from the Planning and Production department was ¥508 million (down 36.4% year on year) before intracompany transfers deduction (¥75 million, down 86.9% year on year).

In the Movie Theater Chain business, TOHO Cinemas Co., Ltd. saw a significant increase in revenue due to the above distributed works being blockbusters in addition to theater closures, shortened business hours, etc. not lasting as long compared with the same period of the previous fiscal year. However, the situation continues to be difficult due to the release of works being postponed from late April, closures and shortened business hours in Tokyo, Osaka, etc., and restrictions on sales for admission. As a result, the number of movie theater customers in the six months ended August 31, 2021 increased by 113.2% year on year to 15,086,000. Operating revenue in the Movie Theater Chain business was ¥28,902 million (up 135.6% year on year) and operating profit was ¥1,204 million (operating loss of ¥3,800 million in the same period of the previous fiscal year).

There were no theater changes in the six months ended August 31, 2021. The number of screens managed by the corporate group is 702 throughout Japan (including 56 collaboratively managed screens).

In the Production and Licensing business, sales of TOHO animation's works performed favorably in each business. In the Home Entertainment business, the TV animation "Umamusume: Pretty Derby Season 2" saw favorable sales on Blu-ray and DVD, and the TV animation "JUJUTSU KAISEN" as well as others were made available. Revenue in the Animation Production business increased as a result of royalty from merchandising rights for the TV animation "JUJUTSU KAISEN," "My Hero Academia," etc. in addition to royalty from various platform and revenue from the TV animation "Godzilla Singular Point." In the Publishing and Merchandising business, sales of souvenir programs and character goods grew for the movie "Detective Conan: The Scarlet Bullet," TV animation "JUJUTSU KAISEN" and movie "My Hero Academia: World Heroes' Mission." TOHO Studios Co., Ltd. operated smoothly as a result of integrating the Production and Studio businesses. Although TOHO EIZO BIJUTSU Co., Ltd. and Toho Butai Co., Ltd. saw some signs of recovery in relation to stage production and art production for movies, TV and commercials, etc. as well as production services for display items in theme parks, the situation continued to be difficult. As a result, operating revenue in the Production and Licensing business was ¥26,161 million (up 92.0% year on year) and operating profit was ¥6,984 million (up 285.2% year on year).

In the Production and Licensing business department of TOHO CO., LTD., revenue was ¥25,780 million (up 120.9% year on year) before intracompany transfers deduction (¥4,490 million, up 145.1% year on year). This consists of Home Entertainment business revenue of ¥8,627 million (up 65.5% year on year), Publishing and Merchandising business revenue of ¥2,028 million (up 271.8% year on year), Animation Production business revenue of ¥14,002 million (up 168.3% year on year), Live-action Film Production business revenue of ¥573 million (down 6.3% year on year), Alternative Content business revenue of ¥411 million (up 426.4% year on year) and other income of ¥137 million (up ¥137 million year on year).

As a result, in the overall Cinema business, operating revenue was ¥77,713 million (up 104.9% year on year) and operating profit was ¥13,622 million (up ¥12,674 million year on year).

Theatrical business

In the Theatrical business, the Company suspended performances and ticket sales and refunded tickets due to the declaration of the states of emergency. However, performances were carried out in accordance with requests from each local government. "Endless Shock -Eternal-," "MOZART!," "Les Misérables" and "Crest of the Royal Family" were performed at TOHO CO., LTD.'s Imperial Theatre. "GHOST," "You're a Good Man, Charlie Brown," "Chameleon's Lip," "Johnnys' GINZA 2021 TOKYO EXPERIENCE," "CLUB SEVEN ZERO III" "SHOW BOY," etc., were performed at Theatre Creation, and other external theatrical works took place throughout Japan. Revenue increased significantly due to an increase in the number of performances year on year. At Toho Entertainment Co., Ltd., there were suspensions, etc. of some stage and concert performances, but affiliated actors worked favorably on commercial performances, etc. As a result, operating revenue in the Theatrical business was ¥6,576 million (up 217.7% year on year) and operating profit was ¥1,147 million (operating loss of ¥1,146 million in the same period of the previous fiscal year).

In the Theatrical business department of TOHO CO., LTD., revenue was ¥5,655 million (up 325.5% year on year) before intracompany transfers deduction (¥90 million, up 3.7% year on year). This consists of production and exhibition revenue of ¥4,555 million (up 261.9% year on year), external theatrical work revenue of ¥1,023 million (up ¥1,023 million year on year) and other income of ¥76 million (up 9.1% year on year).

Real Estate business

The Lease of Land and Buildings business continued to be in a difficult situation due to factors such as changes in the office environment and the closure of commercial facilities. The vacancy rate of real estate for leasing held by the corporate group was 0.4%, but revenue decreased due to factors such as temporary tenants changing out. Operating revenue in the Lease of Land and Buildings business was

¥13,470 million (down 4.3% year on year) and operating profit was ¥5,884 million (down 9.2% year on year).

With regard to unrealized gains on non-current assets of the corporate group, TOHO's equity of the valuation difference after considering the tax effect of recognizing the assessed value of non-current assets in the property tax ledger on January 1, 2021 as market price is approximately ¥348,000 million. (The disclosure of these unrealized gains is not based on the "Accounting Standard for Disclosures about Fair Value of Investment and Rental Property (ASBJ Statement No. 30) Etc.," but continues to be carried out voluntarily, separately from this standard from the perspective of enhancing information disclosure.)

In the Land and Building Leasing department of TOHO CO., LTD., revenue was ¥14,354 million (down 3.4% year on year) before intracompany transfers deduction (¥397 million, down 3.0% year on year).

In the Road business, amid strong public investment into areas such as infrastructure development due to aging, Subaru Enterprise Co., Ltd. and its subsidiaries worked to increase new orders and expand orders for existing projects through proactive sales activities by using design proposals, etc. However, the situation continued to be unpredictable due to rising labor costs and equipment prices. As a result, operating revenue in the Road business was ¥14,174 million (up 0.7% year on year) and operating profit was ¥2,307 million (down 10.1% year on year). In the Building Maintenance business, TOHO BUILDING MANAGEMENT Co., Ltd. and Toho Facilities Co., Ltd. postponed projects received for commercial facilities, such as hotels and theaters, but revenue increased as a result of working to reduce expenses, etc. As a result, operating revenue was ¥4,836 million (up 2.5% year on year) and operating profit was ¥475 million (up 79.6% year on year).

As a result of the above, operating revenue in the overall Real Estate business was ¥32,482 million (down 1.2% year on year) and operating profit was ¥8,667 million (down 7.0% year on year).

Other business

The Amusement business and the Restaurant and Sports Facilities business performed favorably due to the increase of customers at Toho Kyoei Kogyo Co., Ltd.'s Toho Chofu Sports Park. TOHO RETAIL CO., LTD.'s restaurants, theater concession stands, etc. closed temporarily and shops closed due to the continuing difficult situation regarding demand for eating out. As a result, operating revenue in the Other business was ¥1,277 million (up 13.9% year on year) and operating loss was ¥101 million (operating loss of ¥194 million in the same period of the previous fiscal year).

(2) Details of financial position

With regard to financial position as of the end of the second quarter ended August 31, 2021, total assets increased by ¥11,501 million from the end of the previous fiscal year to ¥485,306 million. This was mainly due to increases of ¥6,150 million in cash and deposits, ¥5,677 million in notes and accounts receivable - trade, ¥4,999 million in short-term loans receivable with resale agreement and ¥9,176 million in land despite decreases of ¥3,993 million in securities and ¥7,560 million in investment securities.

Liabilities increased by ¥7,079 million from the end of the previous fiscal year to ¥91,872 million. This was mainly due to an increase of ¥5,005 million in income taxes payable.

Net assets increased by ¥4,422 million from the end of the previous fiscal year to ¥393,433 million. This was mainly due to the recording of ¥15,081 million in profit attributable to owners of parent and an increase of ¥11,966 million in retained earnings due to ¥3,114 million in dividends of surplus as well as an increase of ¥5,726 million in treasury shares due to acquisition, etc. by tender offer for treasury shares, and a decrease of ¥3,245 million in valuation difference on available-for-sale securities.

(3) Consolidated earnings forecasts and other forward-looking statements

The Company has revised the figures in the earnings forecasts for the fiscal year ending February 28, 2022, which were announced on July 13, 2021, as follows. There have been no material changes in the assumptions regarding the impact of the spread of COVID-19 on consolidated earnings forecasts.

Revision of consolidated earnings forecasts for the fiscal year ending February 28, 2022 (from March 1, 2021 to February 28, 2022)

	Operating revenue	Operating profit	Ordinary profit	Profit attributable to owners of parent	Basic earnings per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previously announced forecasts (A)	214,000	32,000	33,500	20,500	115.39
Revised forecasts (B)	226,000	38,000	40,000	26,000	146.83
Change (B-A)	12,000	6,000	6,500	5,500	—
Change (%)	5.6	18.8	19.4	26.8	—
(Reference) Previous fiscal year results (fiscal year ended February 28, 2021)	191,948	22,447	24,195	14,688	82.54

The future outlook by segment is as follows.

Cinema business

TOHO CO., LTD., Toho-Towa Co., Ltd., etc. will collaboratively produce and distribute the following works, such as “Jujutsu Kaisen: Zero.” Because of this, the Company expects operating revenue of ¥37,600 million (down 5.6% year on year) in the Production and Distribution business.

TOHO CO., LTD.’s collaborative productions/distributed works	
Masquerade Night	Baragaki Unbroken Samurai
What Did You Eat Yesterday? Movie	The Mole Song -Undercover Agent Reiji- FINAL
Your Turn to Kill: The Movie	Jujutsu Kaisen: Zero
The Confidence Man JP -Episode of the Hero-	
Works contracted for distribution by Toho-Towa Co., Ltd., etc.	
No Time to Die	Candyman
Snake Eyes (Towa Pictures Co., Ltd.)	Dear Evan Hansen
The Boss Baby: Family Business	House of Gucci

Note: There is a possibility that changes, such as the postponement of releases, will occur for unreleased works. Please confirm the most recent information on the Company’s website.

In the Movie Theater Chain business, TOHO Cinemas Co., Ltd. and others are planning to release popular works, primarily those listed above. The Company expects operating revenue of ¥63,600 million (up 37.5% year on year) in the Movie Theater Chain business.

Furthermore, with regard to changes planned at theaters from the third quarter onward, “TOHO Cinemas Sevenpark Amami” (10 screens) is planned to open in Matsubara-shi, Osaka in November 2021, which will bring the Company to a 10 screen increase throughout Japan for a total of 712 screens (including 56 collaboratively managed screens) at the end of the fiscal year ending February 28, 2022.

In the Production and Licensing business, the Company will focus on securing and using content, such as investing into the production of the animated theatrical feature film “Jujutsu Kaisen: Zero” as a TOHO animation work. The Home Entertainment business of TOHO CO., LTD. will provide a lineup featuring a large variety of works, such as TOHO animation’s works “Godzilla Singular Point” and “My Hero Academia,” the play “TOUKEN RANBU the Stage” and international movies such as “Godzilla vs. Kong,” and so on. The Publishing and Merchandising business plans to offer a wide range of souvenir programs and character goods for works distributed by the Company, such as “Jujutsu Kaisen: Zero.” Furthermore, it will work to further increase royalty from merchandising rights, etc. for the “TOHO Monster Series,” which includes “Godzilla.” The Alternative Content business will provide content from a wide range of genres, such as “LUPIN THE 3rd: The Castle of Cagliostro” 4K + 7.1ch (simultaneous release with “LUPIN THE 3rd: 50th Anniversary Special - Is Lupin Still Burning?”) as the animation version of the 50th anniversary special of “LUPIN THE 3rd.” TOHO Studios Co., Ltd. will work to secure orders for movie, TV and commercial production, etc. by integrating the Production and Studio businesses. TOHO EIZO BIJUTSU Co., Ltd. and Toho Butai Co., Ltd. will work on construction management and cost management while working to obtain new customers in order to secure art production works for movies and TV, event construction, etc., and actively carry out sales activities. Based on the above, the Company expects operating revenue of ¥43,000 million (up 42.8% year on year) in the Production and Licensing business.

As a result, in the overall Cinema business, the Company expects operating revenue of ¥144,200 million (up 24.1% year on year).

Theatrical business

In the Theatrical business, the Company is planning to carry out the following performances at TOHO CO., LTD.’s Imperial Theatre, Theatre Creation and others. Other than this, the Company will expand “Meoto-Manzai” and other performances as external theatrical works throughout Japan. Furthermore, Toho Entertainment Co., Ltd. will proactively develop sales activities for affiliated actors’ activities in commercials, TV, movie, etc. As a result, the Company expects operating revenue of ¥14,600 million (up 83.7% year on year) in the Theatrical business.

Imperial Theatre	
(September) DREAM BOYS	(October - November) Knights’ Tale
(November) My Fair Lady	(December) ABC Za Legend of Johnny’s 2021 at Imperial Theatre
(February) The Man Who Laughs	(February - March) Spirited Away
Theatre Creation	
(August - September) Little Shop of Horrors	(September - October) DOGFIGHT
(October) VOICARION XIII - Her Majesty’s Room -	(October - November) Home, I’m Darling
(November - December) Grease	(December) The Glass Menagerie
(January) The Little Prince	(February) SLAPSTICKS
Other theatres	
(September - November) Oliver! (TOKYU THEATRE Orb)*	(October) NEWSIES (Nissay Theatre)*
(October) Mademoiselle Mozart (Brillia HALL)	(February) Man of La Mancha (Nissay Theatre)

Note: Titles with an asterisk are collaboratively produced productions. There is a possibility that changes, such as the postponement of releases, will occur. Please confirm the most recent information on the Company’s website.

Real Estate business

Under the difficult situation, which includes the decrease of office demand, in the Lease of Land and Buildings business, TOHO CO., LTD.’s Corporate Real Estate department will aim to effectively utilize real estate held in Japan through corporate proposals for equipment repair and redevelopment

from a long-term perspective while improving financial results by striving for comprehensive responses for and mutual understanding with tenants. As a result, the Company expects operating revenue of ¥27,000 million (down 3.3% year on year) in the Lease of Land and Buildings business.

In the Road business, Subaru Enterprise Co., Ltd. and its subsidiaries will work to expand orders by carrying out proactive sales activities based on thorough cost management. The Company expects operating revenue of ¥27,800 million (up 1.2% year on year) in the Road business.

In the Building Maintenance business, TOHO BUILDING MANAGEMENT Co., Ltd. and Toho Facilities Co., Ltd. will work to reduce expenses and secure new orders under this difficult business environment. As a result, the Company expects operating revenue of ¥9,700 million (down 0.5% year on year) in the Building Maintenance business.

Due to the above, in the overall Real Estate business, the Company expects operating revenue of ¥64,500 million (down 1.0% year on year).

Other business

The Amusement business and the Restaurant and Sports Facilities business will proactively develop sales measures, etc. for Toho Kyoei Kigyo Co., Ltd.'s Toho Chofu Sports Park. Furthermore, the Retailing and Retail Services business for TOHO RETAIL CO., LTD.'s restaurants, theater concession stands, etc. will carry out sales activities taking into consideration demand, profitability, etc. based on the difficult business environment.

As a result, the Company expects operating revenue of ¥2,700 million (up 0.8% year on year) in the Other business.

The Company expects an initial budget of ¥13,900 million for capital expenditures for the full year, which includes ordinary repair work (repair work within the scope of depreciation (¥8,800 million budget)), new construction for "TOHO Cinemas Sevenpark Amami," which is planned to open in November 2021, and other work. However, the Company will flexibly carry out additional investments for the purchase of new properties and acquisition of equipment.

As a result, the Company is expected to record operating revenue of ¥226,000 million (up 17.7% year on year) in the fiscal year ending February 28, 2022, operating profit of ¥38,000 million (up 69.3% year on year), ordinary profit of ¥40,000 million (up 65.3% year on year), and profit attributable to owners of parent of ¥26,000 million (up 77.0% year on year).

2. Quarterly Consolidated Financial Statements and Significant Notes Thereto

(1) Quarterly consolidated balance sheet

(Millions of yen)

	As of February 28, 2021	As of August 31, 2021
Assets		
Current assets		
Cash and deposits	37,530	43,680
Notes and accounts receivable - trade	20,345	26,023
Securities	39,094	35,101
Inventories	8,906	8,422
Short-term loans receivable with resale agreement	47,999	52,999
Other	30,192	25,962
Allowance for doubtful accounts	(42)	(44)
Total current assets	184,028	192,146
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	79,482	82,020
Land	61,620	70,796
Construction in progress	2,106	2,324
Other, net	8,417	8,129
Total property, plant and equipment	151,626	163,271
Intangible assets		
Goodwill	3,458	3,101
Other	2,608	2,594
Total intangible assets	6,066	5,695
Investments and other assets		
Investment securities	113,400	105,840
Other	18,989	18,441
Allowance for doubtful accounts	(306)	(89)
Total investments and other assets	132,083	124,192
Total non-current assets	289,776	293,160
Total assets	473,804	485,306

(Millions of yen)

	As of February 28, 2021	As of August 31, 2021
Liabilities		
Current liabilities		
Accounts payable - trade	18,397	21,030
Short-term borrowings	116	61
Income taxes payable	2,258	7,263
Provision for bonuses	907	975
Other provisions	204	181
Asset retirement obligations	68	44
Other	17,519	18,114
Total current liabilities	39,473	47,672
Non-current liabilities		
Retirement benefit liability	3,489	3,564
Provision for retirement benefits for directors (and other officers)	155	134
Other provisions	236	236
Asset retirement obligations	6,858	6,948
Other	34,580	33,316
Total non-current liabilities	45,319	44,199
Total liabilities	84,792	91,872
Net assets		
Shareholders' equity		
Share capital	10,355	10,355
Capital surplus	14,087	14,096
Retained earnings	357,068	369,034
Treasury shares	(23,771)	(29,498)
Total shareholders' equity	357,740	363,989
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	19,290	16,044
Revaluation reserve for land	800	800
Foreign currency translation adjustment	(952)	(183)
Remeasurements of defined benefit plans	(1,059)	(1,002)
Total accumulated other comprehensive income	18,079	15,660
Non-controlling interests	13,191	13,784
Total net assets	389,011	393,433
Total liabilities and net assets	473,804	485,306

(2) Quarterly consolidated statement of income and consolidated statement of comprehensive income

Quarterly consolidated statement of income

Six months ended August 31, 2021

(Millions of yen)

	Six months ended August 31, 2020	Six months ended August 31, 2021
Operating revenue	73,991	118,050
Operating costs	45,834	70,603
Gross profit	28,156	47,446
Selling, general and administrative expenses		
Personnel expenses	8,259	9,210
Advertising expenses	1,177	2,501
Provision for bonuses	648	700
Retirement benefit expenses	495	490
Provision for retirement benefits for directors (and other officers)	7	14
Rent expenses on land and buildings	2,669	3,695
Other	7,801	9,370
Total selling, general and administrative expenses	21,058	25,983
Operating profit	7,098	21,463
Non-operating income		
Interest income	58	35
Dividend income	875	811
Share of profit of entities accounted for using equity method	15	44
Foreign exchange gains	-	179
Other	110	263
Total non-operating income	1,060	1,333
Non-operating expenses		
Interest expenses	16	16
Commission for purchase of treasury shares	-	22
Foreign exchange losses	201	-
Other	43	4
Total non-operating expenses	261	44
Ordinary profit	7,897	22,752
Extraordinary income		
Gain on sale of non-current assets	684	5
Received settlement fee	180	-
Subsidy income	500	794
Total extraordinary income	1,364	799
Extraordinary losses		
Loss on valuation of investment securities	76	23
Impairment loss	52	-
Loss caused by temporary closures	2,211	548
Total extraordinary losses	2,340	572
Profit before income taxes	6,921	22,980
Income taxes - current	3,213	7,291
Income taxes - deferred	(939)	(245)
Total income taxes	2,273	7,045
Profit	4,648	15,934
Profit attributable to non-controlling interests	852	853
Profit attributable to owners of parent	3,795	15,081

Quarterly consolidated statement of comprehensive income

Six months ended August 31, 2021

(Millions of yen)

	Six months ended August 31, 2020	Six months ended August 31, 2021
Profit	4,648	15,934
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,948)	(3,246)
Foreign currency translation adjustment	(186)	769
Remeasurements of defined benefit plans	69	57
Share of other comprehensive income of entities accounted for using equity method	(22)	(0)
Total other comprehensive income	(3,087)	(2,420)
Comprehensive income	1,560	13,514
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	704	12,661
Comprehensive income attributable to non-controlling interests	856	852

(3) Quarterly consolidated statement of cash flows

(Millions of yen)

	Six months ended August 31, 2020	Six months ended August 31, 2021
Cash flows from operating activities		
Profit before income taxes	6,921	22,980
Depreciation	4,094	4,283
Amortization of goodwill	356	356
Increase (decrease) in allowance for doubtful accounts	(106)	(215)
Interest and dividend income	(933)	(846)
Interest expenses	16	16
Share of loss (profit) of entities accounted for using equity method	(15)	(44)
Loss (gain) on valuation of investment securities	76	23
Decrease (increase) in trade receivables	5,085	(5,669)
Decrease (increase) in inventories	1,244	538
Increase (decrease) in trade payables	(7,233)	2,632
Increase (decrease) in accrued consumption taxes	(3,116)	1,768
Other	(4,592)	2,703
Subtotal	1,799	28,527
Interest and dividends received	1,170	937
Interest paid	(31)	(33)
Income taxes paid	(11,159)	(2,548)
Income taxes refund	25	2,353
Net cash provided by (used in) operating activities	(8,196)	29,236
Cash flows from investing activities		
Purchase of securities	(10,199)	(22,399)
Proceeds from sales of securities	43,500	30,900
Purchase of property, plant and equipment	(5,012)	(16,417)
Proceeds from sales of property, plant and equipment	779	174
Purchase of investment securities	(2,005)	(2,004)
Loan advances	(3)	(41)
Collection of loans receivable	60	4
Proceeds from cancellation of money held in trust	–	2,600
Other	(127)	67
Net cash provided by (used in) investing activities	26,991	(7,115)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	7	(55)
Proceeds from long-term borrowings	15	–
Repayments of long-term borrowings	(15)	–
Purchase of treasury shares	(6,863)	(5,779)
Dividends paid	(6,745)	(3,116)
Dividends paid to non-controlling interests	(346)	(288)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(2)	(2)
Repayments of lease obligations	(6)	(8)
Cash flows provided by (used in) financing activities	(13,956)	(9,250)
Effect of exchange rate change on cash and cash equivalents	(250)	873
Net increase (decrease) in cash and cash equivalents	4,587	13,744
Cash and cash equivalents at beginning of period	118,445	85,827
Cash and cash equivalents at end of period	123,033	99,571

(4) Notes to quarterly consolidated financial statements

(Notes on going concern assumption)

Not applicable.

(Notes on significant changes in the amount of shareholders' equity)

The Company purchased 1,366,503 treasury shares through tender offer based on a resolution at the Board of Directors meeting held on April 13, 2021. Due to this purchase, treasury shares increased by ¥5,726 million in the six months ended August 31, 2021, bringing the amount of treasury shares to ¥29,498 million as of the end of the second quarter ended August 31, 2021.

(Adoption of special accounting treatments for preparing quarterly consolidated financial statements)

None

(Additional information)

Amid repeated declarations of states of emergency, the Group suspended operations and shortened business hours at movie theaters in applicable areas, cancelled, refunded, etc. theatre performances and suspended operations of commercial facilities based on policies, requests, etc. from each local government, and changed release schedules for film distribution in light of the status of COVID-19.

There has been no material change from the assumptions regarding the impact of COVID-19 presented in the additional information in the annual securities report for the previous fiscal year.

There is a considerable amount of uncertainty regarding the spread of infection going forward and when COVID-19 will come under control as well as the market after COVID-19 comes under control and consumer trends. In the event that the status of COVID-19 or the impact on the economic environment deviates from these assumptions, it could have an impact on the Group's financial position, operating results, and cash flow.

(Segment information)

[Segment information]

I. Six months ended August 31, 2020

Disclosure of net sales and profit (loss) by reportable segment

(Millions of yen)

	Reportable segments				Other (Note 1)	Total	Adjustments (Note 2)	Amounts in the quarterly consolidated statement of income (Note 3)
	Cinema business	Theatrical business	Real Estate business	Total				
Net sales								
Sales to external customers	37,924	2,069	32,874	72,869	1,121	73,991	–	73,991
Intersegment sales or transfers	639	6	2,128	2,774	21	2,795	(2,795)	–
Total	38,564	2,076	35,003	75,644	1,142	76,786	(2,795)	73,991
Segment profit (loss)	947	(1,146)	9,315	9,117	(194)	8,922	(1,824)	7,098

- (Notes) 1. The “Other” category is a business segment that is not included in the reportable segments and includes businesses that operate restaurants and sports facilities.
2. The ¥1,824 million deducted from segment profit (loss) as adjustment consists of an addition of ¥1 million in intersegment transaction elimination, and a deduction of ¥1,826 million in corporate expenses that cannot be allocated to any reportable segment. Corporate expenses mainly consist of general and administrative expenses that are not attributable to reportable segments.
3. Segment profit (loss) is adjusted with operating profit stated in the quarterly consolidated statement of income.

II. Six months ended August 31, 2021

Disclosure of net sales and profit (loss) by reportable segment

(Millions of yen)

	Reportable segments				Other (Note 1)	Total	Adjustments (Note 2)	Amounts in the quarterly consolidated statement of income (Note 3)
	Cinema business	Theatrical business	Real Estate business	Total				
Net sales								
Sales to external customers	77,713	6,576	32,482	116,772	1,277	118,050	–	118,050
Intersegment sales or transfers	1,091	10	2,526	3,628	21	3,649	(3,649)	–
Total	78,804	6,587	35,008	120,401	1,298	121,700	(3,649)	118,050
Segment profit (loss)	13,622	1,147	8,667	23,437	(101)	23,335	(1,872)	21,463

- (Notes) 1. The “Other” category is a business segment that is not included in the reportable segments and includes businesses that operate restaurants and sports facilities.
2. The ¥1,872 million deducted from segment profit (loss) as adjustment consists of an addition of ¥2 million in intersegment transaction elimination, and a deduction of ¥1,875 million in corporate expenses that cannot be allocated to any reportable segment. Corporate expenses mainly consist of general and administrative expenses that are not attributable to reportable segments.
3. Segment profit (loss) is adjusted with operating profit stated in the quarterly consolidated statement of income.