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Consolidated Financial Results for the Six Months Ended August 31, 2023 <Under Japanese GAAP>

October 11, 2023

Company name: **TOHO CO., LTD.**
 Listing: Tokyo Stock Exchange/Fukuoka Stock Exchange
 Securities code: 9602
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 Scheduled date to file Quarterly Securities Report: October 11, 2023
 Scheduled date to commence dividend payments: November 21, 2023
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results presentation meeting: Yes (for institutional investors and analysts)
 (Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended August 31, 2023 (from March 1, 2023 to August 31, 2023)

(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, 2023	139,642	16.0	30,752	18.4	32,881	8.8	21,751	0.9
August 31, 2022	120,353	–	25,984	–	30,213	–	21,558	–

Note: Comprehensive income Six months ended August 31, 2023 ¥34,947 million [52.0%]
 Six months ended August 31, 2022 ¥22,992 million [-%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
August 31, 2023	124.59	–
August 31, 2022	122.24	–

Note: Please note that the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. were adopted from the beginning of the fiscal year ended February 28, 2023, and each figure for the six months ended August 31, 2022, reflects the adoption of the accounting standard, etc. As such, year-on-year percentage changes are not provided.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
August 31, 2023	569,616	451,481	76.6
February 28, 2023	534,097	423,691	76.6

Reference: Equity As of August 31, 2023 ¥436,541 million
 As of February 28, 2023 ¥409,306 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, 2023	–	20.00	–	40.00	60.00
Fiscal year ending February 29, 2024	–	20.00			
Fiscal year ending February 29, 2024 (forecast)			–	40.00	60.00

Note: Revisions to dividends forecasts most recently announced: None

3. Consolidated earnings forecasts for the fiscal year ending February 29, 2024 (from March 1, 2023 to February 29, 2024)

(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 29, 2024	270,000	10.5	50,000	11.4	54,000	12.9	36,000	7.7	206.21

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: Yes
 - 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, 2023	186,490,633 shares
As of February 28, 2023	186,490,633 shares

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

As of August 31, 2023	11,896,967 shares
As of February 28, 2023	11,915,882 shares

c. Average number of shares during the period

Six months ended August 31, 2023	174,582,883 shares
Six months ended August 31, 2022	176,359,733 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, 2023, the outlook for the Japanese economy remained uncertain, mainly due to the risk of an economic downturn overseas and the effect of rising prices, despite signs of moderate economic recovery in the context of an improved employment and income environment.

Under these conditions, the Group started the second year of the “Medium-term Management Plan 2025,” formulated in April 2022, by promoting the business strategies and working towards achieving the numerical targets in the plan. Regarding the operating results for the six months ended August 31, 2023, operating revenue was ¥139,642 million (up 16.0% year on year), operating profit was ¥30,752 million (up 18.4% year on year), ordinary profit was ¥32,881 million (up 8.8% year on year) and profit attributable to owners of parent was ¥21,751 million (up 0.9% year on year).

The operating results by segment are as follows.

Cinema business

In the Production and Distribution business, TOHO CO., LTD. had a major hit with the collaboratively produced and distributed “DETECTIVE CONAN Black Iron Submarine,” which became the first in the “Detective Conan” series to achieve box office receipts exceeding ¥10.0 billion, as well as the hit productions “The Boy and the Heron,” “KINGDOM : The Flame of Destiny (Tentative title),” “TOKYO MER: Mobile Emergency Room - THE MOVIE,” “Doraemon the Movie: Nobita’s Sky Utopia,” and “As Long as We Both Shall Live.” In addition, TOHO-TOWA Co., Ltd. and others also distributed the major hit “The Super Mario Bros. Movie” along with the hits “Mission: Impossible-Dead Reckoning Part One” and “Fast X.” As a result, operating revenue in the Production and Distribution business was ¥24,474 million (up 22.6% year on year) and operating profit was ¥9,610 million (up 23.9% year on year). The above operating revenue mainly consists of ¥19,273 million from distribution to movie theaters (up 35.5% year on year) and ¥406 million from the domestic streaming of theatrical films (down 67.3% year on year).

In the Movie Theater Chain business, TOHO Cinemas Ltd. and others released works listed above and others. The number of movie theater customers in the six months ended August 31, 2023 increased by 8.6% year on year to 23,493,000. TOHO Cinemas Ltd. has revised its movie admission prices effective June 1, 2023 due to factors including soaring energy prices and increased personnel expenses. As a result, operating revenue in the Movie Theater Chain business was ¥44,516 million (up 16.0% year on year) and operating profit was ¥8,114 million (up 52.2% year on year). With regard to theater changes in the six months ended August 31, 2023, TOHO Cinemas Ltd. opened “TOHO Cinemas LaLaport Kadoma” (9 screens) in Kadoma City, Osaka Prefecture on April 17, 2023. As a result, the number of screens managed by the corporate group increased by 9 to 730 throughout Japan (including 56 collaboratively managed screens).

In the Production and Licensing business, TOHO CO., LTD. recorded revenue from distribution and royalties from merchandising rights in Japan and overseas for TOHO animation productions that it had invested in, such as “My Hero Academia,” “JUJUTSU KAISEN,” “SPY x FAMILY,” “BLUE GIANT,” “Haikyuu!!,” “Dr.STONE,” and “Chibi Godzilla,” as well as revenue as a result of royalty from various platforms. In the Home Entertainment business, sales grew for “SHIN ULTRAMAN” as well as the TOHO animation productions “Onimai: I’m Now Your Sister!” and “The Angel Next Door Spoils Me Rotten.” In the Publishing and Merchandising business, sales were favorable for souvenir programs and character goods for works distributed by the Group such as the movies “DETECTIVE CONAN Black Iron Submarine,” “Doraemon the Movie: Nobita’s Sky Utopia,” “As Long as We Both Shall Live,” and “The Super Mario Bros. Movie.” In addition, sales of character goods of TOHO animation productions contributed to operating revenue. TOHO Studios Co., Ltd. operated strongly as a result of integrating the Production and Studio businesses. At TOHO EIZO BIJUTSU Co., Ltd. and TOHO STAGE CRAFT Co., Ltd., orders began to recover for stage production and art production for movies, TV and commercials, etc. as well as for production services for display items in theme parks, in addition to which, cost-reduction efforts were made. As a result, operating revenue in the Production and Licensing business was ¥25,880 million (up 30.4% year on year) and operating profit was ¥5,106 million (up 22.9% year on year). The above operating revenue mainly consists of ¥10,208

million for the use of animation contents (up 52.1% year on year), ¥2,113 million for sale of home entertainment (up 15.2% year on year) and ¥4,053 million for art production related to production and licensing works, etc. (up 3.8% year on year).

As a result, in the overall Cinema business, operating revenue was ¥94,872 million (up 21.3% year on year) and operating profit was ¥22,831 million (up 32.4% year on year).

Theatrical business

In the Theatrical business, the first musical adaptation of the hugely popular comic “SPY x FAMILY” was unveiled at TOHO CO., LTD.’s Imperial Theatre and was completely sold out, and “Endless SHOCK (Endless SHOCK/ Endless SHOCK -Eternal-),” which achieved success and gained attention as the first performance in Japan of “Moulin Rouge! The Musical” was fully booked out. The Theatre Creation hosted performances of “RENT,” “The Odd Couple,” “She Loves Me,” “The Origin of Evil by Darwin Young,” “SHOW BOY,” “Like a Family,” and others. In addition, the Company expanded “Kingdom,” “Musical SPY x FAMILY” and other performances as external theatrical works throughout Japan. At TOHO Entertainment Co., Ltd., affiliated actors worked favorably on commercial performances, etc.

As a result of the above, operating revenue in the Theatrical business was ¥9,707 million (up 16.3% year on year) and operating profit was ¥1,264 million (up 14.8% year on year).

Real Estate business

In the Lease of Land and Buildings business, while office market conditions still remain highly uncertain, due to efforts to effectively use owned properties and comprehensively respond to tenants, the vacancy rate of real estate for leasing was 0.5% as of the end of the second quarter of the current fiscal year. As a result, operating revenue in the Lease of Land and Buildings business was ¥14,530 million (up 4.5% year on year) and operating profit was ¥6,031 million (down 0.7% year on year).

In the Road business, there was firm public investment, but the situation continued to be unpredictable due to factors such as the shortage of construction tradespeople on top of continued increases in labor costs, equipment and material prices. Under these conditions, Subaru Enterprise Co., Ltd. and its consolidated subsidiaries engaged in proactive sales activities, and while a steady order flow was secured there was a decrease in highly profitable types of construction projects. As a result, operating revenue in the Road business was ¥14,690 million (up 0.6% year on year) and operating profit was ¥2,641 million (down 12.7% year on year). Operating revenue mainly consists of ¥13,396 million from road maintenance, repair and cleaning services (up 0.2% year on year) and also includes ¥419 million of other revenue (up 3.2% year on year).

In the Building Maintenance business, TOHO BUILDING MANAGEMENT Co., Ltd. and TOHO Facilities Co., Ltd. continued to experience labor shortages and rising personnel expenses and raw materials expenses, but also executed certain projects that had been postponed, and so forth. As a result, operating revenue was ¥5,242 million (up 10.9% year on year) and operating profit was ¥576 million (up 36.0% year on year).

As a result of the above, operating revenue in the overall Real Estate business was ¥34,463 million (up 3.7% year on year) and operating profit was ¥9,250 million (down 2.9% year on year).

Other business

TOHO Kyoei Kigyo Co., Ltd.’s “TOHO Chofu Sports Park” and TOHO RETAIL CO., LTD.’s theater concession stands, etc. engaged in proactive sales activities as personal consumption trends picked up. As a result, operating revenue in Other business was ¥599 million (up 5.1% year on year) and operating profit was ¥114 million (up 11.3% year on year).

(2) Details of financial position

With regard to the financial position as of the end of the second quarter of the current fiscal year, total assets increased by ¥35,519 million from the end of the previous fiscal year to ¥569,616 million. This was mainly due to increases of ¥4,704 million in cash and deposits, ¥3,721 million in inventories, ¥8,309 million in securities, and ¥20,346 million in investment securities, despite a decrease of ¥6,999 million in short-term loans receivable with resale agreement.

Liabilities increased by ¥7,729 million from the end of the previous fiscal year to ¥118,135 million.

Net assets increased by ¥27,789 million from the end of the previous fiscal year to ¥451,481 million. This was mainly due to an increase of ¥14,755 million in retained earnings and an increase of ¥10,878 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 29, 2024, which were announced on July 13, 2023, as follows.

Revision of consolidated earnings forecasts for the fiscal year ending February 29, 2024 (from March 1, 2023 to February 29, 2024)

	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)	260,000	45,000	48,000	31,000	177.57
Revised forecasts (B)	270,000	50,000	54,000	36,000	206.21
Change (B-A)	10,000	5,000	6,000	5,000	–
Change (%)	3.8	11.1	12.5	16.1	–
(Reference) Previous fiscal year results (fiscal year ended February 28, 2023)	244,295	44,880	47,815	33,430	190.37

The future outlook by segment is as follows.

Cinema business

TOHO CO., LTD. and TOHO-TOWA Co., Ltd. and others will collaboratively produce and distribute the following popular works, including GODZILLA MINUS ONE, a film commemorating the 70th anniversary of Godzilla. Because of this, the Company expects operating revenue of ¥43,200 million (up 5.6% year on year) in the Production and Distribution business.

TOHO CO., LTD.'s collaborative productions/distributed works	
YOSHIKI: UNDER THE SKY	Don't Call it Mystery
THE SILENT SERVICE	Analog
We're Millennials. Got a Problem? : The Movie	GODZILLA MINUS ONE
KUBI	Totto-chan the Movie: The Little Girl at the Window
The Imaginary	SPY x FAMILY CODE: White
GOLDEN KAMUY	Love You as the World Ends: The Movie(Tentative title)
Haikyuu!!: The Dumpster Battle	

Works contracted for distribution by TOHO-TOWA Co., Ltd., etc.	
The Last Voyage of Demeter	Teenage Mutant Ninja Turtles: Mutant Mayhem (TOWA PICTURES Co., Ltd.)
Killers of the Flower Moon (TOWA PICTURES Co., Ltd.)	Strays
The Exorcist: Believer	PAW Patrol: The Mighty Movie (TOWA PICTURES Co., Ltd.)

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 Ltd. and others are planning to release popular works, primarily those listed above. The Company expects operating revenue of ¥76,000 million (up 7.0% year on year) in the Movie Theater Chain business. With regard to changes planned at theaters from the third quarter onward, "TOHO Cinemas Susukino" (10 screens) is planned to open in Chuoku, Sapporo City, Hokkaido on November 30, 2023, which will bring the Company to a 10 screen increase throughout Japan for a total of 740 screens (including 56 collaboratively managed screens).

In the Production and Licensing business, TOHO animation of TOHO CO., LTD. is striving to expand earnings through wider use of production-funded animation such as "JUJUTSU KAISEN," "SPY x FAMILY," "Frieren: Beyond Journey's End," "The Apothecary Diaries" and other works. In the Gaming Business, "JUJUTSU KAISEN phantom parade" is scheduled for release. In the Home Entertainment business, we will offer a varied lineup including "Suzume" and develop various initiatives. The Publishing and Merchandising business plans to offer a wide range of souvenir programs and character goods for works distributed by the Company and others, including "GODZILLA MINUS ONE" and "SPY x FAMILY CODE: White." Furthermore, it will work to further increase royalty from merchandising rights, etc. for the "TOHO Monster Series," which includes "Godzilla." 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 STAGE CRAFT 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 ¥61,500 million (up 33.5% year on year) in the Production and Licensing business.

As a result, in the overall Cinema business, the Company expects operating revenue of ¥180,700 million (up 14.4% year on year).

Theatrical business

In the Theatrical business, the Company plans to carry out the following performances at TOHO CO., LTD.'s Imperial Theatre, Theatre Creation and others. Other than this, the Company will expand "Roald Dahl's Charlie and the Chocolate Factory" 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 ¥20,000 million (up 9.9% year on year) in the Theatrical business.

Imperial Theatre	
(September) DREAM BOYS	(October) Roald Dahl's Charlie and the Chocolate Factory
(November) Musical Picaresque LUPIN ~The Secret of Countess Cagliostro~	(December) ABC-Za Star Theatre 2023 -5 Stars Live Hours-
(February) Musical JOJO'S BIZARRE ADVENTURE Phantom Blood	

Theatre Creation	
(September) SHINE SHOW!	(September) The World of Kunze & Levay
(October) Nodame Cantabile*	(November) Biloxi Blues
(November) TOHO MUSICAL LAB.	(November) LET'S MEET AT HIBIYA with Koasa & Kaho
(November - December) PURE GOLD ~Mao Daichi 50th Anniversary Concert~	(December) VOICARION XVII~The Spoon~
(January) Yuichiro & Friends -Singing! Talking! Not Dancing!	(January - February) NAOTO KAIHO CONCERT ATTENTION PLEASE! 2
(February - March) The Bones and Scorn*	
Other theaters	
(September) Ikiru (New National Theatre, Tokyo Playhouse)*	(September) Ragtime (Nissay Theatre)
(November) Sister Act (TOKYU THEATRE Orb)	(December) Beethoven's Secret (Nissay Theatre)
(January) Tootsie (Nissay Theatre)	

Note: Titles with an asterisk are collaboratively produced productions. Note that there may be changes to the performance schedule, etc. Please confirm the most recent information on the Company's website.

Real Estate business

With the outlook for a large supply of office buildings, in the Lease of Land and Buildings business, TOHO CO., LTD.'s Corporate Real Estate department will effectively utilize real estate held in Japan through corporate proposals for equipment repair and redevelopment from a long-term perspective and aim to improve financial results by striving for comprehensive responses to and mutual understanding with tenants. As a result, the Company expects operating revenue of ¥29,000 million (up 3.5% 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 ¥28,700 million (down 0.7% 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 secure new orders under this difficult business environment with ongoing price competition. As a result, the Company expects operating revenue of ¥10,400 million (up 4.2% year on year) in the Building Maintenance business.

Due to the above, in the overall Real Estate business, the Company expects operating revenue of ¥68,100 million (up 1.8% year on year).

Other business

TOHO Kyo-ei Kigyo Co., Ltd. will proactively develop sales measures to satisfy customers, including a renewed golf driving range at "TOHO Chofu Sports Park." TOHO RETAIL CO., LTD. will strive to increase sales by offering attractive products at theater concession stands, etc.

As a result, the Company expects operating revenue of ¥1,200 million (up 3.1% year on year) in Other business.

Planned capital expenditures for the full fiscal year include ordinary repair work (repair work within the scope of depreciation (¥9,600 million budget)), the opening of "TOHO Cinemas Susukino" and other work. These capital expenditures are expected to be made within the budget of ¥14,800 million. 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 ¥270,000 million (up 10.5% year on year) in the fiscal year ending February 29, 2024, operating profit of ¥50,000 million (up 11.4% year on year), ordinary profit of ¥54,000 million (up 12.9% year on year), and profit attributable to owners of parent of ¥36,000 million (up 7.7% year on year).

2. Quarterly Consolidated Financial Statements and Significant Notes Thereto

(1) Quarterly consolidated balance sheet

(Millions of yen)

	As of February 28, 2023	As of August 31, 2023
Assets		
Current assets		
Cash and deposits	44,259	48,964
Notes and accounts receivable - trade, and contract assets	32,921	35,199
Securities	44,986	53,295
Inventories	11,003	14,724
Short-term loans receivable with resale agreement	64,999	57,999
Other	26,627	25,077
Allowance for doubtful accounts	(89)	(78)
Total current assets	224,708	235,182
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	85,434	84,477
Land	80,475	81,723
Construction in progress	2,749	4,715
Other, net	8,792	9,697
Total property, plant and equipment	177,451	180,614
Intangible assets		
Goodwill	2,032	1,911
Other	2,920	3,374
Total intangible assets	4,953	5,285
Investments and other assets		
Investment securities	108,499	128,845
Other	18,567	19,779
Allowance for doubtful accounts	(82)	(92)
Total investments and other assets	126,984	148,533
Total non-current assets	309,388	334,433
Total assets	534,097	569,616

(Millions of yen)

	As of February 28, 2023	As of August 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	30,773	32,709
Short-term borrowings	53	469
Current portion of long-term borrowings	59	54
Income taxes payable	9,782	8,461
Provision for bonuses	1,008	1,058
Other provisions	168	-
Asset retirement obligations	52	52
Other	23,864	24,913
Total current liabilities	65,762	67,720
Non-current liabilities		
Long-term borrowings	326	303
Retirement benefit liability	3,437	3,502
Provision for retirement benefits for directors (and other officers)	178	161
Other provisions	86	86
Asset retirement obligations	7,117	7,244
Other	33,498	39,115
Total non-current liabilities	44,643	50,415
Total liabilities	110,405	118,135
Net assets		
Shareholders' equity		
Share capital	10,355	10,355
Capital surplus	14,180	14,216
Retained earnings	404,225	418,980
Treasury shares	(38,866)	(38,807)
Total shareholders' equity	389,894	404,745
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	17,092	27,971
Revaluation reserve for land	800	800
Foreign currency translation adjustment	2,110	3,565
Remeasurements of defined benefit plans	(592)	(541)
Total accumulated other comprehensive income	19,411	31,796
Non-controlling interests	14,384	14,939
Total net assets	423,691	451,481
Total liabilities and net assets	534,097	569,616

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

Quarterly consolidated statement of income

Six months ended August 31, 2023

(Millions of yen)

	Six months ended August 31, 2022	Six months ended August 31, 2023
Operating revenue	120,353	139,642
Operating costs	64,144	75,969
Gross profit	56,208	63,672
Selling, general and administrative expenses		
Personnel expenses	9,593	10,566
Advertising expenses	3,301	3,325
Provision for bonuses	708	774
Retirement benefit expenses	512	561
Provision for retirement benefits for directors (and other officers)	13	14
Rent expenses on land and buildings	4,520	4,812
Other	11,573	12,864
Total selling, general and administrative expenses	30,224	32,920
Operating profit	25,984	30,752
Non-operating income		
Interest income	36	357
Dividend income	964	1,147
Share of profit of entities accounted for using equity method	315	163
Foreign exchange gains	2,745	352
Other	174	172
Total non-operating income	4,235	2,194
Non-operating expenses		
Interest expenses	3	3
Loss on liquidation of subsidiaries	-	51
Other	2	10
Total non-operating expenses	5	66
Ordinary profit	30,213	32,881
Extraordinary income		
Gain on sale of non-current assets	75	-
Subsidy income	2,353	-
Total extraordinary income	2,429	-
Extraordinary losses		
Loss on valuation of investment securities	28	-
Loss on valuation of investments in capital	-	107
Total extraordinary losses	28	107
Profit before income taxes	32,615	32,773
Income taxes - current	9,901	9,451
Income taxes - deferred	136	759
Total income taxes	10,037	10,211
Profit	22,577	22,562
Profit attributable to non-controlling interests	1,019	810
Profit attributable to owners of parent	21,558	21,751

Quarterly consolidated statement of comprehensive income

Six months ended August 31, 2023

(Millions of yen)

	Six months ended August 31, 2022	Six months ended August 31, 2023
Profit	22,577	22,562
Other comprehensive income		
Valuation difference on available-for-sale securities	(94)	10,870
Foreign currency translation adjustment	452	1,455
Remeasurements of defined benefit plans, net of tax	58	51
Share of other comprehensive income of entities accounted for using equity method	(1)	7
Total other comprehensive income	414	12,384
Comprehensive income	22,992	34,947
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	21,972	34,136
Comprehensive income attributable to non-controlling interests	1,019	810

(3) Quarterly consolidated statement of cash flows

(Millions of yen)

	Six months ended August 31, 2022	Six months ended August 31, 2023
Cash flows from operating activities		
Profit before income taxes	32,615	32,773
Depreciation	4,540	4,931
Increase (decrease) in allowance for doubtful accounts	(16)	(1)
Interest and dividend income	(1,000)	(1,505)
Interest expenses	3	3
Share of loss (profit) of entities accounted for using equity method	(315)	(163)
Loss (gain) on valuation of investment securities	28	-
Decrease (increase) in trade receivables and contract assets	(7,784)	(1,980)
Decrease (increase) in inventories	(1,457)	(3,629)
Increase (decrease) in trade payables	7,191	1,722
Increase (decrease) in accrued consumption taxes	320	297
Other	208	5,691
Subtotal	34,333	38,139
Interest and dividends received	1,089	1,635
Interest paid	(6)	(8)
Income taxes paid	(9,952)	(10,689)
Net cash provided by (used in) operating activities	25,462	29,077
Cash flows from investing activities		
Purchase of securities	(20,399)	(30,396)
Proceeds from sale of securities	28,300	31,100
Purchase of property, plant and equipment	(9,888)	(10,407)
Proceeds from sale of property, plant and equipment	363	1
Purchase of investment securities	(2,004)	(13,599)
Loan advances	(22)	(1)
Proceeds from collection of loans receivable	56	4
Investments in money held in trust	(300)	(2,300)
Proceeds from cancellation of money held in trust	2,600	-
Other	(340)	(2,278)
Net cash provided by (used in) investing activities	(1,635)	(27,876)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(7)	(9)
Repayments of long-term borrowings	-	(31)
Purchase of treasury shares	(4,240)	(4)
Dividends paid	(4,863)	(6,988)
Dividends paid to non-controlling interests	(305)	(296)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(3)	(4)
Repayments of lease liabilities	(7)	(72)
Other	-	9
Net cash provided by (used in) financing activities	(9,427)	(7,398)
Effect of exchange rate change on cash and cash equivalents	3,104	1,599
Net increase (decrease) in cash and cash equivalents	17,503	(4,597)
Cash and cash equivalents at beginning of period	92,341	112,121
Cash and cash equivalents at end of period	109,844	107,524

(4) Notes to quarterly consolidated financial statements

(Notes on going concern assumption)

Not applicable.

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

Not applicable.

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

Not applicable.

(Changes in accounting policies)

(Application of Implementation Guidance on Accounting Standard for Fair Value Measurement)

The Company has applied the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021) from the beginning of the first quarter of the current fiscal year, and it has applied the new accounting policy provided for by the Implementation Guidance on Accounting Standard for Fair Value Measurement prospectively in accordance with the transitional measures provided for in paragraph 27-2 of the Implementation Guidance on Accounting Standard For Fair Value Measurement. There is no impact on the quarterly consolidated financial statements.

(Segment information, etc.)

[Segment information]

I. Six months ended August 31, 2022

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	78,199	8,348	33,234	119,782	570	120,353	–	120,353
Intersegment sales or transfers	1,173	25	2,530	3,728	90	3,819	(3,819)	–
Total	79,373	8,373	35,764	123,511	660	124,172	(3,819)	120,353
Segment profit (loss)	17,245	1,101	9,521	27,869	102	27,972	(1,988)	25,984

(Notes) 1. The “Other” category is a business segment that is not included in the reportable segments and includes businesses that operate sports facilities, etc.

2. The ¥1,988 million deducted from segment profit (loss) as adjustment consists of an addition of ¥11 million in intersegment transaction elimination, and a deduction of ¥1,999 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, 2023

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	94,872	9,707	34,463	139,042	599	139,642	–	139,642
Intersegment sales or transfers	1,086	14	2,549	3,649	142	3,792	(3,792)	–
Total	95,958	9,721	37,012	142,692	742	143,434	(3,792)	139,642
Segment profit (loss)	22,831	1,264	9,250	33,346	114	33,460	(2,708)	30,752

(Notes) 1. The “Other” category is a business segment that is not included in the reportable segments and includes businesses that operate sports facilities, etc.

2. The ¥2,708 million deducted from segment profit (loss) as adjustment consists of a deduction of ¥1 million in intersegment transaction elimination, and a deduction of ¥2,706 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.