

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.



## Consolidated Financial Results for the Six Months Ended August 31, 2022 <Under Japanese GAAP>

October 12, 2022

Company name: **TOHO CO., LTD.**  
 Listing: Tokyo Stock Exchange/Fukuoka Stock Exchange  
 Securities code: 9602  
 URL: <https://www.toho.co.jp/>  
 Representative: Hiro Matsuoka  
 Representative Director and President  
 Inquiries: Harunori Kato  
 Senior Executive Officer in charge of Finance & Accounting, Corporate Management Group  
 TEL: +81-3-3591-1218  
 Scheduled date to file Quarterly Securities Report: October 12, 2022  
 Scheduled date to commence dividend payments: November 21, 2022  
 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, 2022 (from March 1, 2022 to August 31, 2022)

(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, 2022	120,353	–	25,984	–	30,213	–	21,558	–
August 31, 2021	118,050	59.5	21,463	202.4	22,752	188.1	15,081	297.3

Note: Comprehensive income Six months ended August 31, 2022 ¥22,992 million [–%]  
 Six months ended August 31, 2021 ¥13,514 million [766.1%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
August 31, 2022	122.24	–
August 31, 2021	85.17	–

Note: Please note that the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. was adopted from the beginning of the fiscal year ending February 28, 2023, and each figure for the first six months of the fiscal year ending February 28, 2023 reflects the adoption of the accounting standard. 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, 2022	526,911	421,589	77.3
February 28, 2022	502,532	409,181	78.7

Reference: Equity As of August 31, 2022 ¥407,405 million  
 As of February 28, 2022 ¥395,722 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, 2022	–	17.50	–	27.50	45.00
Fiscal year ending February 28, 2023	–	20.00			
Fiscal year ending February 28, 2023 (forecast)			–	20.00	40.00

Note: Revisions to dividends forecasts most recently announced: None

Breakdown of year-end dividends      Fiscal year ended February 28,      2022Special dividend – ¥10.00

## 3. Consolidated earnings forecasts for the fiscal year ending February 28, 2023 (from March 1, 2022 to February 28, 2023)

(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, 2023	240,000	–	42,000	–	45,000	–	32,000	–	181.45

Note: Revisions to earnings forecasts most recently announced: Yes

Please note that the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. was adopted from the beginning of the fiscal year ending February 28, 2023, and the above consolidated earnings forecasts reflect the adoption of the accounting standard. As such, year-on-year percentage changes are not provided.

**\* 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

Note: For details, please see “Changes in accounting policies” on page 13.

(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, 2022	186,490,633 shares
As of February 28, 2022	186,490,633 shares

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

As of August 31, 2022	10,750,331 shares
As of February 28, 2022	9,925,592 shares

c. Average number of shares during the period

Six months ended August 31, 2022	176,359,733 shares
Six months ended August 31, 2021	177,073,889 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 5 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.

## Attached Material

1. Qualitative Information.....	2
(1) Details of operating results .....	2
(2) Details of financial position .....	4
(3) Consolidated earnings forecasts and other forward-looking statements .....	5
2. Quarterly Consolidated Financial Statements and Significant Notes Thereto.....	8
(1) Quarterly consolidated balance sheet.....	8
(2) Quarterly consolidated statement of income and consolidated statement of comprehensive income .....	10
Quarterly consolidated statement of income .....	10
Quarterly consolidated statement of comprehensive income .....	11
(3) Quarterly consolidated statement of cash flows.....	12
(4) Notes to quarterly consolidated financial statements .....	13
(Notes on going concern assumption).....	13
(Notes on significant changes in the amount of shareholders' equity).....	13
(Adoption of special accounting treatments for preparing quarterly consolidated financial statements) .....	13
(Changes in accounting policies).....	13
(Segment information, etc.) .....	15
(Significant subsequent events) .....	17

## 1. Qualitative Information

### (1) Details of operating results

In the six months ended August 31, 2022, the outlook for the Japanese economy remained uncertain due to the rise in raw material prices, etc. amid concerns that the novel coronavirus disease (COVID-19) and circumstances in Ukraine will be protracted, despite signs of a recovery.

Under these conditions, the Group carried out flexible sales activities in each business while working to prevent the spread of COVID-19. Hit works such as “Detective Conan: The Bride of Halloween,” “KINGDOM2: Far and Away” and “SHIN ULTRAMAN,” which are distributed by TOHO CO., LTD., contributed to the financial results. As a result, operating revenue was ¥120,353 million (¥118,050 million in the same period of the previous fiscal year), operating profit was ¥25,984 million (¥21,463 million in the same period of the previous fiscal year), ordinary profit was ¥30,213 million (¥22,752 million in the same period of the previous fiscal year) and profit attributable to owners of parent was ¥21,558 million (¥15,081 million in the same period of the previous fiscal year). In addition, cooperative grants for large-scale facilities, etc. associated with the impact of COVID-19 have been recorded under extraordinary income as “subsidy income.”

In addition, the Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the first quarter of the current fiscal year. Consequently, since the figures for the first six months of the current fiscal year are the amounts following the application of such accounting standards, we have not presented changes as compared to corresponding period of the previous fiscal year.

In addition, in April this year, we launched the “TOHO VISION 2032 TOHO Group Management Corporate Strategy” comprised of the “Long-term Vision 2032,” which is targeting the 100th anniversary, and the “Medium-term Management Plan 2025,” which outlines specific measures for the next 3 years and we are engaged in initiatives for sustained growth and to increased medium- to long-term corporate value.

The operating results by segment are as follows.

#### Cinema business

In the Production and Distribution business, TOHO CO., LTD. had hits with collaboratively produced and distributed works “Detective Conan: The Bride of Halloween,” “KINGDOM2: Far and Away,” “SHIN ULTRAMAN” and “Doraemon the movie: Nobita’s Little Star Wars 2021.” As for works distributed by Toho-Towa Co., Ltd. and others, “Top Gun: Maverick” has been a long-running blockbuster, while “Jurassic World: Dominion,” “Minions: The Rise of Gru” and “Sing 2” had high levels of operation. In addition, we did not recognize the total amount of revenue for some international movie distribution transactions within film distribution where the Group’s role is categorized as an agency under the application of Accounting Standard for Revenue Recognition, etc., and changed to recognizing revenue on a net basis after deducting related expenses. As a result, operating revenue in the Production and Distribution business was ¥19,968 million (¥22,649 million in the same period of the previous fiscal year) and operating profit was ¥7,758 million (¥5,433 million in the same period of the previous fiscal year). The above operating revenue mainly consists of ¥14,222 million from distribution to movie theaters (\*1) and ¥1,241 million from the domestic streaming of theatrical films (\*2).

In the Movie Theater Chain business, TOHO Cinemas Ltd. and others benefited from the above distributed works being blockbusters, release of popular works such as “ONE PIECE FILM RED,” and theater closures, etc. not lasting as long compared with the same period of the previous fiscal year. As a result, the number of movie theater customers in the six months ended August 31, 2022 increased by 43.4% year on year to 21,635,000. In addition, we did not recognize the total amount of revenue for sales of some souvenir programs and merchandise at the retail shops in theaters where the Group’s role is categorized as an agency under the application of Accounting Standard for Revenue Recognition, etc., and changed to recognizing revenue on a net basis after deducting related expenses. As a result, operating revenue in the Movie Theater Chain business was ¥38,378 million (¥28,902 million in the same period of the previous fiscal year) and operating profit was ¥5,331 million (¥1,204

million in the same period of the previous fiscal year). With regard to theater changes in the six months ended August 31, 2022, TOHO Cinemas Ltd. opened “TOHO Cinemas LaLaport Fukuoka” (9 screens) in Hakata-ku, Fukuoka City on April 25. As a result, the number of screens managed by the corporate group increased by 9 to 721 throughout Japan (including 56 collaboratively managed screens).

In the Production and Licensing business, the Company commenced TOHO animation’s 10th anniversary project and rolled out various initiatives, including TV animation as well as the Merchandising business with a wide lineup such as “JUJUTSU KAISEN,” “My Hero Academia,” “SPY x FAMILY” and “Teasing Master Takagi-san.” There was revenue in the Animation Production business as a result of royalty from various platforms and through investing into the production of the above works, etc. In addition, the Home Entertainment business of TOHO CO., LTD. provided works such as the movies “Masquerade Night” and “What Did You Eat Yesterday? Movie.” In the Publishing and Merchandising business, sales grew for souvenir programs and character goods for works distributed by the Company such as the movies “SHIN ULTRAMAN” and “Detective Conan: The Bride of Halloween,” and for the international movie “Top Gun: Maverick.” The Alternative Content business provided works such as the movie “Teasing Master Takagi-san.” TOHO Studios Co., Ltd. operated smoothly as a result of integrating the Production and Studio businesses. At TOHO EIZO BIJUTSU Co., Ltd. and Toho Butai Co., Ltd., the situation continued to be difficult 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. As a result, operating revenue in the Production and Licensing business was ¥19,853 million (¥26,161 million in the same period of the previous fiscal year) and operating profit was ¥4,155 million (¥6,984 million in the same period of the previous fiscal year). The above operating revenue mainly consists of ¥6,711 million for the use of animation contents (\*3), ¥1,834 million for sale of home entertainment and ¥3,903 million for art production related to production and licensing works, etc. (\*4).

As a result, in the overall Cinema business, operating revenue was ¥78,199 million (¥77,713 million in the same period of the previous fiscal year) and operating profit was ¥17,245 million (¥13,622 million in the same period of the previous fiscal year).

#### Theatrical business

In the Theatrical business, the first stage performance of “Spirited Away,” as a work commemorating the 90th anniversary of TOHO’s founding, was staged at the Imperial Theatre and was completely sold out. Subsequently, the Company rolled out various initiatives including performance and live streaming at regions throughout Japan. “Endless SHOCK -Eternal-,” “Guys and Dolls” and “Miss Saigon” were performed and achieved success at the Imperial Theatre. “Piaf,” “Next to Normal,” “VOICARION XIV ~The Spoon~,” “CROSS ROAD,” “Only 1, NOT No.1,” “Q & A,” “Daddy Long Legs” and others were performed at Theatre Creation. “Your Lie in April” was performed to a full house at Nissay Theatre. However, as was the case last year, performances of some works were cancelled. 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 ¥8,348 million (¥6,576 million in the same period of the previous fiscal year) and operating profit was ¥1,101 million (¥1,147 million in the same period of the previous fiscal 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 market, but due to efforts to effectively use owned properties and comprehensively respond to tenants, the vacancy rate of real estate for leasing was 1.1% 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 ¥13,899 million (¥13,470 million in the same period of the previous fiscal year) and operating profit was ¥6,072 million (¥5,884 million in the same period of the previous fiscal year).

In the Road business, there was strong public investment, but the situation continued to be unpredictable due to a chronic labor shortage and rising labor costs and equipment prices. Subaru Enterprise Co., Ltd. and its subsidiaries worked to increase new orders and expand orders for existing projects through proactive sales activities by making technical proposals, etc., aiming for thorough safety management. As a result, operating revenue in the Road business was ¥14,606 million (¥14,174 million in the same period of the previous fiscal year) and operating profit was ¥3,025 million (¥2,307 million in the same period of the previous fiscal year). Operating revenue mainly consists of ¥13,367 million from road maintenance, repair and cleaning services and also includes ¥406 million of other revenue.

In the Building Maintenance business, TOHO BUILDING MANAGEMENT Co., Ltd. and Toho Facilities Co., Ltd. worked to secure new orders and reduce expenses. As a result, operating revenue was ¥4,729 million (¥4,836 million in the same period of the previous fiscal year) and operating profit was ¥424 million (¥475 million in the same period of the previous fiscal year).

As a result of the above, operating revenue in the overall Real Estate business was ¥33,234 million (¥32,482 million in the same period of the previous fiscal year) and operating profit was ¥9,521 million (¥8,667 million in the same period of the previous fiscal year).

#### Other business

Toho Kyoei Kogyo Co., Ltd.'s Toho Chofu Sports Park and TOHO RETAIL CO., LTD.'s theater concession stands, etc. developed various sales measures and carried out sales activities taking profitability into consideration. TOHO RETAIL CO., LTD. withdrew from the Directly Managed Restaurant business in August 2021. As a result, operating revenue in the Other business was ¥570 million (¥1,277 million in the same period of the previous fiscal year) and operating profit was ¥102 million (operating loss of ¥101 million in the same period of the previous fiscal year).

#### \* Additional information

- (\*1) Distribution to movie theaters: Revenue recognized on a net basis with respect to some international movie distribution transactions within film distribution to box-office companies
- (\*2) Domestic streaming of theatrical films: Domestic streaming of theatrical films excluding income from streaming TV animation
- (\*3) Use of animation contents: sales of programs mainly centered on streaming, royalty from merchandising rights, etc.
- (\*4) Art production related to production and licensing works, etc.: Art production works for movies and TV, event construction, and production services for display items, etc.

## **(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 ¥24,379 million from the end of the previous fiscal year to ¥526,911 million. This was mainly due to increases of ¥7,195 million in cash and deposits, ¥7,826 million in notes and accounts receivable - trade, and contract assets compared to the notes and accounts receivable - trade at the end of the previous fiscal year, and ¥7,999 million in short-term loans receivable with resale agreement, despite a decrease of ¥5,653 million in investment securities.

Liabilities increased by ¥11,971 million from the end of the previous fiscal year to ¥105,322 million. This was mainly due to an increase of ¥7,209 million in accounts payable - trade.

Net assets increased by ¥12,408 million from the end of the previous fiscal year to ¥421,589 million. This was mainly due to an increase of ¥15,442 million in retained earnings and an increase of ¥4,205 million in treasury shares.

### (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, 2023, which were announced on July 12, 2022, as follows. Please note that the “Accounting Standard for Revenue Recognition,” etc. was adopted from the beginning of the fiscal year ending February 28, 2023, and each figure for the consolidated earnings forecasts accordingly reflects the adoption of the accounting standard. As such, year-on-year amount and percentage changes are not provided.

Revision of consolidated earnings forecasts for the fiscal year ending February 28, 2023 (from March 1, 2022 to February 28, 2023)

	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)	232,000	38,000	41,000	28,500	161.41
Revised forecasts (B)	240,000	42,000	45,000	32,000	181.45
Change (B-A)	8,000	4,000	4,000	3,500	–
Change (%)	3.4	10.5	9.8	12.3	–
(Reference) Previous fiscal year results (fiscal year ended February 28, 2022)	228,367	39,948	42,790	29,568	167.24

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 popular works. Because of this, the Company expects operating revenue of ¥41,000 million (¥40,439 million in the previous fiscal year) in the Production and Distribution business.

TOHO CO., LTD.'s collaborative productions/distributed works	
A HUNDRED FLOWERS	Silent Parade
7 Secretaries The Movie	The Lines that Define Me
Suzume	Fragments of The Last Will
Dr. Coto's Clinic 2022 (Tentative Title)	Black Night Parade (Tentative Title)
Ichikei's Crow? The Criminal Court Judges The Movie (Tentative Title)	Yudo (Tentative Title)
Works contracted for distribution by Toho-Towa Co., Ltd., etc.	
Downton Abbey: A New Era	The Bad Guys
Ticket to Paradise	She Said

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 “Suzume” and other popular works, primarily consisting of those listed above. The Company expects operating revenue of ¥75,300 million (¥57,673 million in the previous fiscal year) in the Movie Theater Chain business.

In the Production and Licensing business, the Company commenced TOHO animation’s 10th anniversary project and will roll out various initiatives, including TV animation as well as the Merchandising business and the Home Entertainment business, with a wide lineup such as “My Hero Academia,” “SPY x FAMILY” and “Yowamushi Pedal Limit Break.” 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 “Suzume.” 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 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 ¥38,600 million (¥46,667 million in the previous fiscal year) in the Production and Licensing business.

As a result, in the overall Cinema business, the Company expects operating revenue of ¥154,900 million (¥144,781 million in the previous fiscal year).

TOHO CO., LTD. made TIA Inc. a subsidiary upon having purchased additional TIA Inc. shares on September 16, 2022, and has accordingly changed its name to TOHO animation STUDIO Inc. In addition, the Company purchased all shares of AID-DCC Inc., upon having concluded a share purchase agreement on September 27, 2022.

#### 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, and will also expand “Miss Saigon” 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 ¥18,000 million (¥15,157 million in the previous fiscal year) in the Theatrical business.

Imperial Theatre	
(September) DREAM BOYS	(October - November) Elisabeth
(December) ABC Za 10th Anniversary Legend of Johnny’s 2022 at Imperial Theatre	(February) Kingdom
Theatre Creation	
(September) Thoroughly Modern Millie	(October) The Great War of Archimedes
(October - November) The Fantasticks	(November - December) SHOW-ism XI BERBER RENDEZVOUS
(December) 4000 Miles	(January) NAOTO KAIHO CONCERT ATTENTION PLEASE!
(January) First Date	(February) CLUB SEVEN 20th Anniversary
Other theatres	
(September - October) Hairspray (Brillia HALL)	(October) Jersey Boys (Nissay Theatre)*
(November - December) Sister Act (TOKYU THEATRE Orb)	(January) The Beautiful Game (Nissay Theatre)*
(February) Ichimura-za (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 ¥28,000 million (¥27,155 million in the previous fiscal 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 ¥27,700 million (¥28,977 million in the previous fiscal 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 with ongoing price competition. As a result, the Company expects operating revenue of ¥10,300 million (¥9,699 million in the previous fiscal year) in the Building Maintenance business.

Due to the above, in the overall Real Estate business, the Company expects operating revenue of ¥66,000 million (¥65,832 million in the previous fiscal year).

### Other business

The Amusement business and the Merchandise Sales business will proactively develop sales measures, etc. for Toho Kyoei Kigyo Co., Ltd.'s Toho Chofu Sports Park. Furthermore, the businesses will engage in initiatives that include developing various products for the theater concession stands, etc. of TOHO RETAIL CO., LTD.

As a result, the Company expects operating revenue of ¥1,100 million (¥2,596 million in the previous fiscal year) in the Other business.

Planned capital expenditures for the full fiscal year include ordinary repair work (repair work within the scope of depreciation (¥9,000 million budget)), completion, etc. of "TOHO Cinemas LaLaport Fukuoka," which opened in April 2022, and "Toho Hibiya Promenade Building." These capital expenditures are expected to be made within the budget of ¥20,500 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 ¥240,000 million (¥228,367 million in the previous fiscal year) in the fiscal year ending February 28, 2023, operating profit of ¥42,000 million (¥39,948 million in the previous fiscal year), ordinary profit of ¥45,000 million (¥42,790 million in the previous fiscal year), and profit attributable to owners of parent of ¥32,000 million (¥29,568 million in the previous fiscal year).

## 2. Quarterly Consolidated Financial Statements and Significant Notes Thereto

### (1) Quarterly consolidated balance sheet

(Millions of yen)

	As of February 28, 2022	As of August 31, 2022
Assets		
Current assets		
Cash and deposits	37,750	44,946
Notes and accounts receivable - trade	22,852	-
Notes and accounts receivable - trade, and contract assets	-	30,678
Securities	40,607	40,409
Inventories	8,417	9,998
Short-term loans receivable with resale agreement	53,999	61,999
Other	24,313	25,867
Allowance for doubtful accounts	(74)	(49)
Total current assets	187,866	213,850
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	80,050	80,586
Land	75,438	77,190
Construction in progress	5,453	7,396
Other, net	8,922	8,800
Total property, plant and equipment	169,865	173,973
Intangible assets		
Goodwill	2,745	2,388
Other	2,641	2,516
Total intangible assets	5,386	4,904
Investments and other assets		
Investment securities	121,891	116,237
Other	17,601	18,032
Allowance for doubtful accounts	(78)	(87)
Total investments and other assets	139,413	134,182
Total non-current assets	314,665	313,061
Total assets	502,532	526,911

(Millions of yen)

	As of February 28, 2022	As of August 31, 2022
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - trade	19,305	26,514
Short-term borrowings	60	53
Income taxes payable	9,751	9,725
Provision for bonuses	972	994
Other provisions	170	129
Asset retirement obligations	-	13
Other	17,269	22,332
<b>Total current liabilities</b>	<b>47,531</b>	<b>59,762</b>
<b>Non-current liabilities</b>		
Retirement benefit liability	3,636	3,651
Provision for retirement benefits for directors (and other officers)	140	137
Other provisions	236	236
Asset retirement obligations	6,994	7,101
Other	34,812	34,431
<b>Total non-current liabilities</b>	<b>45,819</b>	<b>45,559</b>
<b>Total liabilities</b>	<b>93,351</b>	<b>105,322</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	10,355	10,355
Capital surplus	14,122	14,153
Retained earnings	380,430	395,873
Treasury shares	(28,712)	(32,917)
<b>Total shareholders' equity</b>	<b>376,197</b>	<b>387,465</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	19,854	19,758
Revaluation reserve for land	800	800
Foreign currency translation adjustment	(121)	331
Remeasurements of defined benefit plans	(1,008)	(950)
<b>Total accumulated other comprehensive income</b>	<b>19,525</b>	<b>19,939</b>
<b>Non-controlling interests</b>	<b>13,458</b>	<b>14,183</b>
<b>Total net assets</b>	<b>409,181</b>	<b>421,589</b>
<b>Total liabilities and net assets</b>	<b>502,532</b>	<b>526,911</b>

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

**Quarterly consolidated statement of income**

Six months ended August 31, 2022

(Millions of yen)

	Six months ended August 31, 2021	Six months ended August 31, 2022
Operating revenue	118,050	120,353
Operating costs	70,603	64,144
Gross profit	47,446	56,208
Selling, general and administrative expenses		
Personnel expenses	9,210	9,593
Advertising expenses	2,501	3,301
Provision for bonuses	700	708
Retirement benefit expenses	490	512
Provision for retirement benefits for directors (and other officers)	14	13
Rent expenses on land and buildings	3,695	4,520
Other	9,370	11,573
Total selling, general and administrative expenses	25,983	30,224
Operating profit	21,463	25,984
Non-operating income		
Interest income	35	36
Dividend income	811	964
Share of profit of entities accounted for using equity method	44	315
Foreign exchange gains	179	2,745
Other	263	174
Total non-operating income	1,333	4,235
Non-operating expenses		
Interest expenses	16	3
Commission for purchase of treasury shares	22	0
Other	4	2
Total non-operating expenses	44	5
Ordinary profit	22,752	30,213
Extraordinary income		
Gain on sale of non-current assets	5	75
Subsidy income	794	2,353
Total extraordinary income	799	2,429
Extraordinary losses		
Loss on valuation of investment securities	23	28
Loss caused by temporary closures	548	-
Total extraordinary losses	572	28
Profit before income taxes	22,980	32,615
Income taxes - current	7,291	9,901
Income taxes - deferred	(245)	136
Total income taxes	7,045	10,037
Profit	15,934	22,577
Profit attributable to non-controlling interests	853	1,019
Profit attributable to owners of parent	15,081	21,558

### Quarterly consolidated statement of comprehensive income

Six months ended August 31, 2022

(Millions of yen)

	Six months ended August 31, 2021	Six months ended August 31, 2022
Profit	15,934	22,577
Other comprehensive income		
Valuation difference on available-for-sale securities	(3,246)	(94)
Foreign currency translation adjustment	769	452
Remeasurements of defined benefit plans, net of tax	57	58
Share of other comprehensive income of entities accounted for using equity method	(0)	(1)
Total other comprehensive income	(2,420)	414
Comprehensive income	13,514	22,992
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	12,661	21,972
Comprehensive income attributable to non-controlling interests	852	1,019

**(3) Quarterly consolidated statement of cash flows**

(Millions of yen)

	Six months ended August 31, 2021	Six months ended August 31, 2022
Cash flows from operating activities		
Profit before income taxes	22,980	32,615
Depreciation	4,283	4,540
Amortization of goodwill	356	356
Increase (decrease) in allowance for doubtful accounts	(215)	(16)
Interest and dividend income	(846)	(1,000)
Interest expenses	16	3
Share of loss (profit) of entities accounted for using equity method	(44)	(315)
Loss (gain) on valuation of investment securities	23	28
Decrease (increase) in trade receivables	(5,669)	(7,784)
Decrease (increase) in inventories	538	(1,457)
Increase (decrease) in trade payables	2,632	7,191
Increase (decrease) in accrued consumption taxes	1,768	320
Other	2,703	(148)
Subtotal	28,527	34,333
Interest and dividends received	937	1,089
Interest paid	(33)	(6)
Income taxes paid	(194)	(9,952)
Net cash provided by (used in) operating activities	29,236	25,462
Cash flows from investing activities		
Purchase of securities	(22,399)	(20,399)
Proceeds from sale of securities	30,900	28,300
Purchase of property, plant and equipment	(16,417)	(9,888)
Proceeds from sale of property, plant and equipment	174	363
Purchase of investment securities	(2,004)	(2,004)
Loan advances	(41)	(22)
Proceeds from collection of loans receivable	4	56
Investments in money held in trust	-	(300)
Proceeds from cancellation of money held in trust	2,600	2,600
Other	67	(340)
Net cash provided by (used in) investing activities	(7,115)	(1,635)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(55)	(7)
Purchase of treasury shares	(5,779)	(4,240)
Dividends paid	(3,116)	(4,863)
Dividends paid to non-controlling interests	(288)	(305)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(2)	(3)
Repayments of lease obligations	(8)	(7)
Net cash provided by (used in) financing activities	(9,250)	(9,427)
Effect of exchange rate change on cash and cash equivalents	873	3,104
Net increase (decrease) in cash and cash equivalents	13,744	17,503
Cash and cash equivalents at beginning of period	85,827	92,341
Cash and cash equivalents at end of period	99,571	109,844

**(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 Accounting Standard for Revenue Recognition, Etc.)

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the first quarter of the current fiscal year, and it has recognized revenue at the time the control of promised goods or services is transferred to the customer at the amount expected to be received upon exchange of said goods or services. The main changes due to this are as follows.

We do not recognize the total amount of revenue such as for some international movie distribution transactions with distribution to movie theaters and for sales of some souvenir programs and merchandise at the retail shops in theaters where the Group's role is categorized transactions as an agency and recognize revenue on a net basis after deducting related expenses.

With regard to point systems operated by the management of movie theaters, we do not recognize the points that are granted as revenue when the movie is viewed but recognize them as a performance obligation. We allocate the transaction price based on an independently calculated sales price that considers factors including the forecast future expiration.

We do not recognize revenue at the time of sale for future forecast returns of sales of home entertainment, etc., and deduct this from operating revenue and operating costs after estimating in accordance with the provisions related to variable consideration.

With regard to construction contracts for road civil engineering works under road maintenance, repair and cleaning services, the percentage-of-completion method was previously applied to construction contracts whose outcome was deemed certain, while the completed-contract method was applied to other construction contracts. However, revenue is now recognized over a certain period of time, based on the percentage of completion measured by the ratio of the cost of construction incurred to the total estimated cost of construction.

The application of the Accounting Standard for Revenue Recognition, etc. is subject to the transitional treatment provided for in the proviso to paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of applying the new accounting policy retrospectively prior to the beginning of the first quarter of the current fiscal year is added to or deducted from the opening balance of the retained earnings of the first quarter of the current fiscal year, and thus the new accounting policy is applied to such opening balance. However, in accordance with the method provided for in paragraph 86 of the Accounting Standard for Revenue Recognition, the new accounting policy was not retrospectively applied to contracts wherein almost all revenues were recognized before the beginning of the first quarter of the current fiscal year according to the former treatment.

For the first six months of the current fiscal year, as a result of this change, operating revenue decreased by ¥10,405 million, operating costs decreased by ¥7,010 million, selling, general and administrative expenses decreased by ¥3,082 million, operating profit decreased by ¥312 million, and ordinary profit and profit before income taxes each decreased by ¥315 million. In addition, the opening balance of the retained earnings decreased by ¥1,250 million.

Due to the application of the Accounting Standard for Revenue Recognition and relevant ASBJ regulations, "Notes and accounts receivable - trade" under current assets of the consolidated balance



sheet as of the end of the previous fiscal year has been included in “Notes and accounts receivable - trade, and contract assets” under current assets from the quarterly consolidated balance sheet as of the end of the first quarter of the current fiscal year.

In accordance with the transitional treatment provided for in paragraph 89-2 of the Accounting Standard for Revenue Recognition, figures for the previous fiscal year have not been restated in accordance with the new approach to presentation. Furthermore, the information on disaggregation of revenue from contracts with customers during the first six months of the previous fiscal year has not been disclosed as allowed by the transitional treatment provided for in paragraph 28-15 of the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12, March 31, 2020).

(Adoption of Accounting Standard for Fair Value Measurement, Etc.)

The Company has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019) and relevant ASBJ regulations from the beginning of the first quarter of the current fiscal year, and it has applied the new accounting policy provided for by the Accounting Standard for Fair Value Measurement, etc. prospectively in accordance with the transitional measures provided for in paragraph 19 of the Accounting Standard For Fair Value Measurement, and paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019). There is no impact on the quarterly consolidated financial statements.

***(Segment information, etc.)***

[Segment information]

**I. 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.

**II. Six months ended August 31, 2022**

**1. 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.

**2. Disclosure of changes, etc. in reportable segments**

As described in “Changes in accounting policies, etc.” the Company has applied the Accounting Standard for Revenue Recognition, etc. from the beginning of the first quarter of the current fiscal year, and changed the accounting treatment for revenue recognition. Accordingly, the Company has changed the method of measuring profit or loss of operating segments.

For the first six months of the current fiscal year, as a result of this change, and compared with the figures obtained by the previous method, net sales and segment profit decreased by ¥9,625 million and ¥289 million, respectively, for the Cinema business, and net sales and segment profit decreased by ¥321 million and ¥14 million, respectively, for the Real Estate business.

*(Significant subsequent events)*

(Acquisition of company, etc. through share purchase)

At its meeting of the Board of Directors held on September 27, 2022, the Company resolved to purchase all shares of AID-DCC Inc. (“AID-DCC”) and make it a subsidiary.

(1) Purpose of share purchase

The Group has embarked on efforts for promoting investment for growth encompassing mergers and acquisitions. This involves enlisting key areas of focus with respect to its growth strategy (“planning and intellectual property,” “anime business,” “digital technologies” and “overseas markets”), underpinned by the corporate slogan, “Entertainment for YOU, inspiring customers around the world” cited in “The TOHO VISION 2032 TOHO Group Management Corporate Strategy,” drawn up in April 2022. AID-DCC is a one-stop provider of services encompassing everything from planning, development and marketing associated with digital promotions and branding, and extending to administration of social media advertising, which involves enlisting its strengths with respect to using innovative digital technologies and engaging in sophisticated creation initiatives that give rise to new forms of communications. In recent years, AID-DCC has been creating new markets for intellectual property, which has entailed adding idea- and technology-based experiences to existing intellectual property, with a focus on the entertainment business in areas such as attraction planning and development. The Company made the decision to purchase AID-DCC’s shares upon having deemed that various synergies utilizing digital technologies are likely to emerge by making AID-DCC part of the Group.

(2) Name, business description, and scale of company subject to acquisition

Name of the acquiree : AID-DCC Inc.

Business description : Planning, production and operation of advertising promotions; website planning, production, and operation, and; planning and production of spatial design, events and experience-based entertainment

Share capital : ¥20 million

(3) Timing of share purchase

October 19, 2022 (planned)

(4) Number of shares subject to purchase, purchase price and ownership ratio after purchase

Number of shares subject to purchase: 2,000 shares

Purchase price: Whereas the shareholder is an individual whose name shall not be disclosed per request of the individual, the shares are to be purchased at fair value in alignment with a third-party assessment conducted to determine the share value.

Ownership ratio after purchase: 100%