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Consolidated Financial Results for the Three Months Ended May 31, 2023 <Under Japanese GAAP>

July 13, 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: July 13, 2023
 Scheduled date to commence dividend payments: –
 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 three months ended May 31, 2023 (from March 1, 2023 to May 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	%
Three months ended May 31, 2023	74,153	19.9	18,324	28.4	18,802	18.8	12,291	6.7
May 31, 2022	61,865	–	14,273	–	15,829	–	11,516	–

Note: Comprehensive income Three months ended May 31, 2023 ¥18,916 million [74.1%]
 Three months ended May 31, 2022 ¥10,867 million [–%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended May 31, 2023	70.41	–
May 31, 2022	65.22	–

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 three months ended May 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	%
May 31, 2023	547,482	435,322	76.8
February 28, 2023	534,097	423,691	76.6

Reference: Equity As of May 31, 2023 ¥420,714 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	–				
Fiscal year ending February 29, 2024 (forecast)		20.00	–	40.00	60.00

Note: Revisions to dividends forecasts most recently announced: Yes

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	260,000	6.4	45,000	0.3	48,000	0.4	31,000	(7.3)	177.57

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 May 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 May 31, 2023	11,916,073 shares
As of February 28, 2023	11,915,882 shares

c. Average number of shares during the period

Three months ended May 31, 2023	174,574,680 shares
Three months ended May 31, 2022	176,564,777 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 three months ended May 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 improvement in economic conditions in Japan as COVID-19 was transitioned to a Class V Infectious Disease under the Act on the Prevention of Infectious Diseases and Medical Care for Patients with Infectious Diseases and social and economic activity continued to normalize.

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 three months ended May 31, 2023, operating revenue was ¥74,153 million (up 19.9% year on year), operating profit was ¥18,324 million (up 28.4% year on year), ordinary profit was ¥18,802 million (up 18.8% year on year) and profit attributable to owners of parent was ¥12,291 million (up 6.7% 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 “Doraemon the Movie: Nobita’s Sky Utopia,” “TOKYO MER: Mobile Emergency Room - THE MOVIE,” and “As Long as We Both Shall Live.” In addition, TOHO-TOWA Co., Ltd. also distributed the major hit “The Super Mario Bros. Movie” along with the hit “Fast X.” As a result, operating revenue in the Production and Distribution business was ¥13,859 million (up 18.2% year on year) and operating profit was ¥5,798 million (up 20.8% year on year). The above operating revenue mainly consists of ¥11,381 million from distribution to movie theaters (up 34.3% year on year) and ¥290 million from the domestic streaming of theatrical films (down 58.9% 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 three months ended May 31, 2023 increased by 25.2% year on year to 12,397,000. TOHO Cinemas Ltd. achieved a new record high in box office receipts for the Golden Week period (April 29 to May 7). As a result, operating revenue in the Movie Theater Chain business was ¥23,207 million (up 33.8% year on year) and operating profit was ¥4,668 million (up 123.5% year on year). With regard to theater changes in the three months ended May 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,” “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 Company such as the movies “DETECTIVE CONAN Black Iron Submarine,” “Doraemon the Movie: Nobita’s Sky Utopia,” and “As Long as We Both Shall Live,” as well as “The Super Mario Bros. Movie.” 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 ¥13,859 million (up 32.5% year on year) and operating profit was ¥2,688 million (up 14.8% year on year). The above operating revenue mainly consists of ¥5,245 million for the use of animation contents (up 35.4% year on year), ¥1,246 million for sale of home entertainment

(up 14.7% year on year) and ¥1,960 million for art production related to production and licensing works, etc. (up 19.1% year on year).

As a result, in the overall Cinema business, operating revenue was ¥50,925 million (up 28.8% year on year) and operating profit was ¥13,155 million (up 42.5% year on year).

Theatrical business

In the Theatrical business, the first musical adaptation of the hugely popular comic “SPY x FAMILY” was unveiled at the Imperial Theatre and was completely sold out. “Endless SHOCK (Endless SHOCK/ Endless SHOCK -Eternal-)” were performed and achieved success at the Imperial Theatre. The Theatre Creation hosted performances of “RENT,” “She Loves Me,” and others, while the Yokosuka Arts Theater drew strong audiences with the much talked-about final performance of Matsumoto Hakuo in “Man of La Mancha.” In addition, “Kingdom,” was performed at theaters nationwide, including Umeda Arts Theater and Hakataza Theater. 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 ¥5,385 million (up 18.1% year on year) and operating profit was ¥1,212 million (up 64.4% 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 market, but due to efforts to effectively use owned properties and comprehensively respond to tenants, the vacancy rate of real estate for leasing was 0.8% as of the end of the first quarter of the current fiscal year. As a result, operating revenue in the Lease of Land and Buildings business was ¥7,269 million (up 4.7% year on year) and operating profit was ¥3,302 million (up 9.1% year on year).

In the Road business, there was firm public investment, but the situation continued to be unpredictable due to factors such as a chronic labor shortage and continued rise in labor costs and equipment and material prices. Under these conditions, Subaru Enterprise Co., Ltd. and its consolidated subsidiaries engaged in proactive sales activities, but orders and completion dates for some construction projects were pushed back to the next quarter or later. As a result, operating revenue in the Road business was ¥7,768 million (down 3.5% year on year) and operating profit was ¥1,632 million (down 16.0% year on year). Operating revenue mainly consists of ¥7,140 million from road maintenance, repair and cleaning services (down 4.3% year on year) and also includes ¥209 million of other revenue (up 7.0% 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 ¥2,498 million (up 0.3% year on year) and operating profit was ¥225 million (up 1.1% year on year).

As a result of the above, operating revenue in the overall Real Estate business was ¥17,535 million (up 0.3% year on year) and operating profit was ¥5,160 million (down 0.6% 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 changes in consumer behavior were observed due to the relaxation of movement restrictions that had been applied following the spread of COVID-19. As a result, operating revenue in Other business was ¥305 million (up 2.7% year on year) and operating profit was ¥51 million (down 10.5% year on year).

(2) Details of financial position

With regard to the financial position as of the end of the first quarter of the current fiscal year, total assets increased by ¥13,385 million from the end of the previous fiscal year to ¥547,482 million. This was mainly due to increases of ¥3,677 million in cash and deposits, ¥4,949 million in notes and accounts receivable - trade, and contract assets, ¥4,007 million in securities, and ¥6,972 million in investment securities, despite a decrease of ¥11,999 million in short-term loans receivable with resale agreement.

Liabilities increased by ¥1,754 million from the end of the previous fiscal year to ¥112,159 million.

Net assets increased by ¥11,631 million from the end of the previous fiscal year to ¥435,322 million. This was mainly due to an increase of ¥5,295 million in retained earnings and an increase of ¥5,939 million in valuation difference on available-for-sale securities.

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

The core Cinema business had major hits such as “DETECTIVE CONAN Black Iron Submarine” and “The Super Mario Bros. Movie,” while TOHO animation productions also saw various favorable business developments. In addition, the Theatrical business and Real Estate business also performed strongly. In light of this situation, operating revenue, operating profit, ordinary profit, and profit attributable to owners of parent are all expected to exceed the previously announced forecast.

As a result of the above, the earnings forecasts for the fiscal year ending February 29, 2024, announced in the “Consolidated Financial Results for the Fiscal Year Ended February 28, 2023” on April 13, 2023, have been revised 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)	253,000	40,000	43,000	28,000	159.44
Revised forecasts (B)	260,000	45,000	48,000	31,000	177.57
Change (B-A)	7,000	5,000	5,000	3,000	–
Change (%)	2.8	12.5	11.6	10.7	–
(Reference) Previous fiscal year results (fiscal year ended February 28, 2023)	244,295	44,880	47,815	33,430	190.37

Note: The above earnings forecasts were prepared based on information available as of the announcement date of this report and on certain assumptions deemed to be reasonable. As such, they contain various uncertainties, and the Company does not guarantee that these results will be realized. Please note that actual results may differ significantly from these forecasts due to various factors.

2. Quarterly Consolidated Financial Statements and Significant Notes Thereto

(1) Quarterly consolidated balance sheet

(Millions of yen)

	As of February 28, 2023	As of May 31, 2023
Assets		
Current assets		
Cash and deposits	44,259	47,937
Notes and accounts receivable - trade, and contract assets	32,921	37,871
Securities	44,986	48,994
Inventories	11,003	12,759
Short-term loans receivable with resale agreement	64,999	52,999
Other	26,627	26,378
Allowance for doubtful accounts	(89)	(80)
Total current assets	224,708	226,859
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	85,434	85,868
Land	80,475	80,700
Construction in progress	2,749	3,992
Other, net	8,792	9,676
Total property, plant and equipment	177,451	180,237
Intangible assets		
Goodwill	2,032	1,971
Other	2,920	3,115
Total intangible assets	4,953	5,086
Investments and other assets		
Investment securities	108,499	115,471
Other	18,567	19,910
Allowance for doubtful accounts	(82)	(83)
Total investments and other assets	126,984	135,298
Total non-current assets	309,388	320,623
Total assets	534,097	547,482

(Millions of yen)

	As of February 28, 2023	As of May 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	30,773	32,177
Short-term borrowings	53	48
Current portion of long-term borrowings	59	60
Income taxes payable	9,782	4,553
Provision for bonuses	1,008	1,471
Other provisions	168	150
Asset retirement obligations	52	52
Other	23,864	25,761
Total current liabilities	65,762	64,274
Non-current liabilities		
Long-term borrowings	326	312
Retirement benefit liability	3,437	3,498
Provision for retirement benefits for directors (and other officers)	178	154
Other provisions	86	86
Asset retirement obligations	7,117	7,221
Other	33,498	36,611
Total non-current liabilities	44,643	47,885
Total liabilities	110,405	112,159
Net assets		
Shareholders' equity		
Share capital	10,355	10,355
Capital surplus	14,180	14,179
Retained earnings	404,225	409,520
Treasury shares	(38,866)	(38,867)
Total shareholders' equity	389,894	395,188
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	17,092	23,032
Revaluation reserve for land	800	800
Foreign currency translation adjustment	2,110	2,259
Remeasurements of defined benefit plans	(592)	(566)
Total accumulated other comprehensive income	19,411	25,525
Non-controlling interests	14,384	14,608
Total net assets	423,691	435,322
Total liabilities and net assets	534,097	547,482

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

Quarterly consolidated statement of income

Three months ended May 31, 2023

(Millions of yen)

	Three months ended May 31, 2022	Three months ended May 31, 2023
Operating revenue	61,865	74,153
Operating costs	32,639	39,416
Gross profit	29,226	34,736
Selling, general and administrative expenses		
Personnel expenses	4,587	5,048
Advertising expenses	1,761	1,931
Provision for bonuses	467	509
Retirement benefit expenses	278	295
Provision for retirement benefits for directors (and other officers)	7	7
Rent expenses on land and buildings	2,149	2,378
Other	5,699	6,240
Total selling, general and administrative expenses	14,952	16,412
Operating profit	14,273	18,324
Non-operating income		
Interest income	24	169
Dividend income	51	57
Share of profit of entities accounted for using equity method	238	78
Foreign exchange gains	1,125	129
Other	131	104
Total non-operating income	1,570	540
Non-operating expenses		
Interest expenses	1	1
Loss on liquidation of subsidiaries	-	51
Other	12	7
Total non-operating expenses	14	61
Ordinary profit	15,829	18,802
Extraordinary income		
Gain on sale of non-current assets	75	-
Subsidy income	1,419	-
Total extraordinary income	1,494	-
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	17,296	18,695
Income taxes - current	4,937	5,574
Income taxes - deferred	177	319
Total income taxes	5,115	5,893
Profit	12,181	12,802
Profit attributable to non-controlling interests	665	510
Profit attributable to owners of parent	11,516	12,291

Quarterly consolidated statement of comprehensive income

Three months ended May 31, 2023

(Millions of yen)

	Three months ended May 31, 2022	Three months ended May 31, 2023
Profit	12,181	12,802
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,476)	5,936
Foreign currency translation adjustment	138	148
Remeasurements of defined benefit plans, net of tax	29	25
Share of other comprehensive income of entities accounted for using equity method	(5)	3
Total other comprehensive income	(1,313)	6,114
Comprehensive income	10,867	18,916
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	10,202	18,405
Comprehensive income attributable to non-controlling interests	665	510

(3) Quarterly consolidated statement of cash flows

(Millions of yen)

	Three months ended May 31, 2022	Three months ended May 31, 2023
Cash flows from operating activities		
Profit before income taxes	17,296	18,695
Depreciation	2,295	2,429
Increase (decrease) in allowance for doubtful accounts	10	(7)
Interest and dividend income	(76)	(226)
Interest expenses	1	1
Share of loss (profit) of entities accounted for using equity method	(238)	(78)
Loss (gain) on valuation of investment securities	28	-
Decrease (increase) in trade receivables and contract assets	(3,356)	(4,948)
Decrease (increase) in inventories	(17)	(1,752)
Increase (decrease) in trade payables	1,508	1,402
Increase (decrease) in accrued consumption taxes	(69)	496
Other	1,702	4,848
Subtotal	19,085	20,860
Interest and dividends received	142	345
Interest paid	(6)	(7)
Income taxes paid	(9,722)	(10,512)
Net cash provided by (used in) operating activities	9,498	10,685
Cash flows from investing activities		
Purchase of securities	(10,199)	(14,199)
Proceeds from sale of securities	12,800	12,800
Purchase of property, plant and equipment	(4,515)	(7,434)
Proceeds from sale of property, plant and equipment	362	0
Purchase of investment securities	(2,001)	(1,001)
Loan advances	(21)	(0)
Proceeds from collection of loans receivable	14	1
Investments in money held in trust	(300)	-
Proceeds from cancellation of money held in trust	2,300	-
Other	(405)	(2,248)
Net cash provided by (used in) investing activities	(1,966)	(12,082)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(4)	(5)
Repayments of long-term borrowings	-	(12)
Purchase of treasury shares	(2)	(1)
Dividends paid	(4,740)	(6,822)
Dividends paid to non-controlling interests	(202)	(199)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(0)	(1)
Repayments of lease obligations	(3)	(68)
Other	-	9
Net cash provided by (used in) financing activities	(4,953)	(7,100)
Effect of exchange rate change on cash and cash equivalents	1,217	175
Net increase (decrease) in cash and cash equivalents	3,795	(8,321)
Cash and cash equivalents at beginning of period	92,341	112,121
Cash and cash equivalents at end of period	96,136	103,800

(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. Three months ended May 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	39,528	4,561	17,477	61,568	297	61,865	–	61,865
Intersegment sales or transfers	588	17	1,269	1,874	40	1,915	(1,915)	–
Total	40,117	4,578	18,747	63,443	338	63,781	(1,915)	61,865
Segment profit (loss)	9,230	737	5,193	15,161	57	15,219	(946)	14,273

(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 ¥946 million deducted from segment profit (loss) as adjustment consists of an addition of ¥9 million in intersegment transaction elimination, and a deduction of ¥956 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. Three months ended May 31, 2023

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	50,925	5,385	17,535	73,847	305	74,153	–	74,153
Intersegment sales or transfers	538	4	1,280	1,823	49	1,873	(1,873)	–
Total	51,464	5,390	18,816	75,671	355	76,026	(1,873)	74,153
Segment profit (loss)	13,155	1,212	5,160	19,528	51	19,579	(1,255)	18,324

(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 ¥1,255 million deducted from segment profit (loss) as adjustment consists of a deduction of ¥3 million in intersegment transaction elimination, and a deduction of ¥1,252 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.