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Consolidated Financial Results for the Six Months Ended August 31, 2024 <Under Japanese GAAP>

October 15, 2024

Company name: **TOHO CO., LTD.**
 Listing: Tokyo Stock Exchange/Fukuoka Stock Exchange
 Securities code: 9602
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 Scheduled date to file Semi-annual Securities Report: October 15, 2024
 Scheduled date to commence dividend payments: November 21, 2024
 Preparation of supplementary material on financial results: Yes
 Holding of 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, 2024 (from March 1, 2024 to August 31, 2024)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
August 31, 2024	163,681	17.2	40,915	33.0	39,781	21.0	26,485	21.8
August 31, 2023	139,642	16.0	30,752	18.4	32,881	8.8	21,751	0.9

Note: Comprehensive income Six months ended August 31, 2024 ¥32,103 million [(8.1)%]
 Six months ended August 31, 2023 ¥34,947 million [52.0%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
August 31, 2024	155.11	—
August 31, 2023	124.59	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
August 31, 2024	625,153	472,585	73.0
February 29, 2024	615,826	484,755	74.5

Reference: Equity As of August 31, 2024 ¥456,609 million
 As of February 29, 2024 ¥458,890 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 29, 2024	—	20.00	—	65.00	85.00
Fiscal year ending February 28, 2025	—	35.00			
Fiscal year ending February 28, 2025 (forecast)			—	35.00	70.00

Note: Revisions to dividends forecasts most recently announced: None

3. Consolidated earnings forecasts for the fiscal year ending February 28, 2025 (from March 1, 2024 to February 28, 2025)

(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, 2025	297,000	4.8	62,000	4.6	60,000	(4.8)	40,000	(11.7)	234.26

Note: Revisions to earnings forecasts most recently announced: Yes

For details, please read the “Notice Concerning Revision of Earnings Forecast” disclosed today (in Japanese).

*** Notes**

- (1) Significant changes in the scope of consolidation during the period: Yes

Newly included 1 company (Science SARU Inc.)

- (2) Adoption of special accounting treatments for preparing semi-annual consolidated financial statements: None

- (3) Changes in accounting policies, changes in accounting estimates, and restatement

- a. Changes in accounting policies due to revisions to accounting standards and other regulations: None
- b. Changes in accounting policies due to other reasons: None
- c. Changes in accounting estimates: None
- d. Restatement: None

- (4) Number of issued shares (common shares)

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

As of August 31, 2024	186,490,633 shares
As of February 29, 2024	186,490,633 shares

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

As of August 31, 2024	16,957,359 shares
As of February 29, 2024	12,490,741 shares

- c. Average number of shares during the period

Six months ended August 31, 2024	170,752,664 shares
Six months ended August 31, 2023	174,582,883 shares

- * Semi-annual financial results reports are exempt from 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 2 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 financial results for the six months (in Japanese) is disclosed on TDnet on the same day as the consolidated financial results for the six months, and it is also 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	4
2. Semi-annual Consolidated Financial Statements and Significant Notes Thereto	8
(1) Semi-annual consolidated balance sheet	8
(2) Semi-annual consolidated statement of income and semi-annual consolidated statement of comprehensive income ..	10
(3) Semi-annual consolidated statement of cash flows	12
(4) Notes to 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 semi-annual consolidated financial statements)	13
(Segment information, etc.)	14

1. Qualitative Information

(1) Details of operating results

In the six months ended August 31, 2024, the outlook for the Japanese economy remained uncertain, mainly due to the downside risk to that economy from an economic downturn overseas, the effect of rising prices, and fluctuations in the financial and capital markets despite trends of moderate economic recovery in the context of an improved employment and income environment.

Under these conditions, the Group engaged in active investment and steady business development, striving to achieve further growth in each of the “four pillars of business,” consisting of cinema, animation, theatrical productions, and real estate, in the final year of the “Medium-term Management Plan 2025,” formulated in April 2022. Regarding the operating results for the six months ended August 31, 2024, operating revenue was ¥163,681 million (up 17.2% year on year), operating profit was ¥40,915 million (up 33.0% year on year), ordinary profit was ¥39,781 million (up 21.0% year on year) and profit attributable to owners of parent was ¥26,485 million (up 21.8% 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: The Million-dollar Pentagram,” as well as the hit productions “Kingdom 4 (Tentative Title),” “The Floor Plan,” “Doraemon the Movie: Nobita’s Earth Symphony,” “My Hero Academia: You’re Next,” “Crayon Shinchan the Movie: Our Dinosaur Diary,” and “LAST MILE.” “Despicable Me 4,” distributed by TOHO-TOWA Co., Ltd., was also a hit. In addition, “Haikyu!!: The Dumpster Battle,” released in the previous fiscal year, continued to deliver strong sales with cumulative box office receipts surpassing ¥10 billion. Aside from that, domestic and overseas distribution rights revenue from “GODZILLA MINUS ONE” contributed to earnings. As a result, operating revenue in the Production and Distribution business was ¥36,047 million (up 47.3% year on year) and operating profit was ¥16,234 million (up 68.9% year on year). The above operating revenue mainly consists of ¥22,302 million from distribution to movie theaters (up 15.7% year on year) and ¥2,483 million from the domestic streaming of theatrical films (up 511.3% year on year).

In the Movie Theater Chain business, TOHO Cinemas Ltd. and others released works listed above in addition to popular works such as “Inside Out 2,” and others. The number of movie theater customers in the six months ended August 31, 2024 decreased by 8.7% year on year to 21,443,000. As a result, operating revenue in the Movie Theater Chain business was ¥41,126 million (down 7.6% year on year) and operating profit was ¥6,860 million (down 15.5% year on year). There were no theater changes in the six months ended August 31, 2024. The number of screens managed by the corporate group is 722 throughout Japan (including 56 collaboratively managed screens).

In the Production and Licensing business, TOHO CO., LTD. recorded revenue from distribution rights and royalties of merchandising rights in Japan and overseas for TOHO animation productions that it had invested in, such as “My Hero Academia,” “Haikyu!!,” “JUJUTSU KAISEN,” “Kaiju No.8,” “SPY x FAMILY,” “Frieren: Beyond Journey’s End,” and “The Apothecary Diaries,” as well as revenue as a result of royalty from various distributions, which made a significant contribution to business performance. In the Home Entertainment business, sales were strong for “GODZILLA MINUS ONE,” and sales grew for the TOHO animation productions such as “Frieren: Beyond Journey’s End,” “Umamusume: Pretty Derby,” and “The Apothecary Diaries.” 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 “Haikyu!!: The Dumpster Battle,” “Detective Conan: The Million-dollar Pentagram,” and “My Hero Academia: You’re Next.” In addition, sales of character goods of TOHO animation productions, such as “Haikyu!!,” grew significantly and contributed to operating revenue. At TOHO STELLA CO., LTD., sales at E-commerce sites performed well. TOHO Studios Co., Ltd. operated strongly with an integrated operation of the Production and Studio businesses. At TOHO EIZO BIJUTSU Co., Ltd. and TOHO STAGE CRAFT Co., Ltd. took orders for stage production and art production for movies, TV and commercials, etc., for production services for display items in theme parks, as well as for maintenance services while focusing on cost management. As a result, operating revenue in the Production and Licensing business was ¥36,679 million (up 41.7% year on year) and operating profit was ¥10,572 million (up 107.1% year on year). The above operating revenue mainly consists of ¥14,588 million for the use of animation contents (up

42.9% year on year), ¥3,462 million for sale of home entertainment (up 63.9% year on year) and ¥4,552 million for art production related to production and licensing works, etc. (up 12.3% year on year).

As a result, in the overall Cinema business, operating revenue was ¥113,853 million (up 20.0% year on year) and operating profit was ¥33,667 million (up 47.5% year on year).

Theatrical business

In the Theatrical business, “Spirited Away,” “Endless SHOCK (Endless SHOCK/ Endless SHOCK - Eternal-),” “Moulin Rouge! The Musical,” and “MOZART!” were performed at TOHO CO., LTD.’s Imperial Theatre and were completely sold out. At Theatre Creation, “The Bones and Scorn” was performed to a full house, and the theatre also hosted performances of “The World of Machida-kun,” “CROSS ROAD,” “Navillera,” “Limelight,” “VOICARION XVIII～Mr.Prisoner～,” and others. At Nissay Theatre, “The King and I” was performed to a full house. In addition, the Company has been managing the external production of the stage play of “Spirited Away,” and its long-running staging at the London Coliseum has been a huge success. At Toho Entertainment Co., Ltd., affiliated actors worked robustly on commercial performances, etc.

As a result of the above, operating revenue in the Theatrical business was ¥9,974 million (up 2.8% year on year) and operating profit was ¥1,241 million (down 1.9% year on year).

Real Estate business

In the Lease of Land and Buildings business, earnings for the first six months ended August 31, 2024 included those of TOKYO RAKUTENCHI Co., Ltd., which became a consolidated subsidiary at the end of the previous fiscal year. The vacancy rate of real estate for leasing was 0.7% as of August 31, 2024. On the other hand, there was an increase in one-time costs such as large repair expenses. Therefore, while operating revenue in the Lease of Land and Buildings business was ¥18,842 million (up 29.7% year on year), operating profit was ¥5,716 million (down 5.2% 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 chronic shortage of construction tradespeople, and the need to respond to the “Act on the Arrangement of Related Acts to Promote Work Style Reform” being applied to the construction industry. Under these conditions, Subaru Enterprise Co., Ltd. and its consolidated subsidiaries focused on strengthening their response to a comprehensive evaluation system for open competitive bidding as part of their efforts to increase orders for various construction works. In addition to that, there were also projects related to emergency response to natural disasters. However, the number of highly profitable projects declined. As a result, operating revenue in the Road business was ¥14,948 million (up 1.8% year on year) and operating profit was ¥2,523 million (down 4.5% year on year). Operating revenue mainly consists of ¥13,786 million from road maintenance, repair and cleaning services (up 2.9% year on year) and also includes ¥458 million of other revenue (up 9.2% year on year).

In the Building Maintenance business, Toho building kanri Co., Ltd. and Toho Facilities Co., Ltd. proceeded with efforts to receive new orders and increase the scope of services provided but also strove to renegotiate contract amounts and streamline operations amid soaring raw material prices and continuing labor shortages. As a result, operating revenue was ¥5,407 million (up 3.2% year on year) and operating profit was ¥604 million (up 4.8% year on year).

As a result of the above, operating revenue in the overall Real Estate business was ¥39,198 million (up 13.7% year on year) and operating profit was ¥8,844 million (down 4.4% 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 a result, operating revenue in Other

business was ¥653 million (up 9.1% year on year) and operating profit was ¥91 million (down 19.6% year on year).

(2) Details of financial position

With regard to the financial position as of August 31, 2024, total assets increased by ¥9,326 million from the end of the previous fiscal year to ¥625,153 million. This was mainly due to increases of ¥6,155 million in cash and deposits, ¥4,100 million in notes and accounts receivable - trade, and contract assets, ¥4,492 million in securities, and ¥15,599 million in land, despite a decrease of ¥21,003 million in short-term loans receivable with resale agreement.

Liabilities increased by ¥21,496 million from the end of the previous fiscal year to ¥152,567 million. This was mainly due to an increase of ¥19,985 million in short-term borrowings.

Net assets decreased by ¥12,169 million from the end of the previous fiscal year to ¥472,585 million. This was mainly due to an increase of ¥15,206 million in retained earnings, an increase of ¥22,316 million in treasury shares, an increase of ¥4,724 million in foreign currency translation adjustment, and a decrease of ¥9,889 million in non-controlling interests.

(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, 2025, which were announced on April 15, 2024, as follows. For details of the revision, please read the “Notice Concerning Revision of Earnings Forecast” (in Japanese) disclosed today.

Revision of consolidated earnings forecasts for the fiscal year ending February 28, 2025 (from March 1, 2024 to February 28, 2025)

	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) (announced on April 15, 2024)	280,000	55,000	57,000	39,000	223.50
Revised forecasts (B)	297,000	62,000	60,000	40,000	234.26
Change (B-A)	17,000	7,000	3,000	1,000	—
Change (%)	6.1	12.7	5.3	2.6	—
(Reference) Previous fiscal year results (fiscal year ended February 29, 2024)	283,347	59,251	63,024	45,283	259.51

The future outlook by segment is as follows.

Cinema business

TOHO CO., LTD., TOHO-TOWA Co., Ltd., etc. will collaboratively produce and distribute the following works. In addition, in North America, the Company will distribute “My Hero Academia: You’re Next” itself. Because of this, the Company expects operating revenue of ¥50,900 million (up 9.5% year on year) in the Production and Distribution business.

TOHO CO., LTD.'s collaborative productions/being distributed works	
ALL ABOUT SUOMI	WHO'S GONE
FURERU	MUROI SHINJI NOT DEFEATED
ACMA:GAME -The Last Key	Stolen Identity Final
MUROI SHINJI STAY ALIVE	6 Lying University Students
PUI PUI MOLCAR the Movie MOLMAX*	Doctor-X the movie
The Supernatural Sweet Shop The Movie (Tentative Title)	SAINT YOUNG MEN THE MOVIE
Grand Maison Paris	Solitary Gourmet
UNDER NINJA	The Rose of Versailles*
1ST KISS	Trillion Game the Movie

Note: Titles with an asterisk are distributed by TOHO NEXT.

Works contracted for distribution by TOHO-TOWA Co., Ltd., etc.	
Abigail	Transformers One (TOWA PICTURES CO., LTD.)
The Great Escaper (TOWA PICTURES CO., LTD.)	Gladiator II (TOWA PICTURES CO., LTD.)
Imaginary	Speak No Evil
Sonic the Hedgehog 3 (TOWA PICTURES CO., LTD.)	

Note: Works that are jointly distributed are not included in the list of works contracted for distribution.

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 ¥70,700 million (down 9.9% year on year) in the Movie Theater Chain business. With regard to changes planned at theaters from the third quarter onward, “Matsue TOHO 5” (5 screens) is planned to close in January 2025, which will bring the Company to a 5-screen decrease throughout Japan for a total of 717 screens (including 56 collaboratively managed screens).

In the Production and Licensing business, the Company will strive to increase revenue through broad use of TOHO Animation's productions, mainly “Haikyu!!,” “My Hero Academia,” “JUJUTSU KAISEN,” and “Frieren: Beyond Journey's End.” TOHO animation of TOHO CO., Ltd. will invest in works such as “My Hero Academia,” “Spice and Wolf: merchant meets the wise wolf,” “Sakuna: Of Rice and Ruin” and “Puniru Is a Cute Slime (Tentative Title).” In the Home Entertainment business, we will offer a varied lineup including “Haikyu!!: The Dumpster Battle” 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 “Grand Maison Paris” and “Trillion Game the Movie.” Furthermore, with the aim of further increasing royalties from merchandising rights, etc. for the “TOHO Monster Series,” it will implement various measures for the 70th anniversary of the birth of “Godzilla” celebrated on November 3. Such measures include the broadcasting on TV of past works mostly as part of the “Godzilla Fest,” which has become a customary celebration, and the launch of new projects in the directly operated “Godzilla Store.” 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. In addition, the Company has made Science SARU Inc. a consolidated subsidiary as of August 31, 2024. Based on the above, the Company expects operating revenue of ¥72,000 million (up 6.1% year on year) in the Production and Licensing business.

As a result, in the overall Cinema business, the Company expects operating revenue of ¥193,600 million (up 0.4% year on year).

Theatrical business

In the Theatrical business, the “Imperial Theatre Closing Lineup” will be presented at the Imperial Theatre of TOHO CO., LTD., featuring a lineup of productions that have left their mark on theater history. The Company plans to carry out the following performances at the Imperial Theatre, Theatre Creation and others. Other than this, the Company will expand “MOZART!” and other performances as external theatrical works throughout Japan. 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 ¥21,700 million (up 7.7% year on year) in the Theatrical business.

Imperial Theatre	
(September) MOZART!	(October) DREAM BOYS
(November) Endless SHOCK	(December - February) Les Misérables
(February) CONCERT THE BEST -New HISTORY COMING-	
Theatre Creation	
(September) VOICARION XVIII～Mr.Prisoner～	(September) Fan Letter
(October) tick, tick...BOOM!*	(October) Legend of musical
(November) SONG WRITERS*	(December) next to normal
(January) VOICARION XIV～The Spoon～	(February - March) HERO
Other theaters	
(September - October) CLUB SEVEN another place (YURAKUCHO YOMIURI HALL)	(October) NEWSIES (Nissay Theatre)*
(November - December) THE PRODUCERS (TOKYU THEATRE Orb)*	(November) GROUNDHOG DAY THE MUSICAL (Tokyo International Forum)*
(November - December) ABC Theater 2024 “BIG VENUS - Beyond Time” (TOKYO DOME CITY HALL)*	(December) Tempou Jyuninen no Shakespeare (Nissay Theatre)
(January - February) KANE AND ABEL (TOKYU THEATRE Orb)*	

Note: Titles with an asterisk are collaboratively produced productions.

Real Estate business

In the Lease of Land and Buildings business, TOHO CO., LTD.’s Corporate Real Estate department will complete construction of “SUMINOE-TATEMONO” in September 2024. With construction costs continuing to rise, we 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 ¥40,400 million (up 37.5% year on year) in the Lease of Land and Buildings business.

In the Road business, Subaru Enterprise Co., Ltd. and its consolidated subsidiaries will work to expand orders by carrying out proactive sales activities based on thorough cost management. The Company expects operating revenue of ¥29,100 million (down 0.5% 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. As a result, the Company expects operating revenue of ¥10,900 million (up 3.7% year on year) in the Building Maintenance business.

Due to the above, in the overall Real Estate business, the Company expects operating revenue of ¥80,400 million (up 16.3% year on 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, TOHO RETAIL CO.,

LTD.'s theater concession stands, etc. will carry out sales activities taking into consideration profitability, etc.

As a result, the Company expects operating revenue of ¥1,300 million (up 3.4% 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 (¥10,300 million budget)), the completion of construction of "SHIBUYA AXSH" and "SUMINOE-TATEMONO," and other work. These capital expenditures are expected to be made within the budget of ¥28,300 million.

As a result, the Company is expected to record operating revenue of ¥297,000 million (up 4.8% year on year) in the fiscal year ending February 28, 2025, operating profit of ¥62,000 million (up 4.6% year on year), ordinary profit of ¥60,000 million (down 4.8% year on year), and profit attributable to owners of parent of ¥40,000 million (down 11.7% year on year).

2. Semi-annual Consolidated Financial Statements and Significant Notes Thereto

(1) Semi-annual consolidated balance sheet

(Millions of yen)

	As of February 29, 2024	As of August 31, 2024
Assets		
Current assets		
Cash and deposits	38,733	44,888
Notes and accounts receivable - trade, and contract assets	42,075	46,175
Securities	41,200	45,693
Inventories	13,130	15,013
Short-term loans receivable with resale agreement	34,999	13,996
Other	38,396	28,788
Allowance for doubtful accounts	(32)	(47)
Total current assets	208,503	194,507
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	104,116	105,432
Land	104,539	120,138
Construction in progress	5,738	4,619
Other, net	10,456	10,106
Total property, plant and equipment	224,851	240,297
Intangible assets		
Goodwill	1,927	5,799
Other	5,089	6,251
Total intangible assets	7,017	12,050
Investments and other assets		
Investment securities	154,175	157,030
Other	21,373	21,371
Allowance for doubtful accounts	(93)	(104)
Total investments and other assets	175,454	178,297
Total non-current assets	407,323	430,645
Total assets	615,826	625,153

(Millions of yen)

	As of February 29, 2024	As of August 31, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	32,765	26,715
Short-term borrowings	41	20,026
Current portion of long-term borrowings	1,124	654
Income taxes payable	12,002	13,215
Provision for bonuses	1,226	1,233
Other provisions	86	86
Asset retirement obligations	25	132
Other	21,868	29,903
Total current liabilities	69,141	91,967
Non-current liabilities		
Long-term borrowings	2,189	1,892
Retirement benefit liability	4,004	4,063
Provision for retirement benefits for directors (and other officers)	162	167
Other provisions	86	-
Asset retirement obligations	8,079	8,173
Other	47,406	46,301
Total non-current liabilities	61,929	60,599
Total liabilities	131,071	152,567
Net assets		
Shareholders' equity		
Share capital	10,355	10,355
Capital surplus	14,216	14,243
Retained earnings	439,921	455,128
Treasury shares	(42,827)	(65,143)
Total shareholders' equity	421,667	414,583
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	34,216	34,291
Deferred gains or losses on hedges	-	(16)
Foreign currency translation adjustment	2,642	7,366
Remeasurements of defined benefit plans	363	383
Total accumulated other comprehensive income	37,223	42,025
Non-controlling interests	25,865	15,976
Total net assets	484,755	472,585
Total liabilities and net assets	615,826	625,153

(2) Semi-annual consolidated statement of income and semi-annual consolidated statement of comprehensive income

Semi-annual consolidated statement of income

(Millions of yen)

	Six months ended August 31, 2023	Six months ended August 31, 2024
Operating revenue	139,642	163,681
Operating costs	75,969	84,471
Gross profit	63,672	79,209
Selling, general and administrative expenses		
Personnel expenses	10,566	12,267
Advertising expenses	3,325	5,152
Provision for bonuses	774	924
Retirement benefit expenses	561	528
Provision for retirement benefits for directors (and other officers)	14	21
Rent expenses on land and buildings	4,812	4,489
Other	12,864	14,908
Total selling, general and administrative expenses	32,920	38,293
Operating profit	30,752	40,915
Non-operating income		
Interest income	357	142
Dividend income	1,147	1,136
Share of profit of entities accounted for using equity method	163	—
Foreign exchange gains	352	9
Other	172	260
Total non-operating income	2,194	1,549
Non-operating expenses		
Interest expenses	3	38
Share of loss of entities accounted for using equity method	—	2,623
Loss on liquidation of subsidiaries	51	—
Other	10	21
Total non-operating expenses	66	2,683
Ordinary profit	32,881	39,781
Extraordinary income		
Insurance claim income	—	20
Total extraordinary income	—	20
Extraordinary losses		
Loss on tax purpose reduction entry of non-current assets	—	9
Loss on valuation of investments in capital	107	—
Compensation loss on eviction	—	150
Total extraordinary losses	107	159
Profit before income taxes	32,773	39,642
Income taxes - current	9,451	12,860
Income taxes - deferred	759	(519)
Total income taxes	10,211	12,341
Profit	22,562	27,300
Profit attributable to non-controlling interests	810	815
Profit attributable to owners of parent	21,751	26,485

Semi-annual consolidated statement of comprehensive income

	(Millions of yen)	
	Six months ended August 31, 2023	Six months ended August 31, 2024
Profit	22,562	27,300
Other comprehensive income		
Valuation difference on available-for-sale securities	10,870	74
Foreign currency translation adjustment	1,455	439
Remeasurements of defined benefit plans, net of tax	51	19
Share of other comprehensive income of entities accounted for using equity method	7	4,268
Total other comprehensive income	12,384	4,802
Comprehensive income	34,947	32,103
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	34,136	31,287
Comprehensive income attributable to non-controlling interests	810	815

(3) Semi-annual consolidated statement of cash flows

	(Millions of yen)	
	Six months ended August 31, 2023	Six months ended August 31, 2024
Cash flows from operating activities		
Profit before income taxes	32,773	39,642
Depreciation	4,931	6,184
Increase (decrease) in allowance for doubtful accounts	(1)	26
Interest and dividend income	(1,505)	(1,279)
Interest expenses	3	38
Share of loss (profit) of entities accounted for using equity method	(163)	2,623
Decrease (increase) in trade receivables and contract assets	(1,980)	(3,760)
Decrease (increase) in inventories	(3,629)	830
Increase (decrease) in trade payables	1,722	(6,232)
Increase (decrease) in accrued consumption taxes	297	(82)
Other	5,691	5,145
Subtotal	38,139	43,138
Interest and dividends received	1,635	1,324
Interest paid	(8)	(40)
Income taxes paid	(10,689)	(11,225)
Net cash provided by (used in) operating activities	29,077	33,196
Cash flows from investing activities		
Purchase of securities	(30,396)	(13,992)
Proceeds from sale of securities	31,100	32,010
Purchase of property, plant and equipment	(10,407)	(21,727)
Proceeds from sale of property, plant and equipment	1	54
Purchase of investment securities	(13,599)	(4,073)
Purchase of shares of subsidiaries	—	(12,242)
Loan advances	(1)	(728)
Proceeds from collection of loans receivable	4	2
Investments in money held in trust	(2,300)	(300)
Proceeds from cancellation of money held in trust	—	3,300
Other	(2,278)	(5,904)
Net cash provided by (used in) investing activities	(27,876)	(23,603)
Cash flows from financing activities		
Proceeds from short-term borrowings	—	20,000
Net increase (decrease) in short-term borrowings	(9)	(14)
Repayments of long-term borrowings	(31)	(929)
Purchase of treasury shares	(4)	(20,057)
Dividends paid	(6,988)	(11,257)
Dividends paid to non-controlling interests	(296)	(318)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(4)	(0)
Repayments of lease liabilities	(72)	(8)
Other	9	—
Net cash provided by (used in) financing activities	(7,398)	(12,586)
Effect of exchange rate change on cash and cash equivalents	1,599	172
Net increase (decrease) in cash and cash equivalents	(4,597)	(2,820)
Cash and cash equivalents at beginning of period	112,121	82,424
Cash and cash equivalents at end of period	107,524	79,604

(4) Notes to consolidated financial statements

(Notes on going concern assumption)

Not applicable.

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

The Company acquired 4,000,000 treasury shares pursuant to a resolution at a meeting of its Board of Directors held on April 15, 2024. As a result of the purchase, etc., treasury shares increased in value by ¥22,316 million in the six months ended August 31, 2024, and as of August 31, 2024, the value of treasury shares stood at ¥65,143 million.

(Adoption of special accounting treatments for preparing semi-annual consolidated financial statements)

Not applicable.

(Segment information, etc.)

[Segment information]

I. 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 semi- annual 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 semi-annual consolidated statement of income.

II. Six months ended August 31, 2024

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 semi- annual consolidated statement of income (Note 3)
	Cinema business	Theatrical business	Real Estate business	Total				
Net sales								
Sales to external customers	113,853	9,974	39,198	163,027	653	163,681	—	163,681
Intersegment sales or transfers	1,155	24	2,573	3,753	119	3,872	(3,872)	—
Total	115,008	9,999	41,772	166,780	772	167,553	(3,872)	163,681
Segment profit (loss)	33,667	1,241	8,844	43,753	91	43,845	(2,929)	40,915

- (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 ¥2,929 million deducted from segment profit (loss) as adjustment consists of an addition of ¥2 million in intersegment transaction elimination, and a deduction of ¥2,931 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 semi-annual consolidated statement of income.