

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (Japanese GAAP)

May 15, 2023

Company Name: TOEI COMPANY, LTD. Listed on the TSE Prime Market
 Securities Code: 9605 URL <https://www.toei.co.jp>
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 Scheduled date of ordinary general shareholders meeting: June 29, 2023
 Scheduled date of commencement of dividend payment: June 30, 2023
 Scheduled date to file securities report: June 30, 2023
 Supplementary documents for financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Figures are rounded down to the nearest one million yen.)

1. Consolidated financial results for the fiscal year ended March 31, 2023 (April 1, 2022 – March 31, 2023)

(1) Consolidated results of operations

(Percentages represent year-on-year changes.)

| Fiscal year ended | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|-------------------|-----------------|------|------------------|-------|-----------------|------|---|------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| March 31, 2023 | 174,358 | 48.3 | 36,339 | 104.0 | 40,172 | 72.4 | 15,025 | 67.4 |
| March 31, 2022 | 117,539 | 9.2 | 17,810 | 37.0 | 23,303 | 24.5 | 8,977 | 23.2 |

Note: Comprehensive income

For the fiscal year ended March 31, 2023: 25,989 million yen [34.7%]

For the fiscal year ended March 31, 2022: 19,299 million yen [(22.1)%]

| Fiscal year ended | Earnings per share | Diluted earnings per share | Return on equity | Ratio of ordinary profit to total assets | Ratio of operating profit to net sales |
|-------------------|--------------------|----------------------------|------------------|--|--|
| | Yen | Yen | % | % | % |
| March 31, 2023 | 1,212.40 | – | 7.3 | 11.0 | 20.8 |
| March 31, 2022 | 723.31 | – | 4.6 | 6.9 | 15.2 |

Reference: Share of profit (loss) of entities accounted for using equity method

For the fiscal year ended March 31, 2023: 1,888 million yen

For the fiscal year ended March 31, 2022: 3,147 million yen

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio | Earning per share |
|----------------------|-----------------|-----------------|--------------|-------------------|
| | Millions of yen | Millions of yen | % | Yen |
| As of March 31, 2023 | 379,889 | 283,172 | 56.0 | 17,172.50 |
| As of March 31, 2022 | 348,561 | 261,127 | 57.6 | 16,176.24 |

Reference: Equity

As of March 31, 2023: 212,621 million yen

As of March 31, 2022: 200,764 million yen

(3) Consolidated cash flows

| Fiscal year ended | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and cash equivalents at end of period |
|-------------------|--------------------------------------|--------------------------------------|--------------------------------------|--|
| | Millions of yen | Millions of yen | Millions of yen | Millions of yen |
| March 31, 2023 | 27,323 | (7,815) | (6,599) | 71,315 |
| March 31, 2022 | 14,479 | (17,860) | (3,403) | 57,390 |

2. Dividends

| | Annual dividend per share | | | | | Total dividend (Total) | Dividend payout ratio (Consolidated) | Ratio of dividends to net assets (Consolidated) |
|--|---------------------------|-----------------|-----------------|-----------------|--------|------------------------|--------------------------------------|---|
| | 1st quarter-end | 2nd quarter-end | 3rd quarter-end | Fiscal year-end | Total | | | |
| Fiscal year ended March 31, 2022 | – | 30.00 | – | 30.00 | 60.00 | 773 | 8.3 | 0.4 |
| Fiscal year ended March 31, 2023 | – | 30.00 | – | 100.00 | 130.00 | 1,675 | 10.7 | 0.8 |
| Fiscal year ending March 31, 2024 (forecast) | – | 30.00 | – | 30.00 | 60.00 | | 6.3 | |

Note: The year-end dividend of 100.00 yen per share includes a special dividend of 70.00 yen per share.

3. Forecast for consolidated financial results for the fiscal year ending March 31, 2024 (April 1, 2023 – March 31, 2024)

(Percentages represent year-on-year changes.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | | Earnings per share |
|-----------|-----------------|--------|------------------|--------|-----------------|--------|---|--------|--------------------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| Full year | 145,200 | (16.7) | 21,800 | (40.0) | 25,200 | (37.3) | 11,800 | (21.5) | 952.16 |

* Notes

(1) Changes in significant subsidiaries during the period

(changes in specified subsidiaries resulting in changes in the scope of consolidation): No

New: – Exclusion: –

(2) Changes in accounting policies and accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards, etc.: No

(ii) Changes in accounting policies due to other reasons: No

(iii) Changes in accounting estimates: No

(iv) Restatement: No

(3) Number of shares issued (common shares)

(i) Number of shares issued at the end of the period (including treasury shares)

| | | | |
|----------------------|-------------------|----------------------|-------------------|
| As of March 31, 2023 | 14,768,909 shares | As of March 31, 2022 | 14,768,909 shares |
|----------------------|-------------------|----------------------|-------------------|

(ii) Number of treasury shares at the end of the period

| | | | |
|----------------------|------------------|----------------------|------------------|
| As of March 31, 2023 | 2,387,407 shares | As of March 31, 2022 | 2,357,867 shares |
|----------------------|------------------|----------------------|------------------|

(iii) Average number of shares during the period

| | | | |
|----------------------------------|-------------------|-------------------------------------|-------------------|
| Fiscal year ended March 31, 2023 | 12,392,870 shares | Fiscal year ended of March 31, 2022 | 12,411,340 shares |
|----------------------------------|-------------------|-------------------------------------|-------------------|

Note: The Company introduced the board incentive plan (BIP) trust in the second quarter. The number of shares in the Company held by the BIP trust is included in the number of the treasury shares that are excluded from the calculation of the number of treasury shares at the end of the period and the average number of shares during the period.

* The summary of consolidated financial results is not subject to audits by a certified public accountant or an auditing firm.

* Proper use of earnings forecasts, and other special matters

The forward-looking statements in this document, including business outlooks, are based on information currently available to the Company and certain assumptions deemed reasonable by the Company. These statements are not a promise that the Company will achieve them. Actual results may differ materially, depending on a range of factors. For the conditions on which financial results forecasts are based and the notes on the use of these forecasts, please refer to "1. Overview of operating results and financial position,

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1. Overview of operating results and financial position

(1) Overview of operating results for the fiscal year under review

In the fiscal year under review, the Japanese economy recovered moderately, reflecting the normalization of socioeconomic activity or the adapting to the endemic COVID-19 era. However, the economic outlook remained uncertain chiefly due to downside risks in overseas economies and rising prices.

In this environment, the Group strove to implement solid sales initiatives in each of its businesses: the film and video-related business, entertainment-related business, event-related business, tourism real estate business and the architectural interior design business.

As a result, net sales stood at 174,358 million yen (up 48.3% year on year), operating profit came to 36,339 million yen (up 104.0% year on year), and ordinary profit reached 40,172 million yen (up 72.4% year on year). A gain on sale of investment securities was posted in extraordinary income, and impairment losses and other extraordinary losses were posted, which resulted in a profit attributable to owners of parent of 15,025 million yen (up 67.4% year on year).

The following is a summary of operating results by segment.

(i) Film and video-related business

In the movie business, we distributed 43 films, including films produced in collaboration with other production companies. Of those films, *ONE PIECE FILM RED* and *THE FIRST SLAM DUNK* were big hits. *Dragon Ball Super: SUPER HERO*, *THE LEGEND & BUTTERFLY*, *SHIN KAMEN RIDER* and other films were well received.

In the television content business, TV programs have become more diverse, reflecting broadcasters' fierce competition for ratings, and we strove to enhance content to receive orders in a tough market. In the fiscal year under review, we produced a total of 404 programs, with 60 60-minute programs such as *AIBOU (Partners)* and *The Woman of S.R.I.*, 324 30-minute programs such as *KAMEN RIDER REVICE* and *Delicious Party ♡Precure*, and 20 special programs such as *Nishimura Kyotaro Travel Mystery Final*, maintaining our market share. Sales of character merchandising rights for TV shows such as *Avataro Sentai Donbrothers*, *KAMEN RIDER REVICE* and *KAMEN RIDER GEATS* remained strong.

In the content business, in addition to selling terrestrial, BS and CS broadcasting rights and video rights for theatrical films, etc., we supplied video content to video distribution services for smartphones and tablets. Sales of broadcasting rights for old TV period dramas and the *AIBOU (Partners)* television film series and sales of content to Amazon Prime Video and other video-on-demand providers were strong. The Toei Tokusatsu Fan Club gained more members, which contributed to sales. We strengthened collaboration within the Group to sell videos and sold a total of 318 DVD and Blu-ray titles. The *Kamen Rider* series and *Dragon Ball Super: SUPER HERO*, in particular, sold well. In the animation business, the overseas screening rights and overseas video distribution rights for *Dragon Ball Super: SUPER HERO*, *ONE PIECE FILM RED* and *THE FIRST SLAM DUNK* sold well. Sales of merchandising rights for *ONE PIECE* and the *Dragon Ball* series were also strong in Japan and overseas.

In the international business, we sold theatrical films and TV shows overseas as well as the overseas merchandising rights for *Kikai Sentai Zenkaiger* and other TV shows. We also imported and sold the television broadcasting rights for foreign films, such as *Bohemian Rhapsody* and *Ad Astra*. The international business performed well overall. In the educational video business, we produced and distributed educational videos, with *Yuyake* winning the grand prize at the Japan Audio-Visual Education Association's educational film festival in 2022. In the studio business and at the Digital Center, we were engaged in contract production and partial production of theatrical and television content.

In the film and video-related business, net sales came to 135,179 million yen (up 51.4% year on year) and operating profit was 35,167 million yen (up 81.2% year on year).

(ii) Entertainment-related business

In the box office business, sales were strong, due to the screening of blockbuster movies including *ONE PIECE FILM RED*. The directly managed Shibuya Toei Theater (two screens) was closed on December 4, 2022. As of the end of the fiscal year under review, we have 220 screens (including two screens directly managed by TOEI COMPANY).

The entertainment-related business recorded net sales of 18,449 million yen (up 30.4% year on year) and an operating profit of 900 million yen (an operating loss of 262 million yen in the year-ago period).

(iii) Event-related business

The environment in the event business continued to be challenging even as the pandemic subsided, with efforts made to hold events suited to the endemic COVID-19 era and measures taken to control infection and the number of participants. In this environment, we held a variety of events, including KAMEN RIDER 50 YEARS EXHIBITION, 120th Anniversary Exhibition Happy Birthday! Peter Rabbit and other exhibitions; live events; stage performances; and popular character shows. We also sold film-related merchandise and sold event merchandise online. The number of visitors to TOEI Kyoto Studio Park has been trending toward recovery, reflecting the easing of movement restrictions.

The event-related business recorded net sales of 10,015 million yen (up 107.6% year on year) and an operating profit of 2,024 million yen (an operating loss of 492 million yen in the year-ago period).

(iv) Tourism real estate business

In the real estate leasing business, requests for rent reduction and exemption, particularly related to retail facilities, subsided, but rents did not rise. The environment surrounding the business continued to be difficult overall, particularly in regional areas. In the fiscal year under review, Shibuya Toei Plaza, Oz Studio City, Shinjuku Sanhome East Bldg. and other rental facilities remained in operation. In the hotel business, inbound tourism demand recovered following the easing of restrictions on entry into Japan in October 2022, and sales nearly recovered to the pre-COVID-19 level. At the same time, hotels have been affected by rising prices, including utility costs. We took measures to address the situation, including the revision of prices and thorough cost control.

In the tourism real estate business, net sales came to 5,967 million yen (up 18.1% year on year), and operating profit was 2,168 million yen (up 50.6% year on year).

(v) Architectural interior design business

In the architectural interior design business, construction demand was firm, despite the uncertain business outlook. However, there is a growing need to develop measures against the rising costs of materials and equipment in the receiving of orders and procurement. Despite the situation, we conducted active sales activities to retain existing customers and expand orders, and were involved in the construction of cinema complexes.

In the architectural interior design business, net sales amounted to 4,746 million yen (up 11.6% year on year), and operating profit came to 48 million yen (down 73.7% year on year).

(2) Overview of financial position for the fiscal year under review

Total assets amounted to 379,889 million yen at the end of the fiscal year under review, which was an increase of 31,327 million yen from the end of the previous fiscal year. This was mainly due to increases of 11,982 million yen in cash and deposits, 14,174 million yen in notes and accounts receivable – trade and contract assets, 4,496 million yen in merchandise and finished goods, and 5,736 million yen in other of investments and other assets, partially offset by a decrease of 5,149 million yen in work in process.

Total liabilities stood at 96,716 million yen, an increase of 9,282 million yen from the end of the previous fiscal year. This was largely due to increases of 3,659 million yen in notes and accounts payable – trade, 4,175 million yen in income taxes payable, 2,961 million yen in other current liabilities, and 6,769 million yen in long-term borrowings, partially offset by decreases of 7,220 million yen in short-term borrowings and 1,903 million yen in the current portion of long-term borrowings.

Net assets increased 22,044 million yen from the end of the previous fiscal year, to 283,172 million yen. This was a result, in large part, of increases of 14,311 million yen in retained earnings and 10,187 million yen in non-controlling interests, partially offset by a decrease of 2,831 million yen in valuation difference on available-for-sale securities.

(3) Overview of cash flows for the fiscal year under review

At the end of the fiscal year under review, cash and cash equivalents (“cash”) stood at 71,315 million yen (57,390 million yen a year ago), reflecting an increase of 27,323 million yen in cash flows from operating activities, a decrease of 7,815 million yen in cash flows from investing activities, and a decrease of 6,599 million yen in cash flows from financing activities.

Net cash provided by operating activities stood at 27,323 million yen (14,479 million yen at the end of the previous fiscal year). This was due to cash inflows, including 38,610 million yen in profit before income taxes, 3,421 million yen in depreciation, 1,533 million yen in impairment losses, 2,259 million yen in increase in trade payables, 1,263 million yen in increase in accrued consumption taxes, 1,117 million yen in increase in other current liabilities, and 2,690 million yen in interest and dividends received, which were partially offset by cash outflows, including 1,651 million yen in interest and dividend income, 1,888 million yen in share of profit of entities accounted for using equity method, 13,590 million yen in increase in trade receivables and contract assets and 7,059 million yen in income taxes paid.

Cash flows from investing activities

Net cash used in investing activities reached 7,815 million yen (17,860 million yen in cash was used a year earlier). This was a result of cash outflows, including 40,971 million yen in payments into time deposits, 4,498 million yen in purchase of property, plant and equipment, and 1,033 million yen in purchase of intangible assets, which were partially offset by cash inflows, including 38,923 million yen in proceeds from withdrawal of time deposits.

Cash flows from financing activities

Net cash used in financing activities came to 6,599 million yen (3,403 million yen in cash was used a year earlier). This was due to cash outflows, including 7,220 million yen in net decrease in short-term borrowings, 3,633 million yen in repayments of long-term borrowings, and 2,176 million yen in dividends paid to non-controlling interests, which were partially offset by cash inflows, including 8,500 million yen in proceeds from long-term borrowings.

(4) Future outlook

In the film and video-related business, the core business of the Group, it is difficult to predict whether the theatrical films that are the core of the business will be successful, and their box-office sales affect a range of businesses related to films and video, including the television content business and the content business. Stabilizing earnings is thus a key issue. Consequently, we will step up our sales efforts, building strong partnerships with companies in the industry and focusing on profitability in the planning stage. Meanwhile, we will strive to effectively use the rental assets we have in the real estate leasing business to achieve stable earnings.

Under these circumstances, the consolidated results for the fiscal year ending March 31, 2024 are expected to include net sales of 145,200 million yen, operating profit of 21,800 million yen, ordinary profit of 25,200 million yen, and profit attributable to owners of parent of 11,800 million yen.

2. Basic policy for selecting accounting standards

The Group's policy is to prepare its consolidated financial statements based on Japanese Accounting Standards for the present time, taking the comparability of the consolidated financial statements between terms and between companies into consideration.

It will consider adopting IFRS in the future, taking domestic and overseas circumstances into consideration.

3. Consolidated financial statements and notes on important matters

(1) Consolidated balance sheets

(Millions of yen)

| | As of March 31, 2022 | As of March 31, 2023 |
|--|----------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 81,631 | 93,614 |
| Notes and accounts receivable - trade, and contract assets | 23,775 | 37,950 |
| Merchandise and finished goods | 1,571 | 6,067 |
| Work in process | 17,648 | 12,498 |
| Raw materials and supplies | 425 | 192 |
| Other | 4,493 | 4,960 |
| Allowance for doubtful accounts | (62) | (58) |
| Total current assets | 129,483 | 155,226 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 83,440 | 84,732 |
| Accumulated depreciation | (47,779) | (49,598) |
| Buildings and structures, net | 35,661 | 35,134 |
| Machinery, equipment and vehicles | 5,858 | 6,054 |
| Accumulated depreciation | (4,450) | (4,750) |
| Machinery, equipment and vehicles, net | 1,408 | 1,304 |
| Tools, furniture and fixtures | 5,828 | 6,237 |
| Accumulated depreciation | (4,776) | (5,140) |
| Tools, furniture and fixtures, net | 1,051 | 1,097 |
| Land | 49,851 | 51,473 |
| Leased assets | 1,768 | 2,294 |
| Accumulated depreciation | (958) | (984) |
| Leased assets, net | 809 | 1,310 |
| Construction in progress | 480 | 66 |
| Total property, plant and equipment | 89,264 | 90,387 |
| Intangible assets | 1,087 | 1,785 |
| Investments and other assets | | |
| Investment securities | 114,288 | 111,866 |
| Long-term loans receivable | 412 | 339 |
| Retirement benefit asset | 2,103 | 2,444 |
| Deferred tax assets | 202 | 327 |
| Guarantee deposits | 2,740 | 2,731 |
| Other | 9,193 | 14,930 |
| Allowance for doubtful accounts | (215) | (150) |
| Total investments and other assets | 128,726 | 132,489 |
| Total non-current assets | 219,077 | 224,662 |
| Total assets | 348,561 | 379,889 |

(Millions of yen)

| | As of March 31, 2022 | As of March 31, 2023 |
|--|----------------------|----------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 28,567 | 32,226 |
| Short-term borrowings | 7,570 | 350 |
| Current portion of long-term borrowings | 3,133 | 1,229 |
| Income taxes payable | 3,201 | 7,376 |
| Provision for bonuses | 1,182 | 1,403 |
| Other | 11,995 | 14,956 |
| Total current liabilities | 55,649 | 57,543 |
| Non-current liabilities | | |
| Long-term borrowings | 7,217 | 13,987 |
| Deferred tax liabilities for land revaluation | 7,969 | 7,943 |
| Provision for retirement benefits for directors (and other officers) | 844 | 310 |
| Provision for share awards for directors (and other officers) | 100 | 261 |
| Defined benefit liability | 4,825 | 4,870 |
| Long-term guarantee deposits | 4,726 | 4,654 |
| Other | 6,100 | 7,145 |
| Total non-current liabilities | 31,784 | 39,173 |
| Total liabilities | 87,433 | 96,716 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 11,707 | 11,707 |
| Capital surplus | 22,598 | 22,656 |
| Retained earnings | 142,457 | 156,768 |
| Treasury shares | (11,040) | (11,598) |
| Total shareholders' equity | 165,723 | 179,533 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 23,310 | 20,479 |
| Deferred gains or losses on hedges | (1) | (7) |
| Revaluation reserve for land | 11,508 | 11,449 |
| Foreign currency translation adjustment | 533 | 1,326 |
| Remeasurements of defined benefit plans | (310) | (160) |
| Total accumulated other comprehensive income | 35,040 | 33,087 |
| Non-controlling interests | 60,363 | 70,550 |
| Total net assets | 261,127 | 283,172 |
| Total liabilities and net assets | 348,561 | 379,889 |

(2) Consolidated statements of income and comprehensive income

Consolidated statements of income

(Millions of yen)

| | Fiscal year ended March 31, 2022 | Fiscal year ended March 31, 2023 |
|---|-------------------------------------|-------------------------------------|
| Net sales | 117,539 | 174,358 |
| Cost of sales | 70,550 | 102,906 |
| Gross profit | 46,988 | 71,452 |
| Selling, general and administrative expenses | | |
| Personnel expense | 13,088 | 14,261 |
| Advertising expenses | 2,120 | 3,390 |
| Provision for bonuses | 903 | 1,097 |
| Retirement benefit expenses | 347 | 449 |
| Rent expenses on land and buildings | 2,938 | 3,222 |
| Provision for allowance for doubtful accounts | 16 | 15 |
| Depreciation | 1,397 | 1,558 |
| Outsourcing expenses | 1,361 | 1,603 |
| Other | 7,004 | 9,513 |
| Total selling, general and administrative expenses | 29,178 | 35,113 |
| Operating profit | 17,810 | 36,339 |
| Non-operating income | | |
| Interest income | 34 | 184 |
| Dividend income | 1,084 | 1,467 |
| Share of profit of entities accounted for using equity method | 3,147 | 1,888 |
| Subsidy income | 1,094 | 692 |
| Other | 316 | 248 |
| Total non-operating income | 5,677 | 4,480 |
| Non-operating expenses | | |
| Interest expenses | 66 | 115 |
| Foreign exchange losses | – | 429 |
| Other | 117 | 102 |
| Total non-operating expenses | 184 | 647 |
| Ordinary profit | 23,303 | 40,172 |
| Extraordinary income | | |
| Gain on sales of investment securities | – | 2 |
| Subsidies for employment adjustment | 24 | – |
| Gain on sale of non-current assets | 718 | – |
| Total extraordinary income | 742 | 2 |
| Extraordinary losses | | |
| Impairment losses | 1,128 | 1,533 |
| Loss on retirement of non-current assets | 26 | 12 |
| Loss due to temporary closure | 159 | – |
| Other | 453 | 18 |
| Total extraordinary losses | 1,768 | 1,563 |
| Profit before income taxes | 22,277 | 38,610 |
| Income taxes - current | 5,853 | 11,342 |
| Income taxes - deferred | 78 | 239 |
| Total income taxes | 5,932 | 11,581 |
| Profit | 16,344 | 27,028 |
| Profit attributable to non-controlling interests | 7,367 | 12,003 |
| Profit attributable to owners of parent | 8,977 | 15,025 |

Consolidated statement of comprehensive income

(Millions of yen)

| | Fiscal year ended March 31, 2022 | Fiscal year ended March 31, 2023 |
|--|-------------------------------------|-------------------------------------|
| Profit | 16,344 | 27,028 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 1,910 | (1,054) |
| Deferred gains or losses on hedges | 0 | (3) |
| Foreign currency translation adjustment | 1,259 | 1,751 |
| Remeasurements of defined benefit plans, net of tax | 21 | 217 |
| Share of other comprehensive income of entities accounted for using equity method | (237) | (1,950) |
| Total other comprehensive income | 2,954 | (1,039) |
| Comprehensive income | 19,299 | 25,989 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 11,082 | 13,131 |
| Comprehensive income attributable to non-controlling interests | 8,216 | 12,858 |

(3) Consolidated statements of changes in equity

Fiscal year ended March 31, 2022

(Millions of yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 11,707 | 22,599 | 134,161 | (11,030) | 157,437 |
| Cumulative effects of changes in accounting policies | | | 92 | | 92 |
| Restated balance | 11,707 | 22,599 | 134,253 | (11,030) | 157,529 |
| Changes during period | | | | | |
| Dividends of surplus | | | (773) | | (773) |
| Reversal of revaluation reserve for land | | | 0 | | 0 |
| Profit attributable to owners of parent | | | 8,977 | | 8,977 |
| Purchase of treasury shares | | | | (10) | (10) |
| Purchase of treasury shares of consolidated subsidiaries | | (0) | | | (0) |
| Additional purchase of shares of consolidated subsidiaries | | | | | - |
| Net changes in items other than shareholders' equity | | | | | |
| Total changes during period | - | (0) | 8,203 | (10) | 8,193 |
| Balance at end of period | 11,707 | 22,598 | 142,457 | (11,040) | 165,723 |

| | Accumulated other comprehensive income | | | | | | Non-controlling interests | Total net assets |
|--|---|------------------------------------|------------------------------|---|---|--|---------------------------|------------------|
| | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Revaluation reserve for land | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | | |
| Balance at beginning of period | 21,832 | (3) | 11,508 | (34) | (367) | 32,935 | 53,760 | 244,133 |
| Cumulative effects of changes in accounting policies | | | | | | | | 92 |
| Restated balance | 21,832 | (3) | 11,508 | (34) | (367) | 32,935 | 53,760 | 244,225 |
| Changes during period | | | | | | | | |
| Dividends of surplus | | | | | | | | (773) |
| Reversal of revaluation reserve for land | | | | | | | | 0 |
| Profit attributable to owners of parent | | | | | | | | 8,977 |
| Purchase of treasury shares | | | | | | | | (10) |
| Purchase of treasury shares of consolidated subsidiaries | | | | | | | | (0) |
| Additional purchase of shares of consolidated subsidiaries | | | | | | | | - |
| Net changes in items other than shareholders' equity | 1,478 | 2 | (0) | 568 | 56 | 2,105 | 6,602 | 8,708 |
| Total changes during period | 1,478 | 2 | (0) | 568 | 56 | 2,105 | 6,602 | 16,901 |
| Balance at end of period | 23,310 | (1) | 11,508 | 533 | (310) | 35,040 | 60,363 | 261,127 |

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 11,707 | 22,598 | 142,457 | (11,040) | 165,723 |
| Cumulative effects of changes in accounting policies | | | | | – |
| Restated balance | 11,707 | 22,598 | 142,457 | (11,040) | 165,723 |
| Changes during period | | | | | |
| Dividends of surplus | | | (773) | | (773) |
| Reversal of revaluation reserve for land | | | 59 | | 59 |
| Profit attributable to owners of parent | | | 15,025 | | 15,025 |
| Purchase of treasury shares | | | | (557) | (557) |
| Purchase of treasury shares of consolidated subsidiaries | | (59) | | | (59) |
| Additional purchase of shares of consolidated subsidiaries | | 116 | | | 116 |
| Net changes in items other than shareholders' equity | | | | | |
| Total changes during period | – | 57 | 14,311 | (557) | 13,810 |
| Balance at end of period | 11,707 | 22,656 | 156,768 | (11,598) | 179,533 |

| | Accumulated other comprehensive income | | | | | | Non-controlling interests | Total net assets |
|--|---|------------------------------------|------------------------------|---|---|--|---------------------------|------------------|
| | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Revaluation reserve for land | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | | |
| Balance at beginning of period | 23,310 | (1) | 11,508 | 533 | (310) | 35,040 | 60,363 | 261,127 |
| Cumulative effects of changes in accounting policies | | | | | | | | – |
| Restated balance | 23,310 | (1) | 11,508 | 533 | (310) | 35,040 | 60,363 | 261,127 |
| Changes during period | | | | | | | | |
| Dividends of surplus | | | | | | | | (773) |
| Reversal of revaluation reserve for land | | | | | | | | 59 |
| Profit attributable to owners of parent | | | | | | | | 15,025 |
| Purchase of treasury shares | | | | | | | | (557) |
| Purchase of treasury shares of consolidated subsidiaries | | | | | | | | (59) |
| Additional purchase of shares of consolidated subsidiaries | | | | | | | | 116 |
| Net changes in items other than shareholders' equity | (2,831) | (5) | (59) | 793 | 149 | (1,953) | 10,187 | 8,234 |
| Total changes during period | (2,831) | (5) | (59) | 793 | 149 | (1,953) | 10,187 | 22,044 |
| Balance at end of period | 20,479 | (7) | 11,449 | 1,326 | (160) | 33,087 | 70,550 | 283,172 |

(4) Consolidated statements of cash flows

(Millions of yen)

| | Fiscal year ended March 31, 2022 | Fiscal year ended March 31, 2023 |
|---|-------------------------------------|-------------------------------------|
| Cash flows from operating activities | | |
| Profit before income taxes | 22,277 | 38,610 |
| Depreciation | 3,494 | 3,421 |
| Impairment losses | 1,128 | 1,533 |
| Increase (decrease) in allowance for doubtful accounts | (7) | (68) |
| Increase (decrease) in retirement benefit liability | (1,887) | 115 |
| Decrease (increase) in net defined benefit asset | (61) | (50) |
| Increase (decrease) in provision for retirement benefits for directors (and other officers) | (279) | (533) |
| Increase (decrease) in provision for share awards for directors (and other officers) | 36 | 160 |
| Increase (decrease) in provision for bonuses | 43 | 221 |
| Decrease (increase) in unrealized income accounted for using equity method | (0) | (8) |
| Interest and dividend income | (1,119) | (1,651) |
| Interest expenses | 66 | 115 |
| Subsidy income | (1,094) | (692) |
| Subsidies for employment adjustment | (24) | – |
| Share of loss (profit) of entities accounted for using equity method | (3,147) | (1,888) |
| Loss (gain) on sale of investment securities | – | (2) |
| Loss (gain) on sale of non-current assets | (718) | – |
| Loss on retirement of non-current assets | 26 | 12 |
| Decrease (increase) in trade receivables and contract assets | (2,673) | (13,590) |
| Increase (decrease) in trade payables | 8,194 | 2,259 |
| Decrease (increase) in inventories | (7,400) | 914 |
| Decrease (increase) in other current assets | (30) | (535) |
| Increase (decrease) in accrued consumption taxes | 269 | 1,263 |
| Increase (decrease) in other current liabilities | 1,645 | 1,117 |
| Increase (decrease) in guarantee deposits received | (1,009) | (71) |
| Increase (decrease) in other non-current liabilities | 0 | 462 |
| Other, net | (39) | 5 |
| Subtotal | 17,688 | 31,120 |
| Interest and dividends received | 1,950 | 2,690 |
| Interest paid | (64) | (110) |
| Subsidies received | 1,134 | 692 |
| Income taxes paid | (6,229) | (7,059) |
| Other | – | (9) |
| Net cash provided by (used in) operating activities | 14,479 | 27,323 |

(Millions of yen)

| | Fiscal year ended March 31, 2022 | Fiscal year ended March 31, 2023 |
|---|-------------------------------------|-------------------------------------|
| Cash flows from investing activities | | |
| Payments into time deposits | (31,284) | (40,971) |
| Proceeds from withdrawal of time deposits | 16,356 | 38,923 |
| Purchase of property, plant and equipment | (7,316) | (4,498) |
| Purchase of intangible assets | (348) | (1,033) |
| Proceeds from sale of property, plant and equipment | 3,998 | — |
| Purchase of investment securities | (110) | (93) |
| Proceeds from sale of investment securities | 248 | 41 |
| Proceeds from redemption of investment securities | 250 | 80 |
| Loan advances | (30) | (264) |
| Proceeds from collection of loans receivable | 240 | 266 |
| Decrease (increase) in guarantee deposits | (10) | 11 |
| Other, net | 147 | (278) |
| Net cash provided by (used in) investing activities | (17,860) | (7,815) |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | (1,730) | (7,220) |
| Proceeds from long-term borrowings | 4,000 | 8,500 |
| Repayments of long-term borrowings | (2,889) | (3,633) |
| Repayments of lease liabilities | (342) | (262) |
| Dividends paid | (773) | (773) |
| Dividends paid to non-controlling interests | (1,613) | (2,176) |
| Purchase of treasury shares | (10) | (557) |
| Other, net | (43) | (476) |
| Net cash provided by (used in) financing activities | (3,403) | (6,599) |
| Effect of exchange rate change on cash and cash equivalents | 809 | 1,017 |
| Net increase (decrease) in cash and cash equivalents | (5,974) | 13,924 |
| Cash and cash equivalents at beginning of period | 63,364 | 57,390 |
| Cash and cash equivalents at end of period | 57,390 | 71,315 |

(5) Notes to consolidated financial statements

(Note on going concern assumptions)

Not applicable.

(Additional information)

(Abolition of the retirement benefits for directors and other officers)

At the Annual General Meeting of Shareholders held on June 29, 2022, the Company resolved to make the final payment of retirement benefits due to the abolition of retirement benefits for directors and other officers. Under the resolution, the Company reversed provision for retirement benefits for directors (and other officers) and included unpaid retirement benefits of 450 million yen in other non-current liabilities.

(Performance-based stock remuneration system)

In the second quarter under review, the Company introduced a performance-based stock remuneration system using a board incentive plan (BIP) trust (“the System”) for the Directors (excluding Directors who are Audit and Supervisory Committee members, Outside Directors or non-residents of Japan) and Executive Officers (excluding non-residents of Japan; these Directors and Executive Officers are hereinafter collectively “Eligible People”). This is primarily to clarify the connection between remuneration for the Eligible People and the Company’s results and shareholder value, and thereby to give the Eligible People a stronger incentive to contribute to increasing the results of the Company and its corporate value over the medium to long term and for them to share the returns and risks of changes in the stock price with shareholders.

The Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees Etc. Through Trusts (ASBJ Practical Issue Task Force (PITF) No. 30, March 26, 2015) is applied in the accounting treatment of this trust agreement.

(1) Transaction overview

Under the System, shares of the Company’s stock are delivered to the Eligible People according to their position and degree of achievement of performance targets from the fiscal year ended March 31, 2023 through the fiscal year ending March 31, 2025.

(2) The Company’s shares remaining in the trust

The book value of the shares held by the BIP trust (excluding the incidental expense) is posted in net assets as treasury shares. As of the end of the consolidated fiscal year under review, the book value of the said treasury shares was 553 million yen and the number of the said shares was 29,300.

(Segment information)

Segment information

1. Overview of reportable segments

(1) Determination of reportable segments

Reporting segments of the Group are individual units for which separate financial information is available and that are subject to a periodic review by the Board of Directors for the purposes of evaluating performance and determining the allocation of resources.

The Group categorizes operations according to the services it handles, and each business division plans its own comprehensive strategies and operates its business activities.

The Group consists of five business segments: the film and video-related business, entertainment-related business, event-related business, tourism real estate business, and architectural interior design business.

(2) Product and service types belonging to each reportable segment

In the film and video-related business, we produce and distribute theatrical films and television programs. We also produce and sell DVDs and Blu-ray discs and license character merchandising rights and copyrights of said films and programs. In the entertainment-related business, we manage directly-managed theaters and cinema complexes. In the event-related business, we run characters shows related to films and videos that the Group produces, plan and hold cultural events, and operate TOEI Kyoto Studio Park. In the tourism real estate business, we lease rental facilities and run hotels. In the architectural interior design business, we engage in construction work and contract interior decoration.

2. Method for determining net sales, profit or loss, assets, liabilities and other items for reportable segments

Accounting methods for the reported business segments are generally the same as those used for the preparation of consolidated financial statements. The profit of reporting segments is based on operating profit. Intersegment revenue and transfers are based on prevailing market prices.

3. Information on net sales, profit or loss, assets, liabilities and other items by reportable segment

Fiscal year ended March 31, 2022

(Millions of yen)

| | Film and video-related business | Entertainment-related business | Event-related business | Tourism real estate business | Architectural interior design business | Total | Adjustments (Note 1) | Amount recorded in the consolidated financial statements (Note 2) |
|---|---------------------------------|--------------------------------|------------------------|------------------------------|--|---------|----------------------|---|
| Net sales | | | | | | | | |
| Net sales to external customers | 89,257 | 14,150 | 4,823 | 5,053 | 4,254 | 117,539 | – | 117,539 |
| Inter-segment net sales or transfers | 1,583 | 188 | 646 | 602 | 78 | 3,098 | (3,098) | – |
| Total | 90,840 | 14,338 | 5,470 | 5,655 | 4,332 | 120,637 | (3,098) | 117,539 |
| Segment profit (loss) | 19,411 | (262) | (492) | 1,440 | 183 | 20,280 | (2,469) | 17,810 |
| Segment assets | 225,609 | 16,396 | 7,824 | 49,306 | 4,414 | 303,552 | 45,008 | 348,561 |
| Other | | | | | | | | |
| Depreciation | 1,342 | 826 | 293 | 924 | 8 | 3,394 | 100 | 3,494 |
| Increase in property, plant and equipment and intangible assets | 912 | 631 | 44 | 6,311 | 1 | 7,902 | 102 | 8,004 |

(Notes)

1. Adjustments are as follows.

(1) The segment profit (loss) adjustment of (2,469) million yen includes the elimination of inter-segment transactions of (57) million yen and company-wide expenses of (2,527) million yen that are not allocated to each reportable segment. Company-wide expenses mainly consist of general and administrative expenses that do not belong to any reportable segment.

(2) The segment profit adjustment of 45,008 million yen includes company-wide assets of 48,960 million yen that are not allocated to each reportable segment and the elimination through offsetting receivables and payables of (3,951) million yen.

* The main components of company-wide assets are unused funds, long-term investments and assets relating administrative divisions.

(3) The adjustment of depreciation is depreciation related to company-wide assets that is not allocated to each reportable segment.

(4) Adjustments of increase in property, plant and equipment and intangible assets are obtained plant and equipment and intangible assets that are not distributed to the reportable segments.

2. Segment profit (loss) is adjusted to match the operating profit in the consolidated statements of income.

| | Film and video-related business | Entertainment-related business | Event-related business | Tourism real estate business | Architectural interior design business | Total | Adjustments (Note 1) | Amount recorded in the consolidated financial statements (Note 2) |
|---|---------------------------------|--------------------------------|------------------------|------------------------------|--|---------|----------------------|---|
| Net sales | | | | | | | | |
| Net sales to external customers | 135,179 | 18,449 | 10,015 | 5,967 | 4,746 | 174,358 | – | 174,358 |
| Inter-segment net sales or transfers | 3,763 | 212 | 597 | 752 | 258 | 5,585 | (5,585) | – |
| Total | 138,942 | 18,662 | 10,612 | 6,720 | 5,005 | 179,944 | (5,585) | 174,358 |
| Segment profit | 35,167 | 900 | 1,276 | 2,168 | 48 | 39,561 | (3,222) | 36,339 |
| Segment assets | 251,087 | 17,147 | 9,045 | 50,583 | 5,026 | 332,890 | 46,998 | 379,889 |
| Other | | | | | | | | |
| Depreciation | 1,336 | 807 | 110 | 941 | 7 | 3,203 | 217 | 3,421 |
| Increase in property, plant and equipment and intangible assets | 2,253 | 532 | 27 | 3,459 | 25 | 6,298 | 469 | 6,768 |

(Notes)

1. Adjustments are as follows.

- (1) The segment profit adjustment of (3,222) million yen includes the elimination of inter-segment transactions of (45) million yen and company-wide expenses of (3,176) million yen that are not allocated to each reportable segment. Company-wide expenses mainly consist of general and administrative expenses that do not belong to any reportable segment.
- (2) The segment profit adjustment of 46,998 million yen includes company-wide assets of 51,472 million yen that are not allocated to each reportable segment and the elimination through offsetting receivables and payables of (4,473) million yen.
 - * The main components of company-wide assets are unused funds, long-term investments and assets relating administrative divisions.
- (3) The adjustment of depreciation is depreciation related to company-wide assets that is not allocated to each reportable segment.
- (4) Adjustments of increase in property, plant and equipment and intangible assets are obtained plant and equipment and intangible assets that are not distributed to the reportable segments.

2. Segment profit is adjusted to match the operating profit in the consolidated statements of income.

(Per-share information)

| | Fiscal year ended March 31, 2022 | Fiscal year ended March 31, 2023 |
|----------------------|----------------------------------|----------------------------------|
| Net assets per share | 16,176.24 yen | 17,172.50 yen |
| Earnings per share | 723.31 yen | 1,212.40 yen |

(Notes) 1. Diluted earnings per share was not presented because there was no dilution for the fiscal year.

2. In calculating net assets per share, the shares of the Company's stock held by the board incentive plan (BIP) trust are included in treasury shares that are deducted from the total number of shares issued at the end of the period. (29 thousand shares for the fiscal year under review) Also, in calculating earnings per share, the shares of the Company's stock held by the BIP trust are included in treasury shares that are deducted in the calculation of the average number of shares during the period. (18 thousand shares for the fiscal year under review)

3. Basis for calculating earnings per share is as shown below.

| | Fiscal year ended March 31, 2022 | Fiscal year ended March 31, 2023 |
|--|----------------------------------|----------------------------------|
| Profit attributable to owners of parent (Millions of yen) | 8,977 | 15,025 |
| Amount not attributable to common shareholders (Millions of yen) | — | — |
| Profit attributable to owners of parent with respect to common shares (Millions of yen) | 8,977 | 15,025 |
| Average number of common shares outstanding during the period (Thousands of shares) | 12,411 | 12,392 |

(Significant subsequent events)

Not applicable.