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Summary of Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2024 (Japanese GAAP)

August 10, 2023

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 Scheduled date of filing quarterly securities report: August 10, 2023
 Scheduled date of commencement of dividend payment: –
 Preparation of supplementary material on quarterly financial results: Yes
 Briefing on these quarterly financial results: No

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

1. Consolidated financial results for the first quarter ended June 30, 2023 (April 1, 2023 – June 30, 2023)

(1) Consolidated results of operations

(Percentages represent year-on-year changes.)

	Net sales		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								
June 30, 2023	43,063	26.3	5,608	21.3	8,489	18.8	4,199	33.6
June 30, 2022	34,103	32.2	4,622	23.8	7,148	41.8	3,142	69.8

Note: Comprehensive income

Three months ended June 30, 2023: 13,632 million yen [115.8%]

Three months ended June 30, 2022: 6,317 million yen [238.0%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended		
June 30, 2023	339.18	–
June 30, 2022	253.20	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2023	387,515	291,952	57.2
As of March 31, 2023	379,889	283,172	56.0

Reference: Equity

As of June 30, 2023: 221,646 million yen

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

2. Dividends

	Annual dividend per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	–	30.00	–	100.00	130.00
Fiscal year ending March 31, 2024	–				
Fiscal year ending March 31, 2024 (forecast)		30.00	–	30.00	60.00

Note: Revisions to dividend forecasts published most recently: No

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)	953.03

Note: Revisions to consolidated business performance forecasts published most recently: No

* Notes

(1) Changes in significant subsidiaries during the first quarter under review

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

New: – Exclusion: –

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: No

(3) 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

(4) Number of shares issued (common shares)

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

As of June 30, 2023	14,768,909 shares	As of March 31, 2023	14,768,909 shares
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(ii) Number of treasury shares at the end of the period

As of June 30, 2023	2,387,043 shares	As of March 31, 2023	2,387,407 shares
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(iii) Average number of shares during the period

Fiscal year ended June 30, 2023	12,381,593 shares	Fiscal year ended June 30, 2022	12,411,012 shares
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Note: The Company has introduced the board incentive plan (BIP) trust. 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.

* Quarterly financial results are outside the scope of the quarterly review 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 “(3) Overview of consolidated earnings forecast and other forward-looking statements” on page 3.

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1. Qualitative information regarding results of operations for the first three months ended June 30, 2023

(1) Overview of operating results

In the first quarter of the fiscal year under review, the Japanese economy recovered modestly, reflecting the reclassification of COVID-19 as a Class 5 Infectious Disease under the Act on the Prevention of Infectious Diseases and Medical Care for Patients with Infectious Diseases and the normalization of economic activity. However, the outlook remained uncertain amid challenges such as rising resource prices and inflation.

In this environment, the Group sought to further strengthen its content business and use resources more efficiently, primarily in the film and video-related business, and strove to implement solid sales initiatives.

As a result, net sales for the first quarter of the fiscal year under review stood at 43,063 million yen (up 26.3% year on year), ordinary profit came to 8,489 million yen (up 18.8% year on year), and profit attributable to owners of parent reached 4,199 million yen (up 33.6% year on year).

Operating results by business segment are as follows:

(i) Film and video-related business

In the movie business, we distributed 13 films, including films produced in collaboration with other production companies, and *IDOLiSH7 the Movie; LIVE 4bit BEYOND THE PERIOD (<DAY 1>/<DAY 2>)* became a hit. Meanwhile, among the films released in the preceding fiscal year, *THE FIRST SLAM DUNK* (released on December 3) continued to be well received. However, there were factors putting downward pressure on profit, including a loss on valuation of inventories for *Knights of the Zodiac*, which was released during the first quarter under review.

In the television business, we strove to enhance content and win orders through the production of content such as *TOKUSO NINE*, *SEVEN DETECTIVES* and *Ohsama Sentai King-Ohger*, and sales of character merchandising rights for goods of TV program characters held firm amid diversification of consumer toy preferences.

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 VOD (video-on-demand) distributors and sold DVDs and Blu-Rays of theatrical films and television programs. In the animation business, we sold the overseas screening rights of *THE FIRST SLAM DUNK*, and sales of merchandising rights for *ONE PIECE* were also strong in Japan and overseas.

In the film and video-related business, net sales came to 31,045 million yen (up 20.8% year on year) and operating profit was 4,550 million yen (down 0.5% year on year).

(ii) Entertainment-related business

In the box office business, we had 220 screens (including two screens directly managed by TOEI COMPANY) as of the end of the first quarter of the fiscal year under review, and the cinema complexes operated by T-Joy Co., Ltd. performed strongly.

In the entertainment-related business, net sales came to 5,871 million yen (up 28.8% year on year) and operating profit was 800 million yen (up 192.8% year on year).

(iii) Event-related business

In the event-related business, various events were held, including AVATARO SENTAI DONBROTHERS FINAL LIVE TOUR 2023 and KAMEN RIDER 50 YEARS EXHIBITION. In addition, film-related merchandise and mail-order event-related merchandise sales were conducted. TOEI Kyoto Studio Park showed signs of modest recovery with the easing of COVID-19 restrictions.

In the event-related business, net sales came to 2,526 million yen (up 58.8% year on year), and operating profit was 386 million yen (up 107.2% year on year).

(iv) Tourism real estate business

In the real estate leasing business, leased facilities including Platz Oizumi, Oz Studio City, Shibuya Toei Plaza, Shinjuku 3-chome East Building and Hiroshima Toei Plaza were in operation. In the hotel business, there were signs of a recovery in inbound tourism demand and tour group use. However, on the downside, hotels were affected by rising prices, including utility costs. Under such conditions, we sought to generate profit through efforts such as the revision of prices and thorough cost control.

In the tourism real estate business, net sales came to 1,501 million yen (up 11.5% year on year), and operating profit was 622 million yen (up 21.9% 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.

The architectural interior design business recorded net sales of 2,118 million yen (up 133.7% year on year) and an operating profit of 40 million yen (an operating loss of 48 million yen in the year-ago period).

(2) Overview of financial position

Total assets amounted to 387,515 million yen at the end of the first quarter of the fiscal year under review, which was an increase of 7,626 million yen from the end of the previous fiscal year. This was mainly due to increases of 1,621 million yen in work in process, 2,505 million yen in other of current assets, and 8,517 million yen in investment securities, partially offset by decreases of 1,431 million yen in notes and accounts receivable – trade and contract assets, and 3,598 million yen in merchandise and finished goods.

Total liabilities stood at 95,563 million yen, a decrease of 1,153 million yen from the end of the previous consolidated fiscal year. This was largely due to a decrease of 5,646 million yen in income taxes payable, which offset increases of 1,970 million yen in short-term borrowings and 2,506 million yen in other of current liabilities.

Net assets totaled 291,952 million yen, an increase of 8,780 million yen from the end of the previous fiscal year. This was a result, in large part, of an increase of 2,910 million yen in retained earnings, partially offset by an increase of 5,538 million yen in valuation difference on available-for-sale securities.

(3) Overview of consolidated earnings forecast and other forward-looking statements

At this time, there are no changes regarding the financial results forecast for the fiscal year ending March 31, 2024, which was announced on May 15, 2023. Please note that actual results may differ materially from the financial results forecast due to a variety of factors such as the economic environment surrounding the Group's businesses and market trends.

2. Quarterly consolidated financial statements and notes on important matters

(1) Quarterly consolidated balance sheet

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	93,614	93,745
Notes and accounts receivable - trade, and contract assets	37,950	36,518
Merchandise and finished goods	6,067	2,469
Work in process	12,498	14,119
Raw materials and supplies	192	614
Other	4,960	7,466
Allowance for doubtful accounts	(58)	(56)
Total current assets	155,226	154,877
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	35,134	34,846
Land	51,473	51,473
Other, net	3,778	3,702
Total property, plant and equipment	90,387	90,022
Intangible assets	1,785	1,780
Investments and other assets		
Investment securities	111,866	120,383
Other	20,773	20,571
Allowance for doubtful accounts	(150)	(120)
Total investments and other assets	132,489	140,835
Total non-current assets	224,662	232,638
Total assets	379,889	387,515
Liabilities		
Current liabilities		
Notes and accounts payable - trade	32,226	31,603
Short-term borrowings	350	2,320
Current portion of long-term borrowings	1,229	1,221
Income taxes payable	7,376	1,730
Provision for bonuses	1,403	714
Other	14,956	17,463
Total current liabilities	57,543	55,053
Non-current liabilities		
Long-term borrowings	13,987	13,685
Provision for retirement benefits for directors (and other officers)	310	260
Provision for share awards for directors (and other officers)	261	284
Defined benefit liability	4,870	4,870
Other	19,743	21,408
Total non-current liabilities	39,173	40,509
Total liabilities	96,716	95,563

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Net assets		
Shareholders' equity		
Share capital	11,707	11,707
Capital surplus	22,656	22,662
Retained earnings	156,768	159,679
Treasury shares	(11,598)	(11,591)
Total shareholders' equity	179,533	182,457
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	20,479	26,017
Deferred gains or losses on hedges	(7)	(3)
Revaluation reserve for land	11,449	11,449
Foreign currency translation adjustment	1,326	1,875
Remeasurements of defined benefit plans	(160)	(150)
Total accumulated other comprehensive income	33,087	39,188
Non-controlling interests	70,550	70,306
Total net assets	283,172	291,952
Total liabilities and net assets	379,889	387,515

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

(Quarterly consolidated statement of income)

(For three-month period)

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Net sales	34,103	43,063
Cost of sales	21,565	28,617
Gross profit	12,537	14,446
Selling, general and administrative expenses	7,915	8,837
Operating profit	4,622	5,608
Non-operating income		
Dividend income	1,137	647
Share of profit of entities accounted for using equity method	737	540
Foreign exchange gains	247	1,449
Other	473	279
Total non-operating income	2,595	2,916
Non-operating expenses		
Interest expenses	29	21
Loss on investments in capital	–	8
Other	40	5
Total non-operating expenses	70	35
Ordinary profit	7,148	8,489
Extraordinary losses		
Impairment losses	–	58
Loss on valuation of investment securities	–	25
Loss on retirement of non-current assets	1	16
Loss on disaster	7	–
Total extraordinary losses	9	100
Profit before income taxes	7,138	8,389
Income taxes - current	1,361	2,304
Income taxes - deferred	216	(147)
Total income taxes	1,578	2,157
Profit	5,560	6,231
Profit attributable to non-controlling interests	2,418	2,032
Profit attributable to owners of parent	3,142	4,199

(Quarterly consolidated statement of comprehensive income)

(First three-month period)

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Profit	5,560	6,231
Other comprehensive income		
Valuation difference on available-for-sale securities	260	5,207
Deferred gains or losses on hedges	3	8
Foreign currency translation adjustment	1,722	1,237
Remeasurements of defined benefit plans, net of tax	(8)	(12)
Share of other comprehensive income of entities accounted for using equity method	(1,221)	959
Total other comprehensive income	757	7,400
Comprehensive income	6,317	13,632
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,913	10,301
Comprehensive income attributable to non-controlling interests	3,403	3,331

(3) Notes on quarterly consolidated financial statements

(Note on going concern assumptions)

Not applicable.

(Notes in the case of significant changes in shareholders' equity)

Not applicable.

(Segment information)

Segment information

I. First three-month period of previous fiscal year (April 1, 2022 - June 30, 2022)

Information on amounts of net sales and profit (loss) by reportable segment

(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 quarterly statements of income (Note 2)
Net sales								
Net sales to external customers	25,701	4,557	1,590	1,347	906	34,103	–	34,103
Inter-segment net sales or transfers	371	34	121	185	2	717	(717)	–
Total	26,073	4,592	1,712	1,533	909	34,820	(717)	34,103
Operating profit (loss)	4,575	273	186	510	(48)	5,497	(874)	4,622

(Notes) 1. The segment profit (loss) adjustment of (874) million yen includes the elimination of inter-segment transactions of (4) million yen and company-wide expenses of (870) 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. Segment profit (loss) has been adjusted with operating profit recorded in the consolidated quarterly statements of income.

II. First three-month period of the fiscal year under review (April 1, 2023 - June 30, 2023)

Information on amounts of net sales and profit (loss) by reportable segment

(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 quarterly statements of income (Note 2)
Net sales								
Net sales to external customers	31,045	5,871	2,526	1,501	2,118	43,063	–	43,063
Inter-segment net sales or transfers	824	66	112	199	62	1,265	(1,265)	–
Total	31,870	5,938	2,638	1,701	2,180	44,328	(1,265)	43,063
Segment profit	4,550	800	386	622	40	6,400	(791)	5,608

(Notes) 1. The segment profit adjustment of (791) million yen includes the elimination of inter-segment transactions of 5 million yen and company-wide expenses of (796) 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. Segment profit is adjusted to the operating profit in quarterly consolidated statements of income.