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Summary of Consolidated Financial Results

for the First Nine Months of the Fiscal Year Ending March 31, 2024

(Japanese GAAP)

February 14, 2024

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 filing quarterly securities report: February 14, 2024
 Scheduled date of commencement of dividend payment: –
 Preparation of supplementary material on quarterly financial results: Yes
 Briefing on this quarterly financial results: No

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

1. Consolidated financial results for the first nine months ended December 31, 2023 (April 1, 2023 – December 31, 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	%
Nine months ended								
December 31, 2023	128,386	0.2	22,189	(23.3)	27,367	(15.9)	10,782	(24.2)
December 31, 2022	128,160	48.2	28,939	106.1	32,546	84.9	14,220	95.1

Note: Comprehensive income
 Nine months ended December 31, 2023: 25,255 million yen [15.8%]
 Nine months ended December 31, 2022: 21,815 million yen [39.0%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended		
December 31, 2023	870.83	–
December 31, 2022	1,147.17	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of			
December 31, 2023	393,232	303,224	57.5
March 31, 2023	379,889	283,172	56.0

Reference: Equity As of December 31, 2023: 226,232 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	–	30.00	–		
Fiscal year ending March 31, 2024 (forecast)				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	164,300	(5.8)	25,000	(31.2)	29,000	(27.8)	11,800	(21.5)	953.01

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

* Notes

(1) Changes in significant subsidiaries during the first nine months 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 December 31, 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 December 31, 2023	2,387,185 shares	As of March 31, 2023	2,387,407 shares
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(iii) Average number of shares during the period

Nine months ended December 31, 2023	12,381,764 shares	Nine months ended December 31, 2022	12,396,277 shares
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Note: The Company 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 nine months ended December 31, 2023

(1) Overview of operating results

In the first nine months of the fiscal year under review, economic and social activities in Japan were normalizing, and consumer demand and inbound tourism demand were recovering due to the easing of COVID-19-related movement restrictions. There were signs of a recovery in the economy. However, the economic outlook remained uncertain, chiefly due to price hikes caused by rising resource prices and the weaker yen.

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 undertook solid sales initiatives.

As a result, net sales for the first nine months of the fiscal year under review stood at 128,386 million yen (up 0.2% year on year), ordinary profit came to 27,367 million yen (down 15.9% year on year), and profit attributable to owners of parent was 10,782 million yen (down 24.2% year on year).

Operating results by business segment are as follows:

(i) Film and video-related business

In the movie business, we distributed 36 films, including films produced in collaboration with other production companies. *IDOLISH7 LIVE 4bit BEYOND THE PERiOD*, *Fly Me to The Saitama: From Biwa Lake With Love*, and *The Birth of KITARO: The Mystery of GeGeGe* became big hits, and *Precure All Stars F The Movie* broke the box office sales records of the Precure series. 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 of the fiscal year under review.

In the drama business (see the note below), we strove to enhance content and win orders through the production of content such as *AIOBU Season 22*, *KAMEN RIDER GOTCHARD* 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, the overseas screening rights for *THE FIRST SLAM DUNK* and the overseas distribution rights for *ONE PIECE* sold well. 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 95,633 million yen (down 4.5% year on year) and operating profit was 19,895 million yen (down 29.4% year on year).

(Note) Effective the third quarter, the television business has been renamed the drama business.

(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 third 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 15,192 million yen (up 8.1% year on year), and operating profit was 1,519 million yen (up 66.0% year on year).

(iii) Event-related business

In the event-related business, various events were held, including *KAMEN RIDER GEATS Final Stage* and *MINGEI: The Beauty of Everyday Things*. The online store, which sells film-related merchandise and event-related merchandise, performed well. Toei Kyoto Studio Park performed well.

In the event-related business, net sales came to 6,767 million yen (up 6.8% year on year), and operating profit was 1,110 million yen (up 44.4% 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 4,722 million yen (up 11.0% year on year) and operating profit was 1,906 million yen (up 24.9% year on year).

(v) Architectural interior design business

In the architectural interior design business, there was a recovery in private capital investment. 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 came to 6,069 million yen (up 82.2% year on year), and operating profit was 180 million yen (up 131.9% year on year).

(2) Overview of financial position

Total assets amounted to 393,232 million yen at the end of the third quarter of the fiscal year under review, which was an increase of 13,343 million yen from the end of the previous fiscal year. This was mainly due to increases of 6,245 million yen in cash and deposits, 3,335 million yen in work in process, 4,339 million yen in other of current assets, and 6,349 million yen in investment securities, partially offset by decreases of 2,359 million yen in notes and accounts receivable - trade, and contract assets, 3,253 million yen in merchandise and finished goods and 2,635 million yen in other of investments and other assets.

Total liabilities stood at 90,007 million yen, a decrease of 6,709 million yen from the end of the previous consolidated fiscal year. This was largely due to decreases of 1,573 million yen in notes and accounts payable - trade, 5,301 million yen in income taxes payable, 925 million yen in other of current liabilities, and 905 million yen in long-term borrowings, partially offset by increases of 1,215 million yen in short-term borrowings and 1,472 million yen in other of non-current liabilities.

Net assets totaled 303,224 million yen, an increase of 20,052 million yen from the end of the previous fiscal year. This was a result, in large part, of increases of 9,106 million yen in retained earnings, 3,667 million yen in valuation difference on available-for-sale securities and 6,440 million yen in non-controlling interests.

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

The consolidated earnings forecast for the fiscal year ending March 31, 2024, has been revised. The revisions are described in the Notice Concerning Revisions to Full-Year Financial Results Forecasts published on February 13, 2024. 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 December 31, 2023
Assets		
Current assets		
Cash and deposits	93,614	99,859
Notes and accounts receivable - trade, and contract assets	37,950	35,591
Merchandise and finished goods	6,067	2,813
Work in process	12,498	15,833
Raw materials and supplies	192	708
Other	4,960	9,300
Allowance for doubtful accounts	(58)	(53)
Total current assets	155,226	164,052
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	35,134	34,393
Land	51,473	51,963
Other, net	3,778	4,762
Total property, plant and equipment	90,387	91,120
Intangible assets	1,785	1,824
Investments and other assets		
Investment securities	111,866	118,216
Other	20,773	18,137
Allowance for doubtful accounts	(150)	(119)
Total investments and other assets	132,489	136,234
Total non-current assets	224,662	229,179
Total assets	379,889	393,232
Liabilities		
Current liabilities		
Notes and accounts payable - trade	32,226	30,652
Short-term borrowings	350	1,565
Current portion of long-term borrowings	1,229	1,207
Income taxes payable	7,376	2,075
Provision for bonuses	1,403	695
Other	14,956	14,031
Total current liabilities	57,543	50,227
Non-current liabilities		
Long-term borrowings	13,987	13,081
Provision for retirement benefits for directors (and other officers)	310	386
Provision for share awards for directors (and other officers)	261	155
Defined benefit liability	4,870	4,939
Other	19,743	21,216
Total non-current liabilities	39,173	39,779
Total liabilities	96,716	90,007

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Net assets		
Shareholders' equity		
Share capital	11,707	11,707
Capital surplus	22,656	22,679
Retained earnings	156,768	165,875
Treasury shares	(11,598)	(11,593)
Total shareholders' equity	179,533	188,668
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	20,479	24,147
Deferred gains or losses on hedges	(7)	(7)
Revaluation reserve for land	11,449	11,449
Foreign currency translation adjustment	1,326	2,103
Remeasurements of defined benefit plans	(160)	(128)
Total accumulated other comprehensive income	33,087	37,564
Non-controlling interests	70,550	76,991
Total net assets	283,172	303,224
Total liabilities and net assets	379,889	393,232

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

(Quarterly consolidated statement of income)

(First nine-month period)

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Net sales	128,160	128,386
Cost of sales	74,598	78,528
Gross profit	53,562	49,857
Selling, general and administrative expenses	24,623	27,668
Operating profit	28,939	22,189
Non-operating income		
Dividend income	1,441	949
Share of profit of entities accounted for using equity method	1,837	1,919
Foreign exchange gains	—	1,579
Other	662	823
Total non-operating income	3,942	5,272
Non-operating expenses		
Interest expenses	88	65
Foreign exchange losses	192	—
Loss on investments in capital	2	18
Other	52	9
Total non-operating expenses	335	94
Ordinary profit	32,546	27,367
Extraordinary income		
Gain on sale of investment securities	—	62
Total extraordinary income	—	62
Extraordinary losses		
Impairment losses	—	214
Loss on retirement of non-current assets	10	47
Other	9	65
Total extraordinary losses	20	326
Profit before income taxes	32,526	27,103
Income taxes - current	8,486	6,889
Income taxes - deferred	146	782
Total income taxes	8,633	7,672
Profit	23,892	19,431
Profit attributable to non-controlling interests	9,672	8,648
Profit attributable to owners of parent	14,220	10,782

(Quarterly consolidated statement of comprehensive income)

(First nine-month period)

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Profit	23,892	19,431
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,624)	3,164
Deferred gains or losses on hedges	(8)	0
Foreign currency translation adjustment	1,749	1,712
Remeasurements of defined benefit plans, net of tax	(24)	(38)
Share of other comprehensive income of entities accounted for using equity method	(1,169)	985
Total other comprehensive income	(2,077)	5,824
Comprehensive income	21,815	25,255
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	11,479	15,259
Comprehensive income attributable to non-controlling interests	10,336	9,995

(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 nine-month period of previous fiscal year (April 1, 2022 - December 31, 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	100,185	14,053	6,337	4,253	3,330	128,160	–	128,160
Inter-segment net sales or transfers	2,633	137	429	555	186	3,943	(3,943)	–
Total	102,819	14,191	6,766	4,809	3,516	132,103	(3,943)	128,160
Segment profit	28,199	915	769	1,526	77	31,487	(2,548)	28,939

(Notes) 1. The segment profit adjustment of (2,548) million yen includes the elimination of inter-segment transactions of (73) million yen and company-wide expenses of (2,474) 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.

II. First nine-month period of the fiscal year under review (April 1, 2023 - December 31, 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	95,633	15,192	6,767	4,722	6,069	128,386	–	128,386
Inter-segment net sales or transfers	2,875	170	572	589	160	4,368	(4,368)	–
Total	98,509	15,362	7,339	5,312	6,230	132,754	(4,368)	128,386
Segment profit	19,895	1,519	1,110	1,906	180	24,611	(2,422)	22,189

(Notes) 1. The segment profit adjustment of (2,422) million yen includes the elimination of inter-segment transactions of (113) million yen and company-wide expenses of (2,308) 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.

(Significant subsequent events)

(Share split and partial amendment of the Articles of Incorporation related to the share split)

The Company resolved at its Board of Directors meeting held on February 14, 2024 to conduct a share split and partial amendment of the Articles of Incorporation related to the share split.

1. Purpose of the share split

The purpose of the share split is to improve the liquidity of the Company's stock and expand the range of its investors by reducing the investment amount per share.

2. Overview of the share split

(1) Method of the split

The Company will split the shares of common stock owned by the shareholders listed or recorded on the final register of shareholders as of Sunday, March 31, 2024 (effectively Friday, March 29, 2024), the record date, in the proportion of five shares for one share.

(2) Increase in the number of shares resulting from the split

Number of issued shares before the share split:	14,768,909 shares
Increase in the number of issued shares after the share split:	59,075,636 shares
Total number of issued shares after the share split:	73,844,545 shares
Total number of authorized shares after the share split:	150,000,000 shares

(3) Schedule of the share split

Date of public notice of the record date:	Wednesday, March 6, 2024
Record date:	Sunday, March 31, 2024 (effectively Friday, March 29, 2024)
Effective date:	Monday, April 1, 2024

3. Impact on per share information

Below is per share information on the assumption that the share split had been executed at the beginning of the previous fiscal year.

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Earnings per share	229.43 yen	174.17 yen

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

4. Partial amendment of the Articles of Incorporation related to the share split

(1) Reasons for amendment of the Articles of Incorporation

In response to the above share split, the Company intends to revise the total number of authorized shares described in Article 6 of its Articles of Incorporation in accordance with the provisions of paragraph (2), Article 184 of the Companies Act.

(2) The amendment of the Articles of Incorporation (the amendment is underlined)

Current Articles of Incorporation	After change
Chapter 2 Shares (Total Number of Authorized Shares) Article 6 The total number of authorized shares in the Company shall be <u>30 million shares</u> .	Chapter 2 Shares (Total Number of Authorized Shares) Article 6 The total number of authorized shares in the Company shall be <u>150 million shares</u> .

(3) Schedule of the amendment of the Articles of Incorporation

Effective date: Monday, April 1, 2024