

PERO'S REPORT 2021

Integrated Report 2021

TOEI ANIMATION CO.,LTD.



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Management Policy

Medium- and Long-Term Strategy

1

Enhance IPs*

Create more new IPs with longer lifecycles

* IPs (Intellectual Properties):
Intellectual property rights such as copyrights and trademark rights for images and characters



We will accelerate the creation of new IPs and lengthen their life cycles through the evolution and development of the created works to produce the second and third generations of fans and create evergreen contents.



2

Expand business

Increase customer contacts and earnings per IP



We will aim to maximize earnings per IP by utilizing the animation production and rights operation know-how we have developed to date and focusing on businesses that will help develop and expand IPs in addition to the existing licensing business.

3

Grow business geographically

Increase IPs originated in Japan and enhance IPs from overseas

We will further extend our business fields from the Japanese to overseas markets and enhance the export of IPs from Japan to other parts of the world. Overseas, we will develop our global business through entry into the Hollywood business and collaboration with major studios. In the European and Chinese markets, we will promote local production to establish the world's leading Toei Animation brand by overcoming cultural, regulatory, and other business barriers.

Give dreams and hopes to children all over the world



The Toei Group will step up its efforts to develop global business with IPs at the center of our strategy in order to achieve sustainable growth and medium- and long-term improvement to our corporate value. Our highest priority is to infinitely expand earnings opportunities leveraging the creation and delivery to the world of attractive and impactful new works based on our competitive advantages as an animation production company boasting the largest number of works in Japan and one of the largest in the world.

4

Elevate production capabilities

Create customized production systems for each IP and integrate advanced 2D and 3D technologies

We will make clear key attractions we offer in each IP and to each customer segment and effectively utilize and optimize know-how and personnel networks of partner studios in Japan and overseas to create works that attract a wide range of children and adult fans. We will also combine our traditional technologies such as proprietary direction and drawing techniques with innovative technologies such as CG and AI to become a production studio that creates totally new visual image expressions (Japanimation).

Key External Environment Recognized by Toei Animation

- Projected growth in the global contents market
(¥128 trillion in 2018 → ¥141 trillion in 2023)

* "Kontentsu no sekai-shijou/nihon-shijou no gaikan" (Overview of global and Japanese contents markets) by the Ministry of Economy, Trade and Industry of Japan, February 2020

- Rapid development in digital technology
- Falling birth rates and TV viewer ratings and diversifying consumer needs
- Promotion of "productivity improvement"
- Need for sustainability initiatives such as contribution to the SDGs

Company Profile

Name	TOEI ANIMATION CO., LTD.
Established	January 23, 1948 (as Nihon Doga Co., Ltd.)
Incorporated	July 31, 1956
Address	5th floor, Nakano Central Park East, 4-10-1 Nakano, Nakano-ku, Tokyo 164-0001
Operations	Produces and markets to various media works of animation. Conducts licensing and other businesses based on animation copyrights. Operates similar businesses overseas.
Stock market listing	JASDAQ
Code	4816
Date of listing	December 8, 2000
Capital stock	2,867,000,000 yen (as of March 31, 2021)
End of fiscal term	March 31
Number of employees	819 (consolidated), 526 (non-consolidated) (as of March 31, 2021)
Net sales	51,595,000,000 yen (consolidated) (FY March 2021)

Toei Animation Shares (as of March 31, 2021)

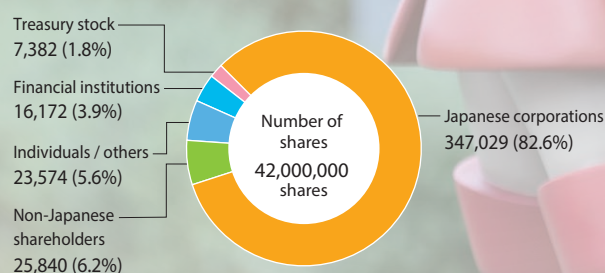
Total number of outstanding shares issued	42,000,000 shares
Number of shareholders	7,360

Major shareholders (Top 10 shareholders)

Names of shareholders	Number of shares owned (100 shares)	Shareholding ratio (%)
Toei Company, Ltd.	141,000	33.6%
TV Asahi Corporation	82,509	19.6%
Bandai Namco Holdings Inc.	45,372	10.8%
Fuji Media Holdings, Inc.	42,300	10.1%
Toei Video Company, Ltd.	13,647	3.2%
JP MORGAN CHASE BANK 380815	11,211	2.7%
Toei Labo Tech Co., Ltd.	10,500	2.5%
Retirement Benefit Trust (SONY Stock 003) of Mizuho Trust & Banking Co., Ltd., Trustee: Custody Bank of Japan, Ltd.	7,800	1.9%
Sony Pictures Entertainment (Japan) Inc.	7,800	1.9%
Toei Animation Co., Ltd.	7,382	1.8%

Shareholding ratio by shareholders

(Unit: 100 shares)



Inspiration to the World...

Since our foundation, Toei Animation has placed an emphasis on overseas markets in our marketing efforts. In the late-1970s, UFO ROBOT GRENDIZER RAIDS and Candy Candy became huge hits in Europe. Following their success, we have successively delivered to the world popular works such as DRAGON BALL, Saint Seiya, SAILORMOON, DIGIMON ADVENTURE, and ONE PIECE. Our works have been broadcast on TV in more than 100 countries, continuing to capture the hearts of animation fans worldwide. In recent years, we have been working on expanding sales of streaming rights and the game app licensing of our works.



Advertising poster used in cinemas in China
Movie theater version of
ONE PIECE STAMPEDE

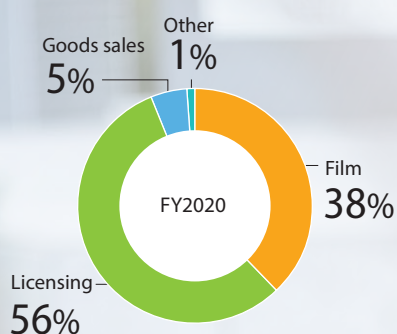


Advertising poster used in cinemas in North America
Dragon Ball Super Broly

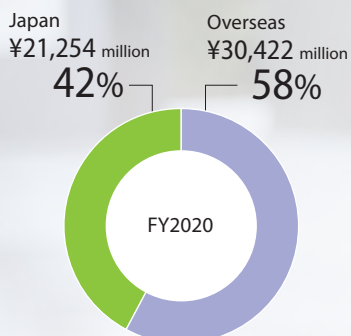
Overseas Bases

- TOEI ANIMATION INCORPORATED (USA)
- TOEI ANIMATION EUROPE S.A.S. (France)
- TOEI ANIMATION ENTERPRISES LIMITED (Hong Kong)
- TOEI ANIMATION CO., LTD. (Shanghai)
- TOEI ANIMATION PHILS., INC. (Philippines)

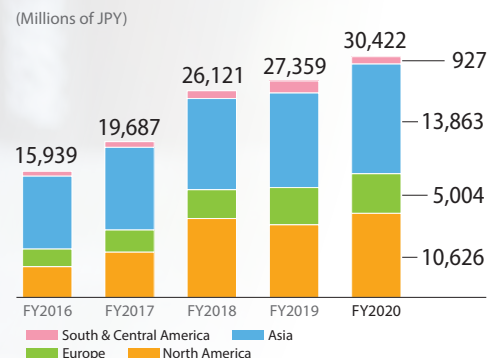
Business Portfolio (as of March 31, 2021)



Domestic / overseas sales ratios



Net sales by overseas region



Growth Trajectory and Capabilities Built

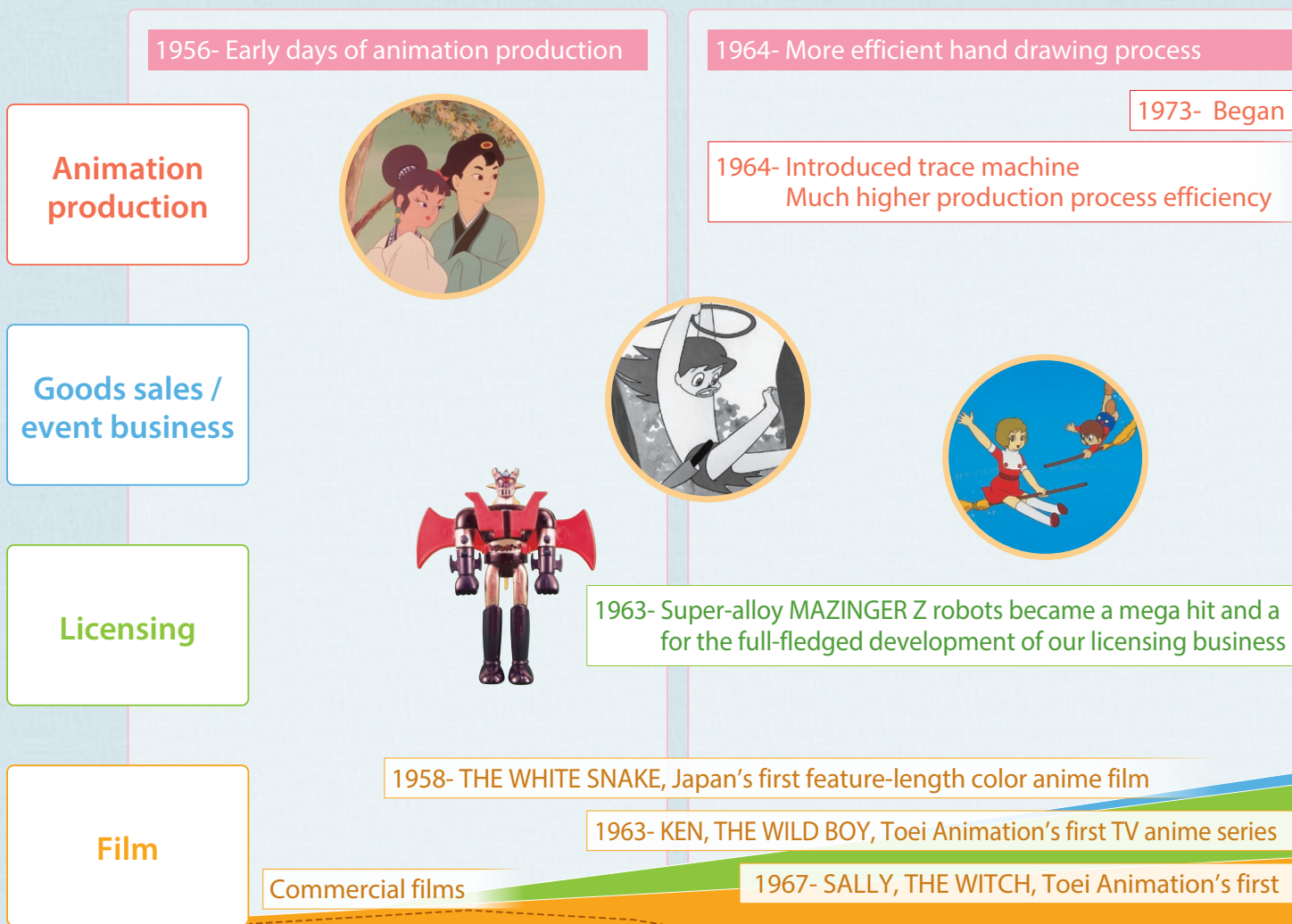
Capabilities Built

World-class planning & production Creating attractive contents as a hit maker

- Production know-how developed over a history spanning half a century
- Fully-digitalized production process
- Cutting-edge visual image expression through the integration of 2D and 3D technologies

Unparalleled marketing and business development Actively using a large body of contents in many areas

- Largest body of works in Japan and one of the largest in the world with 253 movies, 228 TV programs, and approx. 13,000 episodes
- Top runner in character business
- Fully digitalized one of the world's largest body of contents



Change in net sales - - - - Commercial films ■ Film ■ Licensing ■ Goods sales / event business

<p>1956-1962 Birth of Toei Doga</p>	<p>1963-1971 Entry into TV animations</p>	<p>1972-1980 Blossoming of anime business</p>
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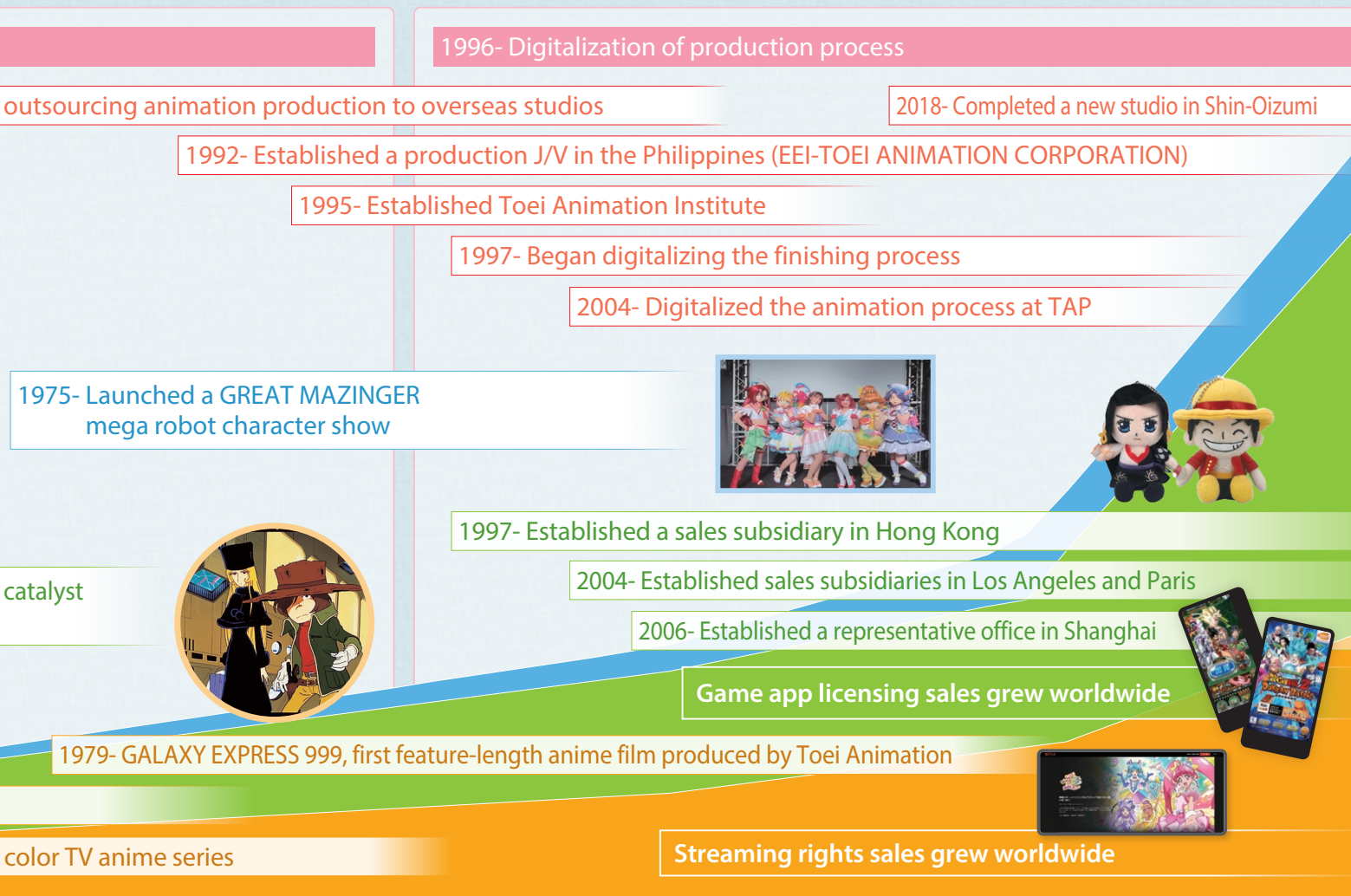
1956-1997 Toei Doga

Animation sweeping the world

Rolling out world-class leading Japanese works to the world

- Six-base structure with the head office in Japan, local subsidiaries in the U.S., France, Hong Kong, and Shanghai, and a production studio in the Philippines
- Overseas business know-how supported by extensive experience and track record
- Joint production structure with overseas companies to globally roll out Toei Animation's works

in total



catalyst

1981-1994
Growing media mix

1995-2006
Became a global company:
TOEI ANIMATION

2006-
Number of business categories grew thanks to development in video and communication technologies

1998- Toei Animation Co., Ltd.

Epoch-Making Works and Future Plans

1958



THE WHITE SNAKE

First full-color feature-length animated film in Japan

1963



KEN, THE WILD BOY

Toei Animation's first TV anime series

1975



UFO ROBOT GRENDIZER RAIDS

First mega hit in overseas markets (France, Italy, etc.)

1986



DRAGON BALL

1999-



ONE PIECE

2004-



PRETTY CURE

Hugely popular series targeting girl viewers

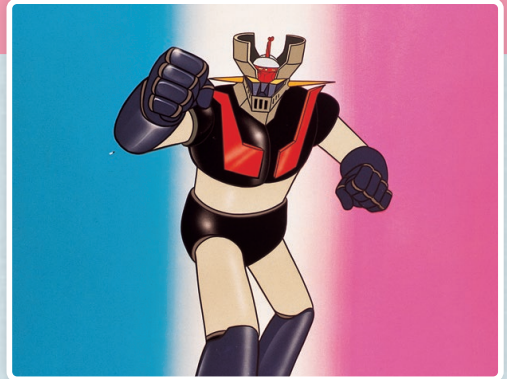
1966



SALLY, THE WITCH

First anime targeting girl viewers in Japan

1972



MAZINGER Z

Gold standard of anime featuring giant robots
Pioneer of anime business such as toys featuring anime characters

1992



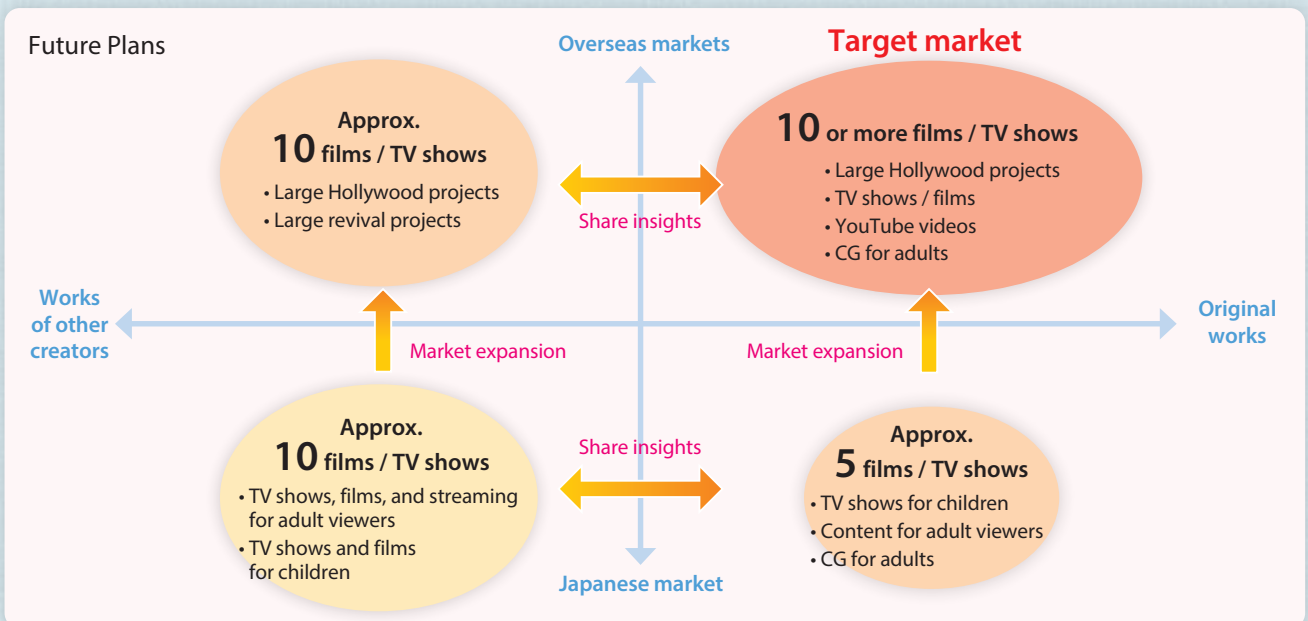
SAILORMOON

1999



DIGIMON ADVENTURE

Mega hit aired in over 60 countries



Value Creation Process

Toei Animation has production know-how that has been developed over our history spanning more than half a century. We began producing animations under the slogan of aiming to become Disney of the East, and we have created numerous contents that have captured the hearts of people all over the world since our foundation. As a result, we have now become a leader of one-source, multi-use animation production supported by the synergy created by original manga comics, TV shows, and toys for children. The foundation of our growth is our one-stop animation production process based on the integrated operation of planning, production, and marketing. This has enabled us to have all the functions necessary for animation production in-house.

Capabilities Built

World-class planning & production Creating attractive contents as a hit maker

- Production know-how developed over a history spanning half a century
- Fully-digitalized production process
- Cutting-edge visual image expression through the integration of 2D and 3D technologies

Unparalleled marketing and business development

Actively using a large body of contents in many areas

- Largest body of works in Japan and one of the largest in the world with 253 movies, 228 TV programs, and approx. 13,000 episodes in total
- Top runner in character business
- Fully digitalized one of the world's largest body of contents

Animation sweeping the world

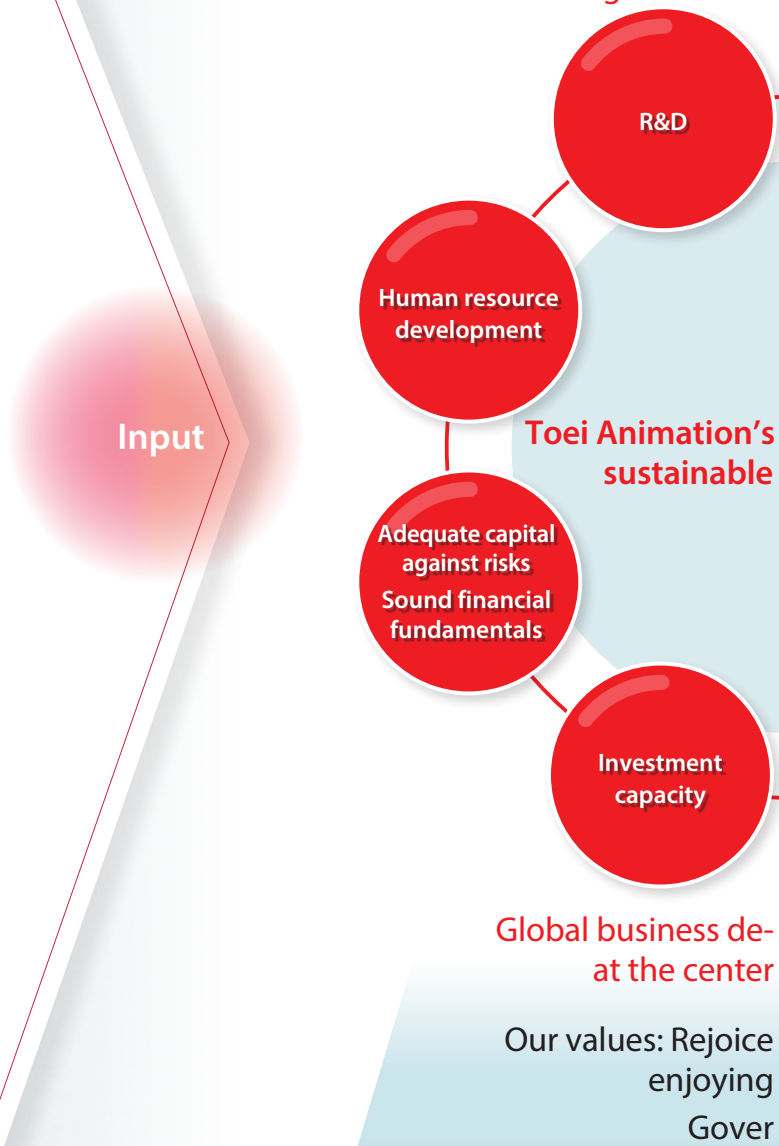
Rolling out world-class leading Japanese works to the world

- Six-base structure with the head office in Japan, local subsidiaries in the U.S., France, Hong Kong, and Shanghai, and a production studio in the Philippines
- Overseas business know-how supported by extensive experience and track record
- Joint production structure with overseas companies to globally roll out Toei Animation's works

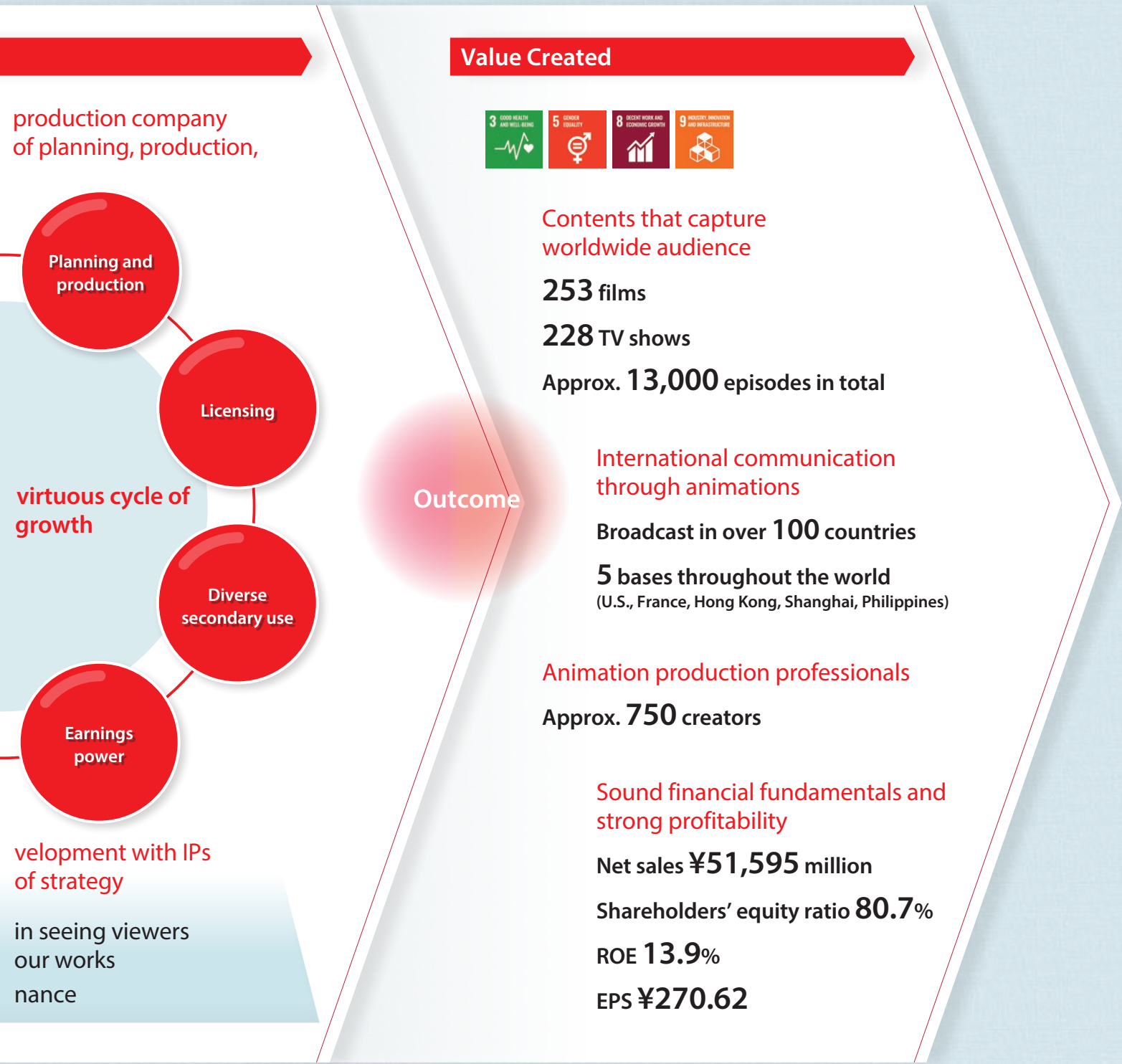
Business Model



One-stop total animation with integrated operation and marketing



We are currently facing dramatic changes in our business environment such as the falling birth rates and TV viewer ratings and diversifying consumer needs. Undeterred by these changes, our one-stop animation production process enables speedy portfolio reforms. Going forward, we will step up our effort to develop global business with IPs at the center of our strategy in order to achieve sustainable growth and medium- and long-term improvement to our corporate value.



Value Created



Contents that capture worldwide audience

253 films

228 TV shows

Approx. **13,000** episodes in total

International communication through animations

Broadcast in over **100** countries

5 bases throughout the world
(U.S., France, Hong Kong, Shanghai, Philippines)

Animation production professionals

Approx. **750** creators

Sound financial fundamentals and strong profitability

Net sales **¥51,595** million

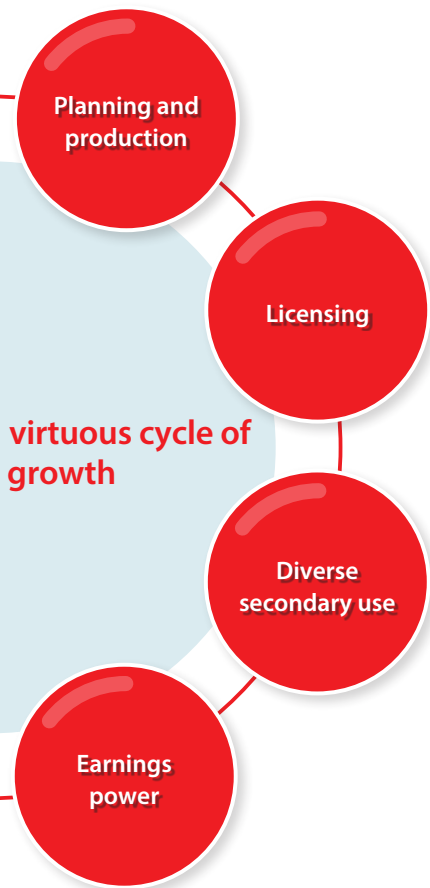
Shareholders' equity ratio **80.7%**

ROE **13.9%**

EPS **¥270.62**

Outcome

production company of planning, production,



virtuous cycle of growth

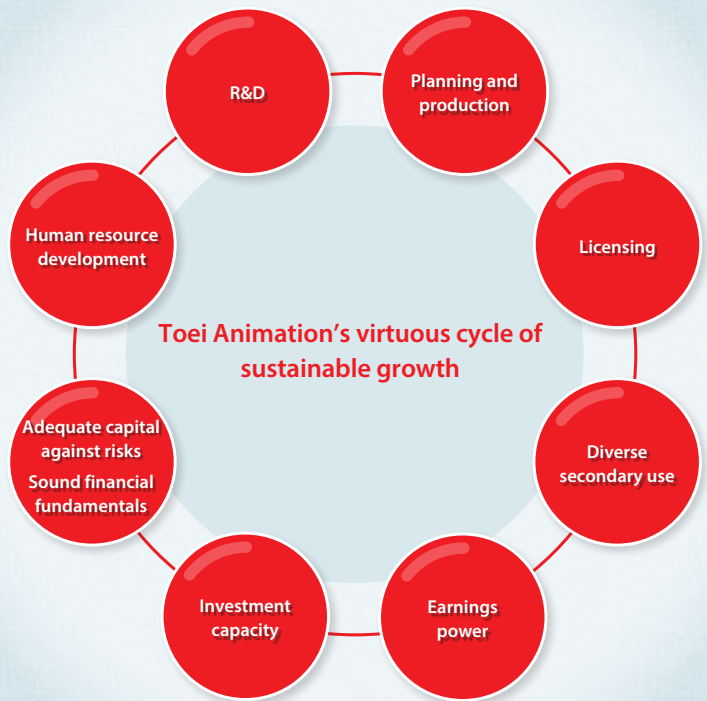
Development with IPs of strategy

Increase in seeing viewers of our works

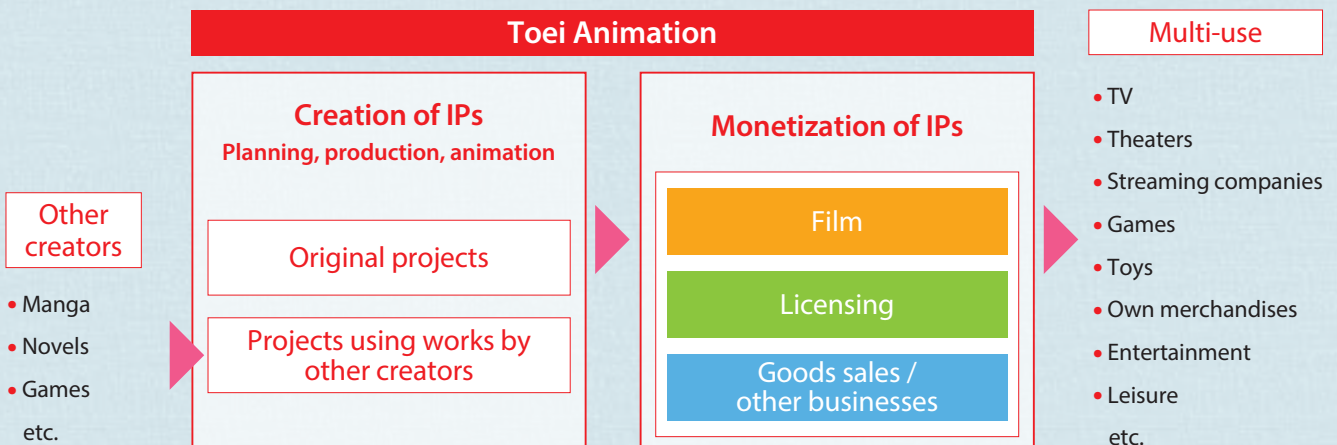
One-stop total animation production company with integrated operation of planning, production, and marketing

Toei Animation is a one-stop total animation production company engaging in a wide range of operations from planning and production to the secondary use of the works we have created. In addition to all the functions necessary for animation production, we have capabilities necessary to conduct businesses in general including licensing business know-how, the ability to develop secondary use business, profitability and investment management, and sound financial fundamentals.

This total capability of our company enables us to create works that take into account the needs of diverse stakeholders such as creators, sponsors, and viewers, and to increase our earnings through the development of our works in the licensing and secondary use business (multi-use). This earnings power is an important factor that directly relates to our ability to invest in planning and production and the development of human resources who will carry out these tasks. Amid dramatic changes in our business environment such as falling birth rates and TV viewer ratings and diversifying consumer needs, we are actively planning, researching, and developing new projects. This makes our ability to generate funds for investment more important. In our business model, we need to first invest in planning and production. It is therefore vital that we maintain an adequate level of shareholders' equity and sound financial fundamentals to address potential risks. Their importance is growing further as we aggressively plan, research, and develop new projects.



Toei Animation is a contents holder with the ability to produce animations



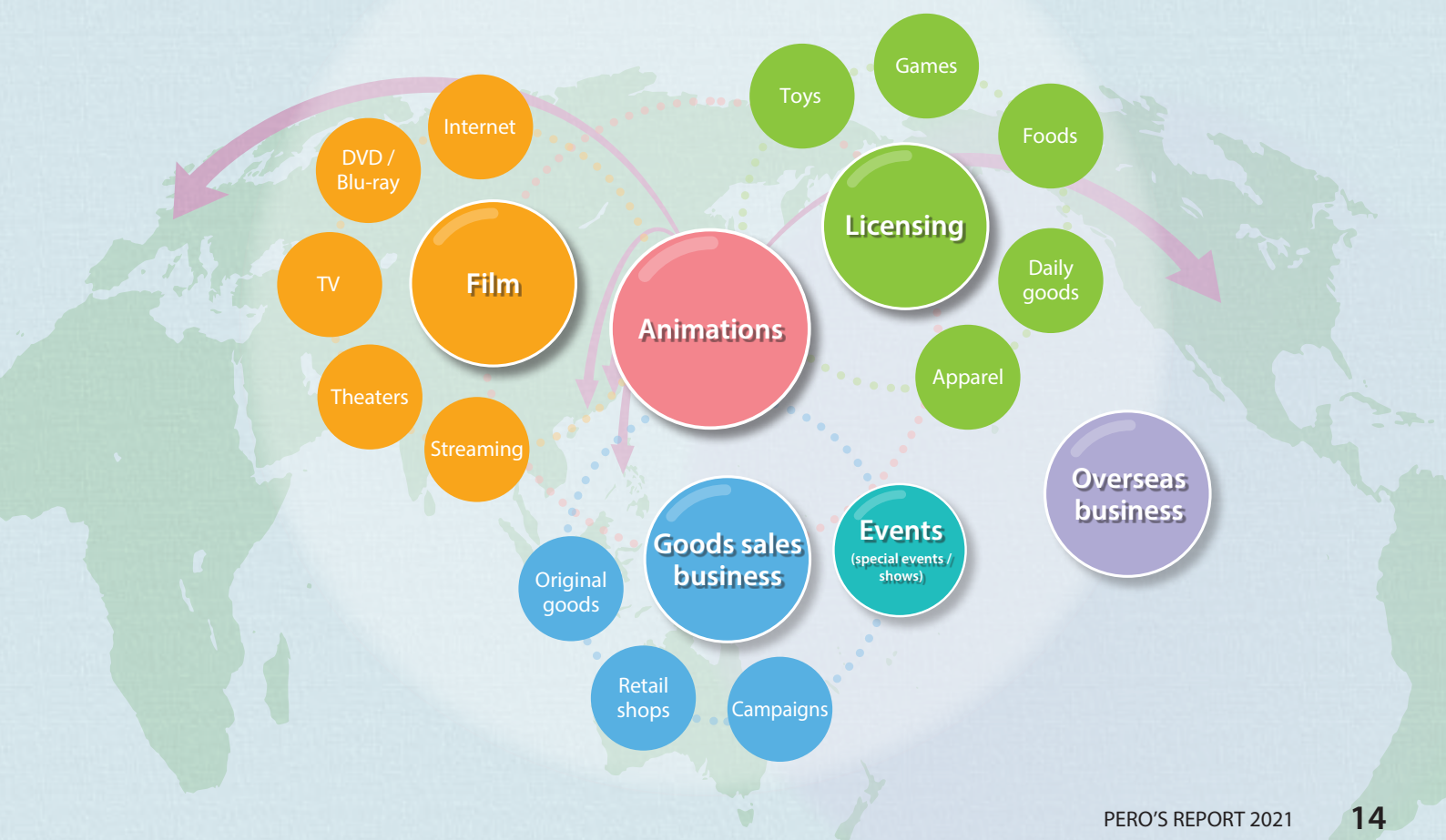
Toei Animation's Business

Our marketing section is divided into film, licensing, and goods sales and events businesses.

Results for FY March 2021; in millions of JPY

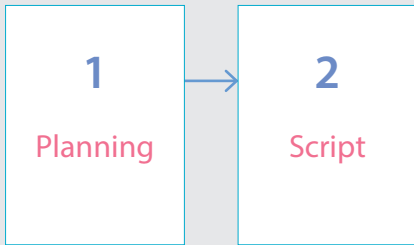
Segment	Film	Licensing	Goods sales business	Event business
Operations	TV broadcasting, theater releases, DVDs, video streaming, etc.	Development of character goods such as toys, apparel, and stationary, game apps, and campaigns (grant various manufacturers a license to use a work or character)	Planning, development, and retail sales of original goods	Planning and operating events such as character shows and musicals
Net sales / share in total net sales	19,766 (38%)	28,997 (56%)	2,466 (5%)	446 (1%)
Growth rate (from 2016)	141%	210%	53%	34%
Number of employees	756	42	9	12

Toei Animation's film, licensing, and goods sales and event businesses are built on the one-source, multi-use principle.

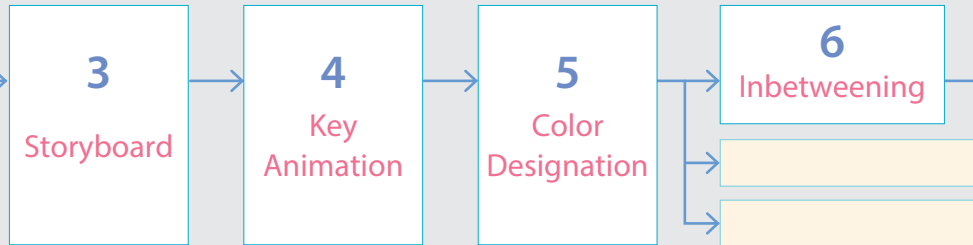


Animation Production Process

A Planning



B Production



A Planning

A work's theme, target audience, media to be used, and post-release business development are described in a project planning document.

1



Project Proposal

A work's theme, aim, overall structure, designs of characters and items, settings, and so on are determined. In addition, a budget is set and a business scheme is discussed to finalize a project outline leading up to its release.

2

Script

A screenplay is written based on the design of a work. Even if there is an existing work based on which an animation work is created, a script may be restructured to reflect the work's design.



B Production

When preparations are done, we will move to the production process. On average, 3,000 to 4,500 frames are made for one episode of a TV series. The number of frames may increase depending on the project or the number of episodes. All staff members work as a team to produce animations.

3

Storyboard

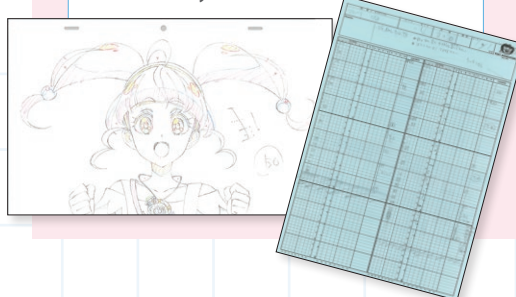
Based on the script, a series of illustrations which function as a blueprint of a work, are drawn to help staff visualize how the work will be directed and so on.



4

Key Animation

The structure of each scene is determined based on the storyboard, and drawings are made to show how characters move and their key actions (key animations).



5

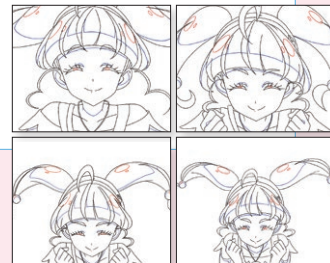
Color Designation

The basic colors for the characters, items, and so on are decided.

6

Inbetweening

In-between frames are drawn to show movements between key animations.



7

Coloring

Colors specified in color designation are added to uncolored frames.

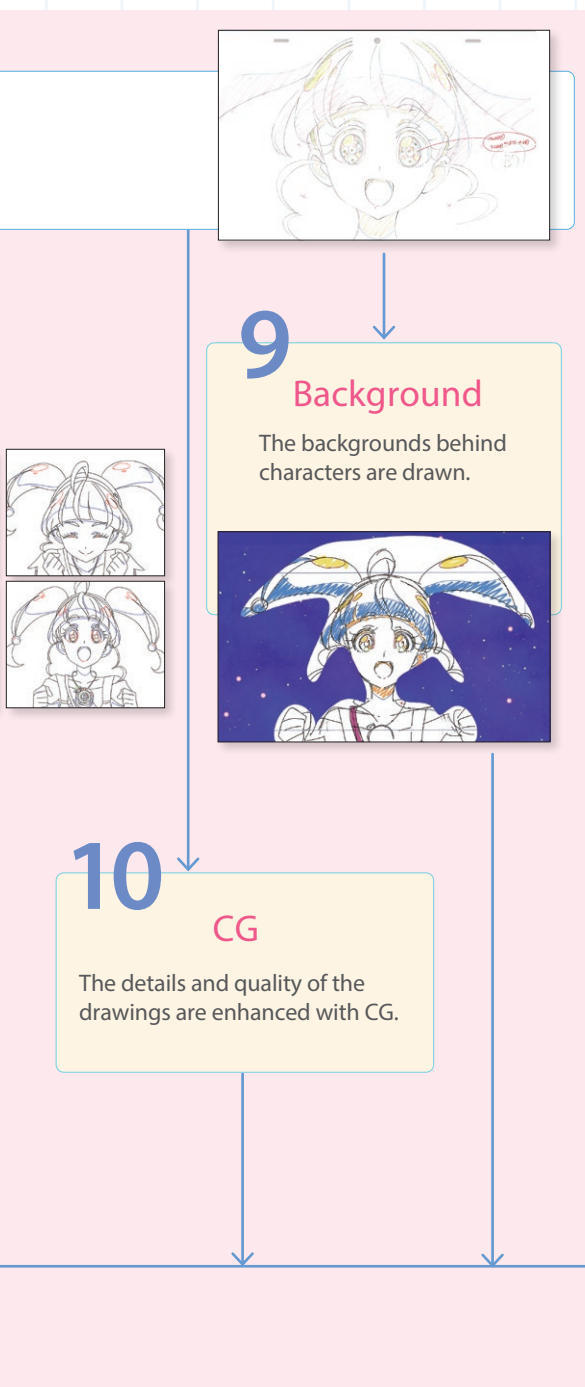
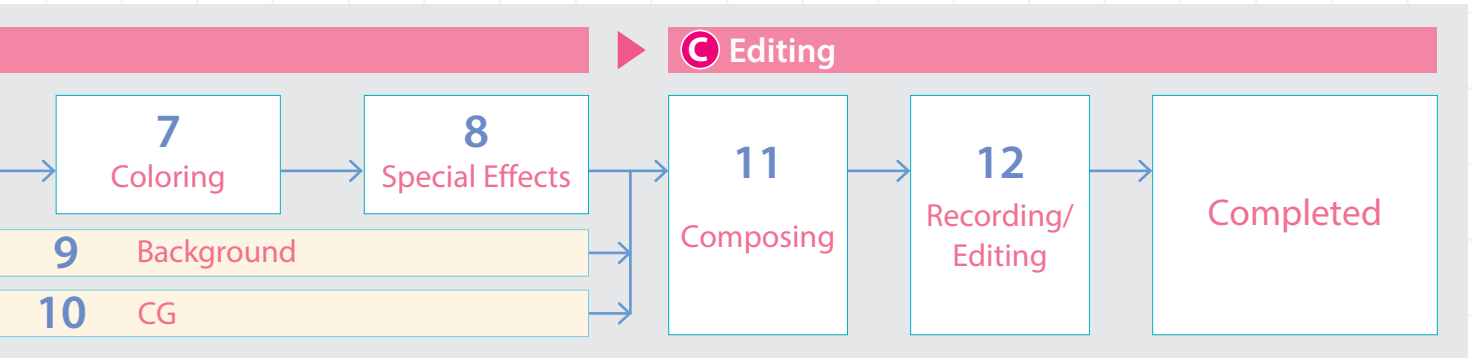


8

Special Effects

Light, shadow, and realism are added to complete the drawings.

Toei Animation produces approximately 250 works a year. This is not possible without strong passion each staff member feels for the work they create. The following shows our excellent production process.



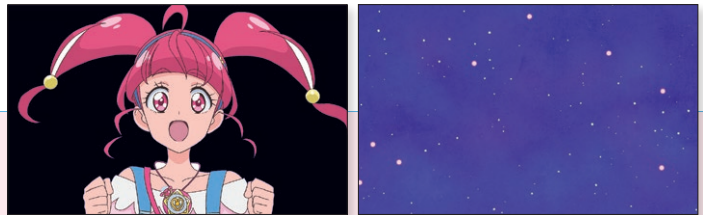
Editing

We will edit the image frames produced through the above process and finish up the work. The work will then be aired on TV or shown in movie theaters.

11

Composing

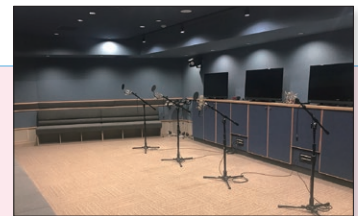
The colored in-between frames, backgrounds, and CG are combined on a computer into a single picture for a video frame.



12

Recording/Editing

The completed video frames are put together in the sequence of the story, and then lines, sound effects, and BGM are added.



Toei Animation—Producers, not just creators, of animations



In the TV, film, and video industries,

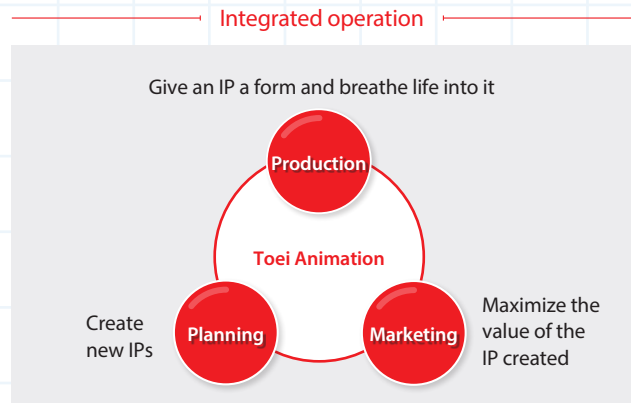
Creators: Create actual video images

Producers: Handle the entire business process encompassing video project planning, funding, creation, advertising, and promotion

Creators and producers play different roles. In the animation industry, words such as “creative department, creative process, and creative management” are often used. Toei Animation uses the word “production” to refer to the entire business process concerning the production of animations which we have been engaged in since our foundation.

The entire business process for Toei Animation means the one-stop animation production process based on the integrated operation of planning, production, and marketing. Creators have images that they want to create, while the client who is our sponsor aims to respond to the viewers’ wishes and expand the scope of a work through its secondary use. Our one-stop animation production based on the integrated operation of planning, production, and marketing enables us to incorporate these diverse needs of stakeholders from the planning stage

and to turn animation titles into successful business through collaboration between production and marketing.



Production personnel* managing the production process of projects are key persons in creating excellent titles

Production personnel neither create drawings nor direct animations. Their jobs are to learn what creators are good at, what they want to do, and what their personalities are, and think about what jobs should be given to them, and organize jobs to bring out the best of each creator in order to create good titles. Once they have some experience, production personnel will

be given the responsibility of overall management on the production site such as progress management of the entire title, staffing, and budgeting. It is important that they coordinate and reach the right balance among conflicting factors of quality, cost, and schedule (QCD).

* E.g., people in charge of production and production management

Skills required of production personnel

- 1 Understanding of the entire production process
- 2 Understanding of the staff members working on each process
- 3 Understanding of the schedule of each process
- 4 Understanding of the flow of money in each process
- 5 Skills to organize jobs to bring out the best of each creator

QCD balance

Q	Quality	Understand the characteristics of creators and allocate the right jobs to the right people to raise the quality of works
C	Cost	Determine the amount of money that should be allocated to each phase (e.g., drawings, art, CG) and the phases that should receive the largest budget in the overall budget of a project
D	Delivery (Schedule)	When should the entire process be completed and delivered? How much time should be allocated to each phase? Where should adjustments be made if there is any change to the schedule?

Jobs unique to Toei Animation help us continue creating long-running series

Role of Episode Directors and Series Directors

An Episode Director (ED) considers how to create a story as a de facto director of each episode. One of the characteristics of Toei Animation is the high degree of authority and freedom we give to our Episode Directors.

A Series Director (SD) oversees the entire production of a TV series (which has approximately 50 episodes if it runs for a year). An SD considers and oversees how to make the entire series interesting with an awareness of the continuity of each episode. This position is called director in other companies.

Because an ED seeks to maximize the impact of each episode and an SD seeks to maximize the impact of the entire series, it may become necessary to reconcile the differences in their opinions.

No sound director

We produce our works with the belief that Episode Directors should be fully responsible for the episodes they direct. This is why they are also responsible for sound. There are some works, however, that have a dedicated sound director.

Script supervisor—a position unique to Toei Animation

We are the only company in the animation industry that uses script supervisors. A script supervisor records and manages the details of scenes at the film shooting site. This position was carried on at Toei Doga (currently Toei Animation) which had its origin in live-action films. A script supervisor's main tasks include the preparation of a re-take list in post-production (editing, post-recording, dubbing) and the recording of lines that were changed at the time of post-recording. It is one of the functions we have to help production management efficiently work on the episodes they are in charge of the same manner that art management and finish management do.

Personnel for art management and finish management in addition to production management

Since our foundation, we have had the art section and finish* section. Art management and finish management are responsible for direct communication with internal staff in the art and finish sections and with external production staff. Cooperation among production management, art management, and finish management enables production management to simultaneously handle multiple episodes. This allows us to efficiently produce multiple full-year series (approximately 50 episodes each) at the same time, in some cases over a period of a few years.

* "Finish" refers to the process of "coloring" where colors are added to video frames.

Our value of "rejoicing in seeing viewers enjoying our works" is the source of great titles

There are two types of employees in Toei Animation: those who have joined us out of reverence for the people who produce our works and those who have joined us out of reverence for our works. These two kinds of reverence are attributed to the skills of our veteran staff members who have extensive experience in animation production that has been developed over a long history and our works of animation that have captured the hearts of viewers worldwide (captivating brand power). At their root lies the value we have dearly embraced since our foundation, "rejoicing in seeing viewers enjoying our works."

We gauge our viewers' responses directly from comments posted on SNS, viewer ratings, or the smiles on children's faces we would look for in our visits to theaters. By these methods, we evaluate whether viewers are happy with our products and continue making improvements.

This approach has not changed to date since our foundation. This value is essential and vital for the functioning of our one-stop animation production process based on the integrated operation of planning, production, and marketing.

R&D: “PEROs”

URVAN—Film on the revitalization of a regional community during the COVID-19 pandemic

URVAN is a short anime film we produced to achieve many missions such as developing a new IP and human resources. Its theme is the revitalization of a regional community and the film features many of the landscapes of Sasebo City, Nagasaki Prefecture where it is set. The major characteristics of the film are the anime-style depiction of the streetscapes of Sasebo and the background art expressed in a neo-futuristic, cyberpunk style. As one of its unique undertakings, the film used AI technology for producing the background art to raise efficiency in the production process. The film was produced in the Oizumi studio by the PEROs team (Prototyping and Experimental Research in Oizumi Studio).

What is PEROs?

Prototyping and Experimental Research in Oizumi Studio



- Try to create new visual expressions and develop original IPs
- Pass on Toei Animation’s unique know-how and develop human resources

During the film’s production, the COVID-19 pandemic made visiting locations in Sasebo impossible. A request was then made to students at Nagasaki International University, which cooperated with the making of the film, to take photos with the theme, “This is the Sasebo I want to show.” Director Atsutoshi Umezawa made a storyboard using the photos taken and corresponding maps. Normally, animators draw a layout based on a storyboard. In URVAN, however, a master photo drawing was created using the storyboard. In addition, a color script was prepared to ensure all colors would be in the cyberpunk style. The delivery of both the master photo drawing and color script

to the drawings, background, and CG sections expedited the start of work in each phase, enabling the simultaneous progress of the post-layout phases.

For the production of the background, the team used Scenify, a background art production support tool developed by Preferred Networks, Inc. (PFN). Scenify applies image conversion and segmentation technologies to generate background materials in various styles using actual photos as materials. The use of Scenify for URVAN significantly reduced the time needed for art creators to work on the preprocessing phase of images.

Respond to challenges using creative ideas

Use creative ideas to generate “answers” to our challenges as a company, challenges unique to this project, and challenges faced by society

Challenge 1	PEROs	Development of new IPs	Development of IPs in Oizumi Studio
		Human resources development	Development of young staff and skills transfer
Challenge 2	Unique to this project	Revitalization of a regional community	Dissemination of new attraction of Sasebo
		Academia-industry collaboration	Collaboration with Nagasaki International University
Challenge 3		COVID-19 pandemic	Restrictions on movements, remote work

- Cyberpunk action film set in Sasebo
- Showcase Sasebo’s landscapes in a sharper and more vivid manner to highlight their attraction
- Background art was produced using photos taken by students at Nagasaki International University



URVAN

In the production process, art creators first adjusted the color tone of the photos and then Scenify automatically converted them into anime-style images. Scenify also has the functions of BOOK to automatically cut out objects from materials and to automatically paint out objects that cannot be left in the completed materials. While its effect differs depending on the photos used and the expression method, in this project, we reduced the hours spent on the preprocessing phase of images to one-sixth* of the time it would have otherwise taken.

* The effect of Scenify changes depending on the photos used and the expression method.

Thereafter, art creators retouched the images and completed the anime-style background art. We added color conversions and other effects on the completed background art to create the cyberpunk background. The reduction in the workload through the use of Scenify enabled us to spend more time on the production of the cyberpunk background for which creatives could exercise a greater degree of freedom and discretion.

On March 13, 2021, URVAN was introduced at the Animation Creative Technology Forum (ACTF) held by the Japan Animation Creation Association. At the Forum, Shintaro Fukase, the producer of this film, said, "We feel that we would be able to continue using Scenify in the future. We are thinking about using it in the production of commercial films or TV shows, but this tool should be used selectively for suitable projects. I want to use it for a title that is set in the modern time and compatible with it."

Producer Fukase also said, "In creating contents in the future, we will need people savvy with technologies. However, I feel that the boundary dividing people studying humanities and arts and those in science-related areas is disappearing. I, myself, am an arts graduate, but have worked for an IT company. What is important is that, as CG and hand drawings merge, we understand each other's language and share a vision to achieve the goal of creating a good work." He also added, "Umezawa, who is the director of this film, joined Toei Animation in 1981 and has 40 years of experience. One of our strengths is having many of these veteran staff members."

Key Points of the Project

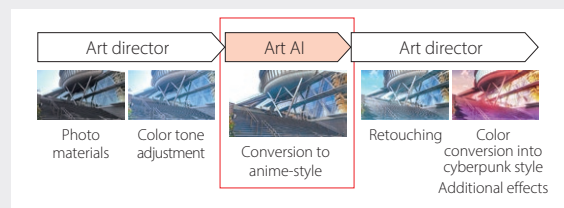
(1) Collaboration with the local community such as Nagasaki International University and Sasebo City

- Showcased Sasebo's attraction during the COVID-19 pandemic in collaboration with the local government and a local university



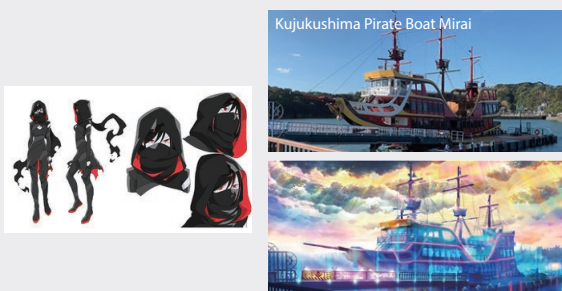
(2) Background treatment using AI

- Scenify, a background art production support tool developed by PFN with our digital promotion section and art section was used for approximately two-thirds of the background art



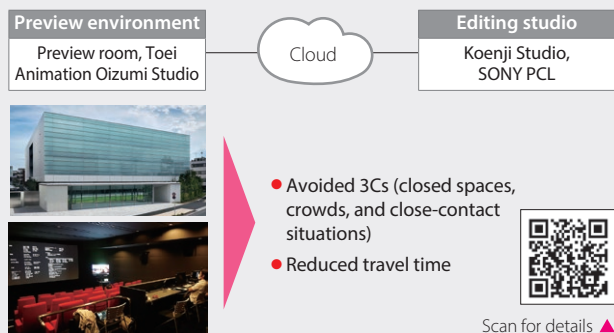
(3) Discovery and development of new talents

- Many young staff members were assigned key positions (e.g., direction, character design, drawings direction, art direction, and color designing)
- Staff working on inbetweening debuted as key animation staff



(4) Online editing

- Remote Preview System by SONY PCL was used



Transfer of Animation Technology

Contributing to development and promotion of contents industry and job creation in Saudi Arabia

In 2017, Toei Animation signed an agreement on the joint production of anime contents with Manga Productions, an animation production company in Saudi Arabia, and has jointly produced a number of titles. In 2021, the first feature-length anime film made in Saudi Arabia, *The Journey*, was completed and is due to be released globally.

The Journey is an animated film set in the Arabian Peninsula in the ancient times. An action-packed entertainment with human drama, the film features a main character, Aws, and other citizens of Mecca standing up against Abraham, the invader, to create a future harnessing the strength they gain from believing in oneself and people who share the same dream. The film was produced in Tokyo and Riyadh, the capital of Saudi Arabia. Manga Productions created the basic structure and the concept of the film, and a team of producers, artists, and writers instilled the culture and beliefs of the Arabian Peninsula in the core of the film. Based on this, Toei Animation produced the film.

Manga Productions is a subsidiary of the MiSK Foundation founded by Mohammed bin Salman, the Crown Prince of Saudi Arabia. Its principal business is pop culture business such as games, anime, and manga. Since the MiSK Foundation and Toei Animation announced joint projects to produce anime titles in November 2017, a number of animations have been made including a 20-minute anime cartoon, *The Woodcutter's Treasure*, and a 13-episode anime series, *Future's Folktales*.

Through the joint projects, we have been actively promoting cultural exchanges. For the production of *The Journey*, we accepted interns from Saudi Arabia.

We will further facilitate cultural exchange to help develop the contents industry in Saudi Arabia and increase local employment.

A trailer for *The Journey* was released on March 1, 2021 upon the online launch of the 71st Berlin International Film Festival.

The film's trailers are shown on video streaming platforms such as YouTube and on the screens of VOX Cinemas, a movie theater chain widely operating in the Middle East.

The film is scheduled to be released on June 17, 2021 in Saudi Arabia and on June 25, 2021 at Shinjuku Wald 9 in Tokyo and Umeda Burg 7 in Osaka. It is also scheduled to be released in stages in the Middle East and North Africa.

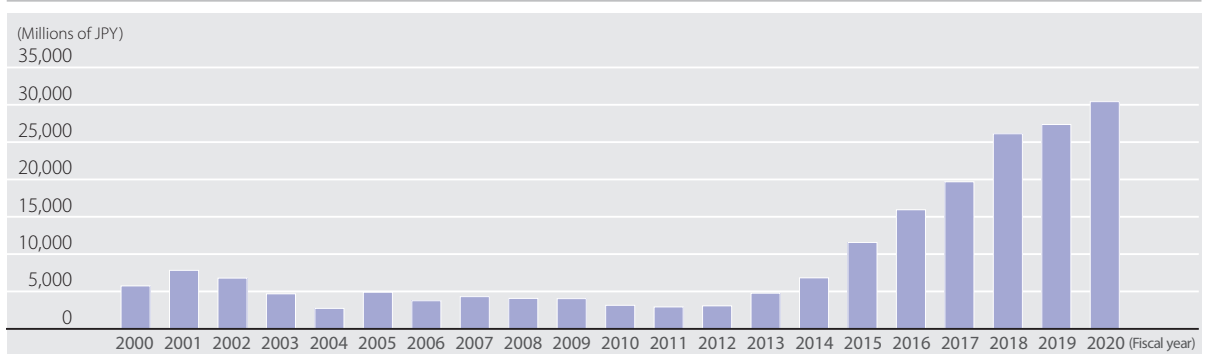


Financial Results

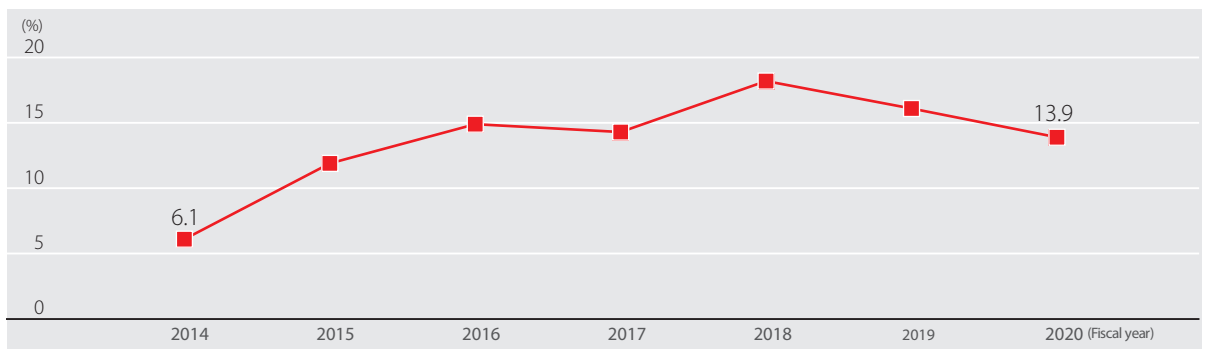
Net Sales



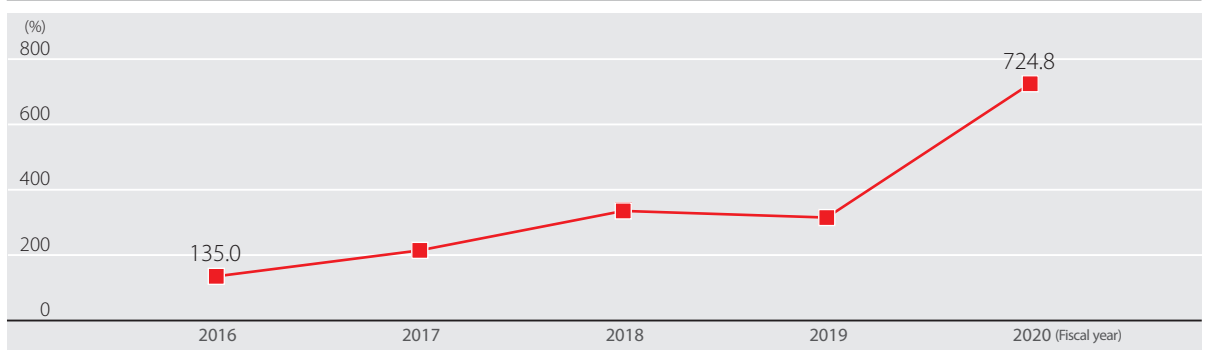
Overseas Net Sales



ROE



Total Shareholder Return



Message from the President



Give drive through

Katsuhiro Takagi
President

Toei Animation's story began in 1956. Our journey has always been closely intertwined with the development of animation in Japan. Japan's animation has grown to become a global standard. At Toei Animation, we are working on producing works that are widely loved by not only Japanese fans but also fans overseas.

Upholding our management philosophy, "Become a creativity origination company that gives dreams and hopes to children all over the world," we are developing our business from a global perspective.

The works and characters we create are diverse and have no nationality. Their popularity is growing worldwide in Asia, North, Central and South America, and Europe. To respond to this global era, we have established a structure consisting of five bases in Japan, the United States, France, Hong Kong, and Shanghai. In addition, we have a production studio in the Philippines where we create in-between frames and backgrounds and work on the finishing process.

What we aspire to achieve in the future is the further growth of our business based on this foundation. We aim to work with new partners and take on new challenges together with them.

**Create, nurture, and spread good works—
This is Toei Animation's style.**

Talented production staff working energetically and producing good-quality products enjoyed by both children and adults—this system is so to speak the foundation of our company. To build a better organization, we spare no effort in improving the working conditions of production staff and promoting workstyle reforms.

Based on this foundation, we have produced long-running programs such as the ONE PIECE and DIGIMON series that have passed their 20th anniversary, the PRETTY CURE series that has passed its 15th anniversary, and the DRAGON BALL series that has been running for over 30 years.

What we value is to nurture timeless and enduring titles instead of creating a good work and then moving on to the next. In addition, we aim to expand one title into multiple channels that match the times including toys, games, apps, apparel, and events. Through this one-source, multi-use business model, we have conveyed the attraction of our works to a wider range of people.

aims and hopes to the world Japan's animations.

What we need next is strategy with a more global focus.

To create new flagship contents of the future while effectively using our world-class contents library and character line-up, we have introduced many forward-looking initiatives such as projects to find next-generation creators and animation ideas and the production of original works under the initiative of our younger staff members.

With technological innovation such as 3DCG and VR/AR, we may need to use our contents in a way that has never been tried before.

Our strategies of "prolonging the life of existing works" and "challenging innovative new works" are key points that are directly linked to Toei Animation's future. From a more global perspective, we could seek to enhance our overseas subsidiary structure to locally produce animations that reflect local tastes and create hit products originated overseas. I believe that such a new strategy and new business model are easily achievable.

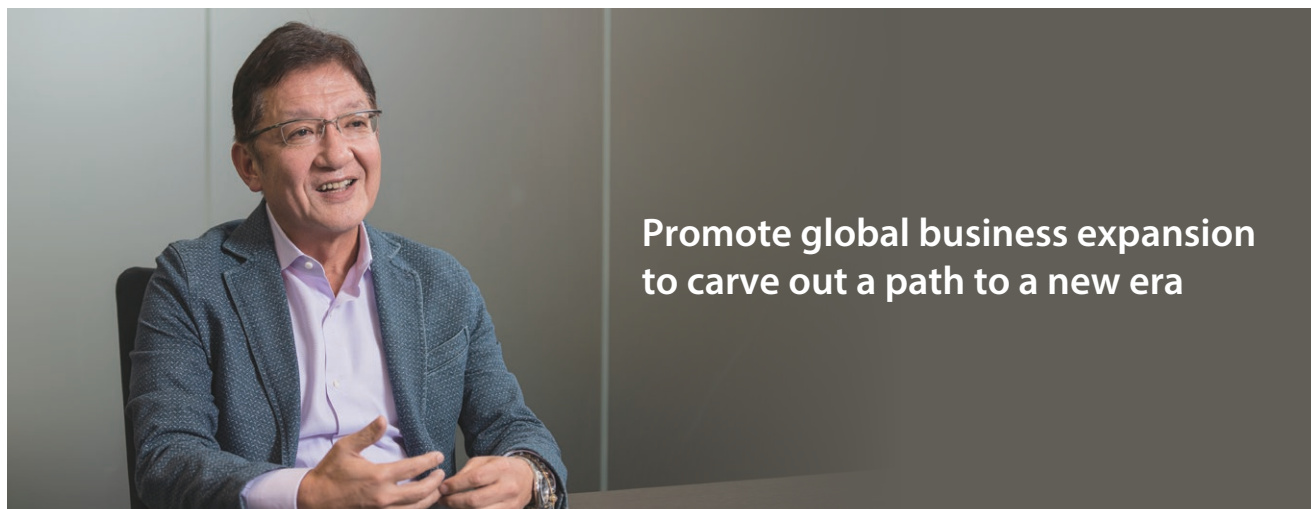
Carve out a path to a new era together with colleagues who have a broad perspective, positive attitude, and challenging spirit.

These flexible ideas and quick actions are some of the corporate cultures we have developed. Animation requires a spirit of constant challenge. I believe that my job as the President is to create an environment where each of our employees is strongly motivated to take on challenges.

No one can produce a title or develop a business alone. This is why we have a structure in place for both seasoned veterans and up-and-coming young employees to support and have healthy competition with each other without any barriers.

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Katsuhiro Takagi



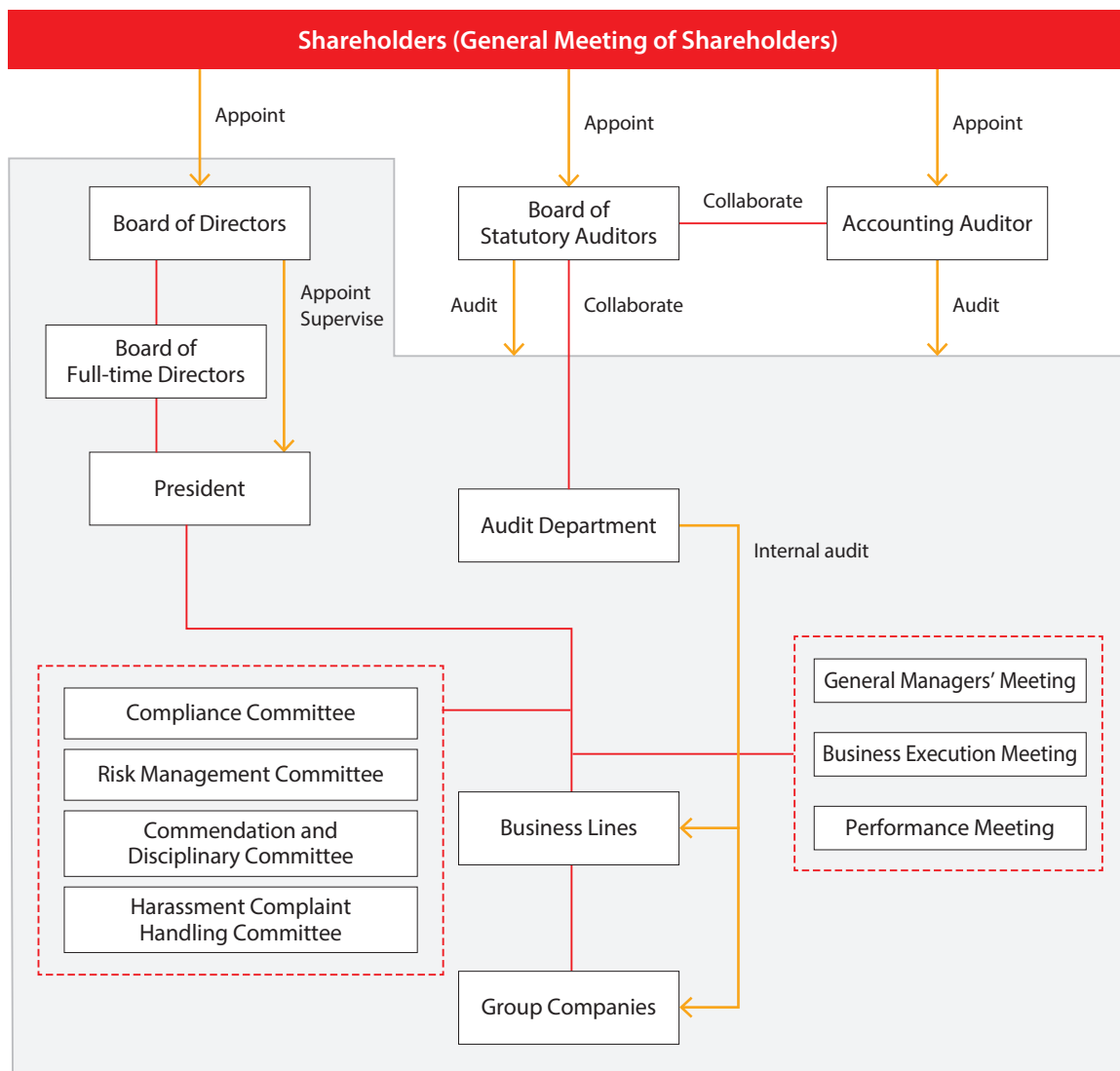
Governance

Basic Concept of Corporate Governance

The Toei Group will step up its efforts to develop a global business with IPs at the center of our strategy in order to achieve sustainable growth and medium- and long-term improvement to our corporate value. Our highest priority is to infinitely expand earnings opportunities leveraging the creation and delivery to the world of attractive and impactful new works based on our competitive advantages as an animation production company boasting the largest number of works in Japan and one of the largest in the world.

To achieve this, we see the continuous enhancement of corporate governance to ensure the soundness, transparency, and efficiency of business administration as our most important management task and endeavor to create an effective corporate governance structure.

Corporate Governance Structure (as of March 31, 2021)



Material Risks

1. Animation business

The Toei Animation Group's business operations have animation at the core. We constantly endeavor to plan and produce high-quality animations. The popularity of animation titles, however, significantly differs from one title to another, and not all of the works produced by Toei Animation will become hits. If a number of new titles do not achieve a certain level of results, this could impact the Group's business results and financial condition.

2. Competition

In the animation industry, competition among companies is intensifying due to the tough market environment, while the number of contents is increasing due to the diversification of media and an expansion of the target audience. In addition, overseas companies such as those in South Korea and China are becoming more competitive. While Toei Animation drives growth strategy based on our superior planning, production, and business development capabilities backed by long years of experience and track record, if our competitors achieve rapid growth, this could impact the Group's business results and financial condition.

3. Copyright infringement

The Toei Animation Group conducts our businesses based on the copyrights we have over our animation titles. It has been confirmed, however, that our copyrights have been violated by pirated copies, counterfeit products, and illegal streaming. While we are making efforts to take appropriate actions against these infringements on a case-by-case basis, we may not be able to ensure sufficient protection of our copyrights. Copyright infringement hurts sales of official products and services and is expected to cause future opportunity losses. Accordingly, it could impact the Group's business results and financial condition.

4. Foreign exchange fluctuations

The Toei Animation Group's businesses include production and sales of animations overseas. Any rapid fluctuation in foreign exchange rates in foreign currency-denominated transactions with overseas companies (including our overseas subsidiaries) could impact the Group's business results and financial condition.

5. Information security

The Toei Animation Group exercises rigorous information management, takes appropriate security measures, and lays down relevant rules. However, if an event such as a cyber-attack exceeding the predicted scope, illegal access, or an infection from a computer virus causes a material fault in our information systems or communication networks, this could damage the trust society places in the Group or its brand image.

6. Natural disasters and communicable diseases

The Toei Animation Group conducts businesses in Japan and throughout the world. As a result, any large-scale natural disaster such as an earthquake or global pandemic of novel influenza or novel coronavirus infection may cause a material problem in part or all of the business activities of the Group. This could impact the Group's business results and financial condition.

World-class planning and production

Toei Animation plans and produces animated TV shows and animated films and offers them through various media including TV, movie theaters, Blu-ray discs, DVDs, streaming platforms, and smartphone apps. Animation production is the starting point of Toei Animation. We have produced numerous hits and classics of the times since our foundation in 1956. In addition to selling licenses to make packaged software such as Blu-ray discs and DVDs of our animated works, we actively deliver our works through streaming platforms.

TV shows

In 1963 when TV stations began broadcasting animated titles, Toei Animation started producing TV programs, beginning with Japan's first original animated TV series, KEN, THE WILD BOY. With the wide popularity of TV, the number of titles we produce have grown dramatically, with many works being enjoyed across generations by both parents and children.

October
2020-

Dragon Quest:
The Adventure of Dai



Animated films

Our history in animated film production began in 1958 with THE WHITE SNAKE, Japan's first full-color feature-length animated film. We have since produced more than 200 films including feature-length original animated films and spin-offs of TV programs. Animated films have been in the past and will remain in the future the starting point of our animation production.

Released on
November 13,
2020

Looking for
Magical Doremi



February
2021-

Tropical Rouge! Pretty Cure



Released on
January 8,
2021 (Part 1)
and February 11
(Part 2)

Pretty Guardian
Sailor Moon Eternal
: The Movie



Broadening media, spreading inspiration

As the media for video are rapidly diversifying, all sections of Toei Animation are closely cooperating and collaborating to deliver the joy and excellence of the visual entertainment of animation to a wider range of viewers. We will flexibly respond to all the growing needs including the digitalization of a huge volume of original editions of films, planning of new contents for various types of media including packaged Blu-ray discs and DVDs, streaming for broadcasting media such as BS and CS and mobile devices including smartphones, and the use of contents in the app and online game business.

Packaged software (Blu-ray/DVD)

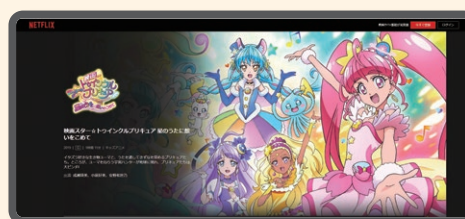
The packaged software business enables viewers to keep their favorite titles at hand and watch them anytime they want. Titles in our huge library ranging from our early works to our latest titles are being commercialized into Blu-ray discs and DVDs one after another.



Blu-ray disc of the limited first theater version of ONE PIECE STAMPEDE special deluxe edition

Streaming

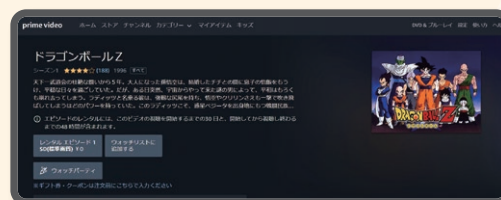
We proactively promote sales of streaming rights to streaming platforms. We also produce titles for streaming. The streaming market is growing dramatically, presenting greater possibilities for the streaming business.



Netflix, streaming service

Apps/online games

We produce apps and online games whose markets are rapidly growing. In addition to creating apps and online games of popular titles in Japan, we are growing this line of business overseas and developing games with a view to subsequent multi-use of contents.



Amazon Prime Video, streaming service

Meet characters anywhere anytime

Toei Animation is a pioneer in the licensing business in Japan. We have developed products using our numerous popular characters in every area including toys, games, stationery, foods, and apparel, to meet consumers' needs to have their favorite characters in their lives. Characters appearing in our animations reflect the times in which they are delivered. They remain popular even after their TV shows end and cause a huge boom across generations. We will continue exploring new possibilities in our licensing business for our TV series as well as for movies and streaming contents to achieve further success.

Domestic products



DRAGON BALL series, ONE PIECE,
Tropical Rouge! Pretty Cure

Overseas products



DRAGON BALL series, ONE PIECE,
SAILORMOON

Characters loved across generations

Everyone has a childhood memory they cherish. Our memory of a particular era cannot be separated from anime characters.

A character boom repeats itself as adult fans rediscover the characters they used to love when they were young and enjoy their world together with their children. Attractive characters continue to shine despite the passage of time.

Characters making campaigns memorable

In addition to the straightforward commercialization of characters, popular characters are used in campaigns, sales promotions, company advertising, and publicity campaigns of government offices.

Goods sales business

We plan and sell character goods and operate retail and online shops as places to deliver products featuring popular titles to their fans.

Goods sales

We produce sales promotion goods for campaigns, and plan and sell original products for events, bookstores, and retail shops.



Tie-up project of Kura Sushi and the theater version of ONE PIECE STAMPEDE

Character shops

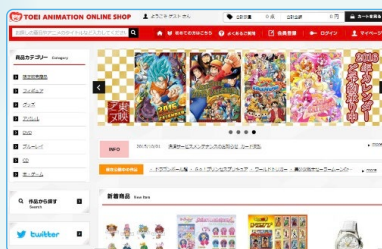
We operate stores such as the ONE PIECE Mugiwara Store, PRETTY CURE Pretty Store, and SAILORMOON Store.



SAILORMOON Harajuku Store

Online shops

Our online stores sell Blu-ray discs, DVDs, and character goods of titles from the early days of animation to popular titles currently aired on TV. Their product lineup is unique offering limited products, original products, and special gifts for buyers.



<https://shopping.toei-anim.co.jp> (Japanese text only)

Event business

We hold events where children can meet popular characters to bring smiles to their faces.

Events

We hold events that satisfy a wide range of people including families and anime fans. These include events centered on popular characters and cultural events covering the history of animation.

Character shows

Our character shows where children can meet popular TV characters are very well received as the best entertainment for children.

Musicals

We deliver popular characters and classic films in musicals. We aim to deliver high-quality performances that can continue giving dreams and hopes to children.



Butt Detective (Oshiri Tantei) Musical



At-home debutante show for Tropical Rouge! Pretty Cure

