

TOEI ANIMATION CO., LTD

For Third Quarter Ended December 31, 2021 (April 1, 2021 to December 31, 2021)

ABC TV
tv asahi

ごほうびは笑顔♡みんなあつまれ！
いただきます☆

Delicious Party♡Pretty Cure

At 8:30 am every Sunday on ABC/TV Asahi
Network from February 6, 2022 onward

最強の敵。におうのは、

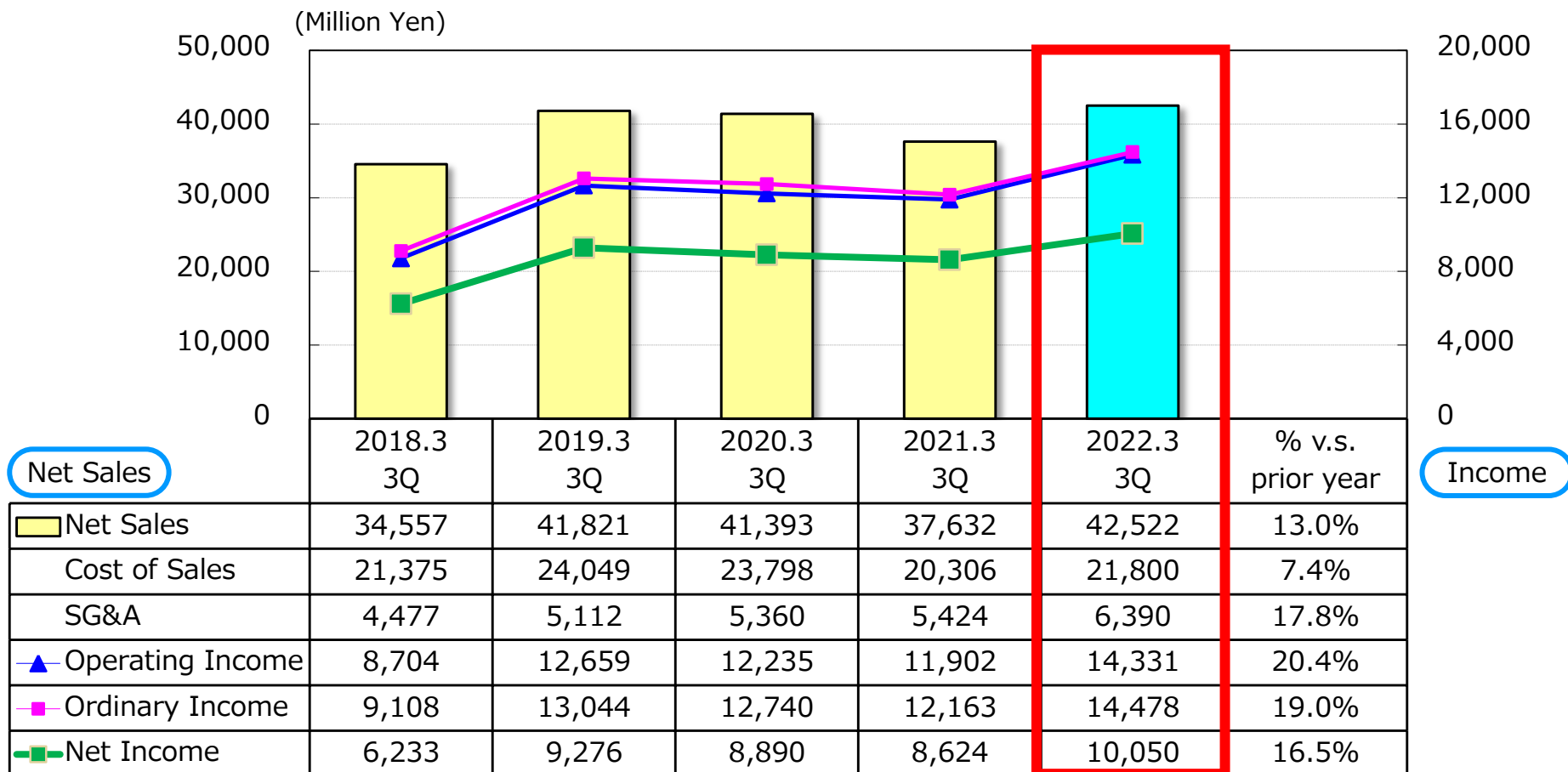
映画 おしりたんてい
SHIRIARTY
シリアーティ

原作：トロール
監督：門 由利子 脚本：千葉克敏 音楽：高木 洋 制作：東映アニメーション
声の出演
三瓶由布子 関根 彩花 藤原 由紀 小島 幸子 中村まゆみ 渡辺いっけい
「映画 おしりたんてい 夢のジャンボスイートボテまつり」
3.18 FRI To be released on March 18, 2022

どうじじょうえい
同時上映
おしりたんてい
スイートボテまつり

FY2022.3 Third Quarter Results – Consolidated

- Both net sales and each income item grew. The third quarter results hit a new record high on a cumulative basis.
- Domestic and overseas sales of online distribution rights increased significantly, while sales of profitable overseas game development rights/merchandising rights were strong.
- Overseas business has grown mainly in North America and Asia, and the ratio of overseas sales rose to a new record high at 63%.



FY2022.3 3Q Results Segment Breakdown – Consolidated

(Million Yen)		FY2021.3 3Q	FY2022.3 3Q	% v.s. prior year
Film	Net Sales	14,603	16,269	11.4%
	Segment Income	4,177	4,943	18.3%
Licensing	Net Sales	21,197	24,211	14.2%
	Segment Income	10,391	12,123	16.7%
Sales of Goods	Net Sales	1,607	1,657	3.1%
	Segment Income	-159	-96	-
Others	Net Sales	272	440	62.0%
	Segment Income	-139	-261	-
TOTAL	Net Sales	37,632	42,522	13.0%
	Operating Income	11,902	14,331	20.4%

* Numbers for each segment include intra-company sales.

FY2022.3 3Q Results Segment Analysis (1) (Film)

(Million Yen)		FY21.3 3Q	FY22.3 3Q
Net Sales		37,632	42,522
Film		14,603	16,269
	Movies	562	315
	TVs	1,663	2,550
	DVDs	422	310
	Overseas	10,018	10,087
	Others	1,936	3,005
Licensing		21,197	24,211
	Japan	9,656	8,769
	Overseas	11,540	15,441
Sales of Goods		1,607	1,657
Others		272	440

* Numbers for each segment include intra-company sales.

Film (↑ 11.4% year on year)

- In movies, revenues decreased significantly due to a reactionary decline following the production revenue from several movies such as *Sailor Moon Eternal* posted in the previous year.
- In TV Anime, revenues increased significantly because of the increase in the number of TV titles to be broadcast and other reasons.
- In DVDs, revenues decreased significantly due to a reactionary decline following strong sales of Blu-ray/DVD versions of *ONE PIECE STAMPEDE* in the previous year.
- In the Overseas segment, revenues remained mostly unchanged due to the reactionary decline, etc. after the delivery of theatrical movies for Saudi Arabia in the same period of the previous year, despite strong sales of online distribution rights in Asia.
- In the Others segment, revenues increased significantly due to the consistently strong domestic sales of online distribution rights.

FY2022.3 3Q Results Segment Analysis (2)

(Licensing/Sales of Goods/Others)

(Million Yen)		FY21.3 3Q	FY22.3 3Q
Net Sales		37,632	42,522
Film		14,603	16,269
	Movies	562	315
	TVs	1,663	2,550
	DVDs	422	310
	Overseas	10,018	10,087
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Licensing		21,197	24,211
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* Numbers for each segment include intra-company sales.

Licensing (↑ 14.2% year on year)

- In domestic licensing, revenues declined due to the slowdown of sales of game development rights of the *DRAGON BALL* series from the strong sales of the same period of the previous year and other factors, offsetting strong sales of merchandising rights of *ONE PIECE*, etc.
- In overseas licensing, revenues increased significantly due to the strong sales of the merchandising rights of the *DRAGON BALL* series, *ONE PIECE* and *DIGIMON* series, in addition to sales of game development rights of the *DRAGON BALL* series and *ONE PIECE*.

Sales of Goods (↗ 3.1% year on year)

- In Taiwan, revenues increased due to the strong sales of the limited-time-only shop of *Magical DoReMi*.

Others (↑ 62.0% year on year)

- Despite of a significant increase in revenues owing to the good results of the events of the *Pretty Cure* series and *DIGIMON* series, general profitability declined because multiple events were downsized due to the prolonged impact of the COVID-19 pandemic.

FY2022.3 Third Quarter Results Review

(Million Yen)	FY21.3 3Q	FY22.3 3Q	+ -	% v.s. prior year
Net Sales	37,632	42,522	4,889	13.0%
Costs of Sales	20,306	21,800	1,493	7.4%
Gross Profit	17,326	20,722	3,395	19.6%
SG&A	5,424	6,390	966	17.8%
Operating Income	11,902	14,331	2,429	20.4%
Non-Operating Income	473	346	-127	-26.9%
Non-Operating Expense	212	198	-13	-6.4%
Ordinary Income	12,163	14,478	2,315	19.0%
Extraordinary Gain and Loss	-	-17	-17	-
Net Income Before Tax	12,163	14,462	2,298	18.9%
Income Taxes	3,443	4,110	667	19.4%
Income Taxes Adjustment	96	300	204	212.7%
Minority Interest	-	-	-	-
Net Income	8,624	10,050	1,426	16.5%

Net Sales

- Businesses with sharp increases in revenues
 - 1) Licensing Overseas [3,900] ⇒ 2) Film Others [1,068] ⇒ 3) TV [887]
- Businesses with significant declines in revenues
 - 1) Licensing Japan [-886] ⇒ 2) Movies [-246] ⇒ 3) DVDs [-112]

Cost of Sales / Gross Profit

- Gross profit to net sales: 48.7% (Gross profit to net sales last year: 46.0%)
Gross profit to net sales improved as a result of an increase in the ratio of sales in the profitable overseas licensing business and the domestic and overseas distribution business.

SG&A

- SG&A [+966]
 - 1) Ad expenses [+361] (from 312 in the previous FY to 673 in the current FY)
 - 2) Personnel expenses [+228] (from 1,504 in the previous FY to 1,733 in the current FY)

Non-operating Income and Expense

- Non-operating Income and Expense [-127]
Foreign exchange gain [-54]
- Non-operating expense [-13]
Miscellaneous expense [-109]

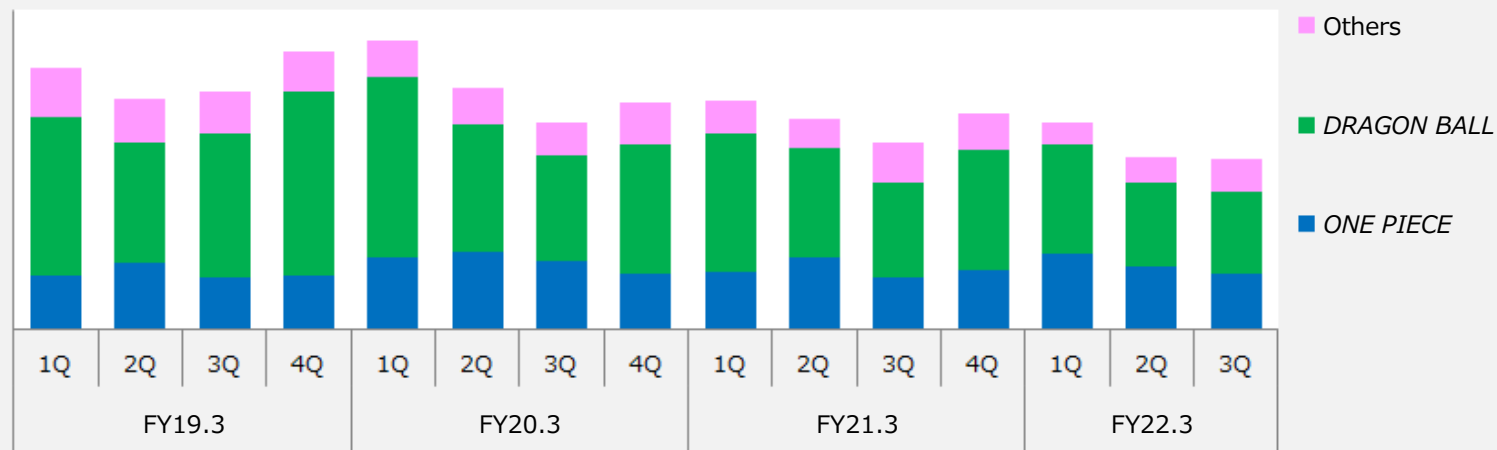
Extraordinary Gain and Loss

- Extraordinary loss [17]
Loss on valuation of investment securities

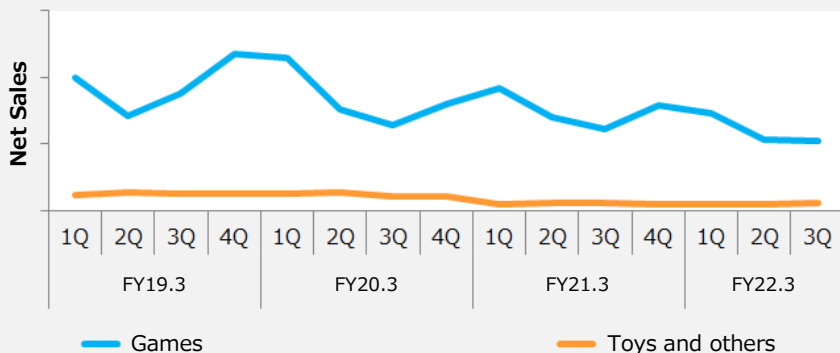
Trends in Domestic Licensing for Major Titles

- Sales of game development rights of *DRAGON BALL* series did not reach the level of the previous year.
- Sales of *ONE PIECE* increased from the previous term due to the strong sales of the merchandising rights.
- Overall, the declining revenue of *DRAGON BALL* led to a year-on-year decrease.

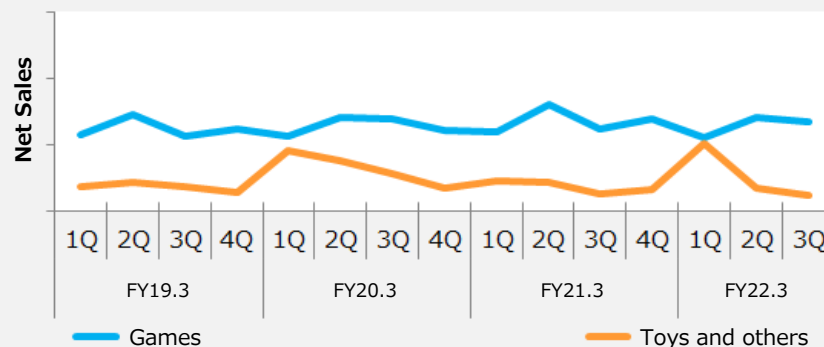
Trends in Domestic Licensing Revenues



Trends in Domestic Licensing Revenues for *DRAGON BALL*



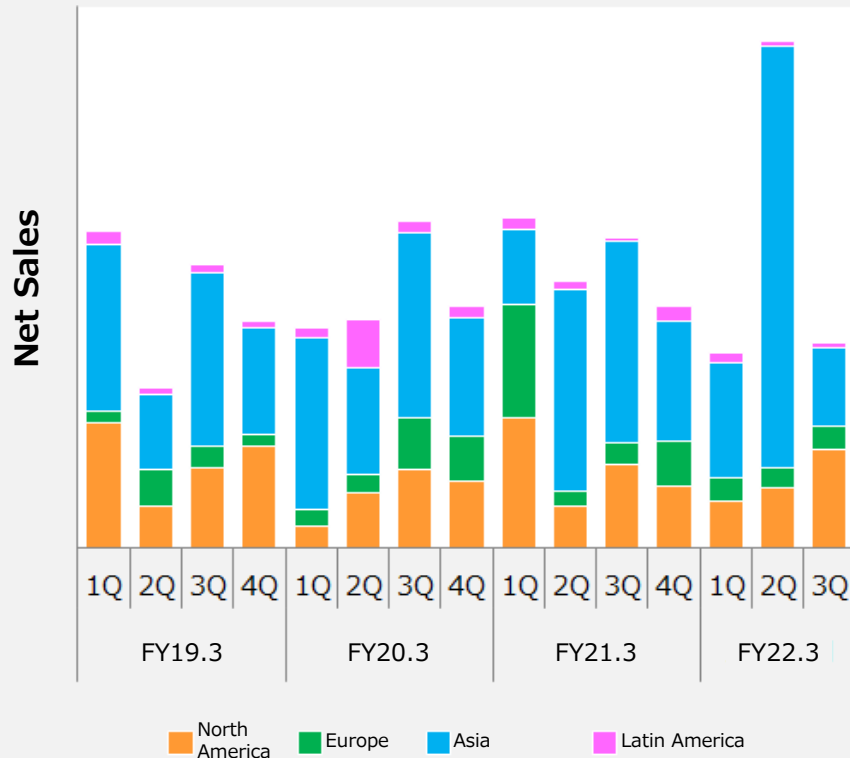
Trends in Domestic Licensing Revenues for *ONE PIECE*



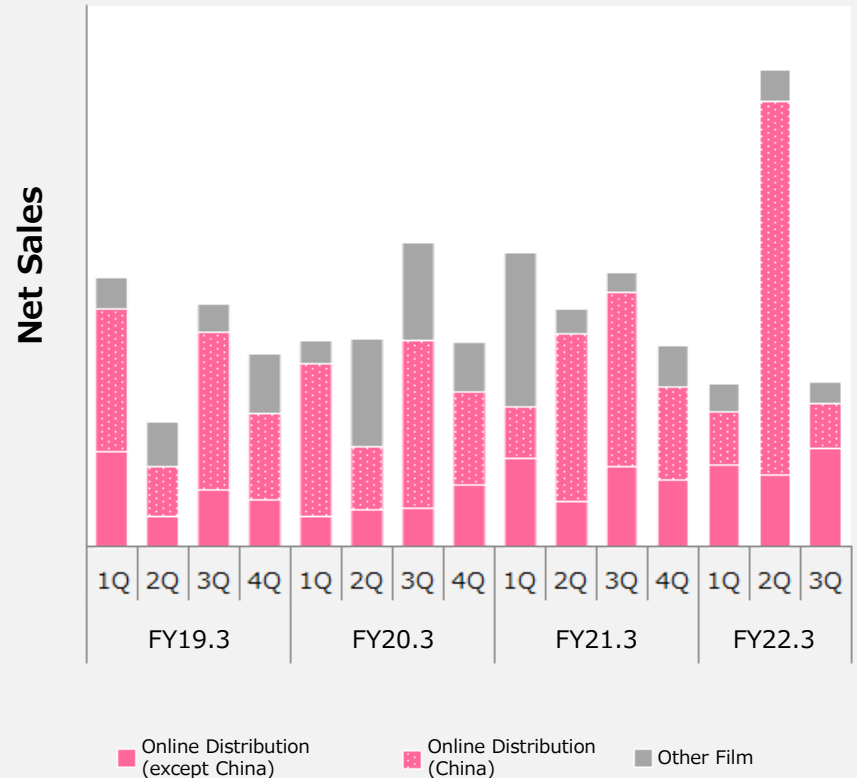
Trends in Film Overseas

- Revenues remained mostly unchanged overall due to the strong sales of online distribution rights in China and the rest of the Asian region and North America, which offset the reactionary decline after the delivery of theatrical movies for Saudi Arabia in the same period of the previous year.
- New distribution rights contracts increased in Southeast Asia.

Trends in Net Sales of Film Overseas



Breakdown of Net Sales by Business

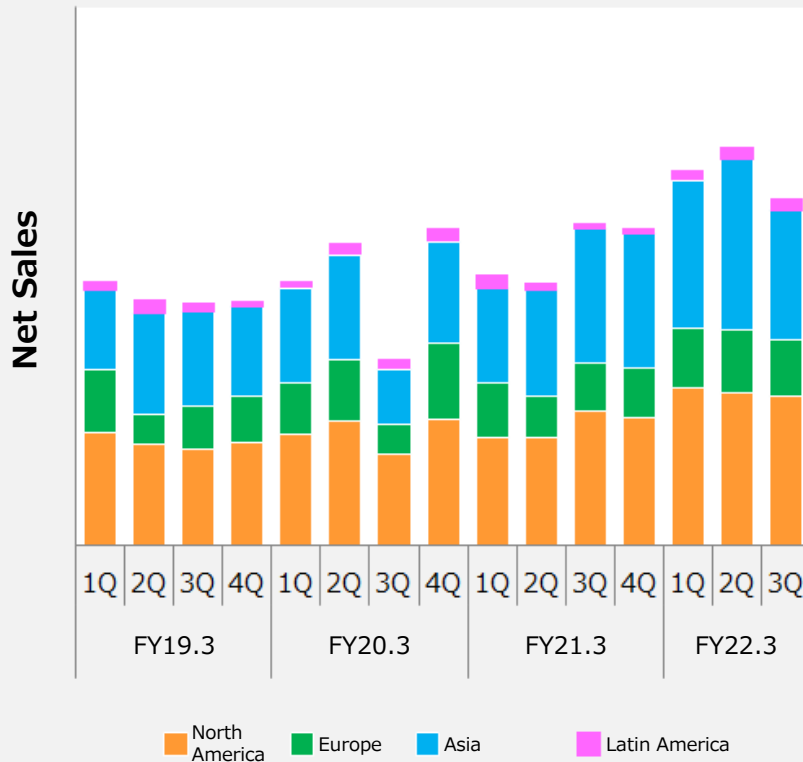


* Due to consolidated accounting for subsidiaries, the left graph shows consolidated figures while the right graph shows our non-consolidated figures.

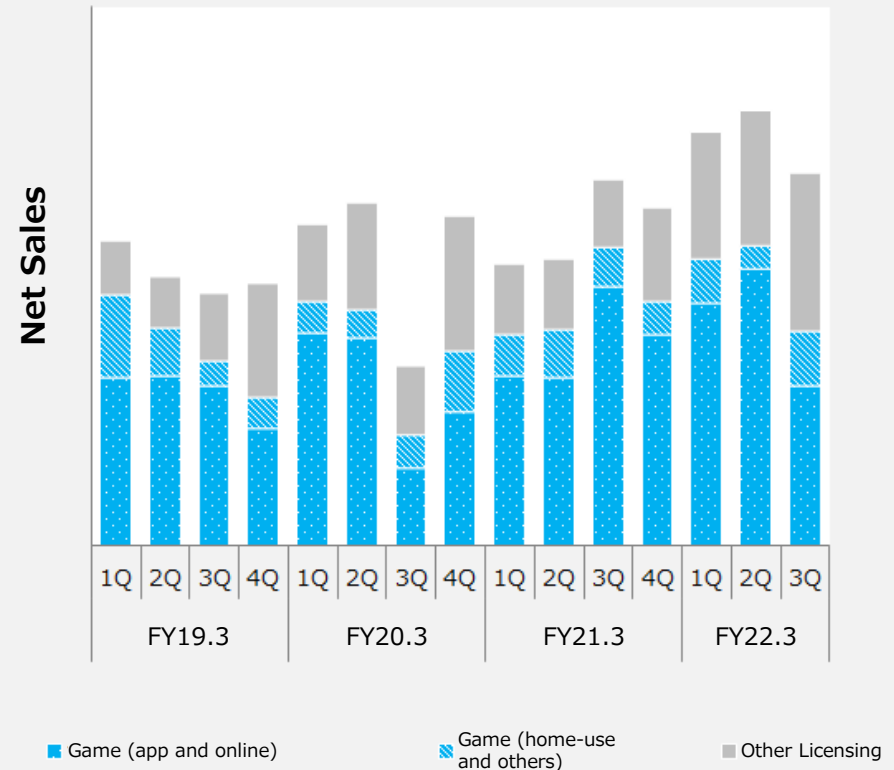
Trends in Licensing Overseas

- Revenues increased significantly because sales of merchandising rights have grown, in addition to the strong sales of existing app games.
- Sales of merchandising rights of the *DRAGON BALL* series and the *DIGIMON* series were strong in North America and sales of merchandising rights of *ONE PIECE* were strong in China.

Trends in Net Sales of Licensing Overseas



Breakdown of Net Sales by Business



* Due to consolidated accounting for subsidiaries, the left graph shows consolidated figures while the right graph shows our non-consolidated figures.

Revised Earnings Estimates for FY2022.3 – Consolidated

(Million Yen)	Full year				
	Previous estimates (October 25)	Revised estimates (January 27)	+ -	FY21.3 Results	+ -
Net Sales	51,000	55,100	4,100	51,595	3,505
Operating Income	14,500	16,800	2,300	15,503	1,297
Ordinary Income	14,800	17,300	2,500	16,040	1,260
Net Income	10,200	12,200	2,000	11,067	1,133

[FY2022.3 Grounds for full-year earnings estimates]

- Sales of merchandising rights and game development rights of *DRAGON BALL* series, *ONE PIECE* and *DIGIMON* series were stronger in Europe, America and China than expected when the previous earning estimates were released.
- Sales of online distribution rights were strong in Japan, as well.

Initiatives Aimed for Medium and Long-Term Growth (Development of Titles)

FY2022.3

FY2022.3 onward
(Including the titles with
release dates to be announced)

New



SHAREDOL
A pilot film created through a joint development project with SOTSU
Released on YouTube on Monday, October 25, 2021



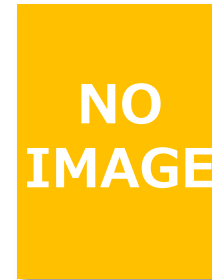
Butt Detective the Movie: Shiriarty
To be released on March 18, 2022



KAIJU DECODE
Distribution of a short CG animation started in 2021 as the first phase of the project



Hollywood live-action movie Knights of the Zodiac (SAINT SEIYA)
scheduled to be released



Future's Folktales
Collaborative work with Saudi Arabia
2nd season goes into production



The Monkey Prince(tentative)
Collaborative work involving Japan, China and the U.S.
Animation for families created with an eye to the global market

New



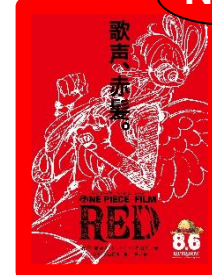
DIGIMON Ghost Game
Started broadcast from Sunday, October 3, 2021



Delicious Party Pretty Cure
Scheduled to be broadcast from Sunday, February 6, 2022



DRAGON BALL Super: Super Hero
Scheduled to be released on Friday, April, 2022



ONE PIECE FILM RED
Scheduled to be released on Saturday, August 6, 2022



SLAM DUNK
Scheduled to be released in fall 2022



DEVIL BOY
New animation starts
Birth of Kitaro: Mystery of GeGeGe
Animation production decided

* Titles in red frames have been added in this term.

Creating New Titles

Activation of existing content

Base

- Increase of Titles
 - Change to title-oriented organization
 - Increase new titles and make title lifecycles longer
- Business development and expanded local deployment
 - Enter into the Hollywood business
 - Establish a content planning and production company in Shanghai
 - It will promote exploitation of the Chinese and Asian markets.
- Advancement of production capabilities
 - Build a purpose-specific production system for each title
 - Integrate 2D/3D cutting-edge technologies
 - Promotion of PJ utilizing AI in the production process

Initiatives Aimed for Medium and Long-Term Growth (Medium to long-term portfolio)

by FY2025 (FY26.3)



10 titles or so

- Large projects targeted at Hollywood
- Revival large-scale project



New

Overseas Markets



New

Focused Market

10 titles or more

- Large projects targeted at Hollywood
- TV/movie project
- Youtube project.
- High-end CG project



Share knowledge



(SAINT SEIYA)

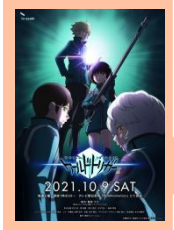


Original work

Expand market

Expand market

Our own work



10 titles or so

- TV/movie/online distribution projects for grownups
- TV/movie project for kids



New

Share knowledge

5 titles or so

- TV projects for kids
- Projects for grown-ups
- High-end CG project



Domestic market

* Contents in red frames have been added in this term.

Future Initiatives

Schedule

Film Licensing Sales of Goods Others

FY22.3 3Q	Start of broadcasting of <i>DIGIMON Ghost Game</i> [Oct. 3]
	Start of broadcast of <i>World Trigger 3rd season</i> [Oct. 9]
	Distribution of <i>DIGIMON</i> app game for China [Oct. 21]
	Release of the movie <i>Tropical-Rouge! Pretty Cure</i> [Oct. 23]
	Release of the pilot film <i>SHAREDOL</i> on YouTube [Oct. 25]
FY22.3 4Q	Start of the service of the Toei Animation Channel, a channel dedicated to cartoons [November. 5]
	Release of the movie, <i>Galaxy Express 999, Dolby Cinema Version</i> [January. 14]
	Start of broadcast of <i>Delicious Party ♡Pretty Cure</i> [February 6]
	Scheduled release of the movie <i>Butt Detective the Movie: Shiriarty</i> [March. 18]
	Scheduled release of the movie <i>DRAGON BALL Super: Super Hero</i> [April. 22]
	Release of the Switch game <i>SOUKAITENKI</i> [2022 spring]
	Scheduled release of the movie <i>ONE PIECE FILM RED</i> [August. 6]
	Scheduled release of the movie <i>SLAM DUNK</i> [2022 fall]
	Release of <i>Digimon Survive</i> (PS4/Switch) [2022]
	Scheduled release of <i>DRAGON BALL: THE BREAKERS</i> for PS4/Switch/Xbox One/STEAM [2022]
FY23.3 1Q-	Start of new <i>DEVIL BOY</i> animation production [TBA]
	Release of film <i>Birth of KITARO: Mystery of GeGeGe</i> [TBA]
	Scheduled release of the Hollywood live-action movie <i>Knights of the Zodiac (SAINT SEIYA)</i> [TBA]
	Release of internationally co-produced movie <i>The Monkey Prince</i> (tentative) [TBA]
	Scheduled release of Home-use game <i>Infinity Strash Dragon Quest: The Adventure of Dai</i> [TBA]

Topics

Status of Animation Works in FY2022.3 3Q

■ **Movie *Tropical-Rouge! Pretty Cure***

- Released on October 23, 2021
- It became a number one ranking hit at the weekend box office, the first theatrical movie to do so in three years.

Development of New Titles (Projects)

■ **Toei Animation Channel, a channel dedicated to cartoons**

- The channel dedicated to cartoons offers unlimited streaming of 3,900 or more animation works, including a wide variety of the good old anime classics and the latest anime works currently on air.
- The service was launched on November 5, 2021 on Prime Video channels run by Amazon.

■ **Movie *Butt Detective the Movie: Shiriarty***

- The fourth movie and the first feature-length movie of the series
- Masaharu Fukuyama is cast as a guest voice actor.
- To be released on March 18, 2022

■ **Movie *DRAGON BALL Super: Super Hero***

- To be released on April 22, 2022

■ **Movie *ONE PIECE FILM RED***

- The fourth movie of the *ONE PIECE FILM* series
- Scheduled to be released on August 6, 2022

Development of App Games

■ ***DIGIMON* app game for China**

- Distributed on October 21, 2021
- It won the number-one position in the sales ranking and free ranking in the month it was released. It has remained in one of the top positions since then.

About Dividend

Plan for year-end Dividend

FY2021.3

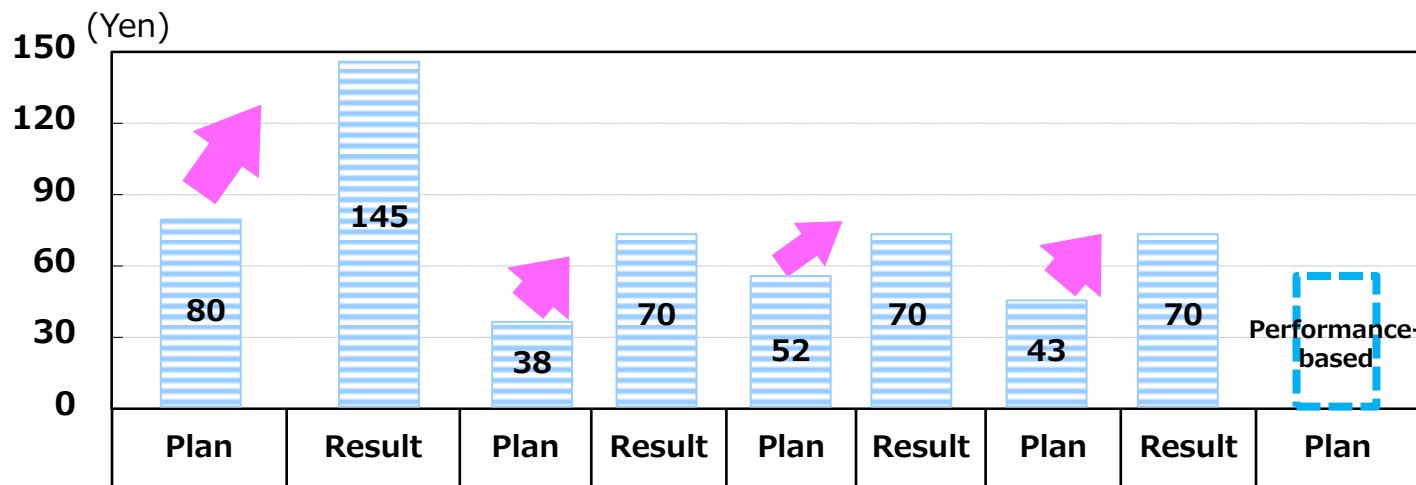
¥70 per share

FY2022.3

Payout ratio will be approximately 25%, depending on the consolidated financial results.

Dividend Policy

Based on sustained and stable dividends, we decide the amount of dividend each year with comprehensive consideration of the financial results and securing internal funds for aggressive business development in the medium-to long-term. We expect the dividend payout ratio to be approximately 25%, depending on the consolidated financial results.



*1 The figure was calculated based on the initial earnings estimates and is to be revised depending on the result.

*2 The company conducted a share split on April 1, 2018. The dividend prior to the fiscal year ended March 2018 was calculated based on the assumption that shares are split at the beginning of each term, as described in parenthesis, in addition to the actual dividend. Starting the fiscal year ended March 2019, the dividend is described considering the influence of the share split.

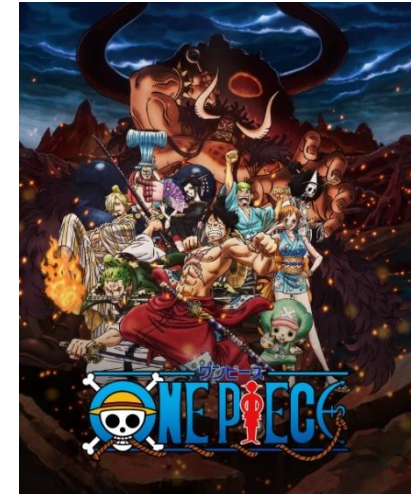
Reference (1) Lineup of Titles Being Broadcast



SUN at 8:30am on
ABC/TV Asahi Network



SUN at 9:00am on
Fuji TV et al.



SUN at 9:30am on
Fuji TV et al.



TUE at 6:45pm on
NHK Educational TV



SAT at 9:30am on
TV Tokyo et al.

Reference (2) Lineup of New Titles in FY2022.3



Butt Detective the Movie: Shiriarty
To be released on March 18, 2022

Reference (3) Lineup of New Titles after FY2022.3



DEVIL BOY

New animation starts



Birth of KITARO:

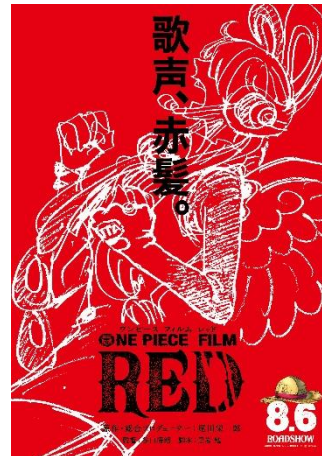
Mystery of GeGeGe

Animation production decided



DRAGON BALL Super: Super Hero

To be released on April 22, 2022



ONE PIECE FILM RED

Scheduled to be released on August 6, 2022



SLAM DUNK

Scheduled to be released in fall 2022



TOEI ANIMATION

Since 1956

[Precautions regarding outlook]

The contents described in this material are based on judgments and assumptions made with reference to information available as of the time of writing. The Company does not warrant that estimated figures, strategies or measures will necessarily be achieved.