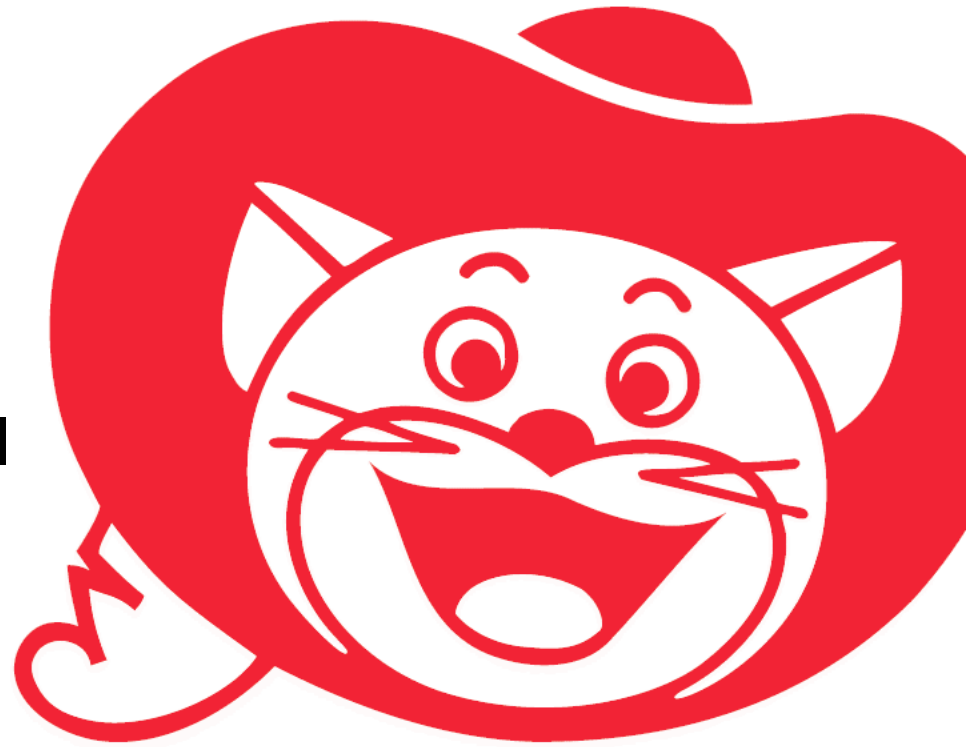


# Financial Results Supplementary Material



For Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)  
Toei Animation Co., Ltd.

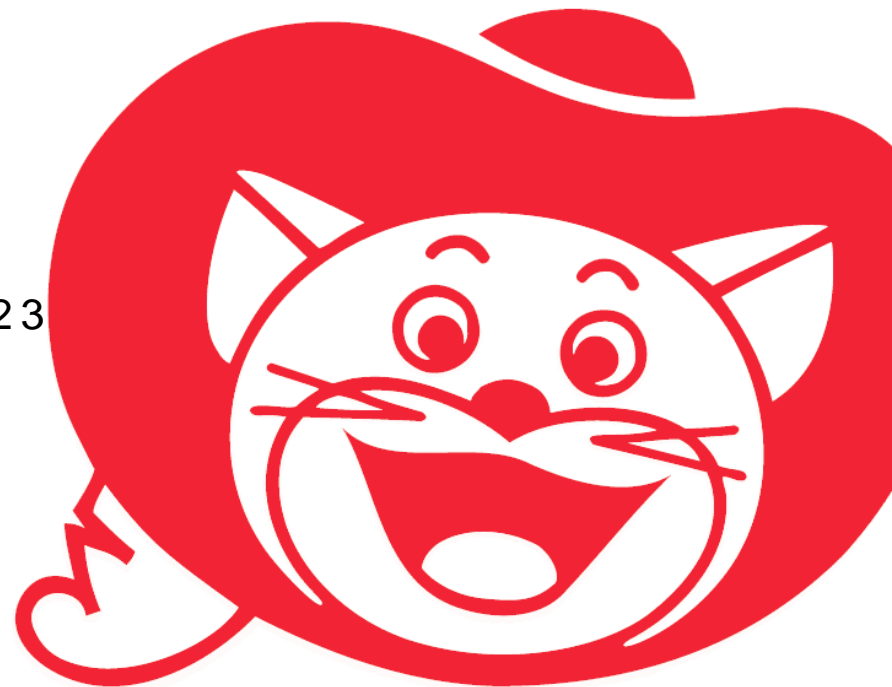
**TOEI ANIMATION CO.,LTD.**

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01. Financial Results for  
First Quarter Ended June 30, 2023

02. Outlook for FY2024.3

03. Future Business Prospects



01. Financial Results for  
First Quarter Ended June 30, 2023



## Financial Results Summary

- Increase in sales and decrease in profit compared with the same period of the previous fiscal year. Net sales reached the highest level for the first quarter.
- Domestic Licensing Business and Sales of Goods Business remained strong led by the three movie titles that became big hits in the previous fiscal year.
- Significant profit decrease due to the recording of losses on evaluation of a large portion of inventories related to 「KNIGHTS OF THE ZODIAC」.

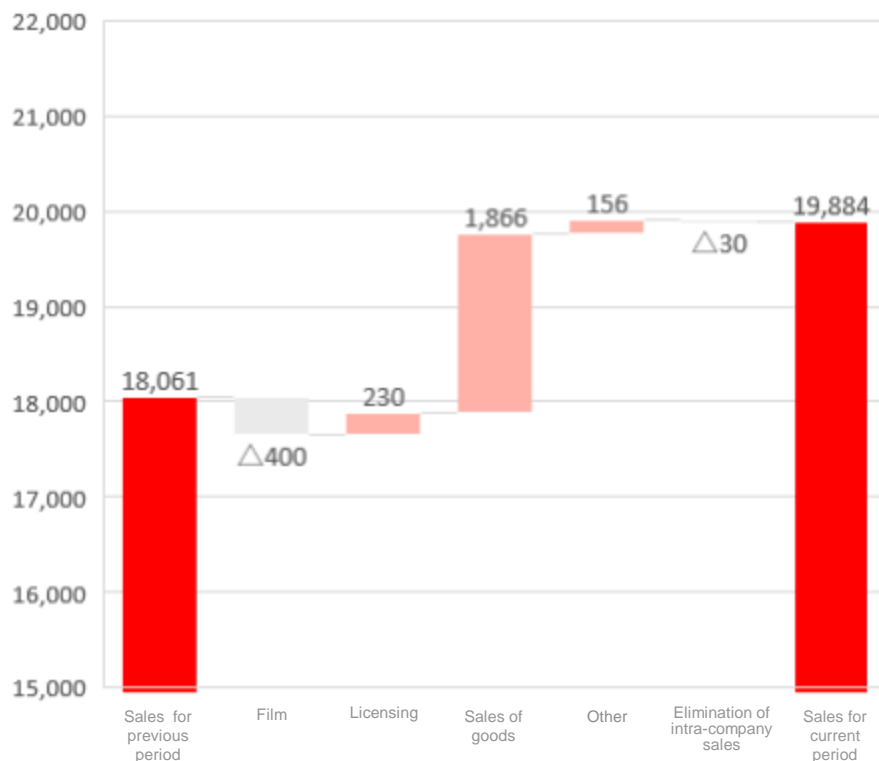
(Million Yen)	FY2024.3 1Q (April–June 2023)				
	Results	FY2023.3 1Q FY2022 1Q (April–June 2022)		FY2023.3 4Q FY2022 4Q (January–March 2023)	
		Results	Y on Y	Results	Q on Q
Net Sales	19,884	18,061	10.1%	22,392	-11.2%
Gross Profit	5,528	6,542	-15.5%	11,222	-50.7%
SG&A	3,432	2,432	41.1%	4,357	-21.2%
Operating Income (Operating Margin)	2,095 (10.5%)	4,110 (22.8%)	-49.0% (-12.2%)	6,864 (30.7%)	-69.5% (-20.1%)
Operating Income (excluding the impact of valuation losses) (Operating Margin)	5,672 (28.5%)	4,110 (22.8%)	38.0% (+5.8%)	6,864 (30.7%)	-17.4% (-2.1%)
Ordinary Income	3,938	5,307	-25.8%	6,995	-43.7%
Net Income	3,120	4,023	-22.4%	4,397	-29.0%

# Year-on-Year Changes

- Net sales saw continued strong performance in the Licensing Business and Sales of Goods Business despite a significant decline in revenues in the Film Business due to a reactionary decline of the strong sales of the major movie titles released in the same period of the previous fiscal year.
- Operating income declined significantly due to the recording of losses on evaluation of inventories related to 「KNIGHTS OF THE ZODIAC」.
- Operating income excluding the impacts mentioned above was approximately 5.7 billion yen, a record high level for the first quarter.

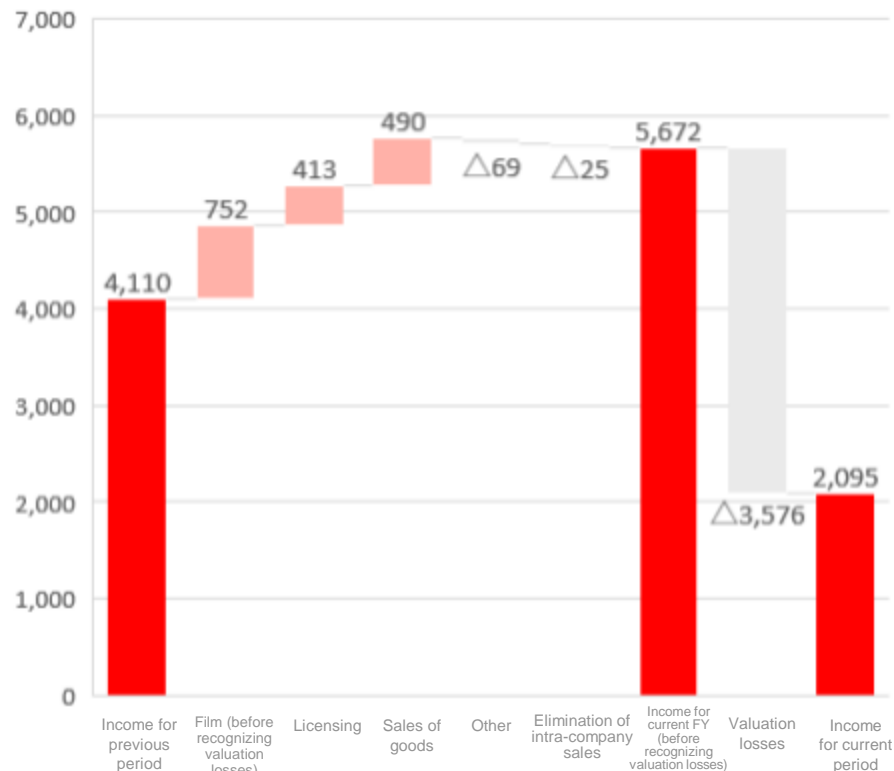
(Million Yen)

### Net Sales



(Million Yen)

### Operating Income



## FY2024.3 1Q Results Segment Breakdown

- Film segment saw significant decreases in revenues and income due to the recording of losses on evaluation of a large portion of inventories related to 「KNIGHTS OF THE ZODIAC」, in addition to a reactionary decline from strong sales of the major movie titles released in the same period of the previous fiscal year.
- Licensing and Sales of Goods segments are performing strongly, reflecting the continued ripple effect of the three movie titles that became big hits in the previous fiscal year.
- Others segment posted a slight loss due to increased costs, despite favorable results of various events.

(Million Yen)		FY2023.3 1Q Results	FY2024.3 1Q Results	% Change
Film	Net Sales	7,684	7,283	-5.2%
	Segment Income	554	-2,269	-
Licensing	Net Sales	9,563	9,793	2.4%
	Segment Income	4,486	4,899	9.2%
Sales of Goods	Net Sales	535	2,401	348.7%
	Segment Income	-36	454	-
Others	Net Sales	318	475	49.1%
	Segment Income	48	-21	-
Total	Net Sales	18,061	19,884	10.1%
	Operating Income	4,110	2,095	-49.0%

\*Figures for each segment include intra-company sales.

# FY2024.3 1Q Results Segment Analysis (1) Film

(Million Yen)		FY23/3. 1Q Results	FY24/03. 1Q Results
Net Sales		18,061	19,884
<b>Film</b>		<b>7,684</b>	<b>7,283</b>
	Movies	1,242	<b>978</b>
	TVs	876	<b>659</b>
	DVDs	98	<b>77</b>
	Overseas	4,110	<b>3,999</b>
	Others	1,356	<b>1,568</b>
Licensing		9,563	9,793
	Japan	3,791	4,122
	Overseas	5,771	5,670
Sales of Goods		535	2,401
Others		318	475

## Film ( ↓ 5.2% year on year)

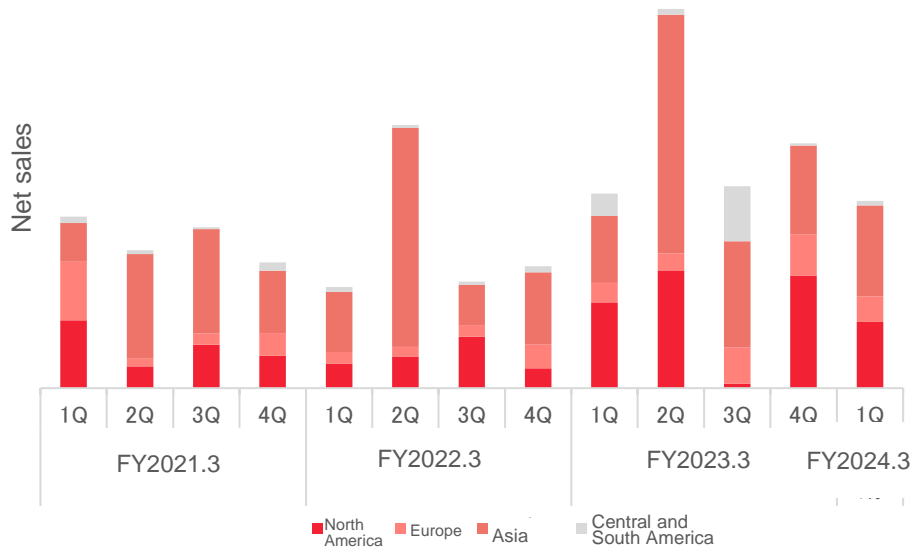
- In the Movies segment, revenues decreased significantly due to the reactionary decline following sales of the movie 「 Dragon Ball Super: SUPER HERO 」, which was released in the same period of the previous fiscal year.
- In the TVs segment, revenues declined significantly due to the decrease in the number of works being broadcast compared to the same period of the previous fiscal year.
- In the DVDs segment, revenues decreased significantly due to the reactionary decline following strong sales of Blu-ray/DVD versions of 「 Dragon Quest Adventure of Dai 」 and 「 SAILORMOON Eternal (Part 1 and 2) 」 in the same period of the previous year.
- The Overseas segment only saw a slight decline in revenues thanks to strong sales of overseas screening rights for the movie 「 THE FIRST SLAM DUNK 」 despite a reactionary decline from the strong sales of 「 Dragon Ball Super: SUPER HERO 」 in the same period of the previous year .
- In the Others segment, revenues increased greatly due to the strong sales of domestic online distribution rights for 「 ONE PIECE FILM RED 」 and others.

\*Figures for each segment include intra-company sales.

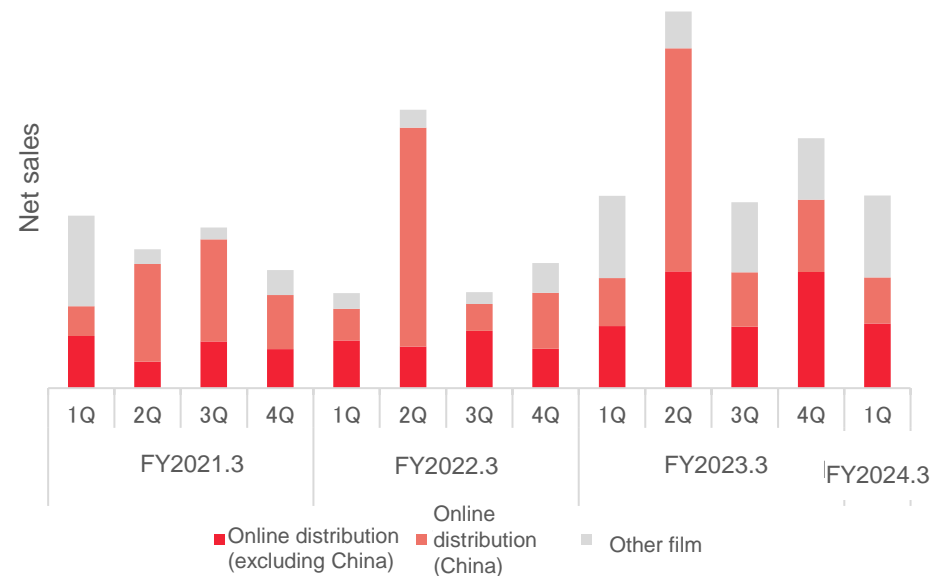
# Trends in Film Overseas

- Sales of theatrical screening rights of the movie 「 THE FIRST SLAM DUNK 」 for China were strong despite a reactionary decline in sales of theatrical screening rights of the movie 「 Dragon Ball Super: SUPER HERO 」 released in the same period of the previous year,
- Sales of online distribution rights 「 ONE PIECE 」 for North America and China continued to be strong.

## Trends in Net Sales of Film Overseas

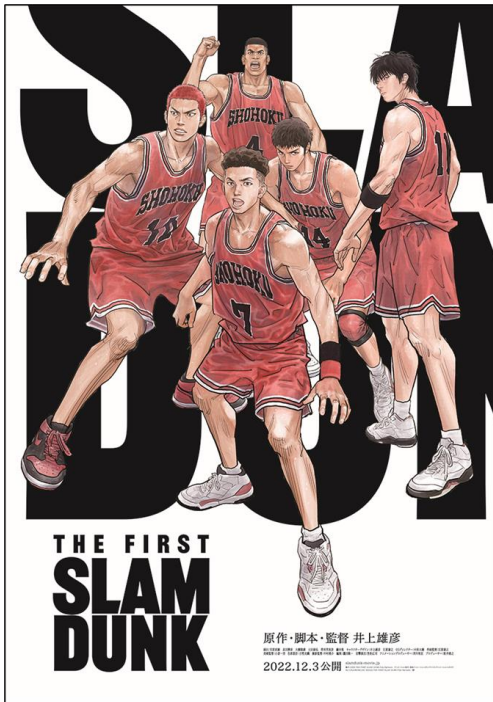


## Breakdown of Net Sales by Business





# Film Business: Topics



## 「THE FIRST SLAM DUNK」

- Long-run screening is currently in progress (will end on 8/31)
- Box-office revenue in Japan exceeded ¥14.9 billion
- Ranked all-time No. 14 by box-office revenue in Japan
- Box-office revenues in China exceeded 650 million yuan



## 「One Piece」

- Won the “Best Continuing Series Award” for the Crunchyroll Anime Award 2023
- 「ONE PIECE FILM RED」 released last year is being distributed on Amazon Prime Video from March 8.



## KNIGHTS OF THE ZODIAC

- Worldwide release started in conjunction with the release in Japan on April 28 .
- Released sequentially in Central and South America from April 28, in North America from May 12, and in Europe from May 24.
- Also scheduled to be released soon in China and other regions.



## The movie “SAILORMOON Cosmos <Part 1>” The movie “SAILORMOON Cosmos <Part 2>”

- <Part 1> Released on June 9
- <Part 2> Released on June 30

# FY2024.3 1Q Results Segment Analysis (2)

## Licensing, Sales of Goods, Others

(Million Yen)		FY23.3 1Q Results	FY24.3 1Q Results
Net Sales		18,061	19,884
Film		7,684	7,283
	Movies	1,242	978
	TVs	876	659
	DVDs	98	77
	Overseas	4,110	3,999
	Others	1,356	1,568
Licensing		9,563	<b>9,793</b>
	Japan	3,791	<b>4,122</b>
	Overseas	5,771	<b>5,670</b>
Sales of Goods		535	<b>2,401</b>
Others		318	<b>475</b>

### Licensing ( ↑ 2.4% year on year)

- In domestic licensing, revenues increased due to the strong sales of game development rights and merchandising rights of ONE PIECE.
- In overseas licensing, revenues remained almost flat reflecting strong sales of merchandising rights of “ONE PIECE” that offset a reactionary decline in sales of merchandising rights for the "DRAGON BALL" series, which performed strongly in the same period of the previous year.

### Sales of Goods ( ↑ 348.7% year on year)

- Revenues increased greatly due to the success of the shop business for “ONE PIECE” and strong sales of goods related to the movie “THE FIRST SLAM DUNK.”

### Others ( ↑ 49.1% year on year)

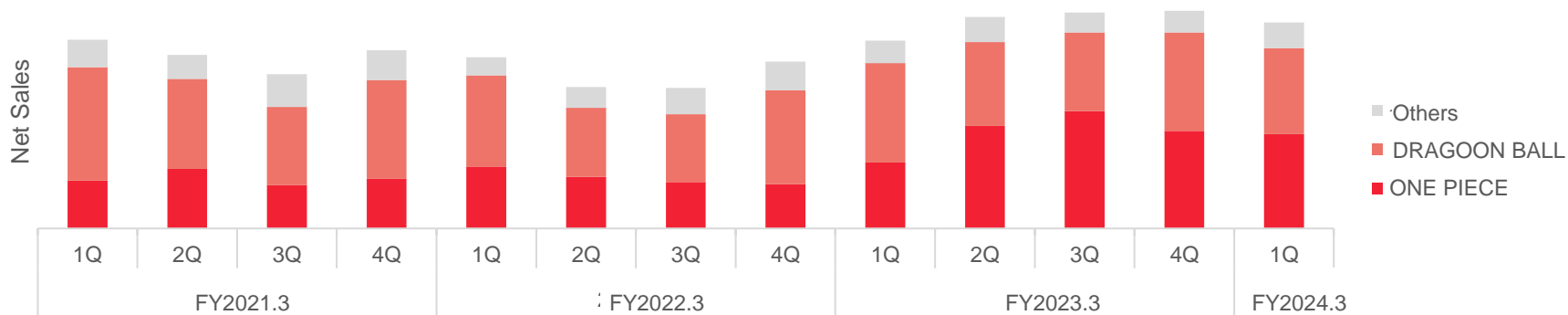
- Revenues increased significantly due to the favorable results of “PRETTY CURE” series events.

\*Figures for each segment include intra-company sales.

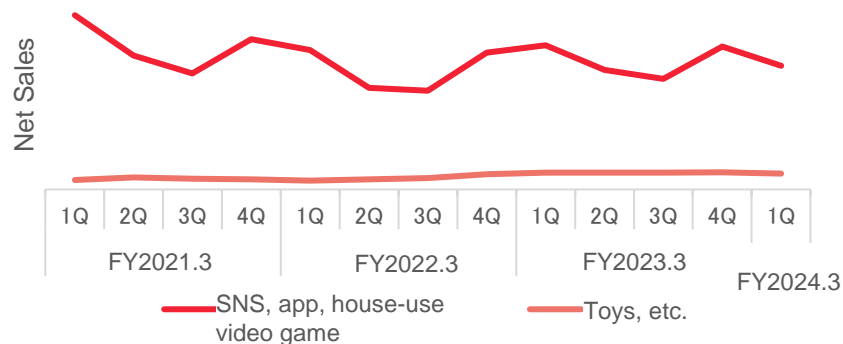
# Trends in Domestic Licensing

- As for “ONE PIECE,” sales of game development rights grew led by strong sales of the app game development rights of 「ONE PIECE BountyRush」, while sales of merchandizing rights also maintained strength especially for the card game.
- The “DRAGON BALL” series saw a decline in revenues from the same period of the previous fiscal year particularly in sales of game development rights.

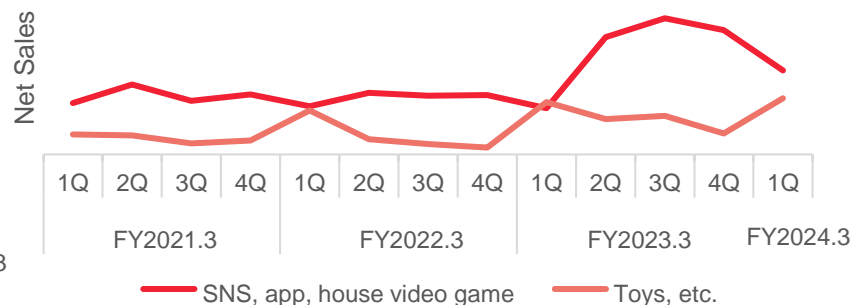
## Trends in Net Sales of Domestic Licensing



## Trends in Net Sales of Domestic Licensing for DRAGON BALL



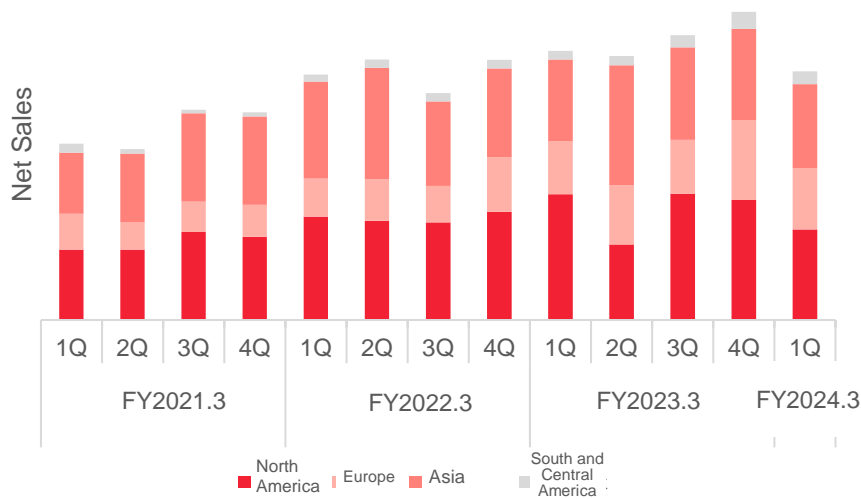
## Trends in Net Sales of Domestic Licensing for ONE PIECE



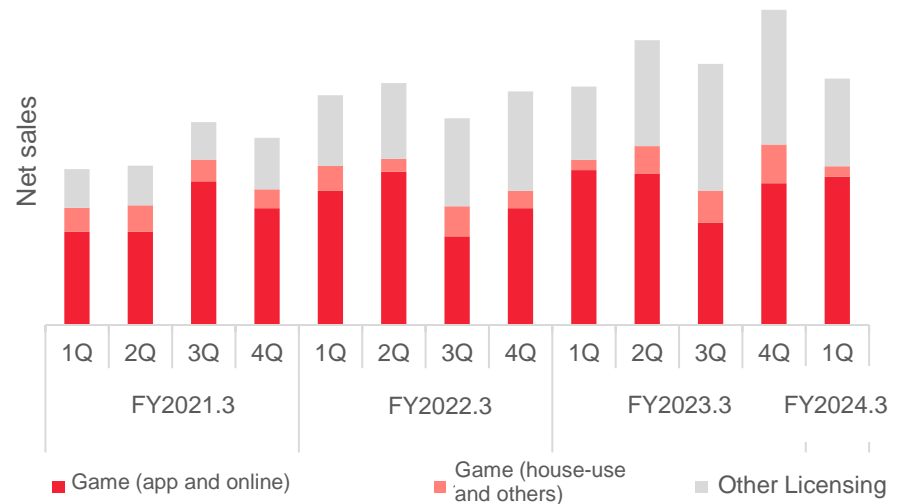
# Trends in Overseas Licensing

- Although "ONE PIECE" performed strong, sales of merchandizing rights for the "DRAGON BALL" series declined, resulting in a slight decrease in revenues.
- In terms of business breakdown, sales of merchandizing rights of "ONE PIECE" were strong thanks to the movie released in the previous fiscal year and increased recognition through expanded sales of distribution rights.

## Trends in Net Sales of Overseas Licensing



## Breakdown of Net Sales by Business





# Licensing, Sales of Goods, Others Businesses: Topics

## Domestic Licensing

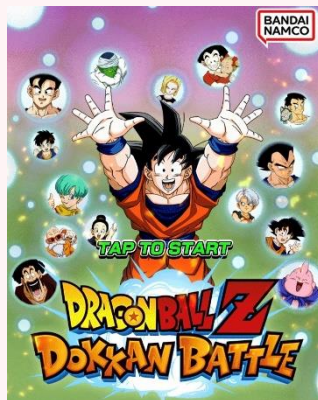


ONE PIECE Bounty Rush



ONE PIECE Card Game BOOSTER PACK  
-Kingdoms of Intrigue- [OP-04]

## Overseas Licensing



Dragon Ball Z DOKKAN BATTLE



ONE PIECE Figure

## Sales of Goods



THE FIRST SLAM DUNK official merchandise



Mugiware Store (Ikebukuro store)

## FY2024.3 1Q Results Review

- Strong performance was maintained in the Licensing and Sales of Goods Businesses led by the three movie titles that became big hits in the previous fiscal year, and sales recorded an all-time high for the first quarter.
- Decline in income due to losses on evaluation of inventories related to 「KNIGHTS OF THE ZODIAC」 and increased advertising expenses.
- Posted foreign exchange gains exceeding those of the same period of the previous year as non-operating income due to the yen's depreciation.

(Million Yen)

	FY23.3 1Q Results	FY24.3 1Q Results	Change	% Change
Net Sales	18,061	19,884	1,822	10.1%
Cost of Sales	11,519	14,355	2,836	24.6%
Gross Profit	6,542	5,528	-1,013	-15.5%
SG&A	2,432	3,432	1,000	41.1%
Operating Income	4,110	2,095	-2,014	-49.0%
Non-Operating Income	1,203	1,855	651	54.2%
Non-Operating Expenses	5	12	6	112.7%
Ordinary Income	5,307	3,938	-1,369	-25.8%
Extraordinary Gain and Loss	-	-	-	-
Net Income Before Tax	5,307	3,938	-1,369	-25.8%
Income Taxes	1,200	1,348	148	12.3%
Income Taxes Adjustment	84	-531	-615	-
Minority Interest	-	-	-	-
Net Income	4,023	3,120	-902	-22.4%

## Balance Sheet Digest

- The decrease in finished works is mainly due to the recording of losses on evaluation of a large portion of inventories of “Knights of the Zodiac The Beginning,” which resulted in a small balance.
- Cash and deposits and shareholders' equity decreased due to payment of year-end dividends.
- Investments and other assets increased significantly due to an increase in fair value of securities.

(Million Yen)

Account title	2023.3	2023.6	Change	Account title	2023.3	2023.6	Change
Cash and deposits	66,909	63,520	-3,388	Notes and accounts payable - trade	22,763	19,807	-2,956
Notes and accounts receivable – trade	24,975	21,832	-3,142	Other	12,386	10,842	-1,544
Work in process	8,417	8,440	23	Current liabilities	35,150	30,649	-4,500
Finished works	3,716	397	-3,318	Non-current liabilities	855	888	32
Other	6,683	9,443	2,756	Total liabilities	36,006	31,538	-4,467
Current assets	110,702	103,632	-7,069	Shareholders' equity	108,768	105,560	-3,208
Property, plant and equipment	8,392	8,290	-102	Total accumulated other comprehensive income	5,734	8,162	2,428
Intangible assets	1,184	1,183	-1	Total net assets	114,502	113,723	-779
Investments and other assets	30,229	32,155	1,925				
Non-current assets	39,806	41,628	1,822				
<b>Total assets</b>	<b>150,508</b>	<b>145,261</b>	<b>-5,247</b>	<b>Total liabilities and net assets</b>	<b>150,508</b>	<b>145,261</b>	<b>-5,247</b>

## 02. Outlook for FY2024.3

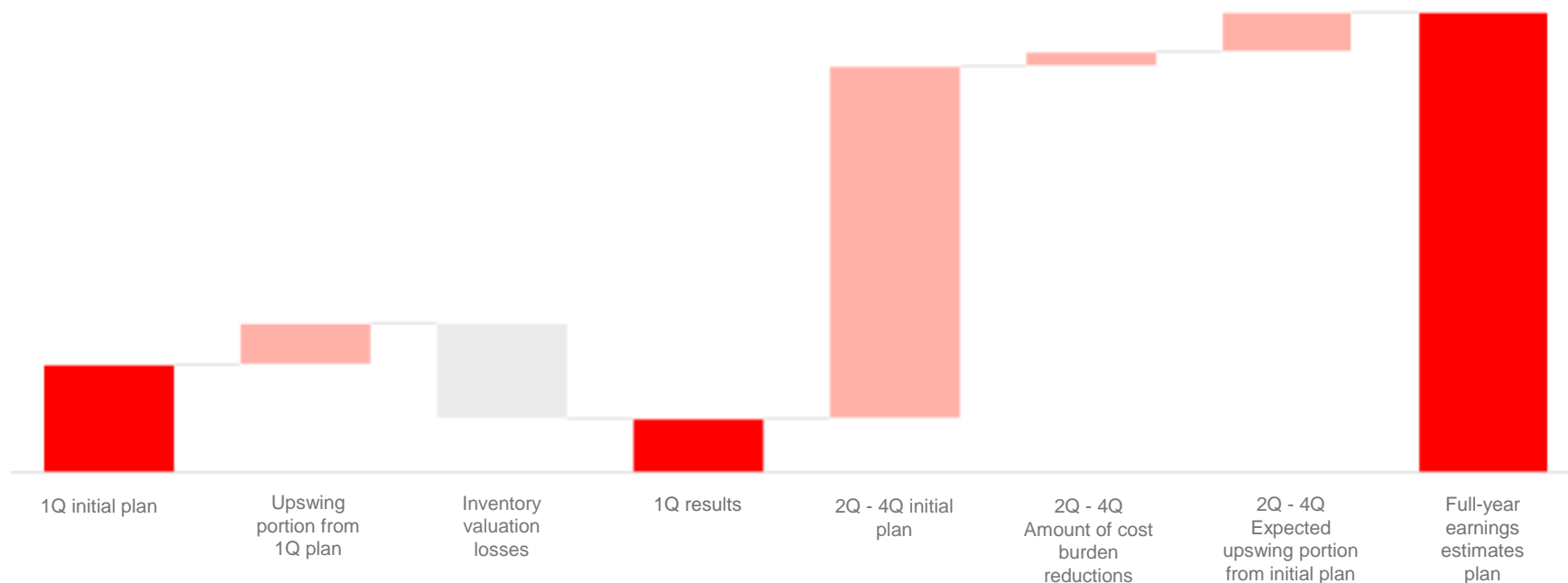




## Full-Year Earnings Estimates

- In the first quarter, the Licensing Business and Sales of Goods Business performed strongly, exceeding the initial plan, while income declined due to the recognition of losses on valuation of a large portion of inventories of “Knights of the Zodiac The Beginning.”
- Excluding the above expenses already recorded in the first quarter, which were expected to be incurred from the second quarter onward, the burden of expense in subsequent quarters will be negligible.
- The full-year earnings estimate set at the beginning of the fiscal year remains unchanged given the continued strong performance expected in the Overseas Film Business and Licensing Business from the second quarter onward, as well as the favorable external business environment, including the continuing depreciation of the yen.

Image of achieving full-year earnings estimates (operating income)



# Progress against Earnings Estimates

(Million Yen)	24.3 1Q	24.3 Full-year estimates	24.3 Progress
<b>Net Sales</b>	19,884	72,000	27.6%
<b>Film</b>	7,283	31,300	23.3%
Movies	978	1,900	51.5%
TVs	659	2,600	25.4%
DVDs	77	700	11.1%
Overseas	3,999	20,900	19.1%
Other	1,568	5,200	30.2%
<b>Licensing</b>	9,793	33,600	29.1%
Japan	4,122	13,200	31.2%
Overseas	5,670	20,400	27.8%
<b>Sales of Goods</b>	2,401	5,100	47.1%
Others	475	2,000	23.8%
<b>Operating income</b>	2,095	17,500	12.0%
<b>Ordinary income</b>	3,938	17,800	22.1%
<b>Net income</b>	3,120	12,000	26.0%

## Film

- In Overseas films, the movie "Knights of the Zodiac The Beginning" has failed to perform as planned, and the progress rate is low.
- As in the previous fiscal year, large distribution rights sales to China will be recorded from the second quarter onward.

## Licensing

- Both Japan and overseas performed strongly, reflecting the continuing ripple effect of "ONE PIECE FILM RED" released in the previous fiscal year.

## Sales of Goods

- Mugiwara Store performed well.
- Theatrical sales for the movie 「THE FIRST SLAM DUNK」 also remained strong.

## Operating income

- Progress rate is low due to the recognition of valuation losses of "Knights of the Zodiac The Beginning."
- On the other hand, related businesses, led by flagship IPs released theatrically in the previous fiscal year, have been performing well and are expected to continue to perform strongly in the second quarter and beyond.
- "Full-year consolidated earnings estimates" are maintained at this time.

## 03. Future Business Prospects

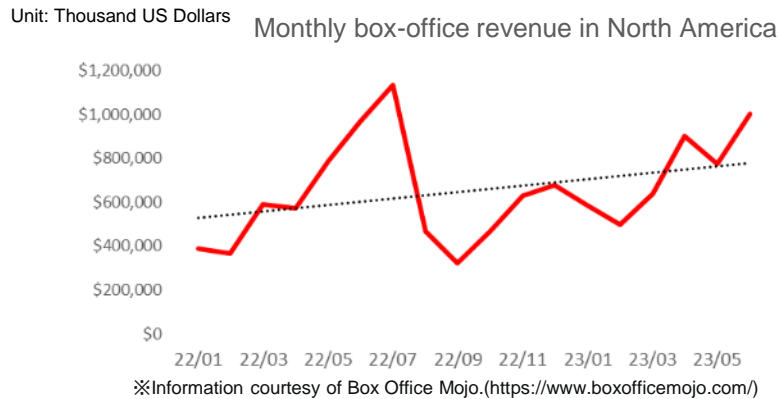


# A look back at “KNIGHTS OF THE ZODIAC ”

- Box-office revenues were not strong due to the timing of releases coinciding with other major titles of other companies.
- Inventory valuation losses were recorded as box-office performance fell short of initial expectations.
- The Company's producer acquired accreditation from the Producers Guild of America\* 1.

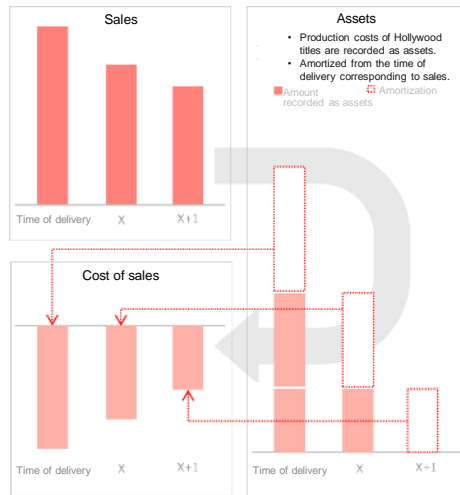
## • Release of “KNIGHTS OF THE ZODIAC ”

Struggled against large-scale titles of other companies

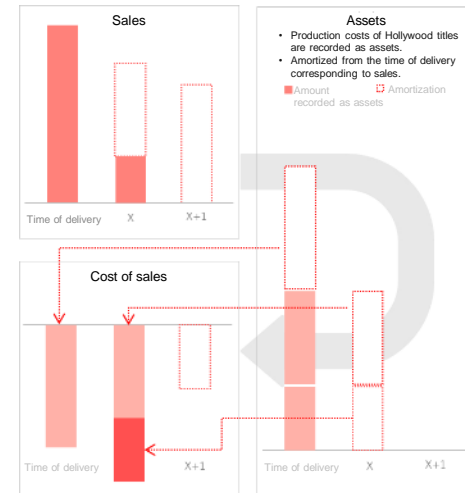


- Released/Scheduled to be released
  - Japan : 120 million yen
  - North America : 1.10 million USD
  - Central and South America : 4.36 million USD
  - Europe : 1.14 million USD
  - China : Scheduled to be released soon

## • Impact of “Knights of the Zodiac The Beginning” on earnings



Recorded valuation losses



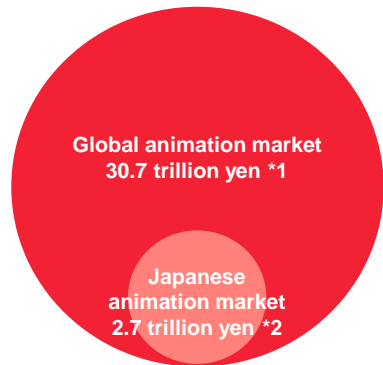
\*1 The Producer Guild of America (P.G.A.), a sign that a film has met the standards of a producer in Hollywood, is added during credits.

# Overseas Strategies

- Promote three pillars of Hollywood, local production for local consumption, and export models to capture a share of the global animation market
- Ensure thorough portfolio/risk management in line with larger scale budgets

## Image of global strategies

## Aims



Local production for  
local consumption model

Export model

Hollywood model

Three pillars to expand  
global market share

### (1) Export model

- Creation, development and sales of new Japanese IPs
- Overseas sales of leading library titles

### (2) Hollywood model

- Film development with North America as the most upstream region
- Acquisition of global distribution network
- Evolution into a global film production company

### (3) Local production for local consumption model

- New IP creation, development, and sales with overseas local companies
- Business development rooted in each region
- Continue to expand partnerships in the Middle East, Asia, Europe and other regions

\*1 Animation market size worldwide FY2020 forecast is \$27bn Exchange rate used is US\$1 = ¥113.71

\*2 Anime Industry Report 2022 Anime Industry (animation market in the broad sense)

# Initiatives for medium- to long-term growth (work development)

## Creating new IPs



「 KAIJU DECODE 」

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



「 IKIMONO-SAN 」

Short film category at the World Festival of Animated Film – Animafest Zagreb  
Started broadcasting on Friday, July 7



「 Spicy Candy 」

First project by Toei Animation (Shanghai)  
Original musical animation



「 GIRLS BAND CRY 」

Completely new original animation  
Project launch on May 29, 2023



「 Future's Folktales Season2 」

Season 2 goes into production in a collaboration with Saudi Arabia



「 The Monkey Prince (tentative name) 」

Collaborative work involving Japan, China and the U.S.  
Animation for families created with an eye to the global market

## Activation of existing IPs



「 Pretty Guardian Sailor Moon Cosmos: The Movie Part 1 and Part 2 」

Part 1 Released on Friday, June 9, 2023  
Part 2 Released on Friday, June 30, 2023



「 Precure All Stars F the Movie 」

Scheduled to be released on Friday, September 15



「 Power of Hope Otona-Precure 23 」

To start broadcasting on NHK Educational TV from October 2023



「 DIGIMON ADVENTURE 02 THE BEGINNING 」

Scheduled to be released on Friday, October 27, 2023



「 New Movie From Ge-Ge-Ge no Kitaro Series 」

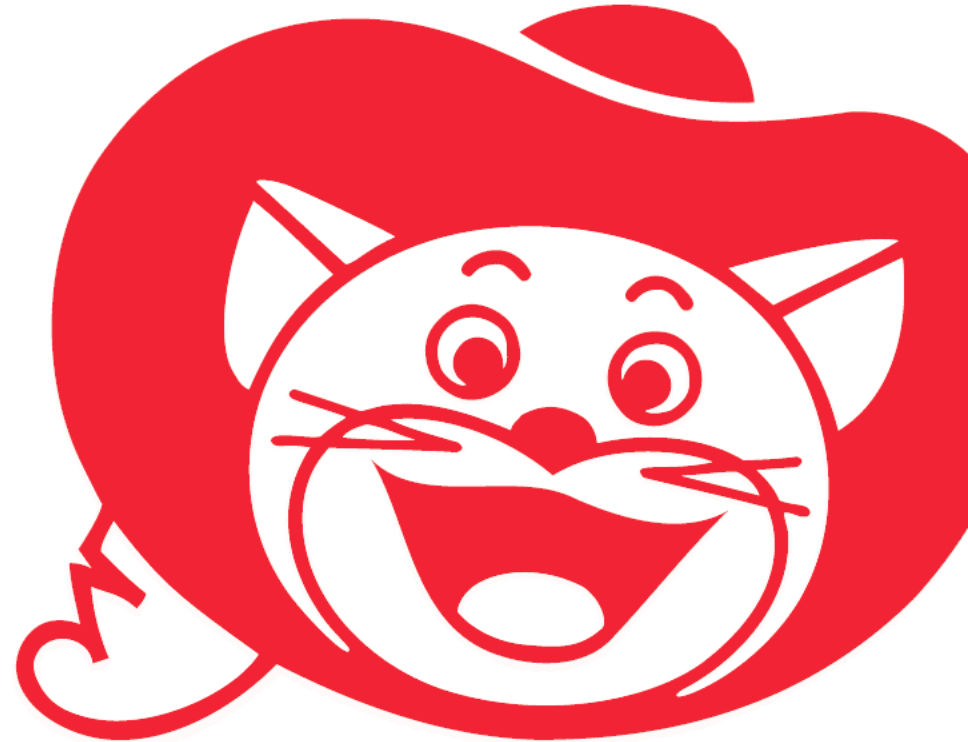
Scheduled to be released on Friday, November 17, 2023



「 AKUMA KUN (TBD) 」

Scheduled worldwide exclusive streaming as a series for Netflix in 2023

**TOEI ANIMATION CO.,LTD.**



[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.

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