

October 27, 2022

TOEI ANIMATION CO., LTD.

For Second Quarter Ended September 30, 2022
(April 1, 2022 to September 30, 2022)

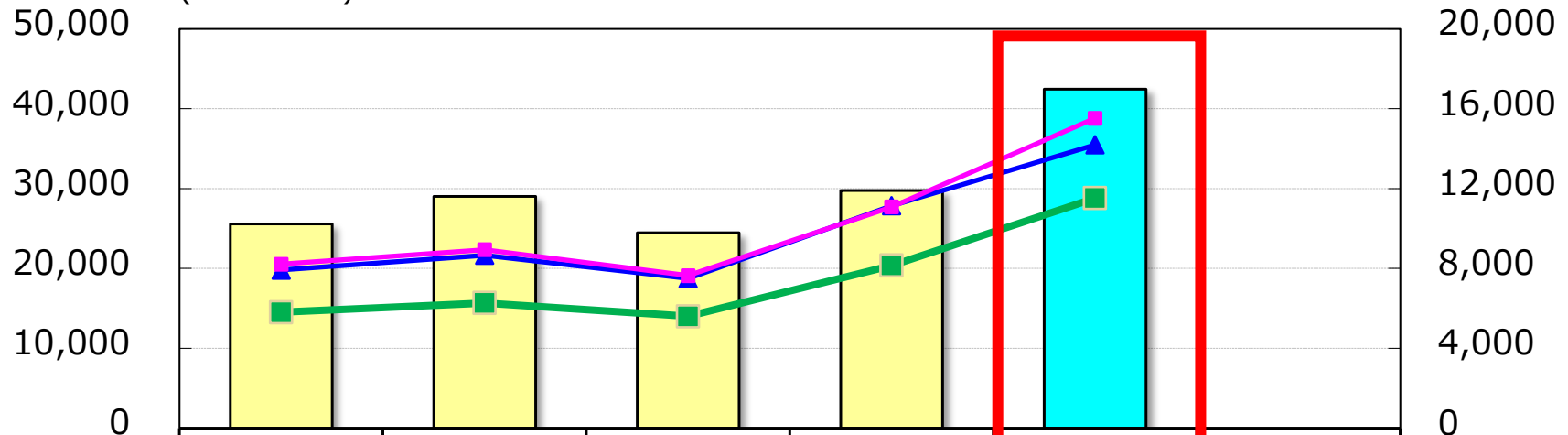


Movie *THE FIRST SLAM DUNK*
Scheduled to be released on Saturday,
December 3, 2022 (Japan)

FY2023.3 Second Quarter Results – Consolidated

- Net sales and profits posted record highs for the first half, growing by large margins.
- The huge success of *ONE PIECE FILM RED* and other movies and their synergy effects on related businesses helped in absorbing the increases in production costs and advertising expenses.
- Economic environment including the weakening yen also boosted the earnings of the company, which has high overseas net sales ratio.

(Million Yen)



Net Sales

Income

	FY2019.3 2Q	FY2020.3 2Q	FY2021.3 2Q	FY2022.3 2Q	FY2023.3 2Q (current FY)	% v.s. prior year
Net Sales	25,579	29,010	24,455	29,740	42,450	42.7%
Costs of Sales	14,222	16,825	13,369	14,430	23,142	60.4%
SG&A	3,437	3,522	3,589	4,171	5,113	22.6%
Operating Income	7,918	8,662	7,496	11,138	14,194	27.4%
Ordinary Income	8,215	8,937	7,640	11,082	15,524	40.1%
Net Income	5,809	6,271	5,601	8,144	11,521	41.5%

FY2023.3 2Q Results Segment Breakdown – Consolidated

(Million Yen)		FY2022.3 2Q	FY2023.3 2Q	% change
Film	Net Sales	11,783	19,847	68.4%
	Segment Income	4,613	6,353	37.7%
Licensing	Net Sales	16,733	20,432	22.1%
	Segment Income	8,377	9,654	15.2%
Sales of Goods	Net Sales	978	1,516	55.0%
	Segment Income	-108	-45	-
Others	Net Sales	279	774	177.5%
	Segment Income	-157	76	-
TOTAL	Net Sales	29,740	42,450	42.7%
	Operating Income	11,138	14,194	27.4%

*Numbers for each segment include intra-company sales.

FY2023.3 2Q Results Segment Analysis (1) (Film)

(Million Yen)		FY22.3 2Q	FY23.3 2Q
Net Sales		29,740	42,450
Film		11,783	19,847
	Movies	117	3,164
	TVs	1,748	1,701
	DVDs	214	180
	Overseas	7,771	12,678
	Others	1,932	2,124
Licensing		16,733	20,432
	Japan	5,994	7,770
	Overseas	10,739	12,662
Sales of Goods		978	1,516
Others		279	774

*Numbers for each segment include intra-company sales.

Film (↑ 68.4% year on year)

- In the Movies, revenues increased significantly on the back of production revenue from the record-breaking hit movie *ONE PIECE FILM RED*.
- In the TVs, revenues declined slightly partially because of the decrease in the number of works being broadcast, despite the strong performance of sound production for games.
- In the DVDs, revenues decreased partially due to the reactionary decline following strong sales of Blu-ray/DVD versions of *Looking for Magical Doremi* and *DIGIMON ADVENTURE* in the previous year.
- In the Overseas, revenues increased significantly due to strong sales of overseas online distribution rights in addition to sale of overseas theatrical screening rights of the movies *Dragon Ball Super: SUPER HERO* and *ONE PIECE FILM RED*.
- In the Others, revenues increased due to the strong sales of domestic online distribution rights.

FY2023.3 2Q Results Segment Analysis (2)

(Licensing/Sales of Goods/Others)

(Million Yen)		FY22.3 2Q	FY23.3 2Q
Net Sales		29,740	42,450
Film		11,783	19,847
	Movies	117	3,164
	TVs	1,748	1,701
	DVDs	214	180
	Overseas	7,771	12,678
	Others	1,932	2,124
Licensing		16,733	20,432
	Japan	5,994	7,770
	Overseas	10,739	12,662
Sales of Goods		978	1,516
Others		279	774

*Numbers for each segment include intra-company sales.

Licensing (↑ 22.1% year on year)

- In domestic licensing, revenues increased significantly due to the strong sales of the merchandising rights of *ONE PIECE* and *DRAGON BALL* series, etc., especially the success in sales promotion for theatrical release of both the movies.
- In overseas licensing, revenues increased significantly due to the strong sales of the merchandising rights of the *DRAGON BALL* series, *ONE PIECE*, and *DIGIMON ADVENTURE* series, in addition to sales of game development rights of *ONE PIECE*.

Sales of Goods (↑ 55.0% year on year)

- Though revenues increased due to the success of the shop business for *ONE PIECE* and strong sales of goods related to *SAILORMOON* series, they did not return to the level before the COVID-19 pandemic.

Others (↑ 177.5% year on year)

- Revenues increased on the goods results of *WORLD TRIGGER* and *ONE PIECE* events.

FY2023.3 Second Quarter Results Review

(Million Yen)	FY22.3 2Q	FY23.3 2Q	Change	% change
Net Sales	29,740	42,450	12,710	42.7%
Costs of Sales	14,430	23,142	8,711	60.4%
Gross Profit	15,309	19,308	3,998	26.1%
SG&A	4,171	5,113	942	22.6%
Operating Income	11,138	14,194	3,055	27.4%
Non-Operating Income	269	1,341	1,072	397.7%
Non-Operating Expense	325	12	-313	-96.2%
Ordinary Income	11,082	15,524	4,441	40.1%
Extraordinary Gain and Loss	-17	-	-17	-
Net Income Before Tax	11,064	15,524	4,459	40.3%
Income Taxes	2,784	4,191	1,407	50.6%
Income Taxes Adjustment	135	-189	-325	-
Minority Interest	-	-	-	-
Net Income	8,144	11,521	3,376	41.5%

Net Sales

- Businesses with sharp increases in revenues
 - 1) Film Overseas [4,906] =>
 - 2) Movies [3,047] =>
 - 3) Licensing Overseas [1,922]
- Businesses with significant declines in revenues
 - 1) TVs [-47] =>
 - 2) DVDs [-33]

Cost of Sales / Gross Profit

- Gross profit to net sales: 45.5% (previous term: 48.2%)
It declined from the previous term due to posting of production costs of multiple large-scale theatrical movies.

SG&A

- SG&A [+942]
 - 1) Advertising expenses [+247] (from 381 in the previous FY to 628 in the current FY)
 - 2) Outsourcing expenses [+169] (from 229 in the previous FY to 399 in the current FY)

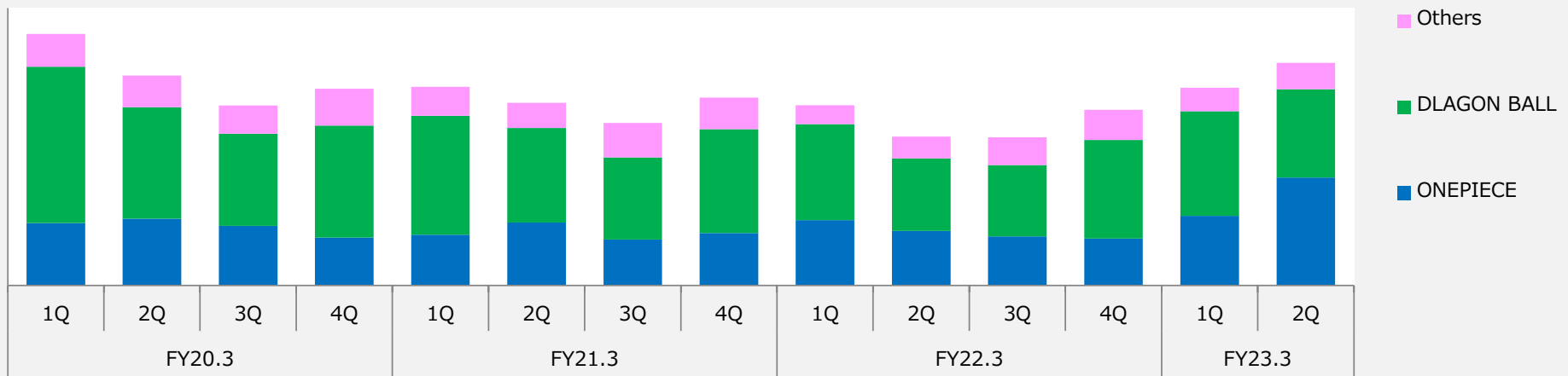
Non-operating Income and Expense

- Non-operating income and expense [+1,072]
 - 1) Miscellaneous revenue (including foreign exchange gain) [+496]
 - 2) Dividends earned [+459]
- Non-operating expense [-313]
 - 1) Foreign exchange loss [-248]
 - 2) Equity loss of affiliates [-65]

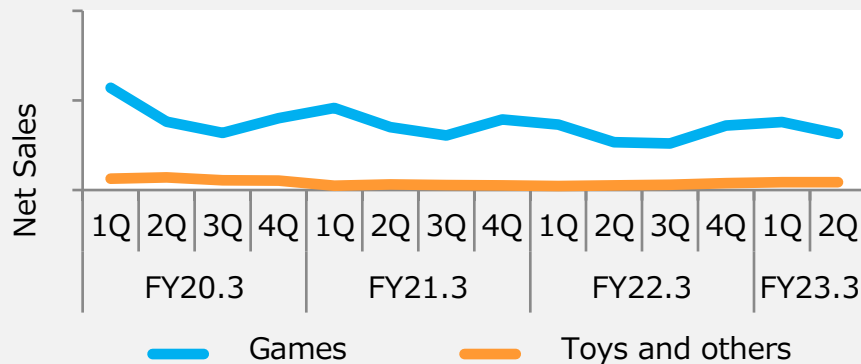
Trends in Domestic Licensing for Major Titles

- Revenues increased significantly because of the record-breaking hit movie *ONE PIECE FILM RED*.
- Sales of game development rights of *ONE PIECE* grew significantly with both existing apps and collaborations performing well.
- Sales of merchandising rights, including sales promotion of theatrical movies, were also strong.

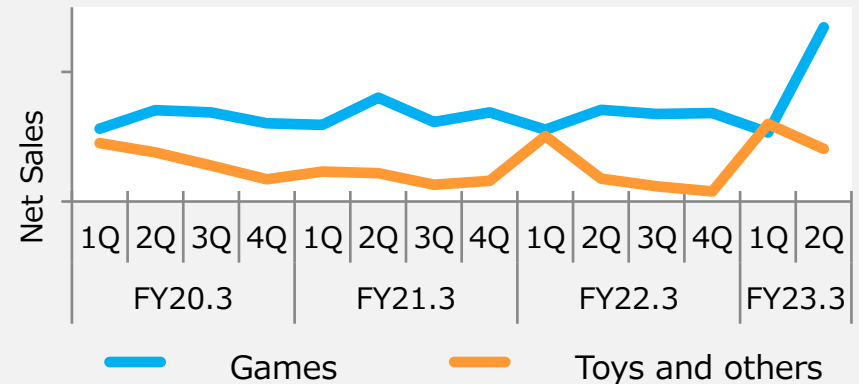
Trends in Domestic Licensing Revenues



Trends in Domestic Licensing Revenues for *DRAGON BALL*



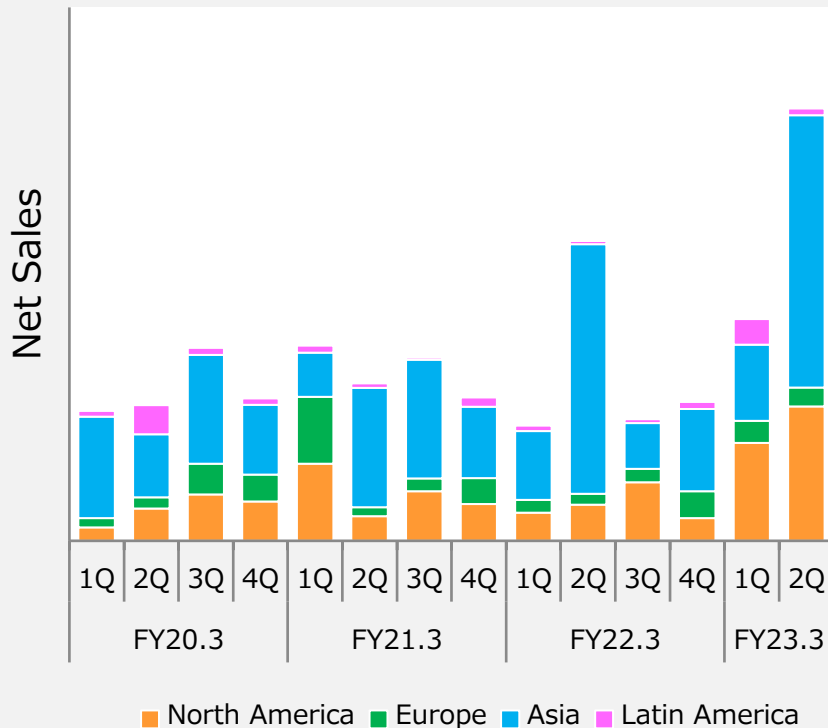
Trends in Domestic Licensing Revenues for *ONE PIECE*



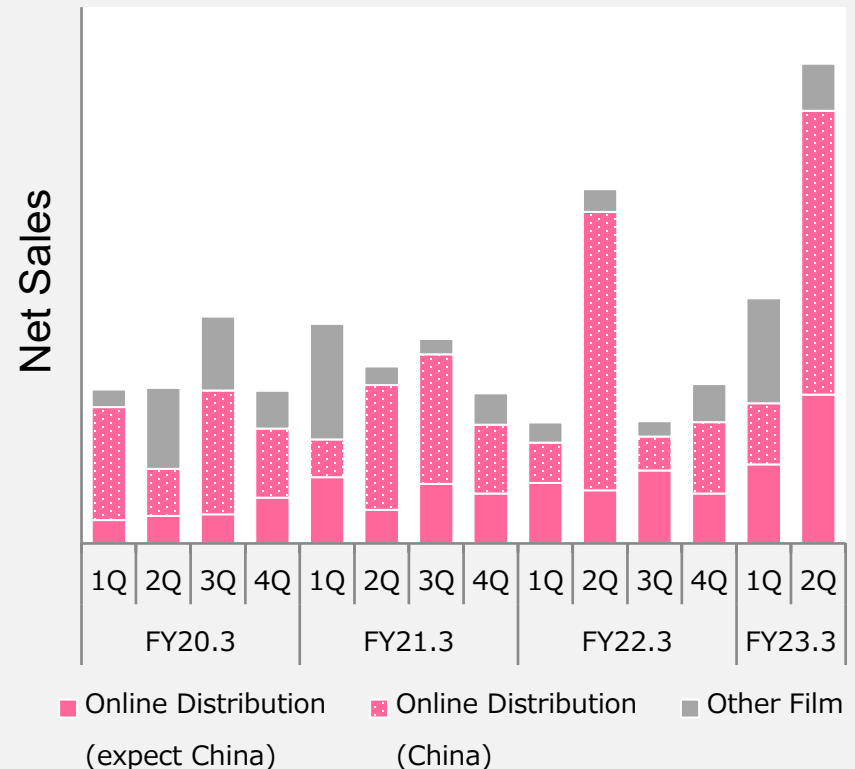
Trends in Film Overseas

- Sales of distribution rights in North America and China were strong, posting record sales for both first quarter and first half, which were partly boosted by the weaker yen.
- Sales of theatrical screening rights for *DRAGON BALL* were strong in the first quarter and those of *ONE PIECE* were strong in the second quarter.
- Sales of theatrical screening rights of the movie *ONE PIECE FILM RED* will continue to be posted in the second half and beyond.

Trends in Net Sales of Film Overseas



Breakdown of Net Sales by Business

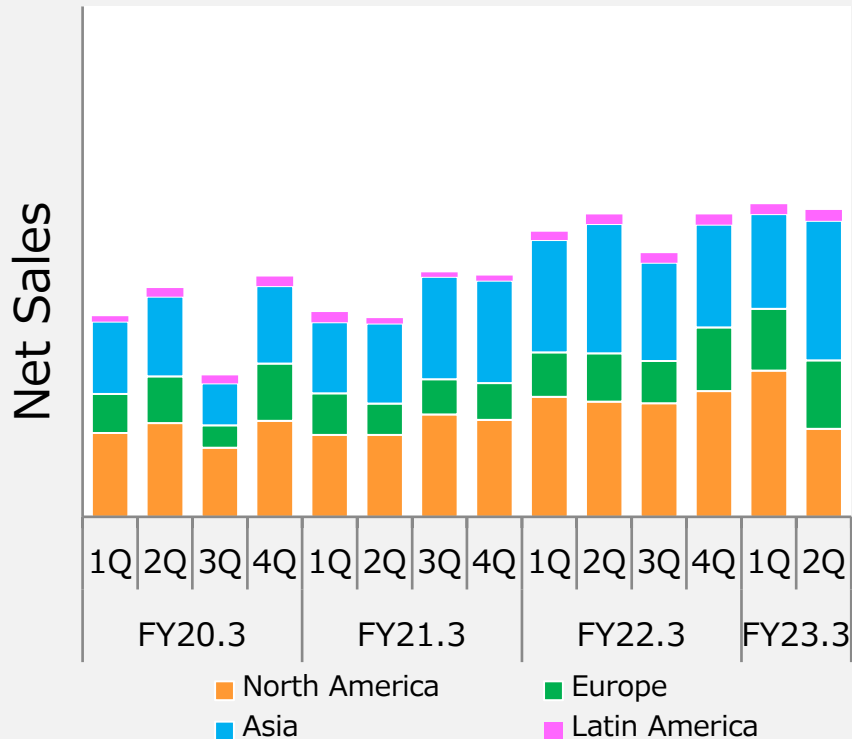


* Due to consolidated accounting for subsidiaries, the left graph shows consolidated figures while the right graph shows our non-consolidated figures.

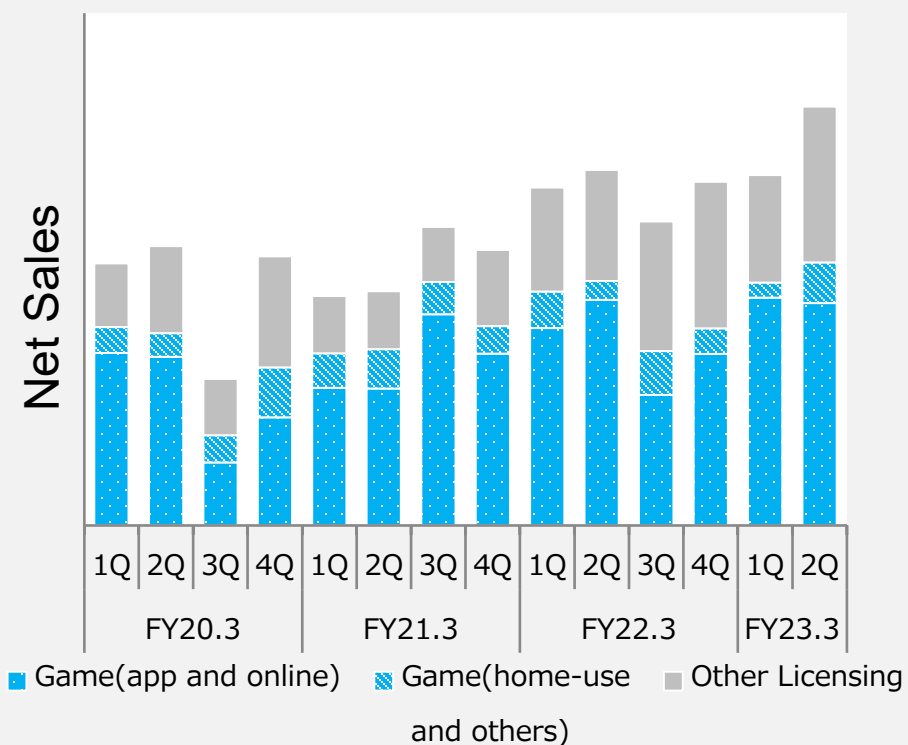
Trends in Licensing Overseas

- Revenues increased significantly due to the strong sales of merchandising rights of the *DRAGON BALL* series in Europe and North America, and sales of merchandising rights of *ONE PIECE* in China.
- Sales of app game development rights of the *ONE PIECE* and *DIGIMON* for China were good.
- Sales of trading card games mainly in North America continued to remain strong.

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.

FY2023.3 Revision of Earnings Estimates – Consolidated

(Million Yen)	Full year				
	Previous estimates (May 12)	Revised estimates (Oct. 21)	Change	Results for the previous term (FY22.3)	Change
Net Sales	70,000	76,000	6,000	57,020	18,979
Operating Income	18,300	23,500	5,200	18,107	5,392
Ordinary Income	18,900	25,000	6,100	18,822	6,177
Net Income	13,500	18,000	4,500	12,820	5,179

[FY2023.3 Grounds for full-year earnings estimates]

- In the first half, the movies *Dragon Ball Super: SUPER HERO* and *ONE PIECE FILM RED* became big hits and sales of merchandising rights, game development rights, and online distribution rights exceeded initial estimates following the release of the two titles.
- In the second half, the movie *THE FIRST SLAM DUNK* will be released in December. While there are uncertainties including the trends in foreign exchange, the above estimates were formulated based on the expectation that licensing and film businesses in Japan and overseas will remain strong.

Initiatives Aimed for Medium and Long-Term Growth (Review of First Half)

■ Dragon Ball Super: SUPER HERO



▼ **Release in Japan**
June 11, 2022

▼ **Box office performance**

- Box office revenue in Japan: 2.5 billion yen
- Box office revenue overseas: 11.3 billion yen (and increasing)

- Screened in more than 100 countries around the world.
- Achieved No. 1 weekly box office revenue in the first week of global release.
- Full-scale 3D CG animation
-> Though the production costs are high, it contributes to strengthening of CG library.

■ ONE PIECE FILM RED



▼ **Release in Japan**
August 6, 2022

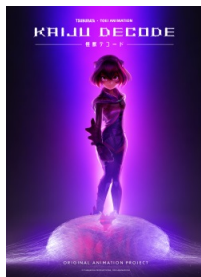
▼ **Box office performance**

- Box office revenue in Japan: 17.3 billion yen (and increasing)

- It is continuing to renew the box office revenue record for a series and in Toei's history in Japan.
- Large impact of synergies on tie-up campaigns and existing app games.
- Innovative initiatives such as app game collaborations with 6 major titles will also increase.

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

Creating New Titles



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



Saint Seiya: Knights of the Zodiac - Battle for Sanctuary -
Started broadcasting of a new season of the full 3D CG animation overseas on Sunday, July 31, 2022



MIRACULOUS LADYBUG & CAT NOIR
Broadcasting Season 2 from Saturday, September 24, 2022



Hollywood live-action movie Knights of the Zodiac (SAINT SEIYA)
Scheduled to be released globally in 2023



Future's Folktales Season 2
goes into production in a collaboration with Saudi Arabia



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

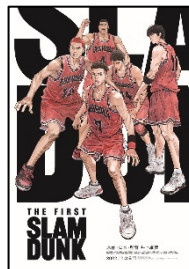
Activation of existing content



ONE PIECE FILM RED
Released on Saturday, August 6, 2022 and now playing



Delicious Party Pretty Cure the Movie - Precious Lunch Dreams
Released on Friday, September 23, 2022 and now playing



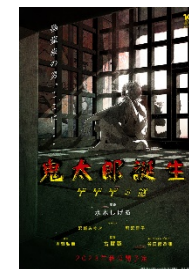
THE FIRST SLAM DUNK
Scheduled to be released on Saturday, December 3, 2022



Pretty Guardian Sailor Moon Cosmos: The Movie Part 1 and Part 2
Scheduled successive release of Part 1 and Part 2 in the early summer of 2023



AKUMA KUN (TBD)
Scheduled worldwide exclusive streaming as a series for Netflix in 2023



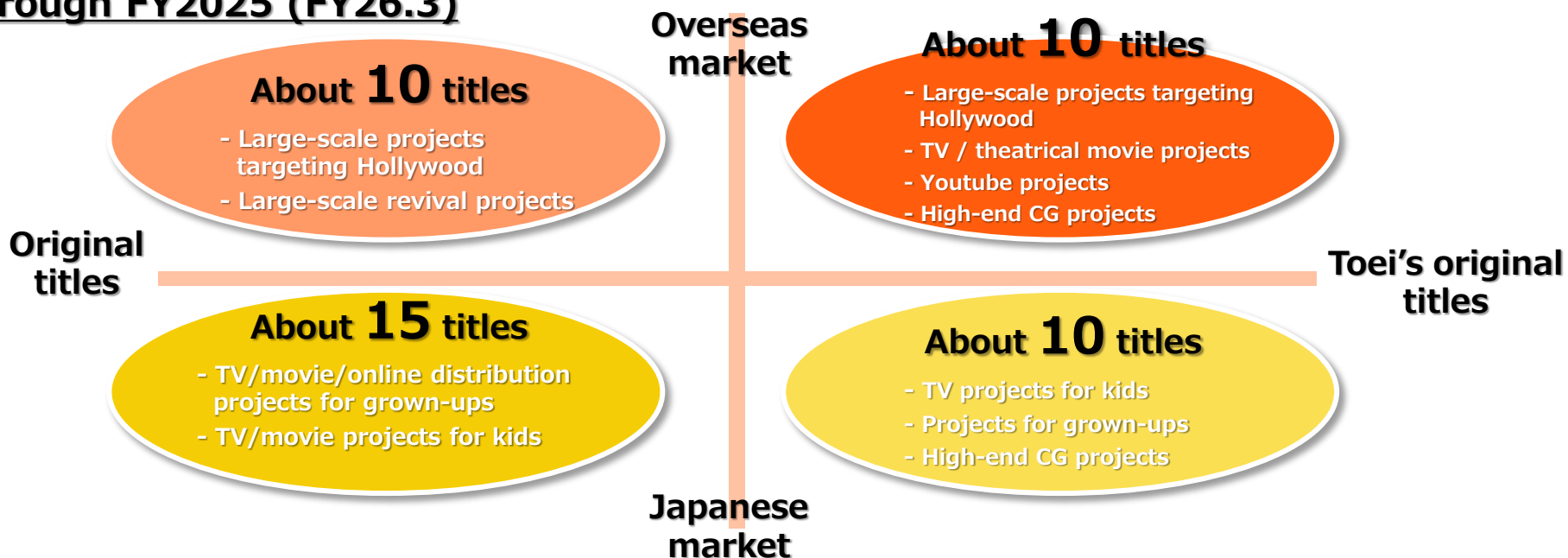
New Movie From Ge-Ge-Ge no Kitaro Series
Animation movie scheduled to be released in fall 2023

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 and Long-Term Portfolio)

Through FY2025 (FY26.3)



Estimates

	2023	2024	2025
Toei's original titles for the world	3 titles	2 titles	2 titles
Original titles for the world	7 titles	3 titles	3 titles
Original titles for Japan and Toei's original titles for Japan	14 titles	10 titles	2 titles

*The number of titles is as of October 27, 2022, and is subject to change in the future.

Dividends

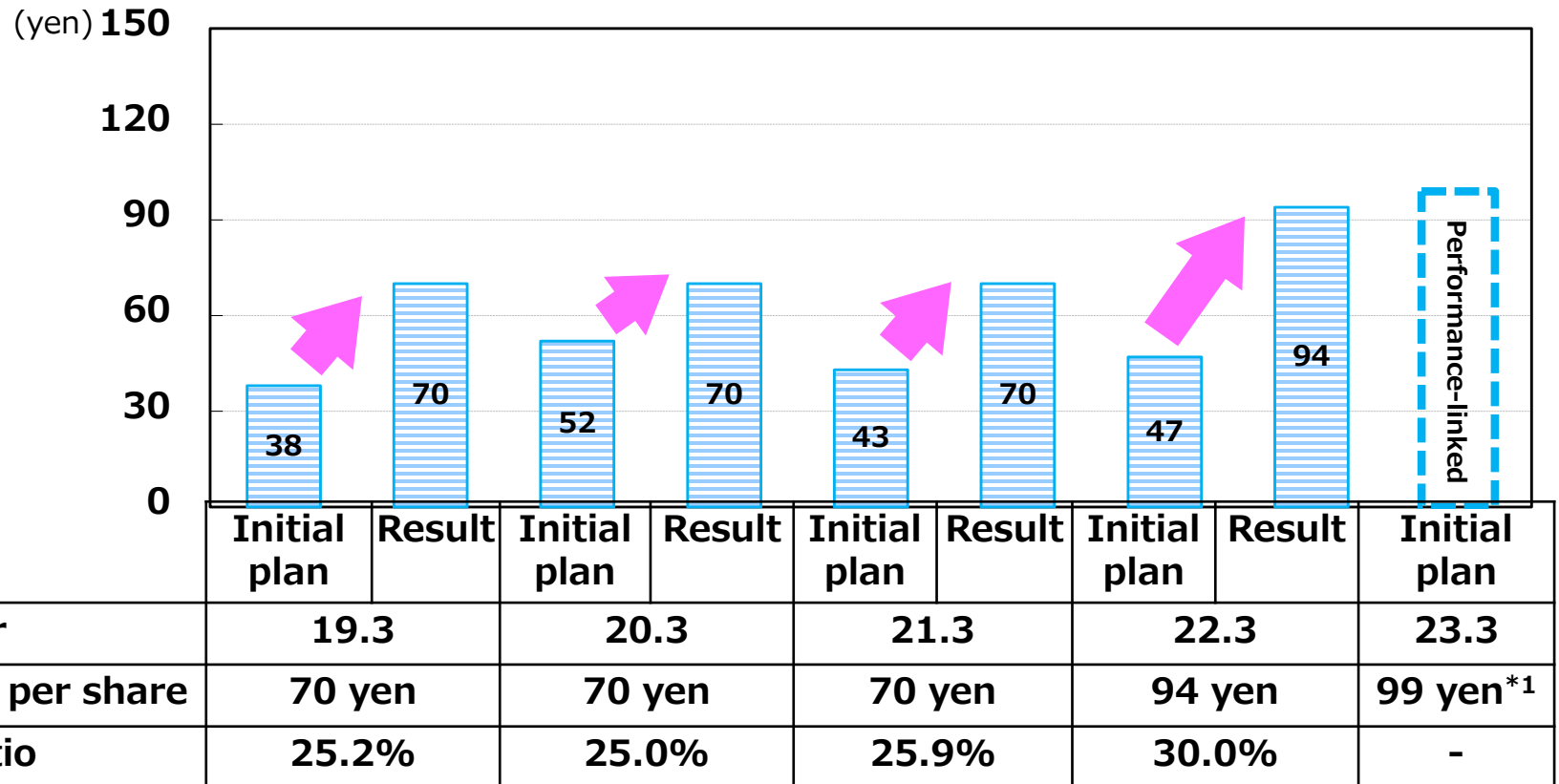
Year-end dividend

FY2022.3

94.00 yen per share

FY2023.3

To be decided after comprehensive consideration reflecting consolidated earnings



*1 In cases where payout ratio is at a level similar to the current fiscal year based on initial earnings forecast.

Reference (1) (Works being broadcasted)



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



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



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



FRI at 6:40pm on
NHK Educational TV



SAT at 9:00am on
NHK Educational TV

Reference (2) (Lineup of New Titles from FY2023.3)



THE FIRST SLAM DUNK
scheduled to be released on Saturday, December 3, 2022

Reference (3) (Lineup of New Titles from FY2024.3)



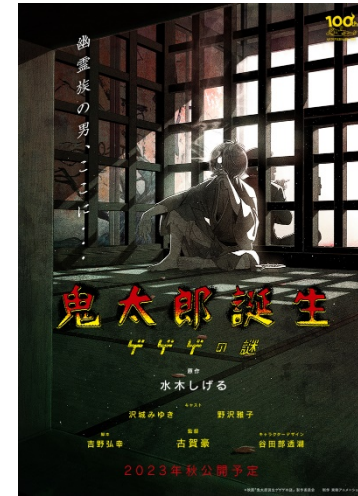
Pretty Guardian Sailor Moon Cosmos: The Movie Part 1 and Part 2

Scheduled successive release of Part 1 and Part 2 in the early summer of 2023



AKUMA KUN (TBD)

Scheduled to be exclusively streamed on Netflix in 2023



New Movie From Ge-Ge-Ge no Kitaro Series

Scheduled to be released in theaters in the autumn of 2023



Scheduled release of the Hollywood live-action movie *Knights of the Zodiac*
Scheduled to be released globally in 2023



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.