

TOEI ANIMATION CO., LTD

For FY Ended March 31, 2020 (April 1, 2019 to March 31, 2020)

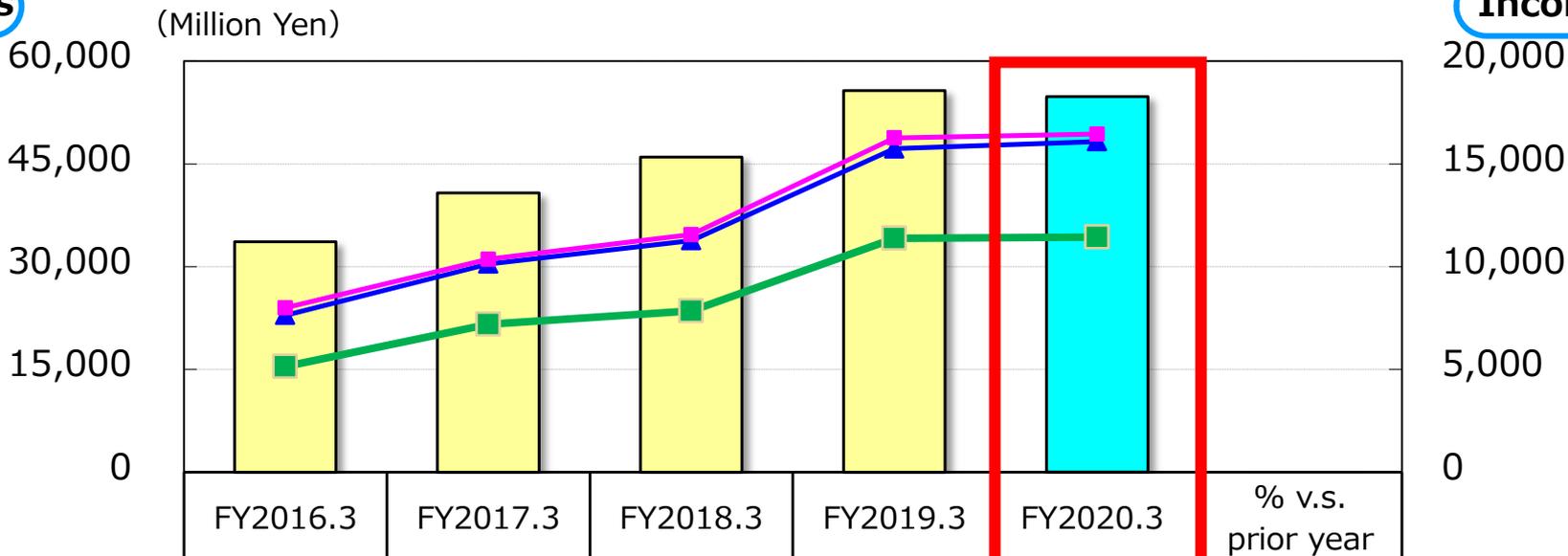


FY2020.3 Results – Consolidated

- Sales slightly decreased year on year, each income hit a record high.
- The movie *ONE PIECE STAMPEDE* was a major hit. Sales of the linked merchandising rights, etc. performed well.
- The film business and sales of the linked merchandising rights performed well in profitable Overseas, pushing up profits.

Net Sales

Income



	FY2016.3	FY2017.3	FY2018.3	FY2019.3	FY2020.3	% v.s. prior year
Net Sales	33,612	40,747	45,992	55,701	54,819	-1.6%
Cost of Sales	20,809	25,204	28,410	32,862	31,358	-4.6%
SG&A	5,167	5,409	6,309	7,097	7,367	3.8%
Operating Income	7,635	10,133	11,272	15,741	16,094	2.2%
Ordinary Income	7,995	10,362	11,561	16,265	16,455	1.2%
Net Income	5,145	7,203	7,847	11,375	11,437	0.5%

FY2020.3 Results Segment Breakdown – Consolidated

(Million Yen)		FY2019.3	FY2020.3	% v.s. prior year
FILM	Net Sales	19,531	19,925	2.0%
	Segment Income	4,147	4,533	9.3%
Licensing	Net Sales	30,210	29,751	-1.5%
	Segment Income	14,360	14,503	1.0%
Sales of Goods	Net Sales	5,166	4,401	-14.8%
	Segment Income	129	-7	-
Others	Net Sales	970	911	-6.1%
	Segment Income	-42	-26	-
TOTAL	Net Sales	55,701	54,819	-1.6%
	Operating Income	15,741	16,094	2.2%

*Numbers for each segment includes intra-company sales.

FY2020.3 Results Segment Analysis (1) (Film)

(Million Yen)	FY19.3 Results	FY20.3 Results
Net Sales	55,701	54,819
Film	19,531	19,925
Movies	1,758	1,714
TVs	2,888	2,891
DVDs	660	531
Overseas	10,934	11,264
Others	3,289	3,523
Licensing	30,210	29,751
Japan	16,547	15,235
Overseas	13,662	14,516
Sales of Goods	5,166	4,401
Others	970	911

* The figures for each segment include intra-company sales.

Film (2.0% year on year)

- Despite the negative effects of the postponement of the release of the Movie *Pretty Cure Miracle Leap* due to the measures to reduce the spread of COVID-19 coronavirus, the fall in revenues was slight thanks to the major success of the movie *ONE PIECE STAMPEDE*.
- In TV Anime, revenues remained mostly unchanged year on year due to a decrease in the number of new titles aired or distributed, which offset strong results of sound production for games and film production for events.
- In DVDs, revenues fell sharply with the absence of strong sales of Blu-ray/DVD equivalent to *ONE PIECE* in the same period of the previous fiscal year.
- In the Overseas segment, revenues increased due to strong sales of the theatrical screening rights of *DRAGON BALL SUPER: BROLY* in North, Central and South America, new delivery of TV series for Saudi Arabia, and an increase in the number of large online distribution rights for China.
- In the Others segment, revenues increased due to strong sales of the online distribution rights.

FY2020.3 Results Segment Analysis (2)

(Licensing/Sales of Goods/Others)

(Million Yen)		FY19.3 Results	FY20.3 Results
Net Sales		55,701	54,819
Film		19,531	19,925
	Movies	1,758	1,714
	TVs	2,888	2,891
	DVDs	660	531
	Overseas	10,934	11,264
	Others	3,289	3,523
Licensing		30,210	29,751
	Japan	16,547	15,235
	Overseas	13,662	14,516
Sales of Goods		5,166	4,401
Others		970	911

* The figures for each segment include intra-company sales.

Licensing (↘ 1.5% year on year)

- In domestic licensing, revenues fell with the absence of large licensing deals for game machines in multiple works and the slowdown of app game *DRAGON BALL Z DOKKAN BATTLE* compared to the strong sales from the previous fiscal year.
- In overseas licensing, revenues increased because the merchandising rights of *DRAGON BALL* performed strongly worldwide, partially due to recorded minimum guarantee deposits.

Sales of Goods (↓ 14.8% year on year)

- Revenues decreased significantly because of the slowdown of *Pretty Cure Store*, which showed a strong performance in the same period of previous fiscal year, and a reactionary fall from the sales of tie-up campaign related products for *DRAGON BALL SUPER: BROLY*.

Others (↘ 6.1% year on year)

- Revenues decreased due to the absence of an event equivalent to the large event for *DRAGON BALL* which was held in the same period of the previous fiscal year, which offset strong results of *BUTT DETECTIVE*'s character shows.

FY2020.3 Results Review

(Million Yen)	FY19.3 Results	FY20.3 Results	+ -	% v.s. prior year
Net Sales	55,701	54,819	-881	-1.6%
Costs of Sales	32,862	31,358	-1,504	-4.6%
Gross Profit	22,838	23,461	622	2.7%
SG & A	7,097	7,367	269	3.8%
Operating Income	15,741	16,094	352	2.2%
Non-Operating Income	552	509	-43	-7.8%
Non-Operating Expense	28	147	119	423.3%
Ordinary Income	16,265	16,455	190	1.2%
Extraordinary Gain and Loss	-168	-29	138	-
Net Income before tax	16,097	16,426	329	2.0%
Income Taxes	4,854	5,047	193	4.0%
Income Taxes Adjustment	-132	-58	73	-
Minority Interest	-	-	-	-
Net Income	11,375	11,437	62	0.5%

Net Sales

- Businesses with sharp increases in revenues
1)Licensing Overseas[854]
⇒ 2)Film Overseas[330] ⇒ 3)Film Others[234]
- Businesses with significant declines in revenues
1)Licensing Japan[-1,312]
⇒ 2)Sales of Goods[-764] ⇒ 3)DVDs[-129]

Cost of Sales / Gross Profit

- Gross profit to net sales:42.8%
(Gross profit to net sales last year:41.0%)
Gross profit to net sales improved as a result of an increase in the ratio of sales in the profitable overseas business and a decrease in the number of new titles aired or distributed.

SG&A

- SG&A[+269]
1)Advertising expense[+185] (from 690 in the previous FY to 876 in the current FY)
2)Outsourcing expense[+114] (from 415 in the previous FY to 529 in the current FY)

Non-Operating Income and Expense

- Non-operating expense[+119]
Foreign exchange loss[+85] (from 22 in the previous FY to 107 in the current FY)

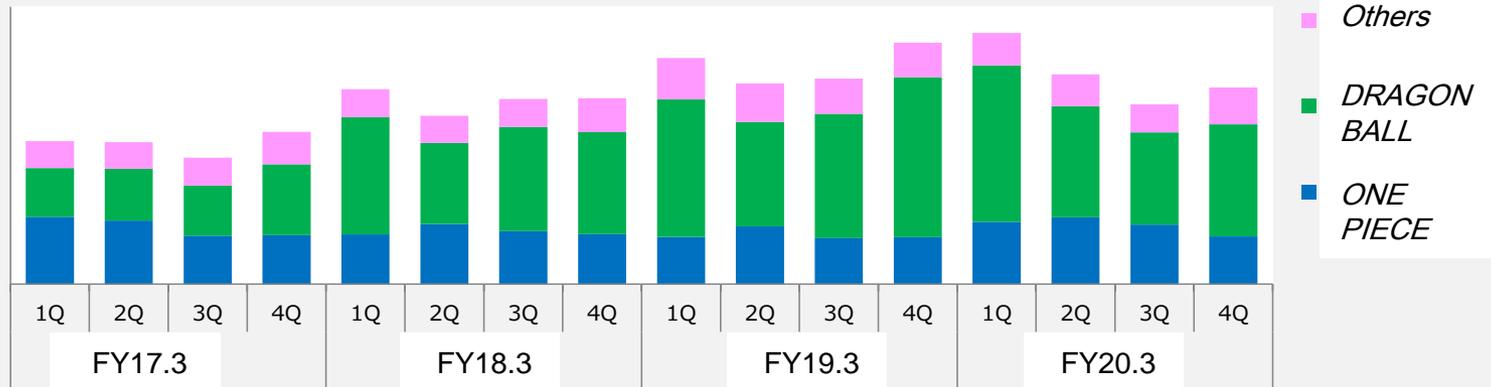
Extraordinary Gain and Loss

- Extraordinary gain[2]:
Gain on sales of investment securities
- Extraordinary loss[31]:
Loss on revaluation of investments in securities

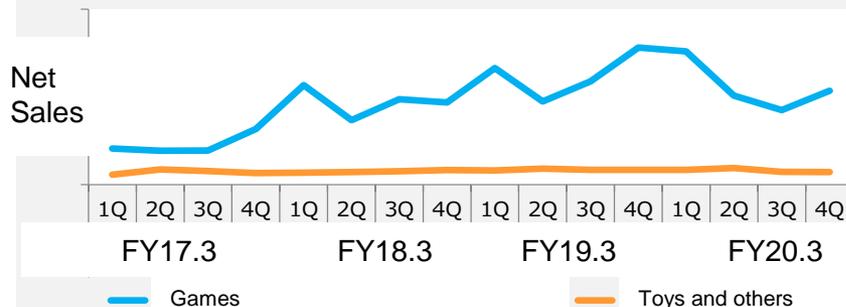
Trends in Domestic Licensing for Major Titles

- There was a reactionary fall from large contracts for game machines using multiple titles which performed well in the same period of the previous year.
- Sales of *DRAGON BALL Z DOKKAN BATTLE* did not reach the strong sales from a year earlier.
- Sales of *ONE PIECE* grew substantially throughout the year after the release of the movie, offsetting the decrease.

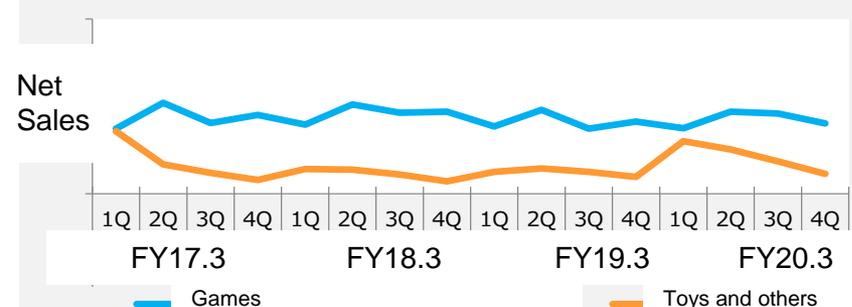
Trends in Domestic Licensing Revenues



Trends in Domestic Licensing Revenues for *DRAGON BALL*



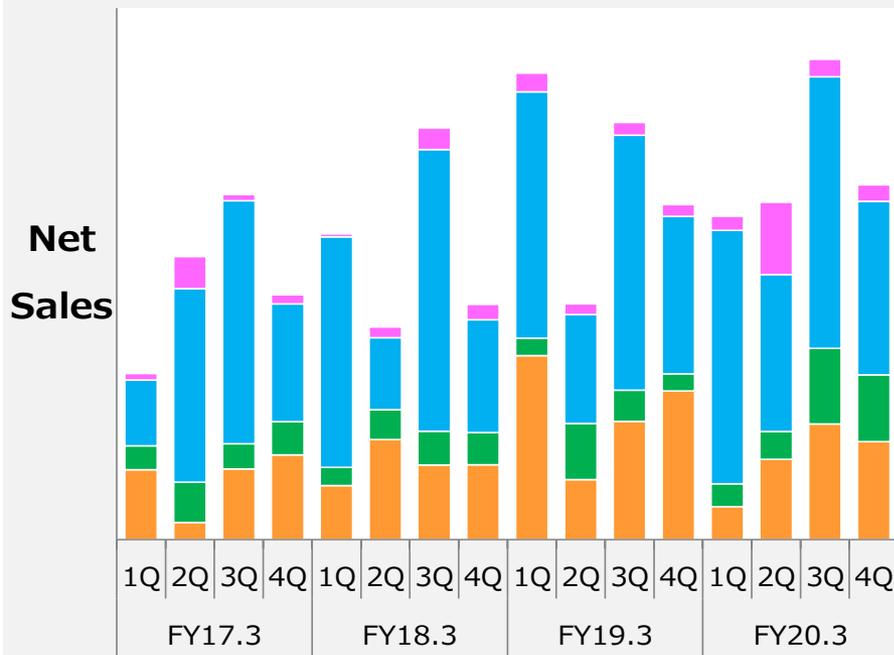
Trends in Domestic Licensing Revenues for *ONE PIECE*



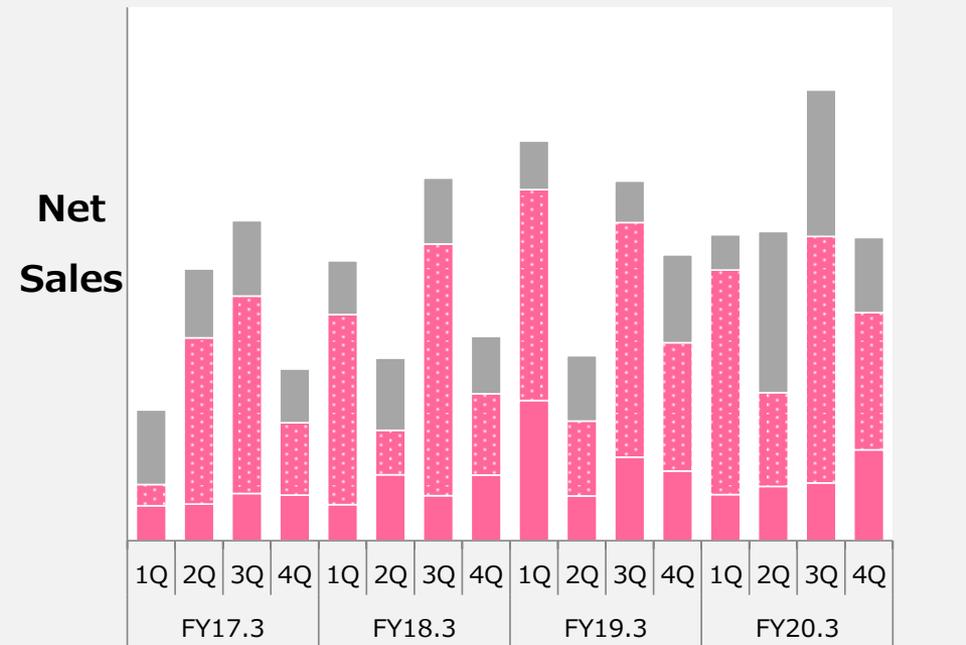
Trends in Film Overseas

- Total sales of theatrical screening rights for *DRAGON BALL SUPER: BROLY* was good in North, Central and South America.
- Sales volume of major online distribution rights for China increased because of the addition of the number of stories of a popular weekly title.
- Sales of delivery of TV series titles intended for Saudi Arabia was posted.

Trends in Net Sales of Film Overseas



Breakdown of Net Sales by Business



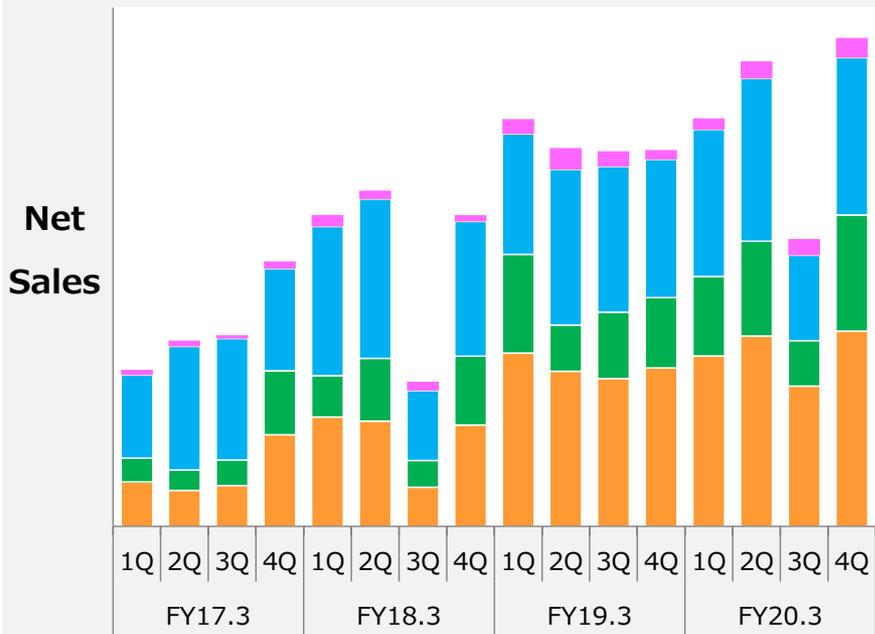
■ North America
 ■ Europe
 ■ Asia
 ■ Latin America

■ Online Distribution(except China)
 ■ Online Distribution(China)
 ■ Other Film

Trends in Licensing Overseas

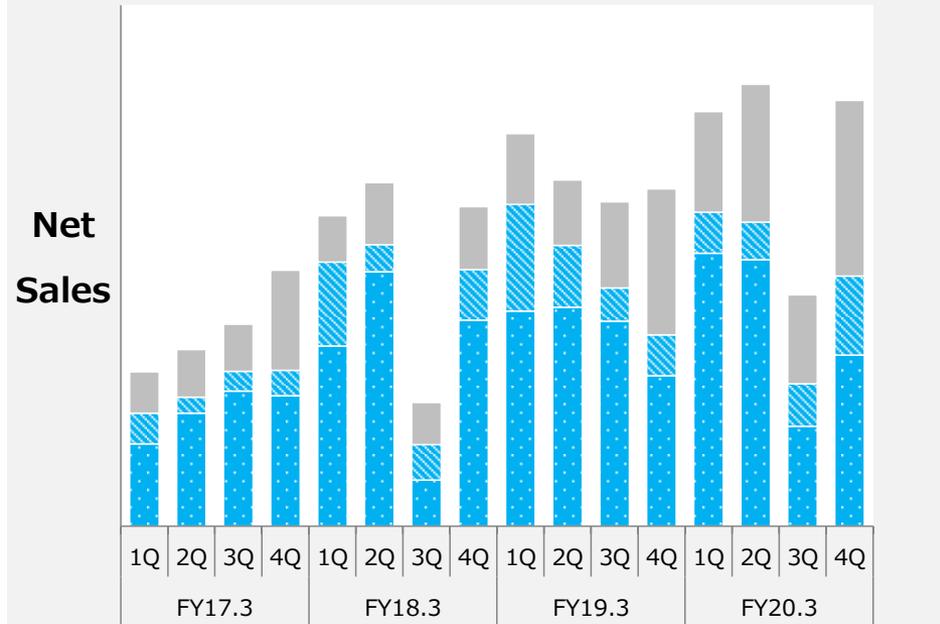
- Sales of the merchandising rights of *DRAGON BALL* series performed strongly worldwide, partially due to recorded minimum guarantee deposits in 4Q.
- App Game *Slum Dunk* for China started well.
- The total sales of game development rights decreased year on year due to a reactionary decline in *DRAGON BALL FIGHTERZ*.

Trends in Net Sales of Licensing Overseas



North America Europe Asia Latin America

Breakdown of Net Sales by Business



Game(app and online) Game(home-use and others) Other Licensing

Earnings Estimates for FY2021.3 – Consolidated

	FY20.3 Results	FY21.3 Estimates	% increase/decrease	FY20.3 Initial Estimates
Net Sales	54,819	50,000	-8.8%	46,200
SG & A	7,367	8,130	10.4%	7,400
Operating Income	16,094	10,000	-37.9%	12,000
Ordinary Income	16,455	10,300	-37.4%	12,300
Net Income	11,437	7,000	-38.8%	8,500

【FY2021.3 Grounds for earnings estimates】

- Revenues decreased because the sales of app game development rights slowed down in Japan and overseas. Costs increased due to increases in development of new titles with a view toward the future.
- SG&A development costs increased due to the cost of digitization and promotion of next-generation technologies.
- The impact of the coronavirus pandemic is expected to last until the end of May. The impact of the postponement of movie and TV title releases, the postponement or cancellation of events and voluntarily closure of character goods sales stores are included.

Earnings Estimates for FY2021.3: Segment Breakdown

	FY20.3 Results	FY21.3 Estimates
Net Sales	54,819	50,000
Film	19,925	20,500
Movies	1,714	2,800
TVs	2,891	3,600
DVDs	531	500
Overseas	11,264	11,000
Others	3,523	2,600
Licensing	29,751	24,350
Japan	15,235	12,000
Overseas	14,516	12,350
Sales of Goods	4,401	4,400
Others	911	750

Film (▲ 2.9% year on year)

- Revenues from Movies are expected to increase significantly due to the increase in the number of titles to be released.
- In TVs, revenues are expected to increase significantly due to the increase in the number of TV titles to be broadcast.
- In DVDS, revenues are expected to decrease due to shrinking of the market.
- In Overseas, revenues are expected to decrease because of the reactional decline in the sales of the theatrical screening rights of *DRAGON BALL SUPER: BROLY* despite ongoing strong sales of distribution rights, particularly sales of large online distribution rights in China.
- In Others, revenues are expected to fall significantly due to the decrease in the sales of existing titles for distribution rights in Japan.

Licensing (▼ 18.2% year on year)

- In licensing (Japan), revenues are expected to fall significantly due to the unclear outlook for app games and the reactional decline in the sales of the merchandising rights linked to the movie "*ONE PIECE STAMPEDE*" in the previous term.
- In Licensing (overseas), revenues are expected to fall significantly due to the slowdown of the sales of app game development rights and the reactionary decline in the merchandising rights MG of *DRAGON BALL* series.

Sales of Goods (➡ 0.0% year on year)

- Despite the reactionary decline in the simultaneous tie-up campaign with the release of the movie *ONE PIECE STAMPEDE*, revenues are expected to remain mostly unchanged due to the expansion of the shop business.

Others (▼ 17.7% year on year)

- A substantial decrease in revenues is estimated because of the reactionary decline in large events held in the previous term.

Initiatives Aimed for Medium and Long-Term Growth (Present state analysis)

Present
state
analysis

- The business has grown steadily due to the expansion of the sales of app game development rights and online distribution rights.
- Box-office success of the new *DRAGON BALL* and *ONE PIECE* titles.
- Sales focused on specific titles and businesses
- Slowdown of the existing app games

+

External
environment

Positive factors

- Emergence of a new market due to innovation in technology
 - Online distribution, app games, AR and VR markets
- Expansion of the overseas anime market
- Expansion of anime audience
(ex. Increase in box-office revenue from anime movies)

Negative factors

- New entrants from outside the industry
- Difficulty in securing excellent creators
- The declining birthrate and the aging population in Japan
- Changes in how anime is watched



Planning, production and marketing abilities are necessary to create strong IP

“Strong IP can extend infinitely”

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

2020

2021-

Challenges
for
New Titles



Survival (tentative)

Film adaptation of a science comic that boasts 9.5 million copies printed in Japan and over 30 million copies printed around the world

To be released on July 31, 2020



10kyo 7in Sisters

Fostering popular idols
Film adaptation of a smartphone game

To be released in the summer of 2020



The Journey

Collaborative work with MANGA PRODUCTIONS in Saudi Arabia.



KAIJU DECODE

Collaborative work of original CG animation from Japan to the world with TSUBURAYA PRODUCTIONS.



The Monkey Prince (tentative)

Collaborative work between Japan, China and the U.S. in animation for families, eyeing the global market

Activation of
existing
content



Digimon Adventure:

Started broadcast on April 5, 2020



Sailor Moon Eternal

Prequel is going to be released on september 11, 2020



Dragon Quest: The Adventure of Dai

Scheduled animation production in the fall of 2020



Looking for Magical DoReMi (tentative)

20th project of Magical DoReMi
Scheduled to be released in the fall of 2020



World Trigger

New TV series goes into production

New works of the leading titles are ongoing

Base

- Organizational change (Establishment of Planning Dept.)
 - Change from a function-specific organization to title-oriented organization
- Expansion of production capabilities
 - Human resource development
 - Promotion of digital drawing and AI development
 - Reinforcement of cooperation with external studios
- Acquisition of new business partners and new business development
 - Tie-up with *Analyze Log*
 - Overseas business development

Future Initiatives

Schedule

Film Licensing
Sales of Goods Others

Topics

Development of New Titles

■ **Movie *Looking for Magical DoReMi* (tentative)**

-Scheduled to be released in the fall of 2020

■ **Movie *Survival* (tentative)**

-Scheduled to be released on July 31, 2020

■ **Movie *Tokyo 7th Sisters***

-The original app “Tokyo 7th Sisters” is a rhythm game which has over a million users

■ **Movie *Sailor Moon Eternal***

-Decision to release prequel and sequel in 2020.

-Prequel is going to be released on September 11, 2020.

■ **TV *World Trigger***

-New TV series goes into production

■ **TV *Dragon Quest: The Adventure of Dai***

-Scheduled brand-new animation production in the fall of 2020

■ **The *Monkey Prince* (tentative)**

-Decision to internationally co-produce a full-scale animation film was finalized

The impact of the coronavirus pandemic on movies

■ ***Pretty Cure Miracle Leap* (tentative)**

■ ***Toei Manga Matsuri***

-The release has postponed

FY20.3
4Q

Worldwide home-use game *DRAGON BALL Z KAKAROT* [Jan.16]

Release of *Digimon Adventure LAST EVOLUTION* [Feb.21]

Distribution of *SAINT SEIYA SHINING SOLDIERS* app game worldwide [Feb.27]

Distribution of *ONE PIECE BON! BON! JOURNEY!!* app game [Mar.17]

Release of *ONE PIECE: Pirate Warriors 4* (PS4/Switch/Xbox) [Mar.26]

Release of *Survival* (tentative) [Jul.31]

Release of *Sailor Moon Eternal* prequel [Sep.11]

Release of *Tokyo 7th Sisters* [2020 summer]

Start of broadcast of *Dragon Quest: The Adventure of Dai* [2020 fall]

Release of *Looking for Magical DoReMi* (tentative) [2020 fall]

Scheduled distribution of *Digimon* app game for China [2020]

Release of *Digimon Survive* (PS4/Switch) [2020]

Release of *Sailor Moon Eternal* sequel [2020]

Start of broadcast of *World Trigger* new TV series [TBA]

Release of *Pretty Cure Miracle Leap* (tentative) [TBA]

Release of *Toei Manga Matsuri* [TBA]

Release of internationally co-produce movie *The Monkey Prince* (tentative) [TBA]

Scheduled distribution of *ONE PIECE* app game for China [TBA]

FY21.3
2Q-

About Dividend

Plan for year-end Dividend

FY2020.3

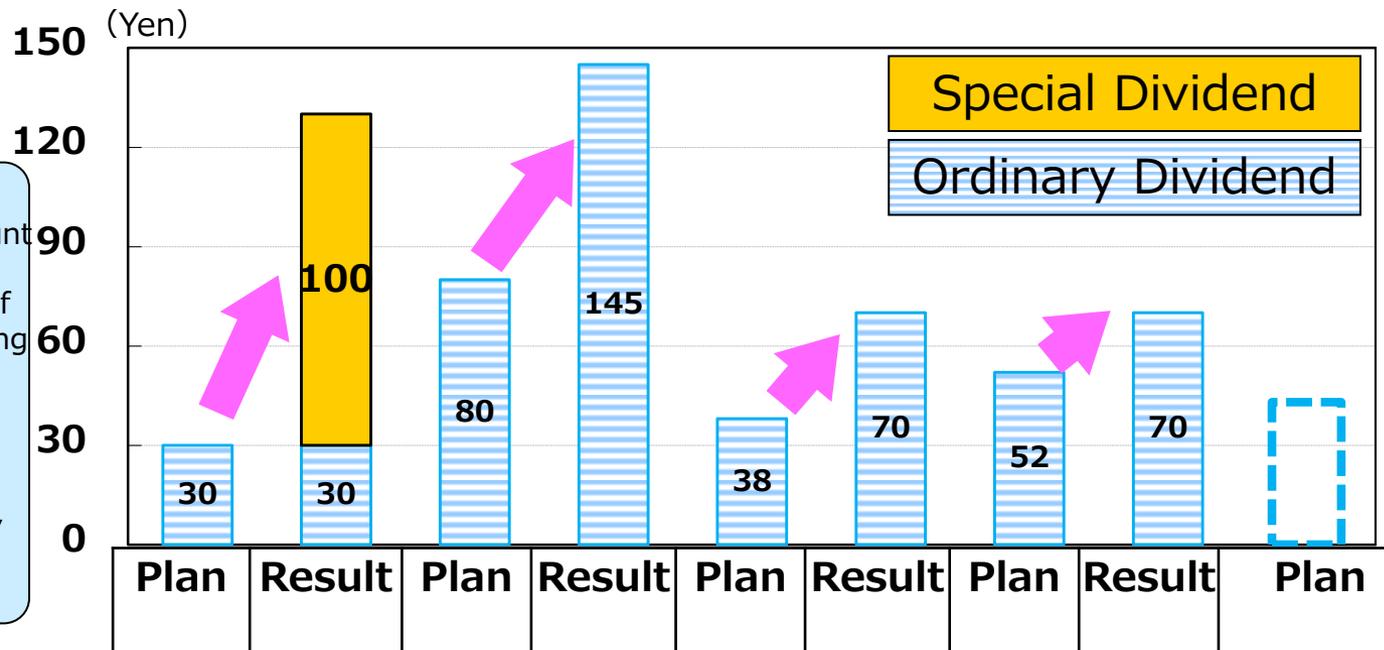
¥70 per share

FY2021.3

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.



Fiscal year	FY17.3	FY18.3	FY19.3	FY20.3	FY21.3
※ Dividend per share	130(43.3)	145(48.3)	70	70	43
Payout ratio	24.6%	25.2%	25.2%	25.0%	25%

*The company conducted a share split on April 1, 2018. The dividend prior to the fiscal year ending 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. On and after the fiscal year ending March 2019, the dividend is described considering the influence of the share split.

Reference (1) Lineup of Titles Being Broadcast



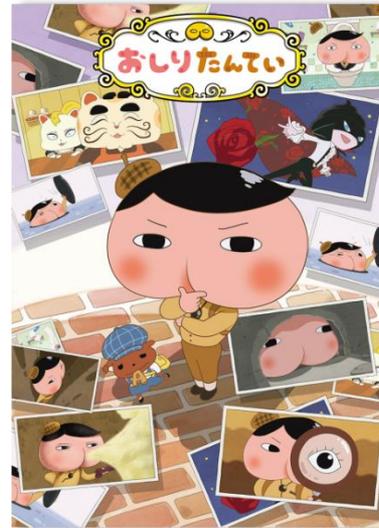
SUN at 8:30am on
ABC/TV Asahi Network
Healin' Good ♡ Pretty Cure



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



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



SAT at 9:00am on
NHK Educational TV
BUTT DETECTIVE

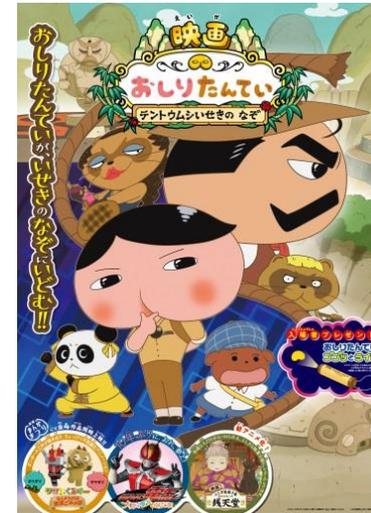


On Netflix
*SAINT SEIYA:
KNIGHTS OF THE ZODIAC*

Reference (2) Lineup of New Titles from FY2021.3~



Pretty Cure Miracle Leap
(tentative)
TBA



Toei Manga Matsuri
TBA



Survival (tentative)
To be released on July 31, 2020



Tokyo 7th Sisters
To be released in the summer of 2020

Reference (3) Lineup of New Titles from FY2021.3~



Sailor Moon Eternal prequel
To be released on September 11, 2020



Looking for Magical DoReMi (tentative)
To be released in the fall of 2020



Dragon Quest: The Adventure of Dai
Animation production in the fall of 2020



World Trigger
New TV series goes into production



TOEI ANIMATION

Since 1956

[The impact of the coronavirus pandemic]

The postponement of movie and TV title releases is occurred.

[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.