

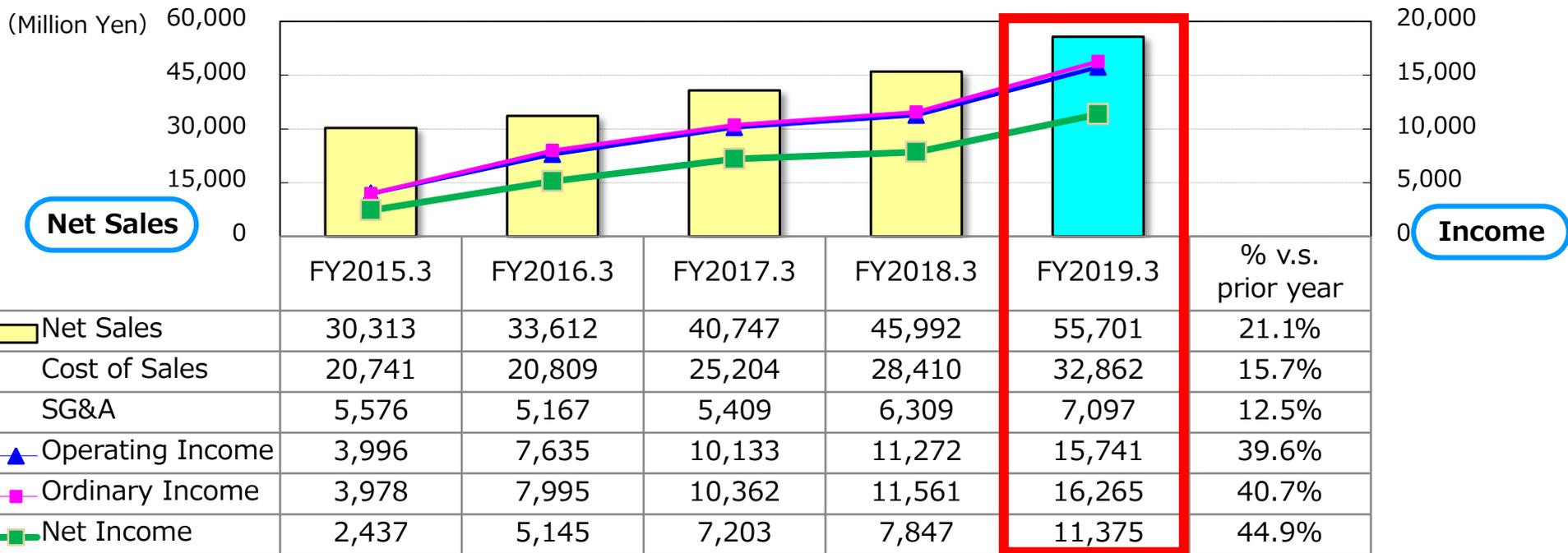
# TOEI ANIMATION CO., LTD

For FY Ended March 31, 2019 (April 1, 2018 to March 31, 2019)



# FY2019.3 Results – Consolidated

- Both net sales and income hit a record high thanks to robust growth in revenue and profit.
- Sales of game development rights, particularly those of app games, were strong in Japan and overseas.
- Sales of online distribution rights in China and North America remained strong.



# FY2019.3 Results Segment Breakdown – Consolidated

(Million Yen)

\*Numbers for each segment includes intra-company sales.

		FY2018.3	FY2019.3	% v.s. prior year
FILM	Net Sales	16,223	19,531	20.4%
	Segment Income	2,423	4,147	71.2%
Licensing	Net Sales	24,124	30,210	25.2%
	Segment Income	11,439	14,360	25.5%
Sales of Goods	Net Sales	4,766	5,166	8.4%
	Segment Income	123	129	4.8%
Others	Net Sales	1,068	970	-9.1%
	Segment Income	-59	-42	-
TOTAL	Net Sales	45,992	55,701	21.1%
	Operating Income	11,272	15,741	39.6%

# FY2019.3 Results Segment Analysis (1) (Film)

(Million Yen)		FY18.3 Results	FY19.3 Results
<b>Net Sales</b>		<b>45,992</b>	<b>55,701</b>
<b>Film</b>		<b>16,223</b>	<b>19,531</b>
	<b>Movies</b>	<b>1,169</b>	<b>1,758</b>
	<b>TVs</b>	<b>3,194</b>	<b>2,888</b>
	<b>DVDs</b>	<b>791</b>	<b>660</b>
	<b>Overseas</b>	<b>8,747</b>	<b>10,934</b>
	<b>Others</b>	<b>2,319</b>	<b>3,289</b>
<b>Licensing</b>		<b>24,124</b>	<b>30,210</b>
	<b>Japan</b>	<b>13,451</b>	<b>16,547</b>
	<b>Overseas</b>	<b>10,672</b>	<b>13,662</b>
<b>Sales of Goods</b>		<b>4,766</b>	<b>5,166</b>
<b>Others</b>		<b>1,068</b>	<b>970</b>

## Film ( 20.4% year on year )

- In Movies, revenues rose sharply backed by the hit movies *DRAGON BALL SUPER: BROLY* and *Pretty Cure* series.
- In TV Anime, revenues fell due to a decrease in the number of new titles aired or distributed.
- In DVDs, revenues fell sharply with the absence of Blu-ray/DVD equivalent to *Sailor Moon Crystal* in the same period of the previous fiscal year.
- In the Overseas segment, revenues increased substantially thanks to strong sales of online distribution rights in China and North America.
- In the Others segment, revenues rose sharply due to strong sales of the online distribution rights and the production revenue from *SAINT SEIYA: KNIGHTS OF THE ZODIAC*.

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

# FY2019.3 Results Segment Analysis (2) (Licensing/Sales of Goods/Others)

(Million Yen)		FY18.3 Results	FY19.3 Results
<b>Net Sales</b>		<b>45,992</b>	<b>55,701</b>
<b>Film</b>		<b>16,223</b>	<b>19,531</b>
	Movies	1,169	1,758
	TVs	3,194	2,888
	DVDs	791	660
	Overseas	8,747	10,934
	Others	2,319	3,289
<b>Licensing</b>		<b>24,124</b>	<b>30,210</b>
	Japan	13,451	16,547
	Overseas	10,672	13,662
<b>Sales of Goods</b>		<b>4,766</b>	<b>5,166</b>
<b>Others</b>		<b>1,068</b>	<b>970</b>

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

## Licensing (↑ 25.2% year on year)

- In domestic licensing, revenues rose sharply, reflecting the strong performance of app games such as *DRAGON BALL Z DOKKAN BATTLE* and *DRAGON BALL LEGENDS*, and large licensing deals for game machines in multiple works.
- In overseas licensing, revenues grew substantially because in addition to favorable sales of the merchandising rights of app game *DRAGON BALL Z DOKKAN BATTLE* and home-use games centering on *DRAGON BALL FIGHTERZ* and the *DRAGON BALL* series in Europe and North America, online distribution of the app game *DRAGON BALL LEGENDS* was initiated.

## Sales of Goods (↗ 8.4% year on year)

- Revenues increased because of the strong sales of tie-up campaign-related products for *DRAGON BALL SUPER: BROLY*

## Others (↘ 9.1% year on year)

- Revenues declined because of the absence of events equivalent to those related to *DRAGON BALL Super* in the same period of the previous fiscal year.

# FY2019.3 Results Review

(Million Yen)	FY18.3 Results	FY19.3 Results	+ -	% v.s. prior year
Net Sales	45,992	55,701	9,709	21.1%
Costs of Sales	28,410	32,862	4,451	15.7%
Gross Profit	17,581	22,838	5,257	29.9%
SG & A	6,309	7,097	788	12.5%
Operating Income	11,272	15,741	4,469	39.6%
Non-Operating Income	430	552	121	28.3%
Non-Operating Expense	140	28	-112	-80.0%
Ordinary Income	11,561	16,265	4,703	40.7%
Extraordinary Gain and Loss	-123	-168	-44	-
Net Income before tax	11,438	16,097	4,659	40.7%
Income Taxes	3,646	4,854	1,207	33.1%
Income Taxes Adjustment	-56	-132	-76	-
Minority Interest	-	-	-	-
Net Income	7,847	11,375	3,527	44.9%

## Net Sales

- Businesses with sharp increases in revenues  
1)Licensing Japan [3,096] ⇒ 2)Licensing Overseas [2,989] ⇒ 3)Film Overseas [2,186]
- Businesses with significant declines in revenues  
1)TV [-306] ⇒ 2)Contents [-131] ⇒ 3)Events [-97]

## Cost of Sales / Gross Profit

- Gross profit to net sales: 41.0%  
(Gross profit to net sales last year: 38.2%)  
Gross profit to net sales improved as a result of a significant increase in the ratio of sales in the profitable overseas business and licensing business

## SG&A

- SG&A[+788]  
1)Personnel expenses[+177] (from 1,552 in the previous FY to 1,729 in the current FY)  
2)Taxes and dues [+170] (from 273 in the previous FY to 443 in the current FY)  
3)Depreciation and amortization[+114] (from 140 in the previous FY to 255 in the current FY)

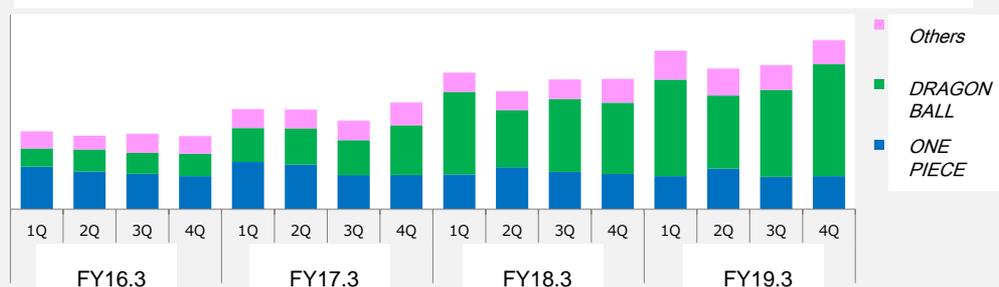
## Extraordinary Gain and Loss

- Extraordinary gain[29]:  
Gain on sales of investment securities
- Extraordinary loss[197]: Impairment loss of stockholdings, etc.

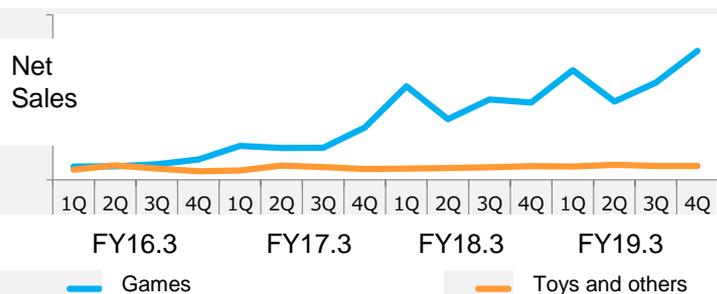
# Trends in Domestic Licensing for Major Titles

- Revenues from the *DRAGON BALL* app game rose further.
- Revenues from the *ONE PIECE* app game decreased year on year.
- The weight of *DRAGON BALL* and reliance on the app game development rights increased further.

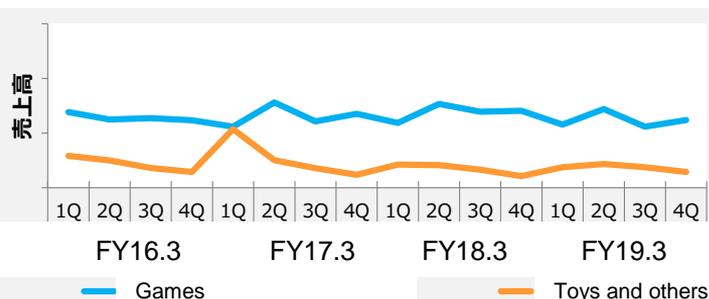
Trends in Domestic Licensing Revenues



Trends in Domestic Licensing Revenues for *DRAGON BALL*



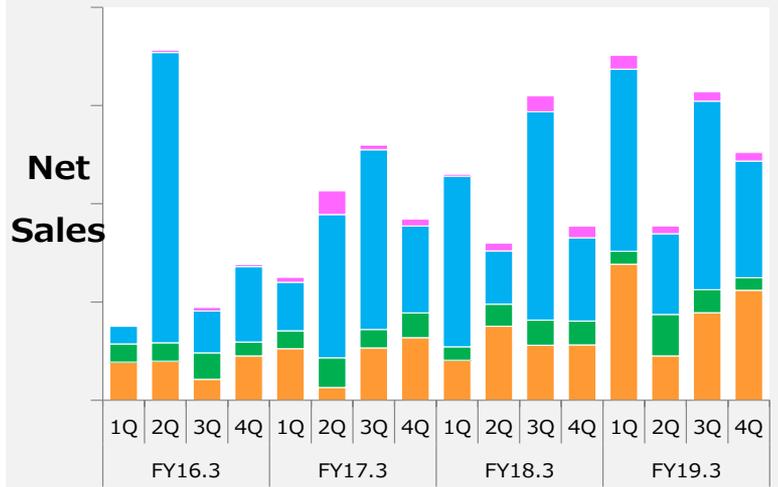
Trends in Domestic Licensing Revenues for *ONE PIECE*



# Trends in Film Overseas

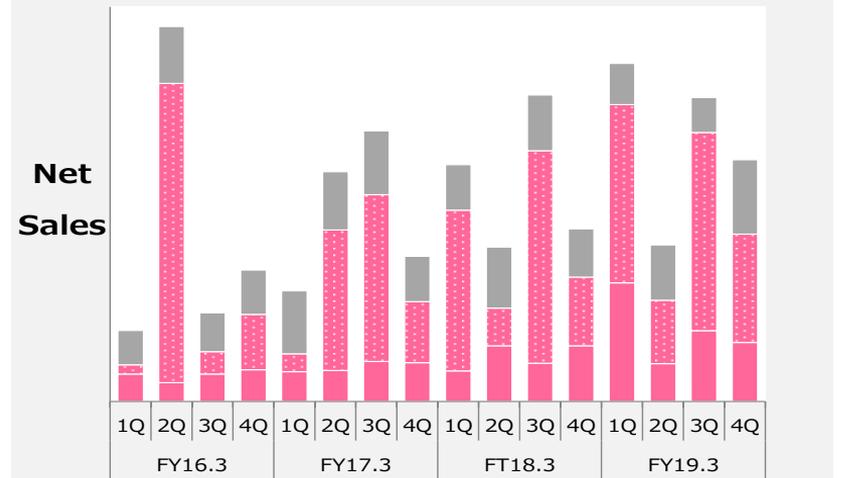
- Sales volume of major online distribution rights for China increased because of the addition of the number of stories of a popular weekly title.
- In the sales volume of online distribution rights for North America, the number of views of *DRAGON BALL* remained strong.
- Concluded a multi-year contract with distributors in North America.

Trends in Net Sales of Film Overseas



North America Europe Asia Latin America

Breakdown of Net Sales by Business

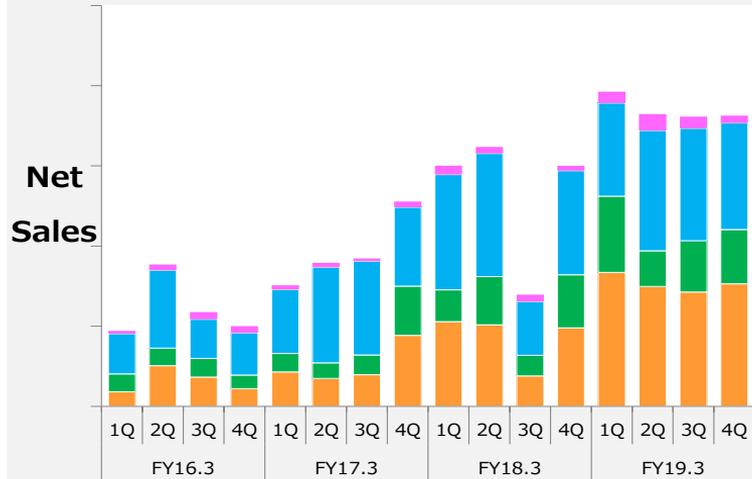


Online Distribution(except China) Online Distribution(China) Other Film

# Trends in Licensing Overseas

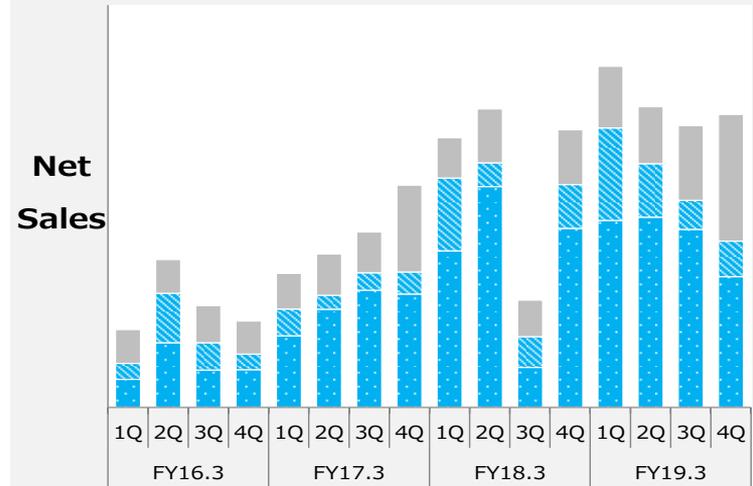
- Sales of licensing for the app game and merchandising rights for **DRAGON BALL** performed strongly in Europe and the U.S.
- The sales of the home-use *game DRAGON BALL FIGHTERZ* for North America performed strongly as well.
- MG for multiple app games for China was recorded.

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 FY2020.3 – Consolidated

	FY19.3 Results	FY20.3 Estimates	% increase/ decrease	FY19.3 Initial estimates
<b>Net Sales</b>	55,701	46,200	△17.1%	40,000
<b>SG &amp; A</b>	7,097	7,400	4.3%	7,000
<b>Operating Income</b>	15,741	12,000	△23.8%	9,000
<b>Ordinary Income</b>	16,265	12,300	△24.4%	9,300
<b>Net Income</b>	11,375	8,500	△25.3%	6,300

## 【FY2020.3 Grounds for earnings estimates】

- Revenues from app game development rights are forecast to decline in light of estimates by outside manufacturers.
- Reactional decline due to the increased number of large contracts for game machines was significant, despite the favorable effects of the *ONE PIECE* movie.
- SG&A increased partly due to the promotion cost of new projects.

# Earnings Estimates for FY2020.3: Segment Breakdown

	FY19.3 Results	FY20.3 Estimates
<b>Net Sales</b>	<b>55,701</b>	<b>46,200</b>
<b>Film</b>	<b>19,531</b>	<b>19,600</b>
<b>Movies</b>	<b>1,758</b>	<b>2,300</b>
<b>TVs</b>	<b>2,888</b>	<b>2,200</b>
<b>DVDs</b>	<b>660</b>	<b>400</b>
<b>Overseas</b>	<b>10,934</b>	<b>11,600</b>
<b>Others</b>	<b>3,289</b>	<b>3,100</b>
<b>Licensing</b>	<b>30,210</b>	<b>21,450</b>
<b>Japan</b>	<b>16,547</b>	<b>11,350</b>
<b>Overseas</b>	<b>13,662</b>	<b>10,100</b>
<b>Sales of Goods</b>	<b>5,166</b>	<b>4,500</b>
<b>Others</b>	<b>970</b>	<b>650</b>

## Film ( 0.4% year on year)

- Revenues from Movies are expected to increase significantly due to the release of the *ONE PIECE STAMPEDE* movie.
- In TVs, revenues are expected to increase significantly due to the decline in the number of TV titles to be broadcast.
- In DVDs, revenues are expected to decrease significantly due to shrinking of the market.
- In Overseas, revenues are expected to increase because of strong sales of online distribution rights in China, in addition to the delivery of collaborative animation with Saudi Arabia.
- In Others, revenues are expected to decline due to the decrease in the sales of existing titles for distribution rights in Japan.

## Licensing ( 29.0% year on year)

- In licensing (Japan), revenues are expected to fall significantly due to the unclear outlook for app games and the reactionary decline in the large contract for game machines in the previous term.
- In Licensing (overseas), revenues are expected to fall significantly due to the reactionary decline of MG, an app game for China in the previous term and the unclear outlook for existing app games.

## Sales of Goods ( 12.9% year on year)

- Although there will be a simultaneous tie-up campaign with the release of the movie *"ONE PIECE STAMPEDE,"* an overall decrease in revenue is estimated.

## Others ( 33.0% year on year)

- A substantial decrease in revenue is estimated because of the reactionary fall of *DRAGON BALL* events held in the previous term.

# Future Initiatives

## Schedule



FY19.3 4Q	Release of <i>DRAGON BALL SUPER: BROLY</i> in North America [Jan.16]
	Distribution of <i>DRAGON BALL Awakening</i> app game for China [Feb.26]
	Release of <i>Pretty Cure Miracle Universe</i> [Mar.16]
FY20.3 1Q	Release of <i>Toei Manga Matsuri</i> [Apr.26]
	Release of <i>DRAGON BALL SUPER: BROLY</i> in China [May.24]
	Scheduled distribution of <i>SAINT SEIYA: KNIGHTS OF THE ZODIAC</i> worldwide on Netflix [Jul.19]
	Release of <i>ONE PIECE STAMPEDE</i> [Aug.9]
	Worldwide home-use game <i>DRAGON BALL Game Project Z</i> [2019]
FY20.3 2Q~	Scheduled distribution of <i>DRAGON BALL</i> app game for China [2019]
	Release of Movie <i>Digimon Adventure (tentative)</i> [2020 early spring]
	Release of Movie <i>Majo Minarai wo Sagashite (tentative)</i> [2020]
	Release of internationally co-produce movie <i>The Monkey Prince (tentative)</i> [TBA]
	Scheduled distribution of <i>ONE PIECE BON! BON! JOURNEY!!</i> app game [TBA]
	Scheduled distribution of <i>Slum Dunk</i> and <i>DR. SLUMP-ARALE-</i> app game for China [TBA]
	PC browser game <i>DRAGON BALL</i> for China [TBA]

## Topics

### Development of *DRAGON BALL* series

- **Movie *DRAGON BALL SUPER: BROLY***
  - Box office revenues worldwide (including Japan): More than 13 billion yen.
  - Scheduled to be released in China on May 24,2019.
- **App game *DRAGON BALL Awakening* for China**
  - Started distribution from February, 2019.
  - Ranked first in App Store free game download ranking.
- **Games scheduled to be released**
  - App game *DRAGON BALL* for China
  - PC browser game *DRAGON BALL* for China
  - Home-use game *DRAGON BALL Game Project Z*

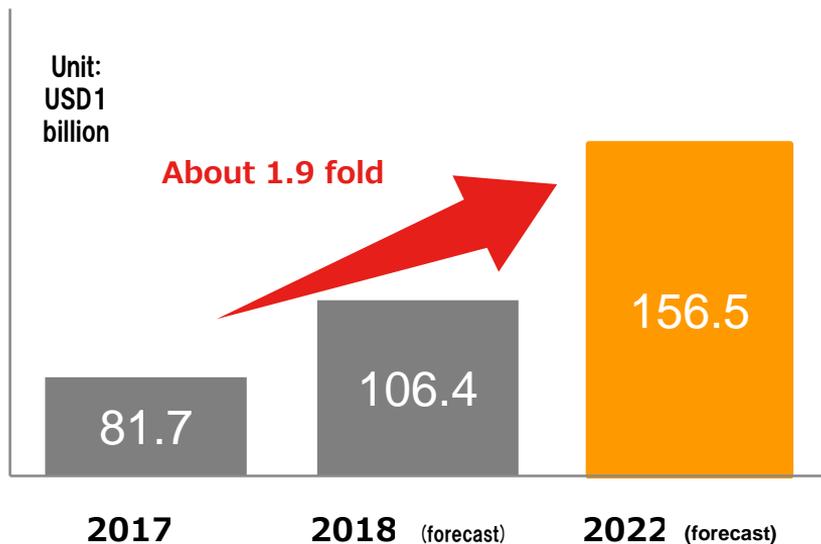
### Development of New Titles

- ***ONE PIECE STAMPEDE***
  - Scheduled to be released on August 9, 2019
- ***Majo Minarai wo Sagashite (tentative)***
  - Scheduled to be released in 2020 as *Magical DoReMi 20<sup>th</sup>* movie
- ***Digimon Adventure (tentative)***
  - Scheduled to be released in 2020 early spring
- ***The Monkey Prince (tentative)***
  - Decision to internationally co-produce a full-scale animation film was finalized.

# Initiatives Aimed for Medium and Long-Term Growth

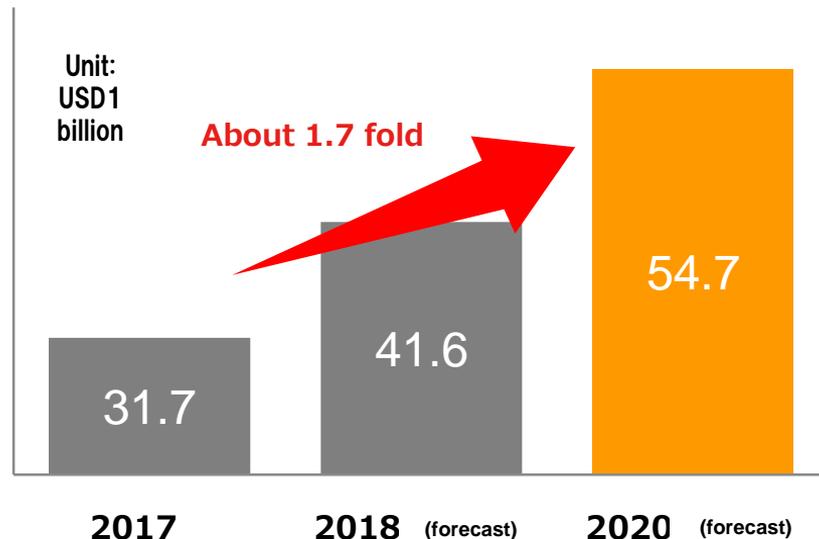
## Digitalization of Content Serves as a Catalyst in Our Company

Consumer spending on apps worldwide



Source: App Annie App Market Forecast 2017-2022

Distribution market worldwide

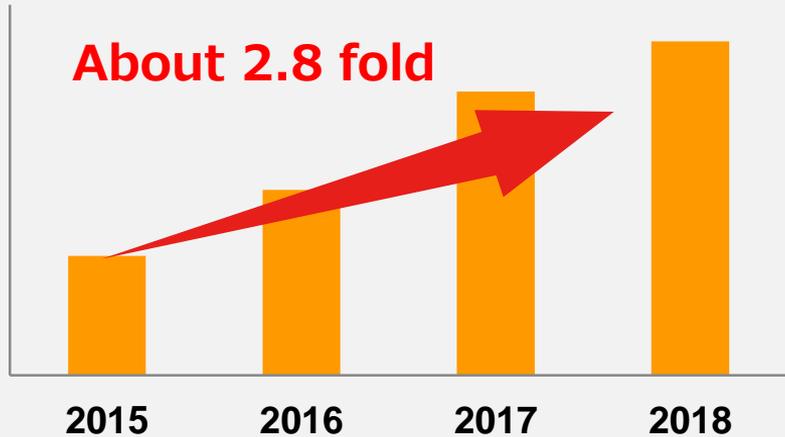


Source: 2018 white paper on telecommunications

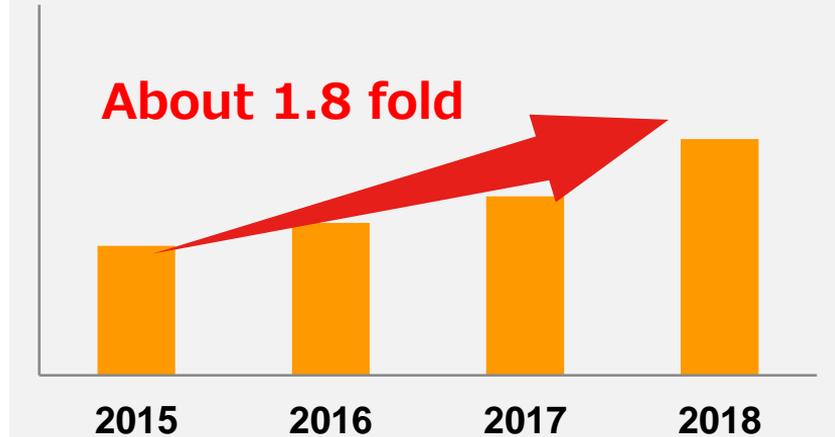
# Initiatives Aimed for Medium and Long-Term Growth

## Digitalization of Content Serves as a Catalyst in Our Company

Sales of app game development rights of our company worldwide



Sales of distribution rights of our company worldwide



A catalyst due to the popularity of our content

# Initiatives Aimed for Medium and Long-Term Growth

## Development of Contents for Further Growth

Challenges  
for new  
titles/  
business



**SAINT SEIYA: KNIGHTS OF THE ZODIAC**  
Netflix original series  
Scheduled distribution  
worldwide from July 19,  
2019



**The Monkey Prince  
(tentative)**  
collaborative work between  
Japan, China and the U.S.  
in animation for families,  
eyeing the global market

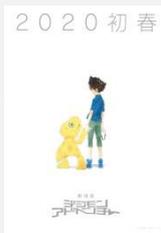
- Launch of new projects and business development projects by young employees within the company
- Strengthening of outsider creators, including investment in a production studio

**Challenge for global product development/creation of new hit titles**

Activation of  
existing  
content



**Majo Minarai wo Sagashite (tentative)**  
20<sup>th</sup> project of *Magical DoReMi*  
Scheduled to be  
released in 2020



**Digimon Adventure  
(tentative)**  
Scheduled to be  
released in 2020 early  
spring

- Scheduled distribution of *Slum Dunk* and *DR. SLUMP-ARALE*- app game for China
- *IKKYU-SAN* used for NTT Docomo commercial
- *DR. SLUMP-ARALE*- used for JR East campaign

**Monetization of well-known titles**

# About Dividend

## Plan for year-end Dividend

**FY2019.3**

¥70 per share

**FY2020.3**

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	FY16.3	FY17.3	FY18.3	FY19.3	FY20.3
※Dividend per share	95(31.7)yen	130(43.3)yen	145(48.3)yen	70 yen	52 yen
Payout ratio	25.2%	24.6%	25.2%	25.2%	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. For the fiscal year ending March 2019, the dividend is described considering the influence of the share split.

# Reference (1) Lineup of Titles Being Broadcast



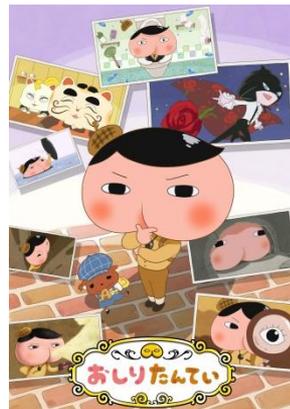
SUN at 8:30am on  
ABC/TV Asahi Network  
*Star Twinkle Pretty Cure*



SUN at 9:00am on  
Fuji TV et al.  
*Ge-Ge-Ge no Kitaro*



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



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

# Reference (2) Lineup of New Titles from FY2020.3~



**SAINT SEIYA:  
KNIGHTS OF THE ZODIAC**  
Start distribution on July 19, 2019



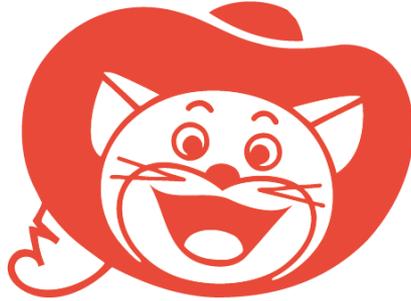
**ONE PIECE STAMPEDE**  
To be released on  
August 9, 2019



**Digimon Adventure  
(tentative)**  
To be released in  
2020 early spring



**Majo Minarai wo Sagashite  
(tentative)**  
To be released in 2020



**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.