

TOEI COMPANY, LTD.

1Q FY 2024 Financial Results (From April 2023 to June 2023)

▲Official LINE Account [Toei IR News]

Japanese only



▲Official Twitter Account [Toei Official News]

Japanese only

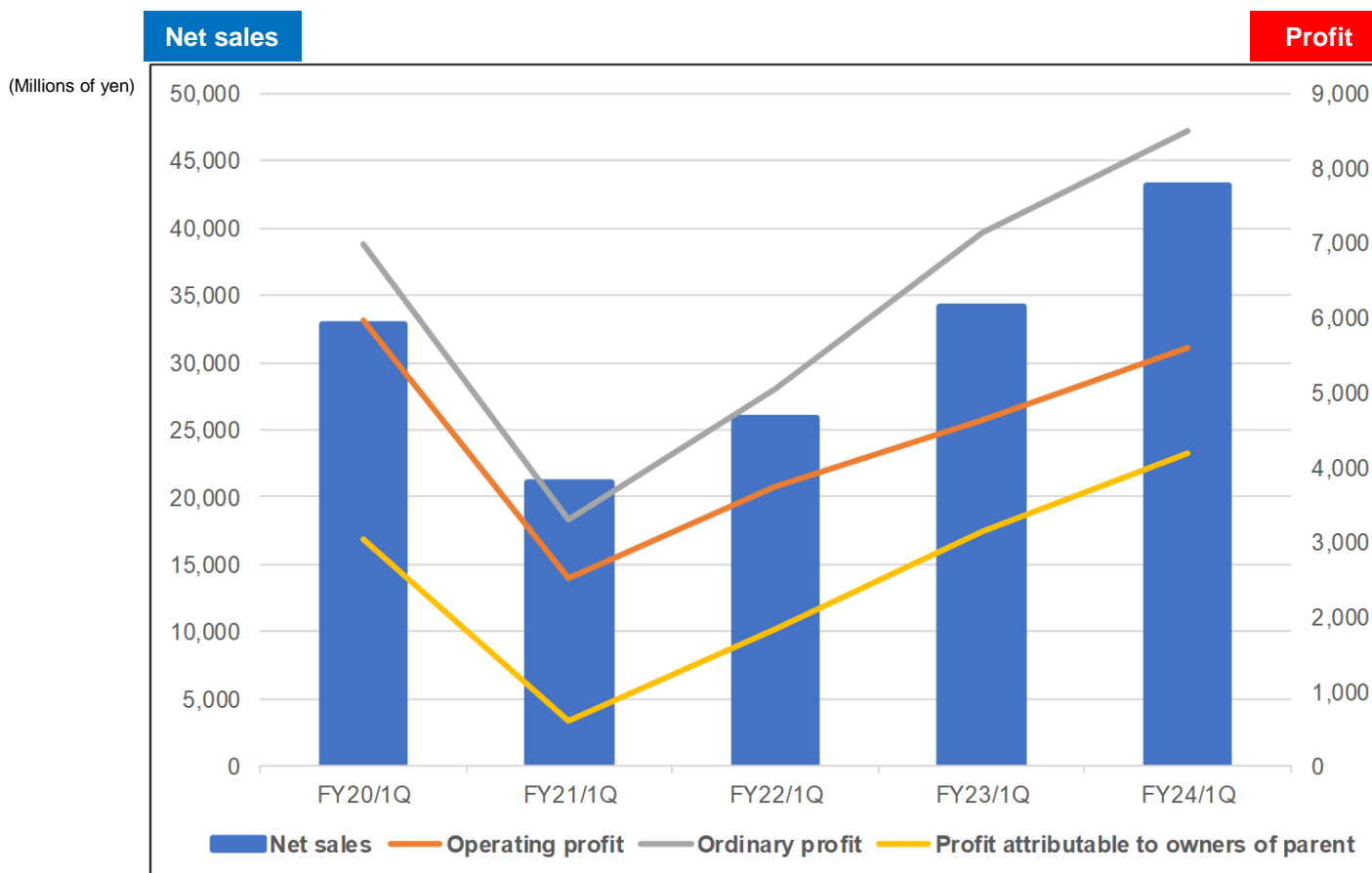


1Q FY2024 Consolidated Financial Results

	FY20/1Q	FY21/1Q	FY22/1Q	FY23/1Q	FY24/1Q	Year-on-year change	
Net sales	32,827	21,019	25,805	34,103	43,063	8,960	26.3%
Cost of sales	19,678	12,482	15,122	21,565	28,617	7,052	32.7%
Selling, general and administrative expenses	7,179	6,019	6,947	7,915	8,837	922	11.6%
Operating profit	5,969	2,516	3,735	4,622	5,608	986	21.3%
Ordinary profit	6,968	3,311	5,040	7,148	8,489	1,341	18.8%
Profit attributable to owners of parent	3,042	602	1,850	3,142	4,199	1,057	33.6%

(Millions of yen)

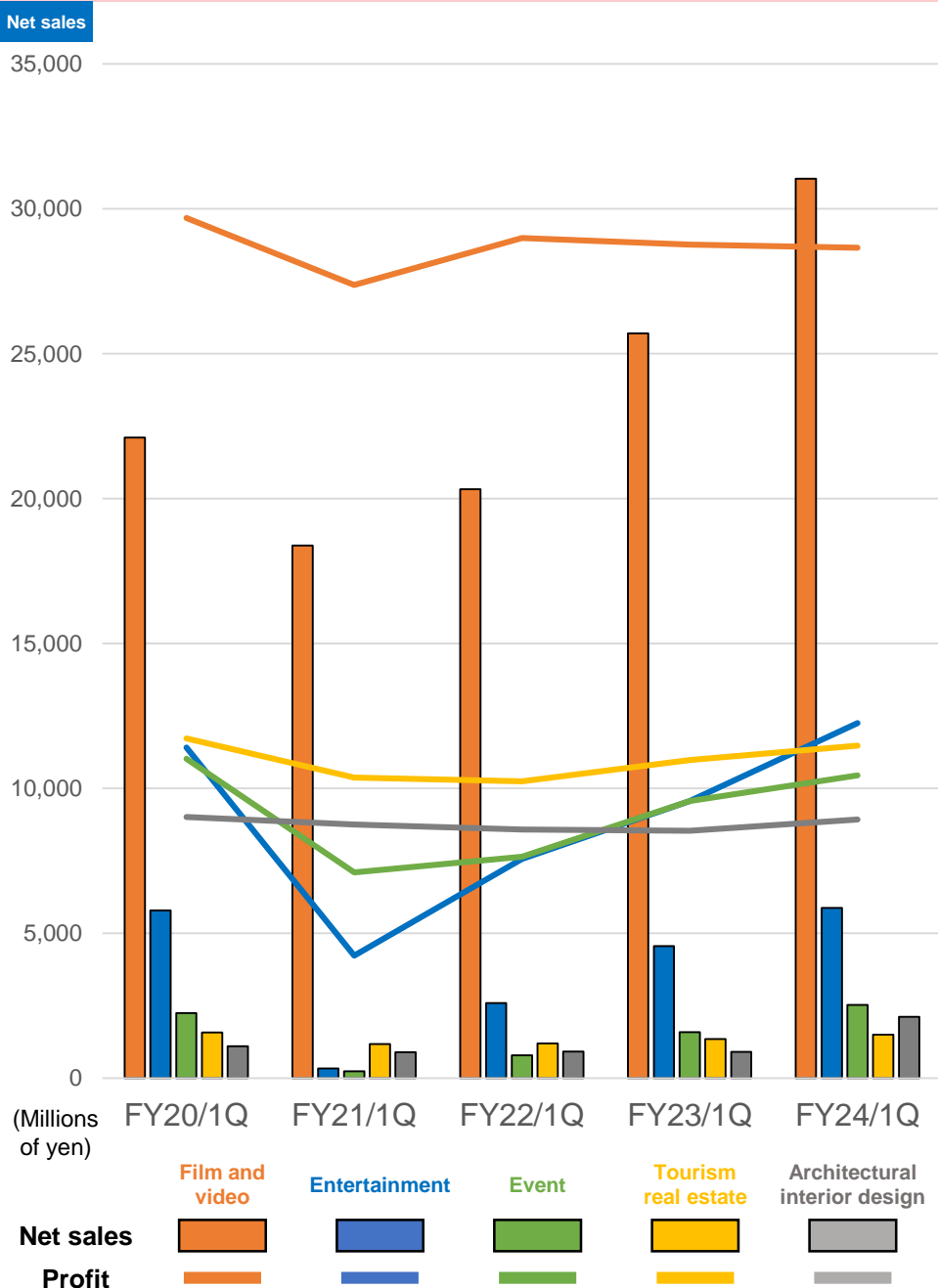
* FY = Fiscal Year. FY24/1Q is the period from April 2023 to June 2023



Overview

- In FY24/1Q, the Company achieved record levels in net sales, ordinary profit and profit attributable to owners of parent, while operating profit was the third-highest ever.

1Q FY2024 Segment Information (consolidated)



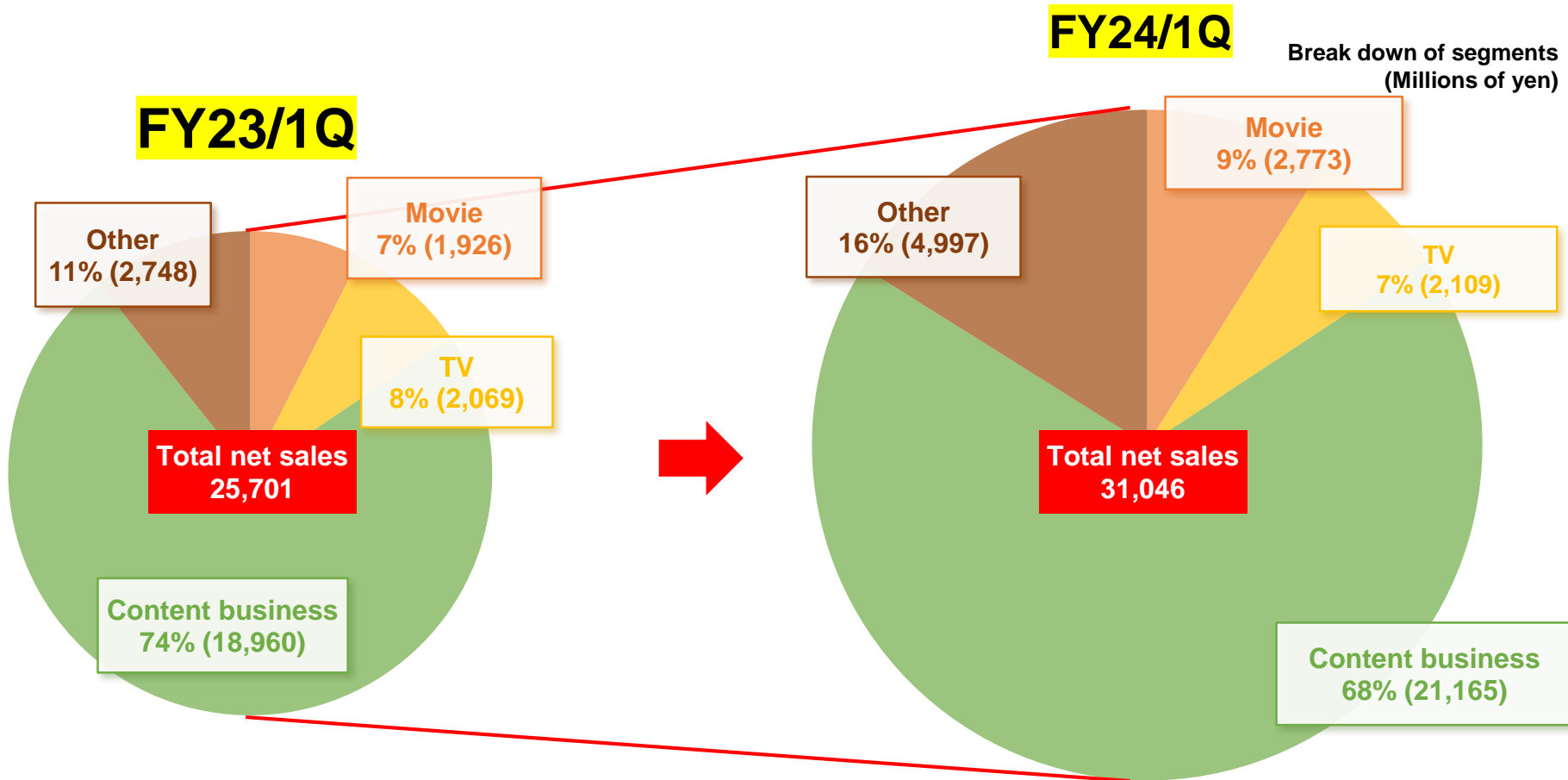
(Millions of yen)

		FY23/1Q	FY24/1Q	Year-on-year change	
Film and video-related business	Net sales:	25,701	31,045	5,344	20.8%
	Profit:	4,575	4,550	(25)	(0.5%)
Entertainment-related business	Net sales:	4,557	5,871	1,314	28.8%
	Profit:	273	800	527	192.8%
Event-related business	Net sales:	1,590	2,526	936	58.8%
	Profit:	186	386	200	107.2%
Tourism real estate business	Net sales:	1,347	1,501	154	11.5%
	Profit:	510	622	112	21.9%
Architectural interior design business	Net sales:	906	2,118	1,212	133.7%
	Profit:	(48)	40	88	-
Total net sales:		34,103	43,063	8,960	26.3%
Adjustment amount:		(847)	(791)	56	
Total profit:		4,622	5,608	986	21.3%

1Q FY2024 Analytics (consolidated) Film and Video-Related Business

(Millions of yen)

		FY23/1Q	FY24/1Q	Year-on-year change	
Film and video-related business	Net sales	25,701	31,045	5,344	20.8%
	Segment profit	4,575	4,550	(25)	(0.5%)



* In FY24/1Q, increases in revenue classified as "Other" were mainly from Toei Animation and Toei Advertising.

[Movie business] ⇒ Net sales 2,773 million yen / up 44.0% year on year

We distributed 13 films including films produced in collaboration with other production companies. Of those films, *IDOLISH7 LIVE 4bit BEYOND THE PERIOD* was a hit, and out of the films released in the previous fiscal year, *THE FIRST SLAM DUNK* (released on December 3, 2022) continued to perform well.

However, there were factors putting downward pressure on profit, including a loss on valuation of inventories for *Knights of the Zodiac* which was released during 1Q.

Future Developments in the Movie Business

Production of Two Major Films Each Year

We plan to produce two major films each year, with each film shot at the Tokyo Studios and Kyoto Studios respectively.

Toei's strengths lie in film production expertise and technologies cultivated over many years that are unmatched by other companies.

Looking at period dramas in particular, the film *The LEGEND & BUTTERFLY* which was released on January 27 this year was produced at the Kyoto Studios and has been well received by a wide audience in Japan and abroad through theater screenings and streaming services.

Going forward, Toei will continue to produce dramatic films including major productions, passing on the expertise and technologies of film production that are its strengths, while seeking out stories that will move audiences around the world.

Marketing

In April 2023 Toei built a new department dedicated to marketing in the Motion Picture Programming division.

With the marketing team playing a central role, we will incorporate marketing considerations from the planning stages of films, embracing the motto of creating films that can be enjoyed by many people and building an attractive lineup. We will clarify target audiences based on the data we have gathered, aiming to lay the groundwork for creating more hit movie projects.



1Q FY2024 Analytics (consolidated) Film and Video-Related Business

[Television content business] ⇒ Net sales 2,109 million yen / up 2.0% year on year

In the television content business, we produced *TOKUSO NINE*, *SEVEN DETECTIVES*, *Ohsama Sentai King-Ohger* and other programs in an effort to enhance the content of television productions and secure a number of production orders. Due to the end of the Thursday Mystery television slot, the serial drama *Keishicho Sosa Ikkacho* was not produced, and as a result, results declined year on year. However, we have secured production orders for the second half of the year and expect net sales for the full year to be roughly on par with the previous year.

In addition, in terms of *Kamen Rider* character merchandise, sales of not only toys for children but merchandise aimed at adults contributed to results, including merchandise connected with the new IP *SHIN KAMEN RIDER*. These efforts represent a push to maximize the value of the IP of the *Kamen Rider* franchise.

[Content business] ⇒ Net sales 21,165 million yen / up 11.6% year on year

● Streaming

- Sales of streaming rights for content such as *The LEGEND & BUTTERFLY* and *SHIN KAMEN RIDER* greatly contributed to increased sales and profit.

● Sales of Domestic Programs

- There was a slight year-on-year increase in sales of archive content, including period dramas and animated titles, mainly for airing on CS and BS channels.

● Domestic Videograms and In-flight Screenings

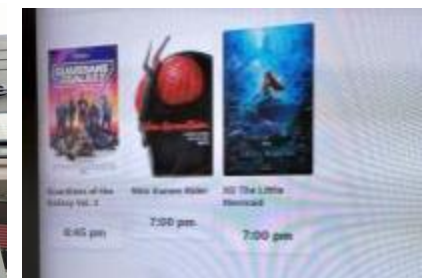
- Tokusatsu (special effects-laden) titles including the *Kamen Rider* and *Super Sentai* series contributed to results, with profit in line with forecasts.
- Results from in-flight screening of titles returned to pre-pandemic levels.

● International

- In addition to sales of overseas screening rights for *THE FIRST SLAM DUNK*, *SHIN KAMEN RIDER* was also popular overseas in regions such as North America along with its popularity in Japan.

- *SHIN KAMEN RIDER* had a special limited US theatrical release on May 31 at approximately 800 theaters. Single-day box office takings ranked fifth (first place being *The Little Mermaid*) and was the second-highest grossing film by theater average.

Actor Sosuke Ikematsu visited Los Angeles to engage with *Kamen Rider* fans. The venue was full of excitement, displaying the immense popularity of *Kamen Rider* in the United States.



* Cinemark 18 & XD in Culver City, California

Future Developments in the Television Content Business and Content Business

▲ Television content business

In addition to high prices, we expect the severe impact from changes to people's living environment and preferences to continue in the future. With the further progression of Japan's declining birthrate, we will strengthen the rollout of the *Kamen Rider* and *Super Sentai* franchises in global markets, in an effort to expand the value of series IPs. At the same time, we will also strive to create new IP that caters to a diverse range of customers and media formats.

▲ Content business: Streaming

We will maximize streaming revenue by rolling out titles to each streaming platform, led by a lineup of anticipated films including *ADULTHOOD FRIENDS*, *IMMERSION* and *REVOLVER LILY*.



ADULTHOOD FRIENDS



IMMERSION



REVOLVER LILY



KYRIE

▲ Content business: International

We fielded a flood of offers to air and stream *THE FORBIDDEN PLAY* from 58 countries and regions.

The Japanese horror genre enjoys an enduring popularity among overseas audiences.

Focusing on genres such as these that are popular with international audiences, we will consider remaking or localizing them.



THE FORBIDDEN PLAY

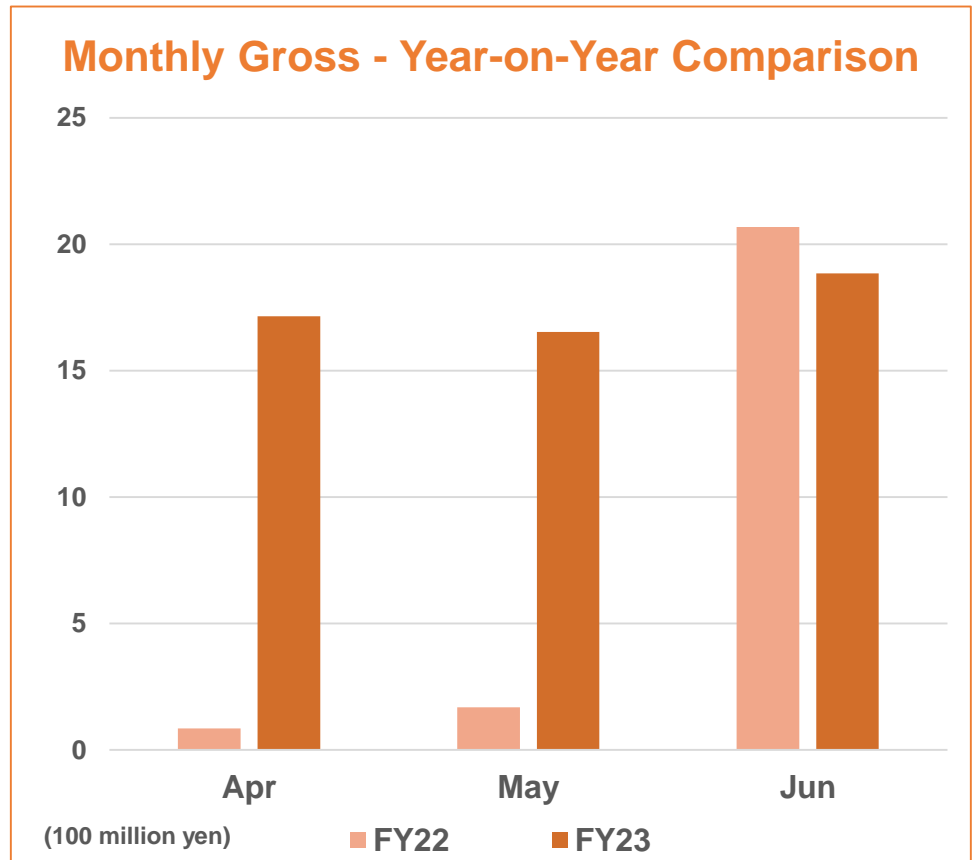
FY2024 Sales Report of Main Titles

Title	Release date	Number of audience	Grossing (100 million yen)
THE FIRST SLAM DUNK	December-3	Approx. 10.49 million	151.2
THE LEGEND & BUTTERFLY	January-27	Approx. 1.9 million	24.7
SHIN KAMEN RIDER	March-17	Approx. 1.58 million	23.3
<i>IDOLISH7 LIVE 4bit BEYOND THE PERIOD</i>	May-20	Approx. 1.24 million	22.1

* Audience numbers and gross: As of August 3, 2023

(100 million yen)

	FY22	FY23	Year-on-year change
Apr	0.84	17.15	2030.5%
May	1.68	16.53	979.6%
Jun	20.67	18.84	91.1%
Total	23.21	52.51	226.3%



1Q FY2024 Analytics (consolidated) Entertainment-Related Business Event-Related Business

(Millions of yen)

		FY23/1Q	FY24/1Q	Year-on-year change	
Entertainment-related business	Net sales	4,557	5,871	1,314	28.8%
	Segment profit	273	800	527	192.8%

⇒ **Net sales 5,871 Million yen / up 28.8% year on year**

During the first quarter the domestic film industry performed strongly overall, with box office results up 137% year on year. Since 2000, April was the third-highest on record, May was the highest, and June was also the third-highest. As a result, performance in this segment was also positive.

Additionally, food and beverage sales at the T-Joy cinemas complexes operated by T-Joy Co., Ltd. increased 40% year on year.

(Millions of yen)

		FY23/1Q	FY24/1Q	Year-on-year change	
Event-related business	Net sales	1,590	2,526	936	58.8%
	Segment profit	186	386	200	107.2%

[Event-related business] ⇒ Net sales 2,093 million yen / up 78.2% year on year

With COVID-19 being reclassified as a Class 5 infectious disease, the event-related business is on track to return to pre-pandemic levels.

Various events were held, including AVATARO SENTAI DONBROTHERS FINAL LIVE TOUR 2023 and KAMEN RIDER 50 YEARS EXHIBITION. In addition, film-related merchandise sales and mail-order event-related merchandise sales were conducted.

[TOEI Kyoto Studio Park] ⇒ Net sales 432 million yen / up 4.0% year on year

COVID-19 being downgraded to a Class V5 infectious disease under Japan's Act on the Prevention of Infectious Diseases and Medical Care for Patients with Infectious Diseases was impactful, with visitors to Toei Kyoto Studio Park recovering to 80% of pre-pandemic levels. In addition, due to increases in usage fees in facilities, average customer spending increased, which led to net sales recovering to 91% of pre-pandemic levels.

Future Developments in the Event-Related Business

After the end of the COVID-19 pandemic, the event-related business is on a recovery track. Negotiations with art galleries and other institutions over overseas cultural events were put on hold due to the COVID-19 pandemic, but those negotiations have resumed.

In addition, during the period when it was not possible to hold events due to COVID-19, Toei put its energies into merchandise sales businesses such as the Kamen Rider Store and the Toei Online Store. As a result, in FY2023 sales at the Kamen Rider Store were up 239% year on year, with the Toei Online Store seeing a steady increase of 248% year on year. Going forward, we will continue to focus on the merchandise business and expand operations.

Additionally, as a new endeavor we will seek to roll out domestic cultural events to overseas venues in the future.



Kamen Rider Store Tokyo
(Permanent store inside Tokyo Character Street)
in Tokyo station



Kamen Rider Store in Aeon Mall Morioka Minami
Period: From July 21, 2023 to August 20, 2023

1Q FY2024 Analytics (consolidated) Tourism Real Estate Business Architectural Interior Design Business

(Millions of yen)

		FY23/1Q	FY24/1Q	Year-on-year change	
Tourism real estate business	Net sales	1,347	1,501	154	11.5%
	Segment profit	510	622	112	21.9%

[Real estate leasing business] ⇒ Net sales 1,081 million yen / up 3.2% year on year

Leased facilities including Platz Oizumi, Oz Studio City, Shibuya Toei Plaza, Shinjuku 3-Chome East Building and Hiroshima Toei Plaza continued operations.

[Hotel business] ⇒ Net sales 419 million yen / up 40.5% year on year

Thanks to a recovery in inbound demand and group usage, net sales in the hotel business increased 40% year on year.

(Millions of yen)

		FY23/1Q	FY24/1Q	Year-on-year change	
Architectural interior design business	Net sales	906	2,118	1,212	133.7%
	Segment profit	(48)	40	88	-

[Architectural interior design business] ⇒ Net sales 2,118 million yen / up 133.7% year on year

In relation to movie theaters, IMAX renovation work contributed to net sales. Strong orders were received for a wide range of room renovation work in relation to elderly care facilities.

Future Developments in the Real Estate Leasing Business

<Higashi Oizumi 2-Chome Redevelopment Project>

Toei will rebuild the tennis courts currently used as a welfare facility and the employee dormitory (Higashi-Oizumi 2-1-19, Nerima-ku, Tokyo), located in buildings and on land owned by the Toei, into rental apartments.

The site had been used as a male dormitory for 36 years since construction was finished in 1986, but in recent years the dormitory occupancy rate and tennis court usage rate have noticeably dropped, leading to the decision to redevelop the location as a rental property. Assets will be utilized as a stable source of revenue to support management foundations.

- Overview of Redevelopment (Planned)

[Construction and size]	Residential complex with reinforced concrete structure, 6 floors above ground
[Building area]	1,512.42 m ² (457.51 tsubo)
[Total floor area]	6,605.05 m ² (1,998.02 tsubo)
[Owned space area]	4651.84 m ² (1407.18 tsubo)
[Total number of units]	89 units in total (43.46m ² to 62.04m ²) with layouts from 1LDK to 2LDK

- Construction Schedule (Planned)

[Start of demolition]	July 1, 2023
[Start of construction]	January 2024
[Completion]	May 2025

* The construction schedule may be extended due to material and equipment delivery delays and other developments.

- **Investment Amount:** 2.3 billion yen



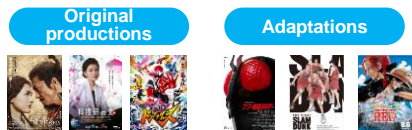
Reference

The Toei Group's Business Model

(1) Run planning and production in-house,

Planning a diverse and attractive lineup of content

- Theatrical films **Over 4,400**
- Television shows **Over 38,000**
- Streaming content **Over 600**



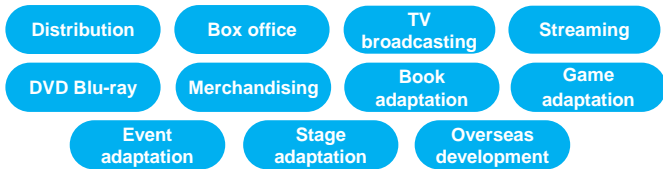
Film production infrastructure

- One-stop system from shooting to post-production



(2) Develop multi-use

- **Multi-channel coverage** from movie theaters to television and online streaming

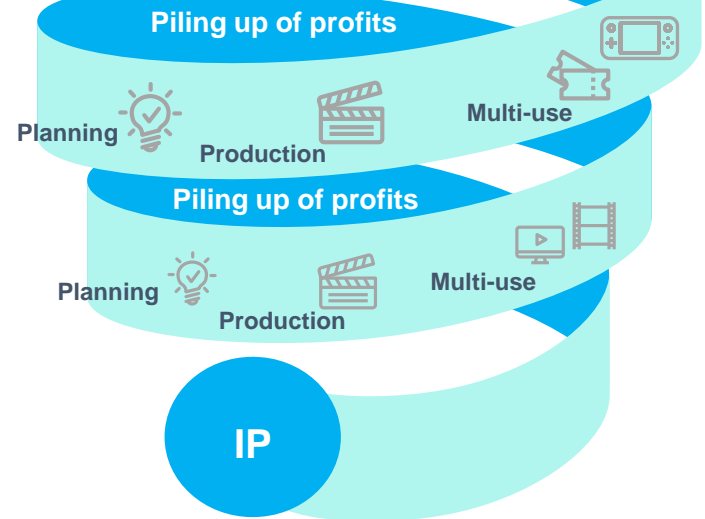


(3) Franchise content to increase points of contact of contact

Aim to maximize the revenue generated by IPs

Revenue maximization

Improved IP recognition
Creating fans, etc.



We are pursuing the following initiatives in connection with the priority measures stated in our medium- to long-term vision TOEI NEW WAVE 2033, namely **maximizing visual content revenue, lengthening the IP lifecycle and accelerating global rollout of content.**

[Establishment of the Brand Strategy Department]

On July 1, 2023, Toei established the Brand Strategy Department.

In the future, Toei will develop the character business in a more strategic and integrated fashion.

<Details of the Department and Purpose of Establishment>

Characteristics

The department comes directly under the jurisdiction of the Chairman, President and CEO.

The department will play a leading role in pursuing the character business spanning each section of the Toei Group. To date, since Toei's characters were created as part of television programs, it was difficult to develop characters originating in non-television media.

Toei aims to create a business that does not fit within its traditional organization, to flexibly respond in ways that its existing sections cannot.

Optimizing operations as a whole aims to speed up decision making and maximize revenue for individual character IPs.

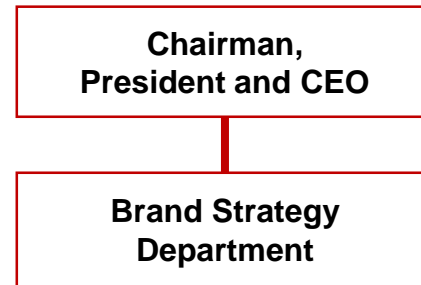
Departmental Staff

The department is headed by Shinichiro Shirakura, an executive director of Toei who has produced numerous character-based titles including the *Heisei Kamen Rider* series, and has been assigned staff including specialists in the secondary use section.

Staff familiar with the work of each section will connect different sections with the aim of expanding flexibly.

The department will develop characters for Asia, Central and South America, Europe and the United States, planning area strategies for the character business and accelerating global expansion.

* Image of Organizational Chart



[Establishment of FLARE CREATORS CO., LTD.]

A new company that will develop and product original movie video content with global markets in mind

Toei has established FLARE CREATORS CO., LTD. to plan, develop and product original content as a joint venture company together with Toei Animation.

■ **Company profile**

- Company name: FLARE CREATORS CO., LTD.
- Location: 6F Global Shin-Kagurazaka Building, 13 Tansumachi, Shinjuku-ku, Tokyo 162-0833
 - * Scheduled for opening in September
- Representative: Hiromi Kitazaki, President & CEO
- Establishment: June 28, 2023
- Capital: 150 million yen (Investment ratio: Toei 50%; Toei Animation 50%)



■ **Business Overview**

FLARE CREATORS CO., LTD. was established as a company specializing in the planning and development of live-action content as well as 2D and 3D animation.

The company will plan titles for multiple formats including film, television and streaming, with releases that will have not only Japanese but worldwide appeal.

Using the planning expertise they have cultivated over many years, Toei and Toei Animation will invest in plot and script development, as well as the production of pilot episodes to share a more concrete vision of completion. The approach is designed for the smooth realization of on-target production and marketing of titles to partners from the early stages, and of sharing branding information. The company will also strengthen collaboration with outside partners (creators).

It will be possible to sell the developed projects not only to Toei and Toei Animation but to other companies as well.

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