

## (Transcripts) Financial Results Briefing for FY2/25 and Mid-Term Plan Briefing

### Event Summary

Company Name: TOHO CO., LTD.

Stock Code: TSE 9602

Event Name: Financial Results Briefing for FY2/25 and Mid-Term Plan Briefing

Date: April 15, 2025

Time: 15:00 - 16:30

Speakers: Hiro Matsuoka, President & CEO

Nobuyuki Tako, Director, Executive Vice President

<b>Operating Results for FY2/25</b>	<ul style="list-style-type: none"> <li>• We recorded operating revenue of ¥313.1 billion and operating profit of ¥64.6 billion, both reached record highs.</li> <li>• In addition to the strong performance of the Production and Distribution business of Film business, TOHO animation titles steadily expanded both in Japan and overseas.</li> </ul>
<b>Business Forecast for FY2/26</b>	<ul style="list-style-type: none"> <li>• For the fiscal year ending February 2026, we forecast operating revenue of 300 billion yen and operating profit of 57 billion yen. Forecasting a decrease in profit due to the absence of Japan and overseas streaming revenue from <i>GODZILLA MINUS ONE</i>, and the temporary closure of the Imperial Theatre.</li> <li>• We have established the IP &amp; Anime Business segment. We will disclose the business activities and progress of the IP &amp; anime-related business, which is the core of our growth strategy, more appropriately.</li> </ul>
<b>Key points of TOHO Mid-Term Plan 2028 announced today</b>	<ul style="list-style-type: none"> <li>• We aim to achieve an operating profit of ¥70 billion or more and ROE of 9% or more.</li> <li>• Increase our overseas net operating revenue ratio from the current 10% to 30% by 2032.</li> <li>• Aim to achieve an operating profit of 200% or more in the IP &amp; Anime business by doubling the number of employees at TOHO animation by 2032.</li> </ul>

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**Matsuoka:** I'm Hiroyasu Matsuoka, President & CEO. Thank you all for joining us today for the financial results and mid-term plan briefing despite your busy schedules.

Let me jump right into the executive summary of the financial results.

For FY 2/25, both operating revenue and operating profit reached all-time highs. This was driven by strong performance in the film production and distribution business, as well as steady expansion of TOHO animation titles both in Japan and internationally.

Looking ahead to FY 2/26, we are forecasting a decrease in profit compared to the previous year, but I will explain the reasons for that later on.

And as for the key points of our Mid-Term Plan 2028, as outlined in the materials, I'll be going over those in detail following the financial results explanation.

## Consolidated Business Highlights

Operating revenue and operating profit increased year on year due to the success of our distributed films, some of which we led the production of, the contribution of streaming rights revenue from *GODZILLA MINUS ONE*, and the strong performance of TOHO animation titles in Japan and overseas.

(millions of yen)

	FY2/24	FY2/25	YoY change	Percentage changes
Operating revenue	283,347	313,171	29,823	10.5%
Operating profit	59,251	64,684	5,432	9.2%
Ordinary profit	63,024	64,455	1,430	2.3%
Profit attributable to owners of parent	45,283	43,357	-1,926	-4.3%




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Next, I'd like to walk you through the consolidated performance highlights.

Operating revenue came in at JPY313.1 billion, and operating profit was JPY64.6 billion. This marks an increase in both revenue and profit compared to the previous fiscal year. Contributing factors include the strong performance of our distributed films, among them several titles for which we served as the lead distributor, the revenue from streaming rights for *GODZILLA MINUS ONE* and the continued success of TOHO animation titles both domestically and overseas.

That said, profit attributable to owners of parent decreased YoY. This is primarily due to two factors: one is that in the previous fiscal year, we recorded a gain on step acquisitions related to our tender offer and consolidation of TOKYO RAKUTENCHI; and the other is that in the current fiscal year, we recorded a special loss.

## Operating Results by Segment

		(millions of yen)			
		FY2/24	FY2/25	YoY change	Change Factors (Operating revenue) Change Factors (Operating profit)
 <b>Film business</b>	Operating revenue	192,794	209,253	+16,459	<ul style="list-style-type: none"> <li>Strong sales of co-produced and distributed films as well as distribution rights revenues from GODZILLA MINUS ONE contributed to the performance.</li> <li>TOHO animation titles performed well in Japan and overseas.</li> </ul>
	Operating profit	44,709	50,807	+6,097	
	Operating profit margin	23.2%	24.3%	+1.1 point	
 <b>Theatrical business</b>	Operating revenue	20,153	22,890	+2,737	<ul style="list-style-type: none"> <li>Closing lineup were performed at the Imperial Theatre. The number of performances increased.</li> </ul>
	Operating profit	3,115	4,129	+1,014	
	Operating profit margin	15.5%	18.0%	+2.6 point	
 <b>Real Estate business</b>	Operating revenue	69,142	79,653	+10,511	<ul style="list-style-type: none"> <li>TOKYO RAKUTENCHI Co., Ltd. contributed to the full year results. Redeveloped properties and newly acquired properties contributed to the performance.</li> </ul>
	Operating profit	17,610	16,826	-783	
	Operating profit margin	25.5%	21.1%	-4.3 point	
<b>Other business</b>	Operating revenue	1,256	1,372	+115	<ul style="list-style-type: none"> <li>Sales remained strong at Toho Chofu Sports Park and theater concession stands, etc.</li> </ul>
	Operating profit	174	162	-11	
	Operating profit margin	13.9%	11.9%	-2.0 point	

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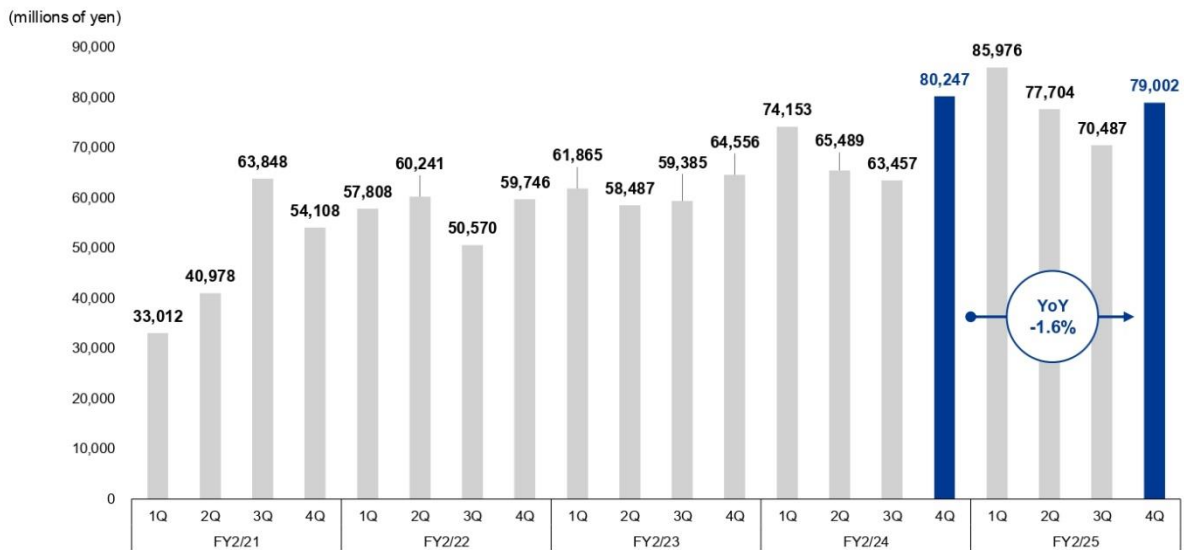
Here is the breakdown of performance by segment.

In the Film business, operating revenue reached JPY209.2 billion, which is an increase of JPY16.4 billion from the prior year. Operating profit was JPY50.8 billion, up JPY6 billion YoY.

In the Theatrical business, operating revenue totaled JPY22.8 billion, representing a JPY2.7 billion increase. Operating profit came to JPY4.1 billion, up JPY1 billion compared to the previous year.

In the Real Estate business, operating revenue was JPY79.6 billion, a JPY10.5 billion increase from the prior year. However, operating profit decreased by JPY700 million to JPY16.8 billion.

## Operating Revenue (Quarterly)



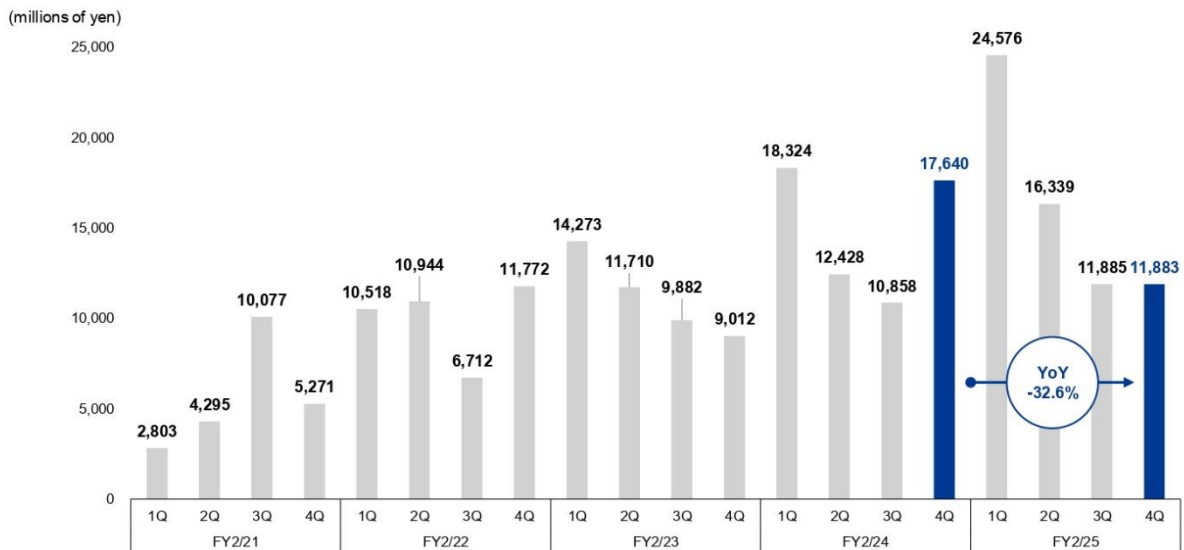
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Now let's look at quarterly trends in operating revenue.

As you can see, revenue has been steadily trending upward overall.

However, in Q4 of FY 2/25, operating revenue saw a slight YoY decline. While TOKYO RAKUTENCHI contributed positively to revenue, the same quarter of the previous year saw an exceptionally strong performance driven by major hits like *GODZILLA MINUS ONE* and *Haikyu!! The Dumpster Battle*, as well as significant revenue from international streaming rights for anime titles.

## Operating Profit (Quarterly)

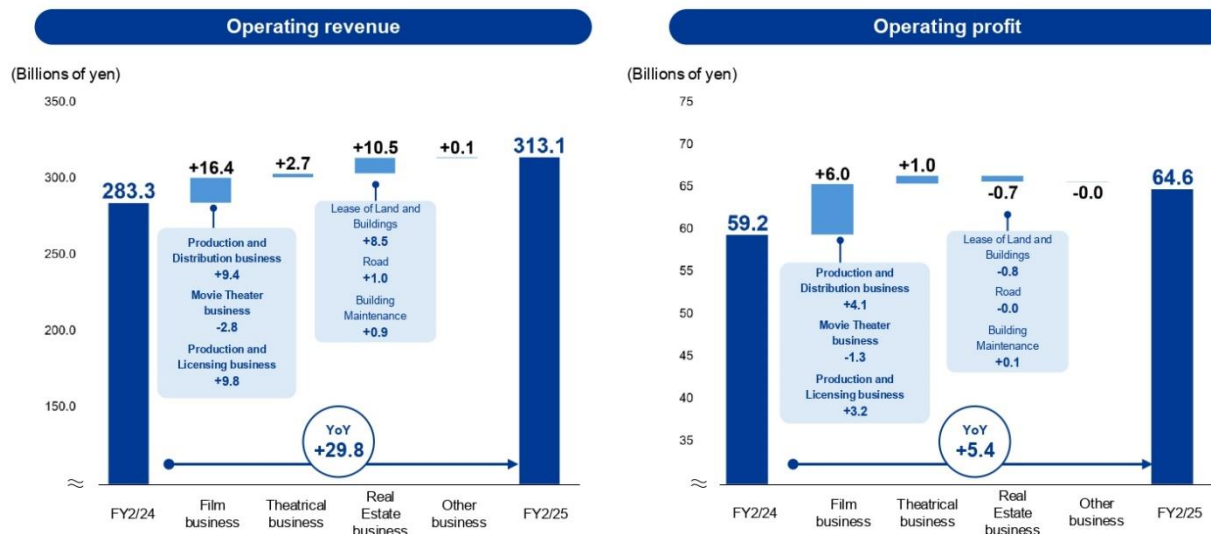


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Now let's turn to quarterly trends in operating profit.

In Q4 of FY 2/25, operating profit declined YoY. This was due to the absence of high profit contributing titles like *GODZILLA MINUS ONE* and *Haikyu!! The Dumpster Battle*, which have been present in the same quarter of the previous year. Additionally, we recorded temporary expenses related to the upcoming demolition of the TEIGEKI BUILDING, which further contributed to the decline in profit.

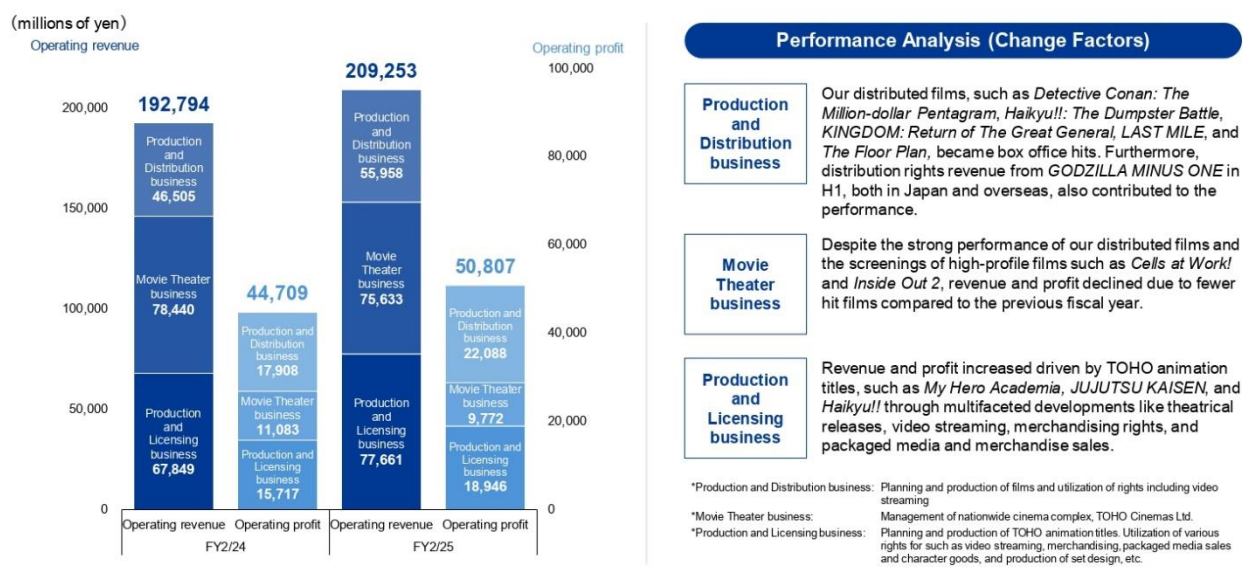
## Trends in Operating Revenue and Operating Profit (Full-year)



Here is the breakdown of increases and decreases in operating revenue and operating profit by segment.

The most significant growth came from the Production and Distribution and Production and Licensing businesses, which together drove increases in both revenue and profit.

## Operating Results in the Film Business Segment



Next, I'll move into a more detailed analysis by segment, starting with the Film business.

In the film Production and Distribution business, we saw major hits among the titles we released, including *Detective Conan: The Million-dollar Pentagon*, *Haikyu!! The Dumpster Battle*, *KINGDOM: Return of the Great General*, *LAST MILE*, and *The Floor Plan*. Additionally, revenue from domestic and international streaming rights for *GODZILLA MINUS ONE* in the first half contributed to a YoY increase in both revenue and profit.

In the Movie Theater business, while attendance for our distributed titles remained high and we screened several noteworthy films such as *Cells at Work!* and *Inside Out 2*, the number and impact of hit titles did not match the previous year. As a result, both revenue and profit declined.

In the Production and Licensing business, TOHO animation titles such as *My Hero Academia*, *JUJUTSU KAISEN*, and *Haikyu!!* continued to perform strongly across multiple channels: through theatrical releases, digital streaming, merchandising rights, and sales of packages and goods, leading to increases in both revenue and profit.



# TOHO Animation's Operating Revenue by Source and Sales Composition in Japan and Overseas

## Operating Revenue by Sales Source

(millions of yen)

	FY2/24	FY2/25	YoY change	Percentage change	Major factors of changes
Streaming	18,433	21,842	3,409	18.5%	• <i>My Hero Academia</i> , <i>JUJUTSU KAISEN</i> , and other titles performed well in Japan and overseas.
Character license	7,916	11,185	3,269	41.3%	• <i>JUJUTSU KAISEN</i> , <i>Haikyu!!</i> , and other titles were strong.
Merchandise sales	4,519	8,105	3,586	79.4%	• Sales of character goods of <i>Haikyu!!</i> , <i>My Hero Academia</i> , and other titles increased.
Home entertainment	2,852	3,143	291	10.2%	• <i>Haikyu!!</i> , <i>Frieren: Beyond Journey's End</i> , and other titles showed favorable performance.
Theater release	9,197	7,083	-2,114	-23.0%	• <i>Haikyu!!: The Dumpster Battle</i> and <i>SPY x FAMILY CODE: White</i> became big hits in the previous fiscal year.
Royalty and others	3,646	4,120	474	13.0%	• Game adaptation rights for <i>JUJUTSU KAISEN</i> , <i>Kaiju No.8</i> , and other titles contributed to the performance.
<b>Total</b>	<b>45,215</b>	<b>55,480</b>	<b>8,915</b>	<b>19.1%</b>	

## Sales Composition in Japan and Overseas

(millions of yen)

	FY2/24	FY2/25	YoY change	Percentage change	Composition ratio
Japan	30,506	37,778	6,976	22.6%	68.1%
Overseas	15,763	17,701	1,938	12.3%	31.9%

\*The scope of this table covers works under the label of TOHO animation and equivalents.

\*This material was independently prepared from the viewpoint of enhancing information on the anime business, and may not be consistent with the figures in other financial materials.

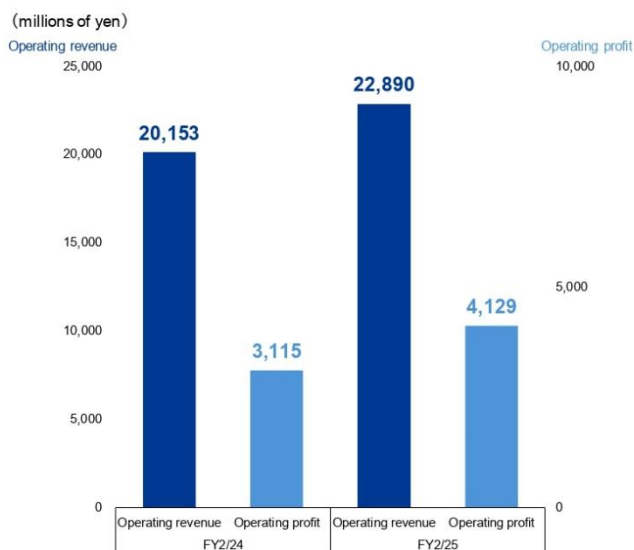
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This chart shows operating revenue from TOHO animation titles by revenue source and domestic versus overseas breakdown.

Titles like *JUJUTSU KAISEN*, *Haikyu!!*, and *My Hero Academia* performed well, resulting in an increase in operating revenue compared to the previous year.

As for the domestic versus international composition, while merchandise sales in Japan saw significant growth and made domestic numbers appear larger, revenue from overseas markets also continued to increase steadily.

## Operating Results in the Theatrical Business Segment



### Performance Analysis (Change Factors)

*Endless Shock*, *Les Misérables*, *CONCERT THE BEST New HISTORY COMING*, and other theatrical plays were performed as part of the Imperial Theatre Closing Lineup, and all seats were sold.

In addition, *Spirited Away* enjoyed great success during its long run at the London Coliseum, and *CONCERT THE BEST New HISTORY COMING* offered live streaming of limited performances and live theatrical screenings of the final performance of the tour. As a result, revenue and profit increased.

TOHO ENTERTAINMENT CO., LTD. performed well, as it successfully cast actors, such as Masami Nagasawa, Minami Hamabe, and Mone Kamishiraishi, for various TV commercials.

\*Theatrical business: Production and exhibition of theatrical plays, and management of entertainment production

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Now let's talk about the Theatrical business.

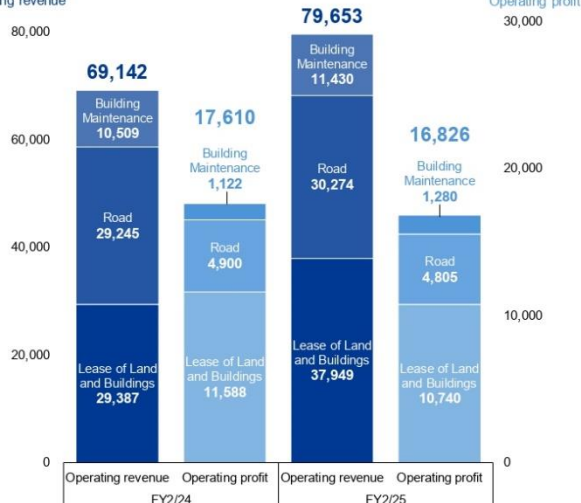
At the Imperial Theatre, which temporarily closed at the end of February for redevelopment, we presented a closing lineup of shows including *Les Misérables* and *CONCERT THE BEST New HISTORY COMING*. With an increased number of performances compared to the previous year, this resulted in both higher revenue and profit.

*CONCERT THE BEST New HISTORY COMING* also received a favorable response from audiences through limited-performance livestreams and a final performance live viewing event.

## Operating Results in the Real Estate Business Segment

(millions of yen)

Operating revenue



### Performance Analysis (Change Factors)

#### Lease of Land and Buildings

Revenue increased due to the full-year contributions from TOKYO RAKUTENCHI Co., Ltd. and contributions from new properties including the TOHO Hibiya Promenade Bldg. However, profits declined due to temporarily expenses for large-scale repairs and future demolition of the TEIGEKI BLDG.

#### Road

Revenue increased, driven mainly by aggressive efforts to win new orders and receive additional orders for existing projects. However, profits declined due in part to a decline in the number of highly profitable constructions and a rise in labor and materials and equipment prices.

#### Building Maintenance

Revenue and profit increased as TOHO BUILDING MANAGEMENT Co., Ltd. and Toho Facilities Co., Ltd. worked to win new orders and revise contract prices, and made efforts to improve operational efficiency.

- \* Lease of Land and Buildings: Real estate business mainly leasing office buildings and commercial facilities
- \* Road: Road maintenance and cleaning businesses operated by a consolidated subsidiary, Subaru Enterprise Co., Ltd.
- \* Building Maintenance: Building maintenance business including cleaning, facility management, and security for buildings, etc.

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Now let's move on to the Real Estate business.

In the real estate Lease of Land and Building business, revenue increased thanks to several factors: the full-year contribution from TOKYO RAKUTENCHI, as well as year-round operations at the TOHO Hibiya Promenade Building. However, despite the rise in revenue, operating profit declined. This was due to the recognition of temporary expenses, including large-scale repair costs and projected demolition costs for the TEIGEKI BUILDING.

Our Road and Building Maintenance businesses continued to perform steadily.

Next, I'd like to discuss our outlook for FY 2/26.

## Financial Forecasts

Operating profit for FY2/26 (initial forecast) is to be decreased due to the absence of Japan and overseas streaming rights revenue from *GODZILLA MINUS ONE* and the temporary closure of the Imperial Theatre.

(millions of yen)

	FY2/25	FY2/26 (initial forecast)	YoY change	Percentage changes
Operating revenue	313,171	300,000	-13,171	-4.2%
Operating profit	64,684	57,000	-7,684	-11.9%
Ordinary profit	64,455	55,000	-9,455	-14.7%
Profit attributable to owners of parent	43,357	37,500	-5,857	-13.5%

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For the full fiscal year ending February 2026, we are forecasting operating revenue of JPY300 billion and operating profit of JPY57 billion. This represents a decline in profit compared to the prior fiscal year.

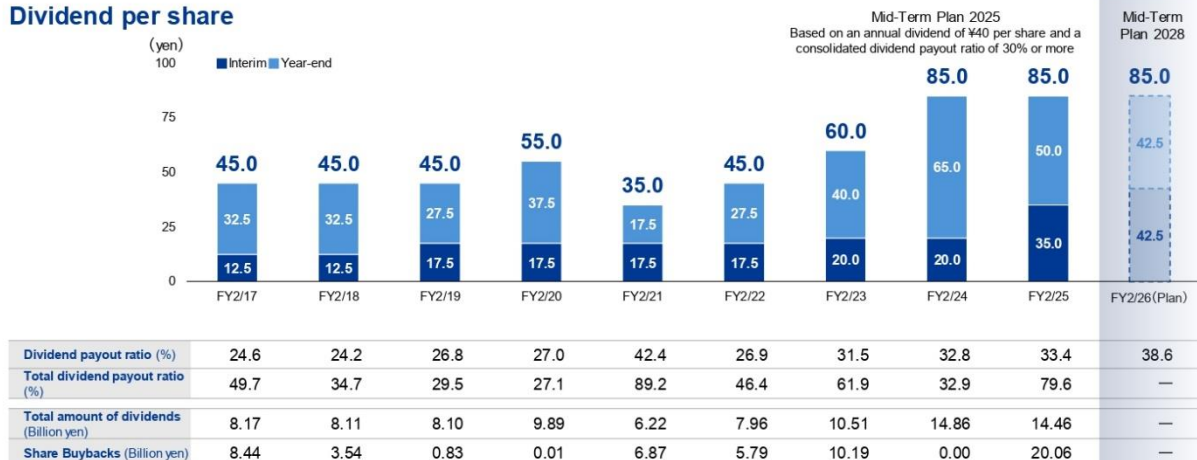
The primary reasons for this forecasted decline are the absence of revenue from domestic and international streaming rights for *GODZILLA MINUS ONE*, which had contributed significantly to the previous fiscal year, and the impact of the temporary closure of the TEIGEKI. That said, if we set aside these specific factors, we expect our overall performance to be roughly in line with the previous year. In fact, this forecast marks our highest ever full-year outlook at the start of a fiscal year.

## Shareholder Returns

### Shareholder returns policy for the TOHO Mid-Term Plan 2028 (FY2026 - FY2028)

Achieve a dividend payout ratio of 35% or more\* with a minimum annual dividend of ¥85 per share and implement flexible share buybacks.

#### Dividend per share



\*Total dividend payout ratio = (Total amount of dividends + Share buyback amount) / Net income attributable to owners of parent x 100

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Now, regarding shareholder returns.

The dividend for FY 2/25 was raised by JPY15 from the initial forecast, bringing the annual dividend per share to JPY85.

Starting in FY 2/26, we have revised our shareholder return policy to establish JPY85 as the minimum annual dividend, with a consolidated payout ratio of 35% or more. Based on this policy, our forecast for FY 2/26 is also an annual dividend of JPY85 per share.

## IP & Anime Business Segment: By Business

We separated IP business and anime-related business from the Production and Distribution business and the Production and Licensing business. In FY2/26 and beyond, they are independent reportable segment.

[Before change]		[After change]	
Reportable Segment		Reportable Segment	Main Businesses
Film business		Film business	
Production and Distribution business		Production and Distribution business	Business related to film creative development, production, and distribution.
Movie Theater business		Movie Theater business	Business related to the management of movie theaters.
Production and Licensing business		Other Film businesses	Business related to other video production, art production, marketing, and the etc.
		<b>IP and Anime business</b>	Business related to the creative development, production, and rights management by TOHO animation, and Godzilla's licensing business.
Theatrical business		Theatrical business	Businesses related to the production and exhibition of theatrical performances.
Real Estate business		Real Estate business	Business related to real estate leasing, roads, real estate maintenance/management, etc.
Other business		Other business	Businesses related to the management of sports facilities, etc., and merchandising.

※The "Other business" segment is a business segment not included in the reportable segments.

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That concludes our performance outlook for FY 2/26.

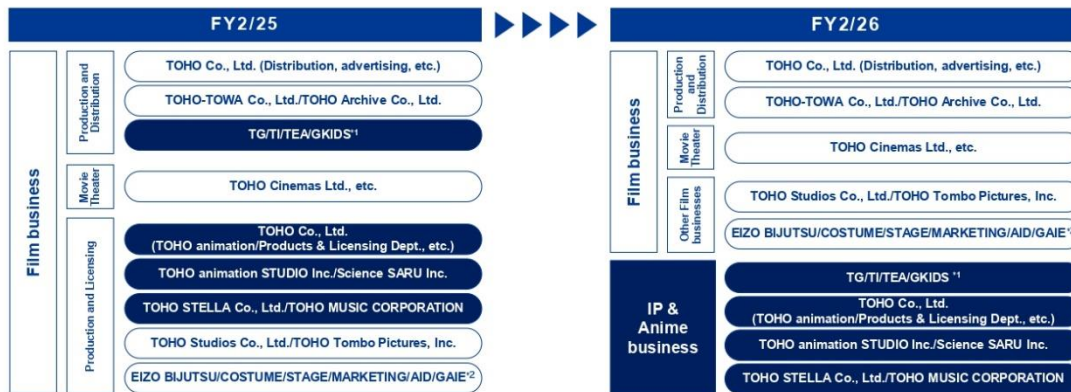
Now, I'd like to explain the establishment of a new reporting segment, the IP & Anime business.

Beginning FY 2/26, we have separated out our IP and anime-related operations from the Film business segment, which previously comprised both the Production and Distribution business and Production and Licensing businesses. These activities now constitute a new standalone reporting segment: the IP & Anime business.

This structural change allows us to more accurately capture and communicate the performance and realities of the animation and IP-related businesses, which serve as a core pillar of our group's growth strategy.

## IP & Anime Business Segment: Changes by Subsidiary

We separated consolidated subsidiaries by company and shifted some Film business companies to the IP & Anime business.



(Notes)

- Subsidiaries under the umbrella of the above subsidiaries are included. Due to space limitations, multiple companies are listed together, but this is not based on any specific criteria or intent.
- Approx. 30% and 40% of operating revenue and segment profit, respectively, in the Film business segment for FY2/25 are to be shifted to the IP & Anime business.
- Godzilla-related revenues account for more than 10% of IP & Anime Business (estimated based on FY2/25 results, mainly IP, product sales, and theatrical distribution in North America. Operating revenues from streaming are recorded in Production and Distribution business)

\*1: TOHO Global Inc., Toho International, Inc., TOHO Entertainment Asia Pte. Ltd., and GKIDS, INC.

\*2: TOHO EIZO BIJUTSU Co., Ltd., TOHO-COSTUME Co., Ltd., TOHO STAGE CRAFT Co., Ltd., TOHO MARKETING Co., Ltd., AID-DCC Inc., and gaie Inc..

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This chart shows the shift in group subsidiaries before and after the change of the segment.

Companies such as TOHO Global and TOHO International, which had previously been part of the film Production and Distribution business, and TOHO animation and Science SARU, which had belonged to the Production and Licensing business, are now classified under the IP & Anime business.



## IP & Anime Business Segment: Allocation by Commercial Distribution

The following is the list of allocation destinations for major titles by commercial distribution. Godzilla and some anime-related operating revenues continue to be allocated to the Film business segment (Production and Distribution/Movie Theatre).

### (1) Godzilla movie series<sup>\*1</sup>

	Production of works (allocated funds invested)	Distribution to theaters	Box office and store sales	Streaming	Licensing, merchandising, etc. <sup>*2</sup>
Sales in Japan	Production and Distribution	Production and Distribution	Movie Theatre	Production and Distribution	IP & Anime
Overseas sales		IP & Anime <sup>*3</sup>	— <sup>*4</sup>	IP & Anime <sup>*3</sup>	

### (2) Works by TOHO animation and works funded by Science SARU

	Production of works (allocated funds invested)	Distribution to theaters	Box office and store sales	Streaming	Licensing, merchandising, etc. <sup>*2</sup>
Sales in Japan	IP & Anime	Production and Distribution	Movie Theatre	IP & Anime <sup>*3</sup>	IP & Anime
Overseas sales		IP & Anime <sup>*3</sup>	— <sup>*4</sup>	IP & Anime <sup>*3</sup>	

### (3) Anime films distributed by TOHO (e.g., *Detective Conan* and *Doraemon* movie series)

	Production of works (allocated funds invested)	Distribution to theaters	Box office and store sales	Streaming	Licensing, merchandising, etc. <sup>*2</sup>
Sales in Japan	— <sup>*5</sup>	Production and Distribution	Movie Theatre	— <sup>*6</sup>	IP & Anime
Overseas sales		— <sup>*3, *7</sup>	— <sup>*5</sup>	— <sup>*3</sup>	

Notes: In the table, figures with low or no operating revenue are indicated with "— (bar)."

\*1: (1), TOHO Great Monster series films including the Godzilla series

\*2: Including IP use of Godzilla characters, games, music, packaged media, pamphlets, etc.

\*3: Films licensed to Toho International Inc. and GKIDS, INC. are allocated to "IP & Anime." However, those consigned to TOHO Global Inc. and TOHO Entertainment Asia Pte. Ltd. are allocated to "Production and Distribution."

\*4: There are no revenues from overseas box office and store sales in (1) through (3).

\*5: In (3), TOHO's Film Sales Dept. has invested in some anime film productions, and the related revenue and expenses are recorded in "Production and Distribution."

\*6: In (3), although not many films are distributed in Japan, when operating revenue is generated, it is recorded in "Production and Distribution."

\*7: In (3), TOHO distributes certain anime film productions to overseas markets. In principle, operating revenue from such distributed films is recorded in accordance with \*3.

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Here we have a chart showing the allocation of revenue sources by commercial distribution route.

Revenue from Godzilla and anime-related content will now be split between the IP & Anime business segment and the Film business segment, depending on the specific business activity.

For example, sales in Japan from production investment returns and theatrical distribution of the Godzilla film series will continue to be recorded under the film Production and Distribution business. On the other hand, international streaming rights, licensing, and merchandising revenue related to Godzilla will be recorded under the IP & Anime business.

Similarly, for TOHO animation titles and projects involving investment from Science SARU, production investment returns, streaming, licensing, and merchandising revenue will all be accounted for within the IP & Anime business segment.



## Position of TOHO Mid-Term Plan 2028

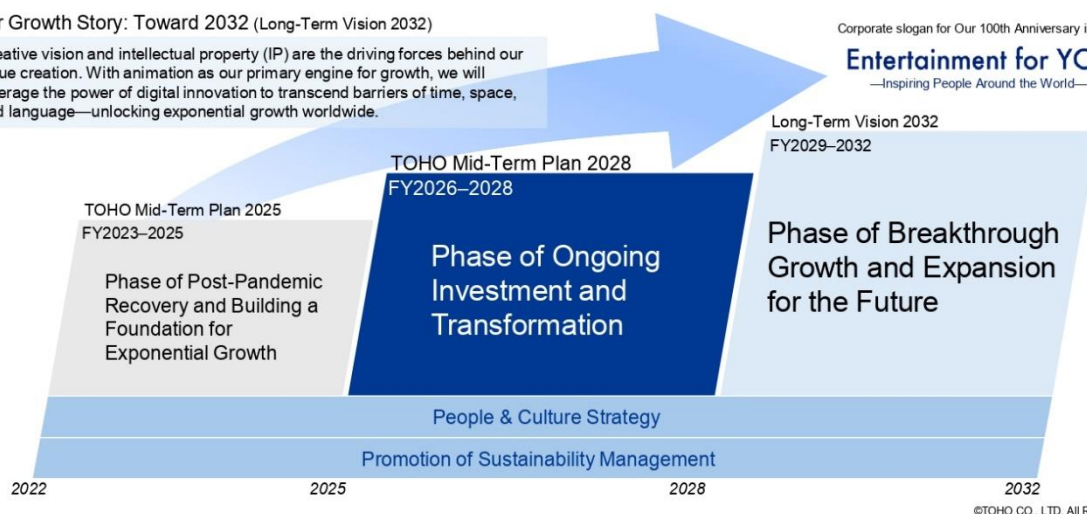
The next three years represent a pivotal phase of ongoing investment and transformation. Building on the growth narrative outlined in our Long-Term Vision 2032 under the TOHO VISION 2032 Group Management Strategy, we are committed to becoming an entertainment company loved by fans worldwide.

### Our Growth Story: Toward 2032 (Long-Term Vision 2032)

Creative vision and intellectual property (IP) are the driving forces behind our value creation. With animation as our primary engine for growth, we will leverage the power of digital innovation to transcend barriers of time, space, and language—unlocking exponential growth worldwide.

Corporate slogan for Our 100th Anniversary in 2032

**Entertainment for YOU**  
—Inspiring People Around the World—



Now, I'll move on to our mid-term plan.

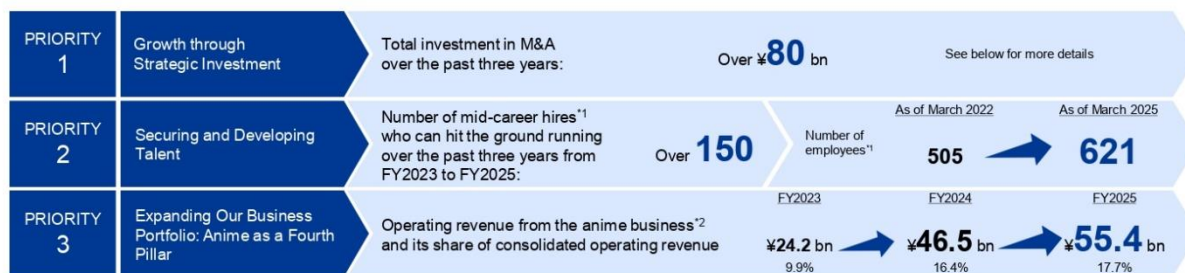
The last time we announced our long-term vision, TOHO VISION 2032, along with our Mid-Term Plan 2025, it was right in the midst of the COVID-19 pandemic. Especially given that we are in the entertainment business, it was a period of complete uncertainty. Still, even in that environment, we pushed ourselves to look ahead and defined a direction we wanted to pursue. That vision and plan were born out of that mindset.

Thanks to the hard work of all our employees, the outstanding contributions of our partners, and, frankly, a bit of luck, we believe that over the past three years we have delivered tangible results. Looking back now, we feel confident that the strategies we formulated three years ago were, in fact, the right ones.

Therefore, over the next three years, we will continue along the growth trajectory laid out in TOHO VISION 2032. This new mid-term plan positions the next three years as a period for sustained investment in growth and continued transformation.

## Achievements in Our Three Strategic Priorities

The TOHO Group outlined three strategic priorities in Long-Term Vision 2032. We have made steady progress, achieving significant milestones over the past three years:



\*1 Number of employees at TOHO CO., LTD.

\*2 Total operating revenue by Anime business source voluntarily disclosed in financial results presentation materials.

### Key Subsidiaries and Affiliates Acquired During TOHO Mid-Term Plan 2025

 <b>AID-DCC</b> Inc.	 <b>EISHIN</b> Industrial Arts Co., Ltd. (A subsidiary of TOHO STAGE CRAFT Co., Ltd.)	 <b>DRAGONFLY</b> ENTERTAINMENT, INC. (A subsidiary of TOHO Studios Co., Ltd.)
 <b>TOHO animation STUDIO</b> Inc. (TIA Inc. became our subsidiary and changed its name)	 <b>東京楽天地</b> TOKYO RAKUTENCHI Co., Ltd.	 <b>GKIDS, INC.</b> (A subsidiary of Toho International Inc.)
 <b>gaie</b> Inc.	 <b>SARU</b> Science SARU Inc.	<div>Acquired a partial equity stake</div> <div> <b>IGLOO STUDIO CO., LTD.</b>  <b>CJ ENM FIFTH SEASON LLC.</b> </div> <div> <b>CoMix Wave Films Inc.</b>  <b>Bandai Namco Holdings Inc.</b>  <b>Orange Co., Ltd.</b> </div>

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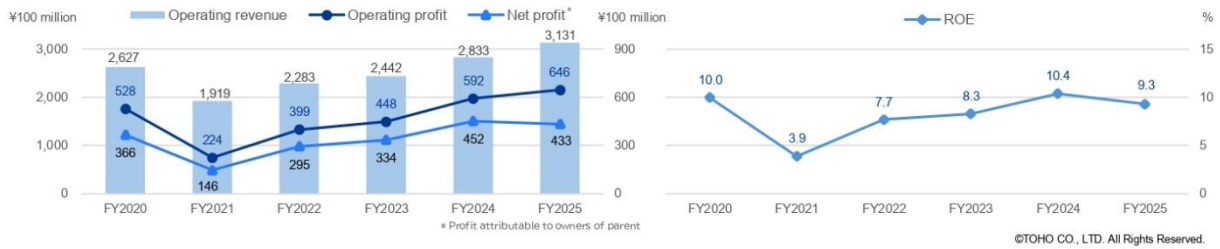
Our long-term vision TOHO VISION 2032 outlined three core focus areas; promotion of investment, securing and developing talent, and establishing anime as the fourth pillar of our business. We believe we have made meaningful progress in all three areas. In particular, the anime business has grown significantly and now firmly stands as our fourth pillar.

## Review of Financial Targets

We have consistently delivered strong financial performance, achieving record-breaking operating profits for two consecutive years and maintaining a return on equity (ROE) of at least 8% annually, as outlined in TOHO Mid-Term Plan 2025. Additionally, we upheld a dividend payout ratio of 30% or more over the past three years, while enhancing shareholder returns including share buybacks.

			FY2023	FY2024	FY2025
Operating profit Target	A record-breaking ¥52.8 billion by FY2025	Achieved the highest operating profit for two consecutive years	¥44.8 bn	¥59.2 bn	¥64.6 bn
Shareholder returns	Dividend Payout Ratio Target: Maintain 30%+ with annual dividend of ¥40 per share and flexible buybacks	Implement share buybacks Total of approx. ¥00 bn	¥60 31.5%	¥85 32.8%	¥85 33.4%
				(Dividend per share)	(Dividend payout ratio)
ROE	Aimed to achieve ROE of 8% or more	Achieved ROE of 8% or more for each of the fiscal years	8.3%	10.4%	9.3%

Performance and ROE over the past six years



This next slide was already covered earlier in the financial results portion, so I will skip over it here.

## Iconic TOHO Content & IP: Captivating Audiences Worldwide



Left: *GODZILLA MINUS ONE* won Best Visual Effects at the 96th Academy Awards and ranked third among the highest-grossing foreign-language films of the North American box office history.  
 Top Right: *JUJUTSU KAISEN* (Season 2) earned the Anime of the Year title at the Crunchyroll Anime Awards 2024.  
 Bottom Right: *Spirited Away* received four nominations at the Olivier Awards 2025, including Best New Entertainment or Comedy Play.

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Over these past three years, it's not just the numbers, we've also received strong recognition both in Japan and internationally. That has become a tremendous source of confidence, pride, and validation for us.

The revenue impact has been significant, of course. But more importantly, we've gained the confidence that our content is being embraced by audiences around the world. That, too, is a major achievement.

I would like to take this opportunity to once again express my sincere gratitude to all the creators and partners who've worked with us, as well as to every one of our employees.

## Guiding Principles of TOHO Mid-Term Plan 2028

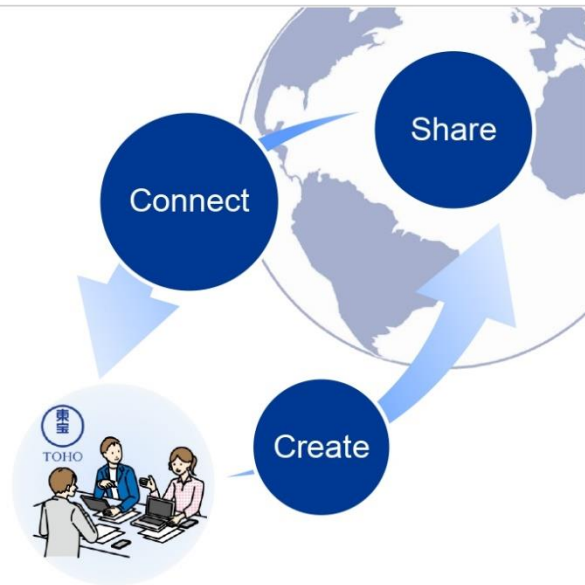
The past three years have been a defining chapter in TOHO's global success. From the U.S. Academy Award win for *GODZILLA MINUS ONE*, the worldwide phenomenon of the anime *JUJUTSU KAISEN*, to the sold-out London performances of *Spirited Away*, our entertainment has inspired audiences across the world.

At the heart of this success is a simple, unwavering truth—our people pour their passion into their creative vision, bring entertainment to life, and share it with the world. No matter how the external landscape evolves, this remains the cornerstone of TOHO's value creation.

However, lasting growth requires more than just delivering content to a global audience. To build deeper, more meaningful connections, we must go beyond distribution to truly understand what resonates with audiences worldwide. These connections can transform casual viewers into devoted fans.

**People. Stories. The World. Stronger Connections  
with Audiences Everywhere.**

With this vision as our guide, the TOHO Group is on a mission to become an entertainment company loved by fans across the globe as we move forward with TOHO Mid-Term Plan 2028.



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This next slide represents the mindset and stance we intend to carry throughout this new mid-term plan period.

At TOHO Group, our employees continue to work closely with a wide range of creators to make creative development and bring to life outstanding works and content. That core activity remains unchanged.

However, over the next three years, we want to be even more intentional and focused on delivering our content to audiences around the world. And in addition to that, we believe that truly getting to know each of our customers and building direct connections with them is going to be a key driver of further growth.



## Key Points of TOHO Mid-Term Plan 2028

Human Resources	<ul style="list-style-type: none"> <li>Scaling Excellence: Creating a Company-wide Network of Experts Hire approx. <b>200</b> people<sup>*1</sup>, the source of our growth, over the next three years. Focus on investing in our people and enhancing engagement with them.</li> </ul> <p><small>*1 People at TOHO CO., LTD.</small></p>
Content and IP	<ul style="list-style-type: none"> <li>Deliver world-class entertainment with a diverse lineup of approximately <b>200</b> titles, captivating audiences across the globe.</li> <li>Invest approx. <b>¥70</b> billion over the next three years to plan and produce content, such as movies, animation, theatrical plays, and digital games, and create related IP.</li> <li>GODZILLA IP will be developed and distributed with an investment of approx. <b>¥15</b> billion over the next three years to fully scale the IP business.</li> <li>Set aside approx. <b>¥120</b> billion over the next three years for growth investments such as M&amp;A in the content and IP areas and opening of multiplexes.</li> <li>Aim to achieve an operating profit of <b>200%</b><sup>*2</sup> or more in the IP and Anime business by doubling the number of employees at TOHO animation by 2032.</li> </ul> <p><small>*2 Operating income in new segments (page 12) compared to that for FY2/25</small></p>
Digital	<ul style="list-style-type: none"> <li>Invest approx. <b>¥5</b> billion in the TOHO-ONE project, which is aimed at developing the TOHO Group's customer data platform and launch a new membership service in Spring 2026 to create a seamless and unified customer experience (page 19)</li> </ul>
Overseas	<ul style="list-style-type: none"> <li>Create synergies with companies that newly joined the TOHO Group while accelerating the increase of our overseas offices.</li> <li>Increase our overseas net operating revenue ratio from the current 10% to <b>30%</b> by 2032.</li> </ul>

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We've identified four focus areas that we see as critical: talent, content/IP, digital, and global. Let me briefly list out some key points in each category.

At TOHO CO., LTD., we hired nearly 150 people during the previous mid-term plan period. For the next three years, we plan to continue at this pace, aiming to hire around 200 new employees.

As for content and IP, we will continue to invest heavily in entertainment works centered around film, animation, and theater. In particular, we plan to invest JPY15 billion into Godzilla-related projects. On top of the JPY70 billion earmarked for planning, development, and production, we have set aside an additional JPY120 billion as a growth investment fund for activities such as M&A and expansion of cinema complexes.

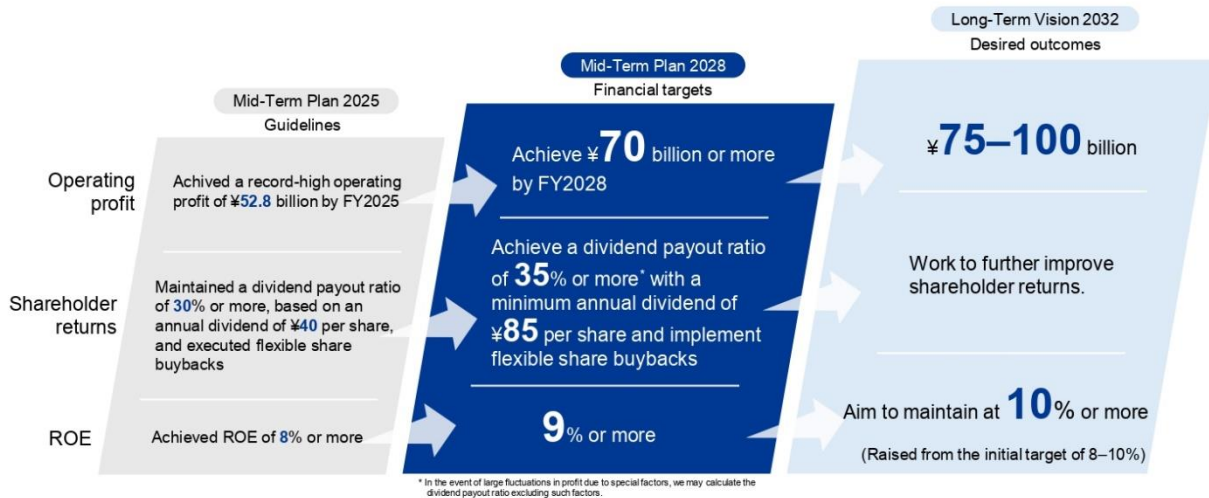
By continuing these kinds of growth investments, our aim is to double the operating profit of the IP & Anime business, identified as a key growth area, by FY2032 compared to current levels.

On the digital front, we plan to launch a new group-wide membership service that will replace the TOHO Cinemas Cinema Mileage program.

As for our global strategy, we will expand our overseas presence. Currently, around 10% of our consolidated revenue comes from international markets, and we aim to raise that to 30% by FY2032.

## Financial Targets

We will increase financial targets for operating profit, shareholder returns, and ROE from those of the Mid-Term Plan 2025. We will also raise the ROE target from the 8–10% range outlined in Long-Term Vision 2032, maintaining it at 10% or higher on a sustained basis.



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With this next mid-term plan, we are targeting operating profit of JPY70 billion or more by FY2028. We view this as a transitional stage, a bridge, toward achieving our FY2032 goal of JPY75 billion to JPY100 billion in operating profit.

Among the four major business segments, the Theatrical business will undoubtedly see a drop in profit due to the redevelopment of the TEIGEKI. The Real Estate business is also facing headwinds, such as soaring construction and labor costs. That said, we believe there's still significant room for growth in the IP & Anime business, especially globally, and we're also starting to see signs of recovery in the film market outside of Japan, which had been severely affected by the COVID-19 pandemic.

So even in the face of challenges in the real estate and theater segments, we are committed to driving solid growth in our film and IP & animation businesses, and to reaching our JPY70 billion operating profit target.

In terms of shareholder returns, we have set JPY85 per share as the minimum annual dividend, consistent with the past two fiscal years, and have set a payout ratio target of 35% or more. We will also continue to actively pursue share buybacks.

In our next mid-term plan, we're also aiming to raise our ROE target from the previous 8% to a new baseline of 9%. And while TOHO VISION 2032 initially set a goal of 8% to 10% for ROE, we are now working to elevate that and become a company capable of consistently achieving ROE of 10% or more.

## Capital Allocation

Our policy for the next three years is to utilize operating cash flow and consider raising funds through borrowing, bond issuance, and other means, such as potential sales of cross-held shares and real estate holdings, allocating the funds generated to growth investments and shareholder returns.



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Here we have our capital allocation table. As mentioned earlier, we plan to invest JPY70 billion into the production of content and IP. In addition to the operating cash flow generated from that investment, we will also strategically utilize interest-bearing debt to support proactive growth investments such as M&A, expansion of cinema complexes, and redevelopment of the TEIGEKI BUILDING, while ensuring consistent shareholder returns.



## Film Business



- We will further reinforce the Cinema business by further increasing its profitability through promoting production of films planned in-house and expanding non-film content distribution portfolio.
- We are committed to the creative development and production of Japanese live-action content with an awareness of its potential reach beyond Japan, in collaboration with overseas group companies.

### Point 1 Promote In-House Creative Development and Production

- Strengthen creative development and marketing teams and significantly boost investment to double the annual production capacity of in-house films by 2032 (to approximately 10 films per year)
- Improve the production environment and the quality of films through capital expenditures in TOHO Studios

### Point 2 Promote Development of Live-Action Film Projects Targeted at the Global Market

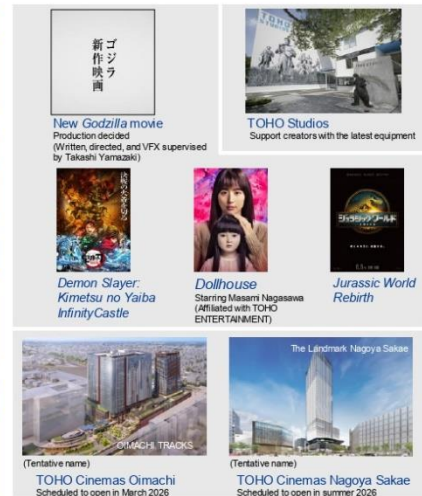
- Establish a global department dedicated to the creative development of projects to be delivered to the global market

### Point 3 Further Expand Distribution portfolio

- Constantly aim to achieve an annual group box-office revenue of over ¥100 billion by expanding TOHO NEXT distribution portfolio (theatrical plays, music, sports, etc.), in addition to approx. 30 Japanese films per year (distributed by TOHO) and foreign films (distributed by TOHO-TOWA and TOWA PICTURES), to connect with new customers

### Point 4 Making TOHO Cinemas the Preferred Destination for Moviegoers

- Continue to invest in our theaters to deliver a world-class cinematic experience by:
  - ✓ Expanding premium viewing options, including IMAX, Dolby Cinema, and luxury seating
  - ✓ Introducing mobile and self-ordering systems at concession stands
  - ✓ Opening two new TOHO Cinemas locations in Oimachi, Tokyo, and Sakae, Nagoya in 2026



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Now, due to time constraints, I won't go into the full details of each business strategy, but I'd like to touch on some key highlights.

First, the Film business.

We believe we're in a very favorable position when it comes to projects entrusted to us by our partners, and we intend to continue nurturing those relationships. At the same time, we want to ramp up production of our own original projects, films that we develop in-house, which typically offer higher profit margins.

Additionally, we're aiming to further strengthen our systems that allow us to distribute non-film content in theaters. Through this, we hope to boost the revenue-generating capacity of our film division.

We also plan to collaborate more closely with our overseas group companies in order to develop Japanese live-action content with a global perspective.

## IP and Anime Business



- We will reinforce our organizational framework and expand our talent base, enhancing production studio capabilities to develop and distribute high-quality content and IP worldwide.
- We will increase operating profit of the IP and Anime business by 200%<sup>\*1</sup> or more by further increasing revenues from overseas business and games, which are growth areas.

<sup>\*1</sup> Compared to that for FY2/25

### Point 1 Increase Production

- Increase the production of quality content and IP by expanding TOHO animation's creative development, production, and marketing structures and enhancing the TOHO Group production studio functions

TOHO animation targets for 2032

Number of season<sup>\*2</sup>  
14 FY2/25 → 30 by 2032

Number of employees<sup>\*3</sup>  
Approx. 60 FY2/25 → 120 by 2032

<sup>\*2</sup> Number of broadcasts per year, 1 season lasts 3 months

<sup>\*3</sup> Employees at TOHO CO., LTD.

### Point 2 Put More Effort into Overseas Business

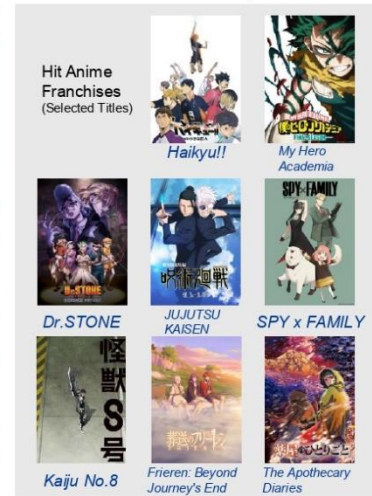
- Seek to strengthen the lead in managing content and IP abroad by increasing overseas offices and enhancing licensing functions in each region (page 15)

### Point 3 Pursue Fan Business

- Promoting fan engagement by enhancing our e-commerce platform, integrating it with a new membership service (page 19), and introducing IP-themed cafes inspired by popular anime and characters

### Point 4 Promote Game Development

- Promote the development and release of digital games based on GODZILLA and our hit anime series

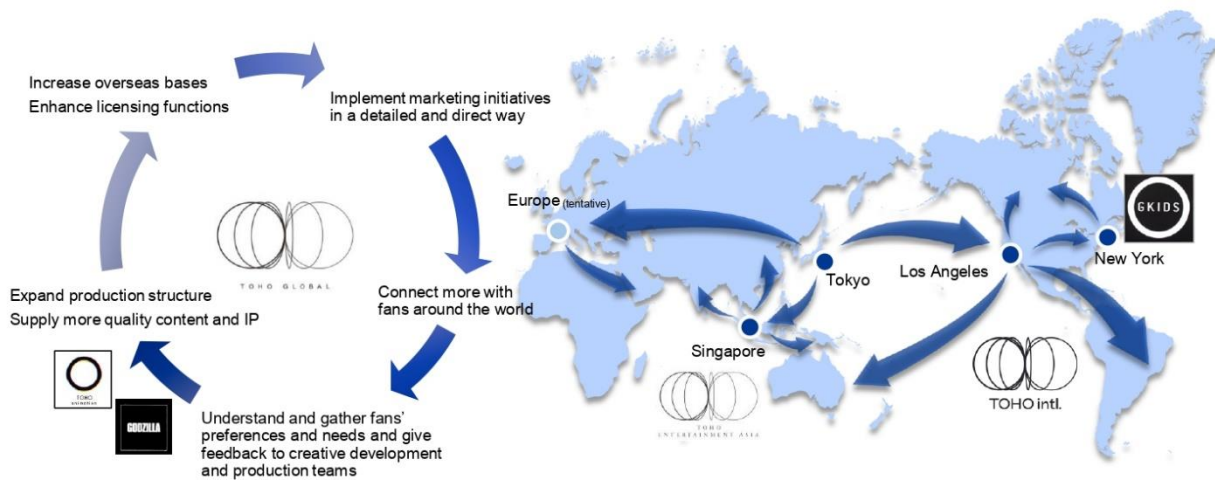


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As for the IP & Anime business, in order to maintain steady global expansion, we believe it is essential to produce even more high-quality content and IP than ever before. To make that possible, we're focused on expanding our organizational structure through increased staffing and strengthening the capabilities of our production studios.

## IP and Anime Business | Overseas Strategy

We will expand our overseas presence and deliver more high-quality content and IP to global audiences, fostering deeper connections with fans, as we work toward increasing our overseas net operating revenue ratio to 30% by 2032.



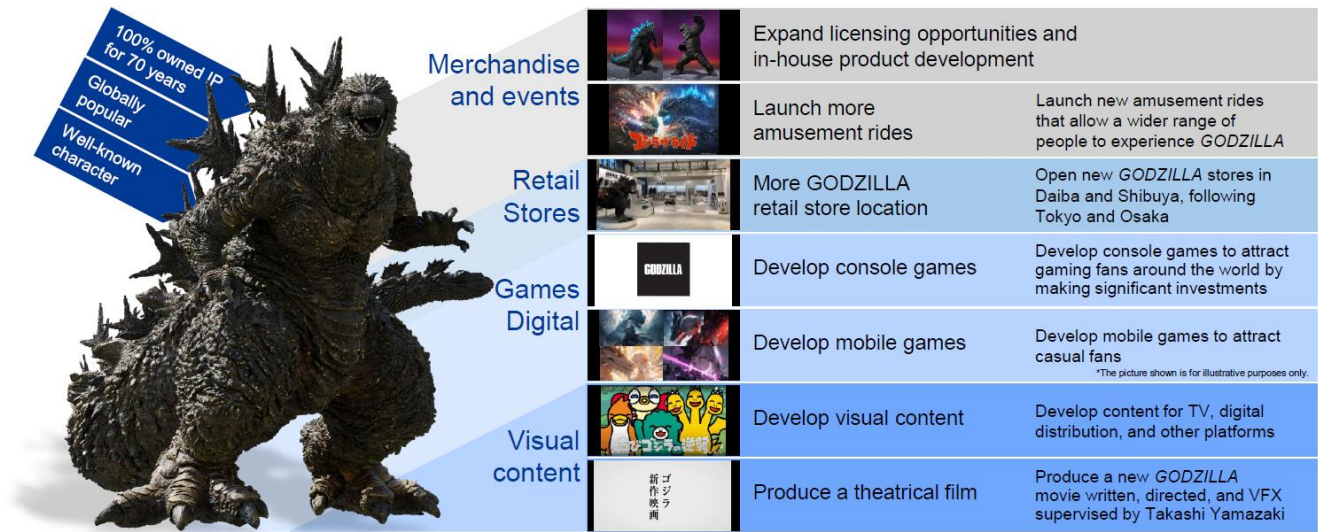
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Regarding international markets—this is not just important for the IP & Anime business, but also vital for the growth of the entire TOHO Group. Currently, we have overseas offices in Los Angeles, New York and Singapore, and we are planning to open a European office in the near future.

As mentioned earlier, our group-wide ratio of overseas sales currently stands at around 10%. We aim to increase that to 30% by FY2032.

## IP and Anime Business | GODZILLA Strategy

GODZILLA will evolve from a visual content business into a broader IP-driven brand, strengthening its market presence. We will allocate approx. ¥15 billion over the next three years to expand GODZILLA's presence across multiple platforms and consumer touchpoints. By enhancing the brand value of GODZILLA and linking it with a new membership service (page 19), we will connect more with fans and further expand the fan base.

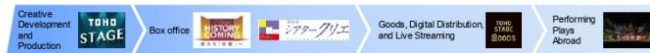


Note: The image for console games have been replaced.  
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Now, turning to Godzilla, this is an extremely valuable IP that we own 100%. Our goal is to accelerate Godzilla's global IP business by expanding beyond theatrical films into a wide variety of formats: other video content, merchandise, events, retail, and games. We're looking to build out a multi-use, cross-platform strategy for the Godzilla brand around the world.



## Theatrical Business



- We will support the bottom line of box-office revenue during the closure of the Imperial Theatre by utilizing outside theaters, launching a new membership service, and offering a variety of ticket prices and diverse sales formats.
- We will increase TOHO theatrical brand power, leading to the opening of the new Imperial Theatre, by maximizing the value of existing popular plays, developing original plays, and performing those plays abroad.

### Point 1 Inherit TOHO Theatrical Brand and Make a Further Leap Forward

- Ensure the number of performances by utilizing outside theaters during the closure of the Imperial Theatre
- Revitalize classic and popular productions with fresh casting choices and modern interpretations, while also dedicating efforts to the creation and staging of new, high-quality original works

### Point 2 Implement Marketing Initiatives to Attract More Theatergoers

- Seek to increase theatergoers by maximizing customer satisfaction with a new membership service (page 19)
- Support the bottom line of box-office revenue by offering a variety of ticket prices and diverse sales formats
- Use theatrical plays in multiple ways including streaming and character goods development

### Point 3 Increase Our Presence Abroad and Ability to Procure Plays

- Continue overseas performances of *Spirited Away* and actively perform other plays with overseas licenses
- Prioritize securing the rights to stage overseas produced plays in Japan by strategically investing in them to build our best play portfolio



*Spirited Away*  
Shanghai Culture Square  
in China  
(July–August 2025)



*Elisabeth*  
TOKYU THEATRE Orb  
(October–November 2025)

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Lastly, in the Theatrical business. While the TEIGEKI is temporarily closed, we are focused on sustaining box office revenue by organizing mainstage productions at external venues and we're also working to ensure profitability by rolling out a new membership service and diversifying ticket pricing and sales formats.

## Real Estate Business

- We will seek to improve asset efficiency while maintaining our revenue base over the medium to long term.

### Point 1 Increase Revenue from Existing Properties and Review Our Property Portfolio

- Focus on increasing rents and keeping vacancy rates low for existing properties to improve property values
- Review our property portfolio from a medium- to long-term perspective, and evaluate options, including potential sale, for properties with low strategic value

### Point 2 Promote the Redevelopment Projects

- Steadily promote the redevelopment project of Imperial Theatre Building
- Proceed with other projects with caution after carefully examining synergies with entertainments and return on investment

### Point 3 Curb the Acquisition of New Properties

- Revise Mid-Term Plan 2025's policy and scale back new property acquisitions given persistently high property prices and a stronger focus on asset efficiency



Exterior of the New Imperial Theatre



Entrance of the New Imperial Theatre

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Now, I'd like to talk a bit about the Real Estate business, specifically its background and how we've approached it historically.

93 years ago, when our founder, Ichizo Kobayashi, decided to enter the film industry, he chose to pursue a strategy that was fundamentally different from the conventional business model at the time.

Back then, it was standard practice to produce and distribute films while leaving theatrical exhibition to local influential players. But Ichizo Kobayashi recognized from the beginning how critical theatrical exhibition was to the overall business. He advocated a 100-theater nationwide principle and set out to construct movie theaters in the heart of Japan's prime urban districts. That initiative became the foundation of our Real Estate business. We believe that the Real Estate business has helped us weather many crises over the years.

For instance, after World War II, the film industry flourished and became a central form of media. However, the rise of television rapidly pushed film into a period of decline. Companies that had focused solely on production and distribution faced harsh realities, but TOHO had the advantage of owning and operating theatrical venues. This allowed us to not only screen our own films but also generate revenue and profit by showing foreign titles, among others.

In the 1970s and 1980s, we redeveloped many of our aging theaters. Thanks to their prime urban locations, we were able to undertake redevelopment projects that included both commercial facilities with theaters and facilities without. These efforts turned the Real Estate business into a highly reliable source of profit for us.

Since then, the income and profits from our Real Estate business have played a vital role in underpinning our operating profit. Moreover, the steady and ample cash flow it provides has enabled us to proactively and boldly invest in the high-volatility entertainment sector.

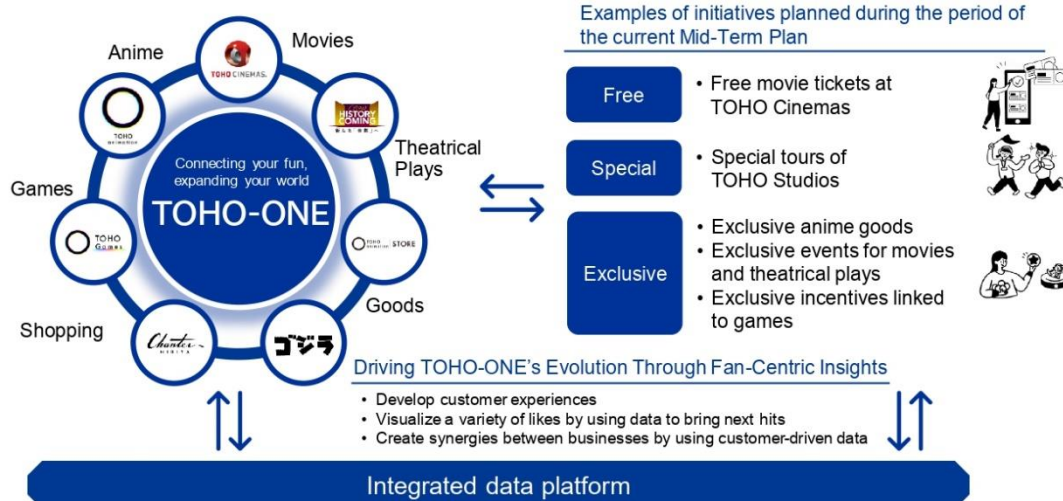
More recently, during the COVID-19 pandemic, when many companies were facing extremely challenging conditions, we too were severely impacted in our theatrical and film exhibition businesses, as well as in film distribution. And yet, we were able to generate operating profit and provide dividends to our shareholders. We believe this was possible thanks to the strength of our real estate operations.

That's why we continue to view real estate as a highly important part of our business. However, in recent years, property prices have remained elevated, and the real estate market itself has seen significant shifts. In light of these developments, we are revisiting the policies set forth in our previous mid-term plan which

had focused on the acquisition and development of new properties. Going forward, we will curb the new acquisitions and will shift our focus toward improving asset efficiency within the real estate segment.

## TOPIC ▶ TOHO-ONE Project

The TOHO Group plans to launch TOHO-ONE, a new membership service, in Japan in Spring 2026 for fans of its content and IP. We will support a variety of likes of fans in accordance with their respective ways of enjoyment.



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Now, on the digital front. On April 10, we announced the termination of the TOHO Cinemas Cinema Mileage program. In spring 2026, we plan to launch a brand-new membership service, developed across the entire TOHO Group. Details on this new service will be announced this winter, so please stay tuned.



## Vision for People & Culture

### A Fulfilling Workplace Where Inspiration Comes Full Circle

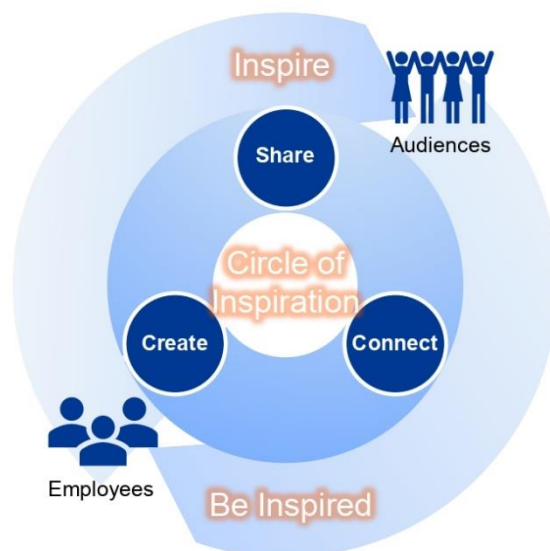
As the TOHO Group approaches its 100th anniversary in 2032, we proudly uphold our corporate slogan: "Entertainment for YOU — Inspiring People Around the World."

To truly embody this corporate vision in our work, we believe that those who create moments of inspiration must themselves be inspired in an atmosphere of energizing openness and positivity.

At the TOHO Group, inspiration comes full circle—when we are inspired, we inspire others.

This circle of inspiration begins with meaningful work that resonates with audiences and, in turn, enriches our own sense of fulfillment. We strive to create an organization where every employee plays an active role in sustaining the circle.

To bring this vision for talent and culture to life, we are committed to investing in our people and enhancing engagement, ensuring that the circle of inspiration continues to thrive.



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Next, I'd like to speak about what is arguably the most important focus of this mid-term plan period—our investment in people.

As our current Chairman, Mr. Shimatani, often reminds us, but it's people who create those concepts and it's people who deliver them to audiences. That's why we believe our people are our greatest asset and the very source of our value.

When we sought to articulate that belief in our vision, we expressed it as "A Fulfilling Workplace Where Inspiration Comes Full Circle."

Looking back about five years, during the COVID-19 pandemic, we were forced to close our cinemas and theaters in accordance with the state of emergency declaration. Entertainment was even labeled as "non-essential and non-urgent." I think it was one of the most painful and disheartening moments we've faced.

Everyone in the entertainment industry, everyone at TOHO Group, including myself, did a lot of soul-searching during that time. It's true, people can live without entertainment, but can they live fully with joy and richness in their lives? Isn't it entertainment that adds depth and meaning to life? Isn't it entertainment that has the power to move people emotionally? We believe that's where the true purpose of TOHO lies, as a company that lives and breathes the entertainment business.

And I'll go a step further. When we see our audiences inspired by our work, we ourselves are inspired. When we inspire our audiences, and their hearts are stirred, it stirs our own hearts as well. This beautiful cycle, this reciprocal emotional connection, is something we view as central to our reason for being and it's something we intend to pursue wholeheartedly.

## Concepts for People & Culture

At the TOHO Group, we believe that true fulfillment comes from work that inspires—both those who create it and those who experience it. As such, we are introducing the two new concepts of “Scaling Excellence” and “Growth, Ownership, and Well-being” as the foundation of our evolving workplace. We are committed to building an environment where every employee can thrive with a calm sense of confidence, energizing openness and positivity.

### Concepts

Scaling Excellence: Creating a company-wide network of experts

Growth, ownership, and well-being

### Policies

1. Recruiting versatile talent capable of driving change
2. Training top talent who embody TOHO's spirit of excellence and creative vision
3. Promoting people policies that leverage employee strengths
4. Creating a culture of well-being that empowers employees to take ownership and act with autonomy and integrity

Top talent who embody TOHO's spirit of excellence and creative vision are capable of



Dream It



Design It



Do It

At the TOHO Group, creative vision extends beyond producing content or intellectual property. It's about applying ideas, ingenuity, and strategic problem-solving to navigate challenges across the business. At the TOHO Group, true excellence is embodied by those who, no matter the role, have the creativity to dream it, the vision to design it, and the ownership to do it.

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Now, when it comes to our workforce, we've adopted new guiding principles: Scaling Excellence: Creating a company-wide network of experts. Growth, ownership, and well-being. We're striving to build an organization where every employee working in the TOHO Group can thrive, where they can work with a calm sense of confidence, energizing openness and positivity.

## Specific Measures for People & Culture

To realize the TOHO Group vision for People & Culture, TOHO will invest in our people and work to enhance engagement with them by taking the following measures.

1. Recruiting versatile talent capable of driving change

2. Training top talent who embody TOHO's spirit of excellence and creative vision

3. Promoting people policies that leverage employee strengths

4. Creating a culture of well-being that empowers employees to take ownership and act with autonomy and integrity

### Attract high-caliber talent

- Plans to hire approx. 200 people over the next three years
- Plan to hire 60 new graduates and 140 experienced and skilled individuals who can hit the ground running
- Focus on acquiring human resources, especially in the content and IP, digital technology, and overseas areas business



### Enhance HR development

- Increase education and training expenses per employee by 300% (compared to those for FY2/25)
- Create an HR development program centered on an in-house TOHO university
- Accelerate the development of executives and managers through strategic HR management



### Redesign personnel systems

- Introduce role-based grading system
- Revise remuneration and evaluation systems
- Set market-competitive salary levels

Specific measures in line with the personnel systems

In-house Free Agent System<sup>\*1</sup>  
Internal Recruitment System<sup>\*2</sup>

Rookies Career Action System<sup>\*3</sup>

### Promote brand strategy

- Established Corporate Communications Department (in October 2024)
- Work to restructure, instill, and establish our organizational culture through corporate branding for the future of the TOHO Group



\*1 In-house Free Agent System: allows employees to take initiative in creating opportunities for job transfers or career advancement by leveraging their own experience and skills.  
\*2 Internal Recruitment System: allows employees to apply for other positions within the company.  
\*3 Rookies Career Action System: allows employees who have joined as new graduates within the last three years to request a career change / transfer.

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One concrete initiative: At TOHO CO., LTD., we're putting a renewed emphasis on investment in people and improving employee engagement.

Of course, that includes bolstering our recruitment and development efforts, but it also involves laying a solid foundation for these efforts. To that end, we are set to implement a major overhaul of our HR systems this June.

## Promotion of Sustainability Management

The TOHO Group will continue its commitment to building a sustainable society over the next three years, focusing on the following four material issues. Guided by our Sustainability Policy, we will integrate these priorities into our business strategies and People & Culture initiatives.

### Sustainability Policy

The TOHO Group seeks to contribute to the realization of a society where everyone can be happy and enriched, by providing entertainment with vivacity, modesty, fairness, and grace.

- Material Issue 1** Creating a healthy work environment where everyone feels valued for their contributions
- Material Issue 2** Promoting environmentally friendly business practices that are protective of our planet
- Material Issue 3** Respecting human rights and fostering a sound and fair corporate culture
- Material Issue 4** Creating a rich film and theater culture and passing it on to the next generation

### Material Issue 2 | Reduction of CO<sub>2</sub> Emissions

- We will aim to reduce CO<sub>2</sub> emissions by 50% from the FY2017 level by FY2030 and to achieve net zero emissions by FY2050
- TOHO Studios will use 24/7 carbon-free energy\* that emits no CO<sub>2</sub>



\* 24/7 carbon-free energy is a name for electricity that emits no CO<sub>2</sub> twenty-four hours a day, seven days a week, 365 days a year. In accordance with the Ministry of Economy, Trade and Industry's Guidelines for Retail Sales of Electricity, this means 100% of the electricity supplied is derived from zero-CO<sub>2</sub> emission sources together with the environmental value derived from the use of non-fossil certificates. This does not mean that no CO<sub>2</sub> is emitted during the entire life cycle of the fuel, including its production and transportation.

### Material Issues 3 & 4 | Improvement of the Environment at Our Production Sites

The TOHO Group is striving to improve the environment of live-action film production sites mainly through the efforts of the Japan Motion Picture Production Standards Association.



Going forward, we will take further steps to improve the environment at production sites, not only for live-action films, but also for animation and theatrical plays, to secure, develop, and support employees engaged in production, and ultimately to maintain and develop the respective industries.

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In line with TOHO VISION 2032, we've also established a set of basic sustainability policies. The four priority themes outlined here will remain key areas of focus for us moving forward.

One of those themes, improving working conditions on production sites, noted in the lower right-hand corner of the slide, is something we intend to tackle more proactively, not just in film production, but also in anime and theater environments.

That concludes my presentation on the Mid-Term Plan 2028.

A Century of TOHO: The Road to 2032

# Entertainment for YOU

—Inspiring People Around the World—

By 2032, TOHO Group aims to achieve breakthrough growth and earn the admiration of audiences worldwide as a global entertainment company. Over the next three years, we will continue to invest in growth, drive transformation, and take on new, bold challenges to bring this ambitious vision to life.

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When we first formulated our vision and mid-term plan, we were looking 10 years ahead into the future and now, just like that, 3 years have passed. There are only seven years remaining until TOHO's 100th anniversary. Over the course of those seven years, we aim to steadily accomplish all that we've set out to do so that we can become an entertainment company truly loved by fans all around the world.

Over the next three years, over the full seven years through 2032 and beyond, we will continue striving and evolving. We sincerely appreciate your continued support.

Now, before we move into the Q&A session, I'd like to take a few minutes to briefly address something I believe many of you here today are especially interested in: the difference between our results from the previous fiscal year and the current year's guidance.

During this mid-term plan period, our operating profit has grown for three consecutive years. Over the past two fiscal years, we've even been able to achieve record-high operating profits back-to-back. We're extremely grateful for these results, and we've also felt the heightened expectations from all of you as a result, something we're keenly aware of.

As I mentioned earlier, our operating profit forecast for the current fiscal year stands at JPY57 billion, a record high for a beginning-of-year forecast. Last fiscal year, our guidance was JPY55 billion. That JPY55 billion was the result of a change in our forecasting method from what we'd used in prior years. Let me quickly explain that shift.

Up through the fiscal year before last, we would take the figures accumulated internally across TOHO and its group companies, and then layer on the management team's judgment, adding a sense of confidence, feel, or projections to arrive at our guidance. We believed we were issuing careful and well-grounded forecasts.

In fact, if you look back over the past 10 years excluding the COVID-19 period, we have consistently exceeded our beginning-of-year forecasts.

Given that track record, we received a number of comments and suggestions from all of you: perhaps TOHO is being too conservative, maybe it's time to aim higher. Taking those perspectives into account, last fiscal year, we decided to apply a calculated stretch factor to our usual figures, based on historical performance. That's how we arrived at the JPY55 billion starting guidance for last year.



Looking back now, I remember thinking, wow, we really set the bar high and yet, a year later, we ended up adding close to JPY10 billion in profit above that. I imagine that only reinforced the perception among some of you that TOHO tends to lean conservative.

Next, I'd like to explain why we were able to achieve such a significant increase in profit. Of course, one major factor was the film production and distribution division, where box office revenue exceeded JPY90 billion, an unprecedented figure for us. The Theatrical business also saw remarkable results, ultimately delivering record profits, though I wouldn't call it a temporary bump from the closing lineup at the TEIGEKI.

But I believe there were two especially significant factors, both tied to overseas streaming rights revenue. The first was the IP & Anime business. Until now, TOHO has been licensing TOHO animation titles to overseas streaming platforms. These deals have already brought in substantial revenue and contributed meaningfully to our bottom line.

However, more recently, and only rarely so far, we've begun receiving additional royalties. Typically, when we sign these contracts, they're based on an expected viewership, an estimate of how many people will watch the content. But with the global anime fanbase growing rapidly, more viewers are watching than initially projected. As a result, for particularly popular titles, we've started to receive additional royalties on top of the original contract terms.

We hadn't experienced this kind of scenario before which made it extremely difficult to predict when, how, or how much additional income might arise, so we did not factor this into our budget last year. In the end, these unanticipated royalties from overseas streaming platforms significantly contributed to our increase from JPY55 billion to JPY64.6 billion. We see this as one of the major drivers.

The second factor was *GODZILLA MINUS ONE*. More broadly, whenever we release a film, we begin with a theatrical run. That theatrical release builds public awareness and establishes the value of the title for all secondary uses. This is precisely why we've always been committed to screening films in cinemas. After the theatrical run, we move into secondary uses: Blu-ray, satellite broadcasting, terrestrial TV, streaming rights, and so on. This is our standard business model for all our domestic titles.

Until recently, for international markets, we had sold off all rights to local distributors, but *GODZILLA MINUS ONE* marked a first for us; it was the first time TOHO handled its own distribution in North America. With no middlemen, the revenue we earned essentially became direct profit. And of course, Godzilla is a 100% TOHO-owned IP. Thanks to the film's massive success in North America in the previous fiscal year, the profits from that distribution were substantial.

Earlier I mentioned that we used to sell all rights to local distributors, but by handling distribution ourselves this time, we also retained the secondary rights in North America. With the film's massive hit in that market and then winning an Academy Award, many streaming platforms approached us around this time last year with compelling offers. After extensive discussions, we ultimately signed a deal with Netflix to handle streaming rights for all regions outside of Japan.

Unfortunately, I can't go into the numbers here out of respect for our partners, but let's just say the figures were beyond anything we'd seen before, astonishing numbers.

I hope you'll understand that these two were particularly significant. And frankly, we were not able to foresee either of them at the beginning of the fiscal year.

Now, of course, it's perfectly natural to ask: if we were able to report an operating profit JPY64.6 billion last year, why is our current guidance for operating profit only JPY57 billion? I'd like to offer my own explanation, recognizing that there are many smaller elements involved but let me highlight the two biggest ones.

First, the closure of the TEIGEKI. With nearly 2,000 seats, it is one of Japan's most prominent venues. As it's now closed for redevelopment, we've been able to stage TOHO productions, thanks to the generosity of various external theaters.

That said, theaters of that scale are hard to come by. And even when we find one, we have no guarantee of securing the dates or run length that we'd ideally want. So even for the same production, fewer seats and fewer performances ultimately mean reduced revenue. This situation is expected to lead to a sharp decline in profitability for the Theatrical business, roughly, a decline by JPY2 billion over the course of the year. That's the first key factor.

The other major factor, as I mentioned earlier, is the streaming business surrounding *GODZILLA MINUS ONE*. Now, some might say, well, if you did it once, why not just do the same thing with other titles? But it's not that simple. The reason we were able to pull that off is because Godzilla is a truly unique IP, hugely popular, with multiple favorable elements all aligning to create that success.

Of course, when we eventually produce a sequel to *GODZILLA MINUS ONE*, we will certainly approach it from a new perspective and do everything we can to maximize profitability. However, to be perfectly honest, we consider the streaming revenue model we achieved with *GODZILLA MINUS ONE* to be a highly exceptional, low-reproducibility case. That's why, when drafting this year's budget, we excluded the profit portion from *GODZILLA MINUS ONE*'s streaming deal. Roughly speaking, the impact of that exclusion is in the range of JPY5 billion. So if you consider the roughly JPY2 billion drop in Theatrical business due to the TEIGEKI's closure, and the absence of the JPY5 billion boost from the *GODZILLA MINUS ONE* streaming deal, that's already a JPY7 billion swing.

Add to that our plans to accelerate investments in growth and infrastructure more than ever before, and we believe that this year's JPY57 billion operating profit forecast isn't actually that weak compared to last year. In our view, it's because of those special one-time factors that the forecast sits at JPY57 billion, and not because of any deterioration in core performance.

That said, we have no intention of being complacent with this figure. In order to reach that number and ideally surpass it, we will continue sharpening every aspect of our business to increase profitability. As I've mentioned several times, during this upcoming three-year period under our new mid-term plan, we know we'll be facing headwinds in key areas like theater and real estate, but we're not going to let that stop us. We're going to focus on growth across film, IP & Anime, global expansion, and digital initiatives, and through that, we'll build up profits and aim to reach JPY70 billion in operating profit over the next three years.

That's all from me. It's been a bit long-winded, but I wanted to share my thoughts on the differences between our previous results and this year's guidance. Thank you very much.

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