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June 17, 2025

To Shareholders

Company name: TOEI COMPANY, Ltd.
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Notice of Conversion of Consolidated Subsidiary (T-Joy Co., Ltd.) into Wholly Owned Subsidiary through Simplified Share Exchange

TOEI COMPANY, LTD. (the "Company") hereby announces that, at a meeting of the Board of Directors held today, the Company resolved to implement a share exchange, with the Company becoming the wholly owning parent company of T-Joy Co., Ltd. ("T-Joy"), the Company's consolidated subsidiary which will become a wholly owned subsidiary as a result of the share exchange (the "Share Exchange"), and signed a share exchange agreement (the "Share Exchange Agreement") with T-Joy effective today.

Since the Share Exchange is a simplified share exchange, through which a consolidated subsidiary becomes a wholly owned subsidiary, certain information and details are omitted.

Details are as follows.

1. Objectives of the Share Exchange

With stable management centered around the Company, the Group will continue to provide high-quality entertainment, including visual content, to the world, in line with its mission "Fill the world with stories that bring people joy." In the Share Exchange, the Company, which operates a movie production and distribution business as its main business, will become the wholly owning parent company of T-Joy, a consolidated subsidiary engaged in a movie box office business which will become a wholly owned subsidiary. It will be implemented with the goal of improving the agility and

flexibility of the movie business and building a more efficient consolidated management system. In addition, the Company and T-Joy will create synergy through efforts such as the strengthening of cooperation in business and the sharing of expertise in their efforts to maximize income from movies and videos and enhance their corporate value.

2. Overview of the Share Exchange

(1) Date of the Share Exchange

Date of resolution of Board of Directors for approval of the Share Exchange Agreement (the Company)	June 17, 2025
Date of the Share Exchange Agreement	June 17, 2025
Date of resolution at General Shareholders Meeting for approval of the Share Exchange Agreement (T-Joy)	June 25, 2025 (plan)
Date of the Share Exchange (effective date)	July 18, 2025 (plan)

Note: The Company will implement the Share Exchange without the approval of a resolution at a General Meeting of Shareholders because the Share Exchange is a simplified share exchange pursuant to the provisions of Article 796, paragraph (2) of the Companies Act.

(2) Method of the Share Exchange

This is a share exchange making the Company the wholly owning parent company of T-Joy which will be a wholly owned subsidiary.

(3) Description of allotment in the Share Exchange

	The Company (Wholly owning parent company in share exchange)	T-Joy (Wholly owned subsidiary company in share exchange)
Share Exchange ratio	1	47.2
Number of shares issued in the Share Exchange	Common stock of the Company: 708,000 shares (plan)	

Notes 1. Share allotment ratio

The Company will allocate 47.2 shares of its common stock in exchange for each share of T-Joy's common stock; provided, however, that in the Share Exchange, T-Joy's shares which the Company holds will not be allotted for the shares of T-Joy held by the Company.

2. Shares to be issued in the Share Exchange

No new shares will be issued for the Share Exchange because this allotment will be

implemented using the Company's treasury shares.

T-Joy plans to retire all of the treasury shares of T-Joy (including shares to be acquired in response to dissenting shareholders' request for the purchase of shares related to the Share Exchange pursuant to the provisions of Article 785, paragraph (1) of the Companies Act) that are held by T-Joy at the time immediately before the Company acquires all of the outstanding shares of T-Joy (excluding shares of T-Joy held by the Company) (the "Base Time"), by the Base Time. The number of shares to be issued in the Share Exchange may change at a later time for reasons such as the purchase or retirement of treasury shares by T-Joy.

3. Treatment of fractional shares

For shareholders of T-Joy to whom fractional shares of less than one share of the Company's common stock will be allotted as a result of the Share Exchange, the Company will, in accordance with Article 234 of the Companies Act and other relevant laws and regulations, dispose of its shares equivalent to the total number of such fractional shares (if there are fractions less than one in the total number, such fractions shall be rounded off) and distribute the proceeds from the disposal to such shareholders in accordance with the number of their fractional shares.

(4) Handling related to share acquisition rights and bonds with share acquisition rights in connection with the Share Exchange

Not applicable.

3. Calculation of allotment in the Share Exchange

To ensure the fairness and appropriateness of the calculation of the share exchange ratio to be used in the Share Exchange, which is described in "2-(3) Description of allotment in the Share Exchange" above, the Company selected Yamada & Partners Advisory Co., Ltd. ("YPAD"), a third-party organization that is independent from the Company and T-Joy, and requested that YPAD calculate the share exchange ratio between the Company and T-Joy. YPAD used the market price method to determine the value of the shares of the Company, which is a listed company. For the market price method, June 16, 2025 was set as the valuation reference date, and the value of the Company's shares was calculated using the closing price of the Company's stock on the Prime Market of the Tokyo Stock Exchange on the valuation reference date, its simple average closing price for the most recent one month prior to the valuation reference date, its simple average closing price for the most recent three months prior to the valuation reference date and its simple average closing price for the most recent six months prior to the valuation reference date. The value of one share of the Company's common stock calculated using this method is as follows.

Calculation method	Results of calculation
Market price method	4,835 yen to 5,264 yen

YPAD used the discounted cash flow method (the "DCF method") to determine the value of the shares of T-Joy, which is an unlisted company. The value of one share of T-Joy's common stock calculated using this method is as follows. In the business plan for the period from the fiscal year ending March 31, 2026 to the fiscal year ending March 31, 2030, which was created by T-Joy and on which the calculation using the DCF method was premised, T-Joy does not expect profit to increase or decrease significantly.

Calculation method	Results of calculation
DCF method	216,369 yen to 249,871 yen

Based on the above, the share exchange ratio was calculated assuming that the value of each share of the Company's common stock is one. The ratio is as follows.

Calculation method		Results of calculation of the share exchange ratio
The Company	T-Joy	
Market price method	DCF method	44.8 - 47.5

Referring to the above results of the calculation of the share exchange ratio, the Company and T-Joy determined the exchange ratio in the Share Exchange as described in 2-(3) above through consultation between the two parties involved.

4. Overview of the companies directly involved in the Share Exchange

	Wholly owning parent company in share exchange	Wholly owned subsidiary company in share exchange
(1) Name	TOEI COMPANY, LTD.	T-Joy Co., Ltd.
(2) Head office location	2-17, Ginza 3-Chome, Chuo-ku, Tokyo, Japan	1-13, Ginza 1-Chome, Chuo-ku, Tokyo, Japan
(3) Representative	Fumio Yoshimura, President & Chief Executive Officer	Noriyuki Tada, President & Chief Executive Officer
(4) Line of business	Production, distribution, etc. of movies	Business of operating movie theaters (cinema complexes), etc.
(5) Share capital	11,707 million yen	3,000 million yen
(6) Established	October 1, 1949	August 28, 2000

(7)	Number of shares issued	73,844,545 shares		60,000 shares	
(8)	Accounting period	March 31		March 31	
(9)	Major shareholders and shareholding ratios (excluding treasury shares) (As of March 31, 2025)	TV Asahi Holdings Corporation	19.6%	TOEI COMPANY, LTD.	65.7%
		Tokyo Broadcasting System Television, Inc.	9.4%	Tokyu Recreation Co., Ltd.	15.0%
		BANDAI NAMCO Holdings Inc.	8.0%	TOEI ANIMATION CO., LTD.	3.3%
		JP MORGAN CHASE BANK 380815	7.2%	Toei Video Co., Ltd.	3.3%
		The Master Trust Bank of Japan, Ltd. (Trust account)	7.1%	Musashino Kogyo Co., Ltd.	3.3%
		Custody Bank of Japan, Ltd. (Trust account)	5.6%	T. Y. Limited, Inc.	3.3%

(10) Financial position and operating results of the immediately preceding fiscal year

	TOEI COMPANY, LTD. (consolidated)	T-Joy Co., Ltd. (non-consolidated)
Accounting period	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2025
Net assets (million yen)	354,323	14,293
Total assets (million yen)	463,639	21,041
Net assets per share (yen)	4,274	238,226
Net sales (million yen)	179,922	18,894
Operating profit (million yen)	35,155	746
Ordinary profit (million yen)	39,992	752
Profit attributable to owners of parent (million yen)	15,722	777

Earnings per share (yen)	253	12,965
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(Note) Profit is shown in the column for profit attributable to owners of parent of T-Joy in (10) above.

5. Status after the Share Exchange

There will be no changes in the name, address, name and title of representative, business description, capital and book closing period of the Company after the Share Exchange.

6. Projections

The impact of the Share Exchange on the Company's consolidated financial results is expected to be minor.

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