

Security Code: 2329

PCTS
Passion
Creativity
Technology
Speed

Tohokushinsha Film Corporation

Summary of Financial Results

for the Fiscal Year Ended March 31, 2024

*- Japanese GAAP, Consolidated Results -
June 20, 2024*



Results – Forecast Summary

[FY2023 Results]

Net sales of ¥52.8 billion (-5.5% YoY) and Operating income of ¥2.7 billion (-36.3% YoY), resulted in a decrease in both sales and profits.

Sales and profits of advertising production increased, but content production was the main factor for a decrease in sales and profits. Including a decrease in sales (-¥1.0 billion) due to a change of the fiscal year end and business transfers.

[FY2024 Forecast]

Net sales of ¥46.0 billion (-12.8% YoY) and Operating income of ¥2.2 billion (-19.2% YoY) Including a ¥6.5 billion decrease in sales due to the sale of businesses (supermarket and Star Channel)

FY2023 Results

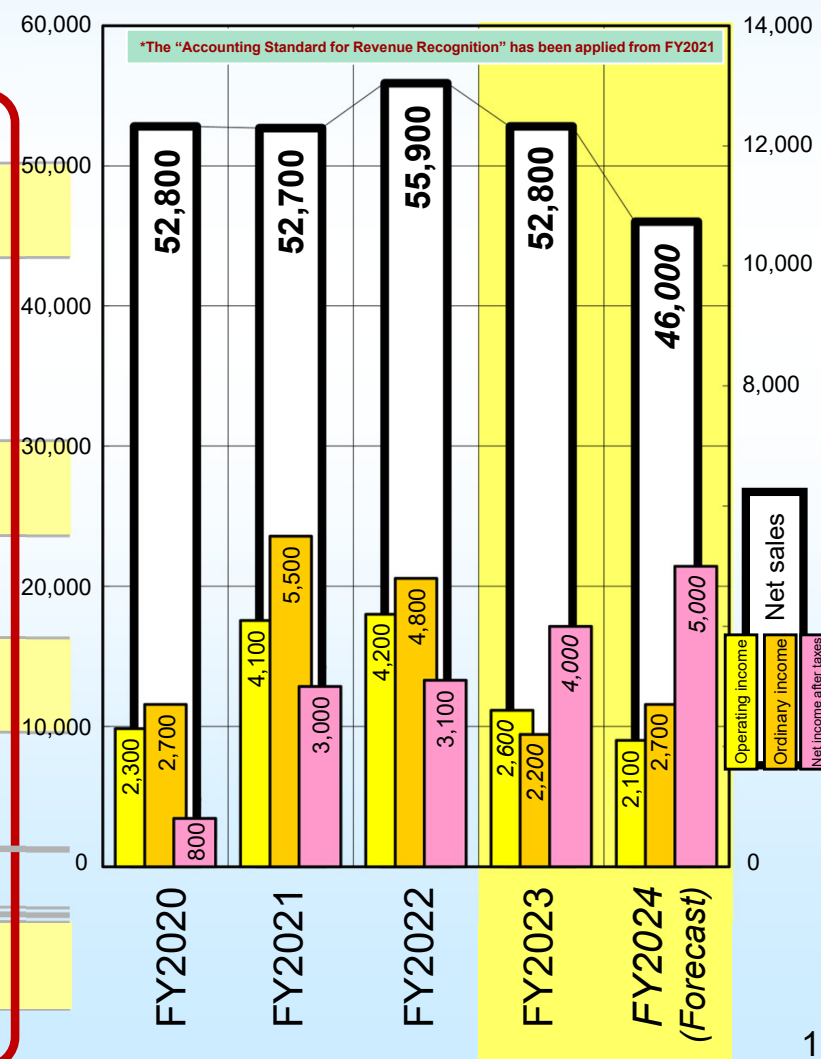
FY2024 Forecast

Unit: Millions of yen

YoY Against projection made during period

YoY

	FY2023	YoY	Against projection made during period	FY2024 Forecast	YoY
Net sales	52,819	-3,102 [-5.5%]	-353 [-0.7%]	46,045	-6,774 [-12.8%]
Cost of sales	39,018	-1,140 [-2.8%]		33,855	-5,163 [-13.2%]
SG&A expenses	11,122	-438 [-3.8%]		10,027	-1,095 [-9.8%]
Operating income	2,678	-1,523 [-36.3%]	-270 [-9.2%]	2,163	-514 [-19.2%]
Operating margin	5.1%			4.7%	
Non-operating income	-463	-1,082 [-]		541	+1,005 [-]
Ordinary income	2,214	-2,605 [-54.1%]	-1,199 [-35.1%]	2,705	+490 [+22.1%]
Recurring margin	4.2%			5.9%	
Extraordinary income (loss)	1,930	+1,663		4,358	+2,427
Net income before tax	4,145	-941		7,063	+2,917
Net income after taxes	4,021	+887 [+28.3%]	+622 [+18.3%]	5,098	+1,076 [+26.8%]
Net margin	7.6%			11.1%	





FY2023 Overview of Financial Results

The “Accounting Standard for Revenue Recognition” has been applied from FY2021, based on which this Overview of Financial Results has been prepared.

At the Company, the principal change in accounting for sales from various types of agency transactions is a move from gross amounts to net amounts.

Net sales: ¥52.8 billion / Operating income: ¥2.7 billion

Ordinary income: ¥2.2 billion (-¥2.6 billion YoY),

Net income after taxes: ¥4.0 billion (+¥0.9 billion YoY)

Impact of gain on sale of businesses, real estate, and marketable securities was significant.

FY2023 Results

Unit: Millions of yen

		YoY	Against projection made during period
Net sales	52,819	-3,102 [-5.5%]	-353 [-0.7%]
Cost of sales	39,018	-1,140 [-2.8%]	
SG&A expenses	11,122	-438 [-3.8%]	
Operating income	2,678	-1,523 [-36.3%]	-270 [-9.2%]
Operating margin	5.1%		
Non-operating income	-463	-1,082 [-]	
Ordinary income	2,214	-2,605 [-54.1%]	-1,199 [-35.1%]
Recurring margin	4.2%		
Extraordinary income (loss)	1,930	+1,663	
Net income before tax	4,145	-941	
Net income after taxes	4,021	+887 [+28.3%]	+622 [+18.3%]
Net margin	7.6%		

[Non-operating income] **-¥0.46 billion**
Breakdown

- Loss on investments in partnership **-¥0.91 billion**
- * Large reaction to +¥250 million in gain on investments in the previous fiscal year
- Loss on investments in partnership **-¥0.12 billion**

[Extraordinary income] **+¥2.69 billion**
Breakdown

- Gain on sale of supermarket business **+¥1.64 billion**
- Gain on sale of real estate in Yagenzaka **+¥0.86 billion**
- Gain on sale of securities **+¥0.15 billion**

[Extraordinary income] **-¥0.76 billion**

- Impairment loss on fixed assets **-¥0.63 billion**
- Additional allowance for voluntary retirement **-¥0.08 billion**

Total assets ¥97.8 billion (YoY +¥0.7 billion)

Cash and deposits +¥8.1 billion, due to sale of businesses and real estate, in addition to cash provided by operating activities.

Unit: Millions of yen		FY2022		FY2023		YoY	Points
		Share		Share			
Total Assets		97,148	100.0%	97,871	100.0%	+723	
Assets	Current assets	58,554	60.3%	62,124	63.5%	+3,569	<ul style="list-style-type: none"> ■ Increase in cash and deposits +¥8.1 billion Operating CF (+6.1 billion) Sale of real estate (+1.4 billion) Sale of the supermarket business (+2.8 billion) Repayment of interest-bearing debt and payment of dividends (-2.0 billion) ■ Tangible fixed assets -¥2.5 billion Sale of real estate (-1.4 billion) Divestiture and transfer of business (-0.3 billion) Impairment of fixed assets (-0.6 billion) ■ Investments and other assets +¥0.3 billion Gain on valuation of listed shares (+1.0 billion) Loss on investments in investment partnerships (-0.6 billion)
	Cash and deposit	37,583		45,710		+8,126	
	Trade notes & accounts receivable	14,410		10,704		-3,706	
	Entertainment content exploitation rights	2,799		2,368		-430	
	Work in progress	2,105		2,255		+149	
	Fixed assets	38,593	39.7%	35,747	36.5%	-2,846	
	Tangible fixed assets	20,107		17,555		-2,552	
Intangible fixed assets	2,944		2,387		-557		
Investments and other assets	15,540		15,804		+263		
Liabilities/Net Assets	Liabilities	19,201	19.8%	15,451	15.8%	-3,749	<ul style="list-style-type: none"> ■ Decrease in current liabilities Decrease in accounts payable -¥1.4 billion ■ Decrease in fixed liabilities Decrease in long-term liabilities (transferred to short-term liabilities) -¥0.4 billion Deferred tax liabilities -¥1.3 billion ■ Equity ratio: 83.3% Dividend paid -¥0.9 billion Net income after taxes +¥4.0 billion Foreign currency translation adjustment +¥0.6 billion
	Current liabilities	14,087		12,367		-1,720	
	Fixed liabilities	5,113		3,084		-2,029	
	Net assets	77,946	80.2%	82,419	84.2%	+4,473	
	Capital stock	2,487		2,487		±0	
Capital surplus/retained earnings	72,075		75,225		+3,149		
Treasury earnings	-1,728		-1,728		±0		
Other comprehensive income	4,402		5,588		+1,185		

Cash and cash equivalents: ¥43.3 billion (difference from the beginning of the year: +¥8.1 billion).

Mainly due to an increase in cash provided by operating and investing activities

Operating CF: +¥6.1 billion: In addition to recording profits, collection of accounts receivable progressed due to shortened payment periods at client companies.

Investment CF: +¥4.1 billion; Financing CF: -¥2.1 billion

Unit: Millions of yen

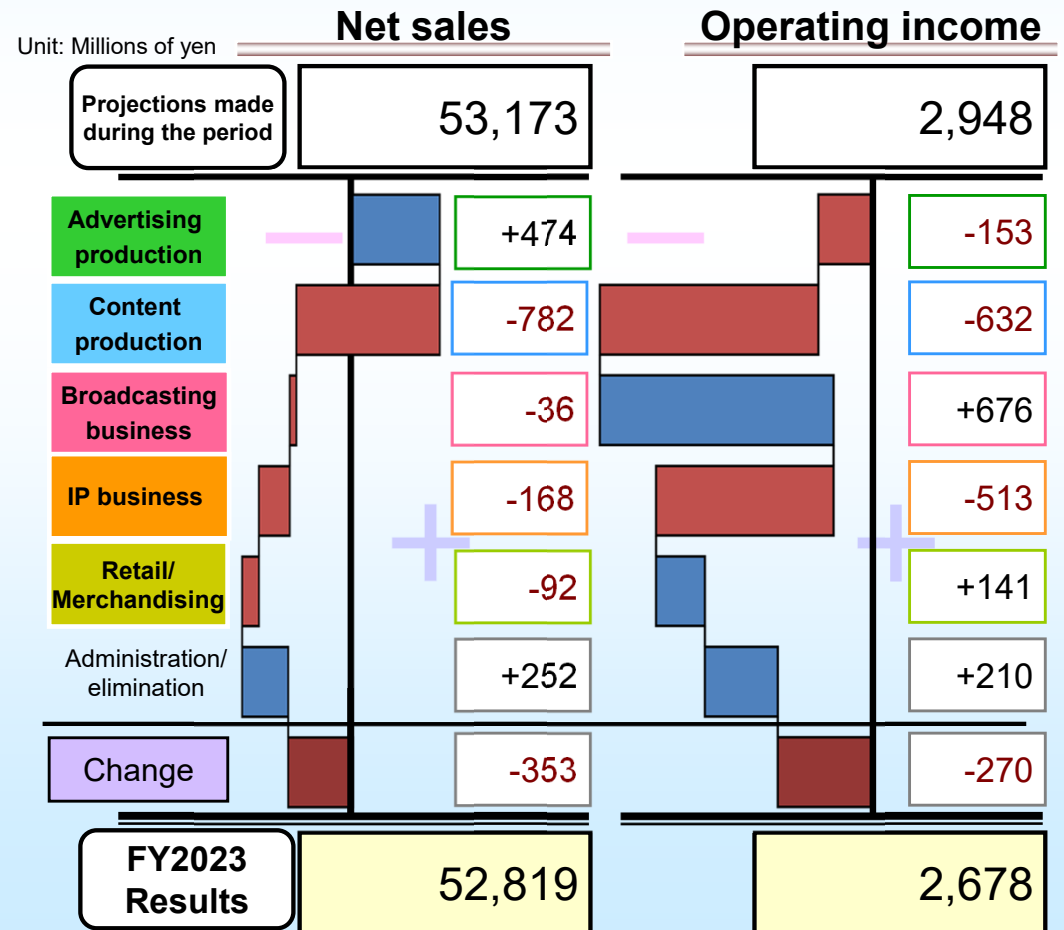
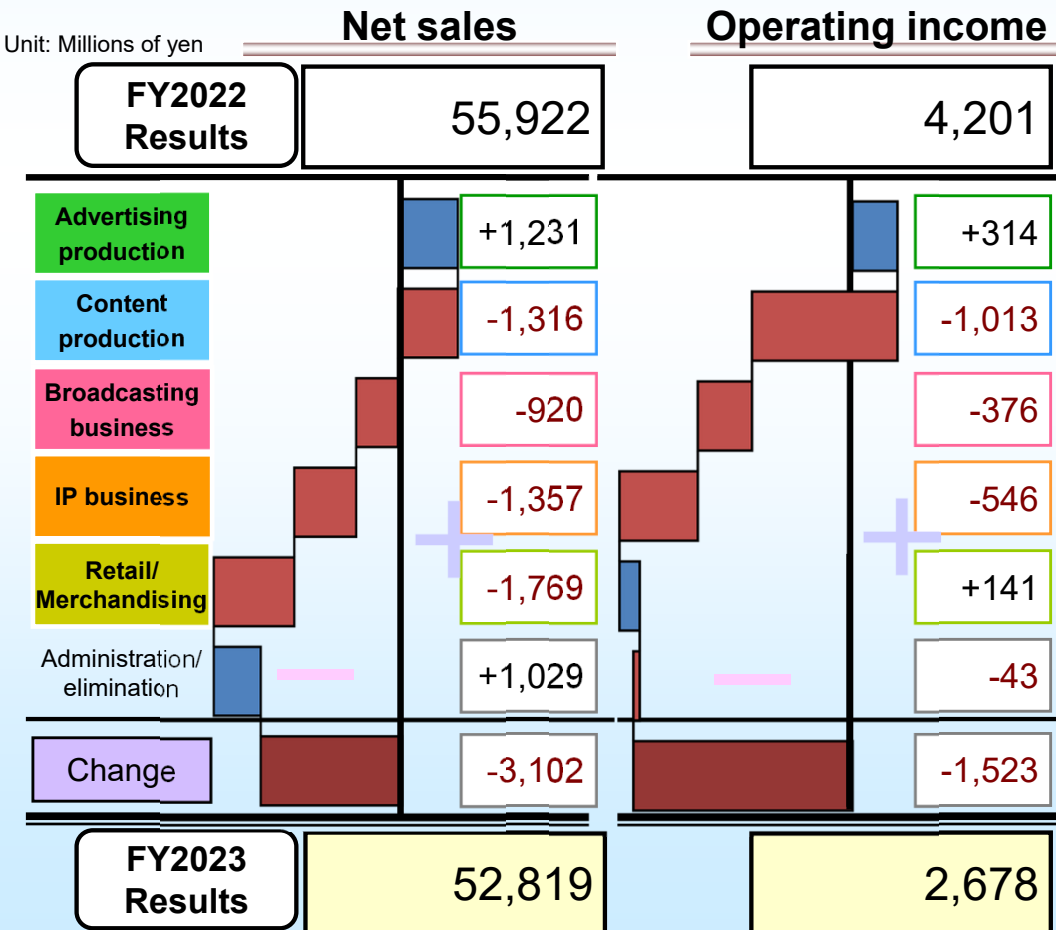
	FY2022 (From April 1, 2022 to March 31, 2023)	FY2023 (From April 1, 2023 to March 31, 2024)
Operating Activities:		
Net income before tax	5,087	4,145
Depreciation and amortization	1,306	1,245
Equity in losses (earnings) of affiliates	65	139
Decrease (Increase) in operating receivables	1,277	3,455
Loss (Gain) on sales of shares of subsidiaries and associates	-269	-640
Impairment loss	0	630
Increase (Decrease) in operating payables	-1,547	-1,045
Loss (Gain) on sale of investment securities	0	-150
Gain on sale of property, plant and equipment	0	-1,903
Others	164	1,654
Subtotal	6,085	7,531
Interest, corporate tax, etc.	-1,429	-1,444
Net cash flows from operating activities	4,655	6,087
Investing Activities:		
Balance of time deposit	-45	80
Balance of tangible fixed assets	-1,187	2,856
Balance of intangible fixed assets	-91	-80
Balance of investment securities	-230	115
Proceeds from the sale of shares of subsidiaries resulting in a change in scope of consolidation	394	994
Others	-63	95
Net cash flows from investing activities	-1,223	4,062
Financing Activities:		
Balance of short/long-term loans payable	-229	-1,086
Repayment of lease obligations	-235	-207
Cash dividends paid	-872	-874
Others	-5	-5
Net cash flows from financing activities	-1,341	-2,173
Cash and cash equivalents:		
Cash and cash equivalents at beginning of period	33,037	35,288
After conversion: Increase	2,250	8,055
Cash and cash equivalents at end of period	35,288	43,343

YoY: Advertising production achieved an increase in sales and profits, and retail/merchandising also secured an increase in profits. However, content production, broadcasting business, and IP business were the main factors in a decrease in both sales and profits.

Comparison with projections: Content production was the main factor in a decrease in both sales and profits. Broadcasting business contributed to an increase in profits, but IP business saw a decrease in profits.

YoY

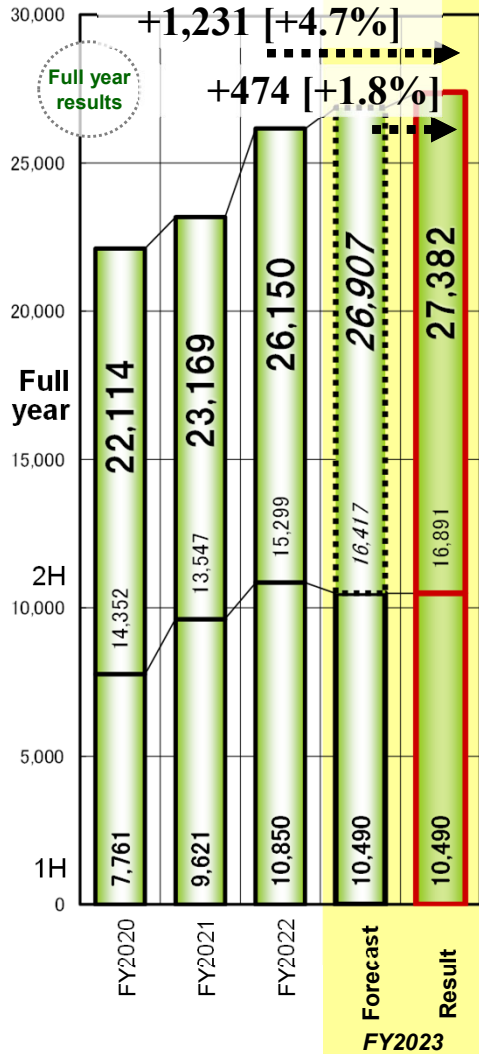
Against projections made during the period



Sales and profits increased due to strengthened efforts to win orders, and profit margin increased year-on-year due to reductions in costs of sales and SG&A expenses. Orders received were strong in both commercial production and sales promotion.

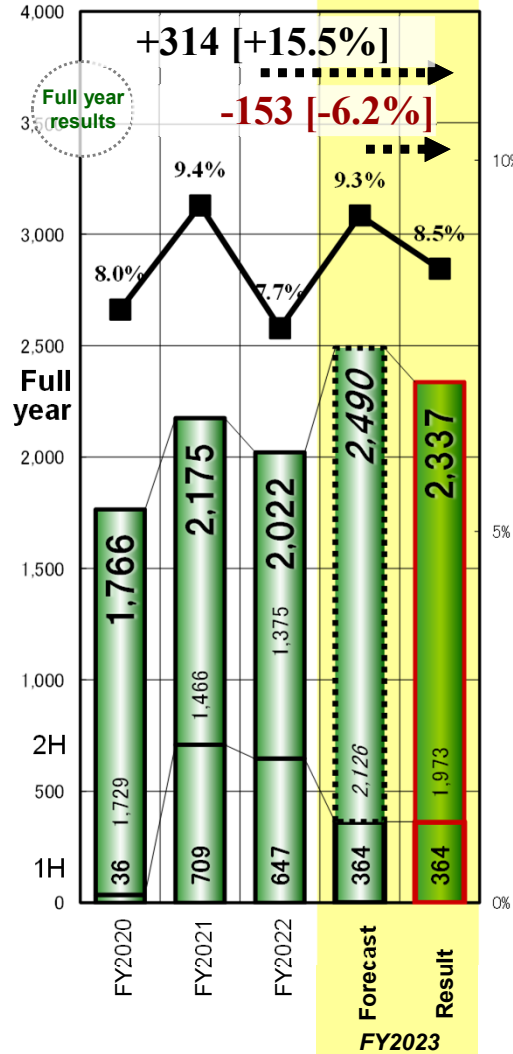
Net sales

Unit: Millions of yen



Operating income

Unit: Millions of yen



Net sales by sub-segment

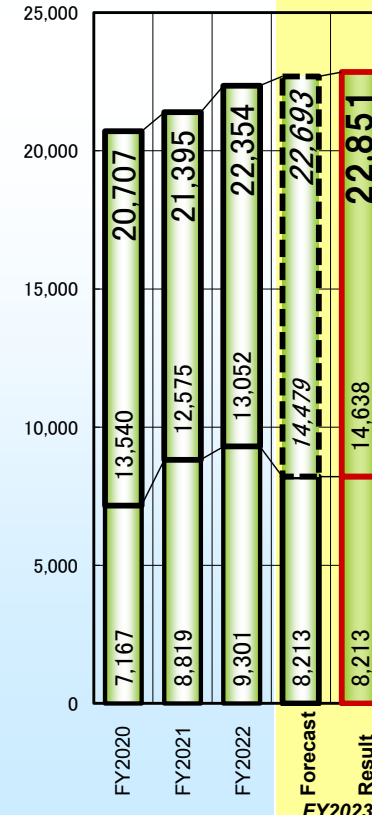
<Commercial production>

Orders received were strong, due to winning orders at the end of FY2023. Despite an increase in personnel expenses due to a review of employee benefits, profit margins have been improving due to improved precision in orders received/profit management.

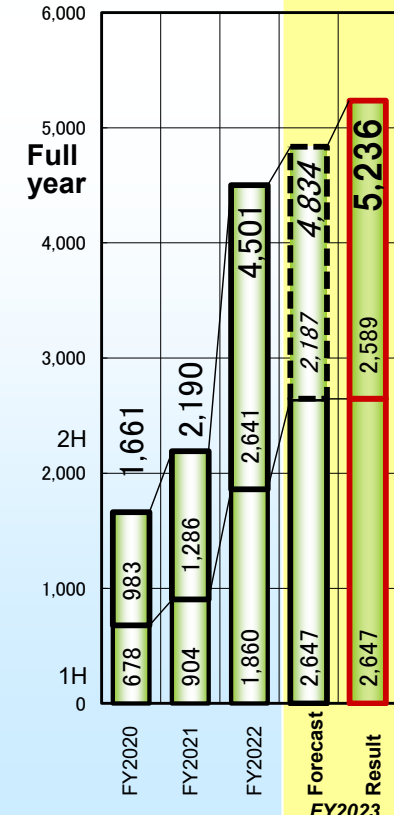
<Sales promotion>

Sales and profits increased due to the expansion of direct clients, the receipt of large orders, etc. Increase in sales due to a change of the fiscal year end of Enjin Inc. (+¥0.5 billion for 3 months)

Commercial production

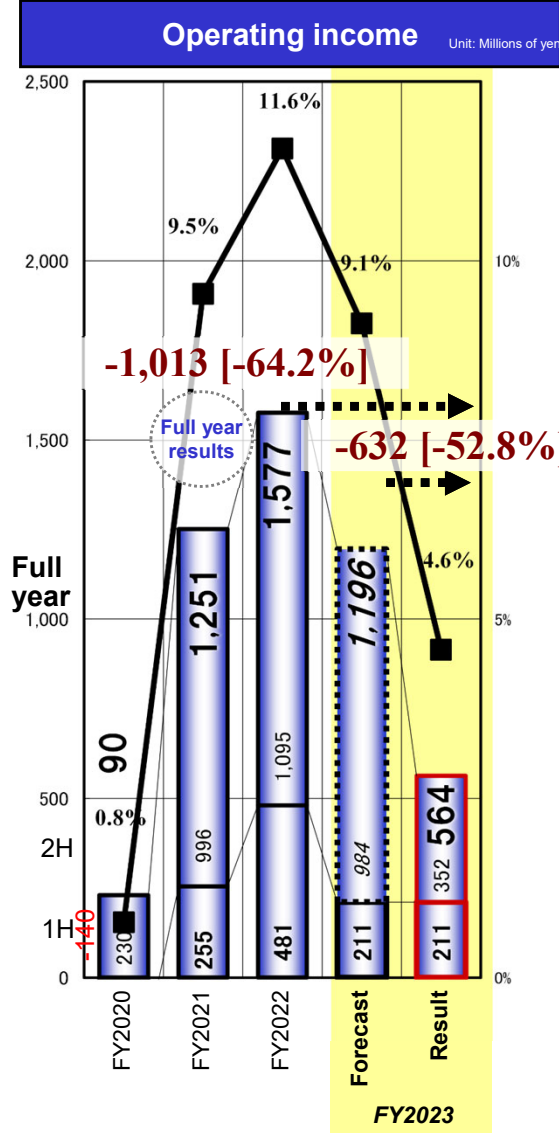
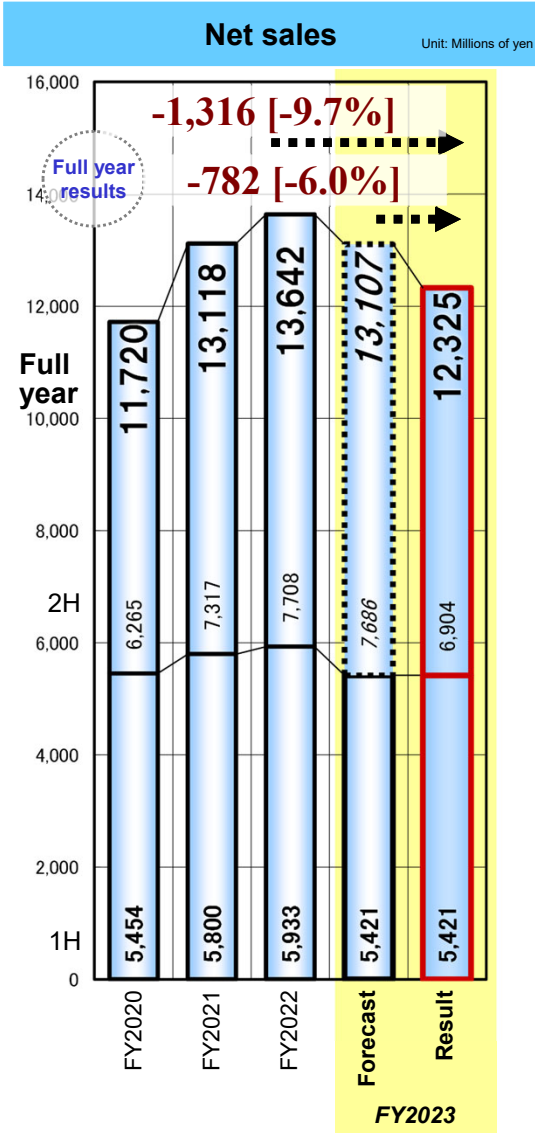


Sales promotion



Sales and profits decreased due to weak production of dubs and subtitles, as well as production of TV programs

Net sales by sub-segment



<Production of movies and TV programs>

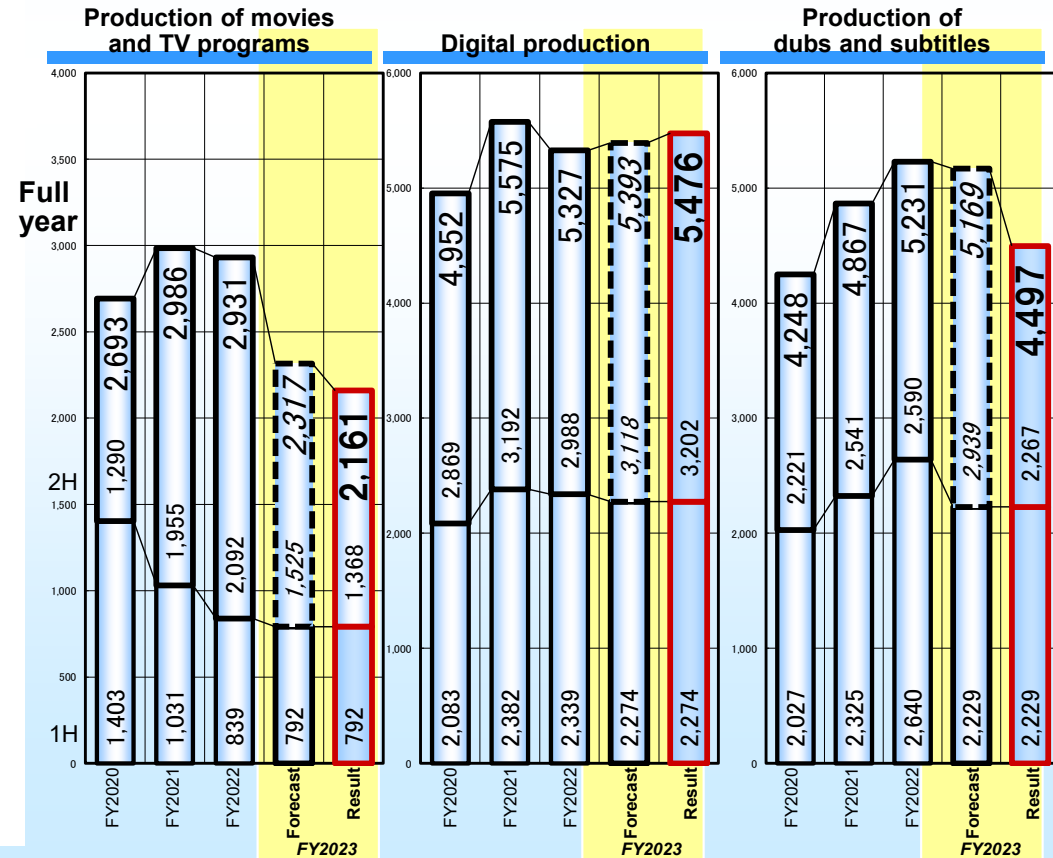
Largely affected by a decrease in production for the group channels. Sales decreased year-on-year and were less than the forecast partly due to a reactionary decrease in orders received in productions for theaters, which were strong in the previous year.

<Digital production>

Business restructuring continues. Recorded impairment loss on fixed assets.

<Production of dubs and subtitles>

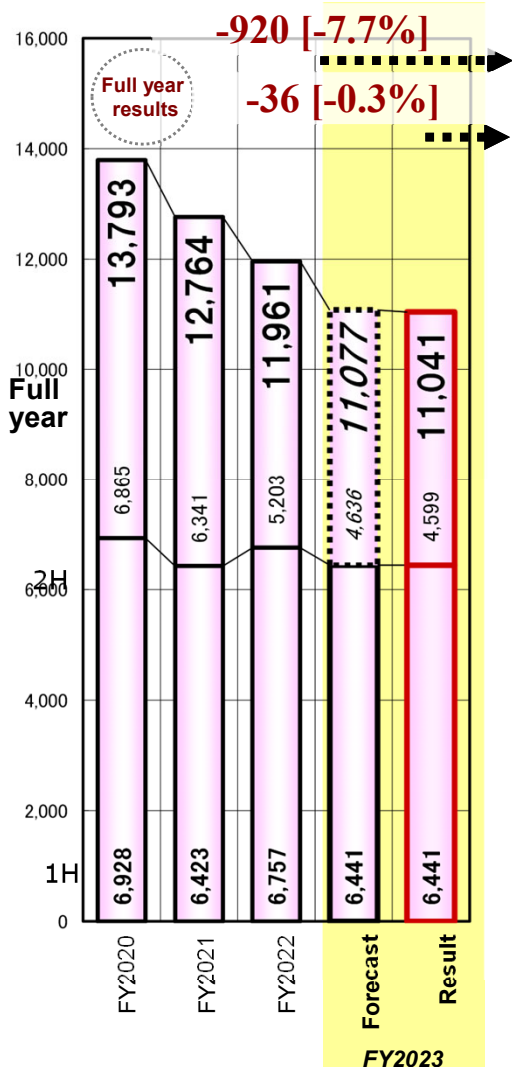
Sales decreased year-on-year and were less than the forecast due to a reactionary decrease in orders received in streaming services, which were strong in the previous year, as well as a significant decrease in orders received resulting primarily from the impact of the Hollywood strikes.



Despite a decrease in sales and profits year-on-year, profits were higher than the forecast due to thorough cost reductions.

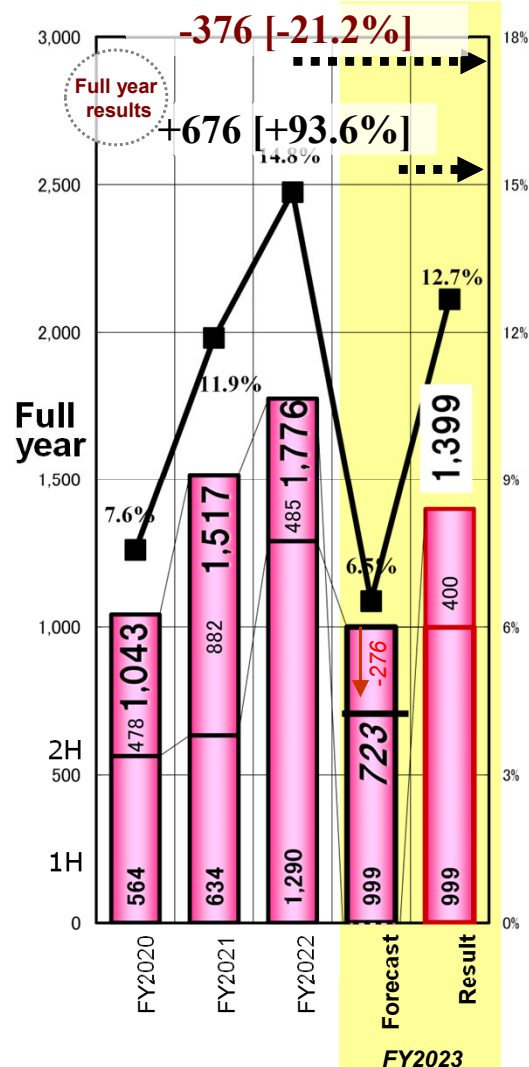
Net sales

Unit: Millions of yen



Operating income

Unit: Millions of yen



Operating performance

<Program sales>

- Results almost in line with the forecast

<Commissioned work>

- Decrease in commissioned projects due to the termination of 4K broadcasting and OTT business during the previous fiscal year. Business development projects were also sluggish.

<Channel operation>

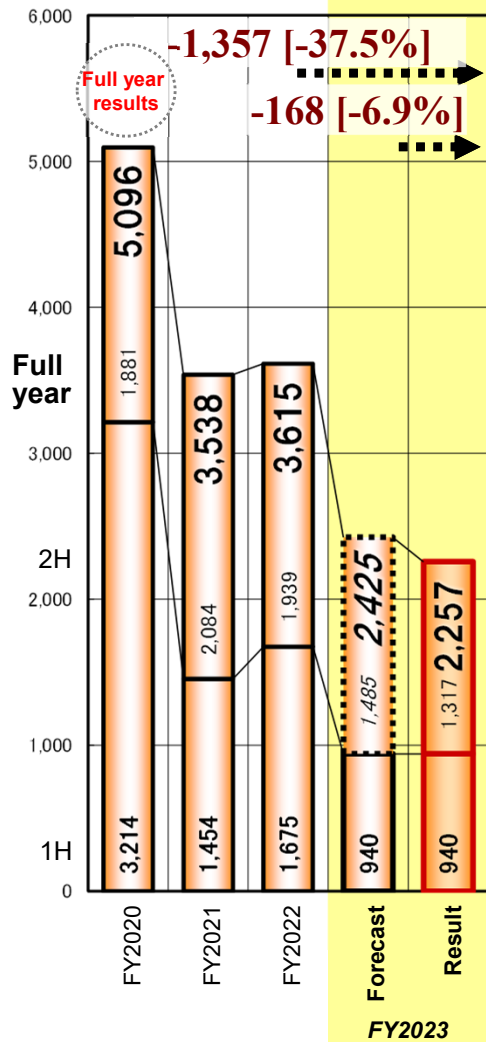
- Despite continued trend of declining subscriptions, profits were secured through reductions in program production and sales promotion expenses, etc.
- Impacted by the exclusion of The Cinema, which was transferred in the previous term, from the consolidation (for 6 months).
- Impacted by change of fiscal year end
 - Star Channel and Igo Shogi Channel: Contributed to an increase in sales.
 - Family Gekijyo: Contributed to a decrease in sales because results for 3 months had been added to the previous year's financial results.

Both sales and profits decreased year-on-year in rights and program sales.

(After FY2021, there will be a decrease in sales impacted by the adoption of the accounting standard for revenue recognition.)

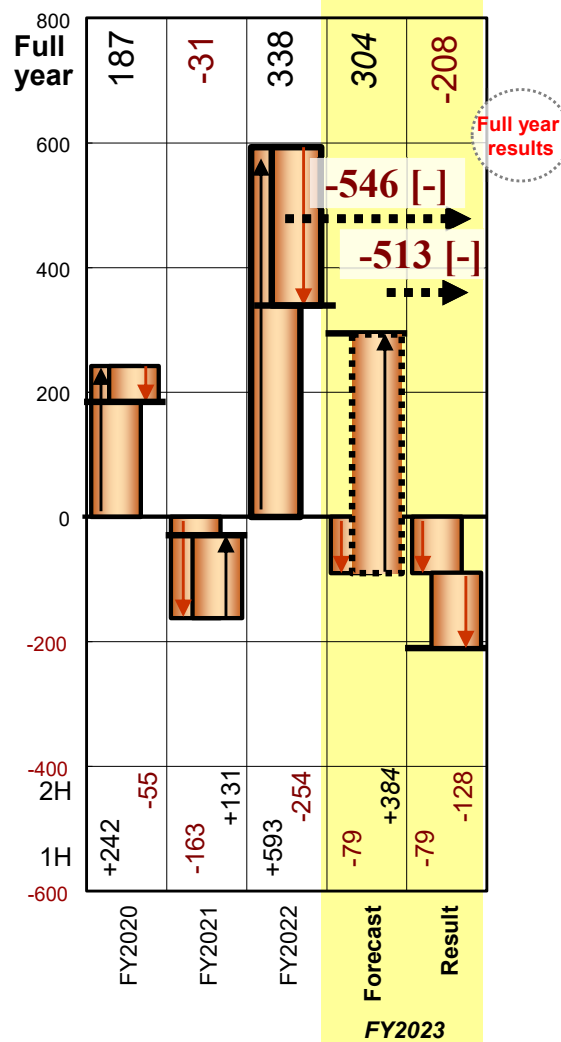
Net sales

Unit: Millions of yen



Operating income

Unit: Millions of yen



Operating performance

<Rights>

- Decrease in GARO projects contributed to a decrease in sales and profits.
- Profits decreased due to prior write-offs for movies invested in.

<Program sales>

- Sales to group channels decreased.
- Loss on valuation of broadcasting rights incurred due to yen's depreciation.



FY2024 Forecast

We will strengthen our efforts to win orders in advertising production.
 Operating income is expected to decrease, while ordinary income and net income after taxes are expected to increase.

FY2024 Forecast

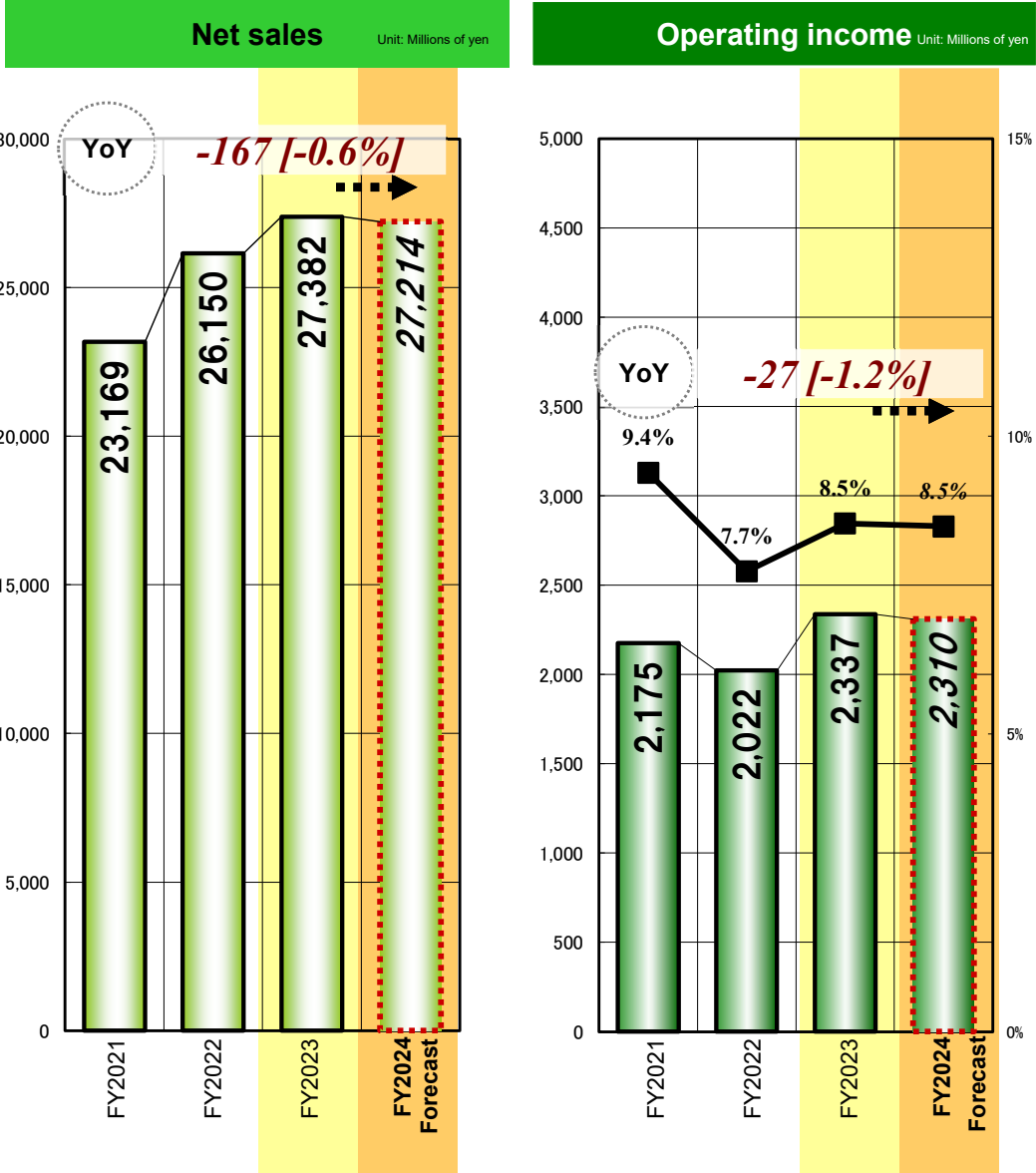
Unit: Millions of yen	YoY	
Net sales	46,045	-6,774 [-12.8%]
Cost of sales	33,855	-5,163 [-13.2%]
SG&A expenses	10,027	-1,095 [-9.8%]
Operating income	2,163	-514 [-19.2%]
Operating margin	4.7%	+1,005
Non-operating income	541	[-]
Ordinary income	2,705	+490 [+22.1%]
Recurring margin	5.9%	
Extraordinary income (loss)	4,358	+2,427
Net income before tax	7,063	+2,917
Net income after taxes	5,098	+1,076 [+26.8%]
Net margin	11.1%	

Post gain on the transfer of Star Channel
 +¥4.35 billion

We will continue to strengthen our efforts to win more orders despite the ongoing declining trend in the market for commercial production.

In sales promotion, we will aim to win more orders directly from clients and for large-scale projects.

Net sales by sub-segment



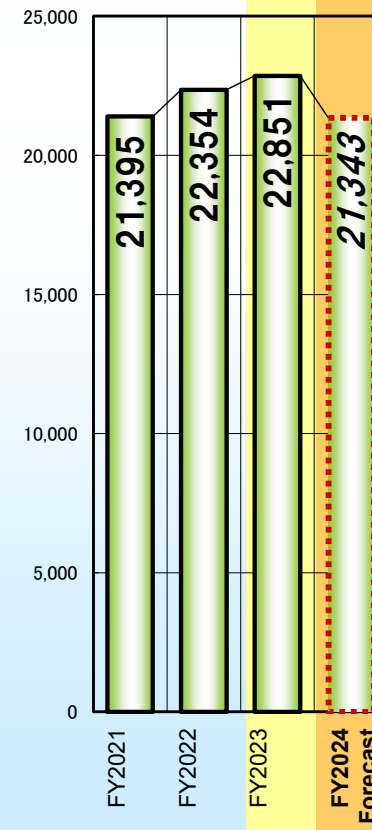
<Commercial production>

The commercial production market is expected to continue to shrink. We will strengthen efforts to win more orders. Also, we will promote work style reforms (transition to a flextime system).

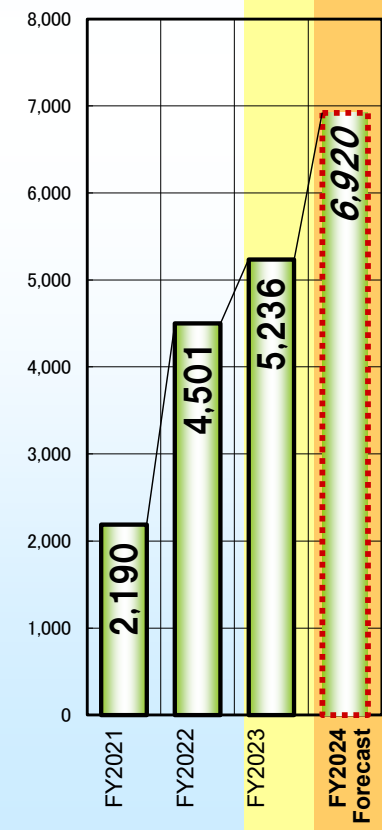
<Sales promotion>

We will continue our efforts to win more orders by reinforcing our personnel structure. Sales are expected to increase.

Commercial production



Sales promotion



Despite a decrease in sales due to the structural reforms, we expect an increase in profits due to recovery in production of dubs and subtitles, which was sluggish in the previous year.

Net sales by sub-segment

<Production of movies and TV programs>

Sales are expected to increase by increasing orders received from non-Group businesses.

<Digital production>

Continue structural reforms.

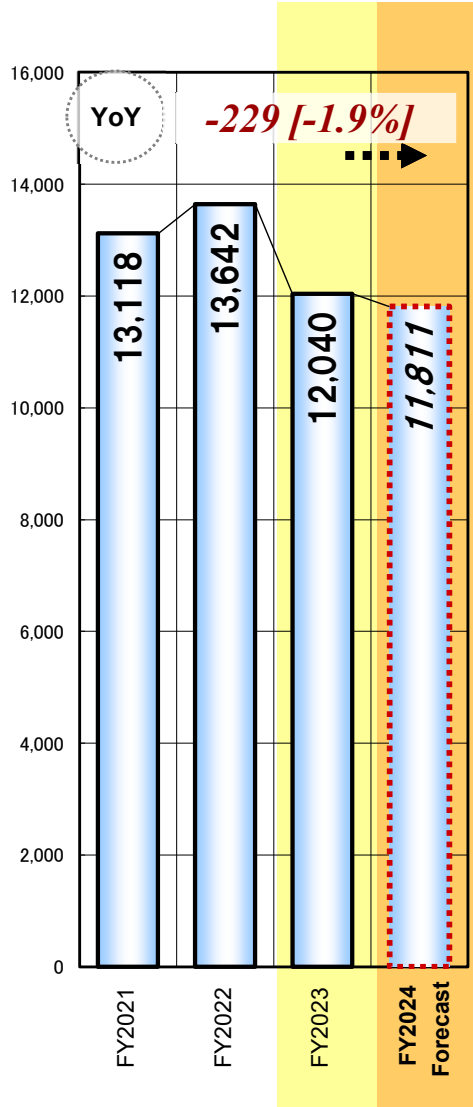
Sales are expected to decrease by downsizing to an appropriate scale of operations.

Aim to improve profits by reducing depreciation expenses, etc.

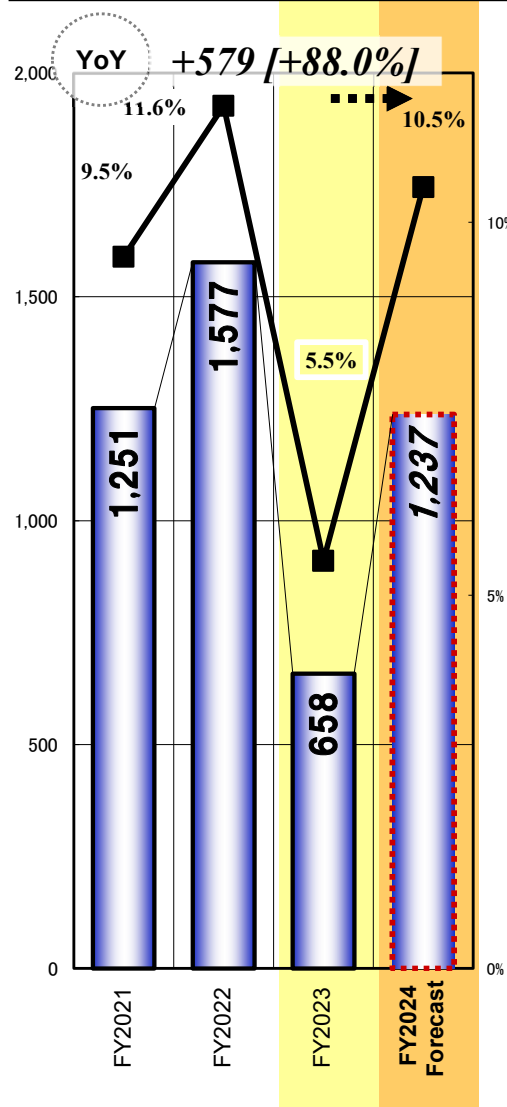
<Production of dubs and subtitles>

Sales are expected to increase due to the impact of the Hollywood strikes occurred in the previous year being overcome.

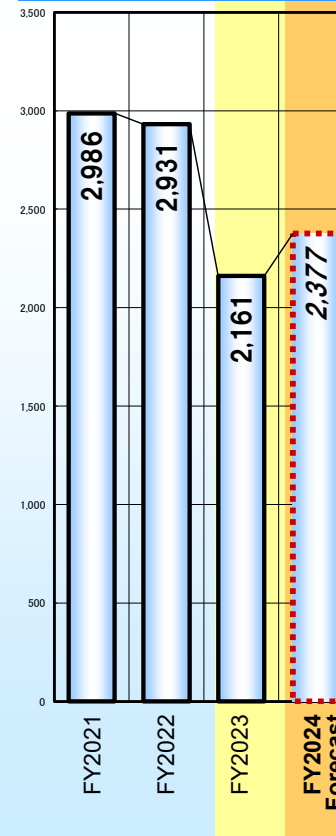
Net sales Unit: Millions of yen



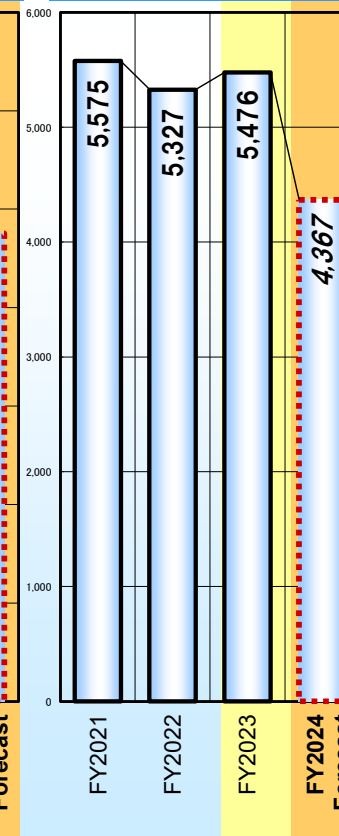
Operating income Unit: Millions of yen



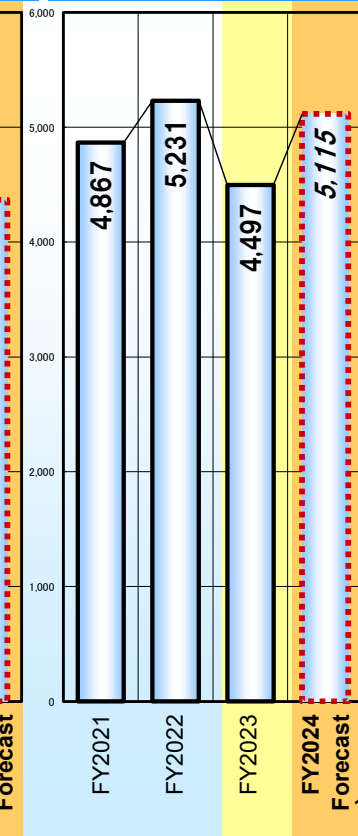
Production of movies and TV programs



Digital production



Production of dubs and subtitles



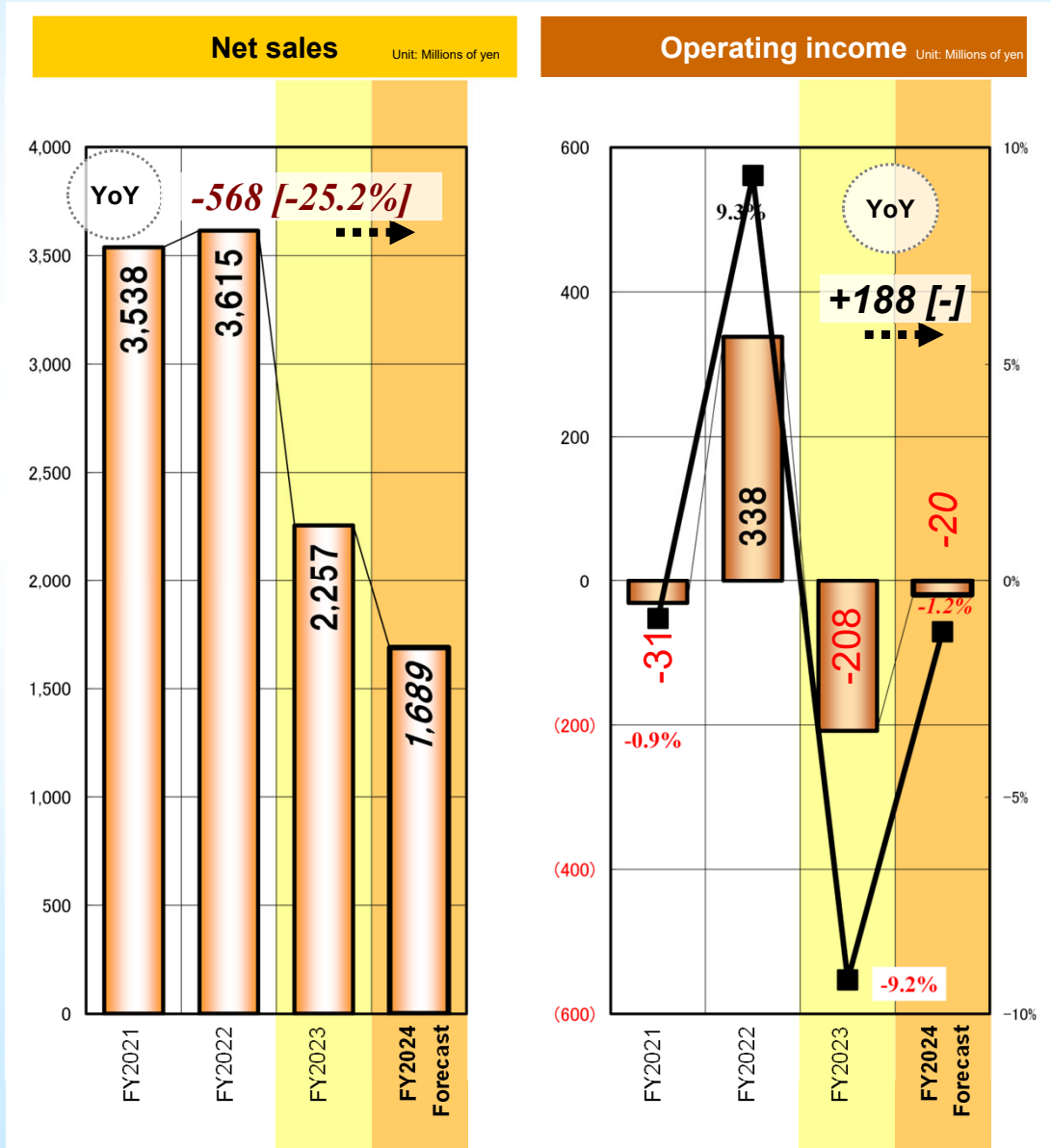
Expect a decrease in sales and profits due to the ongoing downward trend in the specialty broadcast market. The sale of Star Channel will also contribute to a decrease in sales.



Highlights

- Expect a decrease in sales due to the ongoing trend of declining contracted households.
- Commissioned work: Promote business efficiency and secure profits.
- Star Channel: Expenses will be incurred due to the change of channels from 3 to 1 from April to May. Star Channel will contribute to a year-on-year decrease in sales and profits, along with the impact of deconsolidation (from June) due to the sale. (Sales -¥4.9 billion, including the impact of the change of the accounting period)
- The change in the accounting period of the consolidated channels in the previous year will contribute to a decrease in sales. (Igo Shogi Channel, Star Channel: Total sales -¥1.6 billion)

Expect decrease in sales but increase in profits, aiming for balance between revenue and expenditure.



Highlights

<Rights>

- Promote a reduction of SG&A expenses by optimizing workforce, etc.
- Expect a decrease in amortization expenses for works invested in.

<TV distribution>

- Promote reduction of theatrical distribution film transactions.

Expect a decrease in sales and profits due to contraction of the broadcasting business market and business transfers.
 Expect an increase in profits due to recovery in orders received in production of dubs and subtitles in the content production.

Forecast by segment

Unit: Millions of yen	Net sales		Operating income		YoY change factors	
	Share	YoY	YoY	YoY	Net sales	Operating income
Advertising production	56.6%	27,214	-167 [-0.6%]	2,310	-27 [-1.2%]	
Content production	24.6%	11,811	-229 [-1.9%]	1,237	+579 [+88.0%]	
Broadcasting business	11.9%	5,720	-5,321 [-48.2%]	675	-724 [-51.7%]	
IP business	3.5%	1,689	-568 [-25.2%]	-20	+188 [-]	
Others	3.4%	1,645	-1,999 [-54.9%]	30	-46 [-60.6%]	
Total	100%	48,079		4,232		Offset elimination
Total (after elimination)		46,045	-6,774 [-12.8%]	2,163	-514 [-19.2%]	

Due to the sale of the supermarket business, the liquidation of overseas bases and businesses, etc., the names and contents of some segments will be changed from FY2024.

1. Change of segment name: Retail/Merchandising → Others
2. Change of reporting segment: Overseas division/Equipment division, etc.
 Sales impact in FY2024: Sales ¥0.3 billion Content → Others / Sales ¥0.6 billion Content → Advertising

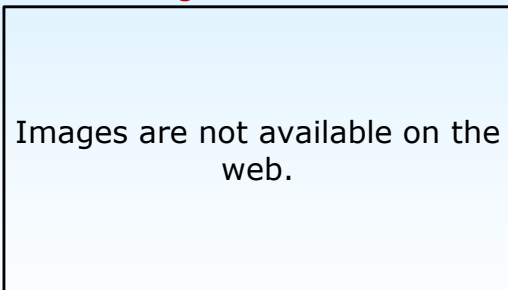


Business Topics

CAINZ CORPORATION - Company

The Story of a Small Chair

* **Eibunren Award 2023, Outstanding Performance Award**



Images are not available on the web.

KOIKE-YA Inc. Scorn

Episode: New Dancing Scene

* **The 76th Dentsu Advertising Awards Silver Prize**

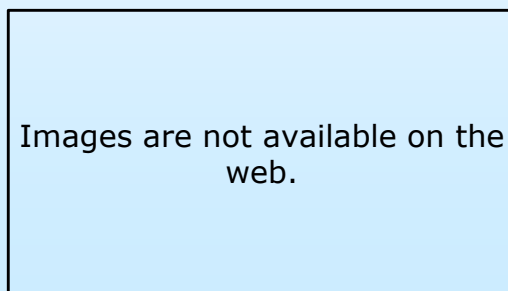


Images are not available on the web.

All prefectures and designated cities in Japan, Number Choice Lottery

Episode: The Billionaire, The Goddess of Chance, The Earnest Girlfriend, The Man Who Marks, The Man Who Stacks Up, Her Choice, His Mother, His Boss

* **ACC Bronze, Film Category A (TV commercial)**



Images are not available on the web.

MIXI Monster Strike

Episode: Student Guidance, Temple of Darkness, Coolant, Park, Friend's Brother, The Waking Up, The Father, New Year's Eve

* **Minister of Internal Affairs and Communications Award/ACC Grand Prix [Film Category B (Online Film)]**



Images are not available on the web.

Meiji, Meiji Essel Super Cup

Episode: Sound Harmony, The Saddle, The Holy War, The Drama Club, Study for a Test, Lovely day

* **ACC Gold [Film Category B (Online Film)]**



Images are not available on the web.

Japanese Red Cross Society - Company

The Red Cross is on the move! Episode: Preparedness

* **61st JAA Advertising Award**

Contest of Advertisement Chosen by Consumers

Radio Advertisement Category Grand Prix

Converse Japan CONVERSE

CONVERSE ALL STAR BT SHARKSOLE OX

/ALL STAR LIGHT PLTS GHILLIE HI

/ALL STAR RS CORDUROY OX

/ALL STAR 100 TREKWAVE HI

/SUEDE ALL STAR LONGLIFE HI

* **ACC Gold [Film Craft Category]**



Images are not available on the web.

JAC AWARD 2023

Grand Prix

[Director, Individual Entry Category]

Eiji Koyama (Creative Center/OND[®])

Katsuichi Koguchi (Production Division/P1)

Medalists

[Production Support Category]

Yuji Shirakami (Production Division/Production Support Center)

[Production Manager Category]

Takuya Nakagami (Production Division/P1)

Judging Committee Chairperson's Special Award

[Producer Category]

Minori Nakagawa (Soda! Communications)

Commercial Hit Maker Ranking

[Producer Category] (out of 477 total)

1st: Toshiya Konno (Soda! Communications)

3rd: Shinya Tachibana (Soda! Communications)

7th: Toshiyuki Shirakawa (Soda! Communications)

8th: Jun Inoue (Production Division/P1, TFC)

10th: Kenji Yoshino (Soda! Communications)

[Photographer Category] (out of 217 in total)

8th: Hiroshi Machida (TFC Plus)

This ranking is the result of tallying the number of favorable votes received by each category, including companies and staff involved in commercial production, for 1,000 commercials ranked in the Top 1000 Ranking in Favorite Commercials conducted by CM Soken Consulting.

CM Soken Consulting: <https://www.cmdb.jp/>

GARO: The Heir to Steel Produced by Tohokushinsha

©2024 The Heir to Steel, Keita Amemiya, Tohokushinsha



Images are not available on the web.

People of Hitachi, commercial, four series

Episode: Data scientist, EV battery manufacturing automation, Circular economy, Bruce

Produced by No. 4 Production Dept., Video Production Div.

©Hitachi, Ltd.

Special drama zone, Scheduled Marriage Date
Produced by No. 1 Production Dept., Video Production Div.

©Scheduled marriage date Production Committee, MBS

Images are not available on the web.

Our Dining Table

Collaboration with No. 1 Production Dept., Video Production Div.

Images are not available on the web.

Images are not available on the web.

“Crossroads of Fate,” NHK Another Stories

- Antonio Inoki vs. Muhammad Ali, The Truth of the “Fight of the Century”
- One Year After the Crowd Accident at Itaewon, South Korea - The Struggle of the Victims -
- Who is Banksy - Inside the mind of an anonymous artist -

Collaboration with No. 3 Production Dept., Video Production Div.

©NHK

Wife’s Power Outage Produced by No. 2 Production Dept., Video Production Div.

©Tokyo Metropolitan Government

Images are not available on the web.

[Drama 24] First love, Zarari
Produced by No. 2 Production Dept., Video Production Div.

©First love, Zarari Production Committee

Images are not available on the web.

Images are not available on the web.

NHK Dark Side Mystery

- The Hero is Violent, Angel or Devil? The Legend of Billy the Kid
- The evolution of haunted houses never stops! - The secret of “Scary” is fun! -
- 270 billion yen! The biggest case of money counterfeiting in history. Embrace your ambition! A Tale of a Swindler

Collaboration with No. 3 Production Dept., Video Production Div.

©NHK

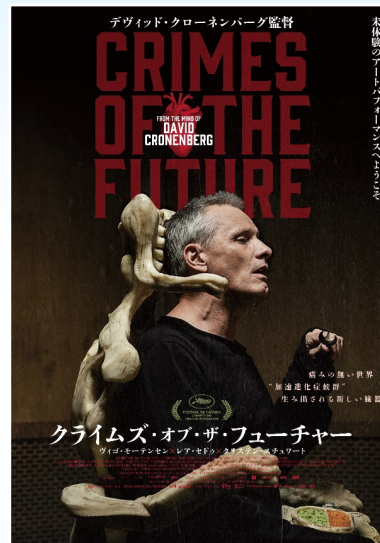
Images are not available on the web.

Passion Continent, Mainichi Broadcasting System

- Herbivore chefs: Shigeto Shimizu and Fumiyo Iwata
- Honey Hunter: Yoichi Ogata
- Aerial Photographer: Naohiro Yamamoto
- Opera singer: Aya Wakizono

Collaboration with No. 3 Production Dept., Video Production Div.

©MBS



“Notre-Dame on Fire”

Released on April 7 (Fri.), 2023

©2022 PATHÉ FILMS – TF1 FILMS PRODUCTION - WILDSIDE – REPÉRAGE – VENDÔME PRODUCTION

“Marlowe”

Released on June 16 (Fri.), 2023

©2022 Parallel Films (Marlowe) Ltd. / Hills Productions A.I.E. / Davis Films

“CLOSE”

Released on July 14 (Fri.), 2023

* Klockworx co-distribution

©Menuet / Diaphana Films / Topkapi Films / Versus Production 2022

“Crimes of the Future”

Released on August 18 (Fri.), 2023

* Klockworx co-distribution

© 2022 SPF (CRIMES) PRODUCTIONS INC. AND ARGONAUTS CRIMES PRODUCTIONS S.A.

“Revival69: The Concert That Rocked the World”

Released on October 6 (Fri.), 2023

© ROCK N' ROLL DOCUMENTARY PRODUCTIONS INC., TORONTO RNR REVIVAL PRODUCTIONS INC., CAPA PRESSE (LES FILMS A CINQ) 2022

“JFK Revisited: Through the Looking Glass”

Released on November 17 (Fri.), 2023

© 2021 Camelot Productions, Inc. All rights reserved. Photo: John F. Kennedy Presidential Library, National Archives

“The Night of the 12th”

Released on March 15 (Fri.), 2024

© 2022 – Haut et Court – Versus Production – Auvergne-Rhône-Alpes Cinéma Photo credit: Fanny de Gouille



<Works distributed by TFC>

“Shaun the Sheep Movie Festival with Wallace & Gromit”
Released on December 15 (Fri.), 2023

© Aardman Animations Ltd 2023



<Movies invested in by TFC>

“The Brave are dead!”
Broadcast on MX, BS11 from April 6 (Thu.), 2023

©Subaruichi, Shogakukan / The Brave are Dead! Production Committee



<Presented by TFC>

“Space Battleship Yamato The Movie”
(4K remastered edition)
Limited 3-week release starting December 8 (Fri.), 2023

©Tohokushinsha, Author & General Supervisor Shoji Nishizaki

“Farewell to Space Battleship Yamato: Warriors of Love”
(4K remastered edition)

Limited 3-week release starting January 5 (Fri.), 2024

©Tohokushinsha, Author & General Supervisor Shoji Nishizaki





Within this report, performance projection figures have been calculated based on judgments and assumptions made with currently available information. Actual figures and results may differ from projections due to uncertain factors in such judgments/assumptions, and variability of future business administration and domestic/overseas situations.

Please also note that this material has been compiled to promote understanding on Tohokushinsha, and is not aimed at soliciting investment in this company.

We shall not be held liable for any damages or losses arising from information contained in this report.