

**Consolidated Financial Highlights for  
Fiscal year ending March 31, 2022  
Supplemental Materials**

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**IMAGICA GROUP Inc.**

Code : 6879

May 13, 2022



# Key points of financial results

1

**Company-wide operating income before goodwill amortization was 5.1bn yen, the highest since listing**

2

**Operating income before goodwill amortization turned positive in all segments**

3

**Net income decreased by 700 million yen in part due to the impact of capital gains booked last year from the sale of a subsidiary**

# Financial results highlights

Sales declined due to sale of subsidiary, but both operating income and operating income before goodwill amortization rose sharply

(Unit: million yen)

Net sales

**80,184**

Change  
**(6,543)**

Operating income before goodwill amortization

**5,131**

Change  
**+4,811**

Operating income (loss)

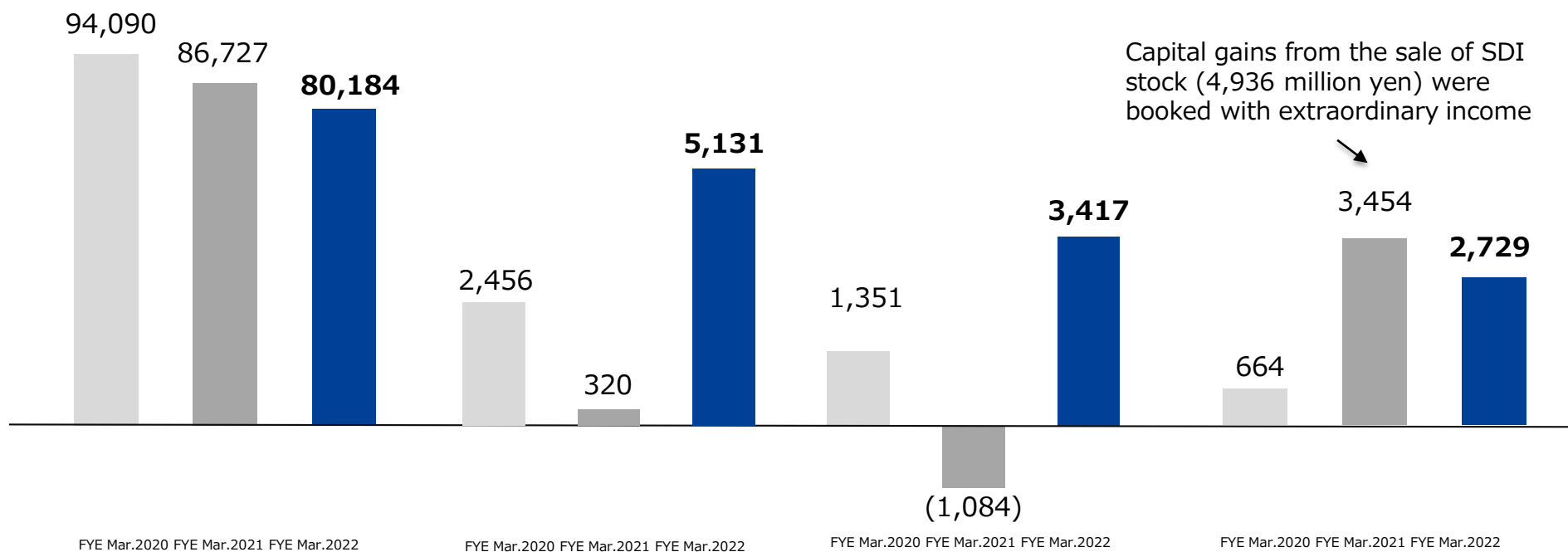
**3,417**

Change  
**+4,501**

Net income attributable to parent company shareholders

**2,729**

Change  
**(725)**



FYE Mar.2020 FYE Mar.2021 FYE Mar.2022

FYE Mar.2020 FYE Mar.2021 FYE Mar.2022

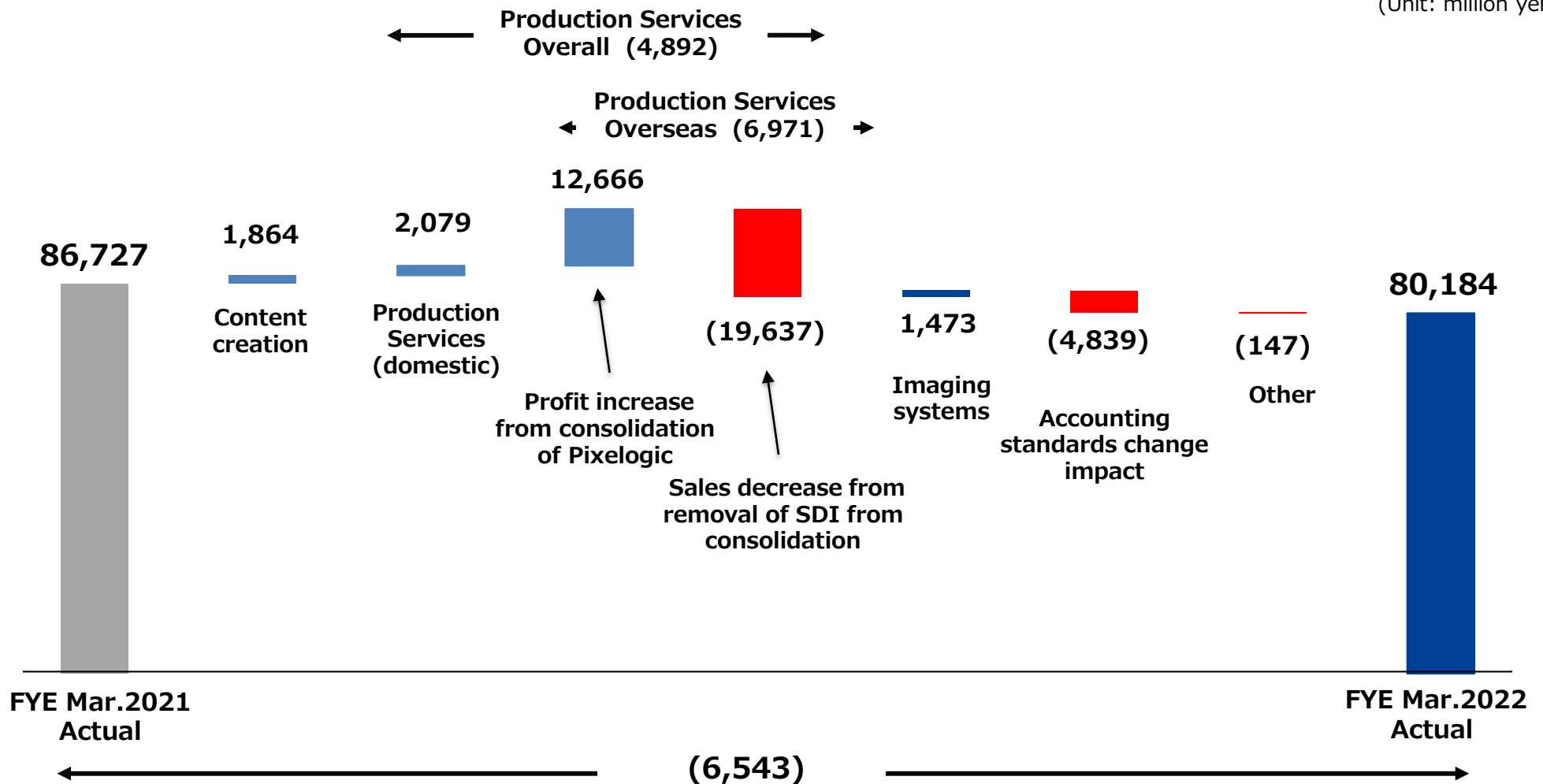
FYE Mar.2020 FYE Mar.2021 FYE Mar.2022

FYE Mar.2020 FYE Mar.2021 FYE Mar.2022

# Analysis of increase/decrease in sales (YoY)

Sales, excluding the sale of subsidiary SDI and the accounting standards change impact, increased in all segments

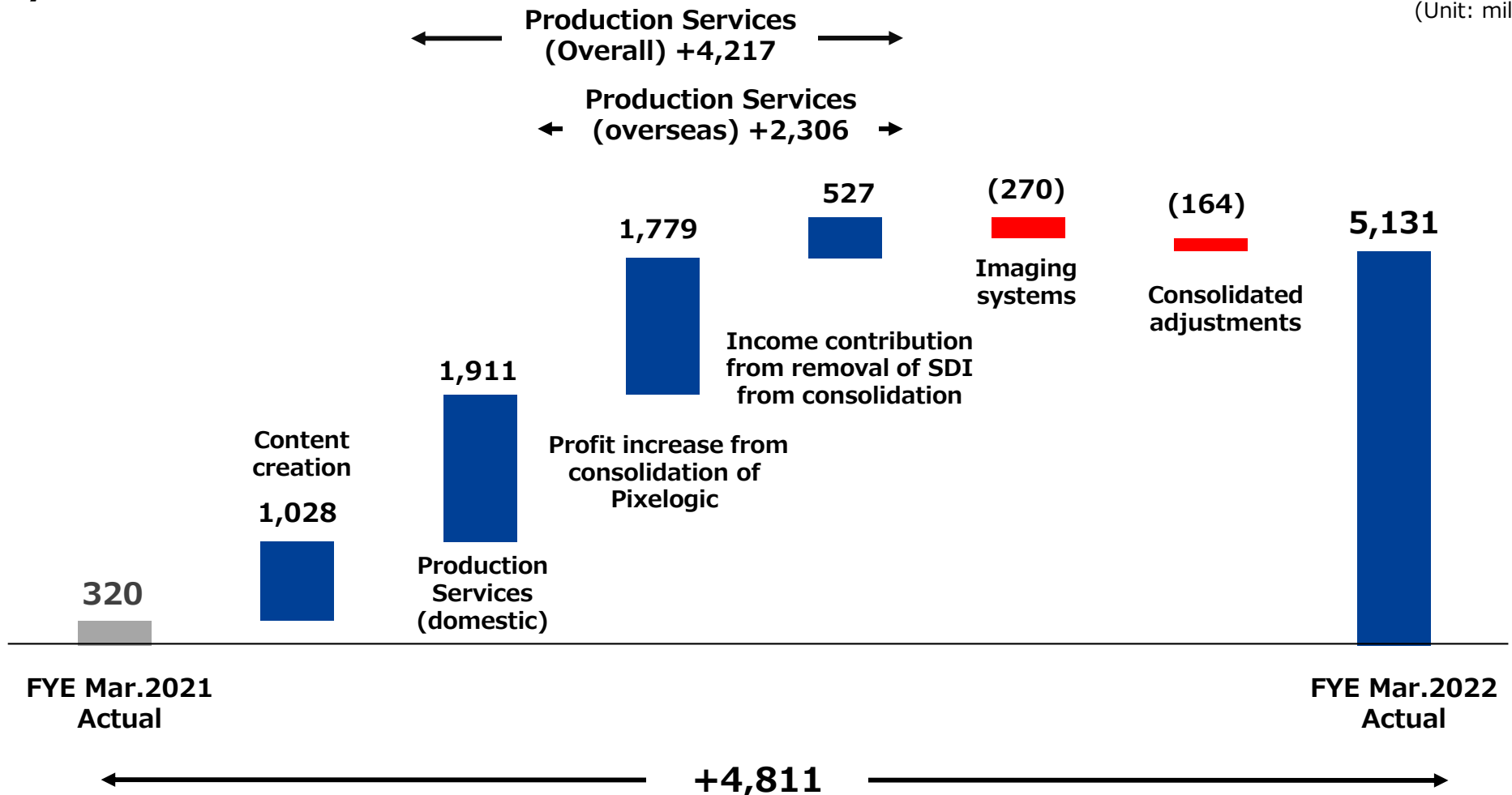
(Unit: million yen)



# Analysis of increase/decrease in operating income before goodwill amortization (YoY)

Production Services 4.2bn yen, Content Creation 1.0bn yen, Consolidated: 4.8bn yen income increase

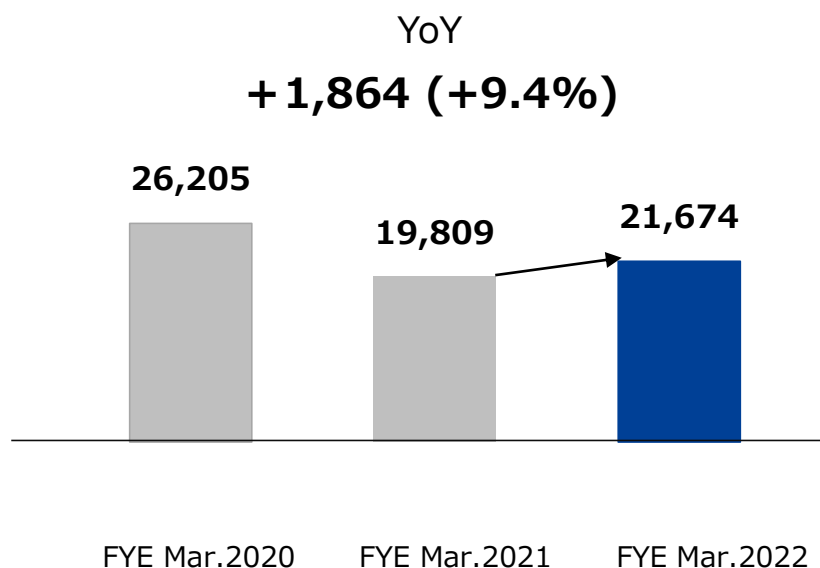
(Unit: million yen)



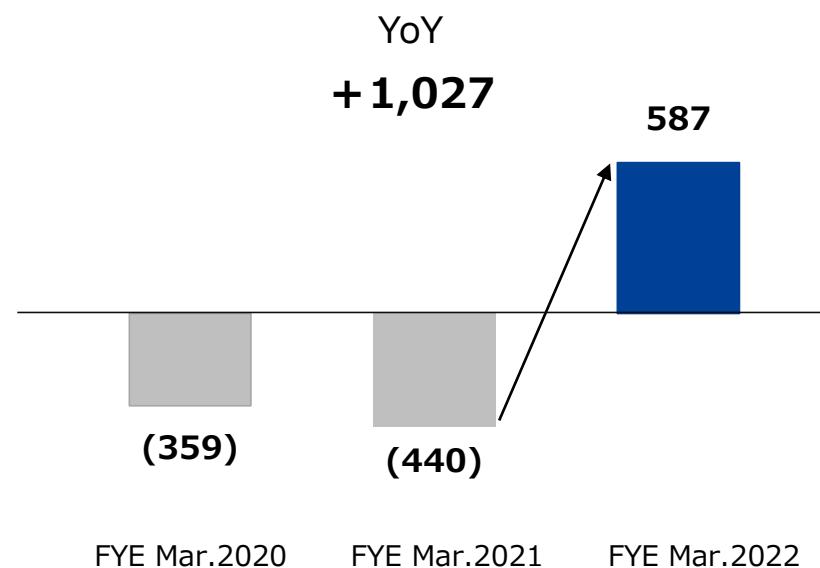
**Profitability increased due to recovery of TV commercial production orders and strong live music events: profits up 1bn yen year-on-year**

(Unit: million yen)

Net sales



Operating income before goodwill amortization



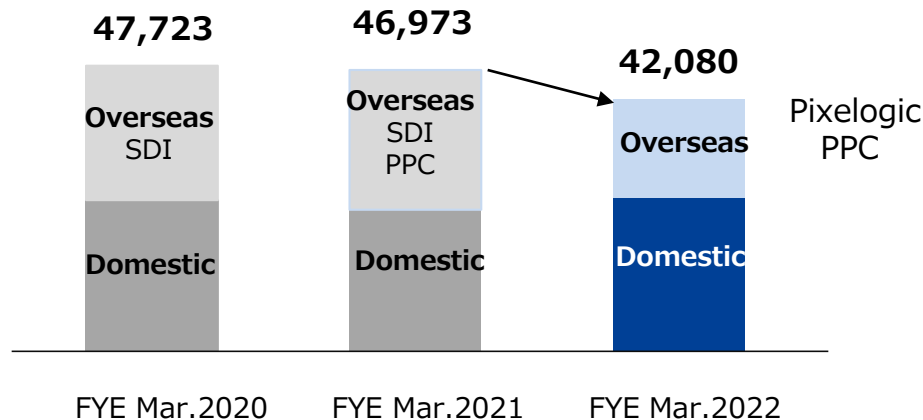
- ✓ Profitability of TV commercial production improved as orders recovered
- ✓ Solid sales thanks to movies, TV, animation, and dramas for video streaming service providers
- ✓ Strong orders for live music events thanks to online distribution as well as recovery of live events

# Production Services business

## Sharp increase in profit due to ongoing strength in global E2E service \*1 and structural reform\* 2

Net sales

YoY  
**(4,892)**

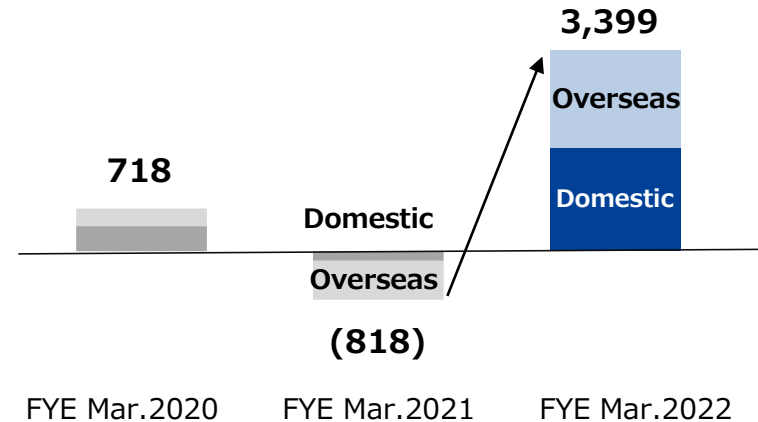


Operating income before goodwill amortization

(Unit: million yen)

Figures are sum of domestic and overseas

YoY  
**+4,217**



- ✓ In Japan, services for video streaming service providers \*3 remained strong. Digital cinema services improved significantly due to an increase in movies released in theaters. Post-production was also strong. Together with restructuring effects, profit increased sharply.
- ✓ Overseas, Pixelogic's localization for video streaming service providers continued to perform well. As movie theaters reopened in the US and Europe, digital cinema service sales increased, and profits surged.

# Production Services (overseas) Quarterly results

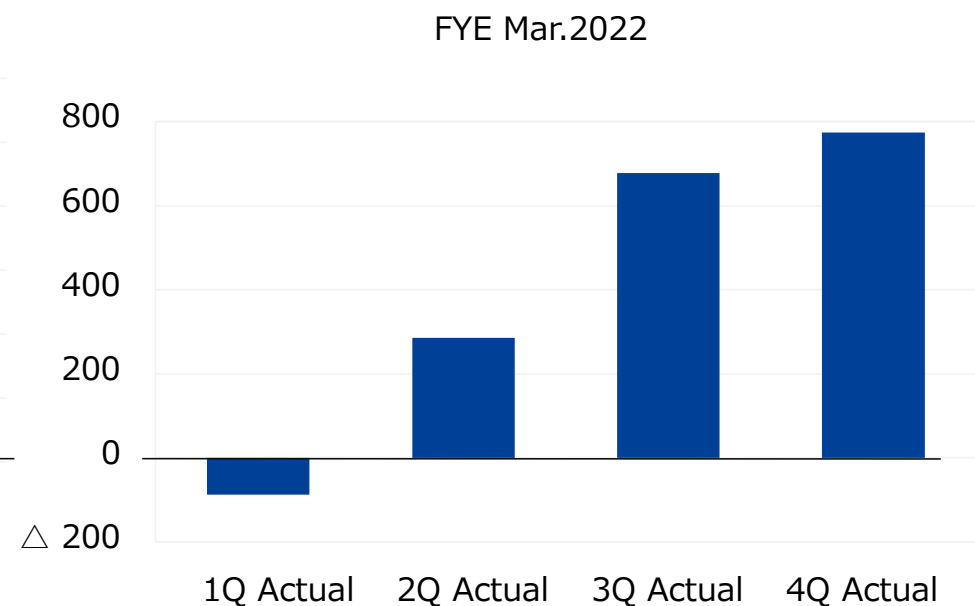
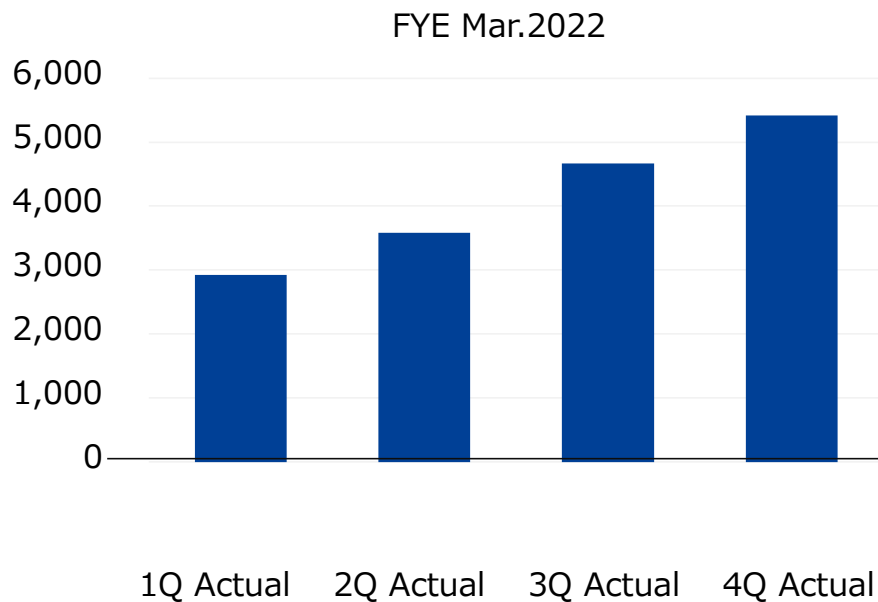


**A strong trend continued as sales and profits increased more than expected in 4Q**

(Unit: million yen)

Net sales

Operating income before goodwill  
amortization



- ✓ Services for video streaming service providers remained strong in 4Q (local: Oct-Dec)
- ✓ Digital cinema services were also strong as movie theater releases normalized in the US and Europe



# Imaging Systems & Solutions business

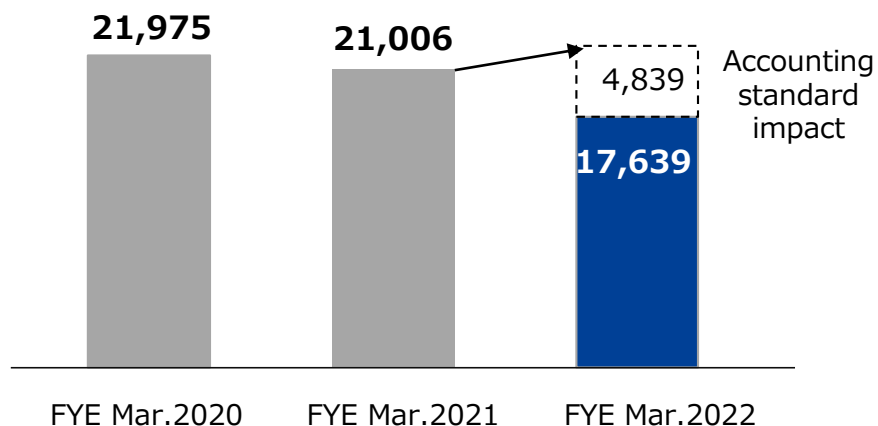
**Sales increased by 1.4bn yen excluding the impact of change in accounting standards \*4, but profit decreased as systems for broadcasting stations struggled**

(Unit: million yen)

Net sales

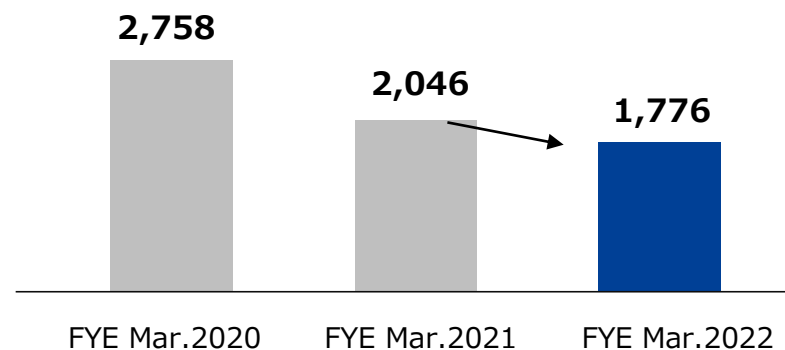
YoY  
**(3,367)**

Excluding impact of change in accounting standards  
**+1,472**



Operating income before goodwill  
amortization

YoY  
**(270)**



- ✓ Domestic sales of high-speed cameras recovered from 2H, and sales in Asia, US, and Europe remained strong
- ✓ Sales of online delivery system for TV commercials \*5 remained strong due to expanding market needs
- ✓ Sales of video/image processing LSI were strong in Japan and overseas (especially in Asia)
- ✓ Systems for broadcasting stations struggled due to sluggish demand and restrictions on sales activities

\*Impact of change in accounting standards: Impact of mobile communication line sales being booked as net figure

\*Due to segment changes of subsidiaries, IMAGICA LIVE Co., Ltd. is added to the sales and operating income of the "Imaging Systems & Solutions Business" for FYE Mar.2020 and FYE Mar.2021.

# FYE Mar.2023: Full-year forecasts

- Sales expected to increase 7.8bn yen, but operating income increase 180mn yen because of higher depreciation from investment in growth
- Net income expected to decrease in part because last fiscal year corporate taxes declined due to tax effect accounting

(One million yen)	FYE Mar.2022	FYE Mar.2023		
	Actual	Financial forecast	YoY change	YoY change
Net sales	<b>80,184</b>	<b>88,000</b>	7,816	9.7%
Operating income before goodwill amortization	<b>5,131</b>	<b>5,200</b>	69	1.3%
(Profit margin)	<b>6.4%</b>	<b>5.9%</b>		
Operating income	<b>3,417</b>	<b>3,600</b>	183	5.3%
(Profit margin)	<b>4.3%</b>	<b>4.1%</b>		
Ordinary income	<b>3,934</b>	<b>3,300</b>	(634)	(16.1%)
Net income attributable to parent company shareholders	<b>2,729</b>	<b>2,100</b>	(629)	(23.0%)
Net income per share (yen)	<b>61.49</b>	<b>47.30</b>	(14.19)	(23.0%)

## Dividend policy

The Group considers the return of profits to shareholders as an important management objective. Our basic policy is to distribute earnings in line with consolidated results. We target a consolidated payout ratio of 30% and aim to maintain stable dividends while increasing their level.

If any special factor, such as an extraordinary gain or loss, significantly impacts the net income of a given fiscal year, our general policy is to take the special factor into consideration in determining dividends, after consideration of all aspects, including provision of stable dividends to shareholders, future business development, and retained earnings.

**Based on the above policy, the dividend forecast for FYE Mar.2023 is 15 yen.**

	Net income attributable to parent company Net income	Per share Net income attributable to parent company Net income	Dividend forecast	Dividend payout ratio
Expected for FYE Mar.2023	2,100 mn yen	47.30 yen	15.0 yen	31.7%

# Appendix.

# Consolidated Statements of Income

(Unit: million yen)	FYE Mar.2021	FYE Mar.2022		
	Actual	Actual	Change	YoY
Net sales	<b>86,727</b>	<b>80,184</b>	(6,543)	(7.5%)
Gross profit	<b>20,582</b>	<b>23,386</b>	2,803	13.60%
(Gross profit margin)	23.70%	29.20%		
Operating income (loss)	<b>(1,084)</b>	<b>3,417</b>	4,502	-
(Operating profit margin)	-	4.30%		
Ordinary income (loss)	<b>(1,343)</b>	<b>3,934</b>	5,278	-
(Recurring profit margin)	-	4.90%		
Extraordinary income	<b>7,138</b>	<b>1,301</b>	(5,837)	(81.8%)
Extraordinary losses	<b>2,240</b>	<b>2,037</b>	(202)	(9.1%)
Income before income taxes (loss)	<b>3,554</b>	<b>3,198</b>	(356)	(10.0%)
Net profit attributable to shareholders of parent company	<b>3,454</b>	<b>2,729</b>	(724)	(21.0%)
(Reference) Operating income before goodwill amortization	<b>320</b>	<b>5,131</b>	4,811	1501.90%

Operating income before goodwill amortization = operating income + goodwill amortization + amortization of intangible fixed assets including trademarks

# Consolidated Balance Sheets

(Unit: million yen)		FYE Mar.2021	FYE Mar.2022	YoY	
Assets	Current assets	30,440	41,066	10,625	
	Of which, cash and deposits	6,908	6,420	(488)	
	Non-current assets	30,005	32,317	2,312	
	Of which, goodwill	12,048	11,482	(565)	
<b>Total Assets</b>		<b>60,446</b>	<b>73,384</b>	12,938	
Liabilities	Current liabilities	22,117	32,278	10,161	
	Of which, short-term loans payable	7,402	4,170	(3,232)	
	Non-current liabilities	8,495	7,079	(1,415)	
	Of which, long-term loans payable	5,384	4,019	(1,365)	
	<b>Total Liabilities</b>		<b>30,613</b>	<b>39,358</b>	8,745
	Net Assets	Shareholders' equity	27,149	29,963	2,814
Accumulated other comprehensive income		301	1,185	883	
Stock acquisition rights		11	-	(11)	
Non-controlling interests		2,370	2,876	505	
<b>Total Net Assets</b>		<b>29,832</b>	<b>34,025</b>	4,192	
<b>Total Liabilities and Net Assets</b>		<b>60,446</b>	<b>73,384</b>	12,938	

# Consolidated Statements of Cash Flow

(Unit: million yen)	4Q FYE Mar.2021	4Q FYE Mar.2022
Income before income taxes (loss)	3,554	3,198
Depreciation and amortization	2,757	2,059
Amortization of goodwill	871	1,406
Gain/loss on sales of investment securities	–	(414)
Gain/loss on sale of shares of subsidiaries and affiliates	(4,936)	(417)
Increase/decrease in trade receivables and contract assets	(52)	(1,992)
Increase/decrease in inventory	2,741	(6,770)
Decrease (Increase) in notes and accounts payable-trade	26	2,431
Increase/decrease in contract liabilities	(1,635)	5,393
Income taxes paid	(1,868)	(389)
Other	(2,051)	2,911
<b>Cash flow from operating activities</b>	<b>(592)</b>	<b>7,414</b>
Purchase of property, plant and equipment	(1,500)	(3,996)
Purchase of intangible assets	(709)	(612)
Income from the sale of investment securities	5	944
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	5,859	417
Expenditure by depositing security deposit and compensation	(23)	(546)
Other	(4,995)	(134)
<b>Net cash used in investing activities</b>	<b>(1,364)</b>	<b>(3,928)</b>
Net increase (decrease) in short-term loans payable	3,596	(2,023)
Proceeds from long-term loans payable	4,939	–
Repayment of long-term loans payable	(4,048)	(1,974)
Other	(3,018)	(186)
<b>Cash flow from financing activities</b>	<b>1,469</b>	<b>(4,183)</b>
Effect of exchange rate change on cash and cash equivalents	2	211
<b>Increase/decrease in cash and cash equivalents</b>	<b>(485)</b>	<b>(486)</b>
Increase/decrease in cash and cash equivalents resulting from change in scope of consolidation	14	48
<b>Cash and cash equivalents at end of period</b>	<b>6,856</b>	<b>6,419</b>

# Financial Results by Segment

(Unit: million yen)		FYE Mar.2021	FYE Mar.2022		
		Actual	Actual	YoY change	% YoY
Content Creation	Net sales	<b>19,809</b>	<b>21,674</b>	1,864	9.40%
	Operating income (loss)	<b>(440)</b>	<b>582</b>	1,023	-
	(Operating profit margin)	-	2.70%		
	Operating income (loss) before goodwill amortization	<b>(440)</b>	<b>587</b>	1,028	-
Production Services business	Net sales	<b>46,973</b>	<b>42,080</b>	(4,892)	(10.4%)
	Operating income (loss)	<b>(2,223)</b>	<b>1,726</b>	3,949	-
	(Operating profit margin)	-	4.10%		
	Operating income (loss) before goodwill amortization	<b>(818)</b>	<b>3,399</b>	4,217	-
Imaging Systems & Solutions business	Net sales	<b>21,006</b>	<b>17,639</b>	(3,366)	(16.0%)
	Operating income	<b>2,046</b>	<b>1,740</b>	(305)	(14.9%)
	(Operating profit margin)	9.70%	9.90%		
	Operating income before goodwill amortization	<b>2,046</b>	<b>1,776</b>	(270)	(13.2%)
Other	Net sales	(1,063)	(1,211)	(147)	-
	operating loss	(466)	(631)	(164)	-
Consolidated total	Net sales	<b>86,727</b>	<b>80,184</b>	(6,543)	(7.5%)
	Operating income (loss)	<b>(1,084)</b>	<b>3,417</b>	4,502	-
	Operating income before goodwill amortization	<b>320</b>	<b>5,131</b>	4,811	1501.90%



- \*1 Global E2E services  
Refers to an integrated end-to-end (E2E) service that covers the entire post-production process for feature films, TV dramas, animation, and other audio/video content up to media services for localization (subtitling/dubbing) and distribution of these through all kinds of media, including theaters, TV, and video streaming via the Internet.
- \*2 Structural reform  
The structural reform discussed in this document refers to the voluntary retirement implemented in the Production Services business segment to achieve sustainable growth and a rebound in financial [performance of the IMAGICA GROUP, as stated "Notice of Establishment of New Subsidiaries, Structural Reform of Production Services, and Group Business Reorganization" disclosed on January 22, 2021 \(posted in English on February 9, 2021\).](#)
- \*3 Video streaming service providers  
Refers to companies that provide video streaming services on a platform through the Internet.
- \*4 Impact from a change in accounting standard  
This refers to the impact from the change in accounting standard in the Imaging Systems & Solutions business segment, which resulted in posting the net amount for mobile communication line sales.
- \*5 Online delivery system for TV commercials  
Refers to the service for online delivery of TV commercial source materials, etc. (service provided by PHOTRON: C.M. HARBOR).

# Contact for inquiries:

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