

**Consolidated Financial Highlights for
the Third Quarter of the fiscal year ending
March 31, 2023
Supplemental Materials**

IMAGICA GROUP Inc.

Code : 6879

February 7, 2023



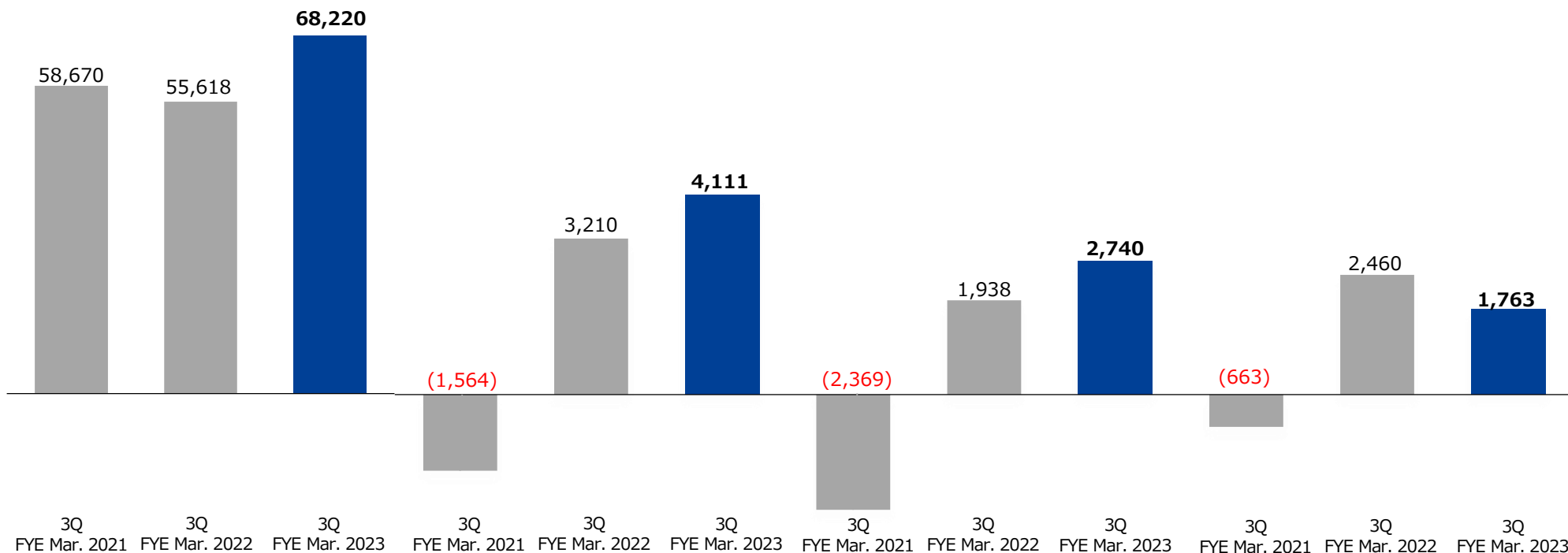
- 1** **Company-wide operating income before goodwill amortization was approximately 4.1 billion yen, an increase of 900 million yen from the previous year.**
- 2** **Production Services continues to be driven by overseas demand, with profit increasing by 1.1 billion yen from the previous year.**
- 3** **Net income decreased by 600 million yen from the previous year due to an increase in income taxes, etc.**

Highlights of Financial Results for the First Three Quarters

- The company secured a significant increase in both sales and profits. Net income declined from the previous year due to an increase in income taxes, etc.

(Million Yen)

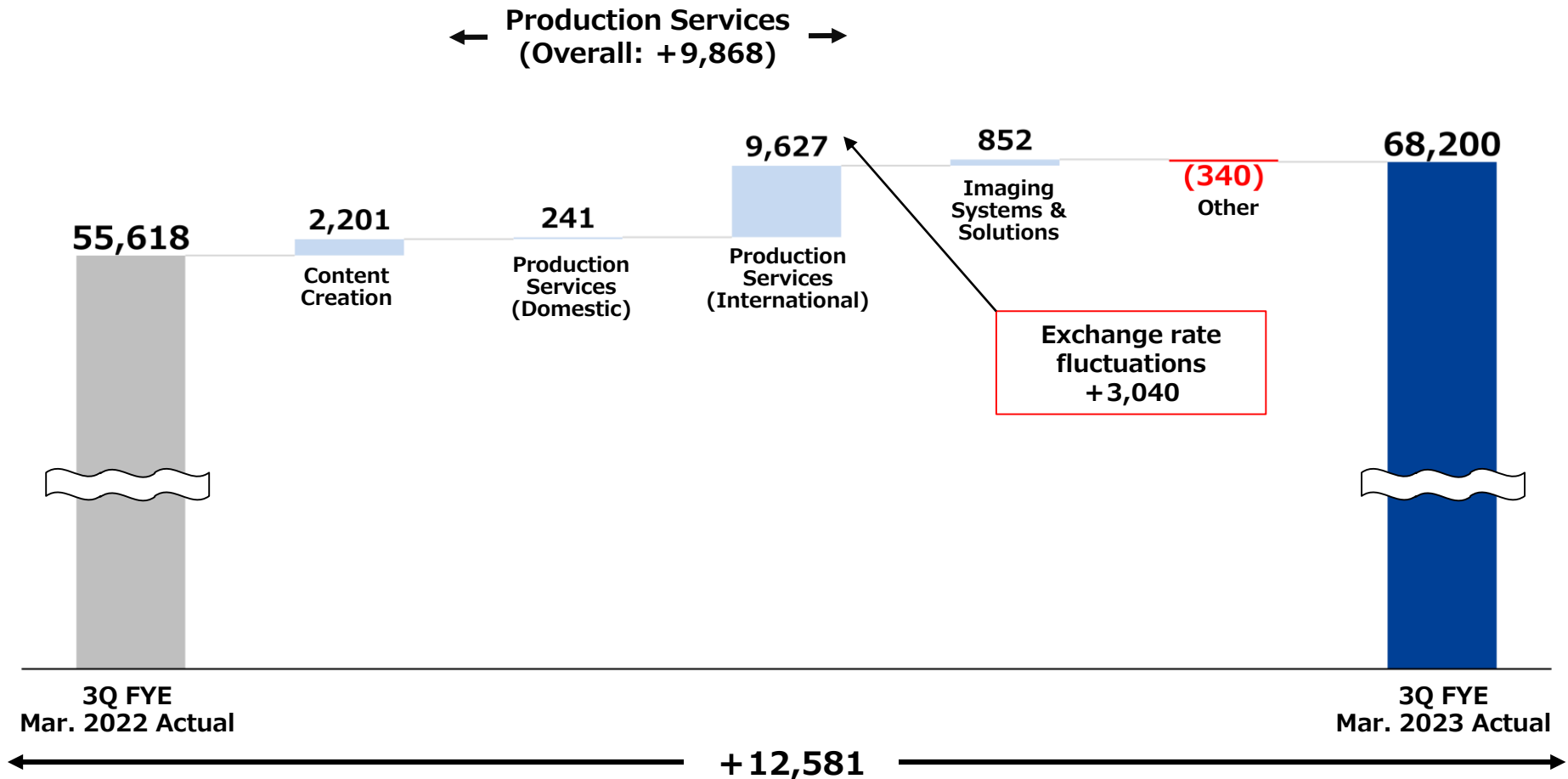
| Net sales | Operating income (loss) before goodwill amortization | Operating income (loss) | Net profit (loss) attributable to owners of the parent |
|------------------|--|-------------------------|--|
| 68,220 | 4,111 | 2,740 | 1,763 |
| YoY | YoY | YoY | YoY |
| +12,581 (+22.6%) | +901 (+28.1%) | +802 (+41.4%) | (697)(28.3%) |



Analysis of increase/decrease in Net Sales (YoY)

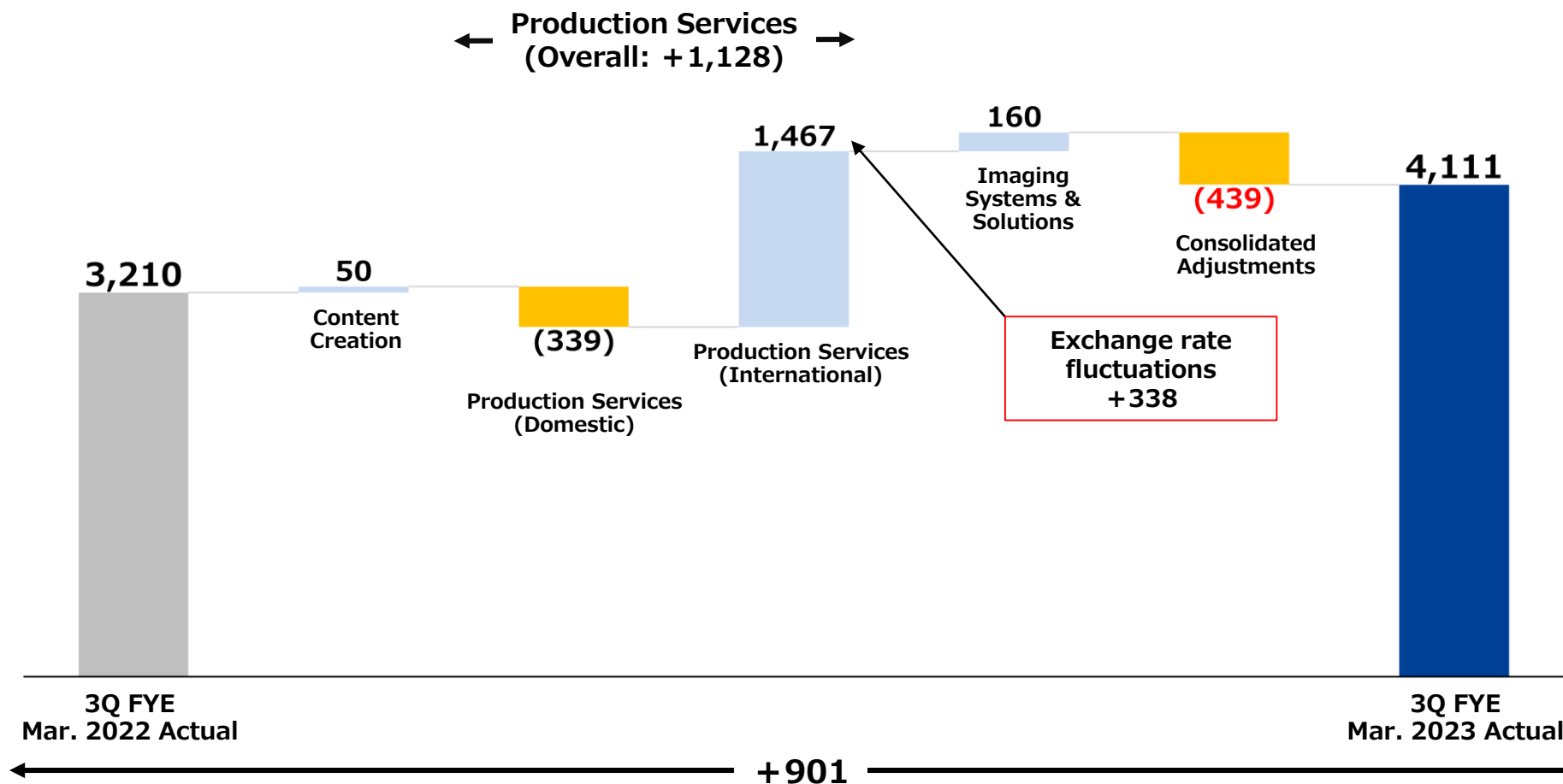
- Sales increased in all segments, especially Production Services (International), in which sales increased by 9.6 billion yen.

(Million Yen)



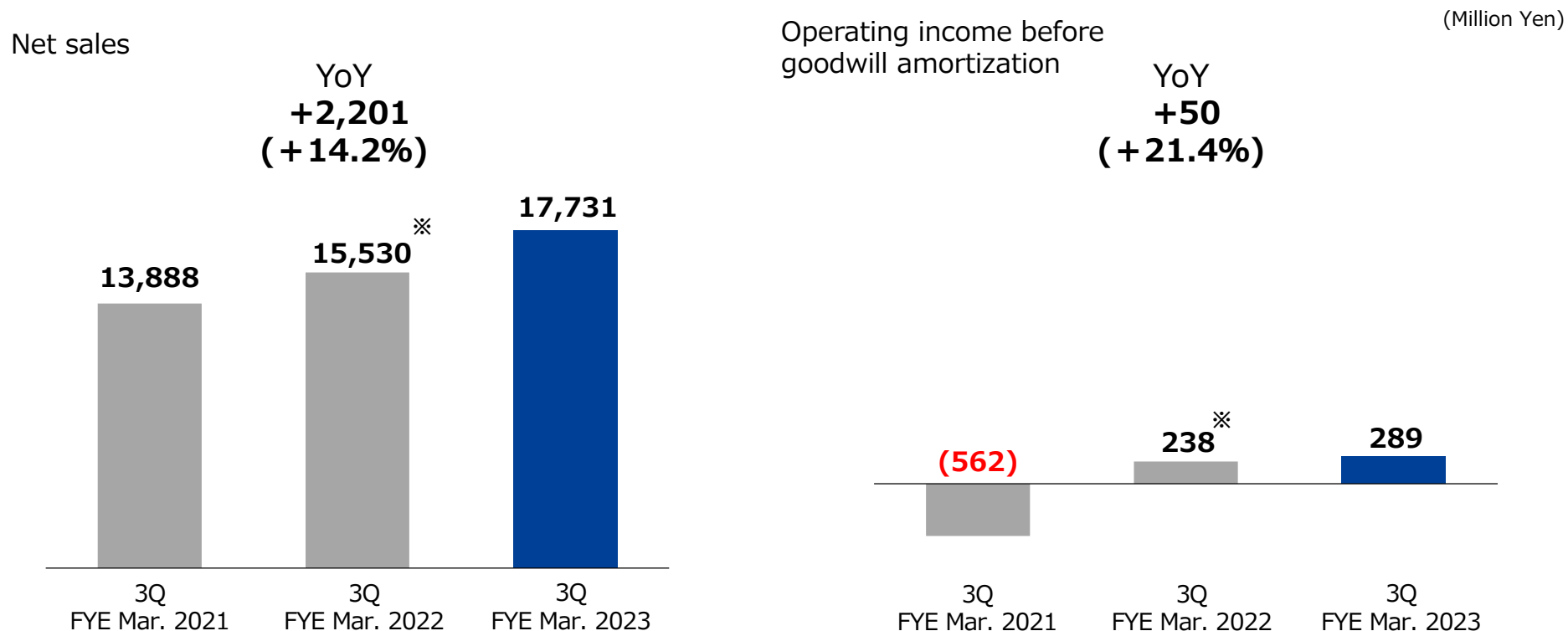
Analysis of increase/decrease in Operating Income before goodwill amortization (YoY)

- Profit increased by 1.1 billion yen in Production Services and 160 million in Imaging Systems & Solutions. On a consolidated basis, profit increased by 900 million yen. (Million Yen)



Content Creation (First Three Quarters)

- Increases in sales and profit due to factors including the recording of a major project for a video streaming service providers* in the third quarter.

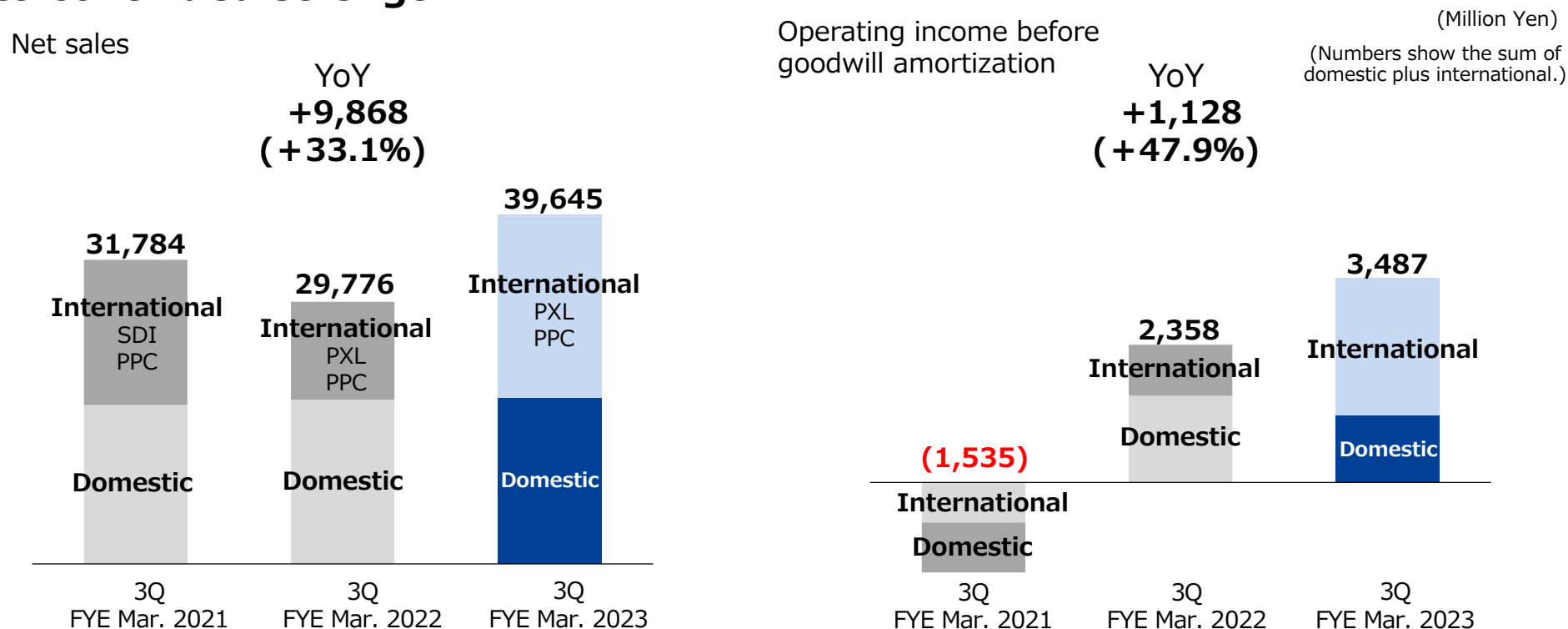


- ✓ In animation production, gross profit margin continued to improve
- ✓ In the live entertainment business, orders remained robust
- ✓ In TV commercial production, orders from the third quarter onward struggled more than expected

Notes in this document (*) are on Page 16 6

Production Services (First Three Quarters)

- **Global E2E services *: Significant increase in revenue and profit thanks to continued strength.**

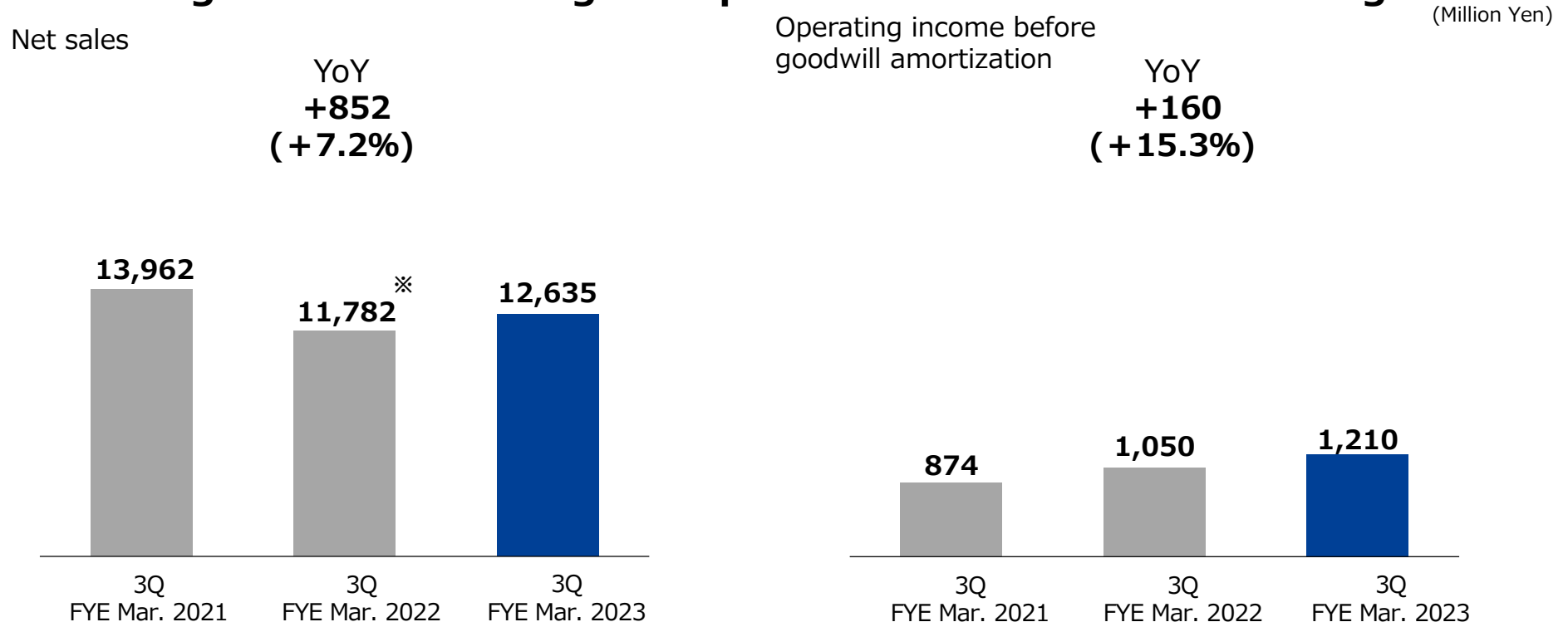


- ✓ In global E2E services, both net sales and profit grew significantly due to continued strong demand for localization for video streaming service providers
- ✓ In domestic E2E services, digital cinema services* and post-production services for animation productions were robust, but profit declined due to higher fixed costs associated with the relocation of offices

Notes in this document (*) are on Page 16 7

Imaging Systems & Solutions (First Three Quarters)

- Sales increased overall, while net sales of high-speed cameras are recovering due to the easing of impacts of semiconductor shortages.



- ✓ In optical measurement, orders remained solid in line with a recovery in capital investment.
- ✓ Image processing LSI sales remained robust in Japan and overseas
- ✓ Broadcast Imaging Systems & Solutions struggled due to low orders for projects

FYE Mar. 2023: Revision of full-year financial forecast

Net income was revised due to the recording of extraordinary profit/loss. Operating income and ordinary income are unchanged due to uncertainties in fourth quarter TV commercial production orders and the impacts of higher labor costs and fixed costs from growth investments (overseas).

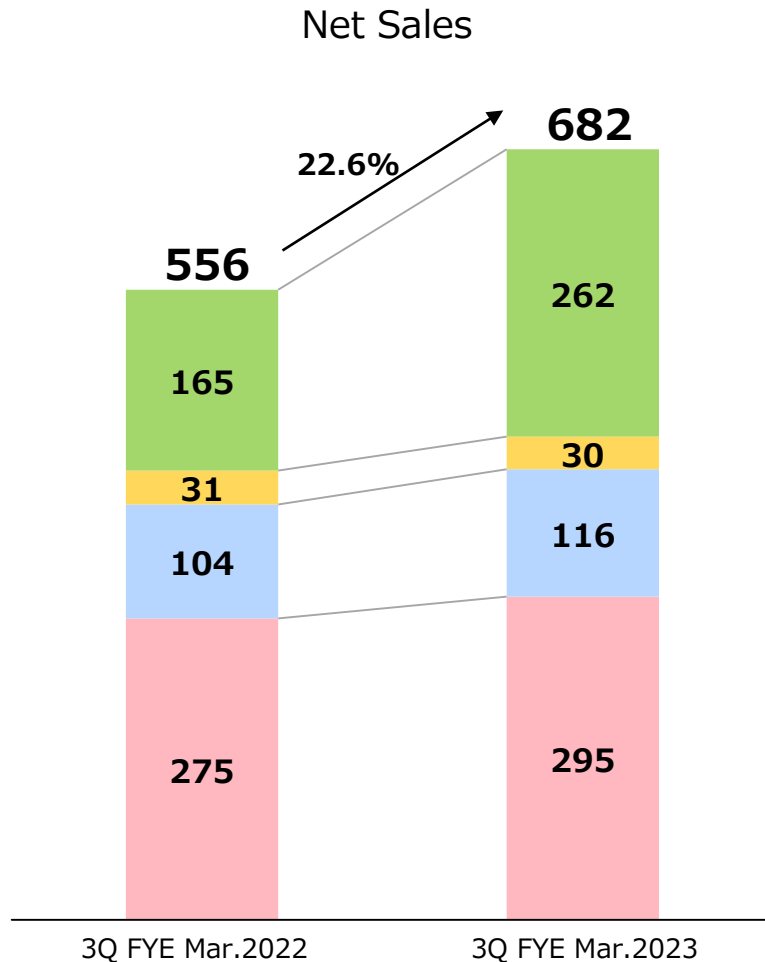
| (Million yen) | FYE Mar.2022 | FYE Mar.2023 | | | |
|--|---------------|---------------------------------------|--------------------------------|--------|---------|
| | Actual | 5/13 Disclosure of financial forecast | Revision of financial forecast | Change | % YoY |
| Net sales | 80,184 | 88,000 | 88,000 | 7,816 | 9.7% |
| Operating income before goodwill amortization (Profit margin) | 5,131 6.4% | 5,200 (5.9%) | 5,200 (5.9%) | 69 | 1.3% |
| Operating income (Profit margin) | 3,417 4.3% | 3,600 (4.1%) | 3,600 (4.1%) | 183 | 5.3% |
| Ordinary income | 3,934 | 3,300 | 3,300 | (634) | (16.1%) |
| Net income attributable to parent company shareholders Net income | 2,729 | 2,100 | 3,800 | 1,071 | 39.2% |
| Net income per share (yen) | 61.49 | 47.30 | 85.59 | 24.1 | 39.1% |
| Dividend per share (yen) | 15.0 | 15.0 | 15.0 | 0 | 0.0% |

※For more information, see "Notice Concerning the Recording of Extraordinary Profit/Loss and Revision of Consolidated Financial Forecast" released on February 7.

※Regarding the forecast for a 15 yen dividend per share, no change was made as a result of comprehensive consideration based on the dividend payout ratio after the exclusion of special factors.

Appendix.

- Global E2E business saw a significant increase in sales, while the 'Others, net' business also progressed according to plan.



■ Global E2E services

- ✓ Overseas, services for video streaming service providers remained strong, with a significant 58.7% increase in sales from the previous year.

■ Live Entertainment Business

- ✓ Sales declined from the level created by event-related special demand in the previous year, but new initiatives aimed at business model creation are underway.

■ Imaging Systems & Solutions Business

- ✓ Net sales are recovering due to the easing of impacts of shortages of semiconductors for high-speed cameras. Overall, sales progressed favorably and increased.

■ Transformation Business

- ✓ Feature film productions and drama productions remained strong. Sales increased for animation productions, with gross margin ratio also improving.

Global E2E services

IMAGICA
ENTERTAINMENT >> MEDIA

PIXELOGIC

PPC

Domestic and international E2E services

Live Entertainment Business

P.Y.C.S.

EEX
IMAGICA

IMAGICA
LIVE

Live music performances, music video productions, online live performances, metaverse business, etc.

Imaging Systems & Solutions Business

Photron

ipmotion

i-Chips

Imaging systems & solutions business excluding IMAGICA LIVE.

Transformation Business

ROBOT

P.Y.C.S.

IMAGICA

IMAGICA
DIGITAL ESCAPE

OLM, Inc. OLM Digital, Inc.

- Production of feature films, dramas, and animation.
- Advertisement production
- Post-production services for TV programs and TV commercials
- Game production and personnel services

Consolidated Income Statements

| (Million Yen) | 3Q FYE Mar. 2022 | 3Q FYE Mar. 2023 | | |
|---|------------------|------------------|--------|---------|
| | Actual | Actual | YoY | %YoY |
| Net sales | 55,618 | 68,200 | 12,581 | 22.6% |
| Gross profit | 16,390 | 19,197 | 2,806 | 17.1% |
| (Gross margin) | 29.5% | 28.1% | | |
| Operating income | 1,938 | 2,740 | 802 | 41.4% |
| (Operating margin) | 3.5% | 4.0% | | |
| Ordinary income | 2,448 | 2,391 | (57) | (2.3%) |
| (Ordinary margin) | 4.4% | 3.5% | | |
| Extraordinary income | 858 | 585 | (272) | (31.8%) |
| Extraordinary losses | 559 | 255 | (304) | (54.5%) |
| Net income before income tax | 2,747 | 2,722 | (25) | (0.9%) |
| Net profit attributable to owners of parent | 2,460 | 1,763 | (697) | (28.3%) |
| (Reference) Operating income before goodwill amortization | 3,210 | 4,111 | 901 | 28.1% |

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

Consolidated Balance Sheets

| (Million Yen) | | As of Mar.31,2022 | As of Dec.31,2022 | YoY |
|------------------------|---|-------------------|-------------------|---------|
| Assets | Current assets | 41,066 | 44,165 | 3,098 |
| | Cash and deposits | 6,420 | 5,098 | (1,321) |
| | Non-current assets | 32,317 | 40,614 | 8,297 |
| | Goodwill | 11,482 | 13,253 | 1,770 |
| | Total Assets | 73,384 | 84,780 | 11,395 |
| Liabilities Net Assets | Current liabilities | 32,278 | 35,745 | 3,466 |
| | Short-term loans payable | 4,170 | 5,706 | 1,536 |
| | Non-current liabilities | 7,079 | 11,175 | 4,095 |
| | Long-term loans payable | 4,019 | 3,441 | (577) |
| | Total Liabilities | 39,358 | 46,920 | 7,561 |
| | Shareholders' equity | 29,963 | 31,048 | 1,085 |
| | Accumulated other comprehensive income | 1,185 | 3,915 | 2,730 |
| | Non-controlling interests | 2,876 | 2,895 | 19 |
| | Total Net Assets | 34,025 | 37,859 | 3,834 |
| | Total Liabilities and Net Assets | 73,384 | 84,780 | 11,395 |
| | Net Cash | (1,769) | (4,049) | (2,279) |

Financial Results by Segment

| (Million Yen) | | 3Q FYE Mar. 2022 | 3Q FYE Mar. 2023 | | |
|-----------------------------|--|------------------|------------------|--------|-------|
| | | Actual | Actual | YoY | %YoY |
| Content Creation | Net sales | 15,530 | 17,731 | 2,201 | 14.2% |
| | Operating income | 234 | 285 | 50 | 21.7% |
| | (Operating margin) | 1.5% | 1.6% | | |
| | Operating income before goodwill amortizatsion | 238 | 289 | 50 | 21.4% |
| Production Services | Net sales | 29,776 | 39,645 | 9,868 | 33.1% |
| | Operating income | 1,116 | 2,147 | 1,030 | 92.3% |
| | (Operating margin) | 3.8% | 5.4% | | |
| | Operating income before goodwill amortizatsion | 2,358 | 3,487 | 1,128 | 47.9% |
| Imaging Systems & Solutions | Net sales | 11,782 | 12,635 | 852 | 7.2% |
| | Operating income | 1,023 | 1,184 | 160 | 15.7% |
| | (Operating margin) | 8.7% | 9.4% | | |
| | Operating income before goodwill amortizatsion | 1,050 | 1,210 | 160 | 15.3% |
| Others | Net sales | (1,471) | (1,811) | (340) | — |
| | Operating loss | (436) | (875) | (439) | — |
| Consolidated total | Net sales | 55,618 | 68,200 | 12,581 | 22.6% |
| | Operating income | 1,938 | 2,740 | 802 | 41.4% |
| | Operating income before goodwill amortizatsion | 3,210 | 4,111 | 901 | 28.1% |

* **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.

* **Digital cinema services**

Refers to services for DCP (Digital Cinema Package) production and DCP delivery for digital showing in movie theaters, KDM distribution, and other services (KDM: An abbreviation of Key Delivery Message, the key for unlocking DCP encryption).

* **Video streaming service providers**

Refers to companies that provide video streaming services on a platform through the Internet.

Contact for inquiries

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DISCLAIMER:

The forward-looking statements for the current and future business periods described in this document are formulated based on the plans and prospects of the Group as of the date on which these materials were disclosed. Actual performance may differ from numerical forecasts due to the uncertainties inherent in the judgments and assumptions made, as well as possibility of future changes that may occur in business management and internal and external circumstances.