

Consolidated Financial Highlights for Fiscal year ending March 31, 2023 Supplemental Materials

IMAGICA GROUP Inc.

Stock Code : 6879

May 11, 2023



1

Company-wide operating income before goodwill amortization was approximately 5.7 billion yen, a second consecutive record high.

2

Production Services (International) continues to lead the way with an increase of 900 million yen from the previous year.

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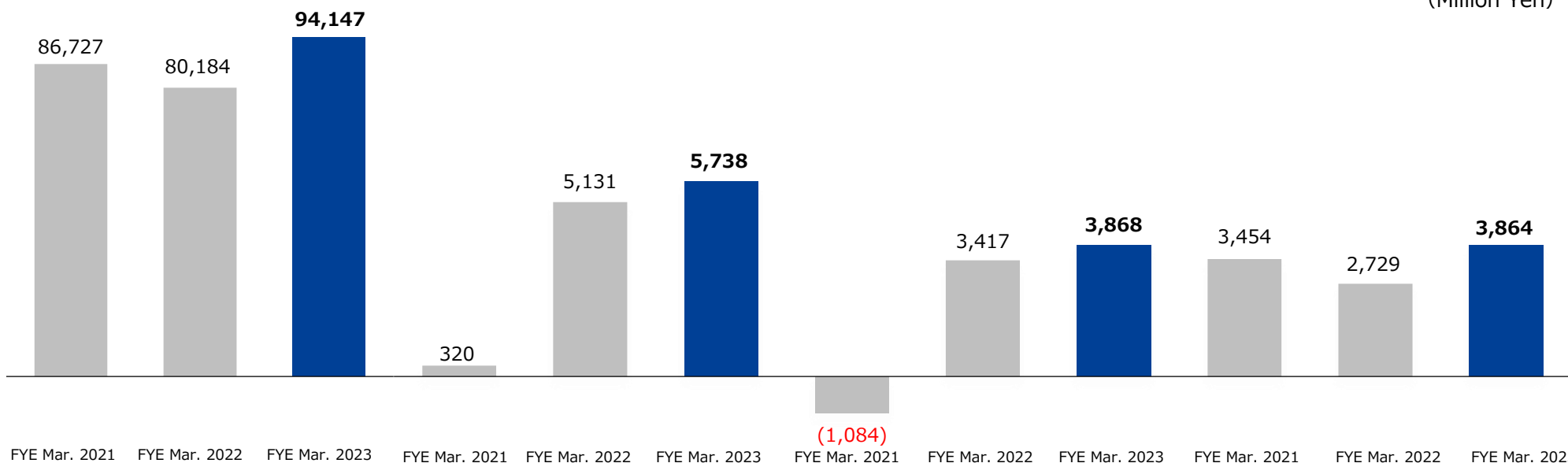
Net income attributable to owners of the parent increased by 1.1 billion yen due to the recording of extraordinary income, including compensation for relocation.

Financial results highlights

- The Company achieved two-digit growth in sales and profit, with net sales, operating income, and net income reaching their highest values since the listing of the Company.

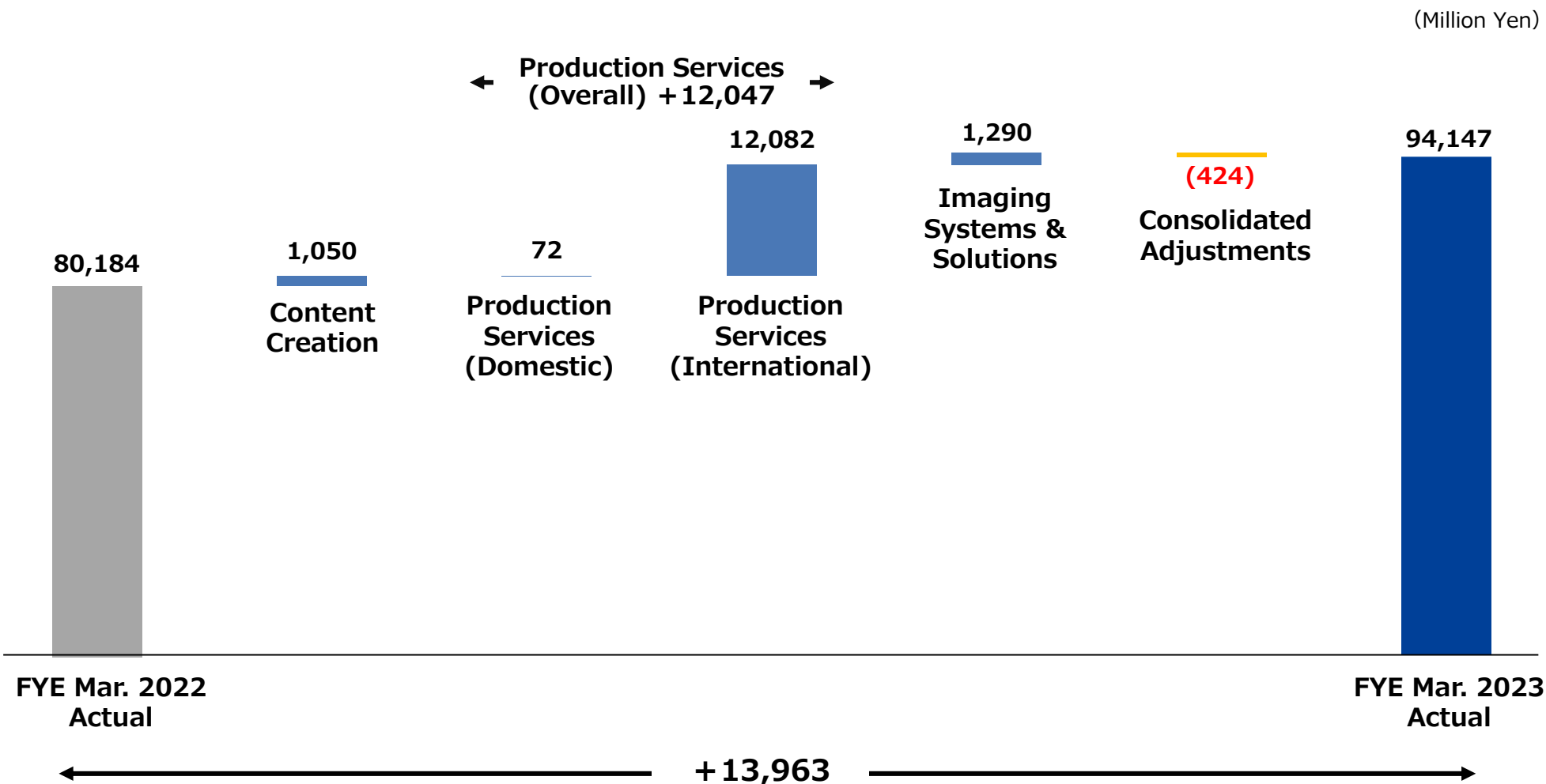
Net sales	Operating income before goodwill amortization	Operating income (loss)	Net profit attributable to owners of the parent
94,147	5,738	3,868	3,864
YoY	YoY	YoY	YoY
+13,963 (+17.4%)	+607 (+11.8%)	+451 (+13.2%)	+1,134 (+41.6%)

(Million Yen)



Analysis of increase/decrease in Net Sales (YoY)

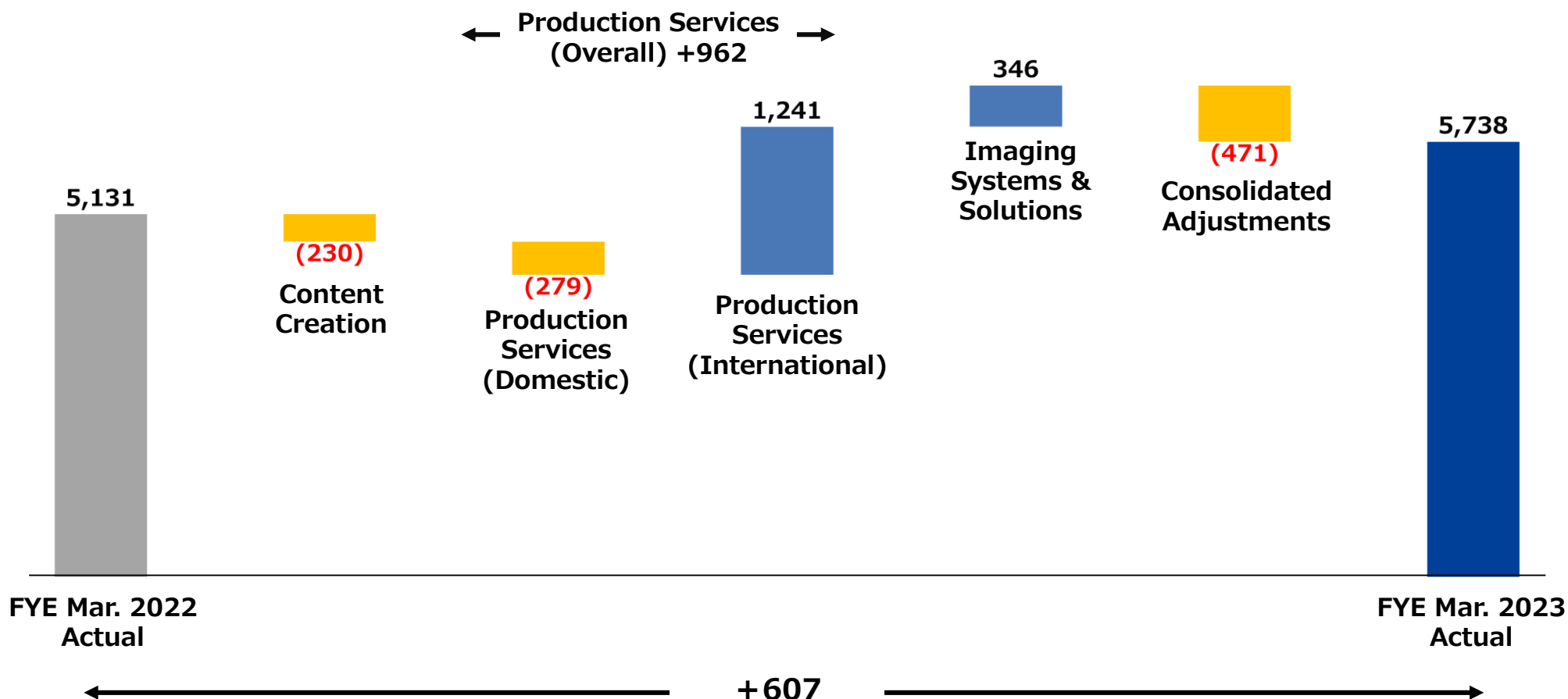
- Revenue increased in all segments, with Production Services (International) recording an increase of 12.0 billion yen.



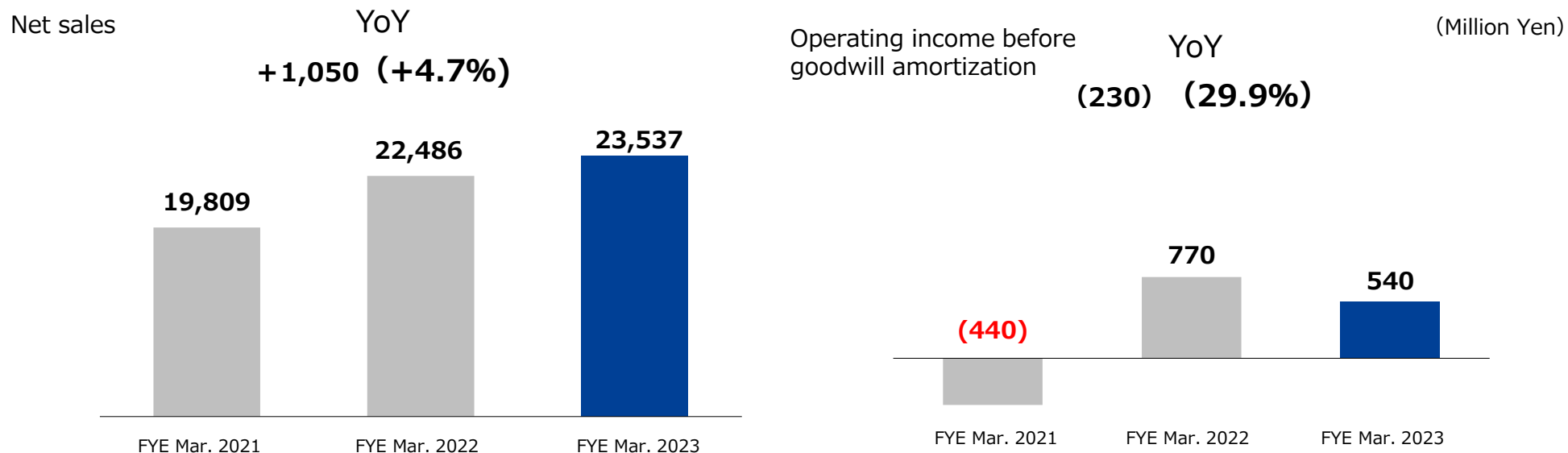
Analysis of increase/decrease in Operating Income before goodwill amortization (YoY)

- Increases: Production Services, 960 million yen; Imaging Systems & Solutions, 340 million yen; consolidated, 600 million yen

(Million Yen)



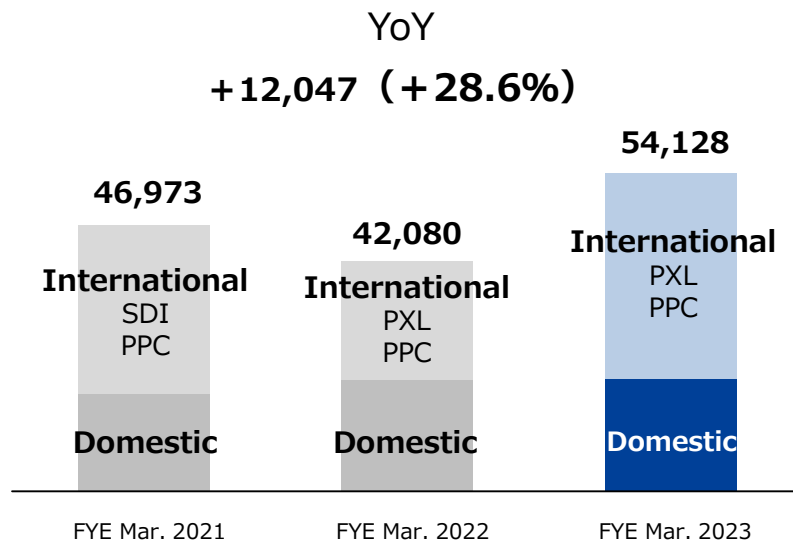
- Revenue increased in content creation for feature films, dramas, and video streaming, but income decreased due to special procurement in the previous year and due to weakness in the TV commercials in the second half of the year.



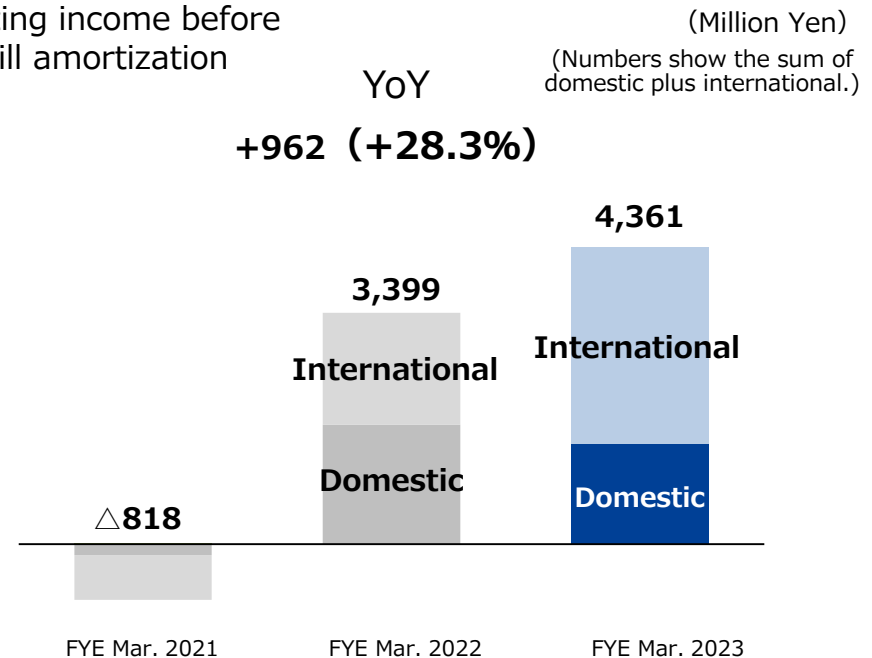
- ✓ Net sales were solid due to delivery of feature films, TV animation, and dramas for video streaming service providers.
- ✓ Gross margin improved due to continued strict revenue management in animation productions.
- ✓ TV commercial production income declined, due to low orders for TV commercials in the second half of the year.
- ✓ In the Live Entertainment business, net sales were robust but income decreased due to special procurement in the previous year.

- **Significant increase in revenue and profit due to continued strength of Global E2E services*1**

Net sales

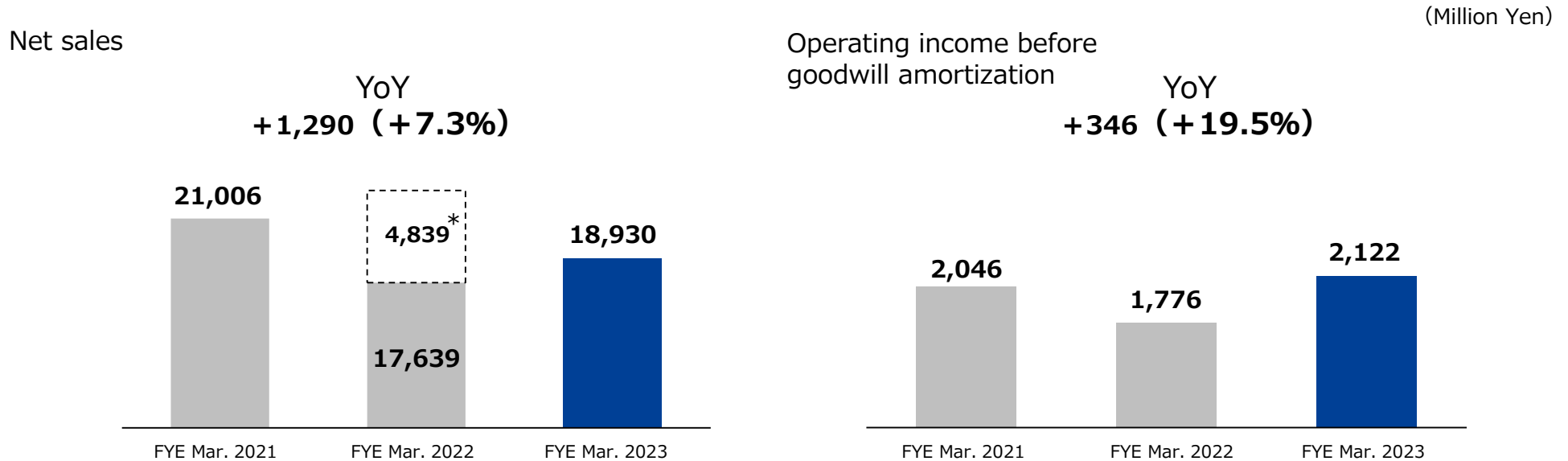


Operating income before goodwill amortization



- ✓ In international E2E services, both net sales and profit grew significantly due to continued strong demand for localization for video streaming service providers*2.
- ✓ In domestic E2E services, digital cinema services and post-production services for animated films were robust, but profit decreased due to higher fixed costs associated with the relocation of offices.

- Increase in sales and profit due to recovery in product shipments of high-speed cameras from the second half of the fiscal year, etc.



- ✓ Shipments of high-speed cameras recovered from the second half of the fiscal year as impacts of the semiconductor shortage eased.
- ✓ Imaging/Image Processing LSI sales remained robust in Japan and overseas.
- ✓ In the Optical Measurement business, net sales increased in line with recovery in capital investments.
- ✓ Broadcast Imaging Systems & Solutions struggled due to low orders for projects.

Full-year financial forecast for the FYE March 2024

The Company aims to achieve net sales of 100 billion yen and a third consecutive fiscal year of increased profit.

(Million yen)	FYE Mar. 2023	FYE Mar. 2024		
	Actual	Financial Forecast	YoY	% YoY
Net sales	94,147	100,000	5,853	6.2%
Operating income before goodwill amortization	5,738	5,900	162	2.8%
(Profit margin)	6.1%	5.9%		
Operating income	3,868	4,000	132	3.3%
(Profit margin)	4.1%	4.0%		
Ordinary income	3,639	3,500	△139	△3.8%
Net income attributable to owners of the parent	3,864	2,200	△1,664	△43.0%
Net income per share (yen)	86.79	49.34	△37.45	△43.1%
Dividend per share (yen)	15.0	15.0	0	0.0%

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.2024 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	2,200 mn yen	49.34 yen	15.0 yen	30.4%

Appendix.

Consolidated Income Statements



(Million Yen)	FYE Mar. 2022	FYE Mar. 2023		
	Actual	Actual	YoY	%YoY
Net sales	80,184	94,147	13,963	17.4%
Gross profit	23,386	26,723	3,336	14.3%
(Gross margin)	29.2%	28.4%	—	—
Operating income	3,417	3,868	451	13.2%
(Operating margin)	4.3%	4.1%	—	—
Ordinary income	3,934	3,638	(295)	(7.5%)
(Ordinary margin)	4.9%	3.9%	—	—
Extraordinary income	1,301	5,327	4,026	309.4%
Extraordinary losses	2,037	1,445	(591)	(29.0%)
Net income before income tax	3,198	7,519	4,321	135.1%
Net income attributable to owners of parent	2,729	3,864	1,134	41.6%
(Reference) Operating income before goodwill amortization	5,131	5,738	606	11.8%

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

Consolidated Balance Sheets

(Million Yen)		As of Mar. 2022	FYE Mar. 2023	YoY
Assets	Current assets	41,066	44,970	3,904
	Cash and deposits	6,420	7,813	1,393
	Non-current assets	32,317	36,917	4,599
	Goodwill	11,482	11,780	297
	Total Assets	73,384	81,888	8,503
Liabilities Net Assets	Current liabilities	32,278	33,205	926
	Short-term loans payable	4,170	6,432	2,262
	Non-current liabilities	7,079	8,378	1,298
	Long-term loans payable	4,019	1,366	(2,653)
	Total Liabilities	39,358	41,584	2,225
	Shareholders' equity	29,963	33,150	3,186
	Accumulated other comprehensive income	1,185	2,956	1,770
	Non-controlling interests	2,876	4,197	1,321
	Total Net Assets	34,025	40,303	6,278
	Total Liabilities and Net Assets	73,384	81,888	8,503
	Net Cash	(1,769)	14	1,784

Consolidated Statements of Cash Flow

(million yen)	FYE Mar. 2022	FYE Mar. 2023
Income before income taxes (loss)	3,198	7,519
Depreciation and amortization	2,059	2,596
Amortization of goodwill	1,406	1,558
Gain/loss on sales of investment securities	(414)	(1,576)
Increase (Decrease) in trade receivables and contract assets	(1,992)	(2,179)
Increase (Decrease) in inventory	(6,770)	1,172
Decrease (Increase) in notes and accounts payable-trade	2,431	(2,007)
Increase (Decrease) in contract liabilities	5,393	(876)
Income taxes paid	(389)	(2,189)
Others, net	2,493	2,091
Cash flow from operating activities	7,414	6,109
Purchase of property, plant and equipment	(3,996)	(2,853)
Purchase of intangible assets	(612)	(655)
Income from the sale of investment securities	944	1,642
Others, net	(264)	(514)
Net cash used in investing activities	(3,928)	(2,380)
Net increase (decrease) in short-term loans payable	(2,023)	280
Repayment of long-term loans payable	(1,974)	(1,334)
Cash dividends paid	–	(665)
Purchase of investments in subsidiaries do not result in change in scope of consolidation	(43)	(442)
Others, net	(142)	(423)
Cash flow from financing activities	(4,183)	(2,585)
Effect of exchange rate change on cash and cash equivalents	211	250
Increase (Decrease) in cash and cash equivalents	(486)	1,393
Increase (Decrease) in cash and cash equivalents resulting from change in scope of consolidation	48	–
Cash and cash equivalents at end of period	6,419	7,812

Financial Results by Segment

(Million Yen)		FYE Mar. 2022	FYE Mar. 2023		
		Actual	Actual	YoY	%YoY
Content Creation	Net sales	22,486	23,537	1,050	4.7%
	Operating income	765	535	(230)	(30.1%)
	(Operating margin)	3.4%	2.3%	—	—
	Operating income before goodwill amortization	770	540	(230)	(29.9%)
Production Services	Net sales	42,080	54,128	12,047	28.6%
	Operating income	1,726	2,532	806	46.7%
	(Operating margin)	4.1%	4.7%	—	—
	Operating income before goodwill amortization	3,399	4,361	962	28.3%
Imaging Systems & Solutions	Net sales	17,639	18,930	1,290	7.3%
	Operating income	1,740	2,086	346	19.9%
	(Operating margin)	9.9%	11.0%	—	—
	Operating income before goodwill amortization	1,776	2,122	346	19.5%
Others	Net sales	(2,023)	(2,448)	(424)	—
	Operating loss	(814)	(1,286)	(471)	—
Consolidated total	Net sales	80,184	94,147	13,963	17.4%
	Operating income	3,417	3,868	451	13.2%
	Net sales before goodwill amortization	5,131	5,738	606	11.8%

* 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. Video streaming service providers

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

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