

**Consolidated Financial Highlights for
the First Quarter of the fiscal year ending
March 31, 2024
Supplemental Materials**

IMAGICA GROUP Inc.

Securities Code: 6879

August 1, 2023



Highlights of Financial Results for the First Quarter



- Sales and operating income increased with strong performance in Content Creation and Production Technology Services *(overseas)

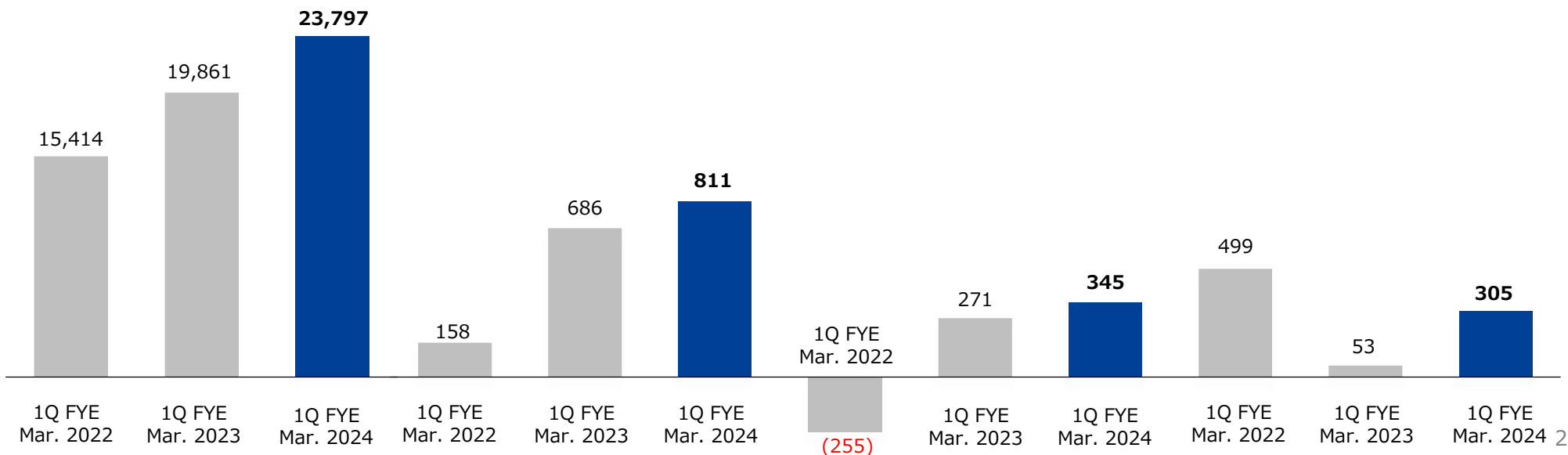
(Million Yen)

Net sales
23,797
YoY
+3,935 (+19.8%)

Operating income (loss) before goodwill amortization
811
YoY
+125 (+18.3%)









Operating income(loss)
345
YoY
+73 (+27.2%)

Net income (loss) attributable to owners of the parent
305
YoY
+252 (+474.5%)



Performance by segment (YoY and vs. forecast)

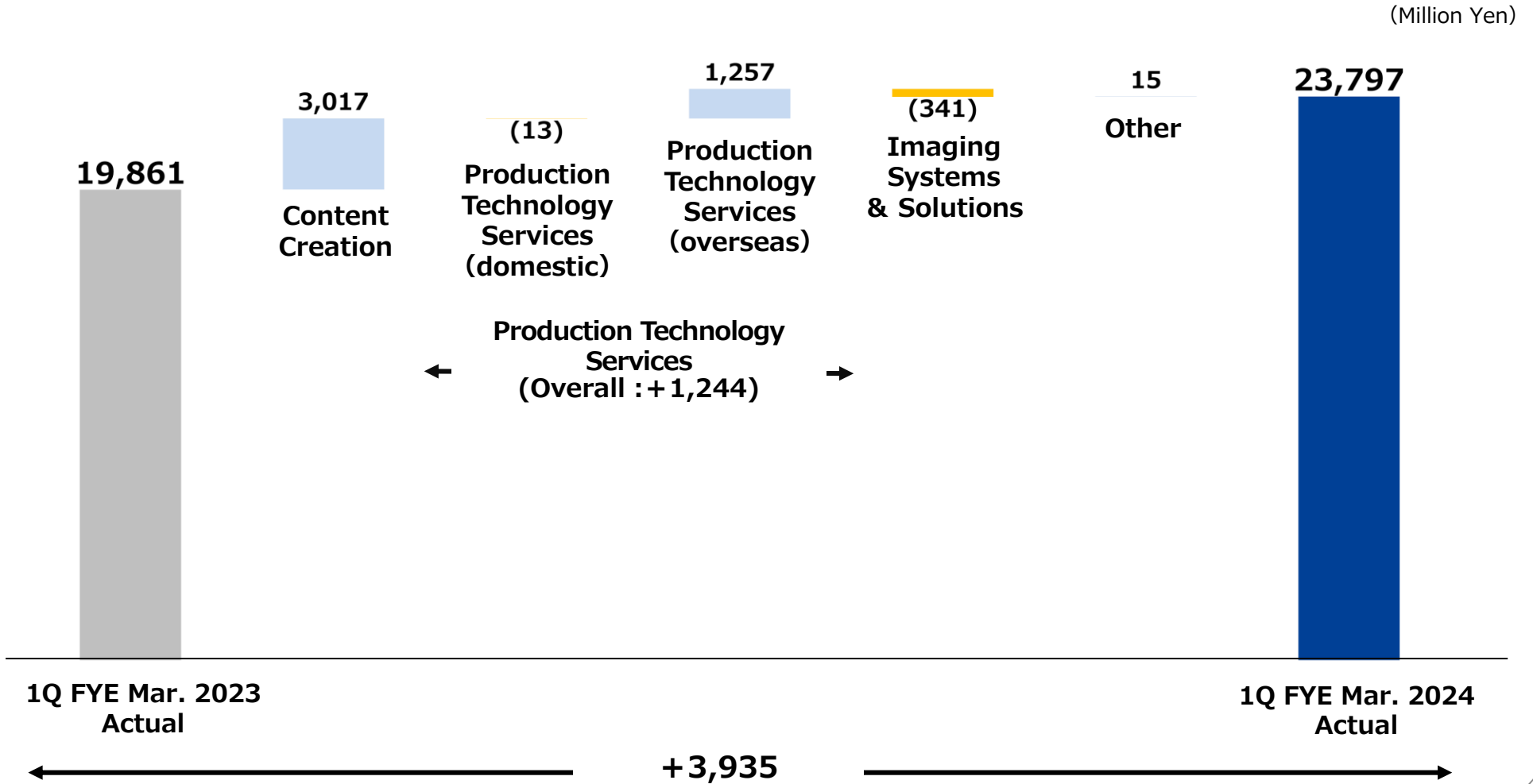
- **Content Creation: Sales and operating income increased YoY;**
sales over forecast and operating income in line with forecast
- **Production Technology Services: Sales and operating income increased YoY;**
sales in line with forecast and operating income over forecast
- **Imaging Systems & Solutions: Sales and operating income decreased YoY;**
sales in line with forecast and operating income over forecast

(Million Yen)		1Q FYF Mar.2023	1Q FYF Mar.2024	YoY	vs. forecast	
		Actual	Actual		Net Sales	Operating income before goodwill amortization
Content Creation	Net Sales	4,149	7,166	3,017		
	Operating income (loss)	(193)	49	243		
	Operating income before goodwill amortization	(192)	51	243		
Production Technology Services	Net Sales	11,955	13,200	1,244		
	Operating income	355	321	(34)		
	Operating income before goodwill amortization	759	777	17		
Imaging Systems & Solutions	Net Sales	4,225	3,883	(341)		
	Operating income	325	256	(69)		
	Operating income before goodwill amortization	334	265	(69)		
Others	Net Sales	(468)	(452)	15		
	Operating loss	(215)	(282)	(66)		
Consolidated total	Net Sales	19,861	23,797	3,935		
	Operating income	271	345	73		
	Operating income before goodwill amortization	686	811	125		

* "Operating income" in the above comments mean operating income before goodwill amortization.

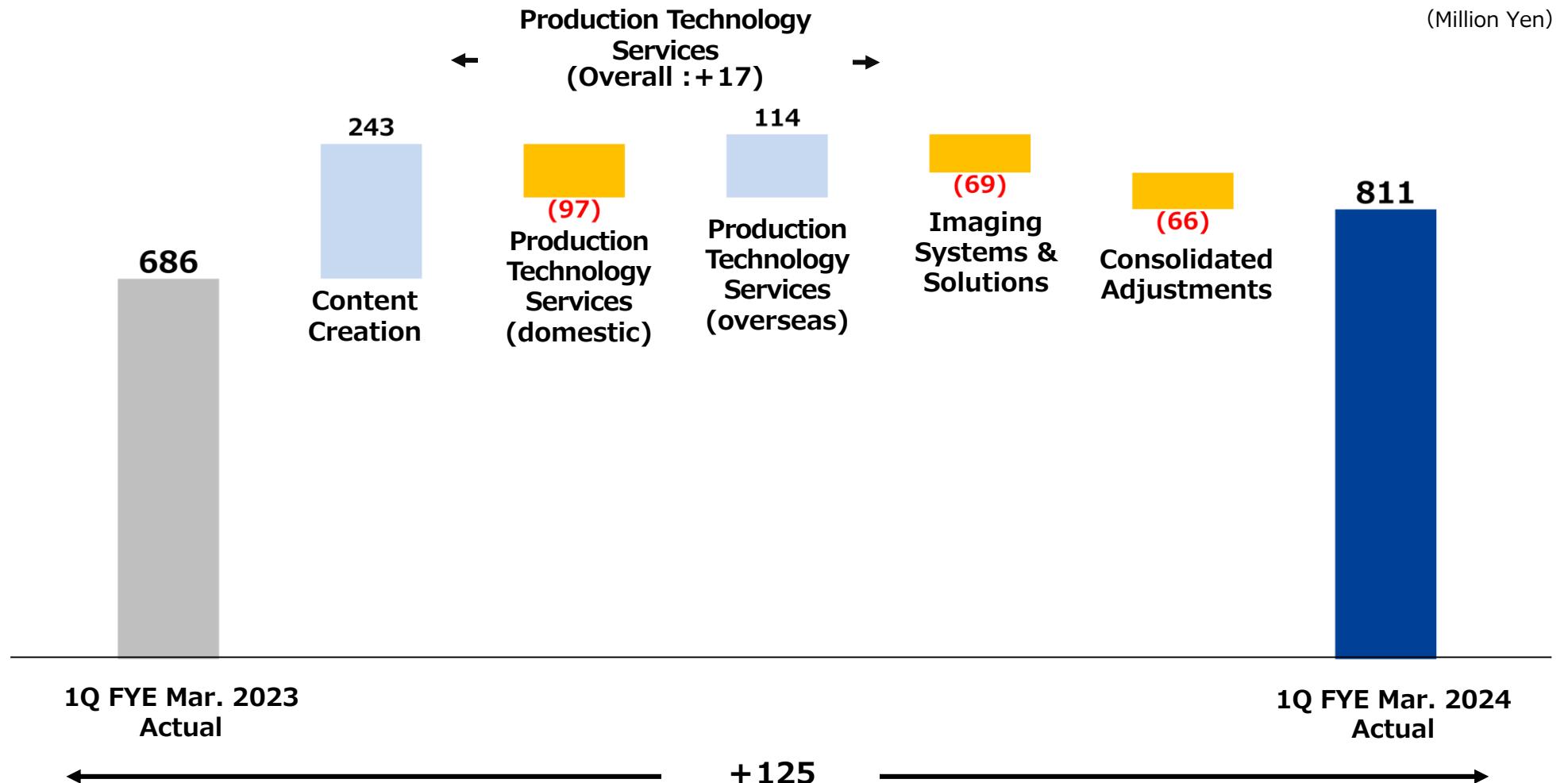
Analysis of increase/decrease of Net Sales (YoY)

- 3.0 billion yen increase in Content Creation and 1.2 billion yen increase in Production Technology Services (overseas)



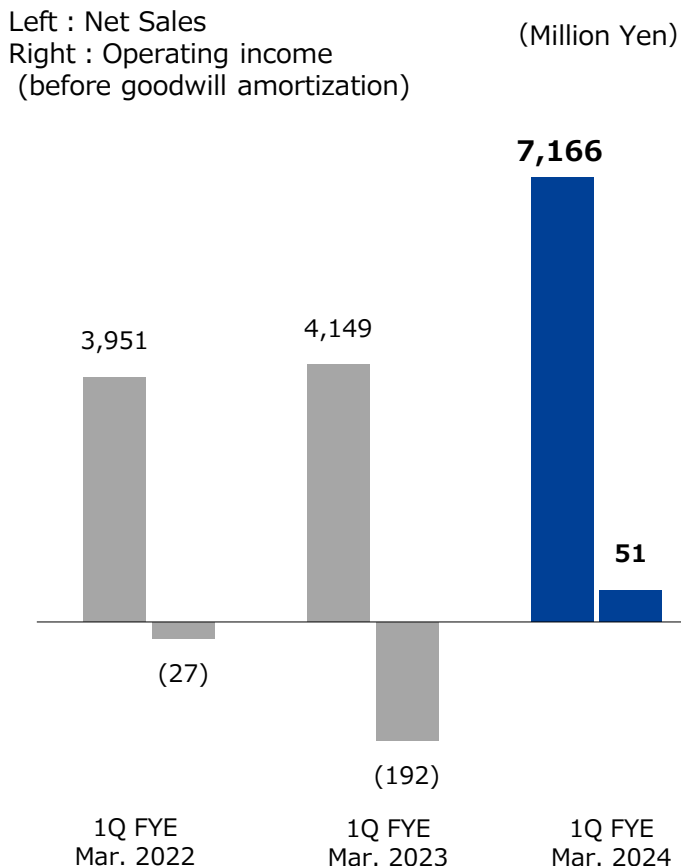
Analysis of increase/decrease of Operating income Before goodwill amortization (YoY)

- 0.24 billion yen increase in Content Creation and 0.1 billion yen increase in Production Technology Services (overseas)



- Sales increased in feature films and dramas for theater and video streaming service and in publishing business with the light novel.

Sales and operating income increased



- Sales +3,017 million yen (+72.7%)
- Operating income (before goodwill amortization) +243 million yen
- ✓ Feature films and dramas: Significant sales increase owing to release of major works for theater and video streaming service
 - Netflix feature film "Zombie 100: Bucket List of the Dead" worldwide exclusive streaming scheduled from August 3
 - Feature film "Rohan au Louvre" released on May 26
- ✓ Animation works: Sales increase owing to steady orders TV series
- ✓ Publishing business: Sales increase owing to stronger sales of the new 13th volume of the light novel "The Apothecary Diaries" with the news of its coming TV series

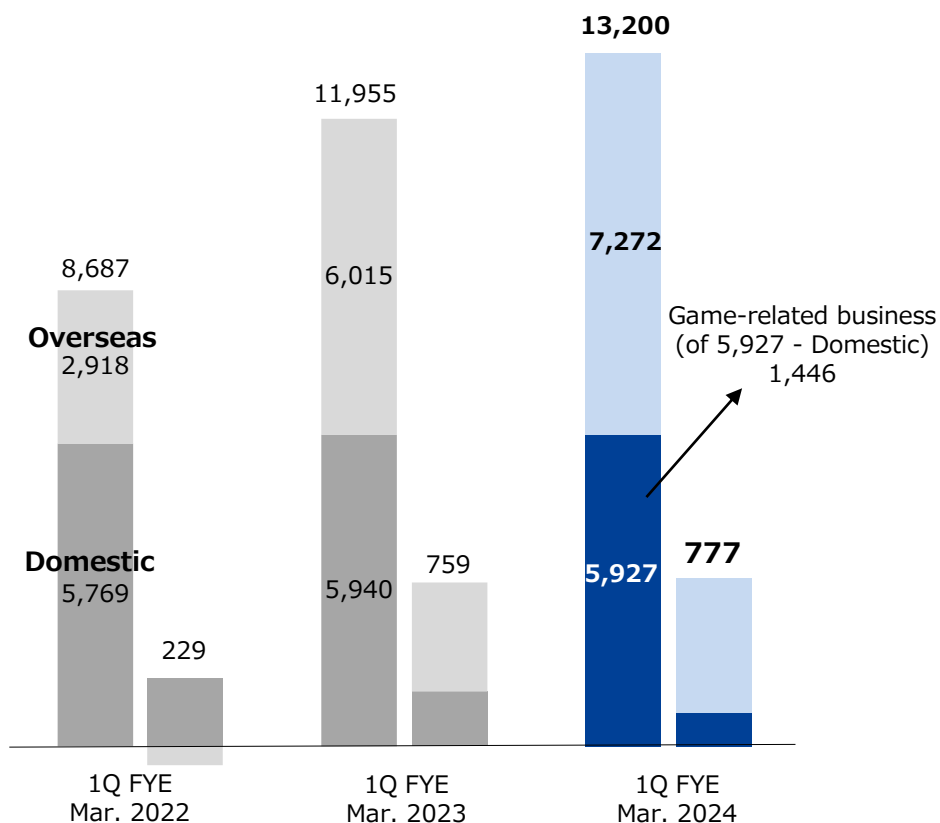


Production Technology Services

- Sales and operating income declined in post-production services for TV commercials though increase in E2E services.

Left : Net Sales
Right : Operating income
(before goodwill amortization)

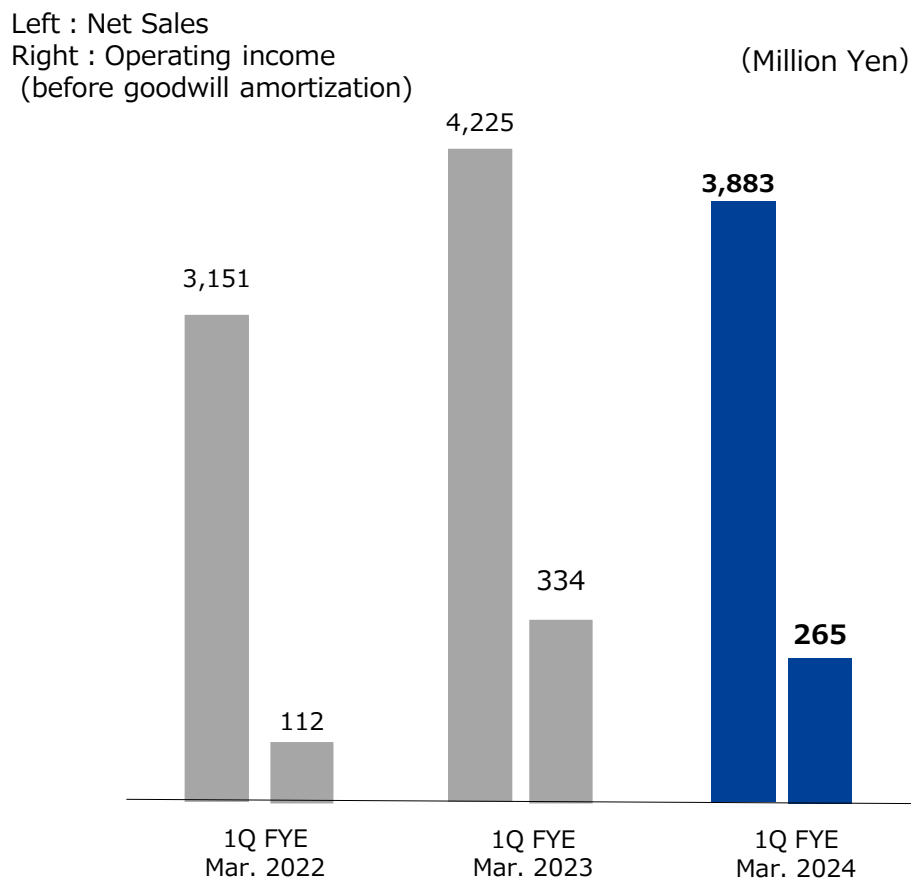
(Million Yen)



Sales and operating income increased

- Sales +1,244 million yen (+10.4%)
- Operating income (before goodwill amortization) +17 million yen (+2.3%)
- ✓ Domestic E2E services: Sales at the same level as the previous year, with solid sales of digital cinema services
- ✓ Overseas E2E services: Sales increase in the digital cinema services and trailer production service, supported by increase of new theatrical releases
- ✓ Game-related business: Sales increase with strong orders for Game 3DCG production.
- ✓ Post-production services for TV: Sales decline due to weak orders for TV commercials

- Sales decreased in optical measurement and video/image processing LSI though increase in high-speed cameras with strong orders.



Sales and operating income decreased

- Sales (341) million yen (-8.1%)
- Operating income (before goodwill amortization) (69) million yen (-20.7%)
- ✓ High-speed cameras: Sales increase owing to recovery of production by settlement of semiconductor shortage and strong orders
- ✓ Broadcast imaging systems & solutions: Sales decrease as it had sales of the large projects in the previous year
- ✓ Optical measurement: Sales decrease due to lower orders in optical elements
- ✓ Video/image processing LSI: Sales decrease due to world market deterioration

FYE Mar. 2024: Full-year forecast

The Company targets net sales of 100 billion yen and operating income growth for three consecutive years

(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	3.4%
(Profit margin)	4.1%	4.0%		
Ordinary income	3,638	3,500	(138)	(3.8%)
Net income attributable to owners of the parent	3,864	2,200	(1,664)	(43.0%)
Earnings per share (yen)	86.79	49.34	(37.45)	(43.1%)
Dividend per share (yen)	15.0	15.0	0	0.0%

Reference:

FYE Mar. 2024: Full-year forecast by segment



The Company targets operating income growth YoY with increase in Content Creation and other businesses assuming decline in Production Technology Services

(Million Yen)		FYE Mar. 2023	FYE Mar. 2024	
		Actual	Forecast	YoY
Content Creation	Net Sales	23,537	26,000	2,463
	Operating income	535	1,000	465
	Operating income before goodwill amortization	540	1,000	460
Production Technology Services	Net Sales	54,128	57,000	2,872
	Operating income	2,532	2,000	(532)
	Operating income before goodwill amortization	4,361	3,900	(461)
Imaging Systems & Solutions	Net Sales	18,930	20,000	1,070
	Operating income	2,086	2,200	114
	Operating income before goodwill amortization	2,122	2,200	78
Others	Net Sales	(2,448)	(3,000)	552
	Operating loss	(1,286)	(1,200)	(86)
Consolidated total	Net Sales	94,147	100,000	5,853
	Operating income	3,868	4,000	132
	Operating income before goodwill amortization	5,738	5,900	162

Appendix.

Key Strategies and services/Net Sales of each segments

Actual Net sales (2024.3 1Q) (billion yen)	Content Creation	Production Technology Services	Imaging Systems & Solutions business	Total
Global E2E Business		8.9		8.9
Live Entertainment business	<ul style="list-style-type: none"> live-music performances direction live-viewing metaverse 0.6		<ul style="list-style-type: none"> Sports Broadcasting Video Archiving Business 0.4	1.0
Imaging Systems & Solutions business			3.4	3.4
Game-related business		14		1.4
Transformation Business	<ul style="list-style-type: none"> Production feature film, TV drama, Animation Publishing 6.7	<ul style="list-style-type: none"> Postproduction for TV, Commercials Human resource consulting service 2.7		9.4
Total	7.1	13.2	3.8	23.7

Consolidated Income Statements

(Million Yen)	1Q FYE Mar. 2023	1Q FYE Mar. 2024		
	Actual	Actual	YoY	%YoY
Net Sales	19,861	23,797	3,935	19.8%
Gross profit (Gross margin)	5,494 27.7%	6,210 26.1%	716	13.0%
Operating income (Operating margin)	271 1.4%	345 1.5%	73	27.2%
Ordinary income (Ordinary margin)	306 1.5%	394 1.7%	88	28.9%
Extraordinary income	141	281	139	98.5%
Extraordinary losses	219	1	(218)	(99.4%)
Net income before income tax	228	674	446	195.4%
Net income attributable to owners of the parent	53	305	252	474.5%
EBITDA	1,189	1,382	192	16.1%
(Reference) Operating income before goodwill amortization	686	811	125	18.3%

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

Consolidated Balance Sheets

(Million Yen)		As of Mar.31,2023	As of June.30,2023	YoY
Assets	Current assets	44,970	39,817	(5,153)
	Cash and deposits	7,813	6,534	(1,279)
	Non-current assets	36,917	36,480	(437)
	Goodwill	11,780	11,455	(324)
	Total Assets	81,888	76,297	(5,590)
Liabilities Net Assets	Current liabilities	33,205	29,336	(3,868)
	Short-term loans payable	6,432	5,687	(744)
	Non-current liabilities	8,378	8,108	(270)
	Long-term loans payable	1,366	1,139	(227)
	Total Liabilities	41,584	37,445	(4,138)
	Shareholders' equity	33,150	32,783	(366)
	Accumulated other comprehensive income	2,956	3,076	119
	Non-controlling interests	4,197	2,992	(1,205)
Total Net Assets	40,303	38,852	(1,451)	
Total Liabilities and Net Assets	81,888	76,297	(5,590)	
	Net Cash	14	(292)	(307)

Net Cash : (Cash and deposits – long-term and short-term loans payable)

Year-end dividend forecast

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 owners of the parent	Earnings per share	Dividend forecast	Dividend payout ratio
Expected for FYE Mar.2023	2,200 million yen	49.34 yen	15.0 yen	30.4%

*Production Technology Services business

Effective from the first quarter of the consolidated fiscal year, the name of the reportable segment "Production Services business" has been changed to "Production Technology Services business." This represents a change in segment name only and has no impact on the segment Information.

*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.

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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.