

# **Consolidated Financial Highlights for the Fiscal Year Ended March 31, 2024 Supplemental Materials**

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**IMAGICA GROUP Inc.**

**Securities Code: 6879**

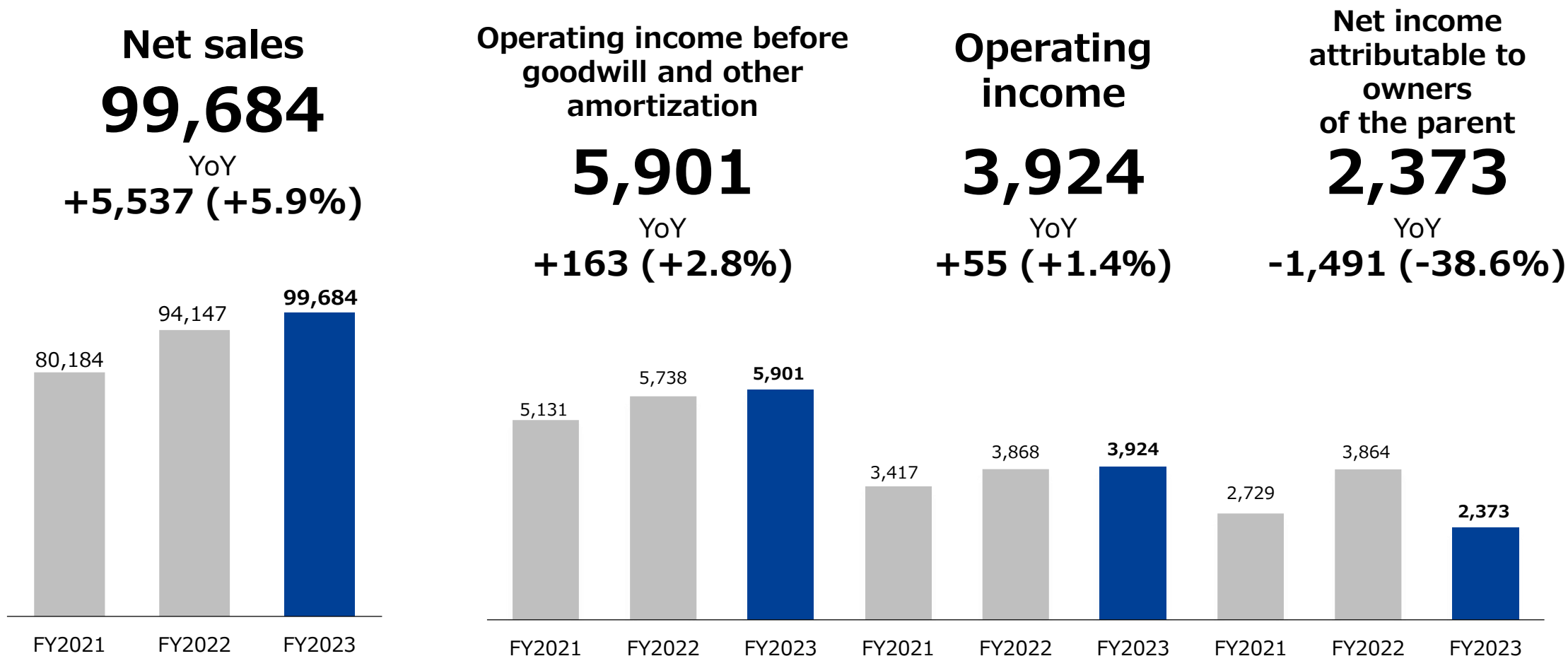
**May 9, 2024**



# Highlights of financial results for the fiscal year

Operating income increased for three consecutive years. Sales and operating income broke the highest record since the company was listed.

(Million Yen)



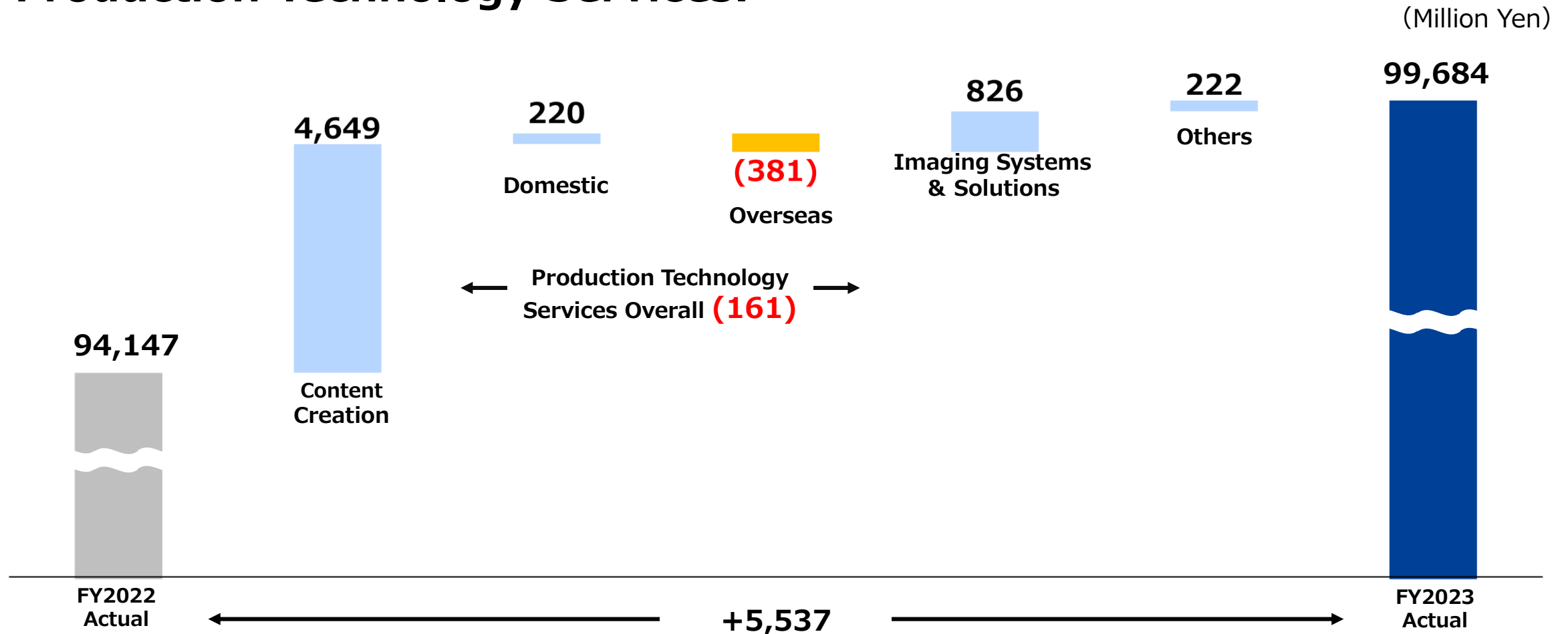
# Performance by segment

**Operating income achieved the target on the consolidated: exceeded with Content Creation and Imaging Systems & Solutions, while fell below with Production Technology Services.**

(Million Yen)		FY2022		FY2023		YoY
		Actual	Forecast	Actual	vs. Forecast	
Content Creation	Net sales	23,537	<b>26,000</b>	<b>28,186</b>	2,186	4,649
	Operating income before goodwill and other amortization	540	<b>1,000</b>	<b>1,281</b>	281	741
	Operating income	535	<b>1,000</b>	<b>1,276</b>	276	740
Production Technology Services	Net sales	54,128	<b>57,000</b>	<b>53,967</b>	(3,033)	(161)
	Operating income before goodwill and other amortization	4,361	<b>3,900</b>	<b>3,367</b>	(533)	(994)
	Operating income	2,532	<b>2,000</b>	<b>1,430</b>	(570)	(1,102)
Imaging Systems & Solutions	Net sales	18,930	<b>20,000</b>	<b>19,756</b>	(244)	826
	Operating income before goodwill and other amortization	2,122	<b>2,200</b>	<b>2,440</b>	240	317
	Operating income	2,086	<b>2,200</b>	<b>2,404</b>	204	317
Others	Net sales	(2,448)	<b>(3,000)</b>	<b>(2,225)</b>	775	222
	Operating loss	(1,286)	<b>(1,200)</b>	<b>(1,187)</b>	13	98
Consolidated total	Net sales	94,147	<b>100,000</b>	<b>99,684</b>	(316)	5,537
	Operating income before goodwill and other amortization	5,738	<b>5,900</b>	<b>5,901</b>	1	163
	Operating income	3,868	<b>4,000</b>	<b>3,924</b>	(76)	55

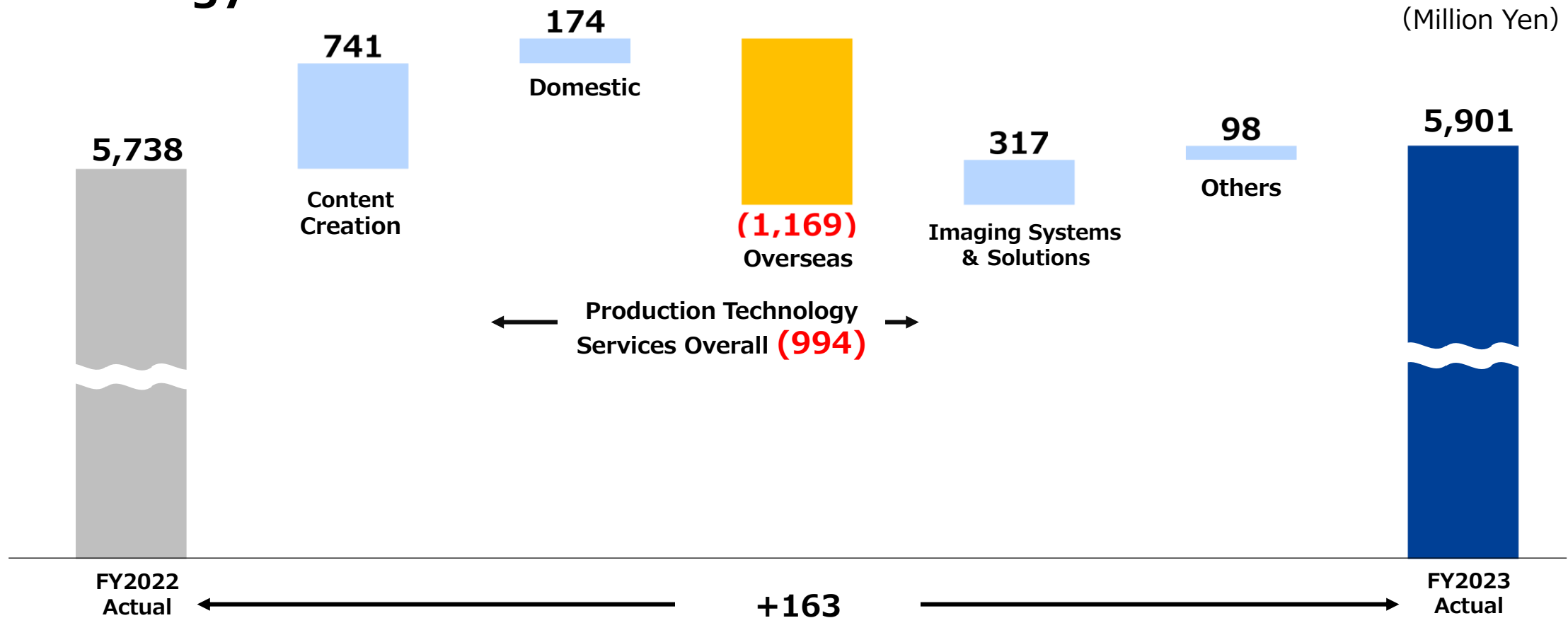
# Analysis of increase/decrease of Net sales (YoY)

Sales increased mainly in Content Creation, while decreased in Production Technology Services.



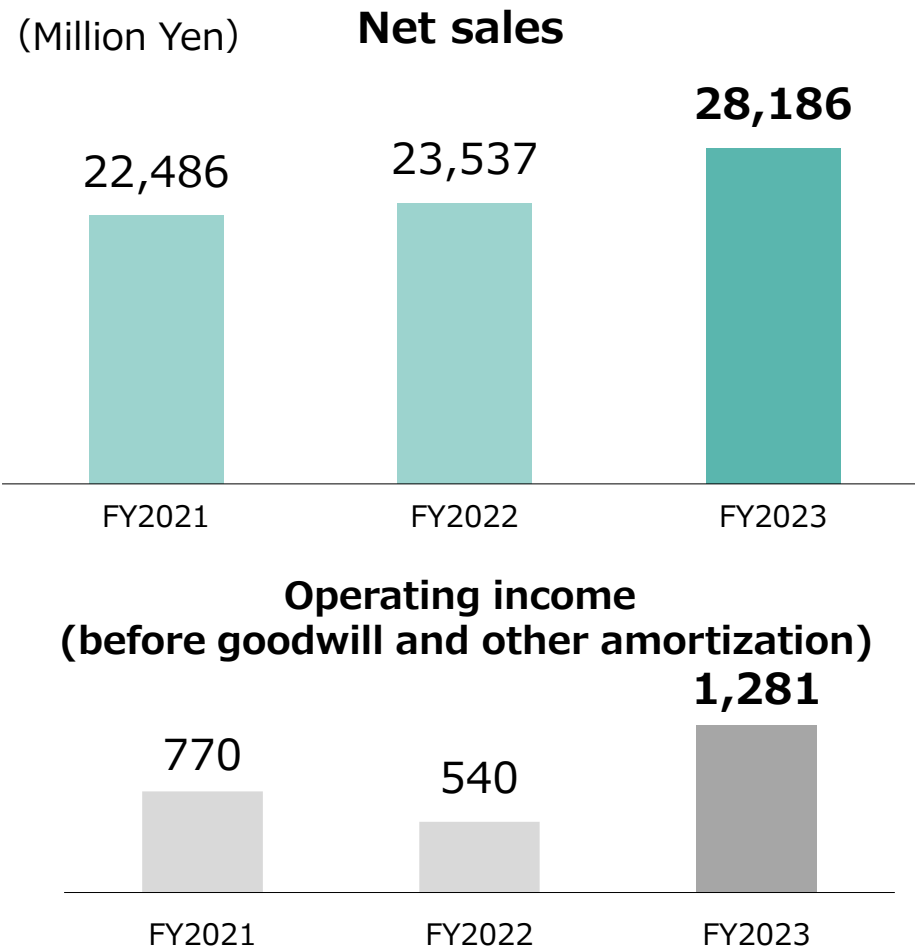
# Analysis of increase/decrease of Operating income before goodwill and other amortization (YoY)

Operating income before goodwill and other amortization increased mainly in Content Creation, while decreased in Production Technology Services.



# Content Creation

Sales and operating income increased with some major works for theater and video streaming service, animation works and publishing business.



Sales and operating income increased.

Net sales	+4,649	(+19.8%)
Operating income	+741	(+137.2%)

## ✓ Feature films and dramas

Sales increased with some major works and the others.

- Feature film "Godzilla Minus One", "Rohan au Louvre"
- Netflix "Zombie 100: Bucket List of the Dead", "YuYu Hakusho"

## ✓ Animation works

Sales significantly increased with CG animation and strong orders for TV series.

## ✓ Publishing business

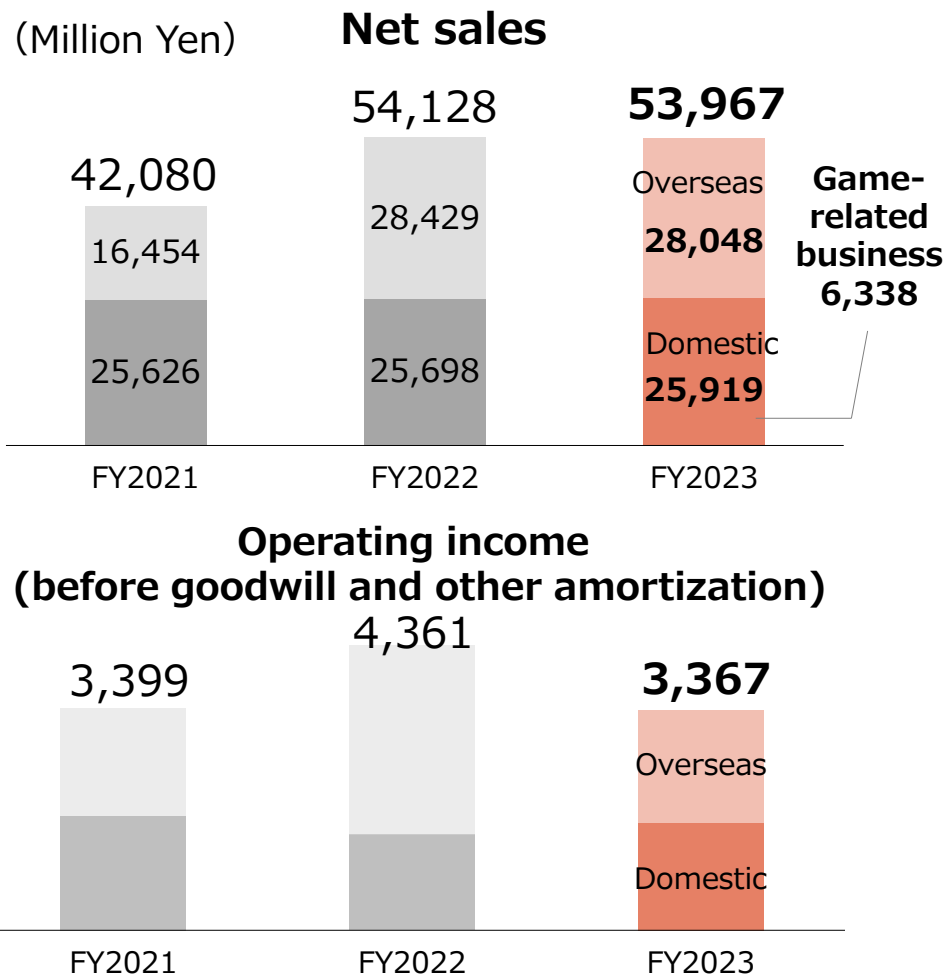
Sales significantly increased with strong book sales including the light novel "The Apothecary Diaries".

## ✓ CM works

Sales increased in web commercials owing to high number of orders although decreased in TV commercials due to weak orders.

# Production Technology Services\*

Sales and operating income decreased in overseas with lower localization services by impact of the Hollywood strike and a rise in depreciation and the other expenses by capital expenditure, while good sales of digital cinema services\* (domestic and overseas).



Sales and operating income decreased.

Net sales	-161	(-0.3%)
Operating income	-994	(-22.8%)

## ✓ Domestic E2E services\*

Sales increased with solid sales of digital cinema services.

## ✓ Overseas E2E services\*

Sales decreased in localization services as the Hollywood actors' and writers' strike lasted longer and new releases were delayed. Operating income decreased due to decrease in the sales, and a rise in depreciation expenses and the other costs brought on by capital expenditure.

## ✓ Game-related business

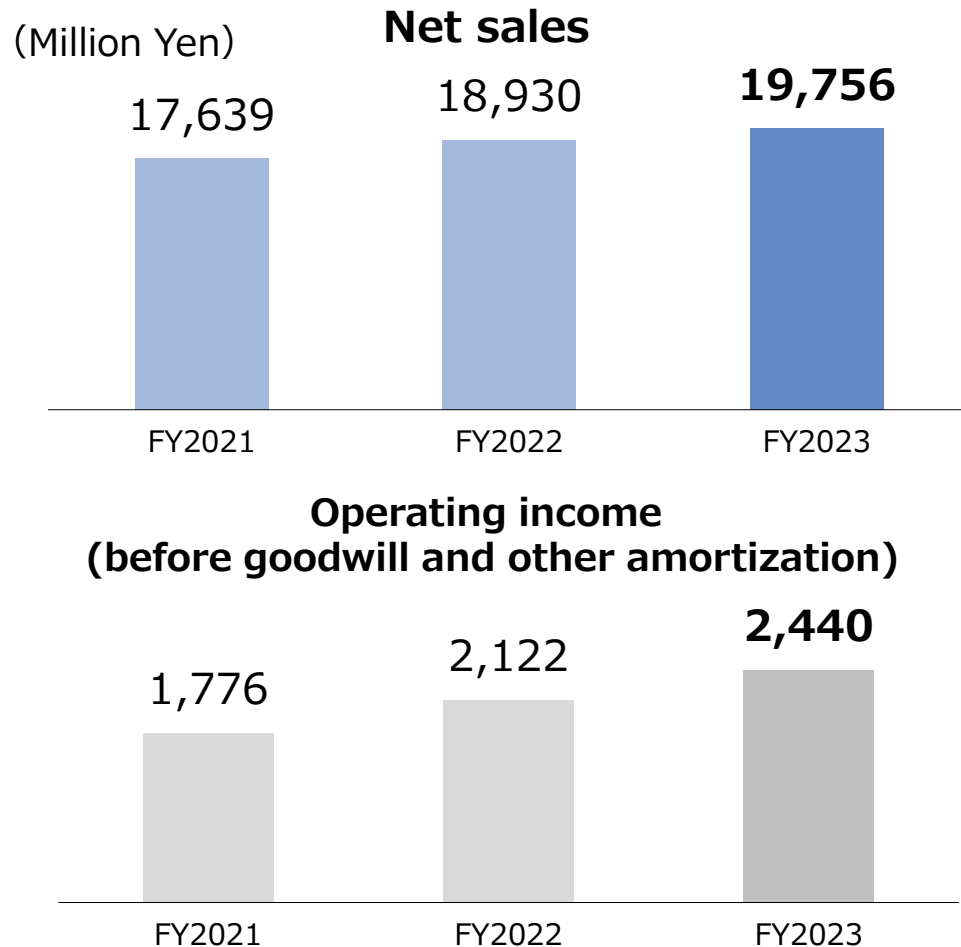
Sales increased with solid sales of Game 3DCG production.

## ✓ Post-production services for TV

Sales decreased due to environmental change caused by platform diversification for movie contents.

# Imaging Systems & Solutions

The annual volume of shipments of high-speed cameras broke the highest record and the sales significantly increased. Sales of video and image processing LSI declined due to slower recovery of market environments.



**Sales and operating income increased.**

■ Net sales	+826 (+4.4%)
■ Operating income	+317 (+15.0%)

- ✓ **High-speed cameras**  
Parts shortages in the previous fiscal year was settled and strong orders especially from overseas. The annual volume of shipments broke the highest record and sales significantly increased.
- ✓ **Broadcast imaging systems & solutions**  
Operating income increased by improving cost structure, although the sales decreased due to weak orders.
- ✓ **Video and image processing LSI**  
Sales declined mainly due to slower recovery of market environments.



# FY2024 Full-year forecast

**Assuming reversal of sales of films and dramas with some major works in FY2023, sales of consolidated subsidiaries and impact after the Hollywood actors' and writers' strike**

(Million Yen)	FY2023		FY2024	
	Actual	Forecast	YoY	% YoY
Net sales	<b>99,684</b>	<b>98,000</b>	(1,684)	(1.6%)
Operating income before goodwill and other amortization	<b>5,901</b>	<b>5,800</b>	(101)	(1.7%)
(Margin)	<b>5.9%</b>	<b>5.9%</b>		
Operating income	<b>3,924</b>	<b>3,700</b>	(224)	(5.7%)
(Margin)	<b>3.9%</b>	<b>3.8%</b>		
Ordinary income	<b>3,727</b>	<b>3,200</b>	(527)	(14.1%)
Net income attributable to owners of the parent	<b>2,373</b>	<b>2,000</b>	(373)	(15.7%)
Earnings per share (yen)	<b>53.57</b>	<b>45.25</b>	(8.3)	(15.5%)
Dividend per share (yen)	<b>15.0</b>	<b>15.0</b>	0.0	0.0%

# 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 FY2024 is 15 yen.**

	Net income attributable to owners of the parent	Earnings per share	Dividend forecast	Dividend payout ratio
Expected for FY2024	2,000 million yen	45.25 yen	15.0 yen	33.2%

# Notes

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## \*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.

## \*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).

## \*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.

**Appendix.**

# Key strategies and services/Net sales of each segment

(Billion yen)

Net sales (FY2023)	Content Creation	Production Technology Services	Imaging Systems & Solutions	Total
<b>1</b> Global E2E Business		<ul style="list-style-type: none"> <li>• Localization (Subtitling, Dubbing)</li> <li>• Distribution</li> </ul> <b>36.5</b>		<b>36.5</b>
<b>2</b> Live Entertainment business	<ul style="list-style-type: none"> <li>• Live-music performances direction</li> <li>• Live-viewing</li> <li>• Metaverse</li> </ul> <b>3.7</b>		<ul style="list-style-type: none"> <li>• Sports Broadcasting</li> <li>• Video Archiving</li> </ul> <b>1.5</b>	<b>5.2</b>
<b>3</b> Imaging Systems & Solutions business			<ul style="list-style-type: none"> <li>• High-speed cameras, Broadcast imaging systems &amp; solutions, Optical measurement, Video and image processing LSI</li> </ul> <b>21.4</b>	<b>21.4</b>
<b>4</b> Game-related business		<ul style="list-style-type: none"> <li>• 2D/3DCG production</li> <li>• Quality Assurance</li> </ul> <b>6.3</b>		<b>6.3</b>
<b>5</b> Transformation Business	<ul style="list-style-type: none"> <li>• Production of feature film, TV drama, animation</li> <li>• Publishing</li> </ul> <b>26.3</b>	<ul style="list-style-type: none"> <li>• Postproduction for TV, commercial</li> <li>• Human resource consulting</li> </ul> <b>12.8</b>		<b>39.2</b>
<b>Total</b>	<b>28.1</b>	<b>53.9</b>	<b>19.7</b>	<b>99.6</b>

\*Total net sales by strategy do not match the totals because consolidation eliminations are not taken into account.

# Consolidated Income Statements

(Million Yen)	FY2022 Actual	FY2023 Actual	YoY	%YoY
Net sales	94,147	99,684	5,537	5.9%
Gross profit	26,723	28,587	1,863	7.0%
(Margin)	28.4%	28.7%		
Operating income	3,868	3,924	55	1.4%
(Margin)	4.1%	3.9%		
Ordinary income	3,638	3,727	89	2.5%
(Margin)	3.9%	3.7%		
Extraordinary income	5,327	888	(4,439)	(83.3%)
Extraordinary loss	1,445	216	(1,229)	(85.0%)
Net income before income taxes	7,519	4,399	(3,120)	(41.5%)
Net income attributable to owners of the parent	3,864	2,373	(1,491)	(38.6%)
EBITDA	7,993	8,520	526	6.6%
(Reference) Operating income before goodwill and other amortization	5,738	5,901	163	2.8%

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

# Consolidated Balance Sheets

(Million Yen)	March 31, 2023	March 31, 2024	Increase/Decrease
<b>Assets</b>			
Current asset	<b>44,970</b>	<b>41,288</b>	(3,682)
Cash and deposits	7,813	5,242	(2,571)
Non-current assets	<b>36,917</b>	<b>37,405</b>	488
Goodwill	11,780	12,045	265
<b>Total assets</b>	<b>81,888</b>	<b>78,694</b>	(3,193)
<b>Liabilities / Net assets</b>			
Current liabilities	33,205	28,950	(4,254)
Short-term borrowings	6,432	5,143	(1,289)
Non-current liabilities	8,378	9,837	1,458
Long-term borrowings	1,366	3,120	1,753
<b>Total liabilities</b>	<b>41,584</b>	<b>38,788</b>	<b>(2,796)</b>
Shareholders' equity	33,150	33,731	580
Accumulated other comprehensive income	2,956	4,097	1,141
Non-controlling interests	4,197	2,077	(2,119)
<b>Net assets</b>	<b>40,303</b>	<b>39,906</b>	<b>(397)</b>
<b>Total liabilities and net assets</b>	<b>81,888</b>	<b>78,694</b>	<b>(3,193)</b>
Net cash	14	(3,021)	(3,035)

Cash and deposits - long-term  
and short-term borrowings

# Consolidated Statements of Cash Flows

(Million Yen)	FY2022 Actual	FY2023 Actual
<b>Cash flows from operating activities</b>	<b>6,109</b>	<b>5,730</b>
Net income before income taxes	7,519	4,399
Depreciation and amortization	2,596	2,941
Amortization of goodwill	1,558	1,655
Decrease (increase) in trade receivables and contract assets	(2,179)	1,928
Decrease (increase) in inventories	1,172	1,007
Increase (decrease) in notes and accounts payable-trade	(2,007)	(523)
Increase (decrease) in contract liabilities	(876)	(2,668)
<b>Cash flows from investing activities</b>	<b>(2,380)</b>	<b>(4,461)</b>
Purchase of property, plant and equipment	(2,853)	(2,291)
Purchase of intangible assets	(655)	(781)
Proceeds from sale of investment securities	1,642	321
Purchase of shares of subsidiaries and affiliates	(215)	(1,289)
<b>Cash flows from financing activities</b>	<b>(2,585)</b>	<b>(4,117)</b>
Net increase (decrease) in short-term borrowings	280	(272)
Net increase (decrease) in long-term borrowings	(1,334)	431
Purchase of investments in subsidiaries do not result in change in scope of consolidation	(442)	(1,522)
Distribution paid to non-controlling interests	—	(1,379)



# Contact for inquiries

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