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## Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (J-GAAP)



May 9, 2025

Company name:	IMAGICA GROUP Inc.	Stock exchange listing:	Tokyo Prime
Securities code:	6879	URL:	<a href="https://www.imagicagroup.co.jp/en/">https://www.imagicagroup.co.jp/en/</a>
Representative:	Shunjiro Nagase, Representative Director, President	Tel:	+81-3-5777-6295
Inquiries:	Eiji Umeda, Managing Executive Officer		
Planned date for ordinary general meeting of shareholders:	June 26, 2025		
Planned dividend payment date:	June 12, 2025		
Planned annual securities report filing date:	June 26, 2025		
Supplementary material of financial results:	Available		
Planned financial results briefing:	Not available		

(Millions of yen, rounded down)

### 1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2025

(April 1, 2024 – March 31, 2025)

#### (1) Consolidated Operating Results

(Percentage represents change from the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2025	96,910	(2.8)	2,479	(36.8)	1,866	(49.9)	(3,717)	—
March 31, 2024	99,684	5.9	3,924	1.4	3,727	2.5	2,373	(38.6)

(Note) Comprehensive income: Fiscal year ended March 31, 2025: ¥(2,324) million / –%

Fiscal year ended March 31, 2024: ¥3,466 million / (51.8)%

	Basic earnings per share	Diluted earnings per share	Return on equity	Total assets ordinary income ratio	Operating income ratio
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2025	(83.97)	—	(10.3)	2.3	2.6
March 31, 2024	53.57	—	6.4	4.6	3.9

(Reference) Equity in losses of affiliates: Fiscal year ended March 31, 2025: ¥– million

Fiscal year ended March 31, 2024: ¥(14) million

#### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2025	80,719	36,154	42.8	779.76
As of March 31, 2024	78,694	39,906	48.1	855.85

(Reference) Owner's equity: As of March 31, 2025: ¥34,540 million

As of March 31, 2024: ¥37,828 million

(Note) In the fiscal year ended March 31, 2025, the Company finalized the provisional accounting treatments related to business combinations, and the figures for the fiscal year ended March 31, 2024 reflect the finalization of the provisional accounting treatments.

### (3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and Cash equivalents at end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2025	3,891	(2,860)	(284)	6,513
March 31, 2024	5,730	(4,461)	(4,117)	5,241

### 2. Dividends

	Dividend per share					Dividends total (Annual)	Dividend payout ratio (Consolidated)	Dividends to net assets (Consolidated)
	First quarter- end	Second quarter -end	Third quarter -end	Fiscal year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended March 31, 2024	—	0.00	—	15.00	15.00	663	28.0	1.8
Fiscal year ended March 31, 2025	—	0.00	—	15.00	15.00	664	—	1.8
Fiscal year ending March 31, 2026 (Forecast)	—	—	—	—	—		—	

\* As disclosed in "Notice Regarding Implementation of MBO and Recommendation to Tender Offer" dated May 9, 2025, the common shares of the Company (hereinafter referred to as the "Company Shares") will be delisted from the Tokyo Stock Exchange after completion of the Tender Offer by Mikaduki, Inc. (hereinafter referred to as the "Tender Offeror") and the necessary procedures. Then the dividend forecast for the fiscal year ending March 31, 2026 is not stated.

### 3. Consolidated Forecast for the Fiscal Year Ending March 31, 2026 (April 1, 2025 - March 31, 2026)

As disclosed in "Notice Regarding Implementation of MBO and Recommendation to Tender Offer" dated May 9, 2025, the Company Shares will be delisted from the Tokyo Stock Exchange after completion of the Tender Offer by the Tender Offeror and the necessary procedures. Then the consolidated forecast for the fiscal year ending March 31, 2026 is not stated.

#### \* Notes:

(1) Material changes in scope of consolidations during this period: None

(2) Changes in accounting policies, accounting estimates and retrospective restatement

- 1) Changes in accounting policies based on revisions of accounting standards: Yes
- 2) Changes in accounting policies other than ones based on revisions of accounting standards: None
- 3) Changes in accounting estimates: None
- 4) Retrospective restatement: None

(3) Number of shares issued (common stock)

1) Number of shares issued at the end of the period (including treasury stock)

As of March 31, 2025	44,741,467 shares	As of March 31, 2024	44,741,467 shares
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2) Number of treasury stock at the end of the period

As of March 31, 2025	444,809 shares	As of March 31, 2024	541,346 shares
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3) Average number of shares during the period

As of March 31, 2025	44,266,242 shares	As of March 31, 2024	44,298,707 shares
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**[Reference] Overview of Non-Consolidated Financial Results****Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (April 1, 2024 – March 31, 2025)****(1) Non-Consolidated Operating Results**

(Percentage represents change from the previous fiscal year.)

	Operating revenue		Operating income		Ordinary income		Net income	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2025	3,818	13.4	1,044	75.4	1,438	97.3	(1,906)	—
March 31, 2024	3,366	(6.3)	595	(19.9)	729	(1.0)	1,111	24.4

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2025	(43.06)	—
March 31, 2024	25.09	—

**(2) Non-Consolidated Financial Position**

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2025	27,879	18,743	67.2	423.13
As of March 31, 2024	31,695	20,925	66.0	473.42

(Reference) Owner's equity: As of March 31, 2025: ¥18,743 million

As of March 31, 2024: ¥20,925 million

&lt;Reasons for the difference between the current and previous fiscal year's results

The change in operating revenue from the previous fiscal year is mainly due to an increase in dividend income. The change in net income from the previous fiscal year is mainly due to an impairment loss on investment in affiliates.

**\* These financial results are exempted from audit by a certified public accountant or an auditing firm.****\* Explanation regarding the appropriate usage of financial forecasts and other special instructions**

As disclosed in "Notice Regarding Implementation of MBO and Recommendation to Tender Offer" dated May 9, 2025, the Company Shares will be delisted from the Tokyo Stock Exchange after completion of the Tender Offer by the Tender Offeror and the necessary procedures. Then the consolidated forecast for the fiscal year ending March 31, 2026 is not stated.

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# 1. Overview of Business Results, etc.

## (1) Summary of Business Results for the Current Period

### ① Summary of the fiscal year under review

In the current consolidated fiscal year, we have focused on "expansion of growth paths and promotion of business transformation" in our business operations.

For the current consolidated fiscal year, the Company recorded sales of 96,910 million yen (down 2.8% year-on-year), operating income of 2,479 million yen (down 36.8% year-on-year), and ordinary income of 1,866 million yen (down 49.9% year-on-year). Extraordinary income of 4,266 million yen, including goodwill impairment losses related to overseas operations and losses related to withdrawal from business, resulted in a net loss attributable to owners of parent of 3,717 million yen (net income attributable to owners of parent of 2,373 million yen in the previous fiscal year).

### ② Results by Segment

Operating results by segment are as follows

#### 1) Content Creation

For the current consolidated fiscal year, the Content Creation business posted sales of 26,366 million yen (down 6.5% year-on-year) and operating income of 2,176 million yen (up 70.6% year-on-year).

In the feature films and dramas, despite a decrease in sales reflecting the fact that the previous fiscal year had seen several major works, operating income increased by recording incentive fees for films produced, etc. In the commercial production business, both sales and operating income increased due to strong orders. In the animation production business, operating income increased due to the contribution of CG animation, etc. In the publishing business, sales increased due to the recording of distribution income from TV animation production committee, etc.

As a result, the Content Creation business as a whole posted declines in sales but increase in operating income.

#### 2) Production Technology Services

For the current consolidated fiscal year, the Production Technology Services business reported sales of 53,242 million yen (down 1.3% year-on-year) and an operating loss of 759 million yen (compared with an operating income of 1,430 million yen in the previous fiscal year).

In domestic E2E services<sup>\*1</sup> higher sales was recorded due to strong sales of film editing services and services for digital cinema.

In overseas E2E services, localization orders fell sharply from the previous fiscal year, resulting in sales decline. To cope with this situation, the Company implemented workforce reductions and cut costs. In addition to the decrease in operating income associated with the revenue decline, expenses related to workforce reductions increased, resulting in a significant decrease in operating income.

In the game-related business<sup>\*2</sup>, sales increased due to an increase in orders for 3DCG production of games as a result of the expansion of the production system.

In the post-production business, sales declined due to sluggish orders in the TV business and withdraw from the business was decided in December 2024. For details, please refer to the timely disclosure of December 26, 2024 (\*3).

As a result, the Production Technology Services business as a whole posted declines in both sales and operating income.

\*1: E2E service: End-to-End, a generic term for one-stop services ranging from post-production of visual content such as movies, dramas, and animations to localization (dubbing and subtitling) necessary for distribution in all media including theaters, TV, and video distribution over the internet. As the fiscal year end of overseas E2E services is December 31, the current fiscal year reflects results for the period from January 1, 2024 to December 31, 2024.

\*2: Game-related business: 2D/3DCG production, debugging and software testing, game staffing and placement, etc.

\*3: Notice Regarding Withdrawal from a Business of Consolidated Subsidiary, Call for Voluntary Retirement and Recognition of Extraordinary Losses

<https://www.imagicagroup.co.jp/ir/news.html>

### 3) Imaging Systems & Solutions

For the current consolidated fiscal year, the Imaging Systems & Solutions business reported sales of 19,323 million yen (down 2.2% year-on-year) and operating income of 2,372 million yen (down 1.3% year-on-year).

Sales of high-speed cameras decreased mainly due to a slowdown in sales to China, although sales to Europe were strong and those to the U.S. remained steady. In the optical measuring instruments business, sales declined due to sluggish orders for measuring equipment overseas. On the other hand, sales of broadcast imaging systems & solutions increased as deliveries were concentrated at the end of the period.

As a result, the Imaging Systems & Solutions business as a whole posted declines in both sales and operating income.

## (2) Summary of Financial Position

With regard to the business combination made on February 8, 2024, between mediafellows GmbH and one of its subsidiaries, provisional accounting was carried out in the previous fiscal year. However, with the finalization being made in the current fiscal year, the amount used in the year-on-year comparison and analysis is one that reflects significant revisions made to the initial amount allocated for the acquisition following this finalization of the provisional accounting.

### ① Assets

Current assets increased 7,383 million yen (17.9%) from the end of the previous fiscal year to 48,672 million yen. This was mainly due to an increase in accounts receivable-trade and inventories.

Non-current assets decreased 5,358 million yen (14.3%) from the end of the previous fiscal year to 32,047 million yen. This was mainly due to a decrease in goodwill, shares of subsidiaries and affiliates, and lease assets.

As a result, total assets increased 2,025 million yen (2.6%) from the end of the previous fiscal year to 80,719 million yen.

### ② Liabilities

Current liabilities increased 7,940 million yen (27.4%) from the end of the previous fiscal year to 36,890 million yen. This was mainly due to increases in short-term debt, contract liabilities, and notes and accounts payable-trade.

Non-current liabilities decreased 2,163 million yen (22.0%) from the end of the previous fiscal year to 7,674 million yen. This was mainly due to decreases in long-term debt and lease obligations.

As a result, total liabilities increased 5,777 million yen (14.9%) from the end of the previous fiscal year to 44,565 million yen.

### ③ Net assets

Net assets decreased 3,752 million yen (9.4%) from the end of the previous fiscal year to 36,154 million yen. The equity ratio was 42.8%.

### (3) Summary of Cash Flows for the Current Period

Cash and cash equivalents (hereinafter referred to as "cash") at the end of the current consolidated fiscal year increased 1,272 million yen (24.3%) from the end of the previous consolidated fiscal year to 6,513 million yen.

The status of each cash flow and their factors during the current consolidated fiscal year are as follows.

#### 1) Cash Flows from Operating Activities

Net cash provided by operating activities amounted to 3,891 million yen (5,730 million yen provided in the previous fiscal year).

This was mainly due to a decrease in funds due to the recording of net loss before income taxes and an increase in trade receivable and contract assets, while funds increased due to the recording of depreciation and amortization and an increase in contract liabilities, which are noncash items.

#### 2) Cash Flows from Investing Activities

Net cash used in investing activities totaled 2,860 million yen (4,461 million yen used in the previous fiscal year).

This was mainly due to a decrease in funds resulting from the acquisition of property, plant and equipment and intangible assets.

#### 3) Cash Flows from Financing Activities

Net cash used in financing activities amounted to 284 million yen (4,117 million yen used in the previous fiscal year).

This was mainly due to an increase in funds resulting from an increase in short-term debt, while funds decreased due to the repayment of long-term debt and the payments for acquisition of subsidiaries' shares without change in scope of consolidation

#### (Reference) Trends in cash flow indicators

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Equity ratio	45.4	42.4	44.1	48.1	42.8
Equity ratio based on market value	39.7	43.3	32.4	38.4	28.3
Cash flow to interest- bearing debt ratio	(2,282.9)	117.2	215.7	231.5	374.0
Interest Coverage Ratio	(1.7)	35.5	21.0	14.0	6.8

Equity ratio: equity/total assets

Equity ratio based on market value: Market capitalization/total assets

Cash flow to interest-bearing debt ratio: interest-bearing debt/operating cash flow

Interest coverage ratio: operating cash flow/interest payments

Notes: 1. All indicators are calculated based on consolidated financial figures.

2. Market capitalization is calculated by multiplying the closing stock price at the end of the fiscal year by the number of shares outstanding (less treasury stock) at the end of the fiscal year.

3. Cash flow from operating activities is the cash flow from operating activities in the consolidated statements of cash flows. Interest-bearing debt includes all liabilities on the consolidated balance sheets on which interest is paid. Interest payments are based on the amount of interest paid in the consolidated statements of cash flows.

#### (4) Future Outlook

As disclosed in "Notice Regarding Implementation of MBO and Recommendation to Tender Offer" dated May 9, 2025, the Company Shares will be delisted from the Tokyo Stock Exchange after completion of the Tender Offer by the Tender Offeror and the necessary procedures. Then the consolidated forecast for the fiscal year ending March 31, 2026 is not stated.

#### < Dividend Policy >

As disclosed in "Notice Regarding Implementation of MBO and Recommendation to Tender Offer" dated May 9, 2025, the Company Shares will be delisted from the Tokyo Stock Exchange after completion of the Tender Offer by the Tender Offeror and the necessary procedures. Then the dividend forecast for the fiscal year ending March 31, 2026 is not stated.

## **2. Basic Policy for the Selection of Accounting Standards**

For the time being, the Group's policy is to prepare its consolidated financial statements in accordance with Japanese GAAP, taking into consideration the comparability of the consolidated financial statements from period to period.



### 3. Consolidated Financial Statements and Major Notes

#### (1) Consolidated Balance Sheets

(Unit: thousand yen)

	March 31, 2024	March 31, 2025
<b>Assets</b>		
Current assets		
Cash and deposits	5,242,625	6,515,116
Notes	338,971	234,264
Accounts receivable-trade	20,171,802	24,948,049
Contract asset	61,614	157,565
Inventories	11,536,441	12,990,984
Other	3,997,518	3,902,345
Allowance for doubtful accounts	(60,000)	(75,679)
Total current assets	41,288,972	48,672,646
Non-current assets		
Property, plant and equipment		
Buildings and structures	13,081,194	13,434,089
Accumulated depreciation	(8,155,338)	(8,750,388)
Accumulated impairment loss	(598,722)	(652,707)
Buildings and structures, net	4,327,134	4,030,993
Machinery, equipment and vehicles	5,904,211	5,517,599
Accumulated depreciation	(5,212,534)	(4,829,396)
Accumulated impairment loss	(137,053)	(187,265)
Machinery, equipment and vehicles, net	554,623	500,937
Land	921,363	897,363
Leased assets	5,411,365	4,368,150
Accumulated depreciation	(734,703)	(756,398)
Accumulated impairment loss	(89,060)	(3,308)
Lease assets, net	4,587,602	3,608,443
Construction in progress	1,516,451	1,190,862
Other	9,016,129	10,338,113
Accumulated depreciation	(6,303,911)	(7,523,649)
Accumulated impairment loss	(125,339)	(130,016)
Other, net	2,586,878	2,684,448
Total property, plant and equipment	14,494,052	12,913,048
Intangible assets		
Goodwill	11,411,410	8,220,194
Other	3,096,544	3,294,811
Total intangible assets	14,507,955	11,515,006
Investments and other assets		
Investments securities	3,081,638	3,485,203
Shares of subsidiaries and affiliates	1,480,535	291,422
Lease and guarantee deposits	2,000,866	2,001,723
Deferred tax asset	1,672,072	1,631,831
Other	326,433	373,331
Allowance for doubtful accounts	(157,899)	(164,452)
Total investments and other assets	8,403,647	7,619,060
Total non-current assets	37,405,654	32,047,115
<b>Total assets</b>	<b>78,694,627</b>	<b>80,719,761</b>

(Unit: thousand yen)

	March 31, 2024	March 31, 2025
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	6,799,221	7,845,606
Short-term debt	5,143,423	8,475,215
Lease obligations	983,578	1,026,962
Accounts payable	2,530,291	3,290,104
Income taxes payable	1,432,145	1,555,517
Contract liabilities	4,886,312	6,797,665
Provision for bonuses	1,393,870	1,718,836
Provision for loss on orders received	11,380	13,617
Asset retirement obligations	-	157,000
Other	5,770,083	6,010,465
Total current liabilities	28,950,308	36,890,991
Non-current liabilities		
Long-term debt	3,120,478	1,985,440
Lease obligations	4,015,709	3,065,739
Long-term accrued liabilities	519,874	586,410
Deferred tax liabilities	214,227	183,046
Liabilities for retirement benefits	1,219,274	1,155,930
Asset retirement obligations	667,624	620,434
Other	80,746	77,688
Total non-current liabilities	9,837,935	7,674,690
Total liabilities	38,788,243	44,565,681
<b>Total net assets</b>		
Shareholders' equity		
Capital stock	3,306,002	3,306,002
Capital surplus	12,149,768	11,781,941
Retained earnings	18,686,599	14,205,948
Treasury stock	(411,354)	(337,995)
Total shareholders' equity	33,731,016	28,955,897
Accumulated other comprehensive income		
Net unrealized gains (losses) on available-for-sale securities, net of taxes	1,076,431	1,417,616
Deferred gains or losses on hedges	30,654	(8,210)
Land revaluation difference	(17,933)	(17,933)
Foreign currency translation adjustments	3,024,687	4,189,153
Accumulated retirement benefit adjustments	(16,227)	4,032
Total accumulated other comprehensive income	4,097,613	5,584,659
Non-controlling interests	2,077,752	1,613,522
Total net assets	39,906,383	36,154,079
Total liabilities and net assets	78,694,627	80,719,761

## (2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

## Consolidated Statements of Income

(Unit: thousand yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net sales	99,684,745	96,910,350
Cost of sales	71,097,516	67,818,391
Gross profit	28,587,228	29,091,959
Selling, general and administrative expenses	24,663,188	26,612,818
Operating income	3,924,040	2,479,140
Non-operating income		
Interest income	10,253	9,628
Dividends received	34,747	35,969
Rental income	51,001	61,510
Foreign exchange gains	226,621	-
Other	119,996	67,033
Total non-operating income	442,620	174,141
Non-operating expenses		
Interest expense	408,691	569,891
Equity in losses of affiliated companies	14,610	-
Foreign exchange loss	-	15,166
Other	215,383	201,562
Total non-operating expenses	638,685	786,620
Ordinary income	3,727,976	1,866,661
Extraordinary income		
Gain on sales of fixed assets	2,668	1,224
Gain on negative goodwill	-	34,282
Gain on transfer of a business	-	97,198
Gain on sales of investment securities	290,067	65,645
Gain on sales of subsidiaries and affiliates' shares	189,252	-
Marginal gain on step acquisitions	159,561	-
Reversal of provision for loss on litigation	234,162	-
Gain on reversal of asset retirement obligations	-	63,727
Other	12,372	19,926
Total extraordinary income	888,084	282,006
Extraordinary losses		
Loss on sales of fixed assets	-	378
Loss on disposal of fixed assets	11,191	11,087
Impairment loss	23,903	3,267,460
Loss on valuation of shares of subsidiaries and affiliates	84,677	-
Additional retirement allowance	-	903,574
Other	96,967	83,923
Total extraordinary losses	216,740	4,266,424
Net income (loss) before income taxes	4,399,320	(2,117,756)
Income taxes-current	1,296,386	1,769,550
Income taxes-deferred	570,282	(67,263)
Total income taxes	1,866,668	1,702,286
Net income (loss)	2,532,651	(3,820,043)
Net income (loss) attributable to non-controlling interests	159,503	(102,809)
Net income (loss) attributable to owners of parent	2,373,148	(3,717,233)

# Consolidated Statements of Comprehensive Income

(Unit: thousand yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net income (loss)	2,532,651	(3,820,043)
Other comprehensive income		
Net unrealized gains or losses on available-for-sale securities, net of taxes	158,091	358,433
Deferred gains or losses on hedges	9,914	(38,864)
Foreign currency translation adjustments	784,515	1,155,966
Adjustment for retirement benefits	(19,056)	20,259
Total other comprehensive income	933,464	1,495,794
Comprehensive income	3,466,116	(2,324,248)
(Breakdown)		
Comprehensive income attributable to owners of parent	3,514,490	(2,218,674)
Comprehensive income attributable to non-controlling interests	(48,374)	(105,573)

### (3) Consolidated Statements of Changes in Net Assets

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(Unit: thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	3,306,002	13,020,018	16,982,736	(158,530)	33,150,226
Cumulative effect of a change in accounting policy					-
Balance at beginning of current period reflecting change in accounting policy	3,306,002	13,020,018	16,982,736	(158,530)	33,150,226
Changes of items during the period					
Dividends from surplus			(668,781)		(668,781)
Net income attributable to owners of parent			2,373,148		2,373,148
Acquisition of treasury stock				(339,983)	(339,983)
Disposal of treasury stock		(17,764)		87,159	69,395
Changes in parent company's interest in transactions with non-controlling shareholders		(852,485)			(852,485)
Change in scope of consolidation			(502)		(502)
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	(870,249)	1,703,863	(252,823)	580,790
Balance at the end of current period	3,306,002	12,149,768	18,686,599	(411,354)	33,731,016

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Net unrealized gains or losses on available-for-sale securities, net of taxes	Deferred gains or losses on hedges	Land revaluation difference	Foreign currency translation adjustments	Accumulated retirement benefit adjustments	Total accumulated other comprehensive income		
Balance at the beginning of current period	713,553	20,740	(17,933)	2,237,081	2,828	2,956,270	4,197,436	40,303,934
Cumulative effect of a change in accounting policy								-
Balance at beginning of current period reflecting change in accounting policy	713,553	20,740	(17,933)	2,237,081	2,828	2,956,270	4,197,436	40,303,934
Changes of items during the period								
Dividends from surplus								(668,781)
Net income attributable to owners of parent								2,373,148
Acquisition of treasury stock								(339,983)
Disposal of treasury stock								69,395
Changes in parent company's interest in transactions with non-controlling shareholders								(852,485)
Change in scope of consolidation								(502)
Net changes of items other than shareholders' equity	362,877	9,914	-	787,606	(19,056)	1,141,342	(2,119,684)	(978,341)
Total changes of items during the period	362,877	9,914	-	787,606	(19,056)	1,141,342	(2,119,684)	(397,550)
Balance at the end of current period	1,076,431	30,654	(17,933)	3,024,687	(16,227)	4,097,613	2,077,752	39,906,383

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Unit: thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	3,306,002	12,149,768	18,686,599	(411,354)	33,731,016
Cumulative effect of a change in accounting policy			11,513		11,513
Balance at beginning of current period reflecting change in accounting policy	3,306,002	12,149,768	18,698,113	(411,354)	33,742,530
Changes of items during the period					
Dividends from surplus			(663,001)		(663,001)
Net loss attributable to owners of parent			(3,717,233)		(3,717,233)
Acquisition of treasury stock				(8)	(8)
Disposal of treasury stock		(20,167)		73,367	53,200
Changes in parent company's interest in transactions with non-controlling interests		(347,660)			(347,660)
Changes due to merger of a consolidated subsidiary with an unconsolidated subsidiary			(111,928)		(111,928)
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	(367,827)	(4,492,164)	73,359	(4,786,632)
Balance at the end of current period	3,306,002	11,781,941	14,205,948	(337,995)	28,955,897

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Net unrealized gains or losses on available-for-sale securities, net of taxes	Deferred gains or losses on hedges	Land revaluation difference	Foreign currency translation adjustments	Accumulated retirement benefit adjustments	Total accumulated other comprehensive income		
Balance at the beginning of current period	1,076,431	30,654	(17,933)	3,024,687	(16,227)	4,097,613	2,077,752	39,906,383
Cumulative effect of a change in accounting policy	(11,513)					(11,513)		-
Balance at beginning of current period reflecting change in accounting policy	1,064,918	30,654	(17,933)	3,024,687	(16,227)	4,086,100	2,077,752	39,906,383
Changes of items during the period								
Dividends from surplus								(663,001)
Net loss attributable to owners of parent								(3,717,233)
Acquisition of treasury stock								(8)
Disposal of treasury stock								53,200
Changes in parent company's interest in transactions with non-controlling interests								(347,660)
Changes due to merger of a consolidated subsidiary with an unconsolidated subsidiary								(111,928)
Net changes of items other than shareholders' equity	352,697	(38,864)	-	1,164,466	20,259	1,498,559	(464,229)	1,034,329
Total changes of items during the period	352,697	(38,864)	-	1,164,466	20,259	1,498,559	(464,229)	(3,752,303)
Balance at the end of current period	1,417,616	(8,210)	(17,933)	4,189,153	4,032	5,584,659	1,613,522	36,154,079

## (4) Consolidated Statements of Cash Flows

(Unit: thousand yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
<b>Cash flows from operating activities</b>		
Net income (loss) before income taxes	4,399,320	(2,117,756)
Depreciation and amortization	2,941,143	3,453,903
Impairment loss	23,903	3,267,460
Amortization of goodwill	1,655,201	1,839,500
Gain on negative goodwill	-	(34,282)
Increase (decrease) in liabilities for retirement benefits	21,602	(33,850)
Increase (decrease) in allowance for doubtful accounts	(45,305)	15,782
Increase (decrease) in accrued bonuses	183,907	291,549
Increase (decrease) in provision for loss on litigation	(630,660)	-
Interest and dividend income	(45,001)	(45,597)
Interest expense	408,691	569,891
Additional retirement allowance	-	903,574
Equity in (earnings) losses of affiliated companies	14,610	-
Loss (gain) on disposal of fixed assets	8,523	10,241
Loss on valuation of shares of subsidiaries and affiliates	84,677	-
Loss (gain) on sales of investment securities	(290,067)	(65,645)
Loss (gain) on sales of shares of subsidiaries and affiliates	(189,252)	-
Net gain (loss) on step acquisitions	(159,561)	-
Loss (gain) on transfer of business	-	(97,198)
Gain on reversal of asset retirement obligations	-	(63,727)
Decrease (increase) in trade receivables and contract assets	1,928,766	(3,750,818)
(Increase) decrease in inventories	1,007,708	(1,581,909)
Increase (decrease) in notes and accounts payable-trade	(523,675)	919,817
Increase (decrease) in contract liabilities	(2,668,142)	2,049,915
Other	(379,267)	23,687
<b>Subtotal</b>	<b>7,747,122</b>	<b>5,554,537</b>
Interest and dividends received	43,995	44,702
Interest payments	(408,310)	(569,965)
Surcharge paid	(73,034)	(78,710)
Income taxes paid	(1,579,527)	(1,059,163)
<b>Cash flows from operating activities</b>	<b>5,730,245</b>	<b>3,891,401</b>
<b>Cash flows from investing activities</b>		
Payments for purchase of property, plant and equipment	(2,291,501)	(1,470,908)
Payments for acquisition of intangible assets	(781,978)	(1,174,504)
Proceeds from sales of investment securities	321,785	166,245
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(203,303)	(201,245)
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation	(267,310)	-
Payment for lease and guarantee deposits	(59,343)	(85,673)
Other	(1,180,127)	(94,585)
<b>Cash flows from investing activities</b>	<b>(4,461,779)</b>	<b>(2,860,671)</b>

(Unit: thousand yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash flows from financing activities		
Net increase (decrease) in short-term debt	(272,203)	3,228,654
Proceeds from long-term debt	3,448,960	-
Repayment of long-term debt	(3,017,609)	(1,756,251)
Dividends paid	(668,781)	(663,001)
Dividends paid to non-controlling interests	(102,689)	(34,913)
Payments for acquisition of subsidiaries' shares without change in scope of consolidation	(1,522,345)	(680,997)
Repayment of finance lease obligations	(285,758)	(289,101)
Distributions paid to non-controlling interests	(1,379,514)	(48,392)
Other	(317,769)	(40,553)
Cash flows from financing activities	(4,117,711)	(284,558)
Effect of exchange rate changes on cash and cash equivalents	176,940	100,657
Net increase (decrease) in cash and cash equivalents	(2,672,305)	846,828
Cash and cash equivalents at beginning of year	7,812,568	5,241,262
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	101,000	-
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	-	425,678
Cash and cash equivalents at end of year	5,241,262	6,513,770



(5) Notes to Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Change in accounting policy)

The "Accounting Standard for Income Taxes" (ASBJ Statement No. 27, October 28, 2022, hereinafter referred to as "Revised Accounting Standard 2022") and others are applied from the beginning of the current fiscal year.

With respect to the revision concerning the classification of income taxes (taxation on other comprehensive income), the transitional treatment stipulated in the proviso of paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment stipulated in the proviso of Paragraph 65-2 (2) of the "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022, hereinafter referred to as "2022 Revised Guidance") are followed. The effect of this change in accounting policy on the consolidated financial statements is immaterial.

In addition, the Company has applied the 2022 Revised Guidance to its consolidated financial statements effective as of the beginning of the current fiscal year, regarding the revision related to the treatment in the consolidated financial statements of the deferral for tax purposes of gains or losses on the sale of shares of subsidiaries and other securities arising from the sale of such securities among consolidated companies. The change in accounting policy was applied retrospectively, and the consolidated financial statements for the previous fiscal year have been prepared on a retrospective basis. The change in accounting policy has no impact on the consolidated financial statements for the previous fiscal year.

(Segment Information, etc.)

[Segment information]

1. Overview of reportable segments

Method of determining reportable segments

The Group's reportable segments are components of the Company and its consolidated subsidiaries for which separate financial information is available and are subject to periodic review by the Board of Directors for the purpose of determining the allocation of management resources and evaluating performance.

The Group is engaged in a wide range of businesses in the "Imaging" related field, and has three reportable segments: "Content Creation", "Production Technology Services", and "Imaging Systems & Solutions".

In the Content Creation business, we are engaged in the planning and production of theatrical films, TV dramas, animated films, and web-related videos; the production of TV commercials and internet advertisements; publishing; the production of audio-visual videos, primarily for music videos; and the comprehensive production of spaces centered on visual images, such as live entertainment.

In the Production Technology Services business, we provide one-stop global video technology services ranging from shooting, broadcasting, video and audio editing for programs, commercials, PR, etc., digital synthesis, VFX/CG production, digital cinema, localization, distribution, etc. As well as game, we provide software development, visual production (CG), translation/audio recording and quality control, and human resource services.

In the Imaging Systems & Solutions business, we develop, manufacture, import, sell, and provide maintenance services for cutting edge hardware and software related to video and imaging, including broadcast video systems, high-speed cameras, medical imaging systems, and optical measurement systems. We also develops and sells video and image processing LSIs, and provides live sports broadcasting and distribution.

2. Calculation of sales, profit or loss, assets, liabilities and other items by reportable segment

The accounting methods used for the reported business segments are the same as those used in the consolidated financial statements.

Reportable segment income is based on operating income.

Intersegment sales and transfers are based on prevailing market prices.

### 3. Information on sales, profit or loss, assets, liabilities and other items by reportable segment

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Unit: thousand yen)

	Reportable Segment				Adjustment (Note 1)	Amount in the Consolidated Financial Statements (Note 2)
	Content Creation	Production Technology Services	Imaging Systems & Solutions	Sub total		
Net sales						
Sales to external customers	28,091,795	52,547,746	19,036,354	99,675,896	8,848	99,684,745
Inter-segment sales or transfers	94,824	1,419,288	720,262	2,234,374	(2,234,374)	-
Total	28,186,619	53,967,034	19,756,616	101,910,270	(2,225,525)	99,684,745
Segment income	1,276,056	1,430,304	2,404,840	5,111,201	(1,187,161)	3,924,040
Segment assets	17,219,222	42,327,572	16,994,774	76,541,569	2,153,058	78,694,627
Other Items						
Depreciation	60,894	2,265,607	534,400	2,860,903	80,239	2,941,143
Amortization of goodwill	5,414	1,614,123	35,663	1,655,201	-	1,655,201
Impairment loss	18,327	5,576	-	23,903	-	23,903
Increase in property, plant and equipment and intangible assets	160,418	2,180,090	402,047	2,742,555	32,785	2,775,341

(Notes) 1. Adjustments are as follows

- (1) Sales to outside customers include real estate rental income.
  - (2) Adjustment of segment income of (1,187,161) thousand yen includes profit/loss of 595,288 thousand yen related to the Company and elimination of inter-segment transactions of (1,782,450) thousand yen.
  - (3) Adjustment of segment assets of 2,153,058 thousand yen includes corporate assets of 14,553,765 thousand yen not allocated to each reportable segment and elimination of inter-segment transactions of (12,400,707) thousand yen. Corporate assets consist mainly of the Company's cash and deposits and fixed assets such as investment securities.
  - (4) Adjustment of depreciation of 80,239 thousand yen includes depreciation of 99,423 thousand yen related to corporate assets and elimination of intersegment transactions of (19,183) thousand yen.
  - (5) Adjustment of increase in property, plant and equipment and intangible assets of 32,785 thousand yen includes increase in corporate assets of 51,236 thousand yen and elimination of inter-segment transactions of (18,450) thousand yen.
2. Segment income is adjusted with operating income in the consolidated statements of income.

Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Unit: thousand yen)

	Reportable Segment				Adjustment (Note 1)	Amount in the Consolidated Financial Statements (Note 2)
	Content Creation	Production Technology Services	Imaging Systems & Solutions	Sub total		
Net sales						
Sales to external customers	26,318,620	51,942,739	18,601,599	96,862,959	47,390	96,910,350
Inter-segment sales or transfers	47,842	1,299,875	721,414	2,069,132	(2,069,132)	-
Total	26,366,463	53,242,615	19,323,014	98,932,092	(2,021,742)	96,910,350
Segment income (loss)	2,176,372	(759,680)	2,372,596	3,789,287	(1,310,147)	2,479,140
Segment assets	18,938,746	42,164,645	17,843,157	78,946,549	1,773,212	80,719,761
Other Items						
Depreciation	97,020	2,721,836	553,879	3,372,736	81,167	3,453,903
Amortization of goodwill	8,362	1,795,474	35,663	1,839,500	-	1,839,500
Impairment loss	6,532	3,236,928	-	3,243,460	24,000	3,267,460
Increase in property, plant and equipment and intangible assets	151,121	1,977,982	449,462	2,578,566	(17,609)	2,560,957

(Notes) 1. Adjustments are as follows

- (1) Sales to outside customers include real estate rental income.
  - (2) Adjustment of segment income (loss) of (1,310,147) thousand yen includes income (loss) related to the Company of 1,044,051 thousand yen and elimination of intersegment transactions of (2,354,198) thousand yen.
  - (3) Adjustment of segment assets of 1,773,212 thousand yen includes corporate assets of 12,403,834 thousand yen not allocated to each reportable segment and elimination of inter-segment transactions of (10,630,621) thousand yen. Corporate assets consist mainly of the Company's cash and deposits and fixed assets such as investment securities.
  - (4) Adjustment of depreciation of 81,167 thousand yen includes depreciation of 100,449 thousand yen related to corporate assets and elimination of inter-segment transactions of (19,282) thousand yen.
  - (5) The adjustment of impairment loss of 24,000 thousand yen is an impairment loss for company-wide assets that are not allocated to each reportable segment.
  - (6) Adjustment of increase in property, plant and equipment and intangible assets of (17,609) thousand yen includes increase in corporate assets of 14,712 thousand yen and elimination of inter-segment transactions of (32,321) thousand yen.
2. Segment income (loss) is adjusted with operating income in the consolidated statements of income.

(Per Share Information)

	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)
Net assets per share	855.85 yen	779.76 yen
Net income (loss) per share	53.57 yen	(83.97) yen

(Notes) 1. Diluted net income per share for the previous consolidated fiscal year is not stated because there were no latent shares.

Diluted net income per share for the current consolidated fiscal year is not stated because net loss per share was recorded and there are no dilutive shares.

2. Basis for calculation of net income (loss) per share is as follows

	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)
Net income (loss) per share		
Net income attributable to owners of parent (thousand yen)	2,373,148	(3,717,233)
Amount not attributable to common shareholders (thousand yen)	-	-
Net income attributable to owners of parent for common stock or net loss attributable to owners of parent (thousand yen)	2,373,148	(3,717,233)
Average number of shares of common stock during the period (shares)	44,298,707	44,266,242

The basis for calculation of net assets per share is as follows

	As of March 31, 2024	As of March 31, 2025
Total net assets (thousands of yen)	39,906,383	36,154,079
Amount deducted from total net assets (thousand yen)	2,077,752	1,613,522
(Of which, non-controlling interests (thousand yen))	(2,077,752)	(1,613,522)
Net assets related to common stock at the end of the period (thousand yen)	37,828,630	34,540,556
Number of shares of common stock used in the calculation of net assets per share at the end of the period (shares)	44,200,121	44,296,658

(Significant Subsequent Events)

The Board of Directors of the Company has resolved at the meeting held on May 9, 2025 to express an opinion in support of the Tender Offer implemented by the Tender Offeror for the Company Shares as part of a so-called Management Buyout (the “MBO”). (Note)

It has been resolved on the assumption that the Company Shares will be delisted from the Tokyo Stock Exchange after completion of the Tender Offer by the Tender Offeror and the necessary procedures.

For details, please refer to “Notice Regarding Implementation of MBO and Recommendation to Tender Offer” dated May 9, 2025.

(Note) An MBO generally refers to a transaction in which the management of the target company acquires shares of the target company by investing all or part of the acquisition funds on the assumption that the target company’s business will continue.