

Imagica Robot Holdings Inc.

Financial Highlights for FY2017

Imagica Robot Holdings Inc.

May 8, 2018

Highlight of financial results for FY2017

Unit billion yen

Net sales

91.3

YoY
+3.7

Operating income

2.4

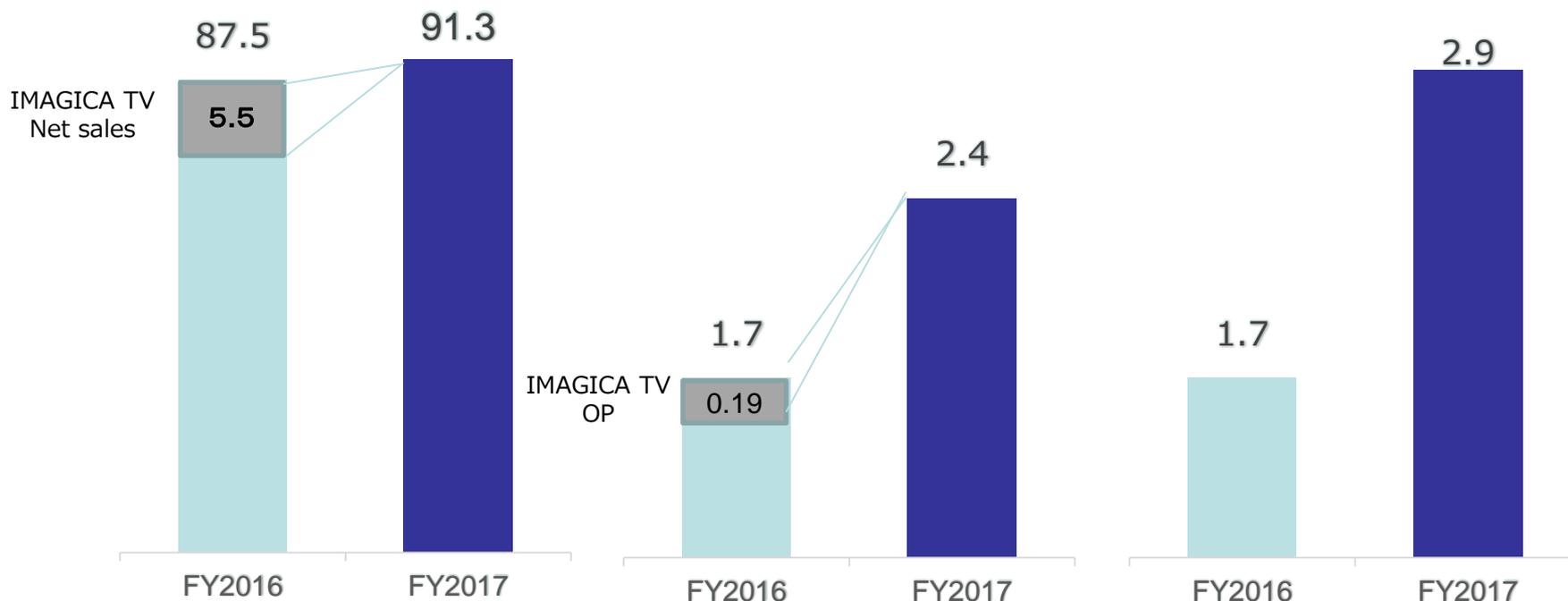
YoY
+0.7

Net income attributable to owners of the parent

2.9

YoY
+1.2

*** Excluding IMAGICA TV, Net sales increase 9.3bn YoY and OP increase 0.8bn YoY**



(* Excluding IMAGICA TV=YoY, excluding the amount of sales and OP of IMAGICA TV sold on April 3,2017)

Financial results by segments

(Millions of yen)

		FY2016	FY2017			Factor
		Actual	Actual	YoY ratio	YoY	
Content Creation	Net sales	21,560	25,289	17.3%	3,728	<ul style="list-style-type: none"> ➢ Movie, TV animation and TV commercial productions saw strong performance. ➢ YoY film distribution from production committee was down.
	Operating income (OP ratio)	908 (4.2%)	799 (3.2%)	△12.0%	△109	
Production Services	Net sales	26,424	27,725	4.9%	1,301	<ul style="list-style-type: none"> ➢ Orders of post-production from TV program was down due to TV programming reshuffle, etc. ➢ Steady growth in sales for Digital cinema and OTT ➢ Increase sales in the game CG and debugging businesses.
	Operating income (OP ratio)	995 (3.8%)	1,209 (4.4%)	21.5%	214	
Media Localization	Net sales	21,658	24,814	14.6%	3,156	<ul style="list-style-type: none"> ➢ Steady growth in sales for OTT ➢ Improvement profitability by increasing direct margin in Europe.
	Operating income (OP ratio)	△ 1,161 (---%)	△ 674 (---%)	-	487	
Imaging Systems Solutions	Net sales	13,976	14,997	7.3%	1,021	<ul style="list-style-type: none"> ➢ Increase sales in 4K-broadcasting system and maintenance service. ➢ Strong growth in LSI sales for China.
	Operating income (OP ratio)	1,235 (8.8%)	1,449 (9.7%)	17.3%	214	
Others(Consolidated adaptation)	Net sales	3,966	△1,475	-	△5,441	*Others for FY2016 included sales and OP of IMAGICA TV
	Operating income	△190	△360	-	△170	
Consolidated	Net sales	87,586	91,351	4.3%	3,765	
	Operating income (OP ratio)	1,787 (2.0%)	2,424 (2.7%)	35.6%	636	

Net sales 95bn ,Operating income 2.6bn

	FY2015	FY2016	FY2017	FY2018		
	Actual	Actual	Actual	Forecast	YoY ratio	YoY
Net sales	70,036	87,586	91,351	95,000	4.0%	3,649
Operating income	653	1,787	2,424	2,600	7.3%	176
(Ratio)	(0.9%)	(2.0%)	(2.7%)	(2.7%)		
Ordinary income	760	2,014	2,424	2,450	1.1%	26
(Ratio)	(1.1%)	(2.3%)	(2.7%)	(2.6%)		
Net income (loss) attributable to owners of the parent	△1,555	1,707	2,937	1,600	△45.5%	△1,337
Earnings per share of common	△34.9	38.3	65.9	35.9	△45.5%	△30.0

Dividend policy and Dividend forecast

Dividend policy

The target consolidated payout ratio is 30%, with a basic policy of distribution according to consolidated results. In the event that an extraordinary factor such as an extraordinary loss will significantly impact net income, when determining the dividend, a comprehensive review will be conducted that includes maintaining stable dividends for shareholders, future business expansion and the status of internal reserves based on a payout ratio that basically takes special factors into account.

	Dividend forecast	Net income attributable to owners of the parent	Per share Net income attributable to owners of the parent	Payout ratio	(Reference) *Payout ratio without IMAGICA TV impact
FY2017	*10 yen	2,938 million yen	65.98 yen	15.2%	31.2%
FY2018	10 yen	1,600 million yen	35.93 yen	27.8%	—

<Note>

* Payout ratio without IMAGICA TV impact = It is calculated from per share net income attributable to owners of the parent excluding IMAGICA TV gain on sale of 2,177 million yen recorded in extraordinary income for FY2017.

* We will announce the dividend for FY2017 by "Notice of Dividend" planned to be released on May 24.

Appendix.

Consolidated profit and loss statement

(Million of yen)

	FY2016	FY2017		
	Actual	Actual	YoY ratio	YoY
Net sales	87,586	91,351	4.3%	3,765
Gross profit	25,205	24,122	△4.3%	△1,083
(Ratio)	(28.8%)	(26.4%)		
Operating profit	1,787	2,424	35.6%	637
(Ratio)	(2.0%)	(2.7%)		
Ordinary income	2,014	2,424	20.4 %	410
(Ratio)	(2.3%)	(2.7%)		
Extraordinary income	508	2,285	350.0%	1,777
Extraordinary losses	529	352	△33.5%	△177
Income before income taxes	1,993	4,357	118.6%	2,364
Income taxes	855	1,605	87.7%	750
Net income attributable to owners of parent	1,707	2,937	72.1%	1,230
(Reference) Operating income before goodwill	3,270	3,878	18.6%	608

Operating income before goodwill includes operating income, goodwill amortization and intangible fixed assets amortization.

Consolidated financial statements

(Millions yen)

	Year ended March 31, 2017	Year ended March 31, 2018	Difference
Current assets	38,706	40,537	1,830
Cash and deposits	8,716	11,131	2,414
Non-current assets	29,500	30,009	508
Goodwill	7,203	7,255	52
Total Assets	68,207	70,546	2,339
Current liabilities	24,273	23,895	△378
Short-term loans payable	4,793	4,982	188
Non-current liabilities	13,992	13,673	△318
Long-term loans payable	8,735	8,891	156
Total Liabilities	38,265	37,568	△697
Shareholder's equity	25,690	28,184	2,494
Accumulated other comprehensive income	622	1,241	618
Non-controlling interests	3,628	3,552	△75
Total Net assets	29,941	32,978	3,036
Total Liabilities and Net assets	68,207	70,546	△2,339
(Reference) Net Cash	△4,812	△2,742	2,070
(Reference) Equity	26,313 (38.6%)	29,425 (41.7%)	3,112

Difference breakdown

Account name	YoY Difference
Current assets	+1,830
• Cash and deposits	+2,414
• Notes and accounts receivable- trade	+ 766
• Inventories	△1,977
Non-current assets	+508
• Goodwill	+52
• Others	+741
• Investments securities	+718
• Deferred tax asset	△941
Current liabilities	△378
• Notes and accounts payable- trade	△933
• Income taxes payable	△523
• Others	+425
• Accounts payable	+391
Non-controlling interests Mainly minority interests of SDI Our share ratio is 50.1%	
Net cash = Cash and deposits – loans payable 11,131-(4,982+8,891)=△2,742	

Consolidated Cash Flow

(Millions Yen)

	FY2016	FY2017
Income before income taxes	1,993	4,357
Depreciation and Amortization	2,709	2,719
Amortization of goodwill	849	883
Decrease (increase) in notes and accounts receivable-trade	△741	△786
Decrease (increase) in inventories	△2,127	1,647
Increase (decrease) in notes and accounts payable-trade	374	△595
Income taxes (paid) and refund	△660	△2,032
Loss (gain) on sales of socks of subsidiaries and affiliates	0	△2,177
Other	1,583	145
Cash flows from operating activities	3,980	4,161
Purchase of property, plant and equipment	△1,764	△1,359
Purchase of investments in subsidiaries resulting in change in scope of consolidation	△4,294	△2,497
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation	0	2,941
Other	719	△336
Cash flows from investing activities	△5,965	△1,251
Cash dividends paid	△667	△445
Net increase (decrease) in short-term loans payable	△911	△365
Net increase (decrease) in long-term loans payable	261	517
Other	△370	△196
Cash flows from financing activities	△1,687	△489
Net increase (decrease) in cash and cash equivalents	△3,786	2,415
Cash and cash equivalents at end of period	8,715	11,131