

NEWS RELEASE

April 2, 2019

Company name	IMAGICA GROUP Inc.
Title and Name of Representative	Nobuo Fuse, Representative Director, President (Securities code: 6879, TSE 1st Section)
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Notice of Acquisition of Shares (Equity-Method) of Pixelogic Holdings LLC

IMAGICA GROUP Inc. (hereinafter the “Company”) hereby announces that it resolved at its Board of Directors meeting held on March 28, 2019 to acquire shares of Pixelogic Holdings LLC (hereinafter “Pixelogic”). Details as follows.

1. Outline of the Transaction

A Special Purpose Company (the “SPC”) established by the Company will acquire shares issued by Pixelogic, which will result in the Company holding 39.6% of outstanding shares of Pixelogic. On completion of this transaction, Pixelogic will become an equity-method affiliate of the Company.

2. Reasons for Acquisition of Shares

Pixelogic was established in 2016 by two founding partners who both are highly regarded and have over 25 years of experience in the media service industry. Based on its best-in-class technology, experienced management team and strong client relationships including major Hollywood Studios and broadcasters, Pixelogic has established itself as a leading End-to-End (“E2E”) service provider across localization and distribution services.

Two subsidiaries of the Company, IMAGICA Lab. Inc. (“Imagica Lab”) and SDI Media Group Inc. (“SDI”) will mainly benefit from the synergies created through this investment. Imagica Lab currently offers post production and distribution services in Japan, while SDI is known as the world’s leading provider of localization services. Through a strategic alliance, Imagica Lab, SDI and Pixelogic will be able to provide media distribution services on a global scale in addition to their current services, allowing them to offer a new, comprehensive E2E capability for both localization and distribution.

Nowadays, due to the changing business model for content distribution, more content owners including major Hollywood studios are looking to accelerate time to market, improve security and control costs by replacing traditional vendors with an E2E service supplier. This investment allows the Company to not only better serve in the areas of localization and media production services, but also lead the way to becoming the next generation provider of E2E services, which will deliver further significant value to its clients throughout the world.

3. Outline of Affiliate Subject to Transfer (Pixelogic)

(1) Name	Pixelogic Holdings LLC
(2) Address	4000 West Alameda Avenue, Suite 110, Burbank, CA 91505 United States
(3) Name and Title of Representative	John Suh, Co-President Robert Seidel, Co-President
(4) Business Areas	Pixelogic's services include subtitling and closed captioning, foreign language dubbing, access services, text and metadata translation, audio services, marketing and promotional material design and versioning, digital cinema mastering and key fulfillment, post-theatrical distribution mastering, compression and authoring for physical media formats, transcoding and packaging for digital distribution products, and archive mastering.
(5) Capital	2,500,000U.S. dollars
(6) Established	July 19, 2016

4. Number of acquired shares, shares held before and after transfer

(1) Number of shares held before transfer	0 shares (Number of voting rights: 0) (Percentage of voting rights: 0.0%)
(2) Number of shares acquired:	76,661.99 shares
(3) Number of shares held after transfer:	76,661.99 (number of voting rights: 1) (percentage of voting rights: 39.6%)

5. Schedule

(1) Date of Resolution by Board of Directors Meeting	March 28, 2019
(2) Conclusion of Agreement	March 28, 2019
(3) Execution Date for Transaction	April, 2019 (tentative)

Acquisition of Shares of Pixelogic

Supplementary Material

TSE Code : 6879

April 2, 2019

IMAGICA
GROUP

PIXELOGIC Overview



Name	Pixelogic Holdings LLC
Headquarters	Burbank, California, USA (other facilities in Culver City, London and Cairo)
Business	E2E capability, bringing together media localization and distribution services
Employees	Approx. 400

Burbank: Billed as the "Media Capital of the World" and only a few miles northeast of Hollywood, numerous media and entertainment companies are headquartered or have significant production facilities in Burbank, including Warner Bros. Entertainment, The Walt Disney Company, Nickelodeon Animation Studios, Cartoon Network Studios with the West Coast branch of Cartoon Network, and Insomniac Games.

Strengths

1. Deep and long-standing customer relations, particularly with major US Studios
2. Highly skilled IT system designers and developers
3. Next generation IT system including "End to End" (E2E) service management platform developed entirely in house

Reasons for acquisition of Shares of Pixelogic

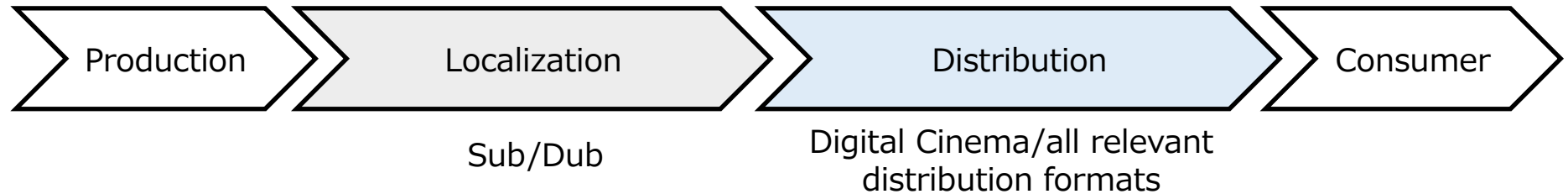


E2E capability, IT system, Human Resource To leverage video production services and media / localization business

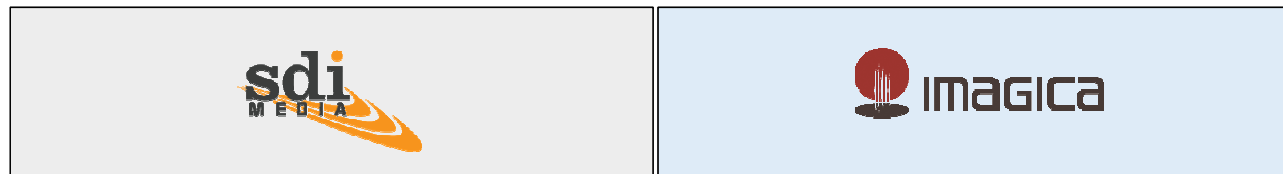
Items	Growth Opportunities
E2E service	Strategic alliance will allow IMAGICA GROUP and Pixelogic to expand services to achieve comprehensive E2E supply chain of worldwide localization and distribution services and strengthen growth potential by <ul style="list-style-type: none">a) offering both localization and distribution andb) winning theatrical projects
IT system	Pixelogic's proprietary pHelix system will cut costs and improve quality <ul style="list-style-type: none">• Automated distribution technology• E2E service management platform
Human Resource	Secure talent (management, IT engineers) to continue expanding IMAGICA GROUP's business

E2E Service Synergy Scenario

Through a strategic alliance, IMAGICA GROUP, SDI, and Pixelogic will be able to offer both localization and distribution services for a variety of content, including both theatrical and episodic content, in most relevant languages, in all relevant formats for all downstream users of digital file delivery and for all physical media.



Before Strategic Alliance



After Strategic Alliance





Thank You Very Much for Your Interest in Our Company