

Financial Highlights for FY2018

IMAGICA GROUP Inc.

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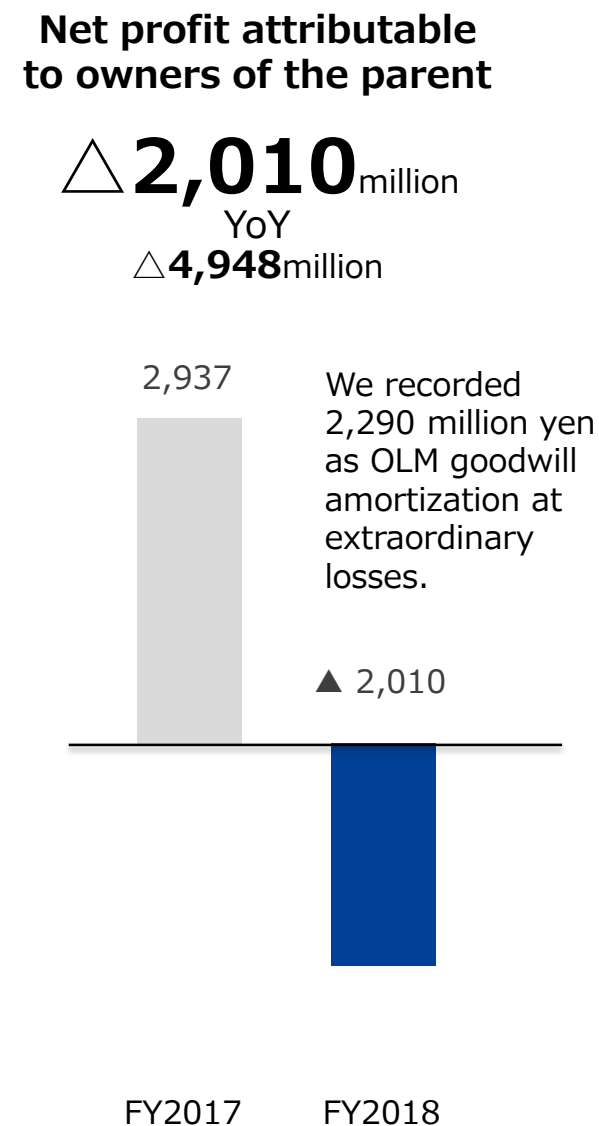
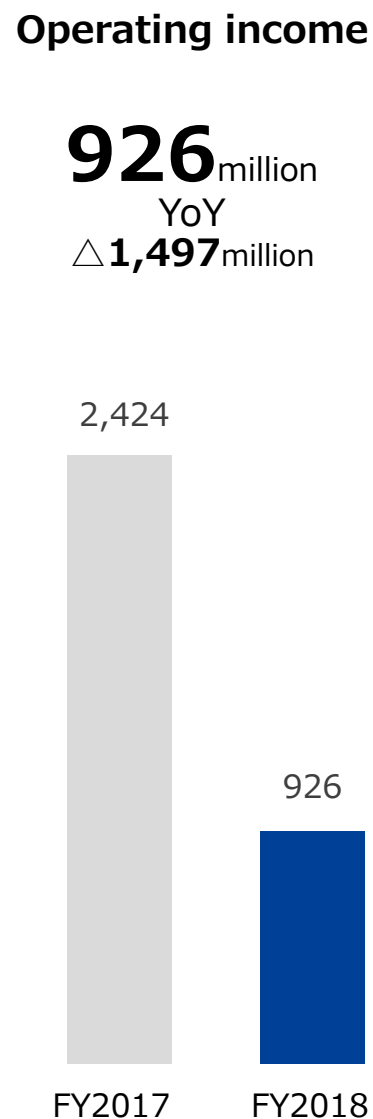
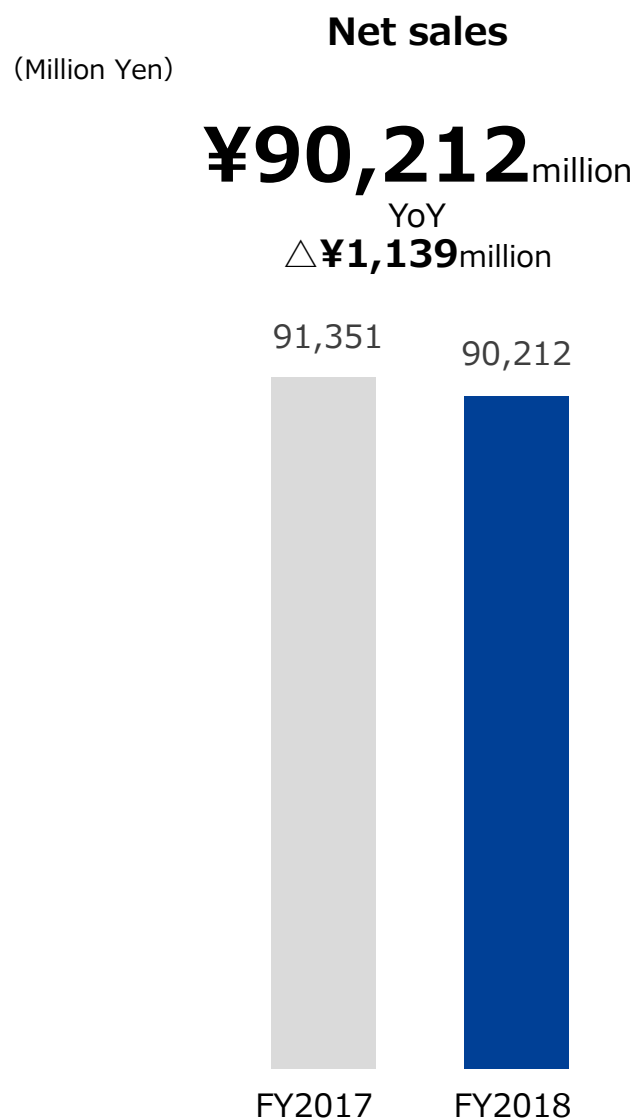
May 14, 2019



Consolidated financial results for FY2018



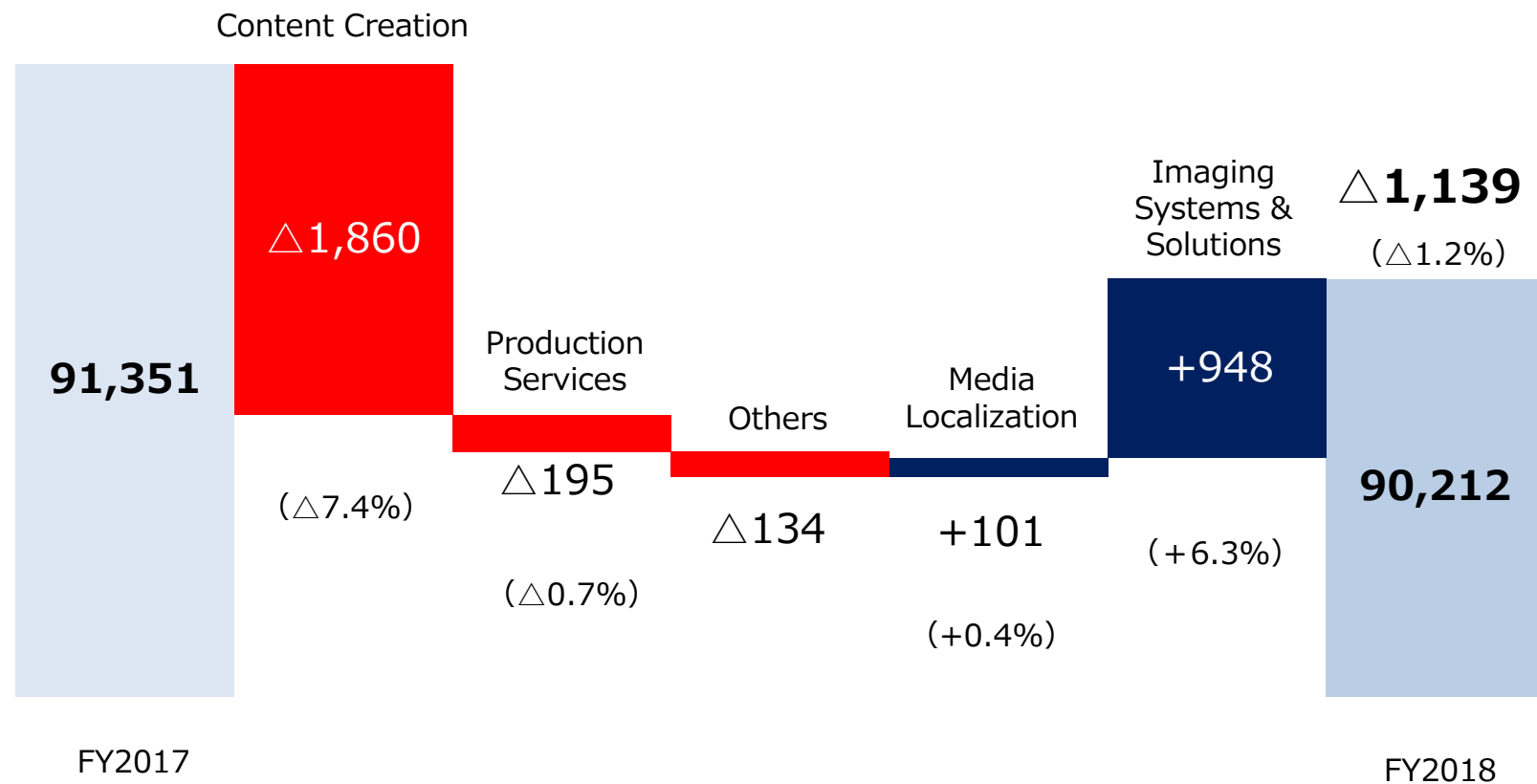
Highlight of financial results



Net sales YoY Change

Imaging Systems & Solutions and Media Localization increased, but entire sales declined 1.2% YoY.

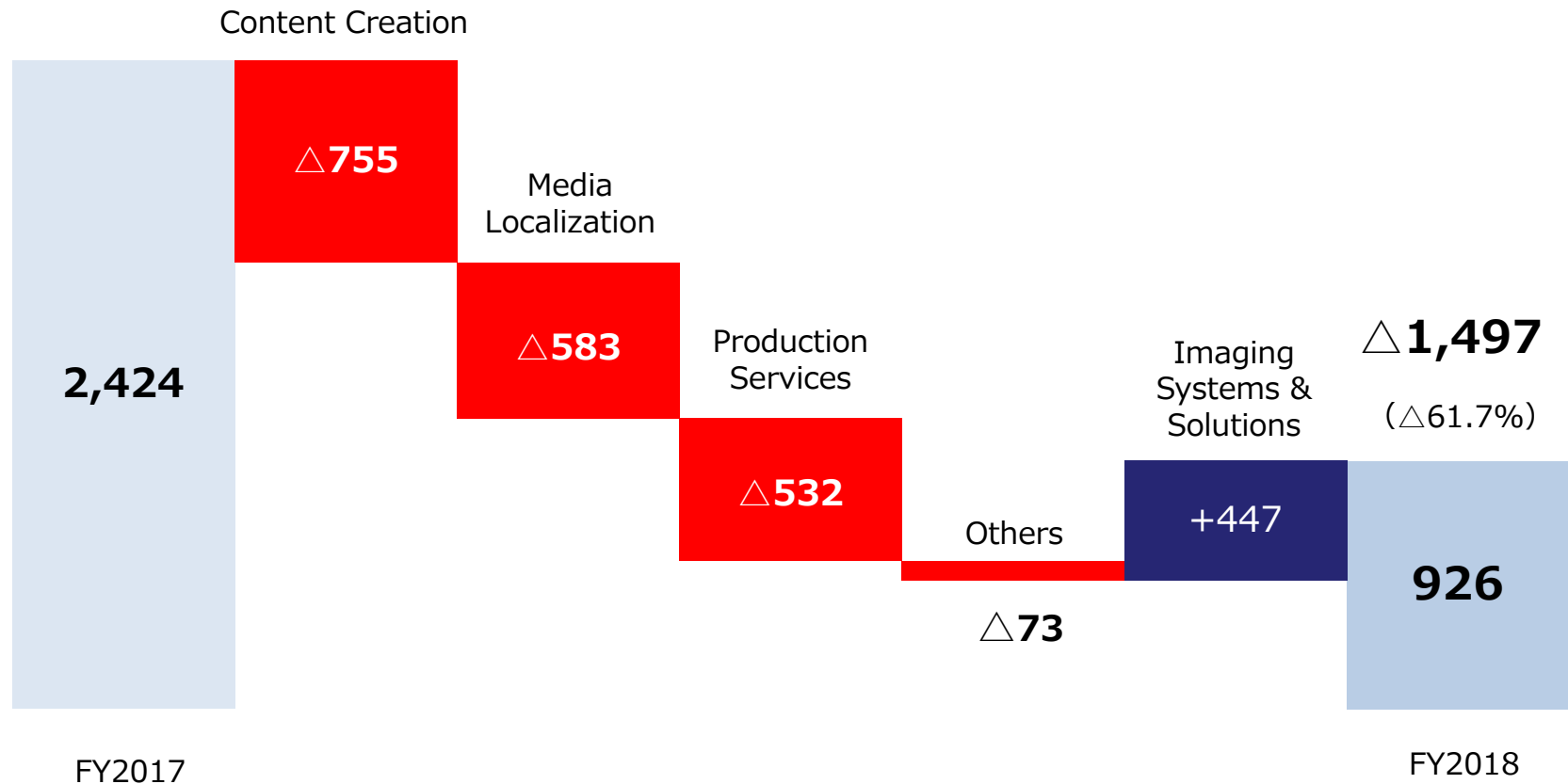
(Million yen)



Operating income YoY Change

Decreased in 3 segments

(Million Yen)



Financial results by Segment (YoY)

(Million Yen)		FY2017 Actual	FY2018			Factor
			Actual	YoY	YoY ratio	
Content Creation	Net sales	25,289	23,429	△1,860	△7.4%	➤ While TV commercials, projection mapping and out of home advertises performed well, number of major live-action feature films decreased. ➤ Anime production cost increased.
	Operating income (OP ratio)	799 (3.2%)	43 (0.2%)	△756	△94.6%	
Production Services	Net sales	27,725	27,529	△195	△0.7%	➤ Post-production services for TV animations, HR services for IT, and meteorological information services performed well. ➤ Post-production from TV program reduced its revenues and profits due to the structural reform in line with the work-style reform.
	Operating income (OP ratio)	1,209 (4.4%)	677 (2.5%)	△532	△44.0%	
Media Localization	Net sales	24,814	24,916	101	0.4%	➤ Localization services in Europe was good sales. ➤ While Americas and Asia dropped revenues due to OTT customer trend change, Americas performed better than expected in 4Q.
	Operating income (OP ratio)	△ 674 (---%)	△ 1,257 (---%)	△583	-	
Imaging Systems & Solutions	Net sales	14,997	15,946	949	6.3%	➤ Imaging sector in Japan showed a strong performance. ➤ Sales in professional video sector for broadcast went well beyond expectations. ➤ Sales in LSI for China was strong.
	Operating income (OP ratio)	1,449 (9.7%)	1,896 (11.9%)	447	30.9%	
Adjustments	Net sales	△1,475	△1,609	△134	-	
	OP	△360	△433	△73	-	
Consolidated	Net sales	91,351	90,212	△1,139	△1.2%	
	OP	2,424	926	△1,498	△61.7%	



Consolidated statements of income

(Million Yen)	FY2017	FY2018		
	Actual	Actual	YoY	YoY ratio
Net sales	91,351	90,212	△1,139	△1.2%
Gross profit	24,122	23,617	△505	△2.1%
(Ratio)	(26.4%)	(26.2%)		
Operating income	2,424	926	△1,497	△61.8%
(Ratio)	(2.7%)	(1.0%)		
Ordinary income	2,424	789	△1,635	△67.5%
(Ratio)	(2.7%)	(0.9%)		
Extraordinary income	2,285	391	△1,894	△82.9%
Extraordinary losses	352	2,876	2,523	715.6%
Net profit (loss) before taxes	4,357	△ 1,695	△6,052	△138.9%
Net profit (loss) attributable to owners of parent	2,937	△ 2,010	△4,948	△168.5%
(Reference) Operating income before goodwill	3,878	2,469	△1,409	△36.3%

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

Consolidated balance sheets

(Million Yen)	Year ended March 31, 2018	Year ended March 31, 2019	YoY	Main Factor (YoY)
Current Assets	39,661	40,119	458	Cash and deposits Δ 5,052 Notes and accounts receivable-trade628 Inventories3,320 Others1,562
Cash and deposits	11,131	6,079	Δ 5,052	
Non-current Assets	30,868	24,606	Δ 6,262	Goodwill Δ 3,486 Investment securities Δ 1,656 Stocks of subsidiaries and affiliates Δ 308 Deferred tax asset352
Goodwill	7,255	3,769	Δ 3,486	
Total Assets	70,529	64,725	Δ 5,803	
Current liabilities	23,894	26,712	2,818	Notes and accounts payable-trade868 Short-term loans payable392 Advance payment2,791 Others Δ 909
Short-term loans payable	4,982	5,375	392	
Non-current liabilities	13,656	10,115	Δ 3,541	Long-term loans payable Δ 2,721 Deferred tax liabilities Δ 518 Long-term accounts payable-other Δ 284
Long-term loans payable	8,891	6,169	Δ 2,721	
Total Liabilities	37,551	36,828	Δ 723	
Shareholder's equity	28,184	24,857	Δ 3,327	(Reference) Shareholders' equity
Accumulated other comprehensive income	1,241	292	Δ 948	As of March 31, 2018 29,425 (38.9%)
Non-controlling interests	3,552	2,747	Δ 804	As of March 31, 2019 25,150 (41.7%)
Total Net Assets	32,978	27,897	Δ 5,080	
Total Liabilities and Net Assets	70,529	64,725	Δ 5,803	
Net Cash	Δ 2,742	Δ 5,465	Δ 2,723	

Consolidated statements of Cash Flow

(Million Yen)	FY2017	FY2018
Income before income taxes (loss)	4,357	△1,695
Depreciation and Amortization	2,719	2,887
Amortization of goodwill	883	3,220
Loss (gain) on sales of stocks of subsidiaries and affiliates	△2,177	247
Decrease (increase) in inventories	1,647	△3,399
Increase (decrease) in advance payment	△286	2,474
Income taxes paid	△2,032	△1,197
Other	△950	△2,420
Cash flows from operating activities	4,161	117
Purchase of property, plant and equipment	△1,359	△1,177
Purchase of investments in subsidiaries resulting in change in scope of consolidation	△2,497	-
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation	2,941	-
Other	△336	△243
Cash flows from investing activities	△1,251	△1,420
Proceeds from long-term loans payable	2,748	-
Repayment of long-term loans payable	△2,230	△2,490
Purchase of treasury stock	-	△512
Other	△1,007	△758
Cash flows from financing activities	△489	△3,760
Net increase (decrease) in cash and cash equivalents	2,415	△5,064
Cash and cash equivalents at end of period	11,131	6,067

Consolidated forecast for FY2019



Consolidated forecast for FY2019

- ✓ Net sales, operating income and ordinary income are expected to increase
- ✓ Net profit increased ¥ 3.8 billion yoy (gain on sales of fixed assets is expected to be recorded as extraordinary income)

(Million yen)	FY2017	FY2018	FY2019		
	Actual	Actual	Forecast	YoY	YoY ratio
Net sales	91,351	90,212	95,000	4,788	5.3%
Operating income	2,424	926	1,680	754	81.4%
(Ratio)	(2.7%)	(1.0%)	(1.8%)		
Ordinary income	2,424	789	1,200	411	52.0%
Net profit (loss) attributable to owners of parent	2,937	△2,010	1,800	3,810	—
Net profit(loss) attributable to owners of parent per share (yen)	65.98	△45.55	40.86	86.41	—

Dividend policy and forecast

Dividend policy

Dividend is one of the most important management objectives of the Group. Principally, profits are shared with our shareholders in line with our consolidated results, with a consolidated payout ratio of 30% as the target. We aim to maintain a stable dividend and improve dividend scale.

If any special factor, such as an extraordinary income or loss, significantly impacts the net income of a given fiscal year, a dividend incorporating such special factor would be determined in principal, following a comprehensive consideration on stable dividend, future business development, and retained earnings.

	Net profit attributable to owners of parent(Note)	Net profit attributable to owners of parent per share	Dividend forecast	Dividend payout ratio
FY2019 Forecast	¥1,800 million	¥40.86	¥ 5	12.2%

<Note>

* Gain on sales of fixed assets in extraordinary income

Gain on sale of fixed assets will be recorded in extraordinary income in fiscal year 2019