

Financial Results Presentation

Fiscal Year Ended March 31, 2024
(FY2023)

IMAGICA GROUP Inc.

Securities Code: 6879

May 16, 2024



Contents of Today's Presentation

I Financial Results Summary for FY2023 and Financial Forecast for FY2024

Masakazu Morita, Director and Senior Managing Executive Officer

II Business Plan for FY2024

III Future Management Policy

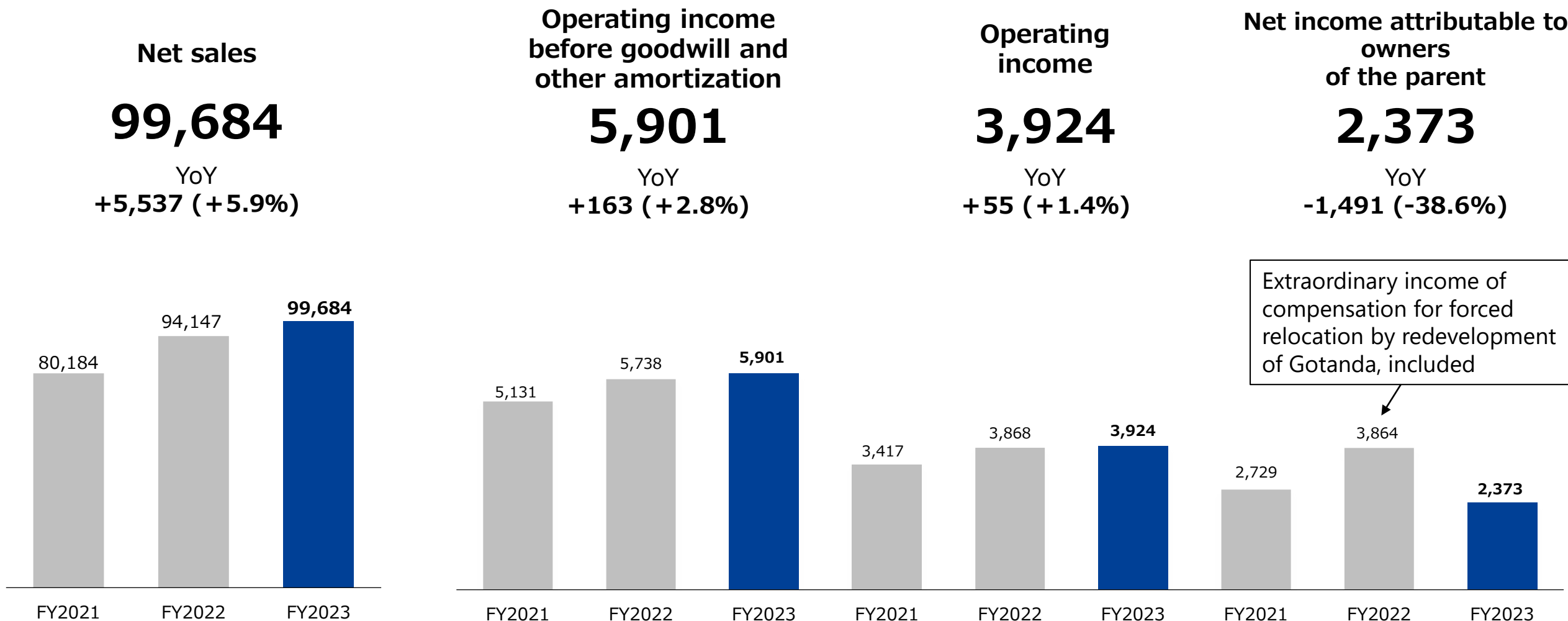
Shunjiro Nagase, Representative Director, President

* Fiscal years in this presentation are abbreviated as follows: Fiscal year ending March 31, 2024 → FY2023

Highlights of Financial Results

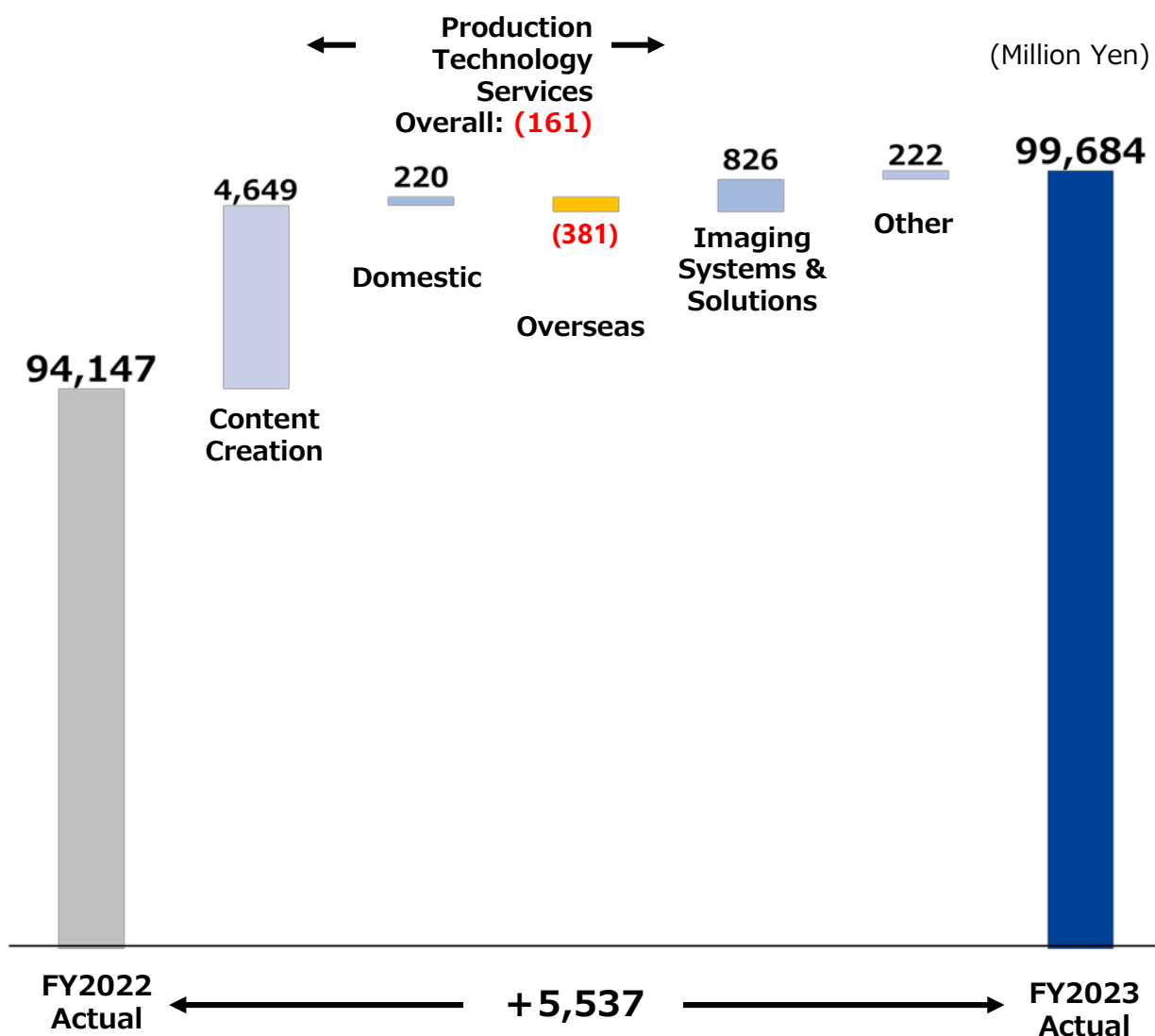
Operating income increased for three consecutive years. Net sales and operating income reached their highest values since the listing.

(Million Yen)



Analysis of increase/decrease of Net sales (YoY)

Content Creation recorded sales increase of 4.6 billion yen with major works, and Imaging Systems & Solutions recorded sales increase of 0.8 billion yen with strong sales of high-speed cameras.



Analysis of increase/decrease

Content Creation (increased sales)

- Major feature film and drama works such as "Godzilla Minus One."
- Strong orders for TV animation series.
- Strong sales of original works and comics of "The Apothecary Diaries."

Production Technology Services (decreased sales)

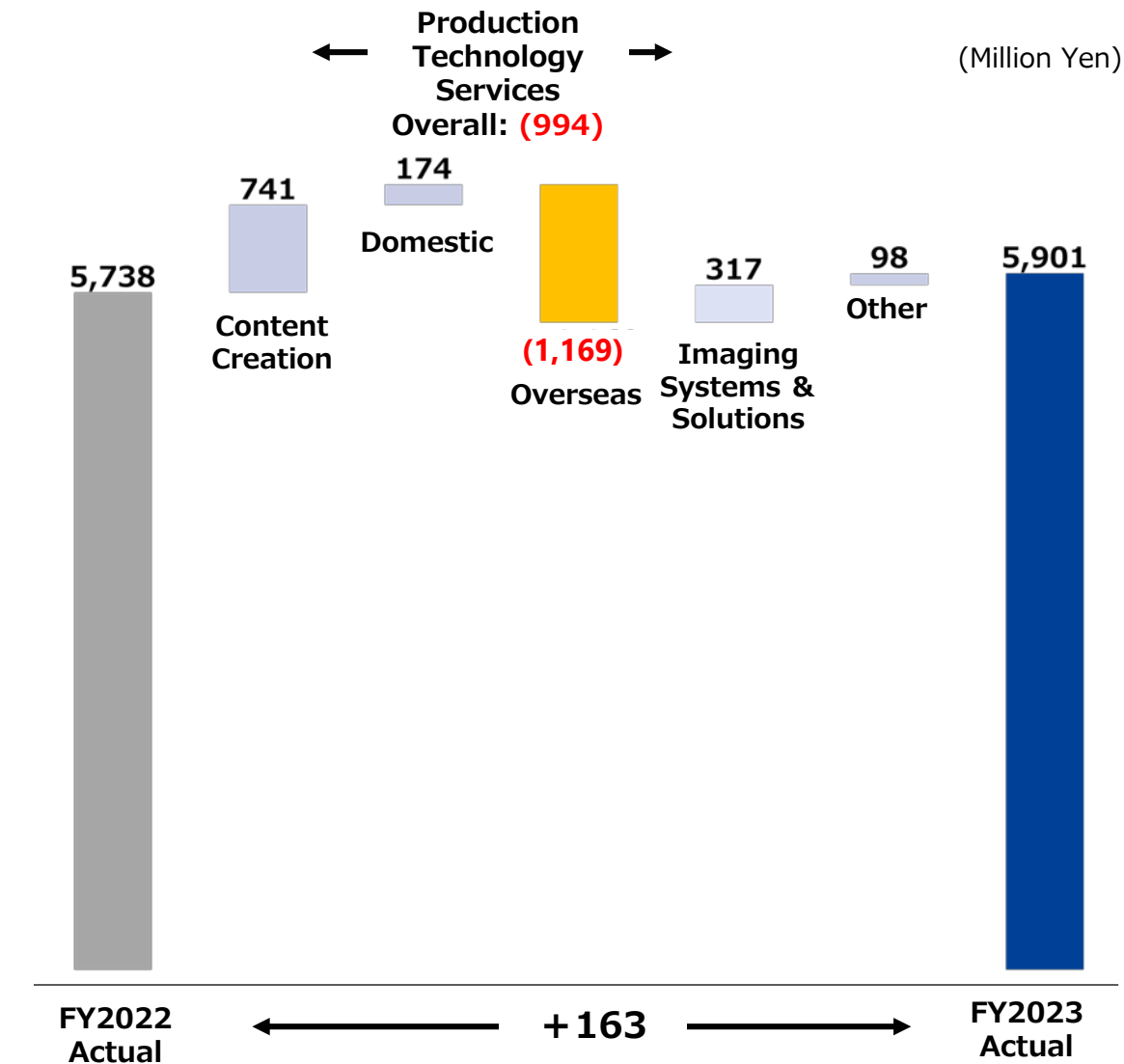
- Domestic digital cinema services grew.
- Sales of localization services has struggled since 2H partly due to the impact of strike in Hollywood.
- Orders for 3DCG production for games were strong.

Imaging Systems & Solutions (increased sales)

- Sales of high-speed camera increased significantly owing to strong order.
- Video and image processing LSI sales decreased due to market deterioration.

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

Operating income decreased in Production Technology Services (overseas) but increased overall by 160 million yen partly owing to significantly increased operating income in Content Creation.



Analysis of increase/decrease

Content Creation (increased operating income)

- Margin in animation production has improved.
- Operating income increased owing to strong sales of "The Apothecary Diaries."

Production Technology Services (decreased operating income)

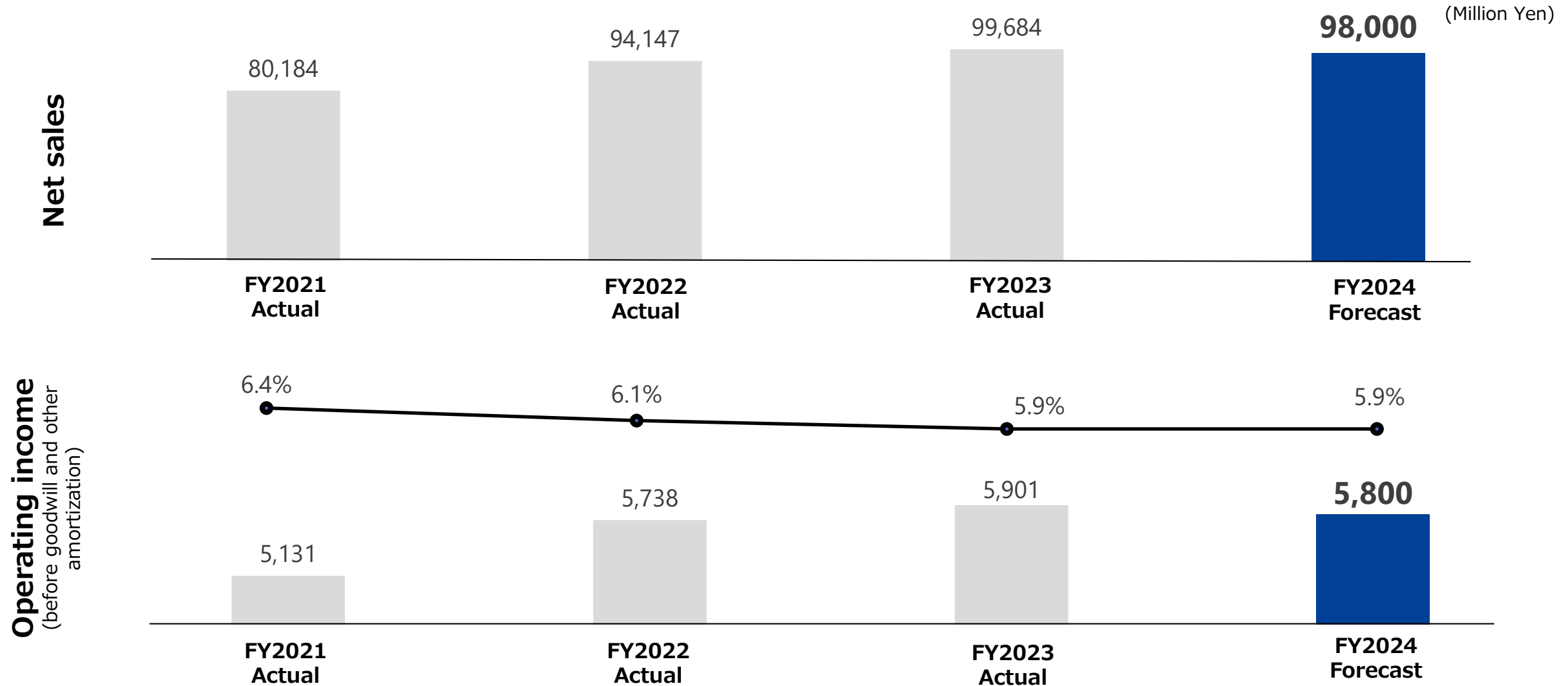
- Operating income of overseas E2E services decreased due to a decrease in profit associated with sales decrease in localization services and an increase in depreciation expenses and the other costs due to the expansion of capital investments.

Imaging Systems & Solutions (increased operating income)

- Operating income increased owing to strong high-speed camera sales and improvement of cost structure of broadcast imaging systems & solutions.

FY2024 forecast

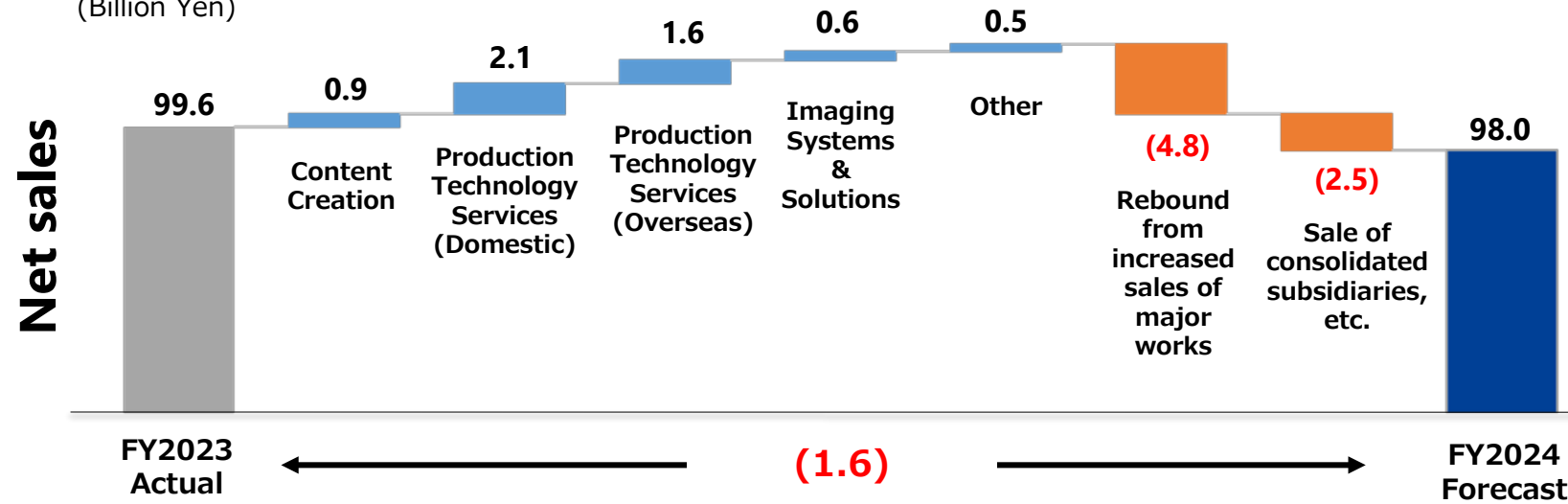
In FY2024 we will gain a foothold for growth stage and aim for an operating margin of 5.9%.



Factors of increase/decrease between FY2023 actual and FY2024 forecast

Rebound from increased sales of major works, sale of consolidated subsidiaries, and impact of the strike in Hollywood in the U.S. are factored into the forecast.

(Billion Yen)



Net sales

Net sales increase in three segments, but the following are factored into the forecast.

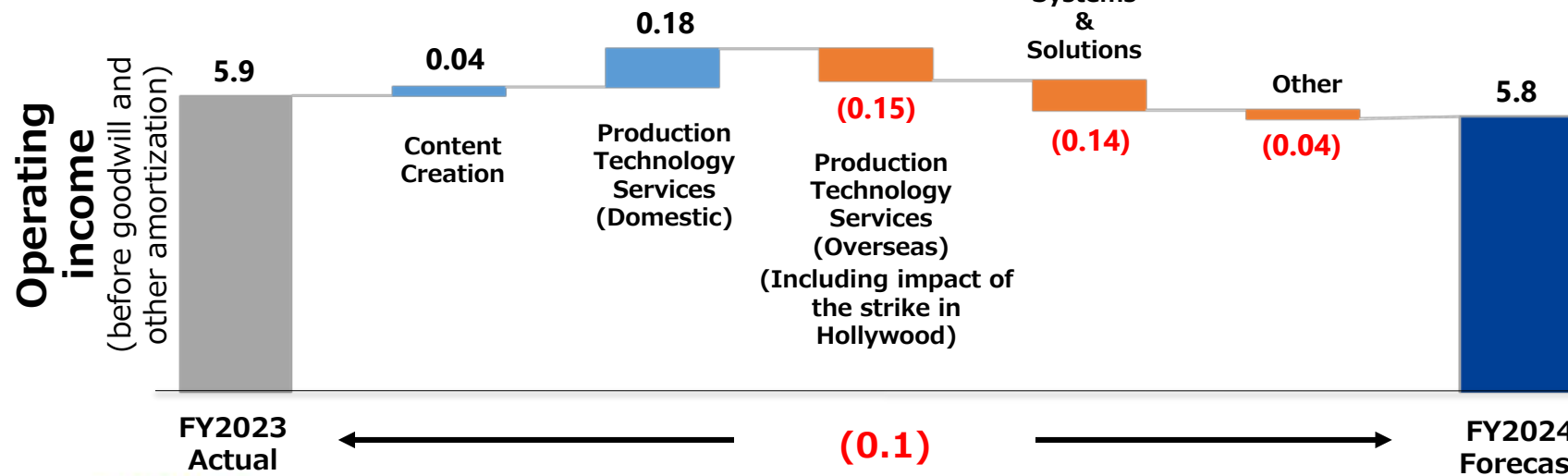
① Rebound from increased sales of major works: (4.8)

(4.8)

Major works such as feature film "Godzilla Minus One" recorded in the previous year are not expected in FY2024.

② Sale of consolidated subsidiaries: (2.5)

In March 2024, we sold all shares of three consolidated subsidiaries that provide human resource consulting services, for business portfolio review.



Operating income

① Although operating income of Production Technology Services (domestic) increases, impact of the strike in Hollywood is factored into overseas services until 1H.

② In Imaging Systems & Solutions, market recovery is conservatively expected to be slow, except one for high-speed camera.

Full-year financial forecast for FY2024

Dividend per share is expected to remain at the same level as last year.

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

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Shunjiro Nagase, Representative Director, President

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Introduction of Representative Director, President



Shunjiro Nagase

Date of Birth	March 20, 1978 (46 years old)
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Career Summary in the Group

May 2012	Joined the Company
April 2016	Loaned to SDI Media Group Inc.
April 2019	Executive Officer, the Company Director, SDI Media Group Inc.
April 2021	Manager, Pixelogic Holdings LLC
April 2022	Representative Director, President, ROBOT COMMUNICATIONS INC.
April 2024	Representative Director, President, the Company

Significant Concurrent Positions

Representative Director, President, ROBOT COMMUNICATIONS INC.

Manager, Pixelogic Holdings LLC

Director, P.I.C.S. Co., Ltd.

Policies for Business Plan for FY2024

Following the policies so far, we define the business for growth and transformation and formulate a new Mid-Term Plan.

**Growth
business**

Game

IP

**High-speed
camera**

**Transformation
business**

**Global E2E business
(Overseas)**

TV-related business

Overview of Business Plan for FY2024 by segment

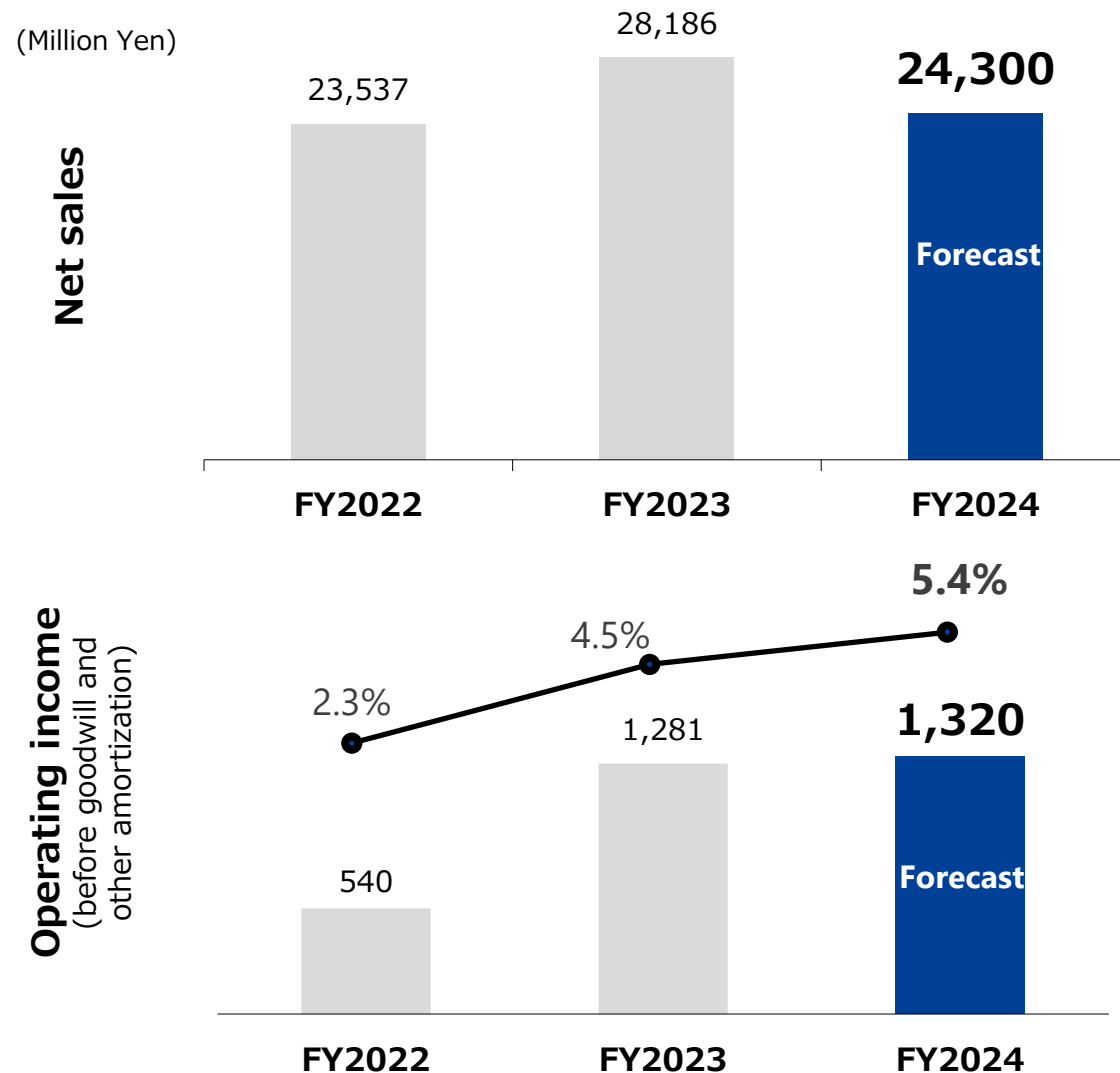
Promote growth path expansion and transformation business measures for each business.

Financial forecast for FY2024

		Net sales	Operating income/ margin before goodwill and other amortization
1	Content Creation		
	<ul style="list-style-type: none"> Expand profitability by further IP creation Improve profitability by enforcing cost control in animation production and CM production 	24.3 billion yen	1.32 billion yen (5.4%)
2	Production Technology Services		
	<ul style="list-style-type: none"> Global E2E business: strengthen orders in APAC, reduce costs and enhance productivity Game-related business: expand existing businesses and expand into new business areas 	55.1 billion yen	3.4 billion yen (6.2%)
3	Imaging Systems & Solutions		
	<ul style="list-style-type: none"> High-speed camera: Strengthen orders for vehicles in Southeast Asia and introduce new models Challenge of a new business using 3D sensing technology. 	20.3 billion yen	2.3 billion yen (11.3%)

Content Creation

Although sales decrease due to the rebound from last year's increase in sales of major works, etc., aim for a margin of over 5% through the effects of various measures.



FY2024 Highlights

1 Continue to enhance profitability through IP creation

- Enhance profitability with existing works including "The Apothecary Diaries."
- Promote initiatives for further IP creation. [Details in the next page](#)

2 Animation production: continue to implement measures to increase gross margin

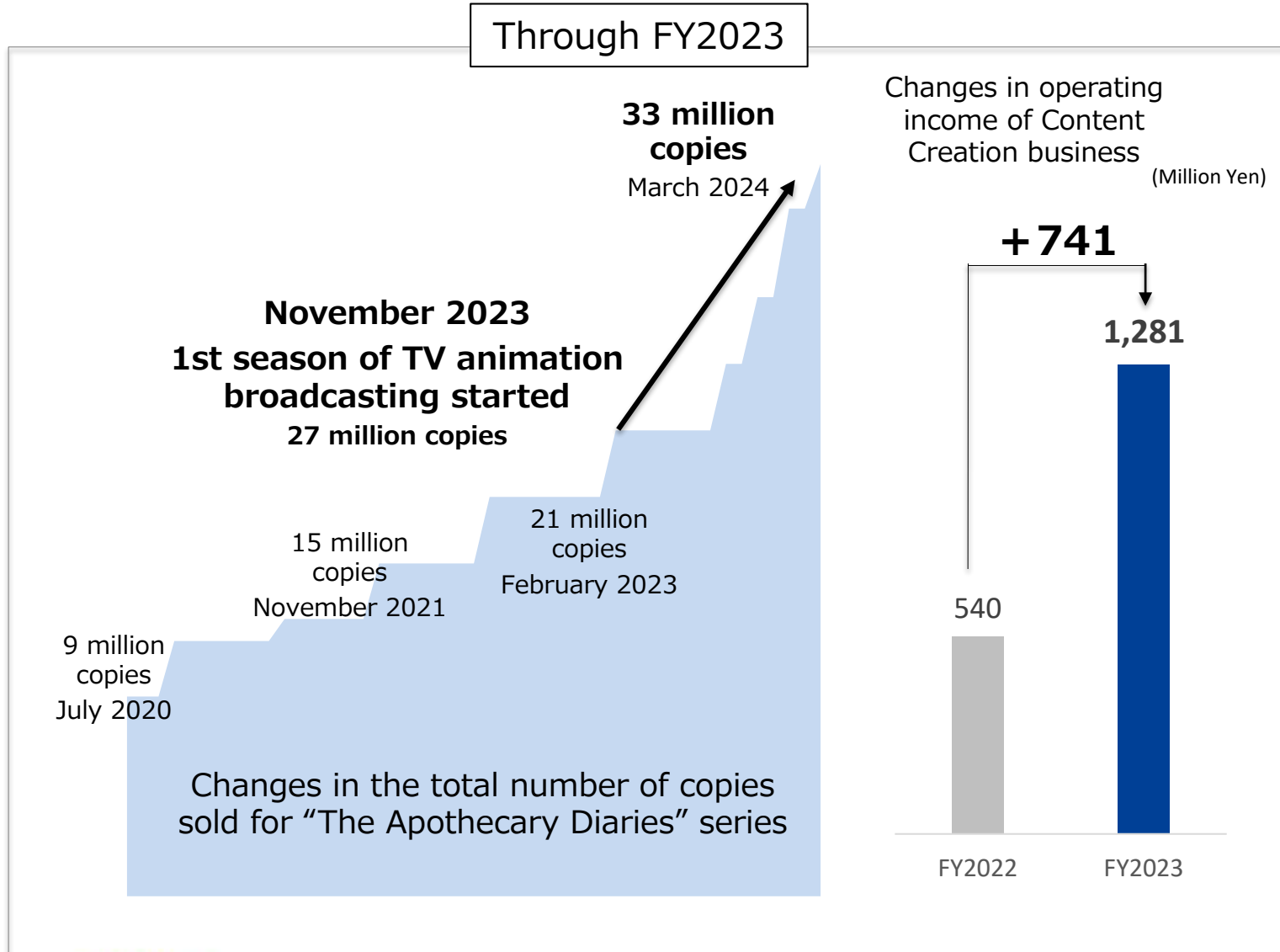
- Continue to promote digitalization and control outsourcing ratio.

3 CM production: aim to improve gross margin

- Screen out projects with low-profitability and enforce cost control.
- Consider M&As to strengthen digital production capabilities.

Example of IP Creation “The Apothecary Diaries”

The number of copies sold in the series has increased rapidly since TV animation broadcasting started, contributing to increased operating income of Content Creation. 2nd season of the TV animation broadcasting has been decided.



FY2024

2nd season of TV animation broadcasting decided

Fund allocation revenue from the production committee is expected, in addition to an increase in sales volume of original works and comics.

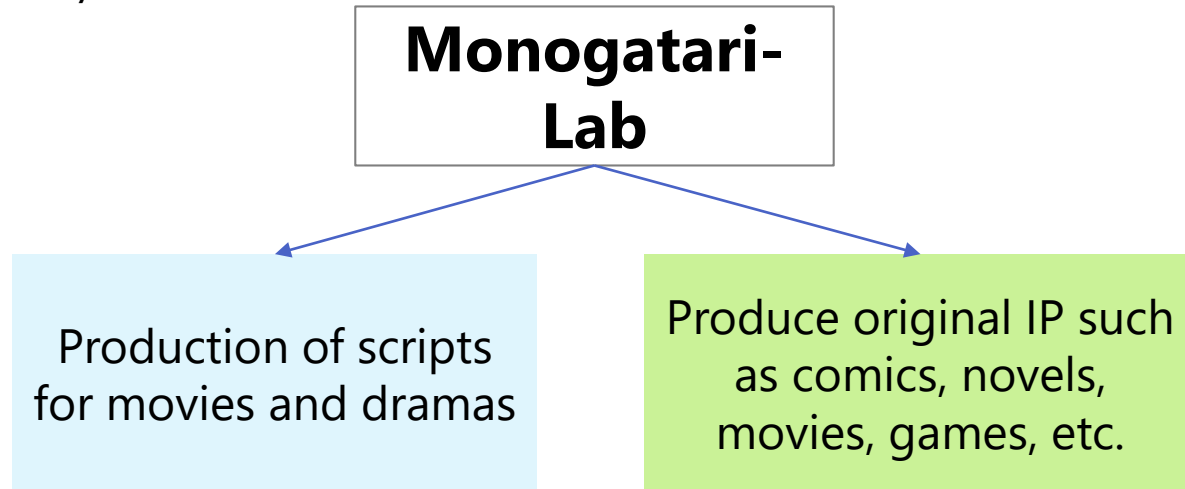
New IP Creation Initiatives: “Monogatari-Lab” and “Light Anime”

“Monogatari-Lab”

ROBOT

＝ A scenario production team comprising diverse creators

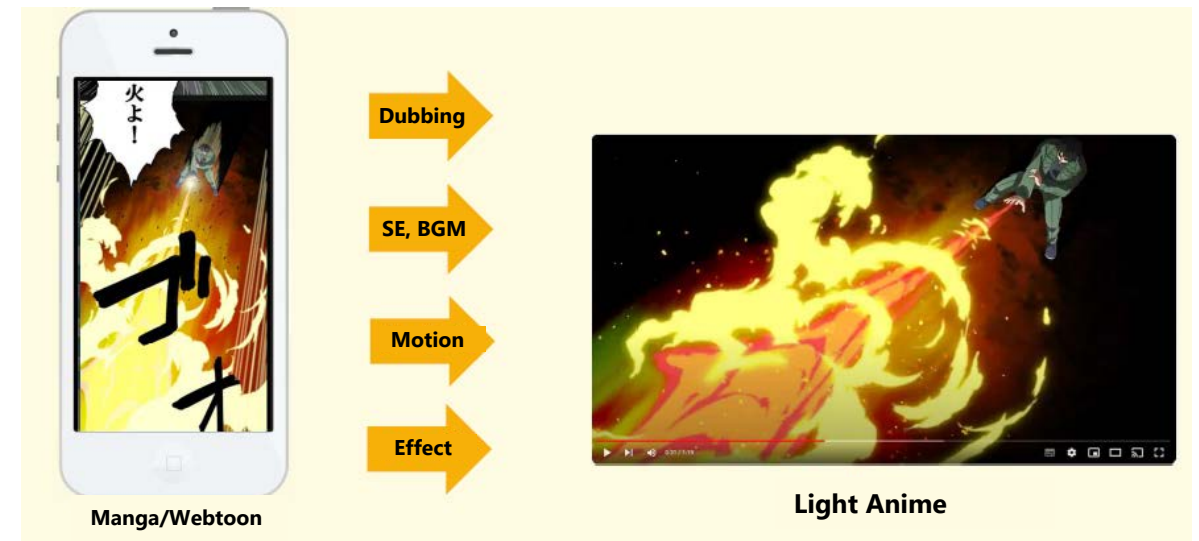
A scenario production team led by Norihiro Koizumi, director of the “Chihayafuru” series and “The Liar and His Lover.” Comprised of scenario writers, film directors, producers and other members engaged in entertainment projects on a daily basis.



“Light Anime®” (production method)

＝ Animation production method promoted jointly with Dai Nippon Printing Co., Ltd. (DNP)

- “Light Anime®” is a general term for animation in which still images from the original “manga” or “WEBTOON” are moved and voiced by voice artists. Time and cost of animation production can be significantly reduced compared to conventional production methods.
- Broadcasting to begin on terrestrial TV in June under the label of “AnimationID.”



Use of original IP produced by Monogatari-Lab is also under consideration

*Light Anime is a registered trademark of DNP.

IP-related Topics in FY2024

TV Drama “RoOT”

Planning, original work, and production by P.I.C.S.
Broadcasting started on April 2 on TV Tokyo and other stations
Distribution available exclusively on Netflix



©P.I.C.S., Kazuya Konomoto/RoOT Project

“PARALLEL CLIMB”

A comic that reads from top to bottom, co-produced by Monogatari-Lab and IMAGICA Infos



“Rinko Higashiyama, mono-gatally & Imagica Infos Co., Ltd. 2024

“Maarui Kanojo to Zannen na Kareshi”

The first of a series of Light Anime by IMAGICA Infos x Dai Nippon Printing
Broadcasting on terrestrial TV in June decided



©Izumi Hayama, Yachiyo Okamura, una toon studio/LDF

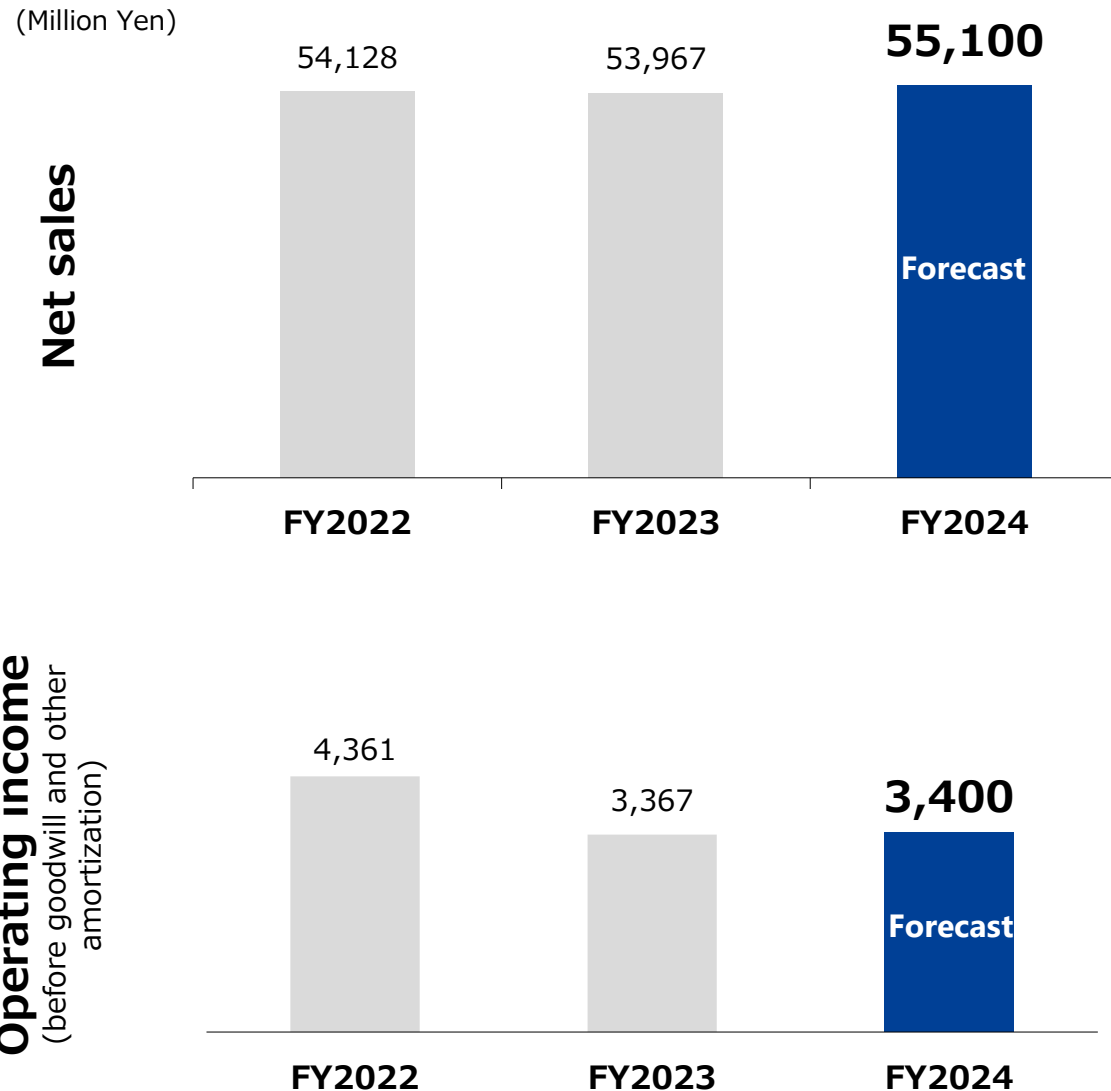
“The Apothecary Diaries” 2nd season of TV animation broadcasting decided



©Hyuuga Natsu, IMAGICA Infos/“The Apothecary Diaries” Project

Production Technology Services

We expect to increase both sales and operating income through sales increase in game-related business and profitability improvement, etc. in global E2E business.



FY2024 Highlights

1 Global E2E business

- Strengthen orders in APAC (Korea and Japan).
- Reduce costs by assigning personnel to low-cost countries.
- Impact of strike in Hollywood is expected to cease in 1H.

2 Game-related business

Details in the next page

- Expand existing businesses and expand into new business areas.

3 TV-related business

- Strengthen orders from key customers.
- Improve profitability by enforcing outsourcing cost reduction and fixed cost reduction, etc.

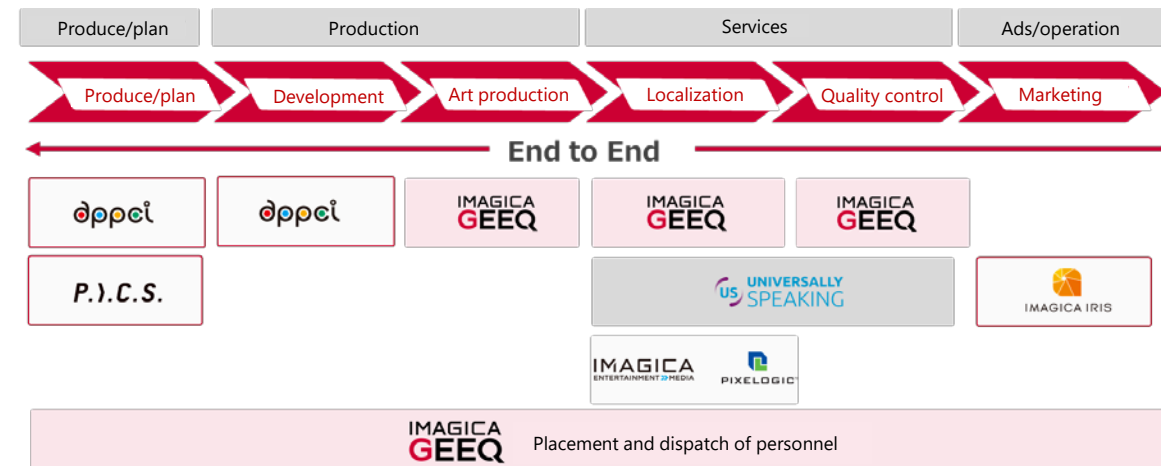
Initiatives for Game-related business

Implement measures for growth that will drive the Group.

Further growth in the 3DCG business (aim for 26% sales increase compared to the previous year)

- Increase the number of key customers and high value added projects.
- Strengthen human resource development (develop project-specific training and OJT-type training).

Provide global E2E services for game production

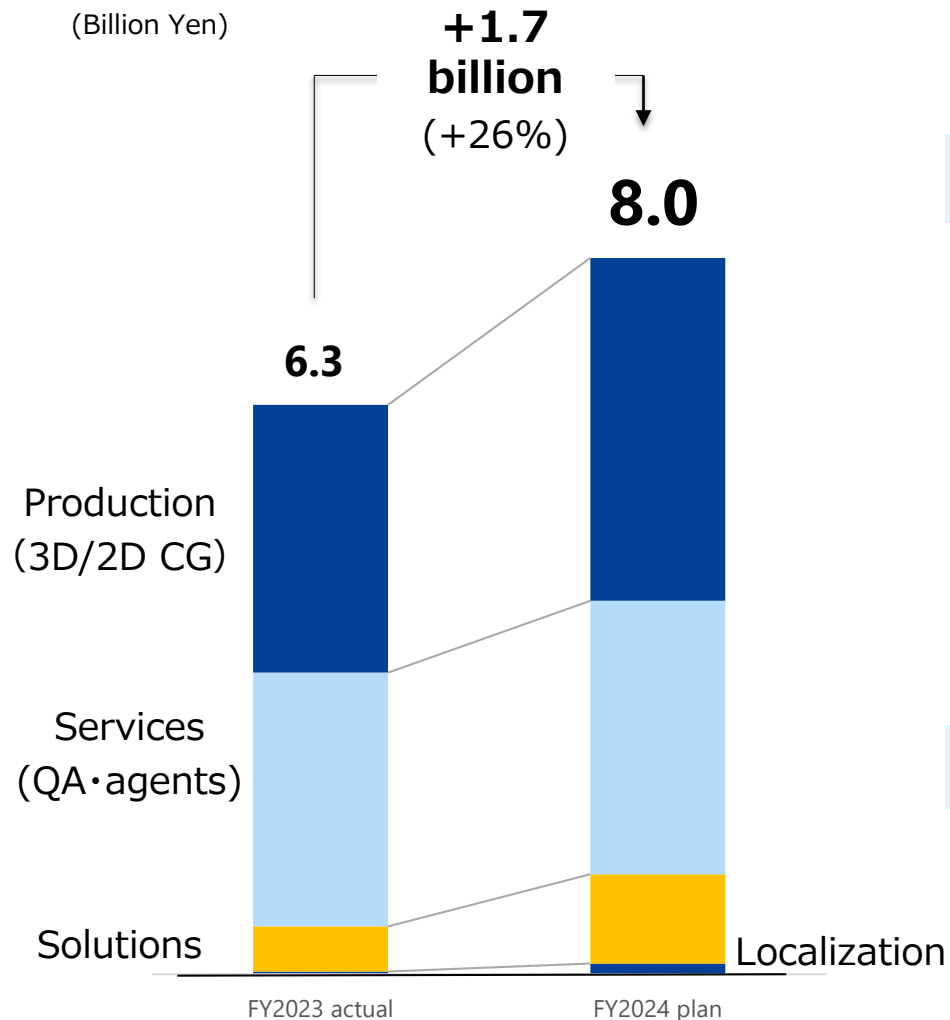


Accelerate global expansion (acquire projects from overseas clients)

- Acquire overseas projects via Universally Speaking, Ltd. in UK, with whom we have a business alliance, and respond in cooperation with group companies.



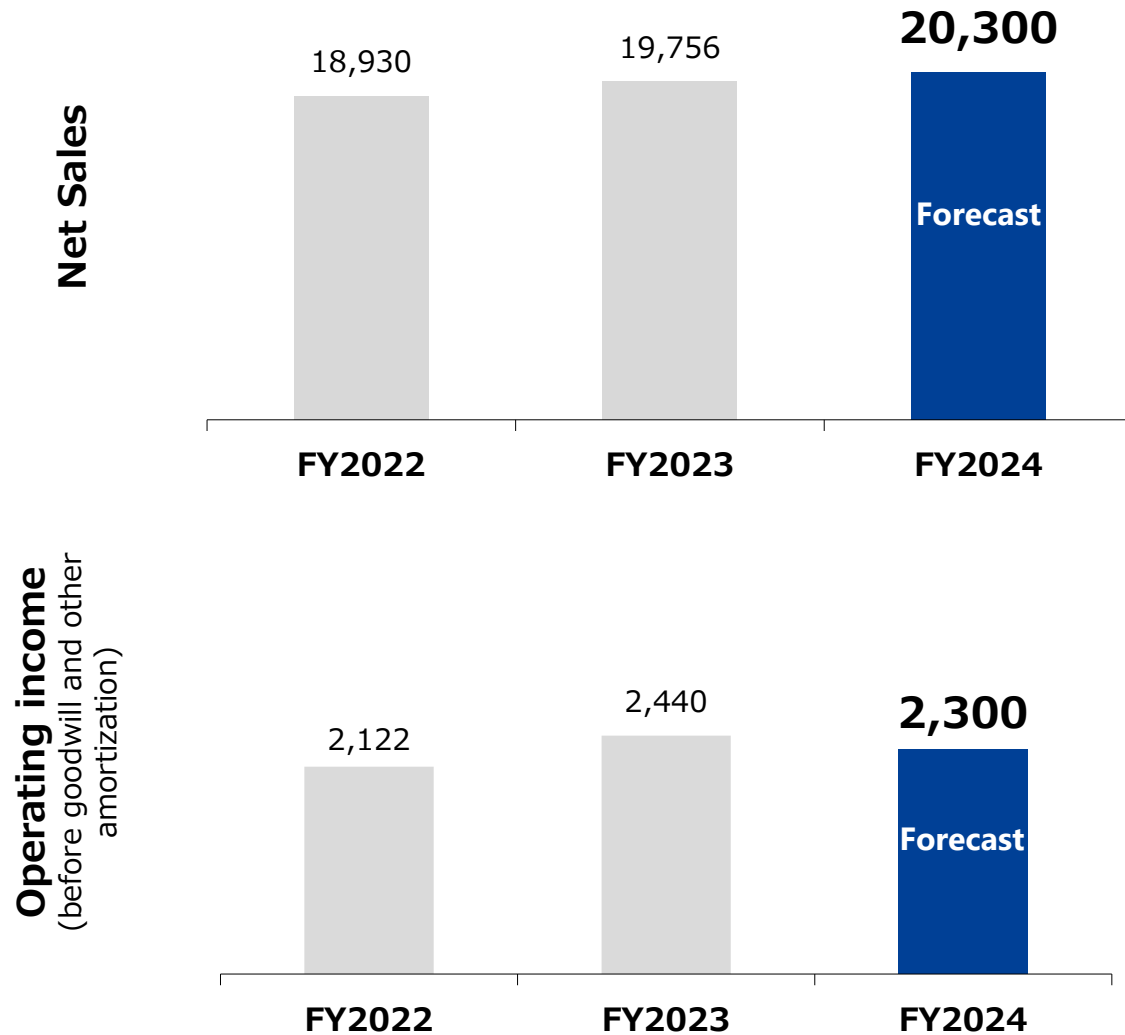
Changes in net sales of the Game-related business



Imaging Systems & Solutions

Sales of high-speed cameras aim for record-high, and seek for the next growth seeds.

(Million Yen)

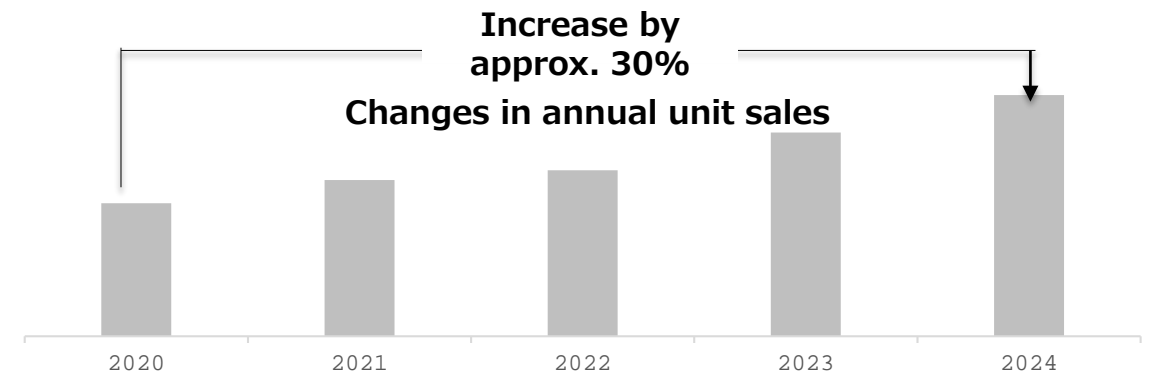


FY2024 Highlights

1 Strengthen orders for vehicles in Southeast Asia and introduce new models, and aim for record-high sales units

- Strengthen the system in Southeast Asia, where replacement demand for Global NCAP-compliant cameras is increasing.

*Global NCAP: Global New Car Assessment Program



2 Seek for the next growth seeds

- Take on the challenge of a new business using 3D sensing technology.
- Consider investments aiming to acquire new technologies and expand sales channels.

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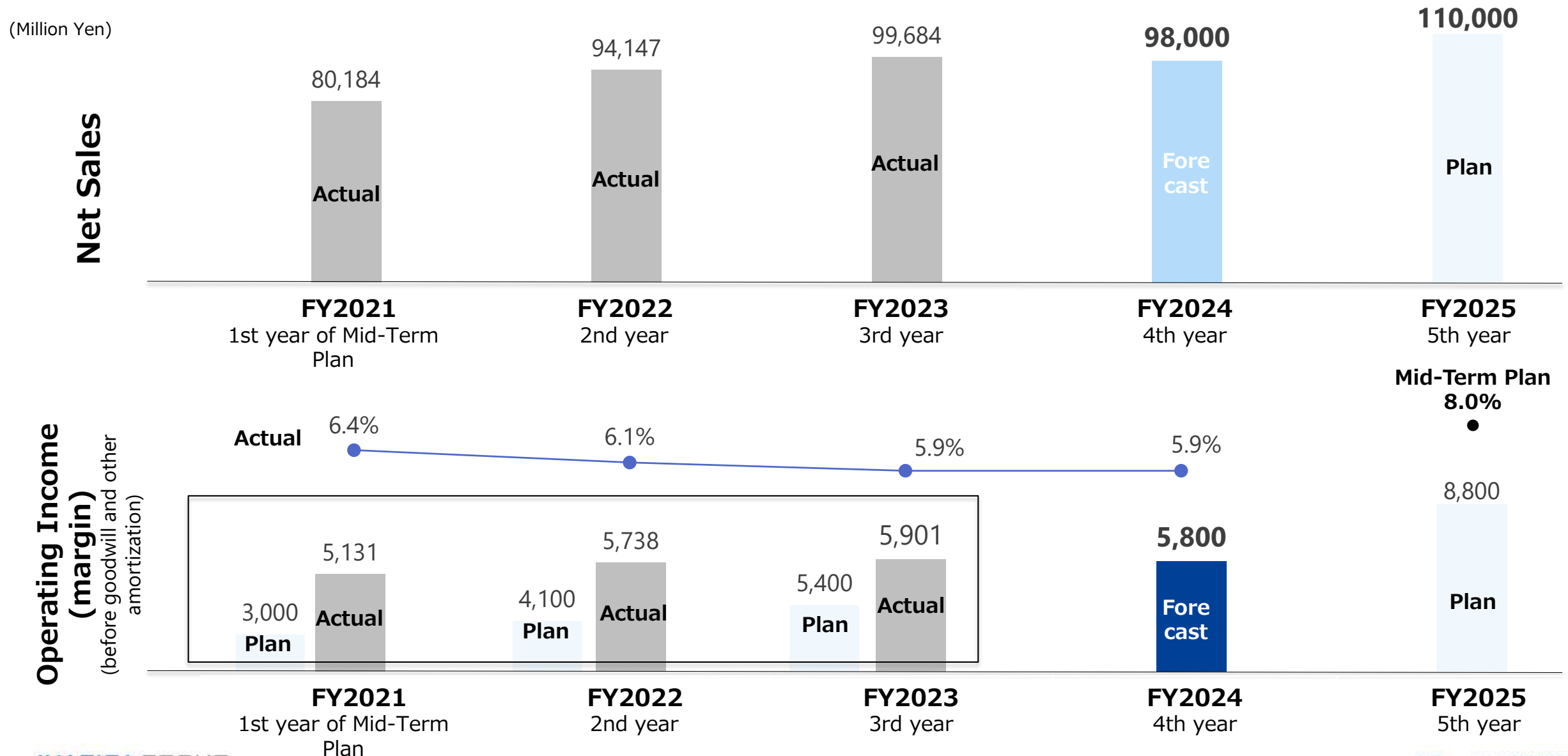
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Progress of the Mid-Term Plan "G-EST2025"

Achieved operating income targets in the Mid-Term Plan through FY2023



Summary of the Mid-Term Plan “G-EST2025”

The plan is still going with some revisions since it started but the progress differs from each strategy due to the environmental changes and the other factors.

Progress of key strategies

Global E2E business

Expanding rapidly with market growth, and has transitioned to stable growth since 2023 partly due to market changes, focusing on profitability improvement overseas

Game-related business

Full-scale start in FY2023, aiming for foundation building and business expansion as a future growth driver

Imaging Systems & Solutions business

High-speed camera sales are progressing as planned, focusing on improvement in broadcast imaging systems and growth businesses (optical measurement, SaaS)

Transformation business

Realize IP creation cases such as “The Apothecary Diaries” and continue to be focused on. Margin for animation production has improved while that for TV-related business is on the way to improvement

Live Entertainment business

Expanded business under the COVID-19 pandemic through online live shows and metaverse, currently shifting to stock business due to changes in the environment

Rapid changes in video streaming market

Changes in industry profit models due to diversification of advertising media

Changes in live entertainment market

The Group Has Responded to Changes in the External Environment

- ✓ Started as a dye shop in Kyoto, then became a trading company specializing in chemicals, and transitioned to a company developing feature films.
- ✓ The Group has changed its business in response to changes in the external environment.



Film developing laboratory at the time of the Group's founding

Founded in 1935
Began developing feature films

1953
Started color development business

1971
Launched video service business

1993
Entered imaging systems & solutions business

2002
Entered live music business

2006
Entered feature films, drama, and advertising production business

2009
Entered human resource consulting service business

2015
Entered overseas subtitling/dubbing and streaming service business

2016
Entered animation production business

2019
Entered publishing business

2022
Full-scale entry into game-related business

(Billion Yen)
100.0

Changes in the Group's net sales

Future Management Policy

In order to respond to changes in the external environment, it is necessary to understand the needs of the times and create new businesses that are required.

Three keywords

Response to changes

Selection of the best market

New business model

Based on the above three keywords, we will build business and resource portfolio considering ROIC (Return On Invested Capital).

Positioning of FY2024

FY2024

Solidify the foundation by completing the business plan and gain a foothold for growth stage

Promote the expansion of growth path and transformation business

Financial forecast for FY2024

Net Sales

98.0 billion yen

**Operating
Income**

5.8 billion yen

(before goodwill and other amortization)

FY2025

Start a new Mid-Term Plan
that increases capital efficiency



Appendix.

FY2024 Full-year forecast by segment

(Million Yen)		FY2022	FY2023	FY2024		
		Actual	Actual	Forecast	YoY	% YoY
Content Creation	Net sales	23,537	28,186	24,300	(3,886)	(13.8%)
	Operating income before goodwill and other amortization	540	1,281	1,320	39	3.0%
	Operating income	535	1,276	1,310	34	2.7%
Production Technology Services	Net sales	54,128	53,967	55,100	1,133	2.1%
	Operating income before goodwill and other amortization	4,361	3,367	3,400	33	1.0%
	Operating income	2,532	1,430	1,350	(80)	(5.6%)
Imaging Systems & Solutions	Net sales	18,930	19,756	20,300	544	2.8%
	Operating income before goodwill and other amortization	2,122	2,440	2,300	(140)	(5.7%)
	Operating income	2,086	2,404	2,270	(134)	(5.6%)
Consolidated total	Net sales	94,147	99,684	98,000	(1,684)	(1.7%)
	Operating income before goodwill and other amortization	5,738	5,901	5,800	(101)	(1.7%)
	Operating income	3,868	3,923	3,700	(223)	(5.7%)

