

**Consolidated Financial Highlights for
the Second Quarter of the fiscal year ending
March 31, 2025
Supplemental Materials**

IMAGICA GROUP Inc.

Securities Code: 6879

October 31, 2024

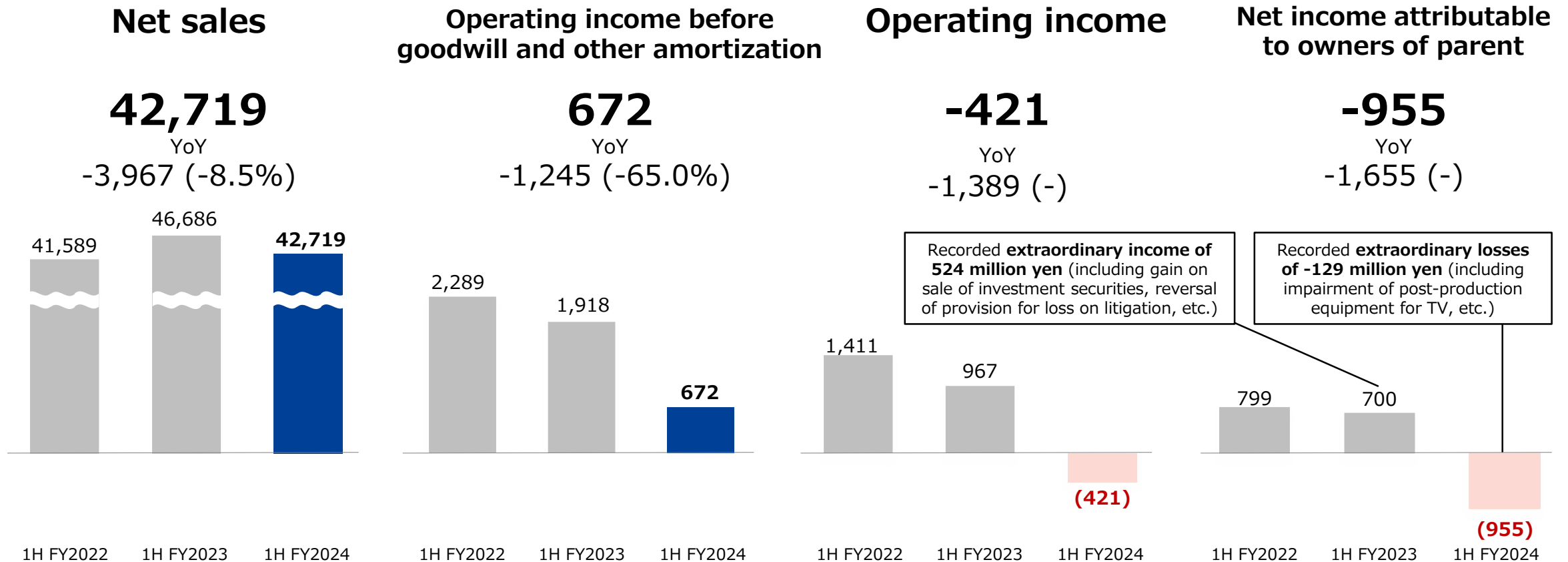


Highlights of financial results

Net sales and operating income decreased on a consolidated basis as overseas business struggled, despite domestic business performing well.

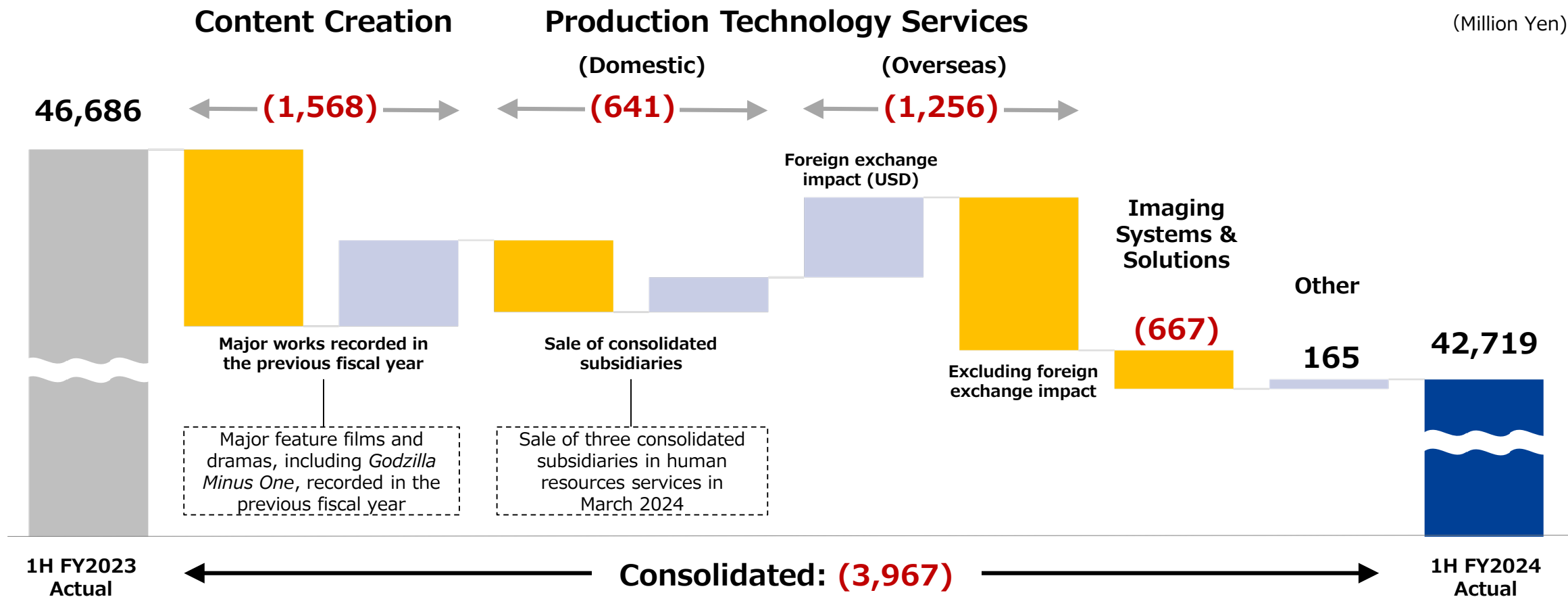
Substantial impact from operating losses in overseas business led to consolidated operating and net losses.

(Million Yen)



Analysis of YoY change in net sales

While overseas business saw decreased sales, domestic business showed sales growth when excluding the effects of the sale of consolidated subsidiaries and the recording of major works in the previous fiscal year.

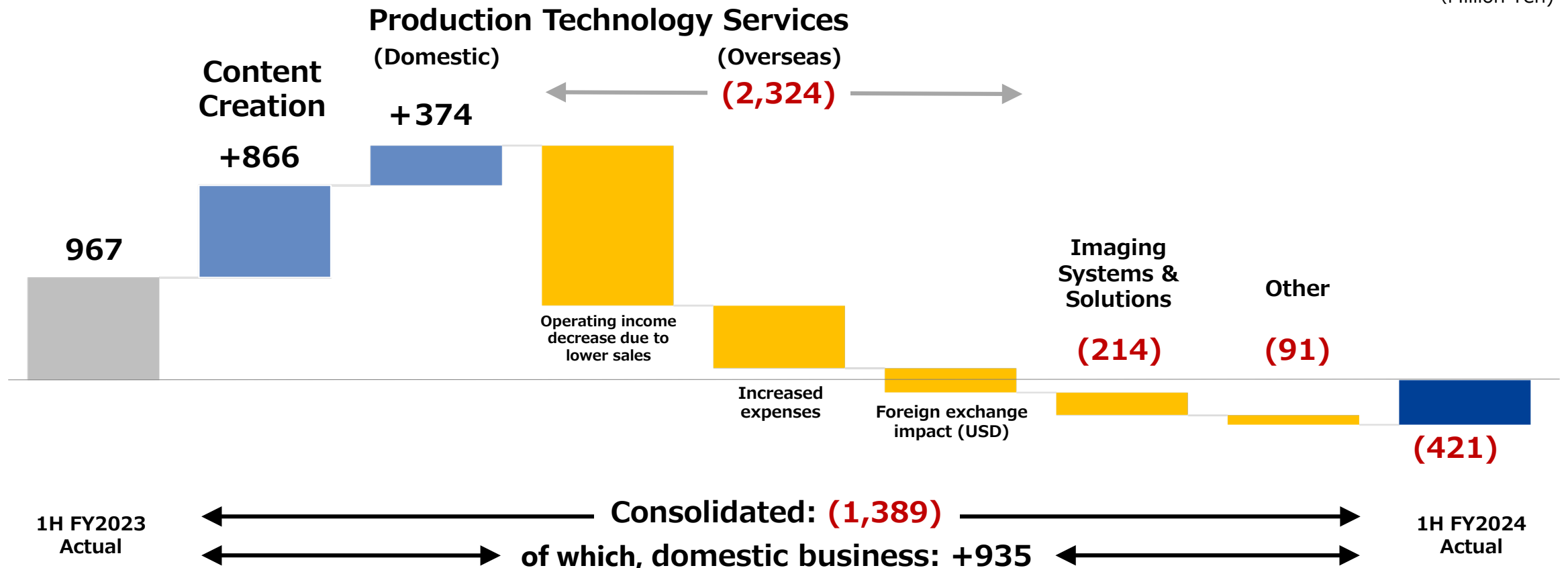


Analysis of YoY change in operating income

Operating income in domestic business increased, mainly supported by strong performance in Content Creation.

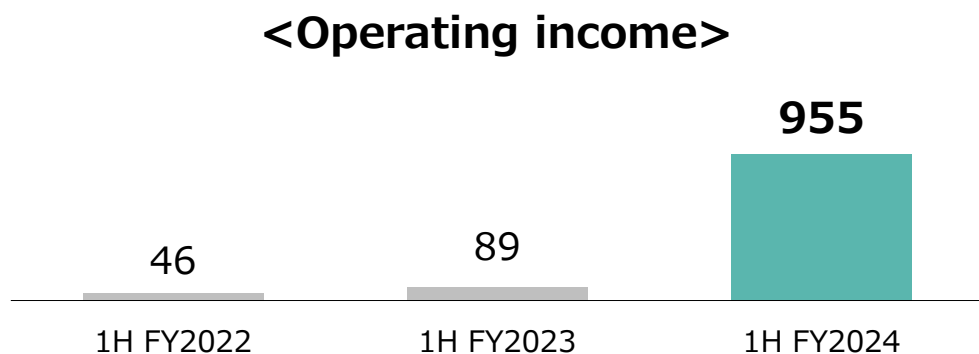
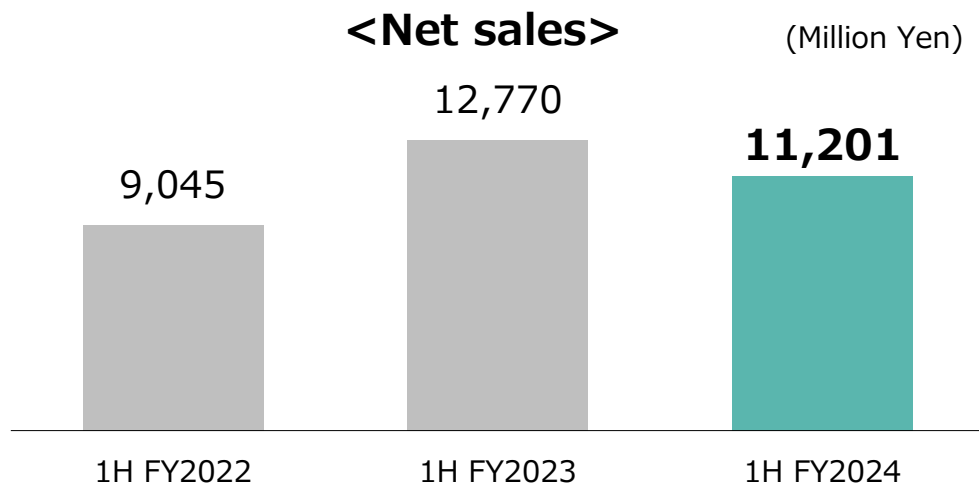
Operating income in overseas business decreased significantly due to reduced sales, increased expenses, and foreign exchange impact.

(Million Yen)



Content Creation

Despite decreased sales due to fewer major feature films and dramas, operating income increased significantly, driven by strong performance in animation works, publishing, and CM works.



Sales decreased but operating income increased.

■ Net sales (down)	-1,568 (-12.3%)
■ Operating income (up)	+866 (+971.8%)

Feature films and dramas

- Despite the effect of major works recorded in the previous fiscal year, operating income was secured by recording incentive fees for films produced.

Animation works

- Operating income continued to improve due to contributions from TV series and CG animation works for streaming services.

Publishing business

- Strong sales of the original “The Apothecary Diaries” novel and its accompanying comic book series
- Recorded distribution-related income from the TV animation production committee

CM works

- Strong inflows of orders for TV commercials

Content Creation TOPIC

TV animation “The Apothecary Diaries” Season 2 broadcast date announced

Scheduled to air for two consecutive seasons starting January 10, 2025

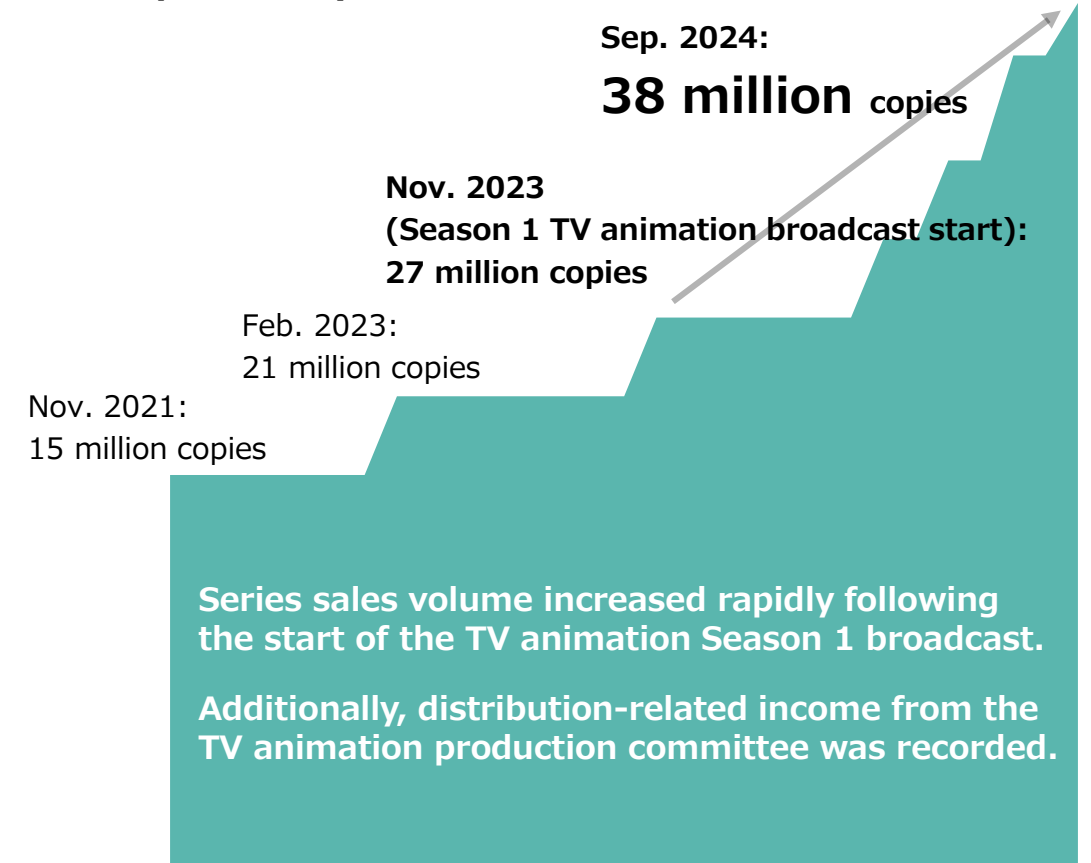
Nationwide broadcast every Friday at 11:00 PM on Nippon TV Network’s “FRIDAY ANIME NIGHT”

*Broadcast schedule is subject to change without notice



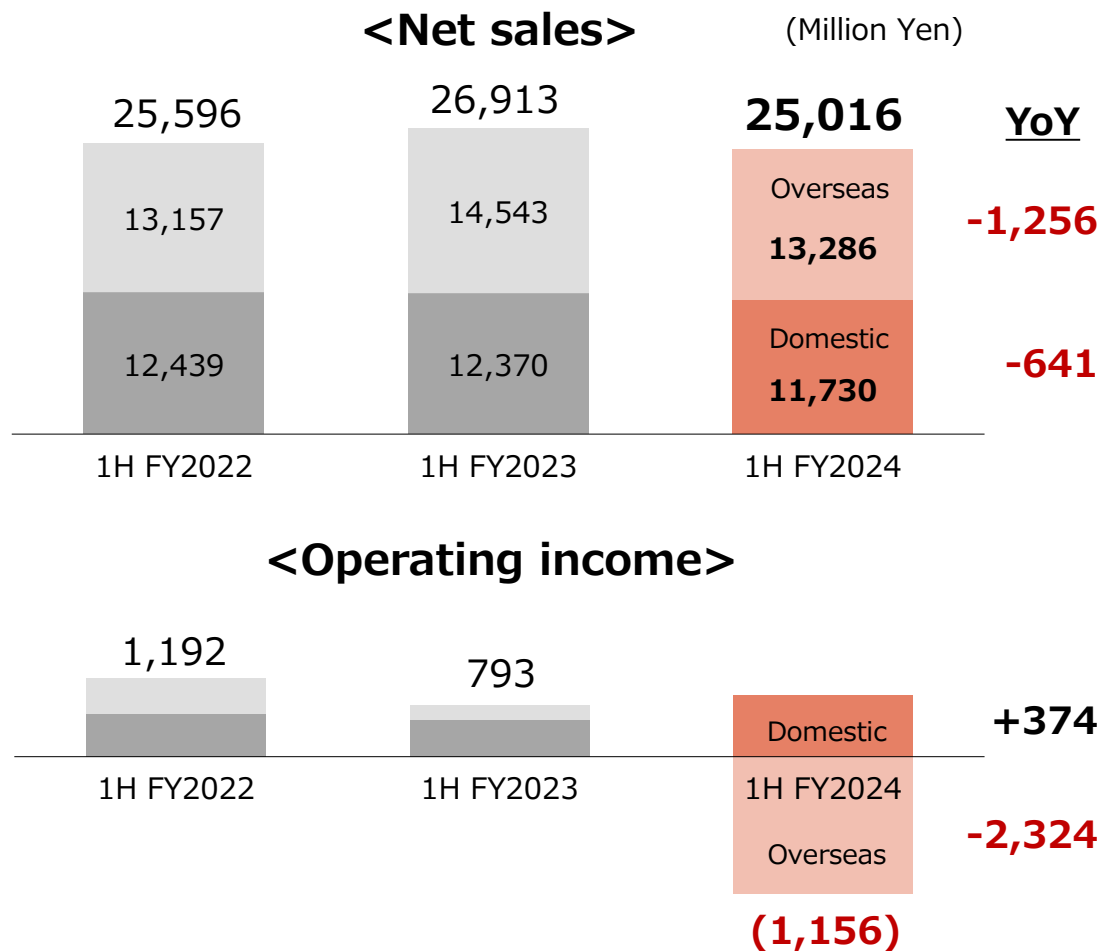
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Cumulative sales volume of novels and comics of “The Apothecary Diaries” series:



Production Technology Services

While domestic E2E services, game-related business, and TV commercial post-production performed well, overseas E2E services saw decreased sales and operating income as demand failed to return to the previous fiscal year's levels.



Sales and operating income decreased.

■ Net sales (down)	-1,897	(-7.0%)
■ Operating income (down)	-1,950	(-)

Domestic

Domestic E2E services

- Strong performance in film-editing and digital cinema services

Game-related business

- Increased sales due to production scaling-up and increased orders

Post-production services for TV

- Sluggish orders for TV programs, despite solid orders for commercials

Overseas

Overseas E2E services

- Significant decrease in sales as orders for localization services have not returned to the previous fiscal year's levels
- Significant decrease in operating income due to the inability to offset the operating income decline from decreased sales despite implementing cost reduction measures, including workforce reductions

Overseas E2E business initiatives

Current Status

- Though the impact of the previous fiscal year's Hollywood strike has ended, net sales have only recovered to the level of the second half of 2021, resulting in a significant decrease in operating income.
- Employee numbers increased due to location expansion in 2022-2023.

Recognition

Need to make appropriate staffing adjustments to match changes in the business scale

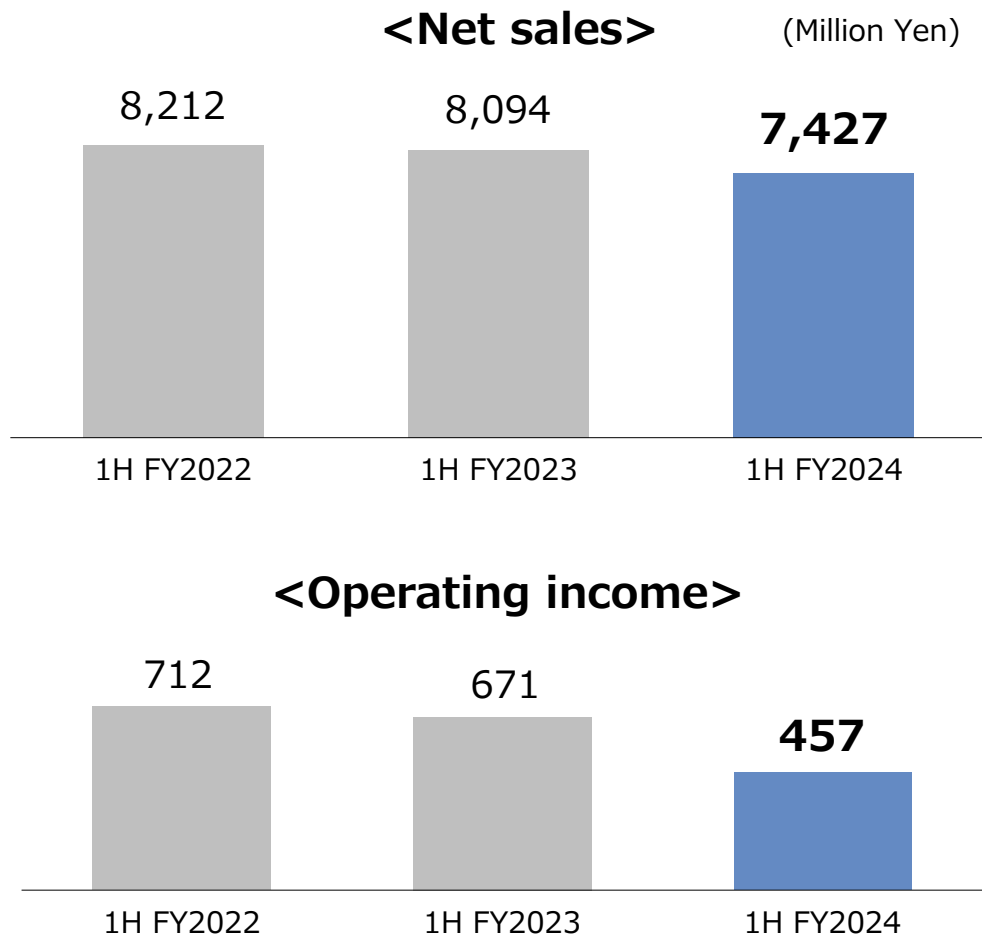
Measures

Implemented two rounds of workforce reductions in 2024 (business and administrative divisions)

- June 2024 (90 employees) and October 2024 (70 employees)
- **Annual cost reduction of approximately \$13 million through two rounds of workforce reductions**
- We will continue implementing cost reductions as needed according to business scale changes to ensure a profitable structure.

Imaging Systems & Solutions

There has been a slowdown in the high-speed camera market in China, along with sluggish performance in broadcast imaging systems & solutions and optical measurements.



Sales and operating income decreased.

■ Net sales (down)	-667 (-8.2%)
■ Operating income (down)	-214 (-31.9%)

High-speed cameras

- Sales decreased due to the slowdown in the Chinese market despite steady in sales overseas excluding China and in Japan

Broadcast imaging systems & solutions





- Sales decreased following the recording of sales of large projects in the previous fiscal year

Optical measurements

- Sales decreased due to weak demand for measurement equipment overseas

Performance by segment (vs. forecast)

While Content Creation and Imaging Systems & Solutions progressed as forecast, deterioration in overseas business of Production Technology Services exceeded anticipations, resulting in consolidated operating income falling short of forecast.

(Million Yen)		1H FY2023 Actual	1H FY2024 Actual	YoY	Vs. forecast Operating income	Factors affecting forecast difference
Content Creation	Net sales	12,770	11,201	(1,568)	 Over +5%	<ul style="list-style-type: none"> • Strong performance in publishing business (book sales, comic book royalties, distribution-related income from TV animation production committee, etc.) • Profit margins improved in animation production through enhanced cost management
	Operating income before goodwill and other amortization	91	960	868		
	Operating income	89	955	866		
Production Technology Services	Net sales	26,913	25,016	(1,897)	 Below -5%	<ul style="list-style-type: none"> • Overseas business demand was significantly below expected levels • Sluggish orders for post-production services for TV
	Operating income before goodwill and other amortization	1,723	(85)	(1,809)		
	Operating income	793	(1,156)	(1,950)		
Imaging Systems & Solutions	Net sales	8,094	7,427	(667)	 Over +5%	<ul style="list-style-type: none"> • While high-speed camera sales to China slowed, sales to other overseas markets remained solid
	Operating income before goodwill and other amortization	689	475	(214)		
	Operating income	671	457	(214)		
Consolidated total	Net sales	46,686	42,719	(3,967)	 Below -5%	
	Operating income before goodwill and other amortization	1,918	672	(1,245)		
	Operating income	967	(421)	(1,389)		

Full-year financial forecast for FY2024

For details, please refer to "Notice Regarding Revision of Forecast" dated October 31, 2024

Revised forecast to reflect deterioration in overseas Production Technology Services business and strong performance in Content Creation

Dividend per share is unchanged in line with stable dividend policy

(Million Yen)	FY2023	FY2024				
	Actual	May 9 Forecast	Current Revised Forecast	Change from May 9 Forecast	Change from FY2023	% change from FY2023
Net sales	99,684	98,000	96,000	(2,000)	(3,684)	(3.7%)
Operating income before goodwill and other amortization	5,901	5,800	3,400	(2,400)	(2,501)	(42.4%)
(Margin)	5.9%	5.9%	3.5%			
Operating income	3,924	3,700	1,200	(2,500)	(2,724)	(69.4%)
(Margin)	3.9%	3.8%	1.3%			
Ordinary income	3,727	3,200	800	(2,400)	(2,927)	(78.5%)
Net income attributable to owners of parent	2,373	2,000	(900)	(2,900)	(3,273)	-
Earnings per share (yen)	53.57	45.25	(20.36)	(65.61)	(73.93)	-
Dividend per share forecast (yen)	15.0	15.0	15.0	0.0	0.0	

Performance forecast by segment for FY2024

Reflecting deterioration in overseas Production Technology Services business and solid performance in Content Creation

(Million Yen)		FY2023	FY2024			
		Actual	May 9 Forecast	Current Revised Forecast	Change from May 9 Forecast	Change from FY2023
Content Creation	Net sales	28,186	24,300	25,300	1,000	(2,886)
	Operating income	1,276	1,310	1,660	350	384
Production Technology Services	Net sales	53,967	55,100	52,100	(3,000)	(1,867)
	Operating income	1,430	1,350	(1,500)	(2,850)	(2,930)
Imaging Systems & Solutions	Net sales	19,756	20,300	20,300	0	544
	Operating income	2,404	2,270	2,270	0	(134)
Consolidated total	Net sales	99,684	98,000	96,000	(2,000)	(3,684)
	Operating income	3,924	3,700	1,200	(2,500)	(2,724)

Breakdown of change from forecast

Content Creation

- Strong performance in publishing business (book sales, comic book royalties, distribution-related income from TV animation production committee, etc.)
- Profit margins improved in animation production through enhanced cost management

Production Technology Services

- Overseas business and post-production services for TV are expected to fall below the previous announcement.
- Overseas business demand is significantly below expected levels, and net sales and operating income, including foreign exchange effects, are expected to fall below the previous announcement.
- In order to deal with this situation, cost reduction measures, including workforce reductions, are already implemented, and we are focusing on improving profitability.

Appendix.

Consolidated Income Statement

(Million Yen)	1H FY2023 Actual	1H FY2024 Actual	YoY	% YoY
Net sales	46,686	42,719	(3,967)	(8.5%)
Gross profit	12,864	12,726	(138)	(1.1%)
(Margin)	27.6%	29.8%		
Operating income	967	(421)	(1,389)	-
(Margin)	2.1%	-		
Ordinary income	938	(803)	(1,741)	-
(Margin)	2.0%	-		
Extraordinary income	524	52	(472)	(90.1%)
Extraordinary losses	16	129	113	677.4%
Net income before income taxes	1,445	(881)	(2,327)	-
Net income attributable to owners of parent	700	(955)	(1,655)	-
EBITDA	3,117	2,186	(931)	(29.9%)
(Reference) Operating income before goodwill and other amortization	1,918	672	(1,245)	(65.0%)

- EBITDA = Operating income + Goodwill amortization + Amortization of intangible fixed assets including trademarks + Depreciation
- Operating income before goodwill and other amortization = Operating income + Goodwill amortization + Amortization of intangible fixed assets including trademarks

Consolidated Balance Sheet

*Figures as of March 31, 2024 reflect finalized provisional accounting treatment related to business combinations in the previous fiscal year.

(Million Yen)	March 31, 2024*	September 30, 2024	Increase/Decrease	Main factors for increase/decrease
Assets				
Current assets	41,288	40,457	(831)	Notes and accounts receivable - trade, and contract assets: (4,355) Inventories: +2,755
Cash and deposits	5,242	4,914	(327)	
Non-current assets	37,405	38,035	629	
Goodwill	11,411	11,972	561	
Total assets	78,694	78,492	(202)	
Liabilities / Net assets				
Current liabilities	28,950	30,058	1,108	Notes and accounts payable - trade: (930) Contract liabilities: +1,999
Short-term borrowings	5,143	7,795	2,652	
Non-current liabilities	9,837	8,962	(875)	
Long-term borrowings	3,120	2,455	(665)	
Total liabilities	38,788	39,020	232	
Shareholders' equity	33,731	31,829	(1,901)	
Accumulated other comprehensive income	4,097	5,887	1,790	
Non-controlling interests	2,077	1,754	(323)	
Total net assets	39,906	39,471	(434)	
Total liabilities and net assets	78,694	78,492	(202)	
Net cash	(3,021)	(5,336)	(2,314)	Cash and deposits - long-term and short-term borrowings

List of consolidated subsidiaries by business segment (as of September 30, 2024)

* Overseas subsidiaries

Content Creation

Consolidated subsidiaries: 9

- ROBOT COMMUNICATIONS Inc.
- PICS Inc.
- OLM, Inc.
 - OLM Digital, Inc.
 - OLM Ventures Inc.
- Imagica Infos Co., Ltd.
- IMAGICA EEX Co., Ltd.

Production Technology Services

Consolidated subsidiaries: 20

- Imagica Entertainment Media Services, Inc.
 - Cinema Connect, Inc.
 - Pixelogic Holdings LLC*
 - PPC Creative Limited*
- IMAGICA Lab. Inc.
 - COSMO SPACE Co., Ltd.
 - Weather Map Co., Ltd.
- IMAGICA GEEQ Inc.

Imaging Systems & Solutions

Consolidated subsidiaries: 8

- Photron Limited
 - Photron M&E Solutions Inc.
 - PHOTRON USA, INC.*
 - PHOTRON EUROPE LIMITED*
 - i-Chips Technology Inc.
 - IPmotion Inc.
 - Photonic Lattice, Inc.

Company overview

Group Mission

We strive to create new value with honesty and sincerity, and aim to be a visual communications group that provides the world with surprise and excitement.



Company Name	IMAGICA GROUP Inc.
Representative	Shunjiro Nagase President and Representative Director, President and Chief Executive Officer
Established	June 10, 1974 (Founded February 18, 1935)
Head Office	1-14-2 Kaigan, Minato-ku, Tokyo 105-0022, Japan
Consolidated subsidiaries	37 (as of April 1, 2024)
Capital	3,306 million yen
Business Description	Shareholding, management, and operation of Group companies engaged in Content Creation, Production Technology Services, Imaging Systems & Solutions, and other businesses
Number of Employees	4,202 (1,277) (as of March 31, 2024) *Number of employees are those who are regularly employed. Number of temporary workers are in brackets.
Group Sales	99,684 million yen (fiscal year ended March 31, 2024)

Contact for inquiries

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X (formerly Twitter): <https://twitter.com/IMAGICAGROUP>

DISCLAIMER:

The forward-looking statements for the current and future business periods described in this document are formulated based on the plans and prospects of the group as of the date on which these materials were disclosed. Actual performance may differ from numerical forecasts due to the uncertainties inherent in the judgments and assumptions made, as well as possibility of future changes that may occur in business management and internal and external circumstances.