NEWS RELEASE

October 31, 2018

Company name	IMAGICA GROUP Inc.
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Revision on consolidated forecast and dividend forecast and Recording of extraordinary profit

IMAGICA GROUP Inc has revised its consolidated forecast and dividend forecast for fiscal year ending March 31, 2019 that was announced on July 31, 2018, based on the recent performance trend. This is a notice on that revision, which is detailed below.

1. Revision of consolidated forecast for the fiscal year ending march 31, 2019
(April 1, 2018- March 31, 2019)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent	Earnings per share of common stock
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previous forecast (A)	93,000	1,750	1,650	1,100	24.7
Revised forecast (B)	90,000	500	500	700	15.9
Difference (B-A)	(3,000)	(1,250)	(1,150)	(400)	(8.8)
Difference ratio (%)	(3.2%)	(71.4%)	(69.7%)	(36.4%)	(35.6%)
(Reference) Results from fiscal year ended March 31, 2018	91,351	2,424	2,424	2,937	65.98

2. Reason of the revision of consolidated forecast

In content creation segment, the production cost of theatrical animation and TV animation works increased more than initial projections. And in production services segment, the order of post- production services decreased due to the reshuffle of TV programs. For these reasons, sales and operating income is expected to decrease.

Media Localization segment is expected to decrease sales and operating income of Localize service for Europe.

Ordinary income is expected to be lower than previous forecast due to a decline in operating income. Although gain on sales of investment securities is recorded as extraordinary income, net income attributable to the parent company is expected to be lower than initially forecast due to a decline in ordinary income.

3. Recording of extraordinary income (Gain on sales of investment securities)

As a result of sales of investment securities, we record gain on sales of investment securities as follows.

Investment securities: Listed security 1

Date of sale: September 28, 2018

Gain on sales of investment securities: 369 million yen

4. Revision on dividend forecast for the fiscal year ending march 31, 2019 (April 1, 2018- March 31, 2019)

	Dividend per share				
	End of Q1	End of Q2	End of Q3	End of FY	Annual
Previous forecast	Yen —	Yen —	Yen —	Yen 10.00	Yen 10.00
Revised forecast	—	0.00	—	5.00	5.00
Actual for the fiscal year ending March 31,2019	—				
(Reference) Results for the fiscal year ended March 31, 2018)	—	0.00	—	10.00	10.00

5. Reason of revision of dividend forecast

We consider that returning profits to shareholders is one of the important management issues, and regarding dividends, we aim to maintain stable dividend payment as well as improve the dividend level, based on profit distribution according to consolidated results and 30% as the consolidated payout ratio target.

Based on this policy, we forecasted that the dividend per share for the fiscal year ended March 31, 2019 was 10 yen, but with the revision of consolidated forecast above, the dividend forecast will be 5 yen.

Note: The forecast revision above is based on assumptions, judgments and beliefs in light of the information currently available to us. The forecast includes risks and uncertainties. Actual result may differ from the forecast by a variety of factors.