Financial Highlights for FY2018 2Q

IMAGICA GROUP Inc.

Code: 6879

October 31, 2018

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Highlight of financial results

Net sales

¥41.9bn

YoY
△¥0.3bn

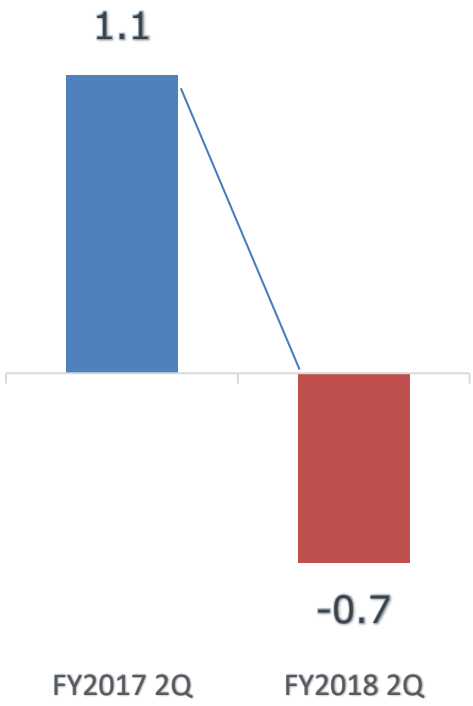
(billion yen)



Operating income

△¥0.7bn

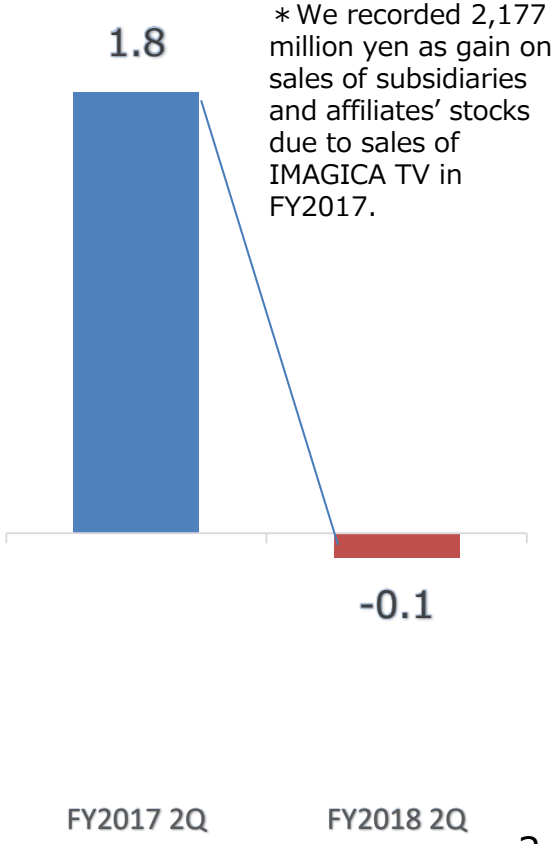
YoY
△¥1.8bn



Net income attributable to owners of the parent

△¥0.1bn

YoY
△¥2bn



＊We recorded 2,177 million yen as gain on sales of subsidiaries and affiliates' stocks due to sales of IMAGICA TV in FY2017.

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2Q Financial results by segments

(million yen)		FY2017	FY2018			Factor
		2Q Actual	2Q Actual	YoY ratio	YoY	
Content Creation	Net sales	**10,705**	**10,697**	△0.1%	△8	➢ TV commercial and TV animation result in positive sales. ➢ Cost of theatrical animation, TV animation and full-CG works increase.
	Operating income	**277**	**△329**	-	△606	
	(OP ratio)	2.6%	−%			
Production Services	Net sales	**13,642**	**13,266**	△2.8%	△376	➢ Post-production service for TV animation, digital cinema, digital network and human consulting service remain strong. ➢ Decrease orders of post-production from TV program due to TV programming reshuffle.
	Operating income	**611**	**△28**	-	△639	
	(OP ratio)	4.5%	−%			
Media Localization	Net sales	**12,235**	**12,143**	△0.8%	△92	➢ Localization services in Europe were good sales. ➢ Americas and Asia were negative due to shifts in market conditions.
	Operating income	**△25**	**△828**	-	△803	
	(OP ratio)	−%	−%			
Imaging Systems & Solutions	Net sales	**6,419**	**6,704**	4.4%	284	➢ Imaging sector in Japan was strong. ➢ Sales in professional video sector for broadcast continues favorable performance. ➢ Sales in LSI for China was strong.
	Operating income	**440**	**671**	52.3%	230	
	(OP ratio)	6.9%	10.0%			

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Quarterly consolidated statement of income

(million yen)	FY2017	FY2018		
	2Q Actual	2Q Actual	YoY ratio	YoY
Net sales	**42,263**	**41,904**	△0.8%	△359
Gross profit (Ratio)	**11,536** 27.3%	**10,499** 25.1%	△9.0%	△1,036
Operating income(loss) (Ratio)	**1,131** 2.7%	**△710** －%	-	△1,841
Ordinary income(loss) (Ratio)	**1,218** 2.9%	**△649** －%	-	△1,867
Extraordinary income	**2,177**	**371**	△83.0%	△1,806
Extraordinary losses	**78**	**67**	△13.2%	△10
Net profit (loss) before taxes	**3,318**	**△346**	-	△3,664
Net income attributable to profit	**1,748**	**△164**	-	△2,020
(Reference) Operating income before goodwill	1,855	60	-	△1,795

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

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Quarterly consolidated balance sheets

(million yen)	Year ended March 31, 2018	2Q FY2018	Difference	Difference breakdown
Current assets	**39,661**	**38,164**	△1,496	Current assets △1,496 Inventories 1,929 Accounts receivable △3,863
Cash and deposits	**11,131**	**11,678**	547	
Non-current assets	**30,868**	**29,002**	△1,866	Non-current assets △1,866 Goodwill △590 Investments securities △778 Others △391
Goodwill	**7,255**	**6,665**	△590	
Total Assets	**70,529**	**67,166**	△3,362	
Current liabilities	**23,894**	**24,459**	565	Current liabilities 565 Accounts payable △688 Provision for bonuses △565 Short-term loans 296
Short-term loans payable	**4,982**	**5,278**	296	
Non-current liabilities	**13,656**	**11,717**	△1,939	Non-current liabilities △1,939 Long-term loans △1,422 Long-term accounts △230
Long-term loans payable	**8,891**	**7,469**	△1,422	
Total Liabilities	**37,551**	**36,176**	△2,884	
Shareholder's equity	**28,184**	**27,083**	△1,101	Shareholders' equity △1,101 Retained earnings △609 Treasury stock △489
Accumulated other comprehensive income	**1,241**	**763**	△477	
Non-controlling interests	**3,552**	**3,143**	△409	
Total Net assets	**32,978**	**30,990**	△1,988	
Total Liabilities and Net assets	**70,529**	**67,166**	△3,362	

(Reference) Net Cash	△2,742	△1,080	1,662
(Reference) Equity	29,425 41.7%	27,846 41.5%	△1,579

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Quarterly consolidated CF

	FY2017 Q	FY2018 2Q
Income before income taxs	3,318	△346
Depreciation and Amortization	1,297	1,416
Amortization of goodwill	431	463
Increase(decrease) in notes and accounts receivable -trade	2,396	3,639
Decrease(Increase) in inventories	△615	△1,947
Decrease(Increase) in notes and accounts payable -trade	△1,851	122
Income taxes paid	△1,381	△566
Others	△1,709	159
Cash flows from operating activities	**1,886**	**2,940**
Purchase of property, plant and equipment	△725	△764
Proceeds from sales of investment securities	-	624
Purchase of investments in subsidiaries resulting in change in scope of consolidation	2,941	-
Others	△231	△401
Cash flows from investing activities	**1,985**	**△541**
Cash dividends paid	△445	△445
Repayments of lomg-term loans payable	△1,115	△1,244
Purchase of treasury stock	-	△512
Others	△348	318
Cash flows from financing activities	**△1,908**	**△1,883**
Net increase (decrease) in cash and cash equivalents	**2,005**	**535**
Cash and cash equivalents at the end of period	**10,721**	**11,667**

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Revision on consolidated forecast

(million yen)	FY2017	FY2018					
	Actual	Forecast On July 31	Revised Forecast	vs July 31	vs July 31 ratio	YoY	YoY ratio
Net Sales	**91,351**	**93,000**	**90,000**	△3,000	△3.1%	△1,351	△1.5%
Operating income	**2,424**	**1,750**	**500**	△1,250	△71.5%	△1,924	△79.3%
(Ratio)	2.7%	1.9%	0.9%				
Ordinary income	**2,424**	**1,650**	**500**	△1,150	△30.37%	△1,924	△79.3%
(Ratio)	2.7%	1.8%	0.9%				
Net income (loss) attributable to owners of the parent	**2,937**	**1,100**	**700**	△400	△36.3%	△2,237	△76.2%
Earnings per share of common	**65.9**	**24.7**	**15.9**	△8.8	△35.6%	△50	△75.9%

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Revision on forecast by segments

(million yen)		FY2017 Full year Actual	FY2018 Forecast on July 31	FY2018 Revised Forecast	Vs July 31	YoY ratio	YoY
Content Creation	Net sales	**25,289**	**23,200**	**23,200**	0	△8.3%	△2,089
	Operating income	**799**	**800**	**400**	△400	△49.9%	△399
	(OP ratio)	3.2%	3.4%	1.7%			
Production Services	Net sales	**27,725**	**29,300**	**28,300**	△1,000	2.1%	575
	Operating income	**1,209**	**1,100**	**800**	△300	△33.8%	△409
	(OP ratio)	4.4%	3.8%	2.8%			
Media Localization	Net sales	**24,814**	**26,000**	**24,000**	△2,000	△3.3%	△814
	Operating income	**△674**	**△1,050**	**△1,600**	△550	-	△926
	(OP ratio)	−%	−%	−%			
Imaging Systems & Solutions	Net sales	**14,997**	**15,500**	**15,500**	0	3.4%	503
	Operating income	**1,449**	**1,600**	**1,600**	0	10.4%	151
	(OP ratio)	9.7%	10.3%	10.3%			
Others (Consolidated adaptation)	Net sales	△1,474	△1,000	△1,000	0	-	474
	Operating income	△359	△700	△700	0	-	△341
Consolidated	Net sales	**91,351**	**93,000**	**90,000**	△3,000	△1.5%	△1,351
	Operating income	**2,424**	**1,750**	**500**	△1,250	△79.3%	△1,924

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