December 26, 2024

Company name	IMAGICA GROUP Inc.
Title and Name of Representative	Shunjiro Nagase Representative Director, President
	(Securities code: 6879, TSE Prime)
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Notice Regarding Withdrawal from a Business of Consolidated Subsidiary, Call for Voluntary Retirement and Recognition of Extraordinary Losses

At its Board of Directors meeting on December 26, 2024, the Company resolved to withdraw from a business of its consolidated subsidiary, IMAGICA Lab. Inc. and call for voluntary retirement, as follows. And the extraordinary losses are expected to be recognized

1. Reasons for withdrawal from a business and call for voluntary retirement

The TV post-production business conducted by a consolidated subsidiary, IMAGICA Lab. Inc., has been affected by the shrinking TV market and TV post-production market and the resulting intensified competition, as well as the lowering of barriers to entry due to the increasing use of freelancers. The business environment is changing dramatically. Furthermore, in recent years, the turnover of editors and mixers and the consequent loss of customers have led to a decline in business utilization rates and a rise in costs, resulting in a decline in sales and stagnant profits.

Under these circumstances, we have been considering the possibility of continuing the business through cost reductions and downsizing. However, we have now come to the conclusion that it will be difficult to achieve a quick recovery in the business, and have decided to withdraw from the business and call for voluntary retirement.

Starting with this withdrawal from the business, we will continue to work on the transformation of our business portfolio and response to changes in the business environment.

2. Overview of the consolidated subsidiary

1	Company name	IMAGICA Lab. Inc.
2	Head office	3-13-6 Higashishinagawa, Shinagawa-ku, Tokyo
3	Representative Director, President	Akira Shimura
4	Business	Production Technology Services
5	Capital	100 Million yen

3. Overview of the business to be withdrawn

1	Business	TV post-production business
2	Studios	Shinagawa Production Center, Akasaka Video Center, Shibuya Studio, Shibuya Parkway Studio NEXT
3	Operating results for the year ended 31 March 2024	
	Net sales	2,695 Million yen
	Operating loss	(93) Million yen

4. Scheduled date of the withdrawal

The withdrawal is scheduled at the end of June 2025

5. Overview of the call for voluntary retirement

Considering transfer to the other group companies, etc., voluntary retirement will be called for, as follows.

1	Applicable employee	The following employees of IMAGICA Lab. Inc. - Full-time employees engaged in the TV post-production business - Certain employees in the administrative department
2	Number of applicants	About 100-150
3	Applicable period	January 20, 2025 – February 12, 2025
4	Date of retirement	June 30, 2025
5	Treatment	Regular retirement payment and special additional payment Outplacement service by the professional recruitment company

6. Earnings outlook for the year ending March 31, 2025 and after.

The special additional payment, expenses related to outplacement, and expenses related to leaving the studios are expected to be recognized as extraordinary losses in the current or next consolidated fiscal year. These expenses have not been included yet in the current consolidated earnings forecast for the fiscal year ending March 31, 2025, because they are difficult to be reasonably estimated at this time as the number of applicants for the voluntary retirement program is yet to be determined, and transfer of the business to the third parties is still considered. The impact on the consolidated earnings will be announced as soon as it is determined.

(For reference) Consolidated Forecast for the Fiscal Year Ending Mar. 31, 2025 (announced on Oct. 31, 2024) and Consolidated Results for the Fiscal Year Ended Mar. 31, 2024

	Net sales	Operating income	Ordinary income	Net income attributable to owners of parent
	Million yen	Million yen	Million yen	Million yen
Current year forecast (The Fiscal Year Ending Mar. 31, 2025)	96,000	1,200	800	(900)
Previous year results (The Fiscal Year Ended Mar. 31, 2024)	99,684	3,924	3,727	2,373