

The status of corporate governance at our company is as follows.

Our fundamental approach to corporate governance, capital structure, corporate attributes, and other basic information

1. Fundamental Concept

Our management philosophy is to create new value with a sincere spirit and to be a visual communications group that provides "surprise and excitement" to people around the world. Recognizing that corporate governance is a key issue for our group management in achieving these goals, we are working on various measures to improve management transparency, achieve compliance, and speed up decision-making.

To properly turn these corporate governance concepts into reality, we have set forth basic ideas and action policies concerning internal controls in our Basic Policy for the Development of Internal Control Systems.

On November 30, 2021, we revised our Corporate Governance Guidelines, which indicate the fundamental stance of the group with regard to corporate management and corporate governance, and have posted the guidelines on our company website.

Fundamental concepts concerning corporate governance: <https://www.imagicagroup.co.jp/ir/philosophy/governance.html>

Please refer to the relevant items in this report for information on specific corporate governance initiatives at our company.

Reasons for not implementing individual principles of the Corporate Governance Code

We implement all of the principles in our Code.

Disclosure based on the principles of the Corporate Governance Code

Updated

Information on each principle is based on the Code following revision in June, 2021.

(Principle 1.4) Cross-shareholdings

From the perspective of strengthening business alliances, business relationships, and collecting information, our company holds shares of companies that we believe will contribute to the improvement of our medium-to-long-term corporate value. For each stock held, the purpose of holding it and risks/benefits associated with holding it are carefully examined and weighed against matters such as capital cost, etc., and the Board of Directors inspects the suitability of holding them every year. As a result of performing an inspection, the Board of Directors will reduce the number of stocks for which we have determined would no longer be reasonable to hold.

To exercise our rights as a shareholder, we will exercise our voting rights for all agenda items, taking into consideration the management situation of the held company from the perspective of improving its corporate value over the medium to long term, and appropriately judge the pros and cons for each agenda item.

(Principle 1.7) Related party transactions

At our company, the approval of transactions between the company and directors, and the approval of competitive transactions by directors, are specified in our Board of Directors Regulations as matters for discussion by the Board of Directors. Reports are also made to the Board of Directors after the execution of transactions. Transactions between directors and corporations that are, in practice, controlled by directors require resolutions by the Board of Directors. Once a year, following the end of the fiscal year, we investigate whether any such transactions took place during the fiscal year, and have established a structure for managing important transactions between related parties. In order to protect the interests of shareholders, the company strives to prevent officers and other parties concerned in the company from abusing their positions and engaging in transactions that are contrary to the interests of the company and its shareholders.

(Supplementary Principle 2.4.1) Ensuring diversity in the appointment of core talent, etc.

Under our G-EST2025 Mid-Term Plan, our group aims to grow globally. As a means of promoting diversity, we are transforming ourselves into a workplace that encourages the active participation of female leaders and promotes and accepts the appointment of foreign nationals, and are making use of veteran talent.

Approach to ensuring diversity

In order to achieve our G-EST2025 Mid-term Business Strategy, we will actively and continuously hire and train women, foreign nationals, and talent having various work histories and skills, and will appoint these persons to managerial positions. We will further develop a work environment that maximizes the characteristics and abilities of every individual and will provide education at the management level.

Current status and goals for ensuring diversity

As of March 31, 2023, the percentage of women in managerial positions at our group's domestic operating companies was 13.3% and the employment rate of foreign nationals was 1.9%. We are aiming to increase these ratios in the future.

Our talent development policy for ensuring diversity, our internal environment development policy, and the status of these:

Our group is undertaking the following initiatives to ensure diversity.

- Continuation of recruitment aimed at new graduates and mid-career recruits
- Active recruitment of foreign nationals, especially as creators and engineers.

- Personnel exchanges with overseas subsidiaries.
- Creating an environment where foreign nationals can work comfortably.
- Awareness of the current situation through data analysis and questionnaires aimed at increasing the motivation of women to be promoted to managerial positions.
- Development of an environment and systems that allow women to take more active roles and that allow unification of reduced working hour periods during childcare leave, including support and securing of substitute personnel for individuals using the work-life balance support system, elimination of long work hours and difficulties associated with taking time off, promotion of working from home, and promotion of childcare leave for men
- Designing and implementing training to promote the growth of female managers, and creating role models.

(Principle 2.6) Functioning of corporate pension funds as asset owners

None of the companies in the group have a corporate pension plan, so this does not generally apply.

(Principle 3.1) Full disclosure of information

(i) We post our Group Management Philosophy, as well as our group direction and Mid-Term Plan in line with that philosophy, in the form of messages from our President on our website, in our shareholder newsletter, etc.

Group Management Philosophy: <https://www.imagicagroup.co.jp/about/philosophy.html>

G-EST2025 Mid-Term Plan: <https://www.imagicagroup.co.jp/ir/individual/about/plan.html>

Financial results briefing materials: <https://www.imagicagroup.co.jp/ir/library/>

(ii) Our fundamental concepts concerning corporate governance are described on our website and in our corporate governance report and securities report. Fundamental concepts concerning corporate governance: <https://www.imagicagroup.co.jp/ir/philosophy/governance.html>

(iii) Compensation for directors (excluding directors who are Audit and Supervisory Committee members) is determined by the Board of Directors based on the results of deliberation and recommendations by the Personnel Advisory Committee. Compensation for directors who are Audit and Supervisory Committee members is determined through discussions with the Audit and Supervisory Committee. The total amount is set within the range of compensation decided at General Meeting of Shareholders.

Calculation criteria for director and executive officer compensation consisting of "basic compensation," "variable compensation," and "transfer-restricted stock compensation" are formulated and set on the basis of our rules for executive compensation, with details of the calculation criteria as follows.

- Basic compensation: Set according to a compensation table based on the scope of role of individual positions. The calculation uses a coefficient for each position, with that of the President set to 1.
- Variable compensation: A variable compensation rate is determined from the level of operating margin before goodwill and other amortization (5% standard) in the previous year and from KPI points with 33% of basic compensation as a standard, and is then multiplied by the amount of basic compensation. It ranges from 0% to 72%.
- Stock-based compensation: This is linked to the level of net income (loss) before income tax in the previous fiscal year for the consolidated group with 33% of basic compensation as a standard. It ranges from 1,000 shares to 33%.

As performance-linked compensation and restricted stock compensation are not appropriate for Audit and Supervisory Committee members and outside directors who are in positions independent of the execution of business, only basic compensation is paid.

Details of executive compensation are stated in the securities report.

Securities report: <https://www.imagicagroup.co.jp/ir/library/securities-reports.html>

(iv) Our company has established the following policies and procedures for the appointment of candidates for directors and for the dismissal of directors.

Policies

1. Appointment proposal criteria

In the proposal of nominations, candidates for both internal director and outside director must meet all of the criteria listed below.

[Internal director]

- (1) Possesses the excellent character and insight to comply with the group's corporate philosophy
- (2) Has a good understanding of the group's history, corporate culture, and employee characteristics, and thorough insight and knowledge concerning the group's business
- (3) Is able to create and execute concrete proposals for management strategy and action plans that continuously enhance the corporate value of the group and can contribute to medium- to long-term corporate value, based on the group's business environment, competitive trends, corporate philosophy, etc.
- (4) Continuously strives to review and improve the group's management strategies and action plans
- (5) Is able to attentively monitor changes in the market that concern the group's industry and the value that the group provides, and to engage in constructive discussions concerning the direction the group should take
- (6) Undergoes officer training as set forth by the company, and acquires knowledge of finances and of the legal duties and responsibilities to be observed as a director

[Outside director]

- (1) Possesses the excellent character and insight to comply with the group's corporate philosophy
- (2) Possesses high-level professional knowledge and abundant experience in corporate management, financial accounting, taxation, law, or other specialized field
- (3) Has a good understanding of the characteristics of the company group, welcomes content proposed by business executive directors for the sustainable enhancement of the corporate value of the group, performs supervisory functions based on appropriate risk management in Board of Directors meetings, and can be expected to contribute to constructive investigations that contribute to significant increases in corporate value
- (4) Independent outside directors must meet the independence criteria set by our group.

2. Criteria for proposal of dismissal

If any of the criteria listed below are met, dismissal may be proposed.

- (1) The individual has violated laws, ordinances, the Articles of Incorporation, or other rules of the group, causing significant loss or hindrance to the business of the group
- (2) The individual is recognized as having relationships with antisocial forces that would be criticized socially
- (3) The individual causes a significant hindrance to the execution of duties.
- (4) Based on changes in the external environment and business performance, it has become clear that the appointment criteria requirements are lacking.

Procedures

The procedure for dismissal or appointment of a board member candidate is as follows.

1. Appointment procedure

- (1) Every year (or every two years for directors who are Audit and Supervisory Committee members), the eligibility of incumbent directors is judged on the basis of nomination criteria.
- (2) If an individual is deemed to lack qualification, the nomination of a candidate will be considered on the basis of successor plans.
- (3) If there is an increase in the number of directors, the selection of candidates will be considered based on the selection criteria and the successor plan.
- (4) Following deliberation of (1) ~ (3) by the Personnel Advisory Committee, the matter will be presented and deliberated at a Board of Directors meeting (with consent of the Audit and Supervisory Committee required for a director who is an Audit and Supervisory Committee member). Candidates for director will be decided upon and will be submitted at General Meeting of Shareholders.

2. Dismissal procedure

In the event that matters falling under criteria for dismissal have been confirmed, the dismissal of a representative director will be deliberated by the Personnel Advisory Committee, and will be submitted to and decided by the Board of Directors. In the dismissal of a director, the Personnel Advisory Committee deliberates the dismissal proposal and determines the policy (with consent of the Audit and Supervisory Committee required for a director who is an Audit and Supervisory Committee member), and takes action in accordance with the provisions of the Companies Act, etc.

(v) Reasons for nomination and designation of candidates for internal and outside directors are stated in the Notice of Convocation of General Meeting of Shareholders.

Notice of Convocation of General Meeting of Shareholders:

<https://www.imagicagroup.co.jp/ir/library/stockholders-meeting.html>

When a dismissal is carried out, it will be disclosed at a time and in a manner appropriate, in accordance with policies and procedures.

(Supplementary Principle 3.1.3) Sustainability initiatives, etc.

In recent years, the global and social environment have been undergoing change on a daily basis. As increasingly severe climate change, water and food shortages associated with population growth, the sustainability of resources and energy, and other global issues worsen, sustainability has become an issue that must be addressed by society as a whole. In light of these circumstances, we have decided to develop our SDG initiatives and advance overall sustainability activities in a comprehensive and cross-sectional manner.

Sustainability policy

Under our Group Management Philosophy of acting as a "visual communications group that provides the world with 'surprise and excitement'," IMAGICA GROUP will contribute to the achievement of a prosperous and sustainable society by achieving sustainable growth for our group and by responding to the diverse needs of society through activities centered on imaging.

Guidelines for conduct

- We will deliver "surprise and excitement" to people all over the world through our earnest efforts in varied enterprises, moving in step with "imaging."
- We will achieve fair, transparent, and trustworthy management through sincere dialogue with all of our stakeholders.
- Through collaboration with varied partners, we will contribute to the development of local communities and the resolution of social issues.

(1) Governance

We established Sustainability Committee in FY2023 to formulate important policies and initiatives related to sustainability for the entire group and to reflect these in our management strategies. The Sustainability Committee is chaired by President and Representative Director and is composed of 12 members, including executive officers of the company and the presidents of the company's direct subsidiaries. It is convened regularly, with the human resources, general affairs and corporate management divisions serving as Secretariat. This committee and the Risk Management Committee work in a comprehensive and cross-sectional manner on activities related to overall sustainability, including human capital management, climate change response, risk management, and SDGs. The Committee will identify sustainability-related risks and opportunities that could affect the group's management policies and strategies in the short, medium, and long term, and will examine goals and countermeasures. The Committee will also report and make recommendations to the Board of Directors on a regular basis, and the Board of Directors will provide oversight and direction on the policies and initiatives.

(2) Risk management

The group has formed a Risk Management Committee that spans the group companies. The Committee will evaluate and identify risks and opportunities related to climate change, including large-scale natural disasters, along with the risks they pose to our business, and will report and make recommendations on key risks to the Board of Directors in cooperation with the Sustainability Committee.

(3) Human capital initiatives

(Integration of management strategy and human resource strategy)

Our G-EST2025 Mid-Term Plan notes our business strategies of "Expansion of business globally", "Establishment of a new live business", "Creation of new value in the Imaging Systems & Solutions business area", "Expansion of game-related business", and "Complete Transformation in the 'Transformational business'." Our group's basic approach to human capital management is to secure, develop, and activate the talent necessary to enhance the feasibility of these business strategies.

Talent development policy

Engineers and creators in the visual media industry play important roles in supporting video production in terms of both technology and expression, enabling the delivery of new imaging experiences. We undertake talent development at all of our operating companies to let all individuals demonstrate their expertise and improve their technical skills. In engineering talent, we also make efforts toward industry-academia collaboration and have established the Advanced Research Group, a group R&D organization that engages in joint research with universities in Japan and overseas in collaboration with our operating companies.

Across the group, we also conduct systematic training to develop global mindsets and global leadership training to nurture global talent, as well as training for young employees and managers at all levels of the organization. In terms of group management, we also systematically undertake training for the development of next-generation management talent, with the aim of discovering and fostering creative leaders who understand the strengths of our businesses, create new businesses that transcend organizational barriers to generate synergies, and possess the determination and energy to drive these businesses forward.

Internal environmental improvement policy

In order to act as a group, we are also working to improve our internal environment through efforts including the communication of our group philosophy, group management governance, platforms for collaboration, and the creation of comfortable work environments. The "4We's" was created through discussions between management and group employees as a clear statement of the values shared by all group employees. "4We's" is the shared code of conduct for the IMAGICA GROUP, communicated and shared with group employees as appropriate through means including group-wide new employee training, group newsletters, and emails from the President.

In addition to these actions, we have prepared mechanisms for cooperation among group companies, including the introduction of a talent management system for centralized administration of management talent and management position candidates at domestic group companies, and an intra-group recruitment system by which employees can apply for talent positions within a group company and be transferred to that company for a fixed term. To create comfortable work environments, we are implementing the use of remote work and hot desking, development of ICT infrastructure, health management initiatives (lowering of the age for physical examinations, mental health check-ups, promotion of work-life balance, etc.), and diversity and inclusion initiatives (hiring of foreign employees for creative and engineering positions, promotion of childcare leave for men, and training and promotion of female leaders).

Our sustainability initiatives are listed on our company website.

Sustainability site: <https://www.imagicagroup.co.jp/sustainability/>

(Supplementary Principle 4.1.1) Scope of delegation to management

The Board of Directors of our company bears oversight functions for the execution of business and makes important decisions regarding the company as a whole through resolutions required by law and through deliberations and resolutions on matters for discussion by the Board of Directors, as stipulated by the company's Board of Directors Regulations. The Board of Directors Regulations, the Administrative Authority Regulations, and the Group Company Management Regulations set agenda proposal standards addressing the importance of matters to management, such as item-specific monetary standards, while also clearly setting the authority for decision-making and approvals of all decision-makers in the management team, including the President and executive officers.

(Principle 4.9) Qualifications and criteria for determination of independence for independent outside directors

The company determines the independence of independent outside directors based on independence criteria, etc. indicated by financial instruments exchanges. In the appointment of independent outside directors, through deliberations by the Personnel Advisory Committee and thorough deliberations by the Board of Directors, the company nominates candidates who can be expected to contribute to frank, active, and constructive discussions in Board of Directors meetings.

(Supplementary Principle 4.10.1) Use of voluntary mechanisms

Our company has established the Personnel Advisory Committee as an advisory body to the Board of Directors with the aim of further improving the transparency of operations related to the personnel and treatment of executives. The Personnel Advisory Committee engages in deliberation and examination of successor plans and policies involving the details of compensation for directors and executive officers, compensation for individual directors, successor plans, nominations, dismissals, etc., and submits agenda items to the Board of Directors. As of the date of submission, the Personnel Advisory Committee consists of four members: Chairman of the Board Fumio Nagase as a chairman of the Committee, independent outside director Atsuko Murakami, and independent outside director and Audit and Supervisory Committee members Osamu Chiba and Taketo Yamakawa.

(Supplementary Principle 4.11.1) Concepts concerning the balance, diversity, and scale of the Board of Directors as a whole

It is currently composed of five directors (excluding the directors who are Audit and Supervisory Committee members), which is an appropriate number. As for internal directors, we have appointed individuals who have specialized knowledge and a large amount of experience in each field related to the imaging-related business so that appropriate decisions can be made. In addition, we have appointed outside directors who have a wealth of experience and knowledge in fields such as business management, finance, and global business.

In addition to these five directors, there are three directors who are Audit and Supervisory Committee members. The outside directors who are Audit and Supervisory Committee members are lawyer, certified public accountant and executive of other company who have high-level knowledge in their respective fields.

In this way, the overall Board of Directors has a structure that takes into consideration the balance and diversity of knowledge, experience, and abilities. Details can be found in the provided skill matrix.

(Supplementary Principle 4.11.2) Concurrent posts of directors

The status of concurrent posts held at other companies by directors is disclosed annually in the Notice of Convocation of a General Meeting of Shareholders, our securities report, corporate governance report, etc. Concurrent posts of directors at listed companies other than in our group are kept within a reasonable limit.

Notice of Convocation of General Meeting of Shareholders: <https://www.imagicagroup.co.jp/ir/library/stockholders-meeting.html>

Securities report: <https://www.imagicagroup.co.jp/ir/library/securities-reports.html>

(Supplementary Principle 4.11.3) Analysis and evaluation of the effectiveness of the Board of Directors

Our company conducted an anonymous questionnaire-based survey of all directors regarding the operation, etc. of the Board of Directors

and conducted analysis and evaluation of the effectiveness of the Board of Directors as a whole in June 2023, as follows.

1. Overview of questionnaire-based self-evaluation

Survey for: The Board of Directors held in the recent 12 months (June 2022 to May 2023)

Evaluated by: All directors

Surveyed in: June 2023

Items evaluated: Composition of the Board of Directors / Operational status and support system / Through deliberation of important issues / Performance of supervisory functions / Handling of issues

2. Evaluation results regarding the effectiveness of the Board of Directors and future measures

The composition of the Board of Directors, the scope and volume of agenda items submitted, the assurance of opportunities for information acquisition by outside directors, and other matters were evaluated to be appropriate overall.

At the same time, it was recognized that amid ongoing changes in the environment in the imaging-related market in which the group operates, topics indicating major directions for corporate strategy and deliberations on medium- and long-term issues and risks should be further deepened and implemented.

While the survey found that certain improvements had been made with respect to issues raised in the previous survey, we will further strive for regular deliberations concerning business issues and strategies.

(Supplementary Principle 4.14.2) Training policy for directors

In principle, the company appoints individuals who already possess the qualifications as a director. However, we also conduct training for executives using external training institutions with costs paid by the company, for case study content related to the legal duties and responsibilities to be observed as an executive (under the Companies Act and Financial Instruments and Exchange Act), financial knowledge and corporate analysis, and judgment and conduct as a director. When inviting independent outside directors, the company provides opportunities for individual briefings on our management strategy, details of our business and finances, etc., and conducts orientation with content including inspection tours of major operating companies.

The company conducts executive training for its executive officers and for the directors, executive officers, and corporate auditors of group companies, with a focus on the Companies Act, the Financial Instruments and Exchange Act, and corporate governance, and with objectives as outlined below. In FY2021, 35 underwent the training; 10 are scheduled to undergo the training in FY2023.

- To ensure compliance with the Corporate Governance Code as a listed company
- To equip directors and corporate auditors (executives) with necessary basic knowledge
- To raise and entrench awareness of compliance

(Principle 5.1) Policy for constructive dialogue with shareholders

The status of the company's dialogue with shareholders during the most recent fiscal year is as follows.

(1) Primary contact person for dialogue: The Corporate Communications Group of the Corporate Management Department serves as the point of contact for the company, and the President and Representative Director and Senior Managing Executive Officer who serves as Group CFO engage in dialogue with shareholders.

(2) Overview of shareholders involved in dialogue: Through financial results presentations and individual meetings, the company engaged in dialogue with sell-side analysts and fund managers/analysts primarily from domestic and Asian institutional investors. We conduct financial results presentations for institutional investors and analysts twice a year in a hybrid format of online and in-person participation. In addition to online presentations for individual investors, in FY2022 we produced a company briefing video in which the President and Representative Director and a moderator discuss the company in an interactive format, and we distributed the video on YouTube.

(3) Themes of the dialogue: In addition to an overview of our most recent financial results, main themes included the progress of our Mid-Term Plan and the market environment for our overseas business.

(4) Status of feedback from dialogue: Questions asked at financial results presentations, dialogue at individual meetings, and comments and opinions from shareholders are reported quarterly to members of management and to the Board of Directors as appropriate. Based on dialogue with shareholders, we are also enhancing information disclosure through means such as webcasting archived video after financial results briefings and the posting of Q&A on our website.

[Actions to achieve management with awareness of the cost of capital and our stock price]

We recognize that our shareholder's equity cost is 7-8%. The goal of the company is an ROE of 8% or higher, exceeding the shareholder's equity cost. Specifically, we aim to achieve an operating margin of 8% before goodwill and other amortization in FY2025 as stated in our Mid-Term Plan, and to achieve ROE of 8% or more by improving the soundness and efficiency of our balance sheet.

In dialogues with shareholders and investors, we perform appropriate management of insider information in accordance with insider-trading prevention regulations, set the two-week period before the announcement of financial results as a blackout period for IR activities, and restrict dialogue with shareholders and investors.

2. Capital structure

Foreign shareholding ratio

Less than 10%

Status of major shareholders

Updated

Name or organization name	Number of shares owned	Ratio (%)
Creato Ltd.	20,642,247	46.29
Custody Bank of Japan, Ltd. –Trust Account–	4,992,900	11.19
The Master Trust Bank of Japan, Ltd. –Trust Account–	1,837,400	4.12
GOVERNMENT OF NORWAY	581,700	1.30
IMAGICA GROUP Employee Shareholding Plan	577,850	1.29
Fuji Media Holdings Co., Ltd.	424,000	0.95
Creato Holdings Ltd.	400,000	0.89
SBI SECURITIES Co., Ltd.	356,062	0.79
TOKYO BROADCASTING SYSTEM TELEVISION, INC.	320,000	0.71
The Bank of Fukuoka, Ltd.	282,900	0.63

Existence of controlling shareholders (excluding parent company)	-----
Existence of parent company	None

Supplementary explanations

Updated

Information on the status of major shareholders is based on the shareholder list as of March 31, 2023. The ownership ratio is calculated with treasury stock (156,042 shares) excluded.

3. Corporate attributes

Listed exchanges and market divisions	Tokyo Prime
Accounting period	March
Industry	Information and communication
Number of employees (consolidated) at the end of the previous fiscal year	Over 1,000
Net sales (consolidated) in the previous fiscal year	10 billion yen or more but less than 100 billion yen
Number of consolidated subsidiaries at the end of the previous fiscal year	10 or more but less than 50

4. Guidelines for measures to protect minority shareholders when conducting transactions with controlling shareholders

5. Other special circumstances that may have a significant impact on corporate governance

No relevant matters to be noted.

// Status of business management organizations and other corporate governance structures related to management decision-making, execution, and supervision

1. Matters related to institutional structure, organizational management, etc.

Organizational form	Company with Audit and Supervisory Committee
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Directors:

Number of directors under the Articles of Incorporation	15
Term of office of directors under the Articles of Incorporation	1 year
Board of Directors Meeting Chairman	Chairman of the Board (except when concurrently serving as President)
Number of directors	8
Appointment of outside directors	Already appointed
Number of outside directors Updated	4
Number of outside directors designated as independent officers Updated	4

Relationship with the company (1)	Updated
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Full Name	Attributes	Relationship with the company (*)											
		a	b	c	d	e	f	g	h	i	j	k	
Atsuko Murakami	Executive of other company												
Osamu Chiba	Lawyer												
Taketo Yamakawa	Executive of other company												
Hiromi Nakazawa	Certified Public Accountant												

*Options for relationship with the company

*If 'current/recent' applies to the individual, this is marked with "O" for each item; if 'past' applies, then "△" is used.

* If 'current/recent' applies to a close relative of the individual, this is marked with "●" for each item; if 'past' applies, then "▲" is used.

- (a) Executive officer of a the company or its subsidiary
- (b) Executive officer or nonexecutive director of the parent company of the company
- (c) Executive officer of an affiliated company of the company
- (d) An individual or executive officer whose main business partner is the company
- (e) Major business partner or executive officer of the company
- (f) Consultant, accounting professional, or legal professional who obtains a large amount of money or other assets, other than executive compensation, from the company
- (g) Major shareholder of the company (if the major shareholder is a corporation, an executive officer of that company)
- (h) Executive officer (the individual only) of the business partner of the company (not falling under d, e, or f)
- (i) Executive officer (the individual only) who has a relationship of mutual appointment as an outside officer
- (j) Executive officer to whom the company makes donations (the individual only)
- (k) Others, net

Full Name	Audit and Supervisory Committee member	Independent officer	Supplementary explanation about applicable items	Reason for appointment
Atsuko Murakami		○	H.U. Group Holdings Co., Ltd. Executive Officer and CFO SRL, Inc. Director Fujirebio Holdings Co., Ltd. Director Fujirebio Corporation Director, H.U. Frontier Inc. Director	<p>The company has nominated Ms. Murakami as an outside director as she possesses abundant experience as a financial manager in a Japanese company engaged in global business and possesses a high level of financial insight, and thus is expected to perform a supervisory function with respect to important decisions, etc. from an objective standpoint that is independent of operating officers.</p> <p>The company has also determined that, as the reasons set forth in the criteria for independence in "Matters Concerning the Independence of Independent Directors" do not apply, there is no risk of conflict of interest with general shareholders, and accordingly has designated the individual as an independent officer.</p>
Osamu Chiba	○	○	Akebono Law Office Representative Attorney Kenedix Residential NEXT Investment Corporation Supervisory Director Maruzen Foods Corporation Outside Corporate Auditor TAUNS Laboratories, Inc. Outside Director	<p>The company has nominated Mr. Chiba as an outside director who is an Audit and Supervisory Committee member as he possesses abundant knowledge and experience gained as an attorney and as legal counsel and an outside corporate auditor at multiple companies, and thus is expected to contribute to the strengthening of effectiveness of the decision-making functions and supervisory functions of the Board of Directors from a standpoint that is independent of management.</p> <p>The company has also determined that, as the reasons set forth in the criteria for independence in "Matters Concerning the Independence of Independent Directors" do not apply, there is no risk of conflict of interest with general shareholders, and accordingly has designated the individual as an independent officer.</p>
Taketo Yamakawa	○	○	LLC 28 Representative employee	<p>The company has nominated Mr. Yamakawa as an outside director who is an Audit and Supervisory Committee member as he possesses abundant experience and deep insights in the management of global companies and is expected to contribute to the strengthening of corporate governance.</p> <p>The company has also determined that, as the reasons set forth in the criteria for independence in "Matters Concerning the Independence of Independent Directors" do not apply, there is no risk of conflict of interest with general shareholders, and accordingly has designated the individual as an independent officer.</p>
Hiromi Nakazawa	○	○	Ricoh Leasing Company, Ltd. Outside Director (Full-time Audit & Supervisory Committee Member)	<p>The company has nominated Ms. Nakazawa an outside director who is an Audit and Supervisory Committee member as she possesses expert knowledge in finance, accounting, and auditing as a Certified Public Accountant and experience in business operations gained as an executive officer and as a corporate auditor and audit & supervisory committee member at a large company, and thus is equipped with a high level of insight in terms of corporate management and is expected to contribute to the strengthening of the company's governance.</p> <p>The company has also determined that, as the reasons set forth in the criteria for independence in "Matters Concerning the Independence of Independent Directors" do not apply, there is no risk of conflict of interest with general shareholders, and accordingly has designated the individual</p>

				as an independent officer.
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Audit and Supervisory Committee

Committee composition and attributes of meeting chairman	Updated
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	All committee members (No.)	Full-time committee members (No.)	Internal directors (No.)	Outside directors (No.)	Committee Chairman (Meeting Chairman)
Audit and Supervisory Committee	3	0	0	3	Outside director

Presence of directors and employees who should assist in the duties of the Audit and Supervisory Committee	Yes
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Matters concerning independence of the directors and employees from executive directors

In order to execute the duties of the Audit and Supervisory Committee, the company has set up the Audit and Supervisory Committee Office and has assigned one assistant staff member to the Audit and Supervisory Committee. The consent of the Audit and Supervisory Committee is required for personnel evaluation and personnel changes of the staff member.

Cooperation among the Audit and Supervisory Committee, accounting auditor, and internal audit department
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The Audit and Supervisory Committee will endeavor to exchange information with the accounting auditor, the Internal Auditing Office, and Audit & Supervisory Board Members of group companies, etc., and strive for mutual cooperation.

Optional Committee:

Presence of an optional committee equivalent to a nominations committee or compensation committee	Yes
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Status of establishment of optional committee, committee composition, attributes of chairman (meeting chairman)

	Name of the committee	All committee members (No.)	Full-time committee members (No.)	Internal directors (No.)	Outside directors (No.)	Outside experts (No.)	Other (No.)	Committee Chairman (Meeting Chairman)
Optional committee equivalent to the nominating committee	Personnel Advisory Committee	4	0	1	3	0	0	Internal director
Optional committee equivalent to the compensation committee	Personnel Advisory Committee	4	0	1	3	0	0	Internal director

Supplementary explanations

No relevant matters to be noted.

Independent officers

Number of independent officers	Updated	4
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Other matters related to independent officers

The company has designated all outside officers who meet the qualifications of independent officers as independent officers.

Incentives

Status of implementation of measures related to awarding of incentives to directors	Introduction of performance-linked compensation system
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Supplementary explanation about applicable items Updated

A portion of executive compensation of the company has been linked to business performance. The variable compensation rate is determined based on the previous fiscal year's operating margin before goodwill and other amortization and on KPI points. The standard performance-linked portion is equivalent to 33% of fixed compensation and is in the range of 0 to 72%, depending on performance.

Persons eligible for stock options

Supplementary explanation about applicable items

Compensation for directors

Status of disclosure (of individual director compensation)	Individual compensation is not disclosed
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Supplementary explanation about applicable items Updated

Compensation for officers for the fiscal year ending March 2023 was ¥146,073,000 for directors excluding Audit and Supervisory Committee members (including ¥7,200,000 for outside directors), and was ¥31,704,000 for directors who are Audit and Supervisory Committee members (including ¥14,700,000 for outside directors).

Existence of policy for determining the amount of compensation or its calculation method	Yes
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Disclosure of the policy for determining the amount of compensation or its calculation method

The company conducts deliberations on directors in the Personnel Advisory Committee, which consists of four members (Chairman of the Board and three outside directors). The Board of Directors determines amounts of compensation in line with officer compensation standards set in accordance with changes in the business environment and the performance of the Group overall. The total amount is within the range of the compensation approved at General Meeting of Shareholders. In addition, compensation for directors who are Audit and Supervisory Committee members is determined through discussions with the Audit and Supervisory Committee.

Support system for outside directors:

The company has a structure by which the Corporate Management Department and other management departments provide assistance and support as necessary.

2. Matters related to functions such as business execution, auditing/supervision, nomination, and determination of compensation (overview of the current corporate governance structure)

Updated

1. Board of Directors

As of the date of submission, the Board of Directors consists of Chairman of the Board and Representative Director Fumio Nagase, President and Representative Director Nobuo Fuse, directors Masakazu Morita and Shunjiro Nagase, outside director Atsuko Murakami, and outside directors Osamu Chiba, Taketo Yamakawa, and Hiromi Nakazawa who are Audit and Supervisory Committee members, for a total of eight members who perform supervision of business execution and decision-making in management.

While a company with an audit and supervisory committee is able to delegate important decisions on business execution to directors by stipulating this in its articles of incorporation, our company holds regular Board of Directors meetings once a month based on our Board of Directors Regulations. Extraordinary Board of Directors meetings are held as needed to resolve matters stipulated in laws and regulations and in our Articles of Incorporation, as well as important matters concerning the management of the group.

Attendance at Board of Directors meetings in FY2022 was as follows.

Chairman of the Board and Representative Director Fumio Nagase 12/12 (100% attendance)

President and Representative Director Nobuo Fuse 12/12 (100% attendance)

Director Masakazu Morita 12/12 (100% attendance)

Director Shunjiro Nagase 10/10 (100% attendance)

Director (Outside) Atsuko Murakami 12/12 (100% attendance)

Director (Full-time Audit and Supervisory Committee member) Jun Ando 12/12 (100% attendance)

Director (Audit and Supervisory Committee member, Outside) Osamu Chiba 12/12 (100% attendance)

Director (Audit and Supervisory Committee member, Outside) Takehito Yamakawa 12/12 (100% attendance)

Note: At the conclusion of the 50th Annual General Meeting of Shareholders held on June 27, 2023, Director Jun Ando retired due to expiration of his term of office.

2. Audit and Supervisory Committee

As of the date of submission, the Audit and Supervisory Committee consists of three directors who are Audit and Supervisory Committee members: outside director Osamu Chiba as a chairman of the Committee and outside directors Taketo Yamakawa and Hiromi Nakazawa. The committee is working to strengthen its functions for auditing and supervision of business execution directors, and to enhance the corporate governance structure.

Audit and Supervisory Committee Office was set up as the secretariat for operation of the Audit and Supervisory Committee. In FY2022, meetings were held 14 times in order to conduct auditing activities based on audit plans and division of work. Discussions and investigations were carried out on the status of business execution by directors and employees, the status of internal controls and operation of the company, the status of management of major group companies, evaluations by accounting auditors, etc.

Attendance at Audit and Supervisory Committee meetings in FY2022 was as follows.

Full-time Audit and Supervisory Committee member Jun Ando 14/14 (100% attendance)

Audit and Supervisory Committee member Osamu Chiba 14/14 (100% attendance)

Audit and Supervisory Committee member Takehito Yamakawa 14/14 (100% attendance)

Note: At the conclusion of the 50th Annual General Meeting of Shareholders held on June 27, 2023, Full-time Audit and Supervisory Committee member Jun Ando retired due to expiration of his term of office.

3. Executive officer system

In order to expedite decision-making and respond appropriately to the outside environment, our company has adopted an executive officer system that separates management supervision functions from business execution functions. As of the date of submission of this report, a total of 9 executive officers have been appointed as given below:

President and Chief Executive Officer Nobuo Fuse, Group CEO

Senior Managing Executive Officer Masakazu Morita, Group CFO in charge of Production Technology Services business, game related business

Executive Officer Shunjiro Nagase, in charge of Content Creation business, strategy and global business

Executive Officer Toshiaki Okuno, in charge of Content Creation, business, animation

Executive Officer Masashi Nakamura, in charge of Production Technology Service business, entertainment media

Executive Officer Akira Shimura, in charge of Production Technology Services business, TV and commercial post-production services

Executive Officer Atsushi Shinohara, in charge of Production Technology Services business, talent business

Executive Officer Takashi Takimizu, in charge of Imaging Systems & Solutions business and group technology development

Executive Officer Masaharu Yoshizawa, in charge of live entertainment business

Group Management Committee has been set up as a decision-making body for business execution. It is held once a month or on an extraordinary basis as needed. The Group Management Committee is composed of a total of nine members, including President and Chief Executive Officer Nobuo Fuse as a chairman of the Committee and other executive officers. According to Group Management Committee Regulations, the Committee identify important business issues for the group and discuss them, including medium to long-term issues which should be deliberated at Board of Directors such as corporate strategies and any urgent issues.

4. Personnel Advisory Committee

The Personnel Advisory Committee engages in deliberation and examination of policies related to the nomination and dismissal of company directors (including outside directors), successor plans, individual compensation for directors, compensation for directors and executive officers, etc., and reports to the Board of Directors. As of the date of submission, the Personnel Advisory Committee consists of four members: Chairman of the Board and Representative Director Fumio Nagase as a chairman of the Committee, outside director Atsuko Murakami, and outside directors Osamu Chiba and Taketo Yamakawa who are Audit and Supervisory Committee members.

The Talent Management Department was set as the secretariat for operation of the Personnel Advisory Committee, which was convened four times in FY2022 to engage in deliberation and consideration of the compensation system and amount of compensation for officers of the company, as well as the nomination of officers of the group.

Attendance at Personnel Advisory Committee meetings in FY2022 was as follows.

Chairman of the Board and Representative Director Fumio Nagase 4/4 (100% attendance)
 Director (Independent and Outside) Atsuko Murakami 4/4 (100% attendance)
 Director (Audit and Supervisory Committee member, Independent and Outside) Osamu Chiba 4/4 (100% attendance)
 Director (Audit and Supervisory Committee member, Independent and Outside) Takehito Yamakawa 4/4 (100% attendance)

3. Reasons for choosing the current corporate governance system

Updated

The company has an Audit and Supervisory Committee as its institution for the purpose of further strengthening auditing functions of the Board of Directors and ensuring prompt management decision-making.
 The company undergoes audits by the Audit and Supervisory Committee, which consists of three directors who are Audit and Supervisory Committee members: outside director Osamu Chiba as a chairman of the Committee, and outside directors Taketo Yamakawa and Hiromi Nakazawa. This current structure has been adopted under recognition by the Board of Directors that, for a structure of eight directors, including four outside directors who are independent officers, the structure is one which functions sufficiently for the supervision of business execution. Accounting auditor that conducts audits of the company is Ernst & Young ShinNihon LLC.

/// Status of implementation of measures related to shareholders and other stakeholders

Updated

1. Status of efforts to revitalize General Meeting of Shareholders and facilitate exercise of voting rights

	Supplementary explanations
Setting General Meeting of Shareholders to avoid days where many companies are holding shareholder meetings.	We have set the date that avoids days where many companies are holding shareholder meetings.
Exercising voting rights by electronic means	It is possible to exercise your voting rights via the internet.
Participation in electronic voting rights platform and other efforts to improve voting rights environment for institutional investors	The company participates in the voting platform for institutional investors operated by ICJ, Inc. To secure a sufficient period for institutional investors to consider proposals, the Notice of Convocation is disclosed electronically about three weeks before the date of Ordinary General Meeting of Shareholders.
Other	In addition to posting the Notice of Convocation, reference documents for the exercise of voting rights, and the results of exercise of voting rights on our website, the company strives to make company information visible for shareholders at General Meetings of Shareholders by means such as projecting the content of reports and briefing materials for agenda items. The company releases an English version of the Notice of Convocation of Ordinary General Meeting of Shareholders. While the company recognizes the importance of ensuring that shareholders have a sufficient period for reviewing the agenda of General Meeting of Shareholders, in the interest of placing top priority on the accuracy of the content, the company currently sends the Notice of Convocation 14 days prior to the date of the General Meeting of Shareholders (the statutory time frame). In the interest of prompt information disclosure, the company also releases the content on the company website, etc. about three weeks prior to the date of the General Meeting of Shareholders, ahead of sending the Notice of Convocation. Since the 49th Ordinary General Meeting of Shareholders for the fiscal year ended March 2022, the company also provides a live stream viewable online.

2. IR activity status Updated

	Supplementary explanations	Briefings by management representative
Holding regular briefings for analysts and institutional investors	The company holds financial results briefings for analysts and institutional investors following the announcement of financial results at the end of the fiscal year. We also hold a second quarter financial results briefing after the release of second quarter financial results. Following briefings, briefing materials are promptly disclosed on TDnet and on the company website.	Yes
An IR document home page has been set up	We mainly publish financial statements, securities reports, quarterly reports, and financial results briefing materials, etc. The company has opened an English-language section of its website and provides information in English to overseas investors. Taking into account the composition of our shareholders, we are working to enhance the disclosure and provision of information.	
Establishment of department (person in charge) for IR	The company has established Corporate Communication Group within the Corporate Management Department as a department dedicated to IR.	

3. Initiatives to respect the position of stakeholders Updated

	Supplementary explanations
Environmental conservation activities, CSR activities, etc.	To achieve a prosperous and sustainable society, our company engages in varied business activities centered on imaging. Information on our various activities related to sustainability is posted on our sustainability website. Sustainability site: https://www.imagicagroup.co.jp/sustainability/
Formulation of policies, etc. related to the provision of information to stakeholders	The company discloses important information about the company to shareholders and investors accurately, in a way that is easy to understand, objective, and prompt. We have also formulated an IR policy, viewable on our website, concerning the provision of information. https://www.imagicagroup.co.jp/irpolicy.html

IV Matters concerning the internal control system, etc.

1. Developing internal control system

With respect to the development of a structure stipulated in Article 362, Paragraph 4, Item 6 of the Companies Act, the Board of Directors has determined a structure to be developed as follows. Under the resolution, the company is engaging in this development and every fiscal year conducts reviews and revisions of its progress.

1. System to ensure that the execution of duties by directors and employees complies with laws, regulations, and the Articles of Incorporation

The company's Board of Directors has established rules regarding its compliance structure, including a Corporate Ethics Code, and has set these as the norms under which directors and employees are to act in compliance with laws, regulations, the Articles of Incorporation, and social norms. To enforce this, the General Affairs Department oversees compliance initiatives in a cross-sectional manner. In addition to conducting education centered on this department, the company will establish a point of contact for reporting and consultation as a means for employees to directly provide information on acts that are questionable in terms of compliance. The company also takes a resolute stance in systematically responding to antisocial forces that affect the social order and the sound activities of companies.

2. Matters concerning the storage and management of information related to the execution of duties by directors

In accordance with laws, regulations, and internal rules, information on the performance of duties by directors is recorded and saved in electronic format (hereinafter referred to as "documents, etc."). This information is made available to directors at all times.

3. Regulations and other systems for management of the risk of loss

To deal with various risks related to business activities, the company has formulated internal rules related to risk management and is constructing a risk management structure with the General Affairs Department as the supervising department. In the event of a serious situation, the company will set up a task force headed by the President to take prompt action and prevent the spread of damage.

4. Structure to ensure the efficient execution of duties by directors

The Board of Directors sets company-wide goals shared by directors and employees, and seeks to enhance the efficiency of the execution of duties by directors using the following business management system.

- (1) Establishment of internal rules regarding administrative authority and decision-making
- (2) Adoption of an executive officer system
- (3) Having the board of directors form a medium-term management plan, a management plan for performance targets and setting budgets for each business division based on the medium-term management plan, and implementation of performance management utilizing IT.
- (4) Regular reviews of business performance by the Board of Directors and in various meetings, and implementation of measures for improvement

5. System to ensure the suitability of operations in the company and group companies

As a holding company, the company will perform allocation of necessary management resources from the perspective of overall optimization. In accordance with our Group Company Management Regulations, we will ensure the appropriateness of the work of all group companies as follows, while respecting the independence of each company.

- (1) With respect to important management matters, in addition to requesting consultations or reports to the company, we also regularly receive reports on business plans, etc. from group companies.
- (2) In order to deal with various risks related to corporate activities of the group, we manage risks for the entire group in collaboration with group companies.
- (3) We will ensure that the duties of the directors of each group company are executed efficiently by formulating a medium-term management plan for the group, setting performance targets and budgets for each group company based on it, and implementing performance management using IT.
- (4) We will establish a compliance reporting/consultation service for the entire group and make it known to them to ensure the effectiveness of compliance within the group.
- (5) The Internal Auditing Office will conduct internal audits of the group in a timely manner.

6. System to ensure the reliability of financial reporting

To ensure the reliability of our financial reporting, in addition to establishing and operating internal controls related to financial reporting, the company will continuously evaluate our internal controls to confirm their effective functioning and will make improvements as necessary.

7. Systems concerning employees when the Audit and Supervisory Committee has requested the appointment of assisting employees, and matters concerning the independence of the employees from directors (excluding directors who are Audit and Supervisory Committee members)

For the execution of duties by the Audit and Supervisory Committee, Audit and Supervisory Committee Office has been established and a support staff member has been allocated to the Audit and Supervisory Committee. The consent of the Audit and Supervisory Committee is required for personnel evaluations and personnel changes concerning the staff.

8. System by which the directors (excluding directors who are Audit and Supervisory Committee members) and employees of the group report to the Audit and Supervisory Committee, and other systems concerning reporting to the Audit and Supervisory Committee

The company is developing a system whereby directors (excluding directors who are Audit and Supervisory Committee members) and employees of the group can promptly report to the Audit and Supervisory Committee on legal matters, important matters for management, other matters that have a significant impact on the company or the group, the status of internal audits, and the status and content of reports by the compliance reporting and consultation desk. When a report is requested from the Audit and Supervisory Committee, directors (excluding directors who are Audit and Supervisory Committee members) and employees shall promptly report to the Audit and Supervisory Committee.

The company prohibits the disadvantageous treatment of directors or employees of the group for reasons of having made reports to the Audit and Supervisory Committee, and makes this prohibition known throughout the organization.

9. Other systems to ensure that audits by the Audit and Supervisory Committee are carried out effectively

The Audit and Supervisory Committee will endeavor to exchange information with the accounting auditor, the Internal Auditing Office, the Audit & Supervisory Committee members of group companies, etc., and will strive for mutual cooperation.

When the Audit and Supervisory Committee has made a request for prepayment or reimbursement of expenses incurred in the execution of its duties, the company will bear the expenses unless it has been deemed that the expenses are not necessary for the execution of duties.

2. Ensuring elimination of antisocial forces

To enhance and strengthen its compliance system, the group has designated the General Affairs Department of the company as the supervising department, has formulated a compliance manual based on the Corporate Ethics Code, the Manual for Blocking Relations with Antisocial Forces, and the Corporate Behavior Charter of the Japan Business Federation, and works to insulate itself from antisocial forces.

As a part of our daily operations, we have established Purchasing Management Regulations and, when beginning new business arrangements, conduct credit checks on all business partners using article information search systems and make inquiries to private credit bureaus, taking great care to avoid doing business with antisocial forces.

We have also established a contact/reporting system based on our Risk Management Regulations and a monitoring system based on our Hotline System Regulations to prevent the involvement and intervention of antisocial forces in our company activities.

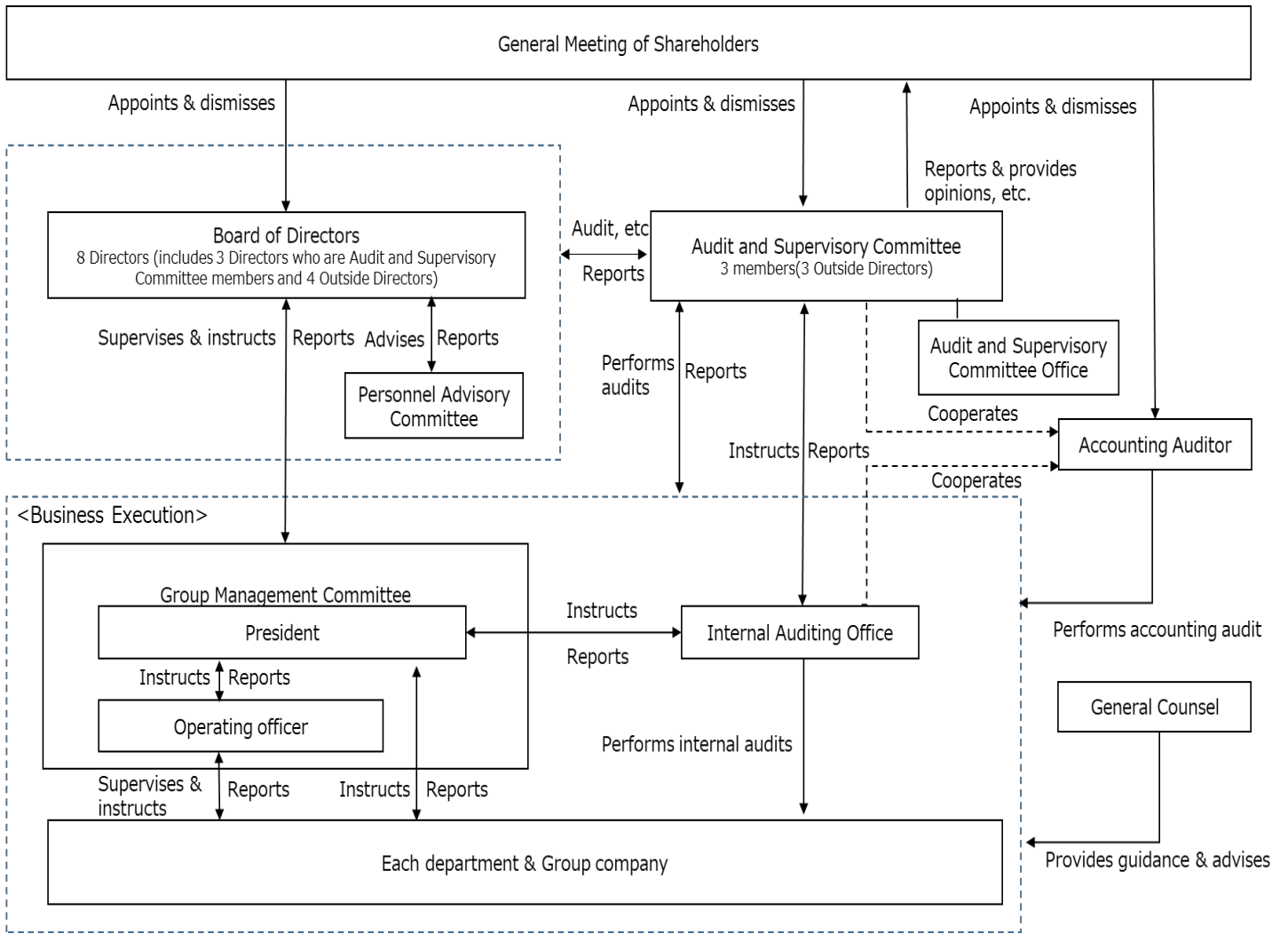
In the unlikely event of an issue, we will promptly take appropriate measures following consultation with specialists, such as corporate lawyer, as necessary.

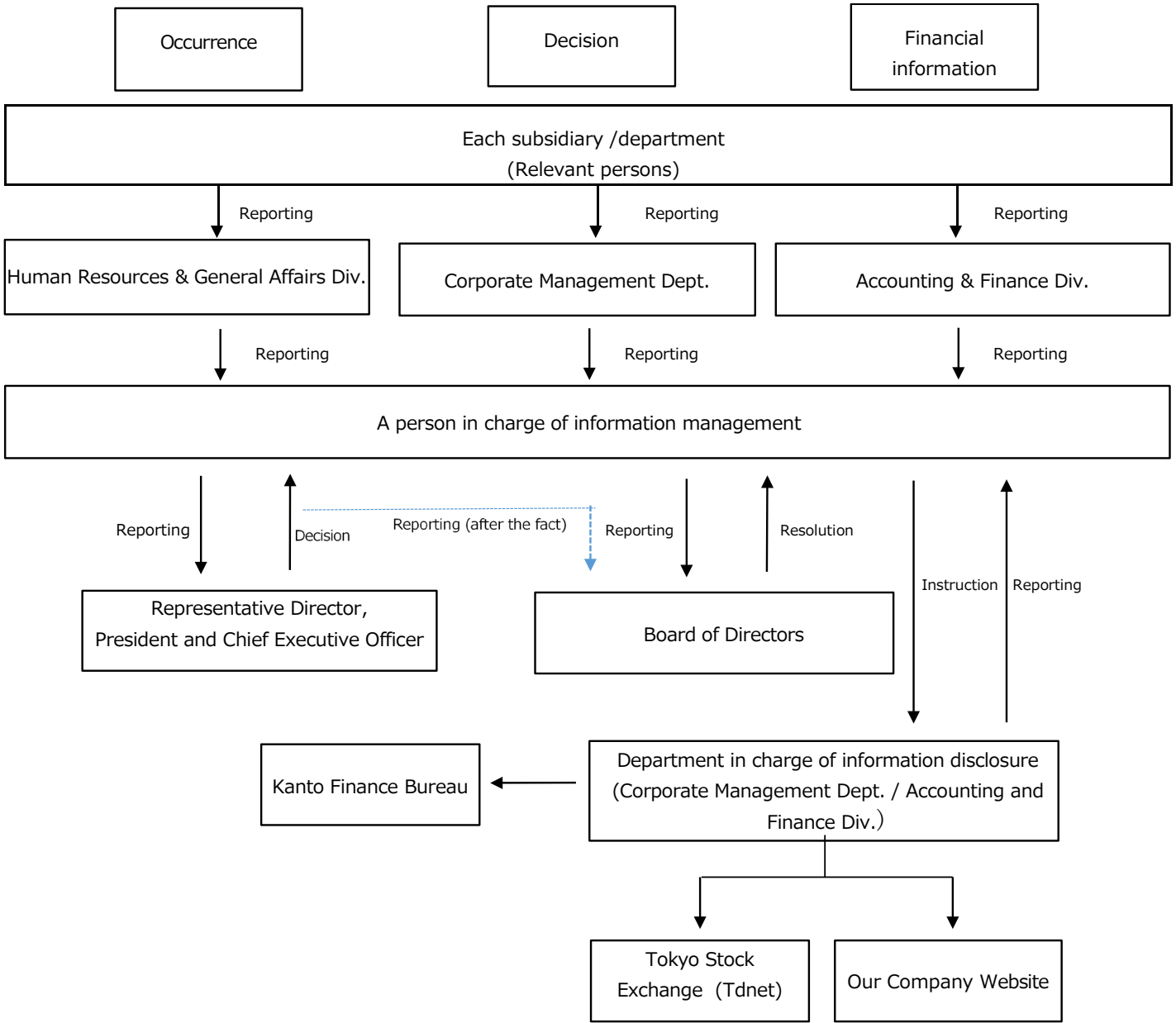
V Other

1. Introduction of acquisition defense measures

Introduction of acquisition defense measures	None
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2. Other matters related to the corporate governance system, etc.





Full Name		Corporate Management	Financial Accounting	Legal affairs Risk management	Global experience	Diversity	Personnel work	M&A/ Business revitalization	Sales/ Marketing	Imaging Business
Director	Fumio Nagase	●			●			●	●	●
	Nobuo Fuse	●							●	●
	Masakazu Morita	●	●		●		●	●		●
	Shunjiro Nagase	●			●			●	●	●
	Atsuko Murakami	●	●		●	●				●
Director, Audit & Supervisory Committee Member	Osamu Chiba			●					●	
	Taketo Yamakawa	●			●			●	●	
	Hiromi Nakazawa		●	●	●	●				