



November 30, 2021

NEWS RELEASE

Company name	IMAGICA GROUP Inc.
Title and name of Representative	Nobuo Fuse Representative Director, President (Securities code: 6879, TSE 1st Section)
Inquiries	Masakazu Morita Director, Managing Executive Officer
TEL	+81-3-5777-6295

**[Delayed]Application for Selection of the Prime Market as the New Market Segment
and Plan to meet the Continued Listing Criteria**

At a Board of Directors meeting held today, the IMAGICA GROUP Inc. (the “Group”) decided to select the Prime Market in response to the restructuring of Tokyo Stock Exchange market segmentation scheduled in April 2022, and submitted the application. We have formulated and are disclosing the following plan to meet the continued listing criteria for the new market segment because the Company did not meet the market requirements for continued listing as of the transition base date (June 30, 2021).

1. Status of Group Satisfaction of Continued Listing Criteria and Plan Timeframe

The Group’s satisfaction of Prime Market continued listing criteria as of the transition base date is as follows. The Group has a tradeable share market cap of 6.12 billion yen and a tradeable share ratio of 27.2%. These do not meet the respective criteria. We are pursuing various initiatives aimed at meeting the continued listing criteria for tradeable share market cap and tradeable share ratio by fiscal year ending March 31, 2026.

	No. of Tradeable Shares (Units)	Tradeable Share Market Cap (Billion yen)	Tradeable Share Ratio (%)	Average Daily Trading Value (Million yen)
Group status (as of the transition base date)	122,002	6.12	27.2%	40
Continued listing criteria	20,000	10	35.0%	20
Item noted in plan		○	○	

* The Group’s criteria satisfaction status was calculated based on the distribution of Group shares, etc. as determined by the Tokyo Stock Exchange on the base date.

2. Basic Policy on Initiatives Aimed at Satisfaction of Continued Listing Criteria, Issues, and Initiative Details

The basic policy, issues, and details of initiatives pertaining to improvement in the tradeable share market cap and tradeable share ratio to meet the Prime Market continued listing criteria are described in the attached Plan to Meet the Continued Listing Criteria.

Note: The forward-looking statements disclosed in this news release were formulated based on currently available information on the date this news release was published. Actual results may differ due to various future factors.

Plan to Meet the Continued Listing Criteria for the New Market Segment

IMAGICA GROUP Inc.

Securities code: 6879

November, 30, 2021



- 1. Status of Group Satisfaction of Continued Listing Criteria and Plan Timeframe**
- 2. Basic Policy to Meet the Continued Listing Criteria**
- 3. Current Issues and Initiative Details**

Status of Group Satisfaction of Continued Listing Criteria and Plan Timeframe

Status of Criteria Satisfaction

IMAGICA GROUP Inc. (the “Group”) has not met the Prime Market continued listing criteria for tradeable share market cap and tradeable share ratio as of the transition base date (June 30, 2021).

	Prime Market Continued Listing Criteria	Group Figures*
Tradeable share market cap	¥10 billion	¥6.12 billion
Tradeable share ratio	35.0%	27.2%

* “Notice concerning results of initial assessment concerning satisfaction of new market segment continued listing criteria” (From Tokyo Stock Exchange, received on July 9, 2021)

Plan Timeframe

Fiscal year ending March 31, 2026 (fiscal 2025) is the final year of “G-EST 2025,” our mid-term plan. We have established this as the plan timeframe for meeting the continued listing criteria.

We have established a two-part basic policy and will take concrete action on these elements.

1. Improve Market Cap

We will strive to become a Group with a balanced, highly profitable structure that is resilient even under adverse circumstances, as described in our G-EST 2025 mid-term plan, and will achieve ongoing improvement in market cap by strengthening Investor Relation and taking other steps to promote dialog with shareholders and investors.

2. Improve the Tradeable Share Ratio

We will engage in dialog concerning improvement in the tradeable share ratio with major shareholders and corporate shareholders and take other steps to improve liquidity.

Currently recognized issues and the details of initiatives aimed at resolving those issues are described below.

	Issues	Initiative Details
Improve market cap	Earning power	1. Make steady progress on the G-EST 2025 mid-term plan
	Appropriate valuation by the market	2. Strengthen investor relations 3. Provide fuller disclosure of information on sustainability
Improve tradeable share ratio	Liquidity of the Group's shares	1. Engage in dialog with major shareholders and corporate shareholders 2. Consider and implement other measures that will contribute to improving liquidity

1. Make steady progress on the G-EST 2025 mid-term plan (1)

Become a Group consisted of a balanced, highly profitable businesses that is resilient even under adverse circumstances

<Key Strategies>

1. Expand "Global E2E" Business

2. Establish a new Live Entertainment business

3. Generate Additional Business Value in the Imaging Systems & Solutions business

4. Complete Transformation in the "Transformational business"

<Strategic Measures>

Achieve company transformation through DX

Strengthen R&D capabilities

Secure & activate talented employees

<Resolve Social Challenges and Achieve Sustainable Growth>

SDGs initiatives

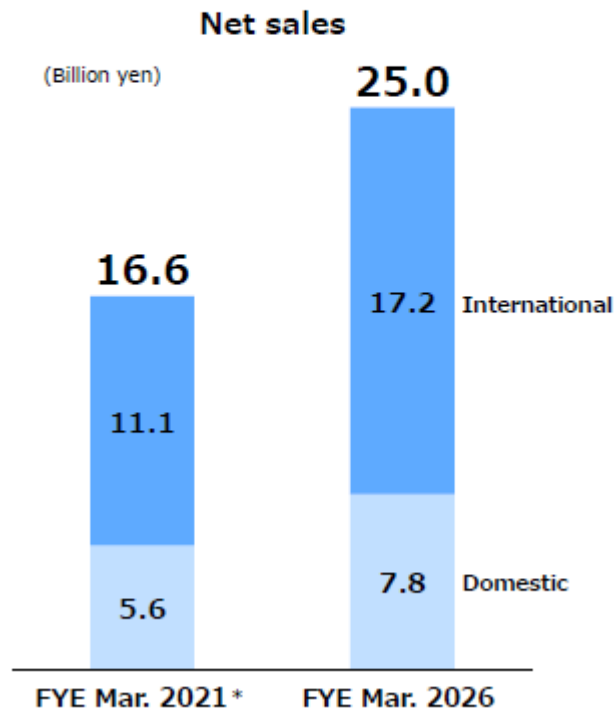
For details of the G-EST 2025 mid-term plan, please click the below link.
<https://www.imagicagroup.co.jp/en/ir/philosophy/plan.html>

1. Make steady progress on the G-EST 2025 mid-term plan (2)

<Key Strategies> 1. Expand "Global E2E" Business

Vision for the Global E2E Business

Expand the business domain globally by integrating operation of Pixelogic and Imagica Entertainment Media Services, Inc.



Pursue a global E2E service structure

- Increase orders for E2E services received from video streaming service providers.
- Strengthen efforts to expand the business to the Asian market.
- Share domestic and international customer bases
- Improve productivity by sharing systems.

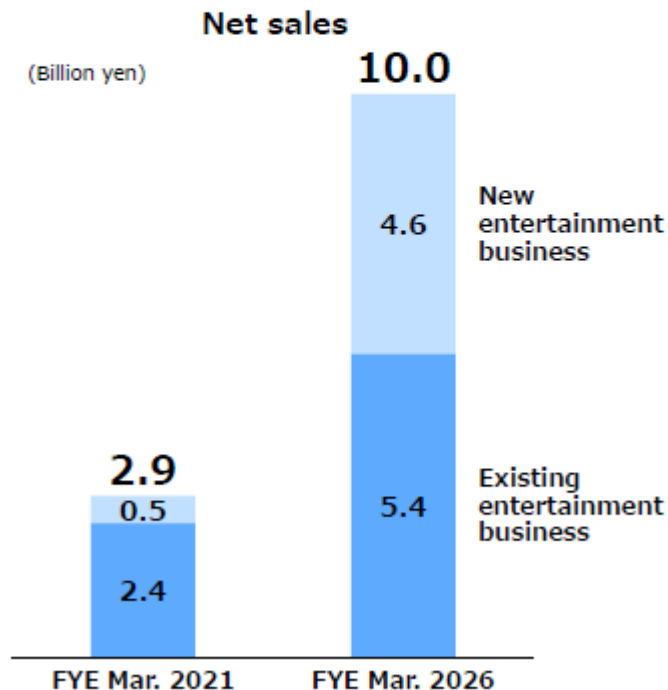
* FYE Mar. 2021 results reflect full-year sales of Pixelogic.

1. Make steady progress on the G-EST 2025 mid-term plan (3)

<Key Strategies> 2. Establish a new Live Entertainment business

Vision for the Live Entertainment Business

Establish a new business model through cross-organizational Group efforts and expand business.



Establish a new business model

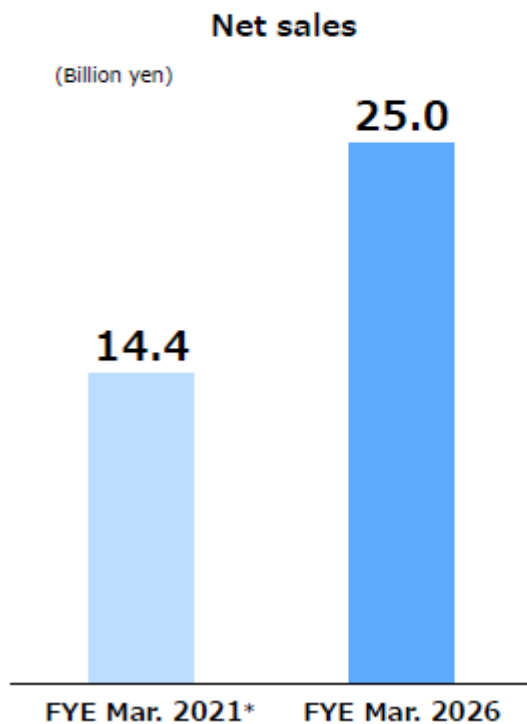
- Enter the digital event area (planning and producing online live streaming)
- Establish a business with a revenue-sharing business model through cooperation with streaming service providers and talent agencies.
- Launch a sports tech business that provides a new spectator experience and imaging solutions for sports events.

1. Make steady progress on the G-EST 2025 mid-term plan (4)


<Key Strategies> 3. Generate Additional Business Value in the Imaging Systems & Solutions business

Imaging Systems & Solutions Business: From Selling Products to Selling Services

Switch to a “Service-Selling” business (Subscription SaaS, and Solutions)



* FYE Mar. 2021: Numbers adjusted for change in accounting standards

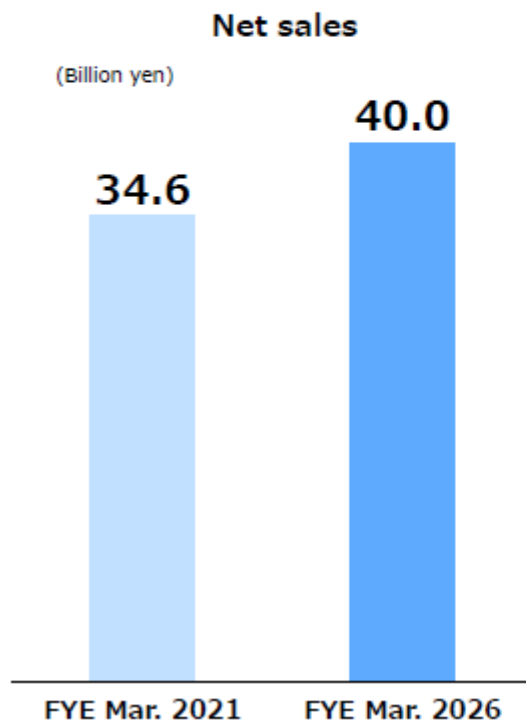
Business model transformation	Imaging Systems & Solutions	Continue to expand provision of imaging systems (equipment). + <ul style="list-style-type: none"> • Cloud-based production workflow service (subscription or SaaS model) • Imaging network monitoring business
	High-speed Camera	Expand business solutions for vehicle crash safety tests, etc. 
Business domain expansion	Optical Measurement	<ul style="list-style-type: none"> • Overseas expansion of polarization testing equipment (E.g.: Smartphone liquid crystal film testing devices, etc.) • Provide polarizer components to the high-speed communications market

1. Make steady progress on the G-EST 2025 mid-term plan (5)

<Key Strategies> 4. Complete Transformation in the “Transformational business”

Transformational Business: Improved Profitability and Stabilized Profit Generation

Target an operating income of 5% or higher through business expansion in high-growth industries.



Content Creation

- Acquire production projects in Japan and overseas by strengthening relationships with streaming service providers.

<Actual example>

Alice in Borderland

An original Netflix series planned and produced by ROBOT COMMUNICATIONS, INC.

December 10, 2020, exclusive global rights

- Make a greater effort to pursue acquisition and create intellectual property (IP).

Obtain copyrights through active involvement in production committees.

Create IP by animating original works of Group companies.

Production Services

- Expand business and net sales by rolling out E2E services to the game industry.

- (1) contracts for 3DCG production.
- (2) game creators dispatching.
- (3) contracts for game debugging (quality assurance).

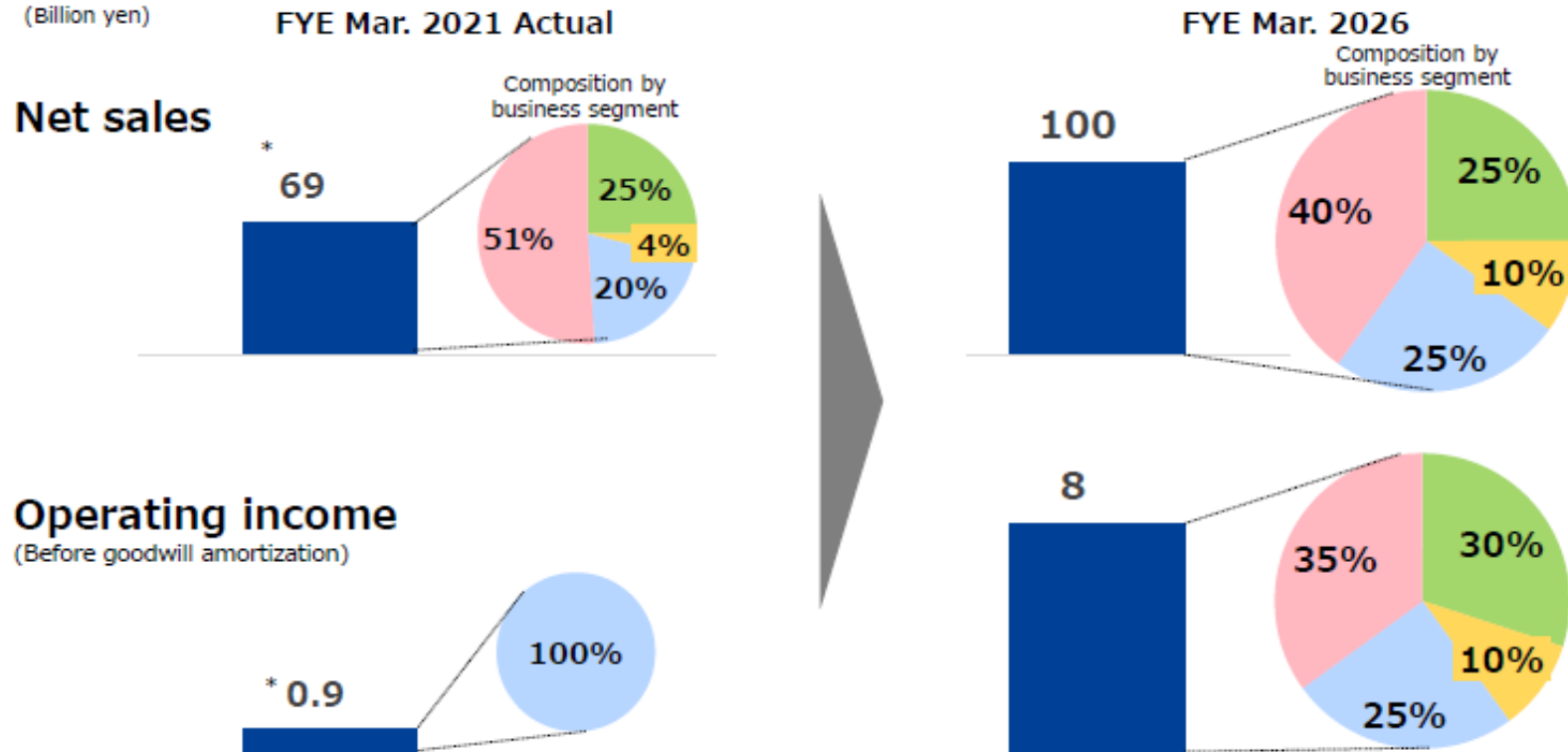
- Improve productivity by promoting DX in post-production business.

1. Make steady progress on the G-EST 2025 mid-term plan (6)

Targeting to become a balanced business structure

■ Global E2E ■ Live Entertainment ■ Imaging Systems & Solutions ■ Transformation

(Billion yen)



* Net sales and operating income for FYE Mar. 2021 were adjusted for the impact from a change in accounting policies in overseas M&A and the Imaging Systems & Solutions business, for purposes of comparison.

1. Make steady progress on the G-EST 2025 mid-term plan (7)

Progress on G-EST 2025 Quantitative Goals

(Million yen)	FYE March 2021	FYE March 2022	"G-EST 2025" Mid-term Plan
	Actual	Plan	Goal
Net sales	69,000*	75,000	100,000
Operating income before goodwill amortization*	9*	3,100	8,000

* Net sales and operating income in FYE March 31, 2021 were adjusted for the impact of the change in accounting standards in overseas M&A and video systems.

* Operating income before goodwill amortization includes: Operating income, goodwill amortization, and amortization of intangible fixed assets accompanying M&A.

2. Strengthen investor relations

(1) Approach both institutional investors and individual investors

We will approach individual investors by regularly participating in events in addition to presentations for institutional investors and analysts.

(2) Promote dialog between management and institutional investors

The president and CFO will engage in dialog with institutional investors to ascertain their valuations of our Group and stock market conditions. They will use such information to provide timely feedback to management and enhance corporate value.

(3) Enhance the Investor Relations page of the Group website

We will strive to provide more information on the Investor Relations page of the Group website to help all investors understand our company. Information will include materials that explain the company in a manner that is easy to understand and a video introducing the company, among other information.

3. Provide fuller disclosure of information on sustainability

We will actively pursue initiatives based on our Basic Policy on Sustainability. Progress on such initiatives will be disclosed in a timely manner. Basic Policy on Sustainability

Basic Policy

Based on our Group mission, “aim to be a visual communications group that provides the world with surprise and excitement,” we will achieve sustained growth of the IMAGICA GROUP and meet the diverse needs of society through many activities revolving around “imaging.” We will contribute to the realization of an abundant, sustainable society through our activities.

1. Engage in dialog with major shareholders and other corporate shareholders

- ✓ We have secured the understanding of major shareholders concerning our policy on improving the tradeable share ratio by engaging in dialog with them. In the future, we will ask them to consider specific measures.
- ✓ We are pursuing dialog with other corporate shareholders after first considering the status of each corporate shareholder's transactions with our Group and the policy of each company on cross-shareholding. Some companies have already consented to reducing the percentage of shares held.

2. Consider and implement other measures that will contribute to improving liquidity

We will consider and implement measures to improve liquidity after we have collectively considered the trend in the Group's share price, capital policy, and other factors.

- * The initiatives described above will take a considerable amount of time to implement and complete. We therefore anticipate that satisfaction of the continued listing criteria will take until fiscal year ending March 31, 2026.

Contact for inquiries:

IMAGICA GROUP Inc.
Corporate Management Department
1-14-2 Kaigan, Minato-ku, Tokyo, 105-0022, Japan

Email : ir@imagicagroup.co.jp

URL : <https://www.imagicagroup.co.jp/>

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.