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## Corporate Governance Report

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Last Updated: July 1, 2022

IMAGICA GROUP Inc.

President and CEO: Nobuo Fuse

Contact: Managing Senior Executive Officer Masakazu Morita

Securities code: 6879

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

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

### I. Fundamental concept of our corporate governance, capital structure, corporate attributes and other basic information

#### 1. Fundamental Concept

Our management philosophy is to strive 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 one of the important issues in group management in order to achieve these goals, we are working on various measures to improve management transparency, stay in line with compliance, and speed up decision-making.

In order to properly make these corporate governance concepts a reality, we have established the basic ideas and action policies concerning our internal controls in our "Basic Policy for the Development of Internal Control Systems." In addition, our "Corporate Governance Guidelines", which show the fundamental stance of the Group regarding corporate management and corporate governance, was revised on November 30, 2021 and it is posted on our company's website.

(Fundamental concepts of our corporate governance: <https://www.imagicagroup.co.jp/ir/philosophy/governance.html>)

Please refer to each item in this report for specific corporate governance initiatives at our company.

#### Disclosure based on the principles of the Corporate Governance Code (Updated)

Each principle is listed based on the Code revised in June, 2021.

##### (Principle 1.4) Cross-Shareholdings Policy

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

amount of stocks for which we have determined would no longer be reasonable to hold.

In addition, in order 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 company from the perspective of improving corporate value of the holding company over the medium-to-long term. We will judge the pros and cons appropriately for each agenda item.

#### (Principle 1.7) Related Party Transactions

At the Company, approval of transactions between the company and directors and approval of competitive transactions of directors are specified as matters to be discussed by the Board of Directors in the "Board of Directors Regulations".

In addition, a report is made to the Board of Directors after a transaction is conducted. We have established a system for managing important transactions between related parties in which transactions between directors and corporations that are, in fact, controlled by directors require a vote by the Board of Directors and there is an annual investigation of transactions for the previous fiscal year. We have established a system for managing important transactions between related parties. In addition, in order to protect the interests of shareholders, we strive to prevent officers and other related parties of the Company from abusing their positions and conducting transactions that are contrary to the interests of the Company and shareholders.

#### (Supplementary Principle 2.4.1) Ensuring diversity in the appointment of core human resources, etc.

Our group, under the medium-term management plan "G-EST2025", is aiming to grow globally. As a way to promote diversity, we are transforming into a workplace that promotes the active participation of female leaders and accepts and promotes the hiring of foreign nationals, and utilizes experienced workers.

#### <Our Way of Thinking about Ensuring Diversity>

In order to achieve our medium-term management strategy "G-EST2025", we will actively and continuously hire and train women, foreign nationals, and human resources with various work histories and skills and appoint them to managerial positions. Furthermore, we will develop a work environment that maximizes the characteristics and abilities of each of these individuals, and provide education at the management level.

#### <Current Status and Goals for Ensuring Diversity>

As of March 31, 2022, the percentage of females in managerial positions at our group's domestic operating companies is 15.41%. Our employment rate of foreign nationals is 1.4%. We are aiming to improve these ratios in the future.

#### < Human Resources Development Policy for Ensuring Diversity and In-House Environment Improvement Policy>

Our group is taking the following initiatives to ensure we have diversity in our workforce.

- Continuing to conduct recruitment activities with both 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.
- Securing and giving support with substitute personnel for individuals using the work-life balance support system, eliminating long work hours and difficulties associated with taking time off, promoting working from home, and promoting childcare leave for men, etc., and development of an environment and system that allows women to take more active roles and making reduced working hours during childcare leave uniform.
- Design and implement training to promote the growth of female managers, and create role models.

(Principle 2.6) Roles of Corporate Pension Funds as Asset Owners

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

(Principle 3.1) Full Disclosure

(i) We will post the group management philosophy as well as the direction of the group and mid-term plan in line with the philosophy in the form of a message from the president on our website and shareholder newsletter.

(Group Management Philosophy: <https://www.imagicagroup.co.jp/en/group/mission.html>)

(Mid-term Plan "G-EST2025": <https://www.imagicagroup.co.jp/en/ir/philosophy/plan.html>)

(Financial result briefing documents: <https://www.imagicagroup.co.jp/en/ir/library/presentation.html>)

(ii) Our fundamental ways of thinking about corporate governance are described on our website, and in our corporate governance report and securities report.

(Fundamental concepts of our corporate governance:

<https://www.imagicagroup.co.jp/en/ir/philosophy/governance.html>)

(iii) Director compensation (excluding directors who are Audit and Supervisory Committee members) is decided by the Board of Directors based on the results of deliberation and recommendations by the Personnel Advisory Committee. In addition, compensation for directors who are Audit and Supervisory Committee members is determined through discussions with the Audit and Supervisory Committee. The total amount shall be within the range of compensation that is decided at a general meeting of shareholders.

Compensation for director and executive officers is formulated via the compensation calculation criteria consisting of "basic remuneration," "variable remuneration," and "transfer-restricted stock compensation" based on the regulations for executive compensation; it is set via this method, and the calculation criteria are as follows.

- Base compensation: Determined according to the compensation table for each officer position. It is calculated by designating the president's compensation as 1 and multiplying that by a coefficient to calculate the compensation of each officer position.
- Variable bonus: The standard is 33% of the base compensation. The percentage of the variable bonus is determined from the level of consolidated pre-tax profit (5% is standard) and KPI points for the previous fiscal year, and is calculated by multiplying the base compensation by this percentage. The minimum/maximum range is 0% to 50%.
- Stock compensation: The standard is 33% of base compensation. This varies according to the degree to which

the plan for the group consolidated operating income was achieved in the previous fiscal year. The minimum/maximum range is 1,000 shares to 66%.

Since performance-linked compensation and transfer-restricted stock compensation are not appropriate for outside directors and directors who are members of the Audit and Supervisory Committee (who are independent of business activities), only basic compensation is paid.

The 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 the dismissal of directors.

#### <Policy>

##### 1. Appointment proposal criteria

When proposing an appointment, both internal-director and outside-director candidates shall meet all of the criteria listed below.

##### Internal Director:

- (1) Must have an excellent personality and insight that complies with the group's corporate philosophy.
- (2) Must have a good understanding of the history, corporate culture, and employee characteristics of our group, and have sufficient insight and knowledge regarding operations.
- (3) Must have a management strategy and execution plan that can continuously improve the corporate value of the group and contribute to the increase in corporate value over the medium-to-long term based on the business environment in which the group is located, competitive trends, and corporate philosophy, etc., and for plans to be performed, must make specific proposals and be able to execute them.
- (4) Must constantly investigate and improve the group's management strategy and execution plan.
- (5) Must be able to sensitively detect changes in the market to which the group belongs and the value it provides, and to be able to hold constructive discussions about the direction the group should take.
- (6) Must attend the executive training specified by the company and learn the legal obligations, responsibilities and financial knowledge to be followed as a director.

##### Outside Director:

- (1) Must have an excellent personality and insight that complies with the group's corporate philosophy.
- (2) Must have high professional knowledge and a large amount of experience in corporate management, financial accounting, taxation, law and other specialized fields.
- (3) Must understand the characteristics of our group well, welcome the content proposed by executive directors for the sustainable improvement of the corporate value of our group, fulfill a supervisory function based on appropriate risk management at the Board of Directors, and be able to contribute to constructive investigations that contribute to a significant increase 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) Violation of laws and regulations, the Articles of Incorporation, or other rules of our group, causing a great loss or business hindrance to the group.
- (2) It is observed the individual has a relationship that would be criticized socially as being associated with antisocial forces.
- (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.

### <Procedure>

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

#### 1. Appointment Procedure

- (1) Every year (every two years for directors who are Audit and Supervisory Committee members), the eligibility of incumbent directors is judged based on the selection criteria.
- (2) If deemed ineligible, we will consider the selection of candidates based on our successor plan.
- (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) After deliberation of (1) ~ (3) by the Personnel Advisory Committee, there will be a vote at a Board of Directors meeting (a director who is an Audit and Supervisory Committee member needs the consent of the Audit and Supervisory Committee), a candidate for a director will be decided upon, and then there will be deliberations at a general meeting of shareholders.

#### 2. Dismissal Procedure

If it is confirmed there has been a matter that meets the dismissal criteria, the dismissal of the representative director will be decided by the Board of Directors after deliberation on the dismissal proposal by the Personnel Advisory Committee. For the dismissal of a director, the personnel advisory board will discuss the dismissal proposal and decide on the policy (directors who are Audit and Supervisory Committee members need the consent of the Audit and Supervisory Committee) and will follow the provisions of the Companies Act, etc.

(v) The reasons for the nomination and appointment of candidates for internal and outside directors are stated in the notice of convocation of the general meeting of shareholders.

(Notice of Convocation of General Meeting of Shareholders:

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

If a dismissal is carried out, we will disclose it accordingly and in an appropriate manner in accordance with policies and procedures.

(Supplementary Principle 3.1.3) Sustainability initiatives, etc.

Based on our corporate philosophy of being a "visual communications group that provides the world with 'surprise and excitement' ", we will contribute to the realization of a prosperous and sustainable society by achieving sustainable growth of our group and responding to the diverse needs of society through various activities centered

around “imaging.”

- We will deliver surprise and excitement to people all over the world with visual communications and by working earnestly on various enterprises.
- We will create a fair, transparent and reliable management system through sincere dialogue with all stakeholders.
- By collaborating with various partners, we will contribute to the development of local communities and the resolution of social issues.

Our group aims to become a well-balanced and highly profitable group that is strong against adversity under its mid-term plan, "G-EST2025", whereby the fundamental strategy is to expand “Global E2E business, establish a new live entertainment business, create additional business value in the Imaging Systems & Solutions business, and complete transformation in the “Transformational business”. As a strategic measure to achieve this, will work on initiatives such as company transformation through DX, strengthening R&D capabilities, and securing and activating talented employees.

(Mid-Term Plan "G-EST2025: <https://www.imagicagroup.co.jp/ir/philosophy/plan.html>)

In addition, the Group strives to conserve resources and energy, minimize waste, recycle, and promote related efforts, and has a policy of valuing limited resources and the natural environment. Climate change is expected to grow more severe throughout the world, in a wider range of regions and areas. The Group regards the issue of climate change as an important issue and will strive to build a system to manage the impact and risks of its businesses in the future.

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 is responsible for overseeing business execution and making important decisions regarding the entire company through resolutions required by law and deliberations and resolutions on matters to be discussed by the Board of Directors stipulated by the Company's Board of Directors Regulations. In addition, the Board of Directors Regulations, Administrative Authority Regulations, and Group Company Management Regulations set agenda standards for matters such as monetary standards for each matter according to their importance to management while also clearly defining the authority regarding decision-making and approval of each decision-maker in the management team including the president and executive officer.

(Principle 4.9) Independence standards and qualification for independent directors

Our company determines the independence of independent outside directors based on the independence criteria, etc. indicated by financial instruments exchanges. In addition, when appointing an independent outside director, a candidate who can be expected to contribute to frank, active and constructive discussions at the Board of Directors will be chosen through deliberations by the Personnel Advisory Board and thorough discussions at the Board of Directors.

(Supplementary Provision 4.10.1) Use of Optional Approach

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 personnel and treatment of executives. The Personnel Advisory Committee deliberates on and discusses matters such as appointments and dismissals of directors of the company (including outside directors), successor plans, and policies on individual compensation of directors, compensation of directors and executive officers, etc., and then submits related proposals to the Board of Directors. As of the date of submission of this report, the Personnel Advisory Committee is composed of four members: Board Chairperson Fumio Nagase, Independent Outside Director Atsuko Murakami, Independent Outside Director and Audit and Supervisory Committee Members Osamu Chiba, and Taketo Yamakawa.

(Supplementary Principle 4.11.1) Concepts for 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 members, there are three directors who are Audit and Supervisory Committee members. Outside directors who are Audit and Supervisory Committee members are lawyers and managers who have advanced 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.

Job Title	Full Name	Corporate Management	Financial Accounting	Legal/Risk Management	Global Experience	Diversity	Personnel/Labor	M&A/Business Revitalization	Sales/Marketing	Imaging Industry
Chairperson and Executive Director	Fumio Nagase	●			●			●	●	●
President	Nobuo Fuse	●							●	●
Director and Senior Managing Executive Officer	Masakazu Morita	●	●		●		●	●		●
Director and Executive Officer	Shunjiro Nagase	●			●			●	●	●
Director	Atsuko Murakami	●	●		●	●				●
Director, Full-time Audit and Supervisory Committee Member	Jun Ando	●	●				●			●

Board member, Audit and Supervisory Committee member	Chiba Osamu				●					●	
Board member, Audit and Supervisory Committee member	Taketo Yamakawa	●				●			●	●	

(Supplementary Principle 4.11.2) Concurrent posts of directors

The status of concurrent posts of directors at other companies is disclosed annually in the notice of convocation of the general meeting of shareholders and in the securities report and corporate governance report, etc. In addition, the concurrent posts of each director at a listed company other than the 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 for all directors regarding the operation of the Board of Directors; in June 2022, we analyzed the effectiveness of the entire board of directors and conducted the following analysis and evaluation.

1. Self-evaluation by questionnaire: Implementation Outline

To be evaluated: Board of directors for one year (June 2021 to May 2022)

Evaluators: All directors

Implementation period: June 2022

Evaluation items: Structure of the board of directors/Operational status and support system/Thorough discussion of important issues/Assessment of supervisory function/Handling of issues

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

We evaluated that the composition of the Board of Directors, the scope and amount of proposals to be submitted, and the securing of information acquisition opportunities for outside directors are generally appropriate.

On the other hand, as the speed of technological innovation in the imaging-related market in which the group operates is increasing, it was recognized that discussions should continue to be promoted in order to create a "group with a high profit structure that is well-balanced against adversity," which is touted in the Mid-term plan "G-EST2025."

We received an evaluation pointing out that some improvements have been made to the issues related to the previous evaluation results, but we will continue to improve the reporting of shareholder/investor information, set up a forum for regular discussions on business issues/strategies, and we will carry out risk assessments and regular reports.



#### (Supplementary Principle 4.14.2) Training policy for directors

In principle, we have appointed individuals who already have the qualifications to take office as directors, but we conduct training for executives using external training institutions by paying the costs to the companies for case study content related to reexamining the legal duties and responsibilities one should comply with as a director (Company Law, Financial Instruments and Exchange Act), financial knowledge and corporate analysis, and making decisions and taking action as a director. When inviting independent outside directors, we provide opportunities to individually explain our management strategy, business content, financial content, etc., and conduct orientations for matters such as inspections of major operating companies.

In FY2021, we conducted executive training for 35 executive officers, directors, executive officers, and corporate auditors of our group companies, focusing on the Companies Act, the Financial Instruments and Exchange Act, and corporate governance for the following purposes.

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

#### (Principle 5.1) Policy for constructive dialogue with shareholders

At our company, we have designated the Senior Managing Executive Officer as the officer in charge of IR, and we are working on a daily basis with the Corporate Management Department, which is the department in charge of IR as well as the departments related to IR activities.

We will proactively respond to interview requests from institutional investors; we have opportunities for dialogue, such as small meetings where the president and CEO and director in charge both participate, responding to the wishes of investors, primarily through individual interviews and collecting information via the telephone in the Corporate Management Department.

In addition, we hold a financial results briefing for analysts and institutional investors every six months, and the President and CEO provides explanations of them.

We hold private investor briefings for individual investors and strive to explain the Group's business in an easy-to-understand manner.

Opinions, etc. obtained through dialogue with shareholders and investors are collected as appropriate, feedback is given to management and related departments as needed, and reports are made to the Board of Directors and management as necessary.

In dialogue with shareholders and investors, we will properly manage insider information in accordance with insider-trading prevention regulations; we will set the two weeks before the announcement of financial results as a silent period for IR activities with shareholders and investors and restrict dialogue with them.

## 2. Capital structure

Foreign shareholding ratio	Less than 10%
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### Status of major shareholders: (Updated)

Name or organization name	Number of shares owned (no. of shares)	Ratio (%)
Cleart Ltd.	19,994,320	45.04
Custody Bank of Japan, Ltd. (Trust Account)	5,419,300	12.21
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,125,800	4.79
NOMURA PB NOMINEES LIMITED OMNIBUS-MARGIN (CASHPB)	1,169,600	2.63
Custody Bank of Japan, Ltd. (Securities Investment Trust Account)	1,108,400	2.49
Fuji Media Holdings Co., Ltd.	848,000	1.91
GOLDMAN SACHS INTERNATIONAL	688,300	1.55
IMAGICA GROUP Employee Stockholding Association	609,850	1.37
Sumitomo Mitsui Trust Bank, Ltd.	512,000	1.15
Fumio Nagase	402,927	0.91

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

### Supplementary explanations (Updated)

The statuses of major shareholders are listed based on the shareholder list from March 31, 2022. The ownership ratio is calculated by deducting treasury stock (345,938 shares).

### 3. Corporate attributes

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

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

No relevant matters to be noted.

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

No relevant matters to be noted.

## II Status of the business management organization and other corporate governance systems related to management decision-making, action and supervision

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

Organizational form	Company with Audit and supervisory committee
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### Relationship to director:

Number of directors under the articles of incorporation	15 people
Term of office of directors under the articles of incorporation	1 year
Meeting Chairperson of the board of directors	Chairperson (except when concurrently serving as president)
Number of directors (Updated)	8 people
Appointment of outside directors	Already appointed
Number of outside directors	3 people
Number of outside directors designated as independent officers	3 people

### Relationship with the company (1)

Full Name	Attributes	Relationship with the company (* )										
		a	b	c	d	e	f	g	h	i	j	k
Atsuko Murakami	From another company											
Osamu Chiba	Lawyer											
Taketo Yamakawa	From another company											

\*Options for company relationships

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

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

a. Operating officer of a listed company or its subsidiary

b. Operating officer or non-business executive director of the parent company of a listed company

c. Operating officer of an affiliated company of a listed company

d. An individual or operating officer whose main business partner is a listed company

e. Major business partner or operating officer of a listed company

- f. Consultant, accounting professional, legal professional who obtain a large amount of money or other assets from a listed company in addition to executive compensation
- g. Major shareholder of a listed company (if the major shareholder is a corporation, the operating officer of the corporation)
- h. Operating officer (only the person him/herself) of a listed company's business partner (those that do not fall under d, e, or f)
- i. Operating officer of a company where he also serves as an outside director (only the person him/herself).
- j. Operating officer to whom the listed company makes a donation (only for the person him/herself)
- k. Other

Relationship with the company (2) (Updated)

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 Co., Ltd. Director HU Frontier Co., Ltd. Director	She has been appointed as an outside director because she has abundant experience in finance and a high level of insight in promoting global business, and we can expect her to play a sufficient role in deciding important matters of the company's management and supervising the execution of business matters. In addition, we have determined that there is no risk of conflict of interest with general shareholders because the reasons set forth in the criteria for independence in "Matters Concerning the Independence of Independent Directors" do not apply, therefore this individual has been designated as an independent director.
Osamu Chiba	○	○	Akebono Law Office Representative Lawyer Kenedix Residential Investment Corporation Supervising Board Member	Since he has specialized knowledge and experience cultivated as an external corporate auditor and legal adviser at multiple companies, we can rely on his appropriate auditory and supervisory skills for the management of the company based

			Maruzen Foods Outside Audit & Supervisory Board Member	<p>on such experience. We have appointed him as an outside director who is an Audit and Supervisory Committee member.</p> <p>In addition, we have determined that there is no risk of conflict of interest with general shareholders because the reasons set forth in the criteria for independence in "Matters Concerning the Independence of Independent Directors" do not apply, therefore this individual has been designated as an independent director.</p>
Taketo Yamakawa	○	○	LLC 28 Representative employee	<p>He has abundant experience and a high level of insight in the management of global companies, and we expect that he can contribute to the strengthening of corporate governance by providing advice on the overall management of our company, which promotes global expansion. He has been appointed as a candidate for an outside director who is a member of the supervisory committee.</p> <p>In addition, we have determined that there is no risk of conflict of interest with general shareholders because the reasons set forth in the criteria for independence in "Matters Concerning the Independence of Independent Directors" do not apply, therefore this individual has been designated as an independent director.</p>

**Audit and Supervisory Committee:**

Committee composition and attributes of the chairperson

	All committee members (names)	Full-time committee member (name)	Internal director (Name)	Outside director (Name)	Committee Chairperson

					(Meeting Chairperson)
Audit and Supervisory Committee	3	1	1	2	Internal director

Are there are directors and employees who should assist in the duties of the Audit and Supervisory Committee?	Yes
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Matters concerning the independence of the relevant directors and the business executive director of employees  
 In order to execute the duties of the Audit and Supervisory Committee, we have set up the Audit and Supervisory Committee Office and have an assistant staff member for the Audit and Supervisory Committee. The consent of the Audit & Supervisory Board Members Committee is required for personnel evaluations and personnel changes.

Cooperation between the Audit and Supervisory Committee, the Accounting Auditor, and the Internal Audit Department

The Audit and Supervisory Committee will endeavor to exchange information with the Accounting Auditor, the Business Audit Office, and Audit & Supervisory Board Members of group companies, etc., and strive for mutual cooperation.

**Optional Committee:**

Is there an optional committee equivalent to a nominating committee or compensation committee?	Yes
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Status of establishment an optional committee, committee composition, attributes of chairperson (meeting chairperson)

	Name of the committee	All committee members (names)	Full-time committee member (name)	Internal director (name)	Outside director (name)	Outside expert (name)	Other (name)	Committee Chairperson (Meeting Chairperson)
Optional committee equivalent to the nominating committee	Personnel Advisory Board	4	0	1	3	0	0	Internal director
Optional committee equivalent to the	Personnel Advisory Board	4	0	1	3	0	0	Internal director

compensation committee								
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**Independent executive relationship:**

Number of independent officers	3 people
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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 giving incentives to board members	Introduction of performance-linked compensation system
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Supplementary explanation about applicable items

Part of the executive compensation of the Company has been linked to business performance, and the variable compensation rate is determined based on the pre-tax profit margin and KPI points of the previous fiscal year. The standard performance-linked portion is equivalent to 33% of the fixed compensation, and is in the range of 0 to 50% depending on actual results.

Persons eligible for stock options	None
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Supplementary explanation about applicable items

No applicable items

**Compensation for directors:**

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

The compensation for officers for the fiscal year ending March 2022 was ¥112,535,000 (including ¥7,200,000 for outside directors) and ¥31,554,000 (including ¥14,550,000 for outside directors)—excluding Audit and Supervisory Committee members.

Is there a 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 Personnel Advisory Committee, which consists of a total of four members, the chairperson of the board of directors and three outside directors, deliberates on these issues as related to directors, and the Board of Directors determines the amount of compensation in line with changes in the business environment and stipulated director

compensation criteria that are based on overall Group earnings. The total amount is within the range of the compensation approved at the 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:

We have a system in which the Corporate Management Department and other management departments provide assistance and support as necessary.

## 2. Matters related to functions such as conducting business, audit/supervision, nominating, determining compensation (outline of the current corporate governance system) (Updated)

### (1) Board of directors

As of the date of submission of this report, the Board of Directors consists of Chairperson Fumio Nagase, President and Representative Director Nobuo Fuse, Director Masakazu Morita and Shunjiro Nagase, Outside Director Atsuko Murakami, Audit and Supervisory Committee Director Jun Ando, and Audit and Supervisory Committee Members and Outside Directors Osamu Chiba and Taketo Yamakawa, for a total of eight members, who supervise management decisions and business execution.

A company with an audit and supervisory committee can delegate important business execution decisions to directors by stipulating this in the articles of incorporation, but our company holds a regular board of directors meeting once a month based on the rules of the board of directors. In addition, extra Board of Directors meetings are held as needed to resolve matters stipulated in laws and regulations and the Articles of Incorporation, as well as important matters concerning the group's management.

The attendance of Board of Directors in FY2021 was as follows.

Executive position	Full Name	Attendance
Chairperson and Executive Director	Fumio Nagase	13/13 (attendance rate: 100%)
President	Nobuo Fuse	13/13 (attendance rate: 100%)
Appointment of 5 Directors	Masakazu Morita	13/13 (attendance rate: 100%)
Director (outside)	Atsuko Murakami	13/13 (attendance rate: 100%)
Director (Full-time Audit and Supervisory Committee Member)	Jun Ando	13/13 (attendance rate: 100%)
Outside director (Audit & Supervisory Committee member)	Osamu Chiba	13/13 (attendance rate: 100%)
Outside Director (Audit and Supervisory Committee member)	Taketo Yamakawa	10/10 (attendance rate: 100%)



## (2) Audit and Supervisory Committee

As of the date of submission of this report, the Audit and Supervisory Committee consists of three Audit and Supervisory Committee members—Jun Ando, who is the chairperson and full-time member, and Osamu Chiba and Taketo Yamakawa, who are outside directors.—and works to enhance our corporate governance system by further strengthening our auditing and supervision functions.

For the operation of the Audit and Supervisory Committee, the Audit and Supervisory Committee Office was set up as the secretariat, and meetings were held 13 times in FY2021 to conduct audit activities based on the audit plan and divisions of business. Discussions and reviews were carried out on the status of business execution by directors and employees, the condition of internal controls and operation status of the company, the management status of the major group companies, and the evaluation of accounting auditors.

The attendance of Audit and Supervisory Committee members in FY2021 was as follows.

Committee member position	Full Name	Attendance
Full-time Audit and Supervisory Committee Member	Jun Ando	13/13 (attendance rate: 100%)
Director/Audit and Supervisory Committee Member	Osamu Chiba	13/13 (attendance rate: 100%)
Director/Audit and Supervisory Committee Member	Taketo Yamakawa	10/10 (attendance rate: 100%)

## (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 by separating the management supervision function and the business execution function. As of the date of submission of this report, a total of 9 executive officers have been appointed as given below:

Executive position	Full Name	Responsibilities
Representative Director	Nobuo Fuse	Group CEO
Senior Managing Executive Officer	Masakazu Morita	Group CFO
Executive officer	Shunjiro Nagase	In charge of Content Creation strategy and global business
Executive officer	Toshiaki Okuno	In charge of animation for the Content Creation
Executive officer	Masashi Nakamura	In charge of Entertainment media for the Production Service
Executive officer	Kiyoshi Sano	In charge of TV/CM post-production, for the Production Service

Executive officer	Atsushi Shinohara	In charge of Human Resource Business/Gaming Business, in the Production Service
Executive officer	Takashi Takimizu	In charge of Imaging Systems & Solutions and Group Technology Development
Executive officer	Masaharu Yoshizawa	In charge of Live-Entertainment business

The Group Management Committee has been set up as a decision-making body for business execution and meets once a month or extraordinarily when needed. The Group Management Committee is composed of a total of nine members, including the chairman President Nobuo Fuse and other executive officers. Based on the Group Management Committee Rules, the committee discusses medium- to long-term issues such as corporate strategies that should be submitted to the Board of Directors of the Company and urgent and important business issues.

#### (4) Personnel Advisory Board Committee

In the personnel advisory board committee, the director of the company (including outside directors) will deliberate and discuss matters such as appointments, dismissals, successor plans, and policy on individual compensation of directors, compensation of directors and executive officers, etc., and successor plans are deliberated and then proposals for such are submitted to the Board of Directors. As of the date of submission of this report, the Personnel Advisory Board Committee is composed of four members: Board Chairperson Fumio Nagase, Independent Outside Director Atsuko Murakami, Independent Outside Director and Audit and Supervisory Committee Member Osamu Chiba and Taketo Yamakawa.

The Human Resources Management Department was set up as a secretariat for the operation of the Personnel Advisory Board Committee, and was held three times in FY2021 to discuss and consider the compensation system and amount of compensation for our officers, as well as the appointment of officers for our company and our group. The attendance of personnel advisory Board committee members in FY2021 was as follows.

Committee member position	Full Name	Attendance
Chairperson and Executive Director	Fumio Nagase	3/3 (attendance rate: 100%)
Independent Outside Director	Atsuko Murakami	3/3 (attendance rate: 100%)
Independent Outside Director (Audit and Supervisory Committee Member)	Osamu Chiba	3/3 (attendance rate: 100%)
Independent Outside Director (Audit and Supervisory Committee Member)	Taketo Yamakawa	3/3 (attendance rate: 100%)

### 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 the auditing function of the Board of Directors and ensuring prompt management decision-making.

It is audited by the Audit and Supervisory Committee, which is composed of three Audit and Supervisory Committee members, Jun Ando, who is the chairperson and full-time member, and Osamu Chiba and Taketo Yamakawa, who are outside directors. In addition, the Board of Directors recognizes that the supervisory function for business execution is sufficiently functional in a system of 8 directors, including three outside directors who are independent officers, so the current system has been adopted. The accounting auditor of our company is Ernst & Young ShinNihon LLC; so our audits are conducted by this company.

## III Status of implementation of measures related to shareholders and other stakeholders

### 1. Efforts to revitalize the general meeting of shareholders and facilitate the exercise of voting rights

(Updated)

	Supplementary explanations
Setting a general meeting of shareholders to avoid days where many companies are holding shareholder meetings.	We have set a general meeting 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 the Electronic Voting Rights Platform and Other Efforts to Improve the Voting Rights Environment for Institutional Investors	We participate via the voting platform for institutional investors operated by ICJ, Inc. In addition, in order 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 an Ordinary General Meeting of Shareholders.
Other	<p>In addition to posting the convocation notice, reference documents for exercising voting rights, and the results of exercising voting rights on our website, we will strive to make company information visible for shareholders at general meetings for shareholders, such as by projecting the content of reports and explanatory materials on agenda items. Starting this fiscal year, we are issuing an English-version of the notice of convocation of the Ordinary General Meeting of Shareholders.</p> <p>In addition, while our company recognizes the importance of ensuring that shareholders have a sufficient period for reviewing a proposal for a general meeting, from the perspective of giving top priority to the accuracy of the content, we currently send convocation notices 14 days before the general meeting of shareholders (the statutory deadline); and from the perspective of prompt information disclosure, the content is announced on the company's website, etc., about three weeks before the date of the general meeting of shareholders prior to sending the convocation notice.</p>

	We also provided a live stream that could be viewed online for the 49th Ordinary General Meeting of Shareholders for the fiscal year ended March 2022
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## 2. IR activity status (Updated)

	Supplementary explanations	Will a representative provide an explanation him or herself?
Holding regular briefings for analysts and institutional investors	We hold financial results briefings for analysts and institutional investors after the announcement of financial results at the end of the fiscal year. In addition, even after announcing the second quarter financial results, we hold a second quarter financial results briefing session. Information on the briefing session will be disclosed on TDnet and our company website without delay after the briefing session is held.	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. Considering the composition of our shareholders, we are working to enhance the disclosure and provision of information, which includes creating an English version of our website and providing information in English to overseas investors.	
Establishment of department (person in charge) of IR	We have set up an IR team within the Corporate Management Department as a dedicated department for IR.	

## 3. Initiatives to respect the position of stakeholders (Updated)

	Supplementary explanations
Conducting environmental conservation activities, CSR activities, etc.	Our company is engaged in various business activities centered around video in order to create a prosperous and sustainable society. In addition, information on our various sustainability-related activities are posted on the Sustainability site: <a href="https://www.imagicagroup.co.jp/sustainability/">https://www.imagicagroup.co.jp/sustainability/</a>
Formulation of policies, etc. related to the provision of information to stakeholders	We disclose important information about our company to shareholders and investors accurately, in a way that is easy to understand, objective, and prompt, and we have formulated an IR policy for providing information; it is posted on our company's website. <a href="https://www.imagicagroup.co.jp/irpolicy.html">https://www.imagicagroup.co.jp/irpolicy.html</a>

## IV Matters concerning the internal control system, etc.

### 1. Fundamental way of conceptualizing the internal control system and its maintenance

With respect to the development of the system stipulated in Article 362, Paragraph 4, Item 6 of the Companies Act, the Board of Directors have decided the system to be developed shall be in line with the below. Its maintenance shall be conducted in line with this same decision, and we will review and revise it as it progresses every year.

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

The Board of Directors has established rules regarding the compliance system, including the Corporate Ethics Code, whereby it will be the norm for directors and employees to act in compliance with laws, regulations, the Articles of Incorporation and social norms. In addition, in order to ensure this, the General Affairs Department will be in charge of compliance initiatives across the group, and in addition to education carried out mainly by this department, a contact point for reporting and consultation will be set up as a means for employees to directly provide information on acts that are questionable in terms of compliance. In addition, we will take a resolute stance and systematically respond to antisocial forces that affect 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 and 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.") . Directors shall be able to view these documents, etc. at all times.

3) Regulations and other systems for managing the risk of loss

In order to deal with the various risks related to business activities, we have formulated internal rules related to risk management; we are building a risk management system that will have the Corporate Management Department as the department supervising it. In the event of a serious situation, we will set up a headquarters for countermeasures headed by the president to take prompt action and prevent further damage.

4) A system to ensure the efficient execution of duties by directors

The Board of Directors sets company-wide goals to be shared by directors and employees and uses the following business management system to streamline the execution of duties by directors.

(1) Establishment of internal rules regarding administrative authority and decision-making

(2) Adoption of an executive officers 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 review of business performance by the board of directors and in various meetings, and implementation of measures for improvement.

5) Have a system for ensuring the suitability of operations in the corporate group consisting of the company and group companies (hereinafter referred to as "our group").

As a holding company, our company will allocate the necessary management resources from the perspective of overall optimization. In addition, in accordance with the Group Company Management Regulations, while respecting the independence of each company, we will ensure the appropriateness of the business of each group company in the following manner.

- (1) With respect to important management matters, in addition to requesting consultations or reports to our company, we also regularly receive reports on business plans, etc. from group companies.
- (2) In order to deal with various risks related to the corporate activities of our 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 contact point for reporting/consultation for the entire group and make it known to them to ensure the effectiveness of compliance within the group.
- (5) The Internal Auditing Office conducts internal audits of the group in a timely manner.

#### 6) System to ensure the reliability of financial reporting

In order to ensure the reliability of our financial reports, in addition to establishing and operating internal controls related to financial reporting, our company will continuously evaluate our internal controls to check if they are functioning effectively, and if necessary, improvements will be made.

#### 7) Matters concerning the system for employees when the Audit and Supervisory Committee requests the appointment of employees to assist them and the independence of those employees from the directors (excluding directors who are Audit and Supervisory Committee members).

To execute the duties of the Audit and Supervisory Committee, the Audit and Supervisory Office was established to provide support staff to the Audit and Supervisory Committee, and the consent of the Audit and Supervisory Committee is required for personnel evaluations and personnel changes of the staff.

#### 8) System for the directors (excluding directors who are Audit and Supervisory Committee members) and employees of the group to report to the Audit and Supervisory Committee and other systems for reporting to the Audit and Supervisory Committee.

A reporting system has been established so the directors (excluding directors who are Audit and Supervisory Committee members) and employees of our group can promptly report on the following matters to the Audit and Supervisory Committee: legal matters, important management matters and other matters that have a significant impact on the company and group, the implementation of internal audits, the status and details of reports made through the compliance reporting/consultation desk, to the Audit and Supervisory Committee. When a report is requested by the Audit and Supervisory Committee, directors (excluding directors who are Audit and Supervisory Committee members) and employees promptly report to the Audit and Supervisory Committee.

In addition, the company prohibits the disadvantageous treatment of directors or employees of our group who have made a report to the Audit and Supervisory Committee on the grounds of having made a report—we will make this well-known.

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, and auditing officer of Group companies, etc., and strive for mutual cooperation.

In addition, when the Audit and Supervisory Committee makes a request for prepayment or reimbursement of expenses incurred in the execution of its duties, the company—unless it is deemed that the expenses for the request are not necessary for the execution of its duties—will bear the cost.

## 2. Fundamental view on and system for eliminating antisocial forces

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

As part of our daily operations, we have established "Purchasing Management Regulations", and when starting new transactions, we conduct credit checks using the article information search system and make inquiries to private credit bureaus for all business partners. We take great care not to do business with antisocial forces.

In addition, we have established a contact/reporting system based on the Risk Management Regulations and a monitoring system based on the Hotline System Regulations to prevent the involvement and intervention of antisocial forces in corporate acts.

In the unlikely event that a problem occurs, we will promptly take appropriate measures after consulting with a specialist, such as a corporate lawyer, as necessary.

## V Other

### 1. Introduction of acquisition defense measures

Introduction of acquisition defense measures	None
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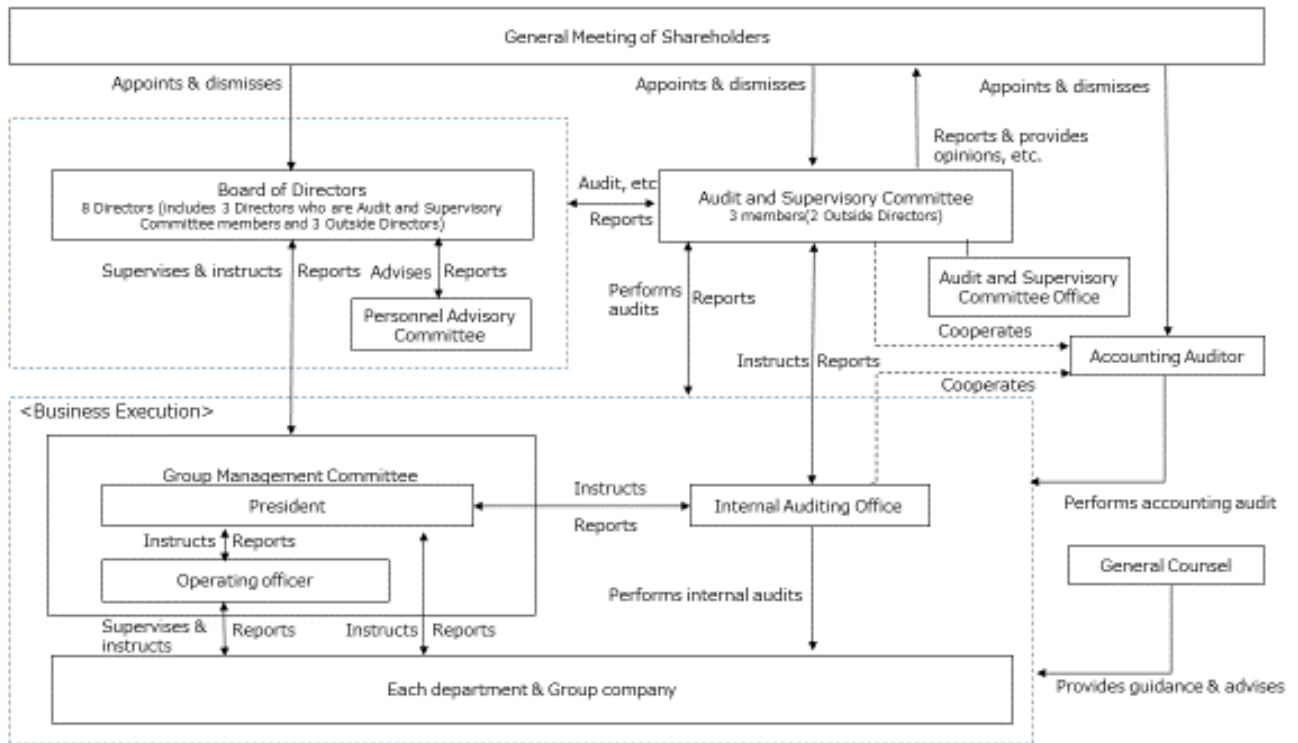
Supplementary explanation about applicable items

No applicable items

2. Other matters related to the corporate governance system, etc.

The corporate governance system diagram is as follows.

Securities Report CG System Diagram Revised 1





The timely disclosure system diagram is as follows

