

Followings are our current status for Corporate Governance

[I Basic View of Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information](#)

1. Basic Views

Based on the managing policy “Creating new entertainment to provide “Wonder” and “Excitement” to the world.”, the Group aims to be appreciated and trusted by all stakeholders that includes shareholders, customers, clients, and local communities.

Reason for Non-compliance with the Principles of the Corporate Governance Code

Updated

【Supplementary Principle 3.1(3)】

The Company continues to take on the challenge of creating new value that leads to the happiness of people around the world in accordance with the Marvelous Handbook, which sets out the fundamental principles of our business activities. In order to contribute to the creation of a sustainable society through our business activities, we recognize ESG and SDGs as important management issues and are committed to addressing them. The Group's initiatives are disclosed on the “Sustainability” page of our IR website.

<https://corp.marv.jp/english/vision/csr.html>

We recognize that the impact of climate change-related risks and profit opportunities on our business activities and earnings is an important issue in our sustainability efforts, and we will consider this issue in the future, along with specific methods to address it.

【Supplementary Principle 4.8(1)】

Our independent officers have outstanding knowledge, and regardless of “a meeting consisting of only independent outsiders”, active discussions from the independent standpoint in the discussions at the current board of directors participate and contribute to. We believe that sharing of recognition to outside officers is achieved through prior distribution of meeting materials by the division in charge of the board of directors and prior explanation of important proposals. In addition, there is nothing to prevent the exchange of information between independent officers on a daily basis.

【Supplementary Principle 4.11(3)】

The Company will consider the analysis, evaluation and disclosure of the effectiveness of the Board with the practical method.

Principles are described based on the code revised in June 2021.

Disclosure Based on the Principles of the Corporate Governance Code

Updated

【Principle 1.4: Shares owned by policy】

When we hold listed shares for purposes other than net investment purposes, we are basically targeting the stock price of companies that will enhance corporate value, as mutual business collaboration is high. When holding listed shares politically, we will thoroughly investigate whether the purpose for possession is appropriate, whether the benefits and risks associated with holding are commensurate with the cost of capital, and we will verify the appropriateness of possession each year at the Board of Directors. If it is judged that the significance of policy holding is not necessarily sufficient, we will try to reduce such shares. Also, when exercising the voting rights of the shares held by the policy, the basic policy is to determine whether or not the investee companies will improve the corporate value and the shareholder value over the medium to long term, taking account of the corporate governance improvement situation and the compliance system, etc. Above, we will make various judgments and judge comprehensively.

【Principle 1.7: Related Party Transactions】

The Company sets the manual of deal of party transactions for both conflict interest and related parties to establish the dealing flow, the basis of judging importance, and the basis of necessity of decision in the Board of Directors. Accounting & Finance department judges the importance on disclosure of related parties. After that, Legal department secondary judges whether the dealing condition is equal to the independent third party and afterwards the Company holds the Board of Director if necessary. Also, the dealings with related parties are reported in the Board of Directors quarterly regardless of the importance of disclosure.

【Supplementary Principle 2.4(1)】

In order to realize our management philosophy of “Creating new entertainment to provide “Wonder” and “Excitement” to the world,” the Group strives to promote diversity by utilizing diverse human resources of different genders, ages, nationalities, and other attributes and turning them into corporate strengths. As of the end of March 2023, the ratio of female managers was 11.9%, the ratio of foreign managers was 11.9%, and the ratio of mid-career hires to managers was 92.4%. Recognizing that the percentage of women in management positions is low, the Group has formulated the General Business Owner's Action Plan (integrated with the Act on Promotion of Women's Employment and the Act on Advancement of Measures to Support Raising

Next-Generation Children) in order to create an environment where women can easily continue to work, and has set a goal of increasing the percentage of women in management positions to 15% or more by March 31, 2026. With regards to the appointment of foreign nationals and mid-career hires, we believe that we have secured a certain level of diversity in our workforce, as our group has overseas subsidiaries and conducts business globally, and we are in an industry with high mobility of human resources. The human resource development policy and internal environment policy for ensuring diversity are disclosed on the “Sustainability” page of our IR website.

<https://corp.marv.jp/english/vision/csr.html>

[Principle 2.6: Function as an asset owner of corporate pension]

Although we have not adopted the corporate pension system, we have introduced a corporate type defined contribution pension plan to enhance employee’s retirement asset formation and welfare system. In the existing definite contribution pension system, the Company does not act as an asset owner in terms of the system structure, but when introducing the corporate pension system, in order to demonstrate the functions expected of the asset owner, We will make appropriate efforts in terms of personnel management and operation, and we will disclose it.

[Principle 3.1: Enhancement of Disclosure]

(1) Company Objectives, Business Strategies and Business Plans

The Group establishes “Marvelous Bible” and discloses “Managing Policy”, “Mission”, “Vision” and “Action Guidelines” in its website (url: <https://corp.marv.jp/vision/bible.html>)

(2) Basic Views and Guideline on Corporate Governance

Basic View of Corporate Governance of the Company is described in 1. Basic Views in this Report. The Company also discloses in its website and asset securities reports.

(3) Remuneration for Directors

The company installs the performance-linked incentive system in addition to monthly remuneration to motivate Directors for raising the value of the Company. The Company also installs BBT (=Board Benefit Trust) to enhance consciousness of Directors to devote to raising performances to increase the value of the Company in medium term by sharing benefit and risk of the stock price changes with general shareholders. Performance-linked remuneration is the amount of base remuneration for individual directors, The amount of the bonus fluctuates according to the sum of the evaluation points obtained by weighting the degree of achievement of consolidated net sales, operating income, and net income against the budget at the beginning of the fiscal year, etc., as determined for each fiscal year. The bonus amount fluctuates in accordance with the sum of the evaluation points obtained by weighting the degree of achievement of consolidated sales, operating income, net income, etc. against the initial budget, etc., as determined for each fiscal year. In cases where a significant contribution to business performance is deemed to have been made through an increase in net assets or business funds due to alliances, partnerships, capital increases, etc., or through the creation of new businesses or new intellectual property, a special incentive bonus may be paid in addition to the bonuses mentioned above. The amount and other details of such bonuses shall be determined by the Board of Directors after consultation with and resolution of the Nomination and Remuneration Committee. However, if consolidated operating income, etc., falls below the budget at the beginning of the fiscal year, etc., no payment is made. The total amount of bonuses, including fixed remuneration, is within the limit of remuneration approved at the general meeting of shareholders. The basic bonus amount for each fiscal year, the amount of the bonus for each fiscal year based on the degree of achievement of the budget at the beginning of the fiscal year, and other basic figures for the calculation of the bonus amount are determined by the Board of Directors after consulting and passing a resolution of the Nomination and Remuneration Committee. The amount of bonuses actually paid to individual directors in each fiscal year will be determined by the Board of Directors after the end of the fiscal year in which the bonuses are paid. After this decision is made, a lump-sum payment will be made once a year. Performance-linked stock compensation is based on the Directors’ Stock Benefit Regulations, and is calculated by multiplying the base points, which are determined by a ratio determined by the Board of Directors and proportionally distributed in consideration of the maximum total number of points (100,000 points) to be granted per fiscal year as approved at the General Meeting of Shareholders, by a performance evaluation coefficient determined according to the status of consolidated operating income and other items in the budget at the beginning of the fiscal year, as well as an individual evaluation coefficient based on individual evaluations. The points are awarded by multiplying the base points, which are calculated proportionally by a ratio determined by the Board of Directors, by a performance evaluation coefficient determined in accordance with the status of achievement of consolidated operating income, etc. in the budget at the beginning of the fiscal year and by an individual evaluation coefficient based on individual evaluation. However, if consolidated operating income, etc. falls below the budget at the beginning of the fiscal year, etc., it will not be granted. The basic figures for calculating the number of points, such as performance indicators and coefficients for each fiscal year will be decided by the Board of Directors after consulting with and passing a resolution of the Nomination and Remuneration Committee. The number of points to be granted to individual directors in each fiscal year will be determined by the Board of Directors after the end of the fiscal year in which the points are to be granted. After this decision is made, points will be awarded on June 30 in principle, and on or after July 1, the first day after his retirement, if he is no longer related to the company in principle, the points will be converted into one share of common stock per point. However, if the requirements stipulated in the Directors’ Share Payment Regulations are met, a certain percentage of shares of the Company’s common stock will be paid in cash equivalent to the market value of the Company’s common stock instead.

(4) Policies and Procedures for Nominating and dismissal Directors and Auditors

The Company selects the Nominee of Directors and Managing Staff with the ability to make precise and speedy decision, to manage risks properly and to execute the duties including supervising other employees. Also, to keep balance between the Business Unit, the Company appoints. Regarding the decision procedure, decisions are made by the Board of Directors after discussion and recommendations by the Nomination and Remuneration Committee, which mainly consists of Outside Directors. Also, the Company selects an Auditor with high experience in accounting and finance and deep insight of business of the Company and business management. And, the Board of Directors appoints an Auditor with full agreement of Audit Committee. In addition, in the event that there is a fraudulent or serious violation of laws or regulations in executing the duties of executives, we will decide to dismiss.

(5) Explanation of Individual Appointments and dismissal for Directors and Auditors

The Company individually discloses significant factors considered in the selection of nominees in the Notice of Convocation of the Annual Shareholders’ Meeting. Regarding dismissal, we also decide to dismiss the proposal to the general meeting of shareholders, and we will disclose the reason for the dismissal of the person concerned by notifying the general meeting of shareholders.

[Supplementary Principle 4.1(1): The Scope of the Delegation of Authority to the Management]

The Group sets Rules and Delegation of Authority Rules to allocate authority which specifically defines the appropriate allocation of authority related to decision, consideration, and approval to all the Board of Directors, Manager’s meeting, President, and Heads of all business units.

[Principle 4.9: Independence Standards and Qualifications for Independent Directors]

The Company has established and disclosed the “Standards for Independence of Outside Directors and Auditors” as described in the “Matters Relating to Independent Directors/Auditors” section of this report. In addition, the Company endeavors to select persons who can be expected to contribute to the constructive deliberations of the Board of Directors in an open, active, and constructive manner.

[Supplementary Principle 4.10(1)]

In order to strengthen the independence, objectivity, and accountability of the Board of Directors’ functions, the Company has voluntarily established the Nomination and Remuneration committee, an independent advisory committee under the Board of Directors, with a majority of its members being independent outside directors. The Committee is responsible for supervising the selection of the Company’s executive structure and the decision-making process regarding executive compensation and other matters. The committee obtains the objective opinions of the independent outside directors when considering particularly important matters such as nominations and compensation.

[Supplementary Principle 4.11(1)]

The Board of Directors, after comprehensively considering the current size of the Board for accurate and prompt decision-making, takes care to ensure that each function of the Company and each business unit is covered in a well-balanced manner, and that the Board is composed in a way that is optimal for the Company in terms of the knowledge, experience, ability and other skills of each Director, as well as diversity. Also, the Company’s Board is mutually checked for management, and composed of in total of 13 members, 9 Directors including 6 Outside Director and 4 Auditors including 3 Outside Auditors. 7 of them are Independent Officer. In addition, 4 of the independent outside directors have management experience at other companies. The skills possessed by each director are disclosed on the Company’s IR website.

<https://corp.marv.jp/english/vision/governance.html>

[Supplementary Principle 4.11(2)]

The Company discloses positions concurrently held by each director and auditor nominee in the Annual Securities Report and the Notice of Convocation of the Annual Shareholders’ Meeting. Also, the companies which nominees are in positions are in reasonable range such as the Company’s subsidiary, which don’t affect to fulfill their responsibility in the Company.

[Supplementary Principle 4.14(2)]

The Company provides, at the Company’s cost, the directors and auditors with opportunities to acquire knowledge of laws and regulations as required for executing their duties and to better understand the Company’s business and organizational, as well as other training opportunities

[Principle 5.1: Policy for Constructive Dialogue with Shareholders]

The Company’s takes following policies to encourage a constructive discussion with Shareholders.

- (1) The Company appoints Officer supervises the Administration Unit to be responsible for the matters of IR, and the department in charge is Corporate Planning Department.
- (2) To support the communication with Shareholders, Corporate Planning Department collects and controls the information from Accounting & Finance department and other departments involved. In the meantime, Corporate Planning Department communicates often with other department related to IR, to encourage active dialog with Shareholders.
- (3) The Company discloses a video presentation of financial results and its presentation materials by the representative directors on a quarterly basis, and holds individual meetings with analysts, institutional investors, and other stakeholders on a regular basis. Also, the Company actively discloses IR related items such as all documents except legal disclosure and videos of major briefings
- (4) The Company effectively share and accept the Shareholders’ opinion which the Company obtains from the dialog by distributing and making feedback to Officers and departments
- (5) The Company sets Rules of preventing Insider dealing to avoid the risk in the dialog, and control the information to disclose. And the Company sets the quiet period quarterly from the next day of account close to the date of announcement of financial result to prevent a divulging of information.

Principles are described based on the code revised in June 2021.

2. Capital Structure

Percentage of Foreign Shareholders	20%– 30%
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[Status of Major Shareholders] Updated

Name/Company Name	Number of Shares	
	Owned	Percentage
Image Frame Investment (HK) Limited	12,166,400	20.00
Hayao Nakayama	9,113,900	14.98
Haruki Nakayama	5,498,600	9.04
The Master Trust Bank of Japan, Ltd. (Trust Account)	4,042,900	6.64
Amuse Capital Inc.	3,865,500	6.35
Amuse Capital Investment Inc.	1,840,000	3.02
Custody Bank of Japan, Ltd. (Trust Account)	1,217,000	2.00
TOHOKUSHINSHA FILM CORPORATION	780,000	1.28

JPMorgan Securities Japan Co., Ltd.	696,112	1.14
JP MORGAN CHASE BANK 385781	399,989	0.66

Controlling Shareholder(Except for parent company)	_____
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Parent Company	None
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Supplemental Explanation

3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange Prime Section
Fiscal Year-end	March
Type of Business	Telecommunications
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	Over 500 to less than1000
Sales (Consolidated) as of the End of the Previous Fiscal Year	Over 10 billion JPY to less than 100 billion JPY
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	Below 10

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

5. Other Special Circumstances Which May Have Material Impact on Corporate Governance

None

of Business, and Oversight in Management

1. Organizational Composition and Operation

Structure of Organization	Company with Board of Auditors
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【Directors】

Maximum Number of Directors Stipulated in Articles of Incorporation	9
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	9
Election of Outside Directors	Elected
Number of Outside Directors Updated	6
Number of Independent Directors Updated	4

Relation with the Company (1) Updated

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k		
Shunichi Nakamura	From Other Company													
Makoto Arima	From Other Company					△			△					
Shinji Hatano	From Other Company					△								
Shin Joon Oh	From Other Company								○					
Sakurako Konishi	From Other Company													
Hideki Okamura	From Other Company								○					

* Categories for “Relationship with the Company”:

“○” When the director currently falls or has recently fallen under the category

“△” When the director fell under the category in the past

“●” When a close relative of the director currently falls or has recently fallen under the category

“▲” When a close relative of the director fell under the category in the past

- a Executive of the Company or its subsidiaries
- b Non-executive director or executive of a parent company of the Company
- c Executive of a fellow subsidiary company of the Company
- d A party whose major client or supplier is the Company or an executive thereof
- e Major client or supplier of the Company or an executive thereof
- f Consultant, accountant, or legal professional who receives a large amount of monetary consideration or other property from the Company other than remuneration as a director/auditor
- g Major shareholder of the Company (or an executive of said major shareholder if the shareholder is a legal entity)
- h Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)
- i Executive of a company, between which and the Company outside directors/auditors are mutually appointed (the director himself/herself only)
- j Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
- k Others

Relation with the Company (2) Updated

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Shunichi Nakamura		_____	He has been involved in the entertainment business for many years and has a wealth of experience and broad insight as a manager. Therefore, the Company judged that he would

			<p>be able to appropriately perform his duties as an outside director and contribute to the enhancement of corporate value.</p> <p>Based on the above experience and insight, the Company expects that he will supervise and provide advice, etc. on the execution of duties by Directors from a professional perspective in ensuring the adequacy and appropriateness of decision-making in the Company's overall business domain.</p> <p>In addition, as a member of the Nomination and Remuneration Committee, which is an advisory body to the Board of Directors of the Company, he will be involved in the selection of candidates for officers of the Company and the determination of compensation for officers from an objective and neutral standpoint.</p>
Makoto Arima	○	<p>He was with Google Inc. from 2010 to 2014, which was our major business partner in online game distribution, where he served as Senior Managing Executive Officer and General Manager of Sales Division and President and Representative Director. He also worked for Interworks, Inc., which has a business relationship with the Company in the field of recruiting. However, the transactions with both companies are ordinary transactions, and it has been more than five years since he retired from his position, the Company has determined that this does not affect the independence of the Company, as he satisfies the "Standards for Independence of Outside Directors and Auditors" stipulated by the Company.</p> <p>He also served as Executive Vice President and Advisor from 2017 to 2023 at Rakuten Group, Inc. with which the Company has a business relationship regarding the licensing of visual content, but the transactions with the company are minimal, accounting for less than 2% of consolidated net sales in both cases, the Company has determined that this does not affect the independence of the Company, as he satisfies the "Standards for Independence of Outside Directors and Auditors" stipulated by the Company.</p>	<p>He has been involved in corporate management in multiple industries for many years and has abundant experience and knowledge in a wide range of fields including the Internet industry. Therefore, the Company judged that he would be able to appropriately perform his duties as an Outside Director and contribute to the enhancement of corporate value.</p> <p>In addition, as a member of the Nomination and Remuneration Committee, which is an advisory body to the Board of Directors of the Company, he will be involved in the selection of candidates for officers of the Company and the determination of compensation for officers from an objective and neutral standpoint.</p> <p>Also, his personal record in the other company which was/is the Company's client is not affected to the decision in the dealing, nor related to the merit of the person appointed to be an Independent Officer. Thus, the Company recognizes the nominee has no conflict of interests with other general shareholders.</p>
Shinji Hatano	○	<p>He was with Nintendo Co., Ltd., from 1972 to 2013, which was our major business partner in the consumer game business and served as General Manager of the Sales Division and Representative Executive Director.</p> <p>However the deal between the Company and Nintendo Co., Ltd. is ordinary dealing, and it has been more than five years since he retired from his position, the Company has determined that this does not affect the independence of the Company, as he satisfies the "Standards for Independence of Outside Directors and Auditors" stipulated by the Company.</p>	<p>He has many years of experience in overall management in the video game industry, including positions such as Representative Executive Director and General Manager of the Sales Division of Nintendo Co., Ltd. and has extensive knowledge of the Company's business domain and a wide range of personal connections.</p> <p>Based on the above experience and knowledge, the Company expects that he will supervise and provide advice, etc. on the execution of duties by Directors from a professional perspective in ensuring the adequacy and appropriateness of decision-making in the Company's overall business domain.</p> <p>In addition, as a member of the Nomination and Remuneration Committee, which is an advisory body to the Board of Directors of the Company, he will be involved in the selection of candidates for officers of the Company and the determination of compensation for officers from an objective and neutral standpoint.</p> <p>Also, his personal record in the other company which was/is the Company's client is not affected to the decision in the dealing, nor related to the merit of the person appointed to be an Independent Officer. Thus, the Company recognizes the nominee has no conflict of interests with other general shareholders.</p>

Shin Joon Oh			<p>He has a wealth of experience in the game business, having held the position of General Manager of the Japan Branch of the Tencent Group, one of the world's largest Internet companies based in China. Therefore, the Company judged that he would be able to appropriately perform his duties as an Outside Director and contribute to the enhancement of corporate value.</p> <p>Based on the above experience, the Company expects that he will supervise and advise on the execution of duties by Directors from a professional perspective, particularly in the Company's global game business domain.</p> <p>In addition, as a member of the Nomination and Remuneration Committee, which is an advisory body to the Board of Directors of the Company, he will be involved in the selection of candidates for officers of the Company and the determination of compensation for officers from an objective and neutral standpoint.</p>
Sakurako Konishi	○		<p>She has no special interest in the Company and there is no risk of conflict of interest with general shareholders.</p> <p>In addition to his highly specialized knowledge and experience as an attorney-at-law, he also has a background as an outside officer of a listed company, and we believe that he is capable of appropriately performing his duties as an outside director and contributing to the enhancement of corporate value. Based on the above experience and knowledge, we have elected her with the expectation that she will provide supervision and advice on the execution of duties by directors from a professional perspective in ensuring the adequacy and appropriateness of decision-making in all areas of our company's business.</p> <p>In addition, as a member of the Nomination and Remuneration Committee, which is an advisory body to the Board of Directors of the Company, he will be involved in the selection of candidates for officers of the Company and the determination of compensation for officers from an objective and neutral standpoint.</p>
Hideki Okamura	○	<p>He has held important positions such as President and COO of SEGA CORPORATION., a business partner in our digital content business, and Managing Director of SEGA SAMMY HOLDINGS INC., the company's parent company.</p> <p>In addition, he currently serves as a Special Advisor to SEGA CORPORATION.</p> <p>However, the transactions with the company are minimal, accounting for less than 2% of consolidated net sales in both cases, the Company has determined that this does not affect the independence of the Company, as he satisfies the "Standards for Independence of Outside Directors and Auditors" stipulated by the Company.</p>	<p>He has many years of experience in overall management in the entertainment industry, including positions such as Managing Director of SEGA SAMMY HOLDINGS INC. and has extensive knowledge of the Company's business domain and a wide range of personal connections.</p> <p>Based on the above experience and knowledge, the Company expects that he will supervise and provide advice, etc. on the execution of duties by Directors from a professional perspective in ensuring the adequacy and appropriateness of decision-making in the Company's overall business domain.</p> <p>In addition, as a member of the Nomination and Remuneration Committee, which is an advisory body to the Board of Directors of the Company, he will be involved in the selection of candidates for officers of the Company and the determination of compensation for officers from an objective and neutral standpoint.</p> <p>Also, his personal record in the other company which was/is the Company's client is not affected to the decision in the dealing, nor related to the merit of the person appointed to be an Independent Officer. Thus, the Company recognizes the nominee has no conflict of interests with other general shareholders.</p>

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration

Established

Voluntary Committee's Name, Composition and Chairman Attributes

Updated

	Committee Name	Committee Members	Full-Time Members	Internal Directors	Outside Directors	Outside Experts	Others	Chairpers
Voluntary Committee Corresponding to Nomination Committee	Nomination and Remuneration committee	7	7	1	6	0	0	Outside Director
Voluntary Committee Corresponding to Remuneration Committee	Nomination and Remuneration committee	7	7	1	6	0	0	Outside Director

Supplemental Explanation

※The Company has established a “Nomination and Remuneration Committee” that functions as both the Nomination Committee and the Remuneration Committee.

【Auditors】

Establishment of Board of Auditors	Established
Maximum Number of Auditors Stipulated in Articles of Incorporation	5
Number of Auditors	4

Cooperation Among Auditors, Accounting Auditors, and Internal Audit Department

Auditors and Accounting Auditors communicate often regarding the schedule, plans, and method of auditing regularly to make sufficient exchange of opinion.

Appointment of Outside Auditors	Appointed
Number of Outside Auditors	3
Number of Independent Auditors	3

Outside Auditors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Hisashi Miyazaki	From Other Company													
Masaaki Suzuki	From Other Company													
Takanobu Yamaguchi	From Other Company													

* Categories for “Relationship with the Company”:

“○” When the director currently falls or has recently fallen under the category

“△” When the director fell under the category in the past

“●” When a close relative of the director currently falls or has recently fallen under the category

“▲” When a close relative of the director fell under the category in the past

- a Executive of the Company or its subsidiaries
- b Non-executive managing director or accounting advisor of a listed company or its subsidiary
- c Non-executive director or executive of a parent company of the Company
- d Corporate auditor of a listed company's parent company
- e Executive of a fellow subsidiary company of the Company
- f A party whose major client or supplier is the Company or an executive thereof
- g Major client or supplier of the Company or an executive thereof
- h Consultant, accountant, or legal professional who receives a large amount of monetary consideration or other property from the Company other than Remuneration as a director/auditor
- i Major shareholder of the Company (or an executive of said major shareholder if the shareholder is a legal entity)
- j Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the director himself/herself only)
- k Executive of a company, between which and the Company outside directors/auditors are mutually appointed (the director himself/herself only)
- l Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
- m Others

Outside Auditors' Relationship with the Company (2)

Name	Designation as Independent Auditor	Supplementary Explanation of the Relationship	Reasons for Appointment
Hisashi Miyazaki	○	—	Appointed in recognition of his breadth and high experience in accounting from famous game company and its related company and insight of management of entertainment company from his experience of auditors in several companies. The Company recognizes that he has no special interest with the Company, no risk of conflict of interest with general shareholders.
Masaaki Suzuki	○	—	Appointed in recognition of his wealth insight as a CPA, and successively worked as an auditor in various companies. In addition, he has deep knowledge on business management in Entertainment industry. The Company recognizes that he has no special interest with the Company, no risk of conflict of interest with general shareholders.
Takanobu Yamaguchi	○	—	Appointed in recognition of his breadth insight in business management and high experience in financial institution, retail business, and human resources service industry. The Company recognizes that he has no special interest with the Company, no risk of conflict of interest with general shareholders.

【Independent Directors/Auditors】

Number of Independent Directors/Auditors

Updated

7

Matters Relating to Independent Directors/Auditors

The Company designates as independent directors/auditors all outside directors/auditors that fulfill the independent director/auditor criteria.

<Standards for Independence of Outside Directors and Auditors>

The Company considers an outside Director/Auditor to be independent if, as a result of the Company's investigation to the extent reasonably possible, the Company determines that the following items do not apply to the Outside Director/Auditor.

- Persons who are or have been in the past 10 years the business executor of our group.
- Persons who is a major business partner of the Company (such as a company that received 2% or more of its consolidated net sales from the Company in the most recent fiscal year) or a person who executes the business of a major business partner of the Company.
- Persons who is a major business partner of the Company (such as a company that pays 2% or more of the Company's consolidated net sales in the most recent fiscal year) or a person who executes the business of the Company.
- Major shareholders holding 10% or more of the Company's outstanding shares or their executive officers.
- Persons or their executive officers who hold 10% or more of the total number of shares issued by the Company.
- Persons who have received donations, loans, or guarantees of debt from the Company more than 2% of their annual gross income in the most recent fiscal year, or executive officers of such organizations or corporations.
- Consultants, accounting experts, or legal experts, etc. who receive more than 10 million yen in cash or other assets annually from the Company other than remuneration for their services as Directors or Auditors.
(If the person obtaining such property is a corporation, partnership, or other organization, a person who belongs to an organization that receives remuneration of more than 2% of its consolidated sales)
- Lenders or their executive officers whose lending amount is more than 2% of the Company's total assets.
- Those who have been in the above 2 to 8 categories for the past 5 years.
- Spouse or relative up to the second degree of kinship of a person falling under 1 to 9 above.

【Incentives】

Incentive Policies for Directors

Installation of performance-linked incentive, Others

Supplementary Explanation

Regarding the remuneration of members of Board, the company installs the performance-linked incentive system in addition to monthly remuneration to

motivate Directors for raising the value of the company. The Company also installs BBT(=Board Benefit Trust) to enhance consciousness of Directors to devote to raising performances increase the value of the Company in medium term by sharing benefit and risk of the stock price changes with general shareholders.

Recipients of Stock Options

None

Supplementary Explanation

【Remuneration for Directors】

Disclosure of Individual Directors' Remuneration

Partial Disclosure

Supplementary Explanation

Updated

The Company discloses the total amount of remuneration of Directors, and also total amount of Auditors.

Followings are the total amount of remuneration in FY 2023 (JPY)

10 Directors : 126,000,000 JPY

4 Auditors : 15,600,000 JPY

14 People in total : 141,600,000 JPY

*The number of directors includes two directors who retired at the conclusion of the 25th Ordinary General Meeting of Shareholders held on June 21, 2022, and excludes one director who received no remuneration.

Policy on Determining Remuneration Amounts and Calculation Methods

Updated

Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

The company installs the performance-linked incentive system in addition to monthly remuneration to motivate Directors for raising the value of the Company. The Company also installs BBT(=Board Benefit Trust) to enhance consciousness of Directors to devote to raising performances to increase the value of the Company in medium term by sharing benefit and risk of the stock price changes with general shareholders. Performance-linked remuneration is the amount of base remuneration for individual directors. The amount of the bonus fluctuates according to the sum of the evaluation points obtained by weighting the degree of achievement of consolidated net sales, operating income, and net income against the budget at the beginning of the fiscal year, etc., as determined for each fiscal year. The bonus amount fluctuates in accordance with the sum of the evaluation points obtained by weighting the degree of achievement of consolidated sales, operating income, net income, etc. against the initial budget, etc., as determined for each fiscal year. In cases where a significant contribution to business performance is deemed to have been made through an increase in net assets or business funds due to alliances, partnerships, capital increases, etc., or through the creation of new businesses or new intellectual property, a special incentive bonus may be paid in addition to the bonuses mentioned above. The amount and other details of such bonuses shall be determined by the Board of Directors after consultation with and resolution of the Nomination and Remuneration Committee. However, if consolidated operating income, etc., falls below the budget at the beginning of the fiscal year, etc., no payment is made. The total amount of bonuses, including fixed remuneration, is within the limit of remuneration approved at the general meeting of shareholders. The basic bonus amount for each fiscal year, the amount of the bonus for each fiscal year based on the degree of achievement of the budget at the beginning of the fiscal year, and other basic figures for the calculation of the bonus amount are determined by the Board of Directors after consulting and passing a resolution of the Nomination and Remuneration Committee. The amount of bonuses actually paid to individual directors in each fiscal year will be determined by the Board of Directors after the end of the fiscal year in which the bonuses are paid. After this decision is made, a lump-sum payment will be made once a year. Performance-linked stock compensation is based on the Directors' Stock Benefit Regulations, and is calculated by multiplying the base points, which are determined by a ratio determined by the Board of Directors and proportionally distributed in consideration of the maximum total number of points (100,000 points) to be granted per fiscal year as approved at the General Meeting of Shareholders, by a performance evaluation coefficient determined according to the status of consolidated operating income and other items in the budget at the beginning of the fiscal year, as well as an individual evaluation coefficient based on individual evaluations. The points are awarded by multiplying the base points, which are calculated proportionally by a ratio determined by the Board of Directors, by a performance evaluation coefficient determined in accordance with the status of achievement of consolidated operating income, etc. in the budget at the beginning of the fiscal year and by an individual evaluation coefficient based on individual evaluation. However, if consolidated operating income, etc. falls below the budget at the beginning of the fiscal year, etc., it will not be granted. The basic figures for calculating the number of points, such as performance indicators and coefficients for each fiscal year will be decided by the Board of Directors after consulting with and passing a resolution of the Nomination and Remuneration Committee. The number of points to be granted to individual directors in each fiscal year will be determined by the Board of Directors after the end of the fiscal year in which the points are to be granted. After this decision is made, points will be awarded on June 30 in principle, and on or after July 1, the first day after his retirement, if he is no longer related to the company in principle, the points will be converted into one share of common stock per point. However, if the requirements stipulated in the Directors' Share Payment Regulations are met, a certain percentage of shares of the Company's common stock will be paid in cash equivalent to the market value of the Company's common stock instead.

【Supporting System for Outside Directors and/or Auditors】

The Company provides the agenda and related information prior to the meeting, collects documents and information, and has a individual hearing meeting to support Outside Directors and Auditors when in necessary by the corporation of standing statutory auditor and Corporate Planning Department.

2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance System) Updated

The Company establishes both the Board of Directors and Audit Committee.

The Board of Directors consists of 9 Directors including 6 Outside Directors and 4 Auditors including 3 Corporate Auditors to hold monthly regular Board Meeting and temporary Board meeting as needed. The execution of duties is reported on the Board on the regulation of allocation of authority to be deliberated in the Managers' Meeting, and depending on the item, President and general manager decide to make it speedy. Auditors enhances the mutual check system by attending in the Board of Directors and other important meetings to audit the execution of duties of Directors objectively and referring to the important document according to the report from CPA and Director, etc.

The remuneration of Directors is composed of monthly remuneration, performance-linked incentives to motivate Directors for raising the value of the company, and BBT (=Board Benefit Trust). The performance-linked incentives based on the consolidated operating profit of a fiscal year, past records, and are decided at the Board of Directors, after discussion and recommendations of the Nomination and Remuneration Committee which mainly consists by Outside Directors.

3. Reasons for Adoption of Current Corporate Governance System Updated

The Company adopts current system in the reason of recognition that the mutual checking is sufficiently works by 6 Outside Directors and 3 Corporate Auditors.

1. Measures to Revitalize the General Shareholders’ Meeting and Facilitate the Smooth Exercise of Voting Rights

Updated

	Supplementary Explanations
Scheduling Annual General Meeting to Avoid the Peak Time	It has been held at 3:00 p.m., June 20th 2023 for FY2023. And the Company sets the meeting place considering the accessibility. In addition, the meeting will be streamed live via the Internet so that shareholders can view the meeting in lieu of coming to the venue on the day of the meeting.
Allowing the Electronic Exercise of Voting Rights	The Company accepts online voting via personal computers and mobile phones. It also participates in the Electronic Voting Platform.
Participation in Electronic Voting Platform	The Company participates Electronic Voting Platform operated by ICJ, Inc.
Providing Convocation Notice in English	The Company provides on its website abridged English translations of the key portions of the convocation notice.
Other	The Company considers the Shareholders Meeting is important opportunity to gain frank and honest opinions/questions from Shareholders. From the standpoints, The Company makes visual efforts such as using videos to report performance

2. IR Activities

Updated

	Supplementary Explanations	Explanation by CEO
Preparation and Publication of Disclosure Policy	The Company sets and announces a principle to disclose the information, fiscal status of the Company timely, accurately and fairly to make shareholders and investors understand the Group.	
Regular Investor Briefings for Analysts and Institutional Investors	A video presentation of financial results by the CEO and presentation materials are disclosed on the Company’s website on a quarterly basis.	yes
Regular briefings for overseas investors	A video presentation (English translation) of the financial results for the full year by the CEO and its presentation materials are disclosed on the Company’s website.	yes
Posting of IR Materials on Website	In addition to statutory document like security report, the Company discloses documents of Annual report, Current Management Briefing and other presentation in website. Also, the video of the main meeting is on the website to be referred.	
Establishment of Department and/or Manager in Charge of IR	The corporate planning department is responsible for IR.	

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	Aiming the right corporate activities which trusted by stakeholders, the Company sets code of Conduct for Marvelous Inc.
Environmental conservation and CSR activities	The Company continues to take on the challenge of creating new value that leads to the happiness of people around the world in accordance with the Marvelous Handbook, which sets out the fundamental principles of our business activities. In order to contribute to the creation of a sustainable society through our business activities, we recognize ESG and SDGs as important management issues and are committed to addressing them. <Relation to environment and local community> –Accepting Students and Child for visiting office. –Support UNICEF –Support Médecins Sans Frontières (MSF) –Consideration for the environment (Reduce office paper use, promote to collect PET bottle cap to join “ Network for collecting PET bottle cap”, Donation of umbrellas to the “Makuake Project”.)
Principle for sharing information to stake holders	The Company makes effort to share the information fairly, timely and correctly not only for statutory document but also other information through the meeting and website.

1. Basic Views on Internal Control System and the Progress of System Development

1. System for ensuring that the duties of directors and employees of the Company and of the employees, directors, etc. of its subsidiaries are executed in accordance with laws and regulations as well as the Company's Articles of Incorporation

(1)The Company announces to the society the Corporate Code of Conduct that Directors and Employees should comply to keep legal compliance and moral of corporation.

(2)The Company sets Rules of compliance to keep the Corporate Code of Conduct, and decides policy of basic rules of regulations and legal compliance. Also the company establishes a Compliance committee to maintain the company's structure.

(3)To practically exercise the Rules of compliance and establish compliance management, the Company also sets the compliance guideline which indicate the rules to communicate with stakeholders, and the Rules of internal report to make the Directors and Employee report the injustice and unfairness. In the meantime, the Company enlightens Directors and Employees through education and training to make them more complied to the Corporate Code of Conduct.

(4)To block the relationship with the anti-social forces, the Company sets the Basis of abandoning anti-social forces to educate and train Directors and Employees and to support the person who threatened by unfair requirements.

(5)The Company monitors the exercise in the Group by setting internal auditing department to audit the appropriateness of the business and of flow at fixed intervals.

2. System for storing and managing information related to the execution of the duties of the Company's directors

Directors and Employee keep the documents and digital memories related to their job exercise in accordance to the decision of the Board of Directors and the Regulations of keeping documents which the Company decides. And, the Directors and Auditors can refer to the documents every time they needs. The Company requires decision in the Board of Directors to revise and abolish the Regulation of important document dealing.

3. Rules and other systems regarding the management of risk of losses at the Company and Group companies

To evaluate and recognize the risk of the loss which damages the management severely, the Company sets the regulation of risk control and build a system to manage the business risks and individual risks. Also, the Company appoints responsible persons in each company, subsidiary and business units to operate a cross-sectional organization to prevent and rapidly correspond to a critical risk, and to cope with the speedy change in business circumstances.

Internal Audit Department evaluates the risk in the job exercise through auditing and report the result to CEO and Auditors. At the same time, the Internal Audit Department reports to CEO and Audits when it finds the risks in the job of the Group.

4.System for ensuring that the duties of the Company's directors and those of the directors, etc. Of the Business Group companies are executed efficiently

The Company builds the system to execution of duties by Directors, control funds, manage target and report.

In the execution of duties by Director, the Group clearly defines the duties of each Director to execute budget and other managing system under the self-supporting accounting system in each business unit and project. On the decision-making in the Board of Directors, sufficient and appropriate information should be provided to the Directors and in the case of important issue, the agenda will be on the Board after the careful and diverse discussion in Management meeting. In addition, the Board of Directors reviews the monthly result in every month, and the Director in charge reports the analysis and remedy of the discrepancy between target and result. Also, the Company holds necessary meetings regularly or temporary to make business more efficient.

5. System for reporting to the Company on matters related to the execution of the duties of the directors, etc. Of Group companies and other systems for ensuring appropriate operations within the corporate group comprising the company and its subsidiaries

The Group builds a system to manage and control the HR, funds and information regulation. And the Company educate, enhance the Directors and Employees of the each company based on the idea of this principle. The Company also promote to corporate mutually in the Group. Regarding issues of internal control accompany with the expansion of business area and basis, the Company manages controls and operates the regulation of related company and requests the participation of the Company to important decision, practices internal audit by Internal Audit Department of the Company to ensure the appropriateness of subsidiaries. In addition, the Company makes efforts to build a system that Directors and Employees of the company in the Group report the items related to the execution of duties to Directors in the Company.

6. Matters related to employees who should assist with the Audit & Supervisory Committee duties

Auditors can appoint an Employee to support auditing. Appointed Employee researches the required matter and report the result to Auditors.

7. Matters concerning the ensuring of the independence of the employees mentioned in 6 above from the Company's directors who are not Audit & Supervisory Committee Members and the enforcement of the Company's Audit & Supervisory Committee's instructions to the aforementioned employees

Appointed Employee should not accept orders from Directors or other Employees, as for the matter to research and report by the Auditors request.

8. System concerning reporting to the Company's Audit & Supervisory Committee

The Group builds the system to allow Directors and Employees report to Auditors in case of statutory items, items which has great impact on the Group and other company in the Group and result & progress of internal audit without being treated unfairly. Also, Audit Committee attends the meeting to comprehend the process of decision and execution of duties, refers to the document which relate to execution of duties and requests report of Directors and Employees in necessary.

9. Matters of the cost of Auditors

The Company would not deny the cost which Auditors requires for support from lawyers, CPA other specialists, in the relation to Auditors' execution of their duties, except in the case the Company claims that the requirement is disapproved.

10. Other systems for ensuring that the audits of the Audit & Supervisory Committee are conducted effectively

In the Group Directors and Employees disclose the practice of their duties and document related to their duties in case of an audit of the Auditors. Also, the Auditors consult CPAs, lawyers and other specialists to report solution to the Board of Directors. Audit Committee communicates with CEO of the Company and CPA when necessary. Also, Audit Committee attends to the Board of Directors and other important meetings.

2. Basic Views on Eliminating Anti-social Forces

To eliminate the relationship with the anti-social forces, the Company sets the Basis of abandoning it by educating and training Directors and Employees and supporting the person who threatened by unfair requirements.

Specifically, the Company researches the credibility of a company to start dealing with, and continue to research it once in 2 years. Also, the Company installs the article indicate elimination of anti-social forces in contracts. In addition, the Company joins to Federation of Anti-special violence in Tokyo Metropolitan Police Department (Tokubouren) and cooperates them with collecting information etc.

1. Adoption of Anti-takeover Measures

Adoption of Anti-takeover Measures

Not Adopted

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

2. Other Matters Concerning Corporate Governance System

The status of the Company's current internal system concerning timely disclosures is described below.

1. Basic View on timely disclosure of company information

The Company's basic view on timely disclosure is to disclose actively, timely, fairly and correctly in accordance to regulation in Tokyo Stock Exchange to make all stakeholders such as the shareholders and investors understand deeply of the Company.

2. Systems for timely disclosure of the company information

(1) System to disclose

The Company appoints Officer supervises the Administration Unit to be responsible for the matters of timely disclosure and control the information to disclose, and the department in charge is Corporate Planning Department to collect and check information from Accounting and Finance department and other related department.

(2) Matters of Settlement Report

As for matters of Settlement report and adjustment on the earning forecast, Corporate Planning Department collects the settlement result cooperating with Accounting & Financial Department as soon as it is clear, and Corporate Planning Department judges whether it hits to item to disclose. Corporate Planning Department submit the items to the Board of Directors to disclose immediately.

(3) Matters of decision and fact

All decisions and facts are reported in the meetings which management leaders attend to be summarized in Corporate Planning Department. Each information which Corporate Planning department gains is to be judged whether it includes items to disclose, and proceed to disclose if it includes the item required to do so.

(4) Method to disclose

The Company disclose the item which Tokyo Stock Exchange requires to do so on TDnet, and the information disclosed immediately to the shareholders and investors on the Company's website. And, other information which may affect to the judge of investing is also disclosed in the website in understanding of the regulation of timely disclosure.

3. Regulation of timely disclosure in the Group

The Company sets Rules for insider dealing to prevent insider dealing and control the information in the Company. At the same time the Company educates the new employee in HR training, and makes announcement from the department in charge to make the Employees certainly informed.

Director's Skills Matrix

	Position	Corporate Management and Business Strategy	Industry Experience	Sales and Marketing	Global	IT and DX	Finance and Accounting	Legal and Risk management
Suminobu Sato	President, Executive Officer Member of the Nomination and Remuneration Committee	○	○	○				
Shinichi Terui	Director and Executive Officer	○	○	○				
Chihiro Noguchi	Director and Executive Officer	○	○				○	
Shunichi Nakamura	Outside Director Member of the Nomination and Remuneration Committee	○	○				○	
Makoto Arima	Outside Director (Independent Director) Member of the Nomination and Remuneration Committee	○		○	○	○		
Shinji Hatano	Outside Director (Independent Director) Member of the Nomination and Remuneration Committee	○	○	○	○			
Shin Joon Oh	Outside Director Member of the Nomination and Remuneration Committee	○	○	○	○	○	○	
Sakurako Konishi	Outside Director (Independent Director) Member of the Nomination and Remuneration Committee	○						○
Hideki Okamura	Outside Director (Independent Director) Member of the Nomination and Remuneration Committee	○	○	○				
Ken Sato	Standing Statutory Auditor	○					○	
Hisashi Miyazaki	Corporate Auditor (External)	○	○				○	
Masaaki Suzuki	Corporate Auditor (External)	○					○	
Takanobu Yamaguchi	Corporate Auditor (External)	○					○	

Corporate governance chart of Marvelous Inc.

