

[Translation for reference only]

ENGLISH TRANSLATION OF JAPANESE-LANGUAGE DOCUMENT

This is an English translation of the original Japanese-language document and is provided for convenience only. In all cases, the Japanese-language original shall prevail.

[Paper-based documents for delivery]

Securities Code: 9468

June 3, 2026

Start date of measures for electronic provision: June 1, 2026

To Our Shareholders

Takeshi Natsuno

Chief Executive Officer

KADOKAWA CORPORATION

13-3, 2-chome, Fujimi, Chiyoda-ku, Tokyo

NOTICE OF THE 12TH GENERAL MEETING OF SHAREHOLDERS

Taking this occasion, we would like to express our deep gratitude to you for your good offices.

We hereby announce our 12th General Meeting of Shareholders.

When convening this general meeting of shareholders, KADOKAWA CORPORATION (the "Company") takes measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. (matters for which measures for providing information in electronic format are to be taken) in electronic format, and posts this information on the following websites. Please access any of the following websites by using the internet address shown below to review the information.

[The Company's website]

<https://group.kadokawa.co.jp/ir/stock/> (in Japanese)

(From the above Company's website, select "SHAREHOLDERS' MEETING.")

[Website for posted informational materials for the general meeting of shareholders]

<https://d.sokai.jp/9468/teiji/> (in Japanese)

[TSE website (Listed Company Search)]

<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show> (in Japanese)

(Access the TSE website by using the internet address shown above, enter "KADOKAWA" in "Issue name (company name)" or the Company's securities code "9468" in "Code," and click "Search." Then, click "Basic information" and select "Documents for public inspection/PR information." Under "Filed information available for public inspection," click "Click here for access" under "[Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting].")

We would like to request you to make a decision on your attendance at the General Meeting of Shareholders in consideration of the exercise of your voting rights in writing or via the internet. If you exercise your voting rights in writing or via the internet instead of attending the meeting in person, please review the "Reference Materials on the General Meeting of Shareholders," indicate your approval or disapproval for the proposal on the voting rights exercise form, paste the protective seal on the voting rights exercise form and mail it back to us by 6:30 p.m., Tuesday, June 23, 2026 (JST) or please see "Guidance on exercising your voting rights using the internet" and enter your approval or disapproval for the proposal by 6:30 p.m., Tuesday, June 23, 2026 (JST).

Very truly yours,

Details

1. **Date:** 2:00 p.m. on Wednesday, June 24, 2026
(The reception of participants in the meeting will begin at 1:00 p.m.)
2. **Place:** Kadokawa Daiei Studio
1-1, 6-chome, Tamagawa, Chofu City, Tokyo
(Please note that the location has changed from the previous meeting. When attending, please be careful not to arrive at the wrong location.)
3. **Objectives**

Matters to be reported:

1. Presentation of the Business Report, Consolidated Financial Statements, and Audit Report on the Consolidated Financial Statements by the Independent Auditor and the Audit Committee for the 12th fiscal year (from April 1, 2025 to March 31, 2026)
2. Presentation of the Non-consolidated Financial Statements for the 12th fiscal year (from April 1, 2025 to March 31, 2026)

Proposals to be acted upon:

<Company Proposal>

Proposal 1: To Elect Twelve (12) Directors

<Shareholder Proposal>

Proposal 2: To Dismiss One (1) Director

The summary of the proposal related to the shareholder proposal (Proposal 2) is as described in the "Reference Materials on the General Meeting of Shareholders."

[The Board of Directors of the Company is opposed to Proposal 2.](#)

4. Points to Note about the Convocation of the Meeting

- (1) Please see "Guidance on exercising your voting rights, etc."
- (2) Reason for changing the venue of the General Meeting of Shareholders
Because the previous venue has suspended operations, the meeting will be held at a different venue from the previous one.

◎ Shareholders who have requested the delivery of documents in writing will also receive a document stating the matters for which measures for providing information in electronic format are to be taken, but said documents will exclude the following matters in accordance with laws and regulations and Article 14 of the Company's Articles of Incorporation.

1. Notes to the Consolidated Financial Statements
2. Notes to the Non-consolidated Financial Statements

These notes are part of the consolidated financial statements and non-consolidated financial statements that were audited by the Independent Auditor and the Audit Committee in preparing the Independent Auditor's Report and Auditor's Report, respectively.

- ◎ If you attend the meeting in person, please present the voting rights exercise form at the reception desk upon your arrival.
- ◎ If revisions to the matters subject to measures for electronic provision arise, a notice of the revisions and the details of the matters before and after the revisions will be posted on the aforementioned websites.

- ◎ The shareholders in the name of management trust banks, etc., (including standing proxies) who have applied in advance for the use of the platform for electronic exercise of voting rights, which is managed by ICJ Inc., a joint venture organized by Tokyo Stock Exchange, Inc. and others, may exercise their voting rights on the platform as a method for exercising voting rights by an electronic or magnetic means at the Company's General Meeting of Shareholders, in addition to the exercise of voting rights on the internet.
- ◎ Photography, video and audio recording at the venue of the General Meeting of Shareholders, as well as distribution or posting on social media etc., are prohibited. In addition, we ask that you do not enter any areas other than the designated locations. Furthermore, please note that the Company cannot assume any responsibility for any loss or damage resulting from these acts.
- ◎ The General Meeting of Shareholders will be live-streamed on the internet. For details, please refer to "Guidance on viewing the live streaming of the General Meeting of Shareholders."
- ◎ No souvenirs will be offered to shareholders. We would appreciate your understanding.

[During the General Meeting of Shareholders, we will adopt the "Cool Biz" style, i.e., light clothes rather than formal ones.]

The Notice of the General Meeting of Shareholders is also available on your smartphone. You can browse the Notice of the General Meeting of Shareholders on your PC and smartphone. https://p.sokai.jp/9468/ (in Japanese)

Guidance on exercising your voting rights, etc.

Voting rights can be exercised through the following three methods:

1. If you attend the General Meeting of Shareholders

Please present the voting rights exercise form at the reception desk.

Date: 2:00 p.m. on Wednesday, June 24, 2026 (JST)

**Place: Kadokawa Daiei Studio
1-1, 6-chome, Tamagawa, Chofu City, Tokyo**

2. If you exercise your voting rights in writing

Please indicate your approval or disapproval of the proposals on the voting rights exercise form to be sent together with this Notice of the General Meeting of Shareholders, and return the form without affixing a stamp.

Exercise deadline: Received by 6:30 p.m. on Tuesday, June 23, 2026 (JST)

3. If you exercise your voting rights via the internet

If you exercise your voting rights via the internet, please confirm the following items before exercising your voting rights.

If you attend the meeting in person, you are not required to exercise your voting rights either in writing (by voting rights exercise form) or via the internet.

Exercise deadline: 6:30 p.m. on Tuesday, June 23, 2026 (JST)

If you exercise your voting rights more than once

- Please note that if you exercise your voting rights both in writing and on the internet, only the voting rights you exercise on the internet will be counted.
- If you exercise your voting rights more than once on the internet, only the voting rights you exercise last will be counted. In addition, if you exercise your voting rights more than once via PC or smartphone, only the voting rights you exercise last will be counted as well.

Handling of voting rights exercise forms with no indication of approval or disapproval, etc.

- Please note that if no approval or disapproval is indicated for each proposal on the voting rights exercise form, it will be counted as approval for the Company's proposal (Proposal 1) and disapproval for the shareholder proposal (Proposal 2).

Guidance on exercising your voting rights in writing

Exercise deadline: Received by 6:30 p.m. on Tuesday, June 23, 2026 (JST)

Please indicate your approval or disapproval on the voting rights exercise form and return it.

If you agree with the opinion of the Company's Board of Directors, please mark a circle in the "Disapproval" column for the shareholder proposal.

Please note that if no approval or disapproval is indicated for each proposal, it will be counted as approval for the Company's proposal (Proposal 1) and disapproval for the shareholder proposal (Proposal 2).

The Board of Directors of the Company is opposed to Proposal 2 (shareholder proposal). If you agree, please mark a circle in the "Disapproval" column for the shareholder proposal.

* When you approve Proposal 2 (shareholder proposal), mark a circle in the "Approval" column.

Guidance on exercising your voting rights using the internet

By scanning the QR code

You can log in to the voting rights exercise website without entering the login ID or temporary password indicated on the voting rights exercise form.

1. Scan the QR code on the voting rights exercise form.
 - * "QR Code" is a registered trademark of DENSO WAVE INCORPORATED.
2. Follow the guidance on the screen and enter your approval or disapproval.

By entering your login ID and temporary password

Voting rights exercise website: <https://evote.tr.mufig.jp/> (in Japanese)

1. Access the voting rights exercise website.
2. Enter the login ID and temporary password stated on the voting rights exercise form and click "login."
 - You will be notified of a new login ID and temporary password each time a general meeting of shareholders is convened. (The temporary password can be changed to any password on the voting rights exercise website.)
3. Follow the guidance on the screen and enter your approval or disapproval.

Please contact the number below if you are unsure how to operate your computer or smartphone to exercise voting rights using the internet, etc.

Help Desk, Corporate Agency Division, Mitsubishi UFJ Trust and Banking Corporation
0120-173-027 (Toll free/business hours: 9:00 a.m. to 9:00 p.m. (JST))

- Operations are suspended daily from 2:30 a.m. to 4:30 a.m. (JST)
- Internet connection charges, etc. are borne by the shareholder.
- Shareholders who wish to receive the convocation notice by email from the next general meeting of shareholders may do so by completing the necessary procedures via smartphone or PC on the voting rights exercise website.
- Institutional investors may use the platform for electronic exercise of voting rights for institutional investors operated by ICJ Inc.

Reference Materials on the General Meeting of Shareholders

<Company Proposal>

Proposal 1: To Elect Twelve (12) Directors

The terms of office of all Directors (12) will expire at the close of this General Meeting of Shareholders. At this juncture, based on the decision of the Nominating Committee, we propose election of 12 Directors.

The candidates for Directors are as follows:

Candidate No.	Name	Position in the Company	
1	Takeshi Natsuno	Member of the Board Chief Executive Officer	<u>Reelection</u>
2	Naohisa Yamashita	Member of the Board Representative Executive Officer Member of the Nominating Committee	<u>Reelection</u>
3	Shinobu Murakawa	Member of the Board Chief Officer Member of the Remuneration Committee	<u>Reelection</u>
4	Noriko Kase	Member of the Board Chief Officer	<u>Reelection</u>
5	Nobuo Kawakami	Member of the Board	<u>Reelection</u>
6	Hiroo Unoura	Member of the Board, Independent Chairperson of the Nominating Committee	<u>Reelection</u> <u>Outside</u> <u>Independent</u>
7	Ruth Marie Jarman	Member of the Board, Independent Chairperson of the Remuneration Committee Member of the Nominating Committee	<u>Reelection</u> <u>Outside</u> <u>Independent</u>
8	Tadaaki Sugiyama	Member of the Board, Independent Member of the Nominating Committee Member of the Audit Committee	<u>Reelection</u> <u>Outside</u> <u>Independent</u>
9	Yu Sasamoto	Member of the Board, Independent Member of the Remuneration Committee Member of the Audit Committee	<u>Reelection</u> <u>Outside</u> <u>Independent</u>
10	Etsuko Okajima	Member of the Board, Independent Member of the Nominating Committee Member of the Remuneration Committee	<u>Reelection</u> <u>Outside</u> <u>Independent</u>
11	Koichi Kusano	Member of the Board, Independent Chairperson of the Audit Committee	<u>Reelection</u> <u>Outside</u> <u>Independent</u>
12	Koji Okura	—	<u>New election</u> <u>Outside</u> <u>Independent</u>

<u>Reelection</u>	Candidate for Director to be reelected
<u>New election</u>	Candidate for Director to be newly elected
<u>Outside</u>	Candidate for Outside Director
<u>Independent</u>	Independent officer as defined by the securities exchange

Candidate No.	Name (Date of birth)	Brief personal history, positions and responsibilities in the Company and important concurrent positions in other companies	Number of the Company's shares held
1	Takeshi Natsuno (March 17, 1965)	April 1988: Joined Tokyo Gas Co., Ltd. June 2005: Executive Director and General Manager of Multimedia Service Division of NTT Mobile Network Inc. (present NTT DOCOMO, INC.) May 2008: Guest Professor, Keio University Graduate School of Media and Governance December 2008: Director of DWANGO Co., Ltd. September 2009: Outside Director of GREE, Inc. (present GREE Holdings, Inc.) (present) December 2010: Outside Director of U-NEXT Co., Ltd. (present U-NEXT HOLDINGS Co., Ltd.) (present) October 2014: Member of the Board of the Company June 2016: Outside Director (Audit and Supervisory Committee Member) of transcosmos inc. (present) August 2016: Outside Director of Oracle Corporation Japan (present) June 2018: Representative Director and Chairman of MOVIE WALKER Co., Ltd. February 2019: Representative Director and President of DWANGO Co., Ltd. (present) April 2020: Guest Professor and Director, Kindai University Cyber Informatics Research Institute (present) June 2021: Member of the Board and President of the Company June 2022: Chairman and Director of KADOKAWA WORLD ENTERTAINMENT, INC. (present) June 2023: Member of the Board and Chief Executive Officer of the Company (present) June 2025: Director of MOVIE WALKER Co., Ltd. (present)	196,704 shares
[Reason for nominating Mr. Takeshi Natsuno as a candidate for Director] Mr. Takeshi Natsuno serves as Member of the Board and Chief Executive Officer of the Company, and Representative Director and President of DWANGO Co., Ltd., which is a subsidiary of the Company. He has demonstrated strong leadership by leading the development of overseas markets and the utilization of technology, thereby driving the "Global Media Mix with Technology" set forth in the Mid-term Management Plan. In addition, he has boldly carried out structural reforms across the Company's businesses, including the Publication/IP Creation Segment, making significant contributions to the Company's sustained growth and enhancement of corporate value. It is proposed to elect him as a Director of the Company because the Company judges that his abundant experience and extensive knowledge to date will contribute to the appropriate execution of his duties as a Director of the Company. [Attendance at the meetings of the Board of Directors during the current fiscal year] 16 of 16 (100%)			

Candidate No.	Name (Date of birth)	Brief personal history, positions and responsibilities in the Company and important concurrent positions in other companies	Number of the Company's shares held
2	Naohisa Yamashita (February 9, 1958)	January 1981: Joined Kadokawa Shoten Co., Ltd. (present KADOKAWA KEY-PROCESS Co., Ltd.) January 2007: Director of Kadokawa Shoten Publishing Co., Ltd. June 2007: Representative Director and President of Fujimi Shobo Co., Ltd. April 2010: Representative Director and President of Kadokawa Gakugei Shuppan Publishing Co., Ltd. June 2012: Representative Director and Senior Managing Director of Kadokawa Shoten Co., Ltd. June 2012: Representative Director and President of KADOKAWA EDITORIAL CO., LTD. (present PERSOL MEDIA SWITCH CO., LTD.) July 2014: Representative Director and President of Kadokawa Book Navi Co. October 2015: Director of Building Book Center Co., Ltd. July 2016: Director of EIGA WALKER INC. (present MOVIE WALKER Co., Ltd.) July 2017: Director of Gzbrain Inc. (present KADOKAWA Game Linkage Inc.) June 2020: Member of the Board of the Company June 2021: Representative Director of the Company June 2023: Member of the Board, Chief Human Resource Officer and Chief Literature & Film Officer of the Company June 2024: Director of KADOKAWA DAIEI STUDIO CO., LTD. (present) January 2026: Member of the Board, Chief Human Resource Officer, Chief Literature & Film Officer and Chief Manga & Light Novels Officer of the Company (present)	67,445 shares
[Reason for nominating Mr. Naohisa Yamashita as a candidate for Director] Mr. Naohisa Yamashita serves as Member of the Board and Representative Executive Officer of the Company. He also served as Director of the Company and its subsidiaries, thus, he is well versed in the business of the Company and its subsidiaries. It is proposed to elect him as a Director of the Company because the Company judges that he would perform his duties appropriately as a Director of the Company by leveraging his abundant experience in the publishing field and in personnel and general affairs, and his abundant experience and extensive knowledge gained in the management of the Company and its subsidiaries. [Attendance at the meetings of the Board of Directors during the current fiscal year] 16 of 16 (100%)			

Candidate No.	Name (Date of birth)	Brief personal history, positions and responsibilities in the Company and important concurrent positions in other companies	Number of the Company's shares held
3	Shinobu Murakawa (October 14, 1964)	October 1999: Joined Kadokawa Shoten Co., Ltd. (present KADOKAWA KEY-PROCESS Co., Ltd.) October 2013: Head of Fujimishobo BC, ECC Headquarters of KADOKAWA CORPORATION (present KADOKAWA KEY-PROCESS Co., Ltd.) April 2016: Executive Officer, General Manager of Sales Planning Department and General Manager of Sales Department of KADOKAWA CORPORATION (present KADOKAWA KEY-PROCESS Co., Ltd.) November 2018: Representative Director and President of Kadokawa Book Navi Co. November 2018: Director of Gzbrain Inc. (present KADOKAWA Game Linkage Inc.) November 2018: Director of Building Book Center Co., Ltd. July 2019: Corporate Officer, Deputy Head of Product Marketing Headquarters of the Company April 2022: Representative Director and President of Building Book Center Co., Ltd. (present) June 2022: Member of the Board and Corporate Officer of the Company June 2023: Member of the Board, Chief Operating Officer of the Company (present) June 2023: Director of Kadokawa Media House Inc. (present) October 2023: Outside Director of Rakuten Books Network Co., Ltd. (present) July 2024: Director of KADOKAWA WORLD ENTERTAINMENT, INC.	34,391 shares
[Reason for nominating Mr. Shinobu Murakawa as a candidate for Director] Mr. Shinobu Murakawa serves as Member of the Board and Chief Officer of the Company. In addition to being helping solve issues in a wide range of fields, including sales and marketing as well as corporate planning, he also served as Director of the Company's subsidiaries, and thus he is well versed in the business of the Company and its subsidiaries. It is proposed to elect him as a Director of the Company because the Company judges that he would perform his duties appropriately as a Director of the Company by leveraging his abundant experience and extensive knowledge. [Attendance at the meetings of the Board of Directors during the current fiscal year] 16 of 16 (100%)			

Candidate No.	Name (Date of birth)	Brief personal history, positions and responsibilities in the Company and important concurrent positions in other companies		Number of the Company's shares held
4	Noriko Kase (September 23, 1961)	April 1985:	Joined ASCII Corporation	24,594 shares
		April 2006:	General Manager of Corporate Business Department of ASCII Corporation	
		April 2017:	Manager of 7th editorial division of KADOKAWA ASCII Mediaworks of KADOKAWA CORPORATION (present KADOKAWA KEY-PROCESS Co., Ltd.)	
		April 2018:	General Manager of ASCII Division of KADOKAWA ASCII Research Laboratories, Inc.	
		June 2018:	Member of the Board of KADOKAWA ASCII Research Laboratories, Inc.	
		July 2019:	Chief Executive Officer of KADOKAWA ASCII Research Laboratories, Inc.	
		June 2020:	Member of the Board of the Company	
		June 2023:	Director of KADOKAWA Global Marketing Co., Ltd.	
		October 2025:	Member of the Board and Chief Compliance Officer of the Company (present)	
[Reason for nominating Ms. Noriko Kase as a candidate for Director] Ms. Noriko Kase serves as Member of the Board and Chief Officer of the Company. She was also engaged in various fields including book editing and corporate marketing, and is well versed in the business of the Company and its subsidiaries, having served as chief executive officer and director of subsidiaries of the Company, among other roles. It is proposed to elect her as a Director of the Company because the Company judges that she would perform her duties appropriately as a Director of the Company by leveraging her abundant experience and extensive knowledge. [Attendance at the meetings of the Board of Directors during the current fiscal year] 16 of 16 (100%)				
5	Nobuo Kawakami (September 6, 1968)	April 1991:	Joined Software Japan Co., Ltd.	4,554,400 shares
		August 1997:	Representative Director and President of DWANGO Co., Ltd.	
		September 2000:	Representative Director and Chairman of DWANGO Co., Ltd.	
		June 2006:	Outside Director of Avex Group Holdings Inc. (present Avex Inc.)	
		June 2014:	Member of the Board of KADOKAWA ASCII Research Laboratories, Inc.	
		October 2014:	Representative Director and Chairman of the Company	
		June 2015:	Representative Director and President of the Company	
		July 2017:	Director of Gzbrain Inc. (present KADOKAWA Game Linkage Inc.)	
		December 2017:	Director & CTO of DWANGO Co., Ltd.	
		February 2019:	Advisor of DWANGO Co., Ltd. (present)	
		February 2019:	Member of the Board of the Company (present)	
		October 2020:	Director and Chairman of VirtualCast, Inc. (present)	
		June 2022:	Executive President of the KADOKAWA Culture Promotion Foundation	
		June 2025:	Director of the KADOKAWA Culture Promotion Foundation (present)	
[Reason for nominating Mr. Nobuo Kawakami as a candidate for Director] Mr. Nobuo Kawakami serves as Member of the Board of the Company. He also established DWANGO Co., Ltd., which is a subsidiary of the Company, served as Representative Director of said company for years, and currently serves as its Advisor. It is proposed to elect him as a Director of the Company because the Company judges that he would perform his duties appropriately as a Director of the Company by leveraging his abundant experience and extensive knowledge. [Attendance at the meetings of the Board of Directors during the current fiscal year] 15 of 16 (93.8%)				

Candidate No.	Name (Date of birth)	Brief personal history, positions and responsibilities in the Company and important concurrent positions in other companies	Number of the Company's shares held
6	Hiroo Unoura (January 13, 1949)	April 1973: Joined Nippon Telegraph and Telephone Public Corporation (present NTT, Inc.) June 2002: Senior Vice President and Director of Department I of NIPPON TELEGRAPH AND TELEPHONE CORPORATION June 2005: Senior Vice President and Director of Department V of NIPPON TELEGRAPH AND TELEPHONE CORPORATION June 2007: Executive Vice President, Director of the Corporate Strategy Planning Department, and Executive Manager of the Corporate Business Strategy Division of NIPPON TELEGRAPH AND TELEPHONE CORPORATION June 2008: Senior Executive Vice President and Director of the Strategic Business Development Division of NIPPON TELEGRAPH AND TELEPHONE CORPORATION June 2012: President and Chief Executive Officer Member of the Board of NIPPON TELEGRAPH AND TELEPHONE CORPORATION June 2018: Senior Advisor of NIPPON TELEGRAPH AND TELEPHONE CORPORATION June 2019: Outside Director and Audit and Supervisory Committee Member of Mitsubishi Heavy Industries, Ltd. (present) June 2021: Member of the Board, Independent of the Company (present) July 2021: Special Advisor of NIPPON TELEGRAPH AND TELEPHONE CORPORATION (present NTT, Inc.) (present)	- shares
[Reason for nominating Mr. Hiroo Unoura as a candidate for Outside Director and outline of expected role] Mr. Hiroo Unoura has abundant expertise and experience as a top management executive working on strengthening competitiveness and profitability of the domestic business as well as expanding the global business at NIPPON TELEGRAPH AND TELEPHONE CORPORATION. Also at the Company, he leads discussions as the Chairman of the Board of Directors and the chairperson of the Nominating Committee. It is therefore proposed to elect him as an Outside Director to continue to contribute to the strengthening of the Company's supervisory functions. [Attendance at the meetings of the Board of Directors during the current fiscal year] 16 of 16 (100%)			
7	Ruth Marie Jarman (May 30, 1966)	December 1988: Joined Recruit Co., Ltd. December 2000: Joined Space Design Inc. April 2008: Director of Space Design Inc. April 2012: Representative Director and President of Jarman International KK (present) June 2012: Director of HRM Association (present) June 2019: Outside Director of Fujibo Holdings, Inc. (present) June 2020: Member of the Board, Independent of the Company (present) June 2023: Director of Japan Association for Women's Education (present) March 2024: Outside Director of Earth Corporation (present) April 2024: Member of NHK International Broadcast Programs Council (present)	2,400 shares
[Reason for nominating Ms. Ruth Marie Jarman as a candidate for Outside Director and outline of expected role] Ms. Ruth Marie Jarman has, as CEO of Jarman International KK, abundant experience and extensive knowledge in global expansion, inbound businesses, and support for women's activities. Also at the Company, she leads discussions as the chairperson of the Remuneration Committee, and she provides valuable input from an objective perspective as a member of the Nominating Committee as well. It is therefore proposed to elect her as an Outside Director to continue to contribute to the strengthening of the Company's supervisory functions. [Attendance at the meetings of the Board of Directors during the current fiscal year] 16 of 16 (100%)			

Candidate No.	Name (Date of birth)	Brief personal history, positions and responsibilities in the Company and important concurrent positions in other companies		Number of the Company's shares held
8	Tadaaki Sugiyama (March 30, 1958)	April 1980:	Joined Kao Soap Co., Ltd. (present Kao Corporation)	1,000 shares
		March 2003:	General Manager of Legal Affairs Department of Legal and Compliance of Kao Corporation	
		June 2012:	Executive Officer and Senior Vice President of Legal and Compliance of Kao Corporation	
		March 2014:	Executive Officer, Senior Vice President of Legal and Compliance and in charge of Enterprise Information Solutions of Kao Corporation	
		March 2014:	Director of Kanebo Cosmetics Inc.	
		March 2014:	Member of the Board of Kao USA Inc.	
		March 2014:	Supervisory Board Member of Kao Germany GmbH	
		June 2023:	Member of the Board, Independent of the Company (present)	
[Reason for nominating Mr. Tadaaki Sugiyama as a candidate for Outside Director and outline of expected role] Mr. Tadaaki Sugiyama has broad experience and extensive knowledge in the areas of legal affairs and compliance, having served for many years as the head of Legal and Compliance at Kao Corporation and as the Chairman of the Association of Corporate Legal Departments, a corporate legal organization. Also at the Company, he provides valuable input from an objective perspective as a member of the Nominating Committee and he promotes the auditing of the Company's business activities as a member of the Audit Committee as well. It is therefore proposed to elect him as an Outside Director to continue to contribute to the strengthening of the Company's supervisory functions. [Attendance at the meetings of the Board of Directors during the current fiscal year] 16 of 16 (100%)				
9	Yu Sasamoto (September 4, 1964)	April 1988:	Joined Recruit Co., Ltd.	- shares
		December 2002:	Representative Director, President and CEO of MTV Japan Inc. (present Paramount Global Japan K.K.)	
		January 2007:	Executive Officer of Microsoft Corporation	
		February 2009:	Managing Executive Officer of Microsoft Corporation	
		February 2014:	Representative Director of Twitter Japan K.K. (present X Corp. Japan K.K.)	
		January 2017:	Vice President in charge of Client Solutions Business of JPKR of Twitter, Inc. (present X Corp.)	
		May 2021:	Vice President in charge of Client Solutions Business of JAPAC of Twitter, Inc. (present X Corp.)	
		June 2021:	Outside Director of Sanrio Company, Ltd. (present)	
		June 2023:	Member of the Board, Independent of the Company (present)	
		February 2024:	Chief Executive Officer of DAZN Japan Investment GK (present)	
[Reason for nominating Mr. Yu Sasamoto as a candidate for Outside Director and outline of expected role] Mr. Yu Sasamoto has abundant experience and extensive knowledge as a top management executive in various fields including IT and technology, as he is currently serving as Chief Executive Officer of DAZN Japan Investment GK, as well as has led the growth of Twitter's Japan and Asian businesses as the Representative Director of Twitter Japan K.K. and the Vice President of JAPAC of Twitter, Inc., and also has contributed to the growth of Microsoft Corporation's online business as Managing Executive Officer. Also at the Company, he provides valuable input from an objective perspective as a member of the Remuneration Committee and the Audit Committee. It is therefore proposed to elect him as an Outside Director to continue to contribute to the strengthening of the Company's supervisory functions. [Attendance at the meetings of the Board of Directors during the current fiscal year] 14 of 16 (87.5%)				

Candidate No.	Name (Date of birth)	Brief personal history, positions and responsibilities in the Company and important concurrent positions in other companies	Number of the Company's shares held
10	Etsuko Okajima (May 16, 1966)	April 1989: Joined Mitsubishi Corporation January 2001: Joined McKinsey & Company, Inc. July 2005: Representative Director and President of GLOBIS Management Bank, Inc. June 2007: Representative Director and President of ProNova Inc. (present) June 2014: Outside Director of Astellas Pharma Inc. June 2014: External Director of MARUI GROUP CO., LTD. (present) November 2015: Outside Director of LANCERS, INC. December 2015: Outside Director of SEPTENI HOLDINGS CO., LTD. March 2016: Outside Director of Link and Motivation Inc. July 2018: External Director of Yappli, Inc. December 2018: External Director of Euglena Co., Ltd. February 2019: External Director of Money Forward, Inc. December 2020: Director of Euglena Co., Ltd. (present) June 2024: Member of the Board, Independent of the Company (present)	- shares
		[Reason for nominating Ms. Etsuko Okajima as a candidate for Outside Director and outline of expected role] Ms. Etsuko Okajima has abundant experience and extensive knowledge in strengthening management structures, having served as Representative Director and President of ProNova Inc., involved as a consultant in providing development support for next generation corporate managers and developing human resources, and served as an outside director at a number of companies. Also at the Company, she provides valuable input from an objective perspective as a member of the Nominating Committee and the Remuneration Committee. It is therefore proposed to elect her as an Outside Director to continue to contribute to the strengthening of the Company's supervisory functions. [Attendance at the meetings of the Board of Directors during the current fiscal year] 16 of 16 (100%)	
11	Koichi Kusano (March 22, 1955)	April 1980: Registered as an attorney at law June 1994: Audit and Supervisory Board Member of KOITO MANUFACTURING CO., LTD. November 1999: Outside Director, Rakuten, Inc. (present Rakuten Group, Inc.) January 2004: Senior Partner of Nishimura & Partners (present Nishimura & Asahi) April 2007: Visiting Professor, Graduate Schools for Law and Politics Faculty of Law, The University of Tokyo April 2013: Professor, Keio University Law School September 2014: Visiting Professor, Harvard Law School February 2019: Justice of the Supreme Court March 2025: Registered again as attorney at law June 2025: Member of the Board, Independent of the Company (present) June 2025: Representative of Office of Koichi Kusano (present)	- shares
		[Reason for nominating Mr. Koichi Kusano as a candidate for Outside Director and outline of expected role] Mr. Koichi Kusano has no experience in directly engaging in company management by any means other than serving as an outside officer in the past. However, he has achieved remarkable success as a lawyer over many years, particularly in the fields of mergers and acquisitions and corporate law, and he also served as a justice of the Supreme Court, demonstrating a high level of expertise. He has acted as an outside officer of companies and taught at law schools in Japan and abroad, possessing extensive experience and deep insight not only in legal affairs and governance but also in international matters and across diverse industries. Also at the Company, he promotes the auditing of the Company's business activities as the chairperson of the Audit Committee. It is therefore proposed to elect him as an Outside Director to continue to contribute to the strengthening of the Company's supervisory functions. [Attendance at the meetings of the Board of Directors during the current fiscal year] 13 of 13 (100%)	

Candidate No.	Name (Date of birth)	Brief personal history, positions and responsibilities in the Company and important concurrent positions in other companies	Number of the Company's shares held
12	Koji Okura (October 9, 1957)	April 1980: Joined Mitsubishi Heavy Industries, Ltd. April 2009: General Manager of Finance Department of Mitsubishi Heavy Industries, Ltd. April 2011: Assistant Manager of Management Audit Department of Mitsubishi Heavy Industries, Ltd. January 2013: Assistant General Manager of Aerospace Business Headquarter of Mitsubishi Heavy Industries, Ltd. October 2013: Vice President of Commercial Aviation & Transportation Systems and General Manager of Business Strategy Promoting Office of Mitsubishi Heavy Industries, Ltd. October 2015: Senior Vice President, Vice President of Commercial Aviation & Transportation Systems, and Senior General Manager of Shipbuilding & Ocean Development Division of Mitsubishi Heavy Industries, Ltd. January 2018: President & CEO of Mitsubishi Shipbuilding Co., Ltd. June 2020: Director, Full-time Audit and Supervisory Committee Member of Mitsubishi Heavy Industries, Ltd.	- shares
[Reason for nominating Mr. Koji Okura as a candidate for Outside Director and outline of expected role] Mr. Koji Okura has been engaged in the finance department of Mitsubishi Heavy Industries, Ltd. for many years and has led responses to financial liberalization and internationalization, demonstrating a high level of expertise in the finance and accounting field. In addition to promoting business structural reform based on objective business evaluations, he has led the strengthening of the governance and risk management system, possessing extensive experience and deep insight in the area of corporate governance. Furthermore, he has an outstanding track record in business restructuring, including reconstructing the manufacturing structure and executing the spin-off of the shipbuilding business as the person in charge of structural reform for the commercial aircraft and shipbuilding businesses. Based on these qualifications, the Company has nominated him as an Outside Director, expecting that he will leverage his expertise in the management of the Company.			

- Notes: 1. There are no special interests between each candidate and the Company.
2. Candidate for Director Mr. Shinobu Murakawa's name on the family register is Shinobu Sato. Candidate for Director Ms. Etsuko Okajima's name on the family register is Etsuko Mino.
3. Of the candidates for Directors, seven (7) candidates, Mr. Hiroo Unoura, Ms. Ruth Marie Jarman, Mr. Tadaaki Sugiyama, Mr. Yu Sasamoto, Ms. Etsuko Okajima, Mr. Koichi Kusano and Mr. Koji Okura are candidates for Outside Directors as defined in Article 2, paragraph 3, item (vii) of the Regulations for Enforcement of the Companies Act.
4. Of the candidates for Directors, seven (7) candidates, Mr. Hiroo Unoura, Ms. Ruth Marie Jarman, Mr. Tadaaki Sugiyama, Mr. Yu Sasamoto, Ms. Etsuko Okajima, Mr. Koichi Kusano and Mr. Koji Okura are candidates for independent officers whom Tokyo Stock Exchange Inc. requires us to appoint for the purpose of protecting general shareholders. In addition to criteria regulated by Tokyo Stock Exchange Inc., as standards on independence when appointing an independent officer, the Company places following criteria on transaction amounts, etc. for transactions, etc. between the Company and a counterpart.
- The candidate shall not fall under any of the following:
- 1) An entity where the Group is a business partner and its sales to the Group account for 2% or above of its consolidated net sales of any one of the three most recent fiscal years or a business executive thereof
 - 2) A business partner with the Group where sales of the Group to that entity account for 2% or above of the Company's consolidated net sales of any one of the three most recent fiscal years or a business executive thereof
 - 3) A business executive of a financial institution from which the Company has loaned a large sum of money (the loans account for 2% or above of the Company's consolidated total assets as of the end of the most recent fiscal year)
 - 4) A consultant, an expert in accounting, or a specialist in law who has earned from the Company a large sum of cash or other financial assets, other than in the form of compensation as officer: for an individual, 10 million yen or above per year in the current and the previous three years; or for a corporation, 2% or above of total sales of the said corporation paid out as remuneration on average over the past three years (if the person who earns such assets is a company or organization, an individual who is a member of the company or organization)

- 5) A business executive of an organization to which the Group has made a donation exceeding a total sum of the greater of 10 million yen per year or 2% of annual aggregate revenue of the organization in any one of the three most recent fiscal years
 - 6) A person who is or has been an Independent Auditor of the Group (for a company, an individual who is or has been in charge of the audit of the Group) in the current and the previous three years
 - 7) A person who owns, directly or indirectly, 10% or above of the total of voting rights of the Company (for a company, a business executive thereof)
5. The Company has entered into an agreement limiting the liabilities for damages with the candidates for Outside Directors Mr. Hiroo Unoura, Ms. Ruth Marie Jarman, Mr. Tadaaki Sugiyama, Mr. Yu Sasamoto, Ms. Etsuko Okajima, and Mr. Koichi Kusano pursuant to the provisions of Article 427, paragraph 1 of the Companies Act. The limited amount of liabilities for damages under the agreement is the minimum liability amount set forth in laws and regulations. If the reelection of each candidate is approved, the Company plans to renew the aforementioned agreements with them.

If the appointment of candidate for Outside Director Mr. Koji Okura is approved, the Company intends to enter into similar agreement with him.

6. The Company has entered into a contract of directors and officers liability insurance with an insurance company pursuant to the provisions of Article 430-3, paragraph 1 of the Companies Act. The details of the aforementioned insurance are as stated on "Status of Company Officers, 'Outline, etc. of details of directors and officers liability insurance contract'" of the Business Report. If the appointment of the candidates for Director is approved, they will be included as insured persons covered by the aforementioned insurance contract. The Company will renew the aforementioned insurance contract with the same content at the time of next renewal.
7. Of the candidates for Directors, Mr. Hiroo Unoura, Ms. Ruth Marie Jarman, Mr. Tadaaki Sugiyama, Mr. Yu Sasamoto, Ms. Etsuko Okajima, and Mr. Koichi Kusano are currently Outside Directors of the Company. Their respective terms of office as Outside Directors at the close of this General Meeting of Shareholders are as follows.

Mr. Hiroo Unoura	5 years
Ms. Ruth Marie Jarman	6 years
Mr. Tadaaki Sugiyama	3 years
Mr. Yu Sasamoto	3 years
Ms. Etsuko Okajima	2 years
Mr. Koichi Kusano	1 year

(Reference) Skills Matrix of the Board of Directors after the General Meeting of Shareholders

The Group has defined its corporate mission as being "A Platform for Creativity." It advocates a "Global Media Mix with Technology" as its fundamental strategy that combines the stable creation of intellectual property (IP) consisting of a variety of portfolio content in each business segment, the maximization of the lifetime value (LTV) of IP resulting from collaboration among business segments, and the rollout of IP on a global scale through the continual adoption of the latest technology, seeking to achieve growth and enhance corporate value over the medium to long term. In selecting Directors of the Company, candidates shall be considered based on those with business experience closely related to the above fundamental strategy or with knowledge of governance, and the overall composition shall be balanced, with diversity, expertise, and knowledge. In terms of the procedure for selecting Directors, the Nominating Committee shall determine candidates.

Provided that this Proposal is approved as originally proposed, the skills matrix of the Board of Directors will be as follows.

	Corporate manage- ment	Contents creation	Sales Marketing	IT Tech- nology	Finance Account- ing	Legal affairs Gover- nance	Human affairs Human resources develop- ment	Inter- national experience	Other industries Diversity
Takeshi Natsuno	●			●				●	●
Naohisa Yamashita	●	●	●				●		
Shinobu Murakawa		●	●						
Noriko Kase	●	●	●						
Nobuo Kawakami	●	●	●	●					
Hiroo Unoura	●				●		●		●
Ruth Marie Jarman	●		●					●	●
Tadaaki Sugiyama						●			●
Yu Sasamoto	●		●	●				●	
Etsuko Okajima	●						●		●
Koichi Kusano						●		●	●
Koji Okura	●				●	●			●

<Shareholder Proposal>

Proposal 2 is a proposal from one shareholder.

The "Summary of the Proposal" and "Reasons for the Proposal" stated below were translated from the Japanese original submitted by the proposing shareholder, with only formal corrections such as the addition of proposal numbers.

The Board of Directors of the Company is opposed to Proposal 2.

Proposal 2: To Dismiss One (1) Director

1. Summary of the Proposal

To dismiss Director Mr. Takeshi Natsuno

2. Reasons for the Proposal

We propose the dismissal of Mr. Takeshi Natsuno because he is markedly unsuitable to serve as a Director of the Company for the following reasons.

- (1) The Company's basic earnings per share has fallen to less than half, from 77.42 yen in the fiscal year ended March 31, 2021 before Mr. Natsuno took office to 33.34 yen in the fiscal year ended March 31, 2026, and its return on equity is also expected to decline to approximately 2.0%.
- (2) Even with a tailwind in the IP industry, the current management team's quantity over quality strategy has weakened the Company's core Publication/IP Creation Segment.
- (3) Despite owning the global asset FromSoftware, the Company has not been able to achieve global publishing on its own, and this has not been sufficiently linked to overall Group growth or IP monetization.
- (4) With respect to Doga Kobo inc., the entire 2.7 billion yen in goodwill related to the company was amortized within one year of the acquisition, and an impairment loss of approximately 5.4 billion yen was recorded for TOKOROZAWA SAKURA TOWN.
- (5) A large-scale cyberattack resulted in the recording of an extraordinary loss of approximately 2.4 billion yen, and the Company received a recommendation for violation of the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors, among other issues, indicating serious problems with internal controls and governance.

4. Opinion of the Company's Board of Directors on the Shareholder Proposal

(1) Opinion of the Company's Board of Directors

After consideration of the Nominating Committee's deliberations and resolution, the Board of Directors opposes the Shareholder Proposal.

(2) Reasons for Opposition

The Board of Directors carefully considered the Shareholder Proposal in light of the deliberations and resolution of the Nominating Committee. As a result, the Board of Directors determined that the Shareholder Proposal was not appropriate from the perspective of enhancing the Company's medium- to long-term corporate value and maximizing the shareholders' common interests for the following reasons, and resolved to oppose the Shareholder Proposal.

- i. The Company's medium- to long-term corporate value and the shareholders' common interests are expected to be maximized through business structural reforms carried out by the Board of Directors with Director Natsuno serving as the Chief Executive Officer

Since Director Natsuno assumed the position of Representative Director and President of the Company (Chief Executive Officer, after the Company shifted to a company with nominating committee, etc. (*shimei iinkai-tou secchi kaisha*); hereinafter the "Chief Executive Officer" refers to the representative of the Company regardless of time) in 2021, under its core strategy of "Global Media Mix with Technology" for creating and globally rolling out a diverse range of intellectual property with a business portfolio widely ranging from publication, videos, games, web services to education etc., the Company has built a structure for steadily creating publication intellectual property and expanded the animation production structure, while also continuously expanding overseas bases, thereby consistently improving the foundation for the Company's growth. In November 2023, the Company published the mid-term management plan having stable growth of the publication, animation and other businesses as the foundation and aiming for mid-term growth of the gaming business despite fluctuations each fiscal year. As a result, sales have continuously grown while the size of business has expanded to a certain degree. With respect to the management policy of "Global Media Mix with Technology," overseas sales have remained on an upward trend in the mid-term despite fluctuations depending on the game titles released each fiscal year.

Meanwhile, due to changes in the publication and animation market environments, soaring costs, the lower number of hit titles than expected and other factors, the actual result and forecast of operating profit deviated from the original plan.

In light of the foregoing circumstances, the Board of Directors has determined that it is necessary to respond with utmost speed to both the need for "thorough improvement and rationalization of immediate challenges" and the need for "maximization of growth opportunities through new partnerships and other initiatives." Accordingly, the Board of Directors has concluded that, rather than merely extending the existing plan, a fundamental restructuring—entailing a reassessment of the timeline for achieving targets and the promotion of more aggressive reforms—is required. Based on this conclusion, the Company announced today its new mid-term management plan, "Mid-term Management Plan: FY2026–FY2031 Transformation, Growth, and Expansion" (the "New Mid-term Management Plan").

The New Mid-term Management Plan designates FY2026 and FY2027 as a "structural reform period" for resolving the business challenges that the Company currently faces, and sets targets of achieving sales of 400 billion yen, operating profit of 38 billion yen, ROE of 9.4% and EPS of 180 yen in FY2031. To achieve this plan, the more aggressive advancement of the "Global Media Mix with Technology" strategy led by Chief Executive Officer Natsuno, and his leadership are essential.

Currently, Japanese content is drawing attention worldwide, and as the global market expands, target areas are also expanding, resulting in substantial changes in the business environment. Business structural reforms for realizing continued growth as explained above have become a pressing challenge, and the Company has determined that under such an environment, the knowledge and leadership that Chief Executive Officer Natsuno has cultivated through his management experience at a highly volatile IT company will enable speedy business structural reforms, leading to maximization of the Company's medium- to long-term corporate value and the shareholders' common interests.

- ii. Swift response to a cyberattack was enabled by the Board of Directors with Director Natsuno serving as the Chief Executive Officer

Around June 2024, the Company's server in a data center came under a large-scale cyberattack including ransomware. The Company takes it very seriously that it was unable to prevent the cyberattack and caused concern and inconvenience to its shareholders, readers, users, authors and creators. Meanwhile, as explained in i above, since Director Natsuno assumed the position of the Company's Chief Executive Officer, under the core strategy of "Global Media Mix with Technology," the Company had promoted digital transformation as part of business structural reforms, and at the same time, improved IT infrastructure management and monitoring system (specifically, by monitoring of the key systems and terminals using EDR/XDR, and building a 24/7 system using a SOC (Security Operation Center)) and renovated aged systems, thereby reducing security risks; and the Company believes that, for this reason, it was able to respond swiftly to prevent the spread of damage, including the early identification of the situation and the prompt isolation and restoration of the affected infrastructure.

The Company firmly believes that, had efforts to strengthen the defense and reduce risks as described above not been promoted under the leadership of Director Natsuno having management experience at an IT company, in addition to the aggressive digital transformation for business structural reforms, the damage would have been more severe.

It should be noted that while continuing to respond to inquiries from victims of the external leakage, the Company is currently making efforts as a unified group across the Company to further strengthen the information security system and prevent any recurrence with the "improvement of cyber resilience" governance strategy set in the New Mid-term Management Plan by creating the "Information Security Subcommittee" under the Risk Management Committee and running the PDCA cycle. With respect to this matter, the Company has determined that the most expeditious course of action is to proceed under the leadership of Director Natsuno, who has been advancing the reconstruction of the Company's IT infrastructure.

- iii. The assertion of the Proposing Shareholder includes misstatement

The assertion of the Proposing Shareholder is based on a misunderstanding of the Company's business characteristics and the medium- to long-term industry environment.

The Proposing Shareholder asserted that the current management structure was promoting a strategy prioritizing "quantity over quality," but the Company currently has a policy of increasing sales without increasing the number of publications per editor, and the criticism that the Company is promoting a strategy prioritizing "quantity over quality" is factually untrue. Under said policy of the Company, in fact, sales per editor continuously increased over the past five years. Further, the "selection and focus" approach is thoroughly implemented via the Publication Steering Committee, and with the New Mid-term Management Plan, the Company will shift to a strategy that appropriately manages the numbers of copies and realizes highly efficient sales.

With respect to global publishing in the gaming business, whether or not to adopt in-house publishing was carefully considered from multiple angles, and the decision was made strategically with the aim of maximizing revenue for each intellectual property; therefore, the criticism of the Proposing Shareholder

is completely unfounded. The Proposing Shareholder was aware, at the time of its meeting with the Company, that the terms of contracts with third parties may be subject to confidentiality obligations. Notwithstanding this awareness, the Proposing Shareholder has demanded, on a blanket basis, that transparency be enhanced with respect to such contractual terms. This demand may undermine the Company's trust-based relationships with third parties who are the Company's business partners and, as a result, could ultimately harm the Company's corporate value as well as the shareholders' common interests. The Company's policy is to consider self-publishing depending on the contractual terms, and it is currently pursuing what it believes to be the most advantageous approach available to the Company.

Impairment loss on goodwill in Doga Kobo, Inc. ("Doga Kobo") is a result of booking the impairment loss on related company shares (Doga Kobo shares) in the Company's unconsolidated accounting pursuant to Doga Kobo's unconsolidated earnings power, and based thereon, depreciating the undepreciated balance of goodwill in accordance with the consolidated accounting rules. When viewed from the standpoint of the group, Doga Kobo is making significant contributions to the Company's animation business, for example, by constantly creating high-quality animation works, and is essential to achieving the "50% in-house animation production" target in the New Mid-term Management Plan. Since it joined the group, Doga Kobo has been manifesting its production aptitude as expected.

As regards Tokorozawa Sakura Town's impairment loss, a decision to reorganize unprofitable businesses which had existed *before* Director Natsuno assumed the position of Chief Executive Officer was made as part of business structural reforms by the Board of Directors with Director Natsuno serving as the Chief Executive Officer, and as a result, Tokorozawa Sakura Town businesses, in respect of which the profit improvement was not expected, were flexibly closed or converted into other businesses. This is a clear example of how, under the leadership of Chief Executive Officer Natsuno, business structural reforms were properly carried out. As described above, whenever a change occurs to the business environment, the Company should flexibly and agilely respond to such change without adhering to old business decisions, and the criticism that Director Natsuno is "materially unqualified as a director" only in view of the fact that impairment losses occurred after he assumed the position of Chief Executive Officer overlooks the circumstances on the basis of which such business decisions were made.

It should be noted that the Company's business will grow under the Board of Directors with Director Natsuno serving as the Chief Executive Officer, as set in the New Mid-term Management Plan published today.

Given the above, the Nominating Committee determined that it was inappropriate to dismiss Director Natsuno as the Company's director from the perspective of enhancing the Company's medium- to long-term corporate value and maximizing the shareholders' common interests, and resolved to oppose the Shareholder Proposal. Based on this resolution of the Nominating Committee, the Board of Directors has determined that it is inappropriate to dismiss Director Natsuno as the Company's director; therefore, the Board of Directors **opposes the Shareholder Proposal.**

Business Report

[From April 1, 2025 to March 31, 2026]

1. Overview of Business

(1) Progress and Results of Business

The KADOKAWA group's corporate mission is "A Platform for Creativity." The Group advocates a "global media mix with technology" as its fundamental strategy that combines the stable creation of intellectual property (IP) consisting of a variety of portfolio content in the Publication/IP Creation, Animation/Film, Gaming, Web Services, and Education/EdTech Segments, the maximization of the LTV (life time value) of IP resulting from collaboration among business segments, and the rollout of IP on a global scale through the continual adoption of the latest technology, seeking to achieve growth and enhance corporate value over the medium to long terms.

During the consolidated fiscal year under review, net sales totaled 282,908 million yen (up 1.8% year on year), with operating profit of 8,102 million yen (down 51.3%) and ordinary profit of 11,701 million yen (down 34.1%). Profit attributable to owners of parent came to 1,278 million yen (down 82.7%).

The performance of each business segment for the consolidated fiscal year under review is as follows:

[Publication/IP Creation Segment]

In the Publication/IP Creation Segment, the Company publishes and sells digital and paper-based books and magazines. The Company also sells digital ads and licenses. In this segment, the Company creates over 6,000 new titles a year as an essential source of its media mix strategy. A wealth of title archives accumulated in this way is a driving force of the KADOKAWA group's growth. The number of new IP created in the fiscal year under review increased 9.3% year on year. International sales of paper-based books and magazines increased chiefly thanks to the contributions of new bases established in recent years, in addition to steady growth in sales in Americas and Asia. Domestically, while sales per title declined overall, total sales increased primarily because the sales decline caused by the cyberattack that occurred in the last fiscal year had disappeared, and some of the results of our business structural reforms became apparent in the fourth quarter. Sales of e-books and e-magazines decreased year on year, mainly due to a lack of smash-hit titles and the significant revenue-increasing effect that estimated accounting based on preliminary data for sales to other companies' stores had in the same period of the previous fiscal year. In addition, rights licensing sales also declined. Profit in the overall segment declined due to the significant impact of the profit decrease in domestic paper-based books and e-books, as well as increased personnel expenses.

Consequently, net sales in this segment came to 155,634 million yen (up 2.8% year on year), while the segment's operating profit declined to 4,054 million yen (down 51.6%).

[Animation/Film Segment]

The Animation/Film Segment includes the planning, production and distribution of anime and live-action films, video distribution licensing, and sales of package software.

In the Animation business, a significant portion of the lineup consisted of new anime titles, resulting in a decline in sales per title. As a result, overall sales fell compared to the corresponding period of

the preceding fiscal year, when major titles, including the latest installments in popular series, made a substantial contribution to revenue. In the Film business, sales decreased compared to the corresponding period of the preceding fiscal year, when income from the secondary use of multiple movies that had been theatrically released was substantial, despite the contributions of new media-mix films. Profit in this segment decreased, mainly reflecting the above factors for sales decrease. Consequently, net sales in this segment totaled 48,256 million yen (down 5.6% year on year) with an operating loss of 465 million yen (compared to operating profit of 4,729 million yen for the corresponding period of the preceding fiscal year).

[Gaming Segment]

The Gaming Segment includes the planning, development, sales and licensing of game software and online games. Results in this segment declined compared to the corresponding period of the preceding fiscal year, which saw strong sales of ELDEN RING SHADOW OF THE ERDTREE and repeat sales of ELDEN RING, despite strong domestic and overseas sales of ELDEN RING NIGHTREIGN, a new title released by FromSoftware, Inc. Profit in this segment decreased, mainly reflecting the above factors for sales decrease. Consequently, net sales in this segment totaled 29,781 million yen (down 11.4% year on year), with the segment's operating profit of 7,541 million yen (down 20.9%).

[Web Services Segment]

In the Web Services Segment, the Company operates a portal Segment for a variety of streaming social network services, as well as planning and managing a variety of events, and content distribution service for mobile device users.

Sales in streaming social network services increased compared to the corresponding period of the preceding fiscal year, when there was a significant impact of cyberattacks. Sales in planning and managing events also increased mainly due to the strong performance of Niconico Chokaigi 2025 and Animelo Summer Live2025.

Profit in this segment increased mainly due to a decrease in IT infrastructure expenses in addition to the effect of the sales increase described above.

Consequently, net sales in this segment totaled 20,515 million yen (up 13.7% year on year) with operating profit of 2,117 million yen (compared to an operating loss of 998 million yen for the corresponding period of the preceding fiscal year).

[Education/EdTech Segment]

In the Education/EdTech Segment, the Company operates trade schools and provides online educational content and systems to online high schools.

At Vantan Inc., which operates vocational schools in the creative arts field, the number of students increased due to the opening of new schools, including KADOKAWA SCHOOL OF ANIME, which opened in April 2024, and the expansion of the areas of operation, and sales rose as a result. In addition, DWANGO Co., Ltd. remained strong, reflecting a continued increase in student enrollment mainly due to the opening of new campuses for commuter courses of N High School, S High School, and R High School and establishment of R High School and ZEN University.

Operating profit in this segment increased, mainly reflecting the increase in sales.

Consequently, net sales in this segment came to 17,166 million yen (up 13.5% year on year) with operating profit of 2,844 million yen (up 19.4%).

[Others Segment]

In the Others Segment, the Company operates the MD business, which plans and sells character goods and other products, and recreation business, which includes operation of TOKOROZAWA SAKURA TOWN and planning of events.

Sales in the MD business declined due to the presence of certain hit products in the previous fiscal year. Sales in the recreation business increased, chiefly reflecting strong performance of IP events that were held in major cities across the country. In other businesses, the position of KADOKAWA Connected Inc., which drove digital transformation within the KADOKAWA Group, changed after it was absorbed by DWANGO Co., Ltd. This absorption had a significant negative impact, resulting in a decline in sales for this segment. However, because most of KADOKAWA Connect's sales were conducted within the Group, the impact of the sales decline on the consolidated results was minor and insignificant.

Profit in the recreation business decreased compared to the corresponding period of the preceding fiscal year due to the large-scale highly profitable events and merchandise sales in that period. Profit also decreased in the MD business due to the effect of the sales decrease described above. However, profit in this segment increased compared with the corresponding period of the preceding fiscal year, which was impacted by cyberattacks.

Consequently, net sales in this segment totaled 17,031 million yen (down 4.7% year on year), with an operating loss of 3,966 million yen (compared to an operating loss of 4,204 million yen for the corresponding period of the preceding fiscal year).

(2) Status of the Group's Capital Investment

In the current fiscal year, the Group's total amount of capital investment was 9,976 million yen. The main capital investments by business segment are listed below.

Business category	Amount	Description
Publication/IP Creation Segment	3,910 million yen	Extension of functionality for own e-book site, etc.
Animation/Film Segment	652	Studio facility expansions, etc.
Gaming Segment	1,454	Relocation of the headquarters of Spike Chunsoft Co., Ltd., development expenses of game applications, and purchase of facilities and equipment for development, etc.
Web Services Segment	93	Cost for upgrade of server for video community services and system development, etc.
Education/EdTech Segment	2,364	System development and school operation equipment for online education business, etc.
Others	1,196	Construction of network equipment, etc.
Group Overall (in common)	304	Internal system development and acquisition of land adjacent to the KADOKAWA Headquarter Building, etc.
Total	9,976	

Note: Capital investment includes value of software and software in progress among intangible assets as well as property, plant and equipment.

(3) Status of the Group's Financing

Not applicable.

(4) Issues to Be Addressed by the Group

Looking at the business environment surrounding the Group, domestic printed book publication has declined in the publishing market, and raw materials and logistics expenses are continuing to increase. The growth of domestic e-book publishing has become slower than before. The overseas market for comics originating in Japan is on a long-term growth track.

In the film market, domestically the Japanese film market has continued to expand. In parallel with these developments, the video streaming market has continued to grow at a global scale, and with high demand for Japanese animation, the animation market overseas has continued to enjoy growth. While demand for anime grows, production costs are increasing sharply due to a shortage of skilled anime creators in Japan.

In the video gaming market, both console and smartphone games are growing in both international and domestic markets. Console games are becoming more dynamic due to the emergence of new platforms and the replacement of top-tier titles, while there is a trend in smartphone games towards a limited selection of top-performing titles.

To take advantage of this business environment, the Group will continue the "Global Media Mix with Technology" basic policy in its new Mid-term Management Plan through the fiscal year ending March 2032, announced on May 14, 2026. The Group will endeavor to maximize the LTV (Life Time Value) of IP through a transformation into more profitable structure by business structural reforms, strategic investment in IP and expansion of overseas bases.

The status and issues to be addressed of each business are as follows.

[Publication/IP Creation Segment]

The Company will continue to work to create strong IP and expand its global distribution of titles.

In the domestic publishing business, the Company plans to implement structural reforms and evolve into an organization capable of swift decision-making and effective execution. Under this organization, the Company plans to optimize the number of intellectual properties and focus on enhancing the quality of its titles by promoting new tailored strategies for each category such as comics and light novels. The Company is implementing rationalization of organization and reduction of indirect costs through the improvement of its business processes. Additionally, the Company focuses on selection and concentration to reduce and withdraw from unprofitable businesses.

Other initiatives to enhance profitability and create quality titles include improving the return rate through manufacturing and logistics reforms and increasing the standards for the number of first-edition copies, as well as developing high-priced products and implementing aggressive pricing strategies.

In IP creation, the Company will continue to develop titles submitted online through its Kaku Yomu novel submission site in Japan and its Taiwanese equivalent, KadoKado. Additionally, the Company will continue to develop new comic books via the manga app KadoComi. It will also focus on discovering original works, enhancing its sales promotions, and joint demonstration and study on the development of a new AI-based data distribution model through its partnership with note inc. The Company will collaborate with overseas subsidiaries, especially Edizioni BD S.r.l., an Italian company that joined the Group in May 2025, to advance the development of titles with global perspectives.

In terms of the global distribution of titles, the Company continues to invest in the production of multilingual content and expand simultaneous distribution for e-books and distribution for paper-based books. In February 2026, the Company established KADOKAWA Retail Ventures, LLC and transferred the "Manga Spot" chain of company-operated book and merchandise stores in North America from KADOKAWA WORLD ENTERTAINMENT, INC., our North American holding company. The Company views "Manga Spot," which currently operates 10 stores, as a key hub for our global media mix strategy, will expand the store network and work to maximize group synergies.

In the media business, we will work to improve profitability by implementing a digital shift with a focus on Internet media. In the e-book business, we will continue to enhance our operation of the BOOK☆WALKER e-book distribution platform.

In addition, as part of our efforts to discover global talent, we have launched "KADOKAWA WORLD MANGA ATELIER," a project designed to support overseas manga creators in their creative endeavors. In addition to launching an online submission site for manga works, we will hold workshops around the world to provide on-site feedback. We will continue to hold the existing "KADOKAWA WORLD MANGA CONTEST." By accepting not only standard manga but also wordless works, we aim to break free from language barriers. Furthermore, by providing direct feedback from professional editors, we plan to broadly discover talent from around the world and continuously offer winners opportunities for growth, challenges, and developmental support to help them make their professional debut. We are committed to fostering the creation of new hit works that transcend national borders.

[Animation/Film Segment]

In our Animation/Film Segment, we will focus on the medium- to long-term expansion of the global video market with the aim of maximizing profits.

In the animation business, we will build a long-term, multi-layered portfolio of hit series while enhancing the production capabilities of our Group's animation studios.

We will continue to invest in animation production studios and virtual production to strengthen production capacity, deliver new video expressions and achieve efficiency production processes, and aims to establish an IP creation structure integrated with planning and production that can handle global video distribution.

On the production front, we will establish a new animation production hub, "Studio One Base," in Ikebukuro to consolidate the Group's animation production studios. This will allow us to improve operational efficiency and elevate the quality of our works, while building a structure capable of responding flexibly to the production of sequels for hit series. Additionally, in March 2026, we established KADOKAWA Creators Co., Ltd., a new animation studio dedicated to training and production that focuses specifically on young talent, with the aim of stabilizing our production infrastructure, improving quality, and fostering long-term talent development.

In terms of planning, we will strategically invest in potential series based on influential source material from both within and outside the company, while simultaneously increasing the proportion of in-house production to build a system capable of continuously generating hit IPs. By building a multi-layered portfolio of works, we aim to maximize profits over the medium to long term.

In terms of distribution and sales, we established Animec Co., Ltd., a domestic distribution company of theatrical version of animation jointly funded with Aniplex Co., Ltd., in March 2026. While maximizing the appeal of our works through optimal domestic release strategies to lay the foundation for the success of our theatrical animation films, we will strengthen our marketing efforts, particularly in North America, and work to raise awareness of our works through collaboration with overseas offices and partner companies. We will also focus on rights sales and video distribution businesses in both domestic and overseas markets.

Regarding the film business, we will continue to scale up projects based primarily on our original works and strengthen development for global distribution. Furthermore, in KADOKAWA DAIEI STUDIO CO., LTD.'s virtual production business, we will promote the development of new production workflows that leverage our long-standing art production capabilities and cutting-edge technology, simultaneously realizing new forms of visual expression and production processes that are low-cost and have a low environmental impact.

[Gaming Segment]

In the Gaming Segment, the Company will strive to further enhance profitability through a media mix based on its original anime IPs for smartphone games.

In games for PCs and consoles, the Company is planning to expand its production pipeline by introducing new titles, including THE DUSKBLOODS and Danganronpa 2×2, which are scheduled for release in 2026. This expansion leverages the strong brand power and development capabilities cultivated through hit titles, such as ELDEN RING and the Danganronpa series. The Company will continue to develop the Group's series titles and new titles, and it will engage in contract development for other companies.

[Web Services Segment]

In the Web Services Segment, the Group has consolidated its engineers within DWANGO Inc. They are focused on enhancing the customer experience provided by the Group's web services and furthering the Group's digital transformation.

In its niconico-related businesses, the Company aims to maximize its creator economy by connecting creators and IPs originating from niconico with fans in various ways. Going forward, the Company will promote the further diversification of its earnings portfolio and pursue continuous sales growth.

In the planning and running of various events, over two days from April 25 to April 26, 2026 the Company held Niconico Chokaigi, one of Japan's largest user participation events. The number of visitors to the Makuhari Messe venue increased by 4.2% from the previous year to 138,228 people. Niconico Chokaigi, Animelo Summer Live, and other major events enhance users' sense of community and satisfaction. We aim to encourage users to post comments and view videos on the website, providing them with more opportunities to participate. Meanwhile, we will narrow our event focus to improve profitability.

[Education/EdTech Segment]

In the Education/EdTech Segment, there has been a steady increase in the number of students enrolling in N High School, S High School, and R High School, which are all internet correspondence high schools. Additionally, N Junior High School has been expanding. Consequently, the business of providing educational content to these schools has also been growing. In addition, the business of providing educational systems and content to ZEN University, an online university, has grown. We aim to expand earnings by continuing to provide high-added-value content. Vantan Inc. is broadening educational opportunities. It plans to expand operations into new regions, expand its college courses, and provide operational support to educational corporations. Vantan has developed manga and animation courses leveraging synergies within the Group. In April 2026, it began nurturing creators in the music industry. Vantan aims to continuously expand the courses it offers.

[Others Segment]

In the Others Segment, the Company has been working to shift to a sustainable business by rationalizing costs in connection with the commercial facility business, including TOKOROZAWA SAKURA TOWN, which includes the Kadokawa Culture Museum, event spaces, restaurants, and other retail facilities. At TOKOROZAWA SAKURA TOWN, we strive to create more attractive facilities that cater to the needs of the local community. We will continue to pursue higher profitability by adopting an operational style that involves co-creation with diverse expert partners.

In the event business, in November 2025, the Company acquired SOZO Pte. Ltd., making it a subsidiary. SOZO plans and organizes events, including the Anime Festival Asia (AFA), one of the largest anime events in Southeast Asia, as well as overseas live events featuring top J-POP artists. We aim to enhance our presence in the anime and music event sectors in Southeast Asia by implementing a comprehensive media mix strategy.

(5) Status of Assets and Profit and Loss

1) Status of the Group's assets and profit and loss

Division	9th fiscal year (ended in March 2023)	10th fiscal year (ended in March 2024)	11th fiscal year (ended in March 2025)	12th fiscal year (current fiscal year) (ended in March 2026)
Net sales (million yen)	255,429	258,109	277,915	282,908
Ordinary profit (million yen)	26,669	20,236	17,742	11,701
Profit attributable to owners of parent (million yen)	12,679	11,384	7,392	1,278
Basic earnings per share (yen)	90.91	83.42	53.87	8.71
Total assets (million yen)	382,898	340,310	410,029	394,864
Net assets (million yen)	223,171	212,566	277,408	276,747
Net assets per share (yen)	1,450.27	1,417.63	1,704.48	1,667.01

2) Status of the Company's assets and profit and loss

Division	9th fiscal year (ended in March 2023)	10th fiscal year (ended in March 2024)	11th fiscal year (ended in March 2025)	12th fiscal year (current fiscal year) (ended in March 2026)
Net sales (million yen)	129,883	138,777	139,543	132,304
Ordinary profit (loss) (million yen)	5,111	9,085	4,014	(6,403)
Profit (loss) (million yen)	806	6,877	3,873	(9,376)
Basic earnings (loss) per share (yen)	5.78	50.40	28.23	(63.86)
Total assets (million yen)	335,141	284,855	346,196	327,109
Net assets (million yen)	128,095	110,807	166,032	148,753
Net assets per share (yen)	917.17	824.19	1,132.95	1,012.11

(6) Status of Important Subsidiaries

Company name	Capital stock (million yen)	Company's ratio of voting rights (%)	Principal business
DWANGO Co., Ltd.	100	100.0	Publication/IP Creation Segment, Web Services Segment, Education/EdTech Segment, Others
ARCLIGHT, Inc.	50	100.0	Publication/IP Creation Segment
KADOKAWA ASCII Research Laboratories, Inc.	85	100.0	Publication/IP Creation Segment
KADOKAWA Game Linkage Inc.	100	100.0	Publication/IP Creation Segment
KADOKAWA LifeDesign Inc.	100	100.0	Publication/IP Creation Segment
Building Book Center Co., Ltd.	100	100.0	Publication/IP Creation Segment
MOVIE WALKER Co., Ltd.	100	87.9	Animation/Film Segment
KADOKAWA DAIEI STUDIO CO., LTD.	100	100.0	Animation/Film Segment
Glovision Inc.	100	100.0	Animation/Film Segment
Doga Kobo inc.	5	80.0	Animation/Film Segment
ENGI Co.Ltd.	100	55.0	Animation/Film Segment
FromSoftware, Inc.	18,468	69.7	Gaming Segment
Spike Chunsoft Co., Ltd.	480	100.0	Gaming Segment
ACQUIRE Corp.	100	100.0	Gaming Segment
Vantan Inc.	90	100.0	Education/EdTech Segment
Kadokawa Media House Inc.	100	100.0	Others
Yellow Jam Inc.	2	67.0	Others
KADOKAWA HOLDINGS ASIA LTD.	206 (million HK dollars)	100.0	Publication/IP Creation Segment
GUANGZHOU TIANWEN KADOKAWA ANIMATION & COMICS CO., LTD.	30 (million RMB)	46.3	Publication/IP Creation Segment
KADOKAWA TAIWAN CORPORATION	158 (million NT dollars)	100.0	Publication/IP Creation Segment
BOOKWALKER TAIWAN CO., LTD.	107 (million NT dollars)	74.2	Publication/IP Creation Segment
KADOKAWA WORLD ENTERTAINMENT, INC.	35 (million US dollars)	100.0	Publication/IP Creation Segment
YEN PRESS, LLC	4 (million US dollars)	51.0	Publication/IP Creation Segment
M12 Media LLC	1 (million US dollars)	100.0	Publication/IP Creation Segment
Edizioni BD S.r.l.	104 (thousand Euro)	70.0	Publication/IP Creation Segment

Company name	Capital stock (million yen)	Company's ratio of voting rights (%)	Principal business
KADOKAWA GEMPAK STARZ SDN.BHD.	29 (million MYR)	97.1	Publication/IP Creation Segment
KADOKAWA AMARIN COMPANY LIMITED	60 (million THB)	49.0	Publication/IP Creation Segment
SOZO Pte. Ltd.	1,161 (thousand SG dollars)	80.0	Others

- Notes: 1. Figures for "Company's ratio of voting rights" include those of indirect ownership.
2. The Company's ratios of voting rights of GUANGZHOU TIANWEN KADOKAWA ANIMATION & COMICS CO., LTD. and KADOKAWA AMARIN COMPANY LIMITED are not more than 50/100. However, they are subsidiaries since they are substantially controlled by the Company.
3. Effective April 1, 2025, DWANGO Co., Ltd., BOOK WALKER Co., Ltd., and KADOKAWA Connected Inc. merged through an absorption-type merger, with DWANGO Co., Ltd. as the surviving company.
4. On May 23, 2025, the Company acquired 70% of Edizioni BD S.r.l. shares and made it a consolidated subsidiary.
5. On November 14, 2025, the Company acquired 80% of SOZO Pte. Ltd. shares and made it a consolidated subsidiary.

(7) Status of the Transfer and Acquisition of Business, Split-ups and Mergers and the Acquisition or Disposal of Shares, etc., of Other Companies

- 1) On May 23, 2025, the Company acquired 70% of Edizioni BD S.r.l. shares and made it a consolidated subsidiary.
- 2) On November 14, 2025, the Company acquired 80% of SOZO Pte. Ltd. shares and made it a consolidated subsidiary.

(8) Principal Business (as of March 31, 2026)

Business category	Main business activities
Publication/IP Creation Segment	Publishing and sales of books, etc.
	Publishing and sales of e-books and e-magazines, etc.
	Publishing and sales of magazines, sales of online ads, etc.
	Planning and sales related to IP creation besides above
Animation/Film Segment	Planning, production, and distribution of animation and live action, video distribution licensing, sales of package software, etc.
Gaming Segment	Planning, development, and sales of game software and online games, etc.
Web Services Segment	Providing video social network services, etc.
	Planning and managing a variety of events, etc.
	Distribution of mobile content, etc.
Education/EdTech Segment	Online education business, planning and operation of vocational schools, etc.
Others	Planning and sales of animation character merchandise, operation of facilities, etc.

(9) Principal Offices and Plants (as of March 31, 2026)

1) The Company

Name	Address
Headquarters	Chiyoda-ku, Tokyo
TOKOROZAWA SAKURA TOWN	Tokorozawa-shi, Saitama Pref.

2) Subsidiaries

Name	Address of Headquarters
DWANGO Co., Ltd.	Chuo-ku, Tokyo
Building Book Center Co., Ltd.	Iruma-gun, Saitama Pref.
KADOKAWA DAIEI STUDIO CO., LTD.	Chofu-shi, Tokyo
Glovision Inc.	Shinjuku-ku, Tokyo
Vantan Inc.	Chuo-ku, Tokyo
FromSoftware, Inc.	Shinjuku-ku, Tokyo

(10) Status of Employees (as of March 31, 2026)

1) Employees in the Group

Business segment	Number of employees	
Publication/IP Creation Segment	3,053	(1,419)
Animation/Film Segment	796	(320)
Gaming Segment	877	(106)
Web Services Segment	639	(60)
Education/EdTech Segment	464	(313)
Others	578	(425)
Group Overall (in common)	925	(502)
Total	7,332	(3,145)

- Notes: 1. Employees include full-time and part-time staff, employees seconded to the Company and its group companies and corporate officers, and exclude employees seconded to organizations outside the Group (including those who are seconded and perform concurrent services).
2. The number of temporary employees (fixed-term contracted employees, dispatched employees) is shown in parentheses representing the yearly average number of such employees.
3. The number of employees of Group Overall (in common) is the number of employees working in the administrative sections of the Company and subsidiaries with two or more business segments.

2) Employees in the Company

Number of employees	Average age	Average length of service
2,471 (1,104) persons	41.6 years of age	4.8 years

- Notes: 1. Employees include full-time and part-time staff, employees seconded to the Company and its group companies and corporate officers, and exclude employees seconded to organizations inside and outside the Group (including those who are seconded and perform concurrent services).
2. The number of temporary employees (fixed-term contracted employees, dispatched employees) is shown in parentheses representing the yearly average number of such employees.
3. The average length of service is counted from July 1, 2019.

(11) Status of Principal Lenders (as of March 31, 2026)

Lender	Amount borrowed (million yen)
Sumitomo Mitsui Banking Corporation	10,046

2. Status of the Company

(1) Status of Shares (as of March 31, 2026)

- 1) Number of shares authorized to be issued by the Company: 520,000,000 shares
- 2) Number of outstanding shares: 148,990,296 shares
(including treasury shares 252,465 shares)
- 3) Number of shareholders: 40,871 persons
- 4) Major shareholders (top ten)

Name	Number of shares held (thousand shares)	Ratio of equity participation (%)
Sony Group Corporation	16,381	11.01
GOLDMAN SACHS INTERNATIONAL (Permanent Agent: Goldman Sachs Japan Co., Ltd.)	16,318	10.97
KOREA SECURITIES DEPOSITORY SAMSUNG (Permanent Agent: Citi Bank, N.A. Tokyo Branch)	12,580	8.46
The Master Trust Bank of Japan, Ltd. (Trust Account)	12,382	8.33
Custody Bank of Japan, Ltd. (Trust Account)	9,495	6.38
Nobuo Kawakami	4,554	3.06
NTT, Inc.	4,080	2.74
CGML PB CLIENT ACCOUNT/COLLATERAL (Permanent Agent: Citi Bank, N.A. Tokyo Branch)	3,870	2.60
UBS AG LONDON A/C IPB SEGREGATED CLIENT ACCOUNT (Permanent Agent: Citi Bank, N.A. Tokyo Branch)	3,786	2.55
BNP PARIBAS LONDON BRANCH FOR PRIME BROKERAGE SECREGATION ACC FOR THIRD PARTY (Permanent Agent: The Hongkong & Shanghai Banking Corporation Limited, Tokyo Branch)	3,531	2.37

- Notes: 1. The Company holds treasury shares of 252 thousand shares. These 252 thousand treasury shares do not include the 1,764 thousand shares held by Custody Bank of Japan, Ltd. (Trust Account) as trust assets of the share-based compensation plan for directors of the Company and its consolidated subsidiaries, as well as the ESOP for the employees.
2. The treasury shares are excluded in the calculation of the ratio of equity participation shown above.
3. NIPPON TELEGRAPH AND TELEPHONE CORPORATION changed its corporate name to NTT, Inc. effective on July 1, 2025.
4. Although Oasis Management Company Ltd. submitted a Change Report for the Large Shareholding Report dated March 30, 2026 (with the reporting obligation arising on March 23 of the same year), the Company was unable to confirm the actual number of shares held as of the record date for the exercise of voting rights, and therefore such holding is not included in the above major shareholders.
- The contents of such Large Shareholding Report are as follows.

Name	Address	Number of shares certificates, etc. held (thousand shares)	Percentage of shares certificates, etc. held (%)
Oasis Management Company Ltd.	Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1- 1104, Cayman Islands	20,500	13.76

5) Status of shares delivered to the Company's officers as consideration of the fulfillment of duties during the current fiscal year

	Number of shares	Number of eligible- officers
Directors (Excluding Outside Directors) and Chief Officers	111,448 shares	8 persons
Outside Directors	—	—

Note: Shares are delivered based on the Company's share-based compensation plan presented on "Status of Company Officers, "Compensation, etc., paid to the Directors and Chief Officers"" of the Business Report.

6) Other significant information on shares

Based on a resolution of the Board of Directors held on January 29, 2026, the Company disposed of treasury shares in connection with the continuation of a performance-based stock compensation plan utilizing a trust, as follows.

- Type and number of shares disposed of Common shares 903,100 shares
- Total amount of disposal value 2,935,075,000 yen
- Date of disposal February 18, 2026

(2) Status of Subscription Rights to Shares, etc. (as of March 31, 2026)

Not applicable.

(3) Status of Company Officers

1) Directors (as of March 31, 2026)

Position in the Company	Name	Responsibilities	Important concurrent positions in other companies
Director	Takeshi Natsuno	Chief Executive Officer	Outside Director (Audit and Supervisory Committee Member) of transcocosmos inc. Outside Director of GREE Holdings, Inc. Outside Director of U-NEXT HOLDINGS Co., Ltd. Outside Director of Oracle Corporation Japan Representative Director and President of DWANGO Co., Ltd. Guest Professor and Director, Kindai University Cyber Informatics Research Institute
Director	Naohisa Yamashita	Chief Human Resource Officer Chief Literature & Film Officer Member of the Nominating Committee	—
Director	Shinobu Murakawa	Chief Officer Member of the Remuneration Committee	Representative Director and President of Building Book Center Co., Ltd. Outside Director of Rakuten Books Network Co., Ltd.
Director	Noriko Kase	Chief Officer	—
Director	Nobuo Kawakami	—	Advisor of DWANGO Co., Ltd.
Director	Hiroo Unoura	Chairman of the Board of Directors Chairperson of the Nominating Committee	Special Advisor of NTT, Inc. Outside Director and Audit and Supervisory Committee Member of Mitsubishi Heavy Industries, Ltd.
Director	Ruth Marie Jarman	Chairperson of the Remuneration Committee Member of the Nominating Committee	Representative Director and President of Jarman International KK Outside Director of Fujibo Holdings, Inc. Outside Director of Earth Corporation
Director	Tadaaki Sugiyama	Member of the Nominating Committee Member of the Audit Committee	—
Director	Yu Sasamoto	Member of the Remuneration Committee Member of the Audit Committee	Outside Director of Sanrio Company, Ltd. CEO of DAZN Japan Investment GK
Director	Ayumi Uzawa	Member of the Audit Committee	Representative of Uzawa CPA Office
Director	Etsuko Okajima	Member of the Nominating Committee Member of the Remuneration Committee	Representative Director and President of ProNova Inc. External Director of MARUI GROUP CO., LTD. Director of Euglena Co., Ltd.

Position in the Company	Name	Responsibilities	Important concurrent positions in other companies
Director	Koichi Kusano	Chairperson of the Audit Committee	Representative of Office of Koichi Kusano

- Notes: 1. Directors Mr. Hiroo Unoura, Ms. Ruth Marie Jarman, Mr. Tadaaki Sugiyama, Mr. Yu Sasamoto, Mr. Ayumi Uzawa, Ms. Etsuko Okajima and Mr. Koichi Kusano are the Outside Directors as provided for in Article 2, item (xv) of the Companies Act.
2. The Company has established the Audit Committee Office to assist the Audit Committee. As it is deemed capable of supporting the Audit Committee's functions, full-time Audit Committee Members are not selected.
3. Director Mr. Ayumi Uzawa is a certified public accountant in Japan and has expertise in finance and accounting.
4. Director Mr. Nobuo Kawakami retired from the position of Executive President of the KADOKAWA Culture Promotion Foundation, effective June 23, 2025.
5. At the 11th General Meeting of Shareholders held on June 26, 2025, Mr. Koichi Kusano was elected and assumed office as Director.
6. As of the close of the 11th General Meeting of Shareholders held on June 26, 2025, Ms. Cindy Chou, Mr. Akihiko Shiba, and Mr. David Macdonald retired from the position of Director.
7. NIPPON TELEGRAPH AND TELEPHONE CORPORATION changed its corporate name to NTT, Inc., effective on July 1, 2025.
8. Director Ms. Noriko Kase retired from the position of Representative Director and President of KADOKAWA ASCII Research Laboratories, Inc., effective September 30, 2025.
9. Changes in Directors' titles and responsibilities during the current fiscal year were as follows.

Name	Before change	After change	Date of change
Tadaaki Sugiyama	Chairperson of the Audit Committee Member of the Nominating Committee	Member of the Nominating Committee Member of the Audit Committee	June 26, 2025
Yu Sasamoto	Member of the Remuneration Committee	Member of the Remuneration Committee Member of the Audit Committee	June 26, 2025
Etsuko Okajima	Member of the Nominating Committee	Member of the Nominating Committee Member of the Remuneration Committee	June 26, 2025
Noriko Kase	—	Chief Officer	October 1, 2025

2) Chief Officers (as of March 31, 2026)

Position in the Company	Name	Responsibilities	Important concurrent positions in other companies
Representative Executive Officer and President	Takeshi Natsuno	Chief Executive Officer	Outside Director (Audit and Supervisory Committee Member) of transcosmos inc. Outside Director of GREE Holdings, Inc. Outside Director of U-NEXT HOLDINGS Co., Ltd. Outside Director of Oracle Corporation Japan Representative Director and President of DWANGO Co., Ltd. Guest Professor and Director, Kindai University Cyber Informatics Research Institute
Representative Executive Officer	Naohisa Yamashita	Chief Human Resource Officer Chief Literature & Film Officer Chief Manga & Light Novels Officer	—

Position in the Company	Name	Responsibilities	Important concurrent positions in other companies
Chief Officer	Shinobu Murakawa	Chief Operating Officer	Representative Director and President of Building Book Center Co., Ltd. Outside Director of Rakuten Books Network Co., Ltd.
Chief Officer	Noriko Kase	Chief Compliance Officer	—
Chief Officer	Masayuki Aoyagi	Chief Publishing Officer	Representative Director and President of ARCLIGHT, Inc. Representative Director and President of SHINKIGENSHA Co Ltd
Chief Officer	Takashi Sensui	Chief Global Officer	Director, Chairman of KADOKAWA HOLDINGS ASIA LTD. Director, Chairman of YEN PRESS, LLC
Chief Officer	Takeshi Kikuchi	Chief Studio Officer	Representative Director and Vice President of Production A Co., Ltd. Representative Director and President of KADOKAWA DAIEI STUDIO CO., LTD.
Chief Officer	Daijo Kudo	Chief Anime Officer	Representative Director and President of Japan Film Fund Co., Ltd. Representative Director and President of RagingBull Inc.

Notes: 1. Chief Executive Officer Mr. Takeshi Natsuno, Representative Executive Officer Mr. Naohisa Yamashita, Chief Officer Mr. Shinobu Murakawa and Chief Officer Ms. Noriko Kase concurrently hold the position of Director.

2. Mr. Daijo Kudo assumed office as Chief Officer, effective April 1, 2025.

3. Mr. Takeshi Kikuchi retired from the position of Representative Director and President of Studio KADAN Co., Ltd., effective June 30, 2025.

4. Ms. Noriko Kase assumed office as Chief Officer, effective October 1, 2025.

5. Mr. Masayuki Aoyagi retired from the position of Representative Director and President of SHINKIGENSHA Co., Ltd., effective April 1, 2026.

3) Outline of the agreement for limitation of liability

Under the provisions of Article 427, paragraph 1 of the Companies Act, the Company and each of its Outside Directors signed a liability limitation agreement that limits the liability for compensation for damage provided for in Article 423, paragraph 1 of the Act.

The liability limitation agreement provides that the maximum liability for compensation for damage of each Outside Director to the Company under such contract shall be an amount of the minimum amount provided for in the laws and regulations.

4) Compensation, etc., paid to the Directors and Chief Officers

a. Compensation, etc. in the current fiscal year

Division	Total amount of compensation, etc. (million yen)	Total amount of compensation, etc. by type			Number of recipient officers (persons)
		Monetary compensation		Non-monetary compensation, etc.	
		Fixed compensation (million yen)	Variable compensation (million yen)	Share-based compensation (million yen)	
Directors (of whom Outside Directors)	133 (96)	133 (96)	— (—)	— (—)	12 (9)
Chief Officers	598	218	251	129	8
Total (of whom outside officers)	732 (96)	351 (96)	251 (—)	129 (—)	20 (9)

- Notes: 1 The above numbers include three (3) Directors (of whom two (2) were Outside Directors) who left office at the close of the 11th General Meeting of Shareholders held on June 26, 2025. In addition, Chief Officer Ms. Noriko Kase assumed the position of Chief Officer from Director during the fiscal year. Therefore, the number of officers and the amount of compensation, etc., are stated as Director for the period of her tenure as Director and as Chief Officer for the period of her tenure as Chief Officer.
2. The amount of compensation for Directors who also serve as Chief Officers and the number of such Directors are indicated in the Chief Officers column.
3. Non-monetary compensation, etc. is stated at the amount of expenses recognized in the fiscal year under review based on the restricted stock compensation plan. The restricted stock compensation consists of the Company's common shares (restricted stock), and the conditions and status of the grant are as stated in "c. Details of non-monetary compensation, etc."

b. Matters regarding performance-based compensation, etc.

Details, etc. of performance indicators for variable compensation (monetary compensation) and non-monetary share-based compensation, both of which are performance-based compensation, etc. are stated in "d. Policy, etc. on determination of details of compensation, etc. for officers."

Included in the basis for calculating the amount paid in the current fiscal year, are the consolidated results (fiscal year ended March 31, 2025) that were used as evaluation indicators, which are consolidated net sales of 277,915 million yen and consolidated operating profit of 16,651 million yen.

c. Details of non-monetary compensation, etc.

Non-monetary compensation, etc. is the Company's shares, and the conditions, etc. of allotment are as stated in "d. Policy, etc. on determination of details of compensation, etc. for officers." In evaluating the degree of performance achieved, consolidated operating profit, which the Company has set as a management indicator for the improvement of sustainable corporate value, is an indicator for the share-based compensation plan, and the figures in each fiscal year for this indicator are evaluated in comparison with past performance figures of the Company. The status of delivering shares in the current fiscal year is stated in "2. (1) 5) Status of shares delivered to the Company's officers as consideration of the fulfillment of duties during the current fiscal year."

d. Policy, etc. on determination of details of compensation, etc. for officers

The Company resolved a policy for determining details of individual compensation, etc. for Directors and Chief Officers at the Remuneration Committee meeting held on February 12, 2026 as follows.

The Company's Remuneration Committee has confirmed that the method for determining compensation, etc. and the details of the determined compensation, etc. with regard to compensation, etc. for each individual Director and Chief Officer in the current fiscal year is in conformity with the aforementioned determination policy and has judged it to be in accordance with that determination policy.

(a) Basic policy

As the basic policy, the Company adopts a compensation scheme that links compensation for Directors (excluding Outside Directors) and Chief Officers to shareholder interests so that the scheme can fully function as an incentive to achieve sustained improvement of corporate value, and compensation for individual Directors and Chief Officers should be determined at an appropriate level based on their respective duties.

Specifically, compensation for the Company's Directors (excluding Outside Directors) and Chief Officers consists of (1) monetary compensation: 1) fixed compensation made up of basic compensation and compensation for duties and 2) variable compensation which is performance-based compensation, as well as (2) non-monetary compensation which is two types: 1) performance-based stock compensation and 2) restricted stock compensation. Compensation for the Company's Outside Directors consists of fixed compensation which is monetary compensation alone.

(b) Policy on determination of amount of fixed compensation (monetary compensation), etc. for an individual

Fixed compensation is determined based on the standard amount according to positions and responsibilities of eligible Directors and Chief Officers. Fixed compensation is paid monthly.

(c) Policy on determination of details of variable compensation (monetary compensation) which is performance-based compensation, etc., and calculation method of amount or number thereof

The standard amount of variable compensation which is performance-based compensation is set based on fixed compensation for eligible Directors and Chief Officers. They are evaluated based on results of business performance and their responsibilities, and then the amount to be paid is determined within a range of 20% to 200% of the standard amount.

For evaluation of variable compensation which is performance-based compensation, the consolidated results, division results and individual qualitative objectives according to the roles of eligible Directors and Chief Officers are weighted to total 100%.

Evaluation indicators for variable compensation which is performance-based compensation are based on the consolidated net sales and consolidated operating profit from a perspective of emphasizing the Group's growth potential and profitability.

Variable compensation which is performance-based compensation is paid with monthly fixed compensation.

(d) Policy on determination of details of non-monetary compensation, etc. and calculation method of amount or number thereof

The following two types of share-based compensation plans are adopted for non-monetary compensation, etc.

1) Performance-based stock compensation plan

The Company acquires the Company's shares through a trust funded by the Company, grants points, in accordance with the officer share delivery rules, when the targets set by the Remuneration Committee based on the Mid-term Management Plan or other business plans

or management targets for one or more fiscal years determined by the Board of Directors are achieved, and delivers the Company's shares and cash in lieu of such shares corresponding to the number of such points through the trust. Under this plan, consolidated operating profit is an indicator for the share-based compensation plan and a basic criterion for determining performance achievement because the Company reviews it as key financial data for achieving sustained improvement of corporate value. Based on the point granting criteria set by the Remuneration Committee, the Company shall grant points corresponding to the degree of achievement of the above targets in June immediately following the end of the fiscal year for which the targets were achieved. In the event that it is decided to deliver the Company's shares, etc., the Company shall deliver such shares, etc. in a lump sum in August in a determined year. With respect to the portion corresponding to points already granted by June 2025, 50% shall be delivered in a determined year, and the remaining 50% shall be delivered in August three years after the determined year.

2) Restricted stock compensation plan

The Company grants restricted stock (RS) as consideration for the provision of future services with the aim of providing incentives to sustainably increase corporate value and promoting further value sharing with the Company's shareholders. The number of shares to be granted is determined by the Remuneration Committee in accordance with the rules of restricted stock compensation, considering the assigned role, etc. of each individual, and a restriction on those shares' transfer is applied for a certain period in accordance with the restricted stock allotment agreement, and the Company shall lift the transfer restrictions and acquire shares at no charge in accordance with that agreement.

- (e) Policy on determination of amount of monetary compensation, amount of performance-based compensation, etc. or the ratio of non-monetary compensation, etc. to individual compensation, etc. for Directors and Chief Officers

The standard ratio of fixed compensation to variable compensation for Directors (excluding Outside Directors) and Chief Officers is set as 50%:50% in principle. The ratio of share-based compensation to fixed compensation is not set.

- (f) Matters regarding determination of details of individual compensation, etc. for Directors and Chief Officers

The amount of compensation for Directors and Chief Officers is resolved by the Remuneration Committee. An independent Outside Director assumes the role of the chairperson of the Remuneration Committee and independent Outside Directors account for the majority of its members. The Committee considers and determines compensation within the limit amount of compensation for Directors, in accordance with the above basic policy.

e. Method for determining amounts of individual compensation

The Remuneration Committee determines the amount of all compensation for each Director and Chief Officer. The Committee consists of four (4) Directors, with an independent Outside Director assuming the role of chairperson.

Chairperson: Ruth Marie Jarman

Members: Shinobu Murakawa, Yu Sasamoto, Etsuko Okajima

* Positions and responsibilities of each member are as stated in "1) Directors."

5) Outline, etc. of details of directors and officers liability insurance contract

The Company has entered into a directors and officers liability insurance contract with an insurance

company pursuant to the provisions of Article 430-3, paragraph 1 of the Companies Act. Scope of insureds covered by the insurance includes directors, chief officers, audit and supervisory board members, corporate officers and employees with supervisory authority of the Company and its subsidiaries. The insured persons do not incur premiums. The insurance compensates for damages including legal expenses and compensation for damage, etc. that an insured person should incur as a result of a third-party lawsuit, a shareholder derivative action, or corporate litigation, etc. against them. However, the insurance does not compensate for damages, etc. resulting from criminal acts, etc. by the insured person so that the appropriateness of the duties executed by insured person is not compromised.

6) Matters regarding the outside officers

a. Important concurrent positions in other companies and the relation between the Company and such other companies

	Important concurrent positions in other companies
Director Hiroo Unoura	Special Advisor of NTT, Inc. Outside Director and Audit and Supervisory Committee Member of Mitsubishi Heavy Industries, Ltd.
Director Ruth Marie Jarman	Representative Director and President of Jarman International KK Outside Director of Fujibo Holdings, Inc. Outside Director of Earth Corporation
Director Tadaaki Sugiyama	—
Director Yu Sasamoto	Outside Director of Sanrio Company, Ltd. CEO of DAZN Japan Investment GK
Director Ayumi Uzawa	Representative of Uzawa CPA Office
Director Etsuko Okajima	Representative Director and President of ProNova Inc. External Director of MARUI GROUP CO., LTD. Director of Euglena Co., Ltd.
Director Koichi Kusano	Representative of Office of Koichi Kusano

Notes: 1. The Company reported seven (7) Directors, Mr. Hiroo Unoura, Ms. Ruth Marie Jarman, Mr. Tadaaki Sugiyama, Mr. Yu Sasamoto, Mr. Ayumi Uzawa, Ms. Etsuko Okajima and Mr. Koichi Kusano to Tokyo Stock Exchange Inc. as independent officers who are unlikely to have any conflict of interests with its general shareholders. In addition to criteria regulated by Tokyo Stock Exchange Inc., as standards on independence when appointing an independent officer, the Company places following criteria on transaction amounts, etc. for transactions, etc. between the Company and a counterpart.

- The candidate shall not fall under any of the following:

- 1) An entity where the Group is a business partner and said business partner's sales to the Group account for 2% or above of its consolidated net sales of any one of the three most recent fiscal years or a business executive thereof
 - 2) A business partner with the Group where sales of the Group to that entity account for 2% or above of the Company's consolidated net sales of any one of the three most recent fiscal years or a business executive thereof
 - 3) A business executive of a financial institution from which the Company has loaned a large sum of money (the loans account for 2% or above of the Company's consolidated total assets as of the end of the most recent fiscal year)
 - 4) A consultant, an expert in accounting, or a specialist in law who has earned from the Company a large sum of cash or other financial assets, other than in the form of compensation as director: for an individual, 10 million yen or above per year in the current and the previous three years; or for a corporation, 2% or above of total sales of the said corporation paid out as remuneration on average over the past three years (if the person who earns such assets is a company or organization, an individual who is a member of the company or organization)
 - 5) A business executive of an organization to which the Group has made a donation exceeding a total sum of the greater of 10 million yen per year or 2% of annual aggregate revenue of the organization in any one of the three most recent fiscal years
 - 6) A person who is or has been an Independent Auditor of the Group (for a company, an individual who is or has been in charge of the audit of the Group) in the current and the previous three years
 - 7) A person who owns, directly or indirectly, 10% or above of the total of voting rights of the Company (for a company, a business executive thereof)
2. There is no business relation to be stated especially between each company where any of the outside officers have important concurrent positions and the Company.

b. Main activities in the current fiscal year

Attendance at the meetings of the Board of Directors and outline of duties performed for expected role as Outside Director

Name	Attendance	Main activities in the current fiscal year
Hiroo Unoura	Board of Directors (16 of 16 meetings held) Nominating Committee (13 of 13 meetings held)	Mr. Hiroo Unoura provides constructive input from an objective and professional perspective during the Company's Board of Directors and Nominating Committee meetings. His insights are shaped by his extensive experience as a hands-on corporate executive in cutting-edge fields both in Japan and overseas. As the Chairman of the Board of Directors and the chairperson of Nominating Committee, he led discussions at their respective meetings. These accomplishments demonstrate that he has sufficiently fulfilled his management oversight responsibilities from an independent standpoint.
Ruth Marie Jarman	Board of Directors (16 of 16 meetings held) Nominating Committee (13 of 13 meetings held) Remuneration Committee (10 of 10 meetings held)	Ms. Ruth Marie Jarman provides constructive input from an objective and professional perspective during the Company's Board of Directors, Nominating Committee and Remuneration Committee meetings. Her insights are shaped by her extensive experience in global business expansion and support for women's activities. As the chairperson of the Remuneration Committee, she led discussions at its meetings to promote reforms of the compensation system for officers. In addition, as a member of the Nominating Committee, she contributed to enhancing the objectivity and transparency of the process of nominating Directors and Chief Officers through discussions with the management team. These accomplishments demonstrate that she has sufficiently fulfilled her management oversight responsibilities from an independent standpoint.
Tadaaki Sugiyama	Board of Directors (16 of 16 meetings held) Nominating Committee (13 of 13 meetings held) Audit Committee (13 of 14 meetings held)	Mr. Tadaaki Sugiyama provides constructive input from an objective and professional perspective during the Company's Board of Directors, Nominating Committee and Audit Committee meetings. His insights are shaped by his extensive experience serving as the head of the legal and compliance field for many years. As a member of the Audit Committee, he advocated for auditing of the Company's business operations. In addition, as a member of the Nominating Committee, he contributed to enhancing the objectivity and transparency of the process of nominating Directors and Chief Officers. These accomplishments demonstrate that he has sufficiently fulfilled his responsibilities to audit and oversee the management from an independent standpoint.

Name	Attendance	Main activities in the current fiscal year
Yu Sasamoto	Board of Directors (14 of 16 meetings held) Remuneration Committee (7 of 10 meetings held) Audit Committee (9 of 10 meetings held)	Mr. Yu Sasamoto provides constructive input from an objective and professional perspective during the Company's Board of Directors, Remuneration Committee and Audit Committee meetings. His insights are shaped by his extensive experience and expertise gained as a corporate executive in various industries, including global reach, IT and technology. In addition, as a member of the Remuneration Committee, he contributed to promoting reforms of the compensation system for officers through discussions with the management team, and as a member of the Audit Committee, he advocated for auditing of the Company's business operations. These accomplishments demonstrate that he has sufficiently fulfilled his responsibilities to audit and oversee the management from an independent standpoint.
Ayumi Uzawa	Board of Directors (15 of 16 meetings held) Audit Committee (13 of 14 meetings held)	Mr. Ayumi Uzawa provides constructive input from an objective and professional perspective during the Company's Board of Directors and Audit Committee meetings. His perspectives are shaped by his finance and accounting background as a certified public accountant with extensive experience serving as an outside director for numerous companies. In addition, as a member of the Audit Committee, he advocated for auditing of the Company's business operations through discussions with the management team. These accomplishments demonstrate that he has sufficiently fulfilled his responsibilities to audit and oversee the management from an independent standpoint.
Etsuko Okajima	Board of Directors (16 of 16 meetings held) Nominating Committee (13 of 13 meetings held) Remuneration Committee (8 of 8 meetings held)	Ms. Etsuko Okajima provides constructive input from an objective and professional perspective during the Company's Board of Directors, Nominating Committee and Remuneration Committee meetings. Her insights are shaped by her extensive experience and expertise gained through providing development support for next generation corporate managers and developing human resources, as well as serving as an outside director at a number of companies to strengthen their management structure. In addition, as a member of the Nominating Committee, she contributed to enhancing the objectivity and transparency of the process of nominating Directors and Chief Officers, and as a member of the Remuneration Committee, she contributed to promoting reforms of the compensation system for officers through discussions with the management team. These accomplishments demonstrate that she has sufficiently fulfilled her management oversight responsibilities from an independent standpoint.
Koichi Kusano	Board of Directors (13 of 13 meetings held) Audit Committee (10 of 10 meetings held)	Mr. Koichi Kusano provides constructive input from an objective and professional perspective during the Company's Board of Directors and Audit Committee meetings. His perspectives are shaped by his legal background as an attorney-at-law and vast experience and proficiency in matters related to law and governance. In addition, as the Chairperson of the Audit Committee, he led discussions at its meetings and advocated for auditing of the Company's business operations through discussions with the management team. These accomplishments demonstrate that he has sufficiently fulfilled his responsibilities to audit and oversee the management from an independent standpoint.

- Notes:
1. The number of the Audit Committee meetings attended by Director Mr. Yu Sasamoto only includes the meetings held after he assumed his office on June 26, 2025.
 2. The number of Remuneration Committee meetings attended by Director Ms. Etsuko Okajima only includes the meetings held after she assumed her office on June 26, 2025.
 3. The number of the Board of Directors and Audit Committee meetings attended by Director Mr. Koichi Kusano only includes the meetings held after he assumed his office on June 26, 2025.

(4) Status of the Independent Auditor

1) Name: Ernst & Young ShinNihon LLC

2) Amount of compensation, etc.

	Amount
Total amount of compensation, etc., to be paid by the Company for duties as set forth in Article 2, paragraph 1 of the Certified Public Accountant Law	107 million yen
Total amount of money and other financial benefits to be paid by the Company and its subsidiaries to the Independent Auditor	117 million yen

Notes: 1. The audit contract between the Company and the Independent Auditor does not distinguish between the compensation, etc., for the audit under the Companies Act and the compensation, etc., for the audit under the Financial Instruments and Exchange Act. Because of this, the amount stated in the "Amount of compensation, etc." in the table above includes the total sum amount of these two types of compensation, etc.

2. The Audit Committee performed the necessary examinations including those on the contents of the Independent Auditor's audit plan, performance of accounting audits, record of past remuneration, and appropriateness of the basis for calculating estimated remuneration, and agreed the compensation, etc. to be paid to the Independent Auditor.

3. Among the Company's important subsidiaries, KADOKAWA HOLDINGS ASIA LTD., Guangzhou Tianwen Kadokawa Animation and Comics Co., Ltd., KADOKAWA TAIWAN CORPORATION, BOOKWALKER TAIWAN CO., LTD., KADOKAWA GEMPAK STARZ SDN.BHD., and KADOKAWA AMARIN COMPANY LIMITED are audited by a local audit firm (a member firm of Ernst & Young) other than the Company's accounting auditor.

3) Policy of the dismissal or non-reappointment of the Independent Auditor

The Audit Committee evaluates the Independent Auditor, and if it is considered that it would be difficult for the Independent Auditor to perform his/her duties appropriately or it is deemed appropriate to change the Independent Auditor in order to enhance the appropriateness of the audit, the Committee will decide a proposal for dismissal or non-reappointment of the Independent Auditor and present the said proposal to the General Meeting of Shareholders.

If the Audit Committee considers that the Independent Auditor comes under any of the items of Article 340, paragraph 1 of the Companies Act, the Committee will dismiss the Independent Auditor based on the consent of all the Audit Committee Members.

4) Outline of the agreement for limitation of liability

A liability limitation agreement has not been concluded between the Company and the Independent Auditor.

5) Outline of details of indemnity agreement

No indemnity agreement has been concluded between the Independent Auditor and the Company.

(5) Systems for Ensuring the Proper Performance of the Company's Business and Operating Status of the Systems

The "Systems for Ensuring the Proper Performance of the Company's Business (Basic Policy for Internal Control System)" of the Company is as follows (most recently revised on June 22, 2023).

- 1) Systems for ensuring that the performance of the duties of Chief Officers and employees of the Company conforms to laws and regulations and to the Articles of Incorporation
 - a. The Company establishes compliance regulations and fully disseminates them among all the Chief Officers and employees so that the performance of Chief Officers' and employees' duties conforms to the laws and regulations and to the Articles of Incorporation, adheres to corporate ethics, and meets the Company's social responsibilities.
 - b. The Company establishes the Compliance Committee to cultivate a corporate culture in which compliance is observed.
 - c. The Company puts its Directors, Chief Officers and employees under an obligation to, if they come to know doubtful acts from the viewpoint of compliance in the Company, report such acts to the internal compliance hotline set up outside the Company, which will take proper steps, under guarantee that they will not suffer any disadvantage.
 - d. The entire organization of the Group, including its officers and employees, is resolutely opposed to any antisocial forces or groups that threaten the order and safety of civil society. The Company establishes a structure in which it has no connections whatsoever with antisocial forces.

- 2) Systems for keeping and managing information concerning the fulfillment of the duties of the Company's Chief Officers

The Company properly retains and manages information about the fulfillment of the Chief Officers' duties in accordance with the internal regulations regarding the handling thereof.

- 3) The Company's regulations for the management of the risk of losses and other systems

The Company establishes risk management regulations as the basis of the risk management system, organizes the Risk Management Committee, and carries out risk management activities in accordance with the said regulations.

- 4) Systems for ensuring that the duties of the Company's Chief Officers are efficiently fulfilled

- a. The Company aims to expedite decision-making by appropriately delegating the authority to make decisions on business execution to Chief Officers.
- b. In principle, the Company holds a Management Meeting attended by all Chief Officers once a month and extraordinary meetings as necessary to make prompt and proper decisions on important matters.
- c. In the conduct of business, the Company makes decisions promptly and efficiently according to the internal regulations including those regarding duties and authorities.
- d. In order to ensure that the Chief Officers' duties are efficiently fulfilled, the Company establishes appropriate business organizations and segregation of duties.

- 5) Systems for ensuring that the Group conducts its business properly

- a. The Company stipulates internal regulations to control the framework used to ensure that the Company is appropriately involved in major decisions taken by its subsidiaries and to request that subsidiaries report to the Company regarding important matters related to business execution. The Company manages and overseas subsidiaries in cooperation with major

- subsidiaries and ensures that subsidiaries' Directors perform their duties in an efficient manner.
- b. The Company's internal audit division conducts audits regarding subsidiaries' compliance with laws and regulations and with the Articles of Incorporation, and the effectiveness of the internal control system. The division responsible for the relevant subsidiary properly guides the subsidiary to promptly take appropriate measures to correct or improve these systems, if necessary.
 - c. The Group stipulates the risk management regulations for the Company, and for subsidiaries as appropriate, and identifies and controls group-level risks in cooperation with the Company.
 - d. The Company requests that the Compliance Committee provide reports regarding matters related to subsidiaries' compliance through group-wide efforts in order to ensure Directors' and employees' compliance with laws and regulations and with the Articles of Incorporation. The Company also develops the internal compliance hotline system across the Group, which will take proper steps.
- 6) Matters regarding the Director and employee who is to assist the Audit Committee of the Company, matters regarding the securing of the independence of such Director and employee from Chief Officers of the Company and matters regarding the securing of the effectiveness of instruction given by the Company's Audit Committee to such Director and employee
- a. An organization to assist the Audit Committee shall be established to provide assistance in the audit, and the appointment and transfer of employees to the organization shall require the consent of the Audit Committee.
 - b. An employee who belongs to the organization to assist the Audit Committee performs his/her duties of assisting the Audit Committee under its direction. The efficiency rating of such employee should be made by listening to the opinions of the Audit Committee. No Director shall be appointed to assist the Audit Committee.
- 7) Systems for reporting to the Audit Committee of the Company and other systems for ensuring that the audit by the Audit Committee is conducted effectively
- a. In addition to important business matters determined by methods other than the Board of Directors and Management Meeting resolutions, Directors (excluding those who are Audit Committee Members), Chief Officers, and employees of the Company, as well as Directors, Audit and Supervisory Board Members and employees of its subsidiaries, or individuals who have received reports from those mentioned above shall report to the Company's Audit Committee the findings of internal audits and the status of the internal compliance hotline directly or through meetings with the organization to assist the Audit Committee.
 - b. The Audit Committee may request and inspect any documents or reports from Directors, Chief Officers or employees of the Company and its subsidiaries for the purpose of conducting an audit.
 - c. The Group does not treat those who provide the above reports unfavorably based on the fact that they have made such reports to the Audit Committee.
 - d. The Company allocates a budget that covers expenses incurred for audits performed by the Audit Committee so as to ensure the effectiveness of the audit.

Glovision Inc., a subsidiary of the Company, received a recommendation from the Fair Trade Commission under the Act on Ensuring Proper Transactions Involving Specified Entrusted Business Operators (hereinafter referred to as the "Freelance Act"), after it was found that the company had violated said Act. The Company takes seriously the recommendations, and will further strengthen compliance and prevent recurrence through efforts such as conducting internal training on the Freelance Act and investigating similar transactions to ensure thorough compliance with laws and regulations. In addition to the above, the status of implementation of the systems for ensuring the proper performance of the Company's business for the current fiscal year is shown below.

- 1) Systems for ensuring that the performance of the duties of Chief Officers and employees of the Company conforms to laws and regulations and to the Articles of Incorporation
 - a. The Company discloses the KADOKAWA Group compliance policies and compliance regulations on groupware and ensures that they are fully disseminated among its Chief Officers and employees.
 - b. The Company holds meetings of the Compliance Committee regularly or as needed in accordance with the compliance regulations. The Committee is chaired by an external expert (lawyer), and half of its members, including the chairperson, consists of external experts and Outside Directors.
 - c. The Company has established the internal compliance hotline, clearly specifies whistleblower protections in its internal rules, and otherwise appropriately manages such operations.
 - d. Regarding antisocial forces and groups, the Company established a code of conduct and stipulated the severing of any relations with them; in practice, it carries out screening procedures for customers to detect involvement of antisocial forces, and incorporates a clause on antisocial forces in written contracts.

- 2) Systems for keeping and managing information concerning the fulfillment of the duties of the Company's Chief Officers

The Company appropriately keeps and manages information (document or electromagnetic record) pertaining to the fulfillment of the Chief Officers' duties, such as minutes of the Management Meetings attended by Chief Officers and its resolutions, in accordance with document control procedures and other internal rules.

- 3) The Company's regulations for the management of the risk of losses and other systems

The Company discloses risk management regulations on groupware and ensures that they are fully disseminated, and also holds meetings of the Risk Management Committee.

- 4) Systems for ensuring that the duties of the Company's Chief Officers are efficiently fulfilled
 - a. The Company held 12 Management Meetings during the current fiscal year.
 - b. The Company clearly defines the organization, segregation of duties, authority, and responsibility by establishing rules including the rule for the organization and segregation of duties, the rule for authority in job functions, the table of standards for decision-making, the rule for the Management Meeting and the rule for Chief Officers, and performs regular reviews of the contents of those rules.

- 5) Systems for ensuring that the Group conducts its business properly
 - a. In accordance with the Group Management Control Rule, the Company manages and oversees significant decision-making matters of its subsidiaries by making decisions or receiving reports on them within the Company on a case-by-case basis.
 - b. In accordance with the internal audit rules of the Company, the internal audit division of the Company manages and oversees subsidiaries.
 - c. The Risk Management Committee of the Company strives to identify and evaluate risks within the Group and develop countermeasures. The Company's subsidiaries also strive to identify and evaluate their own risks and develop countermeasures.
 - d. The Company's Compliance Committee identifies compliance-related matters pertaining to the Group. In addition, the Company and its subsidiaries perform appropriate management, respectively, in line with the internal compliance hotline system established within the Group.

- 6) Matters regarding the Director and employee who is to assist the Audit Committee of the Company, matters regarding the securing of the independence of such Director and employee from Chief Officers of the Company and matters regarding the securing of the effectiveness of instruction given by the Company's Audit Committee to such Director and employee
 The Company established the Audit Committee Office as an organization to assist the Audit Committee, and has decided that the direction and the evaluation should be made by the Audit Committee to secure the independence from Chief Officers.

- 7) Systems for reporting to the Audit Committee of the Company and other systems for ensuring that the audit by the Audit Committee is conducted effectively
 - a. Directors who serve as Audit Committee Members attend the Board of Directors and the Management Meeting and receive reports. In addition, they are allowed to attend important internal meetings, such as the Compliance Committee and the Risk Management Committee, and read important documents, etc., with a system in place to properly obtain necessary information on the Company and its subsidiaries.
 - b. The Group shall ensure that anyone who reports to the Audit Committee is not treated unfavorably.
 - c. The Company set the budget for expenses required for audits by the Audit Committee.

(6) Policy on Determination of Dividends of Surplus

The Company recognizes the importance of the continuous distribution of profits to its stakeholders, including shareholders, and is aware of the necessity of sustainable corporate management. To this end, the Company is required to enhance internal reserves for operating the future business and strengthening the corporate structure.

The Company's basic policy is to pay a stable annual dividend of 30 yen per share, returning profits to shareholders with a target payout ratio of 30% or more, including return of profits based on consolidated business performance.

The Company's basic policy is to annually pay cash dividends to its shareholders at the end of the fiscal year. The Company has stipulated in the Articles of Incorporation that the payment of dividends of surplus is provided for by a resolution of the Board of Directors, unless provided for otherwise by laws and regulations. It has also stipulated in the Articles of Incorporation that the

interim dividends may be paid on September 30 of each year as the record date by a resolution of the Board of Directors.

The Company decided to pay a dividend of 30 yen per share for the fiscal year ended March 31, 2026. For the next fiscal year, the Company plans to pay a dividend of 30 yen per share.

It will allocate internal reserves into strategic investments to expand future business, while making efforts to further improve business performance.

Consolidated Balance Sheet

(As of March 31, 2026)

Item	Amount	Item	Amount
(Assets)	Millions of yen	(Liabilities)	Millions of yen
Current assets	258,445	Current liabilities	111,641
Cash and deposits	116,001	Notes and accounts payable - trade	37,586
Notes receivable - trade	1,632	Short-term borrowings	115
Accounts receivable - trade	75,995	Current portion of long-term borrowings	10,153
Contract assets	3,181	Accounts payable - other	13,035
Securities	829	Income taxes payable	1,704
Inventories	41,939	Contract liabilities	17,800
Prepaid expenses	4,064	Deposits received	10,663
Deposits paid	284	Provision for bonuses	6,182
Other	14,866	Refund liabilities	6,673
Allowance for doubtful accounts	(350)	Provision for share-based remuneration	100
Non-current assets	136,418	Provision for share-based remuneration for directors (and other officers)	1,060
Property, plant and equipment	67,748	Other	6,566
Buildings and structures	31,987	Non-current liabilities	6,475
Machinery and equipment	3,458	Long-term borrowings	658
Tools, furniture and fixtures	2,492	Deferred tax liabilities	1,021
Land	28,375	Retirement benefit liability	1,807
Construction in progress	348	Other	2,987
Other	1,087	Total liabilities	118,116
Intangible assets	23,421	(Net assets)	
Software	12,953	Shareholders' equity	229,271
Goodwill	5,930	Share capital	65,613
Other	4,536	Capital surplus	85,734
Investments and other assets	45,249	Retained earnings	82,763
Investment securities	30,615	Treasury shares	(4,838)
Retirement benefit asset	924	Accumulated other comprehensive income	15,732
Deferred tax assets	4,927	Valuation difference on available-for-sale securities	9,556
Insurance funds	1,982	Foreign currency translation adjustment	5,174
Guarantee deposits	4,499	Remeasurements of defined benefit plans	1,002
Other	2,408	Share acquisition rights	3,035
Allowance for doubtful accounts	(107)	Non-controlling interests	28,707
Total assets	394,864	Total net assets	276,747
		Total liabilities and net assets	394,864

Consolidated Statement of Income

(April 1, 2025 through March 31, 2026)

Item	Amount	
	Millions of yen	Millions of yen
Net sales		282,908
Cost of sales		186,155
Gross profit		96,753
Selling, general and administrative expenses		88,651
Operating profit		8,102
Non-operating income		
Interest income	1,099	
Dividend income	524	
Share of profit of entities accounted for using equity method	918	
Foreign exchange gains	588	
Gain on sales of goods	100	
Other	589	3,820
Non-operating expenses		
Interest expenses	84	
Loss on extinguishment of share-based payment expenses	45	
Other	91	222
Ordinary profit		11,701
Extraordinary income		
Gain on sales of non-current assets	5	
Gain on sales of investment securities	1,890	
Other	57	1,953
Extraordinary losses		
Loss on retirement of non-current assets	203	
Loss on valuation of investment securities	261	
Amortization of goodwill	2,700	
Extra retirement payments	77	
Other	494	3,737
Profit before income taxes		9,916
Income taxes - current	5,012	
Income taxes - deferred	843	5,855
Profit		4,060
Profit attributable to non-controlling interests		2,782
Profit attributable to owners of parent		1,278

Consolidated Statement of Changes in Equity

(April 1, 2025 through March 31, 2026)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	65,613	85,223	85,913	(5,619)	231,130
Changes during period					
Dividends of surplus			(4,428)		(4,428)
Profit attributable to owners of parent			1,278		1,278
Purchase of treasury shares				(2,936)	(2,936)
Disposal of treasury shares		235		3,717	3,952
Change in ownership interest of parent due to transactions with non-controlling interests		280			280
Capital increase of consolidated subsidiaries		(4)			(4)
Net changes in items other than shareholders' equity					
Total changes during period	–	511	(3,150)	780	(1,858)
Balance at end of period	65,613	85,734	82,763	(4,838)	229,271

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	14,042	4,222	392	18,658	2,426	25,192	277,408
Changes during period							
Dividends of surplus							(4,428)
Profit attributable to owners of parent							1,278
Purchase of treasury shares							(2,936)
Disposal of treasury shares							3,952
Change in ownership interest of parent due to transactions with non-controlling interests							280
Capital increase of consolidated subsidiaries							(4)
Net changes in items other than shareholders' equity	(4,486)	951	609	(2,925)	608	3,515	1,197
Total changes during period	(4,486)	951	609	(2,925)	608	3,515	(660)
Balance at end of period	9,556	5,174	1,002	15,732	3,035	28,707	276,747

Notes to the Consolidated Financial Statements

[Significant information for the preparation of consolidated financial statements, etc.]

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 57

Names of major consolidated subsidiaries

DWANGO Co., Ltd.

ARCLIGHT, Inc.

KADOKAWA ASCII Research Laboratories, Inc.

KADOKAWA Game Linkage Inc.

KADOKAWA LifeDesign Inc.

Building Book Center Co., Ltd.

MOVIE WALKER Co., Ltd.

KADOKAWA DAIEI STUDIO CO., LTD.

Glovision Inc.

Doga Kobo inc.

ENGI Co. Ltd.

FromSoftware, Inc.

Spike Chunsoft Co., Ltd.

ACQUIRE Corp.

Vantan Inc.

Kadokawa Media House Inc.

Yellow Jam Inc.

KADOKAWA HOLDINGS ASIA LTD. (Hong Kong, People's Republic of China)

GUANGZHOU TIANWEN KADOKAWA ANIMATION & COMICS CO., LTD. (Guangdong Province, People's Republic of China)

KADOKAWA TAIWAN CORPORATION (Taipei, Taiwan)

BOOK WALKER TAIWAN CO., LTD. (Taipei, Taiwan)

KADOKAWA WORLD ENTERTAINMENT, INC. (Delaware, U.S.)

YEN PRESS, LLC (Delaware, U.S.)

M12 Media LLC (Texas, U.S.)

Edizioni BD S.r.l. (Milano, Italy)

KADOKAWA GEMPAK STARZ SDN.BHD. (Kuala Lumpur, Malaysia)

KADOKAWA AMARIN COMPANY LIMITED (Bangkok, Thailand)

SOZO Pte. Ltd. (Singapore)

KADOKAWA Creators Co. Ltd. was included in the scope of consolidation because it was newly founded in the current fiscal year.

Edizioni BD S.r.l. (Milano, Italy) was included in the scope of consolidation because its shares were newly acquired and it became a consolidated subsidiary.

SOZO Pte. Ltd. (Singapore) was included in the scope of consolidation because its shares were newly purchased and it became a consolidated subsidiary.

KADOKAWA Architecture Co., Ltd., which was a consolidated subsidiary in the previous fiscal year, was excluded from the scope of consolidation accompanied by its liquidation.

Custom Cast, Inc., which was a consolidated subsidiary in the previous fiscal year, was excluded from the scope of consolidation as a result of the sale of its shares.

BOOK WALKER Co., Ltd., and KADOKAWA Connected Inc., which were consolidated subsidiaries in the previous fiscal year, were excluded from the scope of consolidation due to their extinction in an absorption-type merger, with DWANGO Co., Ltd. as the surviving company.

(2) Names, etc. of major non-consolidated subsidiaries

Major non-consolidated subsidiaries

There are no major non-consolidated subsidiaries which require disclosure in the consolidated financial statements.

(Reason for exclusion from the scope of consolidation)

The companies are excluded from the scope of consolidation as their business sizes are small and their total assets, net sales, profit (amount corresponding to shares owned by the Company) and retained earnings (amount corresponding to shares owned by the Company) do not have a material impact on the consolidated financial statements.

2. Application of the equity method

(1) Number of associated companies accounted for by the equity method: 11

Names of major associated companies accounted for by the equity method

DOCOMO ANIME STORE, INC.

Animec Inc. was included in the associated companies accounted for by the equity method because it was newly founded in the current fiscal year.

Karaksa Media Partner Corporation, which was an associated company accounted for by the equity method in the previous fiscal year, was excluded from the scope of application of the equity method as a result of liquidation.

(2) With regard to the Company's equity method investments with reporting dates that do not correspond to the Company's consolidated balance sheet date, the Company uses the financial information based on the equity method investments' respective fiscal year, except for the Company's investment in CPS Co., Ltd., for which the Company uses the financial results obtained as of March 31, 2026.

(3) Non-consolidated subsidiaries and associated companies that are not accounted for by the equity method

Names of major companies

There are no major non-consolidated subsidiaries or associated companies which require disclosure in the consolidated financial statements.

(Reason for exclusion from the scope of equity method companies)

Non-consolidated subsidiaries and associated companies that are not accounted for by the equity method are excluded from the scope of equity method companies since the impact of excluding them is immaterial to the Company's consolidated financial statements in terms of profit (amount corresponding to shares owned by the Company) and retained earnings (amount corresponding to shares owned by the Company). Such associated companies are also immaterial to the consolidated financial statements as a whole.

3. Fiscal year etc., of the consolidated subsidiaries

The closing date of DWANGO Co., Ltd. and 34 other subsidiaries, which are in the scope of consolidation is the same as the consolidated balance sheet date.

The closing date of KADOKAWA TAIWAN CORPORATION and 21 other subsidiaries is December 31.

Regarding Japan Film Fund Co., Ltd. and Spike Chunsoft, Inc., their financial statements are prepared based on a provisional closing of their accounts (the closing of accounts using reasonable procedures conforming to the regular closing of accounts) on the consolidated balance sheet date.

With regard to the consolidated subsidiaries, except for Japan Film Fund Co., Ltd. and Spike Chunsoft, Inc., the financial statements dated as of the closing date of each subsidiary are used. The adjustments needed for consolidation are made for all the significant transactions that take place between this date and the consolidated closing date.

4. Accounting policies

(1) Valuation basis and methods for significant assets

1) Available-for-sale securities

Available-for-sale securities other than shares without a quoted market price

Fair value method (The valuation difference is accounted for using the direct net asset adjustment method, and the cost of securities sold is determined by the moving-average method.)

Available-for-sale securities such as shares without a quoted market price

Cost method by the moving-average method

2) Inventories

(a) Merchandise, finished goods, raw materials and supplies

Mainly cost method determined by the average cost method (Balance sheet amounts are calculated by reducing book values as a result of lowered profitability.)

(b) Distribution rights, production and work in process

Mainly cost method determined by the identified cost method (Balance sheet amounts are calculated by reducing book values as a result of lowered profitability.)

The costs of distribution rights and production (theater films) are allocated into the cost of production using a special amortization rate (amortized over 10 months) according to the same standard provided for in the Corporation Tax Act.

(2) Depreciation method for significant depreciable assets

1) Property, plant and equipment (excluding leased assets)

Straight-line method

The major useful lives of property, plant and equipment are as follows:

Buildings and structures: 2–60 years

Machinery and equipment: 6–12 years

Tools, furniture and fixtures: 2–20 years

2) Intangible assets (excluding leased assets)

Straight-line method

Software for internal use is amortized over the expected available periods (5 years).

3) Leased assets

Leased assets in finance lease transactions that do not transfer ownership are depreciated using the straight-line method over the lease terms and the residual value is equal to zero (0).

(3) Accounting policies for significant provisions

1) Allowance for doubtful accounts

An allowance for doubtful accounts is provided for possible bad debt at an estimated amount based on past bad debt experience for general receivables, and at the uncollectible amounts determined by reference to the collectability for individual cases for doubtful receivables and other specific receivables.

2) Provision for bonuses

Bonuses to employees are accrued at the fiscal year end to which such bonuses are attributed.

3) Provision for share-based remuneration

In order to prepare for granting stock benefits to employees of the Group in accordance with internal share delivery rules, the estimated value of stock benefit liabilities at the end of the current fiscal year is recorded.

4) Provision for share-based remuneration for directors (and other officers)

In order to prepare for granting stock benefits to directors and chief officers of the Group in accordance with internal share delivery rules, the estimated value of stock benefit liabilities at the end of the current fiscal year is recorded.

(4) Accounting policies for recognition of revenue and expenses

The details of the main performance obligations stemming from the primary businesses that generate revenue from contracts with clients of the Company and consolidated subsidiaries, and the normal timing for satisfying those performance obligations (normal timing for recognizing the revenue), are as follows.

1) Publication/IP Creation Segment

In the Publication/IP Creation Segment, the Company conducts sales of books, magazines, e-books, and e-magazines, sales of magazine and web advertisements, and licensing.

For sales of books, etc., the customer obtains control and deems the performance obligation to be satisfied upon delivery, so revenue is recognized mainly at the time of delivery. In the Publication/IP Creation Segment, the Company carries out sales with contractual terms stating that publications that have been distributed to agencies and bookstores can be returned (sales with a return condition). As return amounts are thought to be variable considerations, in calculating a consideration to which the Company will likely be entitled, refund liabilities are recorded in an estimated future return amount using historical rates of returns, and the recorded refund liabilities are deducted from revenue.

For sales of magazine advertising, the Company provides an advertisement service in which no contract period is specified for customers and is obligated to post an advertisement in a specific magazine. Therefore, revenue is recognized when magazine copies, etc. showing an advertisement are placed at a shop space, enabling consumers to buy and read them on a date of sale (date of issue) since that time is judged to be the time at which the performance obligation is satisfied.

For sales of web advertising, in period guarantee-based advertising service, the Company is obligated to keep posting an advertisement over a period stipulated in a contract. Such performance obligation is satisfied in proportion to the passage of time, and revenue is recognized over the contract period.

2) Animation/Film Segment

The Animation/Film Segment includes planning, production and distribution of animated cartoons and live-action videos, video distribution licensing, and sales of video package software.

For production of video works, revenue is recognized when a deliverable is handed over to the customer or when it inspects the deliverable in accordance with the contract with the customer, which includes production management fees as the underwriter in a production committee system, since the performance obligation of importance is judged to be satisfied at the time.

For distribution associated with video works distributed by the Company, revenue is recognized when its amount is able to be measured reliably, such as the time at which a report from a distribution company is provided, and uncertainty associated with the amount of consideration is resolved.

For sales of video package software, when goods are delivered, the customer obtains control over the goods and deems the performance obligation to be satisfied, so revenue is recognized mainly at the time of delivery of goods.

3) Gaming Segment

The Gaming Segment includes planning, development, sales and licensing of game software and internet games.

For sales of game software packages, when goods are delivered to the customer or are downloaded, the customer obtains control over the goods and deems the performance obligation to be satisfied, so revenue is recognized mainly at the time of delivery.

The performance obligation in the contract game software development business is to conduct a development service contracted out by customers and deliver software, and the Company generates customer assets in accordance with the service progress, so revenue is recognized in accordance with a progress rate estimated by using the cost-to-cost method.

If a contract with a customer contains provisions on variable considerations, such as pay-as-you-go that varies in accordance with sales quantity in the market, in addition to certain contract fees, revenue is recognized when its amount is able to be measured reliably and uncertainty associated with the amount of consideration is resolved.

4) Web Services Segment

In the Web Services Segment, the Company conducts the operation of video community services, planning and operation of various events, and distribution of mobile contents.

Revenue from operation of video social network services is composed mainly of membership fees from paying members and the Company is obligated to provide a service commensurate with member qualifications, so revenue is recognized over the period in which service is provided.

5) Education/EdTech Segment

In the Education/EdTech Segment, the Company operates schools that develop human resources by specializing in creative fields and engages in a business to provide educational content to correspondence schools via the Internet.

The performance obligation of the schools operation business is to provide lectures, etc. to course takers who are customers, and such obligation is satisfied usually over a period of the contract, so revenue is recognized over the contract period.

Each of the business segments above provides customers with various types of licensing for IPs held by the Group. In light of the quality of promise made in providing licensing to a customer, it is deemed that the customer is essentially allowed to obtain benefit from the license by instructing its use in a transaction judged to involve a use right. For this reason, revenue is recognized after taking into account the time when provision of materials and service expected of the Group under contract will be completed. For royalties based on sales or usage, revenue is recognized at the time when uncertainty associated with the amount of consideration is resolved.

Transaction considerations for business operations done by the Company and its consolidated subsidiaries are primarily settled in a short period of time and do not involve any significant financial factor.

(5) Other significant information for the preparation of consolidated financial statements

1) Accounting policies for retirement benefits

In order to prepare for the payment of retirement benefits to employees, the projected retirement benefit obligation at the end of the current fiscal year, less plan assets, is recorded as a net retirement benefit liability.

Past service costs were amortized by the straight-line method over a certain period (5 years) within the average remaining service period of employees when incurred.

The actuarial gains or losses were amortized by the straight-line method over a certain period (5 years) within the average remaining service period of employees from the fiscal year following the fiscal year when such gains or losses have occurred.

In calculating retirement benefit obligations, the benefit formula basis is applied as the method for attributing projected retirement benefits to the period up to the end of the current fiscal year.

2) Accounting policies for foreign currency translations

Monetary claims and liabilities denominated in foreign currencies are translated into yen using the spot exchange rates as of the end of the fiscal year, and translation differences are accounted for as profit or loss.

Assets and liabilities of overseas subsidiaries and other entities are translated into yen using the spot exchange rates as of the closing dates of overseas subsidiaries and other entities. Revenues and expenses are translated into yen using the average exchange rates during the period. Translation differences are included in foreign currency translation adjustment and non-controlling interests under net assets.

3) Amortization of goodwill

Goodwill is amortized using the straight-line method over the period based on a reasonable estimate.

4) Application of group tax sharing system

The Company and certain consolidated subsidiaries in Japan have applied the group tax sharing system.

[Significant accounting estimates]

1. Refund liabilities

In the Publication/IP Creation Segment of the Group's business segments, there are cases when the Group conducts transactions of paper books and magazines under the sales system with return conditions as industry practice. This is a sales system with a condition that publications which have been distributed to agencies and bookstores can be returned.

In order to prepare for returned publications, refund liabilities are recorded. However, the return of publications is a future event affected by market demand, etc., and in calculating the provision, the Company makes an accounting estimate based on the information available at the time of preparing the consolidated financial statements.

(1) Amount recorded in the consolidated financial statements of the current fiscal year

The amount of refund liabilities recorded in the consolidated balance sheet at the end of the current

fiscal year was 6,673 million yen.

(2) Information on description of significant accounting estimates for identified items

1) Calculation method and significant assumptions used for calculation

Refund liabilities are calculated by deducting the actual amounts of merchandise returned by the closing date from the amounts determined through multiplying a predicted merchandise return rate by the shipping results within a certain period of time before the closing date.

The target period for shipping results is set based on the period in which normal returns, from major agencies and bookstores, are thought to occur.

Furthermore, for predicted merchandise return rate, the actual average return rate in the last one year calculated for each genre is used, based on the assumption that the return rate and market demand trend of publications in the same genre would be at the same levels as those of past results.

2) Impact on the consolidated financial statements in the following fiscal year

Predicted merchandise return rate, the basis for calculating refund liabilities, is based on historical rates of returns. Therefore, if there is a change in the trend of return rates by genre, a difference will arise between amounts of the refund liabilities recorded and actual amounts of returned merchandise, which will have an impact on the consolidated business performance in the following fiscal year.

Specifically, when return rates trend downward, there is a positive impact on net sales and gross profit; when return rates trend upward, there is a negative impact on net sales and gross profit.

2. Assessment of goodwill

(1) The amount recorded in the consolidated financial statement of the current fiscal year

Goodwill	5,930 million yen
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(Note) Regarding goodwill related to Doga Kobo inc., in accordance with the paragraph 32 of the Practical Guidelines on the Capital Consolidation Procedure in Consolidated Financial Statements (ASBJ Transferred Guidance No. 4, July 1, 2024), we recorded the amortization of goodwill of 2,700 million yen as an extraordinary loss in connection with an impairment loss on shares in a consolidated subsidiary.

(2) Information on description of significant accounting estimates for identified items

1) Calculation method and significant assumptions used for calculation

The Group records as goodwill the difference between the acquisition cost of the company acquired through a business combination and the net amount of the identifiable assets and liabilities of the acquired company, calculated based on the market value of the date of the business combination, as the future additional earnings power that is expected from future business activities of the acquired company. Goodwill is all amortized on a straight-line basis over a period in which the effects are expected to be realized.

If the Group determines that there is an indication of impairment of the asset group including goodwill, the Group assesses whether an impairment loss should be recognized based on the estimation of undiscounted future cash flows. Future cash flows are estimated based on the business plans of the investee from the end of the current fiscal year and thereafter. Such plans include assumptions regarding market growth rates and industry trends in which the acquired company belongs. No indications of impairment have been identified for significant goodwill during the current fiscal year.

2) Impact on the consolidated financial statements in the following fiscal year

The market growth rate used in the business plan and trends in the industry to which the acquired company belongs involve uncertainties. If the business plan of the investee becomes difficult to

achieve due to factors such as changes in the future business environment and needs to be revised, an impairment loss may be recorded in the consolidated financial statements in the following fiscal year and thereafter.

3. Valuation of non-listed shares (excluding shares of subsidiaries and associates,)

(1) Amount recorded in the consolidated financial statements of the current fiscal year

Investment securities	6,677 million yen
Loss on valuation of investment securities	218 million yen

(2) Information on description of significant accounting estimates for identified items

1) Calculation method and significant assumptions used for calculation

Regarding the valuation of non-listed shares, the real value which reflects the excess earning power, etc. in the financial condition of the investee is calculated, and if this real value declines significantly, the Company will implement impairment treatment except in cases where recoverability is supported by sufficient evidence. In determining whether or not there was any impairment of excess earning power, etc., the Company comprehensively evaluates the achievement status of the investee's business plans and a review of their future growth potential.

2) Impact on the consolidated financial statements in the following fiscal year

The investee's business plans are formulated based on certain assumptions regarding the investee's market growth and business environment. If there is a deviation between these business plans and future performance, implementing impairment treatment may affect the consolidated financial statements for the next fiscal year onwards.

[Additional information]

(ESOP for employees and share-based compensation plan for directors)

The Company and certain consolidated subsidiaries in Japan have applied the Employee Stock Ownership Plan (the "ESOP") for employees and a share-based compensation plan for directors of the Company.

(1) ESOP for employees

1) Overview of the plan

For employees who satisfy certain requirements as beneficiaries, the Company has established a trust and contributed cash to the trust for purchasing the Company's shares. The trust purchases designated shares of the Company to be granted in accordance with the share delivery rules from the Company (for disposal of treasury shares) or a stock exchange. Then, the trust delivers the Company's shares to employees based on points granted for their contribution to the Company during the trust period in accordance with the share delivery rules. The Company contributes all funds to purchase its shares through the trust; therefore, employees do not need to contribute funds to the trust.

2) Treasury shares remaining in the trust

Treasury shares remaining in the trust are recorded at the book value (excluding associated expenses) of the trust as treasury shares under net assets. The book value of these treasury shares and the number of shares at the end of the current fiscal year were 1,014 million yen and 352 thousand shares, respectively.

(2) Share-based compensation plan for directors

1) Overview of the plan

This plan is a performance-based stock compensation plan which establishes a trust funded by the Company, purchases the Company's shares and delivers them to directors through the trust. The number of shares to be delivered to directors is based on points granted for individual performance and contributions to the Company's financial results for each fiscal year in accordance with the share delivery rules.

2) Treasury shares remaining in the trust

Treasury shares remaining in the trust are recorded at the book value (excluding associated expenses) of the trust as treasury shares under net assets. The book value of these treasury shares and the number of shares at the end of the current fiscal year were 3,018 million yen and 1,412 thousand shares, respectively.

[Notes to the consolidated balance sheet]

1. Accumulated depreciation of property, plant and equipment 28,687 million yen

2. Assets pledged as collateral and secured liabilities

(1) Assets pledged as collateral

Cash and deposits 39 million yen

Note: The above assets are mainly pledged as revolving collateral related to banking transactions, and corresponding liabilities are as follows.

(2) Secured liabilities

Long-term borrowings 35 million yen

3. Guarantee obligation

The guarantee obligations for borrowings, etc. from financial institutions for corporations other than consolidated companies are as follows.

KADOKAWA DWANGO educational institute 11,446 million yen

[Notes to the Consolidated Statement of Changes in Equity]

1. Total number of issued shares and treasury shares

Class of shares	Number of shares at the beginning of the current fiscal year	Number of shares increased in the current fiscal year	Number of shares decreased in the current fiscal year	Number of shares at the end of the current fiscal year
(Issued shares)				
Common shares	148,990,296 shares	—	—	148,990,296 shares
(Treasury shares)				
Common shares (Notes 1, 2, 3)	2,442,006 shares	910,577 shares	1,335,170 shares	2,017,413 shares

Notes: 1. The number of shares increased in treasury shares under common shares is 903,100 shares due to the acquisition of shares through the benefit trust for acquisition and management of stock, 7,073 shares due to the acquisition of shares at no charge under the restricted stock compensation plan, and 404 shares due to the purchase of shares representing less than one unit.

2. The number of shares decreased in treasury shares under common shares is 903,100 shares due to disposal through a third-party allocation to the benefit trust for acquisition and management of stock, 221,600 shares due to the delivery and

sale of shares through the benefit trust for acquisition and management of stock, and 210,470 shares due to the delivery of shares as restricted share-based remuneration.

3. The number of treasury shares under common shares at the end of the current fiscal year includes 1,764,948 shares of the Company held by the benefit trust for acquisition and management of stock.

2. Matters related to dividends of surplus

(1) Cash dividends paid

Resolution	Class of shares	Total amount of dividends (Millions of yen)	Amount of dividends per share (Yen)	Record date	Effective date
Meeting of the Board of Directors held on May 8, 2025	Common shares	4,428	30	March 31, 2025	June 27, 2025

Note: The total amount of dividends paid under the resolution of the Board of Directors held on May 8, 2025 included dividends of 32 million yen for the Company's shares held by the benefit trust for acquisition and management of stock.

(2) Dividends with a record date in the current fiscal year but an effective date in the following fiscal year

Resolution	Class of shares	Source of dividends	Total amount of dividends (Millions of yen)	Amount of dividends per share (Yen)	Record date	Effective date
Meeting of the Board of Directors held on May 14, 2026	Common shares	Retained earnings	4,462	30	March 31, 2026	June 25, 2026

Note: The total amount of dividends paid under the resolution of the Board of Directors held on May 14, 2026 included dividends of 52 million yen for the Company's shares held by the benefit trust for acquisition and management of stock.

[Notes on financial instruments]

1. Status of financial instruments

(1) Policies on handling financial instruments

The Group raises funds required, in line with its capital and investment plans for business operations, mainly through bank loans and issuing corporate bonds and shares.

Temporary surpluses are managed in highly safe and reliable financial assets in accordance with the fund management policies established by the Company.

(2) Descriptions and risks of financial instruments

Notes and accounts receivable - trade, which are operating receivables, are exposed to the credit risk of customers. Securities and investment securities mainly consist of held-to-maturity bonds and stocks held for facilitating transactions with issuers and are exposed to the fluctuation risk of market prices or reasonably calculated prices.

Notes and accounts payable - trade, which are operating payables, and accounts payable - other are mostly due within one year.

Loans payable and lease liabilities on finance lease transactions are financing arrangements for working capital, capital expenditures and business investment.

(3) The Group's risk management system for financial instruments

1) Management of credit risk (risk related to customer default on contracts)

For operating receivables, the Group regularly monitors the financial positions of its main customers and manages the due dates and balances of each customer so as to perceive at an early stage and reduce the risk of uncollectable amounts due to declining financial position or other reasons.

For held-to-maturity bonds, credit risk is immaterial as the Group holds only bonds with high credit ratings in accordance with fund management policies.

2) Management of market risk (fluctuation risk of interest rate, market price, etc.)

The Group's policy is to use interest rate swaps to mitigate the fluctuation risk of interest rates on loans payable.

The Group continuously reviews its portfolio by regularly checking the fair values and the financial situations of the issuers for securities and investment securities, and considering relationships with the issuers for those other than held-to-maturity securities.

Foreign currency-denominated deposits are exposed to a risk of fluctuations in foreign exchange rates. These deposits, however, are hedged by using forward exchange contracts, currency swaps, currency options, etc. in accordance with the Company's Rules on Management of Derivatives Transactions.

3) Management of liquidity risk on financing (risk that the Group fails to pay on due date)

The Company introduced a cash management system. For consolidated subsidiaries that participate in the cash management system, liquidity risk is managed by preparing and updating the funding plan in a timely manner based on reports from the cash management system.

Liquidity risk is also managed by maintaining an appropriate level of liquidity on hand. For consolidated subsidiaries that do not participate in the cash management system, the Group conducts flexible group financing to meet their funding needs.

(4) Supplemental information on fair values of financial instruments

Fair values of financial instruments are calculated using variable factors, using different assumptions may result in different values.

2. Fair values of financial instruments

Amounts stated in the consolidated balance sheet, fair values and the differences between them are as shown in the table below.

Cash and deposits, notes receivable - trade, securities, deposits paid, notes and accounts payable - trade, short-term borrowings, accounts payable - other, income taxes payable, and deposits received are settled in a short period of time, and thus their fair values are approximately the same as their book values. As a result, they have been omitted herein.

(Millions of yen)

	Amounts stated in the consolidated balance sheet	Fair value	Difference
Accounts receivable - trade	75,995	74,954	(1,041)
Investment securities	19,240	19,240	—
Total assets	95,235	94,194	(1,041)
Long-term borrowings (including current portion)	10,812	10,855	43
Total liabilities	10,812	10,855	43

Notes: 1. Shares without a quoted market price are not included in "investment securities." Amounts of the financial instruments stated in the consolidated balance sheet are as shown in the table below.

(Millions of yen)

Classification	Amount stated in the consolidated balance sheet
Non-listed shares	11,375

2. Notations are omitted for capital contributions to partnerships and other similar entities stated as net values corresponding to equity in the balance sheet. Amounts of the financial instruments stated in the consolidated balance sheet are as shown in the table below.

(Millions of yen)

Classification	Amount stated in the consolidated balance sheet
Capital contributions to limited partnerships for investment, etc.	167

3. Redemption schedule for monetary claims and securities with maturities after the consolidated closing date

(Millions of yen)

	Within 1 year	Over 1 year through 5 years	Over 5 years through 10 years	Over 10 years
Cash and deposits	115,957	—	—	—
Notes receivable - trade	1,632	—	—	—
Accounts receivable - trade	66,197	9,475	322	—
Deposits paid	284	—	—	—
Securities and investment securities				
Available-for-sale securities with maturities	829	15	—	—
Total	184,902	9,491	322	—

4. Repayment schedule for long-term borrowings after the consolidated closing date

(Millions of yen)

	Within 1 year	Over 1 year through 2 years	Over 2 years through 3 years	Over 3 years through 4 years	Over 4 years through 5 years	Over 5 years
Long-term borrowings (including current portion)	10,153	135	106	92	19	304
Total	10,153	135	106	92	19	304

3. Breakdown of fair values of financial instruments for levels

Fair values of financial instruments are classified into the following three levels in accordance with the observability and importance of inputs for fair value calculation.

Level 1 fair value: A type of fair value calculated on the basis of a quoted market price of an asset or liability targeted by a calculation of a fair value formed on an active market, among inputs for calculating a fair value able to be observed.

Level 2 fair value: A type of fair value calculated by using inputs for calculating a fair value other than level 1 inputs, among inputs for calculating a fair value able to be observed.

Level 3 fair value: A type of fair value calculated by using inputs for calculating a fair value not able to be observed.

If using multiple inputs having significant effects on fair value calculation, the fair value is classified into the lowest level in order of priority for fair value calculation, among levels to which the inputs belong individually.

(1) Financial instruments stated at fair value in the consolidated balance sheet

(Millions of yen)

Classification	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Shares	19,207	—	—	19,207
Bonds and other	—	32	—	32
Total assets	19,207	32	—	19,240

(2) Financial instruments other than those stated at fair value in the consolidated balance sheet

(Millions of yen)

Classification	Fair value			
	Level 1	Level 2	Level 3	Total
Accounts receivable - trade	—	74,954	—	74,954
Total assets	—	74,954	—	74,954
Long-term borrowings (including current portion)	—	10,855	—	10,855
Total liabilities	—	10,855	—	10,855

Note: Description of a valuation method used for calculation and inputs for fair value calculation

Investment securities

Listed investment securities are calculated by using quoted market prices on an active market, and their fair values are classified into level 1. Bonds and other are calculated based on the prices provided by the Company's partner financial institutions, etc., and are classified into Level 2.

Accounts receivable - trade

Accounts receivable are present value calculated by discounting at the risk-free rate the amount expected to be received, classified by certain periods of time, and their fair values are classified into level 2.

Long-term borrowings (including current portion)

Fair values of long-term borrowings (including current portion) are present value calculated by discounting principal and interest classified on the basis of individual loan contracts by the interest rate that would be charged for a new similar borrowing, and their fair values are classified into level 2.

[Notes on revenue recognition]

1. Breakdown of revenue from contracts with customers

(Millions of yen)

	Reportable segments					Others	Total
	Publication/ IP Creation	Animation /Film	Gaming	Web Services	Education/ EdTech		
Principal regional markets							
Japan	124,397	33,745	16,248	20,196	17,162	12,602	224,353
United States	11,545	10,015	8,589	—	—	174	30,325
Asia	14,851	2,510	1,537	—	—	1,812	20,711
Others	2,849	947	3,261	—	—	126	7,184
Revenue from contracts with customers	153,644	47,218	29,636	20,196	17,162	14,716	282,575
Principal lines of goods or services							
Paper books, magazines and Internet media	83,482	—	—	—	—	—	83,482
E-books and e-magazines	61,035	—	—	—	—	—	61,035
Animation/Film	—	47,218	—	—	—	—	47,218
Gaming	—	—	29,636	—	—	—	29,636
Web Services	—	—	—	20,196	—	—	20,196
Education/EdTech	—	—	—	—	17,162	—	17,162
Others	9,127	—	—	—	—	14,716	23,844
Revenue from contracts with customers	153,644	47,218	29,636	20,196	17,162	14,716	282,575
Other revenue (Note)	2	—	—	—	—	331	333
Revenues from external customers	153,646	47,218	29,636	20,196	17,162	15,048	282,908

Note: Other revenue includes rent revenue in accordance with the Accounting Standard for Lease Transactions (ASBJ Statement No. 13, issued on March 30, 2007).

2. Information serving as the basis for understanding revenue from contracts with customers

Information serving as the basis for understanding revenue from contracts with customers is omitted here as such information is provided in "(4) Accounting policies for recognition of revenue and expenses" subsection of "4. Accounting policies" of "[Significant information for the preparation of consolidated financial statements, etc.]" of Notes to the Consolidated Financial Statements.

3. Information with which to understand revenue amounts for the current fiscal year and the next fiscal year and thereafter

(1) Balances of contract assets and contract liabilities

- 1) Balance of receivables that stemmed from contracts with customers and balances of contract assets and contract liabilities

(Millions of yen)	
Classification	Current fiscal year
Balance of receivables that stemmed from contracts with customers (beginning balance)	69,586
Balance of receivables that stemmed from contracts with customers (ending balance)	77,628
Contract assets (beginning balance)	1,671
Contract assets (ending balance)	3,181
Contract liabilities (beginning balance)	16,647
Contract liabilities (ending balance)	17,800

- 2) Revenue recognized for the current fiscal year that had been included in a beginning balance of contract liabilities

Revenue recognized for the current fiscal year that had been included in a beginning balance of contract liabilities was 16,647 million yen.

- 3) Description of any material change in balances of contract assets and contract liabilities for the current fiscal year

No material change occurred.

- 4) Explanation on how ordinary payment timing is related to timing of performance obligation being satisfied and on the effect of such a factor on balances of contract assets and contract liabilities

Contract assets are related to contract development operations for game software mainly in the Gaming Segment. The performance obligation is to conduct a development service contracted out by customers and deliver software, and the Company generates customer assets in accordance with the service progress, so revenue and contract assets are recognized in accordance with a progress rate estimated by using the cost-to-cost method. They are received within several months after the right to a consideration becomes unconditional following a satisfaction of performance obligation. They are occasionally received prior to satisfaction of a performance obligation and are recognized as contract liabilities.

Contract liabilities are advances received from course takers in relation to their annual education course fees mainly in the Education/EdTech Segment. The performance obligation is to provide lectures, etc. to course takers who are customers, and such obligation is satisfied usually over a period of the contract, so revenue is recognized over the contract period.

- 5) Revenue recognized for the current fiscal year from performance obligation satisfied (or satisfied partially) in previous periods

The amount of revenue recognized from performance obligations satisfied in previous periods is immaterial for the current fiscal year.

- (2) Transaction price allocated to unsatisfied performance obligations

In stating notes on transaction prices allocated to an unsatisfied performance obligation, the Group applies a convenient method for practical purposes, and excludes contracts initially predicted to last one year or less from the notes as well as royalties based on net sales or usage volume out of the various types of licensing for IPs held by the Group. The unsatisfied (or partially unsatisfied) performance obligation at the end of the current fiscal year was 8,733 million yen. The performance obligation is mainly related to contract development operations for game software in the Gaming Segment and contract production operations in Animation/Film Segment, and is forecast to be recognized as revenue within two years after the last day of the fiscal year.

[Per share information]

- | | |
|-------------------------|--------------|
| 1. Net assets per share | 1,667.01 yen |
| 2. Profit per share | 8.71 yen |

Note: In the calculation of net assets per share, the Company's shares held by the benefit trust for acquisition and management of stock (1,764 thousand shares in the current fiscal year) are included in treasury shares, which are deducted in calculating the number of shares outstanding at the end of the fiscal year. In addition, in the calculation of profit per share, the said shares are included in treasury shares (1,054 thousand shares in the current fiscal year), which are deducted in calculating the average number of shares during the fiscal year.

[Business combinations]

Business combination through acquisition

(Acquisition of Shares in Edizioni BD S.r.l., Making It a Subsidiary)

1. Outline of the business combination

(1) Name and business of acquired company

Name of the acquired company: Edizioni BD S.r.l. (hereinafter "Edizioni BD")

Business description: Translation and publication of manga, light novels, etc. (Label name: J-POP)

(2) Main reasons for the business combination

The Group has been strengthening and expanding the business foundations of its overseas bases under its fundamental strategy of enhancing its global media mix with technology, primarily by consistently creating a diverse portfolio of intellectual property (IP) and rolling it out globally.

Established in 2005, Edizioni BD operates a business of translating manga and light novels into Italian and publishing them in Milan, Italy. At present, it publishes nearly 500 book titles a year and locally has a solid base of fans of Japanese content.

Moving forward, via Edizioni BD, the Company will focus on translating and publishing a wide range of Japanese manga titles, which are not limited to its own titles, and work proactively on the provision of novels, including untapped Japanese light novels, and related products. In addition, the Company will expand its business in Europe overall by strengthening cooperation with the Group's other overseas bases, including those in France as a neighboring country.

(3) Date of business combination

May 23, 2025 (deemed acquisition date: May 31, 2025)

(4) Legal form of business combination

Acquisition of equity interests in consideration for cash

(5) Name of the company after business combination

There is no change in the company name after business combination.

(6) Percentage share of voting rights acquired

Percentage share of voting rights after the acquisition: 70%

(7) Main reason for the decision to acquire the company

Availability to the Company of the method of equity acquisition in exchange for cash.

2. Period of financial results of the acquired company included in the consolidated financial statements

The deemed acquisition date is May 31, 2025. The difference between the ends of the consolidated fiscal years of the Company and the acquired company is less than three months, so the results of the acquired company from June 1 to December 31, 2025 are included in the consolidated financial statements.

3. Costs of the acquisition of acquired company and breakdown by type of consideration

Consideration: Cash 3,152 million yen

Accounts payable - other 67 million yen

Long-term accounts payable - other 338 million yen

Acquisition cost 3,558 million yen

4. Goodwill arising from the business combination, reason for the goodwill, and method and period of amortization

(1) Amount of goodwill

2,328 million yen

(2) Reason for the goodwill

The reason is future additional earnings power that is expected from future business development.

(3) Method and period of amortization

Amortization over an 11-year period on a straight-line basis

5. Amounts of assets accepted and liabilities assumed on the date of business combination, and a breakdown of their main components

Current assets 2,040 million yen

Non-current assets 402 million yen

Total assets 2,442 million yen

Current liabilities 659 million yen

Non-current liabilities 26 million yen

Total liabilities 685 million yen

(Acquisition of Shares in SOZO Pte. Ltd., Making it a Subsidiary)

1. Outline of the business combination

(1) Name and business of acquired company

Name of the acquired company: SOZO Pte. Ltd. (Singapore; hereinafter "SOZO")

Business description: Hosting large events featuring anime, comic books, games, and music in Southeast Asia, organizing concerts for Japanese artists in the region, holding exhibitions of intellectual property, and selling merchandise

(2) Main reasons for the business combination

The Group has been strengthening and expanding the business foundations of its overseas bases under its fundamental strategy of enhancing its global media mix with technology, primarily by consistently creating a diverse portfolio of intellectual property (IP) and rolling it out globally.

SOZO is a leading company in Southeast Asia in the promotion of Japanese entertainment content and platforms. SOZO's core business is planning and managing large-scale events, including Anime Festival Asia ("AFA"), one of the largest animation events in Southeast Asia. The company operates in various sectors of the entertainment industry. Its activities include the production of performances by top Japanese artists in Southeast Asia, the hosting of exhibitions and events that showcase popular anime and other works, and the development and distribution of related merchandise.

SOZO's integration as a subsidiary of the Group enhances the Group's ability to host large-scale animation events, such as AFA, and organize various live events, including concerts and performances featuring songs from anime and IP events. Additionally, the Group plans to develop D2C (Direct to Consumer) business models. Through these initiatives, the Group aims to increase recognition of its intellectual property, increase revenue by establishing a comprehensive media mix, and improve communication capabilities for the promotion of Japanese content, including the Company's content. The Group will also focus on initiatives to promote diverse talent in the Asian market by encouraging creators and artists associated with the streaming social network service niconico to perform internationally and participate in large-scale events.

(3) Date of business combination

November 14, 2025 (deemed acquisition date: October 31, 2025)

(4) Legal form of business combination

Acquisition of shares in exchange for cash

(5) Name of the company after business combination

There is no change in the company name after business combination.

(6) Percentage share of voting rights acquired

Percentage share of voting rights after the acquisition: 80%

(7) Main reason for the decision to acquire the company

Availability to the Company of the method of share acquisition in exchange for cash.

2. Period of financial results of the acquired company included in the consolidated financial statements

The deemed acquisition date is October 31, 2025. The difference between the ends of the consolidated fiscal years of the Company and the acquired company is less than three months, so the results of the acquired company from November 1 to December 31, 2025 are included in the consolidated financial statements.

3. Costs of the acquisition of acquired company and breakdown by type of consideration

Consideration: Cash	2,299 million yen
Acquisition cost	2,299 million yen

The content industry is a rapidly expanding growth industry that transcends borders. On the other hand, there is a progressing polarization in demand structure, making the establishment of a lean organization and cost management essential for healthy business growth. In light of this business environment, we have resolved to implement a special early retirement program to support our employees, who have contributed to the Company's development, in exercising their experience and skills acquired at the Company to thrive in new fields, while also advancing the restructuring of our organizational framework.

2. Overview of special early retirement program

1) Eligible persons	Current Company employees who belong to a certain job grade, who are 45 years or older, and have been with the Company for five or more years as of July 31, 2026
2) Target number of applicants	Not set
3) Application period	From June 1, 2026 to June 26, 2026 (planned)
4) Retirement date	July 31, 2026 (planned)
5) Incentives	An extra retirement payment will be added to the standard retirement payment. Support for outplacement will also be provided to those who wish to receive it.

3. Impact on business performance

Extra retirement payments arising from this solicitation are scheduled to be recorded as extraordinary losses in the fiscal year ending March 31, 2027. Since the number and breakdown of applicants are currently not yet finalized, we will announce the impact on the performance forecast as soon as they are finalized.

[Other notes]

1. Consolidated Statement of Income

Amortization of goodwill

The amortization of goodwill recorded as an extraordinary loss refers to the amortization of goodwill related to an impairment loss on shares in a consolidated subsidiary in accordance with paragraph 32 of the Practical Guidelines on the Capital Consolidation Procedure in Consolidated Financial Statements (ASBJ Transferred Guidance No. 4, July 1, 2024).

2. The figures in this document are rounded down to the nearest one million yen.

Non-consolidated Balance Sheet

(As of March 31, 2026)

Item	Amount	Item	Amount
(Assets)	Millions of yen	(Liabilities)	Millions of yen
Current assets	204,303	Current liabilities	175,549
Cash and deposits	100,778	Notes payable - trade	2,899
Notes receivable - trade	1,581	Accounts payable - trade	25,654
Accounts receivable - trade	55,596	Accounts payable - other	9,700
Inventories	31,706	Income taxes payable	352
Prepaid expenses	1,569	Contract liabilities	1,383
Short-term loans receivable	3,216	Deposits received	126,951
Accounts receivable - other	7,163	Provision for bonuses	2,360
Other	4,060	Refund liabilities	5,064
Allowance for doubtful accounts	(1,369)	Provision for share-based remuneration	97
Non-current assets	122,806	Provision for share-based remuneration for directors (and other officers)	224
Property, plant and equipment	48,960	Other	861
Buildings	24,911	Non-current liabilities	2,806
Structures	277	Deferred tax liabilities	1,307
Machinery and equipment	2,863	Provision for retirement benefits	336
Tools, furniture and fixtures	776	Other	1,162
Land	20,063		
Construction in progress	55	Total liabilities	178,356
Other	12		
Intangible assets	6,120	(Net assets)	
Software	4,906	Shareholders' equity	139,202
Software in progress	1,163	Share capital	65,613
Other	50	Capital surplus	63,987
Investments and other assets	67,725	Legal capital surplus	35,613
Investment securities	25,250	Other capital surplus	28,374
Shares of subsidiaries and associates	36,998	Retained earnings	14,441
Investments in capital of subsidiaries and associates	258	Other retained earnings	14,441
Long-term loans receivable	1,219	Retained earnings brought forward	14,441
Insurance funds	1,828	Treasury shares	(4,838)
Guarantee deposits	1,528	Valuation and translation adjustments	9,550
Other	746	Valuation difference on available-for-sale securities	9,550
Allowance for doubtful accounts	(106)		
Total assets	327,109	Total net assets	148,753
		Total liabilities and net assets	327,109

Non-consolidated Statement of Income

(April 1, 2025 through March 31, 2026)

Item	Amount	
	Millions of yen	Millions of yen
Net sales		132,304
Cost of sales		95,803
Gross profit		36,500
Selling, general and administrative expenses		46,065
Operating loss		9,565
Non-operating income		
Interest income	1,012	
Dividend income	2,813	
Foreign exchange losses	600	
Gain on sales of goods	90	
Other	273	4,790
Non-operating expenses		
Interest expenses	550	
Provision of allowance for doubtful accounts	1,022	
Other	55	1,628
Ordinary loss		6,403
Extraordinary income		
Gain on sales of investment securities	1,792	
Other	101	1,894
Extraordinary losses		
Loss on retirement of non-current assets	136	
Loss on valuation of investment securities	56	
Loss on valuation of shares of subsidiaries and associates	3,566	
Other	119	3,879
Loss before income taxes		8,388
Income taxes - current	(1,096)	
Income taxes - deferred	2,084	988
Loss		9,376

Non-consolidated Statement of Changes in Equity

(April 1, 2025 through March 31, 2026)

(Millions of yen)

	Shareholders' equity					
	Share capital	Capital surplus			Retained earnings	
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings
Balance at beginning of period	65,613	35,613	28,138	63,751	28,246	28,246
Changes during period						
Dividends of surplus					(4,428)	(4,428)
Loss					(9,376)	(9,376)
Purchase of treasury shares						
Disposal of treasury shares			235	235		
Net changes in items other than shareholders' equity						
Total changes during period	–	–	235	235	(13,805)	(13,805)
Balance at end of period	65,613	35,613	28,374	63,987	14,441	14,441

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	(5,619)	151,991	14,040	14,040	166,032
Changes during period					
Dividends of surplus		(4,428)			(4,428)
Loss		(9,376)			(9,376)
Purchase of treasury shares	(2,936)	(2,936)			(2,936)
Disposal of treasury shares	3,717	3,952			3,952
Net changes in items other than shareholders' equity			(4,490)	(4,490)	(4,490)
Total changes during period	780	(12,789)	(4,490)	(4,490)	(17,279)
Balance at end of period	(4,838)	139,202	9,550	9,550	148,753

Notes to the Non-consolidated Financial Statements

[Significant accounting policies]

1. Valuation basis and methods for assets

(1) Valuation basis and methods for securities

1) Shares of subsidiaries and associated companies

Cost method by the moving-average method

2) Available-for-sale securities

Available-for-sale securities other than shares without a quoted market price

Fair value method (The valuation difference is accounted for using the direct net asset adjustment method, and the cost of securities sold is determined by the moving-average method.)

Available-for-sale securities such as shares without a quoted market price

Cost method by the moving-average method

(2) Valuation basis and methods for inventories

1) Merchandise, finished goods, raw materials and supplies

Mainly cost method determined by the average cost method (Balance sheet amounts are calculated by reducing book values as a result of lowered profitability.)

2) Distribution rights, production and work in process

Mainly cost method determined by the specific identification method (Balance sheet amounts are calculated by reducing book values as a result of lowered profitability.)

The costs of distribution rights and production (theater films) are allocated to the cost of production using a special amortization rate (amortized over 10 months) according to the same standard provided for in the Corporation Tax Act.

2. Depreciation method for non-current assets

(1) Property, plant and equipment

Straight-line method

The major useful lives of property, plant and equipment are as follows:

Buildings and structures: 2–60 years

Machinery and equipment: 6–12 years

Tools, furniture and fixtures: 2–20 years

(2) Intangible assets

Straight-line method

Software for internal use is amortized over the expected available periods (5 years).

3. Accounting policies for provisions

(1) Allowance for doubtful accounts

An allowance for doubtful accounts is provided for possible bad debt at an estimated amount based on past bad debt experience for general receivables, and at the uncollectible amounts determined by reference to the collectability for individual cases for doubtful receivables and other specific receivables.

(2) Provision for bonuses

Bonuses to employees are accrued at the fiscal year end to which such bonuses are attributed.

(3) Provision for share-based remuneration

In order to prepare for granting stock benefits to employees of the Company in accordance with internal share delivery rules, the estimated value of stock benefit liabilities at the end of the current fiscal year is recorded.

(4) Provision for share-based remuneration for directors (and other officers)

In order to prepare for granting stock benefits to directors and chief officers of the Company in accordance with internal share delivery rules, the estimated value of stock benefit liabilities at the end of the current fiscal year is recorded.

(5) Provision for retirement benefits

In order to prepare for the payment of retirement benefits to employees, the amount recognized to have accrued at the end of the current fiscal year is recorded based on the projected amount of retirement benefit obligations and plan assets at the end of the current fiscal year.

Past service costs were amortized by the straight-line method over a certain period (5 years) within the average remaining service period of employees when incurred.

Actuarial gains or losses are amortized equally over a certain period (5 years) within the average remaining service period of employees from the fiscal year following the fiscal year when such gains or losses have occurred.

In calculating retirement benefit obligations, the benefit formula basis is applied as the method for attributing projected retirement benefits to the period up to the end of the current fiscal year.

4. Accounting policies for recognition of revenue and expenses

The details of the main performance obligations stemming from the primary businesses that generate revenue from contracts with clients and the normal timing for satisfying those performance obligations (normal timing for recognizing the revenue) are as follows.

(1) Publication/IP Creation Segment

In the Publication/IP Creation Segment, the Company conducts sales of books, magazines, e-books, and e-magazines, sales of magazine and web advertisements, and licensing.

For sales of books, etc., the customer obtains control and deems the performance obligation to be satisfied upon delivery, so revenue is recognized mainly at the time of delivery. In the Publication/IP Creation Segment, the Company carries out sales with contractual terms stating that publications that have been distributed to agencies and bookstores can be returned (sales with a return condition). As return amounts are thought to be variable considerations, in calculating a consideration to which the Company will likely be entitled, refund liabilities are recorded in an estimated future return amount using historical rates of returns, and the recorded refund liabilities are deducted from revenue.

For sales of magazine advertising, the Company provides an advertisement service in which no contract period is specified for customers and is obligated to post an advertisement in a specific magazine. Therefore, revenue is recognized when magazine copies, etc. showing an advertisement are placed at a shop space, enabling consumers to buy and read them on a date of sale (date of issue) since that time is judged to be the time at which the performance obligation is satisfied.

For sales of web advertising, in period guarantee-based advertising service, the Company is obligated to keep posting an advertisement over a period stipulated in a contract. Such performance obligation is satisfied in proportion to the passage of time, and revenue is recognized over the contract period.

(2) Animation/Film Segment

The Animation/Film Segment includes planning, production and distribution of animated cartoons and live-action videos, video distribution licensing, and sales of video package software.

For production of video works, revenue is recognized when a deliverable is handed over to the customer or when it inspects the deliverable in accordance with the contract with the customer, which includes production management fees as the underwriter in a production committee system, since the performance obligation of importance is judged to be satisfied at the time.

For distribution associated with video works distributed by the Company, revenue is recognized when its amount is able to be measured reliably, such as the time at which a report from a distribution company is provided, and uncertainty associated with the amount of consideration is resolved.

For sales of video package software, when goods are delivered, the customer obtains control over the goods and deems the performance obligation to be satisfied, so revenue is recognized mainly at the time of delivery of goods.

(3) Gaming Segment

The Gaming Segment includes planning, development, sales and licensing of game software and internet games.

For sales of game software packages, when goods are delivered to the customer or are downloaded, the customer obtains control over the goods and deems the performance obligation to be satisfied, so revenue is recognized mainly at the time of delivery.

Each of the business segments above provides customers with various types of licensing for IPs held by the Company. In light of the quality of promise made in providing licensing to a customer, it is deemed that the customer is essentially allowed to obtain benefit from the license by instructing its use in a transaction judged to involve a use right. For this reason, revenue is recognized after taking into account the time when provision of materials and service expected of the Company under contract will be completed. For royalties based on sales or usage, revenue is recognized at the time when uncertainty associated with the amount of consideration is resolved.

Transaction considerations for business operations done by the Company are primarily settled in a short period of time and do not involve any significant financial factor.

5. Other significant information for the preparation of non-consolidated financial statements

The group tax sharing system was applied.

[Changes in presentation]

(Non-consolidated balance sheet)

Software in progress, which had been included in "Other" under intangible assets until the previous fiscal year, is separately presented from the current fiscal year due to its increased importance in terms of amount.

Software in progress amounted to 403 million yen in the previous fiscal year.

Long-term loans receivable included in "Other" under investments and other assets until the previous fiscal year, are separately presented from the current fiscal year due to their increased importance in terms of amount.

Long-term loans receivable amounted to 680 million yen in the previous fiscal year.

[Significant accounting estimates]

1. Refund liabilities

The amount of refund liabilities recorded in the non-consolidated balance sheet at the end of the current fiscal year was 5,064 million yen. The calculation method and significant assumptions used for calculation of refund liabilities and impact on the non-consolidated financial statements in the following fiscal year are omitted here as such information is provided in the "Notes on significant accounting estimates" subsection of the "Notes to the Consolidated Financial Statements" of the Consolidated Financial Statements.

2. Valuation of non-listed shares

(1) Amount recorded in the non-consolidated financial statements of the current fiscal year

Investment securities	6,044 million yen
Shares of subsidiaries and associates	36,998 million yen
Loss on valuation of investment securities	12 million yen
Loss on valuation of shares of subsidiaries and associates	3,566 million yen

(2) Information on description of significant accounting estimates for identified items

The method of valuation of non-listed shares and the major assumptions used for that valuation are omitted here as such information is provided in the "Significant accounting estimates" subsection of the "Notes to the Consolidated Financial Statements."

The 3,566 million yen in loss on valuation of shares of subsidiaries and associates during the current fiscal year pertains to an impairment primarily due to consideration of matters including the performance of Doga Kobo inc. and its future outlook.

[Additional information]

(ESOP for employees and share-based compensation plan for directors)

Details regarding ESOP for employees and share-based compensation plan for directors are omitted here as such information is provided in the "Additional information" subsection of the "Notes to the Consolidated Financial Statements" of the Consolidated Financial Statements.

[Notes to the Non-consolidated Balance Sheet]

1. Accumulated depreciation of property, plant and equipment 16,502 million yen
2. The Company's monetary claims against, and monetary liabilities for, its subsidiaries and associated companies
 - (1) Short-term monetary claims 22,455 million yen
 - (2) Long-term monetary claims 1,219 million yen
 - (3) Short-term monetary liabilities 128,398 million yen
 - (4) Long-term monetary liabilities 23 million yen
3. Guarantee obligation

The guarantee obligations for borrowings, etc. from financial institutions for corporations other than consolidated companies are as follows.

KADOKAWA DWANGO educational institute	11,262 million yen
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[Notes to the Non-consolidated Statement of Income]

Transactions with subsidiaries and associated companies

(1) Net sales	44,360 million yen
(2) Cost of sales	9,045 million yen
(3) Selling, general and administrative expenses	3,649 million yen

(4) Transactions that are not business transactions

- 1) Amount resulting from non-business transactions (income) 2,355 million yen
- 2) Amount resulting from non-business transactions (payments) 524 million yen

[Notes to the Non-consolidated Statement of Changes in Equity]

Number of treasury shares

Class of shares	Number of treasury shares at the beginning of the current fiscal year	Number of treasury shares increased in the current fiscal year	Number of treasury shares decreased in the current fiscal year	Number of treasury shares at the end of the current fiscal year
Common shares	2,442,006 shares	910,577 shares	1,335,170 shares	2,017,413 shares

- Notes: 1. The number of shares increased in treasury shares under common shares is 903,100 shares due to the acquisition of shares through the benefit trust for acquisition and management of stock, 7,073 shares due to the acquisition of shares at no charge under the restricted stock compensation plan, and 404 shares due to the purchase of shares representing less than one unit.
2. The number of shares decreased in treasury shares under common shares is 903,100 shares due to disposal through a third-party allocation to the benefit trust for acquisition and management of stock, 221,600 shares due to the delivery and sale of shares through the benefit trust for acquisition and management of stock, and 210,470 shares due to the delivery of shares as restricted share-based remuneration.
3. The number of treasury shares under common shares at the end of the current fiscal year includes 1,764,948 shares of the Company held by the benefit trust for acquisition and management of stock.

[Notes on tax effect accounting]

Deferred tax assets accrued mainly for shares of subsidiaries and associates, inventories, refund liabilities, and impairment losses, etc., and deduct valuation allowance. Deferred tax liabilities accrued mainly for valuation difference on available-for-sale securities, gain on valuation of land, and gain on valuation of investment securities.

The Company has applied the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (ASBJ Practical Solution No. 42, issued on August 12, 2021) that stipulates accounting and disclosure for income tax, local income tax, and tax effect accounting for cases where the group tax sharing system is applied.

[Notes on transactions with related parties]

1. Subsidiaries and associated companies, etc.

Type	Name	Location of headquarters	Share capital (Millions of yen)	Business	Ratio of voting rights, etc., owning (owned) (%)	Relations	Transactions	Amount of transactions (Millions of yen)	Account item	Year-end balance (Millions of yen)
Subsidiary	DWANGO Co., Ltd.	Chuo-ku, Tokyo	100	Web Services Segment and Education/ EdTech Segment Sales and agency of e-books, etc.	(Owner) Direct ownership: 100.0	Officers serving concurrently Deposit of funds Rights authorization for e-books, etc.	Sales related to e-books, etc.	42,879	Accounts receivable - trade	13,801
							Deposit of funds	18,421	Deposits received	21,890
	FromSoftware, Inc.	Shinjuku-ku, Tokyo	18,468	Planning, development and sales of game software, etc.	(Owner) Direct ownership: 69.7	Deposit of funds	Deposit of funds	67,560	Deposits received	71,338
	Vantan Inc.	Chuo-ku, Tokyo	90	Operation of schools specializing in the creative field, etc.	(Owner) Indirect ownership: 100.0	Deposit of funds	Deposit of funds	11,457	Deposits received	13,930

Notes: The terms of transactions, the policy for determining the terms of transactions, etc.

1. Deposit of funds is a transaction through a cash management system, and the amount of transactions represents an average balance during the fiscal year. Interest rate is determined reasonably in consideration of market interest rates.
2. Sales of e-books are determined through negotiations in consideration of market prices.

2. Fellow subsidiaries, etc.

Attribute	Name	Location	Share capital (Millions of yen)	Business	Ratio of voting rights, etc., owning (owned) (%)	Relations	Transactions	Amount of transactions (Millions of yen)	Account item	Year-end balance (Millions of yen)
Companies, etc. (incl. subsidiaries of such companies, etc.) in which a major shareholder (company, etc.) owns the majority of the voting rights	Crunchyroll, LLC	California, U.S.	—	Anime distribution service	—	Rights authorization for overseas distribution rights	Sales, etc. related to overseas distribution rights	7,595	Accounts receivable - trade	13,276

Note: The terms of transactions, the policy for determining the terms of transactions, etc.

Sales, etc. related to overseas distribution rights are determined through negotiation, taking into account the market price.

[Notes on revenue recognition]

Notes on information serving as the basis for understanding revenue from contracts with customers are omitted here as such information is provided in "4. Accounting policies for recognition of revenue and expenses" subsection of the "[Significant accounting policies]" of the "Notes to the Non-consolidated Financial Statements" of Non-consolidated Financial Statements.

[Per share information]

1. Net assets per share 1,012.11 yen
2. Loss per share (63.86) yen

Note: In the calculation of net assets per share, the Company's shares held by the benefit trust for acquisition and management of stock (1,764 thousand shares in the current fiscal year) are included in treasury shares, which are deducted in calculating the number of shares outstanding at the end of the fiscal year.

In addition, in the calculation of loss per share, the Company's shares above are included in treasury shares (1,054 thousand shares in the current fiscal year), which are deducted in calculating the average number of shares during the fiscal year.

[Notes on significant subsequent events]

Implementation of a special early retirement program

At a Board of Directors meeting held on May 14, 2026, the Company resolved to implement a special early retirement program for Company employees. Details of this matter are omitted here as such information is provided in the "Implementation of a special early retirement program" subsection of "Notes on significant subsequent events" of the "Notes to the Consolidated Financial Statements" of Consolidated Financial Statements.

[Other notes]

The figures in this document are rounded down to the nearest one million yen.

Independent Auditor's Report (Translation)

May 27, 2026

The Board of Directors
KADOKAWA CORPORATION

Ernst & Young ShinNihon LLC
Tokyo, Japan

Shigeyoshi Sato
Designated Engagement Partner
Certified Public Accountant

Keiichi Wakimoto
Designated Engagement Partner
Certified Public Accountant

Opinion

Pursuant to Article 444, paragraph 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets, and notes to the consolidated financial statements of KADOKAWA CORPORATION and its consolidated subsidiaries (the Group) applicable to the fiscal year from April 1, 2025 to March 31, 2026.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position and results of operations of the Group applicable to the fiscal year ended March 31, 2026, in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan (including the provisions applicable to audits of financial statements of public interest entities), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The other information comprises the information included in the Group's business report and its supplementary schedules. Management is responsible for preparation and disclosure of the other information. The Audit Committee is responsible for overseeing the Group's reporting process of the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the consolidated financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report as required by the Companies Act of Japan for the convenience of the reader.

Independent Auditor's Report (Translation)

May 27, 2026

The Board of Directors
KADOKAWA CORPORATION

Ernst & Young ShinNihon LLC
Tokyo, Japan

Shigeyoshi Sato
Designated Engagement Partner
Certified Public Accountant

Keiichi Wakimoto
Designated Engagement Partner
Certified Public Accountant

Opinion

Pursuant to Article 436, Section 2, paragraph 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets, and notes to the financial statements of KADOKAWA CORPORATION (the Company) applicable to the fiscal year from April 1, 2025 to March 31, 2026.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position and results of operations of the Company applicable to the fiscal year ended March 31, 2026, in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan (including the provisions applicable to audits of financial statements of public interest entities), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The other information comprises the information included in the Company's business report and its supplementary schedules. Management is responsible for preparation and disclosure of the other information. The Audit Committee is responsible for overseeing the Company's reporting process of the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and the Audit Committee for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Audit Committee is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the financial statements is not expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report as required by the Companies Act of Japan for the convenience of the reader.

AUDITOR'S REPORT

The Audit Committee has audited the execution of duties by Directors and Chief Officers for the 12th fiscal year from April 1, 2025, to March 31, 2026. The Audit Committee hereby reports the methods and results of the audit as follows:

1. Summary of Auditing Methods and Contents

The Audit Committee received reports periodically from Directors, Chief Officers and employees about the details of Board of Directors' resolutions concerning the matters set forth in Article 416, paragraph 1, item (i) (b) and (e), of the Companies Act, as well as the establishment and application of the internal control systems based on such resolutions, and then requested explanations as necessary, expressed opinions and conducted audits by the following methods.

- 1) In accordance with the auditing policies, duty assignments, and other relevant matters determined by the Audit Committee, each member attended important meetings, received reports from the Directors and Chief Officers regarding the performance of their duties, sought explanations as necessary, inspected significant written approvals and other documents, and examined the status of operations and the condition of assets at the head office and major business locations in cooperation with the Company's internal audit division and internal control division. With respect to subsidiaries, we communicated and exchanged information with Directors and Audit and Supervisory Board Members, etc. of subsidiaries, and obtained reports regarding their operations as necessary.
- 2) Audit Committee Members monitored and verified that the Independent Auditor maintains independence and conducts the audits appropriately. Each Audit Committee Member also received reports on the status of the execution of duties from the Independent Auditor and requested explanation as necessary. In addition, we were informed of the arrangement of the "System for ensuring that the duties are performed appropriately" (matters stipulated in the items of Article 131 of the Regulations of the Corporate Accounting in accordance with "Standards for the Quality Control of Audits" (Business Accounting Council)) from the Independent Auditor and requested explanations as necessary.

In accordance with the procedures mentioned above, we reviewed the business report and accompanying supplemental schedules, the non-consolidated financial statements (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in equity and notes to non-consolidated financial statements), the accompanying supplemental schedules thereto, and the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in equity and notes to consolidated financial statements) for the fiscal year ended March 31, 2026.

2. Results of Audit

(1) Results of Audit of Business Report and Other Relevant Documents

- 1) The business report and accompanying supplemental schedules present fairly the financial condition of the Company in conformity with related laws and regulations and the Articles of Incorporation of the Company.
- 2) Regarding the execution of duties by Directors and Chief Officers, there were no instances of misconduct or material matters in violation of laws and regulations, nor of the Articles of Incorporation of the Company.
- 3) The resolution of the Board of Directors regarding the internal control system is fair and reasonable. There are no matters requiring additional comment regarding the contents of the business report on such internal control and the execution of duties by Directors and Chief Officers.

(2) Results of Audit of Non-consolidated Financial Statements and Accompanying Supplemental Schedules

The auditing methods and results of the Independent Auditor, Ernst & Young ShinNihon LLC, are fair and reasonable.

(3) Results of Audit of Consolidated Financial Statements

The auditing methods and results of the Independent Auditor, Ernst & Young ShinNihon LLC, are fair and reasonable.

May 28, 2026

KADOKAWA CORPORATION Audit Committee

Audit Committee Member	Koichi Kusano
Audit Committee Member	Tadaaki Sugiyama
Audit Committee Member	Ayumi Uzawa
Audit Committee Member	Yu Sasamoto

(Note) Four Audit Committee Members are Outside Directors stipulated in Article 2, item (xv) and Article 400, paragraph 3 of the Companies Act.