Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2025 (Based on Japanese GAAP)

May 8, 2025

Company name:	KADOKAWA CORPORATION	Stock exchange listing: Tokyo	
Stock code:	9468 URL https://group.kadokawa.co.jp/global/ir/		
Representative:	Chief Executive Officer	Takeshi Natsuno	
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Scheduled date of ordinary general meeting of shareholders:	June 26, 2025
Scheduled date to commence dividend payments:	June 27, 2025
Scheduled date to file Securities Report:	June 25, 2025
Preparation of supplementary material on financial results:	Yes
Holding of financial results meeting:	Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(1) Consolidated operating results

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended March 31, 2025	277,915	7.7	16,651	(9.8)	17,742	(12.3)	7,392	(35.1)
Year ended March 31, 2024	258,109	1.0	18,454	(28.8)	20,236	(24.1)	11,384	(10.2)

(Note) Comprehensive income: 16,441 million yen (25.3%) for the year ended March 31, 2025
13,121 million yen (-15.0%) for the year ended March 31, 2024

	Earnings per share	Diluted earnings per share	EBITDA		Profit attributable to owners of parent/equity	Ordinary profit/ total assets	Operating profit/ net sales
	Yen	Yen	Million yen	%	%	%	%
Year ended March 31, 2025	53.87	52.47	24,907	(1.8)	3.4	4.7	6.0
Year ended March 31, 2024	83.42	83.40	25,374	(20.9)	5.8	5.6	7.1

(Reference) Share of loss (profit) of entities accounted for using equity method: 725 million yen for the years ended March 31, 2025
554 million yen for the years ended March 31, 2024

(Note) EBITDA = Operating profit + Depreciation + Amortization of goodwill

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2025	410,029	277,408	60.9	1,704.48
As of March 31, 2024	340,310	212,566	56.0	1,417.63

(Reference) Equity capital: As of March 31, 2025: 249,788 million yen As of March 31, 2024: 190,593 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Million yen	Million yen	Million yen	Million yen
Year ended March 31, 2025	13,841	(8,440)	44,117	129,674
Year ended March 31, 2024	8,298	3,494	(65,800)	79,841

2. Dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Year ended March 31, 2024	–	0.00	–	30.00	30.00	4,065	36.0	2.1
Year ended March 31, 2025	–	0.00	–	30.00	30.00	4,428	55.7	1.9
Year ending March 31, 2026 (Forecast)	–	0.00	–	30.00	30.00		38.6	

3. Forecast of consolidated financial results for the year ending March 31, 2026 (from April 1, 2025 to March 31, 2026)

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share	EBITDA	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen	Million yen	%
Full year	291,900	5.0	16,700	0.3	18,700	5.4	11,400	54.2	77.79	25,500	2.4

* Notes

(1) Significant changes in the scope of consolidation during the period: Yes

New: 2 companies ARCLIGHT, Inc. and Doga Kobo inc. Excluded: –

(Note) For details, please refer to “4. Consolidated Financial Statements and Major Notes (5) Notes to Consolidated Financial Statements (Business Combinations)” on page 18 of the Attachments.

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

(ii) Changes in accounting policies due to other reasons: No

(iii) Changes in accounting estimates: No

(iv) Restatement of prior period financial statements: No

(Note) For details, please refer to “4. Consolidated Financial Statements and Major Notes (5) Notes to Consolidated Financial Statements (Notes on Changes in Accounting Policies)” on page 17 of the Attachments.

(3) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2025	148,990,296 shares	As of March 31, 2024	141,784,120 shares

(ii) Number of treasury shares at the end of the period

As of March 31, 2025	2,442,006 shares	As of March 31, 2024	7,339,245 shares

(iii) Average number of shares during the period

Year ended March 31, 2025	137,236,309 shares	Year ended March 31, 2024	136,469,511 shares

(Reference) Overview of non-consolidated financial results

Non-consolidated financial results for the year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(1) Non-consolidated operating results (Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended March 31, 2025	139,543	0.6	1,230	(67.3)	4,014	(55.8)	3,873	(43.7)
Year ended March 31, 2024	138,777	6.8	3,763	151.5	9,085	77.7	6,877	752.5

	Earnings per share	Diluted earnings per share
	Yen	Yen
Year ended March 31, 2025	28.23	–
Year ended March 31, 2024	50.40	50.39

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2025	346,196	166,032	48.0	1,132.95
As of March 31, 2024	284,855	110,807	38.9	824.19

(Reference) Equity capital: As of March 31, 2025: 166,032 million yen As of March 31, 2024: 110,807 million yen

* The summary of consolidated financial results is not subject to audits by a certified public accountant or an auditing firm.

* Proper use of forecasts of earnings results and other special matters
- Earnings results forecasts and other forward-looking statements contained in this material are based on information available to the Company as of this moment and certain assumptions that are deemed to be reasonable. Therefore, actual results may differ significantly from these forward-looking statements due to various factors. For further details, please refer to “1. Overview of Operating Results and Financial Position (4) Outlook” on page 4 of the Attachments.
- The Company will hold a results briefing on May 8, 2025. The material used at the briefing will be posted on the Company’s website before the briefing takes place.

○ Contents of the Attachments

1. Overview of Operating Results and Financial Position

(1) Overview of Operating Results for the Period under Review

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 fiscal year under review, net sales totaled 277,915 million yen (up 7.7% year-on-year), with operating profit of 16,651 million yen (down 9.8%) and ordinary profit of 17,742 million yen (down 12.3%). The Group posted extraordinary losses of 2,413 million yen in connection to a cyberattack on servers in its data center that was discovered in June last year. These losses included compensation expenses for creators of the Niconico services and expenses related to investigation and restoration. Profit attributable to owners of parent came to 7,392 million yen (down 35.1%).

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 continuously creates over 5,500 new titles a year as an essential source of its media mix strategy. The Company has published more than 130,000 titles. These extensive title archives are a driving force of the KADOKAWA group's growth.
International sales of paper-based books and magazines increased chiefly due to continued strength in sales in Asia and the U.S. Domestically, sales declined primarily due to a decrease in shipments of the backlist, which was primarily attributable to cyberattacks, despite an increase in the number of new IPs. New publications, such as Pan Dorobou (6) (a children's book), Yotsuba&! (16), and The Five Star Stories (18) (comic), contributed to sales. E-books and e-magazines performed well, chiefly sales to stores of other companies, and rights licensing sales increased due in part to the contributions of those for gaming machines.
Although international sales and rights licensing sales rose, profit in the segment declined, largely due to a decrease in profit from domestic paper-based books, including the negative effects of the cyberattack, and continued investment focused on enhancing the ability to create IP for medium- to long-term growth.
Consequently, net sales in this segment came to 151,367 million yen (up 6.6% year on year), while the segment's operating profit declined to 8,372 million yen (down 19.2%).

[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, we achieved further growth over the corresponding period of the preceding fiscal year, which was strong, mainly through domestic and overseas distribution of popular series, especially of 【OSHI NO KO】Season 2 and Re: Zero -Starting Life in Another World Season 3, and rights licensing sales for games and goods. In the Film business, sales remained flat from the previous fiscal year. The contributions of rights licensing sales for the distribution of movies in the previous fiscal year, including KUBI, Let's Go Karaoke!, and Matched, as well as those previously released, were comparable to the significant contributions of these movies in the previous fiscal year.
Operating profit in this segment increased, reflecting the increase in sales of the anime titles above.
Consequently, net sales in this segment came to 51,092 million yen (up 10.9% year on year) with operating profit of 4,729 million yen (up 3.4%).

[Gaming Segment]
The Gaming Segment includes the planning, development, sales and licensing of game software and online games.
Results in this segment were driven powerfully by strong domestic and overseas sales of downloadable content ELDEN RING SHADOW OF THE ERDTREE released by FromSoftware, Inc. and an accompanying increase in repeat sales of ELDEN RING.
Consequently, net sales in this segment came to 33,597 million yen (up 32.5% year on year) with operating profit of 9,538 million yen (up 20.0%).

[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.
During the consolidated fiscal year under review, Niconico's streaming social network services were suspended due to cyberattacks. This had a significant impact and lead to a decline in sales for this segment.
Profit declined due to the significant impact of the sales decrease in streaming social network services, despite improved profitability in planning and managing events as a result of successful cost optimization.
Consequently, net sales in this segment totaled 18,038 million yen (down 15.7% year on year) with operating loss of 998 million yen (compared to operating profit of 362 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 KADOKAWA SCHOOL OF ANIME in April 2024, and the expansion of the areas of operation, and sales rose as a result. DWANGO Co., Ltd.'s N High School and S High School business grew solidly, reflecting a continued increase in student enrollment mainly due to the opening of new campuses for in-person courses.
Operating profit in this segment increased, mainly reflecting the increase in sales.
Consequently, net sales in this segment came to 15,119 million yen (up 12.9% year on year) with operating profit of 2,382 million yen (up 37.9%).

[Others Segment]
In the Others Segment, the Company operates the MD business, which plans and sells character goods and other products, and operates facilities such as TOKOROZAWA SAKURA TOWN.
In the MD business, sales increased primarily due to the strong performance in merchandise sales overseas and online lotteries. In the commercial facility business, IP events performed well in major cities across the country. However, sales remained flat compared to the previous fiscal year, during which the Group established contracts for the management of large-scale events. Sales in the segment decreased, chiefly due to a withdrawal from the purchase and sale of some commercial products in consideration of profitability in other businesses, and a drop in inter-segment internal transactions between functional subsidiaries responsible for digital transformation within the Group.
Losses in the segment were reduced due to an increase in profit in the MD business resulting from the increase of sales and an improvement in earnings in the commercial facility business, which was attributed to decreased depreciation resulting from impairment recorded in the previous fiscal year, as well as continued cost control.
Consequently, net sales in this segment totaled 17,881 million yen (down 11.9% year on year), with an operating loss of 4,204 million yen (compared to operating loss of 4,399 million yen for the corresponding period of the preceding fiscal year).

After the impacts by the cyberattack in June 2024 occurred, the Company worked hard to restore the affected business activities. With these efforts, in the Publication/IP Creation Segment, the volume of shipments of existing publications, which was impacted by the attacks, returned to normal in August. Regarding the Web Services Segment, major services resumed in stages starting in August. In September, nearly all services had returned to normal..

(2) Overview of Financial Position for the Period under Review
Total assets as of March 31, 2025 increased by 69,718 million yen from the end of the previous fiscal year to 410,029 million yen. This primarily reflects an increase in cash and deposits chiefly due to a capital increase through a third-party allotment of new shares and an increase in investment securities owing to an increase in the price of shares held.
Liabilities increased by 4,876 million yen from the end of the previous fiscal year, to 132,621 million yen. This was largely due to increases in contract liabilities and in notes and accounts payable - trade.
Total net assets as of March 31, 2025 increased by 64,841 million yen from the end of the previous fiscal year to 277,408 million yen. This was primarily due to an increase in shareholders' equity resulting from the recording of profit attributable to owners of parent and a third-party share allotment, which offset dividend payments.

(3) Summary of Cash Flows for the Fiscal Year under Review

Net cash provided by operating activities was 13,841 million yen (compared to net cash provided of 8,298 million yen in the corresponding period of the preceding fiscal year) mainly because of the posting of profit before income taxes, which was partially offset by income taxes, among other payments.

Net cash used in investing activities was 8,440 million yen (compared to net cash provided of 3,494 million yen in the corresponding period of the preceding fiscal year) due to purchase of property, plant and equipment and intangible assets, and other cash outflows, which more than offset proceeds from the withdrawal of time deposits and other cash inflows.

Net cash provided by financing activities was 44,117 million yen (compared to net cash used of 65,800 million yen in the corresponding period of the preceding fiscal year), primarily due to proceeds from the issuance of shares.

Consequently, the total provision of cash came to 49,832 million yen (including those associated with foreign currency translation differences), leaving cash and cash equivalents at end of period at 129,674 million yen.

The Group's basic policy is to maintain sufficient liquidity and capital resources for business operations. It maintains working capital of approx. 2.5 times monthly sales as on-hand liquidity and determines a certain amount of on-hand liquidity plus future funding needs as the required level of cash and deposits.

As part of the mid-term management plan leading up to the fiscal year ending March 31, 2028, the Group has set a basic financial policy that aims to maintain an appropriate equity ratio between 50% and 60% to remain financially sound and pursue capital efficiency. The Group sets a medium to long-term goal of achieving a return on equity (ROE) of 12% or more.

(Reference) Trends in cash flow indicators

	Year ended March 31, 2021	Year ended March 31, 2022	Year ended March 31, 2023	Year ended March 31, 2024	Year ended March 31, 2025
Equity ratio	47.2%	52.8%	52.9%	56.0%	60.9%
Equity ratio at market value	102.7%	137.8%	102.8%	104.8%	127.0%
Interest-bearing debt to cash flow ratio	4.2 years	3.0 years	3.8 years	3.1 years	2.0 years
Interest coverage ratio	161.6	211.5	139.5	118.1	186.9

(Notes) 1. The indicators are calculated by the following formulas.

Equity ratio = Equity capital / Total assets

Equity ratio at market value = Total market capitalization / Total assets

Interest-bearing debt to cash flow ratio = Interest-bearing debt / Operating cash flow

Interest coverage ratio = Operating cash flow / Interest paid

2. The indicators are calculated using consolidated financial figures.
3. Total market capitalization is calculated on the basis of the total number of shares outstanding excluding treasury shares.
4. Interest-bearing debt denotes all liabilities recorded on the Consolidated Balance Sheets for which interests are paid.
5. Operating cash flow refers to cash flows from operating activities on the Consolidated Statements of Cash Flows. Interest paid refers to interest paid on the Consolidated Statements of Cash Flows.

(4) Outlook

Looking at the business environment surrounding the Group, in the publishing market domestic e-book publishing has continued to grow, offsetting a decline in domestic printed book publication, while the overseas market for comics originating in Japan is on a long-term expansionary track following a drop-off due to the absence of special demand during the COVID-19 pandemic.

In the film market, the worldwide entertainment industry has exhibited a temporary decline, but 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 strong demand for Japanese animation, the animation market overseas has continued to enjoy double-digit growth.

In the video gaming market, worldwide market growth has temporarily stalled, but there are growing expectations of further growth due to the launch of new gaming platforms in the future.

To take advantage of this business environment, the Group has adopted "Global Media Mix with Technology" as the basic policy in its Mid-term Management Plan. The Group will endeavor to maximize the LTV (Life Time Value) of IP through IP creation, media mix development, overseas expansion and strengthened licensing operations, while also striving for continuous growth in earnings by expanding the Education/EdTech Segment.

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

[Publication/IP Creation Segment]
The Company will continue working to create strong IP and increase the distribution of titles globally. In Japan, efforts will be made to further improve the return rate through production and logistics reforms and to improve productivity through the digital transformation of editing.
In IP creation, the Company has been pursing the target of producing more than 7,000 titles a year by the fiscal year ending March 31, 2028. To achieve this, the Company has continued to enhance the development of titles submitted online through its Kaku Yomu novel submission site in Japan and its Taiwanese equivalent KadoKado, and has also begun new comic development through the electronic manga magazine MANGA Bar and the manga app KadoComi. The Company will also collaborate with overseas subsidiaries to further advance the development of titles with global perspectives.
In terms of the global distribution of titles, the Company will invest in the production of multilingual content and expand simultaneous distribution for e-books and distribution for paper-based books.
In the media business, we will work to improve profitability whilst further accelerating the digital shift with a focus on Internet media. In the e-books business, we will integrate the English language version of the BOOK☆WALKER e-book distribution platform with M12 Media LLC (renamed from J-Novel Club LLC) to strengthen services provided to English-speaking markets. For the The 2nd TATESC COMICS Global Awards, which is a gathering of global talent, submissions have been received in many languages and decisions have been made on the serialization and development of the winners. Going forward, the Company will continue focusing on the development of the global market for light novels, comics, vertical scrolling manga and other similar content.
The Company also intends to pursue the expansion of commercialization of children’s books, tie-ups with other platforms such as dmagazine, and e-book subscription services, aiming to make the diverse joys of e-books available to readers around the world.

[Animation/Film Segment]
In the Animation/Film Segment, the Company will 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.
In the anime business, we will continue to strengthen our in-house production capability and expand the scale of production whilst developing a product lineup of high-quality works. The Company will strengthen marketing, particularly in North America, to increase recognition of titles and will focus on selling rights in Japan and overseas markets as well as on the video distribution business.
In live-action video production and distribution, the Company will increase the size of productions and strengthen title development aimed at global film distribution. In addition, in the virtual production business of KADOKAWA DAIEI STUDIO CO., LTD., the Company will fuse art production capabilities that have a rich history with cutting-edge technologies to simultaneously create new video expressions and low-cost production processes that have a minimal environmental impact.

[Gaming Segment]
In the Gaming Segment, the Company will expand its development pipeline for smartphone games based on its original anime IPs, and strive to further enhance profitability through a media mix approach.
In games for PCs and consoles, the Company will continue to leverage the brand strength and strong development capabilities it has cultivated with hit titles such as ELDEN RING and Dragon Ball: Sparkling! Zero while expanding its production pipeline with the lines of ELDEN RING NIGHTREIGN, which is due to release in May 2025, and the 2026 title THE DUSKBLOODS. The Company will continue to develop its own series titles while also pursuing the development of new titles and continuing to make use of contract development from other companies.

[Web Services Segment]
In the Web Services Segment, in April 2025 BOOK WALKER Co., Ltd. and KADOKAWA Connected Inc. were integrated with DWANGO Inc. The integration will pool the Group's engineer talent to improve the customer experience of the Group's web services and further advance the Group's DX initiatives.
In the niconico-related Business, the growth trend in GMV since the restoration from system failure has continued, owing to improved fan communities and the expansion of pay-per-view options. 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 26 to April 27, 2025 the Company held Niconico Chokaigi, one of Japan's largest user participation events. The number of visitors to the Makuhari Messe venue increased by 6% from the previous year to 132,657 people. By holding large events like this, we will increase users' sense of solidarity and satisfaction. Large events also encourage users to post comments and view videos on the website and give them more opportunities to participate. Meanwhile, we will narrow our event focus to improve profitability.

[Education/EdTech Segment]
In the Education/EdTech businesses, with a rising number of students enrolling in N High School, S High School and R High School, correspondence high schools via the Internet, the business of providing educational content to these schools is growing. We have also been enhancing educational content by offering VR learning materials. In addition, we have begun providing educational systems and content to the 3,380 students in the first year of ZEN University, an online university that opened in April 2025. We aim to expand earnings by continuing to provide high added value contents in the future. At Vantan Inc., we have continued to develop new courses in fields that utilize Group synergy in manga, animation and other areas. In addition, a new music course will be developed in collaboration with Universal Music LLC. Going forward we will expand the courses we offer and regions in which we operate while aiming for continuous growth.

[Others Segment]
In the Others Segment, the Company has been advancing the 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.
In anticipation of higher visitor numbers in the future, a wide range of plans are being developed that will not only cater to IP fans but also to local residents and inbound demand, as part of efforts to continuously enhance profitability.

Taking the above initiatives into account, for the fiscal year ending March 31, 2026, the Company forecasts net sales of 291.9 billion yen, operating profit of 16.7 billion yen, ordinary profit of 18.7 billion yen, profit attributable to owners of parent of 11.4 billion yen, and EBITDA of 25.5 billion yen. For further details, please refer to the INVESTOR RELATIONS section of the Company's website.

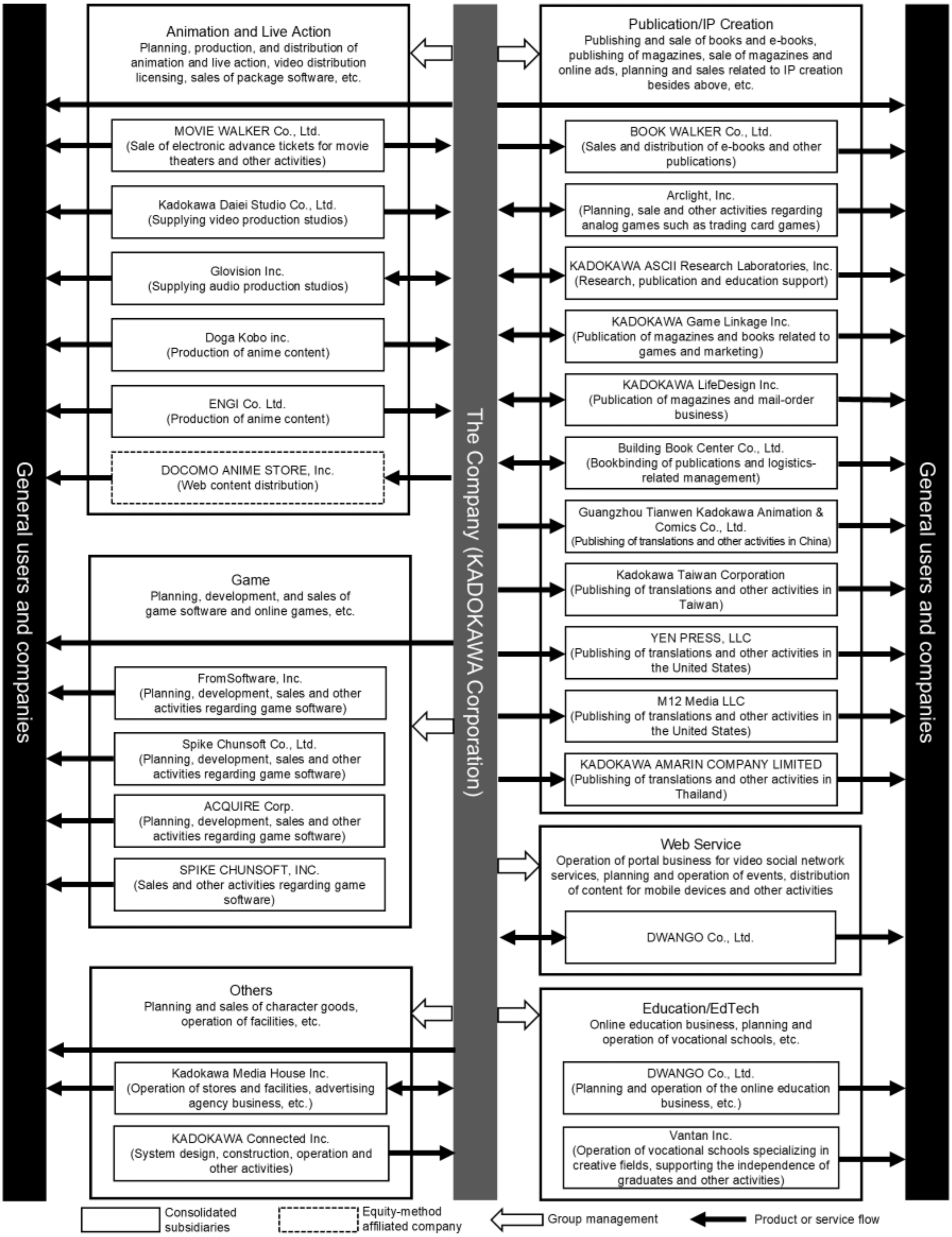
(5) Basic policy for profit distribution and dividends for fiscal year ended March 2025 and fiscal year ending March 2026
The Company believes that it is important to continue to distribute profits to shareholders and other stakeholders and that sustainable corporate management is a precondition for that. For sustainable corporate management, we require internal reserves sufficient for the strengthening of our corporate structure and future business development.
We also recognize shareholder returns as an important managerial issue. Based on a stable annual dividend of 30 yen per share, our basic policy is to provide shareholder return with a target dividend payout ratio of at least 30%, including profit sharing based on consolidated financial results.
The Company's Articles of Incorporation stipulate that dividends of surplus shall be paid once a year, at the end of the fiscal year and that matters relating to the dividends of surplus shall be determined according to resolutions passed at meetings of the Board of Directors, unless otherwise specified statutorily. In addition, the Company's Articles of Incorporation stipulates that it may pay interim dividends to shareholders with the record date of September 30 each year, upon a resolution by the Board of Directors.
For the fiscal year ended March 31, 2025, the Company plans to pay a dividend of 30 yen per share. The dividend forecast for the fiscal year ending March 31, 2026 is 30 yen per share.
The Company will appropriate internal reserves for strategic investment for future business development and will strive to improve results.

2. Group Overview

The KADOKAWA Group consists of the Company, 58 subsidiaries and 11 equity method affiliates. The Group has the Publication/IP Creation Segment, Animation/Film Segment, Gaming Segment, Web Services Segment, Education/EdTech Segment and Others Segment.

The chart below shows the Company and major Group companies' business activities and business categories.

As of March 31, 2025



(Notes) 1. The Company acquired all the shares of Arclight, Inc., making it a consolidated subsidiary, on May 31, 2024.
2. The Company acquired 80% of the shares of Doga Kobo inc., making it a consolidated subsidiary, on October 10, 2024.
3. KADOKAWA LifeDesign Inc. was formerly named Mainichi Ga Hakken Inc. It changed the name of its business on October 1, 2024.
4. M12 Media LLC was formerly named J-Novel Club LLC. It changed the name of its business on February 1, 2025.
5. Effective April 1, 2025, DWANGO Co., Ltd., BOOK WALKER Co., Ltd., and KADOKAWA Connected Inc. merged via an absorption-type merger, with DWANGO Co., Ltd. as the surviving company.

The Company and Group companies

Business Category	Main Business Activities	Major Companies
Publication/IP Creation Segment	Publishing and sales of books, etc.	KADOKAWA Corporation, Building Book Center Co., Ltd., GUANGZHOU TIANWEN KADOKAWA ANIMATION & COMICS CO., LTD., KADOKAWA TAIWAN CORPORATION, KADOKAWA AMARIN COMPANY LIMITED, YEN PRESS, LLC
	Publishing and sales of e-books and e-magazines, etc.	KADOKAWA Corporation, BOOK WALKER Co., Ltd., M12 Media LLC
	Publishing and sales of magazines, sales of online ads, etc.	KADOKAWA Corporation, KADOKAWA ASCII Research Laboratories, Inc., KADOKAWA Game Linkage Inc., KADOKAWA LifeDesign Inc.
	Planning and sales related to IP creation besides above	Arclight, Inc.
Animation/Film Segment	Planning, production, and distribution of animation and live action, video distribution licensing, sales of package software, etc.	KADOKAWA Corporation, MOVIE WALKER Co., Ltd., KADOKAWA DAIEI STUDIO CO., LTD., Glovision Inc., Doga Kobo inc., ENGI Co. Ltd., DOCOMO ANIME STORE, inc.*
Gaming Segment	Planning, development, and sales of game software and online games, etc.	KADOKAWA Corporation, FromSoftware, Inc., Spike Chunsoft, Co., Ltd., ACQUIRE Corp., SPIKE CHUNSOFT INC.
Web Services business:	Providing video social network services, etc.	DWANGO Co., Ltd.
	Planning and managing a variety of events, etc.	DWANGO Co., Ltd.
	Distribution of mobile content, etc.	DWANGO Co., Ltd.
Education/EdTech Segment	Online education business, planning and operation of vocational schools, etc.	DWANGO Co., Ltd., Vantan Inc.
Others	Planning and sales of animation character merchandise, etc.	KADOKAWA Corporation
	Operation of facilities, etc.	KADOKAWA Corporation
	Operation of stores and facilities, advertising agency business, etc.	Kadokawa Media House Inc.
	Design, building and operation of systems, etc.	KADOKAWA Connected Inc.

* Equity method companies

3. Basic Approach to Selection of Accounting Standards

The Group has established a policy of preparing consolidated financial statements according to Japanese GAAP for the time being, taking into account the comparability of periods across consolidated financial statements, international comparability of financial statements in capital markets, trends in the percentage of non-Japanese shareholders, business expansion overseas, and other factors.

4. Consolidated Financial Statements and Major Notes

(1) Consolidated Balance Sheets

(Unit: Million yen)

	As of March 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	105,351	145,494
Notes receivable - trade	1,414	1,785
Accounts receivable - trade	60,998	67,800
Contract assets	2,716	1,671
Securities	–	808
Inventories	30,537	34,757
Prepaid expenses	2,621	3,695
Deposits paid	5,249	4,088
Others	12,699	12,558
Allowance for doubtful accounts	(141)	(211)
Total current assets	221,448	272,447
Non-current assets		
Property, plant and equipment		
Buildings and structures	44,426	47,355
Accumulated depreciation	(13,359)	(15,762)
Buildings and structures, net	31,066	31,592
Machinery and equipment	6,943	7,609
Accumulated depreciation	(3,010)	(3,654)
Machinery and equipment, net	3,933	3,955
Tools, furniture and fixtures	9,444	9,232
Accumulated depreciation	(6,732)	(6,817)
Tools, furniture and fixtures, net	2,711	2,415
Land	26,287	28,250
Construction in progress	180	24
Others	1,082	1,268
Accumulated depreciation	(530)	(584)
Other, net	552	684
Total property, plant and equipment	64,732	66,922
Intangible assets		
Software	9,274	11,021
Goodwill	1,734	5,333
Others	2,662	4,149
Total intangible assets	13,671	20,504
Investments and other assets		
Investment securities	29,224	38,397
Retirement benefit asset	15	–
Deferred tax assets	5,261	3,713
Insurance funds	1,620	1,727
Guarantee deposits	3,349	4,183
Others	1,236	2,366
Allowance for doubtful accounts	(249)	(233)
Total investments and other assets	40,458	50,154
Total non-current assets	118,862	137,581
Total assets	340,310	410,029

(Unit: Million yen)

	As of March 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	34,084	35,411
Short-term borrowings	–	451
Current portion of long-term borrowings	178	15,292
Accounts payable - other	14,455	14,976
Income taxes payable	4,632	4,631
Contract liabilities	15,078	16,647
Deposits received	9,640	8,774
Provision for bonuses	5,636	6,106
Refund liabilities	6,446	6,685
Provision for share-based remuneration	264	261
Provision for share-based remuneration for directors (and other officers)	1,163	1,103
Others	5,798	6,691
Total current liabilities	97,378	117,033
Non-current liabilities		
Long-term borrowings	25,171	10,946
Deferred tax liabilities	372	637
Retirement benefit liability	3,096	2,368
Others	1,725	1,634
Total non-current liabilities	30,365	15,587
Total liabilities	127,744	132,621
Net assets		
Shareholders’ equity		
Share capital	40,624	65,613
Capital surplus	76,028	85,223
Retained earnings	82,586	85,913
Treasury shares	(21,276)	(5,619)
Total shareholders’ equity	177,964	231,130
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,762	14,042
Foreign currency translation adjustment	3,597	4,222
Remeasurements of defined benefit plans	269	392
Total accumulated other comprehensive income	12,629	18,658
Share acquisition rights	–	2,426
Non-controlling interests	21,973	25,192
Total net assets	212,566	277,408
Total liabilities and net assets	340,310	410,029

(2) Consolidated Statements of Income and Comprehensive Income

(Consolidated Statements of Income)

(Unit: Million yen)

	Previous Fiscal Year (April 1, 2023 to March 31, 2024)	Fiscal Year under Review (April 1, 2024 to March 31, 2025)
Net sales	258,109	277,915
Cost of sales	171,496	178,840
Gross profit	86,613	99,075
Selling, general and administrative expenses	68,158	82,423
Operating profit	18,454	16,651
Non-operating income		
Interest income	1,501	1,521
Dividend income	658	485
Share of profit of entities accounted for using equity method	554	725
Foreign exchange gains	1,763	–
Gain on sale of goods	111	114
Others	214	421
Total non-operating income	4,804	3,269
Non-operating expenses		
Interest expenses	63	80
Share issuance costs	–	275
Foreign exchange losses	–	1,794
Donations	*1 2,900	–
Others	59	27
Total non-operating expenses	3,022	2,178
Ordinary profit	20,236	17,742
Extraordinary income		
Gain on sale of non-current assets	96	2
Gain on sale of investment securities	2,359	2,861
Gain on sale of shares of subsidiaries and associates	124	–
Gain on liquidation of subsidiaries and associates	–	166
Total extraordinary income	2,579	3,031
Extraordinary losses		
Impairment losses	*2 2,507	*2 63
Expenses for dealing with system failure	–	*3 2,413
Loss on retirement of non-current assets	55	203
Loss on valuation of investment securities	498	258
Extra retirement payments	–	549
Cancellation penalties	17	–
Others	42	94
Total extraordinary losses	3,121	3,581
Profit before income taxes	19,694	17,192
Income taxes - current	8,230	7,862
Income taxes - deferred	(1,559)	(608)
Total income taxes	6,671	7,253
Profit	13,023	9,938
Profit attributable to non-controlling interests	1,638	2,545
Profit attributable to owners of parent	11,384	7,392

(Consolidated Statements of Comprehensive Income)

(Unit: Million yen)

	Previous Fiscal Year (April 1, 2023 to March 31, 2024)	Fiscal Year under Review (April 1, 2024 to March 31, 2025)
Profit	13,023	9,938
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,218)	5,280
Foreign currency translation adjustment	1,287	1,058
Remeasurements of defined benefit plans, net of tax	12	141
Share of other comprehensive income of entities accounted for using equity method	18	23
Total other comprehensive income	98	6,503
Comprehensive income	13,121	16,441
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	11,248	13,422
Comprehensive income attributable to non-controlling interests	1,873	3,019

(3) Consolidated Statements of Changes in Equity

Previous Fiscal Year (April 1, 2023 to March 31, 2024)

(Unit: Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	40,624	76,290	75,455	(2,587)	189,783
Changes during period					
Dividends of surplus			(4,253)		(4,253)
Profit attributable to owners of parent			11,384		11,384
Purchase of treasury shares				(20,001)	(20,001)
Disposal of treasury shares				1,312	1,312
Change in ownership interest of parent due to transactions with non-controlling interests		(245)			(245)
Other		(16)			(16)
Net changes in items other than shareholders' equity					
Total changes during period	–	(261)	7,131	(18,688)	(11,819)
Balance at end of period	40,624	76,028	82,586	(21,276)	177,964

	Accumulated other comprehensive income				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	9,981	2,533	250	12,765	20,622	223,171
Changes during period						
Dividends of surplus						(4,253)
Profit attributable to owners of parent						11,384
Purchase of treasury shares						(20,001)
Disposal of treasury shares						1,312
Change in ownership interest of parent due to transactions with non-controlling interests						(245)
Other						(16)
Net changes in items other than shareholders' equity	(1,218)	1,063	18	(136)	1,350	1,214
Total changes during period	(1,218)	1,063	18	(136)	1,350	(10,605)
Balance at end of period	8,762	3,597	269	12,629	21,973	212,566

Fiscal Year under Review (April 1, 2024 to March 31, 2025)

(Unit: Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	40,624	76,028	82,586	(21,276)	177,964
Changes during period					
Issuance of new shares	24,988	24,988			49,976
Dividends of surplus			(4,065)		(4,065)
Profit attributable to owners of parent			7,392		7,392
Purchase of treasury shares				(0)	(0)
Cancellation of treasury shares		(15,498)		15,498	–
Disposal of treasury shares		0		158	159
Change in ownership interest of parent due to transactions with non-controlling interests		(298)			(298)
Other		2			2
Net changes in items other than shareholders' equity					
Total changes during period	24,988	9,194	3,326	15,656	53,166
Balance at end of period	65,613	85,223	85,913	(5,619)	231,130

	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	8,762	3,597	269	12,629	–	21,973	212,566
Changes during period							
Issuance of new shares							49,976
Dividends of surplus							(4,065)
Profit attributable to owners of parent							7,392
Purchase of treasury shares							(0)
Cancellation of treasury shares							–
Disposal of treasury shares							159
Change in ownership interest of parent due to transactions with non-controlling interests							(298)
Other							2
Net changes in items other than shareholders' equity	5,279	625	123	6,029	2,426	3,219	11,675
Total changes during period	5,279	625	123	6,029	2,426	3,219	64,841
Balance at end of period	14,042	4,222	392	18,658	2,426	25,192	277,408

(4) Consolidated Statements of Cash Flows

(Unit: Million yen)

	Previous Fiscal Year (April 1, 2023 to March 31, 2024)	Fiscal Year under Review (April 1, 2024 to March 31, 2025)
Cash flows from operating activities		
Profit before income taxes	19,694	17,192
Depreciation	6,735	7,679
Impairment losses	2,507	63
Amortization of goodwill	184	576
Share-based payment expenses	–	2,443
Share issuance costs	–	275
Expenses for dealing with system failure	–	2,413
Loss (gain) on sale of investment securities	(2,359)	(2,861)
Loss (gain) on valuation of investment securities	498	258
Loss on retirement of non-current assets	55	203
Increase (decrease) in retirement benefit liability	(410)	(540)
Increase (decrease) in refund liabilities	571	3
Increase (decrease) in provision for bonuses	686	467
Interest and dividend income	(2,160)	(2,007)
Foreign exchange losses (gains)	(1,242)	1,670
Share of loss (profit) of entities accounted for using equity method	(554)	(725)
Decrease (increase) in trade receivables and contract assets	(11,327)	(4,697)
Decrease (increase) in inventories	(4,712)	(2,643)
Increase (decrease) in trade payables	4,604	537
Increase (decrease) in contract liabilities	1,186	1,182
Other, net	(881)	43
Subtotal	13,076	21,535
Interest and dividends received	2,448	2,957
Interest paid	(70)	(74)
Expenses paid to address system failures	–	(2,349)
Income taxes paid	(7,156)	(8,227)
Net cash provided by (used in) operating activities	8,298	13,841

(Unit: Million yen)

	Previous Fiscal Year (April 1, 2023 to March 31, 2024)	Fiscal Year under Review (April 1, 2024 to March 31, 2025)
Cash flows from investing activities		
Net decrease (increase) in time deposits	10,042	6,777
Purchase of property, plant and equipment	(3,128)	(6,639)
Purchase of intangible assets	(5,824)	(7,494)
Purchase of investment securities	(99)	(2,886)
Proceeds from sale of investment securities	3,707	4,397
Purchase of shares of subsidiaries resulting in a change in scope of consolidation	(1,020)	(3,353)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	6	213
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	23	–
Other, net	(212)	545
Net cash provided by (used in) investing activities	3,494	(8,440)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(1)	32
Repayments of long-term borrowings	(40,478)	(426)
Proceeds from issuance of shares	–	49,700
Proceeds from share issuance to non-controlling shareholders	–	73
Purchase of treasury shares	(20,001)	(0)
Dividends paid	(4,253)	(4,065)
Other, net	(1,066)	(1,194)
Net cash provided by (used in) financing activities	(65,800)	44,117
Effect of exchange rate change on cash and cash equivalents	2,459	313
Net increase (decrease) in cash and cash equivalents	(51,547)	49,832
Cash and cash equivalents at beginning of period	131,389	79,841
Cash and cash equivalents at the end of period	79,841	129,674

(5) Notes to Consolidated Financial Statements
(Notes on Going Concern Assumption)
Not applicable.

(Notes on Changes in Accounting Policies)
(Application of Accounting Standard for Current Income Taxes, etc.)
The Company has applied Accounting Standard for Current Income Taxes (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022; hereinafter referred to as the “Revised Accounting Standard 2022”) effective from beginning of the fiscal year under review.
The amendment to categories in which current income taxes should be recorded (taxes on other comprehensive income) follows the transitional treatment prescribed in the proviso of paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment prescribed in the proviso (2) of paragraph 65-2 of the Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022).
This change in accounting policies has no impact on the consolidated financial statements.

(Notes on Consolidated Statements of Income)
*1 Donations
Donations posted in non-operating expenses are payments to an incorporated association that is making preparations to establish an educational institution.

*2 Impairment loss
Previous Fiscal Year (April 1, 2023 to March 31, 2024)
i. Overview of an asset group for which an impairment loss was recognized

(Unit: Million yen)

Company/Place	Purpose of use (Name of segment)	Category	Impairment losses
KADOKAWA Corporation (Tokorozawa City, Saitama Prefecture)	Commercial facilities (Others)	Buildings and structures	2,292
		Tools, furniture and fixtures	144
		Software	19
		Subtotal	2,456
KADOKAWA Corporation (Chiyoda-ku, Tokyo)	Assets for business use (Publication/IP Creation)	Software	16
KADOKAWA Corporation (Shinjuku-ku, Tokyo)	Assets for business use (Animation/Film)	Buildings and structures	25
		Tools, furniture and fixtures	6
		Software	1
		Subtotal	34
Total			2,507

ii. Background of recognizing impairment loss and grouping method
The KADOKAWA group companies set each individual idle asset as a single unit and other assets in a minimum unit that can generate an independent cash inflow as a single asset group.
While the event halls and shops that make up the Tokorozawa Sakura Town commercial facility previously generated independent cash inflows, as the Company expects to recover its investment as part of its media mix strategy which includes experience-oriented businesses, and there is a complementary relationship with the cash inflows of related businesses, they have been grouped in the same unit together with the non-current assets of related businesses.
When Tokorozawa Sakura Town opened, it was a new business as an IP experience facility making up part of the media mix strategy that aimed to maximize the value of the Company’s IP by creating offline points of contact with publishing and video content (experience-oriented business), but even after the relaxing of restrictions imposed to stop the spread of COVID-19, the facility attracted fewer visitors than expected and continued to be unprofitable. As a result, instead of continuing the existing business policies and usage formats mainly designed to achieve synergies with the Publication/IP Creation or Animation/Film segments and attract customers, the Company shifted to a policy of working to improve profitability at individual facilities as a commercial facility business rooted in Tokorozawa.
In light of this policy change, groupings of the event halls, shops and other establishments of Tokorozawa Sakura Town were changed at the end of the fiscal year under review, and individual facilities are now treated as asset groups generating

independent cash inflows.
As a result, the book values of asset groups deemed to have no prospects for recovery of the investment amount have been reduced to their recoverable values.
In addition, the book values of the business assets (Publication/IP Creation Segment, Animation/Film Segment) have been reduced to the recoverable amounts following a decision to withdraw from the business.

iii. Method of calculating a recoverable amount
The recoverable amount of buildings and structures of commercial facilities (Others Segment) is measured according to their net sales value, which is calculated based on appraisal value in accordance with real estate appraisal standards.
While business assets other than above are measured based on value in use, since the value in use based on future cash flow of the non-current assets in this asset group is below zero, the recoverable value is assessed as zero.

Fiscal Year under Review (April 1, 2024 to March 31, 2025)
Description is omitted from a viewpoint of materiality.

*3 Expenses for dealing with system failure
The expenses for dealing with system failure recorded in extraordinary losses are compensation expenses for creators of the Niconico services and expenses related to investigation and restoration, etc. in connection to the cyberattack on servers in the Group’s data center.

(Business Combinations)
Business combination through acquisition
(Acquisition of Shares in Arclight, Inc., Making it a Subsidiary)
1. Outline of the business combination
(1) Name and business of acquired company
Acquired company: Arclight, Inc. and another company
Business activities: Planning, manufacturing, development, sale, etc. of analog games (TCG, BDG, table talk RPGs)
(2) Main reasons for the business combination
In recent years, so-called “analog” games that do not require a power source, such as trading card games(TCG) and board games (BDG), have grown in popular both domestically and worldwide, and growth of the market has continued. The Company has previously worked on the analog game business as content to nature characters and stories to achieve a media mix, and by welcoming Arclight, Inc. the Group, the Company aims to enhance the genres that make up the media mix for the popular IPs it maintains, specifically by accelerating the commercialization of analog games, while also further expanding the number of IPs it creates by discovering new game developers and authors through one of Japan’s largest analog game events organized and operated by Arclight. These factors led to the decision to acquire the shares in Arclight.
(3) Date of business combination
May 31, 2024 (deemed acquisition date: June 30, 2024)
(4) Legal form of business combination
Acquisition of shares in exchange for cash
(5) Name of the company after business combination
No change
(6) Percentage share of voting rights acquired
100%
(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
From July 1, 2024 to March 31, 2025

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

Consideration: Cash	1,950 million yen
Accounts payable - other	50 million yen
Acquisition cost	2,000 million yen

4. Goodwill arising from the business combination, reason for the goodwill, and method and period of amortization
(1) Amount of goodwill
924 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 a five year period on a straight-line basis

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

Current assets	3,067 million yen
Non-current assets	461 million yen
Total assets	3,529 million yen
Current liabilities	1,464 million yen
Non-current liabilities	989 million yen
Total liabilities	2,453 million yen

6. Estimated monetary impact on the consolidated statement of income for the consolidated fiscal year under review assuming that the business combination was completed on the first day of the consolidated fiscal year, and the method of calculation

Net sales	1,899 million yen
Operating profit	12 million yen

(Method for calculating the estimated amount)
Assuming that the business combination was completed on the first day of the consolidated fiscal year, the estimated amount of impact is calculated as the difference between sales and profit/loss figures, and the sales and profit/loss figures listed in the acquiring company's consolidated statement of income. In addition, depreciation is calculated for goodwill, etc. recognized at the time of business combination as if it arose on the first day of the consolidated fiscal year.

(Acquisition of Shares in Doga Kobo inc., Making it a Subsidiary)
1. Outline of the business combination
(1) Name and business of acquired company
Acquired company: Doga Kobo inc.
Business: planning, production, and sale of animations
(2) Main reasons for the business combination
The Group's fundamental strategy is to enhance its global media mix with technology, primarily by consistently creating a diverse portfolio of intellectual property (IP) and rolling it out globally. In the animation business, the core of the media mix, the Group pursues a strategy of building a system to continuously create attractive animations by expanding production lines and enhancing its creative capabilities. The Group aims to maximize the value of its IP, especially its animations.
Doga Kobo was established in 1973. The studio has a proven track record of creating numerous successful animations, many of which have been hits. Their meticulous artwork, including attractive characters and the worlds of their works, has been highly praised by animation fans around the world. With Doga Kobo as a new member, the Group will enhance its structure to create animations that are well received globally.
(3) Date of business combination
October 10, 2024 (deemed acquisition date: October 1, 2024)
(4) Legal form of business combination
Acquisition of shares in exchange for cash

(5) Name of the company after business combination

No change

(6) Percentage share of voting rights acquired

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

From October 1, 2024 to March 31, 2025

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

Consideration: Cash	2,654 million yen
Accounts payable - other	337 million yen
Acquisition cost	2,992 million yen

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

(1) Amount of goodwill

2,893 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 a 15 years period on a straight-line basis

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

Current assets	420 million yen
Non-current assets	180 million yen
Total assets	601 million yen
Current liabilities	430 million yen
Non-current liabilities	48 million yen
Total liabilities	478 million yen

6. Estimated monetary impact on the consolidated statement of income for the consolidated fiscal year under review assuming that the business combination was completed on the first day of the consolidated fiscal year, and the method of calculation

Description is omitted from a viewpoint of materiality.

(Notes on Segment Information)

Segment information

1. Overview of Reportable Segments

   The reportable segments of the Company are the units for which separate financial information can be obtained among the constituent units of the Company and for which the Board of Directors of the Company regularly carries out examinations to determine the allocation of management resources and assess the business performance.

   The Group has divisions and subsidiaries that provide different categories of goods and services. Each develops comprehensive strategies about the goods and services they provide and develops business activities accordingly.

   The Company's business is thus divided into segments based on divisions and subsidiaries, according to the goods and services that they provide, and the Company has five reportable business segments: "Publication/IP Creation," "Animation/Film," "Gaming," "Web Services" and "Education/EdTech."

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 the development of other IPs, etc.
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 business:	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.

2. Calculation Method for Net Sales, Profit (Loss), Assets and Other Items by Reportable Segment

   The accounting method of the reported business segments is almost the same as the accounting method used to prepare the consolidated financial statements. Profit in the reportable segments is operating profit. Inter-segment net sales and transfers are based on market prices.

3. Information on Net Sales, Profit (Loss), Assets and Other Items by Reportable Segment

Previous Fiscal Year (April 1, 2023 to March 31, 2024)

(Unit: Million yen)

	Reportable Segments					Others (Note 1)	Total	Adjustments (Note 2)	Amount in consolidated financial statements (Note 3)
	Publication/ IP Creation	Animation/ Film	Gaming	Web Services	Education/ EdTech				
Net sales									
Third party net sales	139,842	44,999	25,177	21,140	13,383	13,565	258,109	–	258,109
Inter-segment net sales or transfers	2,125	1,060	173	259	7	6,732	10,358	(10,358)	–
Total	141,967	46,060	25,351	21,399	13,390	20,298	268,467	(10,358)	258,109
Segment profit (loss)	10,360	4,574	7,950	362	1,727	(4,399)	20,574	(2,120)	18,454
Segment assets	91,585	53,803	33,985	5,146	13,281	11,324	209,127	131,183	340,310
Other items									
Depreciation	3,596	465	181	38	347	1,079	5,709	1,026	6,735
Amortization of goodwill	129	5	49	–	–	–	184	–	184
Investment in equity method affiliates	712	3,734	–	–	–	104	4,551	–	4,551
Increase in property, plant and equipment and intangible assets	4,185	566	963	246	1,327	1,222	8,511	720	9,232

(Notes) 1. "Others" refers to non-reportable business segments, including the planning and sales, etc. of character goods and other products, and the operation of facilities.

2. Adjustments are as follows.

(1) Adjustments of (2,120) million yen for segment profit (loss) was the result of 6 million yen for inter-segment eliminations and non-allocable corporate expenses of (2,127) million yen.

(2) Adjustments of 131,183 million yen for segment assets included inter-segment eliminations of (2,341) million yen and non-allocable corporate assets of 133,525 million yen. Non-allocable corporate assets are primarily cash and deposits that do not belong to any particular reportable segments and assets related to the administrative division.

(3) Adjustments of 720 million yen for increase in property, plant and equipment and intangible assets was an increase in non-allocable corporate assets that are not distributed to the reportable segments.

3. Segment profit (loss) is adjusted with operating profit in the consolidated financial statements.

4. Information by geographical segment

Net sales

(Unit: Million yen)

Japan	Americas	Asia	Others	Total
217,342	22,172	14,841	3,753	258,109

(Note) Net sales are based on the geographical area of the customers and categorized by country or region.

Fiscal Year under Review (April 1, 2024 to March 31, 2025)

(Unit: Million yen)

	Reportable Segments					Others (Note 1)	Total	Adjustments (Note 2)	Amount in consolidated financial statements (Note 3)
	Publication/ IP Creation	Animation/ Film	Gaming	Web Services	Education/ EdTech				
Net sales									
Third party net sales	148,713	49,983	33,366	17,719	15,114	13,018	277,915	–	277,915
Inter-segment net sales or transfers	2,654	1,108	231	318	5	4,862	9,181	(9,181)	–
Total	151,367	51,092	33,597	18,038	15,119	17,881	287,096	(9,181)	277,915
Segment profit (loss)	8,372	4,729	9,538	(998)	2,382	(4,204)	19,820	(3,169)	16,651
Segment assets	97,970	66,038	41,367	6,549	14,538	9,585	236,049	173,979	410,029
Other items									
Depreciation	4,269	522	449	42	398	567	6,249	1,429	7,679
Amortization of goodwill	342	106	127	–	–	–	576	–	576
Investment in equity method affiliates	743	3,814	–	–	–	153	4,711	–	4,711
Increase in property, plant and equipment and intangible assets	5,208	1,515	251	509	2,653	1,534	11,673	3,105	14,778

(Notes) 1. “Others” refers to non-reportable business segments, including the planning and sales, etc. of character goods and other products, and the operation of facilities.

2. Adjustments are as follows.

(1) Adjustments of (3,169) million yen for segment profit (loss) was the result of 10 million yen for inter-segment eliminations and non-allocable corporate expenses of (3,180) million yen.

(2) Adjustments of 173,979 million yen for segment assets included inter-segment eliminations of (2,157) million yen and non-allocable corporate assets of 176,137 million yen. Non-allocable corporate assets are primarily cash and deposits that do not belong to any particular reportable segments and assets related to the administrative division.

(3) Adjustments of 3,105 million yen for increase in property, plant and equipment and intangible assets was an increase in non-allocable corporate assets that are not distributed to the reportable segments.

3. Segment profit (loss) is adjusted with operating profit in the consolidated financial statements.

4. Information by geographical segment

Net sales

(Unit: Million yen)

Japan	Americas	Asia	Others	Total
217,750	33,184	20,462	6,517	277,915

(Note) Net sales are based on the geographical area of the customers and categorized by country or region.

Information on loss on impairment of non-current assets in each reportable segment

Previous Fiscal Year (April 1, 2023 to March 31, 2024)

(Unit: Million yen)

	Reportable Segments					Others	Corporate / Eliminations	Total
	Publication/ IP Creation	Animation/ Film	Gaming	Web Services	Education/ EdTech			
Impairment losses	16	34	–	–	–	2,456	–	2,507

(Note) For the details of impairment losses, refer to impairment losses in 4. Consolidated Financial Statements and Major Notes, (5) Notes to Consolidated Financial Statements (Notes on Consolidated Statements of Income).

Fiscal Year under Review (April 1, 2024 to March 31, 2025)

(Unit: Million yen)

	Reportable Segments					Others	Corporate / Eliminations	Total
	Publication/ IP Creation	Animation/ Film	Gaming	Web Services	Education/ EdTech			
Impairment losses	63	–	–	–	–	–	–	63

Information on amortization of goodwill and unamortized balance in each reportable segment

Previous Fiscal Year (April 1, 2023 to March 31, 2024)

(Unit: Million yen)

	Reportable Segments					Others	Corporate / Eliminations	Total
	Publication/ IP Creation	Animation/ Film	Gaming	Web Services	Education/ EdTech			
Balance at end of period	624	46	1,063	–	–	–	–	1,734

(Note) Information on amortization of goodwill is omitted because similar information is disclosed in the segment information.

Fiscal Year under Review (April 1, 2024 to March 31, 2025)

(Unit: Million yen)

	Reportable Segments					Others	Corporate / Eliminations	Total
	Publication/ IP Creation	Animation/ Film	Gaming	Web Services	Education/ EdTech			
Balance at end of period	1,386	3,011	935	–	–	–	–	5,333

(Note) Information on amortization of goodwill is omitted because similar information is disclosed in the segment information.

Information on gain on bargain purchase in each reportable segment

Not applicable.

(Notes on Per-share Information)

	Previous Fiscal Year (April 1, 2023 to March 31, 2024)	Fiscal Year under Review (April 1, 2024 to March 31, 2025)
Net assets per share	1,417.63	1,704.48
Earnings per share	83.42	53.87
Diluted earnings per share	83.40	52.47

(Notes) 1. The treasury shares held by the stock purchase, management, and delivery trust are included in the treasury shares that are deducted in the calculation of the number of shares at the end of the fiscal year, which is used in the calculation of net assets per share (1,083 thousand shares in the previous fiscal year and 1,083 thousand shares in the fiscal year under review).
They are included in the treasury shares that are deducted in the calculation of the average number of shares during the fiscal year, which is used in the calculation of earnings per share and diluted earnings per share (1,554 thousand shares in the previous fiscal year and 1,083 thousand shares in the fiscal year under review).
2. The following is the basis for calculating earnings per share and diluted earnings per share.

	Previous Fiscal Year (April 1, 2023 to March 31, 2024)	Fiscal Year under Review (April 1, 2024 to March 31, 2025)
Earnings per share		
Profit attributable to owners of parent (million yen)	11,384	7,392
Amount that is not attributable to common shareholders (million yen)	–	–
Profit attributable to owners of parent for common stock (million yen)	11,384	7,392
Average number of common stock during the fiscal year (thousand shares)	136,469	137,236
Diluted earnings per share		
Adjustment of profit attributable to owners of parent (million yen)	–	(191)
(Adjustment for potential dilution from subsidiaries (million yen))	(–)	((191))
Increase in the number of common stock (thousand shares)	30	–
(Restricted stock units (thousand shares))	(30)	(–)
Overview of dilutive shares not included in the calculation of the amount of fully diluted earnings per share due to absence of dilutive effect	–	–

(Notes on Significant Subsequent Events)

Not applicable