

[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.

Securities Code: 9468

June 4, 2025

Start date of measures for electronic provision: June 3, 2025

To Our Shareholders

Takeshi Natsuno

Chief Executive Officer

KADOKAWA CORPORATION

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

NOTICE OF THE 11TH 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 11th 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., Wednesday, June 25, 2025 (JST) or access the website for the exercise of voting rights (<https://evote.tr.mufg.jp/>) (in Japanese) from a

personal computer or smartphone and enter your approval or disapproval for the proposal by 6:30 p.m., Wednesday, June 25, 2025 (JST).

Very truly yours,

Details

1. **Date:** 2:00 p.m. on Thursday, June 26, 2025
(The reception of participants in the meeting will begin at 1:00 p.m.)
2. **Place:** Japan Pavilion Hall A, TOKOROZAWA SAKURA TOWN
31-3 Higashi-Tokorozawa Wada 3-chome, Tokorozawa-shi, Saitama

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 11th fiscal year (from April 1, 2024 to March 31, 2025)
2. Presentation of the Non-consolidated Financial Statements for the 11th fiscal year (from April 1, 2024 to March 31, 2025)

Proposal to be acted upon:

Proposal: To Elect Twelve (12) Directors

* **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 (Japanese only)."**

* **No souvenirs will be offered to shareholders.**

We would appreciate your understanding.

4. Points to Note about the Convocation of the Meeting

- (1) If you neglect to indicate your approval or disapproval for any proposal on the enclosed voting rights exercise form, you will be assumed to have approved the proposal and your vote will be counted accordingly.
- (2) If you exercise your voting rights more than once:
 - 1) 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.
 - 2) If you exercise your voting rights more than once on the Internet, only the voting rights you exercise last will be counted.

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◎ 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.

**[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)

## **Business Report**

[From April 1, 2024 to March 31, 2025]

### **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 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 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 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) Status of the Group's Capital Investment

In the current fiscal year, the Group's total amount of capital investment was 14,754 million yen. The main capital investments by business segment are listed below.

| Business category               | Amount            | Description                                                                                           |
|---------------------------------|-------------------|-------------------------------------------------------------------------------------------------------|
| Publication/IP Creation Segment | 5,198 million yen | Extension of functionality for own e-book site, etc.                                                  |
| Animation/Film Segment          | 1,514             | Studio facility expansions, etc.                                                                      |
| Gaming Segment                  | 241               | Development expenses of game applications, purchase of facilities and equipment for development, etc. |
| Web Services Segment            | 509               | Cost for upgrade of server for video community services and system development, etc.                  |
| Education/EdTech Segment        | 2,652             | System development and school operation equipment for online education business, etc.                 |
| Others                          | 1,533             | Construction of network equipment, etc.                                                               |
| Group Overall (in common)       | 3,104             | Partial acquisition of the KADOKAWA Headquarter Building, etc.                                        |
| Total                           | 14,754            |                                                                                                       |

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

Aimed at creating, developing, and acquiring new IP, and strengthening global distribution of IP, the Company entered into a capital and strategic alliance agreement with Sony Group Corporation on December 19, 2024.

In accordance this agreement, the Company raised 49,900 million yen on January 7, 2025 through issuance of common shares by way of third-party allocation to Sony Group Corporation.

## (4) Issues to Be Addressed by the Group

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 pursuing 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 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: Sparking! 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.

## (5) Status of Assets and Profit and Loss

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

| Division                                                    | 8th fiscal year<br>(ended in March<br>2022) | 9th fiscal year<br>(ended in March<br>2023) | 10th fiscal year<br>(ended in March<br>2024) | 11th fiscal year<br>(current fiscal year)<br>(ended in March<br>2025) |
|-------------------------------------------------------------|---------------------------------------------|---------------------------------------------|----------------------------------------------|-----------------------------------------------------------------------|
| Net sales (million yen)                                     | 221,208                                     | 255,429                                     | 258,109                                      | 277,915                                                               |
| Ordinary profit<br>(million yen)                            | 20,213                                      | 26,669                                      | 20,236                                       | 17,742                                                                |
| Profit attributable to<br>owners of parent<br>(million yen) | 14,078                                      | 12,679                                      | 11,384                                       | 7,392                                                                 |
| Basic earnings per<br>share<br>(yen)                        | 105.96                                      | 90.91                                       | 83.42                                        | 53.87                                                                 |
| Total assets<br>(million yen)                               | 325,319                                     | 382,898                                     | 340,310                                      | 410,029                                                               |
| Net assets (million yen)                                    | 175,740                                     | 223,171                                     | 212,566                                      | 277,408                                                               |
| Net assets per share<br>(yen)                               | 1,234.46                                    | 1,450.27                                    | 1,417.63                                     | 1,704.48                                                              |

Note: On January 1, 2022, the Company implemented a split at a ratio of one share to two shares. Basic earnings per share and net assets per share are calculated on the assumption that the stock split was conducted at the beginning of the 8th fiscal year.

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

| Division                             | 8th fiscal year<br>(ended in March<br>2022) | 9th fiscal year<br>(ended in March<br>2023) | 10th fiscal year<br>(ended in March<br>2024) | 11th fiscal year<br>(current fiscal year)<br>(ended in March<br>2025) |
|--------------------------------------|---------------------------------------------|---------------------------------------------|----------------------------------------------|-----------------------------------------------------------------------|
| Net sales (million yen)              | 114,656                                     | 129,883                                     | 138,777                                      | 139,543                                                               |
| Ordinary profit<br>(million yen)     | 7,635                                       | 5,111                                       | 9,085                                        | 4,014                                                                 |
| Profit<br>(million yen)              | 6,446                                       | 806                                         | 6,877                                        | 3,873                                                                 |
| Basic earnings per<br>share<br>(yen) | 48.52                                       | 5.78                                        | 50.40                                        | 28.23                                                                 |
| Total assets<br>(million yen)        | 287,446                                     | 335,141                                     | 284,855                                      | 346,196                                                               |
| Net assets (million yen)             | 132,367                                     | 128,095                                     | 110,807                                      | 166,032                                                               |
| Net assets per share<br>(yen)        | 950.56                                      | 917.17                                      | 824.19                                       | 1,132.95                                                              |

Note: On January 1, 2022, the Company implemented a split at a ratio of one share to two shares. Basic earnings per share and net assets per share are calculated on the assumption that the stock split was conducted at the beginning of the 8th fiscal year.

## (6) Status of Important Subsidiaries

| Company name                                                  | Capital stock<br>(million yen)    | Company's<br>ratio of voting<br>rights (%) | Principal business                                |
|---------------------------------------------------------------|-----------------------------------|--------------------------------------------|---------------------------------------------------|
| DWANGO Co., Ltd.                                              | 100                               | 100.0                                      | Web Services Segment,<br>Education/EdTech Segment |
| BOOK WALKER Co., Ltd.                                         | 100                               | 100.0                                      | Publication/IP Creation Segment                   |
| ARCLIGHT, Inc.                                                | 50                                | 100.0                                      | Publication/IP Creation Segment                   |
| KADOKAWA ASCII Research<br>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.,<br>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                               | 53.0                                       | 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                                            |
| KADOKAWA Connected Inc.                                       | 50                                | 100.0                                      | Others                                            |
| KADOKAWA HOLDINGS ASIA<br>LTD.                                | 206<br>(million<br>HK<br>dollars) | 100.0                                      | Others                                            |
| GUANGZHOU TIANWEN<br>KADOKAWA ANIMATION &<br>COMICS CO., LTD. | 30<br>(million<br>RMB)            | 46.3                                       | Publication/IP Creation Segment                   |
| KADOKAWA TAIWAN<br>CORPORATION                                | 158<br>(million<br>NT dollars)    | 100.0                                      | Publication/IP Creation Segment                   |
| KADOKAWA AMARIN COMPANY<br>LIMITED                            | 60<br>(million<br>THB)            | 49.0                                       | Publication/IP Creation Segment                   |
| KADOKAWA WORLD<br>ENTERTAINMENT, INC.                         | 35<br>(million<br>US dollars)     | 100.0                                      | Publication/IP Creation Segment                   |
| YEN PRESS, LLC                                                | 4<br>(million<br>US dollars)      | 51.0                                       | Publication/IP Creation Segment                   |
| M12 Media LLC                                                 | 0<br>(million<br>US dollars)      | 100.0                                      | Publication/IP Creation Segment                   |
| Spike Chunsoft, Inc.                                          | 1<br>(million<br>US dollars)      | 100.0                                      | Gaming Segment                                    |

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. On May 31, 2024, the Company acquired all of ARCLIGHT, Inc. shares and made it consolidated subsidiary.
4. Effective October 1, 2024, our wholly owned subsidiary KADOKAWA WORLD ENTERTAINMENT, INC. acquired additional shares in J-Novel Club LLC, making it a wholly owned subsidiary. In addition, J-Novel Club LLC changed the name of its business to M12 Media LLC on February 1, 2025.
5. On October 10, 2024, the Company acquired 80% of Doga Kobo inc. shares and made it consolidated subsidiary.
6. KADOKAWA LifeDesign Inc. was formerly named Mainichi ga Hakken Inc. It changed the name of its business on October 1, 2024.
7. 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.

**(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 31, 2024, the Company acquired all of ARCLIGHT, Inc. shares and made it consolidated subsidiary.
- 2) On October 10, 2024, the Company acquired 80% of Doga Kobo inc. shares and made it consolidated subsidiary.

**(8) Principal Business (as of March 31, 2025)**

| 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, 2025)

### 1) The Company

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

### 2) Subsidiaries

| Name                            | Address                  |
|---------------------------------|--------------------------|
| 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, 2025)

### 1) Employees in the Group

| Business segment                | Number of employees |         |
|---------------------------------|---------------------|---------|
| Publication/IP Creation Segment | 2,899               | (1,505) |
| Animation/Film Segment          | 793                 | (332)   |
| Gaming Segment                  | 838                 | (92)    |
| Web Services Segment            | 697                 | (73)    |
| Education/EdTech Segment        | 477                 | (323)   |
| Others                          | 468                 | (399)   |
| Group Overall (in common)       | 795                 | (473)   |
| Total                           | 6,967               | (3,197) |

- 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 |
|-----------------------|-------------------|---------------------------|
| 2,343 (1,109) persons | 41.3 years of age | 4.2 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, 2025)**

| Lender                              | Amount borrowed<br>(million yen) |
|-------------------------------------|----------------------------------|
| Sumitomo Mitsui Banking Corporation | 10,107                           |
| Resona Bank, Limited                | 6,000                            |
| Mizuho Bank, Ltd.                   | 5,044                            |
| Saitama Resona Bank, Limited        | 4,000                            |



## 2. Status of the Company

### (1) Status of Shares (as of March 31, 2025)

- 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 1,358,558 shares)
- 3) Number of shareholders: 38,169 persons
- 4) Major shareholders (top ten)

| Name                                                                                  | Number of shares held<br>(thousand shares) | Ratio of equity<br>participation (%) |
|---------------------------------------------------------------------------------------|--------------------------------------------|--------------------------------------|
| KOREA SECURITIES DEPOSITORY-SAMSUNG<br>(Permanent Agent: Citibank, N.A. Tokyo Branch) | 15,403                                     | 10.43                                |
| The Master Trust Bank of Japan, Ltd. (Trust Account)                                  | 14,913                                     | 10.10                                |
| Sony Group Corporation                                                                | 14,899                                     | 10.09                                |
| GOLDMAN SACHS INTERNATIONAL (Permanent<br>Agent: Goldman Sachs Japan Co., Ltd.)       | 12,690                                     | 8.60                                 |
| Custody Bank of Japan, Ltd. (Trust Account)                                           | 9,886                                      | 6.70                                 |
| Nobuo Kawakami                                                                        | 6,036                                      | 4.09                                 |
| NIPPON TELEGRAPH AND TELEPHONE<br>CORPORATION                                         | 4,080                                      | 2.76                                 |
| Nippon Life Insurance Co.<br>(Permanent Agent: The Master Trust Bank of Japan, Ltd.)  | 3,428                                      | 2.32                                 |
| BANDAI NAMCO Holdings Inc.                                                            | 3,060                                      | 2.07                                 |
| CyberAgent, Inc.                                                                      | 2,844                                      | 1.93                                 |

Notes: 1. The Company holds treasury shares of 1,358 thousand shares. These 1,358 thousand treasury shares do not include the 1,083 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.

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

Not applicable.

- 6) Other significant information on shares

- a. The Company issued new shares through a third-party allotment to Sony Group Corporation, with a payment date of January 7, 2025. As a result, the total number of issued shares increased by 12,054,100.
- b. Based on a resolution of the Board of Directors held on December 19, 2024, the Company cancelled 4,847,924 shares of treasury shares effective January 7, 2025.

### (2) Status of Subscription Rights to Shares, etc. (as of March 31, 2025)

Not applicable.

### (3) Status of Company Officers

#### 1) Directors (as of March 31, 2025)

| 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 transcocos inc.<br>Outside Director of GREE Holdings, Inc.<br>Outside Director of U-NEXT HOLDINGS Co., Ltd.<br>Outside Director of Oracle Corporation Japan<br>Representative Director and President of DWANGO Co., Ltd.<br>Guest Professor and Director, Kindai University<br>Cyber Informatics Research Institute |
| Director                | Naohisa Yamashita | Chief Human Resource Officer<br>Chief Literature & Film Officer<br>Member of the Nominating Committee | —                                                                                                                                                                                                                                                                                                                                                                                |
| Director                | Shinobu Murakawa  | Chief Operating Officer<br>Member of the Remuneration Committee                                       | Representative Director and President of Building Book Center Co., Ltd.<br>Outside Director of Rakuten Books Network Co., Ltd.                                                                                                                                                                                                                                                   |
| Director                | Noriko Kase       | —                                                                                                     | Representative Director and President of KADOKAWA ASCII Research Laboratories, Inc.                                                                                                                                                                                                                                                                                              |
| Director                | Nobuo Kawakami    | —                                                                                                     | Advisor of DWANGO Co., Ltd.<br>Executive President of the KADOKAWA Culture Promotion Foundation                                                                                                                                                                                                                                                                                  |
| Director                | Cindy Chou        | —                                                                                                     | Chief Executive Officer of KADOKAWA Global Marketing Co., Ltd.                                                                                                                                                                                                                                                                                                                   |
| Director                | Hiroo Unoura      | Chairman of the Board of Directors<br>Chairperson of the Nominating Committee                         | Special Advisor of NIPPON TELEGRAPH AND TELEPHONE CORPORATION<br>Outside Director and Audit and Supervisory Committee Member of Mitsubishi Heavy Industries, Ltd.                                                                                                                                                                                                                |
| Director                | Ruth Marie Jarman | Chairperson of the Remuneration Committee<br>Member of the Nominating Committee                       | Representative Director and President of Jarman International KK<br>Outside Director of Fujibo Holdings, Inc.<br>Outside Director of Earth Corporation                                                                                                                                                                                                                           |
| Director                | Tadaaki Sugiyama  | Chairperson of the Audit Committee<br>Member of the Nominating Committee                              | —                                                                                                                                                                                                                                                                                                                                                                                |
| Director                | Yu Sasamoto       | Member of the Remuneration Committee                                                                  | Outside Director of Sanrio Company, Ltd.<br>CEO of DAZN Japan Investment GK                                                                                                                                                                                                                                                                                                      |
| Director                | Akihiko Shiba     | Member of the Audit Committee                                                                         | Partner and Attorney-at-Law of SHIBA & TANAKA LAW OFFICES                                                                                                                                                                                                                                                                                                                        |
| Director                | Ayumi Uzawa       | Member of the Audit Committee                                                                         | Representative of Uzawa CPA Office                                                                                                                                                                                                                                                                                                                                               |

| Position in the Company | Name            | Responsibilities                     | Important concurrent positions in other companies                                                                                    |
|-------------------------|-----------------|--------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|
| Director                | David Macdonald | Member of the Remuneration Committee | CEO of DJMAC GK                                                                                                                      |
| Director                | Etsuko Okajima  | Member of the Nominating Committee   | Representative Director and President of ProNova Inc.<br>External Director of MARUI GROUP CO., LTD.<br>Director of Euglena Co., Ltd. |

- Notes: 1. Directors Mr. Hiroo Unoura, Ms. Ruth Marie Jarman, Mr. Tadaaki Sugiyama, Mr. Yu Sasamoto, Mr. Akihiko Shiba, Mr. Ayumi Uzawa, Mr. David Macdonald and Ms. Etsuko Okajima 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. At the 10th General Meeting of Shareholders held on June 18, 2024, Ms. Etsuko Okajima was elected and assumed office as Director.
5. Director Mr. Yu Sasamoto retired from the position of Outside Director of YOSHIMOTO KOGYO HOLDINGS CO., LTD., effective June 27, 2024.
6. Director Mr. Ayumi Uzawa retired from the position of Outside Corporate Auditor of Toshiba Corporation, effective June 27, 2024.
7. Changes in Directors' titles and responsibilities during the current fiscal year were as follows.

| Name              | Before change                                                                                                         | After change                                                                                  | Date of change |
|-------------------|-----------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|----------------|
| Naohisa Yamashita | Member of the Board<br>Representative Executive Officer                                                               | Member of the Board<br>Representative Executive Officer<br>Member of the Nominating Committee | June 18, 2024  |
| Shinobu Murakawa  | Member of the Board<br>Chief Officer                                                                                  | Member of the Board<br>Chief Officer<br>Member of the Remuneration Committee                  | June 18, 2024  |
| Hiroo Unoura      | Chairman of the Board of Directors<br>Chairperson of the Nominating Committee<br>Member of the Remuneration Committee | Chairman of the Board of Directors<br>Chairperson of the Nominating Committee                 | June 18, 2024  |

## 2) Chief Officers (as of March 31, 2025)

| 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 transcocosmos inc.<br>Outside Director of GREE Holdings, Inc.<br>Outside Director of U-NEXT HOLDINGS Co., Ltd.<br>Outside Director of Oracle Corporation Japan<br>Representative Director and President of DWANGO Co., Ltd.<br>Guest Professor and Director, Kindai University Cyber Informatics Research Institute |
| Representative Executive Officer               | Naohisa Yamashita | Chief Human Resource Officer<br>Chief Literature & Film 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.<br>Outside Director of Rakuten Books Network Co., Ltd.                                                                                                                                                                 |
| Chief Officer           | Masayuki Aoyagi  | Chief Publishing Officer | Representative Director and President of ARCLIGHT, Inc.<br>Representative Director and President of SHINKIGENSHA Co Ltd                                                                                                                                                                        |
| Chief Officer           | Takashi Sensui   | Chief Global Officer     | President of KADOKAWA HOLDINGS ASIA LTD.<br>Director, Chairman of YEN PRESS, LLC                                                                                                                                                                                                               |
| Chief Officer           | Takeshi Kikuchi  | Chief Anime Officer      | Representative Director and Vice President of Production A Co., Ltd.<br>Representative Director and President of KADOKAWA Architecture Co., Ltd.<br>Representative Director and President of Studio KADAN Co. Ltd.<br>Representative Director and President of KADOKAWA DAIEI STUDIO CO., LTD. |

- Notes: 1. Chief Executive Officer Mr. Takeshi Natsuno, Representative Executive Officer Mr. Naohisa Yamashita, and Chief Officer Mr. Shinobu Murakawa concurrently hold the position of Director.
2. Mr. Ichiro Hashiba retired from the position of Chief Officer and assumed office as Corporate Officer, effective January 1, 2025.
3. Mr. Daijo Kudo assumed office as Chief Officer, effective April 1, 2025.

### 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.<br>(million yen) | Total amount of compensation, etc. by type |                                        |                                           | Number of recipient officers<br>(persons) |
|------------------------------------------|-----------------------------------------------------|--------------------------------------------|----------------------------------------|-------------------------------------------|-------------------------------------------|
|                                          |                                                     | Monetary compensation                      |                                        | Non-monetary compensation, etc.           |                                           |
|                                          |                                                     | Fixed compensation<br>(million yen)        | Variable compensation<br>(million yen) | Share-based compensation<br>(million yen) |                                           |
| Directors<br>(of whom Outside Directors) | 152<br>(102)                                        | 152<br>(102)                               | —<br>(—)                               | —<br>(—)                                  | 11<br>(8)                                 |
| Chief Officers                           | 398                                                 | 179                                        | 218                                    | —                                         | 7                                         |
| Total<br>(of whom outside officers)      | 550<br>(102)                                        | 331<br>(102)                               | 218<br>(—)                             | —<br>(—)                                  | 18<br>(8)                                 |

Notes: 1 The amount of compensation for Directors who also serve as Chief Officers and the number of such Directors are indicated in the Chief Officer column.

2. The number of Chief Officers and their compensation, etc. include a Chief Officer who retired during the current fiscal year and the amount paid to the person.

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, 2024) that were used as evaluation indicators, which are consolidated net sales of 258,109 million yen and consolidated operating profit of 18,454 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 June 18, 2024 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 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, and those shares are delivered based on individual performance and contributions to the Company's financial results for each fiscal year in accordance with the share delivery rules.

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, and the Company shall grant points in June each year based on individual performance and contributions to the Company's financial results for each fiscal year. In the

event that it is decided to deliver the shares, the Company shall deliver 50% of the Company's shares in August in a determined year, and delivery of the remaining 50% 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, David Macdonald

\* 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 NIPPON TELEGRAPH AND TELEPHONE CORPORATION<br>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<br>Outside Director of Fujibo Holdings, Inc.<br>Outside Director of Earth Corporation            |
| Director Tadaaki Sugiyama  | —                                                                                                                                                                 |
| Director Yu Sasamoto       | Outside Director of Sanrio Company, Ltd.<br>CEO of DAZN Japan Investment GK                                                                                       |
| Director Akihiko Shiba     | Partner and Attorney-at-Law of SHIBA & TANAKA LAW OFFICES                                                                                                         |
| Director Ayumi Uzawa       | Representative of Uzawa CPA Office                                                                                                                                |
| Director David Macdonald   | CEO of DJMAC GK                                                                                                                                                   |
| Director Etsuko Okajima    | Representative Director and President of ProNova Inc.<br>External Director of MARUI GROUP CO., LTD.<br>Director of Euglena Co., Ltd.                              |

Notes: 1. The Company reported eight (8) Directors, Mr. Hiroo Unoura, Ms. Ruth Marie Jarman, Mr. Tadaaki Sugiyama, Mr. Yu Sasamoto, Mr. Akihiko Shiba, Mr. Ayumi Uzawa, Mr. David Macdonald and Ms. Etsuko Okajima 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

(a) 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      | <p>Board of Directors<br/>(19 of 19 meetings held)</p> <p>Nominating Committee<br/>(9 of 9 meetings held)</p> <p>Remuneration Committee<br/>(3 of 3 meetings held)</p>   | <p>Mr. Hiroo Unoura provides constructive input from an objective and professional perspective during the Company's Board of Directors, Nominating Committee and Remuneration 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. In addition, as a member of the Remuneration Committee, he contributed to enhancing the objectivity and transparency of the process of nominating Directors and Chief Officers and determining their compensation through discussions with the management team. These accomplishments demonstrate that he has sufficiently fulfilled his management oversight responsibilities from an independent standpoint.</p> |
| Ruth Marie Jarman | <p>Board of Directors<br/>(18 of 19 meetings held)</p> <p>Nominating Committee<br/>(9 of 9 meetings held)</p> <p>Remuneration Committee<br/>(11 of 11 meetings held)</p> | <p>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.</p>                                         |
| Tadaaki Sugiyama  | <p>Board of Directors<br/>(19 of 19 meetings held)</p> <p>Nominating Committee<br/>(9 of 9 meetings held)</p> <p>Audit Committee<br/>(22 of 22 meetings held)</p>        | <p>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 the chairperson 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.</p>                                                                                                                   |

| Name            | Attendance                                                                                               | Main activities in the current fiscal year                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|-----------------|----------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Yu Sasamoto     | Board of Directors<br>(17 of 19 meetings held)<br><br>Remuneration Committee<br>(11 of 11 meetings held) | Mr. Yu Sasamoto provides constructive input from an objective and professional perspective during the Company's Board of Directors and Remuneration 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.<br>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. These accomplishments demonstrate that he has sufficiently fulfilled his management oversight responsibilities from an independent standpoint.                                                            |
| Akihiko Shiba   | Board of Directors<br>(19 of 19 meetings held)<br><br>Audit Committee<br>(22 of 22 meetings held)        | Mr. Akihiko Shiba 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.<br>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.                                                                                  |
| Ayumi Uzawa     | Board of Directors<br>(19 of 19 meetings held)<br><br>Audit Committee<br>(22 of 22 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.<br>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 oversight from an independent standpoint.                                           |
| David Macdonald | Board of Directors<br>(19 of 19 meetings held)<br><br>Remuneration Committee<br>(11 of 11 meetings held) | Mr. David McDonald provides constructive input from an objective and professional perspective during the Company's Board of Directors and Remuneration Committee meetings. His insights are shaped by his extensive experience and expertise gained as a corporate executive in various fields, including creating content that aligns with the Company's operations, global reach, IT and technology.<br>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. These accomplishments demonstrate that he has sufficiently fulfilled his management oversight responsibilities from an independent standpoint. |

| Name           | Attendance                                                                                                    | Main activities in the current fiscal year                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|----------------|---------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Etsuko Okajima | <p>Board of Directors<br/>(16 of 16 meetings held)</p> <p>Nominating Committee<br/>(7 of 7 meetings held)</p> | <p>Ms. Etsuko Okajima provides constructive input from an objective and professional perspective during the Company's Board of Directors and Nominating 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.</p> <p>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.</p> |

- Notes: 1. The number of the Board of Directors meetings and Nominating Committee meetings attended by Director Ms. Etsuko Okajima only includes the meetings held after she assumed her office on June 18, 2024.
2. The number of Remuneration Committee meetings attended by Director Mr. Hiroo Unoura only includes the meetings held before he retired from his position of a member of the Remuneration Committee on June 18, 2024.

(b) Facts in violation of laws and regulations or the Articles of Incorporation, other actions taken to prevent the execution of unjust or misconduct business, and actions taken after the occurrence

On November 12, 2024, during the current fiscal year, the Company and its subsidiary, KADOKAWA LifeDesign Inc., received a recommendation from the Japan Fair Trade Commission after it was found that both companies had violated Article 4, paragraph 1, item (v) (prohibition of setting the amount of subcontract proceeds unjustly low) of the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors (the "Subcontract Act").

None of the Outside Directors were aware of the fact until this matter came to light. However, they had been overseeing the effectiveness of legal compliance through the Board of Directors and other meeting bodies. Since the matter came to light, they have fulfilled their duties by overseeing measures to prevent recurrence.

#### **(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 | 115 million yen |
| Total amount of money and other financial benefits to be paid by the Company and its subsidiaries to the Independent Auditor                           | 124 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 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.
  4. In addition to the amount of compensation stated above for the current fiscal year, there was additional compensation of 9 million yen for the previous fiscal year.

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.

The Company and its subsidiary, KADOKAWA LifeDesign Inc., received a recommendation from the Japan Fair Trade Commission under the Subcontract Act, after it was found that both companies had violated Article 4, paragraph 1, item (v) of the Subcontract Act (prohibition of setting the amount of subcontract proceeds unjustly low). The Company takes seriously the recommendations, and will further strengthen compliance and prevent recurrence through efforts such as conducting internal training on the Subcontract 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 the majority of its members consist 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 plans to pay a dividend of 30 yen per share for the fiscal year ended March 31, 2025. 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, 2025)

| Item                                 | Amount          | Item                                                                      | Amount          |
|--------------------------------------|-----------------|---------------------------------------------------------------------------|-----------------|
| (Assets)                             | Millions of yen | (Liabilities)                                                             | Millions of yen |
| <b>Current assets</b>                | <b>272,447</b>  | <b>Current liabilities</b>                                                | <b>117,033</b>  |
| Cash and deposits                    | 145,494         | Notes and accounts payable - trade                                        | 35,411          |
| Notes receivable - trade             | 1,785           | Short-term borrowings                                                     | 451             |
| Accounts receivable - trade          | 67,800          | Current portion of long-term borrowings                                   | 15,292          |
| Contract assets                      | 1,671           | Accounts payable - other                                                  | 14,976          |
| Securities                           | 808             | Income taxes payable                                                      | 4,631           |
| Inventories                          | 34,757          | Contract liabilities                                                      | 16,647          |
| Prepaid expenses                     | 3,695           | Deposits received                                                         | 8,774           |
| Deposits paid                        | 4,088           | Provision for bonuses                                                     | 6,106           |
| Other                                | 12,558          | Refund liabilities                                                        | 6,685           |
| Allowance for doubtful accounts      | (211)           | Provision for share-based remuneration                                    | 261             |
|                                      |                 | Provision for share-based remuneration for directors (and other officers) | 1,103           |
| <b>Non-current assets</b>            | <b>137,581</b>  | Other                                                                     | 6,691           |
| <b>Property, plant and equipment</b> | <b>66,922</b>   | <b>Non-current liabilities</b>                                            | <b>15,587</b>   |
| Buildings and structures             | 31,592          | Long-term borrowings                                                      | 10,946          |
| Machinery and equipment              | 3,955           | Deferred tax liabilities                                                  | 637             |
| Tools, furniture and fixtures        | 2,415           | Retirement benefit liability                                              | 2,368           |
| Land                                 | 28,250          | Other                                                                     | 1,634           |
| Construction in progress             | 24              |                                                                           |                 |
| Other                                | 684             | <b>Total liabilities</b>                                                  | <b>132,621</b>  |
| <b>Intangible assets</b>             | <b>20,504</b>   | <b>(Net assets)</b>                                                       |                 |
| Software                             | 11,021          | <b>Shareholders' equity</b>                                               | <b>231,130</b>  |
| Goodwill                             | 5,333           | <b>Share capital</b>                                                      | <b>65,613</b>   |
| Other                                | 4,149           | <b>Capital surplus</b>                                                    | <b>85,223</b>   |
| <b>Investments and other assets</b>  | <b>50,154</b>   | <b>Retained earnings</b>                                                  | <b>85,913</b>   |
| Investment securities                | 38,397          | <b>Treasury shares</b>                                                    | <b>(5,619)</b>  |
| Deferred tax assets                  | 3,713           | <b>Accumulated other comprehensive income</b>                             | <b>18,658</b>   |
| Insurance funds                      | 1,727           | <b>Valuation difference on available-for-sale securities</b>              | <b>14,042</b>   |
| Guarantee deposits                   | 4,183           | <b>Foreign currency translation adjustment</b>                            | <b>4,222</b>    |
| Other                                | 2,366           | <b>Remeasurements of defined benefit plans</b>                            | <b>392</b>      |
| Allowance for doubtful accounts      | (233)           | <b>Share acquisition rights</b>                                           | <b>2,426</b>    |
|                                      |                 | <b>Non-controlling interests</b>                                          | <b>25,192</b>   |
|                                      |                 | <b>Total net assets</b>                                                   | <b>277,408</b>  |
| <b>Total assets</b>                  | <b>410,029</b>  | <b>Total liabilities and net assets</b>                                   | <b>410,029</b>  |

## **Consolidated Statement of Income**

(April 1, 2024 through March 31, 2025)

| Item                                                          | Amount          |                 |
|---------------------------------------------------------------|-----------------|-----------------|
|                                                               | Millions of yen | Millions of yen |
| <b>Net sales</b>                                              |                 | <b>277,915</b>  |
| <b>Cost of sales</b>                                          |                 | <b>178,840</b>  |
| <b>Gross profit</b>                                           |                 | <b>99,075</b>   |
| <b>Selling, general and administrative expenses</b>           |                 | <b>82,423</b>   |
| <b>Operating profit</b>                                       |                 | <b>16,651</b>   |
| <b>Non-operating income</b>                                   |                 |                 |
| Interest income                                               | 1,521           |                 |
| Dividend income                                               | 485             |                 |
| Share of profit of entities accounted for using equity method | 725             |                 |
| Gain on sales of goods                                        | 114             |                 |
| Other                                                         | 421             | 3,269           |
| <b>Non-operating expenses</b>                                 |                 |                 |
| Interest expenses                                             | 80              |                 |
| Share issuance costs                                          | 275             |                 |
| Foreign exchange losses                                       | 1,794           |                 |
| Other                                                         | 27              | 2,178           |
| <b>Ordinary profit</b>                                        |                 | <b>17,742</b>   |
| <b>Extraordinary income</b>                                   |                 |                 |
| Gain on sales of non-current assets                           | 2               |                 |
| Gain on sales of investment securities                        | 2,861           |                 |
| Gain on liquidation of subsidiaries and associates            | 166             | 3,031           |
| <b>Extraordinary losses</b>                                   |                 |                 |
| Impairment losses                                             | 63              |                 |
| Expenses for dealing with system failure                      | 2,413           |                 |
| Loss on retirement of non-current assets                      | 203             |                 |
| Loss on valuation of investment securities                    | 258             |                 |
| Extra retirement payments                                     | 549             |                 |
| Other                                                         | 94              | 3,581           |
| <b>Profit before income taxes</b>                             |                 | <b>17,192</b>   |
| Income taxes - current                                        | 7,862           |                 |
| Income taxes - deferred                                       | (608)           | 7,253           |
| <b>Profit</b>                                                 |                 | <b>9,938</b>    |
| Profit attributable to non-controlling interests              |                 | 2,545           |
| <b>Profit attributable to owners of parent</b>                |                 | <b>7,392</b>    |

## Consolidated Statement of Changes in Equity

(April 1, 2024 through March 31, 2025)

(Millions of 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          |

## **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: 58**

Names of major consolidated subsidiaries

DWANGO Co., Ltd.

BOOK WALKER 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.

KADOKAWA Connected 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)

KADOKAWA AMARIN COMPANY LIMITED (Bangkok, Thailand)

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

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

M12 Media LLC (Texas, U.S.)

Spike Chunsoft, Inc. (California, U.S.)

BELLNOX FILMS Co. Ltd. and one other company were included in the scope of consolidation because they were newly founded in the current fiscal year.

ARCLIGHT, Inc., Doga Kobo inc. and five other companies were included in the scope of consolidation because their shares were newly purchased and they became consolidated subsidiaries. Kadokawa Holdings U.S. in Hong Kong Ltd. (Hong Kong, People's Republic of China), which was a consolidated subsidiary in the previous fiscal year, was excluded from the scope of consolidation accompanied by its liquidation.

The trade name of KADOKAWA LifeDesign Inc. was changed from Mainichi ga Hakken Inc., and the trade name of M12 Media LLC was changed from J-Novel Club LLC.

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.

##### **(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.

KIDS NET CO., LTD. and one other company, which were associated companies accounted for by the equity method in the previous fiscal year, were 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, 2025.

### (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 37 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 19 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: 5–12 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 Company has recognized revenue at the time the control of promised goods or services is transferred to the customer in the amount expected to be received in exchange for said goods or services.

(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.

### **[Changes in accounting policies]**

(Application of the accounting standard for current income taxes, etc.)

The Company has applied the Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, issued on October 28, 2022; 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 of paragraph 65-2 (2) of the Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28, issued on October 28, 2022).

This change in accounting policies has no impact on the consolidated financial statements.

### **[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 6,685 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 | 5,333 million yen |
|----------|-------------------|

### (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.

## **[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 1,199 million yen and 495 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 74 million yen and 588 thousand shares, respectively.

**[Notes to the consolidated balance sheet]**

1. Accumulated depreciation of property, plant and equipment 26,818 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 44 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 6,918 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 (Note 1)    | 141,784,120 shares                                           | 12,054,100 shares                                     | 4,847,924 shares                                      | 148,990,296 shares                                     |
| (Treasury shares)         |                                                              |                                                       |                                                       |                                                        |
| Common shares (Note 2, 3) | 7,339,245 shares                                             | 233 shares                                            | 4,897,472 shares                                      | 2,442,006 shares                                       |

- Notes: 1. The number of shares increased in issued shares under common shares is 12,054,100 shares in connection with the issuance of shares through a third-party allocation of shares.  
The number of shares decreased in issued shares under common shares is 4,847,924 shares due to the cancellation of treasury shares.
2. The number of shares increased in treasury shares under common shares is 233 shares due to purchase of shares representing less than one unit.  
The number of shares decreased in treasury shares under common shares is 4,847,924 shares due to the cancellation of treasury shares, the delivery of 30,500 shares as post-delivery restricted stock units, and the delivery of 19,048 shares as restricted share-based remuneration.
3. The number of treasury shares under common shares at the end of the current fiscal year includes 1,083,448 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 23, 2024 | Common shares   | 4,065                                       | 30                                  | March 31, 2024 | June 19, 2024  |

Note: The total amount of dividends paid under the resolution of the Board of Directors held on May 23, 2024 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 8, 2025 | Common shares   | Retained earnings   | 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.

## [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                      | 67,800                                           | 67,312     | (488)      |
| Investment securities                            | 27,176                                           | 27,176     | —          |
| Total assets                                     | 94,977                                           | 94,488     | (488)      |
| Long-term borrowings (including current portion) | 26,238                                           | 26,292     | 53         |
| Total liabilities                                | 26,238                                           | 26,292     | 53         |

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 | 11,221                                          |

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. | 153                                             |

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                                                      | 145,439       | —                           | —                             | —             |
| Notes receivable - trade                                               | 1,785         | —                           | —                             | —             |
| Accounts receivable - trade                                            | 61,959        | 5,665                       | 175                           | —             |
| Deposits paid                                                          | 4,088         | —                           | —                             | —             |
| Investment securities<br>Available-for-sale securities with maturities | —             | 14                          | —                             | —             |
| Total                                                                  | 213,272       | 5,680                       | 175                           | —             |

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

(Millions of yen)

|                                                        | Within 1<br>year | Over 1<br>year<br>through 2<br>years | Over 2<br>years<br>through 3<br>years | Over 3<br>years<br>through 4<br>years | Over 4<br>years<br>through 5<br>years | Over 5<br>years |
|--------------------------------------------------------|------------------|--------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|-----------------|
| Long-term borrowings<br>(including current<br>portion) | 15,299           | 10,201                               | 163                                   | 126                                   | 105                                   | 342             |
| Total                                                  | 15,299           | 10,201                               | 163                                   | 126                                   | 105                                   | 342             |

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 | 27,146     | —       | —       | 27,146 |
| Total assets          | 27,146     | —       | —       | 27,146 |

Note: In accordance with generally accepted accounting principles, investment trusts, etc. whose reference prices are considered to be their fair values are not included. The amounts of the said investment trusts, etc. stated in the consolidated balance sheet were 30 million yen.

(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                      | —          | 67,312  | —       | 67,312 |
| Total assets                                     | —          | 67,312  | —       | 67,312 |
| Long-term borrowings (including current portion) | —          | 26,292  | —       | 26,292 |
| Total liabilities                                | —          | 26,292  | —       | 26,292 |

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

Investment securities

Listed investment securities are valued by using quoted market prices on an active market, and their fair values are classified into level 1.

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/<br>IP Creation | Animation<br>/Film | Gaming | Web<br>Services | Education/<br>EdTech |        |         |
| Principal regional markets                |                             |                    |        |                 |                      |        |         |
| Japan                                     | 123,700                     | 33,626             | 16,782 | 17,719          | 15,114               | 10,529 | 217,472 |
| United States                             | 10,346                      | 12,046             | 10,603 | —               | —                    | 188    | 33,184  |
| Asia                                      | 13,116                      | 3,652              | 1,819  | —               | —                    | 1,873  | 20,462  |
| Others                                    | 1,547                       | 658                | 4,160  | —               | —                    | 150    | 6,517   |
| Revenue from contracts with customers     | 148,711                     | 49,983             | 33,366 | 17,719          | 15,114               | 12,741 | 277,636 |
| Principal lines of goods or services      |                             |                    |        |                 |                      |        |         |
| Paper books, magazines and Internet media | 81,087                      | —                  | —      | —               | —                    | —      | 81,087  |
| E-books and e-magazines                   | 61,555                      | —                  | —      | —               | —                    | —      | 61,555  |
| Animation/Film                            | —                           | 49,983             | —      | —               | —                    | —      | 49,983  |
| Gaming                                    | —                           | —                  | 33,366 | —               | —                    | —      | 33,366  |
| Web Services                              | —                           | —                  | —      | 17,719          | —                    | —      | 17,719  |
| Education/EdTech                          | —                           | —                  | —      | —               | 15,114               | —      | 15,114  |
| Others                                    | 6,068                       | —                  | —      | —               | —                    | 12,741 | 18,810  |
| Revenue from contracts with customers     | 148,711                     | 49,983             | 33,366 | 17,719          | 15,114               | 12,741 | 277,636 |
| Other revenue (Note)                      | 2                           | —                  | —      | —               | —                    | 276    | 278     |
| Revenues from external customers          | 148,713                     | 49,983             | 33,366 | 17,719          | 15,114               | 13,018 | 277,915 |

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

#### (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 live-action videos and animated cartoons, video distribution licensing, and sales of 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.

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) | 62,412              |
| Balance of receivables that stemmed from contracts with customers (ending balance)    | 69,586              |
| Contract assets (beginning balance)                                                   | 2,716               |
| Contract assets (ending balance)                                                      | 1,671               |
| Contract liabilities (beginning balance)                                              | 15,078              |
| Contract liabilities (ending balance)                                                 | 16,647              |

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 15,078 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 8,246 million yen. The performance obligation is mainly related to contract development operations for game software mainly in the Gaming 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 | 1,704.48 yen |
| 2. Profit per share     | 53.87 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 (1,083 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 (1,083 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 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 popularity 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 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 |

(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 activities: 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 company after 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 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          | 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 |

## **[Notes on significant subsequent events]**

### Acquisition of shares in Edizioni BD S.r.l, making it a subsidiary

At a Management Meeting held on February 26, 2025, the Company resolved to acquire a portion of the shares of Edizioni BD S.r.l (Italy), making it a subsidiary of the Company, and entered into a share transfer agreement as of May 14, 2025.

#### (1) Purpose of the acquisition of shares

The Group's fundamental strategy is to advocate a "Global Media Mix with Technology," and is centered on the stable creation of intellectual property (IP) consisting of a variety of portfolio content and the rollout of this IP on a global scale. In accordance with this strategy, we have worked to expand our overseas business foundation.

Edizioni BD, established in 2005 and based in Milan, Italy, operates a publishing business focused on the Italian-language translation and publication of manga and light novels. The company currently publishes nearly 500 titles annually and has cultivated a strong local fan base for Japanese content. Going forward, through Edizioni BD, we will focus on the translation and publication of a wide range of Japanese manga works, not just our own, and will also actively work to expand into the unexplored areas of Japanese light novels and other novels and related products. We will also strive to expand our business throughout Europe by strengthening collaboration with other overseas Group locations, including neighboring France.

#### (2) Outline of the company whose shares were acquired

1) Name: Edizioni BD S.r.l

2) Capital: 100 thousand euro

3) Business activities: Translation and publication of manga and light novels, etc. (label: J-POP)

#### (3) Party from whom the shares were acquired

Manager of the acquired company

#### (4) Timing of share acquisition

June 2025 (planned)

#### (5) Acquisition value and shareholding ratio after acquisition

1) Acquisition price: 21 million euro

2) Shareholding ratio after acquisition: 70%

#### (6) Method for procuring the funds to be paid

Allocated from cash on hand

## **[Other notes]**

### 1. Consolidated Statement of Income

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.

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

## **Non-consolidated Balance Sheet**

(As of March 31, 2025)

| Item                                                  | Amount          | Item                                                                      | Amount          |
|-------------------------------------------------------|-----------------|---------------------------------------------------------------------------|-----------------|
| (Assets)                                              | Millions of yen | (Liabilities)                                                             | Millions of yen |
| <b>Current assets</b>                                 | <b>219,905</b>  | <b>Current liabilities</b>                                                | <b>177,149</b>  |
| Cash and deposits                                     | 132,124         | Notes payable - trade                                                     | 3,704           |
| Notes receivable - trade                              | 1,548           | Accounts payable - trade                                                  | 23,489          |
| Accounts receivable - trade                           | 48,962          | Current portion of long-term borrowings                                   | 15,000          |
| Inventories                                           | 26,136          | Accounts payable - other                                                  | 11,469          |
| Prepaid expenses                                      | 1,394           | Income taxes payable                                                      | 440             |
| Short-term loans receivable                           | 1,146           | Contract liabilities                                                      | 1,434           |
| Accounts receivable - other                           | 4,949           | Deposits received                                                         | 113,022         |
| Other                                                 | 3,833           | Provision for bonuses                                                     | 2,093           |
| Allowance for doubtful accounts                       | (191)           | Refund liabilities                                                        | 5,234           |
| <b>Non-current assets</b>                             | <b>126,291</b>  | Provision for share-based remuneration                                    | 245             |
| <b>Property, plant and equipment</b>                  | <b>50,662</b>   | Provision for share-based remuneration for directors (and other officers) | 249             |
| Buildings                                             | 26,093          | Other                                                                     | 766             |
| Structures                                            | 297             | <b>Non-current liabilities</b>                                            | <b>3,014</b>    |
| Machinery and equipment                               | 3,353           | Deferred tax liabilities                                                  | 1,330           |
| Tools, furniture and fixtures                         | 957             | Provision for retirement benefits                                         | 1,086           |
| Land                                                  | 19,939          | Other                                                                     | 598             |
| Construction in progress                              | 5               | <b>Total liabilities</b>                                                  | <b>180,164</b>  |
| Other                                                 | 16              | <b>(Net assets)</b>                                                       |                 |
| <b>Intangible assets</b>                              | <b>5,450</b>    | <b>Shareholders' equity</b>                                               | <b>151,991</b>  |
| Software                                              | 4,991           | <b>Share capital</b>                                                      | <b>65,613</b>   |
| Other                                                 | 459             | <b>Capital surplus</b>                                                    | <b>63,751</b>   |
| <b>Investments and other assets</b>                   | <b>70,178</b>   | Legal capital surplus                                                     | 35,613          |
| Investment securities                                 | 33,142          | Other capital surplus                                                     | 28,138          |
| Shares of subsidiaries and associates                 | 32,624          | <b>Retained earnings</b>                                                  | <b>28,246</b>   |
| Investments in capital of subsidiaries and associates | 323             | Other retained earnings                                                   | 28,246          |
| Insurance funds                                       | 1,680           | Retained earnings brought forward                                         | 28,246          |
| Guarantee deposits                                    | 1,210           | <b>Treasury shares</b>                                                    | <b>(5,619)</b>  |
| Other                                                 | 1,427           | <b>Valuation and translation adjustments</b>                              | <b>14,040</b>   |
| Allowance for doubtful accounts                       | (230)           | <b>Valuation difference on available-for-sale securities</b>              | <b>14,040</b>   |
|                                                       |                 | <b>Total net assets</b>                                                   | <b>166,032</b>  |
| <b>Total assets</b>                                   | <b>346,196</b>  | <b>Total liabilities and net assets</b>                                   | <b>346,196</b>  |



## **Non-consolidated Statement of Income**

(April 1, 2024 through March 31, 2025)

| Item                                                       | Amount          |                 |
|------------------------------------------------------------|-----------------|-----------------|
|                                                            | Millions of yen | Millions of yen |
| <b>Net sales</b>                                           |                 | <b>139,543</b>  |
| <b>Cost of sales</b>                                       |                 | <b>95,336</b>   |
| <b>Gross profit</b>                                        |                 | <b>44,206</b>   |
| <b>Selling, general and administrative expenses</b>        |                 | <b>42,975</b>   |
| <b>Operating profit</b>                                    |                 | <b>1,230</b>    |
| <b>Non-operating income</b>                                |                 |                 |
| Interest income                                            | 1,420           |                 |
| Dividend income                                            | 3,455           |                 |
| Gain on sales of goods                                     | 107             |                 |
| Other                                                      | 213             | 5,196           |
| <b>Non-operating expenses</b>                              |                 |                 |
| Interest expenses                                          | 400             |                 |
| Share issuance costs                                       | 275             |                 |
| Foreign exchange losses                                    | 1,732           |                 |
| Other                                                      | 4               | 2,413           |
| <b>Ordinary profit</b>                                     |                 | <b>4,014</b>    |
| <b>Extraordinary income</b>                                |                 |                 |
| Gain on sales of investment securities                     | 2,580           |                 |
| Other                                                      | 0               | 2,580           |
| <b>Extraordinary losses</b>                                |                 |                 |
| Expenses for dealing with system failure                   | 254             |                 |
| Loss on retirement of non-current assets                   | 172             |                 |
| Loss on valuation of investment securities                 | 137             |                 |
| Loss on valuation of shares of subsidiaries and associates | 318             |                 |
| Loss on liquidation of subsidiaries and associates         | 64              |                 |
| Other                                                      | 94              | 1,042           |
| <b>Profit before income taxes</b>                          |                 | <b>5,552</b>    |
| Income taxes - current                                     | 1,191           |                 |
| Income taxes - deferred                                    | 486             | 1,678           |
| <b>Profit</b>                                              |                 | <b>3,873</b>    |

## Non-consolidated Statement of Changes in Equity

(April 1, 2024 through March 31, 2025)

(Millions of yen)

|                                                              | Shareholders' equity |                       |                       |                       |                                                              |                         |
|--------------------------------------------------------------|----------------------|-----------------------|-----------------------|-----------------------|--------------------------------------------------------------|-------------------------|
|                                                              | Share capital        | Capital surplus       |                       |                       | Retained earnings                                            |                         |
|                                                              |                      | Legal capital surplus | Other capital surplus | Total capital surplus | Other retained earnings<br>Retained earnings brought forward | Total retained earnings |
| Balance at beginning of period                               | 40,624               | 40,624                | 13,636                | 54,261                | 28,438                                                       | 28,438                  |
| Changes during period                                        |                      |                       |                       |                       |                                                              |                         |
| Issuance of new shares                                       | 24,988               | 24,988                |                       | 24,988                |                                                              |                         |
| Transfer from legal capital surplus to other capital surplus |                      | (30,000)              | 30,000                | —                     |                                                              |                         |
| Dividends of surplus                                         |                      |                       |                       |                       | (4,065)                                                      | (4,065)                 |
| Profit                                                       |                      |                       |                       |                       | 3,873                                                        | 3,873                   |
| Purchase of treasury shares                                  |                      |                       |                       |                       |                                                              |                         |
| Cancellation of treasury shares                              |                      |                       | (15,498)              | (15,498)              |                                                              |                         |
| Disposal of treasury shares                                  |                      |                       | 0                     | 0                     |                                                              |                         |
| Net changes in items other than shareholders' equity         |                      |                       |                       |                       |                                                              |                         |
| Total changes during period                                  | 24,988               | (5,011)               | 14,502                | 9,490                 | (192)                                                        | (192)                   |
| Balance at end of period                                     | 65,613               | 35,613                | 28,138                | 63,751                | 28,246                                                       | 28,246                  |

|                                                              | 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                               | (21,276)             | 102,049                    | 8,758                                                 | 8,758                                       | 110,807          |
| Changes during period                                        |                      |                            |                                                       |                                             |                  |
| Issuance of new shares                                       |                      | 49,976                     |                                                       |                                             | 49,976           |
| Transfer from legal capital surplus to other capital surplus |                      | —                          |                                                       |                                             | —                |
| Dividends of surplus                                         |                      | (4,065)                    |                                                       |                                             | (4,065)          |
| Profit                                                       |                      | 3,873                      |                                                       |                                             | 3,873            |
| Purchase of treasury shares                                  | (0)                  | (0)                        |                                                       |                                             | (0)              |
| Cancellation of treasury shares                              | 15,498               | —                          |                                                       |                                             | —                |
| Disposal of treasury shares                                  | 158                  | 159                        |                                                       |                                             | 159              |
| Net changes in items other than shareholders' equity         |                      |                            | 5,282                                                 | 5,282                                       | 5,282            |
| Total changes during period                                  | 15,656               | 49,942                     | 5,282                                                 | 5,282                                       | 55,224           |
| Balance at end of period                                     | (5,619)              | 151,991                    | 14,040                                                | 14,040                                      | 166,032          |

## **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: 5–12 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 Company has recognized revenue at the time the control of promised goods or services is transferred to the customer in the amount expected to be received in exchange for said goods or services.

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

The group tax sharing system was applied.

**[Changes in accounting policies]**

(Application of the accounting standard for current income taxes, etc.)

The Company has applied the Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, issued on October 28, 2022; 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 follows the transitional treatment prescribed in the proviso of paragraph 20-3 of the Revised Accounting Standard 2022.

This change in accounting policies has no impact on the non-consolidated financial statements.

**[Changes in presentation]**

(Non-consolidated balance sheet)

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

Short-term loans receivable amounted to 640 million yen in the previous fiscal year.

**[Significant accounting estimates]****(Refund liabilities)**

The amount of refund liabilities recorded in the non-consolidated balance sheet at the end of the current fiscal year was 5,234 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.

**[Additional information]****(ESOP for employees and share-based compensation plan for directors)**

Details regarding notes on 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 14,430 million yen
2. The Company's monetary claims against, and monetary liabilities for, its subsidiaries and associated companies
 

|                                     |                     |
|-------------------------------------|---------------------|
| (1) Short-term monetary claims      | 17,266 million yen  |
| (2) Long-term monetary claims       | 683 million yen     |
| (3) Short-term monetary liabilities | 114,553 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 | 6,719 million yen |
|---------------------------------------|-------------------|

**[Notes to the Non-consolidated Statement of Income]**

1. Transactions with subsidiaries and associated companies
 

|                                                               |                    |
|---------------------------------------------------------------|--------------------|
| (1) Net sales                                                 | 45,265 million yen |
| (2) Cost of sales                                             | 7,184 million yen  |
| (3) Selling, general and administrative expenses              | 3,189 million yen  |
| (4) Transactions that are not business transactions           |                    |
| 1) Amount resulting from non-business transactions (income)   | 3,026 million yen  |
| 2) Amount resulting from non-business transactions (payments) | 376 million yen    |
2. Expenses for dealing with system failure

The expenses for dealing with system failure recorded in extraordinary losses are expenses related to investigation and restoration, etc. in connection to the cyberattack on servers in the Group's data center.

**[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   | 7,339,245 shares                                                      | 233 shares                                                     | 4,897,472 shares                                               | 2,442,006 shares                                                |

- Notes: 1. The number of shares increased in treasury shares under common shares is 233 shares due to purchase of shares representing less than one unit.
2. The number of shares decreased in treasury shares under common shares is 4,847,924 shares due to the cancellation of treasury shares, the delivery of 30,500 shares as post-delivery restricted stock units, and the delivery of 19,048 shares as restricted share-based remuneration.
3. The number of treasury common shares at the end of the current fiscal year includes 1,083,448 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, refund liabilities, inventories, and impairment losses, etc. 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. Deferred tax assets associated with shares of subsidiaries and associates for which scheduling is impossible deduct valuation allowance.

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. Parent company and major corporate shareholders, etc.

| Type              | Name                   | Location         | Share capital<br>(Millions of yen) | Business                                | Ratio of voting rights, etc.,<br>owning (owned)<br>(%) | Relations                      | Transactions                        | Amount of transactions<br>(Millions of yen) | Account item | Year-end balance<br>(Millions of yen) |
|-------------------|------------------------|------------------|------------------------------------|-----------------------------------------|--------------------------------------------------------|--------------------------------|-------------------------------------|---------------------------------------------|--------------|---------------------------------------|
| Major shareholder | Sony Group Corporation | Minato-ku, Tokyo | 881,357                            | Business administration of subsidiaries | (Owned)<br>Direct ownership: 10.1                      | Capital and strategic alliance | Third-party allotment of new shares | 49,976                                      | -            | -                                     |

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

Sony Group Corporation underwrote the Company's third-party allotment of new shares. The issue price was determined in consultation with the allottee, taking into consideration the closing price of the Company's common shares on the Tokyo Stock Exchange on the business day immediately preceding the date of resolution by the Board of Directors regarding the third-party allotment.

### 2. Subsidiaries and associated companies, etc.

| Type       | Name                  | Location           | Share capital<br>(Millions of yen) | Business                                                      | Ratio of voting rights, etc.,<br>owning (owned)<br>(%) | Relations                                            | Transactions                   | Amount of transactions<br>(Millions of yen) | Account item                | Year-end balance<br>(Millions of yen) |
|------------|-----------------------|--------------------|------------------------------------|---------------------------------------------------------------|--------------------------------------------------------|------------------------------------------------------|--------------------------------|---------------------------------------------|-----------------------------|---------------------------------------|
| Subsidiary | DWANGO Co., Ltd.      | Chuo-ku, Tokyo     | 100                                | Web Services Segment and Education/EdTech Segment             | (Owner)<br>Direct ownership: 100.0                     | Officers serving concurrently                        | Deposit of funds               | 10,107                                      | Deposits received           | 6,802                                 |
|            | BOOK WALKER Co., Ltd. | Chiyoda-ku, Tokyo  | 100                                | Sales and agency of e-books, etc.                             | (Owner)<br>Direct ownership: 100.0                     | Deposit of funds<br>Rights authorization for e-books | Sales related to e-books, etc. | 42,957                                      | Accounts receivable - trade | 11,844                                |
|            |                       |                    |                                    |                                                               |                                                        |                                                      | Deposit of funds               | 7,340                                       | Deposits received           | 8,311                                 |
|            | FromSoftware, Inc.    | Shinjuku-ku, Tokyo | 18,468                             | Planning, development and sales of game software, etc.        | (Owner)<br>Direct ownership: 69.7                      | Deposit of funds                                     | Deposit of funds               | 60,762                                      | Deposits received           | 70,310                                |
|            | Vantan Inc.           | Chuo-ku, Tokyo     | 90                                 | Operation of schools specializing in the creative field, etc. | (Owner)<br>Indirect ownership: 100.0                   | Deposit of funds                                     | Deposit of funds               | 7,364                                       | Deposits received           | 9,500                                 |

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.

### 3. Fellow subsidiaries, etc.

| Attribute                                                                                                                                        | Name             | Location         | Share capital<br>(Millions of yen) | Business                   | Ratio of voting rights, etc.,<br>owning (owned) (%) | Relations                                             | Transactions                                        | Amount of transactions<br>(Millions of yen) | Account item                | Year-end balance<br>(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 | 2,404                                       | Accounts receivable - trade | 9,942                                 |

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

- 1 Crunchyroll, LLC became a related party due to the third-party allotment of new shares to Sony Group Corporation implemented on January 7, 2025. Therefore, the amount of transactions is stated for the period during which the company was a related party.
2. Sales, etc. related to overseas distribution rights are determined through negotiation, taking into account the market price.

### 4. Officers and major individual shareholders, etc.

| Attribute                                             | Name                                  | Location                      | Share capital<br>(Millions of yen) | Business                                                                               | Ratio of voting rights, etc.,<br>owning (owned) (%) | Relations                     | Transactions                                         | Amount of transactions<br>(Millions of yen) | Account item | Year-end balance<br>(Millions of yen) |
|-------------------------------------------------------|---------------------------------------|-------------------------------|------------------------------------|----------------------------------------------------------------------------------------|-----------------------------------------------------|-------------------------------|------------------------------------------------------|---------------------------------------------|--------------|---------------------------------------|
| Company for which an officer serves as representative | Kadokawa Culture Promotion Foundation | Tokorozawa-shi, Saitama Pref. | —                                  | Awarding prizes business, publishing business, and operating cultural facilities, etc. | —                                                   | Officers serving concurrently | Partial acquisition of KADOKAWA Headquarter Building | 3,421                                       | —            | —                                     |
|                                                       |                                       |                               |                                    |                                                                                        |                                                     |                               | Partial acquisition of TOKOROZAWA SAKURA TOWN        | 814                                         | —            | —                                     |
|                                                       |                                       |                               |                                    |                                                                                        |                                                     |                               | Partial sale of TOKOROZAWA SAKURA TOWN               | 764                                         | —            | —                                     |

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

The amount of transactions for the partial acquisition of the KADOKAWA Headquarter Building and the partial acquisition and partial sale of TOKOROZAWA SAKURA TOWN is determined based on the appraisal value by a real estate appraiser.

### [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 the "Notes on revenue recognition" in the "Notes to the Consolidated Financial Statements" of the Consolidated Financial Statements.

### [Per share information]

1. Net assets per share 1,132.95 yen
2. Profit per share 28.23 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 (1,083 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 Company's shares above are included in treasury shares (1,083 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]

Acquisition of shares in Edizioni BD S.r.l, making it a subsidiary

At a Management Meeting held on February 26, 2025, the Company resolved to acquire a portion of the shares of Edizioni BD S.r.l (Italy, "Edizioni BD"), making it a subsidiary of the Company, and entered into a share transfer agreement as of May 14, 2025.

The details are as provided in "Notes on significant subsequent events" in the "Notes to the Consolidated Financial Statements" of the 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, 2025

The Board of Directors  
KADOKAWA CORPORATION

Ernst & Young ShinNihon LLC  
Tokyo, Japan

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Hirofumi Harashina  
Designated Engagement Partner  
Certified Public Accountant

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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, 2024 to March 31, 2025.

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, 2025, 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, 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, 2025

The Board of Directors  
KADOKAWA CORPORATION

Ernst & Young ShinNihon LLC  
Tokyo, Japan

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Hirofumi Harashina  
Designated Engagement Partner  
Certified Public Accountant

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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, 2024 to March 31, 2025.

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, 2025, 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, 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 11th fiscal year from April 1, 2024, to March 31, 2025. 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, 2025.

## 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.  
In June 2024, the Group experienced a system failure caused by a cyberattack. The Audit Committee confirmed that the Company has formulated and is implementing measures to prevent recurrence based on an analysis and investigation of the cause.

### (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 29, 2025

#### KADOKAWA CORPORATION Audit Committee

|                        |                  |
|------------------------|------------------|
| Audit Committee Member | Tadaaki Sugiyama |
| Audit Committee Member | Akihiko Shiba    |
| Audit Committee Member | Ayumi Uzawa      |

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



**Proposal:** To Elect Twelve (12) Directors

The term of office of all Directors (14) 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, including a reduction of 2 Directors to improve the efficiency of the Board and ensure its flexible decision-making.

The candidates for Directors are as follows:

| Candidate No. | Name              | Position in the Company                                                                                             |                                                             |
|---------------|-------------------|---------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|
| 1             | Takeshi Natsuno   | Member of the Board<br>Chief Executive Officer                                                                      | <u>Reelection</u>                                           |
| 2             | Naohisa Yamashita | Member of the Board<br>Representative Executive Officer<br>Member of the Nominating Committee                       | <u>Reelection</u>                                           |
| 3             | Shinobu Murakawa  | Member of the Board<br>Chief Officer<br>Member of the Remuneration Committee                                        | <u>Reelection</u>                                           |
| 4             | Noriko Kase       | Member of the Board                                                                                                 | <u>Reelection</u>                                           |
| 5             | Nobuo Kawakami    | Member of the Board                                                                                                 | <u>Reelection</u>                                           |
| 6             | Hiroo Unoura      | Member of the Board, Independent<br>Chairperson of the Nominating Committee                                         | <u>Reelection</u><br><u>Outside</u><br><u>Independent</u>   |
| 7             | Ruth Marie Jarman | Member of the Board, Independent<br>Chairperson of the Remuneration Committee<br>Member of the Nominating Committee | <u>Reelection</u><br><u>Outside</u><br><u>Independent</u>   |
| 8             | Tadaaki Sugiyama  | Member of the Board, Independent<br>Chairperson of the Audit Committee<br>Member of the Nominating Committee        | <u>Reelection</u><br><u>Outside</u><br><u>Independent</u>   |
| 9             | Yu Sasamoto       | Member of the Board, Independent<br>Member of the Remuneration Committee                                            | <u>Reelection</u><br><u>Outside</u><br><u>Independent</u>   |
| 10            | Ayumi Uzawa       | Member of the Board, Independent<br>Member of the Audit Committee                                                   | <u>Reelection</u><br><u>Outside</u><br><u>Independent</u>   |
| 11            | Etsuko Okajima    | Member of the Board, Independent<br>Member of the Nominating Committee                                              | <u>Reelection</u><br><u>Outside</u><br><u>Independent</u>   |
| 12            | Koichi Kusano     | —                                                                                                                   | <u>New election</u><br><u>Outside</u><br><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<br>(March 17, 1965) | <p>April 1988: Joined Tokyo Gas Co., Ltd.</p> <p>June 2005: Executive Director and General Manager of Multimedia Service Division of NTT Mobile Network Inc. (present NTT DOCOMO, INC.)</p> <p>May 2008: Guest Professor, Keio University Graduate School of Media and Governance</p> <p>December 2008: Director of DWANGO Co., Ltd.</p> <p>September 2009: Outside Director of GREE, Inc. (present GREE Holdings, Inc.) (present)</p> <p>December 2010: Outside Director of U-NEXT Co., Ltd. (present U-NEXT HOLDINGS Co., Ltd.) (present)</p> <p>October 2014: Member of the Board of the Company</p> <p>June 2016: Outside Director (Audit and Supervisory Committee Member) of transcosmos inc. (present)</p> <p>August 2016: Outside Director of Oracle Corporation Japan (present)</p> <p>June 2018: Representative Director and Chairman of MOVIE WALKER Co., Ltd.</p> <p>February 2019: Representative Director and President of DWANGO Co., Ltd. (present)</p> <p>April 2020: Guest Professor and Director, Kindai University Cyber Informatics Research Institute (present)</p> <p>June 2021: Member of the Board and President of the Company</p> <p>June 2022: Chairman and Director of KADOKAWA WORLD ENTERTAINMENT, INC. (present)</p> <p>June 2023: Member of the Board and Chief Executive Officer of the Company (present)</p> <p>June 2023: Director of MOVIE WALKER Co., Ltd.</p> | 198,600 shares                      |
| <p>[Reason for nominating Mr. Takeshi Natsuno as a candidate for Director]</p> <p>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. As Representative Executive Officer and President of the Company, he contributes to the advancement of the basic policy in its Mid-term Management Plan of "Global Media Mix with Technology," and assists the Company in achieving sustained growth. He has also served as an executive of many companies. 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 gained as a corporate manager.</p> <p>[Attendance at the meetings of the Board of Directors during the current fiscal year]</p> <p>19 of 19 (100%)</p> |                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                     |

| 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<br>(February 9, 1958) | <p>January 1981: Joined Kadokawa Shoten Co., Ltd. (present KADOKAWA KEY-PROCESS Co., Ltd.)</p> <p>January 2007: Director of Kadokawa Shoten Publishing Co., Ltd.</p> <p>June 2007: Representative Director and President of Fujimi Shobo Co., Ltd.</p> <p>April 2010: Representative Director and President of Kadokawa Gakugei Shuppan Publishing Co., Ltd.</p> <p>June 2012: Representative Director and Senior Managing Director of Kadokawa Shoten Co., Ltd.</p> <p>June 2012: Representative Director and President of KADOKAWA EDITORIAL CO., LTD. (present PERSOL MEDIA SWITCH CO., LTD.)</p> <p>July 2014: Representative Director and President of Kadokawa Book Navi Co.</p> <p>October 2015: Director of Building Book Center Co., Ltd.</p> <p>July 2016: Director of EIGA WALKER INC. (present MOVIE WALKER Co., Ltd.)</p> <p>July 2017: Director of Gzbrain Inc. (present KADOKAWA Game Linkage Inc.)</p> <p>June 2020: Member of the Board of the Company</p> <p>June 2021: Representative Director of the Company</p> <p>June 2023: Member of the Board, Chief Human Resource Officer and Chief Literature &amp; Film Officer of the Company (present)</p> <p>June 2024: Director of KADOKAWA DAIEI STUDIO CO., LTD. (present)</p> | 46,922 shares                       |
| <p>[Reason for nominating Mr. Naohisa Yamashita as a candidate for Director]</p> <p>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.</p> <p>[Attendance at the meetings of the Board of Directors during the current fiscal year]</p> <p>19 of 19 (100%)</p> |                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                     |

| 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<br>(October 14, 1964) | <p>October 1999: Joined Kadokawa Shoten Co., Ltd. (present KADOKAWA KEY-PROCESS Co., Ltd.)</p> <p>October 2013: Head of Fujimishobo BC, ECC Headquarters of KADOKAWA CORPORATION (present KADOKAWA KEY-PROCESS Co., Ltd.)</p> <p>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.)</p> <p>November 2018: Representative Director and President of Kadokawa Book Navi Co.</p> <p>November 2018: Director of Gzbrain Inc. (present KADOKAWA Game Linkage Inc.)</p> <p>November 2018: Director of Building Book Center Co., Ltd.</p> <p>July 2019: Corporate Officer, Deputy Head of Product Marketing Headquarters of the Company</p> <p>April 2022: Representative Director and President of Building Book Center Co., Ltd. (present)</p> <p>June 2022: Member of the Board and Corporate Officer of the Company</p> <p>June 2023: Member of the Board, Chief Operating Officer of the Company (present)</p> <p>June 2023: Director of Kadokawa Media House Inc. (present)</p> <p>October 2023: Outside Director of Rakuten Books Network Co., Ltd. (present)</p> <p>July 2024: Director of KADOKAWA WORLD ENTERTAINMENT, INC. (present)</p> | 31,868 shares                       |
| <p>[Reason for nominating Mr. Shinobu Murakawa as a candidate for Director]</p> <p>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.</p> <p>[Attendance at the meetings of the Board of Directors during the current fiscal year]</p> <p>19 of 19 (100%)</p> |                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                     |

| 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 |
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| 4                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Noriko Kase<br>(September 23, 1961)   | April 1985:                                                                                                                 | Joined ASCII Corporation                                                                                                        | 16,200 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. (present)                                                 |                                     |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                       | June 2020:                                                                                                                  | Member of the Board of the Company (present)                                                                                    |                                     |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                       | June 2023:                                                                                                                  | Director of KADOKAWA Global Marketing Co., Ltd. (present)                                                                       |                                     |
| <p>[Reason for nominating Ms. Noriko Kase as a candidate for Director]</p> <p>Ms. Noriko Kase serves as Member of the Board of the Company. She was also engaged in various fields including book editing and corporate marketing, and now serves as Chief Executive Officer of KADOKAWA ASCII Research Laboratories, Inc. 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.</p> <p>[Attendance at the meetings of the Board of Directors during the current fiscal year]</p> <p>19 of 19 (100%)</p>      |                                       |                                                                                                                             |                                                                                                                                 |                                     |
| 5                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Nobuo Kawakami<br>(September 6, 1968) | April 1991:                                                                                                                 | Joined Software Japan Co., Ltd.                                                                                                 | 6,036,800 shares                    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                       | August 1997:                                                                                                                | Representative Director and President of DWANGO Co., Ltd.                                                                       |                                     |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                       | September 2000:                                                                                                             | Representative Director and Chairman of DWANGO Co., Ltd.                                                                        |                                     |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                       | June 2013:                                                                                                                  | Managing Director of khara, Inc. (present)                                                                                      |                                     |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                       | 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 (present)                                                      |                                     |
| <p>[Reason for nominating Mr. Nobuo Kawakami as a candidate for Director]</p> <p>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.</p> <p>[Attendance at the meetings of the Board of Directors during the current fiscal year]</p> <p>16 of 19 (84.2%)</p> |                                       |                                                                                                                             |                                                                                                                                 |                                     |

| 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 |
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| 6                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Hiroo Unoura<br>(January 13, 1949)  | April 1973:      Joined Nippon Telegraph and Telephone Public Corporation (present NIPPON TELEGRAPH AND TELEPHONE CORPORATION)                                                                                    | - shares                            |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                     | 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)                                                                                                                           |                                     |
| [Reason for nominating Mr. Hiroo Unoura as a candidate for Outside Director and outline of expected role]<br>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.<br>[Attendance at the meetings of the Board of Directors during the current fiscal year]<br>19 of 19 (100%)    |                                     |                                                                                                                                                                                                                   |                                     |
| 7                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Ruth Marie Jarman<br>(May 30, 1966) | December 1988:      Joined Recruit Co., Ltd.                                                                                                                                                                      | 1,800 shares                        |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                     | 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)                                                                                                                                 |                                     |
| [Reason for nominating Ms. Ruth Marie Jarman as a candidate for Outside Director and outline of expected role]<br>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.<br>[Attendance at the meetings of the Board of Directors during the current fiscal year]<br>18 of 19 (94.7%) |                                     |                                                                                                                                                                                                                   |                                     |

| 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 |
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| 8                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Tadaaki Sugiyama<br>(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]<br>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 promotes the auditing of the Company's business activities as the chairperson of the Audit Committee, and he provides valuable input from an objective perspective as a member of the Nominating 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.<br>[Attendance at the meetings of the Board of Directors during the current fiscal year]<br>19 of 19 (100%)                                                                                             |                                      |                                                                                                                             |                                                                                                                                       |                                     |
| 9                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Yu Sasamoto<br>(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]<br>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. It is therefore proposed to elect him as an Outside Director to continue to contribute to the strengthening of the Company's supervisory functions.<br>[Attendance at the meetings of the Board of Directors during the current fiscal year]<br>17 of 19 (89.5%) |                                      |                                                                                                                             |                                                                                                                                       |                                     |

| 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 |
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| 10                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Ayumi Uzawa<br>(June 21, 1967)   | <p>October 1990: Joined Asahi Shinwa Accounting Corporation (present KPMG AZSA LLC)</p> <p>August 1994: Registered as a certified public accountant</p> <p>August 1995: Joined Deloitte Touche Tohmatsu (present Deloitte Touche Tohmatsu LLC)</p> <p>April 1999: 2nd Investigation Division of Criminal Affairs Bureau of Metropolitan Police Department (Financial Investigator and Inspector)</p> <p>November 2004: Special Investigation Division of Secretariat of Securities and Exchange Surveillance Commission</p> <p>March 2011: Representative of Uzawa CPA Office (present)</p> <p>July 2011: Registered as a certified fraud examiner</p> <p>July 2011: Advisor of Financial and Securities Expert Committee of Supreme Public Prosecutors' Office (present)</p> <p>June 2012: Director of Japan Association of Certified Fraud Examiners</p> <p>June 2013: Outside Director of Meiji Machine Co., Ltd.</p> <p>June 2022: Outside Director of Toshiba Corporation</p> <p>June 2023: Member of the Board, Independent of the Company (present)</p> <p>December 2023: Outside Corporate Auditor of Toshiba Corporation</p> | - shares                            |
| <p>[Reason for nominating Mr. Ayumi Uzawa as a candidate for Outside Director and outline of expected role]</p> <p>Mr. Ayumi Uzawa has a high degree of professionalism in finance and accounting as a certified public accountant and has abundant experience and extensive knowledge in fields such as finance and accounting, having served as an Outside Director or a third-party committee member at a number of companies. Also at the Company, he provides valuable input from an objective perspective as a member of the Audit Committee and promotes the auditing of the Company's business activities. It is therefore proposed to elect him as an Outside Director to continue to contribute to the strengthening of the Company's supervisory functions.</p> <p>[Attendance at the meetings of the Board of Directors during the current fiscal year]</p> <p>19 of 19 (100%)</p>            |                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                     |
| 11                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Etsuko Okajima<br>(May 16, 1966) | <p>April 1989: Joined Mitsubishi Corporation</p> <p>January 2001: Joined McKinsey &amp; Company, Inc.</p> <p>July 2005: Representative Director and President of GLOBIS Management Bank, Inc.</p> <p>June 2007: Representative Director and President of ProNova Inc. (present)</p> <p>June 2014: Outside Director of Astellas Pharma Inc.</p> <p>June 2014: External Director of MARUI GROUP CO., LTD. (present)</p> <p>November 2015: Outside Director of LANCERS, INC.</p> <p>December 2015: Outside Director of SEPTENI HOLDINGS CO., LTD.</p> <p>March 2016: Outside Director of Link and Motivation Inc.</p> <p>July 2018: External Director of Yappli, Inc.</p> <p>December 2018: External Director of Euglena Co., Ltd.</p> <p>February 2019: External Director of Money Forward, Inc.</p> <p>December 2020: Director of Euglena Co., Ltd. (present)</p> <p>June 2024: Member of the Board, Independent of the Company (present)</p>                                                                                                                                                                                          | - shares                            |
| <p>[Reason for nominating Ms. Etsuko Okajima as a candidate for Outside Director and outline of expected role]</p> <p>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. It is therefore proposed to elect her as an Outside Director to continue to contribute to the strengthening of the Company's supervisory functions.</p> <p>[Attendance at the meetings of the Board of Directors during the current fiscal year]</p> <p>16 of 16 (100%)</p> |                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                     |



| 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                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Koichi Kusano<br>(March 22, 1955) | <p>April 1980: Registered as an attorney at law</p> <p>June 1994: Audit and Supervisory Board Member of KOITO MANUFACTURING CO., LTD.</p> <p>November 1999: Outside Director, Rakuten, Inc. (present Rakuten Group, Inc.)</p> <p>January 2004: Senior Partner of Nishimura &amp; Partners (present Nishimura &amp; Asahi)</p> <p>April 2007: Visiting Professor, Graduate Schools for Law and Politics Faculty of Law, The University of Tokyo</p> <p>April 2013: Professor, Keio University Law School</p> <p>September 2014: Visiting Professor, Harvard Law School</p> <p>February 2019: Justice of the Supreme Court</p> <p>March 2025: Registered again as attorney at law</p> | - shares                            |
| <p>[Reason for nominating Mr. Koichi Kusano as a candidate for Outside Director and outline of expected role]</p> <p>Mr. Koichi Kusano 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. 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.</p> |                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                     |

- Notes: 1. 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.
2. Of the candidates for Directors, seven (7) candidates, Mr. Hiroo Unoura, Ms. Ruth Marie Jarman, Mr. Tadaaki Sugiyama, Mr. Yu Sasamoto, Mr. Ayumi Uzawa, Ms. Etsuko Okajima and Mr. Koichi Kusano are candidates for Outside Directors as defined in Article 2, paragraph 3, item (vii) of the Regulations for Enforcement of the Companies Act.
3. Of the candidates for Directors, seven (7) candidates, Mr. Hiroo Unoura, Ms. Ruth Marie Jarman, Mr. Tadaaki Sugiyama, Mr. Yu Sasamoto, Mr. Ayumi Uzawa, Ms. Etsuko Okajima and Mr. Koichi Kusano 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 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)

4. Candidate for Director Mr. Nobuo Kawakami serves as Executive President of the KADOKAWA Culture Promotion Foundation, whose business relationship with the Company includes such items as leasing, purchase and sale of land and offices, supply of products, and payment of outsourcing.  
There are no special interests between the candidates for Director and the Company.
5. The Company has entered into an agreement limiting the liabilities for damages with the candidates for Outside Director Mr. Hiroo Unoura, Ms. Ruth Marie Jarman, Mr. Tadaaki Sugiyama, Mr. Yu Sasamoto, Mr. Ayumi Uzawa and Ms. Etsuko Okajima 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. Koichi Kusano 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, Mr. Ayumi Uzawa and Ms. Etsuko Okajima 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      | 4 years |
| Ms. Ruth Marie Jarman | 5 years |
| Mr. Tadaaki Sugiyama  | 2 years |
| Mr. Yu Sasamoto       | 2 years |
| Mr. Ayumi Uzawa       | 2 years |
| Ms. Etsuko Okajima    | 1 year  |
8. On November 12, 2024, during the period when, of the candidates for Directors, Mr. Hiroo Unoura, Ms. Ruth Marie Jarman, Mr. Tadaaki Sugiyama, Mr. Yu Sasamoto, Mr. Ayumi Uzawa, and Ms. Etsuko Okajima were serving as Outside Directors, the Company and its subsidiary, KADOKAWA LifeDesign Inc., received a recommendation from the Japan Fair Trade Commission after it was found that both companies had violated Article 4, paragraph 1, item (v) (prohibition of setting the amount of subcontract proceeds unjustly low) of the Subcontract Act. None of these Outside Directors were aware of the facts until this matter came to light. However, they had been overseeing the effectiveness of legal compliance through the Board of Directors and other meeting bodies. Since the matter came to light, they have fulfilled their duties by overseeing measures to prevent recurrence.

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