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For Immediate Release

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(Cancellation of Disclosure)
Notice Regarding the Expected Recognition of Non-Operating Expenses (Donations) for the Establishment of a School Corporation

The Company hereby announces that it has resolved today to discontinue donations to the Bunri Sato Gakuen Educational Institution ("Bunri Sato Gakuen") and a new school to be established, as previously disclosed in "Notice Regarding the Expected Recognition of Non-Operating Expenses (Donations) for the Establishment of a School Corporation" dated January 27, 2026.

1. Reasons for the cancellation

The Company and its consolidated subsidiaries, Vantan Inc. ("Vantan"), and DWANGO Co., Ltd. (hereinafter "Dwango"), had planned to make donations, contingent upon approval being granted for the establishment, in connection with the establishment of a new school by Bunri Sato Gakuen. KADOKAWA Group anticipated that Vantan's support for the operation of the newly established school would enable us to meet the potential needs of a broader range of students than before, leading to revenue and synergies with our existing businesses.

In pursuit of this initiative, Vantan and Bunri Sato Gakuen had been proceeding with preparations for the establishment of a new school and the change of its founder of certain existing schools operated by Bunri Sato Gakuen; however, it subsequently became apparent that there was a high risk of a certain level of delays in the schedule for various applications and other procedures related to this matter. Although both parties engaged in discussions to resolve this risk, they determined that it would be difficult to proceed with the procedures from the granting of approval for establishment to the commencement of operations as originally planned. Therefore, by mutual agreement, both parties have decided to cancel this project

2. Future outlook

As a result of the cancellation of this project, the non-operating expenses (donations) totaling approximately 200 million yen for the fiscal year ending March 2027 and approximately 3.584 billion yen for the fiscal year ending March 2028 will not be recorded. Regarding the full-year earnings forecasts for the fiscal year ending March 2027, the Company will promptly announce any revisions to the forecasts should they become necessary, taking into account future situations and other factors.

The management targets (ROE and EPS) for the fiscal year ending March 2028, as outlined in the Mid-term Management Plan announced on May 14, 2026, already factor in the non-operating expenses associated with this matter; should any revisions be necessary in the future, we will provide a subsequent announcement. Meanwhile, the impact on financial results for the fiscal year ending March 2029 and beyond will be minimal.

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