



KADOKAWA
Integrated Report 2024

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Editorial Policy

The aim of the KADOKAWA Integrated Report is to enable stakeholders to gain a better understanding of various topics relating to the KADOKAWA Group. Such topics include the Group's capital and strengths and the process by which the Group leverages these to generate value together with users, fans, and creators, the Group's business strategy for continuing to create value over the medium- to long-term, its ESG information, and the finances that underpin the Group's business activities.

When editing the report, the editorial team referred to the International Reporting Framework of the IFRS Foundation and the Guidance for Collaborative Value Creation 2.0 of the Japanese Ministry of Economy, Trade and Industry.



Reporting Period FY2023 (April 1, 2023 to March 31, 2024)

Note that some content relating to information before or after FY2023 is also included.

Scope of Report KADOKAWA CORPORATION and its Group companies in Japan and overseas

Performance forecasts and other forward-looking data included in this Integrated Report are based on information available as of August 2024.

Forward-looking data involve many uncertainties, and actual performance may differ from such data. Readers are therefore advised to refrain from relying completely on this data when making decisions, particularly regarding investment.



<https://group.kadokawa.co.jp/global/>

KADOKAWA Group portal site provides a variety of information on topics including investor relations, an overview of the Group's business, and sustainability. Readers are recommended to refer to the website in conjunction with reading this Integrated Report.

Group Management Philosophy

CONTINUITY AND CHANGE

“Continuity and Change” is the philosophy that Matsuo Basho, internationally renowned haiku poet of the 17th century, had ultimately arrived at. Such a philosophy is what Genyoshi Kadokawa, founder of Kadokawa Shoten, had considered to be the cornerstone of the publishing business he founded and had put into practice in his business. The constant pursuit of novelty brings visibility to what essentially remains eternally unchanged. The will to continue taking on new challenges without fear of change is what comprises the “KADOKAWA Spirit.” “Continuity and Change” is the management philosophy of KADOKAWA and what we will continue to aspire towards, to connect ourselves with the future.



Corporate Mission

A Platform for Creativity

We discover talent, maximize their value and bring the content they create to a global audience with the power of technology.

Harnessing the Group's expertise, creativity and technology, we continuously create and develop innovative businesses.

**TAKESHI
NATSUNO**

Chief Executive Officer

Sparking Emotion Around the World with IP by a Variety of Talent Under the Strategy of Global Media Mix with Technology

Since the KADOKAWA Group was first established in 1945, we have continuously increased our scope. The Group now encompasses a wide range of businesses including publication, animation, film, gaming, web services, and education.

In recent years, ongoing expansion of the global content market and increasing digitalization have seen Japanese content win many fans around the world. The KADOKAWA Group is a group of human resources with expertise in a wide variety of fields, and the creativity required for creating a variety of IP and the technological skills required to get the most from that IP are critical foundations of our business. Under our basic strategy of “Global Media Mix with Technology,” we facilitate the creation of unique IP (intellectual property) by talented creators and bring that IP to fans around the world.

To accelerate this basic strategy and achieve further growth, we formulated a new Mid-term Management Plan in November 2023. Our aim is to discover diverse talent in various areas of entertainment from around the world, create more IP, and share it with the world in various forms. Harnessing the KADOKAWA Group’s expertise, creativity and technology, we aim to continuously create innovative material and businesses. This is the driver of the story of our growth.

A major pillar of our Mid-term Management Plan is the expansion of our capabilities in creating IP, the source of our value. Our IP is more than a publication business; it comes from a diverse business portfolio held by the Group. We have adopted a new process for discovering new talent, and we aim to increase the number of IP publications we create per year from 5,900 in FY2023 to 7,000 in the fiscal year ended March 31, 2028 (FY2027). At the same time, we will strengthen our Media Mix strategy to maximize the value of the IP we create. In our measures to accelerate globalization, we are rapidly expanding our overseas business bases from 2023, and these bases will be central in our initiatives to increase the distribution of the IP publications we develop. Additionally, while we have thus far focused on releasing Japanese IP in various overseas countries, we will also work to discover talent in countries outside Japan and release their work in Japan and other countries.

Our human resources are an important foundation for this business development. The KADOKAWA Group is working to further develop our human resources from three perspectives: Creativity, Motivation, and Technology. In order to support our creators and maximize the value of our IP, we have to be creative ourselves. In order to get the most out of our creativity,

it is important to use the latest digital technology. Additionally, since we believe that motivating our employees is paramount as a creative company, we are working to enhance our personnel systems that motivate employees to challenge themselves, as well as developing work environments that respect diversity, and our management is doing its best to be creative in motivating our employees. We are also working on human resources development to further globalize our businesses and organizations.

By achieving each of the stories we have written in our Mid-term Management Plan, the KADOKAWA Group will grow as a unique company unlike no other and increase our presence in the global market. We hope you will keep your eyes on the KADOKAWA Group in future.

We would also like to extend our most sincere apologies for the concern and issues we caused to our readers, users, writers, creators, business partners, shareholders and investors, and other stakeholders as a result of the cyberattack on the servers in our data center, which was detected in June 2024. We are taking the matter extremely seriously, and are investigating the cause and tightening our security systems to prevent such an incident from occurring again.

History of the KADOKAWA Group

Founded in 1945 as a publishing company, the KADOKAWA Group has become a comprehensive entertainment company that currently consists of more than 60 companies. Along with the changing ages, the KADOKAWA Group has expanded its business domains and currently consists of six business segments. Here, we will introduce information about our Group history and each business segment.

1945-'70 The Age of Literary Publications

As Japan emerged from the ashes of World War II, our founders launched a publication company with the aim of rebuilding Japan's culture through publishing.



'70-'80 The Age of a Media Mix of Books and Movies

Successful cooperation between Kadokawa Bunko and Kadokawa Pictures sparked a series of smash hits. Our movie business became a major pillar of our business.



'80-'90 The Age of Magazines

After the launch of *The Television*, we released a series of informational magazines in areas such as games and anime, earning KADOKAWA renown as an informational magazine giant. We also created light novels in what was then a new area.



Becoming a Mega-Content Provider

We rapidly expanded the genres and varieties of content we created, including imprints.



Company Timeline

1945

The Group is founded as Kadokawa Shoten by Genyoshi Kadokawa

1954

The Company reorganizes into a business corporation (Kadokawa Shoten Co., Ltd.)

1998

Kadokawa Shoten Co., Ltd. is listed on the second section of the Tokyo Stock Exchange

Our Expanding Business Domains



Publication/IP Creation

Publication and sale of books and magazines, publication and sale of e-books and e-magazines, sale of web ads, licensing, etc.



Animation/Film

Planning, production, and distribution of animations and live-action films, licensing of film broadcasting, etc., sale of software packages, etc.

A Comprehensive Media Enterprise

The KADOKAWA Group became a holding company and branched out, complementing our existing publication and film businesses with a wide range of others, including internet and digital businesses.



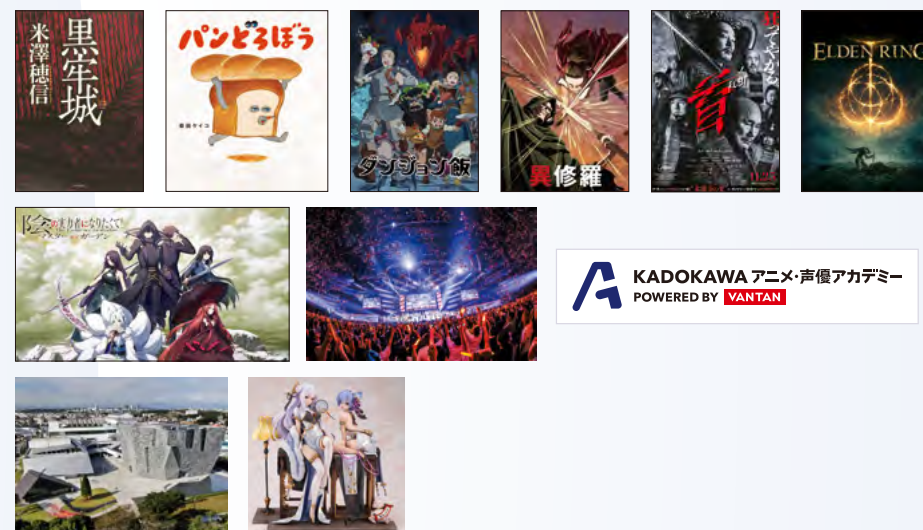
A Platformer for the Internet and Digital Age

KADOKAWA absorbed and merged with its nine consolidated subsidiaries. With our integration with DWANGO in 2014, the KADOKAWA Group became a platformer, strengthening our internet and digital business and game business.



A Platform for Creativity

With various changes made through DX (digital transformation), we strengthened our Global Media Mix strategy to release a variety of IP around the world.



2003
KADOKAWA HOLDINGS, INC. is established

2004
KADOKAWA HOLDINGS, INC. is moved from the second section to the first section of the Tokyo Stock Exchange

2013
KADOKAWA GROUP HOLDINGS, INC. changes its corporate name to KADOKAWA CORPORATION (absorbed and merged with its nine consolidated subsidiaries)

2014
Integrates with DWANGO Co., Ltd.

2023
Changes from a company with an Audit & Supervisory Committee to a Company with a Nominating Committee, etc.



Gaming

Planning, development and sale of game software, licensing, etc.



Web Services

Operation of video social network services, development of businesses such as planning and execution of events



Education/EdTech

Operation of trade schools, provision of educational content and systems for correspondence-course high schools, etc.



Others

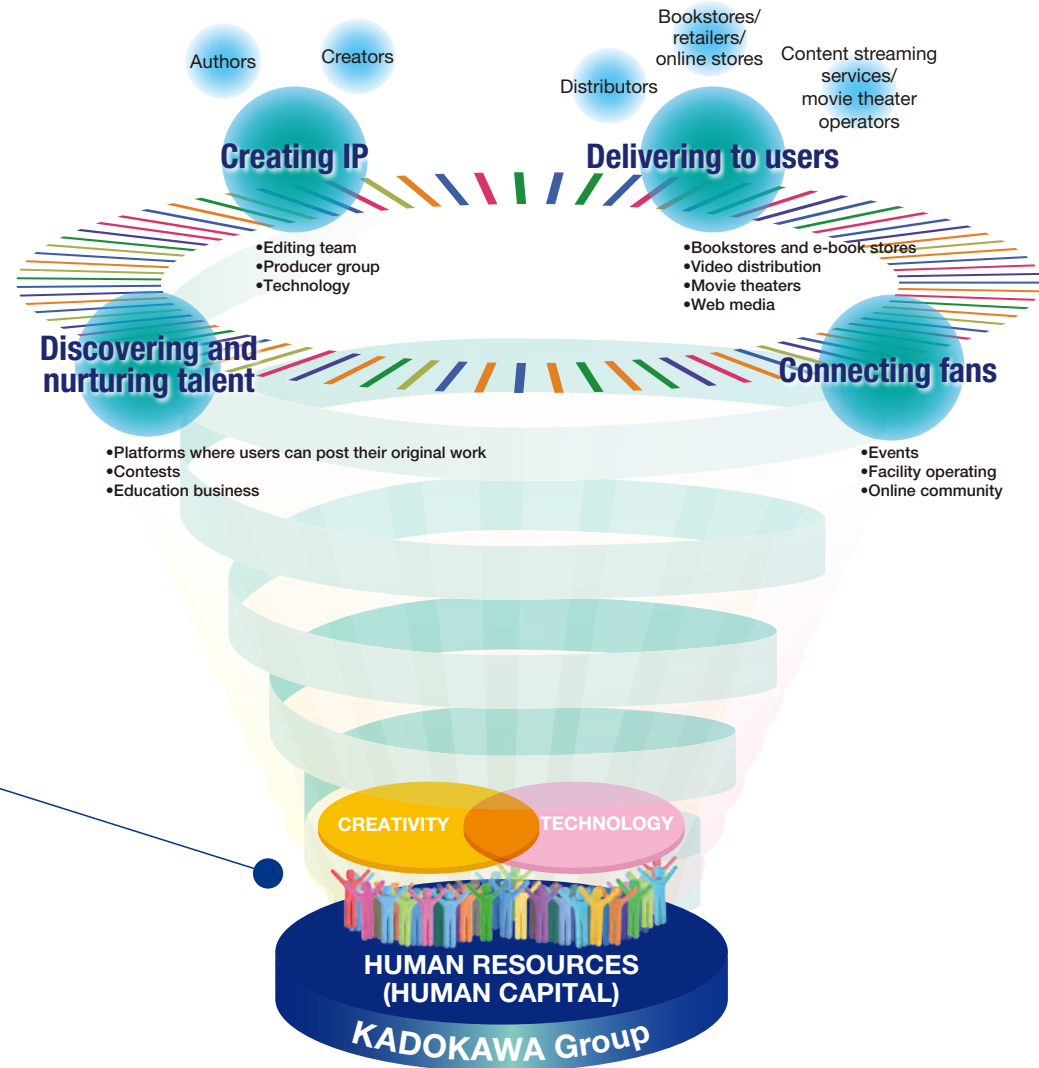
Operation of facilities, development of businesses such as merchandising, which encompasses the planning and sale of character merchandise, etc.

*Logos and names used here are those used at the time each service started. The logos and names shown for Famitsu.com, BOOK☆WALKER, ComicWalker, Mubichike, and niconico are different from their current logos and names.

The KADOKAWA Group's Strength

Maximizing the Value of Our IP Through the Involvement of Personnel in a Variety of Settings from Conception Through Each Stage of Growth

The KADOKAWA Group draws on the **human resources (human capital)**, **creativity**, and **technology** that are the core of our strength as we work together on our Four Actions: **“Creating IP”** collaboratively with our authors and creators, **“Delivering to users”** with the support of bookstores and other distributors, **“Connecting fans”** by building communities, and **“Discovering and nurturing talent”** to create new IP. Through these Four Actions, we are working to connect our wide-ranging businesses and maximize the value of the IP that the KADOKAWA Group's unique qualities enable us to create.



HUMAN RESOURCES (HUMAN CAPITAL)

A group of human resources with expertise in a wide variety of fields

We have around 8,000 employees globally who utilize their respective expertise in collaborative work.

CREATIVITY

The source of strength for creating IP

In addition to publishing 5,900 new works through our publication business, we create original animations and films, smash hit original game IP publications that have set global records, and more.

TECHNOLOGY

Cutting-edge technologies that maximize Group abilities

We utilize the capabilities of technology from DX and VR to generative AI to deliver IP to users around the world in various forms.

The Four Actions at the Heart of All of the KADOKAWA Group's IP

Creating IP

Our IP takes a variety of forms, including books, animation, and games. We use the Group's editorial and production capabilities, along with technology, to convert narratives generated by creators and the latest information and ideas into intellectual property that can be delivered to users in various forms.

Example of IP deployment: *The Eminence in Shadow*



Delivering to users

We deliver IP such as books, animation, and games to users and fans around the world with the support of our many domestic and overseas partners such as distributors, bookstores and retailers, and content distributors. We also directly operate content providers such as directly-managed bookstores, e-book stores, and web media services.



Discovering and nurturing talent

We identify new talent by running contests, as well as online platforms where users can post their work. Additionally, in the education business, we help individuals bring out their talent by providing a variety of educational courses and content.

Platforms where users can post their original work/contests



Education business



Connecting fans

We offer opportunities and locations for users to have fun together through means such as hybrid events and content, online fan communities, and the operation of various facilities, linking the online world with the real world.

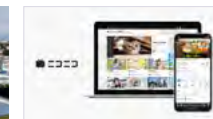
Events



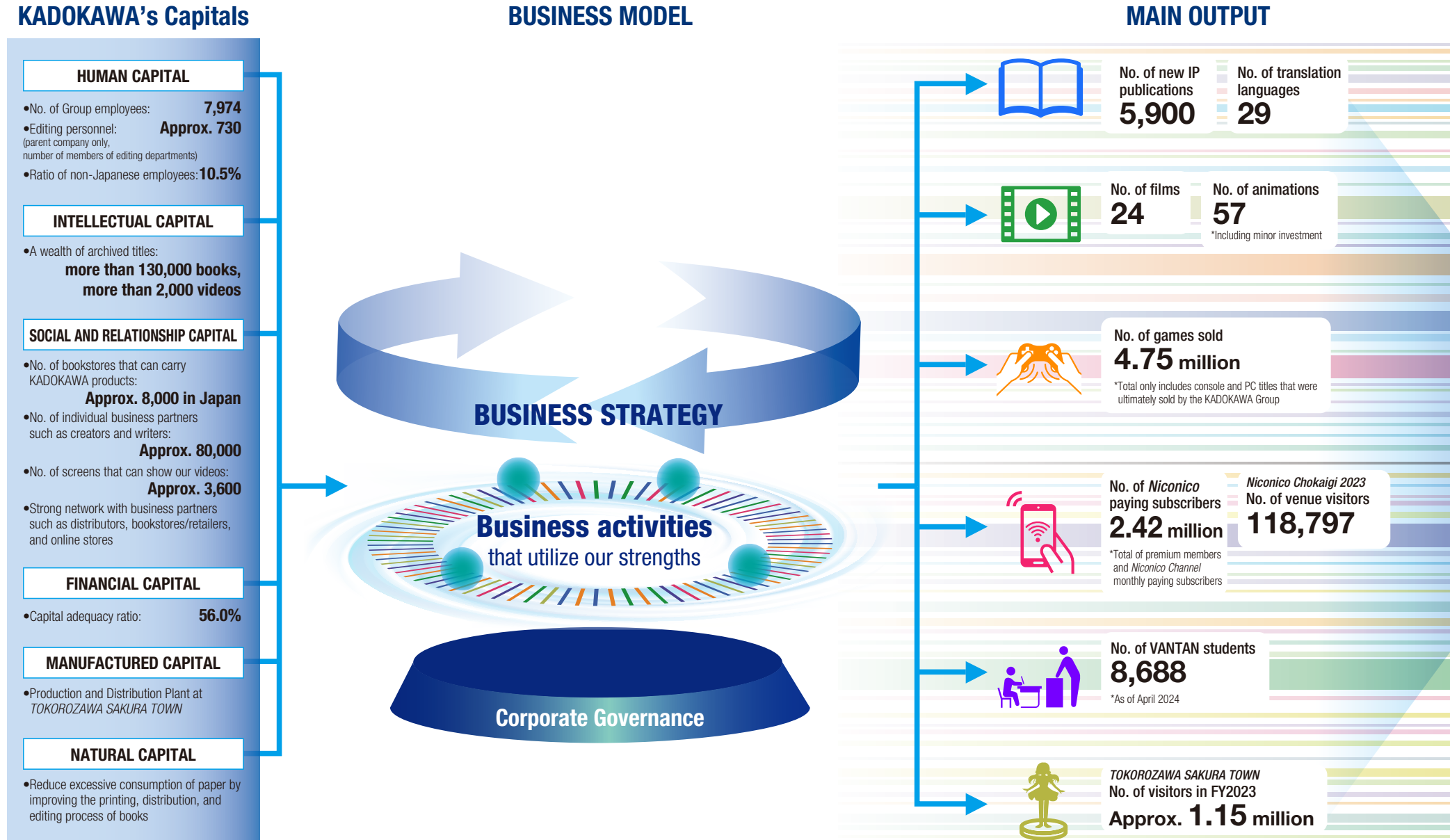
Facility operating



Online fan communities



Value Creation Process



Note: Unless otherwise specified, this data is correct as of the end of March 2024.

OUTCOMES (value provided)

Stories from the perspectives of the individuals to whom we deliver our IP, the society formed when those diverse individuals come together, and the culture that is forged during the progress of time from the past into the present, and on into the future.

Individuals**Each individual finds their own types of content that make them happy in their own way.**

We are building an environment that facilitates the creation of content that our users, creators, and all other stakeholders will be passionate about, and where everyone's ideas can be brought to life. We support individuals in finding their own types of content and their own form of happiness, whether they are merely curious about certain content or are passionate about creating new content.

Connecting the passion of anime fans around the world

At the US-based Anime Expo 2024, the production team of *Re:ZERO -Starting Life in Another World- Season 3* held a talk session and advance screening for an audience of over 3,300 fans.

Treasured fan favorites

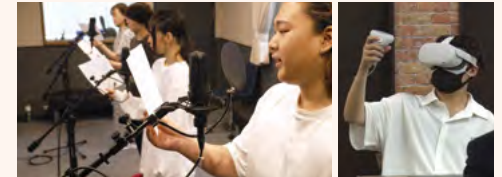
We sell around 6,000 character figures and other items of merchandise per year, primarily in Comic Market and at domestic and overseas events.

Social**Diverse content promotes mutual understanding and aids in achieving peace**

Delivering a diverse range of content worldwide offers people an opportunity to encounter values they were previously unaware of and think about other people and cultures. These experiences forge emotional connections among people all over the world and offer opportunities to deepen their understanding of each other.

Opportunities to reflect on wars and the SDGs

Our archive of over 130,000 books covers a wide range of themes, from the manga *Barefoot Gen* that depicts the tragedy of war, to picture books that address the subject of gender.

Building a society where everyone can learn about what they like

We offer a variety of educational resources, including systems using technology to enable remote learning, and courses where students can learn directly from current creators. Over 210,000 students have now graduated from our VANTAN specialized schools.

Culture**Culture is passed on to the next generation, then new culture emerges**

Ever since Kadokawa Shoten was founded in 1945, the Company has worked to propagate and advance culture by creating content and services. The words written by Kadokawa Shoten founder Genyoshi Kadokawa in 1949, entitled "On the Occasion of Kadokawa Bunko's Launch" state his sense of responsibility and determination with regard to culture, and these words are now an important philosophy underpinning the Group's business activities.

Spreading a culture that combines physical and online spaces

Niconico Chokaigi, an event enabling both physical and remote attendance, has been held 12 times. Sometimes three generations of *Niconico* fans can be seen together at the venue.

Developing a gaming culture for a new era

Through our production of games and our operation of the e-sports team, *FAV gaming*, we are exploring new possibilities for gaming together with our fans.

FINANCIAL RESULTS

KADOKAWA Group Consolidated Financial Results for FY2023

The KADOKAWA Group's consolidated financial results for FY2023 were 258.109 billion yen in net sales (up 1.0% year-on-year), 18.454 billion yen in operating profit (down 28.8% year-on-year), 20.236 billion yen in ordinary profit (down 24.1% year-on-year) and 11.384 billion yen in profit attributable to owners of parent (down 10.2% year-on-year). This was a solid start in the first year of our Mid-term Management Plan, which aims to achieve net sales of 340.0 billion yen and operating profit of 34.0 billion yen (operating margin of 10%) by FY2027.

Net sales increased in FY2023, driven by the Publication/IP Creation Segment, where revenue increased for the segment as a whole as the decrease in revenue for paper-based books both domestically and overseas was offset by growth in e-book and licensing revenue, the Animation/Film Segment, where record results were achieved by enhancing our lineup, and the Education/EdTech Segment, where student numbers increased robustly through measures such as ongoing expansion of our schools across a wider area. Operating profit decreased for reasons such as increases in raw costs, investment in human resources, and investment in improving return rates in the Publication/IP Creation Segment, a decrease in revenue in the Gaming Segment, and investment in IT infrastructure in the Web Services Segment.

Consolidated Annual Financial Results for FY2021, FY2022, and FY2023

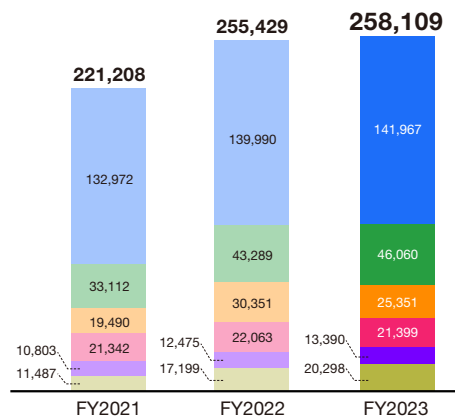
(Unit: Millions of yen)

	FY2021	FY2022	FY2023
Net sales	221,208	255,429	258,109
Operating profit	18,519	25,931	18,454
Operating margin	8.4%	10.2%	7.1%
Ordinary profit	20,213	26,669	20,236
Profit attributable to owners of parent	14,078	12,679	11,384
EBITDA	24,623	32,060	25,374

Annual Consolidated Results Over the Last Three Years

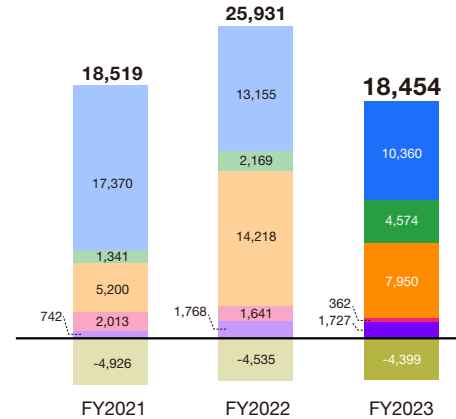
Net sales

(Millions of yen)



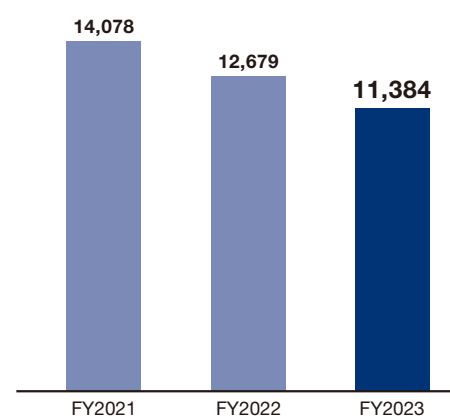
Operating profit

(Millions of yen)



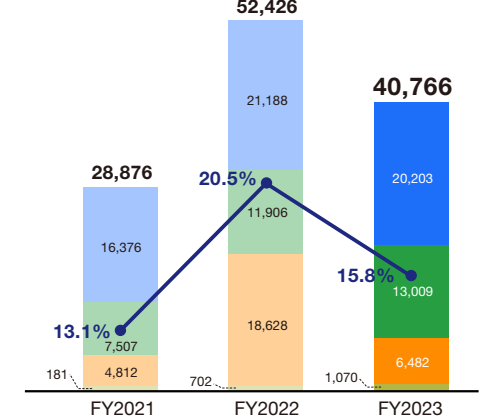
Profit attributable to owners of parent

(Millions of yen)



Overseas net sales/ Ratio of overseas net sales

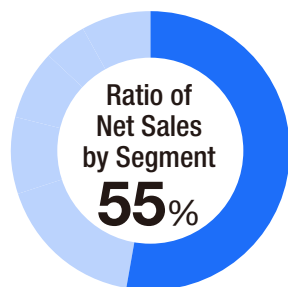
(Millions of yen)



■ Publication/IP Creation ■ Animation/Film ■ Gaming ■ Web Services ■ Education/EdTech ■ Others

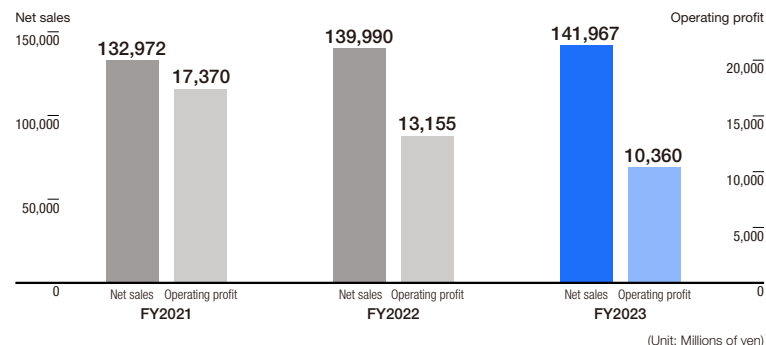
Financial Results by Segment for FY2023

Publication/IP Creation



Net sales
141,967 million yen
+1.4% YOY

Operating profit
10,360 million yen
-21.3% YOY

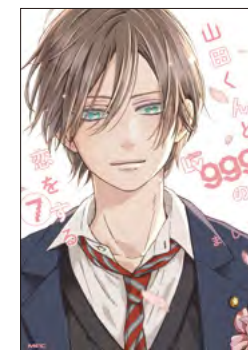


Reason for Increase/Decrease in Net Sales and Operating Profit

In our e-book and e-magazine business, strong sales were achieved domestically, in both our own stores and other companies' stores, particularly for media mix works. Our book and magazine business achieved strong growth in Asia, but in the USA, halting of orders and returns from bookstores continued to increase in a rebound from the rapid increase in demand over the previous few years, resulting in an overall decrease in revenue for our international business. Domestically, while the number of new IP publications increased, revenue decreased due to factors such as the severe impact of the shrinking of the market as a whole. In new books, sales of *Pan Dorobou to Hokkahokkā* and *Memento Mori* (children's books) and *My Love Story with Yamada-kun at Lv999, Vol.7* and *The Summer Hikaru Died, Vol. 3* (comics) contributed to sales. Revenue from licensing of our publication IP to other companies also increased strongly. Expenses increased as a result of active investment in medium- to long-term growth, including increasing personnel and investment in digital manufacturing plants and new logistics facilities. As a result, net sales in this business were 141,967 million yen (up 1.4% year-on-year) and profit for the segment (operating profit) was 10,360 million yen (down 21.3% year-on-year).



Pan Dorobou to Hokkahokkā



My Love Story with Yamada-kun at Lv999, Vol.7

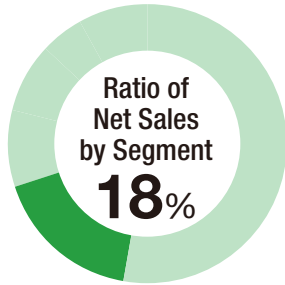


The Summer Hikaru Died, Vol. 3

Business Overview

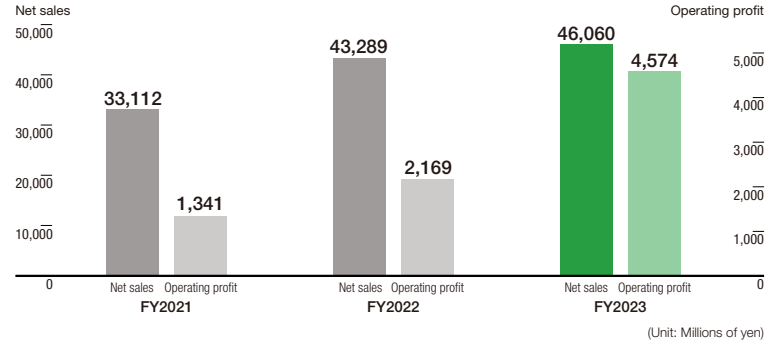
Publication and sale of books and magazines, publication and sale of e-books and e-magazines, sale of web ads, licensing, etc. We continuously create new works, amounting to some 5,900 titles annually (results for FY2023) in a diverse range of genres including literature, comics, light novels, children's books, and how-to books. This is an important source for the development of our media mixes. We also used our own UGC platforms, such as *Kakuyomu*, our online novel site, in active initiatives to discover authors. Our base of titles now numbers over 130,000, and this abundant archive is a driving force for the Group's growth. In our e-book business, in addition to creating IP, we directly operate *BOOK☆WALKER*, a general e-book store.

Animation/Film



Net sales
46,060 million yen
+6.4% YOY

Operating profit
4,574 million yen
+110.9% YOY

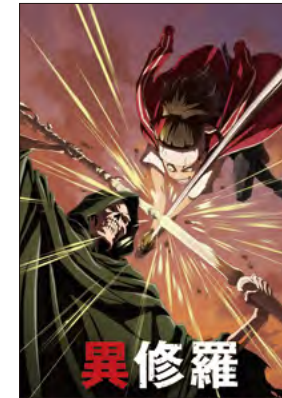


Reason for Increase/Decrease in Net Sales and Operating Profit

The animation and film markets expanded due to factors such as ongoing popularity of Japanese animation around the world and changes in consumers' viewing habits with the popularization of streaming services. Our animation segment achieved strong growth through solid licensing revenue for domestic and international streaming of popular titles such as *Delicious in Dungeon*, *OSHI NO KO*, and *Ishura* and for games and merchandise. In the film segment, film adaptations of our own works, such as *As Long as We Both Shall Live*, *KUBI*, and *MATCHED*, contributed to an increase in sales. In terms of profits, factors such as these increases in sales led to an increase in profits for the segment as a whole. As a result, net sales in this business were 46,060 million yen (up 6.4% year-on-year) and profit for the segment (operating profit) was 4,574 million yen (up 110.9% year-on-year).



Delicious in Dungeon



Ishura

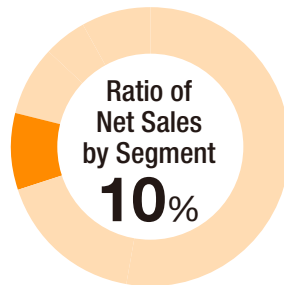


KUBI

Business Overview

Planning, production, and distribution of animation and films, mainly based on our own works, licensing of film broadcasting, games, merchandise etc., sale of software packages in formats such as DVD and Blu-ray, etc. Our animation segment has recently been working on animated adaptations of other companies' works in addition to our own, and we have the capacity to plan and produce around 40 works per year including original animation. That planning and production capacity is a strength that supports our global expansion and a source of revenue across a wide scope as those animations then lead to game adaptations and merchandise. In our film segment, we are producing dramas and movies with a focus on providing quality at a global standard. We also operate *Mubichike*, a digital movie ticket service.

Gaming

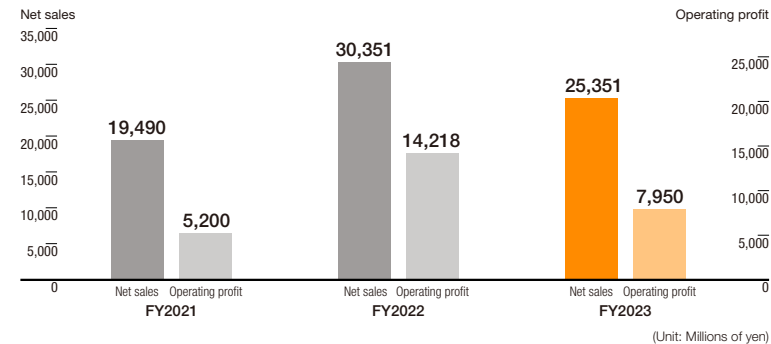


Net sales

25,351 million yen
-16.5% YOY

Operating profit

7,950 million yen
-44.1% YOY

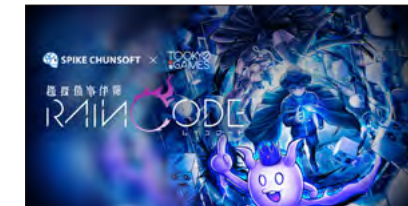


Reason for Increase/Decrease in Net Sales and Operating Profit

In addition to strong domestic and international sales of *ARMORED CORE VI FIRES OF RUBICON*, the new work from FromSoftware, Inc., along with repeat sales of past works, the new works *Master Detective Archives: RAIN CODE* and *Shiren the Wanderer 6: The Mystery Dungeon of Serpentcoil Island* from Spike Chunsoft Co., Ltd. contributed to sales. The mobile game *The Eminence in Shadow: Master of Garden* also achieved an increase in sales through the media mix effect. On the other hand, as *ELDEN RING* contributed strongly to the previous fiscal year's results, net sales in this business were 25,351 million yen (down 16.5% year-on-year) and profit for the segment (operating profit) was 7,950 million yen (down 44.1% year-on-year).



ARMORED CORE VI FIRES OF RUBICON



Master Detective Archives: RAIN CODE

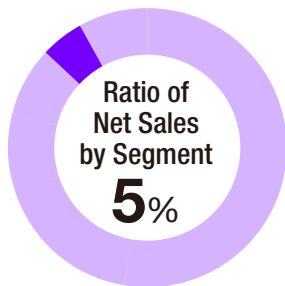


The Eminence in Shadow: Master of Garden

Business Overview

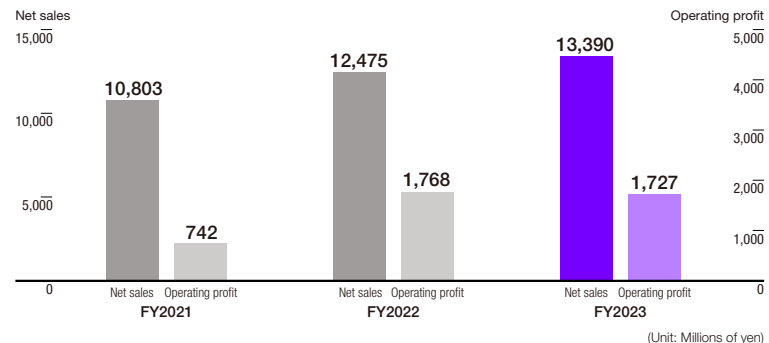
We plan, develop, sell, and license game software as well as online games. FromSoftware, Inc., a gaming studio with world-leading IP creation and development, is a member of the Group, and continuously releases high-quality original console games and PC games. After its global release in February 2022, *ELDEN RING* became a worldwide hit, shipping a global total of more than 25 million units. In addition to development of console games, we have begun working on mobile game adaptations of our own animation IP.

Education/EdTech



Net sales
13,390 million yen
+7.3% YOY

Operating profit
1,727 million yen
-2.4% YOY



Reason for Increase/Decrease in Net Sales and Operating Profit

Vantan Inc., which operates schools to develop human resources in creative fields, saw an increase in revenue as a result of increases in student numbers through expansion of its schools across a wider area and strengthening of its courses for workers. Additionally, in DWANGO Co., Ltd.'s business for *N High School* and *S High School*, student numbers have continued to increase through initiatives such as opening new campuses for the schools' in-person courses, achieving strong results. Profits decreased for the segment as a whole due to factors such as investment in active advertising to secure students for facilities such as *KADOKAWA SCHOOL OF MANGA* and *KADOKAWA SCHOOL OF ANIME*, which were opened by Vantan Inc. in April 2024. As a result, net sales in this business were 13,390 million yen (up 7.3% year-on-year) and profit for the segment (operating profit) was 1,727 million yen (down 2.4% year-on-year).



A school opened by Vantan Inc.

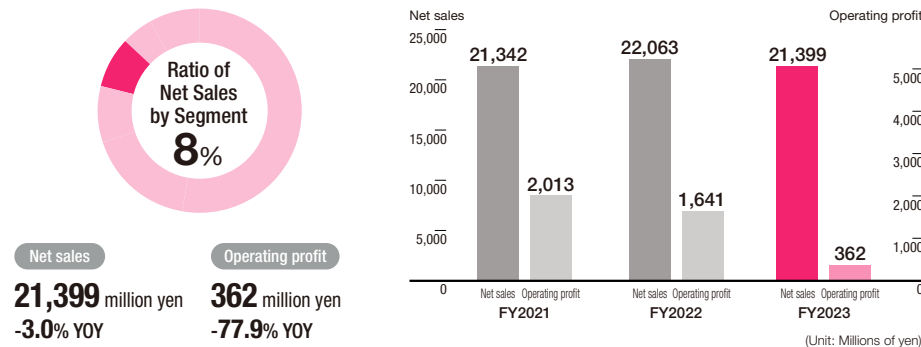


N High School and *S High School*

Business Overview

We provide proprietarily developed educational content and systems utilizing cutting-edge technology for schools such as our specialized schools in areas of entertainment such as gaming, animation, fashion, and hair and makeup and our online schools such as *N High School* and *S High School*. We take various measures, such as hiring professionals who are currently active in various industries to conduct many of the lectures and utilizing our network with a wide range of companies in the design of our educational programs, to make our education more practical and useful to society and provide opportunities for many people to receive an education.

Web Services



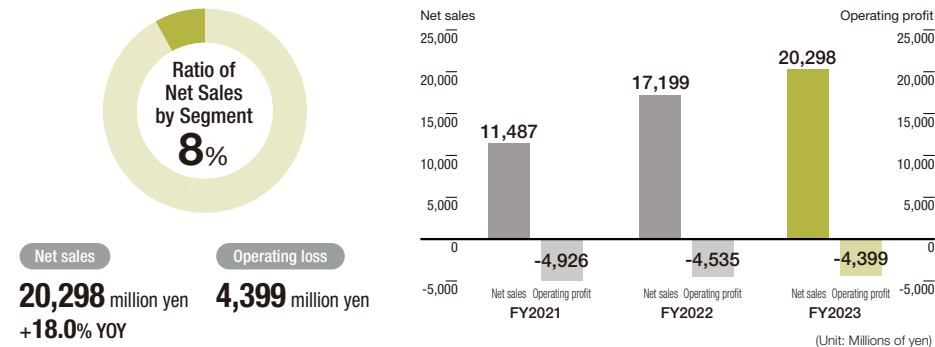
Reason for Increase/Decrease in Net Sales and Operating Profit

In our Niconico business, the number of monthly paying subscribers (premium members) for *Niconico*, a portal service on the web, was 1.17 million as of the end of March 2024, falling from the end of March 2023. In addition, we downsized some of our advertising services in response to returns on investments. As a result, sales decreased. In our live events business, sales increased due to successes such as *Animelo Summer Live* held in August 2023. Profits decreased due to factors such as the decrease in sales in our *Niconico* business and an increase in IT infrastructure investment to increase the speed and cost-efficiency of future development. As a result, net sales in this business were 21,399 million yen (down 3.0% year-on-year) and profit for the segment (operating profit) was 362 million yen (down 77.9% year-on-year).

Business Overview

Our web services business's role includes the operation of *Niconico*, one of Japan's largest video and live broadcasting platforms, and *Niconico Channel*, a platform for the official channels of popular users and other figures. It also encompasses our live performances business, which plans and executes various events such as *Niconico Chokaigi*, one of Japan's biggest events with both physical and online attendance, and *Animelo Summer Live*, one of the world's largest animation song events, along with other operations such as streaming of content such as music to mobile phones.

Others



Reason for Increase/Decrease in Net Sales and Operating Profit

Our facility operating business, centering on *TOKOROZAWA SAKURA TOWN*, achieved an increase in sales. Likewise, in our merchandise business, which plans and sells merchandise such as character merchandise, net sales of character figures increased robustly, resulting in an increase in revenue that, along with increases of some new services, contributed to an increase in sales for the segment as a whole. In terms of profits, operating profit for our merchandise business showed no improvement but the loss margin of the segment as a whole was reduced, primarily due to the effects of discontinuing some businesses and optimizing costs in our facility operating business. As a result, net sales in this business were 20,298 million yen (up 18.0% year-on-year) and loss for the segment (operating loss) was 4,399 million yen (compared to 4,535 million yen at the same time in the previous fiscal year).

Business Overview

We are developing our facility operation business, merchandise business, and new businesses. Our facility operation business's role includes the operation of *TOKOROZAWA SAKURA TOWN*, ground zero for pop culture with a total visitor count of around four million. Our merchandise business plans and sells character merchandise such as character figures, primarily for our own IP, and operates online stores such as *KUJIBIKIDO*, an online lottery service. We are also developing new businesses such as *Virtual Cast*, a VR/metaverse communication service.

Mid-term Management Plan

Business Environment and Management Targets for FY2027

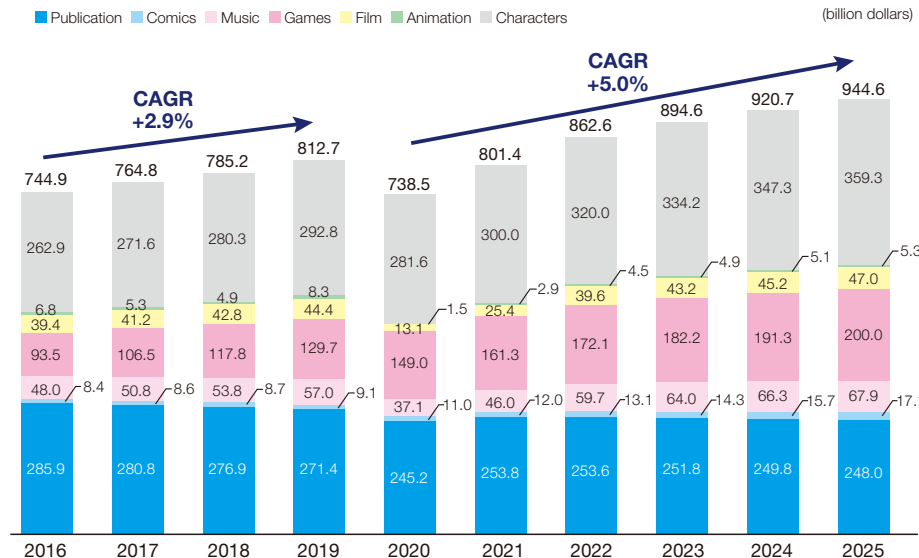
Global content markets such as publication, games, music, film, and animation are continuing to grow (refer to the bottom left graph).

The popularization of video distribution has seen the same works being enjoyed simultaneously by people around the world, transcending borders and cultural differences. Works by Japanese creators and producers are gaining fans in many countries. There is also growing interest in the original comics and novels that were adapted into an animation or film, as well as collectibles associated with the content (refer to the bottom right graph). Customers looking for Japanese comics (manga) and character merchandise are now a daily occurrence in bookstores in major cities such as New York, Paris, Bangkok, and Dubai.

Japanese games were quick to garner global popularity, and now the world's gaze is turning to a variety of Japanese content (IP). We see this as a major opportunity for the KADOKAWA Group to expand its business, centering on IP.

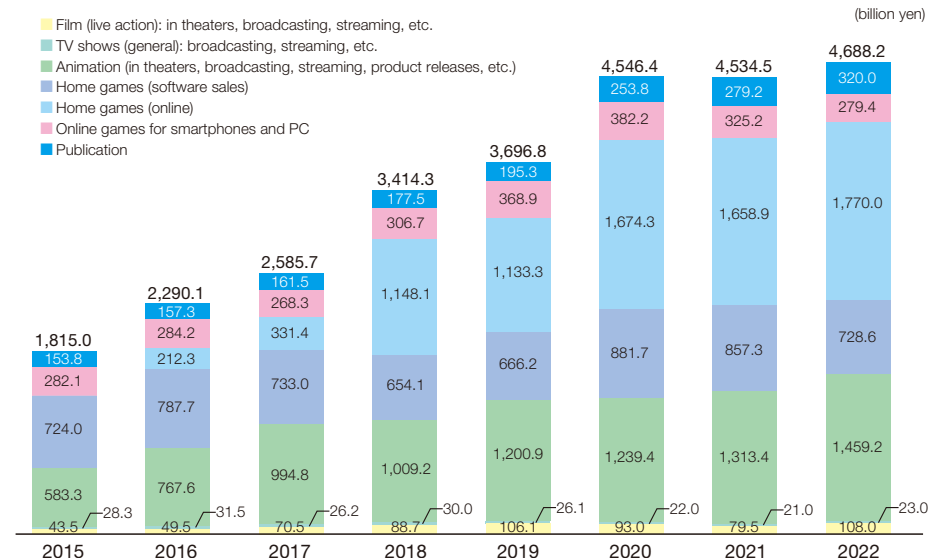
The KADOKAWA Group has a strong business foundation encompassing a group of human resources with expertise in a wide variety of fields, creativity that is the source of strength for creating a variety of IP, and technologies that maximize Group abilities. We will make the most of that foundation amid this tailwind, working together with our many creators to create even more of our appealing IP and employing our media mix strategy to develop it in various directions at a global level to grow the Group's businesses.

Size and breakdown of global content market



*Calculated from JETRO materials, some totals are duplicated
 *Figures for 2020 are provisional figures; figures for 2021-2025 are estimates
 Source: Investigation of Measures and Case Studies for Promotion of the South Korean Content Industry (JETRO, 2022)

Size and breakdown of overseas market for Japanese content



Source: Japanese and Global Media x Content Market Database (HUMANMEDIA INC.)

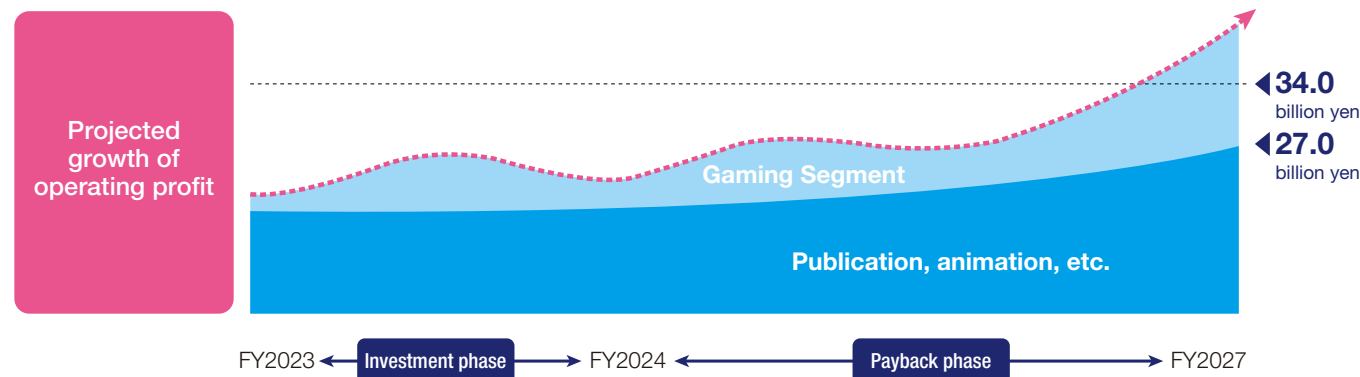
Under the Global Media Mix with Technology management strategy in our new Mid-term Management Plan, which we announced in November 2023, we are taking various measures and initiatives with the aim of achieving 340 billion yen in net sales and 34 billion yen in operating profit in FY2027, the final year of the plan. We aim to increase overseas net sales to 70 billion yen in the final year. When setting our management targets, we divided our Group businesses into our comparatively volatile gaming business and our other businesses, and set separate benchmarks for the two categories. The whole of the Group is working together to achieve decisive growth of

our businesses and reforms of our business structure.

It has been 10 years since KADOKAWA integrated with DWANGO in October 2014, forming the current structure of the KADOKAWA Group. The consolidated figures for the first 12 months after the integration (FY2015) were 200.9 billion yen in net sales and 9.1 billion yen in operating profit. Since then, by gradually integrating the strengths and expertise of each Group company, the KADOKAWA Group has steadily grown into one of Japan's top general entertainment companies and a platform company that develops and supports creators.

Management targets *From materials on annual figures for FY2023 released May 9, 2024 and materials on figures for the first quarter of FY2024 released August 14, 2024

		FY2023 Results		FY2024 Forecasts		FY2027 Target	
billion yen							
Net sales	Non-game	258.1	232.7	271.3	241.7	340.0	290.0
	Gaming		25.3		29.6		50.0
Operating profit (%)	Non-game	18.4	10.5	15.6	9.9	34.0	27.0
	Gaming	(7.1%)	7.9	(5.8%)	5.7	(10%)	7.0
EBITDA		25.3		23.5		43.0	



Going forward, as global demand for content grows rapidly, the KADOKAWA Group will explore talent worldwide with the aim of becoming a platformer for global promotion of content according to our corporate mission. Through our creativity and technological capabilities, we will harness the talent of our creators and the potential of their works to the greatest extent possible and deliver it to many fans around the world to connect people through shared passion. To do so, we intend to further globalize and expand our businesses and organization to increase our presence in the global market.



Mid-term Management Policy

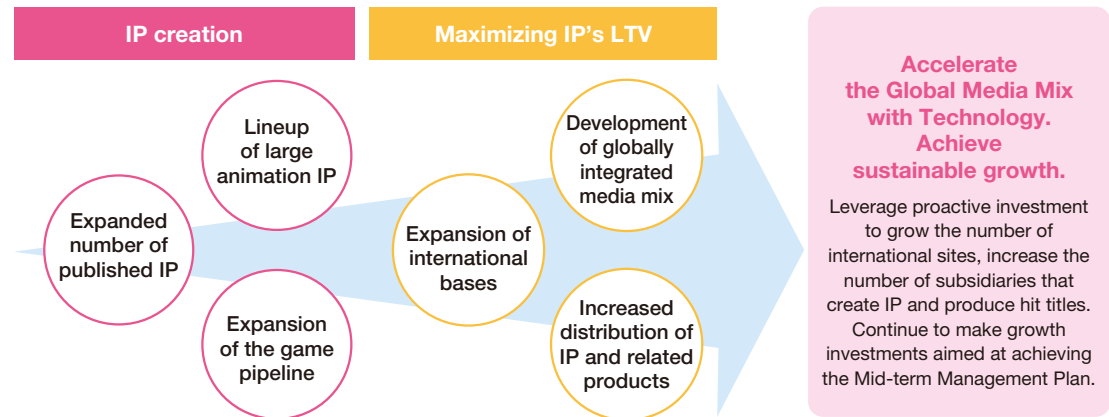
Growth story to achieve Mid-term Management Plan

To achieve our Mid-term Management Plan, we will accelerate Global Media Mix with Technology through the dual processes of IP creation and maximizing IP's LTV (lifetime value) to achieve sustainable growth.

In terms of creating IP, we will further enhance the Group's diverse IP portfolio. In particular, we will expand our publication IP, develop a large lineup of animation IP, and enhance the pipeline to games.

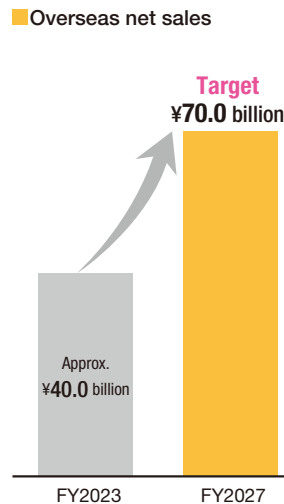
By maximizing IP's LTV, we mean that we will deliver the IP created through this process to a larger number of fans around the world so that the IP will be enjoyed for longer. Specific measures to accomplish this include expanding our international bases, development of a globally integrated media mix, and increased distribution of IP and related products. By actively investing in these processes, we will achieve a more synergistic effect.

Our IP growth story



● Expansion of international bases

We will work to expand our international bases to develop our media mix around the world and strengthen our creation of IP. We will promote our media mix in various countries and regions, including redoubling our endeavors for publication of translated paper-based books and e-books and our measures for bookstores, working to increase recognition of animation works, and releasing merchandise overseas. We will also further increase the original IP developed at each of our bases and strengthen our measures to release original overseas IP around the world, including in Japan. The IP handled at our international bases includes other companies' works in addition to those from the KADOKAWA Group. Our international bases will therefore also play a role in expanding Japanese content in general.



● Development of globally integrated media mix

These days, it is not uncommon for animation to be broadcast and streamed simultaneously both in Japan and worldwide, and there has been a significant increase in animation fans as a result of that new viewership, particularly overseas. The KADOKAWA Group will therefore foster even closer coordination with our international bases and partner companies to increase recognition of works before they are aired and release a more unified media mix globally, including features such as merchandise, games, and events tied to the broadcasts of the animation.

● Increased distribution of IP and related products

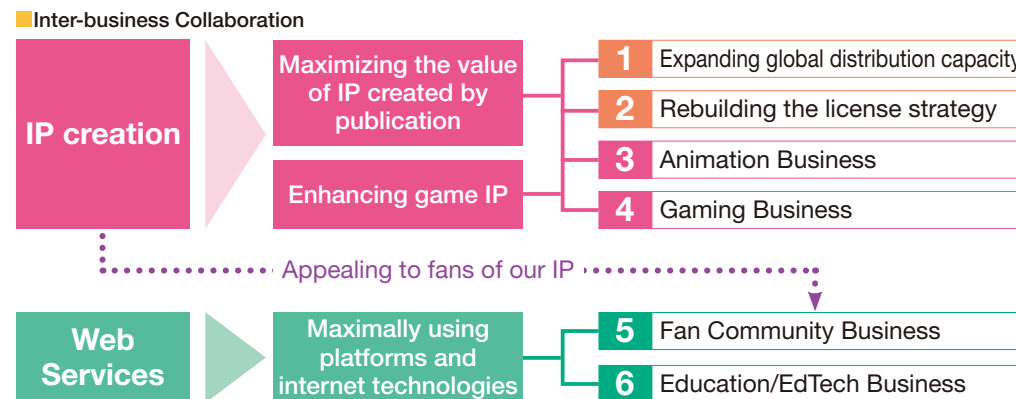
We will increase our IP and products in distribution globally, in both digital and analog formats. For e-books, in addition to making investments and building systems for simultaneous releases, we will expand the regions and languages of the global store operated by KADOKAWA. For games, we will build frameworks to expand the scope of FromSoftware, Inc.'s own publishing. For merchandise, we will likewise strengthen our overseas business through measures such as increasing the number of products released and the areas where they are released.

Strategies in Each Segment and Inter-business Collaboration

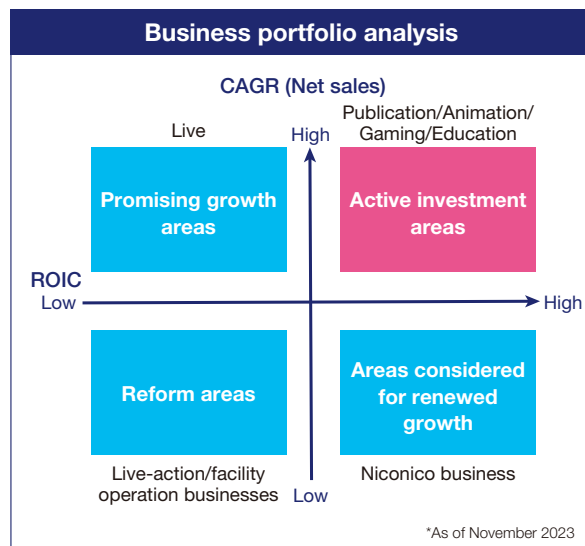
Under our Mid-term Management Plan, coordination between segments will become even more important. With IP creation and web services as the foundation of our operations, we will diversify the Group's businesses and facilitate interactions between them to add a large amount of value to the Group as a whole.

We will discover IP, primarily publications, and release them globally through a media mix including animation and game adaptations to increase the Group's overall profits.

We are also utilizing the platform technology and engineer development capabilities we have gained through our Web Services business to create innovative businesses such as our Education/EdTech business and Fan Community business. We will combine these new businesses with our IP to create added value that cannot be found elsewhere.



Business Portfolio and Investment Management



Investment to expand business and increase profitability

Business expansion	<ul style="list-style-type: none"> ● Invest in M&A activities involving new international bases ● Develop publications, videos (animation and live action) and game content ● Develop an AI-based translation system ● Develop an e-book app and a UGC service 	<ul style="list-style-type: none"> ● Expand the scope of FromSoftware's own publishing ● Invest in IT infrastructure in the Niconico business ● Develop businesses for universities and open new Vantan schools and courses
Improvement of profitability	<ul style="list-style-type: none"> ● Introduce digital tools and AI systems for editing and animation production ● Renovate the digital manufacturing and distribution system ● Introduce the BPR system for centralizing license management 	

Investment management system

- A new investment management system was introduced in FY2022 ⇔ Monitor profitability on a smallest organization basis and discuss improvement plans and the withdrawal from investments
- We will continue to make the criteria for assessing profitability at the time of new investments and for withdrawing from investments more strict

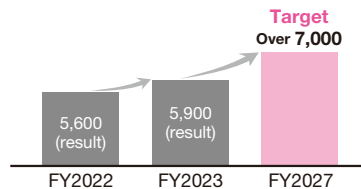
Policies for each business

Publication Business

Expanding creation of published IP

Intellectual property rights of the Company's publications are the source of our media mix and expanding creation of this IP, including expanding the genres, will be the driver of our endeavors to expand our international bases, increase overseas sales, and achieve growth of our e-book business that outpaces the growth rate of the domestic market.

Publication IP Creation Plan (for entire Group)



Evolution of digital services

Increase serialization on *KADOCOMI* (web and app) and increase works originally made in digital form like *TATESC COMICS*. Launch paid subscription service on web novel site *Kakuyomu* to strengthen returns to creators.



Expansion of genres

In addition to comics and light novels, work to further expand content in various other genres such as children's books, educational reference books, and how-to books for daily life.



Improvement of productivity through the DX of publication

Digital manufacturing plants and logistics facilities

Full-scale operation of digital manufacturing plants and logistics facilities in *TOKOROZAWA SAKURA TOWN* commenced in FY2023. Improve precision of on-demand book production, allocation, and shipping, and promote automated restocking at stores.

Editorial support

Employ standardization and automation to reduce non-core operations and further focus on creative work.

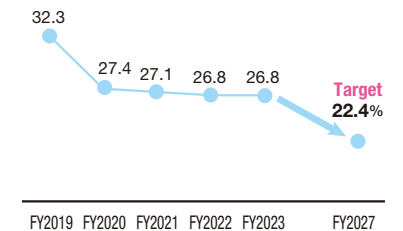
Strengthen marketing

Create dashboard and carry out more in-depth analysis of data in planning, promotion, sales, etc.

Revitalize bookstores

Roll out measures such as introducing AI-based bookstore staff in stores and directing customers to bookstores from our app.

Change in the return rate of KADOKAWA Group paper-based books over time and target



Animation Business

Create large range of animation IP, extend the life, and maintain variety

Secure steady production capacity for high-quality animations through expansion of production studios and coordination of operations with other companies. Maintain variation in lineup of works to meet a wide range of needs for works. Work toward a more global, mass reach for hit works, expand IP and extend the life, and take every feasible business opportunity to maximize licensing revenue.

Lineup strategy

Increase the number of stories produced for each title. Also continuously produce animations of popular IP from other companies.

Marketing strategy

Release IP in line with the characteristics of the original work and the online age, strengthen advertising, exhibition at events and other activities globally.

Expansion of Group production studios

Promote production within the Group. RagingBull Inc. and BELLNOX FILMS Co. Ltd. have joined the Group.

Human resource development through Group coordination

Open *KADOKAWA SCHOOL OF ANIME* at Vantan Inc. to develop animators and voice actors.



Film Business

Transition to lineup centering on major projects

Expand globally with portfolio of titles focused on KADOKAWA's original works and large-scale productions. Work to improve returns on investments.



Provide cutting-edge virtual production at KADOKAWA DAIEI STUDIO CO., LTD.

Web Services Business

- Strengthen measures to improve ARPPU and discover creators in the Niconico business.
- Strengthen infrastructure to improve safety.
- Improve profitability in live action business by strengthening planning and optimizing operating costs.
- Discover and develop star creators and IP through events, etc.



Gaming Business

●Expand the game development pipeline

For console games, there has been steady progress on measures such as deliberation of schemes and increasing developers at FromSoftware, Inc. with the objective of expanding the scope of our own publishing by the final year of our Mid-term Management Plan. Additionally, we will promote investment in and business coordination with prominent game companies both in Japan and overseas. We will utilize the strong brand power of each company to actively invest in increasing our personnel and development lines and expanding pipelines throughout the Group.



Downloadable content
SHADOW OF THE ERDTREE for ELDEN RING



●Acceleration of business for mobile game adaptations of KADOKAWA animation IP

There has been steady progress in building pipelines with a view to coordination between animation and other elements of media mixes. We will also build a framework for our own publishing while expanding our portfolio in the medium term.

■The Eminence in Shadow net sales for all segments

FY2023 **Approx. ¥3.5 billion**

FY2022 **Approx. ¥3.0 billion**

* Net sales for KADOKAWA (parent company only) including licensing revenue and internal transactions

* Mobile games business launched in November 2022

MD Business

Promote development of products utilizing IP from KADOKAWA and elsewhere

Expand lineup of products such as character figures and plastic models utilizing IP from KADOKAWA and elsewhere. Also focus on coordination with animation and games and overseas sales.



Education/EdTech Business

Becoming a leading EdTech company supporting Japan's largest educational group

Provide KADOKAWA's EdTech technology, knowledge, and expertise to *N High School*, *S High School*, etc. Work to expand our businesses and develop diverse personnel through coordination within the Group.

N 高等学校・S 高等学校
Largest number of students in Japan. Continue growing in the future.

2,245 (2016) → 30,137 (2024)

* Number of enrolled students as of August 30, 2024

Increase passes at famous Japanese universities and overseas universities
Passes at universities in 2024 (difference from previous year)

Japanese public universities: 172 persons (152.2%)
Major private universities*: 1,981 persons (126.4%)
Overseas universities: 151 persons (269.6%)

Wide range of clubs and associations
13 clubs: 9,156 persons 288 associations: 16,924 persons
Total for *N High School*, *S High School* and *N Progressive School* (as of end of March 2024)

ZEN大学 (provisional name, establishment approval pending)

- Expand reach to university students and working people
- Currently preparing education systems and content
- Work to steadily increase student numbers with the expectation that students from *N High School* and *S High School* will enroll

● DWANGO Co., Ltd. offers cutting-edge EdTech in AI and VR

● KADOKAWA provides knowledge and expertise

VANTAN SPARK YOUR PASSION.

- Expand courses that are already popular to more regions and establish new courses to expand target markets and, in doing so, further expand this business

KADOKAWA SCHOOL OF MANGA and KADOKAWA SCHOOL OF ANIME opened in April 2024

Produce human resources capable of playing leading roles in an ever-changing society

Facility Operation Business

Work to attract more customers and improve profits

At TOKOROZAWA SAKURA TOWN, we are discussing plans to increase users in response to demand from local residents and inbound tourists. We will also continue optimizing costs to make this business more sustainable.



*Waseda University, Keio University, Sophia University, Tokyo University of Science, International Christian University, Gakushuin University, Meiji University, Aoyama Gakuin University, Rikkyo University, Chuo University, Hosei University, Kansai University, Kwansai Gakuin University, Doshisha University, Ritsumeikan University, Kindai University, Nihon University, Toyo University, Komazawa University, Senshu University, Kyoto Sangyo University, Konan University, Ryukoku University, Seikei University, Seijo University, Meiji Gakuin University, Kokugakuin University, Dokkyo University, Musashi University, art universities, and other prominent regional private universities

Financial Strategy

Basic Finance Policy

The KADOKAWA Group's basic financial principle is to invest in financial strategies that contribute to achieving "sustainable growth of sales and profit," "capital efficiency that exceeds the cost of capital," and "the medium- to long-term increase of corporate value." According to this principle, we updated our Basic Finance Policy in our new Mid-term Management Plan which commenced in FY2023.

First, we have raised our target for return on equity (ROE), a KPI of our Basic Policy, from the previous value of 10% or more to 12% or more. We have also designated a capital adequacy ratio range with an upper and lower limit, and will work to ensure financial soundness while also pursuing capital efficiency. For shareholder dividends, we have set a target payout ratio of 30% or more, and announced once again that we intend to pay a stable annual dividend of 30 yen per share.

The following two figures have been set as key KPIs.

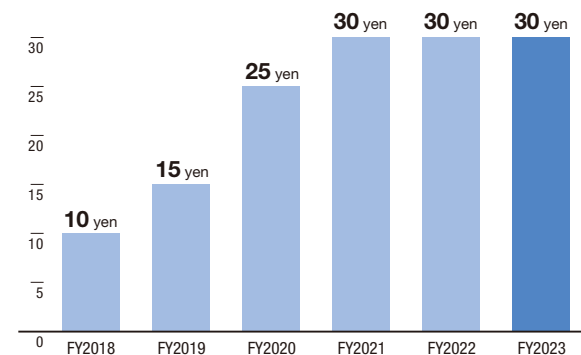
- ▶ **To ensure financial soundness, a capital adequacy ratio of around 50-60% has been set as a suitable standard to maintain going forward.**
- ▶ **To pursue capital efficiency and strengthen shareholder returns, ROE of 12% or more has been set as a medium- to long-term target.**

For allocation of funds, we have set the level of cash and cash equivalents to be held based on future demand for funds and other factors, while securing working capital for approximately 2.5 months of monthly sales as a guideline. These will function as foundation funds. We are assuming a maximum investment of about 2/3 of operating cash flow by making growth investments such as M&A activities for the strategic facilitation of core businesses the top priority. For shareholder returns, in addition to regular shareholder dividends, we are flexibly acquiring treasury stock in consideration of factors such as investment capacity and stock price level.

Shareholder Dividend

We recognize shareholder returns as an important managerial issue. Based on a stable annual dividend of 30 yen per share, our basic policy is to provide shareholder return with a target dividend payout ratio of at least 30%, including profit sharing based on consolidated financial results.

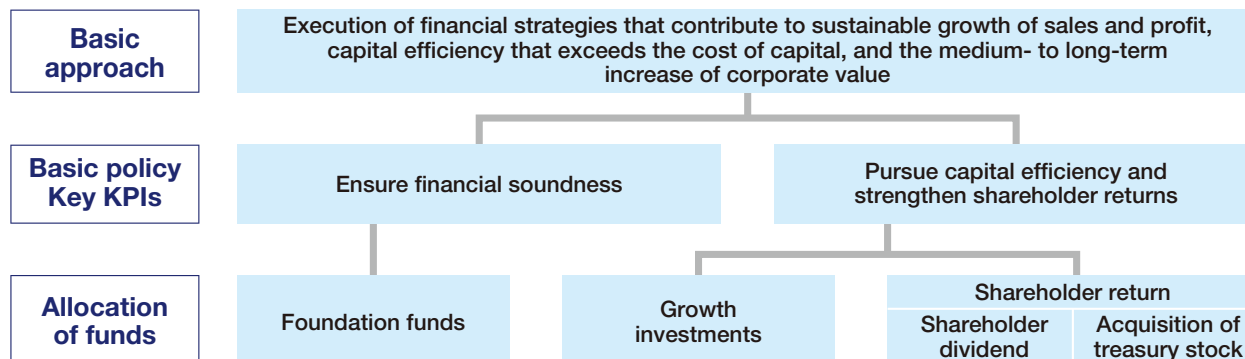
■ Dividend per share



(Notes)

On January 1, 2022, the Company split its common stock 2 for 1. The dividend forecast for and before FY2021 takes the stock split into consideration.

Basic Finance Policy



Human Capital Strategy

Create an environment where motivation is high and the maximum creativity can be achieved to facilitate continuous growth of our personnel

The KADOKAWA Group considers human capital to be a critical foundation for steady creation of a wide-ranging IP portfolio and global expansion. We believe that creating an environment where employees accept diverse values and can demonstrate maximum creativity is essential for growing our businesses and creating value.

Specifically, to promote Global Media Mix with Technology, the basic policy of our Mid-term Management Plan, we are designating the promotion of innovation centering on Creativity, Motivation, and Technology as the pillar of our strategies, and are providing our employees with various human resources systems based on these three keywords and an environment that supports their growth. We also believe that strengthening our development of global human resources is a critical issue to be tackled, and are working to become more attractive to prospective employees through hiring activities and internships in various countries around the world, as well as working on greater talent management and career support for our global human resources.

As the Group expands its diverse businesses centering on IP, it is very important not to remain tied to the past, and to come up with new ideas and combinations. We are focusing on breaking old molds and patterns and hiring and developing personnel who can be active in a wide domestic and international sphere.

Visualizing Engagement Through Employee Surveys

We conduct surveys to gauge employee satisfaction and identify issues in areas such as their motivation for their job, the current state of their workplace, and their communications with top management. The results of the surveys are passed on through channels such as Slack and meetings of all Group companies, and are used for purposes such as identifying issues, verifying the effectiveness of systems, and considering internal measures. In the employee survey we conducted in September 2023, results were positive for points such as direct communication with CEO Natsuno, creativity at work, and reasonable decisions by workplaces. Details of issues are also being shared throughout the Company and utilized for purposes such as management and systemic reforms.

Summary of results of employee survey in FY2023

Subjects	3,371 KADOKAWA employees
Question topics	Evaluation of direct communication, evaluation of key elements of foundation for growth (creative, motivation, technology, open, fair), changes in each employee's workplace in the last year

Creativity

Creating a working environment that facilitates creativity and respects diversity

Enabling diverse work formats

- "Workplace choice" system (Employees can choose where to work)
- *Subscription allowance* (Subsidizes the cost of employees' use of subscription services in the entertainment genre)
- Expansion of support systems for employees raising children or providing care
- Expansion of health support systems for employees
- 100% rate of return from childcare leave (FY2023)

Promoting opportunities for women

- Increase consolidated Group ratio* of female managers and executives
- **21.6%** in FY2023 → **30%** target for FY2030

*Overall ratio for KADOKAWA and domestic consolidated subsidiaries

Promotion of employment of persons with disabilities

- Employment rate of persons with disabilities: 2.32% (FY2023)

Strengthening of development and support of global human resources

- Strengthening of hiring activities and internships in various countries around the world
- Talent management for global human resources
- Enhancing support systems for employees posted overseas
- Enhancing reward systems for overseas employees
- Temporary Remote Work Policy from Home Country for employees who are overseas nationals
- Expansion of eligibility for business class tickets for overseas business travel (subject to minimum score in qualifying exam)

Motivation

Enhancing personnel systems that improve employees' motivation

Strengthening our foundations for growth

- Strengthening of creative human resources, technology human resources, and global human resources

Promoting opportunities for young employees

- Placing new graduates in their role of choice
- Long-term internship system

Promotion of further utilization of systems

- Increasing use of "free-agent" transfer system
- Improvement of ratio of concurrent roles
- Increasing projects under *Project Open Call*
- Enhancing incentive system for obtaining public qualifications (up to 10 million yen for qualifications with a high difficulty level)
- Side job system
- Specialized practical training

Technology

Achieving in-depth business reform through DX

Transition to digital methods for greater operational efficiency

- Support for production tasks with digital tools and AI
- Transition to dashboards for sales, data on promotional measures, etc.
- Centralization of license management systems

Strengthening upskilling in technical areas

- Organizing hackathons focused on the latest technologies
- Opening programming classes at *N High School* and *S High School* to employees
- Organizing training sessions, seminars, and workshops in areas of technology tailored to specific businesses

Human Resources and Creativity to Create Something from Nothing on Multiple Dimensions

The source of the KADOKAWA Group's creativity is the capabilities of people taking on new challenges in various areas of entertainment. In our publication business, it takes cooperation between both the editors and support staff who are involved with the IP from its conception through each stage of its growth and a variety of other parties, from authors and creators to users and fans. It is the interaction between all of those parties that creates something from nothing on multiple dimensions. Advances in digital technology have enabled us to accelerate our global expansion and release IP from both Japan and overseas all over the world.

Ability to Create (1): Publication

Editors Work with Authors to Create New Ideas for Works

Literature

Our literary editors' job is to identify authors' talents and deliver them to the world as novels. To get 120% from the authors, the editors need to understand each work better than anyone else.



Tetsuya Endo
Head, Literature & Film Business



GLICO WITH LANDMINE

Comics

As every publisher focuses on manga, and manga app distributors themselves enhance their own range of works, competition to secure authors is intensifying. KADOKAWA is taking measures such as creating ad revenue through our comic portal, *KADOCOMI*, to become more competitive in attracting authors and expand our IP.



Hiroyuki Watanabe
Corporate Officer,
Publishing Business



Bungo Stray Dogs

Children's Books

I believe that an editor's role is to amplify the appeal of the characters and world created by the author to reach more readers. We will continue working to release each work in the optimal format, taking into account elements such as the binding design, release date, and promotion methods.



Yuka Takeuchi
Head, Juvenile Literature

Light Novels

Our light novels business operates in two main ways: finding debut authors and working on original works, and discovering user-generated content (UGC). In both cases, we not only publish the novel itself but create multiple forms of IP from the same work, including adapting it to other formats, such as comics and animation, and creating character merchandise.



Sou Yurugi
Head, Light Novels



Who killed the brave.

How-To Books

We gather information daily to identify social issues and trends as quickly as possible, and then commission books by experts on each topic. Our team is constantly conducting research for text, photos, and illustrations that will resonate with readers and help them to resolve issues.



Eri Fujimoto
Head, Liberal Arts and Life Style



1% Effort Recipes



Pan Dorobou

Discovering Works Among User-Generated Content (UGC)

Literature Light Novels

In Japan

Our contests held by *Kakuyomu* are designed to solicit works from a wide range of genres. Our system gets the most out of the great qualities of UGC with demonstrable popularity and the discernment of our editors, helping us to create works with a view to current and future trends.



To Sir, Without Love: I'm Divorcing You



Hazuki Kawano
General Manager,
Digital Strategy Division

Overseas

KadoKado is a Traditional Chinese novel serialization platform for both the Taiwanese user market and the Chinese diaspora. UGC is posted alongside works by popular authors and emerging authors, and we are strategically developing original IP for the Chinese-speaking world.



I Love You to the Meta and Back



Taketo Iwasaki
KADOKAWA TAIWAN CORPORATION CEO
BOOKWALKER TAIWAN CORPORATION CEO

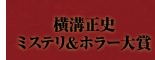
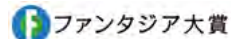
Discovering Talent Through Open Competitions

Literature Light Novels
Comics Children's Books

The Dengeki Award's online application process is now complemented by a process through *Kakuyomu*, which began when the competition was held for the 30th time in 2023, to further expand entry channels for one of Japan's largest competitions for new authors. The final selection method has also been updated: previous award winners who are now bestsellers representing Dengeki participate in the judging as special panel members, and an award under their name is presented in addition to the usual awards. This raises the profile of the Dengeki brand, encourages more authors to enter, and further boosts the appeal of the award-winning works.



Can't be put collars on witches.



Yuichiro Kubo
Head, Manga Comics

Promotion of Works Originally Made in Digital Form

E-books

With the redesign of the *KADOCOMI* website and the release of the *KADOCOMI* app, we can now collect data in practical terms. Analyzing that data enables us to target our digital marketing and create more market-oriented IP. With the launch of the app, we will further expand the genres of KADOKAWA's comics with the aim of creating mega-hits in new genres.



KADOCOMI



Yuichiro Kubo
Head, Manga Comics

Creating IP Originating Overseas

Overseas literature
Overseas children's books



X-VENTURE PRIMAL POWER E01: RAGE OF KINGS: LION VS TIGER

When we released a Japanese version of a Malaysian work, we came up with the perfect title and designs to appeal to Japanese children. We are currently working together with the Malaysian team to develop a series for the global market.

Yuka Takeuchi
Head, Juvenile Literature

Create
7,000 IP
in FY2027

Utilizing the Strengths of Each Form of Media to Create IP in Various Areas of Our Business

The KADOKAWA Group releases IP in various formats from the creative bases of our animation, film and gaming businesses. Our development of so many different businesses is a driving force of KADOKAWA's IP creation, and has earned us popularity among users who enjoy various forms of entertainment.

Ability to Create (2): Animation

Expanding Animation Characters to 2.5th Dimension Stage Shows and Community Invigoration

Our original animations are a source of our IP creation. *A Place Further than the Universe* achieved global popularity, even being ranked in the top 10 overseas TV shows in The Best TV Shows of 2018 by The New York Times (USA).

In addition to a comic adaptation, we have expanded the series into various formats, including a 2.5th-dimension stage show and merchandise. In Tatebayashi City, Gunma Prefecture, the setting of the series, the main characters still act as Tatebayashi Anime Ambassadors. Our animation business will continue creating appealing IP with the aim of further strengthening its production framework.



A Place Further than the Universe
(animation)



A Place Further than the Universe
(comic)

Ability to Create (3): Film

Memorable Film IP for Experiences That Leave a Deeper Impression

The Great Yokai War: Guardians (2021) was the latest release in a franchise that began with the Daiei film *Spook Warfare* in 1968 and later included a new *The Great Yokai War* film in 2005, directed by Takashi Miike and starring Ryunosuke Kamiki. The latest release of this adventure fantasy is updated for the current age.

For *MATCHED* (2024), a suspense thriller film that inspires fear of the titular app, director Eiji Uchida himself wrote not only the screenplay but the original novel (published by *KADOKAWA HORROR BUNKO*). The film's success created a synergy that saw an increased print run for the novel.



MATCHED
(film)



MATCHED
(novel)

Ability to Create (4): Games

Capitalizing on the Characteristics of Game-based IP to Transcend Linguistic and Cultural Barriers

ELDEN RING (2022) became a worldwide hit, shipping more than 25 million units. Two art books were released simultaneously in the same year. The game was also novelized as *Shigoto ga owareba, ano syukuhuku de*. A full-color comic series, *ELDEN RING Become Lord*, was launched by *TATESC COMICS* in March 2024, written by an overseas author who has won the award for comics at *The 1st TATESC COMICS Global Awards*, and in June the author released a collection of single-page strips which we plan to release worldwide in the future.



ELDEN RING
(game)



Shigoto ga owareba, ano syukuhuku de (novel)



ELDEN RING Become Lord
(TATESC COMICS)

The Human Resources and Technology Behind Our IP Creation

The KADOKAWA Group has a multifaceted business environment utilizing technology to support our editing, production, and marketing processes, grow our editing team, and develop the next generation in order to continuously release hit works and create IP in each genre of entertainment.

Publication DX to Support Our Editing and Production Processes

● Digitalization of our editing and production processes

As part of our reforms of our work practices, which we have been discussing since 2015, we have worked to build systems enabling editors to work remotely on the editing and production processes of our publication content. We have now digitalized our editing and production processes through cooperation with printing companies. Our editors are now able to review data and give instructions for amendments and approval in PDF files on a tablet. We are also creating Group-wide guidelines for each publication genre to unify our quality standards. The establishment of these frameworks has enabled editors to choose a work format suited to the nature of their work and their lifestyle, which is a major source of support for our creation of publication content.



● Strengthening our marketing with technology

KADOKAWA CORPORATION is working on measures for our editors, utilizing technology to strengthen our marketing, to increase our hit ratio.

Our *Data Utilization Lab* is a project to achieve a synergy between IP creation and technology in our publication business. We are researching, developing, and internally communicating about new data utilization measures from our editors' perspectives. We also have tools at our editing bases that can be used on demand.

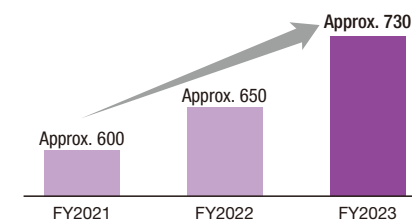
Additionally, we have introduced *WinSights Memo*, a system that shares information that will be useful for the planning, development, and marketing of books and services, such as market research results and analysis of hit content. Its Japanese name is a portmanteau of the Japanese words *kachi* (value), *kachime* (probability of winning), and *memo* (notes) indicating the intent to compile valuable data and make notes that will lead to winning discoveries.

Building an Environment Conducive to Focusing on Editorial Work and Increasing Personnel

KADOKAWA CORPORATION is establishing support teams in its editorial departments to handle tasks other than core editing tasks so that editors can concentrate on editing-specific tasks such as planning projects, consulting with authors, and checking revisions. Many of our editors choose to work remotely from home, but many tasks are difficult to handle smoothly in a remote environment. These support teams handle tasks that are peripheral to editing work, such as passing on various documents that arrive at our premises, applying to music rights organizations to receive rights, and performing system registrations for reader surveys, so that our editors can focus on IP creation.

We are also increasing our editing personnel. We have increased the size of our editing department from around 600 members in FY2021 to around 730 in FY2023. We will continue strengthening our career-oriented hiring and increasing the number of editors at KADOKAWA.

Editing personnel at KADOKAWA



Discovering and Developing the Next Generation of Talent and Increasing Our Ecosystem of Users as Creators

 **KADOKAWA マンガアカデミー**
POWERED BY **VANTAN**

 **KADOKAWA アニメ・声優アカデミー**
POWERED BY **VANTAN**

The KADOKAWA Group is working to develop the next generation of creative personnel in a wide range of areas. *KADOKAWA SCHOOL OF MANGA* and *KADOKAWA SCHOOL OF ANIME* opened at Vantan Inc. in April 2024 to teach the specialized skills specific to manga, animation, and voice acting. In addition to these two schools, we will open a professional school in the eight schools we operate (including those scheduled to open in April 2025), such as *VANTAN SHIBUYA BEAUTY ACADEMY*. We are helping to usher more people into the creative world by providing them with places where they can receive a high-quality practical education, work toward bachelor's qualifications at our affiliated correspondence universities, and gain access to a wider range of careers and receive support in pursuing their dreams.

Deployment of Global Media Mix to Maximize IP Value

Here we'll talk about *Re:ZERO -Starting Life in Another World-* (*Re:ZERO*) as a case study of our measures to maximize the value of our IP through a media mix. Originally posted as an online novel, this work was first released as a light novel and then expanded in all directions, with IP such as a comic, animation, game, and merchandise released. The synergy between these different forms of media made the franchise immensely popular. In 2024, ten years later, it is still winning new fans around the world, and is a model for long-term development (maximizing LTV) that can be applied to other IP.

A sense of duty to share this work with more people



Masahito Ikemoto
Light Novels Division

One novel that Tappei Nagatsuki wrote online. That's how it all began. At that time, it wasn't as common to release online novels in physical form as

it is now, but I felt this overwhelming urge, this impatience, to share this story with more people. I felt that this work would save someone. Releasing it as a physical novel was just the first step. I came up with many directions to expand it—promotions, manga, animation, merchandise, events—and began preparations and plans for these in 2013, before the physical novel's release. But my impetus wasn't business-minded. This novel was funny yet also heartrending, and I resolved to do whatever I could to share it with more people, no matter how far away.

2014 Original novel



Re:ZERO -Starting Life in Another World-

Author: Tappei Nagatsuki
Illustrator (full novel): Shinichirou Otsuka

On his way home from the convenience store, high school student Subaru Natsuki is suddenly summoned to another world. When he is killed, he is given the ability to turn back time. The story follows his struggles to confront his destiny. *Re:ZERO* was the first work ever to receive an award in multiple categories simultaneously (first in the Light Novel and Animation categories) at SUGOI JAPAN Award 2017.

Full novels: 38 volumes, short story collections: 10 volumes, supplementary stories: 5 volumes (as of August 2024)

A pursuit of excitement and a series of new challenges



Sho Tanaka
Corporate Officer,
Anime Business

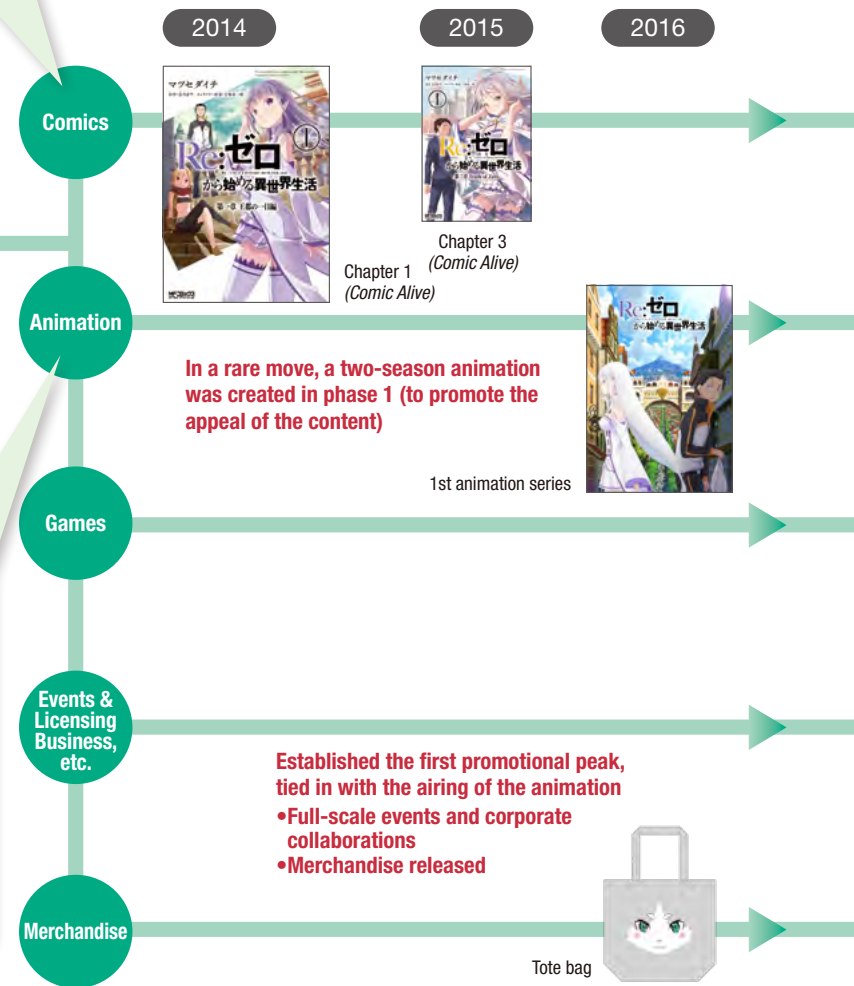
Taking on challenges outside of the ordinary is what *Re:ZERO* is all about. In our planning, our focus was not on how many copies we could sell but on the excitement factor, and we created an animation spanning two consecutive seasons from the beginning. I think the reason for its longevity is because the protagonist was drawn so differently from the trends, the fact that we released one-hour specials which have now become an established method, and the way we bucked norms in order to make the animation as exciting as possible, including having no opening sequence, end sequence, or commercials.

Pursuing a manga with total appeal beyond that of its characters

I saw the potential of this work from the moment I first read it. The thing that made the greatest impression on me was the passion of the fans. When I first began planning the comic adaptation, the thing I was conscious of first and foremost was embodying the characteristics of a shonen manga. Obviously the cuteness of the characters was a point of appeal, but I resolved that instead of relying on that, I would create a manga with high overall appeal, including a structure that would make readers excited for the next chapter, and thrilling battles.



Taiki Akasaka
Editor in Chief,
Manga Comics Division





Noriyuki Komai
Manager, Light Novels Division

We are applying what we learned from *Re:ZERO* in the development of the next generation of IP

We are continuously scrutinizing every detail of the effect we achieved by maintaining the appeal of *Re:ZERO*'s robust story interweaving various characters amid a powerful world, while also tweaking the IP we developed in order to appeal to the diverse cultural backgrounds of users around the world. We will apply what we have learned here in the development of the next generation of IP. That combination of maintaining and building has contributed to the media mix of multiple works.

2017 2018 2019 2020 2021 2024



The Love Song of the Sword Devil
(Comic Alive)



Chapter 4
(Comic Alive)



Chapter 5
(serialized by Alive Plus)



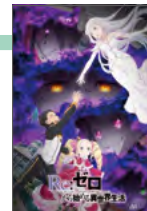
OVA:
Memory Snow



OVA:
The Frozen Bond



2nd animation series



3rd animation series



Kanae Maruo
Game Business Development Division

Strengthening the frameworks in our own publishing

Re:ZERO -Starting Life in Another World- Witch's Re:surrection is a project developed by our editing department. It was our first time publishing a large social game on our own. We are working to strengthen our frameworks for this.

Unified world (same design and character voices in animation and game)

Console Game:
DEATH OR KISS

Amusement machine version



Console Game:
The Prophecy of the Throne



10th birthday campaign (own publishing)

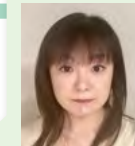
Birthday event, lottery campaign, etc.

Creation of event merchandise, character figures, standard products, etc.



Smartphone Game:
Witch's Re:surrection

Merchandise strategies: From Akihabara to the world



Ayako Kimura
Global Licensing Division

Our merchandise planning began in Akihabara while the first animation series was airing, and has now been expanded to major urban areas throughout Japan as well as overseas, and we are conscious of international appeal in our product planning.



Life-size character figure

Birthday merchandise

Growing IP and expanding media through global development

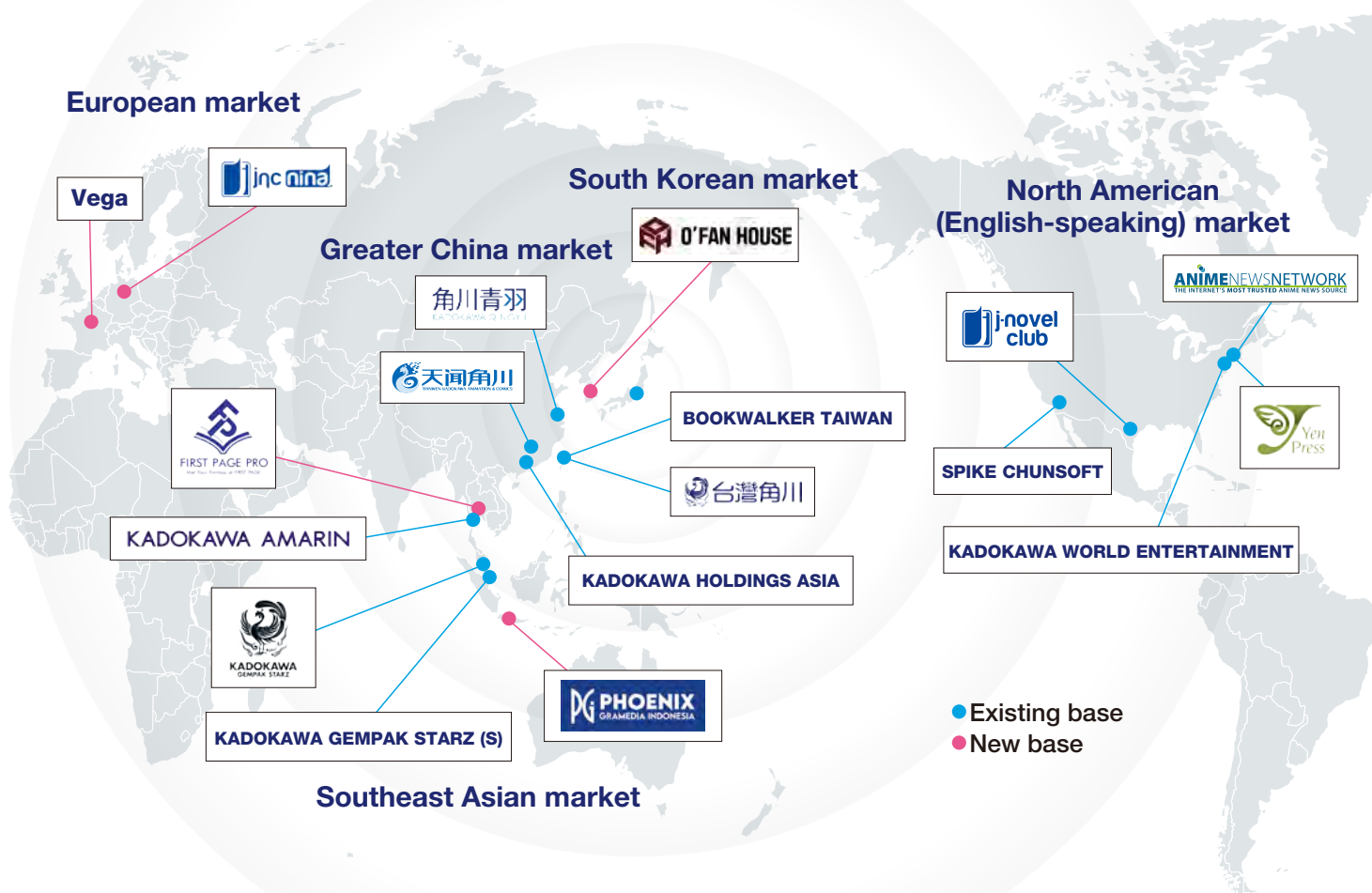
Theater program



The KADOKAWA Group's Global Bases

Our international business is a key area for growth of the KADOKAWA Group.

IP developed in Japan and overseas is developed in multiple dimensions throughout the world to get the most out of the IP's value throughout the world.



Expansion of international bases

South Korean market

- 2024 O'FAN HOUSE established as a joint venture with BY4M STUDIO in South Korea
.....
This venture translates Japanese works into Korean and discovers South Korean IP

Southeast Asian market

- 2024 First Page Pro in Thailand acquired as a subsidiary of KADOKAWA AMARIN
.....
This was the birth of Thailand's largest manga and light novel publishing group
- 2024 PHOENIX GRAMEDIA INDONESIA established as a joint venture with Indonesia Gramedia
.....
This is Indonesia's largest bookstore network and publisher

European market

- 2023 JNC Nina established in Germany
.....
This marks an expansion of our light novel e-book business into Europe
- 2024 Vega established as a joint venture between KADOKAWA, Média-Participations Paris, a major European entertainment publishing group, and Dupuis, a major French and Belgian comic company belonging to Média-Participations Paris
.....
The Vega imprint will be used to expand works from Japan, South Korean, etc. and discover European IP

Global Expansion of KADOKAWA IP

We are working to expand our global distribution to share our media mixes of various IP with fans around the world. Here we'll share case studies of specific initiatives in the publishing, animation, film, and gaming segments.

Publication

● Sharing our IP with fans around the world

To publish our IP in countries around the world and share it with fans there, we are establishing international bases, primarily in North America, Asia, and Europe, to handle processes from production to distribution, so that we can accelerate our globalization. Even in countries where we do not have bases, we are promoting our IP to local publishers and selling them the rights to our IP. We are also carrying out initiatives such as observing local bookstores and specialty stores and attending book fairs to assess content trends in each country.



● Strengthening our framework for multilingual translations

To strengthen our processes for multilingual translations, we have established an internal translation department and are utilizing resources such as marketing data on popular works in each country to strategically select works for translation.

● Overseas expansion of our growing e-book business

We have launched *BOOK☆WALKER Global* for the English-speaking world, *BOOK☆WALKER TAIWAN* for the Traditional Chinese world, and *BOOK☆WALKER Thailand* for works in Thai. We are also working to increase the number of translated works we publish at the same time as the original release in Japan.



Animation/Film

● Simultaneous streaming of animations worldwide

We simultaneously stream new animations in various countries worldwide through effective partnerships with streaming services. We also provide spaces, such as our social media accounts, where fans from various countries can share their experience as they watch the animations, and create mechanisms to create a buzz about our content throughout the world simultaneously.

● Winning fans through direct communication with overseas users

We attend anime events in various countries around the world. Most notably, we have attended the Anime Expo in the USA, the world's largest anime event, since 2017. In 2024 we set up booths about popular works such as *Re:ZERO* and *[OSHI NO KO]*, attracting attention from many visitors. Increasing the recognition and presence of these works will increase our fan base even more.



● Promotion global expansion of films

We develop blockbusters with the global market in mind. The film *KUBI*, released in 2023, was selected for the Cannes Premiere category of the 76th Cannes Film Festival.

Gaming

● Our console games, particularly those developed by FromSoftware, are gaining global popularity

Console games developed by FromSoftware, Inc. are becoming global hits, earning many fans around the world through strong coordination with partner companies.

ELDEN RING's worldwide sales reached over 25 million units in June 2024 and *SEKIRO: SHADOWS DIE TWICE*'s worldwide sales reached over 10 million units in September 2023. Both titles won Game of The Year, an honor earned through voting by global fans of media and games, for their high quality.

We are also discussing schemes to increase the scope of our own publishing through FromSoftware, Inc. and taking measures such as increasing our developers.



● Development of mobile games with global appeal

We are focusing on initiatives to plan and develop mobile games with global appeal from the KADOKAWA Group's animation IP.

In May 2024, we signed an agreement for a capital and business alliance with VIC GAME STUDIOS, a South Korean game company that is strong in development and production of mobile games, to strengthen our mobile game development.



Environment

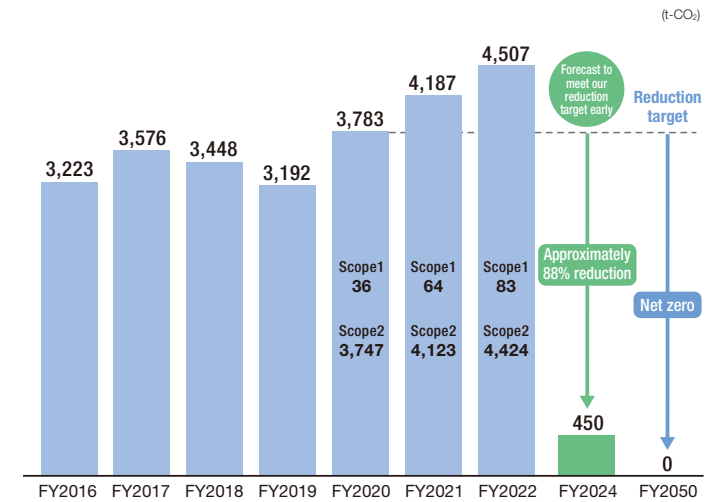
The KADOKAWA Group is carrying out specific measures to achieve decarbonization, such as switching to electricity generated by renewable energy, reducing excess paper consumption through digital transformation (DX) of book ordering system, and reducing waste generated in the editing and production process. In support of the Task Force on Climate-related Financial Disclosures (TCFD) and TCFD recommendations, or the final report they published, the KADOKAWA Group discloses information in accordance with the TCFD recommendations. The Group will move ahead with its sustainable business activities with reduced environmental impact.

Efforts to Use Renewable Energy

We plan to disclose our results for FY2023 on the KADOKAWA Group portal site after November 2024.

The Company recognizes that environmental action is the most critical issue in order to realize a sustainable society, and has set targets to reduce CO₂ emissions in Scope 1 (emissions directly created through our businesses) and Scope 2 (emissions indirectly created through our energy consumption) by 50% from the FY2020 level by FY2030 and achieving net zero emissions by FY2050. As a specific measure, we have switched the power for four of our buildings in Chiyoda-ku, Tokyo (KADOKAWA Headquarter Building, KADOKAWA 2nd Headquarter Building, KADOKAWA Annex Building, and KADOKAWA Fujimi Building) to electricity from renewable energy sources on January 1, 2023, and from December 1 we have effectively switched the power for TOKOROZAWA SAKURA TOWN in Tokorozawa City, Saitama Prefecture to renewable energy. This will reduce 76.9% (approximately 3,468 t-CO₂) of our annual CO₂ emissions (according to our results for FY2022) to net zero. In FY2024, we have forecast a reduction of approximately 88% compared to FY2020 (approximately 3,333 t-CO₂ of approximately 3,783 t-CO₂), meaning that our target of a 50% reduction compared to FY2020 by FY2030 will be achieved early.

From March 31, 2024, the KADOKAWA Group switched all of the power used for KADOKAWA DAIEI STUDIO CO., LTD.'s Chofu Studio to renewable energy. As a result, the CO₂ emissions generated by the power used by this studio are now net zero. We are carrying out initiatives at each of our business bases to ensure that the entire Group achieves these targets. To reduce greenhouse gas (GHG) emissions, in addition to endeavoring to conserve energy within the Company, we will take measures such as utilizing the Japanese government's J-Credit Scheme to contribute to the realization of a zero-carbon society.



Scope: KADOKAWA CORPORATION (parent company only)

Initiatives to Reduce Waste

Effective use of paper resources through the digitalization of ordering

By implementing appropriate production plans to meet demand and utilizing technology, such as electronic ordering from bookstores, the Group is working to reduce the number of copies returned as well as excess paper consumption. In FY2021, we reduced returns by 1.94 million copies compared to FY2018, which was a period prior to full adoption of the system. This is equivalent to 772 tons of paper. In FY2022, returns were reduced by 140,000 copies, an equivalent of 58 tons of paper. While we were not able to reduce our return rate in FY2023, we maintained a return rate of 26.8%, below the rising return rate of the publishing industry as a whole, contributing to a reduction of excess consumption. Moving forward, the Group will continue to make efforts to make effective use of resources through measures such as providing bookstores with incentives corresponding to the level of return reduction.

Promoting paperless offices

Since 2015, amid reforms of office work styles, we have promoted the reduction of copy paper by introducing multiple measures, such as the digitization of paper materials and the introduction of electronic settlement and electronic approval systems. The Group reduced annual in-house paper usage from 30 million sheets in FY2014 down to 4.64 million sheets in FY2023, which is a reduction of around 84.5%.

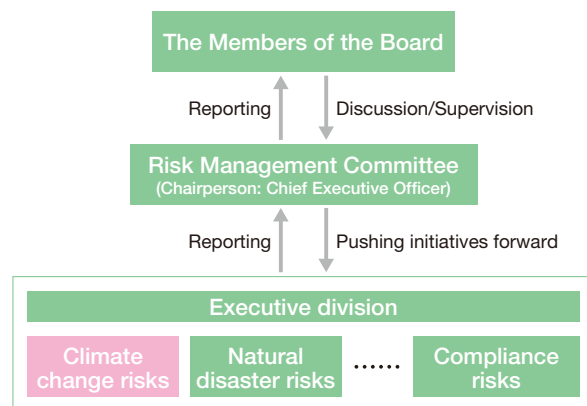
In addition, some editing departments have established rules with business partners (printing companies) and related internal departments to enable proofreading and approvals in PDF format. The total paper saved from FY2021-FY2023, calculated in comparison to our consumption before the initiative started (FY2020), is equivalent to approximately 230,000 sheets of A3-size paper.

Initiatives to Address Climate Change—Response to the TCFD Recommendations

The KADOKAWA Group supports the TCFD Recommendations and has established a governance system, manages risks, sets targets, conducts scenario analysis, and discloses information based on the recommendations.

Governance

The Risk Management Committee chaired by Chief Executive Officer analyzes and addresses the risks faced by the Group as a whole, including climate change risks, under the supervision of the Members of the Board. Climate change risks are discussed at the meetings of the Risk Management Committee held two times a year as a part of companywide risk management, where measures against identified risks are discussed and initiatives including the reduction of CO₂ emissions are promoted. The Members of the Board receive reports on important matters discussed by the Risk Management Committee. It also discusses and supervises action plans for addressing climate change problems.



Strategies

Key risks and opportunities related to climate change

		Global change	Conceivable scenario	Risks	Opportunities	Time of occurrence
1.5°C climate change scenario	Policies and legal restrictions	Tougher environmental regulations related to GHG emissions	Increase in energy cost resulting from rising prices of renewable energy	○		Medium to long term
		Introduction of carbon taxes and emissions trading	Increase in cost resulting from introduction of carbon taxes and emissions trading	△		Medium to long term
	Markets and technologies	Rapid progress in carbon reduction (energy conservation), decarbonization, and transition to renewable energy	Increase in capital expenditures for the reduction of power consumption	○		Medium to long term
		Increase in procurement costs	Production and procurement costs increase because the prices of paper resources and other raw materials increase, reflecting carbon taxes and costs for the response to environmental regulations	○		Medium to long term
		More environmental measures required of publishers	Increase in demand related to the Company's proprietary digital production and distribution processes for paper-based books		○	Medium to long term
		Growing demand for e-books and other digital content	Growing demand for e-books in the publication business		○	Medium to long term
Reputation	Changes in stakeholders' evaluations related to climate change	A decline in corporate value and credibility for stakeholders, a result of the delayed environmental initiatives including measures to address climate change	○		Medium to long term	
4°C climate change scenario	Chronic	Changes in rainfall and weather patterns (rise of the average temperature)	Generation of capital expenditure costs related to disaster control at key business locations	○		Long-term
			Increase in power consumption for air conditioning resulting from a rise in the average temperature	○		Long-term
	Acute	Greater seriousness and higher frequency of abnormal weather (typhoons, bush fires, flooding, and rainstorms)	Higher frequency of forest fires affects the stability of the supply of papermaking materials and causes an increase in paper procurement costs	●		Long-term
			Shutdown and supply chain disruption affecting production and procurement	●		Long-term
		Interruption of content streaming due to power outages or internet disconnections caused by natural disasters	●		Long-term	

●: Great impact ○: Some impact △: Minor impact

Risk management

The Company positions climate change related risks as one group of important company-wide risks. To understand and evaluate the impact of climate change, the Company performs scenario analyses based on the TCFD framework, discusses the impact on the Group, and reports the results to the Risk Management Committee. Matters related to decisions regarding risk management and material risks, including climate change risks, are reported to the Members of the Board along with recommendations.

Metrics and targets

Regarding Scope 1 and 2 emissions, the Group has set the targets of reducing them by 50% from the FY2020 level by FY2030 and achieving net zero emissions by FY2050, in consideration of the required level of CO₂ emissions reductions laid out in the Science Based Targets (SBT). The Group will conserve energy including electricity used internally, introduce use of renewable energy, and proactively utilize the J-Credit Scheme, which is a government certification scheme, with the goal of establishing a carbon-neutral society.

Social

Through initiatives such as human resource development, creation of a pleasant working environment, and diversity and inclusion, we are maximizing the creativity and potential of each of our diverse employees and facilitating business growth and value creation.

Human Resource Development

The KADOKAWA Group implements a variety of training courses based on the employees' positions and businesses, as well as career support and optimal personnel assignment based on respect for employees' own intentions.

Career support systems

The aims of these various systems and initiatives are to enhance employee motivation, create careers that utilize skills, find the right person for the right job, and create new innovation within the Group.

- **Incentive system for obtaining public qualifications**

In order to support employees' independent learning, we have established a system that pays a stipend to employees who have passed a qualification that leads to career formation, depending on the difficulty of the qualification. In May 2024, we expanded the range of eligible qualifications to 139 types and increased the maximum amount paid from one million yen to 10 million yen.

Usage of the system (as of April 30, 2024)

- Uses: 349 cases
- Total amount paid: 23,570,000 yen
- Main qualifications covered: Language study, information processing/design, management, law, accounting, etc. Qualifications with a high level of difficulty or cost may be eligible for over 10 million yen.

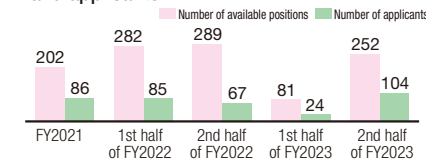
- **Side job system**

This is a system to expand work-style options and support voluntary career development. It is available to all employees, and approximately 5% of KADOKAWA employees utilize it (as of May 2024).

- **“Free-agent” transfer system**

Under this system, employees apply for and strive to be matched to positions of interest. The potential to transfer to a department of interest or a different role also improves retention.

- **Changes in the number of available positions and applicants**



- **Project Open Call**

This is a system in which employees themselves can propose challenging, medium-to long-term, or cross-departmental projects, form teams to realize them, and recruit project members from within the Company. 15 open calls have been made as of May 2024, with a total of 88 people participating in projects.

Strengthening of human resource pipelines

The KADOKAWA Group is dedicated to hiring diverse personnel and has various systems in place to that end, as we believe that diverse personnel will create and support a wide range of businesses.

- **Internship system**

KADOKAWA CORPORATION has established a system allowing students from graduate schools, universities, and specialized high schools, both inside and outside Japan, to receive work experience here for three months or more.

- **Referral-based hiring system**

In 2021, KADOKAWA CORPORATION introduced a system where employees can recommend candidates to assist in the discovery of personnel whose skills and experience are better matched to roles here.

Employee training

We provide training such as seminars and workshops for employees to acquire business skills or develop understanding about each business, and management training with a curriculum developed in collaboration with a human resources development company.

- **Editing and production course**

This course is held online for the purpose of improving the skills of editors. It covers a wide range of topics such as the knowledge necessary for production of publications, promotion methods as well as copyright and subcontracting law.

- **System development courses for business divisions**

These workshops teach the basics of work such as system development to (non-expert) employees who have recently become involved in this work within their business division.

- **Data literacy training**

A variety of training is provided based on the employees' aspirations and skill level, from visualization and use of data using Tableau to hands-on training on advanced analysis using Python.

- **Compliance training**

We are continuously carrying out annual awareness-raising activities through e-learning for full employees and contracted employees to equip them with an in-depth knowledge about elements such as compliance with various laws and regulations, fraud prevention, harassment prevention, and elimination of criminal groups based on our Compliance Policy and regulations.

- **Actual results for FY2023**

Name of training	Number of participants	Training hours per person	Total training hours
Training for new graduates (New graduate induction training and new graduate follow-up training)	32 persons	140 hours	4,480 hours
Management training (Training for newly appointed, managers and professionals, training for evaluators)	340 persons	11.5 hours	3,910 hours
OJT leader training	28 persons	3.5 hours	98 hours
Next-generation leader training	4 persons	56 hours	224 hours

Creation of a Pleasant Working Environment

The KADOKAWA Group observes the local laws, regulations, and labor standards of each country and region, and we respect the human rights of our employees. We also do not allow forced labor or child labor.* We believe that it is essential to have an environment where workplace discrimination, prejudice, and harassment are prohibited, and where there is mutual recognition of diverse personalities.

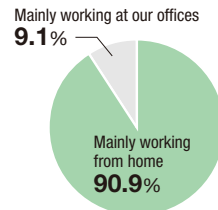
* Excluding duties where child labor is deemed necessary due to the nature of the work (singers, child actors, etc.) within the scope of local laws and regulations.

Driving work style reforms

We have introduced a “Workplace Choice” system where employees can choose the location where it is easiest for them to work and the Company provides stronger support. We have reorganized the layout of all of our offices to create an environment where the employees who work on-site can gather easily and work efficiently as a team. For those who work from home, we provide support such as subsidies for setting up their work environment. These support measures promote creativity.



Left: Department meeting rooms at an office;
Right: Guest lounge at an office



Over 90% of KADOKAWA CORPORATION employees have chosen to work from home (as of November 2023)

Systems and allowances for promoting creative ideas and diverse work styles

We have established various benefit and leave systems to promote creative ideas and support diverse work styles, such as working from home or working while raising children or providing care.

● Childcare support

Through a project launched by employees, we are developing new benefit services to create an environment where employees can work easily regardless of whether they are raising children, including revising our regulations on childcare and holding exchange events for employees and their families.

● Subscription allowance

To support creative ideas by employees, we provide a 3,000 yen monthly subsidy to cover employees' subscription services for various genres of entertainment (services providing content, etc. for a regular payment for a fixed period).

Occupational safety & health management

In addition to establishing a health committee and a long working hours prevention office to protect the health and safety of our employees, KADOKAWA also set up consultation and internal reporting hotlines. Our health committee provides opportunities for employees to discuss matters with industrial physicians, and for requests to be passed on to the Company.

Industrial physicians also make regular visits to workplaces. The Company also monitors employees' work hours and provides advice to prevent long work hours.

Consultation and internal reporting hotline examples

- Private consultations with industrial physicians and public health nurses
- HELPO, a healthcare app
*operated by HEALTHCARE TECHNOLOGIES Corp.
- 24-hour Employee Consultation Hotline (External)
- Establishment of a whistleblowing office

Initiatives for the Education Business

Providing opportunities for many people to receive practical or specialized education

● School operating business

Vantan Inc. operates 29 trade schools, including *KADOKAWA DWANGO IT ACADEMY*, which seeks to develop the next generation of human resources for IT, *VANTAN CREATOR ACADEMY*, which develops video streaming creators, and a variety of other schools spanning the areas of fashion, hair and makeup, beauty, graphic design, film, games, e-sports, animation, patisserie baking, cooking, programming, and entertainment. In April 2024, we opened *KADOKAWA SCHOOL OF MANGA* and *KADOKAWA SCHOOL OF ANIME*, which specialize in manga and digital animation, and *VANTAN SHIBUYA BEAUTY ACADEMY*, where students can learn specialized beauty skills and gain a university degree*. Classes focus on practical skills.

*Students receive a degree from the affiliated correspondence university.

● Providing educational content and learning services

DWANGO Co., Ltd. provides proprietary educational content and learning services to *N High School* and *S High School* operated by Kadokawa Dwango Educational Institute. The number of students is growing every year, and between the two schools, a total of 30,137 students throughout Japan (as of August 30, 2024) have received opportunities for education. The N High School Group is currently preparing to open its third school, *R High School* in Kiryu City, Gunma Prefecture, in time for the school year beginning in April 2025.

● ZEN University (provisional name, establishment approval pending)

Scheduled to open in April 2025, *ZEN University* is a Japan-based full-scale online university where students can develop the knowledge and skills needed to work in a global society. DWANGO Co., Ltd. is producing on-demand video classes for *ZEN University*, and plans to upload 6,480 videos in time for the university's opening.

Social

Diversity and Inclusion

The KADOKAWA Group works to eliminate all forms of discrimination and bias and create an environment and corporate culture that values human individuality and diversity. As a comprehensive entertainment company offering enjoyment, emotion, knowledge, and more by transcending barriers through culture, we contribute to the realization of a society where no one in the world is discriminated against.

Promoting opportunities for women

Female employees account for 44.3% of all employees in the KADOKAWA Group. In terms of advancement to management and executive roles, we have many women playing a central role in our business: 226 middle managers (section chief level), 75 senior managers (department head level) and 14 officers are female, with women accounting for 24.9% of our management and officers. The percentage of female managers, including KADOKAWA CORPORATION and its domestic consolidated subsidiaries, is 21.6%, and we have set a target of raising that percentage to 30% by FY2030.

To support all employees in their diverse work styles, KADOKAWA CORPORATION has introduced various leave systems and benefits, and 100% of female employees who take childcare leave return afterward. We have also formulated general action plans based on the Act on the Promotion of Female Participation and Career Advancement in the Workplace and the Act on Advancement of Measures to Support Raising Next-Generation Children, and are building the foundations for women's advancement by creating environments that are easy to work in.

We have also received high acclaim from external organizations. In September 2017, we obtained level 3 certification, which can be obtained when a company meets all of the criteria for the five evaluation items specified in the "Eruboshi" certification, which is granted by the Minister of Health, Labor and Welfare to companies that have implemented excellent initiatives for the advancement of women.

*Figures are correct as of March 31, 2024.



Number of Managers and Officers (as of March 31, 2024)

	Women		Men		Overall	
	Number	Percentage	Number	Percentage	Number	
KADOKAWA (parent company only)	Middle management*1	75	27.2%	201	72.8%	276
	Senior management*2	26	20.5%	101	79.5%	127
	Management total	101	25.1%	302	74.9%	403
	Officers*3	3	10.7%	25	89.3%	28
	Total managers and officers	104	24.1%	327	75.9%	431
Entire KADOKAWA Group	Middle management*1	226	29.5%	539	70.5%	765
	Senior management*2	75	23.5%	244	76.5%	319
	Management total	301	27.8%	783	72.2%	1,084
	Officers*4*5	14	7.7%	167	92.3%	181
	Total managers and officers	315	24.9%	950	75.1%	1,265

*1 Middle management: section chiefs *2 Senior management: department heads *3 Board Members and Corporate Officers *4 Total number of officers. Board Members and Corporate Officers *5 Ten internally promoted female officers Note: Percentages are rounded to the second decimal place and are shown to the first decimal place.

Global human resources

The KADOKAWA Group has over 800 non-Japanese employees, who handle Group business both inside and outside Japan (as of March 31, 2024). In October 2021, we established the *Global Human Resources Development Center* to recruit, develop, and support human resources who are the driving force behind our global media mix.



Main measures of Global Human Resources Development Center

- ▶ Increasing multilingual content on our career recruitment site and the rate of acceptance of internships for multinational human resources
- ▶ Skill surveys and global business seminars for Group employees
- ▶ Personnel exchange and concurrent remote roles to develop personnel who possess specialized skills specific to KADOKAWA and the skills needed for global roles
- ▶ Enhancement of various reward systems such as an incentive when employees of overseas subsidiaries pass the Japanese Language Proficiency

- Test and acquire the qualification that corresponds with the test level
- ▶ Introducing a *Temporary Remote Work Policy from Home Country* allowing employees who are overseas nationals to temporarily return home and work remotely from their country for a maximum of around 90 days per financial year
- ▶ Establishing the *Global Business MVP Awards*, which acknowledges excellent projects at overseas sites, to increase motivation among employees at overseas sites and give them a greater sense that they are part of the Group

In 2022, we launched the *Global Business Acceleration Program*. The purpose of this program is to recruit overseas business ideas from the entire Group and to discover human resources who are interested in overseas business. Seminars and workshops are held to discuss the development of businesses from plans rolled out globally. We are already working to turn a total of six projects into businesses.

Employment of persons with disabilities

The Group is working to create an environment where employees can freely demonstrate their unique capabilities as they work, regardless of any disability they may have or the extent of any such disability. 74 employees with disabilities (26 of whom are severely disabled) are active in the special group (as of March 2024).

● KADOKAWA CRAFT and Win Graffiti

We established KADOKAWA CRAFT INC. in 2019 as a special subsidiary company employing persons with disabilities, mainly to develop businesses focused on the roasting and selling of coffee, and business support including editing and back-office functions. In February 2024, KADOKAWA CRAFT INC. received *Monisu system certification* from the Minister of Health, Labor and Welfare, which recognizes small and medium enterprises for excellence in employment of persons with disabilities. In April 2024, we expanded our base of employees with disabilities by acquiring Win Graffiti Inc. as a subsidiary. Win Graffiti Inc. handles welfare business such as support in remaining employed* and the production and sale of high-grade eggs from rare, entirely Japanese-raised chickens.

*Providing employment opportunities for persons who have difficulty working in a standard workplace due to disability or illness, as well as providing training to increase their knowledge and skills.



Stakeholder Engagement

In light of the increasing importance of value co-creation with stakeholders in corporate management, the KADOKAWA Group will work on appropriate collaboration with all stakeholders.

Stakeholders	Policy	Examples of engagement initiatives
Users and Fans	We will continue to create a large amount of content to meet the needs of various users and fans of all ages. Since communication for this is essential, we actively listen to feedback from our users and fans in order to create and develop content and services together.	<ul style="list-style-type: none"> ● Establishment of a point of contact for inquiries ● Dissemination of information on official social media accounts ● Holding of events ● Building of platforms that allow users to communicate with each other etc.
Creators	We will continue to provide support that is characteristic of what the KADOKAWA Group can offer, such as creating an environment for creators to continue creating high-quality content and returning profits to creators through optimal content development.	<ul style="list-style-type: none"> ● Continuous support for creator activities ● Information exchange events ● Creation of opportunities through event planning and implementation ● Holding of various contests etc.
Shareholders and Investors	We are striving to improve management transparency and earn greater trust from society by actively and continuously conducting fair, timely, and appropriate information disclosure. We respond to questions received through interviews, and incorporate comments and feedback from shareholders and investors into our corporate activities as necessary.	<ul style="list-style-type: none"> ● General Meeting of Shareholders ● Financial results briefings ● Individual meetings with investors ● Issuing of various types of reports, including integrated reports etc.
Business Partners (suppliers and subcontractors)	In addition to working to increase added value throughout the supply chain, we will aim to build coexistence and co-prosperity with our business partners. We will continue to communicate and exchange opinions with our business partners.	<ul style="list-style-type: none"> ● Clarification of how to get involved with business partners through the Declaration of Partnership Building etc.
Trade Associations and Business Associations	We will work together to deepen discussions on the form and measures of the entertainment business, including the global market, and to solve various problems in the industry, including anti-piracy measures.	<ul style="list-style-type: none"> ● Conducting educational activities in collaboration with trade and business associations ● Exchanging information with trade and business associations etc.
Local Communities and Environment	Through the development of local information media rooted in each region and the planning and operation of events, we will pursue a way of community coexistence with local governments and the residents of local communities. In addition, while promoting information disclosure based on TCFD recommendations, we will continue to promote sustainable business activities that reduce the impact on the environment.	<ul style="list-style-type: none"> ● Events for local communities ● Activities designed for passing on Japanese culture and art ● Response to the TCFD Recommendations ● Initiatives for reducing CO₂ emissions, etc. ● Reducing excessive paper consumption <p>(For details, please refer to ESG INFORMATION (Environment) (P34).) etc.</p>
Employees	We will promote the creation of pleasant workplaces where employees can have peace of mind and maximize their creativity. In addition, we are working on various measures so that employees can have a fulfilling private life in addition to their career.	<ul style="list-style-type: none"> ● Career support systems ● Creation of a Pleasant Working Environment ● Events for employees from Group companies etc.

For details on each initiative, please refer to the KADOKAWA Group portal site.

Social

Information Security

Information Security Initiatives

The KADOKAWA Group works to observe the Act on the Protection of Personal Information and other related laws and regulations and to protect our customers' and employees' privacy. Access control is implemented at service sites that hold personal information, which is managed in encrypted form. We have established a framework for managing information security, centering on our Basic Policies on Information Security and Risk Management Committee, which we use to ascertain the status of information security throughout the Company.

The Group has been taking the following two initiatives to ensure information security in our systems.

- Building and operating information systems that protect the Company's information assets from harm such as unauthorized access, fraudulent modification, loss, disruption, and information leakage
- Establishing KADOKAWA-CSIRT as a specialized security organization to communicate about security incidents and the details of vulnerabilities and formulate and execute security measures

Despite this, there was a serious incident in June 2024 where a large-scale cyberattack was committed, resulting in system faults that impacted our business activities and caused information to be leaked. In "Impact and Response to Our Large-scale Cyberattack" on this page and the next, we have provided a report on the cause and our countermeasures, including an overview of what we know about it as of August 2024, how it occurred, how it impacted our business activities, our forecast for recovery, and how we are working to prevent information leakage and secondary damage.

Impact and Response to Our Large-scale Cyberattack

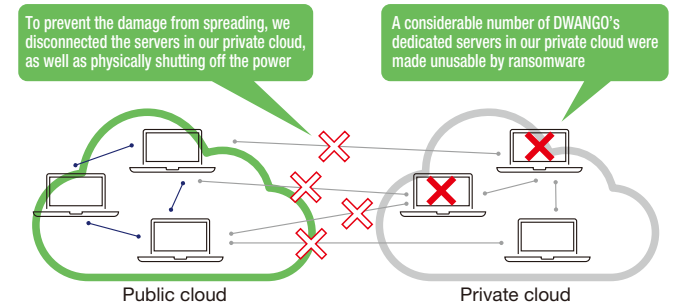
*This report is based on official documents created up to August 14, 2024. Figures are correct as of August 2.

We would like to extend our most sincere apologies for the concern and issues we caused to our readers, users, writers, creators, business partners, shareholders and investors, and other stakeholders as a result of the cyberattack on the servers in the Group's data center, which was detected on June 8, 2024.

Timeline

On June 8, a fault occurred in which it was not possible to access multiple Group servers.

An internal analysis and investigation conducted in response to the incident revealed that a large-scale cyberattack, including ransomware, has been conducted on servers such as DWANGO's dedicated file servers, in the Group's data center.



Main announcements

Sat., June 8, 2024	<ul style="list-style-type: none"> ● An investigation commenced as issues occurred throughout services such as <i>Niconico</i> preventing proper operation and faults occurred in some of our internal systems ● A Response Division was established ● DWANGO announced that the <i>Niconico</i> service had been suspended due to a cyberattack
Sun., June 9	The Group released its first report, communicating about the occurrence of the system faults
Fri., June 14	The Group released its second report, covering matters such as the timeline of the system faults, the main scope of impact on our business, measures being taken going forward, and our forecast for recovery
Thu., June 27	The Group released its third report, covering matters such as the status of recovery of the main businesses that were impacted and the status of our investigation on whether information had been leaked
Fri., June 28	The Group announced that some information had been leaked
Tue., July 2	The Group announced the status on its investigation on the information that had been leaked
Wed., July 3	The Group announced that some information linked to Kadokawa Dwango Educational Institute had been leaked
Fri., July 5	The Group announced measures to prevent secondary damage through dissemination of the leaked information
Wed., July 10	The Group announced progress on its measures to prevent secondary damage through dissemination of the leaked information
Fri., July 12	The Group announced progress on its measures against malicious dissemination of information
Mon., July 29	The Group announced its fourth report, covering the status of the recovery of our business activities
Mon., August 5	The Group announced the results of its investigation on the leakage of information, covering the information that was confirmed to have been externally leaked, the cause and countermeasures, and progress on our measures to prevent secondary damage through dissemination of the leaked information

● Impact on business activities and forecast for recovery

Emergency measures were taken to prevent the damage from spreading and protect our data, including immediately shutting down the servers in our data center. This resulted in suspensions not only of *Niconico* services but of some functions of the Group's businesses, such as our Publication and Web Services businesses, and our accounting functions.

Details on how our businesses and accounting functions were impacted and the status of our recovery are provided below.

		June-July 2024	As of September 2024
Business Impact	Accounting Functions	<ul style="list-style-type: none"> ● Suspension of some functions of major systems used to manage accounting functions ● Normal status, including for analog functions, was restored at the end of July 	<ul style="list-style-type: none"> ● Normal status, including for analog functions, has been restored
	Publication/IP Creation	<ul style="list-style-type: none"> ● Domestic paper-based books were reprinted in order of priority ● Dispatch of existing books was reduced to 1/3 of normal operations 	<ul style="list-style-type: none"> ● Publishing volume ● Returned to normal level ● Dispatch system ● Dispatches from our automated warehouse by our digital logistics system resumed and our normal publication systems have resumed ● Considering resumption of dedicated ordering system for bookstores within September
	Web Services	<ul style="list-style-type: none"> ● Full suspension of <i>Niconico</i> services ● Fault occurred when logging in to <i>Niconico</i> accounts 	<ul style="list-style-type: none"> ● Major services such as <i>Niconico Douga</i> and <i>Niconico Live Streaming</i> have resumed

● Leakage of information

From the time this incident occurred, the Group has been working with assistance from a major outside security firm to conduct a thorough investigation to determine the potential for information leakage and the scope of information that was leaked.

In this investigation, a total of 254,241 people's personal information, along with corporate information, were found to have been leaked externally. The details known at that time were reported to our Personal Information Protection Commission on August 2.

Information found to have been leaked externally *Refer to the item for August 5 in the list of announcements.

● Personal information (for 254,241)

Information linked to DWANGO Co., Ltd., Kadokawa Dwango Educational Institute (*N Progressive School*, *N High School*, and *S High School*), etc.

● Corporate information

Contracts belonging to DWANGO Co., Ltd., internal documents, etc.

Our systems are designed so that credit card details belonging to customers of the Group, including customers of *Niconico* services, cannot be leaked from the Group as the Group does not store this data internally.

The Group has sent a notification and apology to each of the parties whose information was found to have been leaked externally, and is endeavoring to give these parties our full attention, including establishing a designated inquiry line.

● Prevention of secondary damage

The Group will take stringent measures to minimize secondary damage to all affected parties and protect privacy and other rights and interests.

The information was found to have been disseminated through venues such as anonymous message boards and social media, citing the name of an organization that is presumed to have committed the cyberattack. A team comprising personnel from KADOKAWA CORPORATION, DWANGO Co., Ltd., and Kadokawa Dwango Educational Institute is strengthening measures against the parties disseminating the information. Upon discussion with our lawyers, the team is monitoring and notifying social media sites, anonymous message boards, and various aggregator sites to identify posts made for purposes such as malicious dissemination of information and submitting requests to the operators to delete the information and disclose pertinent details to us. We are also working with the police to stop nuisance behavior such as spam emails.

Cases of dissemination of information found to be malicious

- For DWANGO Co., Ltd.: 896 cases
- For Kadokawa Dwango Educational Institute: 67 cases

● Cause and countermeasures

Through the investigation by a major outside security firm, we found that while the route and method of the attack is unclear, the root cause was likely the theft of an employee's account information through an attack such as phishing. The stolen account information would then have been used to breach our internal network, run ransomware, and leak personal information.

The Group has always emphasized information security and taken security measures, but we failed to prevent this incident.

We are treating this with the utmost seriousness and will take further measures with advice and checks by a major outside security firm to prevent such an incident from occurring again.

Governance

Basic Policy

KADOKAWA positions the enhancement of corporate governance as a necessary condition for the continuous development of the Group. With the aim of increasing management transparency towards shareholders and earning the trust and confidence of business partners, clients and society as a whole, we are continuously working to strengthen corporate governance.

Moreover, we believe that ensuring sound and transparent management, establishing a system of corporate administration capable of adapting to a changing business environment, publicly announcing clear management benchmarks and policies, disclosing the status of progress toward their achievement in a timely manner, and clearly defining managerial responsibility contribute to the enhancement of corporate governance.

Separation of Management Oversight and Execution of Operations

● Change to a Company with a Nominating Committee, etc.

KADOKAWA CORPORATION has transitioned to a Company with a Nominating Committee, etc. from June 2023. The purpose of the transition is to strengthen the function for supervision of the Board Members' management, improve management transparency through clear separation of oversight and execution, and accelerate decision-making. In appointing Independent Board Members, we select candidates from the viewpoints of promoting a "Global Media Mix with Technology," the Group's basic management policy based on our corporate mission of "A Platform for Creativity," and strengthening governance.

● Selection of the Chairperson of the Board from Independent Board Members

The Company's Board comprises 14 members: Takeshi Natsuno, Naohisa Yamashita, Shinobu Murakawa, Noriko Kase, Nobuo Kawakami, and Cindy Chou, who are internal Board Members, and Hiroo Unoura, Ruth Marie Jarman, Tadaaki Sugiyama, Yu Sasamoto, Akihiko Shiba, Ayumi Uzawa, David Macdonald, and Etsuko Okajima, who are Independent Board Members (6 Board Members and 8 Independent Board Members). Hiroo Unoura, an Independent Board Member, was appointed as the Chairperson to ensure that discussions are led from an objective perspective and beneficial advice is given.

● Transition to a Board with Independent Board Members as a Majority

We have also made it so that Independent Board Members shall account as the majority of Board Members to ensure the soundness and transparency of management. Our Independent Board Members contribute to sustainable growth of the Company by providing advice on medium- to long-term improvement of our corporate value and supervising conflicts of interest between the Company and its management. Independent Board Members also account for the majority of members of our Nominating Committee, Remuneration Committee, and Audit Committee, and the chairpersons of each committee are also appointed members.

Sound Relationship with Business Partners

To maintain a sound relationship with our business partners, the Group carries out thorough compliance according to our Compliance Policy, which covers measures such as bribery prevention, elimination of links to antisocial forces, and upholding fair trade.

Relevant Points in Compliance Policy

- The Group shall maintain sound and appropriate relationships with business partners involved in IP creation, and conduct fair, transparent, and free transactions. The Group shall not make unreasonable demands or engage in bribery, corruption, or underhanded business practices.
- The Group shall comply with the Antimonopoly Act and other laws and regulations related to transactions to ensure sound competition.
- The Group shall not conduct transactions with antisocial forces such as gangs.

Compliance with Japan's Corporate Governance Code

KADOKAWA complies with all the principles of Japan's Corporate Governance Code. Details are provided in the Company's annual corporate governance report.

Corporate Governance System

The Company delegates substantial authority for business execution to Chief Officers, mainly to Chief Executive Officers, to expedite decision-making. In principle, the Management Meeting, which consists of all the Chief Officers, holds regular monthly meetings and extraordinary meetings as needed to make decisions on important management issues. The Company has also voluntarily established a Risk Management Committee and Compliance Committee to further increase transparency in our corporate governance. Our Risk Management Committee oversees the implementation of risk management in the Company and Group companies, and our Compliance Committee promotes compliance in the Company and Group companies.

Number of Independent Board Members

8 / 14 [57.1%]

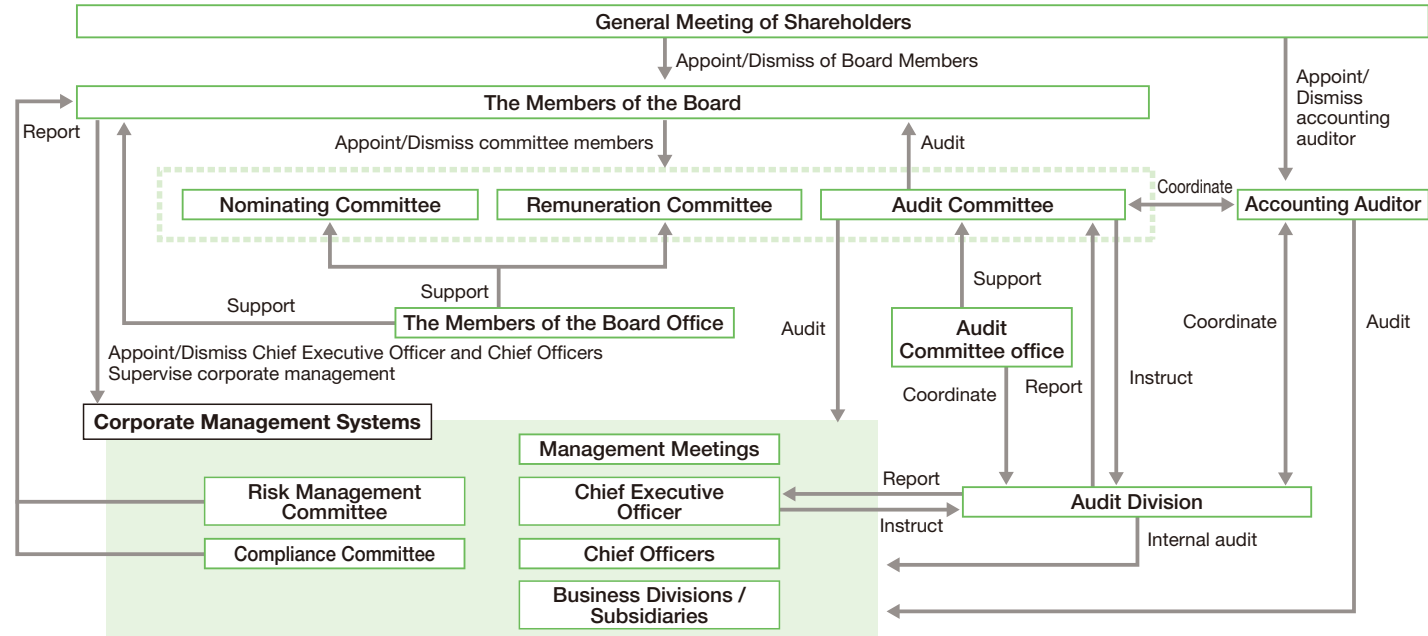
Number of female Board Members

4 / 14 [28.6%]

Number of non-Japanese Board Members

3 / 14 [21.4%]

Corporate governance diagram



Changes to Strengthen Our Corporate Governance System

	2020	2021	2022	2023	2024
Institutional design	Company with a Board of Company Auditors ●Board of Company Auditors		Company with an Audit & Supervisory Committee ●Audit & Supervisory Committee ●Nominating and Remuneration Committee	Company with a Nominating Committee, etc. ●Nominating Committee ●Remuneration Committee ●Audit Committee	
Number (ratio) of outside officers	6 (37.5%)	6 (37.5%)	5 (38.1%)	7 (53.8%)	8 (57.1%)
Number (ratio) of female officers	3 (18.6%)	4 (25.0%)	3 (23.0%)	3 (23.1%)	4 (28.6%)
Number (ratio) of non-Japanese officers	1 (6.3%)	2 (12.5%)	2 (15.4%)	3 (23.1%)	3 (21.4%)
Remuneration system		●Performance-based stock remuneration system			●Performance-based stock remuneration system ●Restricted share-based compensation

*The above numbers of officers do not include Chief Officers

Governance

Corporate Governance System

The Members of the Board

The Members of the Board holds regular meetings once a month, in principle, and extraordinary meetings as necessary to make decisions regarding statutory matters and important managerial matters, as well as to oversee the status of the Company’s execution of business operations and the status of subsidiaries’ management. 17 meetings were held in FY2023. The main topics discussed were the decision of our new Mid-term Management Plan, the establishment of our Anti-Bribery Policy, approval of a transaction with a conflict of interest involving Board Members and Chief Officers, decision of a policy for the reduction of cross-shareholdings, reporting on the activities of our Compliance Committee and Risk Management Committee, and reporting on other important management matters, the status of execution of Company operations, and the status of management of our subsidiaries. There are currently 14 members of the Members of the Board (6 Board Members and 8 Independent Board Members) and the Board is chaired by an Independent Board Member.

Nominating Committee

The Nominating Committee consists of 5 Board Members (4 independent, 1 internal) and is chaired by an Independent Board Member. The Nominating Committee is responsible for formulating basic policies regarding the appointment and dismissal of Board Members, determining the content of proposals for the appointment and dismissal of Board Members, reporting to the Members of the Board regarding the appointment and dismissal of Chief Officers and others, and considering the CEO succession plan.

Management Meeting

The Company delegates substantial authority for business execution to Chief Officers, mainly to the CEO, to expedite decision-making. In principle, the Management Meeting, which consists of all the Chief Officers, holds regular monthly meetings and extraordinary meetings as needed to make decisions on important management issues. Independent Board Members may participate in meetings of the Management Meeting as observers as needed to enhance the oversight of business execution at the Group.

Remuneration Committee

The Remuneration Committee consists of 4 Board Members (3 independent, 1 internal) and is chaired by an Independent Board Member. The Remuneration Committee formulates policies on the determination of remuneration for individual Board Members and Chief Officers and determines remuneration for individual Board Members and Chief Officers. It is responsible for reporting to the Members of the Board on the remuneration of individual Corporate Officers as well as determining the content of general shareholders’ meeting proposals and reporting to the Members of the Board on the compensation of individual presidents of important subsidiaries.

Chief Officer System

Name	Title
Takeshi Natsuno	Chief Executive Officer (CEO)
Naohisa Yamashita	Chief Human Resource Officer (CHRO) Chief Literature & Film Officer (CLFO)
Shinobu Murakawa	Chief Operating Officer (COO)
Masayuki Aoyagi	Chief Publishing Officer (CPO)
Takashi Sensui	Chief Global Officer (CGO)
Takeshi Kikuchi	Chief Anime Officer (CAO)
Ichiro Hashiba	Chief Digital Officer (CDO)

Composition of each committee

Name	Nominating Committee	Remuneration Committee	Audit Committee
Naohisa Yamashita	○		
Shinobu Murakawa		○	
Hiroo Unoura*	●		
Ruth Marie Jarman*	○	●	
Tadaaki Sugiyama*	○		●
Yu Sasamoto*		○	
Akihiko Shiba*			○
Ayumi Uzawa*			○
David Macdonald*		○	
Etsuko Okajima*	○		

●...Chairperson ○...Committee member *Member of the Board, Independent

Audit Committee

The Audit Committee consists of 3 Independent Board Members and is chaired by an Independent Board Member. The committee audits Board Members and Chief Officers’ execution of their duties, prepares audit reports, and determines the content of agenda items on the appointment, dismissal and non-reappointment of an Independent Auditor.

Business Execution System and Auditing System of Subsidiaries

In principle, subsidiaries of the Company adopt the “Company with the Members of the Board” structure, as defined in Japan’s Companies Act. The Company has established a system that allows it to be involved in the exercise of shareholder rights, including the election or dismissal of Board Members and corporate auditors of subsidiaries, and important decision-making at subsidiaries. Normally, this is done through various meeting bodies, etc.

Status of Activities of Each Committee in FY2023

On June 22, 2023, the Company transitioned to a Company with a Nominating Committee, etc.. Below is the status of the activities conducted by our committees, including the Nominating and Remuneration Committee and Audit & Supervisory Committee appointed prior to the transition.

(Prior to transition to a Company with a Nominating Committee, etc.)

●Nominating and Remuneration Committee

The committee held a total of three meetings, covering matters such as decision of individual remuneration of Board Members, executive systems after the transition to a Company with a Nominating Committee, etc., and discussion of individual candidates for new Members of the Board.

●Audit & Supervisory Committee

The committee held a total of six meetings, deliberating on matters such as whether to terminate or not reappoint our accounting auditors, discussion and decision of the evaluations of our accounting auditors, and creation of audit reports.

Name	Number of meetings attended	Attendance rate
Hiroo Unoura	3/3 meetings	100%
Ruth Marie Jarman		
Takeshi Natsumo		

Name	Number of meetings attended	Attendance rate
Tomoyuki Moriizumi	6/6 meetings	100%
Koji Funatsu		
Akira Watanabe		

(After transition to a Company with a Nominating Committee, etc.)

●Nominating Committee

The committee held a total of six meetings, discussing methods for selection and termination for Board Members including the ratio of female officers and the length of Board Members' term, along with the nature of our succession plans, and deciding on other matters related to appointment of individual officers.

●Remuneration Committee

The committee held a total of five meetings, discussing the nature of incentive plans linked to our medium- to long-term management targets and the connection to our current remuneration system, and deciding on other matters related to the remuneration of individual officers.

●Audit Committee

The committee held a total of eleven meetings, deliberating and establishing measures related to the regulations of the Audit Committee, audit standards of the Audit Committee, auditing standards related to our internal control system, policies for decisions on whether to terminate or not reappoint our accounting auditors, and audit plans (including budgets).

Name	Number of meetings attended	Attendance rate
Hiroo Unoura	6/6 meetings	100%
Ruth Marie Jarman		
Tadaaki Sugiyama		

Name	Number of meetings attended	Attendance rate
Ruth Marie Jarman	5/5 meetings	100%
Hiroo Unoura		
Yu Sasamoto		
David Macdonald		

Name	Number of meetings attended	Attendance rate
Tadaaki Sugiyama	11/11 meetings	100%
Akihiko Shiba		
Ayumi Uzawa		

Evaluation of the Members of the Board's Effectiveness

Evaluation of the Members of the Board's Effectiveness in FY2023

Every year, the Company discloses a summary of our evaluation of the Members of the Board's effectiveness in our Corporate Governance Report.

In order to maintain and improve the effectiveness of the Members of the Board in FY2023, the Company conducted a questionnaire of Board Members and analyzed and evaluated the effectiveness of the Members of the Board at a meeting by the Members of the Board held in May 2024. In this effectiveness evaluation, both the internal and external officers judged that the Board was found to have sufficient diversity and expertise and were highly satisfied with elements of its performance such as its verification of the suitability of retaining cross-shareholdings, appropriate execution of Board meetings, development of internal control and risk management systems, and connection between performance indexes and management indexes, indicating that effectiveness of the Board has been ensured.

The Company has been dealing with the issues identified by the evaluation of effectiveness by sharing relevant information within the Members of the Board. Specifically, with regard to coordination between our committees and our Board, new members of our Nomination Committee and Remuneration Committee were selected from our internal Board Members in June 2024 to build systems to provide information and enhance discussion in line with our business situation. Coordination between our committees and our Board will be further deliberated going forward. Additionally, with regard to strengthening communication between our Board Members and Chief Officers, we have more concretely defined the information that needs to be gathered by Independent Board Members in order to supervise executive operations and will facilitate further enhancement of explanations by the executive side.

Governance

Remuneration for Board Members and Chief Officers

Composition of remuneration and persons eligible to receive payment of remuneration

Remuneration of the Company’s Board Members (excluding Independent Board Members) and Chief Officers consists of 1. monetary remuneration comprising (1) fixed remuneration made up of basic remuneration and service remuneration and (2) performance-based variable remuneration, and 2. non-monetary remuneration in two stock-based forms: (1) performance-based stock remuneration and (2) restricted share-based compensation (RS). Remuneration of Independent Board Members consists only of fixed monetary remuneration.

Officer category	Monetary remuneration		Non-monetary remuneration (stock-based remuneration)	
	Fixed remuneration	Variable remuneration	Performance-based	Restricted stock
Board Members (excluding Independent Board Members) and Chief Officers	○	○	○	○
Independent Board Members	○	—	—	—

Policy, etc. on determination of details of remuneration for officers, etc.

●Basic policy

The Company has adopted a remuneration structure that links remuneration for Board Members (excluding Independent Board Members) and Chief Officers to shareholder interests so that the structure can fully function as an incentive to achieve sustained improvement of corporate value, in accordance with its basic policy in which the amount of remuneration shall be set at an appropriate level based on the responsibilities of each position.

Monetary remuneration

Fixed remuneration: Fixed remuneration is to be determined based on the standard amount according to positions and responsibilities of eligible Board Members and Chief Officers. Fixed remuneration is to be paid monthly.

Variable remuneration: The amount of variable remuneration, which is performance-based remuneration, is based on the fixed remuneration of eligible Board Members and Chief Officers, and shall be determined within the range of 20% to 200% of the base amount based on the Company’s financial results and their individual performance related to their responsibilities. Evaluation indicators for performance-based variable remuneration are based on consolidated net sales and consolidated operating profit from a perspective of emphasizing the Group’s growth potential and profitability.

Non-monetary remuneration (stock-based remuneration)

Stock-based remuneration: The Company’s shares are acquired through a trust funded by the Company and are delivered to individuals based on the individuals’ performance and contributions to the Company’s financial results for each fiscal year in accordance with the Rules of Stock-Based Remuneration System.

Restricted share-based compensation (RS): Restricted share-based compensation (RS) is provided commensurately to services rendered to provide an incentive to continuously improve our corporate value and promote a greater degree of value sharing with shareholders.

●Policy on determination of ratio of remuneration, etc.

The ratio of fixed remuneration to variable remuneration for Board Members (excluding Independent Board Members) and Chief Officers is set as 50%:50%, in principle. The ratio of stock-based remuneration to fixed remuneration is not set.

●Matters regarding the determination of details of individual remuneration, etc.

The Remuneration Committee follows the above policy when deliberating and deciding remuneration, etc. for Board Members and Chief Officers.

Method of determination of individual remuneration for each Board Member and Chief Officer

The Remuneration Committee determines the amounts of all remunerations for each Board Member and Chief Officer. To ensure that decisions about remuneration are made from an objective and impartial standpoint, the majority of the Remuneration Committee’s members are Independent Board Members with no conflict of interest, and it is chaired by an Independent Board Member with no conflict of interest.

- Chairperson: Ruth Marie Jarman
- Committee members: Yu Sasamoto, David Macdonald, Shinobu Murakawa

Moreover, Rules of the Remuneration Committee have been established to ensure that the Committee properly exercises its authority, and the Committee is administered based on those rules.

Further details regarding policies, the method of determination of individual remuneration, and related matters are provided in our Annual Securities Report (in Japanese only).

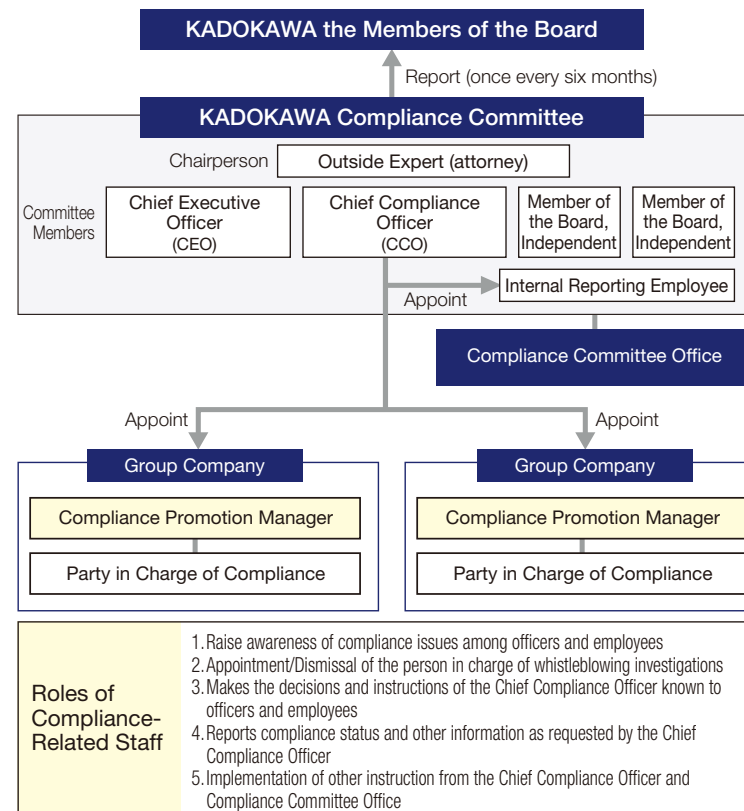
Internal controls

Compliance promotion structure

The Group believes compliance is an important management issue. We have established compliance regulations for the Company and Group companies and have appointed a Compliance Promotion Manager at each company to ensure stringent compliance with various laws and regulations and work on initiatives to prevent bribery, corruption, and other fraudulent activity, prevent harassment, and eliminate antisocial forces.

The Compliance Committee, which is the core of the promotion system, is chaired by an outside expert (attorney) with Independent Board Members accounting for the majority of the committee members. Through it, we are building a corporate culture that emphasizes compliance under stricter external supervision. The activities of the Compliance Committee are reported to the Board every six months. With regard to systems for regular audits according to ethical standards, regular audits are conducted with the Audit Committee members in attendance.

Compliance promotion structure



Results of Awareness-raising Activities

Regular education and training is provided for the Group's officers and employees about various laws and regulations and the prevention of bribery and other corruption to increase their awareness and knowledge and ensure that every member of the Group takes ownership and carries out stringent compliance. To increase motivation, education is provided with both an extensive guidebook and animated videos, and tests are conducted every six months. Speakers also visit each workplace to give talks about compliance with laws and regulations.



Slapstick Compliance, an animated video designed to raise awareness of compliance issues

KADOKAWA Group Compliance Guidebook



Governance

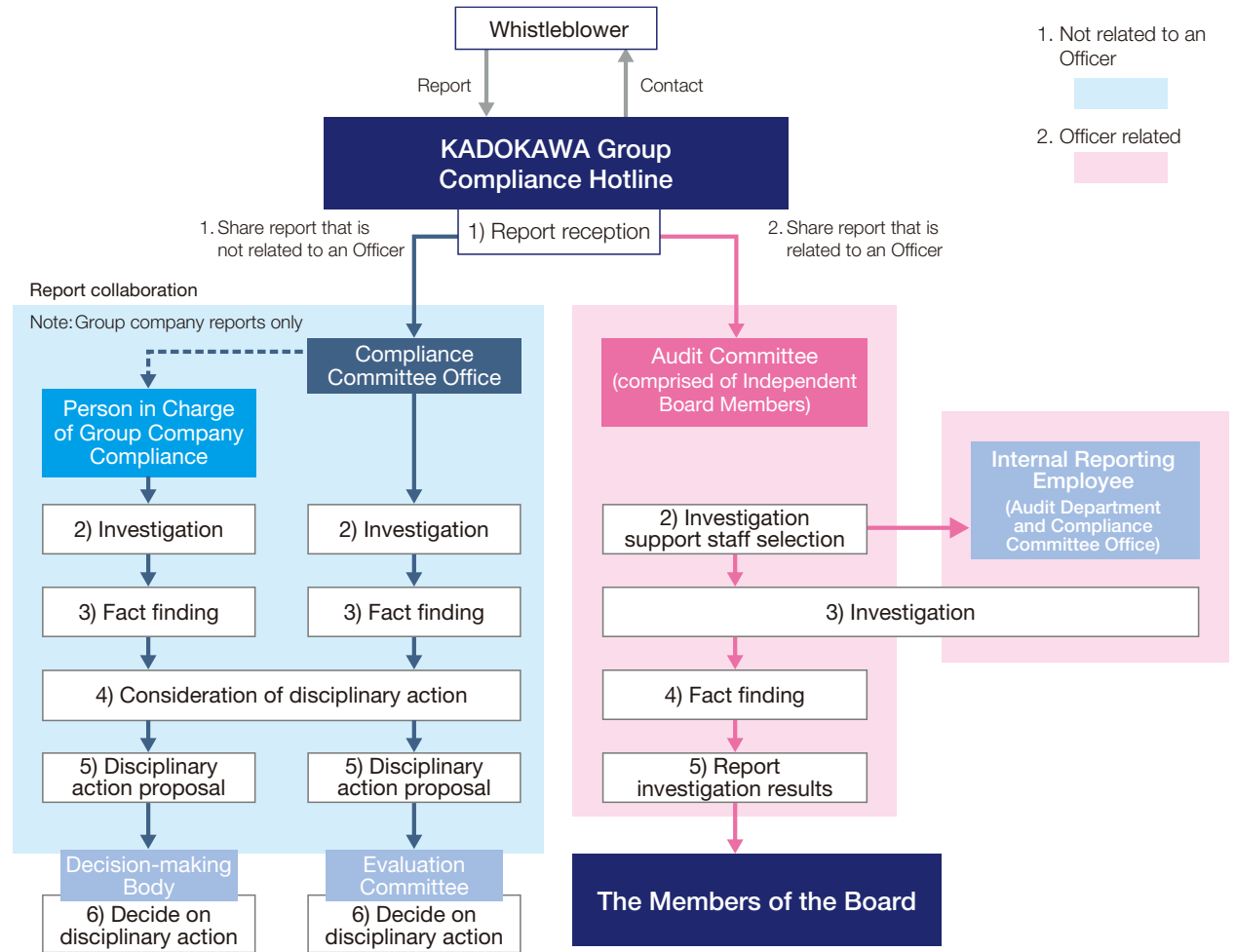
Internal controls

Whistleblowing

Operated in compliance with the Whistleblower Protection Act, the internal reporting system provides a common contact point for whistleblowers at a third-party organization, ensuring the anonymity of whistleblowers and preventing them from being treated unfairly. When reports related to officers are made, the Audit Committee, composed of Independent Board Members will take the lead in conducting an investigation without involving internal officers. Results will be reported to the Members of the Board and appropriate action will be taken.

In addition to reactive measures taken based on internal reporting, we also conduct activities such as annual questionnaires to all officers and employees of the Group to understand potential compliance risks in the current state of compliance in the Group or in employees' awareness or organizations' cultures.

KADOKAWA Group Compliance Hotline (internal reporting system)



Risk management system

The Company has created a Groupwide risk management system, having established the Risk Management Committee (which convenes twice a year) under the supervision of the Members of the Board. The Committee is chaired by Chief Executive Officer, and the members are comprised of Chief Officers of each business division and other divisions. It collects and analyzes information regarding risk, focusing primarily on concerns regarding potential risks, and ascertaining risks surrounding the Group that have arisen. It then endeavors to control these risks by selecting and addressing the risks requiring priority action each year.

Typical risks		Specific risk factors	Main countermeasures
Social Environment- Related Risks	Climate change	Increased costs for electricity, raw materials, etc. Impacts on business activities due to increasingly abnormal weather, etc.	Deliberate on and implement internal measures to conserve energy and employ renewable energy in order to reach the Group's targets for reduction of GHG emissions
	Legal violation	Reduced corporate reputation due to legal violation relating to bribery or insider trading regulations, etc.	Ensure employees' compliance with laws, regulations, and societal norms by establishing compliance regulations, providing training to raise employee awareness, etc.
Business Management- Related Risks	Business environment	Impacts on business operations due to server/network failures or cyberterrorism	IT systems are crucial to pursuing DX and work style reform; keep them up-to-date, ensuring appropriate scale and quality
	Publishing & distribution	Intensified price competition due to abolition of the system of resale price maintenance contracts Increased returns due to the sale-or-return system	Pay close attention to developments regarding this system, expand the e-books business, to which it does not apply, and develop businesses that span multiple business domains including videos and games To reduce the ratio of unsold books returned, improve the accuracy of market demand forecasts and schedule publication accordingly, and pursue small-lot, just-in-time manufacturing and delivery by means of an integrated production and distribution system
Risks Related to Specific Businesses	Online services	Reduced creditworthiness among business partners due to contraction of the paper-based publishing market Intensified competition due to entry of Japanese and foreign businesses to the market, etc.	In addition to meticulous credit-risk management, develop and expand an integrated production and distribution system to enable direct shipment to retail stores Leverage original ideas and advanced networking technologies to provide appealing services and content not available elsewhere
	Creation & deployment of IP for publications, videos, games, etc.	Variations in production schedules, increased production costs, etc.	Conduct market research, adhere strictly to schedules for publication, and manage projects properly
		Increased production costs and production delays, etc. due to business failure of external service providers	Monitor external service providers by establishing their credit risk appropriately when placing orders, and continuously managing credit risk
	Changes in regulations and social conditions in each region where the Group operates globally	Keep abreast of the conditions in each region and develop businesses that span multiple business domains by using a variety of media for deploying IP	

Typical risks

Typical risks assumed by the Group are stated above.

Details are provided in the Company's Annual Securities Report.

Although we have been aware of the above risks and taken measures against them, there was a cyberattack on DWANGO Co., Ltd.'s dedicated file server in the Group's data center on June 8, 2024. Please refer to P40-41 for details on how the Group responded to the incident.

Members of the Board

In appointing officers, we have selected candidates from the viewpoints of promoting a “Global Media Mix with Technology,” the Group’s basic management strategy, and strengthening management oversight.

Selection of a total of 14 Board Members, the majority of whom are Independent Board Members, was approved in the 10th General Meeting of Shareholders in June 2024.



Takeshi Natsuno

Member of the Board
Chief Executive Officer

- Apr. 1988 Joined Tokyo Gas Co., Ltd.
- Sep. 1997 Joined NTT Mobile Network Inc. (present NTT DOCOMO, INC.)
- Jun. 2008 External Director, SEGA SAMMY HOLDINGS INC.
- Jun. 2008 Outside Director of transcossmos inc.
- Dec. 2008 Director of DWANGO Co., Ltd.
- Jun. 2009 Outside Director of DLE Inc.
- Sep. 2009 Outside Director of GREE, Inc. (present)
- Dec. 2010 Outside Director of U-NEXT Co., Ltd. (present USEN-NEXT HOLDINGS Co., Ltd.) (present)
- Oct. 2014 Board Member of the Company
- Jun. 2016 Outside Director (Audit and Supervisory Committee Member) of transcossmos inc. (present)
- Aug. 2016 Outside Director of Oracle Corporation Japan (present)
- Jun. 2017 Outside Director of AWS Holdings, Inc. (present Ubigom Holdings, Inc.)
- Feb. 2019 Representative Director and President of DWANGO Co., Ltd. (present)
- Jun. 2021 Board Member and President of the Company
- Jun. 2022 Chairperson and Director of KADOKAWA WORLD ENTERTAINMENT, INC. (present)
- Jun. 2023 Board Member and Chief Executive Officer of the Company (present)
- Jun. 2023 Director of KADOKAWA CRAFT INC. (present)



Naohisa Yamashita

Member of the Board
Chief Human Resource Officer
Chief Literature & Film Officer
Member of the
Nominating Committee

- Jan. 1981 Joined Kadokawa Shoten Co., Ltd. (present KADOKAWA KEY-PROCESS Co., Ltd.)
- Jan. 2007 Director of Kadokawa Shoten Publishing Co., Ltd.
- Apr. 2007 Director of Kadokawa Production Inc.
- Jun. 2012 Representative Director and Senior Managing Director of Kadokawa Shoten Co., Ltd.
- Jun. 2012 Representative Director and President of KADOKAWA EDITORIAL CO., LTD. (present PERSOL MEDIA SWITCH CO., LTD.)
- Dec. 2013 Director of Choubunsha Publishing Co., Ltd. (present)
- Apr. 2016 Managing Corporate Officer of KADOKAWA CORPORATION (present KADOKAWA KEY-PROCESS Co., Ltd.)
- Feb. 2019 Corporate Officer of the Company
- Apr. 2019 Managing Corporate Officer and Head of Group Human Resources and General Affairs Headquarters of KADOKAWA CORPORATION (present KADOKAWA KEY-PROCESS Co., Ltd.)
- Jul. 2019 Managing Corporate Officer and Head of Group Human Resources and General Affairs Headquarters of the Company
- Jun. 2020 Board Member of the Company
- Jun. 2021 Board Member of the Company
- Jun. 2023 Board Member and Chief Human Resource Officer of the Company (present)
- Jun. 2023 Director of KADOKAWA CRAFT INC. (present)
- Jun. 2024 Board Member of KADOKAWA DAIEI STUDIO CO., LTD. (present)



Shinobu Murakawa

Member of the Board
Chief Operating Officer
Member of the
Remuneration Committee

- Oct. 1999 Joined Kadokawa Shoten Co., Ltd. (present KADOKAWA KEY-PROCESS Co., Ltd.)
- Jun. 2012 Director of Kadokawa Shoten Co., Ltd.
- Oct. 2013 Head of Fujimishobo BC, ECC Headquarters of KADOKAWA CORPORATION (present KADOKAWA KEY-PROCESS Co., Ltd.)
- Apr. 2015 Senior Vice President of Sales Planning Department of KADOKAWA CORPORATION (present KADOKAWA KEY-PROCESS Co., Ltd.)
- Apr. 2016 General Manager of Sales Planning Department and General Manager of Sales Department of KADOKAWA CORPORATION (present KADOKAWA KEY-PROCESS Co., Ltd.)
- Jul. 2019 Director of KADOKAWA Future Publishing Co., Ltd. (present KADOKAWA KEY-PROCESS Co., Ltd.)
- Apr. 2022 Representative Director and President of Building Book Center Co., Ltd. (present)
- Jun. 2023 Board Member and Chief Operating Officer of the Company
- Jun. 2023 Director of Cool Japan Travel, Inc. (present)
- Jun. 2023 Director of Kadokawa Media House Inc. (present)
- Jun. 2023 Director of KADOKAWA Connected Inc. (present)
- Oct. 2023 Outside Director of Rakuten Books Network Co., Ltd. (present)
- Dec. 2013 Director of KADOKAWA KEY-PROCESS Co., Ltd. (present)



Noriko Kase

Member of the Board

- Apr. 1985 Joined ASCII Corporation
- Apr. 2006 General Manager of Corporate Business Department of ASCII Corporation
- Apr. 2017 Manager of 7th editorial division of KADOKAWA ASCII Mediaworks of KADOKAWA CORPORATION (present KADOKAWA KEY-PROCESS Co., Ltd.)
- Apr. 2018 General Manager of ASCII Division of KADOKAWA ASCII Research Laboratories, Inc.
- Jul. 2019 Chief Executive Officer of KADOKAWA ASCII Research Laboratories, Inc. (present)
- Jun. 2020 Board Member of the Company (present)
- Jun. 2023 Director of KADOKAWA Global Marketing Co., Ltd. (present)



Nobuo Kawakami

Member of the Board

- Apr. 1991 Joined Software Japan Co., Ltd.
- Aug. 1997 Representative Director and President of DWANGO Co., Ltd.
- Sep. 2000 Representative Director and Chairperson of DWANGO Co., Ltd.
- Jun. 2006 Outside Director of Avex Group Holdings Inc. (present Avex Inc.)
- Jun. 2011 Director of KADOKAWA GROUP HOLDINGS, INC. (present KADOKAWA KEY-PROCESS Co., Ltd.)
- Jun. 2013 Managing Director of khara, Inc. (present)
- Dec. 2017 Director & CTO of DWANGO Co., Ltd.
- Feb. 2019 Advisor of DWANGO Co., Ltd. (present)
- Feb. 2019 Board Member of the Company (present)
- Oct. 2020 Director and Chairperson of VirtualCast, Inc. (present)
- Jun. 2022 Executive President of the KADOKAWA Culture Promotion Foundation (present)



Cindy Chou

Member of the Board

- Jul. 2000 Joined EJ PR AGENCY Ltd.
- Jul. 2003 Supervisor of Copyrights Division of KADOKAWA TAIWAN CORPORATION
- Jul. 2008 In charge of Chinese Business Development of KADOKAWA HOLDINGS ASIA LTD.
- May 2011 General Manager of Digital Business Division of KADOKAWA TAIWAN CORPORATION
- Mar. 2014 Representative of Singapore Office of KADOKAWA HOLDINGS ASIA LTD.
- Apr. 2015 Senior Strategy Planner of DeNA China
- Apr. 2016 Joined the Company
- Apr. 2018 Manager of Business Strategy Section, Global Management Office, Global Business Division of the Company
- Apr. 2018 Managing Director of J-GUIDE Marketing Co., Ltd. (present KADOKAWA Global Marketing Co., Ltd.)
- Apr. 2021 Representative Director and President of J-GUIDE Marketing Co., Ltd. (present)
- Jun. 2021 Board Member of the Company (present)



Hiroo Unoura

Member of the Board,
Independent
Chairperson of the
Nominating Committee

Apr. 1973 Joined Nippon Telegraph and Telephone Public Corporation (present NIPPON TELEGRAPH AND TELEPHONE CORPORATION)
Jun. 2002 Senior Vice President and Director of Department I of NIPPON TELEGRAPH AND TELEPHONE CORPORATION
Jun. 2005 Senior Vice President and Director of Department V of NIPPON TELEGRAPH AND TELEPHONE CORPORATION
Jun. 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
Jun. 2008 Senior Executive Vice President and Director of the Strategic Business Development Division of NIPPON TELEGRAPH AND TELEPHONE CORPORATION
Jun. 2012 President and Chief Executive Officer Member of the Board of NIPPON TELEGRAPH AND TELEPHONE CORPORATION
Jun. 2018 Senior Advisor of NIPPON TELEGRAPH AND TELEPHONE CORPORATION
Jun. 2019 Outside Director and Audit and Supervisory Committee Member of Mitsubishi Heavy Industries, Ltd. (present)
Jun. 2021 Independent Board Member of the Company (present)
Jul. 2021 Special Advisor of NIPPON TELEGRAPH AND TELEPHONE CORPORATION (present)



Ruth Marie Jarman

Member of the Board,
Independent
Chairperson of the
Remuneration Committee
Member of the
Nominating Committee

Dec. 1988 Joined Recruit Co., Ltd.
Dec. 2000 Joined Space Design Inc.
Apr. 2008 Director of Space Design Inc.
Apr. 2012 Representative Director and President of Jarman International KK (present)
Jun. 2012 Director of HRM Association (present)
Jun. 2019 Outside Director of Fujibo Holdings, Inc. (present)
Jun. 2020 Independent Board Member of the Company (present)
Jun. 2023 Director of Japan Association for Women's Education (present)
Mar. 2024 Outside Director of Earth Corporation (present)
Apr. 2024 Member of NHK International Broadcast Programs Council (present)



Tadaaki Sugiyama

Member of the Board,
Independent
Chairperson of the Audit
Committee
Member of the
Nominating Committee

Apr. 1980 Joined Kao Soap Co., Ltd. (present Kao Corporation)
Mar. 2003 General Manager of Legal Affairs Department of Legal and Compliance of Kao Corporation
Jun. 2012 Executive Officer and Senior Vice President of Legal and Compliance of Kao Corporation
Mar. 2014 Executive Officer, Senior Vice President of Legal and Compliance and in charge of Enterprise Information Solutions of Kao Corporation
Mar. 2014 Director of Kanebo Cosmetics Inc.
Mar. 2014 Member of the Board of Kao USA Inc.
Mar. 2014 Supervisory Board Member of Kao Germany GmbH
Jun. 2023 Independent Board Member of the Company (present)



Yu Sasamoto

Member of the Board,
Independent
Member of the
Remuneration Committee

Apr. 1988 Joined Recruit Co., Ltd.
Dec. 2002 Representative Director, President and CEO of MTV Japan Inc. (present Viacom Networks Japan, K.K.)
Jan. 2007 Executive Officer of Microsoft Corporation
Feb. 2009 Managing Executive Officer of Microsoft Corporation
Feb. 2014 Representative Director of Twitter Japan K.K.
Jan. 2017 Vice President in charge of Client Solutions Business of JPKR of Twitter, Inc.
May 2021 Vice President in charge of Client Solutions Business of JAPAC of Twitter, Inc.
Jun. 2021 Outside Director of Sanrio Company, Ltd. (present)
Jun. 2023 Independent Board Member of the Company (present)
Feb. 2024 Chief Executive Officer of DAZN Japan Investment GK (present)



Akihiko Shiba

Member of the Board,
Independent
Member of the
Audit Committee

Apr. 1991 Joined National Police Agency
Oct. 2004 Registered as a member of Japan Federation Bar Associations
Oct. 2004 Joined T. Kunihiro & Co., Attorneys-at-Law
Apr. 2010 Partner and Attorney-at-Law of Shiba Management Legal Office (present SHIBA & TANAKA LAW OFFICES) (present)
May 2010 Outside Audit & Supervisory Board Member of Fukuda Denshi Co., Ltd.
Jun. 2010 Outside Audit & Supervisory Board Member of Prince Hotels Inc.
Jun. 2010 Outside Director of VeriServe Corporation
Jun. 2011 Outside Audit & Supervisory Board Member of Okamoto Glass Co., Ltd.
Jun. 2013 Outside Statutory Auditor of AIRPORT FACILITIES CO., LTD.
Dec. 2013 Outside Director of Minnomo Wedding Co., Ltd. (present anymarry Co., Ltd.)
Jun. 2015 Outside Audit & Supervisory Board Member of NH Foods Ltd.
Mar. 2018 Audit & Supervisory Board Member of Hokkaido Ballpark Co., Ltd.
Sep. 2021 Member of Compliance Committee of Digital Agency (present)
Jun. 2023 Independent Board Member of the Company (present)



Ayumi Uzawa

Member of the Board,
Independent
Member of the
Audit Committee

Oct. 1990 Joined Asahi Shinwa Accounting Corporation (present KPMG AZSA LLC)
Aug. 1994 Registered as a certified public accountant
Aug. 1995 Joined Deloitte Touche Tohmatsu (present Deloitte Touche Tohmatsu LLC)
Apr. 1999 2nd Investigation Division of Criminal Affairs Bureau of Metropolitan Police Department (Financial Investigator and Inspector)
Nov. 2004 Special Investigation Division of Secretariat of Securities and Exchange Surveillance Commission
Mar. 2011 Representative of Uzawa CPA Office (present)
Jul. 2011 Registered as a certified fraud examiner
Jul. 2011 Advisor of Financial and Securities Expert Committee of Supreme Public Prosecutors' Office (present)
Jun. 2012 Director of Japan Association of Certified Fraud Examiners
Jun. 2013 Outside Director of Meiji Machine Co., Ltd.
Dec. 2014 Outside Director of Japan Best Rescue System Co., Ltd.
Sep. 2016 Auditor of Aurora Debt Collection Co., Ltd. (present)
Jun. 2022 Outside Director of Toshiba Corporation
Jun. 2023 Independent Board Member of the Company (present)



David Macdonald

Member of the Board,
Independent
Member of the
Remuneration Committee

Sep. 1999 Joined NTT DOCOMO, INC.
Nov. 2004 Senior Manager in charge of Asia Pacific of Internet Group of The Walt Disney Company (Japan) Ltd.
Apr. 2006 Director of Asia Pacific of Internet Group of The Walt Disney Company (Japan) Ltd.
Feb. 2009 Supervisor of YouTube Online Sales & Operations of Google Japan G.K.
Mar. 2018 General Manager of Discovery Japan KK
Nov. 2018 Representative Director and President of Discovery Japan KK
Mar. 2020 Representative Executive Officer and President of Discovery Japan GK
Jun. 2022 Vice President and General Manager of Japan Network Business Department of Warner Bros. Discovery, Inc.
Feb. 2023 CEO of DJIMAC GK (present)
Jun. 2023 Independent Board Member of the Company (present)



Etsuko Okajima

Member of the Board,
Independent
Member of the
Nominating Committee

Apr. 1989 Joined Mitsubishi Corporation
Jan. 2001 Joined McKinsey & Company, Inc.
Mar. 2002 Joined GLOBIS Corporation
Jul. 2005 Representative Director and President of GLOBIS Management Bank, Inc.
Jun. 2007 Representative Director and President of ProNova Inc. (present)
Jun. 2014 Outside Director of Astellas Pharma Inc.
Jun. 2014 External Director of MARUI GROUP CO., LTD. (present)
Nov. 2015 Outside Director of LANCERS, INC. (present)
Dec. 2015 Outside Director of SEPTENI HOLDINGS CO., LTD. (present)
Mar. 2016 Outside Director of Link and Motivation Inc.
Jul. 2018 External Director of Yappli, Inc.
Dec. 2018 External Director of Euglena Co., Ltd.
Feb. 2019 External Director of Money Forward, Inc.
Dec. 2020 Director of Euglena Co., Ltd. (present)
Jun. 2024 Independent Board Member of the Company (present)

Members of the Board (Skills Matrix)

The Group has defined its basic strategy as the promotion of a “Global Media Mix with Technology.” In selecting Board Members 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.

Name	Abilities and reason for selection	Attendance at meeting by the Members of the Board (FY2023)	Expertise									
			Corporate management	Content creation	Sales Marketing	IT Technology	Finance Accounting	Legal affairs Governance	Human affairs Human resources development	International experience	Other industries Diversity	
Takeshi Natsuno Member of the Board Chief Executive Officer	As a Board Member and Chief Executive Officer of the Company, Mr. Takeshi Natsuno contributes to the advancement of the basic policy of the new Mid-term Management Plan, “Global Media Mix with Technology,” and assists the Company in achieving sustained growth. He has also served as an officer of numerous companies, and has abundant experience and extensive knowledge gained as a corporate manager.	100% 17/17 meetings	●			●					●	●
Naohisa Yamashita Member of the Board Chief Human Resource Officer Chief Literature & Film Officer Member of the Nominating Committee	Mr. Naohisa Yamashita leverages his abundant experience in the publishing field and in personnel and general affairs and contributes to steady management and growth of the Company as a leader in these areas. He also served as Director of the Company's subsidiaries, thus, he is well versed in the business of the entire Group. Additionally, as a member of the Nominating Committee, he is contributing to providing information and enhancing discussions in a manner suited to the situation of our businesses.	100% 17/17 meetings	●	●	●						●	
Shinobu Murakawa Member of the Board Chief Operating Officer Member of the Remuneration Committee	Mr. Shinobu Murakawa is helping to 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 performs his duties appropriately as a Director of the Company by leveraging his abundant experience and extensive knowledge, as well as contributing to providing information and enhancing discussions in a manner suited to the situation of our businesses as a member of the Remuneration Committee.	100% 17/17 meetings		●	●							
Noriko Kase Member of the Board	Ms. Noriko Kase was engaged in various fields including book editing and corporate marketing. She now serves as Chief Executive Officer of KADOKAWA ASCII Research Laboratories, Inc. She performs her duties appropriately as a Board Member of the Company by leveraging her abundant experience and extensive knowledge.	100% 17/17 meetings	●	●	●							
Nobuo Kawakami Member of the Board	Mr. Nobuo Kawakami 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. He has also served as a Board Member and an Independent Board Member of companies inside and outside the Group, and performs his duties appropriately as a Board Member of the Company by leveraging his abundant experience and extensive knowledge.	94.1% 16/17 meetings	●	●	●	●						
Cindy Chou Member of the Board	Ms. Cindy Chou serves as Chief Executive Officer of KADOKAWA Global Marketing Co., Ltd., which is a subsidiary of the Company, and has intricate knowledge of overseas business operations through her experience at overseas companies, including overseas group companies of the Company.	100% 17/17 meetings			●						●	
Hiroo Unoura Member of the Board, Independent Chairperson of the Nominating Committee	Mr. Hiroo Unoura has abundant expertise and experience as a top management executive active in cutting-edge fields, including 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 chairperson of the Board and Nominating Committee.	100% 17/17 meetings	●				●			●		●

Name	Abilities and reason for selection	Attendance at meeting by the Members of the Board (FY2023)	Expertise								
			Corporate management	Content creation	Sales Marketing	IT Technology	Finance Accounting	Legal affairs Governance	Human affairs Human resources development	International experience	Other industries Diversity
Ruth Marie Jarman Member of the Board, Independent Chairperson of the Remuneration Committee Member of the Nominating Committee	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.	94.1% 16/17 meetings	●		●					●	●
Tadaaki Sugiyama Member of the Board, Independent Chairperson of the Audit Committee Member of the Nominating Committee	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 Chairperson 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.	100% 14/14 meetings							●		●
Yu Sasamoto Member of the Board, Independent Member of the Remuneration Committee	Mr. Yu Sasamoto has abundant experience and extensive knowledge as a top management executive in various fields including IT and technology, having served as the Representative Director of Twitter Japan K.K. and the Vice President of JAPAC of Twitter, Inc., and also having 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.	100% 14/14 meetings	●		●	●				●	
Akihiko Shiba Member of the Board, Independent Member of the Audit Committee	Mr. Akihiko Shiba has a high degree of professionalism in legal affairs as an attorney-at-law. In addition, he has served as an outside officer at many companies, and has abundant experience and extensive knowledge, including in the area of governance. Also at the Company, he provides valuable input from an objective perspective as a member of the Audit Committee.	92.9% 13/14 meetings							●		●
Ayumi Uzawa Member of the Board, Independent Member of the Audit Committee	As a certified public accountant, Mr. Ayumi Uzawa has a high degree of expertise in finance and accounting, and has served as an outside officer or third-party committee member in many companies. He also has abundant experience and extensive knowledge in fields such as finance and accounting, and at the Company, he provides valuable input from an objective perspective as a member of the Audit Committee.	92.9% 13/14 meetings						●	●		●
David Macdonald Member of the Board, Independent Member of the Remuneration Committee	Mr. David Macdonald served as Representative Director and President of Discovery Japan G.K., as well as Supervisor of the YouTube Content Team of Google Japan G.K.. As a result, he has broad experience and extensive knowledge in various fields that are closely related to the Company's business such as content creation, IT, and technology. Also at the Company, he provides valuable input from an objective perspective as a member of the Remuneration Committee.	100% 14/14 meetings	●	●		●				●	
Etsuko Okajima Member of the Board, Independent (newly appointed) Member of the Nominating Committee	Ms. Etsuko Okajima has abundant experience and extensive knowledge in strengthening management structures, having served as Representative Director and President of ProNova Inc., and involved as a consultant in providing development support for next generation corporate managers and developing human resources, and also having 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.	—	●							●	●

*As of July 31, 2024

Messages from Independent Board Members

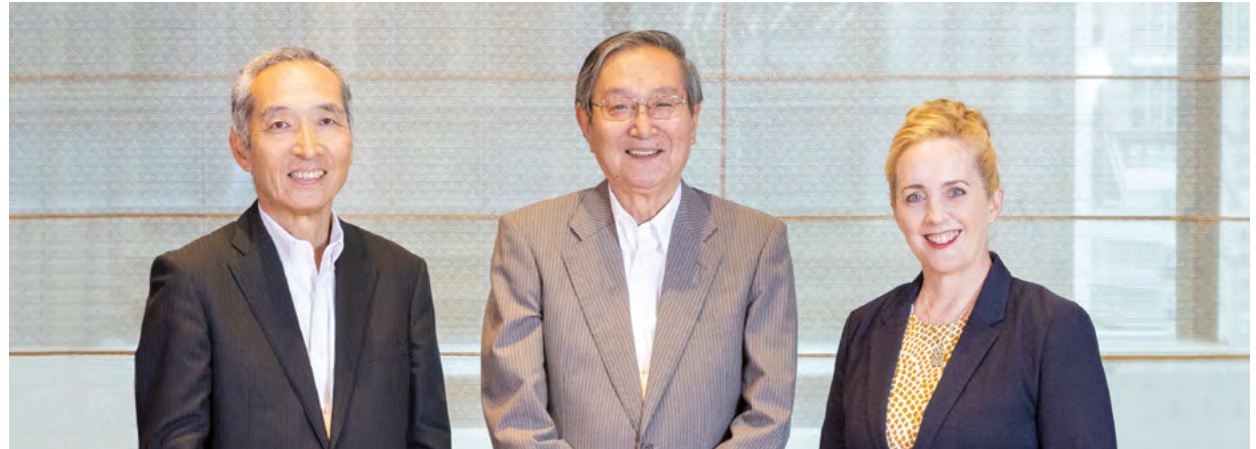
Perspectives from the Nominating Committee, Remuneration Committee, and Audit Committee

Promoting Further Evolution of Corporate Governance for Sustainable Growth of the KADOKAWA Group

It has been a year since we transitioned to a company with a Nominating Committee, etc. after the General Meeting of Shareholders held in June 2023. The chairpersons of our Nominating Committee, Remuneration Committee, and Audit Committee give their assessments of the progress of our change in corporate governance and reflect on initiatives and results in FY2023.

They also discuss future issues and goals and how they expect that the Nominating Committee, Remuneration Committee, and Audit Committee will support the growth of the KADOKAWA Group.

*Interviews were conducted from June 4 to 6, 2024.



Chairperson of the Audit Committee
Tadaaki Sugiyama

Chairperson of the Nominating Committee
Hiroo Unoura

Chairperson of the Remuneration Committee
Ruth Marie Jarman

Hiroo Unoura (Chairperson of the Board and Chairperson of the Nominating Committee)	Ruth Marie Jarman (Chairperson of the Remuneration Committee)	Tadaaki Sugiyama (Chairperson of the Audit Committee)
<p>Initiatives and results in FY2023</p> <ul style="list-style-type: none"> ● Strengthening of internal controls through mutual effort between supervisory side and executive side ● Regular presentations to Independent Board Members about the KADOKAWA Group's business <p>What the Nominating Committee is able to do to facilitate growth of the KADOKAWA Group</p> <ul style="list-style-type: none"> ● Building systems for appointing diverse members of the Board and other critical management units ● Development of multiple potential successors who are versed in the markets and technology 	<p>Initiatives and results in FY2023</p> <ul style="list-style-type: none"> ● Focusing on equipping committee members, particularly new members, with an understanding of the background of our current remuneration frameworks and systems ● Discussion and verifications for the implementation of restricted share-based compensation (RS) <p>What the Remuneration Committee is able to do to facilitate growth of the KADOKAWA Group</p> <ul style="list-style-type: none"> ● Establishment of incentive systems such as restricted share-based compensation (RS) to retain excellent top management ● Deliberation of remuneration systems and measures related to motivation of management and employees 	<p>Initiatives and results in FY2023</p> <ul style="list-style-type: none"> ● Formulation and execution of audit plans based on sufficient understanding of our businesses and the specialized careers of each committee member ● Discernment of advanced risk management through dialog with managers and relevant executives <p>What the Audit Committee is able to do to facilitate growth of the KADOKAWA Group</p> <ul style="list-style-type: none"> ● Analysis and evaluation for hedging and taking risks in new businesses ● Checking of effective execution of PDCA cycles related to internal controls or corporate governance

Member of the Board, Independent
(Chairperson of the Board)
Chairperson of the Nominating Committee

Hiroo Unoura



Profile

Hiroo Unoura

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. He became an Independent Board Member at KADOKAWA in June 2021. He was appointed as Chairperson of the Board and Chairperson of the Nominating Committee in June 2023.

**Building an Environment Where Diverse Employees Can Thrive
to Facilitate Further Development of the KADOKAWA Group**

Some Progress in Strengthening Internal Controls Building a Constructive Relationship Between the Supervisory Side and the Executive Side

In companies with a Nominating Committee, etc., separation between the supervisory side and the executive side is extremely important. Another critical mission of the Nominating Committee, in my opinion, is to promote the development of this new governance structure in a manner that is aligned with KADOKAWA and ensure that it leads to growth of our businesses.

Looking back on my year as Chairperson of the Board and Chairperson of the Nominating Committee, in terms of strengthening our internal controls, my assessment is that we have made consistent progress together with initiatives on the executive side. We have also diversified our Independent Board Members,

which has further invigorated discussions by the Board. On the other hand, as five of our seven Independent Board Members in FY2023 were newly appointed, I also believed that we needed to equip them with an understanding of the Group as a whole as soon as possible, and so we came up with the idea of holding seminars for our Independent Board Members every month where members of the executive side explained our main businesses. For both the supervisory side and the executive side, this was a valuable opportunity to get to know each other while reconsidering the governance and businesses of the Group as a whole. I think that by utilizing this venue, the Independent Board Members were able to fulfill their role of motivating the executive side, and I want to continue facilitating active exchanges of opinion with the executive side of each business from FY2024 onward.

The Major Potential Held by the KADOKAWA Group How We Can Harness It and Develop Successors

Our investors have high hopes for the KADOKAWA Group's IP creation initiatives, and I myself also feel that our Media Mix scheme holds major potential. A strength of the Group is the way we do not merely develop one IP for a specific form of media; we are able to develop it in various forms including publications, film, games, and merchandise. Another thing that I think is interesting about KADOKAWA is our dynamic hybrid of old and new forms of media: the classic paper books with their steadfast distribution networks and e-books distributed on the latest devices.

In order to harness this potential held by KADOKAWA, I want the Nominating Committee to engage in medium- to long-term initiatives to build systems for appointing diverse members of the Board and other critical management units. Our Board was formed with consideration for diversity of experience and skills among the Board Members. On the executive side, too, I think that the ideal governance structure is not one full of members who are outstanding in every area but one comprising unique members who are each an expert in one area. Under KADOKAWA's human capital strategy, we have created some diversity through human resources systems such as our *"free-agent" transfer system*, but it is also important to employ methods such as alumni hiring (re hiring former employees) and continue updating our corporate culture.

Candidates who are best suited to steering the KADOKAWA Group are those who are well versed in both the markets and the technology. By developing multiple such potential successors, we will be able to choose the candidate who will be best able to navigate changes in conditions such as the management environment over time. The duty of the Nominating Committee is not simply to select one CEO but to provide support in building an excellent team to complement the CEO, and ensuring diversity is important in this respect too.

Messages from Independent Board Members

Member of the Board, Independent
Chairperson of the Remuneration Committee

Ruth Marie Jarman



Profile

Ruth Marie Jarman

As CEO of Jarman International KK, Ms. Ruth Marie Jarman has abundant experience and deep insight in global expansion, inbound business, and support for women's activities. She became an Independent Board Member at KADOKAWA in June 2020. She was appointed as Chairperson of the Remuneration Committee and a member of the Nominating Committee in June 2023.

**Pursuing a Remuneration Structure Better Suited
to Invigorating the KADOKAWA Group**

KADOKAWA's Board Has Also Evolved The Remuneration Committee Will Focus on Assessing the Current Situation and Building a Suitable Environment

I was already an Independent Board Member before I was appointed as Chairperson of the Remuneration Committee in 2023, and I feel that KADOKAWA's Board has evolved. The majority are Independent Board Members with diverse backgrounds. We hear more opinions and questions than before, and there's a greater sense that we're working together as a team. It should also be noted that Mr. Unoura, an Independent Board Member, is the Chairperson of the Board, and I think the separation between the supervisory side and executive side of the Company is a source of trust for our investors. Because we have taken these measures to create an environment that enables active, open discussion, I

am also considering whether we should express Board members' participation not only by how many Board meetings they attend but also by how often they speak at Board meetings.

Looking back as the Chairperson of the Remuneration Committee on the year since KADOKAWA changed its institutional structure to a company with a Nominating Committee, etc., I was aware of the importance of understanding the background and history behind KADOKAWA's remuneration structure and systems, and racked my brains to figure out how we could impart a more in-depth understanding to the new Remuneration Committee members who were appointed in FY2023. As the facilitator of the committee, I was also conscious of creating an environment that enables frank discussion and exchanges of opinion among members, including at meetings.

Transitioning to a Suitable Remuneration Structure to Enable KADOKAWA to Secure Human Capital and Grow Its Businesses

As top managers now have an abundance of options, an important role of the Remuneration Committee is to establish incentive systems such as restricted share-based compensation (RS) to retain excellent top management. To create an environment where people will want to become the CEO or an executive of KADOKAWA, we first need to encourage excellent personnel to become top managers. At the same time, we also need to make KADOKAWA attractive to candidates outside the Company. A key theme for the future will be determining what kind of remuneration will enable us to retain the character of KADOKAWA while expanding our businesses globally. I am conscious that a foundational principle of the Remuneration Committee is that a remuneration structure that will negatively impact KADOKAWA's culture is not ideal. KADOKAWA's employees have an immense sense of ownership and are extremely business-minded, so I think that when results are good, our remuneration structure should not only reward investors and top management but also sufficiently reward employees.

In FY2024, we will verify whether our methods for building and evaluating our remuneration structure are motivating our employees and management and whether they are leading to effective retention. Other key points to be verified are the effects of the RS we introduced after discussion by the Remuneration Committee and whether our current remuneration structure will have an effect on the progress of our Mid-term Management Plan. Additionally, a new member of the Remuneration Committee is Mr. Shinobu Murakawa, a Board Member who is very familiar with our various businesses, so I expect that we are prepared for more active involvement in the decision-making process about remuneration. I look forward to working together more actively with the Nominating Committee and Audit Committee to search for "KADOKAWA's best."

Member of the Board, Independent
Chairperson of the Audit Committee

Tadaaki Sugiyama

Profile

Tadaaki Sugiyama

Mr. Tadaaki Sugiyama has a wealth of experience and insight in the legal/compliance field, having served for many years as the head of the legal and compliance department at Kao Corporation, and as the Chairperson of the Association of Corporate Legal Departments, a corporate legal affairs association. He became an Independent Board Member at KADOKAWA in June 2023. He has served as Chairperson of the Audit Committee and a member of the Nominating Committee since then.

**Supporting the KADOKAWA Group's Growth and Advancement Phase
from the Perspective of Risk Assessment and Governance Monitoring**

Improvement of Governance Appears to Be Proceeding Steadily The Audit Committee Is Verifying Risk Awareness at Sites

I was appointed as an Independent Board Member and Chairperson of the Audit Committee in June 2023 in response to calls for improvement from the Corporate Governance Inspection Committee. As far as I can see, those improvements are being made in a sincere and appropriate manner. Open, active discussion is taking place in venues such as the Board, and there is a sense of speed in the decisions and execution of the improvements. A framework has also been built for transparent, timely, and reliable provision of the necessary information to Independent Board Members.

Two policies were set for the three new members of the

Audit Committee, including myself. The first was that we must have an in-depth awareness of the whole Group's businesses and operations and the executives and employees in charge of them. Explanation sessions by the managers of each business were provided together with each monthly Board meeting, which provided an efficient way for us to learn the details of each business. I feel that the KADOKAWA Group's Global Media Mix strategy utilizing the Group's IP is essentially the same as the production world where I have worked for many years, with its clearly defined development and end points for expansion into a wide range of products. Both industries' approaches are rooted in manufacturing. The other policy was that each Independent Board Member must bring diversity to the lineup of the Audit Committee through the experience and knowledge we have gained throughout

our respective careers. Between Akihiko Shiba's background as a lawyer, Ayumi Uzawa's background as a CPA, and my corporate background, we each drew on our respective careers in the formulation and execution of our audit plan.

Throughout the year, we dedicated ourselves to discussion with the managers, relevant executives, and Chief Officers involved in our main businesses and functions. Three points we always asked each party about were the greatest risks in their department's domain, specific measures being taken to prevent those risks from eventuating, and measures taken to address unexpected incidents or mitigate risks. Through these discussions, we ascertained that the managers and relevant executives were aware of risks and were working to reduce business uncertainty.

How the Audit Committee Can Contribute to Growth of the KADOKAWA Group with a Sense of Speed

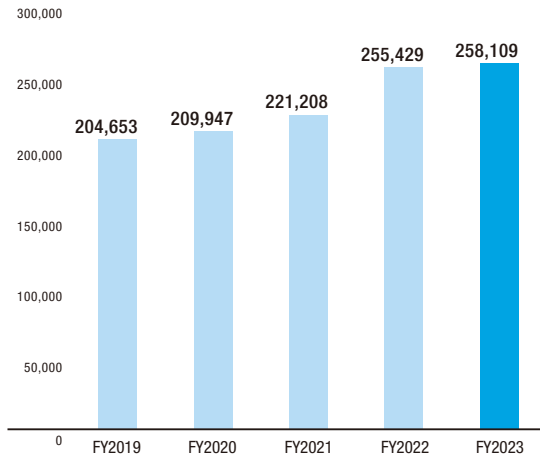
The Audit Committee believes that our responsibilities as Board Members do not end with audits; our effectiveness is also defined by how we contribute to sustainable, fast growth of the KADOKAWA Group as a whole. In KADOKAWA's current phase, in addition to organic growth of our existing businesses, measures are being carried out with a sense of speed to secure new domestic and overseas partners and start new businesses. The Audit Committee's mission is to pay attention to points such as whether the Company is over-emphasizing speed and neglecting risk analysis, whether measures such as quotas for increasing IP are being overused, and whether internal control and governance systems are being appropriately incorporated into new operations.

What I ask of all employees is for each employee to be constantly aware of the end goal of what they are currently working on. Management should take every opportunity to remind employees of this, and I, too, want to increase our channels for direct discussion with site employees as much as possible, and be involved in that way.

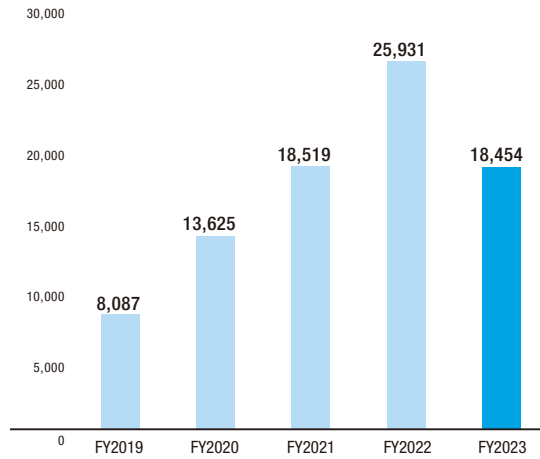
Financial Highlights and Non-Financial Highlights

Financial Highlights (consolidated)

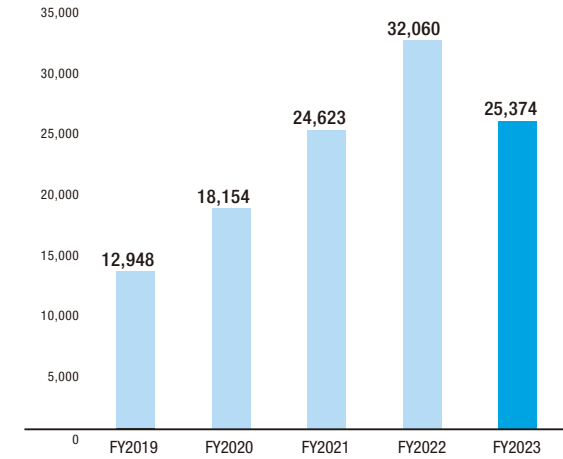
Net Sales (Million Yen)



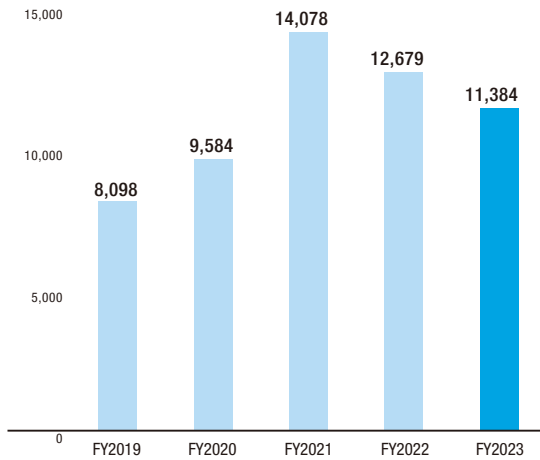
Operating profit (Million Yen)



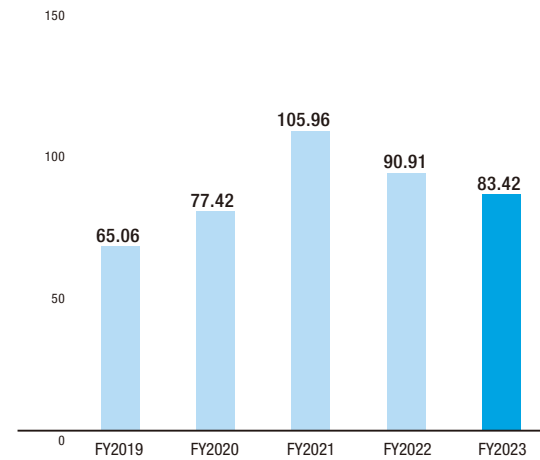
EBITDA (Million Yen)



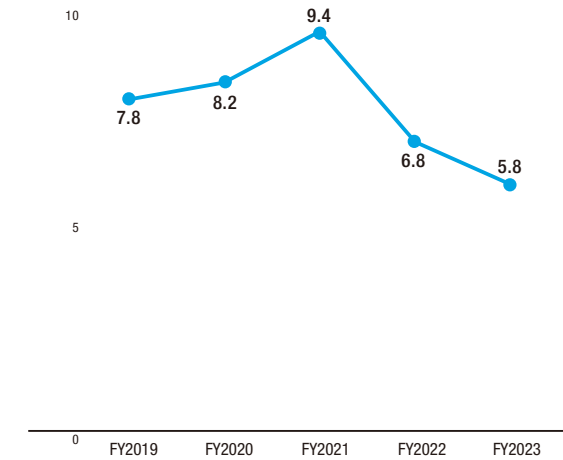
Profit attributable to owners of parent (Million Yen)



Net income per share (Yen)



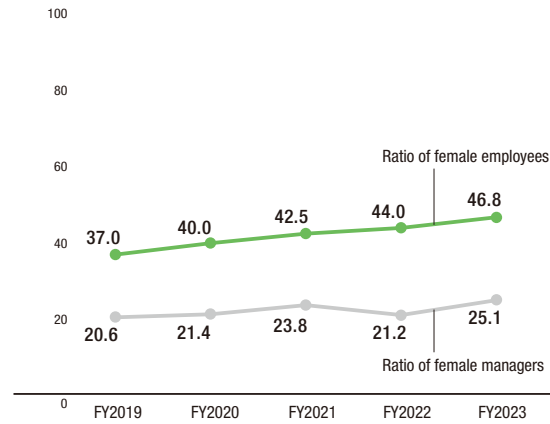
Return on equity (ROE) (%)



On January 1, 2022, the Company split its common stock 2 for 1. Net assets per share are calculated on the assumption that the stock split was conducted at the beginning of FY2019.

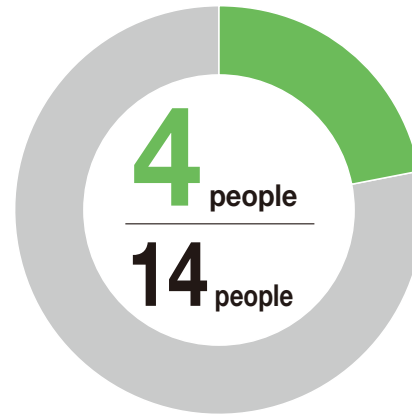
Non-Financial Highlights

Ratio of female employees and Ratio of female managers (%)

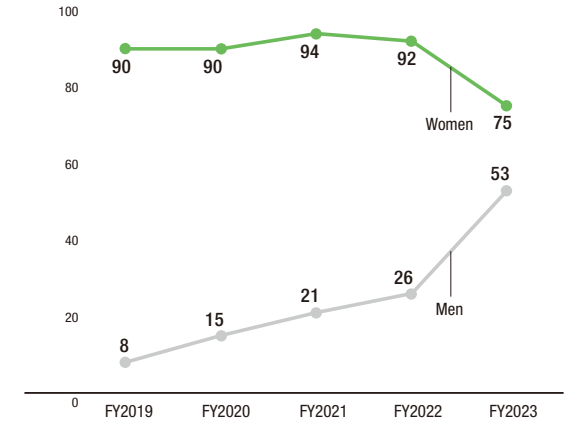


Scope: KADOKAWA CORPORATION (parent company only)

Number of female Board Members

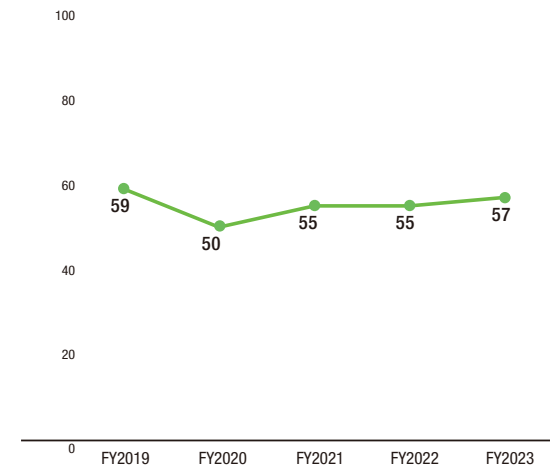


Childcare leave acquisition rate (%)



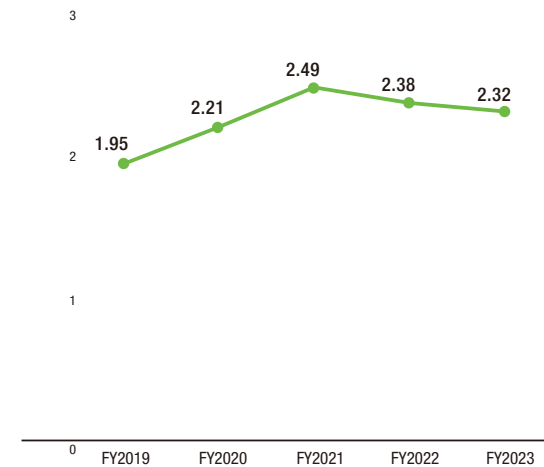
Scope: KADOKAWA CORPORATION (parent company only). Percentages have been rounded to the nearest whole number.

Paid leave acquisition rate (%)



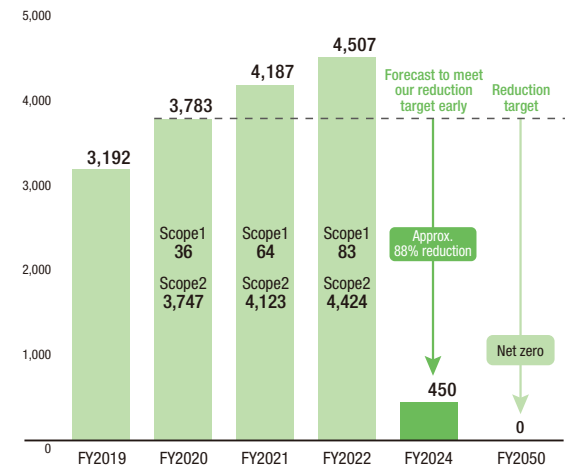
Scope: KADOKAWA CORPORATION (parent company only). Percentages have been rounded to the nearest whole number.

Employment Rate of employees with disabilities (%)



Since KADOKAWA CRAFT INC. was established in June 2019 as a special subsidiary, the employment rate of persons with disabilities is for the total of several group companies from FY2019 onward. In FY2023, the employment rate of persons with disabilities met the statutory employment rate for private companies in Japan.

GHG emissions (t-CO₂)



Scope: KADOKAWA CORPORATION (parent company only)

Consolidated Financial Statements

Consolidated Balance Sheets

	(Unit: Million yen)	
	FY2022	FY2023
Assets		
Current assets		
Cash and deposits	167,219	105,351
Notes receivable - trade	2,123	1,414
Accounts receivable - trade	48,670	60,998
Contract assets	2,627	2,716
Inventories	25,587	30,537
Prepaid expenses	1,973	2,621
Deposits paid	4,716	5,249
Other	11,392	12,699
Allowance for doubtful accounts	(341)	(141)
Total current assets	263,968	221,448
Non-current assets		
Property, plant and equipment		
Buildings and structures	38,448	44,426
Accumulated depreciation	(11,720)	(13,359)
Buildings and structures, net	26,728	31,066
Machinery and equipment	4,032	6,943
Accumulated depreciation	(2,240)	(3,010)
Machinery and equipment, net	1,792	3,933
Tools, furniture and fixtures	9,105	9,444
Accumulated depreciation	(6,304)	(6,732)
Tools, furniture and fixtures, net	2,801	2,711
Land	26,294	26,287
Construction in progress	10,283	180
Other	1,174	1,082
Accumulated depreciation	(500)	(530)
Other, net	674	552
Total property, plant and equipment	68,574	64,732
Intangible assets		
Software	6,128	9,274
Goodwill	684	1,734
Other	2,086	2,662
Total intangible assets	8,899	13,671
Investments and other assets		
Investment securities	32,538	29,224
Retirement benefit asset	23	15
Deferred tax assets	3,209	5,261
Insurance funds	1,497	1,620
Guarantee deposits	3,672	3,349
Other	765	1,236
Allowance for doubtful accounts	(250)	(249)
Total investments and other assets	41,455	40,458
Total non-current assets	118,930	118,862
Total assets	382,898	340,310

	(Unit: Million yen)	
	FY2022	FY2023
Liabilities		
Current liabilities		
Notes and accounts payable – trade	29,219	34,084
Current portion of long-term borrowings	40,046	178
Accounts payable - other	14,474	14,455
Income taxes payable	4,010	4,632
Contract liabilities	13,822	15,078
Deposits received	9,132	9,640
Provision for bonuses	4,925	5,636
Refund liabilities	5,826	6,446
Provision for share-based remuneration	605	264
Provision for share-based remuneration for directors (and other officers)	2,088	1,163
Other	4,765	5,798
Total current liabilities	128,918	97,378
Non-current liabilities		
Long-term borrowings	25,219	25,171
Deferred tax liabilities	408	372
Retirement benefit liability	3,531	3,096
Other	1,648	1,725
Total non-current liabilities	30,808	30,365
Total liabilities	159,727	127,744
Net assets		
Shareholders' equity		
Share capital	40,624	40,624
Capital surplus	76,290	76,028
Retained earnings	75,455	82,586
Treasury shares	(2,587)	(21,276)
Total shareholders' equity	189,783	177,964
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9,981	8,762
Foreign currency translation adjustment	2,533	3,597
Remeasurements of defined benefit plans	250	269
Total accumulated other comprehensive income	12,765	12,629
Non-controlling interests	20,622	21,973
Total net assets	223,171	212,566
Total liabilities and net assets	382,898	340,310

Consolidated Statements of Income

(Unit: Million yen)

	FY2022	FY2023
Net sales	255,429	258,109
Cost of sales	164,573	171,496
Gross profit	90,856	86,613
Selling, general and administrative expenses	64,925	68,158
Operating profit	25,931	18,454
Non-operating income		
Interest income	587	1,501
Dividend income	670	658
Share of profit of entities accounted for using equity method	629	554
Foreign exchange gains	308	1,763
Gain on sales of goods	117	111
Other	253	214
Total non-operating income	2,566	4,804
Non-operating expenses		
Interest expenses	123	63
Share issuance costs	127	—
Donations	1,500	2,900
Other	77	59
Total non-operating expenses	1,828	3,022
Ordinary profit	26,669	20,236
Extraordinary income		
Gain on sales of non-current assets	3	96
Gain on sales of investment securities	16	2,359
Gain on sales of memberships	39	—
Gain on sales of shares of subsidiaries and associates	2	124
Total extraordinary income	62	2,579
Extraordinary losses		
Impairment loss	3,183	2,507
Loss on retirement of non-current assets	552	55
Loss on valuation of investment securities	109	498
Extra retirement payments	701	—
Special investigation expenses	284	—
Cancellation penalties	531	17
Other	16	42
Total extraordinary losses	5,379	3,121
Profit before income taxes	21,352	19,694
Income taxes – current	8,569	8,230
Income taxes – deferred	(2,416)	(1,559)
Total income taxes	6,153	6,671
Profit	15,199	13,023
Profit attributable to non-controlling interests	2,520	1,638
Profit attributable to owners of parent	12,679	11,384

Consolidated Statements of Comprehensive Income

(Unit: Million yen)

	FY2022	FY2023
Profit	15,199	13,023
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,156)	(1,218)
Foreign currency translation adjustment	1,494	1,287
Remeasurements of defined benefit plans, net of tax	(70)	12
Share of other comprehensive income of entities accounted for using equity method	(25)	18
Total other comprehensive income	241	98
Comprehensive income	15,441	13,121
Comprehensive income attributable to owners of parent	12,580	11,248
Comprehensive income attributable to non-controlling interests	2,860	1,873

Consolidated Financial Statements

Consolidated Statements of Cash Flows

	(Unit: Million yen)	
	FY2022	FY2023
Cash flows from operating activities		
Profit before income taxes	21,352	19,694
Depreciation	5,970	6,735
Impairment losses	3,183	2,507
Amortization of goodwill	158	184
Loss (gain) on sales of investment securities	(16)	(2,359)
Loss (gain) on valuation of investment securities	109	498
Loss on retirement of non-current assets	552	55
Increase (decrease) in retirement benefit liability	(385)	(410)
Increase (decrease) in refund liabilities	20	571
Increase (decrease) in provision for bonuses	115	686
Interest and dividend income	(1,258)	(2,160)
Foreign exchange losses (gains)	(85)	(1,242)
Share of loss (profit) of entities accounted for using equity method	(629)	(554)
Decrease (increase) in trade receivables and contract assets	(9,104)	(11,327)
Decrease (increase) in inventories	(1,337)	(4,712)
Increase (decrease) in trade payables	2,248	4,604
Increase (decrease) in contract liabilities	889	1,186
Other, net	2,364	(881)
Subtotal	24,146	13,076
Interest and dividends received	1,527	2,448
Interest paid	(125)	(70)
Income taxes paid	(8,032)	(7,156)
Net cash provided by (used in) operating activities	17,516	8,298
Cash flows from investing activities		
Net decrease (increase) in time deposits	(10,201)	10,042
Purchase of property, plant and equipment	(2,807)	(3,128)
Purchase of intangible assets	(4,261)	(5,824)
Purchase of investment securities	(357)	(99)
Proceeds from sales of investment securities	50	3,707
Proceeds from cancellation of insurance funds	1,252	141
Purchase of shares of subsidiaries resulting in a change in scope of consolidation	(5)	(1,020)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	46	6
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	—	23
Other, net	24	(354)
Net cash provided by (used in) investing activities	(16,259)	3,494

	(Unit: Million yen)	
	FY2022	FY2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(309)	(1)
Repayments of long-term borrowings	(23)	(40,478)
Proceeds from share issuance to non-controlling shareholders	36,272	—
Purchase of treasury shares	(1,303)	(20,001)
Proceeds from sale of treasury shares	1,299	—
Dividends paid	(4,239)	(4,253)
Other, net	(967)	(1,066)
Net cash provided by (used in) financing activities	30,728	(65,800)
Effect of exchange rate change on cash and cash equivalents	1,824	2,459
Net increase (decrease) in cash and cash equivalents	33,809	(51,547)
Cash and cash equivalents at the beginning of period	97,579	131,389
Cash and cash equivalents at the end of period	131,389	79,841

Key Performance Indicators, etc. (Consolidated)

Fiscal Year	1st Fiscal Year	2nd Fiscal Year	3rd Fiscal Year	4th Fiscal Year	5th Fiscal Year	6th Fiscal Year	7th Fiscal Year	8th Fiscal Year	9th Fiscal Year	10th Fiscal Year
Closing date	March 2015	March 2016	March 2017	March 2018	March 2019	March 2020	March 2021	March 2022	March 2023	March 2024
Net sales (Million Yen)	100,566	200,945	205,717	206,785	208,605	204,653	209,947	221,208	255,429	258,109
Operating profit (Million Yen)	1,391	9,124	8,419	3,144	2,707	8,087	13,625	18,519	25,931	18,454
Ordinary profit (Million Yen)	2,472	10,189	7,407	3,716	4,205	8,787	14,369	20,213	26,669	20,236
Profit (loss) attributable to owners of parent (Million Yen)	14,055	6,845	5,767	1,038	(4,085)	8,098	9,584	14,078	12,679	11,384
Comprehensive income (Million Yen)	15,205	6,704	7,560	1,316	(1,604)	7,878	13,702	18,497	15,441	13,121
Net assets (Million Yen)	104,248	104,526	111,724	109,128	103,411	107,375	129,524	175,740	223,171	212,566
Total assets (Million Yen)	205,673	201,609	246,949	239,881	240,072	242,995	269,648	325,319	382,898	340,310
Net assets per share (Yen)	728.91	764.72	810.05	814.69	801.04	855.77	987.83	1,234.46	1,450.27	1,417.63
Net income (loss) per share (Yen)	100.01	49.56	42.52	7.76	(31.97)	65.06	77.42	105.96	90.91	83.42
Diluted earnings per share (Yen)	99.60	—	—	—	—	—	—	105.96	90.89	83.40
Equity ratio (%)	50.2	51.4	44.5	44.7	42.2	43.3	47.2	52.8	52.9	56.0
Return on equity (ROE) (%)	22.5	6.6	5.4	1.0	—	7.8	8.2	9.4	6.8	5.8
Price earnings ratio	9.42	17.50	18.77	71.43	—	10.47	27.74	30.39	31.00	31.79
Cash flows from operating activities (Million Yen)	7,765	6,733	11,968	1,608	5,864	16,516	15,586	21,708	17,516	8,298
Cash flows from investing activities (Million Yen)	(9,049)	(4,673)	(10,394)	(18,765)	(13,058)	(29,908)	(5,931)	(7,940)	(16,259)	3,494
Cash flows from financing activities (Million Yen)	24,385	(8,775)	37,200	(6,421)	(4,236)	(4,359)	7,933	26,690	30,728	(65,800)
Cash and cash equivalents at the end of period (Million Yen)	59,201	52,175	91,140	67,407	56,123	38,151	55,887	97,579	131,389	79,841
Number of employees [Number of temporary employees on average (Not included above)]	3,857 [1,834]	3,984 [1,915]	4,179 [2,012]	4,330 [2,046]	4,546 [2,141]	4,492 [2,097]	4,910 [2,162]	5,349 [2,229]	5,856 [2,632]	6,269 [2,798]

(Notes)

- The first fiscal year is six months from October 1, 2014 to March 31, 2015.
- In the calculation of net assets from the 2nd year onward, the shares in the Company held by the stock acquisition, management and delivery trust are included in the treasury stock. The said shares are included in the treasury stock that is deducted in the calculation of the average number of shares during the fiscal year to calculate earnings (loss) per share and diluted earnings per share. In addition, the said shares are included in treasury stock that is deducted in the calculation of the number of shares at the end of the fiscal year to calculate net assets per share.
- On January 1, 2022, the Company split its common stock 2 for 1. Net assets per share, basic earnings (loss) per share, and diluted earnings per share are calculated on the assumption that the stock split was conducted at the beginning of the 1st fiscal year.
- Diluted earnings per share from the 2nd fiscal year to the 7th fiscal year are not stated because there was no potential dilution.

- Return on equity and price-earnings ratio for the 5th fiscal year are not stated since there is recorded loss attributable to owners of parent.
- Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28, February 16, 2018) have been applied from the beginning of the 5th fiscal year, and main consolidated financial indicators, etc. for the 4th fiscal year are indicators, etc. after the said accounting standard is retroactively applied.
- Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc. has been applied since the beginning of the 8th fiscal year.
- The number of employees is the number of full-time employees excluding employees loaned outside of the Group (including employees concurrently loaned outside of the Group) and including loaned employees to the Company and Corporate Officers. The number of employees in the brackets [] is the average number of temporary employees per year (limited-term employees and temporary staff members from staffing agencies).

Stock Information

Status of Shares (as of March 31, 2024)

Basic information

Securities code	9468
Issue	KADOKAWA CORPORATION
Share trading unit	100
Listed stock exchange	Tokyo Stock Exchange Prime Market

Overview of shareholding matters

Closing date	March 31 of each year
General Meeting of Shareholders	June of each year
Record date of year-end dividends	March 31 of each year
Shareholder registry administrator	Mitsubishi UFJ Trust and Banking Corporation 1-4-5 Marunouchi, Chiyoda-ku, Tokyo
Office for handling business	Corporate Agency Division, Mitsubishi UFJ Trust and Banking Corporation 1-4-5 Marunouchi, Chiyoda-ku, Tokyo
Mailing address	Post Office Box 29, Shin-Tokyo Post Office, 137-8081 Japan Corporate Agency Division, Mitsubishi UFJ Trust and Banking Corporation
Inquiries	Corporate Agency Division, Mitsubishi UFJ Trust and Banking Corporation Tel. 0120-232-711 (toll-free)

(Notes)

- Any procedures such as changing a shareholder's address or making a purchase request should be, in principle, carried out with the account management institution (securities company, etc.) where the shareholder has an account. Shareholders are asked to contact the securities company, etc., where they have an account. Please be aware that the shareholder registry administrator (Mitsubishi UFJ Trust and Banking Corporation) will not be able to handle these procedures.
- For the various procedures related to shares recorded in a special account, as Mitsubishi UFJ Trust and Banking Corporation is the account management institution, please use its contact information. Guidance is also provided on the following website.
<https://www.tr.mufg.jp/daikou/>
Brokerage services are also carried out at all domestic branches of Mitsubishi UFJ Trust and Banking Corporation.
- Unreceived dividends will be paid at the main office and branches of Mitsubishi UFJ Trust and Banking Corporation.
- Due to amendments to the Companies Act, the electronic provisioning system has been implemented during the General Meeting of Shareholders which was held in June 2023. When the electronic provision system is implemented, information on the exercise of voting rights during the General Meeting of Shareholders will be available on our website. If you wish to receive the convocation notice in writing as in the past, please contact the shareholder registry administrator (Mitsubishi UFJ Trust and Banking Corporation) or the account management institution (securities company, etc.) where you have opened an account (the procedure must be completed by the end of March, the record date for the General Meeting of Shareholders).

Details of Shares and Major Shareholders (as of March 31, 2024)

Number of shares authorized to be issued by the Company**520,000,000 shares**

Number of outstanding shares**141,784,120 shares**

(including 6,255,797 treasury shares)

Number of shareholders:**36,869**

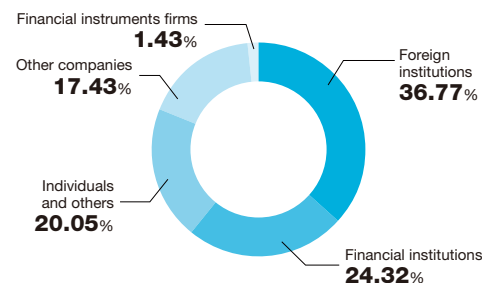
Major shareholders (top ten)

Name	Number of shares held (thousand shares)	Ratio of equity participation (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	15,458	11.41
KOREA SECURITIES DEPOSITORY-SAMSUNG (Permanent Agent: Citibank, N.A., Tokyo Branch)	15,407	11.37
GOLDMAN SACHS INTERNATIONAL(Permanent Agent: Goldman Sachs Japan Co., Ltd.)	11,368	8.39
Custody Bank of Japan, Ltd. (Trust Account)	8,896	6.56
Nobuo Kawakami	6,781	5.00
NIPPON TELEGRAPH AND TELEPHONE CORPORATION	4,080	3.01
Nippon Life Insurance Co. (Permanent Agent: The Master Trust Bank of Japan, Ltd.)	3,428	2.53
Bandai Namco Holdings Inc.	3,060	2.26
CyberAgent, Inc.	2,844	2.10
Sony Group Corporation	2,844	2.10

(Notes)

- The Company holds 6,255,000 treasury shares. These 6,255,000 treasury shares do not include the 1,083,000 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.
- The treasury shares are excluded in the calculation of the ratio of equity participation shown above.

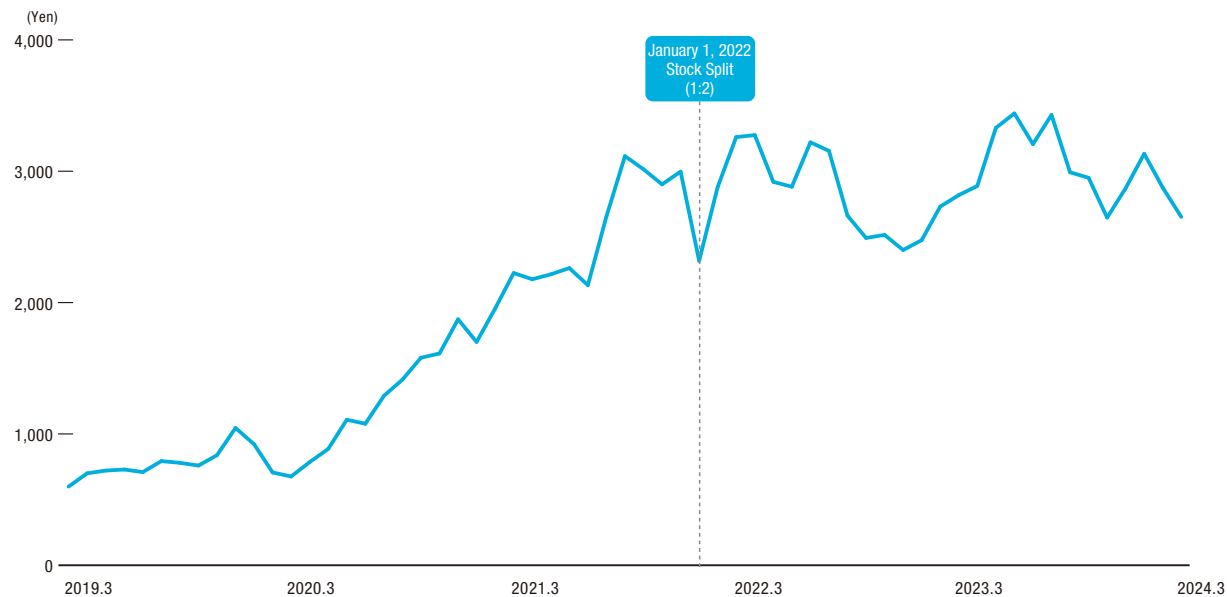
Breakdown by type of shareholder



Type	Number of shares held	Ratio (%)
Foreign institutions	520,260	36.77
Financial institutions	344,111	24.32
Individuals and others	283,719	20.05
Other companies	246,583	17.43
Financial instruments firms	20,303	1.43
Government and local public organization	—	—

Note: The treasury stock is included in "Individuals and others."

Stock Price Chart



(Note)

On January 1, 2022, the Company split its common stock 2 for 1. The graph shows the figures after taking this stock split into consideration.

Shareholder Benefit Program

For details of our shareholder benefit program, please refer to the following website (in Japanese only).

<https://group.kadokawa.co.jp/ir/stock/>



Total Shareholder Return (TSR)

Closing date	March 2020	March 2021	March 2022	March 2023	March 2024
Total Shareholder Return (%)	119.4	374.9	563.8	500.1	476.8
Index: TOPIX (Dividend included) (%)	90.5	128.6	131.2	138.8	196.2

Note: Company values and TOPIX values are based on closing price of March 31, 2019 set at 100.

Company Profile and List of Group Companies (as of June 30, 2024)

COMPANY PROFILE

Corporate Name	KADOKAWA CORPORATION
Head Office	2-13-3 Fujimi, Chiyoda-ku, Tokyo 102-8177 JAPAN
Website	https://group.kadokawa.co.jp/global/
Date of Establishment	October 1, 2014
Common Stock	¥40.6 Billion

CONSOLIDATED SUBSIDIARIES

ARCLIGHT, Inc.	Glovision Inc.	GUANGZHOU TIANWEN KADOKAWA ANIMATION & COMICS CO., LTD.
ACQUIRE Corp.	Gotcha Gotcha Games Inc.	KADOKAWA HONGKONG LTD.
Yellow Jam Inc.	SHINKIGENSHA Co Ltd	KADOKAWA QINGYU (Shanghai) Culture & Creation Co., Ltd.
ENGI Co.Ltd.	Studio KADAN Co.Ltd.	KADOKAWA TAIWAN CORPORATION
Custom Cast, Inc.	Spike Chunsoft Co., Ltd.	ANIME NEWS NETWORK LLC
KADOKAWA Architecture Co., Ltd.	CHOUBUNSHA PUBLISHING CO., LTD.	BOOKWALKER TAIWAN Co., Ltd.
KADOKAWA ASCII Research Laboratories, Inc.	DWANGO Co., Ltd.	First Page Pro Company Limited
KADOKAWA UPLINK INC.	Japan Film Fund Co., Ltd.	JNC Nina GmbH
KADOKAWA KEY-PROCESS Co., Ltd.	Virtual Cast, Inc.	J-Novel Club LLC
KADOKAWA CRAFT INC.	PUBLUS Corporation	KADOKAWA AMARIN COMPANY LIMITED
KADOKAWA Global Marketing Co., Ltd.	Vantan Inc.	KADOKAWA GEMPAK STARZ SDN. BHD.
KADOKAWA KPLUS Co., Ltd.	Building Book Center Co., Ltd.	KADOKAWA GEMPAK STARZ(S) PTE. LTD.
KADOKAWA Game Linkage Inc.	BOOK WALKER Co., Ltd.	KADOKAWA HOLDINGS ASIA LTD.
KADOKAWA Connected Inc.	FromSoftware, Inc.	KADOKAWA HOLDINGS U.S. IN HONG KONG LTD.
KADOKAWA DAIEI STUDIO CO., LTD.	BELLNOX FILMS Co. Ltd.	KADOKAWA WORLD ENTERTAINMENT, INC.
Kadokawa Book Navi Co.	Mainichi ga Hakken Inc.	O'FAN HOUSE Co., Ltd.
Kadokawa Media House Inc.	MOVIE WALKER Co., Ltd.	PT PHOENIX GRAMEDIA INDONESIA
GeeXPlus, Inc.	RagingBull Inc.	SPIKE CHUNSOFT, INC.
Cool Japan Travel, Inc.		YEN PRESS, LLC

EQUITY-METHOD AFFILIATED COMPANIES

Karaksa Media Partner Corporation
KIDS NET CO., LTD.
KINEMA CITRUS Co.,Ltd.
CPS Co., Ltd.
STUDIO CHIZU LLP

STUDIO WHITE LLP
DOCOMO ANIME STORE, INC.
Japan Digital Library Service Co.,Ltd.
PERSOL MEDIA SWITCH CO., LTD.
PRODUCTION ACE CO., LTD.

ANIMATE OVERSEA CO., LTD.
IZE PRESS, LLC

Win Graffiti Inc.
HACONIWA FARM INC.

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