

[Translation for reference only]

ENGLISH TRANSLATION OF JAPANESE-LANGUAGE DOCUMENT

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Securities Code: 9468

May 29, 2020

To Our Shareholders

Masaki Matsubara
Representative Director and President
KADOKAWA CORPORATION
13-3, 2-chome, Fujimi, Chiyoda-ku, Tokyo

NOTICE OF THE 6TH GENERAL MEETING OF SHAREHOLDERS

To the Shareholders of KADOKAWA CORPORATION (the "Company")

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

We hereby announce our 6th General Meeting of Shareholders.

In order to prevent the spread of the novel coronavirus disease (COVID-19), we strongly request all shareholders to refrain from attending this year's meeting in person regardless of their health condition, and to exercise their voting rights in advance in writing or via the internet, etc. If you exercise your voting rights in writing or via the Internet, etc. instead of attending the meeting in person, please review the "Reference Materials on the General Meeting of Shareholders" hereinafter described, indicate your approval or disapproval for the proposal on the enclosed voting rights exercise form, paste the enclosed protective seal on the voting rights exercise form and mail it back to us by 6:30 p.m., Thursday, June 18, 2020 (JST) or access the website for the exercise of voting rights (<https://www.web54.net>) from a personal computer, mobile phone or smartphone and enter your approval or disapproval for the proposal by 6:30 p.m., Thursday, June 18, 2020 (JST).

Very truly yours,

Details

- 1. Date:** 10:00 a.m. on Friday, June 19, 2020
(The reception of participants in the meeting will begin at 9:00 a.m.)
- 2. Place:** "Grand Hall TSUBAKI," 5th floor of Banquet building, Hotel Chinzanso Tokyo
10-8, Sekiguchi 2-chome, Bunkyo-ku, Tokyo
- 3. Objectives**
Matters to be reported:
 1. Presentation of the Business Report, Consolidated Financial Statements, and Audit Report on the Consolidated Financial Statements by the Independent Auditor and the Audit and Supervisory Board for the 6th fiscal year (from April 1, 2019 to March 31, 2020)
 2. Presentation of the Non-consolidated Financial Statements for the 6th fiscal year (from April 1, 2019 to March 31, 2020)

Proposals to be acted upon:

Proposal 1: To Elect Twelve (12) Directors

Proposal 2: To Elect One (1) Audit and Supervisory Board Member

Proposal 3: To Elect the Independent Auditor

No offering of souvenirs

Due to various circumstances, starting from this General Meeting of Shareholders, we will not offer souvenirs that were provided to the shareholders attending the previous General Meetings of Shareholders. We would appreciate your understanding.

4. Points to Note about the Convocation of the Meeting

- (1) If you neglect to indicate your approval or disapproval for any proposal on the enclosed voting rights exercise form, you will be assumed to have approved the proposal and your vote will be counted accordingly.
- (2) If you exercise your voting rights more than once:
 - 1) If you exercise your voting rights both in writing and on the Internet, etc., only the voting rights you exercise on the Internet, etc. will be counted.
 - 2) If you exercise your voting rights more than once on the Internet, etc., only the voting rights you exercise last will be counted. The same will apply if you exercise your voting rights more than once by a personal computer and/or a smartphone: only the last vote will be counted.

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- ◎ If you attend the meeting in person, please present the enclosed voting rights exercise form at the reception desk upon your arrival. For the purpose of saving resources, please be sure to bring this notice with you.
 - ◎ Any changes in the Reference Materials on the General Meeting of Shareholders, Business Report, or consolidated or non-consolidated financial statements will be reported on the Company's website (<https://ir.kadokawa.co.jp/ir/stock.php>).
 - ◎ The shareholders in the name of management trust banks, etc., (including standing proxies) who have applied in advance for the use of the platform for electronic exercise of voting rights, which is managed by ICJ Inc., a joint venture organized by Tokyo Stock Exchange, Inc. and others, may exercise their voting rights on the platform as a method for exercising voting rights by an electronic or magnetic means at the Company's General Meeting of Shareholders, in addition to the exercise of voting rights on the Internet.

[During the General Meeting of Shareholders, we will adopt the "Cool Biz" style, i.e., light clothes rather than formal ones. With respect to countermeasures against coronavirus disease (COVID-19), please refer to the enclosed leaflet for more information.]

(Attached Documents)

Business Report

[From April 1, 2019 to March 31, 2020]

1. Overview of Business

(1) Progress and Results of Business

The basic strategy of the Group (the Company and its subsidiaries and associates) is to promote the "global media mix," which is centered on stable creation and worldwide distribution of intellectual property (IP) with a diverse portfolio consisting of books, movies, anime works, games, and user generated content (UGC) platforms, in order to accomplish sustained growth and improve corporate value over the medium to long term.

The Group's consolidated performance in the current fiscal year consisted of net sales of 204,653 million yen, down 1.9% year on year, operating profit of 8,087 million yen, up 198.7% year on year, ordinary profit of 8,787 million yen, up 108.9% year on year, and profit attributable to owners of parent of 8,098 million yen (4,085 million yen loss attributable to owners of parent in the previous fiscal year). Despite some declines in sales and profits due to the spread of COVID-19 experienced by every segment, the implementation of structural reforms in the Web Service Business has helped the Company to achieve significant improvement in profitability for the Group overall.

The following are an operating summary and the results by business segment for the current fiscal year.

[Publication Business]

In the Publication Business segment, we conduct sales of books, magazines, e-books, and e-magazines, sales of magazine and web advertisements, and licensing. In this business, we have been continually publishing as many as 5,000 new titles annually, which are the important resources for cross-media development. Our archive of works amounting to 110,000 paper book titles and 60,000 e-book titles to date is the driving force behind the Group's growth.

In the current fiscal year, book sales were strong for major newly published titles such as "Five Star Stories 15," "Delicious in Dungeon, Vol. 8" (comics), "Sword Art Online, Vol. 22 Kiss and Fly," "The Irregular at Magic High School, Vol. 28, Pursuit Chapter, part 1" (graphic novels), "Novel Weathering With You," "AX" (general paperback), "Hajimeteno Yase Kintore," "Sekaiichi Oishii Tenuki Gohan Saisoku! Yarukino Iranai 100 Reshipi" (general book).

In the E-book and E-magazine Business, sales continued to be strong thanks to the success of our flexible marketing measures that responded quickly to market trends, resulting in record sales for the current fiscal year.

Due to an increase in distribution costs caused by changes in the industry structure, and due to the effect of the group reorganization due to the company split carried out on July 1, 2019, the Company recorded expenses of approximately 600 million yen in the Publication Business, which was previously included in overall company expenses.

As a result, in this business, net sales were 117,303 million yen, up 1.2% year on year, and segment profit (operating profit) was 6,248 million yen, down 13.9% year on year.

The Company is currently preparing to start operations of the book production and distribution factory in Tokorozawa City, Saitama Prefecture. Prior to that, we have already begun to produce digital printing products such as paperbacks, graphic novels, pocket books, and comics commercially for certain titles. For example, copies of a book entitled "The Chemical History of a Candle," which Mr. Akira Yoshino, who was awarded the Nobel Prize in Chemistry, cited as the "starting point of his interest in chemistry," were shipped to bookstores two business days after the award-winning interview, thanks to the significant decrease in production lead time, enabling us to respond to market needs more quickly than before. We will work to reduce the number of returned products, reduce production costs, and increase the margins through further enhancement and strengthening of small-lot, timely production and timely delivery systems as demonstrated by this example.

[Video and Game Business]

In the Video and Game Business segment, we conduct the planning, production and distribution of movies, granting of video streaming rights, etc., sales of software packages, planning, development and sales of game software and on-line games, and licensing.

In the Video Business, revenue was solid from the overseas licensing of "Overlord, Vol. 3," "BOFURI: I Don't Want to Get Hurt, so I'll Max Out My Defense," "Cautious Hero: The Hero Is Overpowered but Overly Cautious," and other anime works for North America and China markets. In addition, utilizing our IP contributed to revenue, such as licensing of rights through collaborations with other companies for their distribution of on-line games. On the other hand, the revenue from the movie "Fukushima 50" released in March 2020 was lower than expected due to the closure of movie theaters in some areas in response to the spread of COVID-19.

In the Game Business, "SEKIRO: SHADOWS DIE TWICE" has been performing well both in Japan and overseas, and contributed significantly to revenue. The game won the "Game of The Year award," which is given to the best game of the year, at "The Game Awards 2019" held on December 12, 2019. The Game Awards is held every year in the U.S. and known as the game industry's Academy Awards. On the other hand, there was a temporary increase in expenses.

As a result, in this business, net sales were 48,314 million yen, up 0.04% year on year, and segment profit (operating profit) was 3,401 million yen, down 13.2% year on year.

[Web Service Business]

In the Web Service Business segment, we conduct the operation of video community services, planning and operation of various events, and distribution of mobile contents.

The number of monthly dues-paying members (premium members) of the video distribution service "Niconico Video" reached 1.63 million at the end of the current fiscal year (1.80 million at the end of the previous fiscal year). On the other hand, the number of dues-paying members of "Niconico Channel," a platform that enables the distribution of videos, live broadcasts, and blogs, increased to 1.17 million at the end of the current fiscal year (0.95 million at the end of the previous fiscal year) and is growing steadily. The number of visitors to the Group's largest event, "Niconico Cho Kaigi (town event) 2019" held in April 2019 set a new record of 168,248. "Animelo Summer Live 2019 - STORY-," one of the world's largest anime song live concerts, held in August and September, attracted 84,000 visitors for three days, which was more than that in the previous year.

On November 1, we opened a satellite studio called "Haresuta" in Ikebukuro. In order to realize the integration of the Internet and the real world, that we have been committed to, and virtual reality, we

will put together our production know-how that have been accumulated in terms of studio technology and direction, and distribute a wide range of content such as live performances by virtual characters using state-of-the-art technology and the Internet and on-stage events related to animation and games.

Since the previous fiscal year, DWANGO Co., Ltd. has been promoting business structural reforms, which resulted in a decrease in expenses, mainly in outsourcing and communication expenses.

As a result, in this business, net sales were 24,739 million yen, down 4.3% year on year, and segment profit (operating profit) was 2,788 million yen (2,576 million yen operating loss in the previous fiscal year).

[Others]

In the Others business, we conduct the education business, inbound-related businesses, and the merchandising business (MD) including planning and sales of character goods and idol CDs.

The education business continued to perform well, owing to the contribution to revenue made by DWANGO Co., Ltd. and Vantan Inc. that operates schools. In the inbound-related business, we made upfront investments for new businesses at Tokorozawa Sakura Town. In the MD business, revenues declined mainly due to the sluggish sales in this fiscal year of idol CDs, which was a backlash from brisk sales in the previous fiscal year.

As a result, in this business, net sales were 19,497 million yen, down 12.0% year on year, and segment loss (operating loss) was 2,583 million yen (2,613 million yen operating loss in the previous fiscal year).

In accordance with the resolution of the Board of Directors' meeting held on August 29, 2019 regarding the purchase of treasury shares, the Company purchased 1,892,700 shares (2,999,929,500 yen) of treasury shares on August 30, 2019 through the Tokyo Stock Exchange Trading Network Off-Auction Own Share Repurchase Trading System (ToSTNeT-3).

(2) Status of the Group's Capital Investment

1) Overview of the Group's capital investment

In the current fiscal year, the Group's total amount of capital investment was 15,771 million yen. The main capital investments by business segment are listed below.

Business segment	Amount	Description
Publication Business	8,678 million yen	Construction of a book production and distribution base and extension of functionality for own e-book site, etc.
Video and Game Business	648	Purchase of facilities and equipment for development, system development for extension of functionality of "MUBICHIKE," etc.
Web Service Business	18	System development, etc.
Others	4,807	Construction of new business facilities at Tokorozawa Sakura Town and school operational equipment for the education business, etc.
Group Overall (in common)	1,618	Construction of the Tokorozawa Campus, etc.
Total	15,771	

Notes: 1. Capital investment includes value of software and software in progress among intangible assets as well as property, plant and equipment.

2. Capital investment in Tokorozawa Sakura Town, which is scheduled to open in the fiscal year ending March 31, 2021, has been allocated to each Business segment (segment) from the current fiscal year.

2) Ongoing construction of new major facilities in the current fiscal year (as of March 31, 2020)

The Company plans to construct a book production and distribution base (budgeted investment of 24,600 million yen), Tokorozawa Campus (budgeted investment of 6,400 million yen), and a new business facility (budgeted investment of 8,900 million yen). The construction started in February 2018.

Out of a budgeted investment of 39,900 million yen, payment of 26,956 million yen including the deposit for purchase of the book production equipment and building, etc. was made.

(3) Status of the Group's Financing

Not applicable.

(4) Issues to Be Addressed by the Group

Looking at the market conditions that affect the Group's operations, while the paper publishing market is shrinking continually, the e-book market is growing. Due to the rapid penetration of various devices including smartphones thanks to the development of high-speed networks and due to people refraining from going outside as a measure to slow down the spread of the COVID-19, while venues such as cinemas and event spaces are closed, the network entertainment market is expanding amid a significant worldwide transformation of conditions in the media sector. In such an environment, the Group seeks to foster the sustained development of content-generation capabilities to support high-

value IP creation. In parallel, the Group is targeting the development of varied media for the distribution of these IPs to a broad customer base so as to develop businesses across multiple media sectors with the aim of maximizing profits.

In order to promote the DX Strategy, as well as to carry out digital business development that is capable of flexibly responding to the global market changes, on April 1, the Company separated the Group's DX Strategy from the Digital Business, integrating the former into the Corporate Planning Headquarters, and combining the latter with the Group's major digital subsidiaries to newly form the Digital Business Headquarters. In addition, a new Internal Control and Audit Group has been set up, in order to speed up management while establishing a robust governance system.

The status and challenges by business segment are as follows.

[Publication Business]

The Group will continue to work on robust IP creation, while strengthening cross-media strategies and further improving the merchandise return rate. To develop new IP, in addition to works by veteran authors and popular writers, the Group will strive to discover original works posted on internet sites and enhance the development of new authors through the sites including the "KAKUYOMU," submission site for novels, which is seeing rapid increases in both submissions and page views.

As well as restructuring the editing structure around a small-team approach, the Group is moving forward with the digitalization of editing tasks, and will strive to work on initiatives for flexible product development that responds quickly to the changes we detect in the market.

With regard to improving the merchandise return rate, a state-of-the-art digital facility, in which manufacturing is integrated with logistics, will begin operations gradually in fiscal 2020. This will help develop an optimal manufacturing process and logistics system that controls incoming book orders, quick manufacturing, and shipment in a consistent way. A digital printing machine was introduced ahead of the digital facility's construction, and it now produces commercial products in some genres. By realizing small-lot, timely production and timely delivery through full operation of the facility, the Group seeks to reduce direct costs such as costs of printing and materials, improve the merchandise return rate, and ultimately increase the margins, while coping with the logistics issues facing our industry. At the same time, the Group will work with overseas locations and their subcontractors to promote simultaneously publishing digital and paper-based books in multiple languages, as well as concurrent marketing of cross-media products across the globe.

In the E-book Business, the Group will work on sales expansion by proactively taking measures such as increasing the number of e-book titles and working on strategies for unique value-added services. It will also enhance distribution to overseas markets, utilize promotions that make use of streaming video, such as YouTube, and roll out an e-book subscription service to maintain the high rate of profit growth for "BOOK☆WALKER."

In the Magazine Business, the Group works to change its business models to incorporate online media and continues to promote further structural reforms through the consolidation into the Digital Business Headquarters, including diversification of income streams.

[Video and Game Business]

In the Video Business, the Group will turn the extensive group IP created by publishing and games into visual products, create IP based on video works, engage in the production and distribution of

live-action movies and animated cartoons, and work on initiatives to strengthen sales of rights in overseas markets. The Group will also take an active approach to video distribution, which is a market that is expected to see growth going forward, through joint productions with overseas distribution operators. In addition, the Group will propose planning, production and distribution for new ways to enjoy video, with a focus on addressing changes in user viewing habits after the coronavirus disaster has passed.

In the Game Business, with a primary focus on planning, development and sales of original packaged game software, the Group will optimize its management resources and execute its business strategy flexibly to enhance competitiveness and brand power, seeking to adapt to the market environment which includes characteristics such as diversification of platforms including home consoles, handheld game consoles, and smartphones, high functionality, and diversified user needs.

[Web Service Business]

The Group will provide unique and attractive service content in the Web Service Business by employing innovative ideas and a high level of network technical capabilities.

In the Portal Business, the Group will seek to improve its revenue structure by accelerating Selection and Concentration in "Niconico" and increase the number of dues-paying members by expanding the content of "Niconico Channel."

In the Live Business, although the April 2020 "Niconico Cho Kaigi," which is one of the largest user-driven Internet events in Japan, was changed to an online-only event due to the impact of the novel coronavirus, the total number of website visitors came to more than twice that of the previous year, at over 16.38 million people. The situation regarding the holding of real-world events is still unclear, but we will generate proposals on how new events should be held and enjoyed.

In the Mobile Business, the Group will go ahead with the launch of new service content and differentiate its services with a lineup of popular music programs centered on Chaku-Uta® and Chaku-Uta Full®, and content on the "Niconico" site, and take initiatives to continue to create profit by controlling costs and maintaining a high profitability ratio.

[Others]

In the Others business, in January 2020 we opened the "EJ ANiME STORE," a site for sales of merchandise bound for overseas. The Group is selling of hard-to-obtain overseas premium products such as "SEKIRO: SHADOWS DIE TWICE" and "Re: Zero Kara Hajimeru Isekai Seikatsu (Re: Life in a Different World from Zero)" in 79 different countries and regions, including the United States, France, the United Kingdom, Brazil, Taiwan, Hong Kong, and South Africa. Going forward we will also expand sales of Japanese-related products, including those not derived from our own IP.

The Group is continuing its efforts to establish the groundwork for an inbound-related business focused on the opening of the Tokorozawa Sakura Town in FY2020, and aims to further expand the education business which is demonstrating its presence as a one of strong revenue growth businesses. Education is changing drastically for various reasons including the declining birthrate, the spread of the Internet, and changes in society brought about by the coronavirus disaster. The Group will work to enhance the content of interactive education programs where online meets the real world and expand the scale of business which operates schools that develop human resources in the creative field in order to provide a variety of education that fits the times.

(5) Status of Assets and Profit and Loss

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

Division	3rd fiscal year (ended in March 2017)	4th fiscal year (ended in March 2018)	5th fiscal year (ended in March 2019)	6th fiscal year (current fiscal year) (ended in March 2020)
Net sales (million yen)	205,717	206,785	208,605	204,653
Ordinary profit (million yen)	7,407	3,716	4,205	8,787
Profit (loss) attributable to owners of parent (million yen)	5,767	1,038	(4,085)	8,098
Basic earnings (loss) per share (yen)	85.03	15.53	(63.94)	130.12
Total assets (million yen)	246,949	239,881	240,072	242,995
Net assets (million yen)	111,724	109,128	103,411	107,375
Net assets per share (yen)	1,620.10	1,629.37	1,602.08	1,711.55

Note: "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) was adopted from the beginning of the 5th fiscal year and the said accounting standards are applied retroactively to calculate the amount of total assets for the 4th fiscal year.

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

Division	3rd fiscal year (ended in March 2017)	4th fiscal year (ended in March 2018)	5th fiscal year (ended in March 2019)	6th fiscal year (current fiscal year) (ended in March 2020)
Operating revenue / Net sales (million yen)	8,815	6,855	5,738	84,049
Ordinary profit (loss) (million yen)	(335)	1,635	1,591	(249)
Profit (loss) (million yen)	(312)	1,643	(17,681)	23,828
Basic earnings (loss) per share (yen)	(4.61)	24.38	(273.96)	382.86
Total assets (million yen)	110,564	107,674	89,788	210,479
Net assets (million yen)	81,678	80,336	57,532	79,275
Net assets per share (yen)	1,203.98	1,208.83	909.52	1,288.52

Notes: 1. In the 4th fiscal year, as of July 3, 2017, certain business operations of the Company were taken over by the consolidated subsidiary Gzbrain Inc. (present KADOKAWA GAME LINKAGE INC.) which was newly established through a company split, and it transitioned from an operating holding company structure to a pure holding company structure.

2. In comparison with the figures of the 5th fiscal year, the Company's assets along with its profit and loss in the 6th fiscal year varied substantially. This is a result of the Company having taken over all the businesses of the consolidated subsidiary KADOKAWA CORPORATION (present KADOKAWA FUTURE PUBLISHING)

(excluding, however, businesses related to the holding of shares of Building Book Center Co., Ltd. and KADOKAWA KEY-PROCESS Co., Ltd.) through the absorption-type company split on July 1, 2019, and its transition to an operating holding company structure from a pure holding company structure.

(6) Status of Important Subsidiaries

Company name	Capital stock (million yen)	Company's ratio of voting rights (%)	Principal business
DWANGO Co., Ltd.	100	100.0	Web Service Business, etc.
BOOK WALKER Co., Ltd.	100	100.0	Publication Business
Building Book Center Co., Ltd.	100	100.0	Publication Business
KADOKAWA ASCII Research Laboratories, Inc.	85	100.0	Publication Business
Kadokawa Media House Inc.	100	100.0	Publication Business
Mainichi ga Hakken Inc.	100	80.0	Publication Business
KADOKAWA DAIEI STUDIO CO., LTD.	100	100.0	Video and Game Business
Glovision Inc.	30	100.0	Video and Game Business
MOVIE WALKER Co., Ltd.	100	87.9	Video and Game Business
FromSoftware, Inc.	268	100.0	Video and Game Business
Kadokawa Games, Ltd.	335	82.6	Video and Game Business
Spike Chunsoft Co., Ltd.	480	100.0	Video and Game Business
Vantan Inc.	90	100.0	Others
KADOKAWA GAME LINKAGE INC.	100	100.0	Publication Business, etc.
Chara-Ani Corporation	465	77.2	Others
KADOKAWA CONNECTED INC.	50	100.0	Others
KADOKAWA HOLDINGS ASIA LTD.	206 (million HK dollars)	100.0	Others
GUANGZHOU TIANWEN KADOKAWA ANIMATION & COMICS CO., LTD.	30 (million RMB)	48.8	Publication Business
KADOKAWA TAIWAN CORPORATION	158 (million NT dollars)	91.4	Publication Business
KADOKAWA PICTURES AMERICA, INC.	35 (million US dollars)	100.0	Video and Game Business
YEN PRESS, LLC	4 (million US dollars)	51.0	Publication Business

Notes: 1. Figures for "Company's ratio of voting rights" include those of indirect ownership.

2. On October 1, 2019, KADOKAWA GAME LINKAGE INC. changed its trade name from Gzbrain Inc.

3. KADOKAWA CONNECTED INC. was established on April 1, 2019 with the objective of transforming and promoting the ICT business of the Group.

4. The Company's ratio of voting rights of GUANGZHOU TIANWEN KADOKAWA ANIMATION & COMICS CO., LTD. is not more than 50/100. However, it is a subsidiary since it is substantially controlled by the Company.

5. KADOKAWA Future Publishing Co., Ltd. was removed from the list of important subsidiaries as a result of the company split of July 1, 2019. It was also excluded from the wholly-owned specific purpose companies.

6. MAGES. Inc. was removed from the list of important subsidiaries because all shares of the firm had been sold on July 12, 2019.

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

- 1) The consolidated subsidiary KADOKAWA CORPORATION (present KADOKAWA FUTURE PUBLISHING) succeeded a part of the subsidiary management business from the Company through an absorption-type company split effective on April 1, 2019, thereby making DWANGO Co., Ltd., Gzbrain Inc. (present KADOKAWA GAME LINKAGE INC.), and Daihyakka NEWS, Inc. wholly owned subsidiaries of KADOKAWA CORPORATION.
- 2) The Company implemented an absorption-type company split under which the Company succeeded all the businesses of the consolidated subsidiary KADOKAWA CORPORATION (present KADOKAWA FUTURE PUBLISHING) on July 1, 2019 (excluding, however, businesses related to the holding of shares of Building Book Center Co., Ltd. and KADOKAWA KEY-PROCESS Co., Ltd.).

(8) Principal Business (as of March 31, 2020)

Business segment	Principal business
Publication Business	Publishing and sales of books, etc.
	Publishing and sales of e-books and e-magazines, etc.
	Publishing of magazines, sales of magazine and web advertisements, etc.
Video and Game Business	Granting of video streaming rights and other rights, sales of video software packages, planning, production and distribution of movies, etc.
	Planning, development and sales of game software and on-line games, etc.
Web Service Business	(Portal) Operation of video community services, etc.
	(Live) Planning and operation of various events, etc.
	(Mobile) Distribution of mobile contents, etc.
Others	Planning and operation of education businesses, planning and sales of character goods, sales of idol CDs, inbound-related businesses, design, building and operation of systems, etc.

(9) Principal Offices and Plants (as of March 31, 2020)

- 1) The Company

Name	Address
Head Office	Chiyoda-ku, Tokyo

Note: Head Office was relocated from Chuo-ku, Tokyo on July 1, 2019.

2) Subsidiaries

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

(10) Status of Employees (as of March 31, 2020)

1) Employees in the Group

Business segment	Number of employees	
Publication Business	1,987	(1,246)
Video and Game Business	877	(294)
Web Service Business	696	(91)
Others	558	(239)
Group Overall (in common)	374	(227)
Total	4,492	(2,097)

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

2) Employees in the Company

Number of employees	Average age	Average length of service
1,585 (859) persons	42.06 years of age	0.74 years

- Notes:
1. During the current fiscal year, the number of employees (excluding temporary employees) of the Company increased by 1,427 persons to a total of 1,585 persons. This was mainly due to employment transfers caused by the fact that, effective July 1, 2019, the Company conducted an absorption-type company split in which it succeeded to all businesses of consolidated subsidiary KADOKAWA CORPORATION (currently KADOKAWA FUTURE PUBLISHING) (excluding, however, businesses related to the holding of shares of Building Book Center Co., Ltd. and KADOKAWA KEY-PROCESS Co., Ltd.).
 2. Employees include full-time and part-time staff, employees seconded to the Company and its group companies and executive officers, and exclude employees seconded to organizations inside and outside the Group (including those who are seconded and perform concurrent services).
 3. The number of temporary employees (fixed-term contracted employees, dispatched employees) is shown in parentheses representing the yearly average number of such employees.
 4. The average length of service is counted from July 1, 2019, when the Company's transition to an operating holding company structure took place by the absorption-type company split described in 1. above.

(11) Status of Principal Lenders (as of March 31, 2020)

Lender	Amount borrowed (million yen)
Mizuho Bank, Ltd.	24,175
Sumitomo Mitsui Banking Corporation	20,142
MUFG Bank, Ltd.	9,000
Resona Bank, Limited	8,000
Saitama Resona Bank, Limited	4,000

(12) Other Significant Information on the Overview of Business

The Company changed its trade name from KADOKAWA DWANGO CORPORATION to KADOKAWA CORPORATION in connection with the company split on July 1, 2019.

2. Status of the Company**(1) Status of Shares (as of March 31, 2020)**

- 1) Number of shares authorized to be issued by the Company: 260,000,000 shares
- 2) Number of outstanding shares: 70,892,060 shares
(including treasury shares 7,932,219 shares)
- 3) Number of shareholders: 37,046 persons
- 4) Major shareholders (top ten)

Name	Number of shares held (thousand shares)	Ratio of equity participation (%)
Nobuo Kawakami	4,504	7.16
The Master Trust Bank of Japan, Ltd. (Trust Account)	4,324	6.87
Japan Trustee Services Bank, Ltd. (Trust Account)	3,531	5.61
NIPPON TELEGRAPH AND TELEPHONE CORPORATION	2,040	3.24
Nippon Life Insurance Co.	1,714	2.72
BANDAI NAMCO Holdings Inc.	1,530	2.43
NTT DOCOMO, INC.	1,204	1.91
GOLDMAN, SACHS & CO. REG (Permanent Agent: Goldman Sachs Japan Co., Ltd.)	1,125	1.79
Japan Trustee Services Bank, Ltd. (Trust Account 5)	1,079	1.71
Tsuguhiko Kadokawa	1,078	1.71

- Notes: 1. The Company holds treasury shares of 7,932 thousand shares, which are excluded from the above list of major shareholders. Treasury shares (7,932 thousand shares) do not include 996 thousand shares held by Sumitomo Mitsui Trust Bank, Limited (Trust Account E) 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. Nor do they include the 438 thousand shares held by Japan Trustee Services Bank, Ltd. (Trust Account).
2. The treasury shares are excluded in the calculation of the ratio of equity participation shown above.

(2) Status of Subscription Rights to Shares, etc. (as of March 31, 2020)

Not applicable.

(3) Status of Company Officers

1) Directors and Audit and Supervisory Board Members (as of March 31, 2020)

Position in the Company	Name	Responsibilities and important concurrent positions in other companies
Chairman of the Board	Tsuguhiko Kadokawa	Executive Chairman Executive President of the Kadokawa Culture Promotion Foundation President of Anime Tourism Association
Representative Director and President	Masaki Matsubara	Chief Executive
Representative Director and Deputy President	Shinichiro Inoue	Deputy Chief Executive
Director	Koichi Sekiya	Senior Managing Executive Officer Head of Product Marketing Headquarters Representative Director and President of KADOKAWA FUTURE PUBLISHING
Director	Toshiyuki Yoshihara	Senior Managing Executive Officer Head of IPEx Business Headquarters
Director	Yoichi Yasumoto	Managing Executive Officer Head of DX Strategy Headquarters
Director	Nobuo Kawakami	Advisor of DWANGO Co., Ltd.
Director	Takeshi Natsuno	Guest Professor, Keio University Graduate School of Media and Governance External Director of SEGA SAMMY HOLDINGS Outside Director of transcoss inc. Outside Director of GREE, Inc. Outside Director of USEN-NEXT HOLDINGS Co., Ltd. Outside Director of Oracle Corporation Japan Representative Director and Chairman of MOVIE WALKER Co., Ltd. Representative Director and President of DWANGO Co., Ltd.
Director	Koji Funatsu	Representative Director, Chairman and CEO of transcoss inc. Outside Director of DeNA Co., Ltd.
Director	Koji Hoshino	Representative Director and Chairman of STUDIO GHIBLI INC.
Director	Tomoyuki Moriizumi	
Director	Takeo Takasu	Outside Director of Bell-Park Co., Ltd. Outside Director of HOYA CORPORATION
Standing Audit and Supervisory Board Member	Yasuaki Takayama	
Standing Audit and Supervisory Board Member	Akira Watanabe	
Audit and Supervisory Board Member	Akira Watanabe	Lawyer of Comm&Path Law Office Director of ASIA PILE HOLDINGS CORPORATION Outside Director, Maeda Road Construction Co., Ltd
Audit and Supervisory Board Member	Masami Nitta	Head of Nitta Certified Public Accountant Office

- Notes: 1. Directors Mr. Koji Funatsu, Mr. Koji Hoshino, Mr. Tomoyuki Moriizumi and Mr. Takeo Takasu are the Outside Directors as provided for in Article 2, item 15 of the Companies Act.
2. Audit and Supervisory Board Members Mr. Akira Watanabe and Mr. Masami Nitta are the Outside Audit and Supervisory Board Members as provided for in Article 2, item 16 of the Companies Act.
3. Audit and Supervisory Board Members Mr. Yasuaki Takayama and Mr. Masami Nitta have a qualification of the certified public accountant, and Audit and Supervisory Board Member Mr. Akira Watanabe has a

qualification of the certified tax accountant, all of whom have a considerable degree of knowledge on financial and accounting matters.

4. At the 5th General Meeting of Shareholders held on June 20, 2019, Messrs. Shinichiro Inoue, Koichi Sekiya, Yoichi Yasumoto, Takeshi Natsuno, Tomoyuki Moriizumi and Takeo Takasu were elected and assumed office as Directors. At the said General Meeting of Shareholders, Mr. Akira Watanabe was elected and assumed office as an Audit and Supervisory Board Member.
5. Director Mr. Shinichiro Inoue was selected and took up the positions of Representative Director and Deputy President of the Company at the Board of Directors meeting held on June 20, 2019.
6. Director Mr. Koji Funatsu took up the position of Outside Director of DeNA Co., Ltd., effective July 22, 2019.
7. Audit and Supervisory Board Member Mr. Akira Watanabe resigned as Outside Director of Maeda Corporation effective June 21, 2019. In addition, he assumed the position of Outside Director at Maeda Road Corporation, effective June 27, 2019.

2) Outline of the agreement for limitation of liability

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

The liability limitation agreement provides that the maximum liability for compensation for damage of all Directors and also all Audit and Supervisory Board Members to the Company under such contract shall be an amount of the minimum amount provided for in the laws and regulations.

3) Compensation, etc., paid to the Directors and Audit and Supervisory Board Members

Division	Number	Amount
Directors (of whom outside directors)	12 (4)	293 million yen (25 million yen)
Audit and Supervisory Board Members (of whom outside audit and supervisory board members)	4 (2)	46 million yen (14 million yen)
Total	16	339 million yen

- Notes: 1. The 1st General Meeting of Shareholders held on June 23, 2015 resolved that the total amount of compensation for the directors should be up to 400 million yen (provided that this amount does not include the employee salary portion) a year. In addition, the said General Meeting of Shareholders resolved that in the share-based compensation plan for directors, excluding outside directors, in which, for every three consecutive fiscal years, the Company shall contribute cash of up to 1,200 million yen (annually equivalent to 400 million yen) to the trust and provide share-based compensation through the trust account. No share-based compensation was paid during the current fiscal year.
2. The 5th General Meeting of Shareholders held on June 20, 2019 resolved that the total amount of compensation for the audit and supervisory board members should be up to 70 million yen a year.
3. As the amount of share-based compensation for the fiscal year ended March 31, 2020 has not been determined at this time, and has therefore not been included in the payment amounts presented above. For accounting purposes, however, provision for stock benefits for directors has been recorded.

4) Matters regarding the outside officers

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

	Important concurrent positions in other companies
Director Koji Funatsu	Representative Director, Chairman and CEO of transcocosmos inc. Outside Director of DeNA Co., Ltd.
Director Koji Hoshino	Representative Director and Chairman of STUDIO GHIBLI Inc.
Director Tomoyuki Moriizumi	—
Director Takeo Takasu	Outside Director of Bell-Park Co., Ltd. Outside Director of HOYA CORPORATION
Audit and Supervisory Board Member Akira Watanabe	Lawyer of Comm&Path Law Office Director of ASIA PILE HOLDINGS CORPORATION Outside Director, Maeda Road Construction Co., Ltd
Audit and Supervisory Board Member Masami Nitta	Head of Nitta Certified Public Accountant Office

- Notes: 1. The Company reported six (6) Directors, Mr. Koji Funatsu, Mr. Koji Hoshino, Mr. Tomoyuki Moriizumi and Mr. Takeo Takasu, and Audit and Supervisory Board Members Mr. Akira Watanabe and Mr. Masami Nitta to Tokyo Stock Exchange Inc. as the independent officers who are unlikely to have any conflict of interests with its general shareholders.
2. There is a business relationship between the Group and transcocosmos inc. that includes the payment of

outsourcing fees, system management fees, and advertising expenses, but the value of these transactions is less than 0.2% of the Company's consolidated net sales, and Director Mr. Koji Funatsu satisfies the criteria set by the Company for independent officers.

3. There is a business relationship between the Group and STUDIO GHIBLI Inc. that includes the payment of royalties and so on, but the value of these transactions is less than 0.002% of the Company's consolidated net sales, and Director Mr. Koji Hoshino satisfies the criteria set by the Company for independent officers.
4. There is no other business relation to be stated especially between the companies where any of the outside officers have important concurrent positions and the Company.

b. Main activities in the current fiscal year

(a) Attendance at the meetings of the Board of Directors and the Audit and Supervisory Board

	Board meetings		Audit and Supervisory Board meetings	
	Attendance	Percentage of attendance	Attendance	Percentage of attendance
Director Koji Funatsu	17 of 17 meetings held	100%	–	–
Director Koji Hoshino	16 of 17 meetings held	94%	–	–
Director Tomoyuki Moriizumi	14 of 14 meetings held	100%	–	–
Director Takeo Takasu	13 of 14 meetings held	92%	–	–
Audit and Supervisory Board Member Akira Watanabe	16 of 17 meetings held	94%	15 of 17 meetings held	88%
Audit and Supervisory Board Member Masami Nitta	17 of 17 meetings held	100%	17 of 17 meetings held	100%

Notes: 1. In the current fiscal year, a total of 17 meetings of the Board of Directors (12 regular and 5 extraordinary meetings) were held. In the current fiscal year, a total of 17 meetings of the Audit and Supervisory Board were held.

2. Director Mr. Tomoyuki Moriizumi and Mr. Takeo Takasu were newly appointed at the 5th General Meeting of Shareholders held on June 20, 2019, and therefore the number of Board of Directors' meetings held that they participated in is different from that of other outside officers.

(b) Remarks made at meetings of the Board of Directors and the Audit and Supervisory Board

- Director Mr. Koji Funatsu expressed his opinions making the most of his broad experience as a corporate manager and his expert knowledge in the IT fields.
- Director Mr. Koji Hoshino expressed his opinions making the most of his broad experience as a corporate manager and his expert knowledge in entertainment business.
- Director Mr. Tomoyuki Moriizumi expressed his opinions making the most of his abundant experience and extensive knowledge as a corporate manager, in fields such as the cable TV business.
- Director Mr. Takeo Takasu expressed his opinions making the most of his broad experience as a corporate manager and his expert knowledge in entertainment business.
- Audit and Supervisory Board Member Mr. Akira Watanabe gave advice and made proposals on compliance, etc., mainly from the specialist viewpoint of an attorney-at-law.
- Audit and Supervisory Board Member Mr. Masami Nitta gave advice and made proposals on finance and accounting, etc., mainly from the specialist viewpoint of a certified public accountant.

(4) Status of the Independent Auditor

- 1) Name: Deloitte Touche Tohmatsu LLC

2) Amount of compensation, etc.

	Amount paid
Total amount of remuneration, etc., to be paid by the Company for duties as set forth in Article 2, paragraph 1 of the Certified Public Accountant Law	94 million yen
Total amount of money and other financial benefits to be paid by the Company and its subsidiaries to the Independent Auditor	96 million yen

- Notes: 1. The audit contract between the Company and the Independent Auditor does not distinguish between the compensation, etc., for the audit under the Companies Act and the compensation, etc., for the audit under the Financial Instruments and Exchange Act. Because of this, the amount stated in the "Amount of compensation, etc." in the table above includes the total sum amount of these two types of compensation, etc.
2. The Audit and Supervisory Board performed the necessary examinations including those on the contents of the Independent Auditor's audit plan, performance of accounting audits, record of past remuneration, and appropriateness of the basis for calculating estimated remuneration, and agreed the compensation, etc. to be paid to the Independent Auditor.
3. Of the Company's important subsidiaries, KADOKAWA TAIWAN CORPORATION, KADOKAWA HOLDINGS ASIA LTD., and GUANGZHOU TIANWEN KADOKAWA ANIMATION & COMICS CO., LTD. are audited by auditing firms, which are located on-site, other than the Company's Independent Auditor.

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

If Audit and Supervisory Board considers that the Independent Auditor comes under any of the items of Article 340, paragraph 1 of the Companies Act, the Board will dismiss the Independent Auditor based on the consent of all the Audit and Supervisory Board Members. In this case, an Audit and Supervisory Board Member selected by the Audit and Supervisory Board will report the fact that the Independent Auditor was dismissed and the reasons for such dismissal at the 1st General Meeting of Shareholders held after such dismissal.

In addition, if it is considered that the quality control, independence or specialty of the Independent Auditor are insufficient for the Independent Auditor to perform its audit tasks, the Audit and Supervisory Board will decide the contents of a proposal for dismissal or non-reappointment of the Independent Auditor presented at the General Meeting of Shareholders.

4) Outline of the agreement for limitation of liability

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

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

The "Systems for Ensuring the Proper Performance of the Company's Business (Basic Policy for Internal Control System)" of the Company is as follows (most recently revised on March 26, 2020).

- 1) Systems for ensuring that the performance of the duties of Directors and employees of the Company conforms to laws and regulations and to the Articles of Incorporation
- a. The Company establishes compliance regulations and fully disseminates them among all the Directors and employees so that the performance of Directors' and employees' duties conforms to the laws and regulations and to the Articles of Incorporation, adheres to corporate ethics, and meets the Company's social responsibilities.

- b. The Company establishes the Compliance Committee to cultivate a corporate culture in which compliance is observed.
 - c. The Company puts its officers and employees under an obligation to, if they come to know doubtful acts from the viewpoint of compliance in the Company, report such acts to the internal compliance hotline set up inside and outside the Company, which will take proper steps, under guarantee that they will not suffer any disadvantage.
 - d. The entire organization of the Group, including its officers and employees, is resolutely opposed to any antisocial forces or groups that threaten the order and safety of civil society. The Company establishes a structure in which it has no connections whatsoever with antisocial forces.
- 2) Systems for keeping and managing information concerning the fulfillment of the duties of the Company's Directors
- The Company properly retains and manages information about the fulfillment of the Directors' duties in accordance with the internal regulations regarding the handling thereof.
- 3) The Company's regulations for the management of the risk of losses and other systems
- The Company establishes risk management regulations as the basis of the risk management system, organizes the Risk Management Committee, and carries out risk management activities in accordance with the said regulations.
- 4) Systems for ensuring that the duties of the Company's Directors are efficiently fulfilled
- a. In principle, the Company holds a meeting of the Board of Directors once a month and extraordinary board meetings as necessary to make prompt and proper decisions on important matters.
 - b. In the conduct of business, the Company makes decisions promptly and efficiently according to the internal regulations including those regarding duties and authorities.
 - c. In order to ensure that the Directors' duties are efficiently fulfilled, the Company establishes appropriate business organizations and segregation of duties.
- 5) Systems for ensuring that the Group conducts its business properly
- a. The Company stipulates internal regulations to control the framework used to ensure that the Company is appropriately involved in major decisions taken by its subsidiaries and to request that subsidiaries report to the Company regarding important matters related to business execution. The Company manages and oversees subsidiaries in cooperation with major subsidiaries and ensures that subsidiaries' Directors perform their duties in an efficient manner.
 - b. The Company's internal audit division conducts audits regarding subsidiaries' compliance with laws and regulations and with the Articles of Incorporation, and the effectiveness of the internal control system. The division responsible for the relevant subsidiary properly guides the subsidiary to promptly take appropriate measures to correct or improve these systems, if necessary.
 - c. The Group stipulates the risk management regulations for the Company, and for subsidiaries as appropriate, and identifies and controls group-level risks in cooperation with the Company.

- d. The Company requests that the Compliance Committee provide reports regarding matters related to subsidiaries' compliance through group-wide efforts in order to ensure Directors' and employees' compliance with laws and regulations and with the Articles of Incorporation. The Company also develops the internal compliance hotline system across the Group, which will take proper steps.
- 6) Matters regarding the employee who is to assist the Audit and Supervisory Board Members of the Company, matters regarding the securing of the independence of such employee from Directors of the Company and the effectiveness of instruction given by the Company's Audit and Supervisory Board Members to the employee
- a. The Company will, at the request of the Audit and Supervisory Board, appoint an employee who assists the Audit and Supervisory Board Members with their duties and should gain the consent of the Audit and Supervisory Board for the appointment and relocation of such employee.
 - b. When an employee who assists the Audit and Supervisory Board Members with their duties is appointed, such employee does not concurrently take any position related to the conduct of the Company's business, and performs his/her duties under the direction of the Audit and Supervisory Board Members. The efficiency rating of such employee should be made by listening to the opinions of the Audit and Supervisory Board Members.
- 7) Systems for reporting to the Audit and Supervisory Board Members of the Company and other systems for ensuring that the audit by the Audit and Supervisory Board Members is conducted effectively
- a. In addition to important business matters determined by methods other than a Board resolution, Directors, Audit and Supervisory Board Members and employees of the Company and its subsidiaries shall report to the Company's Audit and Supervisory Board Members the findings of internal audits and the status of the internal compliance hotline directly or through meetings with Audit and Supervisory Board Members.
 - b. The Audit and Supervisory Board Members may request and inspect any documents or reports from Directors or employees of the Company and its subsidiaries for the purpose of conducting an audit.
 - c. The Group does not treat those who provide the above reports disadvantageously based on the fact that they have made such reports to Audit and Supervisory Board Members.
 - d. The Company allocates a budget that covers expenses incurred for audits performed by Audit and Supervisory Board Members so as to ensure the effectiveness of the audit.

The status of implementation of the systems for ensuring the proper performance of the Company's business for the current fiscal year is shown below.

- 1) Systems for ensuring that the performance of the duties of Directors and employees of the Company conforms to laws and regulations and to the Articles of Incorporation
 - a. The Company discloses compliance regulations on groupware and ensures that they are fully disseminated, and also holds meetings of the Compliance Committee regularly or as needed in accordance with the regulations.
 - b. The Company has established multiple internal compliance hotlines which enlist involvement of outside attorneys, clearly specifies whistleblower protections in its internal rules, and otherwise appropriately manages such operations.
 - c. Regarding antisocial forces and groups, the Company established a code of conduct and stipulated the severing of any relations with them; in practice, it carries out screening procedures for customers to detect involvement of antisocial forces, and incorporates a clause on antisocial forces in written contracts.
- 2) Systems for keeping and managing information concerning the fulfillment of the duties of the Company's Directors

The Company appropriately keeps and manages information (document or electromagnetic record) pertaining to the fulfillment of the Directors' duties, such as minutes of the Board of Directors' meetings and resolutions, in accordance with document control procedures and other internal rules.
- 3) The Company's regulations for the management of the risk of losses and other systems

The Company discloses risk management regulations on groupware and ensures that they are fully disseminated, and also holds meetings of the Risk Management Committee.
- 4) Systems for ensuring that the duties of the Company's Directors are efficiently fulfilled
 - a. The Company held 17 meetings of the Board of Directors (12 regular and 5 extraordinary meetings) during the current fiscal year.
 - b. The Company clearly defines the organization, segregation of duties, authority, and responsibility by establishing rules including the rule for the organization and segregation of duties, the rule for authority in job functions, the table of standards for decision-making, and the rule for the Board of Directors, and performs regular reviews of the contents of those rules.
- 5) Systems for ensuring that the Group conducts its business properly
 - a. In accordance with the Group Management Control Rule, the Company manages and oversees significant decision-making matters of its subsidiaries by making decisions or receiving reports on them within the Company on a case-by-case basis.
 - b. In accordance with the internal audit rules of the Company, the internal audit division of the Company manages and oversees subsidiaries.
 - c. The Risk Management Committee of the Company strives to identify and evaluate risks within the Group and develop countermeasures. The Company's subsidiaries also strive to

identify and evaluate their own risks and develop countermeasures.

- d. The Company's Compliance Committee identifies compliance-related matters pertaining to the Group. In addition, the Company and its subsidiaries perform appropriate management, respectively, in line with the internal compliance hotline system established within the Group.

- 6) Matters regarding the employee who is to assist the Audit and Supervisory Board Members of the Company, matters regarding the securing of the independence of such employee from Directors of the Company and the effectiveness of instruction given by the Company's Audit and Supervisory Board Members to the employee

The Company established relevant regulations to place an assistant, with a function that is independent from business activities execution, to support Audit and Supervisory Board Members, and also to secure the assistant's independence from Directors. At present, there is no assistant supporting Audit and Supervisory Board Members.

- 7) Systems for reporting to the Audit and Supervisory Board Members of the Company and other systems for ensuring that the audit by the Audit and Supervisory Board Members is conducted effectively
 - a. Audit and Supervisory Board Members attend meetings of the Board of Directors and other important meetings including regular meetings with Directors, and receive reports from them. The Company established the structure which enables Audit and Supervisory Board Members to appropriately obtain necessary information pertaining to the Company and its subsidiaries through inspections of important documents and other means.
 - b. The Group shall ensure that anyone who reports to Audit and Supervisory Board Members is not treated unfavorably.
 - c. The Company set the budget for expenses required for audits by Audit and Supervisory Board Members.

(6) Policy on Determination of Dividends of Surplus

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

Therefore, while recognizing that the return of profits to shareholders is an important management issue, the Company will make a comprehensive judgment that takes into consideration the operating results of each fiscal year.

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

The Company plans to pay a dividend of 30 yen per share for the fiscal year ended March 31, 2020, an increase of 10 yen from the 20 yen per share of the previous fiscal year. Dividend payment forecast for the fiscal year ending March 31, 2021 will be released swiftly once the prospect of effects from the COVID-19 becomes clear after an examination of the effects.

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

Consolidated Balance Sheet

(As of March 31, 2020)

Item	Amount	Item	Amount
(Assets)	Millions of yen	(Liabilities)	Millions of yen
Current assets	143,919	Current liabilities	65,176
Cash and deposits	74,880	Notes and accounts payable - trade	24,577
Notes and accounts receivable - trade	39,107	Short-term loans payable	524
Inventories	18,974	Accounts payable - other	8,893
Prepaid expenses	1,651	Income taxes payable	2,464
Deposits paid	3,433	Advances received	9,612
Other	6,759	Deposits received	3,733
Allowance for doubtful accounts	(887)	Provision for bonuses	3,200
Non-current assets	99,076	Provision for point card certificates	176
Property, plant and equipment	60,398	Provision for sales returns	6,623
Buildings and structures	10,018	Provision for stock benefits	221
Machinery and equipment	1,184	Provision for stock benefits for directors	194
Tools, furniture and fixtures	1,273	Other	4,953
Land	20,597	Non-current liabilities	70,444
Construction in progress	26,992	Long-term loans payable	65,000
Other	331	Deferred tax liabilities	901
Intangible assets	6,022	Net defined benefit liability	2,925
Software	4,292	Other	1,617
Goodwill	456	Total liabilities	135,620
Other	1,273	(Net assets)	
Investments and other assets	32,655	Shareholders' equity	99,898
Investment securities	22,871	Capital stock	20,625
Net defined benefit asset	48	Capital surplus	43,799
Deferred tax assets	3,270	Retained earnings	48,519
Insurance funds	1,806	Treasury shares	(13,045)
Guarantee deposits	3,905	Accumulated other comprehensive income	5,403
Other	1,050	Valuation difference on available-for-sale securities	4,013
Allowance for doubtful accounts	(295)	Foreign currency translation adjustment	708
		Remeasurements of defined benefit plans	681
		Non-controlling interests	2,072
		Total net assets	107,375
Total assets	242,995	Total liabilities and net assets	242,995

Consolidated Statement of Income

(April 1, 2019 through March 31, 2020)

Item	Amount	
	Millions of yen	Millions of yen
Net sales		204,653
Cost of sales		139,793
Gross profit		64,860
Selling, general and administrative expenses		56,772
Operating profit		8,087
Non-operating income		
Interest income	252	
Dividend income	458	
Share of profit of entities accounted for using equity method	209	
Gain on sales of goods	114	
Other	112	1,146
Non-operating expenses		
Interest expenses	97	
Foreign exchange losses	304	
Other	43	445
Ordinary profit		8,787
Extraordinary income		
Gain on change in equity	319	
Gain on sales of non-current assets	1,606	
Gain on sales of investment securities	404	
Gain on sales of shares of subsidiaries and associates	791	
Settlement received	585	
Other	0	3,708
Extraordinary losses		
Impairment loss	1,607	
Loss on valuation of investment securities	631	
Business structure improvement expenses	359	
Loss on revision of retirement benefit plan	363	
Other	34	2,996
Profit before income taxes		9,499
Income taxes - current	3,659	
Income taxes - deferred	(2,201)	1,457
Profit		8,041
Loss attributable to non-controlling interests		56
Profit attributable to owners of parent		8,098

Consolidated Statement of Changes in Equity

(April 1, 2019 through March 31, 2020)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	20,625	62,095	23,412	(10,346)	95,785
Changes of items during period					
Dividends of surplus		(1,297)		31	(1,265)
Deficit disposition		(17,008)	17,008		–
Profit attributable to owners of parent			8,098		8,098
Purchase of treasury shares				(3,003)	(3,003)
Disposal of treasury shares				272	272
Other		9			9
Net changes of items other than shareholders' equity					
Total changes of items during period	–	(18,295)	25,107	(2,698)	4,112
Balance at end of current period	20,625	43,799	48,519	(13,045)	99,898

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	4,625	10	786	132	5,555	2,070	103,411
Changes of items during period							
Dividends of surplus							(1,265)
Deficit disposition							–
Profit attributable to owners of parent							8,098
Purchase of treasury shares							(3,003)
Disposal of treasury shares							272
Other							9
Net changes of items other than shareholders' equity	(611)	(10)	(78)	548	(151)	2	(149)
Total changes of items during period	(611)	(10)	(78)	548	(151)	2	3,963
Balance at end of current period	4,013	–	708	681	5,403	2,072	107,375

Notes to the Consolidated Financial Statements

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

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 55

Names of major consolidated subsidiaries

DWANGO Co., Ltd.

BOOK WALKER Co., Ltd.

Building Book Center Co., Ltd.

KADOKAWA ASCII Research Laboratories, Inc.

Kadokawa Media House Inc.

Mainichi ga Hakken Inc.

KADOKAWA DAIEI STUDIO CO., LTD.

Glovision Inc.

MOVIE WALKER Co., Ltd.

FromSoftware, Inc.

Kadokawa Games, Ltd.

Spike Chunsoft Co., Ltd.

Vantan Inc.

KADOKAWA GAME LINKAGE INC.

Chara-Ani Corporation

KADOKAWA CONNECTED INC.

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

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

KADOKAWA TAIWAN CORPORATION (Taipei, Taiwan)

KADOKAWA PICTURES AMERICA, INC. (Delaware, U.S.)

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

KADOKAWA CONNECTED INC. and four other companies were included in the scope of consolidation because these companies were newly founded in the current fiscal year. MAGES. Inc. and four other companies were excluded from the scope of consolidation for such reasons as the sale of their stocks.

KADOKAWA GAME LINKAGE INC. changed its trade name from Gzbrain Inc.

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

Major non-consolidated subsidiaries

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

(Reason for exclusion from the scope of consolidation)

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

2. Application of the equity method

(1) Number of associated companies accounted for by the equity method: 16

Names of major associated companies accounted for by the equity method

DOCOMO ANIME STORE, INC.

HEMISPHERE MOTION PICTURE PARTNERS I, LLC (Delaware, U.S.)

HEMISPHERE MOTION PICTURE PARTNERS II, LLC (Delaware, U.S.)

Two companies were newly invested in the current fiscal year and were thus included in the scope of associated companies accounted for by the equity method. In addition, Nihon Eiga Broadcasting Corp. and one other company were sold and were thus excluded from the scope of associated companies accounted for by the equity method.

(2) With regard to the Company's equity method investments with reporting dates that do not correspond to the Company's consolidated balance sheet date, the Company uses the financial information based on the equity method investments' respective fiscal year, except for the Company's investment in CPS Co., Ltd. and VirtualCast Co., Ltd., for which the Company uses the financial results obtained as of March 31, 2020.

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

Names of major companies

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

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

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

3. Fiscal year etc., of the consolidated subsidiaries

The closing date of DWANGO Co., Ltd. and 32 other subsidiaries, which are in the scope of consolidation is the same as the consolidated balance sheet date.

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

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

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

4. Accounting policies

(1) Valuation basis and methods for significant assets

1) Available-for-sale securities

Marketable securities classified as available-for-sale securities

Fair value method based on market price as of the fiscal year end (The valuation difference is accounted for using the direct net asset adjustment method, and the cost of securities sold is determined by the moving-average method.)

Non-marketable securities classified as available-for-sale securities

Cost method based on the moving-average method

2) Inventories

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

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

(b) Distribution rights, production and work in process

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

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

(2) Depreciation method for significant depreciable assets

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

Straight-line method at the Company and its overseas consolidated subsidiaries

Declining-balance method at the Company's domestic consolidated subsidiaries

However, straight-line method for buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998 and facilities attached to buildings and structures acquired on or after April 1, 2016

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

Buildings and structures: 2–50 years

Machinery and equipment: 5–8 years

Tools, furniture and fixtures: 2–20 years

2) Intangible assets (excluding leased assets)

Straight-line method

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

3) Leased assets

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

(3) Accounting policies for significant provisions

1) Allowance for doubtful accounts

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

2) Provision for bonuses

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

3) Provision for point card certificates

In order to prepare for expenses resulting from customer utilization of points that are issued free of charge, the amount calculated at such future expense rate is recorded for the estimated points to be used in the next fiscal year onward.

4) Provision for sales returns

In order to prepare for returned publications, a provision is recorded based on an estimated amount calculated using historical rates of returns. The provision is deducted from net sales, and the corresponding cost is recorded in finished goods.

5) Provision for stock benefits

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

6) Provision for stock benefits for directors

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

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

1) Accounting policies for retirement benefits

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

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

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

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

2) Accounting policies for foreign currency translations

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

Assets and liabilities, and expenses and revenues, of overseas subsidiaries and other entities are translated into yen using the spot exchange rates as of the closing dates of overseas subsidiaries and

other entities. Translation differences are included in foreign currency translation adjustment and non-controlling interests under net assets.

3) Amortization of goodwill

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

4) Accounting of consumption taxes, etc.

Consumption taxes are excluded from the consolidated statement of income.

5) Application of consolidated taxation system

The Company and certain domestic consolidated subsidiaries applied for approval of the consolidated taxation system during the current fiscal year, and the consolidated taxation system will be applied from the following fiscal year. As a result, from the current fiscal year, accounting procedures are based on the application of the consolidated taxation system in accordance with the "Practical Solution on Tentative Treatment of Tax Effect Accounting Under Consolidated Taxation System (Part 1)" (ASBJ PITF No. 5, issued on January 16, 2015) and the "Practical Solution on Tentative Treatment of Tax Effect Accounting Under Consolidated Taxation System (Part 2)" (ASBJ PITF No. 7, issued on January 16, 2015).

6) Treatment of tax effect accounting for the transition from the consolidated taxation system to the group tax sharing system

With regard to the transition to the group tax sharing system established under the "Act for Partial Amendment of the Income Tax Act, etc." (Act No. 8 of 2020) and the items for which the non-consolidated taxation system was revised in line with the transition to the group tax sharing system, pursuant to Paragraph 3 of the "Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (ASBJ PITF No. 39, issued on March 31, 2020), the Company and certain domestic consolidated subsidiaries did not apply the provision of Paragraph 44 of the "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28, issued on February 16, 2018), and the amounts of deferred tax assets and deferred tax liabilities are based on the provisions of the tax laws before the revision.

[Additional information]

ESOP for employees and share-based compensation plan for directors

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

(1) ESOP for employees

1) Overview of the plan

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

2) Treasury shares remaining in the trust

Treasury shares remaining in the trust are recorded at the book value (excluding associated expenses) of the trust as treasury shares under net assets. The book value of these treasury shares and the number of shares at the end of the current fiscal year were 516 million yen and 320 thousand shares, respectively.

(2) Share-based compensation plan for directors

1) Overview of the plan

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

2) Treasury shares remaining in the trust

Treasury shares remaining in the trust are recorded at the book value (excluding associated expenses) of the trust as treasury shares under net assets. The book value of these treasury shares and the number of shares at the end of the current fiscal year were 1,733 million yen and 1,114 thousand shares, respectively.

[Notes to the Consolidated Balance Sheet]

1. Accumulated depreciation of property, plant and equipment: 15,734 million yen

2. Assets pledged as collateral

Cash and deposits:

21 million yen

Note: The above assets relate to the establishment of a right of pledge, etc., for overseas subsidiaries' issuance of corporate cards and there is no liability corresponding to such collateral.

[Notes to the Consolidated Statement of Changes in Equity]

1. Total number of issued shares and treasury shares

Class of shares	Number of shares at the beginning of the current fiscal year	Number of shares increased in the current fiscal year	Number of shares decreased in the current fiscal year	Number of shares at the end of the current fiscal year
(Issued shares)				
Common shares	70,892,060 shares	—	—	70,892,060 shares
(Treasury shares)				
Common shares (Notes)	7,636,065 shares	1,894,688 shares	163,230 shares	9,367,523 shares

Notes: 1. The number of shares increased in treasury shares under common shares is 1,892,700 shares through the Off-Auction Own Share Repurchase Trading System (ToSTNeT-3), and 1,988 shares due to purchase of shares representing less than one unit.

2. The number of shares decreased in treasury shares under common shares is 163,230 shares due to delivery of shares by the benefit trust for acquisition and management of stock.

3. The number of treasury common shares at the end of the current fiscal year includes 1,435,304 shares of the Company held by the benefit trust for acquisition and management of stock.

2. Matters related to dividends of surplus

(1) Cash dividends paid

Resolution	Class of shares	Total amount of dividends (Millions of yen)	Amount of dividends per share (Yen)	Record date	Effective date
Meeting of the Board of Directors held on May 30, 2019	Common shares	1,297	20	March 31, 2019	June 21, 2019

Note: The total amount of dividends paid under the resolution of the Board of Directors held on May 30, 2019 included dividends of 31 million yen for the Company's shares held by the benefit trust for acquisition and management of stock.

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

Resolution	Class of shares	Source of dividends	Total amount of dividends (Millions of yen)	Amount of dividends per share (Yen)	Record date	Effective date
Meeting of the Board of Directors held on May 28, 2020	Common shares	Retained earnings	1,888	30	March 31, 2020	June 22, 2020

Note: The total amount of dividends paid under the resolution of the Board of Directors held on May 28, 2020 included dividends of 43 million yen for the Company's shares held by the benefit trust for acquisition and management of stock.

[Notes on financial instruments]

1. Status of financial instruments

(1) Policies on handling financial instruments

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

The Group's policy is to invest temporary surplus funds in safe financial assets and to not use them for any speculative purposes.

(2) Descriptions and risks of financial instruments

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

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

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

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

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

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

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

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

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

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

For derivative transactions, the finance department executes and manages the transactions with the approval of the person responsible for decision-making in accordance with internal rules that

define provisions, such as the authority to conduct transactions and the transaction limit.

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

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

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

(4) Supplemental information on fair values of financial instruments

Fair values of financial instruments include values based on market prices and reasonably calculated values when there are no market prices. As such values are calculated using variable factors, using different assumptions may result in different values.

2. Fair values of financial instruments

Amounts stated in the consolidated balance sheet, fair values and the differences between them are as shown in the table below. Those financial instruments whose fair values are extremely difficult to determine are excluded from the table (refer to Note 2).

(Millions of yen)

	Consolidated balance sheet amount	Fair value	Difference
(1) Cash and deposits	74,880	74,880	—
(2) Notes and accounts receivable - trade	39,107	39,107	—
(3) Deposits paid	3,433	3,433	—
(4) Investment securities	14,571	14,571	—
Total assets	131,993	131,993	—
(1) Notes and accounts payable - trade	24,577	24,577	—
(2) Short-term loans payable	524	524	—
(3) Accounts payable - other	8,893	8,893	—
(4) Income taxes payable	2,464	2,464	—
(5) Deposits received	3,733	3,733	—
(6) Long-term loans payable (including current portion)	65,000	64,913	(86)
Total liabilities	105,194	105,107	(86)

Notes: 1. Methods for calculating the fair values of financial instruments and matters regarding securities

Assets

(1) Cash and deposits; (2) Notes and accounts receivable - trade; (3) Deposits paid

These items are settled in a short period of time, and thus the fair value is approximately the same as the book value. As a result, they are stated using such book value.

(4) Investment securities

While the fair values of stocks, etc., are stated using the quoted price on the stock exchange, the bonds are stated using either the quoted price on the stock exchange or the price presented by financial institutions, etc.

Liabilities

- (1) Notes and accounts payable - trade; (2) Short-term loans payable; (3) Accounts payable - other; (4) Income taxes payable; (5) Deposits received

These items are settled in a short period of time, and thus the fair value is approximately the same as the book value. As a result, they are stated using such book value.

- (6) Long-term loans payable (including current portion)

Fair value is calculated using the present value of the total amount of principal and interest discounted by interest rate that would be charged for a new similar borrowing.

2. Carrying amounts of financial instruments whose fair values cannot be reliably determined

(Millions of yen)

Classification	Amount stated in the consolidated balance sheet
Non-listed shares	8,296
Limited partnerships for investment	3

As these instruments have no quoted price and the fair value is not readily available, they are not included in the above table.

Non-listed shares include non-consolidated subsidiaries' and associated companies' shares of 4,168 million yen.

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

(Millions of yen)

	Within 1 year	Over 1 year through 5 years	Over 5 years through 10 years	Over 10 years
Cash and deposits	74,717	—	—	—
Notes and accounts receivable - trade	39,107	—	—	—
Deposits paid	3,433	—	—	—
Total	117,257	—	—	—

4. Repayment schedule for short-term loans payable and long-term loans payable after the consolidated closing date

(Millions of yen)

	Within 1 year	Over 1 year through 2 years	Over 2 years through 3 years	Over 3 years through 4 years	Over 4 years through 5 years	Over 5 years
Short-term loans payable	524	—	—	—	—	—
Long-term loans payable (including current portion)	0	10,000	0	40,000	0	15,000
Total	524	10,000	0	40,000	0	15,000

[Per share information]

- | | |
|-----------------------------|--------------|
| 1. Net assets per share | 1,711.55 yen |
| 2. Basic earnings per share | 130.12 yen |

Note: In calculating net assets per share, the Company's shares held by the trust for performance-based stock compensation plan for directors and the trust for Employee Stock Ownership Plan are included in treasury shares. Therefore, the number of those shares (1,435 thousand shares in the current fiscal year) is deducted in calculating the number of shares outstanding at the end of the fiscal year.

In addition, in the calculation of basic earnings per share, the said shares are included in treasury shares (1,525 thousand shares in the current fiscal year), which is deducted in calculating the average number of shares during the fiscal year.

[Notes on significant subsequent events]

Not applicable.

[Other notes]

1. Consolidated Statement of Income

(1) Impairment loss

1) Outline of the groups of assets for which an impairment loss has been recognized

(Millions of yen)

Company and location	Use (Segment name)	Type	Impairment loss
KADOKAWA CORPORATION (Chiyoda-ku, Tokyo)	Business assets (Others)	Buildings and structures	394
		Software	278
		Machinery and equipment	67
		Other	257
		Subtotal	998
BOOK WALKER Co., Ltd. (Chiyoda-ku, Tokyo)	Business assets (Publication Business)	Software	282
KADOKAWA GAME LINKAGE INC. (Bunkyo-ku, Tokyo)	Business assets (Publication Business)	Software	28
	Business assets (Others)	Software	197
Chara-Ani Corporation (Chiyoda-ku, Tokyo)	Business assets (Others)	Construction in progress	27
		Tools, furniture and fixtures	24
		Other	18
		Subtotal	70
Vantan Inc. (Ito-shi, Shizuoka Pref.)	Idle assets (Others)	Land	22
		Buildings and structures	7
		Subtotal	30
Total			1,607

2) Background relating to the recognition of impairment loss

The carrying amounts of the asset groups that incurred consecutive operating losses were written down to their recoverable amounts as they were not expected to generate cash flows as originally projected based on the assessment of their future recoverability.

3) Method of grouping

At the Group, an individual property unit is treated as one asset group for idle assets, whereas the

smallest unit that generates independent cash flows is treated as one asset group for other assets.

4) Method of calculating recoverable amount

The value of business assets that have seen a decline in profitability is measured based on value in use. However, as the value in use of non-current assets in the asset groups based on future cash flows is negative, with those having no recoverable amount, the Group recognized an impairment loss.

For idle assets, the recoverable amount is measured based on the net sale value.

(2) Gain on sales of non-current assets

Gain on sales of non-current assets that was recorded under extraordinary income was mainly a gain on sales of land and buildings, etc. owned by Building Book Center Co., Ltd., a consolidated subsidiary of the Company.

(3) Settlement received

Settlement received under extraordinary income was settlement money received under agreement with a business partner by a consolidated subsidiary of the Company as compensation for damage caused to the subsidiary due to a contract breach, etc. committed by the business partner.

(4) Business structure improvement expenses

Business structure improvement expenses recorded under extraordinary income were losses on withdrawal from unprofitable businesses.

2. Notes on business combination, etc.

Transactions under common control etc.

(1) Company splits effective on April 1, 2019

The consolidated subsidiary KADOKAWA CORPORATION (present KADOKAWA FUTURE PUBLISHING) succeeded a part of the subsidiary management business from the Company through an absorption-type company split effective on April 1, 2019, thereby making DWANGO Co., Ltd., Gzbrain Inc. (present KADOKAWA GAME LINKAGE INC.), and Daihyakka NEWS, Inc. wholly owned subsidiaries of KADOKAWA CORPORATION.

1) Summary of transaction

(a) Name and description of business subject to transaction

Business related to the management control of DWANGO Co., Ltd., Gzbrain Inc., and Daihyakka NEWS, Inc., a part of the subsidiary management business of the Company.

(b) Date of business combination

April 1, 2019

(c) Legal form of business combination

Absorption-type company split in which the Company is the splitting company and KADOKAWA CORPORATION is the successor company (simplified company split).

(d) Name of company after combination

KADOKAWA CORPORATION

(e) Other matters related to summary of transaction

The Company acknowledged that urgent management issues for the whole Group include uniting the Group further and building a framework for DWANGO Co., Ltd. to create new businesses and determined that prompt reform of the Group's management system in order to address these issues is crucial for improving its corporate value.

Under the initiative of KADOKAWA CORPORATION, the Company will hereafter accelerate

Group-wide utilization of the technological strength and huge user base of DWANGO Co., Ltd., promote optimal allocation of management resources, establish a solid management base for the Group, and seek to accomplish sustained growth and improve corporate value over the medium to long term.

2) Outline of accounting treatment

The company split was accounted for as a transaction under common control, in accordance with the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, issued on January 16, 2019) and the "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, issued on January 16, 2019).

(2) Company splits effective on July 1, 2019

The Company implemented an absorption-type company split under which the Company succeeded all the businesses of the consolidated subsidiary KADOKAWA CORPORATION (present KADOKAWA FUTURE PUBLISHING) on July 1, 2019 (excluding, however, businesses related to the holding of shares of Building Book Center Co., Ltd. and KADOKAWA KEY-PROCESS Co., Ltd.).

1) Summary of transaction

(a) Name and description of business subject to transaction

All businesses of KADOKAWA CORPORATION (excluding the business related to the holding of shares of Building Book Center Co., Ltd. and KADOKAWA KEY-PROCESS Co., Ltd.)

(b) Date of business combination

July 1, 2019

(c) Legal form of business combination

Absorption-type company split in which the Company is the succeeding company and KADOKAWA CORPORATION is the splitting company (simplified company split).

(d) Name of company after combination

KADOKAWA CORPORATION (trade name change from KADOKAWA DWANGO CORPORATION effective on July 1, 2019)

(e) Other matters related to summary of transaction

The Group implemented the company split for the purpose of strengthening IP business capabilities, strengthening governance, and devising ways to improve business efficiency by making the Company the core business company (operating holding company) of the Group.

2) Outline of accounting treatment

The company split was accounted for as a transaction under common control, in accordance with the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, issued on January 16, 2019) and the "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, issued on January 16, 2019).

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

Non-consolidated Balance Sheet

(As of March 31, 2020)

Item	Amount	Item	Amount
(Assets)	Millions of yen	(Liabilities)	Millions of yen
Current assets	113,131	Current liabilities	72,473
Cash and deposits	67,277	Accounts payable - trade	19,081
Notes receivable - trade	2,176	Advances received	677
Accounts receivable - trade	25,132	Accounts payable - other	6,381
Inventories	12,966	Income taxes payable	1,051
Prepaid expenses	434	Deposits received	36,100
Short-term loans receivable	2,370	Provision for bonuses	1,485
Accounts receivable - other	3,024	Provision for sales returns	5,804
Other	1,602	Provision for share-based remuneration	82
Allowance for doubtful accounts	(1,853)	Provision for share-based remuneration for directors (and other officers)	59
Non-current assets	97,347	Other	1,747
Property, plant and equipment	46,093	Non-current liabilities	58,730
Buildings	5,230	Long-term loans payable	55,000
Structures	116	Provision for retirement benefits	2,950
Machinery and equipment	1,032	Other	780
Tools, furniture and fixtures	469	Total liabilities	131,203
Land	12,288	(Net assets)	
Construction in progress	26,956	Shareholders' equity	75,262
Other	0	Capital stock	20,625
Intangible assets	2,628	Capital surplus	43,695
Software	2,216	Legal capital surplus	20,625
Other	411	Other capital surplus	23,070
Investments and other assets	48,625	Retained earnings	23,828
Investment securities	17,985	Other retained earnings	23,828
Shares of subsidiaries and associated companies	24,382	Retained earnings brought forward	23,828
Investments in capital of subsidiaries and associates	132	Treasury shares	(12,886)
Deferred tax assets	1,027	Valuation and translation adjustments	4,013
Insurance funds	1,785	Valuation difference on available-for-sale securities	4,013
Guarantee deposits	2,317		
Other	1,277		
Allowance for doubtful accounts	(282)	Total net assets	79,275
Total assets	210,479	Total liabilities and net assets	210,479

Non-consolidated Statement of Income

(April 1, 2019 through March 31, 2020)

Item	Amount	
	Millions of yen	Millions of yen
Net sales	83,230	
Operating revenue	819	
Net sales and operating revenue total		84,049
Cost of sales		58,307
Gross profit		25,741
Selling, general and administrative expenses	25,183	
Operating expenses	949	
Selling, general and administrative expenses, and operating expenses total		26,132
Operating loss		390
Non-operating income		
Interest income	138	
Dividend income	117	
Foreign exchange gains	64	
Rental income	184	
Gain on sales of goods	77	
Other	35	616
Non-operating expenses		
Interest expenses	79	
Provision of allowance for doubtful accounts	370	
Other	25	475
Ordinary loss		249
Extraordinary income		
Gain on extinguishment of tie-in shares	24,155	
Gain on sales of investment securities	387	
Gain on sales of shares of subsidiaries and associates	913	25,456
Extraordinary losses		
Impairment loss	998	
Loss on valuation of investment securities	345	
Loss on valuation of shares of subsidiaries and associated companies	59	
Loss on revision of retirement benefit plan	363	
Other	3	1,770
Profit before income taxes		23,436
Income taxes - current	854	
Income taxes - deferred	(1,246)	(391)
Profit		23,828

Non-consolidated Statement of Changes in Equity

(April 1, 2019 through March 31, 2020)

(Millions of yen)

	Shareholders' equity					
	Capital stock	Capital surplus			Retained earnings	
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings
Balance at beginning of current period	20,625	20,625	43,479	64,104	(17,008)	(17,008)
Changes of items during period						
Dividends of surplus			(1,297)	(1,297)		
Deficit disposition			(17,008)	(17,008)	17,008	17,008
Profit					23,828	23,828
Decrease due to company split			(2,103)	(2,103)		
Purchase of treasury shares						
Disposal of treasury shares						
Net changes of items other than shareholders' equity						
Total changes of items during period	—	—	(20,408)	(20,408)	40,836	40,836
Balance at end of current period	20,625	20,625	23,070	43,695	23,828	23,828

	Shareholders' equity		valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	total valuation and translation adjustments	
Balance at beginning of current period	(10,188)	57,532	—	—	57,532
Changes of items during period					
Dividends of surplus	31	(1,265)			(1,265)
Deficit disposition		—			—
Profit		23,828			23,828
Decrease due to company split		(2,103)			(2,103)
Purchase of treasury shares	(3,003)	(3,003)			(3,003)
Disposal of treasury shares	272	272			272
Net changes of items other than shareholders' equity			4,013	4,013	4,013
Total changes of items during period	(2,698)	17,729	4,013	4,013	21,742
Balance at end of current period	(12,886)	75,262	4,013	4,013	79,275

Notes to the Non-consolidated Financial Statements

[Significant accounting policies]

1. Valuation basis and methods for assets

(1) Valuation basis and methods for securities

1) Shares of subsidiaries and associated companies

Cost method based on the moving-average method

2) Available-for-sale securities

Available-for-sale securities with quoted market price

Fair value method based on market price as of the fiscal year end (The valuation difference is accounted for using the direct net asset adjustment method, and the cost of securities sold is determined by the moving-average method.)

Available-for-sale securities without quoted market price

Cost method based on the moving-average method

(2) Valuation basis and methods for inventories

1) Merchandise, finished goods, raw materials and supplies

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

2) Distribution rights, production and work in process

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

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

2. Depreciation method for non-current assets

(1) Property, plant and equipment

Straight-line method

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

Buildings and structures: 2–50 years

Machinery and equipment: 5–8 years

Tools, furniture and fixtures: 2–20 years

(2) Intangible assets

Straight-line method

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

3. Accounting policies for provisions

(1) Allowance for doubtful accounts

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

(2) Provision for bonuses

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

(3) Provision for sales returns

In order to prepare for returned publications, a provision is recorded based on an estimated amount calculated using historical rates of returns. The provision is deducted from net sales, and the corresponding cost is recorded in finished goods.

(4) Provision for stock benefits

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

(5) Provision for stock benefits for directors

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

(6) Provision for retirement benefits

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

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

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

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

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

(1) Accounting of consumption taxes, etc.

Consumption taxes are excluded from the non-consolidated statement of income.

(2) Application of consolidated taxation system

The Company applied for approval of the consolidated taxation system during the current fiscal year, and the consolidated taxation system will be applied from the following fiscal year. As a result, from the current fiscal year, accounting procedures are based on the application of the consolidated taxation system in accordance with the "Practical Solution on Tentative Treatment of Tax Effect Accounting Under Consolidated Taxation System (Part 1)" (ASBJ PITF No. 5, issued on January 16, 2015) and the "Practical Solution on Tentative Treatment of Tax Effect Accounting Under Consolidated Taxation System (Part 2)" (ASBJ PITF No. 7, issued on January 16, 2015).

(3) Treatment of tax effect accounting for the transition from the consolidated taxation system to the group tax sharing system

With regard to the transition to the group tax sharing system established under the "Act for Partial Amendment of the Income Tax Act, etc." (Act No. 8 of 2020) and the items for which the non-consolidated taxation system was revised in line with the transition to the group tax sharing system, pursuant to Paragraph 3 of the "Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (ASBJ PITF No. 39, issued on March 31, 2020), the Company did not apply the provision of Paragraph 44 of the "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28, issued on February

16, 2018), and the amounts of deferred tax assets and deferred tax liabilities are based on the provisions of the tax laws before the revision.

[Changes in presentation]

The Company implemented an absorption-type company split under which the Company succeeded all the businesses of the consolidated subsidiary KADOKAWA CORPORATION (present KADOKAWA FUTURE PUBLISHING) on July 1, 2019 (excluding, however, businesses related to the holding of shares of Building Book Center Co., Ltd. and KADOKAWA KEY-PROCESS Co., Ltd.).

In connection with this absorption-type company split, the following changes have been made in presentation.

Non-consolidated Balance Sheet

"Supplies," which was included in "Other" in "Current assets" in the previous fiscal year, is presented collectively in "Inventories" in the current fiscal year. "Supplies" for the previous fiscal year was 0 million yen.

"Accounts receivable - other," which was included in "Other" in "Current assets" in the previous fiscal year, is presented as a separate item in the current fiscal year. "Accounts receivable - other" for the previous fiscal year was 10 million yen.

"Income taxes payable," which was included in "Other" in "Current liabilities" in the previous fiscal year, is presented as a separate item in the current fiscal year. "Income taxes payable" for the previous fiscal year was 10 million yen.

"Accrued expenses," which was presented as a separate item in "Current liabilities" in the previous fiscal year, is included in "Other" in the current fiscal year. "Accrued expenses" for the current fiscal year is 487 million yen.

"Asset retirement obligations," which was presented as a separate item in "Non-current liabilities" in the previous fiscal year, is included in "Other" in the current fiscal year. "Asset retirement obligations" for the current fiscal year is 334 million yen.

[Additional information]

ESOP for employees and share-based compensation plan for directors

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

[Notes to the Non-consolidated Balance Sheet]

- | | |
|---|--------------------|
| 1. Accumulated depreciation of property, plant and equipment | 4,538 million yen |
| 2. The Company's monetary claims against, and monetary liabilities for, its subsidiaries and associated companies | |
| (1) Short-term monetary claims | 8,114 million yen |
| (2) Long-term monetary claims | 877 million yen |
| (3) Short-term monetary liabilities | 37,708 million yen |

[Notes to the Non-consolidated Statement of Income]

- | | |
|--|--------------------|
| 1. Transactions with subsidiaries and associated companies | |
| (1) Net sales and operating revenue | 16,250 million yen |
| (2) Cost of sales | 4,407 million yen |
| (3) Selling, general and administrative expenses, and operating expenses | 2,201 million yen |

- (4) Transactions that are not business transactions
- | | |
|---|-----------------|
| 1) Amount resulting from non-business transactions (income) | 226 million yen |
| 2) Amount resulting from non-business transactions (payments) | 30 million yen |

2. Gain on extinguishment of tie-in shares

Gain on extinguishment of tie-in shares of 24,155 million yen, recorded as extraordinary income, was due to the fact that the Company implemented an absorption-type company split under which the Company succeeded all the businesses of the consolidated subsidiary KADOKAWA CORPORATION (present KADOKAWA FUTURE PUBLISHING) on July 1, 2019 (excluding, however, businesses related to the holding of shares of Building Book Center Co., Ltd. and KADOKAWA KEY-PROCESS Co., Ltd.).

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

Number of treasury shares

Class of shares	Number of treasury shares at the beginning of the current fiscal year	Number of treasury shares increased in the current fiscal year	Number of treasury shares decreased in the current fiscal year	Number of treasury shares at the end of the current fiscal year
Common shares	7,636,065 shares	1,894,688 shares	163,230 shares	9,367,523 shares

- Notes: 1. The number of shares increased in treasury shares under common shares is 1,892,700 shares through the Off-Auction Own Share Repurchase Trading System (ToSTNeT-3), and 1,988 shares due to purchase of shares representing less than one unit.
2. The number of shares decreased in treasury shares under common shares is 163,230 shares due to delivery of shares by the benefit trust for acquisition and management of stock.
3. The number of treasury common shares at the end of the current fiscal year includes 1,435,304 shares of the Company held by the benefit trust for acquisition and management of stock.

[Notes on tax effect accounting]

Deferred tax assets accrued mainly for the shares of subsidiaries and associated companies, provisions for sales returns, and inventories, etc. Deferred tax liabilities accrued mainly for valuation difference on available-for-sale securities, investment securities, and land, etc.

[Notes on non-current assets in use under lease contracts]

In addition to the non-current assets recorded on the non-consolidated balance sheet, certain buildings are used under finance lease contracts that do not transfer ownership.

[Notes on transactions with related parties]

Subsidiaries and associated companies, etc.

Attribute	Name	Location	Capital (Millions of yen)	Business	Ratio of voting rights, etc., owning (owned) (%)	Relations	Transactions	Amount of transactions (Millions of yen)	Account item	Year-end balance (Millions of yen)
Subsidiary	DWANGO Co., Ltd.	Chuo-ku, Tokyo	100	Web Service Business, etc.	(Owner) Direct ownership: 100.0	Officers serving concurrently Deposit of funds	Deposit of funds	8,806	Deposits received	10,268
	BOOK WALKER Co., Ltd.	Chiyoda-ku, Tokyo	100	Sales and agency of e-books, etc.	(Owner) Direct ownership: 100.0	Officers serving concurrently Deposit of funds Rights authorization for e-books	Sales related to e-books, etc.	13,363	Accounts receivable - trade	3,641
							Deposit of funds	4,702	Deposits received	4,863
	Building Book Center Co., Ltd.	Miyoshi-machi, Iruma-gun, Saitama Pref.	100	Bookbinding of publications and logistics-related management	(Owner) Indirect ownership: 100.0	Officers serving concurrently Deposit of funds Outsourcing of bookbinding and logistics operations	Deposit of funds	2,514	Deposits received	2,131
	FromSoftware, Inc.	Shibuya-ku, Tokyo	268	Planning, development and sales of game software, etc.	(Owner) Direct ownership: 100.0	Officers serving concurrently Deposit of funds	Deposit of funds	5,326	Deposits received	5,981
	Vantan Inc.	Shibuya-ku, Tokyo	90	Operation of schools specializing in the creative field, etc.	(Owner) Indirect ownership: 100.0	Deposit of funds	Deposit of funds	3,700	Deposits received	4,152

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

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

[Per share information]

- | | |
|-----------------------------|--------------|
| 1. Net assets per share | 1,288.52 yen |
| 2. Basic earnings per share | 382.86 yen |

(Note) In the calculation of net assets per share, the Company's shares held by the benefit trust for acquisition and management of stock are included in treasury shares (1,435 thousand shares in the current fiscal year), which is deducted in calculating the number of shares at the fiscal year-end.

In addition, in the calculation of basic earnings per share, the Company's shares above are included in treasury shares (1,525 thousand shares in the current fiscal year), which is deducted in calculating the average number of shares during the fiscal year.

[Other notes]

1. Non-consolidated Statement of Income

The Company implemented an absorption-type company split under which the Company succeeded all the businesses of the consolidated subsidiary KADOKAWA CORPORATION (present KADOKAWA FUTURE PUBLISHING) on July 1, 2019 (excluding, however, businesses related to the holding of shares of Building Book Center Co., Ltd. and KADOKAWA KEY-PROCESS Co., Ltd.).

As a result, with regard to the presentation of certain operating items in the non-consolidated statement of income after the date of the absorption-type company split, "Operating revenue" is stated as "Net sales" and "Operating expenses" is stated as "Cost of sales" and "Selling, general and administrative expenses."

Operating expenses of 4,105 million yen for the previous fiscal year and operating expenses of 949 million yen for the current fiscal year are equivalent to selling, general and administrative expenses.

2. Notes on business combination, etc.

Transactions under common control etc.

Details regarding notes on transactions under common control are omitted here as such information is provided in the "Notes on business combination, etc." subsection of the of the "Notes to the Consolidated Financial Statements" of the Consolidated Financial Statements. Due to the company split of July 1, 2019, the Company recorded a gain on extinguishment of tie-in shares of 24,155 million yen under extraordinary income.

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

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

May 25, 2020

To the Board of Directors of
KADOKAWA CORPORATION:

Deloitte Touche Tohmatsu LLC
Tokyo office

Designated Engagement Partner,
Certified Public Accountant:

Aogi Suemura

Designated Engagement Partner,
Certified Public Accountant:

Yoshihiro Ishida

Opinion

Pursuant to the fourth paragraph of Article 444 of the Companies Act, we have audited the consolidated financial statements of KADOKAWA CORPORATION (formerly KADOKAWA DWANGO CORPORATION) and its consolidated subsidiaries (the "Group"), namely, the consolidated balance sheet as of March 31, 2020, and the consolidated statement of income and consolidated statement of changes in equity for the fiscal year from April 1, 2019 to March 31, 2020, and the related notes.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2020, and its consolidated financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

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

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

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgement. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

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

Notes to the Readers of Independent Auditor's Report

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

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

May 25, 2020

To the Board of Directors of
KADOKAWA CORPORATION:

Deloitte Touche Tohmatsu LLC
Tokyo office

Designated Engagement Partner,
Certified Public Accountant:

Aogi Suemura

Designated Engagement Partner,
Certified Public Accountant:

Yoshihiro Ishida

Opinion

Pursuant to the first item, second paragraph of Article 436 of the Companies Act, we have audited the nonconsolidated financial statements of KADOKAWA CORPORATION (formerly KADOKAWA DWANGO CORPORATION) (the "Company"), namely, the nonconsolidated balance sheet as of March 31, 2020, and the nonconsolidated statement of income and nonconsolidated statement of changes in equity for the 6th fiscal year from April 1, 2019 to March 31, 2020, and the related notes and the accompanying supplemental schedules.

In our opinion, the accompanying nonconsolidated financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2020, and its financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Nonconsolidated Financial Statements section of our report. We are independent of the Company in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Nonconsolidated Financial Statements

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

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

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the

Directors' execution of duties relating to the design and operating effectiveness of the controls over the Company's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the nonconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgement. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the nonconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the nonconsolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the nonconsolidated financial statements, including the disclosures, and whether the nonconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

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

Notes to the Readers of Independent Auditor's Report

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

(TRANSLATION)

AUDITOR'S REPORT

The Audit and Supervisory Board, following review and deliberations on the reports made by each Audit and Supervisory Board Member concerning the execution of duties by Directors for the 6th fiscal year from April 1, 2019 to March 31, 2020, prepared this Audit Report and hereby submits it as follows:

1. Summary of Auditing Methods and Contents by Audit and Supervisory Board Members and the Audit and Supervisory Board

- (1) The Audit and Supervisory Board established auditing policies and the audit plan, received reports regarding the status of audits and the results thereof from each Audit and Supervisory Board Member, received reports regarding the status of the execution of duties from Directors and the Independent Auditor, and requested explanation as necessary.
- (2) In accordance with the auditing standards for Audit and Supervisory Board Members determined by the Audit and Supervisory Board, and in compliance with auditing policies and the division of duties, each Audit and Supervisory Board Member made efforts to collect information and establish auditing circumstances through communication with Directors, internal audit division and other employees, and performed the audit in accordance with the following procedures.
 - 1) Each Audit and Supervisory Board Member attended the Board of Directors' meetings and other important meetings to receive reports regarding execution of duties from Directors and employees, and requested explanations as necessary. Each Audit and Supervisory Board Member also inspected the approved documents and examined the status of operations and conditions of assets at the head office and other locations. And each Audit and Supervisory Board Member communicated and shared information with the Directors, Audit and Supervisory Board Members etc. of the subsidiaries and received from the subsidiaries their business reports as necessary.
 - 2) Each Audit and Supervisory Board Member verified the resolutions adopted by the Board of Directors regarding the establishment of a system for ensuring that the Directors' duties, as stated in the business report, are executed in conformity of laws and regulations, and the Articles of Incorporation of the Company, and the establishment of a system necessary to ensure proper business operations of the whole business group consisting of a stock company and its subsidiaries set forth in Paragraphs 1 and 3 of Article 100 of the Ordinance for Enforcement of the Companies Act. It also regularly received reports from Directors and employees on the status of the establishment and operation of the system (internal control system) established in accordance with such resolutions adopted by the Board of Directors, and requested explanations as necessary and expressed his/her opinions.
 - 3) Audit and Supervisory Board Members monitored and verified that the Independent Auditor maintains independence and conducts the audits appropriately. Each Audit and Supervisory Board Member also received reports on the status of the execution of duties from the Independent Auditor and requested explanation as necessary. In addition, we were informed of the arrangement of the "System for ensuring that the duties are performed appropriately" (matters stipulated in the items of Article 131 of the Regulations of the Corporate Accounting in accordance with "Standards for the Quality Control of Audits" (Business Accounting Council, October 28, 2005)) from the Independent Auditor and requested explanations as necessary.

In accordance with the procedures mentioned above, we reviewed the business reports and accompanying supplemental schedules, the non-consolidated financial statements (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in equity and notes to non-consolidated financial statements), the accompanying supplemental schedules thereto, and the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in equity and notes to consolidated financial statements) for the fiscal year ended March 31, 2020.

2. Results of Audit

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

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

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

The auditing methods and results of the Independent Auditor, Deloitte Touche Tohmatsu LLC, are fair and reasonable.

(3) Results of Audit of Consolidated Financial Statements

The auditing methods and results of the Independent Auditor, Deloitte Touche Tohmatsu LLC, are fair and reasonable.

May 25, 2020

KADOKAWA CORPORATION Audit & Supervisory Board

Standing Audit and Supervisory Board Member	Yasuaki Takayama
Standing Audit and Supervisory Board Member	Akira Watanabe
Outside Audit and Supervisory Board Member	Akira Watanabe
Outside Audit and Supervisory Board Member	Masami Nitta

Proposal 1: To Elect Twelve (12) Directors

The term of office of all the 12 directors will expire at the close of this General Meeting of Shareholders. At this juncture, we propose the election of 12 directors.

The candidates for directors are as follows:

Candidate No.	Name (Date of birth)	Brief personal history, positions and responsibilities in the Company and important concurrent positions in other companies	Number of the Company's shares held
1	Tsuguhiko Kadokawa (September 1, 1943) [Male]	<p>March 1966: Joined Kadokawa Shoten Co., Ltd. (present KADOKAWA FUTURE PUBLISHING)</p> <p>October 1993: Representative Director and President of Kadokawa Shoten Co., Ltd.</p> <p>July 1995: Executive President of the Kadokawa Culture Promotion Foundation (present)</p> <p>April 1999: President of Kadokawa Media (TAIWAN) Co., Ltd. (present KADOKAWA TAIWAN CORPORATION)</p> <p>June 2002: Representative Director, Chairman and CEO of Kadokawa Shoten Co., Ltd.</p> <p>August 2002: Representative Director and Chairman of Kadokawa Daiei Pictures, Inc.</p> <p>April 2003: Representative Director, President and CEO of KADOKAWA HOLDINGS, INC. (present KADOKAWA FUTURE PUBLISHING)</p> <p>April 2003: Representative Director, Chairman and CEO of Kadokawa Shoten Co., Ltd.</p> <p>May 2004: Representative Director and President of the Japan Video Promotion Co.</p> <p>April 2005: Representative Director, Chairman and CEO of KADOKAWA HOLDINGS, INC.</p> <p>May 2005: President, Kadokawa Holdings US Inc</p> <p>December 2005: Representative Director and Chairman of Kadokawa Mobile Inc. (present BOOK WALKER Co., Ltd.)</p> <p>June 2010: Director and Chairman of KADOKAWA GROUP HOLDINGS, INC. (present KADOKAWA FUTURE PUBLISHING)</p> <p>February 2013: Representative Director and President of KADOKAWA ASCII Research Laboratories, Inc.</p> <p>October 2014: Director and Adviser of the Company</p> <p>October 2015: Representative Director and Chairman of Tokorozawa Sakuratown Corporation</p> <p>March 2017: President of Anime Tourism Association (present)</p> <p>June 2017: Chairman of the Board of the Company</p> <p>July 2019: Chairman of the Board and Executive Chairman of the Company (present)</p>	1,078,460 shares
<p>[Reason for nominating Mr. Tsuguhiko Kadokawa as a candidate for a director]</p> <p>Mr. Tsuguhiko Kadokawa serves as Chairman of the Board of the Company. He also served as Representative Director of subsidiaries of the Company, being well versed in the Company and its subsidiaries. It is proposed to elect Mr. Tsuguhiko Kadokawa as a director of the Company because the Company judges that he would perform his duties appropriately as a director of the Company by leveraging his abundant experience and extensive knowledge gained as a corporate manager in the management of the Company and its subsidiaries.</p>			

Candidate No.	Name (Date of birth)	Brief personal history, positions and responsibilities in the Company and important concurrent positions in other companies	Number of the Company's shares held
2	Masaki Matsubara (April 11, 1953) [Male]	<p>April 1999: Joined Kadokawa Shoten Co., Ltd. (present KADOKAWA FUTURE PUBLISHING)</p> <p>October 2004: Representative Director and President of SS Communications Inc.</p> <p>July 2009: Representative Director and President of K. Sense Co. (present Mainichi ga Hakken Inc.)</p> <p>September 2009: Representative Director and Chairman of K. Sense Co. (present Mainichi ga Hakken Inc.)</p> <p>June 2010: Director of KADOKAWA GROUP HOLDINGS, INC. (present KADOKAWA FUTURE PUBLISHING)</p> <p>April 2014: Representative Director and President of KADOKAWA GROUP HOLDINGS, INC.</p> <p>October 2014: Director of the Company</p> <p>April 2015: Director of KADOKAWA DAIEI STUDIO CO., LTD.</p> <p>April 2015: Director of Glovision Inc.</p> <p>April 2015: Director of Kadokawa Games, Ltd.</p> <p>April 2015: Director of K. Sense Co.</p> <p>April 2015: Director of BOOK WALKER Co., Ltd.</p> <p>April 2015: Director of Chara-Ani Corporation</p> <p>April 2015: Director of EIGA WALKER INC. (present MOVIE WALKER Co., Ltd.)</p> <p>April 2015: Director of Building Book Center Co., Ltd.</p> <p>June 2015: Director of DWANGO Co., Ltd.</p> <p>July 2015: Representative Director and President of Tokorozawa Sakuratown Corporation</p> <p>October 2015: Director of Tokorozawa Sakuratown Corporation</p> <p>June 2018: Representative Executive Director and Senior Managing Executive Officer of the Company</p> <p>February 2019: Representative Director and President of the Company</p> <p>July 2019: Representative Director and President and Chief Executive of the Company (present)</p>	46,781 shares
<p>[Reason for nominating Mr. Masaki Matsubara as a candidate for director]</p> <p>Mr. Masaki Matsubara serves as Representative Director and President of the Company. He also served as Representative Director of subsidiaries of the Company, being well versed in the Company and its subsidiaries. It is proposed to elect Mr. Masaki Matsubara as a director of the Company because the Company judges that he would perform his duties appropriately as a director of the Company by leveraging his abundant experience and extensive knowledge gained as a corporate manager in the management of the Company and its subsidiaries.</p>			

Candidate No.	Name (Date of birth)	Brief personal history, positions and responsibilities in the Company and important concurrent positions in other companies	Number of the Company's shares held
3	Shinichiro Inoue (January 28, 1959) [Male]	<p>April 1987: Joined The Television Co.</p> <p>June 2002: Director of Kadokawa Shoten Co., Ltd. (present KADOKAWA FUTURE PUBLISHING)</p> <p>April 2003: Director of Kadokawa Shoten Publishing Co., Ltd.</p> <p>April 2005: Managing Director of Kadokawa Shoten Publishing Co., Ltd.</p> <p>March 2006: Senior Managing Director of Kadokawa Shoten Publishing Co., Ltd.</p> <p>June 2006: Representative Director and Senior Managing Director of Kadokawa Shoten Publishing Co., Ltd.</p> <p>January 2007: Representative Director and President of Kadokawa Shoten Co., Ltd.</p> <p>April 2007: Representative Director and President of Kadokawa Production Inc.</p> <p>June 2008: Director of KADOKAWA GROUP HOLDINGS, INC. (present KADOKAWA FUTURE PUBLISHING)</p> <p>June 2010: Managing Director of KADOKAWA GROUP HOLDINGS, INC.</p> <p>January 2011: Representative Director and Chairman of Kadokawa Contents Gate Corporation (present BOOK WALKER Co., Ltd.)</p> <p>June 2012: Senior Managing Director of KADOKAWA GROUP HOLDINGS, INC.</p> <p>April 2013: Representative Director, Senior Managing Director and Executive General Manager of the General Entertainment Content Creation Business Headquarters of KADOKAWA GROUP HOLDINGS, INC.</p> <p>April 2017: Representative Director and Senior Managing Executive Officer of KADOKAWA CORPORATION (present KADOKAWA FUTURE PUBLISHING)</p> <p>April 2018: Representative Director and President of KADOKAWA Architecture Co., Ltd.</p> <p>April 2019: Representative Director and Deputy Chief Executive of KADOKAWA CORPORATION</p> <p>June 2019: Representative Director and Deputy President of the Company</p> <p>July 2019: Representative Director and Deputy President and Deputy Chief Executive (present)</p>	40,043 shares
<p>[Reason for nominating Mr. Shinichiro Inoue as a candidate for director]</p> <p>Mr. Shinichiro Inoue serves as Representative Director and Deputy President of the Company. He also served as Director of subsidiaries of the Company, thus, he is well versed in the business of the Company and its subsidiaries. It is proposed to elect Mr. Shinichiro Inoue as a director of the Company because the Company judges that he would perform his duties appropriately as a director of the Company by leveraging his abundant experience and extensive knowledge gained as a corporate manager in the management of the Company and its subsidiaries.</p>			

Candidate No.	Name (Date of birth)	Brief personal history, positions and responsibilities in the Company and important concurrent positions in other companies	Number of the Company's shares held
4	Takeshi Natsuno (March 17, 1965) [Male]	<p>April 1988: Joined Tokyo Gas Co., Ltd.</p> <p>June 1990: Director and Vice President of Hypernet Corporation</p> <p>September 1997: Joined NTT Mobile Network Inc. (present NTT DOCOMO, INC.)</p> <p>June 2005: Executive Director and General Manager of Multimedia Service Division of NTT DOCOMO, INC.</p> <p>May 2008: Guest Professor, Keio University Graduate School of Media and Governance (present)</p> <p>June 2008: Director of SEGA SAMMY HOLDINGS (present)</p> <p>June 2008: Director of transcosmos inc. (present)</p> <p>December 2008: Director of DWANGO Co., Ltd.</p> <p>June 2009: Director of DLE Inc.</p> <p>September 2009: Director of GREE, Inc. (present)</p> <p>December 2010: Director of U-NEXT Co., Ltd. (present USEN-NEXT HOLDINGS Co., Ltd.) (present)</p> <p>October 2014: Director of the Company</p> <p>August 2016: Director of Oracle Corporation Japan (present)</p> <p>June 2017: Director of AWS Holdings, Inc. (present Ubicom Holdings, Inc.)</p> <p>June 2017: Director of Cool Japan Fund Inc.</p> <p>June 2018: Representative Director and Chairman of MOVIE WALKER Co., Ltd. (present)</p> <p>October 2018: Director of BOOK WALKER Co., Ltd. (present)</p> <p>October 2018: Director of KADOKAWA CORPORATION (present KADOKAWA FUTURE PUBLISHING)</p> <p>February 2019: Representative Director and President of DWANGO Co., Ltd. (present)</p> <p>June 2019: Director of the Company</p> <p>April 2020: Director, Senior Managing Executive Officer and Head of Digital Business Headquarters of the Company (present)</p>	71,000 shares
<p>[Reason for nominating Mr. Takeshi Natsuno as a candidate for director]</p> <p>Mr. Takeshi Natsuno serves as Senior Managing Executive Officer and Head of Digital Business Headquarters of the Company and Representative Director and President of DWANGO Co., Ltd., which is a subsidiary of the Company. He has also served as an executive of many companies. It is proposed to elect Mr. Takeshi Natsuno as a director of the Company because the Company judges that he would perform his duties appropriately as a director of the Company by leveraging his abundant experience and extensive knowledge gained as a corporate manager.</p>			

Candidate No.	Name (Date of birth)	Brief personal history, positions and responsibilities in the Company and important concurrent positions in other companies	Number of the Company's shares held
5	Yoichi Yasumoto (May 11, 1964) [Male]	<p>July 1992: Joined The Television Co.</p> <p>June 2006: Director of Kadokawa The Television Co.</p> <p>June 2008: Managing Director of Kadokawa Mobile Inc. (present BOOK WALKER Co., Ltd.)</p> <p>April 2013: Representative Director and President of BOOK WALKER Co., Ltd.</p> <p>April 2016: Executive Officer of KADOKAWA CORPORATION (present KADOKAWA FUTURE PUBLISHING)</p> <p>April 2016: Director of KADOKAWA UPLINK INC.</p> <p>July 2017: President of TAIWAN BOOKWALKER</p> <p>April 2019: Managing Executive Officer and Head of DX Strategy Headquarters of KADOKAWA CORPORATION (present KADOKAWA FUTURE PUBLISHING)</p> <p>June 2019: Director of the Company</p> <p>July 2019: Director, Managing Executive Officer and Head of DX Strategy Headquarters of the Company</p> <p>April 2020: Director, Managing Executive Officer and Head of Corporate Planning Headquarters of the Company (present)</p>	17,568 shares
<p>[Reason for nominating Mr. Yoichi Yasumoto as a candidate for director]</p> <p>Mr. Yoichi Yasumoto serves as Director, Managing Executive Officer and Head of Corporate Planning Headquarters of the Company. He also served as Director of subsidiaries of the Company, thus, he is well versed in the business of the Company and its subsidiaries. It is proposed to elect Mr. Yoichi Yasumoto as a director of the Company because the Company judges that he would perform his duties appropriately as a director of the Company by leveraging his abundant experience and extensive knowledge gained as a corporate manager in the management of the Company and its subsidiaries.</p>			

Candidate No.	Name (Date of birth)	Brief personal history, positions and responsibilities in the Company and important concurrent positions in other companies	Number of the Company's shares held
6	Naohisa Yamashita (February 9, 1958) [Male]	<p>January 1981: Joined Kadokawa Shoten Co., Ltd. (present KADOKAWA FUTURE PUBLISHING)</p> <p>January 2007: Director of Kadokawa Shoten Publishing Co., Ltd.</p> <p>April 2007: Director of Kadokawa Production Inc.</p> <p>June 2007: Representative Director and President of Fujimi Shobo Co., Ltd.</p> <p>March 2008: Director of Chara-Ani Corporation</p> <p>April 2010: Representative Director and President of Kadokawa Gakugei Shuppan Publishing Co., Ltd.</p> <p>April 2010: Director of Kadokawa Media (TAIWAN) Co., Ltd.</p> <p>June 2012: Representative Director and Senior Managing Director of Kadokawa Shoten Co., Ltd.</p> <p>June 2012: Representative Director and President of KADOKAWA EDITORIAL CO., LTD. (present PERSOL MEDIA SWITCH CO., LTD.)</p> <p>December 2013: Director of Choubunsha Publishing Co., Ltd.</p> <p>July 2014: Representative Director and President of Kadokawa Book Navi Co.</p> <p>July 2014: Director of KADOKAWA CORPORATION (present KADOKAWA FUTURE PUBLISHING)</p> <p>October 2015: Director of Building Book Center Co., Ltd.</p> <p>April 2016: Managing Executive Officer of KADOKAWA CORPORATION (present KADOKAWA FUTURE PUBLISHING)</p> <p>July 2016: Director of BOOK WALKER Co., Ltd.</p> <p>July 2016: Director of EIGA WALKER INC. (present MOVIE WALKER Co., Ltd.)</p> <p>July 2017: Director of Gzbrain Inc. (KADOKAWA GAME LINKAGE INC.)</p> <p>February 2019: Executive Officer of the Company</p> <p>April 2019: Managing Executive Officer and Head of Group Human Resources and General Affairs Headquarters of KADOKAWA CORPORATION (present KADOKAWA FUTURE PUBLISHING)</p> <p>July 2019: Managing Executive Officer and Head of Group Human Resources and General Affairs Headquarters of the Company (present)</p>	14,311 shares
<p>[Reason for nominating Mr. Naohisa Yamashita as a candidate for director]</p> <p>Mr. Naohisa Yamashita serves as Managing Executive Officer and Head of Group Human Resources and General Affairs Headquarters of the Company. He also served as Director of the Company and its subsidiaries, thus, he is well versed in the business of the Company and its subsidiaries. It is proposed to elect Mr. Naohisa Yamashita as a director of the Company because the Company judges that he would perform his duties appropriately as a director of the Company by leveraging his experience in personnel and general affairs and his abundant experience and extensive knowledge gained in the management of the Company and its subsidiaries.</p>			

Candidate No.	Name (Date of birth)	Brief personal history, positions and responsibilities in the Company and important concurrent positions in other companies		Number of the Company's shares held
7	Noriko Kase (September 23, 1961) [Female]	April 1985:	Joined ASCII Corporation	1,100 shares
		April 2006:	General Manager of Corporate Business Department of ASCII Corporation	
		April 2017:	Manager of 7th editorial division of KADOKAWA ASCII Mediaworks of KADOKAWA CORPORATION (present KADOKAWA FUTURE PUBLISHING)	
		April 2018:	General Manager of ASCII Division of KADOKAWA ASCII Research Laboratories, Inc.	
		July 2019:	Chief Executive Officer of KADOKAWA ASCII Research Laboratories, Inc. (present)	
<p>[Reason for nominating Ms. Noriko Kase as a candidate for director]</p> <p>Ms. Noriko Kase was engaged in various fields including book editing and corporate marketing, and now serves as Chief Executive Officer of KADOKAWA ASCII Research Laboratories, Inc. It is proposed to elect Ms. Noriko Kase as a director of the Company because the Company judges that she would perform her duties appropriately as a director of the Company by leveraging her abundant experience and extensive knowledge.</p>				
8	Nobuo Kawakami (September 6, 1968) [Male]	April 1991:	Joined Software Japan Co., Ltd.	4,504,900 shares
		August 1997:	Representative Director and President of DWANGO Co., Ltd.	
		September 2000:	Representative Director and Chairman of DWANGO Co., Ltd.	
		June 2006:	Director of Avex Group Holdings Inc.	
		June 2011:	Director of KADOKAWA GROUP HOLDINGS, INC. (present KADOKAWA FUTURE PUBLISHING)	
		June 2013:	Managing Director of khara, Inc. (present)	
		June 2014:	Director of BOOK WALKER Co., Ltd.	
		June 2014:	Director of KADOKAWA ASCII Research Laboratories, Inc.	
		October 2014:	Representative Director and Chairman of the Company	
		June 2015:	Representative Director and President of the Company	
		October 2016:	Director of TECTECH Co., Ltd.	
		July 2017:	Director of Gzbrain Inc. (KADOKAWA GAME LINKAGE INC.)	
		December 2017:	Director & CTO of DWANGO Co., Ltd.	
		February 2018:	Director of vaka, Inc.	
		February 2019:	Advisor of DWANGO Co., Ltd. (present)	
		February 2019:	Director of the Company (present)	
<p>[Reason for nominating Mr. Nobuo Kawakami as a candidate for director]</p> <p>Mr. Nobuo Kawakami serves as Director of the Company. He also established DWANGO Co., Ltd., which is a subsidiary of the Company, served as Representative Director and Chairman of the company for years, and currently serves as Advisor of the company. It is proposed to elect Mr. Nobuo Kawakami as a director of the Company because the Company judges that he would perform his duties appropriately as a director of the Company by leveraging his abundant experience and extensive knowledge.</p>				

Candidate No.	Name (Date of birth)	Brief personal history, positions and responsibilities in the Company and important concurrent positions in other companies	Number of the Company's shares held
9	Takeo Takasu (June 24, 1945) [Male]	<p>April 1968: Joined The Sanwa Bank, Ltd. (present MUFG Bank, Ltd.)</p> <p>April 1996: Joined BANDAI Co., Ltd.</p> <p>June 1996: Representative Director and President of BANDAI HOLDINGS CORPORATION</p> <p>June 1997: Managing Director of BANDAI Co., Ltd.</p> <p>March 1999: Representative Director and President of BANDAI Co., Ltd.</p> <p>June 2005: Representative Director and Chairman of BANDAI Co., Ltd.</p> <p>September 2005: Representative Director and President of NAMCO BANDAI Holdings Inc.</p> <p>April 2009: Representative Director and Chairman of NAMCO BANDAI Holdings Inc.</p> <p>June 2012: Advisor of NAMCO BANDAI Holdings Inc.</p> <p>March 2013: Director of Bell-Park Co., Ltd. (present)</p> <p>June 2013: Director of KADOKAWA CORPORATION (present KADOKAWA FUTURE PUBLISHING)</p> <p>November 2013: Director of Cool Japan Fund Inc.</p> <p>June 2014: Director of HOYA CORPORATION (present)</p> <p>June 2019: Director of the Company (present)</p>	- shares
<p>[Reason for nominating Mr. Takeo Takasu as a candidate for an outside director]</p> <p>It is proposed to elect Mr. Takeo Takasu as an outside director because he is expected to use his abundant experience and extensive knowledge as a corporate manager, well versed in the entertainment business, in the management of the Company. In addition, he served as Outside Director of subsidiaries of the Company. His term of office as an outside director of the Company will be about one year at the close of this General Meeting of Shareholders.</p>			

Candidate No.	Name (Date of birth)	Brief personal history, positions and responsibilities in the Company and important concurrent positions in other companies		Number of the Company's shares held
10	Tomoyuki Moriizumi (January 3, 1948) [Male]	April 1970:	Joined Sumitomo Corporation	- shares
		January 1995:	Chairman of Phoenixcor Inc.	
		October 1996:	Representative Director and President of Jupiter Shop Channel Co., Ltd.	
		February 2000:	Representative Director and President of Jupiter Programming Co., Ltd.	
		February 2000:	Representative Director and President of Jupiter Satellite Broadcasting Co., Ltd.	
		April 2000:	Corporate Officer of Sumitomo Corporation	
		March 2003:	Representative Director, President and Chief Executive Officer of Jupiter Telecommunications Co., Ltd.	
		March 2011:	Advisor to Sumitomo Corporation	
		June 2011:	Director of KADOKAWA GROUP HOLDINGS, INC. (present KADOKAWA FUTURE PUBLISHING)	
		June 2019:	Director of the Company (present)	
[Reason for nominating Mr. Tomoyuki Moriizumi as a candidate for an outside director] It is proposed to elect Mr. Tomoyuki Moriizumi as an outside director because he is expected to use his abundant experience and extensive knowledge as a corporate manager, in fields such as the cable TV business, in the management of the Company. In addition, he served as Outside Director of subsidiaries of the Company. His term of office as an outside director of the Company will be about one year at the close of this General Meeting of Shareholders.				
11	Koji Funatsu (March 18, 1952) [Male]	April 1981:	Joined Japan Recruit Center (present Recruit Holdings Co., Ltd.)	- shares
		April 1998:	Joined transcosmos inc.	
		June 1998:	Managing Director of transcosmos inc.	
		June 1999:	Senior Managing Director of transcosmos inc.	
		December 1999:	Director of Kadokawa Interactive Media Co., Ltd.	
		April 2000:	Representative Director and Vice-president of transcosmos inc.	
		September 2002:	Representative Director, President and CEO of transcosmos inc.	
		June 2003:	Representative Director, Chairman and CEO of transcosmos inc. (present)	
		June 2005:	Auditor of Walker Plus Co.	
		November 2005:	Auditor of Chara-Ani Corporation	
		June 2006:	Director of Kadokawa Cross Media Co.	
		June 2006:	Director of Kadokawa The Television Co.	
		June 2008:	Director of Kadokawa Marketing Co., Ltd.	
		June 2009:	Director of KADOKAWA GROUP HOLDINGS, INC. (present KADOKAWA FUTURE PUBLISHING)	
		October 2014:	Director of the Company (present)	
		June 2019:	Director of DeNA Co., Ltd. (present)	
[Reason for nominating Mr. Koji Funatsu as a candidate for an outside director] Mr. Koji Funatsu serves as Outside Director of the Company. It is proposed to elect Mr. Koji Funatsu as an outside director because he is expected to use his expertise in the IT field, as well as abundant experience and extensive knowledge as a business owner in the management of the Company. In addition, he served as Outside Director and Auditor of subsidiaries of the Company. His term of office as an outside director of the Company will be about five years and nine months at the close of this General Meeting of Shareholders.				

Candidate No.	Name (Date of birth)	Brief personal history, positions and responsibilities in the Company and important concurrent positions in other companies	Number of the Company's shares held
12	Ruth Marie Jarman (May 30, 1966) [Female]	December 1988: Joined Recruit Co., Ltd. December 2000: Joined Space Design Inc. April 2008: Director of Tokorozawa Sakuratown Corporation April 2012: Representative Director of Jarman International KK (present) June 2019: Director of Fujibo Holdings, Inc. (present)	- shares
	[Reason for nominating Ms. Ruth Marie Jarman as a candidate for an outside director] Ms. Ruth Marie Jarman founded and serves as CEO of Jarman International KK. It is proposed to elect Ms. Ruth Marie Jarman as an outside director because she is expected to use her abundant experience and extensive knowledge in global expansion, inbound businesses, and support for women's activities in the management of the Company.		

- Notes: 1. Of the candidates for directors, three candidates (Mr. Naohisa Yamashita, Ms. Noriko Kase and Ms. Ruth Marie Jarman) are newly nominated candidates and the other nine candidates are candidates for reelection.
2. Of the candidates for directors, Mr. Takeo Takasu, Mr. Tomoyuki Moriizumi, Mr. Koji Funatsu and Ms. Ruth Marie Jarman are candidates for outside directors as provided for in Article 2, paragraph 3, item 7 of the Ordinance for Enforcement of the Companies Act.

In May 2016, while Mr. Takeo Takasu was serving as Outside Director of HOYA CORPORATION, it came to light at the said company that part of the share buyback it had implemented by a board resolution in February 2016 exceeded the distributable amount calculated based on the Companies Act and the Regulation on Corporate Accounting. Although the said company did not suffer a deficit at the end of that fiscal year and no damages from third-party interests arose, the said company immediately established a third-party committee, implemented a probe into the cause, and formulated measures to prevent recurrence. Mr. Takeo Takasu fulfilled his duties through such actions as providing appropriate suggestions with regard to the initiatives aimed at recurrence prevention based on the suggestions of the third-party committee and proposals from the executive division, and monitoring the status of implementation of such measures.

3. Of the candidates for directors, Mr. Takeo Takasu, Mr. Tomoyuki Moriizumi, Mr. Koji Funatsu and Ms. Ruth Marie Jarman are the candidates for independent officers whom Tokyo Stock Exchange Inc. requires us to appoint for the purpose of protecting general shareholders. In addition to criteria regulated by Tokyo Stock Exchange Inc., as standards on independence when appointing an independent officer, the Company places following criteria on transaction amounts, etc. for transactions, etc. between the Company and a counterpart.

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

- 1) An entity where the Group is a major business partner (an entity where its sales to the Group account for 2% or above of its consolidated sales of any one of the three most recent fiscal years) or a business executive thereof
- 2) A major business partner with the Group (an entity where sales of the Group to that entity account for 2% or above of the Company's consolidated sales of any one of the three most recent fiscal years) or a business executive thereof
- 3) A business executive of a financial institution from which the Company has loaned a large sum of money (the loans account for 2% or above of the Company's consolidated total assets as of the end of the most recent fiscal year)
- 4) A consultant, an expert in accounting, or a specialist in law who has earned from the Company a large sum of cash or other financial assets, other than in the form of remuneration as director: for an individual, 10 million yen or above per year in the current and the previous three years; or for a corporation, 2% or above of total sales of the said corporation paid out as remuneration on average over the past three years (if the person who earns such assets is a company or organization, an individual who is a member of the company or organization)
- 5) A business executive of an organization to which the Group has made a donation exceeding a total sum of the greater of 10 million yen per year or 2% of annual aggregate revenue of the organization in any one of the three most recent fiscal years
- 6) A person who is or has been an Independent Auditor of the Group (for a company, an individual who is or has been in charge of the audit of the Group) in the current and the previous three years
- 7) A person who owns, directly or indirectly, 10% or above of the total of voting rights of the Company (for a company, a business executive thereof)

4. Candidate for director Mr. Tsuguhiko Kadokawa serves as Executive President of the Kadokawa Culture Promotion Foundation, whose business relationship with the Company includes such items as leasing of offices, supply of products, payment of outsourcing, and payment of financial assistance.

Mr. Tsuguhiko Kadokawa serves as President of Anime Tourism Association, whose business relationship with the Company includes such items as payment of membership fees, leasing of offices, and etc.

Candidate for director Mr. Takeshi Natsuno serves as Representative Director and Chairman of MOVIE WALKER Co., Ltd., whose business relationship with the Company includes such items as purchasing of products, payment of advertising expenses and etc.

Candidate for outside director Mr. Koji Funatsu is Representative Director, Chairman and CEO of transcosmos inc., whose business relationship with the Group includes the payment of outsourcing fees, system management fees, advertising expenses, and etc., but the value of these transactions is less than 0.2% of the Company's consolidated net sales, and Mr. Koji Funatsu satisfies the criteria set by the Company for independent officers.

There are no special interests between the Company and the candidates for directors.

5. The Company has entered into an agreement limiting the liabilities for damages with the candidates for outside directors Messrs. Takeo Takasu, Tomoyuki Moriizumi and Koji Funatsu, pursuant to the provisions of Article 427, paragraph 1 of the Companies Act. The limited amount of liabilities for damages under the agreement is the minimum liability amount set forth in laws or regulations. If the reelection of Messrs. Takeo Takasu, Tomoyuki Moriizumi and Koji Funatsu is approved, the Company plans to renew the aforementioned agreements with them.

If the appointment of the candidate for an outside director, Ms. Ruth Marie Jarman, is approved, the Company will enter into the aforementioned agreements with her.

Proposal 2: To Elect One (1) Audit and Supervisory Board Member

Audit and Supervisory Board Member Mr. Masami Nitta will leave office due to resignation at the close of this General Meeting of Shareholders. At this juncture, we propose the election of 1 Audit and Supervisory Board Member as a substitute.

We have obtained the consent of the Audit and Supervisory Board to this proposal.

The candidate for Audit and Supervisory Board member is as follows:

Name (Date of birth)	Brief personal history, positions in the Company and important concurrent positions in other companies	Number of the Company's shares held
Maoko Kikuchi (July 14, 1965) [Female]	<p>April 1992: The Ministry of Justice, Prosecutors Office, Prosecutor</p> <p>August 1997: Joined Los Angeles Office of Paul Hastings LLP</p> <p>March 1999: Registered as a member of Japan Federation Bar Associations (Dai-Ichi Tokyo Bar Association in Japan)</p> <p>March 1999: Registered as a member of New York State Bar Association (New York State Bar Association in New York, United States)</p> <p>March 1999: Joined Nagashima & Ohno (Nagashima Ohno & Tsunematsu)</p> <p>April 2004: Joined General Secretariat of Japan Fair Trade Commission</p> <p>May 2006: Joined Vodafone K.K. (present SoftBank Corp.)</p> <p>May 2014: Executive Officer of Microsoft Japan Co., Ltd.</p> <p>June 2016: Auditor of MITSUI-SOKO HOLDINGS Co., Ltd. (present)</p> <p>June 2016: Auditor of MITSUI-SOKO Co., Ltd. (present)</p> <p>June 2016: Auditor of MITSUI-SOKO Supply Chain Solutions, Inc. (present)</p>	- shares
<p>[Reason for nominating Ms. Maoko Kikuchi as a candidate for an outside Audit and Supervisory Board member]</p> <p>Ms. Maoko Kikuchi is qualified as an attorney-at-law of Japan and the State of New York in the U.S., and has a high degree of professionalism in legal matters and corporate governance, based on her experience in corporate legal affairs and serving as a member of the Public Prosecutors Office and the Japan Fair Trade Commission and a full-time Audit & Supervisory Board Member. It is proposed to elect Ms. Maoko Kikuchi as an outside Audit and Supervisory Board member of the Company because the Company judges that she would perform her duties appropriately as an Audit and Supervisory Board member by leveraging her abundant experience and extensive knowledge.</p>		

- Notes: 1. Ms. Maoko Kikuchi is a newly nominated candidate for an Audit and Supervisory Board Member.
2. A candidate for an Audit and Supervisory Board Member Ms. Maoko Kikuchi is a candidate for an outside Audit and Supervisory Board Member as provided for in Article 2, paragraph 3, item 8 of the Ordinance for Enforcement of the Companies Act.
3. Ms. Maoko Kikuchi, the candidate for Audit and Supervisory Board member, is the candidate for an independent officer whom Tokyo Stock Exchange Inc. requires us to appoint for the purpose of protecting general shareholders. In addition to criteria regulated by Tokyo Stock Exchange Inc., as standards on independence when appointing an independent officer, the Company places following criteria on transaction amounts, etc. for transactions, etc. between the Company and a counterpart.
- The candidate shall not fall under any of the following:
- 1) An entity where the Group is a major business partner (an entity where its sales to the Group account for 2% or above of its consolidated sales of any one of the three most recent fiscal years) or a business executive thereof
 - 2) A major business partner with the Group (an entity where sales of the Group to that entity account for 2% or above of the Company's consolidated sales of any one of the three most recent fiscal years) or a business executive thereof
 - 3) A business executive of a financial institution from which the Company has loaned a large sum of money (the loans account for 2% or above of the Company's consolidated total assets as of the end of the most recent fiscal year)
 - 4) A consultant, an expert in accounting, or a specialist in law who has earned from the Company a large sum of cash or other financial assets, other than in the form of remuneration as director: for an individual, 10 million yen or above per year in the current and the previous three years; or for a corporation, 2% or above of total sales of the said corporation paid out as remuneration on average over the past three years (if the person who

earns such assets is a company or organization, an individual who is a member of the company or organization)

- 5) A business executive of an organization to which the Group has made a donation exceeding a total sum of the greater of 10 million yen per year or 2% of annual aggregate revenue of the organization in any one of the three most recent fiscal years
 - 6) A person who is or has been an Independent Auditor of the Group (for a company, an individual who is or has been in charge of the audit of the Group) in the current and the previous three years
 - 7) A person who owns, directly or indirectly, 10% or above of the total of voting rights of the Company (for a company, a business executive thereof)
4. There are no special interests between the Company and Ms. Maoko Kikuchi, the candidate for Audit and Supervisory Board member.
 5. If the appointment of the candidate for an Audit and Supervisory Board Member, Ms. Maoko Kikuchi, is approved, the Company will enter into an agreement limiting the liabilities for damages with her, pursuant to the provisions of Article 427, paragraph 1 of the Companies Act. The limited amount of liabilities for damages under the agreement is the minimum liability amount set forth in laws or regulations.

Proposal 3: To Elect an Independent Auditor

Independent Auditor Deloitte Touche Tohmatsu LLC will retire due to expiration of term of office at the close of this General Meeting of Shareholders. At this juncture, we propose the election of a new Independent Auditor pursuant to the decision of the Audit and Supervisory Board.

The Audit and Supervisory Board nominated Ernst & Young ShinNihon LLC as a candidate for an Independent Auditor because the Board considered the firm to be an appropriate as an Independent Auditor of the Company after comprehensively examining its expertise as an Independent Auditor suitable for the future business activities including new businesses and scale expansion of the Company, audit from a new perspective, independence, quality control system, and audit fees, as well as considering the duration of the current Independent Auditor's ongoing audit activities.

The candidate for the Independent Auditor is as follows:

(As of March 31, 2020)

Name	Ernst & Young ShinNihon LLC	
Office	Principal Office	1-1-2, Yurakucho, Chiyoda-ku, Tokyo
	Other Offices	Tokyo Midtown Hibiya, Hibiya Mitsui Tower 16 in Japan
Company History	April 2000	Established Ohta Showa Century Audit Firm
	July 2001	Changed the name to ShinNihon Audit Corporation
	July 2008	Changed the name to Ernst & Young ShinNihon LLC
	July 2018	Changed its Japanese corporate name from ShinNihon Yugen Sekinin Kansa Hojin to EY ShinNihon Yugen Sekinin Kansa Hojin but left its English name unchanged.
Overview	Capital	1,040 million yen
	Number of Members	
	Certified Public Accountant	3,037
	Number of those who passed the certified public accountant examination, etc.	
		1,037
	Other	1,386
	Total	5,460
	Number of Audited Companies	3,774