



KADOKAWA

For Potential Investors

KADOKAWA CORPORATION

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01

Overview of the KADOKAWA Group

みんなの文庫
70th
発行1角川文庫

1949
KADOKAWA Bunko
first published



1983

Release of *Harmagedon*,
the first animation
from KADOKAWA



1976

Release of *The Inugami Family*, the first live action
movie from KADOKAWA



1945

Founded as
a publisher

1998
Listed on the
TSE 2nd Section

2004
Transferred to
TSE 1st Section

1999

The first
overseas base
established in
Taiwan

2009

KADOKAWA Contents Gate,
the predecessor of
BOOK WALKER, established



2014
Acquisition of
FromSoftware
Management
integration with
DWANGO

2022
ELDEN RING, game software,
became a worldwide blockbuster.



2016

Service launch of the
Kaku Yomu, a website
where online novels are posted

N High School opened by
KADOKAWA DWANGO Educational Institute

YEN PRESS,
a strategic subsidiary in
North America, established



2014

Acquisition of Vantan by DWANGO



2020

Opening of TOKOROZAWA
SAKURA TOWN

2021

The TATESC Comics
electronic comic service
launched



2022
Shifted to
the TSE
Prime Market

Making a further
leap forward with
"Global Media Mix
with Technology"

- Business structure for global growth: Owned IP Rollout in diverse media channels

Publication/ IP Creation



- Publishing and sales of paper books
- Publishing and sales of e-books and e-magazines
- Sales of magazines and web advertising



Sword Art Online
Author: Reiki Kawahara
Illustrator: abec



Delicious in Dungeon
Author: Ryoko Kui

Animation/Film

- Planning, production, and distribution of animation and live action titles
- Video distribution licensing



Konosuba: God's Blessing on This Wonderful World!
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KADOKAWA/KonoSuba production committee



Sadako DX
©2022 Sadako DX production committee



Gaming



- Planning, production, and sales of game software and online games



ELDEN RING
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Danganronpa Decadence
©Spike Chunsoft Co., Ltd. All Rights Reserved.

KADOKAWA

Education/EdTech



- Operation of Vantan trade schools in the creative fields
- Provision of educational content and systems intended for N High School and S High School, which provide online education



Others



- Operation of IP experiential facilities
- MD business dealing in character goods and others
- Other new businesses

Web Services

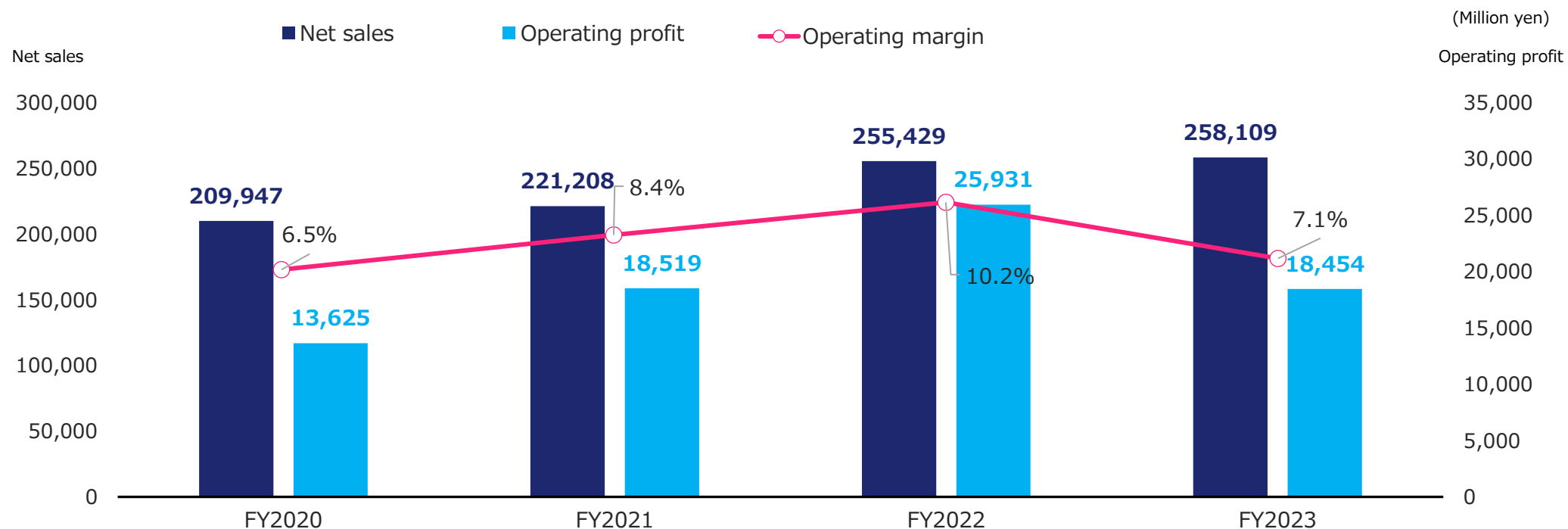


- Operation of video community service "Niconico"
- Planning, production, and operation of events including Niconico Chokaigi and Animelo Summer Live



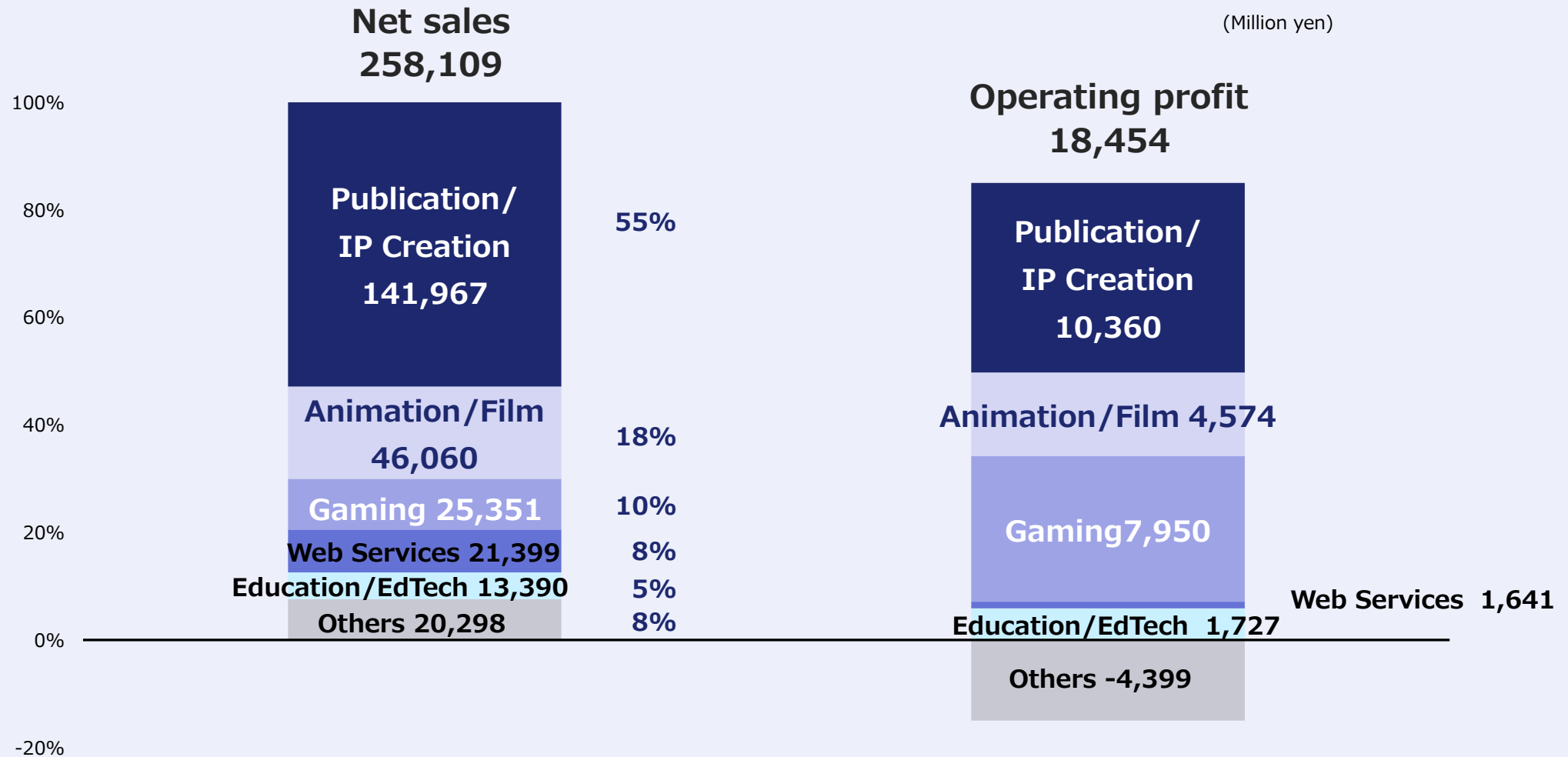
Segment	Business	Main Business Activities	Major Companies
Publication/ IP Creation	<p>Paper-based books</p> <p>E-books/magazines</p> <p>Information Media</p>	<ul style="list-style-type: none"> • Publishing and sales of paper books, rights licensing, etc. • Publishing and sales of e-books and e-magazines, etc. • Publishing of paper magazines, sales of magazines and web advertising, etc. 	<p>KADOKAWA Corporation BOOK WALKER Co., Ltd. KADOKAWA ASCII Research Laboratories, Inc. YEN PRESS, LLC</p>
Animation/ Film	<p>Animation</p> <p>Film</p>	<ul style="list-style-type: none"> • Planning, production, and distribution of animation and film, video distribution licensing, sales of package software, etc. 	<p>KADOKAWA Corporation Kadokawa Daiei Studio Co., Ltd. ENGI Co.Ltd.</p>
Gaming	<p>Gaming</p>	<ul style="list-style-type: none"> • Planning, production, and sales of game software and online games 	<p>FromSoftware, Inc. Spike Chunsoft Co., Ltd. KADOKAWA Corporation</p>
Web Services	<p>niconico</p> <p>Live</p> <p>Mobile</p>	<ul style="list-style-type: none"> • Operation of video community service "Niconico" • Planning and operation of events • Distribution of mobile content 	<p>DWANGO Co., Ltd.</p>
Education/ EdTech	<p>Education/EdTech</p>	<ul style="list-style-type: none"> • Operation of Vantan trade schools that develop human resources in creative fields, provision by DWANGO of educational content and systems intended for N High School and S High School that provide online education, etc. 	<p>Vantan Inc. DWANGO Co., Ltd.</p>
Others	<p>Commercial facility</p> <p>MD</p> <p>Others</p>	<ul style="list-style-type: none"> • Commercial facility operation, MD business including planning and sales of character goods, other new businesses, etc. 	<p>KADOKAWA Corporation KADOKAWA Connected Inc.</p>

Trends in Consolidated Results



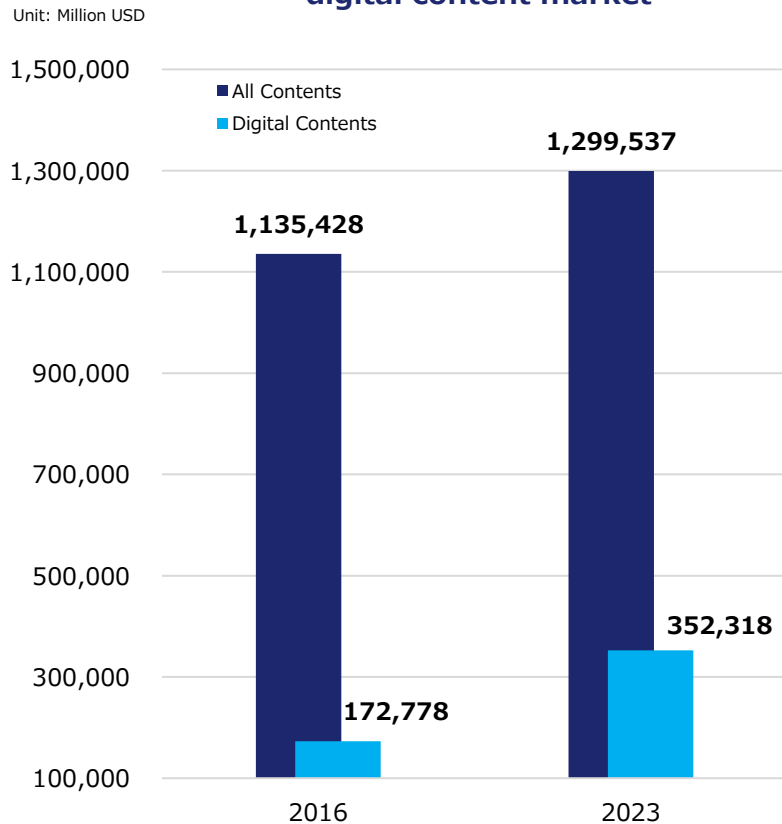
	FY2020	FY2021	FY2022	FY2023
Net sales	209,947	221,208	255,429	258,109
Operating profit	13,625	18,519	25,931	18,454
Operating margin	6.5%	8.4%	10.2%	7.1%
Ordinary profit	14,369	20,213	26,669	20,236
Profit attributable to owners of parent	9,584	14,078	12,679	11,384

Ratios of net sales and operating profit by segment (FY2023)

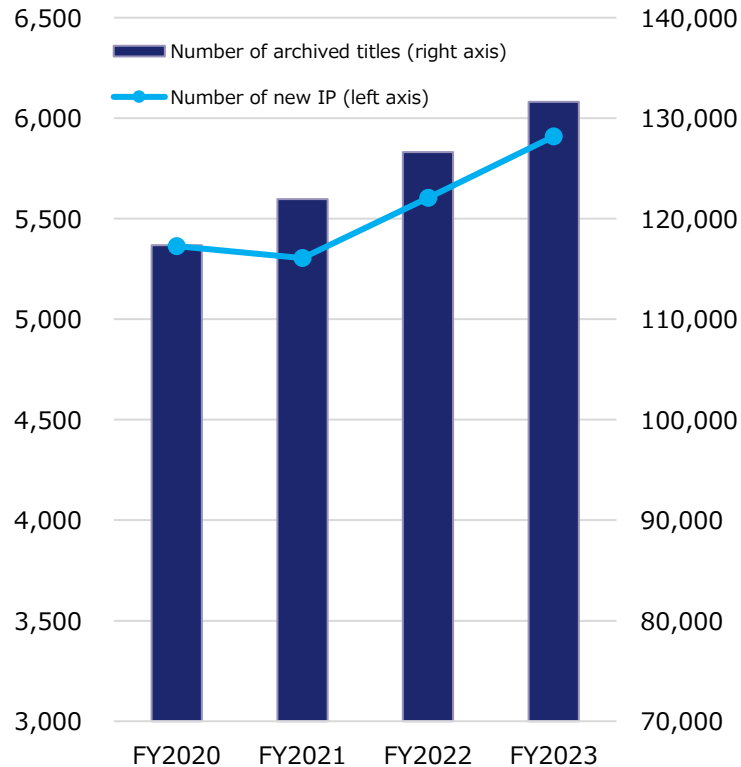


Continuing to create new entertainment content as a source of value, in the ever-expanding global content market with capacity to produce more than 5,500 titles/year centered in publication

Sizes of the global content market and digital content market



Numbers of new titles and archived titles from the KADOKAWA Group



Overlord



KADOKAWA Manga Gakushu Series Nihon no rekishi (History of Japan)



Pan Dorobou



Sword Art Online

Source: Contents-no Sekai Shijo Nihon Shijo-no Gaikan (Overview of the global content market and Japanese content market) from the Content Industries Division, Commerce and Information Policy Bureau, Ministry of Economy, Trade and Industry (https://www.meti.go.jp/policy/mono_info_service/contents/downloadfiles/report/202002_contentsmarket.pdf), with partial edition by the Company
 *Figures for 2023 represent projected values.

KADOKAWA Group's Appeal

-- Capability of Implementing Media Mix Strategy --

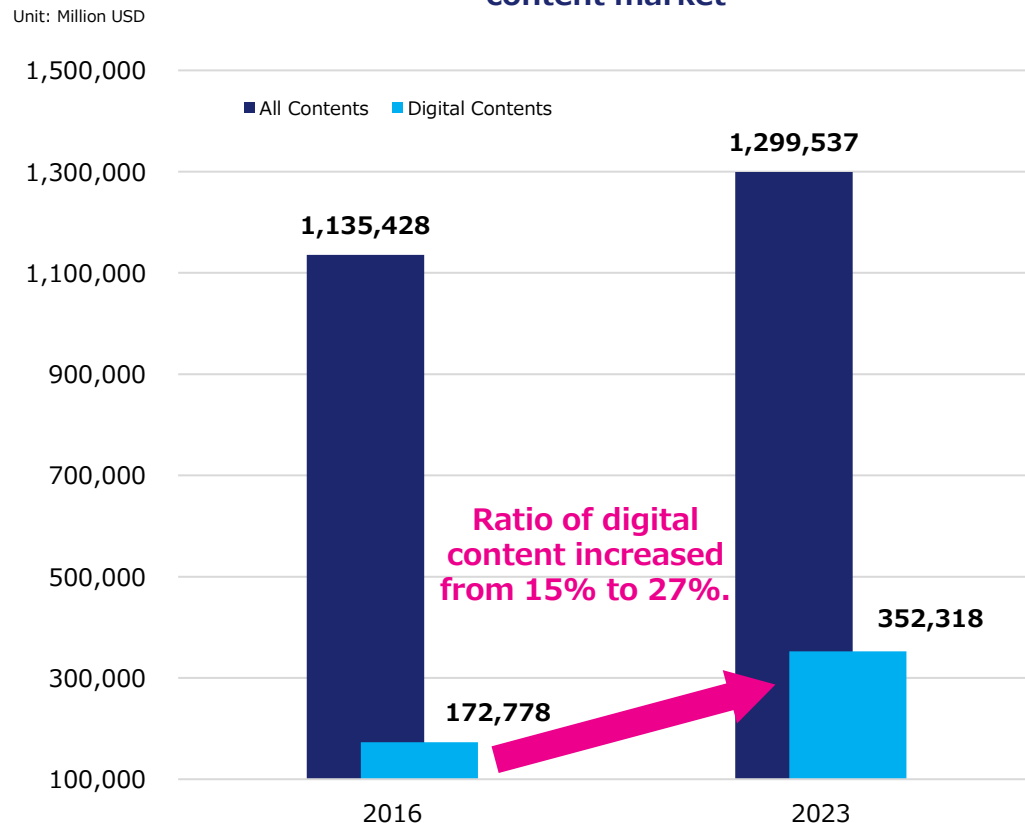
Maximizing its value by not only creating new entertainment content but also driving the implementation of “Media Mix Strategy” (rolling out content via diverse media centered in publication, video, and game) on its own

- Example of media mix strategy: *Re: ZERO - Starting Life in Another World -*



The value of owned IP, including its archives, is growing as it connects with more users on a global scale through digitalization.

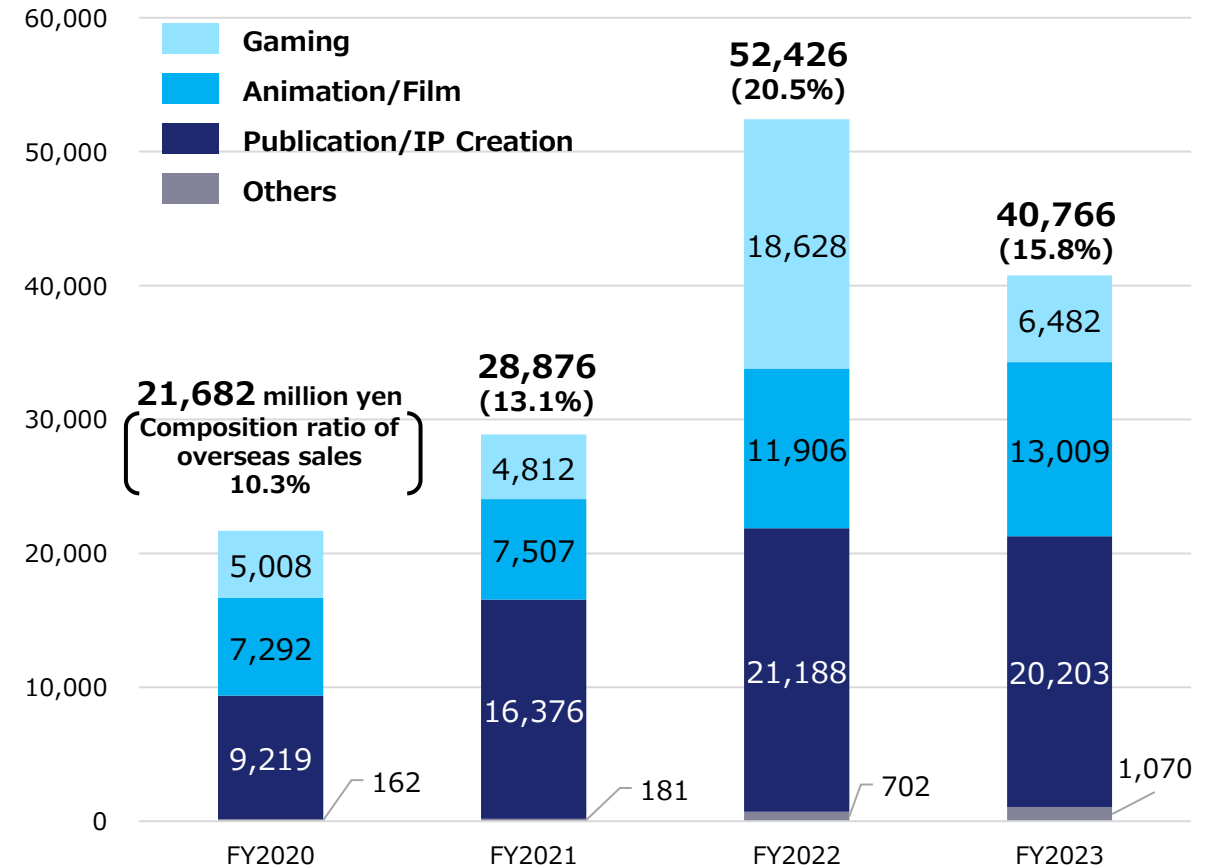
Sizes of the global content market and digital content market



Source: Contents-no Sekai Shijo Nihon Shijo-no Gaikan (Overview of the global content market and Japanese content market) from the Content Industries Division, Commerce and Information Policy Bureau, Ministry of Economy, Trade and Industry (https://www.meti.go.jp/policy/mono_info_service/contents/downloadfiles/report/202002_contentsmarket.pdf), with partial edition by the Company

*Figures for 2023 represent projected values.

KADOKAWA Group's international net sales

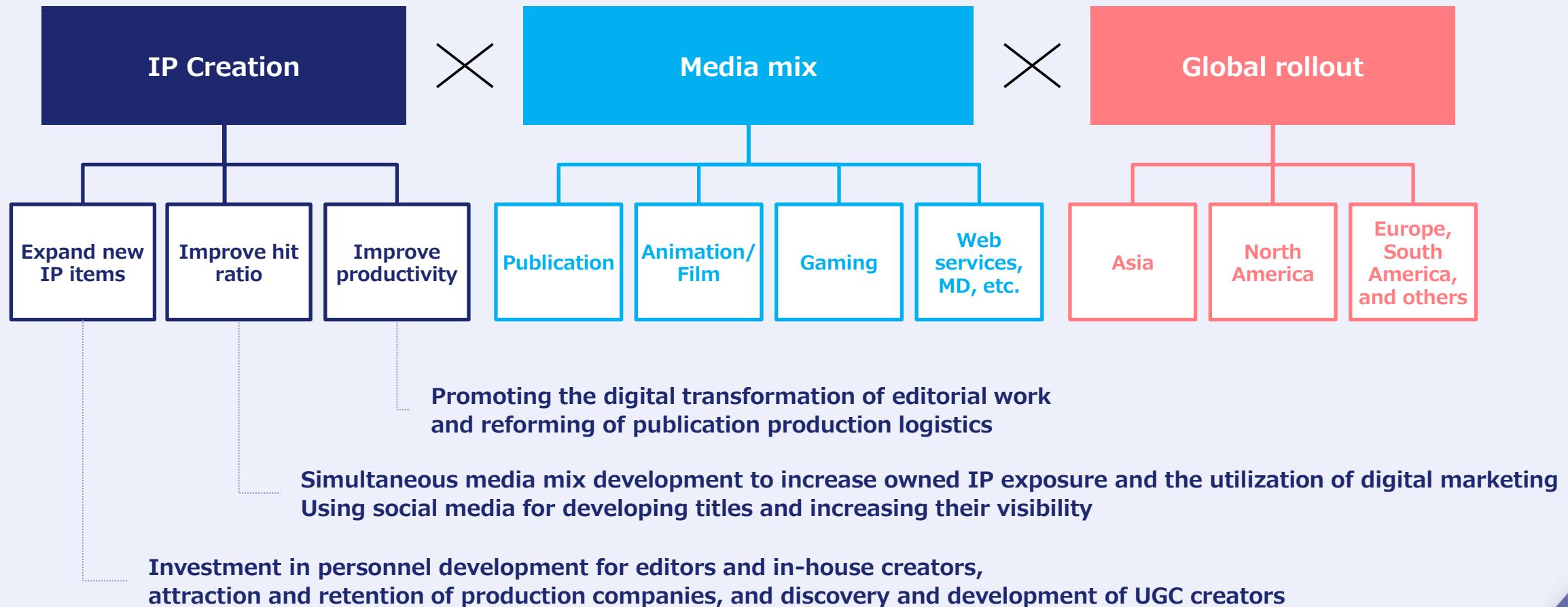


KADOKAWA Group's Basic Strategy

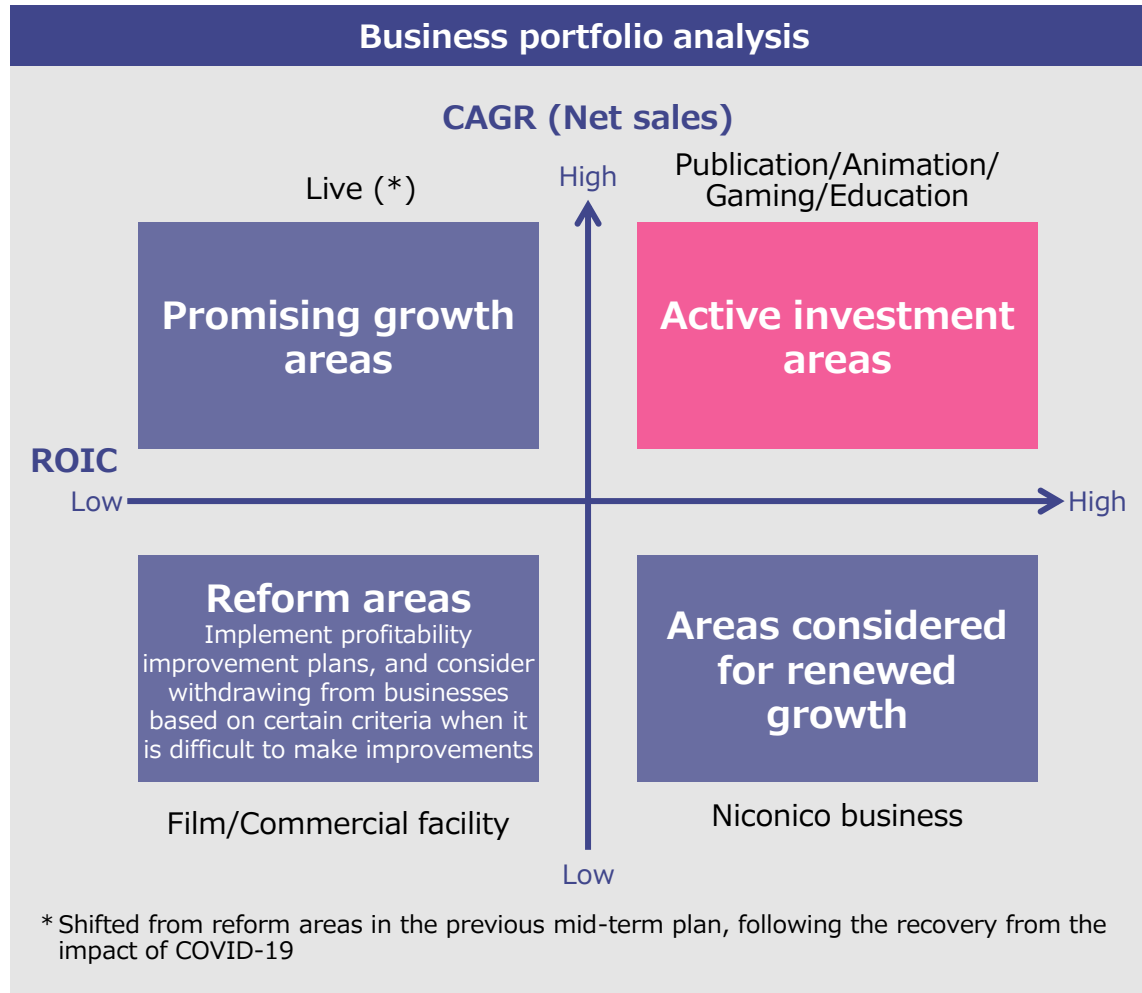
-- Growth Model Starting from IP Creation --

- We remain focused on media mix of owned IP, mainly publishing, video, and gaming while the effective use of rights licensing to other companies to maximize profits. The global expansion of owned IP is further accelerated by the power of technology.
- Users experience the world of fusion of the real and digital through the content.

Global Media Mix with Technology



- Strengthen investments in content development and technology utilization with a focus on active investment areas
- Make the profitability assessment and withdrawal criteria more strict by, for example, introducing a new investment management system



Investment to expand business and increase profitability

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

Investment management system

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

Basic approach

Execution of financial strategies that contribute to sustainable growth of sales and profit, capital efficiency that exceeds the cost of capital, and the medium- to long-term increase of corporate value

Basic policy
Key KPIs

Ensure financial soundness

A capital adequacy ratio ranging between around 50% and 60% should be considered to be the proper standard that should be maintained going forward.

Pursue capital efficiency and strengthen shareholder returns

Aim to achieve an ROE of at least 12% in the medium-to-long-term

Allocation of funds

Foundation funds

Set the level of cash and cash equivalents to be retained based on approximately 2.5 months of monthly sales, working capital, future capital needs, etc.

Growth investments

Assume a maximum investment of about 2/3 of operating cash flow by making the strategic facilitation of core businesses and growth investments such as M&A activities the top priority.

Shareholder return

Shareholder dividend
Seek to achieve a payout ratio of 30% or more and set a lower limit of 30 yen per share for the annual dividend

Acquisition of treasury stock
Flexible implementation in consideration of investment capacity, stock price level, etc.

02

Business Segments

-- Strengths and Future Initiatives --

Business Overview

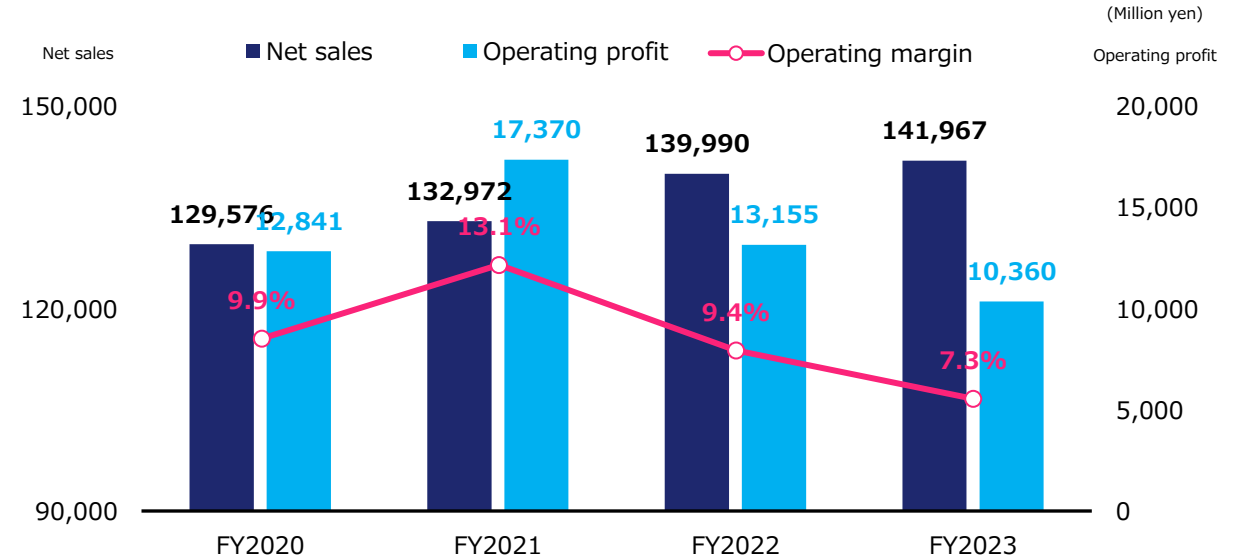
Paper-based books/information media

- Sales of books and magazines, sales of digital ads, rights licensing, etc.
- Publishing more than 5,000 new books each year
- Publishing books in a wide range of fields, including light novels, comics, literary art, and children's books
- Active drive of media mix strategy, including adaptation into videos and games

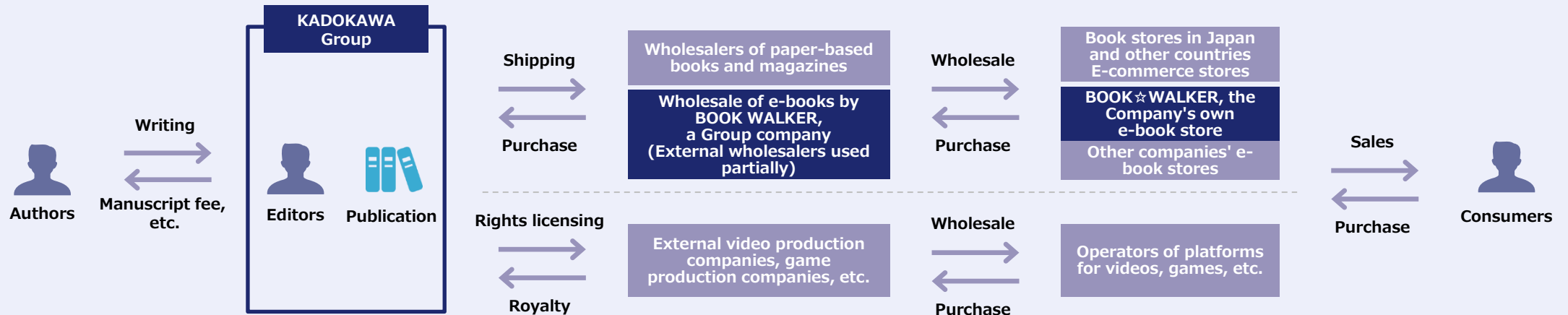
E-books/magazines

- Selling the Company's e-books and magazine content to other companies' stores
- Operating BOOK☆WALKER, an e-book marketplace, sells the titles of the Company as well as other companies' across an international market including Japan

Trends in Results



Business model of the Publication/IP Creation



Market environment & Our strengths

Market environment of paper-based books

- The domestic market has been contracting, partly reflecting the shift to e-books.
- International market is growing as Japanese entertainment content gain more popularity.

Our strengths (paper-based books)

- The capacity to create more than 5,500 titles/year, which is among the largest in Japan.
- More than 130,000 archived titles
- A return rate that is far below the industry average
- Use of the Company's own UGC* platforms, including Kaku Yomu, for discovering creators

*User Generated Content

Market environment of e-books

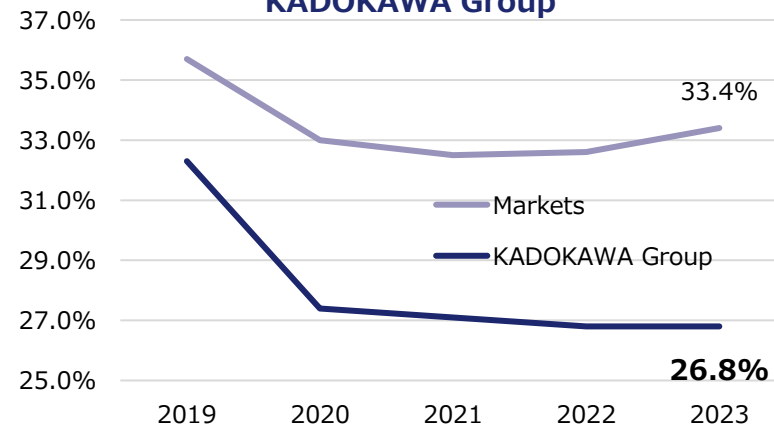
- The domestic market is receiving a boost from the shift from paper-based books to e-books. The market is also revitalized by the emergence of a large number of electronic platforms.
- International market still has room to expand.
- There is also the development of new trends, such as vertically scrolling comics, TATESC Comics.

Our strengths (e-books)

- Approx. 130,000 archived titles
- Operating our own platform as well

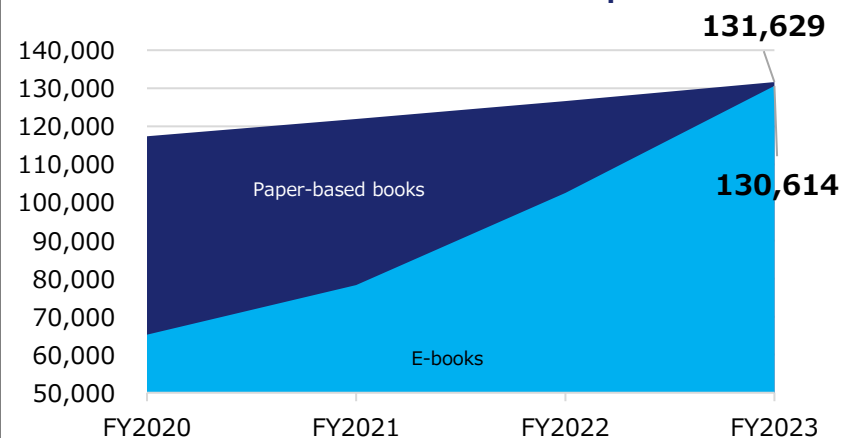
Related Indicators

Return rates in the market and the KADOKAWA Group



- The return rate at the Group has long remained far below the market level due to the original DX promotion in production and logistics.
- Continued improvement is expected in the future. (See the next page for details of initiatives.)
- ※ Market data are from *Annual Report on the Publication Market 2023* by the All Japan Magazine and Book Publisher's and Editor's Association
- ※ Market data are based on calendar year. Data for the Group are based on fiscal year (April to March).

Number of archived paper-based books and e-books from the Group



- The number of paper-based books in archives has been steadily increasing from the current production level of 5,500 titles/year.
- Publication of archived titles as e-books has accelerated as well.

Future Initiatives

Intellectual property creation

Intellectual property rollout

Continuous growth
Profitability improvement

Enhancing the capability of creating content in the Publication Segment

- Reinforcing the foundation for creating new content by increasing editors
- Creating and discovering hit content internationally
- Developing vertically scrolling titles (TATESC Comics)
- Discovering and developing talented creators at the Company's UGC platform
- Improving hit ratio by using big data

Improving the profitability of paper-based books

- Automating order placement, manufacturing and shipping
- Establishing a digital production plant and a distribution facility
- Promoting the introduction of a system for direct order placement and automated tracking from bookstores

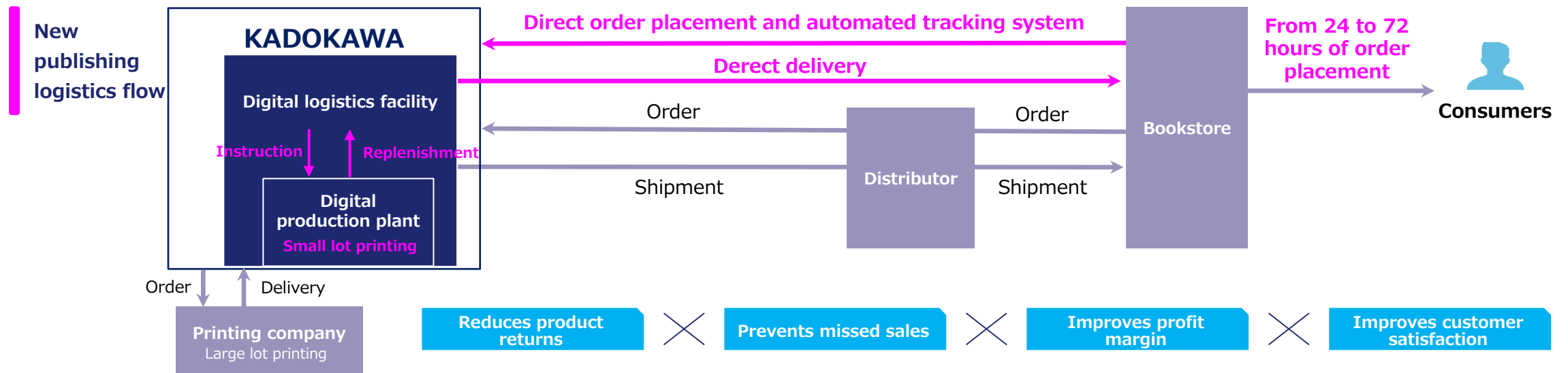
Extending the life of IP in the Publication Segment

- Implementing media mix strategy at an earlier stage
- Animation/game producers' involvement early on, or before publication

International expansion of IP in the Publication Segment

- Increasing the number of publication titles internationally
- Promoting the digital-first strategy
- Enhancing the multilingual translation center
- Enhancing the development of BOOK☆WALKER global store

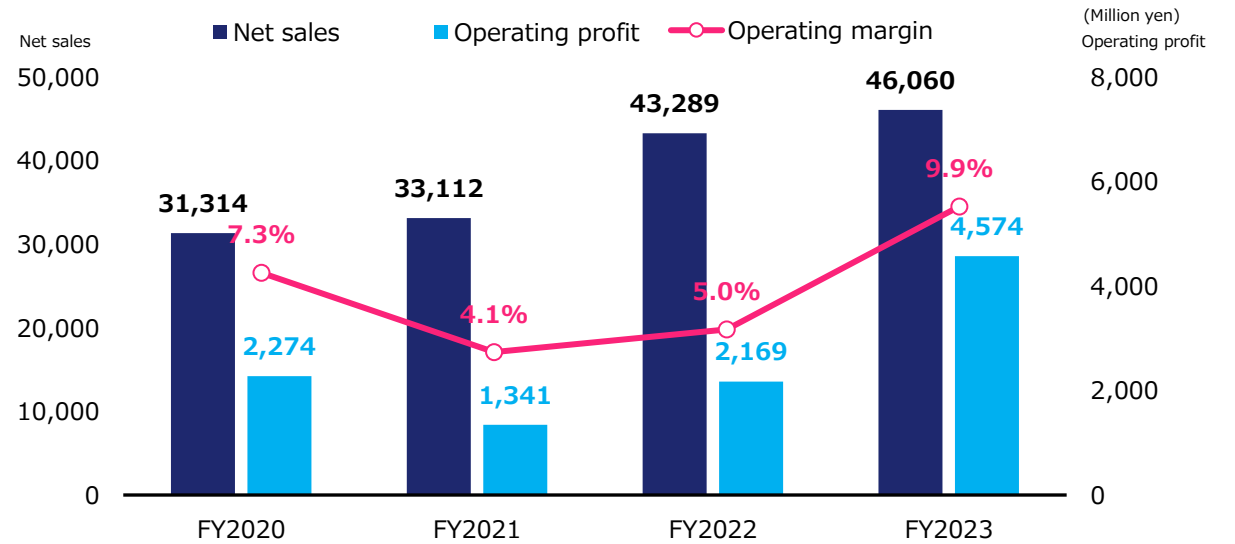
<Hybrid manufacturing and logistics to meet market demand>



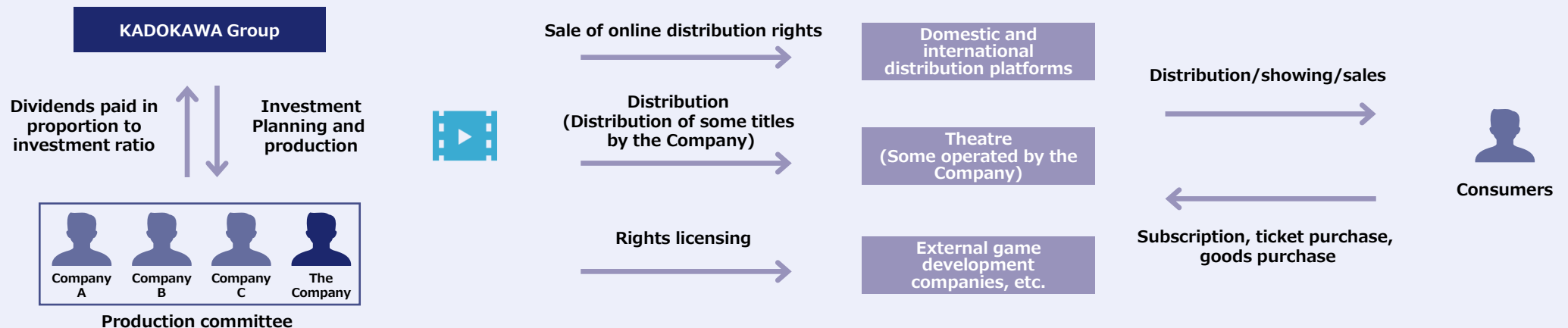
Business Overview

- Planning, production and distribution of animation titles and films mainly from owned intellectual property
- Video distribution licensing and rights licensing to games and MDs
- Selling packaged software, such as DVDs and Blu-rays
- Business related to production of movies, tv programming, commercial films, and other video content and studio operation
- Operation of "Movi-tike", a digital movie ticket service

Trends in Results



Business model of the Animation/Film



Market environment & Our strengths

Market environment of videos

- Japanese animation continues to enjoy worldwide popularity.
- In the theater market, demand tends to concentrate on certain titles.
- The digital distribution market is expanding given changes in consumers' viewing practices.

Our Strengths

- Abundant opportunity for video adaption of owned book intellectual property
- The capacity to plan and produce around 40 animation titles/year
- The ability to generate income from a wide range of sources by adapting animation titles into games and creating related goods



Konosuba: God's Blessing on This Wonderful World!

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The Eminence in Shadow

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As Long as We Both Shall Live

©2023 "As Long as We Both Shall Live"
Film Partners

Related Indicators

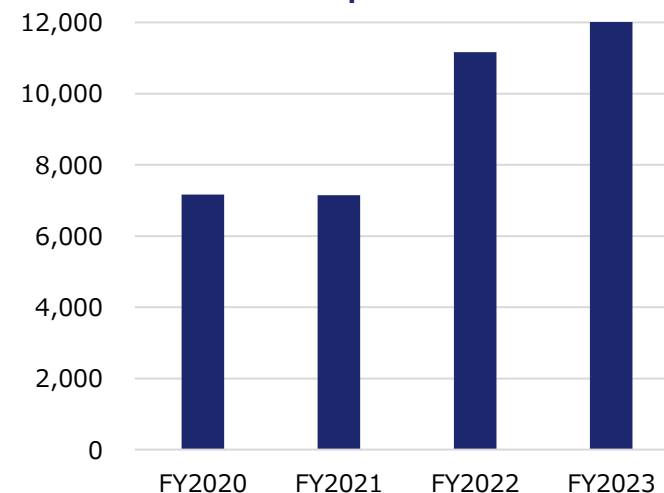
Unit:
Titles

Number of animation video titles from the Group (including minor investment)



Unit:
Million yen

Overseas net sales of the Group's animation



Future Initiatives

Animation

- Increase the number of seasons and episodes per title (increase the number of stories produced)
- In addition to a diverse range of in-house original IPs, continue to acquire popular IPs from other companies
- Secure production quality and increase productivity (Increase the annual number of titles produced in-house from 5 to 20)

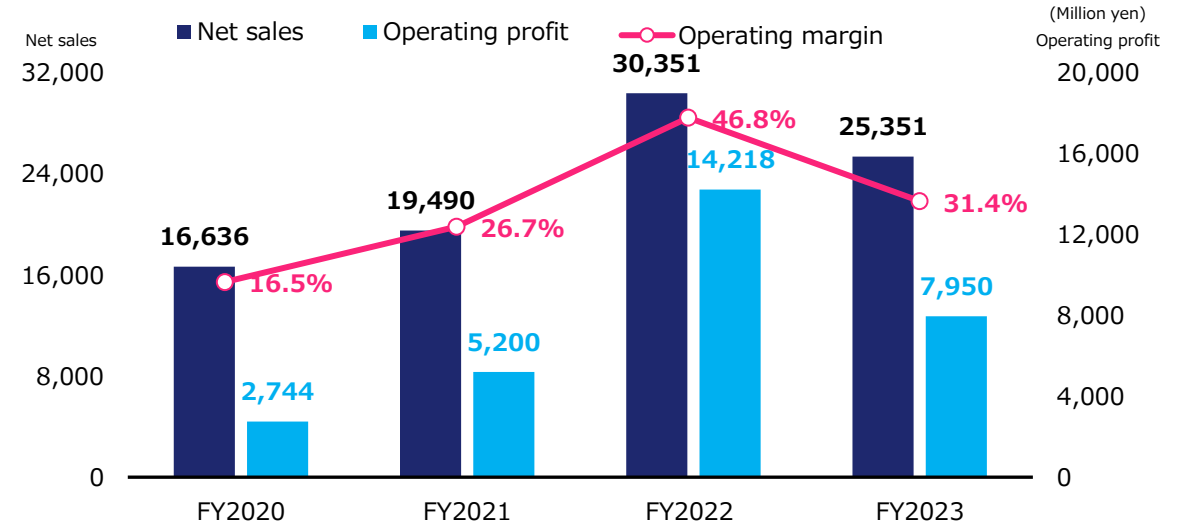
Film

- Mainly develop major projects with the potential for success in the international markets, and increase profitability by raising return on investment

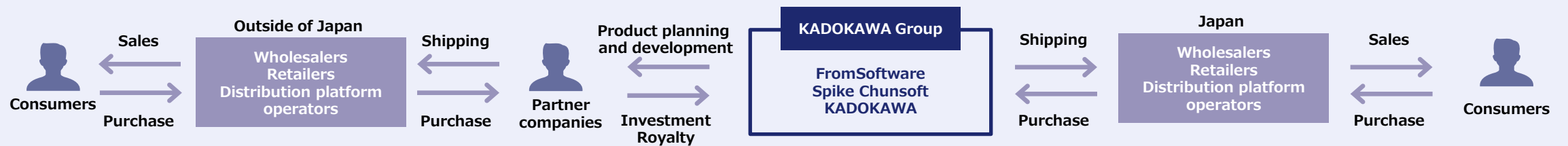
Business Overview

- FromSoftware has produced and developed unique, high-quality game software, such as the DARK SOULS series and ELDEN RING, and acquired a wide range of loyal fans.
- Spike Chunsoft develops and sells original titles, such as Danganronpa, and engages in localization and sales of games from overseas, such as The Witcher, and contracted development, among other businesses.
- Projects are also underway to adapt KADOKAWA's own IP into games.
- Gotcha Gotcha Games develops and sells the game creation software, RPG Maker

Trends in Results



Business model of the Gaming



*Some shipped by the Company

Market environment & Our strengths

Market environment of games

- The global gaming market has been growing at a high rate with the spread of PCs and smartphones.
- While mobile games constitute the greatest growth driver, user populations of PC games and console games are also increasing.

Our Strengths

- Affiliating FromSoftware, a game studio with world-leading capabilities of creating and developing entertainment content, we continue to release highly popular console and PC games.
- We operate multiple businesses, including contracted development and localization for other companies, in addition to in-house development.
- We are also driving the creation of mobile games from the abundant portfolio of owned intellectual property
- Media Mix Strategy enables our games from owned intellectual property to be adapted into books/e-books and videos on our own.

FROM SOFTWARE



SPIKE CHUNSOFT



Major titles



ELDEN RING

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SEKIRO: SHADOWS DIE TWICE

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Danganronpa series

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ARMORED CORE VI FIRES OF RUBICON

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DARK SOULS series



The Eminence in Shadow Master of Garden

©Daisuke Aizawa, KADOKAWA / Shadow Garden / © Master of Garden Production Committee

Future Initiatives

Intellectual property creation/development

Intellectual property rollout

Continuous growth
Profitability improvement

Strengthening the ability to produce gaming content

- Improving the quality and quantity of new games in owned IP
- Each Group company demonstrates their originality
- Strengthening human resources and the production system



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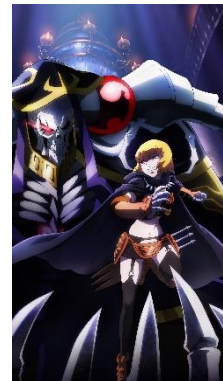


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Creating games using publication and animation titles from owned IP

- Full-scale entry into the mobile games business
- Aggressive investment
- Promoting cross-segmental planning and supervision



OVERLORD
ESCAPE FROM NAZARICK
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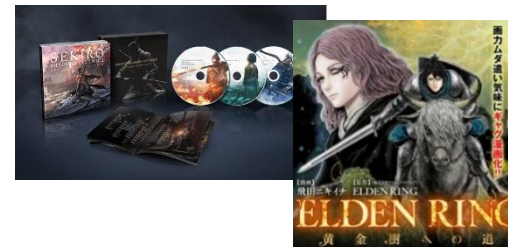
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Promoting expansion of IP in games

- Expanding additional contents in games
- Expanding the media mix into the Publication and Video businesses
- Extending the life of each title



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Expanding the geographic coverage of in-house publishing

- Expanding the geographic coverage of in-house publishing to increase profitability



Business Overview

Niconico-related business

- Operating niconico, the largest video and live-streaming platform in Japan
- Operating Niconico Channel, the official channel platform of corporations, celebrities, and popular users

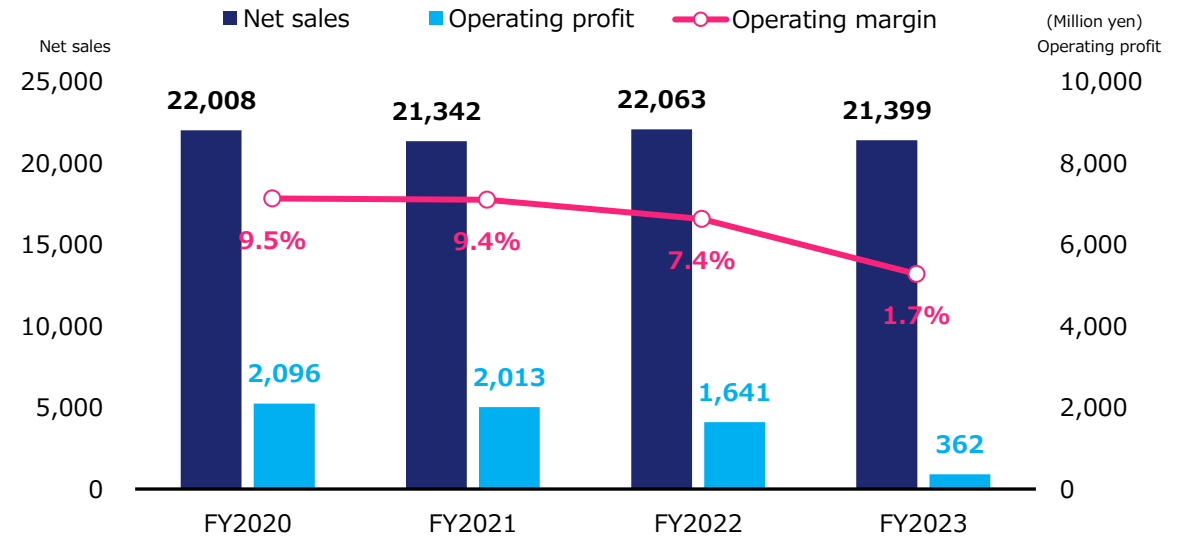
Live Business

- Planning and operating events such as the Niconico Chokaigi, an enormous event fusing the digital and real world, and Animelo Summer Live, the world's largest anime song event

Mobile Business

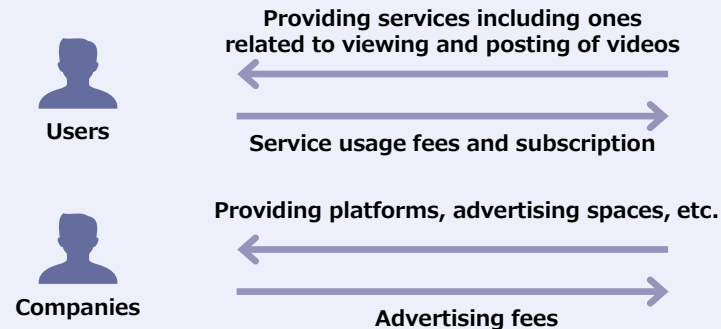
- Operation of DWANGO JP, which distributes music content for smartphones and feature phones, among others

Trends in Results



Business model of the Web Services

Niconico-related business



Dwango

Niconico-related businesses / Live business



Providing services and events which fuse the online world with reality

Live Business



Market environment & Our strengths

Market environment of Web services

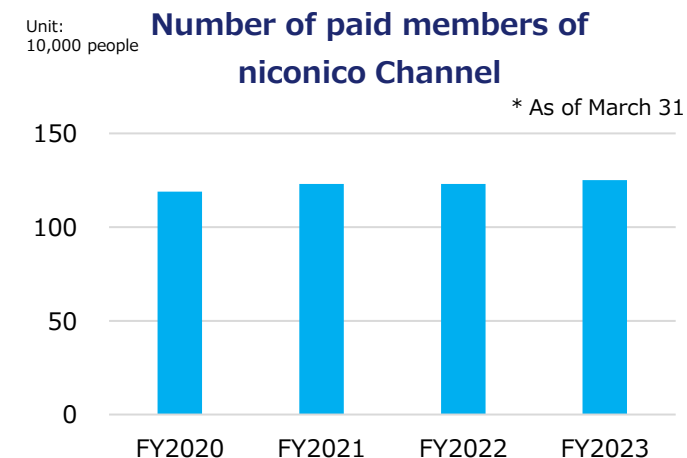
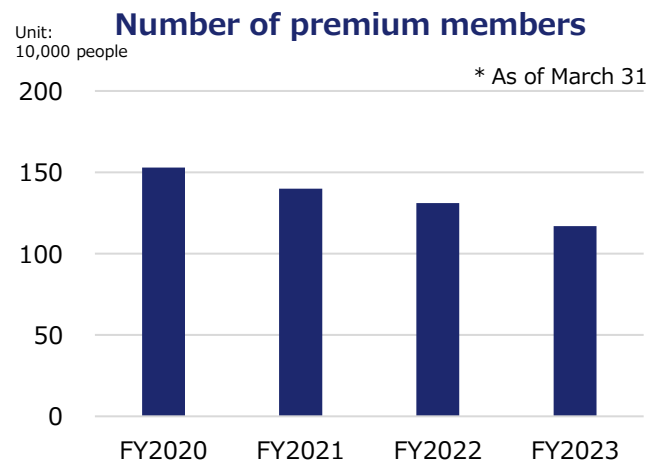
- The video content market has continued to expand, largely reflecting the spread of smartphones.
- Video sharing services (in which videos are produced and posted by general users) and video distribution services (in which companies provide the content they produce) constitute the mainstream.
- The return of event and live concert markets is expected to take time, partly reflecting the impact of COVID-related restrictions and changes in consumer behavior.

Our Strengths

- Diverse content created from UGC
- Recurring profit from monthly fees and diverse sources of revenue including pay-as-you-go services and advertisements
- Hosting events fusing the the digital and real world, which are Japan's leading events in terms of the number of visitors



Related Indicators



Future Initiatives

Enhancing initiatives aimed at sales growth of the niconico-related business

- Continuing to increase MAU by improving the content-creation infrastructure in each of the genres where Niconico excels
- Measures are underway to promote the diversification of income streams, such as Niconico channel, pay-per-view live-streaming services, and social tipping, and to prevent the decline in the number of premium memberships at an early stage

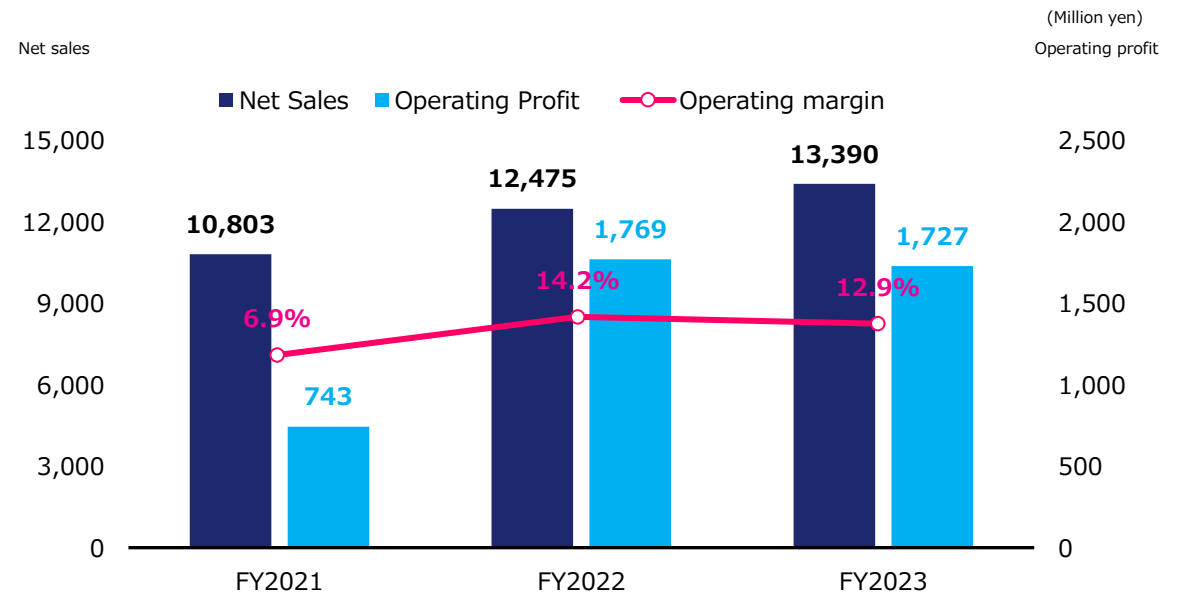
In the live business, we will aim to achieve profitability at an early stage through selection and concentration of event planning for the future.

Business Overview

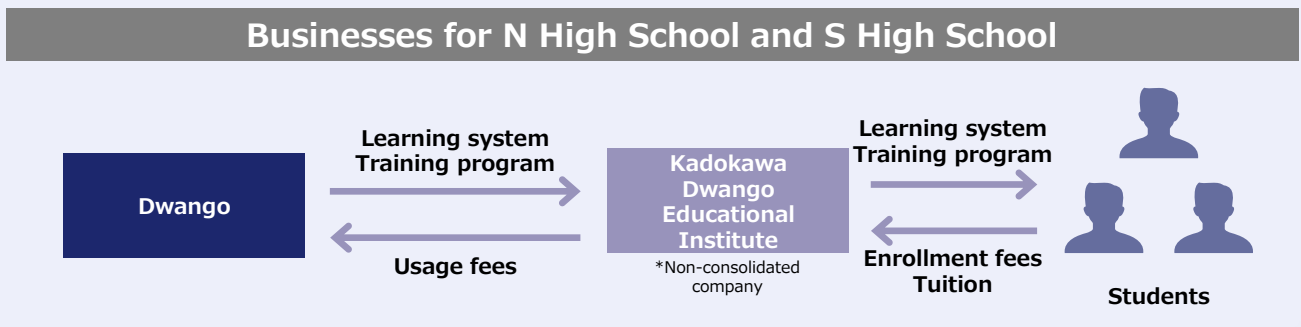
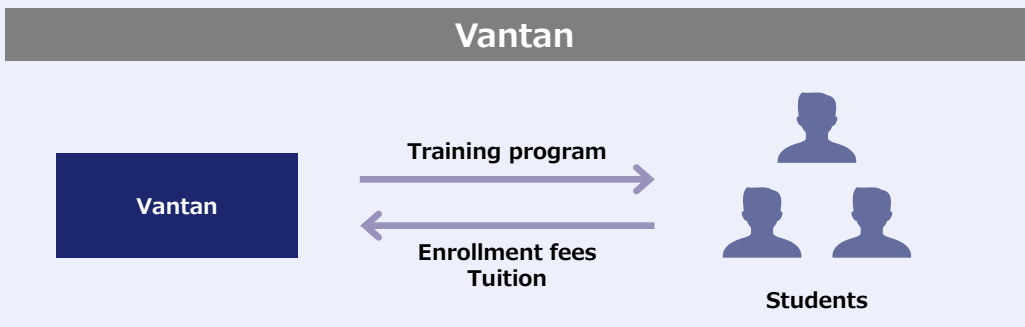
- Operating Vantan trade schools to develop human resources who can immediately contribute to creative fields. Putting an emphasis on developing workers who can immediately be effective in various fields, with training provided by professionals who are active in specialized fields.
- Offering state-of-the-art online learning systems and high-level educational programs to N High School and S High School, which are operated by KADOKAWA DWANGO Educational Institute.



Trends in Results



Business model of the Education/EdTech



Market environment & Our strengths

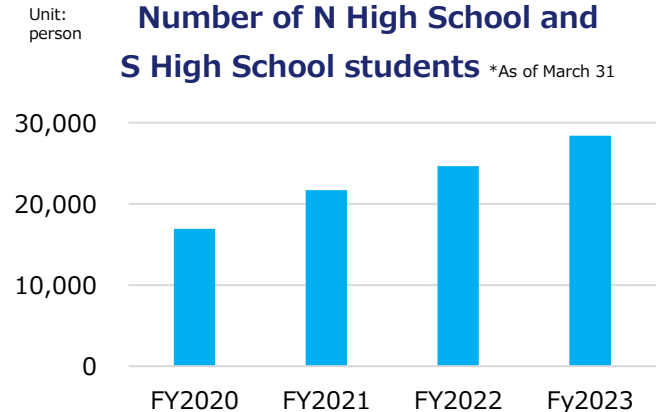
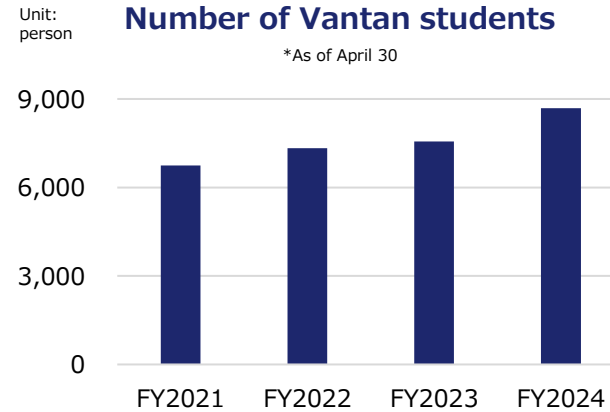
Market environment of the Educational Business

- The total number of students is declining due to the falling birth rate in Japan.
- The number of students attending correspondence course high schools, which constitute the Company's business domain, exceeded 200,000 for the first time in FY2020. In the last few years, the number has been increasing by 10,000+ annually.
- Continued steady enrollment growth in trade schools, one of our primary businesses, at the 600,000-student level for the past several years.

Our Strengths

- Our unique IT opens up educational opportunities to a wider audience.
- Educational systems developed in-house that utilize cutting-edge technologies such as AI and VR
- Educational programs for developing practical skills that utilize active professionals as lecturers and a network with diverse companies

Related Indicators

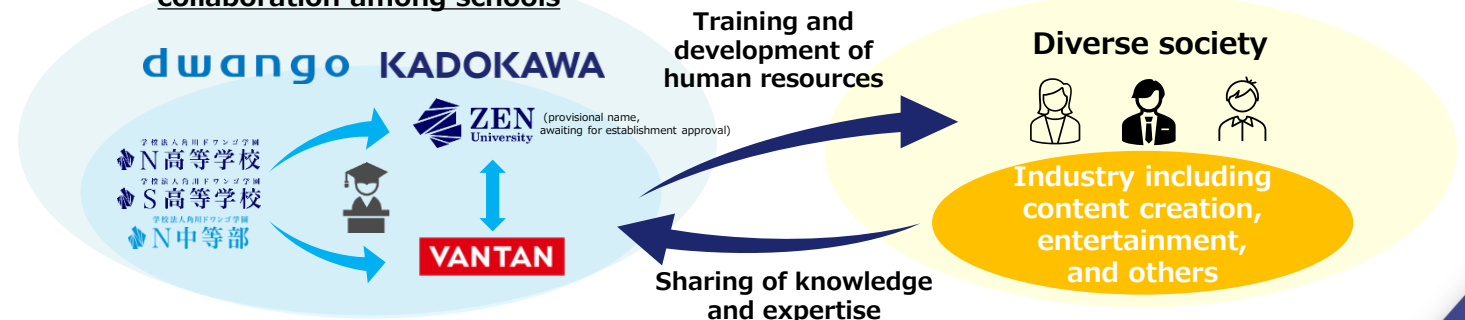


Future Initiatives

- At Vantan, students enrollment continues to grow as new courses are added and geographic coverage continues to expand.
- Educational programs that harness our strength in the N/S high school business continue to grow at a high pace.
- Establish ZEN University (provisional name, awaiting for establishment approval) to reach new targets including university students and working professionals

Supporting mid- to long-term career and higher educational paths by strengthened collaboration among schools

Further development of industries including content creation and entertainment



Business Overview

Commercial facility business

- Operation of IP experiential facilities, including TOKOROZAWA SAKURA TOWN, and sales of related goods
- Operating the event hall, restaurant, stores, etc. at TOKOROZAWA SAKURA TOWN

MD Business

- Developing original products utilizing intellectual property
- Operation of e-commerce sites, including Chara-Ani.com, an online store for mascot merchandise, figures, and other goods, as well as the Kadokawa Store and KUJIBIKIDO, an online lottery service

Other new businesses

- Development and operation of VirtualCast, a VR/metaverse communication service



**TOKOROZAWA
SAKURA TOWN**
©Kadokawa Culture Museum

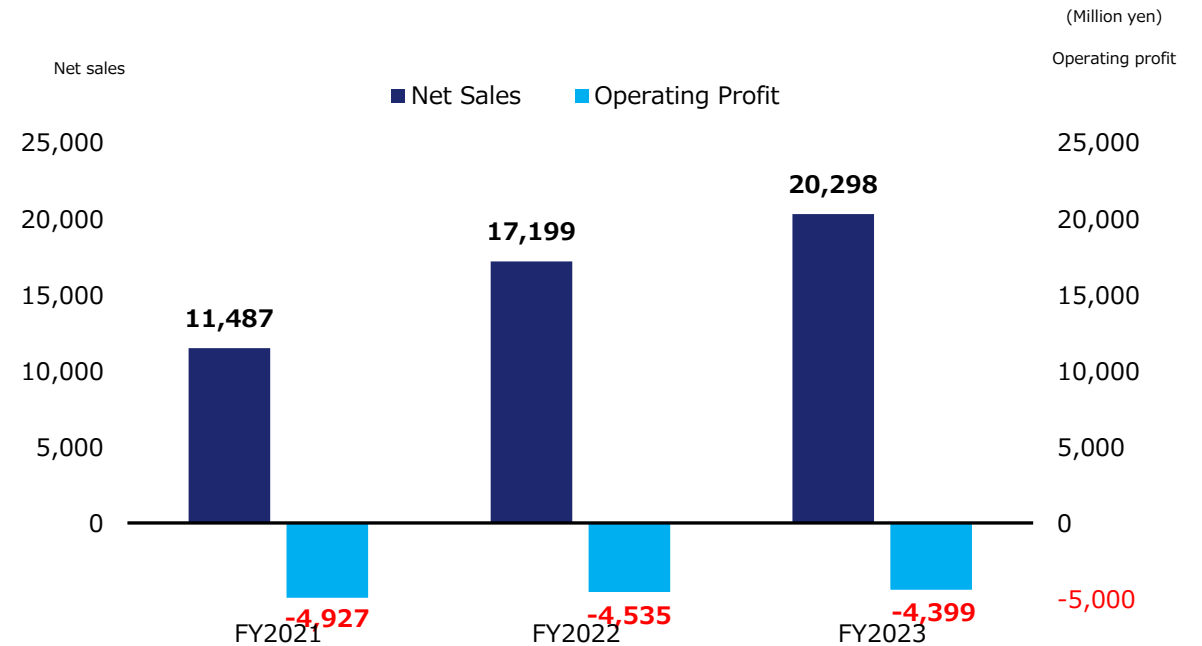


**Original products utilizing
intellectual property**



VirtualCast

Trends in Results



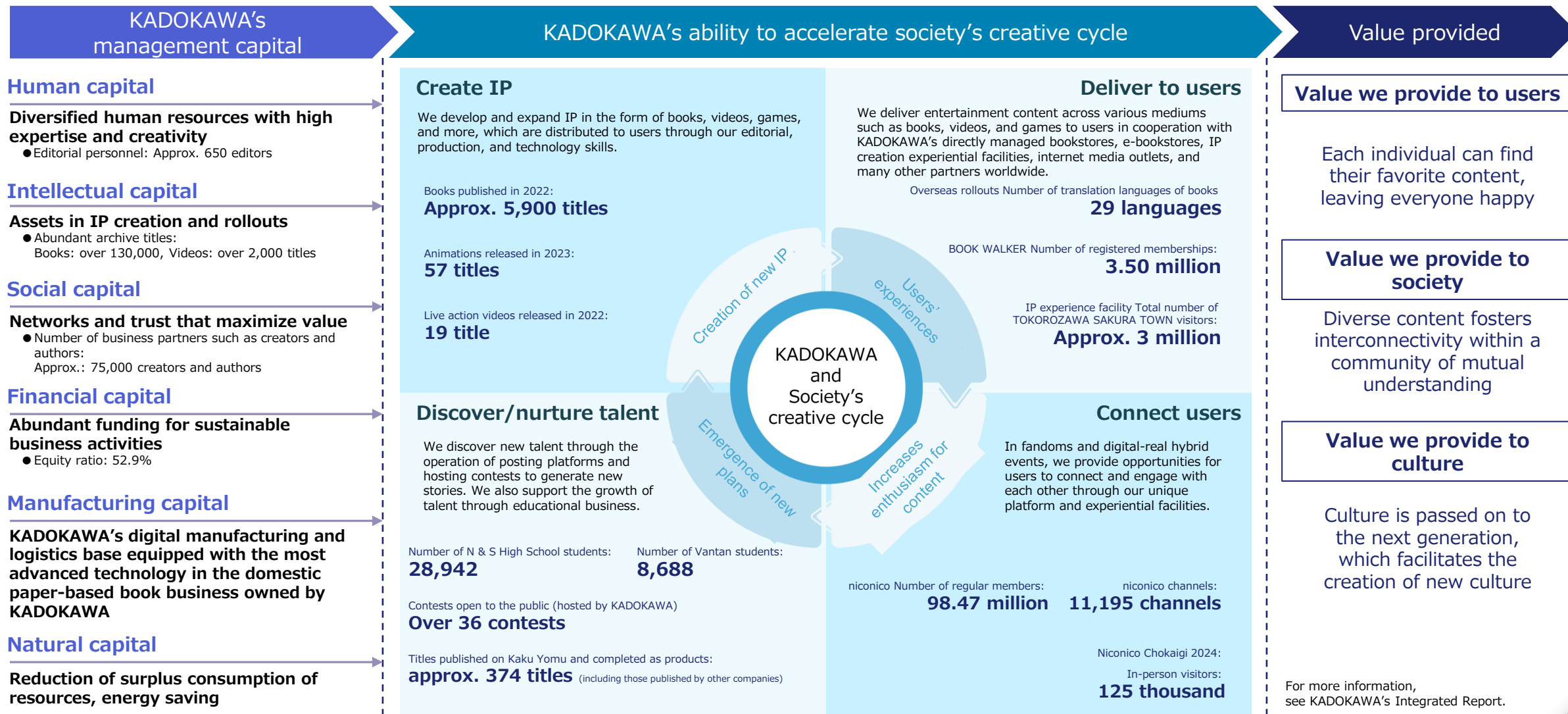
Future Initiatives

- In the Commercial facility business, we plan to provide more attractive opportunities to experience the world of IP by utilizing the Group's entertainment content, to attract even more customers and improve profitability.
- In the MD business, we will promote growth by further enhancing the product lineup including newly created figures, and strengthening international sales channels
- Boldly driving structural reform boldly to improve overall profitability

03 | Value Creation Process

KADOKAWA Group's Value Creation Process

The KADOKAWA Group is committed to bringing people happiness, mutual understanding, and both the legacy and creation of culture through a cycle of maximizing the value of owned IP. This cycle is composed of IP creation, users' enthusiasm, and the nurturing of future talent among authors and creators alike.



For more information, see KADOKAWA's Integrated Report.

04 | Sustainability Policy

Strengthen development of global human resources

Strengthen personnel acquisition and training

- Implementing hiring activities and strengthening internship acceptance around the world
- Talent management of global nationals



Strengthen support for success

- Enhancements to support programs for employees stationed internationally
- Improving various reward programs for employees at international subsidiaries
- Temporary remote work policy from home country for non-Japanese employees
- Expansion of eligibility for business class use on international business trips (At least the specified score on the qualifying examination)

Enhance personnel systems that improve motivation

Driving the success of junior personnel

- Providing new graduate employees with their desired assignments
- Long-term internship system

Strengthening the foundation for growth

Creative human resources

Technology-oriented human resources

Global human resources

Promoting the further utilization of programs

- Free agent-type internal transfer program: increase in the number of successful transfers
- Improving in the percentage of employees with concurrent roles
- Increase in the number of proposals in the open call for projects accepted for execution
- Enhance one-off payments for obtaining qualifications (Up to 10 million yen paid for qualifications involving high levels of difficulty)
- Side job system
- Conducting practical training based on specialization

Workplace environment that respects diversity

Realization of diverse work styles

- Workplace Choice System (selection of work location)
- Improved support systems for employees raising children or providing family care
- Enhanced health support for employees
- Rate of return from childcare leave: **100% in FY2023**



▲ Scene from a family interaction event for employees raising children

Employment of persons with disabilities

- Employment ratio of persons with disabilities: **2.32% in FY2023**
- Currently around 96 employees with disabilities* are active in the special group.

* As of the end of March 2024



▲ KADOKAWA CRAFT INC. operates a coffee roasting and sales business etc.

Promoting opportunities for women

- Improving the percentage of female managers and executives on a Group consolidated basis*

FY2022 19.3% ▶ **Target for FY2030 30%**

- Percentage of female employees in the KADOKAWA Group

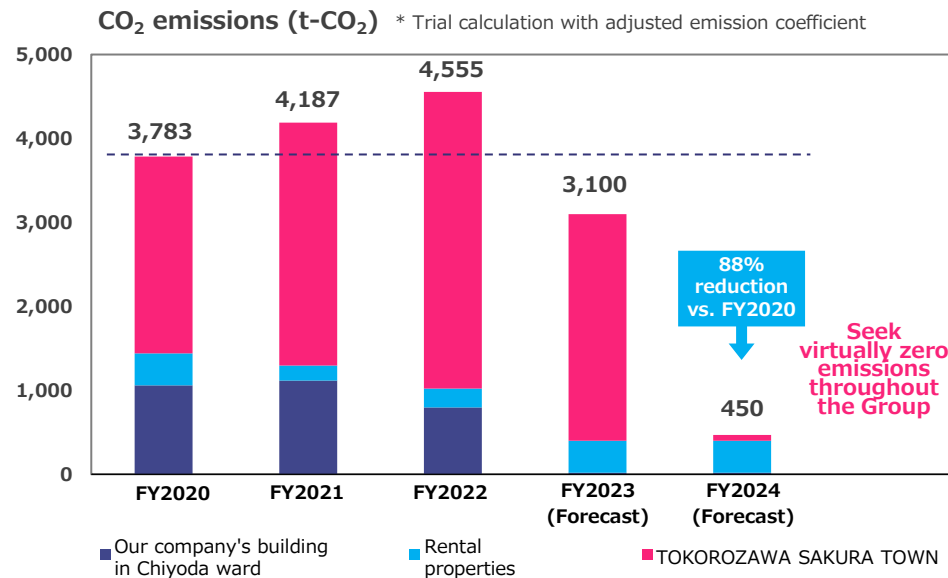
FY2021 42.2% ▶ **FY2022 43.2%**

* The ratio combines KADOKAWA and its domestic consolidated subsidiaries

Environment

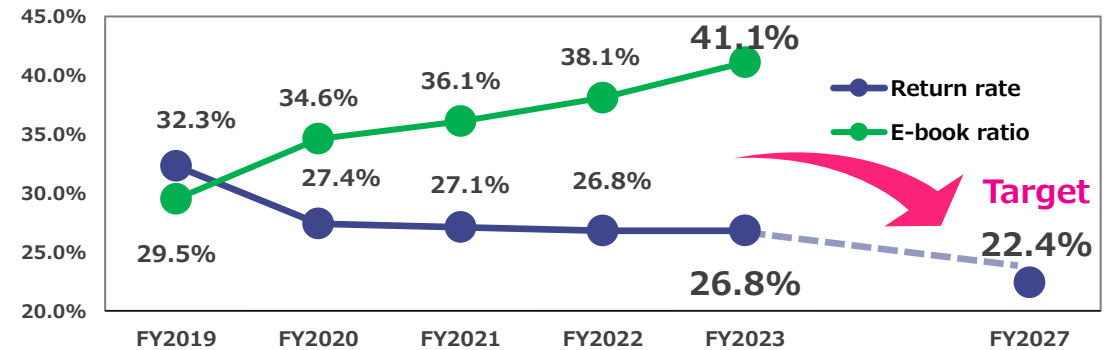
Greenhouse gas (GHG) emissions reduction

- ◆ The target of reducing greenhouse gas (GHG) emissions by 50% by FY2030 is expected to be achieved during FY2024, earlier than planned.
 - The electricity used in our company's building will be virtually transitioned to renewable energy (scheduled in December 2023) and a 88% reduction will be achieved in FY2024
 - Pursue virtually zero emissions throughout the KADOKAWA Group in the future
- ▶ Change in KADOKAWA's GHG emissions over time and target

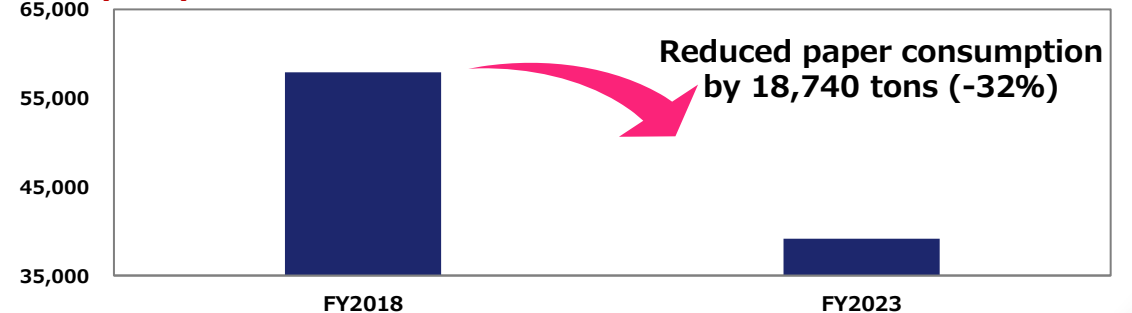


Reducing wasted paper-based products

- ◆ Reduced wasted paper-based products in the paper-based books business
- Return rates of the Group's paper-based books business have been improving continuously
- The ratio of e-book sales in the Publication Segment is increasing



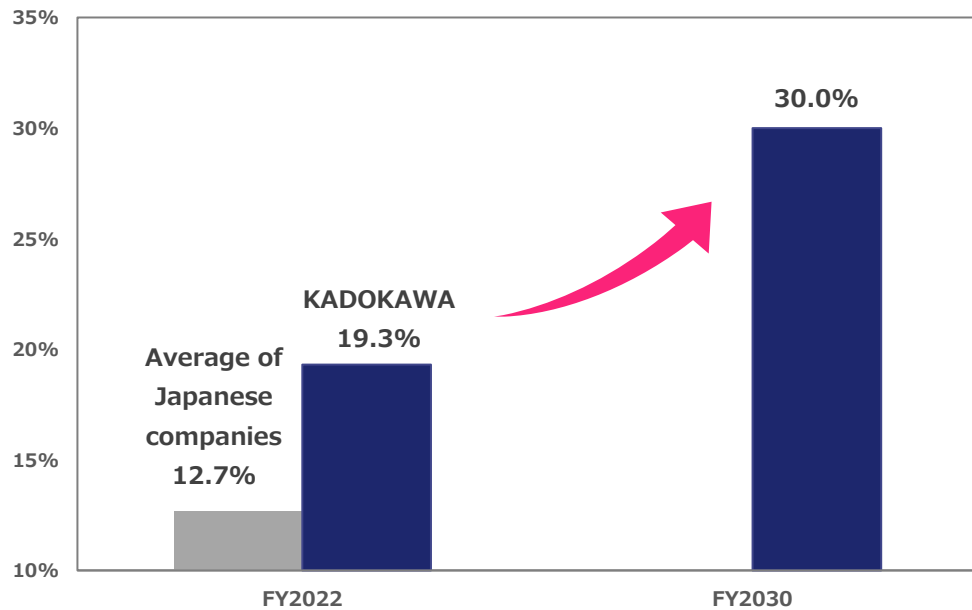
- Realized a significant reduction of wasted paper-based products (tons)



Social

Promoting the creativity and diversity of employees

- ◆ Promoting the diversity of the Group's employees
 - In the KADOKAWA Group, women are 43.2% of employees
 - We aim to further increase the percentage of women in managerial-level positions towards FY2030

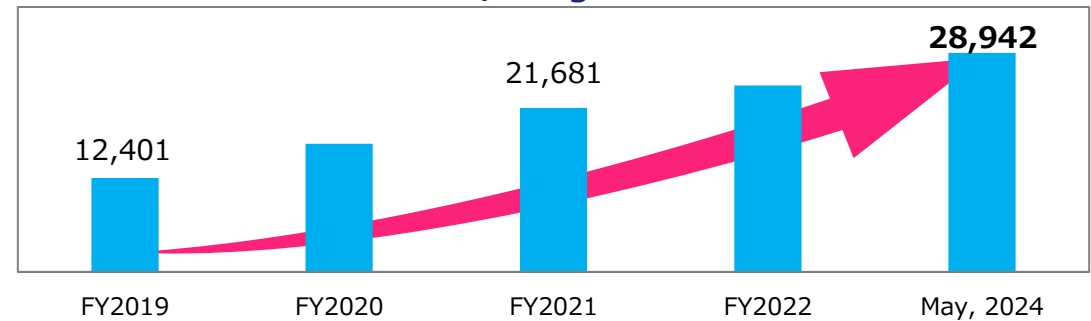


- ◆ Developing an environment that realizes diverse work styles

Providing an equal and creative educational environment

- ◆ Provide practical education opportunities equally to diverse students
 - N/S High Schools provide education opportunities equally to high school students all over Japan, centered on online educational programs. They are the largest high schools in Japan, having 28,942 students.

The number of N/S High Schools students



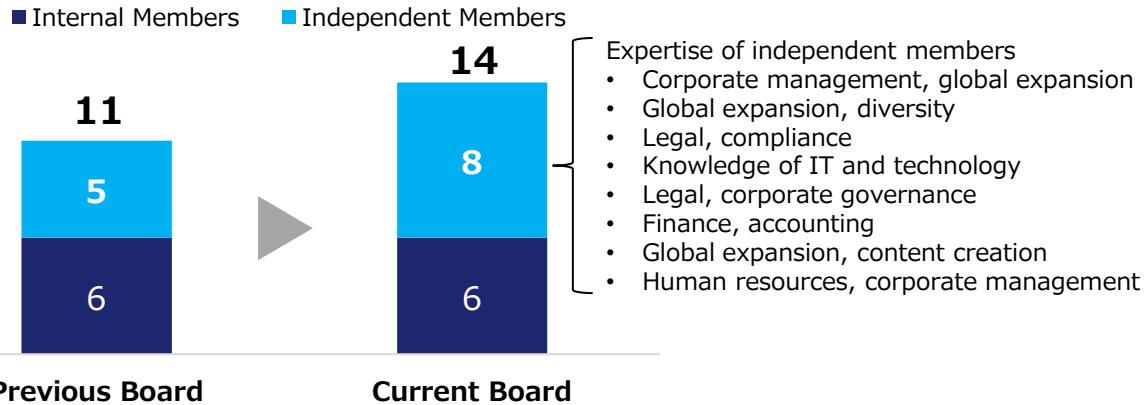
- ◆ Develop specialists in the creative industry and contribute to the industry's sustained growth
 - Expect that they will join and contribute to the KADOKAWA Group



Governance

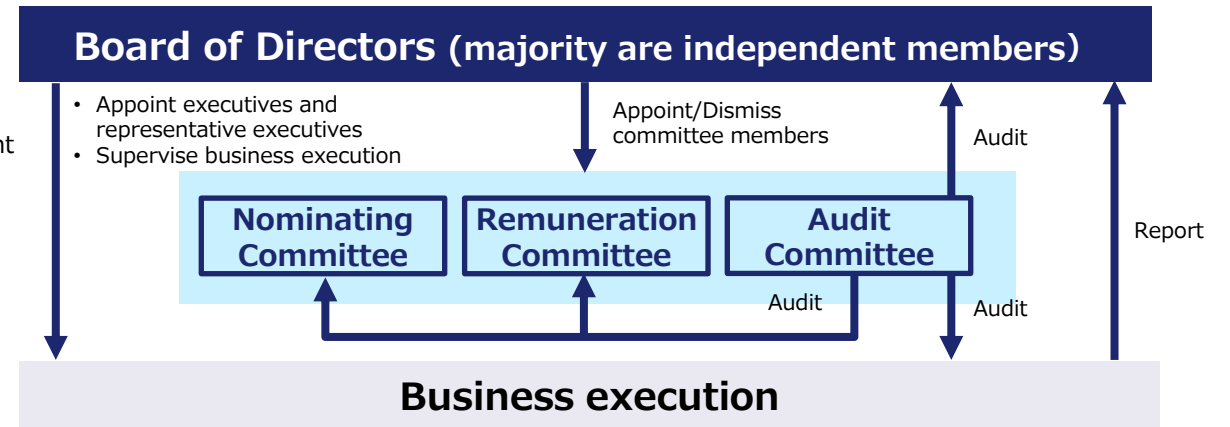
Separation of supervision and execution of management

◆ Of the 13 members of the Board, seven are Independent Members



◆ Transition from a company with an Audit & Supervisory Committee to a company with a Nominating Committee, etc. to strengthen the corporate governance

➤ **Shift to the system with a Nominating Committee, a Remuneration Committee and an Audit Committee, that all consist of the Independent Members of the Board**



◆ The Chairman of the Board is appointed from the Independent Members of the Board

◆ Reduction of cross-shareholdings

➤ **The number of issuers of listed shares we are holding, and the cross-shareholdings portion of our net assets are both being reduced**

➤ **We will further reduce our cross-shareholdings going forward**

