



**KADOKAWA**

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**For Potential Investors**

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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



**1998**

Listed on the  
TSE 2nd Section

**1945**

Founded as  
a publisher

**2009**

KADOKAWA Contents Gate,  
the predecessor of  
BOOK WALKER, established



BOOK☆WALKER



**2004**

Transferred to  
TSE 1st Section

**1999**

The first  
overseas base  
established in  
Taiwan



**2022**

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



**2014**

Acquisition of  
FromSoftware  
Management  
integration with  
DWANGO

**2016**

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

**2014**

Acquisition of Vantan by DWANGO



**2020**

Opening of TOKOROZAWA  
SAKURA TOWN

**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!**  
©2019 Natsume Akatsuki, Kurone Mishima/ KADOKAWA/KonoSuba production committee



**Sadako DX**  
©2022 Sadako DX production committee

## Gaming



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



**ELDEN RING**  
©Bandai Namco Entertainment Inc. / ©2022 FromSoftware, Inc.



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



## Education/EdTech



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



## Others



- MD business dealing in character goods and others
- Planning and Operation of IP-based events
- Other new businesses

## Web Services

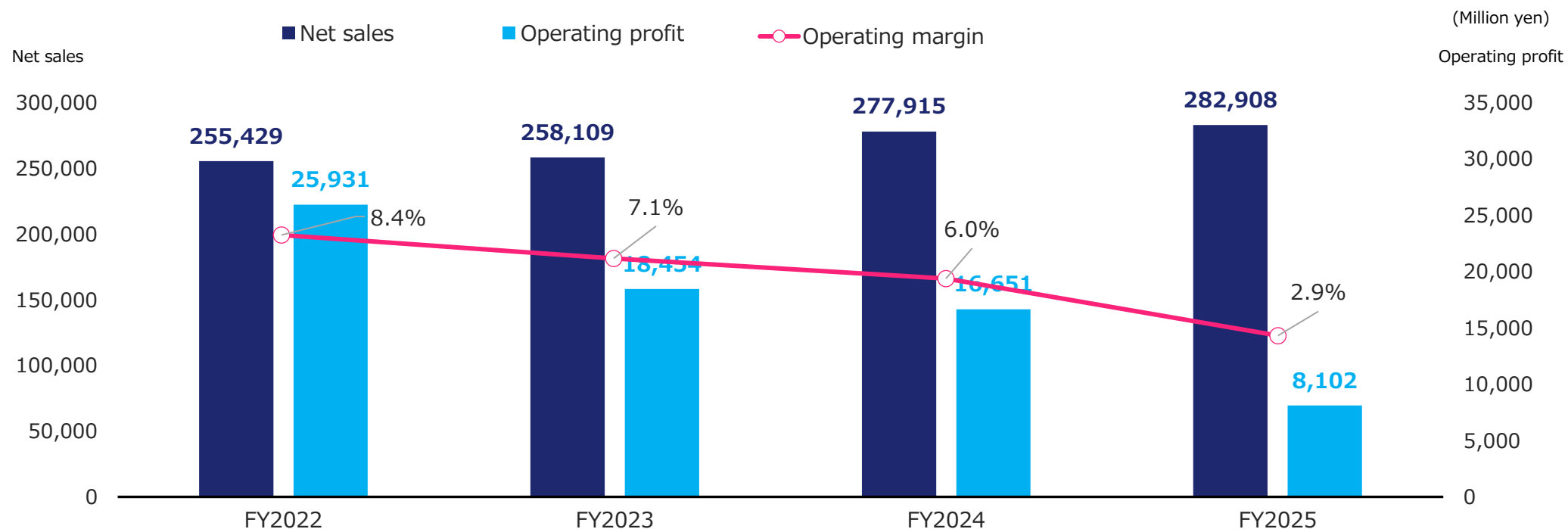


- Operation of video community service "Niconico"
- Planning, production, and operation of events including Niconico Chokaigi and Animelo Summer Live



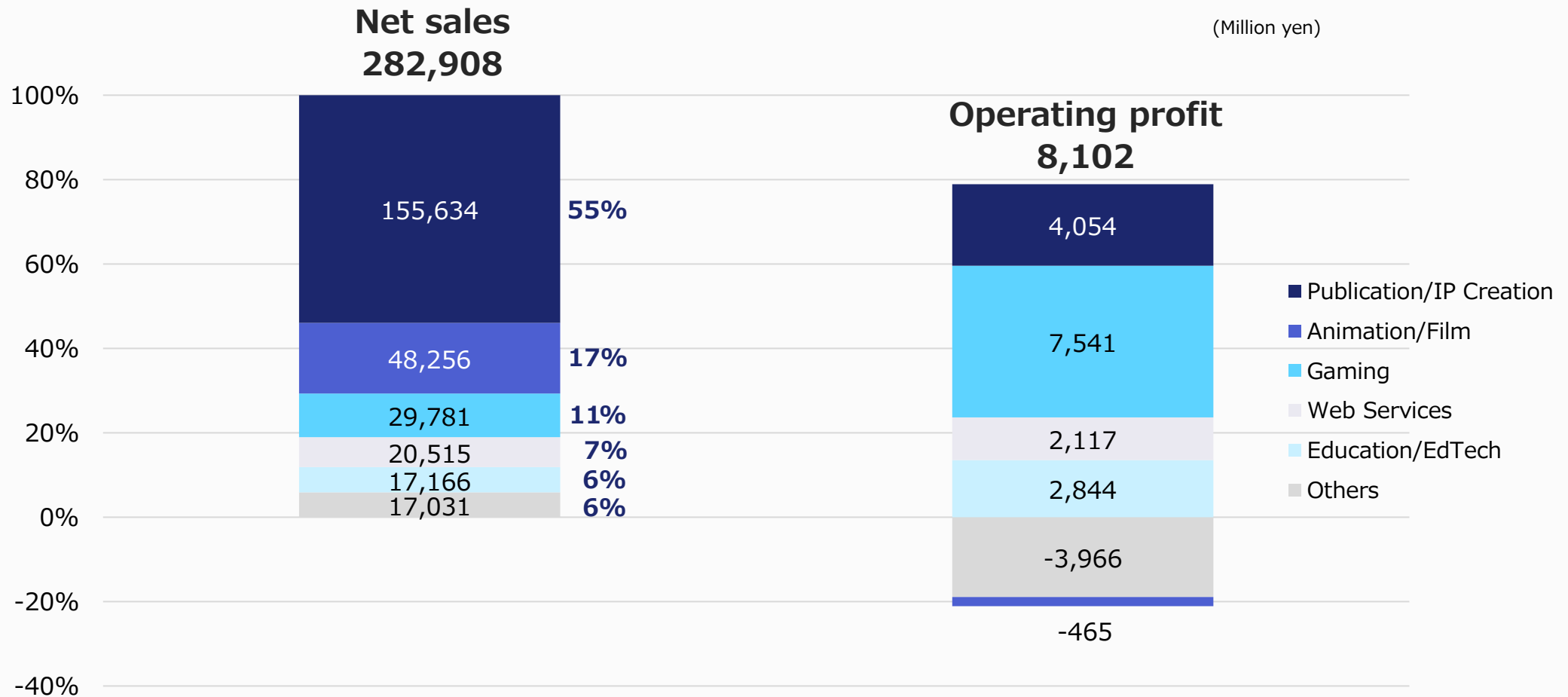
Segment	Business	Main Business Activities	Major Companies
Publication/ IP Creation	<p><b>Paper-based books</b></p> <p><b>E-books/magazines</b></p> <p><b>Information Media</b></p>	<ul style="list-style-type: none"> <li>• Publishing and sales of paper books, rights licensing, etc.</li> <li>• Publishing and sales of e-books and e-magazines, etc.</li> <li>• Publishing of paper magazines, sales of magazines and web advertising, etc.</li> </ul>	<p>KADOKAWA Corporation DWANGO Co., Ltd. KADOKAWA ASCII Research Laboratories, Inc. YEN PRESS, LLC</p>
Animation/ Film	<p><b>Animation</b></p> <p><b>Film</b></p>	<ul style="list-style-type: none"> <li>• Planning, production, and distribution of animation and film, video distribution licensing, sales of package software, etc.</li> </ul>	<p>KADOKAWA Corporation Kadokawa Daiei Studio Co., Ltd. ENGI Co.Ltd.</p>
Gaming	<p><b>Gaming</b></p>	<ul style="list-style-type: none"> <li>• Planning, production, and sales of game software and online games</li> </ul>	<p>FromSoftware, Inc. Spike Chunsoft Co., Ltd. ACQUIRE Corp.</p>
Web Services	<p><b>niconico</b></p> <p><b>Live</b></p> <p><b>Mobile</b></p>	<ul style="list-style-type: none"> <li>• Operation of video community service "Niconico"</li> <li>• Planning and operation of events</li> <li>• Distribution of mobile content</li> </ul>	<p>DWANGO Co., Ltd.</p>
Education/ EdTech	<p><b>Education/EdTech</b></p>	<ul style="list-style-type: none"> <li>• 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 Group and ZEN University that provide online education, etc.</li> </ul>	<p>Vantan Inc. DWANGO Co., Ltd.</p>
Others	<p><b>MD</b></p> <p><b>Recreation</b></p> <p><b>Others</b></p>	<ul style="list-style-type: none"> <li>• MD business including planning and sales of character goods, planning and operation of IP-based events, and other new businesses, etc.</li> </ul>	<p>KADOKAWA Corporation</p>

## Trends in Consolidated Results



	FY2022	FY2023	FY2024	FY2025
Net sales	255,429	258,109	277,915	282,908
Operating profit	25,931	18,454	16,651	8,102
Operating margin	10.2%	7.1%	6.0%	2.9%
Ordinary profit	26,669	20,236	17,742	11,701
Profit attributable to owners of parent	12,679	11,384	7,392	1,278

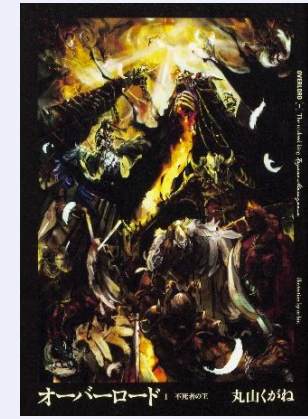
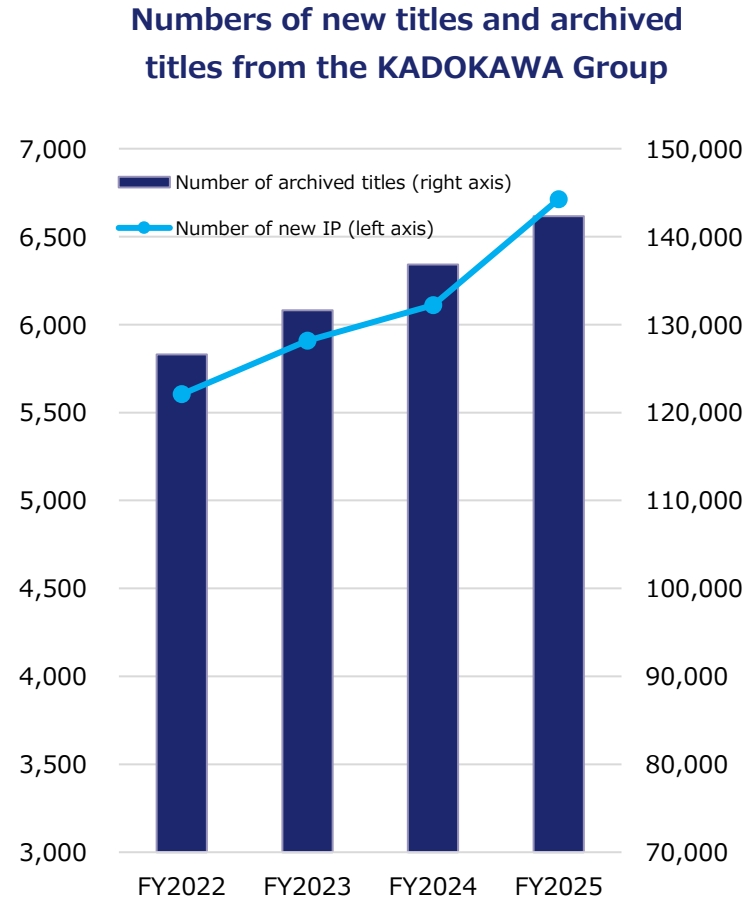
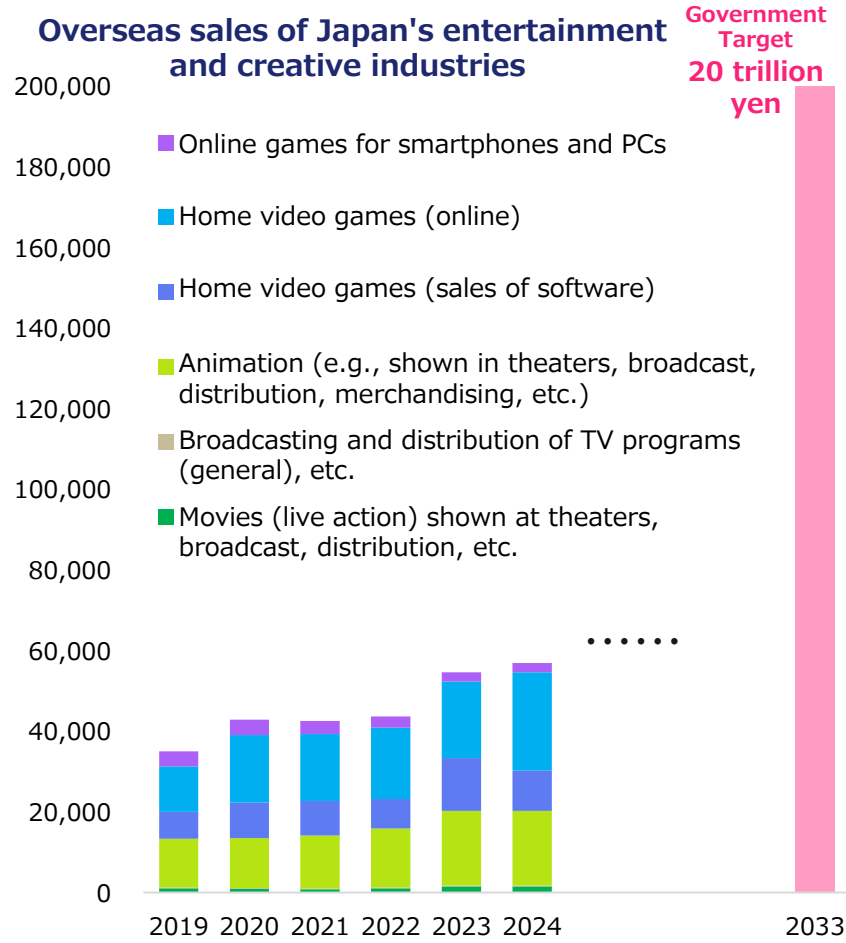
## Ratios of net sales and operating profit by segment (FY2025)



# KADOKAWA Group's Appeal -- Ability to Create IPs --

In June 2025, the Japanese government's cabinet decided to set the target of expanding the overseas sales for Japan originated contents to 20 trillion yen by 2033.

KADOKAWA Group creates new entertainment content as a source of value with capacity to produce more than 6,000 titles/year centered in publication



Overlord



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



Pan Dorobou



Sword Art Online

Source: Created based on HUMANMEDIA Co., Ltd.'s Japanese and Global Media and Content Market Database 2024 and Ministry of Economy, Trade and Industry: Materials from the Study Group on Policy for the Entertainment and Creative Industries.

# 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 -*



	FY2024 Results	FY2025 results	FY2026 forecast	FY2029 Plan	FY2031 Plan
Number of companies	18	20	21-22	22-25	Further expansion
Net sales from international bases*	22.7 billion yen	27.2 billion yen	33.7 billion yen	43.8 billion yen	50.0 billion yen
Operating profit from international bases*	1.0 billion yen	1.3 billion yen	2.3 billion yen	4.6 billion yen	60.0 billion yen
Number of original IPs	354	407	450	500-600	Over 600

\* Sales and operating profit for overseas bases: Includes the global e-book store business. Operating profit is the figure before amortization of goodwill on a consolidated basis.

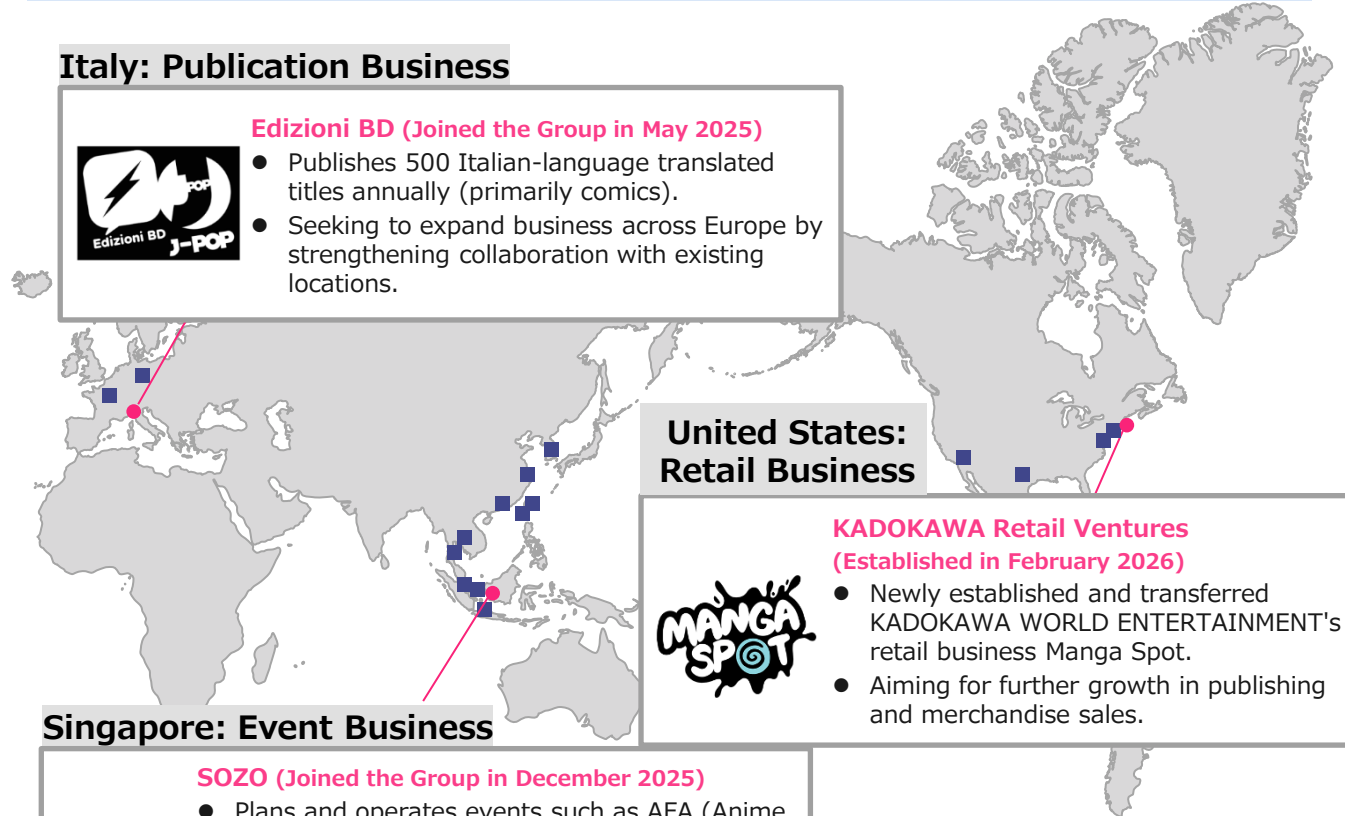
- Building an IP distribution network by incorporating growth in the global publishing and related fields.
- In addition to original IP development, we are also expanding the media mix capabilities of IP originating in Japan.

## Italy: Publication Business



### Edizioni BD (Joined the Group in May 2025)

- Publishes 500 Italian-language translated titles annually (primarily comics).
- Seeking to expand business across Europe by strengthening collaboration with existing locations.



## United States: Retail Business



### KADOKAWA Retail Ventures (Established in February 2026)

- Newly established and transferred KADOKAWA WORLD ENTERTAINMENT's retail business Manga Spot.
- Aiming for further growth in publishing and merchandise sales.

## Singapore: Event Business



### SOZO (Joined the Group in December 2025)

- Plans and operates events such as AFA (Anime Festival Asia), one of Southeast Asia's largest anime events.
- Developing a comprehensive media mix strategy by strengthening our presence in the anime and music event sector in Southeast Asia.

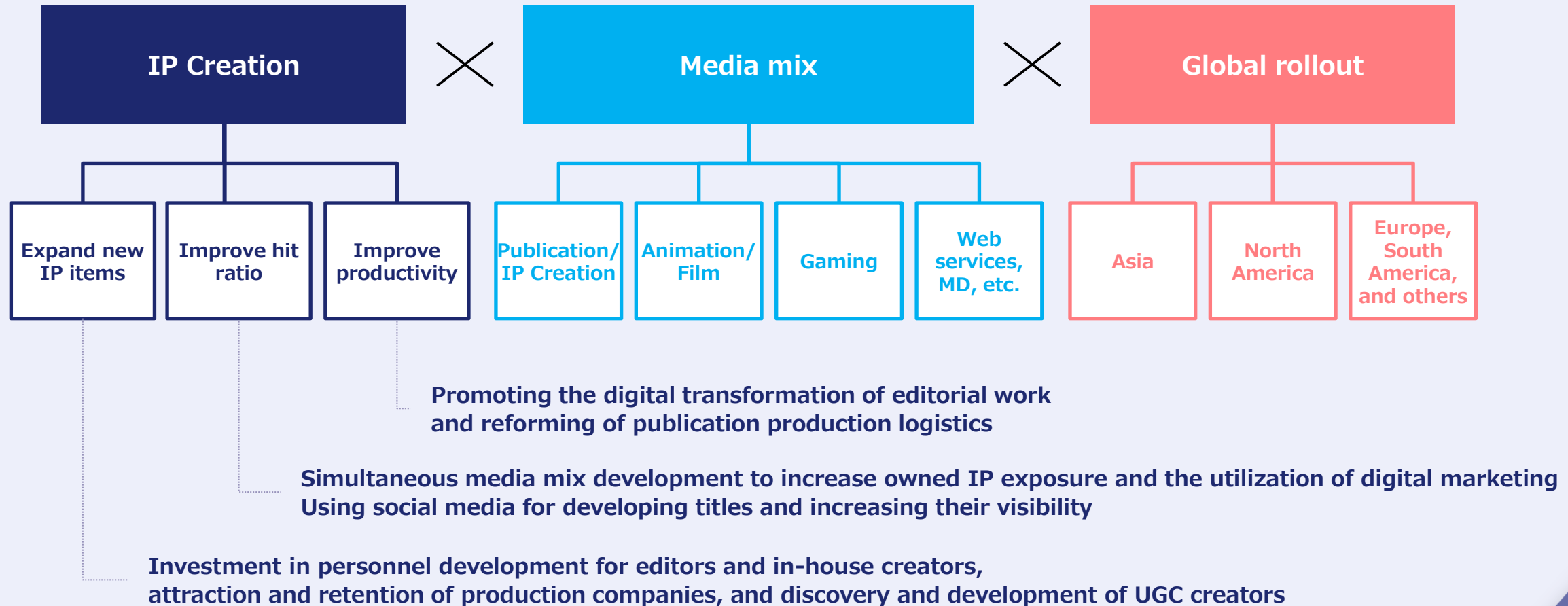
■ : Existing bases (only major companies listed)  
● : New bases established in FY2025

# 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



- Continued to pursue our management policy of “Global Media Mix with Technology” without change.
- Achieve the highest profits of the entire KADOKAWA Group by regaining profitability in Publication/IP Creation and Animation/Film through structural reforms and continuing the growth in Gaming and other segments

## Publication/ IP Creation

- **Japan:** Rebuild genre strategy and enhance content development capabilities, optimize manufacturing costs, implement strategic pricing, and create hit contents through “selection and concentration”
- **Overseas:** Products in this segment will be rolled out to more regions as we build a global IP distribution network

## Animation/Film

- **Animation:** Expand our business foundation through a strengthened lineup, enhancing the group production studios, and establishing diversified revenue streams
- **Film:** Work on major titles by establishing a production system balancing the volume and accuracy of projects. Introduce the latest technologies and expect greater profit in the film studio business, where demand is high

## Gaming

- **Consoles:** Extend the development line to continuously launch big titles
- **FromSoftware:** Maximize profit through the optimization of business models, including publishing structure
- **Mobile:** Expect to recover investments in the development of games using our own IP within FY2026

## Web Services

- Develop creators and IP by discovering talent on niconico and coordinating throughout the Group
- Maximize the creator economy and diversify revenue sources through new services
- Accelerate business expansion with a focus on vocaloid and anime theme song contents

## Education/EdTech

- Accelerate growth by improving brands, promotions and coordination throughout the Group
- **DWANGO:** Provide unique, high-quality educational contents, systems and experiential value
- **Vantan:** Expand the area, course and customer base by opening new schools and cooperating with incorporated educational institutions

## Others

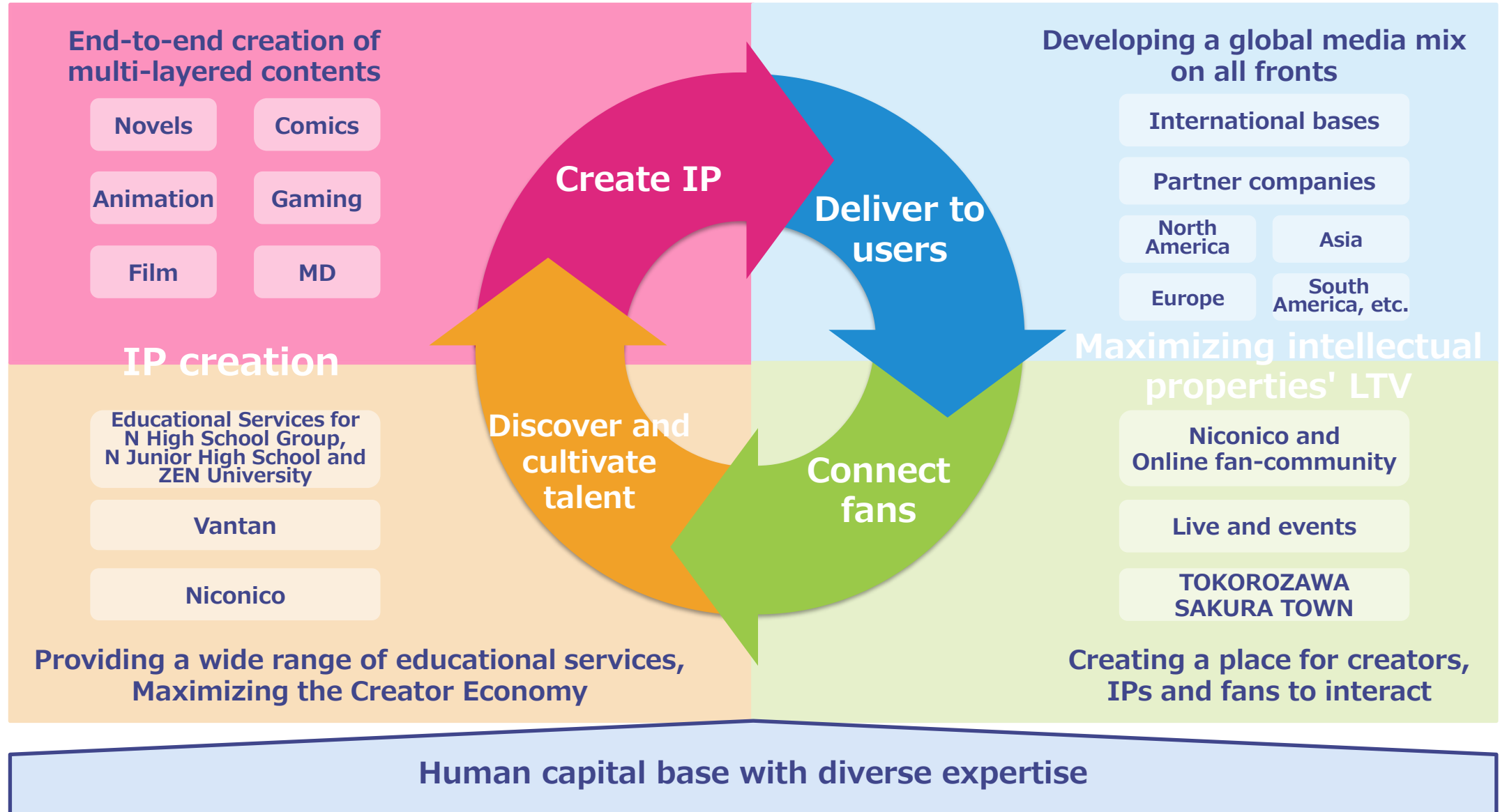
- **Recreation:** Improve profitability through a drastic review of the operation system. Promote the transition to a co-creation operating model with diverse specialized partners
- **MD:** Conduct a comprehensive review to eliminate the deficit. Establish new core earnings drivers through new genre development and overseas sales channel expansion

- We define KPIs for the Publication and Anime businesses—which drive the Group's profit growth—as key indicators.
- Other businesses will also be advanced based on individual strategies. In particular, we will seek to optimize the revenue structure for Games and Web Services.

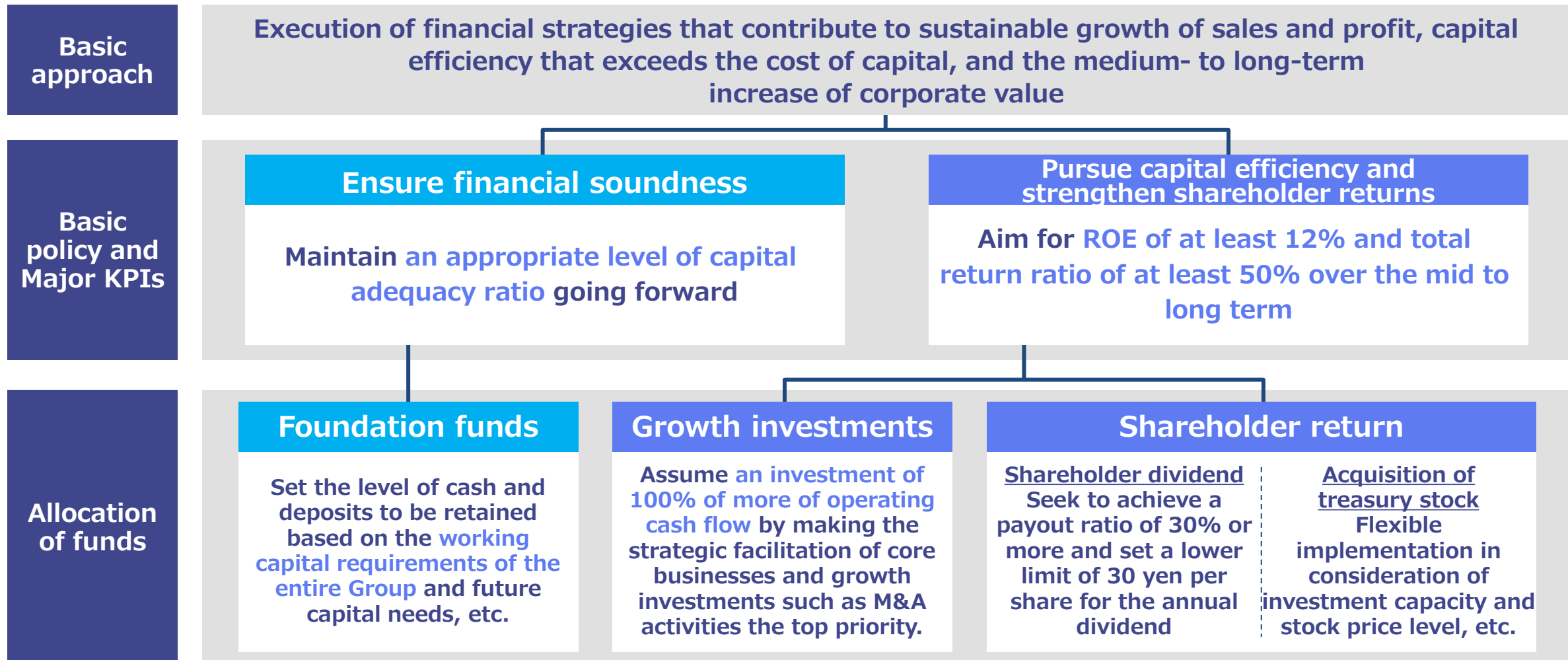
Business Segments	KPI	Approach and Targets
Domestic Publication Business (KADOKAWA, non-consolidated)	• Number of new titles published	• Control to an appropriate number (plan to maintain at approx. 98% of the previous year's level from FY2026 onward)
	• Title portfolio	• Increase the ratio of "Top Tier" and "Core Tier" titles
	• Returns rate	• FY2025 actual: 29.2% → <b>FY2031 target: 25.0%</b>
Animation	• In-house production rate	• FY2025 actual: 16.2% → <b>FY3031 target: 50.0%</b>
	• Net sales from Trans-media development	• Expand 1.9x from FY2025 to FY2031
Consolidated Financial Results	• Overseas sales ratio	• FY2025 actual: 19.8% → <b>FY2031 target: 25.0%</b>
	• ROE	• FY2025 actual: 0.5% → <b>FY2031 target: 9.4% (12% or higher in the medium to long term)</b>
	• EPS	• FY2025 actual: 8.7 yen → <b>FY2031 target: 180 yen</b>

# Maximize IP Value through Inter-Business Collaboration

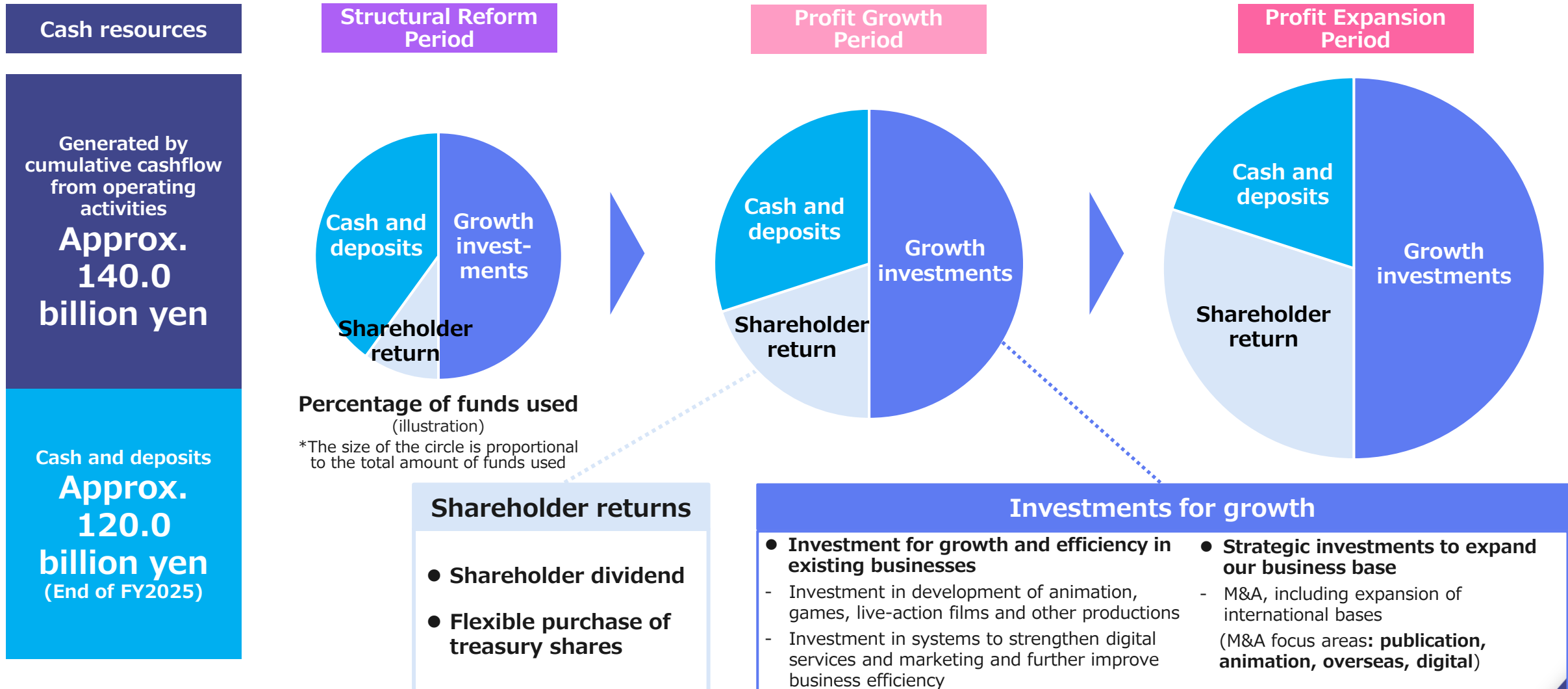
- Maximize IP value by building on a human capital base with diverse expertise, creating a cycle from IP creation to LTV maximization through inter-business collaboration.



- We reiterate our ROE target as a significant KPI as we aim to **expand potential for growth investment and increase corporate value**.
- While ensuring stable shareholder returns by setting a minimum dividend amount, we will consider and implement share buybacks and dividend increases in a flexible manner depending on the recovery of profit levels.



- Continue to invest for sustainable growth and strengthen shareholder returns in line with increase in profits from the profit growth period to the expansion period.



# Selection and Concentration through Advanced and Stricter Investment Management

- Strictly enforce rigorous due diligence at the investment stage and strict exit criteria
- During due diligence, rigorously evaluate investment profitability **based on a benchmark that exceeds the cost of equity**
- **Accelerate selection and concentration** by promptly exiting businesses and projects with low profit growth potential



## Upgrading and reinforcing the investment management framework

- **Strict entrance evaluations and withdrawal criteria**  
Strictly evaluate the profitability of investments **based on a benchmark that exceeds the cost of shareholders' equity**. Set clear withdrawal criteria in advance
- **Regular monitoring of investments**  
Regularly monitor profit on an investment and an organization basis.  
Use this as the basis for discussions on improvement plans and withdrawal decisions
- **Prompt decision-making on withdrawal**  
Management promptly makes decisions regarding withdraw from projects in which the improvement of profit is deemed to be difficult



## Major examples of withdrawal in the last three years

Publication/ IP Creation	Exit	<ul style="list-style-type: none"> <li>• Certain loss-generating businesses in the publication business</li> <li>• Certain loss-generating businesses in media business</li> <li>• mail-order businesses for the elderly</li> </ul>
Animation/Film	Exit	<ul style="list-style-type: none"> <li>• EJ Anime Theater Shinjuku</li> </ul>
	Sale	<ul style="list-style-type: none"> <li>• Termination of the cinema joint venture in China</li> </ul>
Others (Recreation Business)	Exit	<ul style="list-style-type: none"> <li>• Narita Anime Deck</li> <li>• EJ Anime Hotel</li> <li>• Japan Pavilion</li> <li>• Da Vinci Store</li> </ul>

} Tokorozawa Sakura Town related facilities

**02**

**Business Segments**

**-- Strengths and Future Initiatives --**

## Business Overview

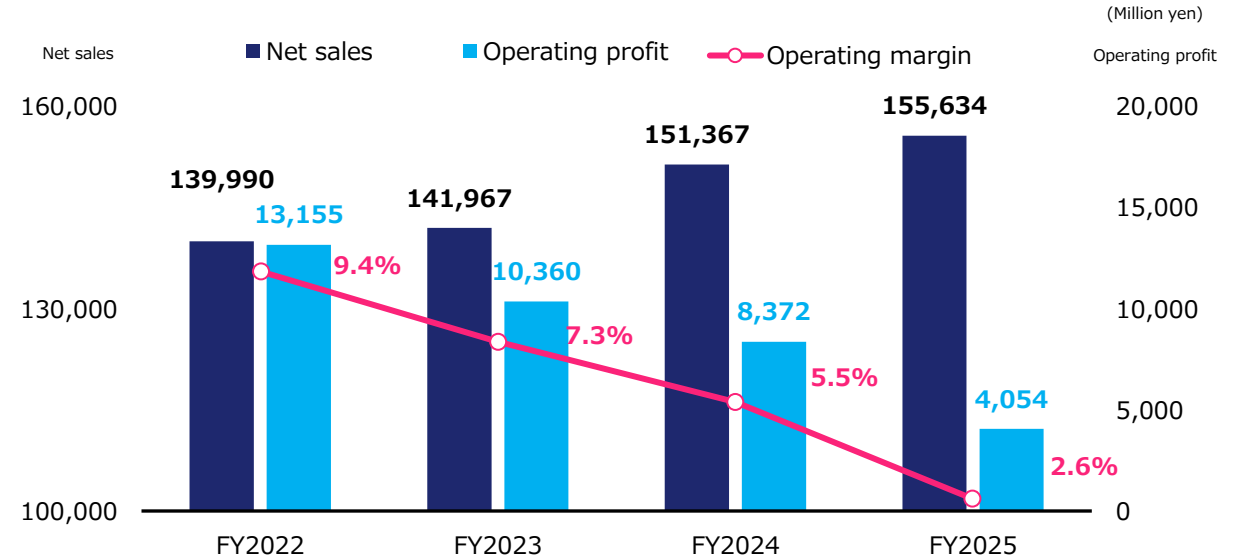
### Paper-based books/information media

- Sales of books and magazines, sales of digital ads, rights licensing, etc.
- Publishing more than 6,000 new books per 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 6,000 titles/year, which is among the largest in Japan.
- More than 140,000 archived titles
- A return rate that is below the industry average
- Established local subsidiaries in each major region to capture demand driven by the growing popularity of Japanese IP.
- Use of the Company's own UGC\* platforms, including Kaku Yomu, for discovering creators

\*User Generated Content

### Market environment of e-books

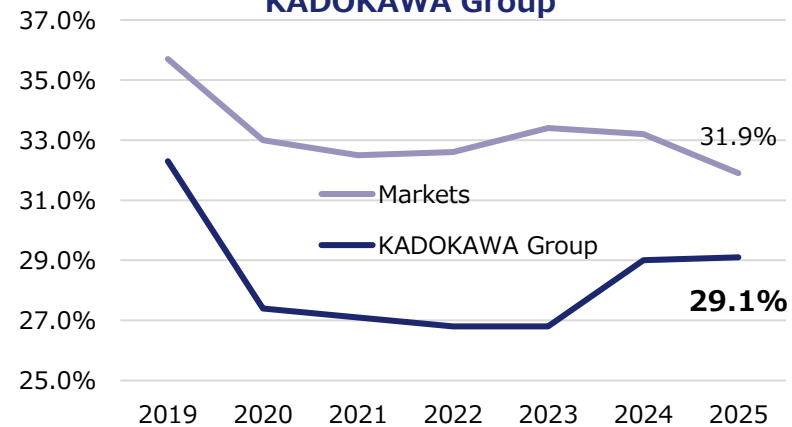
- The domestic market is in a growth trend due to the shift from paper-based books to e-books. However, the pace of growth has been slowing somewhat in recent years.
- International market still has room to expand.

### Our strengths (e-books)

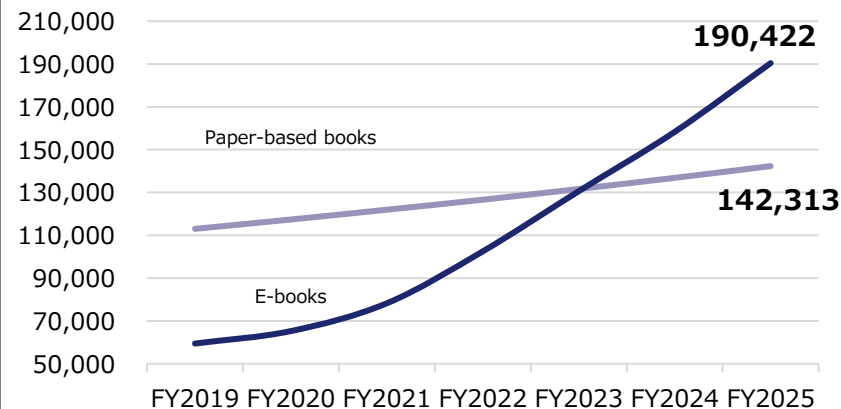
- Approx. 190,000 archived titles
- Operating our own platform as well

## Related Indicators

Return rates in the market and the KADOKAWA Group



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



- The return rate at the Group has long remained 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 excludes magazines, which have relatively high return rates, and reflects the return rate for books only. Market data are from *Monthly Report on the Publication Metrics* 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).

- The number of paper-based books in archives has been steadily increasing from the current production level of 6,000 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 born-digital works
- 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

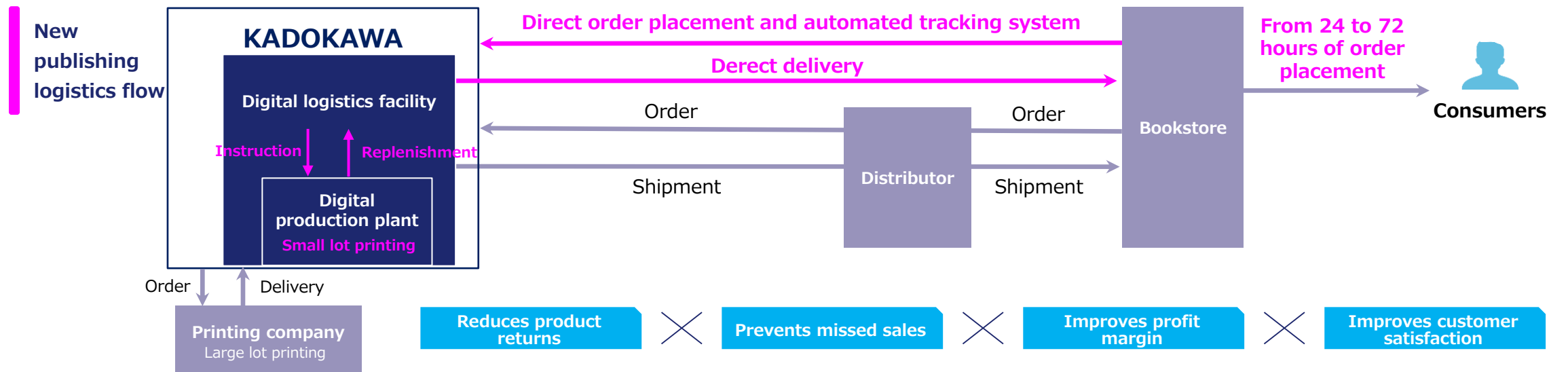
#### Extending the life of IP in the Publication Segment

- 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
- Enhancing the capacity of translation
- Enhancing the development of BOOK☆WALKER global store

### <Hybrid manufacturing and logistics to meet market demand>



# Publication/IP Creation Segment: Structural Reform of Domestic Publication Business

## Current status and issues

Excessive reliance on existing winning patterns

Pressure on profits due to higher manufacturing and distribution costs

The increase in the number of titles published has not led to the creation of bestsellers

Dispersal of sales and advertising resources

## Achieved through reforms

### Creation of a wide variety of works

- Rebuilding of genre strategy and strengthening of IP/work development capabilities
- Improvement of hit rate and creation of constant hits by strengthening plan proposals and scrutiny of plans, and reviewing decision criteria

### Earnings structure that can flexibly respond to changes in the external environment

- Improvement of profit structure by setting appropriate numbers of copies and pricing based on rising costs
- Improvement of return rate by promoting new transaction models that incentivize efficient sales
- Reduction of manufacturing costs through standardization of specifications

### Creating hits through selection and concentration

- Reorganization into an organization that can focus more on the quality of works. Evolving into an organization with speedy decision-making and execution capabilities by thoroughly implementing genre-specific strategies
- Reviewing the dispersion of advertising and sales promotion, and maximizing the speed and the scale of hits by concentrating investment on strategic titles
- Decisive action to liquidate unprofitable businesses

### Specific examples

### Model cases of creating a wide variety of works and creating hits through selection and concentration

#### Manga: *Books Galore*

Winner of the Manga Grand Prize 2026 and the Tezuka Osamu Cultural Prize Manga Grand Prize. It has gained the support of many booksellers and increased sales through intensive selling.

#### *Cosmic Princess Kaguya!* Related Books

We were quick to catch on to the appeal of the work and quickly and simultaneously roll out comics, light novels, and official guidebooks in accordance with the characteristics of each medium. All of these are hits.



©Ao Kojima 2025



©Colorido Twinengine Partners, ©Naruto Kiriya 2026

#### Novel: *Jukushi*

A masterpiece novel written by a Naoki Prize-winning author over a period of nine years. Won second place in the 2026 Japan Booksellers' Award. Winner of the 20th Chuokoron Literary Award.

#### *Vivarium: Ado and Me*

An autobiographical novel by Ado, who made her stunning debut with *Ussewa* and continues to be at the forefront of the industry. The song of the same name, as well as the first live-action music video, have been released, and the synergy of the two has created even more buzz.



©Shogo Sato 2025

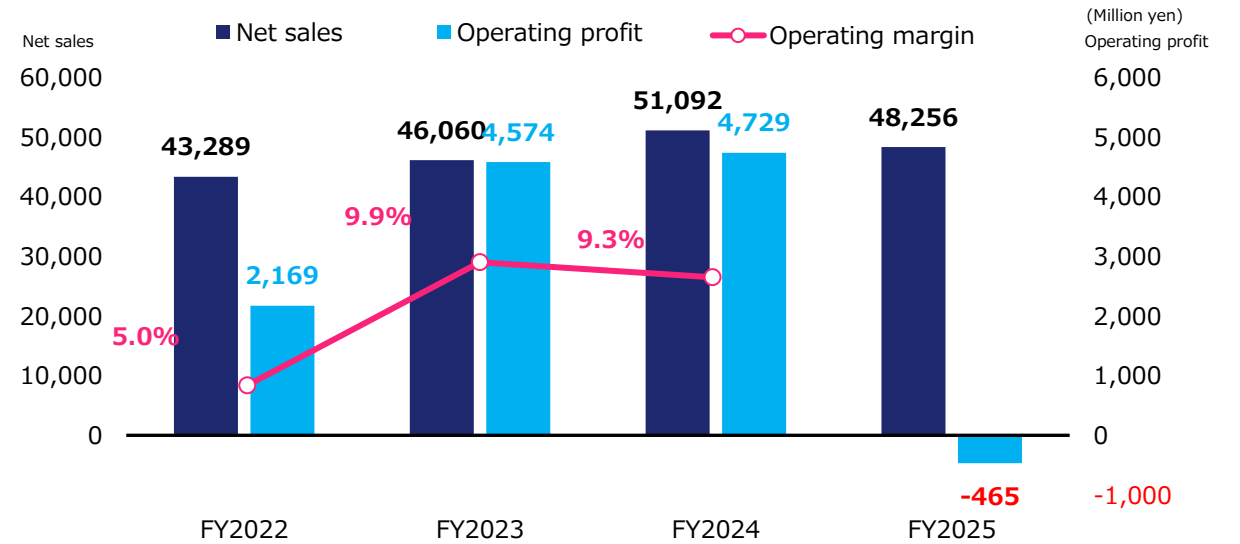


©Narumi Komatsu / Cloud Nine / Universal Music LLC 2026

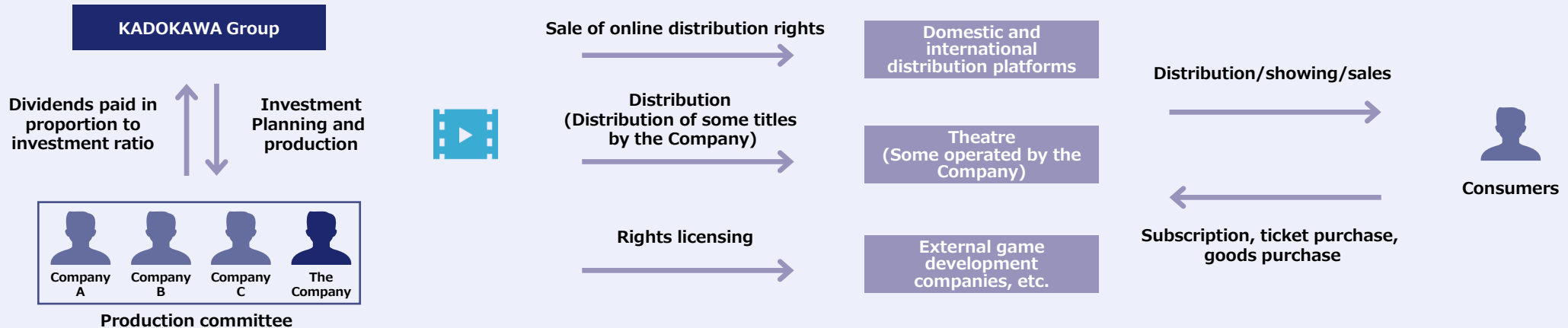
## Business Overview

- 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 animation, 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 animation and films

- 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 Company as lead producer/co-producer)
- The ability to generate income from a wide range of sources by adapting animation titles into games and creating related goods



**Delicious in Dungeon**

©Ryoko Kui, KADOKAWA/Delicious in Dungeon PARTNERS



**【OSHI NO KO】**

©Aka Akasaka x Mengo Yokoyari/Shueisha, "OSHI NO KO" Partners



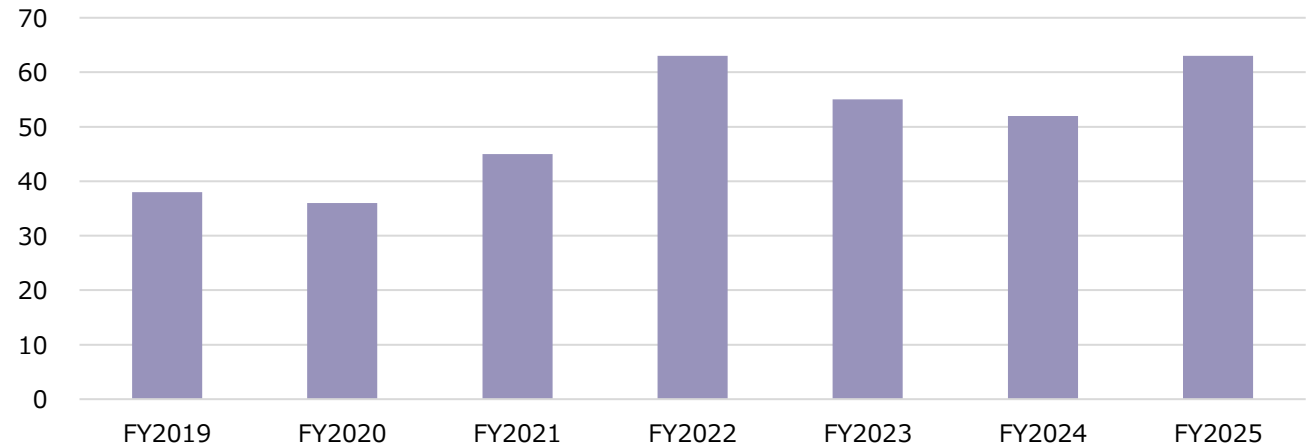
**As Long as We Both Shall Live**

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

## Related Indicators

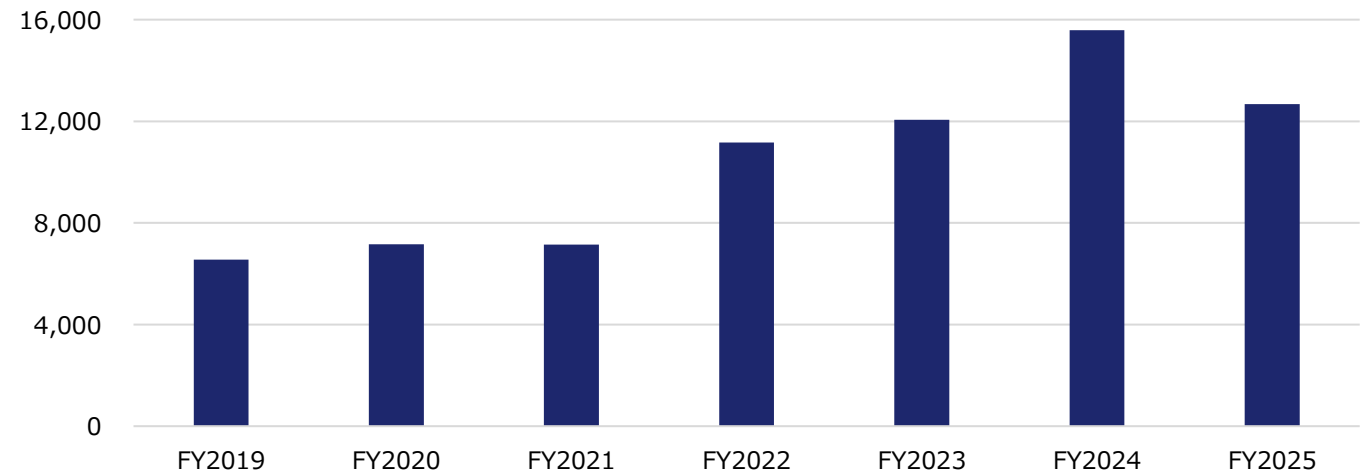
### Number of animation video titles from the Group (including minor investment)

Unit:  
Titles



### Overseas net sales of the Group's animation

Unit:  
Million yen



## Animation planning

**Expand business base by further strengthening lineup**

- Longevity and value amplification of IP assets
- Strategic accumulation of series/serial productions
- Expedite decision-making for sequel production and establish a flexible production system

**Stable, high-profit structure over the medium to long term**

## Animation production

**Create a production system capable of consistently producing high-quality works by strengthening the Group's studios**

- Improve the value of the Group's studio brand through in-house production of leading original works
- Create a human resource development ecosystem
- Studio One Base project—designed to consolidate, integrate, and streamline

**High-quality, stable production system and 50% in-house production ratio**

## Trans-media development

**Establish and strengthen diversified revenue sources**

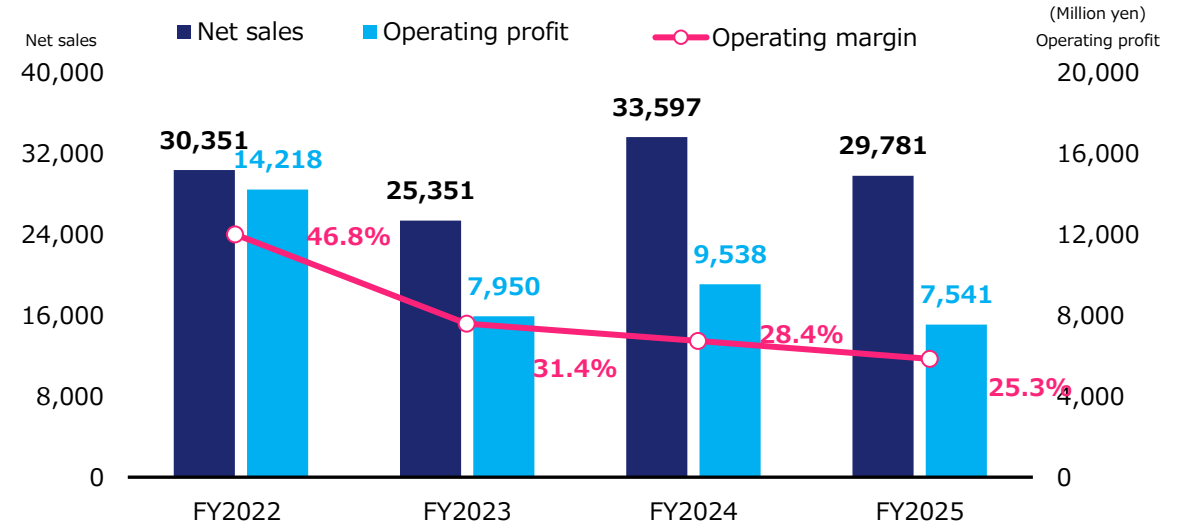
- Maximize LTV through expansion of exit strategies with a focus on international and domestic rights (licensing) business
- Strengthen distribution business in animated films
- Develop character IP and strengthen archived works

**Multi-tier revenue generation and IP value maximization**

## 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 Shiren the Wanderer and 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.

## 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.
- Growth is being driven by mobile games, PC games, and digital versions of console games

### 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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### Shiren the Wanderer 6

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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



### Strengthening the ability to create IP in games

- Improving the quality and quantity of IP in new games
- Each Group company demonstrating their originality
- Strengthening production capabilities through human resources recruitment and training, etc.

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### Creating games using IP in publication and anime

- Multiple in-house IP mobile games scheduled for releases in FY2026-FY2027, aiming to recoup previous investment costs.

©Nabume Akatsuki, Kurone Mishima / KADOKAWA / KonoSuba Game Project

©2024 Rocket Shoukai / KADOKAWA / Sentenced to be a Hero Production Committee

©2025 KADOKAWA VIC GAME STUDIOS

### 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 IP

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### Expansion of Global Distribution Capabilities

- Optimizing the business model, including publishing, for each title

**Pipeline expansion**

- FromSoftware
- Spike Chunsoft
- Gotcha Gotcha Games
- ACQUIRE

**Focus on Console Titles**

**27 titles under development**

\*as of May 14, 2026

- KADOKAWA
- VIC GAME STUDIOS (minority stake)

**Focus on Mobile Games**

**4 titles under development**

\*as of May 14, 2026

## 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

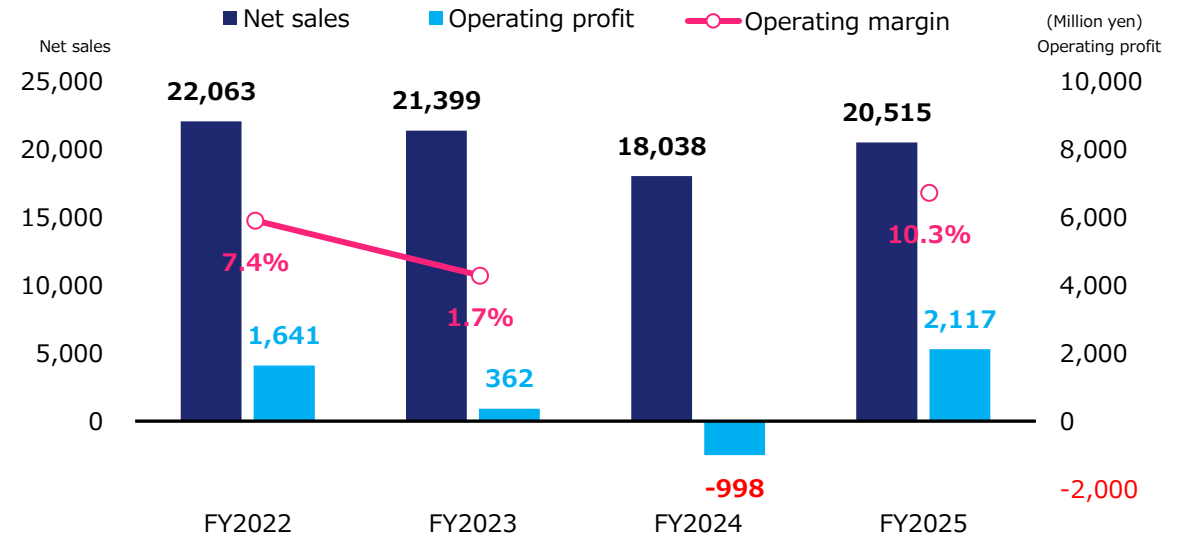
### Live Business

- 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

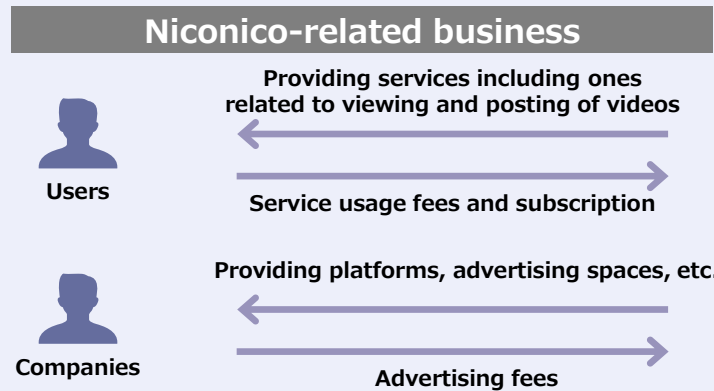
### Mobile Business

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

## Trends in Results



## Business model of the Web Services



## 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 events and live concert market has recovered from the slump caused by the COVID-19 pandemic and is once again thriving.

### 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

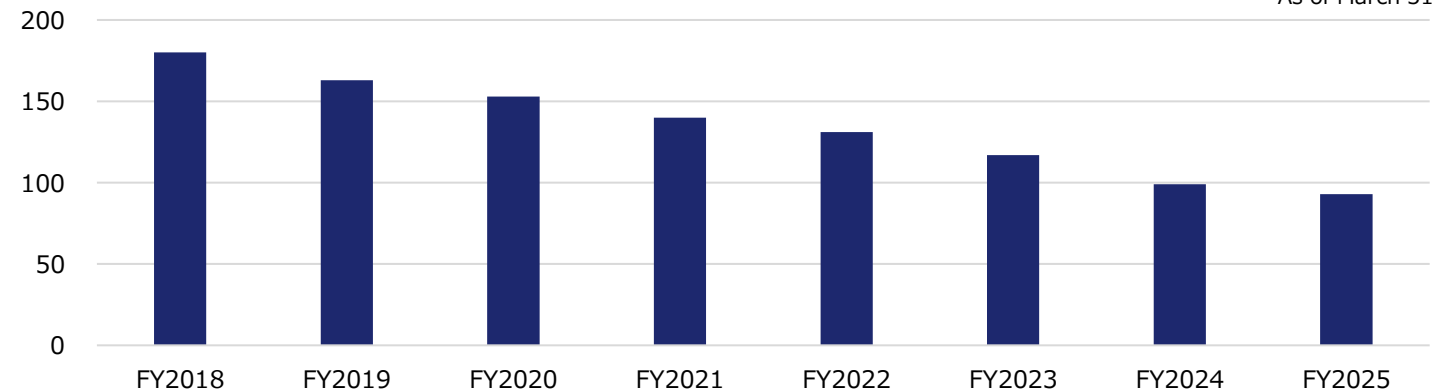


## Related Indicators

### Number of premium members

Unit:  
10,000 people

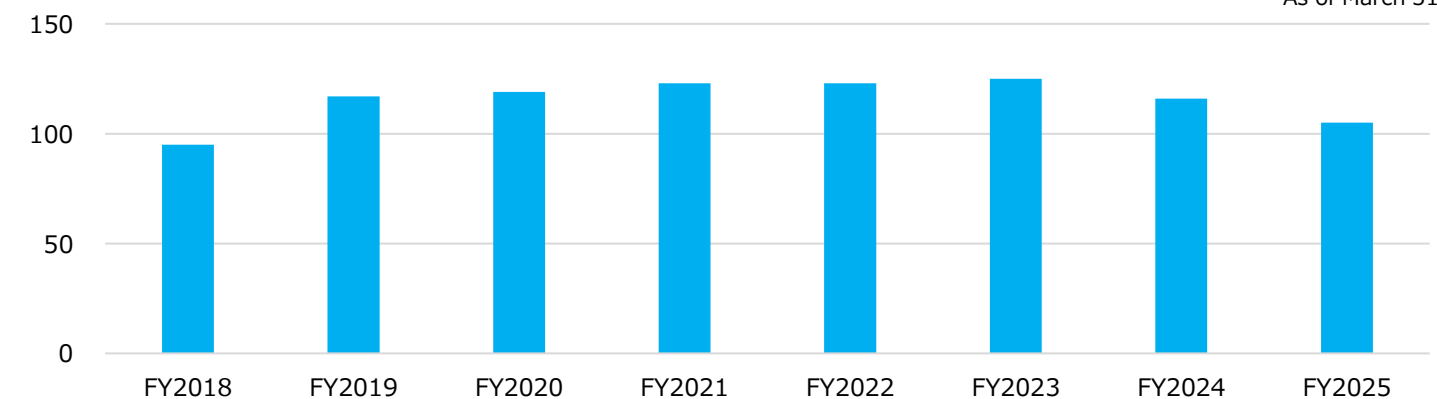
\* As of March 31



### Number of paid members of niconico Channel

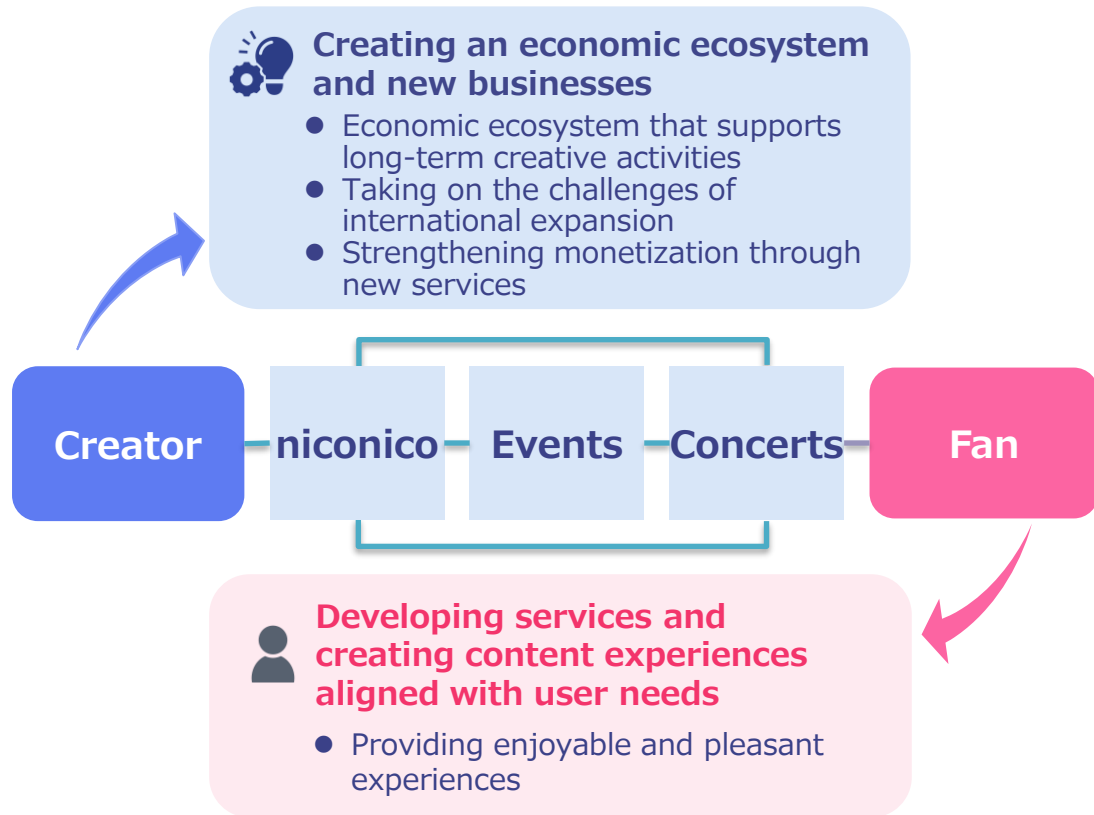
Unit:  
10,000 people

\* As of March 31



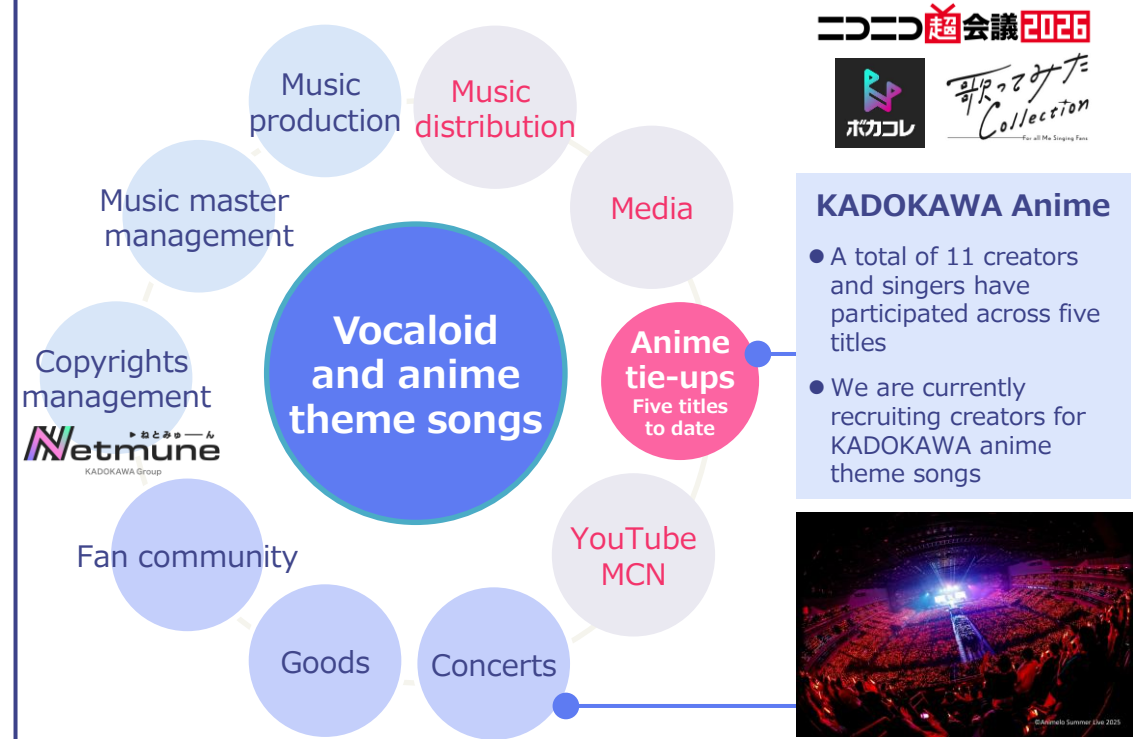
## Sustainable creation of passionate communities and diversification of revenue

- Connecting creators and IPs discovered on niconico with fans in various ways to **maximize the creator economy**
- Maintaining premium membership sales while reducing dependence on it, and **seeking to diversify revenue sources** by providing new services and content



## Strengthening the music business and enhancing group-wide collaboration

- Strengthening expansion centered on Vocaloid and anime theme song content
- **Total production including media and anime tie-ups**
- Discovering creators through **tie-ups with KADOKAWA anime**
- Holding domestic spin-off events and live performances, and driving international expansion

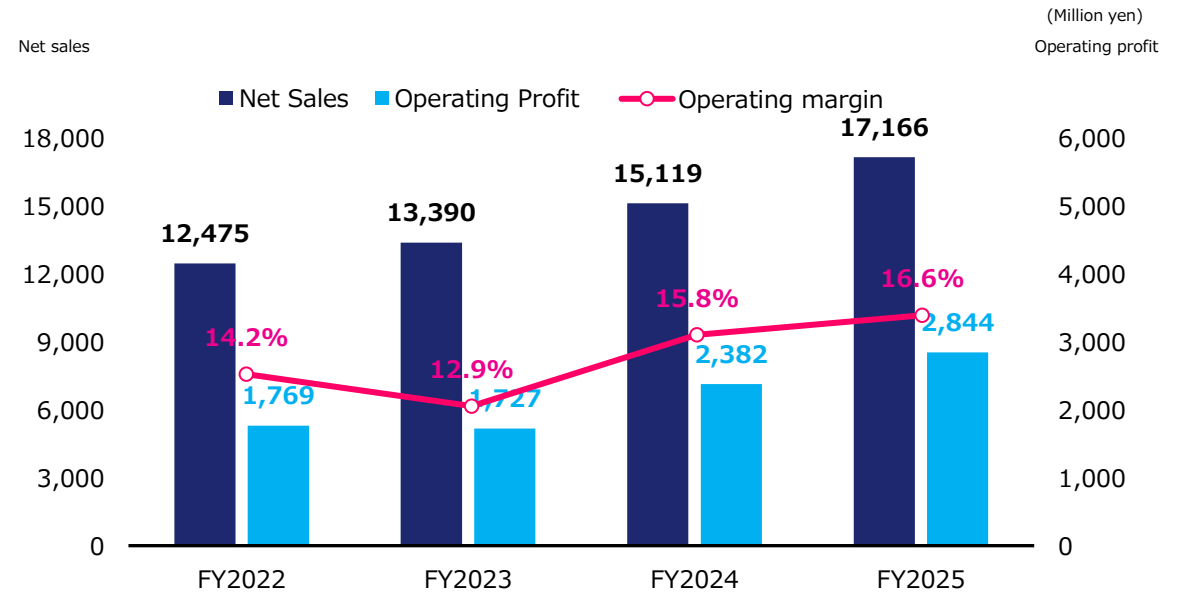


## Business Overview

- 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, S High School and R High School (N High School Group), which are operated by KADOKAWA DWANGO Educational Institute, and ZEN University, which is operated by Educational Institute of The Nippon Foundation and DWANGO.

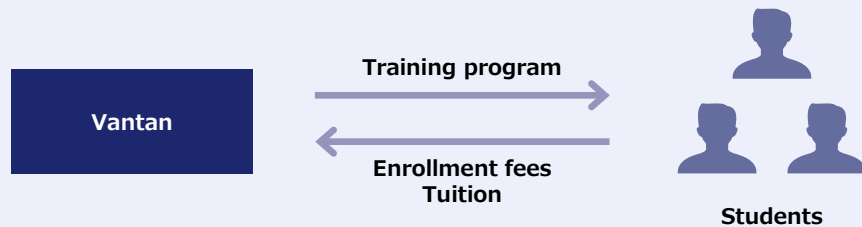


## Trends in Results

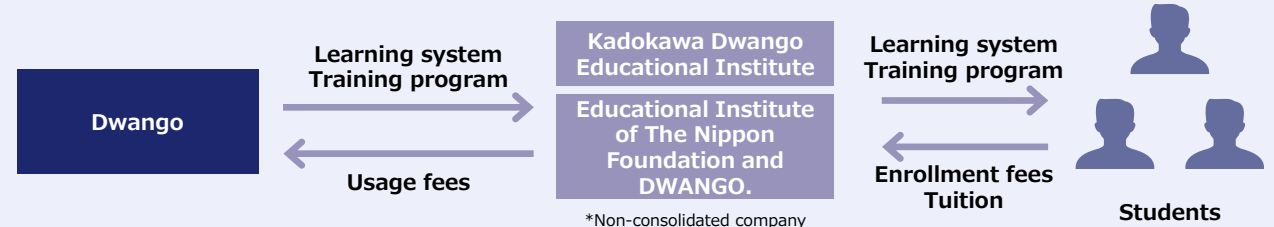


## Business model of the Education/EdTech

### Vantan



### Businesses for N High School Group and ZEN University



## 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 —our core business area— continues to rise despite the declining birthrate. Similarly, the number of students attending trade schools continues steady growth.

### Our Strengths

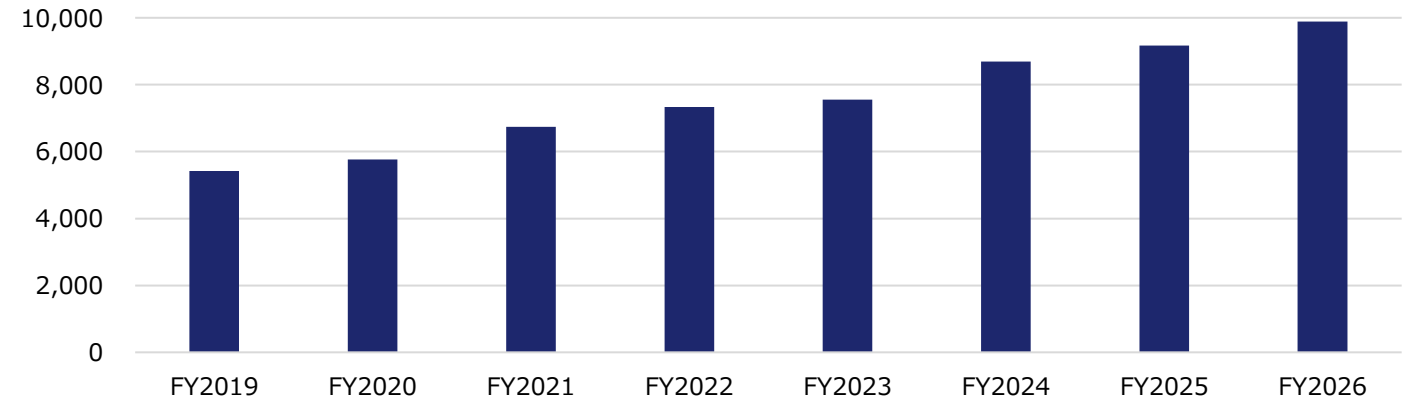
- Our unique IT opens up educational opportunities to a wider audience.
- Educational systems developed in-house that utilize cutting-edge technologies such as AI and VR
- Educational programs for developing practical skills that utilize active professionals as lecturers and a network with diverse companies

## Related Indicators

Unit:  
person

### Number of Vantan students

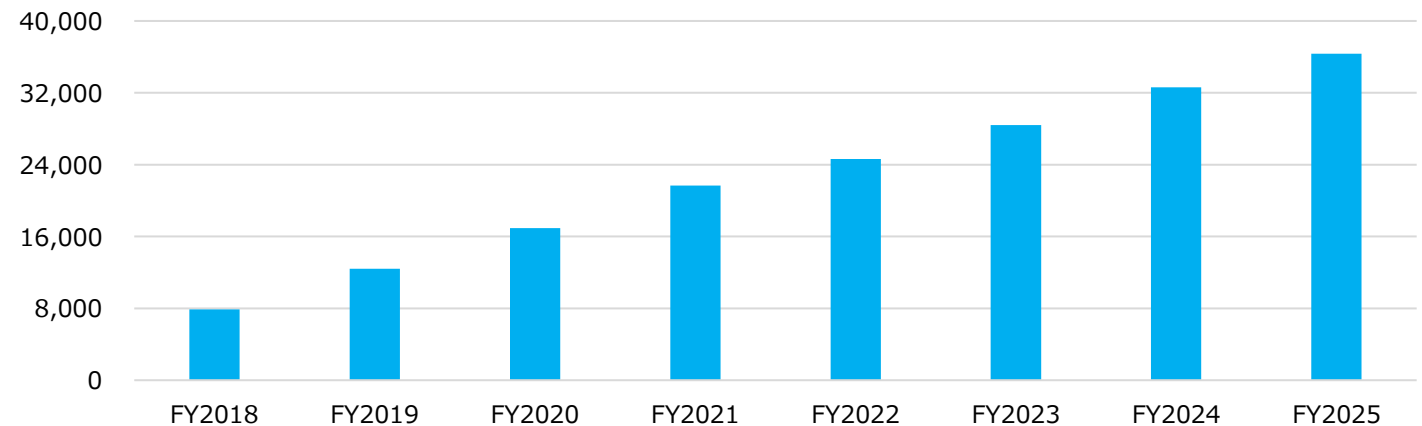
\*As of April 30

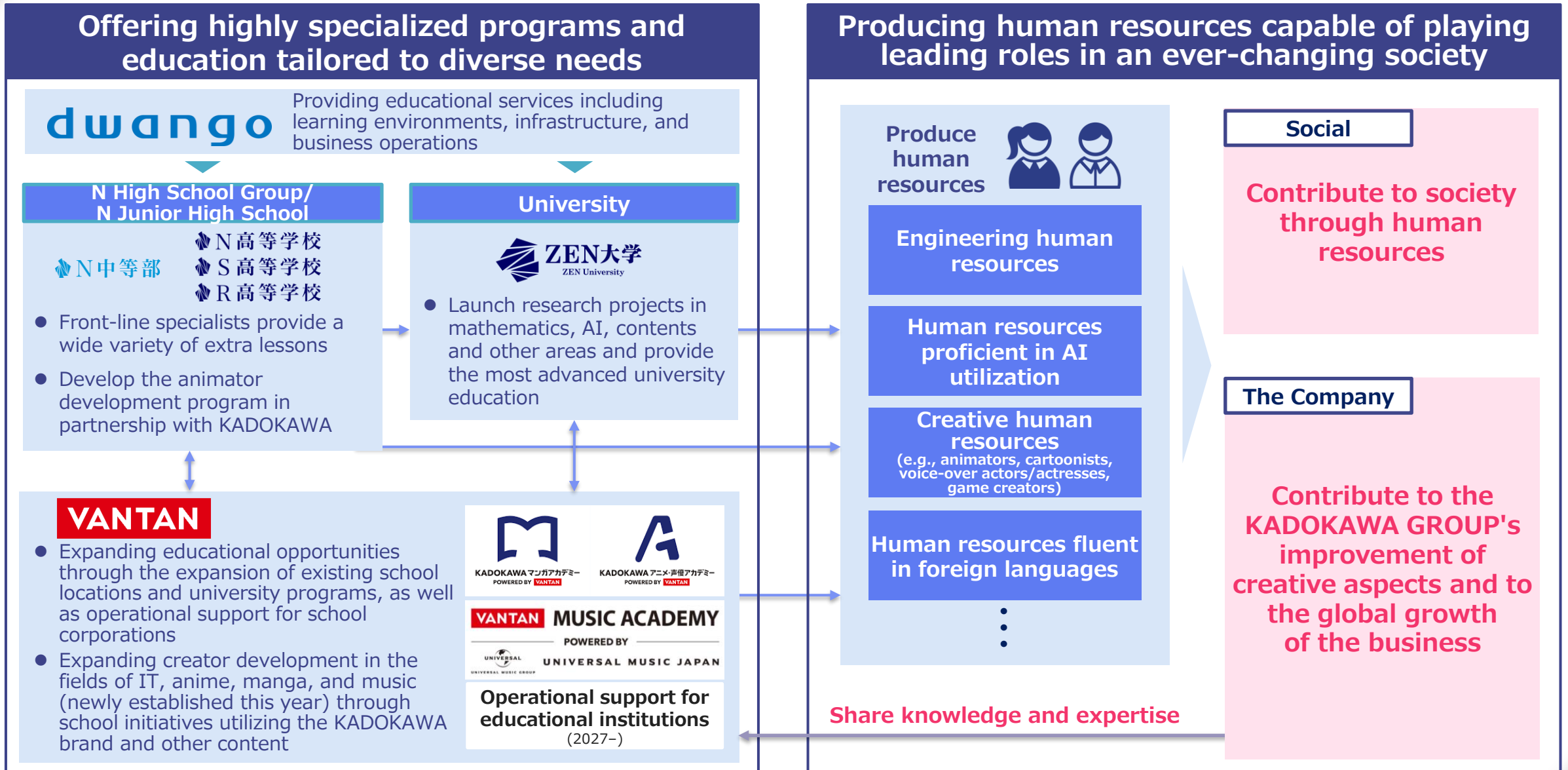


Unit:  
person

### Number of N/S/R High School students

\*As of March 31





## Business Overview

## MD Business

- Developing original products utilizing intellectual property
- Operation of e-commerce sites, including KADOSUTO, an online store for mascot merchandise, figures, and other goods, as well as KUJIBIKIDO, an online lottery service

## Recreation business

- Operation of TOKOROZAWA SAKURA TOWN, and sales of related goods
- Planning and operating events inside and outside of TOKOROZAWA SAKURA TOWN

## Other new businesses

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



**TOKOROZAWA  
SAKURA TOWN**  
©Kadokawa Culture Museum

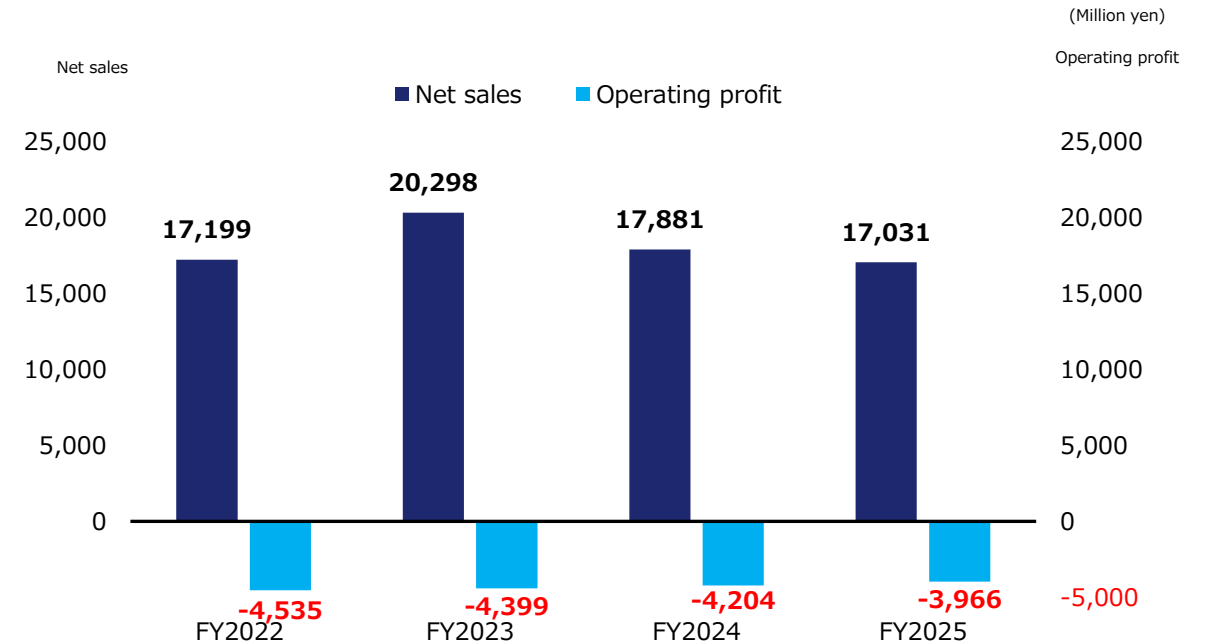


**Original products utilizing  
intellectual property**



**VirtualCast**

## Trends in Results

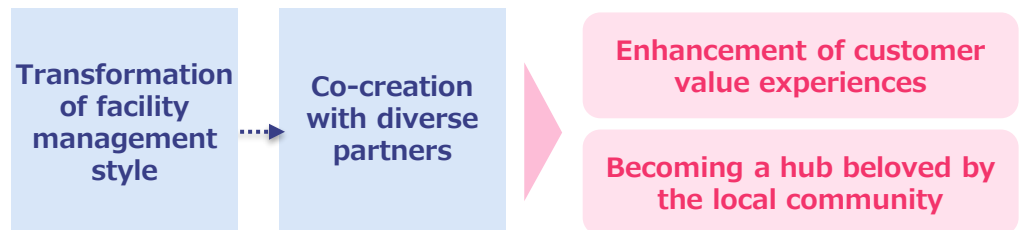


## Future Initiatives

- In the MD business, we are exploring the development of new products in addition to online raffle services. In addition, we will aim to continue with the expansion of activities overseas, including coordination with overseas Group sites. To deal with sharp increases in manufacturing costs, in conjunction with the cost reductions mentioned above, we will also start to consider price revisions.
- In the Recreation business, we will work to engineer a sales growth trend from FY2027 by expanding measures, such as increasing the number of events. On the profit front, in addition to reviewing the subcontracting arrangements of contractors we commission and optimizing the number of operating personnel, we will promote efforts to rationalize our business structure by enhancing coordination with the Group companies responsible for event operation, etc. in an effort to bring operating profit into positive territory.
- We will also aim for profitability improvements in other new businesses.

## Structural reform of the Recreation Business

- The accommodation facility, which closed in 2023, reopened in July 2025 through a partnership with Solare Hotels and Resorts. **We aim to achieve stable facility operation while enhancing the value of stays at the facility for guests.**
- The SAKURA TOWN project is **shifting to an operational style based on co-creation with diverse partners**, aiming to create more attractive facilities.



▶ IN THE LIBRARY hotel and books TOKOROZAWA (opened July 2025)

## Growth strategy for the MD Business

### Development of new genres

- **We have formed an R&D team to promote the development of unique new genres that could become established product formats.** We aim to achieve sustainable growth by integrating leading IP and planning into new genres.

### Expansion of overseas sales channels

#### North America strategy

- **Collaboration with KADOKAWA Retail Ventures**
  - Joint participation in major events
  - Coordination of dedicated sales areas at Manga Spot
  - Traveling exhibitions in North America
- **Rollout of product-specific strategies**
  - POP-UP exhibitions in partnership with retailers
  - Event participation/exhibiting

#### China and Asia strategy

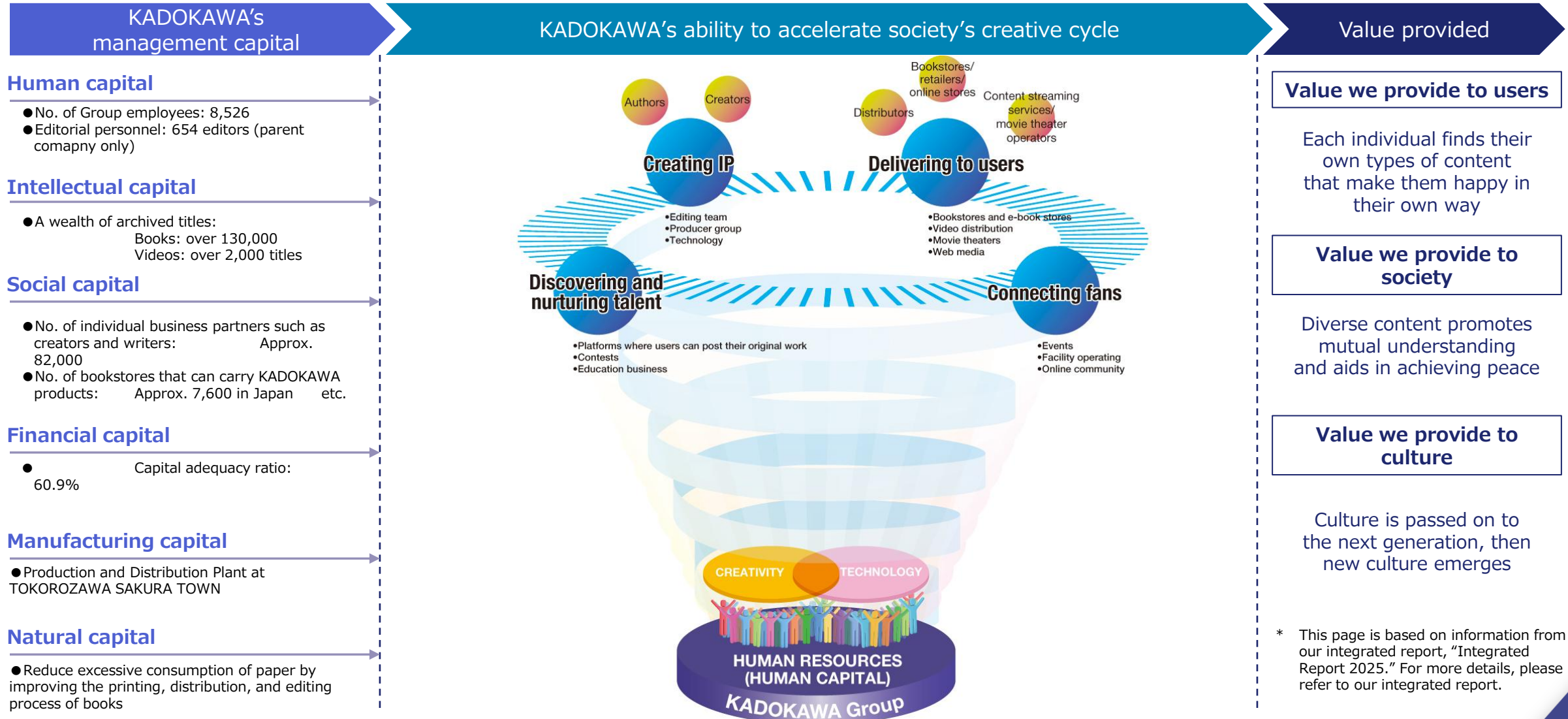
- **Collaboration with GUANGZHOU TIANWEN KADOKAWA and other international bases**
  - Wholesale distribution with international bases acting as distributors
  - Joint participation in various events
- **Exhibiting at events hosted by major local distributors**



# 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.



# 04 | Sustainability Policy

# Group Sustainability Policy

- Aim to balance the sustainable development, execution, and growth of our business across the entire Group with the resolution of social issues.

KADOKAWA Group Materiality	Themes	Metrics and Targets (including the long-term vision)
<p><b>1</b> Contributing to the enrichment of individuals and communities, the advancement of culture, and the growth of the content industry through the creation of diverse IPs (intellectual property) and maximization of value</p>	<ul style="list-style-type: none"> <li>● <b>Creation of IPs and maximization of value</b></li> <li>● <b>Appropriate utilization and protection of IP</b></li> <li>● <b>Respect for free and diverse values</b></li> </ul>	<ul style="list-style-type: none"> <li>● Sustainable creation of new IP</li> <li>● Sustainable growth through media mix and area expansion driven by IP</li> <li>● Measures against infringement of rights to newly created IP</li> <li>● IP protection and exercise of rights in response to globalization and new business development</li> </ul>
<p><b>2</b> Maximizing results through enhanced employee motivation and creativity, while contributing to the creation of a fulfilling work environment for all people involved in making content</p>	<ul style="list-style-type: none"> <li>● <b>Creating a comfortable work environment and enabling autonomous career choices</b></li> <li>● <b>Improving employee engagement</b></li> </ul>	<ul style="list-style-type: none"> <li>● Female manager ratio: FY2030 target 30%</li> <li>● Male employee utilization rate for childcare leave *: Maintain current level</li> <li>● Utilization rate of qualification programs *: FY2030 target 15% (excluding language qualifications)</li> <li>● Employee engagement score results*: Maintain current level</li> </ul> <p>* Set for KADOKAWA on a non-consolidated basis</p>
<p><b>3</b> Sustainable growth of our education business through the broad provision of specialized and practical educational programs, and the cultivation of talent for society as a whole, including the content industry</p>	<ul style="list-style-type: none"> <li>● <b>Providing equal opportunities for creative education</b></li> </ul>	<ul style="list-style-type: none"> <li>● Increase in the number of students participating in diverse educational programs</li> </ul>
<p><b>4</b> Achieving sustainability for our publication business and the industry as a whole through the promotion of publication manufacturing and distribution DX, while optimizing resource usage and minimizing waste</p>	<ul style="list-style-type: none"> <li>● <b>Appropriate and sustainable use of resources and raw materials</b></li> <li>● <b>Measures to address climate change (carbon neutrality)</b></li> </ul>	<ul style="list-style-type: none"> <li>● Paper book returns rate: FY2031 target 25.0%</li> <li>● GHG emissions (Scope 1 and 2)               <ul style="list-style-type: none"> <li>- Reduce by 50% in FY2030 (compared to FY2020)</li> <li>- Achieve net-zero by FY2050</li> </ul> </li> </ul>
<p><b>5</b> Enhancing stakeholder benefits and reliability through strengthened governance and fair, transparent management</p>	<ul style="list-style-type: none"> <li>● <b>Strengthening corporate governance (enhancing oversight functions)</b></li> <li>● <b>Ensuring strict compliance</b></li> <li>● <b>Enhancing information security</b></li> </ul>	<ul style="list-style-type: none"> <li>● Maintain a majority ratio of independent outside directors.</li> <li>● Appoint independent outside directors as Chairpersons of the Board of Directors, Nominating Committee, Remuneration Committee, and Audit Committee.</li> <li>● Achieve annual response policy established during the evaluation of the board's effectiveness.</li> <li>● Compliance testing completion rate: 100%</li> <li>● Improving awareness of hotlines, etc.</li> </ul>

\* Numbering does not indicate priority.

# Human Capital Strategy

- We have established an innovation promotion policy centered on Creativity, Motivation, and Technology, and aim to realize our business management strategy through the sustainable growth of diverse human resources by strengthening human capital initiatives.



## Creation of a pleasant working environment

- **Expansion of systems supporting creative ideas and diverse work styles**
  - Workplace choice system
  - Maternity, childcare and family care leave follow-up allowance
- **Development of office environments that enable efficient teamwork**
  - Example: Group studio "Studio One Base"
- **Improving operational efficiency through the use of digital tools and generative AI**

### Key Metrics and Targets

- Female manager ratio<sup>\*\*</sup>: FY2030 target 30%
- Telecommuting rate<sup>\*</sup>
- Maternity, childcare and family care leave follow-up allowance payment results<sup>\*</sup>
- Male employee utilization rate for childcare leave<sup>\*\*</sup>
- Rate of return from childcare leave<sup>\*\*</sup>

<sup>\*</sup> KADOKAWA non-consolidated

<sup>\*\*</sup> KADOKAWA and its domestic consolidated subsidiaries



## Autonomous career choices

- **Implementing various systems and initiatives for purposes such as motivating employees, utilizing employees' skills in their career development, putting the right people in the right positions, and stimulating new innovation.**
  - One-off payment system for obtaining qualifications, subscription allowances
  - FA system, project open call, etc.
- **Strengthening the human resources pipeline**
  - Referral hiring system, internship system
- **Providing various skill-building opportunities, particularly in the area of technology**

### Key Metrics and Targets

- FA program utilization rate<sup>\*</sup>: FY2030 target 70%
- Utilization rate for system for obtaining qualifications (excluding languages)<sup>\*</sup>: FY2030 target 15%
- Ratio of mid-career hires via referrals<sup>\*</sup>
- Ratio of early selection in new graduate hiring (via internships)<sup>\*</sup>
- Subordinate-supervisor survey results<sup>\*</sup>

<sup>\*</sup> KADOKAWA non-consolidated



## Global human resources

- **Recruitment, development, and support for human resources capable of strongly driving our Global Media Mix through the Global Human Resources Development Center**
  - Worldwide hiring activities and internships
  - Satellite work program for foreign national employees returning temporarily to their home countries
- **Expanding our pool of human resources with skills that enable global success, including language certifications**  
Promoting continuous employee growth

### Key Metrics and Targets

- Language qualification holder ratio<sup>\*</sup>: FY2033 target 10%

Included qualifications: English (Eiken Pre-1 Grade or higher), Chinese (Chinese Language Proficiency Test Level 3 or higher), Korean (Hangul Proficiency Test Pre-2 Grade or higher), Indonesian (Grade C or higher), Spanish (Level 3 or higher), Italian (Grade C or higher), German (Goethe-Zertifikat Grade A2 or higher), French (Grade Pre-2 or higher), Thai (Grade 3 or higher), Russian (Grade 3 or higher)

<sup>\*</sup> KADOKAWA non-consolidated, setting based on the long-term vision

## Corporate Governance

- **Enhance management transparency and oversight functions, and establish a governance framework that supports swift and decisive decision-making to achieve sustainable enhancement of corporate value.**

### Improving transparency and accelerate decision-making through the separation of oversight and execution

1. Continue adoption of the system for a company with a Nominating Committee.
2. Maintain a majority ratio of independent outside directors.
3. Continue appointment of independent outside directors as Chairpersons of the Board of Directors, Nomination Committee, Remuneration Committee, and Audit Committee.

### Enhancing the effectiveness of the Board of Directors (improve the quality of the board's supervisory function)

1. Enhance evaluations of effectiveness.
  - Identify issues to deepen the operation and discussions of the Board of Directors and establish a continuous improvement cycle.
2. Utilize a skills matrix.
  - Periodically review skill requirements linked to management strategy and appoint directors with specialized expertise to encourage constructive discussions aimed at sustainable growth.

### Incentives to promote sustainable growth

- Increase the sophistication of performance-based remuneration.
- Design officer remuneration systems and incentives linked to metrics reflecting profit-sharing with shareholders (ROE, stock price, ESG, etc.)

## Risk Management

- **Implement appropriate risk-taking to support investment in growth areas by establishing a robust risk management system that includes a security infrastructure.**

### Strengthening cyber resilience

1. Establish an Information Security Subcommittee under the Risk Management Committee.
2. Create a robust security infrastructure based on the Basic Policy on Information Security.
3. Maximize the value of intellectual property and content through protection against various threats.

### Group-wide risk management

Maintain risk management based on unified group standards.

### Basic Policies on Information Security

1. Information security management system
2. Establishment of internal regulations regarding information security
3. Realization of systems that ensure information security
4. Education and training
5. Development of environment for content production under a secure environment

### Metrics and Targets

- Hold monthly meetings of the Information Security Subcommittee and implement a PDCA cycle.
- Conduct annual targeted email attack drills and e-learning training.
- Monitor major systems and devices with EDR/XDR and provide 24-hour support via SOC, 365 days a year.

## Initiatives to Address Climate Change

### Greenhouse gas (GHG) emissions: Scope 1 and 2

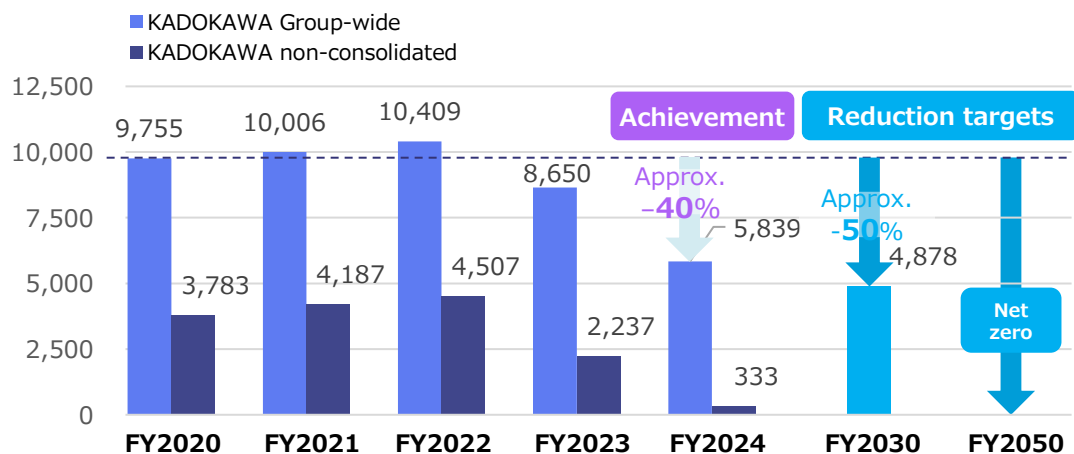
- Our Group has set the following targets: **50% reduction by FY2030** using FY2020 as the baseline, and **net-zero by FY2050**. We are implementing energy-saving and power-saving initiatives at each business location, **aiming to achieve these targets**.

### Scope 3 (indirect emissions from the supply chain)

- **We introduced a GHG emissions tracking system** on April 1, 2026, and are currently implementing initiatives to disclose Scope 3 emissions.

### KADOKAWA Group's GHG emissions over time and target

CO<sub>2</sub> emissions (t-CO<sub>2</sub>) \* Trial calculation with adjusted emission coefficient



## Initiatives to reduce returns rate of paper-based books

- Return ratio remained high from FY2024 to FY2025 due to a temporary increase in returns following the cyber-attacks that occurred during FY2024.
- **From FY2026 onward, we will implement the following measures to reduce the return ratio, effectively use paper resources, and reduce environmental impact.**
  - Further improve the accuracy of digital manufacturing and logistics systems
  - Increase productivity through appropriate circulation
  - Promote new transaction models with bookstores that incentivize efficient sales

### KADOKAWA Group target for paper-based book returns rate

