



# Mid-term Management Plan: FY2026–FY2031

Transformation, Growth, and Expansion





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# Review of Current Mid-term Management Plan

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# Management Targets and Management Policy for Current Mid-term Management Plan

\* Date of announcement of the current Mid-term Management Plan: November 2, 2023

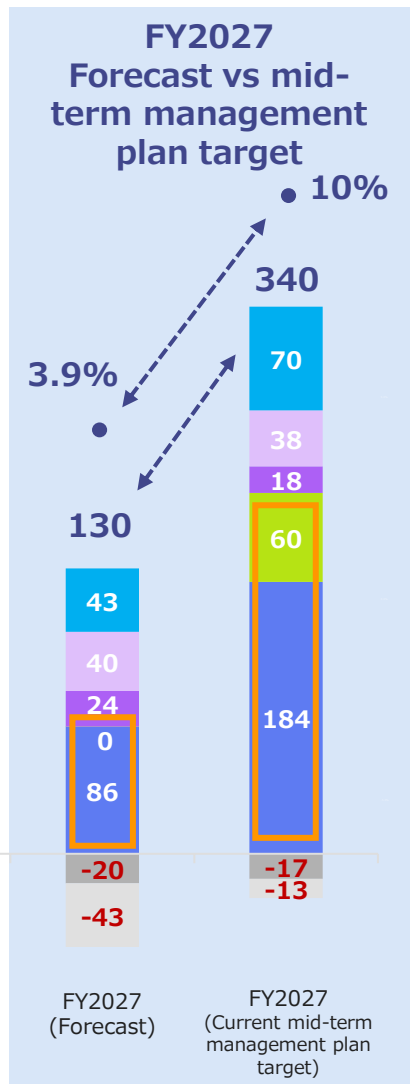
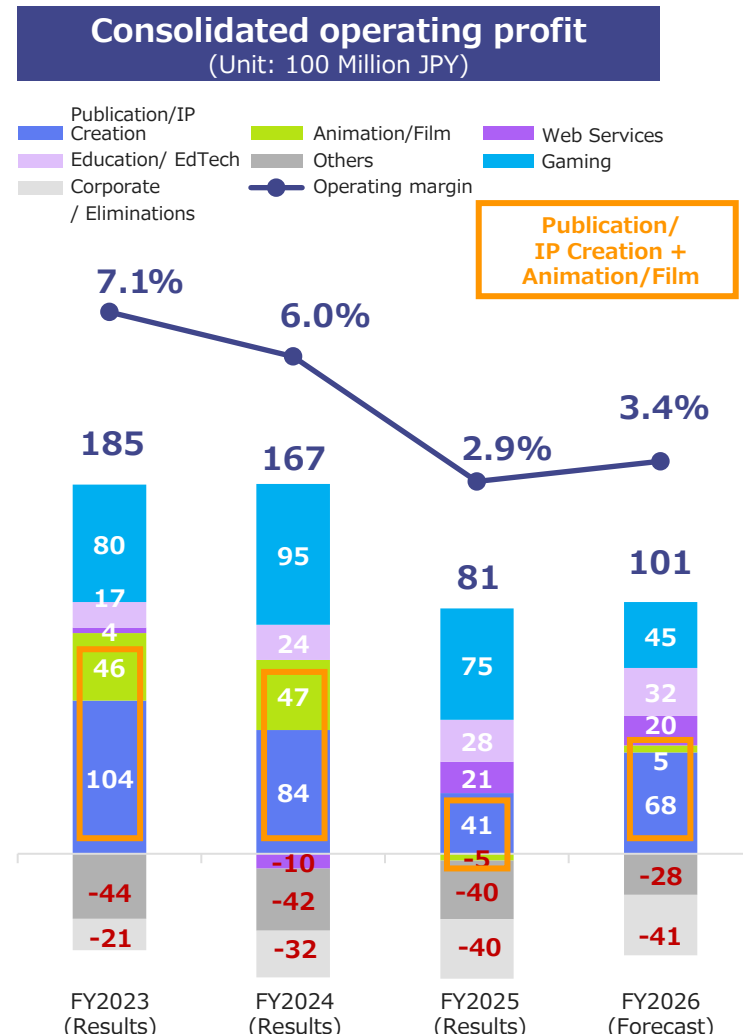
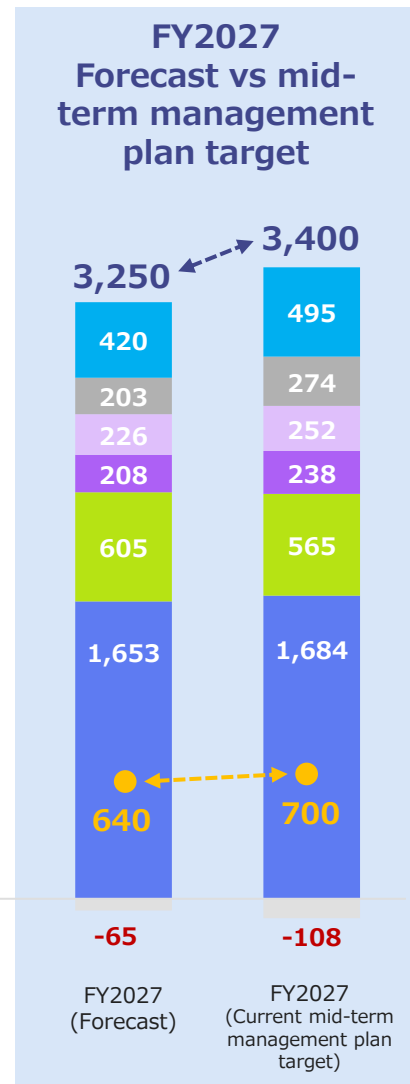
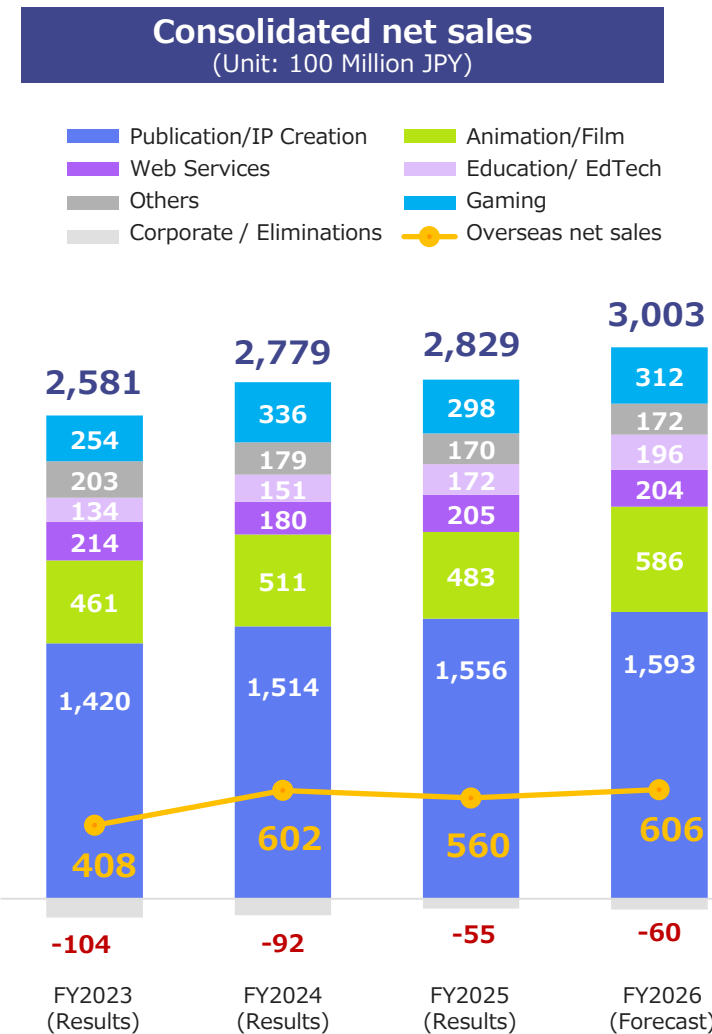
- Advocate accelerating the Global Media Mix with Technology by strengthening IP creation and inter-business collaboration and maximizing IP LTV

		FY2027 target
Target consolidated results	Net sales	<u>340.0 billion yen</u>
	Overseas net sales	<u>70.0 billion yen</u>
	Operating profit	<u>34.0 billion yen</u>
	Operating margin	<u>10%</u>
	EBITDA	43.0 billion yen
Financial indicators	Equity ratio	Approx. 50-60%
	ROE	<u>Medium-to-long-term: 12% or more</u>
Shareholder return	Dividend payout ratio	30% or more
	Dividend	Lower limit: 30 yen per year
	Acquisition of treasury stock	Flexible implementation in consideration of investment capacity and stock price level, etc.

Management strategy: Global Media Mix with Technology		
IP creation and inter-business collaboration	Publication	<ul style="list-style-type: none"> <li>Expand to over 7,000 IPs annually. Add more genres and strengthen digital-first readiness</li> <li>Increase productivity through the digital transformation of publishing by means of the digital manufacturing and distribution system, etc.</li> </ul>
	Animation/Film	<ul style="list-style-type: none"> <li>Increased scale and longevity of animation IP. Diverse lineup development</li> <li>Ensure stable production lines by expanding the group studio system</li> <li>Films will focus on major productions to improve return on investment</li> </ul>
	Gaming	<ul style="list-style-type: none"> <li>Expand the game development pipeline</li> <li>Mobile game development using in-house IP</li> </ul>
	Web services, Education/EdTech, Others	<ul style="list-style-type: none"> <li>Raise ARPPU by improving niconico business services</li> <li>Expand into the university business. User base expansion, course expansion, area expansion</li> <li>Recreation business: improve profitability by increasing the number of users and optimizing costs</li> </ul>
	Maximizing IP' LTV	Expanding global distribution capacity
Rebuilding the license strategy		<ul style="list-style-type: none"> <li>Centralized management and operation of rights</li> <li>Strategic global license development through partnerships</li> </ul>
Basic finance policy		<ul style="list-style-type: none"> <li>Ensure financial soundness</li> <li>Pursue capital efficiency and strengthen shareholder returns</li> </ul>
Human capital strategy		<ul style="list-style-type: none"> <li>Enhance personnel systems to enhance creativity and improve motivation</li> <li>Improve operational efficiency through DX, utilization of engineering human resources within the group</li> </ul>
Sustainability		<ul style="list-style-type: none"> <li>Reduce greenhouse gas (GHG) emissions and environmental impact through lower return rates</li> <li>Strengthen supervision by the Board of Directors and foster awareness of legal compliance</li> </ul>

# Consolidated Financial Results Trends and Forecasts (FY2023-FY2027)

- Consolidated and overseas sales grew steadily. Operating profit growth slowed due to stagnation in Publication/IP Creation and Animation/Film.
- Based on current forecasts, it is difficult to achieve the mid-term targets for FY2027.



## Review of Current Mid-term Management Plan

- Overseas publication, Web Services, and Education/EdTech grew faster than planned, while profits from domestic publication and the animation business declined unexpectedly.
- **In light of these changes in the environment, We decide to review the current plan and formulate a new Mid-term Management Plan.**

Segment	Review	FY2027 operating profit (Unit: 100 Million JPY)		
		Forecast	Current mid-term management plan target	Target ratio
Publication/ IP Creation	<ul style="list-style-type: none"> <li>△ In the domestic publication business, revenue per item has decreased. Profitability declined due to inability to cover increased expenses.</li> <li>○ Overseas publication business expanded steadily. Sales targets for business locations were achieved ahead of schedule in FY2025.</li> </ul>	<b>86</b>	<b>184</b>	<b>47%</b>
Animation/ Film	<ul style="list-style-type: none"> <li>△ In the animation business, strategic investments to maximize LTV were made in advance. Earnings declined in the short term.</li> <li>△ In the film business, development of large-scale productions is a challenge. The film studio business is performing strongly.</li> </ul>	<b>0</b>	<b>60</b>	<b>0.1%</b>
Gaming	<ul style="list-style-type: none"> <li>○ In console games, earnings were stable due to the continued introduction of major titles. A further upswing is expected.</li> <li>○ FromSoftware is making steady progress in revamping its business model to maximize earnings.</li> <li>△ Mobile games have been launched as a business, but have not yet achieved stable growth.</li> </ul>	<b>43</b>	<b>70</b>	<b>61%</b>
Web services	<ul style="list-style-type: none"> <li>○ Total distribution value is maintained, despite the continuing downward trend of premium members. The concert business is displaying growth.</li> <li>○ Dwango's engineering talent is increasingly being utilized within the group.</li> </ul>	<b>24</b>	<b>18</b>	<b>133%</b>
Education/ EdTech	<ul style="list-style-type: none"> <li>○ We expanded into the university education business. We achieved steady growth through the expansion of areas, courses, and our user base.</li> <li>○ We opened a specialized school taking advantage of KADOKAWA's know-how. Group collaboration progressed.</li> </ul>	<b>40</b>	<b>38</b>	<b>105%</b>
Others	<ul style="list-style-type: none"> <li>○ Recreation business: deficit narrowed compared to our plan due to streamlining of operations.</li> <li>△ In the MD business, progress was made in developing an overseas distribution network. We struggled slightly in the Japanese market due to intensified competition.</li> </ul>	<b>-20</b>	<b>-17</b>	<b>-</b>

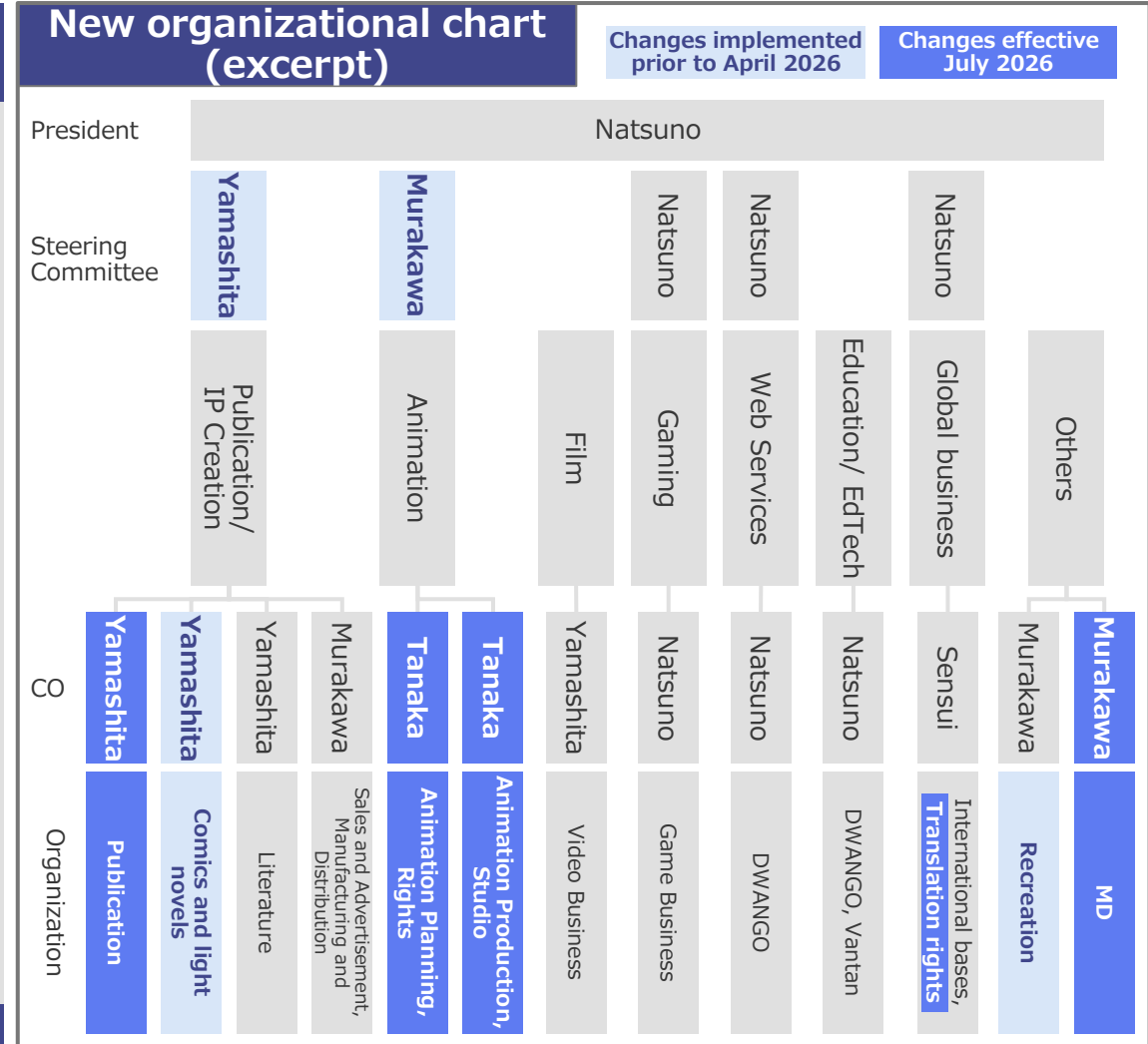
# To enhance the execution of the new mid-term management plan, we will clarify management responsibilities and execution structure, and implement a special early-retirement program.

## (1) Clarification of management responsibilities and the execution structure

- Clarify who is responsible for each business unit and establish a structure in which they bear quantitative responsibility for profit improvement and growth
- Establish a steering committee with cross-business executive function.  
**Three Director who also serves as executive officers will oversee and drive business improvement and growth**
  - Games, Web Services, and Global (Responsible officer: Representative Executive Officer Natsuno)
  - Publication/IP Creation (Responsible officer: Representative Executive Officer Yamashita)
  - Animation (Responsible officer: Executive Officer Murakawa)
- Implement changes to the executive officers in charge of Publication, Animation, and MD, and carry out organizational integration.  
**Enhance synergies across strategic areas**
  - Executive Officer Yamashita will oversee all domestic publishing operations
  - Following the integration of studio operations, Executive Officer Tanaka (scheduled to be appointed) will oversee all animation operations
  - Executive Officer Murakawa will oversee the MD business
  - To strengthen overseas publishing operations, translation rights will be integrated into the overseas business
- Unprofitable businesses will be thoroughly reviewed under the leadership of the three director/executive officers
  - Withdrawal from unprofitable businesses in the publishing sector
  - Comprehensive review to eliminate losses in the MD business
  - Rationalization of the operational structure in the recreation business

## (2) Implementation of a special early retirement program

- Purpose: To accelerate the allocation of human resources and investment to growth areas, while supporting organizational productivity improvements and employees' autonomous career development
  - Eligibility: As of July 31, 2026, employees aged 45 or older who are currently employed by KADOKAWA, hold a specific job grade, and have been with the Company for five years or more
  - Number of employees to be invited to retire: Not specified
- This initiative is expected to optimize fixed costs and improve productivity, directly contributing to improved profitability**



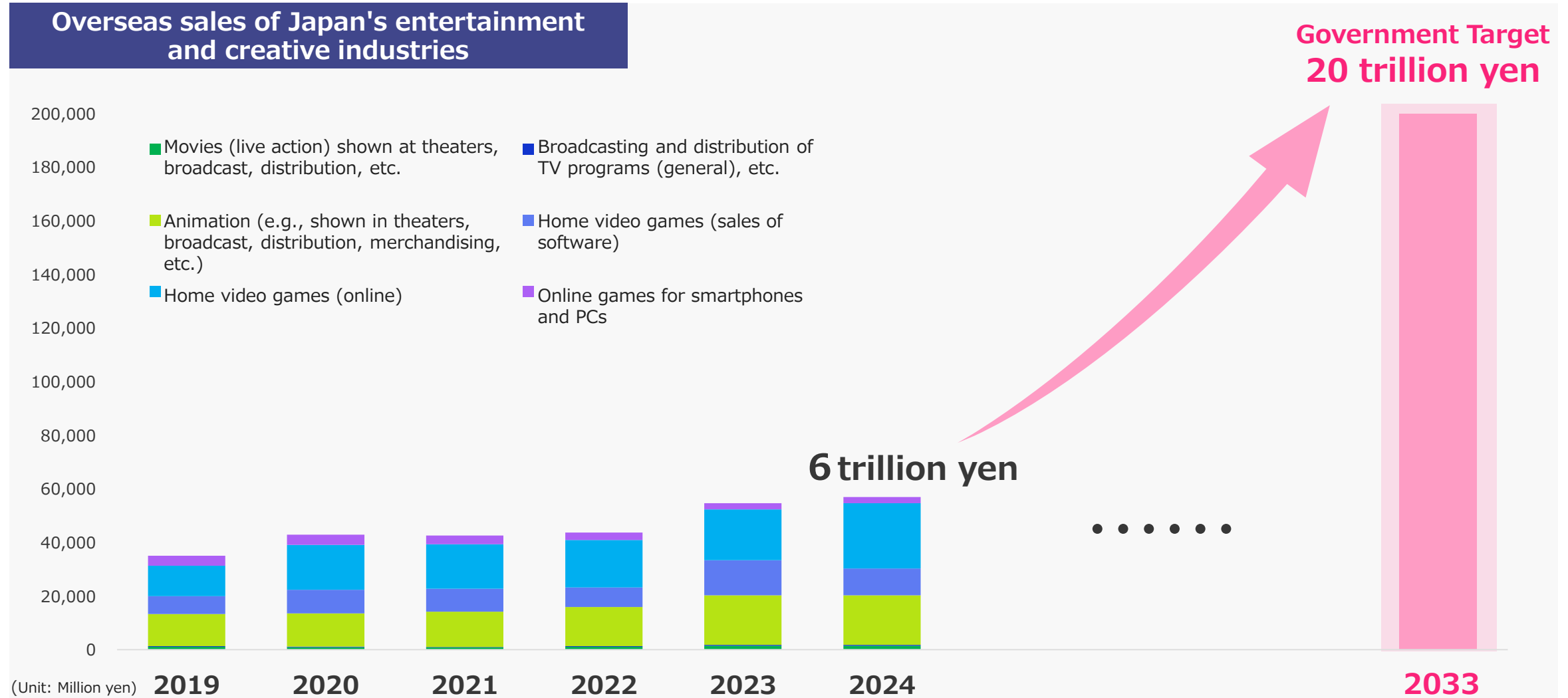


# Overview of New Mid-term Management Plan

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# Growth Targets for Japan's Entertainment and Creative Industries

- 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**.



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.

# Positioning of the New Mid-term Management Plan

## Current Mid-term Management Plan: FY2023-FY2027 (5 years)

**Seeding Period**  
FY2023-FY2025 (3 years)

FY2023 consolidated results  
Net sales: 258.1 billion yen  
Operating profit: 18.4 billion yen

**Investment Recovery Period**

FY2026-FY2027 (2 years)

FY2027 consolidated targets  
Net sales: 340.0 billion yen  
Operating profit: 34.0 billion yen

## Transformation, Growth, and Expansion

Accelerate global rollout of IP, with reform as the strongest engine.  
Exceed the targets of the current mid-term management plan and achieve record profit.

## New Mid-term Management Plan: FY2026-FY2031 (6 years)

**Structural Reform Period**  
-Transformation-  
FY2026-FY2027 (2 years)

**Decisive structural reforms in two years**

- Domestic publication business makes structural reforms to shift to a profitable structure
- Animation business strengthens strategic investment in productions and production system to maximize future LTV
- Make aggressive investments necessary for business growth, including M&A

**Profit Growth Period**  
-Growth-  
FY2028-FY2029 (2 years)

**Profit growth driven by the effects of reforms**

- Profitability in the domestic publication business is improving
- In the animation business, accumulation of series productions and strengthening of group studios progresses
- **Growth to 20.0 billion yen in consolidated operating income in FY2029**, including organic growth, results of collaboration with partners, and the effect of M&A and other investments

**Profit Expansion Period**  
-Expansion-  
FY2030-FY2031 (2 years)

**Profit expansion through growth in animation business, etc.**

- Leveraging the expanded international bases, the company has been able to maximize the value of its IP by building up multiple layers of profits from publication and animation  
**Achieve sales and operating profit that exceed the target of the current mid-term plan**  
FY2031 consolidated targets  
Net sales: 400.0 billion yen  
Operating profit: 38.0 billion yen





# Review of Domestic Publication Business and New Strategy

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# Recognition of Current Situation: Factors of Deterioration in Profitability in the Domestic Publication Business

## Excessive reliance on existing winning patterns

- A bias toward proven genres, such as Narou and Isekai-type works.
  - Results in market saturation and worsening profitability
- Lack of depth of diversity and planning typology
  - Decrease in novel projects and taking on new genres

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

- By actively hiring new editors, we succeeded in increasing the number of titles published while keeping the number of titles assigned to each editor to a minimum; however, this also led to an increase in titles lacking originality or quality, and ultimately failed to result in the creation of any hit titles.
- Decline in profitability due to decrease in circulation per title
  - Progression toward smaller revenue per item

## Pressure on profits due to higher manufacturing and distribution costs

- Improvements in productivity have not progressed due to delays in setting prices that can absorb cost increases and optimizing the number of copies/units produced to match market needs

## Dispersal of sales and advertising resources

- Unable to break away from the dispersed advertising and sales promotion approach of allocating advertising and sales promotion resources to each title.

## Organizational and decision-making flow reforms have already been implemented to address these challenges.

- **Launch of the Publication Steering Committee** (November 2025)  
To further strengthen KADOKAWA's publishing business and take it into the future, decision makers from the editorial, sales, advertising, and production divisions have been brought together across departmental boundaries to create a system for implementing "fundamental structural reforms."
- **Restructuring of publication business** (January and April 2026)  
The publishing business has been consolidated and reorganized into a fast decision-making organization through consolidation of genres.

# Action Plan: Structural Reform of Domestic Publication Business

Current status and issues	Achieved through reforms
<p><b>Excessive reliance on existing winning patterns</b></p>	<p><b>Creation of a wide variety of works</b></p> <ul style="list-style-type: none"> <li>• Rebuilding of genre strategy and strengthening of IP/work development capabilities</li> <li>• Improvement of hit rate and creation of constant hits by strengthening plan proposals and scrutiny of plans, and reviewing decision criteria</li> </ul>
<p><b>Pressure on profits due to higher manufacturing and distribution costs</b></p>	<p><b>Earnings structure that can flexibly respond to changes in the external environment</b></p> <ul style="list-style-type: none"> <li>• Improvement of profit structure by setting appropriate numbers of copies and pricing based on rising costs</li> <li>• Improvement of return rate by promoting new transaction models that incentivize efficient sales</li> <li>• Reduction of manufacturing costs through standardization of specifications</li> </ul>
<p><b>The increase in the number of titles published has not led to the creation of bestsellers</b></p>	<p><b>Creating hits through selection and concentration</b></p> <ul style="list-style-type: none"> <li>• 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</li> </ul>
<p><b>Dispersal of sales and advertising resources</b></p>	<ul style="list-style-type: none"> <li>• Reviewing the dispersion of advertising and sales promotion, and maximizing the speed and the scale of hits by concentrating investment on strategic titles</li> <li>• Decisive action to liquidate unprofitable businesses</li> </ul>

## 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.



©Aoi Kojima 2025

### *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.



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### 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.



©Shogo Sato 2025

### *Vivarium: Ado and Me*

An autobiographical novel by Ado, who made her stunning debut with Usseewa 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.



©Narumi Komatsu / Cloud Nine / Universal Music LLC 2026

# Vision: Portfolio of Titles Realized through Reform

We will aim to increase profitability by making our portfolio of works stronger through structural reforms while controlling the overall number of points.

## Top Tier : Increase number of blockbusters driving media mix

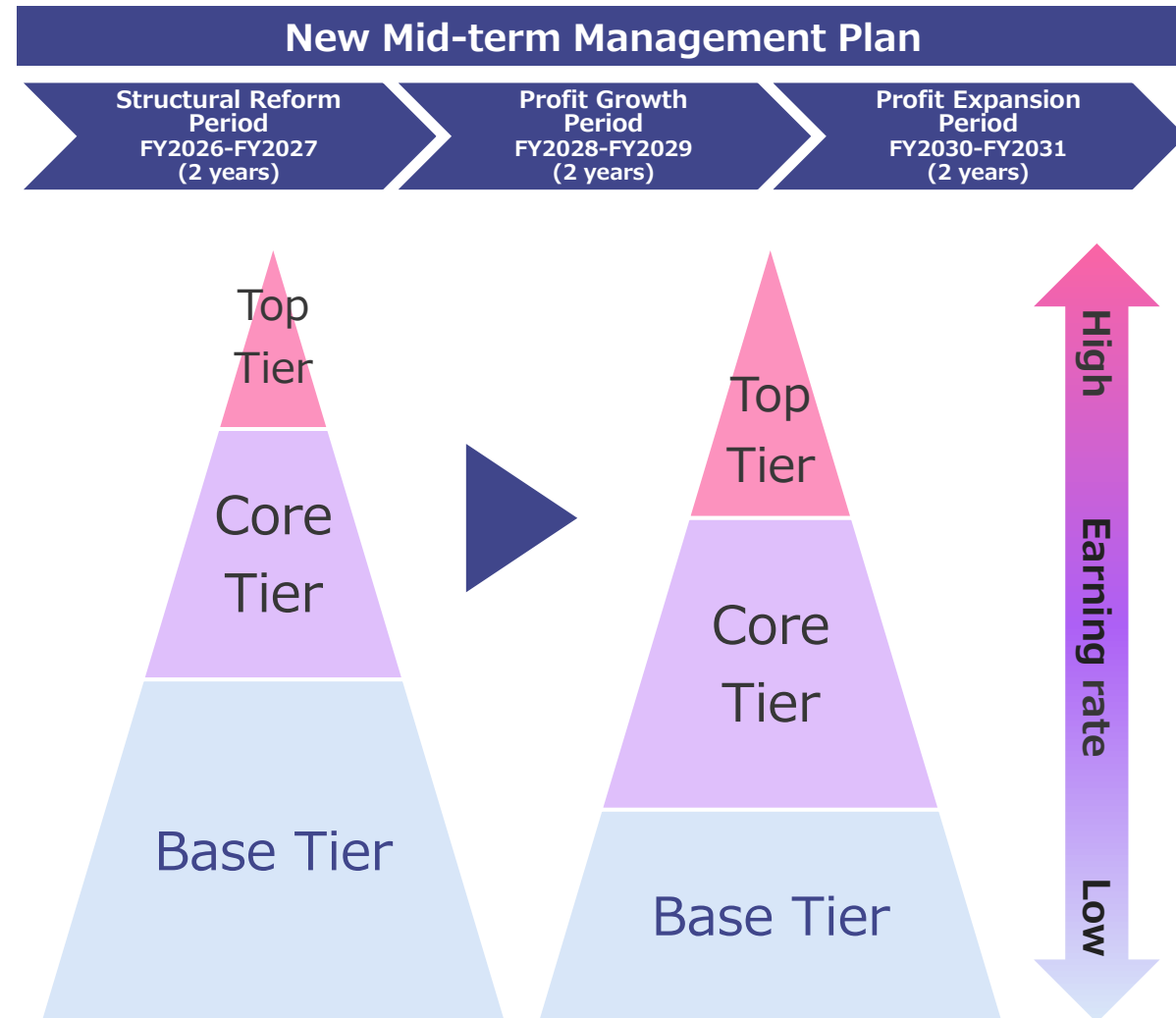
- Diversify works created and increase selection and concentration of resources to increase their share of the total.
- Create series from hit works, linked to animation, games, and international rollout.  
Increase IP LTV and maximize revenue.

## Core Tier : Increase medium-hit productions that generate steady revenues

- Aim for steady earnings based on a solid business model as the largest volume zone.
- Implement strategic rollout, including selection and concentration of advertising and promotional resources, for works that are not being converted to media mix.
- Select and spend time cultivating the next generation of Top Tier equivalent works

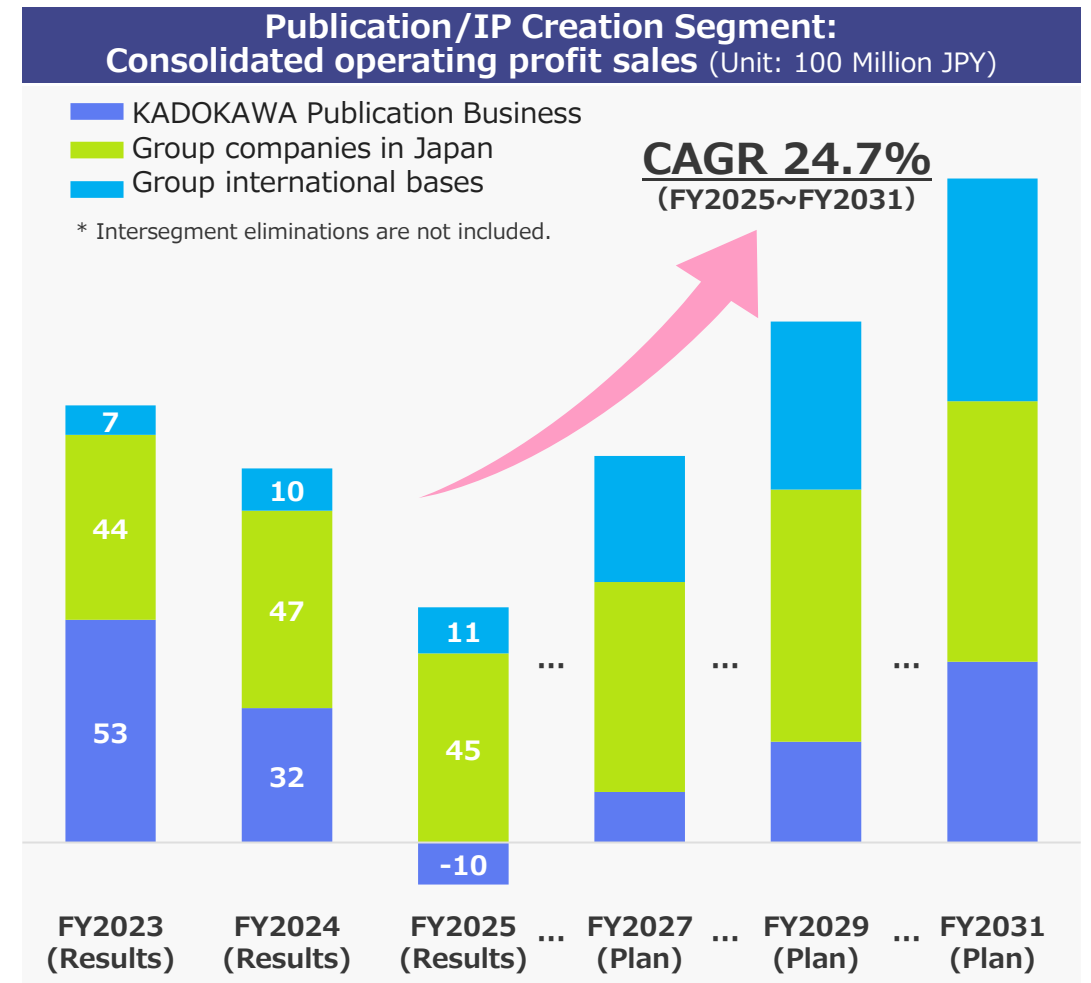
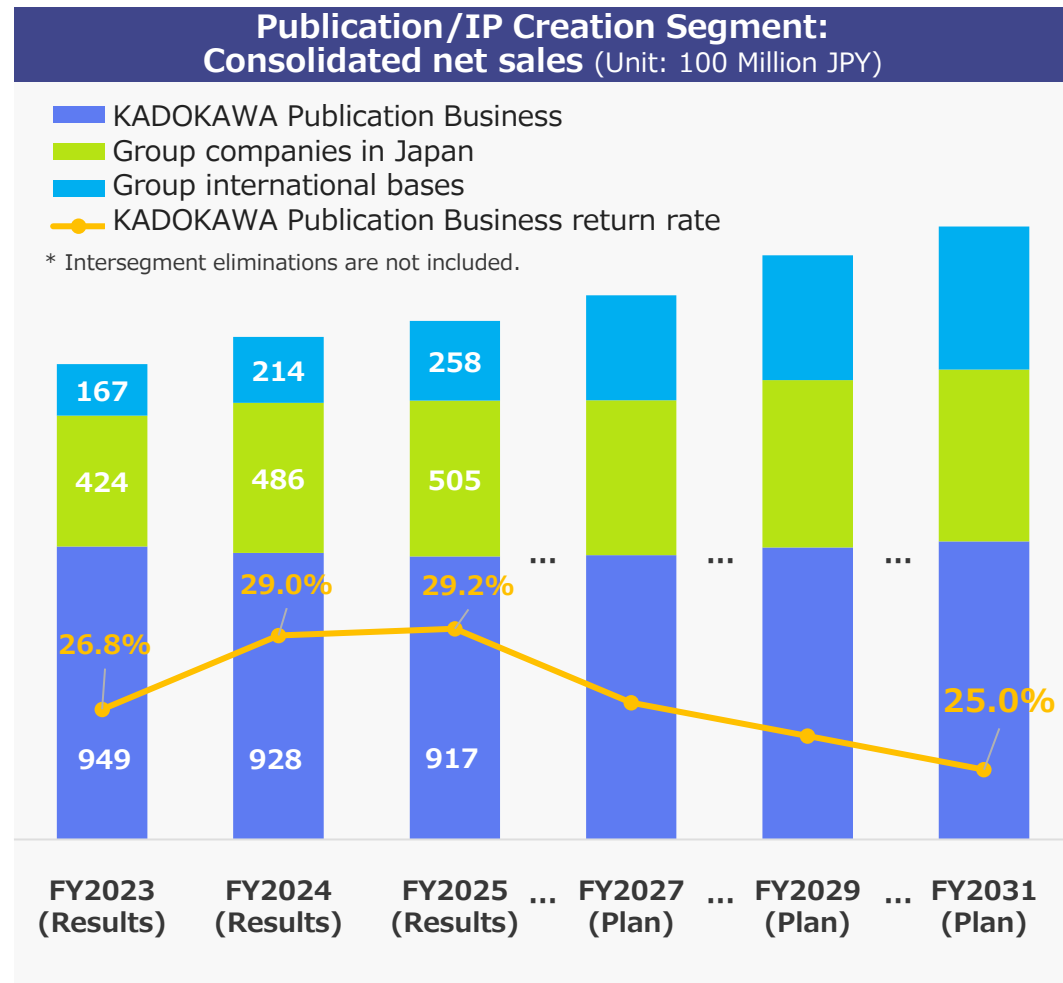
## Base Tier : Take on challenges but control unprofitable works

- Continue to take on the challenge of creating innovative and unique works.
- Control the number of attempts properly to allow for a certain level of failure.  
Prevent profit deterioration while finding overall balance of the lineup.



# Target Figures: Publication/IP Creation Segment – Consolidated Financial Results & Forecast

- In our domestic publication business, while controlling the number of new titles, **we aim to sustain and grow revenue and market share** by maximizing the value of each title through a combination of improved hit rates, optimized pricing strategies, and long-term monetization via series development.  
At the same time, **we will pursue a recovery in operating profit** by optimizing costs, led by a reduction in return rates.
- **We plan for overall segment revenue and profit growth** through the rollout of Japanese-created publications/IP by Group companies in Japan and international bases.



# Redefining Publication as a source of IP

Publication is the starting point for all businesses that lead to animation, films, games, and global expansion.

To assume this role once again, we have been working quickly to streamline our organization based on selection and concentration.

We plan to create an even greater variety of projects and expand our range of works for media mix.

This will allow us to achieve earnings recovery and growth in our Publication Business while continuing to drive Japan's content culture.

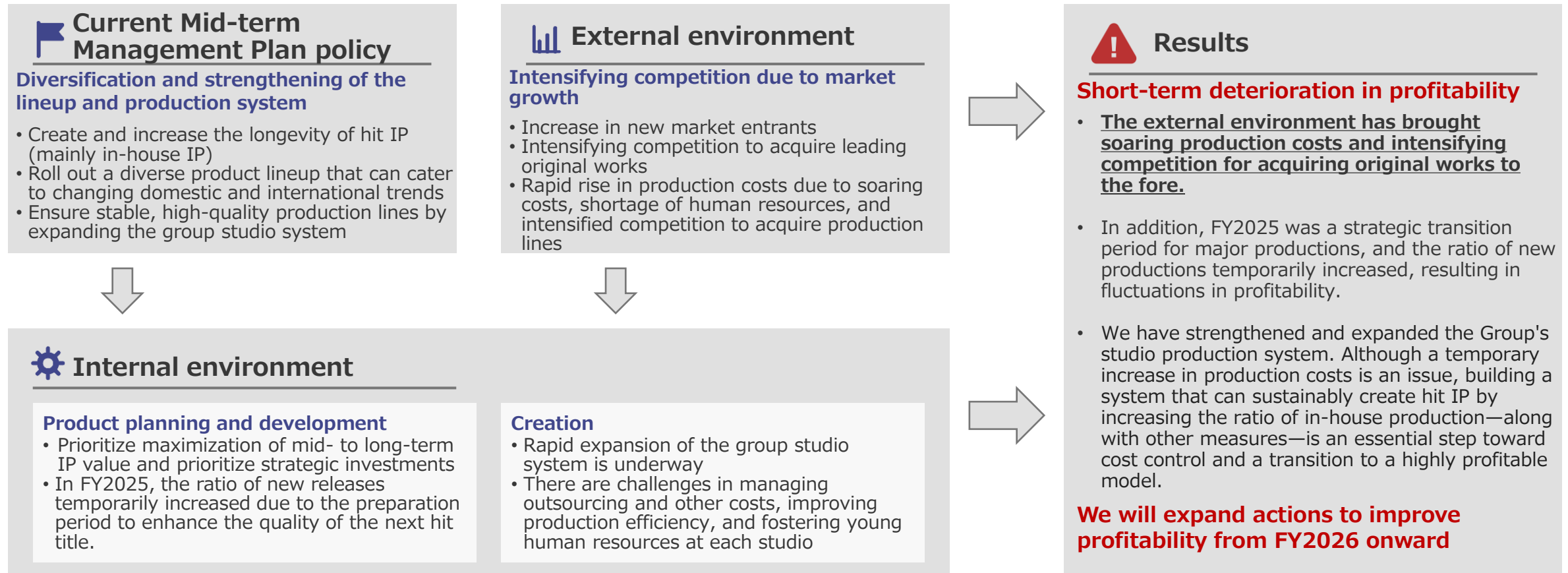


# Review of Animation Business and New Strategy

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# Recognition of Current Situation: Factors of Deterioration in Profitability in the Animation Business

- With the explosive growth of the animation market, competition to secure leading original works and production lines has intensified.
- We accelerated investments to establish a competitive advantage in this competition and use it as a stepping stone for IP LTV maximization in the future.
- In addition to soaring production costs, the costs of maintaining and improving IP quality temporarily rose faster than sales growth  
→ Short-term deterioration in profitability



# KADOKAWA IP Ecosystem

(Core competence in media mix)

Original  
development



Animation  
planning



Animation  
production



Trans-media  
development

Publication Business  
(IP creation)



Animation Business  
(IP rollout)

One of the world's leading  
media mix companies

# Action Plan: Three Major Policies for Restoring Profitability

## 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

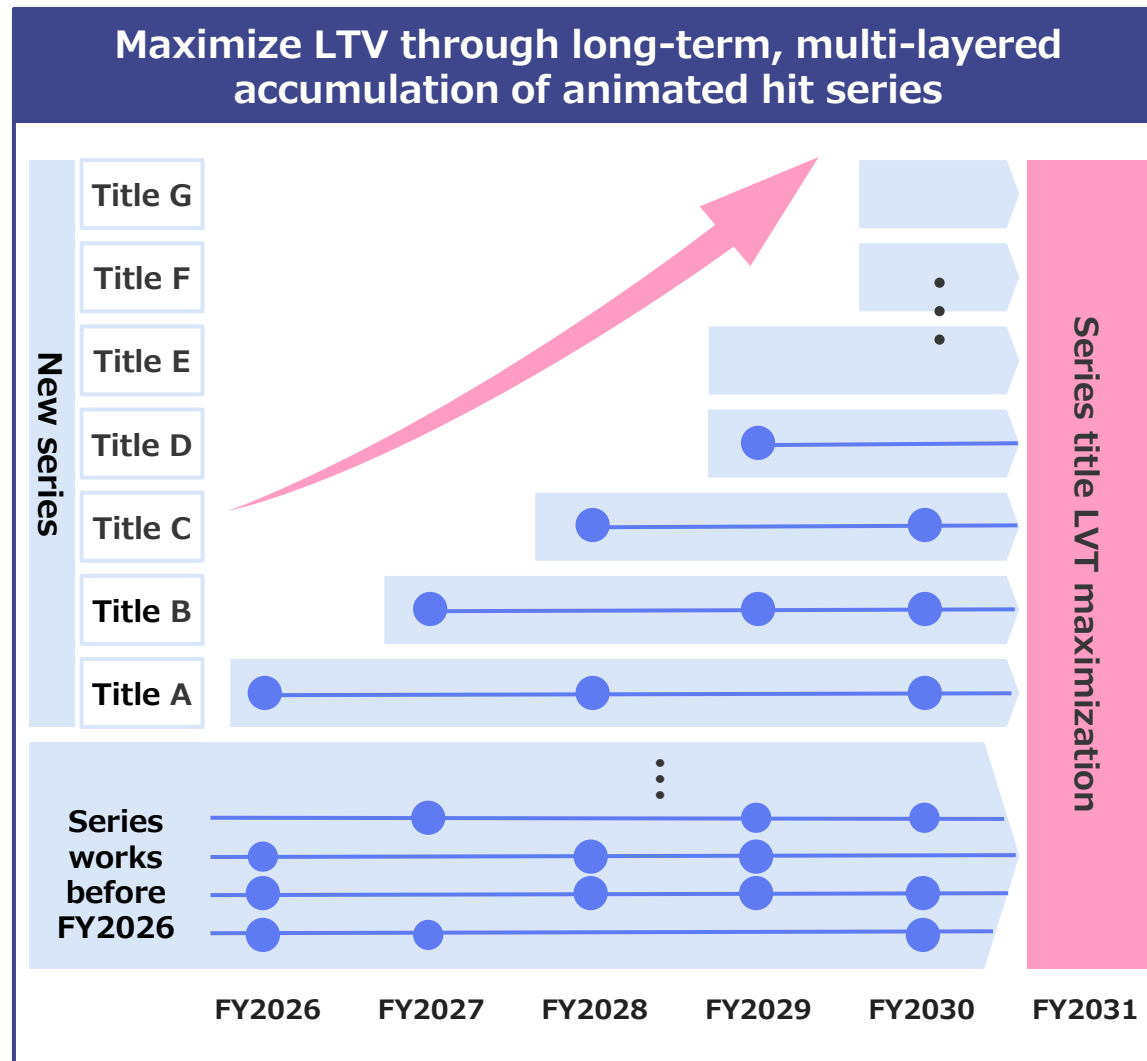
**Establish and strengthen diversified revenue sources**

- 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**

# Animation Planning: Expanding Our Business Foundation through a Strengthened Lineup

- Maximize earnings over the medium to long term by accumulating works in a long-term, multi-layered manner, leveraging diverse and varied body of work, which is our greatest asset as a strength.
- Realizing rapid series development for hit titles through expedited decision-making and robust production structures.



### Develop a lineup rich in variety

Everyday life	Romantic comedy	Isekai ("different world")
School dramas	Fantasy	Battle/action
Sports	Kids	SF

### Animation IP major series

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# Animation Production: Expansion of Group Animation Studios and Enhancement of Brand Value

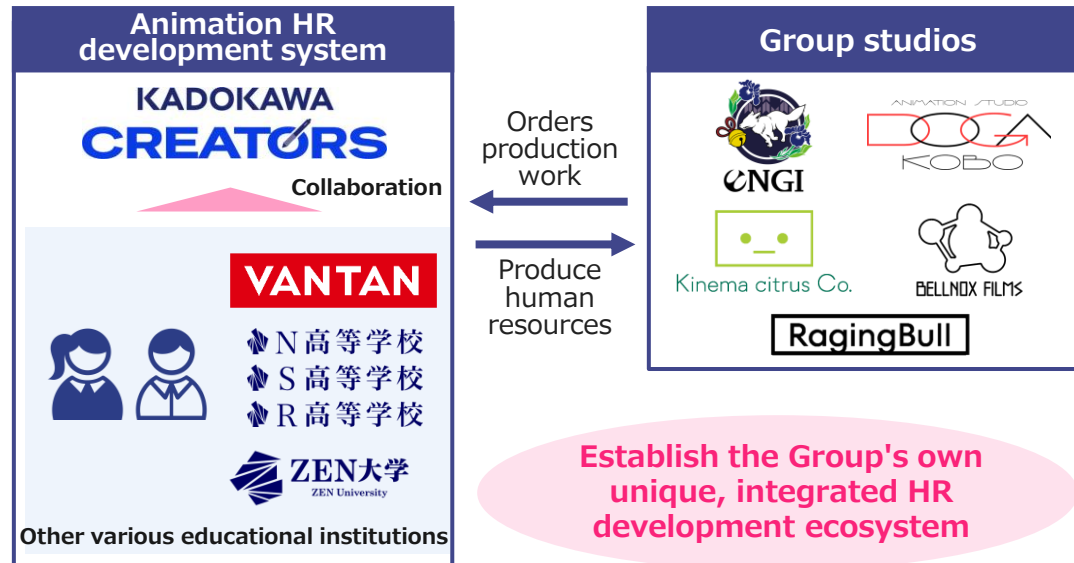
## Improve the brand value of the Group's studios through in-house production of leading original works

- Produce high-quality original works for KADOKAWA and other companies at the Group's studios to **enhance brand value as a studio.**
- **Actively engage in M&A with leading studios and increase in-house production ratio to 50%**



## Animation human resources development project

- Establish **KADOKAWA Creators**, an integrated training and production studio that combines production facilities and educational functions (March 2026)
- **Simultaneously develops human resources and strengthens the production capabilities of the entire Group.** Contributes to **higher in-house animation production rate, stable production infrastructure, and higher quality**
- Combines the latest facilities and a step-by-step learning curriculum, **supporting efficient and systematic skill development and driving original research and development related to production.**



## Studio One Base project

- Implement the "Studio One Base" project, a new giant animation production base that will bring together all of the Group's studios (scheduled for fall 2026)
- **Accelerate further improvement of operational efficiency by consolidating back-office functions, etc.** Work to speed up information sharing and collaboration, create an environment where people can concentrate on production, and strengthen cooperation among studios in terms of expertise and training of young personnel.



**Internalize production and increase production efficiency of Group studios**  
**Create high-quality works and enhance the studio brand**

In-house production ratio target: increase to 50% by FY2031

# Multi-platform Expansion: Establish and Strengthen Diversified Revenue Sources

Maximize LTV through the expansion of exit strategies  
(primarily through the growth of our rights business both domestically and internationally)

## Global rights

- **Strengthen bargaining power with major distribution platforms and pursue maximum profits**, backed by a well-developed lineup in terms of both quantity and quality
- Develop new sales areas based on international KADOKAWA bases, further strengthen global copyright business, and **expand KADOKAWA IP around the world**

## Domestic rights

- **Improve profitability per work** by optimizing resource allocation to IP and engaging in upselling and cross-selling
- **Increase productivity** through optimization of human resources

## Strengthen domestic distribution business in animated films

- **We established Animec, an animation distribution company**, to further invigorate the animation film market by leveraging the production capabilities of **both KADOKAWA and Aniplex** and their expertise in film distribution and advertising.
- The animated film market is an area of great potential for us. We will **expand sales by cooperation with Animec** and strengthening the planning and production of theatrical releases, and **deliver IP to a wide range of fans** through the movie theater channel.



Expand sales and profits through hit products  
Achieve further expansion and longevity of IP

## Character IP development and strengthening of archived works

- We will develop business utilizing character IP such as *PANDOROBO* and *Odekake Kozame (Little Shark's Outings)* in a multifaceted manner to **foster and strengthen IP loved by more users** including children and families.
- More than 20 years have now passed since the launch of our animation business, and our archive of animated works has been enriched year by year. **We will focus on rebooting and reinvigorating accumulated IP** by aggressively rolling out anniversary strategies for older titles, with a focus on legendary titles.



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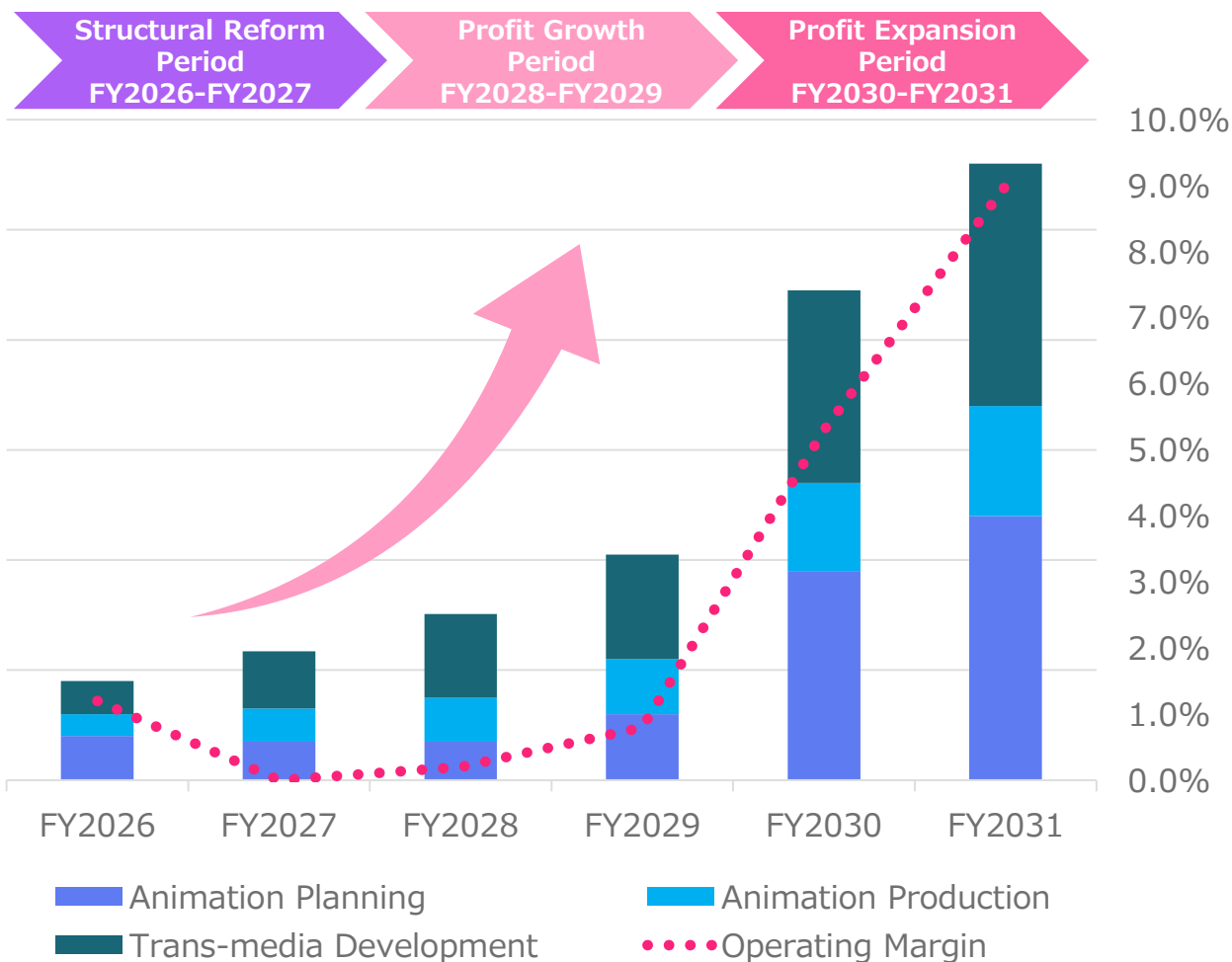


# Target Figures: Image of Profitability Improvement for FY2031

**[Structural reform period]** While strategic investments in new titles take precedence, we will work to strengthen its in-house studio network. However, given the limited accumulation of series IPs and the fact that the rate of in-house production is still developing, **the recovery in operating profit will be limited.**

**[Profit growth period]** While the development of new series launched during the structural reform period is progressing, strategic investment in production costs continues. The in-house production rate at our own studios has improved, and **operating profit will begin to grow.**

**[Profit expansion period]** Revenue grew significantly due to the continued expansion of the series IP. **Operating profit will rise substantially as the proportion of licensing revenue increased,** coupled with a further rise in the percentage of in-house production.



Animation Planning	Long-term, multi-layered accumulation of hit series productions Longevity and value amplification of IP assets
	Extensive lineup of new releases in a variety of genres Value creation of new IP genres
Animation Production	Production system capable of consistently producing high-quality works Cost control by increasing in-house production ratio
	Continuous creation of hit series by improving production capabilities Establishing influence by improving brand value
Trans-media Development	Strengthening of secondary development capabilities in Japan and internationally Establishment of diversified revenue sources backed by strong IP
	Development of new series/serial IP for theatrical release and distribution
	Focus and development of character IP Revitalization of existing IP by strengthening archives
	Maximizing LTV based on growing series IP



# Strategies by Segment and Basic Financial Policy

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# Strategies by Segment

- 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

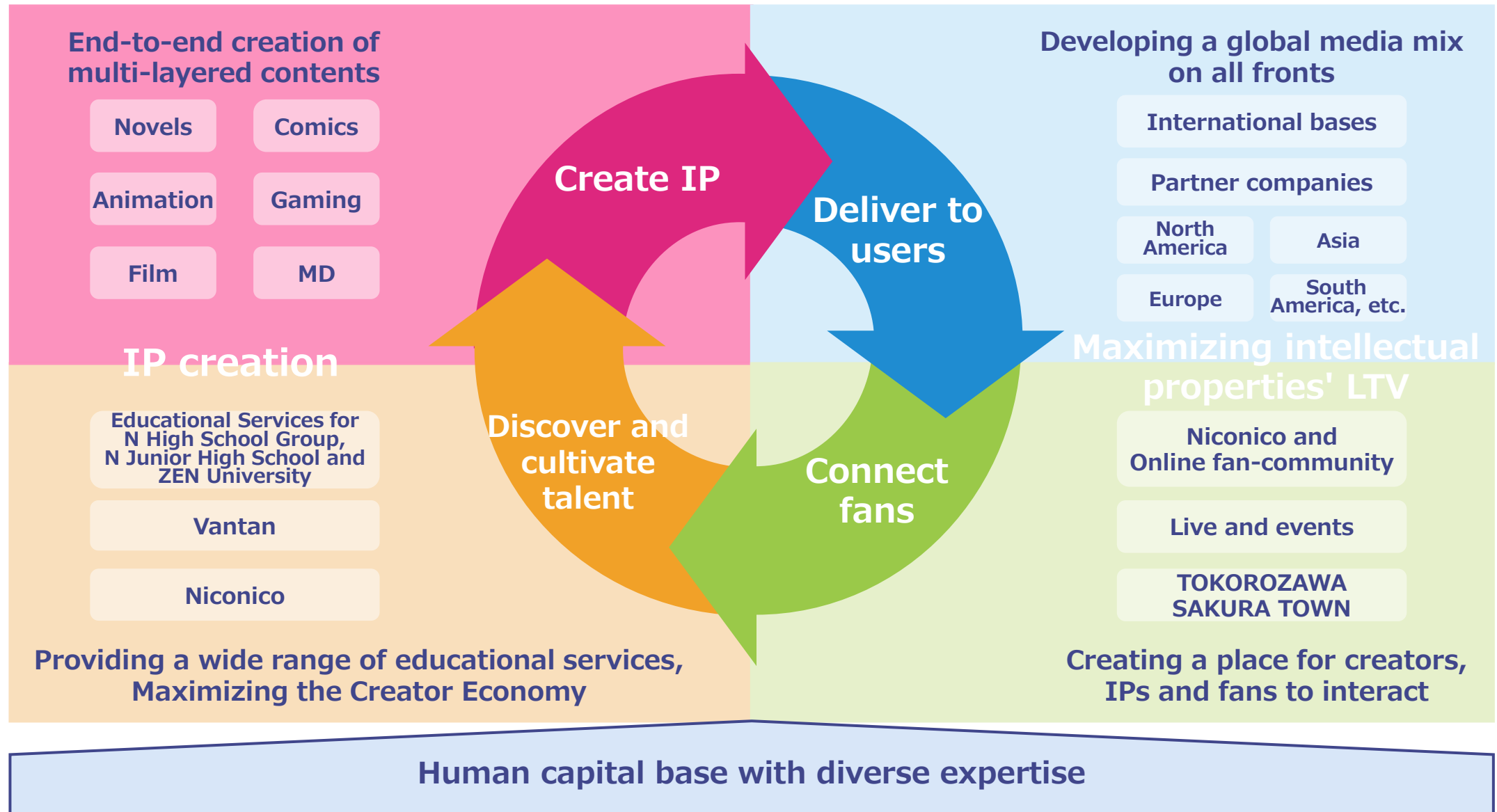
## Major KPIs

- 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>

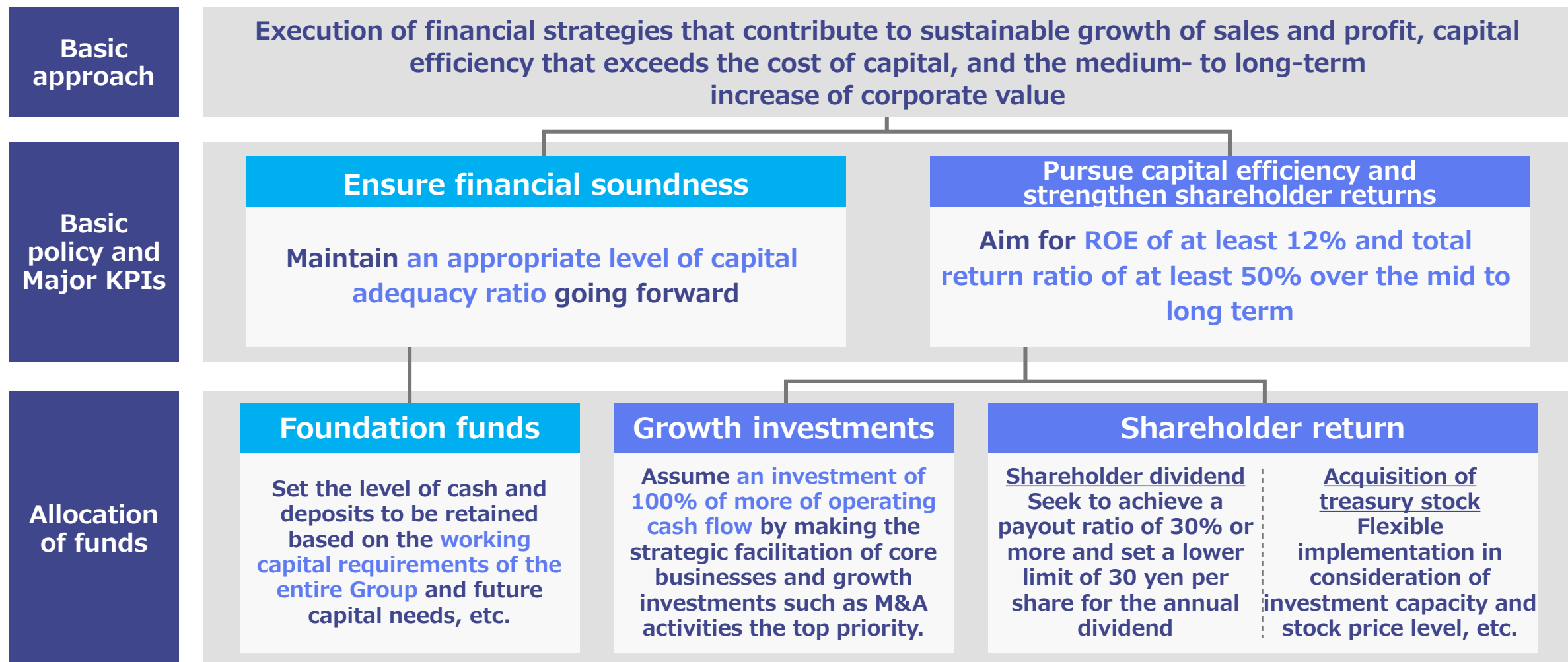
# Maximize IP Value through Inter-Business Collaboration

- 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.



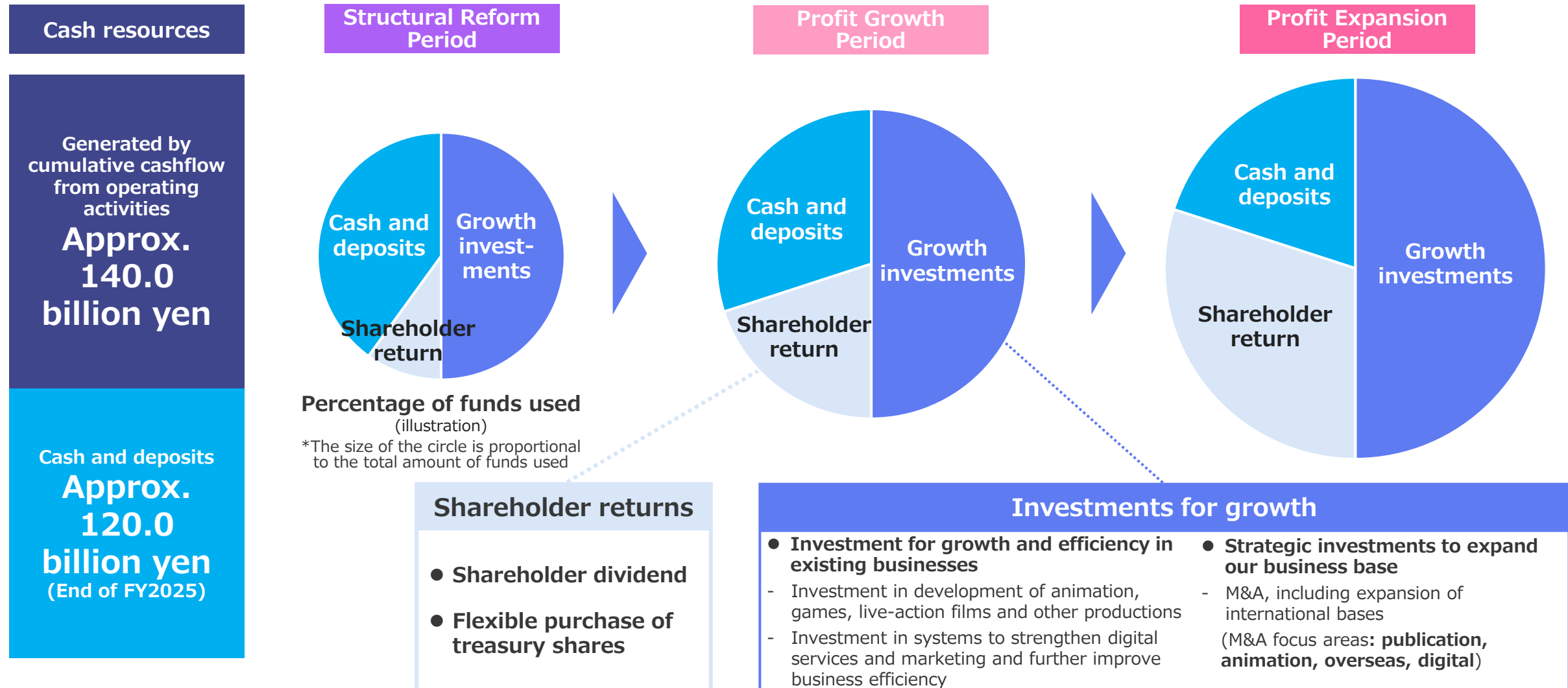
# Basic Finance Policy

- 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.



# Capital Allocation

- 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 Sale	<ul style="list-style-type: none"> <li>• EJ Anime Theater Shinjuku</li> <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> <p>} Tokorozawa Sakura Town related facilities</p>



# Sustainability Initiatives

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# 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.

# Consideration for the Environment

## Initiatives to Address Climate Change

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

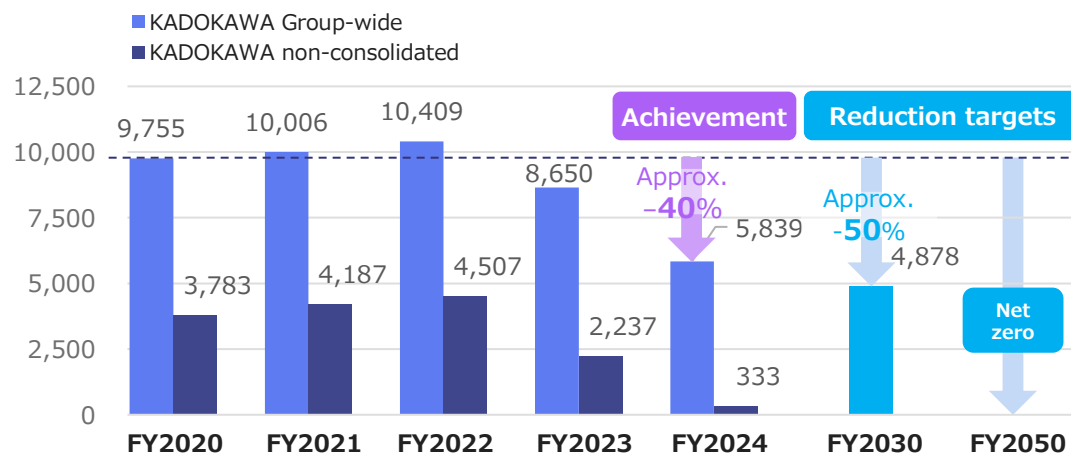
- Our Group has set the following targets: **50% reduction by FY2030** using FY2020 as the baseline, and **net-zero by FY2050**. We are implementing energy-saving and power-saving initiatives at each business location, **aiming to achieve these targets**.

### 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

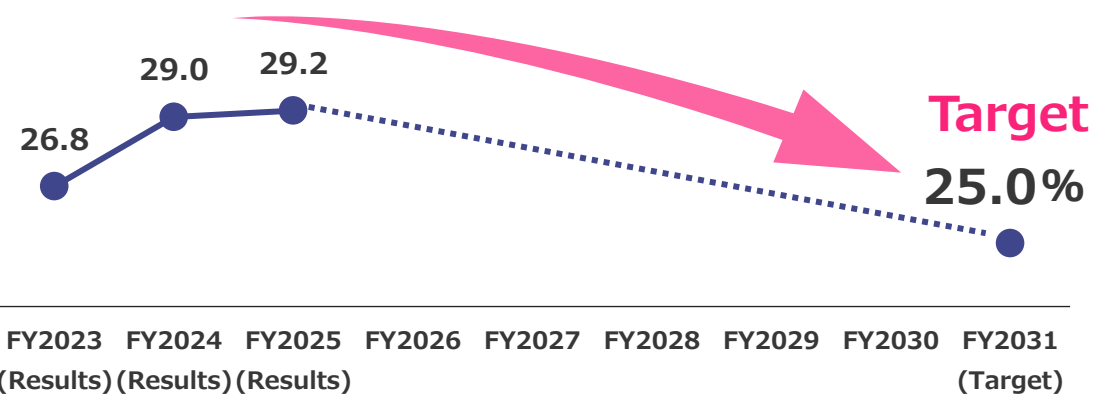
CO<sub>2</sub> emissions (t-CO<sub>2</sub>) \* Trial calculation with adjusted emission coefficient



## 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





# Appendix

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# Our View on Our Business Environment

## Demand for IP

- The global video streaming market is trending stronger **Demand for anime IP continues to expand**
- Demand for comics, novels, MD, events and other content related to animation IP is also growing

- Demand is also growing globally in related domains, led by animation
- **There is a lot of room in the global media mix**

## Market environment

### Publication/ IP Creation

Domestically, paper books are decreasing while growth in the e-book business is slowing  
Raw material and logistics costs are rising significantly year by year  
Globally, the publishing market is expanding, centered on comics

### Animation/ Film

The video streaming market continues to growth both in Japan and internationally  
Competition among platforms continues, with IP being hoarded  
Soaring production costs and technological innovations such as generative AI are occurring in parallel

### Gaming

The global game market will continue to grow  
The console market is being revitalized by new platforms  
In the mobile sector, top titles are becoming fixed favorites, and barriers to entry are rising

### Web and Others

The creator economy market in Japan is expanding, and merchandise sales are increasing  
The domestic live entertainment market continues to grow  
Fandom spending is becoming mainstream

### Education/ EdTech

The market for distance learning and specialized education is expanding, with an increase in new market entrants  
The competitive focus is shifting from price to quality, due to the introduction of free high school education

- The global entertainment market continues to expand
- Growth in the domestic e-book market is slowing
- Costs such as production, raw materials, and transportation costs are rising
- Technological innovations such as generative AI are progressing
  - **Growth through overseas market expansion**
  - **Shift to business models based on the assumption of low growth and market contraction in the Japanese market**
  - **Productivity is improving through the use of technologies such as generative AI**

- Growth in the co-creation market between creators and fans
  - **Maximizing creator economy**

- Markets for realizing diverse learning styles and workstyles are expanding
  - **Growth is being driven by the provision of learning environments mainly through EdTech**

# Expansion of International Bases

	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.

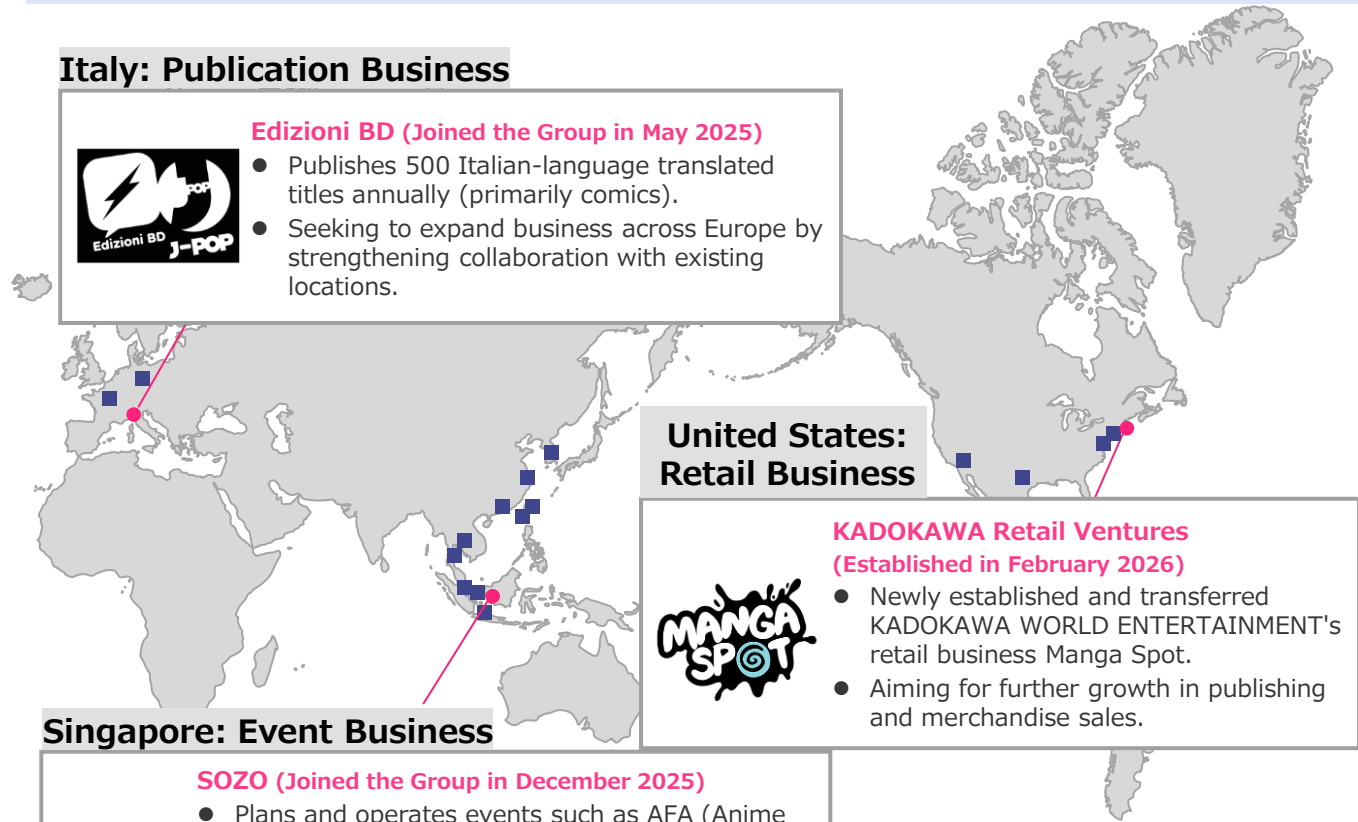
- Building an IP distribution network by incorporating growth in the global publishing and related fields.
- In addition to original IP development, we are also expanding the media mix capabilities of IP originating in Japan.

## 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

## Strengthening In-house Platforms

### Kadocomi

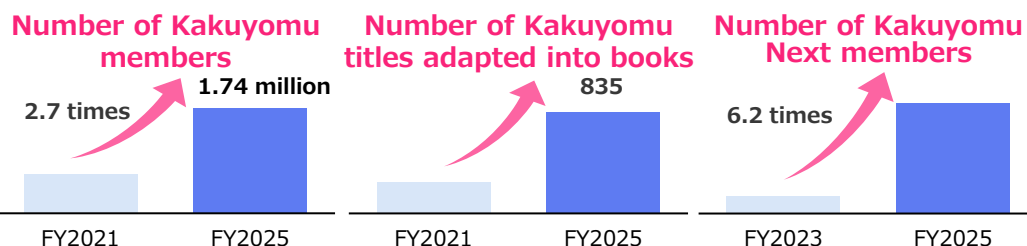
- Serializing over 900 titles—**one of the largest collections among publisher manga apps**—and distributing our 1,600 titles. **The combined total of the app and website has surpassed 6 million MAU per month and continues to grow**
- More than 2.5 million total app downloads.** In addition to attracting many readers, **it offers new challenges for creators.**



### Kakuyomu



- Both Kakuyomu membership and the number of Kakuyomu titles adapted into books have grown** over the past four years.
- Kakuyomu Next (paid) membership has also grown significantly, increasing 6.2 times over two years.
- Total number of submissions since establishment has reached 1 million titles**
- Cumulative number of debut authors: 1,462; number of commercialized works: 3,477 (FY2025)



## Business partnership with the note platform

- Formed a capital and business alliance with note** to build a next-generation IP management ecosystem (March 2026). We anticipate synergies across creators and users on the "note" platform and "note pro" SaaS platform.

### IP creation and development

- Scout authors** on the "note" platform
- Develop a creator ecosystem** integrated with merchandise and events.



### Publishing DX

- Implement "note pro" SaaS platform** to optimize operations and cost reduction. **Strengthen traffic acquisition** through **AI search**, etc.
- Leverage content reviews** on the "note" platform for sales promotion

### AI data distribution

- Jointly conduct demonstration and examination on developing a **new AI-based data distribution model**. Participate in "GENIAC", a METI-led initiative to accelerate generative AI development.

### Fan community

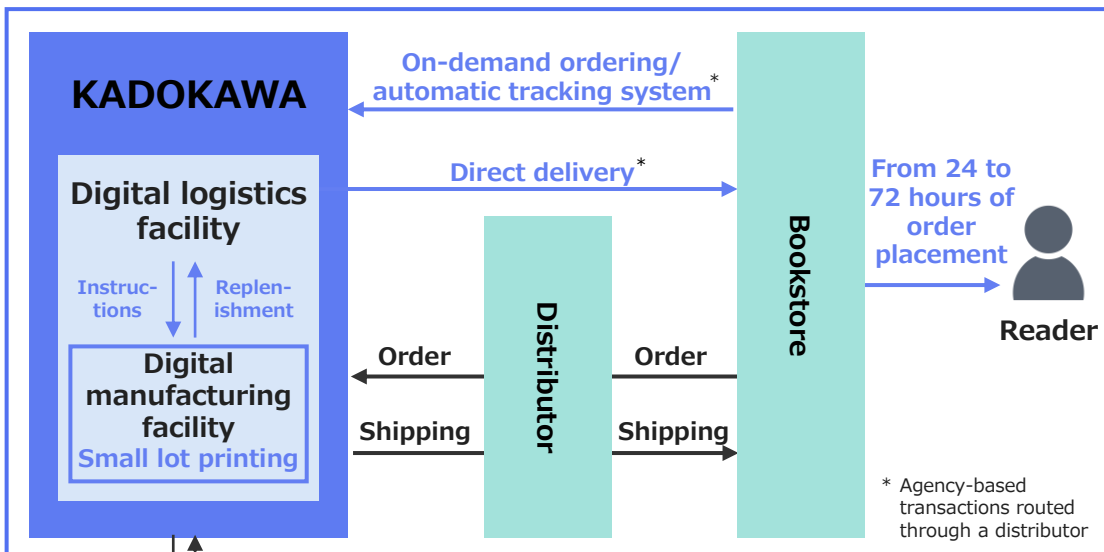
- Apply the Group's **video streaming technology and know-how** to the "note" platform, aiming to **expand user bases and foster new revenue opportunities** for both companies.

# Publication Manufacturing and Distribution DX Project

## Improving the sustainability of the paper-based books business

- Improve the profitability and sustainability of the paper book business by automating ordering, manufacturing, and shipping processes

### New publishing logistics flow



Request Delivery

Printing company  
Large lot printing

Reduces product returns

Prevents missed sales

Improvement of profitability

Improves customer satisfaction

## Expansion of Digital Book Manufacturing



▶ Operational manufacturing facility at TOKOROZAWA SAKURA TOWN

- Approximately 37 million books have been manufactured digitally in total (As of March 2026)
- Gradually expand the digital manufacture of book for Group's international bases (In addition to KADOKAWA AMARIN in Thailand, we began digital manufacturing of books for M-12 Media in the US in FY2025)

## Promoting Market-in and Profit-sharing Transactions

- Promote new transaction models with bookstores that incentivize efficient sales to accelerate the publication manufacturing and distribution DX project

### Market-in

Manufacturing and shipping systems that deliver the appropriate amount at the appropriate time, reflecting market needs

### Profit-sharing

Motivation for efficient sales with new transaction models, featuring reduced net pricing and lower return rates

## Development of major live-action films

- **Release at least four major titles (with target box office revenue of 1 billion yen or more) annually to build a stable profit base, including secondary use.**
- **Produce hits** by selecting and concentrating resources on high-potential projects based on our original IP works, **through an organizational and operational structure that balances the volumes of titles with probability of success.**

Our diverse library of original works

Planning and production system that satisfies requirements for both the quantity and quality of works

Improving hit rates and revenue structures by investing resources in carefully selected IP

## Further evolution of Kadokawa Daiei Studio Co., Ltd.

- Demand, driven primarily by OTT providers, is strong, and **the studio as a whole continues to operate at consistently high capacity.**
- **We will drive the evolution of Japanese film production** by promoting the development and adoption of new production workflows **utilizing cutting-edge technologies**, including virtual production.

Introduction and use of cutting-edge technologies

KADOKAWA DAIEI STUDIO CO., LTD.



Strong market demand

Evolving as a central player in Japan's film production industry  
Creating a high-quality, efficient production environment

# Collaboration with the Sony Group

## Overview of collaboration

- A total of more than 200 members from both companies—both domestically and internationally—are participating, and we are currently **engaged in collaboration across a wide range of fields.**
- **We aim to maximize the value of IP** by combining the IP, creativity, technology, and production and distribution platforms of both companies.



Live-action/animated adaptations of KADOKAWA IP

Utilizing technology in live-action production

Deepening IP development starting from UGC

Collaboration in anime film distribution

Collaboration in global digital comic distribution

Live events x technology

Various other initiatives are underway in a multifaceted and layered manner.

## Utilization of cutting-edge technologies in film production

- **Jointly hosting seminars and events aimed at promoting and popularizing virtual production** (November 2025)



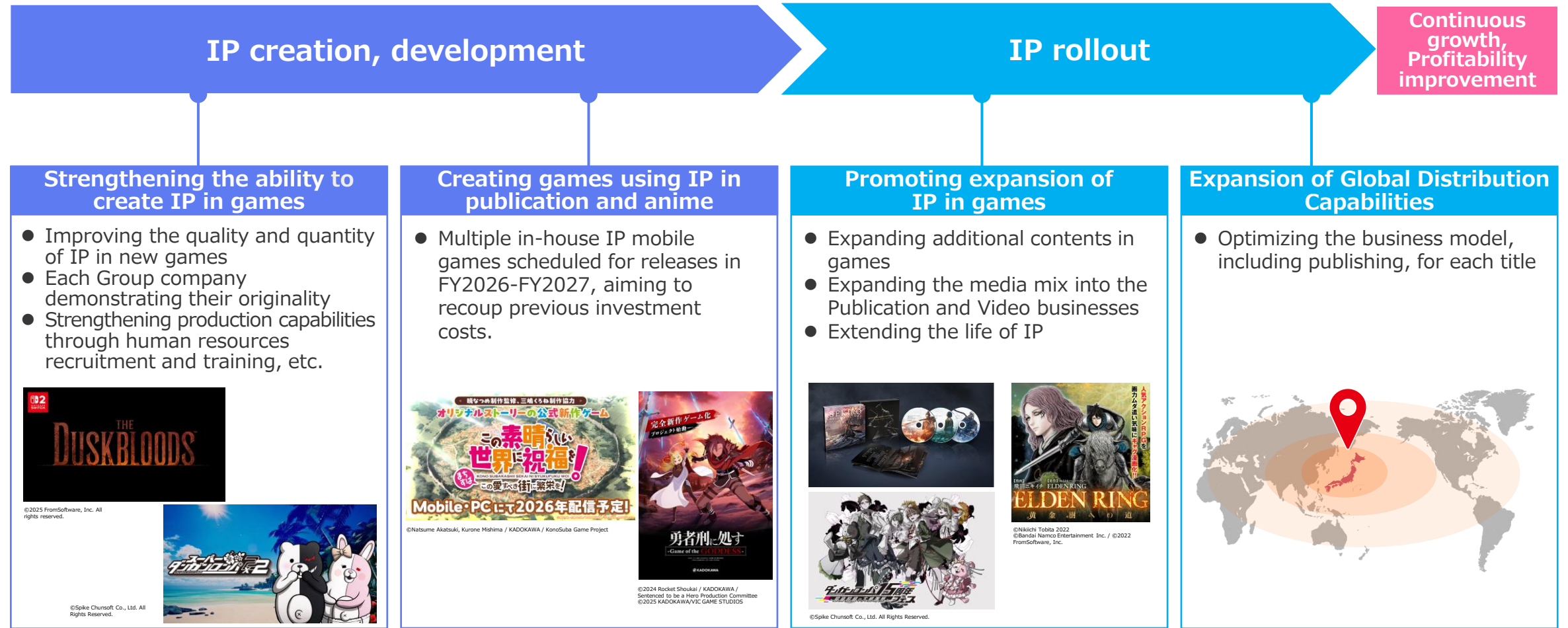
- **Collaborating to update video production workflows using the latest technologies**, such as increasing the efficiency of production management with AI and developing new film production techniques using virtual production

## Establishment of “Animec”, a domestic anime film distribution company

- **Leveraging the production capabilities of both KADOKAWA and Aniplex, as well as their expertise in film distribution and promotion, Animec aims to further revitalize the anime film market.**



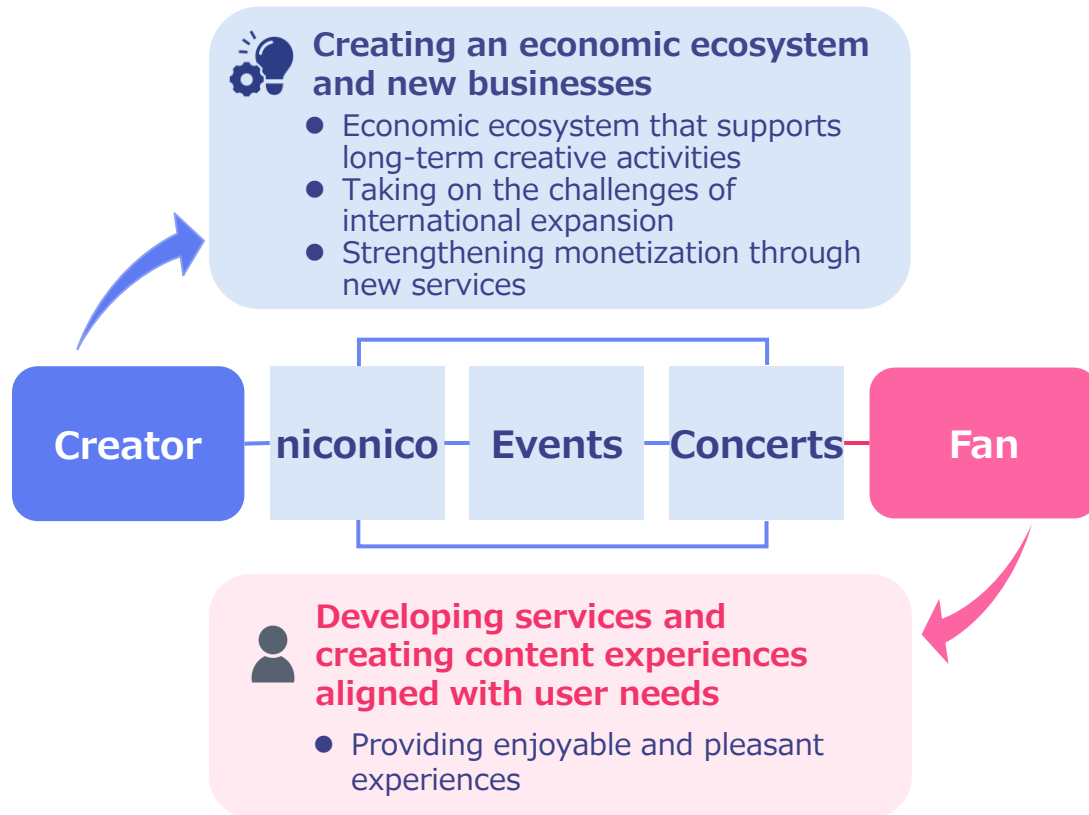
# Policy for Gaming Segment



# Policy for Web Services Segment

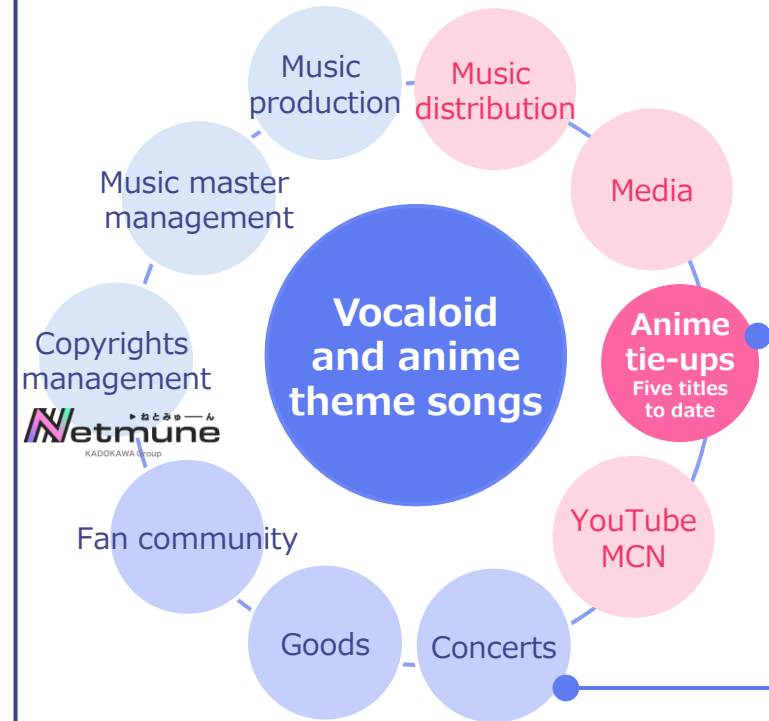
## Sustainable creation of passionate communities and diversification of revenue

- 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

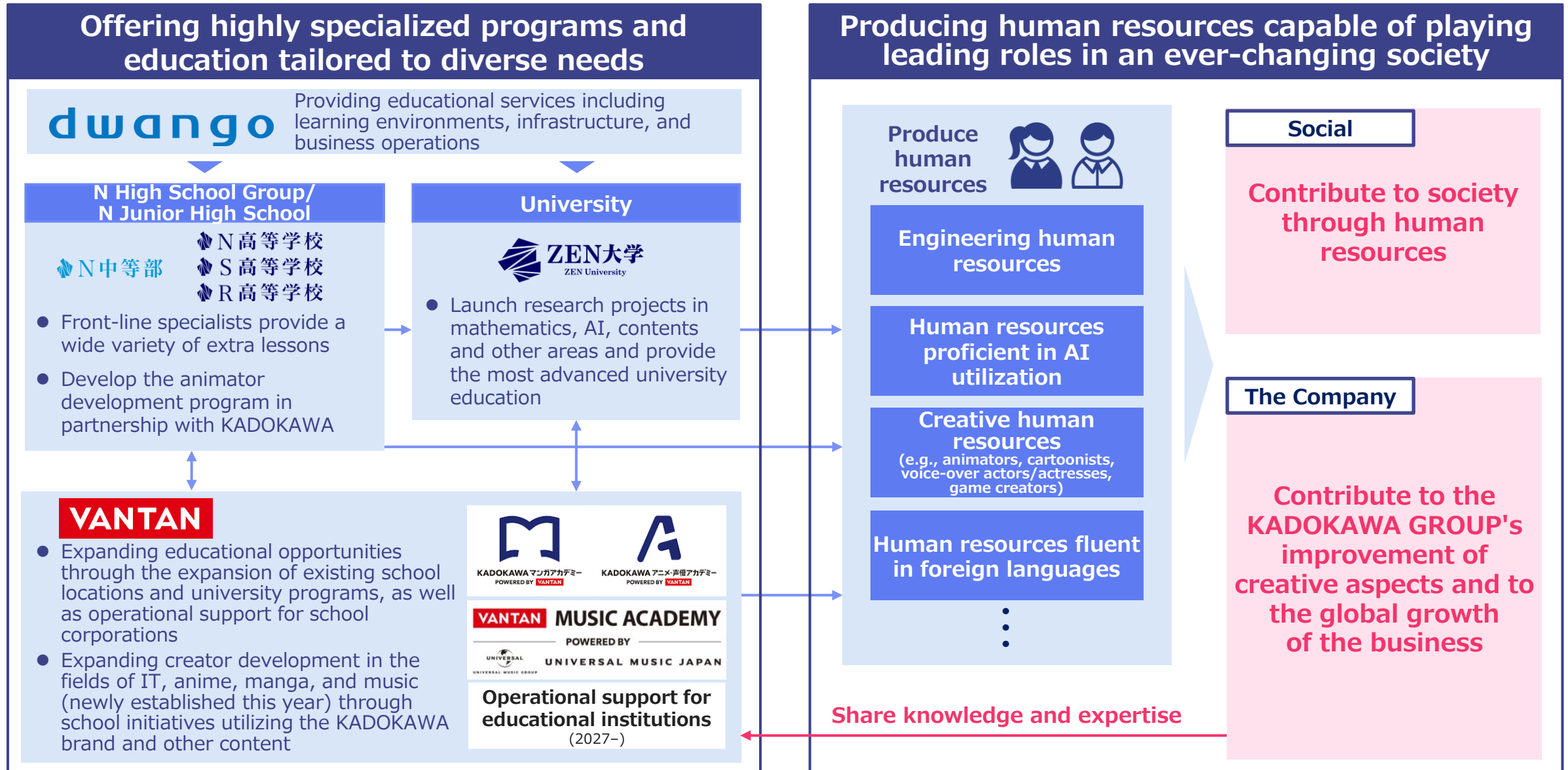


### KADOKAWA Anime

- A total of 11 creators and singers have participated across five titles
- We are currently recruiting creators for KADOKAWA anime theme songs

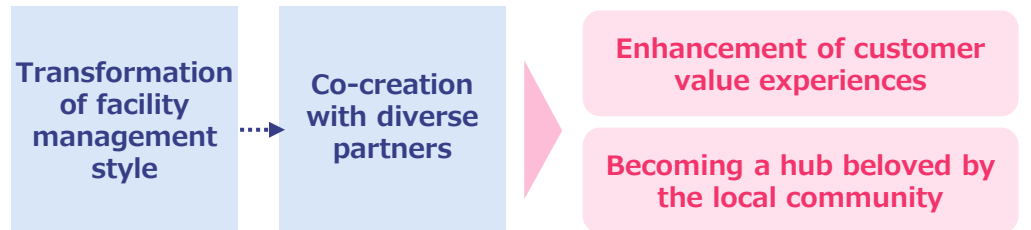


# Policy for Education/EdTech Segment



## 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**





# KADOKAWA

- This document is a translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.
- Forward-looking statements such as results forecasts contained in this material are judgments of the Group based on currently available information.
- The forward-looking statements include various uncertainties, and actual results may differ from these values. Please refrain from making investment judgments, etc. by relying entirely on these values.