



**KADOKAWA**

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# **Financial Results**

## **Fiscal Year Ended March 31, 2021**

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**April 30, 2021**

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**KADOKAWA CORPORATION**

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# Consolidated Financial Results for the Fiscal Year Ended March 31, 2021

- Consolidated financial results for the year ended March 31, 2021 — Achieved record-high net sales and operating profit.
  - Net sales: Although some businesses were affected by COVID-19, net sales increased 2.6% due to the constant creation of content driven by DX and strong demand for content.
  - Operating profit: Books, animation and games, which are a focus area with high growth and profitability, developed significantly and the operating profit of the entire Company increased by 68.5%.

(Unit: Million JPY)

	Results for the fiscal year ended March 31, 2020	Results for the fiscal year ended March 31, 2021	YoY (Changed amount)	Jan-Mar 2020	Jan-Mar 2021	YoY (Changed amount)
Net sales	204,653	<b>209,947</b>	+2.6% (+5,294)	54,475	<b>57,169</b>	+4.9% (+2,694)
Operating profit	8,087	<b>13,625</b>	+68.5% (+5,537)	-373	<b>421</b>	- (+794)
Ordinary profit	8,787	<b>14,369</b>	+63.5% (+5,581)	-403	<b>921</b>	- (+1,325)
Profit attributable to owners of parent	8,098	<b>9,584</b>	+18.4% (+1,486)	215	<b>597</b>	+177.2% (+382)
EBITDA	12,948	<b>18,154</b>	+40.2% (+5,206)	1,139	<b>1,735</b>	+52.3% (+596)

EBITDA is the total of operating profit, depreciation and amortization of goodwill.

# Net Sales and Operating Profit by Business Segment

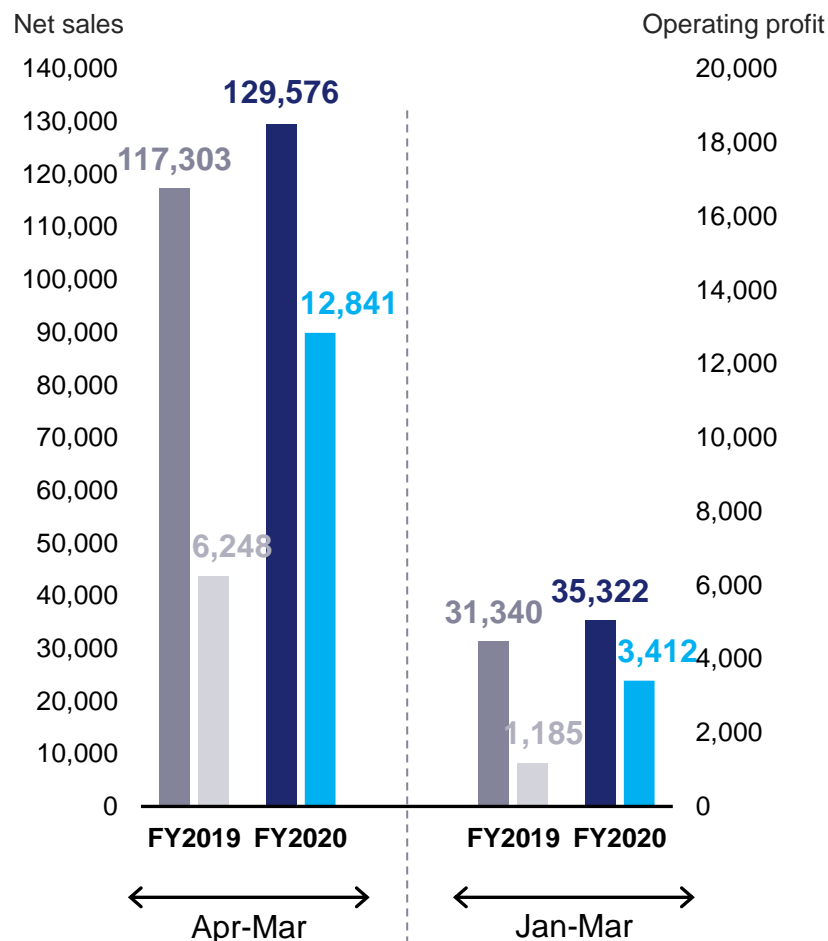
(Unit: Million JPY)

		Results for the fiscal year ended March 31, 2020	Results for the fiscal year ended March 31, 2021	YoY (Changed amount)	Jan-Mar 2020	Jan-Mar 2021	YoY (Changed amount)
Publication	Net sales	117,303	<b>129,576</b>	+10.5% (+12,272)	31,340	<b>35,322</b>	+12.7% (+3,982)
	Operating profit	6,248	<b>12,841</b>	+105.5% (+6,593)	1,185	<b>3,412</b>	+187.9% (+2,227)
Video	Net sales	34,116	<b>31,314</b>	-8.2% (-2,801)	9,328	<b>8,875</b>	-4.9% (-453)
	Operating profit	2,122	<b>2,274</b>	+7.1% (+151)	-290	<b>-41</b>	- (+248)
Game	Net sales	14,237	<b>16,636</b>	+16.9% (+2,399)	4,074	<b>4,261</b>	+4.6% (+186)
	Operating profit	1,278	<b>2,744</b>	+114.6% (+1,465)	-201	<b>-202</b>	- (-0)
Web services	Net sales	24,739	<b>22,008</b>	-11.0% (-2,730)	5,602	<b>5,585</b>	-0.3% (-17)
	Operating profit	2,788	<b>2,096</b>	-24.8% (-692)	348	<b>10</b>	-96.9% (-338)
Others	Net sales	19,497	<b>17,463</b>	-10.4% (-2,033)	5,733	<b>4,729</b>	-17.5% (-1,004)
	Operating profit	-2,583	<b>-4,491</b>	- (-1,908)	-854	<b>-1,497</b>	- (-642)
Eliminations/ Corporate	Net sales	-5,240	<b>-7,053</b>	- (-1,812)	-1,604	<b>-1,605</b>	- (-0)
	Operating profit	-1,768	<b>-1,839</b>	- (-71)	-560	<b>-1,261</b>	- (-700)

\* Following the integration of KADOKAWA CORPORATION into KADOKAWA DWANGO CORPORATION effective July 1, 2019, about 300 million yen in cost was transferred from the Eliminations/Corporate segment to each business segment (including about 200 million yen into the Publication segment) for the three months from April 2020 to June 2020.

■ Net sales ■ Operating profit

(Unit: Million JPY)



\* Impact of transfer of cost from Corporate/Eliminations segment to Publication segment (only Apr-Jun) following the integration of KADOKAWA CORPORATION into KADOKAWA DWANGO CORPORATION (July 2019): About 200 million yen

## YoY Analysis

### ■ Net sales (+10.5%)

#### □ Paper-based books (+6.8%)

- The market returned to be stable from the declining trend it held until 2019.  
\* The Research Institute for Publications, The All Japan Magazine and Book Publisher's and Editor's Association: Sales amount of paper-based books: -0.9% in January to December 2020.
- The number of new paper-based book publications was affected by COVID-19 in the 1st quarter, but recovered strongly due to the promotion of DX in business operations and was mostly unchanged year on year
- Popular series of comics, light novels and children's books performed strongly.

#### □ E-books (+29.6%)

- The market continued to grow steadily.  
\* The Research Institute for Publications, The All Japan Magazine and Book Publisher's and Editor's Association: Sales amount of E-books: +28.0% in January to December 2020
- New users of the Company's store, B☆W, increased.
- Comics for women in the genre of reincarnation in a different world sold well.
- Overseas sales increased steadily (+22%).

### ■ Operating profit (+105.5%)

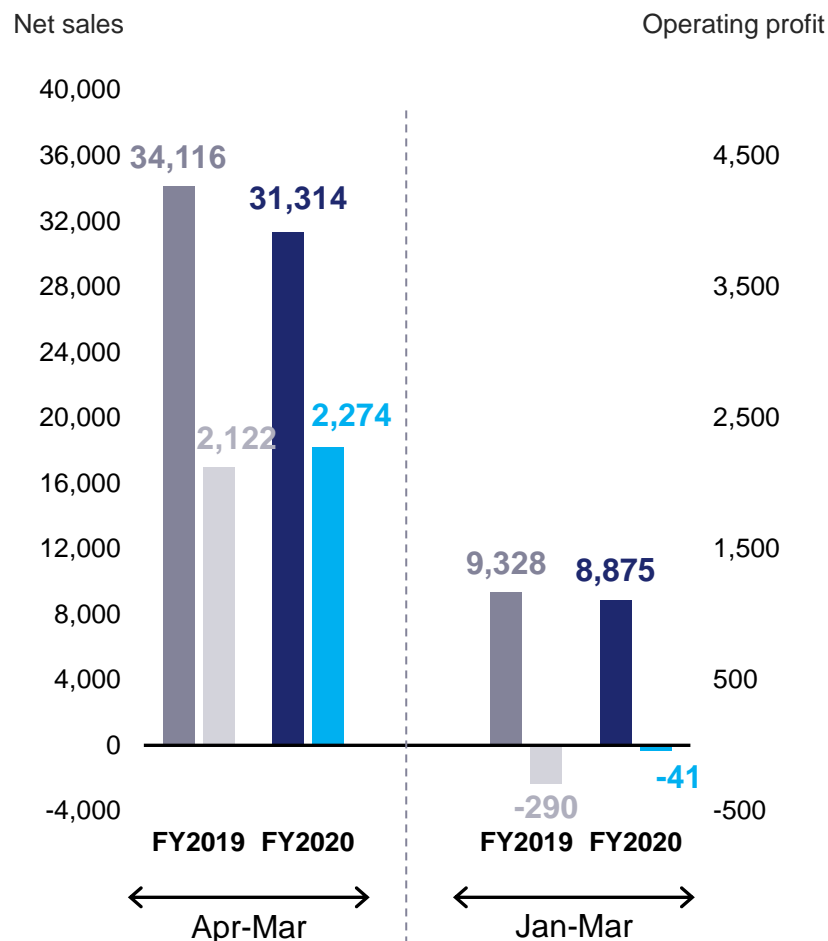
- Because of expanded e-commerce sales in addition to the increased introduction of automatic dispatch systems and direct order tablets for bookstores, the returns rate of paper-based books significantly improved (from 32.3% to 27.4%).
- Sales of E-books accelerated.

#### 4th Quarter: Net sales (+12.7%), Operating profit (+187.9%)

- Continued from the previous quarter, both paper-based books and E-books maintained strong growth.

■ Net sales ■ Operating profit

(Unit: Million JPY)



## YoY Analysis

### ■ Net sales (-8.2%)

- In animation business, income from licensing business with media mix of enduring bestsellers such as “Re:ZERO -Starting Life in Another World-” increased. Overseas business also developed (+9%).
- Live-action business suffered from the influence of limitation on the number of seats and shortened business hours at movie theaters, but net sales increased year on year due to strong contents and speedy deliveries.
- Ticket sales business, etc. posted a decrease in net sales under the influence of the COVID-19.
- The negative impact of the COVID-19 caused a decrease of 8 billion yen in the entire video segment.

### ■ Operating profit (+7.1%)

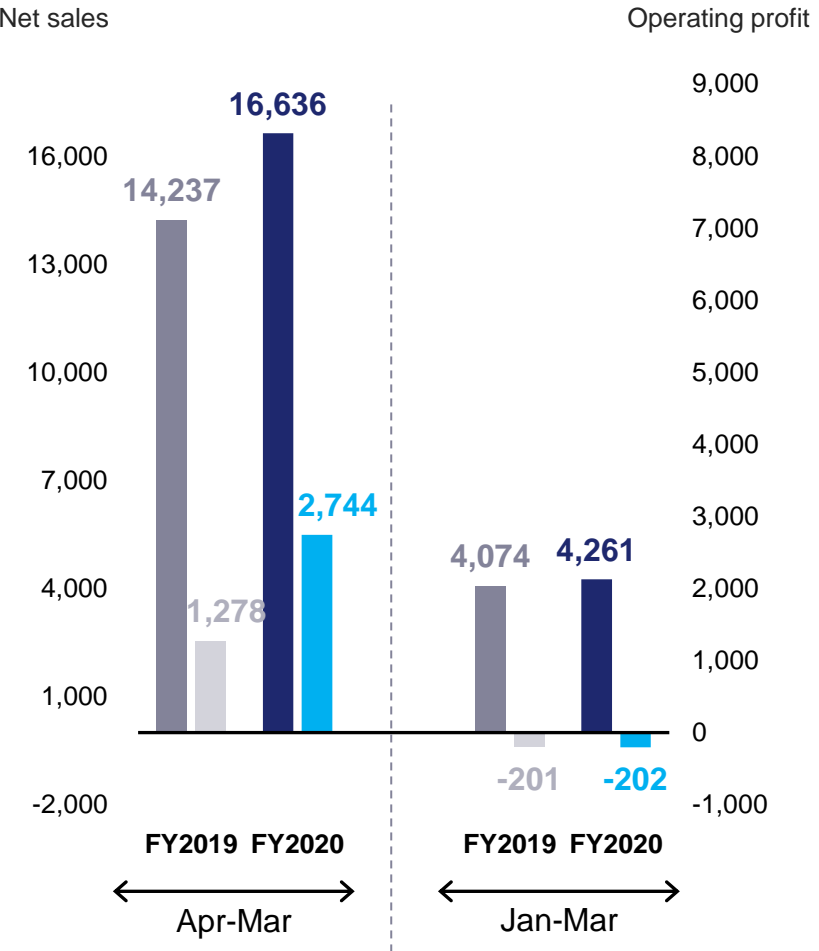
- Live-action and other businesses posted a decrease in operating profit, but thanks to the strong performance of the animation business, the entire segment posted an increase.

4th Quarter: Net sales (-4.9%), Operating profit (—)

- Following the 3rd quarter, the 4th quarter saw steady sales in the licensing of animation business. Overseas business also continued favorable performance (+21%).
- Regarding the live-action business, etc. box-office revenue (“First Love” and “The Family”) achieved steady sales, but other relevant businesses were adversely affected by COVID-19.

■ Net sales ■ Operating profit

(Unit: Million JPY)



YoY Analysis

■ Net sales (+16.9%)

- Responding to the worldwide expansion of the game market, repeat sales contributed to an increase in net sales.
- Collaborative/contracted development businesses were increased.

■ Operating profit (+114.6%)

- Increased repeat sales
- Contribution from overseas royalties

4th Quarter: Net sales (+4.6%), Operating profit (—)

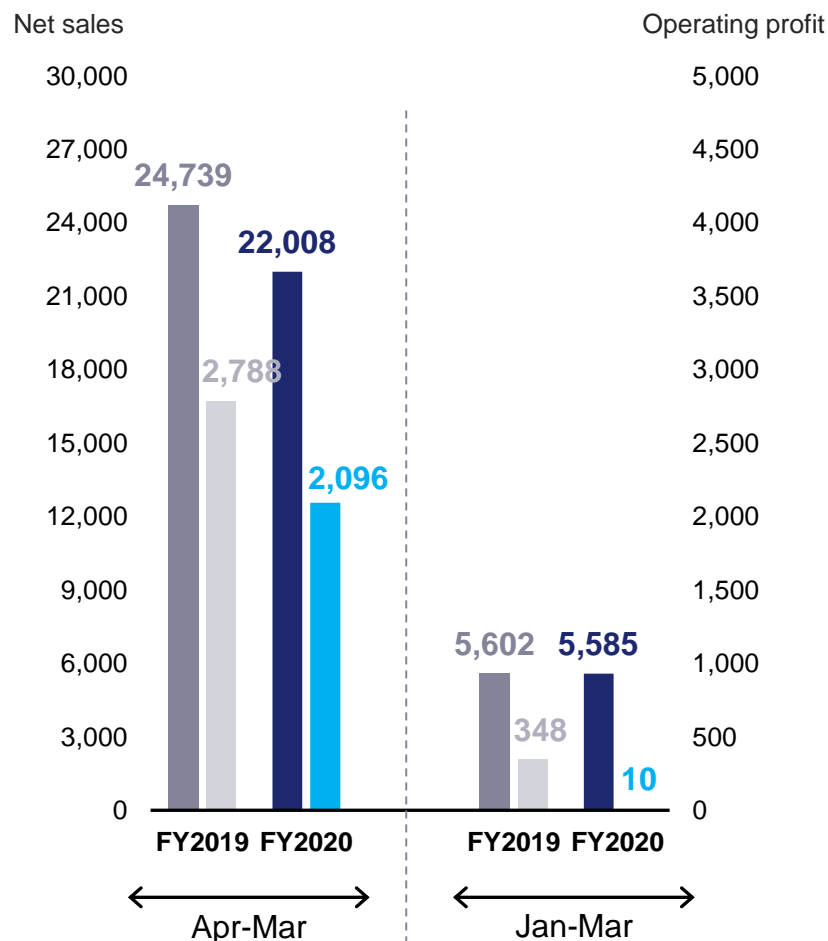
- Repeat sales slowed down.
- Reflecting the brisk performance, personnel cost increased.
- Development of several pipelines including new works for the next term is steadily underway.



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■ Net sales ■ Operating profit

(Unit: Million JPY)



## YoY Analysis

### ■ Net sales (-11.0%)

- Net sales of niconico-related businesses improved and leveled off from the previous year due to expansion of multifaceted charging opportunities such as paid live broadcasting and niconico Channel offsetting the decrease in the number of premium members.
- Live business posted a decrease in net sales due to cancelled in-person events and the shift to online events (negative impact of COVID-19: -2.2 billion yen).

### ■ Operating profit (-24.8%)

- For niconico-related businesses, expenditures were made to redesign the website to improve user convenience and create/acquire content intended to increase sales.
- Operating profit decreased in the mobile content delivery business.

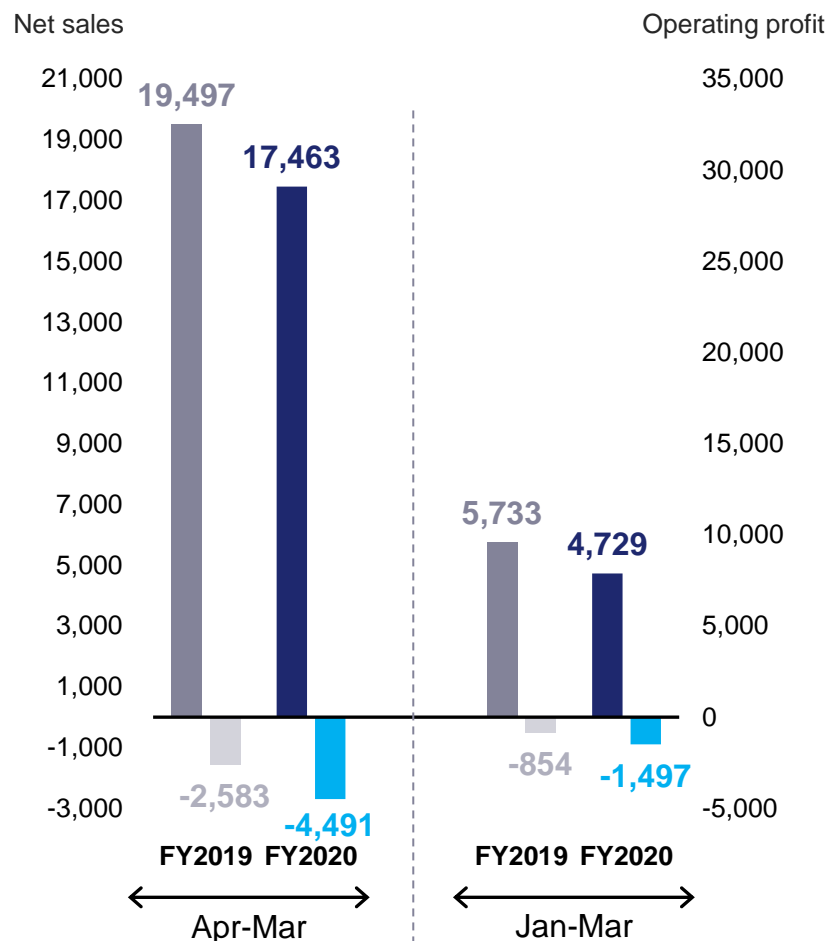
4th Quarter: Net sales (-0.3%), Operating profit (-96.9%)

- Following the 2nd and 3rd quarters, the improvement trend of the net sales of niconico-related businesses continued (+2.5%).
- Expenditures increased for content acquisition and advertisement/promotion.



■ Net sales ■ Operating profit

(Unit: Million JPY)



## YoY Analysis

### ■ Net sales (-10.4%)

- An increase in the number of students of N High School drove the growth of education business (+15.7%).
- Experiential business posted net sales of a new business with the grand opening of Sakura Town. In addition, new revenue models were provided including the expansion of EJ Anime Hotel's collaboration rooms to other hotels. (negative impact of COVID-19: -1 billion yen)
- MD business suffered from a significant decrease in product sales with event tickets due to COVID-19 (negative impact of COVID-19: -4.5 billion yen).

### ■ Operating profit (—)

- Education business steadily grew with contribution of N High School business while active investment was made, including the construction of a new school building for Vantan.
- Experiential business faced difficulty in drawing customers due to the declared state of emergency.

#### 4th Quarter: Net sales (-17.5%), Operating profit (—)

- Education business maintained strong performance following the previous quarters. Investment was made for a new school building and the establishment of new courses for Vantan .
- Following the 3rd quarter, experiential business posted a deficit due to the negative impact of COVID-19.

# Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2022

- Because the continued COVID-19 pandemic increased the uncertainty surrounding the market environment, the financial forecast is disclosed in a range format.
- In the fiscal year ending March 31, 2022, the Company will aim for operating profit of 14 billion yen. Considering uncertainty of possible further serious situation caused by COVID-19, the lower limits of 10 billion yen are forecast.

(Unit: Million JPY)

	Results for the fiscal year ended March 31, 2021	Forecast for the fiscal year ending March 31, 2022	YoY (Changed amount)	YoY (%)
<b>Net sales</b>	209,947	<b>218,000～ 228,000</b>	<b>+8,052～ +18,052</b>	<b>+3.8%～ +8.6%</b>
<b>Operating profit</b>	13,625	<b>10,000～ 14,000</b>	<b>-3,625～ +374</b>	<b>-26.6%～ +2.8%</b>
<b>Ordinary profit</b>	14,369	<b>10,500～ 14,500</b>	<b>-3,869～ +130</b>	<b>-26.9%～ +0.9%</b>
<b>Profit attributable to owners of parent</b>	9,584	<b>6,900～ 9,600</b>	<b>-2,684～ +15</b>	<b>-28.0%～ +0.2%</b>
<b>EBITDA</b>	18,154	<b>15,300～ 19,300</b>	<b>-2,854～ +1,145</b>	<b>-15.7%～ +6.3%</b>

# Net Sales and Operating Profit Forecasts by Business Segment

(Unit: Million JPY)

		Results for the fiscal year ended March 31, 2021	Forecast for the fiscal year ending March 31, 2022	YoY (Changed amount)	YoY (%)
Publication	Net sales	129,576	133,000～ 136,400	+3,423～ +6,823	+2.6%～ +5.3%
	Operating profit	12,841	10,600～ 12,400	-2,241～ -441	-17.5%～ -3.4%
Video	Net sales	31,314	35,000～ 37,100	+3,685～ +5,785	+11.8%～ +18.5%
	Operating profit	2,274	2,500～ 3,400	+225～ +1,125	+9.9%～ +49.5%
Game	Net sales	16,636	14,000～ 14,800	-2,636～ -1,836	-15.8%～ -11.0%
	Operating profit	2,744	1,300～ 1,800	-1,444～ -944	-52.6%～ -34.4%
Web services	Net sales	22,008	21,400～ 22,200	-608～ +191	-2.8%～ +0.9%
	Operating profit	2,096	2,100～ 2,500	+3～ +403	+0.2%～ +19.3%
Others	Net sales	17,463	22,400～ 25,300	+4,936～ +7,836	+28.3%～ +44.9%
	Operating profit	-4,491	-4,600～ -4,200	-108～ +291	—
Eliminations/ Corporate	Net sales	-7,053	-7,800	-746	—
	Operating profit	-1,839	-1,900	-60	—

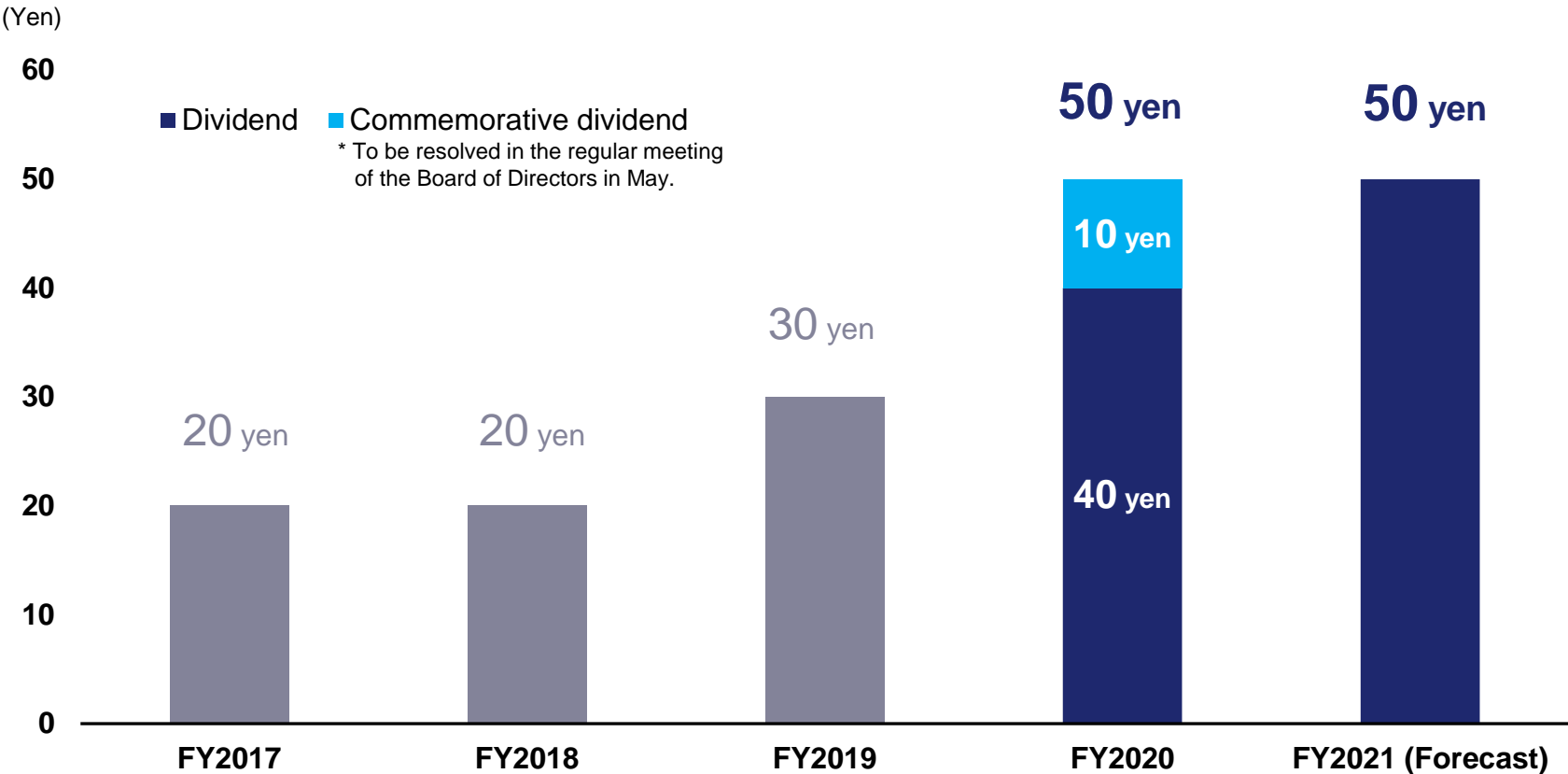
# Premise of Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2022

Business Segment	Main points of forecasts	Main reasons for setting lower limits in view of the impact of COVID-19
Publication	<ul style="list-style-type: none"> <li>• Growth of E-book market and business</li> <li>• Increase in editors to enhance the ability to create IPs</li> <li>• Investment to develop vertically scrolling E-comics</li> <li>• Investment for strengthen cooperation with the niconico Channel</li> </ul>	<ul style="list-style-type: none"> <li>• Delays and cancellations in the publication of new paper-based books and E-books</li> <li>• Effect by close of bookshops</li> <li>• Adverse effects on licensing, etc.</li> </ul>
Video	<ul style="list-style-type: none"> <li>• Expansion of animation licensing business, including production of game versions, in Japan and overseas</li> <li>• Investment for increasing production volume and the ability to produce videos</li> </ul>	<ul style="list-style-type: none"> <li>• Adverse effects on theatrical releases, video studios, movie ticket business, etc.</li> </ul>
Game	<ul style="list-style-type: none"> <li>• Contribution made by new works</li> <li>• Decelerated demand for repeating former works</li> </ul>	<ul style="list-style-type: none"> <li>• Delayed development of new works</li> </ul>
Web services	<ul style="list-style-type: none"> <li>• Stabilization of results owing to the diversification of revenue sources, including paid live broadcasting and niconico Channel</li> </ul>	<ul style="list-style-type: none"> <li>• Cancellation of events</li> </ul>
Others	<ul style="list-style-type: none"> <li>• Growth of education business</li> </ul>	<ul style="list-style-type: none"> <li>• Impact on MD business and experiential business</li> </ul>

Basic  
Shareholder  
Return Policy

The Company's policy is to continuously and stably distribute profits to shareholders while at the same time bolster internal reserves to strengthen the corporate structure as a premise of sustainable corporate management and to prepare for unforeseen situations and future business expansion.

The dividend for FY 2020 is 50 yen (commemorative dividend for the 75th anniversary: 10 yen), and the dividend forecast for FY 2021 is 50 yen.



Basic strategy

Global Media Mix

- ① Globally rollout many diversified IPs through the media mix centered on E-books, animation, and games.
- ② With the fusion of real and digital, provide the IPs’ worldviews through new UX and maximize the IPs’ values.

Management targets for FY March 2023

Aiming to achieve

Net sales  
**240** bn yen

Operating profit  
**16** bn yen

EBITDA  
**25** bn yen

Average annual growth rate  
FY March 2020 to FY March 2023

**5.5%**

**25.5%**

**23.4%**

Expand the scale of  
core businesses



ESG/SDG-conscious  
management



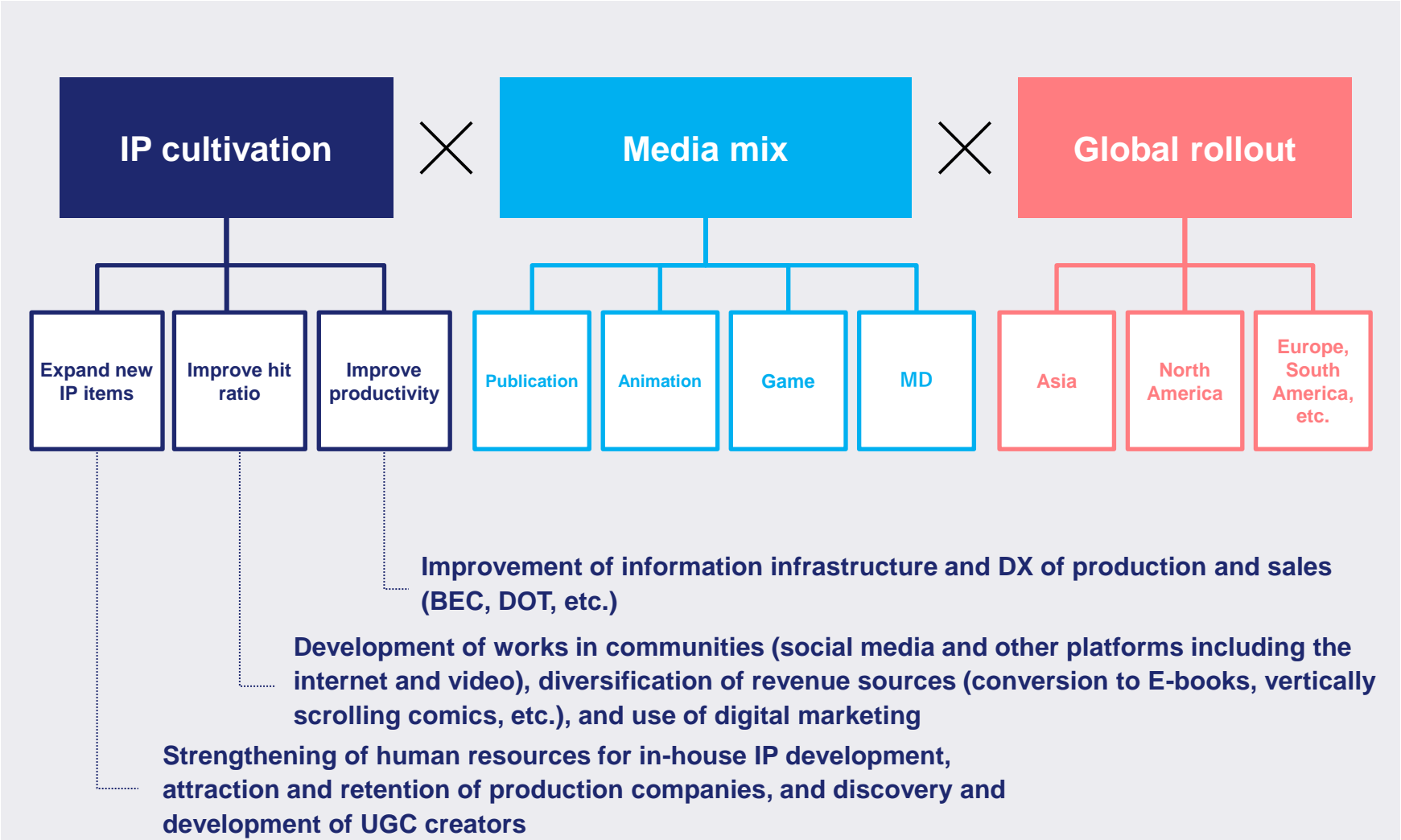
Enhance earning  
power

Aiming to achieve mid- and long-term sustainable growth and corporate value improvement

Initiatives

- |                                   |  |
|-----------------------------------|--|
| 1 ——— Expand New IPs              | 4 ——— Strengthen Animation Business          |
| 2 ——— Acceleration of DX          | 5 ——— Launch Big Titles in the Game Business |
| 3 ——— Global Expansion of E-Books | 6 ——— Aim to Become a Leading EdTech Company |

- Increase customers with media mix and global rollout while promoting DX in all aspects of IP development, production, advertising, distribution and sales promotion to improve the added-value of IPs.



- E-commerce and E-book markets have expanded. Proceeding with DX on both sides of development and sales, the publication business has entered a new growth trajectory.
- Invest in editorial personnel and digital marketing, and proactively launch new IPs in the market.

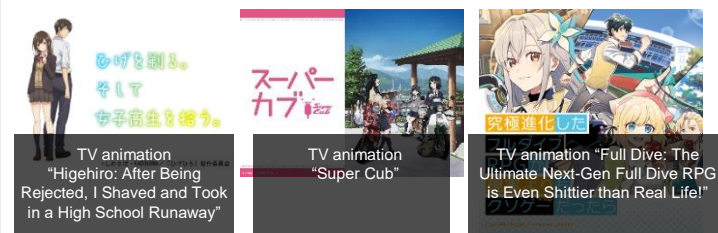
## Expand new IPs

- From 5,000 IPs to 6,000 IPs per year
  - Invest in editorial personnel. Recruit 100 editors.
- Enhance new talent discovery on the Internet
  - Discover new talent in the growing Kaku-Yomu / Maho-no-i-land areas and expand recognition of new titles through ComicWalker. Strengthen data marketing.
  - The number of hit UGC titles increased. Conversion to animation and comics has been successively determined.

The number of posts on the Web and the number of published works steadily increased



Animated versions of three titles published on Kaku-Yomu will be broadcasted on TV from April 2021



## Expand genres

- New comic labels launched
  - Aokishi, VAMP, etc.
- Development of vertically scrolling comics
- Development of titles through video distribution

New comic magazine, Aokishi launched



Popular KADOKAWA writers gathered together to launch this in April 2021. General comics magazine showcasing new titles

All KADOKAWA Tatesuku Manga Award was established



Acceptance of contest applications started in March 2021. All 39 comics Editorial departments jointly develop new IP following novels and comics.

## DX of IP development and sales

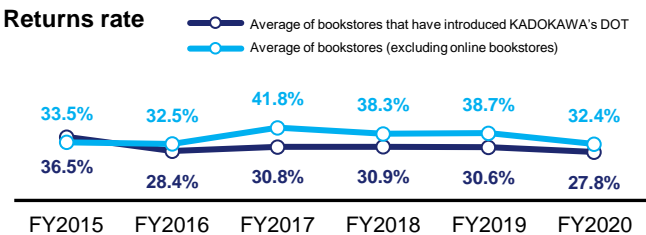
– See the next page for details.



Aggressive DX

■ Computerize bookstore order placement and promote shipment to promptly respond to demand

- Introduction of direct order tablets (DOT) to bookstores reduced returns rate.
  - Returns rate improved from 36.5% to 27.8%. (Stores that introduced the tablet: 2015→2020)
  - Returns rate of books ordered via DOT was reduced to 7.8%.
  - The increase in the number of stores introducing the tablet will further improve sales efficiency.



■ Integration of online and offline operations increased net sales of physical bookstores

- Conducted the “Buy a paper-based book and get an E-book” campaign.
  - Rights to read the E-book version of Book Walker is given to people who bought a paper-based book.
  - Included 93 existing titles and 111 new titles. In particular, sales of existing titles increased.
- Returns to users were done through the KADOKAWA app.
  - For all books, 50% of the amount purchased at bookstores was returned as a book coupon.
  - Net sales of bookstores during the campaign increased more than 20% year on year.



■ Hit ratio was improved with the development of titles using social media data

- Net sales of newly published books increased 35% year on year in the fields of life/practical books.
  - Promote use of data in other fields such as comics.

Discover authors	<ul style="list-style-type: none"><li>• Extract high-profile people from social media</li><li>• Index the number of core fans</li></ul>
Draft plans	<ul style="list-style-type: none"><li>• Extract and rank trend keywords</li><li>• Quantify market size based on bookstore data</li></ul>
Advertise & announce	<ul style="list-style-type: none"><li>• Enhance announcements on authors' social media, etc.</li></ul>
Analyze hits	<ul style="list-style-type: none"><li>• Manage performance indices of books in a centralized way</li><li>• Systematize analyses of hits</li></ul>

Systematize editors' expertise and improve it based on data to enhance the entire hit ratio.

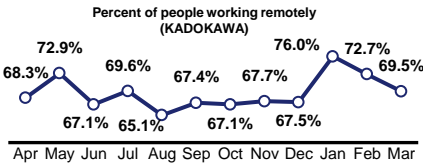
Defensive DX

- Improve information infrastructure to increase percentage of people working remotely
- Introduce Slack at the KADOKAWA Group's 24 companies

– Percentage of people working remotely remained high after the declaration of a state of emergency

- KADOKAWA: approx. 70%
- DWANGO: approx. 74%
- KADOKAWA Connected: approx. 88%
- BOOK WALKER: approx. 90%

\* Average during the period from April 2020 to March 2021



Continuously make the most of the advantages of remote work in accordance with the characteristics of each Group company.

Investment in Web comics, worldwide growth market

- Invest in production, multilingualization, sales and platform development for vertically scrolling comics.
  - Make BOOK☆WALKER one of the largest stores for vertically scrolling comics in five years.
- Realize the translation of comics and the automatic layout of frames by using AI.
  - Joint AI research with the University of Tokyo using comics data.
  - Aim to accelerate translation and diversify the expression of comics suitable for the internet.



Accelerate the global expansion of light novels and other text content

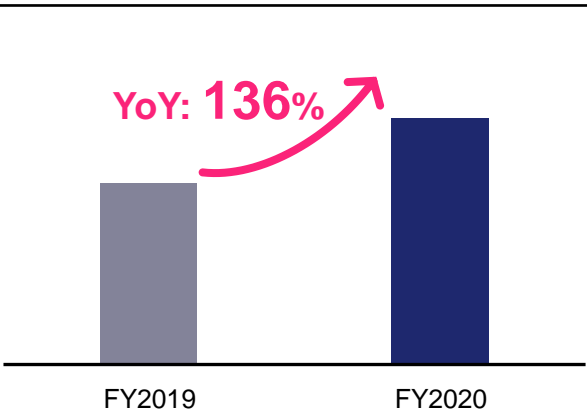
- The light novel market is growing as a result of increased global recognition of animation.
- Accelerate the global expansion of text content through the acquisition of North American publisher J-Novel Club LLC.
  - Acquire North American publisher J-Novel Club LLC, which mainly sells Japanese light novel titles on a digital-first basis.
  - Increase revenue through J-Novel Club's serialized subscription service, and use it as pre-marketing for E-books and paper-based books
  - Compile subscription distribution content into books, distribute as E-books to E-bookstores all over the world including BOOK☆WALKER Global while providing paper-based version mainly through Yen Press.



## Increase animation catalogs and expand revenue from licenses

- **Strengthen animation production system**
  - **Strengthen the system to enable production of 40 new animation titles per year.**
    - Increase from 33 titles this fiscal year to 40 titles within the period of the mid-term plan.
    - Consider establishment of world-class 3DCG production studio gathering the world's best creators.
- **Expand revenue from licenses**
  - Along with an increasing number of titles including new titles and hits, the number of licensed titles also increases.
  - Due to production of game versions, etc., the average revenue from licenses increases. Net sales of commercialization rights per animation title increased to 136% of the previous year.

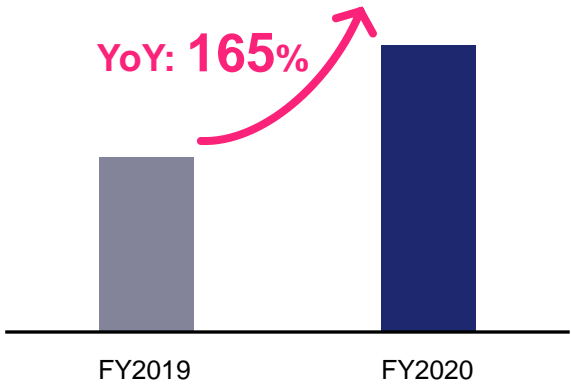
Net sales of commercialization rights per animation title



## Expand net sales of animation-related games

- **Further expand net sales of animation-related games**
  - **Revenue increased from animation IP game royalties including production of game versions and collaborations.**
    - Significant growth of revenue from animation IP game royalties to 165% year on year.
    - Growth led by popular IPs such as “KonoSuba: God’s Blessing on this Wonderful World!”, “Re:ZERO -Starting Life in Another World-” and “Overlord.”
- **Strengthen collaborations with new partners, CyberAgent and Sony Group**

Revenue from animation game royalties  
(including game licensing and collaboration)



**New IP “ELDEN RING,” FromSoftware's biggest title yet is currently in development.**

- Action RPG title, building on the success of the “DARK SOULS” series, which has sold more than 27 million copies to date worldwide.
- Created in collaboration with fantasy author George R. R. Martin, who has written masterpieces such as “A Song of Ice and Fire,” on which “Game of Thrones” is based.
- With its dark fantasy setting, “ELDEN RING” -currently in development- is heralded as FromSoftware’s biggest title yet in terms of sheer volume

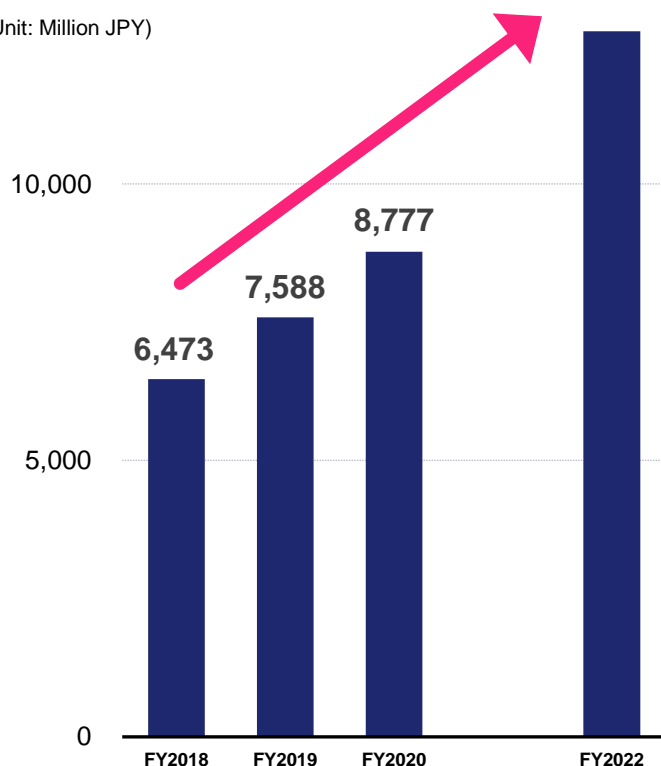


“ELDEN RING” is gaming’s most anticipated release, winning “Most Anticipated Game” at the Game Awards 2020 held in the US.

## Education business Net sales trend

Accelerated EdTech to make education business contribute significantly to KADOKAWA's mid-term plan

(Unit: Million JPY)



## N High School + S High School

- Provide original interactive education and learning services and experience-based VR learning service (premium course) developed by DWANGO for the internet age.
- Increase capacity with a steady increase in the number of N High School students and the opening of S High School (April 2021)

Trend in the number of students	Apr. 2019	Apr. 2020	May 1, 2021
	10,339	15,803	18,731 (forecast)



## Vantan

- Specialized in the cultivation of ready-to-work human resources in the creative field, Vantan provides education programs for high school students and adults with professional instructors at the forefront of the industry.
- Game creator training course has been popular.
- Investment in the expansion of the area by opening the Nagoya school and establishing new courses is going to shift to the recoup phase.



Vantan Game Academy



Vantan Techford Academy

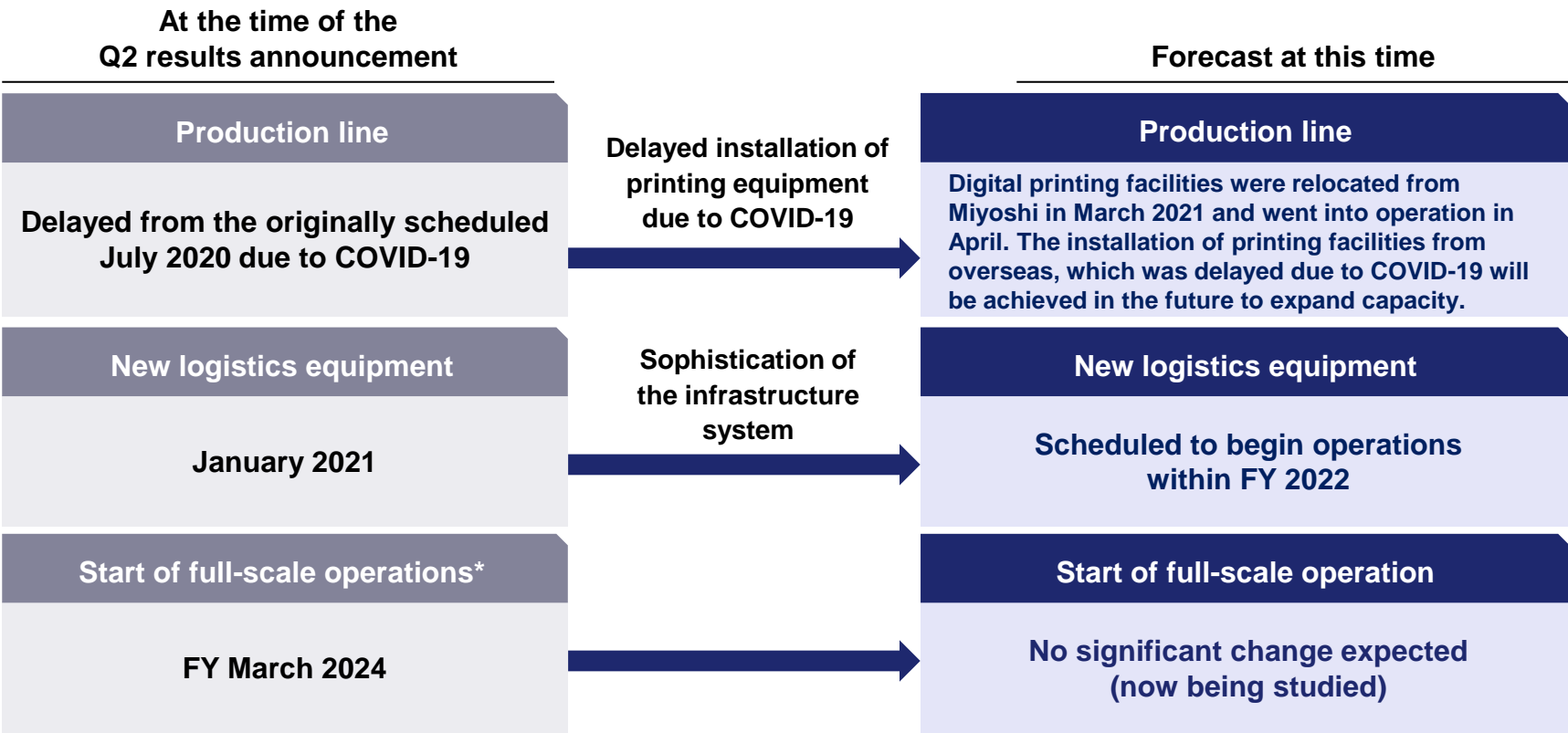


Vantan Creator Academy



■ Review start of operations to improve the accuracy of the logistics plant system

Amount of investment and pay-back period	Amount of investment is mostly unchanged. The pay-back period is now being studied.
Influence on PL	No impact on FY March 2022. Depreciation expense for the construction of the new logistics system and relevant expenses increased, but they are offset by the delayed recording of the depreciation expenses for the entire plant.



\* When productivity has reached the planned level with the enhancement of the equipment

KADOKAWA's SDGs = “Realize the sustainability of content”

- Deliver deeper knowledge, value and excitement to people by globally sharing constantly created IPs and handing them down to future generations.
- Contribute to society and the environment by considering sustainability in the aspects of the production, distribution, and sales of products

Main goals to be achieved



Results of priority issues (1)

Reduced excessive paper consumption and conserved forests by reforming production and logistics of publication business

- ➔ Optimized production volume using bookstore order placement system and automatic dispatch system.
- ➔ Net shipment to production ratio (volume basis)<sup>1</sup> : Improved from 75.0% (FY2019) to 77.2% (FY2020)
- ➔ Reduced surplus by 3,394,000 books, or 1,557.7 tons of paper resources.

<sup>1</sup> Ratio of the net number of shipped copies of books (shipped copies – returned copies) to the number of total production of copies of books



Results of priority issues (2)

Provide many people with opportunities to receive higher education/specialized education

- ➔ Number of N High School students increased from 1,482 (April 2016) to 18,731 (May 2021 forecast)<sup>2</sup>
- ➔ Total KCA<sup>3</sup> students: 4,726 (schools in Taiwan and Thailand), gave 15 lessons on SDGs at Vantan (FY2020).

<sup>2</sup> Total of N High School and S High School  
<sup>3</sup> KADOKAWA Contents Academy



Expansion and promotion of work style reforms and other initiatives

Address the COVID-19 pandemic by promoting ABW,<sup>4</sup> and consider gender, diversity, and other elements

<sup>4</sup> Activity Based Working

- ➔ Established a great work environment for people raising children or caring for family members with high percent of people working remotely (approx. 70% at KADOKAWA and DWANGO).
- ➔ Increased appointment of foreign officers and female officers and employment of people with disabilities.
- ➔ Installed all-gender restrooms and contributed to regional revitalization by promoting local production for local consumption at Sakura Town.
- ➔ Eliminate bootlegs to promote fair business practices



The change of officers will be formally decided at the Company's Ordinary General Meeting of Shareholders and the Board of Directors meeting held right after it on June 22, 2021.

## 1. Change of officers (as of June 22, 2021)

### (1) Change of representatives

Representative Director and President	Takeshi Natsuno	(current director)
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Representative Director	Naohisa Yamashita	(current director)
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### (2) Change of other officers

Newly appointed directors (planned)	Director	Cindy Chou	(current CEO of J-GUIDE Marketing)
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Outside Director	Hiroo Unoura
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Retiring directors (planned)	Representative Director	Shinichiro Inoue
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Outside Director	Takeo Takasu
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**2. Officers** (as of June 22, 2021)

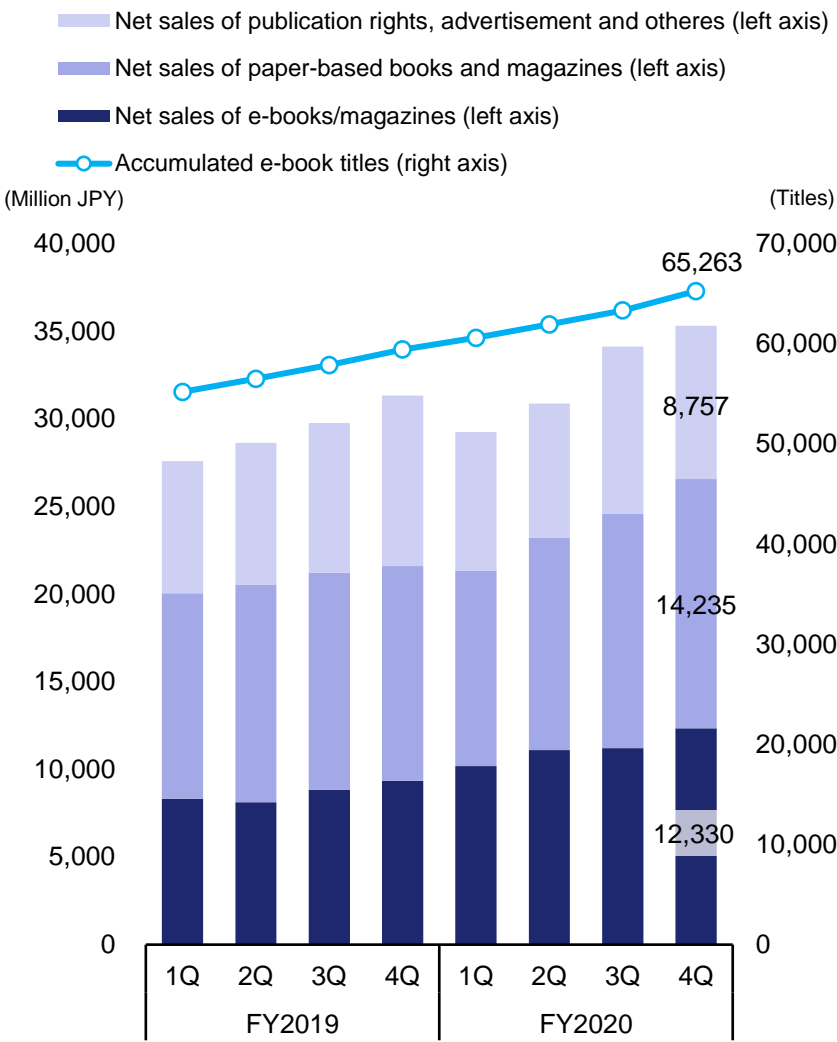
	<b>Representative Director and President</b>	<b>Takeshi Natsuno</b>
	<b>Representative Director</b>	<b>Naohisa Yamashita</b>
	<b>Chairman of the Board</b>	<b>Tsuguhiko Kadokawa</b>
	<b>Vice Chairman of the Board</b>	<b>Masaki Matsubara</b>
	<b>Director</b>	<b>Yoichi Yasumoto</b>
	<b>Director</b>	<b>Noriko Kase</b>
	<b>Director</b>	<b>Nobuo Kawakami</b>
	<b>Director</b>	<b>Cindy Chou</b>
	<b>Outside Director</b>	<b>Hiroo Unoura</b>
	<b>Outside Director</b>	<b>Tomoyuki Moriizumi</b>
	<b>Outside Director</b>	<b>Koji Funatsu</b>
	<b>Outside Director</b>	<b>Ruth Marie Jarman</b>
<b>Candidates for Audit and Supervisory Board members</b>	<b>Audit and Supervisory Board Member (Full-time)</b>	<b>Yasuaki Takayama</b>
	<b>Audit and Supervisory Board Member (Full-time)</b>	<b>Akira Watanabe</b>
	<b>Audit and Supervisory Board Member (Part-time)</b>	<b>Akira Watanabe</b>
	<b>Audit and Supervisory Board Member (Part-time)</b>	<b>Maoko Kikuchi</b>

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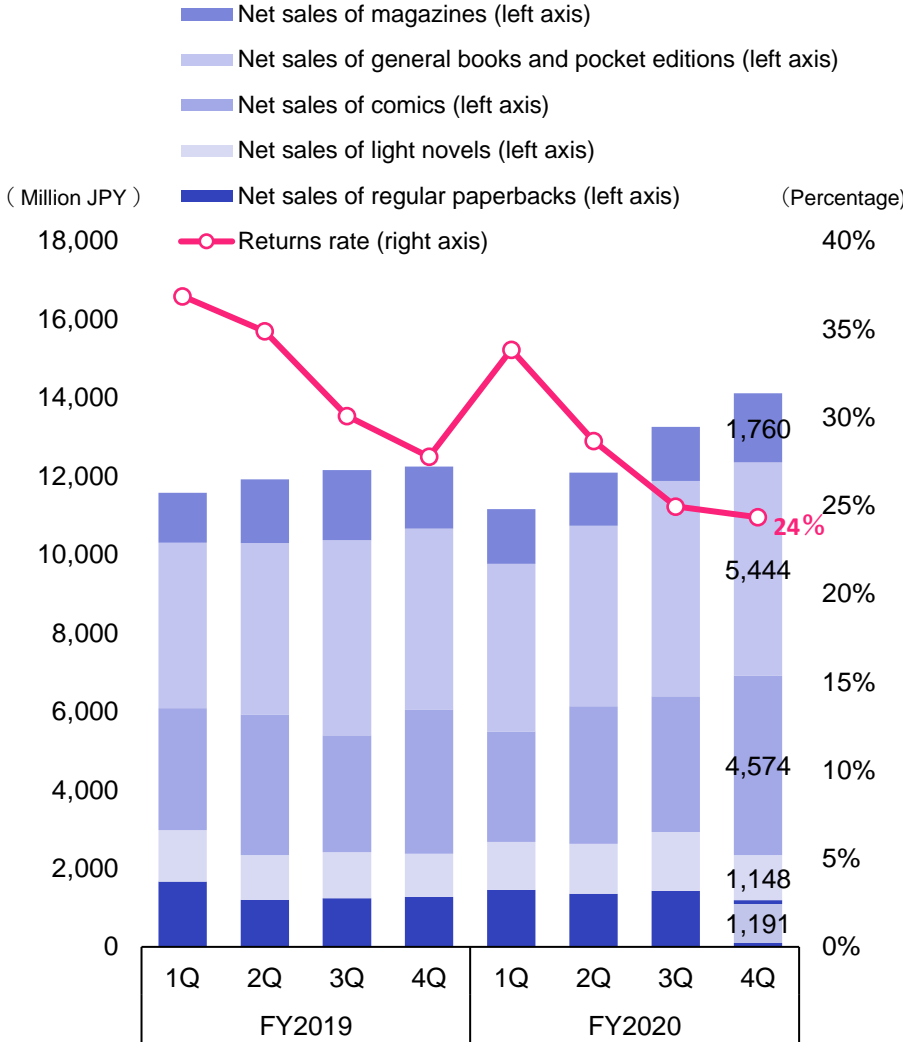
# Appendix

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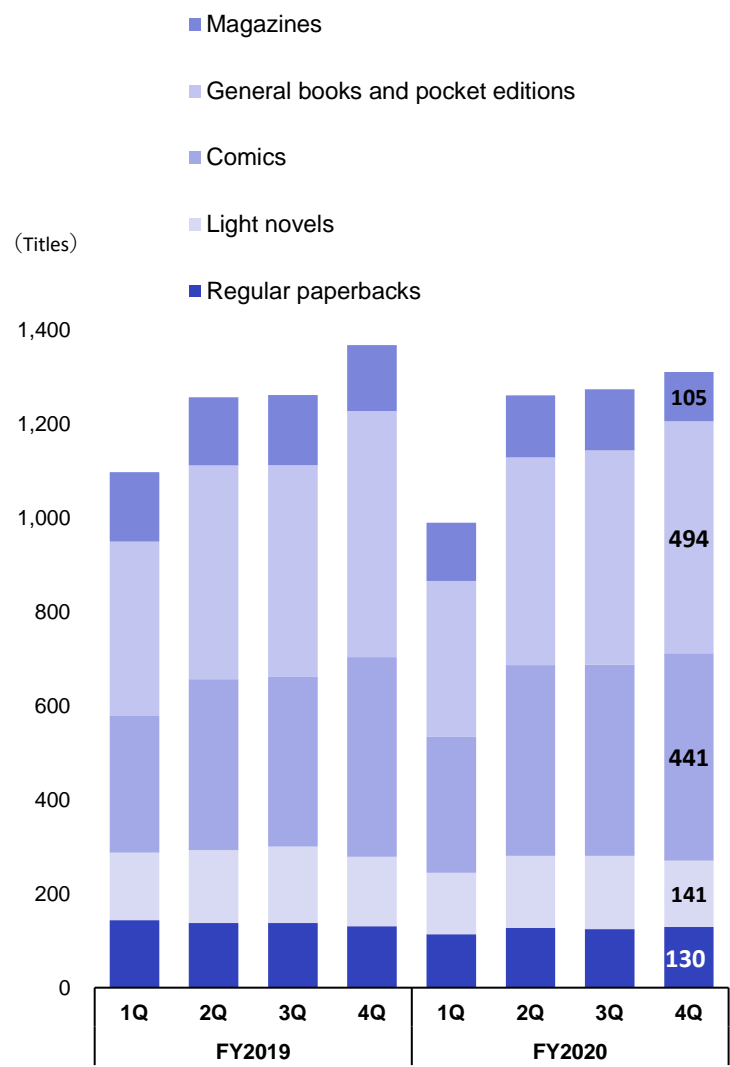
Trend of net sales of publication



Trend of net sales of paper-based books/magazines and returns rate



Number of new titles of paper-based books and magazines by genre (Actual)



Titles contributing from April 2020 to March 2021

“Delicious in Dungeon, Vol. 9”

“I am Blue, in Pain, and Fragile”

“Mushoku Tensei Jobless Reincarnation, Vol. 14”

Titles expected to contribute from April to September 2021

“Magian Company, Vol. 2”

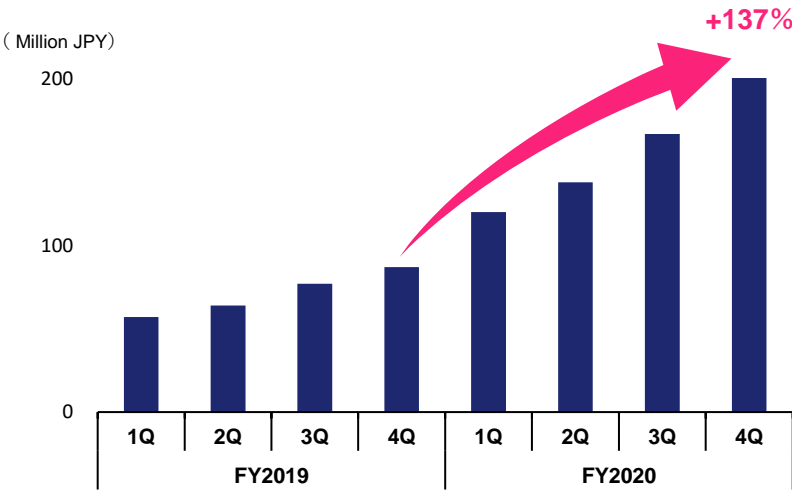
“Laplace's movement”

“Otherworldly Izakaya Nobu, Vol. 12”

Tend of net sales of E-books/magazines

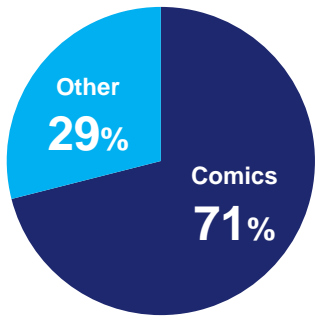


Trend of net sales in BOOK☆WALKER overseas stores

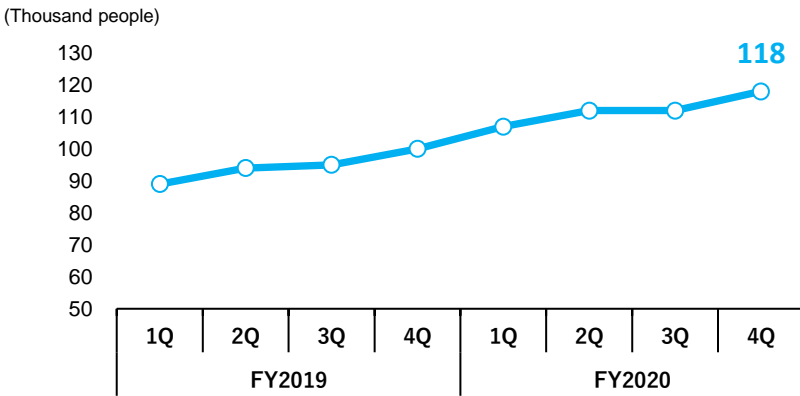


※ KADOKAWA's e-book and e-magazine sales including the BOOK☆WALKER store business and platform businesses such as "d magazine"

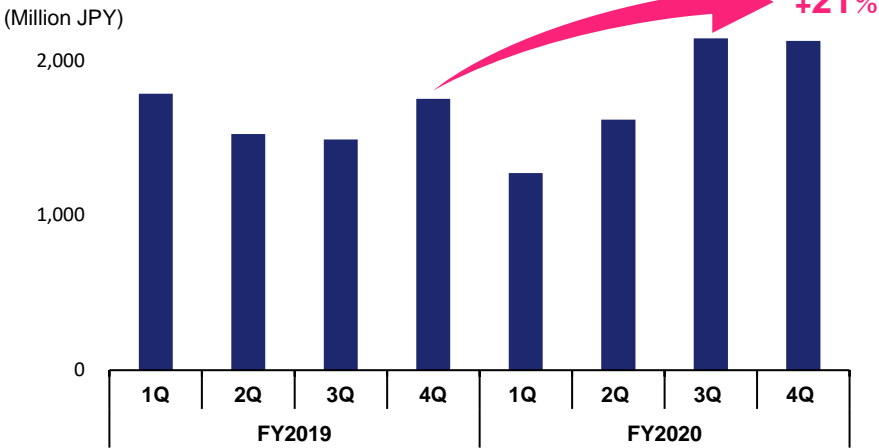
Net sales breakdown of E-books/magazines (April to March)



Usage situation of BOOK☆WALKER (MAU)

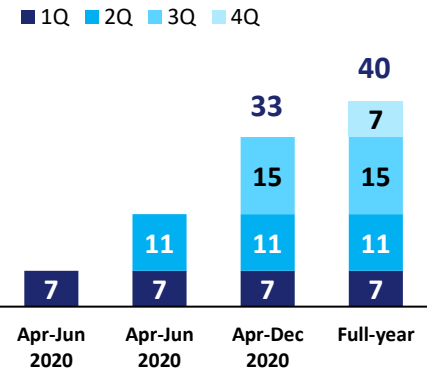


Net sales of animation overseas business

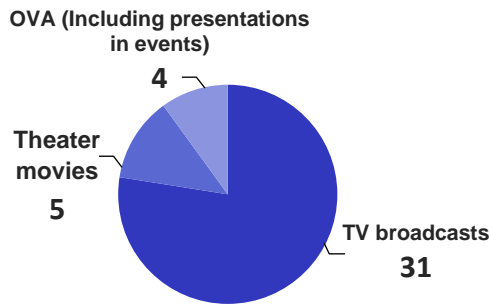


Animation video

Number of new titles



Breakdown of presentation media in April 2020 to March 2021



\*Number of titles invested by KADOKAWA

Titles contributing from April 2020 to March 2021

“Sword Art Online Alicization War of Underworld”

(C)2017 Reki Kawahara / KADOKAWA ASCII MEDIA WORKS / SAO-A Project

1999 2005 2019 “A Family”

©2021 “A Family” Film Partners

“Re:ZERO - Starting Life in Another World- 2nd season”

(C) Tappei Nagatsuki, KADOKAWA CORPORATION / Production Committee of “Re: Life Starting from Zero in Different World 2nd season”

Titles expected to contribute from April to September 2021

竜とそばかすの姫 “BELLE”

©2021 STUDIO CHIZU

“The Great Yokai War: Guardians”

©The Great Yokai War: Guardians

“The Deer King”

©2021 “The Deer King” Production Committee



niconico user data

\* As of March 31, 2021

■ Regular members (million)	85.49
■ Premium members (million)	1.53

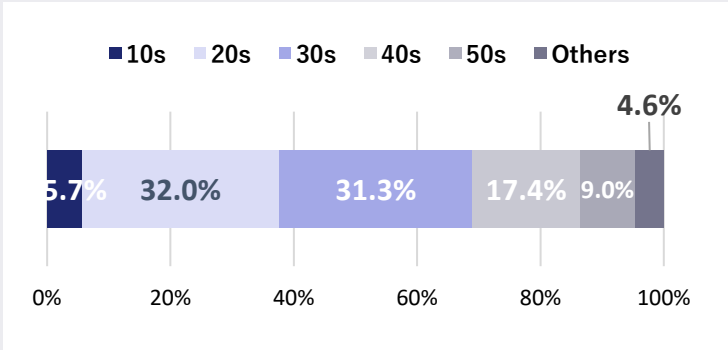
niconico Channel user data

\*As of March 2021

■ Number of channels	9,825
■ Number of channels with monthly fee	1,873
■ Dues-paying members (thousand)	1,190

Age

\* As of March 31, 2021

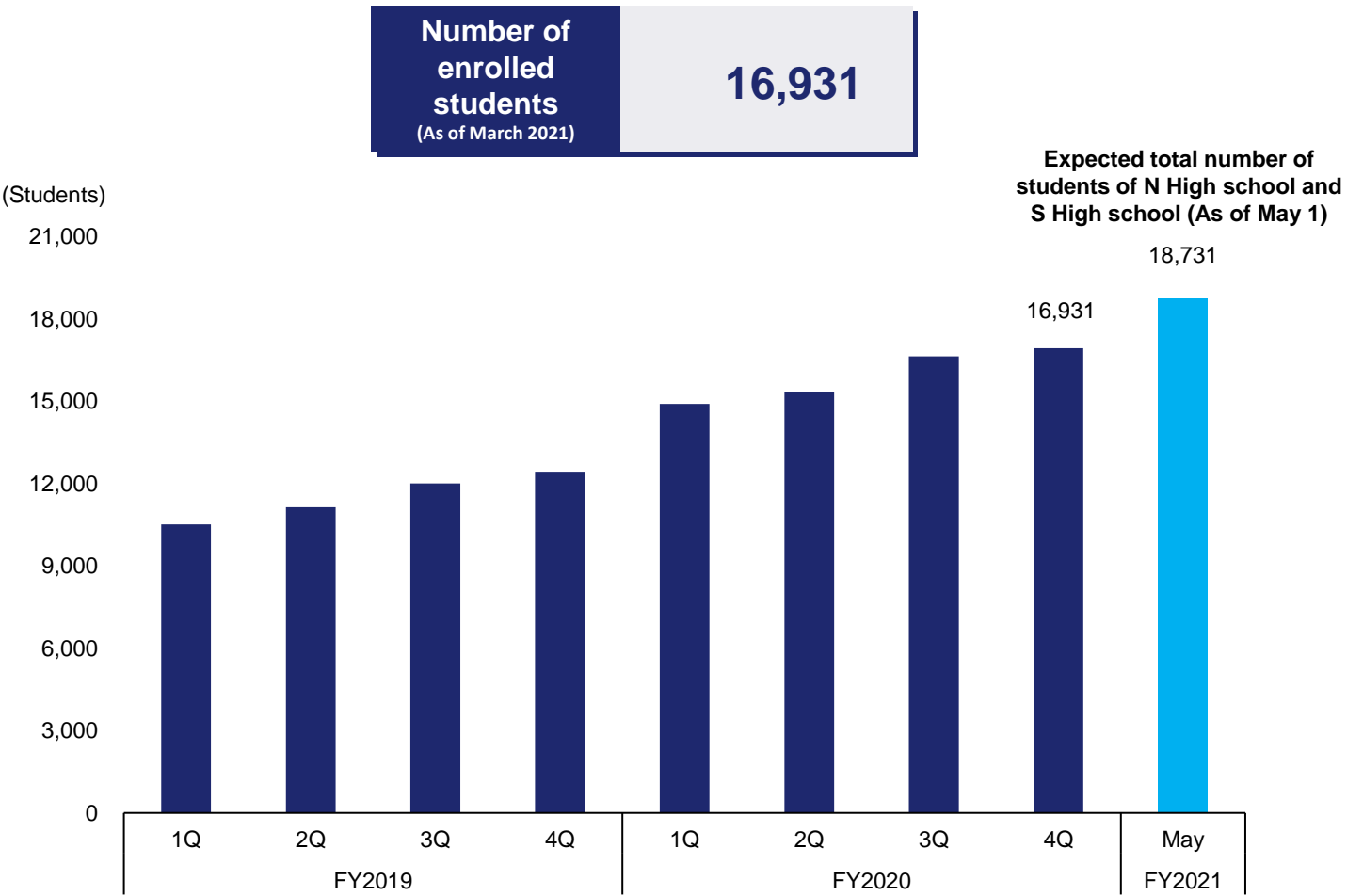


niconico usage data

\* Average of January to March 2021

	MAU (Million)	DAU (Million)
■ Logged In Unique Users	5.73	1.84
■ Logged In Unique Users + Unique Video Viewers Not Logged In	19.26	2.54
■ Google Analytics-based Unique Users	45.39	3.75

Trend of Number of N High School Students

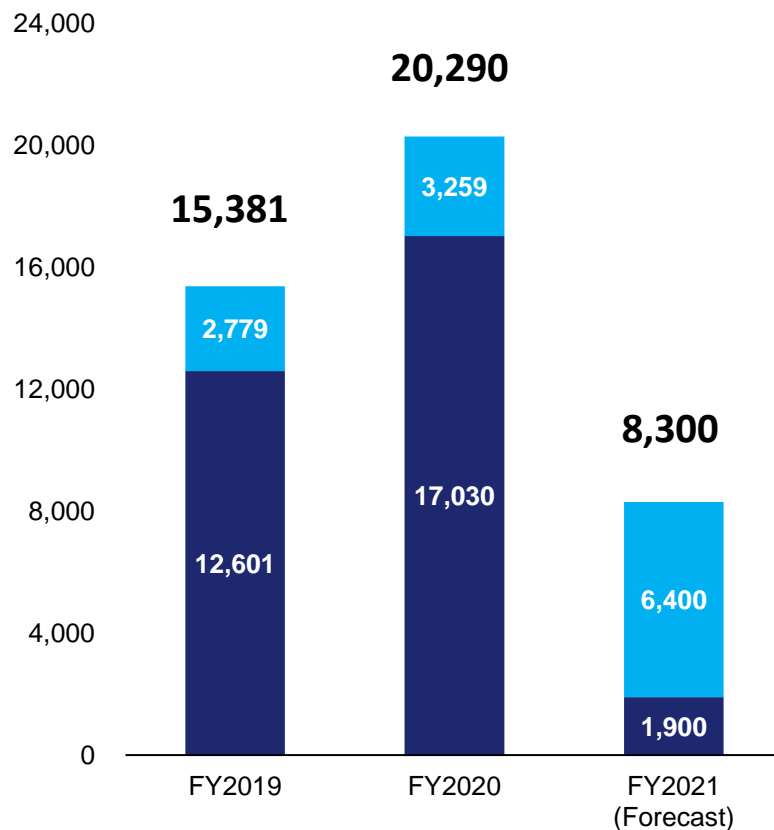




## Capital investment\*

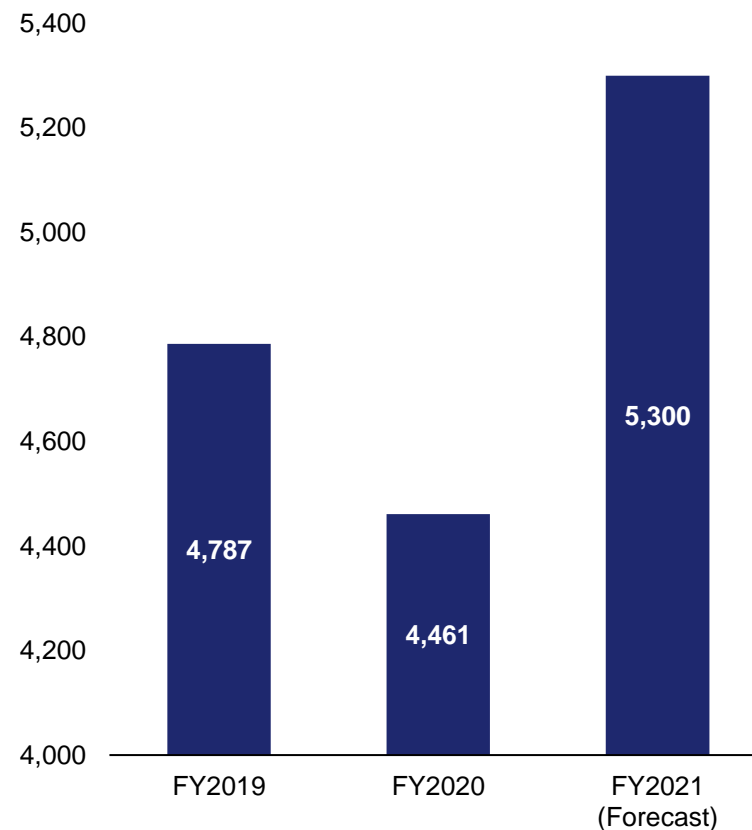
- Purchase of property, plant and equipment
- Purchase of intangible assets

(Million JPY)



## Depreciation

(Million JPY)

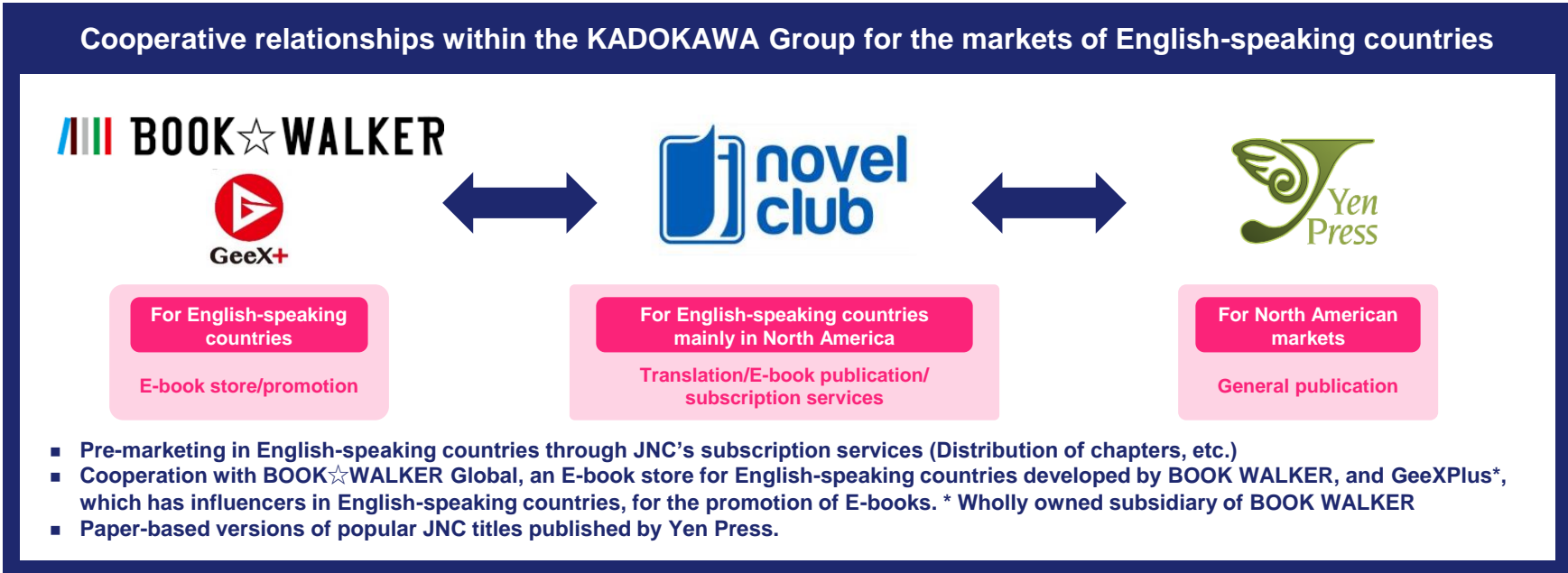


\* "Capital investment" is a cash-based amount. It is the total of "purchase of property, plant and equipment" and "purchase of intangible assets" listed in the consolidated statement of cash flows, and includes consideration for non-current assets acquired in the previous fiscal year (Fiscal Year n-1) for which expenditures were made in the current fiscal year (Fiscal Year n).

- Acquired North American digital publisher J-Novel Club LLC (hereinafter JNC) on April 28 as a part of the enhancement of E-book business in the markets of English-speaking countries.

JNC was established in 2016, promoting translation and publication mainly of light novels from Japanese publishers. The company has increased net sales with distribution to users via its own subscription services\* and through main online stores.

\* Number of subscribers as of March 2021: approx. 8,500



Expand Japanese light novel market in English-speaking countries

\* The impact of the acquisition of JNC on results including cash flow in FY March 2022 will be minor.

**Q1** What is the negative impact of COVID-19 in yen terms?

**A1** The negative impact of COVID-19 came from restrictions on seating and the shortened business hours at movie theaters in the video business. COVID-19 adversely affected ticket sales business, caused the cancellation of in-person events in the web service business, caused the live business to shift to online events, and adversely affected product sales. The impact in the periods from April to March was approx. JPY 19 billion in total.

**Q2** In net sales of paper-based books, how many sold through the EC account in April to March and January to March? What is their year-on-year growth rate?

**A2** In both the April to March period and the January to March period, net sales through highly ranked e-commerce stores were 17% of the net sales, and the growth rate was 30%.

**Q3** What were the shares and growth rates of paper-based books (excluding magazines) by genre in April to March?

**A3** Share by genre: General books and pocket editions 44%, comics 32%, regular paperbacks 12%, and light novels 12%  
Growth rate by genre: General books and pocket editions +7%, comics +7%, regular paperbacks +0%, and light novels +14%

**Q4** What are the sales component ratios and growth rates of the main sales channels for E-books in the periods from April to March and January to March?

**A4** From April to March, the Company's own stores (BOOK☆WALKER) were 20% of total sales and grew by 29% while sales via other platforms were 60% of sales and grew by 46%. From January to March, the Company's own stores were 20% of total sales and grew by 30% while sales via other platforms were 60% of sales and grew by 44%.

**Q5** Could you share details about estimated depreciation of the Tokorozawa project?

**A5** Depreciation of the project is expected to be JPY 1,800 million in FY March 2022 and JPY 2,500 million in FY March 2023 and subsequent fiscal years.

**Q6** What are the judgment criteria for withdrawing from existing businesses?

**A6** It depends on the details of the specific business, but the Company decides whether or not it should withdraw from a certain business by scrutinizing the market, the competitive environment, growth potential, profitability and other factors that impact the business. In FY March 2021, the Company withdrew from its operation of the Restaurant INUA.

**Q7** Will you continue to disclosure ranges instead of specific figures?

**A7** The disclosure of ranges that was adopted this time was due to the uncertainty surrounding the business environment due to the COVID-19 pandemic. It is a temporary change of the Company's information disclosure policy.