

# Earnings Results

The 3rd Quarter Ended December 31, 2024 | February 6, 2025



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# **Consolidated Earnings Results for the 3rd Quarter of the Fiscal Year Ending March 31, 2025**

# Summary of Consolidated Earnings Results for the 3rd Quarter of the Fiscal Year Ending March 31, 2025

- **First nine months: net sales +10.5%, operating profit +18.8%, net profit +16.7%**  
**The impact of reduced sales and profit due to a cyberattack (net sales: -8.1 billion yen, operating profit: -4.95 billion yen) was absorbed by the growth of core businesses, and we achieved strong growth in sales and profit as a result.**
  - In Publication/IP Creation, the number of new IPs increased, enhancing the source of business value for the entire group. The decline in sales and profit from domestic paper-based books due to the effects from the cyberattack, market contraction and other factors was offset by growth in e-books, international paper-based books and rights licensing sales, with both sales and operating profit growing around 10% in the segment overall
  - In Animation, where we command a strong lineup of titles, significant contributions were made by domestic and international streaming, as well as rights licensing sales for video games, merchandise and gaming machines, and we have made steady progress raising the possibility of another year of record-high performance. In Film, rights licensing sales for streaming also performed strongly, and we achieved high growth in the segment overall.
  - In Gaming, both sales and operating profit achieved high growth of around 40%, thanks to DLC for *ELDEN RING* contributing to domestic and international revenue.
  - In Web Services, sales declined significantly, driven by falling sales in niconico related businesses, which lost sales from June to August due to a cyberattack.
  - In Education/EdTech, strong double-digit sales growth continued, benefitting from solid increases in student numbers at Vantan and the N/S high schools, particularly at newly opened schools.
- **3rd Quarter (Oct.-Dec.): net sales +11.9%, operating profit +10.2%, net profit +95.2%**
  - All core businesses expanded, with consolidated sales maintaining the robust growth rate of around 10% seen so far.
  - Operating profit declined in domestic paper-based books (market contraction, etc.), animation (promotional expenses, etc.) and web services (IT infrastructure investments, etc.). However, this was offset by increased profits from e-books (increased sales to other companies' stores), international paper-based books (strong performance in Asia), gaming (contributions from DLC for *ELDEN RING*) and Education/EdTech (increased student enrollment), enabling us to secure increased profit on a consolidated basis.
  - The extent of increases in ordinary profit and net profit expanded beyond that of operating profit due to foreign exchange gains.
- **While the progress differs among segments, the previous full-year forecasts remain unchanged**

# Consolidated Earnings Results for the 3rd Quarter of the Fiscal Year Ending March 31, 2025

(Unit: Million JPY)	Apr.-Dec. 2023 Results	Apr.-Dec. 2024 Results	Year on year (changed amount)	Oct.-Dec. 2023 Results	Oct.-Dec. 2024 Results	Year on year (changed amount)
Net sales	187,024	<b>206,587</b>	<b>+10.5%</b> <b>(+19,563)</b>	62,817	<b>70,267</b>	<b>+11.9%</b> <b>(+7,450)</b>
Operating profit	13,334	<b>15,838</b>	<b>+18.8%</b> <b>(+2,503)</b>	4,730	<b>5,211</b>	<b>+10.2%</b> <b>(+481)</b>
↳ Operating margin	7.1%	<b>7.7%</b>	<b>+0.5pt</b>	7.5%	<b>7.4%</b>	<b>-0.1pt</b>
Ordinary profit	13,408	<b>17,226</b>	<b>+28.5%</b> <b>(+3,818)</b>	4,019	<b>7,455</b>	<b>+85.5%</b> <b>(+3,436)</b>
Profit attributable to owners of parent	6,313	<b>7,366</b>	<b>+16.7%</b> <b>(+1,052)</b>	2,188	<b>4,270</b>	<b>+95.2%</b> <b>(+2,082)</b>
EBITDA	18,122	<b>21,534</b>	<b>+18.8%</b> <b>(+3,412)</b>	6,526	<b>7,227</b>	<b>+10.7%</b> <b>(+700)</b>

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

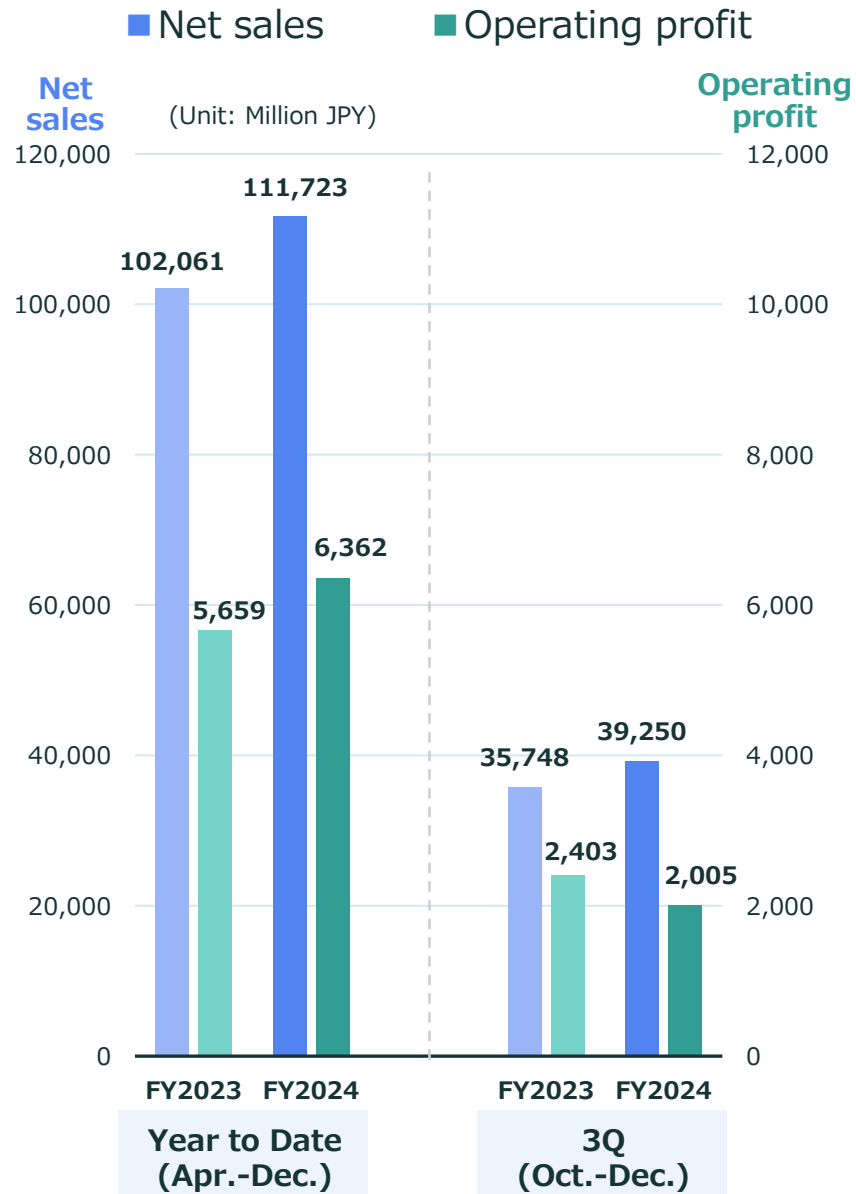
# Net Sales and Operating Profit by Business Segment

(Unit: Million JPY)		Apr.-Dec. 2023	Apr.-Dec. 2024	Year on year		Oct.-Dec. 2023	Oct.-Dec. 2024	Year on year	
		Results	Results	(changed amount)		Results	Results	(changed amount)	
Publication/ IP Creation	Net sales	102,061	<b>111,723</b>	+9.5%	(+9,661)	35,748	<b>39,250</b>	+9.8%	(+3,501)
	Operating profit	5,659	<b>6,362</b>	+12.4%	(+703)	2,403	<b>2,005</b>	-16.6%	(-398)
Animation/Film	Net sales	32,824	<b>37,921</b>	+15.5%	(+5,096)	10,792	<b>11,490</b>	+6.5%	(+697)
	Operating profit	3,616	<b>4,705</b>	+30.1%	(+1,089)	1,111	<b>1,064</b>	-4.2%	(-47)
Gaming	Net sales	19,078	<b>26,452</b>	+38.6%	(+7,373)	5,407	<b>8,302</b>	+53.5%	(+2,894)
	Operating profit	5,994	<b>8,659</b>	+44.5%	(+2,664)	1,966	<b>2,586</b>	+31.6%	(+620)
Web services	Net sales	16,082	<b>13,369</b>	-16.9%	(-2,712)	5,081	<b>5,039</b>	-0.8%	(-41)
	Operating profit	1,067	<b>-712</b>	-	(-1,780)	418	<b>295</b>	-29.4%	(-123)
Education/EdTech	Net sales	9,795	<b>11,319</b>	+15.6%	(+1,524)	3,092	<b>3,661</b>	+18.4%	(+568)
	Operating profit	1,558	<b>2,264</b>	+45.3%	(+705)	391	<b>816</b>	+108.5%	(+425)
Others	Net sales	14,596	<b>12,570</b>	-13.9%	(-2,025)	5,203	<b>4,787</b>	-8.0%	(-415)
	Operating profit	-3,033	<b>-3,212</b>	-	(-179)	-1,107	<b>-789</b>	-	(+317)
Corporate/ Eliminations	Net sales	-7,414	<b>-6,769</b>	-	(+645)	-2,509	<b>-2,263</b>	-	(+245)
	Operating profit	-1,528	<b>-2,228</b>	-	(-699)	-454	<b>-767</b>	-	(-313)

# System Failure Caused by Large-scale Cyberattack: Impact on Business Performance

(Unit: Million JPY)	Impact on the Full Year				
	(Revised forecasts)	Impact on 1Q (Results)	Impact on 2Q (Results)	Impact on 3Q (Results)	Impact on 4Q (Forecasts)
<b>Impact on Net Sales</b>	<b>-8,100</b>	-2,600	-4,900	-550	-50
<b>Publication/IP Creation</b> (Domestic paper-based books)	<b>-3,650</b>	-1,350	-1,800	-500	-
<b>Web Services</b>	<b>-3,950</b>	-1,250	-2,600	-50	-50
<b>Others</b>	<b>-500</b>	-	-500	-	-
<b>Impact on Operating Profit</b>	<b>-4,950</b>	-1,900	-2,750	-300	-
<b>Publication/IP Creation</b> (Domestic paper-based books)	<b>-1,900</b>	-800	-850	-250	-
<b>Web Services</b>	<b>-2,550</b>	-1,100	-1,400	-50	-
<b>Others</b>	<b>-500</b>	-	-500	-	-
<b>Extraordinary Losses</b> ※ Losses related to compensation to creators on the niconico service and work to investigate the incident and restore systems	<b>2,400</b>	2,000	350	-	50

# Business Overview – Publication/IP Creation Segment



## Factors for Increase/Decrease in the First Nine Months

**Sales: YTD +9.5% / +9,661M (3Q +9.8% / +3,501 M)**

Domestic paper-based books/information media	E-books	International paper-based books	Rights licensing	Other subsidiaries, etc.
YoY -9.3%	YoY +14.8%	YoY +19.3%	YoY +9.6%	YoY +51.7%
Composition ratio: 27%	Composition ratio: 42%	Composition ratio: 12%	Composition ratio: 9%	Composition ratio: 10%

- Sales of domestic paper-based books declined. In addition to the ongoing contraction of the entire market, this was due to factors including the decrease in shipments of existing books due to the cyberattack from early June to mid-August. In 3Q, despite an increase in the number of new IPs, sales declined compared with the same period in the previous fiscal year when some hit titles contributed, due to the effects of market contraction, increased returns as an effect of stalled high-precisions shipments during the cyberattack period.
- E-books continued to perform strongly, both in the first nine months and 3Q (+12.4%), mainly from sales to stores of other companies. Even when the effects of changes to the timing of revenue recognition are excluded, growth was in the high single digits in both the first nine months and 3Q.
- International paper-based books saw increased sales in the first nine months and 3Q, with 3Q sales rising 27.4%. Strong performance in Asia continued to drive overall results.
- Rights licensing sales enjoyed a high growth rate of around 10% both in the first nine months and 3Q, with sales for gaming machines among the contributing factors.

**Operating profit: YTD +12.4% / +703M (3Q -16.6% / -398M)**

- Growth drivers such as e-books, international paper-based books and rights licensing led to increased operating profit as the segment overall. In 3Q, the decline in sales of domestic paper-based books had a significant impact, driving down operating profit.

## Future outlook

- From the next fiscal year and beyond, we will strengthen IP creation functions, which are the source of the Global Media Mix. We expect that our past investments in human resources will bear fruit and increases in the number of new IPs will continue. We also project further enhancement to the comics genre.
- Through the continued strong performance of e-books and rights licensing sales, the scaling up of the international paper-based books business including contributions from regions we have newly expanded into, and enhanced productivity in the domestic paper-based books business from improved return rates, we will work to improve profit margins across the segment in the medium- to long-term.



# Overview of Business Performance - Publication/IP Creation Segment (Nine Months Factors for Increase/Decrease in Operating Profit)

## ◆ Publication / IP Creation Segment operating profit: YoY +12.4%/+703M

• In addition to continued strong performance in sales to stores of other companies, changes to the timing of revenue recognition also had an effect, resulting in robust growth

• Solid growth continued

• Impact from decline in sales due to the cyberattack

• Impact from increased costs including sharply rising logistics expenses and material costs due to market conditions

• Office relocation-related expenses in 1Q of the previous fiscal year were a factor in the higher profit.

• Growth driven by steady performance in Asia

• Impact from the ongoing contraction of the magazine business

• Most attributable to the effect from increased bonus provisions in 2Q  
Investment in human resources, mainly editors, increased, for medium- to long-term growth

• Investment in the comic book genre also increased year on year.

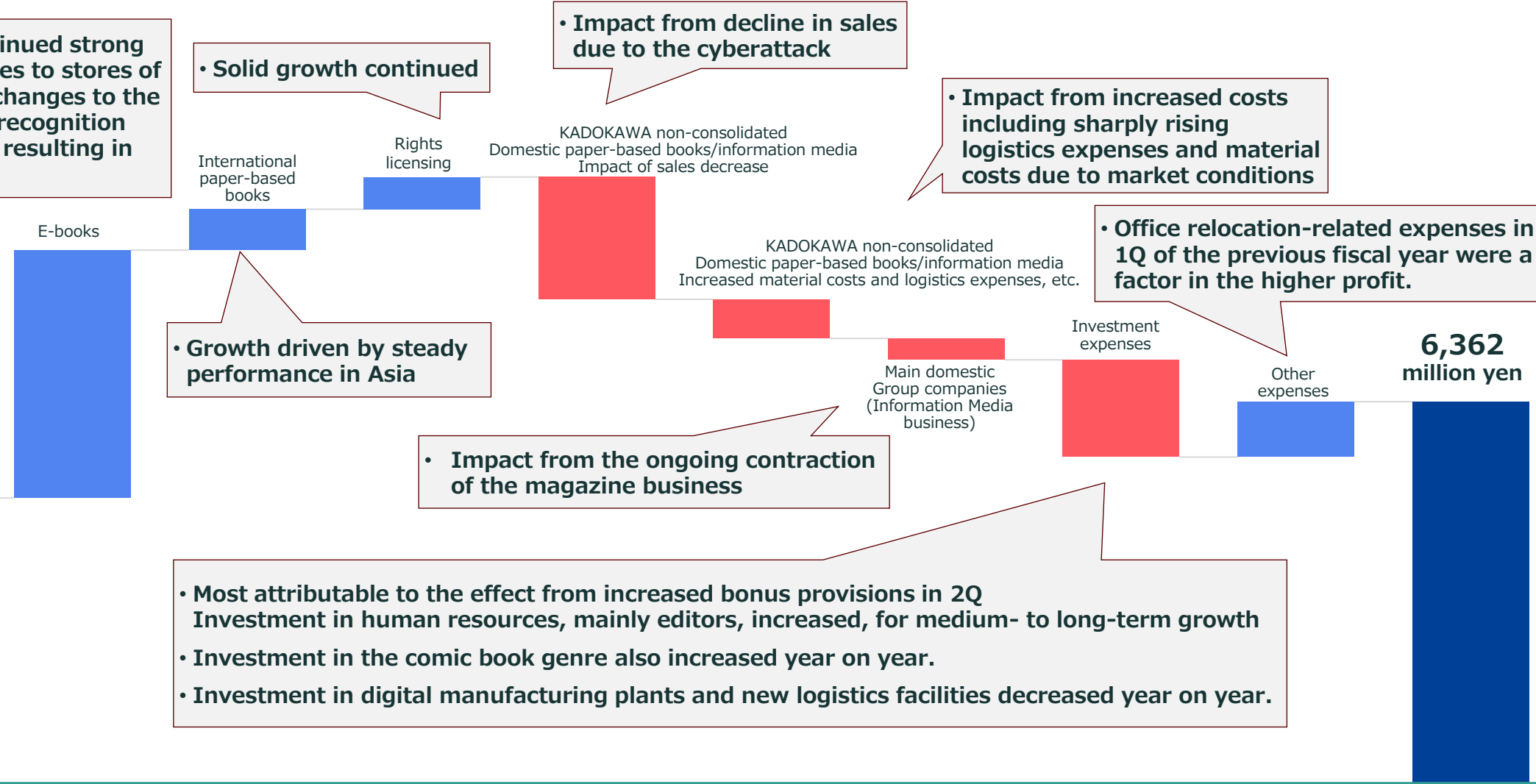
• Investment in digital manufacturing plants and new logistics facilities decreased year on year.

5,659 million yen

6,362 million yen

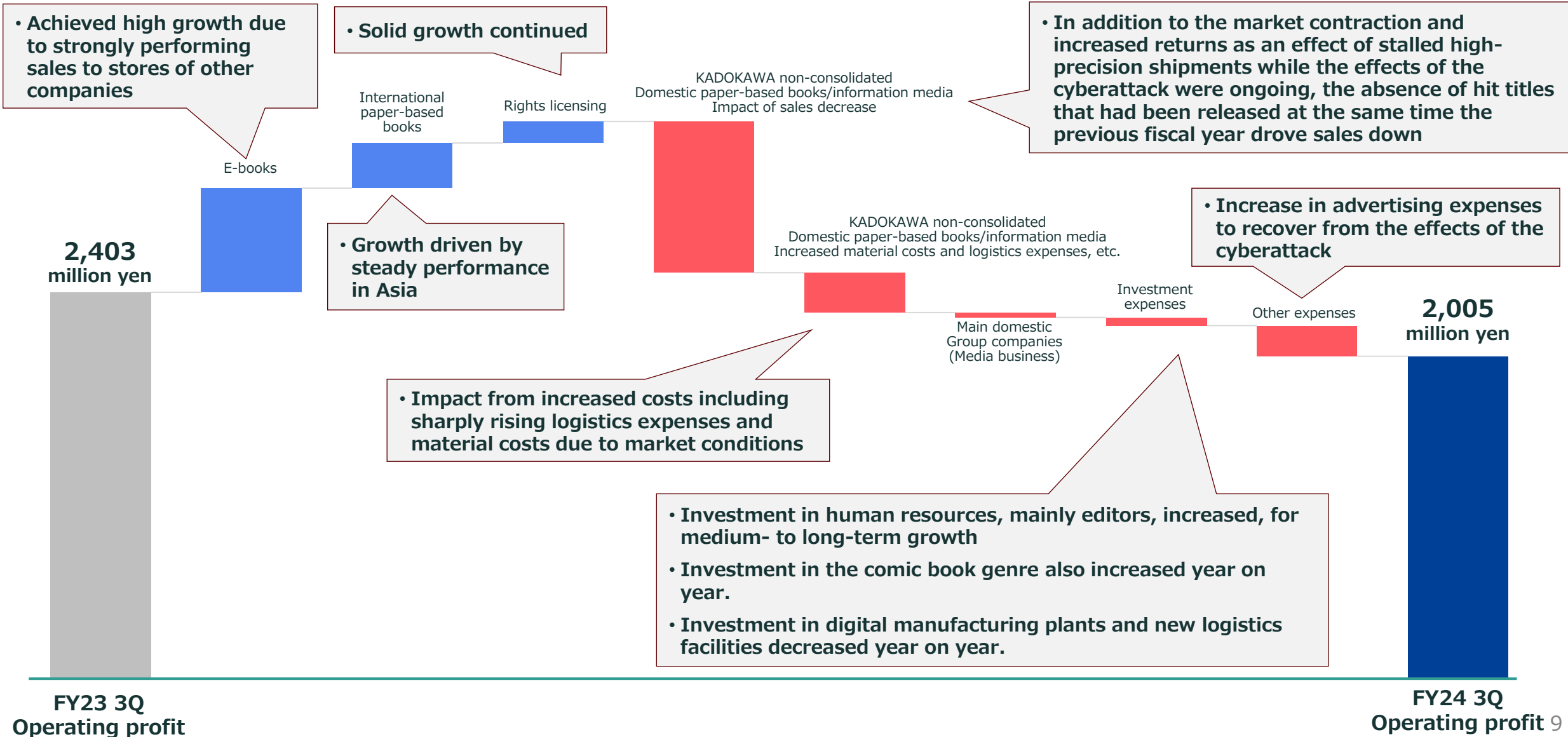
FY23 1-3Q  
Operating profit

FY24 1-3Q  
Operating profit 8



# Overview of Business Performance - Publication/IP Creation Segment (3Q Factors for Increase/Decrease in Operating Profit)

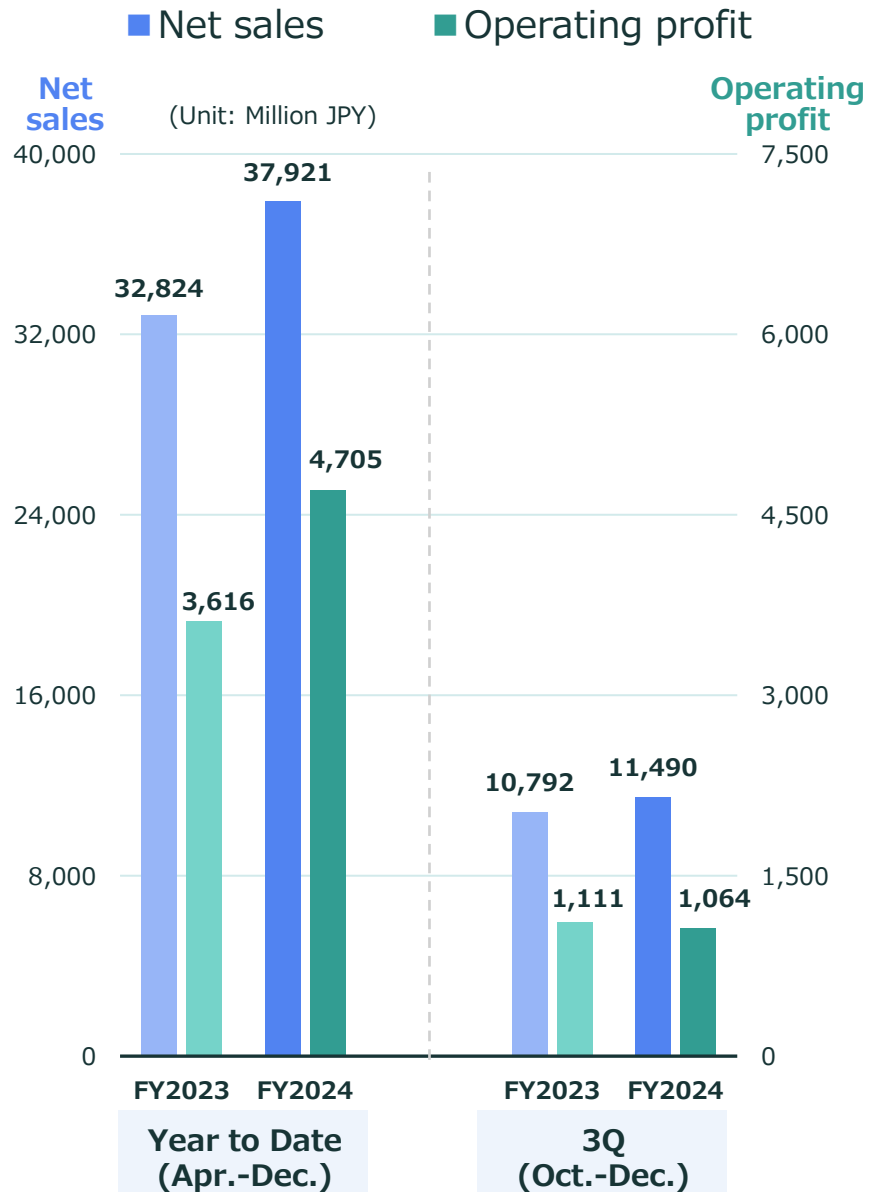
◆ Publication / IP Creation Segment operating profit: YoY -16.6%/-398M



FY23 3Q  
Operating profit

FY24 3Q  
Operating profit 9

# Business Overview –Animation/Film Segment



## Factors for Increase/Decrease in the First Nine Months

**Net sales: YTD +15.5% / +5,096M (3Q +6.5% / +697M)**

**Animation**  
YoY+38.6%  
Composition ratio:73%

**Film**  
YoY+7.9%  
Composition ratio:27%

- In Animation, strong growth continued, driven by rights licensing sales for popular series, both for domestic and international streaming, as well as for games and merchandise. In 3Q, high growth (+9.7%) continued, driven by the third season of *Re:Zero - Starting Life in Another World*, and the theatrical version of *OVERLORD: THE SACRED KINGDOM* topping one billion yen in domestic box office sales.
- In Film, sales increased both in the first nine months and 3Q (+0.6%), mainly due to rights licensing sales for the domestic streaming of the previous fiscal year's theatrical titles and the international streaming of past titles.

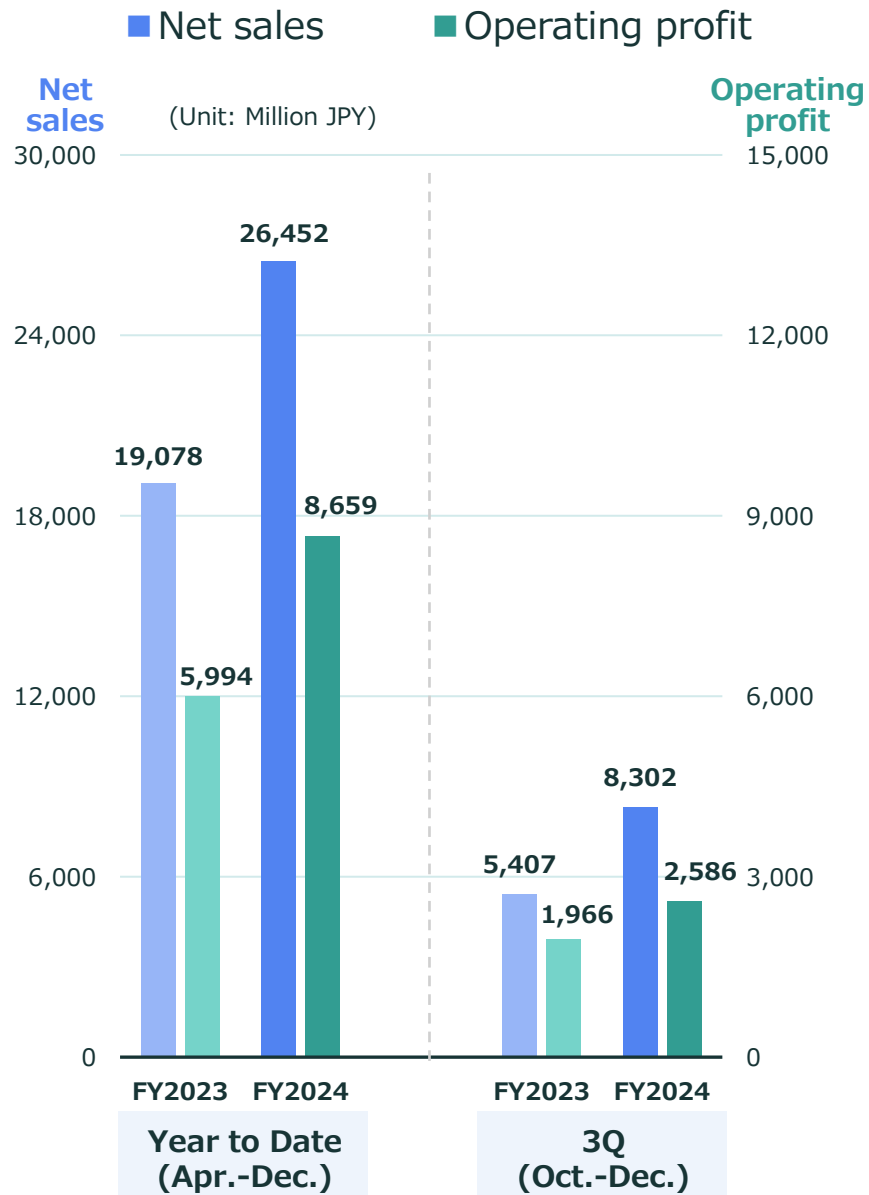
**Operating profit: YTD +30.1% / +1,089M (3Q -4.2% / -47M)**

- Due to the sales increase as mentioned above, operating profit increased in both Animation and Film. In 3Q, profit decreased in Animation, in part reflecting proactive promotional investments aimed at the next fiscal year and foreign exchange effects.

## Future outlook

- In Animation, we will continue to advance initiatives to develop in-house production studios and aim to improve the quality of titles while increasing the number of episodes produced. In the next fiscal year, we again expect to achieve healthy sales from a diverse lineup that helps maximize the LTV of our IPs, including first-time animated adaptations based on popular original works from KADOKAWA such as *The Summer Hikaru Died* in addition to the latest iterations of popular series.
- In Film, a theatrical adaptation of the popular manga series *My Love Story with Yamada-kun at Lv999* is planned for a 4Q release. In the next fiscal year, we will aim to improve revenue with the release of multiple in-house productions and KADOKAWA-distributed titles.

# Business Overview – Gaming Segment



## Factors for Increase/Decrease in the First Nine Months

**Net sales: YTD +38.6% / +7,373M (3Q +53.5% / +2,894M)**

### New titles for consoles and PCs

YoY -53.2%  
Composition ratio:13%

### Repeat sales for consoles and PCs

YoY +30.6%  
Composition ratio:13%

### Royalties for consoles and PCs

YoY+261.9%  
Composition ratio:47%

### Others

YoY+24.9%  
Composition ratio:27%

- Sales increased significantly in the segment overall both YTD and in 3Q, with the original *ELDEN RING* and its DLC contributing significantly.
  - In addition to DLC continuing to do well, strong sales of the original title helped boost royalty sales significantly, particularly overseas.
  - In 3Q, in addition to the above factors sales were helped by repeat sales of multiple past titles from Spike Chunsoft.

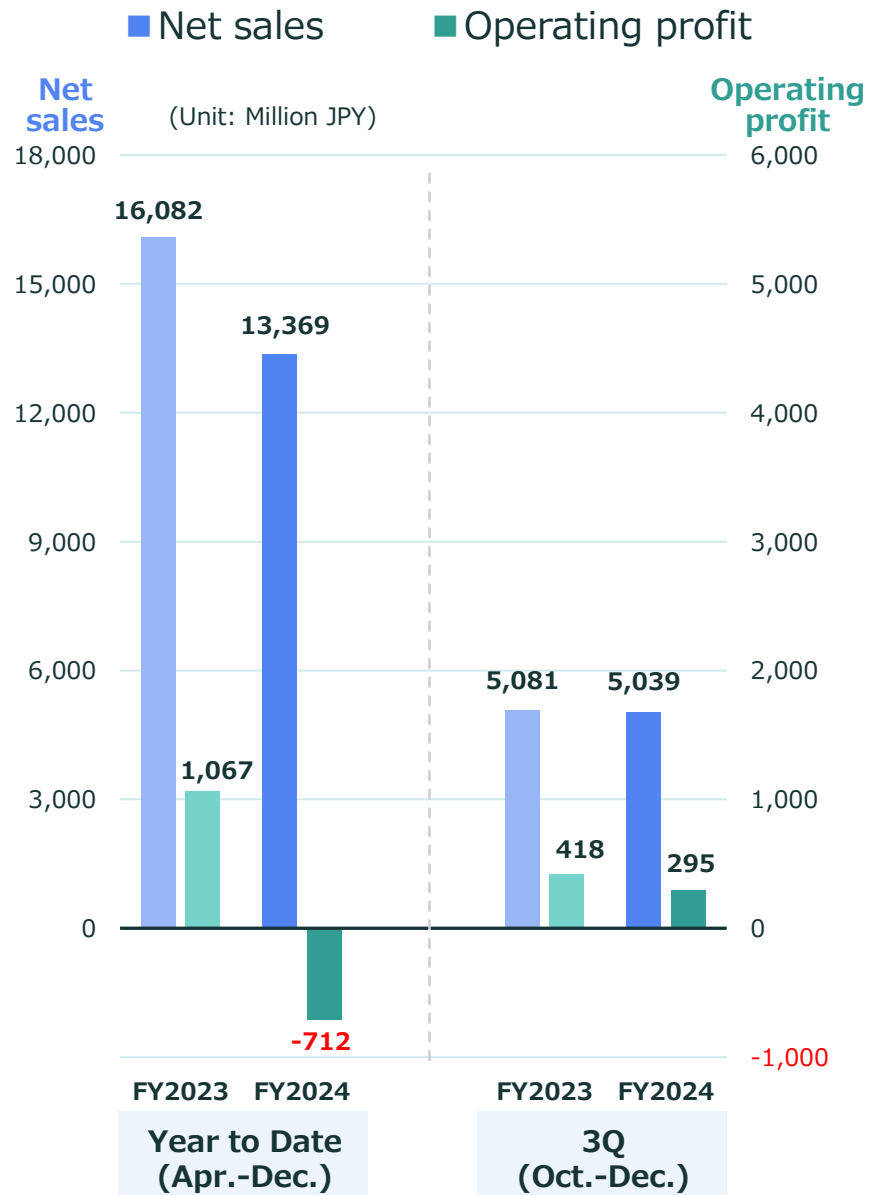
**Operating profit: YTD +44.5% / +2,664M (3Q +31.6% / +620M)**

- As a result of the above factors, operating profit increased significantly both YTD and in 3Q.

## Future outlook

- *ELDEN RING NIGHTREIGN*, a spin-off title of *ELDEN RING*, is scheduled for a 2025 release. As a cooperative survival action title, the spin-off title offers a new way to enjoy the franchise with a game design that differs completely from the original, in an effort to maximize the LTV of the series.
- For medium- to long-term growth, we are expanding the development pipeline, including major titles.
  - We are developing a structure to expand the scope of in-house publishing for console and PC games.
  - For mobile games, a mobile game for [*Oshi no Ko*] is under development. Beyond that, we are making preparations to consistently launch titles that are of higher quality.

# Business Overview – Web Services Segment



## Factors for Increase/Decrease in the First Nine Months

**Net sales: YTD -16.9% / -2,712M (3Q -0.8% / -41M)**

Niconico-related	Live	Mobile
YoY -18.8%	YoY -7.0%	YoY -16.8%
Composition ratio: 72%	Composition ratio: 16%	Composition ratio: 11%

- Due to falling sales in niconico related businesses, which lost sales from June to August in connection with service disruptions from a cyberattack, sales declined in the segment overall.
  - In 3Q, sales increased for niconico related businesses due to the effects of an increase in monthly premium membership rates implemented in March the previous year. However, sales decreased in the mobile business, leaving sales for the segment flat overall.

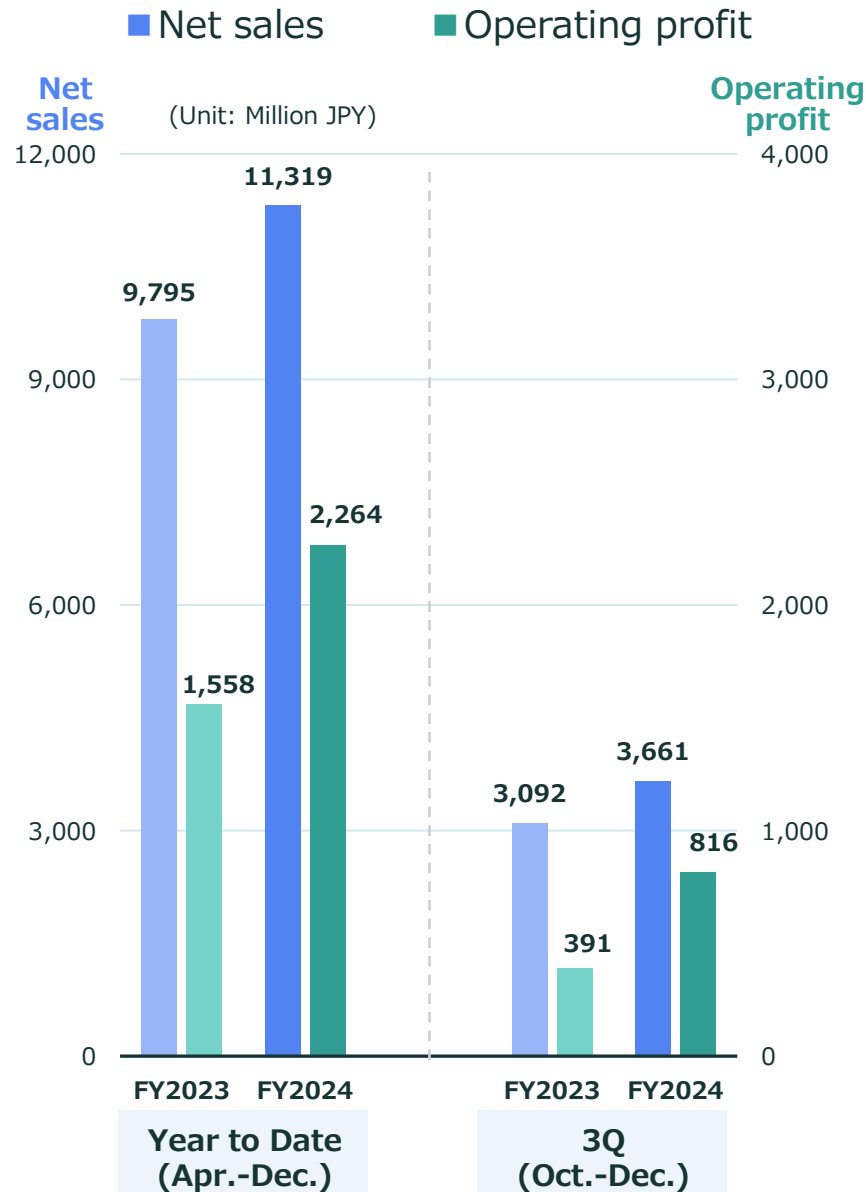
**Operating profit: YTD - / -1,780M (3Q -29.4%/ -123M)**

- In the first nine months, operating profit declined, mainly from the effects of the cyberattack. In 3Q, operating profit declined due to IT infrastructure investment, which will peak for this fiscal year, and the effects of declining sales in the mobile business.

## Future outlook

- DWANGO, which oversees the web services business, will carry out an absorption-type merger with BOOK WALKER and KADOKAWA Connected, key subsidiaries involved with digital business inside the KADOKAWA Group. The move aims to strengthen competitiveness by consolidating the engineers from the three companies, optimally allocating development resources and promoting business streamlining.
- In niconico-related businesses, we are working to increase the number of premium members and improve profitability through service improvements. In addition, we are actively developing new customer bases focused on the live streaming market and popular niconico genres such as VOCALOID\*. \* VOCALOID is trademarks of Yamaha Corporation.
- Collaboration with other businesses in the KADOKAWA Group will be enhanced. We will strengthen the ability to secure creators and the diversity of services with the aim of improving the UU count.

# Business Overview – Education/EdTech Segment



## Factors for Increase/Decrease in the First Nine Months

**Sales: YTD +15.6% / +1,524 M (3Q +18.4% / +568 M)**

### Vantan

YoY+10.9%

Composition ratio : 71%

### N/S high school business

YoY+28.6%

Composition ratio : 29%

- The number of students increased with a high growth rate for Vantan, N High School and S High School, resulting in increased sales both YTD and in 3Q.
  - In Vantan, student enrollments grew significantly at newly opened schools that make use of KADOKAWA's IP creation and development capabilities, especially KADOKAWA SCHOOL OF ANIME and KADOKAWA SCHOOL OF MANGA.
  - In the N/S High School business, student enrollment has continued to increase, mainly due to the opening of new campuses for in-person courses and the growing popularity of the schools.

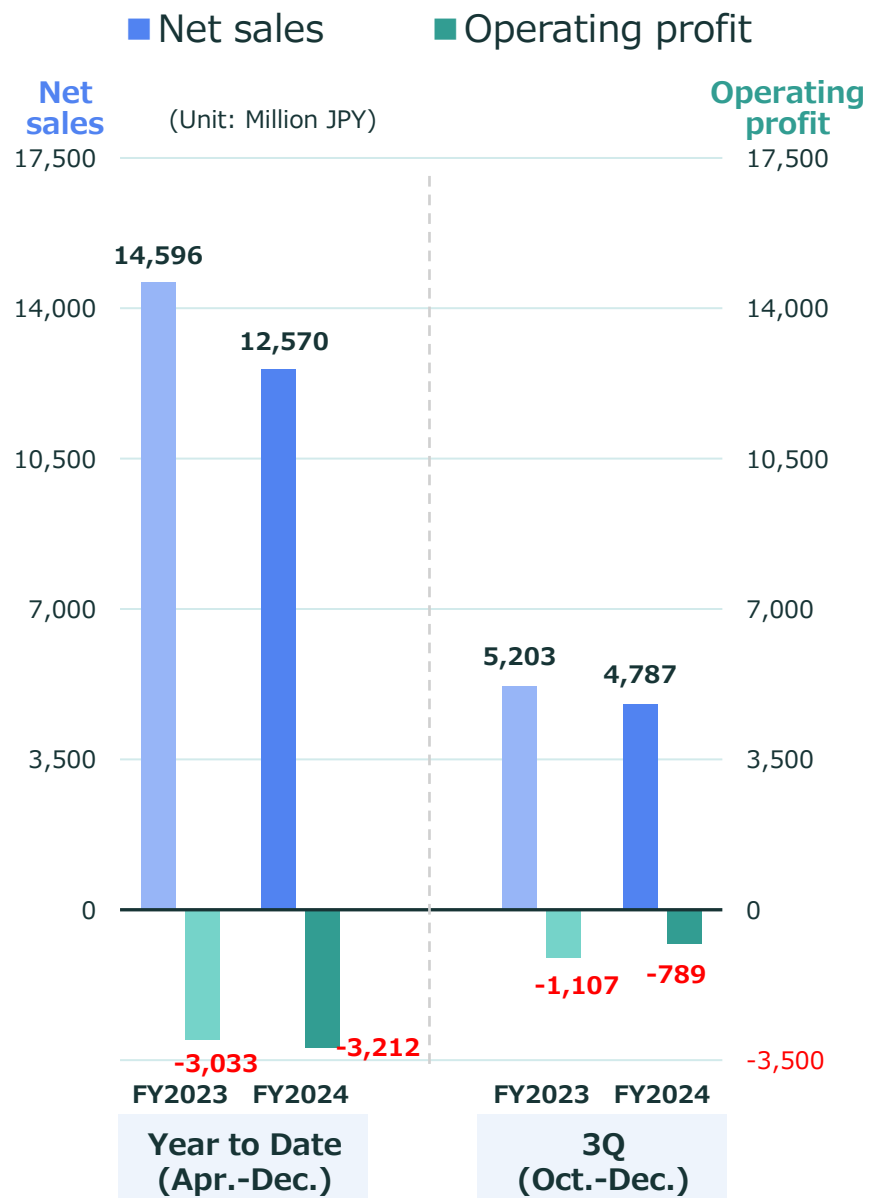
**Operating profit: YTD +45.3% / +705M (3Q +108.5% / +425M)**

- As a result of the above factors, operating profit increased both YTD and in 3Q.

## Future outlook

- We will aim to continue the high rate of growth by opening new schools, establishing new courses, and expanding popular courses to new areas.
  - At Vantan, we will expand the regions where we operate, focusing on the provision of popular courses. In April 2026 we plan to open a music-related school.
  - In the N/S High School business, we plan to open a new R High School\* in April 2025. From the next fiscal year and beyond, we expect to maintain high growth in student enrollment across all three schools, including N/S High School.
  - Applicants for ZEN University ahead of its scheduled opening in April 2025 topped 3,000 (as of the end of January 2025). Roughly half of the applications are from the N/S High Schools, where student enrollments have continually increased, and we expect to achieve stable growth in enrollments in the medium- to long-term.
- We will cultivate our own creators who will represent the talent base serving as the source of sustainable growth for the content business. We aim to build a resilient corporate structure as a Group that is less susceptible to shifting demand and supply in the creator market.

# Business Overview – Others Segment



## Factors for Increase/Decrease in the First Nine Months

**Net sales: YTD -13.9% / -2,025M (3Q -8.0% / -415M)**

MD	Commercial facility	Others
YoY -2.8%	YoY +8.1%	YoY -28.2%
Composition ratio:35%	Composition ratio:22%	Composition ratio:43%

- Net sales declined slightly in the MD business. Sales of music CDs declined, but IP-related goods performed well, including overseas.
- In the commercial facility business, net sales increased (+36.2% in 3Q), in part due to strong performance of IP events, which have also expanded outside Sakura Town.
- In other businesses, sales declined due to factors such as the withdrawal from the purchase and sales of some items considering their profitability (approx. -1 billion yen), and a decline in inter-segment translations at functional subsidiaries promoting in-Group DX (no consolidated impact. approx. -2 billion yen including impact of cyberattack).

**Operating profit: YTD - / -179M (3Q - / +317M)**

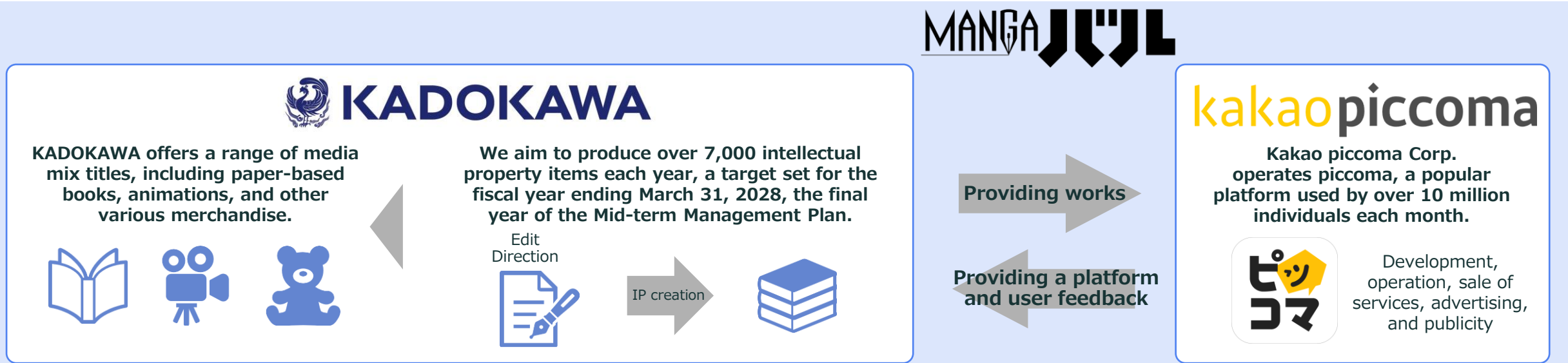
- Operating profit increased slightly in the MD business. In 3Q, operating profit fell in part due to rising costs.
- In the commercial facility business, the deficit continuously narrowed due to the effect of lower amortization expenses resulting from the impairment loss in the previous year and ongoing cost control.
- In other businesses, operating profit declined due to factors decreasing sales at the abovementioned functional subsidiaries (no consolidated impact. approx. -600 million yen up to 2Q). This had a big impact and operating profit declined in the segment as a whole.

## Future outlook

- In the MD business, next fiscal year we will further strengthen the international rollout of services and merchandise, and expand to make steady progress as new pillar of our Global Media Mix strategy.
- In the Commercial Facility business, in addition to ongoing measures to attract visitors to Sakura Town and control costs, we will aim to improve business performance through the nationwide rollout of events that help improve IP value.

# Business Alliance with Kakao piccoma Corp.: Joint Development of the E-Manga Magazine MANGA Bar

- KADOKAWA is developing and operating its first e-manga magazine, MANGA Bar, with Kakao piccoma Corp., which operates piccoma, one of Japan's leading e-comic and e-novel services. We strive to make MANGA Bar one of Japan's largest platforms for creating intellectual property, aiming to match or exceed the scale of competing manga magazines.
- In addition to distributing our own original works, we aim to help discover and nurture comic writers while creating and distributing mega hits through MANGA Bar that will be loved worldwide.



- ✓ MANGA Bar was launched on December 16. We established a special framework to promote MANGA Bar to piccoma users.
- ✓ 11 titles are currently serialized. The serialized titles are updated every day or week. New titles will be serialized.
- ✓ In FY2025, we plan to publish 80 comic books.



*Kaisei no Ribelial*  
©エターナル14歳



*Stella Testa Rossa*  
©奥島煉瓦



*Why is His Lying Majesty So Obsessed With Me?*  
©奥島煉瓦



*Yokohama Outsiders*  
©ヨルカ



*Kumagurashi*  
©若松卓宏・野田宏



*CMYK Kazuo Samedan Can't Cure His Chunibyoo*  
©コバコ



*The Beloved Fake Little Girl of the Duke Family*  
©ももやま・琴子



# Capital and Business Alliance with Sony Group Corporation

- We will expedite the creation and distribution of intellectual property by enhancing collaboration with Sony Group Corporation and securing funding from the Group.

 <b>KADOKAWA</b> The ability to create IP, particularly publications, animations, and games	×	<b>SONY</b> The ability to develop animations, movies, games, and music on a global scale
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## Key activities that we aim to enhance by utilizing the capital and business alliance

Primary business involved	IP creation			IP distribution		
	Discovery, development	Creation	Investment, acquisition	Media mix	Distribution	Investment, acquisition
Animation/ Film	Development of personnel for the promotion and dissemination of virtual production	Production of animated works through joint management and co-production	Joint investments in prime business areas in global content domains  Acquiring content holders, both domestic and international, including publishers, animation production companies, and game developers	Joint promotion of further media mix of both companies' IP  Global adaptations and distribution by Sony Group of the Company's IP into live-action films and drama series	Further expansion of global distribution by Sony Group of the Company's animated works and anime-related products	Developing production, distribution, and sales bases and acquiring companies overseas
Web services, MD, etc.	Discovery of new creators using UGC platforms				Distribution of the Company's publications, including manga, as e-books by the Sony Group	
Publication/ IP Creation					Further expansion of the scope of the Company's game publishing	
Gaming						

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## Appendix

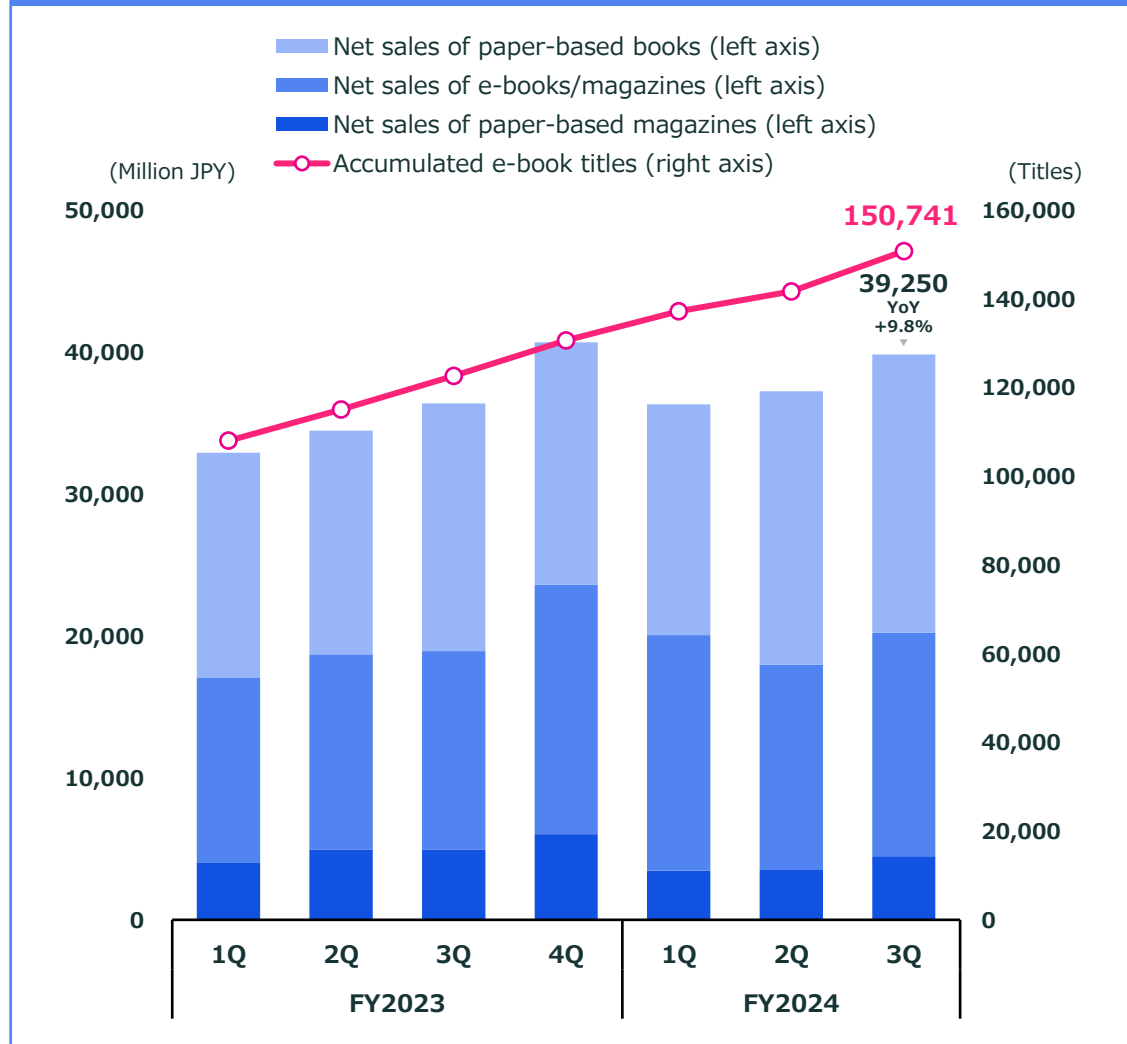
## Status of Response to Recommendations from the Japan Fair Trade Commission

- KADOKAWA and its wholly owned subsidiary KADOKAWA LifeDesign were regarded by the Japan Fair Trade Commission to have unilaterally decided to revise the order unit prices related to publishing operations from the April 2023 issue of the magazine *Lettuce Club* without adequately consulting with 26 subcontractors, and subsequently received recommendations from the commission.
- We will take actions on the following six items contained in the recommendations, which we expect to be completed by March 31, 2025.
- Beyond implementing these actions, we will also investigate whether there have been cases of similar rate cuts in the past, and continue taking measures to rebuild and reinforce our awareness of legal compliance.

Recommendations	Status	Current status
1. Retroactively reach an agreement regarding subcontracting fees and pay the difference	Completion	<ul style="list-style-type: none"> <li>• From November to December 2024, we engaged in consultations with the affected subcontractors over new rates.</li> <li>• In December 2024, we completed making retroactive payments to make up the different in rates dating back to the April 2023 issue.</li> </ul>
2. Make a Board of Directors resolution acknowledging that there was a violation of the Subcontracting Act in this instance and affirming that subcontracting rates will not be unfairly determined in the future.	Completion	<ul style="list-style-type: none"> <li>• The resolution was made at the November 2024 Board of Directors meeting.</li> </ul>
3. Take necessary measures to improve internal systems, including having the personnel responsible for placing orders with subcontractors undergo training about the Subcontracting Act.	Measures being taken	<ul style="list-style-type: none"> <li>• From January to February 2025, we are conducting multiple internal training sessions for all employees involved in ordering operations, with an outside attorney serving as the instructor.</li> </ul>
4. Disseminate the details of recommendations 1 through 3 among all employees	Measures being taken	<ul style="list-style-type: none"> <li>• We disseminated information including information about correcting violations, the implementation of internal training, the verification of various procedures, strengthened monitoring and the importance of being aware of legal compliance issues.</li> </ul>
5. Disseminate information about recommendations 1 through 4 with all subcontractors	Measures being taken	<ul style="list-style-type: none"> <li>• Notices for contractors are currently being prepared.</li> </ul>
6. Report on the details of the above recommendations 1 through 5 to the Japan Fair Trade Commission	Measures being taken	<ul style="list-style-type: none"> <li>• Monthly progress reports are being made.</li> </ul>

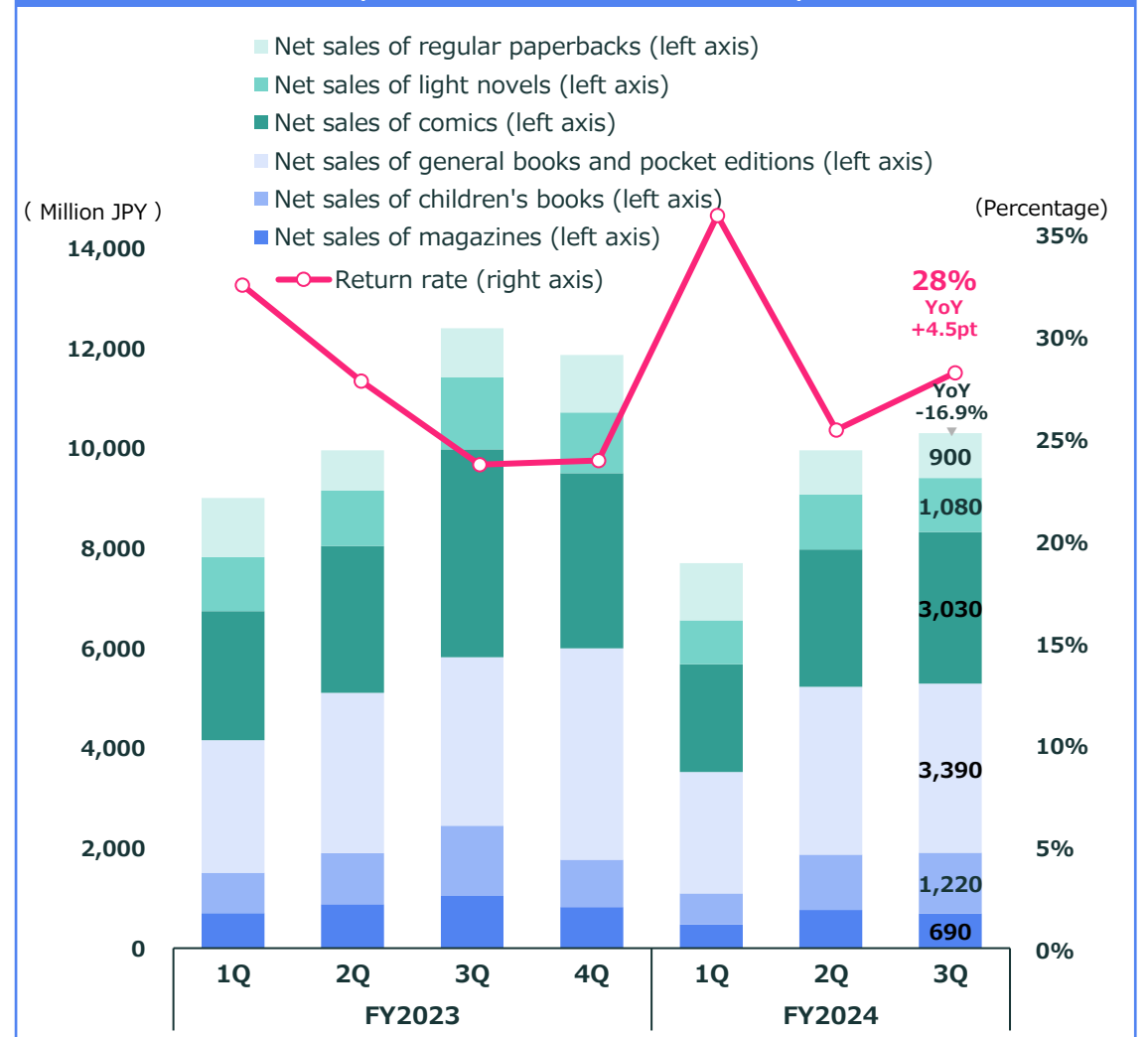
# Publication/IP Creation Segment

## Sales trend of Publication/IP Creation Segment



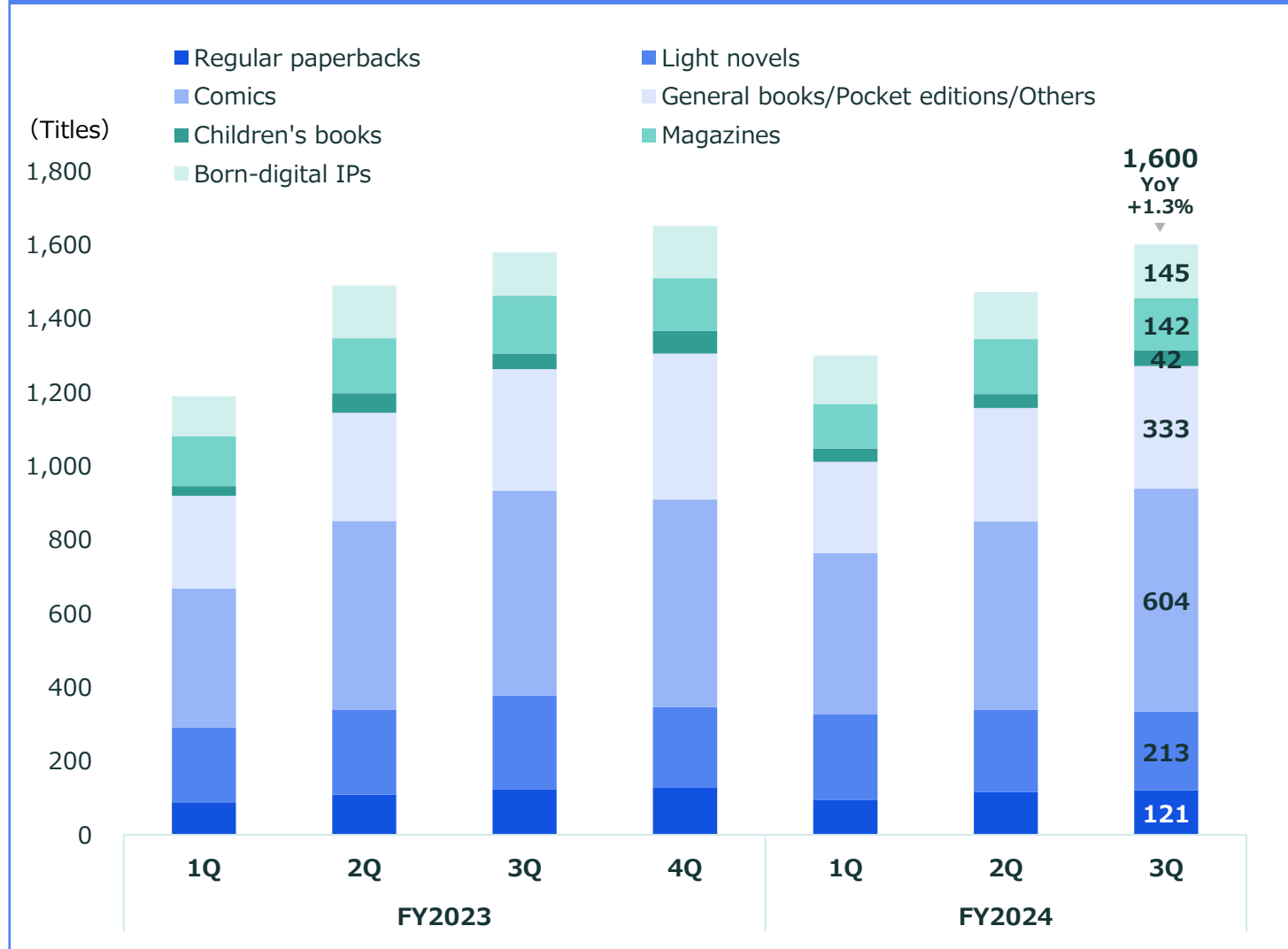
\*Accumulated e-book titles include the number of distribution by chapter

## Sales trend of paper-based books/magazines and returns rate (KADOKAWA Non-consolidated)

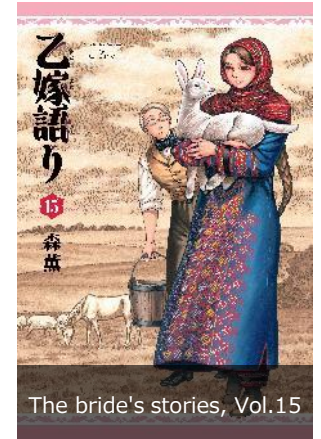


# Publication/IP Creation Segment

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



## Titles contributing to sales



(C) Kaoru Mori 2024



(C)Mokumokuren

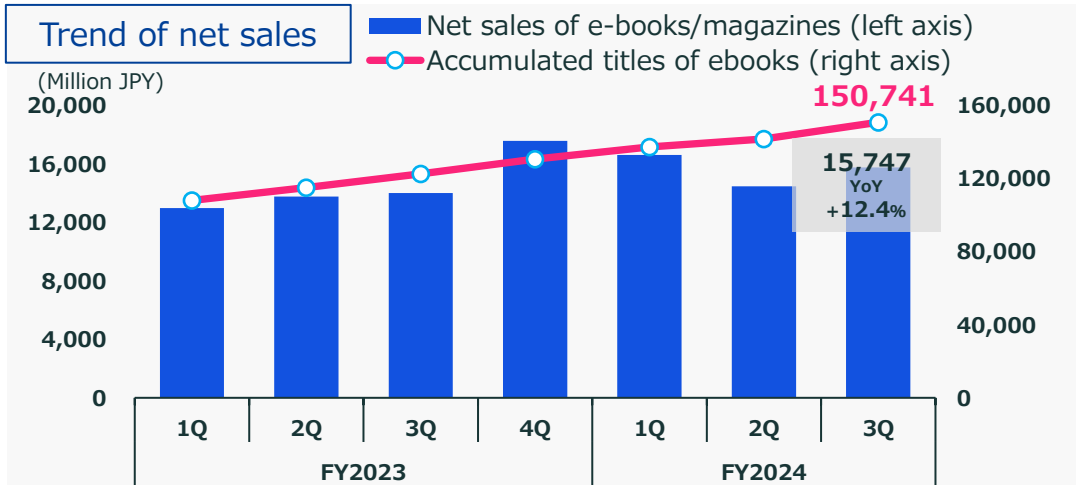


©MASHIRO/COMISMA INC.

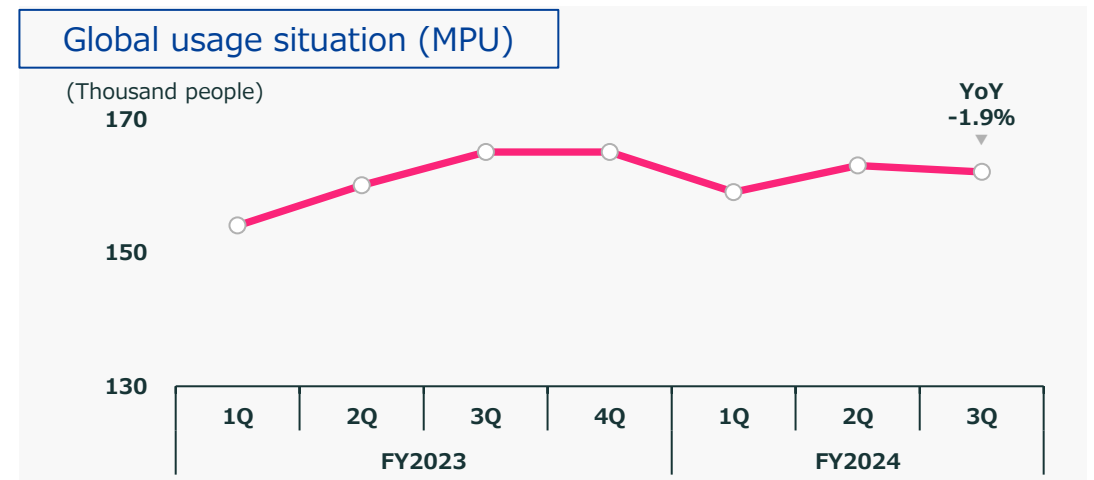
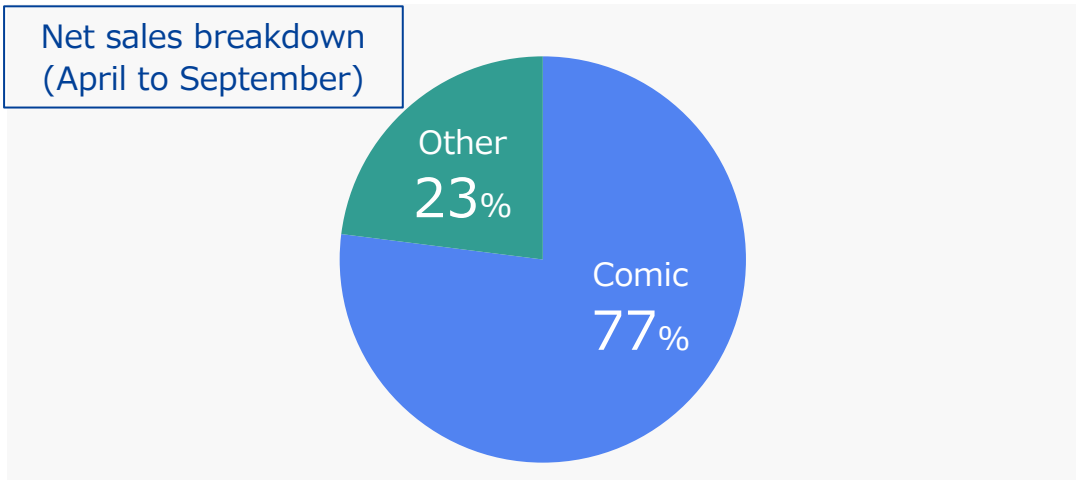
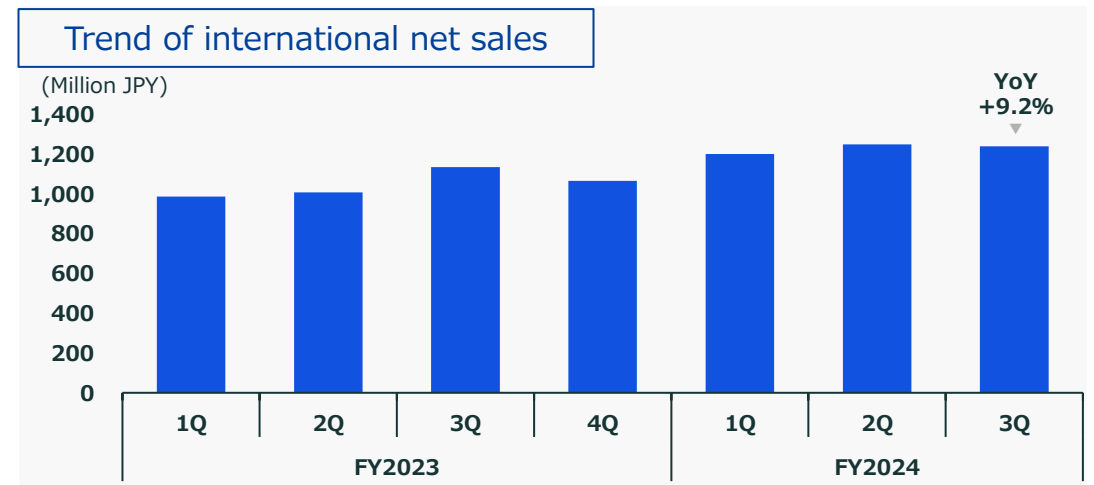
\* Total of IPs including Group companies' and born-digital titles in addition to KADOKAWA non-consolidated paper-based books

# E-book Business

## E-books/magazines



\*Accumulated titles of ebooks include the number of distribution by chapter

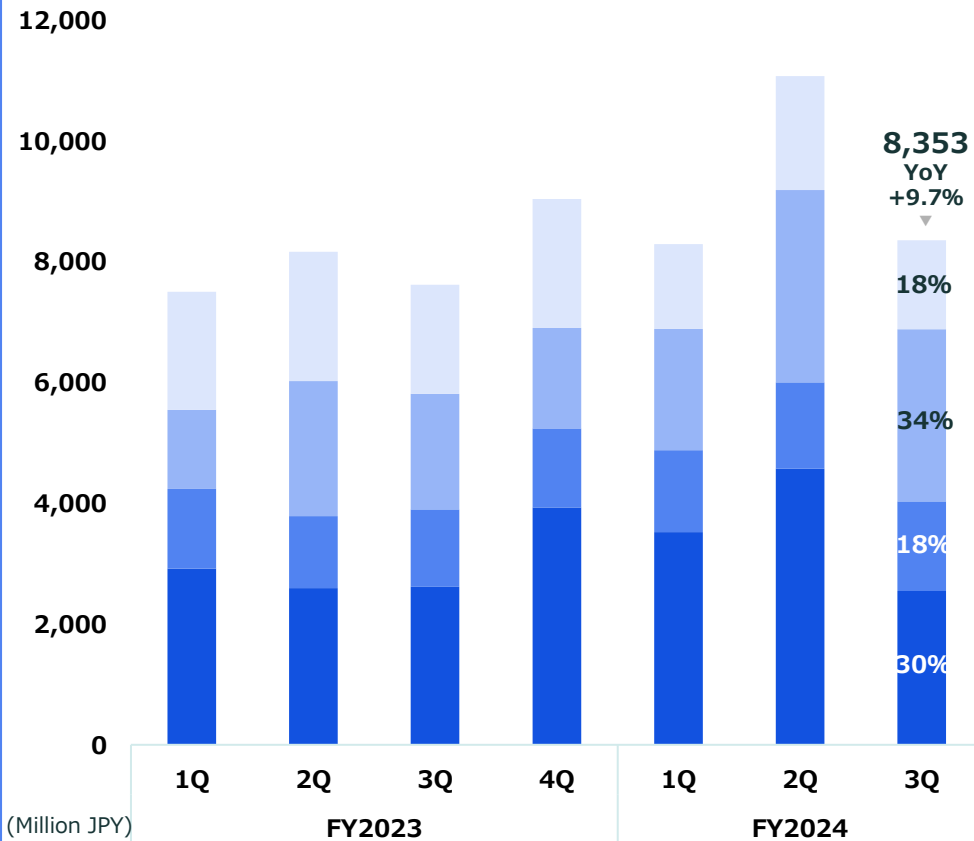


\*MPU (Monthly Paid User)

# Animation/Film Segment

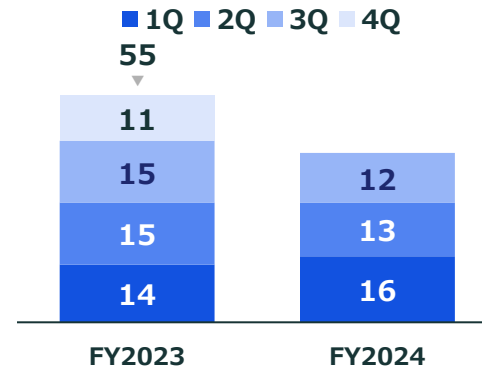
## Net sales of animation business

- Others (including production subsidiaries)
- Domestic merchandising
- Domestic streaming
- International



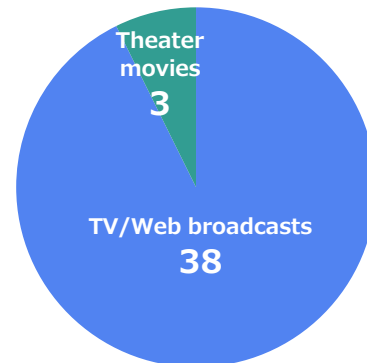
## The number of animation titles

### Number of new titles



\*Number of titles including minor investment

### Breakdown by media in Apr. to Dec.



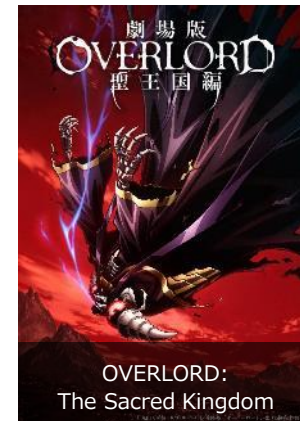
## Titles contributing to sales



©Tappei Nagatsuki,KADOKAWA/Re:ZERO3 PARTNERS



©Riichiro Inagaki, Ryoichi Ikegami/Shogakukan/Anime Trillion Game Partners



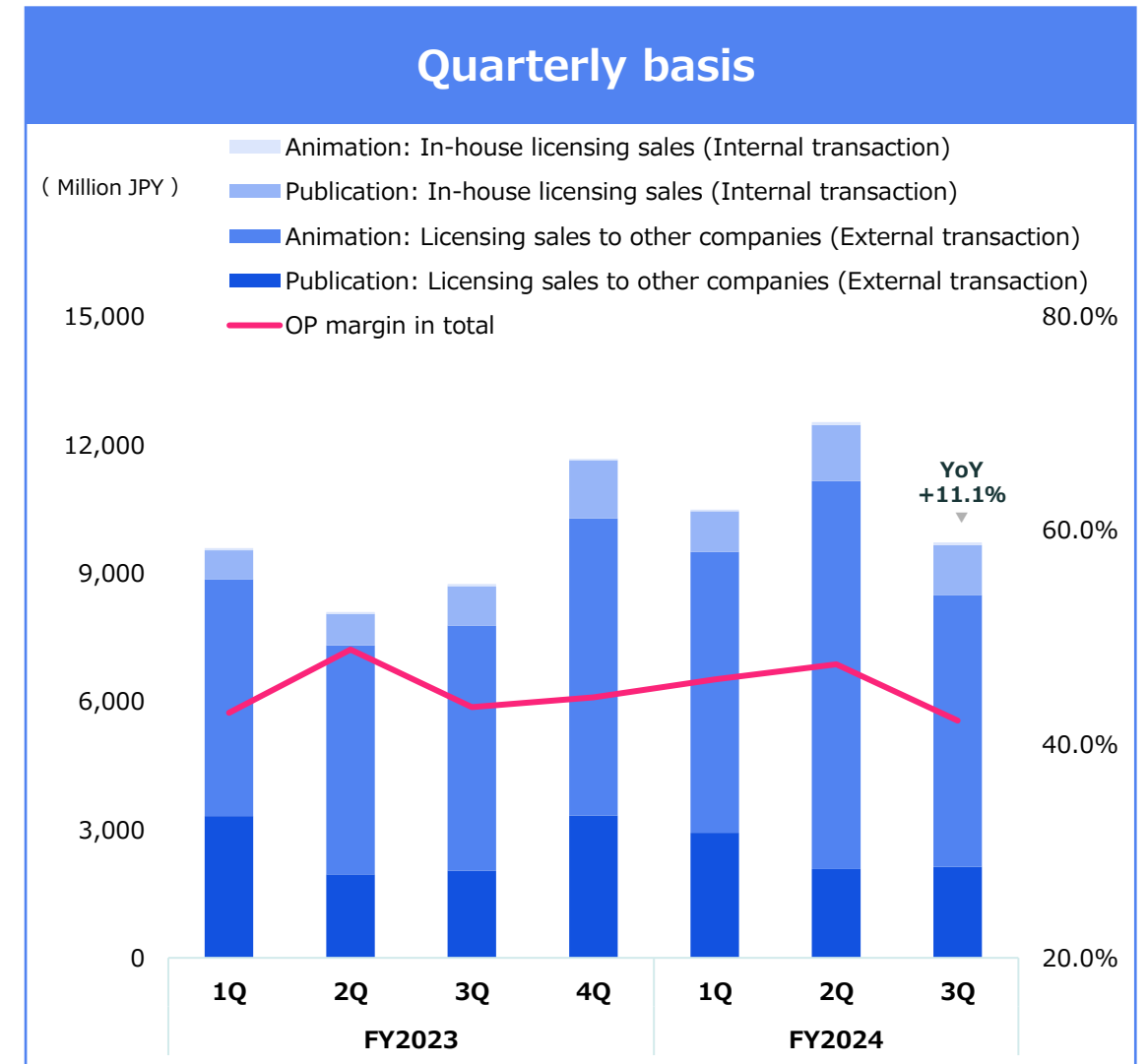
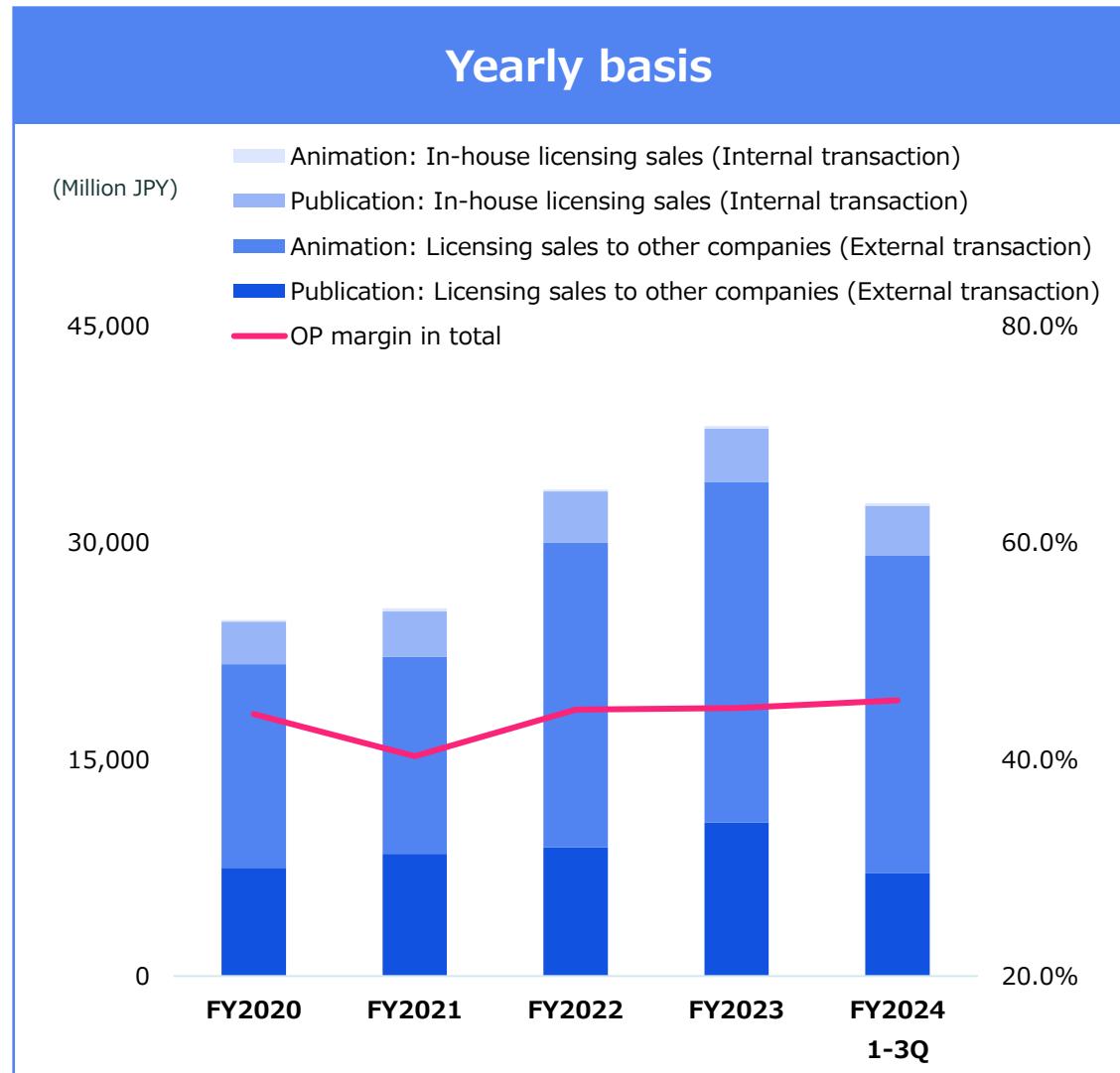
©Kugane Maruyama,PUBLISHED BY KADOKAWA CORPORATION/OVERLORD:The Sacred Kingdom Movie Partners



©Akira Amano / SHUEISHA, Ron Kamonohashi's Forbidden Deductions Partners

# Sales and Operating Margin of Rights-Licensing in Publication and Animation Businesses

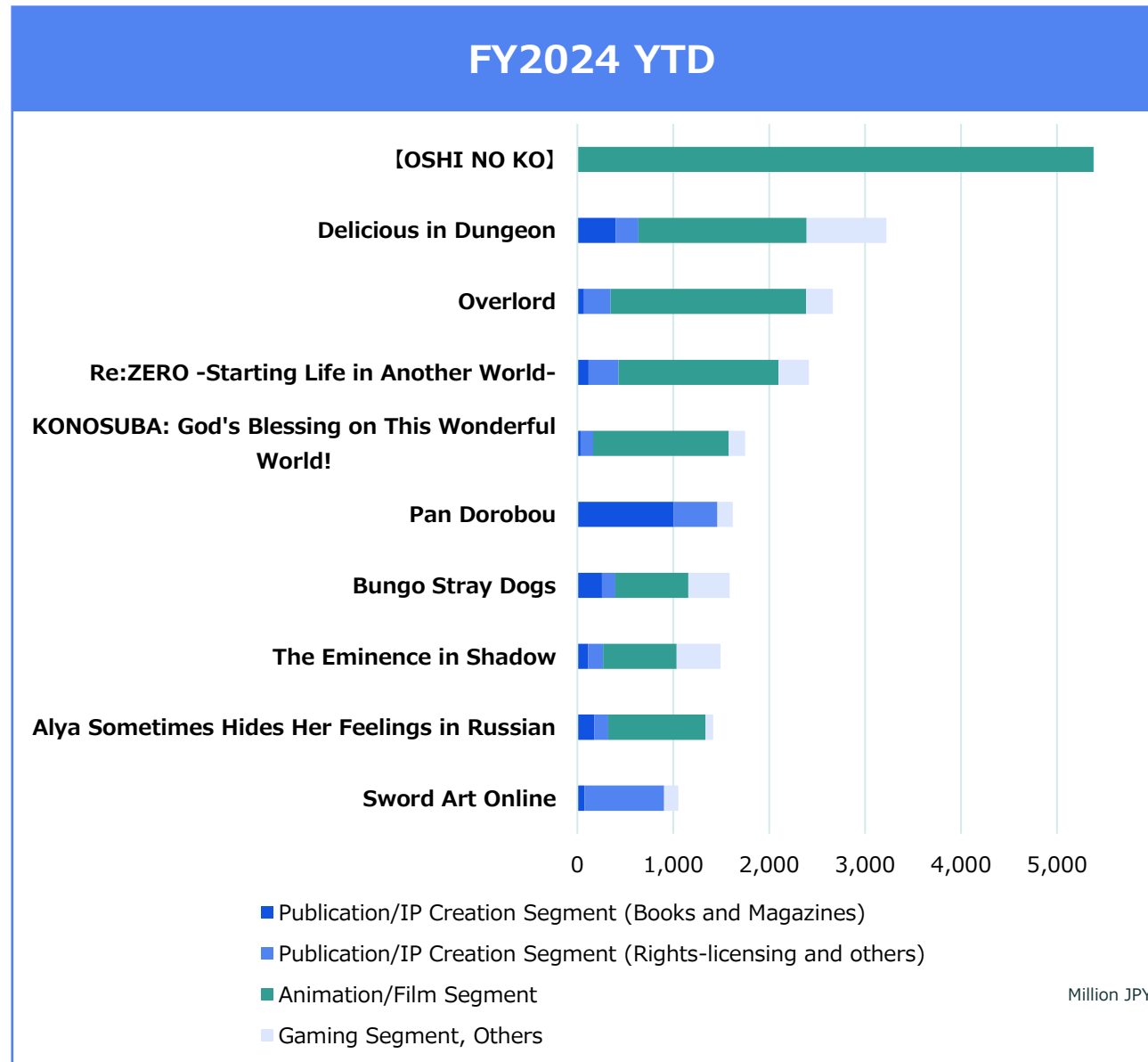
(KADOKAWA Non-consolidated)



\* The operating margin related to rights-licensing sales is a managerial accounting figure estimated based on certain definitions. This figure is higher than actual because many expenses are not taken into account, such as costs related to IP creation and costs from back-office departments.



# Net Sales of the Top Ten Best-Selling Titles (including sales from rights-licensing, KADOKAWA Non-consolidated)



## Publication/IP Creation

\* Applies to entire series from starting year of publication to the latest release

Rank	Title Name (Series)	Year First Published
1	Pan Dorobou	2020
2	Sword Art Online	2009
3	Delicious in Dungeon	2015
4	KADOKAWA Manga Gakushu Series	2015
5	Mushoku Tensei: Jobless Reincarnation	2014
6	Spice and Wolf	2006
7	Re:ZERO -Starting Life in Another World-	2014
8	Bungo Stray Dogs	2013
9	Rascal Does Not Dream	2014
10	The Irregular At Magic High School	2011

## Animation/Film

\* Applies to all titles from starting year of broadcast to the latest airing

Rank	Title Name (Series)	Year First Aired
1	[OSHI NO KO]	2023
2	Overlord	2015
3	Delicious in Dungeon	2023
4	Re:ZERO -Starting Life in Another World-	2016
5	KONOSUBA: God's Blessing on This Wonderful World!	2016
6	Alya Sometimes Hides Her Feelings in Russian	2024
7	The Eminence in Shadow	2022
8	Bungo Stray Dogs	2016
9	No Longer Allowed in Another World	2024
10	Date A Live	2013

# Eagerly Awaited Upcoming Titles

## Books



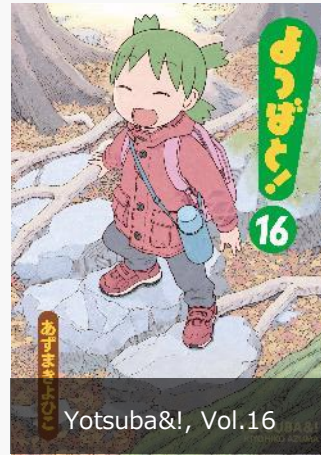
©Sumiko Arai



©Akumi Agitogi・Tsukiho Tsukioka



(C)Kafka Asagiri 2025  
(C)Sango Harukawa 2025

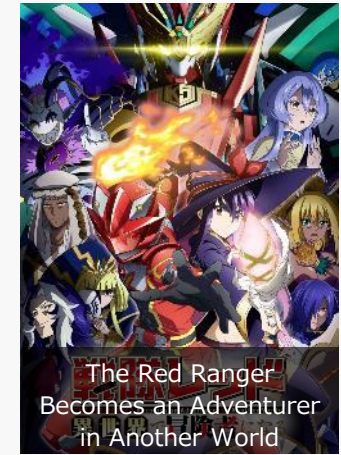


(c)KIYOHICO AZUMA/YOTUBA SUTAZIO

## Animation



©Akumi Agitogi, Tsukiho Tsukioka/KADOKAWA/My Happy Marriage Partners



©Koyoshi Nakayoshi/SQUARE ENIX, Isekai Red Partners



©TSURUMAIIKADA,KODANSHA/Medalist Partners



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# Gaming Segment

## Trend of sales of Gaming segment

12,000

- New Titles for consoles and PCs
- Repeat sales for consoles and PCs
- Royalties for consoles and PCs
- Other

9,000

6,000

3,000

0

8,302

YoY  
+53.5%

1Q

2Q

3Q

4Q

1Q

2Q

3Q

FY2023

FY2024

	FY2023				FY2024		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Number of newly released titles for consoles and PCs	2	3	1	3	5	1	1
Total number of copies sold (million copies)	0.98	1.80	0.87	1.10	1.33	0.93	1.88

※Total number of titles and copies sold by Group Companies themselves in any region

## Titles contributing to sales



“ELDEN RING”

©Bandai Namco Entertainment Inc. /  
©2022 FromSoftware, Inc.



Downloadable Content  
“SHADOW OF THE ERDTREE”  
for “ELDEN RING”

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## Eagerly awaited upcoming titles



“ELDEN RING NIGHTREIGN”  
Releasing Worldwide in 2025

©Bandai Namco Entertainment Inc. / ©2025 FromSoftware, Inc.

# Niconico-Related Business



## Niconico user data

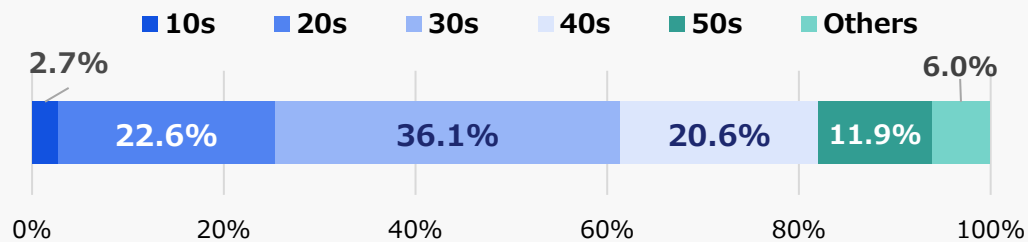
\* As of December 31, 2024

Regular members (Million) **103.24**

Premium members (Million) **1.07**

## Age

\* As of December 31, 2024



## Niconico Chokaigi 2024

Visitors (Thousand) **125**

## Niconico Channel user data

\* As of December 31, 2024

Number of channels **11,406**

Number of channels with monthly fee **2,409**

Dues-paid members (Million) **1.18**

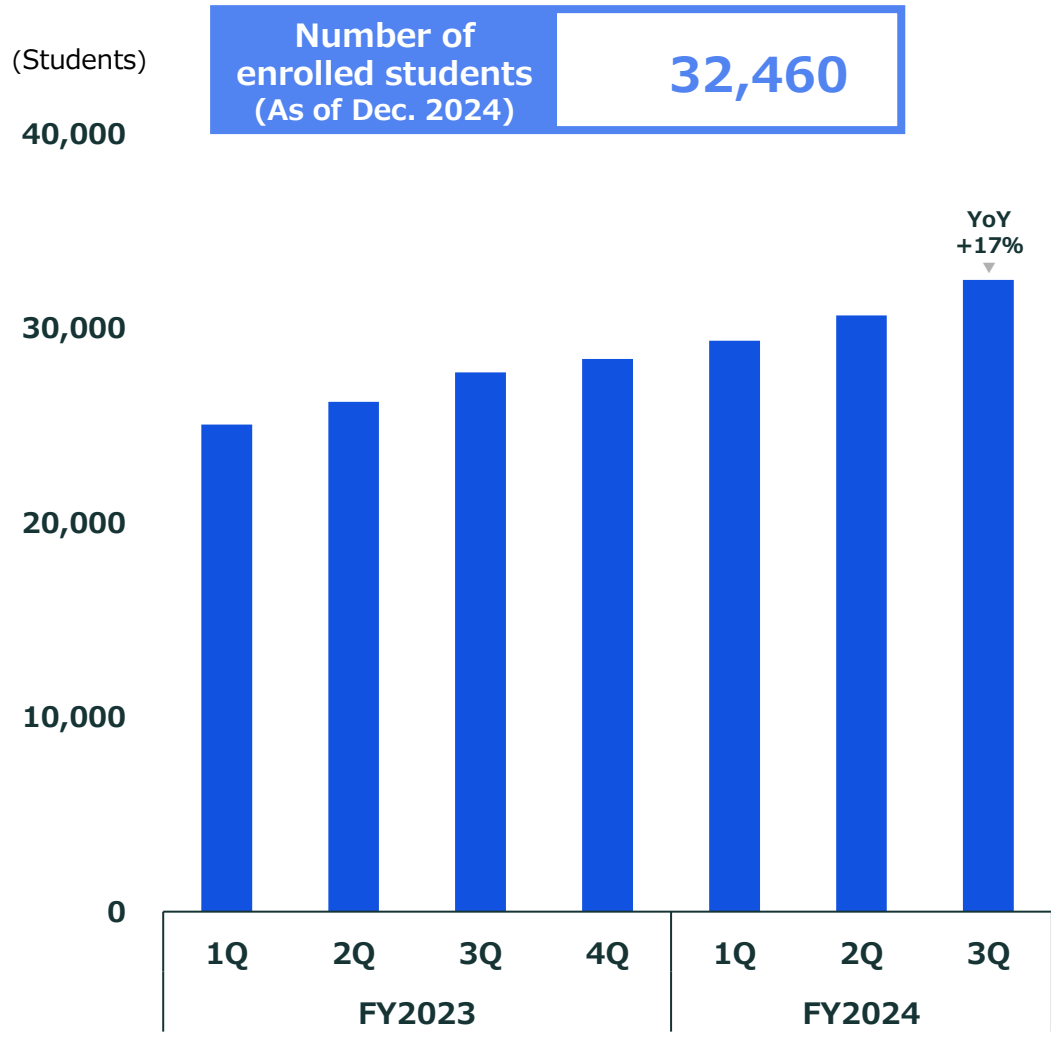
## Niconico usage data

\* Usage for October-December 2024 cannot be disclosed because of difficulty in calculating data due to the system failure.

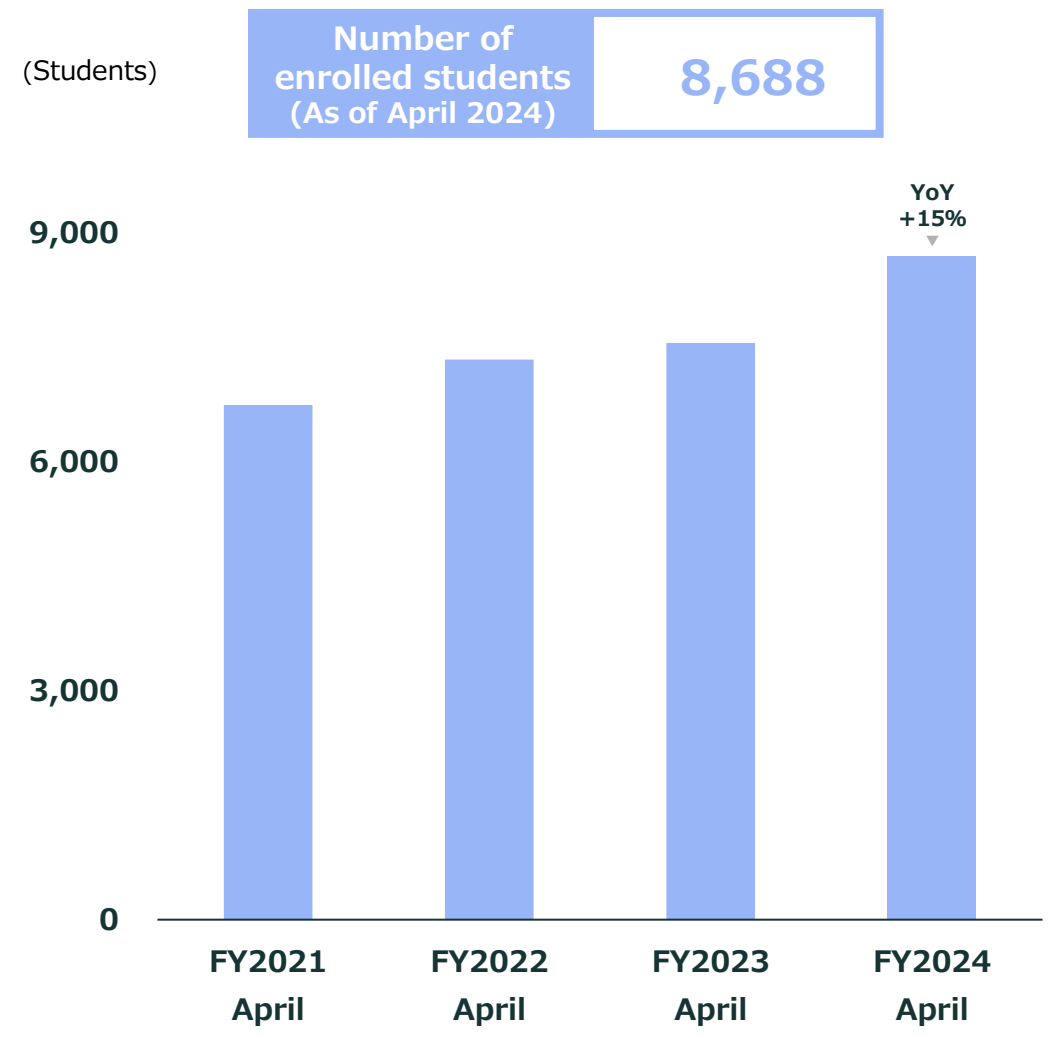
	MAU (Million)	DAU (Million)
Logged In Unique Users + Unique Video Viewers Not Logged In	—	—
Logged In Unique Users	—	—
Google Analytics-based Unique Users	—	—

# Education/EdTech Segment

## Trend of Number of N & S High School Students

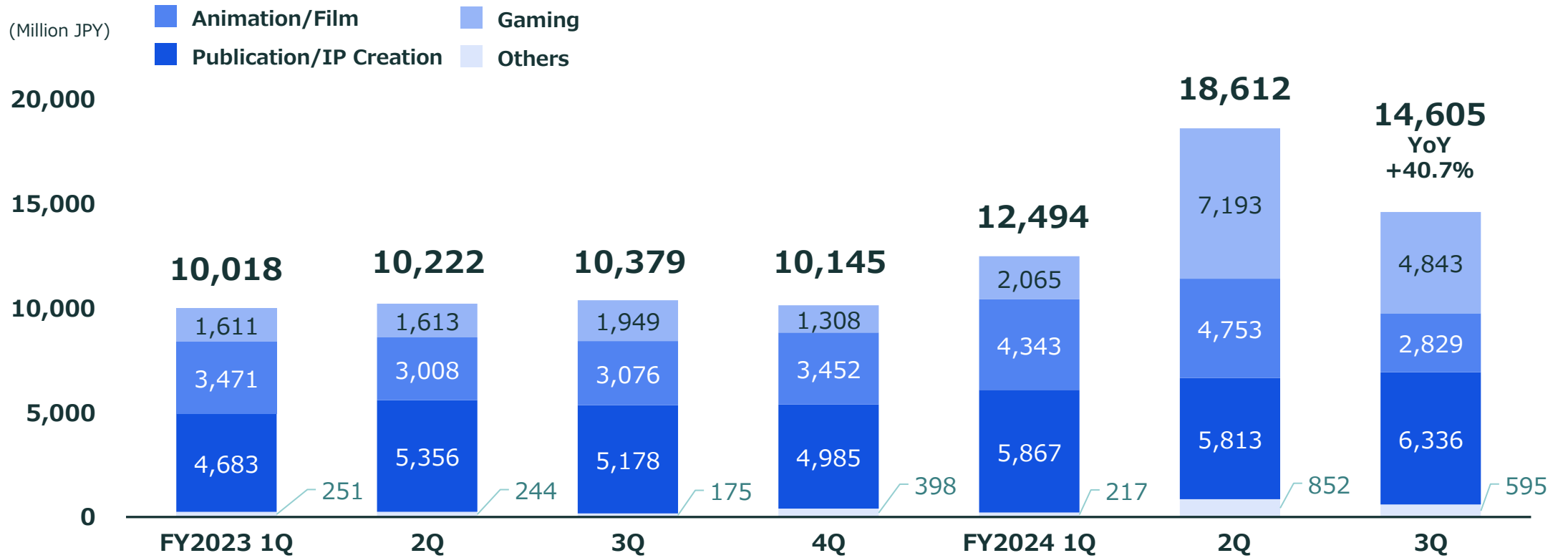


## Trend of Number of Vantan Students



# International Net Sales

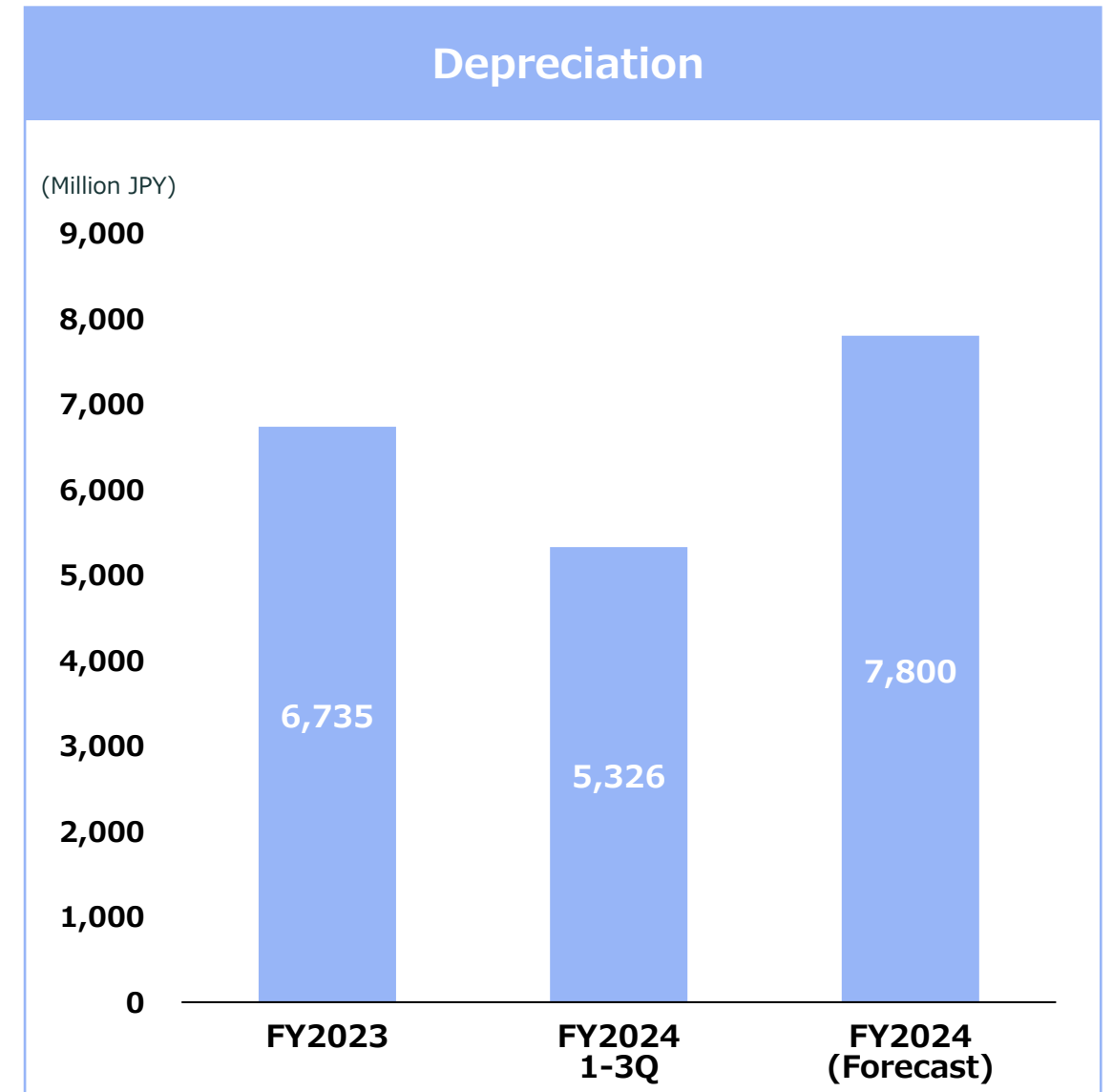
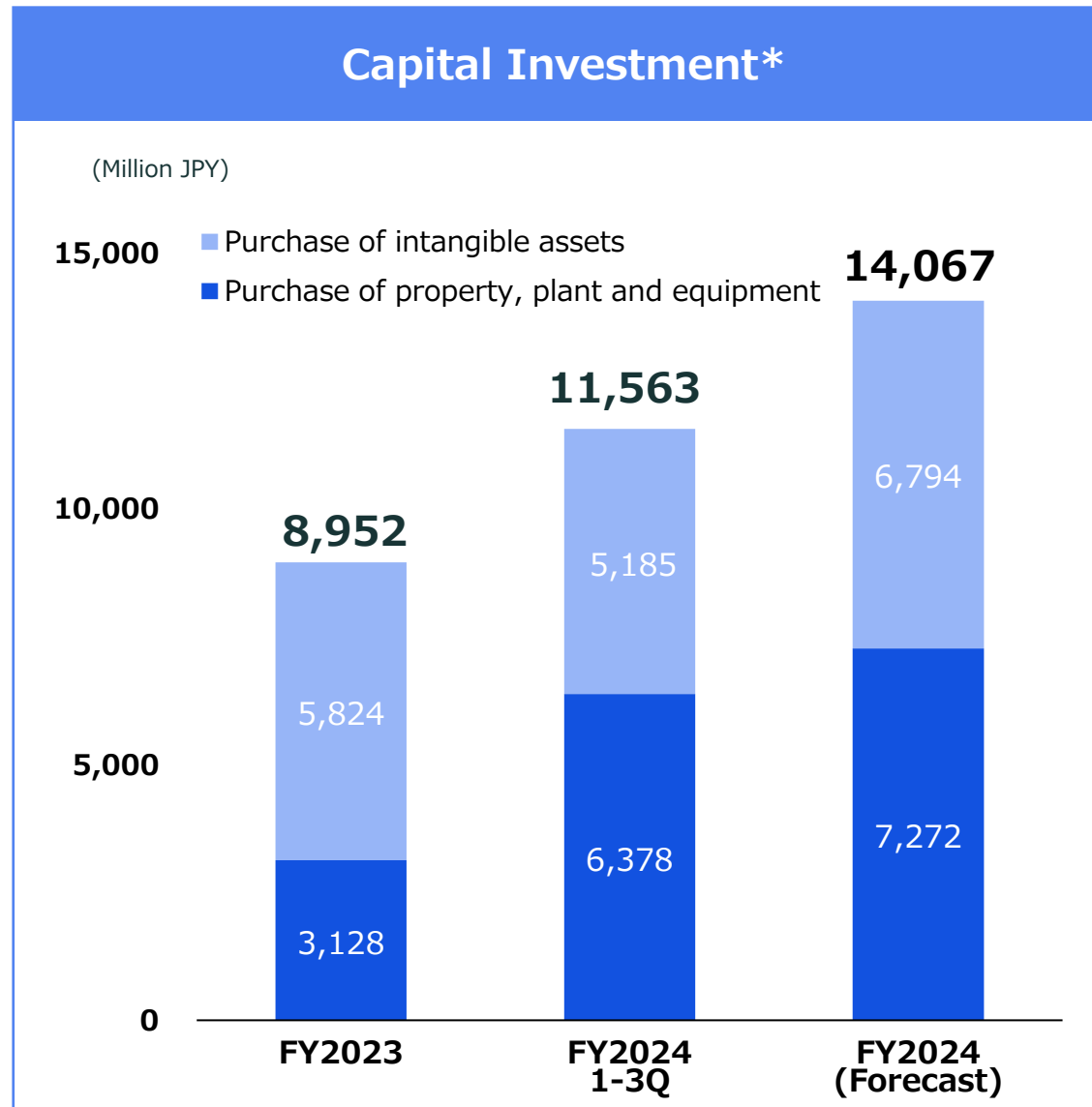
## Breakdown of International Net Sales by Segment



Breakdown by region	Americas	58.6%	56.2%	51.3%	51.6%	58.4%	57.8%	53.5%
	Asia	32.6%	34.7%	37.9%	40.3%	32.8%	28.5%	36.4%
	Others	8.8%	9.1%	10.8%	8.1%	8.7%	13.7%	10.1%

\* Business results for international subsidiaries are reflected in KADOKAWA's consolidated financial results on a three-month delay.

# Capital Investment and Depreciation

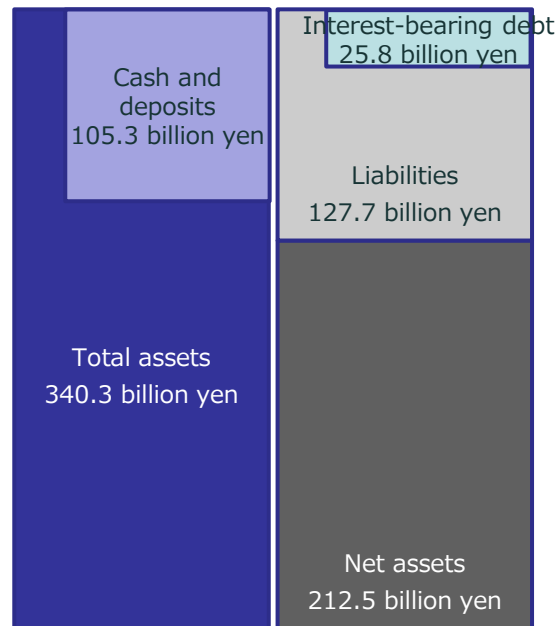


\* "Capital investment" is a cash-based amount. It is the total of "purchase of property, plant and equipment" and "purchase of intangible assets" listed in the consolidated statement of cash flows, and includes consideration for non-current assets acquired in the previous fiscal year (Fiscal Year n-1)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

# Basic Financial Policies and Balance Sheet

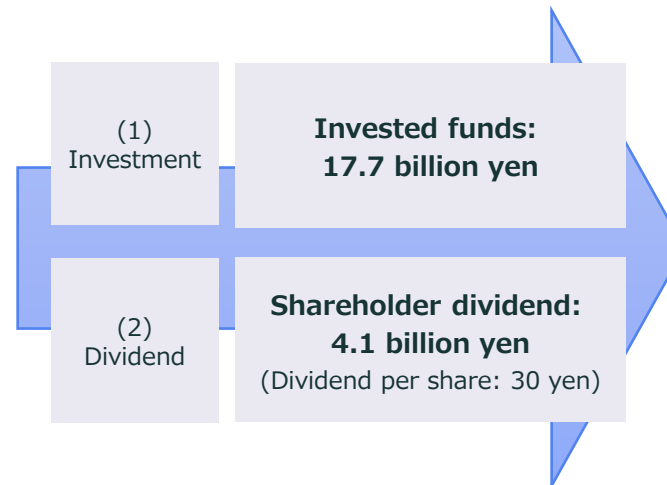
- There are no changes to our basic financial policies. We have set a target ROE of 12% or greater as a KPI. We express our equity ratio guidelines in terms of upper and lower limits, and will continue aiming to balance ensuring financial health and pursuing capital efficiency.
- Over the nine months from the first to third quarters of FY2024, there were no major changes to the structure of the balance sheet.

As of March 31, 2024

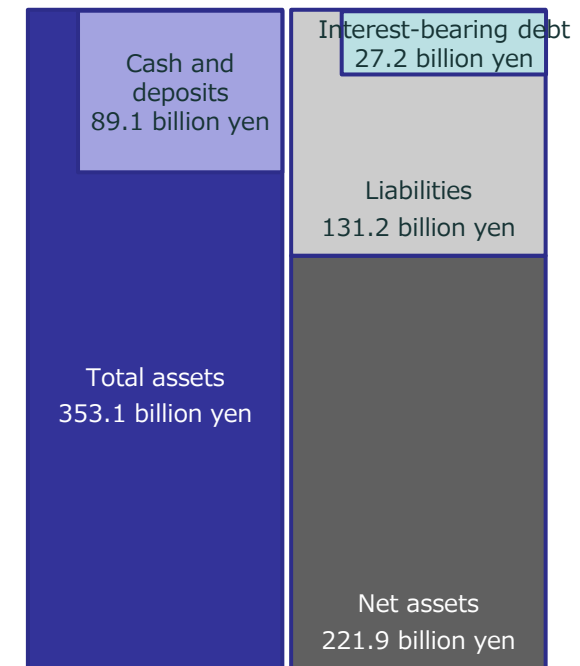


**Equity ratio: 56.0%**  
**Net Cash: 79.5 billion yen**

## FY24 1Q-3Q Capital allocation



As of December 31, 2024



**Equity ratio: 55.4%**  
**Net Cash: 61.9 billion yen**



## FAQ

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**Q01** | What were the changes of revenue recognition timing for domestic sales at store of other companies in the e-book business?

**A** | Domestic sales from stores of other companies was previously recorded based on final reports received from each store, but starting from the fourth quarter of the fiscal year ended March 31, 2024, we changed to also recording estimates based on preliminary data received from some stores of other companies. Sales that were previously recorded in the following month or later are now estimated and recorded in advance. The above impact also occurred in nine months ended December 31, 2024. The impact in 3Q was smaller than that in 1Q and 2Q.

---

**Q02** | What was the impact of foreign exchange rates from April to December, and October to December of the current fiscal year? Additionally, what was the growth rate for sales and operating profit excluding the foreign exchange impact?

**A** | The growth rate of sales excluding the impact of foreign exchange (approximately +4.4 billion JPY) was +8.1% in the April to December period. In the October to December period, the growth rate of sales excluding the impact of foreign exchange (approximately +0.5 billion JPY) was +11.1%.

As sales from rights-licensing (royalties) accounts for a certain percentage of international sales, we believe that costs affected by foreign exchange rates are limited, but since it is difficult to identify these costs accurately, we have not estimated their impact on profit.

---

**Q03** | What was the impact of foreign exchange rates on the paper-based book businesses of international subsidiaries from April to December, and October to December of the current fiscal year? And what is the growth rate of sales excluding the effect of exchange rates?

**A** | The foreign exchange impact on sales in the paper-based book businesses of international subsidiaries from April to December was about +0.9 billion yen, and excluding this, the sales growth rate was about +10.9%. In the October to December period, the foreign exchange impact on sales was about +0.2 billion yen, and excluding this, the sales growth rate was about +22.7%.

## FAQ

---

**Q04** For sales amounts of e-books from April to December, and from October to December, what was the ratio of sales from the Company's own store to those of other companies, and what were the growth rates of each?

**A** The ratio of sales at the Company's own stores (BOOK☆WALKER) to stores of other companies was 1:4, and the growth rates are +0.8% (BOOK☆WALKER) and +21.2% (other companies' stores) from April to December. From October to December, the ratio of sales was 1:3, and the growth rates of them are -5.0% and +16.0% each. The growth rate for sales in stores of other companies includes the impact of the change in sales recognition timing described in Q01, and the growth rate excluding this impact is +13.3% in the April to December period.

---

**Q05** From April to December, what were the shares and growth rates for paper-based books and information media sales by genre?

**A** Share by genre: Comics 28%, general books and pocket editions 33%, light novels 11%, paperback books 10%, children's books 11%, magazines 7%

Growth rate by genre: comics -18%, general books and pocket editions -1%, light novels -16%, paperback books -1%, children's books -9%, magazines -18% (KADOKAWA non-consolidated basis). The above results include the impact of the cyberattack.

---

**Q06** What were the ratio of paper-based books and e-books in the international sales of the Publication/IP Creation Segment from April to December?

**A** Sales of paper-based books were approximately 80% and sales of e-books were approximately 20% of the total international sales of the publication segment.

## FAQ

---

**Q07** | From April to December, what were the sales shares of the top 10 best-selling titles in the Publication/IP Creation Segment and the Animation/Film Segment?

**A** | The shares for the top 10 best-selling titles consisted of 5% in the Publication/IP Creation Segment and 42% in the Animation/Film Segment.

---

**Q08** | What are the actual and projected sales of the DLC for ELDEN RING in this fiscal year?

**A** | We do not disclose sales results and forecasts for individual titles.



# KADOKAWA

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