

KADOKAWA DWANGO CORPORATION

Medium-term Vision for the year ending March 2016 to year ending March 2018
—New Challenges and Progress into Growth Markets—

KADOKAWA dwango

May 14, 2015

(Note) The forward-looking statements in this document, including earnings forecasts, are determined by the KADOKAWA DWANGO Group based on currently available information. Future figures involve various uncertainties, and actual results may differ. Please refrain from making investment decisions based entirely on these forecasts. KADOKAWA DWANGO CORPORATION assumes no responsibility whatsoever for any damages arising from the use of this document.

Contents

I . KADOKAWA DWANGO Business Segments

II . KADOKAWA DWANGO Growth Points

III . Three-year Target

IV . (1) Growth of Books and IP Business

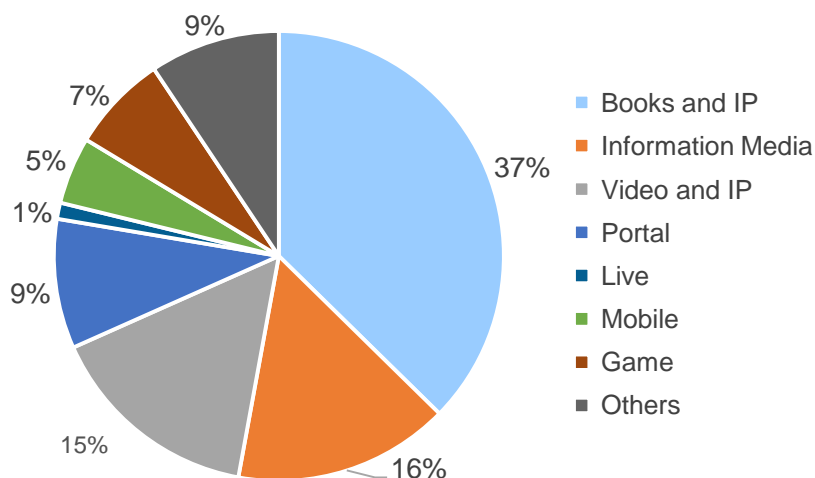
(2) Growth of Game Information Portal Business

(3) Growth of Portal Business

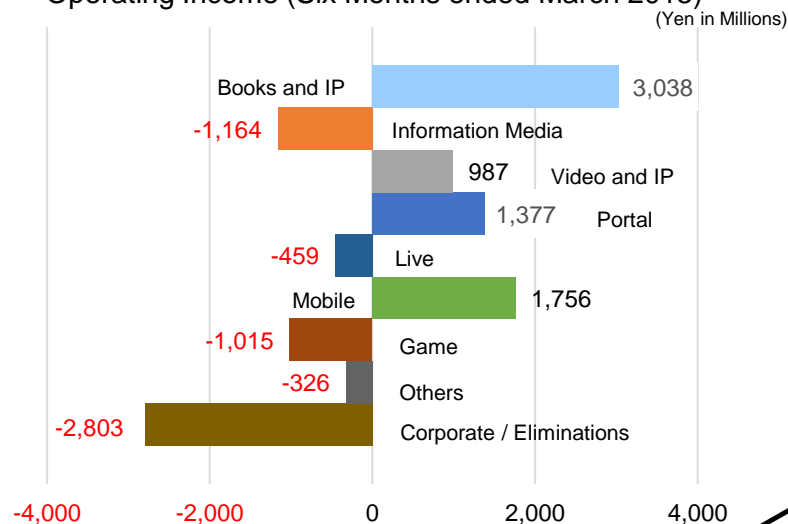
(4) Entry into Educational Business

Business	Details
Books and IP	Publishing and sale of books and electronic books (BOOK WALKER, d magazine), copyright sales, overseas business (overseas branches), etc.
Information Media	Magazine publishing, sale of magazines and advertising (printed, web-based, custom), game information portal business, etc.
Video and IP	Planning, production and distribution of live-action and animated video, video delivery (d anime Store *equity-method affiliate company, Anime Pass), sales of packaged software such as DVDs, etc.
Portal	Operation of video sharing website (niconico, niconico video, niconico live, Blomaga, etc.)
Live	Planning, production and running of events (niconico Chokaigi, etc.), operation of live house (nicofarre) and showroom (niconico Honsha)
Mobile	Mobile content delivery (dwango.jp, animelo mix)
Game	Planning, development and sale of game software (KADOKAWA GAMES, FromSoftware, Spike Chunsoft, MAGES.)
Others	E-commerce (chara-ani), MD Business (TCG), educational business (Vantan, KADOKAWA Contents Academy), etc.

Composition of Revenue (Six Months ended March 2015)

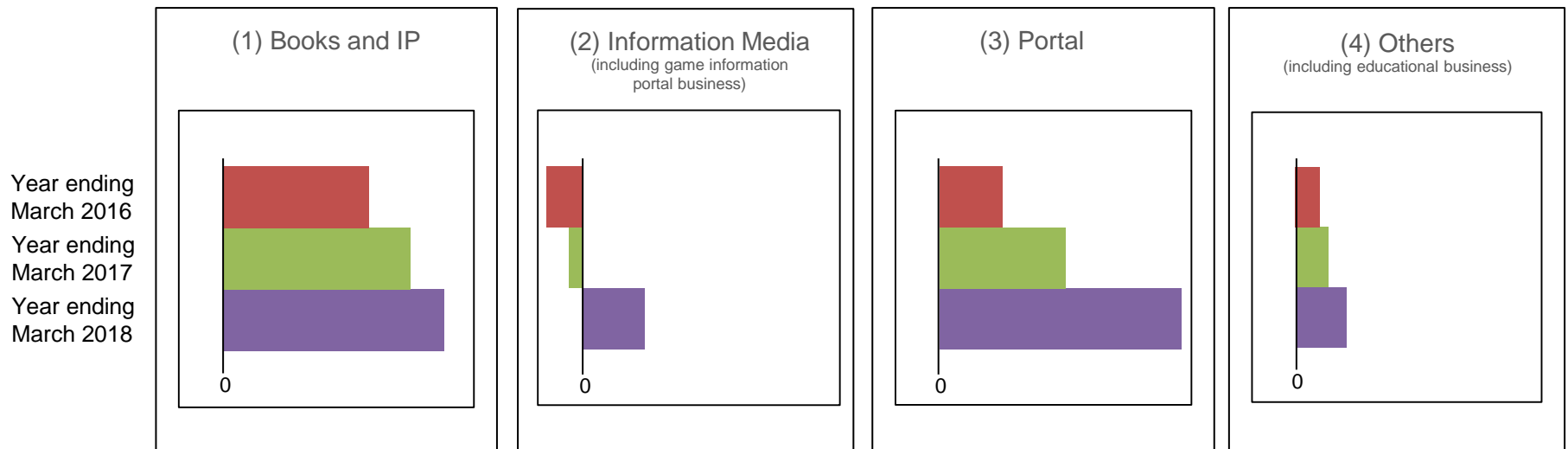


Operating Income (Six Months ended March 2015)



- (1) Growth of Books and IP Business
- (2) Growth of Game Information Portal Business
- (3) Growth of Portal Business
- (4) Entry into Educational Business

[Change in Operating Income for Each Segment]



III. Three-year Target

Year ending March 2016
<Planting>

- Aggressive investment in new businesses and new services

Year ending March 2017
<Cultivating>

- Cultivation of new businesses and new services

Year ending March 2018
<Harvest>

- Monetization of new businesses and new services

Revenue
200 billion yen

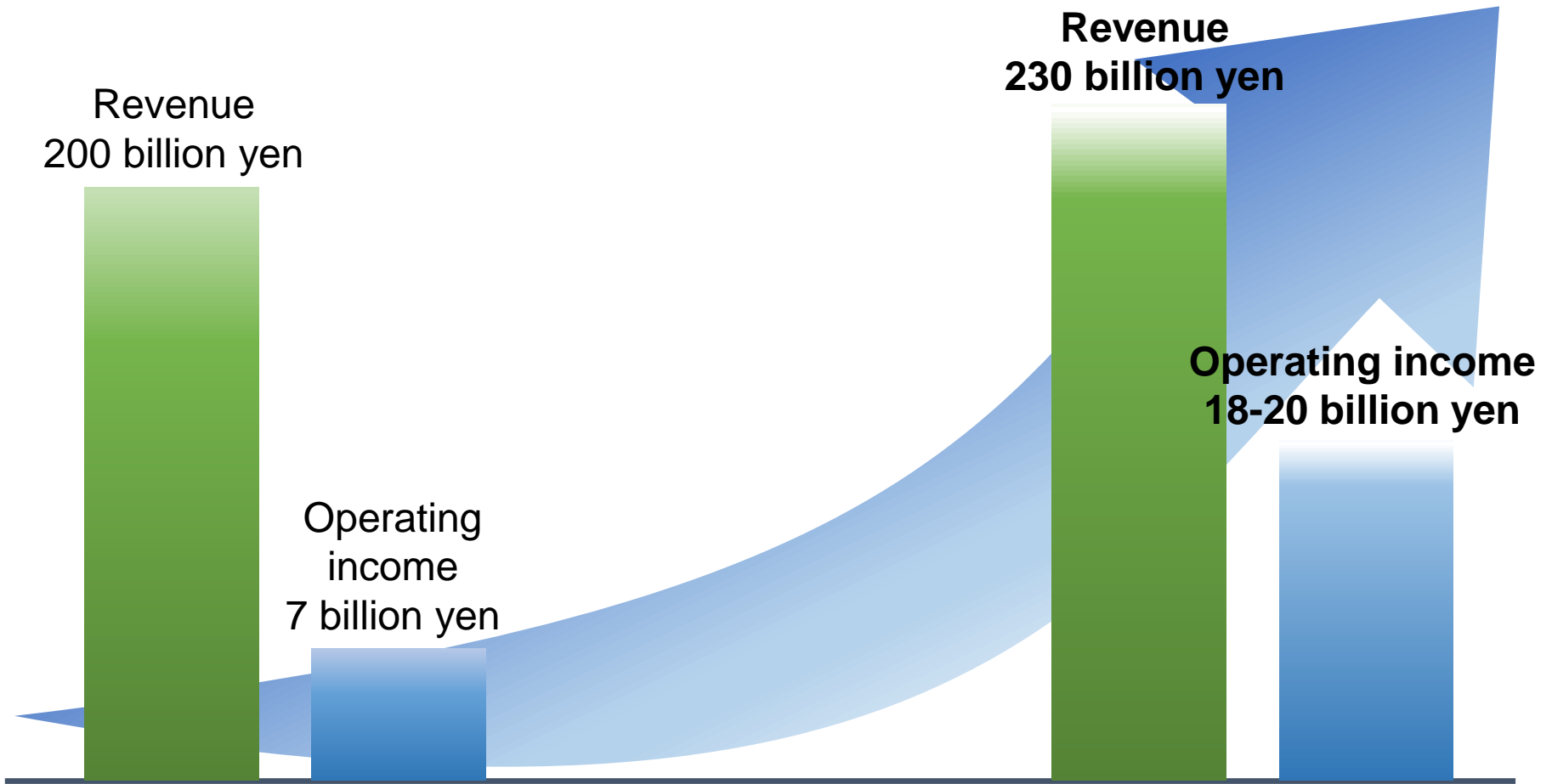
Operating
income
7 billion yen

Revenue
230 billion yen

Operating income
18-20 billion yen

Plan for Year Ending March 2016

Plan for Year Ending March 2018 <2>



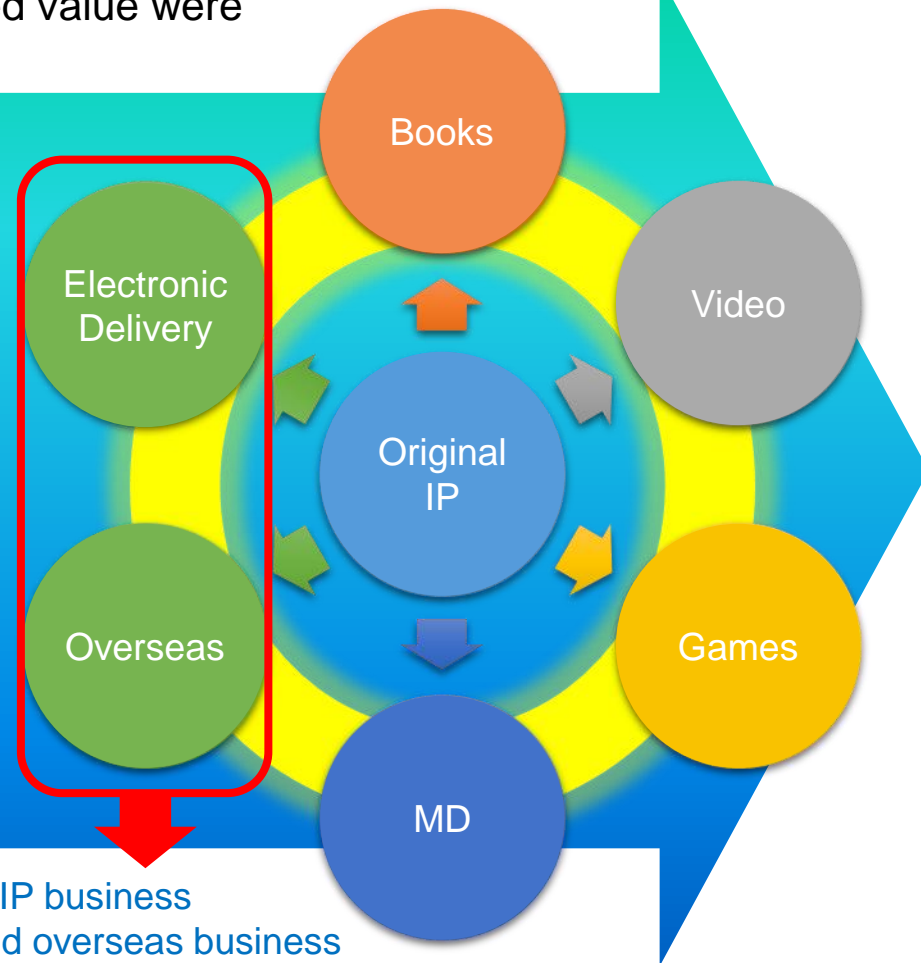
IV. (1) Growth of Books and IP Business

– Creation of Ultra-high Added Value from IPs

- Preparations for the creation of ultra-high added value were completed by the end of the previous period

- Become an organization that creates and utilizes intellectual properties

- (1) Formation of One Company
→ Unified Control of Company-wide IPs
- (2) Restructuring into Genre-specific Organizations
→ Gaining well-honed IP creation capabilities
→ Fundamental enhancement of creative human resources
- (3) Integration of Support and Management Functions
→ Acquiring the capacity for lateral company-wide expansion



The creation of ultra-high added value in the books and IP business will be achieved through electronic delivery platforms and overseas business

- Earnings from the Book Walker business have expanded steadily.

→ Year ended March 2015: Revenue of 9 billion yen (up 90% year on year), total number of e-book downloads 16.8 million (up 60% year on year)

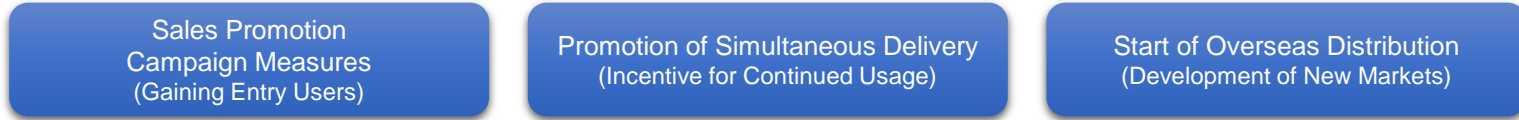
* Year-on-year increase based on average of Impress and Yano Research Institute market forecast figures for the year ended March 2015 is 31%.

- For overseas business, the license business including existing IPs is being rebuilt. Overseas locations will be expanded with the aim of a significant boost in earnings.

IV. (1) Growth of Books and IP Business

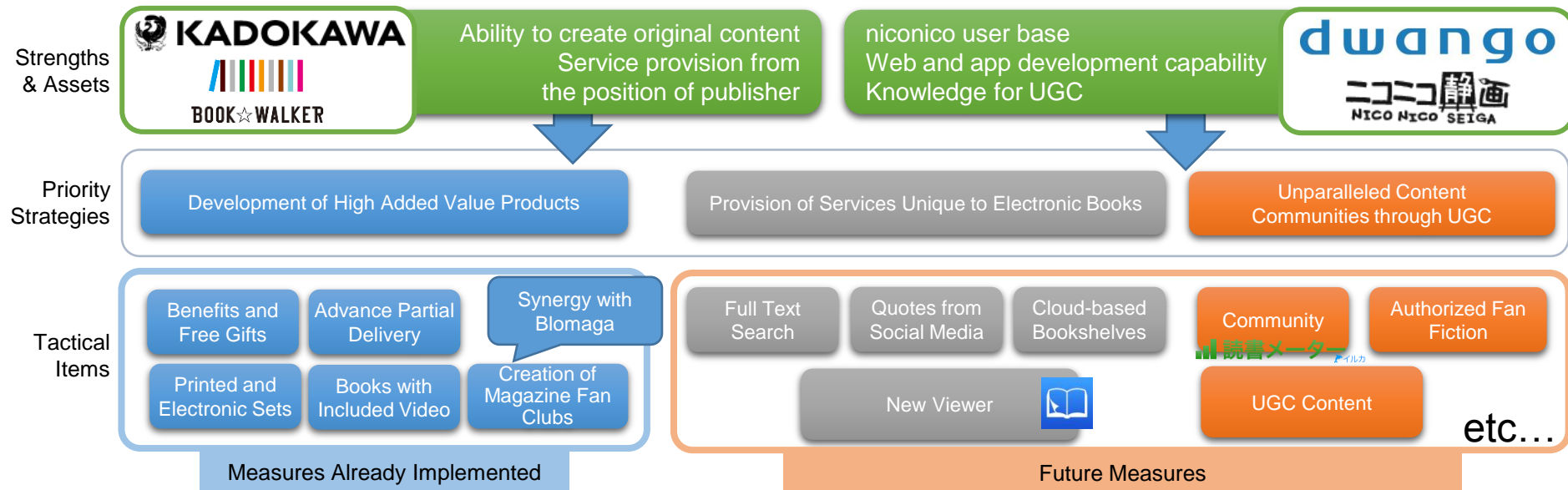
– Strengthening Electronic Delivery Platforms

(1) Growth through the reinforcement of existing measures, positioning Book Walker as the core of strategy for electronic books



(2) Growth through the integrated operation of platforms and content

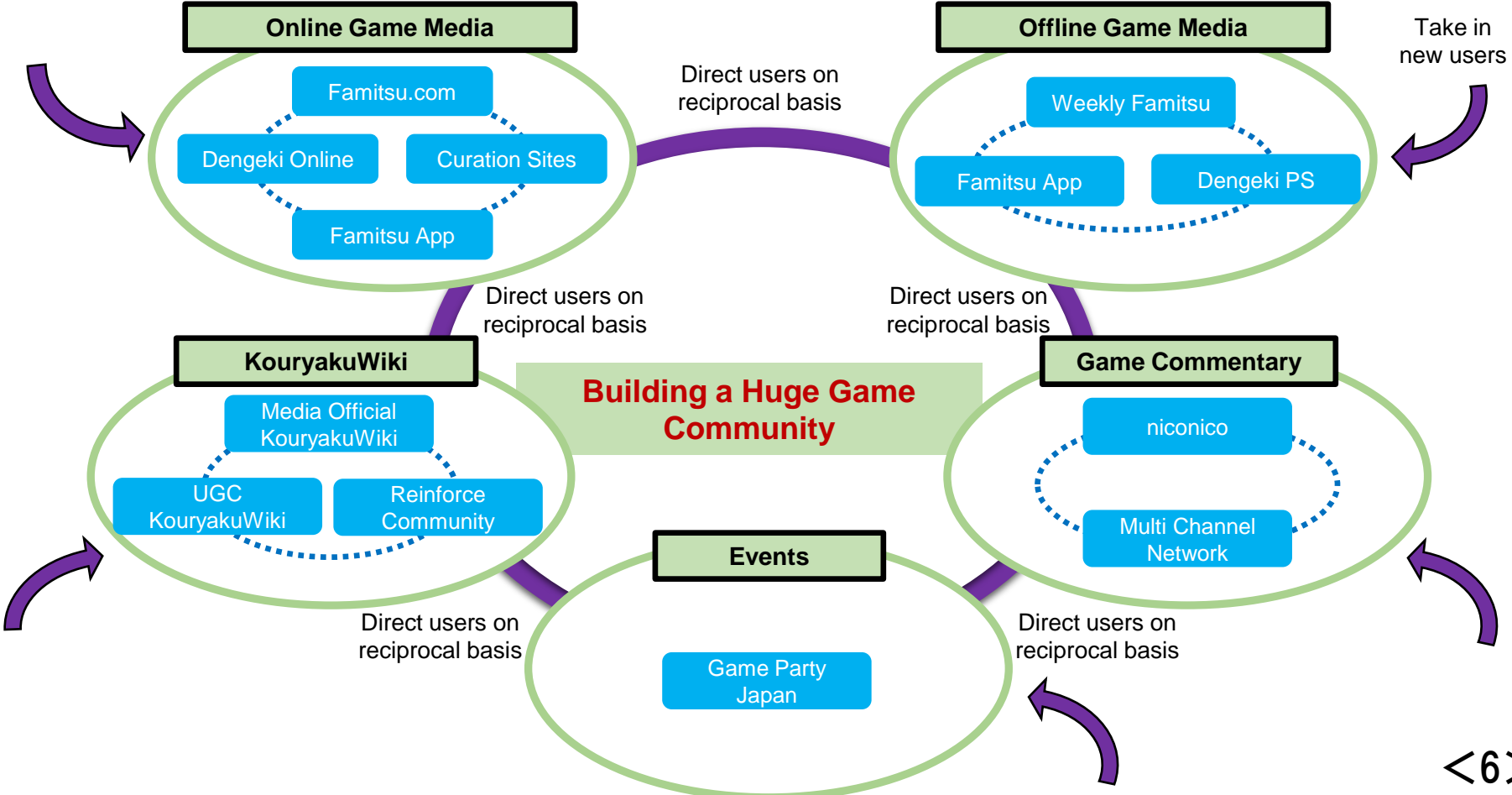
- By developing a common electronic book platform system within the group (Dwango) and utilizing in-group resources (Book Meter / i Bunko), enable differentiation through sales measures not possible on other platforms.
- Also try to redefine electronic books in a broader sense based on the idea of “Blomaga + Magazine = Fan Club,” to transcend the ISBN-based system.



We will also coordinate with various platform strategies including electronic libraries (JDLS), EC (chara-ani), Video Delivery (d anime Store), Electronic Magazines (d magazine), Web Manga (Comic Walker) and so on.

IV. (2) Growth of Game Information Portal Business

- By directing the users of game-related media and platforms within the KADOKAWA DWANGO Group to the other in-group media and platforms on a reciprocal basis, we aim to build a huge game community, targeting a user count of 20 million.
- As well as increasing page views, we are developing plans to provide new services to game community users.



IV. (2) Growth of Game Information Portal Business

■ Offline Events

- Game Party Japan 2015 (Held January 31, February 1)

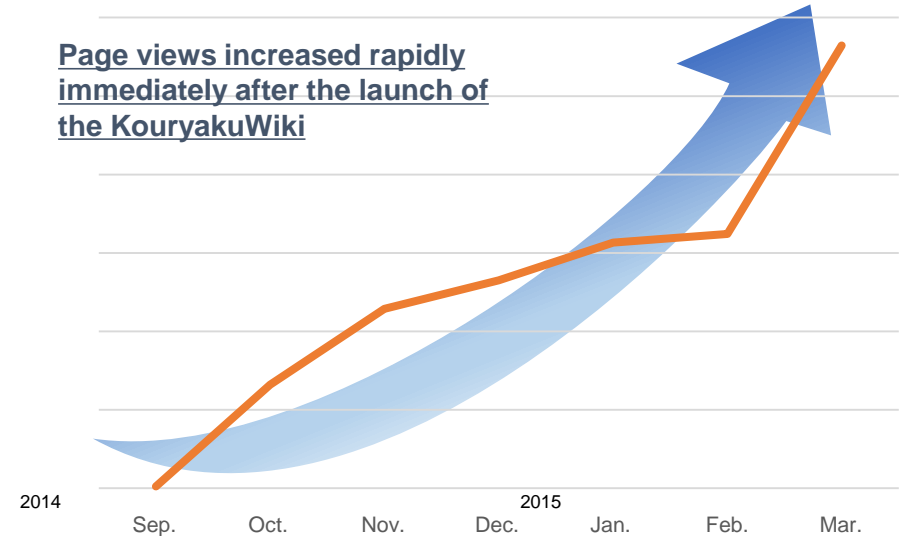
→ Online visitors to Game Party Japan 2015 far surpassed online visitors to Chokaigi 1 (3,470,766 people). In 2016, Game Party Japan 2016 will be held at a larger venue.



The size of the game commentary movement was successfully demonstrated. Game developers are taking notice of the game commentary market.

■ KouryakuWiki

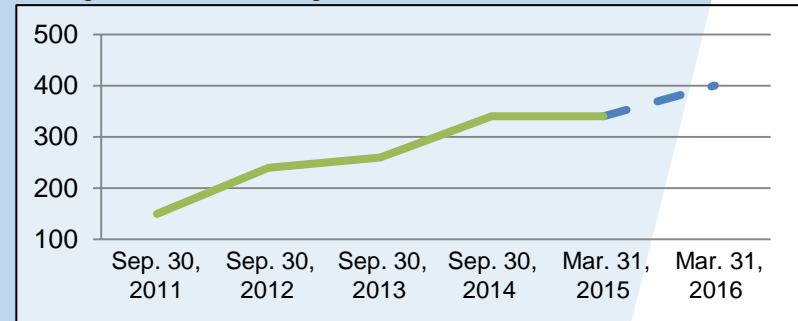
KouryakuWiki – Change in Monthly Page Views



We will launch a game information portal business and be among the first in Japan to enter the market. By creating new markets and **fusing online with offline**, we aim to create the number one Japanese game community through events, online media, game commentaries and other endeavors.

- Augment engineer numbers
Build up to a team of 400
by March 2016

Change in Number of Engineers



Strengthen Development of Existing Services

- Added user advantages
- Improve efficiency of servers and communication lines

Aim to ensure profit growth by maintaining premium membership revenue growth and controlling fixed costs (at 2016/3 levels).

Development of New Services

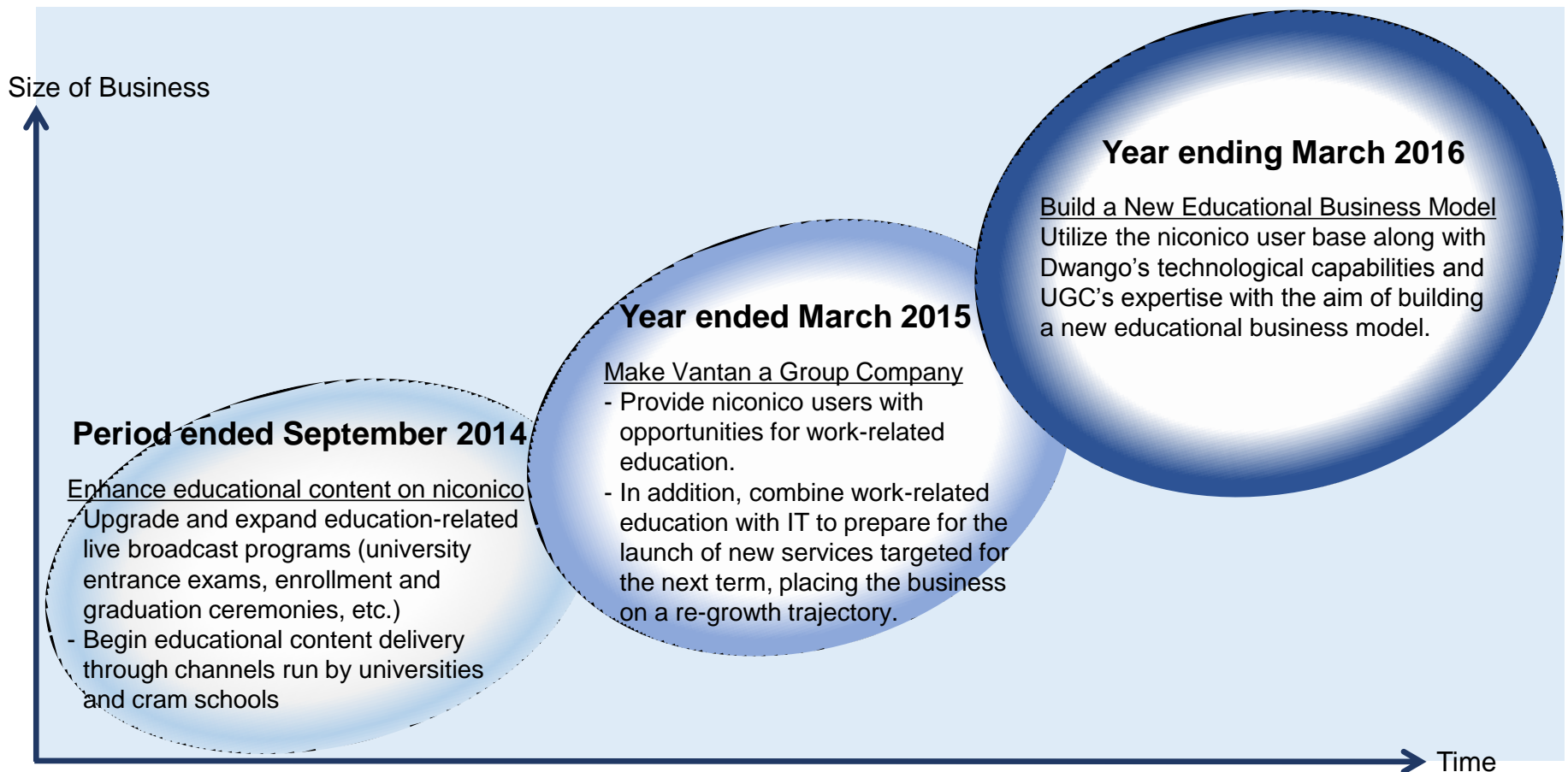
- Release of smartphone-oriented services such as nicocas
- Utilize Dwango's technical superiority and advantages from the scale of infrastructure to offer new viewing experiences not available on other video sites to date

Even with prior investments being made, this is expected to contribute real earnings in the year ending March 2018.

Adding earnings from new services to profit growth in existing services, dramatic growth in income is expected by the year ending March 2018.

IV. (4) Entry into Educational Business

- In Dwango's educational business, we will target general education and work-related education and utilize the niconico user base along with Dwango's technological capabilities and the expertise of UGC with the aim of building new business models and launching new services.
- As a first step, Vantan Inc. will combine work-related education with IT and prepare to launch a new service targeting the next period.



* Note that in March 2015, DWANGO submitted an application to the Private School Section of Okinawa Prefecture for permission to establish a school, and the application is currently under review.