

August 6, 2015

KADOKAWA DWANGO CORPORATION

Notice Regarding Launch of New Project

by Consolidated Subsidiary KADOKAWA CORPORATION

KADOKAWA DWANGO CORPORATION (the “Company”) announced that the Company and its consolidated subsidiary KADOKAWA CORPORATION (Representative Director and President: Masaki Matsubara; Head Office: Chiyoda-ku, Tokyo; hereinafter “KADOKAWA”) have decided to launch a new project conducted by KADOKAWA at the board of directors’ meetings held today.

1. Purpose of launching new project

On June 4, 2015, Tokorozawa City and KADOKAWA announced “COOL JAPAN FOREST PLAN” which aims to embody Cool Japan to build the first facilities ever in Japan by integrating KADOKAWA’s manufacturing and distribution base (hereinafter the “Factory Base”) and cultural complex including library and museums (hereinafter the “Cultural Complex”). Today, the Company and KADOKAWA have decided to launch the Factory Base project (hereinafter the “Project”).

The Project plans to introduce the latest production equipments that combine manufacturing and distribution, and to start operating around 2018. Furthermore, to satisfy various users’ demands, KADOKAWA constructs the best production process and shipment systems which enable to produce and dispatch books quickly and effectively. With small lot production system and timely dispatch, KADOKAWA can reduce direct costs such as printing and material costs, and improve book return rate so that the profit margin increases.

KADOKAWA has undertaken various reforms progressively so far under the vision “aiming a leading company in the content industry”. Although the situation surrounding publishing market is changing rapidly, KADOKAWA tries through the Project not only to construct a production and shipment platform of the publishing industry, but to innovate distribution systems of the industry.

“COOL JAPAN FOREST PLAN” includes the Project and the Cultural Complex. As for the Cultural Complex, KADOKAWA and Tokorozawa Sakuratown Corporation are supposed to take the initiative of planning. However, at present, construction funds will be raised mainly from outside investors. Therefore, this is expected to have minor effect on the Group’s consolidated performance and financing.

2. Outline of the Project

(1) Summary of the Project

Name: To be determined

Address: 3-31-3 and 11, Wada, Higashi-Tokorozawa, Tokorozawa-City, Saitama-Prefecture

Site area: A part of 37,382 square meters

Business: Factory Base; manufacturing (plate-making, printing and bookbinding), warehousing and shipping (keeping, picking and shipping)

(2) Corporate to conduct the Project

KADOKAWA will take the initiative mainly, but will raise funds from outside investors depending on the total investment amount. The names, numbers and the investment amount of outside investors will be determined.

(3) The total amount and details of investment to start the Project

The total investment amount is to be determined. KADOKAWA plans to invest 15.5 billion at most apart from the acquisition price of the site stated below. KADOKAWA's own resources or borrowings will be allocated.

*KADOKAWA has already purchased a property to build the Factory Base and the Cultural Complex.

Address: 3-31-3 and 11, Wada, Higashi-Tokorozawa, Tokorozawa-City, Saitama-Prefecture

Site area: 37,382 square meters

Acquisition price: 3,274 million yen

Existing buildings' demolition cost and land development expenses: 1,310 million yen

3. Outline of constructor

To be determined

4. Schedule

	Factory Base
(1) Date, contract of planning	To be determined
(2) Date, contract of constructing	To be determined
(3) Date, start of constructing	To be determined
(4) Date, start of operation	Around 2018

5. Future Outlook

The Project is expected to have minor effect on the Group's consolidated performance for the current fiscal year. In view of mid-to-long term, the Project will be expected to benefit the performance.

When the details of the Project to be determined are decided, the Company will announce them immediately.

(Reference)

Consolidated forecast for the fiscal year ending March 31, 2016 (published on May 14, 2015), and result for the fiscal year ended March 31, 2015

Unit : Yen million

	Revenue	Operating Income	Ordinary Income	Profit Attributable to Owners of Parent
Forecast Fiscal year ending March 31, 2016	200,500	7,000	6,800	4,000
Result Fiscal year ended March 31, 2015	100,566	1,391	2,472	14,055

*The Company has been established on October 1, 2014 as the joint holding company of both KADOKAWA and DWANGO by a joint share transfer. Therefore, the financial result for the fiscal year ended March 31, 2015 is the period of 6 months from October 1, 2014 to March 31, 2015.