

MEDIA DO Co., Ltd.

Medium-Term Management Plan

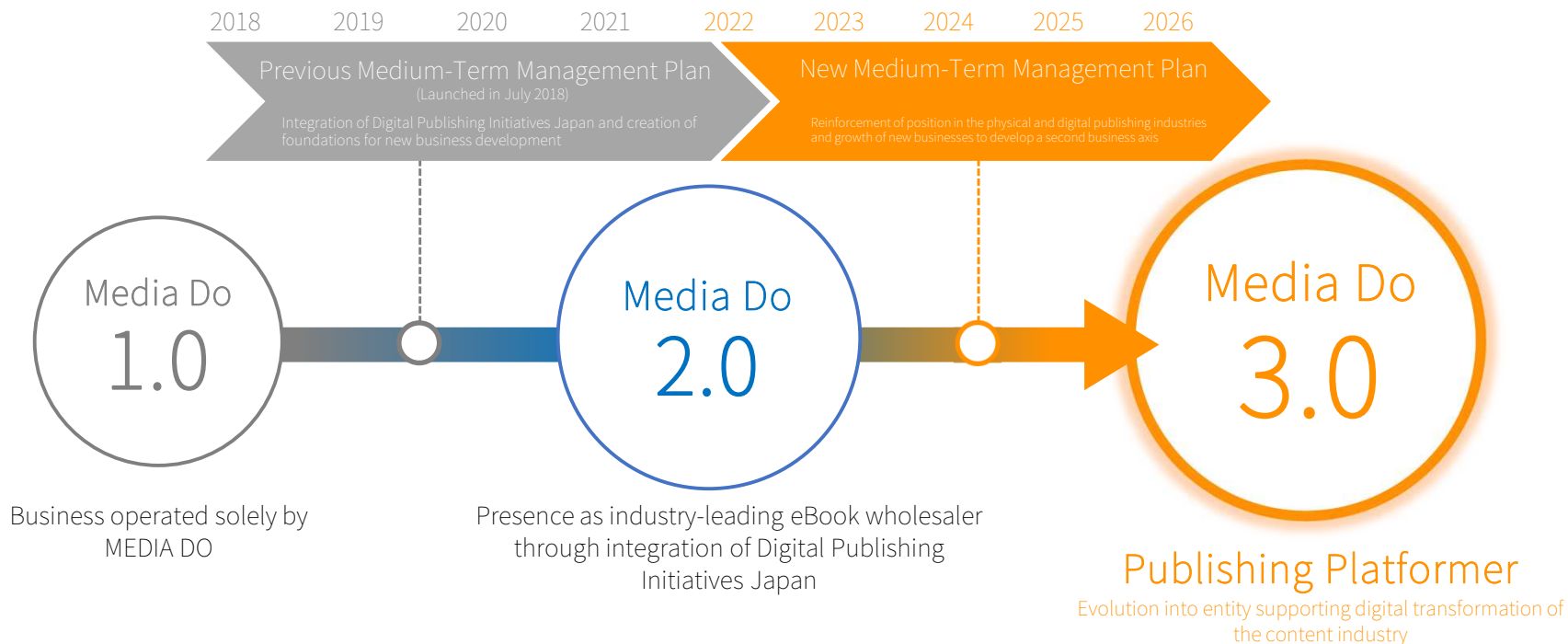
FY2022–2026 (Five Years)

More Content for More People!

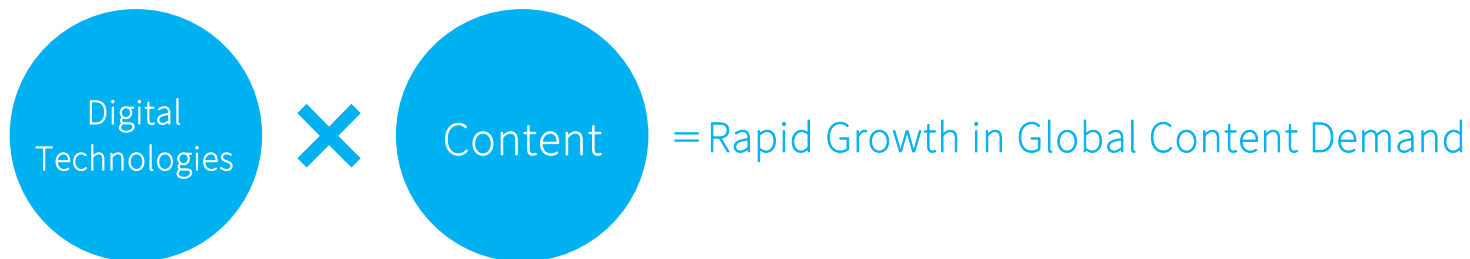


Media Do

Evolution of business and management to achieve successful transition to MEDIA DO 3.0



Drastic industry structure changes



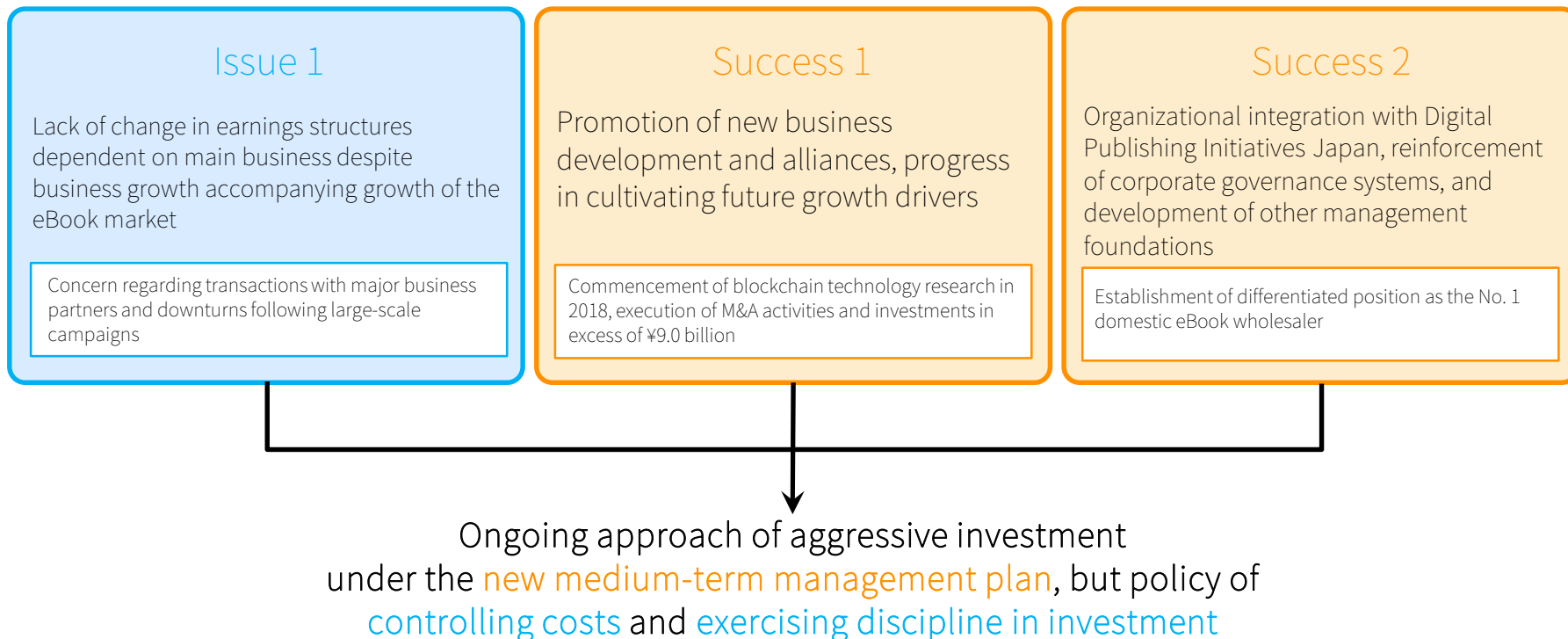
- ✓ Shift in focus of content production, distribution, and consumption to digital venues (emerging issues related to counterfeit and pirated content)
- ✓ Increased competition in acquiring content due to influence of high-capital entities



Revision of the medium-term management plan based on degree of changes in the content industry

Leveraging of strength of MEDIA DO's **POSITION**, i.e., the trust gained in the content industry due to its ability to handle authentic content and its access to people and information

Issues and Successes of the Previous Medium-Term Management Plan





1. Review of the Previous Medium-Term Management Plan

Consolidated net sales target of ¥100.0 billion accomplished in the fourth year of the previous medium-term management plan; new medium-term management plan launched in FY2022

Consolidated Performance	1st year of previous plan FY2018	2nd year of previous plan FY2019	3rd year of previous plan FY2020	4th year of previous plan FY2021	1st year of new plan FY2022
Net sales	¥50.5 billion	¥65.8 billion	¥83.5 billion	¥104.7 billion	¥100.0 billion
	<p>Net sales doubled over four years to surpass ¥100.0 billion</p>				
Operating profit	¥1.46 billion	¥1.85 billion	¥2.66 billion	¥2.81 billion	¥2.00 billion
EBITDA	¥2.38 billion	¥2.66 billion	¥3.42 billion	¥3.92 billion	¥3.59 billion
Profit (loss)	(¥1.24 billion)	¥0.88 billion	¥1.51 billion	¥1.57 billion	¥0.85 billion

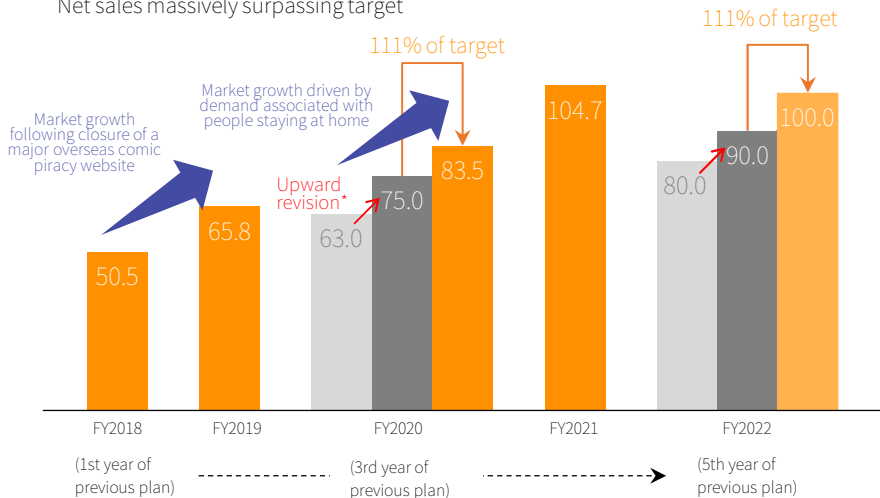
Start of
new plan

Third-year sales and income targets accomplished; need for revision in the fifth year due to ongoing investment

Consolidated Net Sales

■ Results ■ Revised targets ■ Initial targets (Billion of yen)

Net sales massively surpassing target

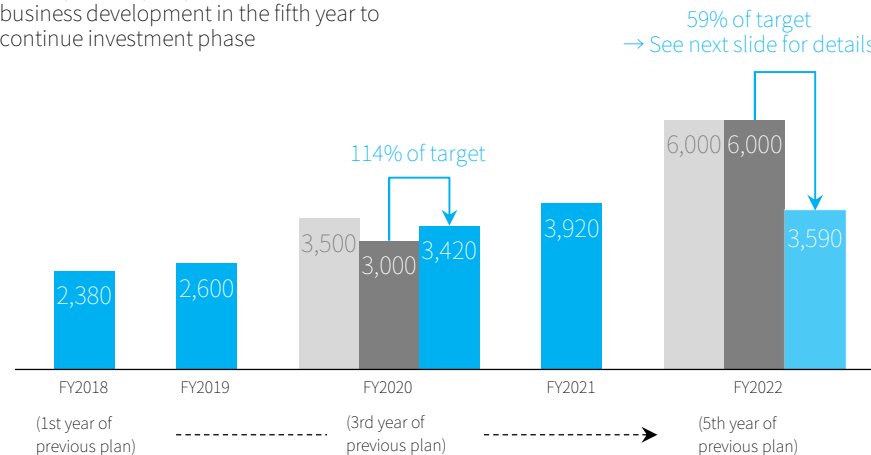


* Targets were revised in January 2020 in response to the target for net sales being accomplished a year in advance.

Consolidated EBITDA

■ Results ■ Revised targets ■ Initial targets (Millions of yen)

Third-year income target nearly accomplished; postponement of new business development in the fifth year to continue investment phase

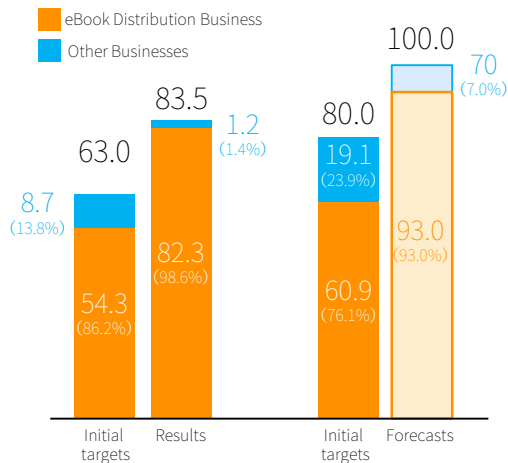


Greater-than-expected growth in the eBook distribution business, but failure to meet targets

Consolidated Net Sales

(Billions of yen)

3rd year of previous plan (FY2020) 5th year of previous plan (FY2022)

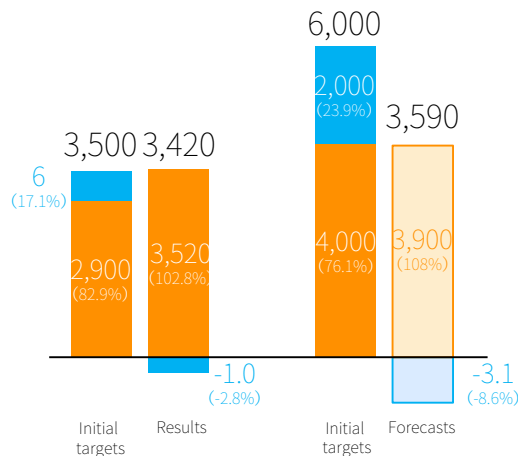


Note: Only initial targets were set on a segment basis.

Consolidated EBITDA

(Millions of yen)

3rd year of previous plan (FY2020) 5th year of previous plan (FY2022)



eBook Distribution Business

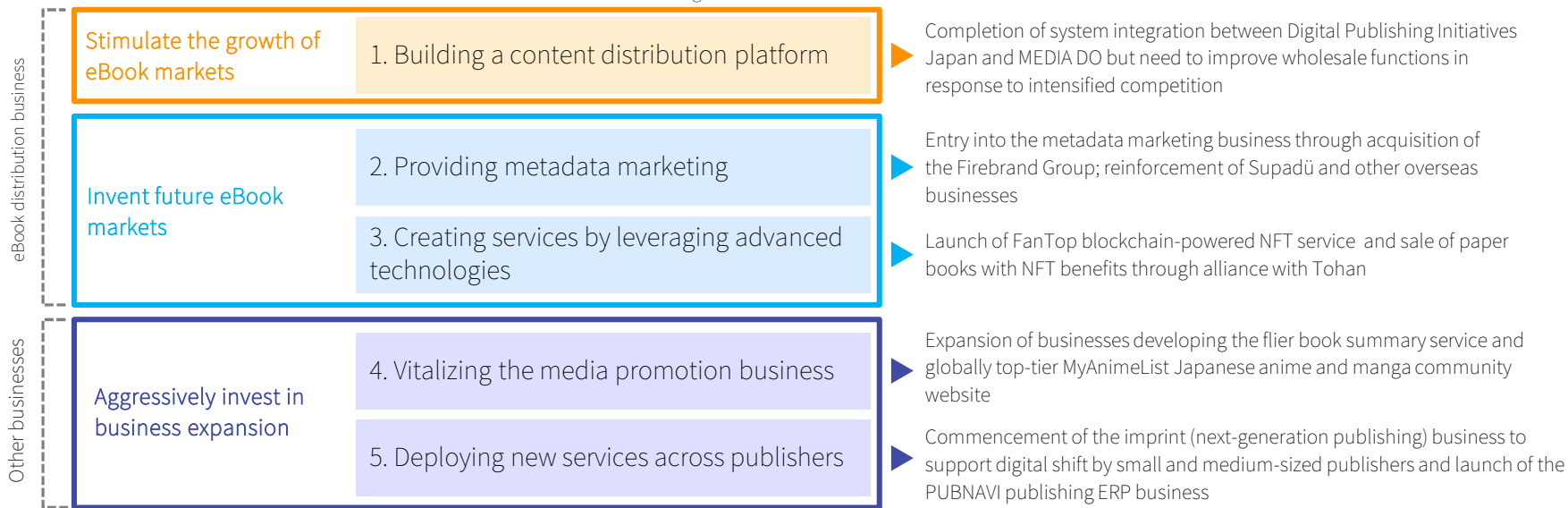
- ✓ Massive growth of the eBook market as a result of closure of a major overseas comic piracy website in 2018 and demand related to people staying at home due to the COVID-19 pandemic in 2020
- ✓ Cost reductions following system integration but expectation-exceeding bloating of operational management systems and next-generation system development due to growing needs of business partners
- ✓ Inability to engage in negotiations aimed at improving gross profit margins in light of competitive climate

Other Businesses

- ✓ Overall smooth progress in post-merger integration processes, but divergence from initial plans at certain subsidiaries due to substantial operating environment changes
- ✓ Delays in performance growth due to full-fledged M&A and investment activities conducted following fund procurement efforts announced in October 2020
- ✓ Ongoing losses projected in FY2022 due to upfront investments

Qualitative targets of the previous medium-term management generally met; full-fledge expansion of peripheral businesses scheduled going forward

Five Priority Measures of the Previous Medium-Term Management Plan



Improvement of financial constitution through equity financing; investments performed to drive future growth

Total: ¥7.5 billion

① Third-party allocation of shares to Mizuho Securities (October 13, 2020)
【Approx. ¥4.5 billion】

② Capital and business alliance with Tohan (March 25, 2021)
【Approx. ¥3.0 billion】

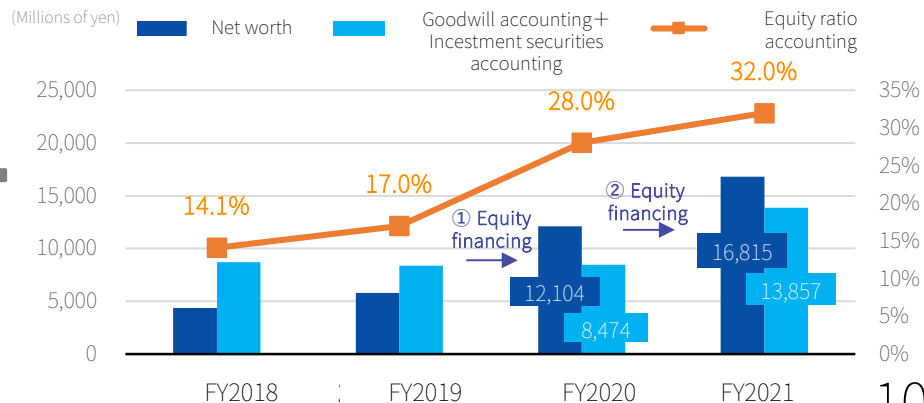
Benefits

Following investments performed to drive future growth (funded through on-hand funds and equity financing)

- M&A activities (over ¥9.0 billion)
- Blockchain technology development
- Next-generation eBook distribution system development
- Human resource recruitment














Improvement in financial position marked by net assets surpassing goodwill



Expenditures for capital and business alliances and M&A activities surpassed ¥9.0 billion


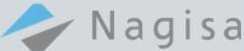



Alliances formed in various investment fields

Capital and Business Alliances and M&A Activities after July 2018

	Publishing Solution Business	Imprint Business	Global Business	Fan Marketing Business	Investment Amount
Acquisition	 PUBFUN Joint venture with Impress Holdings (established in April 2022)	 日本文芸社 JIVE Ltd. 	 firebrand TECHNOLOGIES  NetGalley™ WE HELP BOOKS SUCCEED™  supadü™	 MyAnimeList  Nagisa	¥5.6 billion
Capital and business alliance	 TOHAN			 VR法人 HIKKY  Digital Entertainment Asset Pte. Ltd.	¥3.4 billion
Investment Amount	¥2.9 billion	¥2.5 billion	¥2.3 billion	¥1.3 billion	Total: ¥9.1 billion

Note: Figures above include projects for which individual amounts are undisclosed.

Proficient post-merger integration capabilities demonstrated in massive integration project following acquisition of Digital Publishing Initiatives Japan

Name	Acquisition Timing	Business Progress	Integration Status	
Digital Publishing Initiatives Japan	March 2017	Post-merger integration completed through management, business, and awareness integration project spanning three years resulting in MEDIA DO claiming the No. 1 position in the eBook distribution industry	Great	
+				
M&A Activities after July 2018				
ジャイブ	March 2019	Delays in expansion and training of editorial and sales staff and other structural reinforcements resulting in sales falling below targets; organizational and management streamlining to be targeted alongside business expansion going forward	Lacking	
 MyAnimeList	August 2019	Growth of MyAnimeList and improved reputation as globally top-tier Japanese anime and manga community website; capital injection from IP holders completed; accelerated overseas deployment of Japanese content commenced	Good	
 Nagisa	October 2020	Impairment loss of ¥0.3 billion recorded in FY2021 based on intensified competition and operating environment changes in the comic app business; provision of fan marketing services to be promoted going forward	Problematic	
 firebrand TECHNOLOGIES	 NetGalley	January 2021	Lower-than-anticipated income due to reinforced security and higher personnel expenses following rising wages and increased hiring, but smooth business growth as a company promoting digital transformation in the U.S. publishing industry	Good
日本文芸社	March 2021	Greater-than-expected performance improvement following strong performance of eBooks and how-to books and reduced rates of book returns due to distribution controls; exploration of vertical scroll comics and other new genres	Good	
 エブリスタ	December 2021	Conversion to wholly owned subsidiary following March 2022 acquisition of equity stake from NTT DOCOMO; policy of developing media mix consisting of comic and video content based on submitted novels	—	

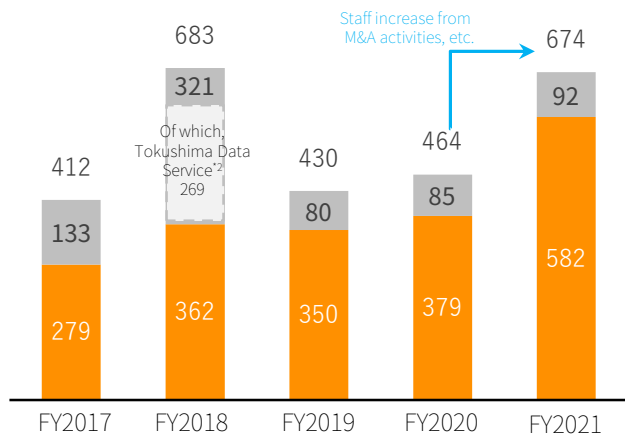
Note: Supadū (acquired in February 2022) and PUBFUN (established in April 2022) have been excluded due to currently being in the very early stages of the post-merger integration process.

Aggressive recruitment drive focused on engineers and project managers; expansion of Group staff to approximately 600 completed through M&A activities

Consolidated Number of Employees¹

Full-time staff Temporary staff

(People)



¹ Figures are as of February 28/29 of the given year. Figures for temporary staff do not include subcontractors.

² Of the number of temporary staff for 2019, 269 employees were associated with Tokushima Data Service, which was a subsidiary at the time.

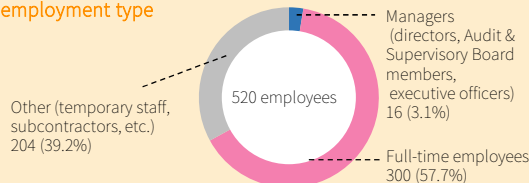
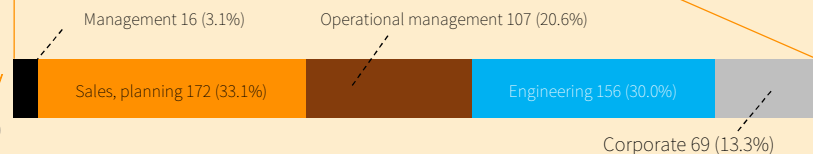
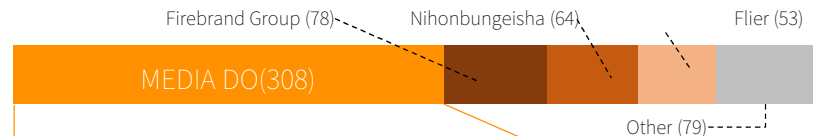
Breakdown of Employees by Company
(582, Full-time employees, as of February 28, 2022)

MEDIA DO Co., Ltd.
(As of March 1, 2022)

Breakdown of employees by function
(520, including other employees)

Breakdown of employees by employment type

Other (temporary staff, subcontractors, etc.) 204 (39.2%)



Breakdown of employees by gender
(Excluding other employees)

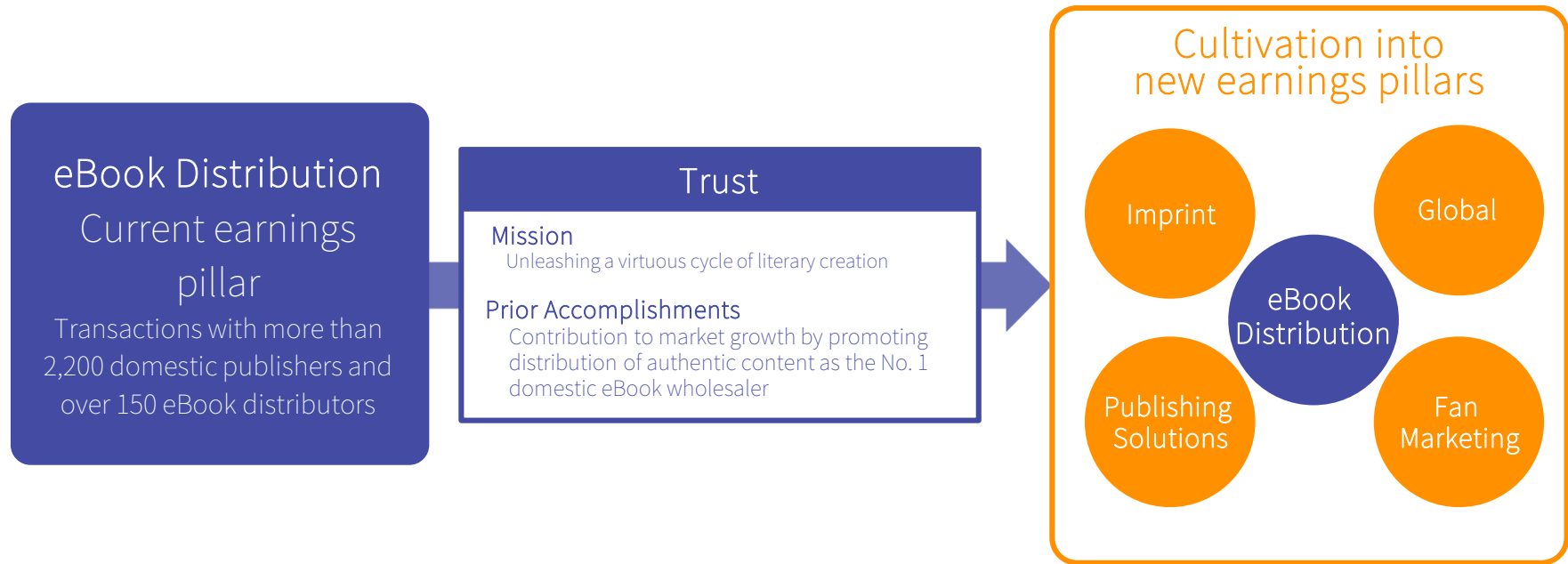


Note: The ratio of men in management is 78.8% and the ratio of women in management is 21.2%



2. Overview of the New Medium-Term Management Plan

Complete cultivation of new earnings pillars founded on trust fostered thus far



Industry digital transformation made possible by MEDIA DO's **POSITION** and **TECHNOLOGY**

MEDIA DO's Strength 1:

Position

Trust from business partners that can distribute authorized digital content and access to people and information

MEDIA DO's Strength 2:

Technology

Technological capabilities for leading digital transformation of the publishing and content industries



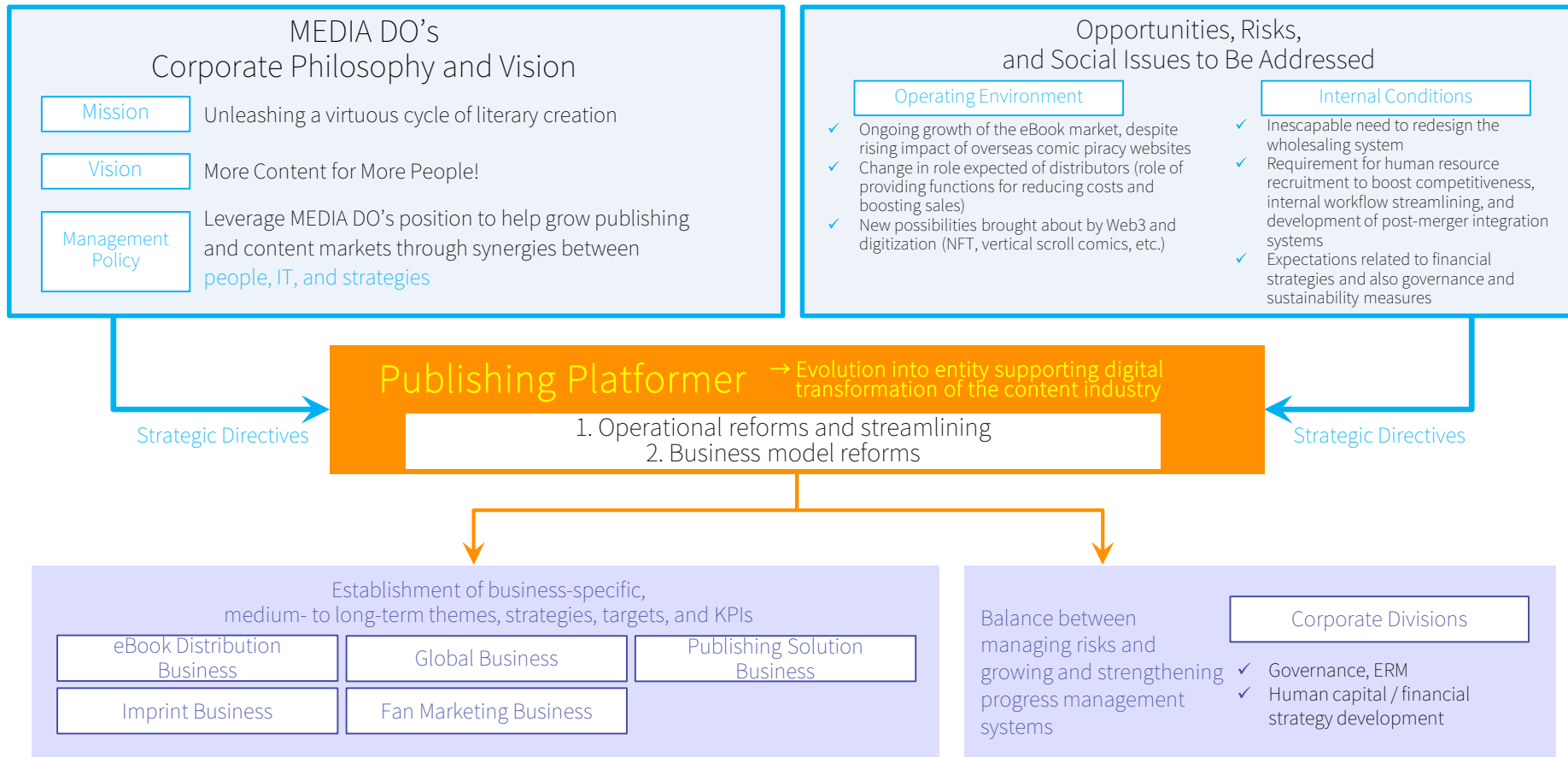
Publishing Industry Digital Transformations Made Possible by MEDIA DO

1. Operational reforms and streamlining

- ✓ eBook distribution
- ✓ Sale/royalty distribution
- ✓ Bibliographical information management
- ✓ Overseas expansion support

2. Business model reforms

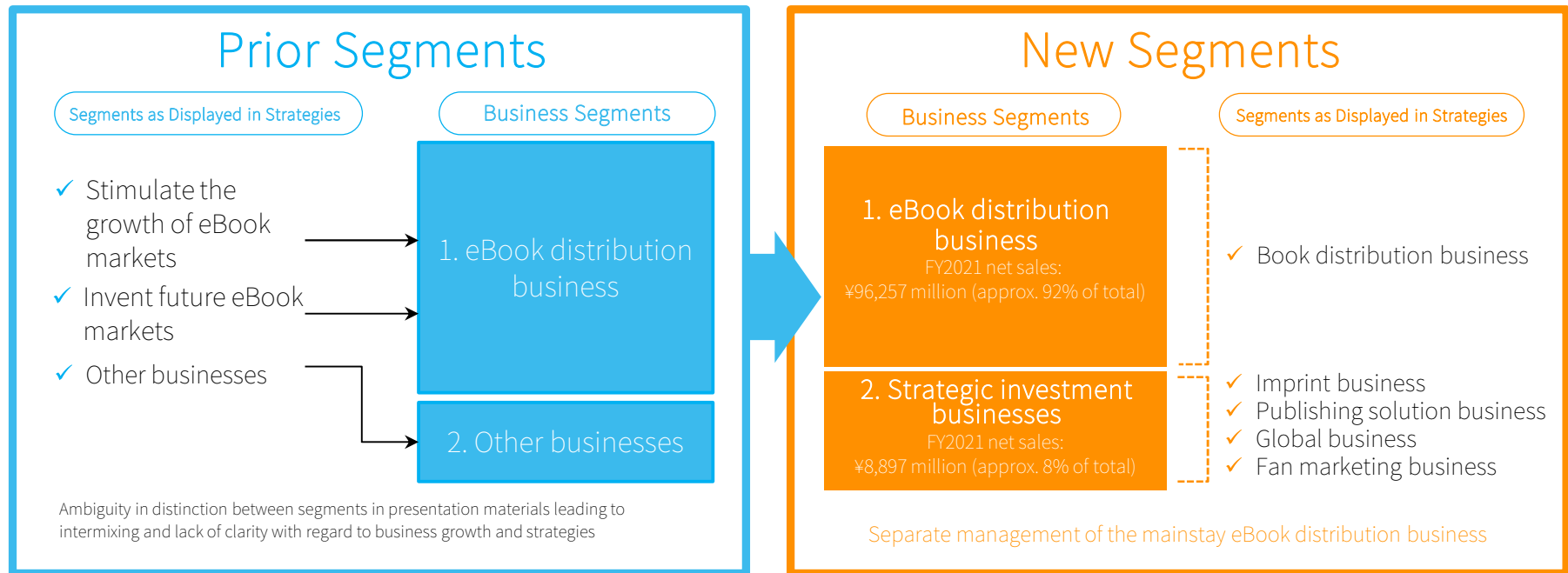
- ✓ Position of digital content assets
 - Provision of digital content endowed with a concept of ownership
- ✓ Creation of new services
 - Publishing imprint, media, etc



Target consolidated net sales of ¥150.0 billion and EBITDA of ¥10.0 billion in the fifth year of the new medium-term management plan

Consolidated performance	FY2021	FY2022	FY2024 (3rd year of plan)	FY2026 (5th year of plan)
Net sales	¥104.7 billion	¥100.0 billion	¥120.0 billion	¥150.0 billion
Operating profit	¥2,810 million	¥2,000 million	¥4,000 million	¥8,500 million
EBITDA	¥3,920 million	¥3,590 million	¥5,500 million	¥10,000 million
Profit attributable to owners of parent	¥1,570 million	¥850 million	¥2,800 million	¥6,000 million
ROE	10.9%	5.2%	15.0%	23.0%

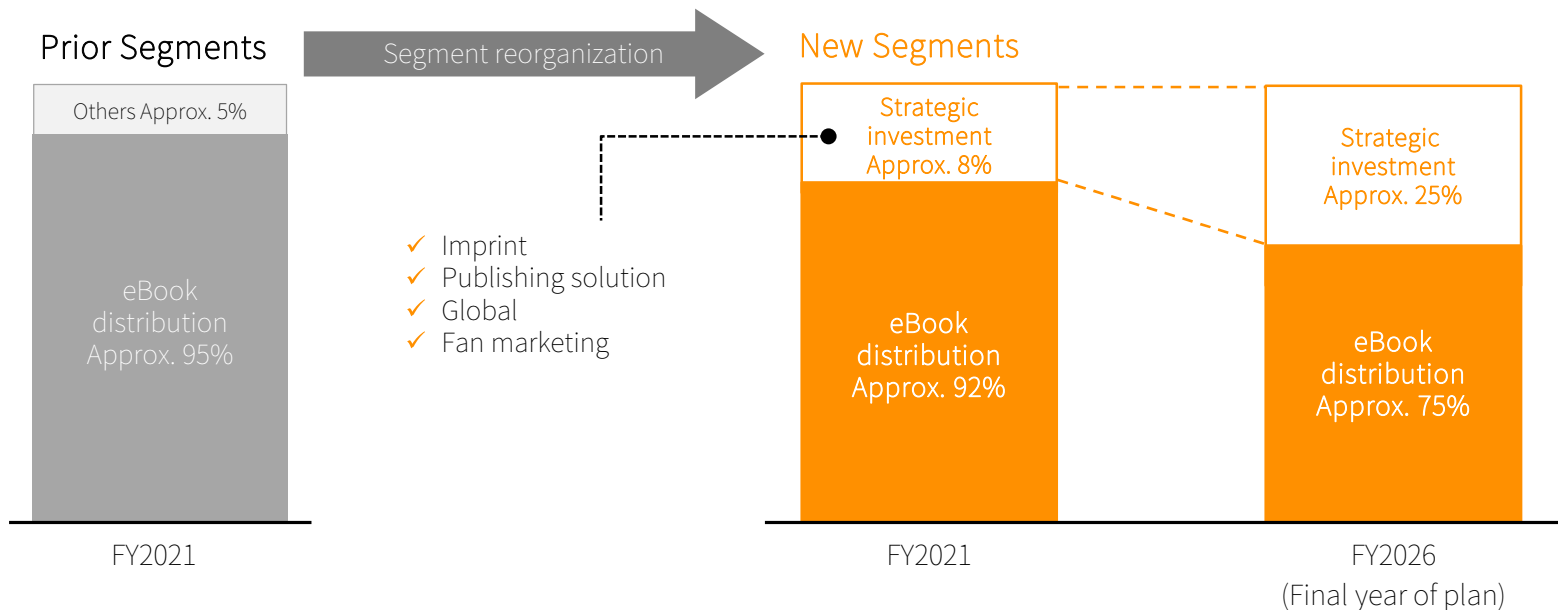
Revision of reportable segments in FY2022 to reflect the new medium-term management plan



IP Acquisition/Cultivation	Planning/Publishing (Support)	Wholesaling/Distribution	Global	Sales/Marketing
Imprint Business	Publishing Solution Business	Book Distribution Business	Global business	Fan Marketing Business
Applicable Subsidiaries/Services				
<p>日本文芸社 NIPPONBUNGEISHA</p> <p>Publication and sale of how-to books, comics, novels, and magazines in both physical and digital formats</p> <p>JIVE Ltd. Development of imprint next-generation publishing business and operation of girl's comics label</p> <p>エブリスタ Novel submission website operation and image production business</p> <p>ASTRA Comic coloring and picture production support</p>	<p>PUBFUN (Joint venture with Impress Holdings) Expansion of the print on demand market through integration of corporate and private print on demand services</p> <p>(Service) PUBNAVI eBook sales management and integrated royalty management system for paper books and eBooks</p> <p>flier Inc. Operation of the flier book summary service</p>	<p>Media Do Development of Japan's largest eBook distribution business boasting relationships with more than 2,200 domestic publishers and over 150 eBook distributors</p> <p>Media Do TECH TOKUSHIMA Provision of wholesale business process outsourcing services</p>	<p>MD-i Media Do International The MEDIA DO Group's global business base in San Diego</p> <p>firebrand TECHNOLOGIES Deployment of bibliographical information management, information distribution, and eBook distribution services in the United States</p> <p>NetGalley™ Provision of NetGalley online book marketing tool</p> <p>supadü™ Supply of publisher sales websites on an SaaS basis to customers including major U.S. publishers</p>	<p>(Service) FanTop NFT marketplace developed by MEDIA DO</p> <p>MyAnimeList Operation of the globally top-tier MyAnimeList community website focused on Japanese anime and manga</p> <p>Nagisa Operation of comics app and provision of fan marketing services</p> <p>J-Comix Terrace Corporation コミックテラス Operation of free digital comics distribution service</p>

Establishment of additional earnings pillars using stable earnings generated by the eBook business

Breakdown of Net Sales by Segment





3. Initiatives by segment



(1) eBook Distribution Business

Improve frameworks and systems to solidify MEDIA DO's **position** in the eBook distribution business

eBook Distribution Business

- ✓ No change to unique position fostered as Japan's largest eBook distribution business operator
- ✓ Solidification of industry position through alliance with Tohan and development of operational excellence via streamlining and addition of functions

Core business gaining **TRUST** through ability to handle authentic content

Imprint Business

Publishing Solution Business

Global Business

Fan Marketing Business

Vision

Strengthen position as an industry infrastructure provider through further reduction of distribution energy use and provision of additional functions

Measure 1

Grow the eBook market by reducing distribution energy use

- ✓ Streamline database management, campaign operation, and banner production processes
- ✓ Support small, medium-sized, and new market participants through comprehensive outsourcing for various processes required of publishers and eBook distributors

Measure 2

Provide data marketing and other new functions

- ✓ Provide data marketing and other new functions taking advantage of newly developed core system and industry-leading database

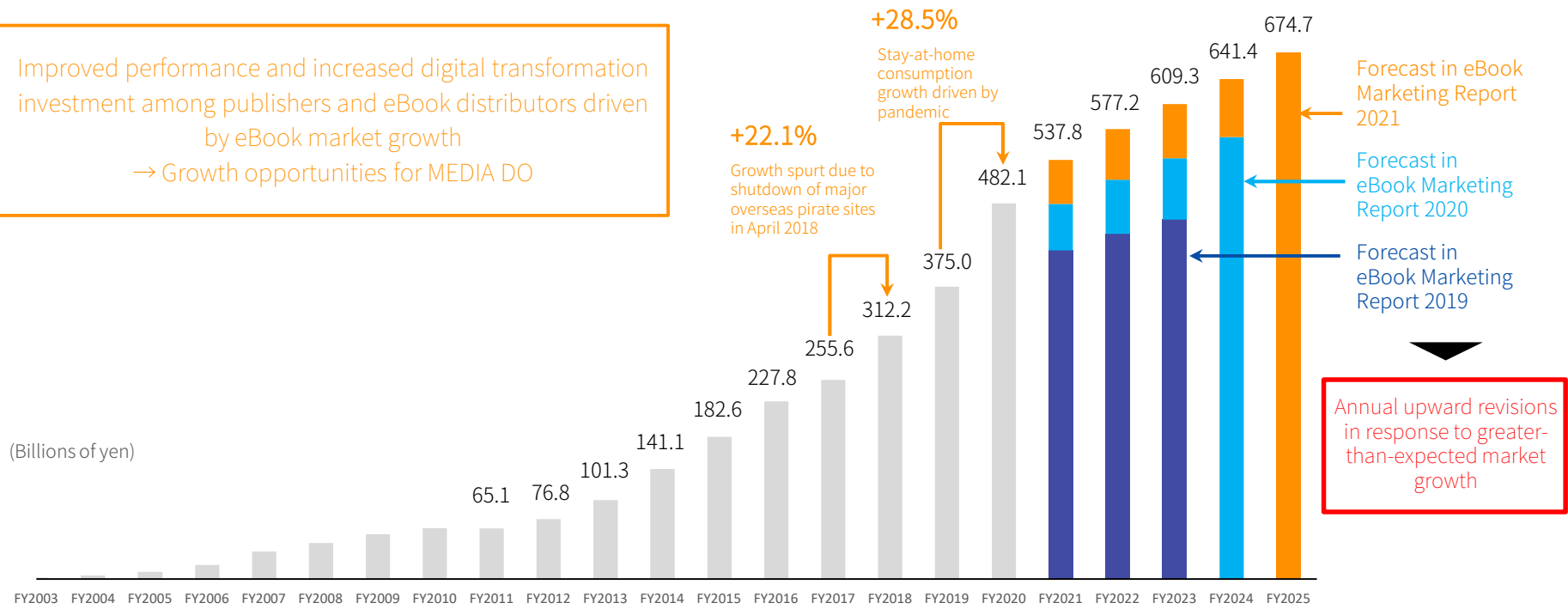
Measure 3

Develop new products and grow market for non-graphic eBooks

- ✓ Achieve compatibility with vertical scroll comics, audiobooks, and other new formats that may emerge in the future
- ✓ Coordinate with publishers and eBook distributors to roll out sales promotion measures for growing market for non-graphic eBooks

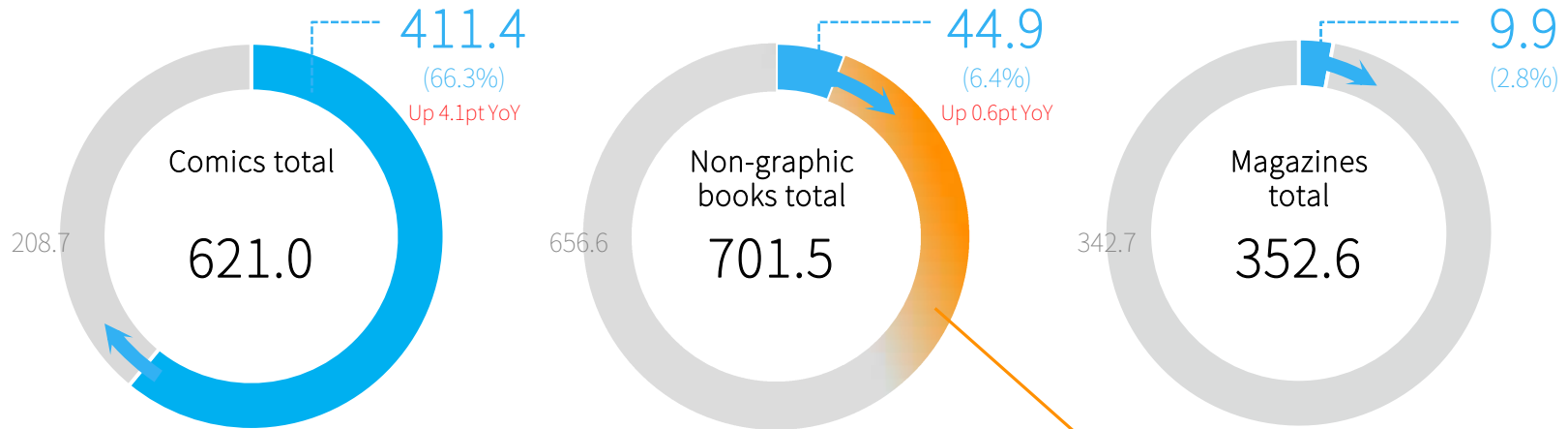
Ongoing growth forecast in the eBook market

Improved performance and increased digital transformation investment among publishers and eBook distributors driven by eBook market growth
 → Growth opportunities for MEDIA DO



Comics market grew 23% YoY Digitalization of non-graphic books still has a lot of room to run

Japan's publishing market by segment (2021) (Billions of yen)

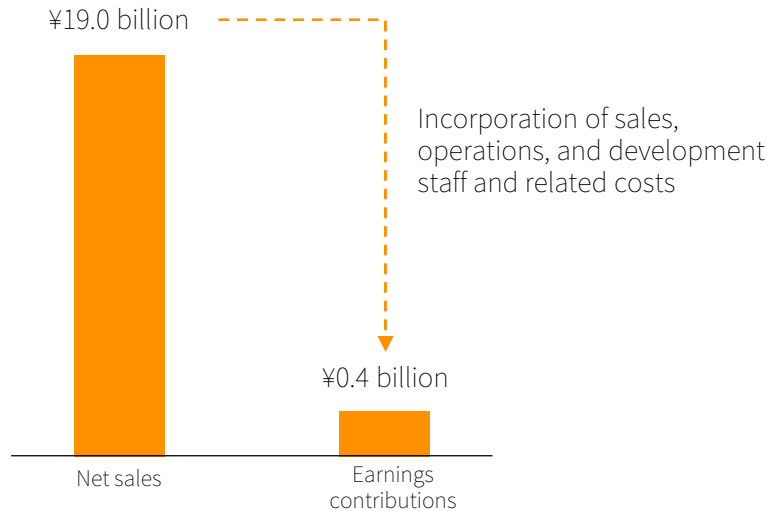


Note: AJPEA Statistics classify 90% of comic books in the "magazine" category. In the graph above, comic books classified as magazines in this way are counted as "comics." Additionally, comic sales include only comic books (both hard-copy and digital) while comic magazines (both hard-copy and digital) are included in the "magazines" category.
(Source: All-Japan Magazine and Book Publishers and Editors Association (AJPEA))

Non-graphic eBooks account for 30-40% of US and Chinese publishing markets

FY2022 performance forecasts formulated by fully accounting for transition in sales channels for LINE MANGA

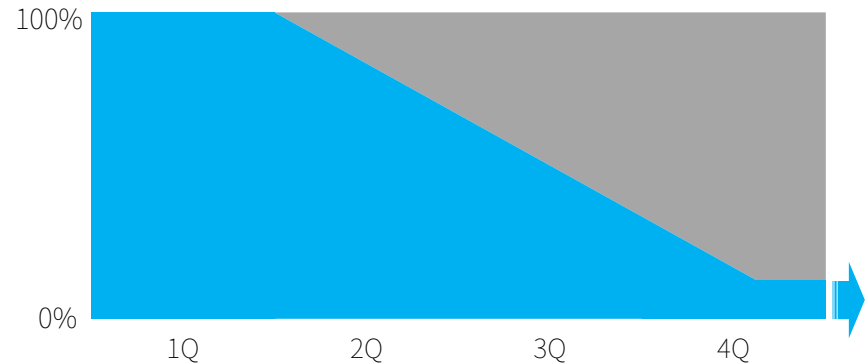
FY2021 Earnings Contributions from LINE MANGA*1



*1 Figures use net sales of LINE Digital Frontier, the company operating LINE MANGA.

Impact on FY2022 Performance (Net Sales of LINE MANGA*2)

Maximum possible impact on performance accounted for based on preliminary calculation assuming that sequential transition commenced in the second quarter of FY2022 (50% year-on-year decrease)

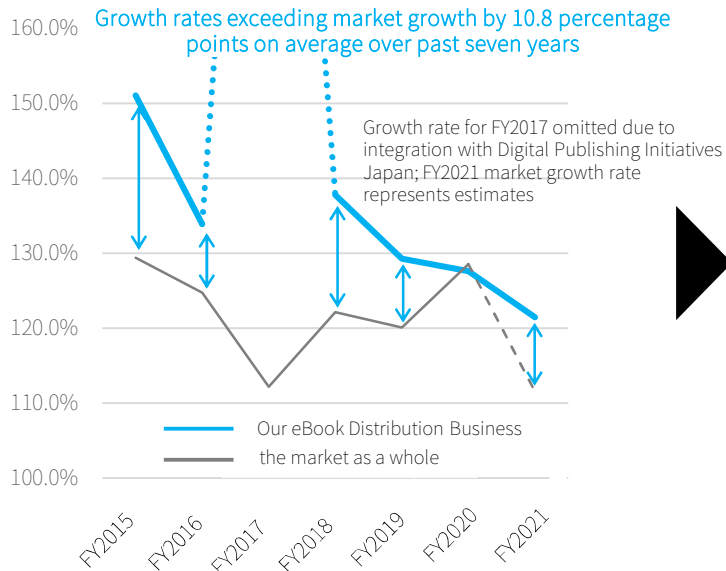


***2 Prompt notification will be provided should a change in schedule or another event occur with the potential to impact performance warranting disclosure occur.**

Note1: The graphs are visual approximations and do not accurately reflect actual performance and plan target figures.
Note2: For more details, please refer to "Notice regarding status of transactions with main business partner, and earnings forecasts for current fiscal year" announced on April 14, 2022.

No change to unique position in the eBook distribution industry; potential for business growth in conjunction with future market growth

Growth Rate of MEDIA DO's eBook Distribution Business and Market



Transactions with rapidly growing publishers and eBook distributors



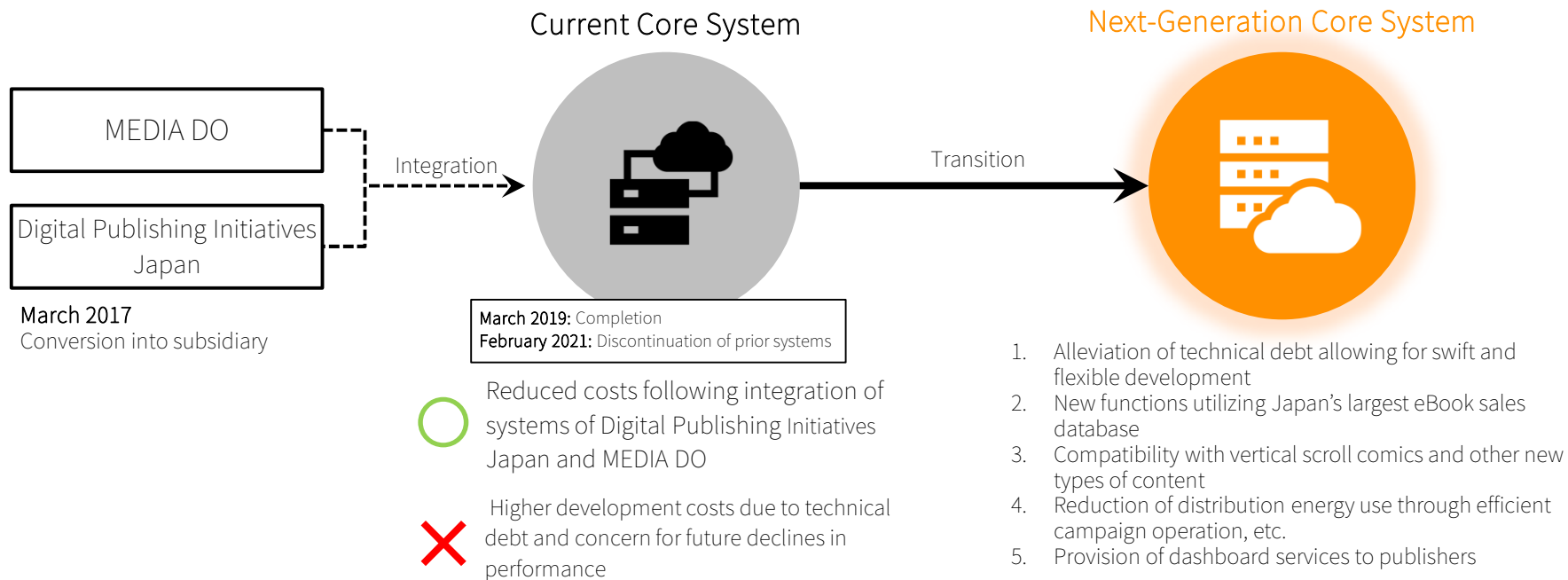
Sales planning and operation management team comprised of approximately 300 employees

In-house developed wholesale platform and distribution system

→ Possibility of temporary decline in sales, but potential for accelerated business growth in conjunction with future market growth

Source: eBook Marketing Report 2021 on Japanese Market, Impress Research Institute

Transition to next-generation core system in order to contribute to further market growth while maintaining competitiveness



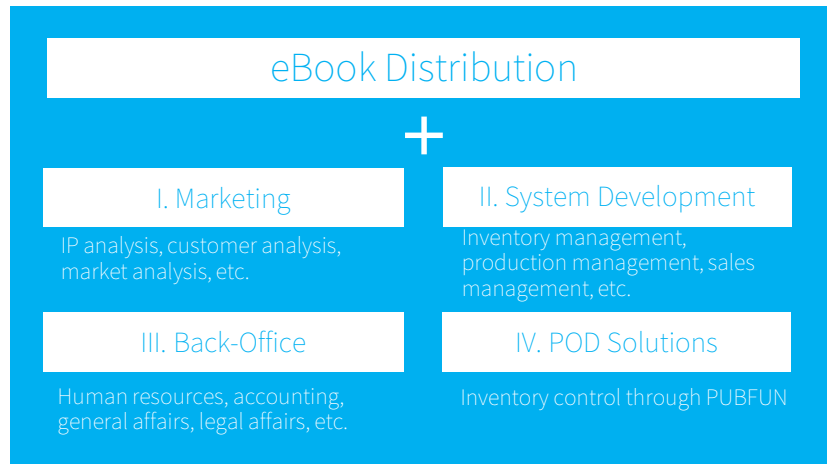


(2) Imprint Business

Accelerate and streamline IP creation centered on eBook distribution functions in response to rising content demand

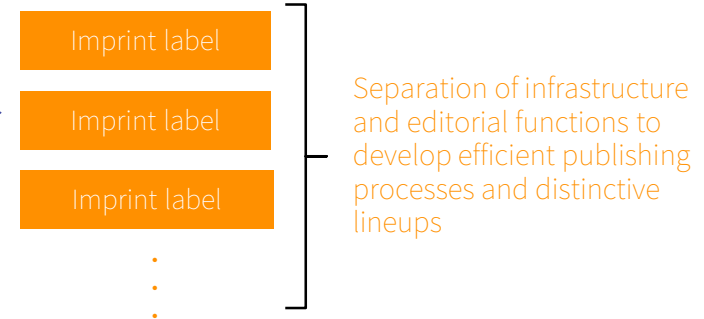
Imprint business = Next-generation publishing business based on digital technologies

MEDIA DO Group's Publishing Platform Functions



Publishing Shaped by New Ideals

1. Marriage of market- and product-oriented perspectives in sales and planning
2. Conduct production prioritizing digital formats (reduction of dependence on paper)



Vision

Produce content and reinforce and expand publishing platform functions through intra-Group coordination

Measure 1

Develop new frameworks for generating content

- ✓ Entrench new, digital-oriented content production processes
- ✓ Create diverse content by utilizing Group publishing companies, submission websites, and picture production/color functions

Measure 2

Strengthen publishing platform functions

- ✓ Separate editorial functions from infrastructure functions (marketing, system development, corporate, etc.)
- ✓ Streamline operations while maintaining distinctive editorial functions for generating unique content

Measure 3

Expand the imprint business through alliances

- ✓ Promote alliances with and acquisitions of content holders as well as IP creation and utilization within the Group

Contributions to content industry development by maximizing IP value for small and medium-sized publishers using MEDIA DO's infrastructure

【Publishers】
日本文芸社
• More than 14,000 published works
• Aggregate sales of 500.0 million works

【Publishers】
JIVE Ltd.



Partnership with publishers

Novels
Vertical scroll and other comics

【Production support】
ASTRA

【Free viewing service】
J-Comic Terrace Corporation
コミックテラス
• More than 16,000 works available

【Novel submission website】
エブリスタ
• Distribution of more than 2.0 million works
• Contributions from more than 1.4 million authors
• More than 750 works published in physical formats



Acceleration of multi-content approach through partnerships with content producers

TV dramas, movies
Anime

Multimedia strategy involving comic adaptations of more than 200 works owned by Group companies

日本文芸社 NIHONBUNGEISHA



Movie adaption available on Disney+ (Starring Yuya Yagura)

NFT products (available through FanTop)



エブリスタ

Comic adaptations of submitted novels (some TV drama and movie adaptations have also been made)



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J-Comic Terrace Corporation コミックテラス

(Fan Marketing Business)



TV drama aired on Nippon Television Network (Starring Ryo Narita)

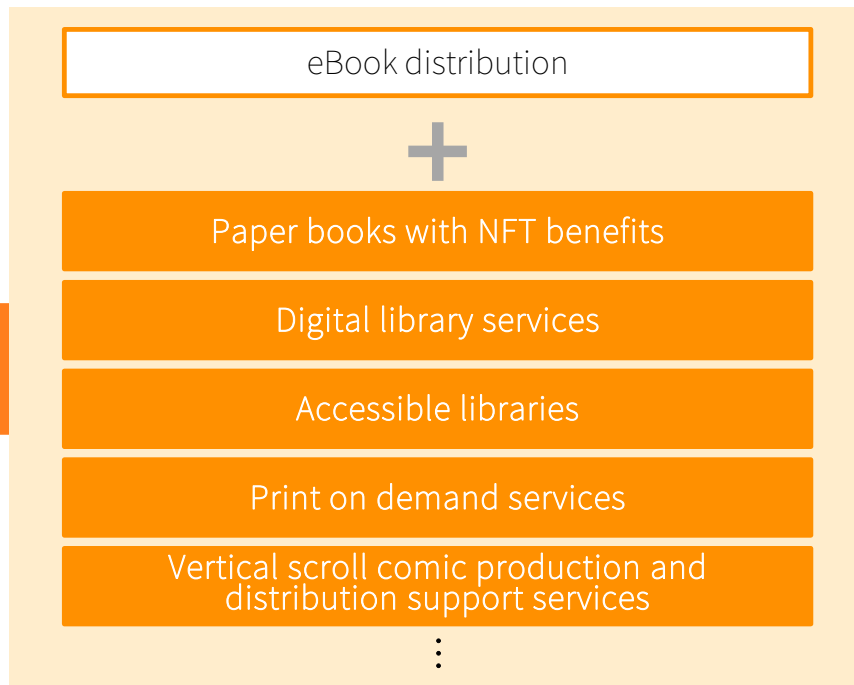


(3) Publishing Solution Business

Enhance BtoB services that contribute to industry development by taking advantage of our **position** in the eBook distribution industry

Industry Issues

1. Slow progress in digitization due to presence of large numbers of small and medium-sized publishers
2. Shrinking paper book market and room for efficiency improvement given high rate of returned books
3. Globalization and growth of market for non-book digital content
4. Rising complexity of industry needs pertaining to usage formats, campaigns, etc.



Vision

Coordinate with the industry to explore new business opportunities; cultivate vertical scroll comics ecosystem

Measure 1

Promote digital transformation of physical and digital publishing through coordination with Tohan

- ✓ Expand the business of selling paper books with NFT benefits; collaborate with physical bookstores to sell eBooks and otherwise invigorate the physical publishing market
- ✓ Popularize digital library services and pursue other coordinated approaches for promoting the digital transformation of the publishing industry

Measure 2

Promote new alliances (print on demand joint venture, etc.)

- ✓ Continue to develop alliances for invigorating the publishing industry (PUBFUN print on demand joint venture established with Impress Holdings in April 2022, etc.)

Measure 3

Cultivate vertical scroll comics ecosystem

- ✓ Establish environment for importing content from overseas and producing original content
- ✓ Develop eBook wholesale and other distribution infrastructure
- ✓ Maximization of IP value through coordination with other companies

Coordinate with Tohan, realize new creation and distribution eco system of publication by **Physical x NFT**

The largest e-book distributor in Japan connecting **2,200** publishers and **150** e-book stores



Connects **3,000** publishers and **5,000** book stores, occupies over 1/3 of paper book distribution



Collaboration of lead distributors of paper books and e-books, for solving industry's issue and value creation

1. Publication with NFT benefits

- ✓ Coordinate with Tohan, acquires the market by distributing books to about 5,000 bookstores across Japan
- ✓ Only collaboration of MEDIA DO and Tohan can distribute "Genuine Products" via **Physical (paper books)**
- ✓ Gain recognition by delivering trustworthy NFT to users

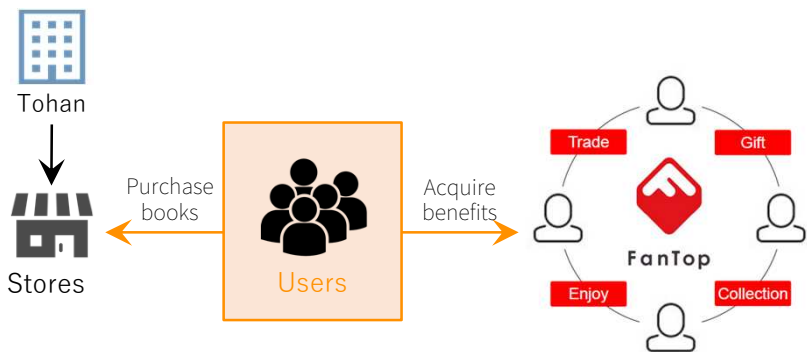
2. Promoting Introduction of e-book library

- ✓ Utilizing Tohan's **16 branches across Japan**, promote introduction of OverDrive system, which can provide **over 3.7 Mn. Contents in 100 languages**
- ✓ Contributing to solve social issues under limited access to physical books due to COVID-19 pandemic and progress in digitalization

Establishing trustworthy brand of “MEDIA DO” who can distribute genuine NFT

Expanding recognition of NFT and development of the market

- ✓ As distributor of paper and electronic books, fully utilize its position and relationships in the industry, promote distribution of genuine products.
- ✓ Achieved price increase of book by giving additional value
- ✓ Contributes to gain recognition and user acquisition of FanTop



Normal edition

¥1,595 (including taxes)

Special edition

¥2,200 (including taxes)

Actual sales*
Over 80%
(2 mths. after release)

※According to TOHAN

→

Publisher: Kodansha; On sale: December 8

Unit Price increased
Approx. +37.9%

Versus regular edition

- ✓ Actual sales of special edition: Apporx. +20%
- ✓ Average price increased: Apporx. +20% ↑

Progress in removing prior accessibility obstacles; massive increase in usage projected

Largest Domestic eBook Distributor



World's Largest Digital Library Service Provider



System with more than 3.7 million pieces of content



Largest Domestic Paper Book Distributor



Sales capabilities and network comprised of 16 nationwide bases



Accessible Library アクセシブル
ライブラリー

- ✓ Text-to-voice engine that provides easy-to-understand output even at high speeds developed based on the needs of people with impaired vision
- ✓ User interface allowing for easy use by people with impaired vision without the need for assistance

+

Digital Library Services

- ✓ Usable without trips to the library
- ✓ Benefits for addressing disparities in education and providing learning opportunities



Contributions to provision of reading opportunities for people with impaired vision based on relevant legislation; promotions capitalizing on advantages of unrivaled

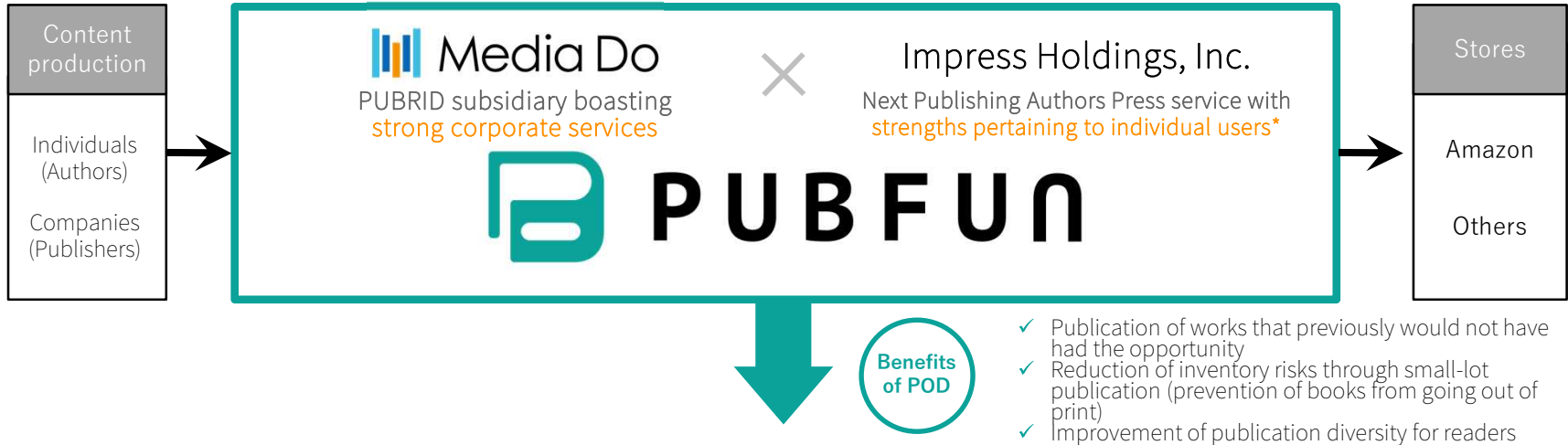


Introduction Rate*
27.7%

No. of contracts: **31**
Of Which 21 cases collaborated with Tohan
Adoption growth rate: **+50%**

※Source : Association for E-publishing Business Solution

Pursuit of unrivaled share through establishment of PUBFUN joint venture between two print on demand service leaders



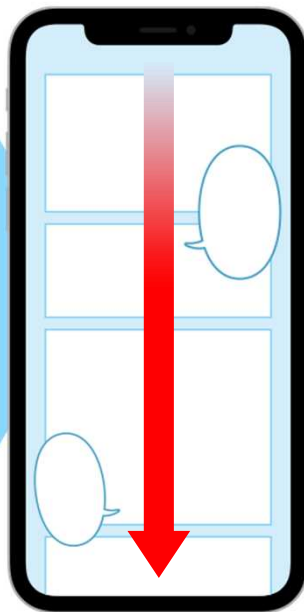
Promotion of market growth by flexibly addressing new needs of authors and publishers, including those related to the self-publishing individuals that have recently been gaining attention or to the provision of publishing opportunities for non-publishing companies

* Operated by Impress Holdings subsidiary Impress R&D

Rapidly growing vertical scroll comics market stimulating new growth in the publishing market

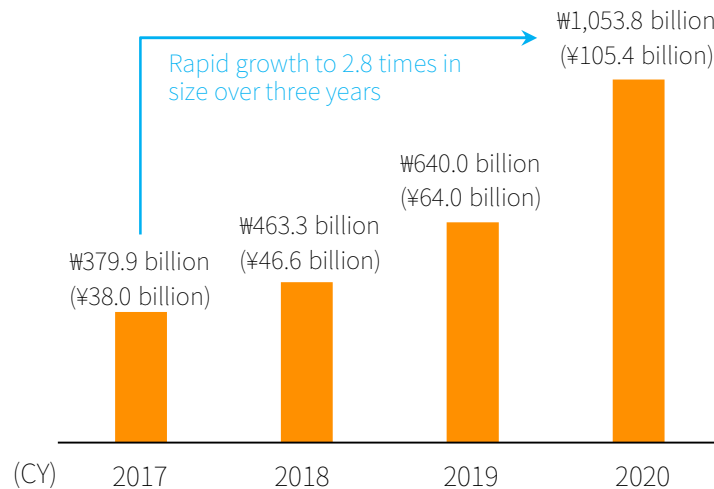
Characteristics of Vertical Scroll Comics

- ✓ Potential for global deployment
- ✓ High unit prices and continuation rates
- ✓ Contribution to new business models unrestrained by previous frameworks
- ✓ Ability to capture new users



Scale of South Korea's Webtoon Market

Source: 2021 webtoon company survey report, Korea Creative Content Agency
Note: Won values were translated to yen at a rate of ¥0.1 to ₩1.



Contributions to healthy market growth through involvement in both production and distribution of vertical scroll comics

Global webtoon market expected to grow from scale of ¥440.0 billion in 2021 to ¥3,150.0 billion by 2028*



Contribute to healthy market growth through content distribution taking advantage of

Position

Content distribution/procurement	Content production/production support	Original work provision
 Media Do	日本文芸社 ASTRA JIVE Ltd.	 エブリスト

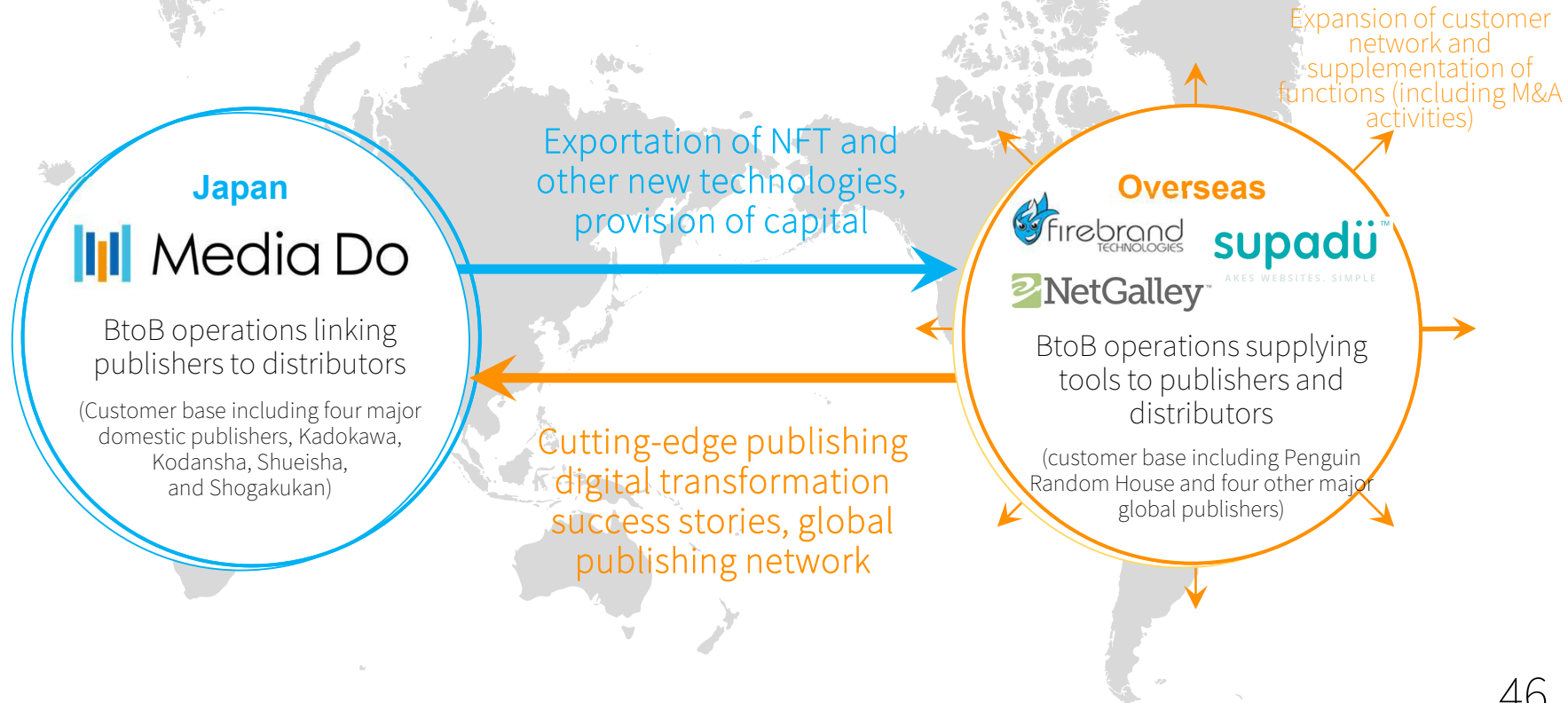
+ Coordination with market participants (publishers, production studios, eBook distributors, etc.) worldwide

Source: Source: Global Webtoons Market Size, Status and Forecast 2022-2028, QYResearch (Dollar values translated to yen at a rate of ¥120 to \$1)



(4) Global Business

Acquire high-share publishing SaaS business operators; develop global infrastructure for supporting market growth



Vision

Improve presence of the MEDIA DO Group as a publishing service platform provider in the global market

Measure 1

Establish global position as a publishing infrastructure provider

- ✓ Advance post-merger integration of the Firebrand Group and Supadu and coordinate sales and systems
- ✓ Improve presence as a vertical SaaS provider in European and U.S. markets and become an indispensable entity to the industry

Measure 2

Deploy new services on global basis, introduce successful digital transformation approaches into Japan

- ✓ Utilize network of European and U.S. customers, including five major U.S. publishers, to develop an NFT platform and export Japanese content
- ✓ Apply successful digital transformation approaches to the Japanese publishing industry and develop services through intra-Group coordination

Measure 3

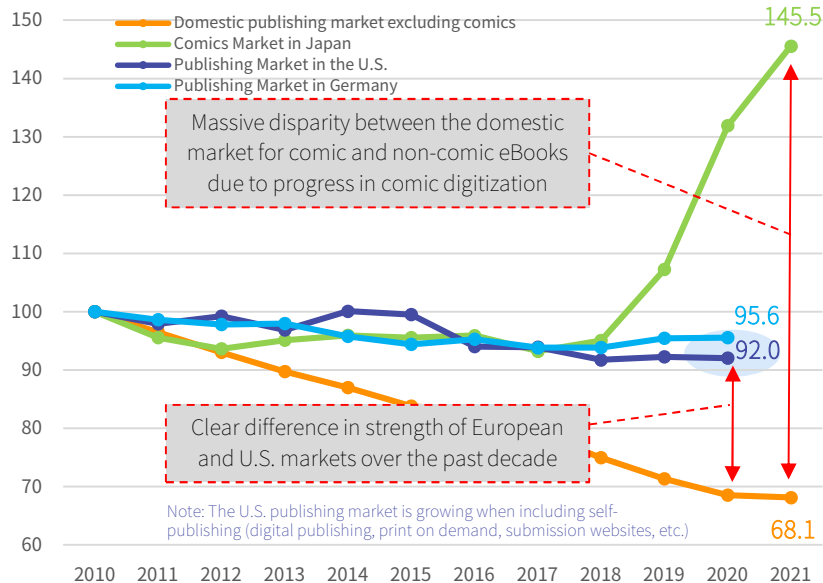
Enhance functions and systems of Media Do International

- ✓ Enhance management systems of overseas subsidiaries to facilitate future M&A activities
- ✓ Bolster the MEDIA DO Group's overseas information distribution capabilities through W3C and other venues

Promotion of publishing industry digital transformation through importation of industry-specific SaaS services boasting high overseas shares

Publishing Market Scales by Country

(2010 indexed to 100) Source: All-Japan Magazine and Book Publishers and Editors Association



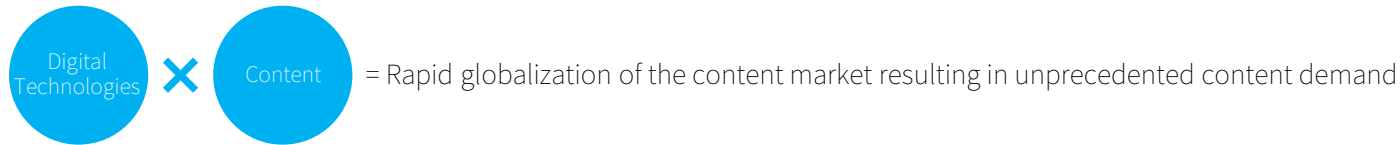
Ongoing decline in the domestic non-graphic publishing market; strong growth in overseas markets due to self-driven progress in digital transformation



Provision of services that contribute to invigoration of the domestic publishing industry and culture

Ability to capitalize on growth of the global content market following development of global publishing infrastructure network*

* Shares of U.S. companies Quality Solutions (Firebrand) and NetGalley acquired by San Diego-based subsidiary Media Do International; shares of U.K. company Supadü acquired by NetGalley's U.K. subsidiary NetGalley UK.



Steady business growth to be pursued in conjunction with content market growth by bolstering presence as an infrastructure provider supporting the global publishing market

Comprehensive Publishing Data Management and Analysis Tools



- ✓ Services boasting No. 1 shares used by more than 100 companies, including two major U.S. publishers
- ✓ Annual churn rate of zero

Communication Marketing Tools



- ✓ Services used by more than 500 companies, including five major U.S. publishers
- ✓ Annual churn rate of 3%

Comprehensive Direct-to-Consumer Tools



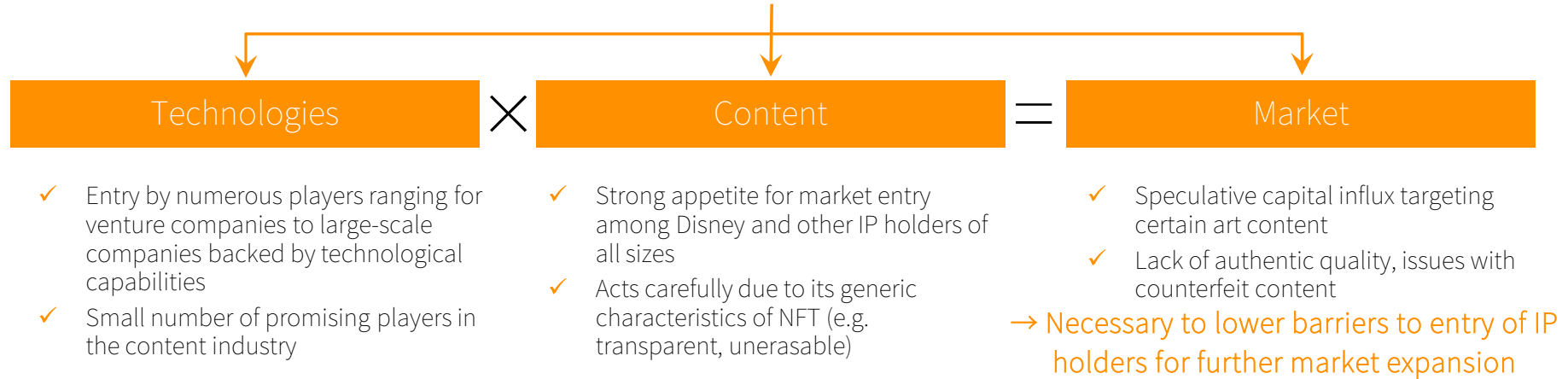
- ✓ Services used by more than 240 companies, including five major U.S. publishers (when including indirect provision)
- ✓ Annual churn rate of less than 3%



(5) Fan Marketing Business

Create unique NFT distribution frameworks capitalizing on MEDIA DO's strengths in technologies and content

Trends in the Brisk NFT Market



Limited number of players capable of contributing to healthy market development

Vision

Strengthen relationships between IP holders and fans; develop made-in-Japan framework for distributing authentic NFT content

Measure 1

Promote development of NFT content through coordination with IP holders

- ✓ Strengthen relationships with publishers as well as holders of music, images, games, and other diverse IP
- ✓ Create unique NFT fan items in addition to the physical fan items currently available

Measure 2

Develop differentiated NFT ecosystem

- ✓ Promote sales through FanTop, establish NFT marketplaces for overseas use through MyAnimeList, and support NFT business initiatives of IP holders
- ✓ 3D items viewed via 3D app. and further advanced NFT contents

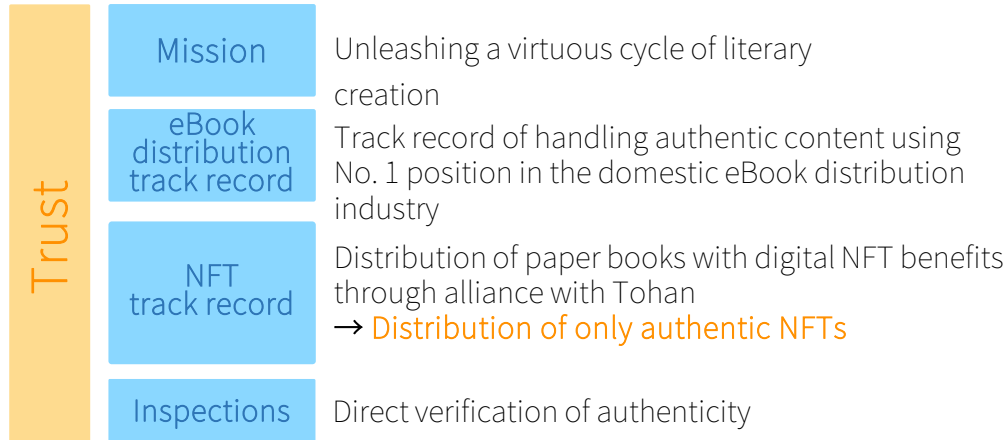
Measure 3

Facilitate direct communication between IP holders and fans

- ✓ Provide various services for realizing content production, distribution, and sale based on communication with fans in preparation for Web3

Understanding of aims and issues of IP holders backing ability to drive the NFT market by increasing authentic content distribution

MEDIA DO's Roadmap to Success



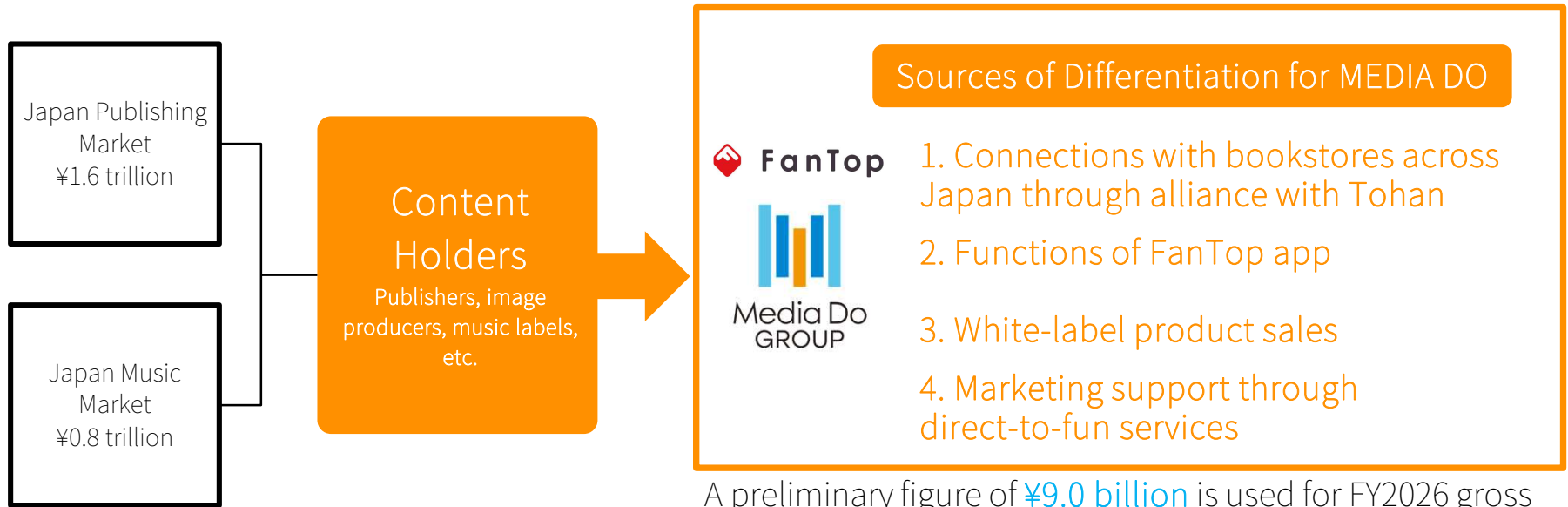
➔ Rare position with view of the entire industry allowing for an accurate understanding of content and IP holder issues

- FY2021 gross transaction value: ¥158.0 billion
- Relationships with all major publishers*1



*1 "Major publishers" defined as all companies among the publishers that are members of the Japan Book Publishers Association (394 as of July 31, 2021) excluding those involved with audiobooks and other activities not traditionally considered publishing

Acceleration of authentic content distribution by bolstering MEDIA DO's presence through utilization of sources of differentiation



※1 Institute of Publication Science

※2 Digital Content Association of Japan 「Digital content white paper 2021」

A preliminary figure of **¥9.0 billion** is used for FY2026 gross transaction value for the purposes of the medium-term management plan.

Guarantees of content authenticity through FanTop; provision of functions for enjoying content

AR room



AR function



Provision of functions spanning the value chain



Protection features for IP holder

- Protection of Digital Content Assets® (registered trademark of MEDIA DO) through digital rights management
- “Flow” technology has been adopted to ensure smooth trading

Features for fans

- 3D model display functions
- AR display and room functions
- New functions for enjoying virtual spaces with VR technologies

Provision of both protection and enjoyment functions

New way of supplying content to fans in Web3 realized through MEDIA DO Group services equipped with direct-to-fun functions

* Direct to Fun

1. Marketing Changes Brought about by Transition to Web3

WEB2.0



Web3

Tracking key to targeting users

Importance of forming **direct connections** with customers due to decentralized control

2. Changes in Values and Consumption Behavior

Purchasing and ownership activities not driven purely by price or function value among core fans; rising importance of communicating the sentiments and concepts encapsulated in content

Need to form communities to create direct connections with fans

Solving issues through each service with marketing functions.



- Globally top-tier Japanese anime and manga community website
- Ability to reach Japanese anime and manga fans around the world



- NFT market place where digitalized “Fan Items” (collectibles for fans) are distributed, and fans can fully enjoy by collecting, viewing and sharing/transferring/trading among fans.



- Services allowing for no-code production of monthly subscription fan clubs
- Ability to tailor marketing based on communities formed by individual fan clubs



4. Corporate Governance System

Reinforcement of corporate governance in conjunction with transference of stock to the Tokyo Stock Exchange (TSE) Prime Market

MSCI
ESG RATINGS



CCC B BB BBB **A** AA AAA

LAST UPDATE: November 18, 2021

2020

- Introduction of the executive officer system
- Publication of the first integrated report
- Formulation of ESG policies

2021

- Formulation and revision of the MEDIA DO Basic Corporate Governance Policy in conjunction with revision of Japan's Corporate Governance Code
- Appointment of the first female director
- Establishment of the Nomination and Compensation Committee

2022

- Transference of stock to the TSE Prime Market
- Establishment of the Sustainability Committee



Improvement of Groupwide governance through enhancement of Group management frameworks

New director appointments scheduled for approval at the General Meeting of Shareholders to be held on May 26, 2022; pursuit of more transparent and objective oversight functions

Note: The following directors will be proposed for appointment at the General Meeting of Shareholders scheduled to be held on May 26, 2022.

Six Directors

Four Internal Directors



Yasushi Fujita
President and CEO
Member of the Nomination and Compensation Committee



Shin Niina
Director, Vice President, and COO



Atsushi Mizoguchi
Director and CBDO

New



Hiroshi Kanda
Director, CSO, and CFO
Chairperson of the Sustainability Committee

Two Outside Directors Designated as External Directors



Ayako Kanamaru
Chairperson of the Nomination and Compensation Committee

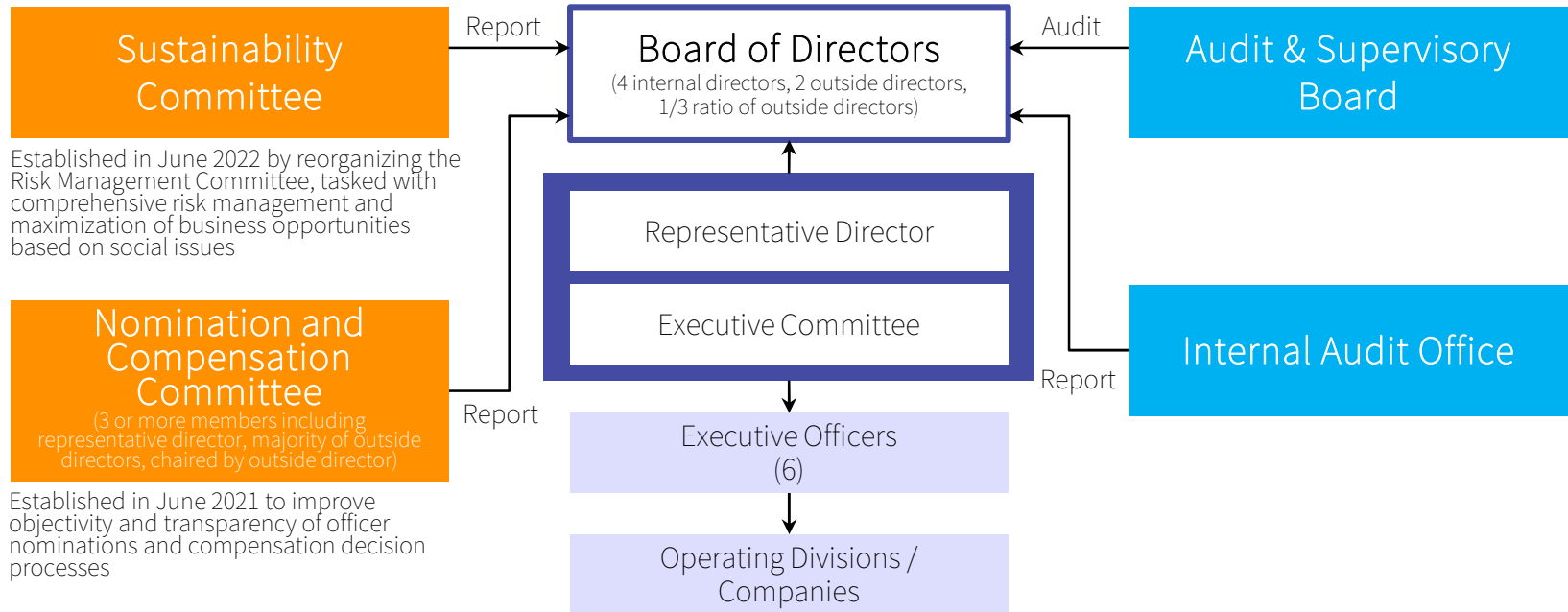
New



Haruo Miyagi
Member of the Nomination and Compensation Committee

→ Phased increase in the ratio of outside directors and transition from management-oriented Board of Directors (involvement of directors in executive decision-making) to monitoring-oriented Board of Directors (oversight of operational execution of managers)

Establishment of the Sustainability Committee; incorporation of risks and opportunities into management strategies





5. Financial Strategies / Shareholder Returns

Promotion of aggressive investment for becoming a **game changer**; regular revision of business portfolio

Future Investment and M&A Targets

Imprint Business	Partnerships and alliances with IP holders
Publishing Solution Business	Alliances with vertical scroll comic production studios and eBook distributors
Global Business	Enhancement of SaaS businesses with large shares that serve major publishers
Fan Marketing Business	Alliances for growing businesses and bolstering competitiveness in the NFT and Web3 fields

Numerous M&A opportunities made possible due to presence based on trust earned in the eBook distribution business

Business portfolio revision policy

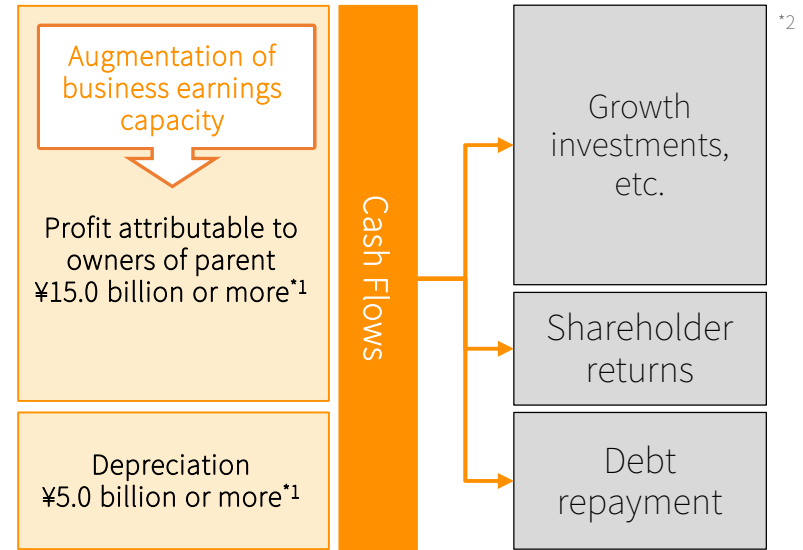
Conduct policy or leadership changes or sale of / withdrawal from acquisitions projected to generate ROIC of less than 7% after the third year

Creation of ongoing growth cycle through earnings capacity augmentation and disciplined cash flow management

Financial Targets (FY2026)

Growth	Net sales of ¥150.0 billion
Profitability	Operating margin of 5% or more
Efficiency	ROE of around 20%
Shareholder returns	Total return ratio of around 30%

Cash Flow Management

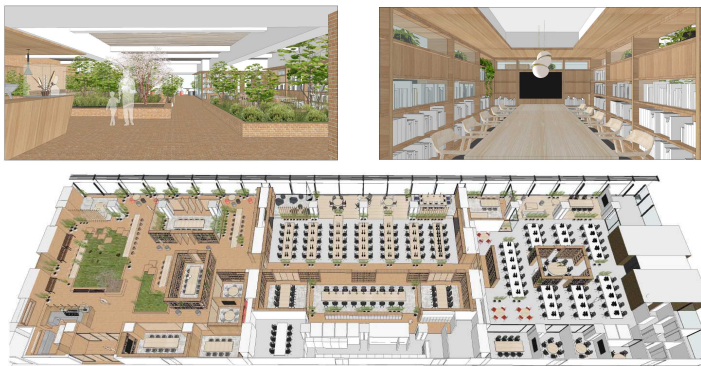


*1 Five-year aggregate for period of medium-term management plan

*2 The boxes are visual approximations and do not accurately reflect plan target figures.

Renovate and relocate offices to revitalize inter-employee communication diminished by the COVID-19 pandemic

Renovation of eighth floor of the MEDIA DO head office with goal of making a space to which employees



Relocation of offices of Group companies (Nihonbungeisha, Flier, Nagisa) to same building as the MEDIA DO head office

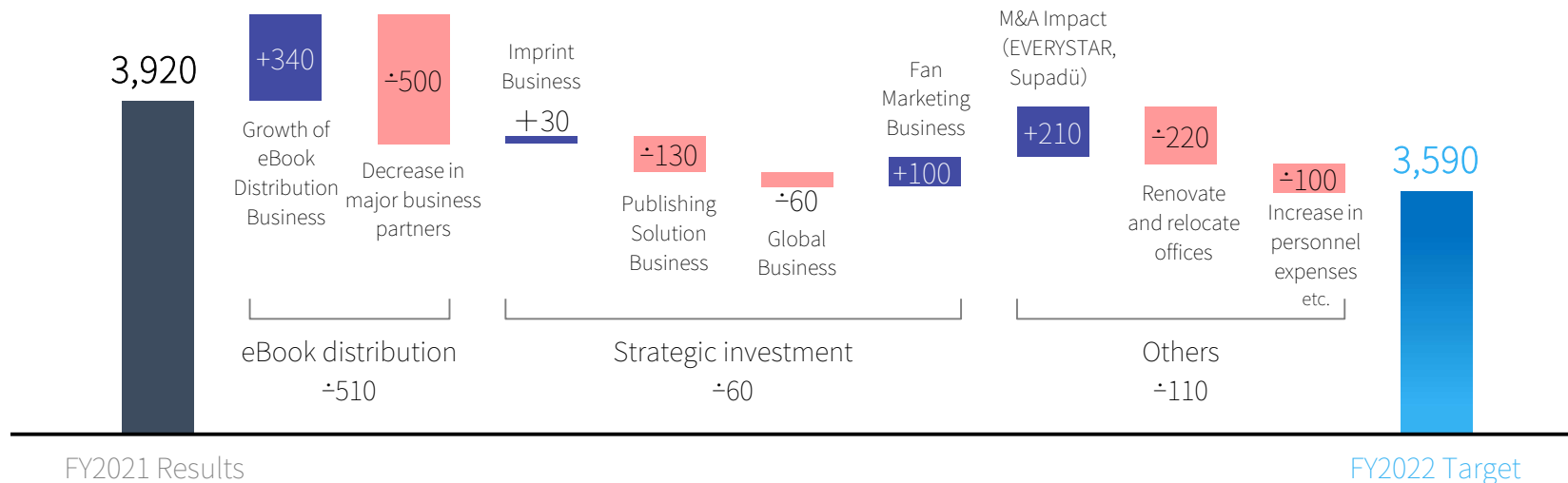


→ Renovation and relocation expense of ¥4.6 billion (increasing FY2023 expenses by ¥2.2 billion, including ¥1.2 billion in one-time expenses) incurred to catalyze teamwork, communication, and consequently innovation

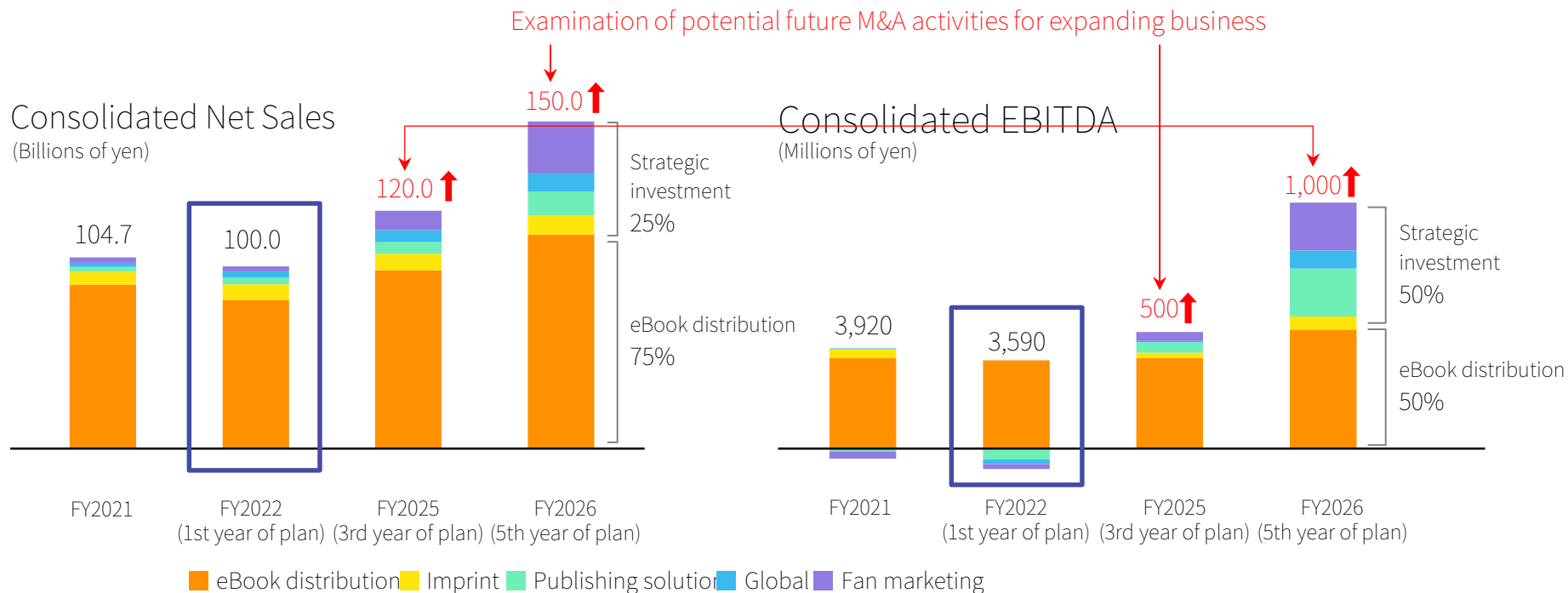
Profit decrease in FY2022 due to lower earnings in the eBook distribution business and upfront investment in strategic investment businesses

Consolidated EBITDA

(Millions of yen)



EBITDA target of ¥10.0 billion to be accomplished by creating a second business axis



Conduct stock buybacks totaling ¥1.0 billion in FY2022; raise total return ratio in phased manner going forward

Shareholder Returns Policy

Total return ratio*¹

Previously: 20% or more



FY2022 and forward: 30% or more

*1 Total return ratio = (Total dividend payments + Total treasury stock acquisitions) ÷ Profit attributable to owners of parent

Shareholder Returns-Related Indicators

(Millions of yen)

	FY2018	FY2019	FY2020	FY2021 (tentative)	FY2022 (forecast)
Profit (loss)	-1,243	884	1,519	1,576	850
Total dividend payments* ²	130	184	322	333	0 <small>(no dividend issued)</small>
Stock buybacks	-	-	-	-	1,000
Total return ratio	N/A* ³	20.1%	20.1%	21.1%	117.6%

*2 Dividend payments for FY2021 will be decided at the Board of Directors' meeting to be held on April 21, 2022.

*3 No figure is displayed for total return ratio in FY2018 as a loss was recorded in this year.