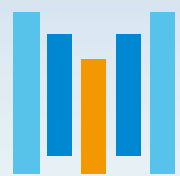


BE A GOOD ANCESTOR

Do 3rd media

MEDIA DO Co., Ltd.

Integrated Report 2025



Media Do

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Integrated Report 2025

BE A GOOD ANCESTOR

For Japanese culture 100 years from now

For books 100 years from now

For our companions 100 years from now

For our hometowns 100 years from now

For our families 100 years from now

Be good ancestors for 100 years from now,
when we have left this world

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Editorial Policy

MEDIA DO Co., Ltd. Integrated Report 2025 (MEDIA DO Report) is published as an integrated communication tool for all stakeholders, including shareholders, investors, business partners and employees. Its goal is to simply convey the financial and non-financial aspects of each business strategy's direction, aiming to realize MEDIA DO's mission and vision, sustainability activities and progress. Unless otherwise noted, "the Company," when used in this report, refers to MEDIA DO Co., Ltd., and "the Group" refers to the Company and its consolidated subsidiaries and associates, as well as jointly controlled companies.

Period Covered

FYE 2/25, the fiscal year ended February 28, 2025
(March 1, 2024, through February 28, 2025)

*Note: Some information from outside this covered period is included.

Cautionary Note on Forward-Looking Statements

The current plans, projections, strategies and other information included in this booklet are based on the information available when these materials were created and include forward-looking statements assessed by the Company. Actual future performance depends on various factors, so we ask for your understanding that the results might differ greatly from the outlook. These risks and uncertainties may include some that impact business performance, such as economic conditions influencing the Company's business environment, market competition, exchange rates, tax, and other systems.

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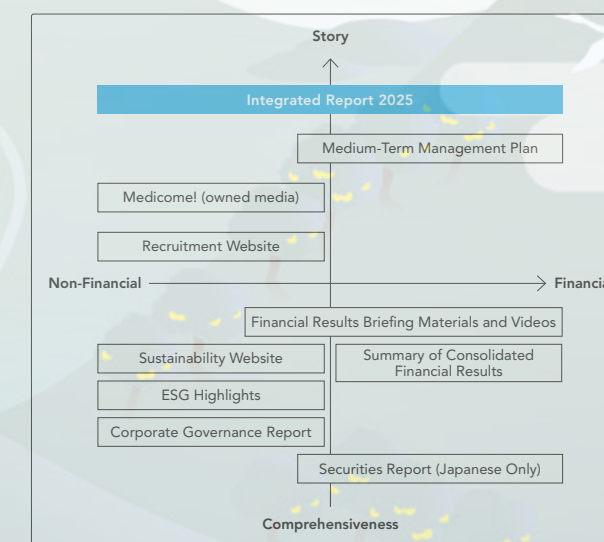
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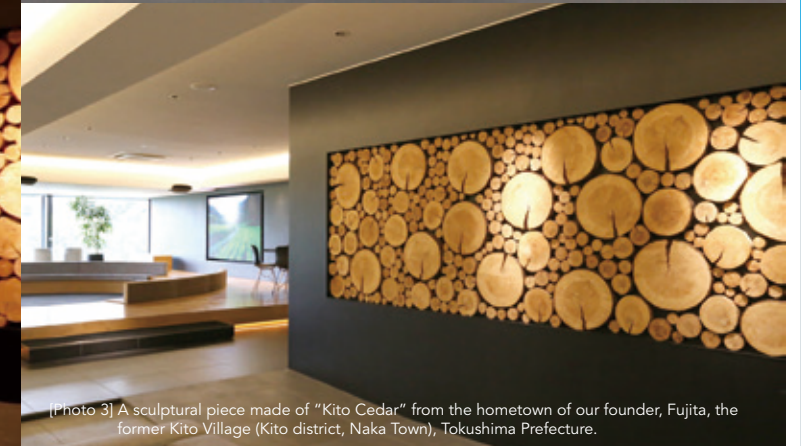




[Photo 1] A 12-meter-long counter expressing a "straight line." The borrowed scenery of the Imperial Palace extending into the distance appears before you.



[Photo 2] Press the button in the middle to open the automatic door, revealing the entrance space shown in Photo 1.



[Photo 3] A sculptural piece made of "Kito Cedar" from the hometown of our founder, Fujita, the former Kito Village (Kito district, Naka Town), Tokushima Prefecture.



A circular bench expressing a "curve."

Expressing Our Vision and Philosophy

An office space that embodies ONE MEDIA DO

Even now, 30 years after our founding, and into the future, MEDIA DO, through its office design, expresses the consistent, unwavering philosophy that has guided us since day one.

Leaving a Lasting Impression on Those Who Visit Us

Just beyond the elevator doors on the 5th floor of the Palaceside Building lies a small entryway with just one feature: a single, unmarked button [Photo 2]. In that space, as visitors hesitate over whether or not they should press it, the moment that they decide to do so, a black automatic door, what had appeared to be part of the wall, opens quietly.

Before you stretches an expansive entrance hall flooded with natural light. Your attention drawn to the borrowed scenery of the Imperial Palace beyond the windows, you walk the 18 meters to the windows, as if guided along by a 12-meter counter [Photo 1].

Then, looking down over the lush greenery of the Imperial Palace, find yourself thinking, "So this is the Imperial Palace," and feel like you're at the heart of Japan. Through such office design, our founder, Fujita, sought to convey the idea that Media Do would stay in people's memory.

In a world where everyone is fully engaged in their day-to-day lives, it is not easy to be remembered by others. We have continually asked ourselves how we can ensure that people remember the existence of MEDIA DO. In 2016, when we moved into the Palaceside Building, we designed our office so that it would spark visitors' interest in our leadership's philosophy and leave them with a lasting impression of MEDIA DO.

An Office Inspired by Balance Sheet Design*

We did not design this office as just a place to work or as a short-term base built with relocation in mind. Guided by the

concept of "Respect & Sustainability," the design expresses our respect for the publishing industry and the authors we work with, alongside our commitment to carry that spirit along with our Company into the future.

Our business has been built through our relationships with people: our external partners and our employees. "In everything, human relationships matter." To make that belief visible, we turned to the idea of a hometown, which is something everyone loves and wants to protect, and to the feeling of living while being loved by its people, which we see as the root of healthy relationships. We made a piece from cedar cut in the mountains of Fujita's hometown to embody those feelings, and placed it at the entrance [Photo 3].

From time to time, Fujita refers to design based on this way of thinking as "Balance Sheet Design."

*A proprietary term from the founder to signify the creation of long-term assets.

A Constant Presence

We consider this building to be our forever home and are committed to never relocating. At whichever time you visit this location, you will always find MEDIA DO here. This makes it easier for our business partners to remember us, and ensures that the workplace (the location of which is a key factor in where our employees choose to live) remains unchanged. MEDIA DO aims to remain in visitors' memories through its constant presence at the location.

The beauty of straight and curved lines Palaceside Building

Located at 1-1-1 Hitotsubashi, Chiyoda-ku, Tokyo, with the Imperial Palace directly in front of it, Palaceside Building (completed in 1966) is the only office building with a 200-meter frontage along the Imperial Palace's inner moat. MEDIA DO has made it its "forever home."

Palaceside Building was designed to span generations, with an intended lifespan of 100 to 150 years. For anything to survive such a lifespan, beauty is essential, and the building's architect, Shoji Hayashi, articulated the beauty of the building as being "the beauty of straight and curved lines."

Palaceside Building, whose beauty, born of the "straight lines" of its two rectangular towers and the "curves" of its two white cylindrical cores, embodies sustainability, is the perfect space to symbolize Fujita's consistent approach to management. To ensure that MEDIA DO, as an organization, likewise continues to deliver value to society and remain needed, we designed this office space by incorporating the design philosophy of the Palaceside Building.



1996 ▶ 2007
Founding Period

Rooted in the mobile phone sales business that CEO Fujita started while studying at university, we experienced various business transitions before entering the eBook Distribution business.



- 1996 April** Established the Company's predecessor in Nagoya.
- 1999 April** Established MEDIA DO Co., Ltd.
- 2000 October** Entered the Internet-related business.
- 2004 July** Entered the Chaku-Uta® ringtone distribution business.
- 2006 October** Developed the content distribution system "md-dc" in-house.
- November** Entered the eBook Distribution business.
- 2007 February** Launched the content distribution platform "CAS" (Contents Agency System).
- November** Commenced trade with Kodansha Ltd. (which took an equity stake the following year, 2008).

2008 ▶ 2019
Expansion Period

While contributing to the expansion of the eBook market, we became involved in more and more transactions and listed our shares on the stock market. Subsequently, through the acquisition of Digital Publishing Initiatives Japan Co., Ltd., the largest eBook distributor in Japan, we became No. 1 in the industry.

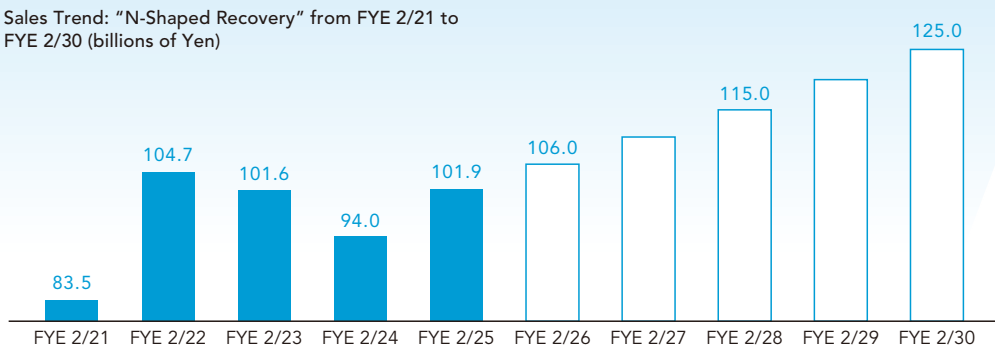


- 2010 January** Commenced trade with Shogakukan Inc. (which took an equity stake in 2011).
- September** Commenced the provision of "CAS" to the eBook portal of NTT DOCOMO, INC.
- 2013 April** Commenced the distribution of eBook content via LINE Manga.
- November** Listed on the Tokyo Stock Exchange Mothers market.
- 2016 February** Changed listing to the TSE First Section (now Prime).
- June** Established Media Do International, Inc., a subsidiary, in San Diego, USA.
- November** Made Flier Inc., which operates "flier," a book-summary service, a subsidiary.
- 2017 February** Shueisha Inc. took an equity stake.
- March** Made Digital Publishing Initiatives Japan Co., Ltd., Japan's largest eBook distributor at the time, a subsidiary.

2020 ▶ 2025
N-Shaped Recovery and Renewed Growth

After rapid expansion in the eBook market driven by the stay-at-home demand during COVID-19, followed by a period of lower revenue and profit, we focused on restoring growth in both revenue and profit, as well as on deepening regional collaborations. We achieved an N-shaped recovery and moved into a new "Phase 2" in which we will distribute Japanese content to the world and turn regional initiatives into businesses.

- 2020 January** Together with The Tokushima Shimbun, Shikoku Broadcasting Co., Ltd., The Awa Bank, Ltd., and The Tokushima Taisho Bank, Ltd., established TOKUSHIMA INNOVATION BASE ASSOCIATION to support entrepreneurs.
- 2021 January** Made the U.S.-based Firebrand Group (Quality Solutions, Inc., NetGalley LLC) a subsidiary.
- March** Made NIHONBUNGEISHA Co., Ltd. a subsidiary.
- 2022 February** Made U.K.-based Supadū Limited a subsidiary.
- April** Together with 23 companies with ties to Tokushima Prefecture, established GAMBAROU TOKUSHIMA Co., Ltd., the operating company of the basketball club TOKUSHIMA GAMBAROUS.
- 2023 January** Established xIB JAPAN, a general incorporated association supporting Innovation Base entrepreneur networks nationwide.
- April** Entered a phase of lower revenue and profit for FYE 2/23 and FYE 2/24 in conjunction with the ending of the exclusive partnership with LINE Manga. Promoted further expansion of the eBook Distribution business and a review of our business portfolio.
- October** TOKUSHIMA GAMBAROUS joined the B3 League (2023–24 season).
- December** Formed a business alliance with NTT DOCOMO, INC., Akatsuki Group Inc., and MyAnimeList Co., Ltd. to provide an overseas eBook distribution service.
- 2024 September** Commenced system integration with "Piccoma," an eComic and novel service, for the delivery of eBook data files.
- 2025 January** Co-hosted the Tokushima Prefecture version of the Davos Conference, the "Uzushio Summit," with Tokushima Prefecture, The Awa Bank, Ltd., and The Tokushima Taisho Bank, Ltd.
- February** Entered into a business alliance with Amutus Corporation to increase our number of transactions in eBook distribution.
- April** Achieved an "N-shaped recovery" with higher revenue and profit in FYE 2/25. Announced a new Medium-Term Management Plan (FYE 2/26 to FYE 2/30).
- April** TOKUSHIMA GAMBAROUS achieved operating profitability in its second season in the league (2024–25).



Since the early days of the eBook market, MEDIA DO has grown in step with advances in digital technology, and has continued to deliver new value to the publishing industry. Over these 30 years, our journey has been marked by continuous challenges and transformation. This section traces MEDIA DO's trajectory as it has evolved with the times.

MEDIA DO's History
Looking Back at the 30-Year Journey Since Our Founding



CEO Message

Welcoming Our 30th Anniversary

Yasushi Fujita
 President and CEO

On April 1, 2026, MEDIA DO will celebrate the 30th anniversary of its founding. Following a second “N-shaped recovery” that put us back on a path of revenue and profit growth, we announced a new Medium-Term Management Plan in April 2025 to transition from Phase 1, in which corporate growth was driven primarily by our existing Japan-focused eBook Distribution business, to Phase 2, as we head into our 30th year, the fiscal year ending February 2026.

There are two key points in our new Medium-Term Management Plan. The first is an update to our business concept. MEDIA DO has secured the No. 1 position in the domestic eBook Distribution business by building strong, trust-based relationships across the publishing industry. Building on that trust, we will now take on the challenge of distributing works from Japanese publishers to overseas markets. In order to convey that message, we have updated our business concept, which until now has been expressed primarily through our vision of “MORE CONTENT FOR MORE PEOPLE!”

Then the other key point is our decision to define the “SC (Sustainability Creation) business.” Based on more than 10 years of my own experience since our 2013 listing on the Tokyo Stock Exchange Mothers market, and on MEDIA DO’s initiatives since 2020 centered on Tokushima Prefecture that have engaged and energized local communities, I concluded that the regional revitalization business offers significant growth opportunities and potential, and we have formally redefined it as a standalone business.

As outlined in the new Medium-Term Management Plan announced to mark our 30th anniversary, we have set out our commitment to contribute, as a content distribution operator in the publishing industry, to content distribution in Japan and overseas, as well as to pursue community initiatives under the newly defined SC business. By further advancing these two pillars, we will further strengthen our organizational capabilities and also focus on building an environment in which all employees can devote themselves to advancing our mission, so that MEDIA DO becomes an indispensable presence.

Updating Our Business Concept: Taking on the Challenge of Becoming a Gateway That Distributes Japanese Publications to the World

With this Business Concept Update, we have flipped the hierarchy of expressions: MORE CONTENT FOR MORE PEOPLE!, which had previously been treated as a subordinate English rendering of our vision in Japanese, is now our primary concept. In doing so, we are signaling, both internally and externally, the direction that the entire Company should take;

CEO Message

expanding our mandate from an operator in the eBook Distribution business that delivers Japanese content domestically to a “gateway that distributes Japanese content to the world.”

At the same time, because we regard contributing to the distribution of “Japanese books” as our foremost mission, we have not changed the primary-secondary relationship for our business mission, “unleashing a virtuous cycle of literary creation,” and the primary expression continues to be in Japanese. Providing Japanese publishers and authors with new revenue opportunities, and channeling those opportunities into

a cycle that gives rise to new works, remains the immutable core of our mission. Looking ahead, as a company nurtured by the publishing industry, we aim to build a mechanism that will enable Japanese books to be widely distributed worldwide. By making such a mechanism a matter of course in global expansion, we aim to become an entity that is fundamentally needed by the industry as a whole.

With advances in technology and the rise of platform companies, etc., the target markets of content industries in each country are no longer confined to their domestic markets; they now span the entire

globe. For Japanese publications too, the conditions needed to capitalize on this opportunity and to reach readers worldwide are steadily falling into place, but to make it a reality we will need to overcome the following three hurdles.

1) Optimized multilingual translations that take into account the cultural backgrounds of each target market

2) The know-how to distribute books, grounded in an understanding of the differing business practices and regulatory systems in each country

3) The substantial funding, effort, and time that will be required in order to advance these initiatives

We aim to address these challenges

by assuming the risk ourselves and, together with publishers, build a business that brings more Japanese books to readers worldwide.

Comics, including digital editions, account for about 45%¹ of Japan’s domestic publishing market. Meanwhile, the publishing market outside Japan is approximately 20 trillion yen in size, and by our estimates, the share of comics within it is only 3%.² Compared with Japan, we believe there remains substantial room for expansion in the global comics market.

Furthermore, in the United States, print accounts for roughly 80% of the publishing market, with the remaining approximately 20% comprising digital content such as eBooks and audiobooks.³ In light of this, we believe that to distribute Japanese content to audiences worldwide, it will be essential to advance alliances with overseas publishers and to pursue distribution not only in digital but also in print.

While the worldwide popularity of Japanese manga and anime is well known, Japan is also producing many “text-based” works, such as novels and literary titles, that are attracting global attention. For example, a bestselling novel series with a cumulative print run of about one million copies in Japan has reached a cumulative print run of over 5.5 million copies in overseas countries, such as the United States, underscoring the tremendous potential of these text-based works.

There is also substantial market potential from a pricing standpoint. As seen in cases where a 1,430 yen book in Japan is sold in the United

States for \$19.99 (about 2,900 yen), roughly double, even with the same number of copies sold, the market size increases by the amount of that price differential.⁴

We believe that there are many “text-based” works in Japan which have the potential to become popular worldwide. However, at present, less than 1% of new Japanese “text-based” titles are published in English translation; if that is the situation even for English, it is not difficult to imagine that publication in other languages is even rarer. In other words, not only works that will be created in Japan going forward, but also the vast number of past works that have never been translated, would all be treated as “new releases” overseas.

That is precisely why, by serving as a gateway that distributes Japanese works to the world, we enable all publishers and authors to work with us in making strategic decisions about which markets to target and the order in which to roll out titles from this vast catalog.

We will need to address four challenges in order to distribute Japanese books to a large number of countries:

1) Securing compelling content

2) Producing translations that appropriately reflect the cultural context

3) Establishing distribution networks in each country

4) Conducting effective marketing that leverages social media and other channels

In order to address these challenges and create an environment in which translators can complete translations

with greater accuracy and speed, we are developing the MDTS (Media Do Translation System), a multilingual translation system that leverages AI and other advanced technologies, and we are also proceeding with the construction of our global distribution infrastructure.

By partnering with domestic publishers, we will rapidly produce translated titles that have been tailored to each country’s market, and will proactively promote alliances with overseas publishers who are well versed in local distribution channels.

In addition, with an eye to the overseas expansion of Japanese content, in 2021 we acquired the Firebrand Group, the industry leader in this field. Firebrand provides



1 Our calculation based on the 2025 Annual Report on Publishing Indicators by The Research Institute for Publications

2 Our calculation based on research by the Research Institute for Publications and Grand View Research’s “Books Market Size, Share & Growth | Industry Report, 2030” and “Comic Books Market Size, Share & Trends Analysis Report”

3 Source: The share of publishing formats in the United States commercial publishing revenue (May 2025), announced by the Association of American Publishers (AAP) on July 29, 2025

4 The examples of print run and pricing are both taken from Toshikazu Kawaguchi’s “Before the Coffee Gets Cold” (original Japanese publisher: Sunmark Publishing)

CEO Message

publishing ERP solutions to more than 300 publishers in Europe and North America, including the five major U.S. publishers of Penguin Random House, HarperCollins, Macmillan, Simon & Schuster, and Hachette, which combined hold roughly 80% of the U.S. publishing market. This acquisition has enabled us to establish a robust network with overseas publishers and to gain extensive know-how in print book distribution in Europe and North America. As a result, we are putting in place an end-to-end capability that spans translation, overseas printing and distribution, and marketing that leverages the Firebrand Group's solutions.

Why Have We Positioned Our Community Contribution Initiatives as a “Business”?

I will explain the definition of the “SC (Sustainability Creation) business,” which is the other key point. As noted above, through many years of focusing on regional revitalization initiatives, both personally and at MEDIA DO, I have felt firsthand their immense potential.

In recent years, SHONAI Inc., which engages in regional revitalization,

Accordingly, with a concrete foundation that is capable of comprehensively addressing these four challenges rapidly falling into place, we have updated our business concept and evolved it into a growth strategy for the next stage of growth.

Our aim, through these business initiatives, is to create an environment in which books, both existing titles and those yet to be created, are read not only in Japan but around the world. By selling into a global market of 8 billion people rather than limiting sales to Japan's domestic market of about 100 million, publishers and authors will grow their revenue, which in turn will support larger reporting and production budgets. As a result,

authors and editors will be able to pursue more in-depth reporting with greater vigor and distribute books, crafted with the distinctive high-caliber writing of Japanese authors, to even more readers, resulting in a virtuous cycle being created.

As such books are read by people around the world, film and TV adaptations will further elevate the value of Japanese IP and broaden global interest in, and admiration for, Japan. Realizing that future is our wish, and indeed, our heartfelt desire.

➡See pages 39-44
Phase 2: Overseas Expansion

has raised approximately 6.0 billion yen, and NEWLOCAL Co., Ltd. has raised approximately 1.0 billion yen as they move to expand their businesses. Taken together, these cases provide solid evidence that expectations for, and the investment value of, the regional revitalization sector are rising.

Until now, urban businesses have largely captured the spotlight, but in recent years the potential of assets and business opportunities rooted in the rich history and culture of regional areas has started to attract attention. In response to this trend, we have clearly positioned our regional revitalization initiatives not as CSR (corporate social responsibility) activities, but rather as the “SC business.” Building trust with local

communities, collaborating with them, and generating sustainable earnings; this is the rationale for having defined the “SC business” at this juncture.

The men's professional basketball club operated by the Group, “TOKUSHIMA GAMBAROUS,” entered the B3 League in 2023. MEDIA DO holds 68%, roughly two-thirds, of the shares in the club's operating company and, as the risk-bearing shareholder, bears responsibility for management. Other shareholders include Otsuka Pharmaceutical Co., Ltd., NICHIA CORPORATION, and media companies and financial institutions in Tokushima Prefecture that, together with us, launched the “TOKUSHIMA INNOVATION BASE

ASSOCIATION.” In total, 23 companies came together in an “all-Tokushima” effort to launch the team. Steering its management is an employee who is now in his 12th year after having joined MEDIA DO as a new graduate.

TOKUSHIMA GAMBAROUS increased revenue 2.23-fold from 190 million yen in the previous season to 440 million yen, expanded its sponsor base to 130 companies, and turned an operating profit in only its second season. Achieving profitability while engaging key stakeholders within Tokushima Prefecture and building a club loved by the community in the space of just two years is a testament to our management capabilities, and even B.LEAGUE Chairman Shinji Shimada expressed surprise, calling it “outstanding.”

Spurred by our efforts, in June 2025, Masazumi Gotoda, the Governor of Tokushima Prefecture, announced specific candidate locations for the construction of an arena that will also serve as the home of TOKUSHIMA GAMBAROUS. To date, numerous arenas have opened, and in addition to increased seating capacity, enhanced entertainment value has helped many clubs boost attendance and to more than double their revenue. We expect that, as B.LEAGUE clubs continue to take the lead and new arenas are built across the country, this will fuel regional development, and further accelerate momentum across the entire B.LEAGUE. As arenas are designed for more than 30 years of use, they function as core hubs for community activities over that period. This, in turn, will enable our professional sports business, which we have advanced in partnership with local communities, to scale even further as we create a wide range of initiatives that heighten excitement across the region.



Moreover, the regions we have in our mind are by no means limited to Tokushima Prefecture. In 2020, MEDIA DO partnered with the three sectors, government, media, and financial institutions, in Tokushima Prefecture in order to establish the entrepreneurship support organization “TOKUSHIMA INNOVATION BASE (TIB).” This model is now being spread nationwide as “Innovation Base (IB).” IB is a mechanism whereby a company led by entrepreneurs, like MEDIA DO, and the three principal regional institutions, government, media, and financial institutions, which serve as hubs for local challenges, collaborate to launch an IB. Such a collaborative platform cannot be built overnight; it is made possible by the trust we have earned from local communities over many years. Today, this collaboration model has spread to 24 prefectures nationwide if you include regions in which it is preparing to be launched, which represents more than half of all prefectures in Japan.

This shows that the sense of urgency about the future of our regional

communities is a challenge shared across Japan, and that in order to drive regional development going forward, the “active engagement of entrepreneurs” will be indispensable from multiple perspectives, including tax contributions, job creation, as well as the dissemination and expansion of regional value nationwide. Against this backdrop, in 2023, MEDIA DO, together with several companies that had likewise launched IBs, established “xIB JAPAN,” a general incorporated association that supports IBs nationwide. Through xIB JAPAN, we will share and implement the frameworks and methodologies we have cultivated with IBs across Japan, and we will fully support new IBs that are established around the country.

Currently, IB membership exceeds 1,300 nationwide. If, for example, membership expands to roughly 10,000, we believe the IB platform will become a major driving force for innovation in regions throughout Japan. We will continue to push forward decisively so that this becomes a reality.

CEO Message

To date, we have operated two businesses: a sports business that ignites enthusiasm in local communities, and an entrepreneur support business with nationwide reach. Going forward, in addition to further growing these two businesses, now that we have defined them collectively as the “SC business,” we will expand the scope of our business through a multi-pronged approach,

and are committed to achieving sustainable growth. Through many years of efforts, I have come to understand deeply that “regional revitalization” is anything but easy. However, spurred by the “Uzushio Summit” that was held in Tokushima Prefecture in January 2025, I recognized even greater potential in our efforts to date. When local residents reaffirm that “our

region has assets we can be proud of,” launch new businesses themselves, and become drivers of regional development, being the catalyst that makes this happen is, I believe, the essential value of our SC business.

➡See pages 47-52
Phase 2: SC Business

The 30-Year Journey to Where We Are Today; What Our Organization Should Be

Both in our core domestic eBook Distribution business and in executing the two initiatives set out in the new Medium-Term Management Plan, it is essential that our organization grows even stronger and builds the capability to break through obstacles. We have learned that

each time we overcome a crisis, the organization emerges stronger. Looking back over the 30 years since our founding, MEDIA DO has twice overcome crises to achieve an “N-shaped recovery.” Our first N-shaped recovery followed an existential crisis from

2003 to 2005 that arose when we entered the IT industry as a new line of business. Failures in that initiative, and the resulting organizational instability, caused net sales to slump from over 2.0 billion yen to 300 million yen. By myself taking the lead at the time and launching new



businesses, we succeeded in turning performance around, and I realized that, “precisely when a company faces a crisis, it is those who shoulder the risk who must blaze a new trail and open up a path forward.” In other words, the president must be the person who is the most committed. Having overcome this crisis, I felt that MEDIA DO had become leaner, our communication had sped up, and that the organizational “misalignment” had diminished. Our second N-shaped recovery unfolded over the three years from the fiscal year ended February 2023 through the current fiscal year, during which, due in part to the termination of an exclusive partnership with our then-largest business partner, we recorded two

consecutive years of declining revenue and profit. Amid these conditions, we rigorously reviewed and optimized our allocation of management resources, built a lean, resilient, and sustainable organization, achieved an N-shaped recovery, and overcame the crisis. We believe that, even as the organization grows in scale, we have acquired the resilience to overcome challenges through organizational strength. No company enjoys uninterrupted, ever-upward growth; inevitably, shifts in the times and in society present obstacles. The resilience we gained through these two crises has given us confidence that we can overcome whatever challenges await us in the future.

Toward the Next 30 Years

I founded the business at the age of 20 and incorporated the company at 22. April 2026 will mark exactly 30 years since the company’s founding. Now in my fifties, what demands my full attention is the “next 30 years.” In that context, I have embraced an ambitious mandate: “marketing Japan’s assets to the world.” In content distribution, as reflected in our updated business concept, the top priority is to bring Japanese copyrighted works to audiences worldwide and to repatriate the proceeds from this to Japan, in other words, to capture overseas demand. To that end, we will build an end-to-end framework that takes ownership of the entire process through to distribution, and actively

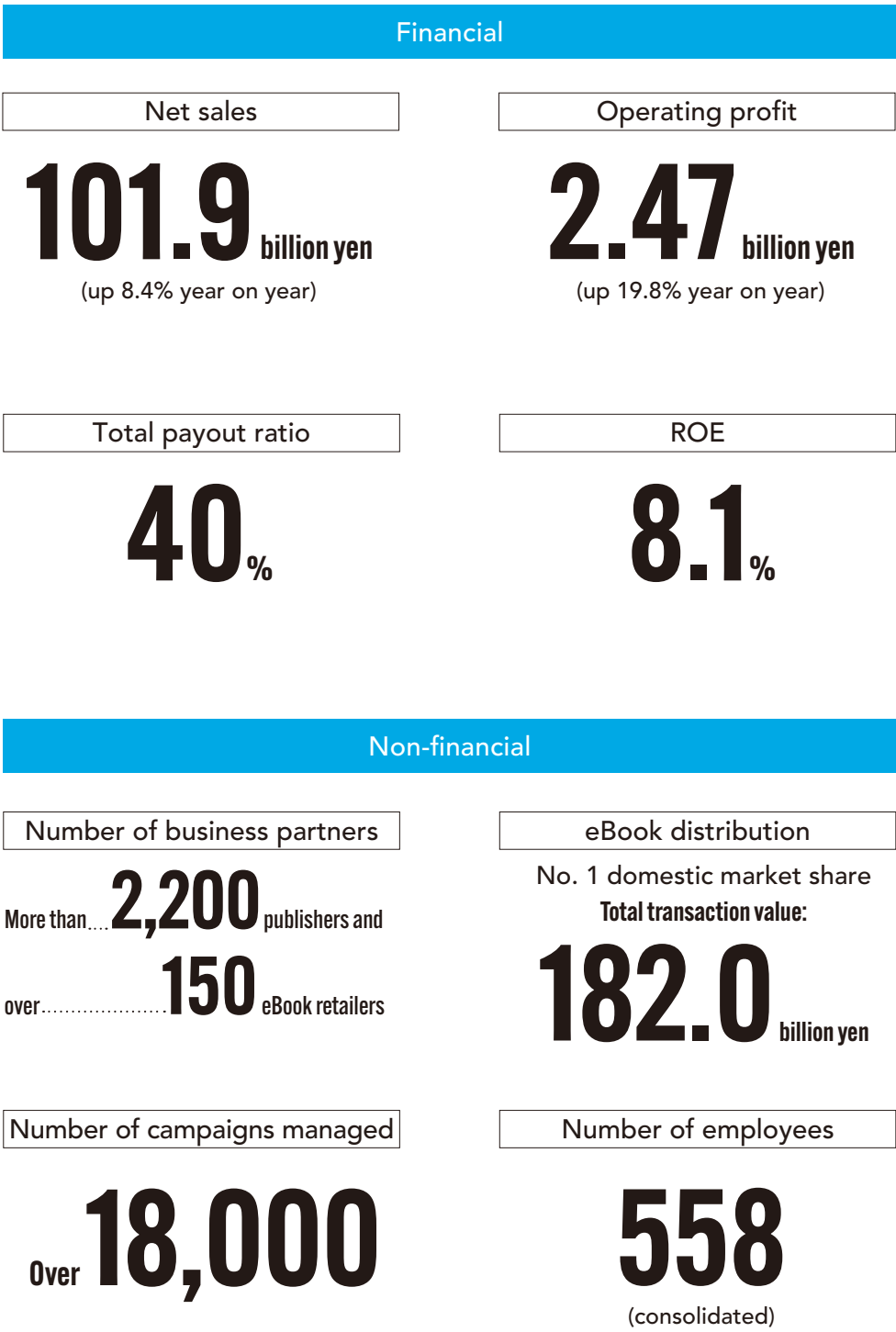
pursue partnerships and M&A with overseas publishers by deploying funds generated to date and alongside those that are to be generated over the five years of the new Medium-Term Management Plan. At the same time, in the SC business, we will drive the expansion of Japan’s domestic demand through our entertainment and other initiatives, and will continue contributing to the construction of an environment in which people living in local communities take pride in their regions and in Japan, and lead vibrant lives. In addition to our core domestic eBook Distribution business, we are committed to contributing to Japanese society as a whole by accomplishing

these two new initiatives over the next 30 years; this is our unwavering resolve. The outcomes of these endeavors across both domestic and international markets cannot be measured over short periods such as five or ten years. That is precisely why we take pride in having identified the “major challenges we must tackle with a 30-year horizon,” and, having earned the right to take on this challenge, we will continue moving forward with unwavering determination in order to see it through.

Yasuichi Fujita

Where We Stand

For the roughly 30 years since our founding, the Group has sought to bridge diverse forms of value and to continue contributing to the further development of society. This section presents where we stand today and the direction we will pursue going forward in content distribution, the publishing industry, as well as our engagement with society.



Global Business

p.39

Through our overseas group companies, we provide translations of Japanese content and support overseas expansion in both print and digital formats. We also offer SaaS-based services for overseas publishers that support publishing metadata management, marketing, and e-commerce site development.

eBook Distribution Business

p.33

We fully leverage the latest technology to provide digital content distribution solutions for publishers and eBook retailers. We aim to become a next-generation content distribution platform provider.

IP Solution Business

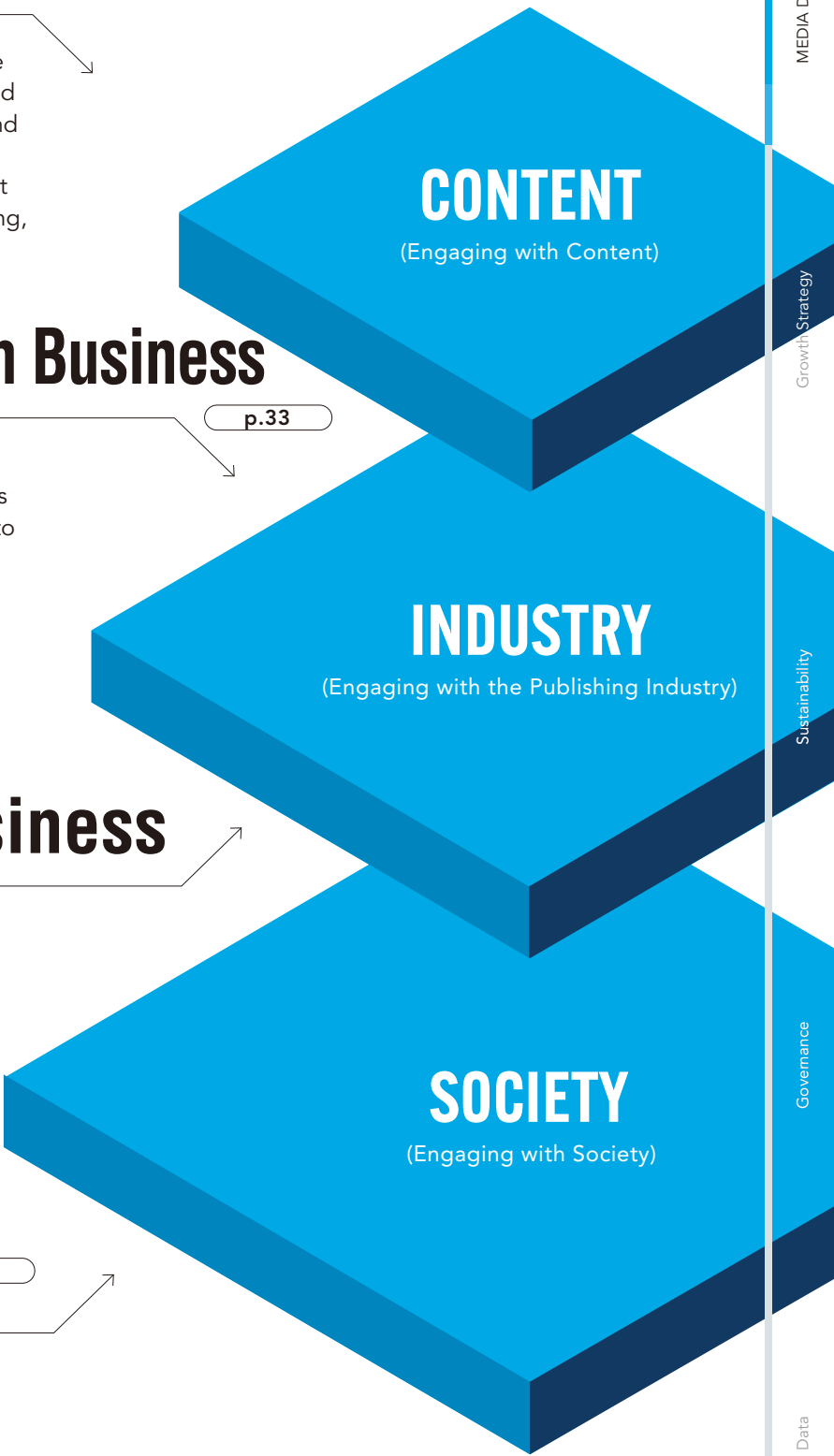
We create content, including books and manga, and develop the resulting IP for multi-format, multi-channel use in line with market trends and customer needs with the goal of maximizing content value.

SC Business*

p.47

By engaging with a wide range of stakeholders, including local communities, government agencies, financial institutions, and the media, and building relationships of trust and co-creation, we aim to foster mutual growth between society and the Company as we operate a diverse range of businesses.

*Sustainability Creation





To Be a Good Ancestor. MEDIA DO's Approach to Human Capital Management

For roughly 30 years, I have been at the helm of MEDIA DO as President and CEO.

Over that time, I have gained a wealth of experience,
and I have long believed that "management is inseparable from people."

I am convinced that human relationships and communication lie at the core of everything.

Yasushi Fujita
President and CEO

In recent years, I have been hearing the term "Human Capital Management" more frequently. This concept is becoming increasingly important for the Company as well, and at the briefing on our policies for the second half of the fiscal year held on September 1, 2023, I announced to our employees the two key pillars that will guide our management going forward.

One is "EPS Management," which seeks to further enhance our value to society by more closely aligning our perspective with that of shareholders and clarifying our commitment to profit generation. The other is "Human Capital

Management," which aims to foster MEDIA DO's distinctive organizational culture and to build an environment where each employee can realize their full potential.

These two pillars, "EPS Management" and "Human Capital Management," are the core management policies that will underpin MEDIA DO's sustainable growth going forward, and the vital foundation that will shape its future.

Human Capital Management is an approach that views employees not as costs but as assets, enhances the capabilities of employees through investment in them, and thereby strengthens the organization as a

whole, which is the collective of its employees. Putting this into practice also involves disclosing information such as what training has been provided, how much has been invested, and what improvements have been observed in KPIs such as the employee turnover rate, and establishing mechanisms in order to foster a shared understanding across both internal and external stakeholders.

As we advance Human Capital Management, my top priority is to have a clear answer to the fundamental question: "What kind of company should MEDIA DO be?"

Human Relationships at MEDIA DO as Expressed by the Corporate Creed: "Growth and Potential"

Our corporate creed is "Growth and Potential." This phrase is rooted in my own formative experience. I founded the company at the age of 20, and now, three decades later, I feel that I have grown significantly. People change and grow with the inexorable flow of time. When we recognize our own growth, we naturally begin to find within ourselves hope and a sense of possibility for the future. I am convinced those possibilities are never confined to a single individual; they extend to the colleagues we work alongside, to our partners and stakeholders, and to society as a whole. As people grow, they come to understand what

they once could not, and to accomplish what they once could not. Relationships in which we celebrate those changes in one another and look to the future with optimism form the bedrock of a healthy and vibrant organizational culture.

I adopted this corporate creed guided by my desire to build a company where everyone who works here enjoys strong, positive relationships and can genuinely feel excited about the future.

In actual fact, many employees who join MEDIA DO say, "MEDIA DO is truly a company of good people." Managers, senior colleagues, and peers take the time to teach

with care and to lend a hand when someone runs into difficulties. In this warm, supportive environment, seeing more employees feel that "MEDIA DO is a great place to work" is a profound source of joy for me as a leader.

Of course, there is still ample room for improvement. Challenges remain, from developing and refining our systems and structures to further enhancing the work environment, among others. However, we believe that management and employees uniting as one, respecting one another, and continuously building a better workplace will help make Human Capital Management a reality.





An Unwavering Resolve to Endure Through Any Era Strengthens Corporate Sustainability

Another goal I champion just as strongly is for “this organization to last 100 years.”

I believe that a company is born from an individual’s powerful desire to solve a societal challenge through that person’s own initiative. People who share that conviction gather from inside and outside the company, take on challenges that no one can solve alone, and, when that challenge is eventually resolved, continue on to the next. This is how a company evolves: by repeatedly solving societal challenges.

The key point is this: even if a company begins with the vision of a single individual at its founding, it draws people, an organization emerges, and, over time, a shared endeavor takes root. That is precisely

why a company must continue to be both a problem-solver for society and a steadfast supporter of the lives and culture of the people who come together around it.

A company’s fortunes rise and fall with the changing times, managerial capability, and organizational strength, but I am convinced that, under any circumstances, what matters most is “continuity.” Once an “end” is perceived for a company, the organization inevitably shifts toward streamlining and downsizing, and it loses the resolve to take on new societal challenges.

This is precisely why it is essential that we maintain an unwavering resolve to “ensure the company’s continuity, no matter how the times change.” When the organization

operates on the premise that there will continue to be a future, the quality of our choices and actions in this very moment changes. I believe that enabling each and every employee to act with the awareness that “how I work will influence the next generation’s future” will become a source of sustainable growth.

One hundred years from now, none of us working here today will still be with this company. Yet the work we do now will certainly be passed on to someone in the future. With our own hands, we will build a company that “we would want our own children to join.” Approaching our daily work with that perspective is, I believe, what enhances corporate sustainability.

Always Stay Mindful of Our “Vertical Ties” to the Future

I believe that, in how people work and live, their working environment should be as conducive as possible to their well-being. Above all, I am convinced that what matters most is “human relationships.” By human relationships, I mean not only the “horizontal ties” with the people who share our present, but also the “vertical ties” to the yet-unseen people who will be born in the future. Our actions will inevitably have an impact on future generations. That is why I believe the quality of the relationships we build at this very moment will shape the future of society.

This mindset is not only the product of my experience of leading MEDIA DO over the 30 years since its founding; it is, in fact, grounded in values that have been cultivated since my childhood.

I was born into the main branch of our family, which has endured for centuries. From an early age, my mother impressed upon me: “You are the family’s heir.” Since childhood, I have carried the responsibility to pass the baton I inherited from my

ancestors to the next generation.

That is precisely why, since MEDIA DO’s listing in 2013, I have launched multiple businesses in my hometown, which had become a marginal, aging community with a population well below 1,000, to enhance the sustainability of the region. Today, taken together, these businesses are on track to achieve operating profitability and, as a whole, have become a meaningful contributor to the regional economy.

Among these initiatives, the yuzu business I launched first has, thanks to our collaboration with local farmers, now grown to the point where we cultivate yuzu throughout Japan and overseas, with global expansion having come into sight.

These results were made possible precisely because we, the residents of a region often referred to as a “city at risk of disappearing,” refused to abandon hope for the future and continued to address the challenges earnestly. My hometown is now breaking free from the long-running downward trend and is showing

signs of a V-shaped recovery.

Today, society is entering an era of heightened uncertainty, marked by rapid technological advances, climate change, and population decline. In this environment, even if our circumstances become more difficult, I am convinced that by refusing to give up on the present, maintaining hope for the future, and continuing to take on new challenges, both local communities and companies alike will be able to strengthen their long-term viability.

It is precisely when we feel anxious about the future that we must first adopt a proactive stance toward the challenges at hand. The larger the challenge, the more essential it is to join forces and to work together rather than go it alone. I am convinced that both MEDIA DO and communities across Japan can sustain their progress precisely because they believe in the future and continue to make positive, persistent efforts, and because strong relationships and a richness of spirit make such efforts sustainable.



Laying the Foundation to Guide MEDIA DO Toward Becoming a “100-Year Company”

On April 1, 2026, MEDIA DO will mark the 30th anniversary of its founding. I am personally determined to continue devoting my full energy to charting the Company’s future, but at the same time, I believe we must steadily advance our succession planning so that, when the day eventually comes for me to step away from day-to-day management, the next generation will be able to further grow the Company. A critical part of that preparation is to articulate what MEDIA DO values and how it has been managed, and to communicate this clearly to the next generation. Doing so will help embed talent development within

the Company as a more deliberate and sustainable practice.

People join “companies,” not “businesses.” That is precisely why it is essential to clearly articulate and share the values that MEDIA DO upholds as well as the organizational culture it is building. I believe that if each employee understands this, values people, and builds healthy relationships, an environment can be created where everyone can work with a sense of excitement about MEDIA DO’s future.

Until now, while I have spoken as a business leader about our philosophy, strategy, and history, I have never systematically described how I have led the Company.

To mark our 30th anniversary, we launched a management offsite for our current executive officers and launched an initiative to share, in granular detail and grounded in my firsthand experience, my management philosophy, how I engage with people, as well as the process for codifying our organization’s shared language, etc.

The purpose of this management offsite is to facilitate a shift in mindset among executive officers from being merely operational heads to becoming leaders who shoulder responsibility for corporate management. Traditionally, executive officers have been responsible for understanding

the Company’s policies and spreading them throughout the organization. Going forward, they will be expected to determine for themselves what the Company should achieve, to articulate that intent from an enterprise-wide perspective, to communicate it in their own words, and to lead the organization accordingly.

To that end, they must move beyond a perspective that is confined to overseeing individual business units, and adopt a macro-level view of what role MEDIA DO plays in society and what its mission is, thereby building the capability to take a holistic view of the entire

company. Rather than remaining at the vantage point of a “business professional,” they need to cultivate the mindset and behavior of a “leader who guides the entire organization.”

I am convinced this initiative will lay the foundation for MEDIA DO to continue growing as a sustainable organization over the long term. It will also be the starting point for creating a workplace where, by gradually reducing the barriers that make work difficult, each employee can feel a clear sense of purpose, that is, a clear answer to why they work here.

As we mark our 30th anniversary, I am committed to reflecting on,

articulating, and sharing our management journey to date, laying the groundwork to lead MEDIA DO toward becoming “a company that endures for 100 years.” Building an organization where every employee can say to one another, “I’m glad I joined this company” and “I’m glad I met you” is my next mission, and I will continue to work tirelessly so that, in time, I will be remembered as being a good ancestor.



Management Message

In Order to Ensure That MEDIA DO Maintains Its Presence for the Next 100 Years, We Will Pursue Steady Corporate Growth Across Both Financial and Nonfinancial Sides, and Strengthen Our Management Foundation With a View to Future Succession

Hiroshi Kanda

Vice President, and CFO
Chair of Sustainability Committee
Member of Nomination and Compensation Committee

Background and Objective to MEDIA DO’s Adoption of a New Dual-Representative Director Structure

It has been one year since the Company adopted a structure with two Representative Directors, and since I assumed office as Vice President and CFO. While having two Representative Directors may be unusual for a company of our size, we chose this structure after thorough deliberation so as to ensure a successful succession from our founder and CEO Fujita.

Why two representatives? As stipulated in the Tokyo Stock Exchange’s Corporate Governance Code, listed companies are required to have a CEO succession plan, and at the Company, following the establishment of the Nomination and Compensation Committee in 2021, we have been engaged in in-depth discussions on our approach to succession.

Our strength as a company, and the point that requires the utmost care in succession planning, has been the sheer weight of Fujita’s presence. He embodies the charisma of a founder, the instincts of an entrepreneur, and an identity that is virtually synonymous with MEDIA DO itself, a company that is now in its 30th year. A person like that cannot simply be replaced. The fact that Fujita, still only 52, is seriously contemplating succession indicates that he is objectively assessing his own influence and recognizes the difficulty of what is often called “succession from a founder-CEO.” We are fortunate that he is not yet at an age where he must step back from front-line management, and that he is tackling succession in earnest with MEDIA DO’s

future in mind. So, how are we intending to realize a successful succession? Among our activities toward this, the most consequential decision has been to move to a dual-representative director structure. This was not about statutory representative authority under the Companies Act, but rather about serving as symbolic representatives to our diverse stakeholders, including employees, business partners, and shareholders. We needed to determine how to decentralize the external-facing roles and decision-making that had become concentrated on Fujita as the public face of the Company. To that end, it was necessary to make it clear that Kanda also serves as a representative. Given the magnetic influence Fujita commands as the



Management Message



founding leader, this was not something that could be achieved overnight. Even so, over the past year we believe the recognition that MEDIA DO now has two representatives has steadily taken root both inside and outside the Company.

Why, then, a President and Vice President? It signals that Fujita will continue to lead the Company as MEDIA DO's top executive. For a startup, having a founder-CEO is a kind

of bonus: a single individual can create a company and drive its growth. Where many companies struggle is when they enter the next generation, because they must compete under entirely different rules and conditions.

MEDIA DO now has the time to absorb and embed Fujita's creativity, innovativeness, and business development capabilities, as well as MEDIA DO's identity, and to put the right organizational structures in place. My position as Vice President is intended to clarify the relationship between management (Fujita) and execution (me), and to make clear that I am responsible for designing a structure that achieves both the quality and speed of decision-making, that is, a framework that achieves a balance between responsibility and authority, alongside a transparent reporting line. In particular, because I also serve as CFO, I connect strategy to execution by optimizing resource allocation, risk management, and capital policy from the perspectives of finance and corporate strategy. Our assessment is that having two top executives, each with distinct expertise and perspectives,

who engage in rigorous discussion and complement one another, will enable more multifaceted and faster decision-making.

Take the HR domain, for example. While HR systems and structures fall under my purview, Fujita takes the lead on the fundamental questions, such as what values we look for in people, what would attract them to our company, how we should recruit them, and how we should develop them. This is why, in this Integrated Report, that of Mr. Fujita discusses our approach to Human Capital Management. Going forward, while aligning my thinking with Fujita across all management domains, including investment for sustainable growth, strategy execution, and advancing governance, I will continue to grow into a peer who stands shoulder to shoulder with him. As we mark our 30th anniversary, please look forward to the efforts we make toward a succession that passes MEDIA DO's value on to the next generation.

Recognition and Assessment of Operating Results for the Fiscal Year Ended February 2025

During the past year, I have engaged in monitoring and control on both the business and financial fronts. It has been a year that has required me to carefully design a roadmap to put performance back on a recovery trajectory while addressing multiple priorities at the same time, including meeting our earnings targets, mitigating future risks (including potential business withdrawals), and strategically leveraging tax benefits. At the same time, with an eye toward maximizing corporate value over the medium to long term, I also shouldered the significant responsibility of steadily advancing structural reforms to lay the foundation for the new Medium-Term

Management Plan that commenced in the fiscal year ending February 2026.

There were three key points over the past year: "strengthening the competitiveness of the eBook Distribution business," "improving earnings in the Strategic Investment businesses in pursuit of profitability," and "the early resolution of future risks and control of revenues and expenses."

On a consolidated basis, net sales, operating profit, ordinary profit, and profit for the fiscal year all exceeded the prior year, marking an increase in both revenue and profit for the first time in three years. In the eBook Distribution business, drivers included securing new distribution channels for

the eComic and novel service Piccoma, initiating system integration, and steady market growth. In the Strategic Investment businesses, improved profitability at NIHONBUNGEISHA Co., Ltd. under its new management structure and growth in the audiobook business, among other factors, made the signs of a recovery across the segment clear and were major contributors. While making decisions to withdraw from or divest various businesses, we achieved outcomes that went beyond the bottom line, also including a reduction in medium- to long-term risk. Notably, our subsidiary Flier Inc. turned profitable for the full year through steady business growth

and was listed on the Tokyo Stock Exchange Growth Market in February 2025. We will work to establish its independence and governance framework as a listed subsidiary while pursuing growth and enhanced corporate value for both the company and our Group as a whole. In terms of

what we will do with our equity stake in Flier Inc., we will make appropriate decisions in consideration of share price trends.

This fiscal year was also special in that we positioned it as "Year Zero" for our new Medium-Term Management Plan. We clearly laid the groundwork

for our growth strategy, signaling to the capital markets and to stakeholders, including employees, partner companies, and investors, that "MEDIA DO is steadily advancing into its next phase." In this sense, I see it as having been a year of tangible progress that went beyond mere numbers.

We Aim to Build a Portfolio That Is Responsive to Changes in the Operating Environment Through Proactive Growth Investment

Regarding the new Medium-Term Management Plan launched in March 2025, we have set two clear policy directions for the plan spanning the fiscal year ending February 2026 through the fiscal year ending February 2030.

Our first policy, as a company with the commenced eBook Distribution business at its core, is to further evolve our distribution solutions. We have long connected many publishers and eBook retailers in the eBook domain, contributing to the creation of new markets. We believe our value lies in addressing the publishing industry's talent and technology challenges and supporting the growth of our partners. Japanese publishers are currently pursuing overseas expansion and are adapting to multi-format use, including audiobooks. We are convinced that, by working alongside them and providing

both technology and know-how, we can further expand the potential of Japanese content.

Our second policy is to evolve the regional revitalization initiatives we have pursued as part of our corporate sustainability efforts into a more fundamental, strategic "business." Specifically, we will shine a light on the cultural and human "value" that is inherent in regions across Japan and build a framework in order to deliver that value to the world. This aspiration takes shape in the form of the SC (Sustainability Creation) business. It is not mere CSR. As a Prime Market-listed company, it is a purpose-driven business that we should demonstrate to society, and it must be a sustainable model as part of our corporate activities.



Aiming to be a corporate group that will still be appreciated and relied upon 100 years from now

I would like to explain our financial strategy under the Medium-Term Management Plan as well as the specific policies for its implementation.

Under this Medium-Term Management Plan, we aim to achieve net sales of 125.0 billion yen and operating profit of 4.0 billion yen in the final fiscal year.

The Group's core eBook Distribution

business is expected to see an increase in net sales in the fiscal year ending February 2026, the first year of the Medium-Term Plan. However, operating profit is forecast to temporarily decline by 130 million yen due to the expected closure of a high-margin service. In order to drive profit growth from the fiscal year ending February 2027 onward, we

will capitalize on the growth of the eBook market and continue to secure new business, with the aim of further expanding our market share and increasing net sales. Our high-quality services, closely attuned to client needs, have been well received, and in July 2025 we commenced a new business relationship with "Mecha Comic,"

Management Message

a leading eBook distribution service operated by Amutus Corporation, with whom we entered into a business alliance in February 2025.

The Strategic Investment businesses achieved an improvement of approximately 300 million yen in profit and loss in the fiscal year ended February 2025, with a loss of approximately 1.0 billion yen. We plan to halve this loss in the fiscal year ending February 2026, with the goal of achieving profitability by the fiscal year ending February 2028, and evolving the business into a “second pillar” that will support our earnings base.

For growth investments, we will raise our ROIC (return on invested capital) base rate, carefully assess the quality of returns, and execute effective investments. Over the five years of the Medium-Term Management Plan, of the operating cash flow expected to exceed 22.0 billion yen, we plan to allocate approximately half, or 11.0 billion yen, to growth investments, including M&A, while striving to enhance shareholder returns.

As priority investment areas, we plan to evaluate opportunities with an eye

toward building future competitive advantages, including initiatives to expand profits by advancing content distribution, as well as SC business. Recently, alliances and M&A that leverage financial strength have been proliferating in the content industry. Given the rapid pace of change, we operate under the premise that building a flexible and substantive business portfolio is what will underpin sustainable corporate growth. We therefore believe that we need to act boldly as a company. We will also consider external financing flexibly, carefully assessing timing and market conditions. The revenue and operating profit targets mentioned above are based on the organic growth of existing businesses and, as of the present, do not factor in M&A or the translation and export support business.

We will maintain our target of a total payout ratio of approximately 30% or higher for shareholder returns. We plan to steadily raise dividends in line with earnings growth and, while monitoring market conditions, execute share buybacks opportunistically. For the fiscal year ending February 2026, we plan to pay a record-high dividend of

40 yen per share. By advancing growth investments and expanding our business domains in tandem, we believe that we can deliver sustained increases in both revenue and profit.

As of the end commenced of February 2025, we met the Tokyo Stock Exchange (TSE) Prime Market continued listing criteria. With the reconfiguration of TOPIX constituents also progressing, we recognize the need to be fully accountable for clearly communicating our growth story toward earnings growth. While closely monitoring capital market trends, we will work toward enhancing corporate value with a dual focus on EPS (earnings per share) and PER (price-to-earnings ratio). Being responsible for both levers as CFO, I place equal weight on EPS, as a yardstick for the outcomes of our investments and capital policy, and on PER, as an indicator of how the market evaluates the “future story” that we present to society.

In alignment with our medium- to long-term growth strategy, and as a result of a candid assessment of our current position, the mission we should fulfill, and the societal risks and

opportunities we face, we have identified ten material issues. From my position as Chair of the Sustainability Committee, I believe that these material issues accurately reflect our current situation and are being effectively used as a guiding framework to deepen dialogue with internal and external stakeholders from both financial and non-financial perspectives.

During the fiscal year under review, we observed significant progress in the implementation of initiatives linked to our material issues, including strengthening information security, enhancing Groupwide compliance training, and strengthening governance.

In order to truly deliver on our Medium-Term Management Plan and to build an organization that endures for 100 years, we must address all these material issues with integrity and steadily proceed with our responses. Among them, talent acquisition and development related to Human Capital Management will be foundational to MEDIA DO's medium- to long-term growth and, led by Fujita, is one of our highest priorities.

One element of our distinctiveness is how sincerely and respectfully we engage with diverse industries and with society, and, as a result of this,

earn appreciation and enduring trust. We believe our distinctiveness lies in our steadfast commitment to this pursuit. By sharing the elements that make our company so compelling across the organization and with society at large, and passing them on to the next generation, we will be able to shape the kind of company that we aspire to be.

Work is not merely a means of earning an income; it is an ongoing endeavor through which each employee contributes to society in their respective roles. Being told “thank you,” whether today or in the distant future, is the clearest proof that one's work has been meaningful to society.

Of course, in order to remain an enduring company, revenue growth and business expansion will be essential. Revenue is what we receive in return for the role we play and the contributions we make to society, and it can also be seen as a clear, visible indicator of our social significance. Above all, I want us to be a company where every employee who shares our commitment to engaging with society with integrity can thrive. It is precisely such a company that can contribute to society. As a result, it generates profits and can continue to raise employee

compensation. If we start from the premise that everything ultimately comes down to “people,” then, although it differs from conventional financial metrics, employee compensation can, I believe, serve as an important metric for quantifying the health of the relationship between society and the Company.

I will continue to work closely with Fujita. As Vice President and CFO, positions that give me broad oversight over business strategy, financial strategy, and non-financial areas, I will take responsibility across all fronts toward enhancing corporate value. Anchored in transparent management and effective governance, I aim to manage the Company in a way that will earn the trust of all our stakeholders. Looking ahead, I intend to make steady progress so that MEDIA DO can become, in both name and substance, a “100-year company.” My fundamental stance is to approach the management of MEDIA DO at all times from the standpoint of enterprise-wide optimization. Moreover, maximizing corporate value is not something we can accomplish on our own. I believe that it is precisely the process of “co-creating” value with our shareholders, our business partners, and society that leads to genuine growth.



In Closing

We owe our growth through to the present entirely to the support of our many stakeholders, including our shareholders and investors, publishers, and eBook retailers. I would like to take this opportunity to express my heartfelt appreciation to all of our stakeholders. I also extend my deep respect to the predecessors who built

the Company as well as to each and every employee working tirelessly on the front lines every day.

As we further deepen our dialogue with all stakeholders, we will ensure that the feedback and expectations you share with us are appropriately reflected in our management and operations going forward. We sincerely

ask for your continued support for and understanding of MEDIA DO.

蒯田明史
Hiroshi Kanda

Phase 1: 1996–2024

As much content as possible

Establishment of a position that will continue to attract domestic content in the future

Number of titles handled:
2.6 million

Number of partner publishers:
2,200

Gross transaction value:
182.0 billion yen

MORE CONTENT

FOR MORE PEOPLE!

Phase 2: From 2025

To as many people as possible

To distribute Japanese content worldwide by evolving and expanding distribution solutions

Beyond Japan (100 million) to the world (8 billion)

Manga, text-based works, and audiobooks

To Date (previous Medium-Term Management Plan)

During the term of the previous Medium-Term Management Plan, in the eBook Distribution business we completed the PMI of Digital Publishing Initiatives Japan, which we acquired in 2017, and became the largest eBook distributor in Japan. Within the publishing industry, we have secured a position that continues to attract domestic content. As the eBook market has expanded, net sales have surpassed 100.0 billion yen, and the business has scaled steadily. In our Strategic Investment businesses, aiming to build a second earnings pillar following

the eBook Distribution business, we have advanced diversification and forged alliances across various investment domains. Although the termination of an exclusive partnership with a major customer resulted in two consecutive fiscal years of reduced revenue and profit, by optimizing our business portfolio and establishing a lean earnings structure, we have steadily improved profitability across our businesses and returned to a trajectory of increasing revenue and profit.

	First Medium-Term Management Plan				Second Medium-Term Management Plan			
	FYE 2/18	FYE 2/19	FYE 2/20	FYE 2/21	FYE 2/22	FYE 2/23	FYE 2/24	FYE 2/25
Net sales	37.2	50.5	65.8	83.5	104.7	101.6	94.0	101.9
Operating profit	0.93	1.46	1.85	2.66	2.81	2.39	2.06	2.47
EBITDA	1.77	2.39	2.66	3.42	3.92	3.86	3.39	3.79
Profit attributable to owners of parent	0.35	-1.24	0.88	1.51	1.57	1.05	-0.31	1.36

	First Medium-Term Management Plan	Second Medium-Term Management Plan
Objectives	Advance the integration of management, organization, and systems following the 2017 acquisition of Digital Publishing Initiatives Japan, and establish our position as No. 1 eBook distributor.	Promote business diversification and build a second pillar of earnings alongside the eBook Distribution business.
Results	[Performance] Achieved performance targets ahead of schedule. Net sales doubled over four years and exceeded 100.0 billion yen. [eBook Distribution business] Completed PMI with Digital Publishing Initiatives Japan. Established our position as Japan's largest eBook distributor. [Strategic Investment businesses] Formed alliances across investment domains, including a capital and business alliance with Tohan.	[Performance] Due to changes in internal and external conditions (transfer of transactions by a major business partner, a slowdown in market growth, the dispersion of management resources, etc.), both sales and profits fell short of their respective targets. [eBook Distribution business] In the fiscal year ended February 2024, secured new distribution channels, including Piccoma. [Strategic Investment business] Advanced a review of the business portfolio and built a lean, resilient profit structure.

Going Forward (new Medium-Term Management Plan)

Anchored in our vision, "MORE CONTENT FOR MORE PEOPLE!", we will focus on distributing Japanese content not only domestically, but to the 8 billion people around the world. Building on the position established during the previous Medium-Term Management Plan period, we will promote support for the overseas expansion of Japanese content by leveraging our proprietary translation system, MDTs (Media Do Translation System), which combines AI and other

technologies along with human expertise. We will also advance the "SC (Sustainability Creation) business," which uncovers dormant value (assets) in local communities and develops it into "businesses." Through diverse initiatives in collaboration with local communities, including sports-related business and entrepreneurship support, we will create and drive businesses that both solve local challenges and generate profits.

	Third Medium-Term Management Plan		
	FYE 2/26	FYE 2/28	FYE 2/30
Net sales	106.0	115.0	125.0
Operating profit	2.72	3.22	4.00
EBITDA	3.93	4.50	5.20
Profit attributable to owners of parent	2.00	2.15	2.50

Record highs for consolidated net sales and all profit metrics

Note: Growth from new businesses and M&A has not been factored into the plan figures.

	Third Medium-Term Management Plan (from 2025)	
	Supporting the overseas expansion of Japanese content	SC (Sustainability Creation) business
Objective	[Becoming the gateway for the distribution of Japanese publications to readers worldwide] Expanding content into overseas markets faces two major challenges; namely the high cost of translation and complex, country-specific distribution. Our Group will provide high-quality, cost-effective multilingual translation services and facilitate multi-format development and distribution. Leveraging our network of overseas group companies, we will provide end-to-end support for marketing and promotional activities that are tailored to local business practices, thereby removing these barriers to entry.	[Turning community initiatives into profitable businesses] Since its founding, our Group has engaged with local communities, building multifaceted relationships of trust and achieving corporate growth. By unearthing the many sources of latent value and assets within these communities and commercializing them, we are expanding our initiatives, which are currently made up of the "Sports Business" and the "Entrepreneur Support Business," and will grow them into robust, profitable businesses that have national and global reach.
Numerical targets	In the fiscal year ending February 2030, the final year of the new Medium-Term Management Plan, we aim to achieve record highs: consolidated net sales of 125.0 billion yen and operating profit of 4.0 billion yen. These performance targets are based on organic growth in our existing businesses. We have not factored into the plan any growth from the strengthening of support for the overseas expansion of Japanese content or from M&A, and by actively pursuing these as additional growth drivers, we aim to realize step-change growth.	

Phase 1: eBook Distribution Business

Of MEDIA DO's consolidated net sales of 101.9 billion yen in the fiscal year under review, more than 90% was generated by our core eBook Distribution business. We have built deep trust with the publishing industry, as can be seen by the more than 2.6 million content items that have been accumulated on our platform over time. Phase 2, in which we declared an expanded mission to pursue the worldwide distribution of Japanese books beyond eBooks, is underpinned by the hard work and dedication of the employees who built our business foundation.

STEP 01 The Dawn of the eBook Business and Tireless Efforts July 2004

Launched the Chaku-Uta® ringtone distribution business



MEDIA DO's official website at the time

A tailwind for rich-content businesses

In 2002, the Chaku-Uta® ringtone service was launched for au-branded mobile phones, ushering in an era of data-heavy "rich content" business on the mobile Internet.

Transition to a copyright business that involves contracts with rights holders and royalty management.

MEDIA DO entered the ringtone market in 2004. While forging agreements with rights holders and artists, we developed a "Royalty Reporting System" that served as a catalyst for the expansion of our music business.

Meanwhile, in the ringtone market, there was a company which had been established jointly with partners in the music industry that commanded a dominant market share.

"Aiming to be No. 1." Drawing on our rights licensing expertise and the royalty reporting system we had cultivated in our music business, we resolved to enter the publishing industry just as the eBook era was dawning.

October 2006

Developed md-dc Entered the eBook business



Tokyo office relocated to Jimbocho (2007)

Staked the Company's future on the expansion of the eBook market.

Headcount surged, and every day was a Companywide, all-out effort.

eBooks for feature phones used a panel-by-panel cropping system and, in the early days, cost around 200,000 yen per manga volume to produce, making it a category with high barriers to entry.

Convinced that "the market for eBooks for leisure reading will inevitably expand and that we must stake the Company's future on it," we entered the eBook business.

In 2006, the Tokyo office relocated from Nishi-Shinjuku to Akebonobashi. Fujita declared, "We will leave this office in a year." As the number of employees in Tokyo grew rapidly from about 20 to over 40, the Tokyo office expanded and relocated to larger premises in Jimbocho in 2007.

Acting as one, the organization worked day and night, so relentlessly that Fujita was taken by ambulance on three occasions due to overwork, to establish an eBook distribution platform that handled everything in-house from launching eBook retailers' websites to panel segmentation. Unafraid to rely on manpower-intensive manual processes, the team steadily worked to expand its network of partner publishers and eBook retailers.

MEMBER'S VOICE

- ▶At the time, everything was done manually, and as the content we handled increased, the number of colleagues working with us also grew in tandem. I remember the excitement of feeling, "We were building a new distribution model with our very own hands."
- ▶It was often the case that people didn't even know about the existence of eBooks, and publishers and authors took a cautious stance. While we sometimes faced criticism, by steadily building trust along the way, I feel that both the Company and I were able to grow.

STEP 02 Arrival of the Business Expansion Period 2006–2007

Two-pronged system development



md-dc developed by MEDIA DO

Systems designed to be chosen

MEDIA DO developed "md-dc," a distribution system that delivers eBook data from a central server to multiple eBook retailers, and shortly after entering the eBook business, we developed "MD-CMS," a management system that enabled efficient site operations for eBook retailers (the two systems were later integrated under the name "CAS (Content Agency System)").

Dedicated our full efforts to two fronts: securing distribution rights for content distributed via md-dc and signing clients for MD-CMS.

Featuring an unceasing, "always-on" system, we leveraged our strengths in system-driven data analytics and user acquisition to deliver a service that is chosen by customers, even with a limited catalog of titles.

Equity investments from major publishers



A turning point that led to rapid expansion in our business

Amid our drive to secure contracts, we entered into a content licensing agreement with Kodansha Ltd. in November 2007.

Approximately one year later, in October 2008, Kodansha became a shareholder of MEDIA DO through a third-party allotment of new shares, with the goal of maintaining a favorable business relationship.

Since 2008, MEDIA DO has rapidly expanded its volume of transactions.

In 2010, we began providing CAS to iMenu Book, a large eBook retailer on NTT DOCOMO's i-mode portal site.

In the same year, we entered into a content distribution agreement with Shogakukan Inc. In 2011, Shogakukan acquired shares in MEDIA DO, bringing the number of publisher shareholders to two; Kodansha and Shogakukan.

Commenced business with LINE Manga



Laying the groundwork to become No. 1 in market share

In April 2013, after our proposal won in a competitive selection among industry peers, we began serving as the exclusive eBook distributor for the LINE Manga digital comics service and started the provision of our eBook distribution platform.

LINE Manga was a major client for MEDIA DO, accounting for approximately 20% of MEDIA DO's revenue, until the transfer of back-end operations resulting from the termination of the exclusive partnership in 2022.

MEDIA DO's Distinctiveness Growth Strategy Sustainability Governance Data

STEP 03

Industry No. 1, Listing, and an N-Shaped Recovery 2013–2016

Listing on the TSE Mothers market, then moving to the TSE First Section



Ceremony to commemorate our listing on the First Section of the Tokyo Stock Exchange (2016)

Achieving the listing and taking on new challenges

Driven by the conviction that “the eBook market will inevitably become bigger,” and while significantly expanding our transactions, MEDIA DO listed on the Tokyo Stock Exchange Mothers market in November 2013 to stabilize its financial base and to enhance its credibility in both name and substance. This represented the achievement of one of the goals that Fujita had envisioned ever since MEDIA DO’s founding.

Having accomplished this milestone, which was also evidence that the growth potential of the eBook Distribution business had been recognized, Fujita decided to take on a further challenge: pursuing the acquisition of Digital Publishing Initiatives Japan, which at the time commanded the No. 1 share in eBook distribution.

With our management structure in place, our listing was transferred to the First Section of the Tokyo Stock Exchange (now the Prime Market) in February 2016, two years and three months later.

March 2017

Made Digital Publishing Initiatives Japan a subsidiary



The industry’s No. 2 player acquired the No. 1 to establish a dominant position

“As the overwhelming No. 1 eBook distributor, we aim to share the challenges facing the publishing industry and to tackle them together.” With this conviction, MEDIA DO embarked on the acquisition of Digital Publishing Initiatives Japan, an effort which staked the Company’s future.

After obtaining the consent of the Innovation Network Corporation of Japan, a major shareholder, and of leading publishers that were principal shareholders, in March 2017 MEDIA DO made Digital Publishing Initiatives Japan a subsidiary, and in June of the same year made it a wholly owned subsidiary. Subsequently, in 2020, we completed PMI. Benefiting from the tailwind of stay-at-home demand during the COVID-19 pandemic, the eBook Distribution business reached 99.3 billion yen in net sales in the fiscal year ended February 2022.

Fiscal year ended February 2025

Achieving an N-shaped recovery



A return to revenue and profit growth, renewed market share expansion, and an expanded mission

Following the end of our exclusive partnership with LINE Manga and the start of the transfer of back-end operations, MEDIA DO entered a phase of declining revenue and profit across the fiscal years ended February 2023 and February 2024. In the eBook Distribution business, by continuing to shoulder operational workloads for publishers and eBook retailers, rigorously reducing the operational load across the distribution chain, and improving distribution speed, we achieved renewed revenue and profit growth in the fiscal year ended February 2025 after having completed the transfer of operations from LINE Manga

MORE CONTENT FOR MORE PEOPLE!

MEDIA DO has provided system solutions and distribution operations as a bridge between many publishers and eBook retailers in order to advance eBooks. We are deeply proud to mark our 30th anniversary, and are renewing our commitment to make further contributions to the publishing industry. Our growth to this scale has been made possible by the tremendous support of our business partners, and by the dedication of employees who have been driving the business since our inception.

We take pride in our greatest strength: enabling publishers to deliver their works to a wide network of eBook retailers and readers, and providing retailers with a platform to carry a diverse range of content from many publishers. Even as operations become increasingly complex, we will address the challenges that are uniquely visible from our position between publishers and retailers and will resolve them steadily, one by one. By driving efficiency and automation across our operations, we will achieve faster, more flexible distribution, and contribute to the further growth of the industry as a whole.

Looking ahead, MEDIA DO will distribute Japanese content in Japan as well as across the world by leveraging solutions such as the MDTs (MediaDo Translation System). By creating value for publishers and the authors who create these works, we will relentlessly pursue our mission of “unleashing a virtuous cycle of literary creation.”



We will continue to move forward without letting up in taking on new challenges, enabling every employee to approach their work with integrity, further strengthening relationships of trust both inside and outside the Company in our eBook Distribution business, and continuing to deliver value that exceeds your expectations. We appreciate your continued support and understanding.

花村 佳代子

Kayoko Hanamura

Director and COO

Carrying Forward a 30-Year Legacy and Passion



I first encountered MEDIA DO in 2011, when it was just beginning a period of rapid expansion in its eBook Distribution business. At the time, I was working for a partner company. In addition to the employees’ sincerity, I was strongly drawn to the President and CEO’s passion and the vision he articulated. I keenly thought, “I want to work at this company and to contribute to it through my own abilities.” I still vividly remember the day that the President and CEO earnestly encouraged me to join the company, and I decided to do so.

Roughly 20 years after we entered the eBook business, we remain committed to contributing to the expansion of

the eBook market and to the prosperity of the publishing industry, staying closely attuned to market needs and continually striving to carry out our operations without errors.

We expect that the market will grow even further in the future, and, in conjunction with this, that the volume and scope of what we handle will expand at an accelerating pace. Without losing sight of our core principle of treating each title with care, we will continue to work in good faith with publishers and retailers, drive operational efficiency and automation, and deliver even faster, more flexible solutions.

As MEDIA DO celebrates its 30th anniversary, every employee is renewing their resolve to shape the next 30 years, as well as the future beyond that, by upholding their unwavering pride and strong sense of mission, never ceasing to learn, and continually taking on new challenges, so that we remain a trusted and indispensable partner to publishers, eBook retailers, and readers.

We look forward to your continued support.

大貫 雄一郎

Yuichiro Onuki

Executive Officer
Responsible for the eBook Distribution business

Partner Stories



Accelerating the Global Expansion of Titles Through Our Experience and Expertise in Content Distribution

Yusuke Kajimoto

AlphaPolis Co., Ltd.
President

Since our establishment in 2000, we have steadily grown by developing a new business model focused on editing and publishing works that are popular on the Internet, particularly light novels. Since our listing on the Tokyo Stock Exchange Mothers market (now the Growth Market) in 2014, we have also focused on the high-growth comics segment, building a broad-based business with two pillars: operating the “AlphaPolis” user-generated content platform and publishing popular titles. In the fiscal year ended March 2019, revenue from comics, which are highly suited to the eBook format, surpassed that of light novels, and comics have now become our core business, accounting for over 70% of sales.

We began doing business with MEDIA DO’s predecessor in 2010, and

our collaboration with MEDIA DO began in earnest in 2018, when we were working to distribute our titles on LINE Manga. At the time, we were growing mainly through print books and were exploring ways to expand our eBook business. In that context, we are grateful to MEDIA DO for assuming end-to-end responsibility for our eBook distribution and for supporting our growth trajectory.

The source of MEDIA DO’s competitive advantage lies in its ability to maintain close relationships with a wide range of publishers and eBook retailers, as well as to build distribution systems that are tailored to the characteristics of each partner. Each eBook retailer has its own requirements and policies, all differing in the types of works they feature and in their sales methods. Over many years, MEDIA DO has worked to optimize the distribution that connects authors and publishers with eBook retailers. Even in “episode-based distribution,” where works are delivered one episode at a time, MEDIA DO single-handedly manages rollout to nearly all eBook

retailers on our behalf, and we believe their support has been instrumental in enabling us to scale our business rapidly. From designing and executing complex campaigns to consolidating a host of labor-intensive tasks, MEDIA DO supports our business with a truly one-stop solution, and we regard the company as an irreplaceable partner.

The vision that succinctly articulates MEDIA DO’s purpose and strategic direction resonates with our medium-to long-term strategy, which sets as top priorities strengthening overseas sales of our titles, with digital at the forefront, and expanding our anime adaptation business. Of course, there are differences in the details of our respective medium- to long-term plans, but we are aligned in terms of the overall direction. In recent years, Japanese content such as comics and anime has seen remarkable growth and popularity in global markets, and the isekai (otherworld) fantasy genre, one of our strengths, has also been drawing significant attention.

The publishing market is different in each country and region, and business practices and responses to piracy also vary. With limited management resources, establishing a strong foothold in global markets and scaling the business is no easy task. It is precisely because MEDIA DO is at the core of Japan’s eBook market that we look to it in order to spearhead broad-based initiatives that expand the worldwide distribution, promotion, and marketing of Japanese content, thereby driving market expansion.

For the fiscal year ended March 31, 2025, we posted record highs for net sales and profits at all levels. Looking ahead, we will leverage the favorable market conditions to pursue medium-to long-term growth and to maximize corporate value. We ask for your continued support as we work to expand the eBook market and to advance our initiatives.



A Partner Paving the Way for All-in-One Entertainment

Tenshin Tsutsumi

U-NEXT Co., Ltd.
CEO

Since launching our service in 2007, U-NEXT has helped shape a new market as a pioneer in Japan’s Subscription Video On Demand (SVOD) services. By forging strong partnerships with content rights holders in Japan and overseas, we offer one of the largest content libraries in the country and hold the No. 2 revenue share in the domestic market. In May 2025, our membership surpassed 4.73 million.

We aim to deliver “all-in-one entertainment.” As a service that enables users to enjoy video, books, music, and live entertainment seamlessly within a single app, we are shaping a distinctive brand universe and, together with our “ONLY ON strategy” to expand content available exclusively on U-NEXT, we are pursuing our own unique added value.

Our collaboration with MEDIA DO began in earnest in 2019. Leveraging the technology and expertise it has cultivated in the eBook market, MEDIA DO organizes and formats complex metadata and has made significant contributions to the two-way linkage

between eBooks and video content (cross-media). In addition, MEDIA DO provides day-to-day support in planning and executing various campaigns that are aimed at revitalizing the market.

As we scale our business under the banner of “all-in-one entertainment,” we need to ensure that people who actively read eBooks perceive the value and convenience of our service, are even more satisfied, and continue their subscriptions. However, compared with video content, eBooks and eComics encompass far more individual volumes, and each title may come in multiple, complex formats, such as limited-time availability, split releases, and omnibus editions, so integrating them with video involves many challenges. We have been able to overcome these challenges thanks especially to our collaboration with MEDIA DO.

What resonates with me about MEDIA DO, and this is something that I fully agree with, is its management stance of delivering as much content as possible to as many people as possible and striving to realize a healthy creative cycle for copyrighted works. U-NEXT likewise meets each customer’s desire to watch and to read through our easy-to-use platform and our offering of a wide range of content. We aim to enrich people’s hearts and lives and to further expand the possibilities of entertainment. Moreover, bringing Japanese IP to markets around the world is also a very important business priority for us. In these respects, it can be said that we and MEDIA DO share common values. As MEDIA DO is positioned to view the eBook market from a macro perspective, we would welcome opportunities, in some form, to work together on new initiatives toward growing the eBook market in Japan and overseas.

With an eye toward sustainable growth, we are driving a range of initiatives. Launched in 2020, U-NEXT Publishing, our publishing division, produces original eBooks and eComics. We also plan to expand the global reach of Japanese IP. In order to advance initiatives that extend our reach overseas, collaboration with creators and publishers, who are the drivers of IP creation, as well as with MEDIA DO, which plays a central role in eBook distribution, will be essential. While maintaining strong partnerships, we are aiming to enhance our services, to further expand the SVOD market, and to create and deliver new forms of entertainment.

Phase 2: Overseas Expansion: Distributing Japanese Content to Audiences Worldwide
MORE CONTENT FOR MORE PEOPLE!

Updated Business Concept: Broadening Our Mission in Pursuit of “Unleashing a Virtuous Cycle of Literary Creation”

MEDIA DO is advancing its business guided by a business concept that features the mission of “unleashing a virtuous cycle of literary creation.” Outstanding works by creators are delivered to readers with fair compensation for the creators in return, and the resulting revenue fuels the next round of creative activity. Our purpose is to continue fulfilling the indispensable mission of supporting this virtuous cycle.

To date, guided by our vision of distributing “as much content as possible, to as many people as possible,” we have focused primarily on the realization of our business concept in the domestic market and in doing so, have established ourselves as Japan’s largest eBook distributor. As the domestic market matures and the need for global expansion becomes more evident, we have determined that providing global distribution solutions will be essential in order for us to continue fulfilling our enduring mission.

Accordingly, we converted our vision, which had previously been expressed in Japanese, into the English phrase “MORE CONTENT FOR MORE PEOPLE!” and

updated our business concept. This clearly signals a new phase in our business strategy: distributing content from across Japan that keeps coming to us (MORE CONTENT) not only to readers in Japan, but also to the world’s 8 billion people (MORE PEOPLE).

At the same time, we are keeping our mission statement in Japanese. The essence of MEDIA DO’s future overseas expansion of content lies in maximizing the value of “Japanese works” created by Japanese authors and publishers, reinvesting the resulting earnings in the Japanese publishing market, and thereby contributing to the development of Japanese culture. The direction of our mission of expansion has not changed to date, and it will not change going forward.

While demonstrating this unwavering commitment to Japan’s publishing market, MEDIA DO, in strong partnership with the publishing industry, will stride boldly into a new stage of growth in which Japanese content opens up global markets.

MORE CONTENT for MORE PEOPLE!

The Potential of Japanese Content in Overseas Expansion: Starting with the Text-Based Works Market

At present, the phrase “overseas expansion of Japanese content” most often brings to mind growth in the comics market. Indeed, Japanese comics, buoyed by the popularity of anime, have secured a solid global position, and further growth is also expected. However, looking at the overall structure of the global publishing market, text-based works account for an overwhelming share, about 94% of 21.8 trillion yen, while comics account for about 6%.

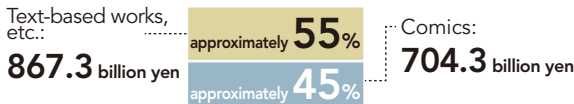
In recent years, beyond the international commercial success of manga and anime, text-based works such as novels have also achieved success overseas, demonstrating the high value and potential of Japanese publishing content in the global market.

“Before the Coffee Gets Cold,” a novel by Toshikazu

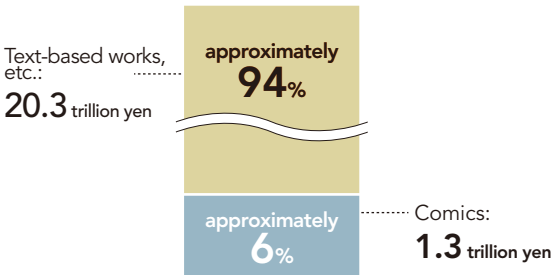
Kawaguchi originally published by Sunmark Publishing, has sold over 4 million copies in just three overseas countries, well above the book’s sales in Japan, and the series has now surpassed 7.5 million copies in print worldwide. Furthermore, “BUTTER” by Asako Yuzuki (Shinchosha) saw its English edition released in 2024 and sold more than 280,000 copies in the UK within just one year of publication, making it a hit that outstripped its sales figures in Japan. Despite retail prices overseas being set at 1.5 to 2 times those in Japan, these works have significantly outsold compared to Japan, demonstrating that Japanese text-based works can succeed in global markets. MEDIA DO will begin by taking on this vast, high-potential market for text-based works.

Size of Japan’s publishing market: 1,571.6 billion yen

Size of the global publishing market, including Japan: 21.8 trillion yen



Japan has a large comics market
Magazine serializations have given rise to diverse genres and a broad readership, fostering a comics culture



Globally, the market for text-based works is by far the largest

Resolving the “Translation” and “Distribution” Risks That Hinder the Overseas Expansion of Japanese Content

Despite this proven potential, the majority of Japanese text-based works have yet to reach overseas readers. Behind this are two business risks that are faced by publishers and authors.

The first risk is “translation.” Conventional human translation costs several million yen per title and requires long lead times, making multilingual expansion unrealistic for many publishers. As a result, the English translation rate

for recent releases of text-based works is about 0.1%, and even for manga it is only 8%, an extremely low level, meaning that most works do not even have the opportunity to be translated.

The second risk is “distribution.” Even if translations are completed, without a global distribution network and know-how to navigate country-specific business practices and sales channels, it will be difficult to place titles on bookstore shelves and deliver them to readers.

These two risks of “translation” and “distribution” are the root cause behind more than 99% of content never leaving Japan. MEDIA DO is currently building an end-to-end solution to address these challenges in overseas expansion. Our strengths include strong, long-standing relationships with domestic publishers; first-mover overseas distribution and marketing networks and know-how; and proprietary technology exemplified by our MDTs (MEDIA DO Translation System). By leveraging these strengths, we aim to become one of the few players worldwide that can provide strong support for the overseas expansion of Japanese content.

English translation rate for new Japanese manga and text-based works (MEDIA DO survey)

	Manga	Text-based works
Annual number of new titles	approx. 15,000	approx. 65,000
Translation cost (per title)	approx. 500,000 yen	approx. 3,000,000 yen
Share of new titles translated into English	approx. 8%	approx. 0.1%

If languages other than English are included, it can be said that hardly any Japanese content is translated.

MEDIA DO’s Business Philosophy

Mission | Unleashing a virtuous cycle of literary creation

Vision | MORE CONTENT FOR MORE PEOPLE!

We created a new vision logo.

MORE CONTENT
for MORE PEOPLE!

Updating our business concept is an important milestone that demonstrates MEDIA DO’s resolve to “realize a virtuous cycle of literary creation for Japanese works globally.” We created a new logo that represents such vision and will communicate MEDIA DO’s aspirations both internally and externally.

As a Gateway, the Media Do Group Will Distribute Japanese Publications to the World

By overcoming the two barriers of “translation” and “distribution,” MEDIA DO’s proprietary end-to-end solution powerfully supports the overseas expansion of Japanese content. This framework consists of the following four functions.

(1) Position: As Japan’s largest eBook distributor, we are entrusted with one of the country’s largest content libraries

The source of MEDIA DO’s competitive advantage is our robust business foundation with more than 2,200 domestic publishers. We conclude contracts with publishers directly, then open an account for them and engage in ongoing transactions. On the strength of these trusted relationships, we have been entrusted with more than 2.6 million eBook titles as digital files, representing one of the largest collections in Japan.

(2) Translation: Rapid, cost-efficient multilingual localization through a technology-enabled translation workflow

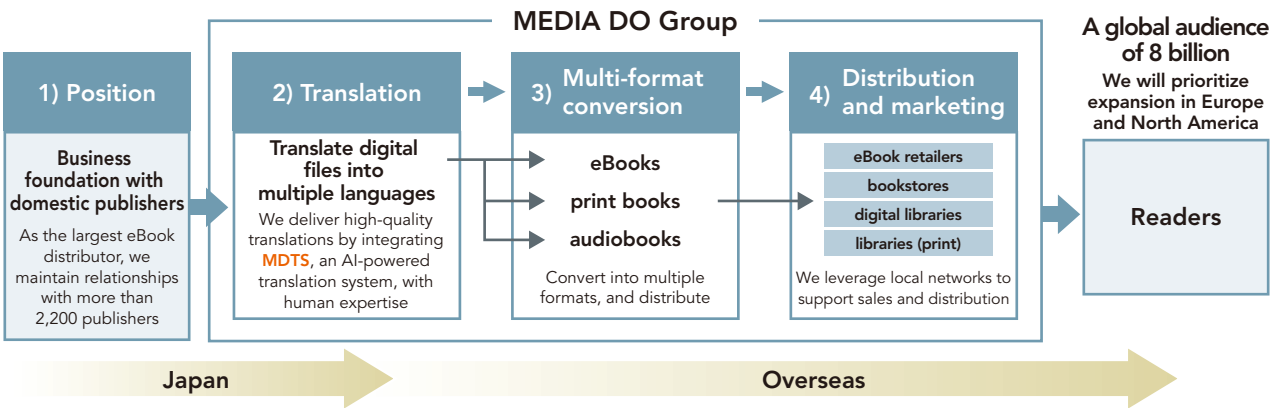
From our extensive eBook catalog, we will translate rights-cleared works into a broad range of languages worldwide. By combining our AI-powered translation system, MDTs (Media Do Translation System), with human expertise, we deliver high-quality, fast-turnaround, and cost-efficient multilingual translation, overcoming the language barrier.

(3) Multi-format conversion: Maximizing content value

In order to maximize the value of each translated digital asset, we convert it for multi-use across multiple formats, including eBooks, audiobooks, and print editions. We distribute content in the optimal format as tailored to each country’s market environment and reader needs, maximizing the value that is delivered.

(4) Distribution and marketing: Distributing to readers worldwide

We distribute content that has been converted into multiple formats to all relevant local channels, including eBook retailers, physical bookstores, and libraries. Fully leveraging the MEDIA DO Group’s network of overseas offices, we provide end-to-end support which extends from sales activities aligned with each country’s business practices to marketing and public relations.



Technological Innovation That Overcomes the “Translation Barrier”: MDTs (Media Do Translation System)

MDTs overview: The fusion of “technology” and “people”
MDTs is more than just an AI translation tool. It is an end-to-end solution that combines technology and human expertise to secure content rights, translate into multiple languages, and distribute finalized files that are ready for distribution.

Technology: Systematizing the translation process

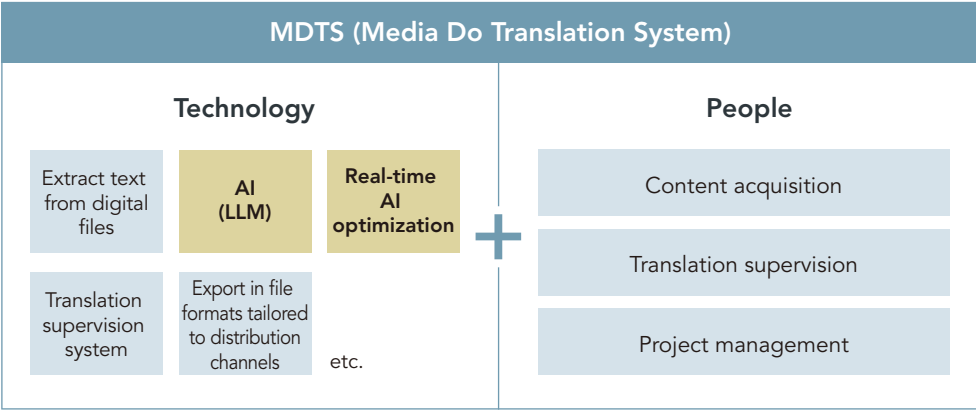
MDTs’s technical workflow begins with extracting text from eBook files entrusted to us, once we have obtained the publisher’s authorization. Next, an AI (LLM) translates the extracted text, and human translators review and refine the output using a dedicated “Translation Supervision System”

to further elevate quality. Finally, the completed translation is exported in multiple formats tailored to the needs of each respective distribution channel, such as EPUB for eBooks and InDesign for print.

People: Specialized frameworks and expertise that power our systems

This powerful technology realizes its full potential only when it is supported by people. After securing the content on which our overseas expansion is premised, we ensure the quality of AI translations through “translation supervision.” By collaborating with translators, we deliver high-quality localization that preserves the nuances of each

work. In addition, the “project management” that keeps all of this moving smoothly is made possible by the expertise and organizational frameworks we have built over many years in the eBook Distribution business. Our ability to leverage not only technology but also “human” capabilities, expertise, and organizational frameworks is the source of MEDIA DO’s distinctiveness.



Having reached our 30th anniversary through a journey in which we cherished Japanese content and, by taking charge of domestic distribution, earned the trust of many content holders, I, as a director, am entrusted, under the philosophy “MORE CONTENT FOR MORE PEOPLE!”, with leading the next phase in which MEDIA DO will further expand the global readership of Japanese content.

Media Do International (MD-i), our overseas hub, will be indispensable in fulfilling this responsibility. Within MD-i, the Firebrand Group (Quality Solutions/NetGalley) provides a publishing ERP platform used by over 300 publishers in Europe and North America, including the Big Five publishers, which together account for about 80% of the U.S. publishing market, and a marketing tool with a global customer network of approximately 600,000

influencers, librarians, and booksellers, etc. Through these offerings, it has built a long track record of supporting the publishing supply chain across Europe and North America, and it maintains strong, trust-based relationships and well-established distribution channels across the U.S. publishing industry. Our Group’s overseas strategy is grounded in leveraging the MD-i group platform to develop international markets in partnership with Japanese content holders.

By taking on the worldwide distribution of print books as well, MEDIA DO, which has up until now been responsible for eBook distribution, will now contribute to the publishing industry with a seamlessly integrated print-and-digital approach. Through this strategy, MEDIA DO aims to be recognized worldwide as Japan’s leading content distributor and to further extend the deep trust it enjoys within the publishing industry. I will devote the entirety of the experience and expertise I have gained since my days working at a publishing house, where I was engaged, however modestly, in the safeguarding of print books and bookstores, to decisively drive MEDIA DO’s next step forward.

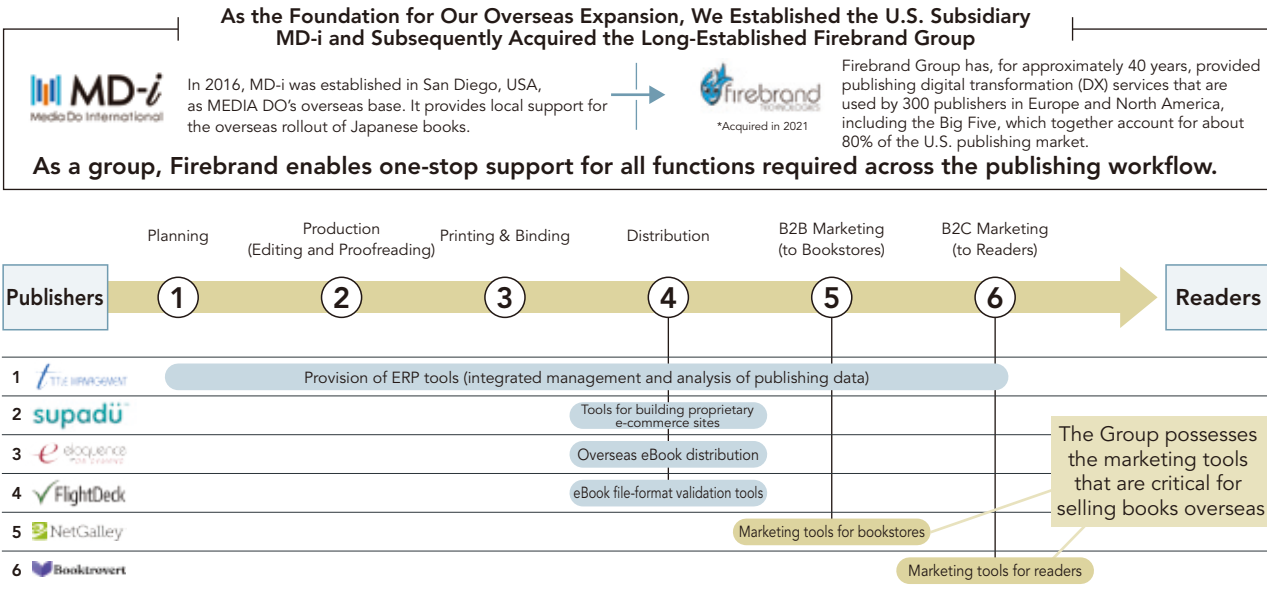
Koichi Sekiya

Director
Media Do International Director

Media Do’s Overseas Group Company Network to Overcome the “Distribution Barrier”

The distribution of the high-quality translated content produced by MDTS to readers around the world requires the clearing of one final hurdle, the “distribution barrier.” As a foothold for overseas expansion, in 2016 we established Media Do International, Inc. in San Diego, USA. Then in 2021, in order to integrate deeply into the supply chain of the overseas publishing industry, we made Firebrand Group, a long-established provider of enterprise resource planning (ERP) systems for the publishing industry, a subsidiary. Firebrand

offers a broad suite of solutions covering the entire publishing value chain, including “Title Management,” a tool for the integrated management of book publishing operations, as well as “Eloquence on Demand” and “FlightDeck,” which handle eBook distribution and file management. Within this comprehensive business platform, the two marketing-focused tools that are particularly key to overcoming the “distribution barrier” are “NetGalley” and “Booktrovert.”



Business practices overseas differ from those in Japan:

Inventory risk and pricing

There are decisive differences between book distribution in Japan and overseas in two areas; these are “inventory risk” and “pricing.” In Japan, under the “consignment sales system,” bookstores do not bear inventory risk, and products are sold at a uniform list price nationwide under the “resale price maintenance system.” By contrast, overseas the “firm order system” is mainstream, and in some countries retailers

are free to set prices. For overseas bookstores, which must shoulder risk while also competing on price, procurement becomes an extremely important management decision. Therefore, in order to gain conviction that “this book will certainly sell,” it is essential to have an understanding of the work’s content and its objective reputation before release. For Japanese content, the absence of an efficient means to provide this “content” and “reputation” has been a major factor impeding overseas expansion.

Domestic bookstores

Consignment sales system
Bookstores do not bear inventory risk, and unsold books are returnable

Resale price maintenance system
Sold at a uniform list price nationwide

Overseas bookstores

Firm order system
Bookstores bear the **inventory risk**
Prices can be set freely

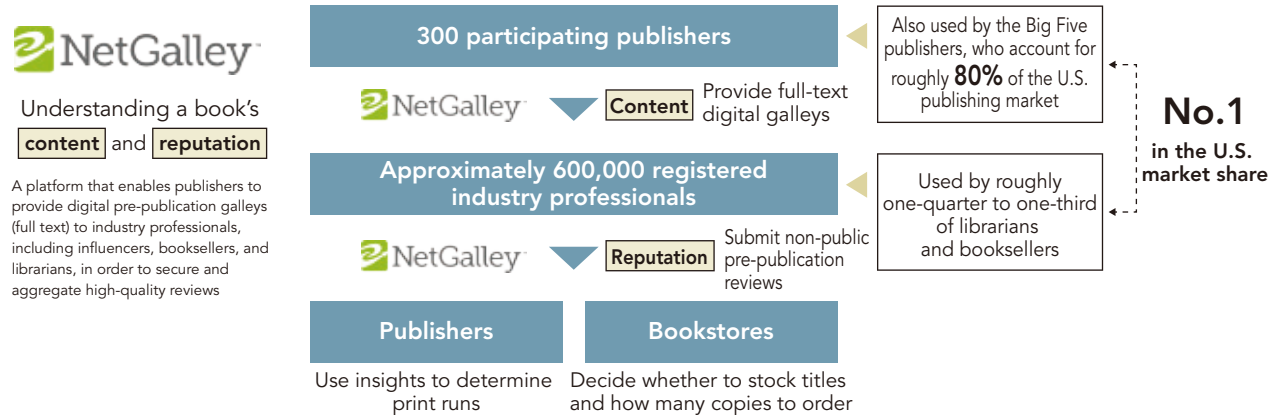
Bookstores need to procure titles that are certain to sell

Having an understanding of a book’s content and reputation is crucial

NetGalley, the No. 1 Marketing Solution for Publishers and Bookstores That Provides Pre-Release Content and Early Reviews

The No. 1 solution by U.S. market share that addresses this challenge is NetGalley. It digitally distributes advance reader copies (digital galleys) to a community of approximately 600,000 professional readers, including booksellers, librarians, and book reviewers. The pre-publication reviews they post

serve as an objective indicator of reputation and have a major impact on bookstores’ purchasing decisions. NetGalley mitigates the risks inherent in the firm-order model and is an essential solution for putting Japanese books on the shelves of overseas bookstores.



Booktrovert: Influencer Marketing That Captures New Trends in an Era When Social Media Creates Bestsellers

In recent years, influencer marketing originating on social media, exemplified by “BookTok” on TikTok, which boosts sales through word of mouth, has had a tremendous impact on book sales. To capture this trend, Firebrand developed “Booktrovert,” an influencer marketing tool. Through this platform, publishers can deliver titles to influencers and run promotional campaigns. There have been cases where a book that had not sold for more than ten years after publication became a bestseller triggered by a single video, making this an extremely powerful way to drive “discovery” among the

readers of the modern day.

While NetGalley supports purchasing decisions by industry professionals on the B2B side, Booktrovert reaches consumers directly on the B2C side through social media. Sales opportunities for translated titles are maximized through these two solutions working in tandem. From “translation and production” by MDTS to “sales promotion” by Firebrand, this integrated, end-to-end ecosystem is MEDIA DO’s solution for supporting the overseas rollout of Japanese content.

Examples of Overseas Rollout Support

Leveraging our networks across the publishing industry in Japan and overseas, MEDIA DO has long provided comprehensive support for overseas expansion and has carried out numerous such initiatives to date. Recognized for our network and expertise, MEDIA DO has become a trusted partner to leading companies across the industry.

Translation and publication support: Shueisha’s “Tokyo Swindlers”

We provided end-to-end support, from translation to cross-media adaptations, for Shueisha’s “Tokyo Swindlers,” whose drama adaptation ranked No. 1 for six consecutive weeks on Netflix’s weekly Top 10 in Japan and made the Top 10 in 30 countries worldwide.



Operational support for overseas eBook retailers: NTT DOCOMO’s “MANGA MIRAI”

We provided distribution and translation support for 780 titles and more than 11,000 volumes (at launch) of manga for NTT DOCOMO’s North America-focused eBook retailer “MANGA MIRAI,” which was launched in March 2025.



Partner Stories



An Irreplaceable Relationship of Trust as We Collaborate to Expand Content Distribution and Advance Cultural Development in Japan and Overseas

We have been among the pioneers in the pursuit of the digital distribution of comics and books since the feature phone era. Today, we distribute eBooks, including comics, text-based works, photo books, and magazines, to nearly 70 eBook retailers and services, and we also operate our own digital manga distribution services such as Shonen Jump Plus, Manga Mee, and Yang Jump Plus. Our business with MEDIA DO dates back to 2012, when we began distribution to SoftBank Mobile. Our collaboration has gradually expanded, and roughly half of our eBook distribution now passes through MEDIA DO. Many aspects of our business expansion have been made possible thanks to MEDIA DO, and it has become an indispensable partner for us.

It is not easy for publishers to build their own eBook distribution systems. Each eBook retailer operates with its own systems and specifications, spanning from content delivery procedures through to sales data management. In recent years, distribution formats have diversified, with “early releases,” “episode-based distribution,” and “vertical scrolling

Takuro Ando

Shueisha Inc.
Executive Director

comics,” as well as store-specific promotional campaigns, becoming more common. MEDIA DO centrally manages these complex distribution processes and enables publishers to deploy content to each eBook retailer on a store-by-store basis, thereby streamlining and accelerating operations.

In addition, MEDIA DO’s employees are highly skilled and, working as a team, provide meticulous support. As a result, even when the points of contact on both sides change, the quality of the work remains consistent, and we can entrust our business to them with confidence.

Our close communication with MEDIA DO has been a powerful driving force behind our business expansion. Another reason we trust them is that they handle each engagement with a keen understanding of our specific circumstances, drawing on the experience that we have built together over our

many years as partners. Most recently, we have engaged them to develop systems to address various challenges in our distribution operations, and we have been consistently impressed by their swift, meticulous execution.

As the domestic digital publishing market approaches maturity, we are also focusing on overseas expansion. We expect our collaboration with the MEDIA DO Group, which has extensive expertise in overseas publishing, to become increasingly important. In particular, for our first project to publish English translations in-house rather than licensing out the rights, namely for the English-language editions of “Love Like the Falling Petals” and “Tokyo Swindlers,” both of which have been adapted into Netflix productions, MEDIA DO provided comprehensive, end-to-end support, all the way from arranging translators.

Going forward, we will continue to work together on a wide range of initiatives, including anti-piracy measures, enhancing security on the provider side, and promoting broader public literacy in terms of digital content rights. Looking ahead, we aim to jointly build the framework that will be required in order to run real-time campaigns tied to current events and news, collaborating across a broad spectrum that extends from market data analysis through to system development.

Lastly, “Fujita-ism,” which is rooted in President and CEO Fujita’s character and decisive action, has permeated the organization and has also fostered unwavering respect for and trust in MEDIA DO. I am struck by the sheer energy with which he mobilizes many people, combining creativity with execution, as seen in initiatives such as the professional basketball club TOKUSHIMA GAMBAROUS in Tokushima Prefecture. President and CEO Fujita often says, “If local communities do not thrive, Japan cannot thrive,” and I genuinely believe that he is right. Through MEDIA DO’s initiatives, I sincerely look forward to a future in which regions come together, become more vibrant, and Japan’s economy and culture are energized.



A Desire to Connect People and Entertainment to Create an “Exciting World” Together

Guided by our corporate philosophy of “creating a new world of communications culture,” we operate businesses that “connect” value across a broad range of fields, starting with telecommunications and, in recent years, expanding into finance, payments, and entertainment. In the entertainment field, we build partnerships with rights holders and deliver high-quality content to customers through a variety of services. In March of this year, in a four-company collaboration that included MEDIA DO, we launched MANGA MIRAI, an eComic distribution service for the U.S. market that offers over 780 Japanese manga titles, and we are pursuing a shared ambition to bring Japanese content to audiences around the world.

We aim to contribute to the formation of a more prosperous society by “connecting” people with one another and with the world of entertainment. From the i-mode era of feature phones to today’s smartphone age, MEDIA DO has supported us for many years, and since the dawn of eBooks we have been moving forward together as MEDIA DO has proposed new value-

Saori Miyahara

NTT DOCOMO, INC.
Executive Officer
Consumer Services Company
General Manager, Content Service Department

creation mechanisms, including system solutions.

As a central player in digital content distribution, MEDIA DO’s greatest strength is the depth of the trust that it enjoys with publishers. It does far more than act as broker between rights holders and eBook retailers. Its drive to optimize the distribution process, together with a proven track record of tackling issues sincerely and with respect for works and their authors, has, I believe, fostered that trust. Furthermore, in launching “MANGA MIRAI,” there were many occasions that demanded tough negotiations, such as in the coordination of global publishing rights and the navigation of differences in business practices between the two countries, but MEDIA DO has approached each challenge

head-on, overcoming obstacles one by one and turning our vision into reality.

An open, communicative culture and a robust team structure are also among MEDIA DO’s strengths. No matter how deep an individual’s expertise may be, without mechanisms to integrate those strengths organically, they cannot support the complex processes of digital content distribution. Projects span multiple layers, shaping the overall framework, operational task management, and coordination among stakeholders, and in our engagements with MEDIA DO, we have seen information at each layer shared thoroughly across the organization. It is clear that the team works in concert, which gives us great confidence. Because they can engage openly as professionals and address matters through close, ongoing dialogue, I take this as evidence that such a culture is being consistently upheld across the company.

Without a strong partner like MEDIA DO, we would face higher barriers in the advancement of our initiatives in the content field, and we would not be able to move forward at the necessary speed. We believe the opportunities to deliver content and stories created in Japan to audiences worldwide will further expand as the times change. Accordingly, we look forward to deepening our collaboration with MEDIA DO in even more multifaceted ways.

As a platform that continually responds to diversifying customer needs, NTT DOCOMO will continue to deliver a diverse array of content and the best possible experiences to as many customers as possible. Going forward, together with MEDIA DO, we will remain committed to realizing an “exciting world” by delivering to our customers the joy and surprise that lie beyond value creation.

Sustainability Creation



The “I” symbolizes the diverse sustainability creations that our SC business delivers to society. Using the concept colors of our corporate logo, the design embodies individuals thinking, creating, and taking action, and a world, which is our source of wisdom and the place of new beginnings, connected as one across the sky and sea.

Objective of “Commercializing” the SC Business

Since its founding, the Group has consistently created businesses a step or two ahead of the times, built strong, trust-based relationships with stakeholders through sincere engagement with local communities, and achieved corporate growth. Local communities are home to numerous values and assets rooted in Japan’s unique culture and history, which are

world-class resources that remain largely untapped.

The “SC business,” newly carved out under the Group’s new Medium-Term Management Plan announced in April 2025, aims to surface and develop these opportunities into a robust, revenue-generating “business” that can scale across Japan and the entire world.

Material Issues: “Empowerment of Communities” and the SC Business

The Group works with local communities to continually strengthen its ability to create new value and address social issues, so that it remains trusted by all stakeholders, develops businesses that are suited to the times, and is still needed 100 years from now. The Group positions this as **one of its material issues under the title of the “Empowerment of communities.”**

We regard engagement with local communities as being essential to medium- to long-term growth across both financial and non-financial dimensions. We position the financial dimension that contributes to enhancing corporate value as the “SC business” and the non-financial dimension as the “Empowerment of communities.”

From 1996: The Start of Co-Creation with the Local Community

Since our founding, the Company has grown by leveraging Kito Yuzu, which is an emblem of President and CEO Fujita’s hometown of the former Kito Village in Tokushima Prefecture (Kito District, Naka Town), his family, and his personal character, to quickly establish trust with stakeholders. Kito Yuzu is a vital

asset of the village. About 70 years ago, Fujita’s father and uncle protected the village and, through varietal improvements, made stable nationwide distribution possible. Thanks to its rich aroma and acidity, it has been hailed as “the world’s best yuzu.”

1996

Fujita founded the company that later became MEDIA DO. He began sending Kito Yuzu to clients along with letters sharing updates about his hometown and family, conveying his own humanity and helping to build the trust that is needed for long-term business relationships.

2007

Opened the MEDIA DO Kito Operations Office in the Kito district of Naka Town, Tokushima Prefecture.

2013

Established MEDIA DO TECH TOKUSHIMA Co., Ltd. in Tokushima City as the operations hub for eBook distribution, creating approximately 100 jobs in the region.

Global Expansion of Kito Yuzu

At the Coupe du Monde de la Pâtisserie, the world’s premier pastry competition held in France every two years, the Japanese national team, which used Kito Yuzu produced by “OGON no mura Co., Ltd.,” a company operated by Fujita in Tokushima Prefecture, won the championship twice, in 2023 and 2025. Kito Yuzu has gained worldwide recognition, and OGON no mura is expanding its trade globally.



From 2020: Deepening Our Collaborations with Local Communities

Since 2020, the MEDIA DO Group’s collaborations with local communities have steadily broadened into new areas, including support for entrepreneurs, professional sports, and education. As cases emerge of companies engaged in regional revitalization raising funds of 6.0 billion yen and 1.0

billion yen, global attention to attractive regional assets is mounting. Against this backdrop, both the value of our non-financial contributions to the “sustainability” of local communities and the financial potential to develop these initiatives into “businesses” continue to grow.

2020: TOKUSHIMA INNOVATION BASE ASSOCIATION (TIB)



Building a framework for collaboration among key institutions where regional challenges converge



In a five-party collaboration with Tokushima’s leading media (Tokushima Shimbun and Shikoku Broadcasting), financial institutions (Awa Bank and Tokushima Taisho Bank), and our Company, we established the TOKUSHIMA INNOVATION BASE ASSOCIATION (TIB), a General Incorporated Association, as a hub for local entrepreneurs to elevate their ambitions and to grow. As of the end of July 2025, total membership stood at 375. We have deepened collaboration with government and educational institutions, building a framework for cooperation among the principal organizations where regional challenges converge. As “Innovation Base (IB)” organizations modeled on TIB have spread to a total of 24 prefectures across Japan, several companies, including ourselves, came together to establish “xIB JAPAN,” a General Incorporated Association, to support IBs across Japan. The total membership of IBs nationwide has surpassed 1,300.

2022: TOKUSHIMA GAMBAROUS



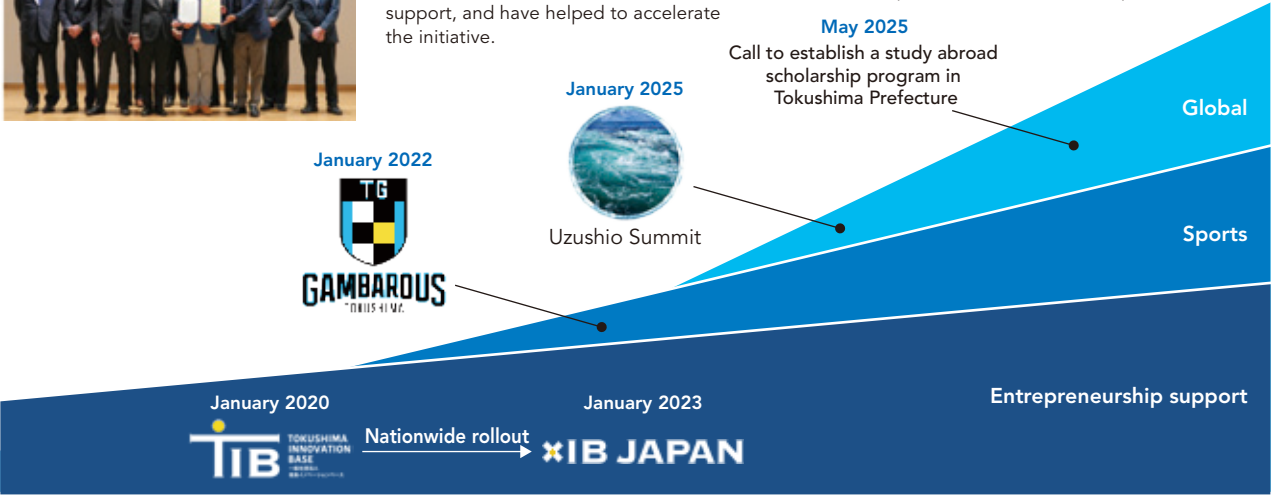
In 2022, we established an operating company with joint investment from 23 companies with ties to Tokushima Prefecture. We hold 68% of the voting rights. The men’s professional basketball club “TOKUSHIMA GAMBAROUS” entered the B3 League in the 2023-24 season. In the 2024-25 season, the club’s second year in the league, it achieved profitability and recorded an average home attendance of 1,558. Under “B.LEAGUE REVOLUTION,” provisional approval has been granted for entry into “B.LEAGUE ONE,” the league that will become equivalent to the current B2, beginning with the 2026–27 season. In Tokushima Prefecture, initiatives to build a 5,000 to 10,000-seat arena are also progressing.

2025: Tokushima Prefecture’s Davos-style “Uzushio Summit” held; Tokushima’s Version of Tobitate! (Leap for Tomorrow) Study Abroad Initiative established.



Co-hosted by our Company, Tokushima Prefecture, Awa Bank, and Tokushima Taisho Bank, the “Uzushio Summit in Tokushima,” a Davos-style conference, was held for the first time in January 2025 to discuss “the spirit of Japan from a global perspective.” A total of 147 participants from Japan and overseas, with expertise across diverse fields, participated and reaffirmed the value of the “assets” held by local and regional communities.

Spurred by this summit, momentum is building to establish the Tokushima Version of Tobitate! (Leap for Tomorrow) Study Abroad Initiative, a non-repayable study-abroad scholarship program that provides young people who will lead Tokushima’s future with opportunities to study abroad and gain global exposure. At our Company’s initiative, and together with nine core regional companies with ties to Tokushima, we submitted a formal request to Tokushima Prefecture (Governor Masazumi Gotoda) to establish the program in May 2025. The related budget proposal was approved by the Tokushima Prefectural Assembly in July, and as of August 2025, 13 companies (target: 15) have expressed their support, and have helped to accelerate the initiative.



Rediscovering the Essence of Human Relationships by Saying “Thank You” to One Another

—How companies engaging with their local communities makes a difference—

Yasushi Fujita

President and CEO

Nobuhiko Horie

Coamix Inc.
President and CEO

In April 2025, we at MEDIA DO unveiled our new SC business. We have done business with Coamix Inc. since 2007, and they are a publisher that undertakes initiatives in Kumamoto Prefecture, such as nurturing manga artist talent in the area. In this conversation between the President and CEO of Coamix Inc., Nobuhiko Horie, and our own President and CEO, Yasushi Fujita, the two discussed the essence of “the impact of companies engaging with local communities” that they have discovered through getting involved in these corporate engagement initiatives.

Nobuhiko Horie, President and CEO of Coamix Inc., was born in Kumamoto City in 1955. He joined Shueisha Inc. in 1979. As an editor at *Weekly Shonen Jump*, he worked with Tetsuo Hara, Tsukasa Hojo, and other popular artists to produce many hit titles, including *Fist of the North Star* and *City Hunter*. In 1993, he became the magazine's fifth editor-in-chief and achieved an all-time record circulation of 6.53 million copies. After leaving Shueisha in 2000, he co-founded Coamix with Tetsuo Hara, Tsukasa Hojo, Ryuji Tsugihara, among others, and launched *Weekly Comic Bunch*, followed by *Monthly Comic Zenon* in 2010. He served as editor-in-chief of the former until 2004 and of the latter until 2013. In 2020, he founded the all-female 096k Kumamoto Opera Company. That same year, he established Artist Village Aso 096k in the town of Takamori in Kumamoto Prefecture, where aspiring young manga artists from Japan and abroad gather to hone their skills. In 2023, he established Japan's first public high school ‘Manga Department’ at Kumamoto Prefectural Takamori High School. In partnership with the school, he is also committed to cultivating manga talent at the high school level. He is also active as an original story writer for manga.

How the Manga Department Has Inspired Changes in the Community and Among the Youth

Fujita: Kumamoto Prefectural Takamori High School—where Coamix has been involved with its Manga Department since 2023—was once under-enrolled and even at risk of closure. For the 2025 admissions cycle, however, I've come to hear that the Manga Department recorded an applicant-per-seat ratio of 4.18. Why did you choose to establish the Manga Department at Takamori High School?

Horie: The hit titles that underpin the publishing industry do not simply happen by chance. Many of the manga artists behind such hits honed their talents in high school and went on to grow rapidly. I personally felt a strong sense of urgency that the industry must nurture the next generation, which led me to want to broaden the possibilities out there for high school students. Kumamoto Prefecture is my home prefecture, and, owing to our ties there—we have been pursuing various initiatives in Kumamoto Prefecture since 2017, the year after the Kumamoto Earthquake—the Manga Department initiative was launched with support from the town of Takamori, where we established a facility to nurture manga artists, as well as the then-Governor of Kumamoto Prefecture and the Kumamoto Prefectural Board of Education.

We are grateful that young people aspiring to become manga artists, both within and outside Kumamoto Prefecture, are taking notice. At Takamori High School, not only do they enroll in the Manga Department; some choose the general course and join the Manga Club to hone their skills. Seeing this impact, Kumamoto Prefecture has also provided support, including funding for the construction of a new school building.



Fujita: The fact that enrollment has surged, turning a school once on the brink of closure into one so vibrant that it is building a new school building, is astonishing. This is exactly the kind of value that companies can create by

expanding into regional areas and partnering with local governments. What impact are you seeing on the high school students who have enrolled?

Horie: Because the high school is located away from urban centers, many students live in dormitories with like-minded peers who share the same aspirations as them. This creates an environment where, they spur each other on each day, and they progress at an astonishing pace. It is reminiscent of the days when assistants gathered at manga artists' studios to learn. In addition, through part-time jobs in the community and exchanges such as cooking meals with elderly residents at the community center and drawing their portraits, the area—which until then had very few young people—has rapidly become brighter and more vibrant.

At Takamori High School, we are seeing positive impacts on students' lives that extend far beyond technical manga skills—for example, students who once were shy gradually become outgoing as they spend their days among friends. One parent expressed that “even if my child never becomes a manga artist, the three years they spent at Takamori High School will be a lifelong treasure.” This has only strengthened my resolve to continue doing what truly benefits these students.

Human Relationships Where People Say “Thank You” to One Another

Horie: One thing I became even more aware of through this initiative is that in the countryside people say “thank you” far more often. Mutual help and gratitude are part of everyday, fundamental human relationships. In cities—where nearly everything is at your fingertips and you can buy “convenience” with money—it is easy to assume you can live on your own. But that overlooks the fact that our lives are made possible by the efforts of others.

Fujita: I feel the same way. That is why I decided that my daughter, born last year, should be raised in an environment where people express gratitude to one another, and she now attends a preschool in my hometown—what was formerly known as Kito Village in Tokushima Prefecture (now the Kito district of the town of Naka), which has a population of 900 people—where I was born and raised. By having her live in a rural area that many would consider

inconvenient, I hope she will develop a richer, more deeply human sensibility.

One source of my strength is the presence of the elders in my hometown community. While most people would naturally be fully occupied with their own lives and families, they always look out for me and even send me vegetables they've grown in the village. When I eat those vegetables and think of them, I genuinely feel I am drawing strength from their presence.



Horie: No one goes through life without being supported by others. The same holds true when creating manga: valuing interpersonal relationships brings depth to the characterization and backstory of each supporting character, and to the story as a whole. Consideration for others—standing in other peoples' shoes and valuing harmony—is a vital cultural asset that we as Japanese must never forget. I hope young people will build close ties with their peers and with people in their communities, and cultivate rich sensibilities.

If, as a result—however far in the future—they are moved to give back to the publishing industry and to society, and even to pursue a career at our company, that would be all the more gratifying. Even as we hope for such positive ripple effects, we must continue these efforts for the generations who will shape the future.

Fujita: Whether in creating manga or in business, if you aim to produce something truly good, it is difficult to do without ‘humanity’—the human quality of valuing relationships.

While both Coamix and MEDIA DO are headquartered in Tokyo, it is precisely because we have thrived in such an urban environment that, by going into regional areas and engaging in business there, we can experience first-hand the essential, rich human relationships rooted in those communities, create value together with local residents, and help revitalize their regions. That is what Coamix's initiatives are a shining example.



Yasushi Fujita

President and CEO

Takehisa Fukunaga

The Awa Bank, Ltd.
President and Representative Director

Toyohiko Bando

Tokushima Taisho Bank, Ltd.
President and Representative Director

How Two Leading Regional Banks in Tokushima Prefecture View “The Changes Media Do Has Brought to the Region” and “The SC Business”

Awa Bank and Tokushima Taisho Bank have collaborated with us on the initiatives that make up our “SC business,” including TOKUSHIMA INNOVATION BASE (TIB), which supports entrepreneurs, and the professional sports team TOKUSHIMA GAMBAROUS. We invited the presidents and representative directors of these two leading regional financial institutions in Tokushima, Mr. Takehisa Fukunaga of Awa Bank and Mr. Toyohiko Bando of Tokushima Taisho Bank, for a three-way roundtable discussion with our CEO Fujita, to discuss the impact that MEDIA DO has had on the region and to hear their candid views on the “SC business.”

The Role of “Bringing Others Together” That MEDIA DO Has Brought to Tokushima Prefecture

Fukunaga: I have long been familiar with MEDIA DO, and I have felt the passion and foresight that President and CEO Fujita has brought both to the yuzu-focused business in his hometown of Kito and to MEDIA DO’s own business expansion. Since we launched TIB together in 2020, these initiatives have spread throughout Tokushima and across Japan. The launch of TOKUSHIMA GAMBAROUS also gained major momentum when MEDIA DO assumed the management role, and I have sensed a breakthrough capability and an entrepreneurial spirit across many areas. At the outset, we never imagined that we would become so deeply involved in these initiatives.

Bando: President and CEO Fujita has a profound love for his hometown and a strong commitment to giving back to the local community, and MEDIA DO has the power to mobilize the entire region. We and The Awa Bank share the aspiration of contributing to the development of Tokushima’s regional economy, yet we



are also competitors. When MEDIA DO steps in as an intermediary, we find ourselves positively engaged in tackling regional challenges with a “Let’s work on this together” mindset. By serving as a harmonizing force for cooperation that brings people together across traditional boundaries, something which is unprecedented, MEDIA DO is driving significant change across the region.

Fujita: Revitalizing Tokushima and making it better is not something I can accomplish on my own, so I am convinced we must work hand in hand with the people of Tokushima and tackle this together. At the same time, once we devise and present various initiatives and ask for, and receive, your support, if we lack unwavering resolve, we will neither be able to make those efforts succeed nor deepen the trust between us. With that in mind, I have put forward proposals with an unwavering resolve to see them through.

Why the “SC Business” Has Been Positioned as a “Business”

Fukunaga: While MEDIA DO’s core business is eBook distribution, the Company has devoted considerable effort to contributing to local communities through initiatives such as TIB and the TOKUSHIMA GAMBAROUS. I had viewed these as being akin to CSR activities, so I was surprised that these region-focused initiatives were carved out as a distinct business, named the SC business. Now that these initiatives have been positioned as a business, shareholders will naturally focus on whether or not the SC business can steadily expand earnings and achieve growth.

Bando: Exactly. From a profitability standpoint, I have also tended to view MEDIA DO’s initiatives in professional sports and entrepreneurship support as not structurally conducive to generating profits, and have regarded them more from a CSR perspective. It is necessary for MEDIA DO, as a listed company, to communicate to shareholders and investors both the significance of launching these as a “business” and its commitment to making them profitable. I also sense it may still be a little early to position such initiatives as a business.

Fujita: We launched the SC business because, through initiatives such as TIB and the “Uzushio Summit” that we had set up together with both banks, we became convinced of the immense latent potential in regional and local communities. While global business expansion tends to



be driven from urban centers like Tokyo, I believe the regions still possess many powerful assets that have yet to be leveraged on a global scale. For example, OGON no Mura Co., Ltd., which I personally oversee, engages in the production, processing, and sale of Kito Yuzu. In recent years, Kito Yuzu has attracted worldwide attention, and the business has experienced explosive growth.

Across Japan’s regions, many companies operate businesses that are unique to their locales, and many are steeped in tradition. Yet because adapting to a rapidly changing business environment is difficult, many such businesses have been unable to make a significant leap forward. Now is the time for entrepreneurs from these regions, who have proven themselves in big cities like Tokyo, to recognize the value in their home regions and to elevate that value into new business models, thereby expanding the potential of these businesses.

MEDIA DO has been pursuing business initiatives in local communities since 2020, and I personally have been engaged in such efforts since 2013. With that preparation period behind us, I have concluded that now is precisely the time to launch them as our SC business and to pursue them in earnest. We firmly believe in the potential of regional assets. While we have not yet disclosed the specific scale of the business, we are confident that by leveraging MEDIA DO’s 30 years of management experience and steadily executing a range of concrete measures, we will be able to deliver profit growth.

A Message About Profitability; Without Losing Sight of Our Love for the Community

Bando: Thank you. President Fujita’s resolve is most welcome and heartening for us as a financial institution in Tokushima. Taking an approach different from the initiatives pursued in the region over the past few years, we hope that you will continue to put forward, with conviction, the message that “contributing to the community can be a viable, profit-generating business,” and to deliver on such message steadily. We hope that, while anchored in the relationship of trust

between us and MEDIA DO and in Tokushima Prefecture, the SC business will steadily create value nationwide and remain sustainable over the long term. As a financial institution, we would also welcome the opportunity to pursue “co-creation” by taking the lead in supporting it and engaging proactively.

Fukunaga: As President and CEO Fujita has said, if we can leverage our management capabilities to steadily build a track record of generating earnings through a business rooted in a region like Tokushima, which is struggling with population decline, those efforts will garner greater attention. Stakeholders’ views of MEDIA DO will also change. Our bank is eager to work with MEDIA DO proactively, and it will undoubtedly be a positive for Tokushima as well.

Business practices that disregard people, and profits earned by ignoring the environment, are not valued. Now that MEDIA DO has reached the 30th anniversary of its founding, it goes without saying that we hope it will continue to achieve sustainable corporate growth. At the same time, we hope it will never lose its love and passion for Tokushima. As a regional financial institution working to help realize a sustainable local community for Tokushima’s future, we regard MEDIA DO as a highly dependable partner in that endeavor.



Fujita: Financial institutions do not just review a wide range of data and financial statements, they have the discernment to assess the humanity of management and the corporate history that a company has built over time. I consider it a major asset that, together with such community-based financial institutions, and with the media, government, and others, we have developed, and will continue to develop, many shared success stories and a common language through our past and future initiatives.

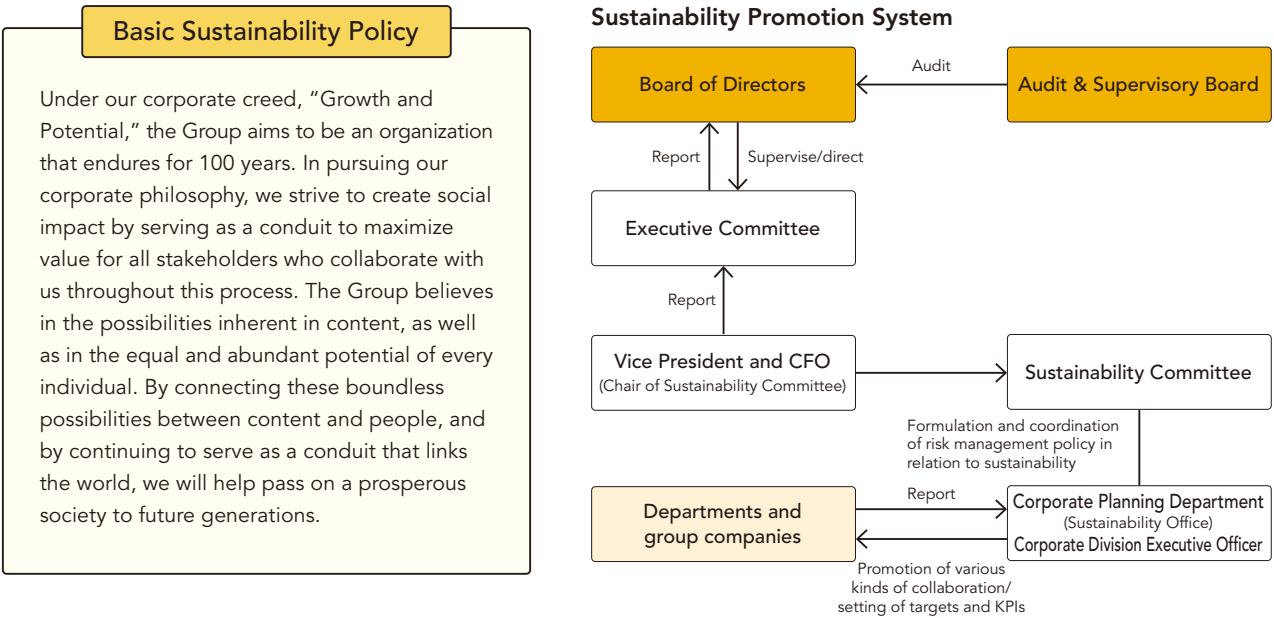
We sincerely appreciate your taking the time to learn about our SC business, which acts as a catalyst to unlock the region’s latent assets, and we are grateful for your understanding. With the goal of exceeding expectations, we look forward to collaborating with both banks on a range of initiatives as an SC business that is committed to sustainable growth.

Aiming to Become a “100-Year Organization” That Continues to Contribute to Society

The Group is committed to building a social ecosystem through co-creation among authors and publishers who create copyrighted works, users and the eBook retailers that serve as access points for those users, and the Group itself, which serves as the intermediary connecting them. We have set “unleashing a virtuous cycle of literary creation” as our mission and “MORE CONTENT FOR MORE PEOPLE!” as our vision.

Accordingly, for our Group, sustainability means our officers and employees acting as one in order to proactively engage in corporate activities with a sense of responsibility

and take pride in the contribution our businesses and services make to the creation of a sound economy and society, as well as to the advancement of culture through copyrighted works. Guided by this approach, we will pursue mission- and vision-driven management and strategies to address environmental and social issues exemplified by the SDGs (Sustainable Development Goals), to identify and manage business opportunities and risks through an ESG lens, to achieve both the resolution of social issues and sustainable growth, and to thereby enhance corporate value.



Initiatives to Permeate an Understanding of Sustainability

Starting in the fiscal year ended February 2025, in order to permeate a Group-wide understanding of sustainability and material issues, which are aimed at the sustained enhancement of corporate value, MEDIA DO began hosting employee study sessions titled “Thinking about MEDIA DO’s future growth.” Three sessions were held in the fiscal year ended February 2025.

The common theme across all sessions is “enabling every employee to internalize the importance of sustainability as something that is personally relevant to them.” Representatives from the departments that oversee the promotion of sustainability and each of the material issues take the stage and, in their own words, speak about “their reasons and commitment,” as well as the “magnitude of the impact their initiatives have on the Company.” This approach is creating a stronger link between the future the Company should pursue, which in the past had been communicated solely by management, and employees’ sense of purpose in working at the Company.

Feedback received from participating employees has included comments such as “I was inspired by the frontline mindset of thinking about what I can do for the future,” and “I felt the need to take ownership in order to earn the trust of our business partners.”



Material Issues Identification Process

In line with our Basic Sustainability Policy, the Group identifies material issues, which are key management priorities, to achieve the long-term, sustainable enhancement of corporate value. For material issues and for setting medium- to long-term targets, we follow the process below, annually review a long list and a short list compiled by cross-referencing our analysis with Companywide business risks, and discuss them

at the Executive Officers Meeting and the Board of Directors. By selecting monitoring themes that should be prioritized within the fiscal year from among the risk items related to the identified material issues, we enable the more focused and efficient mitigation of Companywide risks and the steady advancement of the Group’s sustainability activities.

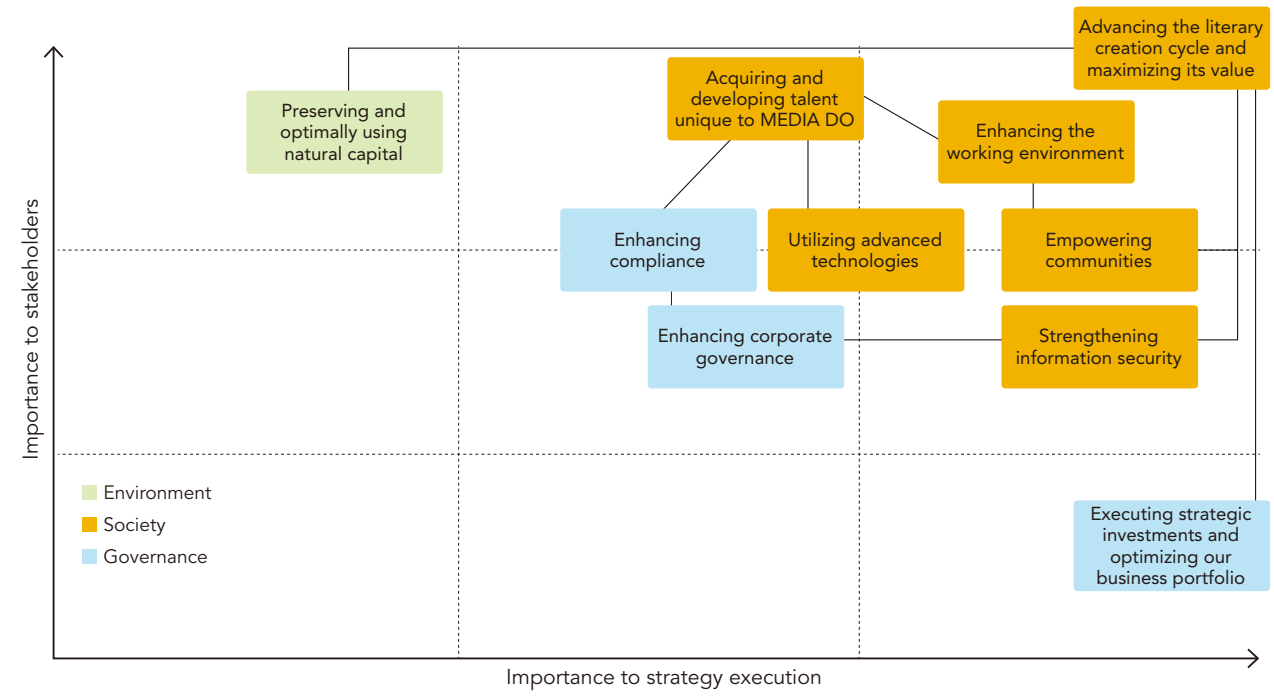
Material Issues Identification Process

1) Identifying issues	- Based on international reporting frameworks such as SASB, GRI, and IIRC, as well as the assessment criteria used by ESG rating agencies, we identified social issues and formulated and organized hypotheses regarding the needs and expectations of each type of stakeholder.
2) Analyzing issues	- Including the recognized social issues, we evaluated these against the opportunities and risks associated with achieving the Company’s purpose and business strategy. - We cross-referenced the analysis results with business risks and prepared a long list.
3) Reporting to management, evaluation and deliberation	- The Sustainability Committee prioritized the long list, considering its impact on stakeholders, on achieving our strategy, and on the environment, society, and the economy, and prepared a short list. - The short list was analyzed and discussed at the Executive Committee and the Board of Directors.
4) Identification of material issues	- Following deliberation and resolution by the Board of Directors, we identified these as key management issues.

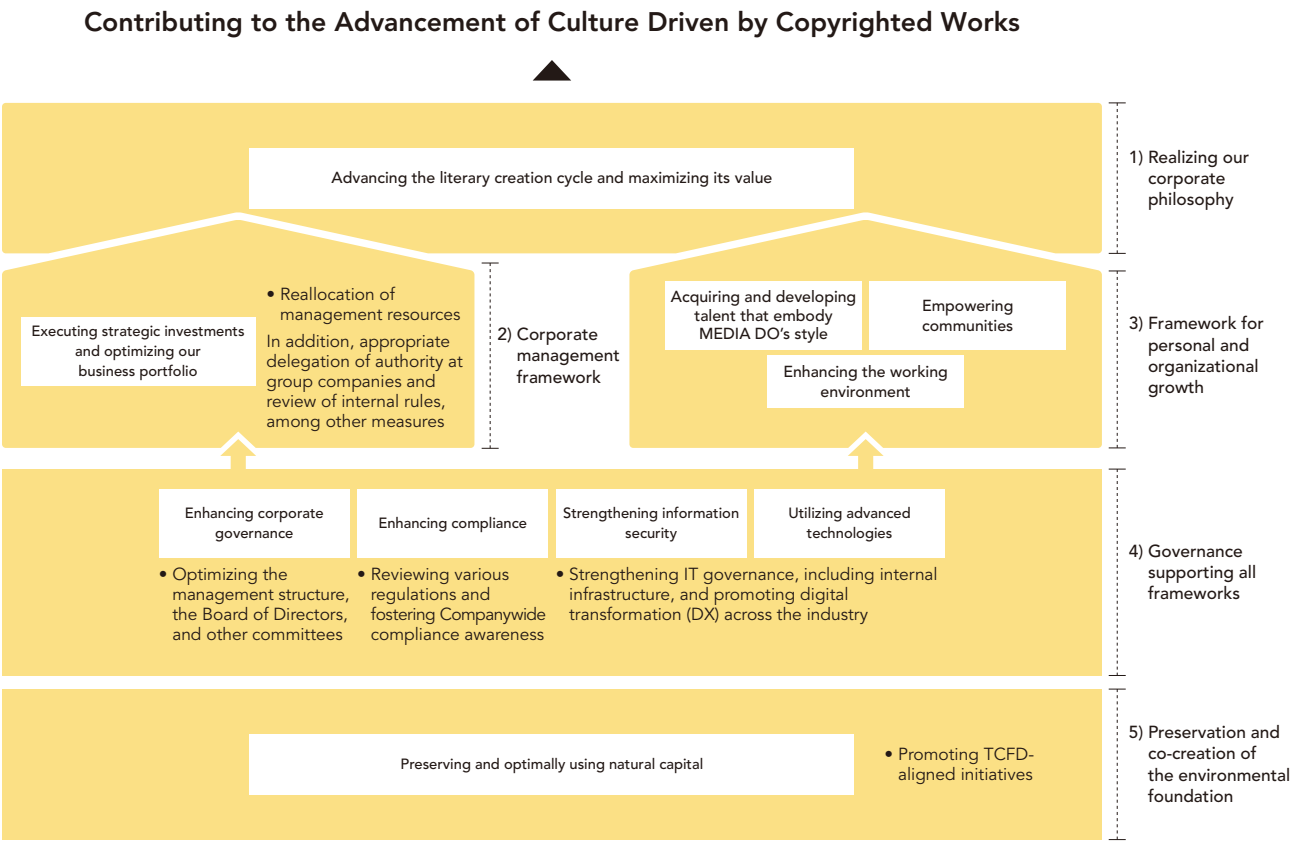
Material Issues Map

Based on the analysis and mapping of “Importance to stakeholders” and “Importance to strategy execution,” the Group identified 10 themes as being material issues that score highly in terms of both aspects. In line with our management policy, the Group has organized the interrelationships among these themes and is aiming to build the “Corporate management

framework” and the “Framework for personal and organizational growth” required to “Realize our corporate philosophy,” strengthen the “Governance supporting all frameworks,” and advance the “Preservation and co-creation of the environmental foundation” that underpins our corporate activities.



Relationship Diagram for Material Issues



(1) Realizing our corporate philosophy

Our Group's mission is to realize a sound economic and social cycle in which copyrighted works circulate under fair usage conditions and revenues are returned to authors. While further strengthening relationships of trust with a diverse set of stakeholders, beginning with the publishing industry, and by pursuing various approaches that extend beyond Japan to the global stage, we will realize our corporate philosophy by working to maximize the creation cycle and value of copyrighted works.

(2) Corporate management framework

We will further accelerate growth by appropriately allocating the earnings generated by each business to strategic investments that are aimed at sustainable growth and by building an optimal business portfolio. By maintaining disciplined investment practices and efficient business operations with a clear focus on cost of capital and returns on capital, we will strive to maximize the value that we create and to advance portfolio optimization through diversification at both the corporate and business levels.

(3) Framework for personal and organizational growth

As our corporate creed of "Growth and Potential" makes clear, we place paramount value on building long-term, trust-based relationships in which we believe in and respect one another's potential, and celebrate one another's growth. The cornerstone of our Group's value creation is our "people." We align our corporate culture with our employees' sense of purpose in their work. Grounded in the founder's management philosophy and our

approach to business development and execution, we will deepen collaboration with stakeholders across the publishing industry as well as in the broader community, and will nurture talent that is capable of creating new value.

(4) Governance to supporting all frameworks

As a group engaged in digital content, we provide sustainable social infrastructure that contributes to the development of a rich culture. In order to realize the sound distribution of copyrighted works and to build a creative cycle, as well as to achieve fair, highly transparent, and effective management, we are strengthening corporate governance; establishing corporate ethics; enhancing our policies and procedures; and reinforcing compliance, including initiatives to raise employee awareness. At the same time, we are building services and systems that authors, publishers, retailers, and readers, who are our stakeholders, can trust and use with confidence.

(5) Preservation and co-creation of the environmental foundation

Our Group aims to build a sustainable industry and business environment by identifying and assessing the natural capital we rely on in our operations and implementing measures for its efficient use, while also seeking to contribute to the optimization of resource use across the entire industry.

⇒ For details, please refer to the "Climate Change Adaptation" page on our corporate website.
<https://mediado.jp/english/sustainability/environment/climatechange/>

Material Issues: Targets and KPIs for FYE 2/26

Theme		Targets	KPIs	Related pages	
Environment	Preserving and optimally using natural capital	- Quantify Scope 3 emissions and define short-term KPI requirements - Consider expanding Scope 3 calculations to domestic subsidiaries - Examine MEDIA DO's social contribution policy centered on environmental conservation	GHG emissions (Scope 1/2, baseline year: FY2023) - FY2030: 50% reduction - FY2050: net zero	p.78	Preservation and co-creation of the environmental foundation
	Advancing the literary creation cycle and maximizing its value	- Expand market share in the eBook Distribution business - Establish new businesses and develop business models under the overseas strategy	(Consolidated results) - Net sales: 106.0 billion yen - Operating profit: 2.72 billion yen		Realizing our corporate philosophy
Social	Acquiring and developing talent unique to MEDIA DO	[Career fulfillment] "Enhance autonomy, competence, and relatedness," as well as "monetary and non-monetary satisfaction" [Ease of working] - Improve workplace, health, and diversity & inclusion environments	[Career fulfillment] - Employee survey "Career fulfillment" score: up 3% YoY [Ease of working] - Overall health risk: maintain current level - Percentage of women in management: 30% - Employment rate of people with disabilities: 2.5%	p.19	Framework for personal and organizational growth
	Enhancing the working environment	[Talent development] - Expand opportunities to take on challenges, for dialogue, and for training [Talent acquisition] - Strengthen recruiting and interviewing capabilities, and optimize talent placement	[Talent development] - Promotion rate - Effectiveness of 1-on-1s with supervisors in contributing to growth - Training hours per employee: up 10% YoY [Talent acquisition] - Recruiting lead time - Personnel expenses as a percentage of gross profit/employee turnover rate		
	Empowering communities	- Strengthen networks with local communities centered on TOKUSHIMA GAMBAROUS - Launch projects to address new regional challenges - Articulate and permeate MEDIA DO's history and identity	- Number of sponsors: 200 companies in total across businesses - TOKUSHIMA GAMBAROUS average attendance: 2,000 - Number of IB members nationwide: 1,500 - Launch 30-year history compilation project	p.47	
	Utilizing advanced technologies	- Build BI tools and provide valuable analytical insights to business partners - Develop systems for the streamlining of operations - Update the distribution system - Drive development of new businesses (MDTS)	—		Governance supporting all frameworks
	Strengthening information security	- Ensure options for flexible work - Visualize security risks and implement improvements - Strengthen the security management structure - Reduce human-related risks	- CIS Controls score: 2.8 points or higher (B rank [standard controls]: 2.6-3.5 points) - Conduct penetration tests/vulnerability assessments: 5 times or more (non-consolidated) - Number of serious security incidents: 0 (consolidated)		
	Enhancing corporate governance	- Secure time for management to discuss medium- to long-term strategy - Review and examine the succession plan and the executive compensation structure - Enhance group governance - Enhance internal communication and embed corporate culture	- Board effectiveness assessment: once per year - Board meeting attendance rate: 100% - Ratio of outside directors: 30% or more - Ratio of female directors: 30% or more	p.63	
Governance	Enhancing compliance	- Maintain and improve internal regulations - Provide training to raise compliance awareness among officers and employees - Monitor compliance awareness through surveys	- Internal training completion rate: 100% (group¹) - Number of serious legal violations and whistleblower reports: 0 (non-consolidated)		
	Executing strategic investments and optimizing our business portfolio	- Review of the business portfolio - Establish an internal management cycle that spans from investment through profit generation	- ROIC²: 7.4% or higher - ROE: 10.0% or higher	p.57	Corporate management framework

^{*1} Group coverage for "Ensuring compliance": MEDIA DO/MEDIA DO TECH TOKUSHIMA/NIHONBUNGEISHA/GAMBAROU TOKUSHIMA
^{*2} ROIC = (Operating profit – Income taxes, etc. + Share of profit (loss) of entities accounted for using the equity method) ÷ (Net assets + Interest-bearing debt)

⇒ For details, please refer to the "Material issues" page on our corporate website.
<https://mediado.jp/english/sustainability/management/materiality/>

Material Issues

Executing Strategic Investments and Optimizing Our Business Portfolio

The MEDIA DO Group aims to maximize the business value it creates by maintaining a constant focus on its cost of capital and returns on capital, as well as by pursuing disciplined investment and efficient business operations. In parallel with the execution of these investments, the Group will work toward building an optimal business portfolio while promoting diversification across its operations and businesses, with the goal of becoming an organization that endures for 100 years.

Business Portfolio Review Criteria and Track Record

MEDIA DO has established an 8% ROIC as the threshold for reviewing its business portfolio. From the third year post-acquisition onward, if ROIC is expected to fall below this threshold, we will implement measures such as a pivot at the

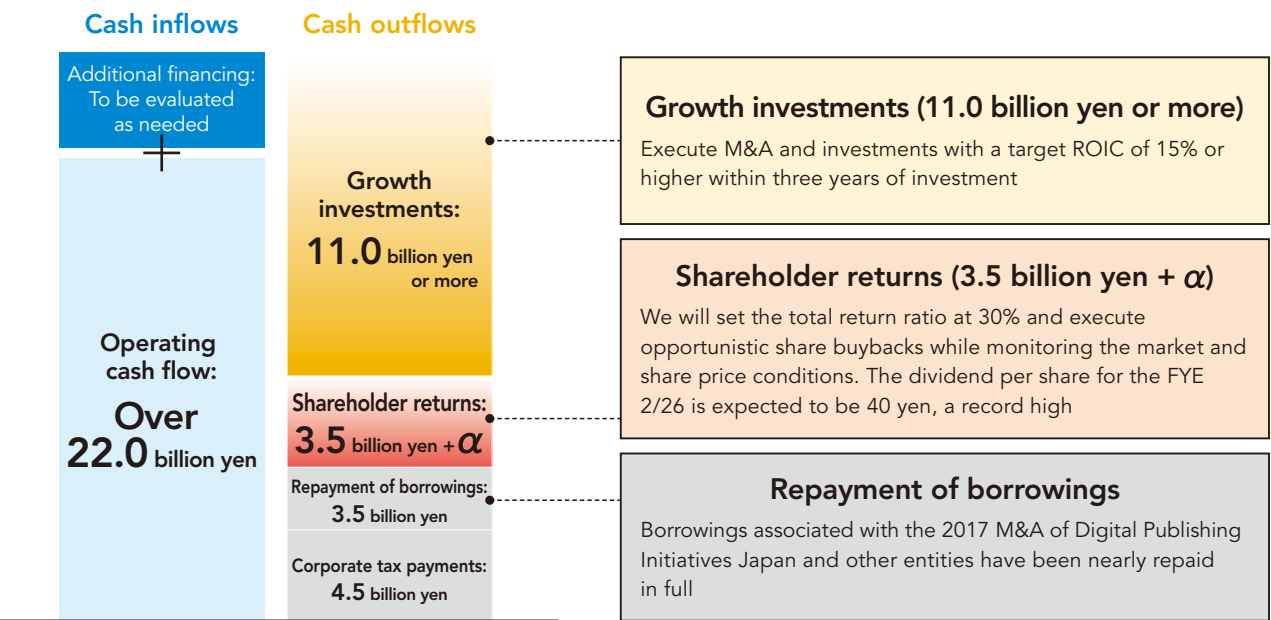
target company, a change in leadership, or divestiture or withdrawal. In recent years, we have undertaken the following initiatives, and we will continue to appropriately advance reviews of the business portfolio.

FYE 2/24		FYE 2/25	
Sales and withdrawals	• J-Comic Terrace • Ended production of original works co-produced with Korean studios in the vertical-scrolling comics business (focusing on distribution)	Sales and withdrawals	• Discontinued JIVE's print publishing business (focusing on producing and selling eBooks) • Transfer of the PUBNAVI business • Sale of Everystar
			Executive changes

Future Direction of Strategic Investments (Cash Allocation)

We expect operating cash flow generated during the period of the new Medium-Term Management Plan to exceed 22.0 billion yen in total over five years. After repaying borrowings and paying corporate taxes, the remaining balance will be in excess of 14.5 billion yen. We plan to allocate this, with a

balanced approach, to growth investments and shareholder returns. For growth investments, we plan to invest over 11.0 billion yen and will consider financing, including through borrowings, where necessary.



M&A Policy

In line with the basic principles for M&A outlined below, we will actively pursue M&A that contributes to expanding MEDIA DO's business scope and enhancing its corporate value.

Acquisition targets	In order to realize our vision of "MORE CONTENT FOR MORE PEOPLE!", we will compile a list of domestic and overseas companies that can strengthen our position in eBook distribution, expand overseas sales channels and support exports, and enhance the use of advanced technologies such as AI and Web3. We will carefully evaluate opportunities that will contribute to this vision.
Acquisition process	Ensure transparency through deliberations by the Investment Committee, Executive Committee, and the Board of Directors.
Financial discipline	1. With a clear focus on cost of capital, acquisition funds will be raised in the order of free cash flow, borrowings, and equity.
Growth investment capacity (cumulative over five years): 11.0 billion yen or more	2. Aim to achieve ROIC of 15% or higher within three years after investment.
	3. From the third year onward, if ROIC is expected to fall below the cost of capital, we will implement measures such as a strategic pivot at the target company, management replacement, or sale/withdrawal, etc.
	4. The total balance of goodwill will not exceed equity.

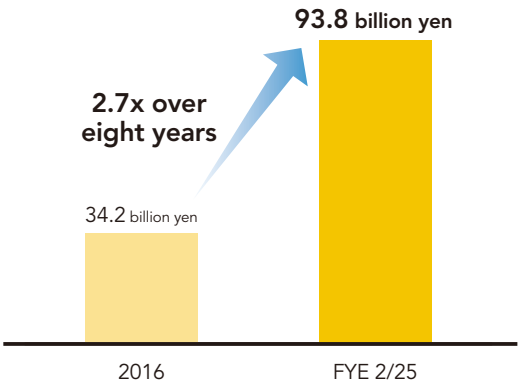
PMI Track Record

We are steadily building PMI know-how, as evidenced by the value enhancement achieved over the three-year period following the acquisition of Digital Publishing Initiatives Japan as well as the over five-year period since having completed an IPO plan for Flier Inc. With a clear medium-term vision, we set timelines and build the necessary structures to achieve profitability and to generate business synergies. By enforcing disciplined management and conducting regular ROIC-based reviews of our business portfolio, we will steadily deliver post-acquisition value creation.

Digital Publishing Initiatives Japan Co., Ltd.

In March 2017, we acquired Digital Publishing Initiatives Japan, the industry's No. 1 eBook distributor at the time. Over a three-year period, we integrated management, organization, and business operations, thereby completing the PMI. As a result, we increased net sales 2.7-fold over eight years, from 34.2 billion yen in combined net sales for the two companies in FY2016 (pre-acquisition) to 93.8 billion yen in net sales for the eBook Distribution business in the fiscal year ended February 2025.

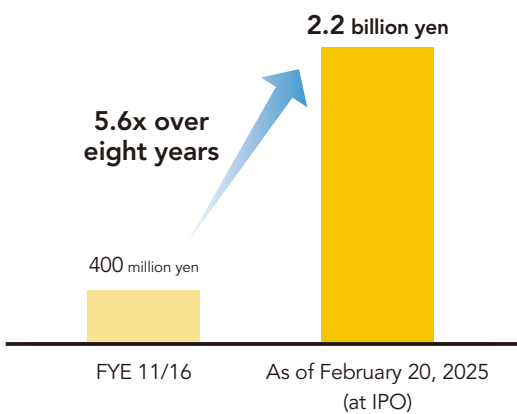
Net sales trends (MEDIA DO + Digital Publishing Initiatives Japan)



Flier Inc.

After MEDIA DO acquired Flier in November 2016, it achieved full-year profitability in the fiscal year ended February 2019. However, it then shifted to a reinvestment phase aimed at further growth and an IPO. As a result, sales to corporate customers expanded, and it once again achieved full-year profitability in the fiscal year ended February 2025. On February 20, 2025, it was listed on the Tokyo Stock Exchange Growth Market, and its market capitalization at listing had grown to 5.6 times the 400 million yen value at the time of the acquisition in November 2016.

Market capitalization trends



INTERVIEW



Great “Passion” Can Reach the World: How Publishers Are Currently Building Mechanisms to Convey and Spread It

竹村 響
Hibiki Takemura

NIHONBUNGEISHA Co., Ltd.
President and CEO

Last year in this report, I stated that “the most important thing for a publisher is passion.” Editors match the author’s passion with passion of their own, and the sales and distribution functions deliver it without letting that passion fade.

Accordingly, over the past year we have focused on creating content that sparks genuine passion and on building systems to deliver it swiftly to as many people who need it as possible, and those efforts are beginning to deliver results. Initial orders are up, initial print runs and shipments have increased, and the number of copies actually sold is rising in tandem.

So, what should we do next? There are two things: further systematize how we convey that passion, and then spread it even further.

Systematization is achieved by operating appropriately within the broader social framework. Ordering, search, social media, reviews, and marketing are all algorithm-driven. Are publishers being properly recognized across all of them? Are they communicating in ways the algorithms reward and that amplify their presence? We must keep asking these questions, but we should not overcomplicate the issue. If we can optimize for the algorithms, the content will spread organically. At this stage, many of the touchpoints where we invest manual resources are still rooted in legacy contexts. The next step is to embed our

content within the algorithms that underpin the highly digitized society of the modern day.

Another crucial element for spreading this passion is to break away from the habit of simply “saying what we want to say.” The work of generating passion can all too easily turn into nothing but “our own assertions,” causing us to lose sight of what the broader public is actually seeking. What matters is crafting presentations that methodically build the stories that current readers, and those who are not yet readers, want, and delivering them in the tone and terms they prefer.

In this phase as well, we will keep things simple. Create something with heat, deliver it while it is still hot, leverage the algorithms that will carry it to more people, and learn to communicate it in ways that will reach more people. That is all. Ideal profit margins, return rates, logistics efficiency, and inventory levels... none of these matter yet. If you try to take all these things into account at once, things become complex and the odds of seeing everything through in a single decisive push drop. That comes after the fundamentals have been put in place, and those are merely numbers that will improve naturally if we execute the basics correctly anyway.

I recently visited the city of Jyväskylä. It is Finland’s sixth-largest city, a small city of

about 140,000 people. An anime convention was held there, and Yoshihiro Takahashi, author of “the Ginga series” published by NIHONBUNGEISHA, gave a talk and signed autographs. In Finland, when people think of anime, it’s either Moomin or the Ginga series. And yet, such a small city like that invited Mr. Takahashi. The passion surrounding manga and anime remains undiminished; it has reached all the way there. In the same week, major anime conventions were held around the world, in Paris, Los Angeles, and Brazil, but it was the enthusiasm in Jyväskylä that made me feel even more strongly about how far manga and anime have spread.

Also, the MEDIA DO Group has marked its 30th anniversary and, as part of a shift into a new phase, has announced that it will expand beyond domestic distribution into overseas distribution. This is, by its nature, is a business that is distant from Japan both geographically and in terms of time zones, and furthermore, it is a business where “heat tends to dissipate quickly.” If the methods that NIHONBUNGEISHA, a member of the Group, is working to develop, such as ways to generate significant passion and to deliver it without letting that passion cool, prove useful in that context, tremendous synergy could be created for both companies.

INTERVIEW



The Starting Line for Delivering “Sanpo-Yoshi” Services, Our Guiding Principle, to the World

大賀 康史
Yasushi Oga

Flier Inc.
Representative Director and CEO

We provide corporate services including “flier,” a book-summary service that enables readers to digest more than 4,000 quality titles, ranging from the current hot releases to enduring classics, in 10 minutes per title, and “flier business,” a talent development platform built around the summary service. Our services are now reaching a broad audience, with cumulative adoption by over 1,250 companies and more than 1.25 million members. We have grown steadily, with our corporate business at the core.

Since our founding in 2013, we have aspired to *sanpo-yoshi*, which is about benefiting users, authors and publishers, corporate clients, and society at large, and we joined the MEDIA DO Group in 2016. Built on trusted relationships with many stakeholders, MEDIA DO is a company that treats copyrighted works with great care, an approach that is clearly aligned with our core principles and policies. We held deep respect for Fujita, the founding president, for his decisiveness as a business leader and his incisive way of getting to the heart of the matter, and decided to join the Group with the aim of “advancing our business while drawing inspiration in the process.”

We regard this M&A as a major forward-looking investment by MEDIA DO for the

future. While we are still in the early stages, we are committed to delivering at least a tenfold return on that investment. Since joining the Group, a “public listing” has been one of the milestones on our long-term growth roadmap. We understand that there were various considerations within the Group regarding the listing of a subsidiary. Nevertheless, with the Group’s full support, we were successfully listed on the Tokyo Stock Exchange Growth Market in February 2025.

Since going public, we have keenly felt our heightened social responsibility. Over the medium to long term, we will continue to pursue business expansion and corporate growth, and, in line with our mission of “Creating a world full of inspiration,” we will ultimately expand our business globally and work toward transferring our listing to the Tokyo Stock Exchange Prime Market, while striving to earn the support of an even broader base of investors. We are only at the starting line, having just gone public. With undiminished entrepreneurial drive, and with speed and agility, we will continue to build a culture in which every employee works toward ambitious goals with steadfast focus and maximum effort.

We achieved full-year profitability in the fiscal year ended February 2019, then entered a reinvestment phase aimed at

driving further growth and pursuing the listing of the company’s shares, and achieved full-year profitability again in the fiscal year ended February 2025. We will continue to make growth investments while, at the same time, delivering strong profitability.

We have entered an era of unprecedented change. The evolution of generative AI is accelerating, and many people may feel uncertain in terms of whether or not they will be able to continue to thrive going forward. It is precisely in such times that the breadth and depth of knowledge, as well as human qualities, become critically important. As a member of the MEDIA DO Group, we will convey the appeal of challenging content, such as business and philosophy titles, to a wider audience, make such content more accessible, and provide services that business professionals can rely on for guidance. We will also build businesses that, like MEDIA DO, can drive sustained growth over the coming 30 or more years, further accelerating the Group’s growth and the advancement of society.

Stakeholder Engagement

The MEDIA DO Group strengthens relationships by proactively engaging in dialogue with stakeholders and applies the insights gained to enhancing the quality of our management. (The performance figures shown are for the fiscal year ended February 2025 or as of the end of February 2025.)

Engagement with Local Communities

With the objective of realizing sustainable local communities, and to rediscover and maximize the value inherent in each region, we place great importance on collaboration with municipalities, local businesses, and educational institutions. Through our initiatives to address regional social issues, we are creating foundations to support the sustainable growth of the Group's businesses, while also building enduring relationships of trust with local communities.

Scale (scope of impact)

- Four regional businesses (MEDIA DO TECH TOKUSHIMA, TIB, xIB JAPAN, GAMBAROU TOKUSHIMA)
- Number of sponsors: 142 in total (TIB/TOKUSHIMA GAMBAROUS)
- xIB JAPAN locations: in 15 prefectures
- xIB JAPAN membership: around 1,300 members

Engagement methods and results

- Board/committee meetings held with local community stakeholders in each business: 29
- Hosted events, including the "Monthly Meeting" and home games: 59
- Official websites for each business
- Day-to-day communication

Regional contribution through TOKUSHIMA INNOVATION BASE (TIB)

Established in 2020, TIB advances initiatives centered on entrepreneurship support in order to help solve regional issues. Having strengthened collaboration with key institutions where regional issues converge (media, financial institutions, government, and educational institutions), TIB marked its fifth anniversary in May 2025. In addition to the "Monthly Meeting," which features talks by entrepreneurs who have taken their companies public, TIB runs the "IB Forum," a community for entrepreneurs. Total membership stands at 358, and 21 companies have been launched with TIB as a catalyst. TOKUSHIMA INNOVATION BASE ASSOCIATION (TIB) website: <https://tibase.jp/> (Japanese Only)
60th Expanded Monthly Meeting: <https://xibase.jp/> (Japanese Only)

Driving "xIB JAPAN"— expansion of an entrepreneur support platform across Japan, starting from TIB

xIB JAPAN was established in January 2023 in order to support the launch of "Innovation Bases (IBs)" across Japan, modeled on TIB. Currently, IBs are present in 24 prefectures around Japan (this figure includes prefectures that are preparing to launch), generating a groundswell of entrepreneurial support and regional problem-solving through collaborations with key institutions in each region.
xIB JAPAN website: <https://mediado.jp/group/9351/> (Japanese Only)



The Zeroth Uzushio Summit held on January 24, 2025

Engagement with Business Partners and the Publishing Content Industry

In order to continue delivering safe, high-quality services that our partners can use with confidence, we are committed to understanding customer needs and to continuously improving our day-to-day operations. Aiming for the advancement and prosperity of the entire publishing content industry, including publishers and eBook retailers, we ensure strict legal and regulatory compliance and, through the fair, equitable, and integrity-driven conducting of business, further strengthen relationships of trust with all business partners.

Scale (scope of impact)

- Publishers: more than 2,200
- eBook retailers: over 150
- Content market: 14.9003 trillion yen^{*1}
- Publishing market: 1.5716 trillion yen^{*2}
- eBook market: 676.5 billion yen^{*3}

Engagement methods and results

- Day-to-day sales activities
- Day-to-day communication
- Our corporate website

Participation in industry organizations

Our Group participates in seven organizations, including ABJ, an industry association working to combat illegal piracy sites, and W3C, which promotes the standardization of a global eBook data format, among others. We aim to invigorate and streamline the eBook market, and to contribute to the sustainable growth of the publishing content market.

^{*1}: Human Media Inc., "Japan and the world media × content market database 2025, vol. 18 [preliminary edition]"
^{*2}: 2025 Annual Report on Publishing Indicators, Research Institute for Publications
^{*3}: eBook Marketing Report 2025 on Japanese Market, Impress Research Institute

Engagement with Employees

Our corporate creed of "Growth and Potential" affirms that building relationships of trust, where we respect one another and celebrate each other's growth, is our foremost value. For our employees, we share regular messages from management, publish articles via our owned-media channels, and host study sessions and training programs that are led by frontline employees on an ongoing basis.

Scale (scope of impact)

- Employees (non-consolidated): 272
- Employees (consolidated): 558
- Consolidated subsidiaries: 12

Engagement methods and results

- Management policy briefings: 2
- Training and study sessions for employees: 37
- Owned media communications: 21
- Whistleblowing system/consultation desk
- Inquiry contact point for each corporate function
- Discussions with employee representatives

Holding of employee study sessions

We held the employee study session "Thinking about MEDIA DO's future growth" three times in the fiscal year ended February 2025 in order to foster a Companywide understanding of the initiatives to sustainably enhance corporate value across the MEDIA DO Group (For details, please see p. 53). In addition, we plan and advance various in-house briefings and presentations by different departments, among other initiatives, to help all employees develop an even more multifaceted understanding of the Company.



Engagement with Shareholders and Investors

We ensure the timely, appropriate, and fair disclosure of information to shareholders and investors. We actively incorporate the valuable feedback we receive through dialogue with shareholders and investors into reviews of our management strategy and material issues, as well as into our initiatives to improve our business operations.

Scale (scope of impact)

- Number of shareholders: 5,060

Engagement methods and results

- General Meeting of Shareholders, Integrated Report
- Our corporate website
- Financial results briefings: 4
- Individual meetings with institutional investors: 120
- IR email distributions: 24
- Overseas IR activities

Investor questions and trends

Topics	Ratio	Specific examples of questions
eBook Distribution business	38.7%	- Growth potential of the eBook Distribution business compared with overall market growth - Status and growth rates of major business partners - Acquisition of new distribution channels going forward - Improvement in profit margins - Impact of piracy sites on performance, etc.
Strategic Investment businesses	28.8%	- Timing at which the Strategic Investment businesses will achieve profitability as a whole - Performance and situation of NIHONBUNGEISHA Co., Ltd. - Impact of Flier Inc.'s IPO and the future relationship - Criteria and progress for reviewing the business portfolio, etc.
Other	32.5%	- Shareholder return policy - Cash allocation - TOKUSHIMA GAMBAROUS - Overview and numerical targets of the Medium-Term Management Plan - Status of compliance with the Prime Market's continued listing criteria, etc.

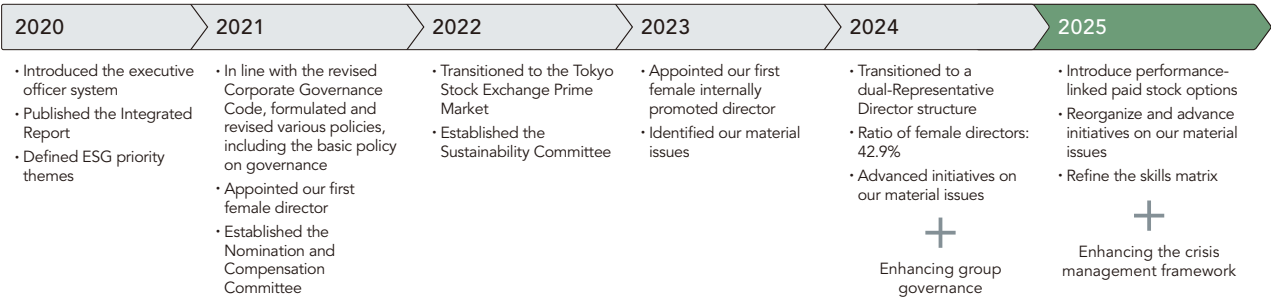
Basic Policy

The Group aims to contribute to cultural development and the creation of a prosperous society by realizing the vision “MORE CONTENT FOR MORE PEOPLE!” and by pursuing the mission “unleashing a virtuous cycle of literary creation.” We consider the building and operation of a highly effective corporate governance framework to be a key management priority for achieving this mission and enhancing corporate value on a sustainable basis. We will ensure management

transparency and soundness, make swift and well-founded decisions, and proactively disclose information in order to meet the expectations of our shareholders and all other stakeholders.

➡ For details, please refer to our corporate website.
<https://mediado.jp/english/sustainability/governance/>

Evolution of Initiatives to Enhance Corporate Governance



Corporate Governance Framework

The Company has adopted the “Company with an Audit & Supervisory Board” structure, as defined under the Companies Act of Japan, as its organizational framework. This structure provides two levels of oversight over operational execution: supervision by the Board of Directors and audits by the Audit & Supervisory Board from the perspectives of legal compliance and validity.

The Company’s current corporate governance system is based on an Audit & Supervisory Board of independent auditors who are all external members and the Board of Directors that includes three external members who are independent directors.

Under this framework, outside Audit & Supervisory Board members audit the execution of duties by executive directors, while outside directors exercise control over executive directors by overseeing their exercise of voting rights at Board of Directors meetings and monitoring the appropriateness of decisions. In this way, the Company works to protect the interests of its general shareholders.

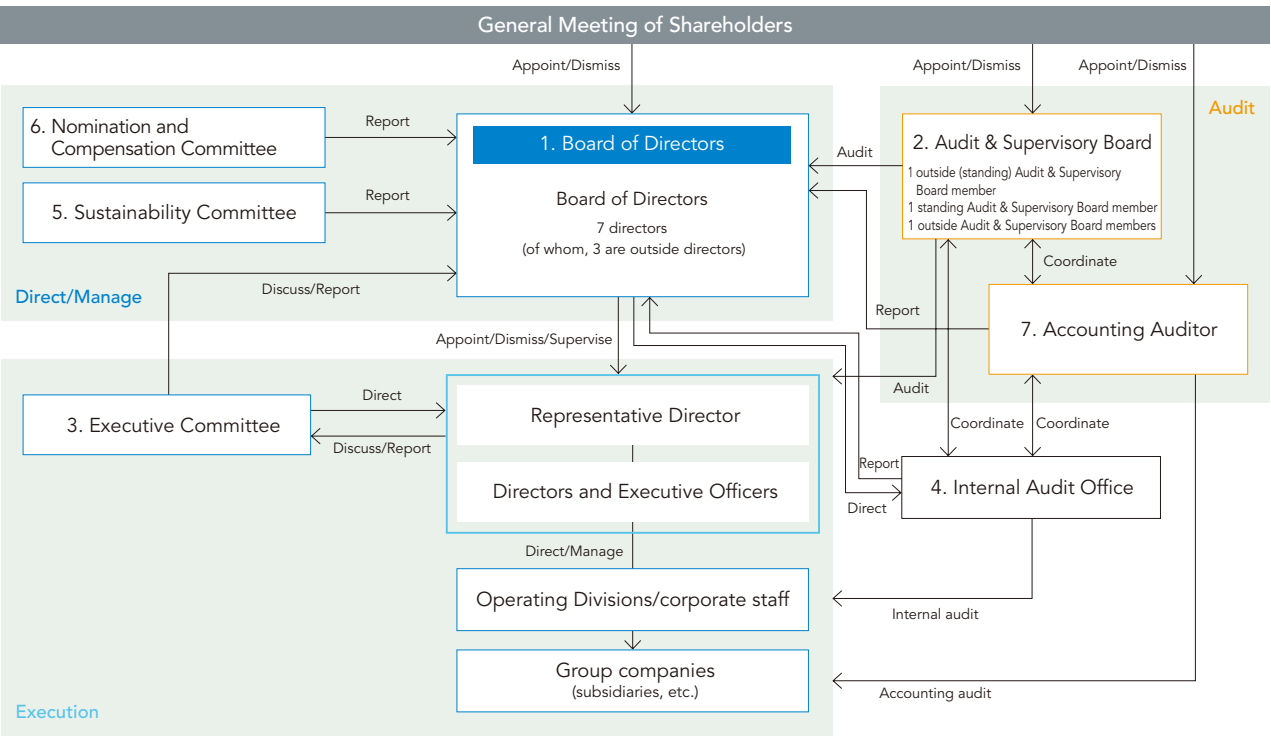
In order to enhance management transparency and impartiality, to strengthen the Board of Directors’ oversight function, and to accelerate decision-making, we have established the Nomination and Compensation Committee as a voluntary body. Furthermore, to promote Companywide integrated risk management and to deepen our commitment to sustainability-driven management, we have also established the Sustainability Committee.

Governance Data (As of June 1, 2025)

Organizational structure		Company with an Audit & Supervisory Board Directors
Term of directors	Term of directors	1 year
	Board of Directors Chair	President and CEO
	Number of directors (of which outside directors)	7 (3)
	Attendance rate of Outside Directors at Board meetings	96.1% (FY2024)
	Incentives provided to directors	Restricted stock compensation system, etc.
Term of Audit & Supervisory Board Members	Term of Audit & Supervisory Board members	4 years
	Number of Audit & Supervisory Board members (of which outside members)	3 (2)
	Major meetings attended by Audit & Supervisory Board members	Board of Directors, Audit & Supervisory Board, Planning Progress Meetings ^{*1} , Sustainability Committee ^{*2} , etc.
	Attendance rate of outside Audit & Supervisory Board members at Board meetings	100% (FY2024)
	Attendance rate of Outside Directors at Board meetings	100% (FY2024)
Audit & Supervisory Board	Has executive officer system	Yes
	Voluntary advisory body to the Board of Directors	Nomination and Compensation Committee
	Accounting Auditor	Avantia GP
	Internal audit function	Internal Audit Office directly under the Board of Directors

^{*1} Attended only by Standing Audit & Supervisory Board Members;
^{*2} Voluntary attendance

Corporate Governance Structure (As of June 1, 2025)



Functions and Role of Corporate Governance System Constituents

Name	Overview	Number of meetings/frequency in FYE 2/25
(1) Board of Directors	The Company's Board of Directors is the highest decision-making body for management and is an important body that fulfills a supervisory function in the execution of business. It is composed of seven Directors, including three outside directors, and is chaired by the President and CEO. As a general rule, it meets once a month, and extraordinary meetings are convened as needed. In accordance with the Board of Directors Regulations, the Board decides key matters such as management policies, business plans, and the acquisition and disposal of material assets, and supervises the status of business execution.	17 times
(2) Audit & Supervisory Board	The Audit & Supervisory Board audits the legality and appropriateness of the Directors' execution of duties. It comprises three Audit & Supervisory Board members (two standing and one outside), with a full-time outside Audit & Supervisory Board member serving as chair. The members attend Board of Directors meetings in order to gain a thorough understanding of internal operations, and they conduct operational and accounting audits by listening to the views of Directors, reviewing materials, and other methods. In addition, the full-time members attend important meetings in addition to those of the Board of Directors, establishing a framework that enables sufficient audits of the Directors' execution of business operations. The Audit & Supervisory Board meets at least once a month to formulate audit plans and to review audit results. It also shares information with the Internal Audit Office and the Accounting Auditor, coordinating closely to conduct audits efficiently and effectively.	17 times
(3) Executive Committee	The Executive Committee primarily deliberates matters related to business operations. It is composed of four standing directors and two standing Audit & Supervisory Board members and convenes once a week. In addition to the matters stipulated in the Regulations on Duties and Authority, the Meeting reviews and decides fundamental management matters related to the execution of operations, excluding those requiring resolutions of the Board of Directors, thereby enhancing the efficiency of operational execution.	Once a week
(4) Internal Audit Office	As a body reporting directly to the Board of Directors, the Internal Audit Office conducts audits of the Company's business activities based on the internal audit plan, monitors directors' and employees' compliance with laws and regulations, and reports on the results of these directly to the Board of Directors and the Audit & Supervisory Board. Any improvement directives or other instructions resulting from audits are issued directly by the Board of Directors to departments and Group companies, thereby ensuring that appropriate corrective actions are implemented.	—
(5) Sustainability Committee	The Sustainability Committee, established under the Board of Directors to build a sustainable organization, is chaired by the Vice President and CFO. Its members include the internal control owners designated for each department and other relevant personnel. The Committee meets quarterly. In advancing management and strategy that are anchored in our mission and vision, in addition to risk management, it organizes business opportunities and risks in light of societal expectations such as ESG and the SDGs, and manages and oversees them. When necessary, it reports the results of its deliberations to the Board of Directors.	Four times per year (once per quarter)
(6) Nomination and Compensation Committee	The Nomination and Compensation Committee is a voluntary advisory body to the Board of Directors, established in order to enhance management's independence and objectivity. It is composed of at least three directors, including a Representative Director selected by resolution of the Board of Directors. A majority of the members are independent outside directors, and the chair is selected from among those independent outside directors. The Committee primarily reviews and deliberates on (i) nominations of director candidates; (ii) the appointment and dismissal of directors and executive officers; (iii) policies and procedures regarding compensation for directors and executive officers; and (iv) succession planning for the Chief Executive Officer and other key executives, and submits its recommendations to the Board of Directors.	5 times
(7) Accounting Auditor, etc.	The Company collaborates with external experts to maintain a fair and appropriate management structure. Legal advisors are consulted with regard to important legal matters while the accounting auditor is consulted with regard to important accounting matters. In this manner, the Company seeks to formulate effective measures for addressing such matters. Currently, the Company has consultancy contracts in place with Mori Hamada & Matsumoto and OMM LAW OFFICE, and we are therefore able to receive legal advice through consultations regarding legal issues. The Company contracts accounting auditor Avantia G.P. to perform audits of finance and accounting activities based on Article 193-2 (1) of the Financial Instruments and Exchange Act of Japan. This provision ensures compliance with regard to financial reporting by enabling us to receive pertinent advice in relation to important accounting issues.	—

Policies for the Appointment of Directors and Audit & Supervisory Board Members

Within the scope of the number of directors and auditors stipulated in the Articles of Incorporation, the Company’s basic policy is to structure the Board of Directors and the Audit & Supervisory Board with an optimal composition, taking into account the overall balance of knowledge, experience, and skills, as well as diversity in terms of gender, international background, and age.

In particular, when appointing directors, the Company conducts a comprehensive evaluation and assessment of the candidates’ experience, insight, and expertise based on its corporate philosophy and management strategy. In order to

ensure objectivity and transparency, the Board of Directors consults with the Nomination and Compensation Committee, and appointments are made based on the committee’s deliberations and recommendations.

In addition, outside officers are selected not only in accordance with the requirements for outside status under the Companies Act, but also based on their qualification as independent directors as defined by the Tokyo Stock Exchange, and being deemed to have no substantive risk of conflict of interest with general shareholders.

Reasons for Appointment of Directors and Audit & Supervisory Board Members

Yasushi Fujita President and CEO	As the founder of the Company, he is deeply acquainted with all aspects of the Company's business operations. He has been responsible for planning medium- to long-term strategies for the entire Group and for formulating the Company's philosophy and identity. Since our establishment, he has accumulated extensive experience and in-depth knowledge as a corporate manager, which he continues to make use of in the Company's management.
	Attendance at Board of Directors meetings: 17/17
Hiroshi Kanda Vice President and CFO	Since joining the Company, he has overseen general corporate affairs, primarily in the Corporate Planning Office, while building a swift execution structure for us and our Group companies, optimizing the allocation of management resources, and promoting investor relations and sustainability initiatives. He possesses extensive experience and in-depth knowledge as a corporate manager, which he continues to make use of in the Company's management.
	Attendance at Board of Directors meetings: 17/17
Kayoko Hanamura Director and COO	She is well-versed in the eBook industry and, since joining the Company, has been engaged in the eBook Distribution business. While driving service development, she has played a key role in expanding this area into a core business. She possesses extensive experience and insight in this field, which she continues to make use of in the Company's management.
	Attendance at Board of Directors meetings: 17/17
Koichi Sekiya Director	He possesses deep expertise in the publishing industry and has been involved in a wide range of businesses within the sector. He possesses extensive experience and in-depth knowledge as a corporate manager, which he continues to make use of in the Company's management.
	Attendance at Board of Directors meetings: 13/13 (in current position since May 2024)
Ayako Kanamaru Outside Director*	As an attorney at law, she possesses extensive experience and expert knowledge in general corporate legal affairs, including international transactions, internal controls, and corporate governance. Her knowledge and experience are made use of primarily in the areas of risk management and corporate governance to enhance the Company's management.
	Attendance at Board of Directors meetings: 16/17
Haruo Miyagi Outside Director*	As the Representative Director of an NPO dedicated to fostering entrepreneurial leaders, he possesses extensive experience and deep insight in supporting businesses and managing organizations across a wide range of fields. His experience and insight are made use of to further strengthen the Group's business development and organizational management.
	Attendance at Board of Directors meetings: 16/17
Junko Mokuno Outside Director*	She possesses extensive experience and in-depth knowledge in strategy formulation and business management in the fields of e-commerce and digital marketing at various companies, including those in the content industry. Her experience and insight are made use of to further strengthen the Group's business development, marketing, and branding initiatives.
	Attendance at Board of Directors meetings: 17/17
Makoto Nakajima Standing Outside Audit & Supervisory Board Member*	With experience as a government official at the Ministry of Land, Infrastructure, Transport and Tourism, combined with qualifications as a Certified Public Accountant and experience as the head of an internal audit department at a listed company, she possesses specialized knowledge in corporate governance, risk management, and accounting. Her expertise is made use of to strengthen the Company's audit framework in her role as a standing outside auditor.
	Attendance at Board of Directors meetings: 17/17 Attendance at Audit & Supervisory Board meetings: 17/17
Kazuyoshi Ohwada Standing Audit & Supervisory Board Member	Having held leadership positions in the Company's administrative divisions, including human resources, general affairs, and finance and accounting, he possesses the knowledge necessary to ensure the sound and appropriate management of the Company. Based on this expertise, he is deemed capable of appropriately fulfilling his duties as an Audit & Supervisory Board member.
	Attendance at Board of Directors meetings: 17/17 Attendance at Audit & Supervisory Board meetings: 17/17
Tsuyoshi Shiina Outside Audit & Supervisory Board Member*	With experience as an attorney and certified tax accountant, as well as through his work with the Fukushima Nuclear Accident Independent Investigation Commission and his tenure as a member of the House of Representatives, he possesses specialized expertise in corporate governance and crisis management. Based on this expertise, he is deemed capable of appropriately fulfilling his duties as an Outside Audit & Supervisory Board member, and his knowledge is made use of to strengthen the Company's audit framework.
	Attendance at Board of Directors meetings: 17/17 Attendance at Audit & Supervisory Board meetings: 17/17

* Registered as Independent Directors/Auditors pursuant to the rules of the Tokyo Stock Exchange.

On Subsidiary Listings

We respect the autonomy of our subsidiaries and, while safeguarding their independence, aim to maximize the corporate value of the Group by continuing to evolve and grow together. We determine our shareholding policy for listed subsidiaries after the management meeting deliberates on the rationale for listing subsidiaries (namely, that exercising autonomous management under the scrutiny of the capital markets contributes to the listed subsidiary's business growth and enhancement of its corporate value, and ultimately to the growth of the Group as a whole).

In addition, we recognize that it is important for our listed subsidiaries to enhance corporate value over the medium to long term and to maximize the common interests of all shareholders, including minority shareholders and the Company. Accordingly, with respect to our listed subsidiaries, we do not impose prior approval requirements that would

affect their independence, and we are careful not to unduly constrain their decision-making.

Flier Inc., a consolidated subsidiary of the Company, operates a platform focused on 10-minute book summaries, with enterprise-focused SaaS offerings as its core business. The company was listed on the Growth Market of the Tokyo Stock Exchange in February 2025.

Flier is building a solid customer base, with growth centered on its business for corporate clients. In order to further accelerate the expansion of both existing and new services, it is essential to enhance its creditworthiness, to attract and retain high-caliber talent, and to strengthen its financial position. By realizing these objectives through a stock exchange listing, we aim to enhance the corporate value of both Flier and our Group as a whole.

Compensation for Directors and Audit & Supervisory Board Members

In determining compensation for Directors, the Company adopts the basic policy set forth below.			
• Compensation systems for directors should be designed to generate a strong motivation to pursue ongoing improvements to corporate value.			
• Compensation systems should also incorporate objective and transparent procedures that are founded on principles of accountability toward shareholders and other stakeholders.			
• Compensation amounts should be set appropriately based on the roles and responsibility of each individual director.			
In line with the basic policy, the Company established the Nomination and Compensation Committee in June 2021 in order to further enhance transparency in the determination of executive compensation. Based on discussions held by the committee, the compensation for directors and executive directors consists of monetary compensation and stock compensation (restricted stock). Furthermore, performance-linked compensation was introduced in the fiscal year ended February 2023.			
Compensation type	Fixed compensation		Performance-linked compensation
	Monetary	Stock compensation	Monetary
Ratio of compensation	Approx. 70%	Approx. 20%	Approx. 10%
Policies for calculation methods	• Fixed monetary compensation shall be determined based on the roles and responsibilities of each individual (with consideration paid to the salaries of employees who are not directors). Fixed compensation for executive directors shall also be influenced by comprehensive evaluations of individual performance in the preceding fiscal year as well as the individual performance targets (commitments) set for the given fiscal year.	• Individual allocations of stock compensation shall be determined based on a comprehensive assessment of each individual's contribution to the qualitative items, including ESG-related goals, that have been set from the perspective of sustainable growth and the medium- to long-term enhancement of corporate value.	• In order to emphasize profitability and growth potential, the indicators used for calculating performance-linked compensation shall be consolidated net sales and operating profit.

Compensation of Directors and Audit & Supervisory Board Members in the Fiscal Year Ended February 2025

Officer category	Total compensation (millions of yen)	Compensation by type (millions of yen)			Number of eligible officers (persons)
		Fixed compensation	Performance-linked compensation	Stock	
Directors (Outside Directors)	167 (14)	126 (14)	3 (—)	37 (—)	9 (3)
Audit & Supervisory Board Members (Outside Audit & Supervisory Board Members)	25 (18)	25 (18)	— (—)	— (—)	4 (3)
Total (Outside Directors and Auditors)	192 (32)	152 (32)	3 (—)	37 (—)	13 (6)

Activities of the Nomination and Compensation Committee

The Nomination and Compensation Committee was established as an advisory body to the Board of Directors for the purpose of improving transparency and objectivity with respect to the decision-making processes for the nomination and compensation of directors.

[Committee Members]	[Major Topics of Discussion in the Fiscal Year Ended February 2025]
Chair: Ayako Kanamaru (Outside Director) Members: Haruo Miyagi (Outside Director), Junko Mokuno (Outside Director), Yasushi Fujita (President and CEO), and Hiroshi Kanda (Vice President and CFO) Executive Office: Corporate Planning Department and Human Resources Department	• Refine the definitions used in the skills matrix and expand the rationale for selection • Review the current status of the executive compensation system (including Executive Officers) and consider revisions • Consider revisions to the succession plan

Evaluation of the Effectiveness of the Board of Directors

Without fail, the Company directly evaluates and analyzes the effectiveness of the Board of Directors each year for the purpose of enhancing its functionality. Based on evaluations of the effectiveness of the Board of Directors, appropriate and earnest	action is then taken after sufficient discussion of the identified issues in order to continuously heighten the functionality of the Board of Directors.
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Initiatives to Ensure the Effectiveness of the Board of Directors

In order to enable the Board of Directors to make timely and appropriate decisions and to strengthen the effectiveness of its oversight function, we are implementing the following initiatives.	Establishing a framework for smooth Board operations: The Board of Directors Secretariat, comprising employees from the Legal and Corporate Planning departments, prepares the annual schedule of Board of Directors meetings in advance and, each month, circulates the meeting agenda at least one week prior to the Board of Directors meeting. This framework facilitates smooth meeting operations and promotes coordination with other departments.
Streamlining decision-making and strengthening oversight: Separately from the Board of Directors, we convene, as a general rule, a weekly meeting comprising full-time directors and internal Audit & Supervisory Board members to discuss and decide on fundamental matters related to the execution of business. This arrangement improves the efficiency of the proceedings of meetings of the Board of Directors and establishes a framework that enables the Board to focus on the deliberation and oversight of higher-level, material matters.	Effectiveness evaluation and continuous improvement: In order to evaluate the effectiveness of the Board of Directors itself, each fiscal year we have all Directors and Audit & Supervisory Board Members complete a questionnaire administered by an external organization, and we conduct a self-evaluation and analysis. The Board Secretariat identifies issues from the questionnaire results, formulates a policy for addressing them, and reports to the Board of Directors. We review and update the questionnaire items annually, and by disclosing a summary of the evaluation results each fiscal year, we work to continuously enhance the Board’s effectiveness and to ensure transparency.
Promoting high-quality deliberation and discussion: At meetings of the Board of Directors, in order to ensure active and substantive deliberation and discussion, materials are, as a rule, distributed no later than two business days before the meeting date, and questions are accepted in advance. This gives participants the opportunity to review the materials thoroughly beforehand and to engage in constructive discussions.	

Topics Discussed at Board of Directors’ Meetings in FYE 2/25

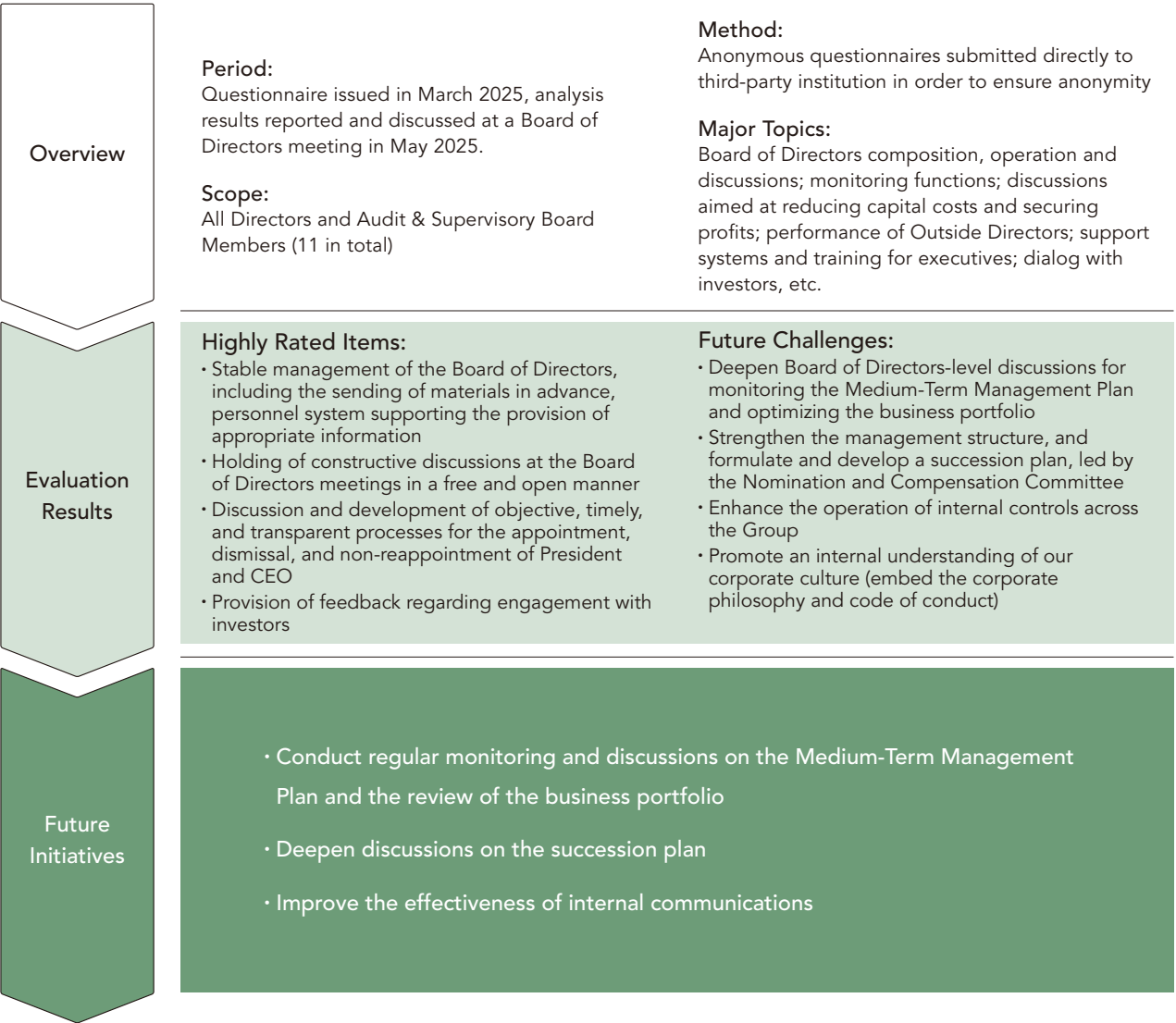
Themes	Major Topics	Number of Reports/ Agenda Items
Management Strategy	Group capital strategies, strategic investments, progress of the medium-term management plan, reports on businesses (new, existing)	2
Finance and Accounting	Group corporate management, capital policies (shareholder returns, fund procurement), financial reporting	27
Investment and M&A	New investment, M&A, review of business portfolios	8
Human Resources and Organization	Nomination of directors and executive officers, officer compensation (monetary, non-monetary), review of human resources system, organizational changes	10
Governance	General Meeting of Shareholders, Audit & Supervisory Board, Nomination and Compensation Committee, evaluation of Board effectiveness, developing policies and rules to enhance governance	17
Compliance and Risk Management	Compliance, risk management, internal controls	9
Sustainability	Reporting for sustainability efforts	5
Investor Relations	IR policies, IR activity reports and status of dialog with investors	6

Review of Last Year’s Initiatives

Based on the evaluation of the effectiveness of the Board of Directors for the fiscal year ended February 2024, in the fiscal year ended February 2025 we focused on the following matters.

- Promote a review of the business portfolio based on management that is conscious of cost of capital and stock price
- Build a framework for checking the design and operational effectiveness of the internal control system by strengthening the Internal Audit Office
- Secure time for deliberation by optimizing Board agendas.

Effectiveness Evaluation for FYE 2/25



Risk Management

Basic Policy

The Group has established risk management regulations in order to mitigate risks and to minimize the potential losses should risks be realized. Based on these regulations, the Sustainability Committee has been established to help identify, evaluate (assess), and combat Companywide risks with the potential to impact the ongoing growth and business activities of the Group. This committee meets once a quarter, in principle, to spearhead examinations. The committee also designates risk owners in association with specific risks and clarifies their roles in order to ensure the effectiveness of the response measures. The results of risk assessments are reported to the Board of Directors, which examines the relative weight of risks from the perspective of management to prioritize the risks that need to be addressed and to issue

instructions on the measures to be implemented.

Identified risks are categorized as either business strategy risks or operational risks, the definitions of which are stated below.

Business Strategy Risks	Business strategy risks represent the potential that the Company will be unable to achieve the desired results or benefits of our management policies or business strategies. Measures for countering these risks are to be formulated based on the scope and extent of their potential impact on our ongoing growth.
Operational Risks	Operational risks refer to the risk of operational phenomenon, obstructions, or losses occurring over the course of the implementation of business strategies. These risks shall be limited to a predetermined level for the performance of such business activities.

For risks judged to be material, response measures and countermeasures are examined and discussed at various levels, including the business, corporate and senior management levels. In addition to monitoring the progress of such measures, the Sustainability Committee is constantly engaged in risk-related preparations and works to promote ongoing improvements, such as by instituting a management crisis manual as well as a crisis management and PR manual which deal with risk items that are considered to be particularly urgent, and that also clarify the response flow. In addition, Audit & Supervisory Board members attend meetings of the Board of Directors, review important documents, and coordinate with the accounting auditor to confirm the effectiveness of measures implemented in response to high-priority risks. Furthermore, the Company establishes compliance-related policies and regulations, defines the roles and regulations to be observed by Group officers and employees, and conducts internal audits to confirm the compliance status.

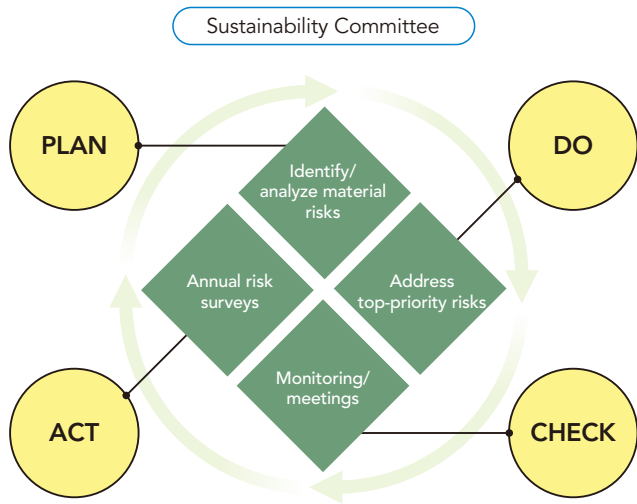
Importance of Risk Management and Material Issues

Among the risks identified in line with our basic policy, we assess the nature and impact of those with the highest priority. We then either incorporate them into our material issues or designate them as monitoring themes, and continuously monitor the related initiatives.

While aiming to achieve our mission of “unleashing a virtuous cycle of literary creation” and our goal of becoming an organization that endures for the next 100 years, we will continue to earnestly engage in properly identifying Companywide risks, strengthening countermeasures and undertaking initiatives that address important management issues (material issues) at our Company in terms of both opportunity and risk.

➡See page 54 for our material issues.

Risk Management Cycle



What Our Group Is Doing as We Aim to Build a 100-Year Organization



Major Business Risks and Scope of Impacts

	Risks	Scope of Impact	Degree of Impact	Response Measures
Business Strategy Risks	① Risks related to the growth potential of the eBook industry	Risk of impacts on management policies, growth strategies and performance	Potential for large impacts (hundreds of millions of yen to billions of yen) on performance due to changes in the competitive environment, etc.	With an ongoing focus on the growth of the eBook market, MEDIA DO will seek to strengthen its position as an industry infrastructure provider through a customer-focused approach aimed at reducing distribution energy use as well as the improvement of system-based collaboration between publishers and eBook stores. To this end, we are expanding our content lineup, enhancing the Group's distribution systems, developing and supplying services and solutions matched to the needs of users, and embracing new technologies. These efforts are anticipated to help broaden the scope of MEDIA DO's user base and the publishing market as a whole while also differentiating the Company from its rivals.
	② External factor (natural disasters, etc.) risks	Risk of impacts on growth strategies, business activities, supply and demand, and profits	Potential for medium to large impacts (hundreds of millions of yen to billions of yen) on performance due to unforeseen and unexpected events, such as business activities, etc.	As an entity responsible for a piece of social infrastructure in the publishing industry, the MEDIA DO Group aspires to continue to provide frameworks that can be reliably and confidently used by authors, publishers, and users (readers). We are also furthering our initiatives in preparation of unforeseen and unexpected events, such as by continuously deliberating and reviewing the formulation of BCPs and the creation of emergency response manuals, including management crisis manuals and crisis management and PR manuals, in accordance with risk management regulations.
	③ Risks of piracy websites, etc.	Risk of impacts on growth strategies, business activities, supply and demand, and profits	Potential for medium to large impacts (hundreds of millions of yen to billions of yen) on performance due to the growth of damages following an increase in the users of piracy websites, etc.	At present, several large sites based overseas have been identified. As of the fiscal year ended February 2025, traffic to piracy websites has not been observed to have had a material adverse impact on our Group's revenue; nevertheless, we will continue to work with the publishing industry and the government to advance measures such as identifying operators, de-indexing them from search results, and carrying out site takedowns.
	④ Risks related to dependence on purchases from specific industries/suppliers	Risk of impacts on business activities, performance and financial position	Potential for medium to large impacts (hundreds of millions of yen to billions of yen) on performance due to changes to transaction terms, etc.	Although the Company does not frequently negotiate terms with suppliers, we do review terms periodically together with those partners. MEDIA DO maintains its stance of working together with suppliers in order to grow the eBook market. At the same time, it seeks to foster new earnings sources that can stand alongside its eBook Distribution business.
	⑤ System and information security risks	Risk of impacts on performance and financial position, risk of damage to brand value	Potential for medium impacts (hundreds of millions of yen) on performance due to the suspension of some of our businesses and damage to our credibility and reputation	At MEDIA DO, the IT Management Division operates the information security regulations and related rules that it has established. In addition, the Company creates and distributes an information security handbook and delivers employee training related to information security via e-learning in order to reduce human-related risks. The Company also conducts information security risk assessments, vulnerability diagnostics, and penetration testing to identify potential issues and to formulate improvement plans. In order to prevent unauthorized access, MEDIA DO strengthens its security measures by introducing systems that support enhanced countermeasures, expanding the scope of anomaly detection, and accelerating response times. The Company remains committed to advancing Companywide information security initiatives across all operations, including sales activities, system development, and back-office functions.
	⑥ Investment and impairment risks	Risk of impacts on financial position, business and operating results, cash flows and stock price	Potential for medium to large impacts (hundreds of millions of yen to billions of yen) on performance due to delayed business progress, etc.	The MEDIA DO Group is committed to the maximization of its business value through the efficient operation of business and disciplined investment based on a consideration of the cost of capital and the profitability of used capital. In tandem with these investments, we are diversifying our management and businesses while engaging in initiatives aimed at optimizing our business portfolio. Through such efforts, we will set an ROIC of 8% for the screening criteria for business and investment candidates and improve overall processes for monitoring frameworks.
Operational Risks	⑦ Human resource recruitment risks	Risk of impacts on growth strategies, business activities, performance and financial position	Potential for medium impacts (hundreds of millions of yen) on performance due to delayed business progress, etc.	No major shortages in human resources or delays in projects have occurred in business or systems development activities as of the present, but demand is already rising for the recruitment of engineers and other human resources to fuel future growth. In addition to building workplace, health and well-being, and D&I environments that will enable employees to work and thrive over the long term, we will overhaul our personnel systems in order to ensure appropriate treatment regardless of seniority. We will encourage each employee to take on challenges with a clear awareness of their role in our Group's value creation and to broaden the scope of their contributions to the organization, and we will continue to review and improve these systems on an ongoing basis.
	⑧ Internal control risks	Risk of impacts on performance and financial position, risk of damage to brand value	Potential for medium impacts (hundreds of millions of yen) on performance due to damage to our credibility and reputation	No corporate governance issues have occurred as of the present; however, the Company recognizes the need to enhance internal management and control systems in order to prevent potential future issues. To this end, the Company has systematically introduced e-learning programs, including at Group companies, to foster compliance awareness among employees. In addition, the Company is working to strengthen effectiveness by reviewing and updating its compliance action guidelines (17 items) and other internal regulations, in conjunction with the Companywide risk management activities conducted by the Sustainability Committee.
	⑨ Risks related to dependence on specific individuals	Risk of impacts on growth strategies and business activities, risks of impacts on performance and financial position, risk of damage to brand value	Potential for medium impacts (hundreds of millions of yen) on performance due to delayed business progress, etc.	The Company is not currently dependent on any specific individuals. However, the Board of Directors and its advisory body, the Nomination and Compensation Committee, are actively engaged in discussions aimed at developing a future-oriented management structure and succession plans. By adopting a two-Representative Director framework, the Company seeks to enable swift decision-making while also working to establish sustainable corporate operations and robust board governance.

Featured Dialogue

Upholding the Mission of Outside Directors While Supporting MEDIA DO's Sustainable Growth

Under a transparent management framework, with three of its seven directors serving as Outside Directors, MEDIA DO is working to enhance the effectiveness of governance, something that is the foundation of sound business operations. As MEDIA DO is set to celebrate its 30th anniversary in April 2026 and embark on a new phase, the three Outside Directors and Vice President and CFO, Hiroshi Kanda, discussed the current status and future direction for achieving the Medium-Term Management Plan announced in April 2025.



Hiroshi Kanda

Vice President and CFO
Chair of Sustainability Committee
Member of Nomination and Compensation Committee

Ayako Kanamaru

Outside Director
Chair of Nomination and Compensation Committee

Junko Mokuno

Outside Director
Member of Nomination and Compensation Committee

Haruo Miyagi

Outside Director
Member of Nomination and Compensation Committee

Reflecting on the First 18 Months Since Transitioning to the New Structure

Kanda: MEDIA DO transitioned to a structure with two Representative Directors in May of last year, and in last year's Integrated Report you shared your expectations for the new structure. A year has passed since then. Could you share your views and

assessment of the current state of our governance?

Mokuno: I view last year's transition to the new management structure as a historic turning point, one that sent a clear signal that we will evolve so that our Company itself, rather than any one individual, takes the lead. The aim here is to ensure that the enterprise our founder and President and CEO

Fujita, has built over the past 30 years will endure through generational change, even 100 years from now. Every company undoubtedly has "unique elements that must never be lost." While safeguarding those, and with Vice President Kanda at the center of management, we have entered a phase in which we are united in pursuing a future-ready organization. I am confident this will

further strengthen the effectiveness of our long-term management and business strategies.

Miyagi: Around the world, the very nature of organizations and the concept of governance are shifting toward greater freedom and creativity. For the Company, the fact that we are where we are today, thanks to the many people who have built our

30-year history since our founding, is a valuable asset. The commitment and culture we have cultivated of seeing things through with integrity are invaluable virtues. Building on that positive legacy, what kind of company do we aspire to be? Last year's changes to our management structure served as a signal, and I sense that a mood and culture of proactively pioneering the next era are taking root

among our management team and all employees.

Kanamaru: Looking back to 2021, when I was appointed to the Board as a Director, I sense that an awareness of governance has been heightened across the Company. In particular, since Vice President Kanda, who had been driving governance improvements in anticipation of the Tokyo Stock

Exchange Market reorganization, was appointed as a Representative Director last year, I have the impression that we have established a framework that looks ahead to the Company's future, confronts issues head-on, and steadily advances our strategies and initiatives. For example, we are addressing the areas for improvement identified through the Board effectiveness evaluation one by one, and are taking action in good faith.

Kanda: I was reassured by the recognition that our business fundamentals are being strengthened.

With revisions to the Corporate Governance Code, ESG considerations, and other developments, listed companies are being expected to strengthen governance from multiple angles. Yet these are only entry points; beneath them lies an unchanging essence that predates the explicit call for stronger governance. Thanks to President Fujita, who prioritizes questioning and discerning that essence rather than settling for surface-level responses, and to our



outside directors, who offer incisive, essence-focused perspectives across many areas, we are able to confront governance enhancement head-on. For example, in the current fiscal year we devoted significant time to discussing topics such as Flier Inc.'s parent-subsidary listing and whether to transition to a company with an Audit and Supervisory Committee, and we learned a great deal not only from the conclusions but also from the process itself.

Regarding succession, I was particularly struck by Director Miyagi's comment during a previous Board of Directors discussion, when he said "For the Company, it is a positive milestone that moves us to the next stage." MEDIA DO regards succession not merely as "preparing for the founder-CEO's retirement" but as a process through which we will evolve into a better, renewed form for the future, and as an opportunity to further strengthen governance.

How Do You Assess the Medium-Term Management Plan That Was Unveiled at the 30-Year Milestone?

Kanda: What is your view on the new Medium-Term Management Plan that was announced this April, with the fiscal year ending February 2026 as its first year?

Kanamaru: Our longstanding vision, which has always expressed in Japanese, of delivering "as much content as possible, to as many people as possible," was a very powerful statement. In the new Medium-Term Management Plan, we have revisited that vision and, under the banner "MORE CONTENT FOR MORE PEOPLE!", laid out a narrative of the mission which we must accomplish, something that, I believe, was a highly demanding task. Within that context, I find it very reassuring that the plan shows a broader pathway



toward global expansion. While it is only from here on that these efforts will blossom into new businesses, I consider the management team's mindset, putting forward businesses that pave the way for what will come next, to be one of the Company's strengths.

Mokuno: Above all, our future growth will be underpinned by "talent." What matters is how our employees build their capabilities and shape the Company's future. The "SC (Sustainability Creation) business" set forth in the new Medium-Term Management Plan could become a core business for us, including from the standpoint of developing talent. This business cannot progress without engaging local communities and expanding our networks, and it also demands a creative eye for discerning the path to business growth. It will contribute significantly not only to earnings but also to nurturing people. The decision to position it as a major pillar of the new Medium-Term Management Plan is a distinctive move that powerfully reflects the unique character of our Company.

Miyagi: Likewise, I believe our growth engine is the robust foundation of trust that our people have built, and will continue to build. For the past 30 years, we have grown with trust as our bedrock, but the very fabric of society is changing. In this context, it is time for both management and employees to take personal ownership of how today's foundation will be carried forward 10 or even 30 years from now. Rather than merely relying on a foundation that is an extension of the past 30 years, the organization, and each employee as an individual within it, must engage earnestly with society, act with ownership and resolve, and bring their creativity to bear. This will be indispensable to achieving nonlinear growth.

Kanda: In a recent one-on-one with a member of our sales team, they told me, "I want our clients to feel fortunate to have me as their account manager." It was a striking moment that made me keenly aware that, ultimately, it is people who embody our Company's strengths and quality. In other words, in both our service delivery and our



everyday conduct, it is essential that we never give clients cause for unease, and that each employee cultivates such human qualities as a personal strength. An organization permeated by this kind of integrity is deeply reassuring. Turning to what comes next, for MEDIA DO to move to the next stage, I believe we must focus on developing and promoting management talent who will play core roles in corporate management and in our new businesses, and also accelerate those efforts.

Aiming for the Group's Sustainable Growth and Maximizing Corporate Value

Kanda: Listening to everyone's comments has reaffirmed for me the importance of MEDIA DO continuously taking on challenges and driving transformation to create new value while maintaining a sound management foundation. As Vice President and CFO, I will work with President and CEO Fujita, as well as the outside and internal directors, to ensure steady progress on the Medium-Term Management Plan and to translate our management vision into reality. To conclude, I would like to ask each of you to share your commitments for the road ahead before we bring this roundtable to a close.

Miyagi: A company that combines integrity and creativity is exceedingly rare, and the same is true around the world. MEDIA DO has the potential to be one of those few exceptions. Building on the technology, expertise, human capital, and sound financial base it has accumulated to date, it will be essential that MEDIA DO builds and operates advanced business models in both its eBook Distribution business and its Strategic Investment businesses, and aims to become a corporate group that contributes to the sustainability of the economy and society. I will continue to provide



steadfast support for MEDIA DO's efforts to maximize its corporate value.

Mokuno: I believe MEDIA DO is committed to the well-being of people across society and continuously asks what it can do toward that end. I have also worked to realize a prosperous and sustainable economy and society, as an executive officer and outside director at various companies, and as a university faculty member and researcher. My principles and values resonate with and align with the aspirations of MEDIA DO's employees. Going forward, I intend to continue working alongside everyone at MEDIA DO as an outside director.

Kanamaru: I consider MEDIA DO outstanding in terms of its corporate culture, its business portfolio, and its market presence. I will continue to oversee the Company's course with due regard for the shareholder perspective, so that it maintains sound, transparent management and achieves sustainable growth.

Directors and Officers / Skills Matrix



Skills Matrix

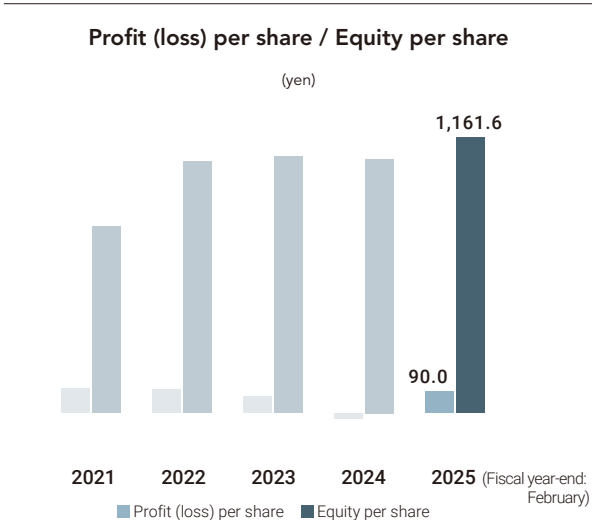
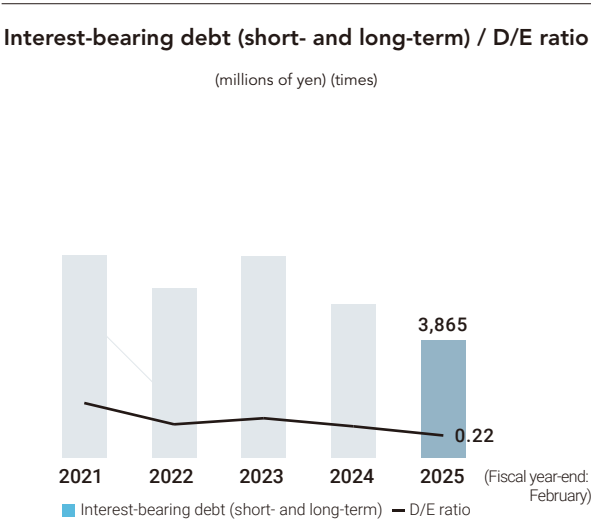
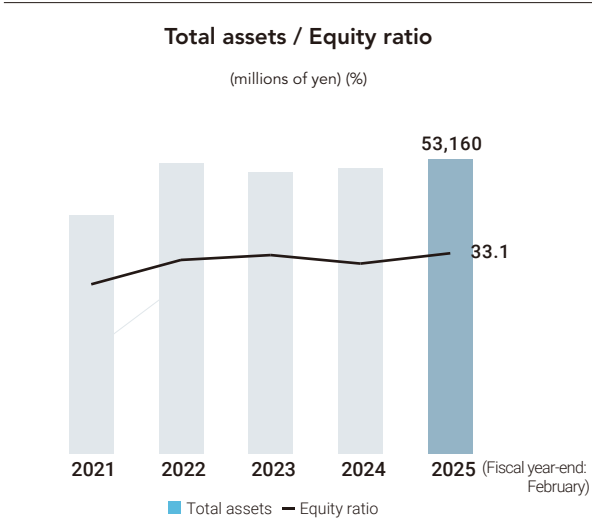
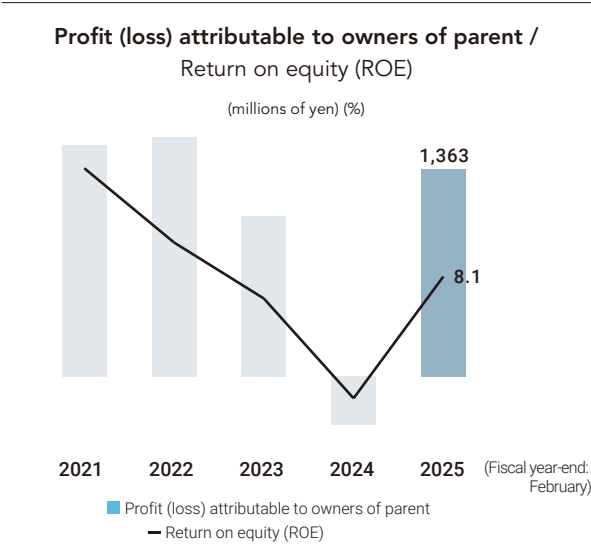
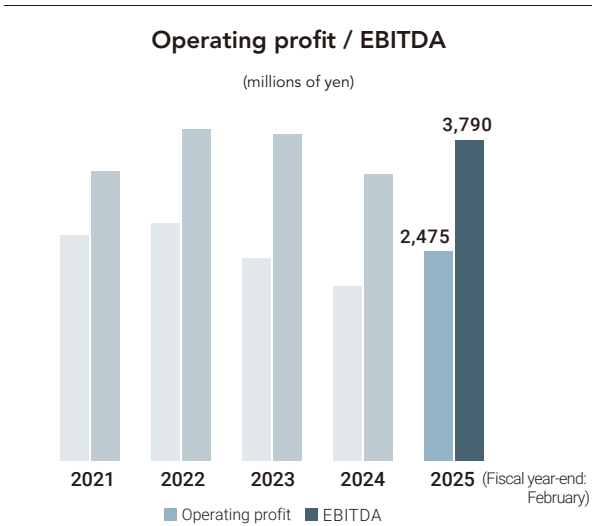
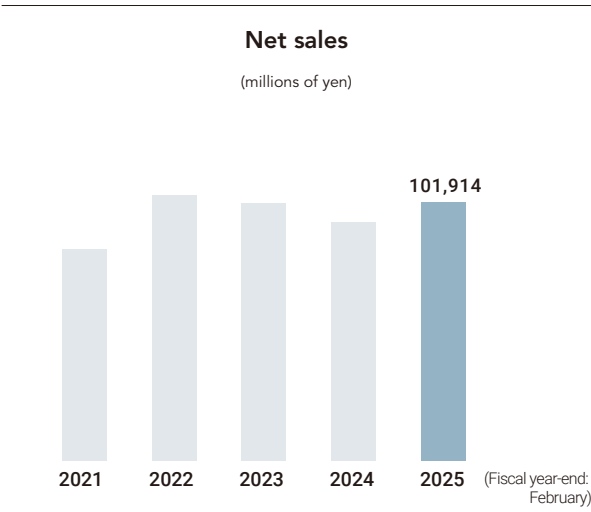
Name	Areas of Expertise/Anticipated Contribution										
	Corporate management	Legal affairs, risk management	Finance, accounting, capital policy	Investment, M&A	Technology, information security	Human resources, human resource development	ESG, sustainability	Business development, innovation	International experience	Industry understanding	Independence
Directors											
Yasushi Fujita	○			○	○	○	○	○		○	—
Hiroshi Kanda	○		○	○		○	○			○	—
Kayoko Hanamura					○	○		○		○	—
Koichi Sekiya	○					○	○	○		○	—
Ayako Kanamaru		○					○		○		○
Haruo Miyagi	○					○	○	○			○
Junko Mokuno	○				○			○		○	○
Audit & Supervisory Board Members											
Makoto Nakajima		○	○				○				○
Kazuyoshi Ohwada	○	○	○			○					—
Tsuyoshi Shiina		○					○				○

Definitions and Rationale for the Skills Matrix

Skill	MEDIA DO's Definition	Rationale for Selection
Corporate management	Experience as a member of top management at an operating company, and the ability to demonstrate leadership as a top executive	In a changing business environment, management knowledge and experience are required for the sustainable growth and development of the organization
Legal affairs, risk management	Knowledge primarily of corporate governance, compliance, and legal affairs, as well as expertise and networks in risk management	In order to continue building trust with our business partners and other stakeholders, we must strengthen a compliance framework that is grounded in legal compliance and sound ethics, and reinforce the management foundation required to become a sustainable organization
Finance, accounting, capital policy	Expertise in financial accounting necessary for financial reporting and auditing, and experience and expertise in corporate financing and treasury management	Knowledge and experience in finance and accounting are essential in order to ensure proper financial reporting, to build a robust financial base, and to continue to pursue sustainable corporate growth
Investment, M&A	The drive to lead, with a holistic view of the end-to-end process from strategy formulation, target screening, negotiation, and execution through PMI, coupled with sound judgment-making ability	As we proactively undertake investments and M&A to further expand our business, we need the ability to identify deals that are suited to the Company, to balance risk and return, and to exercise the problem-solving and leadership required in order to create value
Technology, information security	Knowledge, experience, and expertise in information security and IT governance, and the ability to build service platforms based on technology strategies	Continuously providing safe, secure, and high-quality services is our responsibility as a provider of industry infrastructure; to that end, we must adopt new technologies and build a robust security framework
Human resources, human resource development	Experience in creating environments and developing organizations that enable individuals to maximize their capabilities, and experience and expertise in talent development to continuously cultivate diverse talent	In order to realize our mission and vision and to embody our corporate creed ("Growth and Potential"), it is essential to draw out employees' full potential so that the organization can continue to grow
ESG, sustainability	Experience and expertise as a driver of ESG, and knowledge, experience, and expertise regarding a company's social purpose and sustainability management	In order to enhance corporate value by achieving business growth and contributing to solutions to social issues, and to become a more attractive and sustainable organization, we must strengthen non-financial initiatives through the lenses of environmental, social, and governance (ESG)
Business development, innovation	The knowledge, expertise, and planning/execution capabilities to accurately capture changes in the industry, society, and technology, and to conceive and realize new businesses, services, and value without being constrained by existing frameworks	In order to achieve business growth while keeping pace with the times, we need an understanding of the latest technologies, market analysis, and planning/execution capabilities that leverage the Company's unique strengths
International experience	Cross-cultural communication skills and knowledge/expertise in relation to overseas markets, economies, and business	Knowledge and experience of overseas business environments are necessary for management decision-making in areas such as the overseas expansion of Japanese content and business promotion and development outside Japan
Industry understanding	Knowledge and understanding primarily of the publishing, content and entertainment industries, and experience working and managing in this industry	Given that we do business with nearly all publishers and eBook retailers in Japan, an understanding of industry business practices and awareness of the business environment are indispensable when outlining our growth strategy

➡ For details, please refer to our corporate website.
<https://mediado.jp/english/about/officer/>

Financial Data



ESG Highlights

		FYE 2/22	FYE 2/23	FYE 2/24	FYE 2/25
Environment ^{*1}	Total CO ₂ emissions (Scope 1+2) (t-CO ₂), location-based	138.3	150.5	173.4	162.1
	Total CO ₂ emissions (Scope 1+2) (t-CO ₂), market-based	141.4	157.9	157.8	166.4
	Scope 1 (t-CO ₂)	5.5	5.0	4.2	4.0
	Scope 2 (t-CO ₂), location-based	132.9	145.5	169.2	158.1
	Scope 2 (t-CO ₂), market-based	135.9	152.9	153.6	162.5
	Electricity consumption (kWh)	306,844	335,190	386,285	373,770
	Water use (m ³)	30	63	322	183
	Paper use (t)	1.1	1.4	1.2	1.2
	Number of employees and ratio of female employees ^{*2}	Total (people) 328 [72]	345 [79]	341 [90]	291 [83]
	Men (people)	162 [16]	172 [25]	171 [27]	143 [21]
Social	Women (people)	166 [56]	173 [54]	170 [63]	148 [62]
	Ratio of female employees (%)	55.5	50.1	49.9	50.9
	Number of managers (people) ^{*3}	Total 104	97	106	51
	Men	80	75	75	37
	Women	24	22	31	14
	Ratio of women managers (%) ^{*4}	23.1	22.7	29.3	27.5
	Number and newly appointed female managers/Ratio of women among newly appointed manager (%) ^{*4*5}	8 [24.2]	2 [18.2]	13 [43.3]	2 [50.0]
	Directors and Audit & Supervisory Board members	1 [11.1]	1 [11.1]	4 [33.3]	4 [36.4]
	Executive officers and general managers	4 [9.1]	7 [13.7]	6 [13.3]	1 [5.3]
	Other managers	20 [33.3]	14 [30.4]	25 [40.3]	13 [41.9]
Governance	Number of newly hired employees in Japan: Ratio of men and women	Total 68 [17]	64 [32]	48 [33]	26 [18]
	Men	31 [7]	35 [14]	25 [9]	13 [4]
	Women	31 [10]	29 [18]	23 [24]	10 [13]
	Total (%)	8 [2.0]	9 [2.8]	9 [2.6]	6 [2.1]
	Number of global employees ^{*4}	Men 1	2	3	2
	Women	7	7	6	4
	Number of domestic employees stationed outside of major urban center [Excluding: Figures in parentheses represent part-time and temporary employees] ^{*6}	28 [55]	31 [64]	31 [76]	30 [71]
	Number of employees with disabilities (people) (%) ^{*4*7}	2 [2.0]	4 [1.2]	7 [2.4]	6 [2.8]
	Total	35.4	34.1	36.1	36.0
	Average age of employees (years) ^{*4}	Men 36.8	34.6	37.7	37.1

Scope: MEDIA DO Co., Ltd. and MEDIA DO TECH Tokushima Co., Ltd.

^{*1} CO₂ emissions volumes were calculated with reference to Greenhouse Gas Emissions Accounting and Reporting Manual (Ver. 4.6), which was published by the Ministry of the Environment and the Ministry of Economy, Trade and Industry, and is based on the Act on Promotion of Global Warming Countermeasures

^{*2} Full-time employees (including executive officers)

^{*3} At the beginning of the fiscal year ended February 2025, with the introduction of a new HR system, about half of our management positions (M grade) were converted to specialist positions (S grade)

^{*4} MEDIA DO Co., Ltd. (non-consolidated)

^{*5} Number of individuals promoted to manager for the first time during the fiscal year

^{*6} Number of employees at MEDIA DO TECH TOKUSHIMA Co., Ltd. and GAMBAROU TOKUSHIMA Co., Ltd.

^{*7} Full-time employees, contract employees, and part-time staff

^{*8} Occupational accident frequency rate = (Number of occupational accident casualties + Aggregate work hours) × 1,000,000

^{*9} The ABJ certification mark indicates that the certified eBook retailer or eBook distribution service is distributing authorized copies of content based on a usage agreement with the copyright holder

^{*10} Figures include donations, sponsorships, and investments

Performance Highlights

(millions of yen)													
	FYE 2/15	FYE 2/16	FYE 2/17	FYE 2/18		FYE 2/19	FYE 2/20	FYE 2/21	FYE 2/22	FYE 2/23	FYE 2/24	FYE 2/25	Year-on-year change
Operating results													
Net sales*1	8,075	11,243	15,533	37,213		50,568	65,860	83,540	104,722	101,667	94,036	101,914	7,878
eBook Distribution business	7,030	10,622	14,223	36,229		49,918	64,570	82,360	99,359	94,398	86,448	93,818	7,370
Strategic Investment businesses	1,044	621	1,309	1,010		773	1,437	1,366	5,927	8,604	8,613	8,953	340
Cost of sales	6,933	9,937	13,895	32,596		44,829	59,168	75,810	94,848	90,705	83,182	90,827	7,645
Gross profit	1,142	1,306	1,638	4,618		5,739	6,691	7,730	9,874	10,962	10,854	11,086	232
Selling, general, and administrative expenses	729	754	981	3,688		4,271	4,837	5,065	7,063	8,568	8,788	8,611	(177)
Operating profit	413	552	656	930		1,468	1,853	2,664	2,811	2,393	2,066	2,475	409
Ordinary profit	413	553	657	831		1,492	1,761	2,720	2,783	2,291	1,990	2,360	370
Extraordinary gains (losses)	(6)	(30)	(11)	(20)		(2,202)	(162)	(221)	(419)	(762)	(1,552)	(479)	1,073
Income before income taxes	407	523	646	811		(709)	1,599	2,498	2,363	1,529	438	1,882	1,444
Profit (loss) attributable to owners of parent	240	335	415	358		(1,243)	884	1,519	1,576	1,057	(319)	1,363	1,682
EBITDA*2	616	724	854	1,777		2,391	2,661	3,424	3,927	3,868	3,394	3,790	396
Financial position (at fiscal year-end)													
Total assets	4,121	5,486	8,683	26,700		30,964	34,062	43,187	52,509	50,882	51,612	53,160	1,548
Total liabilities	2,265	3,247	5,916	22,481		26,503	28,224	31,018	35,596	34,109	35,403	35,451	48
Total net assets	1,856	2,238	2,767	4,219		4,461	5,838	12,169	16,912	16,772	16,208	17,708	1,500
Equity	1,852	2,234	2,716	4,096		4,368	5,791	12,104	16,815	16,695	16,182	17,599	1,417
Interest-bearing debt (short- and long-term)	0	0	1,460	11,396		10,070	8,243	6,653	5,573	6,620	5,382	3,865	(1,517)
Cash flows													
Cash flows from operating activities	608	1,031	950	1,470		2,458	1,928	2,544	4,632	1,916	3,171	3,931	760
Cash flows from investing activities	(564)	(793)	(2,083)	(7,961)		(482)	(77)	(1,275)	(7,835)	(3,070)	(688)	137	825
Cash flows from financing activities	119	47	1,465	9,944		(364)	(1,506)	3,349	2,089	(276)	(1,645)	(1,534)	111
Free cash flow	44	238	(1,133)	(6,491)		1,976	1,851	1,269	(3,203)	(1,154)	2,483	4,068	1,585
Cash and cash equivalents at end of period	1,740	2,325	2,057	5,686		7,747	8,089	12,703	11,399	10,127	11,004	13,591	2,587
Per-share data (yen)													
Profit (loss)	25.5	34.1	41.7	32.5		(106.0)	64.5	104.5	99.7	68.3	(21.1)	90.0	111.1
Dividends	2	7	9	11		11	13	21	21	0	22	36	14
Payout ratio (%)	7.9	21.5	21.2	33.5		0.0	20.8	21.2	21.1	0.0	0.0	40.1	40.1
Equity	191.6	224.8	270.3	359.7		353.9	408.6	787.7	1,059.6	1,082.7	1,070.9	1,161.6	90.7
Key management indicators													
Return on assets (ROA) (%)	6.8	7.0	5.9	3.1		4.8	5.2	6.3	5.3	4.5	3.9	4.4	0.6
Return on equity (ROE) (%)	14.6	16.4	16.6	0.0		(28.8)	17.2	16.9	10.9	6.3	(1.9)	8.1	10.0
Equity ratio (%)	44.9	40.7	31.3	15.3		14.1	17.0	28.0	32.0	32.8	31.4	33.1	1.8
Financial leverage (times)	2.22	2.45	3.14	6.36		6.97	5.83	3.56	3.12	3.05	3.19	3.02	(0.17)
D/E ratio (times)	0.00	0.00	0.53	2.72		2.27	1.41	0.55	0.33	0.40	0.33	0.22	(0.11)
Number of employees*3 (people)	92	100	130	279		362	350	379	580	610	606	558	(48)

^{*1} Includes net sales from business segments other than reportable segments.
^{*2} EBITDA = Operating profit + (Depreciation + Amortization of goodwill)
^{*3} Figures represent the employee headcount for the MEDIA DO Group.

CONSOLIDATED BALANCE SHEETS

MEDIA DO Co., Ltd. and its consolidated subsidiaries
As of February 28, 2025 and February 29, 2024

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Assets			
Current assets			
Cash and deposits (Notes 4 and 15)	¥13,591	¥11,004	\$ 90,861
Notes and accounts receivable – trade, and contract assets (Note 4)	24,033	23,294	160,669
Other	2,335	2,098	15,610
Allowance for doubtful accounts	(0)	(0)	(0)
Total current assets	39,960	36,396	267,148
Non-current assets			
Property, plant and equipment			
Buildings	737	701	4,927
Tools, furniture and fixtures	286	309	1,912
Other	60	121	401
Accumulated depreciation	(502)	(460)	(3,356)
Total property, plant and equipment	582	672	3,890
Investments and other assets			
Goodwill (Notes 3 and 18)	4,198	5,765	28,065
Investment securities (Notes 4 and 5)	4,883	5,058	32,644
Shares of associates (Note 4)	786	812	5,254
Guarantee deposits	468	471	3,128
Software	624	590	4,171
Software in progress	9	74	60
Deferred tax assets (Note 9)	310	494	2,072
Allowance for doubtful accounts	(7)	(7)	(46)
Other	1,342	1,284	8,971
Total investments and other assets	12,616	14,543	84,342
Total assets	¥53,160	¥51,612	\$355,395

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Liabilities			
Current liabilities			
Notes and accounts payable – trade (Note 4)	¥ 28,273	¥26,165	\$189,015
Short-term borrowings (Notes 4 and 6)	52	902	347
Current portion of long-term borrowings (Notes 4 and 6)	1,455	1,314	9,727
Income taxes payable	27	756	180
Provision for bonuses	42	42	280
Other (Notes 6 and 16)	2,369	2,205	15,837
Total current liabilities	32,220	31,386	215,403
Non-current liabilities			
Long-term borrowings (Notes 4 and 6)	2,358	3,128	15,764
Deferred tax liabilities (Note 9)	81	120	541
Retirement benefit liability (Note 7)	621	615	4,151
Other (Notes 6 and 8)	169	153	1,129
Total non-current liabilities	3,231	4,017	21,600
Total liabilities	35,451	35,403	237,003
Net assets (Note 10)			
Shareholders' equity			
Share capital (Note 10)	5,990	5,959	40,045
Capital surplus	5,901	5,737	39,450
Retained earnings	4,645	3,614	31,053
Treasury shares (Note 10)	(48)	(48)	(320)
Total shareholders' equity	16,488	15,262	110,228
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	127	195	849
Foreign currency translation adjustment	984	725	6,578
Total accumulated other comprehensive income	1,111	920	7,427
Non-controlling interests	108	25	722
Total net assets	17,708	16,208	118,384
Total liabilities and net assets	¥53,160	¥51,612	\$355,395

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

MEDIA DO Co., Ltd. and its consolidated subsidiaries

Years ended February 28, 2025 and February 29, 2024

Consolidated Statements of Income	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Net sales (Note 16)	¥101,914	¥94,036	\$681,334
Cost of sales	90,827	83,182	607,213
Gross profit	11,086	10,854	74,114
Selling, general and administrative expenses (Notes 11 and 12)	8,611	8,788	57,567
Operating profit (Note 17)	2,475	2,066	16,546
Other income (expenses)			
Interest and dividend income	37	26	247
Foreign exchange gains	—	18	—
Interest expenses	(35)	(31)	(233)
Share issuance costs	(3)	(0)	(20)
Foreign exchange losses	(3)	—	(20)
Loss on investments in investment partnership	(33)	(12)	(220)
Share of loss of entities accounted for using equity method	(20)	(28)	(133)
Donations	(54)	(40)	(361)
Gain on sale of non-current assets	2	—	13
Gain on sale of Investment securities	31	106	207
Gain on sale of subsidiaries and associates	21	—	140
Gain on sale of businesses	18	—	120
Gain on reversal of share acquisition rights	—	0	—
Gain on change in equity	—	110	—
Loss on retirement of non-current assets	—	(1)	—
Impairment loss (Note 13)	(482)	(1,015)	(3,222)
Loss on valuation of investment securities	(45)	(716)	(300)
Loss on sale of shares of subsidiaries and associates	—	(6)	—
Loss on business liquidation	(23)	—	(153)
Other	(2)	(38)	(13)
Profit before income taxes	1,882	438	12,581
Income taxes – current	355	1,000	2,373
Income taxes – deferred	157	(177)	1,049
Total income taxes	512	823	3,422
Profit (Loss)	¥ 1,370	¥ (384)	\$ 9,158
Profit (loss) attributable to non-controlling interests	6	(65)	40
Profit (Loss) attributable to owners of parent	¥ 1,363	¥ ((319)	\$ 9,112

Consolidated Statements of Comprehensive Income	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Profit (loss)	¥1,370	¥(384)	\$ 9,158
Other comprehensive income (Note 14)			
Valuation difference on available-for-sale securities	(65)	76	(434)
Foreign currency translation adjustment	259	128	1,731
Share of other comprehensive income of entities accounted for using equity method	(2)	0	(13)
Total other comprehensive income	191	204	1,276
Comprehensive income	¥1,561	¥(180)	\$10,435
Comprehensive income attributable to:			
Owners of parent	¥1,554	¥(114)	\$10,389
Non-controlling interests	6	(65)	40

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

MEDIA DO Co., Ltd. and its consolidated subsidiaries

Years ended February 28, 2025 and February 29, 2024

	Shareholders' equity					Accumulated other comprehensive income					Millions of yen	
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	Share acquisition rights	Non-controlling interests	Total net assets	
Balance at March 1, 2023	¥5,934	¥6,159	¥3,933	¥(48)	¥15,979	¥118	¥596	¥715	¥0	¥77	¥16,772	
Changes during period			—	—	—			—			(44)	
Issuance of restricted shares	24	24			49			—			49	
Loss attributable to owners of parent			(319)		(319)			—			(319)	
Purchase of treasury shares				(499)	(499)			—			(499)	
Cancellation of treasury shares		(499)		499	—			—			—	
Capital increase of consolidated subsidiaries		51			51			—			51	
Net changes in items other than shareholders' equity					—	76	128	204	(0)	(51)	152	
Total changes during period	24	(422)	(319)	(0)	(717)	76	128	204	(0)	(51)	(564)	
Balance at February 29, 2024	¥5,959	¥5,737	¥3,614	¥(48)	¥15,262	¥195	¥725	¥920	—	¥25	¥16,208	
Changes during period												
Issuance of restricted shares	30	30			61			—			61	
Dividends of surplus			(332)		(332)			—			(332)	
Profit attributable to owners of parent			1,363		1,363			—			1,363	
Capital increase of consolidated subsidiaries		96			96			—			96	
Sale of shares of consolidated subsidiaries		36			36			—			36	
Net changes in items other than shareholders' equity					—	(67)	259	191	—	82	274	
Total changes during period	30	163	1,030	—	1,225	(67)	259	191	—	82	1,499	
Balance at February 28, 2025	¥5,990	¥5,901	¥4,645	¥(48)	¥16,488	¥127	¥984	¥1,111	—	¥108	¥17,708	

	Shareholders' equity					Accumulated other comprehensive income					Thousands of U.S. dollars (Note 1)	
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	Share acquisition rights	Non-controlling interests	Total net assets	
Balance at March 1, 2023	\$39,671	\$41,175	\$26,293	\$ (320)	\$106,825	\$788	\$3,984	\$4,780	\$0	\$514	\$112,127	
Changes during period			—	—	—			—			(44)	
Issuance of restricted shares	160	160			327			—			327	
Loss attributable to owners of parent			(2,132)		(2,132)			—			(2,132)	
Purchase of treasury shares				(3,336)	(3,336)			—			(3,336)	
Cancellation of treasury shares		(3,336)		3,336	—			—			—	
Capital increase of consolidated subsidiaries		340			340			—			340	
Net changes in items other than shareholders' equity					—	508	855	1,363	(0)	(340)	1,016	
Total changes during period	160	(2,821)	(2,132)	(0)	(4,793)	508	855	1,363	(0)	(340)	(3,770)	
Balance at February 29, 2024	\$39,838	\$38,354	\$24,160	\$ (320)	\$102,032	\$1,303	\$4,846	\$6,150	—	\$167	\$108,356	
Changes during period												
Issuance of restricted shares	200	200			407			—			407	
Dividends of surplus			(2,219)		(2,219)			—			(2,219)	
Profit attributable to owners of parent			9,112		9,112			—			9,112	
Capital increase of consolidated subsidiaries		641			641			—			641	
Sale of shares of consolidated subsidiaries		240			240			—			240	
Net changes in items other than shareholders' equity					—	(447)	1,731	1,276	—	548	1,831	
Total changes during period	200	1,089	6,885	—	8,189	(447)	1,731	1,276	—	548	10,021	
Balance at February 28, 2025	\$40,045	\$39,450	\$31,053	\$ (320)	\$110,228	\$849	\$6,578	\$7,427	—	\$722	\$118,384	

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

MEDIA DO Co., Ltd. and its consolidated subsidiaries
Years ended February 28, 2025 and February 29, 2024

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Cash flows from operating activities			
Profit before income taxes	¥ 1,882	¥ 438	\$12,581
Depreciation	657	625	4,392
Impairment loss	482	1,015	3,222
Amortization of goodwill	657	702	4,392
Increase (decrease) in allowance for doubtful accounts	(0)	(0)	(0)
Increase (decrease) in provision for bonuses	(0)	1	(0)
Increase (decrease) in retirement benefit liability	(7)	(32)	(46)
Interest and dividend income	(37)	(26)	(247)
Interest expenses	35	31	233
Loss (gain) on valuation of investment securities	45	716	300
Loss (gain) on investments in investment partnerships	33	12	220
Loss (gain) on sale of investment securities	(31)	(106)	(207)
Loss (gain) on sale of shares of subsidiaries and associates	(21)	6	(140)
Share of loss (profit) of entities accounted for using equity method	20	28	133
Loss (gain) on change in equity	—	(110)	—
Decrease (increase) in trade receivables	(794)	(1,580)	(5,308)
Increase (decrease) in advances received	(15)	152	(100)
Decrease (increase) in inventories	23	9	153
Decrease (increase) in prepaid expenses	(59)	(56)	(394)
Increase (decrease) in trade payables	2,098	1,651	14,025
Increase (decrease) in accounts payable – other	163	(111)	1,089
Increase (decrease) in deposits received	(11)	108	(73)
Increase (decrease) in accrued consumption taxes	23	16	153
Decrease (increase) in consumption taxes refund receivable	(71)	(130)	(474)
Other, net	(18)	87	(120)
Subtotal	5,054	3,450	33,787
Interest and dividends received	41	30	274
Interest paid	(35)	(31)	(233)
Income taxes paid	(1,222)	(344)	(8,169)
Income taxes refund	93	66	621
Net cash provided by (used in) operating activities	3,931	3,171	26,280
Cash flows from investing activities			
Purchase of property, plant and equipment	(84)	(113)	(561)
Purchase of intangible assets	(475)	(686)	(3,175)
Purchase of investment securities	(8)	(6)	(53)
Proceeds from sales of investment securities	40	138	267
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	683	—	4,566
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	—	(17)	—
Payments of guarantee deposits	(1)	(24)	(6)
Proceeds from refund of guarantee deposits	2	41	13
Other, net	(19)	(19)	(127)
Net cash provided by (used in) investing activities	137	(688)	915
Cash flows from financing activities			
Net Increase (decrease) in short-term borrowings	(851)	(1)	(5,689)
Proceeds from long-term borrowings	798	—	5,334
Repayments of long-term borrowings	(1,426)	(1,274)	(9,533)
Proceeds from issuance of shares with restriction of transfer	61	49	407
Proceeds from share issuance to non-controlling shareholders	172	79	1,149
Proceeds from sale of shares of subsidiaries not resulting in change in scope of consolidation	44	—	294
Dividends paid	(332)	—	(2,219)
Purchase of treasury shares	—	(499)	—
Net cash provided by (used in) financing activities	(1,534)	(1,645)	(10,255)
Effect of exchange rate change on cash and cash equivalents	52	39	347
Net Increase (decrease) in cash and cash equivalents	2,587	877	17,295
Cash and cash equivalents at beginning of period	11,004	10,127	73,565
Cash and cash equivalents at end of period (Note 15)	¥13,591	¥11,004	\$90,861

The accompanying notes are an integral part of these financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MEDIA DO Co., Ltd. and its consolidated subsidiaries
Years ended February 28, 2025 and February 29, 2024

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of MEDIA DO Co., Ltd. (the “Company”) and its consolidated subsidiaries (collectively, the “Group”) have been prepared in accordance with the provisions set forth in the Financial Instruments and Exchange Act of Japan (the “FIEA”) and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan (“Japanese GAAP”), which differ in certain respects from International Financial Reporting Standards (“IFRS”) in terms of application and disclosure requirements.

The accompanying consolidated financial statements have been reformatted and translated into English with some expanded explanations from the consolidated financial statements originally prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the FIEA. In preparing these consolidated financial statements, certain reclassifications have been made in the prior fiscal year’s consolidated financial statements to conform to the classification used in the current fiscal year.

The translations of the Japanese yen amounts into U.S. dollars are included solely for the convenience of readers outside Japan, using the prevailing exchange rate as of February 28, 2025, which was ¥149.58 to U.S.\$1.00. The Japanese yen amounts, which are presented in millions of Japanese yen in the consolidated financial statements, are directly converted into U.S. dollar amounts by simple arithmetic calculation. As such, there are cases for which the conversion of the amounts in Japanese yen with the prevailing exchange rate are different from those in U.S. dollars shown in the consolidated financial statements. The translations should not be construed as representations of what the Japanese yen amounts have been, could have been or could in the future be when converted into U.S. dollars at this or any other rate of exchange.

As permitted by the FIEA, amounts of less than one million yen on the accompanying consolidated financial statements are omitted. Similarly, amounts of less than one thousand U.S. dollars are omitted. As a result, the totals shown in the accompanying consolidated financial statements (both in yen and U.S. dollars) may not necessarily match the sum of the individual amounts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Consolidation

Consolidated financial statements include the accounts of the Company and 15 significant subsidiaries and 3 associates accounted for under the equity method.

Under the control or influence concept, those companies in which the Company, either directly or indirectly, is able to exercise control over operations are consolidated, and those companies over which the Company has the ability to exercise significant influence are accounted for using the equity method.

Significant subsidiaries and associates as of February 28, 2025 are as follows:

Company name	Share capital (Millions of yen)	Ownership interest (%)	Main business
Consolidated subsidiaries:			
Flier Inc.	583	58.0 (Direct)	Text summary site operation
ARTRA ENTERTAINMENT Inc.	10	100.0 (Direct)	Coloring eComics
MEDIA DO TECH TOKUSHIMA Co., Ltd.	45	100.0 (Direct)	Operation outsourcer
JIVE Ltd.	10	100.0 (Direct)	Publication and sale of books and magazines
NIHONBUNGEISHA Co., Ltd.	100	100.0 (Direct)	Publication and sale of books and magazines
GAMBAROU TOKUSHIMA Co., Ltd.	50	68.0 (Direct)	Operation of a basketball team
Media Do International, Inc.	(Thousands of U.S. dollars) 26,702	100.0 (Direct)	eBook agency and overseas business management
Quality Solutions, Inc.	(Thousands of U.S. dollars) 348	100.0 (Indirect)	Conduct of publishing workflow management and bibliographic information management services
NetGalley, LLC	(Thousands of U.S. dollars) 4,501	100.0 (Indirect)	Operation of the NetGalley website, which is a web marketing tool for books
NetGalley, UK Ltd.	(Thousands of pounds) 5,564	100.0 (Indirect)	Operation of the NetGalley website, which is a web marketing tool for books
NetGalley, France SARL	(Thousands of euros) 40	100.0 (Indirect)	Operation of the NetGalley website, which is a web marketing tool for books
Supadü Limited and three other companies	(Thousands of pounds) 0	100.0 (Indirect)	Providing e-commerce solutions
Associates accounted for by the equity method:			
MyAnimeList Co., Ltd.	100	30.3 (Direct)	Anime/manga community site operation
TEC INFORMATION CORP.	230	25.0 (Direct)	Software development
PUBFUN, Inc.	10	49.0 (Direct)	Print on demand (POD) publishing services

For the year ended February 28, 2025, the following changes have been made to the scope of consolidation and the equity method:

EVERYSTAR Co., Ltd. was excluded from the scope of consolidation since the Company sold all of its holding shares.

Media Do International, Inc., Quality Solutions, Inc., NetGalley, LLC, and six other subsidiaries have a fiscal year-end of December 31. Significant transactions occurring from January 1 to February 29/28 are adjusted in these consolidated financial statements.

(b) Securities

Equity securities issued by subsidiaries and associates which are not consolidated nor accounted for by the equity method are stated at moving-average cost. Available-for-sale securities other than equity securities with no readily available market value are stated at market value. Unrealized gains and losses on these securities are reported, net of applicable income taxes, as a separate component of net assets. Costs of securities sold are determined by the moving-average method.

Available-for-sale equity securities with no readily available market value are stated at moving-average cost. Investment in partnerships is stated at the amount equivalent to the holding share of the partnerships’ assets.

(c) Property, plant and equipment (excluding leased assets)

Property, plant and equipment of the Group are carried at cost. Depreciation is mainly computed using the straight-line method. The useful lives of major assets are as follows:

Buildings	8 to 15 years
Tools, furniture and fixtures	4 to 10 years

(d) Intangible assets (excluding leased assets)

Internal-use software is amortized using the straight-line method over a useful life of 3 to 5 years.

(e) Leased assets

Leased assets under finance lease transactions which do not transfer ownership to the lessee are depreciated to a residual value of zero based on the straight-line method over a useful life period corresponding to the lease contract period.

(f) Allowance for doubtful accounts

The allowance for doubtful accounts is provided at the amount determined based on the historical experience of bad debt with respect to ordinary receivables and an estimate of uncollectible amounts determined by reference to specific doubtful receivables of customers experiencing financial difficulties.

(g) Provision for bonuses

Certain consolidated subsidiaries provide the provision for employees’ bonuses at the estimated amounts which the subsidiaries are obligated to pay to their employees after the fiscal year-end based on services provided for the year.

(h) Retirement benefits

Certain consolidated subsidiaries apply the simplified method that assumes the amount required for voluntary resignation at the fiscal year-end to be retirement benefit obligation in determining defined benefit liability.

(i) Basis of recognizing significant revenue and expenses

The Company recognizes revenue when control of a promised good or service is transferred to the customer at the amount expected to be received in exchange for the good or service. Details of major performance obligations of the Group’s business are stated in Note 16 “Revenue Recognition.”

(j) Translation of foreign currencies

Available-for-sale securities denominated in foreign currencies are translated into Japanese yen at the year-end spot exchange rate, and translation differences are included in valuation difference on available-for-sale securities under net assets.

The balance sheets of overseas consolidated subsidiaries are translated into Japanese yen at the spot exchange rate on its year-end closing date except that net assets accounts are translated at historical rates and the statements of income are translated at the average exchange rate for the fiscal year. Translation differences are included in foreign currency translation adjustment under net assets.

(k) Goodwill

Goodwill is amortized equally within a period of 10 to 20 years by the straight-line method.

(l) Cash and cash equivalents

Cash and cash equivalents include all highly liquid investments, generally with original maturities of three months or less that are readily convertible into known amounts of cash and are not exposed to significant risk of changes in value.

3. SIGNIFICANT ACCOUNTING ESTIMATES

Significant accounting estimates were made for the following item that may have a risk of a significant impact on the financial statements for the following year:

Evaluation of Goodwill

(a) Amounts on the consolidated balance sheets

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Goodwill	¥4,198	¥5,765	\$28,065

(b) Information on significant accounting estimates for identified items

Goodwill arising through a business combination is recognized at the difference between the acquisition cost and the fair value of identified assets and liabilities of the acquired company as of the business combination date. The amount of goodwill is amortized on a straight-line basis over the effective period of the goodwill.

To determine the amortization period, the Company estimates the effective period of excess earning power by taking into consideration the expected payback period of the investment based on the business plan as of the acquisition date.

As of the end of each fiscal year, the Company reviews whether there is any indication of goodwill impairment. When any indication of impairment is identified, the Company determines whether it is required to recognize an impairment loss by comparing the total future cash flows expected from the business to which the goodwill belongs and the carrying value of the goodwill.

For the year ended February 28, 2025, the Company recognized impairment losses on goodwill related to shares of NIHONBUNGEISHA Co., Ltd. and ARTRA ENTERTAINMENT Inc. in the total amount of ¥411 million (\$2,747 thousand).

The business plan, etc., as the assumption used for these accounting estimates, was prepared along the best estimate and judgment by the Company on the basis of available information as of the date of use. However, when such assumption needs to be revised due to the impact from changes in the future business environment, it may result in giving significant impact on the consolidated financial statements in the following fiscal year and thereafter.

4. FINANCIAL INSTRUMENTS

(a) Qualitative information on financial instruments

(1) Policy for financial instruments

The Group invests excess funds other than those necessary for its business operations in highly stable financial instruments such as short-term bank deposits. As a policy, the Group finances funds by issuing new shares or bank loans, depending on the use of funds.

(2) Details of financial instruments, their risks and risk management system

Operating receivables such as notes and accounts receivable–trade are exposed to credit risk. To mitigate such risk, the Group reviews customers’ credit status by monitoring their credit conditions in accordance with the credit management rules, while monitoring the due dates and balances by customer.

Investment securities mainly consist of shares of companies with business relationships or capital tie-ups. The Group has a policy to hold them in the medium to long term. The Group regularly reviews the issuers’ fair value and financial conditions and continuously evaluates the holding status taking the business relationship into account.

Operating payables such as notes and accounts payable–trade are mostly due within three months and exposed to liquidity risk. The Group manages such risk by preparing a monthly cash management plan and checking account balances daily.

Short-term borrowings and long-term borrowings are mainly made for the purpose of mergers and acquisitions. They are variable interest rate borrowings and are exposed to interest rate fluctuation risk.

In addition, there is a risk that the Company may be required to make early repayments of certain borrowings due to infringement of financial covenants.

(3) Supplemental information on the fair value of financial instruments

Since certain assumptions are used for the calculation of the fair value of financial instruments, values may vary when different assumptions are applied.

(4) Concentration of credit risk of financial instruments

As of February 28, 2025 and February 29, 2024, more than 60.0% of operating receivables are from five major customers.

(b) Fair value of financial instruments

As of February 28, 2025

Carrying value, fair value and the difference between the two are as follows:

	Millions of yen		
	2025		
	Carrying value	Fair value	Difference
Investment securities			
Available-for-sale securities	¥627	¥627	¥—
Total assets	¥627	¥627	¥—

	Thousands of U.S. dollars		
	2025		
	Carrying value	Fair value	Difference
Investment securities			
Available-for-sale securities	\$4,191	\$4,191	\$—
Total assets	\$4,191	\$4,191	\$—

As of February 28, 2025, “Cash and deposits,” “Notes and accounts receivable–trade,” “Notes and accounts payable–trade” and “Short-term borrowings” are omitted since their fair value approximates the respective carrying value due to short maturity. As to “Long-term borrowings,” the fair value approximates the carrying value since these borrowings bear variable interest rates which reflect market rates; thus, the disclosure is omitted.

Unlisted equity securities (carrying value ¥ 4,837 million (\$ 32,337 thousand)) are not included in “Investment securities” since they do not have readily available market value. Furthermore, investments in limited liability investment partnerships (carrying value ¥204 million (\$ 1,363 thousand)) are not subject to the fair value disclosures based on the provision of Paragraph 24-16 of the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021).

The redemption schedule for monetary claims

	Millions of yen			
	2025			
	Due within 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Cash and deposits	¥13,591	¥—	¥—	¥—
Notes receivable–trade	14	—	—	—
Accounts receivable–trade	24,018	—	—	—
Total	¥37,625	¥—	¥—	¥—

	Thousands of U.S. dollars			
	2025			
	Due within 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Cash and deposits	\$90,861	\$—	\$—	\$—
Notes receivable–trade	\$ 93	—	—	—
Accounts receivable–trade	160,569	—	—	—
Total	\$251,537	\$—	\$—	\$—

Please see Note 6 “Short-Term Borrowings, Long-Term Borrowings and Lease Obligations” for long-term borrowings.

As of February 29, 2024

Carrying value, fair value and the difference between the two are as follows:

	Millions of yen		
	2024		
	Carrying value	Fair value	Difference
Investment securities			
Available-for-sale securities	¥692	¥692	¥—
Total assets	¥692	¥692	¥—

As of February 29, 2024, “Cash and deposits,” “Notes and accounts receivable–trade,” “Notes and accounts payable–trade” and “Short-term borrowings” are omitted since their fair value approximates the respective carrying value due to short maturity. As to “Long-term borrowings,” the fair value approximates the carrying value since these borrowings bear variable interest rates which reflect market rates; thus, the disclosure is omitted.

Unlisted equity securities (carrying value ¥ 4,916 million (\$32,614 thousand)) are not included in “Investment securities” since they do not have readily available market value. Furthermore, investments in limited liability investment partnerships (carrying value ¥261 million (\$1,731 thousand)) are not subject to the fair value disclosures based on the provision of Paragraph 24-16 of the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021).

The redemption schedule for monetary claims

	Millions of yen			
	2024			
	Due within 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Cash and deposits	¥11,004	¥—	¥—	¥—
Notes receivable–trade	22	—	—	—
Accounts receivable–trade	23,271	—	—	—
Total	¥34,299	¥—	¥—	¥—

Please see Note 6 “Short-Term Borrowings, Long-Term Borrowings and Lease Obligations” for long-term borrowings.

Breakdown of fair value of financial instruments by level

The Company classifies the fair value of financial instruments into three categories depending on whether the inputs for a fair value measurement are observable or significant.

Level 1 fair value:	Fair value measured by using quoted prices in active markets as observable inputs for assets or liabilities subject to a fair value measurement
Level 2 fair value:	Fair value measured by using observable inputs other than those for Level 1
Level 3 fair value:	Fair value measured by using unobservable inputs

When multiple inputs of different categories are used in measuring fair value, the Company classifies the fair value into a category to which the lowest priority is assigned.

Financial instruments measured at fair value in the consolidated balance sheet

As of February 28, 2025

Classification	Millions of yen			
	2025			
	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Equity securities	¥217	¥—	¥—	¥217
Corporate bonds	—	—	410	410
Total	¥217	¥—	¥410	¥627

Classification	Thousands of U.S. dollars			
	2025			
	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Equity securities	\$1,450	\$—	\$—	\$1,450
Corporate bonds	—	—	2,741	2,741
Total	\$1,450	\$—	\$2,741	\$4,191

Notes: 1. Techniques and inputs used for the fair value measurement
Listed equity securities are measured by using quoted prices. Since listed equity securities are traded in active markets, they are classified into Level 1.
Convertible bond-type bonds with share acquisition rights are measured by the income approach (present value technique). For the fair value measurement of convertible bond-type bonds with share acquisition rights, significant unobservable inputs are used; thus, they are classified into Level 3.

2. Information on financial instruments classified into Level 3 fair value
a. Quantitative information on significant unobservable inputs

Valuation technique	Discount rate adjustment technique and expected present value technique
Significant unobservable inputs	Discount rate
Range of inputs	3.2%

b. Reconciliation between the beginning balance and the ending balance

	Millions of yen	Thousands of U.S. dollars
Investment securities		
Available-for-sale securities:	Corporate bonds	Corporate bonds
Beginning balance	¥456	\$3,048
Sold	(5)	(33)
Record as income or loss:		
Loss on valuation of investment securities	(43)	(287)
Record as other comprehensive income:		
Valuation difference on available-for-sale securities	2	13
Ending balance	¥410	\$2,741

c. Fair value measurement process
For financial instruments classified into Level 3, the responsible personnel determine the valuation technique based on the nature, character and risk of the applicable financial instruments, and calculates the fair value after checking if the technique and inputs used are appropriate. The calculation results are reviewed and approved by the executive officer of the Accounting Department.

d. Impact on the fair value when significant unobservable inputs are changed
When discount rates are dramatically increased (or decreased), the fair value of investment securities will be dramatically decreased (or increased).

As of February 29, 2024

Classification	Millions of yen			
	2024			
	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Equity securities	¥235	¥—	¥—	¥235
Corporate bonds	—	—	456	456
Total	¥235	¥—	¥456	¥692

Notes: 1. Techniques and inputs used for the fair value measurement
Listed equity securities are measured by using quoted prices. Since listed equity securities are traded in active markets, they are classified into Level 1.
Convertible bond-type bonds with share acquisition rights are measured by the income approach (present value technique). For the fair value measurement of convertible bond-type bonds with share acquisition rights, significant unobservable inputs are used; thus, they are classified into Level 3.

2. Information on financial instruments classified into Level 3 fair value
a. Quantitative information on significant unobservable inputs

Valuation technique	Discount rate adjustment technique and expected present value technique
Significant unobservable inputs	Discount rate
Range of inputs	2.6% to 13.3%

b. Reconciliation between the beginning balance and the ending balance

		Millions of yen
Investment securities		
Available-for-sale securities:	Corporate bonds	
Beginning balance		¥492
Record as income or loss:		
Loss on valuation of investment securities		(29)
Record as other comprehensive income:		
Valuation difference on available-for-sale securities		(6)
Ending balance		¥456

c. Fair value measurement process
For financial instruments classified into Level 3, the responsible personnel determine the valuation technique based on the nature, character and risk of the applicable financial instruments, and calculates the fair value after checking if the technique and inputs used are appropriate. The calculation results are reviewed and approved by the executive officer of the Accounting Department.

d. Impact on the fair value when significant unobservable inputs are changed
When discount rates are dramatically increased (or decreased), the fair value of investment securities will be dramatically decreased (or increased).

5. SECURITIES

(a) Available-for-sale securities

Securities with carrying values exceeding acquisition costs

		Millions of yen				
	2025			2024		
	Carrying value	Acquisition cost	Difference	Carrying value	Acquisition cost	Difference
1) Equity securities	¥548	¥366	¥181	¥1,113	¥862	¥250
2) Bonds						
Corporate bonds	—	—	—	—	—	—
3) Other	139	101	37	189	130	58
Total	¥687	¥468	¥219	¥1,302	¥993	¥308

		Thousands of U.S. dollars		
	2024			
	Carrying value	Acquisition cost	Difference	
1) Equity securities	\$3,663	\$2,446	\$1,210	
2) Bonds				
Corporate bonds	—	—	—	
3) Other	929	675	247	
Total	\$4,592	\$3,128	\$1,464	

Securities with carrying values not exceeding acquisition costs

		Millions of yen				
	2025			2024		
	Carrying value	Acquisition cost	Difference	Carrying value	Acquisition cost	Difference
1) Equity securities	¥3,719	¥3,727	¥(7)	¥3,226	¥3,226	¥(0)
2) Bonds						
Corporate bonds	410	440	(30)	456	489	(33)
3) Other	65	65	—	72	72	—
Total	¥4,195	¥4,234	¥(38)	¥3,755	¥3,788	¥(33)

		Thousands of U.S. dollars		
	2025			
	Carrying value	Acquisition cost	Difference	
1) Equity securities	\$24,862	\$24,916	\$(46)	
2) Bonds				
Corporate bonds	2,741	2,941	(200)	
3) Other	434	434	—	
Total	\$28,045	\$28,305	\$(254)	

(b) Available-for-sale securities sold

		Millions of yen					
	2025			2024			
	Sales proceeds	Gain	Loss	Sales proceeds	Gain	Loss	
1) Equity securities	¥0	¥—	¥—	¥138	¥106	¥—	
2) Bonds							
Corporate bonds	36	31	—	—	—	—	
3) Other	—	—	—	—	—	—	
Total	¥36	¥31	¥—	¥138	¥106	¥—	

		Thousands of U.S. dollars		
	2025			
	Sales proceeds	Gain	Loss	
1) Equity securities	\$0	\$—	\$—	
2) Bonds				
Corporate bonds	240	207	—	
3) Other	—	—	—	
Total	\$240	\$207	\$—	

(c) Impairment loss on securities

The Company recognized an impairment loss of ¥45 million (\$300 thousand) and ¥716 million on investment securities classified as available-for-sale securities for the years ended February 28, 2025 and February 29, 2024, respectively.

As a policy, the Company recognizes an impairment loss of securities when the fair value as of the balance sheet date declines 50% or more of its acquisition cost. When the fair value declines by 30% or more, but less than 50% of the acquisition cost, the Company recognizes an impairment loss after considering the recoverability of the fair value. For equity securities with no readily available market value, an impairment loss is recognized when their actual value significantly declines due to deterioration of financial conditions or other reasons after assessing recoverability.

6. SHORT-TERM BORROWINGS, LONG-TERM BORROWINGS AND LEASE OBLIGATIONS

The weighted-average interest rate for the year-end balance of short-term borrowings was 1.42% and 0.74% as of February 28, 2025 and February 29, 2024, respectively.

Long-term borrowings as of February 28, 2025 and February 29, 2024 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Unsecured long-term borrowings, weighted-average interest rates of 0.52% in 2025 and 2024, maturing through 2032	¥3,813	¥4,442	\$25,491
Less: Amounts due within one year	1,455	1,314	9,727
Long-term borrowings	¥2,358	¥3,128	\$15,764

Lease obligations are included in “Other” under current liabilities and non-current liabilities as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Amount included in “Other” under current liabilities	¥9	¥6	\$60
Amount included in “Other” under non-current liabilities	30	32	200

The redemption schedule for long-term borrowings and lease obligations

		Millions of yen						
		2025						
		Due within 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years	
Long-term borrowings		¥1,455	¥1,452	¥602	¥163	¥39	¥100	
Lease obligations		9	9	9	8	3	—	

	Thousands of U.S. dollars					
	2025					
	Due within 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Long-term borrowings	\$9,727	\$9,707	\$4,024	\$1,089	\$260	\$668
Lease obligations	60	60	60	53	20	—

7. RETIREMENT BENEFITS

(a) Outline of the retirement benefit plan

The Company and certain consolidated subsidiaries have adopted the defined contribution plan.

Certain consolidated subsidiaries, which have adopted the defined benefit plan, apply the simplified method that assumes the amount required for voluntary resignation at the fiscal year-end to be retirement benefit obligation in determining defined benefit liability and retirement benefit expenses.

(b) Defined benefit plan applying the simplified method

(1) Movement in retirement benefit liability for plans applying the simplified method

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Balance at beginning of the year	¥615	¥638	\$4,111
Increase due to newly consolidated subsidiaries	—	—	
Retirement benefit expenses	50	63	334
Retirement benefit paid	(58)	(96)	(387)
Foreign currency translation adjustment	14	8	93
Balance at end of the year	¥621	¥615	\$4,151

(2) Retirement benefit expenses

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Retirement benefit expenses calculated using the simplified method	¥50	¥63	\$334

(c) Defined contribution plan

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Contributions paid to the defined contribution plan	¥59	¥62	\$394
Total	¥59	¥62	\$394

8. ASSET RETIREMENT OBLIGATIONS

The Company recognizes asset retirement obligations primarily related to future restoration obligation under real estate leases for buildings such as offices.

The Company calculates its asset retirement obligations by assuming the occupancy period of 10 to 15 years and applying discount rates ranging from 0.2% to 0.8%.

Changes in asset retirement obligations, included in “Other” under non-current liabilities, are as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Balance at beginning of the year	¥113	¥101	\$755
Increase due to acquisition of property, plant and equipment	7	11	46
Adjustments due to the passage of time	0	0	0
Decrease due to performance of asset retirement obligations	—	—	—
Balance at end of the year	¥121	¥113	\$808

9. INCOME TAXES

Significant components of deferred tax assets and liabilities are as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Deferred tax assets:			
Accrued enterprise tax	¥3	¥43	\$20
Provision for bonuses	13	13	86
Contract liabilities	15	64	100
Refund liabilities	55	48	367
Excess depreciation	231	272	1,544
Goodwill for tax purposes	62	60	414
Loss on valuation of investment securities and investments in associates	484	916	3,235
Asset retirement obligations	39	35	260
Retirement benefit liability	204	202	1,363
Tax loss carryforwards	869	826	5,809
Other	70	81	467
Subtotal	2,051	2,566	13,711
Valuation allowance	(1,508)	(1,794)	(10,081)
Total deferred tax assets	¥542	¥771	\$3,623
Deferred tax liabilities:			
Intangible assets identified through business combinations	¥(249)	¥(244)	\$(1,664)
Cost capitalized corresponding to asset retirement obligations	(22)	(23)	(147)
Valuation difference on available-for-sale securities	(40)	(69)	(267)
Other	(0)	(59)	(0)
Total deferred tax liabilities	¥(312)	¥(397)	\$(2,085)
Net deferred tax assets	¥229	¥374	\$1,530

(a) Reconciliation between the statutory tax rate and the effective tax rate

	2025	2024
Statutory tax rate	30.6%	30.6%
Adjustments:		
Permanent differences such as entertainment expenses	1.7	4.1
Inhabitants’ tax	0.4	1.6
Items deductible for tax purposes	(0.9)	(4.3)
Amortization of goodwill	15.0	80.8
Share of (gain) loss of entities accounted for using equity method	0.3	2.0
Gain on change in equity	—	(7.7)
Consolidation adjustment for gain or loss on sale of shares of subsidiaries	(10.6)	3.3
Change in valuation allowance	(9.0)	78.3
Other	(0.3)	(0.9)
Effective tax rate	27.2%	187.8%

(b) Changes to the corporate tax rate, etc. after the reporting date

As the Law for Partial Amendment of the Income Tax Act (Law No. 13, 2025) was passed by the Diet on March 31, 2025, the Special Defense Corporation Tax will be applied as of the consolidated fiscal year beginning on April 1, 2026.

As a result, the effective statutory tax rate will change from 30.6% to 31.5% for deferred tax assets and deferred tax liabilities related to temporary differences, etc., which are expected to be resolved as of the consolidated fiscal year beginning on March 1, 2027.

If the amended effective statutory tax rate is applied at the end of the current consolidated fiscal year, the amount of deferred tax assets (minus the amount of deferred tax liabilities) will increase by 1 million yen, while corporate tax adjustments will decrease by 2 million yen, and the valuation difference of other securities will decrease by 1 million yen.

10. NET ASSETS

Under the Companies Act of Japan (the “Act”), the entire amount paid for new shares is required to be designated as share capital. However, a company may, by resolution of the Board of Directors, designate an amount not exceeding one-half of the price of the new shares as additional paid-in capital, which is included in capital surplus. The legal earnings reserve is included in retained earnings in the accompanying consolidated balance sheets.

The Act provides that an amount equal to at least 10% of the amount to be disbursed as distributions of capital surplus (other than additional paid-in capital) and retained earnings (other than legal earnings reserve) be transferred to additional paid-in capital and the legal earnings reserve, respectively, until the total of additional paid-in capital and the legal earnings reserve equals 25% of the share capital account.

Such distributions can be made at any time by resolution of the General Meeting of Shareholders, or by resolution of the Board of Directors if certain conditions are met.

Under the Act, additional paid-in capital and the legal earnings reserve may not be distributed as dividends; the Act allows all additional paid-in capital and all legal earnings reserve to be transferred to other capital surplus and retained earnings, respectively, which are potentially available for dividends.

The maximum amount the Company can distribute as dividends is calculated based on the unconsolidated financial statements of the Company in accordance with Japanese laws and regulations.

The following tables summarize the dividends paid for the years ended February 28, 2025 and February 29, 2024:

Resolution	Class of share	2024		Record date	Effective date
		Total amount of dividends	Dividends per share		
		(Millions of yen)	(Yen)		
Board of Directors’ meeting held on April 18, 2024	Common share	¥332	¥22.0	February 29, 2024	May 8, 2024

Dividends with a record date during the year ended February 28, 2025, but whose effective date is after February 28, 2025 are as follows:

Resolution	2025						Record date	Effective date
	Class of share	Total amount of dividends		Dividends per share				
		(Millions of yen)	(Thousands of U.S. dollars)	(Yen)	(U.S. dollars)			
Board of Directors’ meeting held on April 24, 2025	Common share	¥546	\$3,650	¥36.00	\$0.24	February 28, 2025	May 13, 2025	

Note: The dividend per share as determined at the Board of Directors meeting on April 24, 2025 includes a dividend of 8 yen to commemorate the 30th anniversary of the Company’s founding.

As of February 28, 2025 and February 29, 2024, the number of the Company’s authorized shares is 44,329,600 shares. The following table summarizes the number of shares of common shares, issued and outstanding, and treasury shares:

	Number of shares	
	2025	2024
Common shares, issued and outstanding:		
At beginning of the year	15,130,911	15,437,820
Increase due to issuance of new shares in connection with granting shares with certain transfer restrictions	42,061	33,309
Decrease due to cancellation of treasury shares	—	(340,218)
At end of the year	15,172,972	15,130,911
Treasury shares:		
At beginning of the year	19,254	18,118
Increase due to acquisition of shares based on the resolution of the Board of Directors’ meeting held on April 13, 2023	—	340,000
Expiration of shares with certain transfer restrictions	2,451	1,313
Increase due to acquisition of odd-lot shares	—	41
Decrease due to cancellation of treasury shares	—	(340,218)
At end of the year	21,705	19,254
At end of the year	19,254	18,118

11. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Major items of selling, general and administrative expenses are as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Salaries and wages	¥3,581	¥3,556	\$23,940
Bonuses and provision for bonuses	128	150	855
Retirement benefit expenses	108	113	722
Commissions	1,162	1,334	7,768
Amortization of goodwill	657	702	4,392

12. RESEARCH AND DEVELOPMENT EXPENSES INCLUDED IN ADMINISTRATIVE EXPENSES

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Research and development expenses included in administrative expenses	¥24	¥51	\$160

13. IMPAIRMENT LOSS

For the year ended February 28, 2025, the Company recognized an impairment loss as follows:

Company	Location	Use of assets	Type	Millions of yen	Thousands of U.S. dollars
NIHONBUNGEISHA Co., Ltd.	Chiyoda-ku, Tokyo	Business assets	Goodwill	¥247	\$1,651
ARTRA ENTERTAINMENT Inc.	Chiyoda-ku, Tokyo	Business assets	Goodwill Tangible fixed asset	235	1,571

An impairment loss was recognized with regard to the goodwill of NIHONBUNGEISHA Co., Ltd., as a discrepancy was observed between the company’s business plan at the time of acquisition and its actual results after acquisition.

An impairment loss was recognized with regard to the goodwill and tangible fixed assets of ARTRA ENTERTAINMENT Inc., as based on the results of evaluating the company’s performance trends and future business plan, it was determined that it would be difficult to recover.

The Group classifies its holding assets primarily based on the grouping used for managerial accounting purposes.

The Company measures the recoverable amount at the value in use.

For ARTRA ENTERTAINMENT Inc., the recoverable amount of the goodwill and tangible fixed assets was evaluated to be zero since the value measured based on the future cash flows over the remaining economic useful life was negative.

The value in use of NIHONBUNGEISHA Co., Ltd.’s goodwill was measured by discounting the future cash flows at the rate of 11%.

For the year ended February 29, 2024, the Company recognized an impairment loss as follows:

Company	Location	Use of assets	Type	Millions of yen
MEDIA DO Co., Ltd.	Chiyoda-ku, Tokyo	Business assets	Software, other intangible assets	¥564
Supadü Limited	UK	Business assets	Goodwill	438
NIHONBUNGEISHA Co., Ltd.	Chiyoda-ku, Tokyo	Business assets	Software	13

An impairment loss was recognized for software and other intangible fixed assets of MEDIA DO Co., Ltd. during the process of reviewing the Company’s business plans based on results in the vertical scroll comics business, etc.

An impairment loss was recognized for Supadü Limited’s goodwill because the Company found that there was a gap between Supadü Limited’s business plan at the time of acquisition and its actual results after acquisition.

An impairment loss was recognized for software of NIHONBUNGEISHA Co., Ltd. as, following a review of business strategy, it is no longer expected to be used in the future.

The Group classifies its holding assets primarily based on the grouping used for managerial accounting purposes.

The Company measures the recoverable amount at the value in use. As for MEDIA DO Co., Ltd., the recoverable amount of the software and other intangible fixed assets was evaluated to be zero since the value measured based on the future cash flows over the remaining economic useful life was negative. In addition, the recoverable amount of the software of NIHONBUNGEISHA Co., Ltd. was evaluated to be zero since the value measured based on the future cash flows was zero.

The value in use of Supadü Limited’s goodwill was measured by discounting the future cash flows at the rate of 15%.

14. OTHER COMPREHENSIVE INCOME

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Valuation difference on available-for-sale securities:			
Amounts incurred for the year	¥(59)	¥112	\$(394)
Reclassification adjustments	(35)	(12)	(233)
Before tax effect adjustments	(94)	100	(628)
Tax effect	29	(23)	193
Valuation difference on available-for-sale securities	(65)	76	(434)
Foreign currency translation adjustment:			
Amounts incurred for the year	259	128	1,731
Share of other comprehensive income of entities accounted for using equity method:			
Amounts incurred for the year	(2)	0	(13)
Other comprehensive income, total	¥191	¥204	\$1,276

15. CASH FLOW STATEMENTS

Reconciliations of cash and cash equivalents in the consolidated statements of cash flows to accounts and amounts in the accompanying consolidated balance sheets as of February 28, 2025 and February 29, 2024 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Cash and deposits	¥13,591	¥11,004	\$90,861
Time deposits with maturity in excess of three months	—	—	—
Cash and cash equivalents	¥13,591	¥11,004	\$90,861

For the year ended February 28, 2025, due to the sale of shares, EVERYSTAR Co., Ltd. ceased to be a consolidated subsidiary. The following summarizes the breakdown of assets and liabilities at the time of sale and the amount proceeded from the sale is as follows:

	Millions of yen	Thousands of U.S. dollars
	2025	2025
EVERYSTAR Co., Ltd.		
Current assets	¥233	\$1,557
Non-current assets	633	4,231
Current liabilities	(76)	(508)
Non-current liabilities	—	—
Non-controlling interests	—	—
Liability adjustment associated with consolidation adjustments	10	66
Gain on sale of shares	21	140
Sale price of shares	820	5,482
Balance of cash and cash equivalents	(136)	(909)
Difference: Amount proceeded from the sale	¥683	\$4,566

For the year ended February 29, 2024, due to the sale of shares, J-Comic Terrace Corporation ceased to be a consolidated subsidiary. The following summarizes the breakdown of assets and liabilities at the time of sale and the amount paid for the sale is as follows:

	Millions of yen
	2024
J-Comic Terrace Corporation	
Current assets	¥71
Non-current assets	0
Current liabilities	(6)
Non-current liabilities	—
Non-controlling interests	(13)
Loss on sale of shares	(6)
Sale price of shares	45
Balance of cash and cash equivalents	(62)
Difference: Amount paid for the sale	¥(17)

16. REVENUE RECOGNITION

(a) Information on disaggregated revenue from contracts with customers

For the year ended February 28, 2025

	Millions of yen				
	2025				
	Reportable segments			Adjustments	Total
	eBook distribution	Strategic investment	Total		
eBook distribution business	¥ 92,653	¥—	¥ 92,653	¥—	¥ 92,653
Books and magazines publishing	—	2,020	2,020	—	2,020
Web service operations	1,113	2,549	3,662	—	3,662
Publishing solution business	—	2,787	2,787	—	2,787
Other	—	339	339	450	789
Revenue from contracts with customers	¥ 93,767	¥ 7,697	¥ 101,464	¥ 450	¥ 101,914
Other revenue	¥—	¥—	¥—	¥—	¥—
Net sales to outside customers	¥ 93,767	¥ 7,697	¥ 101,464	¥ 450	¥ 101,914

(Note) “Adjustments” include ticket revenue from business segments not included in reportable segments.

	Thousands of U.S. dollars				
	2025				
	Reportable segments			Adjustments	Total
	eBook distribution	Strategic investment	Total		
eBook distribution business	\$ 619,421	\$—	\$ 619,421	\$—	\$ 619,421
Books and magazines publishing	—	13,504	13,504	—	13,504
Web service operations	7,440	17,041	24,481	—	24,481
Publishing solution business	—	18,632	18,632	—	18,632
Other	—	2,266	2,266	3,008	5,274
Revenue from contracts with customers	\$ 626,868	\$51,457	\$678,325	\$ 3,008	\$ 681,334
Other revenue	\$—	\$—	\$—	\$—	\$—
Net sales to outside customers	\$ 626,868	\$51,457	\$678,325	\$ 3,008	\$ 681,334

For the year ended February 29, 2024

	Millions of yen				
	2024				
	Reportable segments			Adjustments	Total
	eBook distribution	Strategic investment	Total		
eBook distribution business	¥85,103	¥—	¥85,103	¥—	¥85,103
Books and magazines publishing	—	2,247	2,247	—	2,247
Web service operations	1,298	2,311	3,610	—	3,610
Publishing solution business	—	2,453	2,453	—	2,453
Other	—	423	423	198	621
Revenue from contracts with customers	¥ 86,402	¥ 7,435	¥93,838	¥ 198	¥94,036
Other revenue	¥—	¥—	¥—	¥—	¥—
Net sales to outside customers	¥ 86,402	¥ 7,435	¥93,838	¥ 198	¥94,036

(Note) “Adjustments” include ticket revenue from business segments not included in reportable segments.

(b) Information on the basis of understanding revenue from contracts with customers

(1) eBook distribution business

The Company sells eBook content to eBook retailers. When selling eBook content, the Company grants distribution licenses based on contracts and recognizes revenue based on actual distribution performance at the eBook retailers that are its customers. In the consideration of transactions, payments are always due in a short period of time so important financial elements are not included in the contract.

(2) Books and magazines publishing

The consolidated subsidiaries sell publications including paper books and magazines. Since most sales of publications are subject to contractual terms that allow for returns (right of return) and the associated refunds are considered as variable consideration, revenue is recognized by deducting the estimated amount of refunds based on historical experience from the total consideration, and refund liabilities are accounted for. In the consideration of transactions, payments are always due in a short period of time so important financial elements are not included in the contract.

(3) Web service operations

The Company and its consolidated subsidiaries distribute various types of content on the web. For those services operated on a membership fee basis, revenue is recognized over the period the services are provided since the Company and its consolidated subsidiaries are obligated to provide services based on the terms of use with the members. Furthermore, as to services for which points are sold to customers when they download or view various types of content, revenue is recognized based on the actual use or expiration of such points. Consideration for the transaction is received before the performance obligation is satisfied. Even in cases where it is received after the satisfaction of the performance obligation, payments are always due in a short period of time so important financial elements are not included in the contract.

(4) Publishing solution business

The Company and its consolidated subsidiaries provide business support services to the publishing industry in the form of SaaS. The Company and its consolidated subsidiaries are obligated to provide these services based on usage contracts with customers; thus, revenue is recognized over the period the services are provided. Furthermore, for implementation support and customization of these services, revenue is recognized when the transfer of control is completed as a result of customer acceptance. Consideration for the transaction is received before the performance obligation is satisfied. Even in cases where it is received after the satisfaction of the performance obligation, payments are always due in a short period of time so important financial elements are not included in the contract.

(c) Information regarding relationship between fulfillment of performance obligations in accordance with contracts with customers and cash flows arising from the contracts, as well as amounts and timing of revenue expected to be recognized in the following fiscal year onward from contracts with customers existing at the end of the current fiscal year

(1) Balance of contract assets and contract liabilities

For the year ended February 28, 2025

	Millions of yen		Thousands of U.S. dollars	
	2025		2025	
	Balance at beginning of the year	Balance at end of the year	Balance at beginning of the year	Balance at end of the year
Receivables arising from contracts with customers (Note)	¥23,294	¥24,033	\$155,729	\$160,669
Contract liabilities	491	494	3,282	3,302

Note: The ending balance of ¥24,033 million (\$160,669 thousand) consists of ¥14 million (\$93 thousand) of notes receivable–trade and ¥24,018 million (\$160,569 thousand) of accounts receivable–trade as of February 28, 2025.

Contract liabilities consist of advances received from customers based on contractual terms for services to be provided over a period of time and the unused balance of points sold to customers, both of which are reversed when revenue is recognized. As of February 28, 2025, the balance of contract liabilities is included in “Other” under current liabilities.

The balance of contract liabilities as of March 1, 2024 was all recognized as revenue for the year ended February 28, 2025.

For the year ended February 29, 2024

	Millions of yen	
	2024	
	Balance at beginning of the year	Balance at end of the year
Receivables arising from contracts with customers (Note)	¥21,706	¥23,294
Contract liabilities	328	491

Note: The ending balance of ¥23,294 million consists of ¥22 million of notes receivable–trade and ¥23,271 million of accounts receivable–trade as of February 29, 2024.

Contract liabilities consist of advances received from customers based on contractual terms for services to be provided over a period of time and the unused balance of points sold to customers, both of which are reversed when revenue is recognized. As of February 29, 2024, the balance of contract liabilities is included in “Other” under current liabilities.

The balance of contract liabilities as of March 1, 2023 was all recognized as revenue for the year ended February 29, 2024.

(2) Transaction price allocated to remaining performance obligations

The disclosure is omitted since the Company and its consolidated subsidiaries have not identified any transaction with an initial expected contract period exceeding one year.

17. SEGMENT INFORMATION

(Segment information)

(a) Overview of reportable segments

The Group defines its reportable segments as a component of the Group for which separate financial information is available and whose operating results are regularly evaluated by the Board of Directors to make decisions about how resources are to be allocated among the Group and assess their performance.

The Group’s two reportable segments are the “eBook Distribution Business,” which serves as an intermediary providing eBook content to eBook retailers through distribution systems and which expands eBook distribution through joint operations with alliance partners, and the “Strategic Investment Businesses,” from which the Company aims to create a second profit axis utilizing the robust network that it has cultivated in the publishing industry through its eBook distribution business.

(b) Basis of measurement about reported net sales, segment income or loss, segment assets, segment liabilities and other material items

Accounting policies of the reportable segments are substantially the same as the ones mentioned in Note 2 “Summary of Significant Accounting Policies.” Segment income (loss) is based on operating profit (loss).

(c) Information on reportable segment income or loss, segment assets, segment liabilities and other material items

For the year ended February 28, 2025

	Millions of yen				
	2025				
	Reportable segments			Adjustments	Consolidated
	eBook distribution	Strategic investment	Total		
Net sales:					
Outside customers	¥93,767	¥7,697	¥101,464	¥450	¥101,914
Intersegment	51	1,256	1,307	(1,307)	—
Total	¥93,818	¥8,953	¥102,771	¥(857)	¥101,914
Segment income (loss)	¥4,971	¥(994)	¥3,977	¥(1,502)	¥2,475
Other items:					
Amortization of goodwill	¥253	¥403	¥657	¥—	¥657
Depreciation	295	330	625	31	657

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Thousands of U.S. dollars					
	2025				
	Reportable segments			Adjustments	Consolidated
	eBook distribution	Strategic investment	Total		
Net sales:					
Outside customers	\$626,868	\$51,457	\$678,325	\$3,008	\$681,334
Intersegment	340	8,396	8,737	(8,737)	—
Total	\$627,209	\$59,854	\$687,063	\$(5,729)	\$(681,334)
Segment income (loss)	\$33,233	\$(6,645)	\$26,587	\$(10,041)	\$16,546
Other items:					
Amortization of goodwill	\$1,691	\$2,694	\$4,392	\$—	\$4,392
Depreciation	1,972	2,206	4,178	207	4,392

Notes: 1. Assets and liabilities by each reportable segment are not disclosed since the Group does not allocate its assets and liabilities to each reportable segment for management reporting purposes.
2. Adjustments to segment income (loss) mainly includes administrative expenses that do not belong to reportable segments.
3. Segment income (loss) is reconciled to operating profit in the consolidated statements of income.

For the year ended February 29, 2024

Millions of yen					
	2024				
	Reportable segments			Adjustments	Consolidated
	eBook distribution	Strategic investment	Total		
Net sales:					
Outside customers	¥86,402	¥7,435	¥93,838	¥198	¥94,036
Intersegment	46	1,178	1,224	(1,224)	—
Total	¥86,448	¥8,613	¥95,062	¥(1,025)	¥94,036
Segment income (loss)	¥4,910	¥(1,291)	¥3,619	¥(1,553)	¥2,066
Other items:					
Amortization of goodwill	¥253	¥448	¥702	¥—	¥702
Depreciation	306	291	597	28	625

Notes: 1. Assets and liabilities by each reportable segment are not disclosed since the Group does not allocate its assets and liabilities to each reportable segment for management reporting purposes.
2. Adjustments to segment income (loss) mainly includes administrative expenses that do not belong to reportable segments.
3. Segment income (loss) is reconciled to operating profit in the consolidated statements of income.

(Related information)

(a) Information on products and services

Information on products and services is omitted since applicable information is disclosed in the segment information section.

(b) Information on geographical areas

(1) Net sales

Net sales information by geographical area is omitted since sales in Japan accounted for more than 90% of consolidated net sales of the Company. Net sales are classified by company or region on the basis of the end users’ location.

(2) Property, plant and equipment

Property, plant and equipment information by geographical area is omitted since carrying value of property, plant and equipment located in Japan accounted for more than 90% of that in the consolidated balance sheets.

(c) Information on net sales by major customers

Company name	Millions of yen		Thousands of U.S. dollars	Related segment
	2025	2024	2025	
NTT Solmare Corporation	¥26,825	¥24,196	\$179,335	eBook distribution
Amazon Services International LLC	16,031	14,880	107,173	eBook distribution

Financial Section

(Information on impairment loss)

Information on impairment loss for the years ended February 28, 2025 and February 29, 2024 is as follows:

Millions of yen					
	2025				
	Reportable segments			Adjustments	Consolidated
	eBook distribution	Strategic investment	Total		
Impairment loss	¥—	¥482	¥482	¥—	¥482

Thousands of U.S. dollars					
	2025				
	Reportable segments			Adjustments	Consolidated
	eBook distribution	Strategic investment	Total		
Impairment loss	\$—	\$3,222	\$3,222	\$—	\$3,222

Millions of yen					
	2024				
	Reportable segments			Adjustments	Consolidated
	eBook distribution	Strategic investment	Total		
Impairment loss	¥—	¥1,015	¥1,015	¥—	¥1,015

(Information on amortization and unamortized balances of goodwill)

Information on amortization and unamortized balances of goodwill for the years ended February 28, 2025 and February 29, 2024 is as follows:

Millions of yen					
	2025				
	Reportable segments			Adjustments	Consolidated
	eBook distribution	Strategic investment	Total		
Amortization	¥253	¥403	¥657	¥—	¥657
Unamortized balances	3,068	1,130	4,198	—	4,198

Thousands of U.S. dollars					
	2025				
	Reportable segments			Adjustments	Consolidated
	eBook distribution	Strategic investment	Total		
Amortization	\$1,691	\$2,694	\$4,392	\$—	\$4,392
Unamortized balances	20,510	7,554	28,065	—	28,065

Millions of yen					
	2024				
	Reportable segments			Adjustments	Consolidated
	eBook distribution	Strategic investment	Total		
Amortization	¥253	¥448	¥702	¥—	¥702
Unamortized balances	3,321	2,443	5,765	—	5,765

18. PER SHARE INFORMATION

	Yen		U.S. dollars
	2025	2024	2025
Net assets per share	¥1,161.59	¥1,070.86	\$7.76
Profit (Loss) per share	90.08	(21.08)	0.60

Note: Diluted profit per share after residual share adjustment for the fiscal year under review is not stated since there is a net loss per share and there are no residual shares.

The following summarizes the basis of calculation of net assets per share.

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Total net assets	¥17,708	¥16,208	\$118,384
Amounts deducted from the amount of total net assets	108	25	722
[Of which, share acquisition rights]	[—]	[—]	[—]
[Of which, non-controlling interests]	[108]	[25]	[722]
Net assets associated with common shares	17,599	16,182	117,656
Number of shares of common shares for the calculation of net assets per share (Shares)	15,151,267	15,111,657	—

The following summarizes the basis of calculation of profit per share and diluted profit per share.

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Profit (Loss) per share:			
Profit (Loss) attributable to owners of parent	¥1,363	¥(319)	\$9,112
Amounts not attributable to common shareholders	—	—	—
Profit (Loss) attributable to common shareholders of the parent company	1,363	(319)	9,112
Weighted-average number of common shares (Shares)	15,137,989	15,146,347	—

19. SIGNIFICANT SUBSEQUENT EVENTS

Transfer of Affiliate Shares

At the Board of Directors meeting held on March 26, 2025, the Company resolved to transfer all the shares held by MyAnimeList Co., Ltd., an equity method affiliate, to Gaudiy, Inc., and concluded a share transfer agreement on the same day.

As a result, the Company expects to record extraordinary gains of 531 million yen from the sale of affiliate shares during the first quarter of the fiscal year ending February 2026.

INDEPENDENT AUDITOR’S REPORT

To the Board of Directors of MEDIA DO Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of MEDIA DO Co., Ltd. (“the Company ”) and its consolidated subsidiaries (“the Group ”), which comprise the consolidated balance sheets as at February 28, 2025 and the consolidated statements of income and comprehensive income, changes in net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at February 28, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Appropriateness of Goodwill Valuation

Description of the Key Audit Matter

As described in Note 3. (SIGNIFICANT ACCOUNTING ESTIMATES) to the consolidated financial statements, the Group reported goodwill of 4,198 million yen (Approximately 7.9% of total assets) in the consolidated balance sheets for the fiscal year ended February 28, 2025.The goodwill arose from acquisitions of its subsidiaries through M&A transactions.

The Company assesses indications of impairment based on whether there is a group of assets (including goodwill, a broader unit) whose operating profit and loss is, or expected to be, negative for consecutive periods, significant deterioration in the business environment, and so forth. Whenever indications of impairment are identified, the group of assets including goodwill is tested for recognition of impairment loss by comparing the total amount of undiscounted future cash-flow generating from the group of assets to which goodwill is allocated with the carrying amount. If the recognition of an impairment loss is necessary, the carrying amount shall be reduced to the recoverable amount, and the resulting decrease in the carrying amount is recorded as an impairment loss. Impairment loss of 411 million yen was reported as other loss in the consolidated statements of income for the consolidated fiscal year.

The future cash flow used in recognizing and measuring impairment loss was based on the business plans developed by management. Those business plans incorporate a continuous increase in sales from existing services and an increase in sales from new services, and cost reductions in the existing service as key assumptions. Since these effects are susceptible to internal and external factors such as changes in the market environment and the business environment, and changes of business strategies, the projection involves a high degree of uncertainty. Accordingly, management’s subjective judgment has a significant impact on the estimated future cash flow.

We, therefore, determined that the assessment of the appropriateness of the judgment as to whether an impairment loss should be recognized on goodwill was the most significant matter in our audit of the consolidated financial statement for this fiscal year, and accordingly, a key audit matter.

How the Matter Was Addressed in the Audit

The primary procedures we performed to assess the appropriateness of the goodwill valuation included the following:

- Obtained an understanding of the process for developing business plans at the group level, the Company’s business and operating environment as well as the significant assumptions underlying the business plan, through interviews with management and those responsible for the services.
- Examined the accuracy of the impairment determination sheet used by management, the reliability of the information and its reasonableness by interviewing, reviewing relevant materials, and recalculating.

- Assessed the accuracy of the estimates by comparing the business plan of the previous fiscal year with the actual result, while gaining an understanding of the causes for the variance, and evaluated the impact of the variance and the reasons on the rationality of the future business plan.
- Examined the reasonableness of significant assumptions used in developing the future business plan such as the continued growth in sales of existing services and so forth by conducting a trend analysis using prior actual results, a comparison with available external information, analyzing subsequent events that occurred between the date of the financial statements and the date of the auditor's report in the context of the market and the business environments,
- Assessed the reasonableness of the discount rate used by management in measuring the impairment loss.

Other Information

The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements, the financial statements, and our auditor 's reports thereon. Management is responsible for the preparation and presentation of the other information. Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group 's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Group 's financial reporting process.

Auditor 's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor 's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group 's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management 's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group 's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor 's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor 's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with corporate auditors and the board of corporate auditors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor 's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended February 28, 2025, are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Naoto Kimura

Naoto Kimura
Designated Engagement Partner
Certified Public Accountant of Japan

Kenzo Fujita

Kenzo Fujita
Designated Engagement Partner
Certified Public Accountant of Japan

Avantia GP
TOKYO, JAPAN
August 1, 2025

Corporate and Stock Information

Company Overview (as of February 28, 2025)

Company name	MEDIA DO Co., Ltd.
Founded	June 1, 1994
Established	April 1, 1996*
Capital stock	5,990 million yen
Location	Head Office: 5F and 8F, Palaceside Building, 1-1-1 Hitotsubashi, Chiyoda-ku, Tokyo 100-0003
Employees	Consolidated: 558; Non-consolidated: 272
Consolidated subsidiaries	12
Equity-method affiliates	3
Fiscal year	From March 1 to the end of February of the following year
Annual General Meeting of Shareholders	May
Trading unit	100 shares
Shareholder registry administrator	Sumitomo Mitsui Trust Bank, Limited
Number of shares issued	15,172,972 shares
Shareholders	4,359
Securities code	3678
Stock exchange listing	Tokyo Stock Exchange Prime Market

* Date of incorporation of the predecessor entity

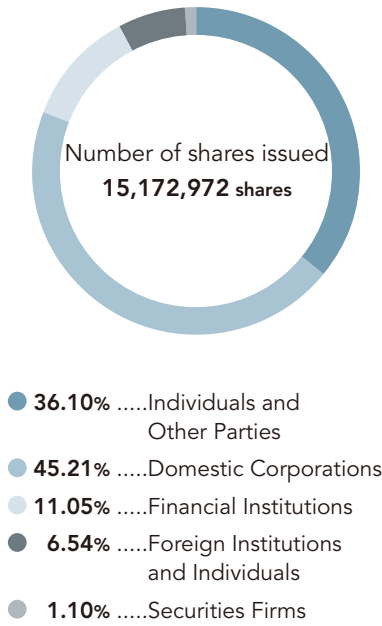


Media Do

The vertical lines in our logo represent each employee as they think, create, and take action in an independent manner. This design embodies the growth and endless potential that exist between self-reliant individuals and the people who support them. As for our corporate colors, navy from the ocean and sky blue symbolize the worldwide wisdom that MEDIA DO distributes and disseminates, while orange represents the sun, which nurtures wisdom, and the curiosity that lies within people's hearts.

Status of Major Shareholders (as of February 28, 2025)

Shareholders	Shares owned	Percentage owned (%)
Yasushi Fujita	2,486,386	16.39
FIBC Co., Ltd	1,731,700	11.42
HIKARI TSUSHIN, INC.	1,146,700	7.56
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,097,500	7.23
UH Partners 2 Inc.	949,700	6.26
SHOGAKUKAN Inc.	564,800	3.72
Kodansha Ltd.	544,000	3.59
TOHAN CORPORATION	489,649	3.23
Credit Saison Co., Ltd.	466,600	3.08
Shueisha Inc.	444,000	2.93



Share Price Trends (from March 1, 2024 through June 30, 2025)



External Ratings



FTSE Blossom Japan Index



FTSE Blossom Japan Sector Relative Index

Contact for Inquiries Related to This Report

ir@mediado.jp (Corporate Planning Department)

Official Social Media Accounts

Facebook



Owned media
"Medicome!" (Japanese Only)



Closing Remarks

"What kind of company is MEDIA DO?" "What should an Integrated Report worthy of our 30th-anniversary milestone look like?" We have continued to grapple with these questions during the roughly six-month period that we prepared this report. It would be incredibly easy to conclude with a summary of our current businesses and performance, and our progress on sustainability. However, drawing on the highs and lows condensed into these 30 years and on the thoughts and aspirations of the employees who raced through those times, perspectives one could never fully grasp through day-to-day work alone, we sought to show how the values that define who we are were nurtured and brought us to where we are today, and, on that basis, how we envision our future. We took on the challenge of crafting a narrative that transcends time.

We engaged in numerous discussions with senior management right up to going to press. We in the Corporate Planning Department prepared this report with the aim of leaving a lasting record and communicating our company's message effectively.

We would like to take this opportunity to express our sincere appreciation to our business partners, external production partners, and photographers for their tremendous support in producing this Integrated Report. We also wish to express our profound respect for the employees who have built and sustained the Company's history since its founding, as well as for all employees currently working across the Group. We would be delighted if readers feel that this Integrated Report is distinctive in its own way and that even a fraction of our passion comes through.

As we move into the new year, we will maintain our challenger mindset and continue to grow as we aim to publish an Integrated Report that surpasses this one.



Corporate Planning Department

Takashi Kuramoto Nana Hara Natsuka Miyagi Kazuya Osaka