

FY2022 2Q

MEDIA DO Co., Ltd.

As of August 31, 2022 Financial Results Briefing

More Content for More People!



Media Do

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1 Consolidated Performance Highlights

2 Business Strategy

- (1) eBook distribution business
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- (3) Others

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Corporate Philosophy

The background image shows a bright, modern library or study area. On the right, there are tall wooden bookshelves filled with books. In the center and foreground, there is a large indoor garden with various green plants and trees. To the left, there are long wooden tables and chairs, suggesting a reading or study area. The overall atmosphere is clean, bright, and conducive to learning.

MISSION

Unleashing a virtuous cycle
of literary creation

VISION

More Content for More People !

Head office renovating, and relocation of the Group companies were completed

Reopening reception was held on October 13, 2022

More than 300 guests from the publishing and other stakeholders attended the event.

Concept of renovation

Creation & Energy



Executive Summary

1. Earnings highlights

FY2022 1H

Net sales **¥54.2bn** (Progress ratio of **54.2%**)

EBITDA **¥2,080mn** (Progress ratio of **58.0%**)

2. Outlook

Market environment

- Despite changes in trends, such as the end of stay-at-home consumption and increased opportunities for physical experiences including going out, growth in the eBook market remains at cruising speed

Outlook for full-year results

- Steady performance looks likely to result in initial forecasts being achieved

3. eBook distribution business

Impact of LINE Manga

- In 2Q some back-end operations, including those for certain major publishers, were transferred
- Compared to initial forecasts, delays have occurred in parts of the transfer, but there will be no impact on full-year forecasts

Manga Saison

- Credit Saison has become 9th largest shareholder of MEDIA DO*
- Addition of site functions, significant expansion in range of eligible tickets, execution of campaign

* As of August 31, 2022

4. Strategic investment businesses

Fan marketing business

- NFT market has temporarily overheated due to digital art and other assets for the purpose of speculative trading
- There are high expectations for new services using NFT technology

Publishing solution business

- Established YUZU comics, a label exclusively for vertically scrolling comics (VSC)
- Invested in South Korean production studio StoryScoop

A blue-tinted background image showing a close-up of two business professionals in suits. One person is holding a tablet or document, and the other is pointing at it. The scene is set in an office environment with a window visible in the background.

1. Consolidated Performance Highlights

Net sales grew strongly driven by eBook distribution business

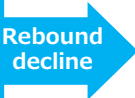
Profit on declining trend due to strategic investments

Net sales:

Including rebound decline from temporary impact of major campaigns of previous year (over ¥6.0bn)

Profit attributable to owners of parent:

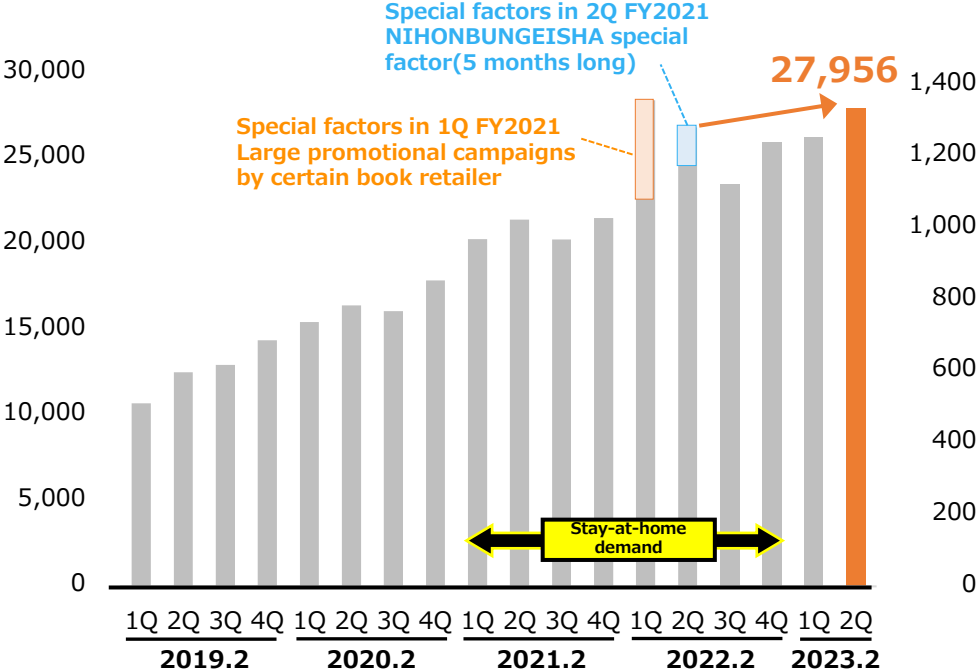
Profit fell due to rebound decline from previous year sales + execution of investments for growth

	FY2021 1H	FY2022 1H	YoY
Net sales	Result: ¥55.2bn Actual value: ¥49.2bn	Temporary increase in sales caused by large promotional campaigns at certain book retailers  ¥54.2bn	Result: -1.8% (-¥1.0bn) Actual value: +10.1% (+¥5.0bn)
Operating profit	¥1,680mn	¥1,330mn	-20.9% (-¥350mn)
EBITDA	¥2,220mn	¥2,080mn	-6.3% (-¥140mn)
Profit attributable to owners of parent	¥830mn	¥620mn	-24.8% (-¥210mn)

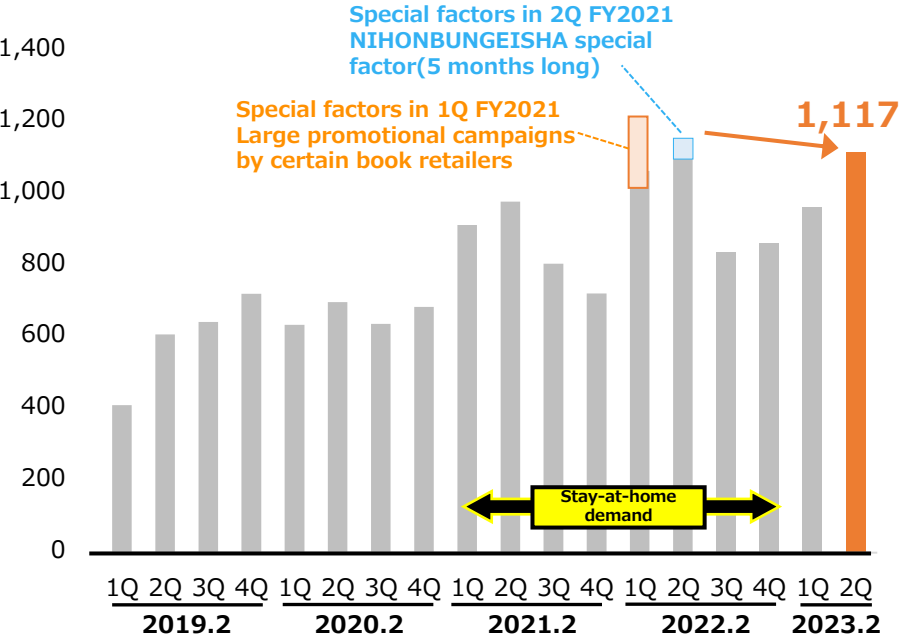
Consolidated net sales in 2Q hit an all-time record

Profit fell year on year due to upfront investments in strategic investment businesses

Quarterly consolidated net sales (Millions of yen)

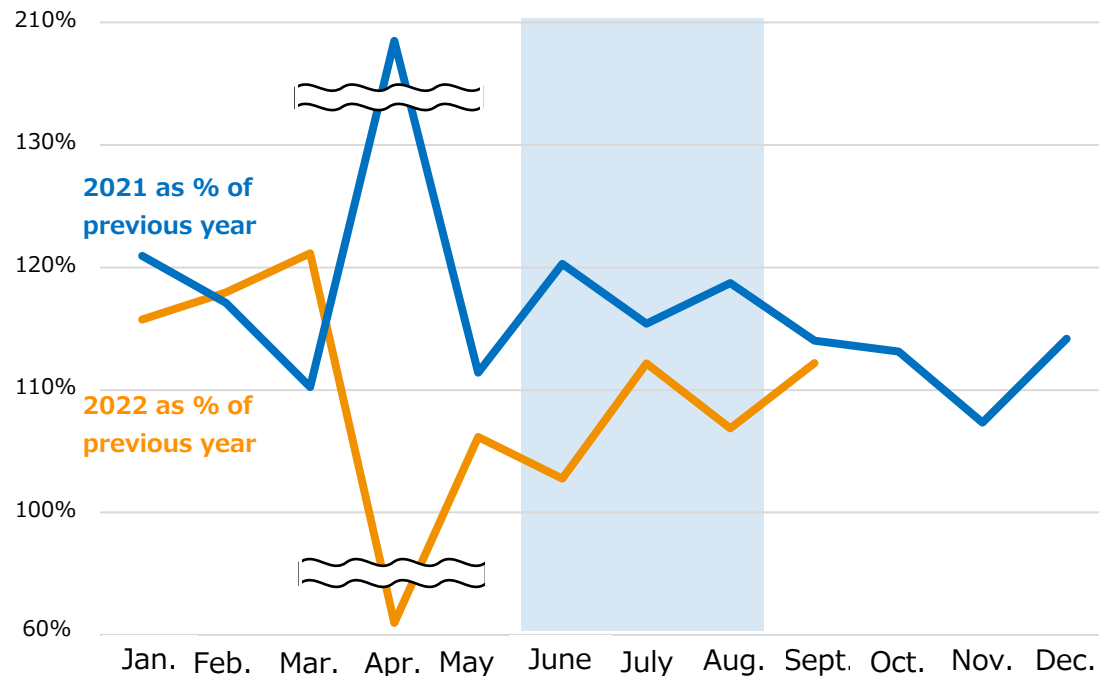


Quarterly consolidated EBITDA (Millions of yen)



Restrictions were loosened for the whole of 2Q, leading to cruising-speed growth at the same rate as that of the growth rate of the eBook market

eBook distribution business's YoY net sales growth rate



※Figures from August 2022 are calculated excluding LINE Manga's interest.

Growth at same rate as that of the entire eBook market

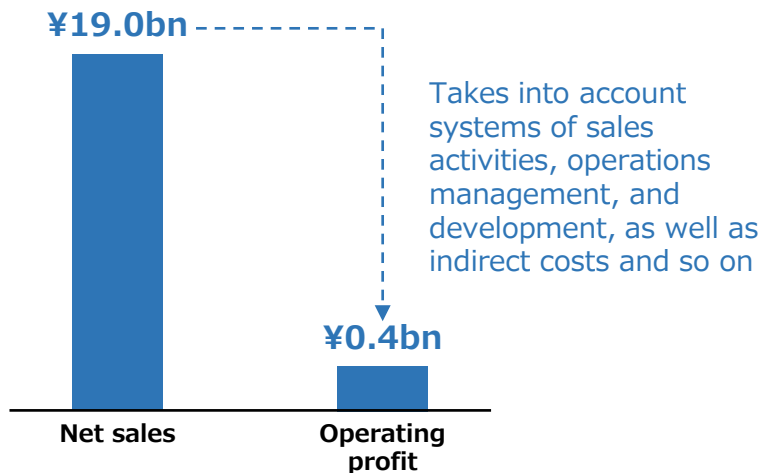
- ✓ Growth rate for 2022 1H was 109% of 2021 1H after excluding impact of major campaigns in April
- ✓ This shows the same rate of growth of **110%*** that is forecast for the eBook market as a whole in FY2022 compared to FY2021

* Impress Research Institute's eBook Marketing Report 2022 on Japanese market

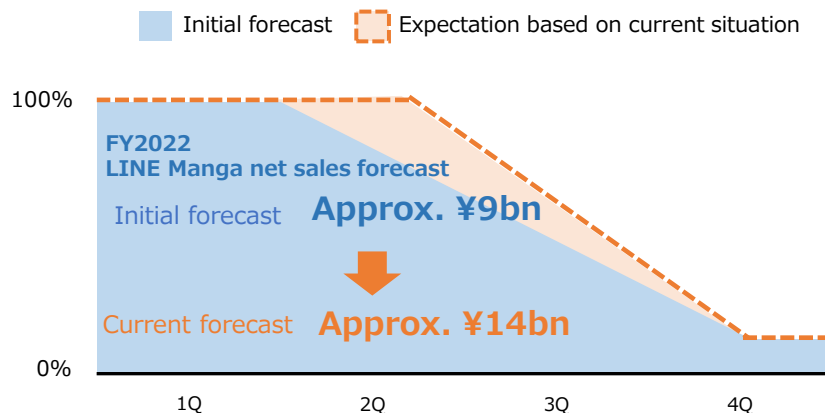
Some delays in transfer of LINE Manga back-end operations, but no impact on full-year forecasts

In 2Q **some back-end operations, including those for major publishers, were transferred**
 Transfer in 3Q and beyond has already incorporated into earnings forecasts, but there are currently some delays

Repost FY2021 LINE Manga*¹ impact on performance



Repost Impact on FY2022 earnings (net sales to LINE Manga*²)

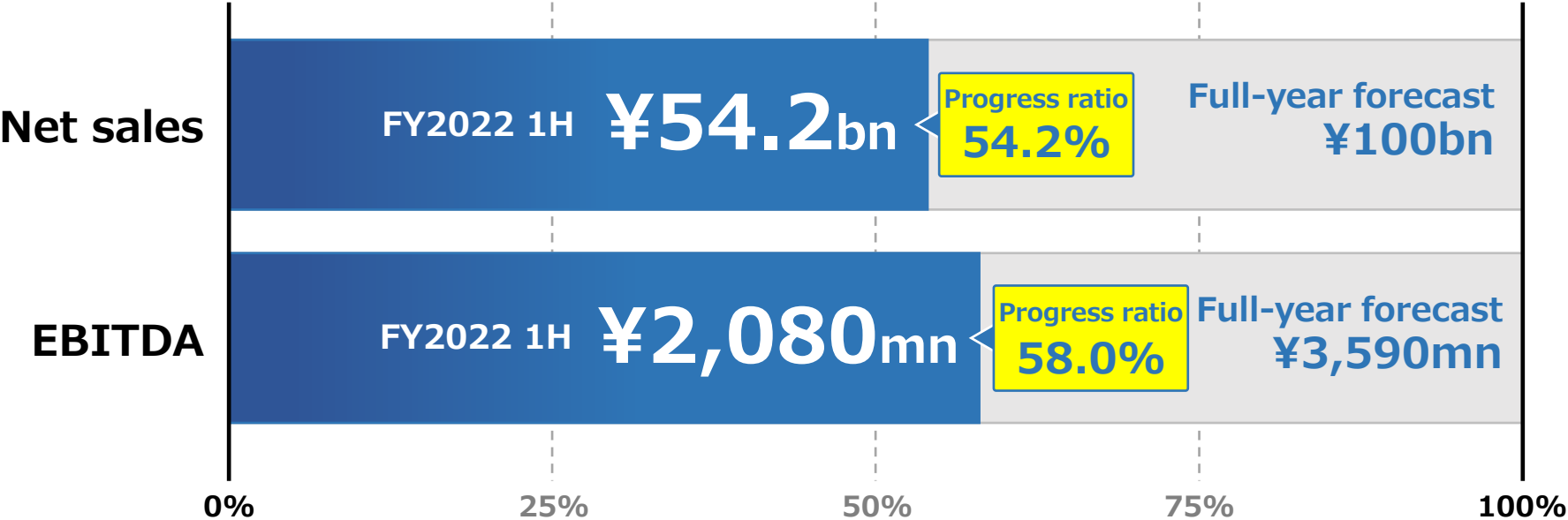


If the change of schedule and other events that would have an impact on consolidated earnings and should be disclosed occur, we will provide prompt notice of the same

*1 Figures given are for net sales to LINE Digital Frontier Corporation, which operates LINE Manga.
 *2 The graph is an illustration only, and does not specifically indicate historical figures or numerical targets for the forecast period.
 (Note) For details, please refer to "Notice regarding status of transactions with main business partner, and earnings forecasts for current fiscal year" released on April 14, 2022

Progress against full-year forecasts was over 50% for both net sales and EBITDA

Comparison of consolidated 1H results to full year forecast





2. Business Strategy

Business Strategy

**Strategic
investment
businesses**

Imprint business

Publishing solutions
business

Global business

Fan marketing business

**eBook
distribution
business**

Core businesses of the Group, which generate the “trust” that enables us to distribute licensed content and the “position” that is our greatest strength

2. Business Strategy

eBook distribution business

Credit Saison completes acquisition of 2.8% of MEDIA DO's shares

Updates to various Manga Saison service functions

Becomes 9th largest shareholder of MEDIA DO as a result of capital and operational alliance As of August 31, 2022

Through open-market purchases Credit Saison acquired 466,600 shares (approx. 2.8%) between July 11 and August 18, 2022



List of augmented services

1. Addition of in-app cart functions (app updated on August 8, 2022)
2. Execution of "100% of purchase price returned in points" campaign*1
3. Email distribution to 19.8 million people (eligible cardholders)
4. Significant expansion in range of eligible tickets*2

*1: Implemented during "silver week"(September 22-25)


*2: All "Saison" brand cards and credit cards issued by Credit Saison eligible (excluding some corporate cards and house cards; as of September 2, 2022)

Scheduled to begin linking with Eikyufumetsu points at the end of October 2022

Improvement in convenience and loyalty will make it an effective option for point usage. We will further promote the acquisition and use of members.

(1) Time of launch* ----->

(2) Scheduled for linking end of October 2022



MANGA SAISON member

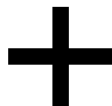
- (1) Monthly subscription (550 yen/month)
- (2) Pay per use (additional purchases)

+50% returned

A. Existing ComiNavi members

B. Total of approx. 36 million existing Saison card holders
Currently approx. 20 million eligible holders


C. New members through issuance of digital cards



* Currently under development, Actual product may vary.

The Eikyufumetsu points

to begin linking is a potential asset.



Point balance
¥120bn

*July 11, 2022

2. Business Strategy

Strategic investment businesses

Strategic investment businesses

1 Fan Marketing Business

2 Publishing Solution Business

3 Other

Accelerate initiatives for DX and for revitalizing the publishing industry, focused on printed publications with NFT Digital Bonus

TOHAN

Date of foundation 19 September 1949



Nationwide: 17locations*/ 6logistics facilities

Sales network and logistics facilities to handle enormous volumes nationwide



Number of new publications annually:

Approx. 70,000

Approx. 230 new products published daily



Number of handle of books per day:

Approx. 5million

The industry is characterized by high-mix, low-volume production

Distribution

Book retailers supplied by TOHAN

Nearly 5,000



Paper book purchases

User



Acquire benefits

Media Do is the largest shareholder of Tohan, through a capital and operational alliance on March 2021.



Media Do

Can distribute "the true value" through physical items (books)
Deliver reliable NFT to users and raise awareness



FanTop



Paper book publishing market:
Approx. ¥1,208.0 billion

Approximately 2.5 times the growing eBook market

Entered a spiraling up phase with best practices involving a variety of players

Impact of Publications with NFT digital benefit

	FY2021 Results*2	FY2022 Results*3
Unit price ratio	Approx. 21% UP →	Approx. 34% UP
Sellthrough ratio*1	Approx. 17% UP →	Approx. 44% UP

- *1 Calculated over a period of 30 days from the date of first publication (not including reprints).
- *2 Average for publications with NFT digital benefits implemented from Oct. 2021 to Dec. 2021.
- *3 Average for publications with NFT digital benefits implemented from Jan. 2022 to the present.

Number of NFTs* planned: 109

* Total of publications with digital benefits and NFT primary sales projects

Co-creation with content IP holders: 51



FanTop

The marketplace operated by MEDIA DO



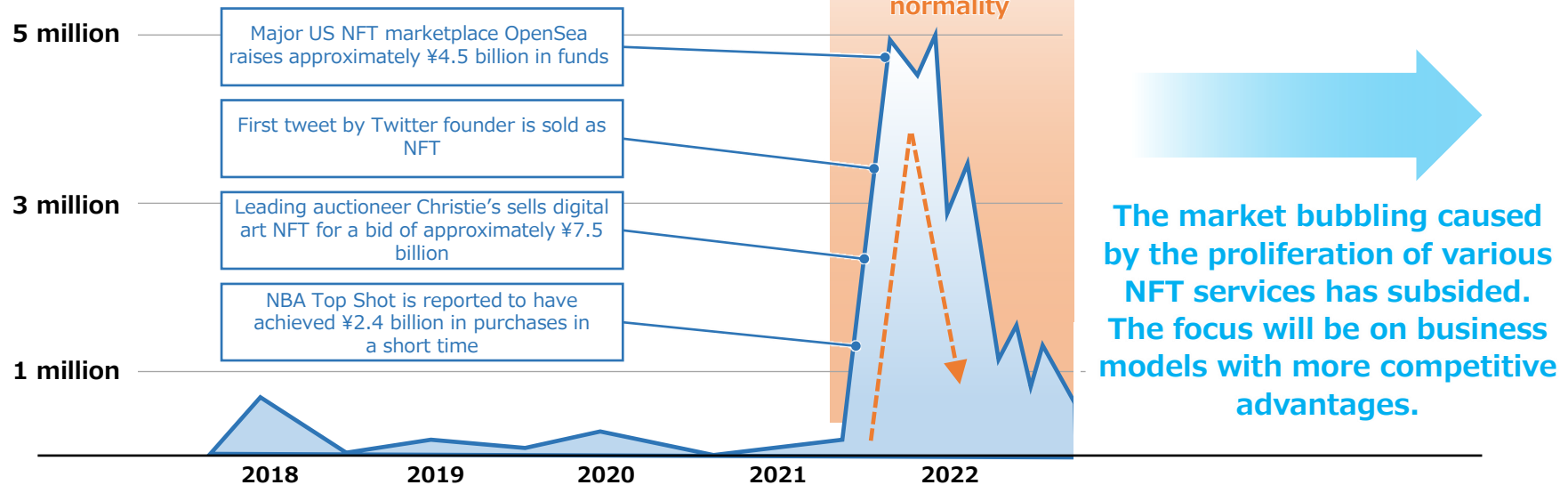
*1 Listed in alphabetical order of publishers from the upper left.
 *2 If the publishers are the same, the works are listed in alphabetical order by title.

Overly speculative phase for the NFT market is over

For a growth phase of new services backed by NFT technology

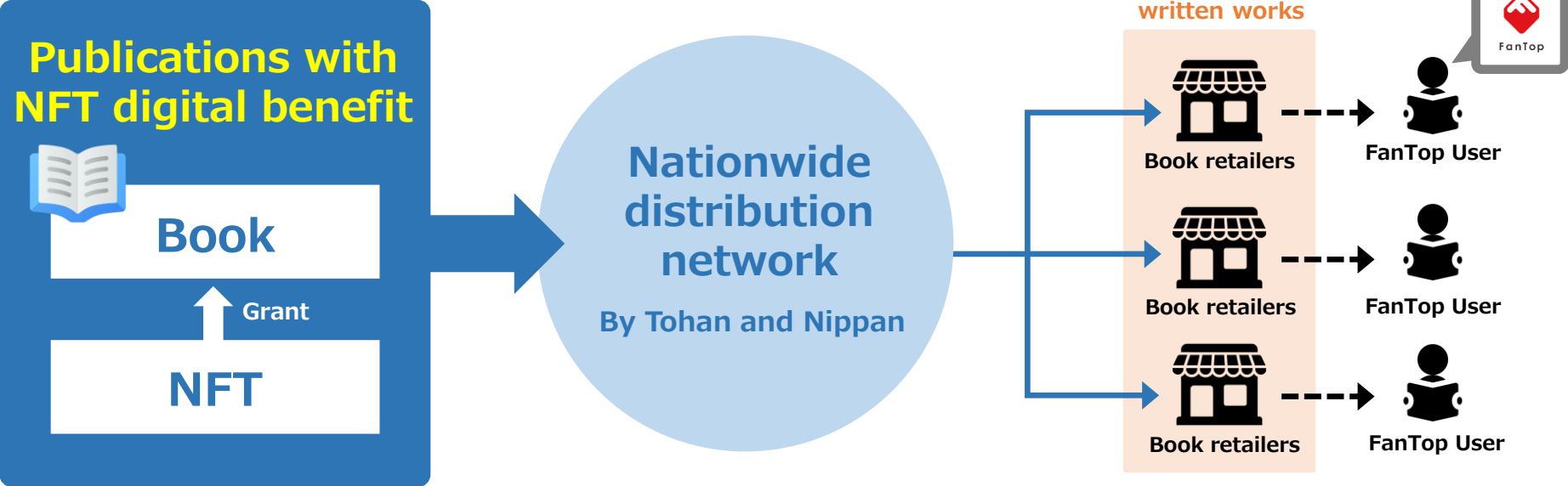
Following surge in value, market bubble caused by NFTs for speculative trading, such as digital art

Sales of NFT content in the US



Source: MARKET TRENDS in NonFungible (<https://nonfungible.com/market-tracker?days=9007199254740991>)

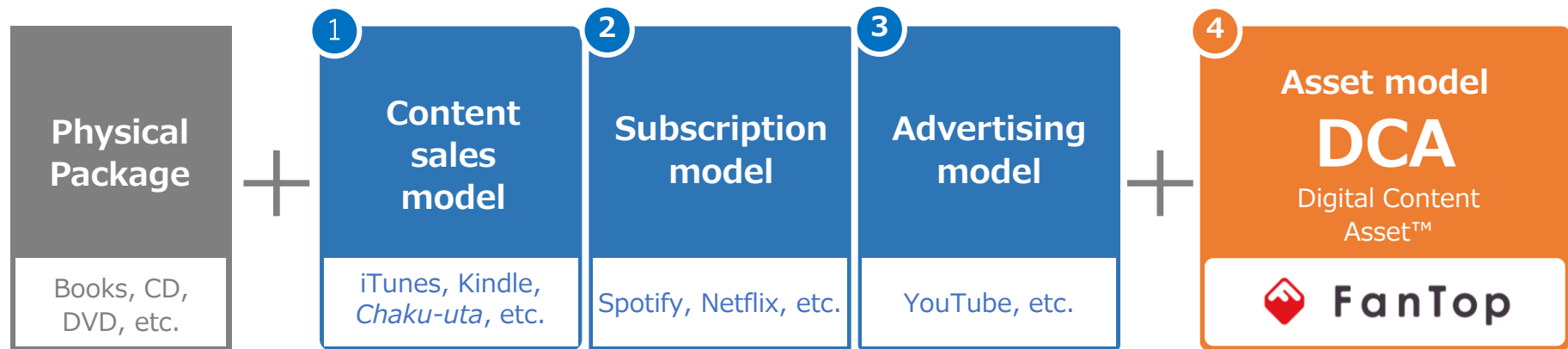
Unique mechanism makes it possible to deliver content whose "authenticity" is guaranteed to a wide range of users



➔ Convergence of **physical and NFT** will make sound development of NFT market.

MEDIA DO provides **new business model** options to IP holders

Books, Music, Videos, and other written works
≠Arts



Digital content with a concept of “units” and premiumization potential

➡ Leveraging technology to maximize content value

Using the FanTop app functionality to protect content

Achieving conversion to an asset that only the owner can view

Example



NFT Special Edition ¥1,100
(normal edition ¥748)

Published on July 29, 2022
©Shinya Murata Kazasa Sumita / HERO'S INC

Killing Bites

NFT Digital Benefit Campaign to Commemorate Publication of Volume 20

NFT Digital Benefits

Enables viewing of the
roughs for one story



- Attracting attention as the first roughs using NFT digital benefits in the industry
- Use of digital rights management (DRM) enables owner-restricted content that only the purchaser can view

➔ Requires FanTop app

Strategic investment businesses

1 Fan Marketing Business

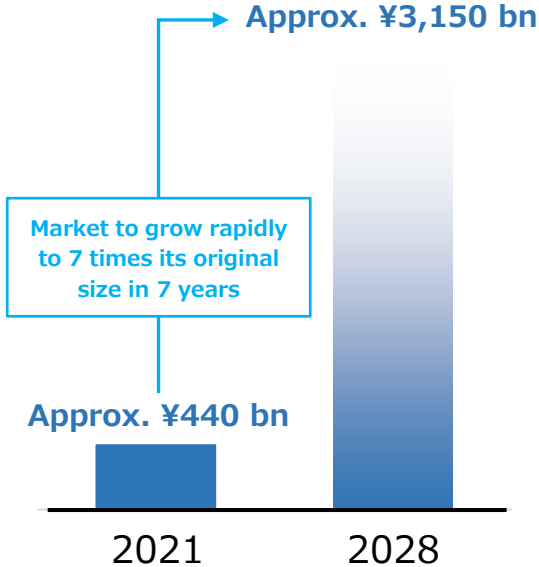
2 Publishing Solution Business

3 Other

Vertical scrolling comics, which form a different ecosystem to that of manga, are the hook to grow the market

	Markets	IP holders	Production system	Format
Manga	Mostly in Japan	Publishers	Authors and editors	Based on Paper and eBook <ul style="list-style-type: none"> • Read horizontally • Monochrome • Unit: Volume
Vertical scrolling comics	Global	Publishers Game companies Anime companies, others	Studio approach (division of labor)	Smartphone <ul style="list-style-type: none"> • Read vertically • Color • Unit: Episode

Global market size*

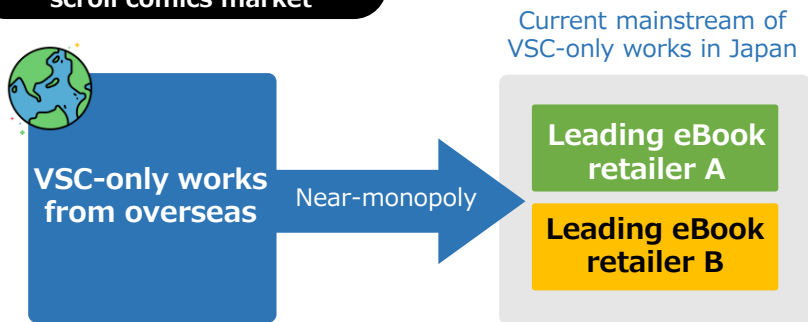


* Source: QYResearch "Global Webtoons Market Size, Status and Forecast 2022-2028." Tentative calculation based on \$1 = ¥120

VSC strategy that leverages MEDIA DO's unique know-how in its core business of wholesaling

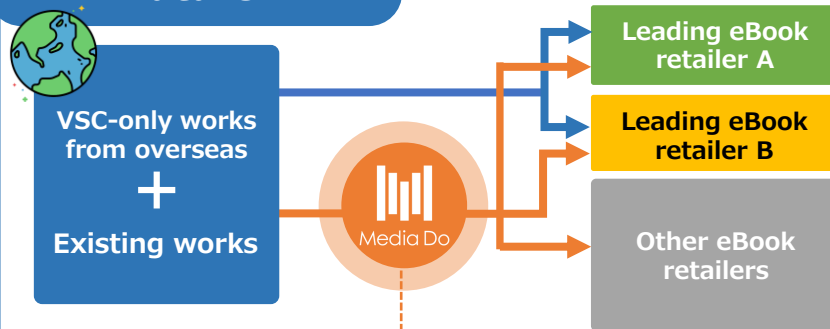
Optimized for smartphones and tablets = digitalization and conversion to vertical reading

Overview of current vertical scroll comics market



- Many VSC-only works from overseas have exclusive contracts with leading eBook retailers, resulting in the continuation of an effective oligopoly
- For this reason it is difficult for other domestic eBook retailers to import works, and almost none of them have implemented distribution systems for VSC-only works

Future



Implementation of wholesaling functions for VSC works / Preparation of VSC distribution system

Advantages for overseas creators of VSC-only works

By going through MEDIA DO, overseas VSC production companies can reach nearly all eBook retailers in Japan

Advantage for those on distribution side

Enabling the distribution of leading and popular VSC works from overseas opens the way to acquiring a new user base

➔ Further expansion of the eBook market

Established **YUZU comics**, a new label exclusively for vertical scrolling comics (VSC)



(1) Procurement and distribution of overseas VSC works

Procured two works from China in August 2022, and another in September 2022. Began advance distribution through Piccoma eBook retailer. We have already localized dozens of works in multiple languages, not only for Yuzu comics



Working with studios we have invested in to revitalize domestic and overseas distribution of VSC

(2) Discovering leading original works in Japan, distributing them as VSC

Discovering genres and world views suitable for VSC based on leading works created in Japan or on classic works of the past, as well as creating and distributing original works

Remake version of "Dororo"
(Note) Image is from the production stage.

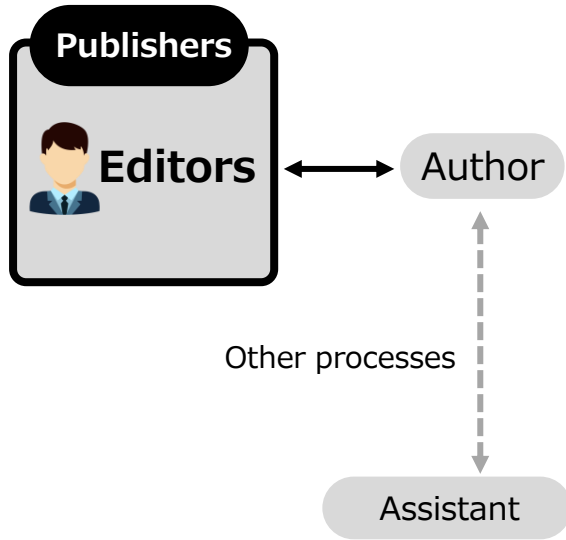


Preparing for full-fledged entry and business expansion in VSC

Boosting investments in production studios

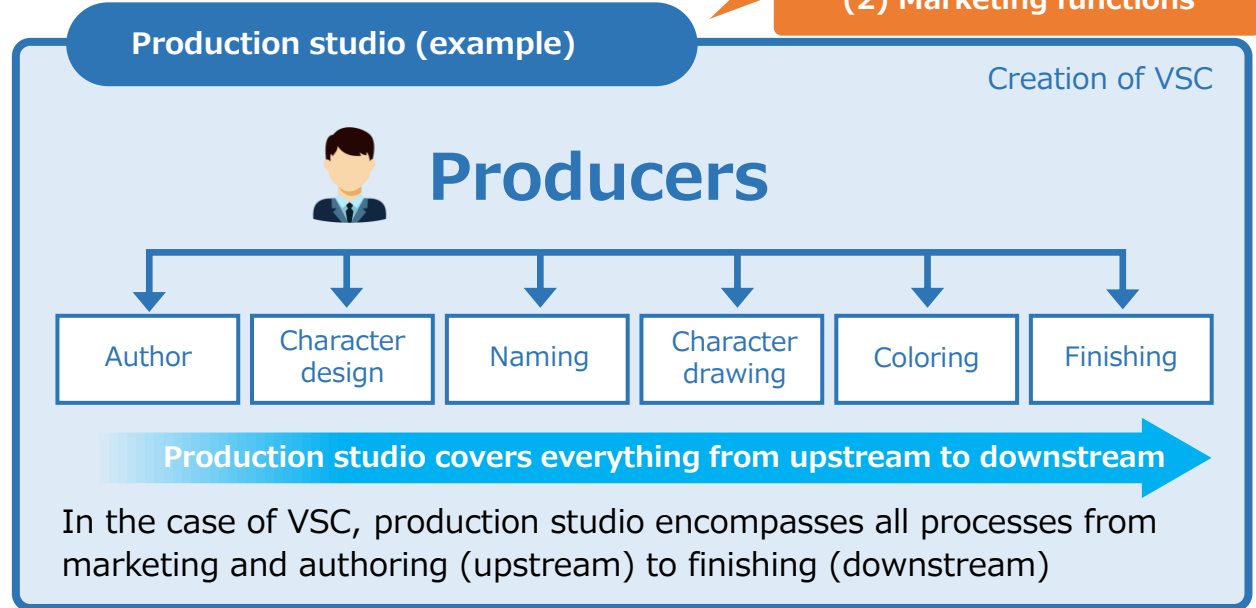
Because our structure for producing VSC incorporates multiple production systems, it enables stable supply of original works

Typical manga production structure



We invest mainly in studios with

- (1) Procurement of original works
- +
- (2) Marketing functions



Invested in South Korean production studio StorySoop

With competition intensifying due to capture of major Korean players and rapid growth in demand, in June 2022 we invested approx. ¥250 million (approx. 10%) in Korean StorySoop, with the aim of creating original works

1. Securing of production line

- ✓ Highly specialized due to complete division of labor
- ✓ Has launched web novel business, also focused on securing original works
- ✓ Production staff: 48
(21 illustrators, 7 story writers, 7 involved in planning & production, etc.)

2. Ownership of 3D graphics production studio

- ✓ Owns internally developed “downdraw” website for sales of 3D IP
- ✓ Can be expanded to metaverses and NFT products, **could also handle 3D conversion for novels and backgrounds used in VSC**



Examples of typical works



[I don't want to be Empress!]

Subscribers: 620,000 (Korean site basis)
Likes: 22.4 million (Piccoma basis)



[Diary of Witch and Dragon as Newlyweds]

Subscribers: 2.32 million people (Korean site basis)
Likes: 300,000 (Piccoma basis)

Digital “accessible libraries” for people with visual impairments Wins “good digital award” **Grand Prix** from the Digital Agency

A kinder approach to digitalization that leaves not one person behind

good digital award



写真左：藤田、写真右：河野大臣

Award ceremony(October 2, 2022)

Reason for awarding prize /Comment from Digital Day Study Committee (excerpt)

The dispatch of this highly rated initiative from **libraries, which can be said to be the centers of regional knowledge**, aims to resolve social issues through the use of digital technology, which has been given a high ranking in the expectation that it will encourage wide-ranging support.

About accessible libraries

- ✓ eLibrary service using text-to-speech-ready eBook data
- ✓ Available to holders of a physical disability certificate for the visually impaired who reside in the municipality
- ✓ The service is now available at public libraries in six municipalities, including Uji City, Kyoto, and Kaga City, Ishikawa

アクセシブル
ライブラリー

eBook distributor

 Media Do

- Building an [accessible library system](#)
- Functions for converting to Japanese specifications

Paper book distributor

TOHAN

- Sales network with 16 locations nationwide
- Contacts with approximately 3,200 publishers and a nationwide network of around 5,000 book retailers

eLibrary service operator

OverDrive

- Has the most content globally
- Adopted by 95% of public libraries in the US

➡ Providing a variety of publications (including both past works and those yet to be created) to people with visual impairments, **efficiently and consistently**

Strategic investment businesses

1 Fan Marketing Business

2 Publishing Solution Business

3 Others

Successful media mix for original work submitted to Everystar

“Re/member” first converted to a comic, then a movie

Novel submitted → converted to comic
→ made into movie

- ✓ Ranked No. 1 at novel-sharing site operated by Everystar (MEDIA DO subsidiary). In 2014 **the manga version recorded 100 million cumulative views. Comic has exceeded 3.4 million** in cumulative circulation
- ✓ Made into a movie starring Kanna Hashimoto and Gordon Maeda, scheduled for release on October 14, 2022 (distributed by Warner Bros. Japan LLC)

Starring: Kanna Hashimoto, Gordon Maeda, others
Original story: Welzard “Re/member” (Everystar)
Director: Eiichiro Hasumi
Script: Harumi Doki
Theme song: Ado “Yukue Shirezu”
Lyrics/music/arrangement: Ringo Sheena (Universal Music LLC)



Introducing our integrated report

In order to help further deepen stakeholders' understanding of MEDIA DO, we publish an integrated report that summarizes both financial and non-financial information, covering our corporate philosophy, management vision, strategy, business development and business outlook. We recommend this document, which has also been made available on the website.



MEDIA DO Co., Ltd. Integrated Report 2022

To Accomplish Our Goals

Period covered: FY2021 (March 1, 2021 to February 28, 2022)



URL:

<https://mediado.jp/english/ir/library/annualreport/>

APPENDIX

3. Reference Data

Results for FY2022 2Q (P/L)

Millions of yen	FY2021								FY2022			
	1Q		2Q		3Q		4Q		1Q		2Q	
Net sales	28,408		26,825		23,533		25,954		26,269		27,956	
eBook distribution business	27,934	98.3%	24,677	92.0%	21,929	93.1%	24,186	93.1%	24,727	94.1%	26,004	93.0%
Strategic investment businesses	474	1.6%	2,146 ^{*2}	8.0%	1,602	6.8%	1,766	6.8%	1,540	5.9%	1,953	7.0%
Cost of sales, SG&A expenses	27,571		25,973		22,971		25,394		25,650		27,240	
Royalties/other cost of sales	25,669 ^{*1}	90.4%	23,426	87.3%	20,579	87.4%	22,775	87.7%	23,020	87.6%	24,347	87.1%
Commissions	42	0.1%	37 ^{*3}	0.1%	34 ^{*3}	0.1%	36 ^{*3}	0.1%	33 ^{*3}	0.1%	32 ^{*3}	0.1%
Advertising expenses	121	0.4%	160	0.6%	113	0.5%	82	0.3%	53	0.2%	57	0.2%
Personnel expenses	899	3.2%	1,456	5.4%	1,374	5.8%	1,527	5.9%	1,480	5.6%	1,582	5.7%
Depreciation/amortization	229	0.8%	305 ^{*2}	1.1%	276	1.2%	304	1.2%	345	1.3%	401	1.4%
Other	610	2.1%	587	2.2%	592	2.5%	668	2.6%	716	2.7%	819	2.9%
Operating profit	836		851		562		560		619		715	
Ordinary income	846	3.0%	836	3.1%	547	2.3%	552	2.1%	612	2.3%	675	2.4%
Profit attributable to owners of parent	617^{*4}		218		260		480		312		316	
EBITDA	1,065	3.8%	1,157 ^{*5}	4.3%	839	3.6%	864	3.3%	964 ^{*6}	3.7%	1,117 ^{*7}	4.0%

^{*1} Temporary increase in cost-of-sales ratio due to cooperation with promotional campaigns by certain book retailers

^{*2} Increase in sales and expenses following acquisition of NIHONBUNGEISHA (5 months' worth) and Firebrand Group

^{*3} Of which ¥22,599 million in FY2021 2Q, ¥20,053 million in 3Q, ¥22,248 million in 4Q, ¥22,734 million in FY2022 1Q and ¥23,912 million in 2Q are related to the eBook distribution business

^{*4} Following the transition from consolidated subsidiary to equity-method affiliate, an adjustment was made to the fair value of the equity in MyAnimeList by an amount equivalent to the net book value, resulting in an extraordinary gain (gain on change in ownership interest) of ¥117 million in 1Q and of ¥91 million in 2Q.

^{*5} An impairment loss related to goodwill (Nagisa) of ¥394 million was recorded

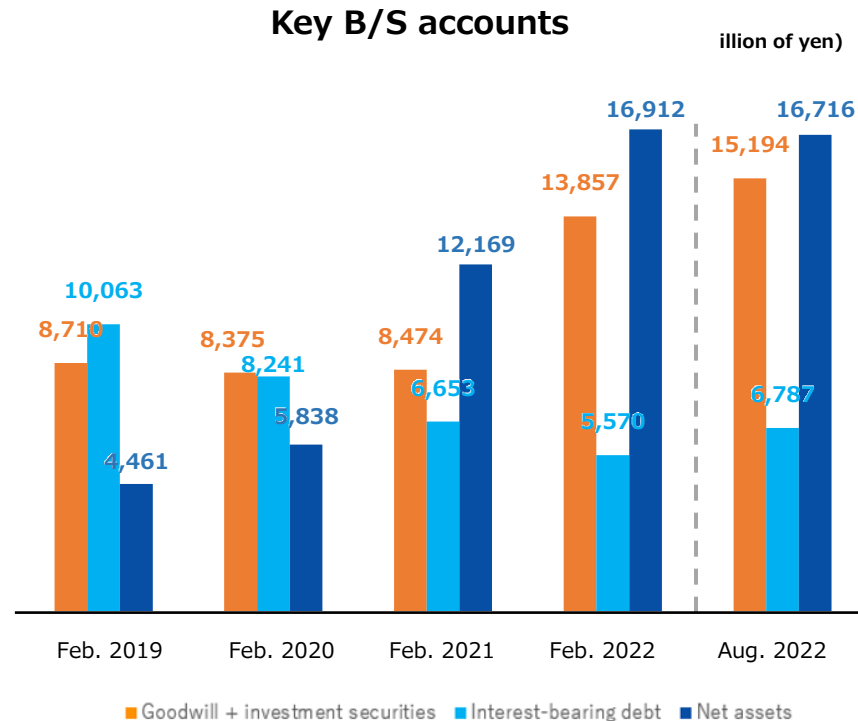
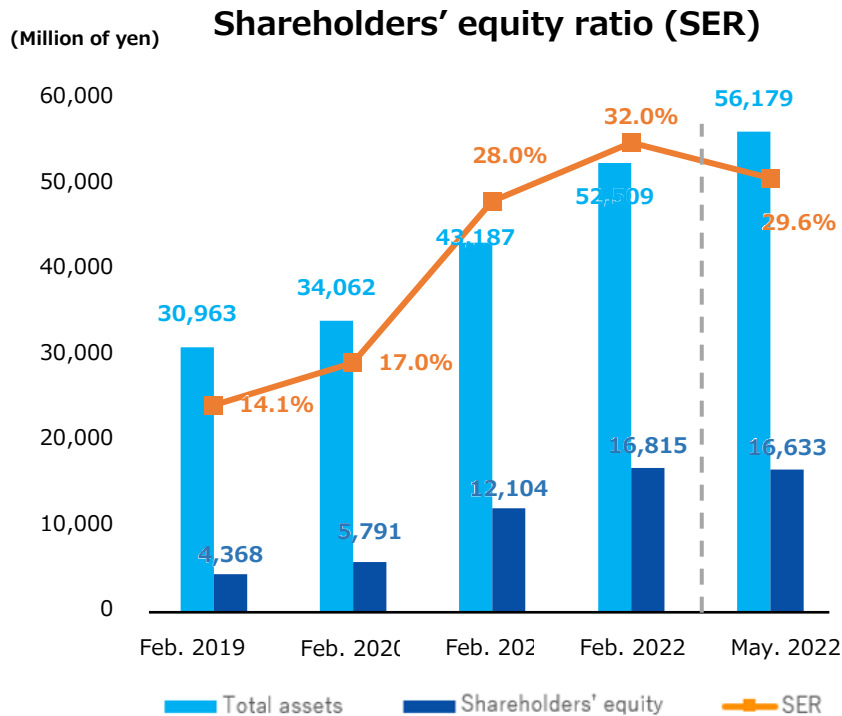
^{*6} With regard to the equity stake taken in Creatubbles in June 2016, an impairment loss of ¥504 million has been recorded to cover the entire value of the shares, while ¥844 million in corporate bonds out of a total of ¥1,202 million has already been recorded as allowance for doubtful accounts. In 1Q FY2022, there was a further increase in the asset deficiency of the company. In addition, the weaker yen led to a significant increase in the deficiency when it was converted into yen, resulting in an extraordinary loss of ¥111 million, and an additional provision of ¥54 million was recorded in 2Q

^{*7} Certain assets were retired, leading to the recording of ¥38 million in losses on retirement

Results for FY2022 2Q (B/S)

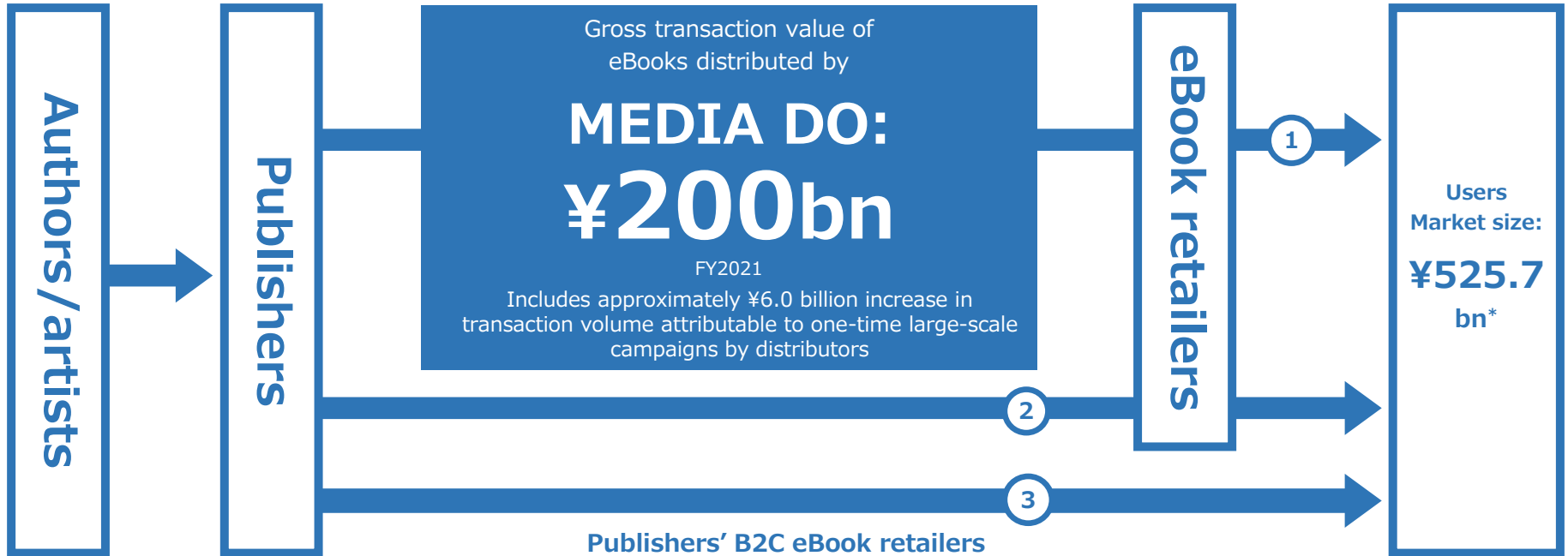
Millions of yen	FY2022 1Q	FY2022 2Q	QoQ change	Main factor behind change
Current assets	35,925	38,338	2,412	
Cash and deposits	10,062	11,377	1,315	
Notes and accounts receivable – trade	23,843	25,656	1,812	Increase linked to sales
Non-current assets	17,283	17,840	556	
Property, plant and equipment	449	562	112	
Software	1,091	1,150	58	
Goodwill	7,953	7,912	-40	
Investment securities	6,886	7,282	396	Increased due mainly to investments in strategic investment businesses
Total assets	53,209	56,179	2,969	
Current liabilities	31,099	33,568	2,468	
Notes and accounts payable – trade	27,271	28,931	1,659	Increase linked to sales
Current portion of long-term borrowings	1,312	1,311	-1	
Total non-current liabilities	6,194	5,894	-299	
Long-term borrowings	5,447	5,120	-327	Increased due to the repayment of loans
Total liabilities	37,293	39,462	2,169	
Total shareholders' equity	15,152	15,518	366	
Capital	5,909	5,934	24	Increased due to the issuance of new shares for restricted stock compensation
Capital surplus	6,053	6,078	24	Increased due to the issuance of new shares for restricted stock compensation
Retained earnings	3,189	3,505	316	
Total accumulated other comprehensive income	658	1,114	455	Increase in foreign currency translation adjustment
Share option	0	0	—	
Non-controlling interest	104	82	-21	
Total net assets	15,915	16,716	800	
Total liabilities and net assets	53,209	56,179	2,969	

Financial stability has improved following April 2021 capital raise



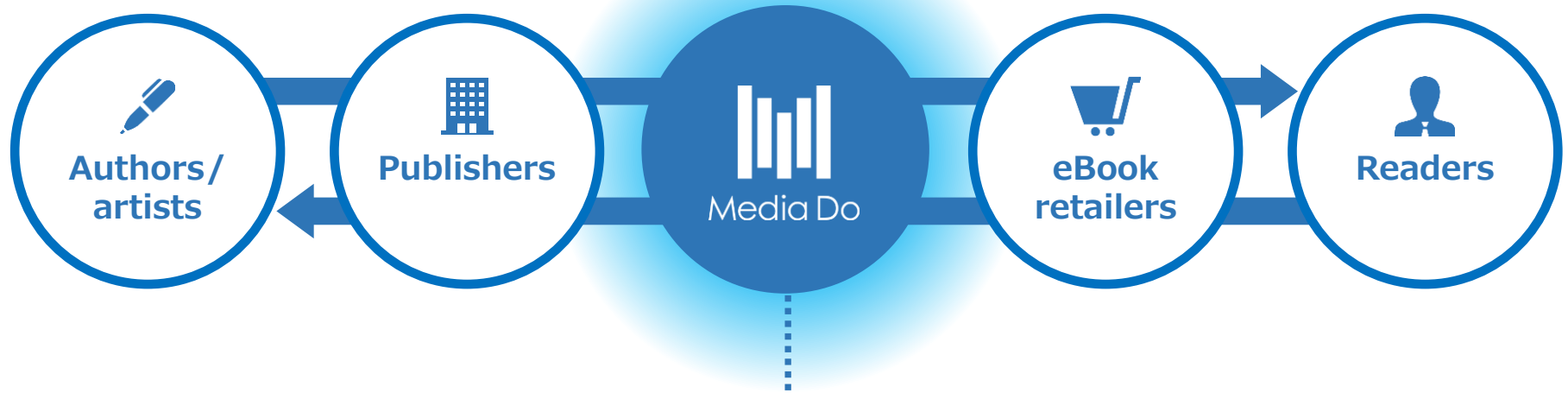
38% of eBooks are distributed via MEDIA DO in Japan

Note: 36.9% when calculated excluding the approximately ¥6.0 billion increase in transaction volume attributable to one-time large-scale campaigns by distributor)



* Source: Actual data from FY2020 taken from Impress Research Institute's eBook Marketing Report 2021 on Japanese market

MEDIA DO is the biggest eBook distributor in Japan



- | | | |
|----------------------------------------------------------------|-------|----------------------------------------------------------------------------------------------------------|
| 1. Brokering of contracts/transactions with publishers | ----- | Expansion of eBook retailers' content lineups |
| 2. Pro rata distribution of revenues to publishers and authors | ----- | Aggregation of eBook retailers' monthly sales data |
| 3. Operation of eBook distribution system | ----- | Distribution of content to eBook retailers on behalf of publishers |
| 4. Execution of promotional campaigns | ----- | Offering of discounts, freebies and other promotions in coordination with publishers and eBook retailers |

MEDIA DO's greatest strengths

(1) Position

Core distribution functions

Uniquely positioned as distributor of 2,200 eBook publishers' titles to 150 book retailers that account for nearly all of Japan's eBook retailers, including the major ones

Dominant market share

Globally ranked second only to Amazon by eBook distribution volume with gross transaction value > ¥158bn (actual figures for FY2020)

Global presence

Only Asian company with an executive serving as co-chair of W3C's* Publishing Business Group
First Japanese W3C evangelist

Industry support

Over 14% owned by publishers, mainly Japan's four biggest ones*2 and TOHAN

*1 World Wide Web Consortium: an organization that promotes global standardization of Internet technology, including eBooks. Media Do International CEO Daihei Shiohama was named co-chair of its Publishing Business Group in February 2019, together with executives from two of the biggest US/European publishers, including Penguin Random House. Shiohama became the W3C's first Japanese evangelist in January 2021

*2 Kadokawa, Kodansha, Shogakukan and Shueisha (listed in alphabetic order), based on issued share count as of February 28, 2021.

MEDIA DO's greatest strengths

(2)Technology

Entirely in-house development

100-strong engineering staff develops core systems entirely in-house, from a high-traffic eBook distribution platform to systems that leverage blockchain and other leading-edge technologies.

Wholesaler turned SaaS provider

Media Do has pursued a user-friendly, cost-efficient SaaS model since entering the eBook distribution business.

It is helping to further advance the publishing industry by streamlining distribution through system integration and migration to new eBook distributing system.

MEDIA DO's track record in Japan

Trusted by
publishers

Over **2,200** publisher accounts, including **1,680** non manga publishers, **all** major publishers*¹ and **over 99%** of eBook publishers*²

Trusted by book
retailers

Supplier to over **150** book retailers including **all** of top 20 by usage rate*³

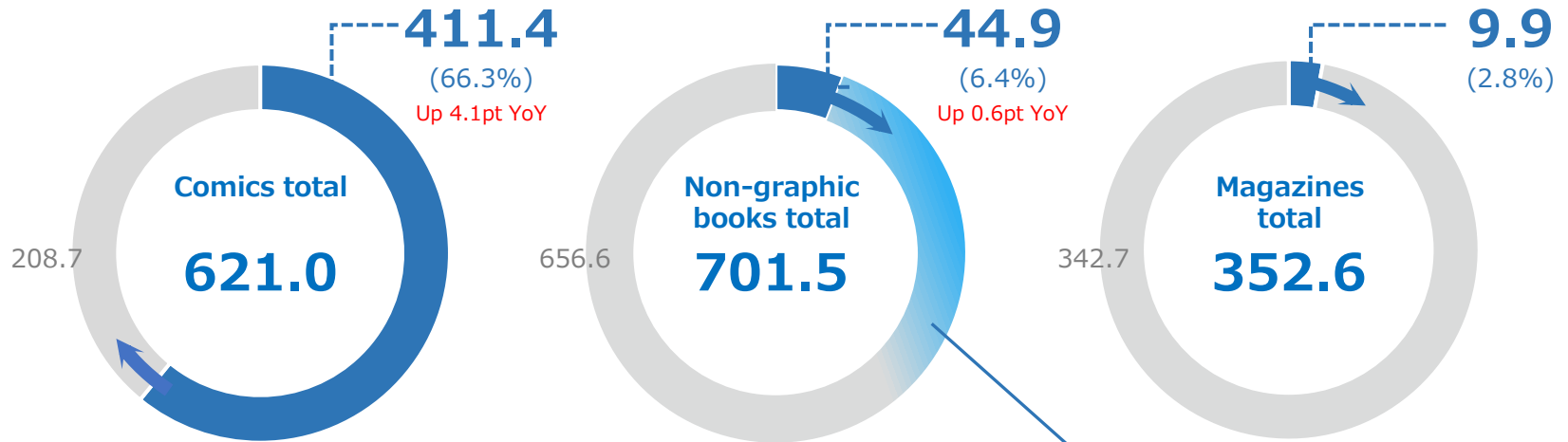
*1. Defined as publishers that belong to the Japan Book Publishers Association (391 members as of June 30, 2022), excluding non print (e.g., audiobook) publishers.

*2. Per a MEDIA DO survey. Excludes sub scale publishers, publishers without regular publications, etc.

*3. Top 20 eBook retailers (excluding book retailers run directly by publishers) ranked by popularity based on number of survey respondents who reported purchasing an eBook from the retailers within the previous six months per Impress Research Institute's eBook Marketing Report 2022.

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

Japan's publishing market by segment (2020) (Billions of yen)



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

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

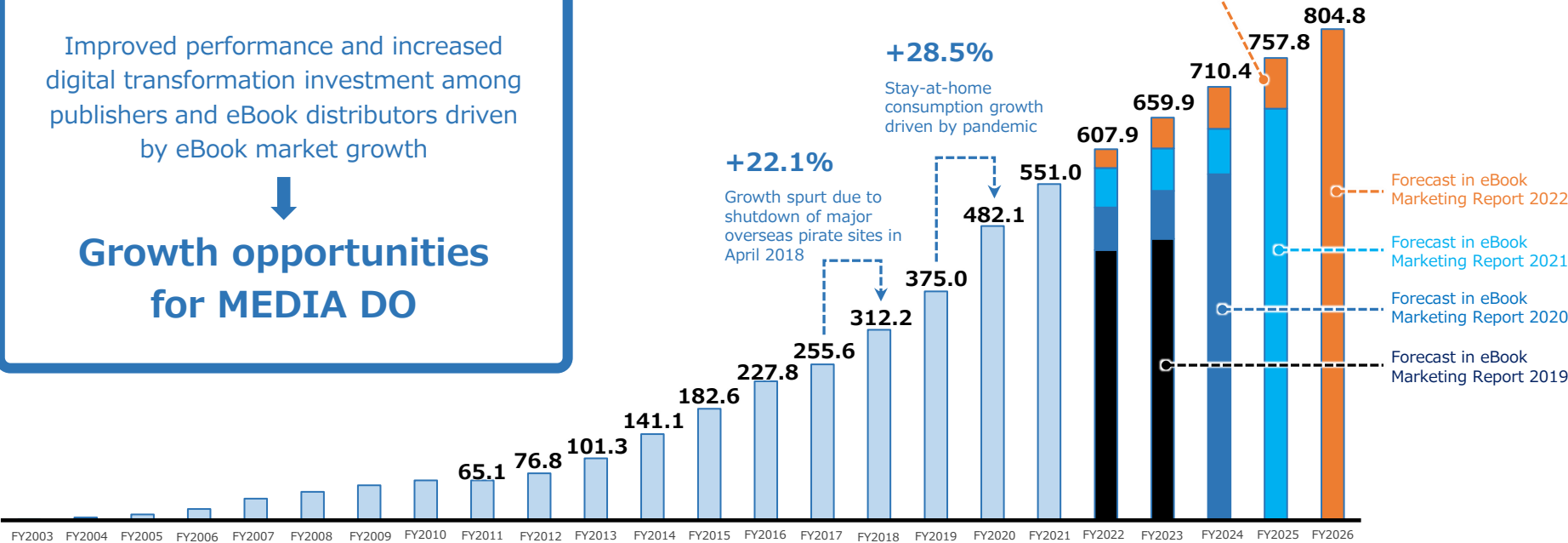
Ongoing growth forecast in the eBook market

Improved performance and increased digital transformation investment among publishers and eBook distributors driven by eBook market growth

↓

Growth opportunities for MEDIA DO

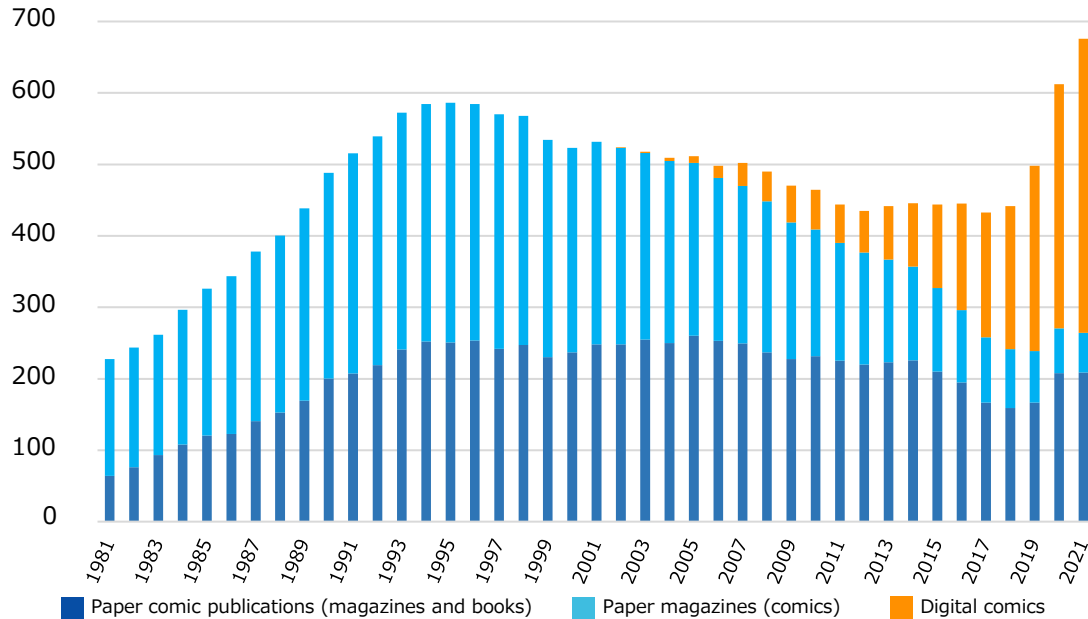
Market size in FY2025 will increase by 83.1 billion yen compared to the previous forecast



(Billions of yen)

Aiming to grow the publishing market through digitization

Japan's comics market (Billions of yen)



Source: All-Japan Magazine and Book Publishers and Editors Association (AJPEA)

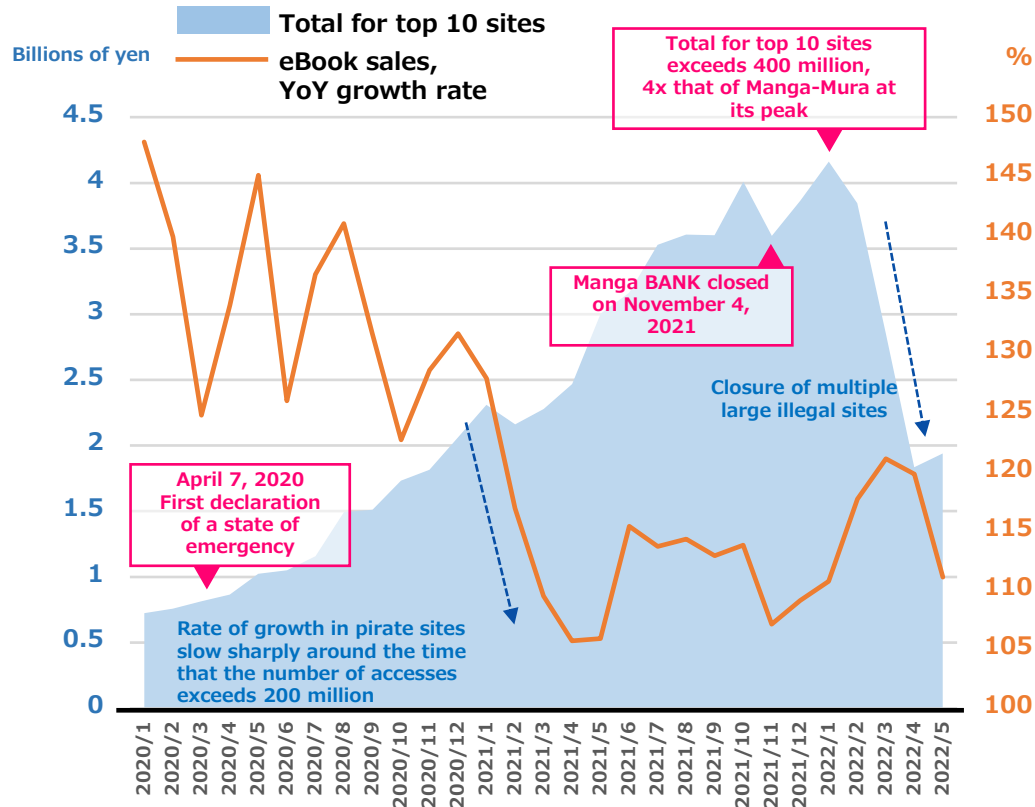
- ✓ Digitization has led to comics market hitting an all-time record
- ✓ MEDIA DO's role in contributing to the expansion of the publishing market is defined as follows



Transformation of operations/efficiency improvements

Business model transformation

Trends for pirate sites



Source: Created by MEDIA DO, similarweb

Status of main countermeasures

2016	<ul style="list-style-type: none"> Manga-Mura launched
2018	<ul style="list-style-type: none"> Japanese government announces emergency measures to deal with pirate sites Manga-Mura closed
2019	<ul style="list-style-type: none"> Manga BANK launched
2021	<ul style="list-style-type: none"> Ministry of Foreign Affairs takes steps to coordinate and share antipiracy measures at summit Metropolitan Police Department promotes investigation with Vietnamese authorities Manga BANK closed
2022	<ul style="list-style-type: none"> Major search service provider Yahoo! hosts conference of experts Ministry of Internal Affairs and Communications holds meetings with US-based Google in relation to antipiracy measures Major publishers sue Manga-Mura for approximately ¥1.9 billion in damages

Source: From Toyo Keizai Online, August 6, 2022: "The deep-rooted problem of Manga-Mura, being sued by major publishers for ¥1.9 billion in damages," / "Elimination of free-reading services such as 'ONE PIECE' runs into difficulties"

Segment Breakdown

IP Acquisition/Cultivation

Planning/Publishing (Support)

Wholesaling/Distribution

Global

Sales/Marketing

Imprint Business

Applicable Subsidiaries/Services

日本文芸社
NIHONBUNGEISHA

Publication and sale of how-to books, comics, novels, and magazines in both physical and digital formats

JIVE Ltd.

Development of imprint next-generation publishing business and operation of girl's comics label

エブリスタ

Novel submission website operation and image production business

ASTRA

Comic coloring and picture production support

Publishing Solution Business

Applicable Subsidiaries/Services

PUBFUN

(Joint venture with Impress Holdings) Expansion of the print on demand market through integration of corporate and private print on demand services

(Service)
PUBNAVI

eBook sales management and integrated royalty management system for paper books and eBooks

flier Inc.

Operation of the flier book summary service

Book Distribution Business

Applicable Subsidiaries/Services

Media Do

Development of Japan's largest eBook distribution business boasting relationships with more than 2,200 domestic publishers and over 150 eBook distributors

Media Do TECH TOKUSHIMA

Provision of wholesale business process outsourcing services

Global business

Applicable Subsidiaries/Services

MD-i
Media Do International

The MEDIA DO Group's global business base in San Diego

firebrand
TECHNOLOGIES

Deployment of bibliographical information management, information distribution, and eBook distribution services in the United States

NetGalley

Provision of NetGalley online book marketing tool

supadu
MAKES WEBSITES. SIMPLE

Supply of publisher sales websites on a SaaS basis to customers including major U.S. publishers

Fan Marketing Business

Applicable Subsidiaries/Services

(Service)

FanTop

NFT marketplace developed by MEDIA DO

MyAnimeList

Operation of the globally top-tier MyAnimeList community website focused on Japanese anime and manga

Nagisa

Operation of comics app and provision of fan marketing services

J-Comic Terrace Corporation
コミックテラス

Operation of free digital comics distribution service

Management Plan FY2022-2026

Performance figures

Consolidated performance

	FY2021	FY2022	FY2024 (3rd year of plan)	FY2026 (5th year of plan)
Net Sales	¥104.7 billion	¥100.0 billion	¥120.0 billion	¥150.0 billion
Operating Profit	¥2.8 billion	¥2.0 billion	¥4.0 billion	¥8.5 billion
EBITDA	¥3.9 billion	¥3.5 billion	¥5.5 billion	¥10.0 billion
Profit attributable to owners of parent	¥1.5 billion	¥0.8 billion	¥2.8 billion	¥6.0 billion
ROE	10.9 %	5.2 %	15.0 %	23.0 %

Full-year forecasts by new segments

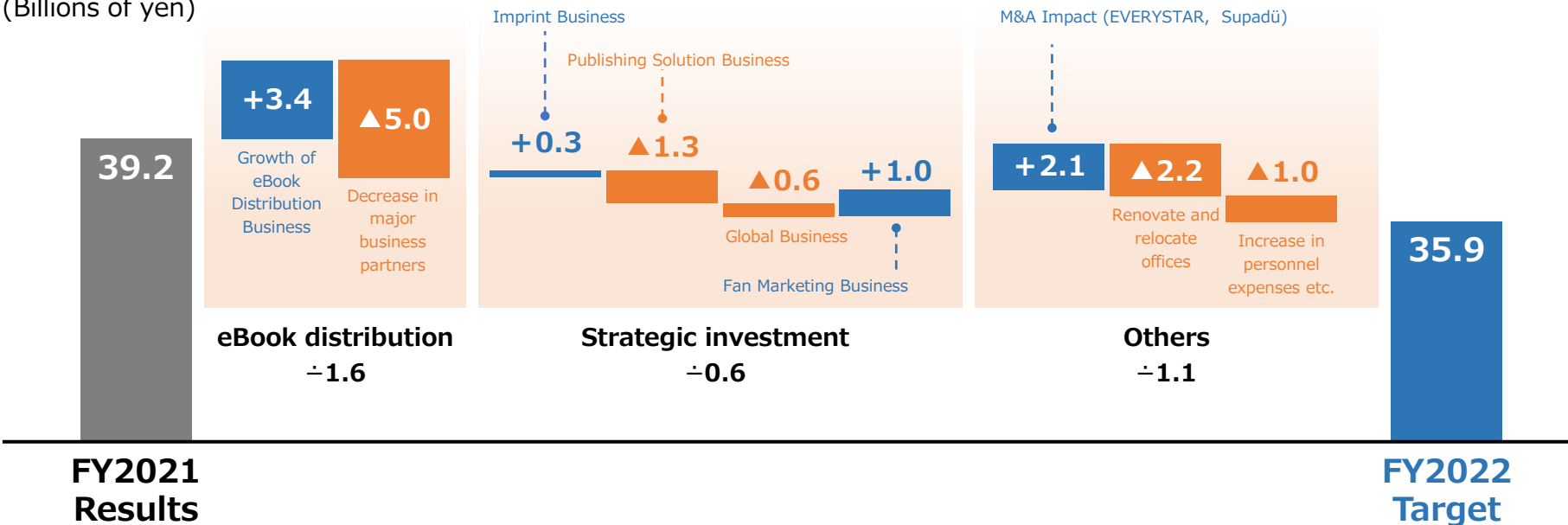
(billion of yen)

	eBook distribution business		Strategic investment businesses		Adjustment amount		Total	
	FY2021	FY2022	FY2021	FY2022	FY2021	FY2022	FY2021	FY2022
Net Sales	98.7	92.4	5.9	7.6	0	0	104.7	100.0
Operating Profit	4.7	4.6	-0.8	-0.13	-1.1	-1.3	2.8	2.0
EBITDA	5.4	5.2	-0.3	-0.4	-1.1	-1.2	3.9	3.5

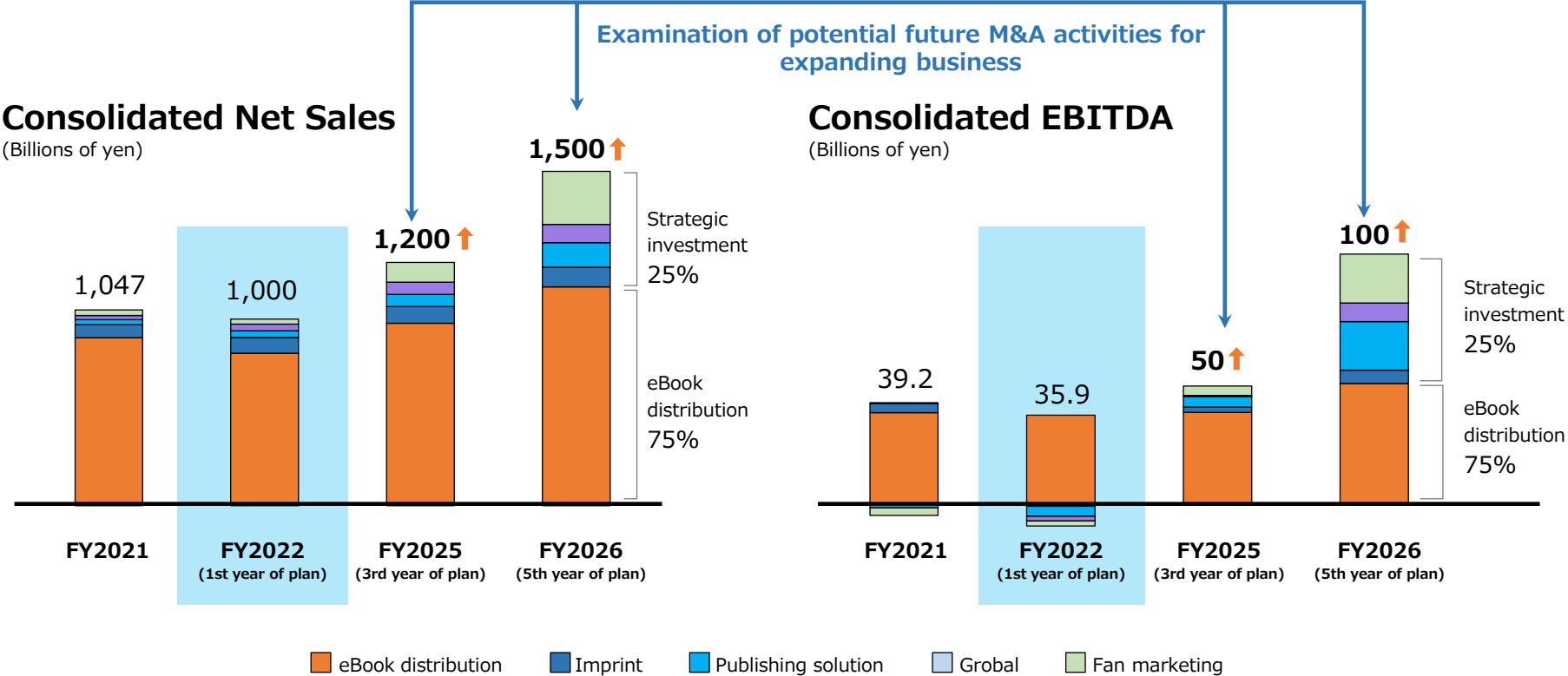
Profit decrease in FY2022 due to lower earnings in the eBook distribution business and upfront investment in strategic investment businesses

Consolidated EBITDA

(Billions of yen)



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



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

Shareholder Returns Policy

Total return ratio*1

Previously: 20% or more

↓

FY2022 and forward: **30% or more**

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

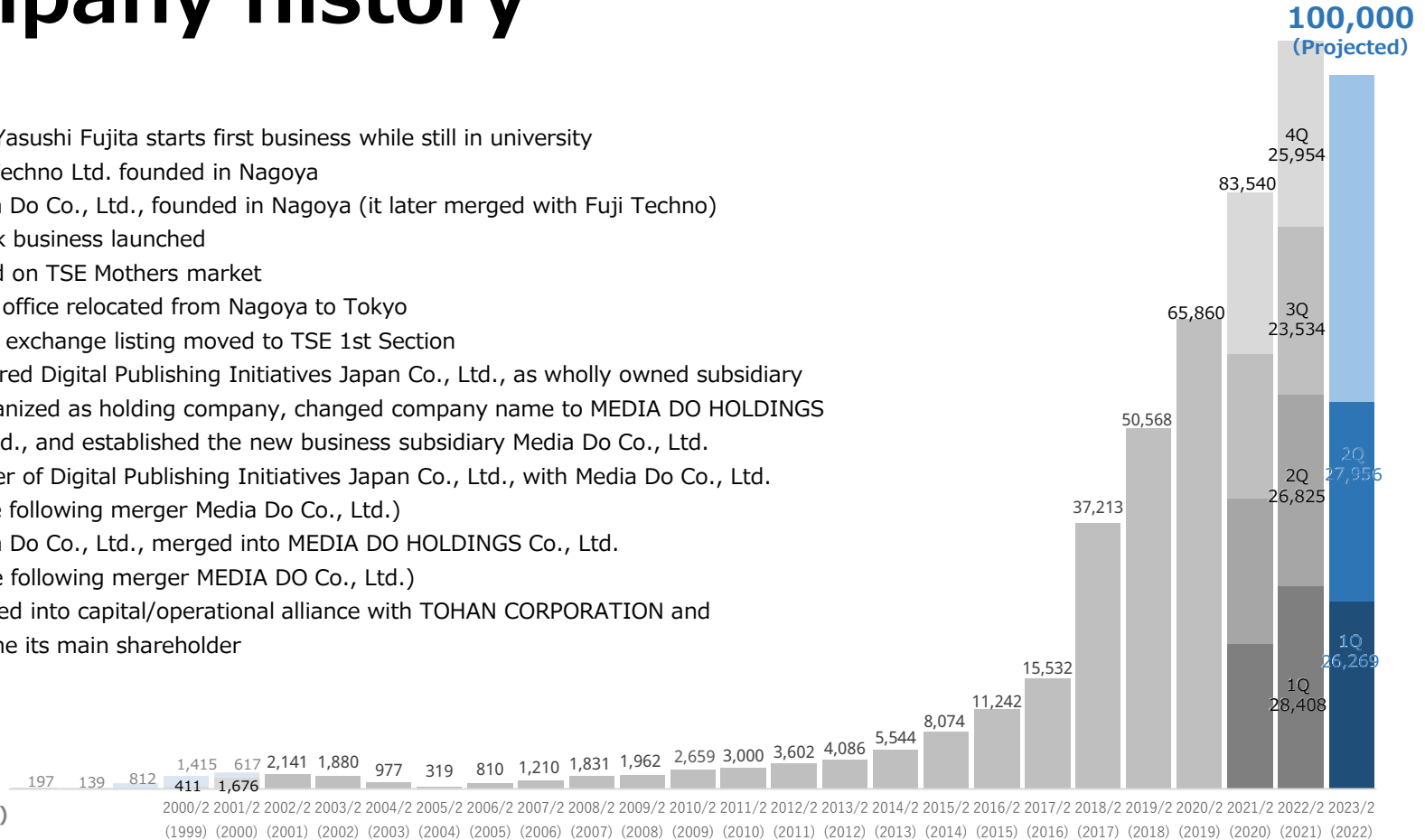
Shareholder Returns-Related Indicators (Millions of yen)

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

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

Company history

- 1994: CEO Yasushi Fujita starts first business while still in university
- 1996: Fuji Techno Ltd. founded in Nagoya
- 1999: Media Do Co., Ltd., founded in Nagoya (it later merged with Fuji Techno)
- 2006: eBook business launched
- 2013: IPOed on TSE Mothers market
- 2014: Head office relocated from Nagoya to Tokyo
- 2016: Stock exchange listing moved to TSE 1st Section
- 2017: Acquired Digital Publishing Initiatives Japan Co., Ltd., as wholly owned subsidiary
Reorganized as holding company, changed company name to MEDIA DO HOLDINGS Co., Ltd., and established the new business subsidiary Media Do Co., Ltd.
- 2019: Merger of Digital Publishing Initiatives Japan Co., Ltd., with Media Do Co., Ltd.
(Name following merger Media Do Co., Ltd.)
- 2020: Media Do Co., Ltd., merged into MEDIA DO HOLDINGS Co., Ltd.
(Name following merger MEDIA DO Co., Ltd.)
- 2021: Entered into capital/operational alliance with TOHAN CORPORATION and became its main shareholder



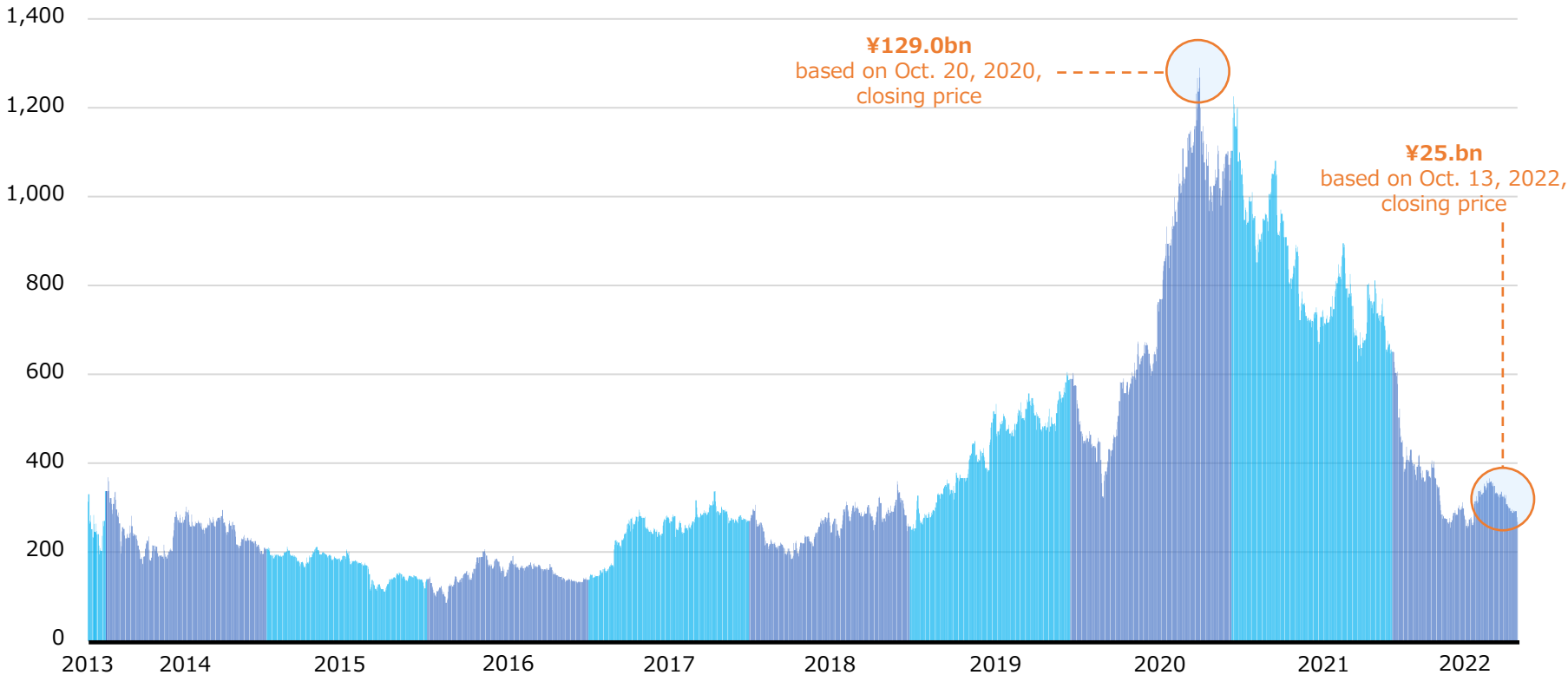
(Millions of yen)

Share price performance and trading volume since IPO



MEDIA DO's market capitalization since IPO

(Billion of yen)



Company outline

Trade name	MEDIA DO Co., Ltd.	
Established	April 1999	
Capital	¥5,934 million (as of August 31, 2022)	
Stock listing Securities code	Tokyo Stock Exchange, First Section 3678	
Board Members	President and CEO: Yasushi Fujita Director: Shin Niina Director: Atsushi Mizoguchi Director: Hiroshi Kanda Outside Director: Keiichi Enoki Outside Director: Ayako Kanamaru Standing Audit & Supervisory Board Member: Kazuyoshi Ohwada Outside Audit & Supervisory Board Member: Toshiaki Morifuji Outside Audit & Supervisory Board Member: Tsuyoshi Shiina	Senior Executive Officer: Kayoko Hanamura Senior Executive Officer: Susumu Tsukamoto Executive Officer: Teruyoshi Ando Executive Officer: Ryo Yamada Executive Officer: Yoichi Chihara Executive Officer: Hajime Suzumura ※ Directors will be appointed at Annual General Meeting planned in 26 May, 2022. ※ Executive Officer structure will start operating in 1 June, 2022
Office	Head Office: 5F PALACESIDE Bldg. 1-1-1 Hitotsubashi Chiyoda-ku Tokyo, Japan Tokushima Kito Office: 5-23 Iwatsushi, Kitowamuda, Naka-cho, Naka-gun, Tokushima, Japan	
Subsidiaries	(Domestic) Media Do Tech Tokushima Co., Ltd.; ARTRA ENTERTAINMENT Inc.; J-Comic Terrace Corporation; Digital Publishing Initiatives Japan Co., Ltd.; Flier Inc.; MangaNews Inc.; JIVE Ltd.; Nagisa, Inc.; NIHONBUNGEISHA Co., Ltd.; Everystar Co., Ltd, (Oversea) Media Do International, Inc.; Quality Solutions, Inc. (Firebrand Technologies); NetGalley, LLC; Supadü Limited	
Affiliates	MyAnimeList, LLC; A.I. Squared, Inc.; Tec Information Corp.	



株式会社メディアドゥペイメント
(株式会社出版デジタル機構から改称)



Management Team (1/3)



Yasushi Fujita, President and CEO

Launched first business in 1994 while in university. Founded Fuji Techno in 1996 and Media Do in 1999 (the former was merged into the latter in Nov. 2001). Involved in various businesses before launching eBook distribution business in 2006. Listed Media Do on TSE Mothers Market in 2013 and moved its listing to TSE 1st Section in 2016. As CEO, is in charge of management strategy, particularly creation of new drivers of shareholder value.

Established Tokushima Innovation Base Association in 2020 in aim of supporting entrepreneurs and serves as its representative director. Actively involved in local economic revitalization since 2013 in hometown of Kito-mura (now Naka-cho), Tokushima Prefecture, while also contributing to society as an entrepreneur in roles such as president of Entrepreneurs' Organization Tokyo.



Shin Niina, Director, Vice-President and COO

Began career at Chuokoronsha (now Chuokoron-Shinsha) in 1980. Hired by KADOKAWA SHOTEN (now KADOKAWA CORPORATION) in 1996. Promoted to general manager of its book business in 2003. Appointed managing director of KADOKAWA SHOTEN in 2007, representative director of KADOKAWA EDITORIAL in 2008, director of BOOK WALKER in 2012 and executive director of Kadokawa Culture Promotion Foundation in 2013. Appointed president/representative director of DPIJ (renamed Media Do in March 2019) in 2014. Has served as vice president/COO/director of MEDIA DO since 2018. Appointed representative director of anti-piracy organization Authorized Books of Japan in 2020.

Heads core eBook distribution business and publishing support business as COO, capitalizing on his many years of literary editorial experience and quarter century of experience in digital publishing. Acts as MEDIA DO's point man in dealings with publishing industry.

Management Team (2/3)



Atsushi Mizoguchi, Director and CBDO

Began career at NTT DOCOMO in 2000, working in its content business. Involved in launching “Chaku-uta” (musical ringtones) for i-mode handsets. Joined Media Do in 2008. Appointed executive officer/general manager of Sales Division in 2010, director/general manager of Business Development Division in 2016, group COO in 2017, representative director of subsidiary MyAnimeList in 2019 and CBDO in charge of new businesses and alliances in June 2020.

As CBDO, leads development of new domestic and overseas markets and expansion of content offerings, capitalizing on his IT and mobile telecom expertise and broad experience in core eBook distribution business, eLibrary business and new businesses.



Hiroshi Kanda, Director, CSO and CFO

Began career in 2008 in UBS Securities Japan’s Investment Banking Division, where his roles included advising clients on M&A and capital raising. Hired by Frontier Management in 2009 to formulate and help execute business plans for B2C company turnarounds/management support. In 2013, cofounded and appointed Director/CFO of Flier, which became part of the MEDIA DO Group in 2016. Joined MEDIA DO in 2018. Appointed general manager of Corporate Planning Division in 2019 and executive officer/CSO in charge of management strategy formulation and IR in June 2020.

He is scheduled to be appointed director/CSO & CFO in June 2022, when he will take charge of the corporate division.

As CSO & CFO, he will leverage his extensive financial knowledge, consulting skills, and his own experience of starting companies to formulate and implement financial, corporate, and ESG strategies, while taking responsibility for coordination with internal and external stakeholders.

※ Directors will be appointed at Annual General Meeting planned in 26 May, 2022.

Management Team (2/3)



Senior Executive Officer
(eBook Distribution Business)

Kayoko Hanamura



Senior Executive Officer
(Global Business and Publication Solutions)

Susumu Tsukamoto



Executive Officer
(Publication Solutions)

Teruyoshi Ando



Executive Officer
(Finance)

Ryo Yamada



Executive Officer
(Human Resources/General Affairs)

Yoichi Chihara



Executive Officer
(President & CEO Office)

Hajime Suzumura



Executive Officer
(Accounting and Business Transformation
Certified Public Accountant)

Shoichiro Tokoro

Executive Officer: Kayoko Hanamura
Executive Officer: Susumu Tsukamoto
Executive Officer: Ryo Yamada
Executive Officer: Yoichi Chihara
Executive Officer: Hajime Suzumura
Executive Officer: Shoichiro Tokoro
Executive Officer Teruyoshi Ando
CTO Junichiro Izumi

※ Directors will be appointed at Annual
General Meeting planned in 26 May, 2022.
※ Executive Officer structure will start
operating in 1 June, 2022

Forward-looking statement and unaudited information disclaimers

Information presented herein includes forward-looking statements.

These forward-looking statements are based on current expectations, forecasts and assumptions that involve risks, all of which entail uncertainties that could lead to outcomes that substantively differ from the forward-looking statements' content.

Such risks and uncertainties include general industry and market conditions and general domestic and international economic conditions, including interest rate and exchange rate movements. MEDIA DO assumes no responsibility to update or revise forward-looking statements contained herein, even if new information becomes available or unanticipated events occur.

Financial information that was not independently audited is also contained herein. MEDIA DO does not warrant the accuracy of any such unaudited information. Readers are accordingly advised against making investment or other decisions in sole reliance on information contained herein.

Our investor relations website <https://mediado.jp/english/ir/>