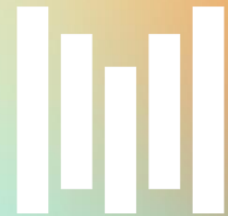


FY2023.1Q

MEDIA DO CO., LTD. AS OF MAY 31, 2023 FINANCIAL RESULTS BRIEFING

MEDIA DO Co., Ltd.
As of May 31, 2023 Financial Results Briefing

More Content for More People!



Media Do

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(1) eBook distribution business

(2) Strategic investment businesses (FanTop business / Imprint business)

(3) Other

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Corporate Philosophy

MISSION

Unleashing a virtuous cycle of literary creation

VISION

More Content for More People !

Executive Summary

1. Earnings highlights

FY2023 1Q

Net sales ¥22.6bn (Progress ratio of 22.6%)

EBITDA ¥830mn (Progress ratio of 23.2%)

2. Earnings topics

- Net sales**
- Despite decline in sales following transfer of LINE Manga, actual net sales were strong
- EBITDA**
- Came in ¥130 million lower year on year due to the impact of LINE Manga transfer and an increase in costs at a publishing subsidiary

3. eBook distribution business

- Impact of LINE Manga**
- Transfer of LINE Manga back-end operations completed in FY2022
 - Due to the timing of transfer in FY2022, impact of sales decline will be particularly large up to 3Q FY2023

- eBook distribution business**
- eBook retailers changed their approach in response to changes in the flow of people following the easing of COVID-19 restrictions, and net sales growth in 1Q was a rather low 103.8%

4. Strategic investment businesses

- FanTop business**
- NFT eBooks were attached to each of five works from a new label from Hayakawa Publishing, and a press conference was held
 - By distributing printed publications with a variety of NFT digital content attached, we provide a system that is beneficial to publishers, authors, retailers, and readers alike.
- Imprint business**
- Due to the rising importance of original works in the content market, we are strengthening initiatives for creating and discovering original works
 - The Everystar novel-sharing site boosted its licensing proposal activities, and made a strong push for multimedia versions of Everystar original works

1. Consolidated Performance Highlights



Despite decline in both revenue and profit caused by sales decline following transfer of LINE Manga, actual net sales were strong

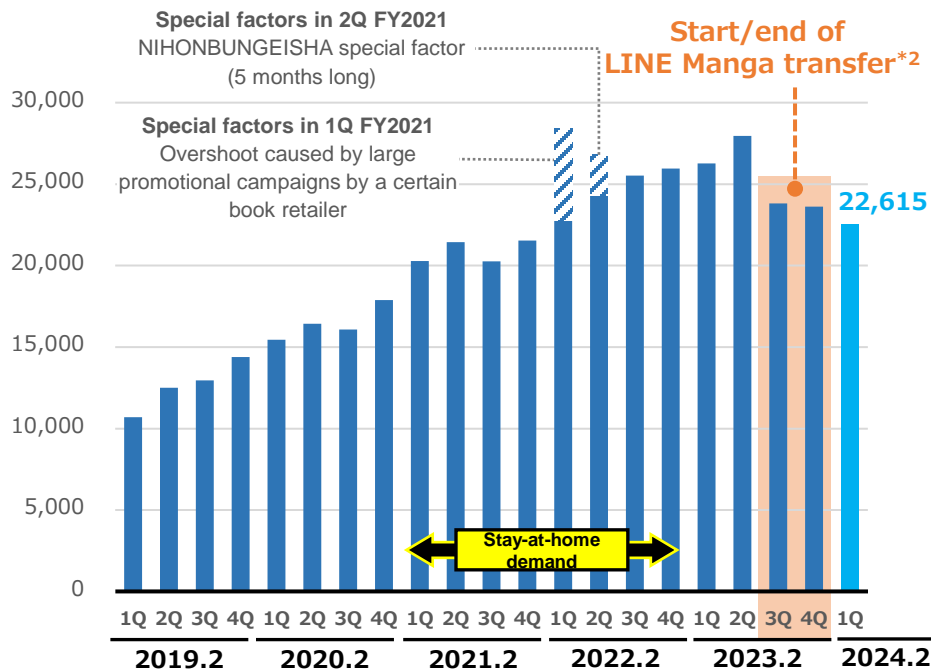
Net sales: Impacted by reduced sales from transfer of LINE Manga and new approaches taken by book retailers considering greater mobility of people following the easing of COVID-19 restrictions

EBITDA: Main factors behind the decline were the downturn in profits following weaker sales of the eBook distribution business and an increase in cost of sales at NIHONBUNGEISHA

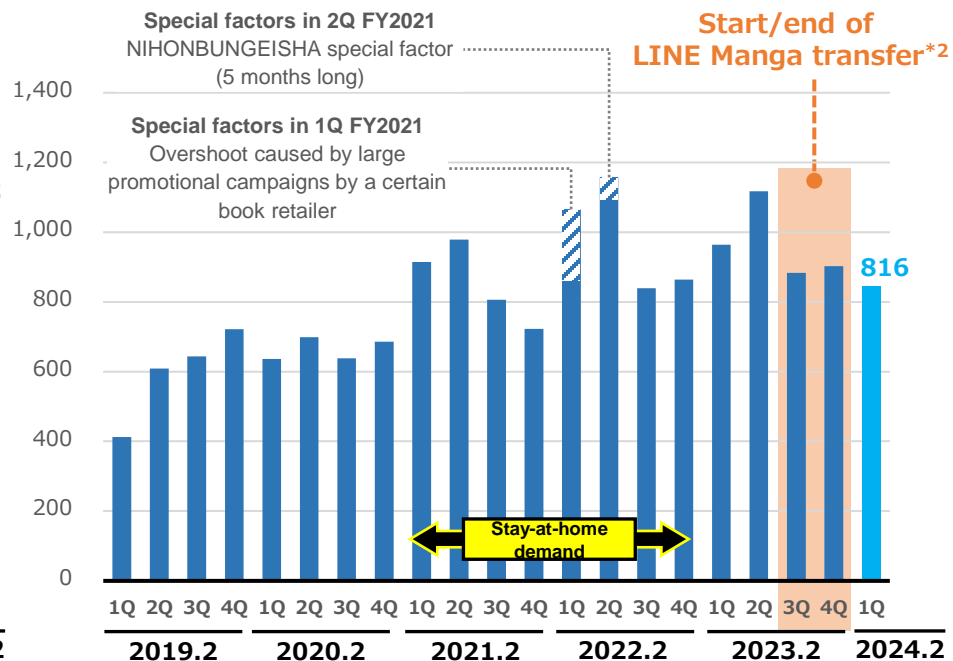
		1Q FY2022	1Q FY2023	YoY
Net sales	Result	¥26.2bn	¥22.6bn	-13.8% (-3.6bn)
	Net sales excluding those to LINE Manga	¥21.1bn	¥22.0bn	+4.5% (+0.9bn)
Operating profit		¥610mn	¥480mn	-21.6% (-130mn)
EBITDA		¥960mn	¥830mn	-13.5% (-130mn)
Profit attributable to owners of parent		¥310mn	¥230mn	-25.6% (-80mn)

If impact of one-off factors*1 and net sales to LINE Manga are excluded, net sales and EBITDA reached a record high for 1Q

Quarterly consolidated net sales (Millions of yen)



Quarterly consolidated EBITDA (Millions of yen)

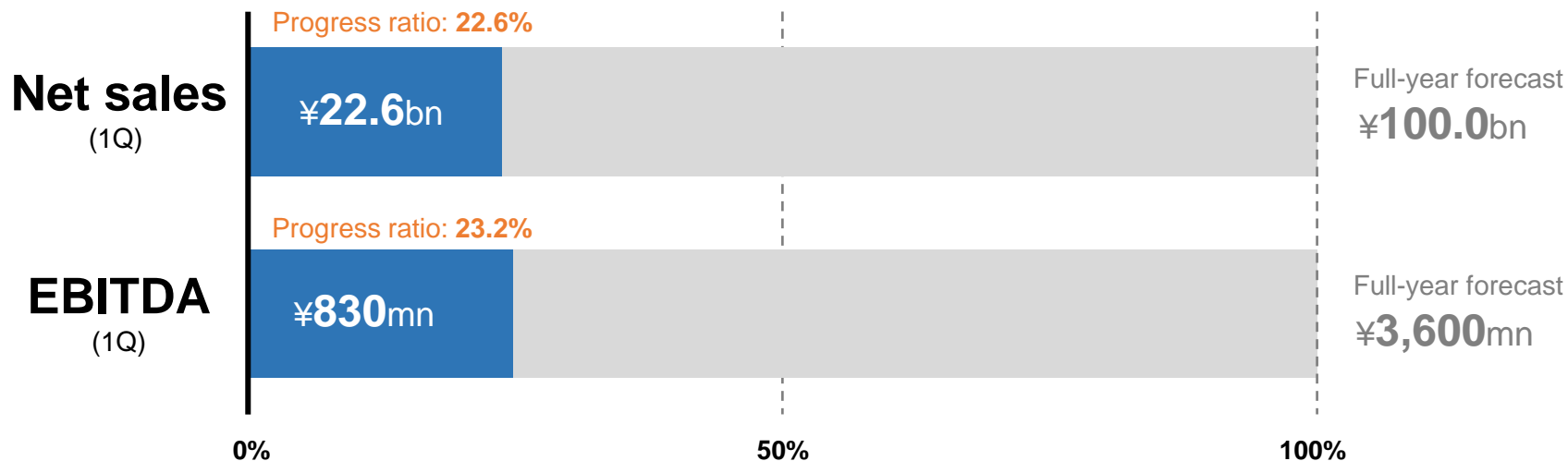


*1 Figures exclude impact of large promotional campaigns by a certain book retailer in FY2021, and all historical net sales to LINE Manga

*2: Transfer of back-end operations for a major publisher that accounted for a majority of sales to LINE Manga

Due partly to seasonal factors, progress against full-year forecasts was slightly below 25% for both net sales and EBITDA

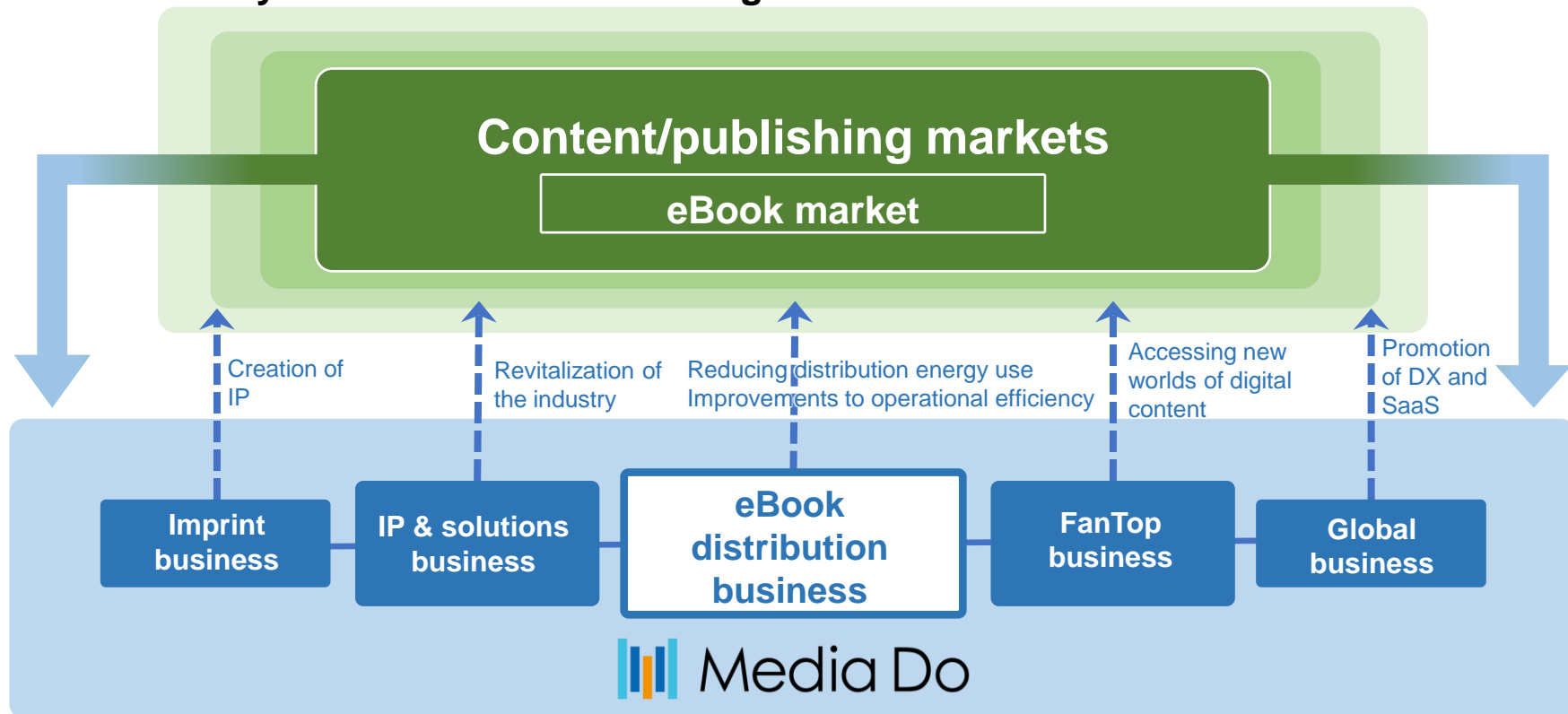
Comparison of consolidated 1Q results to full-year forecasts



2. Business Strategy



Expand strategic investment businesses using the trust and position developed in the eBook distribution business as a base. Aiming both to resolve issues related to the content industry and achieve sustainable growth



2. Business Strategy

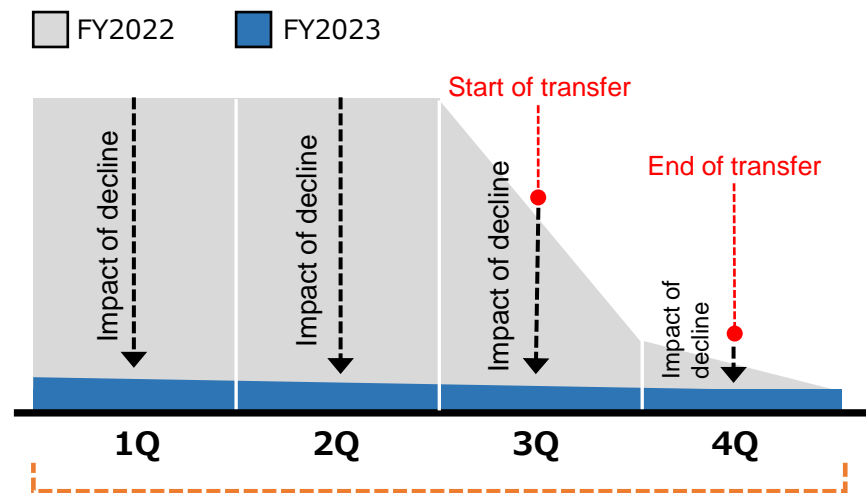
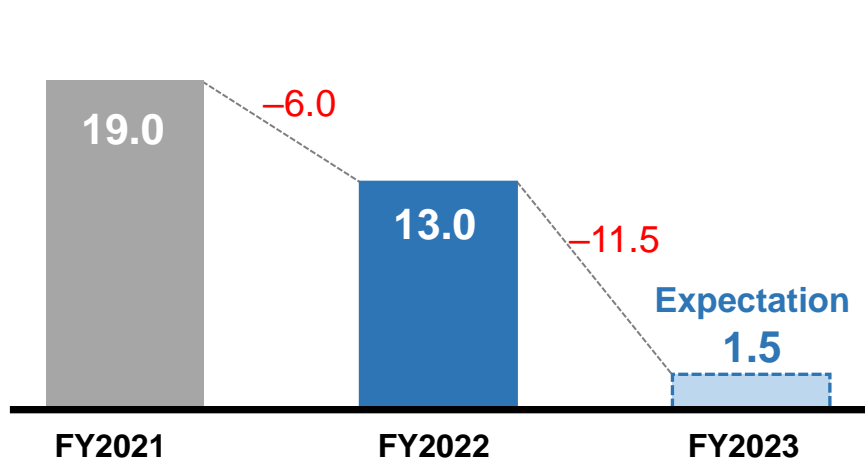
eBook distribution business

Transfer of LINE Manga back-end operations completed in FY2022

Impact of lower revenue to remain significant until 3Q FY2023

- **Transfer of back-end operations of major publishers completed** in December 2022
- Remaining sales to LINE Manga will be approximately ¥1.5bn in FY2023, with **impact of sales decline of approximately ¥11.5bn**
- Due to the timing of transfer in FY2022, **impact of sales decline will be particularly large up to 3Q FY2023**

Net sales to LINE Manga* by fiscal year (billions of yen) **Net sales to LINE Manga* by quarter** illustration

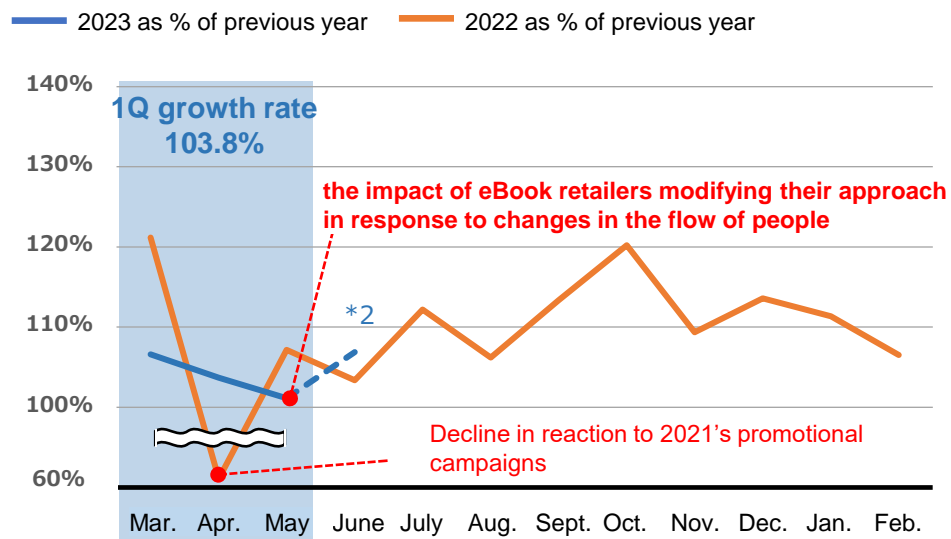


Total impact of decline: ¥11.5bn

* Figures given are for net sales to LINE Digital Frontier Corporation, which operates LINE Manga.

Due in part to the impact of eBook retailers modifying their approach in response to changes in the flow of people after the easing of COVID-19 restrictions, net sales growth in the eBook distribution business in 1Q was a rather low 103.8%

eBook distribution business's YoY net sales growth rate*1



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

*2 From the FY2023 Monthly Flash Report (Monthly Distribution Growth Rate) for June disclosed on July 5, 2023. For information about the monthly flash report, see also note 3 below.

*3 We aim to release this between 5 and 7 working days after the start of each month; please see TDnet or IR News on the company website (<https://mediado.jp/english/ir/news/>)

Analysis of 1Q growth

The revitalization of people flows that followed the reclassification of COVID-19 as a Class 5 infectious disease affected the content industry as a whole

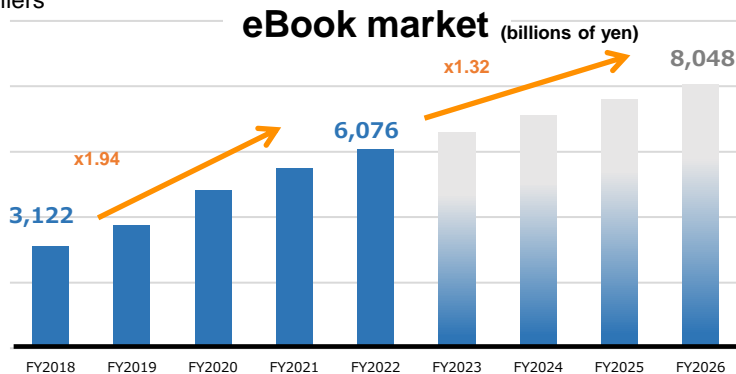
- ✓ In 1Q of the previous fiscal year sales of some works converted to multimedia were strong
- ✓ With a focus on the reclassification of COVID-19 as a Class 5 infectious disease, in May 2023 multiple retailers changed their approach to promotional campaign measures targeting Golden Week, resulting in low growth
- ✓ **Monthly growth rates are disclosed as reference information***3

➤ Monthly growth rate recovered to **106.9%** in June

MEDIA DO is bolstering its business relationships with publishers and retailers in order to help grow the eBook market itself and raise its distribution share

eBook market

- Since May 2023, the number of eBook retailers seeing slower growth compared to the previous year has increased, due to the impact of the revitalization of people flows caused by the reclassification of COVID-19 as Class 5, and changes in the approach to promotional campaign measures during Golden Week. It has become difficult to maintain the high rates of growth that were supported by stay-at-home consumption, and **retailers need to try new approaches, such as further strengthening promotional campaign measures**
- While supporting measures being implemented by retailers, including promotional campaigns, we will contribute to the expansion of the market by working closely with retailers



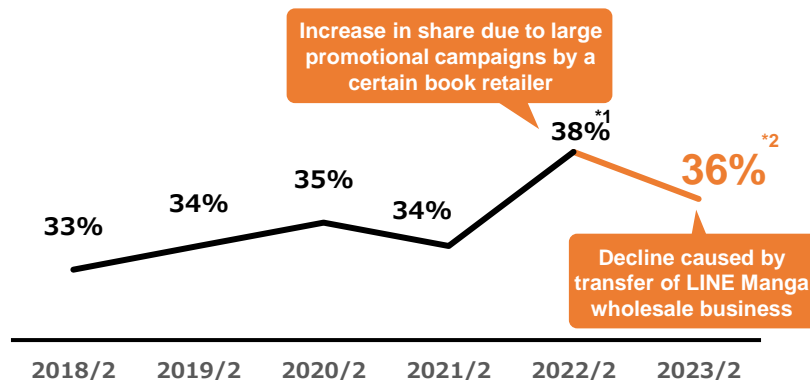
*1 36% after excluding the impact of large promotional campaigns by a certain book retailer

*2 Including impact of transfer of LINE Manga back-end operations



Distribution share

- Continuing to work on **deepening our relationships with publishers and retailers**
- **In order to enhance the growth rates of publishers and retailers with which we do business, we support their efforts to strengthen promotional campaign measures, and seek to raise the distribution share by switching sales channels**



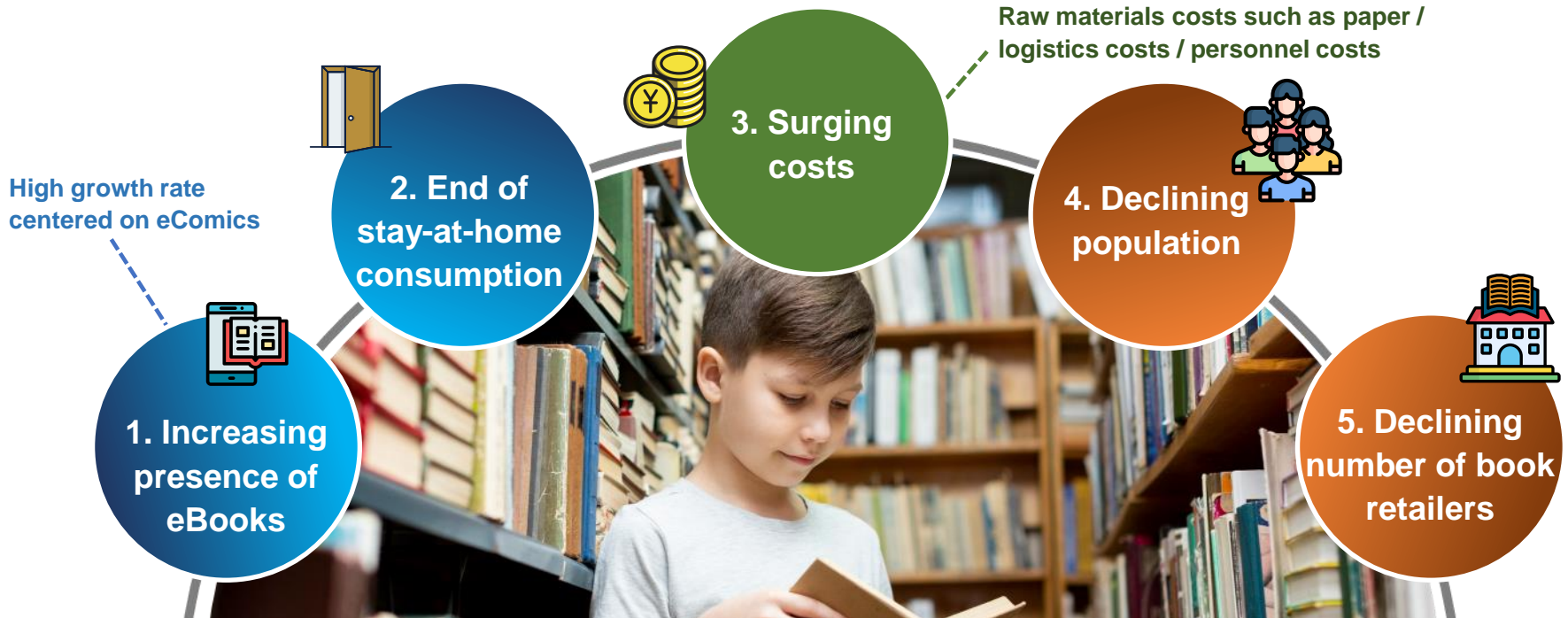
* Source: Actual data from FY2020 taken from Impress Research Institute's eBook Marketing Report 2022 on Japanese market/Based on this data, MEDIA DO calculated

2. Business Strategy

Strategic investment businesses

Various changes in business environment facing the publishing industry

- Stay-at-home consumption during the COVID-19 pandemic became a tailwind resulting in positive growth for the publishing market in recent years amid steady growth of eBooks centered on eComics
- Meanwhile, paper book publishing is contracting and as a result the number of book retailers nationwide has fallen by around 30% over the past decade

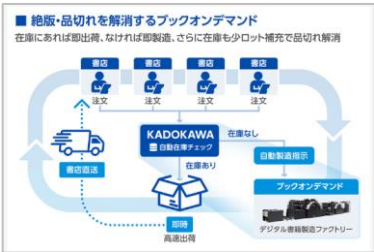


Under this environment, the publishing industry is pursuing reforms aimed at a sustainable publishing and distribution cycle

DX advancements in publishing and distribution

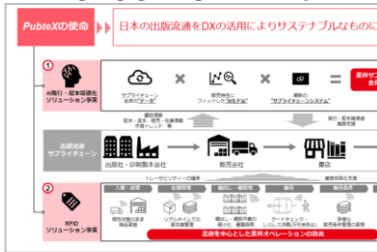
Tougher competition between wholesalers

KADOKAWA CORPORATION



Established a “book-on-demand (integrated manufacturing and publishing)” business model at its production and distribution plant with cutting-edge digital printing facilities located inside Tokorozawa Sakura Town

Marubeni Corporation KODANSHA LTD. Shueisha Inc. SHOGAKUKAN Inc.



Established PubteX Co., Ltd.. Aims to deliver publication/distribution optimization solutions for published works using AI and other advanced technologies and spread the use of radio frequency identifiers (RFID)

Kinokuniya Company Ltd. Culture Convenience Club Co.,Ltd. NIPPON SHUPPAN HANBAI INC.

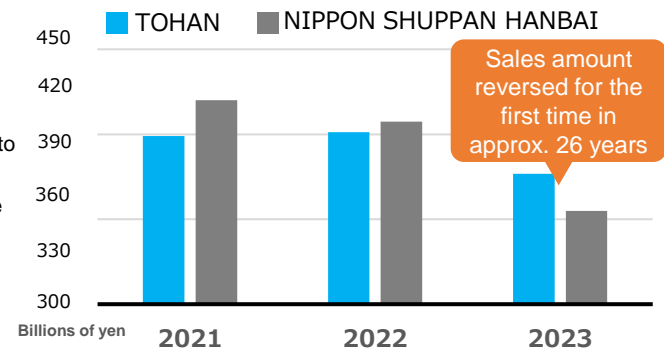


Begun discussions on establishment of a joint venture company. Looking to achieve appropriate level of purchasing based on highly accurate demand forecasts using an AI-powered order placement system by establishing a new direct purchasing scheme where book retailers and publishers determine circulation while committing to sales and returns

TOHAN NIPPAN

Note: Capital and operational alliance between MEDIA DO and TOHAN CORPORATION concluded in March 2021

- ✓ Revenue declining due to the impacts from the spate of book retailer closures
- ✓ Both companies exploring improvement measures



Strategic investment businesses

- 1** FanTop business
- 2** Imprint business
- 3** Other

MEDIA DO provides a combination of paper books and various NFT digital content to create new reader experiences

Paper books



+



NFT digital content

Digital items



Photographs, candid, illustrations, etc., maps and design drawings, etc. for the story

eBooks



Not only eBook version and text of original, but also manga and magazines, etc.
(Turn ePublications into NFT)

Digital music



Messages and bonus images for readers/fans, music and videos based on paper book world view (novels, etc.), and promotional videos, etc.

Digital videos



Provides various options by attaching NFT video or NFT eBook as digital benefits to publications with digital NFT benefit



Results to date

Selling price*1

31.9% ↑

Sell through ratio*2

33.6 pts ↑

Co-creation with content holders

Number of cooperating companies:

Over **70**

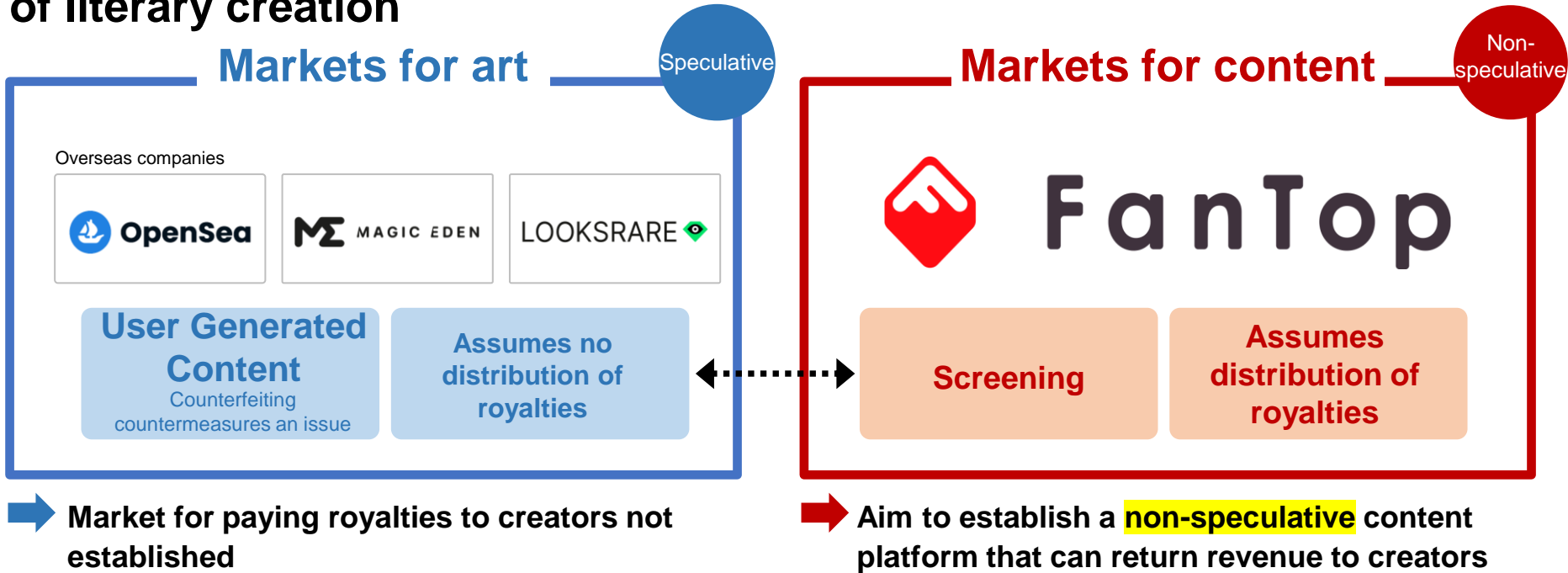
Number of titles: **120**

*1 Average for publications with digital NFT benefits implemented from Jan. 2022 to the present.

*2 Calculated over a period of 30 days from the date of first publication (not including reprints).

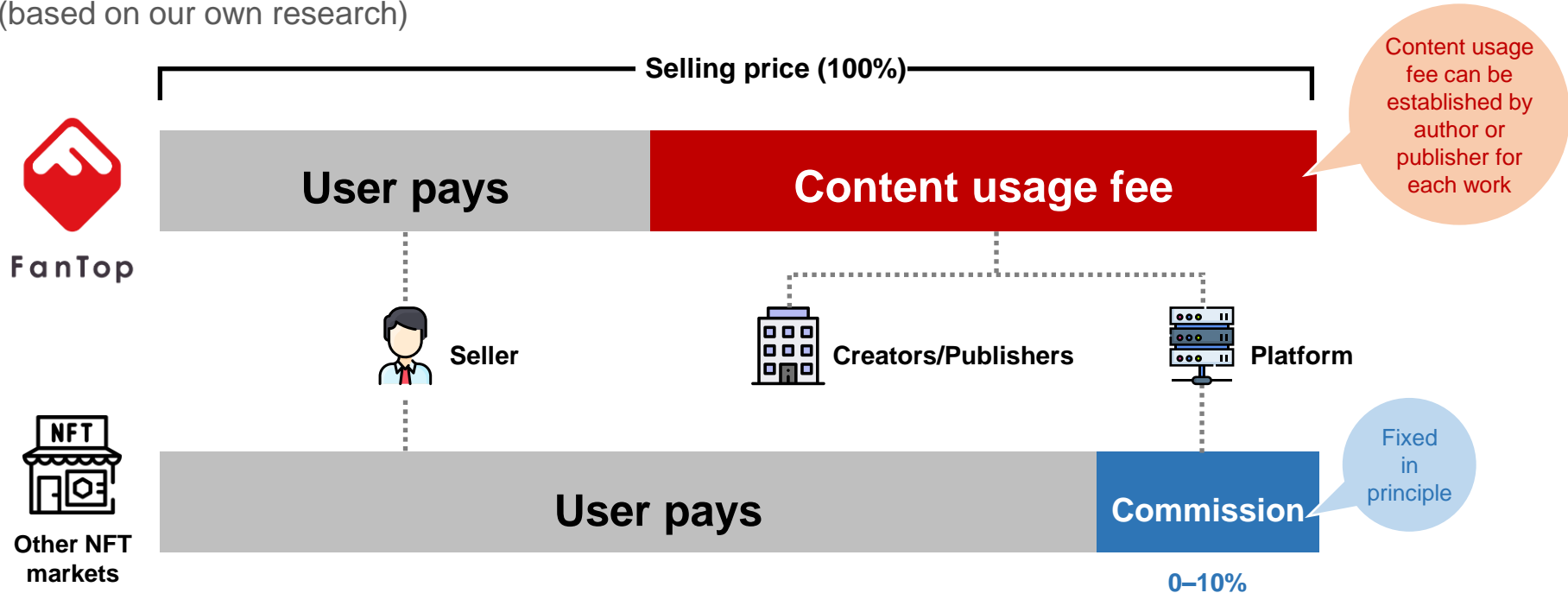


FanTop adopts a business model focused on non-speculative digital content and distribution of royalties, in order to achieve a virtuous cycle of literary creation

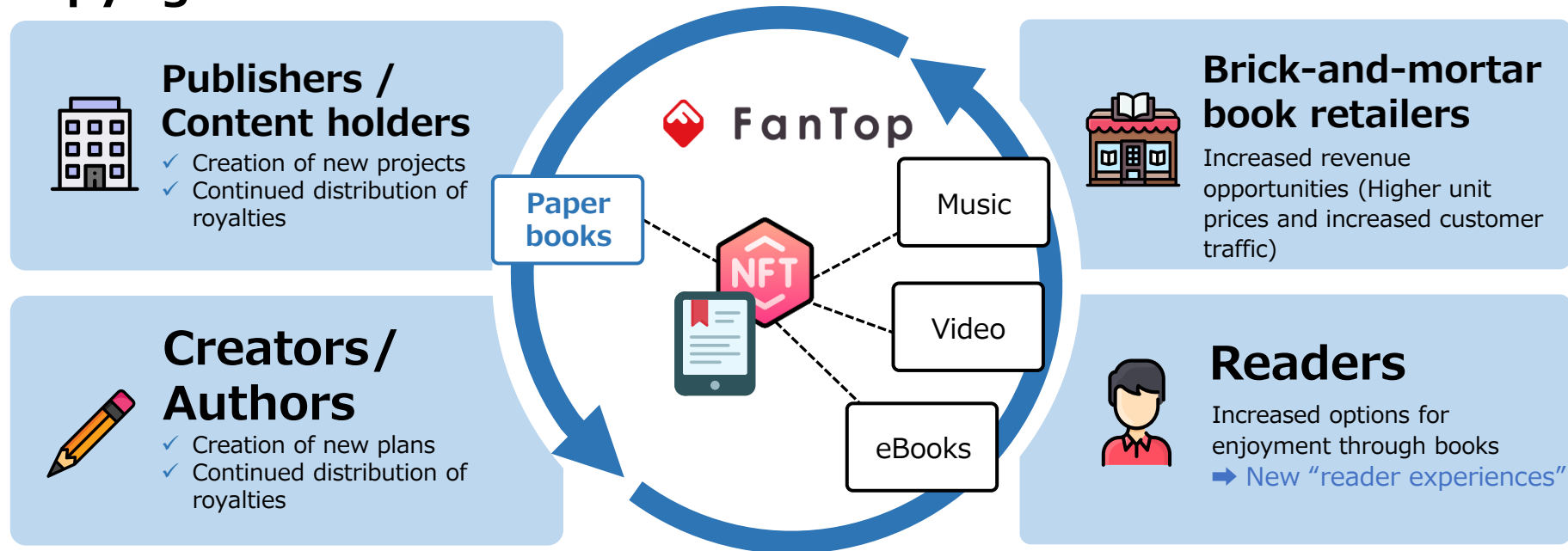


FanTop provided by MEDIA DO specializes in the distribution of digital content and established business model that **pays royalties to authors and publishers in every stage of distribution**

The world's first system to distribute royalties to writers and authors regardless of sales price (based on our own research)



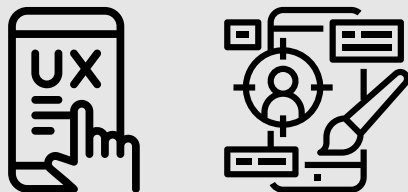
FanTop provides a system that benefits readers, authors, publishers and book retailers by distributing licensed, copyrighted works to the NFT market



Promoting projects that increase usability and options for enjoyment aiming to increase FanTop membership

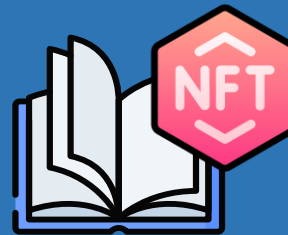
1

Improved app's UI/UX and lead-in to get NFT content



2

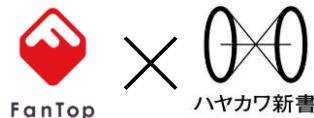
Increase in projects for publications with digital NFT benefits



Sell NFT eBooks under Hayakawa Publishing's new label

Held press conference for media covering publishing on the release of NFT eBooks with the same content as the original attached to paper books

Attach NFT eBook to books under Hayakawa Publishing's new label



Key points for NFT eBooks

- ✓ Distribute royalties to authors in every stage of distribution
- ✓ Turn ePublications into NFT in paper books + NFT eBooks
- ✓ After purchase, book retailers can obtain buyer information

Normal edition: Around ¥1,000 → **Special edition: Around ¥1,500**
(approx. ¥500 increase)



Joint press conference held with Hayakawa Publishing on June 1, 2023 at MEDIO DO's seminar hall

More than 240 media members participated, including online

Participants: From left, Mr. Ichinose, Editor-in-Chief of Hayakawa Shinsho (Hayakawa Publishing), Mr. Yamaguchi, Executive Officer and General Manager of Business Division (Hayakawa Publishing), Mr. Hayakawa, Representative Director and Executive Vice President (Hayakawa Publishing), Mr. Fujita, Representative Director and CEO (MEDIA DO), Mr. Shinna, Executive Vice President and COO (MEDIA DO), and Mr. Sasaki, General Manager of FanTop Division (MEDIA DO)

MEDIA DO's press release:

<https://mediado.jp/service/6094/> (in Japanese only)

After the press conference, media exposure was the largest ever since the FanTop launch

Large response to “NFT eBooks” observed on Twitter, and other social media

早川書房が電子書籍のNFTをスタート、「電子書籍による“中古市場”」の開拓を目指す

6/1(木) 15:00 配信

ORICON NEWS



出版社・早川書房が6月1日、新レーベル『ハヤカワ新書』創刊記者発表会を都内で行った。6月に刊行予定のラインナップ5作品について、株式会社メディアドゥとの共

世界初のNFT電子書籍で新たな“本の可能性”を拓く 早川書房の新レーベル「ハヤカワ新書」始動

6/1(木) 16:49 配信

Real Sound



記者発表会の登壇者たち

早川書房が新たにスタートする新書レーベル「ハヤカワ新書」の記者発表会が、6月1日に開催された。6月20日に創刊される同レーベルの5タイトルは、メディアドゥと共同で開発した「NFT電子書籍付き」版も販売されることが明らかされ、紙とデジタルの利点を組み合わせた新たな“本の可能性”を予感させる発表会となった。

【写真】 NFT電子書籍の印税分配の仕組み

早川書房のノンフィクション分野ではこれまで、主に海外の最先端の動向・知見をいち早く日本の読者に伝えるべく、サイエンス、人文、ビジネスなどのジャンルで時代の一步先をゆく翻訳書を刊行してきた。今回創刊するハヤカワ新書は、「未知への扉をひらく」とのコンセプトのもと、日本の著者による書き下ろしを中心に刊行される。

創刊ラインナップは、モデルの滝沢カレンが古今東西の小説のタイトルから発想を飛躍させて物語をつむぐ『馴染み知らずの物語』、エラリー・クイーンやアガサ・クリスティアーの作品から英語を学ぶ越前敏弥の『名作ミステリアで学ぶ英文読解』、架空の旅の



早川書房、同じ内容の電子書籍が付いた新書を発売 NFT化で“中古電子書籍市場”にも期待

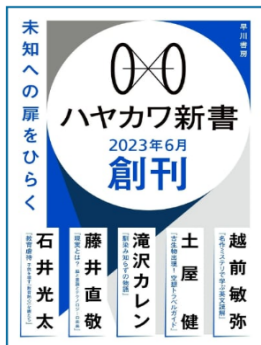
© 2023年6月1日 20時12分 公開

[関連関連: Itmedia]

印刷 共有 share B! 159

ReactのUI実装 (HooksやServer Componentsの活用による変化) Webサイト構築のポイントとは? Webマーケティングの最新情報

早川書房は6月1日、新書レーベル「ハヤカワ新書」を立ち上げ、紙の新書にNFT化された電子書籍が付いていく「NFT電子書籍付」版を発売すると発表した。20日から5冊を販売する。



「ハヤカワ新書」第1巻の5冊

電子出版取次大手のメディアドゥ（東京都千代田区）の技術を採用、電子書籍ファイル（EPUB）をNFT化した。購入した人は、例えば紙の本を自宅で作ったり読んだり、外出先ではスマートフォンで紙を読むなど使い分けられる。電子書籍版の



「ハヤカワ新書」がNFT活用 電子書籍の2次流通が可能に

6/1(木) 20:11 配信

KYODO



早川書房が創刊した「ハヤカワ新書」の記者発表会出席者＝1日午後、東京都千代田区

電子書籍の“古書市場”を創出できるかー。

早川書房（東京）が新レーベル「ハヤカワ新書」を創刊し、1日に都内で記者発表会を開いた。通常版の紙の書籍に非代替性トークン（NFT）化された書籍がセットで付く「NFT電子書籍付き版」も発売する。NFT電子書籍は読者間での譲渡や売買など2次流通が可能。売買の際には、版元や著者にも収益が還元される仕組みという。

閲覧権のみ得られる従来の電子書籍では2次流通はできなかった。電子書籍取次大手のメディアドゥ（東京）のアプリを使う共同事業で、出版界の新たな試みとして注目されそうだ。

Referencing meta URLs :

- <https://www.oricon.co.jp/news/2281196/full/>
- <https://news.yahoo.co.jp/articles/e537387dbdecf49144d478fc2701de6255dfc55>
- <https://www.itmedia.co.jp/news/articles/2306/01/news198.html>
- <https://news.yahoo.co.jp/articles/b5d1a535c8a1de1e2c545ba644359cde0017ba1e>

Strategic investment businesses

- 1 FanTop business
- 2 Imprint business
- 3 Other

Rapid growth in the content market worldwide due to COVID-19

Shortages of original works have become an issue in the market, and the importance of creating and discovering original works is increasing

- ✓ Real sense of shortages of original works, including vertical scrolling comics (VSC), in the rapidly growing content market
- ✓ Strengthening initiatives for creating and discovering original works, due to the expansion of the content market



Creation and discovery of original works / Multimedia

Box-office revenue
¥1.18bn



We are strengthening licensing proposal activities for the discovery of original works. By consistently producing hits, Everystar enhances its appeal as a novel-sharing site, attracting more users and creating a virtuous cycle



Cumulative works shared:
More than 1.91 million

Total number of authors  Total number of readers 

More than
80,000

More than
2.6 million

Star gift function (social tipping)
to be implemented
by the end of the year



By strengthening the framework for adding value to works, we vigorously promote the creation and discovery of original works

Currently working on licensing proposal activities for more than 600 works



Publishers, etc.

Multimedia
conversion

Achieving a virtuous cycle of original work creation

Hits based on original Everystar works (selection)



The neighbor of healing has a secret.

Nippon TV Friday Drama
DEEP (Late-night) Slot
Starting July 7, 2023!



EXPECTED DATE OF MARRIAGE

MBS Thursday Drama
Drama Tokku slot
Starting August 3, 2023!



Abandoned by her former fiancé due to her inability to use spirit magic, she chooses exile rather than becoming a slave to her sister-in-law

Collaborative work with Dejima
(Digital Margaret / SHUEISHA, Inc.)

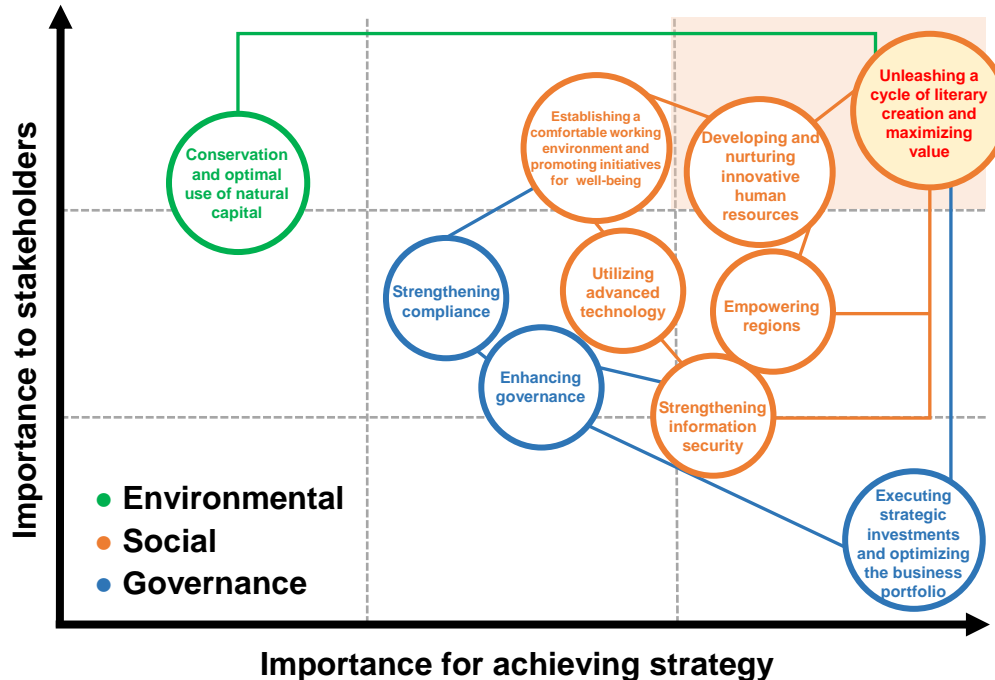
- ✓ Enhancing appeal as a novel-sharing site
- ✓ Winning new readers and authors

Strategic investment businesses

- 1 FanTop business
- 2 Imprint business
- 3 Other

MEDIA DO's sustainability is characterized by its role of continuously contributing to the development of the publishing/content industries, and as an extension culture, utilizing the foundation of trust built up over the years

- The Sustainability Committee **identified 10 material issues** in May 2023 based on shared value with stakeholders



What MEDIA DO will accomplish through its initiatives for material issues

1. **Resolve social issues** including those faced by the publishing/content industries
2. **Sustainable, long-term enhancement** of MEDIA DO's **corporate value**

MEDIA DO's mission and the driving force behind its sustainable growth is our role of continuously contributing to the development of culture closely in tune with the content industry

MEDIA DO Co., Ltd.
As of May 31, 2023 Financial Results Briefing

3. Appendix



Results for FY2023 1Q (P/L)

Millions of yen	FY2022								FY2023	
	1Q		2Q		3Q		4Q		1Q	
Net sales	26,269		27,956		23,814		23,627		22,632	
eBook distribution business	24,727	94.1%	26,004	93.0%	21,901	92.0%	21,699	91.8%	20,780	91.8%
Strategic investment businesses	1,540	5.9%	1,953	7.0%	1,912	8.0%	1,927	8.2%	1,851	8.2%
Cost of sales, SG&A expenses	25,650		27,240		23,314		23,069		22,147	
Royalties/ other cost of sales	23,020 ^{※1}	87.6%	24,347 ^{※1}	87.1%	20,371 ^{※1}	85.5%	20,223 ^{※1}	85.6%	19,443 ^{※1}	85.9%
Commissions	33	0.1%	32	0.1%	29	0.1%	28	0.1%	27	0.1%
Advertising expenses	53	0.2%	57	0.2%	63	0.3%	64	0.3%	61	0.3%
Personnel expenses	1,480	5.6%	1,582	5.7%	1,619	6.8%	1,494	6.3%	1,520	6.7%
Depreciation/ amortization	345	1.3%	401	1.4%	382	1.6%	344	1.5%	348	1.5%
Other	716	2.7%	819	2.9%	845	3.6%	913	3.9%	744	3.3%
Operating profit	619		715		500		557		485	
Ordinary income	612	2.3%	675	2.4%	472	2.0%	531	2.2%	441	2.0%
Profit attributable to owners of parent	312 ^{※2}		316 ^{※2} ^{※3}		-187 ^{※2} ^{※4}		615 ^{※5}		232	
EBITDA	964	3.7%	1,117	4.0%	883	3.7%	902	3.8%	834	3.7%

*1 Of which ¥22,734mn in FY2022 1Q, ¥23,912mn in 2Q, ¥19,974mn in 3Q, ¥19,819mn in 4Q ¥19,033mn in FY2023 1Q were related to the eBook distribution business

*2 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 ¥111mn, and additional provisions of ¥54mn and ¥4mn recorded in 2Q and 3Q, respectively

*3 Certain assets were retired, leading to the recording of ¥38 million in losses on retirement

*4 Impairment loss on Nagisa goodwill of ¥280mn and loss on impairment/disposal of software assets following termination of the GREET business of ¥240mn recorded as extraordinary loss

*5 Income taxes decreased due to transfer of Nagisa shares

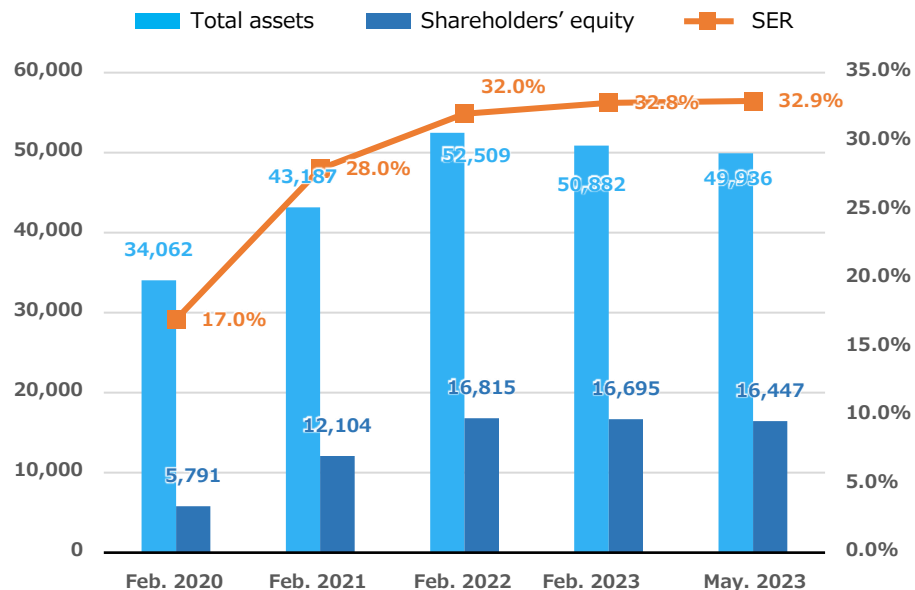
2024年2月期1Q実績 (B/S)

Millions of yen	FY2022 4Q	FY2023 1Q	QonQ change	Main factor behind change
Current assets	33,825	33,097	-728	
Cash and deposits	10,127	9,424	-703	
Notes, accounts receivable and contract assets	21,706	21,497	-209	
Non-current assets	17,056	16,839	-217	
Property, plant and equipment	630	616	-14	
Software	896	889	-7	
Goodwill	6,874	6,707	-167	
Investment securities	6,447	6,395	-52	
Total assets	50,882	49,936	-946	
Current liabilities	28,789	28,444	-345	
Notes and accounts payable – trade	24,511	23,953	-558	
Current portion of long-term borrowings	2,206	2,205	-1	
Total non-current liabilities	5,319	4,995	-324	
Long-term borrowings	4,414	4,089	-325	
Total liabilities	34,109	33,440	-669	
Total shareholders' equity	15,979	15,712	-267	
Capital	5,934	5,934	0	
Capital surplus	6,159	5,660	-499	Retirement of treasury stock
Retained earnings	3,933	4,166	233	
Treasury shares	-48	-48	0	
Total accumulated other comprehensive income	715	735	20	
Share option	0	0	0	
Non-controlling interest	77	48	29	
Total net assets	16,772	16,495	-277	
Total liabilities and net assets	50,882	49,936	-946	

Financial stability has improved following April 2021 capital raise

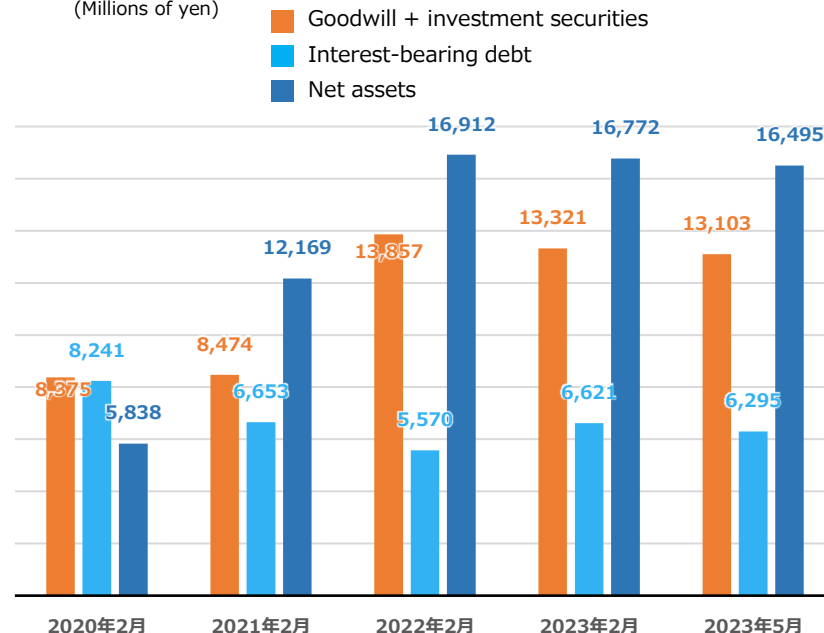
Shareholders' equity ratio (SER)

(Millions of yen)



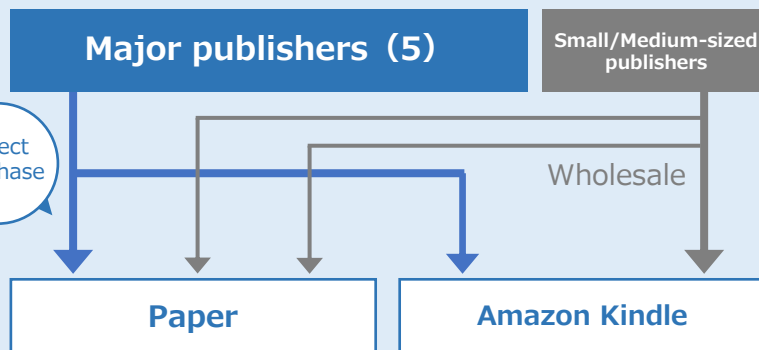
Key B/S accounts

(Millions of yen)



Differences between U.S. and Japanese Publishing Industries – Differences Creating Need for eBook Wholesalers

U.S. Publishing Industry



Amazon's market share is 60%

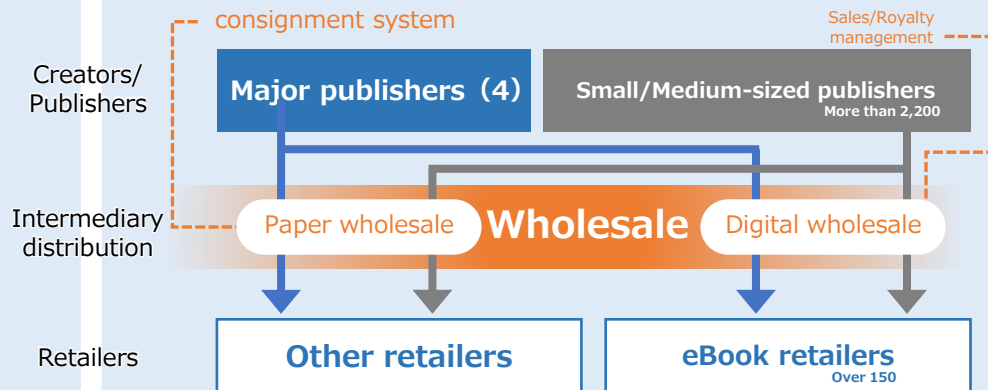
Industry environment

- The publishing industry is an oligopoly of the four major publishers. The eBook retailers side is also oligopolistic, with Amazon Kindle having a large market share.

Frameworks

- Receive orders by title for wholesalers and distributors

Japanese Publishing Industry



Industry environment

- With over 2,200 publishers and more than 150 ebook retailers, it is difficult for the company to handle all of its own distribution for both paper and ebooks.
- E-books in particular require a mechanism to manage diverse transactions and fragmented sales promotions.

Frameworks

- Unsold paper books can be returned under the consignment system.

➔ **Need for wholesalers by both publishers and retailers in Japan due to large number of industry players and complicated nature of procedures**

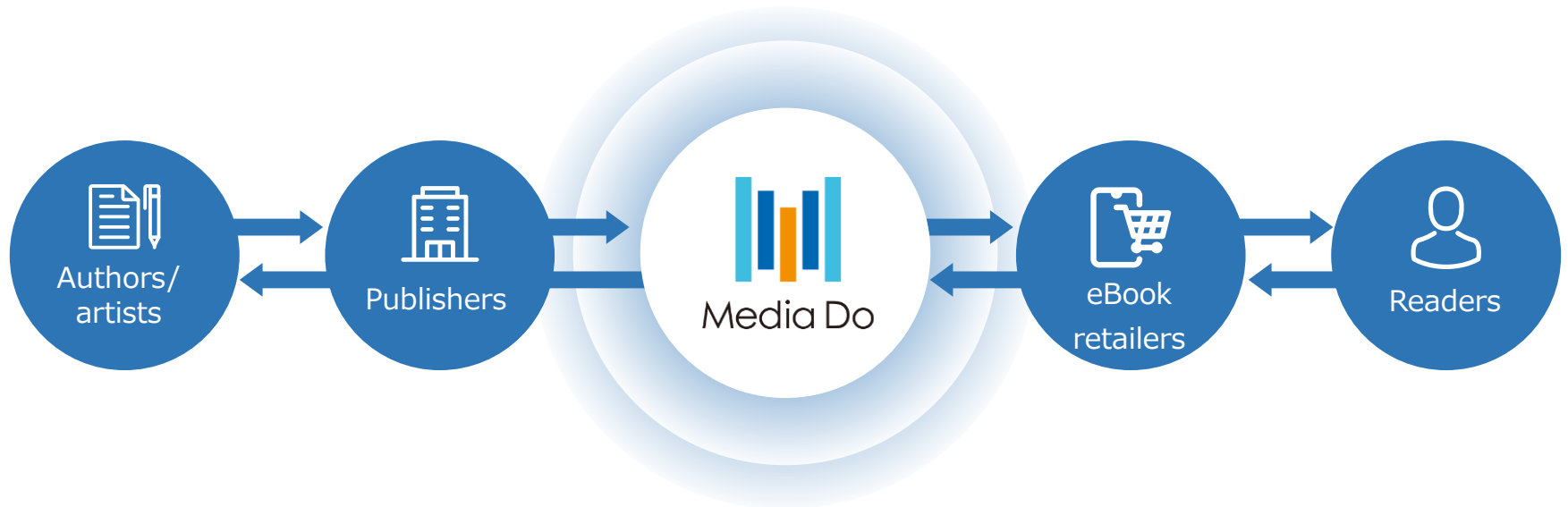
Approx. 36%*1 of eBooks are distributed via MEDIA DO in Japan



*1 Calculated by dividing our gross transaction value in FY2022 by the total transaction value in the market as a whole

*2 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 > ¥190bn (actual figures for FY2022)

Global presence

Only Asian company with an executive serving as co-chair of W3C's*¹ 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, 2022.

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

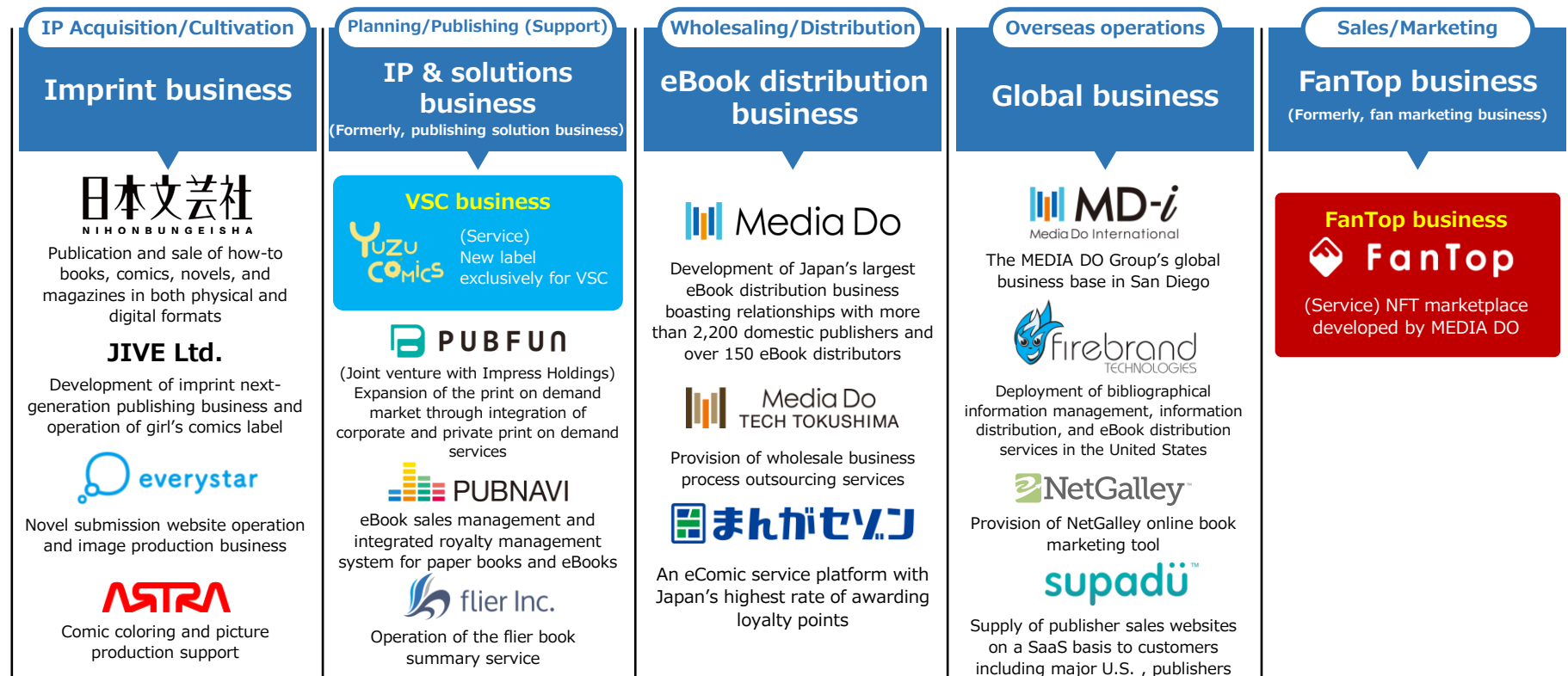
Over **2,200** publisher accounts, including **1,680** non manga publishers, **all** major publishers*¹ and **over 99%** of eBook publishers*²

Trusted by book
retailers

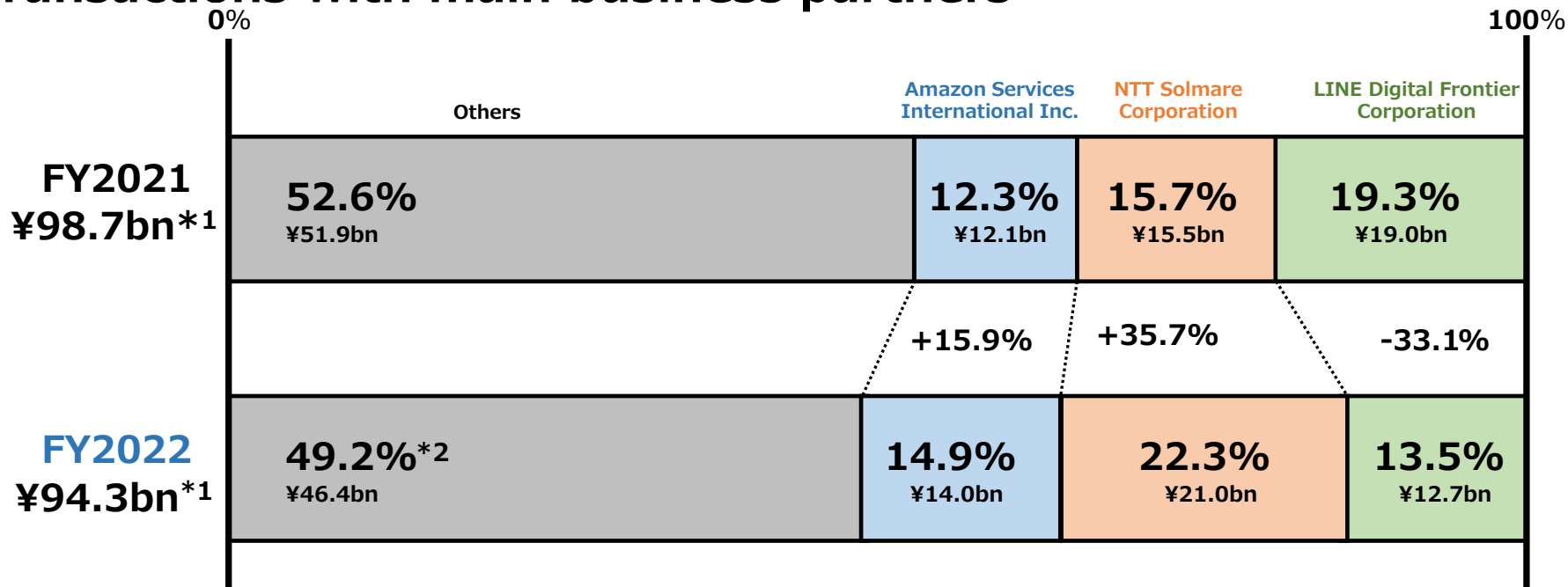
Supplier to over **150 book retailers** including **all of top 20** by usage rate*³

- *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.

Services and subsidiaries in each business segment and details of business operations



Transactions with main business partners



LINE Digital Frontier Corporation Transfer began in FY2022, with transactions expected to around ¥1.5bn in FY2023

NTT Solmare Corporation Acquired distribution transactions from some large publishers

Amazon Services International Inc. Net increase in transaction amount following growth of the eBook market

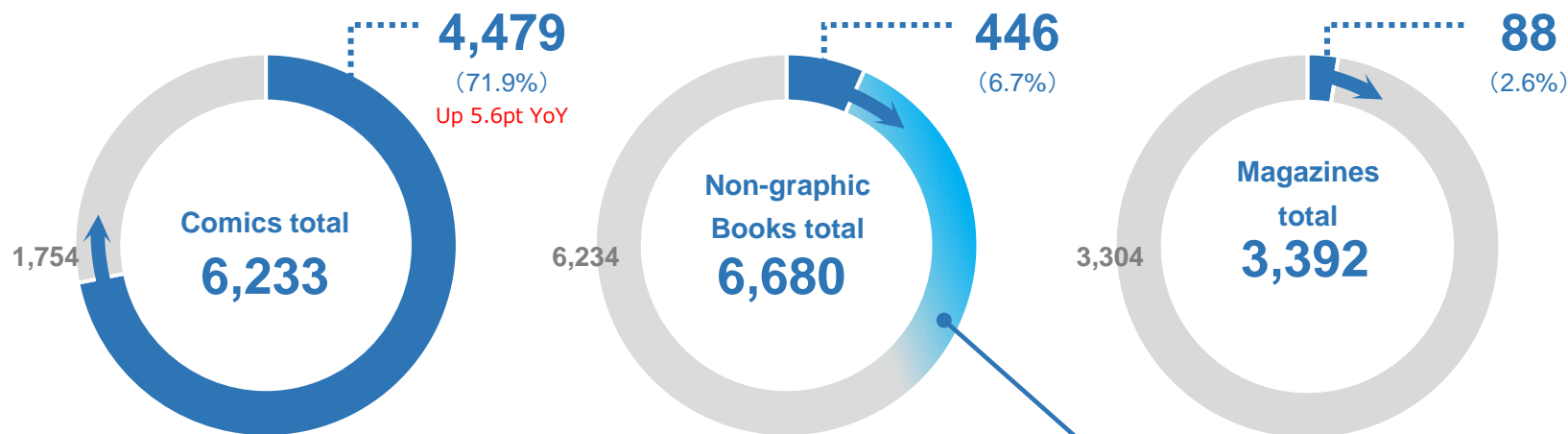
*1 Shows net sales for the eBook distribution business (prepared based on information in the Summary of Consolidated Financial Results).

*2 Rebound decline of major promotional campaigns by certain book retailers in FY2021.

Comics market digitalization rate increased 5.6 points YoY to 71.9%

Digitalization of non-graphic books still has a lot of room to run

Japan's publishing market by segment (2022) (Billions of yen)



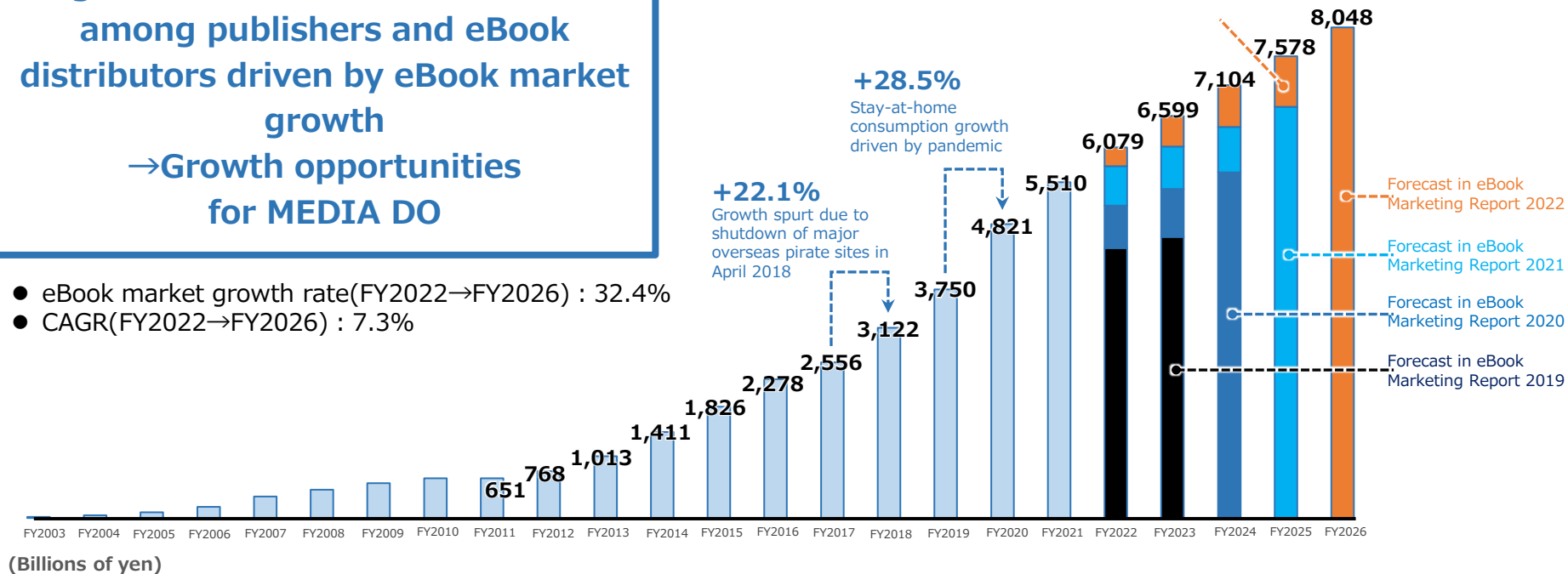
Note: AJPEA Statistics classify 90% of comic books in the "magazine" category. In the graph above, comic books classified as magazines in this way are counted as "comics." Additionally, comic sales include only comic books (both hard-copy and digital) while comic magazines (both hard-copy and digital)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

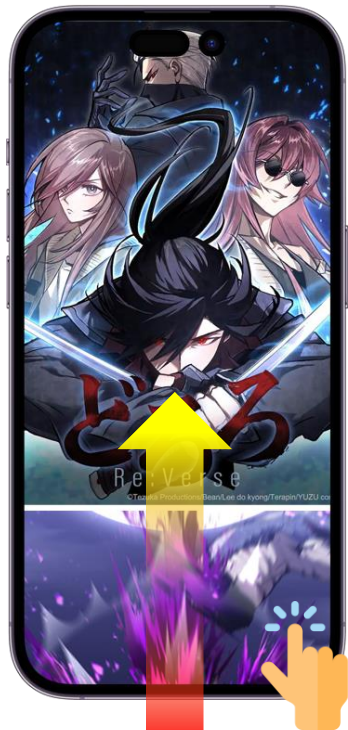
Ongoing growth forecast in the eBook market

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

- eBook market growth rate(FY2022→FY2026) : 32.4%
- CAGR(FY2022→FY2026) : 7.3%



Vertical scrolling comics (VSC) represent a next-gen manga ideally suited to smartphones/tablet devices



Features of VSC

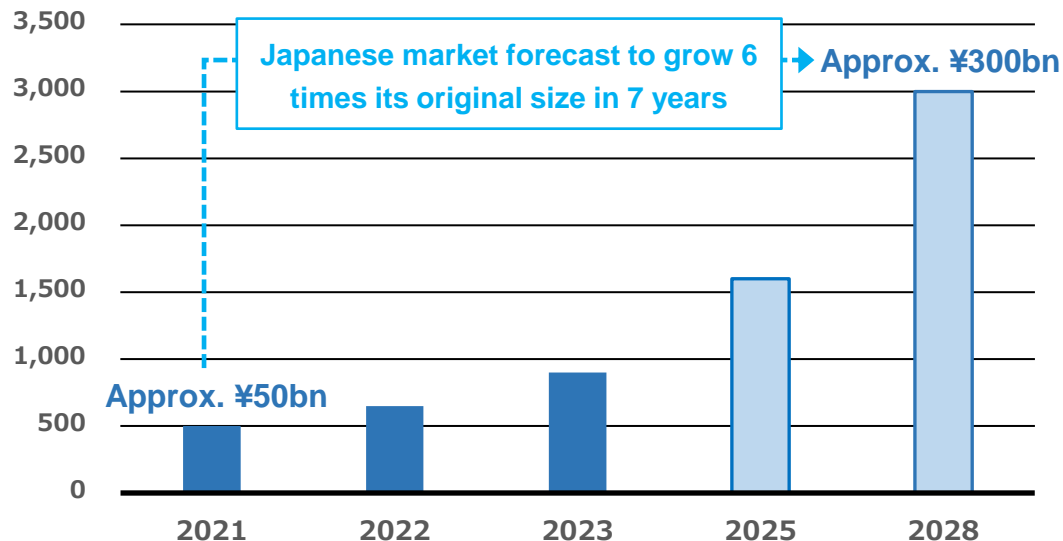
- ① Full color ② Read vertically ③ Distributed in episodes

Comparison with traditional manga

	Markets	IP holders	Production System	Format
Manga	Mostly in Japan	Publishers	Authors and editors	Based on Paper and eBook
VSC	Global	Publishers, Game companies, Anime companies, others	Studio approach (division of labor)	Smartphone and Tablet

The VSC market is forecast to grow dramatically both inside and outside Japan over the next several years and major publishers are also entering the market

Japanese market size*



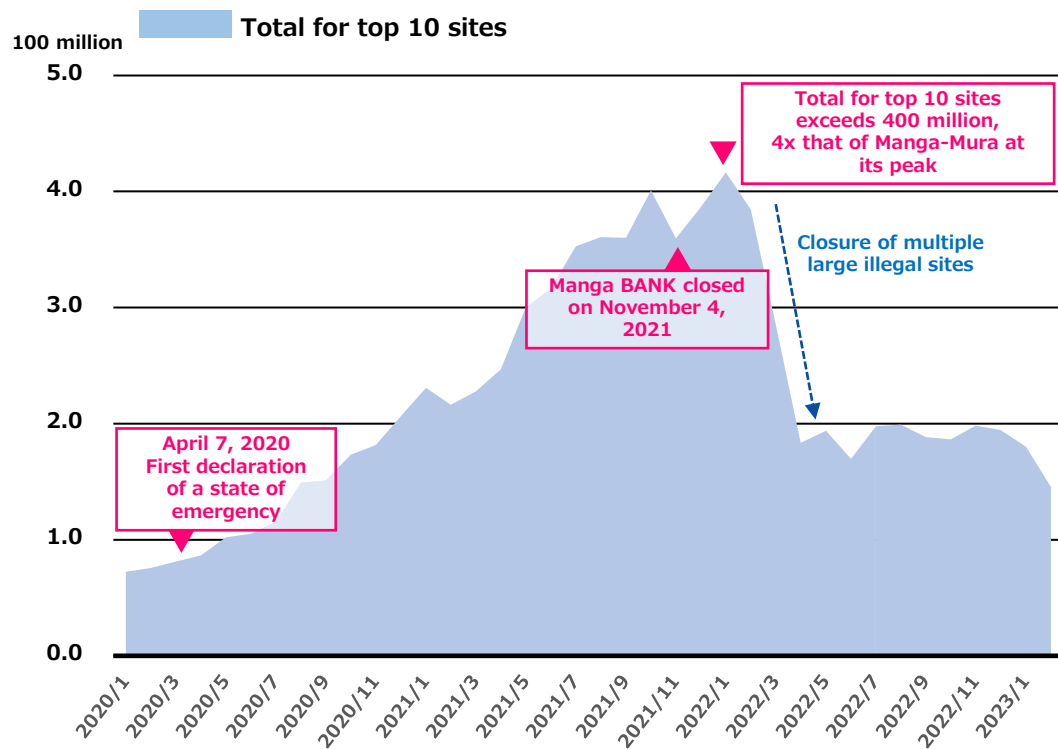
Large opportunities in VSC market

- ✓ Easily embraced worldwide because of its format suited to smartphones and they can be read in short episodes
- ✓ Major publishers have also established dedicated VSC departments
- ✓ Rising number of production studio companies in Japan, amounting to around 60 at present*

* As determined by MEDIA DO research

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

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"

Reviewing and reshuffling of business portfolio Focusing management resources on growth areas to restructure our businesses

Proactive investment in growth areas

With the aim of business expansion through creation of original works and distribution of works of investee companies, we invested in two VSC studio companies



**CONTENTS
LAB.
BLUE**



Business portfolio review

Sold off Nagisa, Inc. and J-Comic Terrace Corporation, both of which were expected to fall below 7% ROIC Liquidated MangaNews Inc.



Outlook for FY2023 results(1)

Declining revenue and profit trend will continue until FY2023

	FY2022	FY2023	YoY
Net sales	¥101.6bn	¥100.0bn	-1.6% (-1.6bn)
Operating profit	¥2,390mn	¥2,000mn	-16.4% (-390mn)
Ordinary income	¥2,290mn	¥2,000mn	-12.7% (-290mn)
Profit attributable to owners of parent	¥1,050mn	¥1,100mn	+4.1% (+50mn)
EBITDA	¥3,860mn	¥3,600mn	-6.9% (-260mn)

Outlook for FY2023 results(2)

Forecasts for FY2023 by segment

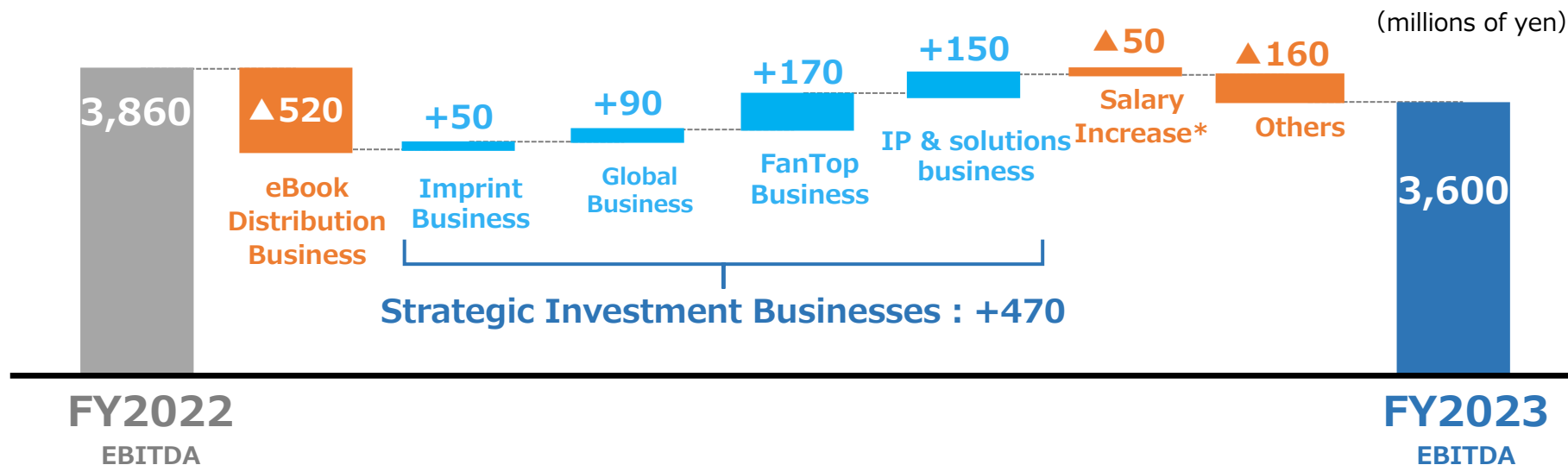
(billion of yen)

	eBook distribution business		Strategic investment businesses		Adjustment amount		Total	
	FY2022	FY2023	FY2022	FY2023	FY2022	FY2023	FY2022	FY2023
Net Sales	94.3	90.8	8.6	10.3	▲1.3	▲1.1	101.6	100.0
Operating Profit	5.2	4.7	▲1.4	▲1.1	▲1.3	▲1.6	2.3	2.0
EBITDA	5.8	5.3	▲0.6	0.2	▲1.3	▲1.5	3.8	3.6

Outlook for FY2023 results(3)

Points of results

- Declining revenue and profit trend will continue until FY2023
- eBook distribution business profit will decrease due to the impact of the transfer of LINE Manga
- Profit of strategic investment businesses will improve
- Profits will improve mainly in IP & solutions business and FanTop business



*In view of price increases, a 3% supplemental salary increase in addition to the salary increase and decrease associated with the evaluation was implemented for employees in Grades 1-3 of the five grades.

Anticipating a total return ratio*¹ of **75.6%*²** for FY2023 based on our plan for **stock buybacks** and a **year-end dividend of ¥22 per share**.

Share holder Returns Policy

Total return ratio*¹
30% or higher

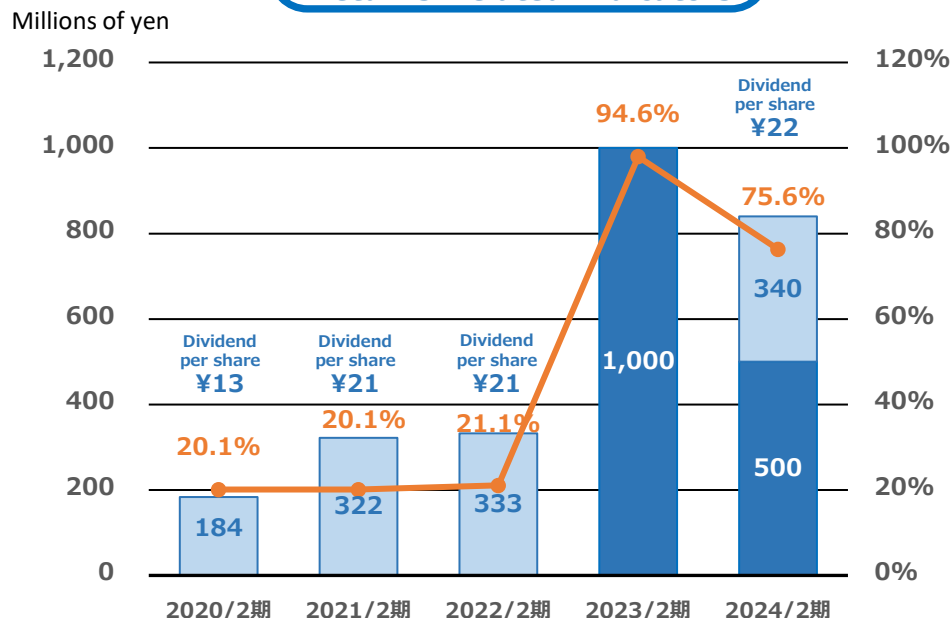
Year-end dividend (¥22 per share)

- Decline in revenue and profit expected to end in FY2023
- Total return ratio will exceed 30% with the year-end dividend alone
- Robust eBook market and growth toward the profitability of strategic investment businesses

Stock buybacks (up to ¥500mn / 450,000 shares)

- Share price at the time of stock buybacks in 2022: ¥2,162
- Share price at the time of announcing our acquisition of Digital Publishing Initiatives Japan Co., Ltd. in 2017: ¥2,065

Shareholder Returns-Related Indicators



■ Total dividend payments
 ■ Stock buybacks
 —●— Total return ratio

*1: Total return ratio = (total dividends paid + total share repurchases) ÷ profit attributable to owners of parent

*2: Based on forecast of profit attributable to owners of parent for FY2023 announced on April 13, 2023

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

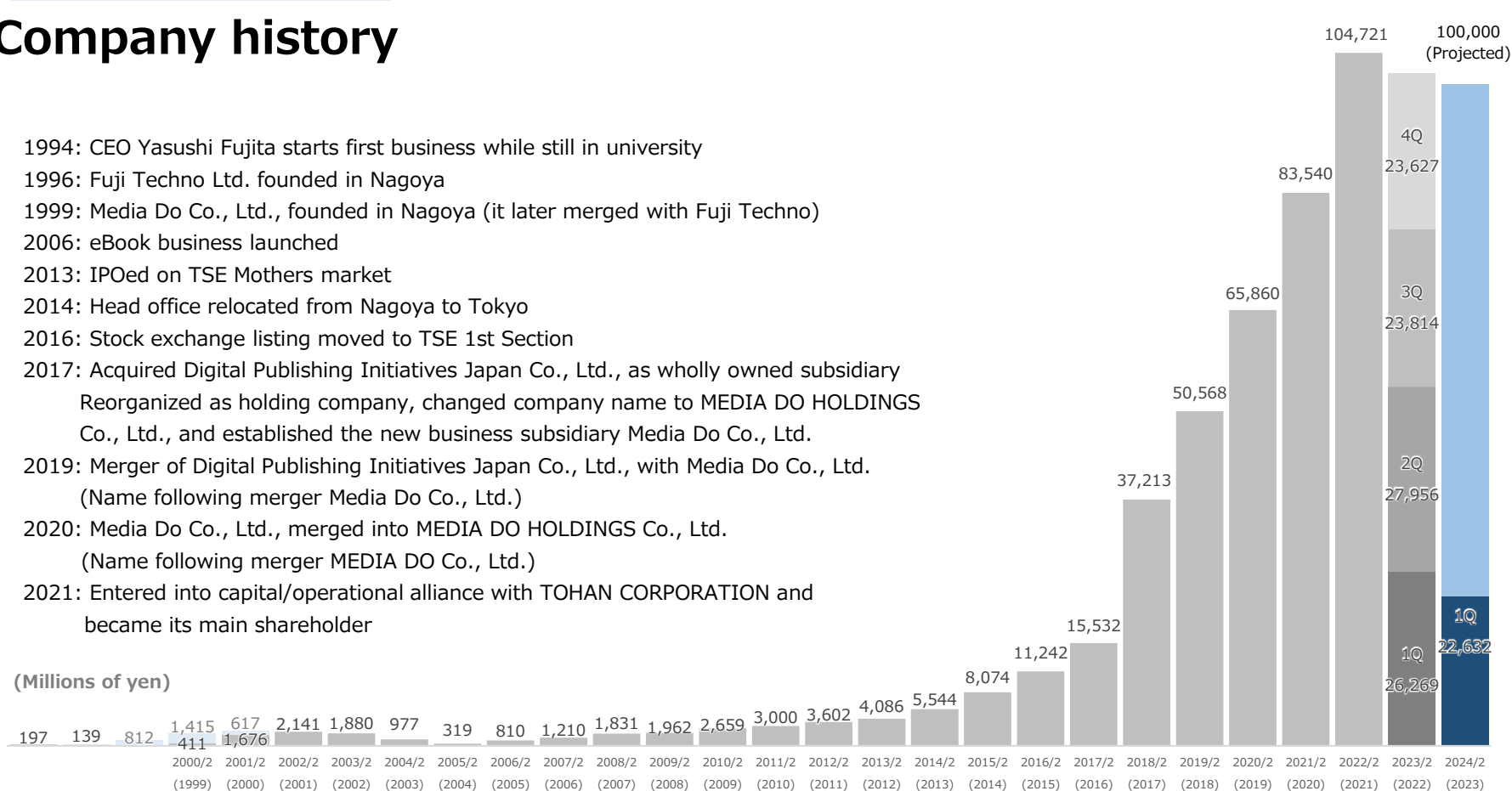
2016: Stock exchange listing moved to TSE 1st Section

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



Share price performance and trading volume since IPO

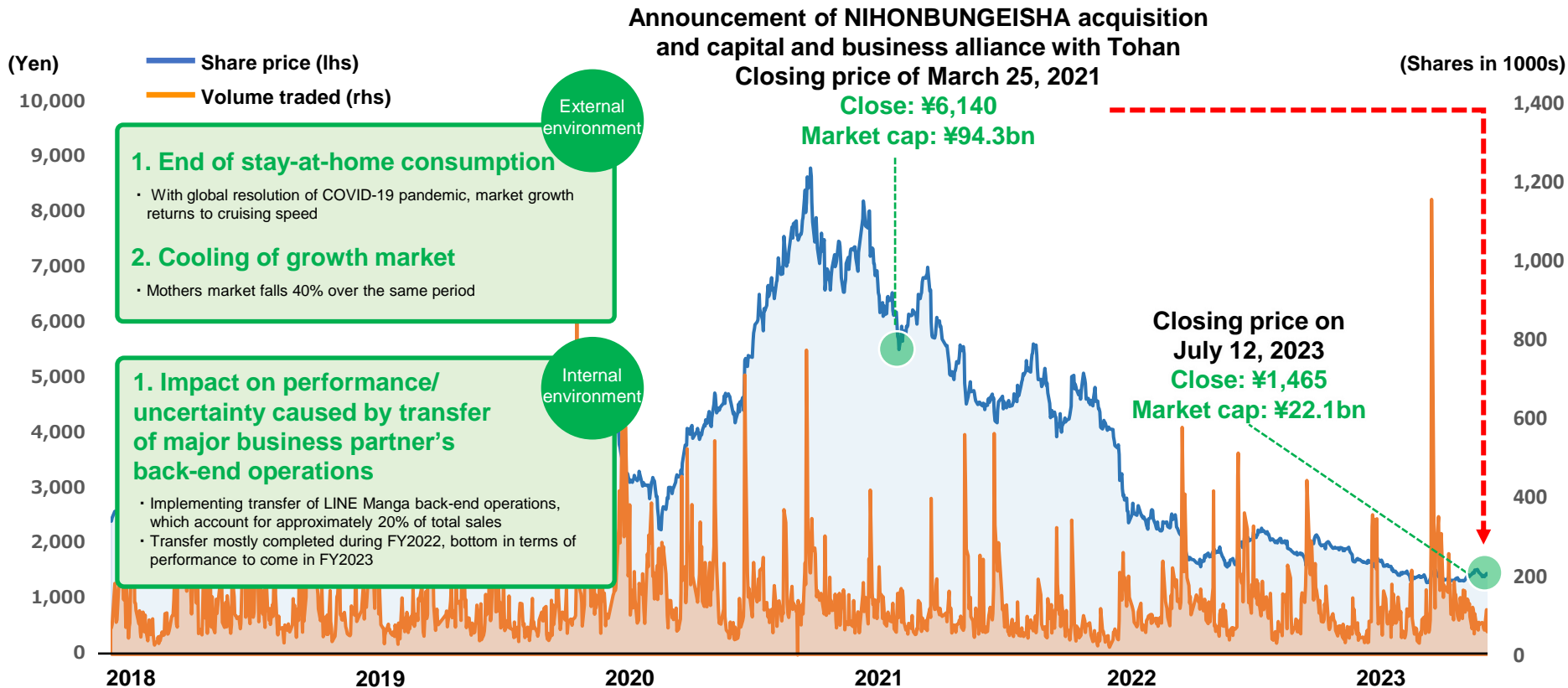


Events during the rising phase of the share price



Note: Share price chart takes into account the stock split (1:2) announced on January 20, 2014

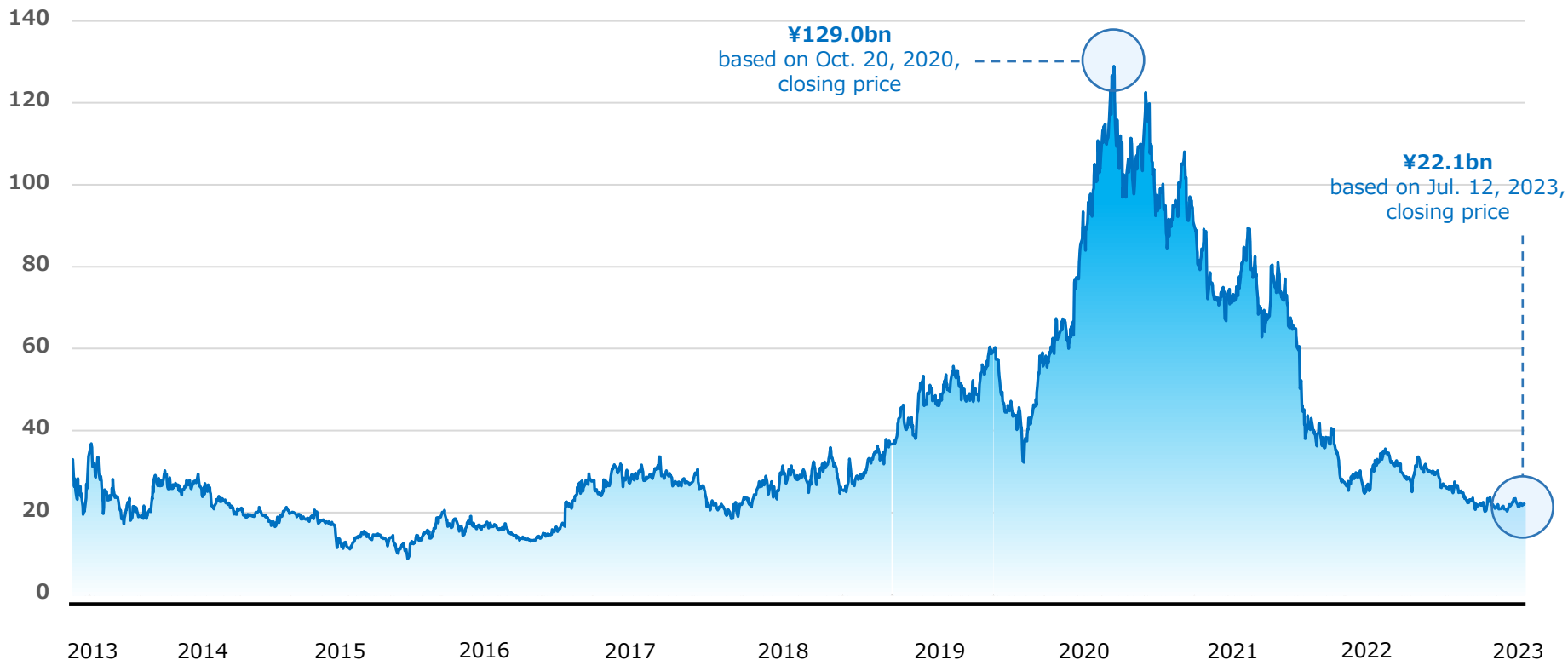
Events during the falling phase of the share price



Note: Share price chart takes into account the stock split (1:2) announced on January 20, 2014

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 May 31, 2023)		
Stock listing (Securities code)	Tokyo Stock Exchange, Prime Market (3678)		
Board Members	President and CEO: Yasushi Fujita Director: Shin Niina Director: Atsushi Mizoguchi Director: Hiroshi Kanda Director: Kayoko Hanamura Outside Director: Ayako Kanamaru Outside Director: Haruo Miyagi Outside Director: Junko Mokuno	Senior Executive Officer: Teruyoshi Ando Specially Appointed Executive Officer: Susumu Tsukamoto Executive Officer: Ryo Yamada Executive Officer: Yoichi Chihara Executive Officer: Hajime Suzumura Executive Officer: Shoichiro Tokoro Executive Officer: Kaname Nakano	Standing Audit & Supervisory Board Member: Kazuyoshi Ohwada Outside Audit & Supervisory Board Member: Makoto Nakajima Outside Audit & Supervisory Board Member: Toshiaki Morifuji Outside Audit & Supervisory Board Member: Tsuyoshi Shiina
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.; MEDIA DO Payment Co., Ltd.; Flier Inc.; JIVE Ltd.; NIHONBUNGEISHA Co., Ltd.; Everystar Co., Ltd; GAMBAROU TOKUSHIMA 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.		



MEDIA DO Payment Co., Ltd.
 (Name changed from Digital Publishing Initiatives Japan Co., Ltd.)

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 antipiracy 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 CRO*1

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. Appointed director and CBDO in charge of new businesses and alliances in June 2020 and appointed director and CRO in March 2023.

As CRO, leads development of new markets and creation/acquisition of major projects, capitalizing on her IT and mobile telecom expertise and broad experience in MEDIA DO's 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. Appointed general manager of Corporate Planning Division in 2019 and executive officer/CSO in charge of management strategy formulation and IR in June 2020. Appointed director/CSO & CFO in June 2022, in charge of the corporate division. 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.



Kayoko Hanamura,
Director and CBO*2

Joined Forside Co., Ltd. in 2000. Consistently engaged in the content businesses and served as an Executive Officer and Director. Joined MEDIA DO in 2015, engaging in the general eBook business as General Manager of the eBook Business Division and an Executive Officer. Appointed Executive Officer and CEDO in charge of MEDIA DO's core eBook distribution business in June 2020. After being appointed Senior Executive Officer in June 2022, appointed Director and CBO in May 2023.

As CBO, she is responsible for building an operational model for the series of processes from planning to operations management for the eBook distribution business while keeping abreast of publisher and book retailer needs utilizing her many years of experience in the content businesses.

*1: Chief Relationship Officer

*2: Chief Business Officer

Management Team (3/3)



Teruyoshi Ando

Senior Executive Officer
IP & Solutions Business



Susumu Tsukamoto

Specialy Appointed Executive Officer
VSC & International Business



Ryo Yamada

Executive Officer
Corporate Planning



Yoichi Chihara

Executive Officer and CHRO*1



Hajime Suzumura

Executive Officer
Group Integration/President &
CEO Office/FanTop Business



Shoichiro Tokoro

Executive Officer
Accounting



Kaname Nakano

Executive Officer and CIO*2

*1: Chief Human Resource Officer

*2: Chief Information Officer

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.

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