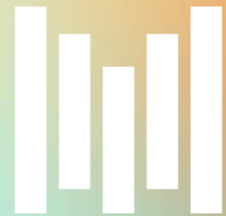


Financial Results Briefing
for Six Months Ended August 31, 2023

FY2023.2Q

FINANCIAL RESULTS BRIEFING

MEDIA DO Co., Ltd.
TSE Prime: 3678



Media Do

1	1H Financial Highlights	P.4
2	Earnings Trends	P.9
	1. Consolidated Performance		
	2. eBook Distribution Business		
	3. Strategic Investment Businesses		
3	Growth Strategies	P.28
4	Appendix	P.38

Improvements to Financial Results Briefing Materials: To help shareholders, investors, and other stakeholders make investment decisions, in addition to disclosing trends in net sales and operating profit by segment, we disclose the direction of each business as well as important indicators for business growth in the strategic investment businesses, which will represent new pillars of earnings in the future. We will continue to aim to further expand disclosures of financial and non-financial information.

Executive Summary

2Q Highlights

Net sales **¥46.3bn** (Progress ratio of 46.4%)

EBITDA **¥1.63bn** (Progress ratio of 45.3%)

Operating profit **¥990mn** (Progress ratio of 49.7%)

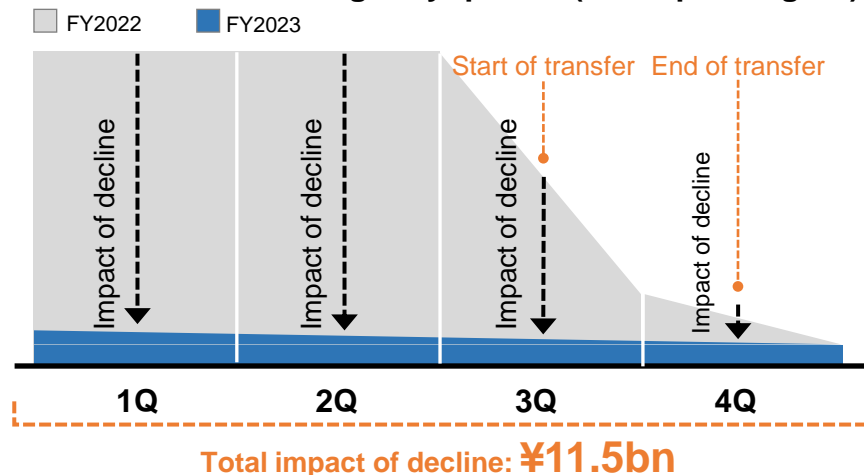
Profit attributable to owners of parent **¥500mn** (Progress ratio of 46.4%)

- Despite decline in both revenue and profit caused by sales decline following transfer of LINE Manga, actual net sales were strong
- Operating profit/EBITDA declined due to diminished revenue of the eBook distribution business and the impacts felt from subsidiary NIHONBUNGEISHA

2Q Topics

- Continuing from 1Q, the impact of diminished revenue due to the transfer of LINE Manga was significant, but this impact will gradually ease from 3Q
- Remaining sales to LINE Manga will be approximately ¥1.5bn in FY2023, with impact of sales decline of approximately ¥11.5bn

Net sales to LINE Manga* by quarter (conceptual figure)



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

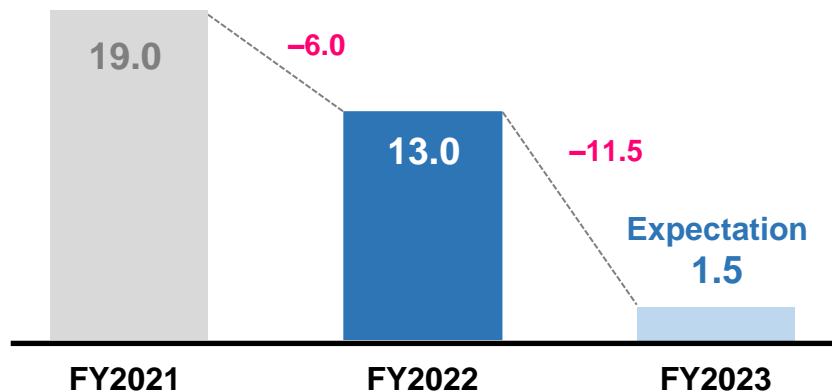
1. 1H Financial Highlights



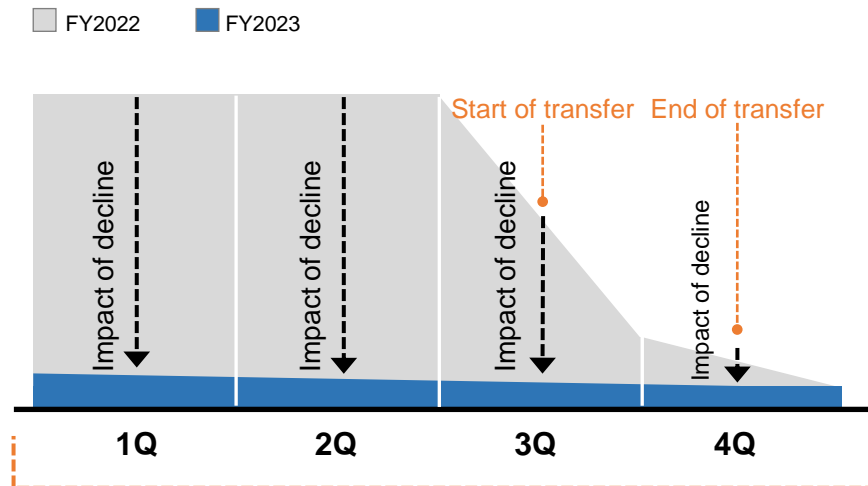
Impact of Transfer of LINE Manga

- **Transfer of back-end operations of major publishers completed** on December 1, 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 (conceptual figure)



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

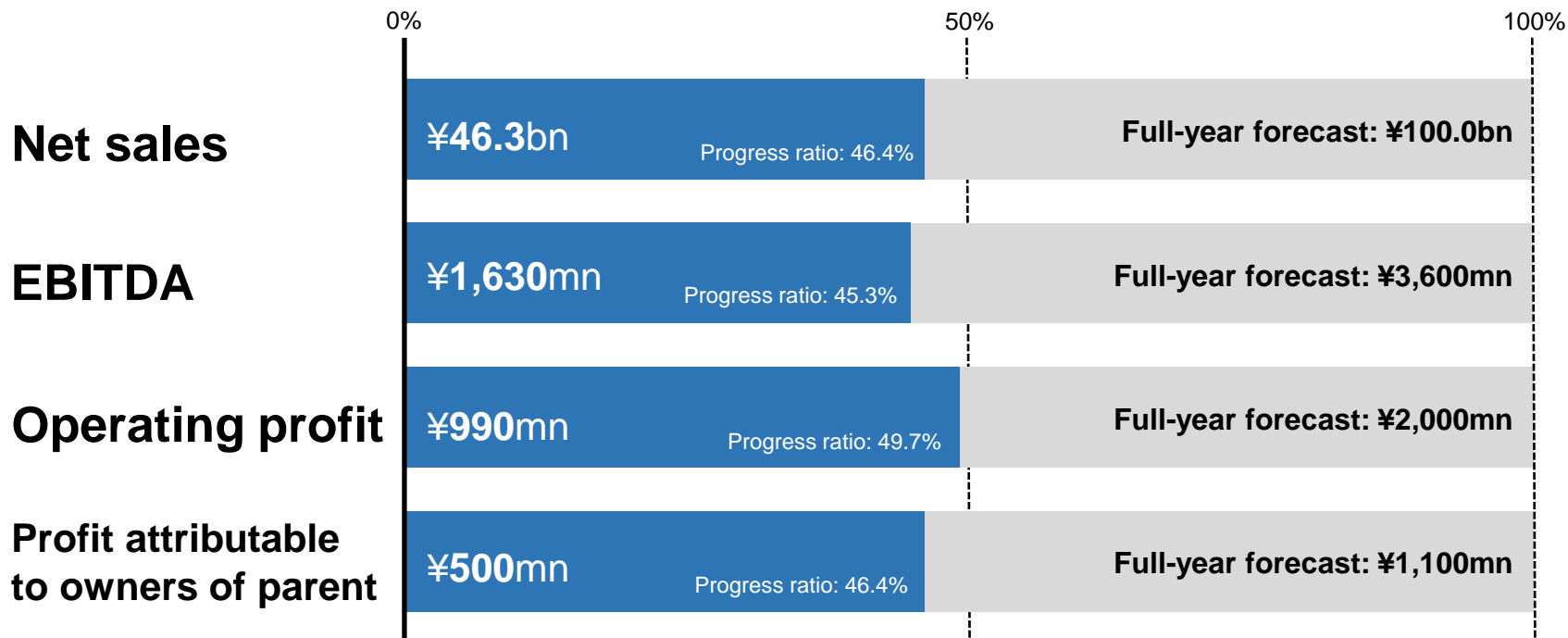
Consolidated Performance Highlights

- Net sales declined due to impacts of transfer of LINE Manga and new approaches taken by book retailers considering greater mobility of people following the easing of COVID-19 restrictions, but growth effectively remained intact
- For operating profit/EBITDA, main factors behind the decline were diminished profits of the eBook distribution business from weaker sales and lower revenue and profits of NIHONBUNGEISHA

		FY2022 1H	FY2023 1H	YoY
Net sales	Results	¥54.2bn	¥46.3bn	-14.4% (-¥7.9bn)
	Excluding those to LINE Manga	¥43.9bn	¥45.3bn	+3.1% (+¥1.4bn)
EBITDA		¥2,080mn	¥1,630mn	-21.5% (-¥450mn)
Operating profit		¥1,330mn	¥990mn	-25.6% (-¥340mn)
Profit attributable to owners of parent		¥620mn	¥500mn	-18.9% (-¥120mn)

Rate of Progress of Consolidated Results up to 2Q

- Net sales and profits were both around 50% of forecasts for FY2023



Net Sales by Segment (1H)

Reporting segments*1

Millions of yen

	eBook Distribution Business	Strategic investment businesses		FY2022 1H	FY2023 1H
		MEDIA DO	Subsidiaries		
Distribution	eBook Distribution Business*2			49,957	42,125
Book/magazine publishing			NIHONBUNGEISHA	1,246	1,136
Online services	Manga Saison	FanTop VSC business*3 eLibrary	Everystar Flier	1,905	1,739
Solutions for publishers			Firebrand NetGalley Supadu	938	1,180
Other			MD-i*3 ARTRA*3	178	214
Total				54,226	46,397

Business segments*1

*1 For businesses in the breakdown of reporting segments and business segments, representative businesses corresponding to that category are listed.

*2 The eBook distribution business includes subsidiary Media Do Tech Tokushima Co., Ltd.

*3 VSC: Vertical Scrolling Comic; MD-i: Media Do International, Inc.; ARTRA: ARTRA ENTERTAINMENT Inc.

MEDIA DO Co., Ltd.

Financial Results Briefing for Six Months Ended August 31, 2023

2. Earnings Trends



2. Earnings Trends

Consolidated performance

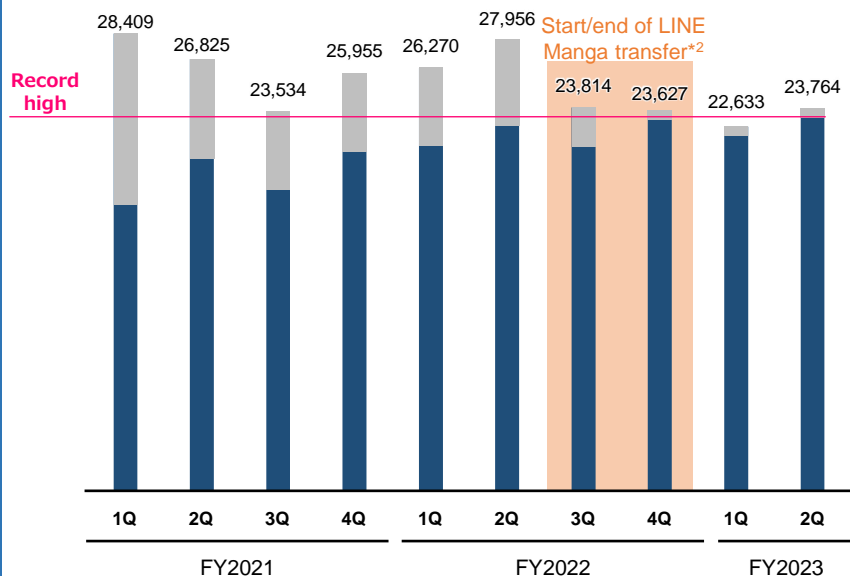
Consolidated Performance Summary

- If net sales to LINE Manga are excluded, **net sales reached a record high**
- The eBook distribution business is steadily growing, but the operating profit margin remained largely unchanged amid the growing losses posted by strategic investments businesses

Net sales

■ Net sales ■ Special factors*1

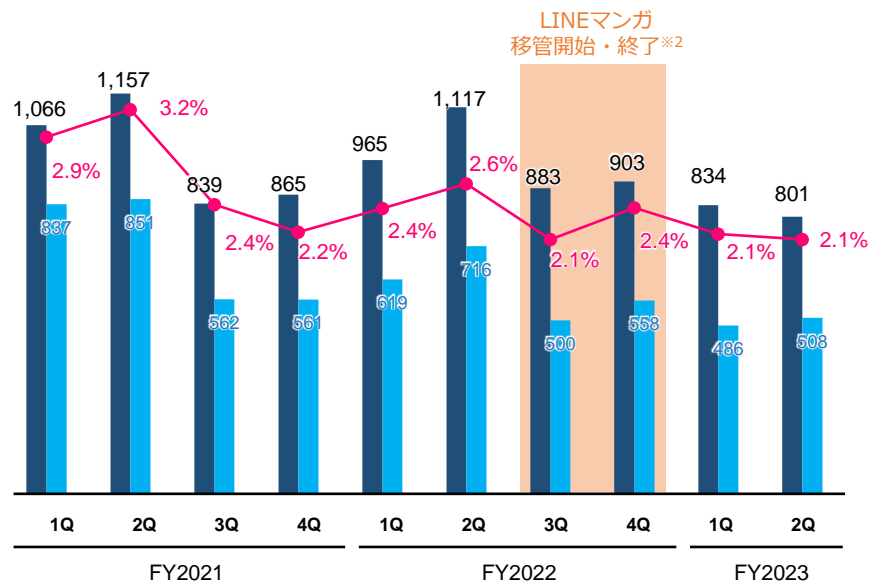
Millions of yen



EBITDA / Operating profit

■ EBITDA ■ Operating profit — Operating profit margin

Millions of yen

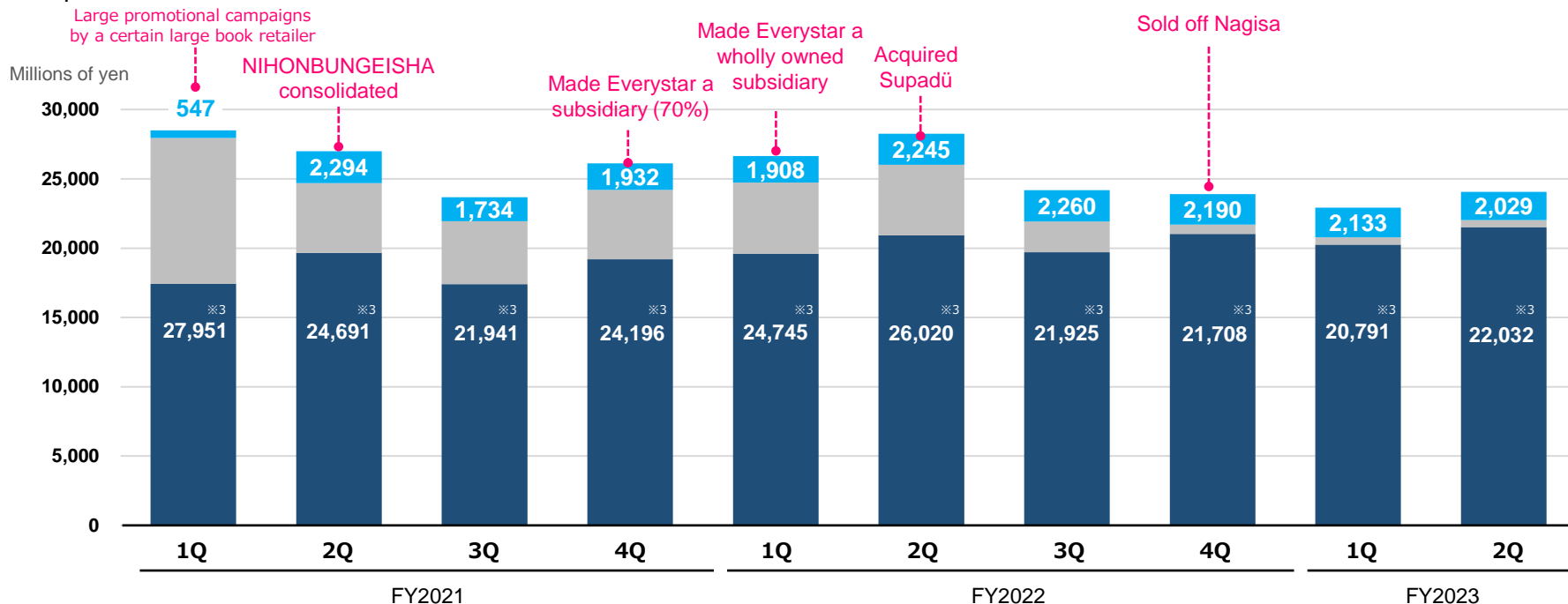
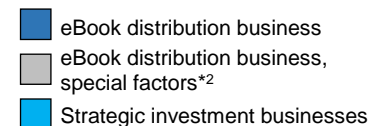


*1 Total amount reflecting net sales to LINE Manga and impacts of large promotional campaigns by a certain large book retailer in FY2021

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

Trends in Consolidated Net Sales (by Segment)*1

- When excluding special factors, net sales of the eBook distribution business are growing
- In the strategic investment businesses, revenue declined year on year due to the sale and liquidation of a subsidiary owing to the promotion of business portfolio review in FY2022 and the impact of lower revenue of NIHONBUNGEISHA



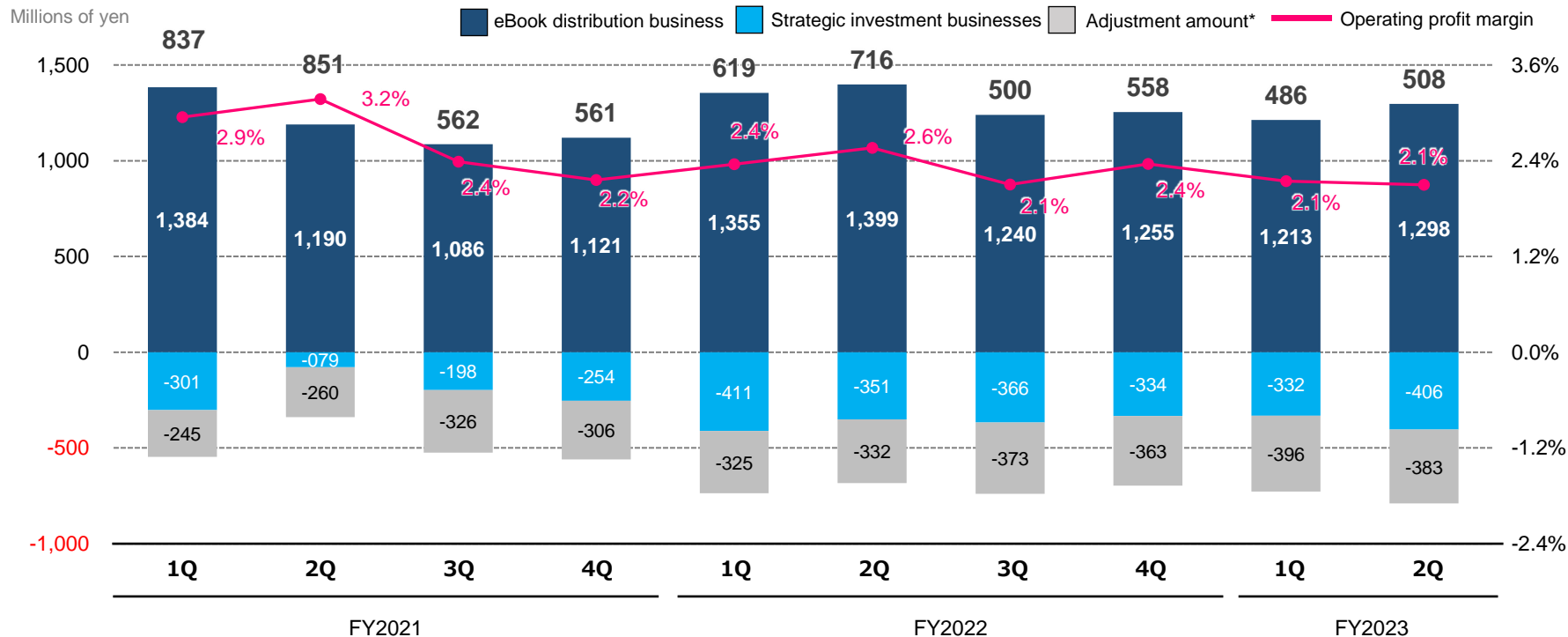
*1 Net sales does not include adjustments for inter-segment sales, etc. For quarterly adjustment amounts, see page 26.

*2 Total amount reflecting net sales to LINE Manga and impacts of large promotional campaigns by a certain large book retailer in FY2021

*3 Total amount of e-book distribution business and special factors

Trends in Consolidated Operating Profit (by Segment)

- The eBook distribution business has seen rising operating profit, which peaked in 3Q FY2022 when the transfer of LINE Manga began, in accompany with rising sales
- The strategic investment businesses posted a larger loss, impacted by lower revenue and profits of NIHONBUNGEISHA

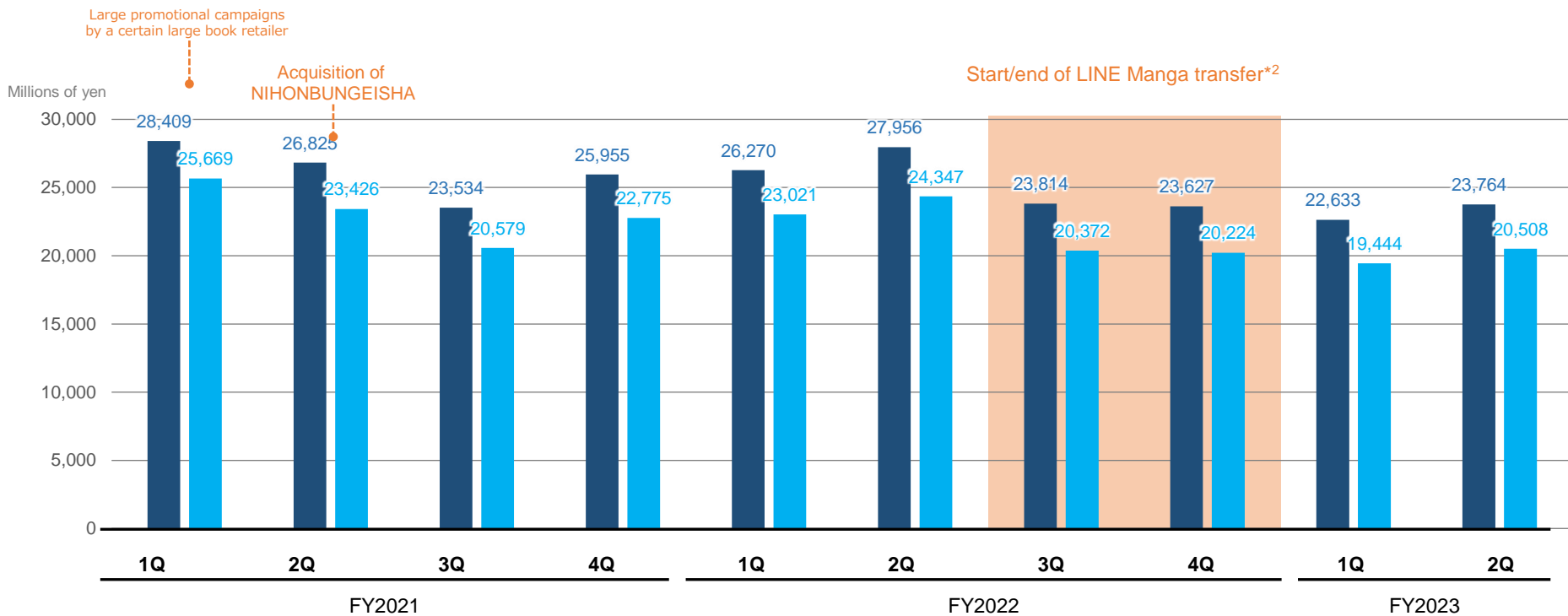


* Adjustments reflect headquarters expenses

Trends in Cost of Sales Including Royalties*1

■ Following the transfer of LINE Manga, the cost of sales including royalties has declined since 3Q FY2022

■ eBook distribution business
■ Cost of Sales Including Royalties

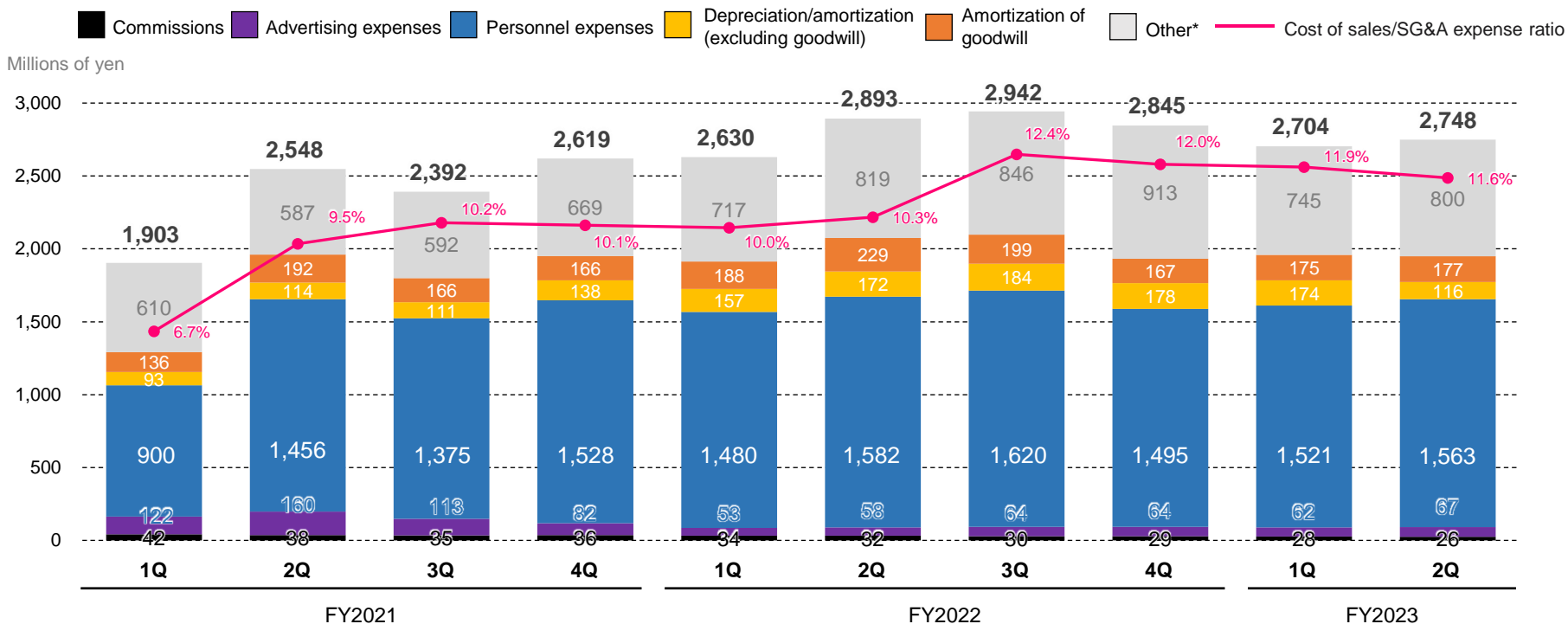


*1 Trends in the total of the cost of sales including royalties incurred in the eBook distribution business and the printing and binding cost mainly recorded by NIHONBUNGEISHA are shown

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

Trends in Cost of Sales/SG&A Expenses (Excluding Royalties)

- Although the cost of sales/SG&A expense ratio increased in 3Q FY2022 owing to weaker net sales due to the transfer of LINE Manga, both cost of sales/SG&A expense ratio and amounts have been on a downward trend since 3Q FY2021 owing to the streamlining/upgrading of business processes in the eBook distribution business and companywide cost controls

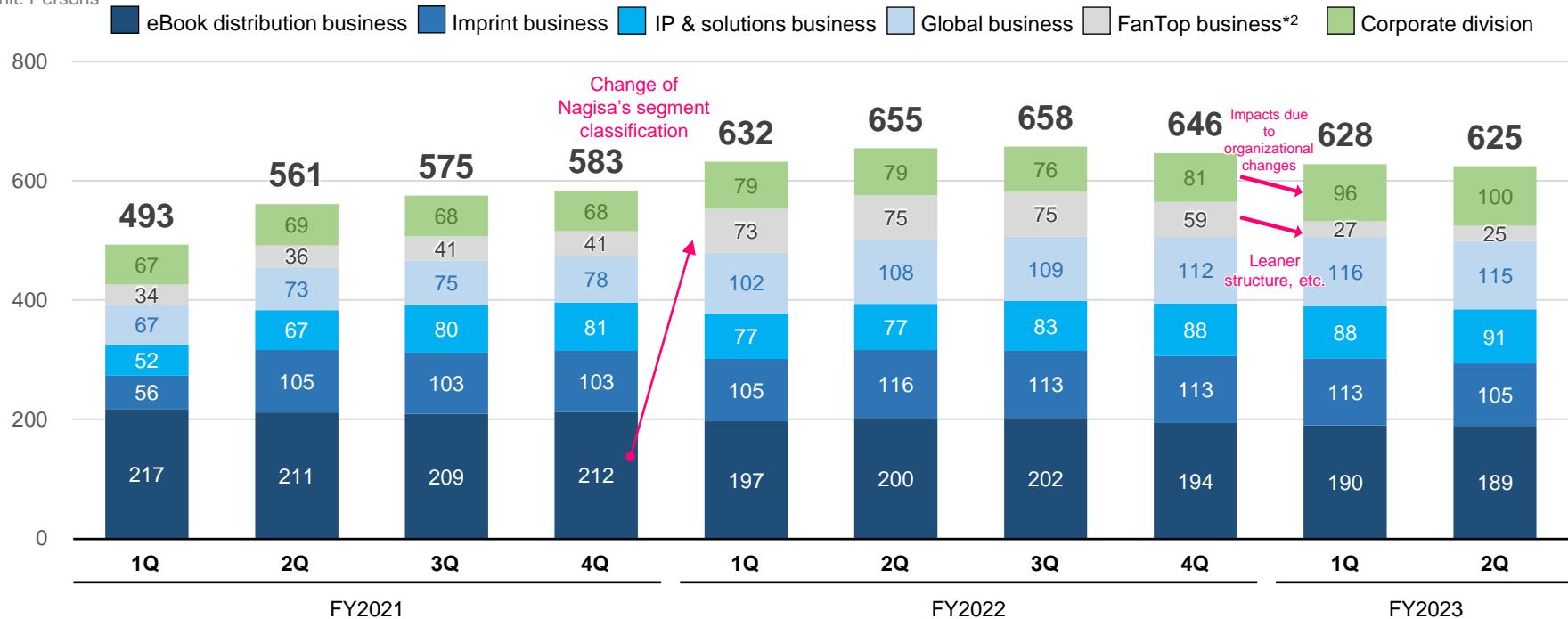


* "Other" includes outsourcing expenses, land rent, and taxes and public dues

Trends in the Number of Employees*1

- As a result of M&A, the number of employees on a consolidated basis increased significantly from the FY2021 to FY2022, but the number of employees has been on a downward trend recently, partly due to the sale of Nagisa following the review of the business portfolio

Unit: Persons



*1 The number of employees is the average for each quarter

*2 The FanTop business includes figures for new businesses such as XR and GREET as well as MyAnimeList, J-Comic Terrace, and Nagisa in the FY2021 and FY2022

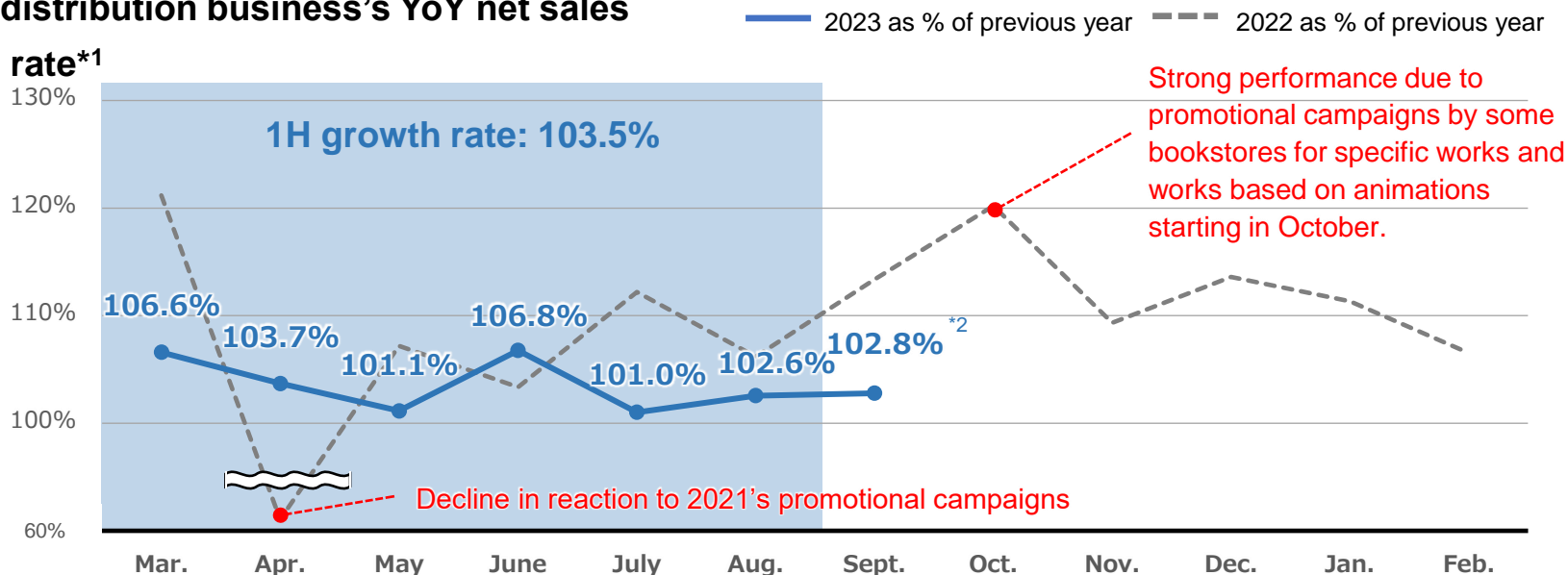
2. Earnings Trends

eBook distribution business

YoY Net Sales Growth

- Impacts of new approaches of publishers and eBook retailers following the end of stay-at-home demand continued from 1Q
- Net sales of the eBook distribution business in 1H were 103.5% year on year, indicating sluggishness
- By genre, paper books were affected by the recoil from the large number of new hit books published last year

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



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

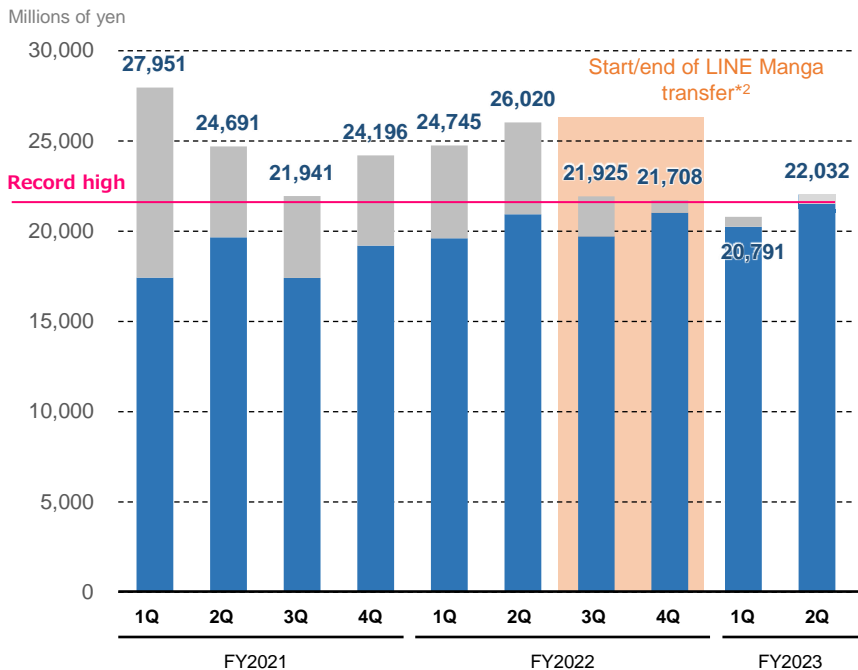
*2 From the FY2023 Monthly Flash Report (Monthly Distribution Growth Rate) for September disclosed on October 4, 2023. We aim to release the monthly flash report between 5 and 7 working days after the start of each month. Please see TDnet or IR News on the company website (<https://mediado.jp/english/ir/news/>)

Trends in Net Sales and Operating Profit

- Net sales declined due to impacts of transfer of LINE Manga, but growth effectively remained intact
- Operating profit margin is on an improving trend due to higher gross margin from the impact of the transfer of LINE Manga and streamlining/upgrading of business processes

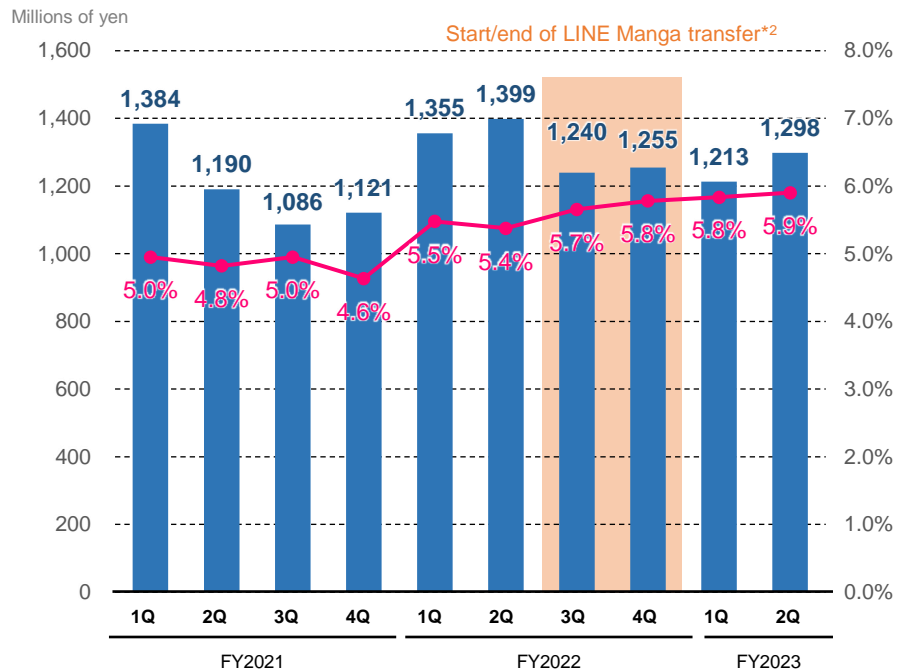
Net sales

Net sales Special factors*1



Operating profit / operating profit margin

Operating profit Operating profit margin



*1 Total amount reflecting net sales to LINE Manga and impacts of large promotional campaigns by a certain large book retailer in FY2021

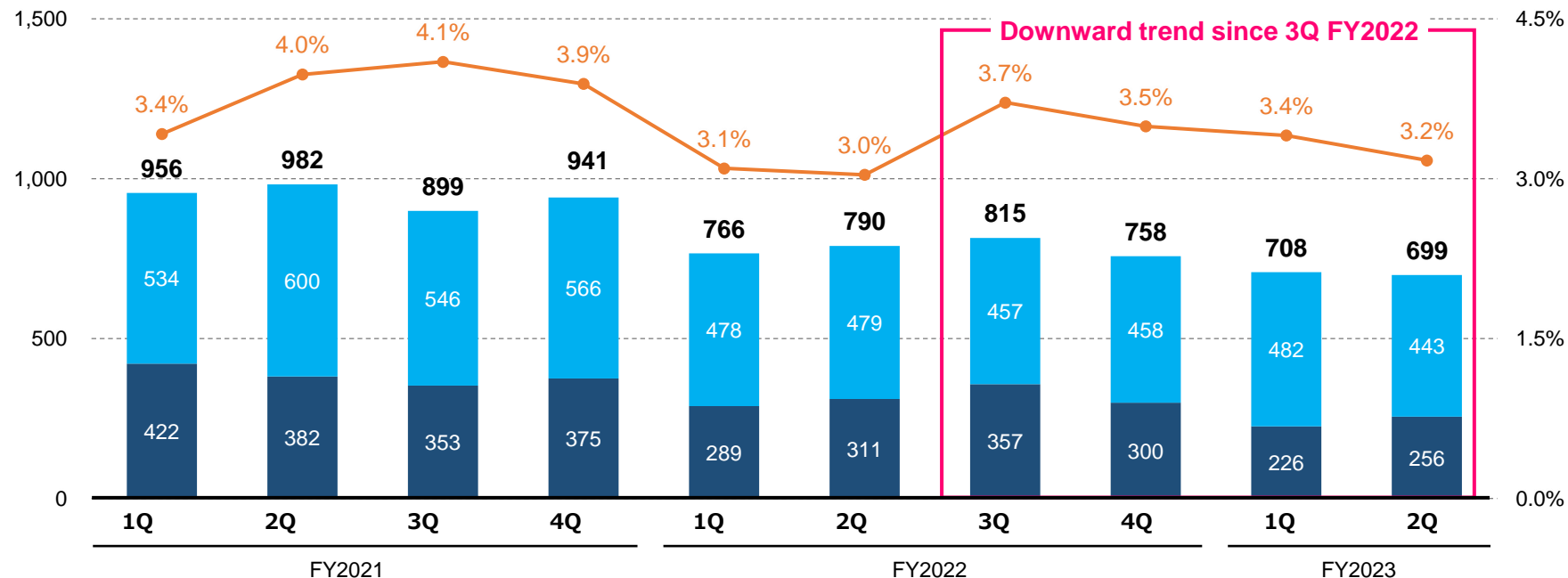
*2: Transfer of back-end operations for a major publisher that accounted for a majority of sales to LINE Manga

Cost Structure (Cost of Sales/SG&A Expenses Excluding Royalties)

- Cost of sales/SG&A expense ratio excluding royalties temporarily rose in 3Q FY2022, when net sales declined significantly due to the start of the transfer of LINE Manga
- From 3Q FY2022, both the absolute amount/ratio of cost of sales/SG&A expenses have been on a downward trend due to the streamlining/upgrading of business processes

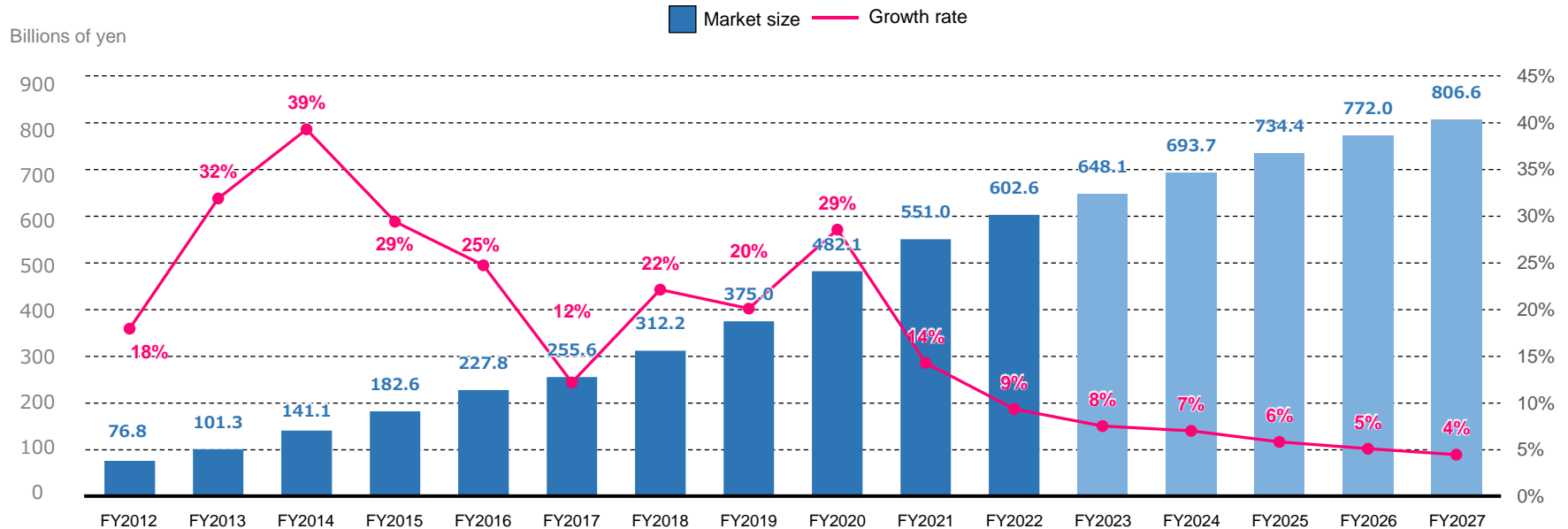
- Cost of sales
- SG&A expenses
- Cost of sales/SG&A expense ratio (Management/development expenses, server cost, etc.)

単位：百万円



Domestic eBook Market Forecast

- The market has continued to grow at double digits since 2012, when the center of the market shifted from feature phones and PCs to smartphones, but in FY2022, with the return of real-life consumption, increased opportunities to go out, and inflation, special demand from COVID-19 has completely disappeared, and future market growth forecasts are now in the single digits
- On the other hand, positive factors include the prevalence of eComics after the pandemic and that vertical scroll comics are gradually becoming popular. In addition, the digitalization rate of non-graphic books is slightly under 7%, so there is still a lot of room to run



Source: Actual data taken from Impress Research Institute's eBook Marketing Report 2023 on Japanese market

2. Earnings Trends

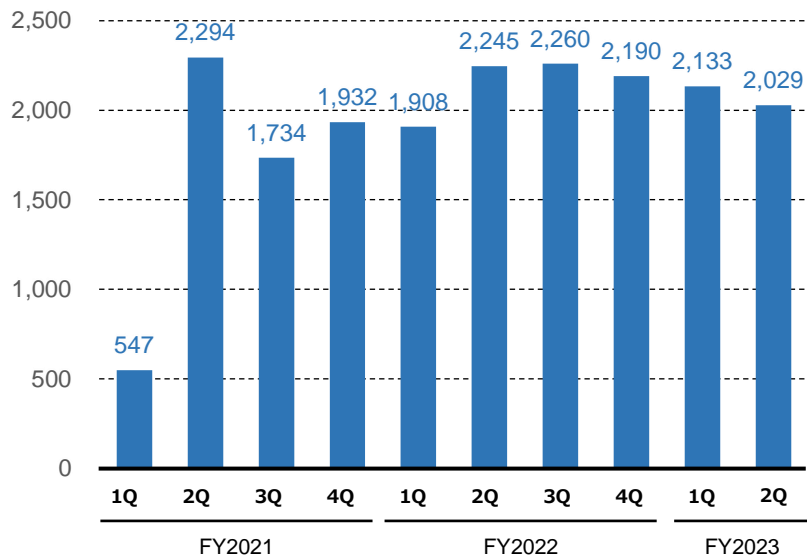
Strategic investment businesses

Trends in Net Sales and Operating Profit

- Despite improvements such as optimization of investments from the establishment of a business policy for the FanTop business and a lower loss as a result of progress in Flier's businesses, revenue and profit declined year on year due to the sale and liquidation of a subsidiary owing to the promotion of business portfolio review in FY2022 and the impact of lower revenue of NIHONBUNGEISHA

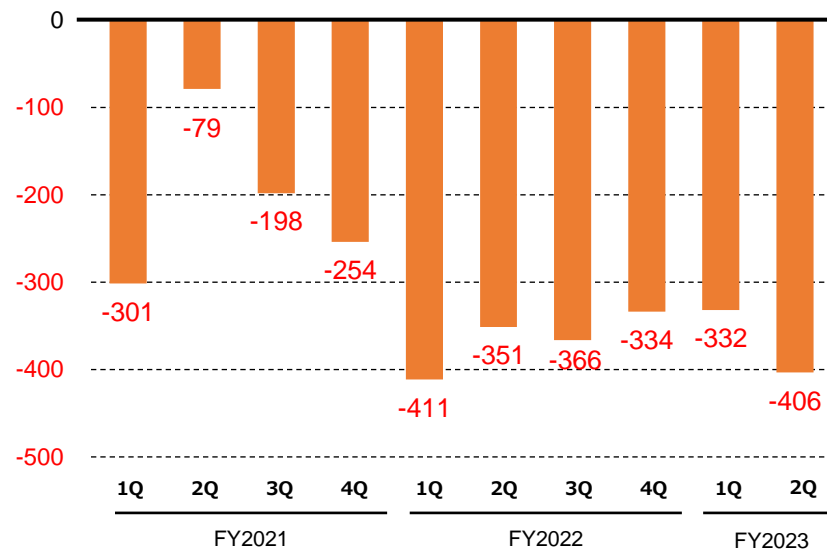
Net sales

Millions of yen



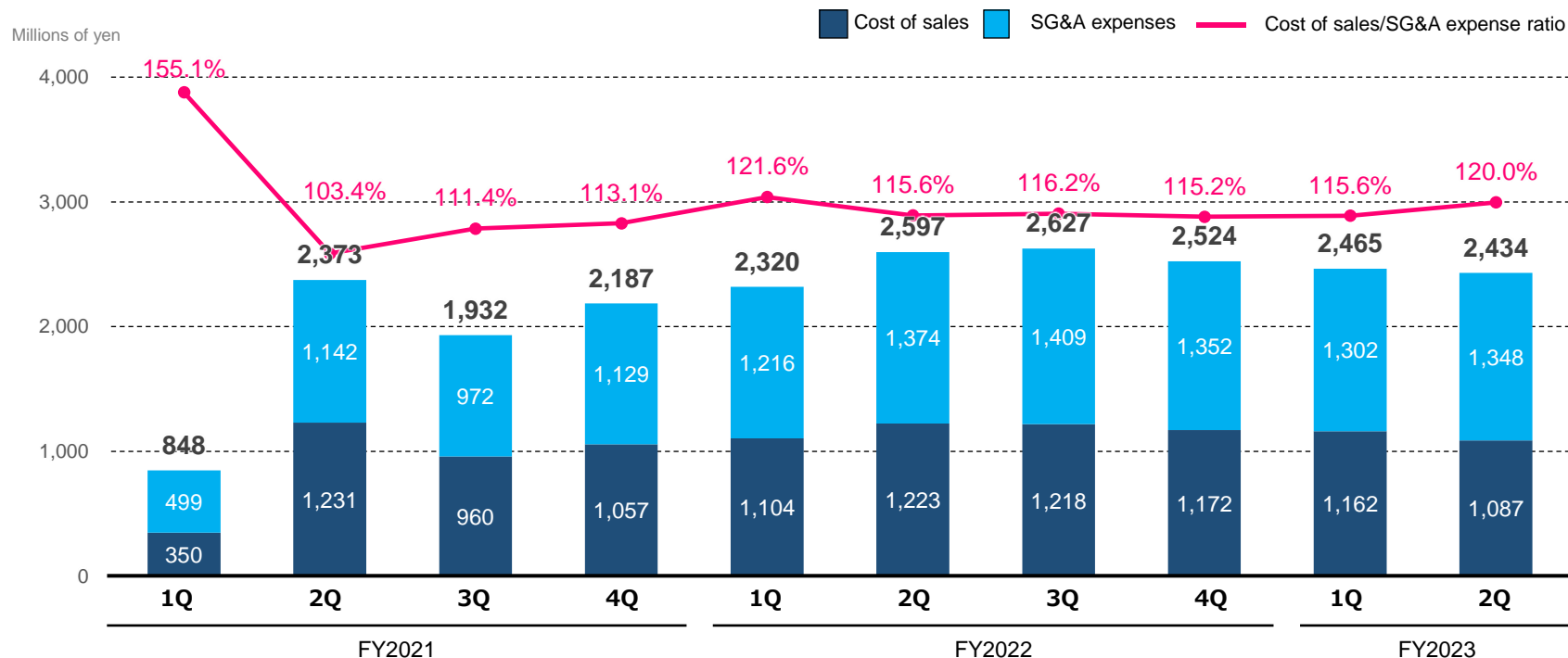
Operating loss

Millions of yen



Cost Structure

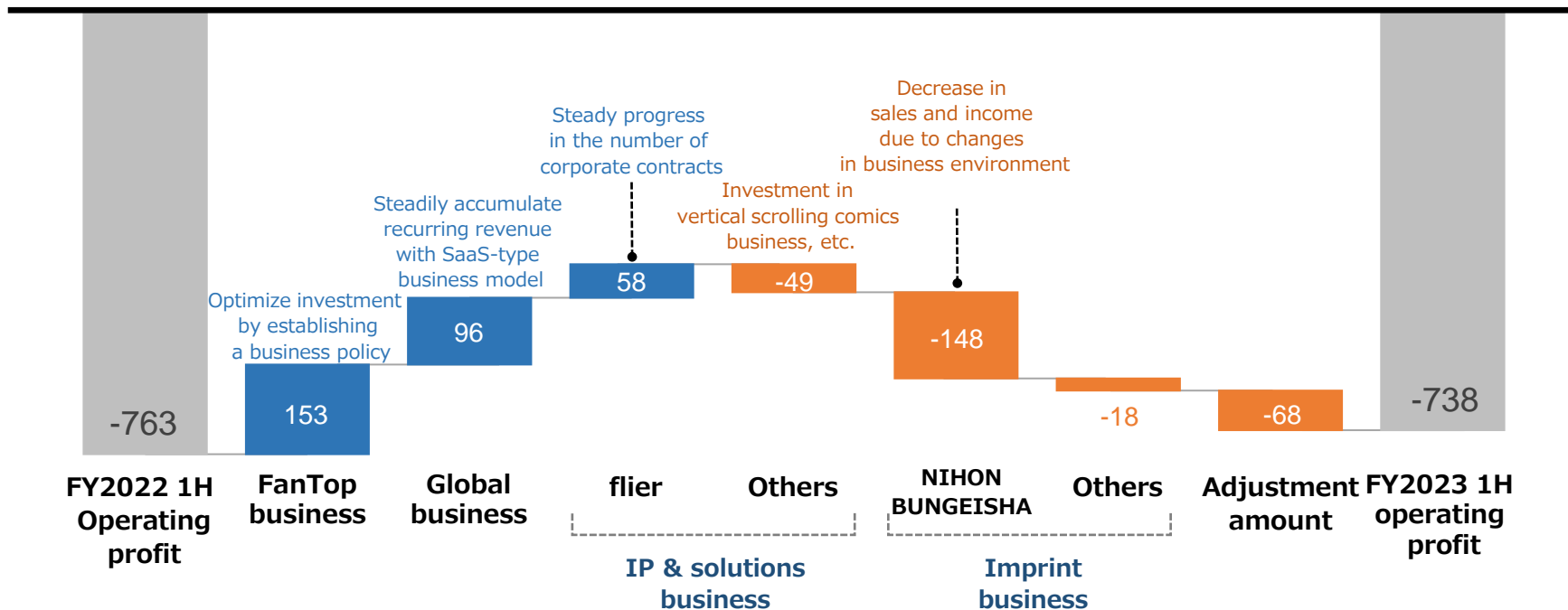
- Cost of sales declined year on year mainly due to weaker sales.
- For SG&A expenses, personnel expenses in the global business increased due to the impact of foreign exchange rates and base pay increases



Operating Profit Year-on-Year Comparison

- Although the losses of the strategic investment businesses grew year over year due to the difficulties of the imprint business, profits of other businesses are on an improving trend, such as business progress in the global business and the IP & solutions business, and optimization of investment in the FanTop business

■ Increase
 ■ Decrease
 ■ Total



Results for FY2023 2Q (P/L)

Millions of yen	FY2022								FY2023			
	1Q		2Q		3Q		4Q		1Q		2Q	
Net sales	26,269^{*1}		27,956^{*1}		23,814^{*1}		23,627^{*1}		22,632^{*1}		23,764^{*1}	
eBook distribution business	24,744	94.2%	26,020	93.1%	21,925	92.1%	21,708	91.9%	20,791	91.9%	22,032	92.7%
Strategic investment businesses	1,908	7.3%	2,245	8.0%	2,260	9.5%	2,189	9.3%	2,132	9.4%	2,028	8.5%
Cost of sales, SG&A expenses	25,650		27,240		23,314		23,069		22,147		23,256	
Royalties/other cost of sales	23,020 ^{*2}	87.6%	24,347 ^{*2}	87.1%	20,371 ^{*2}	85.5%	20,223 ^{*2}	85.6%	19,443 ^{*2}	85.9%	20,508 ^{*2}	86.3%
Commissions	33	0.1%	32	0.1%	29	0.1%	28	0.1%	27	0.1%	25	0.1%
Advertising expenses	53	0.2%	57	0.2%	63	0.3%	64	0.3%	61	0.3%	66	0.3%
Personnel expenses	1,480	5.6%	1,582	5.7%	1,619	6.8%	1,494	6.3%	1,520	6.7%	1,562	6.6%
Depreciation/amortization (excluding goodwill)	157	0.6%	172	0.6%	183	0.8%	178	0.8%	173	0.8%	116	0.5%
Amortization of goodwill	188	0.7%	229	0.8%	199	0.8%	166	0.7%	174	0.8%	176	0.7%
Other	716	2.7%	819	2.9%	845	3.5%	913	3.9%	744	3.3%	799	3.4%
EBITDA	964		1,116		882		901		832		800	
Operating profit	619		715		500		557		485		508	
Ordinary income	612		675		472		531		441		496	
Profit before income taxes	518^{*3}		586^{*3}_{*4}		-69^{*3}_{*5}		494		435		494	
Profit attributable to owners of parent	312		316		-187		615^{*6}		232		277	

*1 Adjustment amounts not included in the eBook distribution business and the strategic investments businesses were -¥383mn in 1Q FY2022, -¥309mn in 2Q, -¥371mn in 3Q, -¥271mn in 4Q, -¥290 million in 1Q FY2023, and -¥296mn in 2Q FY2023.

*2 Of which ¥22,734mn in FY2022 1Q, ¥23,912mn in 2Q, ¥19,974mn in 3Q, ¥19,819mn in 4Q ¥19,033mn in FY2023 1Q, ¥23,912mn in 2Q ¥20,145mn were related to the eBook distribution business

*3 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

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

*5 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

*6 Income taxes decreased due to transfer of Nagisa shares

Results for FY2023 2Q (B/S)

Millions of yen	FY2023 1Q	FY2023 2Q	QoQ change	Main factor behind change
Current assets	33,097	34,912	1,814	
Cash and deposits	9,424	10,655	1,231	
Notes, accounts receivable and contract assets	21,497	22,746	1,248	Linked to declining sales.
Non-current assets	16,839	16,990	151	
Property, plant and equipment	616	600	-16	
Software	889	960	71	
Goodwill	6,707	6,641	-66	
Investment securities	6,395	6,421	26	
Total assets	49,936	51,902	1,966	
Current liabilities	28,444	30,076	1,631	
Notes and accounts payable – trade	23,953	25,378	1,425	Linked to an increase in sales from the previous quarter
Current portion of long-term borrowings	2,205	2,206	0	
Total non-current liabilities	4,995	4,677	-318	
Long-term borrowings	4,089	3,763	-325	
Total liabilities	33,440	34,754	1,313	
Total shareholders' equity	15,712	16,091	379	
Capital	5,934	5,959	24	
Capital surplus	5,660	5,737	76	
Retained earnings	4,166	4,443	277	
Treasury shares	-48	-48	0	
Total accumulated other comprehensive income	735	1,003	268	
Share option	0	0	0	
Non-controlling interest	48	53	5	
Total net assets	16,495	17,148	652	
Total liabilities and net assets	49,936	51,902	1,966	

MEDIA DO Co., Ltd.

Financial Results Briefing for Six Months Ended August 31, 2023

3. Growth Strategy

Business Strategy



MEDIA DO's Mission

MISSION

Unleashing a virtuous cycle of literary creation

VISION

More Content for More People!

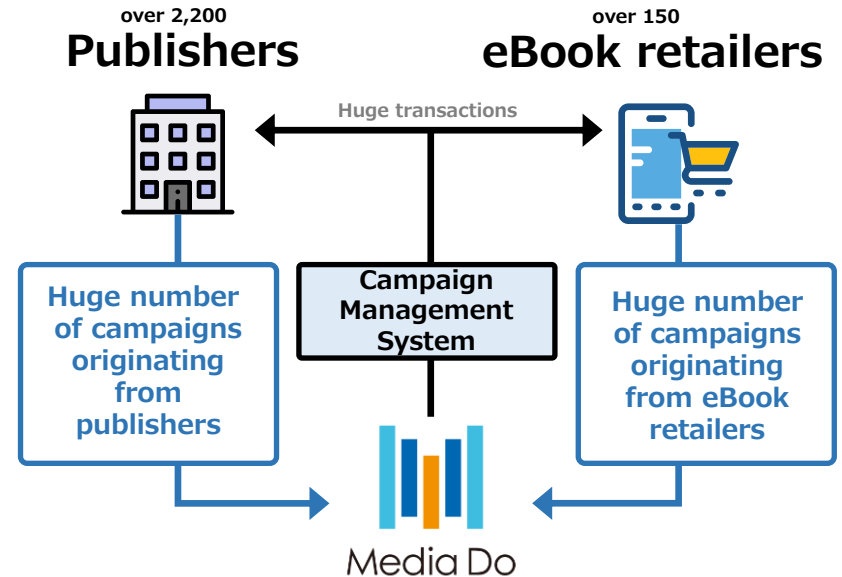
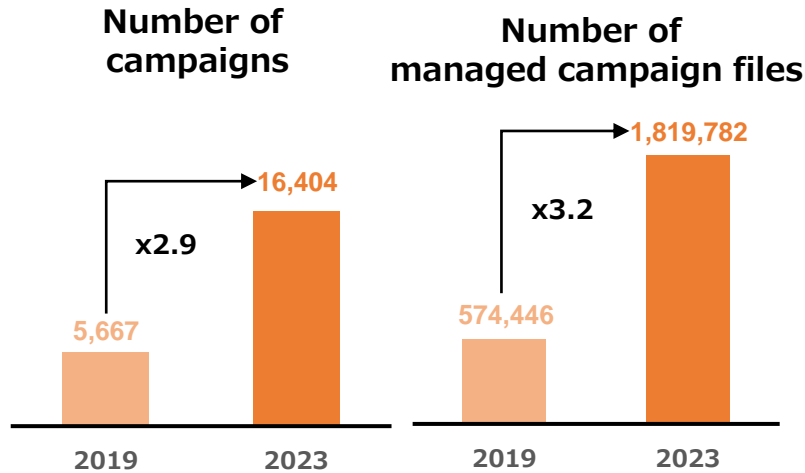
Article 1, Chapter 1 General Provisions, Copyright Act of Japan

The purpose of this Act is to provide for authors' rights and neighboring rights with respect to works, as well as with respect to performances, phonograms, broadcasts, and cablecasts, and to ensure protection for the rights of authors and other such persons while according attention to the fair exploitation of these cultural products, and thereby **contribute to cultural development.**





In recent years, the presence of e-books, especially comics, has increased Strengthening efforts to reduce distribution calories for the ever-increasing number of e-books

- ✓ The presence of the e-book market will increase due to the Corona special demand, and the number of campaigns and files managed will both nearly triple between 2019 and 2023.
- ✓ The complex process of selecting, managing, and planning the most appropriate campaigns is reduced with our newly built campaign management system
- ✓ Plans to deepen relationships with publishers through participation of our engineers in publishers



NFT digital content incidental to paper books contributes to increased the value of paper books

Proved to be a means to revitalize the publishing industry by increasing the actual sales rate and unit sales price.

Paper Books  +  **NFT Digital content**
such as e-books, music, and video

1  Physical publications with digital NFT benefits incorporating **voice**

2  **Manga** with NFT digital benefits

3  **eBooks** with digital NFT benefits and attaching of benefits to **all copies**

4  Grant another **book** as a digital NFT benefit

Sales unit price^{*1} Sales rate^{*2}
41.4% **32.7 pts**

Total number of copies issued^{*3} Number of planning publishers^{*3}
Over 187 million books **Over 50 publishers**

additional 400,000 volumes are scheduled to be published within the year.

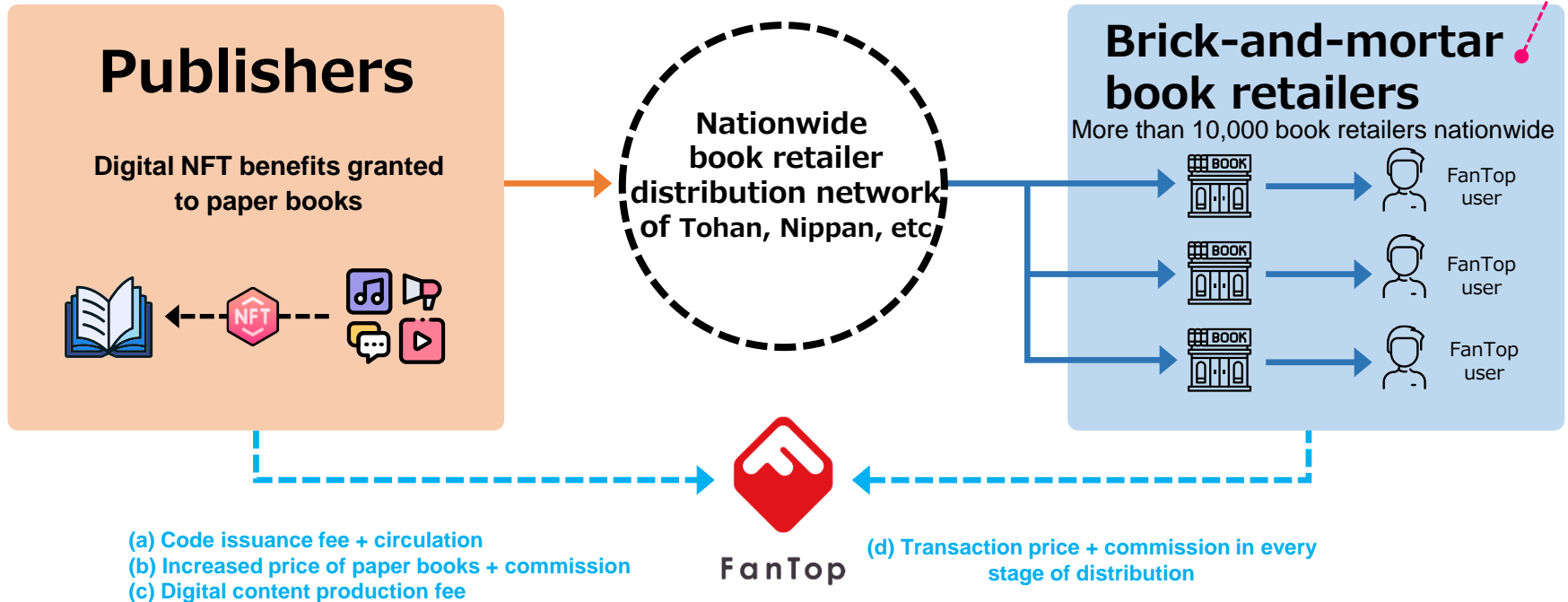
*1 Average for publications with digital NFT benefits implemented from Jan. 2022 to the present.

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

*3 Total for the period October 2021 to October 10 2023.

Utilizing our greatest strength, "position," we realize NFT technology x reality
Aiming to grow the FanTop business together with the publishing industry by
creating new revenue opportunities

Business model with next to no promotional costs



Contributing to the expansion of the content market by producing influential original works from the group and promoting multimedia

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



The lack of original works is an issue

Media Do Group's creation function of original works

Novel-sharing site



Cumulative works shared:
More than 1.91 million

Total number of authors
More than 80,000

Total number of readers
More than 2.6 million



Focus Area

- Enhancing appeal as a novel-sharing site
- Strengthening **license proposal activities**

Publishers

日本文芸社
NIHONBUNGEISHA

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

Focus Area

- Strengthening internal systems regarding visualization
- Focus on PR of works and strengthen sales to media

By producing hit content from Media Do, we will acquire new writers and readers and realize a virtuous creation cycle of original works



↑
Enhancing
appeal as
a novel-sharing
site

Equipped with a coin tip function, which brings writers and readers closer together and stimulates communication

日本文芸社
NIHONBUNGEISHA

↑
Strengthen
Internal
structure

The handling of video-related parties, which had previously been handled individually by editors, was consolidated into a dedicated person, creating a smooth information sharing and sales system both internally and externally

Currently working on licensing proposal activities for more than 600 works

Strengthen
Sales
capabilities

Strengthen PR functions, such as offering books to people in the video industry and actively promoting news releases, etc.

Along with acquiring new writers and readers, if the original works are made into a film, it will lead to a sales hit for the e-book that is the original work.

Multimedia conversion



Re/member
Made into comic/movie

Box-office revenue
¥1.18bn

© Welzard, Katsutoshi Murase/SHUEISHA Inc. © "Re/member" Production Team



Dramatization

The neighbor of healing has a secret



Dramatization

EXPECTED DATE OF MARRIAGE



Dramatization
Gannibal



Season 2
production decided



Dramatization
DAIMAJIN



Dramatized
2 seasons
in a row



Dramatization

Hitman from today

Plans to capture synergistic revenue opportunities by providing all services related to e-books to a wide range of users, including light and business users

Publishing industry

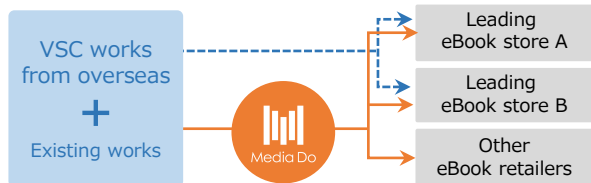
↑ Contribute to development of the Japanese VSC market

Vertical scrolling comics business



We will produce original works and import leading overseas titles to Japan to expand business in line with the rapidly growing market

Equipped with distribution system/intermediary function



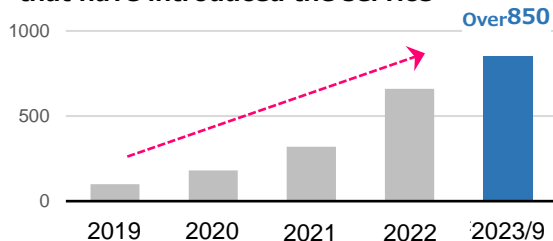
↑ Provide summary content for books and increase reading opportunities

flier



With a SaaS-type business model, we are steadily expanding our business by increasing corporate contracts

Cumulative number of companies that have introduced the service



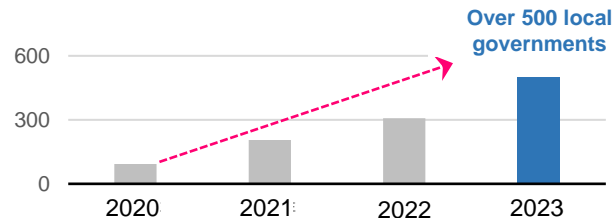
↑ Increase accessibility to libraries and books

eLibrary business



There is a significant increase in the number of libraries that have introduced the service, in addition to a tailwind behind future growth owing to initiatives to promote the use of My Number and the GIGA School concept

Number of Japanese local governments with eLibrary service



Source: Association for E-publishing Business Solution

Leveraging the strength of having five major U.S. publishers as customers, we will strengthen overseas business development and deploy overseas publishing DX know-how to Japan

Distributing content from Japan to the world



Content translation



Distribution of books overseas



Sales/royalty management



- ✓ Relationships of trust cultivated through transactions with almost all domestic publishers and eBook retailers
- ✓ No.1 eBook distributor position in Japan

Build a network among European and American publishers



ERP tool

- ✓ Centrally manage the entire workflow related to publishing, from editing, production, marketing, public relations to sales management
- ✓ The No. 1 service that has been introduced and used by over 100 companies in North America and Europe, including major US publishers
- ✓ **Annual cancellation rate 0%**

Most recently, **Scholastic Corporation** in the US decided to introduce it
→ The world's largest publisher of children's books and educational materials



web marketing tools

- ✓ Used by over **500 publishers** including the 5 largest US publishers
- ✓ **Annual cancellation rate 3%**



In-house EC system construction tool

- ✓ Used by over **240 publishers** including the 4 major US publishers
- ✓ **Annual cancellation rate less than 3%**

Publication of Integrated Report 2023

MEDIA DO Report 2023

Period covered: : FY2022
(March 1, 2022 to February 28, 2023)

We created/published the Integrated Report 2023 with the goal of identifying issues and opportunities for improvement after detailing the expectations and requests of stakeholders and the current situation of MEDIA DO compared to peer group competitors, and reflecting the findings in management and the organization (the report includes some information outside the target period).

We will continue to expand financial and non-financial information disclosures to further promote active dialogue



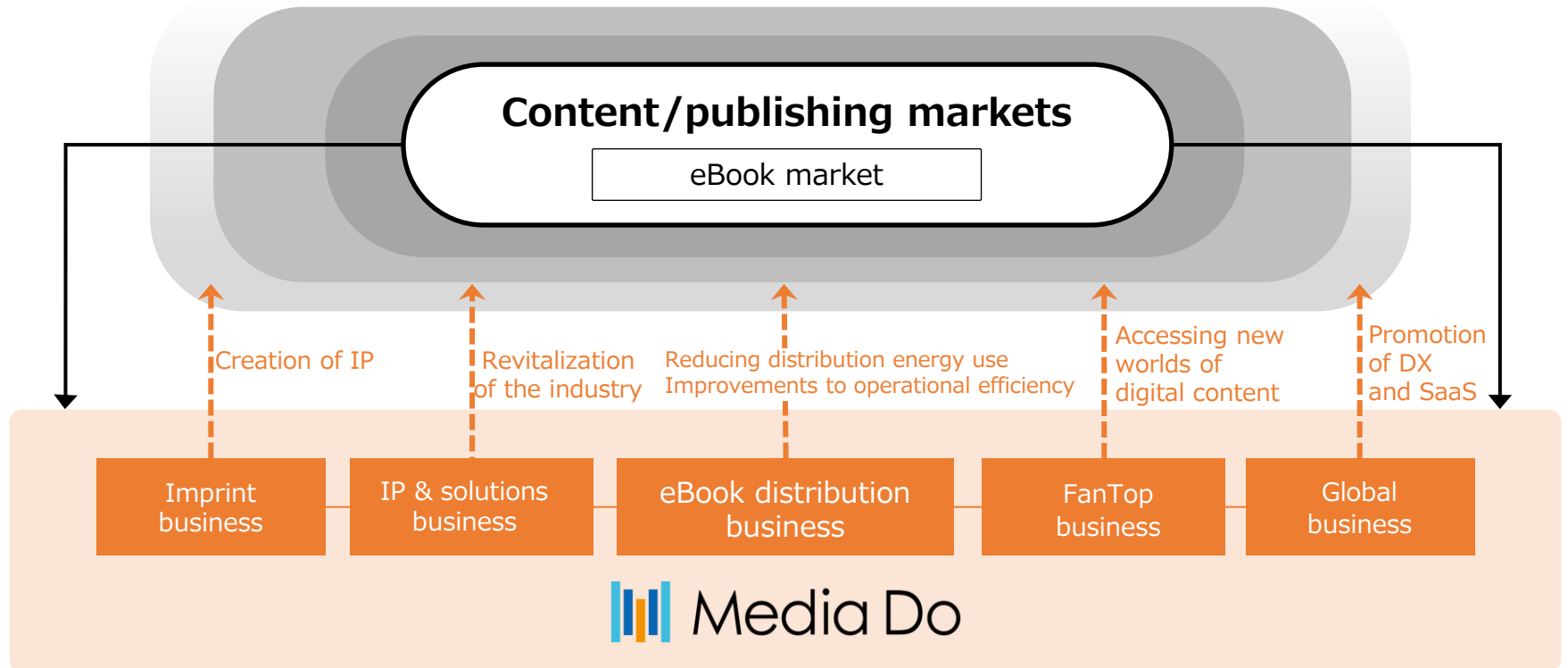
View on our corporate website
<https://mediado.jp/ir/library/annualreport/>



Financial Results Briefing
for Six Months Ended August 31, 2023

4. Reference Information

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



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

IP Acquisition/
Cultivation

Imprint business

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

everystar

Novel submission website operation and image production business

ASTRA

Comic coloring and picture production support

Planning/Publishing
(Support)

IP & solutions business

VSC business

**YUZU
COMICS**

(Service)
New label
exclusively for VSC

PUBFUN

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

PUBNAVI

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

flier Inc.

Operation of the flier book summary service

Wholesaling/Distribution

eBook distribution business

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

まんがセゾン

An eComic service platform with Japan's highest rate of awarding loyalty points

Sales/Marketing

FanTop business

FanTop

(Service) NFT marketplace developed by MEDIA DO

Overseas operations

Global business

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

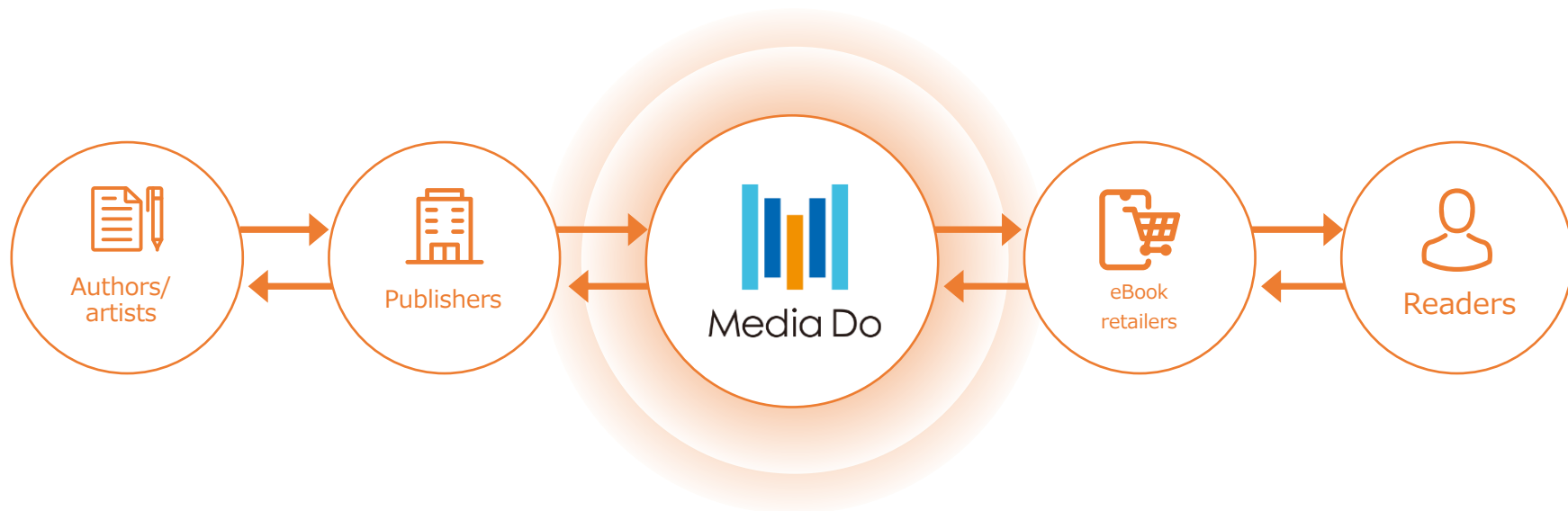
NetGalley

Provision of NetGalley online book marketing tool

supadu™

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

MEDIA DO is the biggest eBook distributor in Japan

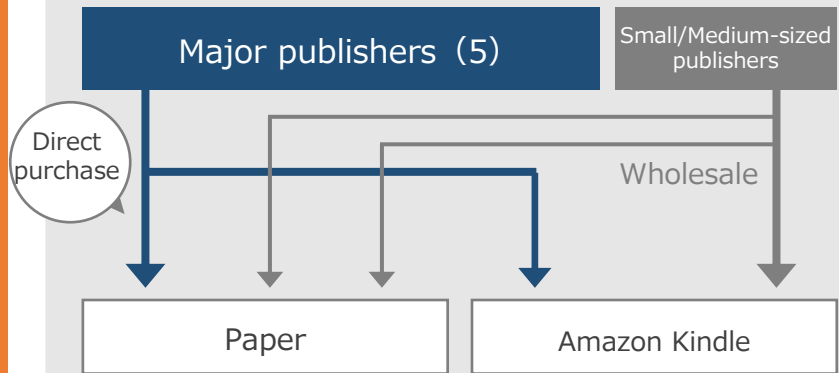


- | | |
|--|--|
| 1. Brokering of contracts/transactions with publishers | Expansion of eBook retailers' content lineups |
| 2. Pro rata distribution of revenues to publishers and authors | Aggregation of eBook retailers' monthly sales data |
| 3. Operation of eBook distribution system | Distribution 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 |

Market Comparison of Japan and the U.S.

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

U.S Publishing Industry



Amazon's market share is 60%

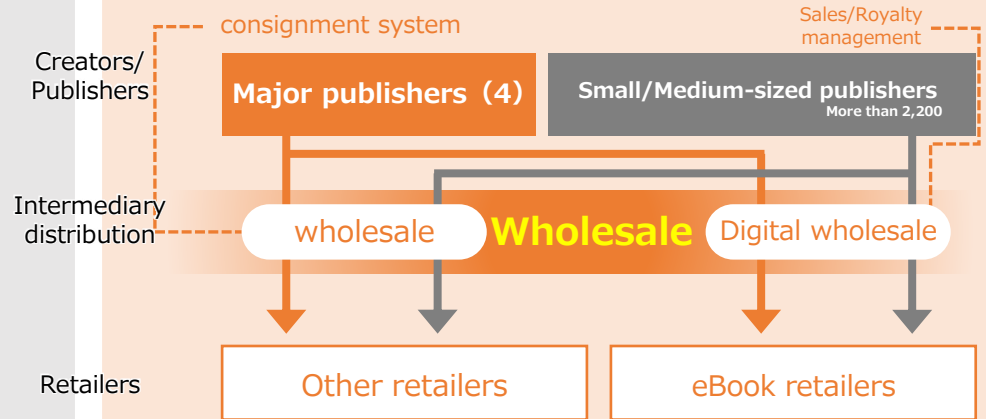
Industry environment

- 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



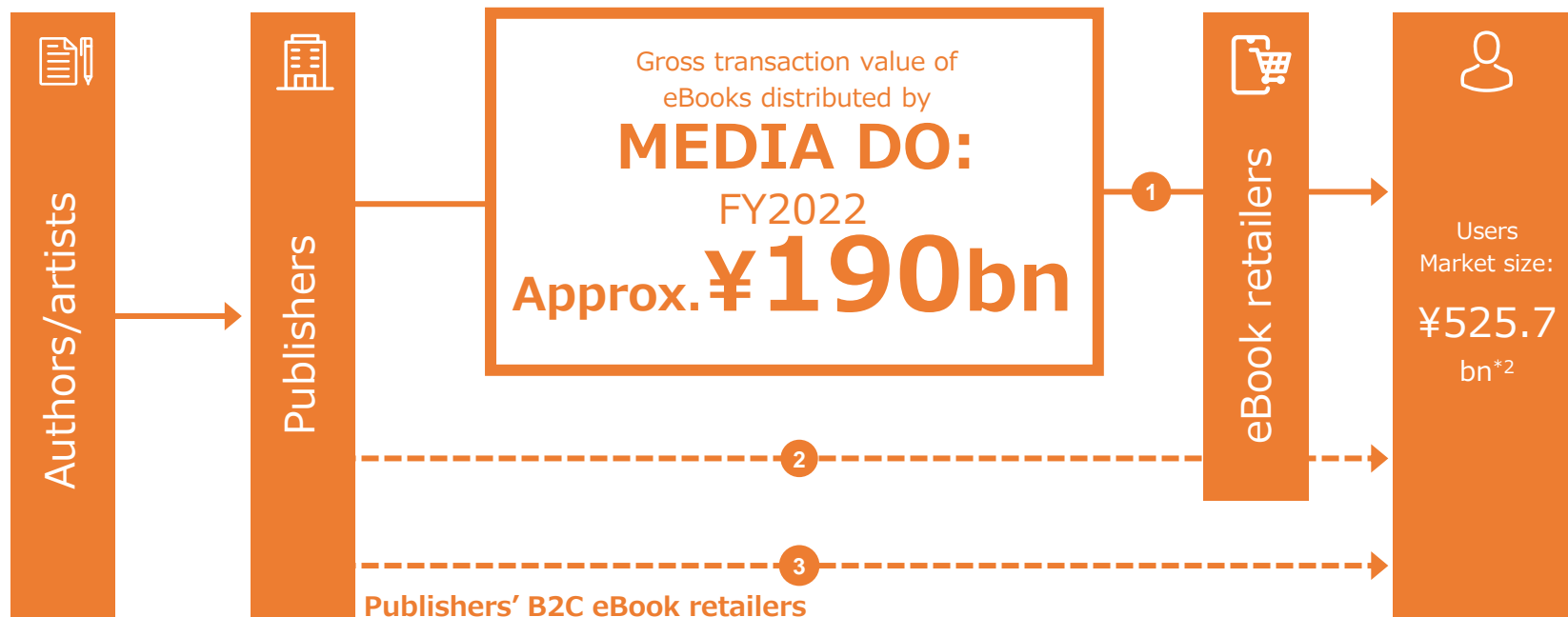
Industry environment

- 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.

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'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

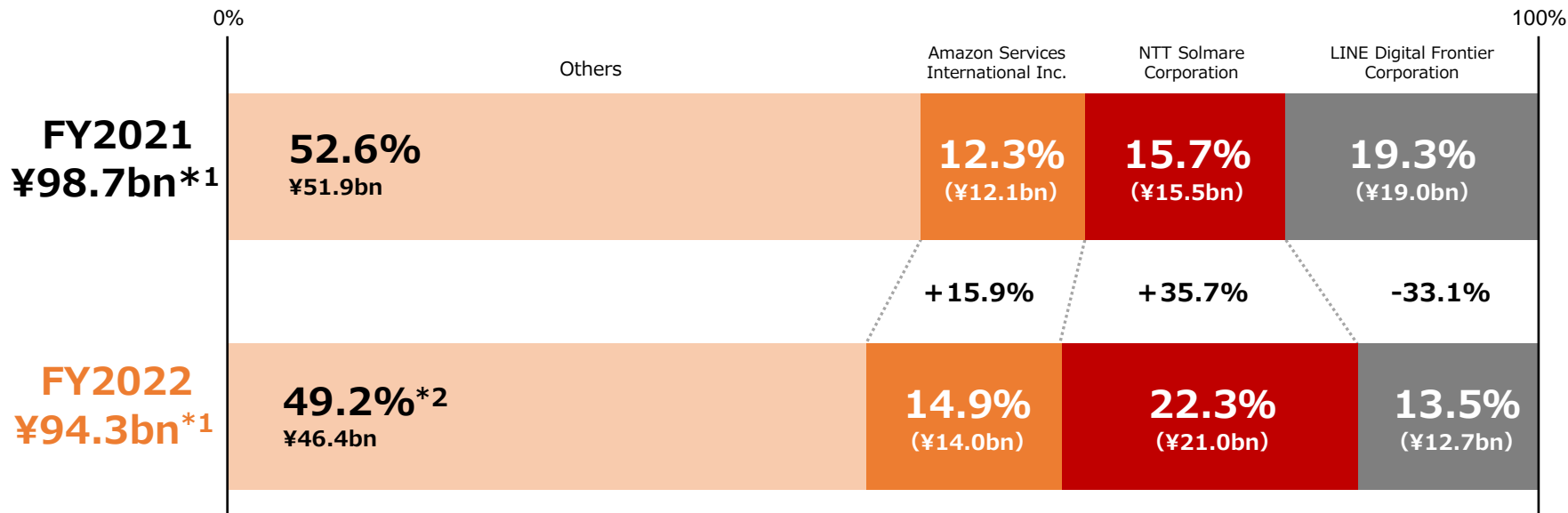
Over **2,200** publisher accounts, including **1,680** non manga publishers, **all** major publishers*¹ and **over 99%** of eBook publishers*²

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.

Transactions with main business partners



Amazon Services International Inc.

Net increase in transaction amount following growth of the eBook market

NTT Solmare Corporation

Acquired distribution transactions from some large publishers

LINE Digital Frontier Corporation

Transfer began in FY2022, with transactions expected to around ¥1.5bn in FY2023

*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.

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

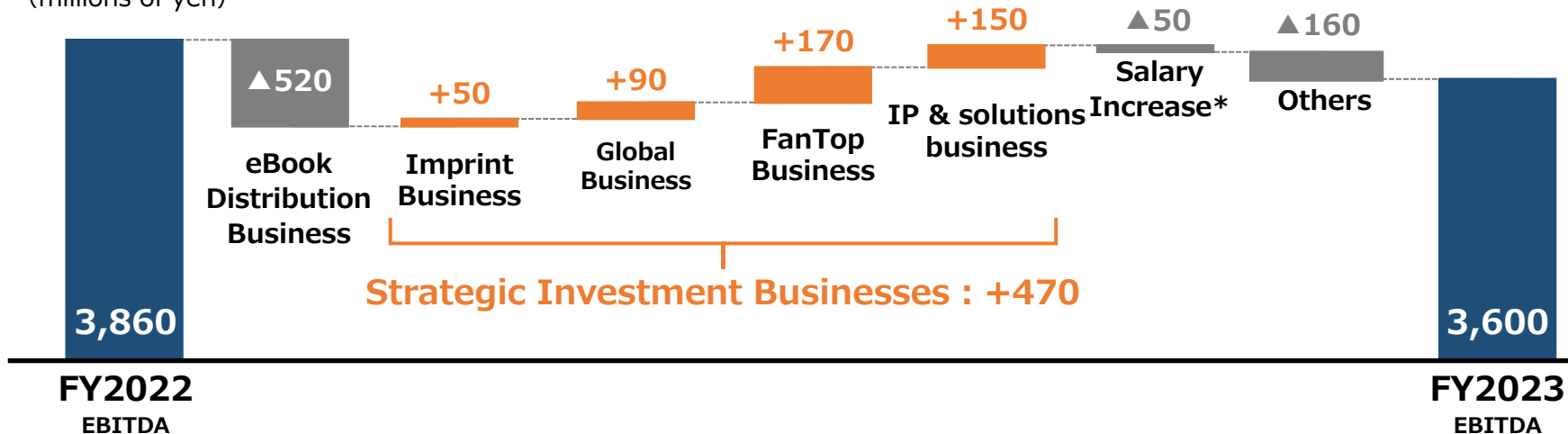
(billion of yen)

	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)

- 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

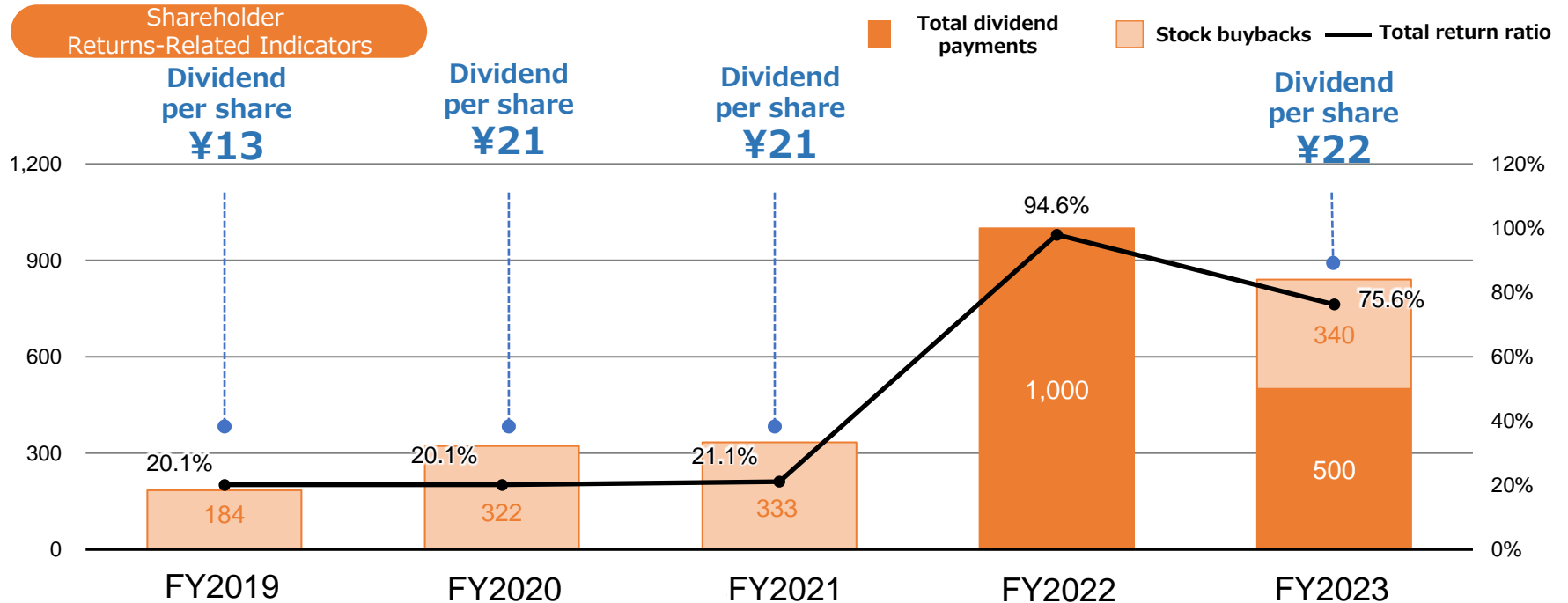
(millions of yen)



*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.

Shareholder return policy

- Our basic shareholder return policy is to return at least 30% of our profits to shareholders
- We will pay dividends based on a comprehensive assessment of our financial and business conditions, while securing retained earnings.



Company Outline

Trade name	MEDIA DO Co., Ltd.
Capital	¥ 5,959 million (as of August 31, 2023)
Established	April 1999
Stock listing (Securities code)	Tokyo Stock Exchange, Prime Market (3678)
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



Media Do



JIVE Ltd.



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

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

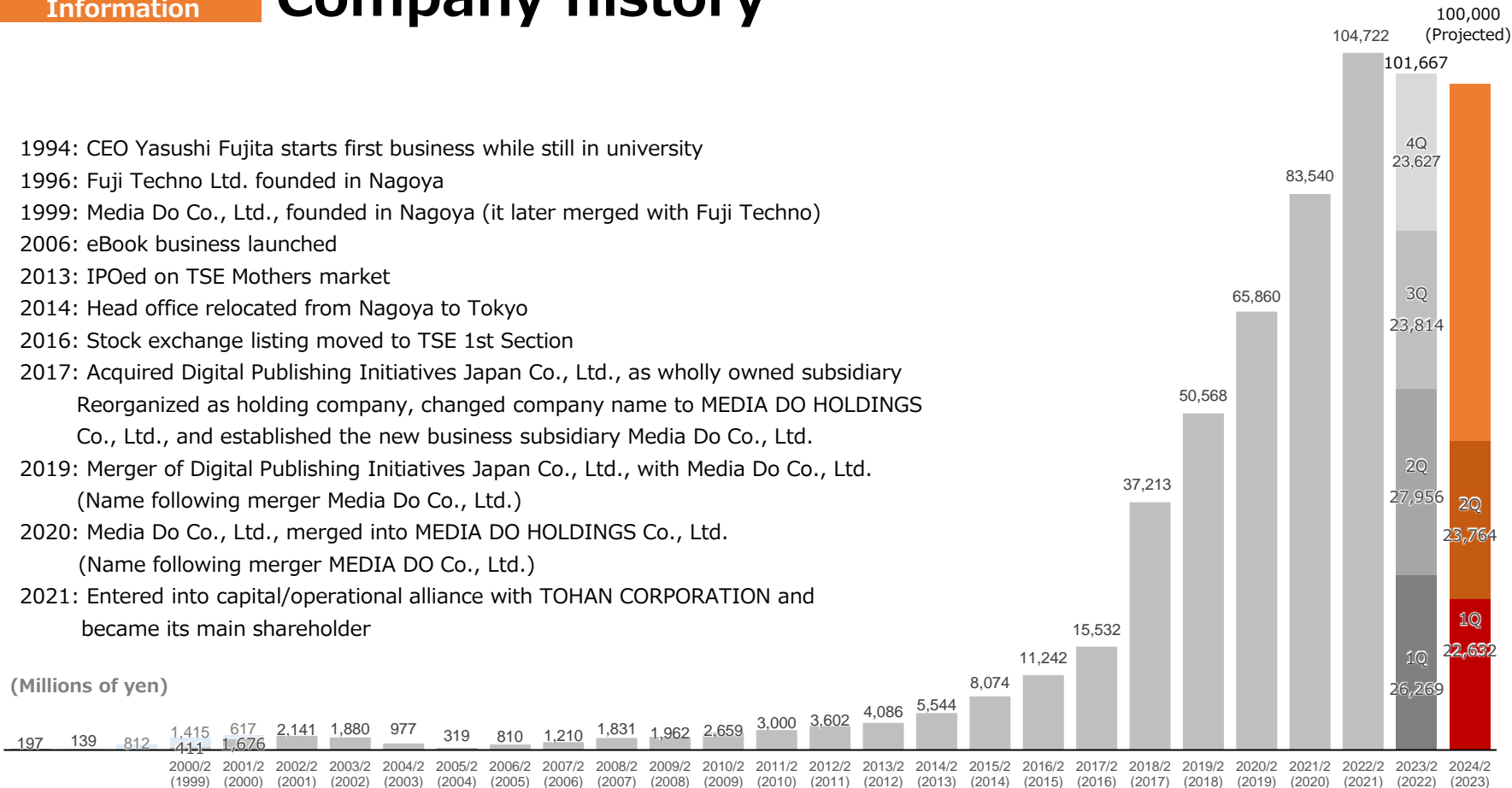
2016: Stock exchange listing moved to TSE 1st Section

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



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

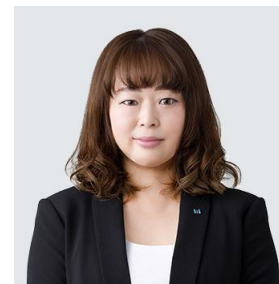
Began career at NTT DOCOMO in 2000, working in its content business. Involved in launching “Chaku-uta” (musical ringtones) for i-mode handsets. Joined Media Do in 2008. Appointed executive officer/general manager of Sales Division in 2010, director/general manager of Business Development Division in 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)



Susumu Tsukamoto

Specially Appointed Executive Officer
VSC & International Business



Teruyoshi Ando

Senior Executive Officer
IP & Solutions 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.

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<https://mediado.jp/ir/>

