

Financial Results Briefing
for Nine Months Ended November 30, 2023

FY2023.3Q

FINANCIAL RESULTS BRIEFING

MEDIA DO Co., Ltd.
TSE Prime: 3678



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3Q Highlights

Net sales **¥69.3bn** (Progress ratio of 69.3%)

EBITDA **¥2,450mn** (Progress ratio of 68.1%)

Operating profit **¥1,460mn** (Progress ratio of 73.3%)

Profit attributable to owners of parent **¥860mn** (Progress ratio of 78.3%)

- Although revenue and profit declined mainly due to the transfer of LINE Manga (the impact of a decrease in revenue of just under ¥11bn), growth effectively remained intact
- Operating profit/EBITDA declined due to diminished revenue of the eBook distribution business and the impacts felt from subsidiary NIHONBUNGEISHA
- Recorded a gain on sale of investment securities of ¥106mn from the transfer of shares of A.I. Squared, Inc.

3Q Topics

Seasonality

- 3Q net sales (Sept.–Nov.) tend to decline compared to 2Q and 4Q, which have long holidays that lead to higher sales
- **The QoQ decline in sales seen in the 3Q (compared to 2Q) is around the same as in previous years**

Transfer of LINE Manga

- 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**

Gain on sale of investment securities

- Transfer of shares in A.I. Squared, Inc. as part of business portfolio review and capital efficiency improvement
- **Profit attributable to owners of parent increase year-on-year in the cumulative 3Q due to the gain on sales of investment securities.**

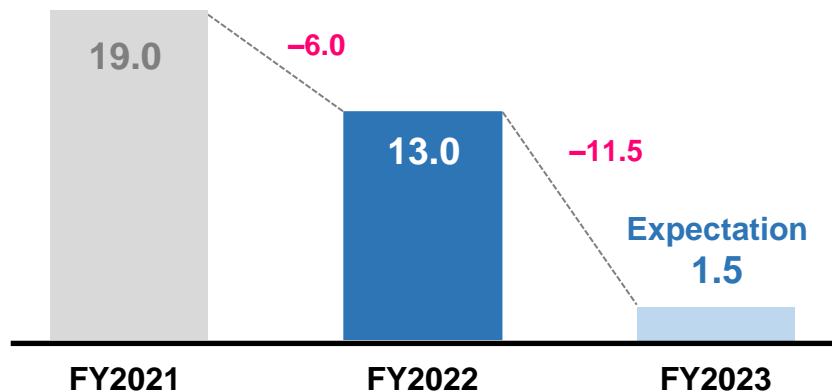
1. Financial Highlights



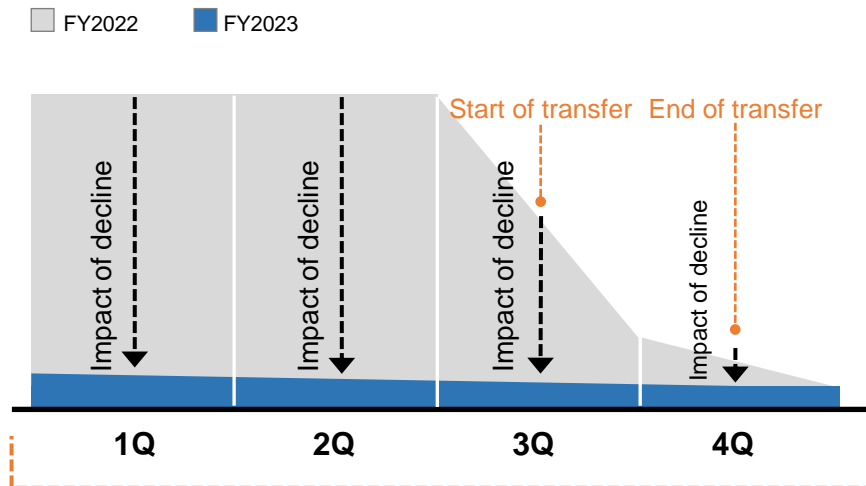
Impact of Transfer of LINE Manga

- 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)



Total impact of decline: **¥11.5bn**

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

Consolidated Performance Highlights

- Although **net sales** declined mainly due to the transfer of LINE Manga (the impact of a decrease in sales of just under ¥11bn), 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
- **Profit attributable to owners of parent** increased in the 3Q owing to a **gain of ¥106mn on the sale of investment securities from the transfer of shares of A.I. Squared, Inc.**

		FY2022 (First 9 months)	FY2023 (First 9 months)	YoY
Net sales	Results	¥78.0bn	¥69.3bn	-11.2% (-¥8.7bn)
	Excluding those to LINE Manga	¥65.5bn	¥67.7bn	-3.3% (+¥2.2bn)
EBITDA		¥2,960mn	¥2,450mn	-17.3% (-¥510mn)
Operating profit		¥1,830mn	¥1,460mn	-20.1% (-¥370mn)
Profit attributable to owners of parent		¥440mn*	¥860mn	+95.1% (+¥420mn)

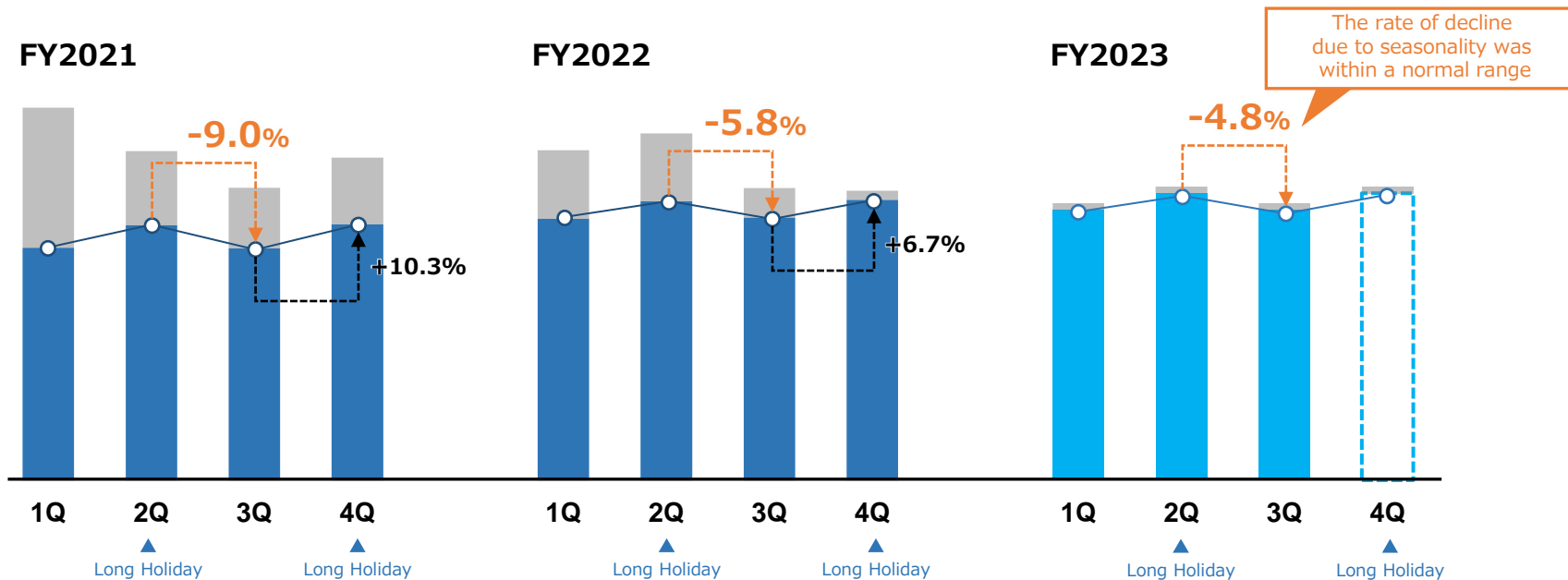
* Impairment loss on Nagisa goodwill of ¥280mn and loss on impairment/disposal of software assets following termination of the GREET business of ¥240mn recorded as extraordinary loss

About Seasonality

- 3Q net sales (Sept.–Nov.) tend to decline compared to 2Q and 4Q, which have long holidays that lead to higher sales
- **The QoQ decline in sales seen in the 3Q (compared to 2Q) is around the same as in previous years**

eBook distribution business: Trend in net sales

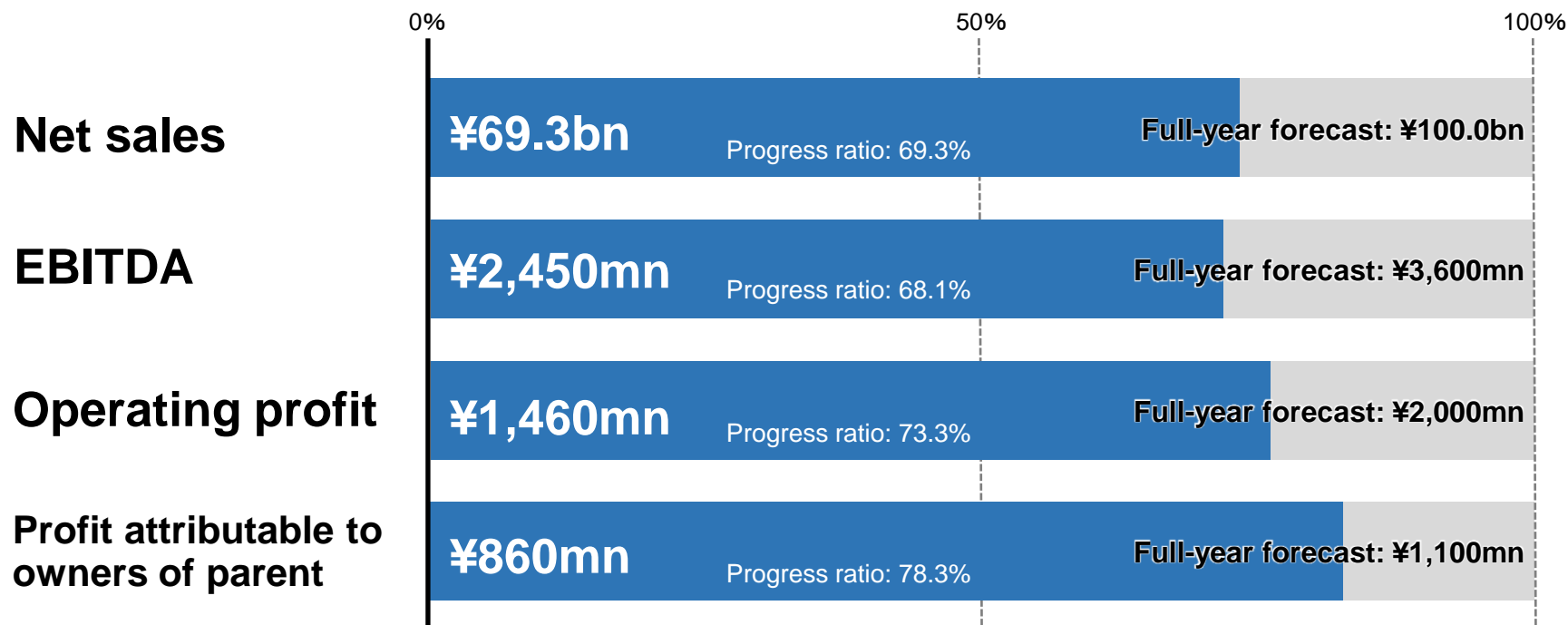
■ Net sales ■ Special factors*1



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

Rate of Progress of Consolidated Results up to 3Q

- The progress ratio of net sales in the first nine months of FY2023 was a little under 70% due to the effects of seasonality
- For profit attributable to owners of parent, the progress ratio was a little under 80% owing to cost controls and gain on sale of investment securities



Net Sales by Segment (3Q)

Millions of yen		Reporting segments*1		3Q FY2022	3Q FY2023	
		eBook Distribution Business	Strategic investment businesses			
			MEDIA DO	Subsidiaries		
Business segments*1	Distribution	eBook Distribution Business*2			71,495	62,771
	Book/magazine publishing			NIHONBUNGEISHA	1,826	1,653
	Online services	Manga Saison	FanTop VSC business*3 eLibrary	Everystar Flier	2,934	2,694
	Solutions for publishers			Firebrand NetGalley Supadu	1,493	1,815
	Other			MD-i*3 ARTRA*3	291	380
	Total				78,040	69,315

Impact of selling off Nagia, Inc. and J-Comic Terrace Corporation

*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.

2. Earnings Trends



2. Earnings Trends

Consolidated performance

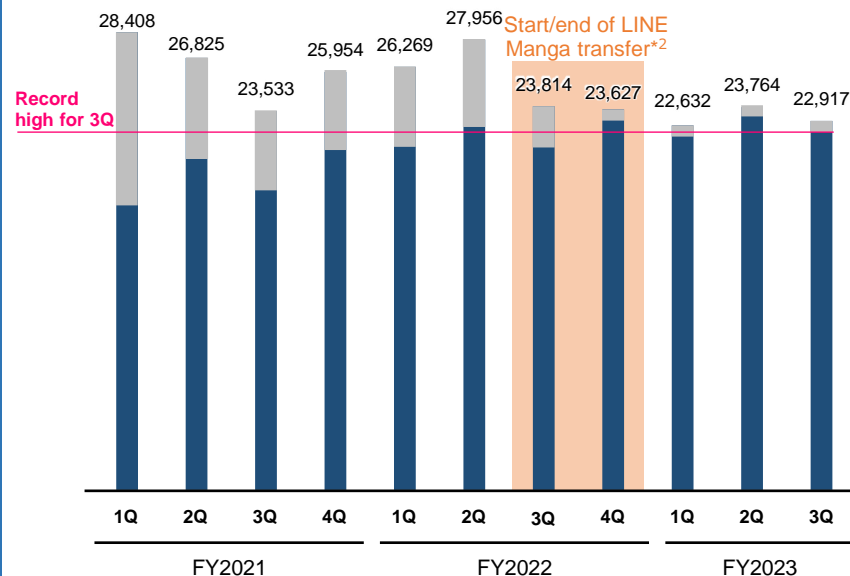
Consolidated Performance Summary

- Although they declined QoQ mainly due to seasonality, net sales reached a **record high for the 3Q** when excluding those for LINE Manga
- Despite the decline in net sales, the operating profit margin remained flat as improvement was seen in the losses of the strategic investment businesses

Net sales

■ Net sales ■ Special factors*1

Millions of yen

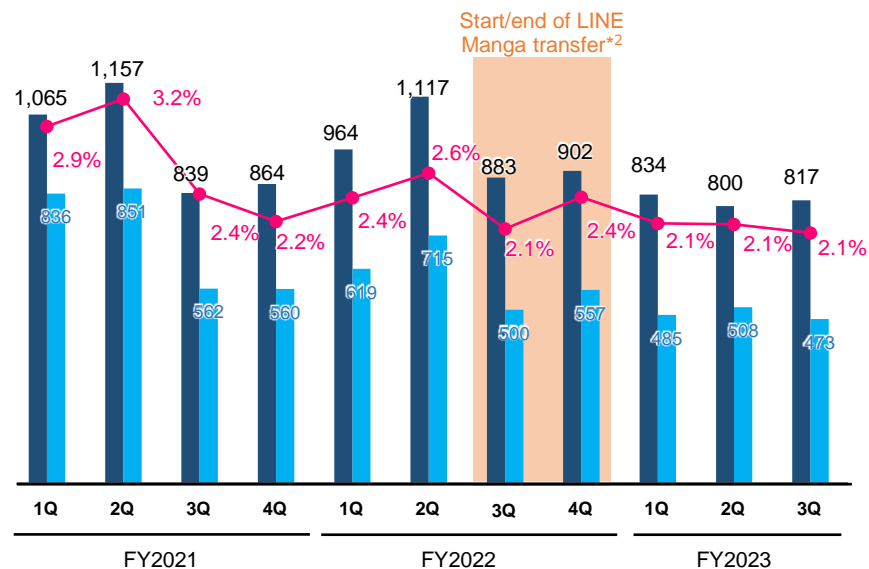


EBITDA / Operating profit

■ EBITDA ■ Operating profit

Millions of yen

— Operating profit margin



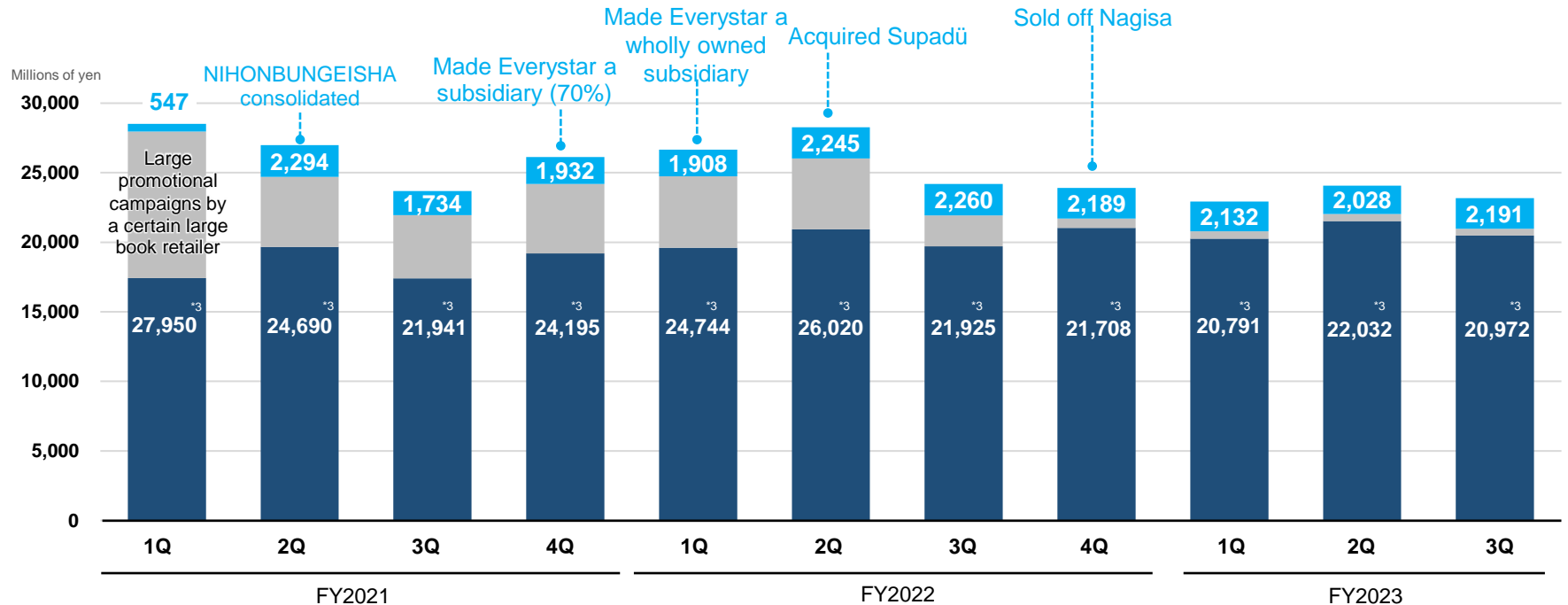
*1 Total amount reflecting net sales to LINE Manga and impacts of large promotional campaigns by a certain large book retailer in FY2021

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

Trends in Consolidated Net Sales (by Segment)*1

- When excluding special factors, net sales of the eBook distribution business continued to grow, reaching a record high for the 3Q
- In the strategic investment businesses, revenue decreased YoY 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, but revenue increased QoQ after accounting for a temporary increase in sales to large customers in the eLibrary business

- eBook distribution business
- eBook distribution business, special factors*2
- Strategic investment businesses



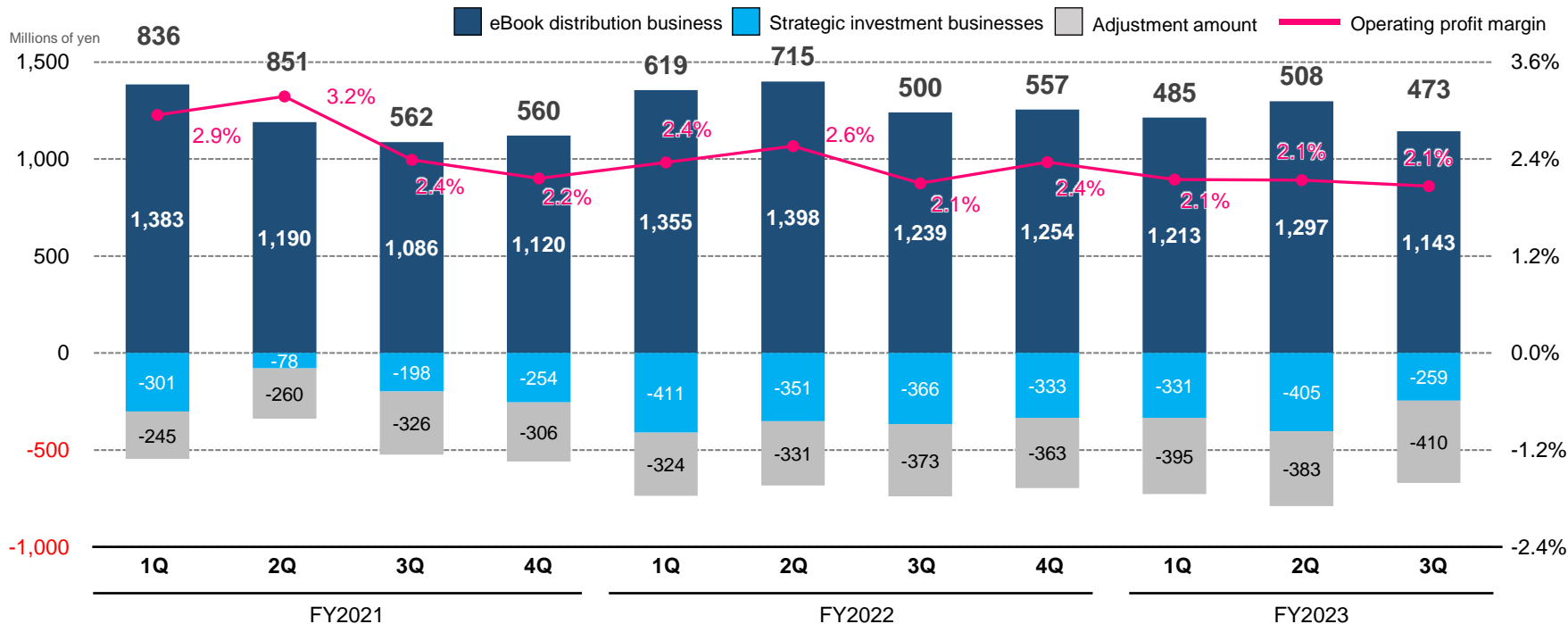
*1 Net sales does not include adjustments for inter-segment sales, etc. For quarterly adjustment amounts, see page 26.

*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)

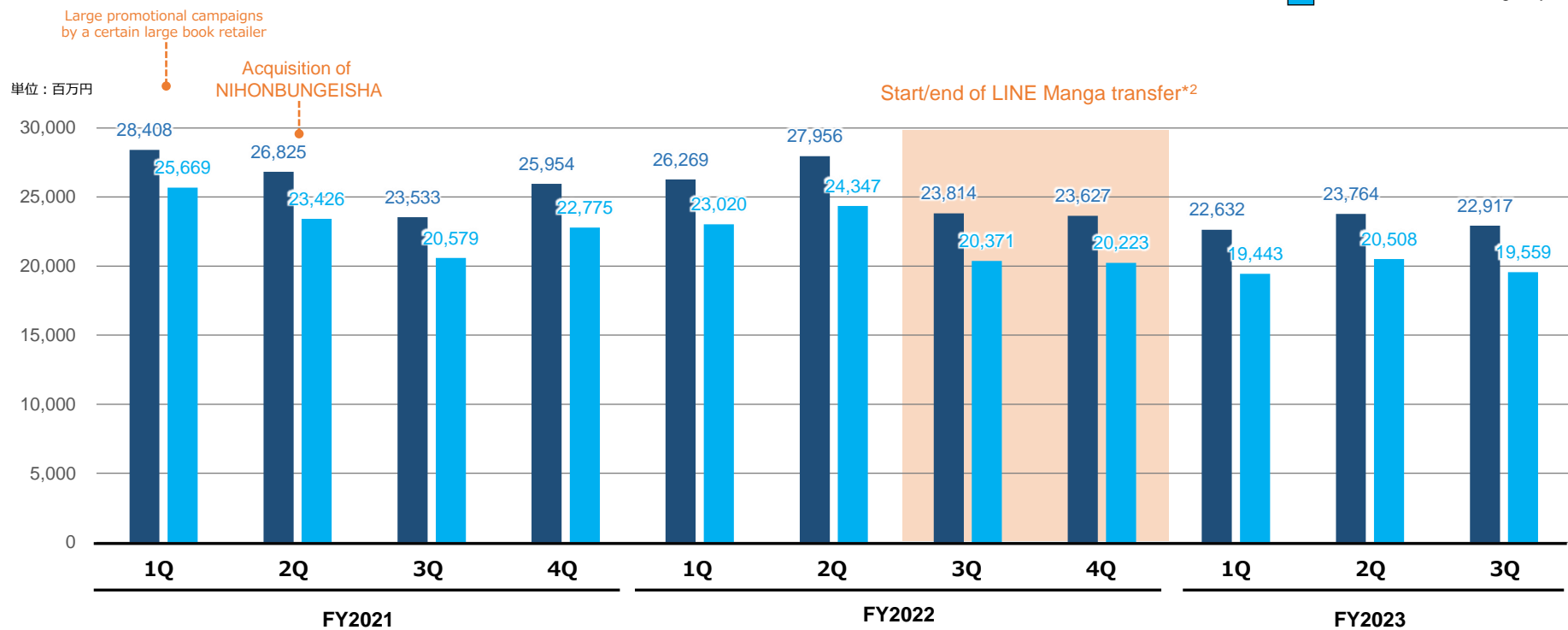
- In the eBook distribution business, operating profit declined QoQ mainly caused by seasonality
- In the strategic investment businesses, in the eLibrary business, the introduction of digital library services using My Number cards has progressed, and both sales and profit have temporarily increased
- In addition to headquarters expenses, the adjustment amount includes the profit/loss of Gambarou Tokushima Co., Ltd., the company managing the Company's professional men's basketball team, the TOKUSHIMA GAMBAROUS, which entered and began playing in the B3 League in October



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

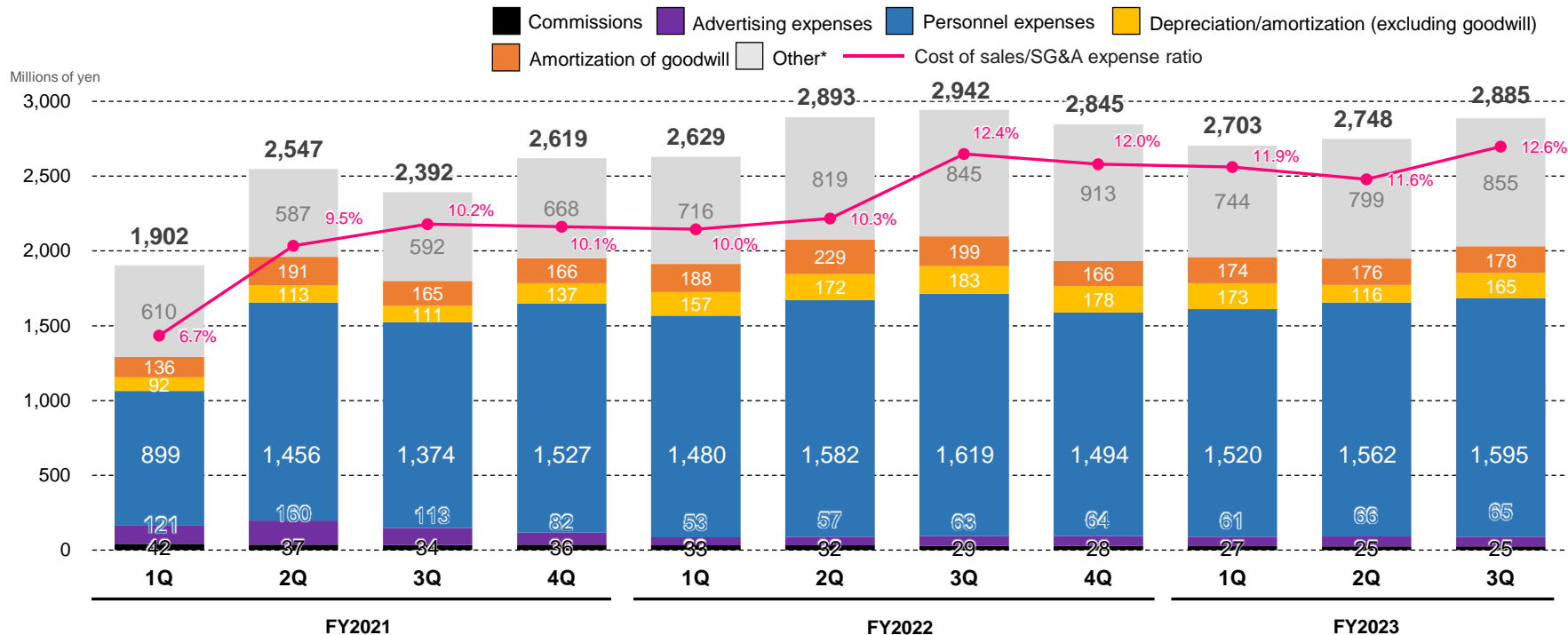


*1 Trends in the total of the cost of sales including royalties incurred in the eBook distribution business and the printing and binding cost mainly recorded by NIHONBUNGEISHA are shown

*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)

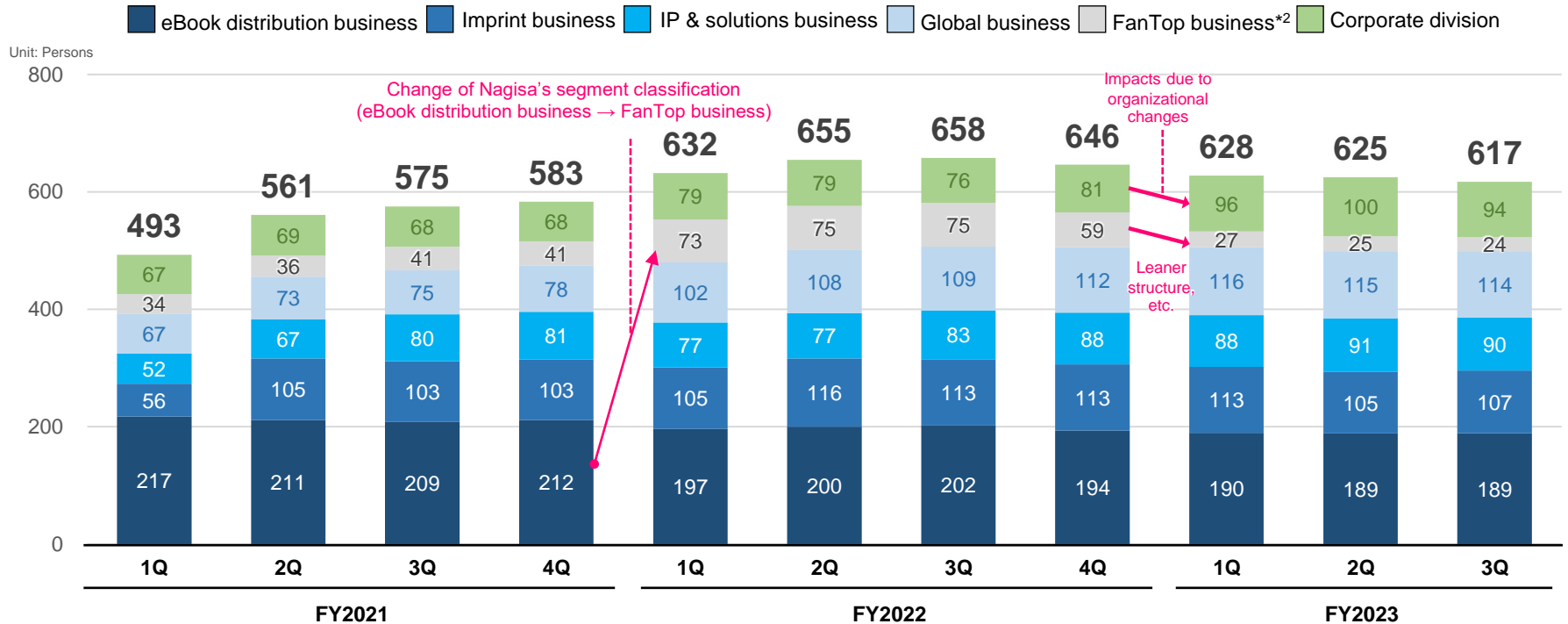
- The cost of sales/SG&A expense ratio increased in 3Q FY2022 owing to weaker net sales due to the transfer of LINE Manga
- The main reason for the increase in "Other" was the increase in costs of Gambarou Tokushima
- The main reason for the increase in personnel expenses was the global business



* "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



*1 The number of employees is the monthly 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

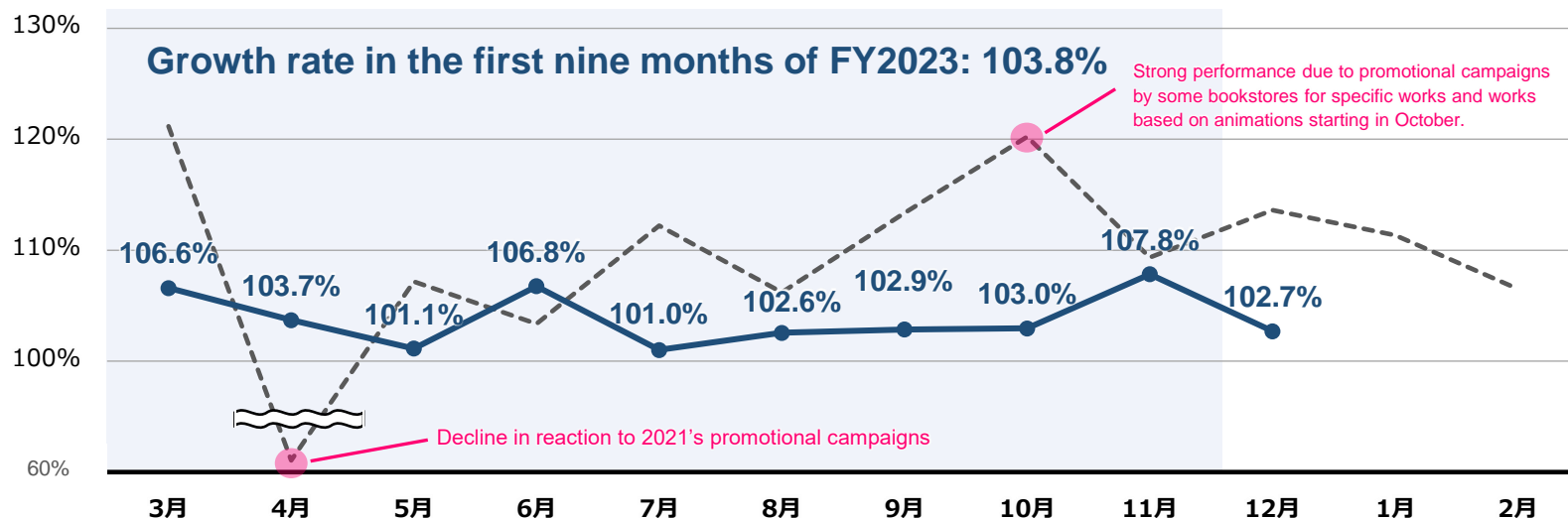
eBook distribution business

YoY Net Sales Growth

- Continuously from 1H, we were affected by changes in the policies of publishers and eBook retailers
- Net sales of the eBook distribution business for the first nine months of FY2023 were 103.8% YoY, indicating sluggish increase
- By genre, net sales of books declined YoY, but **net sales of comics, which account for the majority of the Company's total distribution value, maintained a growth rate of around 105% YoY**

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

— 2023 as % of previous year
- - - 2022 as % of previous year



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

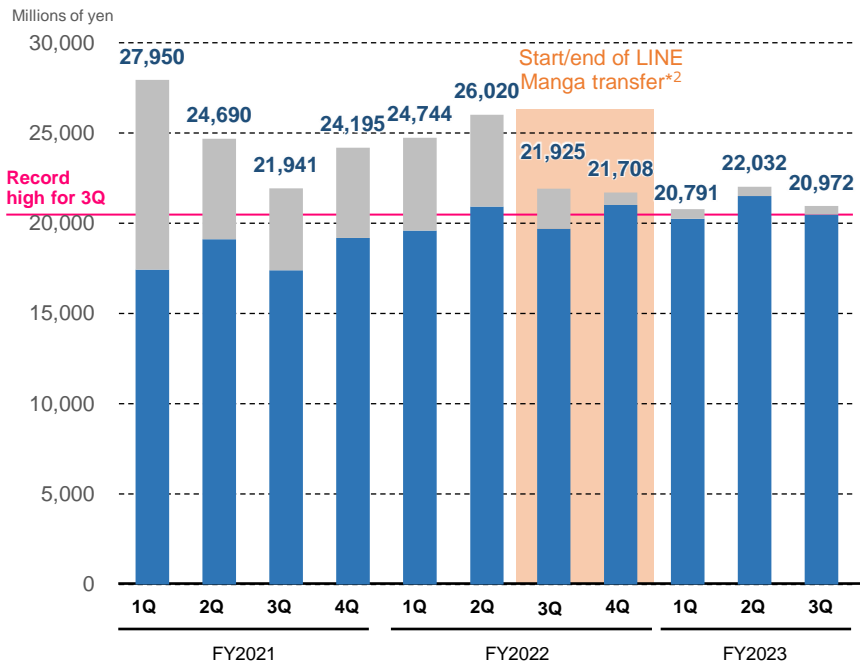
*2 From the FY2023 Monthly Flash Report (Monthly Distribution Growth Rate) for January disclosed on January 11, 2024. We aim to release the monthly flash report between 3 and 5 working days after the start of each month. Please see TDnet or IR News on the company website (<https://mediado.jp/english/ir/news/>)

Trends in Net Sales and Operating Profit

- Net sales declined due to impacts of transfer of LINE Manga, but actual net sales for the 3Q effectively reached a record high
- Although there was no significant change in SG&A expenses QoQ, the operating profit margin declined mainly due to the impacts of a decline in sales caused by seasonality

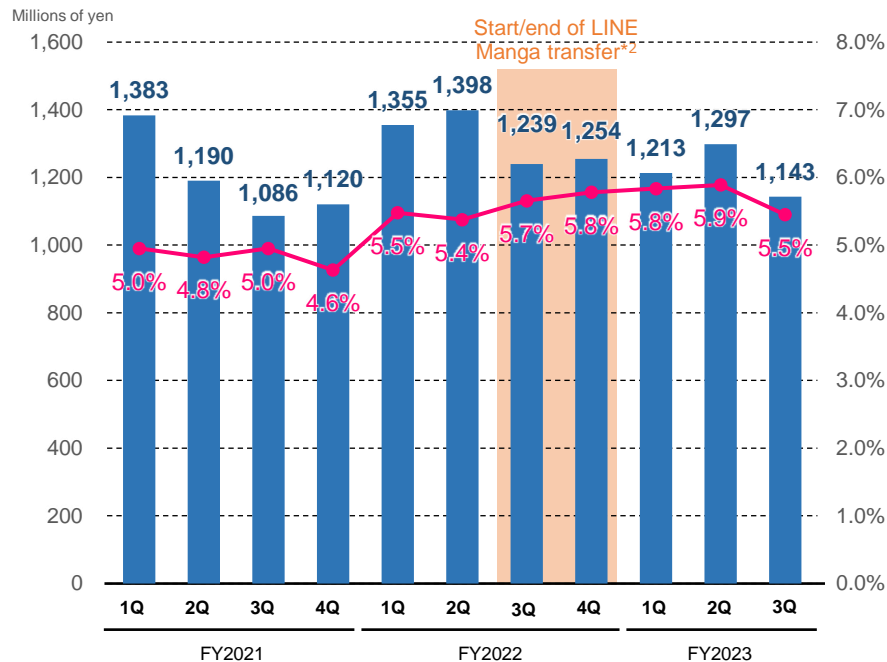
Net sales

■ Net sales ■ Special factors*1



Operating profit / operating profit margin

■ Operating profit — Operating profit margin

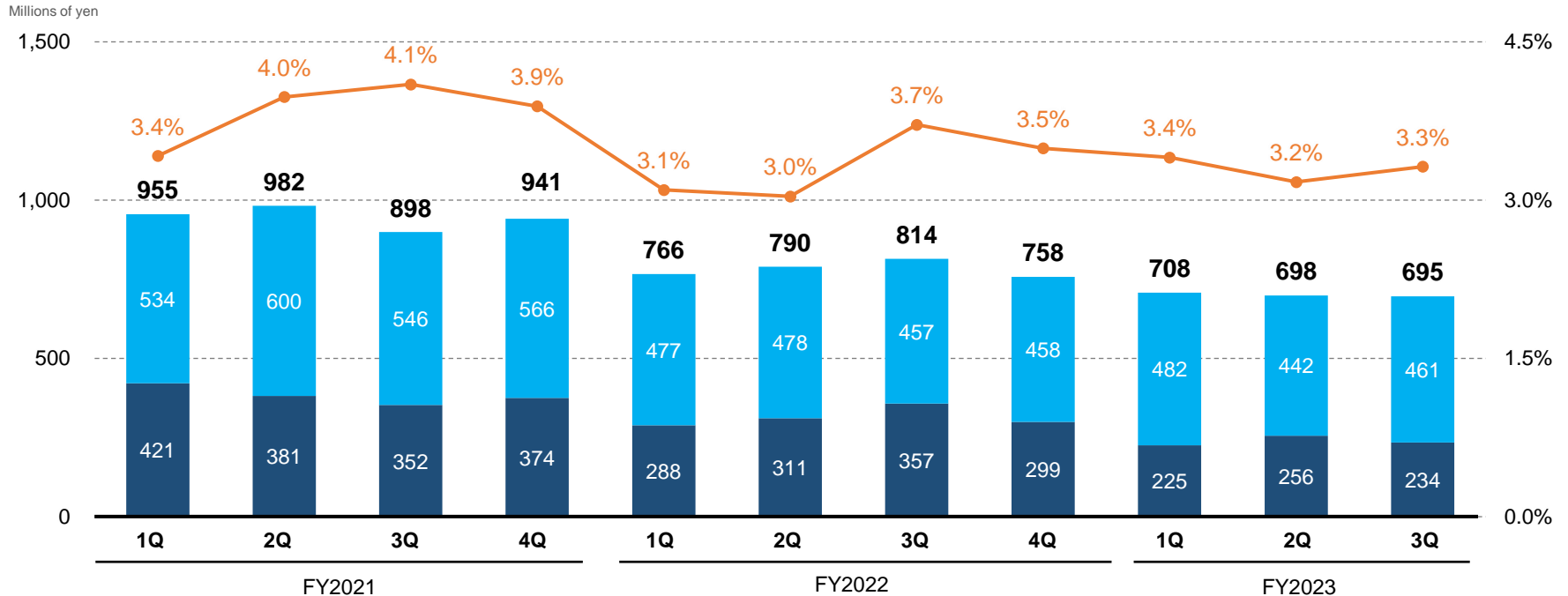
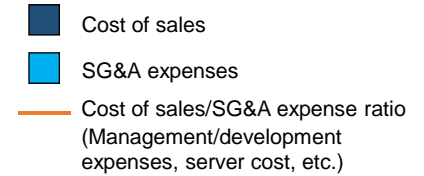


*1 Total amount reflecting net sales to LINE Manga and impacts of large promotional campaigns by a certain large book retailer in FY2021

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

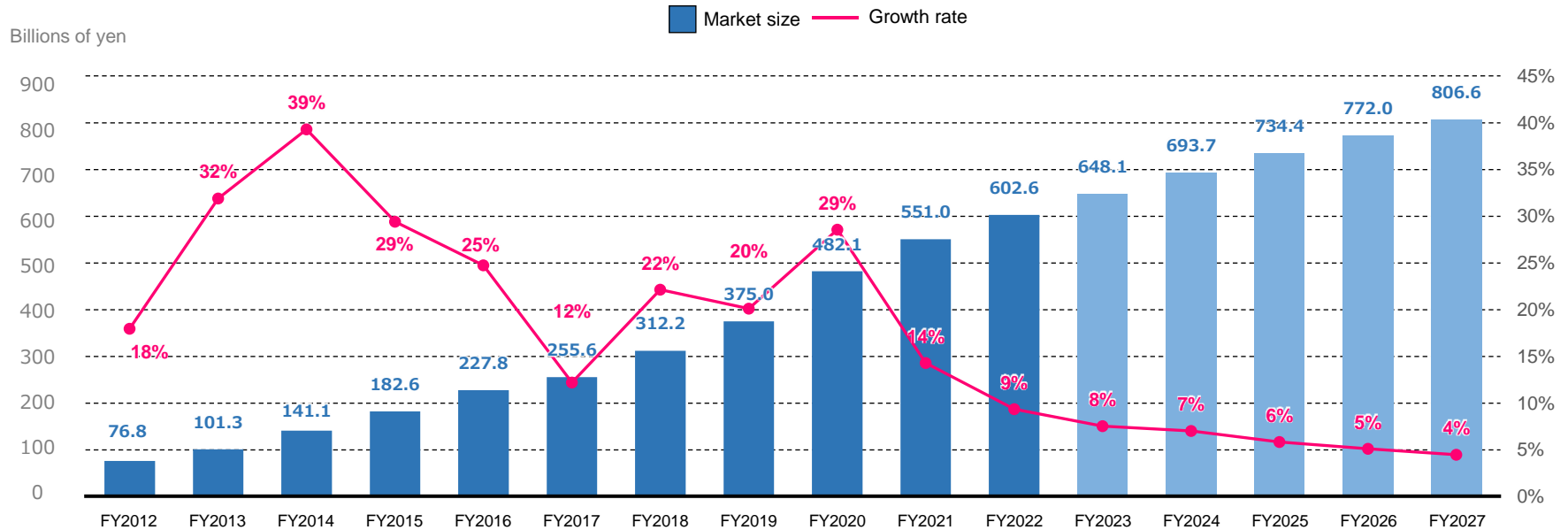
Cost Structure (Cost of Sales/SG&A Expenses Excluding Royalties)

- 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



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

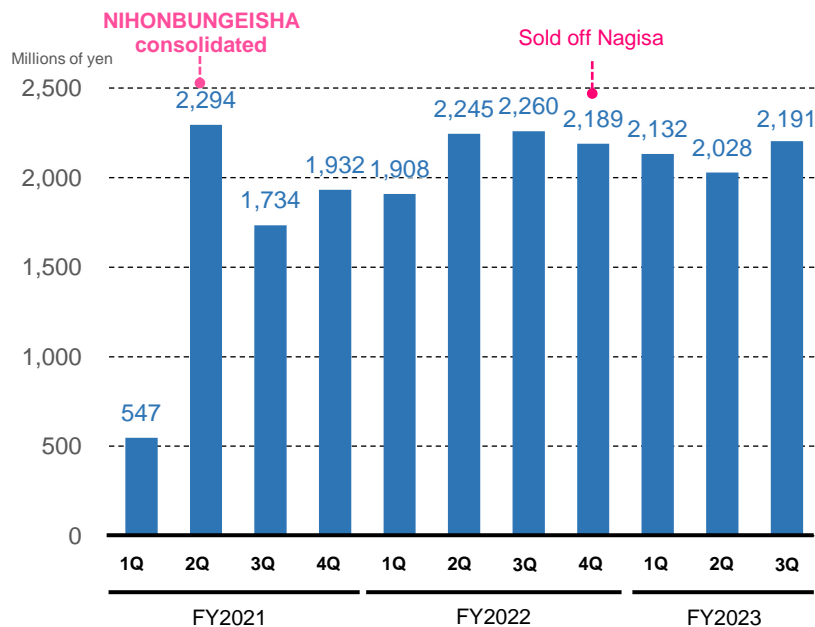
2. Earnings Trends

Strategic investment businesses

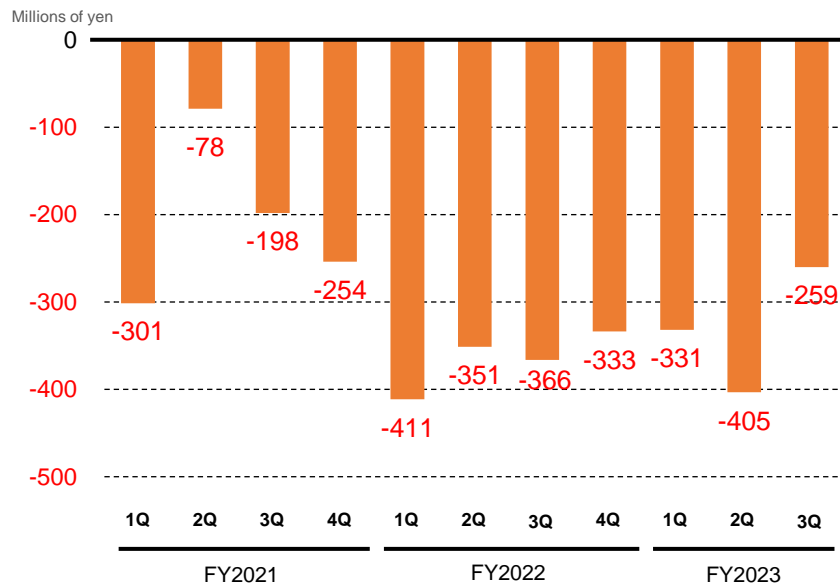
Trends in Net Sales and Operating Profit

- In the strategic investment businesses, in the eLibrary business, within the IP & solutions business, the introduction of digital library services using My Number cards has progressed, and both revenue and profit improved temporarily

Net sales

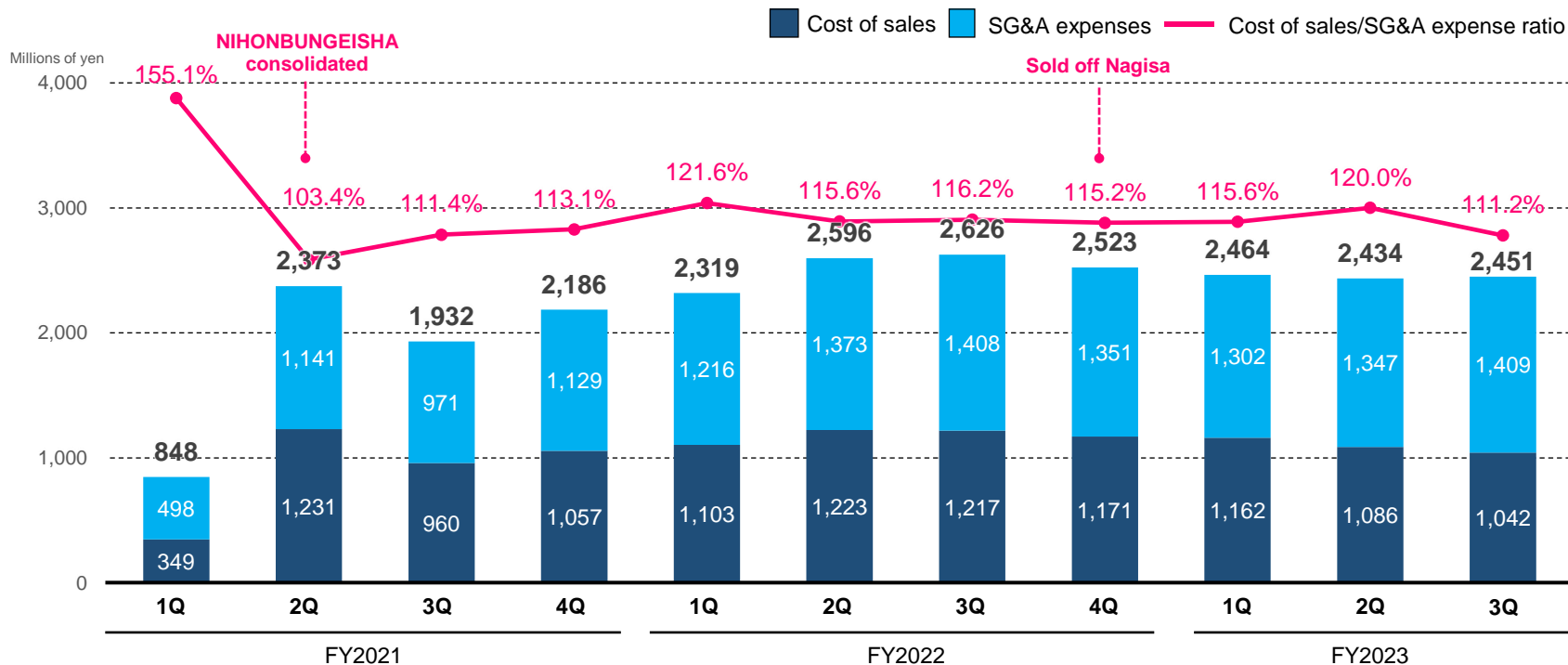


Operating profit



Cost Structure

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

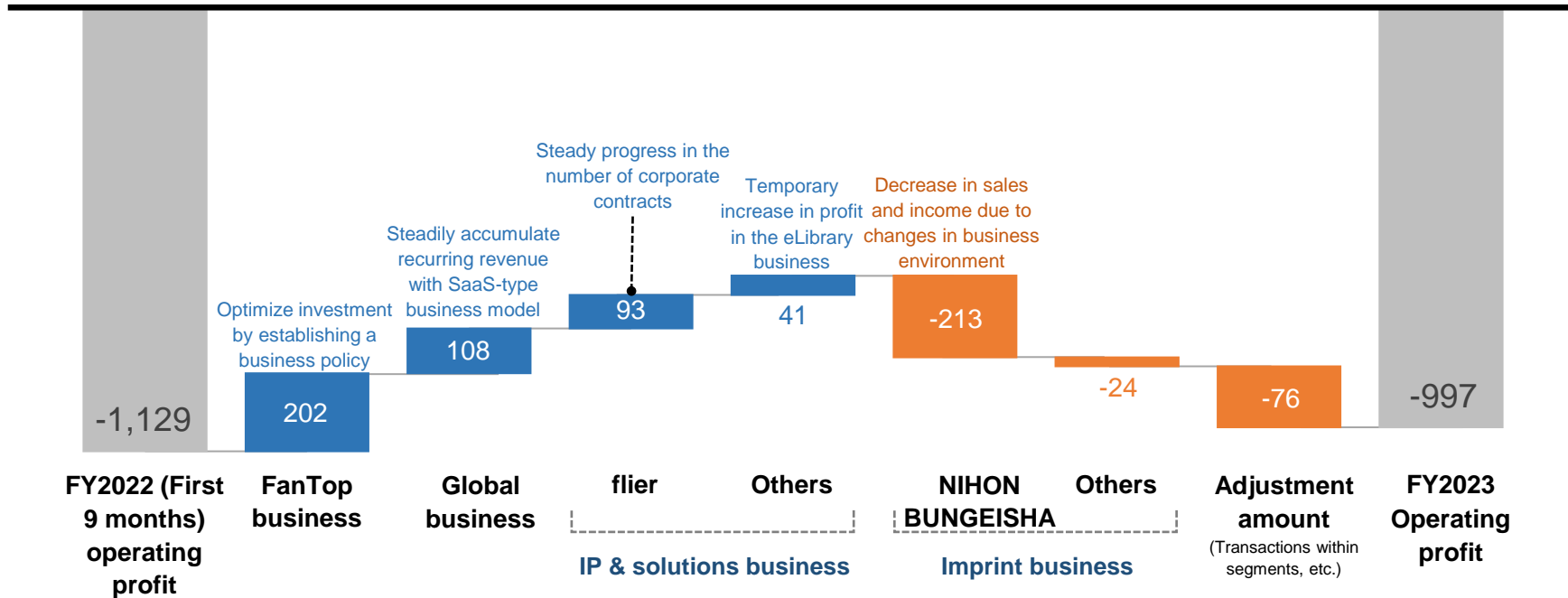


Operating Profit Year-on-Year Comparison

- Profitability improved by optimizing investments in the FanTop business and increasing sales at Group companies acquired through M&A that operate the global business, flyer services, etc.
- On the other hand, due to the deterioration in revenue and profit of NIHONBUNGEISHA, the overall loss of the strategic investment businesses improved only slightly

■ Increase ■ Decrease ■ Total

Millions of yen



Results for FY2023 3Q (P/L)

Millions of yen	FY2022								FY2023					
	1Q		2Q		3Q		4Q		1Q		2Q		3Q	
Net sales	26,269^{*1}		27,956^{*1}		23,814^{*1}		23,627^{*1}		22,632^{*1}		23,764^{*1}		22,917^{*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%	20,972	90.7%
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%	2,191	10.3%
Cost of sales, SG&A expenses	25,650		27,240		23,314		23,069		22,147		23,256		22,444	
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%	19,559 ^{*2}	85.3%
Commissions	33	0.1%	32	0.1%	29	0.1%	28	0.1%	27	0.1%	25	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%	65	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%	1,595	7.0%
Depreciation/amortization (excluding goodwill)	157	0.6%	172	0.6%	183	0.8%	178	0.8%	173	0.8%	116	0.5%	165	0.7%
Amortization of goodwill	188	0.7%	229	0.8%	199	0.8%	166	0.7%	174	0.8%	176	0.7%	178	0.8%
Others	716	2.7%	819	2.9%	845	3.5%	913	3.9%	744	3.3%	799	3.4%	983	4.3%
EBITDA	964		1,116		882		901		832		800		816	
Operating profit	619		715		500		557		485		508		473	
Ordinary income	612		675		472		531		441		496		500	
Profit before income taxes	518^{*3}		586^{*3,*4}		-69^{*3,*5}		494		435		494		606^{*7}	
Profit attributable to owners of parent	312		316		-187		615^{*6}		232		277		351	

*1 Adjustment amounts not included in the eBook distribution business and the strategic investments businesses were -¥383mn in FY2022 1Q, -¥309mn in 2Q, -¥371mn in 3Q, -¥271mn in 4Q, -¥290mn in FY2023 1Q, -¥296mn in 2Q, and -¥246mn in 3Q

*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, ¥20,145mn in 2Q, and ¥•mn in 3Q were related to the eBook distribution business

*3 With regard to the equity stake taken in Creatubbles in June 2016, an impairment loss of ¥504mn has been recorded to cover the entire value of the shares, while ¥844mn in corporate bonds out of a total of ¥1,202mn 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 ¥38mn 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

*7 Recorded a gain on sale of investment securities of ¥106mn from the transfer of shares of A.I. Squared, Inc.

Results for FY2023 3Q (B/S)

Millions of yen	FY2023 1Q	FY2023 2Q	QoQ change	Main factor behind change
Current assets	34,912	34,557	-354	
Cash and deposits	10,655	10,785	130	
Notes, accounts receivable and contract assets	22,746	21,760	-985	Linked to a decrease in sales from the previous quarter
Non-current assets	16,990	16,925	-65	
Property, plant and equipment	600	626	25	
Software	960	994	34	
Goodwill	6,641	6,504	-136	
Investment securities	6,421	6,435	13	
Total assets	51,902	51,483	-419	
Current liabilities	30,076	29,539	-536	
Notes and accounts payable – trade	25,378	24,648	-730	Linked to a decrease in sales from the previous quarter
Current portion of long-term borrowings	2,206	2,211	5	
Total non-current liabilities	4,677	4,378	-298	
Long-term borrowings	3,763	3,461	-302	
Total liabilities	34,754	33,918	-835	
Total shareholders' equity	16,091	16,443	351	
Capital	5,959	5,959	0	
Capital surplus	5,737	5,737	0	
Retained earnings	4,443	4,795	351	
Treasury shares	-48	-48	0	
Total accumulated other comprehensive income	1,003	1,091	88	
Share option	-	-	-	
Non-controlling interest	53	29	-23	
Total net assets	17,148	17,564	416	
Total liabilities and net assets	51,902	51,483	-419	

MEDIA DO Co., Ltd.

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3. Growth Strategy

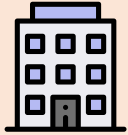
Business Strategy



Taking advantage of our established trust and track record, continue to develop and provide new services in tune with the needs of publishers and eBook retailers that are changing together with the eBook market

Market
environ-
-ment

- ✓ Competition is heating up as the eBook market matures
- ✓ Moreover, the distribution of eBooks has become more complex operationally due to the diversification of service formats



Needs/challenges of publishers

- ✓ Shortage of engineers/DX talent highly experienced in eBook services

Development of industry's infrastructure

Jointly develop systems by dispatching MEDIA DO engineers with in-depth experience in eBook services to publishers



Needs/challenges of eBook retailers

- ✓ Tougher competition requires each retailer to set themselves apart
- ✓ Need to focus more on planning, sales, and marketing

Deepening of horizontal specialization model

Enhance system linkages for increasing distribution speed and accuracy



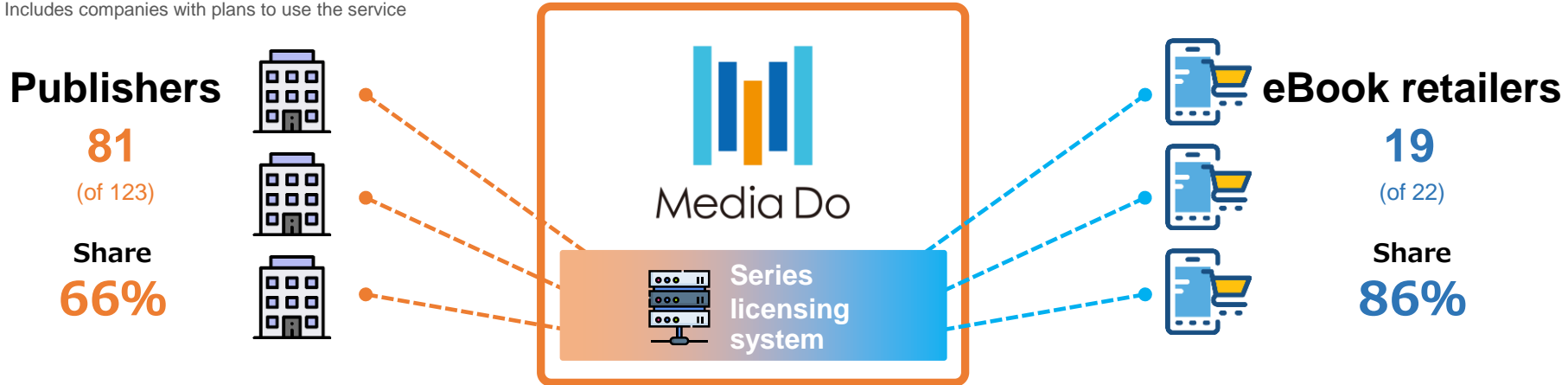
Media Do

Further raise presence within the industry by resolving challenges faced by publishers and eBook retailers

Help to streamline distribution by developing and providing new systems that reduce the operational workload of publishers and eBook retailers to complement conventional wholesaling systems

- ✓ The series licensing service (story-based distribution service) is a **tough challenge for publishers and eBook retailers** because administrative work is more complicated than regular volume-based distribution and the management specifications are different for each eBook retailers
- ✓ **MEDIA DO has developed a new system that centrally manages series licensing and simplifies procedures** 81 of 123 publishers that license series and 19* of 22 major eBook retailers that provide series use MEDIA DO's system

*1 Includes companies with plans to use the service



Contribute to market growth by providing new services closely in line with industry needs

Growing interest in business model of attaching NFT digital contents to paper books, even from other industries, thanks to MEDIA DO's own business briefings and booths at events

Hosted booth at KYOTO BOOK SUMMIT for first time on Nov. 9



- ✓ KYOTO BOOK SUMMIT is the main event in a major campaign called BOOK MEETS NEXT in which retailers, publishers, and sales companies come together to promote "reading"
- ✓ Hosted a booth at the special exhibition called "The future of DX in Publishing"
- ✓ Around 280 visited the booth, representing a number of industries, including not only publishers, but also retailers, sales companies, and printing companies

Held briefing on FanTop business for industry and media on Nov. 22



Exhibited two years' worth of projects Talk session on *Sururi no Bentozake*

- ✓ Explained the FanTop business, introduced results over the past two years, and exhibited projects at the venue
- ✓ Announced **four consecutive digital benefit plan** on *Shukan Manga Goraku* published by NIHONBUNGEISHA. Related to this, held a talk session led by the author and editor of new series *Sururi no Bentozake*
- ✓ **More than 230 participants**, mainly publishers

Growing number of business inquiries not only from publishers, but also real bookstores, the music industry, etc.

Total number of copies issued exceeded 2 million, contributing to an increase in content and membership

Currently focusing on magazines in order to further increase copies issued

Paper book + NFT digital content



FanTop

Total number of copies issued*

2.3 million

Number available

Over 150 titles

Number of cooperation publishers

60

The increase in copies issued contributes to an increase in content distributed on FanTop and membership



To accelerate this increase in copies issued, MEDIA DO is **stepping up focus on magazines with large circulation**

* Total for the period from October 2021 to December 31, 2023.

Example



Weekly manga magazines

- ✓ Four consecutive digital benefit plan on *Shukan Manga Goraku* published by subsidiary NIHONBUNGEISHA
- ✓ In addition to magazine content, added first installment of new series *Sururi no Bentozake* exclusively available in NFT digital version
- ✓ Attached to weekly editions on Dec. 1, 8, 15, and 22

Implementing initiatives in genres that are compatible with NFT



Gravure

©Kindaieigasha



Railway

©KOTSU SHIMBUNSHA



Fashion

©TAKARAJIMASHA



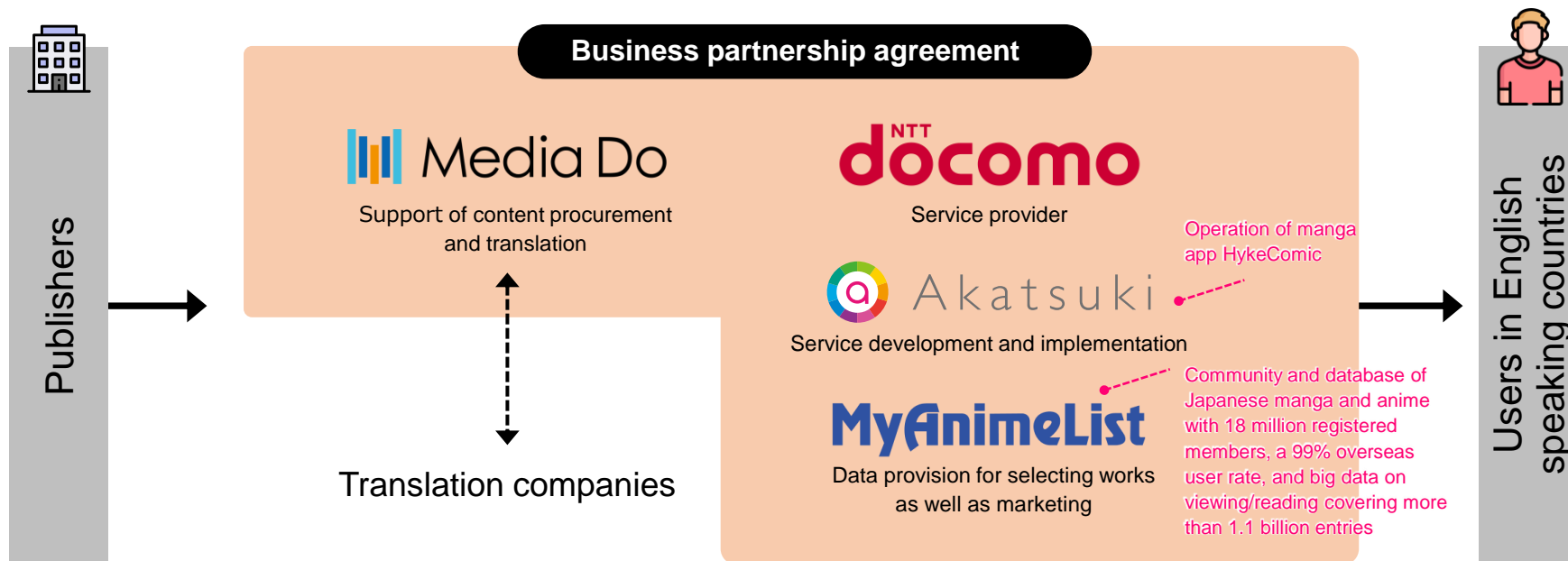
History

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Concluded business partnership agreement with NTT DOCOMO, Akatsuki Group, and MyAnimeList

Set to expand new eBook distribution service in the United States for Japanese manga

- ✓ Plan to launch an **eBook distribution service in the United States** by autumn 2024
- ✓ Explore both app and browser versions that will feature an extensive collection of horizontally read works, representing a traditional Japanese manga format, and vertically read works ideal for smartphone viewing

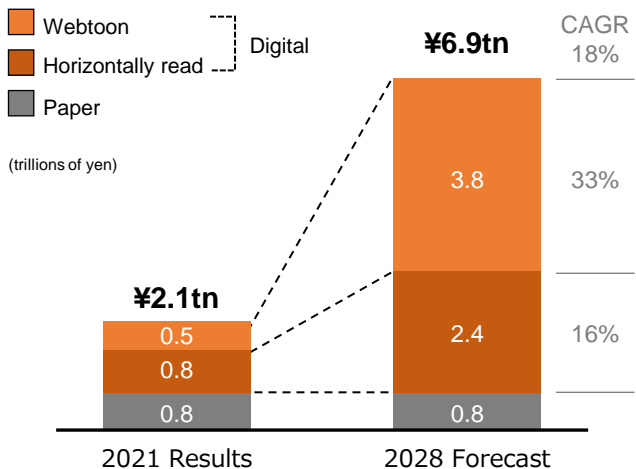


North American manga market is expected to grow, but there are few authorized translations of original Japanese content

MEDIA DO supports the distribution of original content overseas, contributing to the greater growth of the publishing industry

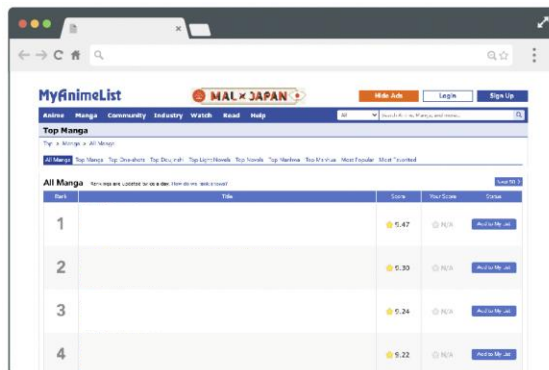
Size of global Comic market

- ✓ The global Comic market is expected to expand at a high rate of growth
- ✓ North America is expected to become the **third largest overseas market** next to South Korea and China



Japanese manga content overseas

- ✓ Despite strong popularity of Japanese content overseas, there are **few authorized translations of original content**, and **there are pirated works translated and published without permission**
- ✓ The priority for translating works will be determined by utilizing ranking data of MyAnimeList



- ✓ Many of top 30 works left untranslated
- ✓ Around **60–70%** of top 1,500 works are **not translated**

Source : QYResearch 「Global Comic Book Market Size: Status and Forecast 2022-2028」
「Global Webtoons Market Size: Status and Forecast 2022-2028」

→ **Aim to build an integrated platform for Japanese manga**

MEDIA DO now has nine original vertical scrolling comics (VSC) Some have topped the rankings of major eBook retailers

MEDIA DO's most recent original works

Co-production work with CONTENTS LAB. BLUE of Korea, which invested in December 2022.



1. Global production system with more than 160 creators, spanning Korea/Japan/Thailand
2. Operates a novel submission site, owns more than 300 IPs, and has many hit titles.



Earned top spot in **LINE Manga** rankings*1

1st

(Overall/in New Titles/in Romance)

Please Lock Me In,
Male Lead



Earned top spot in **Kakaopage** rankings*2

1st

(Overall)

Distribution in Japan is scheduled for
February

Utsukushiku ryu to rikon suru hoho*3

MEDIA DO distributes content to retailers not only in Japan, but overseas as well, and continues to supply its own content to the rapidly growing global VSC market

*1 Rankings as of November 22, 2023 *2 Rankings as of December 1, 2023. *3 Advanced distribution in South Korea

Intend to revise the numbers because the internal/external environments have changed since 2022 when the current Medium-term Management Plan was formulated

	(April 2022) At the time the plan was announced	Today	Future direction
eBook Distribution business	Maintain a certain growth rate (around 10% p.a.) even after stay-at-home demand	Growth is slowing (around 5% p.a.) Wholesaling aligns with the needs of publishers and eBook retailers	Aim to expand distribution share again by capturing market changes
Strategic investment businesses	Diversified expansion aiming to create second revenue axis	Some businesses are making steady progress, while others may require shoring up or a review of the business portfolio	Review direction of businesses and allocation of management resources

Necessity of reviewing the current mid-term management plan

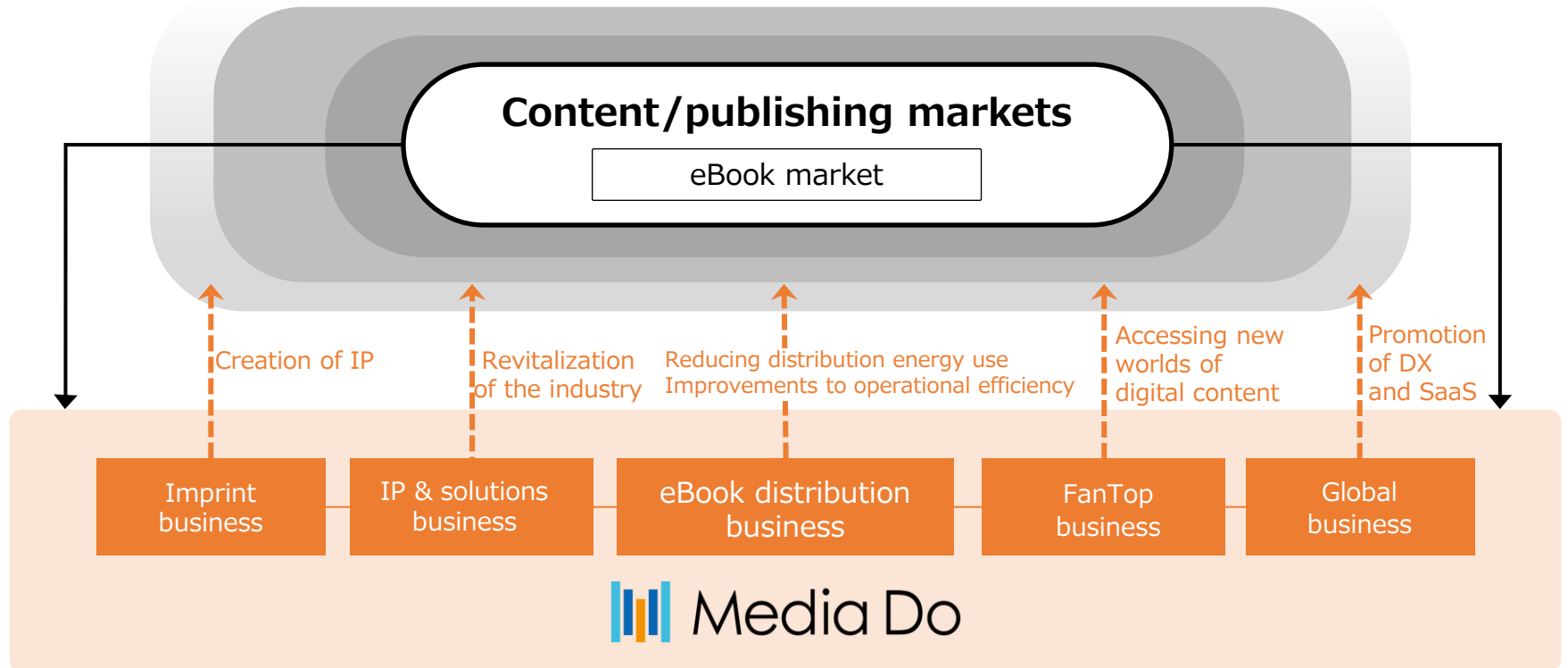


Financial Results Briefing
for Nine Months Ended November 30, 2023

4. Reference Information

Future
Growth
plans

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

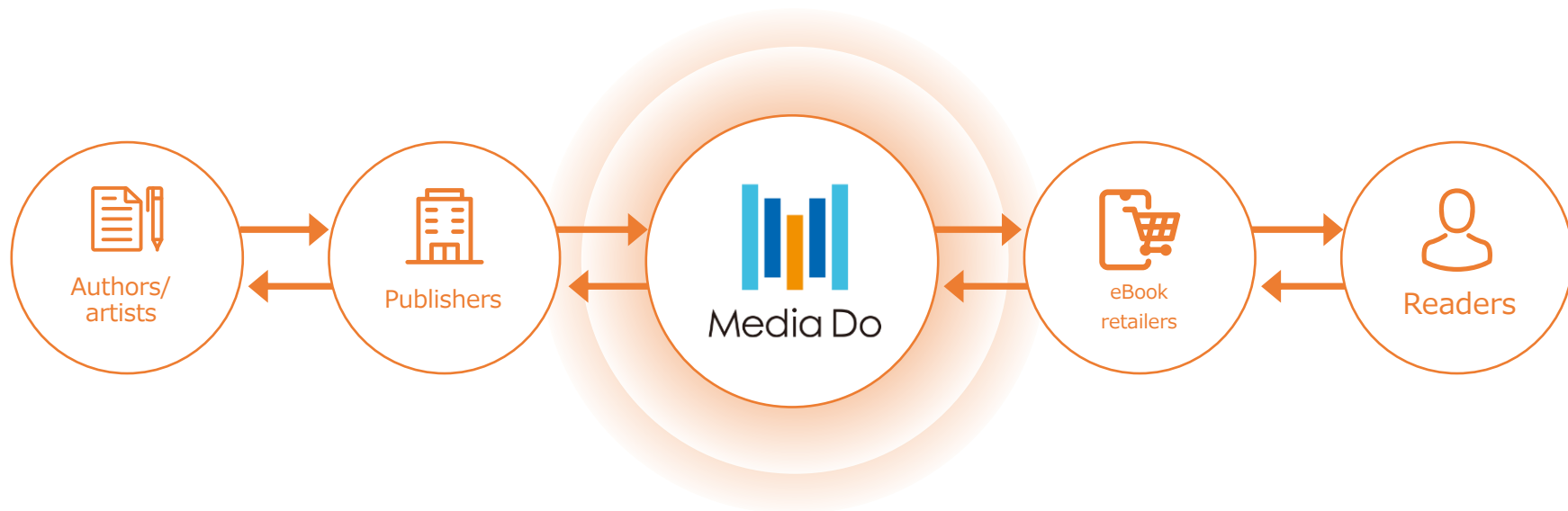
NetGalley

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

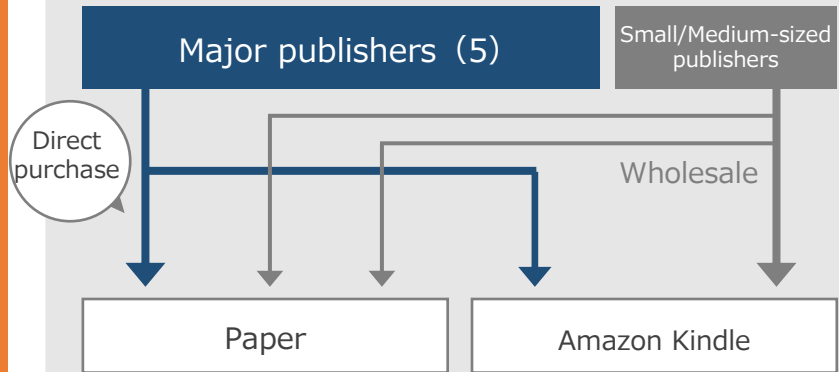


- | | |
|--|--|
| 1. Brokering of contracts/transactions with publishers | Expansion of eBook retailers' content lineups |
| 2. Pro rata distribution of revenues to publishers and authors | Aggregation of eBook retailers' monthly sales data |
| 3. Operation of eBook distribution system | Distribution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

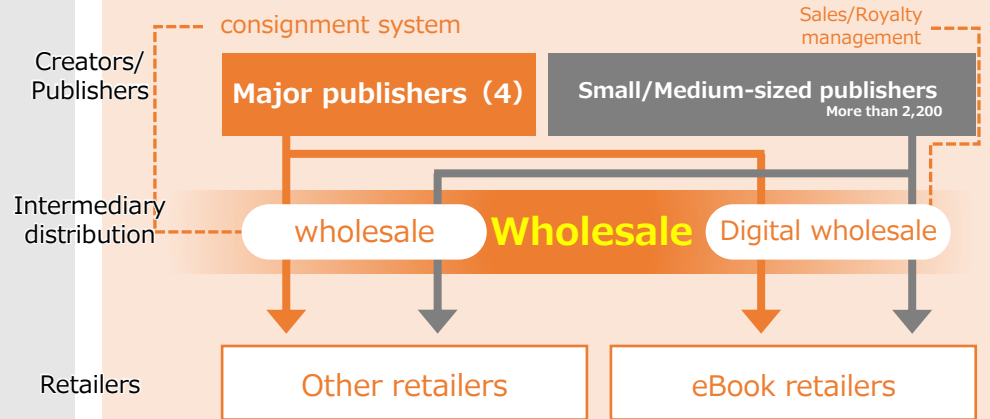
U.S Publishing Industry



Amazon's market share is 60%

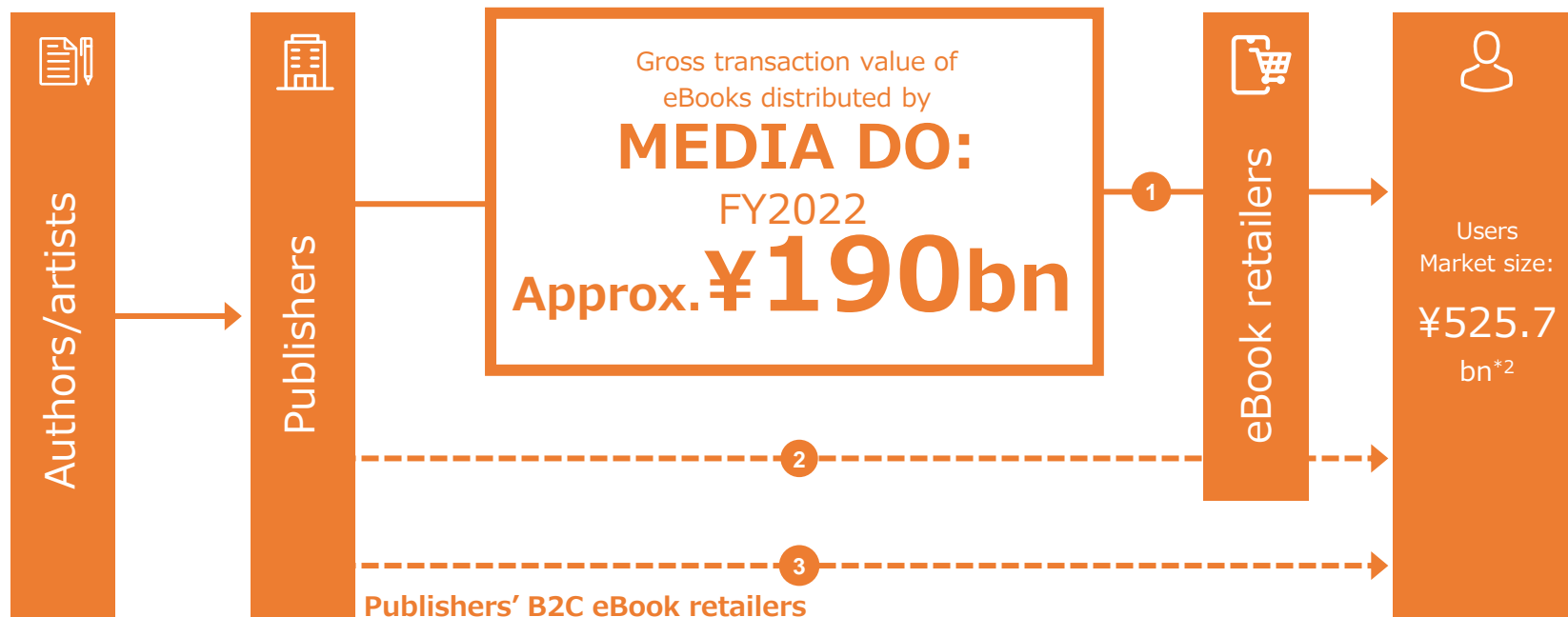
- Industry environment**
 - The publishing industry is an oligopoly of the four major publishers. The eBook retailers side is also oligopolistic, with Amazon Kindle having a large market share.
- Frameworks**
 - Receive orders by title for wholesalers and distributors

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



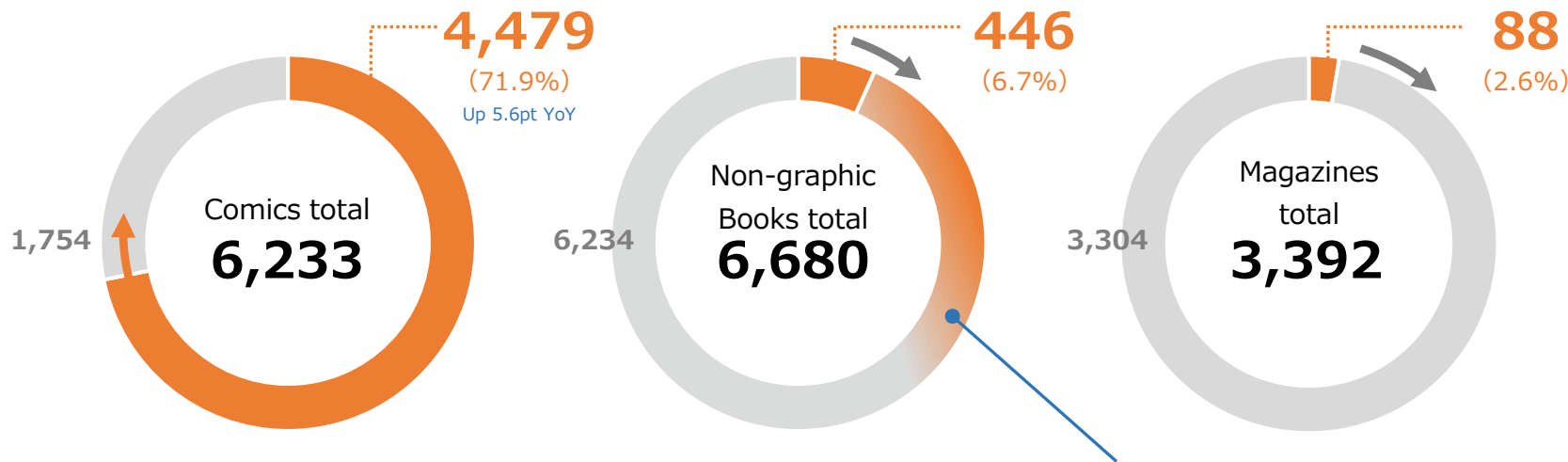
*1 Calculated by dividing our gross transaction value in FY2022 by the total transaction value in the market as a whole

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

Publishing Market Size by Genre

Comics market digitalization rate increased 5.6 points YoY to 71.9%
Digitalization of non-graphic books still has a lot of room to run²

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

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

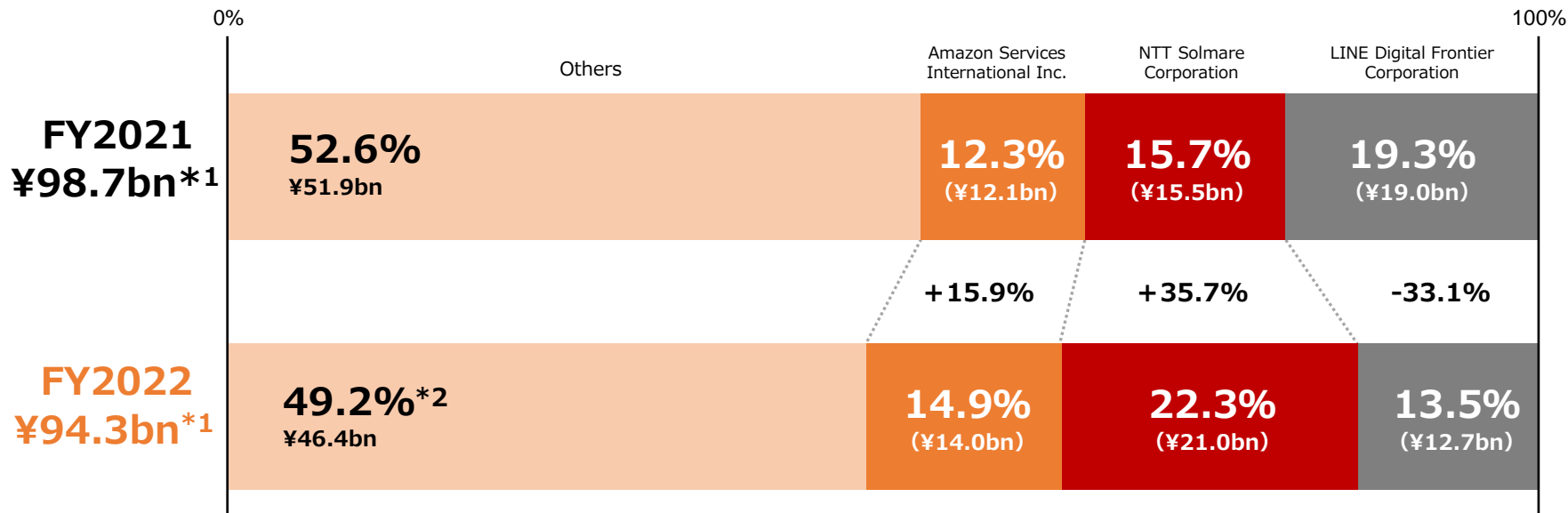
Over **2,200** publisher accounts, including **1,680** non manga publishers, **all** major publishers*¹ and **over 99%** of eBook publishers*²

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

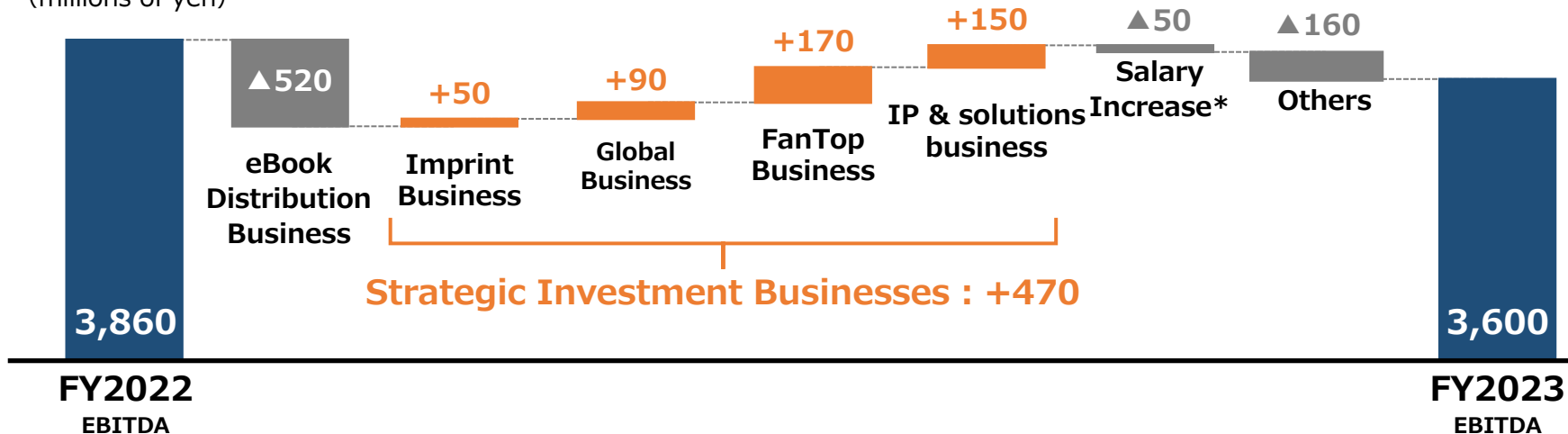
(billion of yen)

	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)

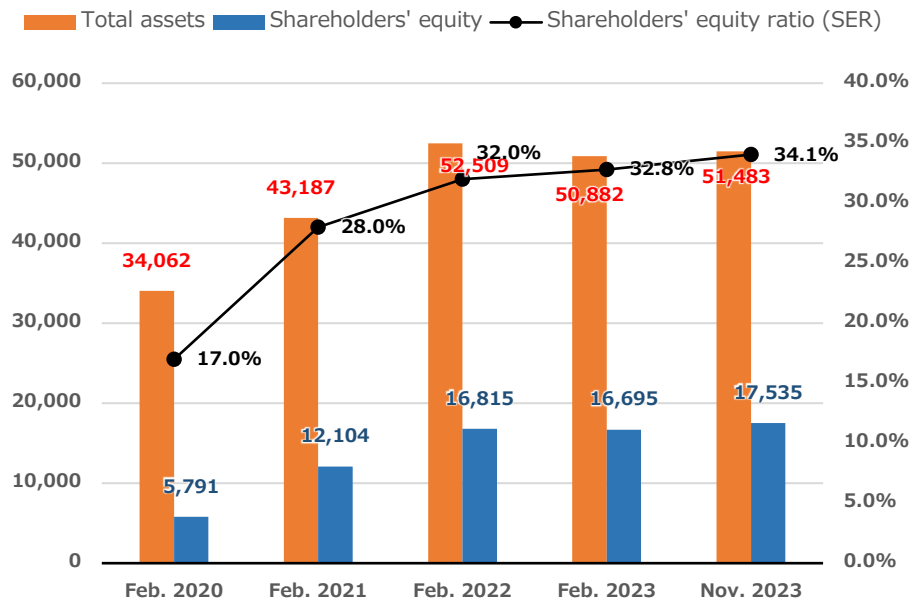


*In view of price increases, a 3% supplemental salary increase in addition to the salary increase and decrease associated with the evaluation was implemented for employees in Grades 1-3 of the five grades.

Balance Sheet

- Financial stability has improved following April 2021 capital raise
- The D/E ratio and the ratio of net assets to goodwill/investments and other assets are below 1x

Shareholders' equity ratio (SER) Millions of yen

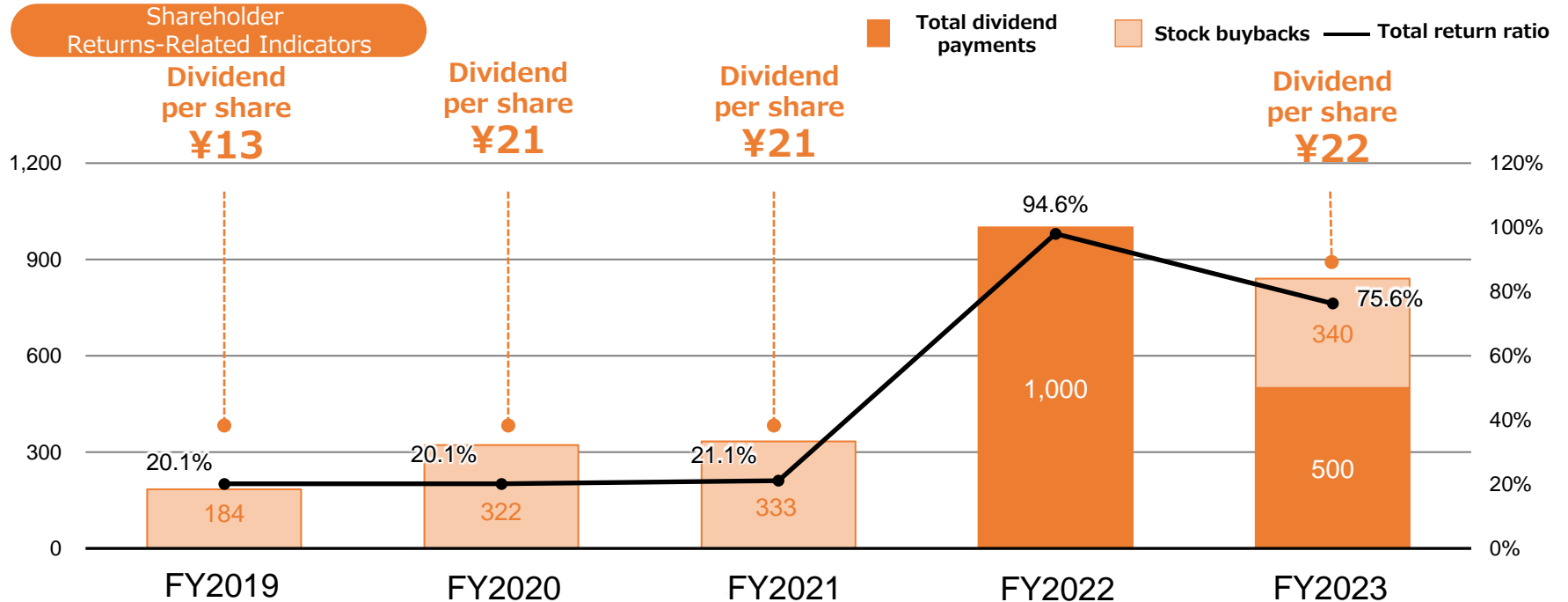


Balance sheet structure (as of Nov. 30, 2023) Millions of yen

Cash and deposits 10,785	Interest-bearing debt 5,672
Other current assets 23,772	Other current liabilities 27,328
Property, plant and equipment 626	Other non-current liabilities 917
Other intangible assets 2,430	Net assts 17,564
Investments and other assets 7,363	
Goodwill 6,504	

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 November 30, 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



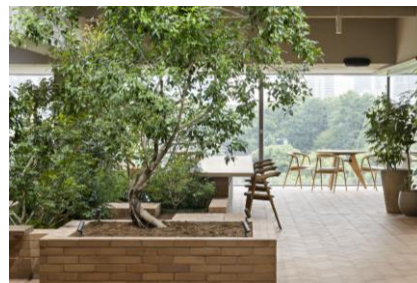
Media Do



JIVE Ltd.



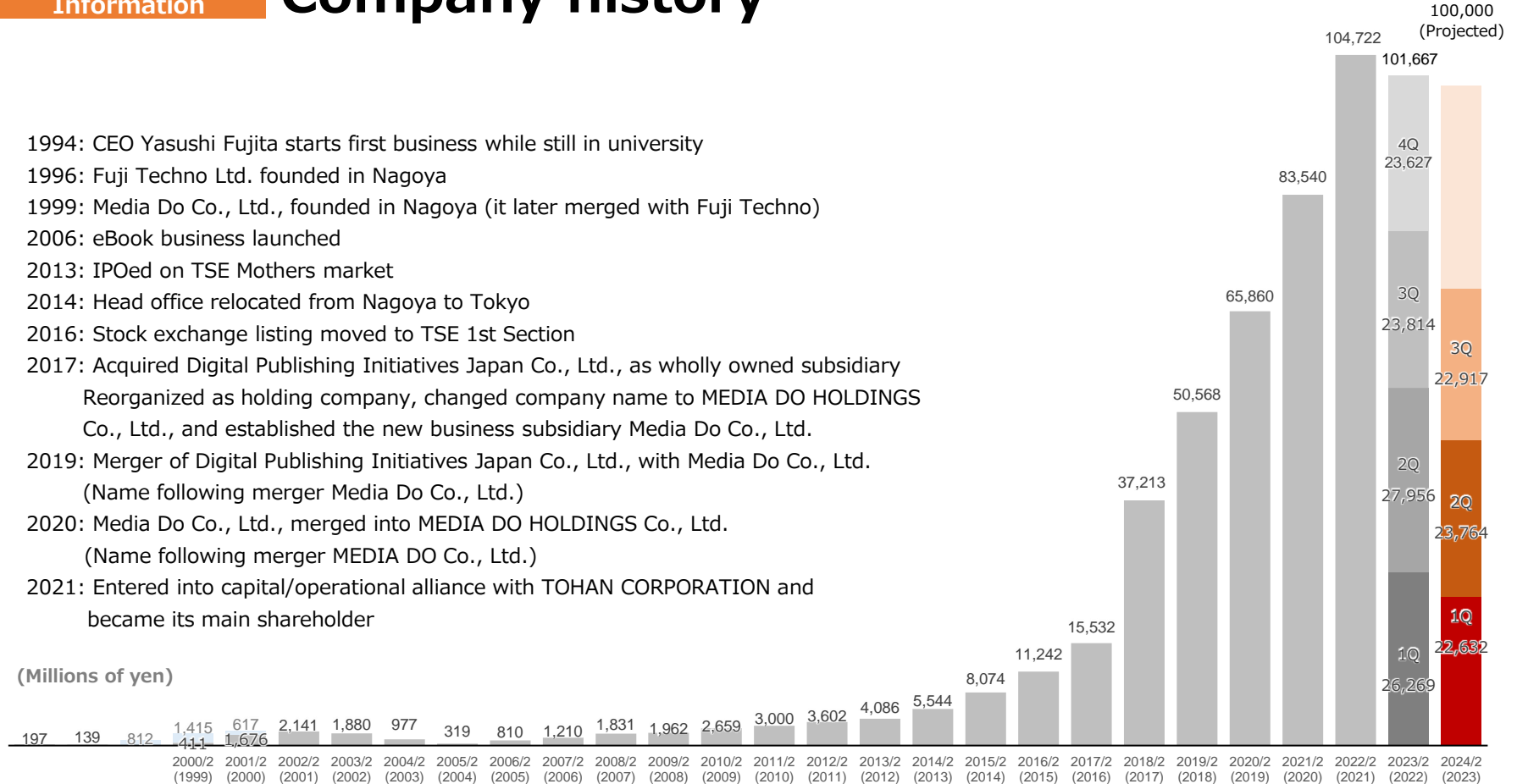
ASTRA



Company history

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

(Millions of yen)



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

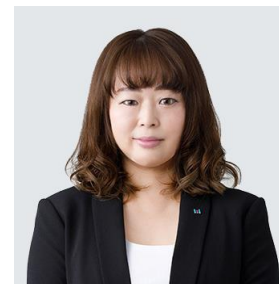
Began career at NTT DOCOMO in 2000, working in its content business. Involved in launching “Chaku-uta” (musical ringtones) for i-mode handsets. Joined Media Do in 2008. Appointed executive officer/general manager of Sales Division in 2010, director/general manager of Business Development Division in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



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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