

Financial Results Briefing
for the Fiscal Year Ended February 29, 2024

FY2023.4Q

FINANCIAL RESULTS BRIEFING

MEDIA DO Co., Ltd.
TSE Prime: 3678



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Executive Summary

Earnings Highlights

Net sales **¥94.0bn** (Achievement rate: 94.0%)

EBITDA **¥3,390mn** (Achievement rate: 94.3%)

Operating profit **¥2,060mn** (Achievement rate: 103.3%)

Profit attributable to owners of parent **-¥310mn** (Achievement rate: —)

(Achievement rate: Achievement rate compared to initial forecast)

- **Net sales:** Although the growth rate of the eBook market slowed compared to the initial forecast, **the growth effectively remained intact**
- **Operating profit:** Despite a decline in sales, operating profit reached the initial forecast thanks to cost controls
- **Profit attributable to owners of parent:** Actual profit/loss excluding the impact of extraordinary income/losses was in line with the initial forecast, despite recording a loss caused by extraordinary losses

Full-year Topics

Transfer of LINE Manga

- **Reduced sales caused by the transfer ended with FY2023**
- Sales fell approximately ¥11.0bn YoY in FY2023 as a result

Extraordinary income/losses

- Recorded extraordinary income through share transfers, etc., based on a review of the business portfolio
- Also booked extraordinary losses resulting from impairment losses and valuation losses mainly due to revisions to business policies in the strategic investment businesses
- **Extraordinary income: ¥217mn** **Gain on sale of securities, etc.**
- **Extraordinary losses: ¥1,769mn** **Impairment of goodwill, etc.**

Full-Year Earnings Forecast for FY2024

- **Net sales** **¥98.0bn (up 4.2% YoY)**
- **Operating profit** **¥2,300mn (up 11.3% YoY)**
- **Profit attributable to owners of parent** **¥1,330mn**
- Aiming to restore growth after bottoming out in FY2023 and then make a leap forward

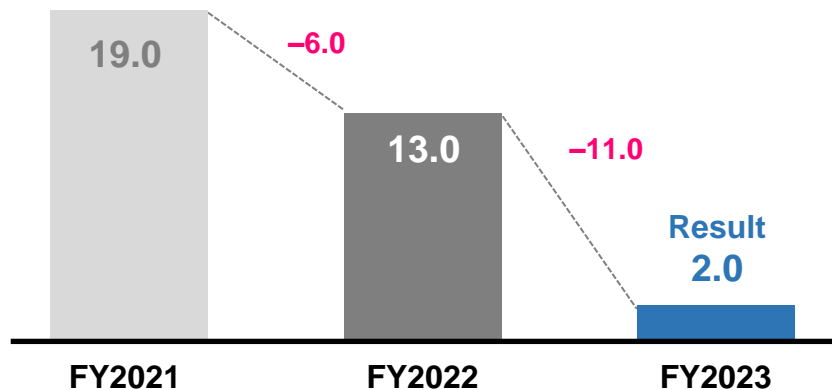
1. Financial Highlights



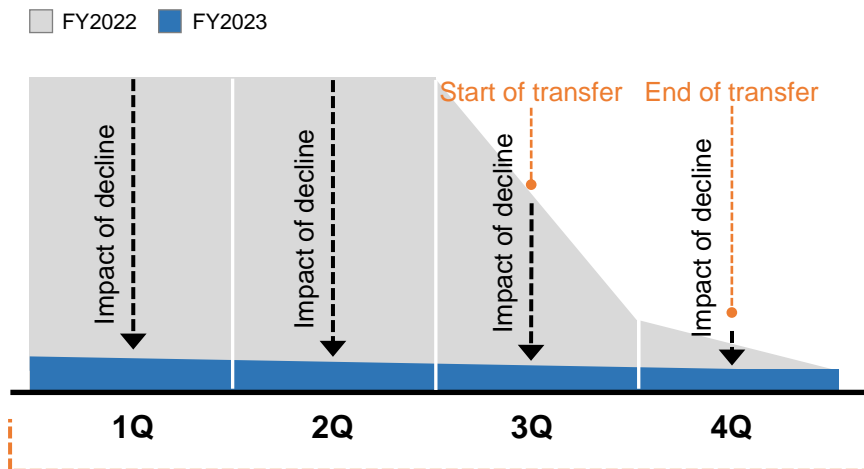
Impact of Transfer of LINE Manga

- **Completed transfer of back-end operations of major publishers** in December 2022
- Excluding the remaining sales to LINE Manga which amount to approximately ¥2.0bn going forward, **FY2023 sales declined approximately ¥11.0bn YoY**
- **The impact of reduced sales caused by the transfer only lasts until the end of FY2023**; there will be no impact from FY2024 onward

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



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



Total impact of decline : **¥11.0bn**

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

Consolidated Performance Highlights

- **Net sales** declined mainly due to the transfer of LINE Manga, but growth effectively remained intact
- **EBITDA / Operating profit** declined due to weaker sales in the eBook distribution business and a downturn in sales at the consolidated subsidiary NIHONBUNGEISHA
- **Net income attributable to owners of parent** declined due to impairment losses, etc. in line with business progress

| | | FY2022 | FY2023 | YoY |
|---|-------------------------------|------------------------|-----------------------|------------------|
| Net sales | Results | ¥101.6bn | ¥94.0bn | +7.5% (-¥7.6bn) |
| | Excluding those to LINE Manga | ¥88.5bn | ¥91.9bn | +3.9% (+¥3.4bn) |
| EBITDA | | ¥3,860mn | ¥3,394mn | -12.2% (-¥470mn) |
| Operating profit | | ¥2,393mn | ¥2,066mn | -13.7% (-¥330mn) |
| Net income attributable to owners of parent | | ¥1,057mn ^{*1} | -¥319mn ^{*2} | N/A (-¥1.36bn) |

*1 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

*2 A total of ¥1,769mn, including an impairment loss of ¥465mn for the vertical scrolling comics business and ¥438mn in impairment of goodwill related to Supadū Limited, was being recorded as extraordinary losses

Situation of Extraordinary Income/Loss (1)

- Recorded extraordinary income due to stock transfer based on business portfolio review
- On the other hand, extraordinary losses, including impairment losses and valuation losses, were recorded due to a review of business policies in the strategic investment business.

| Breakdown | Amount (millions of yen) |
|--|--------------------------|
| Extraordinary income | 217 |
| (1) Gain on change in equity, gain on sales of securities, etc. | 217 |
| Extraordinary losses | ▲1,769 |
| (2) Loss on valuation of investment securities and Impairment loss related to the vertical scrolling comics (VSC) business | ▲465 |
| (3) Impairment loss on goodwill related to Supadü Limited | ▲438 |
| (4) Loss on valuation of other investment securities (HIKKY Co., Ltd. and others) | ▲481 |
| (5) Other impairment losses, etc. | ▲383 |
| Total (extraordinary losses) | ▲1,551 |

(1) Gain on change in equity, gain on sales of securities, etc.

-Gain on change in equity due to capital increase through third-party allocation of MyAnimeList

-Gain on sales of investment securities due to transfer of shareholdings

(2) Loss on valuation of investment securities and Impairment loss related to VSC business

- Loss on valuation of investment securities related to South Korean studio in which we have invested

- Impairment loss on content assets and systems, etc.

It will take time to recover production costs, we will freeze production of original works in collaboration with studios and focus on the distribution of existing works

(3) Impairment loss on goodwill related to Supadü Limited

Although sales and profits are growing steadily, they have not reached the initial acquisition estimates, and the delayed portion of progress has been recorded as an impairment loss

(4) Loss on valuation of other investment securities

A deviation from the original investment plan was observed in HIKKY, which is engaged in the VR business, and a valuation loss was recorded (the Company has already withdrawn from this business)

(5) Other impairment losses, etc.

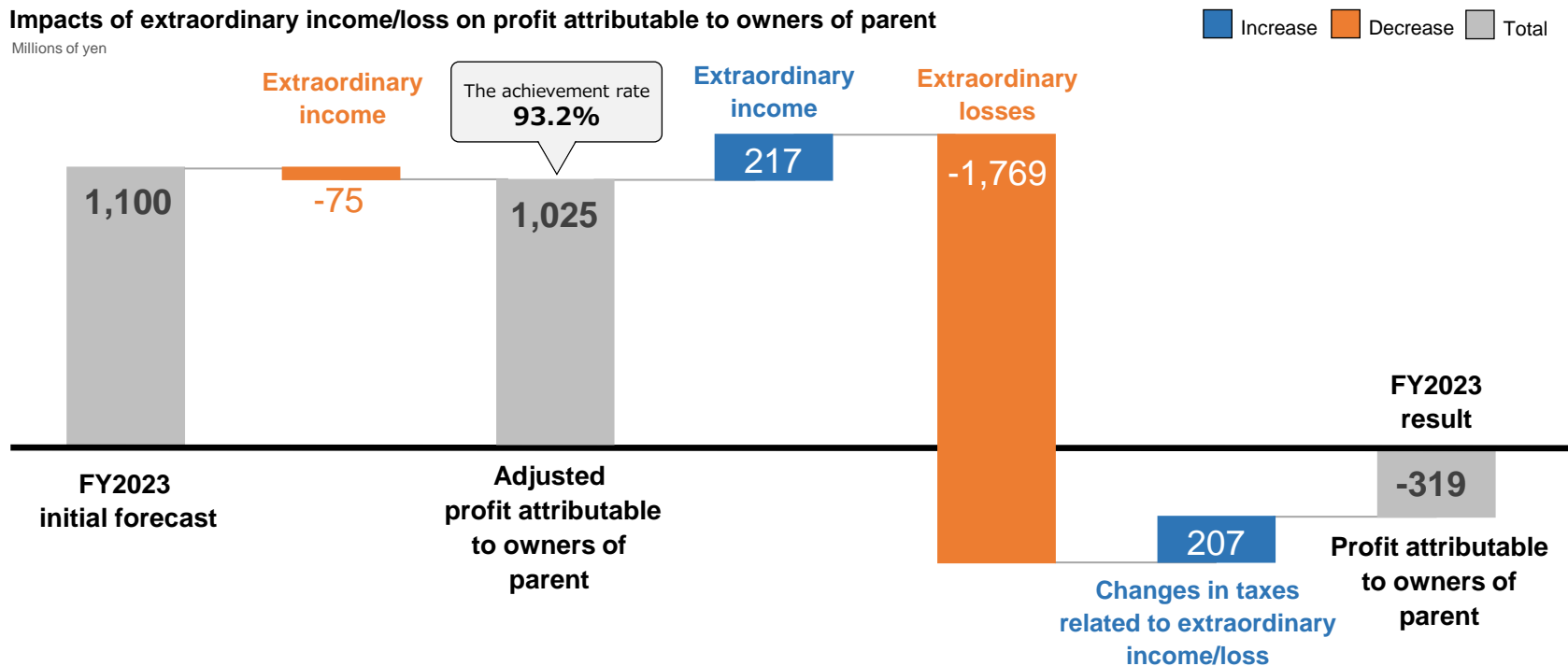
Impact of revision of impairment criteria

Situation of Extraordinary Income/Loss (2)

- Net income attributable to shareholders of the parent company was in the red due to the recording of extraordinary income/loss as described on the previous page
- The achievement rate is 93.2% if final profit as actual earnings excluding the impact of extraordinary gains/losses is considered

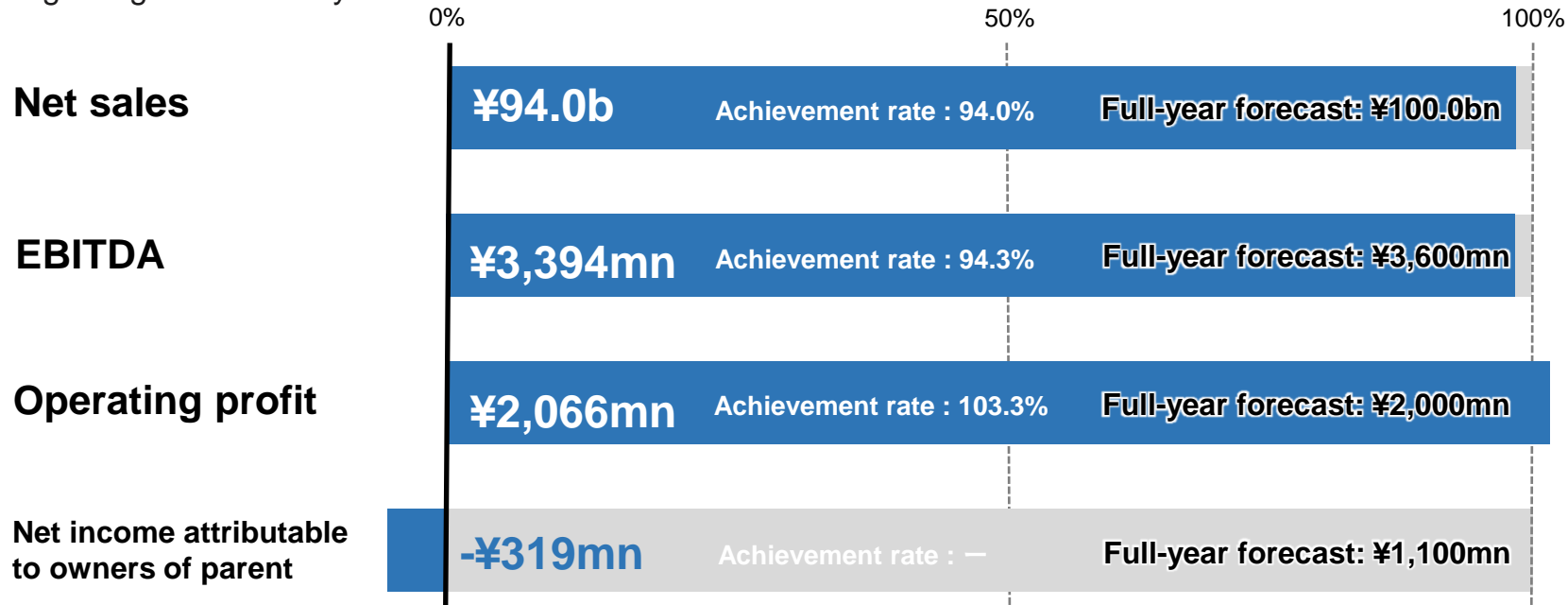
Impacts of extraordinary income/loss on profit attributable to owners of parent

Millions of yen



Rate of Progress of Full-year Earnings

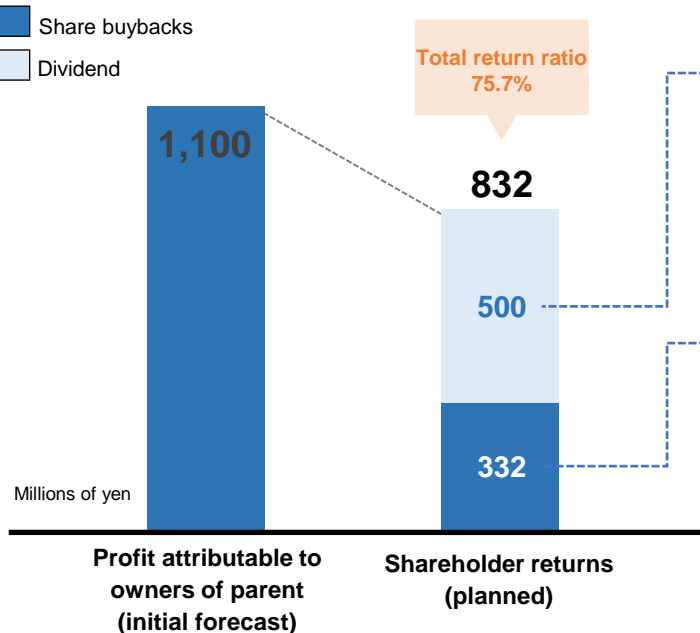
- **Net sales** fell short due to the impact of slower growth in the ebook market compared to initial expectations
- **EBITDA / Operating profit** While net sales decreased, operating profit achieved the initial forecast due to cost control efforts
- **Net income attributable to owners of parent** Although net income was in the red, actual income/loss excluding the impact of extraordinary gains/losses as shown on the previous page was in line with the forecast at the beginning of the fiscal year



Shareholder Returns in FY2023

- Profit attributable to owners of parent was in the red, but the dividend is scheduled to be resolved at ¥22.00 per share, in line with the initial forecast
- The total return ratio* calculated using initially forecast profit attributable to owners of parent of ¥1,100mn was 75.7%, greatly exceeding the target of 30%

- Share buybacks
- Dividend



Share buybacks: ¥500mn

- Completed between April 14 and May 1, 2023; with all shares already cancelled
- In light of the fact that the share price has been lower than expected, treasury shares were acquired as part of our flexible capital policy in response to changes in the business environment and shareholder returns

Year-end dividend: ¥330mn (¥22.00 per share) Unchanged from the initial forecast

Two reasons for this:

- Profit attributable to owners of parent was in the red, but the extraordinary losses did not involve any outflow of cash
- Core business performance is expected to recover in FY2024 and later after bottoming out in FY2023

Total return ratio is 75.7%

Greatly higher than the target of 30%

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

Profit attributable to owners of parent was in the red due to extraordinary losses, meaning the total return ratio cannot be calculated correctly. As a result, the initial forecast amount of profit attributable to owners of parent of ¥1,100mn was used for the calculation

Net Sales by Segment (4Q)

| Millions of yen | | Reporting segments*1 | | FY2022 | FY2023 | |
|---------------------|-----------------------------------|-------------------------------|--------------------------------------|----------------------------------|---|---------------|
| | | eBook Distribution Business | Strategic investment businesses | | | |
| | | | MEDIA DO | Subsidiaries | | |
| Business segments*1 | Distribution | eBook Distribution Business*2 | | | 93,039 | 85,103 |
| | Book/magazine publishing*3 | | | NIHONBUNGEISHA | 2,531 | 2,247 |
| | Online services | Manga Saison | FanTop VSC business*4 eLibrary | Everystar Flier | 3,649 | 3,610 |
| | | | | | Impact of selling off Nagia, Inc. and J-Comic Terrace Corporation | |
| | Solutions for publishers | | | Firebrand NetGalley Supadu | 2,049 | 2,453 |
| | Other | | | MD-i*4 ARTRA*4 | 398 | 621 |
| Total | | | | | 101,667 | 94,036 |

*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 Sales figures exclude e-book sales, etc.

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

MEDIA DO Co., Ltd.

Financial Results Briefing for the Fiscal Year Ended February 29, 2024

2. Earnings Trends



2. Earnings Trends

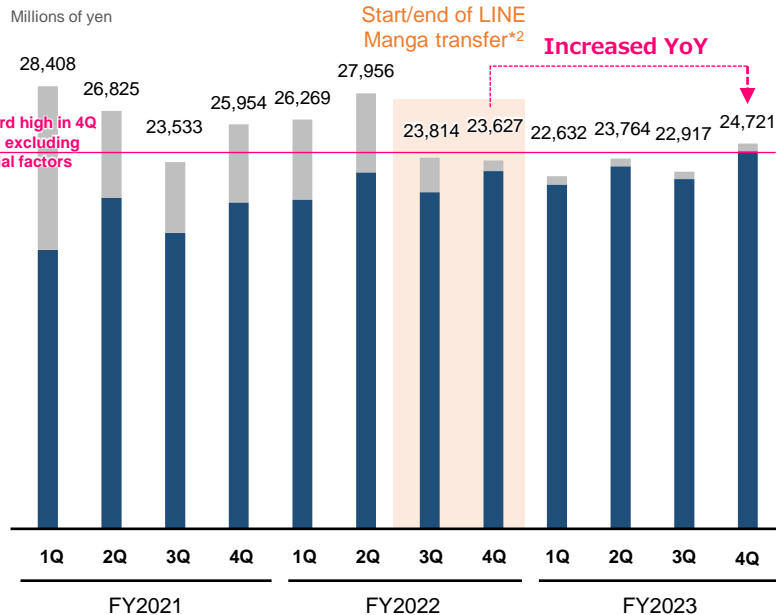
Consolidated performance

Summary

- Net sales **increased YoY due to the elimination of the impact of special factors**. Also, excluding special factors, **net sales reached a record high for the 4Q**
- Operating profit margin improved in 4Q due to lower SG&A ratio on higher sales

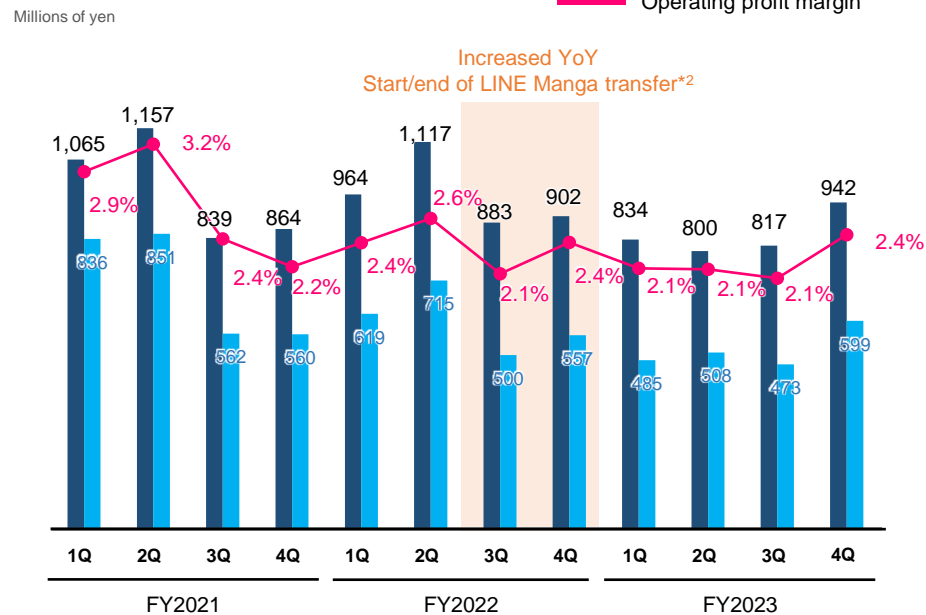
Net sales

■ Net sales ■ Special factors*1



EBITDA / Operating profit

■ EBITDA ■ Operating profit
— Operating profit margin

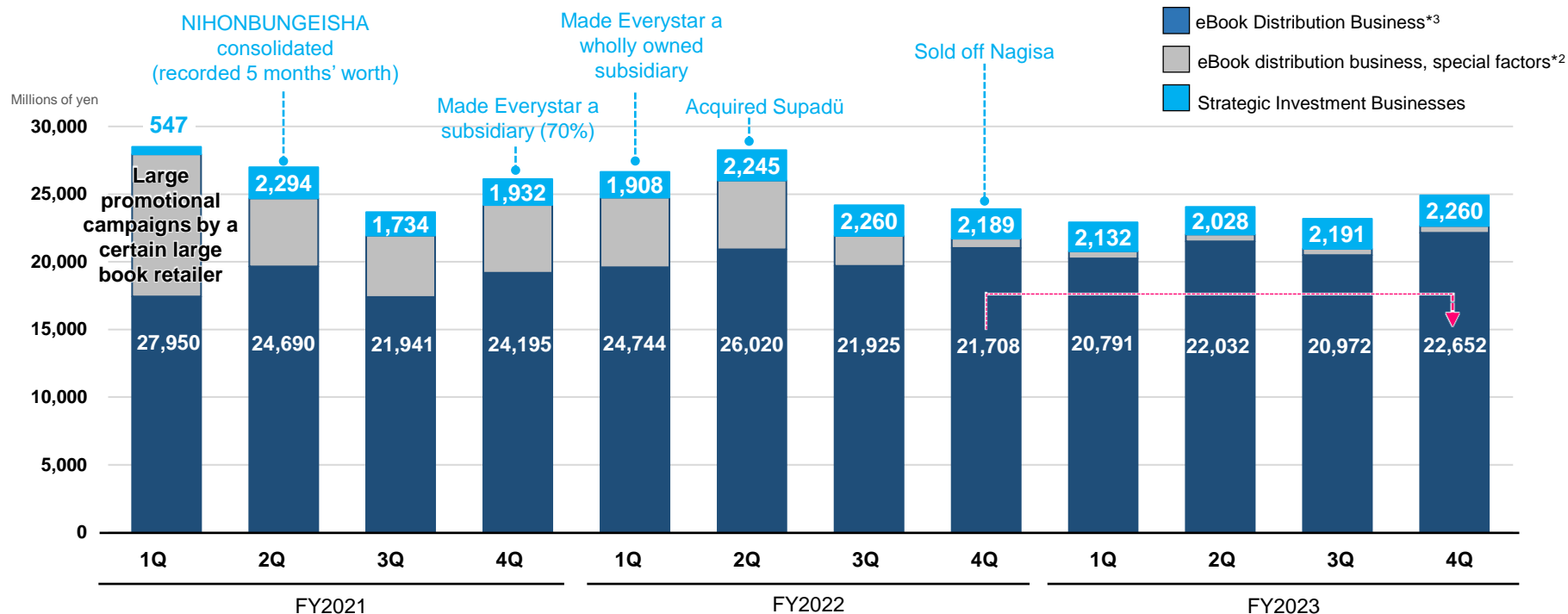


*1 Total amount reflecting net sales to LINE Manga and impacts of large promotional campaigns by a certain large book retailer in FY2021

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

Trends in Consolidated Net Sales (by Segment)*1

- 4Q net sales of the eBook distribution business increased in YoY, showing a growth trend
- In the strategic investment businesses, sales increased in YoY due to higher sales in SaaS-type business model International Business and IP and Solution business flier, despite lower sales in Imprint business



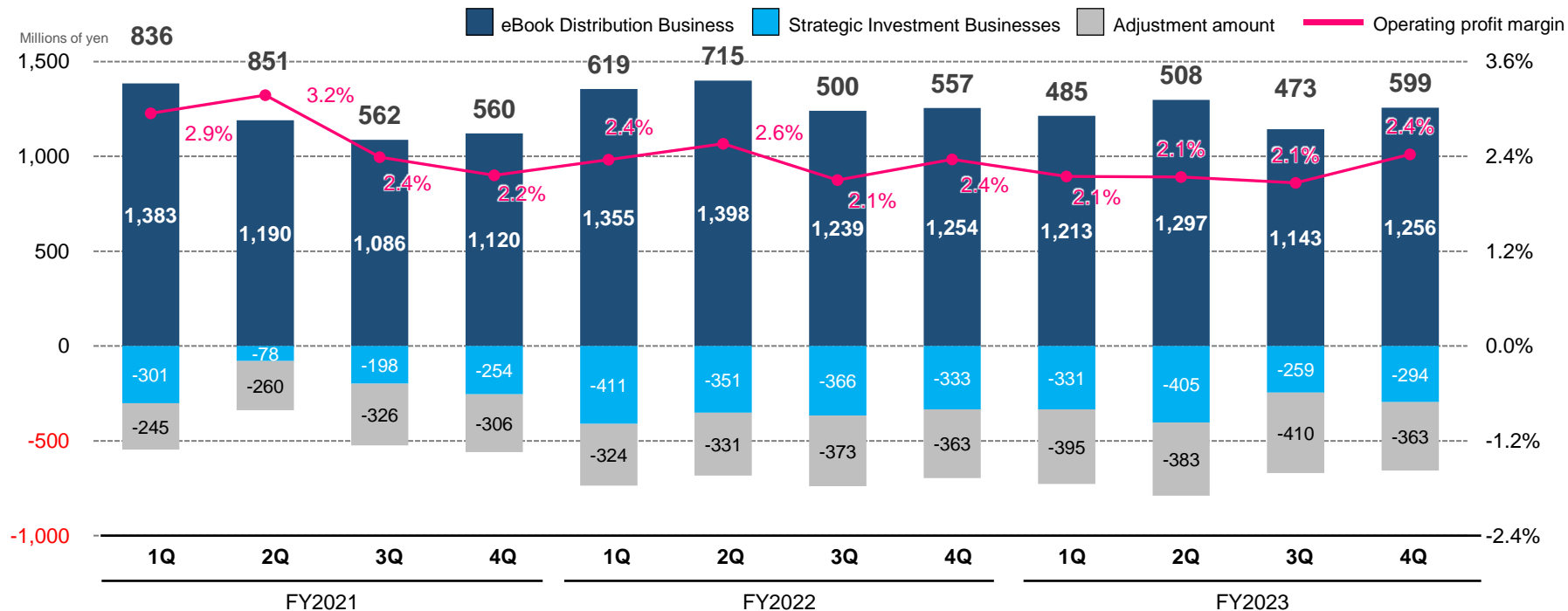
*1 Net sales does not include adjustments for inter-segment sales, etc. The quarterly adjustment amounts are listed on page 27.

*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

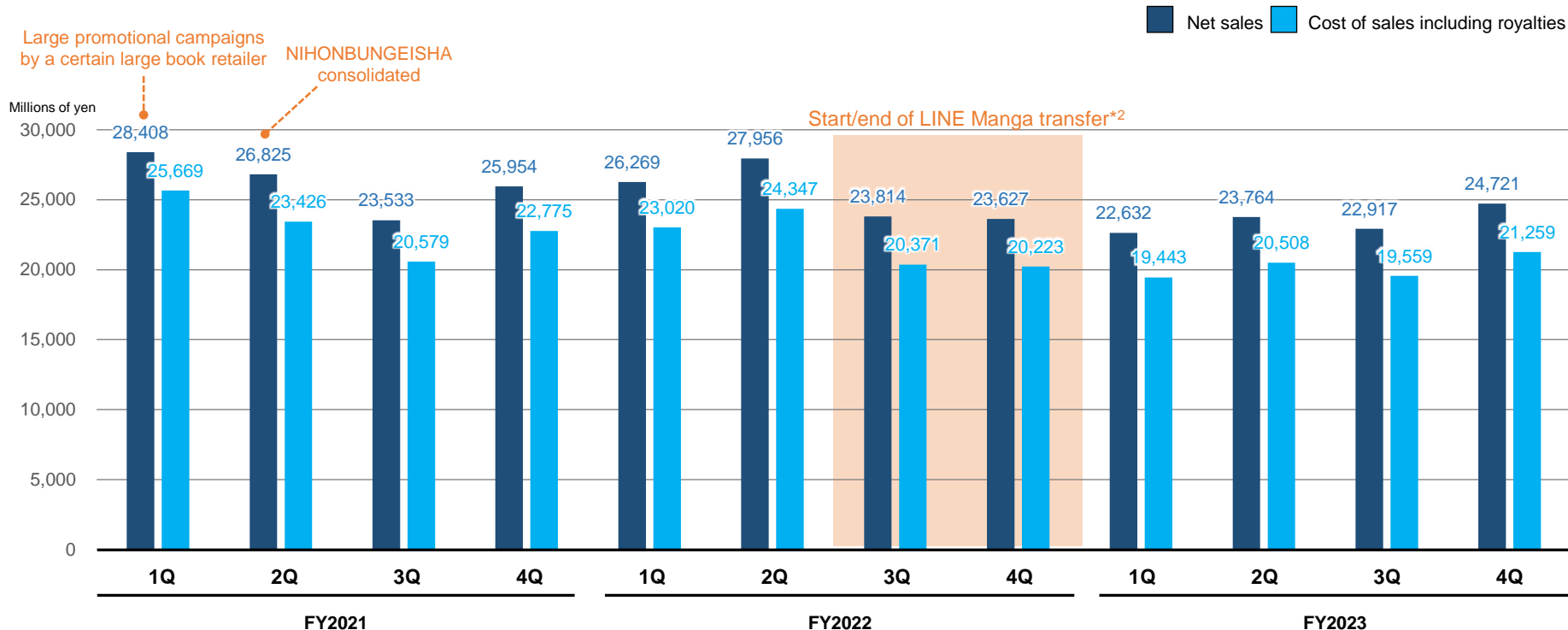
Trends in Operating Profit (by Segment)

- In the eBook distribution business, operating profit increased in QoQ as a result of further reduction of SG&A expenses, despite an increase in sales
- In the strategic investment businesses, operating profit declined in QoQ due to the impact of a one-time profit improvement in the digital library business in 3Q, but is on an improving trend in YoY
- 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 2023



Trends in Cost of Sales Including Royalties*1

- Although royalties and other costs decreased from 3Q FY2022 due to lower sales resulting from the transfer of LINE Manga, royalties and other costs increased in line with the recent increase in sales.

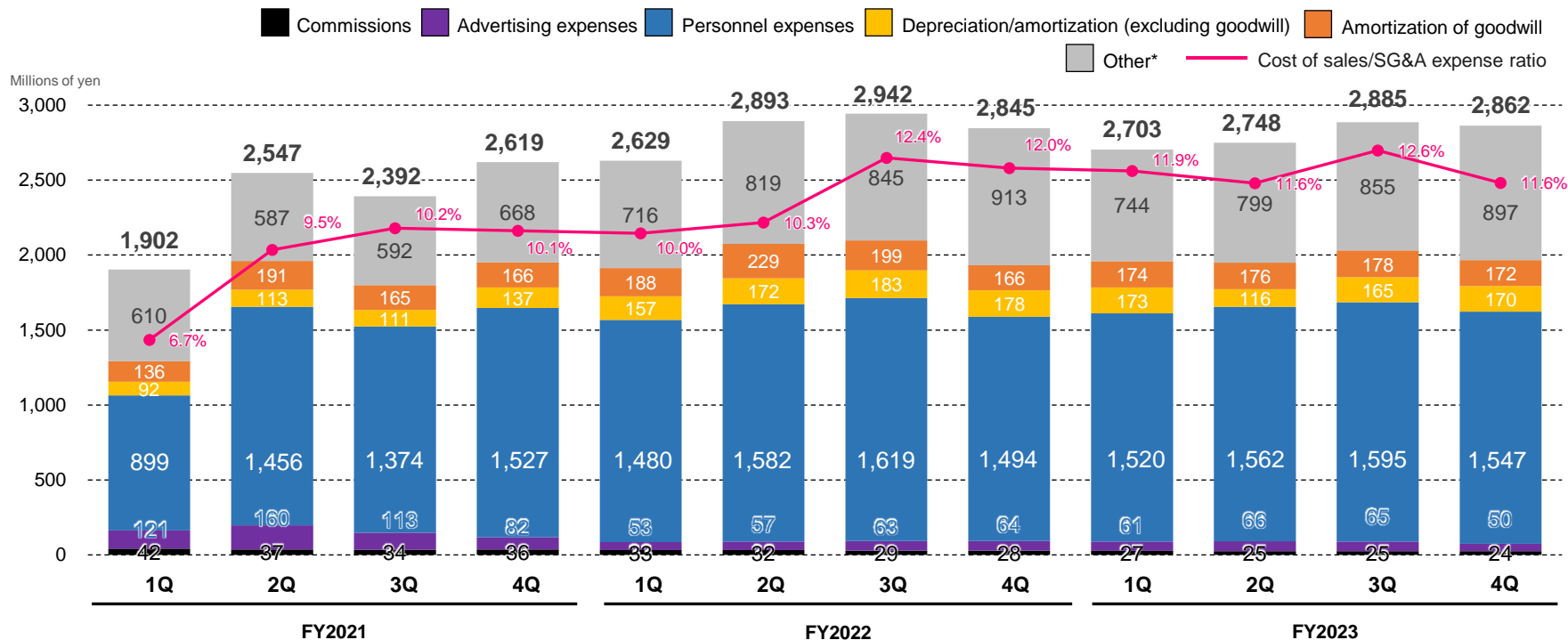


*1 It is about the trends in the total cost of sales including royalties incurred in the eBook distribution business and the printing and binding costs recorded by NIHONBUNGEISHA and others in the imprint business

**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)

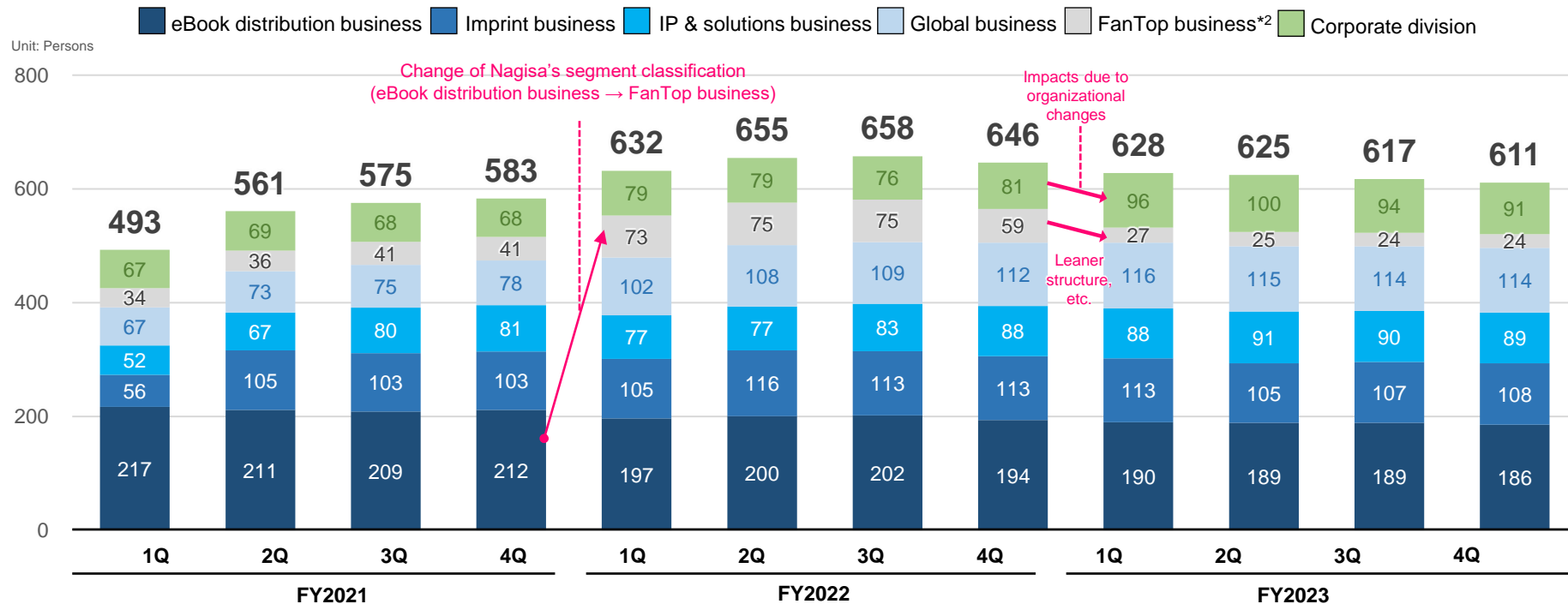
- The cost of sales/SG&A expense ratio increased in 3Q FY2022 due to the decrease in sales from the transfer of LINE manga
- The increase in “Other” in 3Q FY2023 was mainly due to higher costs of Gambarou Tokushima (match-related expenses, player personnel expenses, etc.). Taxes and other public charges increased in 4Q FY2023.



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

Trends in the Number of Employees*1

- As a result of recruitment enhancement and 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

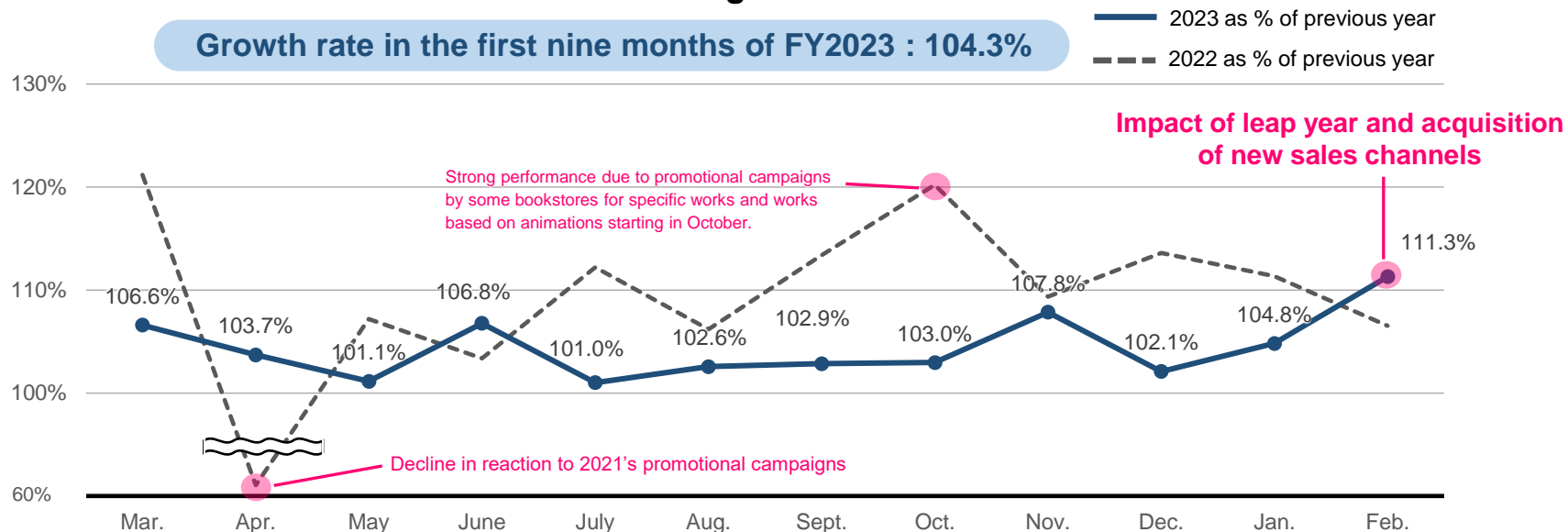
2. Earnings Trends

eBook distribution business

YoY Net Sales Growth

- Due to changes in policies of publishers and eBook retailers, full-year net sales of the eBook distribution business in FY2023 were up 104.3% YoY, which was lower than the initial forecast
- For February, the growth rate was 111.3% YoY, partly due to the acquisition of new sales channels and the impact of the leap year

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



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

Cessation of Monthly Distribution Growth Rate Disclosure

- ✓ The decision to discontinue disclosure was made due to discrepancies between the figures and actual values stemming from issues with the aggregation method, which could potentially mislead stakeholders in their judgment. Furthermore, the purpose of the disclosure may differ from its initial goal of providing reference information on market trends due to the significant individual impact of acquiring new sales channels and other factors.
- ✓ The YoY net sales growth of the eBook distribution business in the quarterly financial results briefing materials will continue to be disclosed in the future

Initial purpose of disclosures

April 2023

For investors

Reference data on the Company's performance

- ✓ Disclosed preliminary figures of approximate total distribution value as reference information for our monthly performance

For the publishing industry

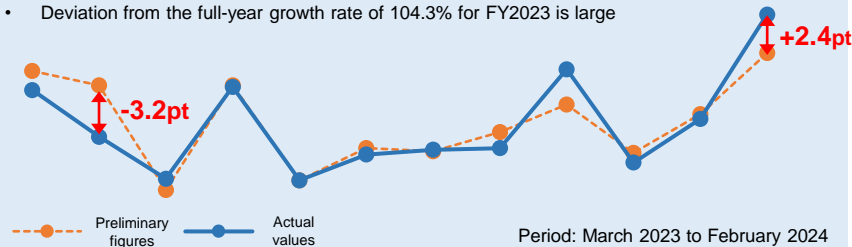
Reference data on the eBook market

- ✓ Provided monthly data on the eBook market by genre

Current situation

Preliminary and Actual Trends

- Trends are consistent, but the maximum deviation is from -3.2 pt to +2.4 pt.
- Deviation from the full-year growth rate of 104.3% for FY2023 is large

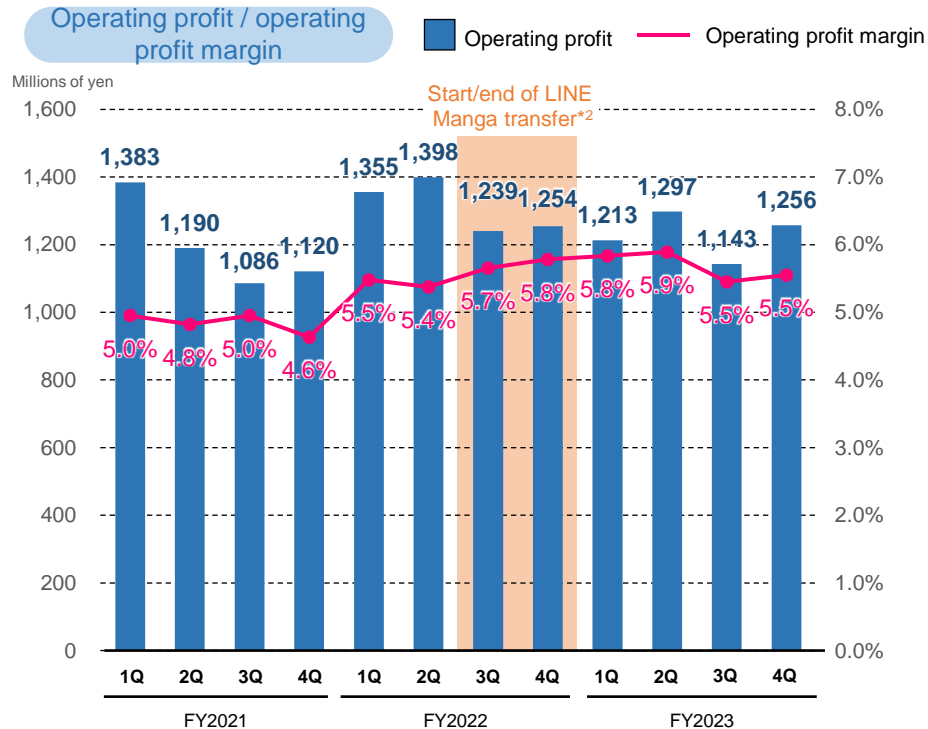
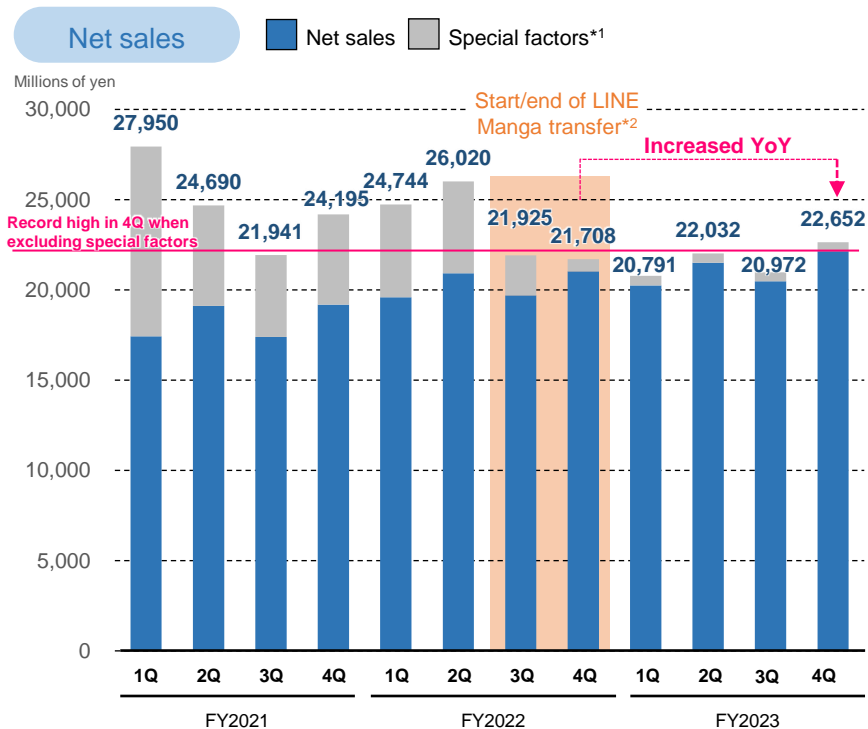


- ✓ The data is no longer indicative of the market trends due to the significant impact of our individual factors, such as the acquisition of new sales channels in February 2024

➡ We will continue to provide explanations on sales trends in our quarterly earnings announcements

Trends in Net Sales and Operating Profit

- 4Q sales increased in YoY, and net sales as an actual value excluding special factors also reached a record high
- Although there was no significant change in SG&A expenses QoQ, the operating profit margin was almost the same level in QoQ due to the drop in the gross profit margin

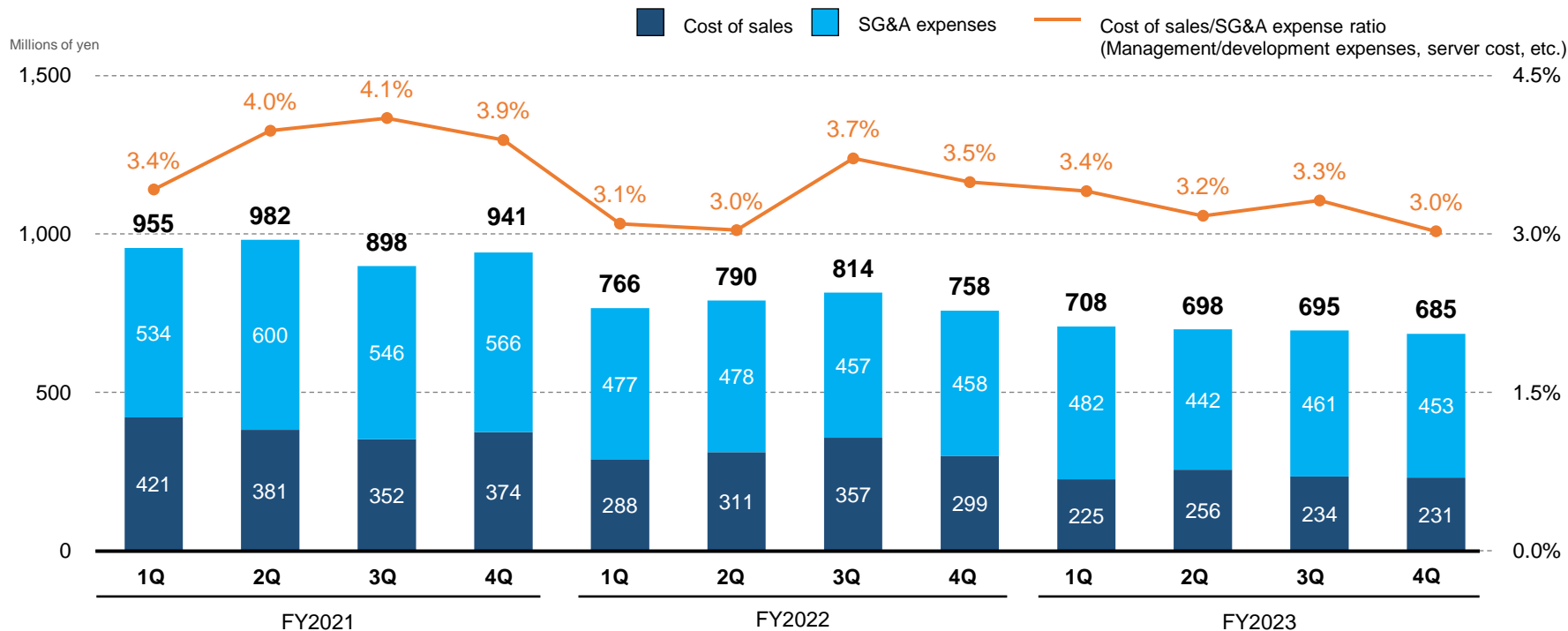


*1 Total amount reflecting net sales to LINE Manga and impacts of large promotional campaigns by a certain large book retailer in FY2021

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

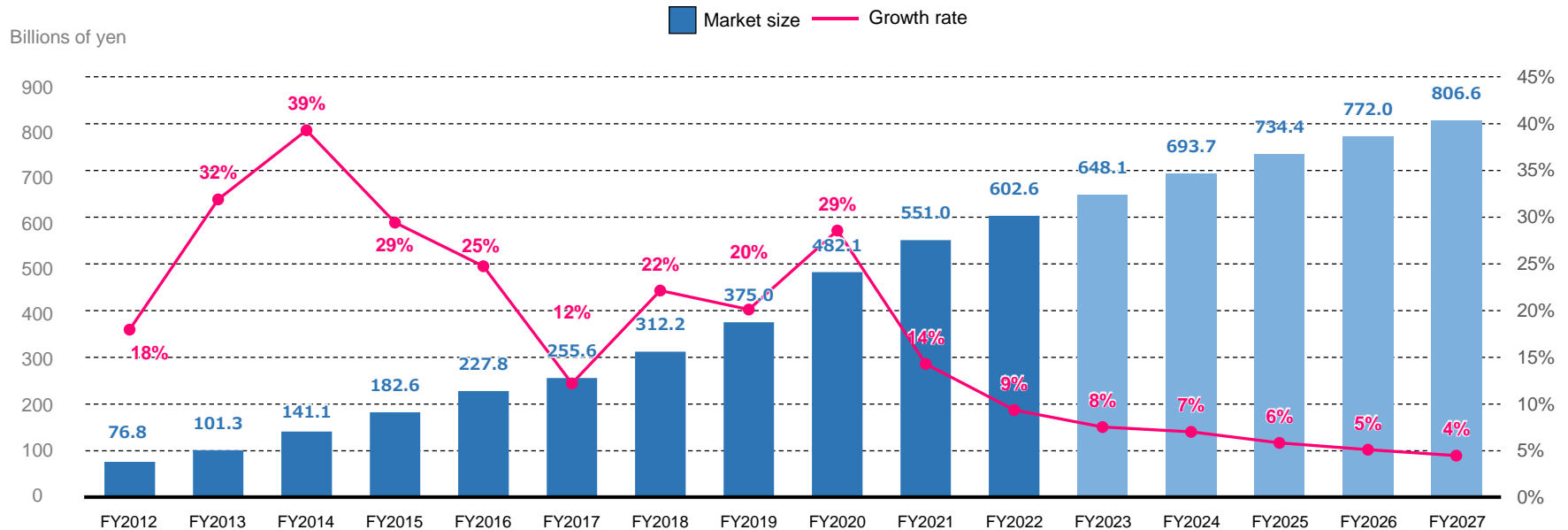
Cost Structure (Cost of Sales/SG&A Expenses Excluding Royalties)

- The cost of sales/SG&A expense ratio excluding royalties temporarily increased in 3Q FY2022, when net sales declined due to the start of the transfer of LINE Manga, but since then, both the absolute amount and the ratio of cost of sales/SG&A expenses have been improving amid the streamlining and upgrading of business processes
- In 4Q, the SG&A expense ratio declined because of a decrease in SG&A expenses, despite an increase in net sales



(Reference) 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

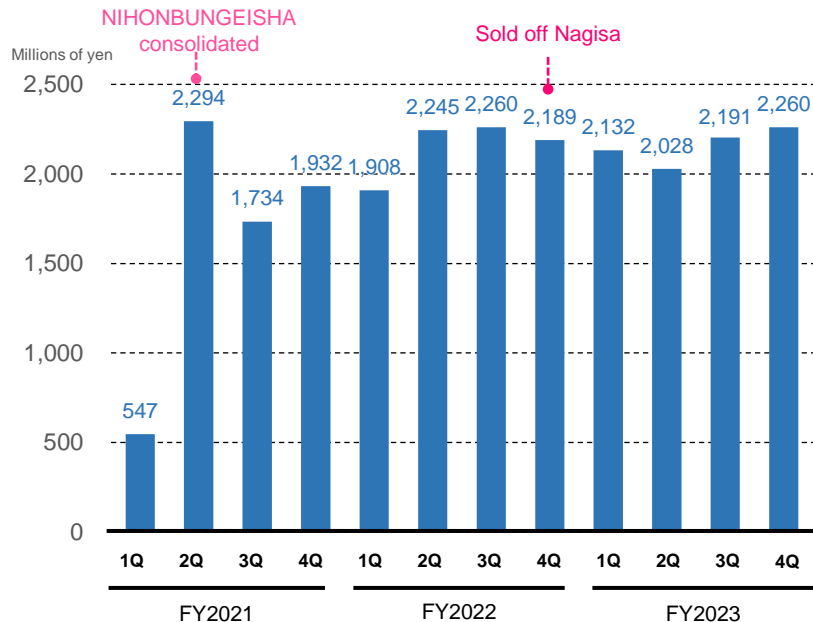
2. Earnings Trends

Strategic investment businesses

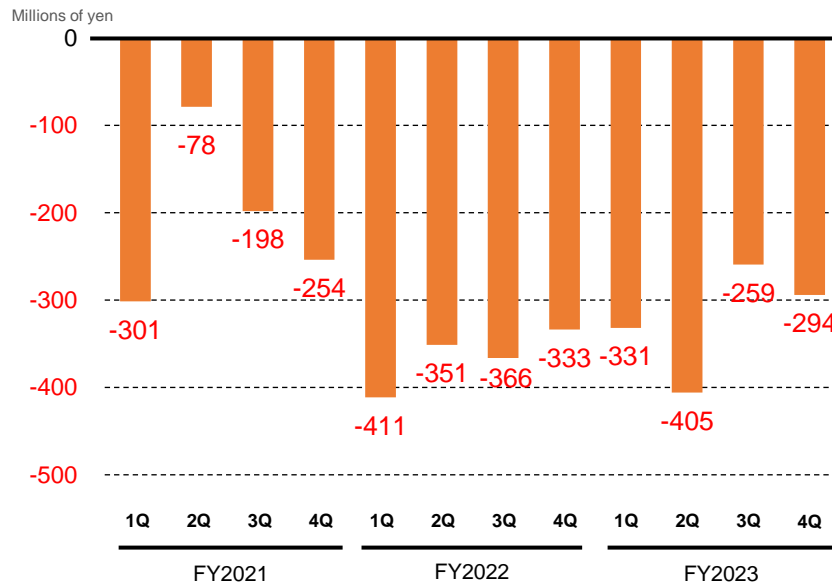
Trends in Net Sales and Operating Profit

- 4Q sales increased YoY due to higher sales in SaaS-based business model of the international businesses, Flier Inc. in IP and solutions business, despite the impact of lower sales due to struggling imprint business
- Operating profit declined in QoQ due to the impact of a one-time profit improvement in the digital library business in 3Q, but is on an improving trend in YoY thanks to the optimization of investments in the FanTop business and improving bottom line of Flier Inc.

Net sales

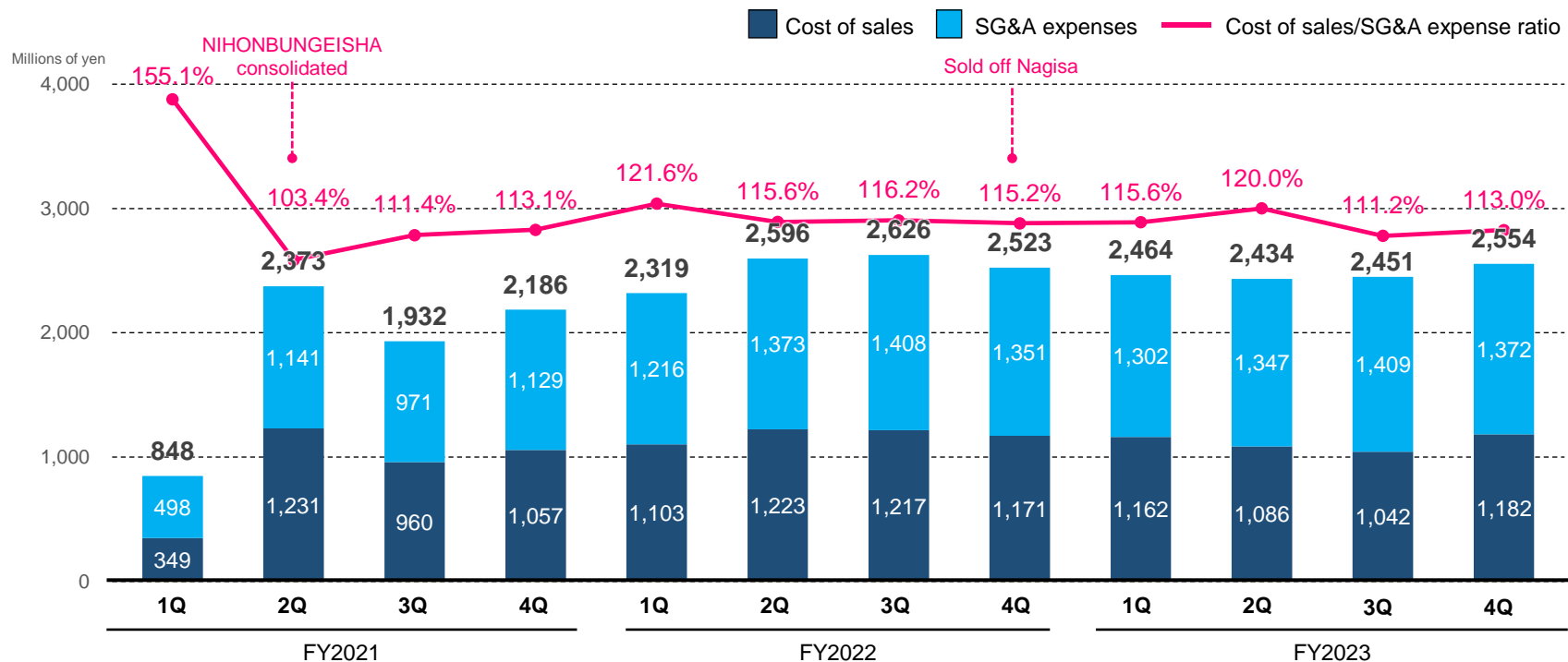


Operating profit



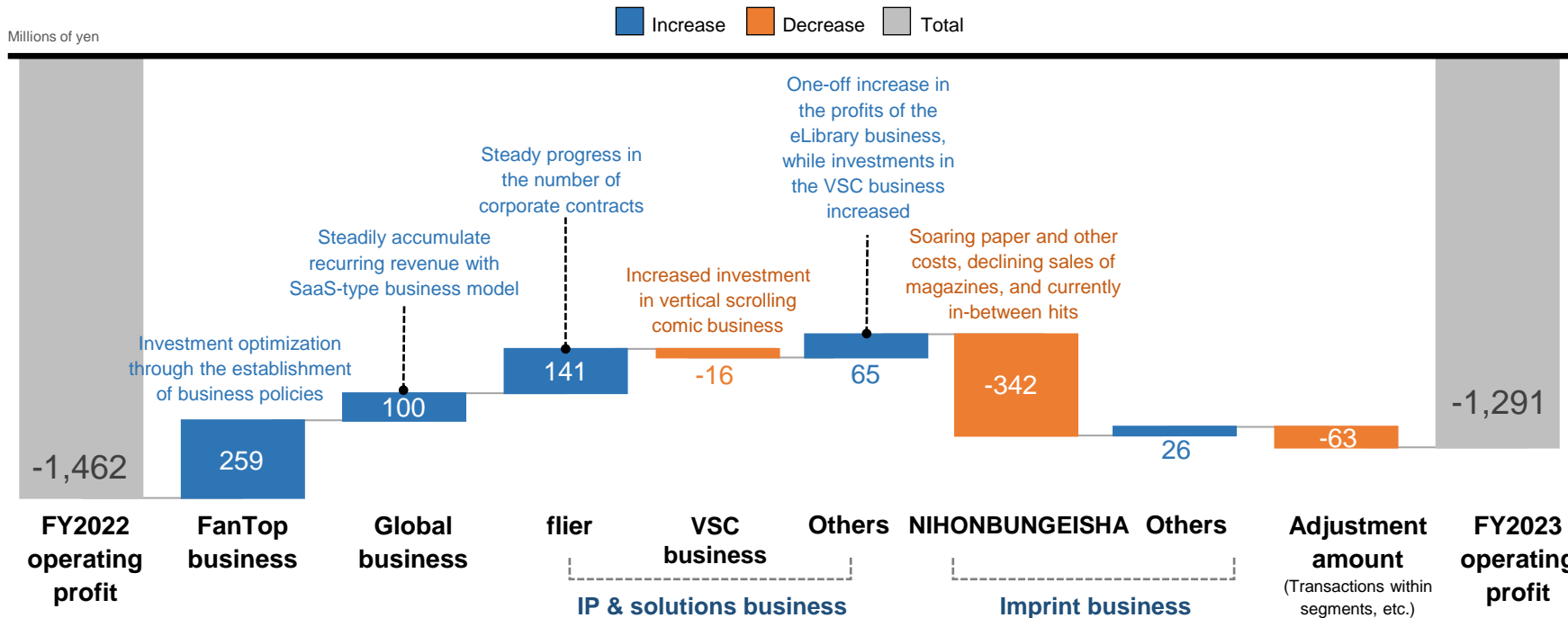
Cost Structure

- Cost of sales in 4Q 2023 increased due to higher sales in the Imprint business and higher sales of e-book distribution businesses for overseas publishers in the global business.



Operating Profit Year-on-Year Comparison

- The optimization of investments in the FanTop business and sales growth in acquired group companies, such as the global business and Flier Inc., which are SaaS-type business models, contributed to improved profits.
- However, the overall deficit in the strategic investment business improved only slightly due to the deterioration of NIHONBUNGEISHA's earnings.



Results for FY2023 (P/L)

| | FY2022 | | | | | | | | FY2023 | | | | | | | |
|--|-------------------|-------|-------------------|-------|-------------------|-------|-------------------|-------|---------------|-------|---------------|-------|-------------------|-------|----------------------|-------|
| | 1Q | | 2Q | | 3Q | | 4Q | | 1Q | | 2Q | | 3Q | | 4Q | |
| Millions of yen | | | | | | | | | | | | | | | | |
| Net sales ^{*1} | 26,269 | | 27,956 | | 23,814 | | 23,627 | | 22,632 | | 23,764 | | 22,917 | | 24,721 | |
| 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% | 22,652 | 91.6% |
| 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% | 2,260 | 9.1% |
| Cost of sales, SG&A expenses | 25,650 | | 27,240 | | 23,314 | | 23,069 | | 22,147 | | 23,256 | | 22,444 | | 24,122 | |
| Royalties/other cost of sales | 23,020 | 87.6% | 24,347 | 87.1% | 20,371 | 85.5% | 20,223 | 85.6% | 19,443 | 85.9% | 20,508 | 86.3% | 19,559 | 85.3% | 21,259 | 86.0% |
| Commissions | 33 | 0.1% | 32 | 0.1% | 29 | 0.1% | 28 | 0.1% | 27 | 0.1% | 25 | 0.1% | 25 | 0.1% | 24 | 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% | 50 | 0.2% |
| 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% | 1,547 | 6.3% |
| 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% | 170 | 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% | 172 | 0.7% |
| Others | 716 | 2.7% | 819 | 2.9% | 845 | 3.5% | 913 | 3.9% | 744 | 3.3% | 799 | 3.4% | 983 | 4.3% | 897 | 3.6% |
| EBITDA | 964 | | 8 | | 882 | | 901 | | 832 | | 800 | | 816 | | 942 | |
| Operating profit | 619 | | 715 | | 500 | | 557 | | 485 | | 508 | | 473 | | 599 | |
| Ordinary income | 612 | | 675 | | 472 | | 531 | | 441 | | 496 | | 500 | | 557 | |
| Profit before income taxes | 518 ^{*3} | 2.0% | 586 ^{*3} | 2.1% | -69 ^{*3} | -0.3% | 494 | 2.1% | 435 | 1.9% | 494 | 2.1% | 606 ^{*7} | 2.6% | -1,064 ^{*8} | -4.3% |
| Profit attributable to owners of parent | 312 | 1.2% | 316 | 1.1% | -187 | -0.8% | 615 ^{*6} | 2.6% | 232 | 1.0% | 277 | 1.2% | 351 | 1.5% | -1,147 | -4.6% |

*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, -¥246mn in 3Q, and -¥191mn in 4Q

*2 Of which ¥22,622mn in FY2022 1Q, ¥23,831mn in 2Q, ¥19,871mn in 3Q, ¥19,695mn in 4Q, ¥18,870mn in FY2023 1Q, ¥20,035mn in 2Q, ¥19,133mn in 3Q, and ¥20,710mn in 4Q 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.

*8 Posted extraordinary losses totaling ¥1,741mn, including an impairment loss of ¥465mn for the VSC business and ¥438mn in impairment of goodwill related to Supadū Limited

Results for FY2023 (B/S)

| Millions of yen | 3Q FY2023 | 4Q FY2023 | QoQ change | Main factor behind change |
|--|---------------|---------------|---------------|---|
| Current assets | 34,557 | 36,396 | 1,839 | |
| Cash and deposits | 10,785 | 11,004 | 219 | |
| Notes, accounts receivable and contract assets | 21,760 | 23,294 | 1,534 | Linked to a decrease in sales from the previous quarter |
| Non-current assets | 16,925 | 15,215 | -1,710 | |
| Property, plant and equipment | 626 | 672 | 46 | |
| Software | 994 | 664 | -330 | Decrease due to impairment loss |
| Goodwill | 6,504 | 5,765 | -739 | Decrease due to impairment loss |
| Investment securities | 6,435 | 5,870 | -565 | Decrease due to loss on valuation |
| Total assets | 51,483 | 51,612 | 129 | |
| Current liabilities | 29,539 | 31,386 | 1,847 | |
| Notes and accounts payable – trade | 24,648 | 26,165 | 1,517 | Linked to a decrease in sales from the previous quarter |
| Current portion of long-term borrowings | 2,211 | 2,217 | 6 | |
| Total non-current liabilities | 4,378 | 4,017 | -361 | |
| Long-term borrowings | 3,461 | 3,128 | -333 | |
| Total liabilities | 33,918 | 35,403 | 1,485 | |
| Total shareholders' equity | 16,443 | 15,262 | -1,181 | Decrease due to extraordinary loss |
| Capital | 5,959 | 5,959 | 0 | |
| Capital surplus | 5,737 | 5,737 | 0 | |
| Retained earnings | 4,795 | 3,614 | -1,181 | Decrease due to extraordinary loss |
| Treasury shares | -48 | -48 | 0 | |
| Total accumulated other comprehensive income | 1,091 | 920 | -171 | |
| Share option | - | - | 0 | |
| Non-controlling interest | 29 | 25 | -4 | |
| Total net assets | 17,564 | 16,208 | -1,356 | |
| Total liabilities and net assets | 51,483 | 51,612 | 129 | |

MEDIA DO Co., Ltd.

Financial Results Briefing for the Fiscal Year Ended February 29, 2024

3. Strategic Focus for FY2024



3. Strategic Focus for FY2024

Growth Strategy

The corporate philosophy of MEDIA DO

MISSION

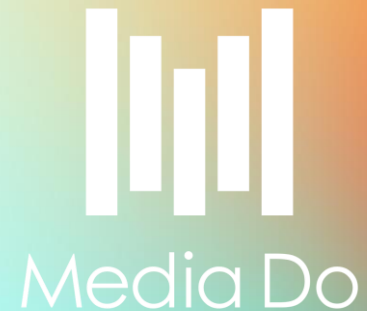
Unleashing a virtuous cycle of literary creation

VISION

More Content for More People!

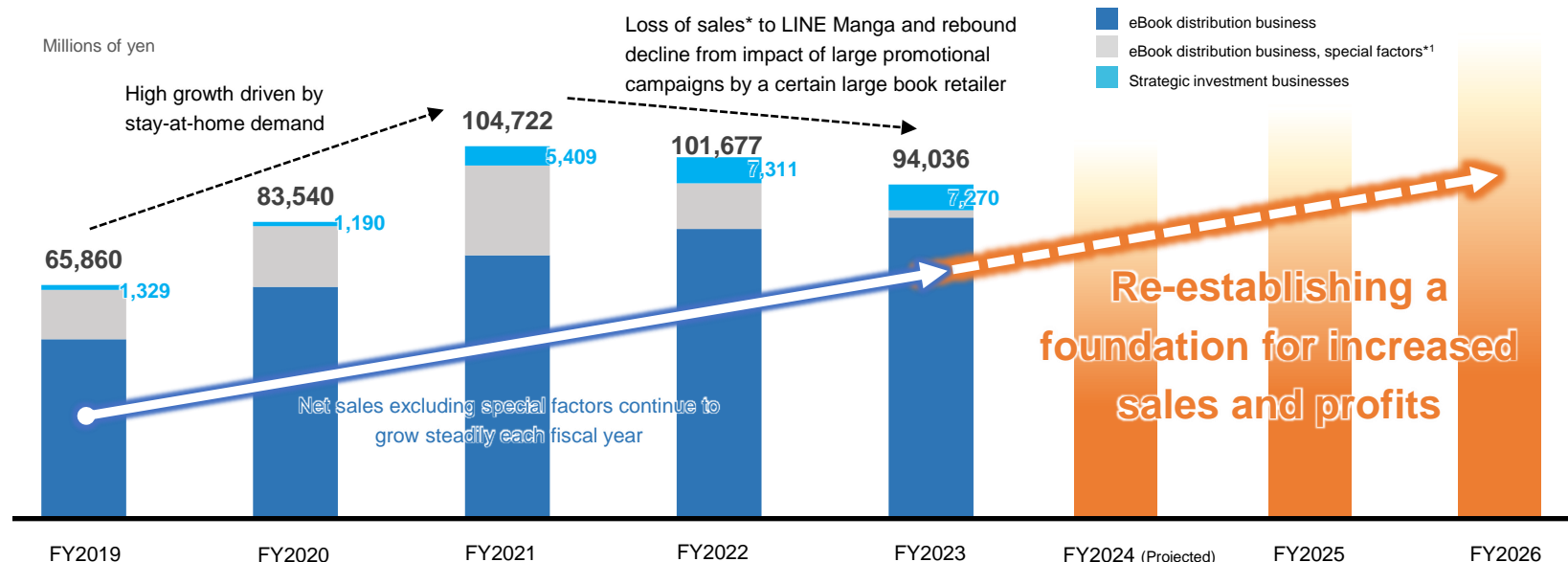
Article 1, Chapter 1 General Provisions, Copyright Act of Japan

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 **to contribute to cultural development.**



Performance Forecast in FY2024 and Beyond

- ✓ **Expect to increase both sales and profits for the first time in three years**, bottoming out in FY2023, which sales were affected by the transfer of LINE Manga
- ✓ Expanding market share in e-book distribution business, improving profit/loss through progress in each of the strategic investment businesses, and embarking on fundamental improvement through business portfolio review
- ✓ Aim to achieve an ROE of 10% or higher for profit as soon as possible.



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

*2 Due to the integration of Yahoo Japan Corporation and LINE Corporation, the distribution of eBooks for LINE Manga, which had been a major business partner in FY2021, was transferred from MEDIA DO to eBook Initiative Japan Co., Ltd., an eBook retailer of a Yahoo Japan subsidiary.

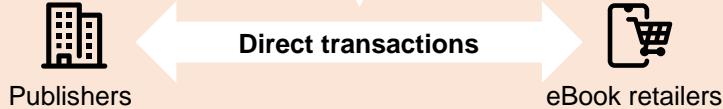
In FY2022, there was an impact of approximately ¥6bn on sales compared to the previous fiscal year, and in FY2023, approximately ¥1bn. For details, please refer to the "Notice Regarding Status of Transactions with Main Business Partner, and Earnings Forecasts for Current Fiscal Year" released on April 14, 2022. (https://ssl4.eir-parts.net/doc/3678/ir_material_for_fiscal_yr2/116242/00.pdf)

3. Strategic Focus for FY2024 - Growth Strategy

eBook Distribution Business

As the market expands, the ebook distribution operations are becoming more and more complicated
Regression to eBook distribution is becoming more pronounced

Distribution costs are increasing every year



Regression to
eBook
distribution

Reduction of distribution calories with MEDIA DO-led wholesaling



Rising operation burden in direct transactions

- ✓ Diversification of service delivery format
- ✓ Number of campaigns managed and contents handled has **increased more than three-fold** in six years (February 2019 to February 2024)

Benefits of MEDIA DO-led wholesaling

- ✓ **Brokering of contracts/transactions with publishers**
Expansion of eBook retailers' content lineups
- ✓ **Pro rata distribution of revenues to publishers and authors**
Aggregation of eBook retailers' monthly sales data
- ✓ **Operation of eBook distribution system**
Providing system and viewer solutions to eBook retailers
- ✓ **Management of various promotional campaigns**
Management of discounts, freebies and other promotions in coordination with publishers and eBook retailers

We will increase the significance of eBook distribution with customer-oriented support and strengthening of system linkages. This will lead to the acquisition of new sales channels and expanded distribution market share in the future.



Customer-oriented support

Streamlining of publisher and eBook retailer operations

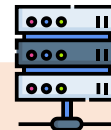
Developing new IT systems for streamlining operations in response to various requests such as management of huge promotional campaigns and complex operational support



Strengthening of system linkages

IT system development led by engineers dispatched from MEDIA DO

By strengthening linkages with publishers and eBook retailers' systems, we will make content distribution via Mediad Do "fast," "accurate," and "cost-effective"



Attach significance to eBook distribution

Creating an environment where publishers and eBook retailers can focus on content creation, service enhancement, and promotion

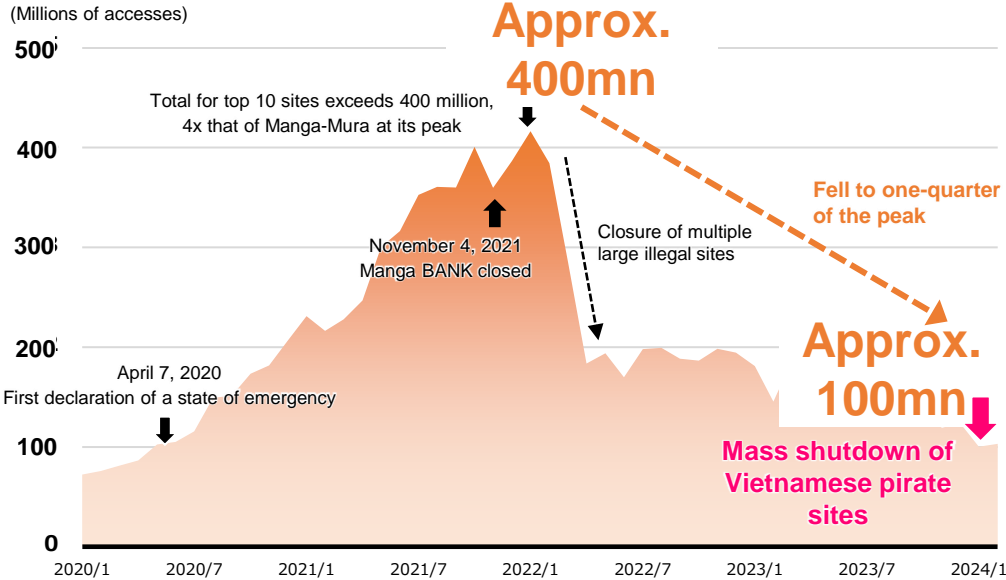


Acquired new sales channels in February 2024

We will continue to focus on acquiring new sales channels and aim to grow our distribution market share

The total number of accesses to the top 10 pirate sites has fallen to one-quarter of the peak. We will continue to strengthen measures in cooperation with governments, publishers, and other relevant parties

Monthly change in total number of accesses to the top 10 pirated sites for Japanese publications*



Most recent countermeasures against pirate sites led by the ABJ General Incorporated Association



The ABJ is a private organization that works on a wide range of initiatives to ensure that readers are properly aware of authorized services and that their rights are properly protected. **Since its establishment, Media Do has participated in various activities as a regular member company, led by Niina, who serves as the organization's representative director**

1. **STOP! pirate sites** “Thank you, your manga love.”
→ Collaboration between popular manga works and artist Vaundy. Expressed gratitude to readers for reading non-pirated versions in song format. Unprecedented proliferation observed
2. **Worked with Google** to establish and operate a framework to quickly remove pirate sites from search results

- ✓ **More than 20 Vietnamese pirate sites were shutdown at the same time in mid-January 2024**

This is the first time that a large number of top pirate sites have been shut down simultaneously

- ✓ **Total accesses in 2023 trended down → Off approx. 43%**

Total monthly accesses to the top 10 pirate sites in January 2023 was approx. 180m

Total monthly accesses to the top 10 pirate sites in February 2024 was approx. 100m

* Pirate sites are changed every month (the latest tally for February 2024 includes two non-publication related infringing sites among the top 10 sites)
Source: General Incorporated Association ABJ
Citation: <https://www.abj.or.jp/data> (in Japanese only)

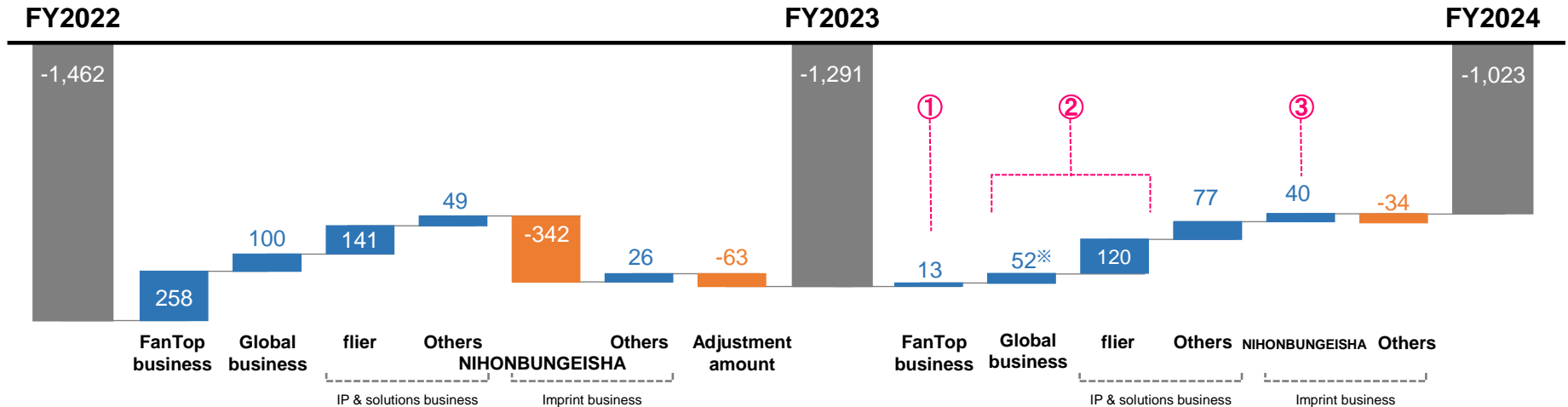
3. Strategic Focus for FY2024 - Growth Strategy

Strategic Investment Businesses

Investment phase of each business was completed

Following FY2023, we aim to reduce losses in the strategic investment businesses

Operating profit comparison ■ Increase ■ Decrease ■ Total Millions of yen



- ① In the FanTop business, we continue to optimize investment and focus on measures to increase the number of members
- ② The global business and Flier Inc. are SaaS-type business models. The number of corporate contracts is steadily increasing, which is anticipated to contribute to the improvement of sales and profits in FY2024. In addition, Flier Inc. is expected to turn a profit for the full year
- ③ NIHONBUNGEISHA has begun fundamental improvements, including changes in its executive structure, to reduce its loss. We aim to maximize the value of IP created from NIHONBUNGEISHA's original works

Moved the business portfolio review criterion from ROIC 7% to 8%

Promote stricter management and optimal allocation of management resources

ROIC criterion

8%

After the third year of acquisition, if the results are expected to fall below the ROIC criterion, **we will pivot the target company, change management, and divest or withdraw**

FY2022

- ✓ Sold Nagisa
- ✓ Liquidated MangaNews Inc.

 Nagisa



FY2023

- ✓ Sold J-Comic Terrace
- ✓ NIHONBUNGEISHA and Everystar changed their executive structure
- ✓ In the VSC business, withdrew from the production of original works in collaboration with a Korean studio in which we have invested
- ✓ Sold investment securities

 J-Comic Terrace Corporation
Jコミックテラス

 日本文芸社
NIHONBUNGEISHA

 エブリスタ

 YUZU
COMICS

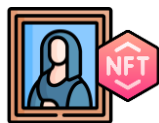
FanTop is a proprietary NFT marketplace developed and operated by MEDIA DO.
The total number of copies issued of publications with NFT digital benefits, which NFT digital content is attached to paper books, has exceeded 2.4 million

Feature ①: Business model based on royalty distribution, specializing in digital content not for speculative purposes

Feature ②: Users can acquire NFT digital content (digital items, music/sound, video, eBooks, etc.) by scanning the QR code attached to the paper book

Feature ③: The acquired NFT digital content comes with ownership rights, so it can be collected and viewed, and shared, transferred, and bought or sold among users (secondary and subsequent trading)

Model of Arts

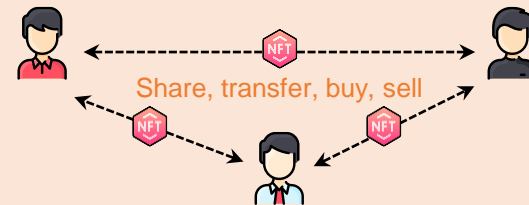
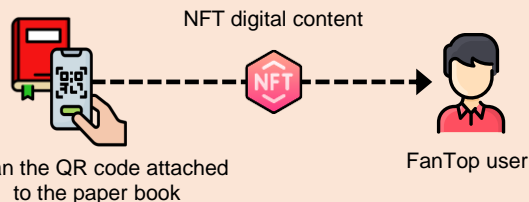


- One of a kind
- Speculative

Model of Contents (FanTop)



- Multiple
- Hard to be speculative



Digital voice



Ryoko Hirose essay Hirose's Thought Map
 A special NFT benefit was granted in which Ms. Hirose reads seven carefully selected essays from the main essay
 Released in April 2022
 TAKARAJIMASHA, Inc.

Digital videos



GRADUATION BiSH
 Converted footage from the last interview of the members on the night before their Tokyo Dome performance and the off-shot video of the last rehearsal into NFTs
 Released in June 2023
 SUIRINSHA Ltd.

ebooks



Hayakawa Shinsho
 Published the new Hayakawa Shinsho paperback label by Hayakawa Publishing Corporation, resulting in the world's first "NFT eBook"
 Released in June 2023
 Hayakawa Publishing Corporation

Digital items



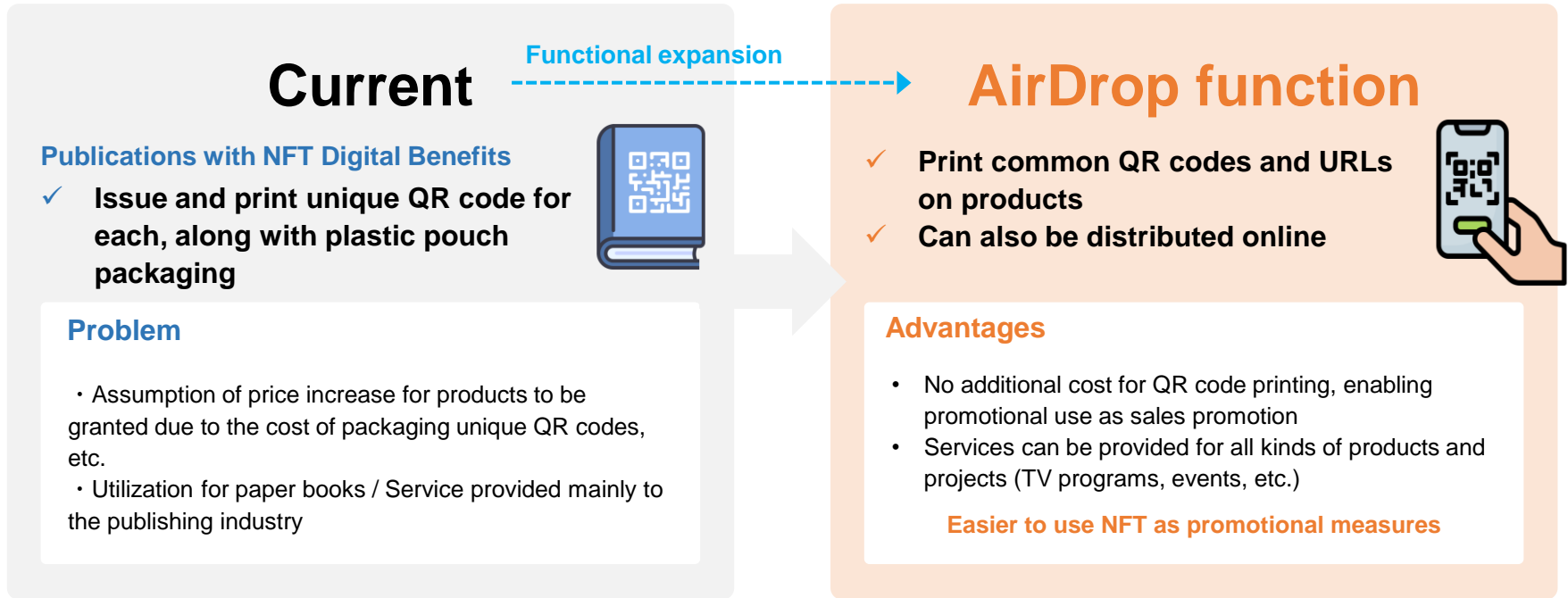
Shukan Manga Goraku
 Released in October 2023
 NIHONBUNGEISHA



mini Dec.
 Released in November 2023
 TAKARAJIMASHA, Inc.

Since an increase in cumulative circulation will contribute to an increase in the number of circulated contents and members, we will focus on approaching magazines with high circulation in the future.

AirDrop function reduces the hurdles to introducing FanTop and expands the possible usage scenarios



Enables sales approach to all industries, not just the publishing industry

Various promotional measures were implemented utilizing the **AirDrop function** that allows NFT content to be distributed to an unspecified number of users

Workflow using the AirDrop function

- Step 1** Post common QR or URL to social media or in-store
- Step 2** Access to the NFT distribution page
- Step 3** Acquire NFT (limited number; first-come, first-served)
- Step 4** Enjoy NFT on FanTop



Note: It is possible to limit the total number distributed and acquired per person.

Examples of utilizing the AirDrop function



Example (1) Distribute NFT as prize for solving a puzzle linked to an event

Sponsored by the Tokyo Bookshop Group and Kodansha Ltd.

The Seven Deadly Sins: The Four Knights of the Apocalypse plus bookstore hopping LINE puzzle game

Visit three of 180 book retailers in Tokyo and solve the mystery to receive an original NFT item from *The Seven Deadly Sins: The Four Knights of the Apocalypse*

October 27, 2023 to February 12, 2024



Example (2) Distribute NFT as promotion prior to airing of television show

Andrzej Wajda's beloved Three-dimensional Ukiyo-e—The world of puppet artist Hatsuko Ohno

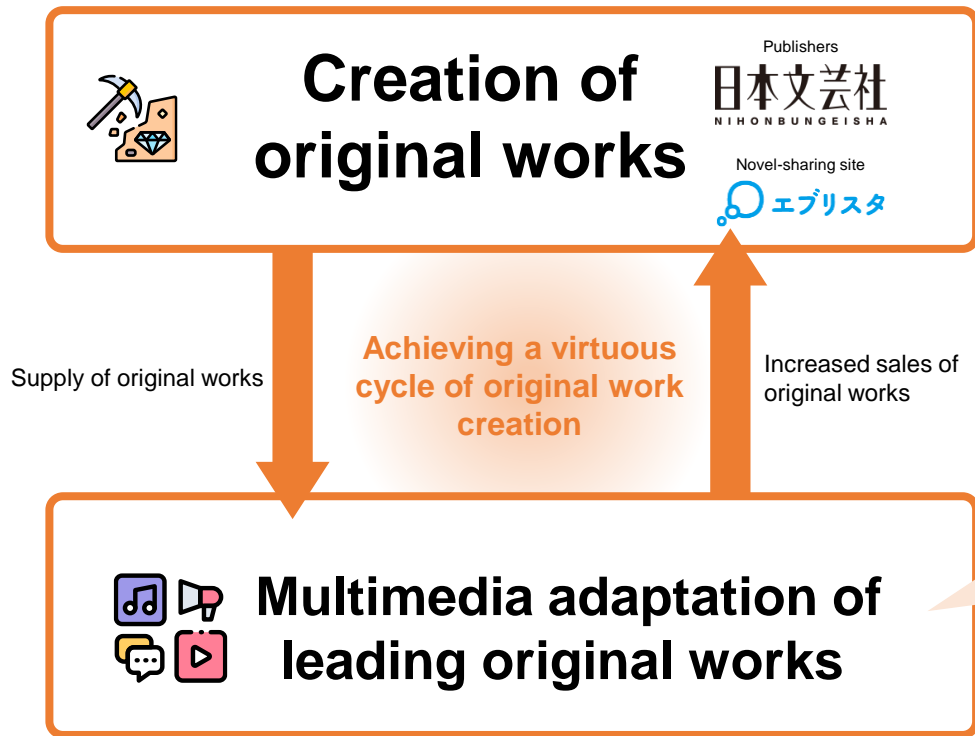
During the period, a three-dimensional ukiyo-e NFT digital acrylic stand (3 types in total) are available once a day and distributed randomly on FanTop

March 20, 2024 to March 20, 2025

Distribute NFT digital content not only in the publishing industry, but also in all industries
Aim to increase content distributed on FanTop

MEDIA DO Group's original work creation function

We will contribute to the expansion of the content market by producing influential original works and promoting multimedia



Examples of promotion of multimedia



Dramatization

Gannibal



Gannibal (Disney+) greatly contributed to increased sales of original works



Dramatization

DAIMAJIN



DAIMAJIN made into drama on TV Asahi in July 2023



Dramatization

Hitman from today



Hitman from Today made into drama on TV Asahi in October 2023



Made into comic/movie

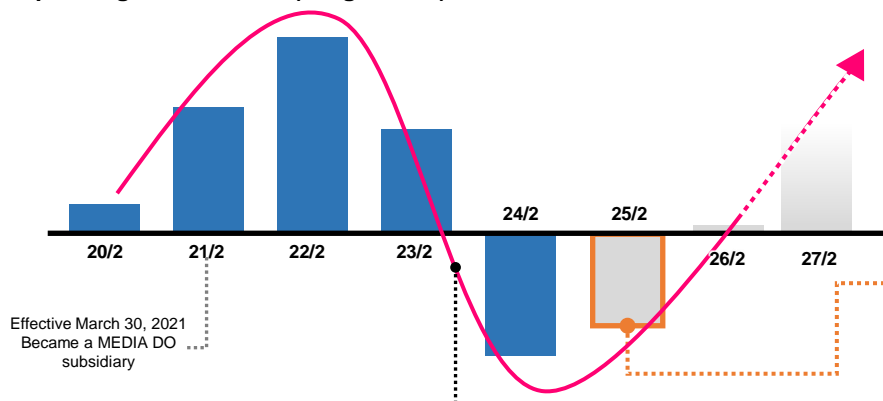
Re/member



NIHONBUNGEISHA posted a loss in FY2023 due to a delayed response to changes in the external environment

Under the new management structure, the company aims to improve profits by initiating fundamental reforms.

Operating Profit Trends (Image Chart)



External factors

- Tailwinds to the content market weakened as the market normalized from the Corona disaster
- Increased costs due to higher printing and transportation costs

Internal factors

- The past experience of success has led to a narrowing of the genres of books, especially in the area of practical books, and as a result, the market is in a state of shrinking equilibrium.
- Failure to respond to changes in the publishing market as a whole, including a decline in the number of bookstores, and a delay in responding to the shift to digitalization

Efforts in FY2024

1) Changes in the Board of Directors and Executive Officers

By inviting people with experience in launching ebook divisions and internal reforms at Publishers and content companies to the management team, we have initiated a fundamental reform of the company, including the organizational structure.

2) Review and optimization of costs

Review of printing and transportation costs and optimization of manuscript fees

3) Review of production system

Strengthen collaboration between sales, editing, and PR

4) Reinforcement of sales structure

Increase the number of sales personnel by around 10 in the future

In addition to strengthening ties with eBook retailers, we will improve profits by strengthening our ability to produce contents demanded by the market and developing sales strategies for appropriate channels, including digital

Focusing on the creation of popular works and solidifying the Everystar brand to establish it as a novel-posting site of choice for writers and readers

Establish the Everystar brand by turning the cycle of creating hit works and improving the attractiveness of the novel-posting site

Novel-posting site



Cumulative works shared:
More than 1.97 million

Total number of authors:
More than 90,000

Total number of readers:
More than 8.2 million

Support system for original creators has produced many hit titles, mainly for women.

- ✓ One person in charge per a title
- ✓ Commercialization proposals to multiple clients

To be the novel-posting site of choice for authors, readers, and publishers

- ✓ User inflows were **up 20%** in 2023
- ✓ Holding contests for all labels of comics for women sponsored by major publishers such as Shueisha and Kodansha

Comicization



No. 1 in overall rankings in mechacomic

*January 31, 2024, Daily Overall Ranking

Substitute Marriage
~Konpeito melts sweetly~



No. 1 in the girls' comic rankings in comic cmoa
*May 24, 2023, Daily girls' comic Ranking

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

Comicization & Dramatization



Adapted into drama in July 2023 aired in the DEEP time slot of Nippon TV Friday drama

The neighbor of healing has a secret.



Adapted into drama in August 2023 aired in the special time slot of MBS Thursday drama

EXPECTED DATE OF MARRIAGE



Adapted into drama in October 2023 on TVO Wednesday drama DRAMA ADDICT

The Intercom Rings, and...

➔ **Two additional titles are planned to be adapted into dramas for broadcast on terrestrial TV**

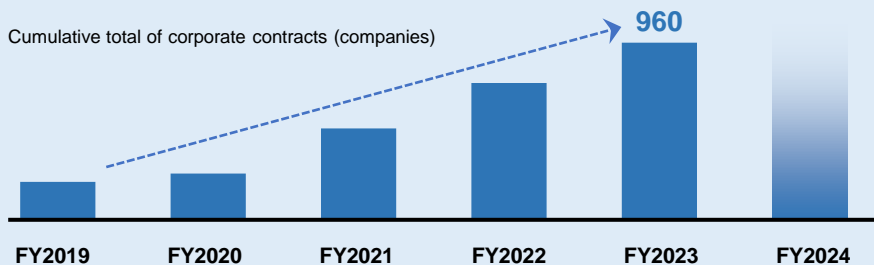
Aim to expand the publishing market and capture synergistic revenue opportunities by offering a full range of ebook related services to publishers and users

Expand reading opportunities for users



- ✓ **SaaS-type business model**
- ✓ A service that summarizes a book into an article of about 4,000 characters under the supervision of the publisher, enabling a detailed understanding of the book's contents in about 10 minutes
- ✓ Steadily expanding business with an increase in corporate contracts due to a strengthened sales structure and an increase in the number of companies focusing on in-house training

After the reinvestment phase from FY2019, the company is expected to return to full-year profitability in FY2024



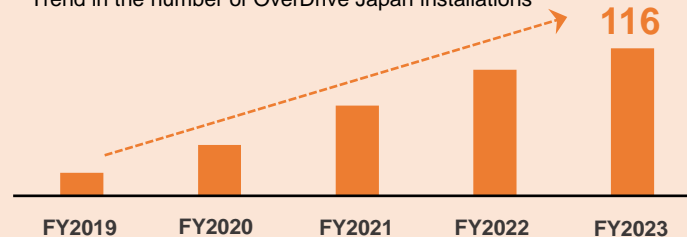
Increase accessibility to libraries and books



eLibrary business

- ✓ A service that allows library users to search, borrow, browse, and return eBooks from Japan and abroad online
- ✓ **The world's No.1 scale platform.** More than 100,000 titles of Japanese books and 4 million titles of foreign books are available
- ✓ In 3Q FY2023, the service expanded partly due to government subsidies to promote the use of My Number Card

Trend in the number of OverDrive Japan installations*



*Total number of installations by municipalities, schools, and companies

Providing DX services using a SaaS-based business model to publishers in Europe and North America, including the four major United States publishers; expect to increase sales and profits in FY2025, following FY2024

DX support for publishers



Web marketing tools for books

- ✓ Provides manuscripts of works in digital data format. Service for booksellers, librarians, and readers that can be used for review submission, book promotion, and book selection
- ✓ **Annual churn rate is 3%**



ERP (integrated publication data management and analysis) tool

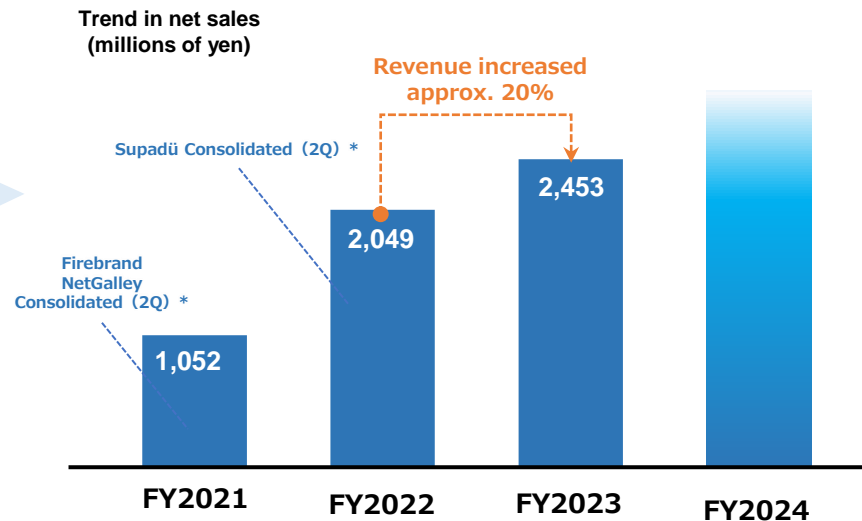
- ✓ Centralized management of the entire publishing workflow from editing, production, marketing, public relations to sales management
- ✓ **Annual churn rate is 0%**



In-house EC system construction tool for publishers

- ✓ Provide "Supafolio", a metadata management platform that allows users to easily and inexpensively build websites that can directly sell their own books (paper and electronic) linked to bibliographic information
- ✓ **Annual churn rate is less than 3%**

- ✓ **FY2023: Increased in sales and income due to an increase in the number of corporate contracts**
- ✓ **FY2024: Expect to increase both sales and income**



*Since the consolidation started in 2Q, sales are reflected for 9 months of each year
 *Exchange rate: 110.4 yen/\$ for FY2021, 132.1 yen/\$ for FY2022, and 141.2 yen/\$ for FY2023.

400 million yen capital increase at MyAnimeList. Aiming to expand ebook distribution worldwide by establishing a method to distribute more manga works overseas

MyAnimeList

One of the world's largest Japanese anime and manga communities and databases

- Important information acquisition channel for international fans, mainly North American Generation Z
- Provides user-submitted anime and manga information, reviews, and rankings, as well as a list management function for users' anime viewing and manga subscriptions.

*Data as of December 2023

Registered members **18mn**

Overseas usage rate **99%**

App downloads **4.2mn**

Big data on viewership and readership **1.2bn**



Establish methods to accelerate global sales of manga

1. **Utilization of user data:** Listing of works to be translated and works to be sold now
2. **Sales promotion:** Contracting with MAL to send customers from various pages and management-type advertisements, etc.
3. **Implementation of anti-piracy measures:** Promote awareness and eradication activities based on various types of research
4. **Management of overseas manga awards:** Selection of new manga that should be read now, and announcement of them widely
5. **Support for overseas bookstores:** Business alliance with docomo* and marketing of each company's services

Cooperation

Media Do (international distribution/translation)

In February 2024, procured ¥400 million in financing from two companies

Coamix Inc.

A publishing company founded in June 2000. The company has many hit titles including "Valkyrie at the End of the World," "Unsung Cinderella: Midori Aoi, Hospital Pharmacist," and "Wakako Shu" (Wakako Sake)

Animoca Brands Co., Ltd.

A strategic subsidiary of Animoca Brands, a "web3" company. Established in October 2021 to support Japanese intellectual property (IP) and content (IP) holders in their global expansion of "web3"

1) Actively promote core mix works to overseas markets

Increase the number of fans of Monthly Comic Zenon

2) Investigate Token utilization using Web3 technology with Animoca

Promote overseas development of Japanese IP

*For details, please refer to our release "Media Do, Docomo, Akatsuki Group and MyAnimeList Sign Business Alliance Agreement to Provide Electronic Comic Distribution Service for Overseas Users" (<https://mediado.jp/corporate/6433/>)

MyAnimeList will increase its capital by ¥400mn to accelerate manga sales overseas



- ✓ One of the world's largest Japanese anime and manga communities and databases
- ✓ An important way to obtain information for overseas fans, mainly Gen Z in North America

| Registered members | Overseas usage rate | App downloads | Big data on viewership and readership |
|--------------------|---------------------|---------------|---------------------------------------|
| 18mn | 99% | 4.2mn | 1.2bn |

Data as of December 2023

Global manga sales

- Utilization of user data: Create list of works to be translated or sold
- Sales promotions: Use links from anime and manga pages
- Overseas manga award: Highlight a selection of the latest must-read manga
- DOCOMO manga store (tentative)
- Publisher websites/apps

MEDIA DO: Global distribution/translation

MEDIA DO, NTT DOCOMO, and Akatsuki Group concluded a business partnership agreement to provide an eComics distribution service for overseas markets on MyAnimeList

- ✓ Plan to launch an eBook distribution service in the United States in autumn 2024

Aim to disseminate more manga original works overseas and expand eBook distribution around the world

3. Strategic Focus for FY2024

Consolidated Earnings Forecast

Consolidated Earnings Forecast for FY2024 (1)

- Sales and profits are expected to increase for the first time in three fiscal years, bottoming out in FY2023, when sales were affected by the transfer of LINE Manga to the company
- Expect to improve sales and profits by increasing market share of ebook distribution business, improving profit/loss by progress in each of the strategic investment businesses, and reviewing the business portfolio

| | FY2023 | FY2024 | YoY |
|---|----------|----------|-----------------|
| Net sales | ¥94.0bn | ¥98.0bn | +4.2% (+4.0bn) |
| Operating profit | ¥2,066mn | ¥2,300mn | +11.3% (+234mn) |
| Ordinary income | ¥1,990mn | ¥2,230mn | +12.0% (+240mn) |
| Profit attributable to owners of parent | -319mn | ¥1,330mn | N/A (+1,649mn) |
| EBITDA | ¥3,394mn | ¥3,560mn | +4.9% (+166mn) |
| ROE | — | 8.0% | — |

Consolidated Earnings Forecast for FY2024 (2) – by segment

(billions of yen)

Net Sales

| | FY23 | FY24 | YoY | |
|---------------------------------|-------------|-------------|-------------|--------------|
| eBook distribution business | 86.4 | 90.0 | +3.6 | +4.1% |
| Strategic investment businesses | 8.6 | 9.0 | +0.4 | +4.8% |
| Adjustment amount | -1.0 | -1.0 | 0.0 | - |
| Total | 94.0 | 98.0 | +4.0 | +4.2% |

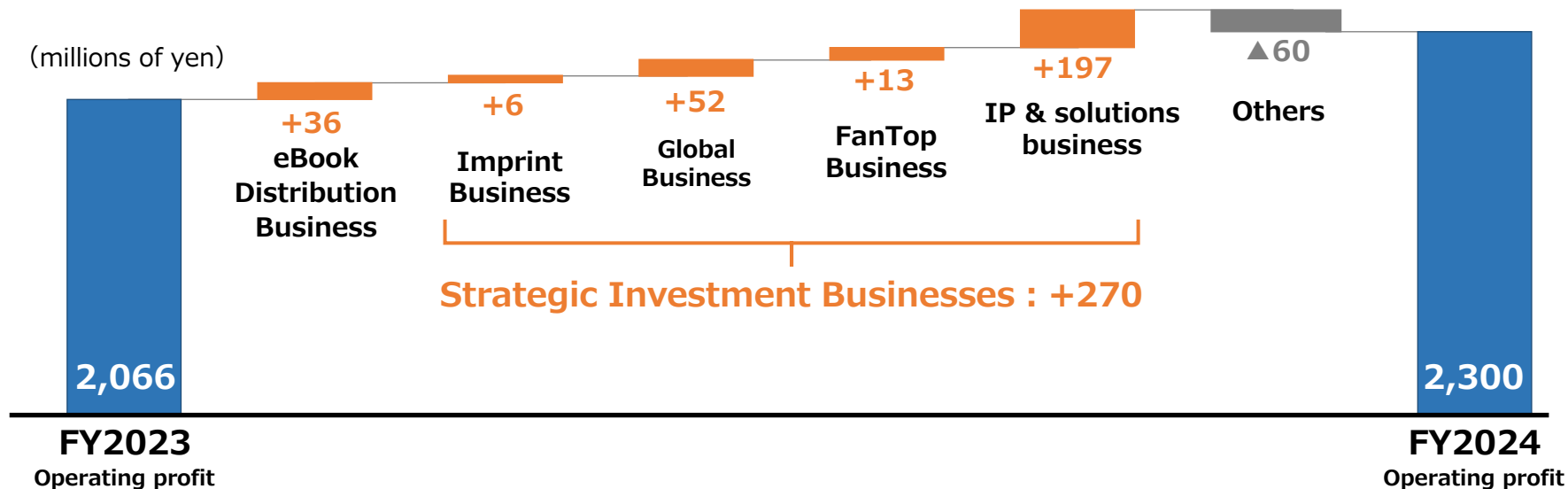
(billions of yen)

Operating Profit

| | FY23 | FY24 | YoY | |
|---------------------------------|------------|------------|-------------|---------------|
| eBook distribution business | 4.9 | 4.9 | 0.0 | +0.7% |
| Strategic investment businesses | -1.2 | -1.0 | +0.2 | - |
| Adjustment amount | -1.5 | -1.6 | -0.1 | - |
| Total | 2.0 | 2.3 | +0.3 | +11.8% |

Outlook for FY2023 results(3)

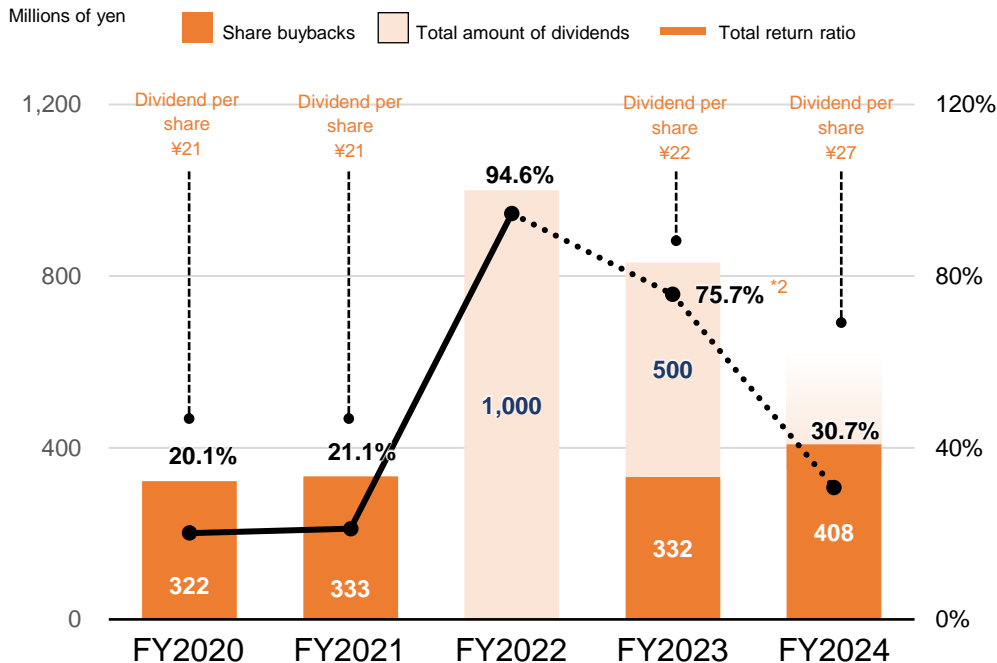
- Return to a growth trend in sales and profit from FY24
- eBook distribution business will increase profit due to expansion of distribution share
- Profit of strategic investment businesses will improve mainly in IP & solutions business



Shareholder return policy

- We plan to provide stable returns for FY2024 as well
- Year-end dividend: **¥27**, total return ratio ^{*1} of **30.7%**

Shareholder Returns-Related Indicators



Shareholder return policy

Total return ratio: 30% or higher

Dividend (plan to pay ¥27 per share)

- We plan to continue providing stable returns
- Total return ratio will exceed 30% with the year-end dividend alone
- Growth is expected due to the steady growth of the eBook market and the return of the strategic investment businesses to profitability (transition to profit-earning phase)

Share buybacks

- We plan to make flexible implementation decisions based on stock price trends

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

^{*2} For FY2023, it is not possible to correctly calculate the total return ratio because profit attributable to owners of parent was in the red; therefore, the total return ratio of 75.7%, calculated using the initial forecast amount of profit attributable to owners of parent of ¥1,100mn, is presented

- Plan to revise the mid-term management plan figures due to significant changes in both external and internal environments
- Plans to disclose revised figures in the future in line with the current external environment and business progress

(April 2022)

At the time the plan was announced

Today

Future direction

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

Transition to Two Representative Directors

- Realize swift decision making and strengthen governance
- Clarify roles and accountability of both and aim to enhance corporate value while working closely together



President and CEO

Yasushi Fujita

- Create corporate philosophy and identity
- Build greater partnerships with industry by harnessing 30 years of executive management experience and insight
- Plan integrated management strategy, develop businesses, etc.



Vice President and CFO

Hiroshi Kanda

- Financial strategy and business management
- Promote IR and sustainability activities, etc.
- Plan and promote human capital strategy
- Realize swift business execution and optimal resource allocation by covering the entire Group

Career summary

| | |
|-----------|--|
| Apr. 2008 | Joined UBS Securities Japan Co., Ltd. |
| July 2009 | Joined Frontier Management Inc. |
| June 2013 | Established Flier Inc., Director (current position) |
| Jan. 2018 | Joined the Company, General Manager in charge of Corporate Planning Office |
| June 2019 | General Manager of Corporate Planning Office |
| June 2020 | Executive Officer and CSO |
| May 2022 | Director, CSO and CFO (current position) |

Inside Directors (4)



Yasushi Fujita
President and CEO
Member of Nomination and
Remuneration Advisory
Committee



Hiroshi Kanda
Vice President and CFO



Kayoko Hanamura
Director and COO



New
appointment

Koichi Sekiya
Director

Career summary

Sept. 1989 Joined Kagokawa Haruki Corporation
Mar. 1993 Joined Kadokawa Shoten Publishing Co. Ltd.
Mar. 2005 Representative Director and President of KADOKAWA Book Services Co., Ltd.
Mar. 2007 Representative Director and President of KADOKAWA Group Publishing Co., Ltd.
June 2009 Director of KADOKAWA Group Holdings, Inc.
Apr. 2013 Managing Director of KADOKAWA Group Holdings, Inc.
Apr. 2015 Director and senior executive officer of KADOKAWA CORPORATION
Apr. 2016 Representative Director and President of KADOKAWA UPLINK INC.
May 2016 Representative Director and President of Tokorozawa Sakura Town Inc.
June 2019 Director of KADOKAWA CORPORATION
June 2020 Representative Director and Chairman of Cool Japan Travel, Inc.
June 2022 Representative Director and President of KADOKAWA KEY-PROCESS Co., Ltd.

Independent Outside Directors (3)



Ayako Kanamaru
Outside Director
Chair of Nomination and
Remuneration Advisory
Committee



Haruo Miyagi
Outside Director
Member of Nomination
and Remuneration
Advisory Committee



Junko Mokuno
Outside Director
Member of Nomination and
Remuneration Advisory
Committee

Audit & Supervisory Board Members (4)

**Kazuyoshi
Ohwada**
Standing Audit &
Supervisory Board
Member

**Makoto
Nakajima**
Standing Outside Audit
& Supervisory Board
Member

**Toshiaki
Morifuji**
Outside Audit &
Supervisory Board
Member

**Tsuyoshi
Shiina**
Outside Audit &
Supervisory Board
Member

Directors scheduled to retire **Shin Niina**

After retirement as director, Shin Niina will serve as an advisor to the Company, advancing the Company's role in industry groups and providing advice concerning the Company's businesses

Atsushi Mizoguchi

After retirement, Atsushi Mizoguchi will be appointed executive officer of the Company, focusing on the duty of CEO of MyAnimeList, an equity method affiliate

(June 1, 2024 onward)

Executive Officers (7)

**Yuichiro
Onuki**
Executive Officer
In Charge of
eBook Distribution
Business

New
appointment

**Teruyoshi
Ando**
Executive Officer
In Charge of IP &
Solutions Business and
Global Business

**Atsushi
Mizoguchi**
Executive Officer
CEO of MyAnimeList

New
appointment

**Ryo
Yamada**
Executive Officer
In Charge of
Corporate Planning

**Shoichiro
Tokoro**
Executive Officer
Accounting

**Kaname
Nakano**
Executive
Officer
and CIO*1

**Minoru
Mikoda**
Executive Officer
and CHRO*2

New
appointment

※1 : Chief Information Officer ※2 : Chief Human Resource Officer



Financial Results Briefing
for the Fiscal Year Ended February 29, 2024

4. Reference Information

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

flier Inc.

Operation of the flier book summary service

OverDrive Japan

Electronic library service that allows users to search, borrow, browse, and return e-books on the Web

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

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

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

supadü

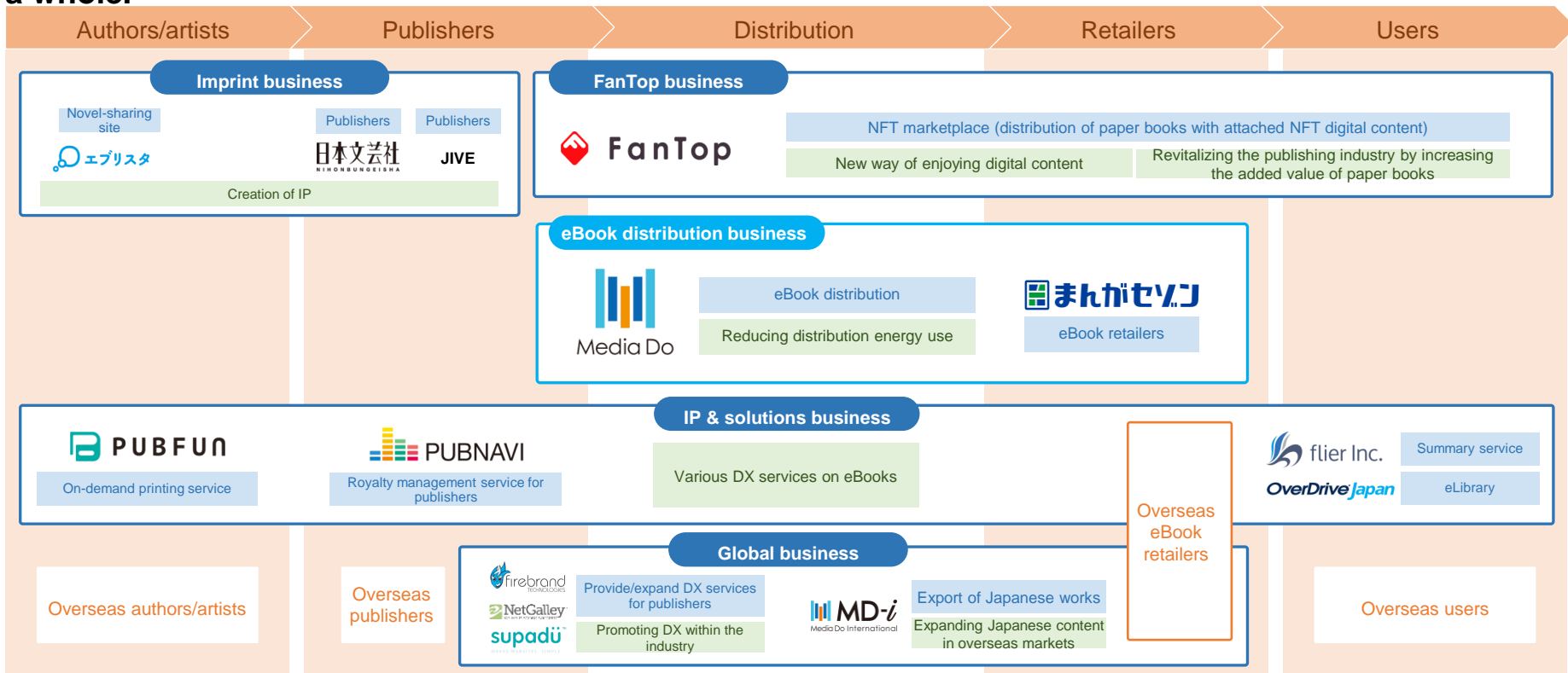
Supply of publisher sales websites on a SaaS basis to customers including major U.S. publishers

Overview of MEDIA DO Group

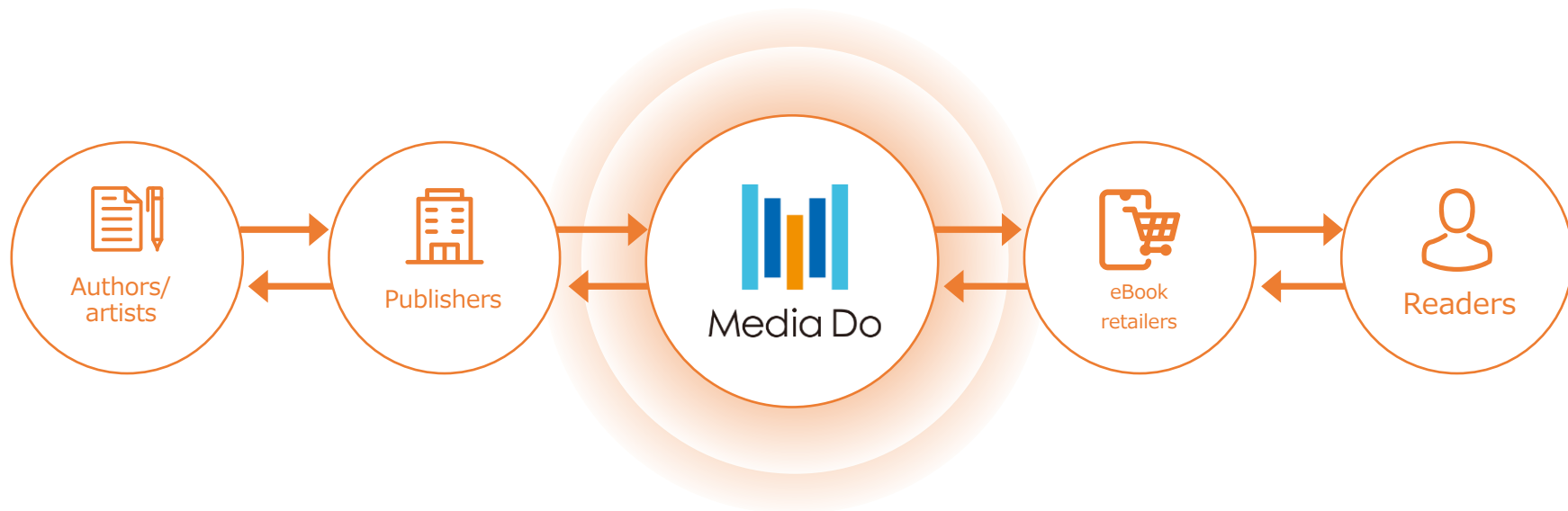
The MEDIA DO Group engages in a number of businesses involving the publishing market. We seek to grow our businesses while contributing to the development of the industry as a whole.

Service details

Purpose



MEDIA DO is the biggest eBook distributor in Japan

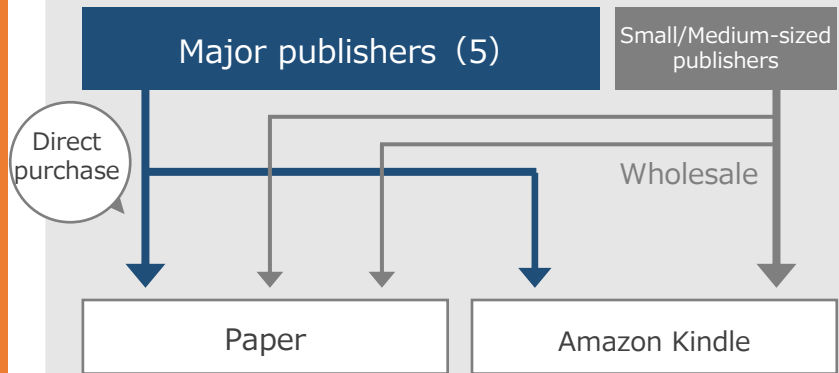


- | | |
|--|--|
| 1. Brokering of contracts/transactions with publishers | Expansion of eBook retailers' content lineups |
| 2. Pro rata distribution of revenues to publishers and authors | Aggregation of eBook retailers' monthly sales data |
| 3. Operation of eBook distribution system | Distribution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

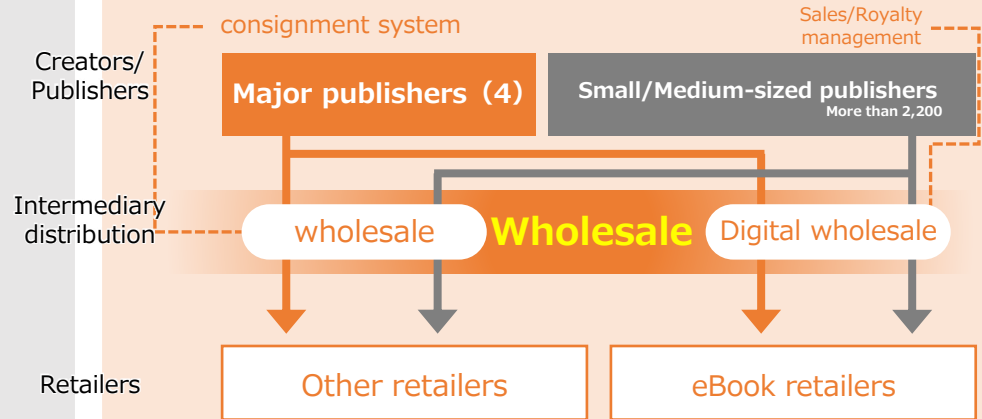
Industry environment

- The publishing industry is an oligopoly of the five 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



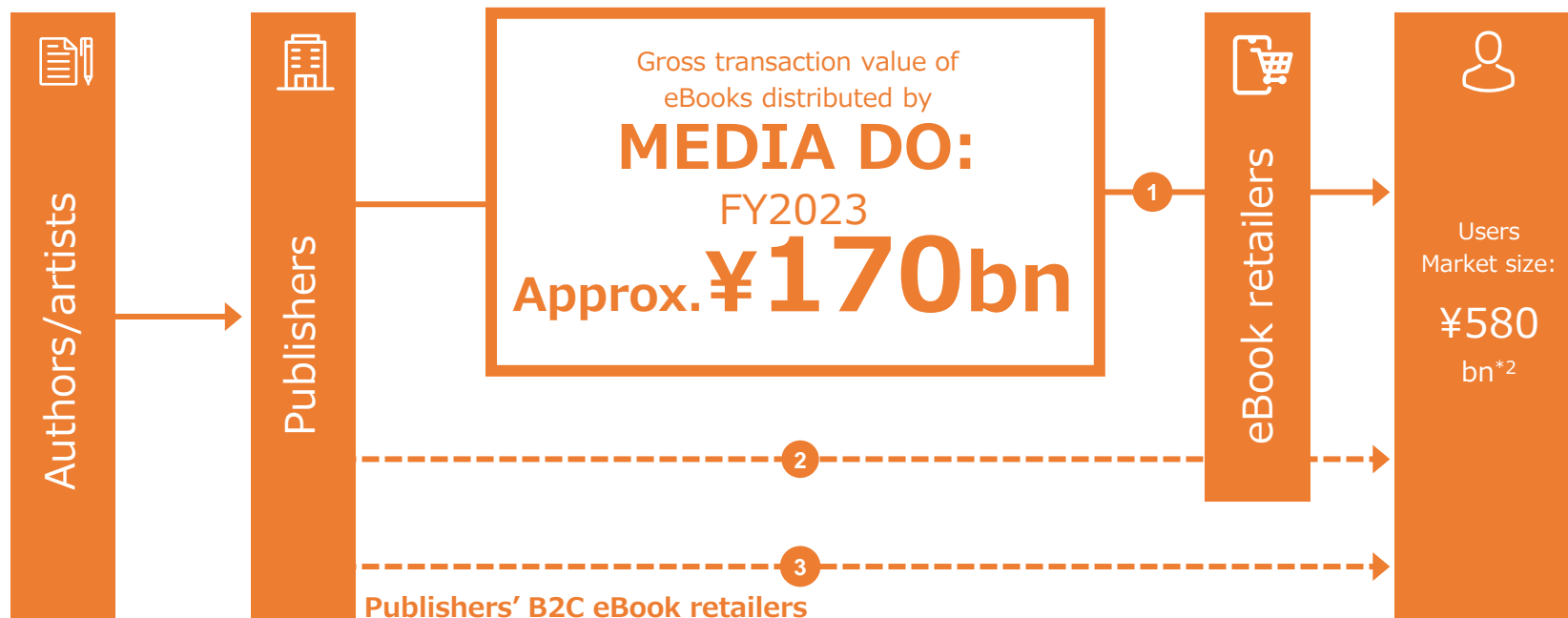
Industry environment

- 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. 30%*1 of eBooks are distributed via MEDIA DO in Japan



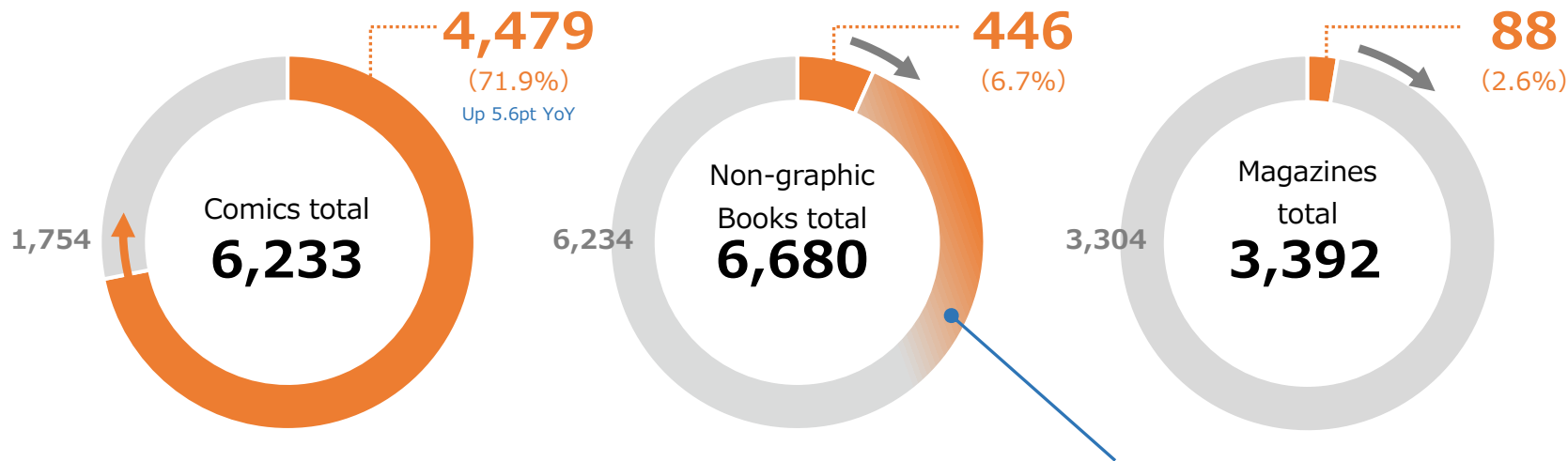
*1 Calculated by dividing our gross transaction value in FY2023 by the total transaction value in the market as a whole

*2 Actual data from FY2022 taken from Impress Research Institute's eBook Marketing Report 2023 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 > ¥170bn (actual figures for FY2023)

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

About 15% 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, 2024.

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

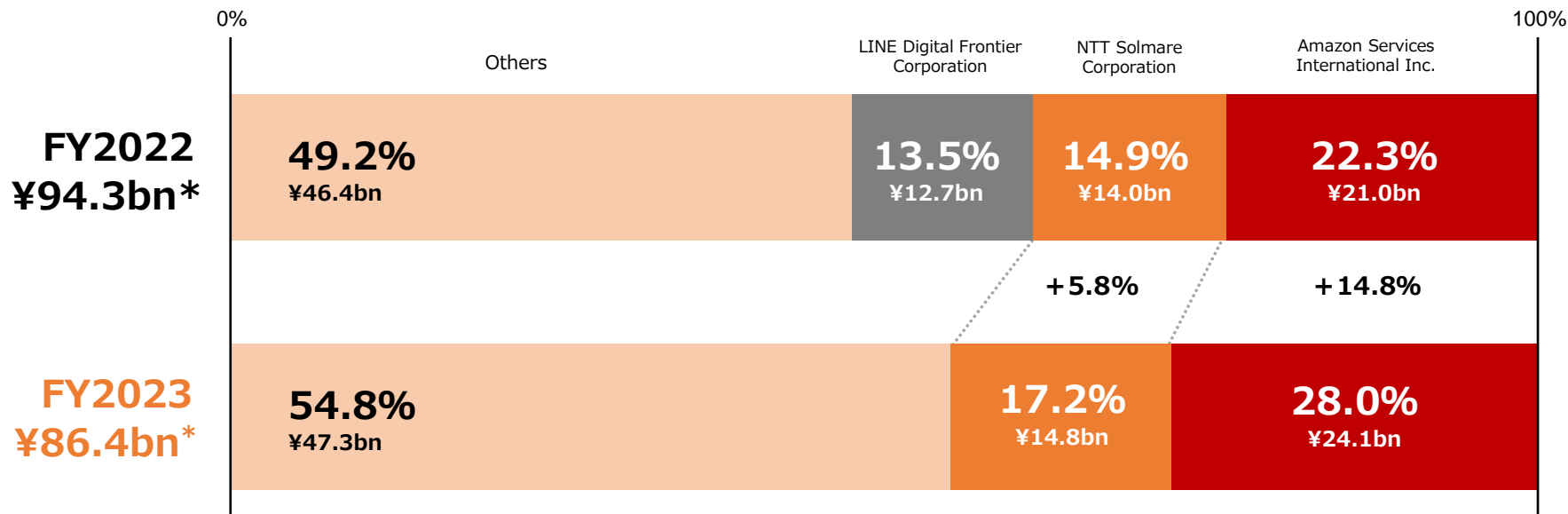
Over **2,200** publisher accounts, including **1,680** non manga publishers, **all** major publishers*¹ and **over 99%** of eBook publishers*²

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

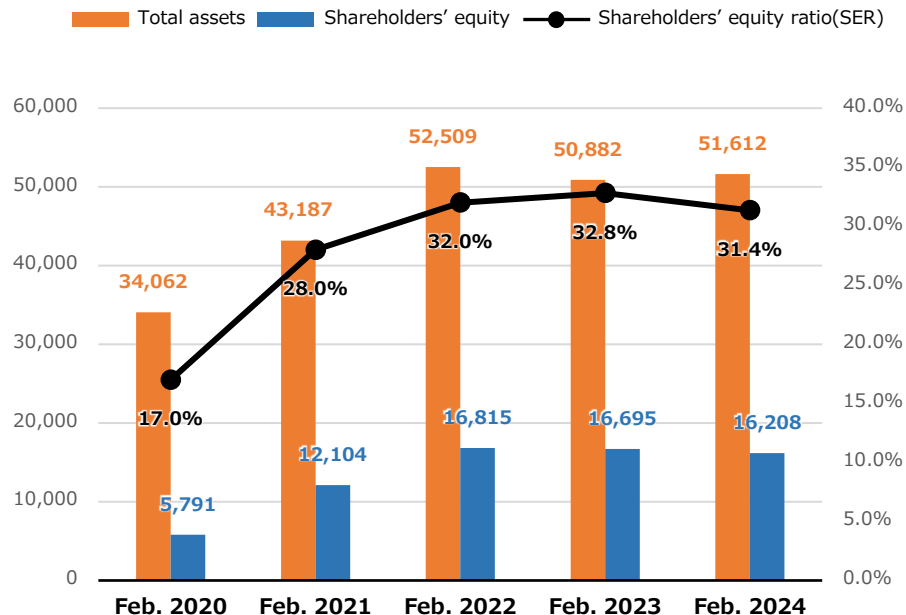


* Shows net sales for the eBook distribution business (prepared based on information in the Summary of Consolidated Financial Results).

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

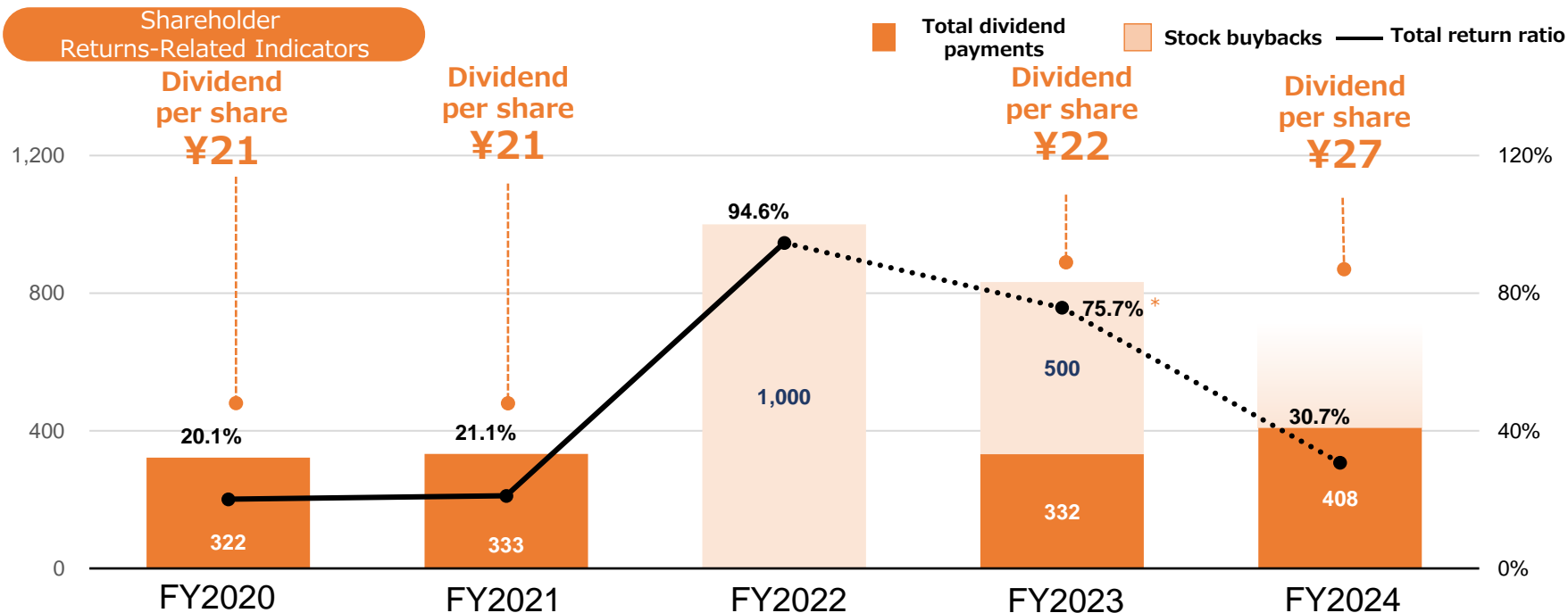


Balance Sheet structure Millions of yen (as of Feb. 29, 2023)

| | |
|--------------------------------------|--------------------------------------|
| Cash and deposits 11,004 | Interest-bearing debt 5,345 |
| Other current assets 25,392 | Other current liabilities 29,169 |
| Property, plant and equipment 672 | Other non-current liabilities 889 |
| Other intangible assets 1,827 | Net assts 16,208 |
| Investments and other assets 6,951 | |
| Goodwill 5,765 | |

Shareholder return policy

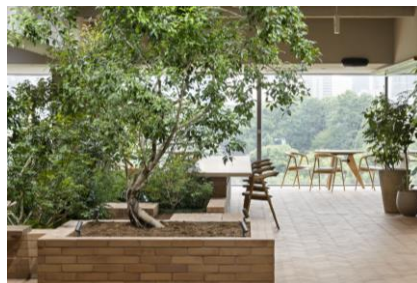
- Our basic shareholder return policy is to **return at least 30% of our profits to shareholders**
- We will pay dividends based on a comprehensive assessment of our financial and business conditions, while securing retained earnings.



* Profit attributable to owners of parent was in the red due to extraordinary losses, meaning the total return ratio cannot be calculated correctly. As a result, the initial forecast amount of profit attributable to owners of parent of ¥1,100mn was used for the calculation

Company Outline

| | |
|--|--|
| Trade name | MEDIA DO Co., Ltd. |
| Capital | ¥ 5,959 million (as of February 29, 2024) |
| Founded/ Established | June 1994 / 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.

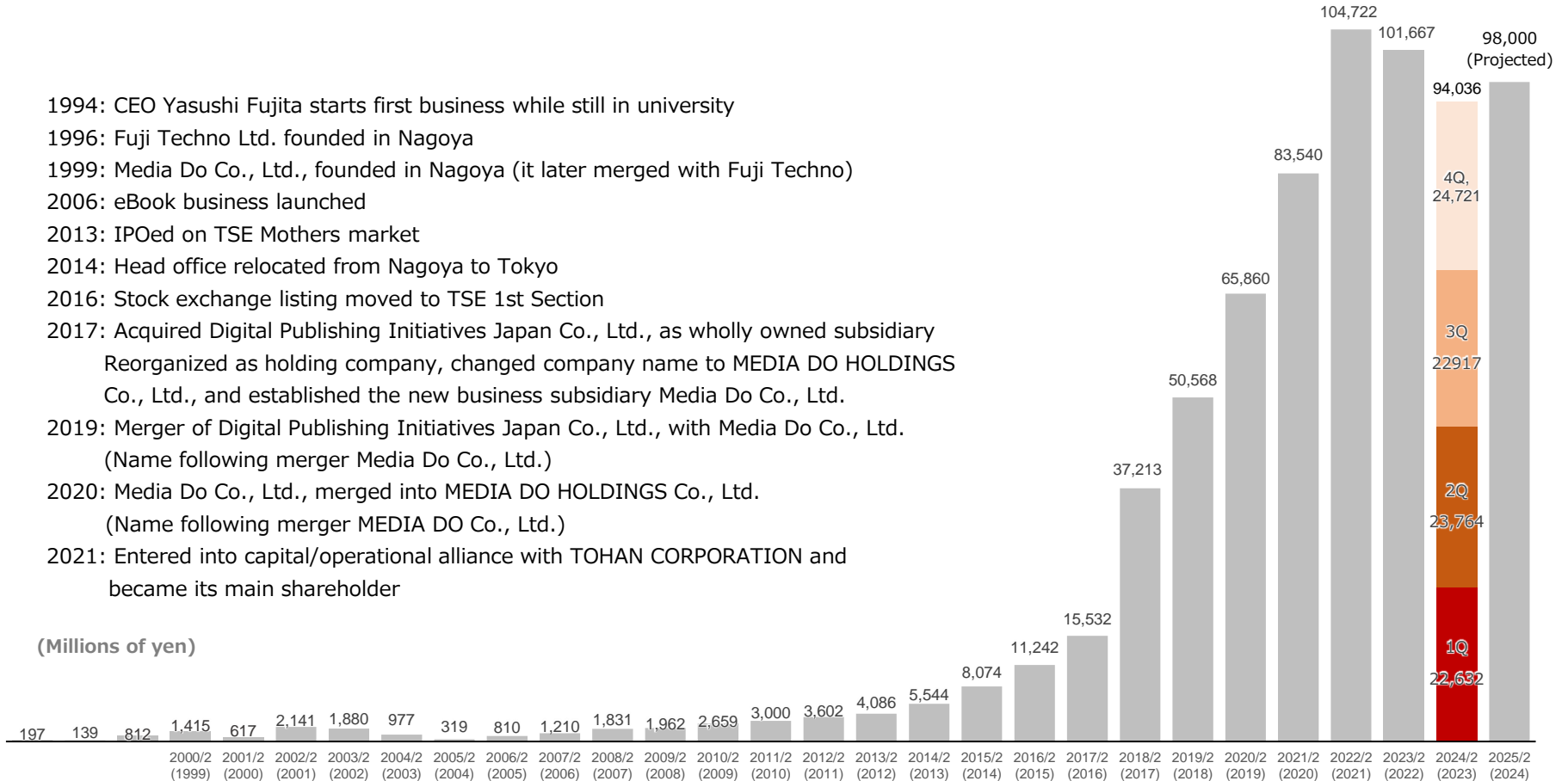


ASTRA

Company history and consolidated net sales trend

- 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)



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/>

