

FY2022.3Q

MEDIA DO Co., Ltd.

As of November 30, 2022 Financial Results Briefing

More Content for More People!



Media Do

INDEX

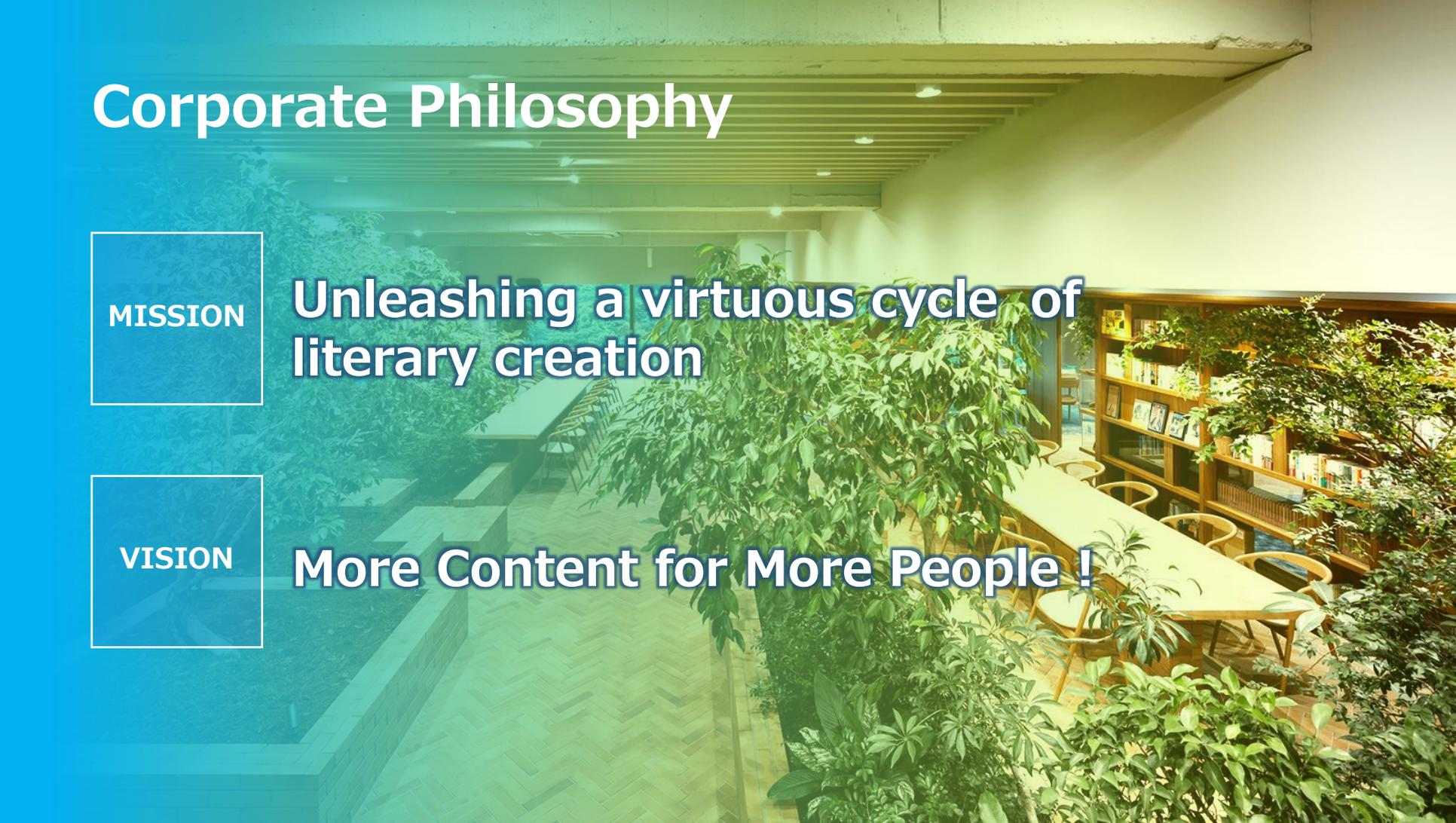
1 Consolidated Performance Highlights

2 Business Strategy

- (1) eBook distribution business
- (2) Strategic investment businesses
- (3) Other

3 Reference Data

Corporate Philosophy

The background of the slide is a photograph of a modern indoor garden. In the foreground, there are several large, leafy green plants. In the middle ground, a long wooden table is surrounded by wooden chairs. In the background, there is a wooden bookshelf filled with books. The overall atmosphere is bright and natural.

MISSION

Unleashing a virtuous cycle of literary creation

VISION

More Content for More People !

Executive Summary

1. Earnings highlights

FY2022 3Q

Net sales ¥78.0bn (progress ratio of 78.0%)

EBITDA ¥2,965mn (progress ratio of 82.4%)

2. Outlook

Market environment

- Despite some impact from the transfer of LINE Manga, we expect the eBook market to remain strong (year-on-year growth of around 10%)

Outlook for full-year results

- Having taken into account positive and negative one-off factors as well as the growth of the eBook market, we have revised full-year forecasts upward

3. eBook distribution business

Impact of LINE Manga

- Some delays occurred from 2Q to 3Q, but the transfer of operations for a major publisher was completed by December 2022
- We expect approximately ¥1.5bn in LINE Manga sales in FY2023

eBook distribution business

- Sales of mediatized works have been strong since 3rd cours
- Strong marketing campaigns for several works by some book retailers

4. Strategic investment businesses

FanTop business

- One year has passed since the launch of the FanTop service (October 12, 2021), and it has achieved a certain level of performance and results
- Setting KPIs to improve the user experience, such as the development of viewer functions, and to increase the number of issues with NFT digital benefits in order to enhance the service

Publishing solution business

- Invested in South Korean production studio CONTENTS LAB. BLUE (approx. ¥500mn)
- Began distributing original vertical scroll comic-only works (*Dororo Re:Verse*)

A hand holding a pen over a document, with a blue overlay. The text is centered on the page.

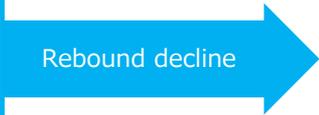
1. Consolidated Performance Highlights

Net sales grew strongly driven by eBook distribution business. Profit on declining trend due to strategic investments

Net sales: Rebound decline from temporary impact of major campaigns of previous year (over ¥6.0bn)

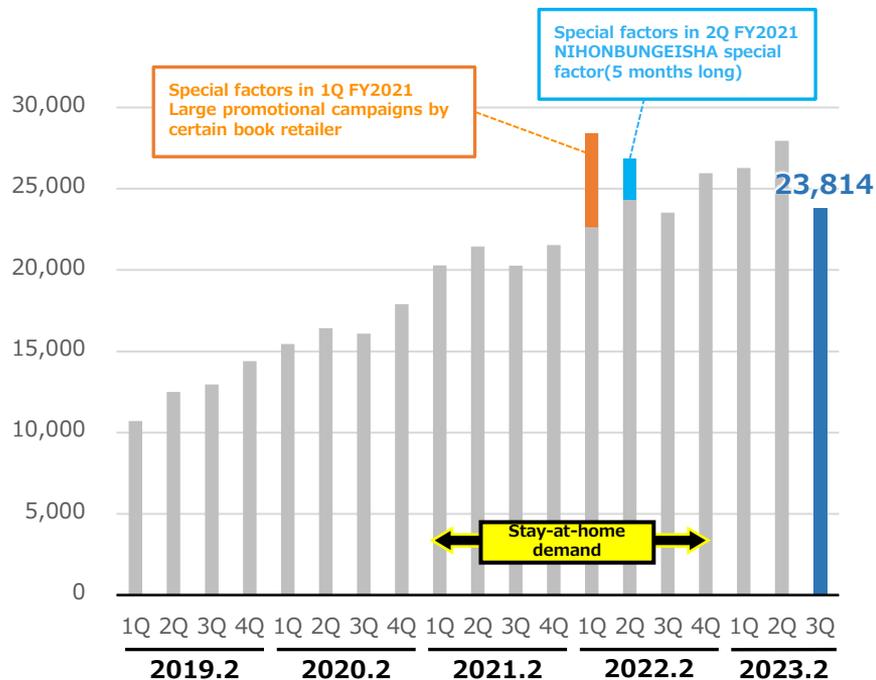
Profit attributable to owners of parent: Decline due to implementing investments for growth + recording of impairment loss* and losses related to shares of subsidiaries

* Impairment of goodwill related Nagisa, Inc. and impairment losses for software associated with the social video viewing app called GREET (Total: ¥520mn)

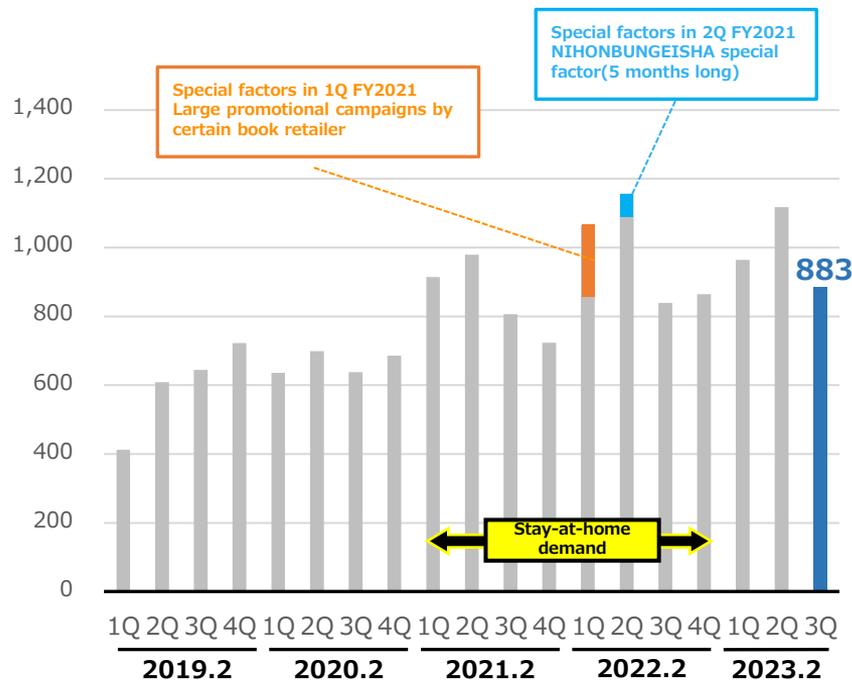
	FY2021 (First 9 months)	FY2022 (First 9 months)	YoY
Net sales	Result: ¥78.7bn Actual value: ¥72.7bn <small>Temporary increase in sales caused by large promotional campaigns at certain book retailers</small>	 ¥78.0bn	Result: -0.9% _(-¥0.7bn) Actual value: +7.3% _(+¥5.3bn)
Operating profit	¥2,250mn	¥1,835mn	-17.8% _(-¥415mn)
EBITDA	¥3,060mn	¥2,965mn	-3.2% _(-¥95mn)
Profit attributable to owners of parent	¥1,090mn	¥441mn	-59.6% _(-¥649mn)

3Q recorded only a slight YoY increase due to the impact of the end of stay-at-home consumption and the transfer of LINE Manga

Quarterly consolidated net sales (Millions of yen)

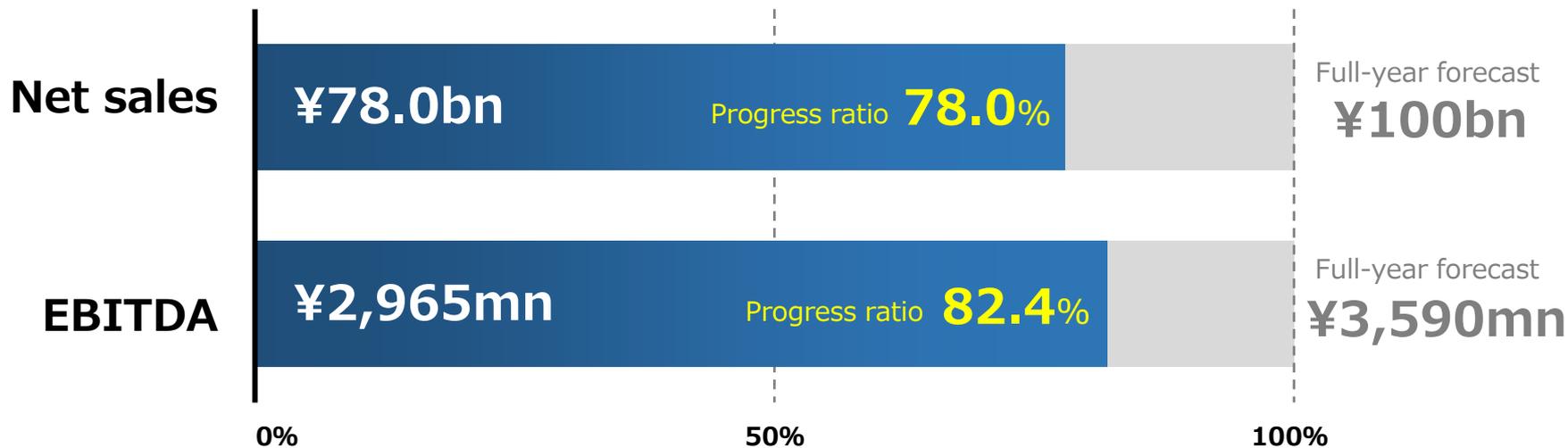


Quarterly consolidated EBITDA (Millions of yen)



Progress against full-year forecasts was over 75% for both net sales and EBITDA

Comparison of consolidated 3Q results to full year forecast



Having added the impact of one-off factors to the robust business environment, as seen in the steady growth in the eBook market, we have revised full-year forecasts upward

	3Q		Full-year forecast		
	Results	Progress ratio	Initial	Upward revision	Difference
Net Sales	¥78.0bn	78.0%	¥100bn	→ ¥101bn	¥1bn (+1.0%)
Operating Profit	¥1,835mn	91.5%	¥2,000mn	→ ¥2,250mn	¥250mn (+12.5%)
Profit attributable to owners of parent	¥441mn	51.8%	¥850mn	→ ¥900mn	¥50mn (+5.9%)
EBITDA	¥2,695mn	82.4%	¥3,590mn	→ ¥3,830mn	¥240mn (+6.7%)

Factors behind progress ratio of 51.8%

- ✓ Impairment loss on Nagisa goodwill (approx. ¥280mn)
- ✓ Loss on impairment/disposal of software assets following termination of the GREET business (approx. ¥240mn)

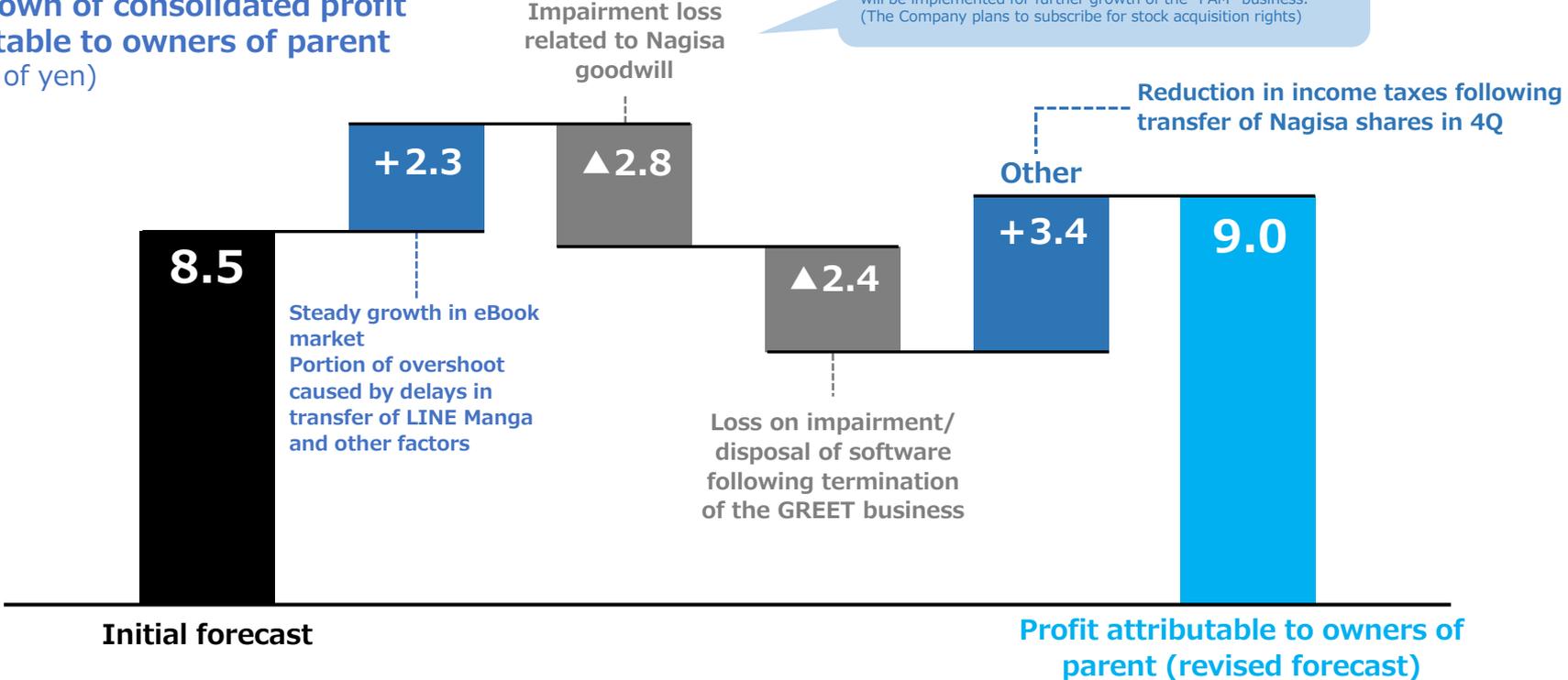
Factors leading to overshoot

- ✓ Steady growth in eBook market, delays in transfer of LINE Manga (approx. ¥230mn)
- ✓ Reduction in income taxes following transfer of Nagisa shares in 4Q (approx. ¥340mn)

Despite the impact of one-off factors, profit attributable to owners of parent is expected to exceed initial forecast due to higher net sales and other factors

Breakdown of consolidated profit attributable to owners of parent
(Millions of yen)

The shares are scheduled to be transferred to Mr. Yokoyama, CEO of Nagisa, at the end of January 2023, and the management by out will be implemented for further growth of the "FAM" business. (The Company plans to subscribe for stock acquisition rights)



A blue-tinted photograph of a business meeting. In the foreground, a silver laptop is open on a dark table. To its right, several documents with charts and graphs are spread out. A person's hands are visible, one holding a pen and another pointing at a document. The background is dark and out of focus.

2. Business Strategy

Business Strategy

Strategic investment businesses

Imprint business

Publishing solutions business

Global business

FanTop business

eBook distribution business

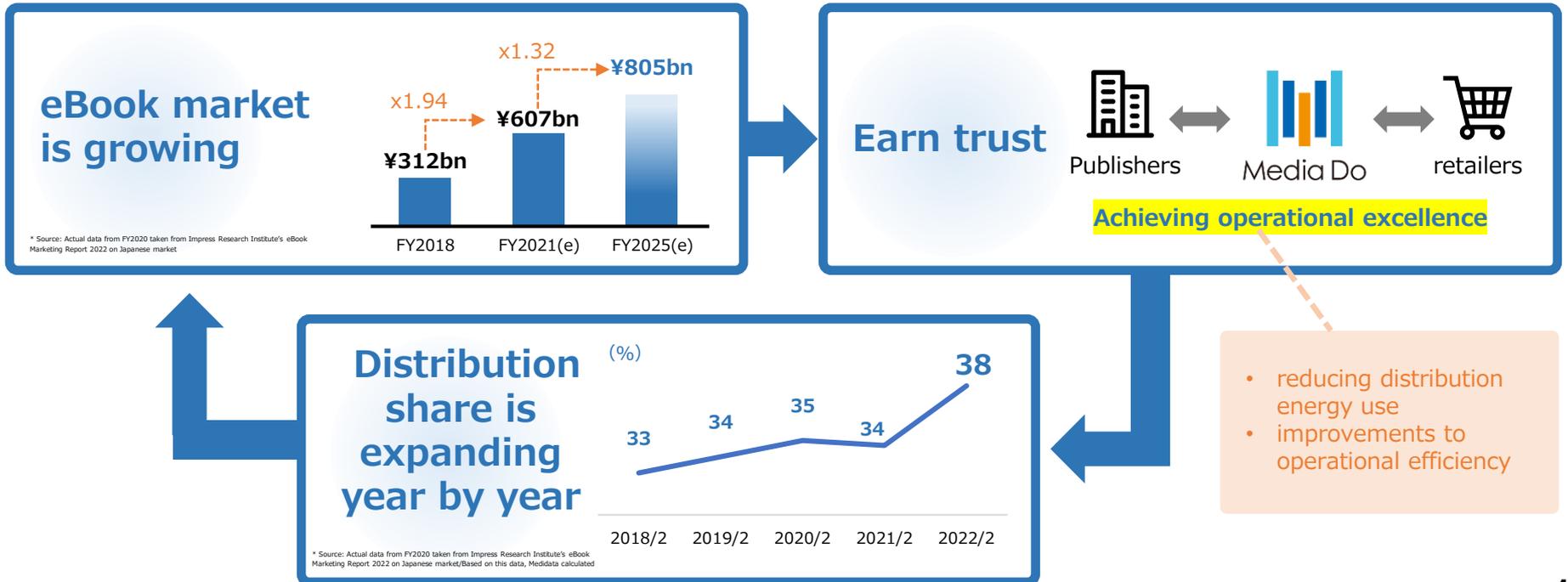
Core businesses of the Group, which generate the “trust” that enables us to distribute licensed content and the “position” that is our greatest strength

2. Business Strategy

eBook distribution business

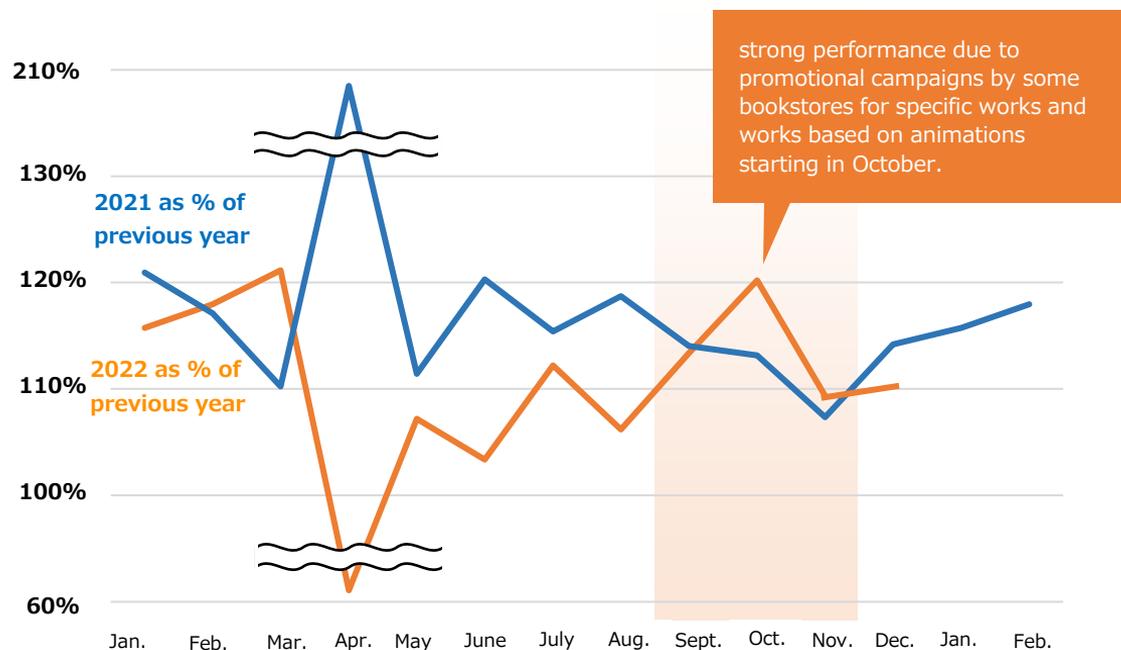
Solid growth of the eBook market and expansion of distribution share, and solid foundation of trust in the publishing industry

In the expanding eBook market, we are helping to reduce distribution cost by achieving operational excellence. Additionally, established a unique position and credibility as a link between virtually all publishers and book retailers, contributing to the further revitalization of the industry.



Even after stay-at-home consumption had run, 3Q show strong sales compared to YoY due to marketing campaign taken by some ebook retailers

eBook distribution business's YoY net sales growth rate



Growth at same rate as that of the entire eBook market

- ✓ Growth rate for 2022 3Q was 111.6% of 2021 after excluding impact of major campaigns in April
- ✓ This shows the same rate of growth of **110%*** that is forecast for the eBook market as a whole in FY2022 compared to FY2021

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

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

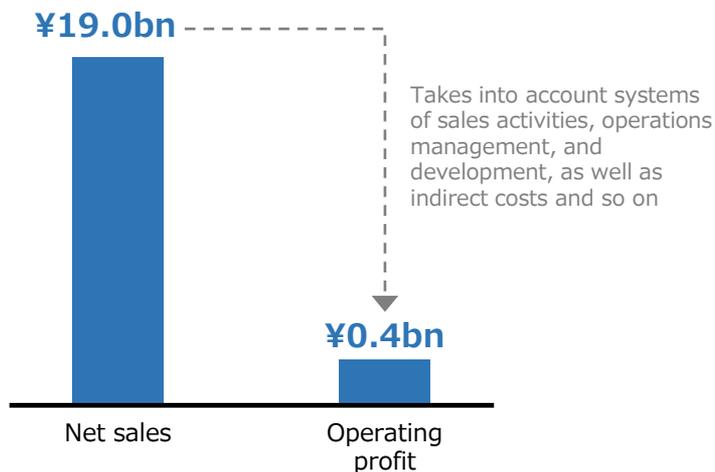
Transfer of LINE Manga back-end operations is in progress

Transfer of operations for major publisher completed, but affected by some delays

In December 2022 the transition of back-end operations for a major publisher was completed but some delays in the transition occurred from 2Q to 3Q

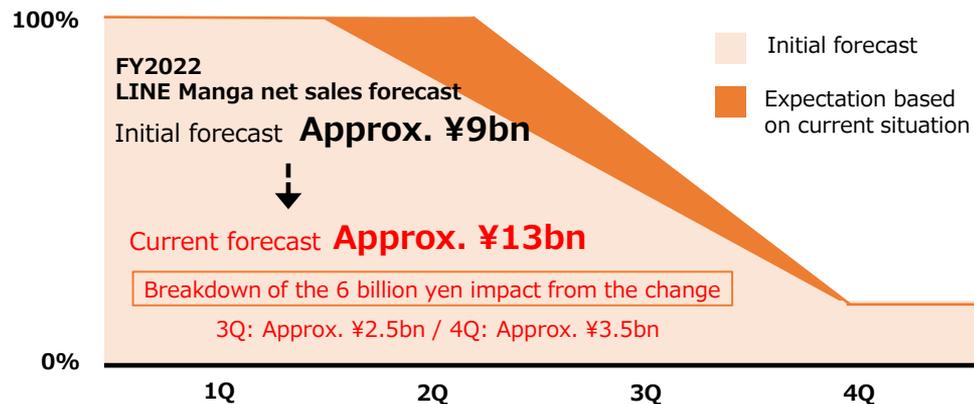
We expect around ¥1.5bn in LINE Manga sales in FY2023 (+8% YoY)

FY2021 LINE Manga*1 impact on performance



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

Impact on FY2022 earnings (net sales to LINE Manga*1)



➔ Expectations for LINE Manga net sales in FY2023: Approx. ¥1.5bn (Via eBook Initiative Japan Co., Ltd.)

2. Business Strategy

Strategic investment businesses

Strategic investment businesses

1 FanTop Business*

2 Publishing Solution Business

3 Other

* Business name was changed from “Fan Marketing Business” to “FanTop Business”

We aim to create a market centered on “publications with digital NFT benefits,” which are unique to MEDIA DO

Launched on Oct. 12, 2021

- ✓ NFT marketplace developed and operated in-house by MEDIA DO
- ✓ Enjoy collecting and viewing digital content, and sharing, transferring, and trading among fans



FanTop

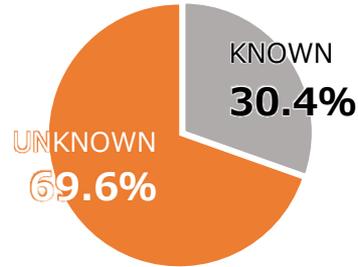
1. Primary NFT Content

(Direct sales of NFT digital content)

2. Digital NFT benefits

(Paper books sold with digital NFT benefits)

Currently, awareness of the NFT itself in Japan is quite low



Awareness survey on NFT

Even fewer people use NFTs.

Source: CoinOtaku
<https://creatorzine.jp/news/detail/2609>
Period: October 9-18, 2021
Method: Internet
No. of persons surveyed: 500
Target: Men and women in their 20s to 70s throughout Japan

Results obtained after 1 year

1. NFT content for paper books
2. Distribution of publications with digital NFT benefits to bookstores nationwide
3. Development of apps for iOS/Android as well as web
4. Simplify the route to obtain NFT content (i.e. QR code)

Improved sales performance

Publications with digital NFT benefits increased unit sales by 33% and actual sales by 37% compared to standard editions

Securing new NFT users through collaboration with bookstores

By selling “publications with digital NFT benefits” at bookstores nationwide can reach a wide range of users

Digital NFT benefit publications are widely available to users through the distribution network of a major paper book distributor.

Through the capital and business alliance implemented in March 2021, MEDIA DO became the largest shareholder of Tohan.



The ability to offer NFT through bookstores nationwide is the value of MEDIA DO's offering

After various experimental phases, the capital and business alliance with Tohan is proving to be a formidable initiative

Various initiatives and content that have been achieved through FanTop

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



2 Manga with digital NFT benefits



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



4 Grant another book as a digital NFT benefit



Publications with digital NFT benefit will be available for sale in bricks-and-mortar book retailers

Paper books
Physical content

×

NFT
Digital content



NFT exchange code

Co-creation with content IP holders: 60

- ① Digital cards
- ② Digital model figure
- ③ Audio Content
- ④ eBooks

30% increase in selling price*1

32% increase in sell through ratio*2

Total NFT Digital Privileged Publication Sales*3

¥228 million

Highly competitive services in the “digital content” that are compatible with blockchain technology

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

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

*3 Total for the period October 2021 to October 2022.

By expanding the FanTop economic bloc, we will help to revitalize the content market, including the publishing industry

Measures required for the growth of the FanTop business

1



Creating a more enrichment user experience

2



Increase in projects for publications with digital NFT benefits

3



Improving the path to acquiring NFT content and UI/UX

4



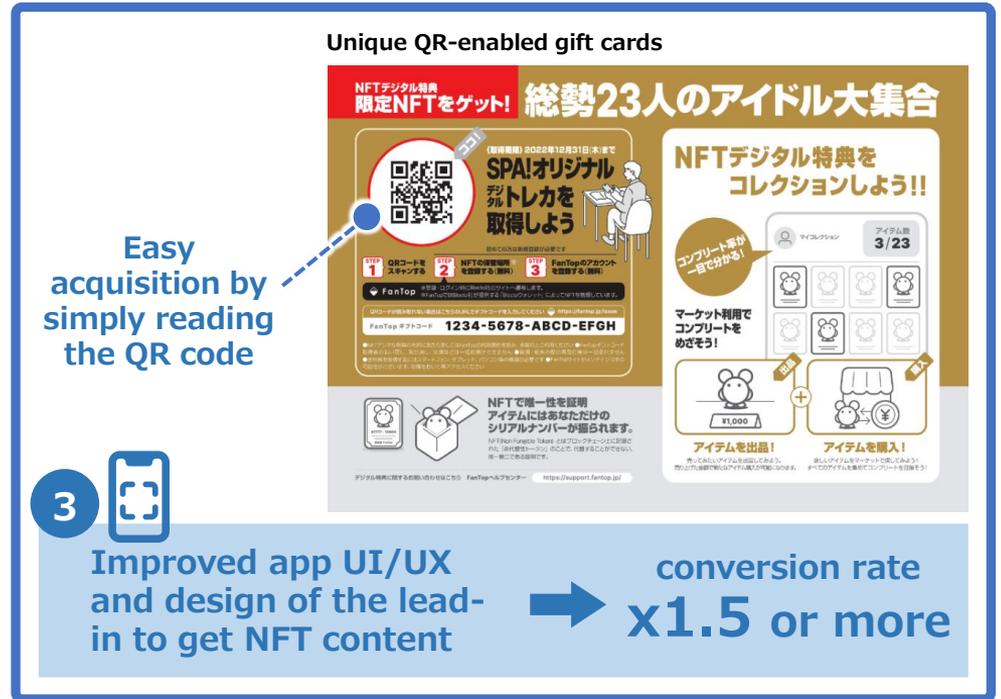
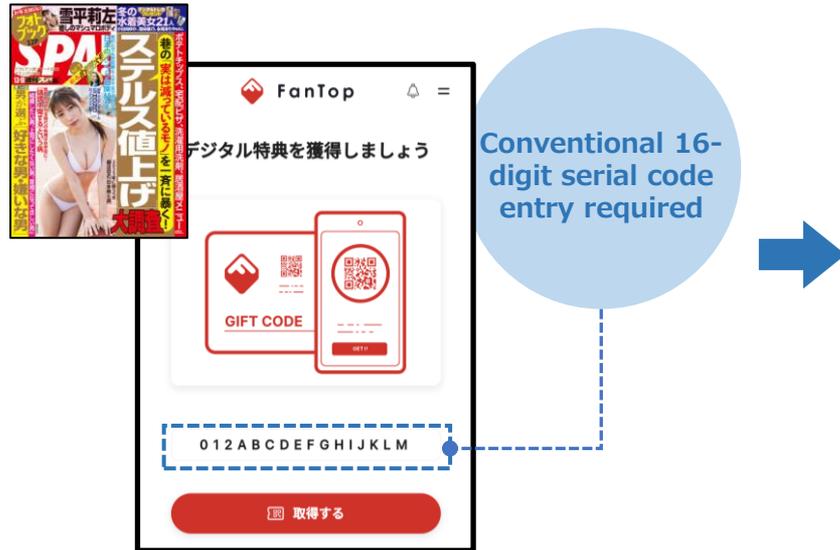
Revitalization of secondary distribution



In order to improve the value of using FanTop and increase the number of users, **we will define KPIs and upgrade the service** in the future.

Simplified reward acquisition flow dramatically increases users' digital NFT benefit conversion rate

By eliminating the need to enter a 16-digit serial code, the conversion rate was over 1.5 times higher than that of publications with digital NFT benefit* other than SPA!

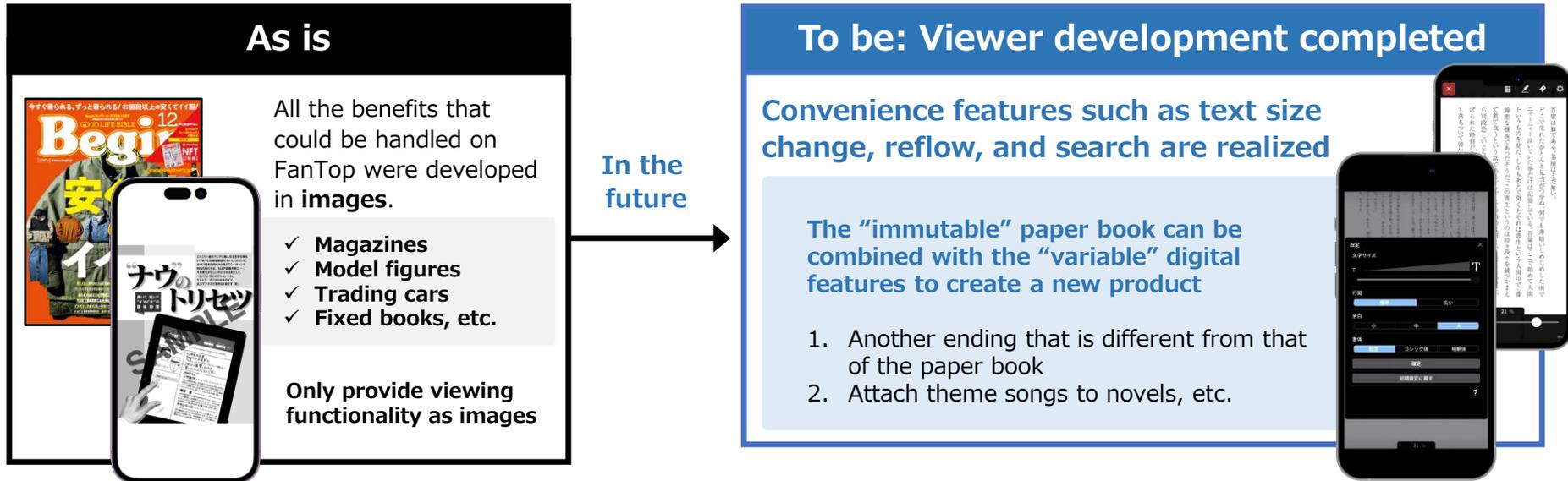


* Comparison of 21 "Gravure Digital Trekkers" in the 1/3 and 1/10 2023 issues of SPA Weekly and other publications with NFT digital benefits released between December 1, 2022 and January 10, 2023.

By expanding the functions of the FanTop app, we aim to distribute even “enrichment” content

Viewer Function: World's first attempt to distribute viewers on a blockchain service

DRM Function : To build a system to distribute various content, including music and videos (MV)



➡ **Beginning full-scale distribution of paper books with NFT digital books and music this spring and summer**

Newly developed 3D digital bookshelves enable a storage environment different from the conventional one, expressing asset quality and enjoyment close to the “real thing”

Books, Music, Pictures, Model figures, etc.



FanTop

Viewer Function



- ✓ Non-graphic books can be handled by changing the font size, reflow, and adding a search function

DRM Function



- ✓ Digital rights management function allows handling of music and videos (music videos, etc.)



Digital Bookshelves

(Newly Planned)

Paper books
= Physical/3D



FanTop's
Digital
Bookshelf
= 3D

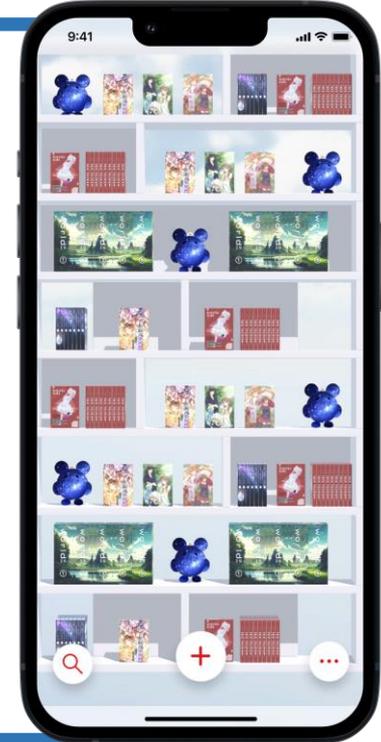
eBooks
= Digital/2D



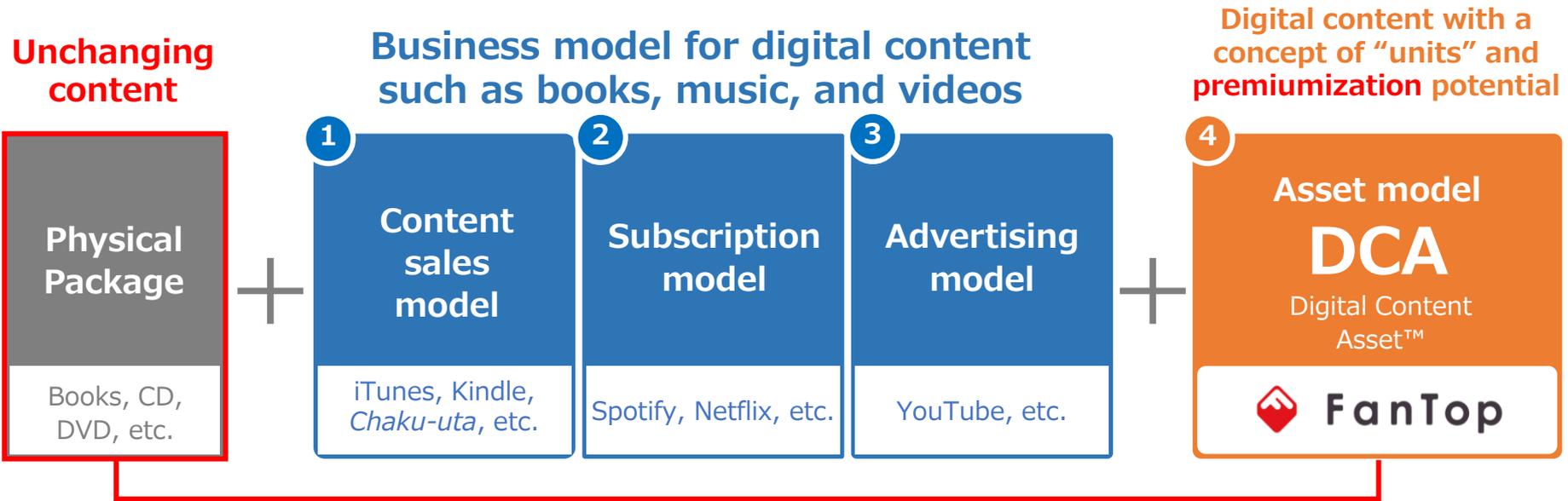
Blockchain technology is needed to bring various digital content closer to “real” and to express the asset nature of the content



Create a realistic view of the world with digital bookshelves on FanTop.



Provides a different way of enjoying and holding various content



➔ **FanTop extends the paper book, which has been an unchanging content and enables the creation of works that were not possible before, and provides users with new ways to enjoy their books**

Strategic investment businesses

1 FanTop Business

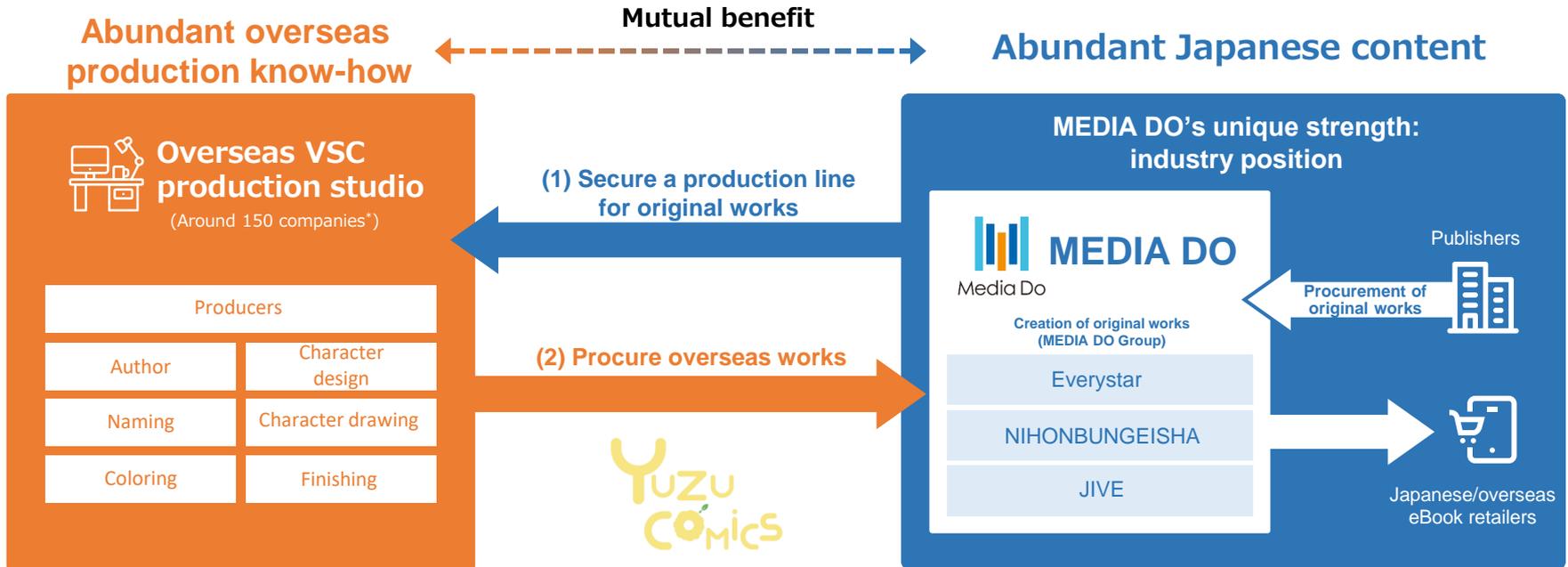
2 Publishing Solution Business

3 Other

By investing in overseas vertical scrolling comic (VSC) production studios, we will (1) secure a production line for original works and(2) make plans to procure overseas works and distribute them to book retailers



Dororo Re:Verse
 Simultaneous distribution will begin in Japan and South Korea in December 2022. Global distribution is also planned in the future.
Original work: Osamu Tezuka
Planning, production and distribution: Terapin and MEDIA DO



* Research by MEDIA DO

Invested in South Korean production studio CONTENTS LAB. BLUE

In December 2022 we invested approx. ¥500mn (6.76% of the shares) in CONTENTS LAB. BLUE of South Korea, with the aim of procuring and producing original works



**CONTENTS
LAB.
BLUE**

<https://contentslabblue.jp/>
(in Japanese only)

(1) Enhanced production structure

- ✓ More than 160 content creators in Japan and overseas
- ✓ Has a structure for developing authors
- ✓ Total number of VSC-only works and novels is more than 350

(2) Development capabilities for in-house IP

- ✓ Owns a **novel-sharing site** in South Korea
- ✓ Owns more than 290 items of IP
- ✓ Secures a **global production structure** by establishing branches in Japan and Thailand

For details, please refer to the following MEDIA DO press release: “**MEDIA DO invests in vertically scrolling comics studio Contents Lab. Blue**”(in Japanese only)
<https://mediado.jp/corporate/5858/>

Strategic investment businesses

1 FanTop Business

2 Publishing Solution Business

3 Other

NIHONBUNGEISHA will make a film adaptation of the popular comic "Gannibal," which has sold more than 2 million copies in total, for Disney+. The film was released on December 28, 2022.

MEDIA DO Group

日本文芸社



Creation of original works

First published in NIHONBUNGEISHA's Shukan Manga Goraku



Live-action drama created by Disney+

Disney+ to implement a major advertising program at the end of 2022 and the start of 2023



Manga: 13 volumes in total

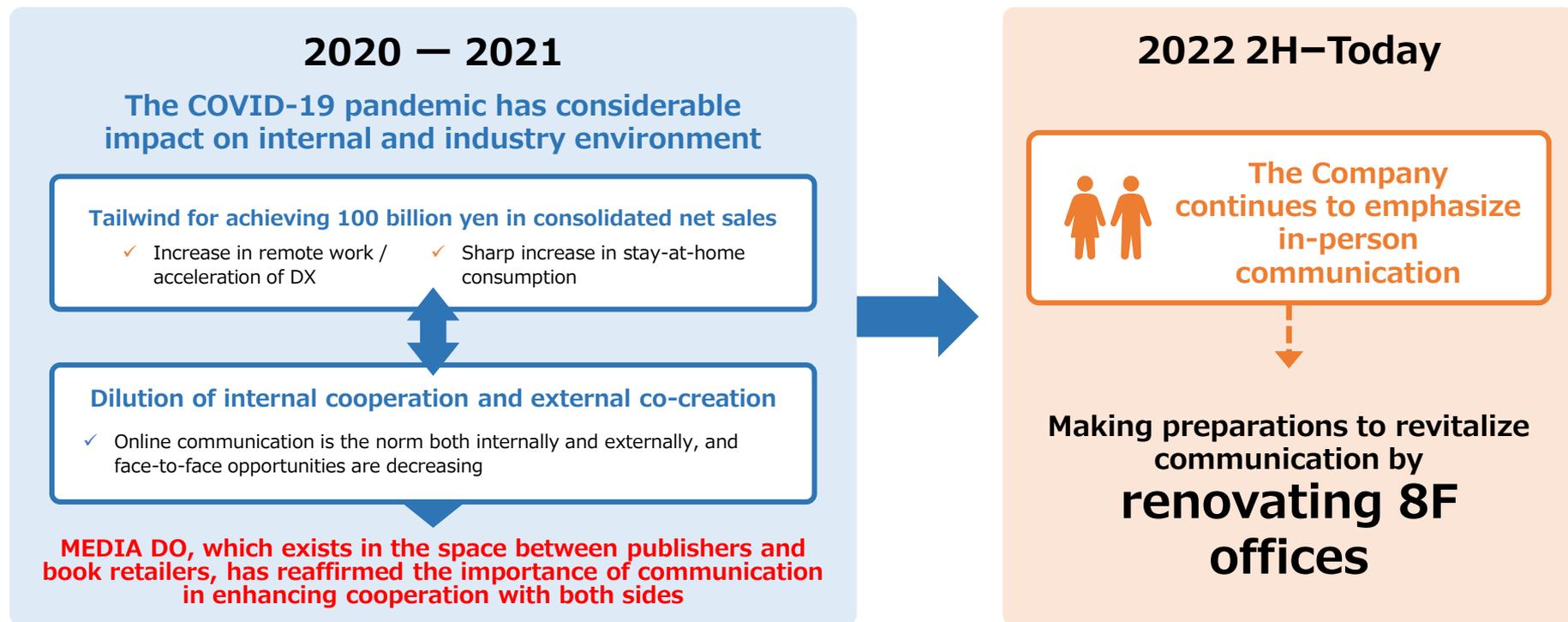
Drama: 7 episodes in total (season 1 only)

Release Schedule: Episode 4 has been distributed as of January 16 since December 28

Original story: "Gannibal" by Masaaki Ninomiya (NIHONBUNGEISHA); **Directors:** Shinzo Katayama, Hayato Kawai; **Script:** Takamasa Oe; **Producers:** Teruhisa Yamamoto, Tatsuya Iwakura; **Cast:** Yuya Yagira, Sho Kasamatsu, Riho Yoshioka, Kana Kita, Rairu Sugita, Kokone Shimizu, Mitsuo Yoshihara, Seiji Rokkaku, Yoshi Sakou, Yutaro Nakamura, Baijaku Nakamura, Mitsuko Baisho

Significant changes in operating environment and lifestyles from 2020 onward

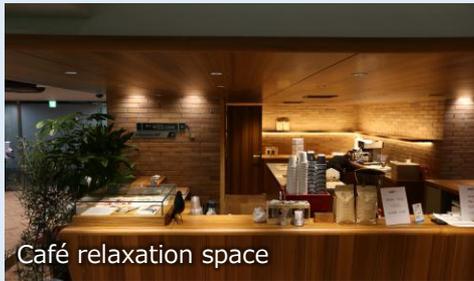
Planning to revitalize communication that was diluted during the COVID-19 pandemic



The 8th floor office was completely renovated, and an invitation-only completion unveiling was held mainly for business partners.

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

Office concept: Creation & Energy



For content from the reopening reception on October 13, see here

Results

✓ Improved attendance by employees

For the first time since March 2020, the attendance **ratio exceeded 50%**.

✓ Fostering of expectations among publishers

👤 Feedback from business partners

- I once again felt the gratitude and the level of expectation that many people feel toward your company
- I sensed the respect your company has for publishers
- It brought home to me MEDIA DO's devotion to the publishing industry

✓ Laying a foundation for FY2023 onwards

Holds a valuable collection of books that represent our office library—“Leonardo da Vinci Room”

The collection exhibits extremely rare facsimile editions* of the original size and elaborate reproductions of the handwritten notes (manuscripts) and drawings of Leonardo da Vinci (1452-1519), a leading artist of the Renaissance period, which were written over a 40-year period.



There are 998 sets in existence in the world, and only 100 sets in Japan

The Company deals in ebooks. The Significance of Holding “Physical Books” in “Library”

- ✓ It expresses the fun and strength unique to paper books and **respect for publishing**
- ✓ The message is to pass on the collection of books to **the future generations**.

Initiatives that **embody our mission**

* This term refers to a facsimile edition of a book or work of art that reproduces as closely as possible not only the content of the original but also the physical form of the original material. The facsimile edition of Leonardo da Vinci's manuscripts began as a national project in Italy in 1964, and the edition owned by GIUNTI began publication in the 1980s.

APPENDIX

3. Reference Data

Results for FY2022 3Q (P/L)

Millions of yen	FY2021								FY2022					
	1Q		2Q		3Q		4Q		1Q		2Q		3Q	
Net sales	28,408		26,825		23,533		25,954		26,269		27,956		23,814	
eBook distribution business	27,934	98.3%	24,677	92.0%	21,929	93.1%	24,186	93.1%	24,727	94.1%	26,004	93.0%	21,901	92.0%
Strategic investment businesses	474	1.6%	2,146 ※2	8.0%	1,602	6.8%	1,766	6.8%	1,540	5.9%	1,953	7.0%	1,912	8.0%
Cost of sales, SG&A expenses	27,571		25,973		22,971		25,394		25,650		27,240		23,314	
Royalties/other cost of sales	25,669 ※1	90.4%	23,426 ※3	87.3%	20,579 ※3	87.4%	22,775 ※3	87.7%	23,020 ※3	87.6%	24,347 ※3	87.1%	20,371 ※3	85.5%
Commissions	42	0.1%	37	0.1%	34	0.1%	36	0.1%	33	0.1%	32	0.1%	29	0.1%
Advertising expenses	121	0.4%	160	0.6%	113	0.5%	82	0.3%	53	0.2%	57	0.2%	63	0.3%
Personnel expenses	899	3.2%	1,456 ※2	5.4%	1,374	5.8%	1,527	5.9%	1,480	5.6%	1,582	5.7%	1,619	6.8%
Depreciation/amortization	229	0.8%	305	1.1%	276	1.2%	304	1.2%	345	1.3%	401	1.4%	382	1.6%
Other	610	2.1%	587	2.2%	592	2.5%	668	2.6%	716	2.7%	819	2.9%	845	3.6%
Operating profit	836		851		562		560		619		715		500	
Ordinary income	846	3.0%	836	3.1%	547	2.3%	552	2.1%	612	2.3%	675	2.4%	472	2.0%
Profit attributable to owners of parent	617 ※4		218 ※4 ※5		260		480		312 ※6		316 ※6 ※7		-187 ※6 ※8	
EBITDA	1,065	3.8%	1,157	4.3%	839	3.6%	864	3.3%	964	3.7%	1,117	4.0%	883	3.7%

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

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

*3 Of which ¥22,599mn in FY2021 2Q, ¥20,053mn in 3Q, ¥22,248mn in 4Q, ¥22,734mn in FY2022 1Q, ¥23,912mn in 2Q, and ¥19,974mn in 3Q were related to the eBook distribution business

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

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

*6 With regard to the equity stake taken in Creatubbles in June 2016, an impairment loss of ¥504 million has been recorded to cover the entire value of the shares, while ¥844 million in corporate bonds out of a total of ¥1,202 million has already been recorded as allowance for doubtful accounts. In 1Q FY2022, there was a further increase in the asset deficiency of the company. In addition, the weaker yen led to a significant increase in the deficiency when it was converted into yen, resulting in an extraordinary loss of ¥111mn, and additional provisions of ¥54mn and ¥4mn recorded in 2Q and 3Q, respectively

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

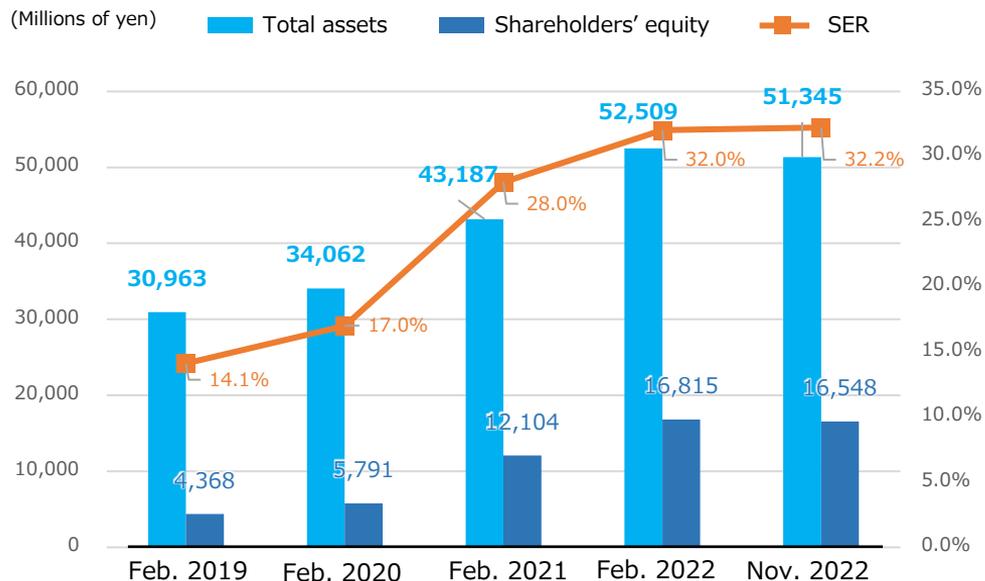
*8 Impairment loss on Nagisa goodwill of ¥280mn and loss on impairment/disposal of software assets following termination of the GREET business of ¥240mn recorded as extraordinary loss

Results for FY2022 2Q (B/S)

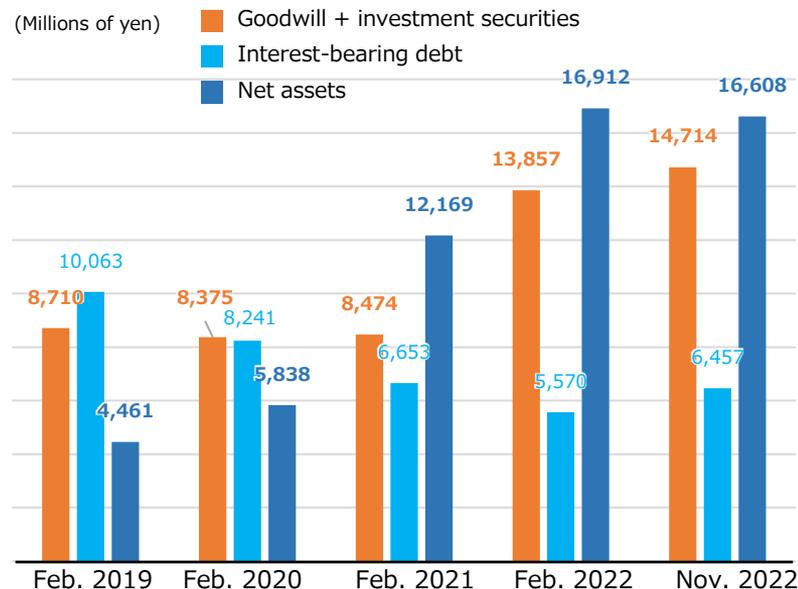
Millions of yen	FY2022 2Q	FY2022 3Q	QonQ change	Main factor behind change
Current assets	38,338	34,022	-4,316	
Cash and deposits	11,377	10,380	-997	
Notes and accounts receivable – trade	25,656	21,776	-3,880	Linked to declining sales.
Non-current assets	17,840	17,322	-517	
Property, plant and equipment	562	679	117	
Software	1,150	950	-199	Reduction due to loss on impairment/disposal of software
Goodwill	7,912	7,480	-431	Reduction due to impairment loss on Nagisa goodwill
Investment securities	7,282	7,234	-47	
Total assets	56,179	51,345	-4,833	
Current liabilities	33,568	29,126	-4,441	
Notes and accounts payable – trade	28,931	25,127	-3,803	Linked to declining sales.
Current portion of long-term borrowings	1,667	1,665	-2	
Total non-current liabilities	5,894	5,610	-284	
Long-term borrowings	5,120	4,792	-327	
Total liabilities	39,462	34,736	-4,726	
Total shareholders' equity	15,518	15,282	-235	
Capital	5,934	5,934	–	
Capital surplus	6,078	6,078	–	
Retained earnings	3,505	3,318	-187	Reduction due to negative profit attributable to owners of parent in 3Q
Total accumulated other comprehensive income	0	-48	-48	Change in account used to show shares of the Company held by Tec Information Corp., an equity-method affiliate
Share option	1,114	1,265	150	Increase in foreign currency translation adjustment
Non-controlling interest	0	0	–	
Total net assets	82	59	-23	
Total liabilities and net assets	16,716	16,608	-107	
Current assets	56,179	51,345	-4,833	

Financial stability has improved following April 2021 capital raise

Shareholders' equity ratio (SER)



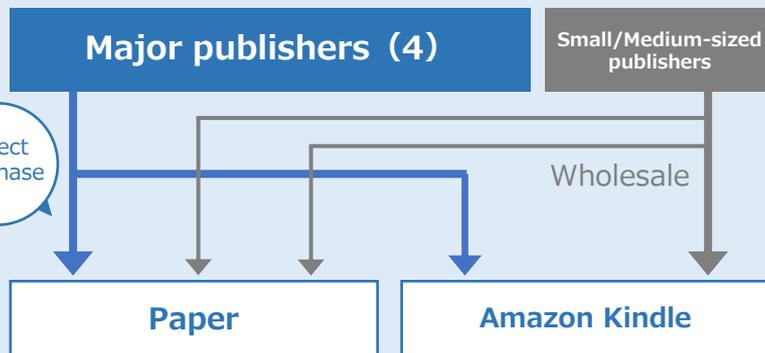
Key B/S accounts



Differences between U.S. and Japanese Publishing Industries

– Differences Creating Need for eBook Wholesalers

U.S. Publishing Industry



Amazon's market share is 60%

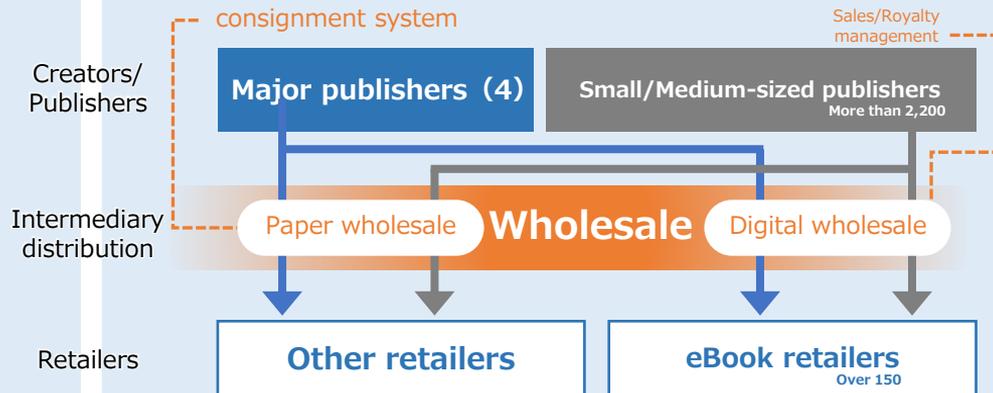
Industry environment

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

Frameworks

- Receive orders by title for wholesalers and distributors

Japanese Publishing Industry



Industry environment

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

Frameworks

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

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

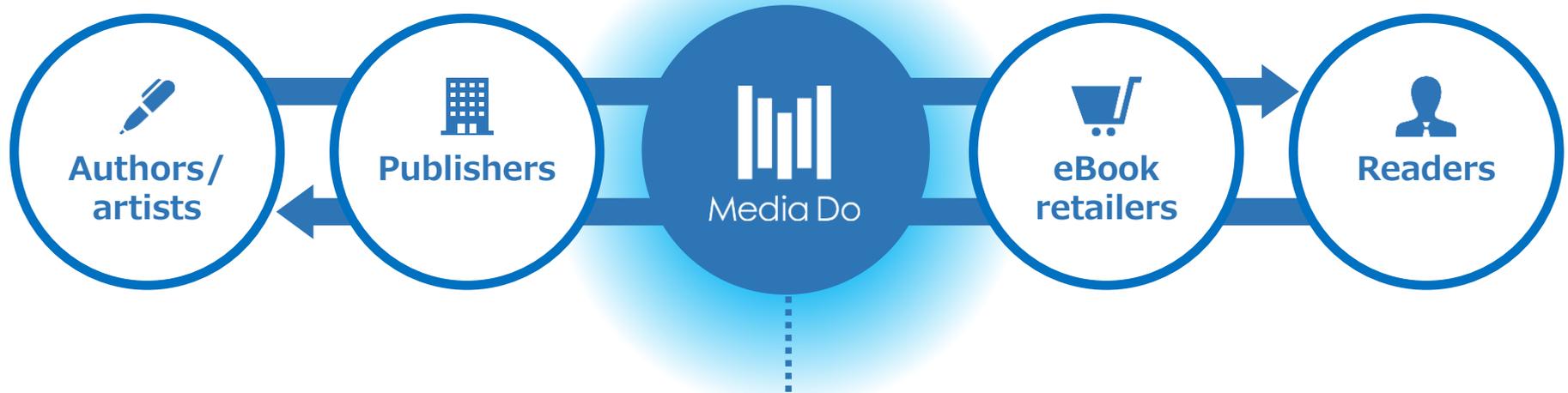
38% of eBooks are distributed via MEDIA DO in Japan

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



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

MEDIA DO is the biggest eBook distributor in Japan



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

MEDIA DO's greatest strengths

(1) Position

Core distribution functions

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

Dominant market share

Globally ranked second only to Amazon by eBook distribution volume with gross transaction value > ¥200bn (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

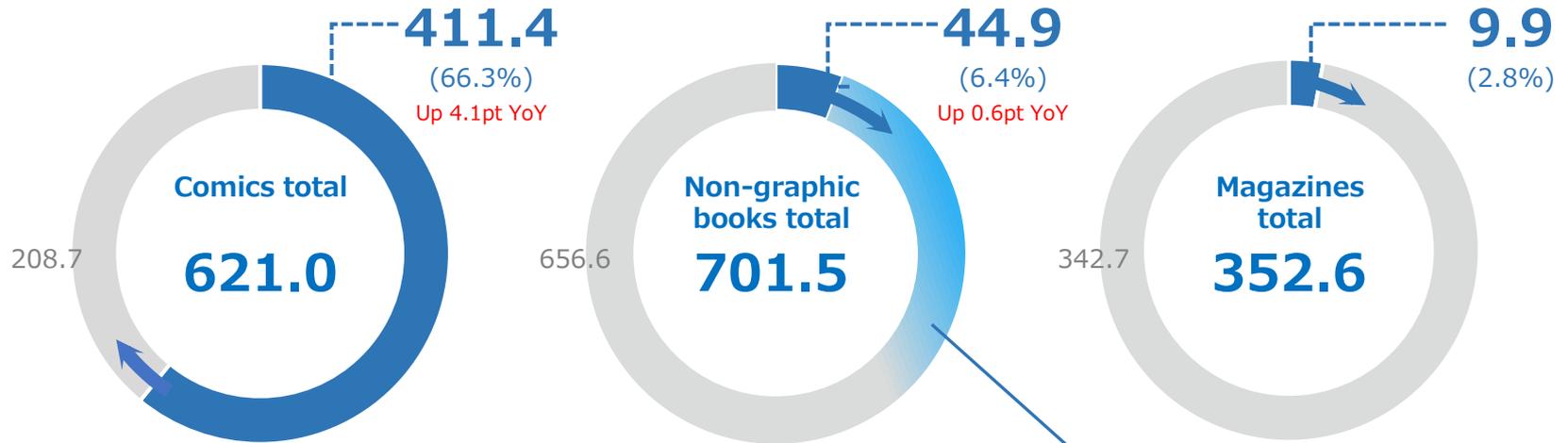
*1. Defined as publishers that belong to the Japan Book Publishers Association (391 members as of June 30, 2022), excluding non print (e.g., audiobook) publishers.

*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.

Comics market grew 12.8% YoY Digitalization of non-graphic books still has a lot of room to run

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



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

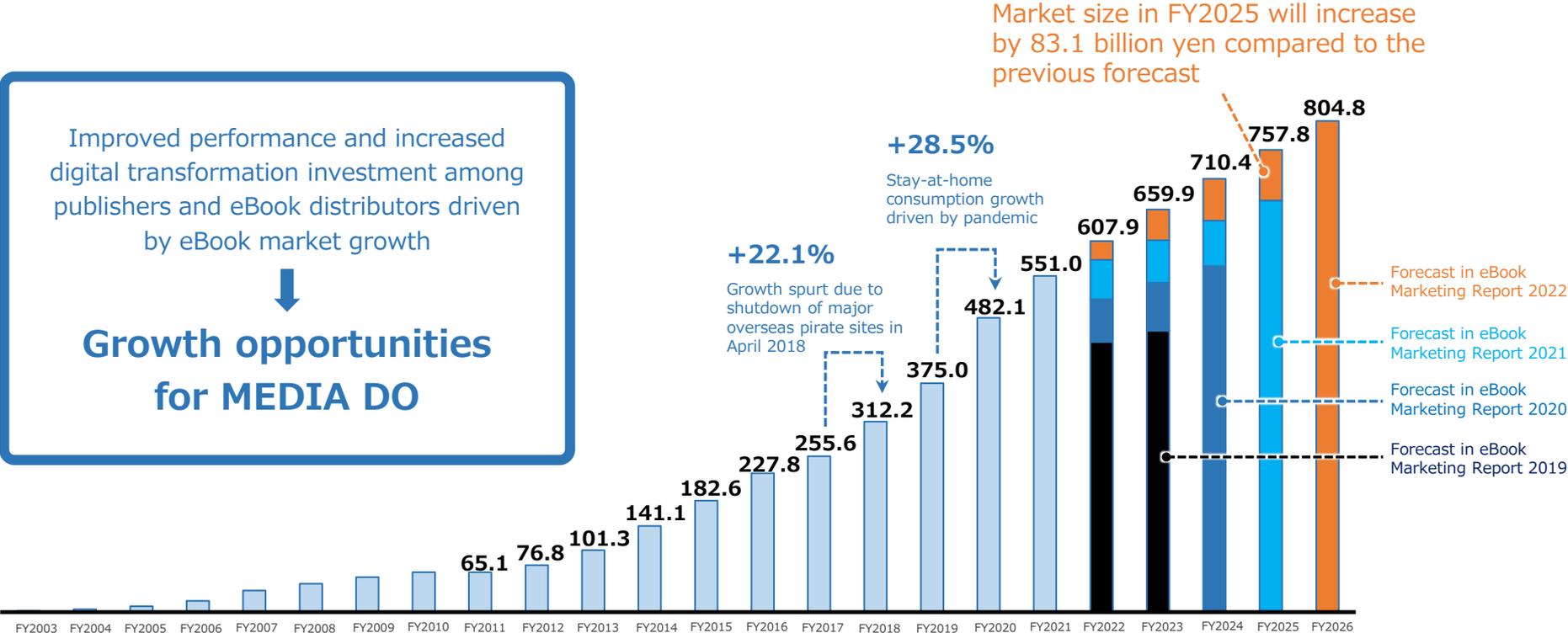
Non-graphic eBooks account for 30-40% of US and Chinese publishing markets

Ongoing growth forecast in the eBook market

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

↓

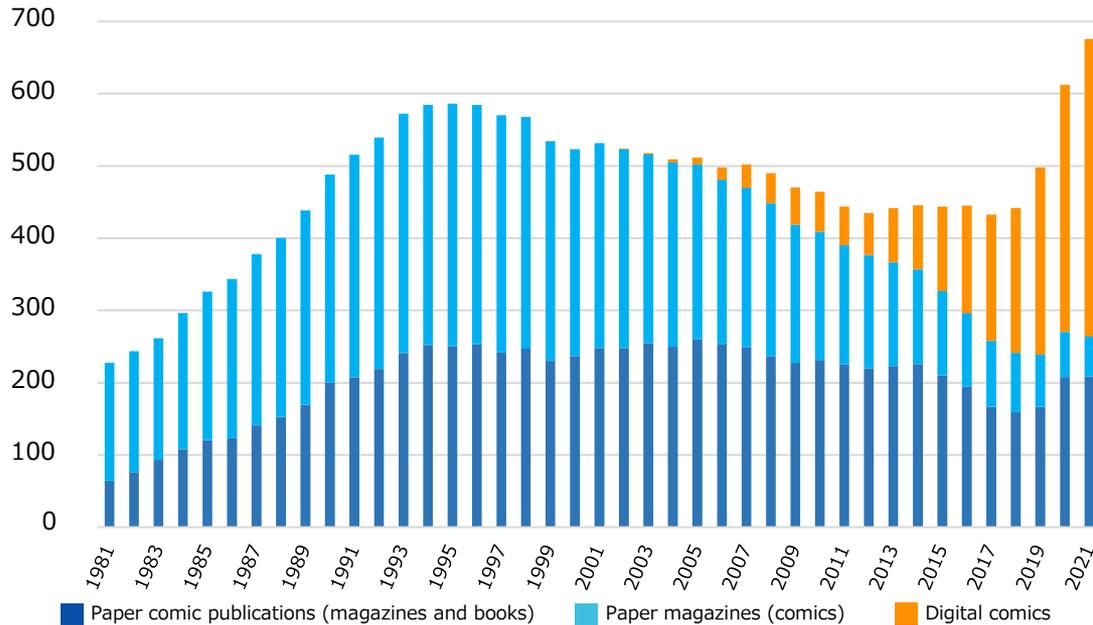
Growth opportunities for MEDIA DO



(Billions of yen)

Aiming to grow the publishing market through digitization

Japan's comics market (Billions of yen)



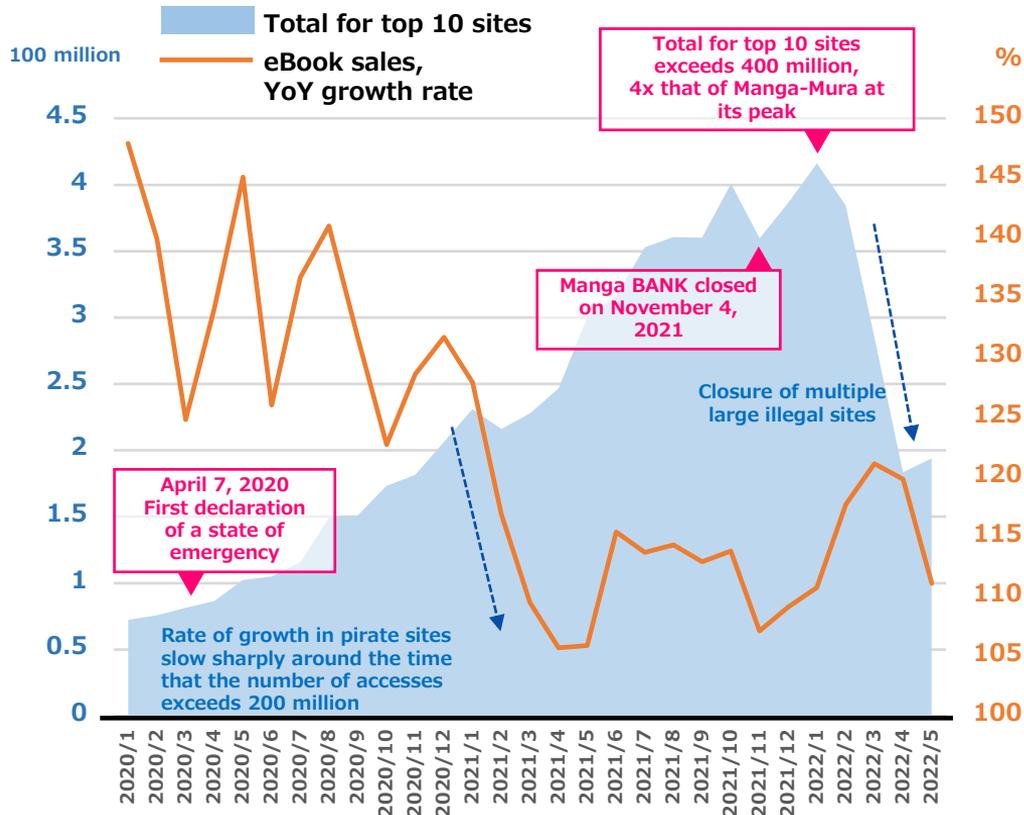
Source: All-Japan Magazine and Book Publishers and Editors Association (AJPEA)

Digitization has led to comics market hitting an **all-time record**



DX promotion in publishing industry contributes to market expansion

Trends for pirate sites



Source: Created by MEDIA DO, similarweb

Status of main countermeasures

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

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

Segment Breakdown



Imprint Business

Applicable Subsidiaries/Services



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



Novel submission website operation and image production business



Comic coloring and picture production support

Publishing Solution Business

Applicable Subsidiaries/Services



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



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



Operation of the flier book summary service

Book Distribution Business

Applicable Subsidiaries/Services



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



Provision of wholesale business process outsourcing services

Global business

Applicable Subsidiaries/Services



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



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



Provision of NetGalley online book marketing tool



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

FanTop Business

Applicable Subsidiaries/Services



NFT marketplace developed by MEDIA DO



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



Operation of free digital comics distribution service

Medium-term Management Plan (FY2022-2026)

Performance figures

Consolidated performance

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

Full-year forecasts by new segments

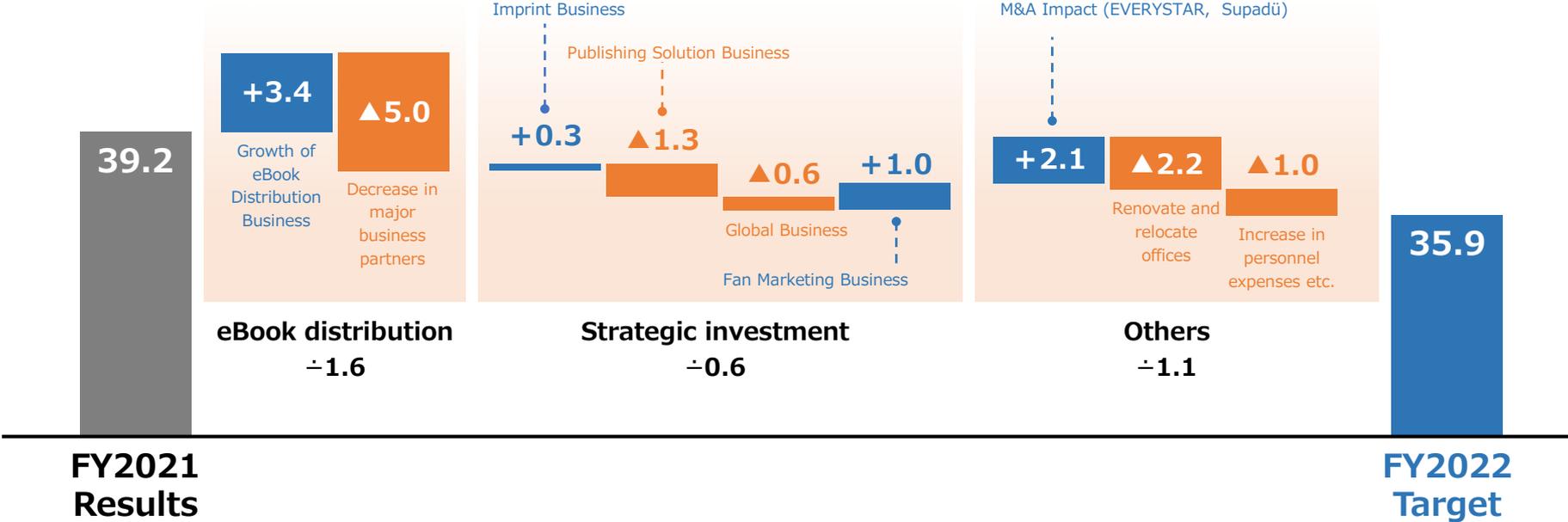
(billion of yen)

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

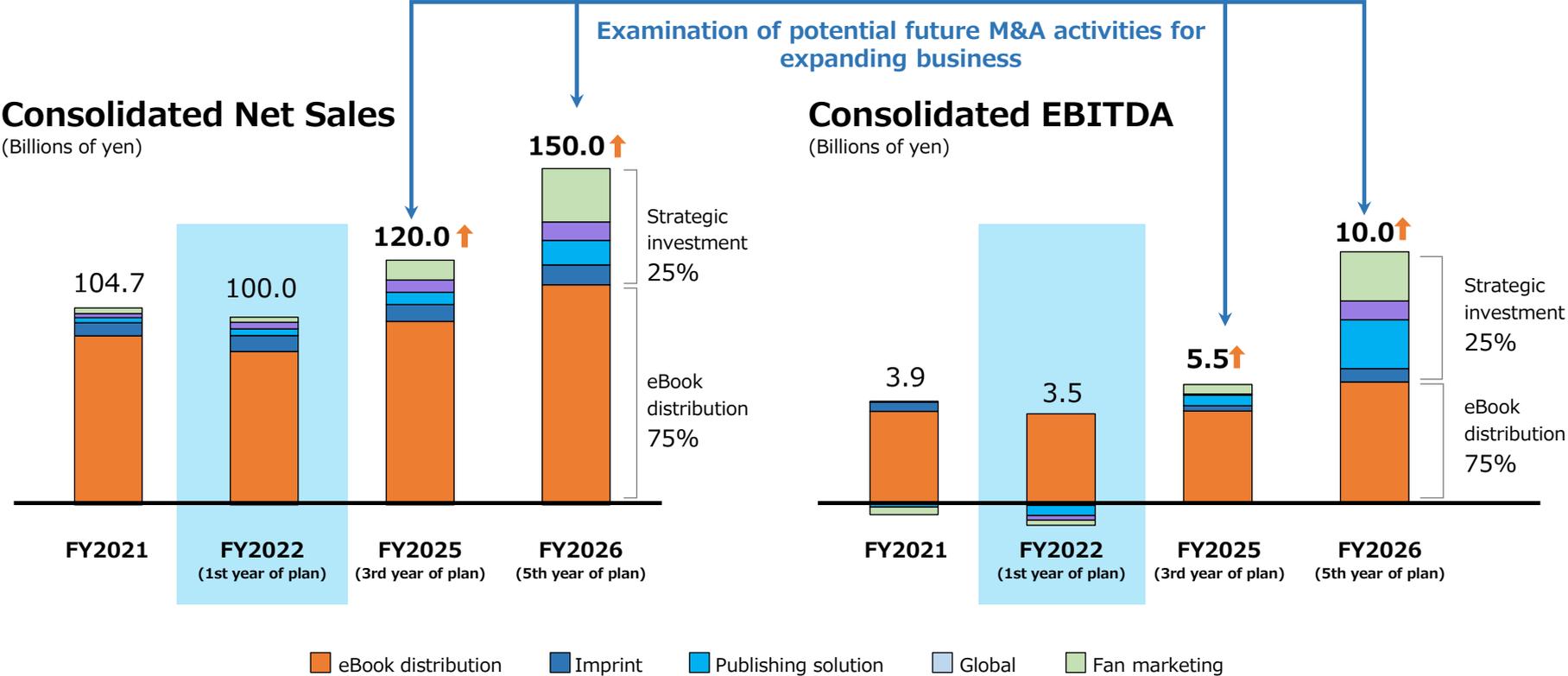
Profit decrease in FY2022 due to lower earnings in the eBook distribution business and upfront investment in strategic investment businesses

Consolidated EBITDA

(100 millions of yen)



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



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

Shareholder Returns Policy

Total return ratio*1

Previously: 20% or more



FY2022 and forward: 30% or more

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

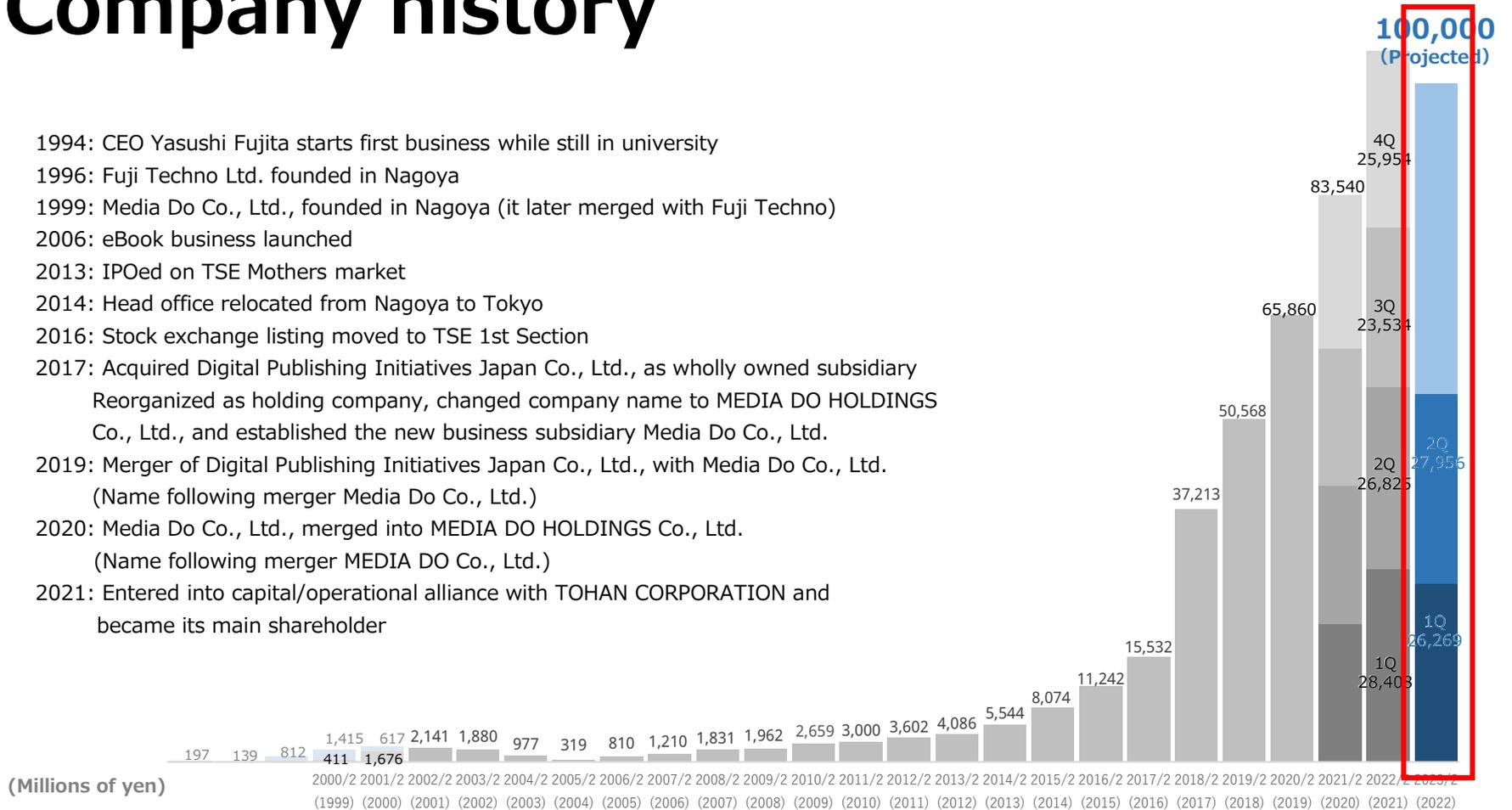
Shareholder Returns-Related Indicators (Millions of yen)

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

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

Company history

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

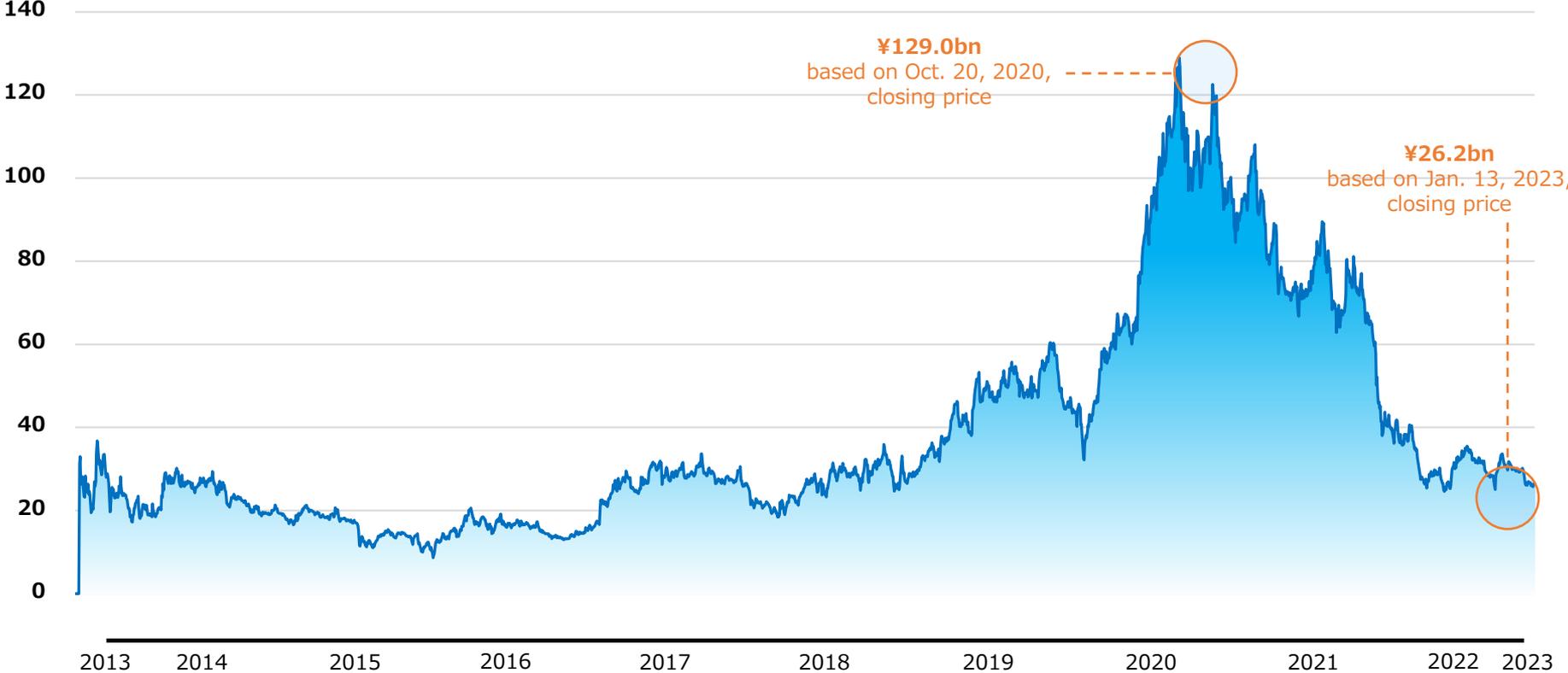


Share price performance and trading volume since IPO



MEDIA DO's market capitalization since IPO

(Billion of yen)



¥129.0bn
based on Oct. 20, 2020,
closing price

¥26.2bn
based on Jan. 13, 2023,
closing price

Company outline

Trade name	MEDIA DO Co., Ltd.	
Established	April 1999	
Capital	¥5,934 million (as of November 30, 2022)	
Stock listing Securities code	Tokyo Stock Exchange, First Section 3678	
Board Members	President and CEO: Yasushi Fujita Director: Shin Niina Director: Atsushi Mizoguchi Director: Hiroshi Kanda Outside Director: Keiichi Enoki Outside Director: Ayako Kanamaru Standing Audit & Supervisory Board Member: Kazuyoshi Ohwada Outside Audit & Supervisory Board Member: Toshiaki Morifuji Outside Audit & Supervisory Board Member: Tsuyoshi Shiina	Senior Executive Officer: Kayoko Hanamura Senior Executive Officer: Susumu Tsukamoto Executive Officer: Teruyoshi Ando Executive Officer: Ryo Yamada Executive Officer: Yoichi Chihara Executive Officer: Hajime Suzumura
Office	Head Office: 5F PALACESIDE Bldg. 1-1-1 Hitotsubashi Chiyoda-ku Tokyo, Japan Tokushima Kito Office: 5-23 Iwatsushi, Kitowamuda, Naka-cho, Naka-gun, Tokushima, Japan	
Subsidiaries	(Domestic) Media Do Tech Tokushima Co., Ltd.; ARTRA ENTERTAINMENT Inc.; J-Comic Terrace Corporation; Digital Publishing Initiatives Japan Co., Ltd.; Flier Inc.; JIVE Ltd.; NIHONBUNGEISHA Co., Ltd.; Everystar Co., Ltd, (Oversea) Media Do International, Inc.; Quality Solutions, Inc. (Firebrand Technologies); NetGalley, LLC; Supadü Limited	
Affiliates	MyAnimeList, LLC; A.I. Squared, Inc.; Tec Information Corp.	



株式会社メディアドウベイメント
(株式会社出版デジタル機構から改称)



Management Team (1/3)



Yasushi Fujita, President and CEO

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

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



Shin Niina, Director, Vice-President and COO

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

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

Management Team (2/3)



Atsushi Mizoguchi, Director and CBDO

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

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



Hiroshi Kanda, Director, CSO and CFO

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

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

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

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

Management Team (2/3)



Senior Executive Officer
(eBook Distribution Business)

Kayoko Hanamura



Senior Executive Officer
(Global Business and Publication Solutions)

Susumu Tsukamoto



Executive Officer
(Publication Solutions)

Teruyoshi Ando



Executive Officer
(Finance)

Ryo Yamada



Executive Officer
(Human Resources/General Affairs)

Yoichi Chihara



Executive Officer
(President & CEO Office)

Hajime Suzumura



Executive Officer
(Accounting and Business Transformation
Certified Public Accountant)

Shoichiro Tokoro

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

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

Forward-looking statement and unaudited information disclaimers

Information presented herein includes forward-looking statements.

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

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

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

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