

FY2021

1Q

Ended May 2021

MEDIA DO Co., Ltd.
Financial Results Briefing



1 Consolidated earnings highlights

2 Future growth plans

(1) eBook distribution business

– Invent future eBook markets

(2) eBook distribution business

– Stimulate the growth of eBook markets

(3) Other businesses

3 Reference data



Earnings Results

1. Consolidated earnings highlights

Consolidated earnings highlights (1)

All-time record sales and profits amid continued eBook market growth

Consolidated: 1Q

Net sales	¥28.4bn	(+40.0% YoY)
Operating profit	¥830mn	(+14.3% YoY)
EBITDA	¥1,060mn	(+16.5% YoY)
Profit attributable to owners of parent	¥610mn	(+37.0% YoY)

Of which, **eBook distribution business's contribution:** 1Q

Net sales	¥28.0bn	(+39.9% YoY)
Operating profit	¥870mn	(+26.7% YoY)

Sales ratio
98.8%

Consolidated earnings highlights (2)

Reference: mapping of recently acquired companies' P/Ls to consolidated P/L

Company	Acquisition date	1Q	2Q	3Q	4Q
MEDIA DO	—	Mar.-May	June-Aug.	Sep.-Nov.	Dec.-Feb.
Nagisa	Oct. 2020	Mar.-May	June-Aug.	Sep.-Nov.	Dec.-Feb.
Firebrand Group	Jan. 2021	—	Apr.-June	July-Sep.	Oct.-Dec.
NIHONBUNGEISHA	Mar. 2021	—	Apr.-Aug.	Sep.-Nov.	Dec.-Feb.

Firebrand Group and Nihonbungeisha will be included in consolidated P/L from 2Q

Note: Nihonbungeisha's 2Q is five months long

M&A's impact on P/L in FY2021

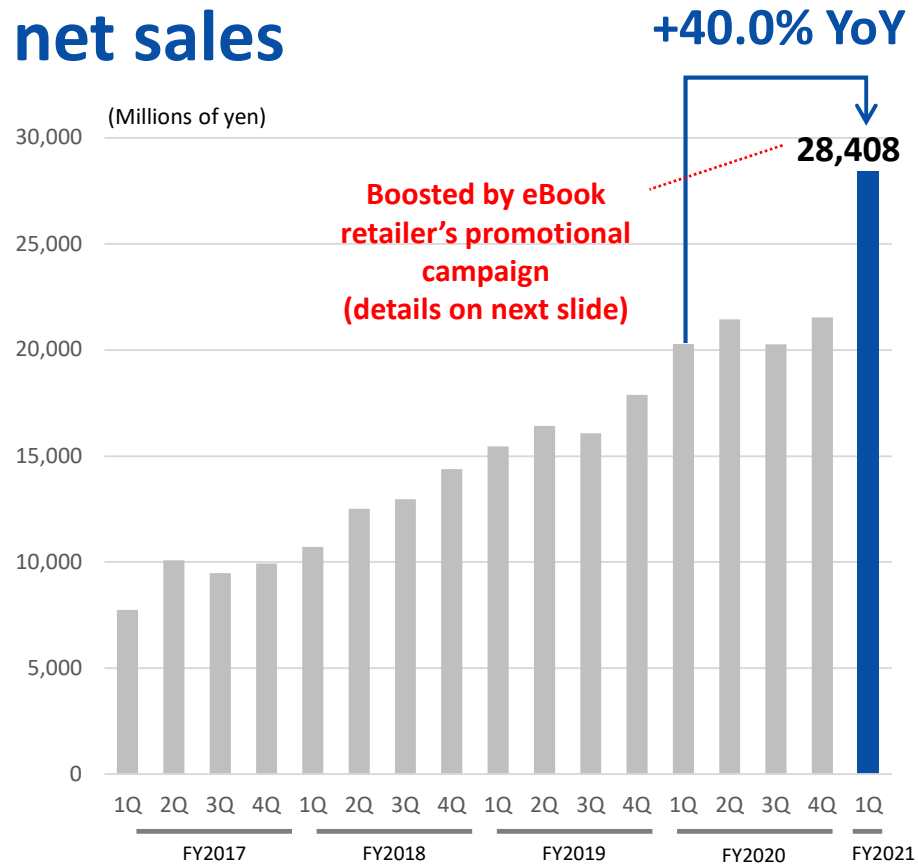
(Millions of yen)		FY2020	FY2021 forecast (rough estimate)				
		Full year	1Q	2Q	3Q	4Q	Full year
Net sales	Nagisa	69	110	140	190	240	680
	Firebrand	—	—	360	340	340	1,040
	NIHONBUNGEISHA	—	—	1,340	920	1,010	3,270
	Total	69	110	1,840	1,450	1,590	4,990
Operating profit after goodwill amortization	Nagisa	(49)	(60)	(90)	(110)	(130)	(390)
	Firebrand	—	—	20	20	20	60
	NIHONBUNGEISHA	—	—	20	10	50	80
	Total	(49)	(60)	(50)	(80)	(60)	(250)

In addition to the above, we expect continued investment in subsidiaries to detract from FY2021 EBITDA by ¥140mn YoY (see slide 47)

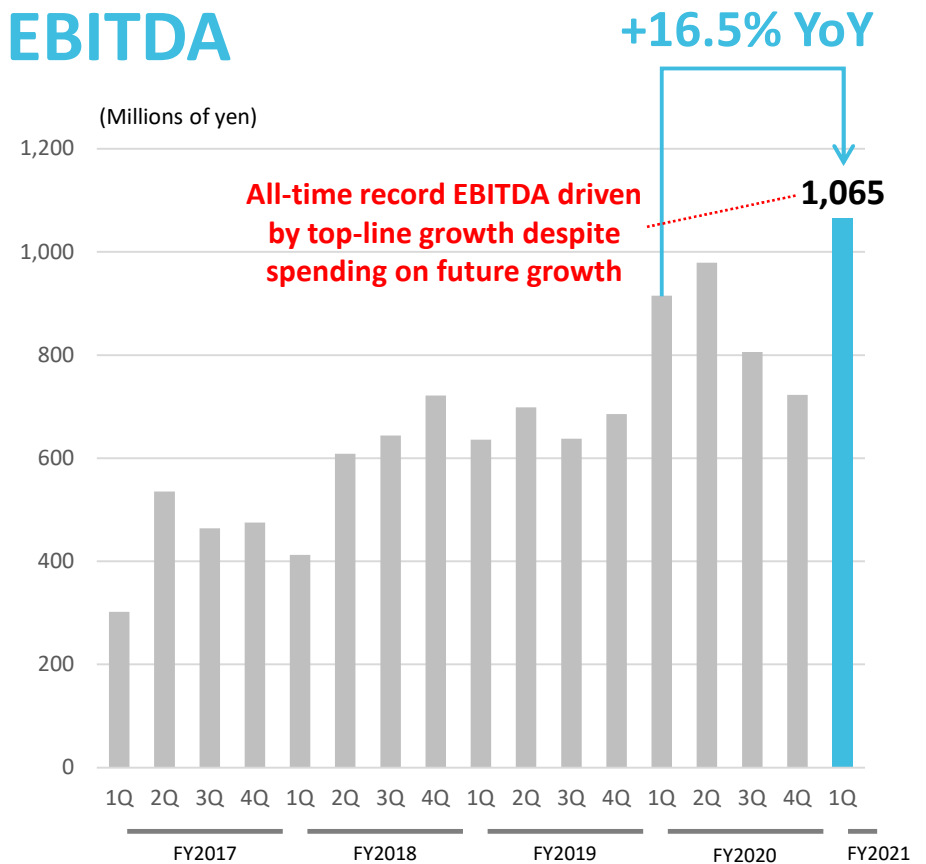
Consolidated earnings highlights (3)

All-time record quarterly net sales and EBITDA

Quarterly consolidated net sales



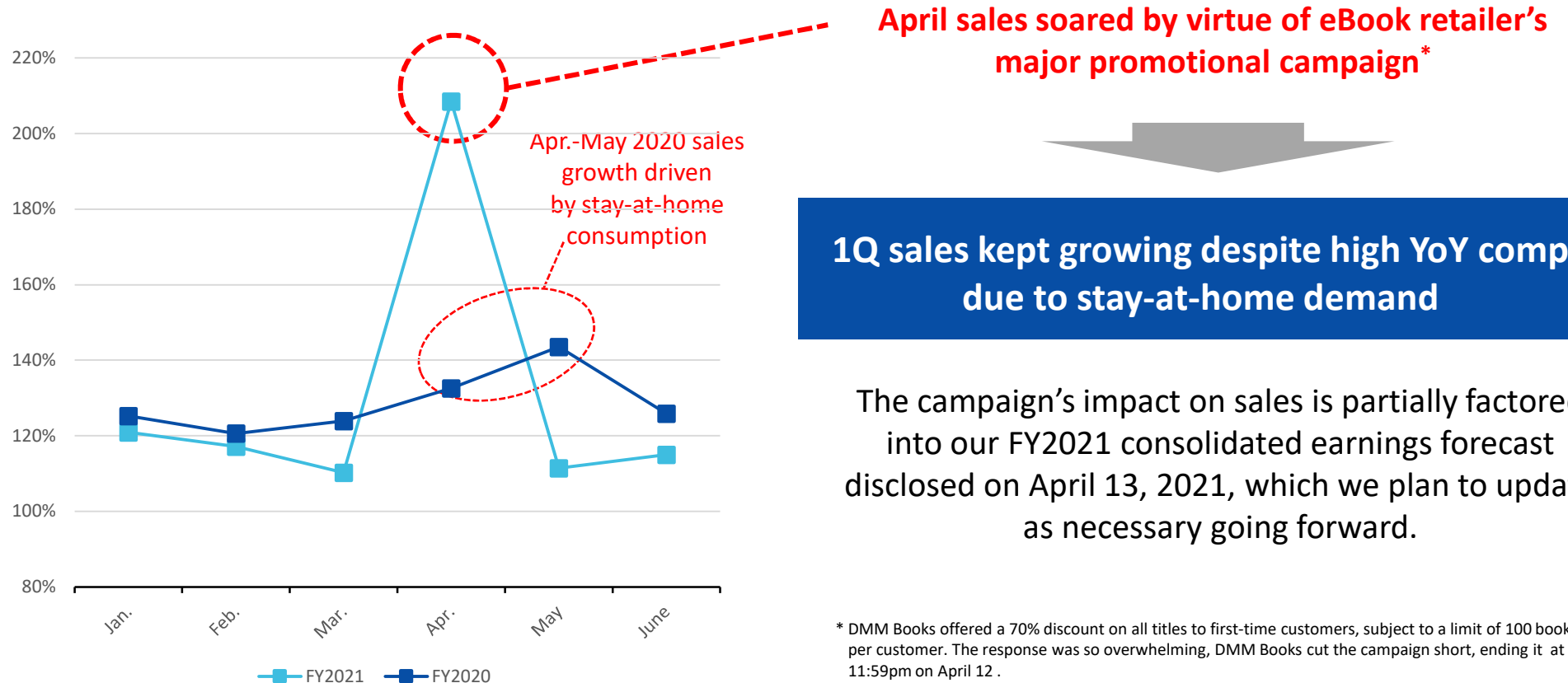
Quarterly consolidated EBITDA



Consolidated earnings highlights (4)

Book retailer's April promotional campaign greatly boosted sales

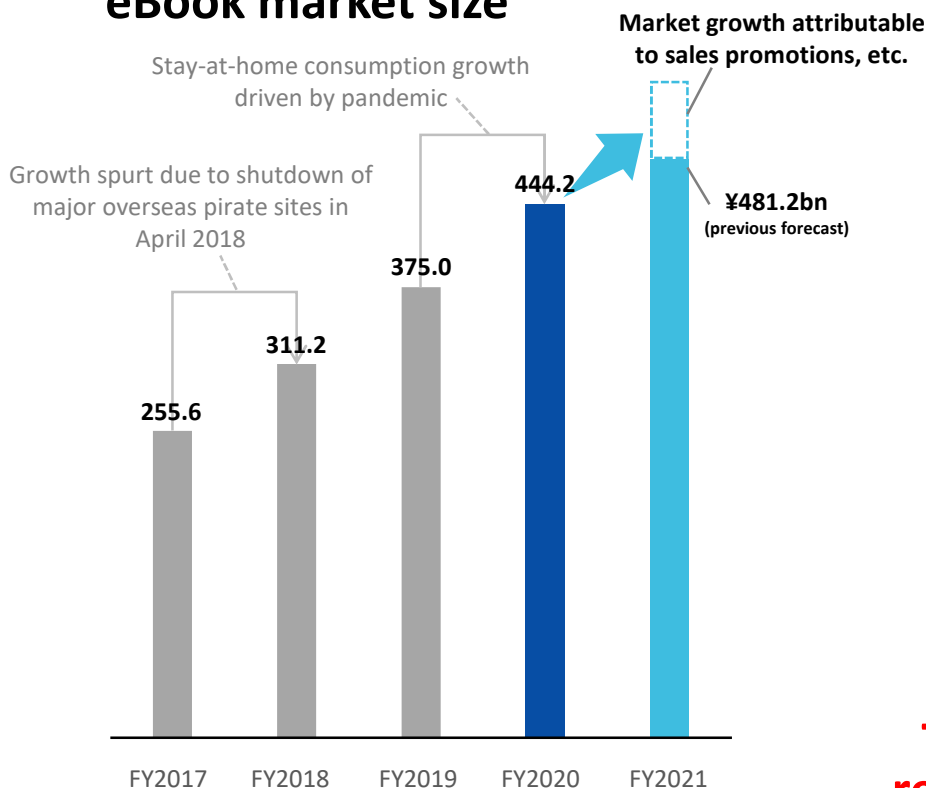
eBook distribution business's YoY net sales growth rate



Consolidated earnings highlights (5)

In FY2021, we look for market growth driven by individual companies' initiatives, in contrast to FY2020, when entire market grew by virtue of stay-at-home demand

eBook market size



Source: Impress Research Institute's eBook Marketing Report 2020 on Japanese market
Note: FY2017-19 data are actual; FY2020-21 are forecasts.

FY2020

Refraining from unnecessary outings amid pandemic
→ Growth in at-home entertainment demand
Growth in entire eBook market

FY2021

Inexorable migration from paper to eBooks
→ Mega sales promotions by eBook retailers capitalizing on the opportunity
Divergence in growth rates between strong and weak companies

→ With a customer base of 150+ mostly big eBook retailers, Media Do is uniquely positioned to benefit from market growth again in FY2021

Consolidated earnings highlights (6)

No change in unique position as Japan's biggest eBook distributor

Media Do's greatest strength

Position

Core distribution functions

Does business with 2,200+ eBook publishers and nearly all of Japan's 150+ eBook retailers, including major ones

Dominant market share

Globally ranked second only to Amazon by eBook distribution volume with gross transaction value > ¥155bn*
*FY2020

Global presence

The only Asian company with an executive serving as co-chair of W3C's Publishing Business Group
First Japanese W3C evangelist

Industry support

Over 14% owned by publishers, mainly Japan's four biggest ones* and TOHAN

* Kadokawa, Kodansha, Shogakukan and Shueisha (listed in alphabetic order). As of Feb. 28, 2021.

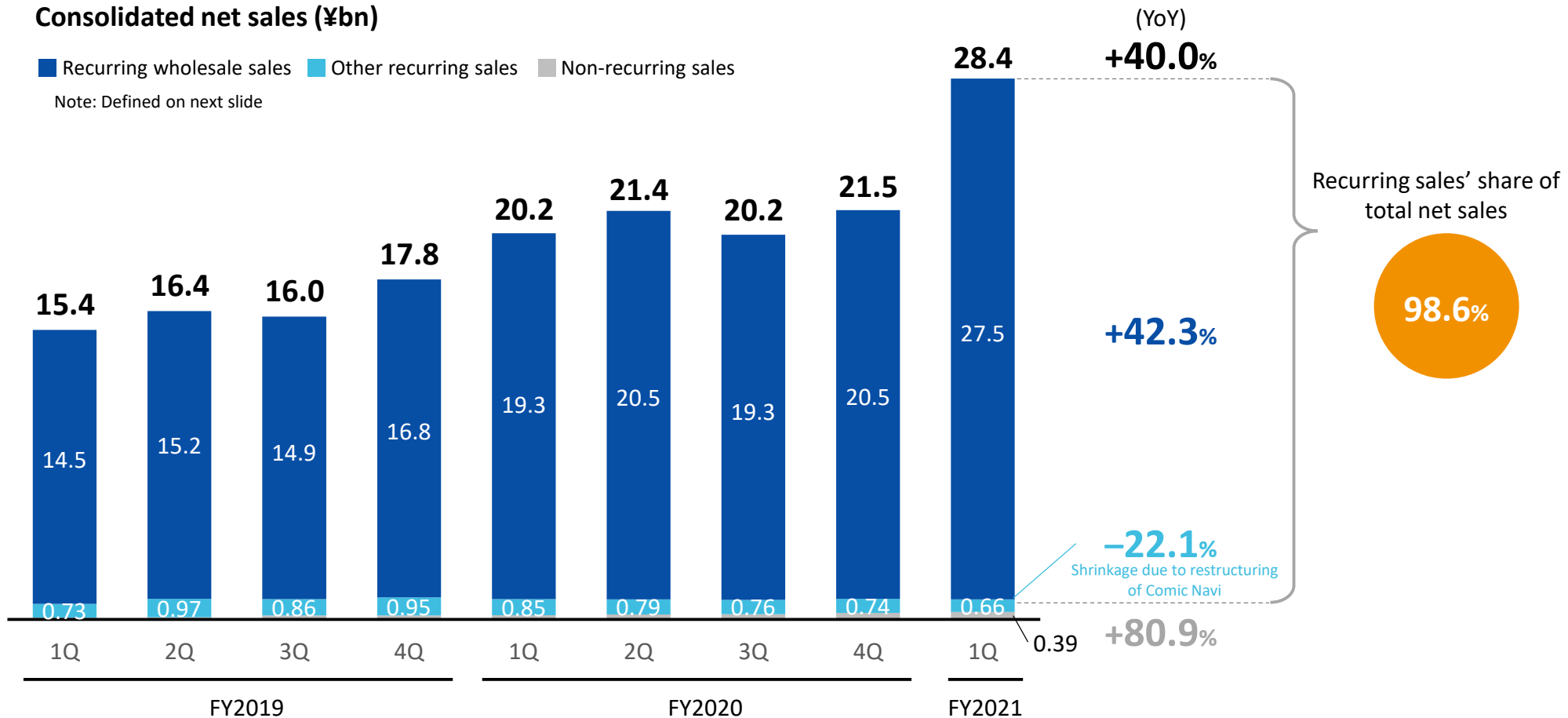
Consolidated earnings highlights (7)

We have mostly recurring-revenue businesses with favorable prospects of stable earnings driven by market growth or customer expansion

Consolidated net sales (¥bn)

■ Recurring wholesale sales ■ Other recurring sales ■ Non-recurring sales

Note: Defined on next slide



Consolidated earnings highlights (8)

We aim to use cash flow from recurring wholesale sales to rapidly lay groundwork for new businesses

Stimulate the growth of eBook markets

Recurring wholesale sales

Sales from intermediating eBook sales between publishers and eBook retailers

$$\text{KPI Net sales} = \text{eBook market size} \times \text{Our market share} \times \text{Our take rate}$$

Continue to expand eBook market **Develop additional systems to grow share** **Maintain take rate by upgrading services**

Continued stable cash flow generation driven by market expansion

Reinvest to support eBook market's growth and gain share

Invest to expand through new business creation

Invent future eBook markets

Other businesses

Other recurring sales

Sales from publishing DX SaaS business (Firebrand/NetGalley) and monthly subscription services like Comic Navi/Flier

Note: Other recurring sales will shrink YoY in FY2021 as a result of Comic Navi's restructuring but the Firebrand Group acquisition will contribute to sales from 2Q and we plan to develop and roll out new services like PUBNAVI, a publishing ERP service

Non-recurring sales

Sales from imprint business (NIHONBUNGEISHA/Jive) and pay-per-use services like Nagisa's ZeroComi

Consolidated earnings highlights (9)

M&A done in 2021 are first step toward paper/eBook publishing DX

Acquired Jan. 2021



Acquisition cost

¥1.48bn

(converted from USD at Jan. 15, 2021,
exchange rate (¥103.83/\$))

**Core systems,
including for paper books**

Acquired Mar. 2021

日本文芸社
NIHONBUNGEISHA

¥1.51bn

(including advisory fees)

**Published content,
including paper books**

Acquired 5.56% equity stake in Apr. 2021

TOHAN

¥2.93bn

**Paper book
distribution**

**Realization of
publishing DX
inclusive of
paper books**

¥5.92bn in total

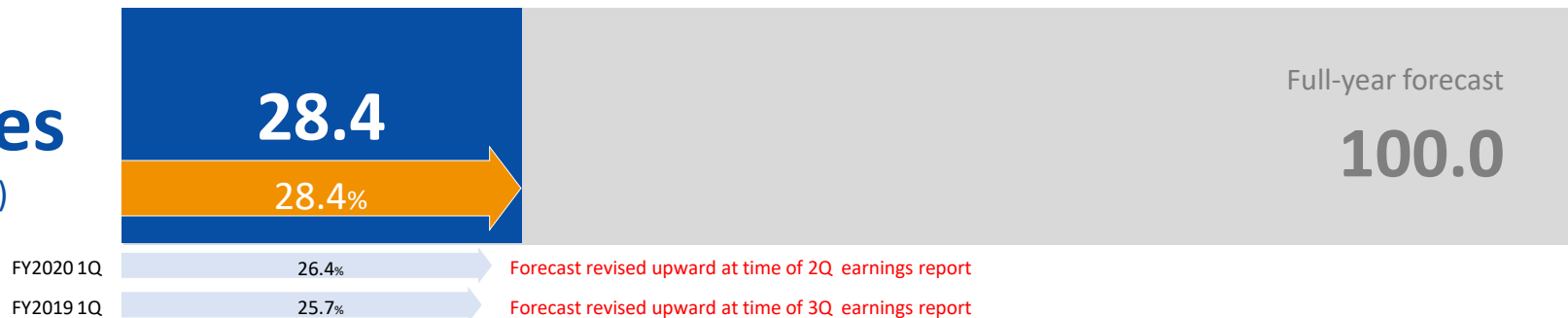
Consolidated earnings highlights (10)

Sales & profits both tracking ahead of initial forecast

Consolidated results: 1Q results relative to full-year forecast* (billions of yen)

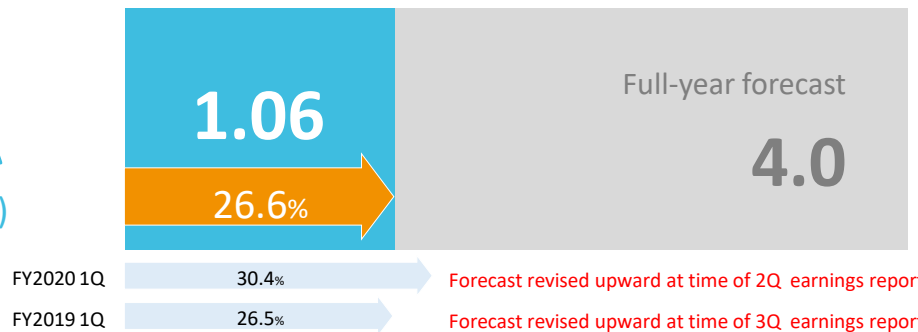
Net sales

(Attainment rate)



EBITDA

(Attainment rate)



→ Solid progress toward achievement of initial results forecast

* Full-year forecast as per figures announced on April 13, 2021.



Business Strategy

2. Future growth plans

eBook distribution business

**Invent
future eBook markets**

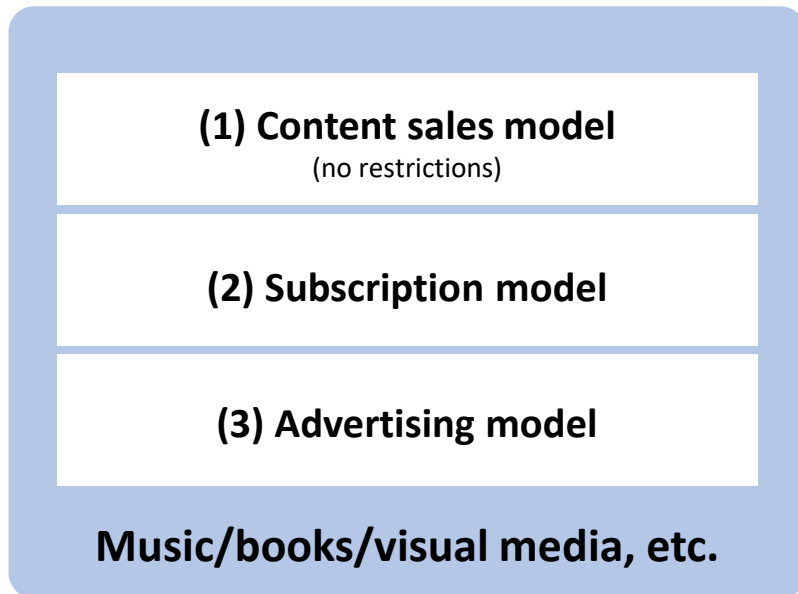


Invent future eBook markets (1)

The world Media Do aims to bring about with blockchain technology

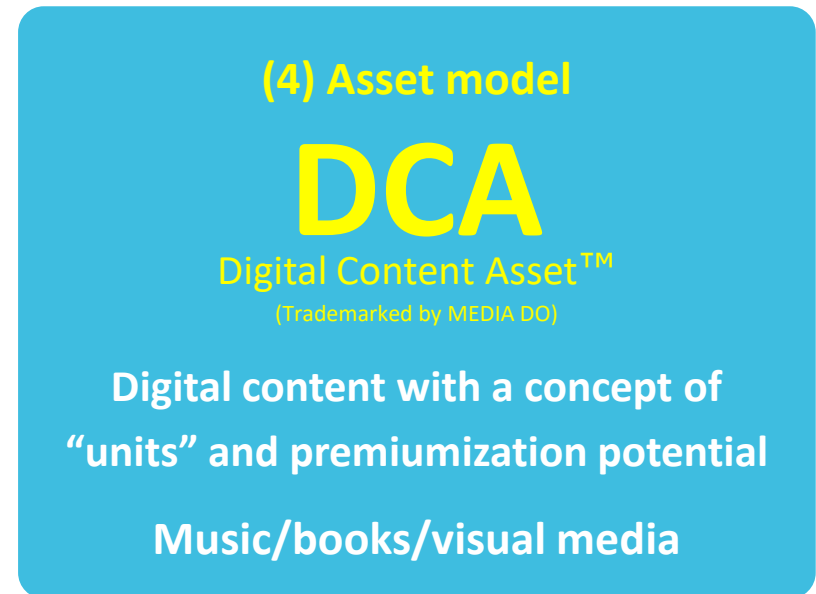
Central server platforms

→ Model currently used by most digital content services (e.g., Spotify, Kindle, YouTube, Netflix)



Blockchain platform

New content service proposed by Media Do



→ Leveraging technology to maximize content value

Invent future eBook markets (2)

The advent of NFTs (digital content with a concept of “units”) has ushered in a new era of digital content

	Cryptocurrencies	NFT (non-fungible tokens)	Existing digital content
Technology	Decentralized system (Public chain)	Decentralized system (Public chain)	Centralized system
Fungibility	Yes (1 BTC has the same value no matter who owns it)	No (Digital certificates of ownership with unique serial numbers; no two are the same)	Yes (All copies of the same content are identical no matter who owns them)
Examples	Cryptocurrencies (Bitcoin, Ethereum, Ripple, etc.)	Collectibles (Digital collectibles: NBA Top Shot, CryptoKitties, etc.) → “Ownership” concept	Publicly distributed eBooks, music, visual media (Kindle, YouTube, Spotify, etc.) → “Consumption” concept

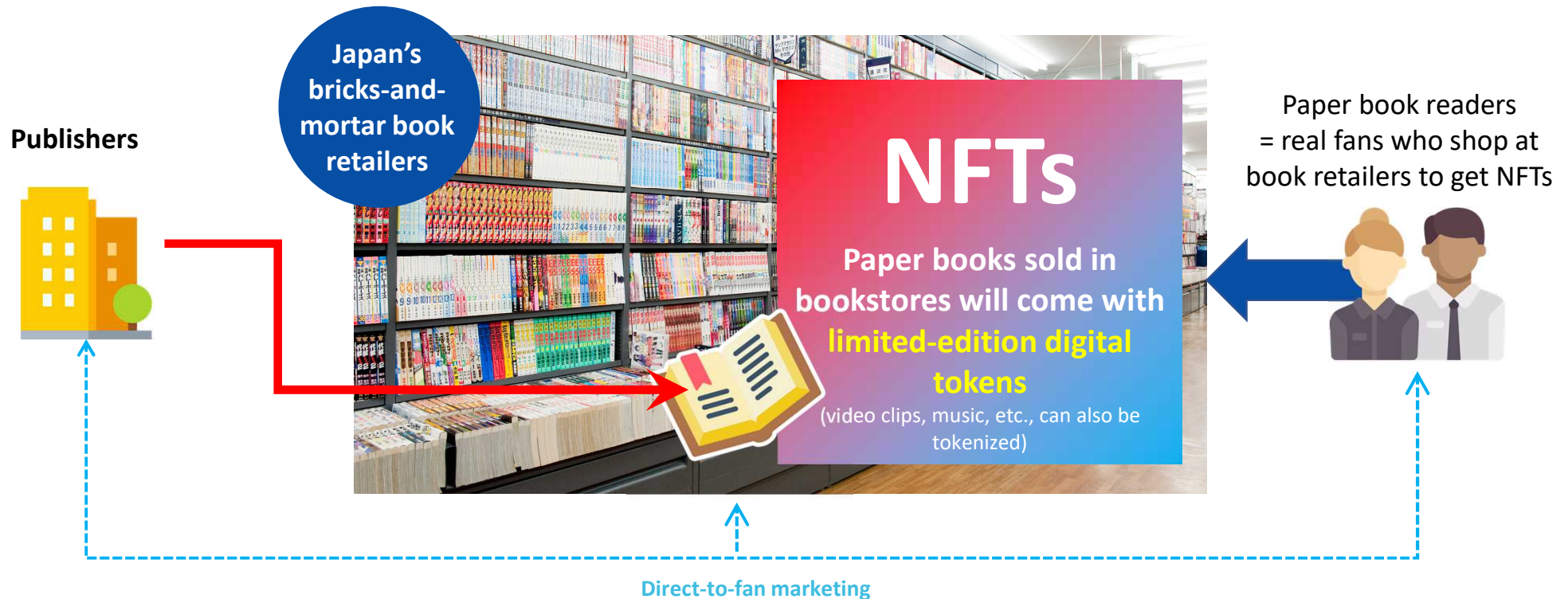
→ **NBA Top Shot*** has intermediated over 3mn transactions totaling over \$500mn since it went live in December 2020 (per data disclosed March 31, 2021)

Source: Dapper Labs ' website (<https://www.dapperlabs.com/>)

* A marketplace where US National Basketball Association fans can collect and trade photos of NBA players and video clips of plays as digital cards

Invent future eBook markets (3)

Aiming to revitalize Japan's book retailers by distributing books digitally tokenized with NFTs through TOHAN

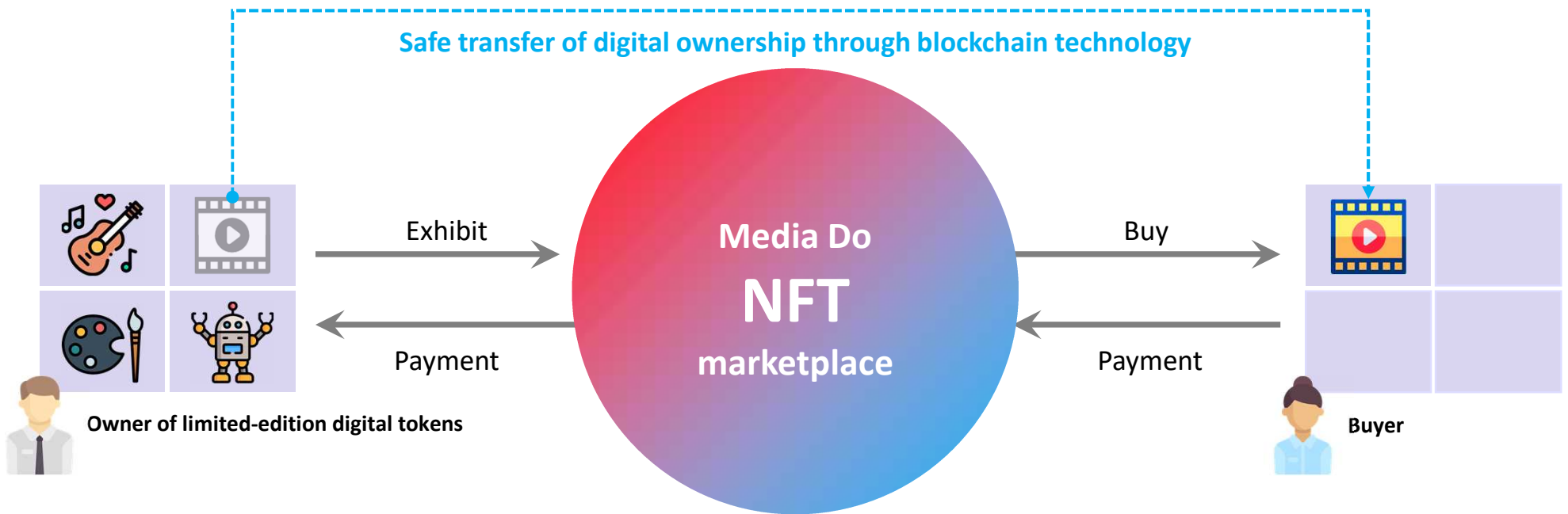


- ✓ Offering NFTs as a bonus to book purchasers should boost book retailers' sales
- ✓ Now planning rollout with Kadokawa, Kodansha, Shueisha, Shogakukan and other publishers

Invent future eBook markets (4)

NFT marketplace slated to **launch this year**

Technology to be developed by summer; service to launch by year-end



✓ **NFTs will be globally tradable** (in, e.g., JPY, USD)

✓ **Digital tokens' trading history will be visible** (enabling to authors and publishers to collect royalties on resales)

Note: Non-NFT business models also under development

eBook distribution business

Stimulate the growth of eBook markets

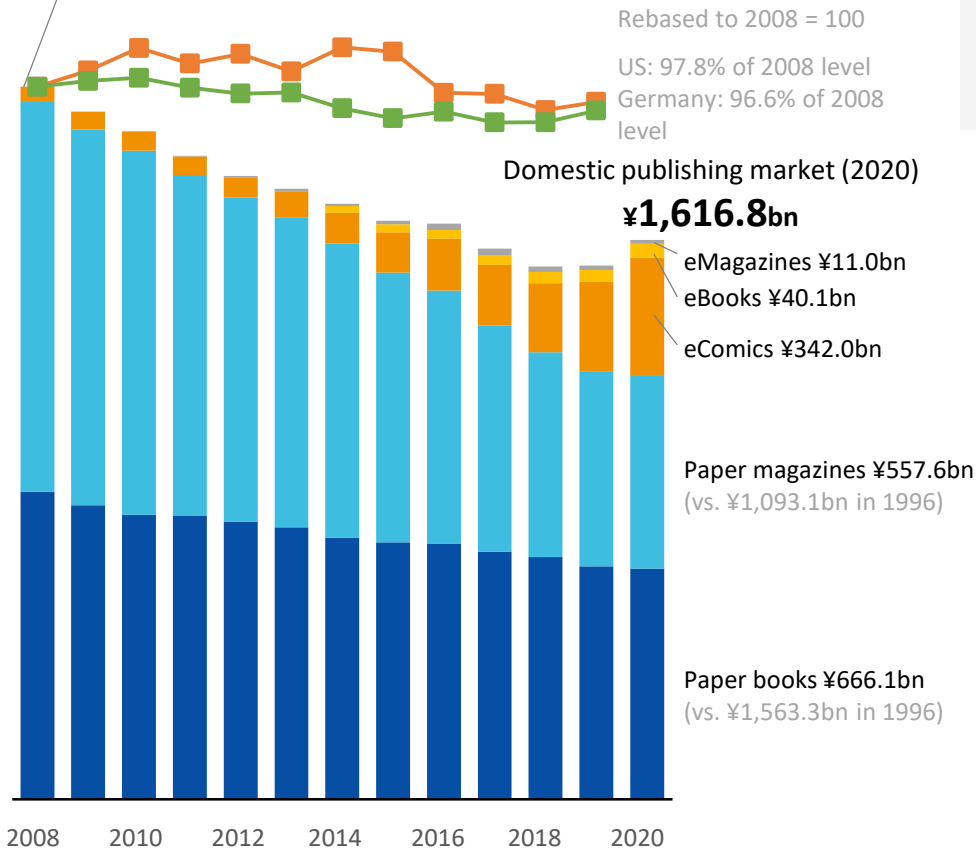


Stimulate the growth of eBook markets (1)

Domestic publishing market has resumed growing, driven by eBook sales growth

Domestic publishing market (2008)

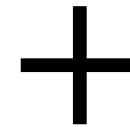
¥2,059.5bn



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

Domestic publishing market shrank 42% from ¥2,650bn in 1996 to ¥1,540bn in 2018

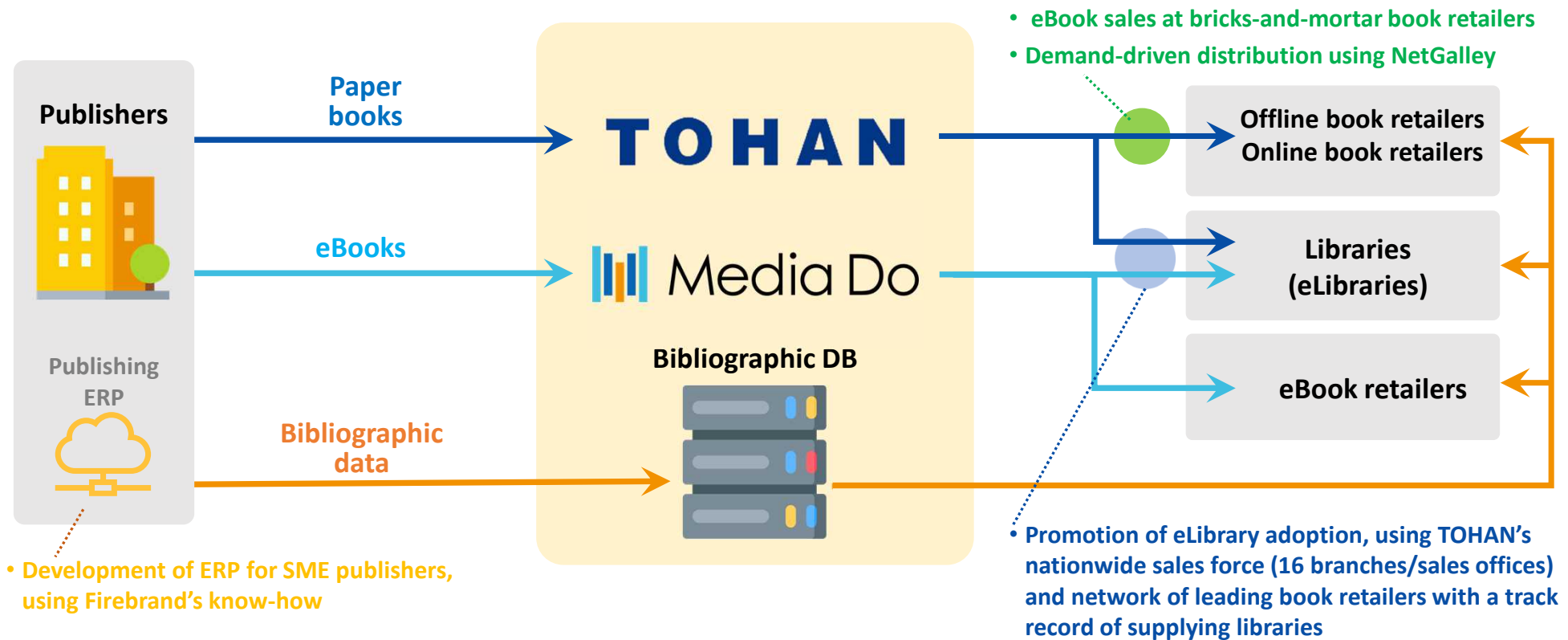
Publishing market has stopped shrinking and started to recover in wake of eBook market growth



We aim to spur further market growth by driving publishing industry **DX**

Stimulate the growth of eBook markets (2)

Strongly supporting publishing industry **DX** in collaboration with Firebrand and TOHAN



→ Promotion of global standardization of publishing across both hard-copy and digital

Stimulate the growth of eBook markets (3)

Set to drive publishing industry **DX** with PUBNAVI revenue/royalty management system

 Media Do

No. 1 eBook distributor

Kowa Computer

Developer with vast experience, mainly in systems for paper book industry

Jointly developing inexpensive, easily adoptable publishing SaaS ERP system

→ Will improve back-office efficiency and reduce costs for publishers

PUBNAVI's functions

eBook sales management

Calculation of eBook royalties

Management of royalty payments (paper and eBooks)

Progress update

- System now being tested by three publishers: Jive, Shuwa System and Takeshobo
- We have received positive feedback on reduction in workloads involved in processing payments and incoming revenues
- We plan to involve many more publishers in upcoming beta testing phase

Service scheduled to launch by year-end



Post launch, we will upgrade system to a publishing ERP by adding functionality, including revenue/royalty management for paper books

Other businesses

Proactive investment for business expansion



Phase 1 of NIHONBUNGEISHA's PMI completed; embarking on imprint project from FY2021



Founded in Jan 1959;
72 employees (including 34 editorial staff)

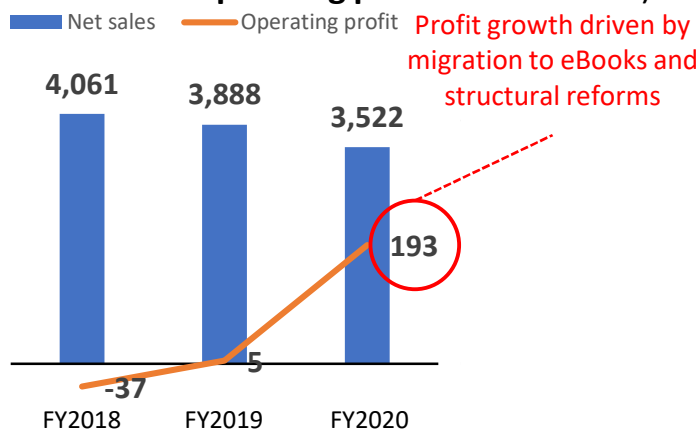
Manga content production

Owns vast library of prime content, including *Minami no Teio*, a series with 1,400+ installments, and popular eManga *Gift Plus Minus*

Publishing management

Regained profitability in FY2019 by improving inventory management and shifting to demand-driven distribution

FY2018–20 operating performance (¥mn)



FY2021 priorities

① Augment digital content

- Develop hit digital manga like *Gannibal*, *Gift Plus Minus* and *Monkey Peak*
- Convert already popular manga to WEBTOON format (vertical scrolling + full color)
- Strengthen production of new WEBTOON content by, e.g., expanding new digital content production staff

② Move forward with imprint project

- Further strengthen controls through, e.g., right-sizing of print runs, PMI monitoring
- Build efficient, digitalized publishing management system and lay groundwork for future M&A in imprint space

→ PMI is progressing in line with initial plan

Media/other businesses (1)

Aiming to build MyAnimeList into manga/anime marketing platform with global reach

Media operations

MyAnimeList

Globally top-tier anime/manga community site

FY2021 initiatives

Deconsolidate into an equity-method affiliate from FY2021 2Q

- Do major upgrade of community features, add more features to official app
- Plan and deploy content in collaboration with content owners, starting with media and publishers that recently acquired equity stakes in MyAnimeList
- Explore synergies/collaborations with NFT business

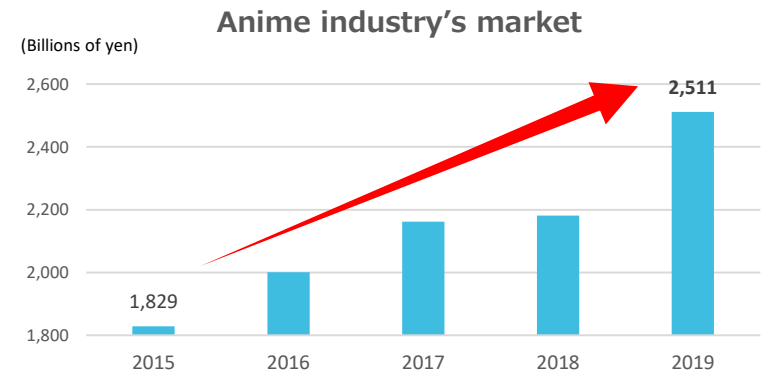
1Q highlights

Official mobile app released last Oct. surpassed 1mn downloads

Akatsuki, Anime Times, Kadokawa and DMM.com bought ¥311mn of newly issued equity, joining Kodansha, Shueisha and Shogakukan as new shareholders

MAU: **18mn**

Total raised: **¥0.9bn**



Source: The Association of Japanese Animators

X
MyAnimeList

270mn monthly page views
Users in over 230 countries/regions

Transformation into IP sales/marketing platform that effectively captures demand from and the interest of the growing legions of fans of Japanese anime/manga

Media/other businesses (2)

Non-core businesses are growing briskly, riding DX trend in publishing industry and across society

Media operations



Business book summary service

Graphic production support



eComic graphic and comic production support service

FY2021 initiatives

Continue B2B expansion

- Targeting cumulative subscribership of 1.2mn by YE 2022
- Raised ¥200mn from Mynavi et al. through Jan. 2021 private-placement offering
- Expanding operations with focus on growing B2B SaaS business

Build capacity to meet growing demand for production and support services

- Branch into production of new digital content, including vertical scrolling and motion manga
- Relocate to larger office space to capture growing demand and expand capacity by accelerating hiring

1Q highlights

Subscribership surpassed 800,000; aiming to reach 1.2mn by 2022

Invested in mass advertising to capture corporate customers and hiring to build sales force, both in pursuit of B2B business expansion

Completed relocation to larger office space

Continued to steadily meet robustly growing demand for various services

Continued to hire additional staff

Eligible to list on TSE's new Prime Market

We received preliminary approval from Tokyo Stock Exchange to list on its Prime Market when its market re-segmentation takes effect in April 2022

→ TSE has confirmed that Media Do meets Prime Market listing criteria



We plan to apply to list on Prime Market pending formal internal authorization and governance upgrades



Appendix

3. Reference data

FY2021 1Q Results (P/L)

	FY2020								FY2021	
	1Q		2Q		3Q		4Q		1Q	
(Millions of yen)										
Net sales	20,292		21,441		20,272		21,533		28,408	
eBook distribution business	20,064	98.9%	21,141	98.6%	19,957	98.4%	21,186	98.4%	28,074	98.8%
Other businesses	228	1.1%	299	1.4%	314	1.6%	347	1.6%	334	1.2%
Cost of sales, SG&A expenses	19,560		20,643		19,650		21,020		27,571	
Royalties/other cost of sales	17,862	88.0%	18,878	88.0%	17,750	87.6%	19,012	88.3% ^{*2}	25,669	90.4%
Commissions	54	0.3%	57	0.3%	53	0.3%	51	0.2%	42	0.1%
Advertising expenses	214	1.1%	200	0.9%	237	1.2%	226	1.0%	121	0.4%
Personnel expenses	750	3.7%	784	3.7%	799	3.9% ^{*1}	852	4.0%	899	3.2%
Depreciation/amortization	182	0.9%	181	0.8%	184	0.9%	210	1.0%	229	0.8%
Other	494	2.4%	541	2.5%	624	3.1%	666	3.1%	610	2.1%
Operating profit	732		797		621		512		836	
Ordinary income	734	3.6%	849	4.0%	615	3.0%	521	2.4%	846	3.0%
Profit attributable to owners of parent	450	2.2%	459	2.1%	354	1.8%	254	1.2% ^{*3}	617	2.2%
EBITDA	914		979		806		723		1,065	

*1 Increased expenses due to Nagisa acquisition.

*2 Transient increase in cost-of-sales ratio due to cooperation with a book retailer's promotional campaign.

*3 Includes a ¥117mn extraordinary gain (gain on change in ownership interest) from revaluation of equity stake in MyAnimeList (MAL) at prorated book value of net assets in conjunction with MAL's deconsolidation into an equity-method affiliate.

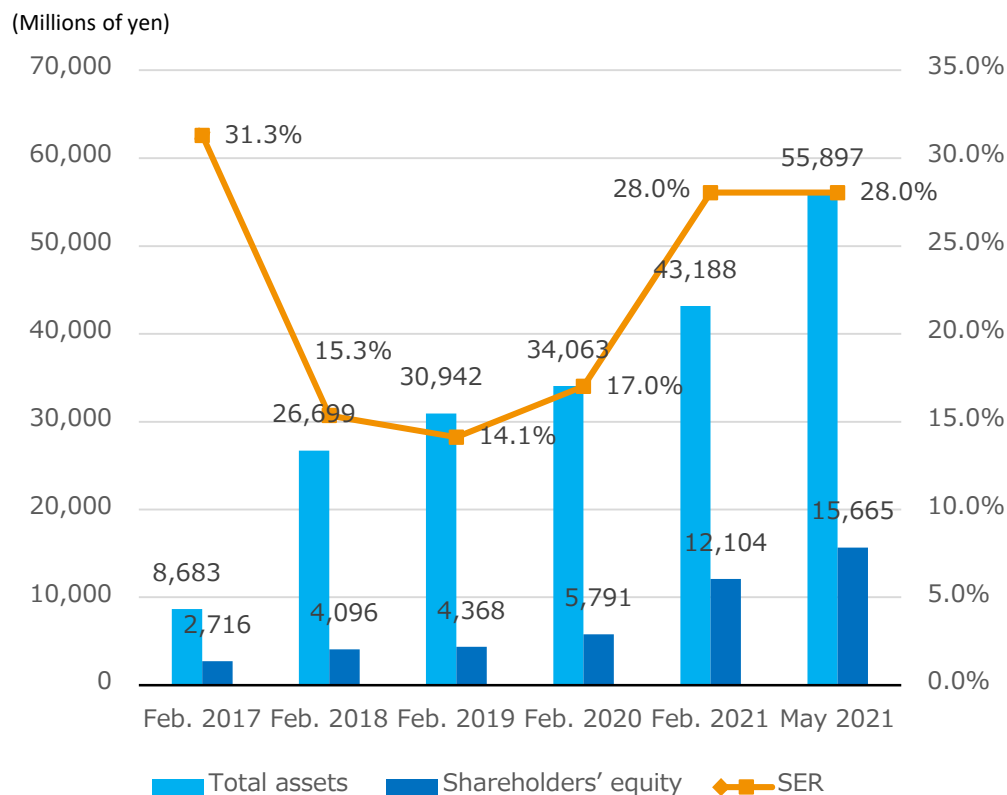
Results for FY2021 1Q (B/S)

(Millions of yen)	FY2020	FY2021	QoQ change	Main factor behind change
	4Q	1Q	(in yen)	
Current assets	33,902	40,807	6,905	
Cash and deposits	12,703	10,790	-1,913	Decreased due to M&A, dividend and tax payments
Notes and accounts receivable*1	19,921	28,592	8,670	Increased due to sales growth and M&A
Non-current assets	9,285	15,089	5,804	
Property, plant and equipment	303	409	105	
Software	556	706	150	
Goodwill	5,713	7,858	2,144	Increased due to M&A
Investment securities	2,761	6,122	3,361	Increased due to capital alliances
Total assets	43,187	55,897	12,709	
Current liabilities	25,425	34,270	8,845	
Notes and accounts payable*1	22,507	30,375	7,867	Increased due to sales growth and M&A
Current portion of long-term borrowings	1,181	1,154	-26	
Fixed liabilities	5,593	5,914	320	
Long-term borrowings	5,471	5,201	-270	Decreased due to debt repayment
Total liabilities	31,018	40,185	9,166	
Shareholders' equity	11,903	15,350	3,447	
Capital	4,415	5,883	1,468	Increased due to private-placement offering
Capital surplus	5,489	7,172	1,683	Increased due to private-placement offering
Retained earnings	2,000	2,295	294	
Total accumulated other comprehensive income	201	314	113	
Share option	11	0	-10	
Non-controlling interest	53	47	-6	
Total net assets	12,169	15,712	3,542	
Total liabilities and net assets	43,187	55,897	12,709	

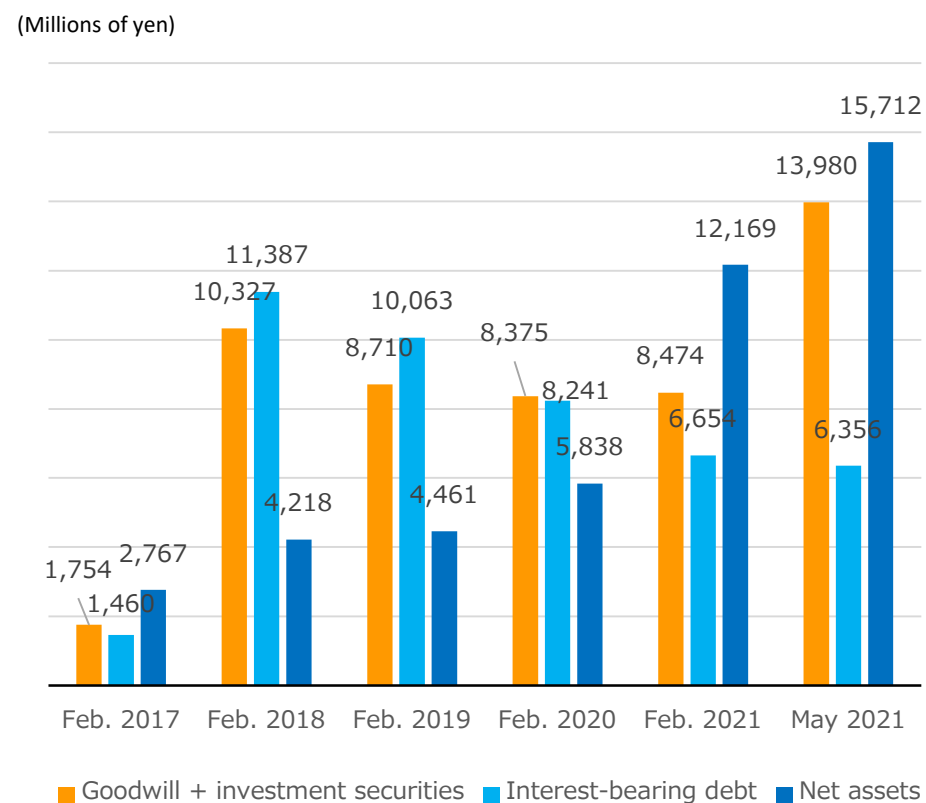
*1 Account name changed in conjunction with M&A

Financial stability has improved following April 2021 capital raise

Shareholders' equity ratio (SER)



Key B/S accounts



Mission: Unleashing a Virtuous Cycle
of Literary Creation

Vision: More Content for More People!

Specifically,

Leveraging its **Position**, Media Do will popularize eBooks and expand the publishing market with its people, IT and strategies

Media Do's greatest strength (1)

Media Do's greatest strength

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 > ¥155bn*

*FY2020

Global presence

Only Asian company with an executive serving as co-chair of W3C's* Publishing Business Group
First Japanese **W3C evangelist**

* 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.

Industry support

Over 14%¹ owned by publishers, mainly Japan's four biggest ones² and TOHAN

1. Based on issued share count at February 28, 2021.

2. Kadokawa, Kodansha, Shogakukan and Shueisha (listed in alphabetic order).

Media Do's greatest strength (2)

Technology

Entirely in-house development

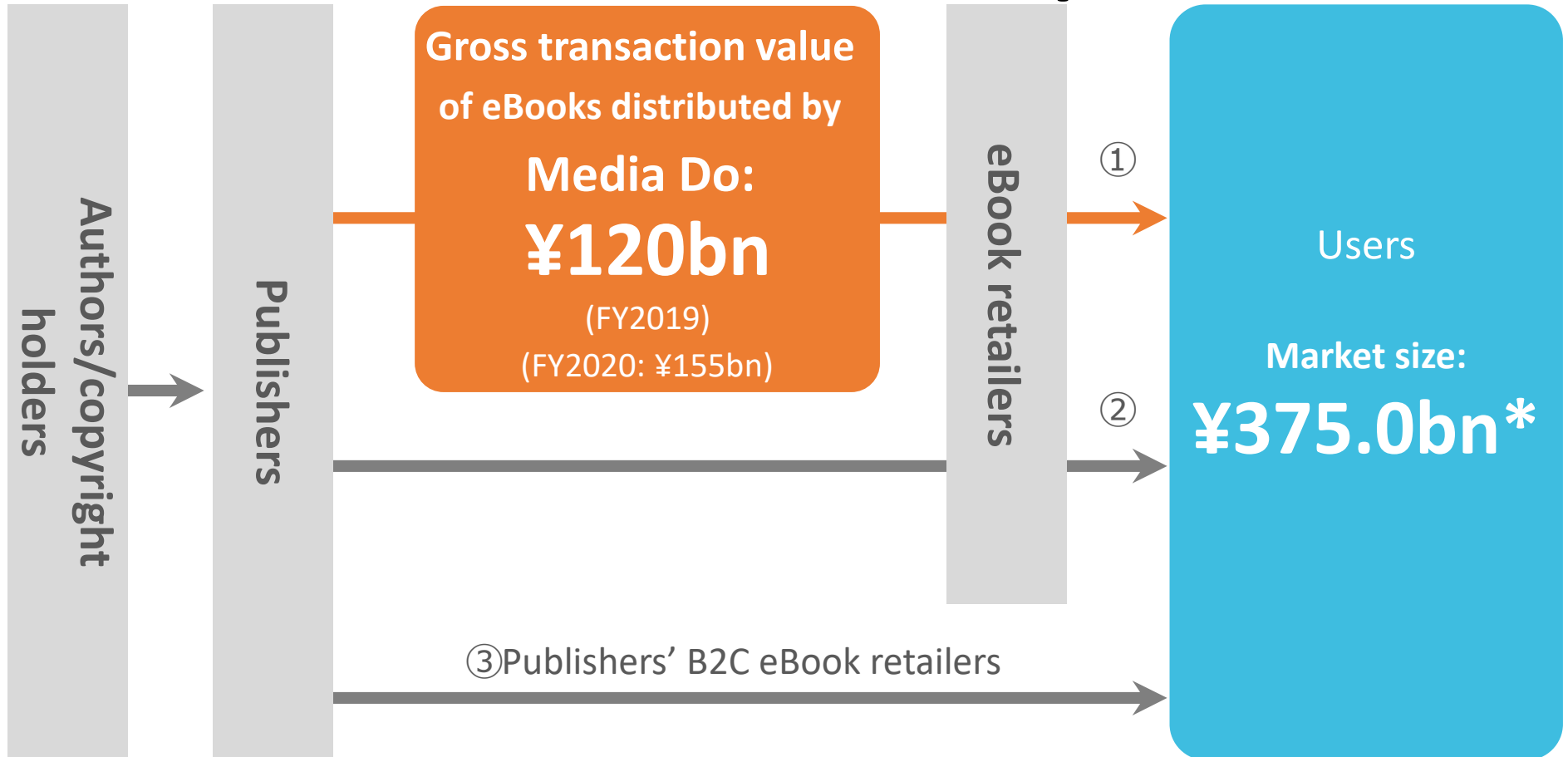
100-strong engineering staff develops core systems entirely in-house, from a high-traffic eBook distribution platform to systems that leverage blockchain and other leading-edge technologies.

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.

Overview of eBook distribution business (1)

35% of eBooks are distributed via Media Do in Japan



Source: Impress Research Institute's eBook Marketing Report 2020 on Japanese market

*Actual FY2019 value

Overview of eBook distribution business (2)

Media Do is the **biggest eBook distributor** in Japan



Facilitating eBook distribution with four services

(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 track record in Japan

Trusted by
publishers

Over **2,200** publisher accounts, including **1,530** 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

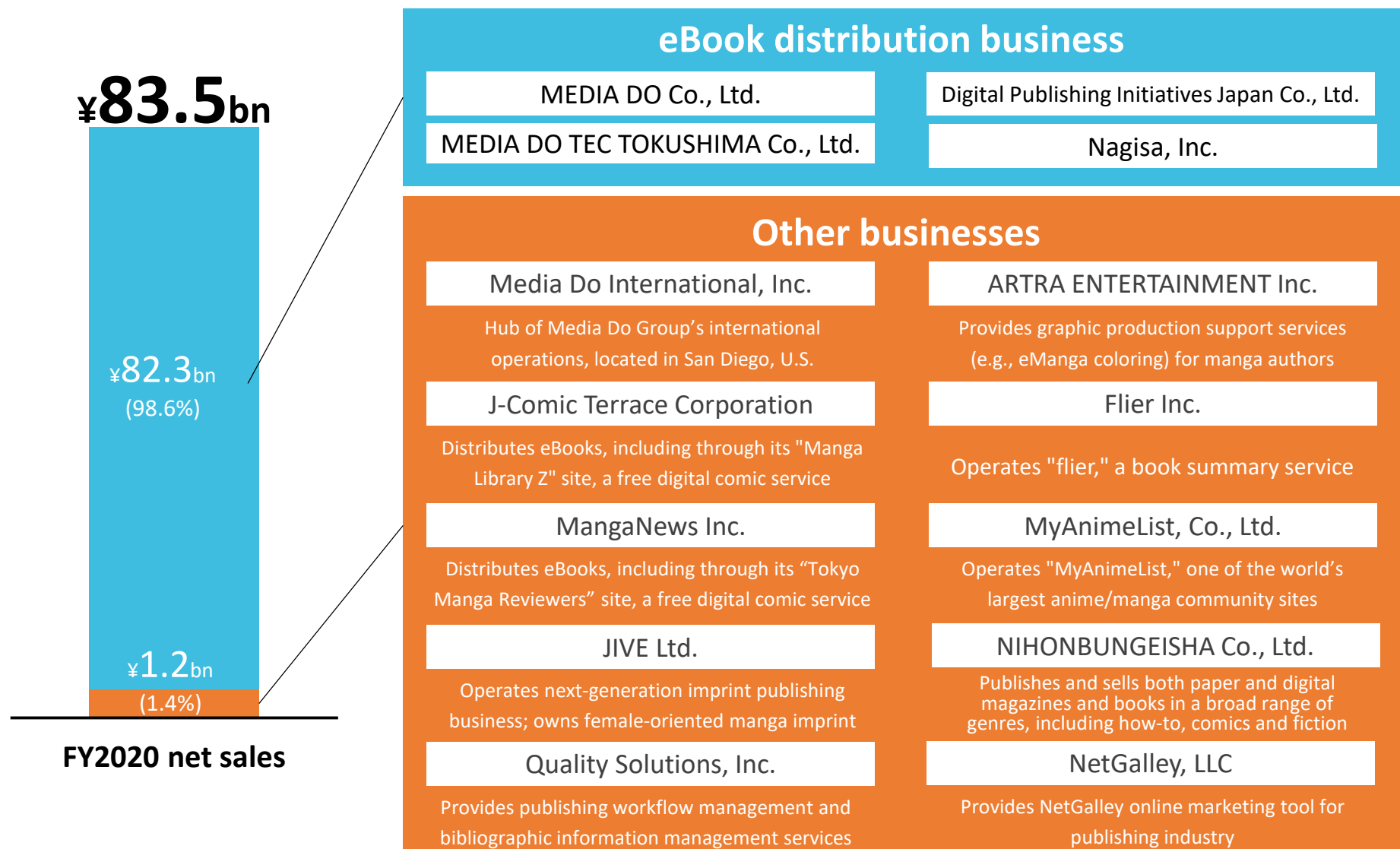
*1. Defined as publishers that belong to the Japan Book Publishers Association (402 members as of October 31, 2020), excluding non print (e.g., audiobook) publishers.

*2. Per a Media Do survey. Excludes sub scale publishers, publishers without regular publications, etc.

*3. Top 20 eBook retailers (ex 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 2020.

Overview of eBook distribution business (5)

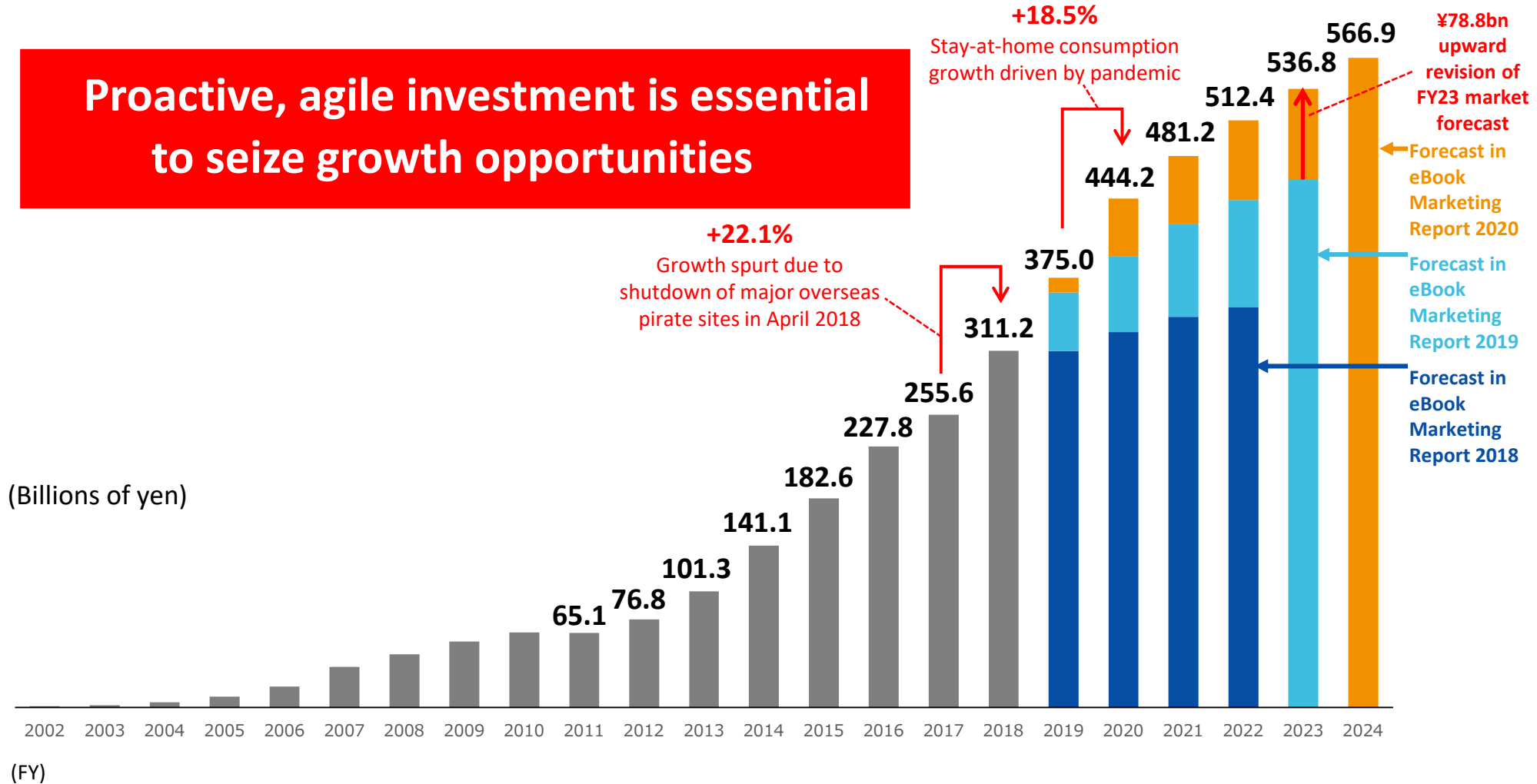
Core focus is eBook distribution business



Media Do's operating environment (1)

eBook market growth has been accelerating

Proactive, agile investment is essential to seize growth opportunities



Source: Impress Research Institute's eBook Marketing Report 2020 on Japanese market

Media Do's operating environment (2)

Comics market grew 23% YoY; digitalization of non-graphic books still has a lot of room to run

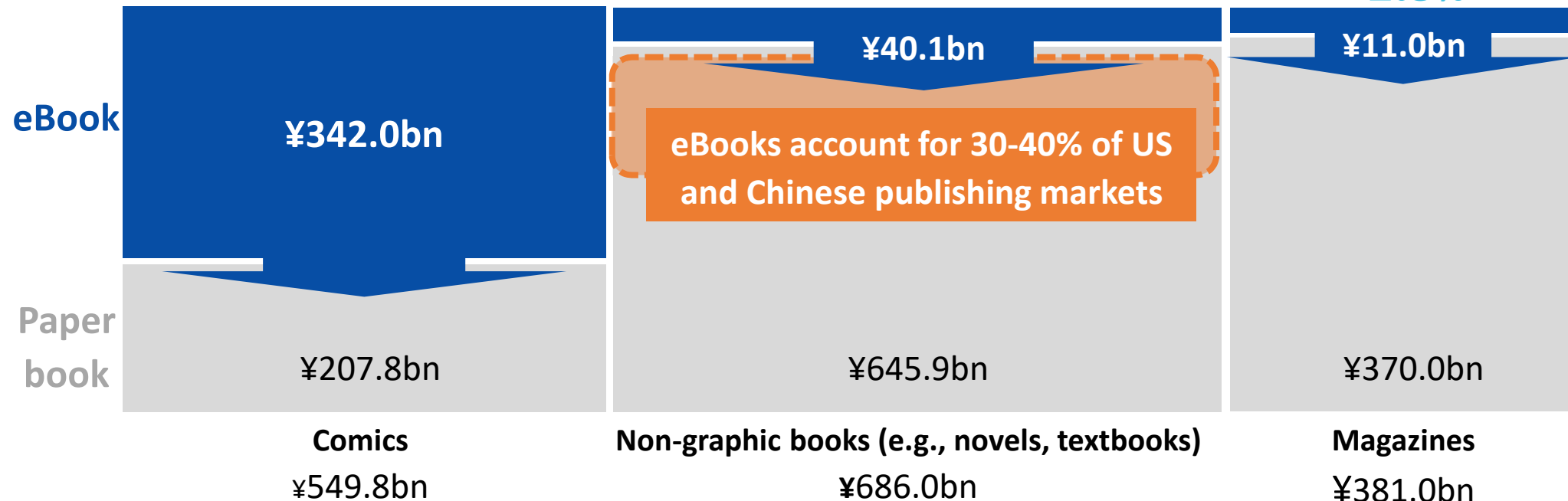
Japan's publishing market by segment (2020)

Digital share of sales

62.2% Up 1.3pt YoY

5.8% Up 0.7pt YoY

1.9%



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

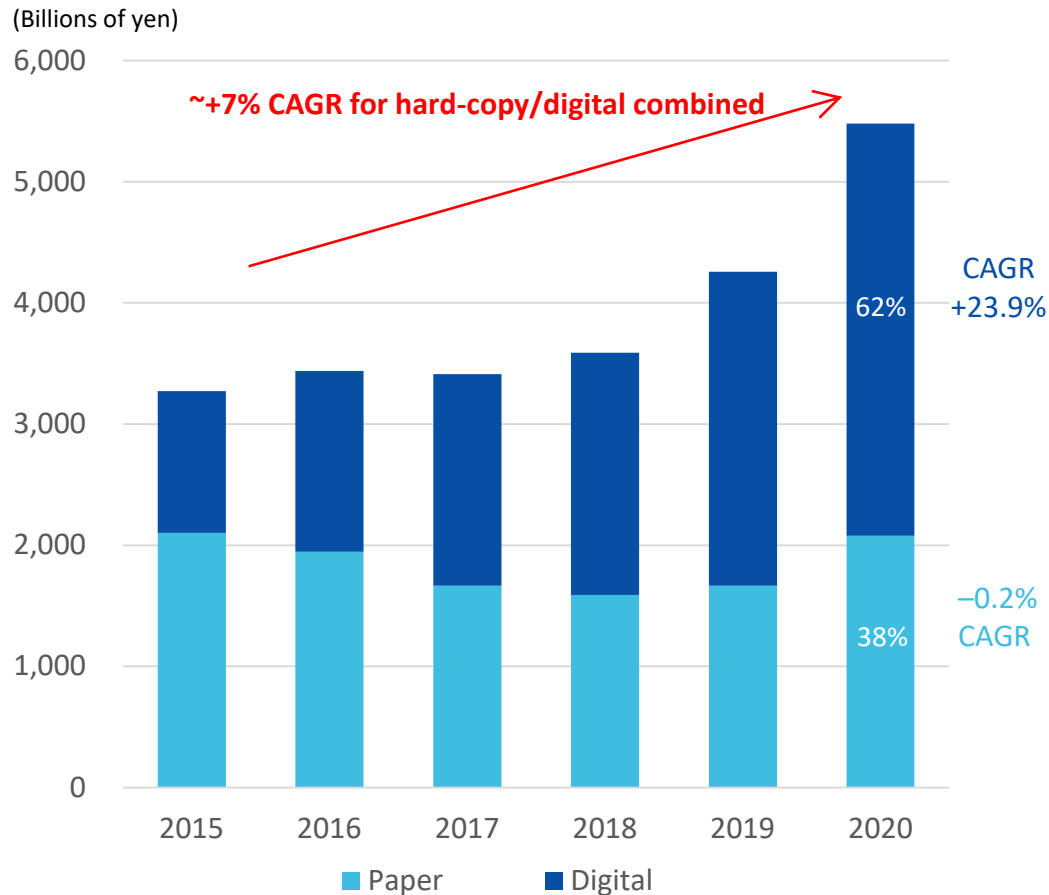
Note: AJPEA Statistics classify 90% of comic books in the "magazine" category. In the diagram above, such comic books classified as magazines are counted as "comics."

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.

Media Do's operating environment (3)

Digital shift is driving manga market growth

Comic book market (excludes magazines)



eComics market is now larger than paper comic market, largely by virtue of digital channel's anytime, anywhere accessibility

Paper comics' sales decline should tend to taper off by virtue of catalog effect of consumers' exposure to digital

Catalog effect A pickup in sales of not only digital but also hard-copy content in response to consumption of digital content

Growth in eBook distribution is revitalizing entire publishing market

Source: All-Japan Publishers and Editors Association's annual publishing statistics
Note: Paper comics market data are for comic books only (i.e., magazines are excluded).

Anti-piracy measures (1)

Amended Copyright Act, effective Jan. 1, has criminalized copyright violations

History of illicit sites

- 2004 Unauthorized dissemination of content through P2P services
- 2007 Unauthorized content on video-sharing sites becomes an issue
- 2011 New modes of infringement (e.g., leech sites) emerge

Publishers incur major losses due to pirate sites

Haruka Yume no Ato
2015–Oct. 2017

Ringleader sentenced to 28-42 months in prison and fined ¥160mn

FreeBooks
Jan.–May 2017

Manga-Mura
May 2017–Apr. 2018

Members of management group arrested on copyright infringement charges

Hoshi no Romi
May–Sep. 2019

Sites in Vietnam
From May 2020

Traffic has grown since July as consumers spend more time at home amid pandemic

2020

2021

Industry/government responses

Content Overseas Distribution Association (CODA) established (2002)

(Music/images) Illegal downloads criminalized (2012)

Publishing rights updated to accommodate eBooks (2013)

Authorities start to address leech sites (2016)

Stop Book Piracy! Campaign, promotion of ABJ* Mark's use (2018)
(later founded anti-piracy NPO ABJ, appointed COO Niina as its representative director)

Blocking of pirate sites discussed with ISPs and telecom industry (2019)

Leech sites illegalized (Oct. 2020)

eBooks added to prohibition of illicit DLs (Jan. 2021)

(1) Swiftly respond to piracy (2) Promote adaptation of copyrighted works' use to societal change (3) Protect copyrights

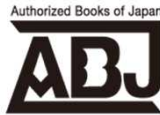
*Authorized Books of Japan. The ABJ Mark is a trademark that indicates the download site is licensed to distribute content by the content's copyright holders.

Anti-piracy measures (2)

ESG priorities: Combat piracy, move publishing industry & culture forward

Collaborations with publishing industry & telecom carriers

Authorized Books of Japan (ABJ)
(Established in April 2020)



- Representative Director:**
Media Do Vice-President and COO Shin Niina
- Publishing PR Center
 - Digital Comic Association
 - Electronic Book Publishers Association of Japan
- Collects, assesses and manages pirate site information
 - Grants/certifies ABJ mark
 - Conducts antipiracy education

Piracy site information sharing scheme task force

Safer Internet Association

- Develops and operates pirate site list sharing scheme

Collaborators

Filtering services
Security firms

- Use lists as input in their services (user protection)

Lists

Lists

Coordinated compilation/sharing of lists

Promoting broad anti-piracy measures/education through collaboration among publishing industry, telecoms and government authorities

FY2021 initiatives (1)

Priorities

**Invent future
eBook markets**

- Launch Media Do NFT Marketplace and limited-edition digital tokens salable at TOHAN-affiliated bookstores by year-end 2021
- Release alpha version of GREET co-watching service, our first blockchain business, in March and beta version in November
- Sequentially develop and release other blockchain products

**Stimulate the
growth of
eBook markets**

- Proceed with PMI of Firebrand Group, develop publishing ERP and help drive publishing industry DX based on alliance with TOHAN
- Realize cost savings by migrating to cloud-based distributing system and develop next-generation system to drive DX among SME publishers
- Proceed with PMI of Nagisa, allocate advertising spend to ZeroComi manga app and grow service by beefing up content

**Invest for business
expansion**

- Proceed with PMI of NIHONBUNGEISHA, build imprint business
- Invest in operational expansion of Flier, ARTRA ENTERTAINMENT, etc.

Good opportunity to invest in business expansion despite

intensification of competition and slowdown in sales growth due to stronger headwinds from pirate sites

FY2021 initiatives (2)

**Top-line growth driven by M&A and eBook market growth;
downtick in profits due to investments in growth opportunities**

Consolidated earnings

	FY2020 actual	FY2021 planned	Planned YoY increase
Net sales	¥83.5bn	^{*1} ¥100.0bn	+¥16.5bn (+19.7%)
Operating profit	¥2,660mn	^{*2} ¥3,000mn	+¥340mn (+12.6%)
Ordinary income	¥2,720mn	^{*3} ¥2,820mn	+¥100mn (+3.7%)
Profit attributable to owners of parent	¥1,510mn	¥1,600mn	+¥90mn (+5.3%)
EBITDA	¥3,420mn	¥4,000mn	+¥580mn (+16.8%)

*1. Does not include revenue from NFT marketplace.

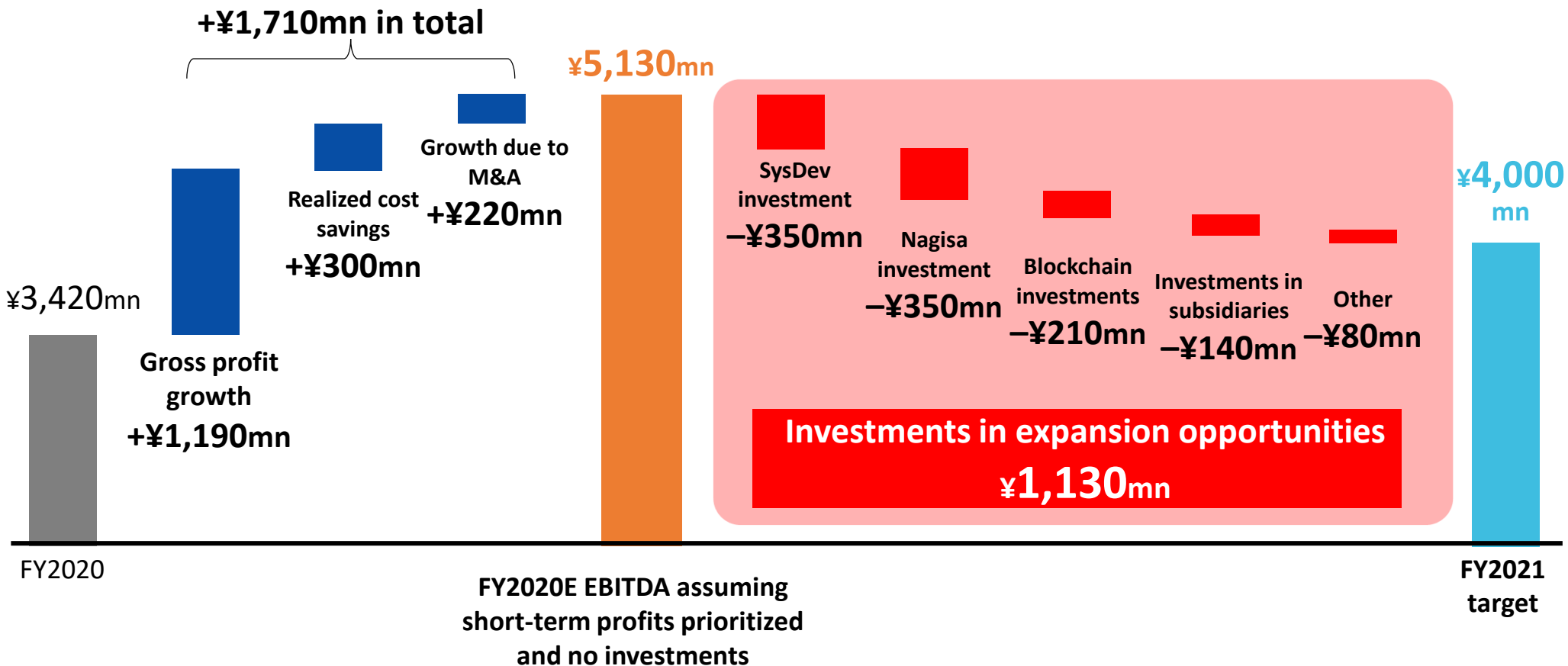
*2. Planned YoY increase before goodwill amortization is approx. ¥200mn.

*3. Includes investment income recognized as non-operating income in FY2020 and an equity-method investment loss in conjunction with MyAnimeList's deconsolidation in FY2021 (scheduled in May 2021).

FY2021 initiatives (3)

Expediting publishing industry **DX** and realization of DCAs in response to drastic external changes

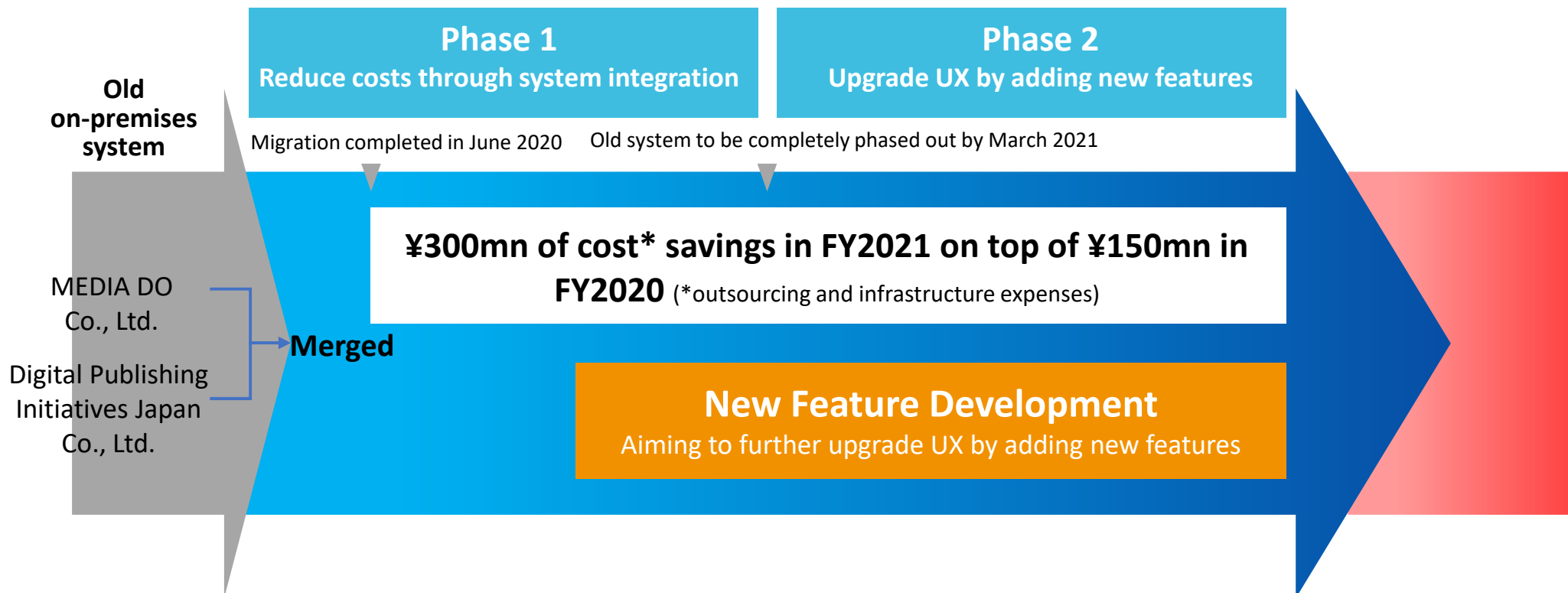
Consolidated EBITDA



FY2021 initiatives (4)

Reaping cost savings and developing new features after completing migration to cloud-based distributing system

Cloud-based distributing system



Now developing next-generation system to drive **DX** among publishers

Next-generation publishing **DX** system



Phase 3
Configure system with the aim of internal DX

Phase 4
Integrate with publishing ERP

Progressively replace existing systems

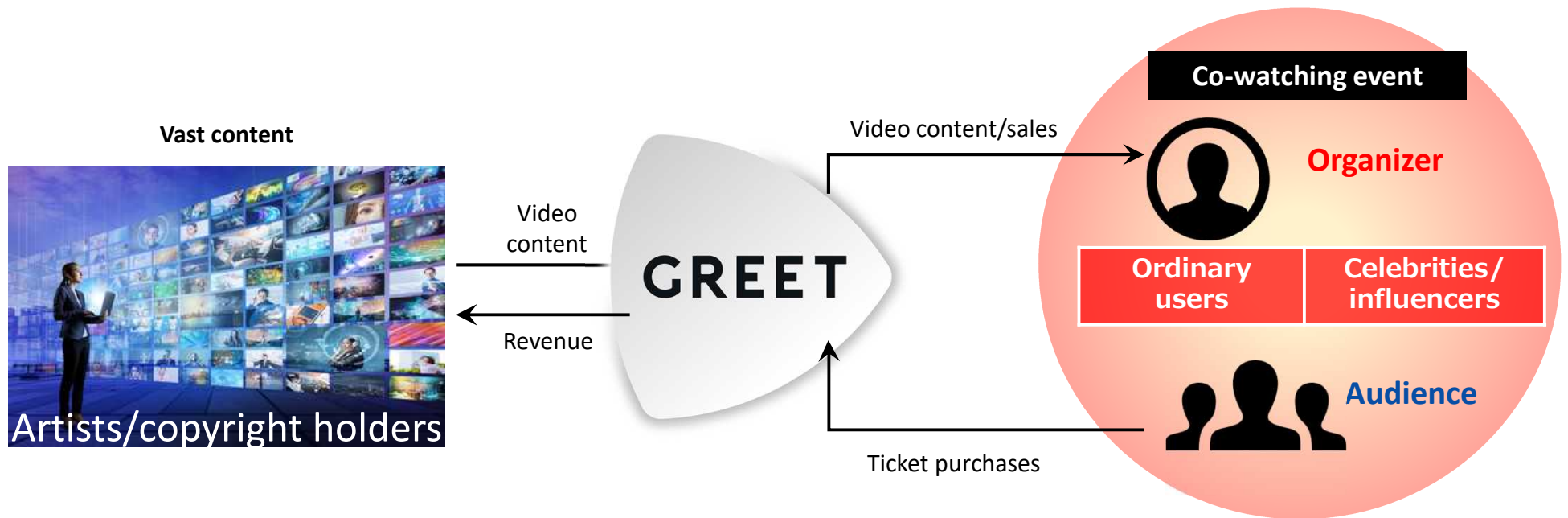
Cloud-based
wholesaling system

- ✓ Flexibly adapt to new business models and content that emerges in future
- ✓ Further improve operating efficiency through automation
- ✓ Deploy system as core database for eBook industry

FY2021 initiatives (6)

Alpha version released in March has been well received by industry; on track toward scheduled public release in Nov.

Novelty of being able to chat with fellow fans while co-watching films/potential to add new value to legacy content



Pursuing distribution models that add new value to past legacy content

(1) Online co-watching

Audience members can enjoy music and (e.g., anime) videos online together with fellow fans

(2) New monetization model

Avid fans will unleash new value from legacy content, generating incremental revenue

(3) Use of fan marketing

Perpetual tracking and analysis of users' content consumption histories will support marketing activities

Laying foundation for growth in FY2021 based on synergistically driven progress

FY2021 initiatives

Major synergies from joining MD Group

- **Expansion of content**

Greater access to content from major publishers (both serialized and book format)

- **Deployment of content**

Promotional campaigns involving major publishers' titles

Nagisa's strengths

- **Effective/efficient marketing**

- **Added more features to app**

New promotional features (e.g., free-trial version)
 WEBTOON (vertical scrolling) compatibility
 Pre-ordering, manga publication calendar, etc.

Progress in 1Q

Obtained major publisher's consent to freemium- model access to their content

Full redesign completed in March 2021

- UI/UX upgraded
- Launched comic book sales through linkage with Media Do's system

Began distributing 2 major publishers' content via ZeroComi



Synergies

Outlook

Access to more content, aggressive/optimized advertising and expanded functionality

Usership growth

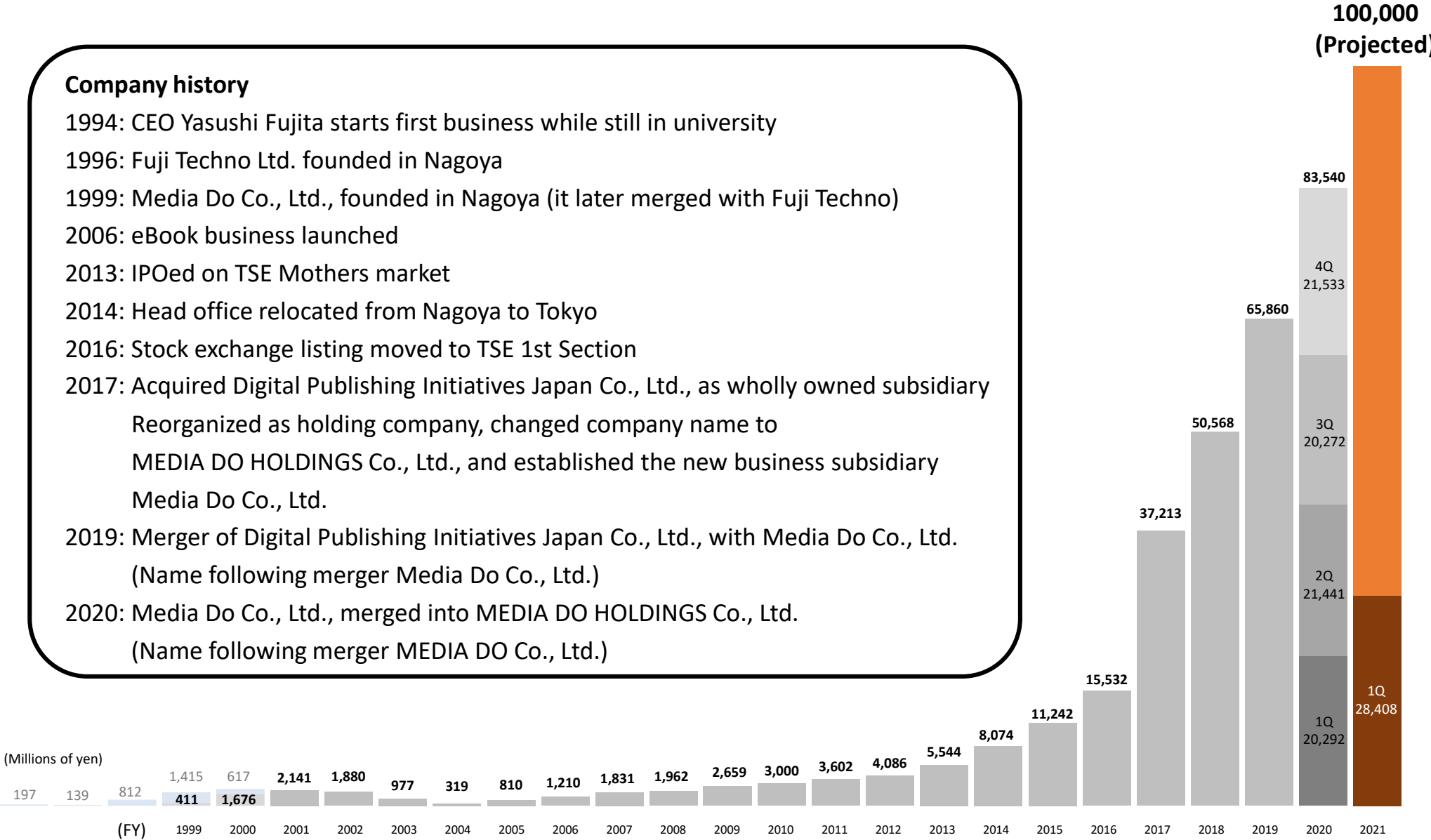


Increased LTV

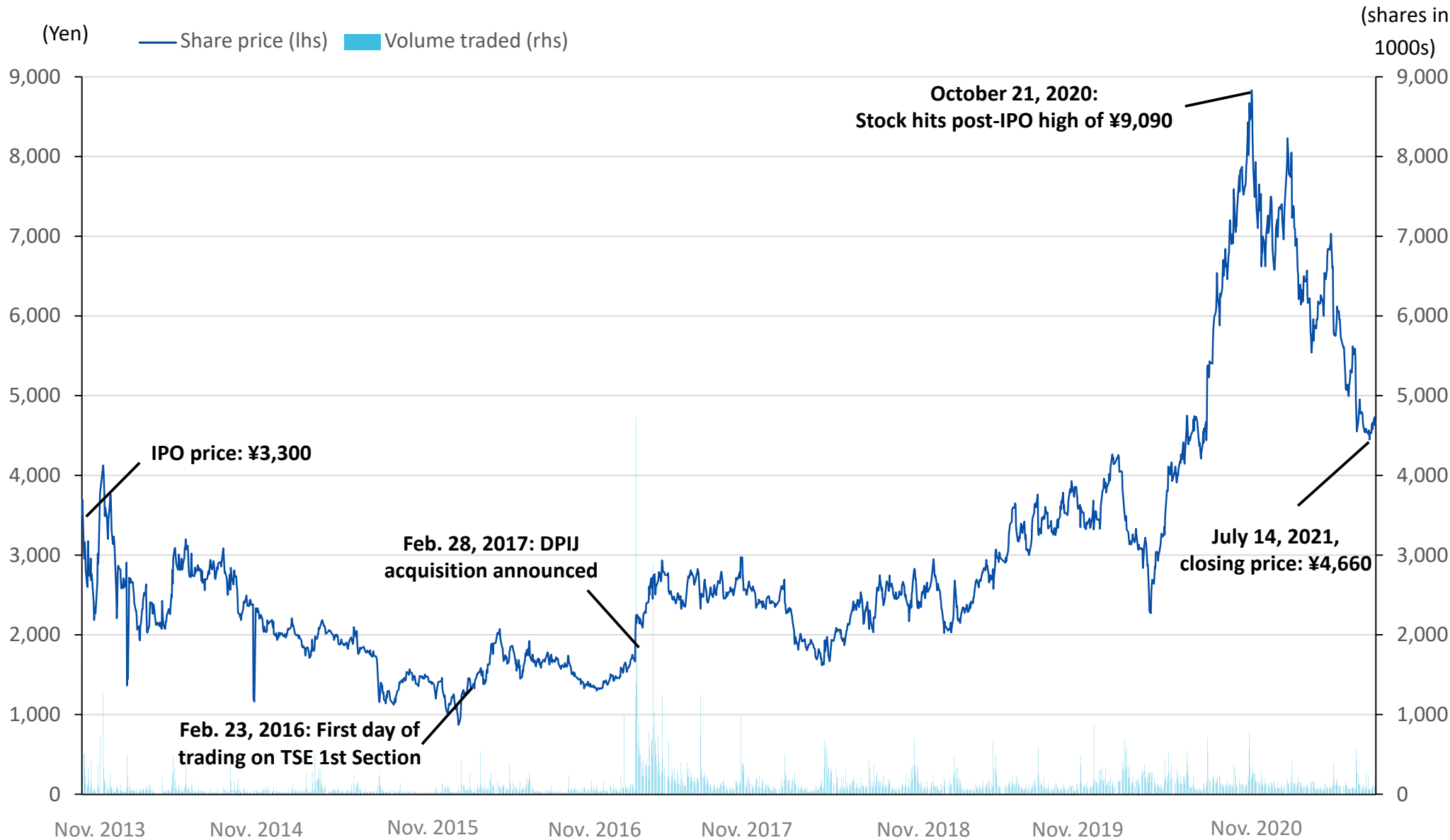
Growth in net sales

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.)

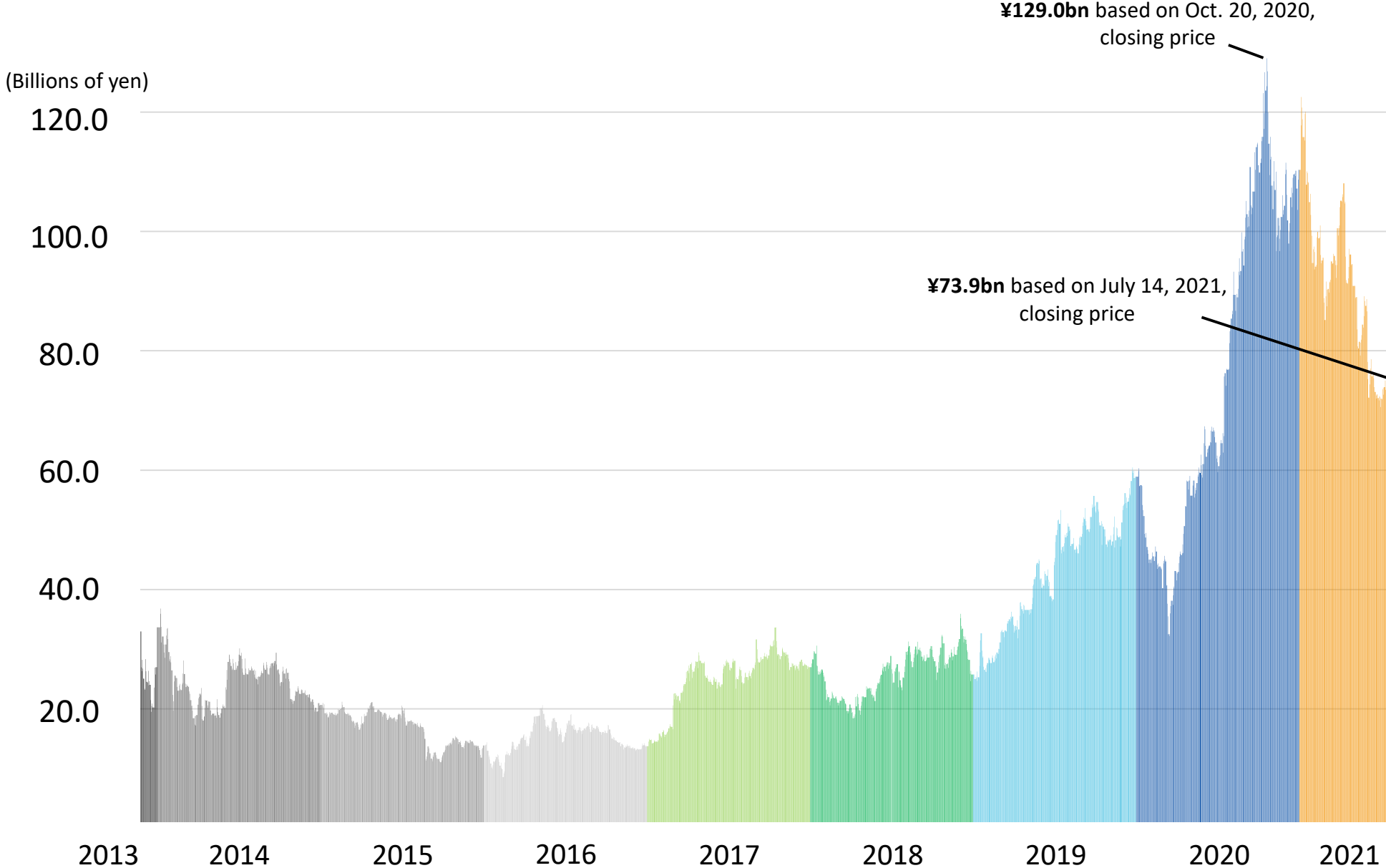


Share price performance and trading volume since IPO



Note: Share price adjusted to reflect 2-for-1 stock splits on March 1, 2014, and Dec 1, 2014.

Media Do's market capitalization since IPO



Company Outline

Trade name	MEDIA DO Co., Ltd.
Established	April 1999
Capital	¥5,883 million (as of May 31, 2021)
Stock listing Securities code	Tokyo Stock Exchange, First Section 3678

Board Members	President and CEO: Yasushi Fujita	Executive Officer: Kayoko Hanamura
	Director: Shin Niina	Executive Officer: Susumu Tsukamoto
	Director: Yoshiyuki Suzuki	Executive Officer: Junichiro Izumi
	Director: Atsushi Mizoguchi	Executive Officer: Ryo Yamada
	Outside Director: Keiichi Enoki	Executive Officer: Yoichi Chihara
	Outside Director: Ayako Kanamaru	Executive Officer: Hiroshi Kanda
	Standing Audit & Supervisory Board Member: Kazuyoshi Ohwada	Executive Officer: Hajime Suzumura
	Outside Audit & Supervisory Board Member: Toshiaki Morifuji	
Outside Audit & Supervisory Board Member: Tsuayoshi Shiina		

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.; MangaNews Inc.; JIVE Ltd.; Nagisa, Inc.; NIHONBUNGEISHA Co., Ltd. (Overseas) Media Do International, Inc.; Quality Solutions, Inc. (Firebrand Technologies); NetGalley, LLC
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Affiliates	MyAnimeList, LLC; LINE Book Distribution Inc.; A.I. Squared, Inc.; Tec Information Corp.
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Management Team (Executive Directors)



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 Kitomura (now Naka-cho), Tokushima Prefecture, while also contributing to society as an entrepreneur in roles such as president of Entrepreneurs' Organization Tokyo.



Shin Niina

Director, Vice-President and COO

Began career at Chuokoronsha (now Chuokoron-Shinsha) in 1980. Hired by KADOKAWA SHOTEN (now KADOKAWA CORPORATION) in 1996. Promoted to general manager of its book business in 2003. Appointed managing director of KADOKAWA SHOTEN in 2007, representative director of KADOKAWA EDITORIAL in 2008, director of BOOK WALKER in 2012 and executive director of Kadokawa Culture Promotion Foundation in 2013. Appointed president/representative director of DPIJ (renamed Media Do in March 2019) in 2014. Has served as vice president/COO/director of Media Do since 2018. Appointed representative director of antipiracy organization Authorized Books of Japan in 2020. Heads core eBook distribution business and publishing support business as COO, capitalizing on his many years of literary editorial experience and quarter century of experience in digital publishing. Acts as Media Do's point man in dealings with publishing industry.



Yoshiyuki Suzuki

Director and CAO

Began career in 1986 at Takahashi Tax Office. Joined Media Do in 2007 following stints at Red Hot Company, Asahi Intecc and World Bridal. Appointed operating officer/general manager of Management Administration Department in 2008, general manager of Administration Division in 2015 and board director in 2016. Appointed CAO in charge of administration, finance and accounting in June 2020. Has been in charge of all administrative operations since joining Media Do and, as CAO, will continue to oversee accounting.



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.

Management Team (Executive Officers)



Kayoko Hanamura

Chief Ebook Distribution Officer (CEDO), Executive Officer

Began career at Forside in 2000. Worked in content business throughout tenure at Forside, including as general manager from 2003, executive officer from 2007 and director from 2010. Since joining Media Do in 2015, has been involved in all facets of eBook distribution business, including as general manager of Licensing Business Department, general manager of eBook Distribution Division and executive officer. Appointed CEDO mainly in charge of wholesaling operations within core eBook distribution business in June 2020.

Role as CEDO is to tap into her extensive experience in content businesses to build operational model encompassing entire eBook distribution business from planning through IT operations management while identifying unmet needs of publishers and book retailers.



Susumu Tsukamoto

Chief Publication Solutions Officer (CPSO), Executive Officer

Began career in 1980 at TOHAN. Worked 10 years in magazine publishing and 8 years overseas, including 4.5 years as president of TOHAN TAIWAN. Joined KADOKAWA SHOTEN (now KADOKAWA CORPORATION) in 1998. Established KADOKAWA TAIWAN and was its president for 4.5 years. Subsequently involved in setting up local operations in Hong Kong, Guangzhou, Thailand, Malaysia and North America. Executive roles at KADOKAWA included director/general manager of KADOKAWA's Overseas Business Division from 2012, Cofounded and appointed director of Japan Manga Alliance in 2015. Appointed managing executive officer and advisor of KADOKAWA in 2017 and 2019, respectively. Joined Media Do in June 2020 as CPSO/executive officer mainly in charge of Overseas Business Department and PUBRID Department.

As CPSO, is responsible for IPO creation and proactive cultivation of overseas markets through, e.g., capital/operational alliances, capitalizing on his wealth of experience in publishing distribution and overseas businesses.



Junichiro Izumi

Chief Technology Officer (CTO), Executive Officer

Began career in 2007 at Works Applications in ERP package software development. Hired by Recruit Technologies in 2015 to work on Rikunabi development project. Returned to Works Applications in 2016 to help launch SaaS ERP system. Joined Media Do in 2018. Involved in introduction of cloud and development of new distribution system as general manager of Technology Division and New Services Development Department. Appointed CTO/executive officer in charge of developing new products and upgrading existing products to achieve strategic objectives in June 2020.

As CTO, is responsible for leveraging technologies to develop and deploy IT systems that contribute to entire publishing industry, not only eBooks.



Ryo Yamada

Chief Financial Officer (CFO), Executive Officer

Began career in 1998 at NEC, where his assignments included corporate planning and business development. Hired by Rakuten in 2010. From 2017, headed Rakuten Group's M&A program as department manager of Corporate Development Department after working in business development. Since joining Media Do in 2018, has served as general manager of Corporate Planning Division and Management Administration Department. Appointed executive officer/general manager of Finance and Accounting Department in 2019 and CFO/executive officer in charge of financial strategy and capital raising in June 2020.

As CFO, is responsible for financing, M&A and PMI to support Media Do Group's multifaceted and discontinuous growth, capitalizing on his long experience in business development.



Yoichi Chihara

Chief Human Resources Officer (CHRO), Executive Officer

Began career in 1981 at NEC, where his roles included general manager of HR Department at NEC (China) from 1998, general manager of HR and General Affairs Department at NEC LCD Technologies (now Tianma Japan) from 2003, general manager of NEC's HR Department from 2012 and managing director of NEC's corporate pension fund from 2014. Joined Media Do in 2019 as general manager of its HR Department. Appointed CHRO/executive officer in charge of HR, general affairs, legal affairs and corporate governance in June 2020.

As CHRO, is responsible for boosting both employee satisfaction and workforce productivity while building an organization compatible with diverse values and work styles.



Hiroshi Kanda

Chief Strategy Officer (CSO), Executive Officer

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 in 2009 by Frontier Management, where he was involved in corporate planning for business turnarounds and management support. Co-founded Flier in 2013. Appointed director/CFO. Joined Media Do in 2018 following Flier acquisition in 2016. Appointed general manager of Corporate Planning Division in 2019 and CSO/executive officer in charge of management strategy formulation and IR in June 2020.

As CSO, is responsible for formulating corporate strategies and reconciling various stakeholders' interests, capitalizing on his extensive financial knowledge, consulting skills and entrepreneurial experience. Has authored multiple books.



Hajime Suzumura

Chief Integration Officer (CIO), Executive Officer

Began career in 2006 at Sumitomo Mitsui Banking Corp., where his roles included corporate sales and compliance. Hired in 2009 by a turnaround fund, where he was involved in PMI and turnaround investing in, e.g., regional shopping centers. Joined Revamp in 2014 and appointed CFO in 2016. He was involved in the Revamp Group's overall management and IPO preparations. Joined Media Do in 2019. Oversees strategy, PR, rural revitalization and cross-functional operational reforms as the CEO's chief of staff. Appointed CIO and executive officer in charge of internal collaboration and group-wide integration in June 2021. As CIO, he spearheads cross-functional operational reforms, capitalizing on his broad experience in both line and staff roles, management and front-line positions and parent companies and subsidiaries.

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/english/ir/>