

FY2021 2Q

Ended August 31, 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)

Consolidated net sales/operating profit post all-time records for first half

	<u>FY2020 1H</u>	<u>FY2021 1H</u>	<u>YoY</u>
Net sales	¥41.7bn	¥55.2bn	+32.3%
Operating profit	¥1,520mn	¥1,680mn	+10.3%
EBITDA	¥1,890mn	¥2,220mn	+17.4%
Profit attributable to owners of parent	¥910mn	¥830mn	-8.1%

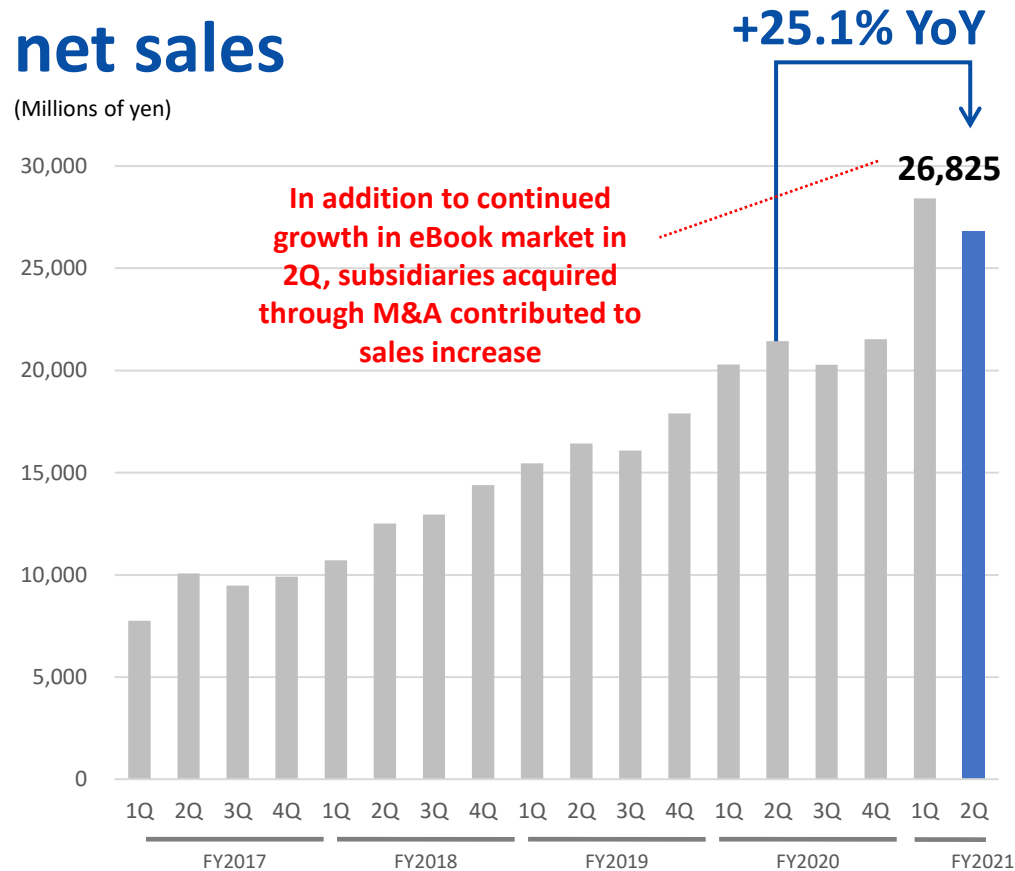
Although profit attributable to owners of parent declined year on year due to application of impairment loss accounting for goodwill (Nagisa), progress towards full-year forecasts has been steady

Consolidated earnings highlights (2)

Quarterly consolidated net sales/consolidated EBITDA both positive year on year

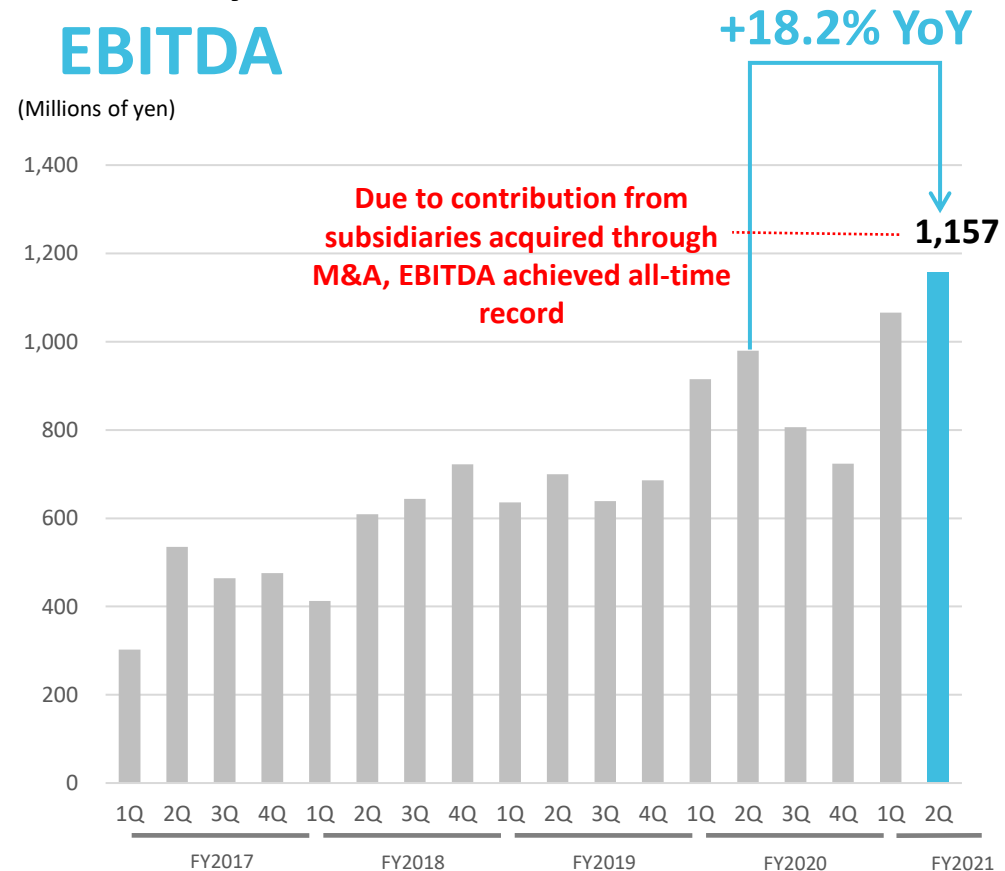
Quarterly consolidated net sales

(Millions of yen)



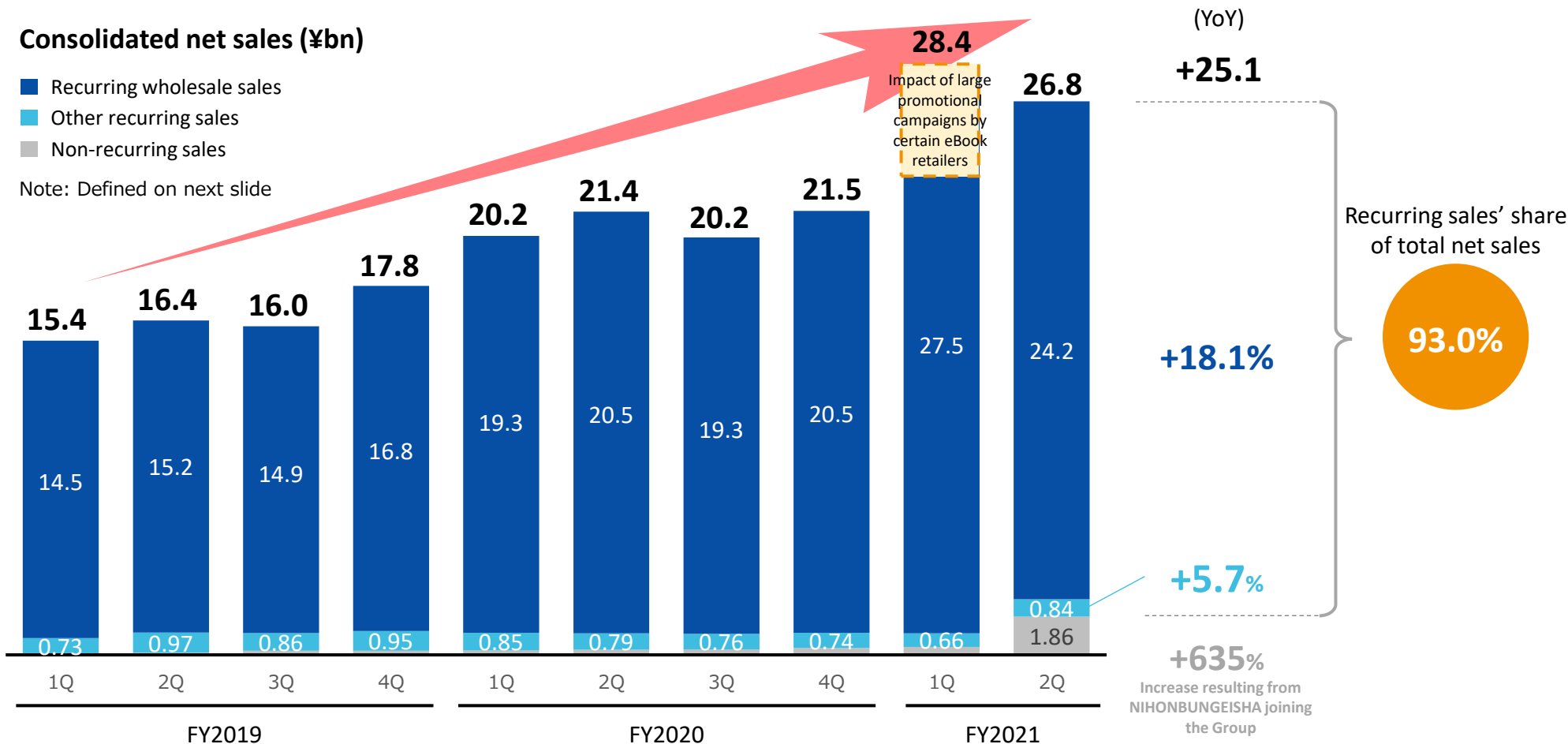
Quarterly consolidated EBITDA

(Millions of yen)



Consolidated earnings highlights (3)

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



Consolidated earnings highlights (4)

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

KPI

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

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: Sales of the Firebrand Group were added in 2Q, and we plan to develop and roll out the PUBNAVI, a publishing ERP service, etc. going forward

Non-recurring sales

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

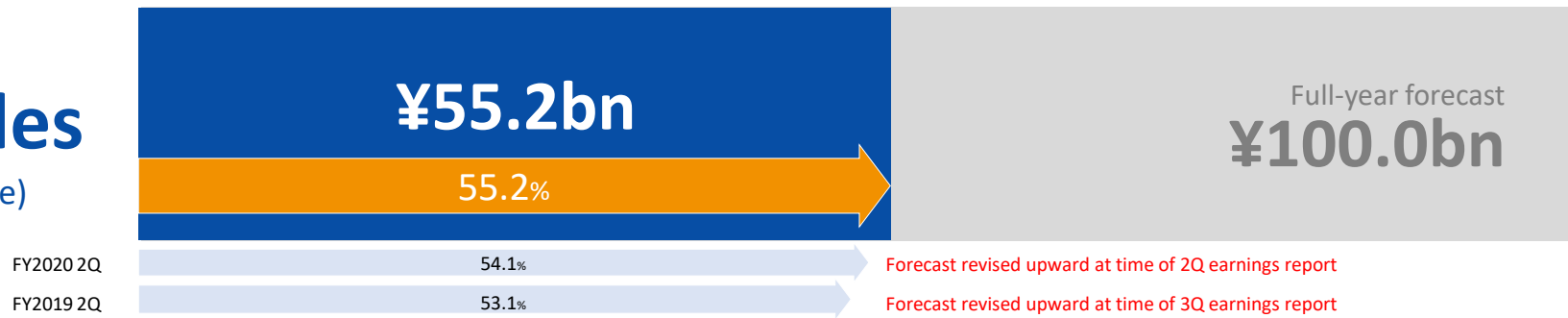
Consolidated earnings highlights (5)

Sales & profits both tracking ahead of initial forecast

Comparison of consolidated 1H results to full-year forecast*

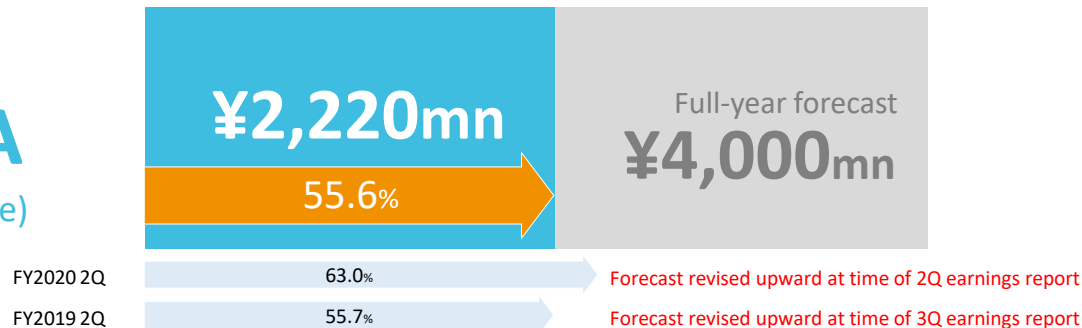
Net sales

(Attainment rate)



EBITDA

(Attainment rate)



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



Business Strategy

2. Future growth plans

eBook distribution business

**Invent
future eBook markets**

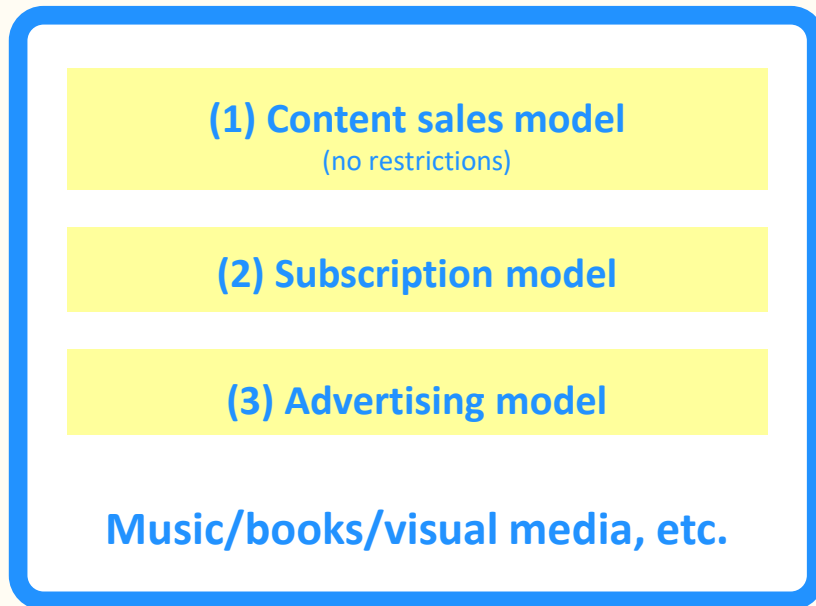


Invent future eBook markets (1)

The world MEDIA DO aims to bring about with blockchain technology

Client server platform

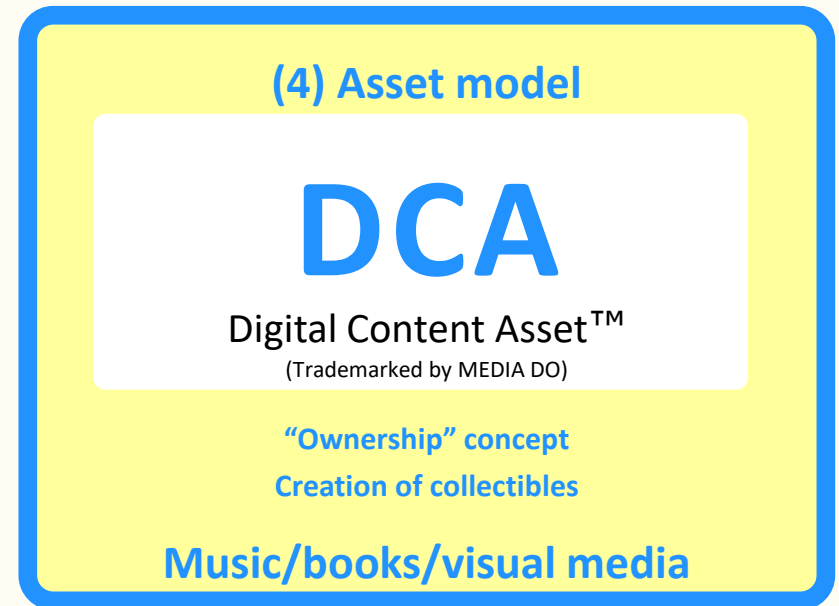
→ Model currently used by most digital content services
(e.g., Spotify, Kindle, YouTube, Netflix)



+

Blockchain platform

New content service proposed
by MEDIA DO



→ Providing new business model options to IP holders

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)	Augment 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.)	Publicly distributed eBooks, music, visual media (Kindle, YouTube, Spotify, etc.)
		→ “Ownership” concept	→ “Consumption” concept

→ NBA Top Shot* has intermediated over 10mn transactions totaling over \$730mn since it went live in December 2020

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

MEDIA DO's **FanTop** NFT service is released on October 12, 2021

The Joy of Collecting



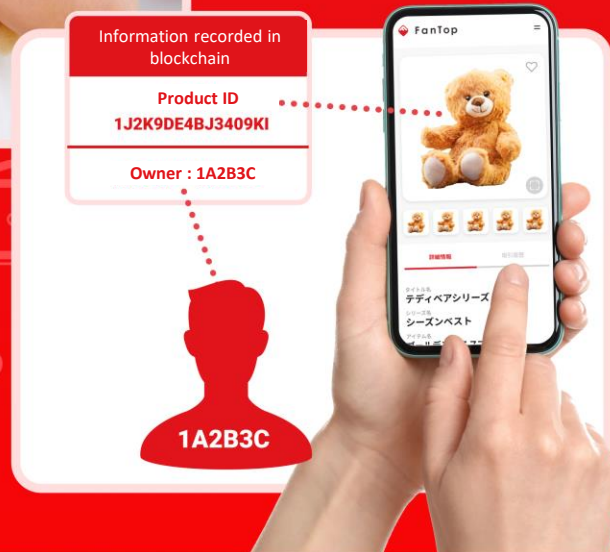
FanTop

Invent future eBook markets (4)

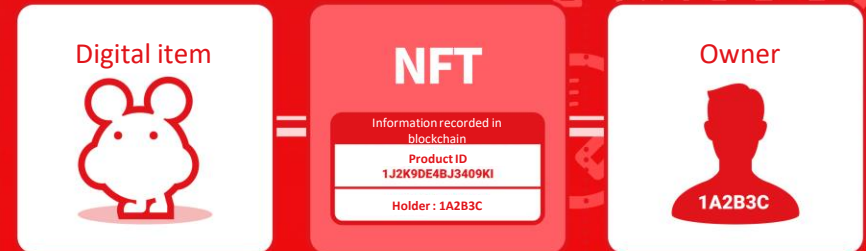
Adopts NFT as the technology for clarifying the owner and recording ownership information with complete reliability



[In the case of physical items]
The value of being able
to clearly state
ownership



[In the case of digital
items]
Owner cannot be
proven, leading to
lack of clarity



If a public chain is used, even
the issuer cannot falsify it

Collectibles provided by FanTop are products that ordinary people will enjoy collecting

General NFT world view

General NFT world view

Expensive items

One-of-a-kind works of art that confer a sense of ownership and can only be obtained by certain users who own cryptocurrencies



World view MEDIA DO is aiming for with its NFT

NFT world view aspired by MEDIA DO

While incorporating advanced technology such as metaverse elements and AR, **relatively inexpensive items that are attainable for many fans, who can enjoy collecting and trading them**



The kind of NFTs that MEDIA DO is aiming to achieve would be **difficult to implement with a high-cost blockchain** such as Ethereum Mainnet

Invent future eBook markets (6)

Enable high-volume processing of NFTs at low cost

Select  flow which is advantageous even for overseas expansion

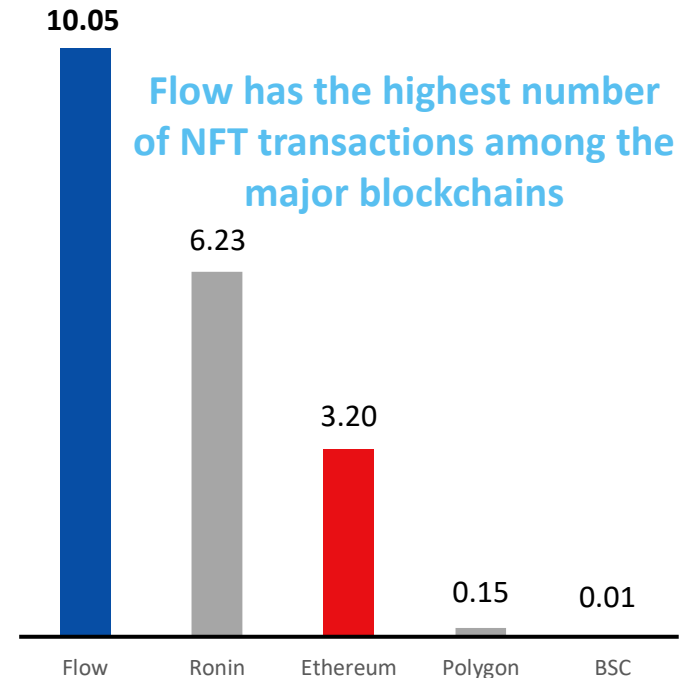
Issues with previous blockchains

- Cannot process a massive number of transactions
- Transaction costs (gas fees) are high
 - As a result, the majority are high-value trades using cryptocurrencies

Currently, Flow is the blockchain that is most suited to our use case

- Developed by Dapper Labs, it has been adopted globally by NBA Topshot and other organizations
- Transaction costs are low (A transaction fee is in the range of ¥2000-¥10,000 for Ethereum, while for Flow, it is ¥0.002)
- Can process a massive number of transactions
- Makes it easy to handle settlement in USD
- Low power consumption means low environmental impact
 - Can also be used for low-value transactions using real currency

No. of NFT transactions by 2021 blockchain
(units: million)

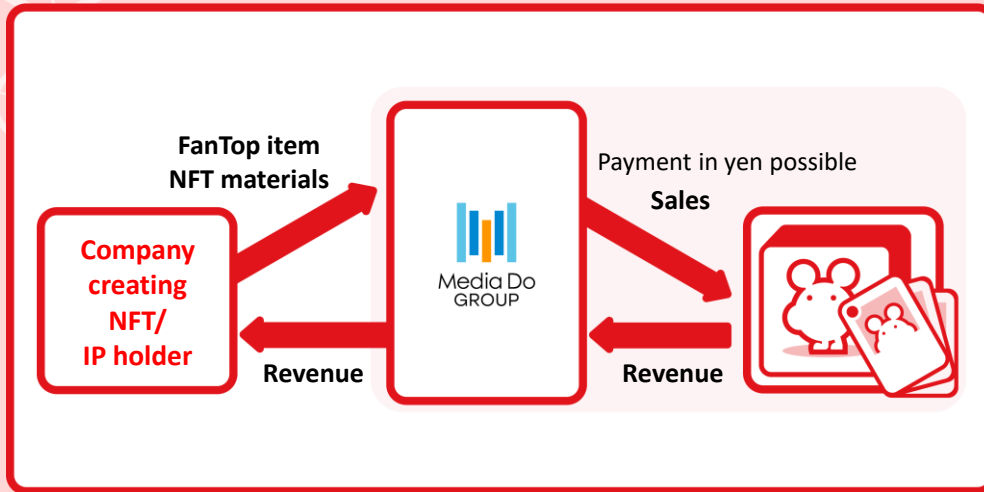


Source: CryptoSlam
<https://blog.coinlist.co/the-state-of-flow-a-year-in-review/>

Invent future eBook markets (7)

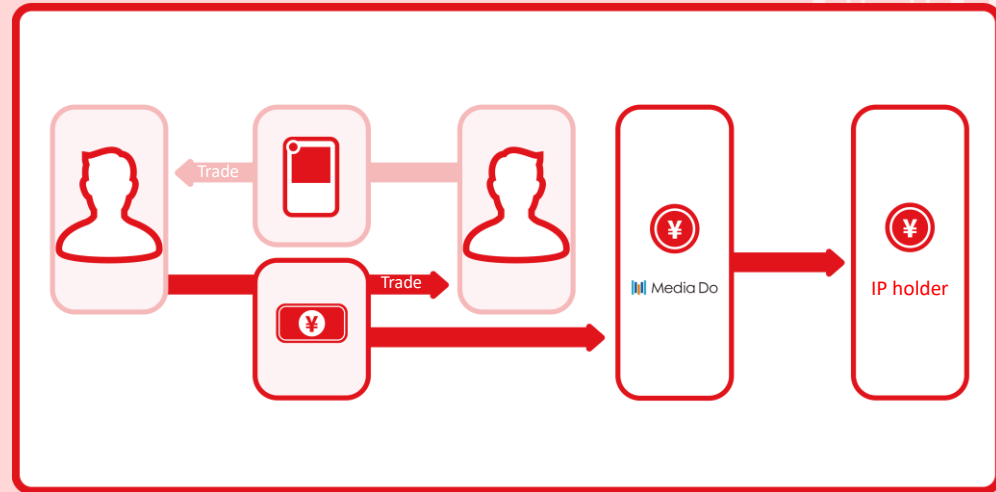
Expecting sales commission for both primary and secondary sales
Provides revenue opportunities on both sides at both levels as well

Primary distribution



Revenue is obtained when NFT is sold by the operator to the user

Secondary distribution



Revenue is obtained when the NFT is traded between users
Scheduled for release in December 2021, with dollar transactions expected in 2022

Note: This is not predicated on secondary distribution, and because we place great importance on a world view in which the fans derive enjoyment from ownership, we plan to begin secondary distribution gradually

First-round lineup of NFT digital content



Fist of the North Star
"Dying Like a Man" Series *Nanto Rokusei Ken*
Coamix Co., Ltd.
¥4,910 per box (including taxes) / 418 boxes available for sale



Cheat Kusushi no Slow Life
"Digital Art Board" Series
Edia Co., Ltd.
¥550 per box (including taxes) / 3,000 boxes available for sale



Ryo Shitara Fan Club Badge
Cork, INC.
Unreleased item*
* Distributed only to fan club members



JAM Project
JAM Project Jacket Art Collection
BANDAI NAMCO Arts Inc.
¥2,200 per box (including taxes) / 717 boxes available for sale



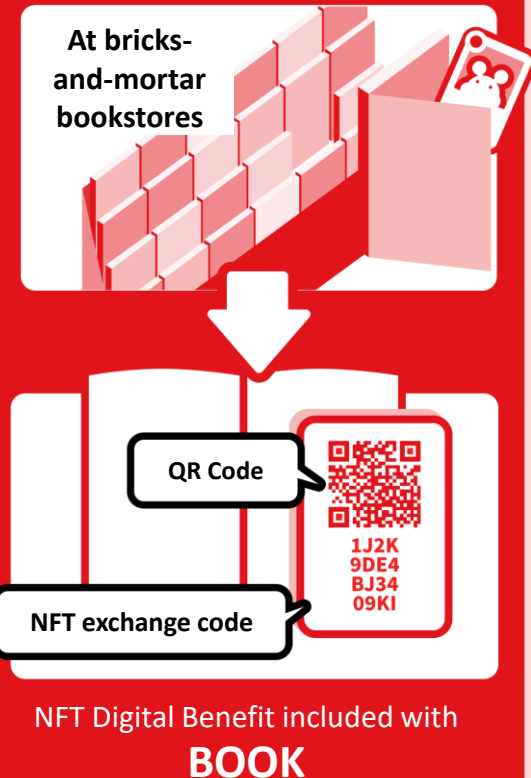
Ginga Densetsu Series
NFT Art Series "Noah & WEED"
NIHONBUNGEISHA Co., Ltd.
¥2,200 per box (tax incl.) / 1,200 boxes available for sale

**Fist of the North Star was
sold out within two hours
of going on sale**

Invent future eBook markets (9)

Using TOHAN to enable NFTs to be purchased at bookstores nationwide Uncovering potential NFT users

At bricks-and-mortar bookstores



Linking up with TOHAN

enables distribution to up to 5,000 bookstores nationwide

Increase in book prices & acquisition of NFT users

Sae Okazaki 1st Photo Compilation *Sugao*
SHUFUNOTOMO CO., Ltd.



Normal edition
¥2,530
(including taxes)



Special edition
¥2,860
(including taxes)

Increased by **¥330** ↑

Comes with
NFT Digital Benefit



NFT exchange codes can also be utilized for CDs, events, etc.

SPA!



Provides IP holders with multiple options for reaching out to fans



Features of the MEDIA DO NFT solution

- Can be bought by anybody, **traded in Japanese Yen instead of cryptocurrency**
- In order to prove the concept of “ownership” beyond doubt, **transactions are written to the Flow public chain**
- Further value is added to the NFT **by providing AR through apps, and by metaverse elements**

→ **With MEDIA DO, multiple sales methods can be provided**

Invent future eBook markets (11)

Use all the functionality of FanTop to develop white label (OEM) businesses that reflect the world view of each brand

- Services that leverage the world view of own brand can be rolled out
- High level of development ability is not required (settlement functions are already deployed)
- Revenue and copyright usage fees can also be managed
- User data can be managed in-house
- US-dollar denominated transactions and foreign languages can be used
- Overseas marketing using MyAnimeList
- Can be linked to FanTop app

→ Increase the number of NFT participants and energize the market



Invent future eBook markets (12)

Enhance services and rapidly implement multifaceted development in preparation for the expansion of the NFT business



Launch of NFT digital content sales

*This round

During 2021, release a viewer app to enable users to enjoy NFT digital content

During 2021, begin secondary distribution in the NFT marketplace

In 2022, begin NFT distribution of manga/anime on MyAnimeList (settled in US dollars)

In 2022, begin white-label (OEM) business

Apps under development

- Enables NFTs to be viewed
 - AR-enabled NFTs can be positioned in augmented realities
 - Can be used to decorate virtual rooms (metaverse)
 - VR compatibility planned for future
- Scheduled for release in December 2021**



eBook distribution business

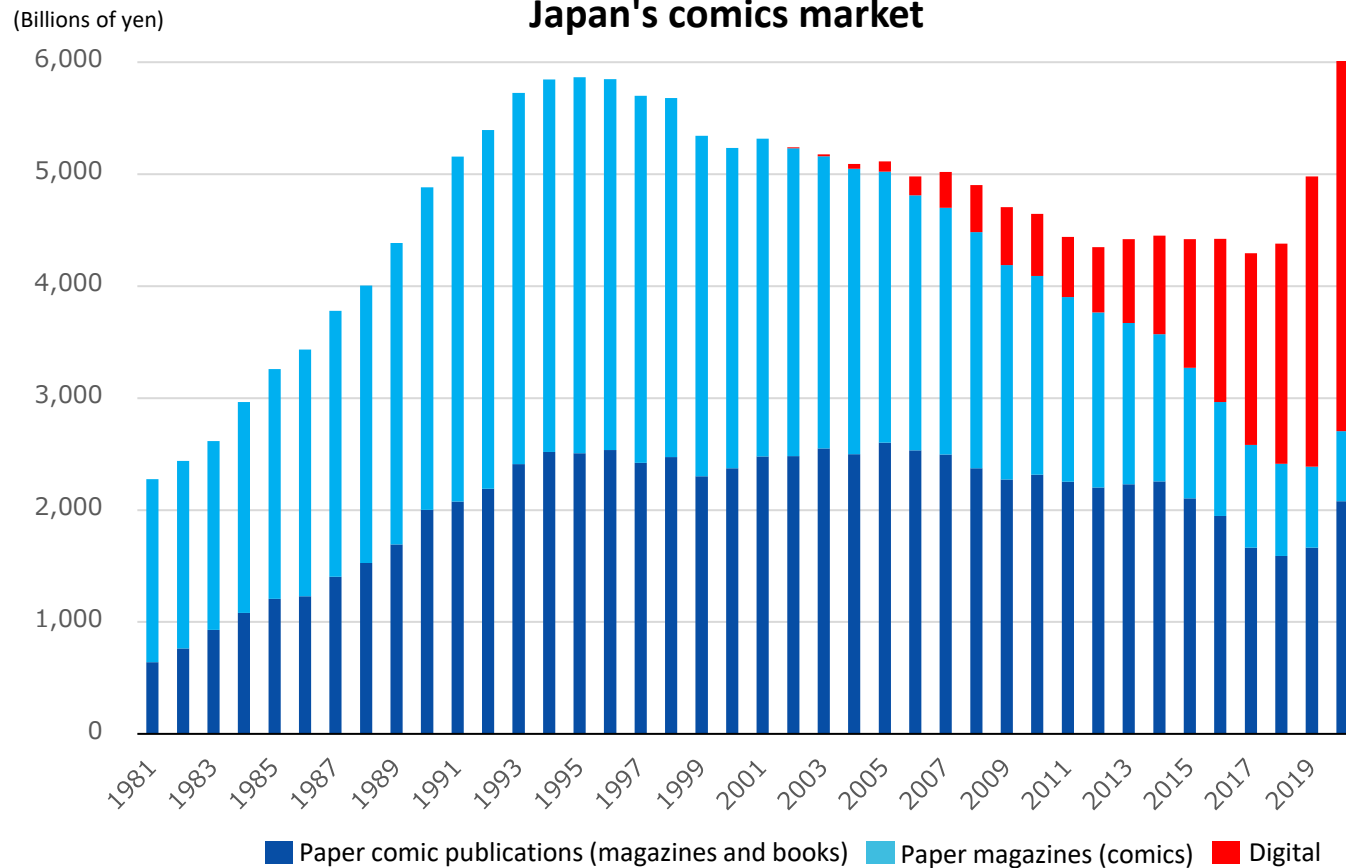
Stimulate the growth of eBook markets



Stimulate the growth of eBook markets (1)

MEDIA DO's vision: Growing the publishing market through the use of digital technology

Japan's comics market



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

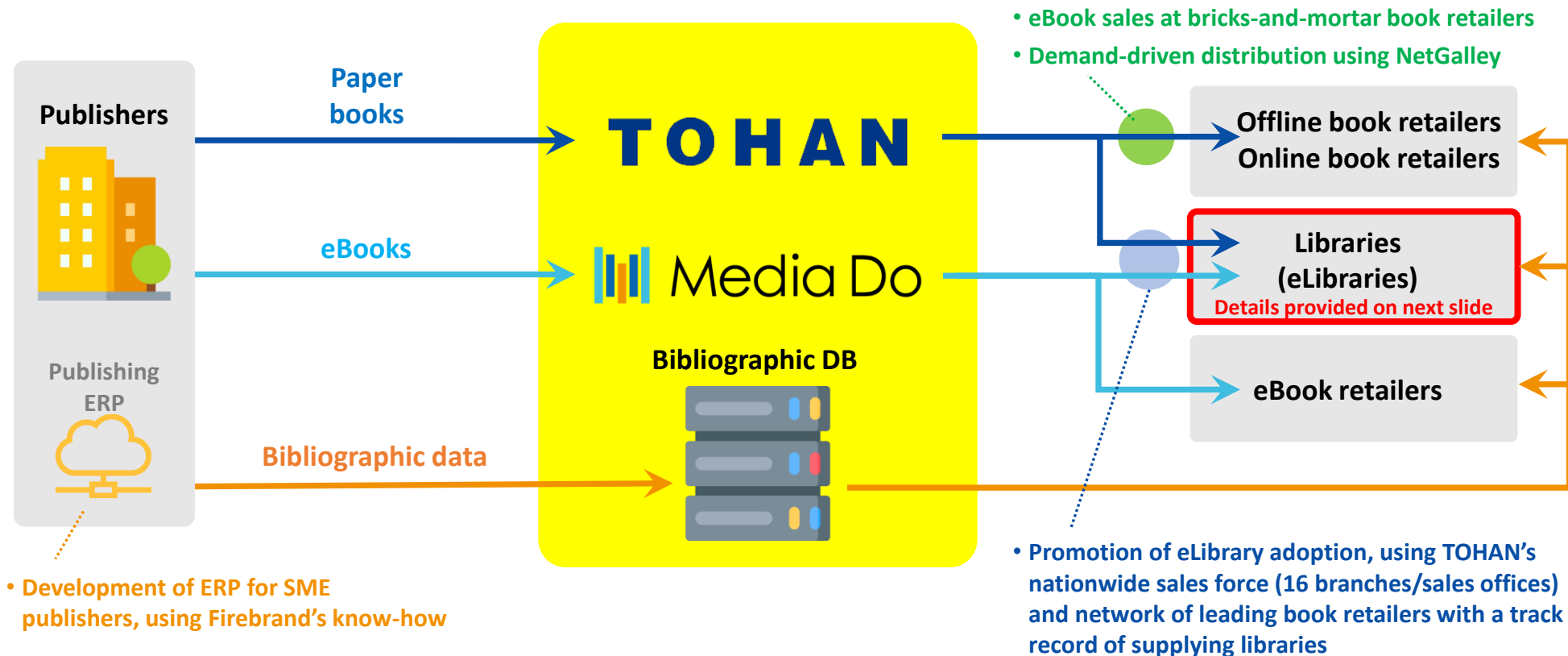


Driving market growth by promoting publishing

DX

Stimulate the growth of eBook markets (2)

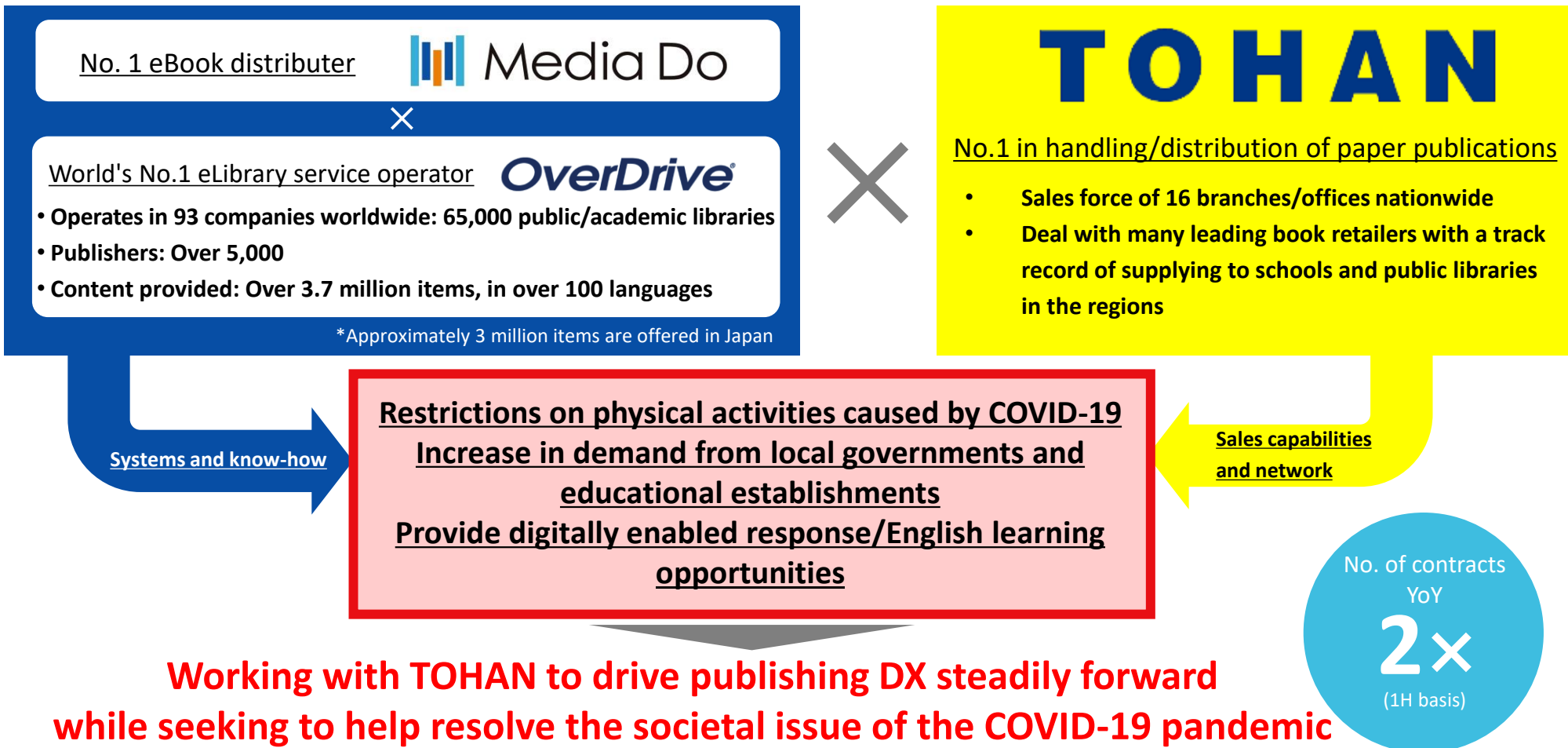
Collaboration between MEDIA DO and TOHAN provides strong support for publishing industry **DX**



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

Stimulate the growth of eBook markets (3)

Collaboration between MEDIA DO and TOHAN leading to accelerated co-creation of economic/social value



Stimulate the growth of eBook markets (4)

Acquisition of Everystar, which operates hybrid model with elements of both novel-sharing website and publishing

Planning to acquire 70% of shares from DeNA in December 2021 (disclosed September 29, 2021)



Company Outline

Established April 2010

Shareholders: DeNA 70%, NTT DOCOMO 30%

Note: At this point in time

No. of employees: Approx. 20

Performance: Net sales ¥880 million, operating profit ¥230 million (FY ended March 31, 2021)

Hits in recent years



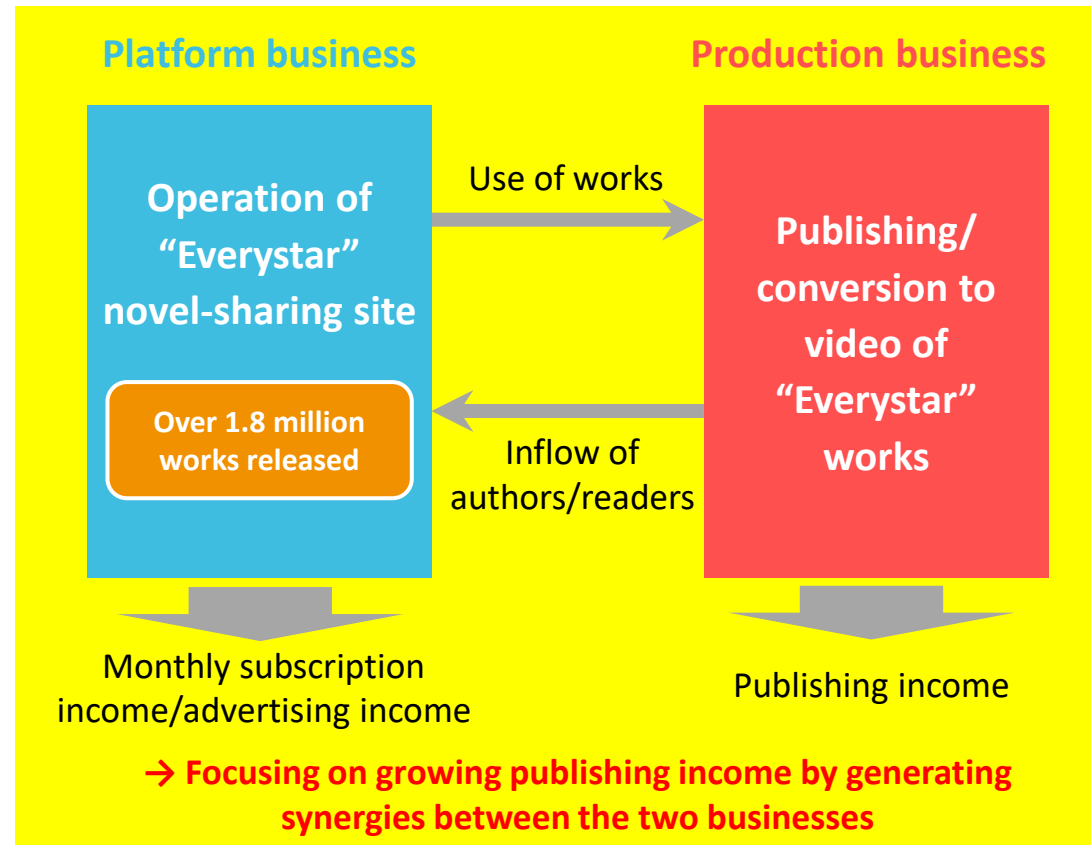
◆ Nibun no Ichi Fuufu

- Made into a terrestrial TV drama
- No. 9 in the Mecha Comics rankings (female section) for 1H 2021



◆ Watashi no Otto wa Reitoko ni Nemutte Iru

- Made into a terrestrial TV drama



Stimulate the growth of eBook markets (5)

Burgeoning global content business increases the value of original works



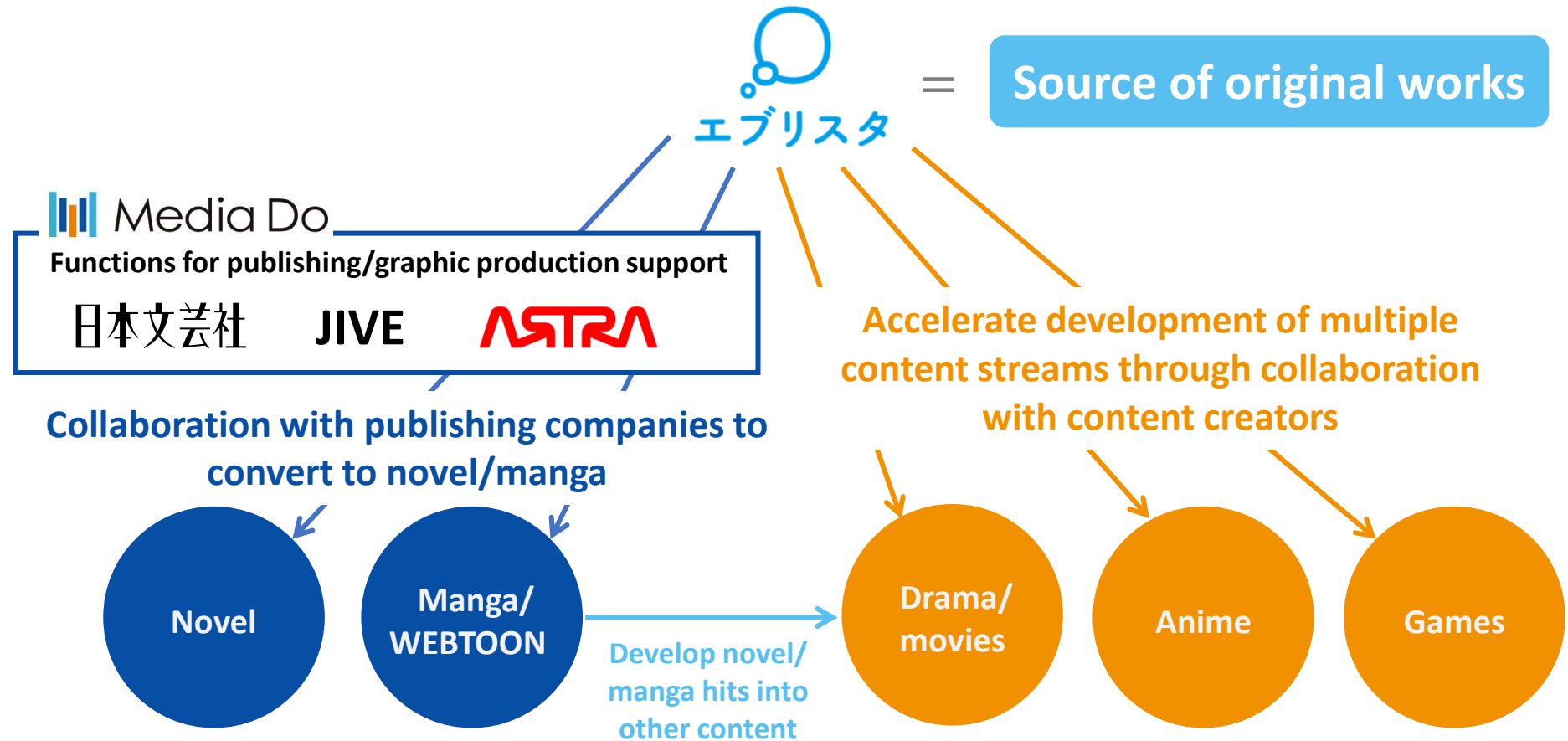
Intensifying competition among major players for acquisition of content

- Netflix budgeting \$17 billion for content creation in FY2021
- Acquisition of Marvel Studios, Lucasfilm, 20th Century Fox by Disney
- Acquisition of Metro-Goldwyn-Mayer (MGM) by Amazon
- NAVER acquires Canadian novel creation platform Wattpad
- Serialized novel app Radish and WEBTOON portal site Tapas Media acquired by Kakao

→ **Increase in value of original works, which are the key to content creation**

Stimulate the growth of eBook markets (6)

Drive further creation and multifaceted development of original works



→ Maximize value of original works as IP

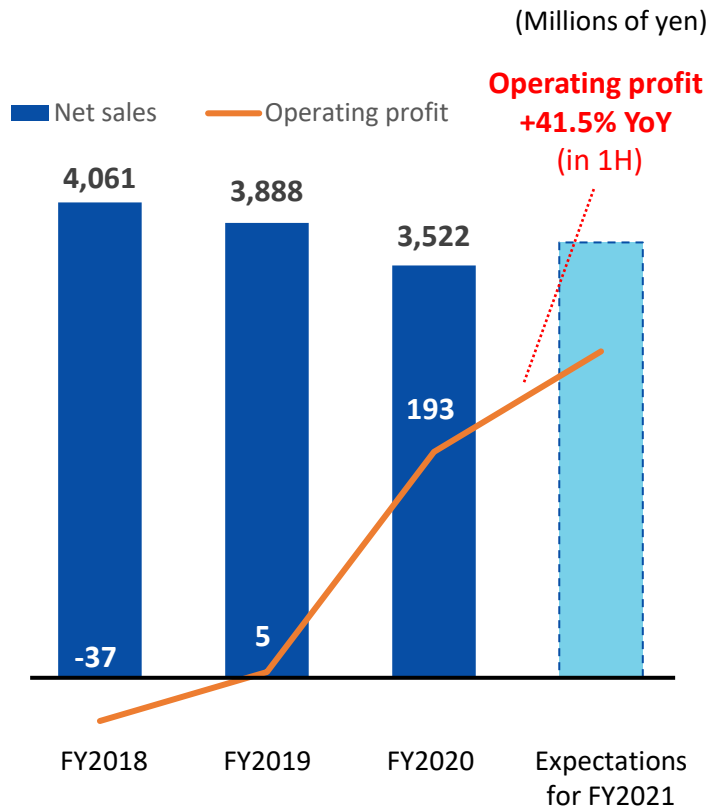
Other businesses

Proactive investment for business expansion

Imprint business (NIHONBUNGEISHA)

How-to and eBooks were strong, while PMI efforts bore fruit, leading to year-on-year growth in both net sales and operating profit

NIHONBUNGEISHA performance



日本文芸社
NIHONBUNGEISHA



Focus measures for PMI

- ① Augment digital content
 - Strengthen production of highly profitable eBooks
 - Convert existing popular works to WEBTOON (vertical scrolling in full color)
- ② Move forward with imprint project
 - Inventory management and demand-driven distribution
 - Reinforce structures by PMI monitoring



Despite decline in magazine sales, used distribution controls to improve returned book ratio
Sales of how-to and eBooks were strong, and grew year on year

Media business (MyAnimeList)

Completed capital increase totaling ¥1.36 billion to move MyAnimeList to the next stage



Results of PMI after joining MEDIA DO Group

MAU: 11.0 million → **18.0 million**

Monthly PVs: 180 million page views → **270 million page views**

*Comparison between time of acquisition (March 2019) and recent trading

→ **Increase value as anime/manga community site**

Capital increase

¥912 million

Akatsuki, Anime Times, KADOKAWA,
KODANSHA, MEDIA DO, SHOGAKUKAN,
SHUEISHA

(in alphabetical order)

+

Additional capital

increase
¥448 million

DENTSU Group, Bushiroad

Other cooperating businesses

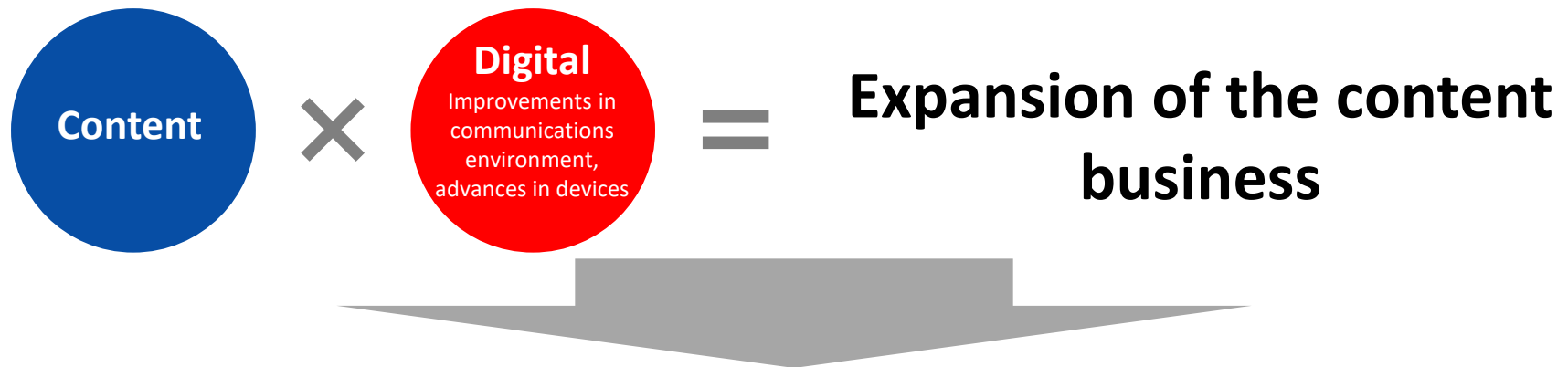
Expanding sales of content originating in Japan

Increase in advertising sales from domestic clients

→ **Utilize the value of global top-tier anime/manga community site to the maximum**

Courses of action for expanding the business

Seize the opportunity presented by digitization-driven business expansion to shift from distribution of content to creation of content



Broaden the range of content



eBook distributors

Media

Overseas expansion support

eBook PF

Generate content



NFT

Support for Publishing/ graphic production

Provision of original works

Publishing ERP/ systems development



Appendix

3. Reference data

FY2021 2Q Results (P/L)

(Millions of yen)	FY2020								FY2021			
	1Q		2Q		3Q		4Q		1Q		2Q	
Net sales	20,292		21,441		20,272		21,533		28,408		26,825	
eBook distribution business	20,064	98.9%	21,141	98.6%	19,957	98.4%	21,186	98.4%	28,074	98.8%	24,807	92.5%
Other businesses	228	1.1%	299	1.4%	314	1.6%	347	1.6%	334	1.2% ^{*2}	2,017	7.5%
Cost of sales, SG&A expenses	19,560		20,643		19,650		21,020		27,571		25,973	
Royalties/other cost of sales	17,862	88.0%	18,878	88.0%	17,750	87.6%	19,012	88.3% ^{*1}	25,669	90.4% ^{*3}	23,426	87.3%
Commissions	54	0.3%	57	0.3%	53	0.3%	51	0.2%	42	0.1%	37	0.1%
Advertising expenses	214	1.1%	200	0.9%	237	1.2%	226	1.0%	121	0.4%	160	0.6%
Personnel expenses	750	3.7%	784	3.7%	799	3.9%	852	4.0%	899	3.2% ^{*2}	1,456	5.4%
Depreciation/amortization	182	0.9%	181	0.8%	184	0.9%	210	1.0%	229	0.8%	305	1.1%
Other	494	2.4%	541	2.5%	624	3.1%	666	3.1%	610	2.1%	587	2.2%
Operating profit	732		797		621		512		836		851	
Ordinary income	734	3.6%	849	4.0%	615	3.0%	521	2.4%	846	3.0%	836	3.1%
Profit attributable to owners of parent	450	2.2%	459	2.1%	354	1.8%	254	1.2% ^{*4}	617	2.2% ^{*4} ^{*5}	218	0.8%
EBITDA	914		979		806		723		1,065		1,157	

*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 ¥22,599 million is 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.

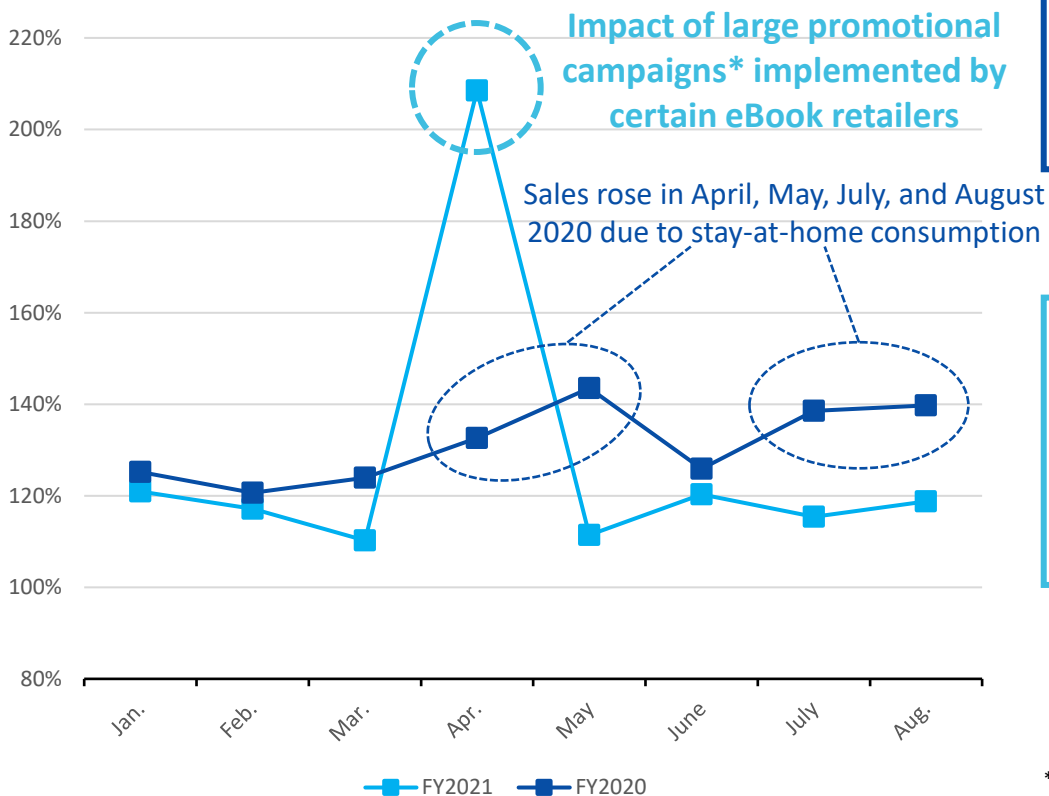
*5 An impairment loss related to goodwill (Nagisa) of ¥394 million was recorded

FY2020 Net Sales

Stay-at-home consumption raised the level of sales in the previous fiscal year

Market growth led to robust sales in 2Q

eBook distribution business's YoY net sales growth rate



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

* DMM Books offered a 70% discount on all titles to first-time customers, subject to a limit of 100 books per customer.

The response was so overwhelming, DMM Books cut the campaign short, ending it at 11:59pm on April 12.

Forecasting the Impact of M&A on Consolidated Earnings

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

Company	Acquisition date	1Q	2Q	3Q	4Q
MEDIA DO	—	Mar.-May	Jun.-Aug.	Sep.-Nov.	Dec.-Feb.
Nagisa	Oct. 2020	Mar.-May	Jun.-Aug.	Sep.-Nov.	Dec.-Feb.
Firebrand Group	Jan. 2021	—	Apr.-Jun.	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 5 months long

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

(Millions of yen)		FY2020	FY2021 forecast				
		Full year	1Q (Actual)	2Q (Actual)	3Q*	4Q*	Full year*
Net sales	Nagisa	69	110	124	110	110	454
	Firebrand	—	—	353	340	340	1,033
	NIHONBUNGEISHA	—	—	1,429	920	1,010	3,359
	Total	69	110	1,906	1,370	1,460	4,846
Operating profit after goodwill amortization	Nagisa	-49	-67	-95	-90	-110	-362
	Firebrand	—	—	22	20	20	62
	NIHONBUNGEISHA	—	—	119	10	50	179
	Total	-49	-67	46	-60	-40	-121

*Rough estimate

Results for FY2021 2Q (B/S)

(Millions of yen)	FY2021	FY2021	QoQ change	Main factor behind change
	1Q	2Q	(in yen)	
Current assets	40,807	37,359	-3,448	
Cash and deposits	10,790	11,948	1,157	
Notes and accounts receivable*1	28,592	24,300	-4,292	Rose temporarily at the end of 1Q due to cooperation with promotional campaigns by certain book retailers
Non-current assets	15,089	14,710	-379	
Property, plant and equipment	409	379	-29	
Software	706	737	30	
Goodwill	7,858	6,632	-1,225	Extraordinary loss was posted as a result of the application of impairment loss on stock of subsidiary
Investment securities	6,122	6,236	114	
Total assets	55,897	52,069	-3,827	
Current liabilities	34,270	30,364	-3,905	
Notes and accounts payable*1	30,375	26,825	-3,550	Rose temporarily at the end of 1Q due to cooperation with promotional campaigns by certain book retailers
Current portion of long-term borrowings	1,154	1,113	-41	Decreased due to the repayment of debt
Fixed liabilities	5,914	5,752	-161	
Long-term borrowings	5,201	4,948	-253	Decreased due to the repayment of loans
Total liabilities	40,185	36,117	-4,067	
Shareholders' equity	15,350	15,619	268	
Capital	5,883	5,908	24	
Capital surplus	7,172	7,197	24	
Retained earnings	2,295	2,514	218	
Total accumulated other comprehensive income	314	301	-13	
Share option	0	0	—	
Non-controlling interest	47	30	-16	
Total net assets	15,712	15,951	239	
Total liabilities and net assets	55,897	52,069	-3,827	

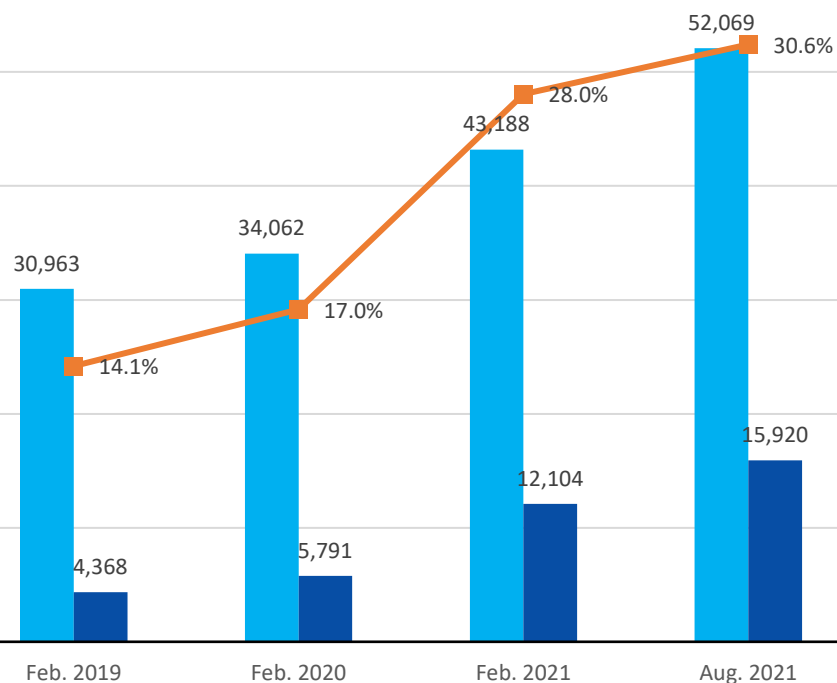
*1 Accounting item names changed following M&A

Balance Sheet Data

Financial stability has improved following April 2021 capital raise

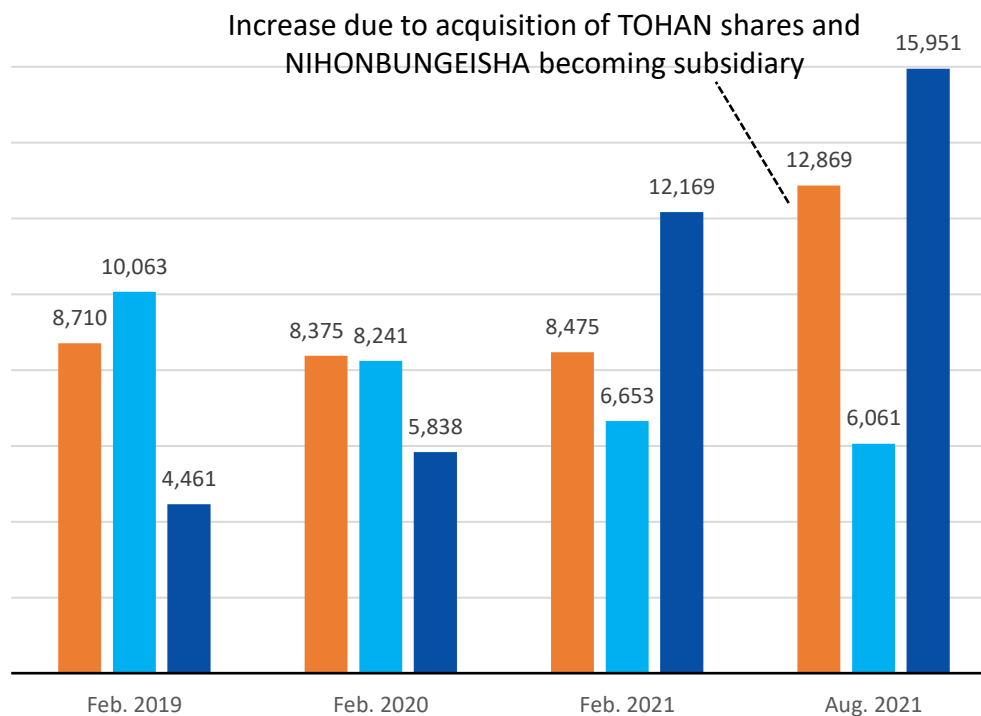
Shareholders' equity ratio (SER)

(Millions of yen)



Key B/S accounts

(Millions of yen)



■ Total assets ■ Shareholders' equity — SER

■ Goodwill + investment securities ■ Interest-bearing debt ■ Net assets

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 > ¥158bn*

*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.

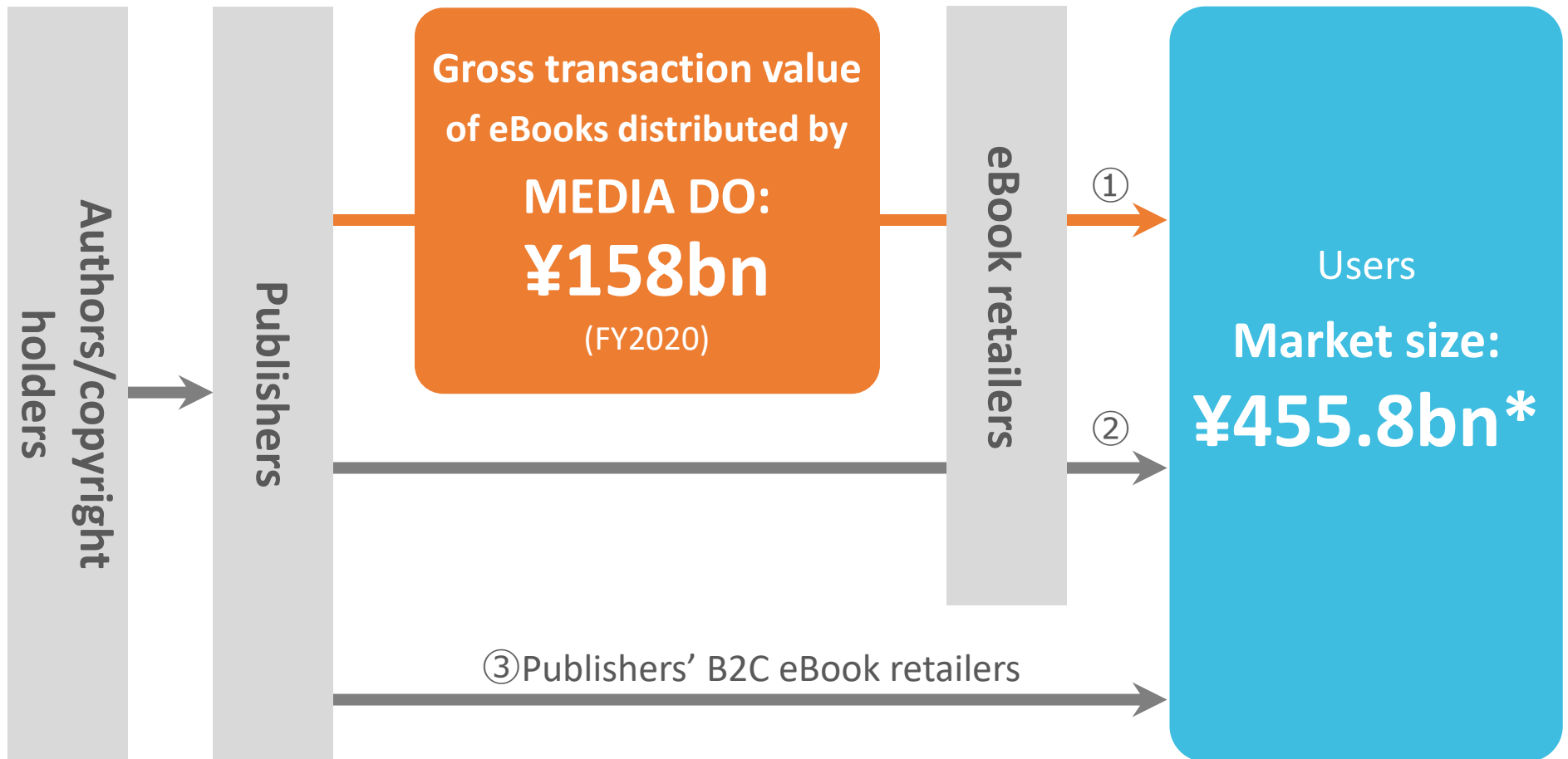
Wholesaler turned **SaaS** provider

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 2021 on Japanese market

*Actual FY2020 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 **1,680** 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

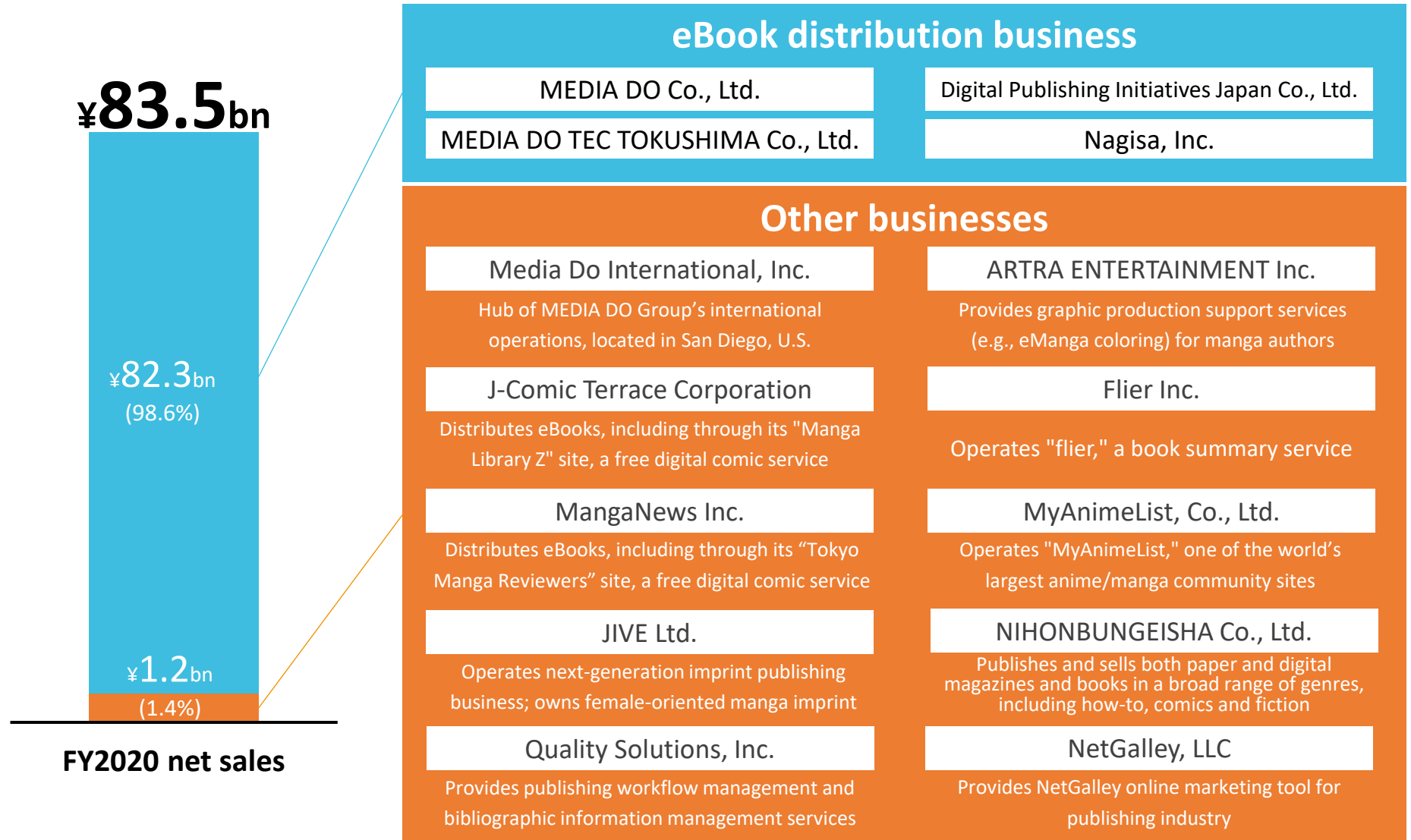
*1. Defined as publishers that belong to the Japan Book Publishers Association (402 members as of October 31, 2020), excluding non print (e.g., audiobook) publishers.

*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)

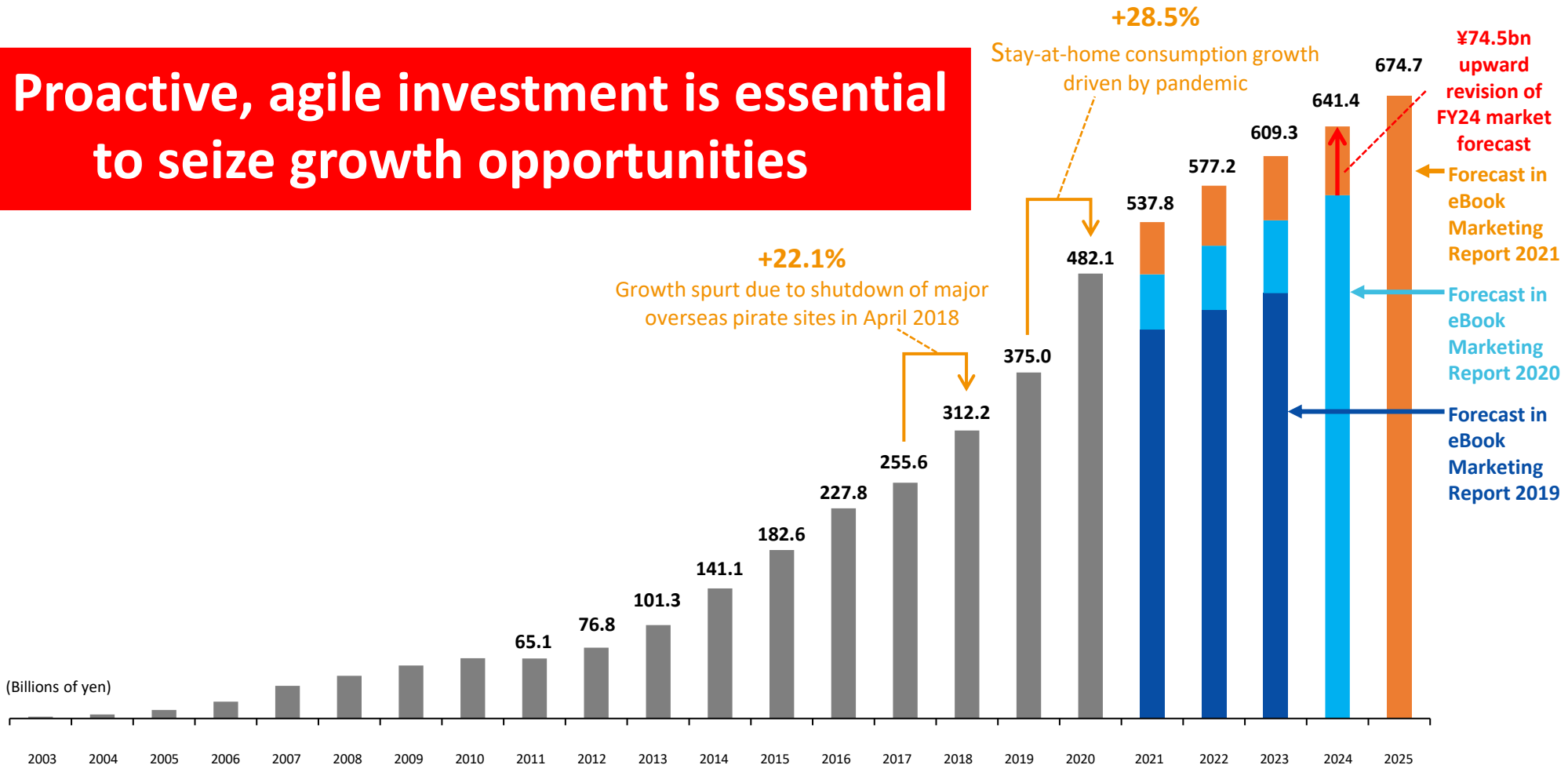
Core focus is eBook distribution business



MEDIA DO's operating environment (1)

eBook market growth has been accelerating

Proactive, agile investment is essential to seize growth opportunities



MEDIA DO's operating environment (2)

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

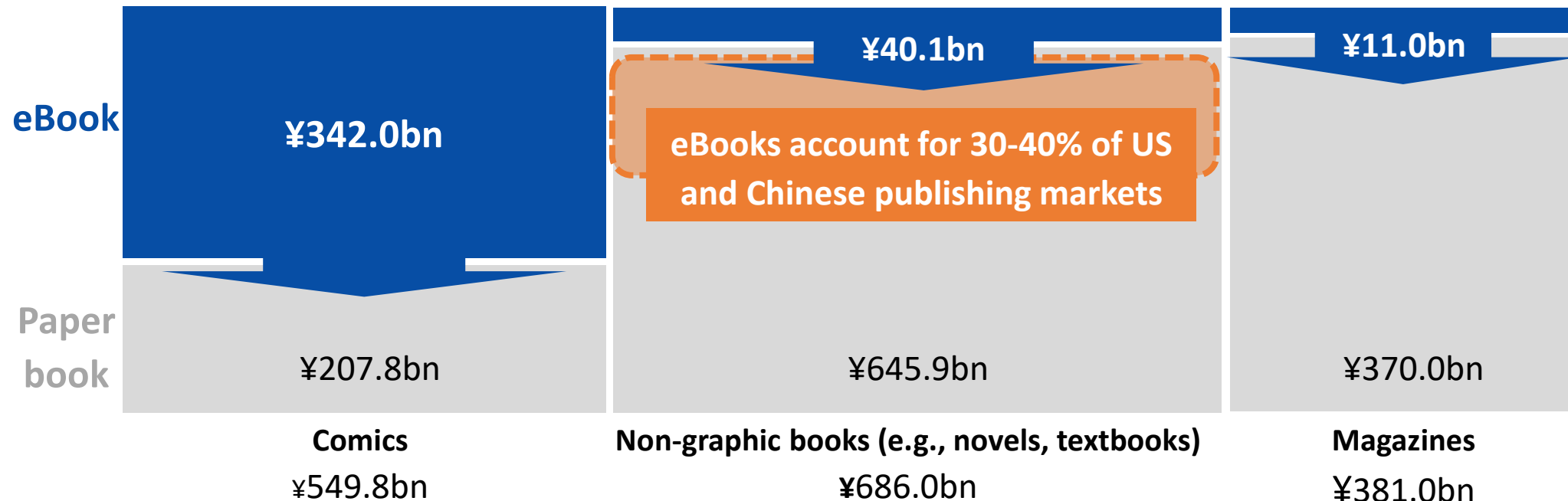
Japan's publishing market by segment (2020)

Digital share of sales

62.2% Up 1.3pt YoY

5.8% Up 0.7pt YoY

2.9%



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

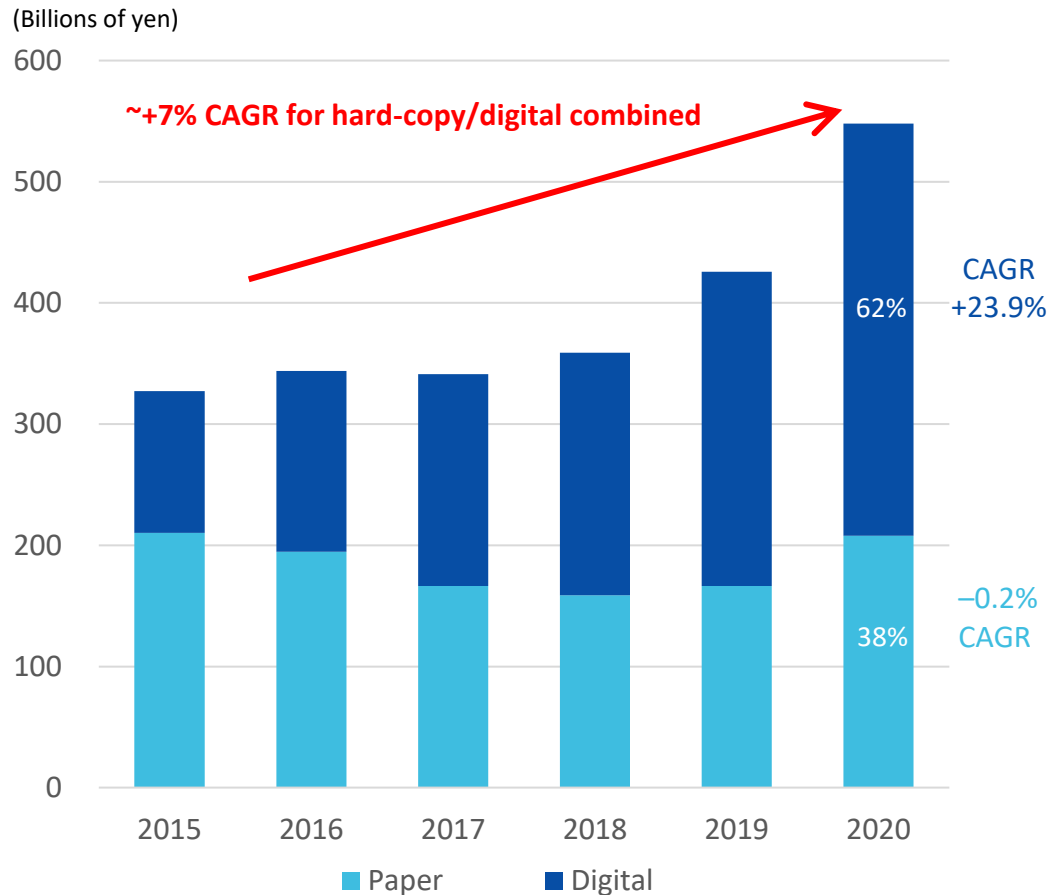
Note: AJPEA Statistics classify 90% of comic books in the "magazine" category. In the diagram above, such comic books classified as magazines are counted as "comics."

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)

Announced at beginning of fiscal year

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)

Announced at beginning of fiscal year

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%)

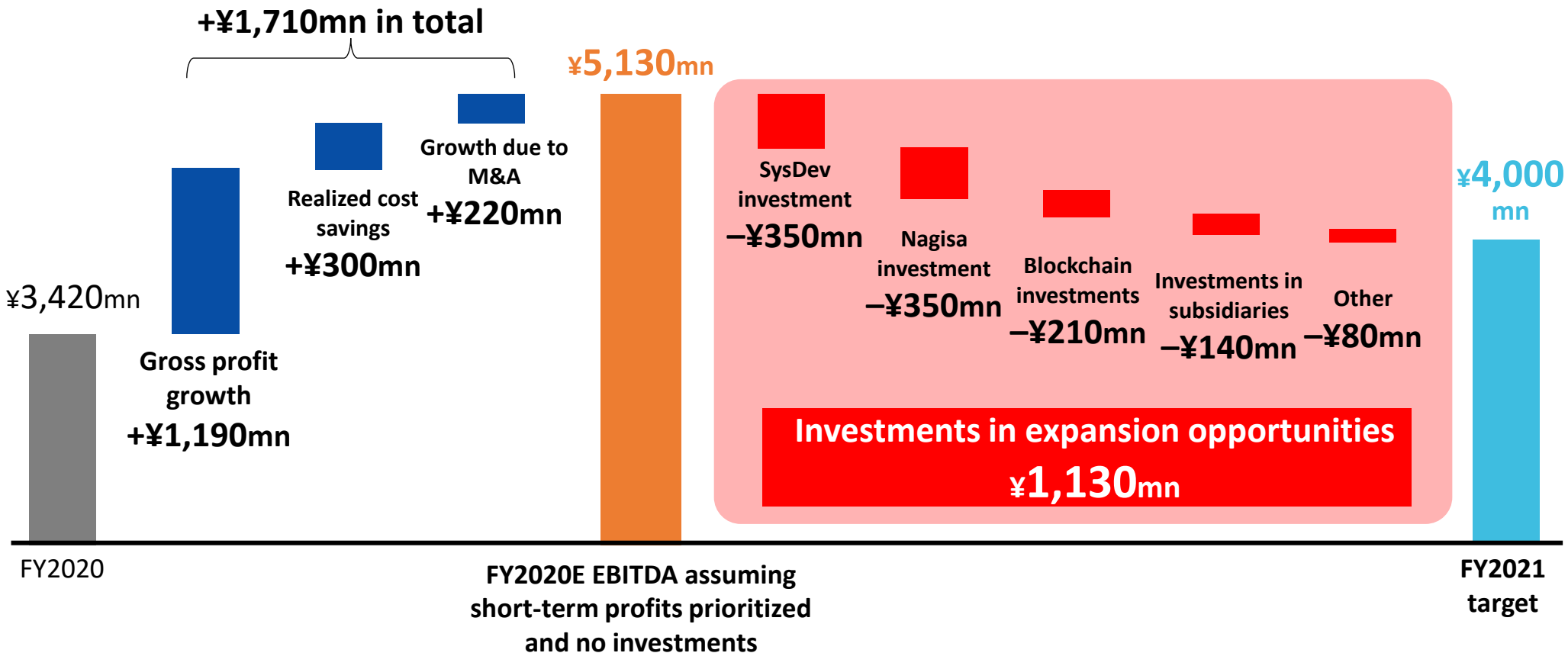
*1. Does not include revenue from NFT marketplace.

*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).

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

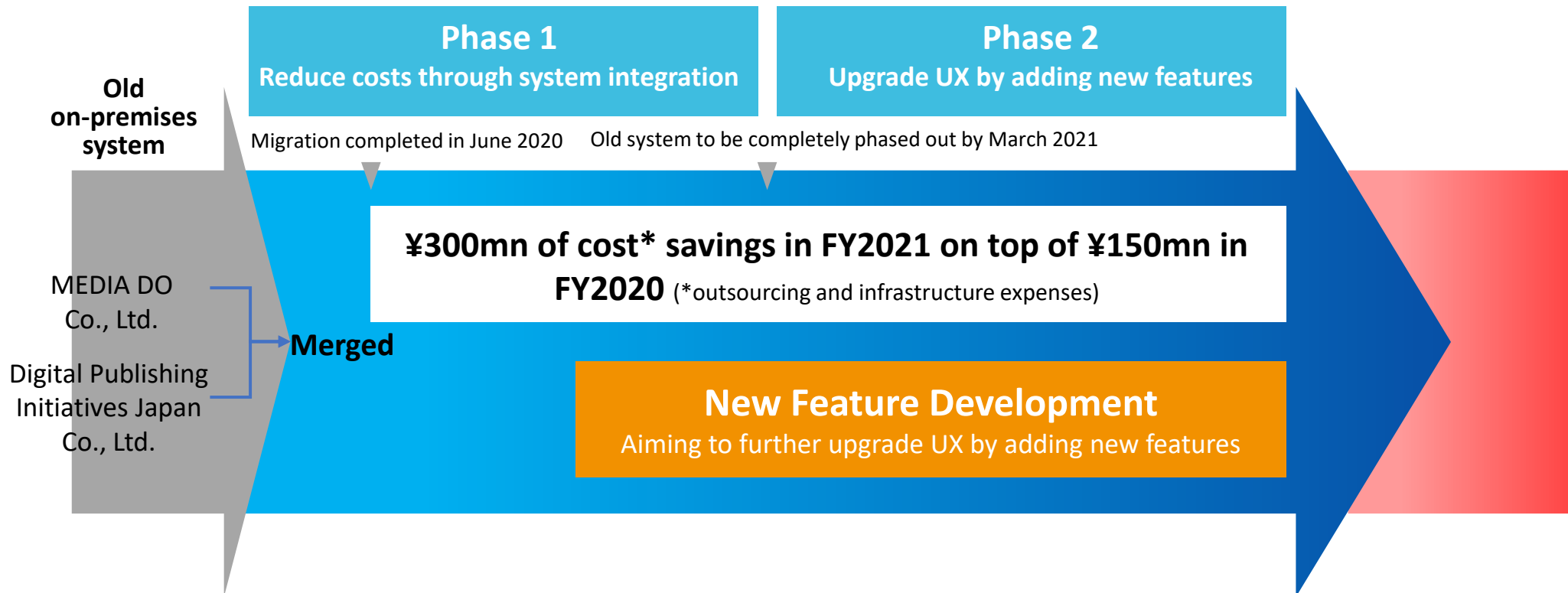
Consolidated EBITDA



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



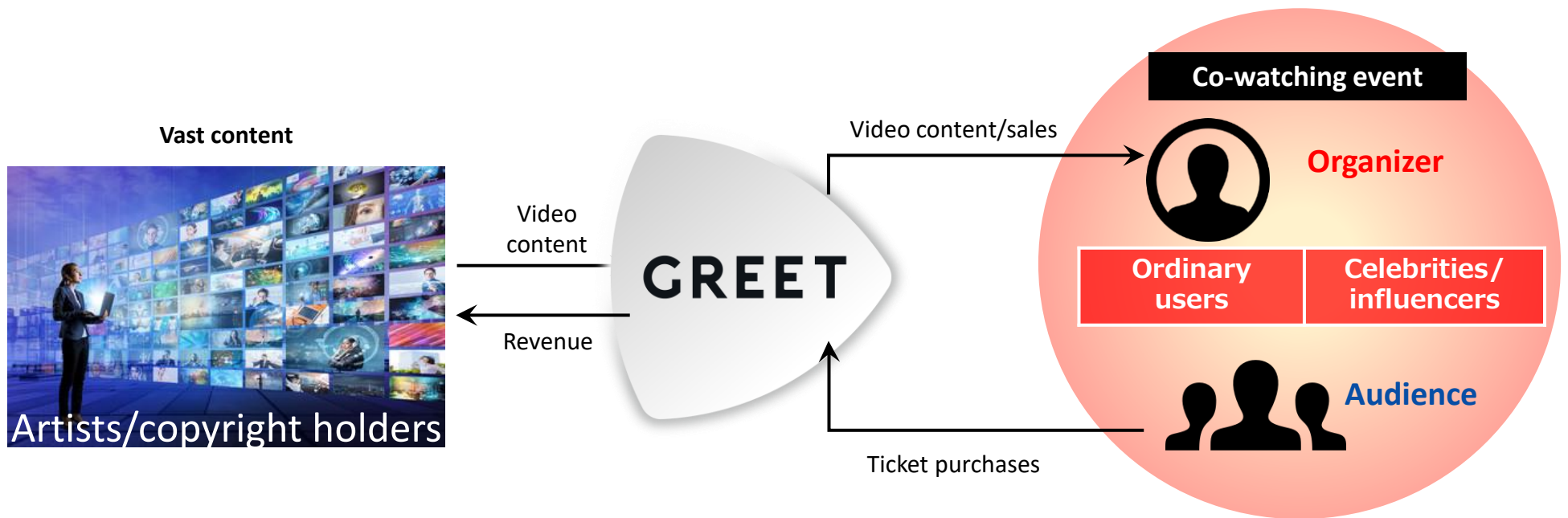
Cloud-based wholesaling system

- ✓ 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 Dec.

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

FY2021 initiatives (7)

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
- Going forward we will involve many other publishers, and gradually begin beta testing on October 1, 2021.
- On October 27, 2021, we will hold an announcement meeting (for which applications are currently being accepted) for publishers at which we plan to explain the functionality and announce pricing

Scheduled to begin service next spring

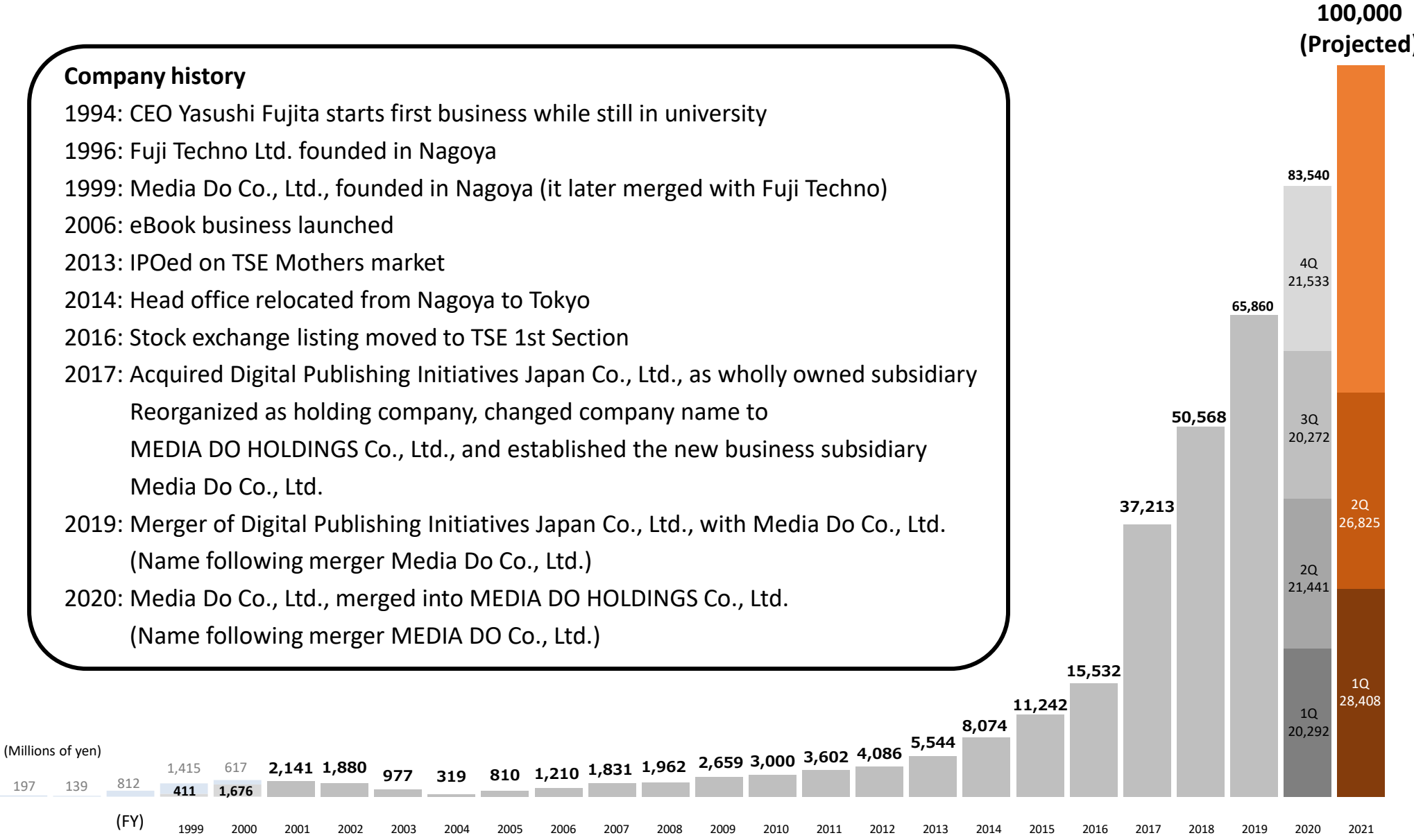


Post launch, we will upgrade system to a publishing ERP by adding functionality, including revenue/royalty management for paper books

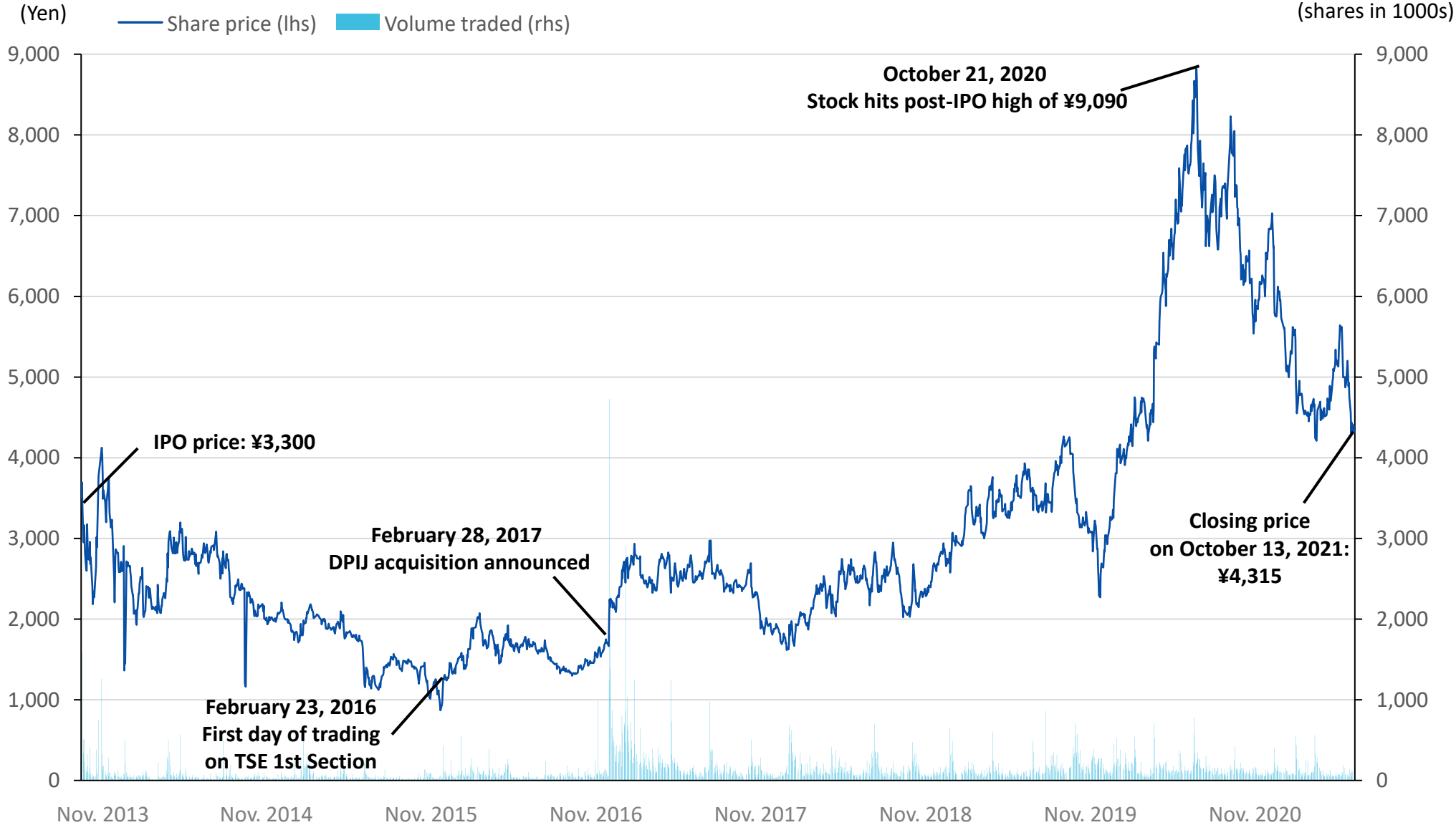
Growth in net sales

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.)



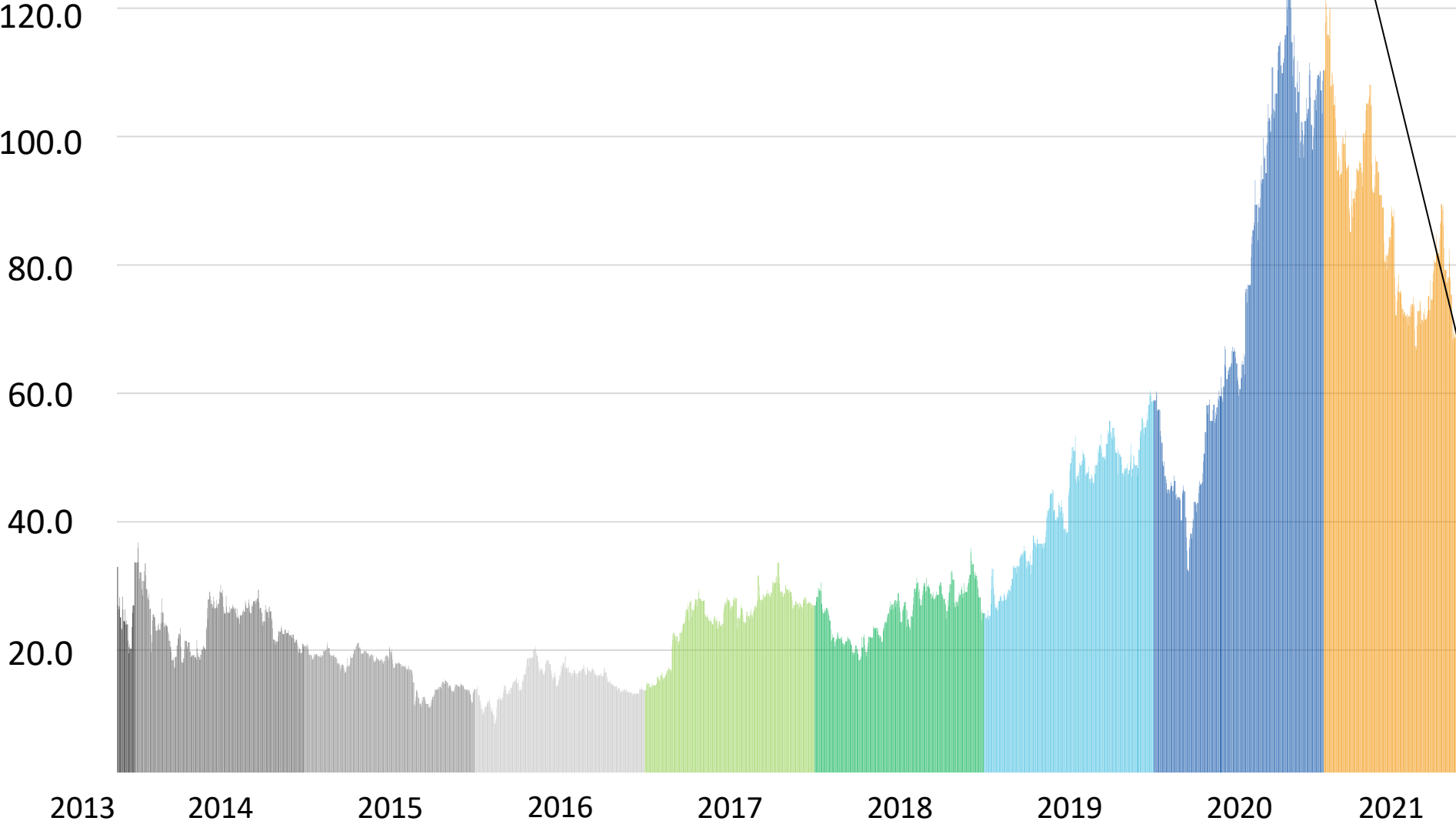
Share price performance and trading volume since IPO



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

(Billions of yen)



Company Outline

Trade name	MEDIA DO Co., Ltd.
Established	April 1999
Capital	¥5,908 million (as of August 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; A.I. Squared, Inc.; Tec Information Corp.
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JIVE Ltd.



Digital Publishing Initiatives
Japan Co., Ltd.



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/>