

More Content for More People!

MEDIA DO Co., Ltd.
Financial Results Briefing
FY2020 (Ended February 2021)



Securities code: 3678

1. Consolidated earnings highlights

2. Future growth plans

(1) eBook distribution business

— Invent future eBook markets

—Media Do's **NFT** initiatives

(2) eBook distribution business

— Stimulate the growth of eBook markets

(3) Other businesses

(4) FY2020 initiatives

3. Reference data

Earnings Results

1. Consolidated earnings highlights

Consolidated earnings highlights (1)

All-time record net sales and profits by virtue of eBook demand growth driven by stay-at-home consumption

Consolidated

Net sales	¥83.5bn (+27% YoY)
Operating profit	¥2,660mn (+44% YoY)
EBITDA	¥3,420mn (+29% YoY)
Profit attributable to owners of parent	¥1,510mn (+72% YoY)

Of which, **eBook distribution business**

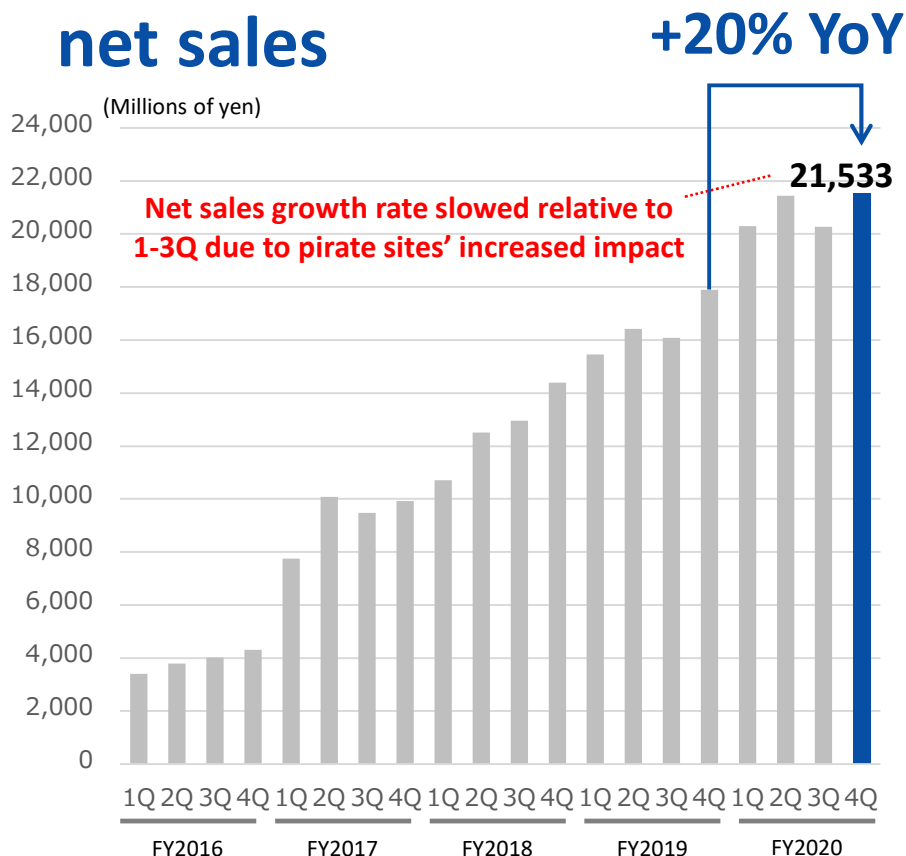
Net sales	¥82.3bn (+28% YoY)
Operating profit	¥2,590mn (+39% YoY)

Sales ratio
98.6%

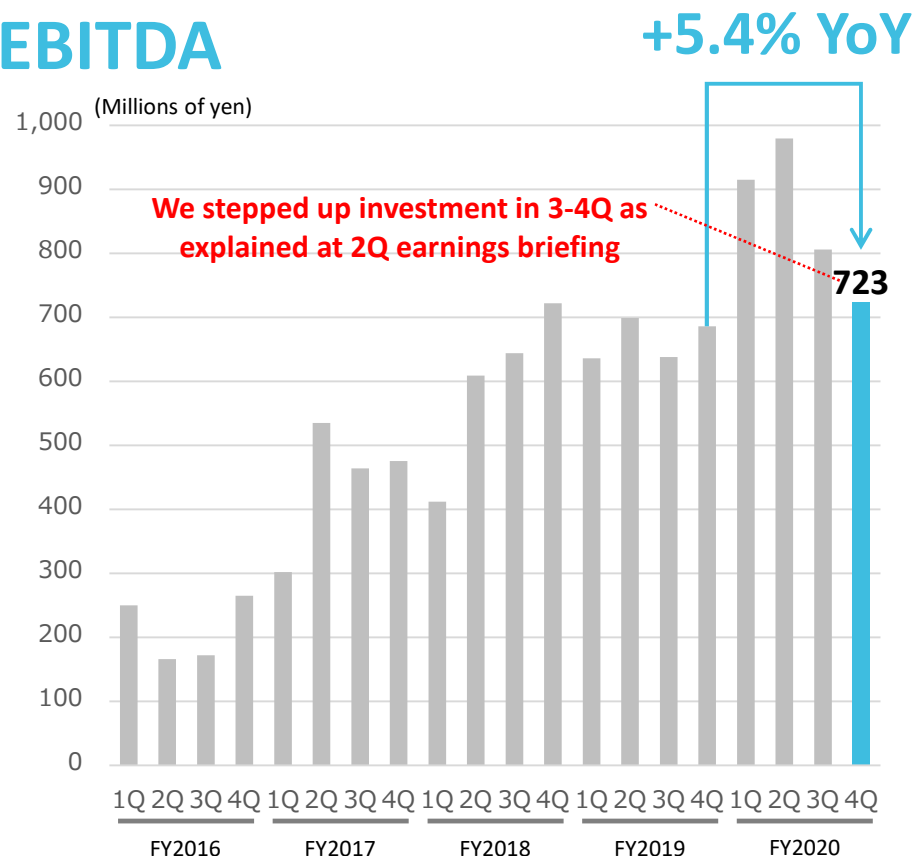
Consolidated earnings highlights (2)

All-time record 4Q consolidated net sales and EBITDA again

Quarterly consolidated net sales



Quarterly consolidated EBITDA

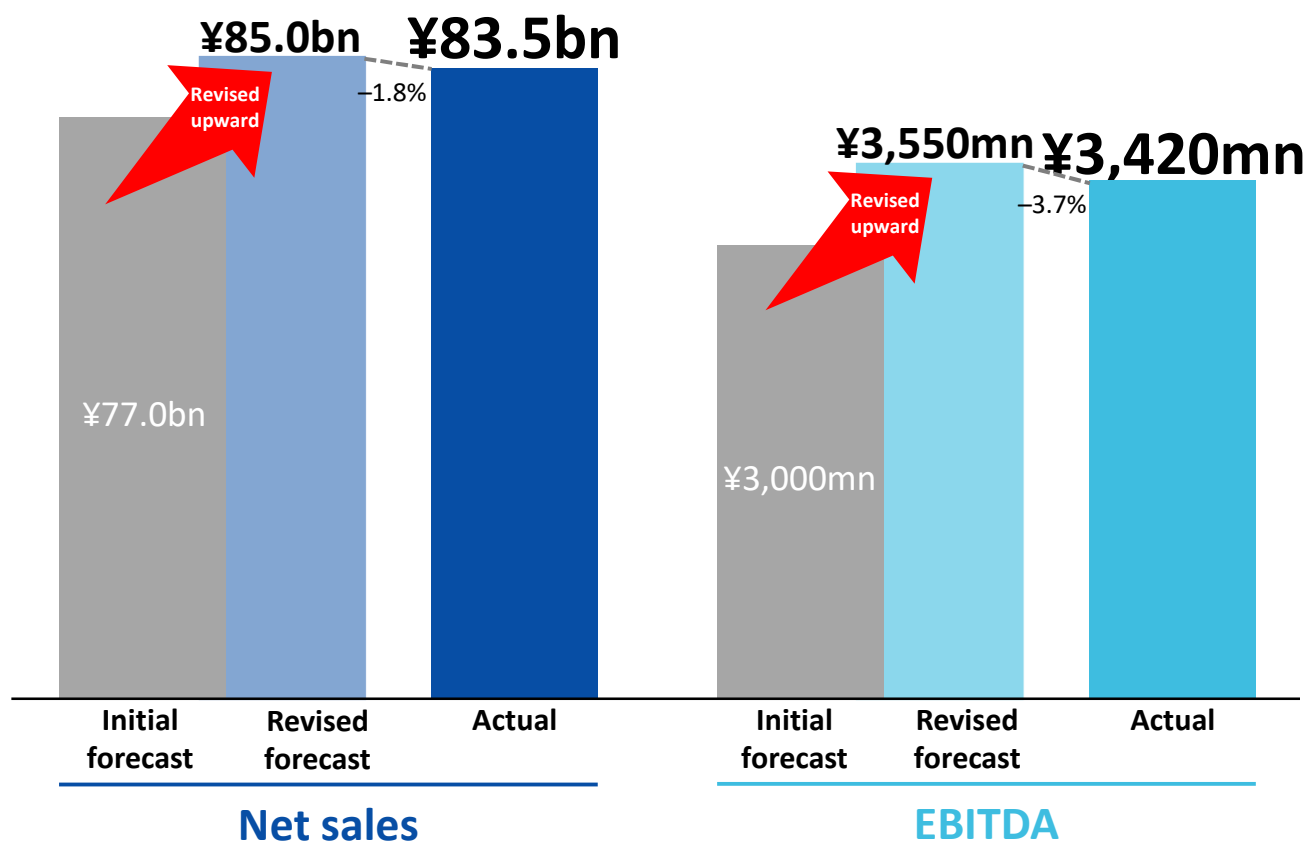


Note: FY2016 data are Media Do's nonconsolidated net sales and EBITDA.

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Consolidated earnings highlights (3)

Net sales and profits were both a bit shy of upwardly revised forecasts, weighed down by pirate sites' impact



Attainment rate*

Net sales
98.3%

(108.5% of initial net sales forecast)

EBITDA
96.4%

(114.1% of initial net sales forecast)

* Initial and revised forecasts are forecasts disclosed on April 14 and October 13, 2020, respectively.

Consolidated earnings highlights (4)

FY2020 year-end DPS

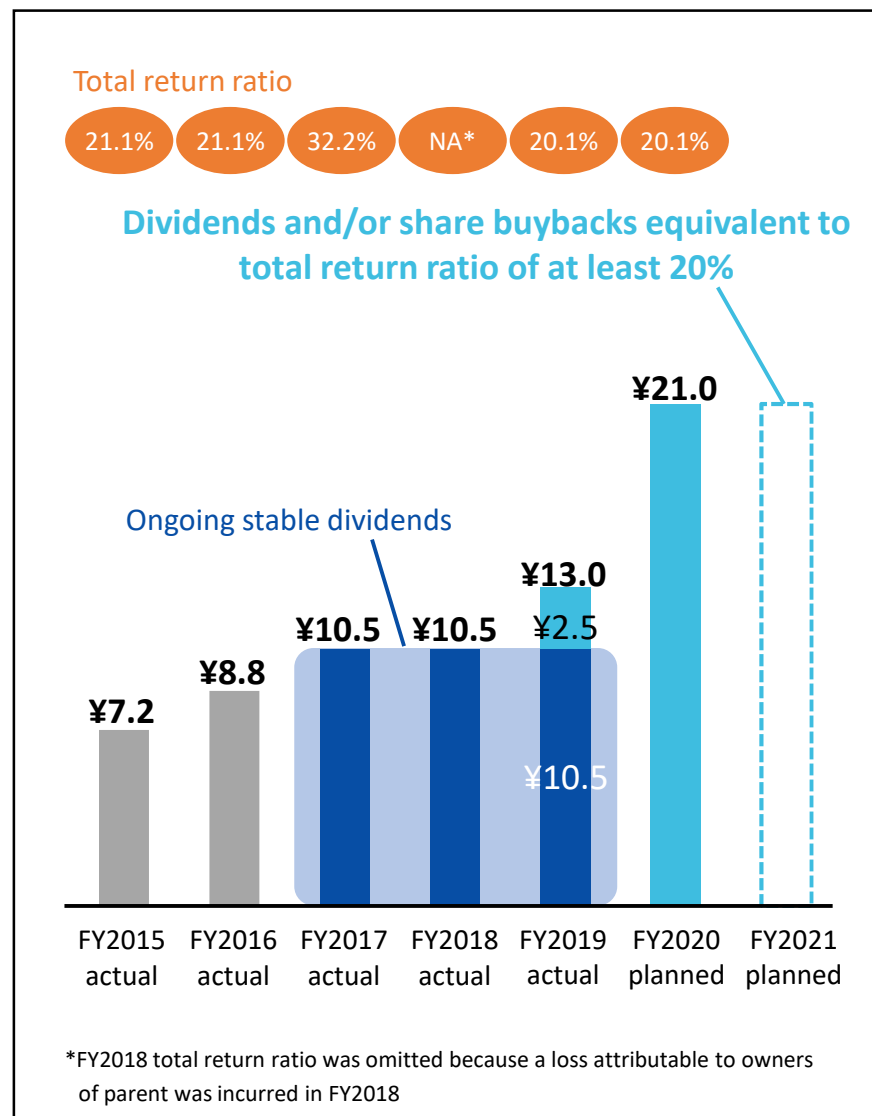
¥21.00

Note: Pending Board approval scheduled for April 22, 2021



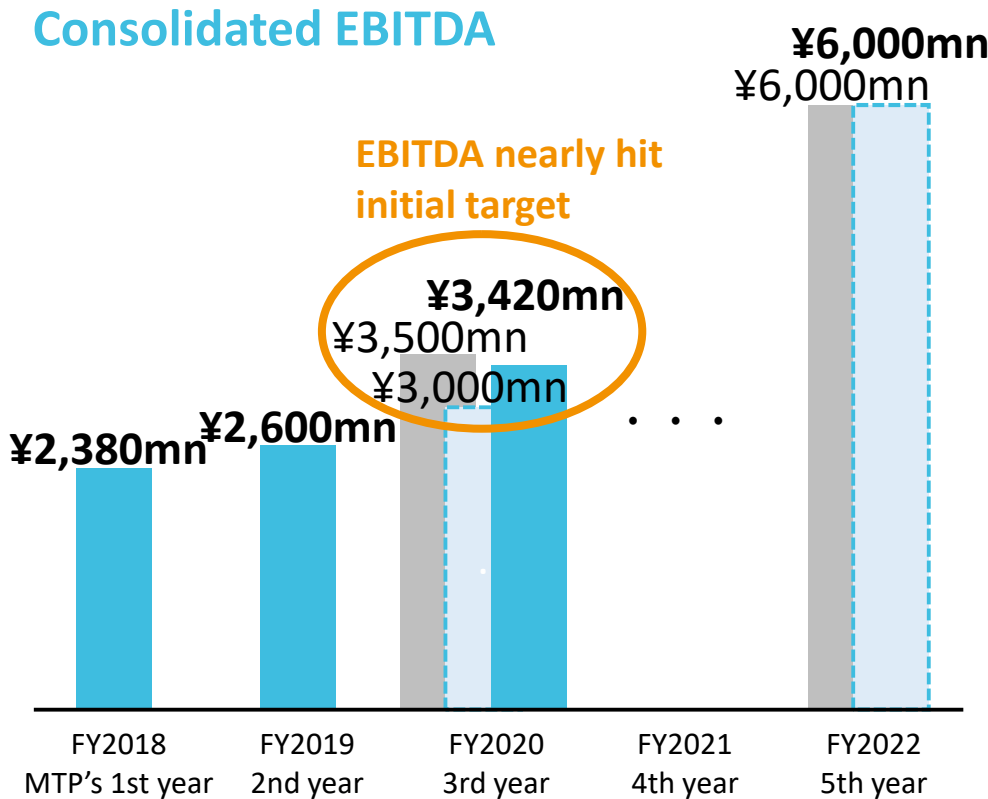
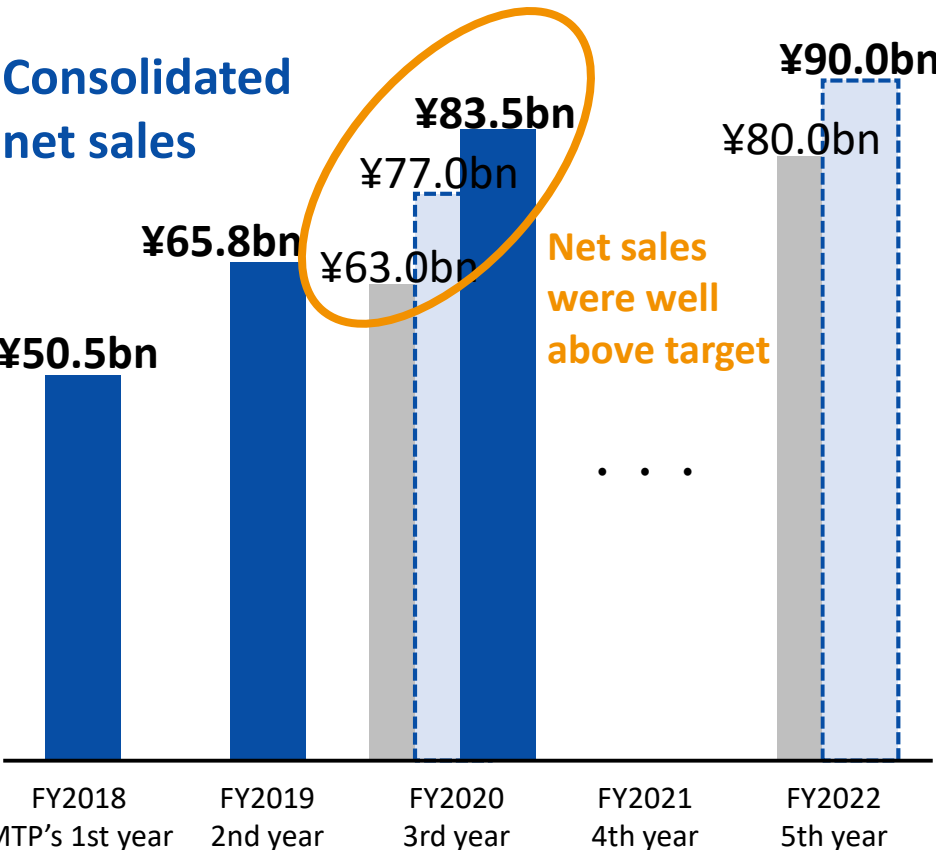
In FY2021, we plan to return to shareholders at least 20% of profit attributable to owners of parent through dividends and share buybacks, with the split between the two to be determined based largely on our share price

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



Review of current medium-term management plan (MTP) (1)

Net sales surpassed MTP’s target; EBITDA was roughly in line with target



Review of current medium-term management plan (MTP) (2)

PMI and structural reforms completed

PMI of 2017 acquiree DPIJ completed

(1) Management integration

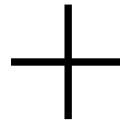
- MEDIA DO HOLDINGS/Media Do merger
- Appointed 10-CxO management team

(2) Operational integration

- Integrated eBook distribution operations (dominant domestic market share)
- Completed IT system integration

(3) Mindset synchronization

- Established mission, vision, values & credo
- Integrated/implemented other (e.g., HR) systems



Structural reforms

(4) Cost reduction

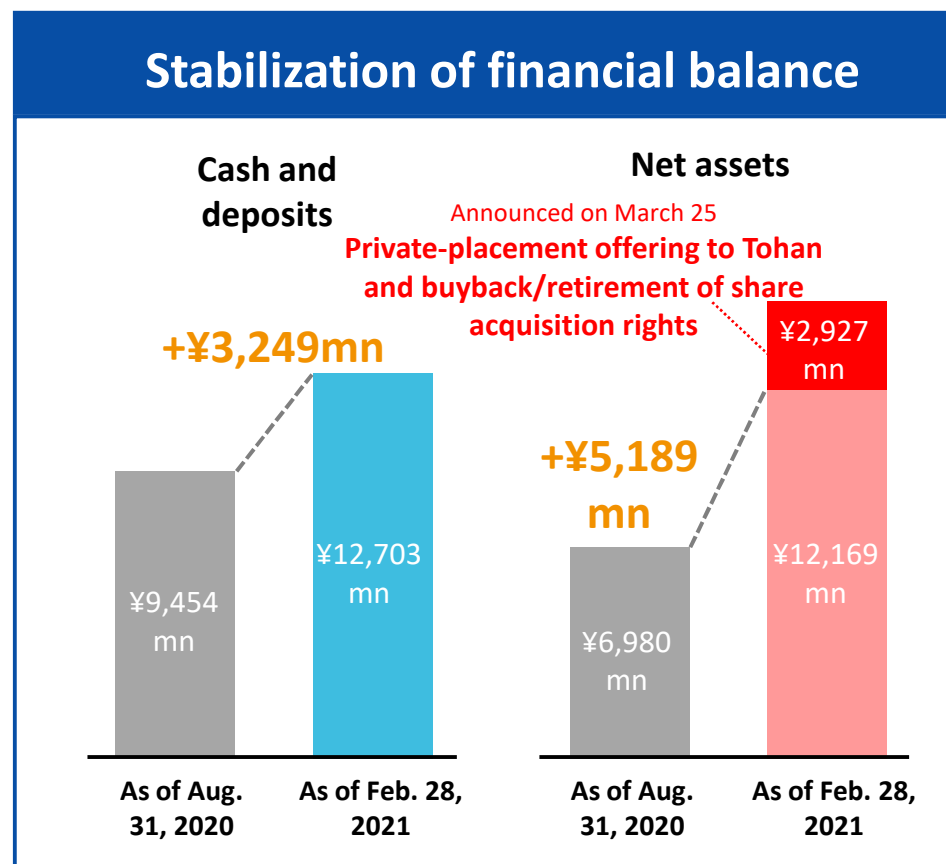
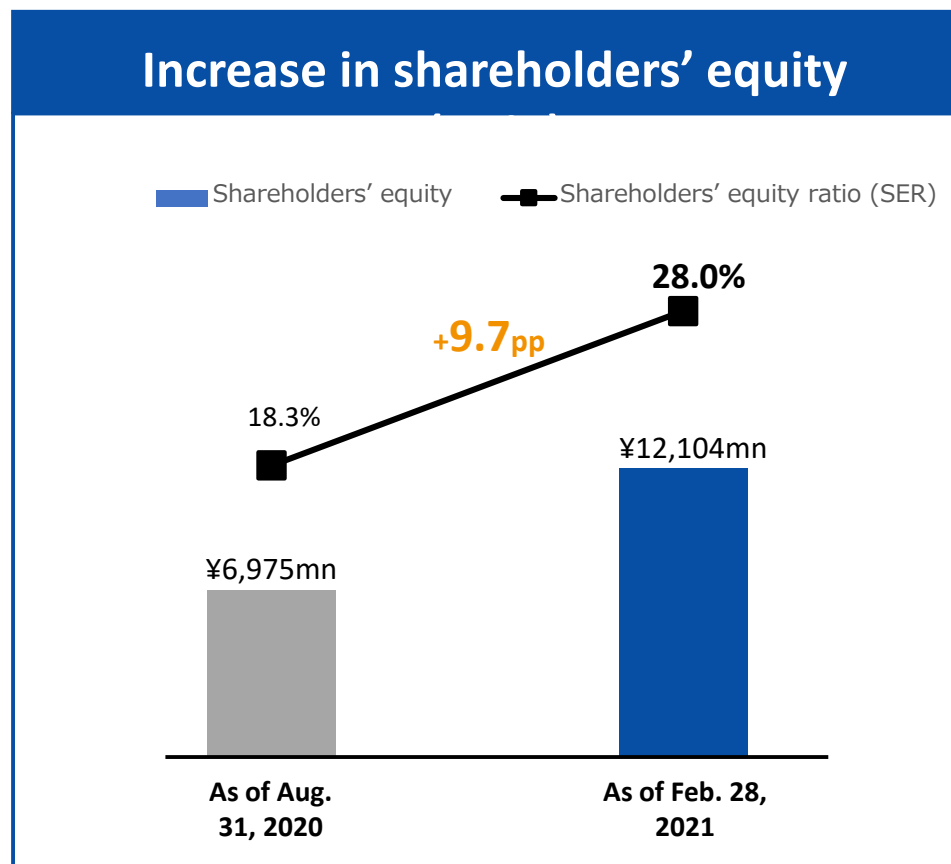
- Farmed out operations to Media Do Tech Tokushima
- Reduced infrastructure costs by integrating Media Do and DPIJ's IT systems

(5) Improvement in financial condition

- Improved financial condition and raised capital for M&A through share acquisition rights offering
- Formed capital/operational alliance with Tohan Corporation (private-placement capital raise)

Review of current medium-term management plan (MTP) (3)

Improved financial soundness through capital raise



→ Raised ¥7.4bn in total; all share acquisition rights were exercised or bought back

(18th share acquisition rights issue + private-placement offering to Tohan)

Business Strategy

2. Future growth plans

Future growth plans

**eBook
distribution
business**

**Invent future
eBook
markets**

**Stimulate the
growth of eBook
markets**

**Other
businesses**

**Proactive investment for
business expansion**

eBook distribution business

**Invent future eBook
markets**

Invent future eBook markets (1)

The world Media Do aims to bring about with blockchain technology

Existing digital content services
= **central server platforms**

New content service envisioned by
Media Do
= **blockchain platform**

Music/books/visual media, etc.



Spotify, Kindle, YouTube, Netflix, etc.



Music/books/visual media



Digital content with a concept of “units” and premiumization potential

→ **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

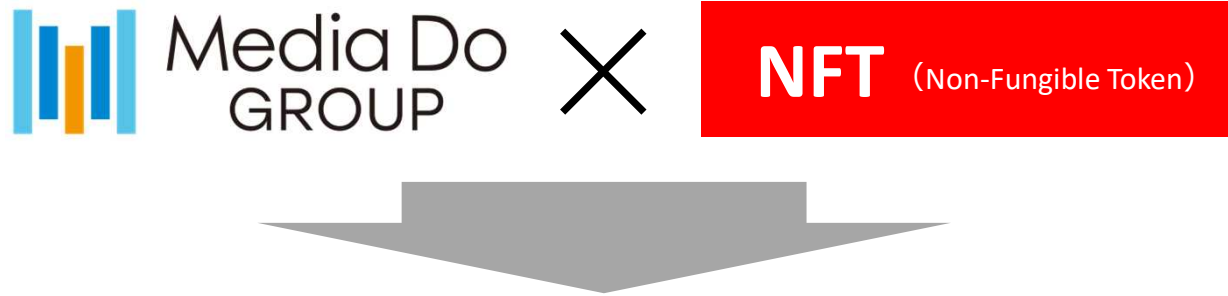
	Cryptocurrencies	NFT (non-fungible tokens)	Existing digital content
Technology	Decentralized system (Public chain)	Decentralized system (Public chain)	Centralized system
Fungibility	Fungible (1 BTC has the same value no matter who owns it)	Non-fungible (Digital certificates of ownership with unique serial numbers; no two are the same)	Fungible (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 racked up over 3mn trades collectively worth over \$500mn since its launch in 4Q20

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)



Enabling users to digitally experience the fun of collecting to

Elevate, expand and visibilize content fandom

**As a first step, we are partnering with Tohan, a major
paper book wholesaler,
to build a platform that taps into Tohan's domestic network of book retailers
to connect fans with each other in real life**

Invent future eBook markets (4)

Media Do will promote **DX** among paper book retailers/distribution channels as Tohan's biggest shareholder



We aim to drive market growth and DX throughout the publishing industry as a major eBook distributor and publishing platform linking 2,200 domestic publishers to 150 eBook retailers

TOHAN

Tohan commands an over one-third share of domestic paper book distribution as a bridge between 3,000 publishers and 5,000 book retailers. It is pursuing demand-driven distribution to structurally reform publishing distribution by, e.g., reducing return rates.

Media Do is now Tohan's top shareholder (5.56% stake)

Private-placement offering of
Media Do stock
→
←
Acquisition of Tohan treasury stock

Tohan is now a top-10 shareholder of Media Do (3.09% stake)*

*Based on issued share count at Feb. 28, 2021

Building a new publishing ecosystem of creation and distribution

Invent future eBook markets (5)

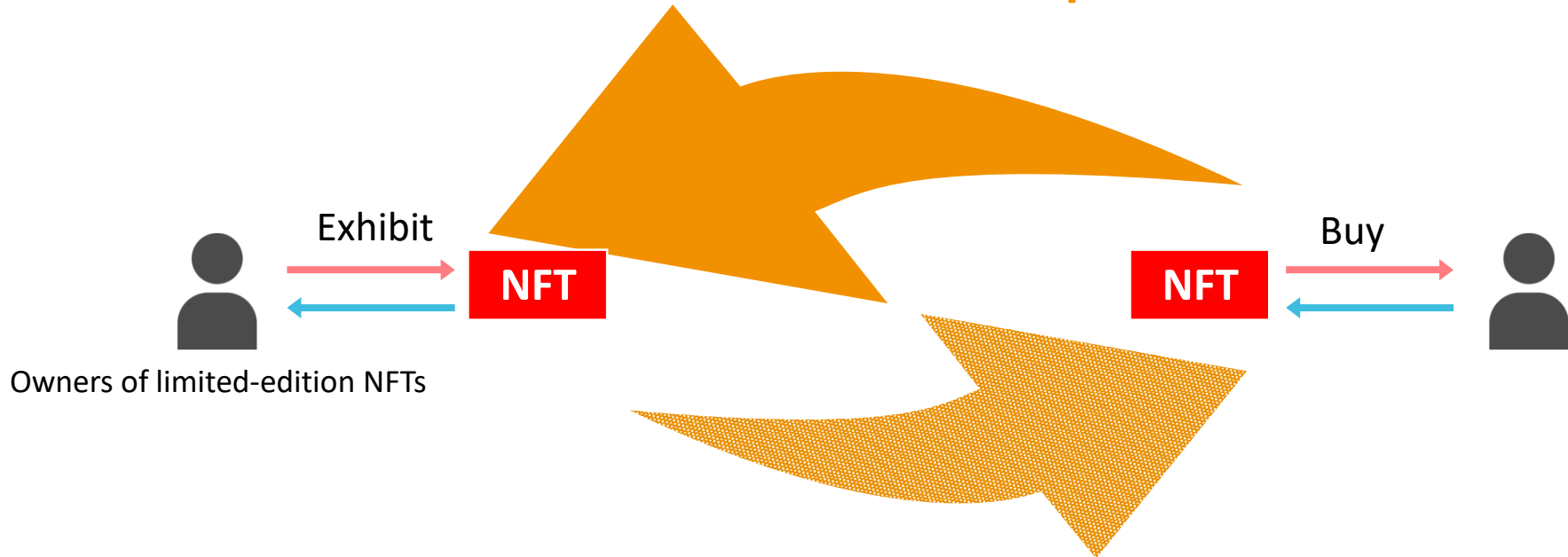
Aiming to revitalize Japan's book retailers by distributing books digitally tokenized with NFTs through Tohan



- ✓ Offering NFTs as a bonus to book purchasers should boost book retailers' sales
- ✓ Currently in talks with Kadokawa, Kodansha, Shueisha and Shogakukan about rolling out NFTs

We plan to create an NFT marketplace together with publishers, Tohan and nationwide book retailers

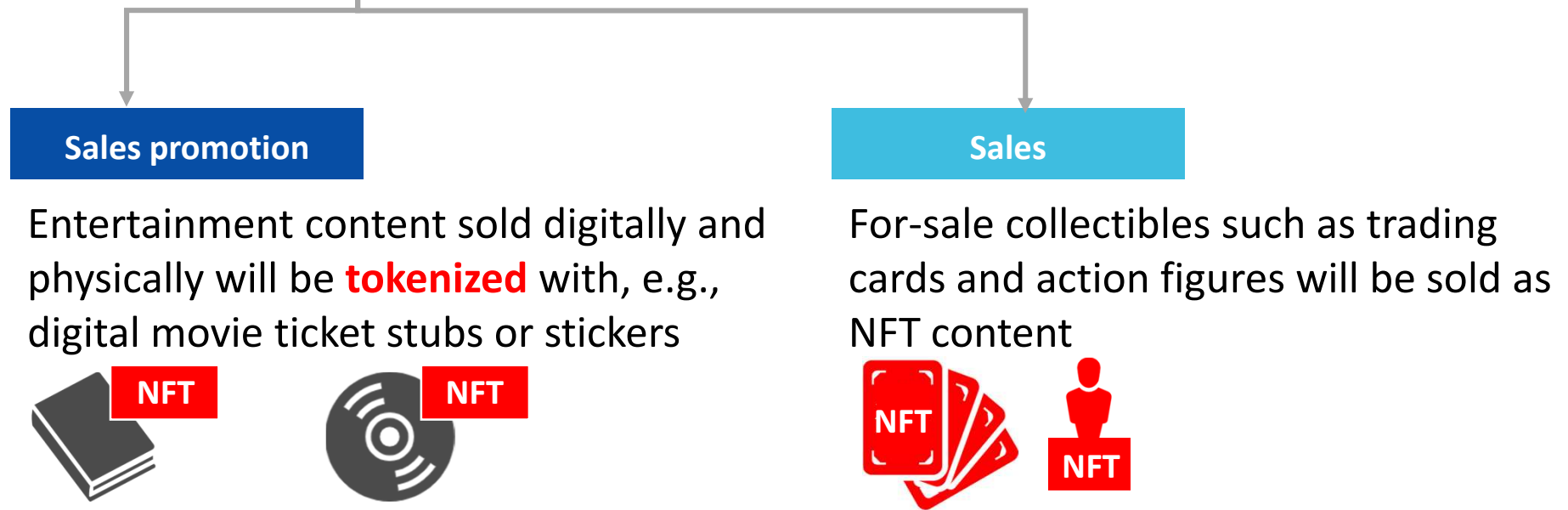
Media Do NFT marketplace



- ✓ Users will be able to explore and trade NFT content with each other
- ✓ Marketplace will elevate, expand and visibilize content fandom

Invent future eBook markets (7)

We will use blockchain technology to realize
a digital content collecting service that brings
the **concept of ownership** to digital content



We will stimulate growth in sales of both physical and digital entertainment content

NFT marketplace slated to launch this year

Media Do NFT marketplace

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

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

Digital token sales and transaction histories will be rendered visible
(enabling to authors and publishers to collect royalties on resales)

We are also currently exploring other business models besides
digital tokens

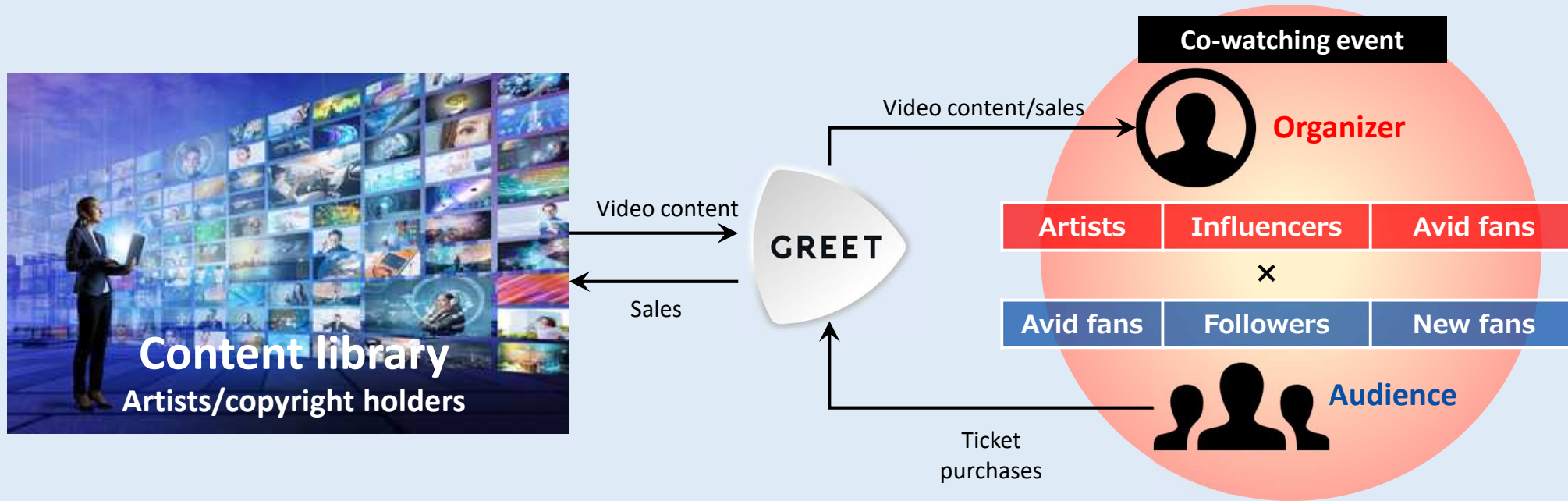
Invent future eBook markets (9)

Major record labels and publishers have started to collaborate since alpha version was released to business associates in March



On track to launch publicly in November 2021

Pursuing distribution models that extract new value from legacy video content libraries



(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

GREET aims to bring artists, organizers and audiences together in shared experiences

eBook distribution business

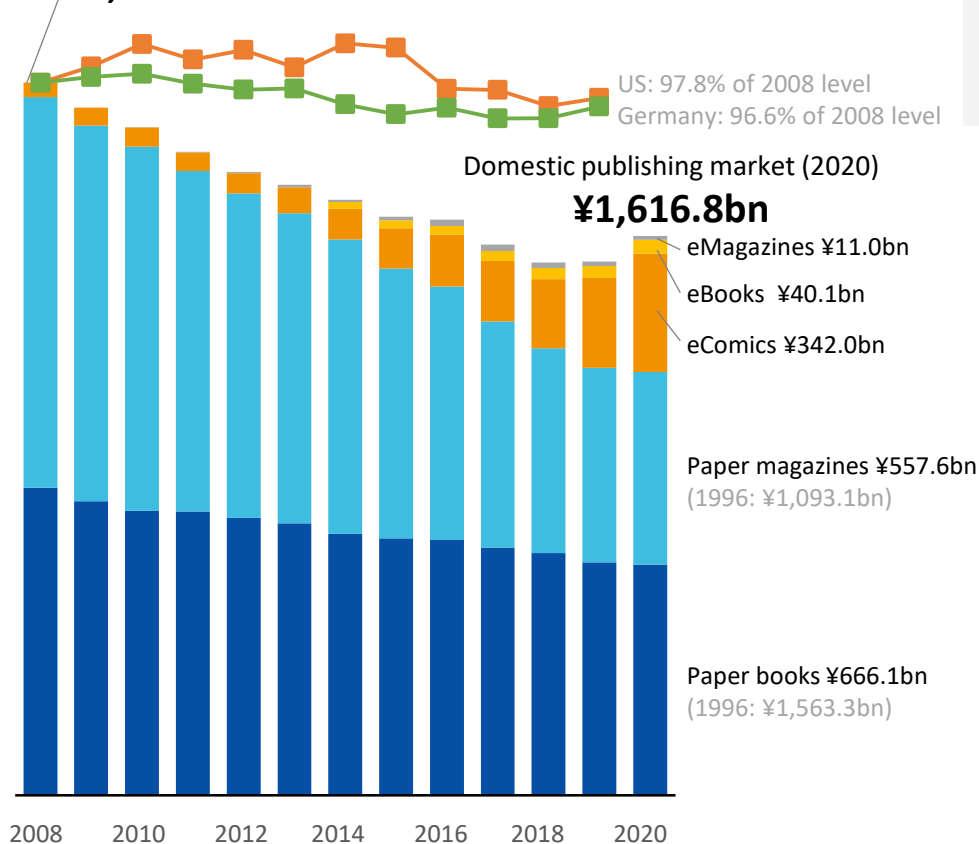
**Stimulate the growth of
eBook markets**

Stimulate the growth of eBook markets (1)

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

Domestic publishing market (2008)

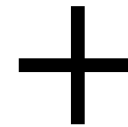
¥2,059.5bn



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)

We acquired US-based Firebrand Group* to pursue overseas expansion and publishing industry **DX**

*Two companies wholly acquired by San Diego-based US subsidiary Media Do International, Inc.



- CEO Fran Toolan founded Quality Solutions, Inc., in 1987
- Quality Solutions and NetGalley are both located in Massachusetts
- The group has 68 employees (Quality Solutions: 45; NetGalley: 23)
- 2020 estimated sales and adjusted pretax profit were ¥1,270mn and ¥150mn, respectively (at ¥110/\$1)

Objectives of acquisition

To gain access to Firebrand's US/European publishing industry network as a stepping stone to global expansion

To incorporate leading-edge IP/know-how from the Western publishing industry, the global DX leader, into services in Japan/Asia

→Key step toward becoming a global publishing platform

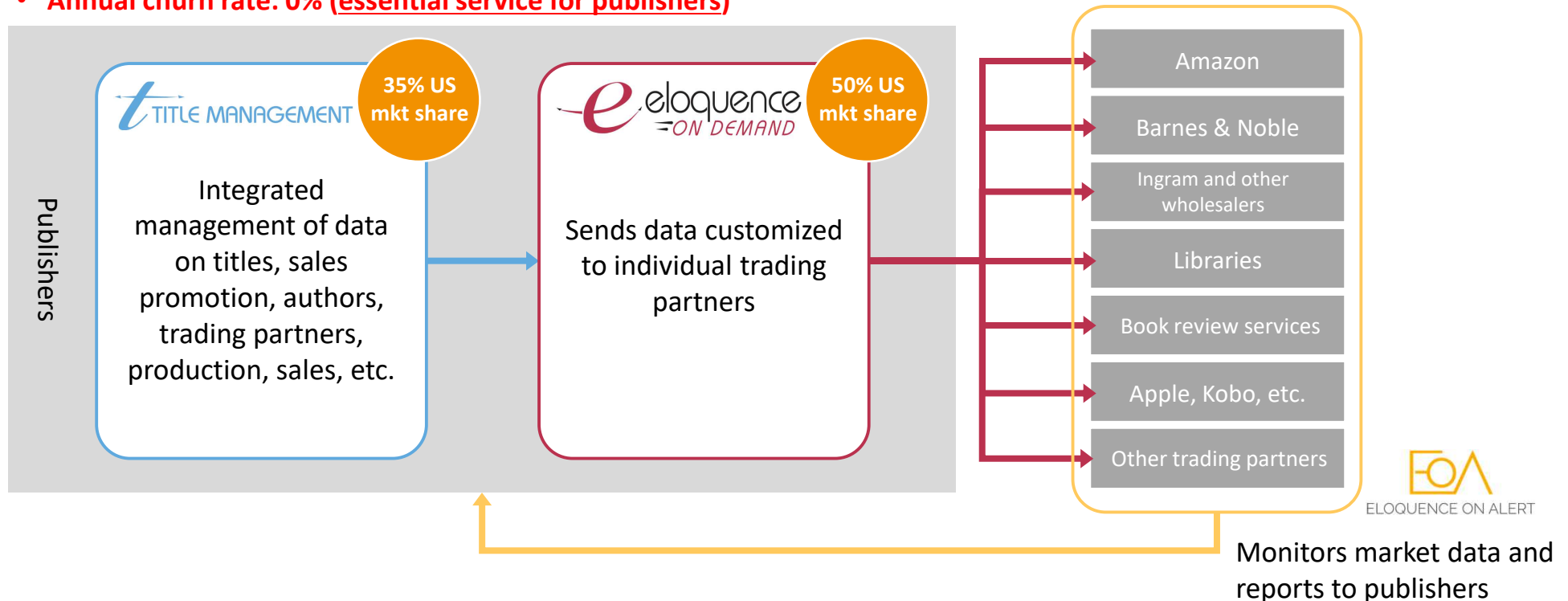
Stimulate the growth of eBook markets (3)

Firebrand is US's top ranked publishing ERP SaaS in by market share

Firebrand business

Comprises bibliographic metadata-centric publishing ERP, content distribution and eBook distribution services

- Top-ranked publishing ERP SaaS by market share. Used by over 100 publishers, including 2 US majors (available in North America and Europe (UK, Germany, etc.))
- **Annual churn rate: 0% (essential service for publishers)**



Stimulate the growth of eBook markets (4)

NetGalley is a marketing service that provides digital access to prepublication galleys

NetGalley business

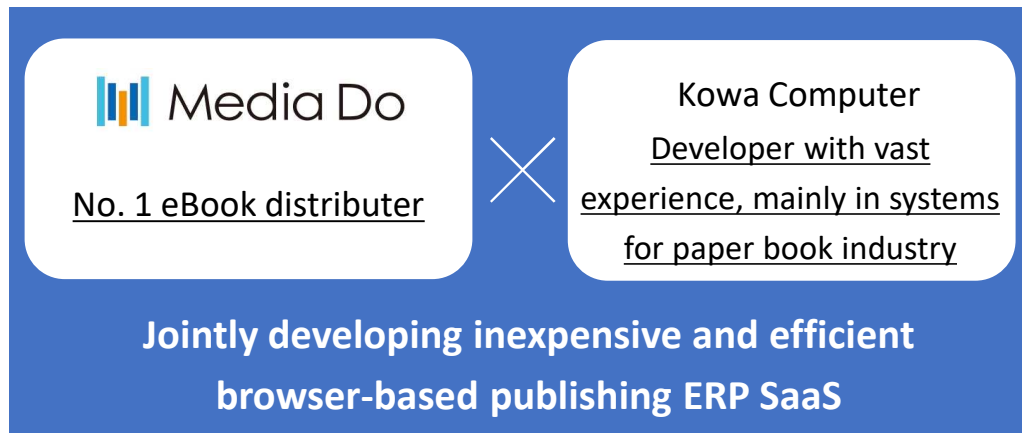
Readership cultivation tool that promotes book sales through the review of yet-to-be-published books by influencers

- Marketed to publishers as world's first service that provides prepublication galleys (including proofs and audiobooks) to professional readers (available in North America, Europe (UK, Germany, France, etc.) and Japan)
- Annual churn rate: 3%**



Stimulate the growth of eBook markets (5)

Ready to drive publishing industry **DX** with ERP SaaS system for managing revenue/royalties



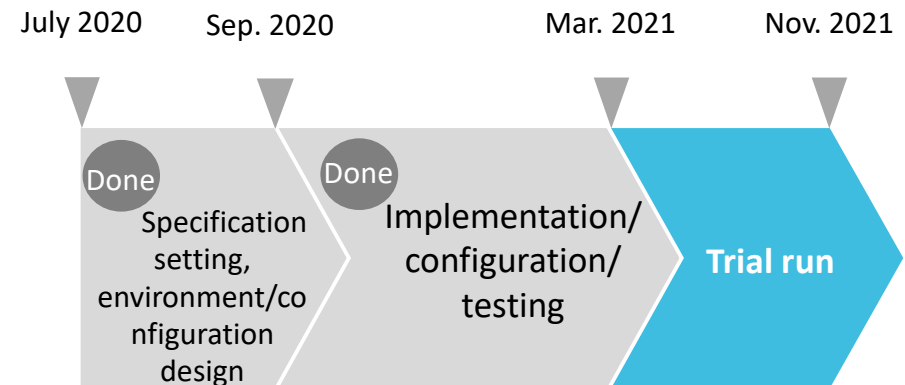
System overview

eBook sales
management

eBook royalty
management

Payment management/report
generation (paper books + eBooks)

System accesses paper-book royalty data from publishers' existing systems

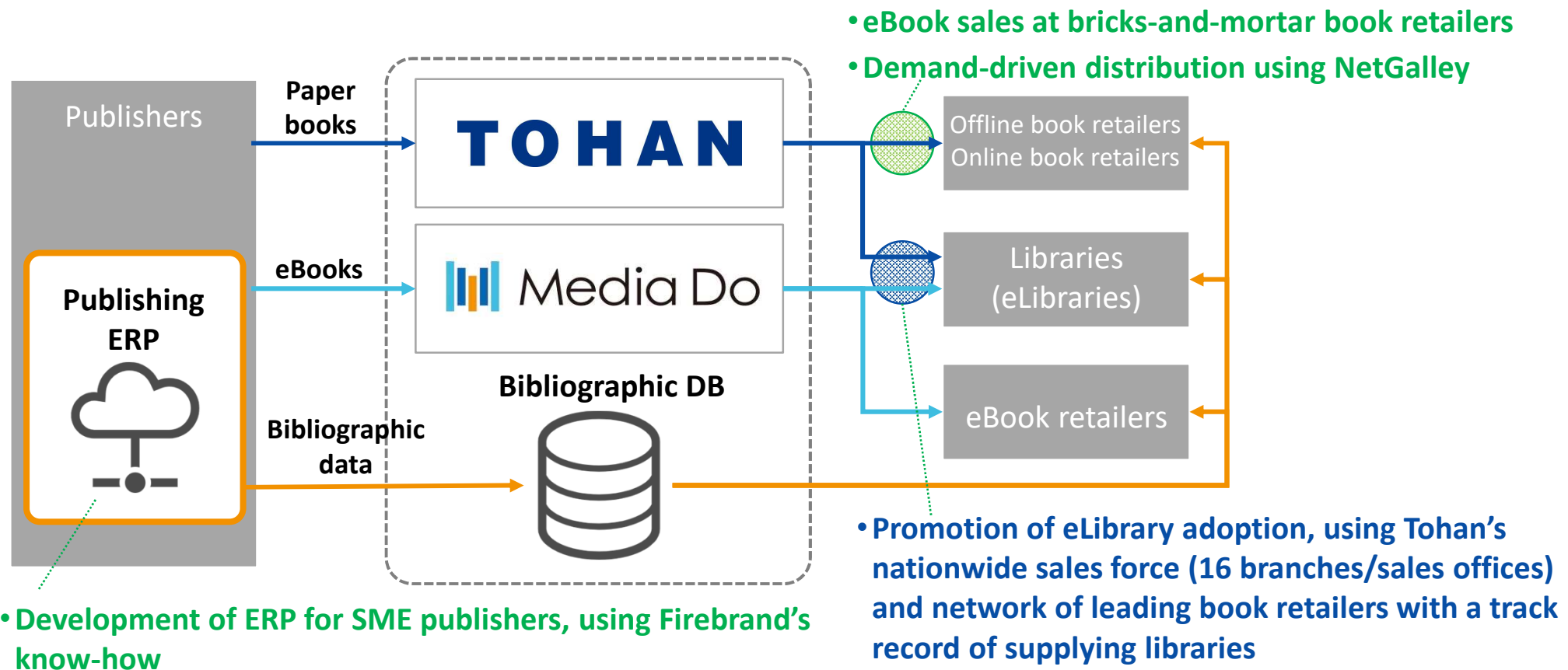


Process completed through testing
phase; now in final trial-run phase

Scheduled to go live in November 2021,
including further upgrades of essential
features

Stimulate the growth of eBook markets (6)

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

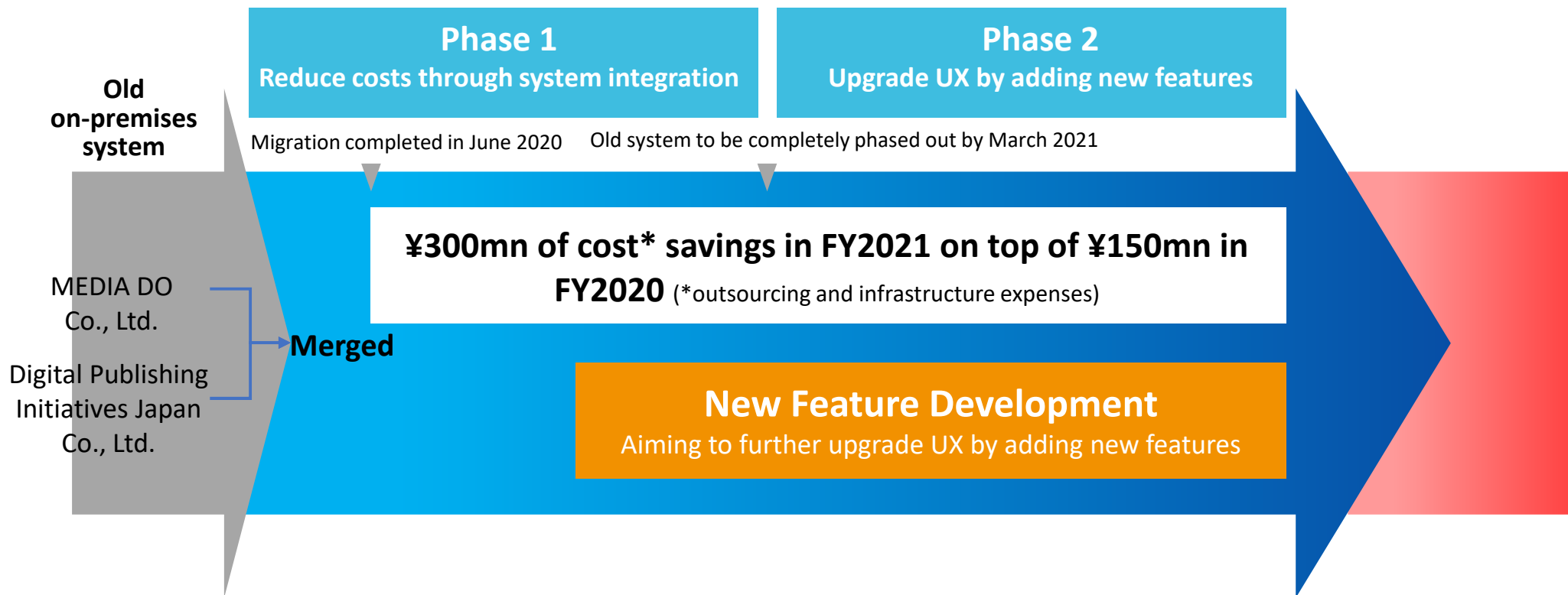


→ Promotion of global standardization of publishing across both hard-copy and digital

Stimulate the growth of eBook markets (7)

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

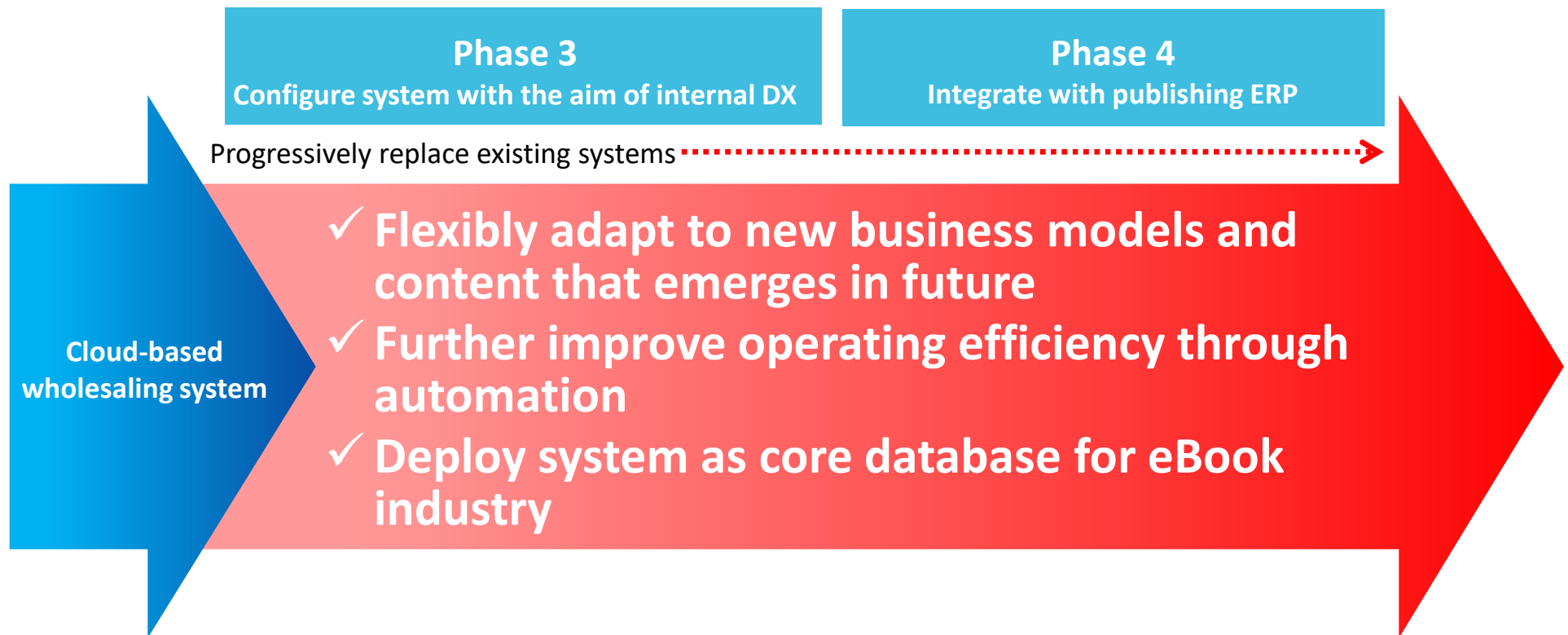
Cloud-based distributing system



Stimulate the growth of eBook markets (8)

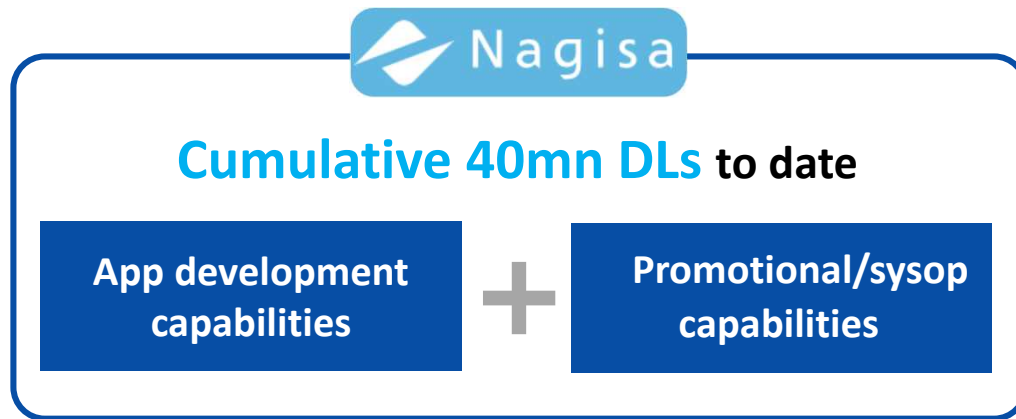
Now developing next-generation system to drive **DX** among publishers

Next-generation publishing **DX** system



Stimulate the growth of eBook markets (9)

In FY2021, we plan to lay groundwork for Nagisa's growth by generating synergies



Popular manga service, one of the biggest in Japan, offering free access to over 1,000 manga titles everyday (formerly named Manga Zero)

Site redesigned in March 2021

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

FY2021 initiatives

Added more features to app

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

Stepped up marketing

- Aggressive, optimal advertising to scale up

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

Usership growth



Increased LTV

Other businesses

**Proactive investment for
business expansion**

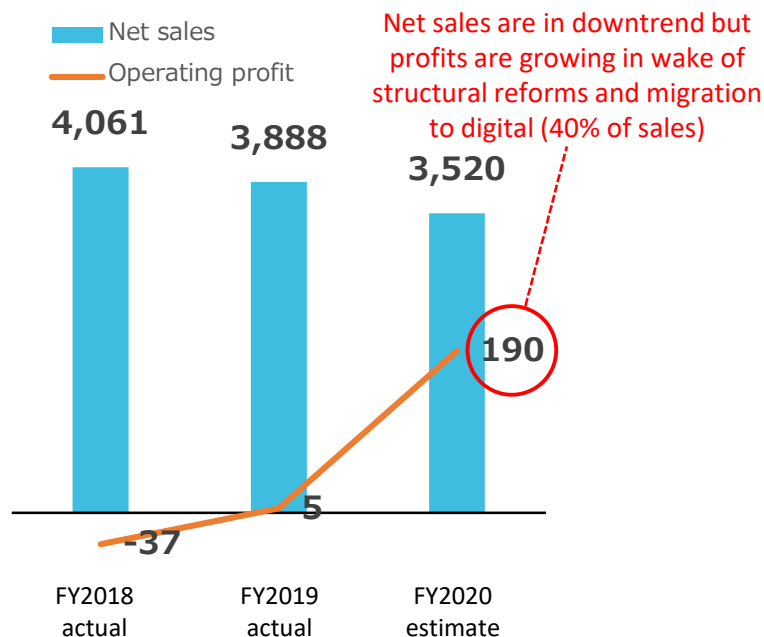
Imprint business (1)

New wholly owned subsidiary Nihonbungeisha's forte is male-oriented digital manga

日本文芸社
NIHONBUNGEISHA

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

FY2018–20 operating performance (¥mn)



Manga content production



Main magazine is *Shukan Manga Goraku*, a male-oriented weekly dating back to 1964

Owens vast content library, including hit eBooks *Gift ±* and *Monkey Peak* in addition to *Minami no Teio*, a long-running series spanning more than 1,400 installments

→ We will strengthen digital content production also, including WEBTOON



Publishing management

Following a string of annual losses, Nihonbungeisha regained profitability in FY2019 by virtue of improved inventory management and a shift to demand-driven distribution

Imprint business (2)

Laying foundation for imprint business by strengthening publishing functions

Imprint business's strengths

Publishing functions

- | | |
|-----------------------|--|
| 1. Marketing | IP/customer/market analyses, etc. |
| 2. System development | Inventory/production/sales management |
| 3. Back-office | HR/accounting/administrative/legal, etc. |



Demand-driven
content creation and

digital distribution solutions...

...that leverage our overwhelming
informational and volume-wise advantages
in eBook distribution



- (1) We will achieve organizational efficiency through separation of publishing and editorial functions and realize a distinctive lineup (Publishing-on-demand can limit inventory risk)
- (2) We will strengthen marketing and content production by sharing marketing data and know-how

In publishing, an imprint is analogous to a brand name of record label. Amazon, for example, has 16 imprints (as of Apr. 2021), including Thomas & Mercer (mystery), Montlake Romance, and AmazonEncore (re-publication of out-of-print titles).

**Imprint model maximizes
value of SME publishers' IP**

**→ Revitalization of
publishing market**

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

FY2020 initiatives
iOS/Android app released at last
MyAnimeList has gained a channel to embed itself into daily lives (habits) of smartphone-using demographic and will accelerate acquisition of new/lite users

Private-placement offering
MyAnimeList recently raised capital in the aim of expanding as an effective IP sales and marketing platform.

Media Do, Kodansha, Shueisha and Shogakukan purchased ¥600mn of the equity issued

MAU: **18mn**

Total raised: **¥1.2bn**

FY2021 plans
Do major upgrade of community features, add more features to official app

Plan and release content in collaboration with content owners, etc., most notably the new shareholders

MyAnimeList

270mn monthly page views

Users in **over 230 countries/regions**



Media Do NFT marketplace

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

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

Digital token sales and transaction histories will be rendered visible (enabling to authors and publishers to collect royalties on resales)

We are also currently exploring other business models besides digital tokens



Effective IP sales/marketing platform that captures the interest of and demand from overseas fans of Japanese anime/manga

Media/other businesses (2)

Non-core businesses are growing briskly, riding the society-wide DX trend

Media operations



Business book summary service

Graphic production support



eComic graphic and comic production support service

Expansion of services/features

Launch original content from luminaries, online book clubs, “flier book labo” learning community and add learning-focused social media functionality

B2B expansion

Strong interest in “flier” from major life insurers and other financial institutions, including megabanks; cumulative corporate subscribers now exceed 200 companies in wake of growth in large contracts

Growth initiatives

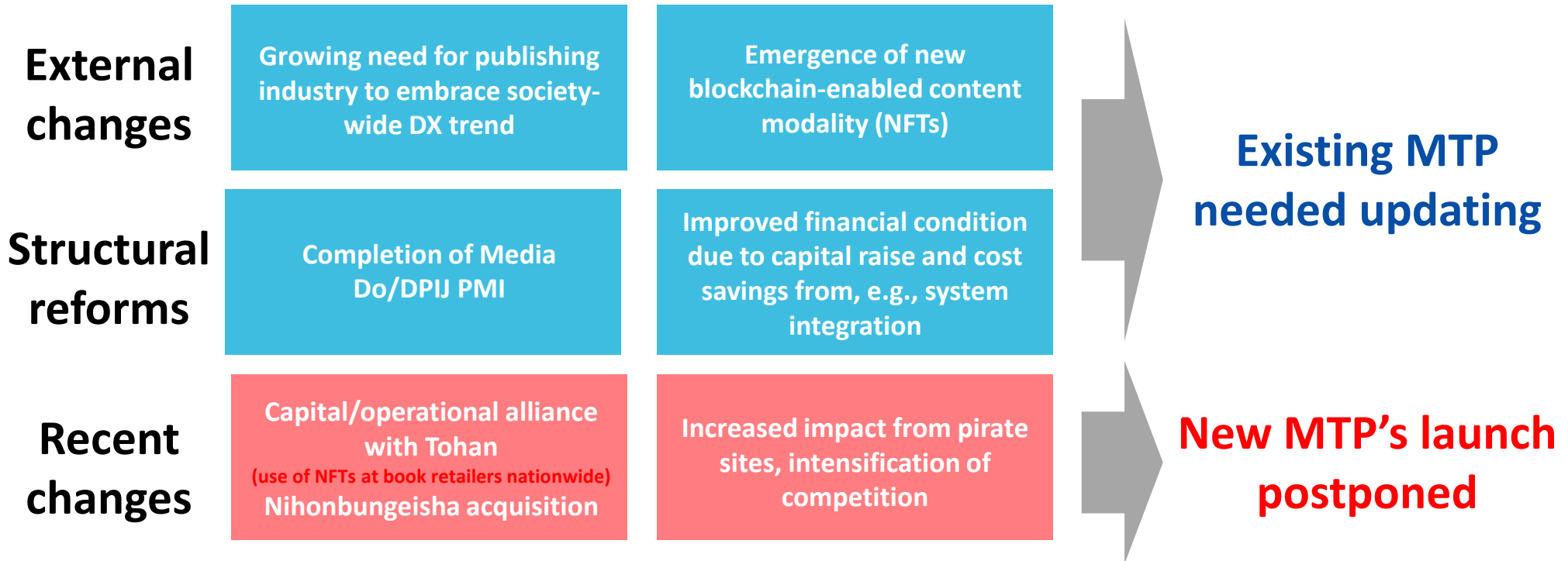
- (1) Capture on growing production demand (e.g., vertical scrolling pages) in addition to existing coloring and graphic production support operations
- (2) Establish stably profitable business model

- Flier is set to expand further after raising ¥200mn from private placement offering to Mynavi Corporation, etc.
- In 2020, Flier further strengthened its BtoB business, ending the year with over 750,000 subscribers. It aims to have 1.2mn subscribers by 2022.

- Branch into production of new digital content, including vertical scrolling and motion manga
- Relocate to larger office space and hire more employees to capture growing demand

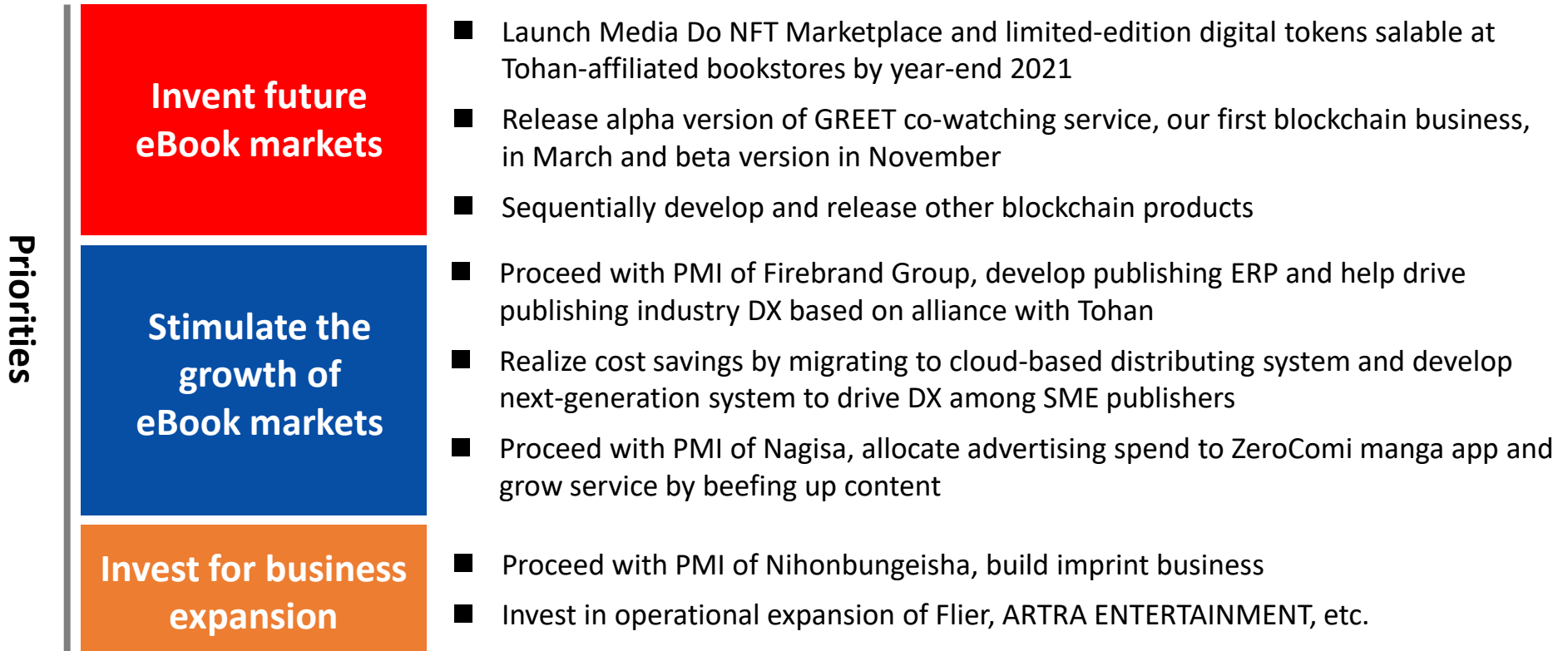
(4) FY2021 initiatives

New MTP's unveiling postponed in response to recent drastic changes in environment



Timing of new MTP's release will be announced once determined

FY2021 initiatives (2)



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 (3)

**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.

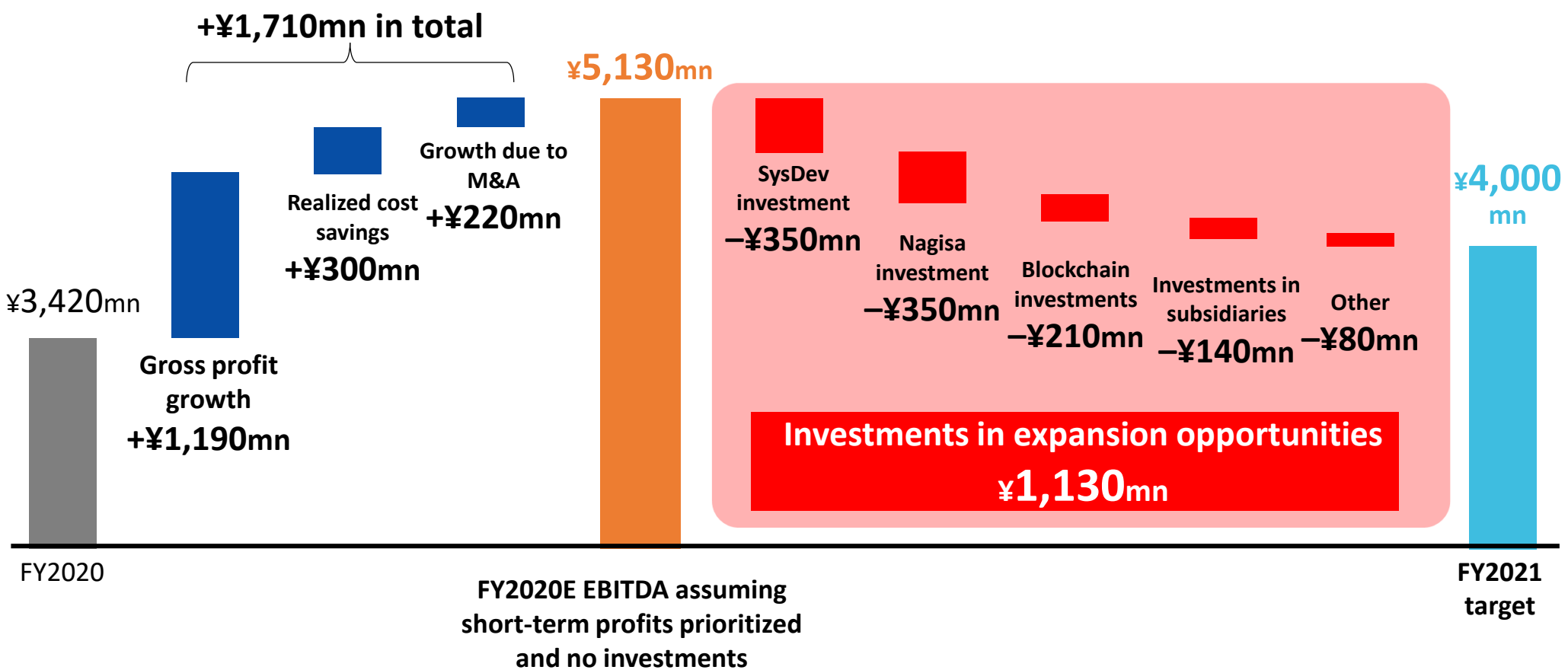
*2. Planned YoY increase before goodwill amortization is approx. ¥200mn.

*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 (4)











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

Consolidated EBITDA



FY2021 initiatives (5)

Pursuing growth by adding both economic and societal value

Medium-term strategies	Priorities	Societal value	Economic value	Relevant SDGs
Publishing DX	<div>Environment</div> <ul style="list-style-type: none">Reduce CO₂ emissions <div>Corporate philosophy</div> <ul style="list-style-type: none">Fair use and distribution of written worksBuild and strengthen infrastructure that stakeholders can use with confidenceContribute to local communities and rebalancing of Japanese economy away from Tokyo <div>HR diversity & empowerment</div> <ul style="list-style-type: none">Help employees to grow in tandem with business	<div>Resolution of societal issues</div> <ul style="list-style-type: none">Build sustainable publishing infrastructureGrow together with authors, business associates & users by building trustFoster culture and enrich societyRevitalize regional economiesBoost employee motivationHelp realize a society open to diversity	<div>Pursuit of growth/earnings</div> <ul style="list-style-type: none">Gross eBook distribution volume ¥155bn (FY2020)Other businesses' net sales ¥1,190mn (FY2020)Operating margin 3.2% (FY2020)Boost labor productivityScale up operations	<div><div><div>7 AFFORDABLE AND CLEAN ENERGY</div></div><div><div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div></div><div><div>13 CLIMATE ACTION</div></div><div><div>15 LIFE ON LAND</div></div></div> <div><div><div>4 QUALITY EDUCATION</div></div><div><div>8 DECENT WORK AND ECONOMIC GROWTH</div></div><div><div>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</div></div><div><div>17 PARTNERSHIPS FOR THE GOALS</div></div></div>
Bring DCAs to fruition				
Create new services				
Strengthen governance	Strengthen governance through dialogues with stakeholders and compliance with the Japan's Corporate Governance Code with sights set on TSE prime market listing			<div><div><div>5 GENDER EQUALITY</div></div><div><div>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</div></div></div>

Sustained growth in Media Do's value

FY2021 initiatives (6)

Strengthen governance by further increasing transparency

FY2020

Introduction of executive officer system to expedite decision-making

Establishment of nomination & compensation advisory committee

- A nomination & compensation advisory committee will be newly established to advise the Board of Directors
- It will ensure management objectivity and rationality by making recommendations on director and executive officer appointments/dismissals and compensation proposals
- It will be majority-independent and chaired by an outside director

Promotion of diversity

- Ayako Kanamaru is slated to be appointed as a new independent outside director*
- She possesses broad knowledge and experience in overseas corporate law and corporate governance
- Board will be one-third independent (4 executive directors, 2 outside directors)

* Contingent on her appointment being approved at 22nd General Meeting of Shareholders

FY2021

We plan to reorient Board of Directors' role from management
(direct involvement in executive decision-making) **to monitoring** (oversight of
management's execution of business)

Appendix

3. Reference data

FY2020 Full-Year Results (P/L)

(Millions of yen)	FY2019								FY2020							
	1Q		2Q		3Q		4Q		1Q		2Q		3Q		4Q	
Net sales	15,454		16,427		16,085		17,892		20,292		21,441		20,272		21,533	
eBook distribution business	15,127	97.9%	16,080	97.9%	15,687	97.5%	17,633	98.6%	20,064	98.9%	21,141	98.6%	19,957	98.4%	21,186	98.4%
Other businesses	*1 326	2.1%	346	2.1%	397	2.5%	*4 259	1.4%	228	1.1%	299	1.4%	314	1.6%	347	1.6%
Cost of sales, SG&A expenses	15,019		15,933		15,648		17,404		19,560		20,643		19,650		21,020	
Royalties/other cost of sales	13,292	86.0%	14,131	86.0%	13,867	86.2%	15,579	87.1%	17,862	88.0%	18,878	88.0%	17,750	87.6%	19,012	88.3%
Commissions	49	0.3%	53	0.3%	47	0.3%	57	0.3%	54	0.3%	57	0.3%	53	0.3%	51	0.2%
Advertising expenses	130	0.8%	144	0.9%	162	1.0%	191	1.1%	214	1.1%	200	0.9%	237	1.2%	226	1.0%
Personnel expenses	*1 895	5.8%	945	5.8%	852	5.3%	*4 768	4.3%	750	3.7%	784	3.7%	799	3.9%	852	4.0%
Depreciation /amortization	201	1.3%	206	1.3%	201	1.3%	198	1.1%	182	0.9%	181	0.8%	184	0.9%	210	1.0%
Other	449	2.9%	452	2.8%	516	3.2%	610	3.4%	494	2.4%	541	2.5%	624	3.1%	666	3.1%
Operating profit	434		493		437		487		732		797		621		512	
Ordinary income	456	3.0%	*2 395	2.4%	391	2.4%	518	2.9%	734	3.6%	849	4.0%	615	3.0%	521	2.4%
Profit (loss) attributable to owners of parent	265	1.7%	218	1.3%	*3 404	2.5%	(3)	0.0%	450	2.2%	459	2.1%	354	1.8%	254	1.2%
EBITDA	636		699		638		686		914		979		806		723	

*1. A factor in the increase in "Other" and "Personnel expenses" was the consolidation from March 2019 of Tokushima Data Service Co., Ltd. (difference compared to FY2018 4Q of +¥200 million and +¥160 million, respectively.)

*2. A ¥90 million provision to allowance for doubtful accounts was booked as a non-operating expense against receivables owed by investee Creatubbles Pte. Ltd.

*3. Factors in ¥290 million one-time gain on sale of Amazia equity stake.

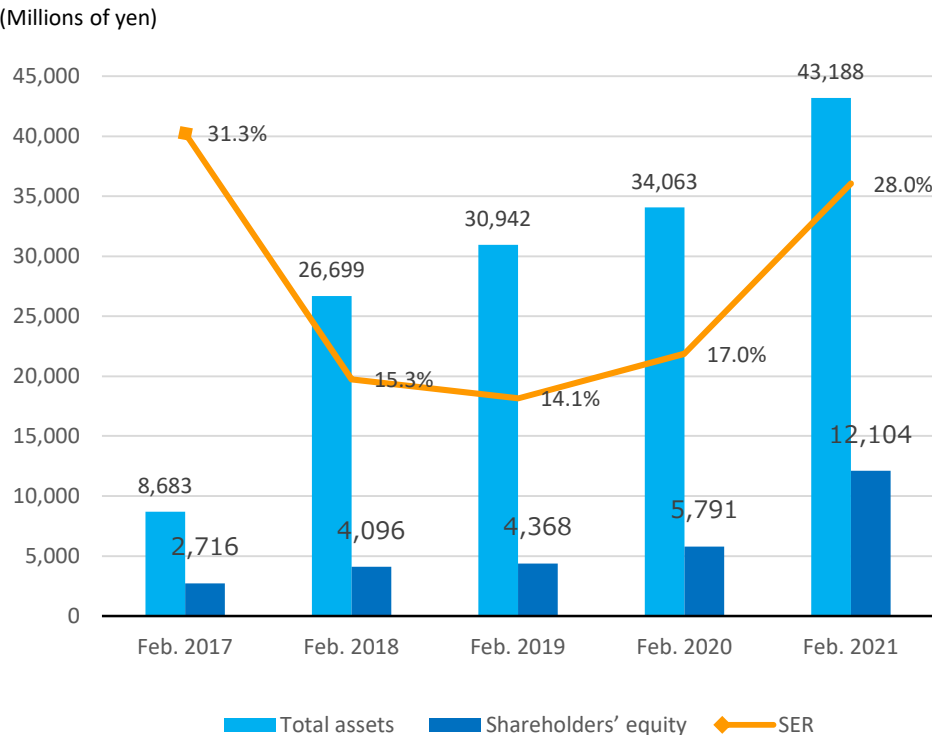
*4. QoQ decrease is attributable to the end-Oct 2019 divestment of Tokushima Data Service (see Note 1). Although the divestment increased royalties /other cost of sales as a percentage of total net sales, the eBook distribution business's royalties/other cost of sales were flat QoQ as a percentage of its net sales.

FY2020 Full-Year Results (B/S)

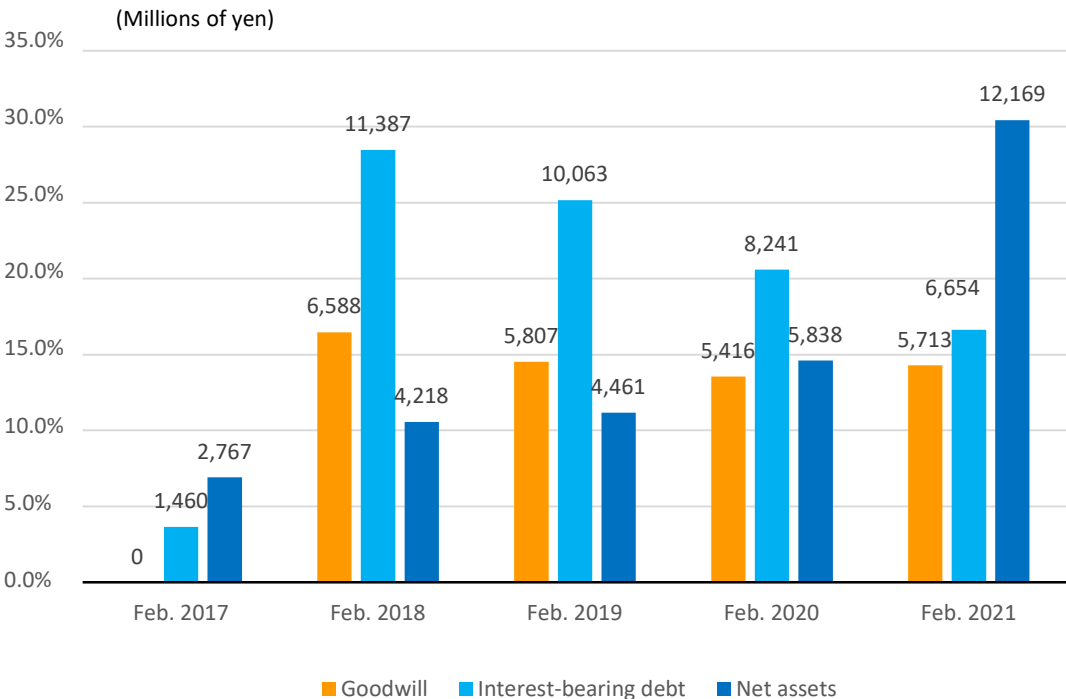
(Millions of yen)	FY2020	FY2020	QoQ change	Main factor behind change
	3Q	4Q	(in yen)	
Current assets	29,197	33,902	4,705	
Cash and deposits	10,249	12,703	2,454	
Accounts receivable	17,952	19,921	1,969	Increased in tandem with net sales growth
Non-current assets	9,370	9,285	-85	
Property, plant and equipment	297	303	5	
Software	466	556	89	
Goodwill	5,065	5,713	648	Increased due to M&A
Investment securities	3,537	2,761	-776	Decreased due to pre-consolidation reduction in ownership interest in consolidated subsidiary
Total assets	38,568	43,187	4,619	
Current liabilities	24,224	25,425	1,200	
Accounts payable	21,112	22,507	1,395	Increased in tandem with net sales growth
Current portion of long-term borrowings	1,187	1,181	-5	
Fixed liabilities	5,811	5,593	-218	
Long-term borrowings	5,698	5,471	-226	Decreased due to debt repayment
Total liabilities	30,035	31,018	982	
Shareholders' equity	8,229	11,903	3,673	
Capital	2,803	4,415	1,611	Increased due to exercise of share acquisition rights
Capital surplus	3,682	5,489	1,807	Increased due to exercise of share acquisition rights
Retained earnings	1,745	2,000	254	
Total accumulated other comprehensive income	278	201	-77	
Share option	25	11	-13	
Non-controlling interest	(1)	53	54	
Total net assets	8,532	12,169	3,637	
Total liabilities and net assets	38,568	43,187	4,619	

Financial metrics are improving

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

The 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 biggest²

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

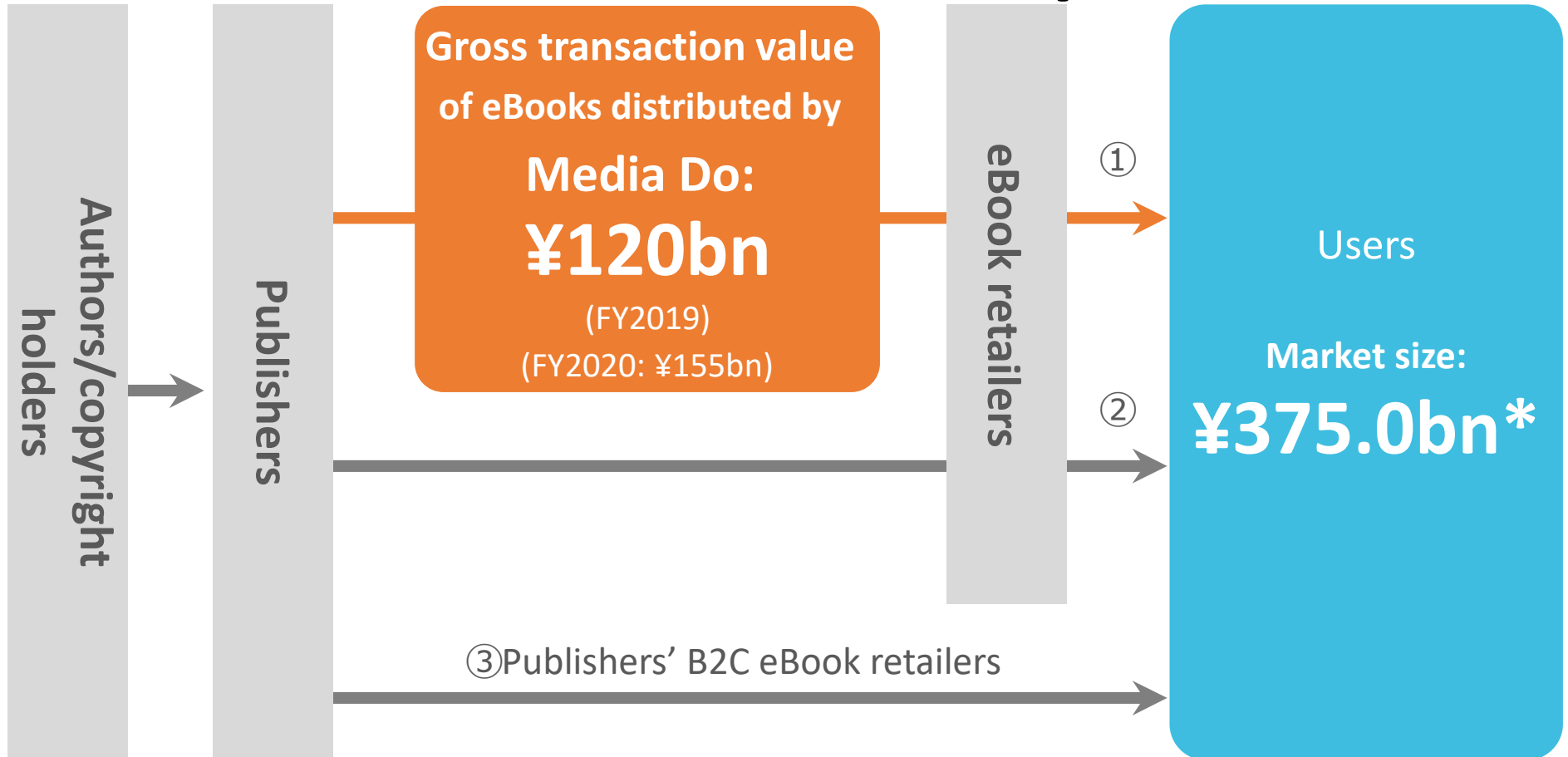
100-strong engineering staff develops core systems entirely in-house, from a high-traffic eBook distribution platform to systems that leverage blockchain and other leading-edge technologies.

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}

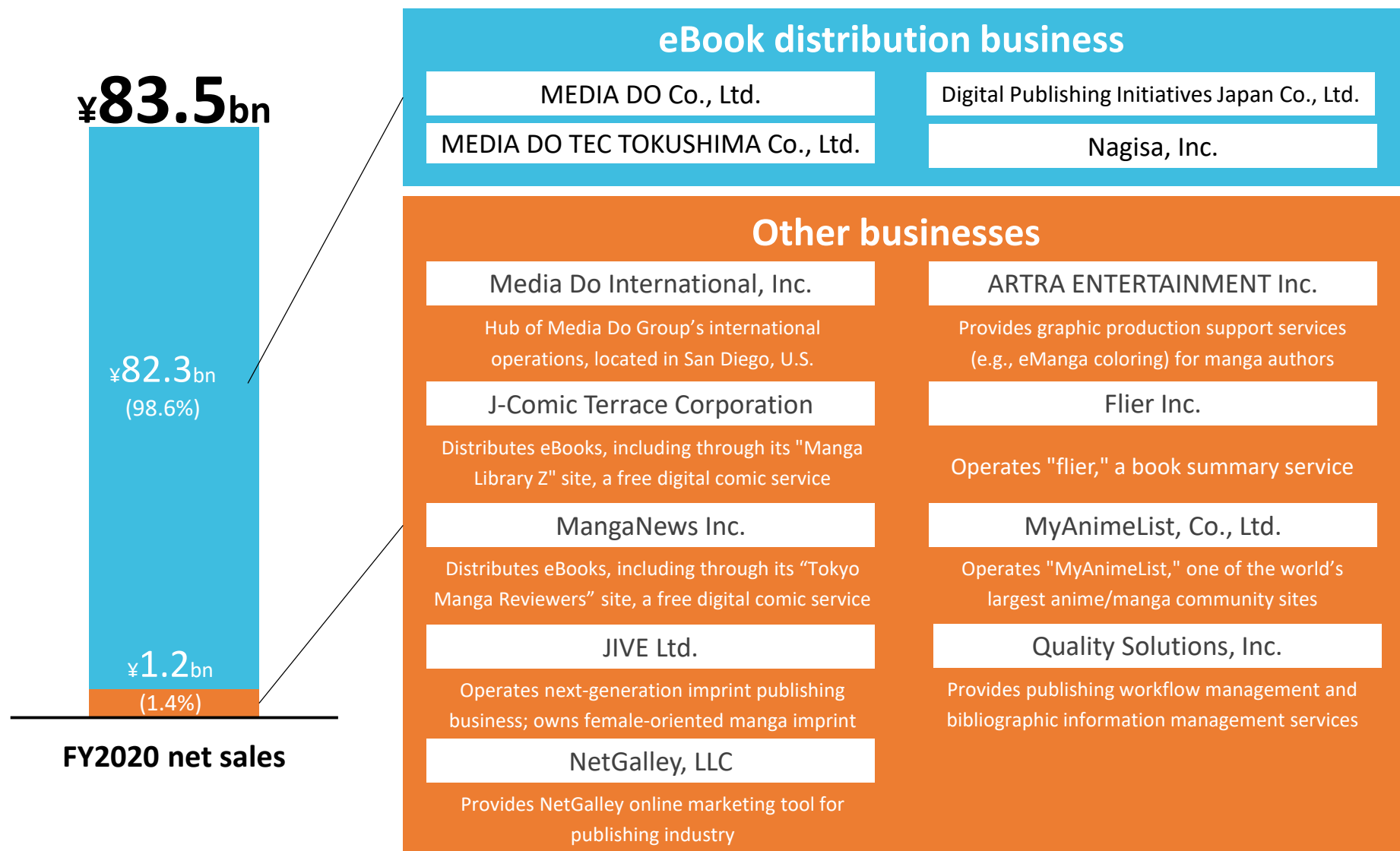
^{*1}. Defined as publishers that belong to the Japan Book Publishers Association (402 members as of October 31, 2020), excluding non print (e.g., audiobook) publishers.

^{*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.

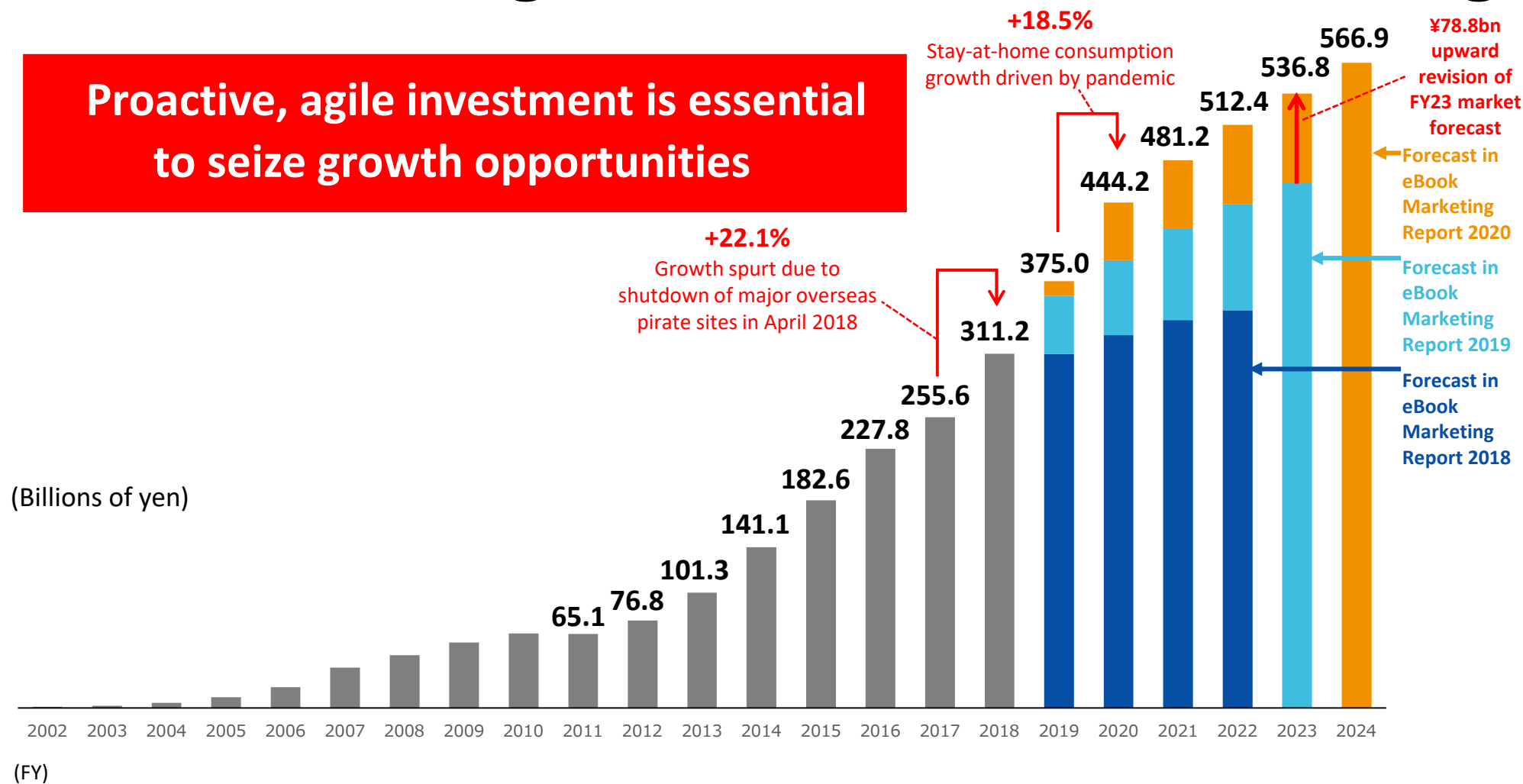
Overview of eBook distribution business (5)

Core focus is eBook distribution business



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

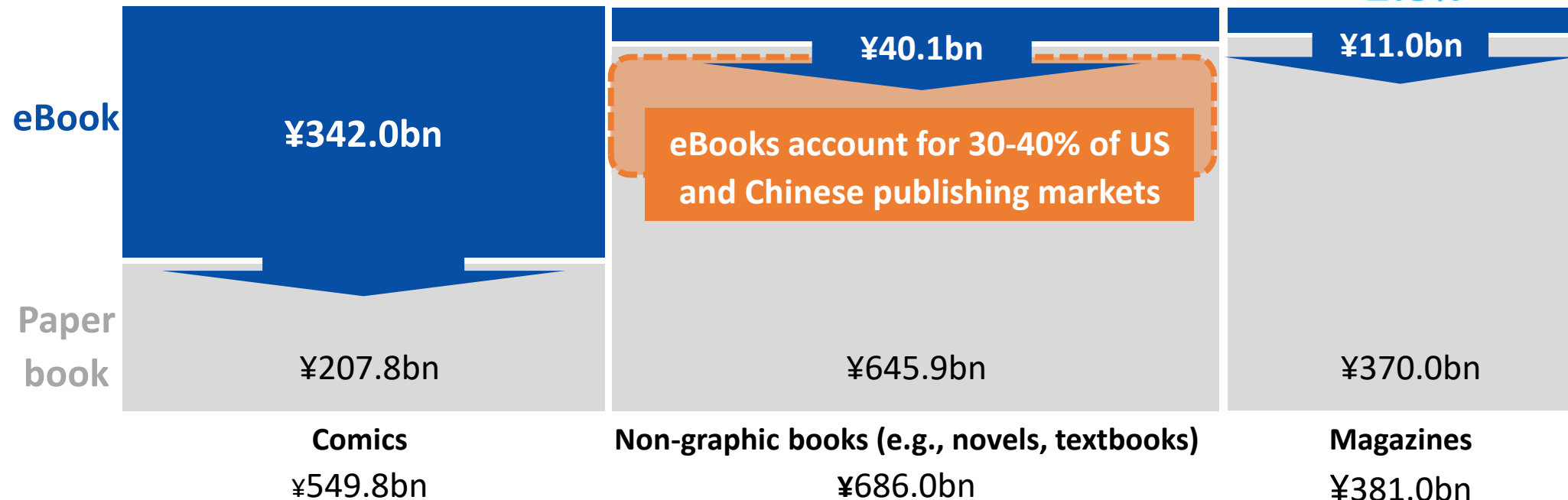
Japan's publishing market by segment (2020)

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)

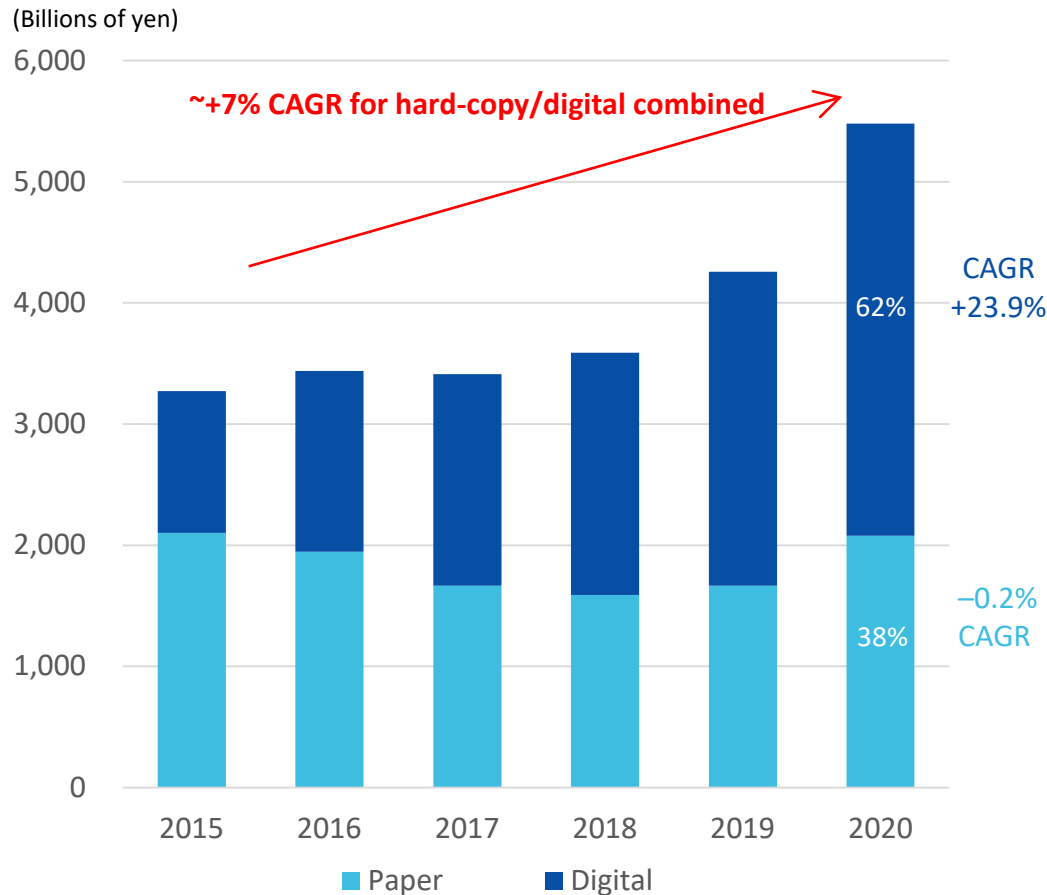
Note: AJPEA Statistics classify 90% of comic books in the "magazine" category. In the diagram above, such comic books classified as magazines are counted as "comics."

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 (2)

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

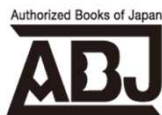
*Authorized Books of Japan. The ABJ Mark is a trademark that indicates the download site is licensed to distribute content by the content's copyright holders.

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

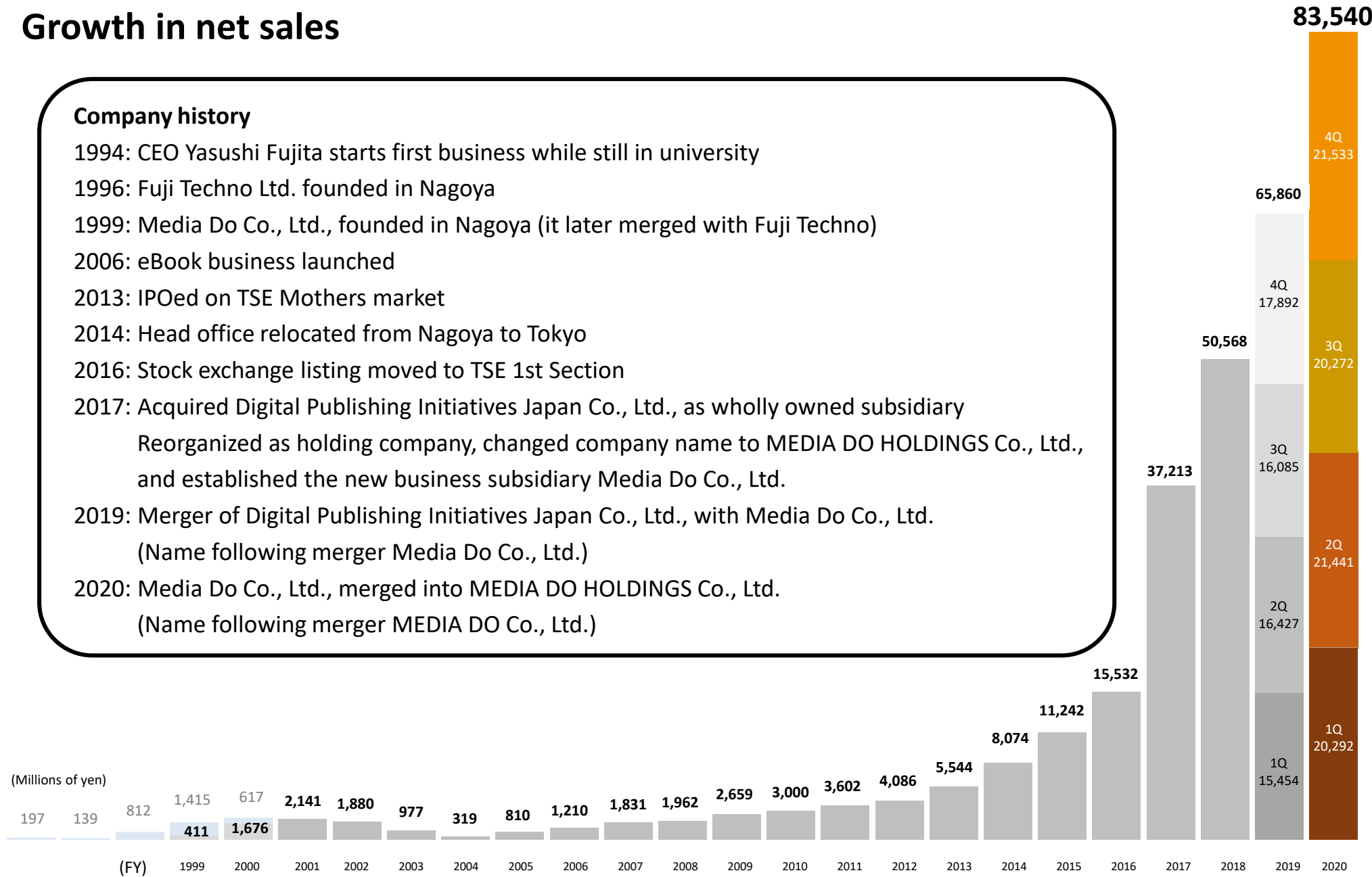
Coordinated compilation/sharing of lists

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

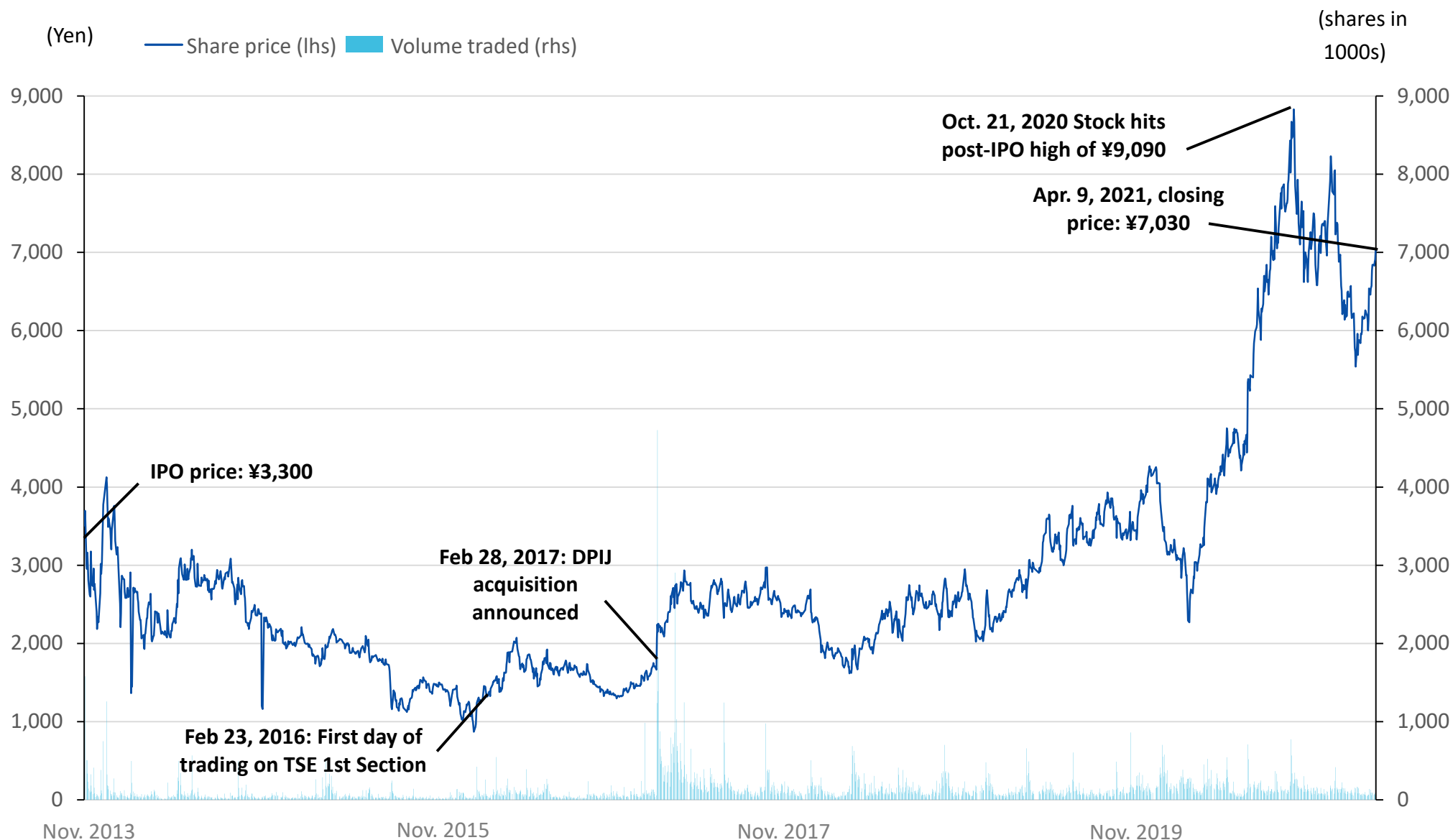
Growth in net sales

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.)

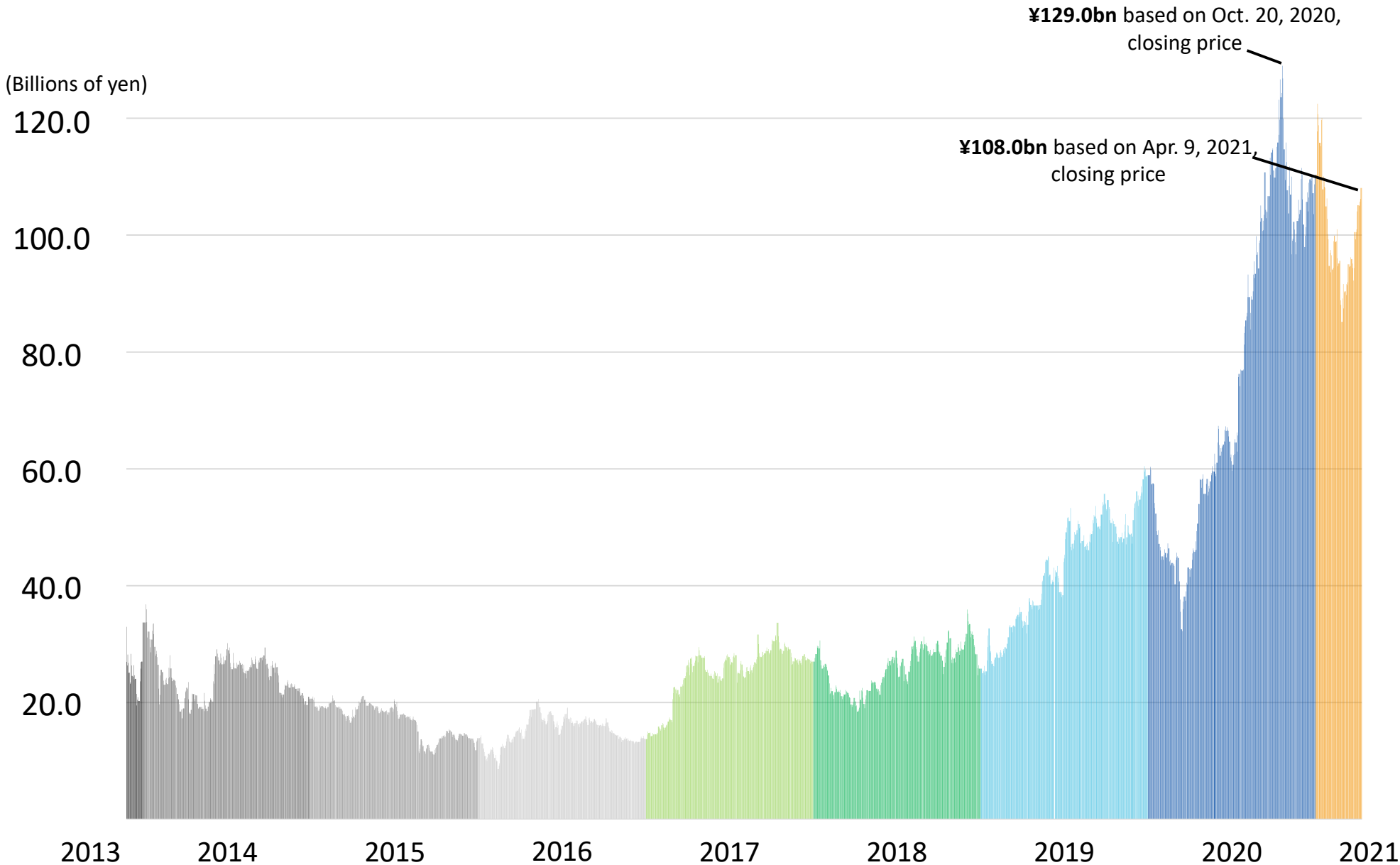


Share price performance and trading volume since IPO











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

Media Do's market capitalization since IPO



Company Outline

Trade name	MEDIA DO Co., Ltd.		             
Established	April 1999		
Capital	¥4,415 million (as of February 28, 2021)		
Stock listing Securities code	Tokyo Stock Exchange, First Section 3678		
Board Members	President and CEO: Yasushi Fujita Director: Shin Niina Director: Yoshiyuki Suzuki Director: Atsushi Mizoguchi Outside Director: Keiichi Enoki Outside Director: Ayako Kanamaru Standing Audit & Supervisory Board Member: Kazuyoshi Ohwada Outside Audit & Supervisory Board Member: Toshiaki Morifuji Outside Audit & Supervisory Board Member: Tsuyoshi Shiina	Executive Officer: Kayoko Hanamura Executive Officer: Susumu Tsukamoto Executive Officer: Junichiro Izumi Executive Officer: Ryo Yamada Executive Officer: Yoichi Chihara Executive Officer: Hiroshi Kanda Executive Officer: Hajime Suzumura Notes: 1. Board Director appointments are subject to shareholder approval at annual general meeting of shareholders scheduled on May 27, 2021. 2. Operating officer appointments take effect from June 1, 2021.	
Head Office Tokushima Kito Office	5F PALACESIDE Bldg. 1-1-1 Hitotsubashi Chiyoda-ku Tokyo, Japan 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.; MyAnimeList, LLC; JIVE Ltd.; Nagisa, Inc.; Nihonbungeisha Co., Ltd. (Overseas) Media Do International, Inc.; Quality Solutions, Inc. (Firebrand Technologies); NetGalley, LLC		
Affiliates	LINE Book Distribution Inc.; A.I. Squared, Inc.; Tec Information Corp.		

Management Team



Yasushi Fujita
President and CEO

Launched first business in 1994 while in university. Founded Fuji Techno in 1996 and Media Do in 1999 (the former was merged into the latter in Nov. 2001). Involved in various businesses before launching eBook distribution business in 2006. Listed Media Do on TSE Mothers Market in 2013 and moved its listing to TSE 1st Section in 2016. As CEO, is in charge of management strategy, particularly creation of new drivers of shareholder value. Established Tokushima Innovation Base Association in 2020 in aim of supporting entrepreneurs and serves as its representative director. Actively involved in local economic revitalization since 2013 in hometown of Kito-mura (now Naka-cho), Tokushima Prefecture, while also contributing to society as an entrepreneur in roles such as president of Entrepreneurs' Organization Tokyo.



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.



Shin Niina
Director, Vice-President and COO

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



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.



Kayoko Hanamura
Chief Ebook Distribution Officer, 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 CEO mainly in charge of wholesaling operations within core eBook distribution business in June 2020. Role as CEO 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, 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, managing executive officer from 2017 and advisor from 2019. Cofounded and appointed director of Japan Manga Alliance in 2015. 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
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
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
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
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 by Frontier Management in 2009 to formulate and help execute business plans for B2C company turnarounds/management support. In 2013, cofounded and appointed CFO/director of Flier, which became part of the Media Do Group in 2016. Joined Media Do in 2018. Appointed general manager of Corporate Planning Division in 2019 and 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.



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://www.mediado.jp/english/ir/>