FY2021.3Q

MEDIA DO Co., Ltd.
As of November 30, 2021
Financial Results Briefing

More Content for More People!

Media Do

INDEX

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: Proactive investment for business expansion
3. Medium-term strategy
4. Reference data

Copyright 2022 MEDIA DO Co., Ltd. All rights reserved.



1. Consolidated earnings highlights

Copyright 2022 MEDIA DO Co., Ltd. All rights reserved. | MEDIA DO Co., Ltd. Financial Results Briefing for the Nine Months Ended November 30, 2021

Consolidated net sales/operating profit for nine months ended November 30, 2021 post all-time records

Although profit attributable to owners of parent declined year on year due to application of impairment loss accounting for goodwill (Nagisa) in the second quarter, full-year forecasts are within reach

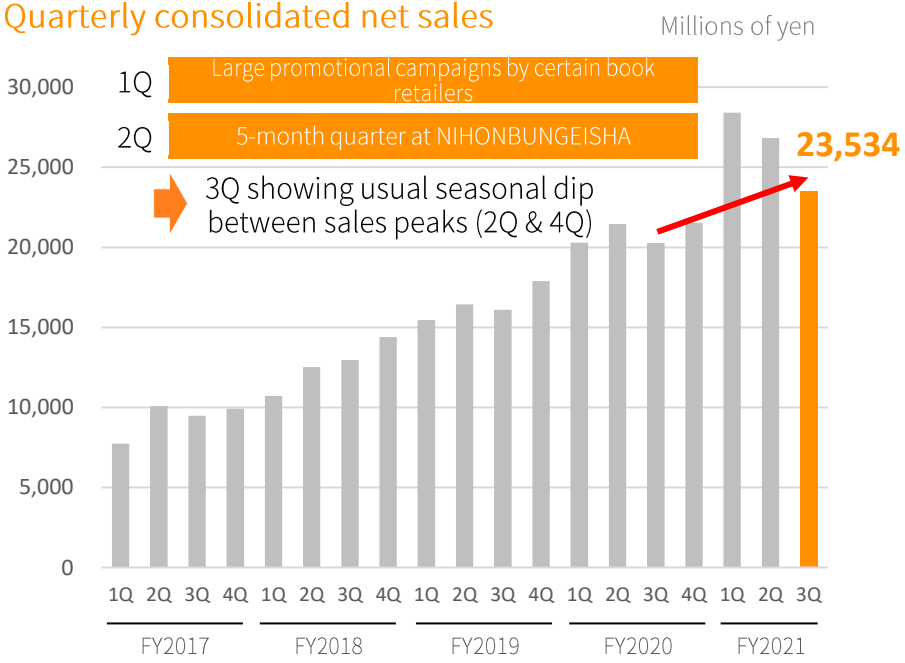
Millions of yen

Consolidated earnings	FY2020 3Q (Actual)	FY2021 3Q (Actual)	YoY
Net sales	62,000	78,700	+27.0% (+16,700)
Operating profit	2,150	2,250	+4.6% (+100)
EBITDA	2,700	3,060	+13.4% (+360)
Profit attributable to owners of parent	1,260	1,090	-13.3% (–170)

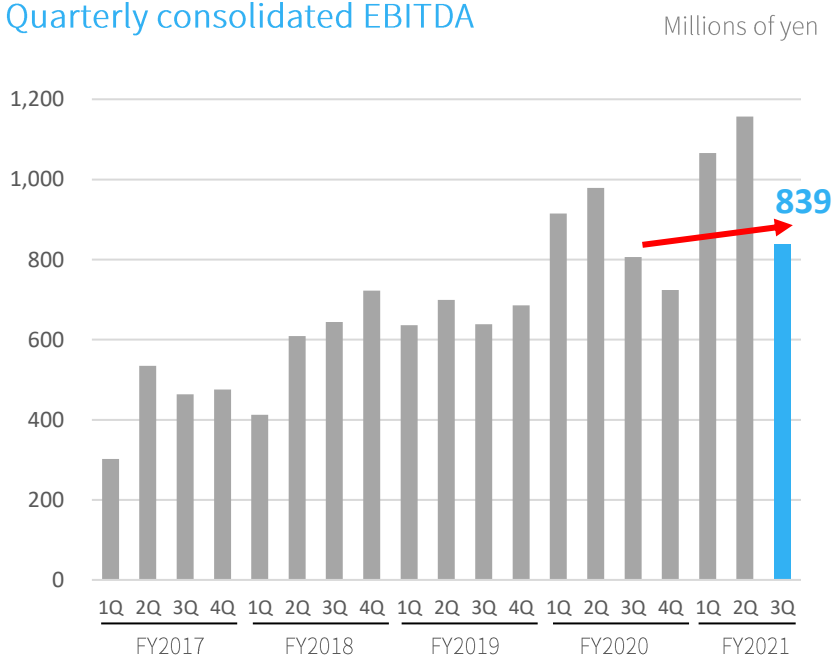
Copyright 2022 MEDIA DO Co., Ltd. All rights reserved. | MEDIA DO Co., Ltd. Financial Results Briefing for the Nine Months Ended November 30, 2021

Despite net sales falling from levels of 1Q/2Q, which were boosted by special factors, net sales and EBITDA were the highest ever recorded for a third quarter

Quarterly consolidated net sales



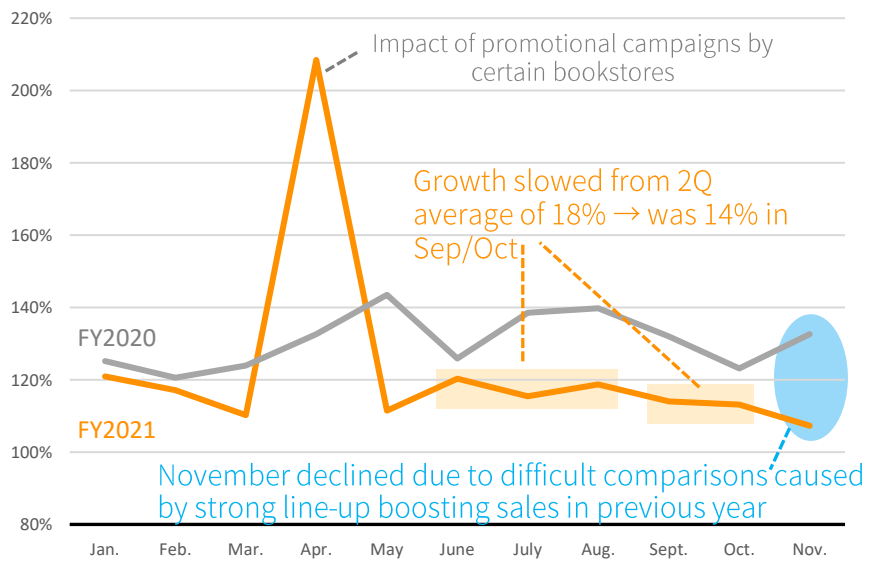
Quarterly consolidated EBITDA



Copyright 2022 MEDIA DO Co., Ltd. All rights reserved. | MEDIA DO Co., Ltd. Financial Results Briefing for the Nine Months Ended November 30, 2021

Special factors such as stay-at-home consumption have come to an end, and growth rate has reverted to cruising speed based on market expansion

eBook distribution business's YoY net sales growth rate



Background to changes in growth potential

Stay-at-home consumption ended

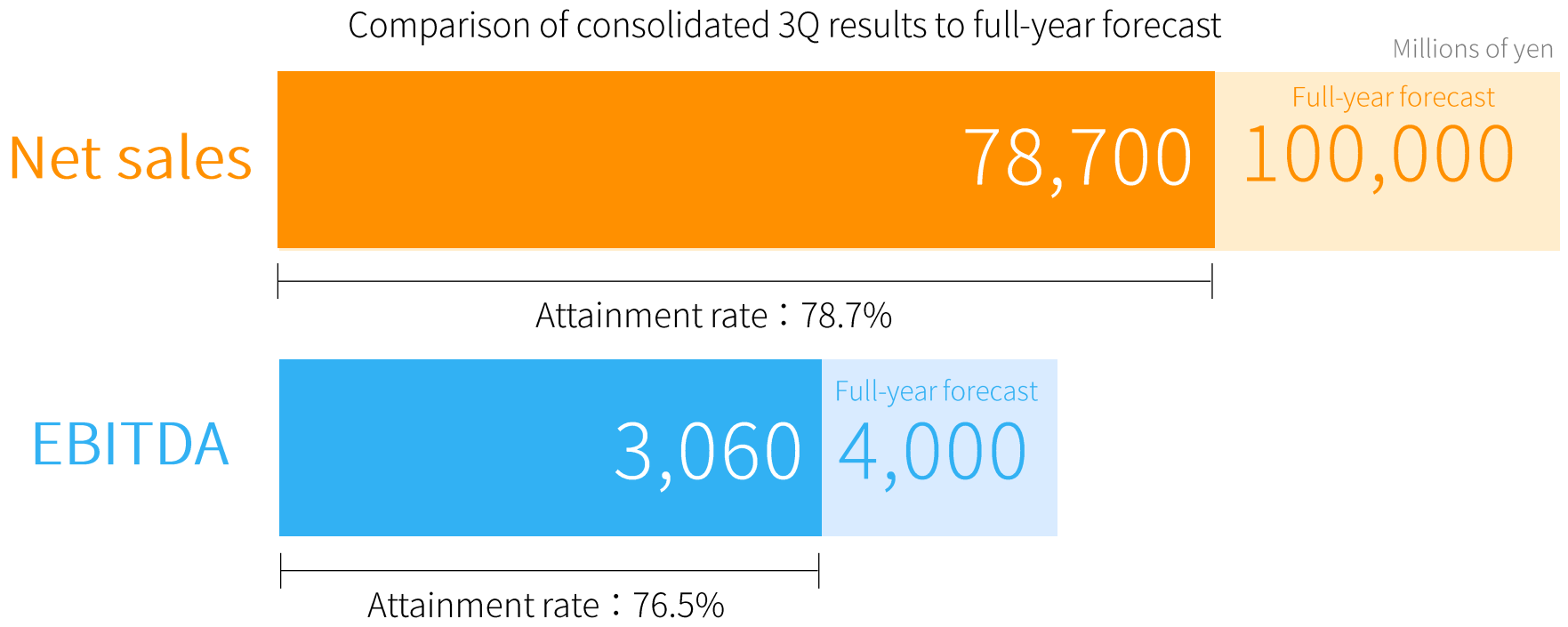
- ✓ We assume that the increase in stay-at-home consumption that followed the spread of COVID-19 pushed up the market growth rate by as much as 10 percentage points.
- ✓ Since the lifting of the state of emergency on October 1, 2021, economic activity has gradually normalized. Use of free time has shifted toward travel and dining out, and there is a sense that the market as a whole is slowing as the previous surge of demand for books fades

+

- ✓ Strong lineup of content launched in November 2020 made for difficult year-on-year comparisons

Copyright 2022 MEDIA DO Co., Ltd. All rights reserved. | MEDIA DO Co., Ltd. Financial Results Briefing for the Nine Months Ended November 30, 2021

Sales & profits both tracking ahead of initial forecast



Copyright 2022 MEDIA DO Co., Ltd. All rights reserved.



2. Future growth plans

Copyright 2022 MEDIA DO Co., Ltd. All rights reserved.

Mission	Unleashing a Virtuous Cycle of Literary Creation
Vision	More Content for More People!
Management policies	“Publishing Platformer” ✓ Provide higher levels of value across the value chain ✓ Act as game changer to drive industry transformation, including DX

Leveraging its Position, MEDIA DO will contribute to the expansion of the publishing market through its people, IT and strategies

Copyright 2022 MEDIA DO Co., Ltd. All rights reserved.

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 Net sales = eBook market size × our market share × our take rate

→ Continued stable cash flow generation driven by market expansion

Reinvest to support market growth and gain share

Proportion of recurring wholesale sales

95.0% (FY2020 (full year)) → 90.7% (FY2021 3Q)

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

Non-recurring and other reccurring sales

5.0% (FY2020 (full year)) → 9.3% (FY2021 3Q)

Copyright 2022 MEDIA DO Co., Ltd. All rights reserved. | MEDIA DO Co., Ltd. Financial Results Briefing for the Nine Months Ended November 30, 2021

eBook distribution business

Invent future eBook markets

Copyright 2022 MEDIA DO Co., Ltd. All rights reserved. | MEDIA DO Co., Ltd. Financial Results Briefing for the Nine Months Ended November 30, 2021

Launch of MEDIA DO's FanTop NFT marketplace on October 12, 2021

- ✓ Enables fans to **share, transfer, and trade** digital content between themselves, and online on a publishing chain
- ✓ Utilizes the flow blockchain technology that enables **low-cost** processing even of enormous transaction volumes

- Developed by Dapper Labs, it has been adopted globally by NBA Topshot and other organizations
- Transaction costs are low (commissions for Ethereum are ¥2,000-¥10,000, but ¥0.002 for flow)
- 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

flow

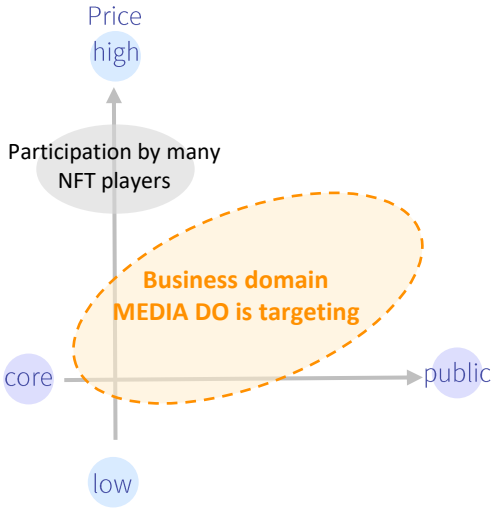


Copyright 2022 MEDIA DO Co., Ltd. All rights reserved.

Development of the FanTop service could only have been achieved by a company with MEDIA DO's unique blend of skills and know-how



- ✓ The digital content provided by FanTop does not consist of expensive items such as works of art, but products that ordinary people can enjoy collecting



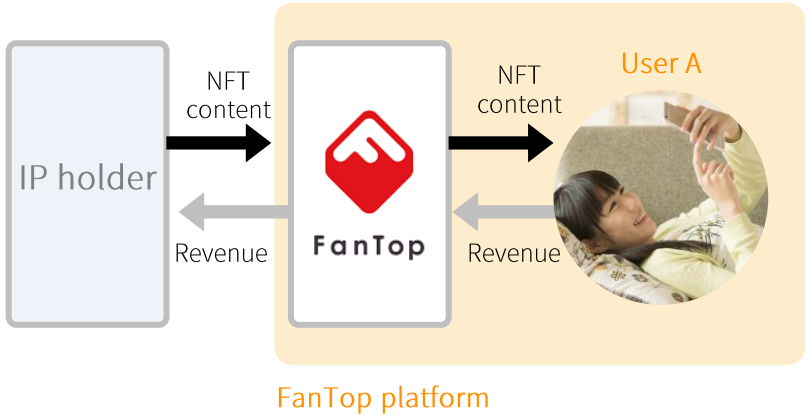
1. Distribution of low-price content → Utilizes low-cost flow
2. Converts a variety of IP to digital assets → Cooperation with publishers (IP holders)
3. Create touch points in the physical world → Alliance with major paper book distributor TOHAN enables approaches to physical book retailers

Copyright 2022 MEDIA DO Co., Ltd. All rights reserved. | MEDIA DO Co., Ltd. Financial Results Briefing for the Nine Months Ended November 30, 2021

Provides revenue opportunities to IP holders even from secondary distribution, leading to expectation of sales commission

Primary distribution

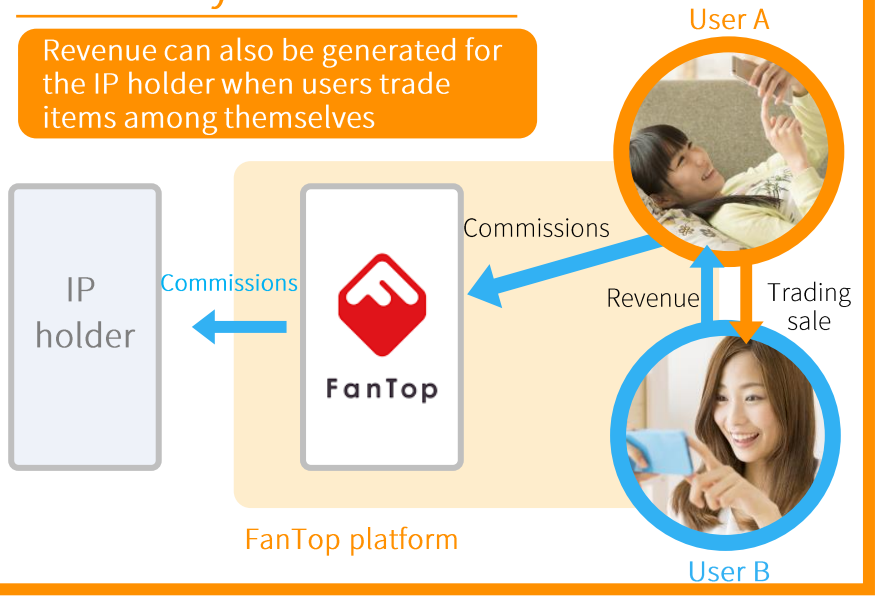
When users purchase NFT content on FanTop, revenue is generated for the IP holder



Jan. 13, 2022
Launch secondary distribution services

Secondary

Revenue can also be generated for the IP holder when users trade items among themselves



Copyright 2022 MEDIA DO Co., Ltd. All rights reserved. | MEDIA DO Co., Ltd. Financial Results Briefing for the Nine Months Ended November 30, 2021

Publications with NFT digital benefits to help revitalize paper book market

First step toward introducing this technology to society

Market for paper publications

Sales growth effect driven by special editions with NFT digital benefits

- ✓ Succeeded in raising publication unit price by approximately 21%
- ✓ Increased sellthrough by approximately 24%

Heightened awareness of NFT to popularize concept among general consumers

Publisher: Kodansha; On sale: December 8

Normal edition



Special edition



¥1,595 (including taxes) → ¥2,200 (including taxes)

+37.9%

Author: Manabu Kaminaga; Cover art: Shiho Enta; Digital benefits: Special edition cover illustration NFT (1) / specially commissioned short story booklet included

Copyright 2022 MEDIA DO Co., Ltd. All rights reserved. | MEDIA DO Co., Ltd. Financial Results Briefing for the Nine Months Ended November 30, 2021

Provides IP holders with multiple options for reaching out to fans

Content holder
Publisher
Video manufacture
Music Label, etc.

FanTop
Media Do GROUP

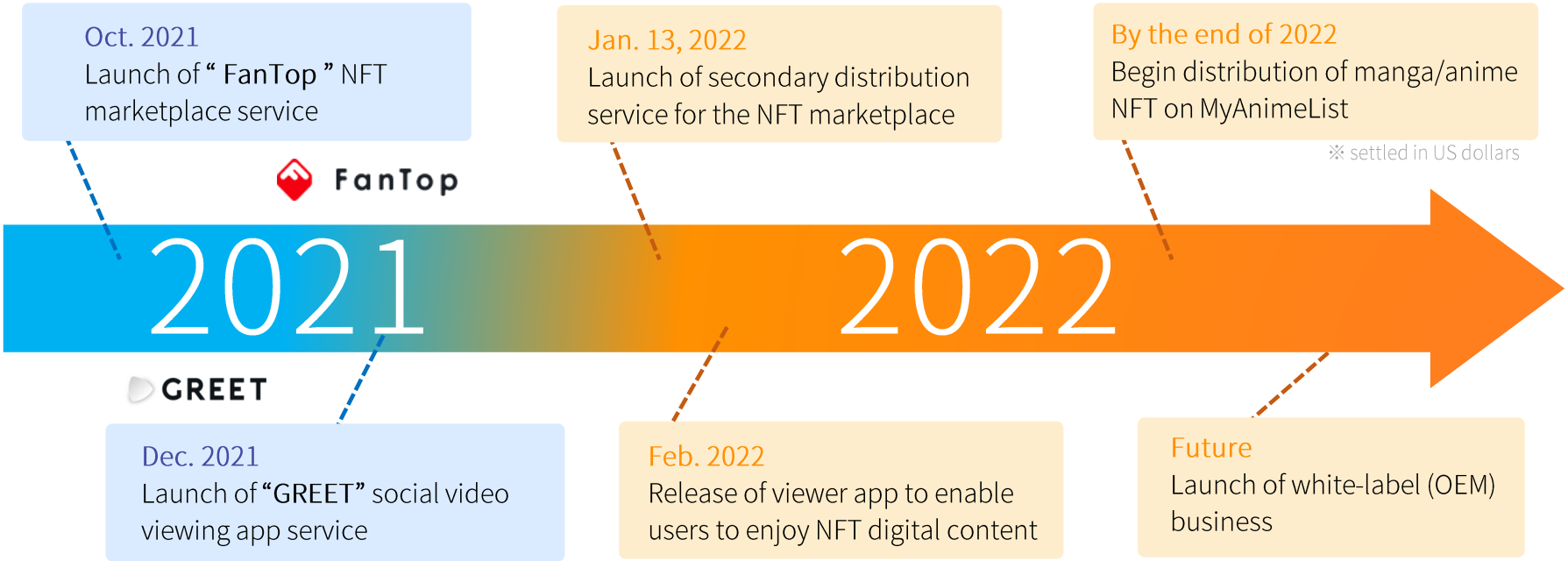
FanTop ecosystem

1. Sale on FanTop
2. Roll out to bookstores Nationwide in cooperation with TOHAN
3. Overseas expansion utilizing MyAnimeList
4. Sell using white label (OEM) FanTop ecosystem

With MEDIA DO,
multiple sales methods can be provided

Copyright 2022 MEDIA DO Co., Ltd. All rights reserved. | MEDIA DO Co., Ltd. Financial Results Briefing for the Nine Months Ended November 30, 2021

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



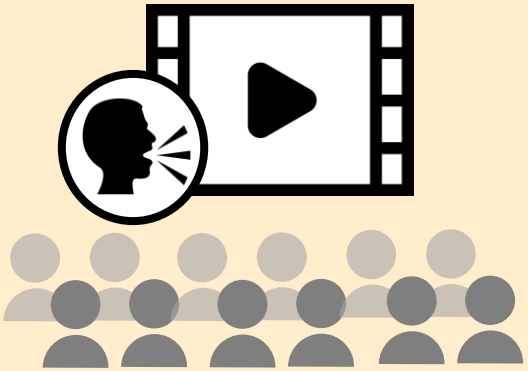
Copyright 2022 MEDIA DO Co., Ltd. All rights reserved. | MEDIA DO Co., Ltd. Financial Results Briefing for the Nine Months Ended November 30, 2021

Invent future eBook markets: GREET



“GREET” social video viewing app service launched on December 13

Social viewing service that enables anybody to easily create an online co-watching event for official video content



Organizer

Audience

Copyright 2022 MEDIA DO Co., Ltd. All rights reserved. | MEDIA DO Co., Ltd. Financial Results Briefing for the Nine Months Ended November 30, 2021

Promote proposals for scenarios using online co-watching and so on, to increase the number of events and audience numbers

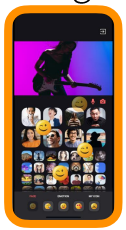
Basic workflow

Purchase video content → Create co-watching tickets → Assemble the audience → Hold co-watching event









\+ FanTop

Usage scenarios

①

Co-watching event for general audience sponsored by influencers: Large numbersz

- ✓ Online meetings in which artists discuss their favorite live event videos with fans
- ✓ Discussions between actors and their social media followers about things that happened behind the scenes in movies in which they appeared

②

"Secret" co-watching event for limited audience: Small numbers

- ✓ Premium co-watching event with previews or commentary for new tracks or unreleased video content
- ✓ Events in which artists watch and discuss video content with fans as part of a special fanclub benefit

Copyright 2022 MEDIA DO Co., Ltd. All rights reserved. | MEDIA DO Co., Ltd. Financial Results Briefing for the Nine Months Ended November 30, 2021

MEDIA DO's role: Expand market by making operations more efficient and transforming business models

Issues faced by the industry

1. Many small and medium-sized players, causes delays in digitization
2. Shrinkage of paper book market, high rate of unsold product implies room for further improvements in efficiency
3. Globalization, expansion of other markets for digital content
4. Increasingly sophisticated needs in terms of usage formats, campaigns, and others

Publishing industry DX as implemented by MEDIA DO

Transformation of operations / Efficiency improvements

- ✓ eBook distribution
- ✓ Sales management / Distribution of royalties
- ✓ Bibliographic data management
- ✓ Overseas expansion support

Business model transformation

- ✓ Development of Digital Content Asset (DCA)
  → Provide digital content that incorporates the concept of "ownership"
- ✓ Creation of new services
  → Publishing imprints, media, etc.

Copyright 2022 MEDIA DO Co., Ltd. All rights reserved.

New services on which MEDIA DO is working are an attempt to open up new possibilities

Web/Web 2.0

Physical content will continue to be the mainstream.
Digitization will result in diversification of delivery methods.

1. Content sales model
2. Subscription model
3. Advertising model

+

Web 3/Metaverse

Blurring of the boundary between physical and digital

- ✓ Owning digital assets as NFTs → DCA
- ✓ A new kind of fan marketing that can only be achieved using digital content

Blockchain technology applications are expanding from cryptoassets to digital content

Develop and provide various services that propose new approaches to digital content

FanTop GREET

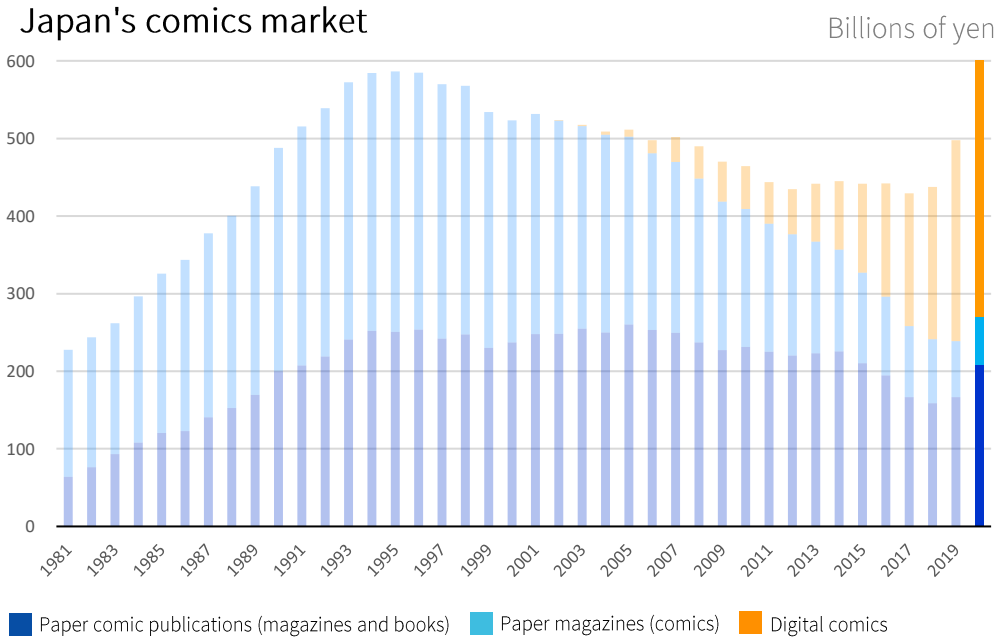
Copyright 2022 MEDIA DO Co., Ltd. All rights reserved. | MEDIA DO Co., Ltd. Financial Results Briefing for the Nine Months Ended November 30, 2021

eBook distribution business

Stimulate the growth of eBook markets

Copyright 2022 MEDIA DO Co., Ltd. All rights reserved. | MEDIA DO Co., Ltd. Financial Results Briefing for the Nine Months Ended November 30, 2021

Aiming to grow the publishing market through digitization



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

- ✓ Digitization has led to comics market hitting an all-time record
- ✓ MEDIA DO's role in contributing to the expansion of the publishing market is defined as follows

Transformation of operations/efficiency improvements

Business model transformation

Copyright 2022 MEDIA DO Co., Ltd. All rights reserved. | MEDIA DO Co., Ltd. Financial Results Briefing for the Nine Months Ended November 30, 2021

Invent future eBook markets: Alliance with TOHAN

Collaborating with major paper book distributor TOHAN to promote transformation of business models for the entire industry

Issues faced by the industry

1. Many small and medium-sized players, causes delays in digitization
2. Shrinkage of paper book market, high rate of unsold product implies room for further improvements in efficiency
3. Globalization, expansion of other markets for digital content
4. Increasingly sophisticated needs in terms of usage formats, campaigns, and others

Approaches from paper book publishers will be essential to resolve these issues

First step in the business model transformation tackled by these two companies

Japan's No.1 distributor of eBooks

Media Do

×

Major distributor of paper books in Japan

TOHAN

- ✓ Sale of publications with NFT digital benefits
- ✓ Promote adoption by eLibraries

Copyright 2022 MEDIA DO Co., Ltd. All rights reserved. | MEDIA DO Co., Ltd. Financial Results Briefing for the Nine Months Ended November 30, 2021

Invent future eBook markets: eLibrary / Accessible library

An eLibrary business for people with visual impairments is scheduled for launch in April with the aim of enhancing the accessibility of the reading environment

Japan's No.1 distributor of eBooks

Media Do

+

Systems + know-how

World's No.1 eLibrary service operator

OverDrive

+

Sales capabilities and network

Japan's No.1 distributor of paper books

TOHAN

eLibrary service

- ✓ Usable even by those unable to visit the library
- ✓ Contribute to eradicating differences in education, and to providing opportunities for English language learning and so on

Accessible library

- ✓ Utilizes several tens of thousands of text-to-speech-ready voice files provided by MEDIA DO
- ✓ Based on the "Barrier-Free Reading Act" enacted in 2019, this will contribute to reading opportunities for people with visual impairments

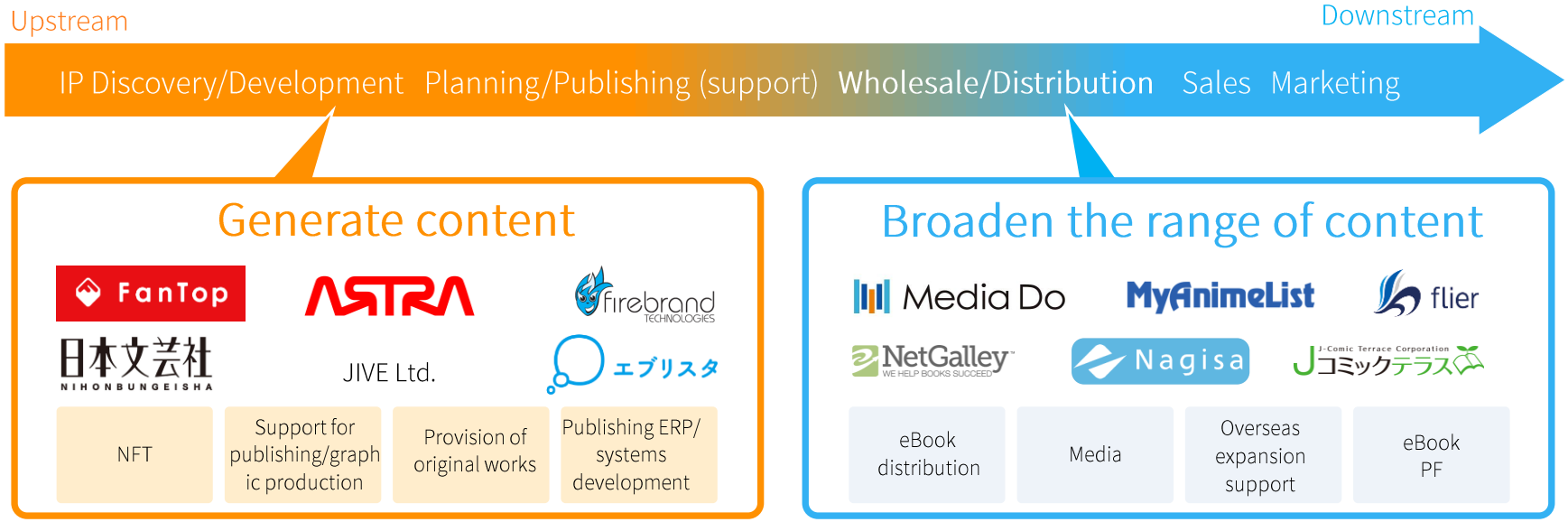
Copyright 2022 MEDIA DO Co., Ltd. All rights reserved.

Other businesses

Proactive investment for business expansion

Copyright 2022 MEDIA DO Co., Ltd. All rights reserved. | MEDIA DO Co., Ltd. Financial Results Briefing for the Nine Months Ended November 30, 2021

Continue to invest based on an overarching view of value chains by leveraging our most significant competitive advantage:Position



Copyright 2022 MEDIA DO Co., Ltd. All rights reserved. | MEDIA DO Co., Ltd. Financial Results Briefing for the Nine Months Ended November 30, 2021

Promote the buildout of a Publishing Service Platform in preparation for strengthening global expansion

MEDIA DO Group global strategy

→ “Transformation of operations” by expanding infrastructure (SaaS) for publishers through M&A

Step 1

Firebrand TECHNOLOGIES

The Firebrand Group has grown steadily since joining the MEDIA DO Group in January 2021

Background to strong performance

- ✓ Steady progress with PMI driven mainly by overseas base Media Do International
- ✓ Heightened interest in investment in publishing-related services against the background of strong performance in the US publishing industry

Step 2

Supplementing functionality through M&A
Expanding services to publishers

Firebrand
Publishing ERP

NetGalley
Promotion services through the internet

D2C
E-commerce solutions

January 17, 2022
Acquisition of UK’s Supadü announced

Copyright 2022 MEDIA DO Co., Ltd. All rights reserved. | MEDIA DO Co., Ltd. Financial Results Briefing for the Nine Months Ended November 30, 2021

Enter the D2C marketing business by acquiring UK-based Supadü, which counts four of the big five US publishers among its clients

supadü™
MAKES WEBSITES. SIMPLE

Providing a publisher's direct sales site as SaaS

Established:	May 2010
Location:	London, UK
No. of employees:	25
Performance:	Net sales approx. ¥230mn (profitable at operating level)

Note: FY ended March 31, 2021: 1 GBP = 155 JPY

Services provided

Easy implementation of e-commerce sites using bibliography information

Provides integration of sophisticated search and recommendation functions, as well as functionality to link to warehouses

- ✓ Approximately 80% of net sales are generated by the US market
- ✓ Used by more than 240 publishers, including major firms
- ✓ Subscription model with a low churn rate of less than 3%



(ex.)

supadü™ MAKES WEBSITES. SIMPLE × Media Do

We expect to expand publications with NFT benefits through direct sales and distribution by overseas publishers

Copyright 2022 MEDIA DO Co., Ltd. All rights reserved. | MEDIA DO Co., Ltd. Financial Results Briefing for the Nine Months Ended November 30, 2021

Stimulate the growth of eBook markets: NIHONBUNGEISHA

Disney+ to develop live-action version of NIHONBUNGEISHA's *Gannibal*

The highly popular *Gannibal* comic*, which has appeared in NIHONBUNGEISHA's *Shukan Manga Goraku* in serial form since 2018, has begun development as a live-action drama project for Disney+, starring Yuya Yagira(Japanese Famous actor)

*Published as 12 stand-alone books, with cumulative sales exceeding 1.2 million copies

Expansion of media mix possibilities

due to the acceleration of content + digital



Title: *Gannibal*
Author: Masaaki Ninomiya

Director: Shinzo Katayama
Script: Takamasa Oe

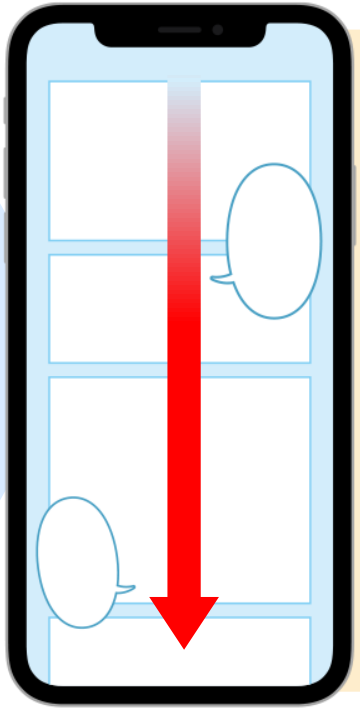
Copyright 2022 MEDIA DO Co., Ltd. All rights reserved. | MEDIA DO Co., Ltd. Financial Results Briefing for the Nine Months Ended November 30, 2021

Stimulate the growth of eBook markets: IP creation

Entering into the rapidly growing vertical scrolling manga market. Working in both production and distribution to promote market expansion

Key features of vertical scrolling manga

- ✓ Content that can be developed globally
- ✓ Development of new business models not bound by existing frameworks
- ✓ Potential to tap new customer bases



Leveraging our Position to distribute content and contribute to the healthy development of the market

Content distribution/ procurement	Content production/ production support	Provision of original works
Media Do	日本文芸社 ASTRA JIVE Ltd.	エブリスタ

＋ Cooperation with domestic and overseas players

Copyright 2022 MEDIA DO Co., Ltd. All rights reserved. | MEDIA DO Co., Ltd. Financial Results Briefing for the Nine Months Ended November 30, 2021

Establish a basketball team management company with the aim of raising awareness in preparation for full-fledged B-to-C business

- ✓ In April 2022, we will establish a basketball team management company (GAMBAROU TOKUSHIMA Co., Ltd.) as a subsidiary, with joint investments from multiple companies with connections to Tokushima prefecture, and aim to participate in the third division (B3) of the B.League
- ✓ We will focus on cost control with the aim of getting into the black within three years top.



Team name: TOKUSHIMA GAMBAROUS

MEDIA DO voting rights: Expected to exceed 67%

Raising awareness in preparation for ramp of B-to-C services

Regional revitalization / Hiring of human resources

(1) Raise awareness of MEDIA DO, which has hitherto focused on B-to-B business

(2) Produce related NFT collectables
Energize FanTop marketplace

+

MEDIA DO promotes regional revitalization and professional sports
Strengthens hiring power and retention of human resources

Copyright 2022 MEDIA DO Co., Ltd. All rights reserved. | MEDIA DO Co., Ltd. Financial Results Briefing for the Nine Months Ended November 30, 2021



3. Medium-term strategy

Copyright 2022 MEDIA DO Co., Ltd. All rights reserved. | MEDIA DO Co., Ltd. Financial Results Briefing for the Nine Months Ended November 30, 2021

New medium-term management plan scheduled to be announced in April 2022

2018 New medium-term management plan announced "Roadmap to 2020"

2019 Announced revisions to medium-term management plan based on steady progress made

2020 Implemented first equity finance since listing

2021 Deferred announcement of new medium-term management plan due to changes in the internal/external environment

April 18, 2022
(At the time of FY2021 results announcement)
Announcement of new medium-term management plan

eBook distribution business going forward

- ✓ Reaction to large promotional campaigns by certain book retailers
- ✓ Impact on sales and profits of outcome of negotiations with business partners (under discussion)

Investment plans

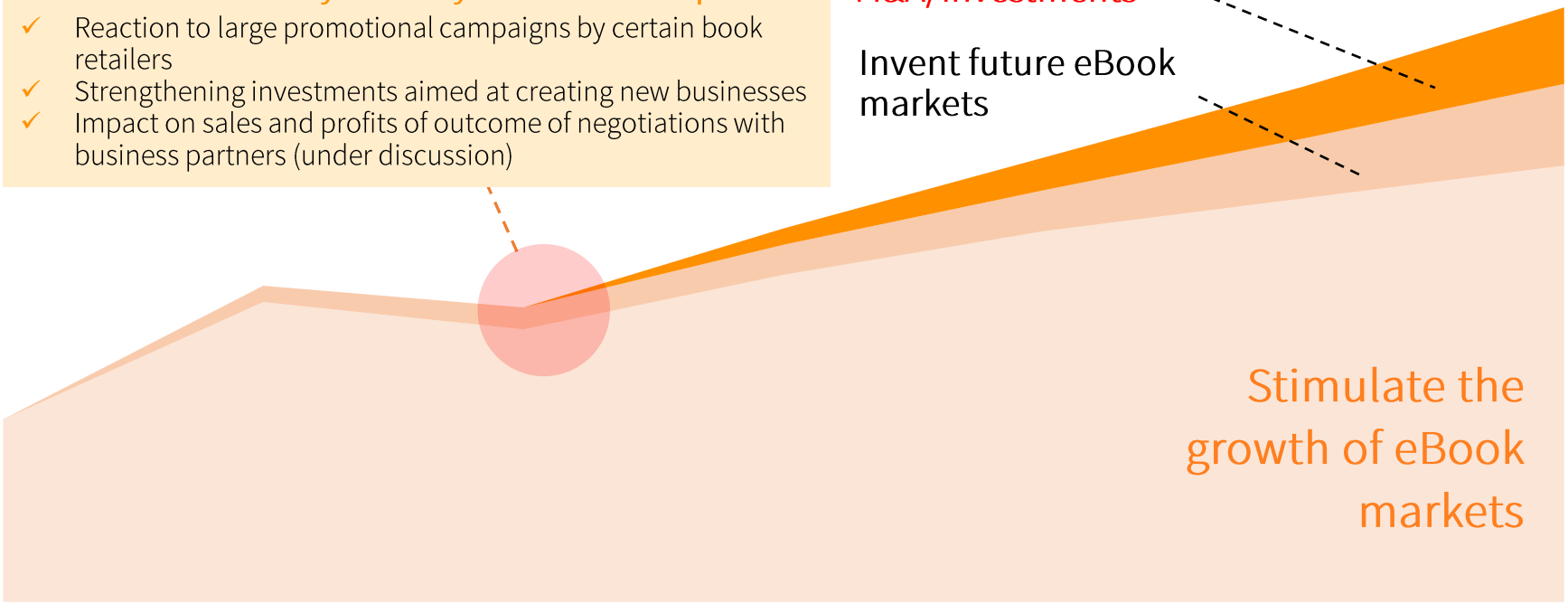
- ✓ Stimulate the growth of eBook markets (develop next-generation distribution systems)
- ✓ Invent future eBook markets (FanTop/ GREET)
- ✓ Imprint business (in-house IP strategy, vertical scrolling manga)
- ✓ Publishing ERP (incl. overseas business strategy)
- ✓ M&A strategy

Copyright 2022 MEDIA DO Co., Ltd. All rights reserved. | MEDIA DO Co., Ltd. Financial Results Briefing for the Nine Months Ended November 30, 2021

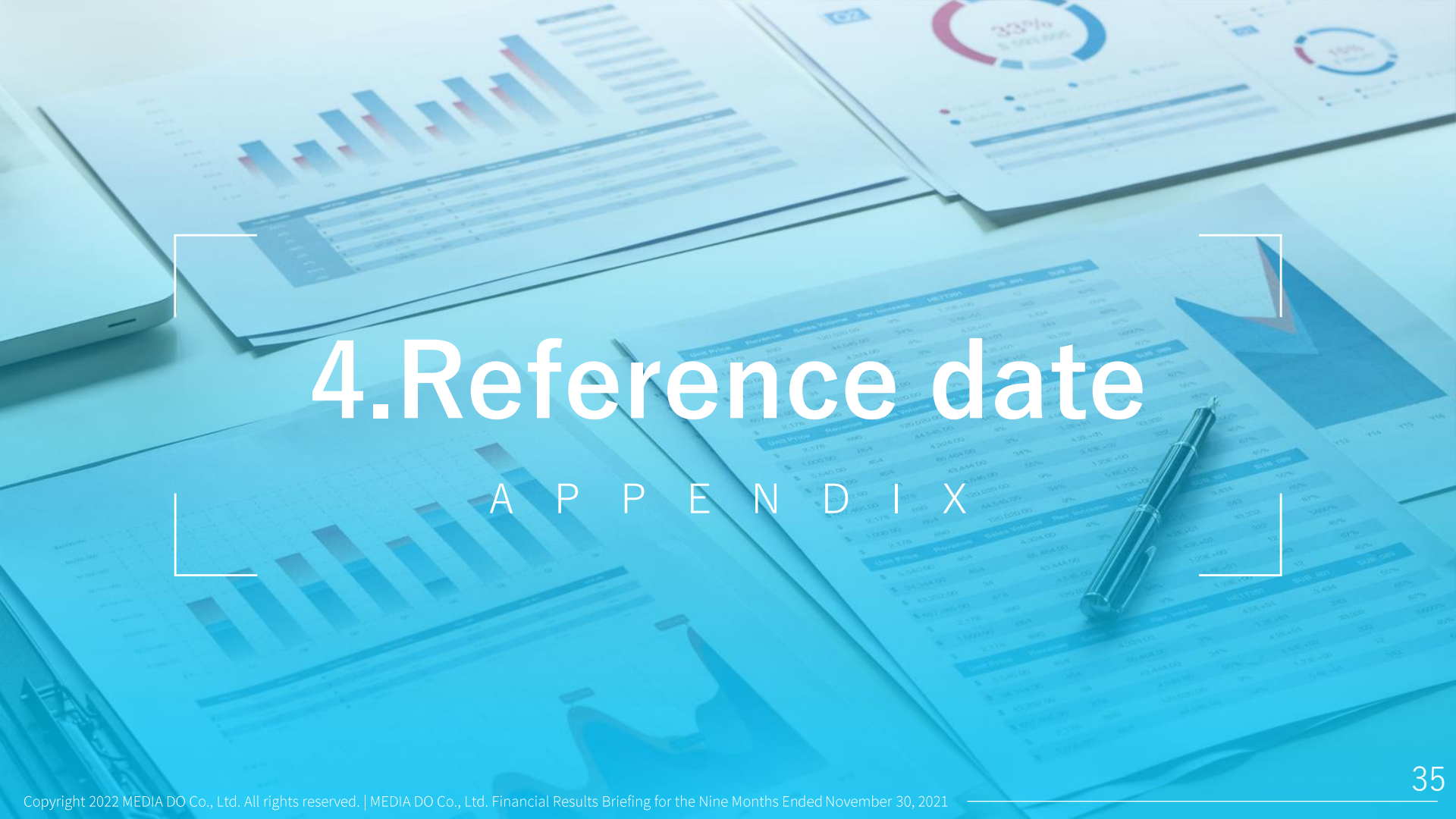
Strengthening investments aimed at creating new businesses

FY2022 could see year-on-year decline in profit

- ✓ Reaction to large promotional campaigns by certain book retailers
- ✓ Strengthening investments aimed at creating new businesses
- ✓ Impact on sales and profits of outcome of negotiations with business partners (under discussion)



Copyright 2022 MEDIA DO Co., Ltd. All rights reserved. | MEDIA DO Co., Ltd. Financial Results Briefing for the Nine Months Ended November 30, 2021



4.Reference date

APPENDIX

Copyright 2022 MEDIA DO Co., Ltd. All rights reserved.

FY2021 3Q Results (P/L)

(Millions of yen)	FY2020 1Q		FY2020 2Q		FY2020 3Q		FY2020 4Q		FY2021 1Q		FY2021 2Q		FY2021 3Q	
Net sales	20,292		21,441		20,272		21,533		28,408		26,825		23,533	
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%	22,054	93.7%
Other businesses	228	1.1%	299	1.4%	314	1.6%	347	1.6%	334	1.2%	2,017	7.5%	1,480	6.3%
Cost of sales, SG&A expenses	19,560	96.4%	20,643	96.3%	19,650	96.9%	21,020	97.6%	27,571	97.1%	25,973	96.8%	22,971	97.6%
Royalties/other cost of sales	17,862	88.0%	18,878	88.0%	17,750	87.6%	19,012	88.3%	25,669*1	90.4%	23,426*3	87.3%	20,579	87.4%
Commissions	54	0.3%	57	0.3%	53	0.3%	51	0.2%	42	0.1%	37	0.1%	34	0.1%
Advertising expenses	214	1.1%	200	0.9%	237	1.2%	226	1.0%	121	0.4%	160	0.6%	113	0.5%
Personnel expenses	750	3.7%	784	3.7%	799	3.9%	852	4.0%	899	3.2%	1,456*2	5.4%	1,374	5.8%
Depreciation/amortization	182	0.9%	181	0.8%	184	0.9%	210	1.0%	229	0.8%	305	1.1%	276	1.2%
Other	494	2.4%	541	2.5%	624	3.1%	666	3.1%	610	2.1%	587	2.2%	592	2.5%
Operating profit	732	3.6%	797	3.7%	621	3.1%	512	2.4%	836	2.9%	851	3.2%	562	2.4%
Ordinary income	734	3.6%	849	4.0%	615	3.0%	521	2.4%	846	3.0%	836	3.1%	547	2.4%
Profit attributable to owners of parent	450	2.2%	459	2.1%	354	1.8%	254	1.2%	617*4	2.2%	218*4 *5	0.8%	260	1.1%
EBITDA	914	4.5%	979	4.6%	806	4.0%	723	3.4%	1,065	3.8%	1,157	4.3%	839	3.6%

*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

Copyright 2022 MEDIA DO Co., Ltd. All rights reserved. | MEDIA DO Co., Ltd. Financial Results Briefing for the Nine Months Ended November 30, 2021

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 (full year)	FY2022 forecast				
			1Q	2Q	3Q	4Q※	Full year※
Sales	Nagisa	69	110	124	115	91	440
	Firebrand	-	-	353	356	363	1,071
	NIHONBUNGEISHA	-	-	1,429	876	992	3,296
	Total	**69**	**110**	**1,906**	**1,347**	**1,445**	**4,808**
Operating profit after goodwill amortization	Nagisa	-49	-67	-95	-72	-70	-304
	Firebrand	-	-	22	32	-20	34
	NIHONBUNGEISHA	-	-	119	30	20	169
	Total	**-49**	**-67**	**46**	**-10**	**-70**	**-101**

*Rough estimate

Copyright 2022 MEDIA DO Co., Ltd. All rights reserved. | MEDIA DO Co., Ltd. Financial Results Briefing for the Nine Months Ended November 30, 2021

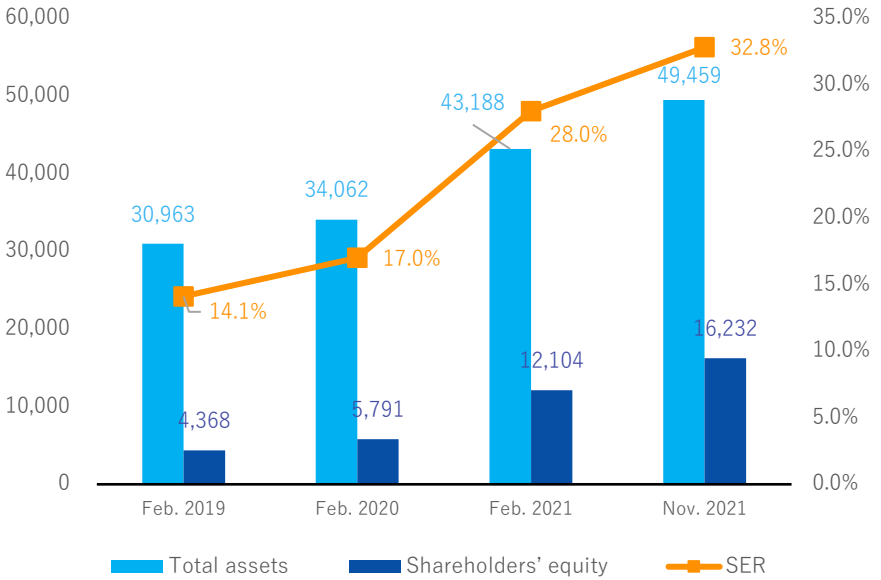
Results for FY2021 3Q (B/S)

(Millions of yen)	FY2020 2Q	FY2020 3Q	QoQ change	Main factor behind change
Current assets	**37,359**	**34,689**	**-2,669**	
Cash and deposits	11,948	11,889	-58	
Notes and accounts receivable – trade	24,300	21,267	-3,032	Linked to declining sales.
Non-current assets	**14,710**	**14,769**	**59**	
Property, plant and equipment	379	401	22	
Software	737	900	162	
Goodwill	6,632	6,474	-157	
Investment securities	6,236	6,264	27	
Total assets	**52,069**	**49,459**	**-2,609**	
Current liabilities	**30,364**	**27,701**	**-2,663**	
Notes and accounts payable - trade	26,825	24,400	-2,424	Linked to declining sales.
Current portion of long-term borrowings	1,113	1,070	-42	Decrease due to repayment of loans
Total non-current liabilities	**5,752**	**5,512**	**-240**	
Long-term borrowings	4,948	4,695	-252	Decrease due to repayment of loans
Total liabilities	**36,117**	**33,213**	**-2,904**	
Total shareholders' equity	15,619	15,879	260	
Capital	5,908	5,908	—	
Capital surplus	7,197	7,197	—	
Retained earnings	2,514	2,774	260	
Total accumulated other comprehensive income	301	353	51	
Share option	0	0	—	
Non-controlling interest	30	13	-17	
Total net assets	**15,951**	**16,245**	**294**	
Total liabilities and net assets	**52,069**	**49,459**	**-2,609**	

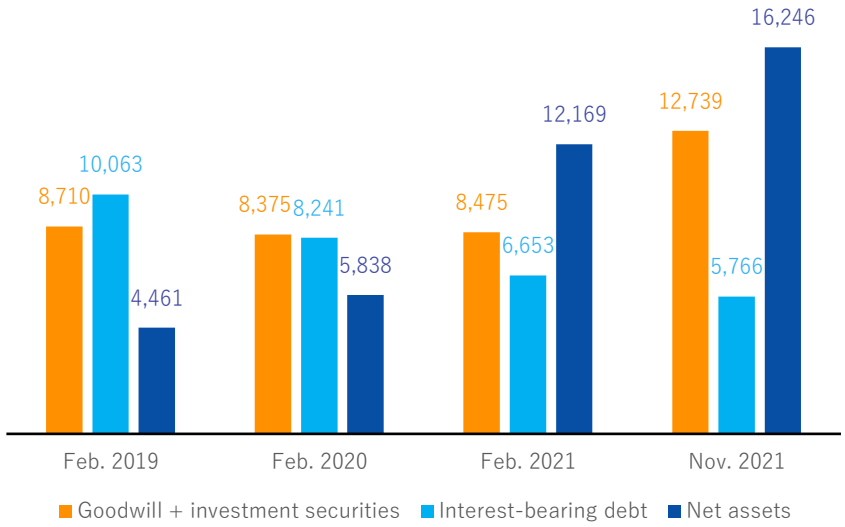
Copyright 2022 MEDIA DO Co., Ltd. All rights reserved. | MEDIA DO Co., Ltd. Financial Results Briefing for the Nine Months Ended November 30, 2021

Financial stability has improved following April 2021 capital raise

Shareholders' equity ratio (SER) (Millions of yen)



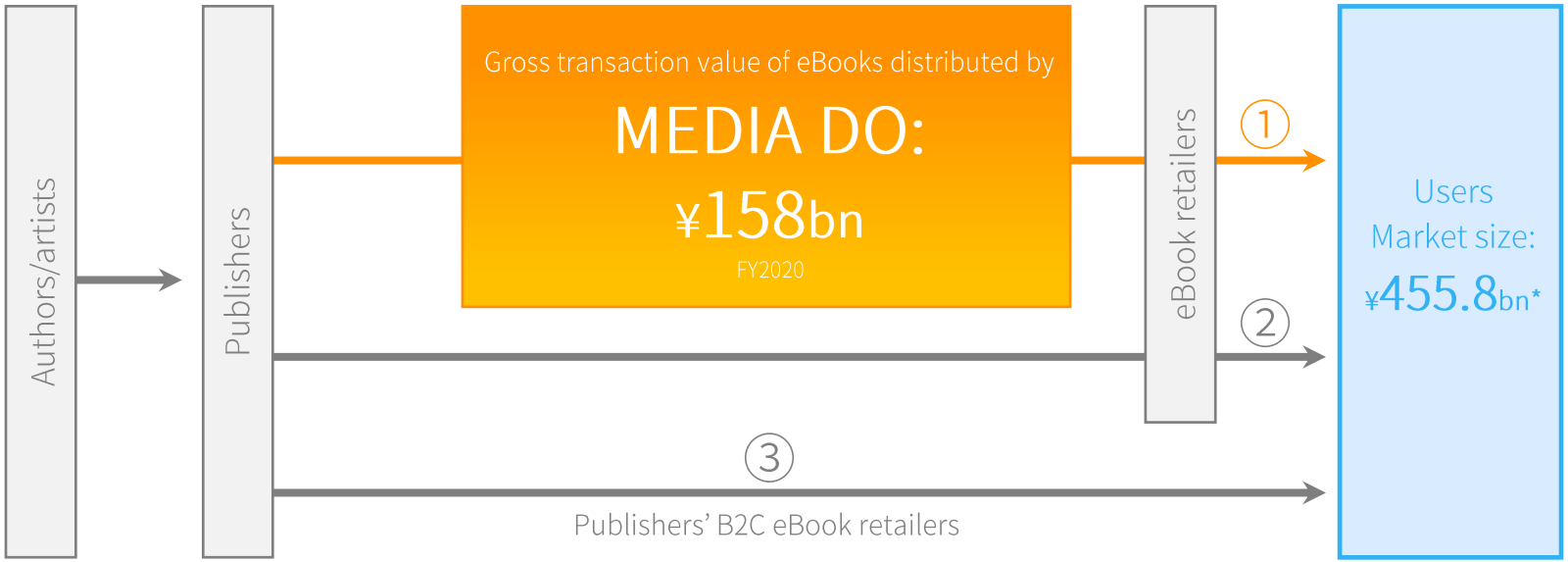
Key B/S accounts (Millions of yen)



Copyright 2022 MEDIA DO Co., Ltd. All rights reserved. | MEDIA DO Co., Ltd. Financial Results Briefing for the Nine Months Ended November 30, 2021

Business overview (1/5)

35% of eBooks are distributed via MEDIA DO in Japan

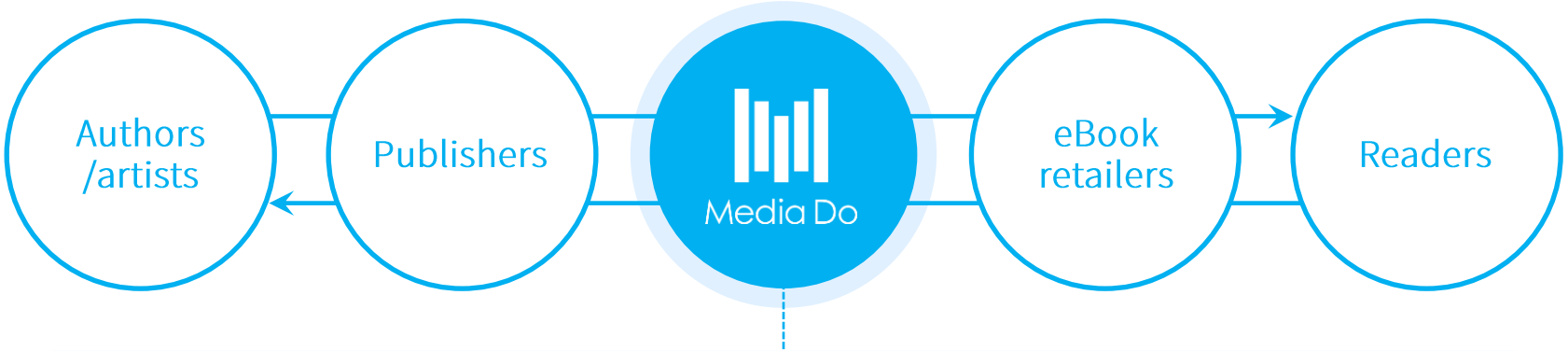


* Source: Actual data from FY2020 taken from Impress Research Institute's eBook Marketing Report 2021 on Japanese market

Copyright 2022 MEDIA DO Co., Ltd. All rights reserved. | MEDIA DO Co., Ltd. Financial Results Briefing for the Nine Months Ended November 30, 2021

Business overview (2/5)

MEDIA DO is the biggest eBook distributer in Japan



1. Brokering of contracts/transactions with publishers
2. Pro rata distribution of revenues to publishers and authors
3. Operation of eBook distribution system
4. 4. Execution of promotional campaigns

Expansion of eBook retailers' content lineups
Aggregation of eBook retailers' monthly sales data

Distribution of content to eBook retailers on behalf of publishers
Offering of discounts, freebies and other promotions in coordination with publishers and eBook retailers

Copyright 2022 MEDIA DO Co., Ltd. All rights reserved. | MEDIA DO Co., Ltd. Financial Results Briefing for the Nine Months Ended November 30, 2021

MEDIA DO's greatest strengths (1)
Position

Core distribution functions

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

Dominant market share

Globally ranked second only to Amazon by eBook distribution volume with gross transaction value > ¥158bn (actual figures for FY2020)

Global presence

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

Industry support

Over 14% owned by publishers, mainly Japan's four biggest ones*2 and TOHAN

*1 World Wide Web Consortium: an organization that promotes global standardization of Internet technology, including eBooks. Media Do International CEO Daihei Shiohama was named co-chair of its Publishing Business Group in February 2019, together with executives from two of the biggest US/European publishers, including Penguin Random House. Shiohama became the W3C's first Japanese evangelist in January 2021
*2 Kadokawa, Kodansha, Shogakukan and Shueisha (listed in alphabetic order), based on issued share count as of February 28, 2021.

Copyright 2022 MEDIA DO Co., Ltd. All rights reserved. | MEDIA DO Co., Ltd. Financial Results Briefing for the Nine Months Ended November 30, 2021

MEDIA DO's greatest strengths (2)

Technology

Entirely in-house development

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

Wholesaler turned SaaS provider

Media Do has pursued a user-friendly, cost-efficient SaaS model since entering the eBook distribution business.
It is helping to further advance the publishing industry by streamlining distribution through system integration and migration to new eBook distributing system.

Copyright 2022 MEDIA DO Co., Ltd. All rights reserved. | MEDIA DO Co., Ltd. Financial Results Briefing for the Nine Months Ended November 30, 2021

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

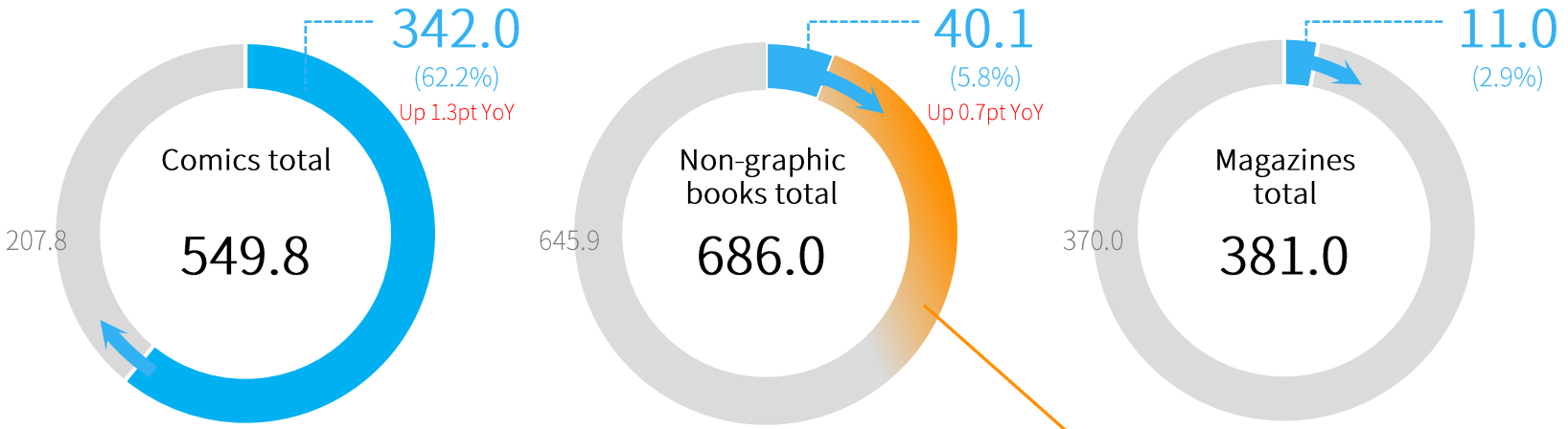
*1. Defined as publishers that belong to the Japan Book Publishers Association (394 members as of July 31, 2021), excluding non print (e.g., audiobook) publishers.
*2. Per a MEDIA DO survey. Excludes sub scale publishers, publishers without regular publications, etc.
*3. Top 20 eBook retailers (excluding book retailers run directly by publishers) ranked by popularity based on number of survey respondents who reported purchasing an eBook from the retailers within the previous six months per Impress Research Institute's eBook Marketing Report 2021.

Copyright 2022 MEDIA DO Co., Ltd. All rights reserved. | MEDIA DO Co., Ltd. Financial Results Briefing for the Nine Months Ended November 30, 2021

MEDIA DO's operating environment (1/3)

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) (Billions of yen)



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

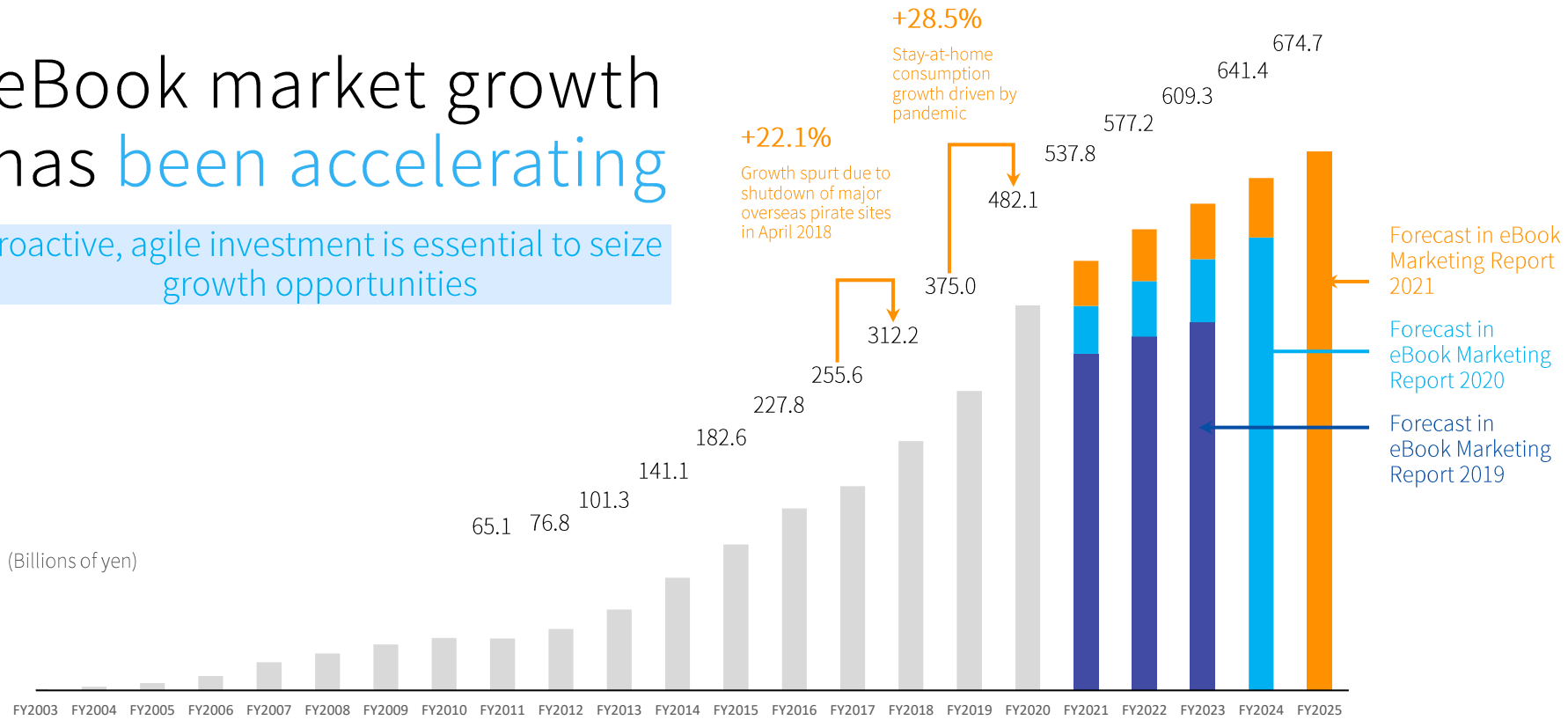
Non-graphic eBooks account for 30-40% of US and Chinese publishing markets

Copyright 2022 MEDIA DO Co., Ltd. All rights reserved. | MEDIA DO Co., Ltd. Financial Results Briefing for the Nine Months Ended November 30, 2021

MEDIA DO's operating environment (2/3)

eBook market growth has been accelerating

Proactive, agile investment is essential to seize growth opportunities

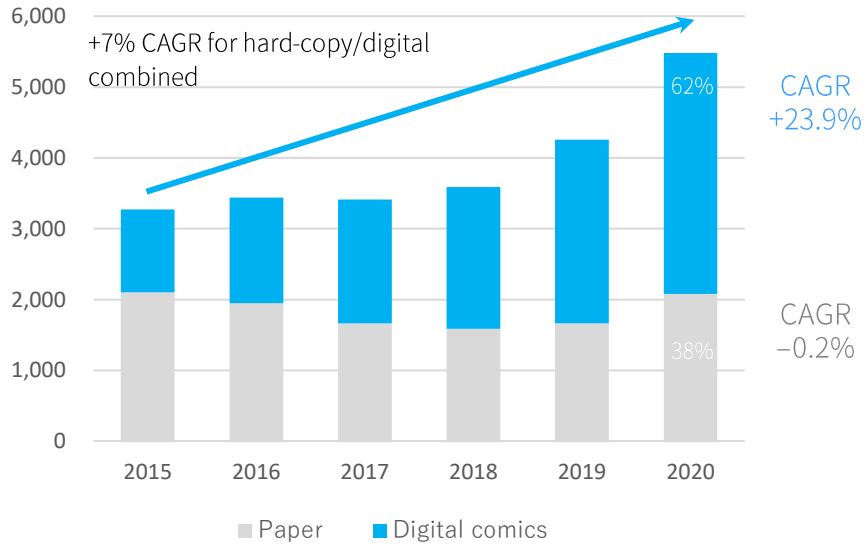


Copyright 2022 MEDIA DO Co., Ltd. All rights reserved. | MEDIA DO Co., Ltd. Financial Results Briefing for the Nine Months Ended November 30, 2021

MEDIA DO's operating environment (3/3)

Digital shift is driving mangamarket growth

Comic book market (excludes magazines)



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).

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

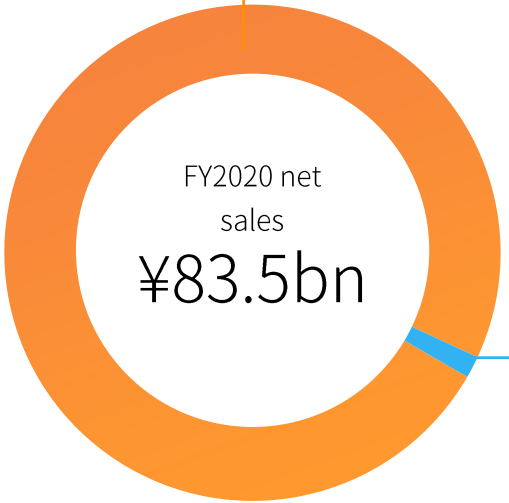
Paper comics' sales decline should tend to taper off by virtue of catalog effect of consumers' exposure to digital

▼

Growth in eBook distribution is revitalizing entire publishing market

Copyright 2022 MEDIA DO Co., Ltd. All rights reserved. | MEDIA DO Co., Ltd. Financial Results Briefing for the Nine Months Ended November 30, 2021

Core focus is eBook distribution business



eBook distribution business ¥82.3bn (98.6%)

MEDIA DO Co., Ltd.
Digital Publishing Initiatives Japan Co., Ltd.
MEDIA DO TEC TOKUSHIMA Co., Ltd.
Nagisa, Inc.

Other businesses ¥1.2bn (1.4%)

Media Do International, Inc.
Hub of Media Do Group's international operations (San Diego, US)

ARTRA ENTERTAINMENT Inc.
Provides graphic production support services (e.g., eManga coloring) for manga authors

J-Comic Terrace Corporation
Distributes eBooks, including through its "Manga Library Z" site, a free digital comic service

Flier Inc.
Operates "flier," a book summary service

JIVE Ltd.
Operates next-generation imprint publishing business; owns female-oriented manga imprint

MyAnimeList, Co., Ltd.
Operates "MyAnimeList," one of the world's largest anime/manga community sites

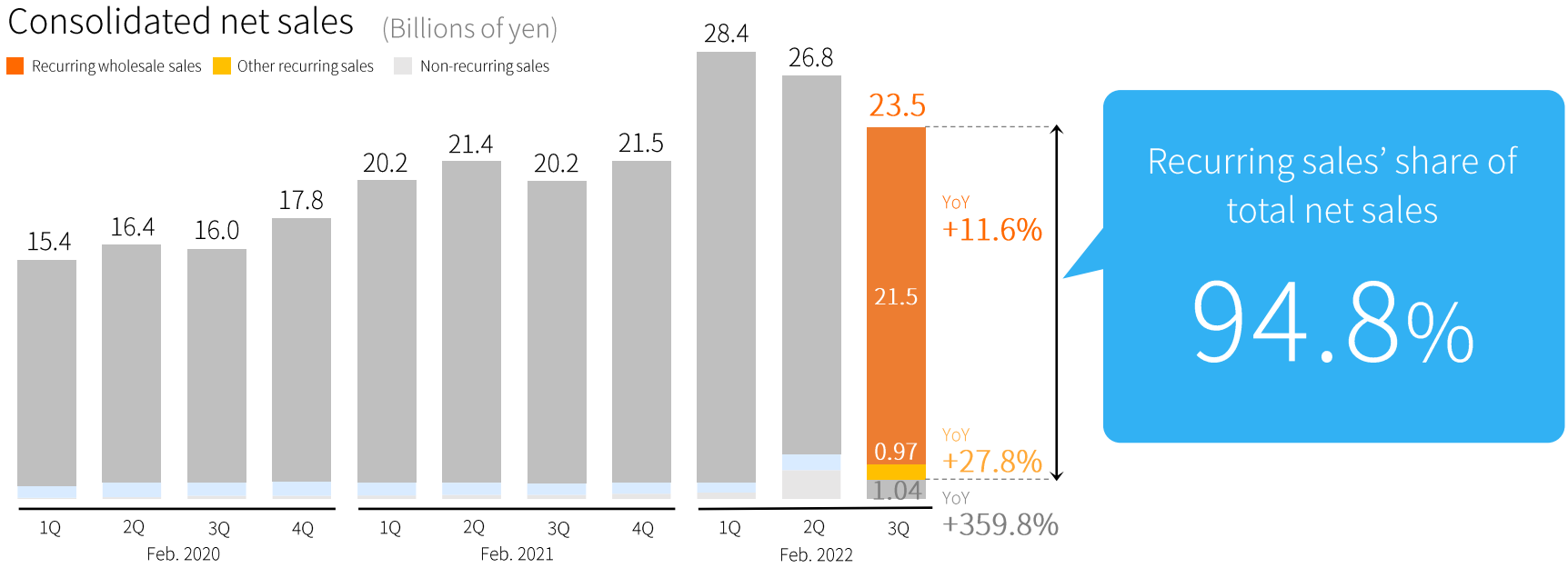
NIHONBUNGEISHA Co., Ltd.
Publishes and sells both paper and digital magazines and books, including how-to guides, comics and fiction

Quality Solutions, Inc.
Provides publishing workflow management and bibliographic information management services

NetGalley, LLC
Provides NetGalley online marketing tool for publishing industry

Copyright 2022 MEDIA DO Co., Ltd. All rights reserved. | MEDIA DO Co., Ltd. Financial Results Briefing for the Nine Months Ended November 30, 2021

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



Copyright 2022 MEDIA DO Co., Ltd. All rights reserved. | MEDIA DO Co., Ltd. Financial Results Briefing for the Nine Months Ended November 30, 2021

Full-year forecast

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

(Millions of yen)

Consolidated earnings	FY2020 actual	FY2021 planned	Planned YoY increase
Net sales	83,500	100,000 *1	+19.7% (+16,500)
Operating profit	2,660	3,000 *2	+12.6% (+340)
Ordinary income	2,720	2,820 *3	+3.7% (+100)
Profit attributable to owners of parent	1,510	1,600	+5.3% (+90)
EBITDA	3,420	4,000	+16.8% (+580)

*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 for May 2021).

Copyright 2022 MEDIA DO Co., Ltd. All rights reserved.

FY2021 initiatives

Announced at beginning of fiscal year

Good opportunity to invest in business expansion despite intensification of competition and slowdown in sales growth caused by stronger headwinds from pirate sites

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.

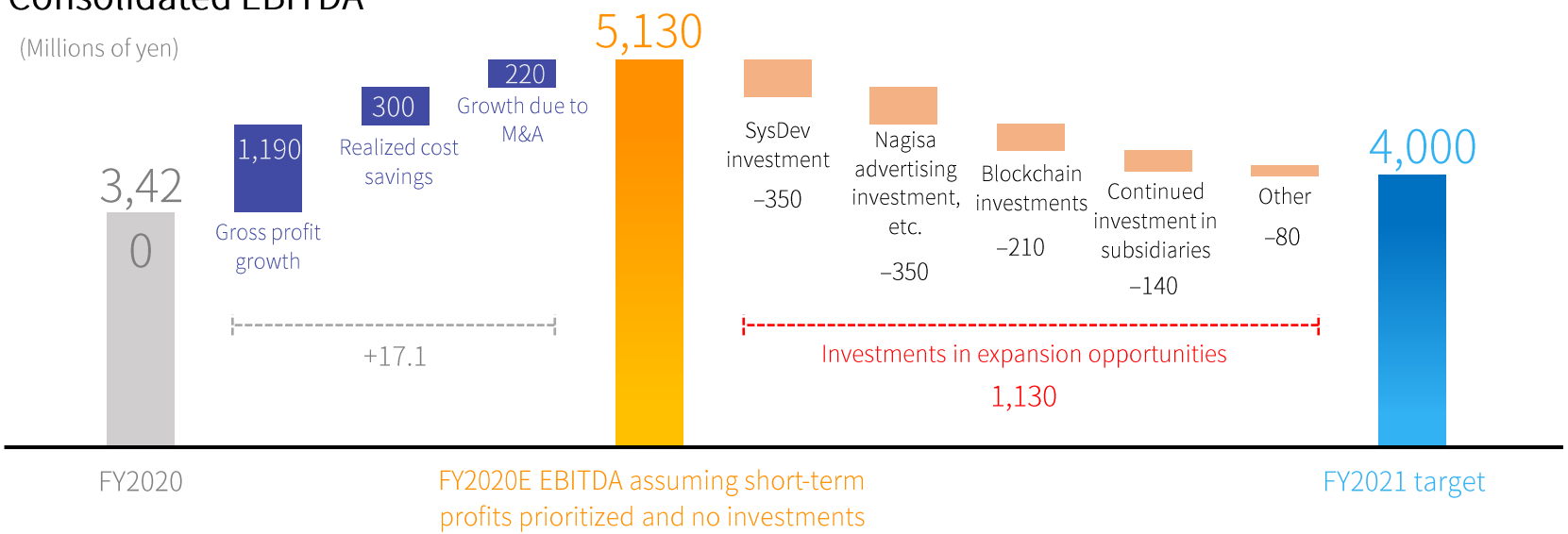
Copyright 2022 MEDIA DO Co., Ltd. All rights reserved.

Announced at beginning of fiscal year

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

Consolidated EBITDA

(Millions of yen)

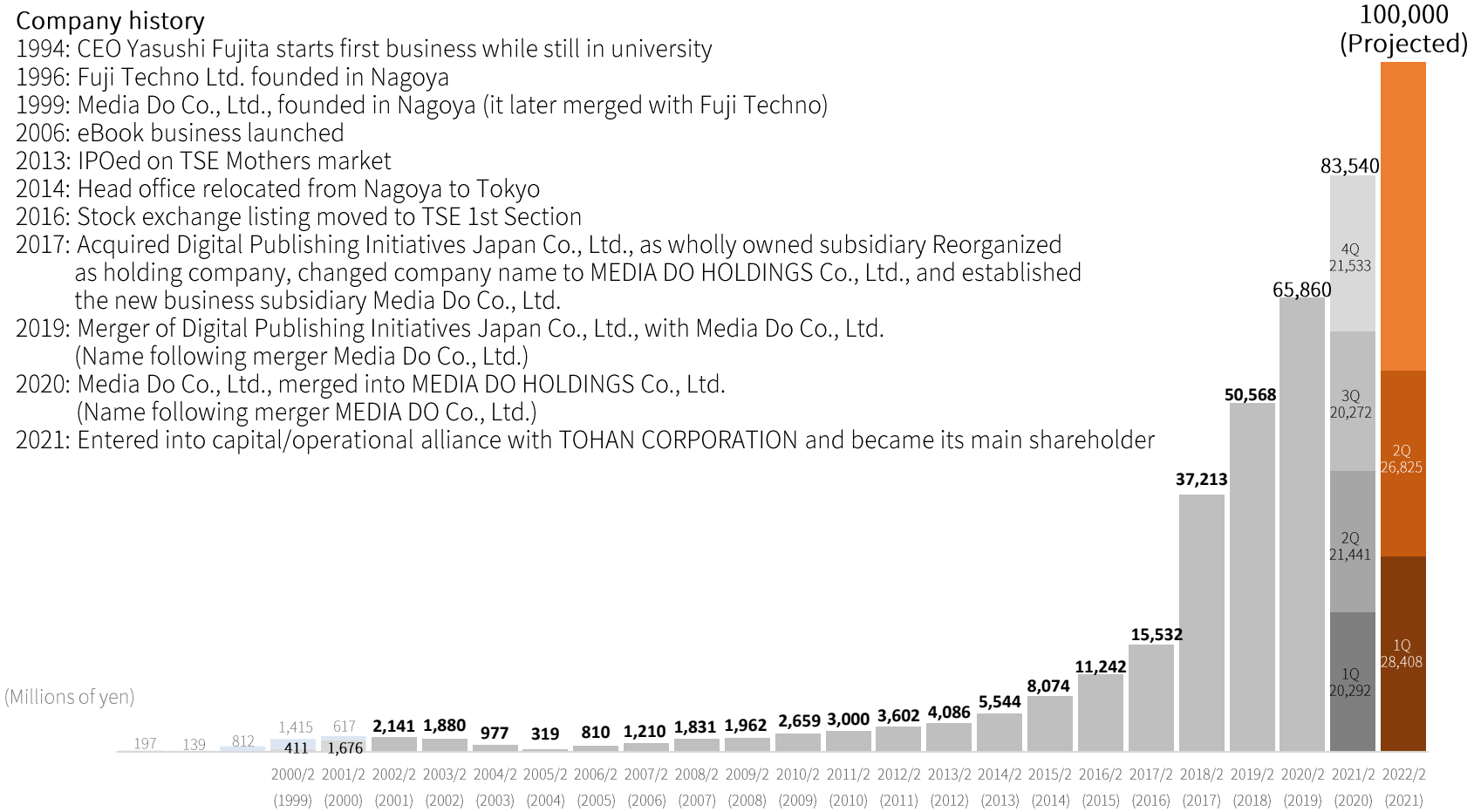


Copyright 2022 MEDIA DO Co., Ltd. All rights reserved.

Growth in net sales

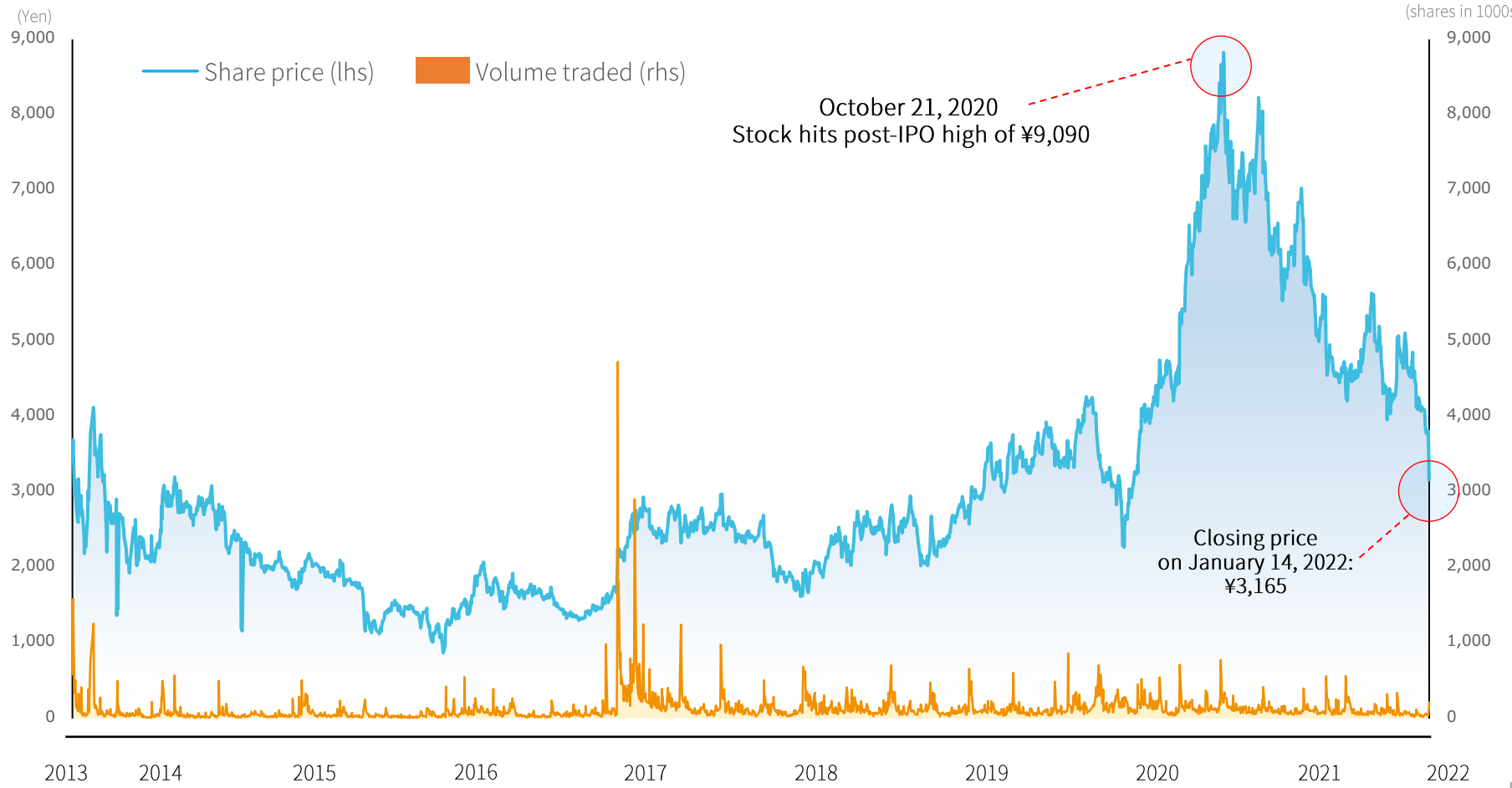
Company history

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.)
2021: Entered into capital/operational alliance with TOHAN CORPORATION and became its main shareholder



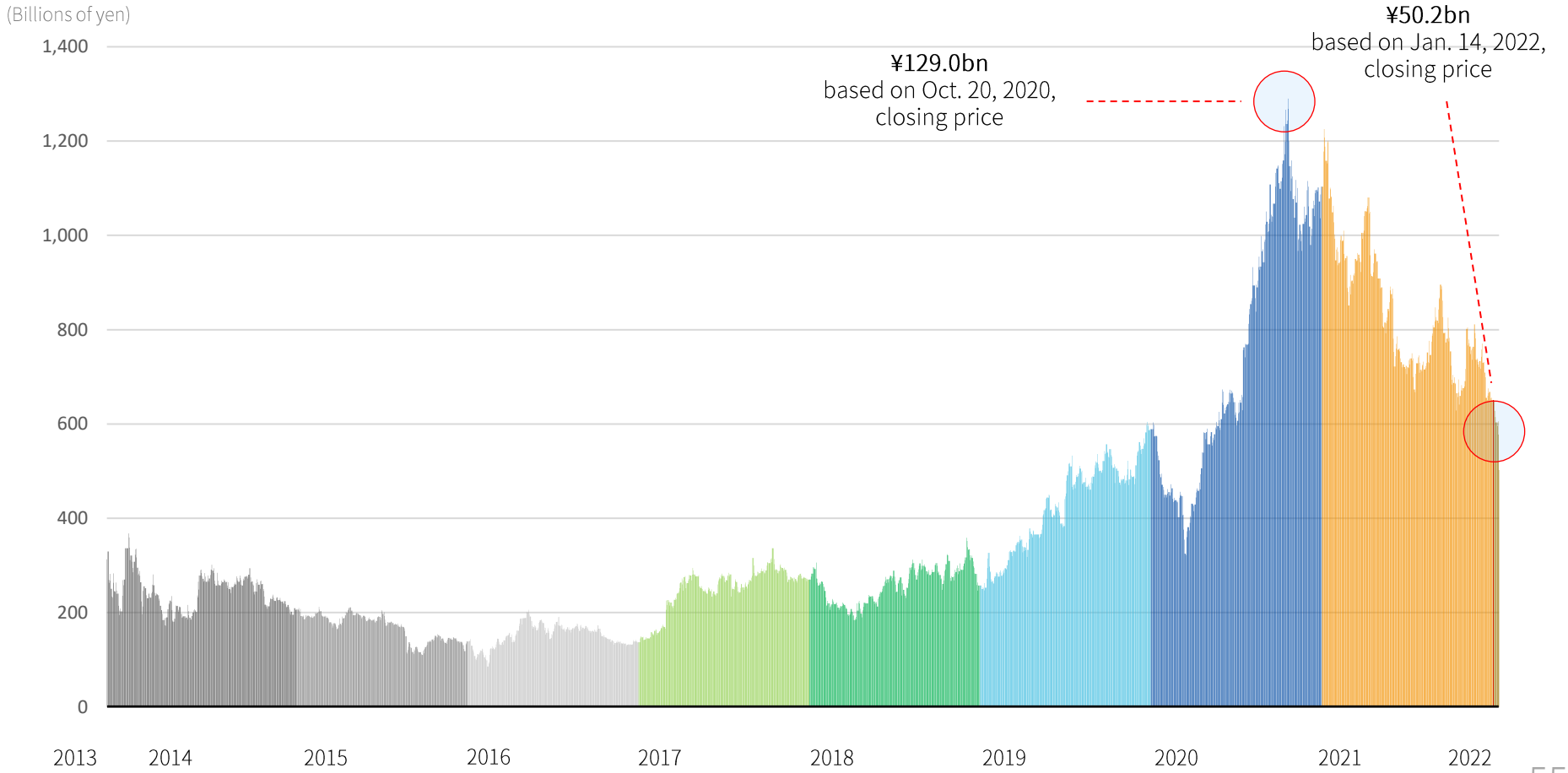
Copyright 2022 MEDIA DO Co., Ltd. All rights reserved.

Share price performance and trading volume since IPO



Copyright 2022 MEDIA DO Co., Ltd. All rights reserved. | MEDIA DO Co., Ltd. Financial Results Briefing for the Nine Months Ended November 30, 2021

MEDIA DO's market capitalization since IPO



Copyright 2022 MEDIA DO Co., Ltd. All rights reserved. | MEDIA DO Co., Ltd. Financial Results Briefing for the Nine Months Ended November 30, 2021

Company Outline

Trade name	MEDIA DO Co., Ltd.
Established	April 1999
Capital	¥5,908 million (as of November 30, 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
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.; JIVE Ltd.; Nagisa, Inc.; NIHONBUNGEISHA Co., Ltd. (Overseas) Media Do International, Inc.; Quality Solutions, Inc. (Firebrand Technologies); NetGalley, LLC
Affiliates	MyAnimeList, LLC; A.I. Squared, Inc.; Tec Information Corp.

Media Do

Media Do TECH TOKUSHIMA

MD-i Media Do International

flier

J-Comic Terrace Corporation Jコミックテラス

ARTRA

マンガ新聞

JIVE Ltd.

Nagisa

firebrand TECHNOLOGIES Where Publishers, Content, and Readers Meet

Digital Publishing Initiatives Japan Co., Ltd.

日本文芸社 NIHONBUNGEISHA

NetGalley WE HELP BOOKS SUCCEED

Copyright 2022 MEDIA DO Co., Ltd. All rights reserved. | MEDIA DO Co., Ltd. Financial Results Briefing for the Nine Months Ended November 30, 2021

Management Team (1/3)



Yasushi Fujita, President and CEO

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



Shin Niina, Director, Vice-President and COO

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

Copyright 2022 MEDIA DO Co., Ltd. All rights reserved. | MEDIA DO Co., Ltd. Financial Results Briefing for the Nine Months Ended November 30, 2021

Management Team (2/3)



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.

Copyright 2022 MEDIA DO Co., Ltd. All rights reserved.

Management Team (3/3)



Kayoko Hanamura
Chief Ebook Distribution Officer (CEDO), Executive Officer



Susumu Tsukamoto
Chief Publication Solutions Officer (CPSO), Executive Officer



Junichiro Izumi
Chief Technology Officer (CTO), Executive Officer



Ryo Yamada
Chief Financial Officer (CFO), Executive Officer



Yoichi Chihara
Chief Human Resources Officer (CHRO), Executive Officer



Hiroshi Kanda
Chief Strategy Officer (CSO), Executive Officer



Hajime Suzumura
Chief Integration Officer (CIO), Executive Officer

Copyright 2022 MEDIA DO Co., Ltd. All rights reserved.

Forward-looking statement and unaudited information disclaimers

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

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

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

Our investor relations website

https://mediado.jp/english/ir/

Copyright 2022 MEDIA DO Co., Ltd. All rights reserved. | MEDIA DO Co., Ltd. Financial Results Briefing for the Nine Months Ended November 30, 2021