

FY2021.4Q

MEDIA DO Co., Ltd.
As of February 28, 2022
Financial Results Briefing

More Content for More People!



Media Do



1. Consolidated earnings highlights

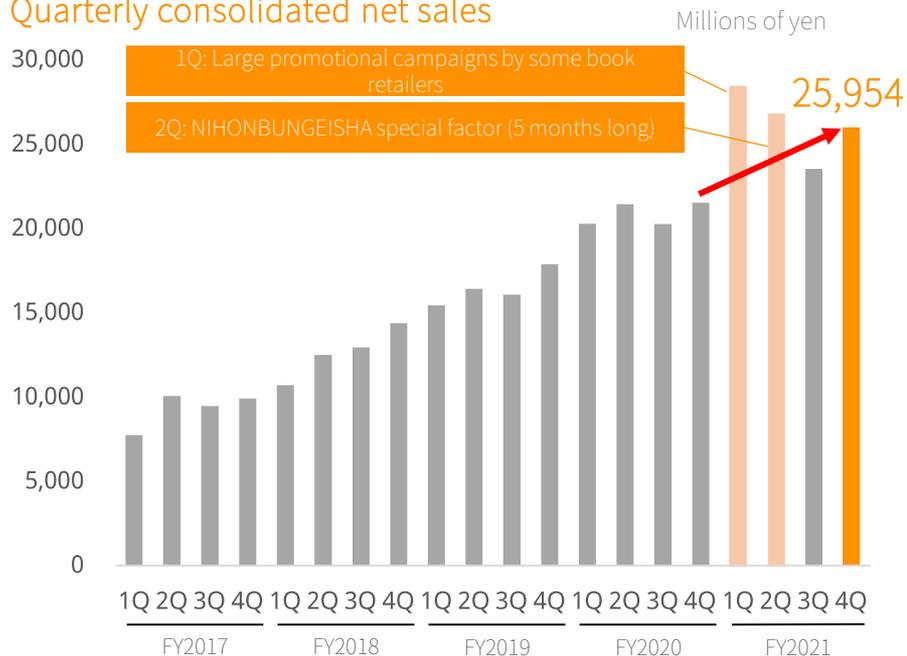
Despite some areas falling short relative to initial forecasts, full-year results posted **all-time records**

Although profits were affected by special factors in the form of large promotional campaigns and by an impairment loss on goodwill of a subsidiary, **full-year results were the highest ever recorded**

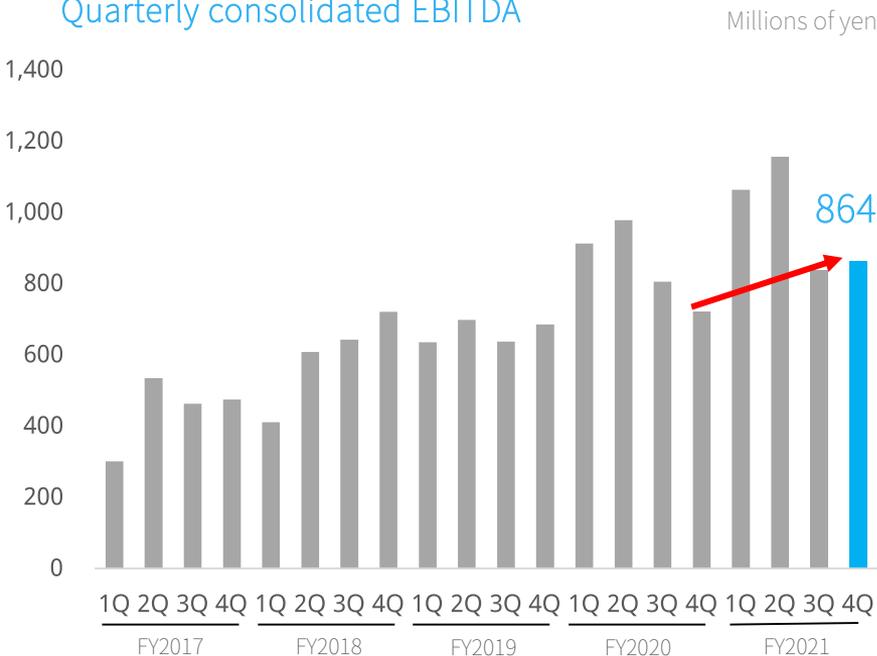
Consolidated earnings	4Q (Actual)		YoY
	FY2020	FY2021	
Net sales	¥83.5bn	¥104.7bn	+25.4% (+¥21.2bn)
Operating profit	¥2,660mn	¥2,810mn	+5.5% (+¥150mn)
EBITDA	¥3,420mn	¥3,920mn	+14.7% (+¥500mn)
Profit attributable to owners of parent	¥1,510mn	¥1,570mn	+3.8% (+60mn)

Both quarterly net sales and EBITDA achieved all-time records for 4Q, growing steadily in line with market expansion

Quarterly consolidated net sales

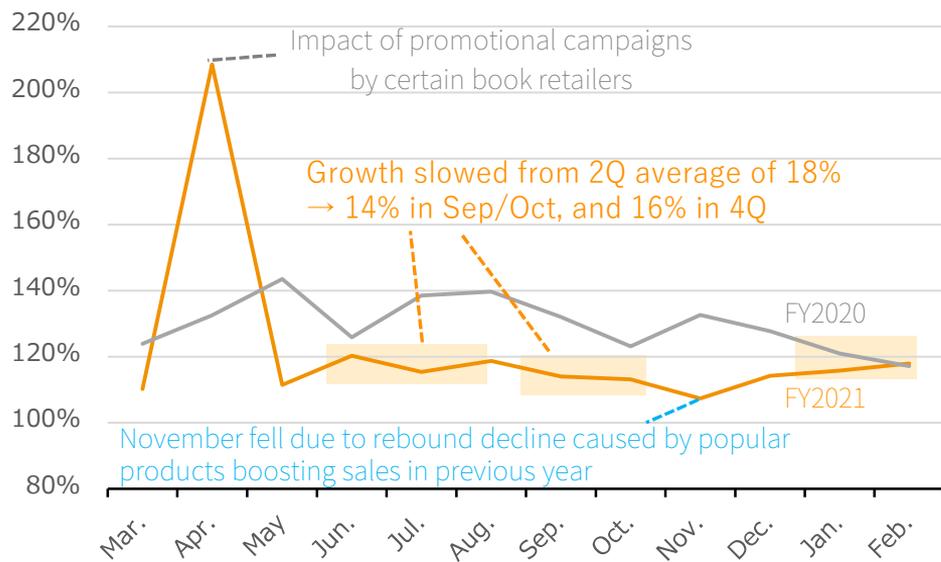


Quarterly consolidated EBITDA



With special factors such as stay-at-home consumption and large promotional campaigns having come to an end, growth should continue at cruising speed in line with market expansion

eBook distribution business's YoY net sales growth rate



Market to shift to growth at cruising speed

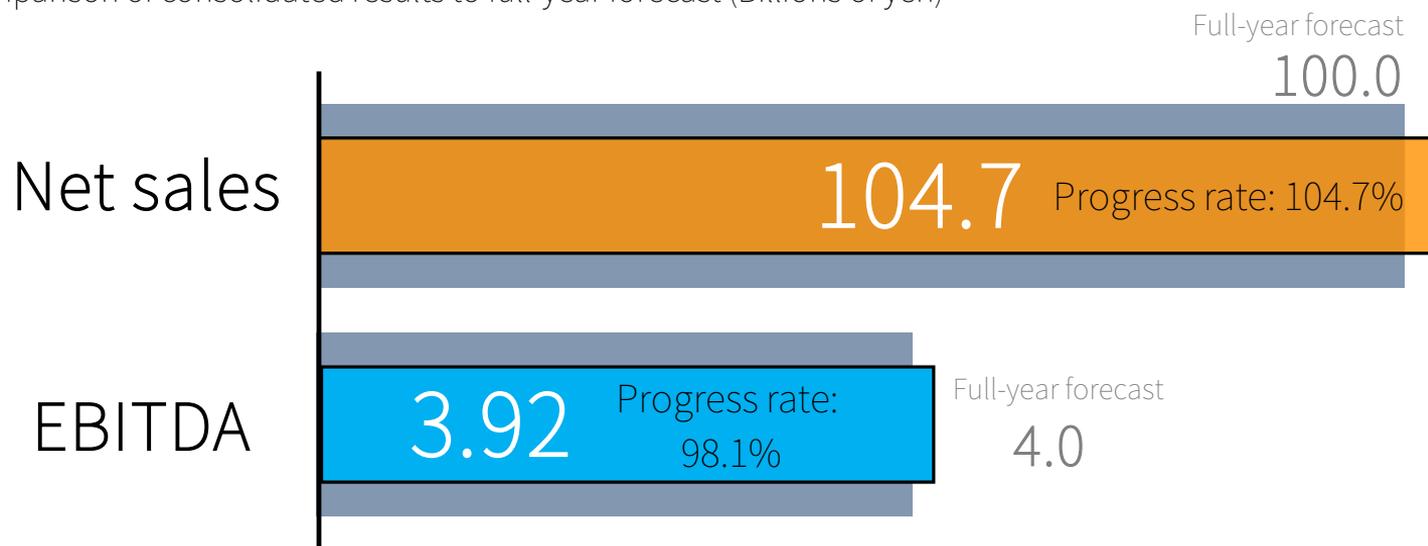
- ✓ Large promotional campaigns by certain book retailers in 1Q FY2021 led to higher growth than the market
- ✓ Market growth, which was buoyed by stay-at-home consumption in the wake of the COVID-19 pandemic, began slowing in 3Q following normalization of economic activity

No concerns about the possibility of sales falling sharply as stay-at-home consumption fades

Achieved initial net sales forecast of ¥100.0 billion

Even in other areas that fell short for various reasons, results hit new all-time records

Comparison of consolidated results to full-year forecast (Billions of yen)



In line with previous announcements, shareholder return for FY2021 is planned to be a **year-end dividend of ¥21.00**

- ✓ Achieved the minimum total return ratio*¹ of 20% set in the shareholder return policy for FY2021
- ✓ Have kept to the dividend forecast announced on October 13, 2021

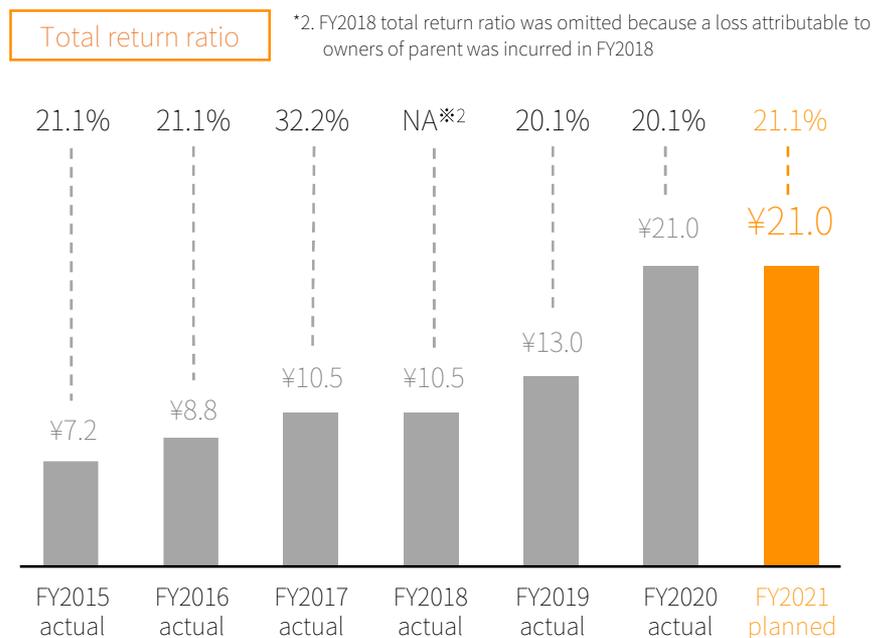
*1. Total return ratio = (total dividends paid + total share repurchases) ÷ profit attributable to owners of parent

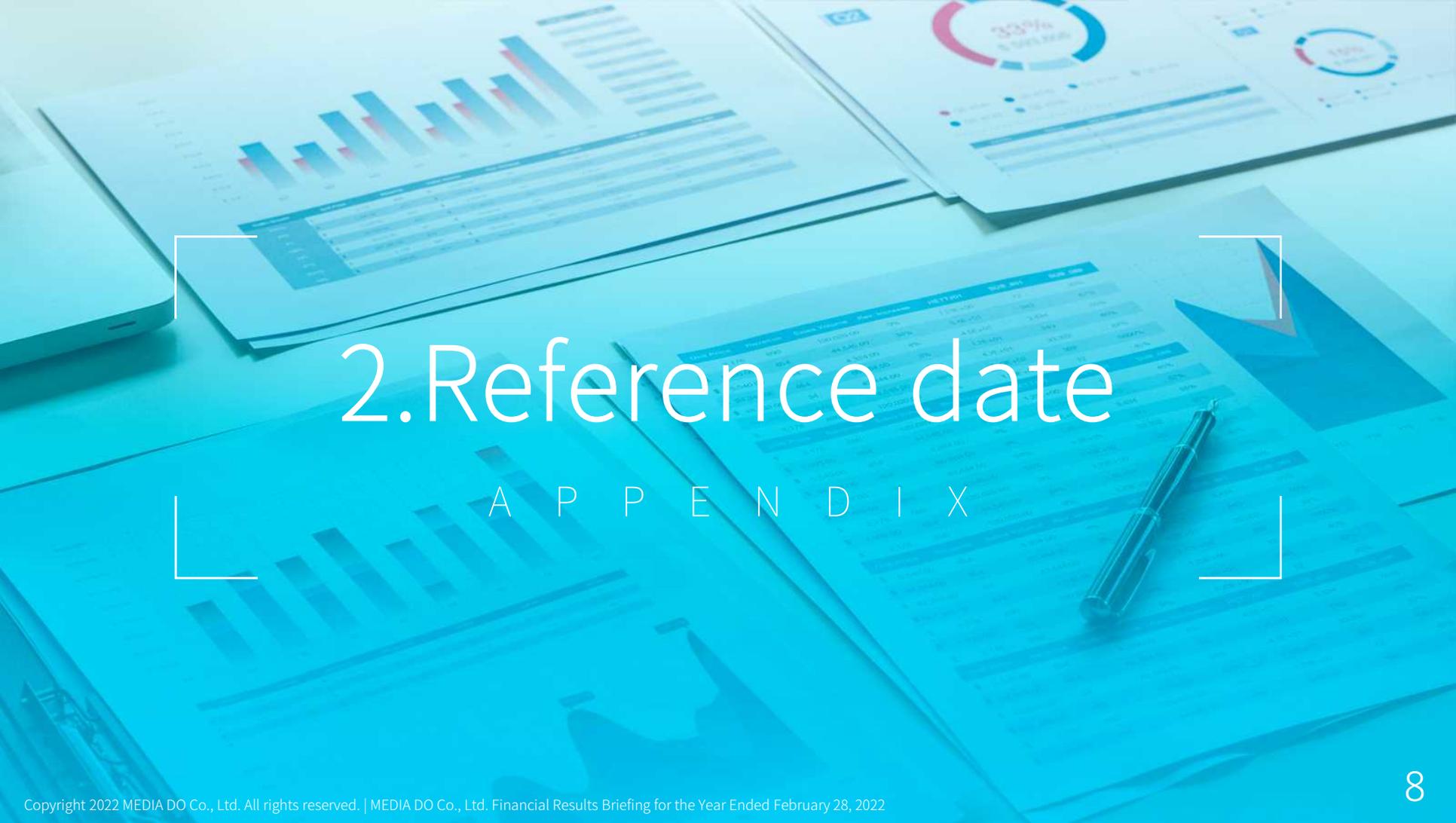


FY2021 year-end DPS

¥21.00

(Pending Board approval scheduled for April 21, 2022)





2. Reference date

A P P E N D I X

(Millions of yen)	FY2020								FY2021							
	1Q		2Q		3Q		4Q		1Q		2Q		3Q		4Q	
Net sales	20,292		21,441		20,272		21,533		28,408		26,825		23,533		25,954	
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%	24,373	93.9%
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%	1,581	6.1%
Cost of sales, SG&A expenses	19,560		20,643		19,650		21,020		27,571		25,973		22,971		25,394	
Royalties/other cost of sales	17,862	88.0%	18,878	88.0%	17,750	87.6%	19,012	88.3%※	25,669	90.4%※	23,426	87.3%※	20,579	87.4%※	22,775	87.7%
Commissions	54	0.3%	57	0.3%	53	0.3%	51	0.2%	42	0.1%	37	0.1%	34	0.1%	36	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%	82	0.3%
Personnel expenses	750	3.7%	784	3.7%	799	3.9%	852	4.0%	899	3.2%※	1,456	5.4%	1,374	5.8%	1,527	5.9%
Depreciation/amortization	182	0.9%	181	0.8%	184	0.9%	210	1.0%	229	0.8%	305	1.1%	276	1.2%	304	1.2%
Other	494	2.4%	541	2.5%	624	3.1%	666	3.1%	610	2.1%	587	2.2%	592	2.5%	668	2.6%
Operating profit	732		797		621		512		836		851		562		560	
Ordinary income	734		849		615		521		846		836		547		552	
Profit attributable to owners of parent	450		459		354		254		※617		※4218		260		480	
EBITDA	914		979		806		723		1,065		1,157		839		864	

*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 in 2Q, ¥20,053 million in 3Q, ¥22,248 million in 4Q are related to the eBook distribution business

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

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

*6 Increase in personnel expenses due to an increase in personnel numbers and bonus payments made at NIHONBUNGEISHA Co., Ltd., and the Firebrand Group

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.

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

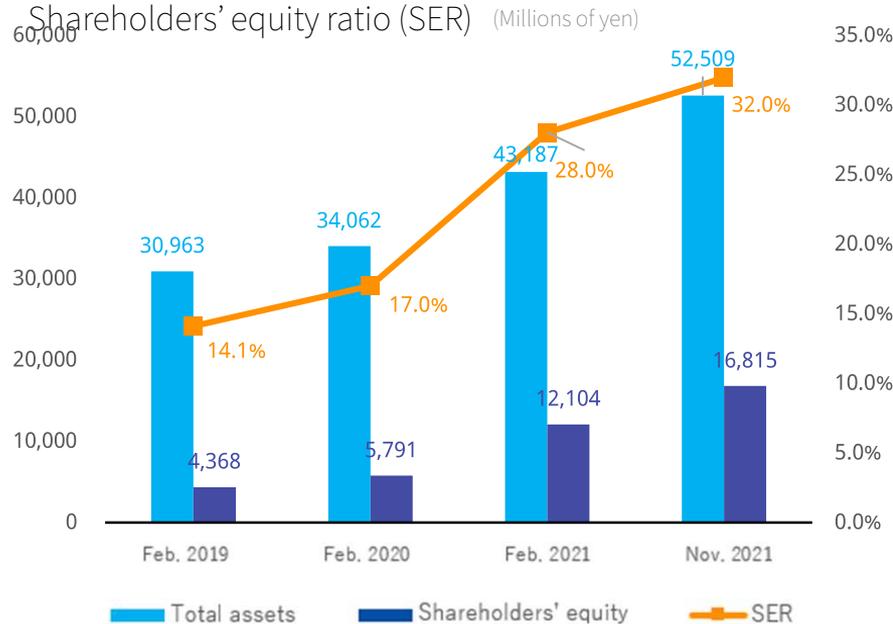
(Millions of yen)

		FY2020 (full year)	FY2021					Full year
			1Q	2Q	3Q	4Q		
Sales	Nagisa	69	110	124	115	119	469	
	Firebrand	-	-	353	356	355	1,064	
	NIHONBUNGEISHA	-	-	1,429	876	1,027	3,332	
	Total	69	110	1,906	1,347	1,501	4,864	
Operating profit after goodwill amortization	Nagisa	-49	-67	-95	-72	-60	-295	
	Firebrand	-	-	22	32	-71	-17	
	NIHONBUNGEISHA	-	-	119	30	62	211	
	Total	-49	-67	46	-10	-69	-100	

Firebrand Group and
NIHONBUNGEISHA will be included
in consolidated P/L from 2Q
Note: NIHONBUNGEISHA's 2Q is 5
months long

(Millions of yen)	FY2020 3Q	FY2020 4Q	QoQ change	Main factor behind change
Current assets	34,689	36,457	1,767	
Cash and deposits	11,889	11,399	-489	
Notes and accounts receivable - trade	21,267	23,386	2,118	Linked to declining sales.
Non-current assets	14,769	16,147	1,377	
Property, plant and equipment	401	344	-56	
Software	900	973	73	
Goodwill	6,474	7,176	701	Increased due to M&A
Investment securities	6,264	6,681	417	Increased due to capital alliances
Total assets	49,459	52,605	3,145	
Current liabilities	27,701	30,535	2,833	
Notes and accounts payable - trade	24,400	26,539	2,139	Linked to declining sales.
Current portion of long-term borrowings	1,120	1,127	7	Increase due to borrowings by subsidiaries
Total non-current liabilities	5,512	5,156	-356	
Long-term borrowings	4,695	4,443	-252	Decrease due to repayment of loans
Total liabilities	33,213	35,596	2,383	
Total shareholders' equity	15,879	16,447	568	
Capital	5,908	5,909	0	
Capital surplus	7,197	7,285	88	
Retained earnings	2,774	3,254	480	
Total accumulated other comprehensive income	353	367	14	
Share option	0	0	0	
Non-controlling interest	13	97	83	
Total net assets	16,245	16,912	666	
Total liabilities and net assets	49,459	52,605	3,145	

Financial stability has improved following April 2021 capital raise

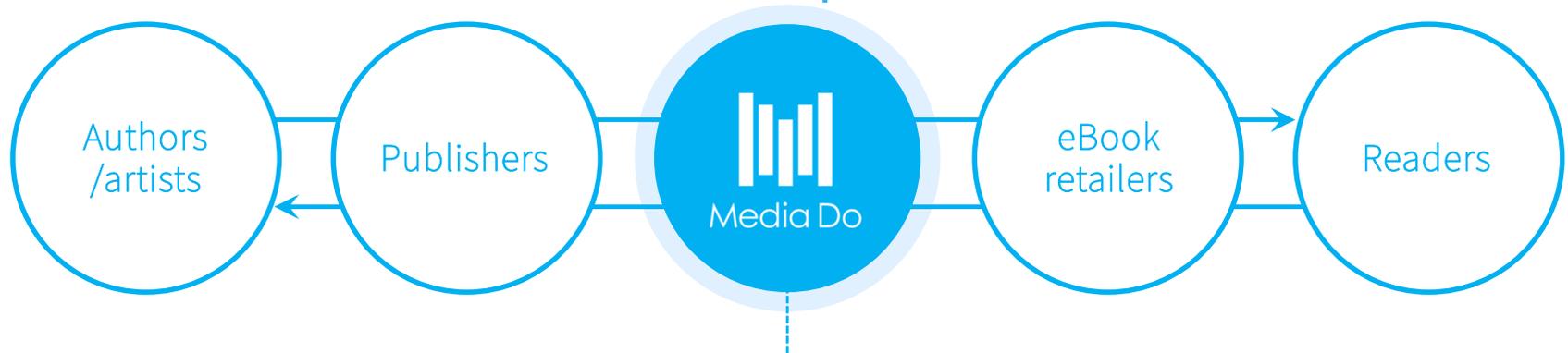


35% of eBooks are distributed via MEDIA DO in Japan



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

MEDIA DO is the biggest eBook distributor 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. 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

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

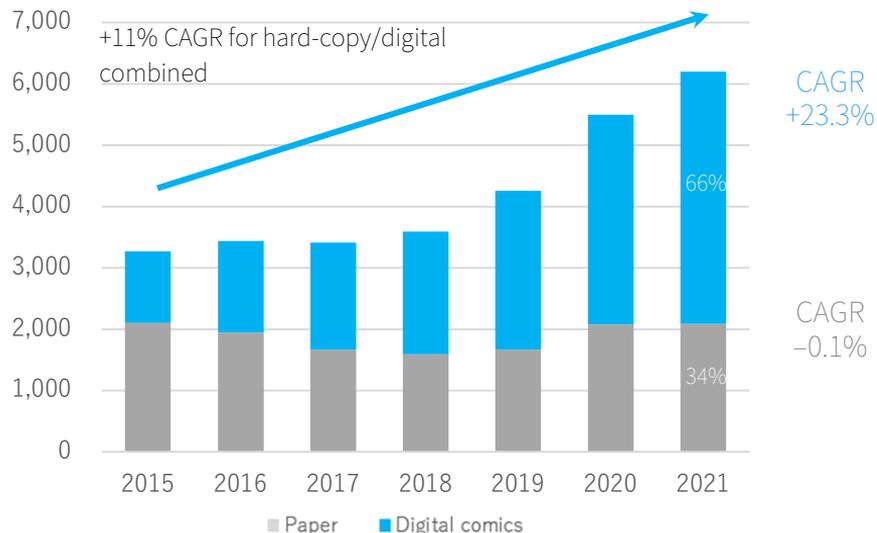
*1. Defined as publishers that belong to the Japan Book Publishers Association (394 members as of July 31, 2021), excluding non print (e.g., audiobook) publishers.

*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.

Digital shift is driving mangamarket 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

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).

Core focus is eBook distribution business



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

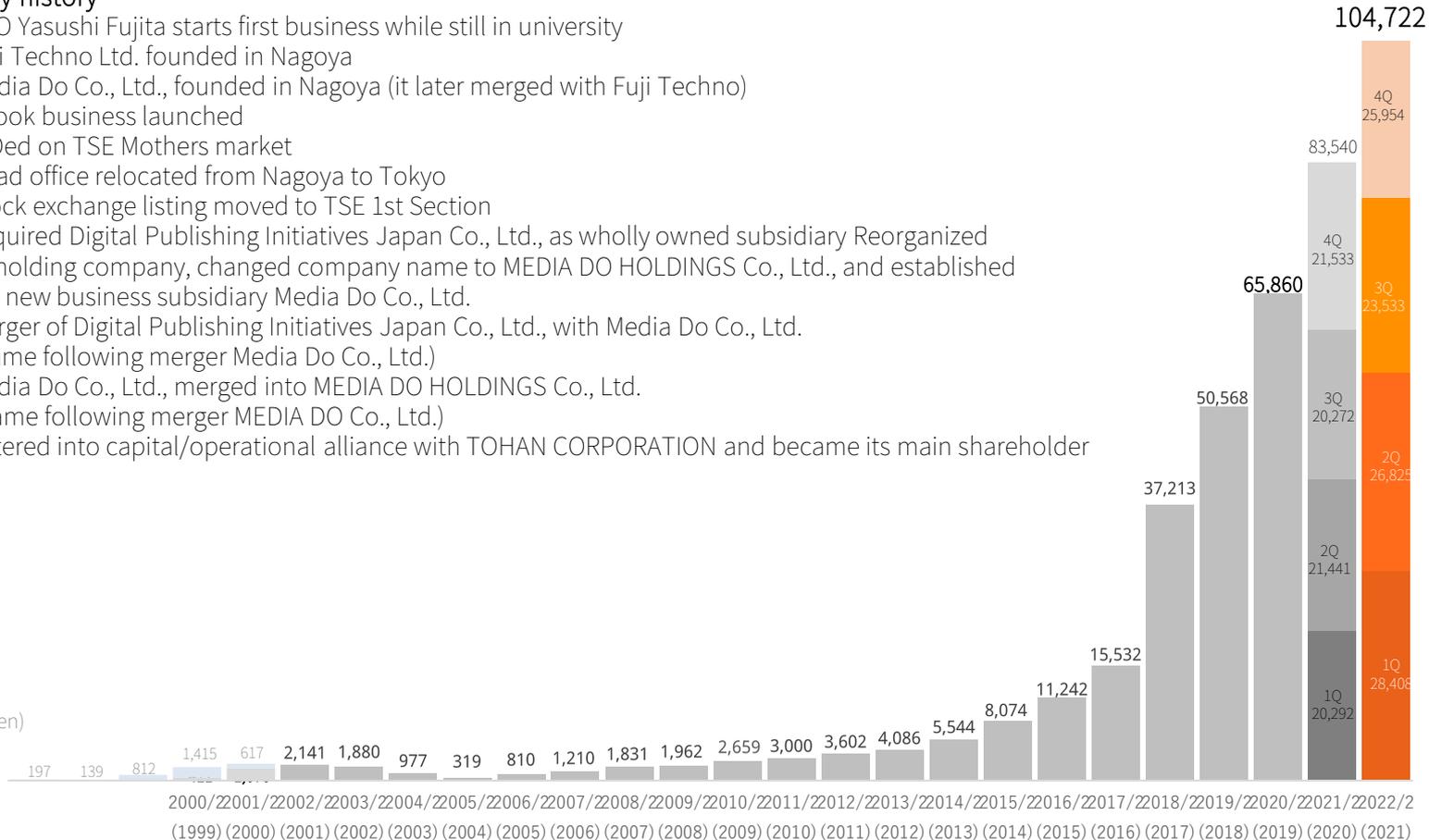
2017: Acquired Digital Publishing Initiatives Japan Co., Ltd., as wholly owned subsidiary Reorganized as holding company, changed company name to MEDIA DO HOLDINGS Co., Ltd., and established the new business subsidiary Media Do Co., Ltd.

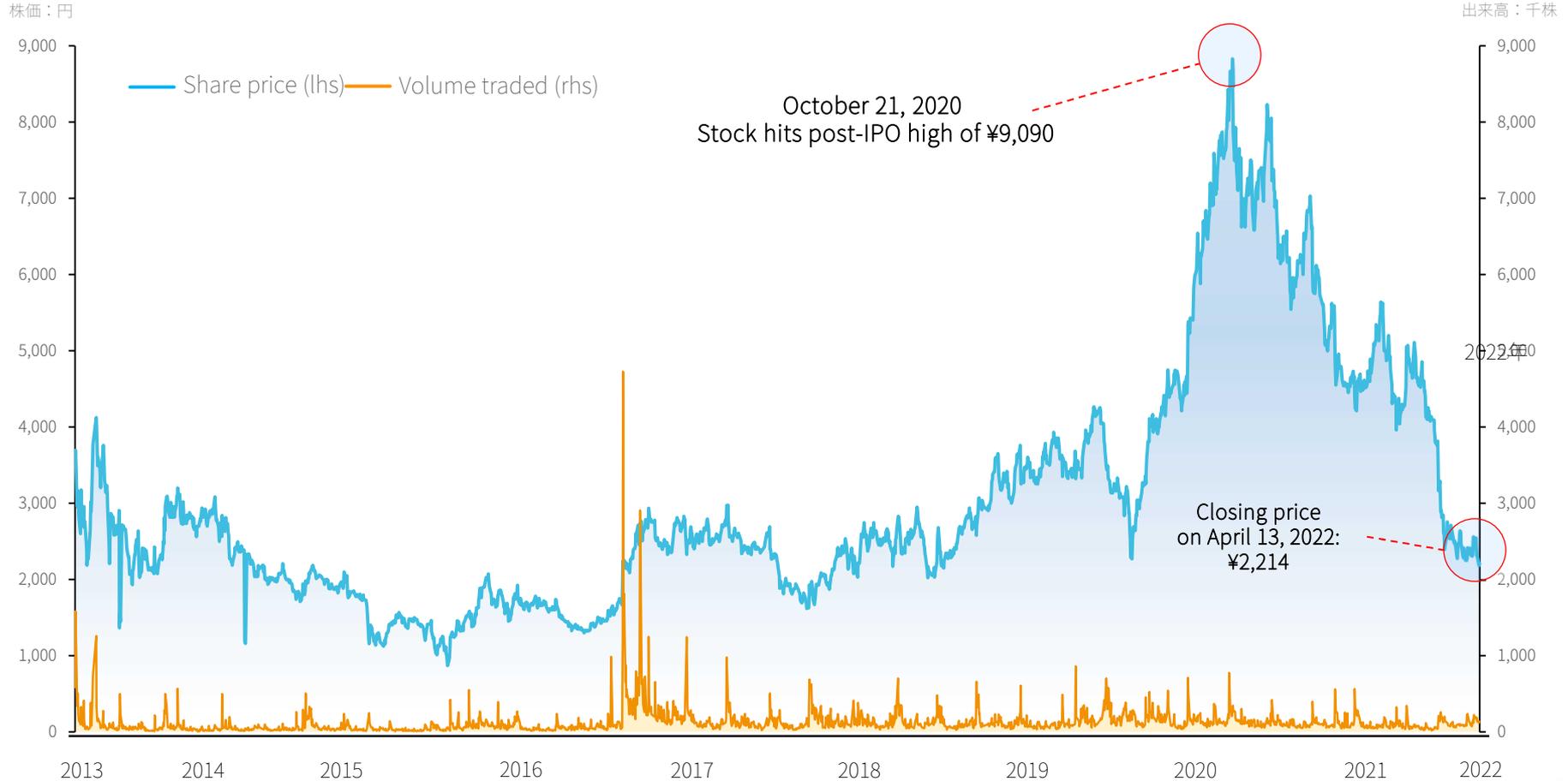
2019: Merger of Digital Publishing Initiatives Japan Co., Ltd., with Media Do Co., Ltd.
(Name following merger Media Do Co., Ltd.)

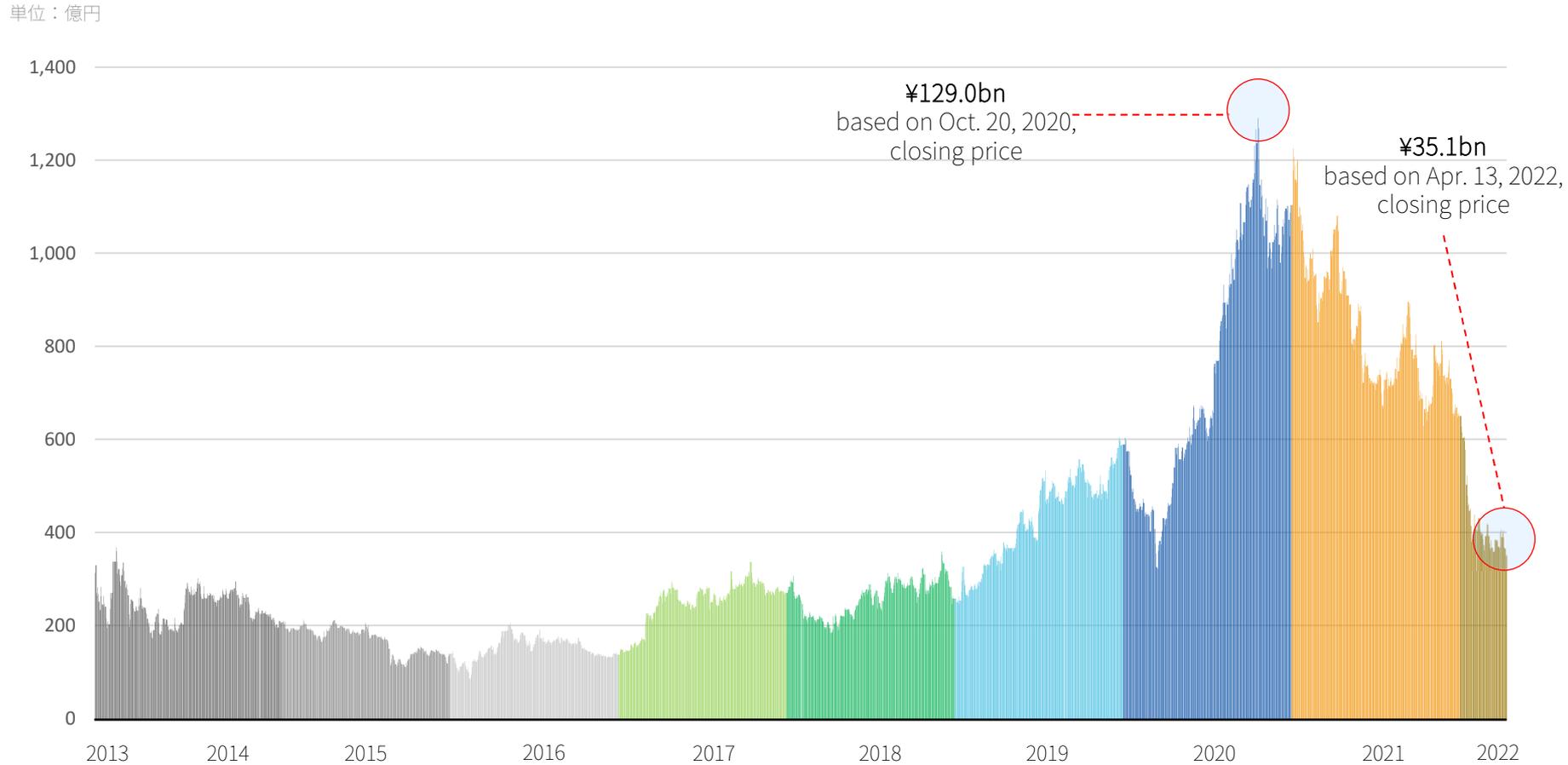
2020: Media Do Co., Ltd., merged into MEDIA DO HOLDINGS Co., Ltd.
(Name following merger MEDIA DO Co., Ltd.)

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

(Millions of yen)







Trade name	MEDIA DO Co., Ltd.	
Established	April 1999	
Capital	¥5,909 million (as of February 28, 2022)	
Stock listing	Tokyo Stock Exchange, First Section	
Securities code	3678	
Board Members	President and CEO: Yasushi Fujita Director: Shin Niina Director: Atsushi Mizoguchi Director: Hiroshi Kanda Outside Director: Keiichi Enoki Outside Director: Ayako Kanamaru Standing Audit & Supervisory Board Member: Kazuyoshi Ohwada Outside Audit & Supervisory Board Member: Toshiaki Morifuji Outside Audit & Supervisory Board Member: Tsuyoshi Shiina	Executive Officer: Kayoko Hanamura Executive Officer: Susumu Tsukamoto Executive Officer: Ryo Yamada Executive Officer: Yoichi Chihara Executive Officer: Hajime Suzumura Executive Officer: Shoichiro Tokoro ※ Directors will be appointed at Annual General Meeting planned in 26 May, 2022. ※ Executive Officer structure will start operating in 1 June, 2022
Head Office	5F PALACESIDE Bldg. 1-1-1 Hitotsubashi Chiyoda-ku Tokyo, Japan	
Tokushima Kito Office	5-23 Iwatsushi, Kitowamuda, Naka-cho, Naka-gun, Tokushima, Japan	
Subsidiaries	(Domestic) Media Do Tech Tokushima Co., Ltd.; ARTRA ENTERTAINMENT Inc.; J-Comic Terrace Corporation; Digital Publishing Initiatives Japan Co., Ltd.; Flier Inc.; MangaNews Inc.; JIVE Ltd.; Nagisa, Inc.; NIHONBUNGEISHA Co., Ltd.; Everystar Co., Ltd. (Overseas) Media Do International, Inc.; Quality Solutions, Inc. (Firebrand Technologies); NetGalley, LLC; Supadü Limited	
Affiliates	MyAnimeList, LLC; A.I. Squared, Inc.; Tec Information Corp.	



JIVE Ltd.



株式会社メディアドゥペイメント
(株式会社出版デジタル機構から改称)





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.



Atsushi Mizoguchi, Director and CBDO

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

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



Hiroshi Kanda, Director, CSO and CFO

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

He is scheduled to be appointed director/CSO & CFO in June 2022, when he will take charge of the corporate division. As CSO & CFO, he will leverage his extensive financial knowledge, consulting skills, and his own experience of starting companies to formulate and implement financial, corporate, and ESG strategies, while taking responsibility for coordination with internal and external stakeholders.

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