

M O R E C O N T E N T F O R M O R E P E O P L E !

FINANCIAL RESULTS BRIEFING

MEDIA DO Co., Ltd.
Q4 and Full-Year FYE 2/25



Media Do

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Executive Summary

MEDIA DO Co., Ltd.
Q4 and Full-Year FYE 2/25 Results

Full-Year Highlights

Net sales	¥101.91bn	(YoY +8.4%) (Achievement rate: 104.0%)
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EBITDA	¥3.79bn	(YoY +11.7%) (Achievement rate: 106.5%)
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Operating profit	¥2.47bn	(YoY +19.8%) (Achievement rate: 107.6%)
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Profit attributable to owners of parent	¥1.36bn	(YoY -) (Achievement rate: 102.5%)
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(Achievement rate: Achievement rate compared to initial forecast)

Both net sales and operating profit increased YoY, achieving the initial forecast

- **Net sales:** Continued strong growth of 8.4% YoY. New distribution channels acquired in February and growth of existing distribution channels in the eBook Distribution business contributed to growth
- **Operating profit:** Q4 operating profit reached a record high on a quarterly basis due to profit improvement in the Strategic Investment businesses, driven by the IP Solution business. Full-year operating profit was up 19.8% YoY.

Q4 Topics

eBook Distribution Business

- Net sales reached a record high since the transfer of LINE Manga. Although the effect of increased revenues from new distribution channels has run its course, existing distribution channels are also performing well.
- Announced a business alliance with Amutus Corporation. Aiming to expand eBook wholesale transaction.

Strategic Investment Businesses

- Flier Inc. listed on the TSE Growth Market and became profitable for the full year, contract sales for the launch of “MANGA MIRAI” eComic distribution service for North America in cooperation with NTT DOCOMO, and the Audiobook business was strong.
- NIHONBUNGEISHA also improved its performance, and the Strategic Investment business as a whole saw its full-year loss improve by ¥297 mn YoY.

Earning Forecast for FYE 2/26

Aiming for record-high sales in the first year of the new medium-term management plan and entering a phase of renewed growth

- Net sales : ¥106.0 bn (+4.0% YoY)
- Operating profit : ¥ 2.72 bn (+9.9% YoY)
- Net profit attributable to owners of the parent : ¥2.0 bn (+46.7% YoY)

MEDIA DO Co., Ltd.

Q4 and Full-Year FYE 2/25 Results

01 | Financial Highlights

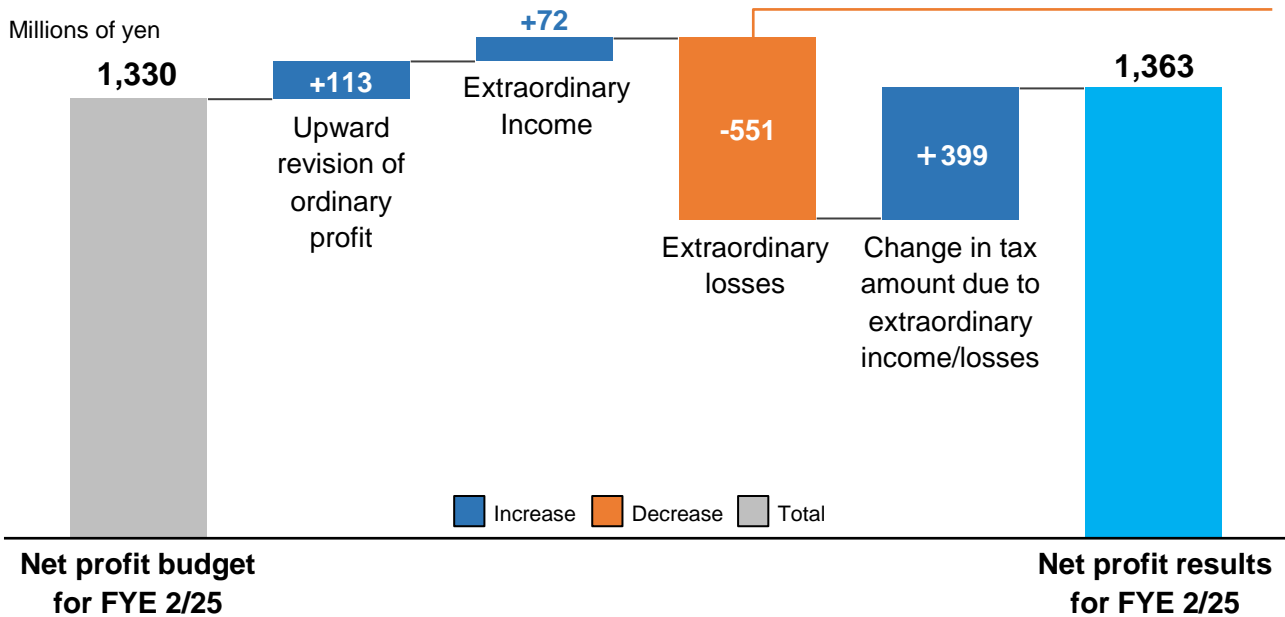
Consolidated Performance Highlights

- ✓ Net sales The eBook Distribution business grew strongly by 8.4% YoY due to higher growth rate of existing distribution channels than the previous year and the acquisition of new distribution channels in February 2024
- ✓ Operating profit Increase of 19.8% YoY mainly due to profit improvement in the Strategic Investment businesses (IP Solution business)
- ✓ Profit attributable to owners of parent Despite recording extraordinary gains and losses, profitability was achieved due to the growth in operating profit

	Full-Year FYE 2/24	Full-Year FYE 2/25	YoY
Net sales	¥94.03bn	¥101.91bn	+8.4% (+7.88bn)
EBITDA	¥3.39bn	¥3.79bn	+11.7% (+0.40bn)
Operating profit	¥2.06bn	¥2.47bn	+19.8% (+0.41bn)
Profit attributable to owners of parent	-¥0.31bn	¥1.36bn	- (+1.67bn)

Regarding Extraordinary Income and Losses

- ✓ Impairment losses were recorded for NIHONBUNGEISHA and ARTRA ENTERTAINMENT, which showed signs of performance improvement but fell short of their original plans at the time of acquisition
- ✓ On the other hand, net profit exceeded the initial forecast due to an increase in ordinary profit, extraordinary income from stock transfers, and a change in tax amount mainly resulting from these factors



Main breakdown of extraordinary losses

NIHONBUNGEISHA

The decline in actual sales of major magazines and the increase in paper costs caused delays in digitalization. In May 2024, the management team was replaced, and although performance showed signs of improvement, impairment losses were recorded for the shortfall against the plan

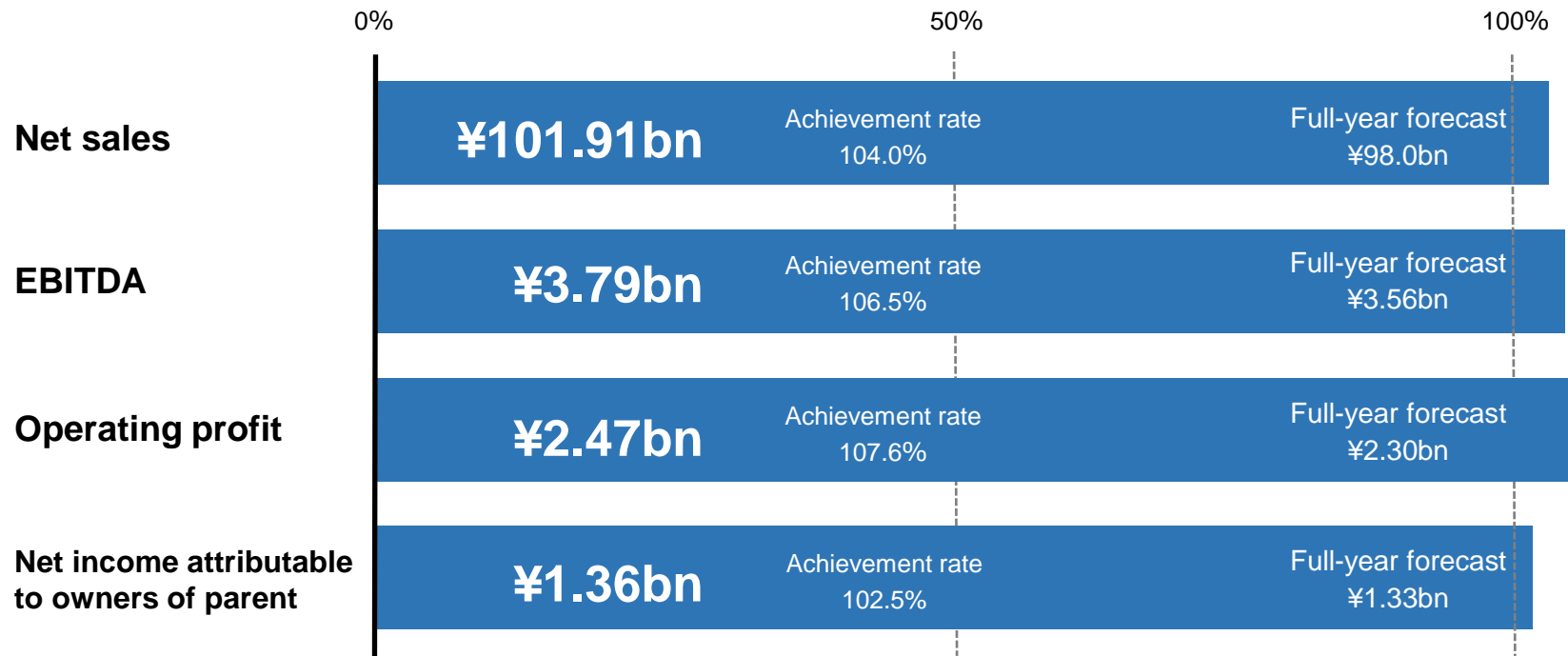
ARTRA ENTERTAINMENT

Impairment losses were recorded for the core coloring business, which fell short of the plan. For FYE 2/26, performance improvement is expected through fixed cost reductions

* Breakdown of extraordinary income: Profit from the sale of Everystar (¥21 mn), profit from the sale of investment securities (¥31 mn), and other gains from partial business transfers (¥20 mn), Breakdown of extraordinary losses: Impairment loss on goodwill related to NIHONBUNGEISHA (¥247 mn), impairment loss on goodwill and other assets related to ARTRA ENTERTAINMENT (¥235 mn), business reorganization loss due to JIVE's withdrawal from the paper book business (¥23 mn), and valuation loss on investment securities (¥45 mn).

Achievement Rate Against Full-Year Performance

✓ Achieved initial forecasts in all items



Shareholder Returns for FYE 2/25

- ✓ The dividend per share for FYE 2/25 is planned to be ¥36 (ordinary dividend: ¥28, 30th anniversary dividend: ¥8), with a total return ratio of 40%
- ✓ In addition to the 30th anniversary dividend (¥8) announced in January 2025, the ordinary dividend is **further revised upward** from ¥27 to ¥28 in consideration of business performance

Year-end dividend for FYE 2/25

Ordinary dividend: **28 yen**

+

30th anniversary dividend: **8 yen**

=

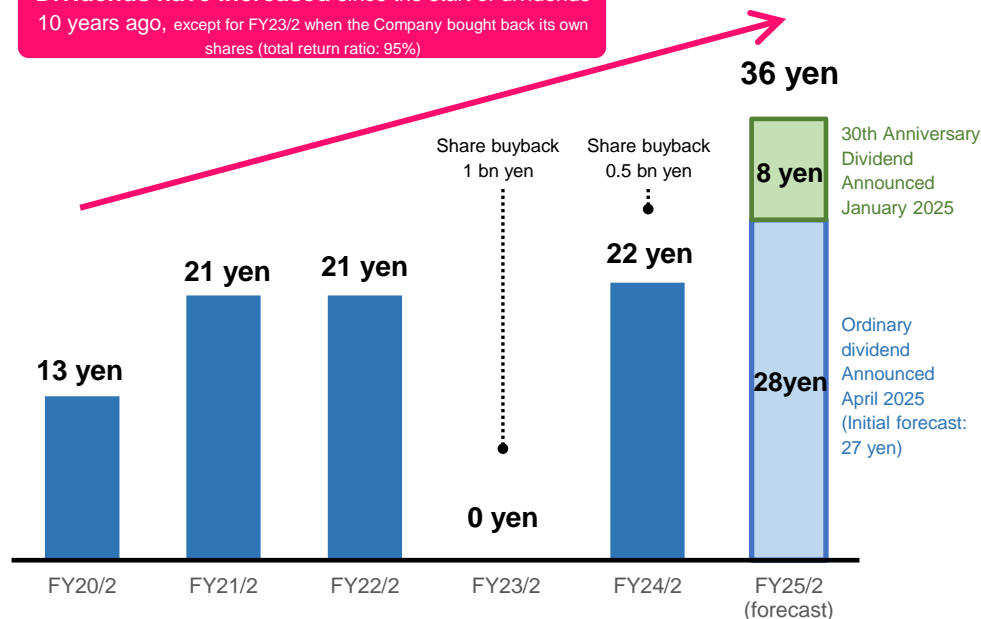
Total Year-end dividend: **36 yen**

*Scheduled to be resolved at the Board of Directors meeting on April 24, 2025

Total return ratio for FYE 2/25 is 40%

Trends in Dividends per Share

Dividends have increased since the start of dividends 10 years ago, except for FY23/2 when the Company bought back its own shares (total return ratio: 95%)



Net sales by Segment

Reportable segments*1						
Millions of yen	eBook Distribution business	Strategic Investment businesses		Full-Year FY24/2	Full-Year FY25/2	YoY
		MEDIA DO	Subsidiaries			
Types of services provided*2	Distribution	eBook Distribution business		85,103	92,653	+8.9% (+7,550)
	Book/magazine publishing*2		NIHONBUNGEISHA	2,247	2,020*3	-10.1% (-227)
	Web service operation	Manga Saison	FanTop Digital library	3,610	3,662	+1.5% (+52)
	Solutions for Publish Industry		Firebrand NetGalley Supadū	2,453	2,787	+13.6% (+334)
	other		MD-i*4 ARTRA*4 GAMBAROU TOKUSHIMA	621	789	+27.0% (+167)
Total				94,036	101,914	+8.4% (+7,877)

*1 For businesses in the breakdown of reporting segments and Types of services provided, representative businesses corresponding to that category are listed.

*2 Figures for sales of publishing subsidiaries exclude eBook sales

*3 Figures are mainly based on sales in print books, excluding eBook sales, etc. Due to the phase of curbing new publications and accepting returns in connection with the restructuring, the percentage of sales decline in print books is larger than the percentage of overall sales decline at NIHONBUNGEISHA.

*4 MD-i=Media Do International, Inc., ARTRA=ARTRA ENTERTAINMENT Inc.

MEDIA DO Co., Ltd.

Q4 and Full-Year FYE 2/25 Results

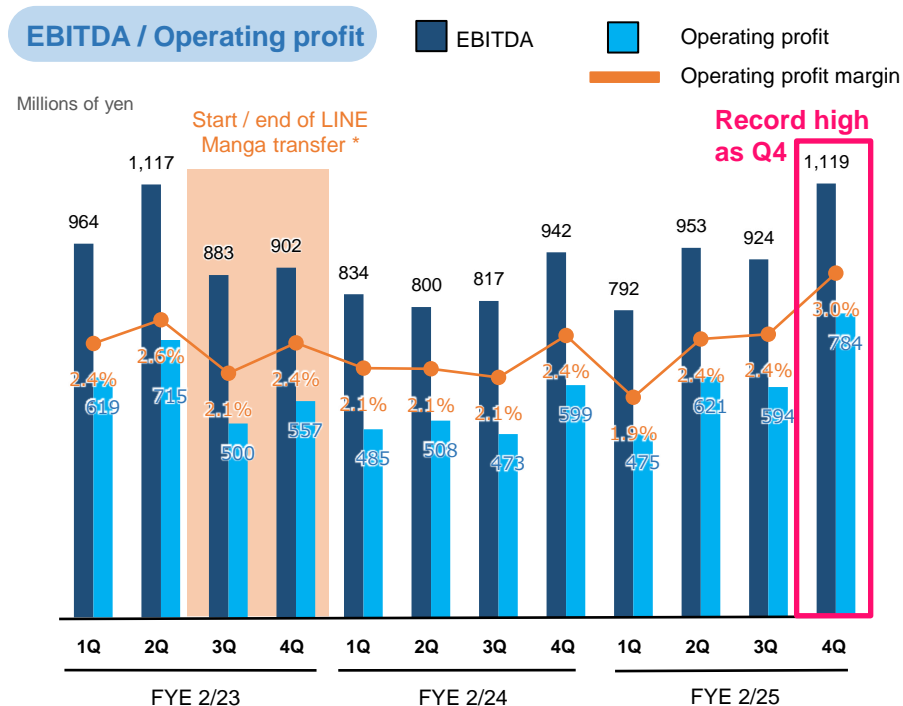
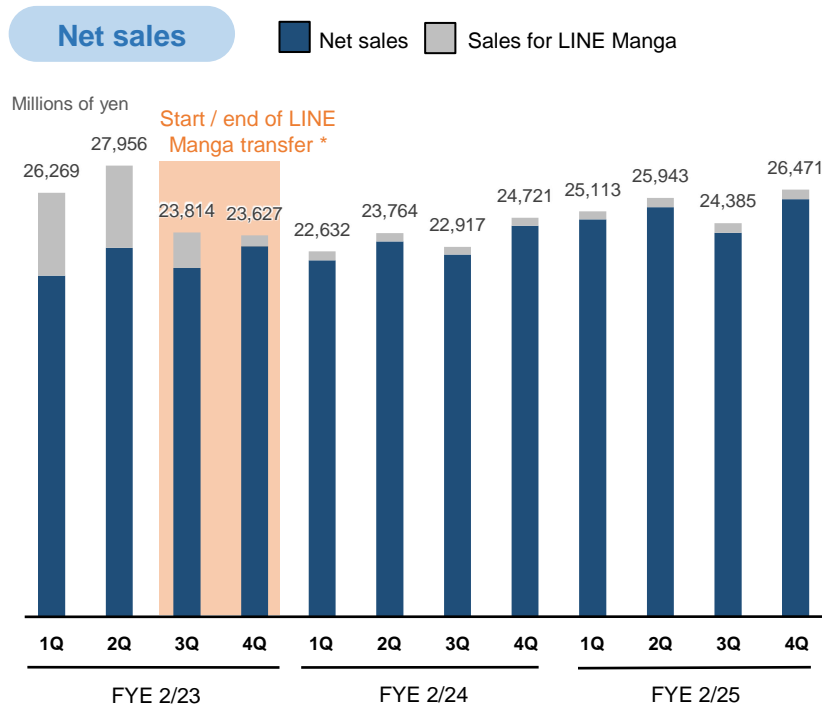
02 | Earnings Trends

2. Earnings Trends

Consolidated performance

Overview

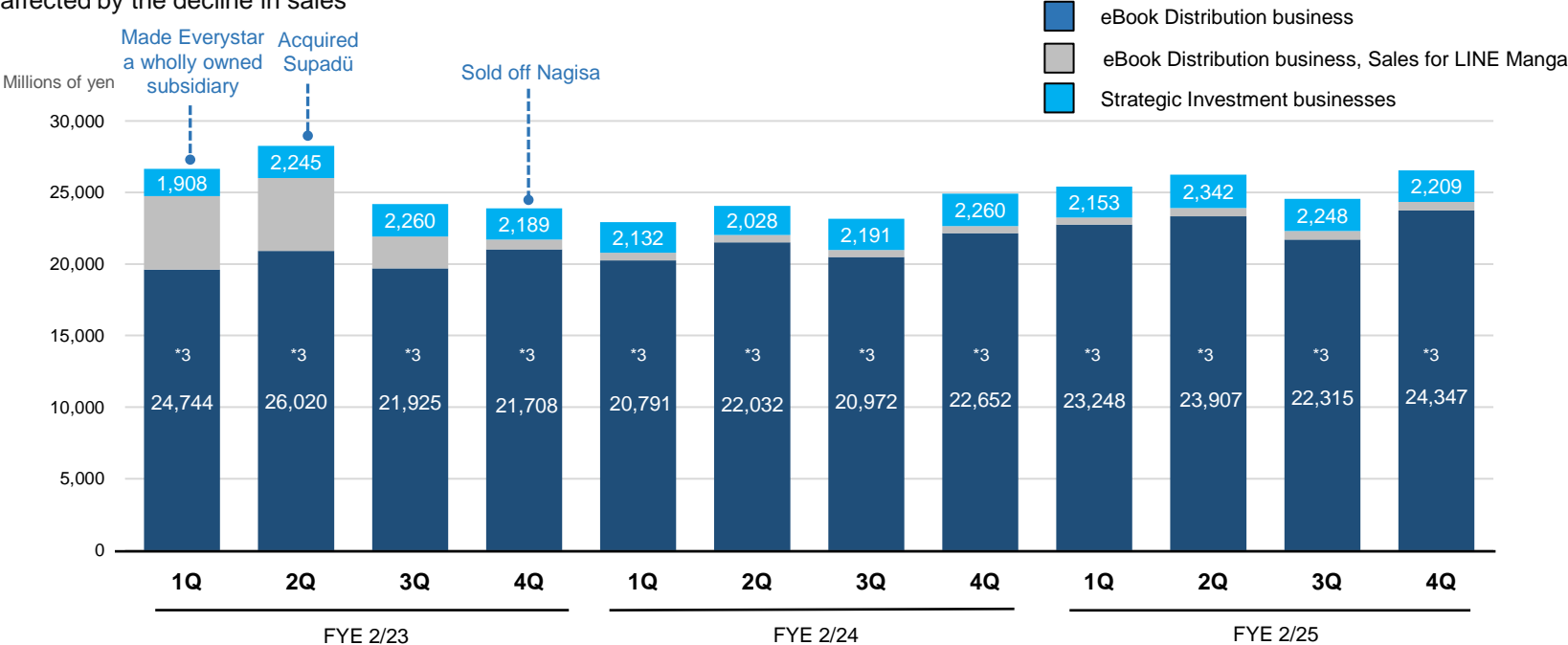
- ✓ Net sales reached a record high after the transfer of LINE Manga, driven by the strong performance of the eBook Distribution business
- ✓ Both EBITDA and operating profit also reached record highs, and the operating profit margin returned to 3% for the first time since Q2 of FYE 2/22.



* Transfer of back-end operations for major publishers that accounted for the majority of sales to LINE Manga

Sales Trends (by Segment) ^{*1}

- ✓ eBook Distribution business: Sales increased in both YoY and QoQ. Record-high sales after the transfer of LINE Manga, partly due to the contribution of new distribution channels acquired in February 2024
- ✓ Strategic Investment businesses: Sales declined in both YoY and QoQ; IP Solution business recorded higher sales, but the Imprint business (ARTRA^{*2}) was affected by the decline in sales



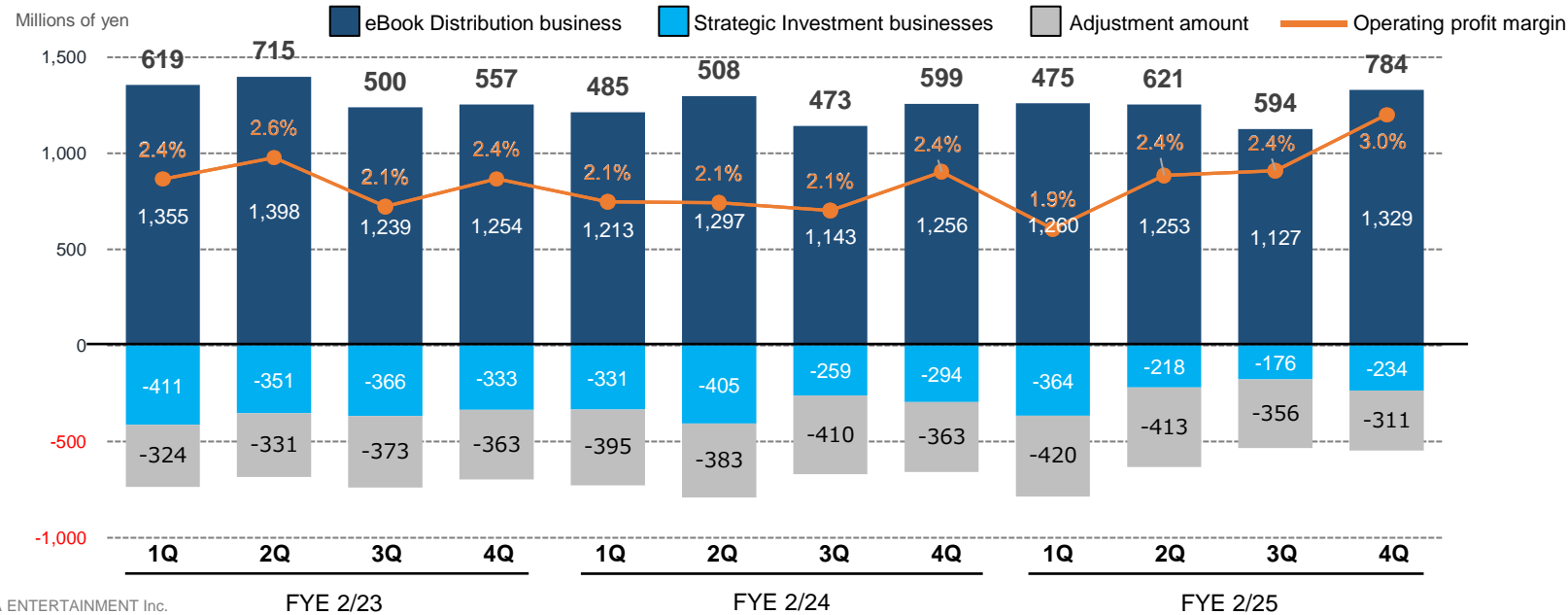
^{*1} Sales does not include adjustments for inter-segment sales, etc. The quarterly adjustment amounts are listed on page 26

^{*2} ARTRA=ARTRA ENTERTAINMENT Inc.

^{*3} Total amount of eBook Distribution business and sales for LINE Manga

Operating Profit Trends (by Segment)

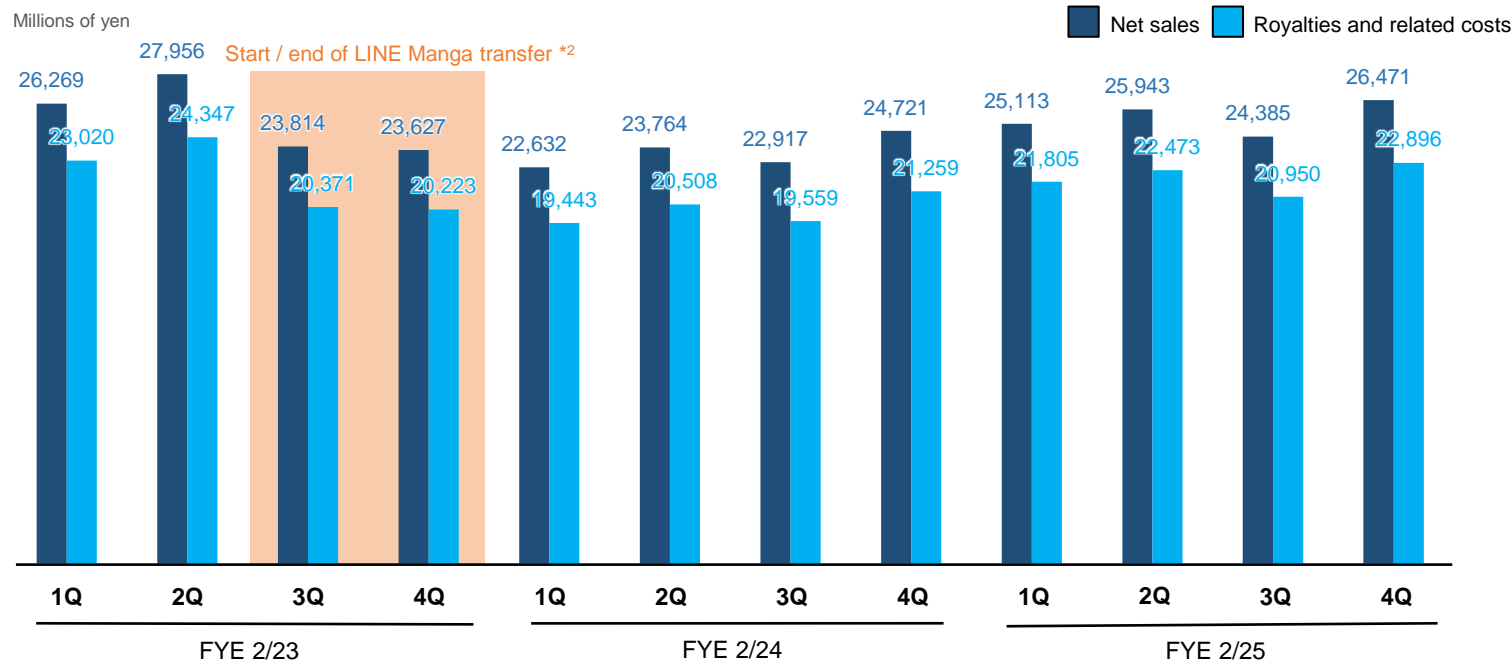
- ✓ eBook Distribution business increased due to sales growth and curbing of operating costs
- ✓ Strategic Investment businesses is on an improving profit trend, but Q4 FYE 2/25 deteriorated in QoQ due to lower sales and higher expenses in the Imprint business (ARTRA*)
- ✓ Adjustment amounts include HQ expenses and the P/L of GAMBAROU TOKUSHIMA Co., Ltd., which manages the TOKUSHIMA GAMBAROUS that joined the B3 League in Oct. 2023. Improvements in 2H of FYE 2/25 reflect an operating profit in their second season.



* ARTRA=ARTRA ENTERTAINMENT Inc.

Trends in Royalties and Other Costs^{*1}

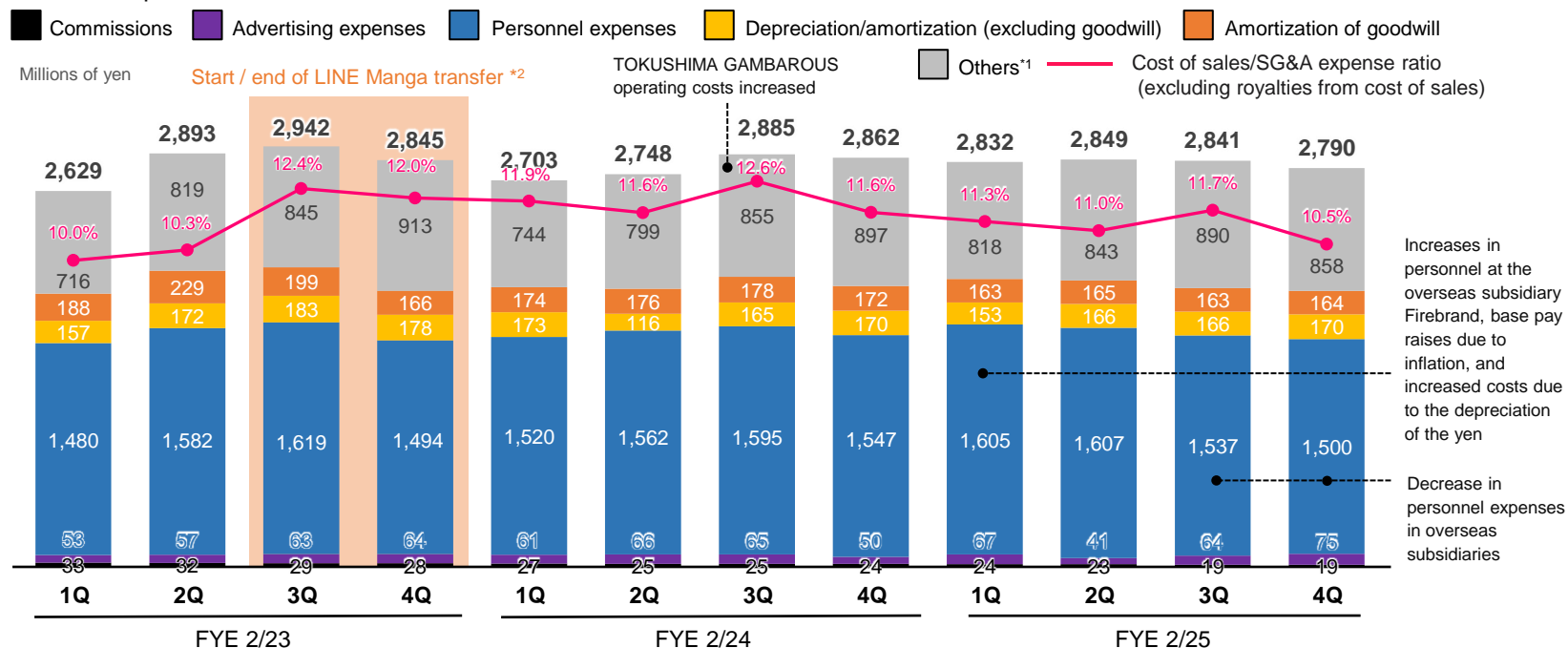
- ✓ Royalties and other costs decreased in line with a decrease in net sales due to the transfer of LINE Manga from Q3 FYE 2/23
- ✓ Royalties and other costs are also on the upturn in line with an increase in net sales partly due to the impact of new distribution channels from Q3 FYE 2/24 to the most recent quarter



^{*1} Figures for the trends in the total cost of sales including royalties incurred in the eBook Distribution business and the printing and binding costs recorded by NIHONBUNGEISHA and others in the Imprint business
^{*2} Transfer of back-end operations for major publishers that accounted for the majority of sales to LINE Manga

Trends in Cost of Sales/SG&A Expenses (Excluding Royalties)

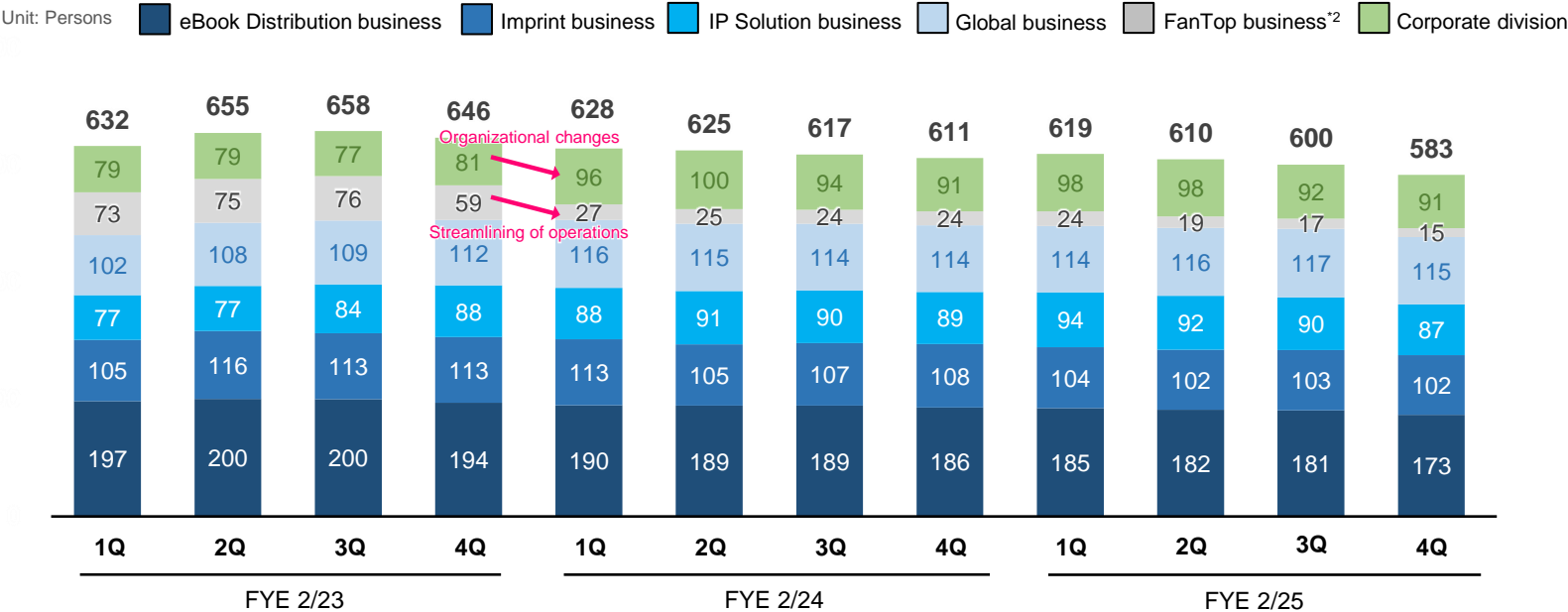
- ✓ Cost of sales/SG&A ratio: Increased in Q3 FYE 2/23 due to lower sales resulting from the transfer of LINE Manga
- ✓ Personnel expenses: Decreased due to company-wide reduction of headcounts to improve productivity
- ✓ Others: (1) Operating expenses for GAMBAROU TOKUSHIMA increased from Q3 FYE 2/24. Seasonal factors caused costs to increase in the second half of the fiscal year, which is the start of the season, (2) Increased due to the impact of lower transfer to assets of engineer personnel expenses, as maintenance and other operations became the main activities after Q2 of FYE 2/25



*1 "Other" includes outsourcing expenses, rent expenses, and taxes and public dues *2 Transfer of back-end operations for major publishers that accounted for the majority of sales to LINE Manga

Trends in the Number of Employees^{*1}

- ✓ The number of employees has increased on a consolidated basis due to strengthened recruitment and the acquisition of group companies in FYE 2/23, but since then, the number of employees has been on the downturn due to a review of the business portfolio



^{*1} The number of employees is the monthly average for each quarter

^{*2} The FanTop Business includes figures for new businesses such as XR and GREET as well as MyAnimeList, J-Comic Terrace, and Nagisa in FYE 2/23

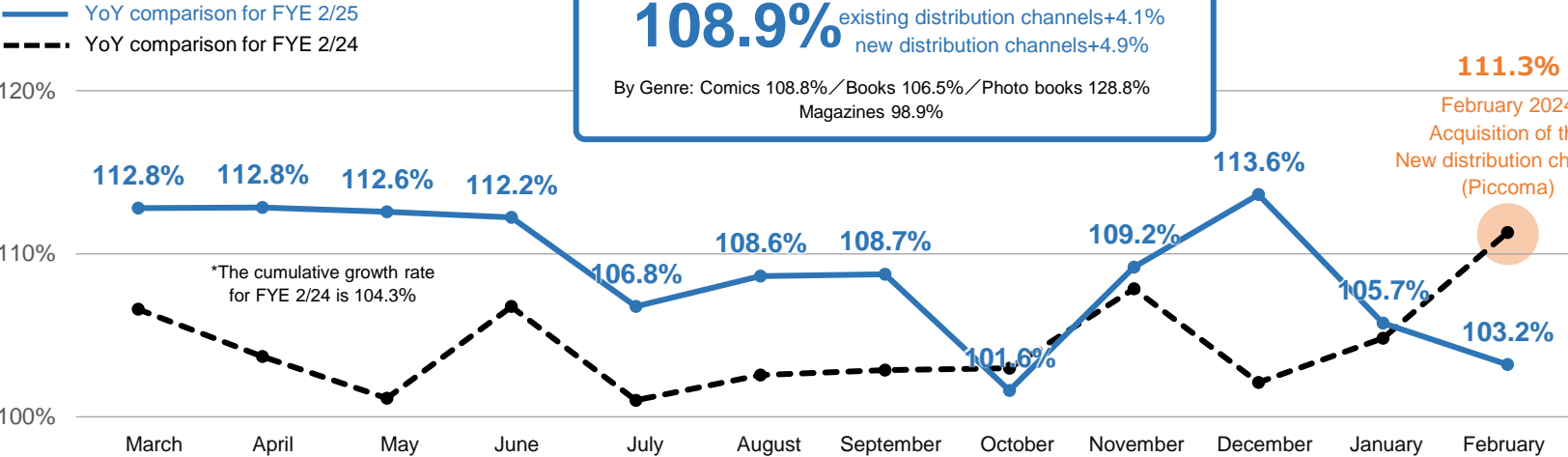
2. Earnings Trends

eBook Distribution Business

YoY Sales Growth Rate

- ✓ The cumulative growth rate for FYE 2/25 is 108.9%, strong performance throughout the period due to the acquisition of new distribution channels in February 2024
- ✓ December: Growth due to a higher than usual number of year-end holidays and favorable sales for major campaigns
- ✓ February: Slowdown due to the completion of new distribution channels and a reaction to the strong sales in the previous year due to the leap year

YoY sales growth rate*



111.3%
February 2024
Acquisition of the
New distribution channel
(Piccoma)

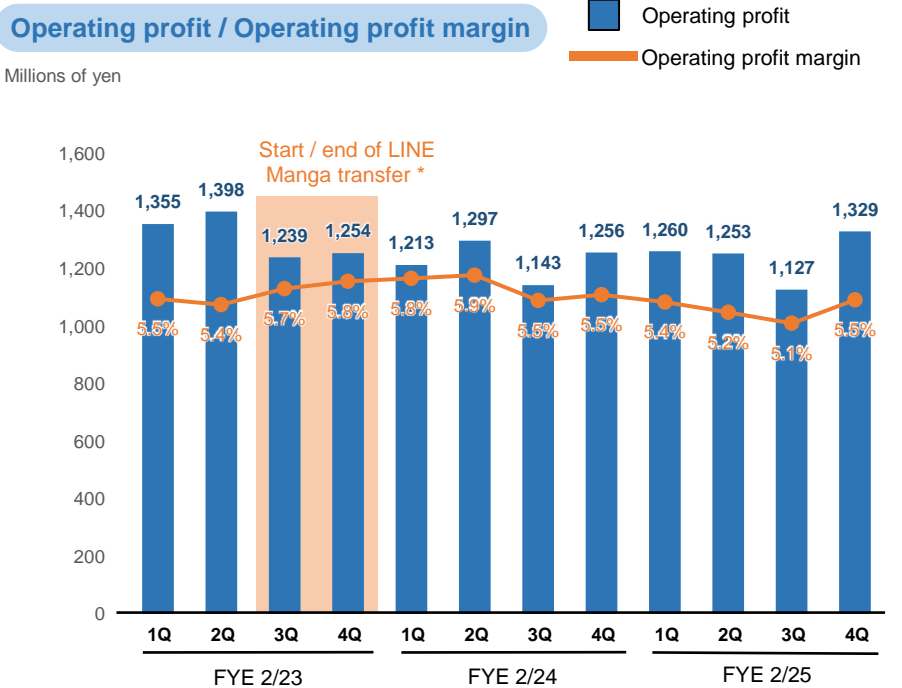
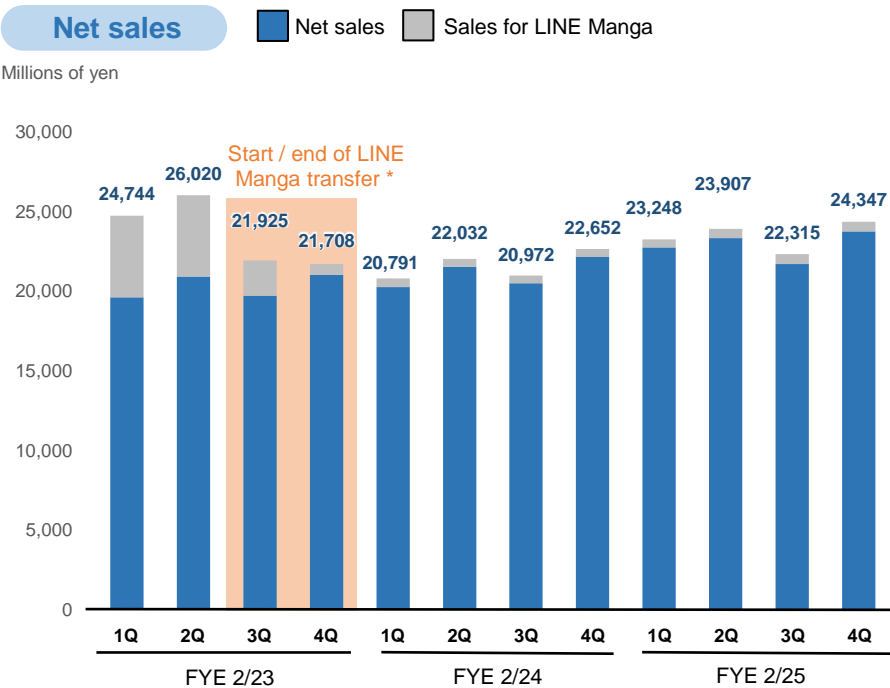
Growth rebound in FYE 2/24

- ✓ Sales recorded more than double those of previous year due to large-scale campaigns by major eBook retailer
- ✓ A hit from the anime adaptation of a work that started airing in October 2023

* Calculated excluding sales for LINE Manga

Trends in Net Sales and Operating Profit

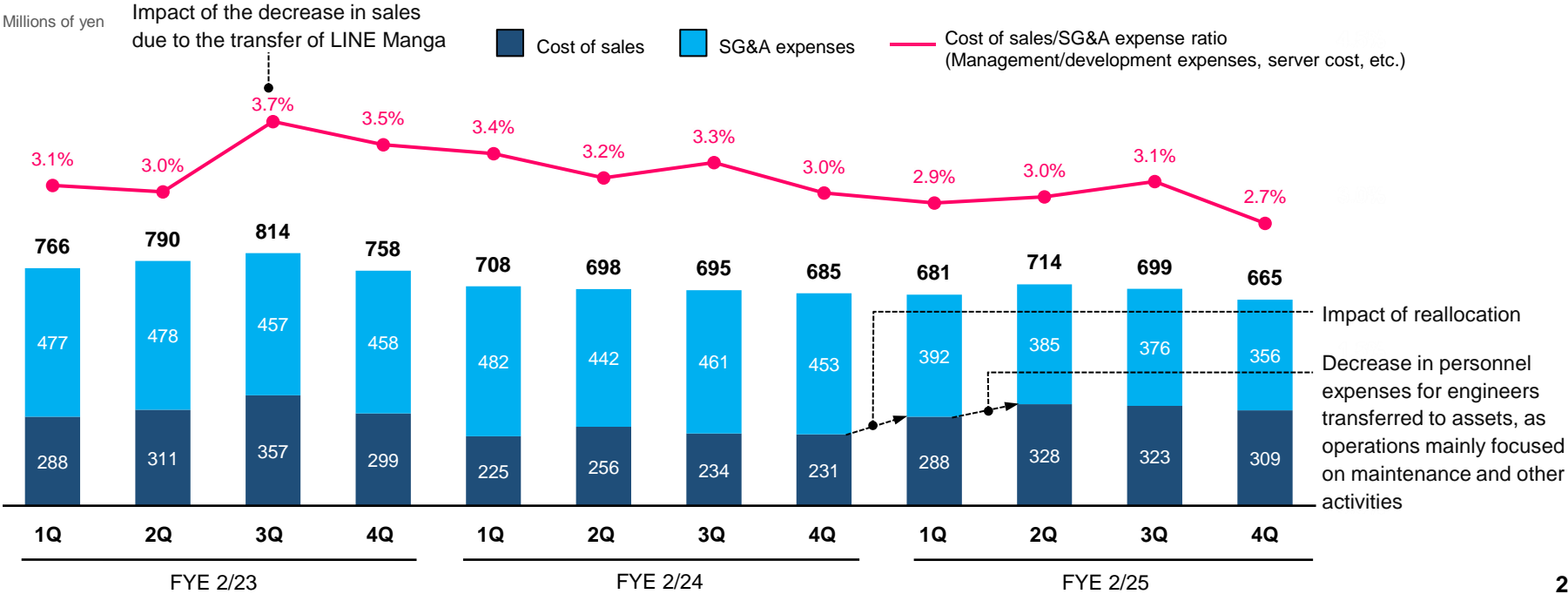
- ✓ Net sales increased for the fifth consecutive quarter in YoY, partly due to the contribution from the new distribution channels acquired in February 2024, and record high excluding Sales for LINE Manga
- ✓ Operating profit also recorded the highest profit since the transfer of LINE Manga in Q4 FYE 2/25. Operating profit margin improved partly due to the impact of headcount reductions resulting from productivity improvements



* Transfer of back-end operations for major publishers that accounted for the majority of sales to LINE Manga

Cost Structure (Cost of Sales/SG&A Expenses Excluding Royalties)

- ✓ The ratio of the cost of SG&A expenses excluding royalties, both the absolute amount and rate of cost of sales and SG&A expenses have been improving since Q4 FYE 2/23 due to business process improvements
- ✓ Cost of sales increased from Q2 FYE 2/25 onward. Factors included a decrease in asset transfers of engineer personnel expenses, as maintenance and other operations became the main activities
- ✓ Cost of sales and SG&A ratio declined in Q4 FYE 2/25 due to sales growth and headcount reductions from productivity improvements



2. Earnings Trends

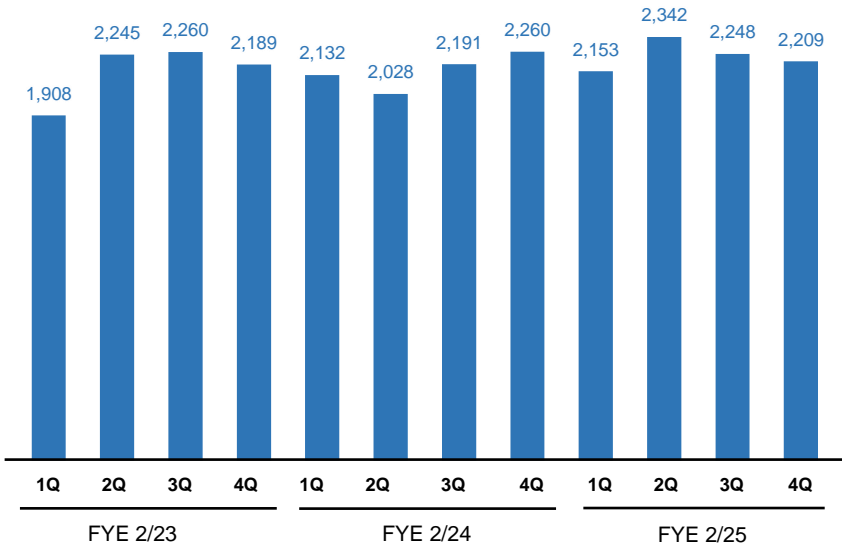
Strategic Investment Businesses

Trends in Net Sales and Operating Profit

- Both net sales and operating profit deteriorated in QoQ due to lower sales in the Imprint business and upfront expenses for the launch of a new website at NIHONBUNGEISHA, despite the contribution of improvement in the IP Solutions business

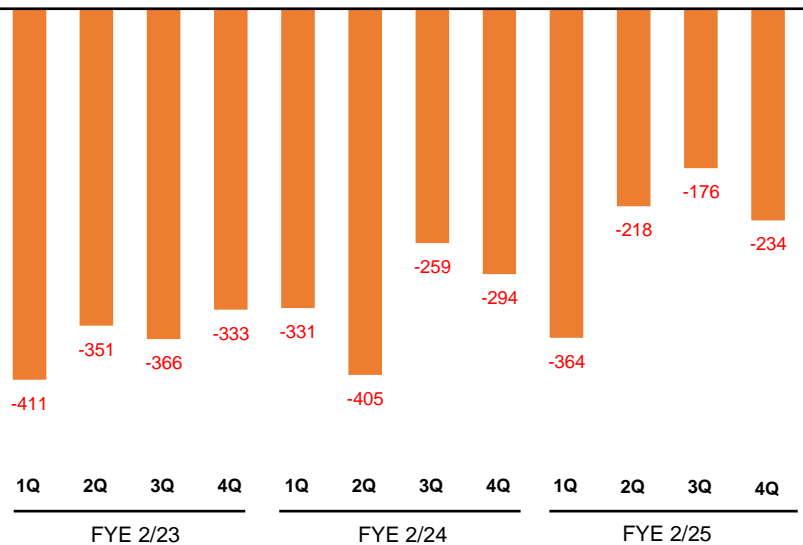
Net Sales

Millions of yen



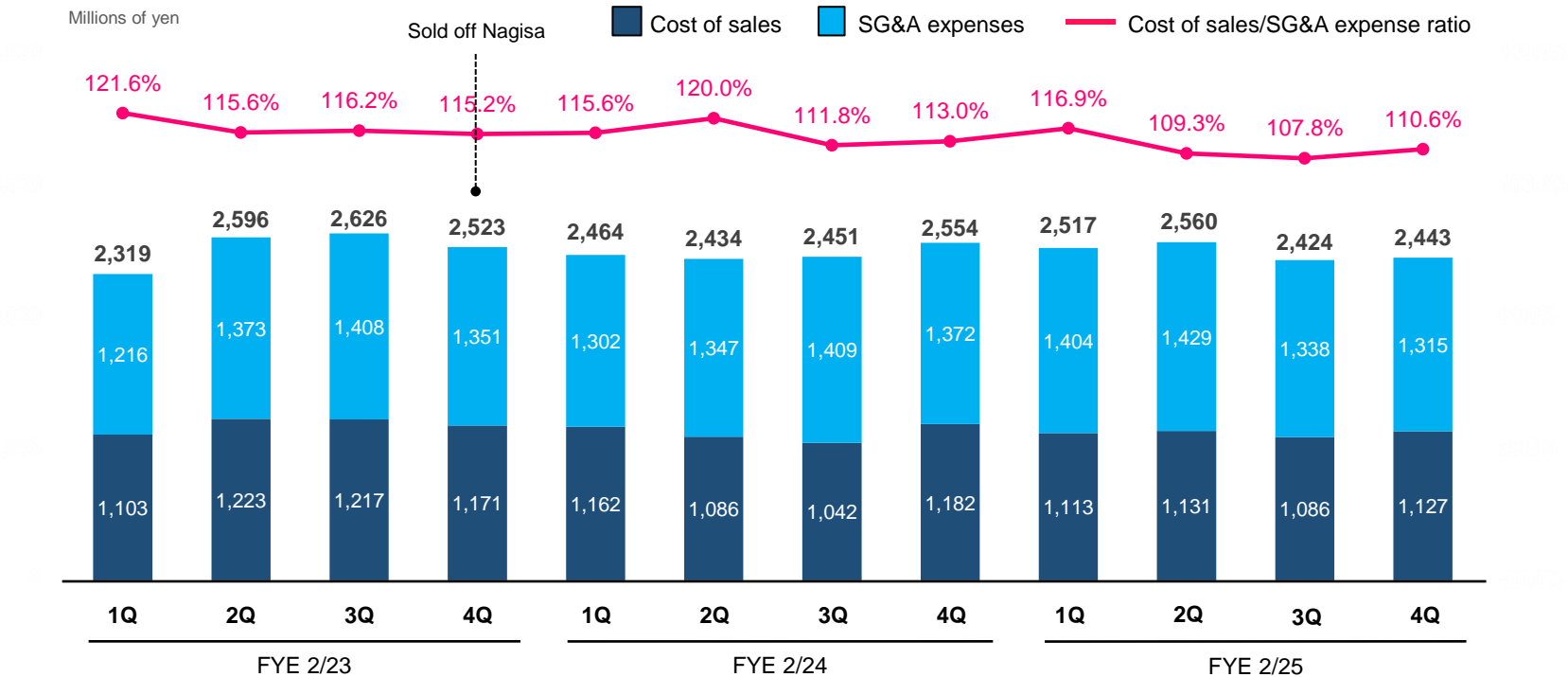
Operating profit

Millions of yen



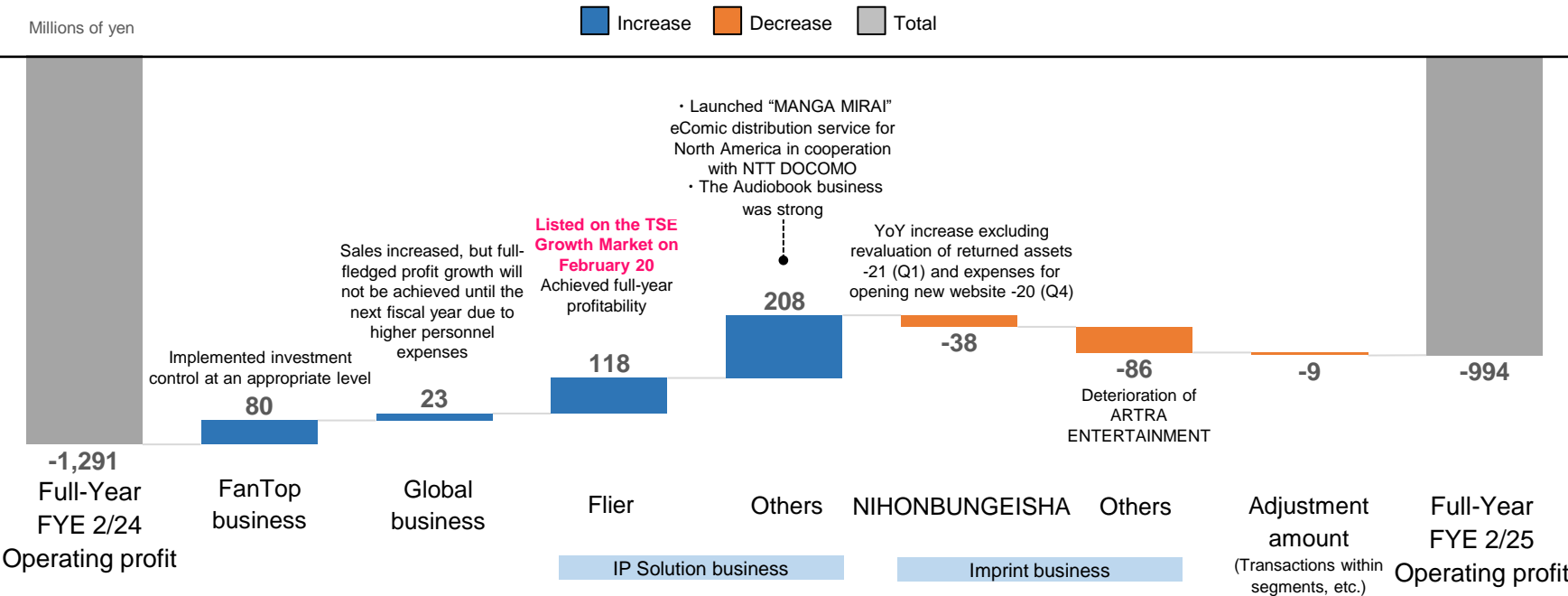
Cost Structure

- ✓ SG&A expenses decreased in both YoY and QoQ, mainly due to lower personnel expenses in the Global business
- ✓ Cost of sales increased slightly in QoQ, mainly due to a temporary increase in personnel expenses at NIHONBUNGEISHA



Analysis of YoY Change in Operating Profit

- ✓ The Strategic Investment businesses as a whole improved profit by ¥297 mn YoY for the full year (FYE 2/24: profit improved by ¥171 mn YoY)
- ✓ In addition to controlling investments to an appropriate level, the IP Solution business contributed to profit improvement. Flier returned to profitability for the full year
- ✓ Operating profit at NIHONBUNGEISHA bottomed out in Q1 and has been on an improving trend. Without one-time expenses and upfront investments, it would have ended a YoY increase



Results for Full-Year FYE 2/25 (P/L)

	FYE 2/24								FYE 2/25							
	1Q		2Q		3Q		4Q		1Q		2Q		3Q		4Q	
Millions of yen																
Net sales^{*1}	22,632		23,764		22,917		24,721		25,113		25,943		24,385		26,471	
eBook Distribution Business	20,791	91.9%	22,032	92.7%	20,972	90.7%	22,652	91.6%	23,248	92.6%	23,907	92.2%	22,315	91.5%	24,347	92.0%
Strategic Investment Businesses	2,132	9.4%	2,028	8.5%	2,191	10.3%	2,260	9.1%	2,153	8.6%	2,342	9.0%	2,248	9.2%	2,209	8.3%
Cost of sales, SG&A expenses^{*2}	22,147		23,256		22,444		24,122		24,638		25,322		23,791		25,687	
Royalties/other cost of sales	19,443	85.9%	20,508	86.3%	19,559	85.3%	21,259	86.0%	21,805	86.8%	22,473	86.6%	20,950	85.9%	22,896	86.5%
Commissions	27	0.1%	25	0.1%	25	0.1%	24	0.1%	24	0.1%	23	0.1%	19	0.1%	19	0.1%
Advertising expenses	61	0.3%	66	0.3%	65	0.3%	50	0.2%	67	0.3%	41	0.2%	64	0.3%	75	0.3%
Personnel expenses	1,520	6.7%	1,562	6.6%	1,595	7.0%	1,547	6.3%	1,605	6.4%	1,607	6.2%	1,537	6.3%	1,500	5.7%
Depreciation/amortization (excluding goodwill)	173	0.8%	116	0.5%	165	0.7%	170	0.7%	153	0.6%	166	0.6%	166	0.7%	170	0.6%
Amortization of goodwill	174	0.8%	176	0.7%	178	0.8%	172	0.7%	163	0.7%	165	0.6%	163	0.7%	164	0.6%
Others	744	3.3%	799	3.4%	855	4.3%	897	3.6%	818	3.3%	843	3.2%	890	3.6%	858	3.2%
EBITDA	834		800		817		942		792		953		924		1,119	
Operating profit	485		508		473		599		475		621		594		784	
Ordinary profit	441		496		500		552		490		543		607		718	
Profit before income taxes	435		494		606^{*3}		-1,097^{*4}		464		520		611		286	
Profit attributable to owners of parent	232		277		351		-1,180		244		276		391		451	

*1 Adjustment amounts not included in the eBook Distribution business and the Strategic Investments businesses were -¥290mn in Q1 FYE 2/24, -¥296mn in Q2, -¥246mn in Q3, -¥191mn in Q4, -¥288mn in Q1 FYE 2/25, -¥306mn in Q2, -¥178mn in Q3, -¥84mn in Q4.

*2 Of which ¥18,870mn in Q1 FYE 2/24, ¥20,035mn in Q2, ¥19,133mn in Q3, ¥20,710mn in Q4, ¥21,307mn in Q1 FYE 2/25, ¥21,939mn in Q2, ¥20,488mn in Q3, ¥22,351mn in Q4 were related to the eBook Distribution business

*3 Recorded a gain on sale of investment securities of ¥106mn from the transfer of shares of A.I. Squared, Inc.

*4 Recorded a gain on change in equity of ¥110mn from the third-party allocation of new shares of MyAnimeList. Posted extraordinary losses totaling ¥1,769mn, including an impairment loss of ¥465mn for the VSC business and ¥438mn in impairment of goodwill related to Supadū Limited

Results for Full-Year FY25/2 (B/S)

Millions of yen	Q3 FYE 2/25	Full-Year FYE 2/25	QoQ change	Main factors of change
Current assets	36,655	39,960	3,305	
Cash and deposits	11,557	13,591	2,034	
Notes and accounts receivable - trade, and contract assets	23,101	24,033	932	
Non-current assets	14,635	13,199	-1,1436	
Property, plant and equipment	677	582	-95	
Software	651	633	-18	
Goodwill	5,287	4,198	-1,089	Decrease due to sale and impairment
Investment securities	5,769	5,669	-100	
Total assets	51,290	53,160	1,870	
Current liabilities	30,827	32,220	1,393	
Notes and accounts payable – trade	26,641	28,273	1,632	
Current portion of long-term borrowings	1,533	1,507	-26	
Total non-current liabilities	3,608	3,231	-377	
Long-term borrowings	2,720	2,358	-362	
Total liabilities	34,436	35,451	1,015	
Total shareholders' equity	15,903	16,488	585	
Share capital	5,990	5,990	0	
Capital surplus	5,768	5,901	133	
Retained earnings	4,193	4,645	452	Increase due to profit attributable to owners of the parent
Treasury shares	-48	-48	0	
Total accumulated other comprehensive income	939	1,111	172	Increase in foreign currency translation adjustments
Non-controlling interests	10	108	98	
Total net assets	16,854	17,708	854	
Total liabilities and net assets	51,290	53,160	1,870	

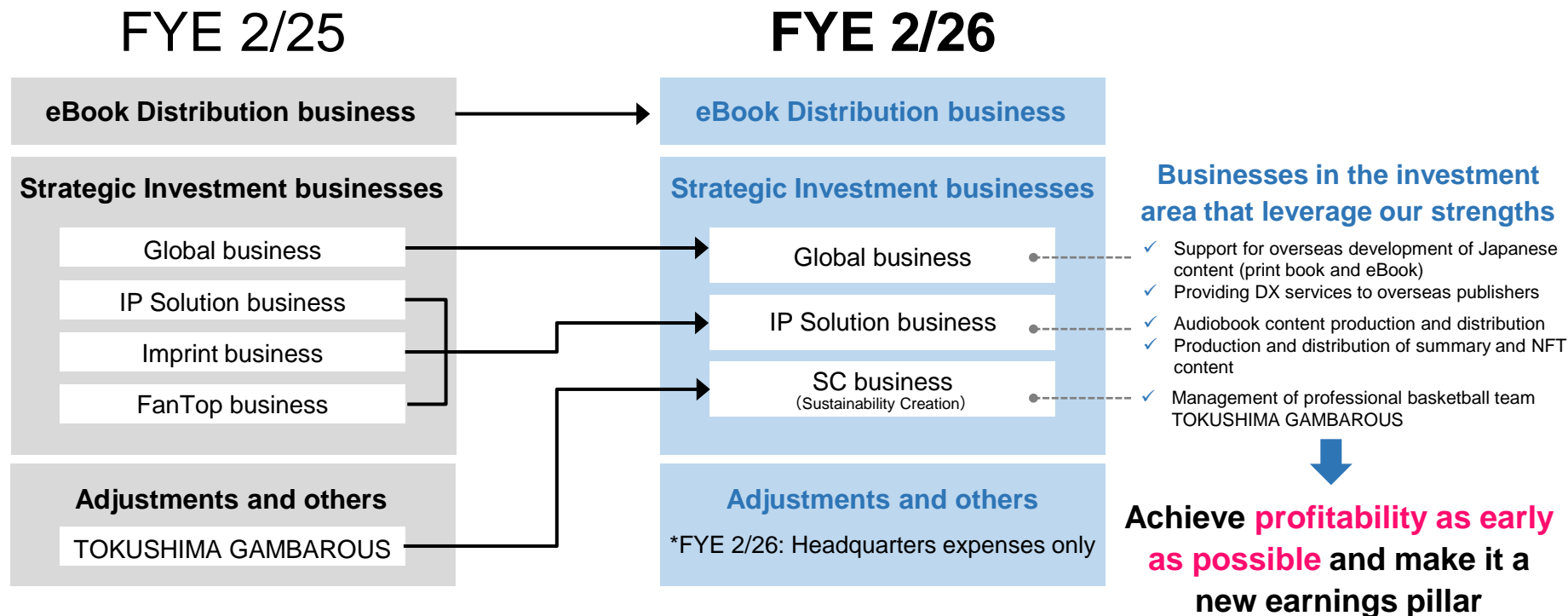
MEDIA DO Co., Ltd.

Q4 and Full-Year FYE 2/25 Results

03 | Consolidated Earnings Forecast for FYE 2/26

Change in Strategic Investment Businesses Sub-Segment

- ✓ From FYE 2/26, the sub-segments within the Strategic Investment businesses were changed. Composed of businesses in areas of focus over the medium to long term
- ✓ Aim to increase synergy with the core eBook Distribution business and contribute to the Group's growth as a new earnings pillar at an early stage



3.Consolidated Earnings Forecast for FYE 2/26

Consolidated Earnings Forecast for FYE 2/26 (1)

- ✓ FYE 2/25: First increase in revenue and profit in three fiscal years
- ✓ In FYE 2/26, we expect continued growth in both revenue and profit due to an increase in market share in the eBook Distribution business, improved profit/loss from progress in each of the Strategic Investment businesses, and a review of the business portfolio

	FYE 2/25 Results	FYE 2/26 Forecast	YoY
Net sales	¥101.9bn	¥106.0bn	+ 4.0% (+4.10bn)
Operating profit	¥2.47bn	¥2.72bn	+9.9% (+0.25bn)
Ordinary profit	¥2.36bn	¥2.70bn	+ 14.4% (+0.34bn)
Profit attributable to owners of parent	¥1.36bn	¥2.00bn	+46.7% (+0.64bn) <small>* Gain on sales of shares of affiliated company (¥531 mn) due to the transfer of shares of MyAnimeList, an equity-method affiliate</small>
EBITDA	¥3.79bn	¥3.93bn	+ 3.7% (+0.14bn)
ROE	8.1%	10.9%	+2.8%

Consolidated Earnings Forecast for FYE 2/26 (2) Forecast by segment

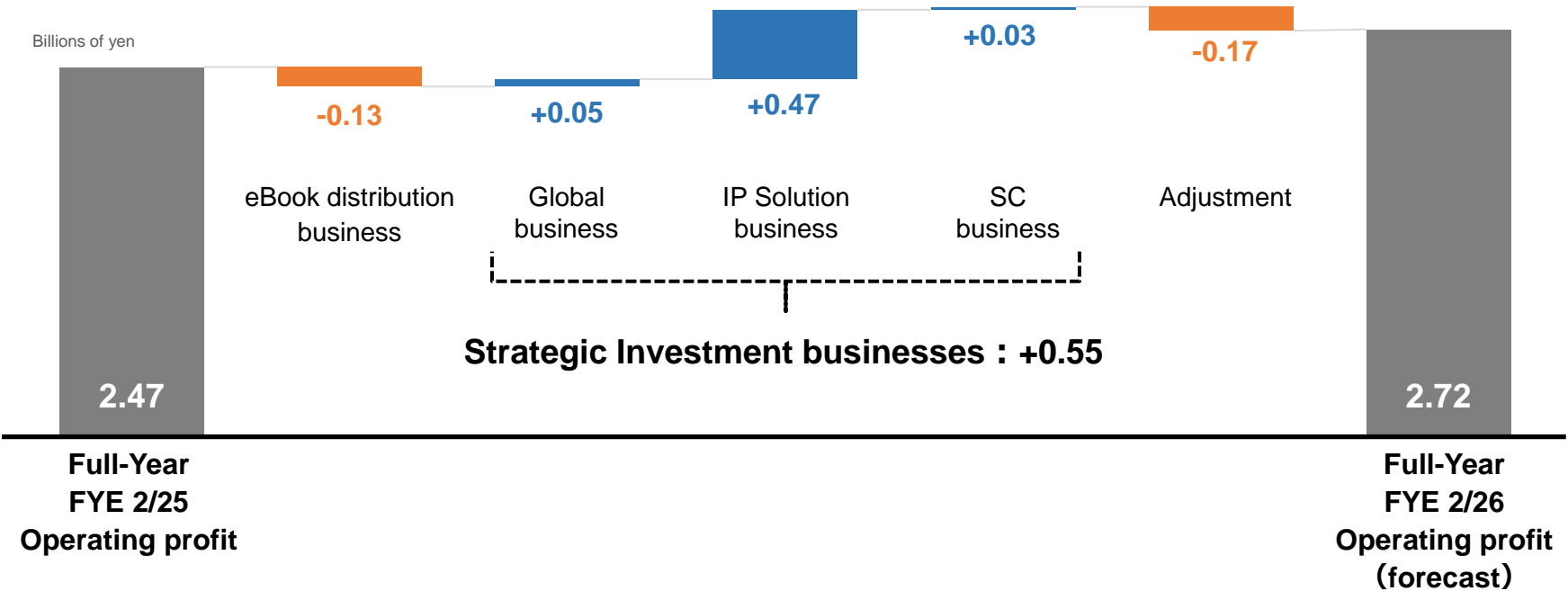
Net sales	FYE 2/25 Results*	FYE 2/26 Forecast	YoY	Rate of change
eBook Distribution business	¥93.8bn	¥97.6bn	+¥3.8bn	+4.1%
Strategic Investment businesses	¥9.5bn	¥9.8bn	+¥0.3bn	+3.2%
Adjustment	-¥1.4bn	-¥1.5bn	-¥0.1bn	-
Total	¥101.9bn	¥106.0bn	+¥4.1bn	+4.0%

Operating profit	FYE 2/25 Results*	FYE 2/26 Forecast	YoY	Rate of change
eBook Distribution business	¥4.97bn	¥4.84bn	-¥0.13bn	-2.6%
Strategic Investment businesses	-¥0.96bn	-¥0.41bn	+¥0.55bn	-
Adjustment	-¥1.53bn	-¥1.70bn	-¥0.17bn	-
Total	¥2.47bn	¥2.72bn	+¥0.25bn	+9.9%

* Actual results based on the sub-segment of the Strategic Investment businesses, which was changed from FYE 2/26

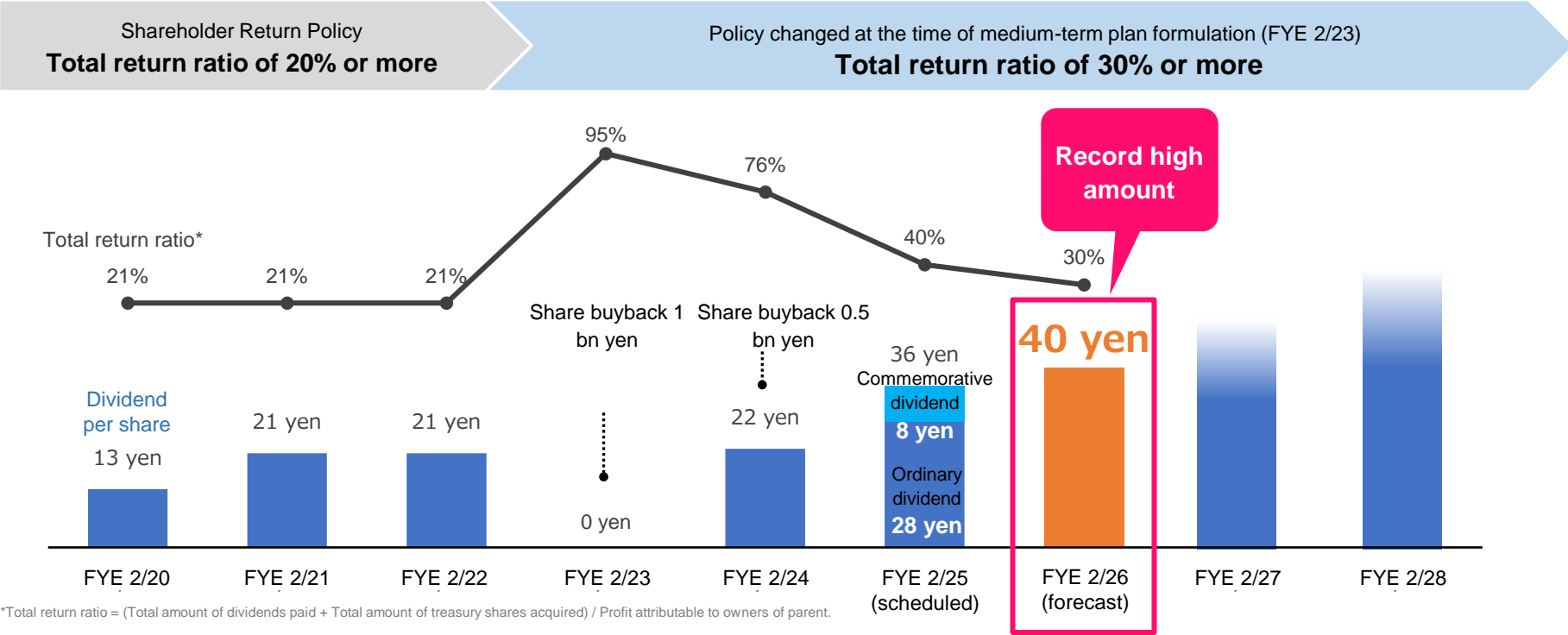
Consolidated Earnings Forecast for FYE 2/26 (3) Key Performance Indicators

- ✓ Revenue and profit back on track to increase from FYE 2/25
- ✓ eBook Distribution business expected to decrease profit due to lower profit margin resulting from expansion of distribution market share with major publishers and eBook retailers
- ✓ Strategic investment businesses is expected to increase profit mainly in IP Solution business



Shareholder Return Policy

- ✓ Dividend per share for FYE 2/26 will be 40 yen, a record high
- ✓ Established a shareholder return policy of a total shareholder return ratio of 30% or more from FY 2/23, and implemented share buybacks
We will continue to implement flexible share buybacks while monitoring stock price trends, and will consider raising the rate of return in stages



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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