



August 29, 2025

MEDIA DO Co., Ltd.

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Financial Results FAQs for Q1 FYE 2/26

MEDIA DO Co., Ltd. (hereafter "the Company") hereby discloses the main questions received from investors regarding the financial results for the three months ended May 31, 2025, along with the respective answers, as follows.

To strengthen information dissemination to investors and ensure fair disclosure, the Company plans to compile and publish these responses at the end of the month following the financial results announcement (August, November, February, and May). While slight discrepancies may arise due to timing differences, the most recent responses are presented as the Company's latest policy at the time of disclosure.

For details, please refer to the attached "Financial Results FAQs."

Additionally, materials related to the financial results for the three months ended May 31, 2025, can be accessed below.

■ Consolidated Financial Results

URL: https://ssl4.eir-parts.net/doc/3678/ir_material_for_fiscal_ym2/182696/00.pdf

■ Financial Results Briefing

URL: https://ssl4.eir-parts.net/doc/3678/ir_material_for_fiscal_ym2/182705/00.pdf

■ Video of Financial Results Briefing (Japanese only)

URL: <https://mediado.jp/ir/>

■ Transcript of presentation

URL: https://ssl4.eir-parts.net/doc/3678/ir_material_for_fiscal_ym2/183154/00.pdf



Financial Results FAQs

MEDIA DO Co., Ltd.
Financial Results for Q1 FYE 2/26
August 29, 2025



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Financial Results FAQs

Q1 FYE 2/26



Q1 What is your assessment of Q1 FYE 2/26 results?

A

In Q1 FYE 2/26, we achieved growth in both net sales and operating profit, delivering solid results. Net sales increased 3.6% YoY, driven by steady growth in existing distribution channels in the eBook Distribution business. Operating profit rose 37.6% YoY, mainly reflecting improved profitability in the Strategic Investment businesses, particularly in the IP Solutions business, including NIHONBUNGEISHA. Although Q1 tends to have relatively lower sales due to seasonality, progress toward the full-year forecast is on track, with net sales at 24.5%, EBITDA at 24.2%, and operating profit at 24.0% of the respective annual targets. Profit attributable to owners of parent rose significantly to \$5,667 thousand from \$1,693 thousand in the same period of the previous year, mainly due to a \$3,682 thousand gain from the sale of MyAnimeList in March 2025, which was already factored into the initial forecast. Overall, performance remains on track toward achieving our full-year guidance.

USD in thousands	Q1 FYE 2/25	Q1 FYE 2/26	YoY	Achievement vs. Full-Year Forecast
Net sales	\$173,990	\$180,211	+3.6% (+6,221)	24.5%
EBITDA	\$5,493	\$6,582	+19.8% (+1,088)	24.2%
Operating profit	\$3,294	\$4,531	+37.6% (+1,237)	24.0%
Profit attributable to owners of parent	\$1,693	\$5,667	+334.8% (+3,974) Impact from gain on sale of MAL (+3,682)	40.9%

* Calculated at the exchange rate as of July 7, 2025 (\$1 = ¥144.34)



Q2

What factors drove the YoY decline in operating profit in the eBook Distribution Business in Q1, and what is the outlook for the full year?

A

In Q1 FYE 2/26, net sales in the eBook Distribution business increased YoY, supported by steady growth in existing distribution channels. However, operating profit declined both YoY and QoQ.

Key factors include:

- (1) The timing shift of a major campaign conducted by a major eBook retailer in Q1 of the previous fiscal year
- (2) Fluctuations in sales incentives*

Both factors are temporary and are not expected to affect results from Q2 onward.

For the full year, we continue to expect sales growth but a decline in operating profit as initially projected. While sales will be supported by growth in existing distribution channels and the addition of new distribution channels, the scheduled termination of a high-margin service in the second half is expected to weigh on profitability.

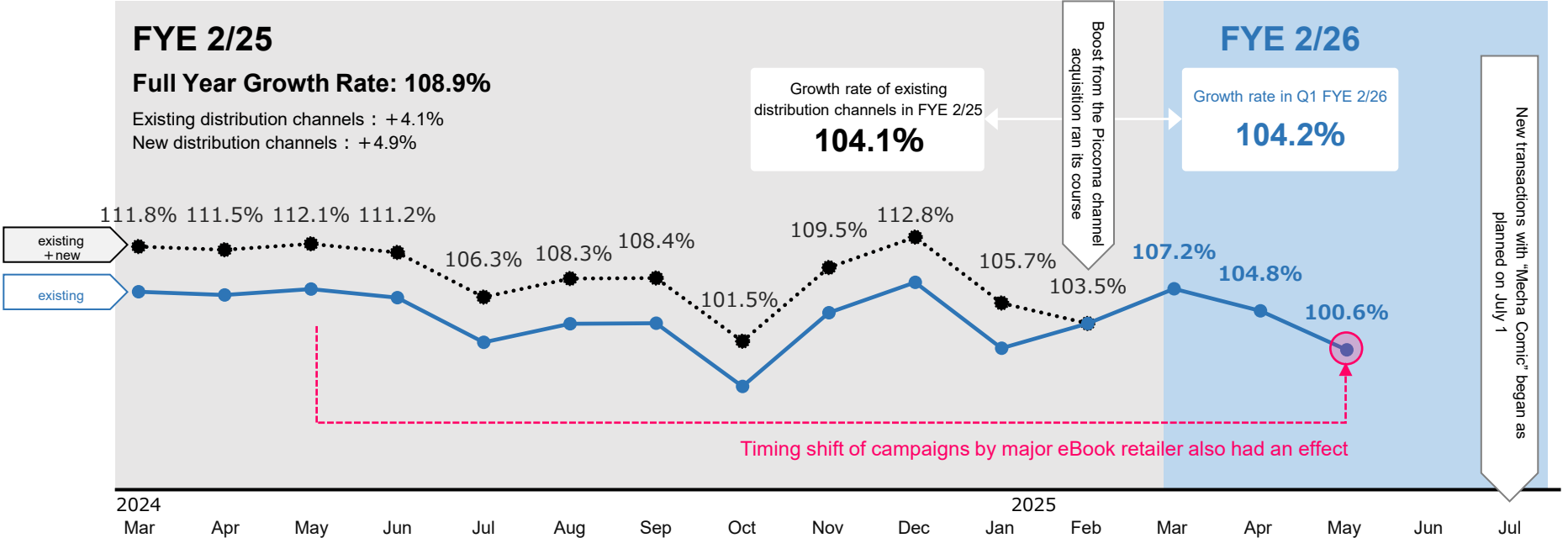
* Settlement of sales previously recorded as provisional sales with a major eBook retailer

Q3

What was the YoY sales growth rate for the eBook Distribution Business in Q1?

A

The YoY net sales growth rate for the eBook Distribution business in Q1 FYE 2/26 was 104.2%, consistent with the average growth rate of 104.1% in FYE 2/25. This rate factors in a temporary slowdown in May 2025, which was caused by the timing shift of a major eBook retailer's campaign. Our new distribution arrangement with Mecha Comic began as scheduled on July 1.

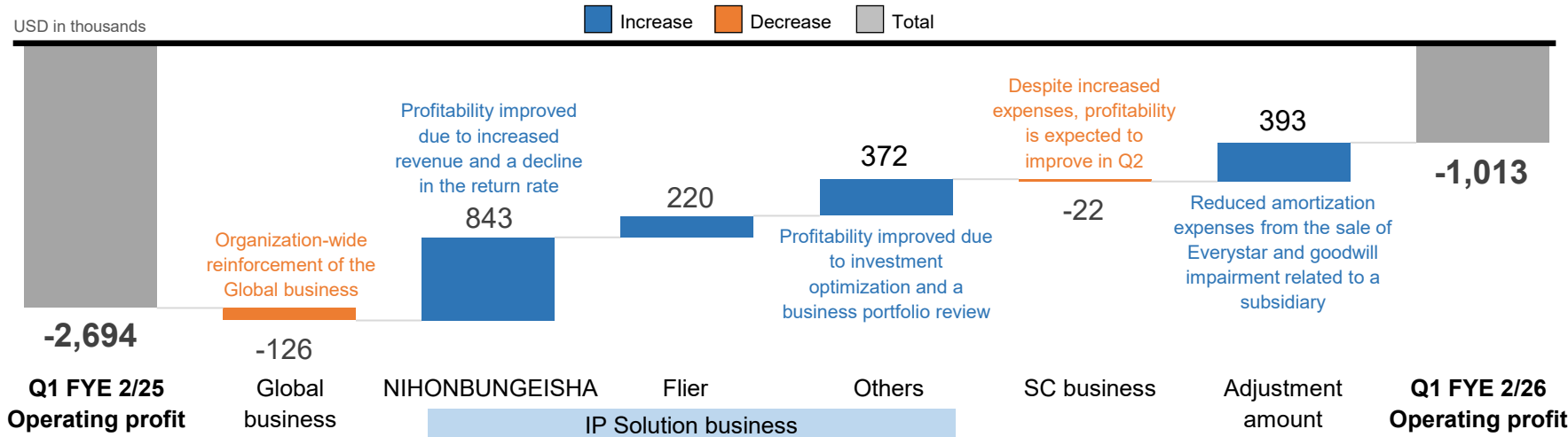


Q4

What drove the improvement in operating results in the Strategic Investment businesses in Q1?

A

Net sales in the Strategic Investment businesses was \$15.0 million, down \$273 thousand (−1.8%) YoY. Excluding the impact of the sale of Everystar at the end of FYE 2/25, net sales actually increased YoY. Operating loss narrowed significantly to \$1,013 thousand (an improvement of \$1,681 thousand YoY) as profitability improved across businesses. Key drivers included: (1) Increased net sales and a lower book return rates at NIHONBUNGEISHA (+\$843 thousand), (2) Streamlined investment and portfolio optimization in the IP Solution business (+\$372 thousand), and (3) In Adjustments, lower amortization costs following goodwill impairment charges recorded in FYE 2/25 (+\$393 thousand). Progress is in line with our full-year plan.



* Calculated at the exchange rate as of July 7, 2025 (\$1 = ¥144.34)



Q5

What is the background and purpose of your business and capital alliance with SHIFT, and what is the expected impact on results?

A

On July 10, 2025, we entered into a business and capital alliance with SHIFT to strengthen our overseas publishing, translation, and IP businesses. As part of our strategic focus on supporting the global expansion of Japanese content, we have been leveraging our local subsidiary Media Do International and the Firebrand Group, primarily in North America, to support overseas distribution. Looking ahead, we plan to prioritize expansion in regions with large language populations.

We view the Middle East—where Arabic is the fourth most spoken language globally, demand for Japanese content is rising, and governments are promoting the entertainment industry—as a promising market. By combining our extensive content with SHIFT's strong planning and development capabilities and network in the Middle East, we aim to build a stronger foundation in the region.

At this point, the impact on earnings is expected to be minimal, but we will promptly disclose any material developments.

Financial Results FAQs

Year-round

Q6

What is your financial forecast for FYE 2/26?

A

Our forecast for FYE 2/26 is as follows: net sales of \$734.4 million (+4.0% YoY), operating profit of \$18.8 million (+9.9%), and net income of \$13.9 million (+46.7%). Note that the forecast includes a \$3.67 million gain from the sale of shares in MyAnimeList, an equity-method affiliate, which significantly boosts net income.

USD in millions	FYE 2/25 Results	FYE 2/26 Forecast	YoY
Net sales	\$706.0mn	\$734.4mn	+4.0% (+\$28.4mn)
Operating profit	\$17.1mn	\$18.8mn	+9.9% (+\$1.7mn)
Ordinary profit	\$16.4mn	\$18.7mn	+14.4% (+\$2.4mn)
Profit attributable to owners of parent	\$9.4mn	\$13.9mn	+46.7% (+\$4.4mn) <small>* Gain on sales of shares of affiliated company (\$3.67mn) due to the transfer of shares of MyAnimeList, an equity-method affiliate</small>
EBITDA	\$26.3mn	\$27.2mn	+3.7% (+\$0.97mn)
ROE	8.1%	10.9%	+2.8pt

* Calculated at the exchange rate as of July 7, 2025 (\$1 = ¥144.34)



Q7

Please summarize the Medium-Term Management Plan announced in April 2025.

A

In April 2025, we announced a five-year Medium-Term Management Plan starting in FYE 2/26. As Japan's largest eBook distributor, MEDIA DO has established a unique position with partnerships covering nearly all publishers and eBook retailers, and handles the largest volume of digital content in the country (approx. 2.6 million files). The vision has been redefined as "MORE CONTENT FOR MORE PEOPLE!", shifting from Phase 1, where we focused on aggregating content (More Content), to Phase 2, where our focus is distributing Japanese content to the global population (More People), further advancing our mission of unleashing a virtuous cycle of literary creation.

Key initiatives include:

1. Evolving into a book distribution solutions company

Development of MDTS (MediaDo Translation System), an AI-based multilingual translation and voice synthesis platform to enable rapid, cost-efficient translation of eBook files. The translated content will be distributed as eBooks, audiobooks, and print books tailored to each region's market.

2. Sustainability Creation (SC) Business

We will expand profit contribution through the successful operation of the TOKUSHIMA GAMBAROUS professional basketball club, which achieved profitability early on, is now contributing to profits, and build social trust and recognition through broader initiatives including support for entrepreneurs.

*See the disclosure "[Medium-Term Management Plan FYE 2/26 - 2/30](#)" issued April 14, 2025, for details.



Q8

What are the numerical targets of the Medium-Term Management Plan announced in April 2025?

A

The numerical targets assume organic growth (excluding M&A and new overseas expansion). By FYE 2/30, we aim to achieve consolidated net sales of \$866.0 million and operating profit of \$27.7 million, driven by sustainable growth in existing businesses and expansion of new businesses.

USD in thousands	FYE 2/25	(5th year of mid-term plan) FYE 2/30	Increase amount
Net sales	\$706.0mn	\$866.0mn	\$160.0mn
Operating profit	\$17.1mn	\$27.7mn	\$10.6mn

***Numerical plan does not include planned figures for new overseas expansion**

	FYE 2/25	1st year of mid-term plan FYE 2/26	3rd year of mid-term plan FYE 2/28	5th year of mid-term plan FYE 2/30
Net sales	\$706.0mn	\$734.4mn	\$796.7mn	\$866.0mn
Operating profit	\$17.1mn	\$18.8mn	\$22.3mn	\$27.7mn
EBITDA	\$26.3mn	\$27.2mn	\$31.2mn	\$36.0mn
Profit attributable to owners of parent	\$9.4mn	\$13.9mn	\$14.9mn	\$17.3mn

* Calculated at the exchange rate as of July 7, 2025 (\$1 = ¥144.34)

Q9

What is your capital allocation plan during the period of the Medium-Term Management Plan announced in April 2025?

A

We expect to generate over \$152.4 million in cumulative operating cash flow during the five-year period. We will actively pursue growth investments, including strategic investments and M&A, while also enhancing shareholder returns.

The breakdown is as follows:

(1) **Growth investments: Over \$76.2 million**

M&A and investments targeting ROIC of 15% or higher within three years of investment (e.g., strengthening our position in eBook distribution, leveraging our network for profitability improvement, expanding overseas distribution, and adopting advanced technologies such as AI and Web3)

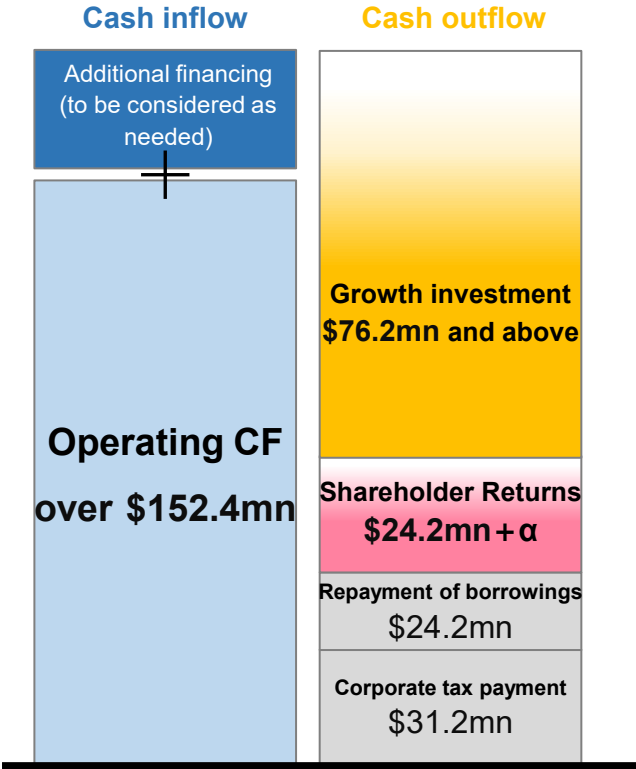
(2) **Shareholder returns: Over \$24.2 million**

Maintaining a total payout ratio of 30% and executing share buybacks flexibly

(3) **Debt repayment: Approximately \$24.2 million**

To largely repay borrowings related to past acquisitions, such as that of Digital Publishing Initiatives Japan in 2017

(4) **Corporate taxes: Approximately \$31.2 million**



* Calculated at the exchange rate as of July 7, 2025 (\$1 = ¥144.34)



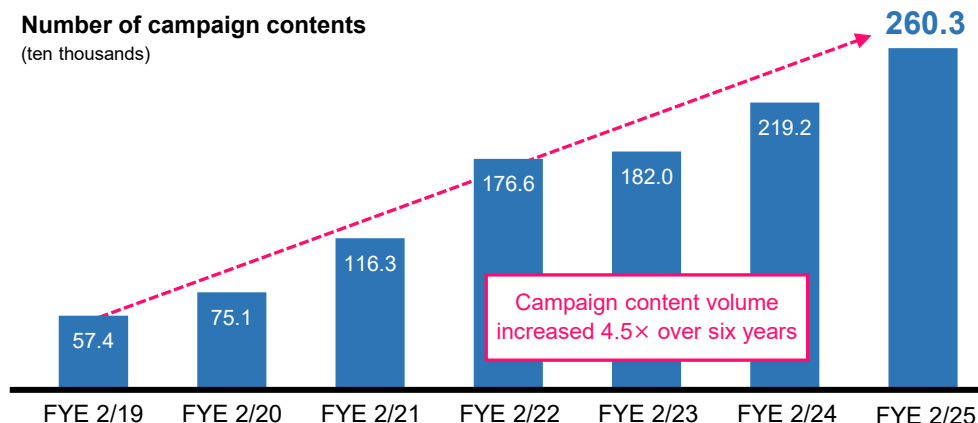
Q10

Do you expect the roughly 40% share of eBook distribution handled via distributors to continue increasing?

A

We believe that the share of eBook distribution via distributors will continue to grow in the future. At the dawn of the eBook market, most transactions were conducted directly between publishers and eBook retailers, but as the market has expanded, the operational burden associated with eBook distribution has increased, and transactions through distributors now account for about 40% of all transactions. The scale of the eBook market in Japan is expanding to approximately \$4.56 billion, and the operational burden is increasing every year due to the diversification of distribution formats, including the increasing number of campaigns and episode distribution. As this growing operational burden creates resource constraints even for major eBook retailers, the need for distributor services is heightening. In this context, we aim to acquire additional distribution channels. Recent examples of newly acquired channels include Piccoma in February 2024 and Mecha Comic in July 2025.

Number of campaign contents
(ten thousands)



* Calculated at the exchange rate as of July 7, 2025 (\$1 = ¥144.34)

Even major eBook retailers face resource crunch due to increased operational burden

Promote purchasing by strengthening sales measures (campaigns, episode distribution, etc.) for continuous sales growth



The need for distributor services is becoming more crucial

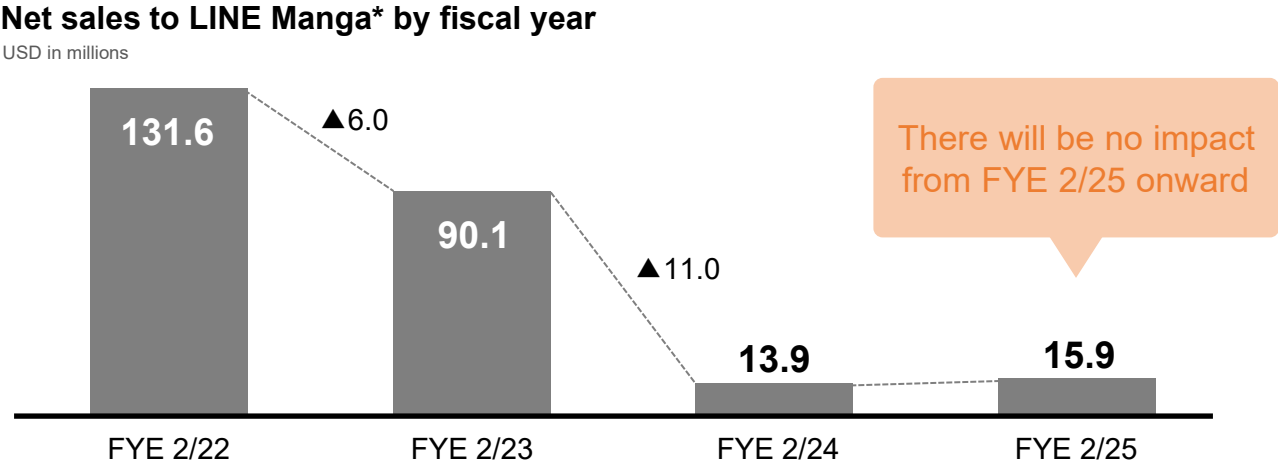
- ✓ Professional distributors reduce operational burdens and accelerate execution
- ✓ Proposal and implementation of sales measures based on market trends and knowledge

Q11

Has the impact of the decline in sales due to the transfer of LINE Manga run its course?

A

Although there was a negative impact of approximately \$41.6 million in FYE 2/23 and approximately \$76.2 million in FYE 2/24, we do not expect any further revenue decline related to the transfer from FYE 2/25 onward. Some transactions, including those with publishers under exclusive contracts, are expected to continue.



* Figures given are for net sales to LINE Digital Frontier Corporation, which operates LINE Manga
* Calculated at the exchange rate as of July 7, 2025 (\$1 = ¥144.34)

Q12

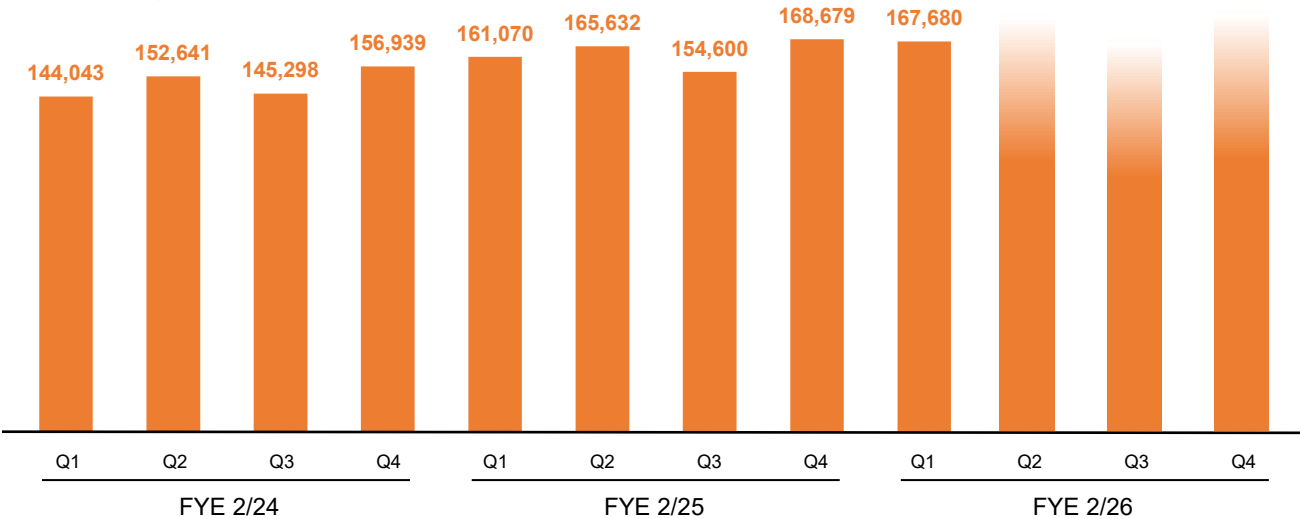
What is the seasonality of sales?

A

Every year, sales tend to be higher in Q2 and Q4, which include long vacations (e.g., summer and winter vacations) that lead to increased sales.

Net sales trends in the eBook Distribution business

(USD in thousands)



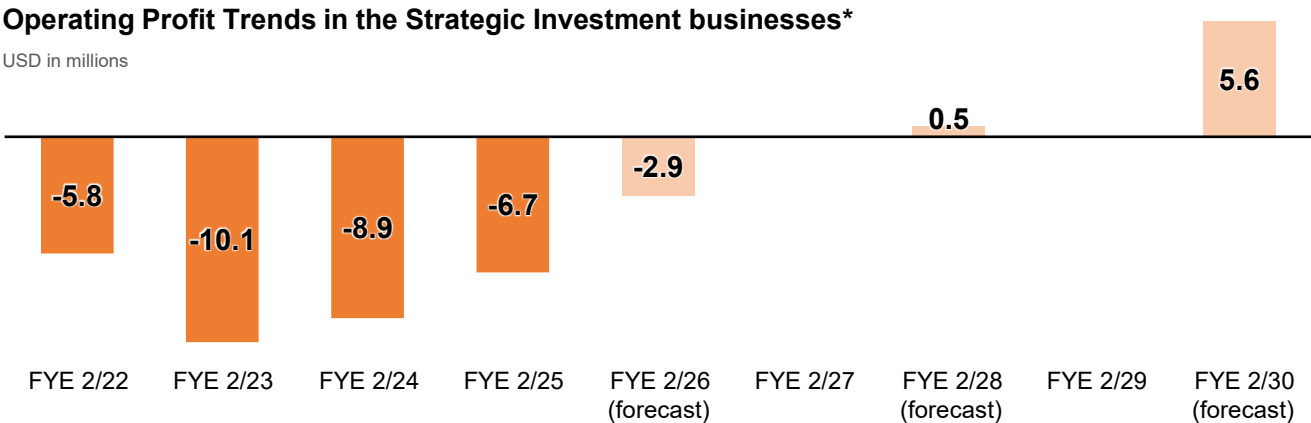
* Calculated at the exchange rate as of July 7, 2025 (\$1 = ¥144.34)

Q13

When do you expect the Strategic Investment Business to turn profitable?

A

We aim to achieve profitability in this segment by FYE 2/28. In FYE 2/25, it recorded an operating loss of \$6.7 million. Key drivers of improvement include: (i) steady growth in enterprise contracts for our SaaS-based Global Business and Flier, (ii) turnaround at NIHONBUNGEISHA, which struggled in FYE 2/24 and FYE 2/25, (iii) portfolio optimization including exits and divestitures from unprofitable businesses. We expect these efforts to yield a profit improvement of over ¥1.0 billion by FYE 2/28.



* Actual results for FYE 2/25 are calculated based on the new sub-segment; operating profit/loss based on the old segment as in FYE 2/23 and FYE 2/24 is -¥994 million.

* Calculated at the exchange rate as of July 7, 2025 (\$1 = ¥144.34)

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Q14 What are the criteria for reviewing the business portfolio?

A

We have set an 8% ROIC standard for the review of our portfolio of businesses. After the third year of acquisition, if the ROIC standard is expected to fall below the standard, the target business will be pivoted, management will be replaced, or the business will be sold or exited. In recent years, we have taken the following initiatives and will continue to promote appropriate review of our business portfolio.

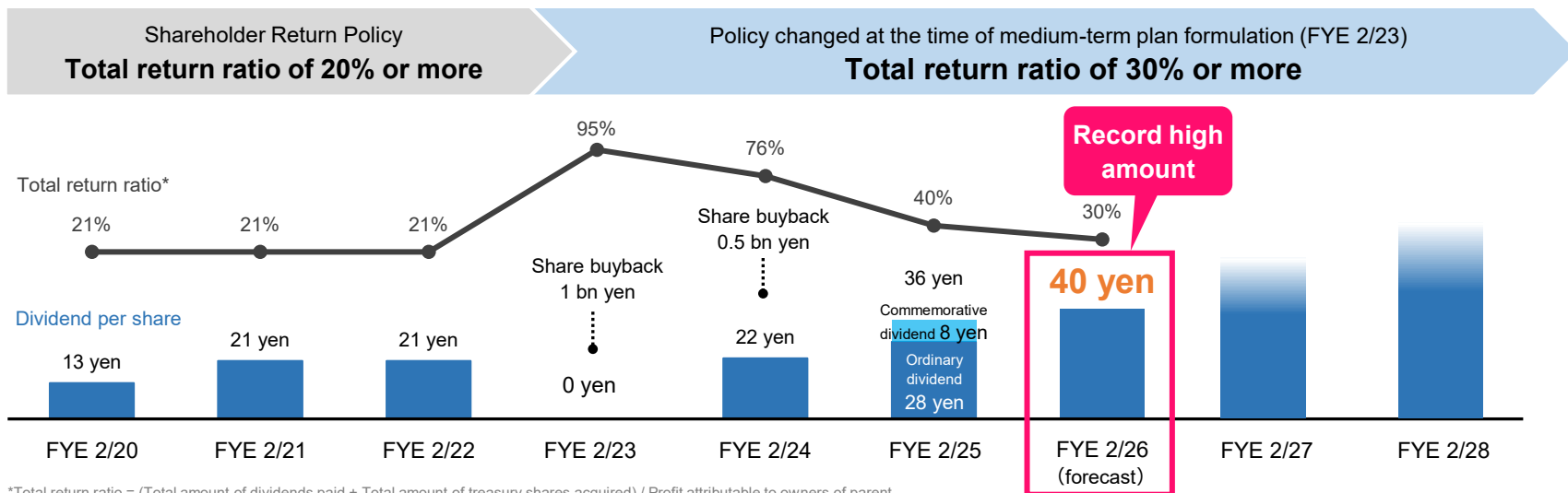
- FYE 2/23: Application for Nagisa's MBO and liquidation of Manga Shimbun
- FYE 2/24: Sale of J-Comic Terrace, changes in NIHONBUNGEISHA's executive structure, withdrawal from the production of original works in cooperation with a Korean studio in the vertical scrolling comics business (focusing on distribution), and sale of investment securities
- FYE 2/25: Change of representative director at NIHONBUNGEISHA, withdrawal from JIVE's print book business (focusing on eBook production and sales), transfer of PUBNAVI business, sale of investment securities, and sale of Everystar



Q15 What is your shareholder return policy going forward?

A

From FYE 2/23, we raised our target total return ratio from 20% to 30% or more. For FYE 2/25, the total return ratio was 40%, consisting of an ordinary dividend of ¥27, a ¥8 commemorative dividend (30th anniversary), and a ¥1 additional dividend based on performance, totaling ¥36 per share (¥546 million in total dividends). For FYE 2/26, we plan to pay ¥40 per share, which will again exceed a 30% total return ratio. While we do not currently plan share buybacks, we will continue to monitor our performance and stock price and respond flexibly as needed.



**Q16**

What is the Company's compliance status with all criteria required to maintain its listing on the Prime Market?

A

As of the end of FYE 2/24 (February 29, 2024), we did not meet the Prime Market standard for market capitalization of tradable shares. However, through initiatives outlined in the “Plan for Compliance with Listing Standards” disclosed on May 24, 2024, we confirmed that we met all criteria as of February 28, 2025. We remain committed to sustainable growth and enhancing corporate value.

See the disclosure “[Notice Regarding Compliance with Listing Maintenance Criteria](#)” issued April 14, 2025, for details.

Forward-looking statement and unaudited information disclaimers

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