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August 31, 2026

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Financial Results FAQs for Q1 FYE 2/27

MEDIA DO Co., Ltd. ("the Company") discloses the main questions received from investors regarding the financial results for the three months ended May 31, 2026, 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, 2026, can be accessed below.

■ Consolidated financial results
URL: https://ssl4.eir-parts.net/doc/3678/ir_material_for_fiscal_ym2/208621/00.pdf

■ Financial results briefing
URL: https://ssl4.eir-parts.net/doc/3678/ir_material_for_fiscal_ym2/208622/00.pdf

■ Video of financial results briefing (Japanese only)
URL: https://mediado.jp/ir/

■ Transcript of presentation
URL: https://finance.logmi.jp/en/articles/385494

Financial Results FAQs

MEDIA DO Co., Ltd.
Financial Results for Q1 FYE 2/27
August 31, 2026

List of FAQs

Financial Results FAQs

Q1 FYE 2/27

Q1 What is your assessment of Q1 FYE 2/27 results?

A

Net sales for Q1 FYE 2/27 reached ¥27.07 billion (+4.1% YoY), operating profit was ¥0.44 billion (-32.6% YoY), and profit attributable to owners of parent was ¥0.12 billion (-84.2% YoY), resulting in increased net sales but lower profits. Despite the decline in profit, progress is tracking ahead of initial expectations.

Net sales: Net sales increased, primarily driven by steady performance in the eBook Distribution business.

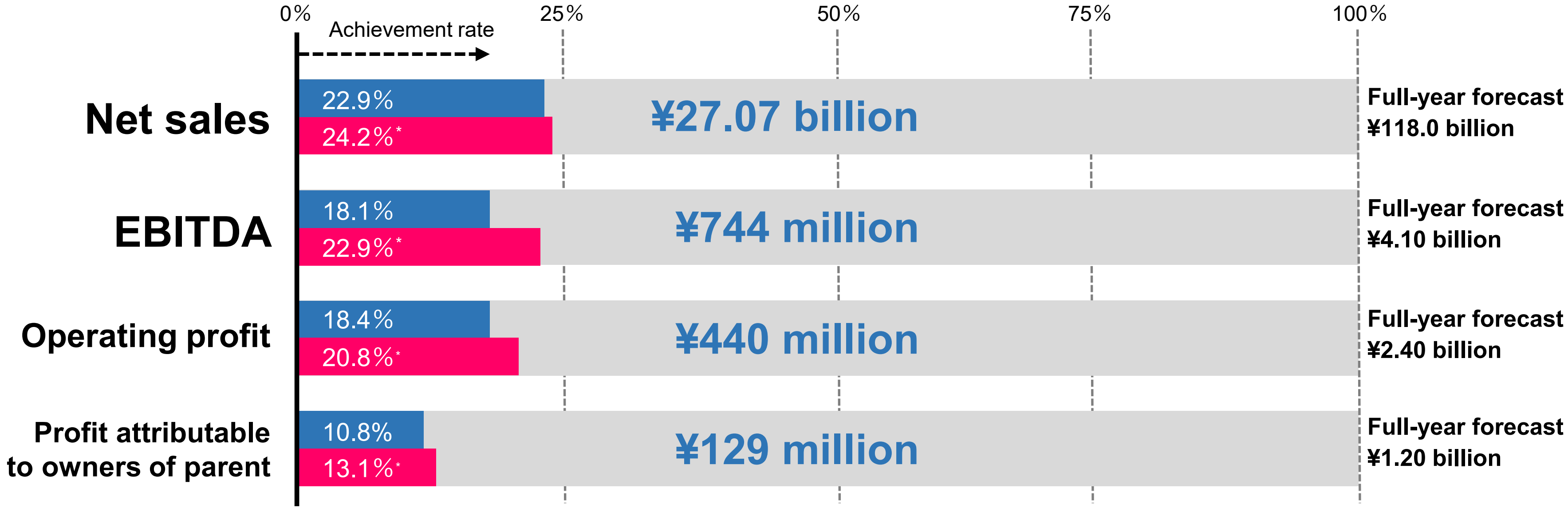
Operating profit: Operating profit declined due to the termination of a high-margin service in the eBook Distribution business in the previous fiscal year (Q3 FYE 2/26), ongoing weak performance at NIHONBUNGEISHA starting from the same quarter, and system development investments.

Profit attributable to owners of parent: The YoY decline was larger compared to other profit line items. This was due to the absence of a gain on the sale of MyAnimeList shares (¥0.53 billion) recorded in Q1 FYE 2/26, combined with acquisition-related expenses (¥0.22 billion) for Seven Seas incurred in March 2026.

	Q1 FYE 2/26	Q1 FYE 2/27	YoY
Net sales	¥26.01 billion	¥27.07 billion	+4.1% (+¥1.06 billion)
EBITDA	¥950 million	¥744 million	-21.7% (-¥206 million)
Operating profit	¥654 million	¥440 million	-32.6% (-¥214 million)
Profit attributable to owners of parent	¥818 million	¥129 million	-84.2% (-¥689 million) Q1 FYE 2/26: Recorded gain on sale of MAL(+¥531 million) Q1 FYE 2/27: Recorded Seven Seas acquisition expenses (-¥217 million)

Q1 What is your assessment of Q1 FYE 2/27 results?

A Our business results exhibit seasonality, with net sales and profits in Q1 typically tending to be lower than in Q2 and Q4, which include long holiday periods. Particularly in FYE 2/27, because the consolidation of Seven Seas' profit and loss (acquired in March 2026) will begin from Q2, the progress rate in Q1 relative to the full-year forecast appears lower than in typical years.



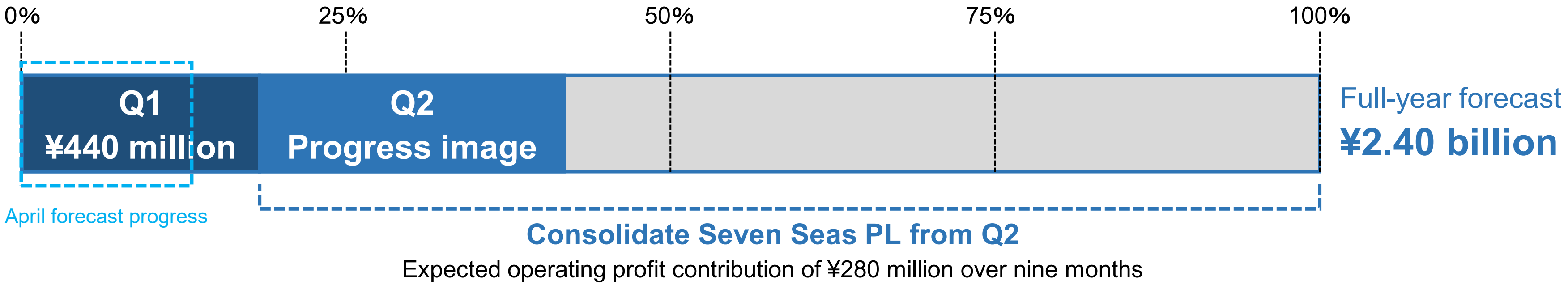
*Progress rates excluding Seven Seas contribution are also shown

Q2 What are the assumptions for operating profit from Q2 FYE 2/27 onward?

A

Operating profit for Q2 FYE 2/27 is projected to decline YoY, as the impact of the termination of a high-margin service in the eBook Distribution business partially remains. However, from Q3 onward, performance is expected to turn to YoY profit growth, supported by the earnings contribution of Seven Seas (consolidated from Q2) and a reduction in operating losses in the Strategic Investment businesses. Progress remains on track toward achieving the full-year forecast (operating profit of ¥2.40 billion).

Assumptions by segment are as follows:
eBook Distribution Business: While Q2 profit is expected to increase compared with Q1 due to seasonality, the impact from the termination of the high-margin service in Q3 FYE 2/26 will linger through Q2 FYE 2/27, leading to a continued YoY decline in profit.
Strategic Investment Businesses: Profit and loss for Seven Seas will be consolidated starting in Q2, with an expected operating profit contribution of ¥0.28 billion over the nine-month period from Q2 through Q4. Furthermore, heading into H2, losses in this segment are expected to narrow as earnings at Flier and TOKUSHIMA GAMBAROUS are seasonally weighted toward H2 and performance at NIHONBUNGEISHA improves.



Q3 What is the growth rate of the distribution business, broken down into existing and new distribution channels?

A

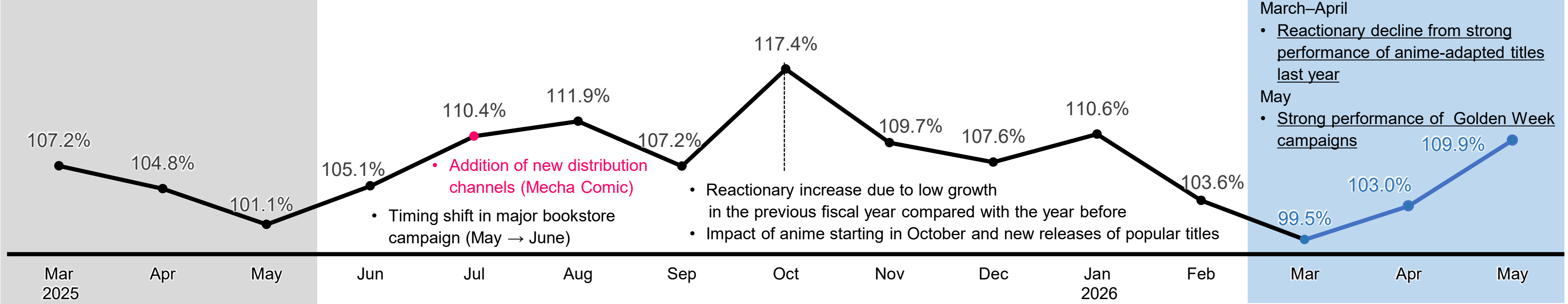
In Q1 FYE 2/27, the net sales growth rate was +4.1% YoY. Broken down, the growth rate in existing distribution channels was -0.2%, while new distribution channels grew +4.3%. Monthly trends and future outlook are as follows:

Q1 FYE 2/27 Trends (March–May): From March to April, sales experienced a rebound decline following strong sales of anime-adapted titles in the same period of the previous fiscal year. On the other hand, performance in May was strong, driven by successful promotional campaigns during Golden Week.

Q2 FYE 2/27 Outlook: A rebound decline is anticipated in comparison with the major campaign conducted by a leading eBook retailer (June) and the launch of a new distribution channel (July) in the same period of the previous fiscal year. Note that monthly growth rates tend to be influenced by factors such as the timing of new volume releases for popular titles, anime adaptations, and major promotional campaigns.

Q1 FYE 2/26	
Growth rate	**+4.2%**
Existing	+3.6%
New*2	+0.5%

Q1 FYE 2/27	
Growth rate	**+4.1%**
Existing	-0.2%
New*2	+4.3%



Q4 What are the details of operating loss in the Strategic Investment businesses in Q1 FYE 2/27, and what is the future outlook?

A

Operating loss in the Strategic Investment businesses for Q1 FYE 2/27 deteriorated YoY, recording an operating loss of ¥0.25 billion. Key factors behind the deterioration and status by business are as follows:

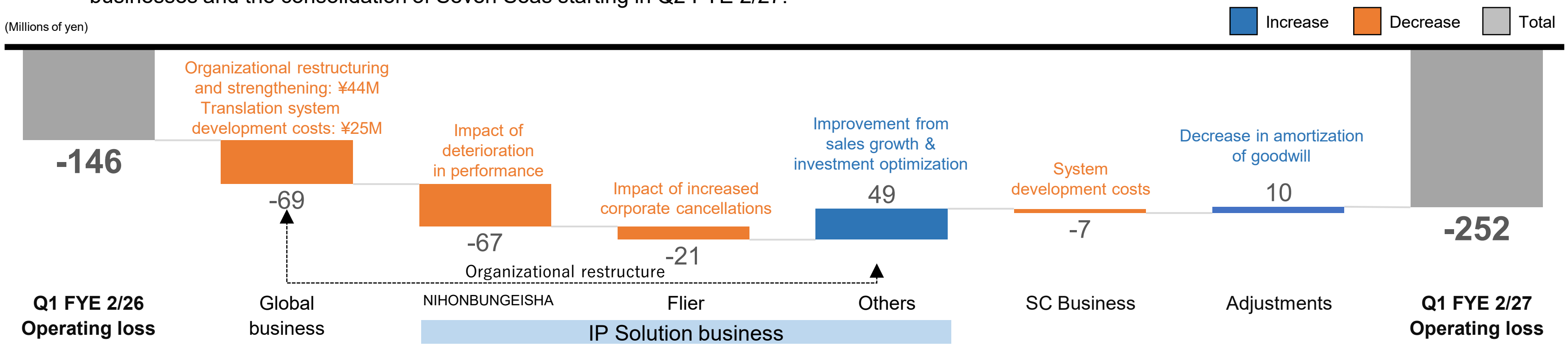
Global Business: Loss deteriorated YoY due to higher expenses associated with organizational restructuring and reinforcement, as well as the recording of development costs for the translation system starting in FYE 2/27.

IP Solution Business:

NIHONBUNGEISHA: While the practical book department remains on an improving trend, profitability in the comic department has deteriorated since Q3 FYE 2/26. We are currently focusing on performance recovery alongside organizational restructuring.

Flier: Profitability deteriorated due to an increase in corporate subscription cancellations; however, M&A executed in FYE 2/26 (AIStep and Zealox) contributed to improving earnings.

Full-Year Outlook for FYE 2/27: Although NIHONBUNGEISHA is expected to remain in a loss as structural reforms continue, overall operating losses in the Strategic Investment businesses are projected to narrow to ¥0.28 billion (an improvement of +¥0.35 billion YoY), supported by earnings improvements in other businesses and the consolidation of Seven Seas starting in Q2 FYE 2/27.



Q5 What are your expectations regarding Seven Seas' recent performance, timing of contribution to consolidated results, and profit scale?

A

Seven Seas' recent performance, impact, and outlook for consolidated results are as follows:

Recent Performance:
In Q1 FY26 (January–March), Seven Seas recorded net sales of ¥2.25 billion and adjusted operating profit of ¥0.53 billion. Performance exceeded initial plans, driven by higher-than-expected sales of deluxe editions in January. On a standalone full-year basis, Seven Seas projects net sales of ¥7.99 billion and adjusted operating profit of ¥1.43 billion (converted at ¥159.93/USD).

Timing of Contribution and Impact on Consolidated Results:
The balance sheet has been consolidated since Q1 FYE 2/27, while profit and loss consolidation will begin in Q2. Due to the company's seasonality, Q2 (April–June) profit typically tends to be lower. For FYE 2/27 (current fiscal year), we expect an operating profit contribution of ¥0.28 billion over a nine-month period. This figure is calculated by taking nine months of Seven Seas' projected operating profit (conservatively assumed at approx. ¥1.35 billion compared to actual results of approx. ¥1.6 billion in FY24) and deducting PMI-related expenses (approx. ¥0.15 billion) and goodwill amortization (approx. ¥0.58 billion).

Financial Results FAQs

Year-round

Q6 What is your financial forecast for FYE 2/27?

A

Our consolidated financial forecast for FYE 2/27 projects net sales of $740.7 million (+8.7% YoY), operating profit of $15.0 million (-2.2% YoY), and profit attributable to owners of parent of $7.5 million (-34.0% YoY) (details of the factors behind changes in operating profit are provided on the following page). Note that the decline in profit attributable to owners of parent is primarily due to the absence of a one-time gain of (+$3.3 million from the sale of MyAnimeList shares, which was recorded in FYE 2/26.

	FYE 2/26 Results	FYE 2/27 Forecast	YoY
Net sales	¥108.53 billion	¥118.0 billion	＋8.7%（+¥9.47 billion）
Operating profit	¥2.45 billion	¥2.40 billion	－2.2%（－0.05 billion）
Ordinary profit	¥2.55 billion	¥2.05 billion	－19.6%（－0.50 billion）
Profit attributable to owners of parent	¥1.81 billion	¥1.20 billion	－34.0%（－¥0.61 billion） Impact of gain on sale of MAL in FYE 2/26: +¥0.53 billion
EBITDA	¥3.66 billion	¥4.10 billion	＋11.8%（+¥0.44 billion）

Q7 What are the factors behind the projected change in operating profit by business segment for FYE 2/27?

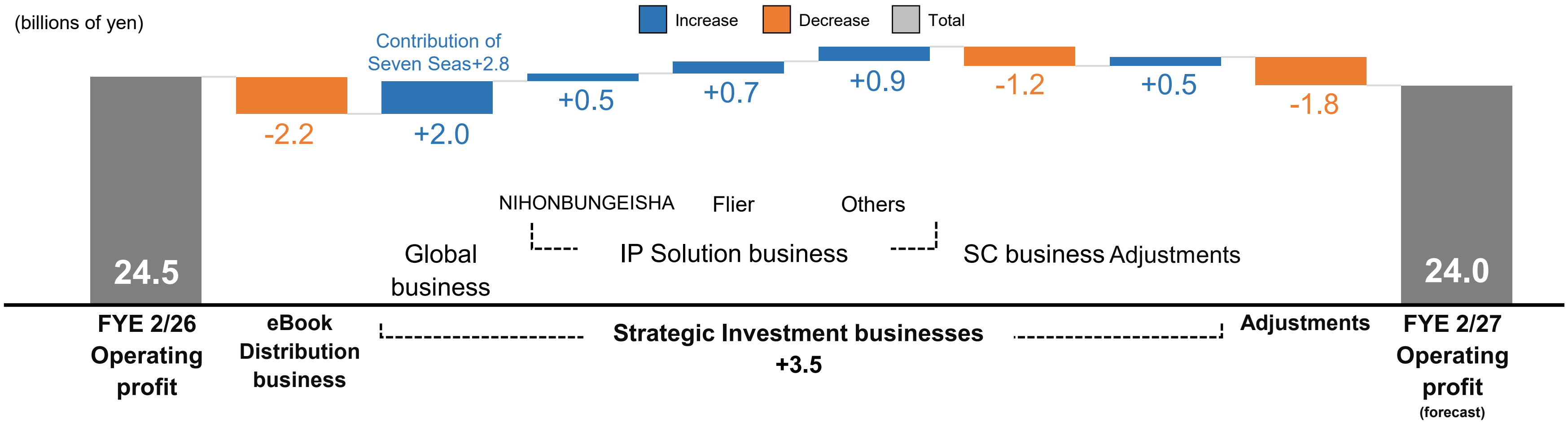
A

We project operating profit for FYE 2/27 to be ¥2.40 billion, a decrease of ¥0.05 billion (-2.2%) year on year. The breakdown is as follows:

eBook Distribution Business [-¥0.22 billion] : Although net sales are expected to increase, profit is projected to decline due to the impact of the termination of a high-margin service in H2 FYE 2/26, as well as investments to strengthen our position as industry infrastructure.

Strategic Investment Businesses [+¥0.35 billion] : Driven by the contribution of Seven Seas from Q2 (9 months), as well as profit improvement mainly in the IP Solution business.

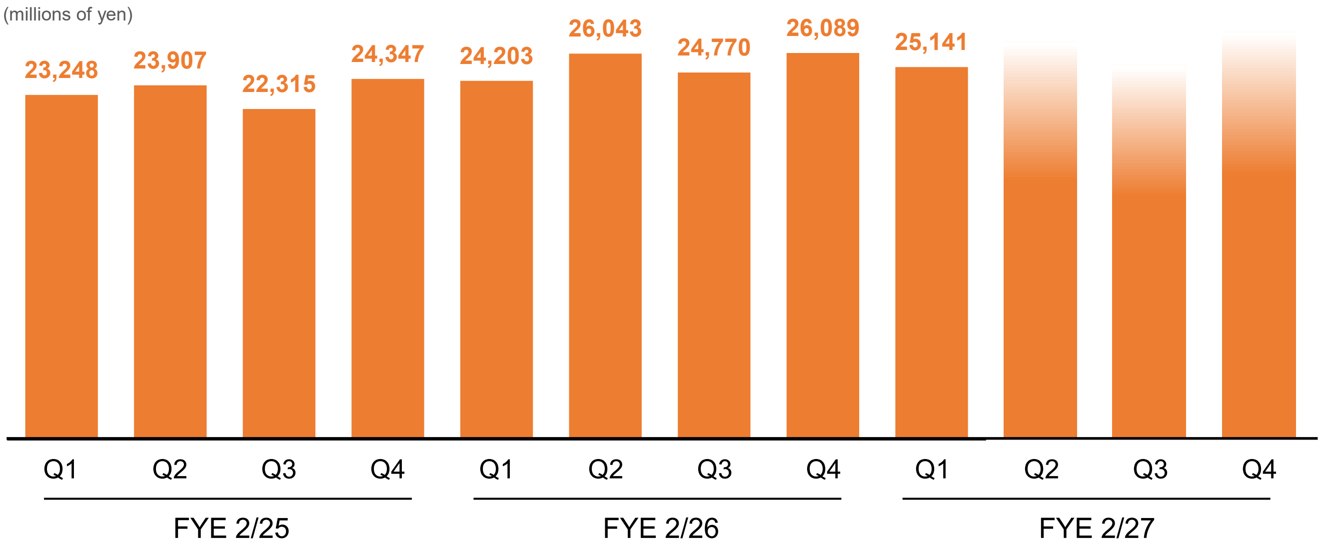
Adjustments (Corporate Expenses) [-¥0.18 billion] : Reflects an increase in corporate expenses, including strengthened cybersecurity measures and organizational enhancements for future growth.



Q8 What is the seasonality of net sales?

A Typically, net sales tend to be higher in Q2 and Q4, which include long holiday periods (such as summer and year-end/new year holidays).

Net sales trends in the eBook Distribution business



Q9 What are the criteria and current status regarding the review of the business portfolio?

A We apply an ROIC threshold of 8% as a criterion for reviewing our business portfolio. If a business is expected to fall below this ROIC threshold in third year following an acquisition, we consider initiatives such as pivoting the business, replacing its management, or pursuing a sale or exit. In recent years, we have taken the following actions, and we will continue to appropriately review and optimize our business portfolio going forward.

	Subsidiaries	Equity-method affiliates	Non-affiliated companies and businesses
FYE 2/24	Sale: J-Comic Terrace	—	Withdrawal: Vertical-scroll comic business (withdrawal from content production) Sale: A.I. Squared
FYE 2/25	Withdrawal: JIVE (Withdrawal from the print book business) Sale: Everystar	—	Sale: PUBNAVI Sale: Music Business Sale: Creatubbles
FYE 2/26	Liquidation: JIVE Sale: ARTRA ENTERTAINMENT	Sale: MyAnimelist Sale: PUBFUN	Sale: StorySoop Sale: MediBang Sale: WCS
FYE 2/27	Acquisition: **Seven Seas Entertainment**	—	Sale: Contents Lab. Blue

Q10 When do you expect the Strategic Investment businesses as a whole to return to profitability?

A

We aim to achieve profitability in this segment by FYE 2/28. In FYE 2/26, the Strategic Investment businesses recorded an operating loss of ¥0.63 billion.
The main factors contributing to profit improvement are: (1) profit contribution from the consolidation of Seven Seas, (2) the turnaround of NIHONBUNGEISHA, and (3) ongoing business portfolio reviews, including exits and divestitures from unprofitable businesses. Based on these initiatives, we expect to achieve a total profit improvement of over ¥0.70 billion compared with FYE 2/26 by FYE 2/28.

Q11 What are the short-term and medium-to-long-term synergies for Seven Seas as a result of joining the MEDIA DO Group?

A

Synergies for Seven Seas are primarily focused on two areas: accelerating digital expansion and strengthening multilingual support and content procurement capabilities.

<Short-term: Accelerating Digital Expansion>
In the Japanese manga market, eBooks account for approximately 75% of total sales, compared with around 10% in the U.S. market. This gap represents a significant growth opportunity. By combining MEDIA DO's expertise in digital distribution with Seven Seas' brand recognition and sales capabilities in English-speaking markets, the MEDIA DO Group aims to accelerate its overseas expansion in the eBook business. In the short term, the Group will leverage MEDIA DO's established relationships with Japanese publishers to expand licensing options within each publisher's overseas strategy, thereby accelerating the global rollout of their titles. In addition, by broadening genres and strengthening the lineup, Seven Seas will enhance its title selection capabilities in line with market demand, supporting sales growth across both print and digital formats.

<Medium-to-long-term: Strengthening Multilingual Support and Content Procurement>
Over the medium to long term, the Group envisions establishing a content supply framework that extends beyond English-speaking markets. In publisher relationships, the Group aims to move beyond existing licensing frameworks toward deeper collaboration, such as co-publishing. Through these initiatives, Seven Seas will secure a stable pipeline of high-quality content and further strengthen the MEDIA DO Group's ability to deliver titles to readers worldwide via its platform.

Q12 What is your shareholder return policy going forward?

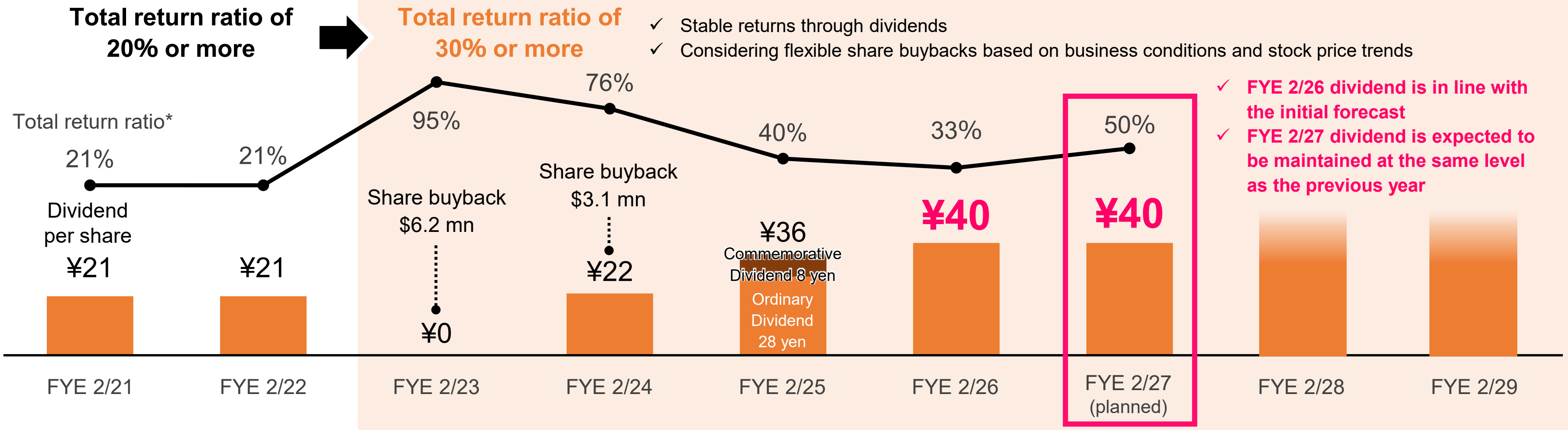
A

Since FYE 2/23, we have raised the total return ratio target from 20% or more to 30% or more and have been working to strengthen shareholder returns.

FYE 2/26 (actual) : The annual dividend per share was ¥40, the highest level to date (total dividend amount: ¥607 million yen), and the total return ratio was 33%.

FYE 2/27 (forecast): Although a decline in profit is expected, we plan to maintain the annual dividend per share at ¥40, the same level as the previous fiscal year, based on confidence in future growth. The total return ratio is expected to be 50%, and we will continue to provide stable dividends.

We do not currently plan to conduct share buybacks; however, we will make flexible decisions based on future performance and share price trends.



Forward-looking statement and unaudited information disclaimers

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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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