

Consolidated Financial Results for the Fiscal Year Ended February 28, 2026 (Based on Japanese GAAP)

Company name: MEDIA DO Co., Ltd.
 Listing: Tokyo Stock Exchange
 Securities code: 3678
 URL: <https://mediado.jp/english/>
 Representative: Yasushi Fujita, President and CEO
 Inquiries: Shoichiro Tokoro, Senior Executive Officer
 Telephone: +81-3-6212-5111
 Scheduled date of the annual general meeting of shareholders: May 27, 2026
 Scheduled date to commence dividend payment: May 12, 2026
 Scheduled date to file annual securities report: May 28, 2026
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefings: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for FYE 2/26 (from March 1, 2025 to February 28, 2026)

(1) Consolidated operating results

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FYE 2/26	108,537	6.5	2,453	(0.9)	2,548	8.0	1,818	33.3
FYE 2/25	101,914	8.4	2,475	19.8	2,360	18.6	1,363	—

(Note) Comprehensive income: FYE 2/26: ¥1,917 million (22.8%); FYE 2/25: ¥1,561 million (-%)

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
	Yen	Yen	%	%	%
FYE 2/26	119.85	—	9.9	4.6	2.3
FYE 2/25	90.08	—	8.1	4.5	2.4

(Reference) Investment profit (loss) on equity method: FYE 2/26: ¥75 million; FYE 2/25: ¥(20 million)

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FYE 2/26	56,926	19,221	33.4	1,253.99
FYE 2/25	53,160	17,708	33.1	1,161.59

(Reference) Equity: FYE 2/26: ¥19,034 million; FYE 2/25: ¥17,599 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FYE 2/26	2,454	(426)	(1,596)	14,014
FYE 2/25	3,931	137	(1,534)	13,591

2. Cash dividends

	Dividends per share (Yen)					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter- end	Second quarter-end	Third quarter- end	Fiscal year- end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FYE 2/24	—	0.00	—	36.00	36.00	546	40.0	3.2
FYE 2/25	—	0.00	—	40.00	40.00	607	33.4	3.3
FYE 2/26 (forecast)	—	0.00	—	40.00	40.00		50.6	

(Note) For the annual dividend (forecast) for FYE 2/27 and the Company's profit distribution policy, please refer to "1. Overview of operating results (5) Basic policy of profit distribution and dividends for the current and next fiscal years" on page 10 of the attached document.

3. Consolidated financial forecasts for FYE 2/27 (from March 1, 2026 to February 28, 2027)

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	118,000	8.7	2,400	(2.2)	2,050	(19.6)	1,200	(34.0)	79.05

(Note) Consolidated financial forecasts for the first half of the fiscal year are omitted because the Company manages its operations on an annual basis. For details, please refer to "1. Overview of operating results (4) Future outlook" on page 8 of the attached document.

* Notes

(1) Significant changes in the scope of consolidation during the period : Yes

Newly included: 2 companies (AISTep Inc. and Zealox inc.)

Excluded: 2 companies (ARTRA ENTERTAINMENT Inc. and JIVE Ltd.)

Note: For details, please refer to "3. Consolidated financial statements and notes (5) Notes on consolidated financial statements (Notes on changes in the scope of consolidation or application of the equity method)" on page 20 of the attached document.

(2) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

Note: For details, please refer to "3. Consolidated financial statements and notes (5) Notes on consolidated financial statements (Notes on the going concern assumption)" on page 20 of the attached document.

(3) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

(ii) Number of treasury shares at the end of the period

(iii) Average number of shares outstanding during the period

FYE 2/26	15,205,174 shares	FYE 2/25	15,172,972 shares
FYE 2/26	26,148 shares	FYE 2/25	21,705 shares
FYE 2/26	15,169,291 shares	FYE 2/25	15,137,989 shares

(Reference) Overview of non-consolidated financial results

Non-consolidated financial results for FYE 2/26 (from March 1, 2025 to February

(1) Non-consolidated operating results

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FYE 2/26	101,972	7.4	2,810	(10.5)	2,851	(14.2)	1,299	(32.1)
FYE 2/25	94,944	8.4	3,139	9.8	3,324	15.3	1,913	209.6

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
FYE 2/26	85.55	—
FYE 2/25	126.27	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FYE 2/26	54,288	19,443	35.8	1,278.24
FYE 2/25	51,740	18,538	35.8	1,222.12

(Reference) Equity: FYE 2/26: ¥19,425 million; FYE 2/25: ¥18,538 million

* Financial results reports are exempt from audit conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

(Cautionary statement regarding forward-looking statements)

The forward-looking statements in this document are based on information currently available to the Company and certain assumptions that the Company considers reasonable. Please refer to "1. Overview of operating results" on page 5 of the attached document for the assumptions used in forecasting business results and precautions regarding the use of business results forecasts.

(How to obtain supplementary information on financial results)

The Company will hold a financial results briefing for institutional investors and analysts on April 15, 2026. The presentation materials will be disclosed via TDnet after the meeting.

Table of contents of the attachment

1. Overview of operating results.....	5
(1) Overview of operating results for the current fiscal year.....	5
(2) Overview of financial position for the current fiscal year.....	6
(3) Overview of cash flows for the current fiscal year.....	7
(4) Future outlook.....	8
(5) Basic policy of profit distribution and dividends for the current and next fiscal years.....	10
2. Basic policy on the selection of accounting standards.....	11
3. Consolidated financial statements and notes.....	12
(1) Consolidated balance sheet.....	12
(2) Consolidated statements of income and comprehensive income.....	14
(Consolidated statements of income).....	14
(Consolidated statements of comprehensive income).....	15
(3) Consolidated statements of change in net assets.....	16
(4) Consolidated statements of cash flows.....	18
(5) Notes on consolidated financial statements.....	20
(Notes on the going concern assumption).....	20
(Notes on changes in the scope of consolidation or application of the equity method).....	20
(Notes on changes in accounting policies).....	20
(Notes on changes in presentation).....	20
(Notes on segment information).....	21
(Notes on per share information).....	25
(Notes on significant subsequent events).....	26

1. Overview of operating results

(1) Overview of operating results for the current fiscal year

(Millions of yen)

	Full-Year of FYE 2/25 (March 1, 2024 – February 28, 2025)	Full-Year of FYE 2/26 (March 1, 2025 – February 28, 2026)	Year on year change	
			Amount of increase/decrease	Percentage change
Net sales	101,914	108,537	6,623	6.5%
eBook Distribution Business	93,818	101,107	7,288	7.8%
Strategic Investment Businesses	9,417	8,716	(700)	(7.4%)
Adjustment amount	(1,321)	(1,286)	35	—
Operating profit	2,475	2,453	(21)	(0.9%)
eBook Distribution Business	4,980	4,919	(61)	(1.2%)
Strategic Investment Businesses	(953)	(631)	322	—
Adjustment amount	(1,551)	(1,833)	(282)	—
Profit attributable to owners of parent	1,363	1,818	454	33.3%

The MEDIA DO Group operates with the mission of "unleashing a virtuous cycle of literary creation" by distributing copyrighted works as broadly as possible under fair conditions and returning profits to creators. Guided by the vision of "MORE CONTENT FOR MORE PEOPLE!," we are committed to expanding our business operations and enhancing corporate value, thereby contributing to the development of culture and the creation of a richer society in Japan.

In line with Article 1 of Chapter 1, General Provisions of the Japanese Copyright Act, which states that "works contributes to cultural development" and emphasizes the "balance between the use and protection of creations," we are dedicated to delivering a wide range of digitized copyrighted works to as many people as possible, ensuring fair compensation to creators for their use, and promoting a healthy cycle of creative content.

In the current consolidated fiscal year, consolidated net sales increased. This growth was driven by steady performance in existing distribution channels in the eBook Distribution business and the contribution of new distribution channels that launched in July 2025. Regarding operating profit, while the Strategic Investment businesses led by the IP Solution business improved their profitability, overall operating profit decreased slightly year-on-year. This decline resulted from the termination of high-margin services in the eBook Distribution business and system development costs for overseas expansion, which had been under development since the beginning of the period. Profit attributable to owners of parent significantly exceeded the previous year's level, primarily due to a gain on the sale of shares in MyAnimeList Co., Ltd., an equity-method affiliate.

As a result, for the current consolidated fiscal year, net sales were ¥108,537 million (up 6.5% YoY), operating profit was ¥2,453 million (down 0.9% YoY), and profit attributable to owners of parent was ¥1,818 million (up 33.3% YoY).

Segment results are as follows.

Effective from the current consolidated fiscal year, the Company reclassified the SC (Sustainability Creation) business under the Strategic Investment businesses segment in conjunction with the launch of the new Medium-Term Management Plan. Accordingly, comparative figures for the same period of the previous fiscal year have been restated based on this new segment classification.

(eBook Distribution Business)

In the eBook Distribution business, as Japan's largest eBook distributor, the Group continued to provide eBook distribution and content delivery solutions to eBook retailers such as "Comic Cmoa" and "Amazon Kindle." As of February 28, 2026, we partner with more than 2,200 publishers and over 150 eBook retailers, handle over 3.26 million content files, and manage more than 20,000 promotional campaigns annually with publishers and eBook retailers. As the eBook market continues to expand, the number of titles and promotional campaigns handled by publishers and eBook retailers continues to grow, leading to increased operational costs for eBook distribution each year. Under these circumstances, the value of eBook distributors is becoming increasingly critical. In response, we are working to expand our market share and grow the eBook market itself by enhancing core system integration with our business partners and developing new systems tailored to evolving partner needs such as episode-based distribution management systems. We

also provide detailed support based on our accumulated expertise to improve operational efficiency and reduce the incidence of distribution errors.

In the current consolidated fiscal year, net sales increased due to strong performance in existing distribution channels, particularly major retailers, and the contribution of "Mecha Comic," which launched in July 2025. Conversely, segment profit decreased due to the impact of terminating high-margin services, although the scale of this decrease was narrower than initially expected due to the positive impact of higher sales.

As a result, net sales were ¥101,107 million (up 7.8% YoY), and segment profit was ¥4,919 million (down 1.2% YoY).

(Strategic Investment Businesses)

In the Strategic Investment businesses, we focus on three core areas as key businesses for the medium to long term: the Global business, IP Solution business, and the SC (Sustainability Creation) business.

In the Global business, net sales increased due to steady growth in SaaS-based DX services for publishers provided by overseas subsidiaries. However, segment profit declined due to higher SG&A expenses associated with strengthening the overall business structure.

In the IP Solution business, we aim to contribute to the expansion of the publishing content market through content creation and multimedia adaptation at NIHONBUNGEISHA Co., Ltd., the provision of book summary services at Flier Inc., audiobook production, and the operation of digital library services. At NIHONBUNGEISHA, while improvements in practical books contributed to sales and profit, we remain focused on improving the comics division. Although profitability improved compared to the previous year, we will continue efforts toward a lean profit structure. Flier, which provides book summary services, increased its revenue through growth in corporate contracts and remained profitable. The Group acquired AISTep Inc. in September 2025 and Zealox Inc. in February 2026 as subsidiaries to strengthen the Group's earning capacity.

In the SC business, we aim to create new value and contribute to building a sustainable society by driving regional revitalization in collaboration with governments and financial institutions. "TOKUSHIMA GAMBAROUS," a men's professional basketball team operated by GAMBAROU TOKUSHIMA Co., Ltd., achieved operating profitability in the 2024-2025 season, its second year in the B3 League. The 2025-2026 season, which began in September 2025, also increased in both revenue and profit, reflecting steady growth.

In other areas, the exclusion of Everystar Co., Ltd., which operates a web-novel platform, from the scope of consolidation following a share transfer in February 2025 resulted in a decrease in net sales. However, progress in improvement measures, particularly in the IP Solution business, contributed to improved profitability, narrowing the operating loss compared with the same period of the previous year.

As a result, net sales were 8,716 million yen (down 7.4% YoY), and segment loss was 631 million yen (compared to a segment loss of 953 million yen in the previous year).

(2) Overview of financial position for the current fiscal year

(Assets)

As of February 28, 2026, total assets were ¥56,926 million (up 7.1% YoY), an increase of ¥3,765 million from the end of the previous fiscal year.

Current assets increased by ¥4,041 million from the end of the previous fiscal year to ¥44,001 million (up 10.1% YoY).

This was primarily due to increases of ¥422 million in cash and deposits and ¥3,730 million in trade receivables including notes, accounts receivable, and contract assets.

Non-current assets decreased by ¥275 million from the end of the previous fiscal year to ¥12,924 million (down 2.1% YoY).

This primarily resulted from a decrease of ¥168 million in goodwill within intangible assets.

(Liabilities)

Total liabilities were ¥37,704 million (up 6.4% YoY), an increase of ¥2,252 million from the end of the previous fiscal year.

Current liabilities increased by ¥3,466 million from the end of the previous fiscal year to ¥35,686 million (up 10.8% YoY).

This was mainly due to increases of ¥2,749 million in notes and trade payables and ¥669 million in income taxes payable.

Non-current liabilities decreased by ¥1,213 million from the end of the previous fiscal year to ¥2,017 million (down 37.6% YoY).

This primarily resulted from a decrease of ¥1,129 million in long-term borrowings.

(Net Assets)

Total net assets were ¥19,221 million (up 8.5% YoY), an increase of ¥1,513 million from the end of the previous fiscal year.

This was primarily driven by an increase of ¥1,271 million in retained earnings.

(3) Overview of cash flows for the current fiscal year

As of February 28, 2026, the balance of cash and cash equivalents ("cash") was ¥14,014 million.

The status of each cash flow for the current consolidated fiscal year is as follows:

(Cash flows from operating activities)

Net cash provided by operating activities was ¥2,454 million (down 37.6% YoY).

This was primarily due to ¥2,502 million in profit before income taxes, ¥749 million in depreciation, ¥328 million in impairment losses, ¥464 million in amortization of goodwill, and a ¥2,730 million increase in trade payables, all of which served as factors increasing cash. These were partially offset by a ¥3,832 million increase in trade receivables, which served as a factor decreasing cash.

(Cash flows from investing activities)

Net cash used in investing activities was ¥426 million (compared to ¥137 million provided in the previous year).

The main factors increasing cash were ¥640 million from the sale of investment securities and ¥774 million from the sale of shares of subsidiaries and associates. Conversely, factors decreasing cash included ¥513 million for the purchase of intangible assets, ¥1,053 million for the purchase of investment securities, and ¥368 million for the purchase of shares of subsidiaries resulting in change in scope of consolidation.

(Cash flows from financing activities)

Net cash used in financing activities was ¥1,596 million (compared to ¥1,534 million used in the previous year).

This was primarily due to factors decreasing cash, including ¥1,542 million for repayments of long-term borrowings and ¥546 million for dividends paid, which offset a ¥350 million increase in cash from proceeds from long-term borrowings.

(Reference) Trends in cash flow-related indicators

	FYE 2/22	FYE 2/23	FYE 2/24	FYE 2/25	FYE 2/26
Equity ratio (%)	32.0	32.8	31.4	33.1	33.4
Equity ratio based on market value (%)	75.3	45.2	39.2	45.2	44.0
Interest-bearing debt to cash flow ratio (years)	1.2	3.5	1.7	1.0	1.1
Interest coverage ratio (times)	143.8	58.6	100.5	111.1	69.2

Equity ratio: Equity / Total assets

Equity ratio based on market value: Market capitalization / Total assets

Interest-bearing debt to cash flow ratio: Interest-bearing debt / Cash flow

Interest coverage ratio: Cash flow / Interest expense

(Notes) 1. Cash flows refers to operating cash flow.

2. Interest-bearing debt includes all liabilities recorded on the balance sheet for which interest is paid.

(4) Future outlook

The domestic eBook market in Japan has continued to expand even after the significant growth driven by stay-at-home demand during the pandemic, reaching approximately ¥670 billion in fiscal 2024. While the growth rate is expected to slow compared to previous years as the market matures, sustainable growth will continue, with the market projected to reach approximately ¥800 billion by fiscal 2029 (Source: eBook Marketing Report 2025 on Japanese Market, Impress Research Institute).

Meanwhile, the global eBook market exceeded ¥2 trillion in 2024 and is expected to keep expanding (Source: 2025 White Paper on Information and Communications in Japan, Ministry of Internal Affairs and Communications). Furthermore, unlike the Japanese eBook market, which is centered on manga, international markets are largely composed of text-based content. In some regions, the audiobook market has grown to a scale comparable to the eBook market. Additionally, with the spread of video streaming services, a wide variety of Japanese video works, including anime, are now being released simultaneously worldwide in multiple languages. This has led to a global surge in interest in the original manga and novels upon which these works are based.

The Group continues to uphold its vision of "MORE CONTENT FOR MORE PEOPLE!" and is promoting a five-year Medium-Term Management Plan starting from the fiscal year ended February 28, 2026, to leverage these environmental changes as growth drivers to enhance corporate value. We aim to become a leader in the global growth of the Japanese publishing industry by evolving our content distribution solutions. This includes not only manga, which currently drives the domestic eBook market, but also text-based content and audiobooks both in Japan and overseas. We have positioned the fiscal year ending February 28, 2027, which is the second year of the plan, as a year to solidify our growth foundation. During this period, we will focus on both further strengthening trust with domestic publishers in the eBook Distribution business and accelerating the global expansion of Seven Seas Entertainment, LLC, which we acquired in March 2026.

In the eBook Distribution business, as Japan's largest eBook distributor, our greatest strength lies in our dominant business foundation built with more than 2,200 publishers and over 150 eBook retailers. Moving forward, we will strengthen our workforce to provide even more customer-centric support. Furthermore, we will increase investments in developing BI tools that allow publishers to integrate and analyze their own sales data, as well as in enhancing security systems which are critical challenges for the entire publishing industry. Through these initiatives, we aim to further expand the scope of our contribution and market share, establishing an undisputed position as the No. 1 eBook distributor.

Regarding overseas expansion (the Global business), we will broaden the scope of our contribution to distribute Japanese content to "as many people as possible." In March 2026, the Group acquired Seven Seas Entertainment, LLC, a U.S. publisher that boasts one of the world's largest annual numbers of Japanese titles published (for details, please refer to the "Notice Regarding the Acquisition of Membership Interests in Seven Seas Entertainment, LLC (Conversion to a Consolidated Subsidiary)" announced on March 2, 2026, and "(Correction and progress of disclosed matters) Notice regarding the acquisition of membership interests in Seven Seas Entertainment, LLC (conversion to a consolidated subsidiary)" announced on March 11, 2026.) For the next fiscal year, we will complete the post-merger integration (PMI) of this company and focus on building an organizational structure to maximize group synergies, including with our U.S. subsidiary, Media Do International, Inc., to achieve rapid business expansion.

By enhancing and integrating these functions across the Group, we will maximize the value of content from domestic publishers. We aim to establish ourselves as a unique infrastructure that supports distribution both in Japan and overseas through a seamlessly integrated system, thereby contributing to the further development of the entire publishing industry.

In the SC (Sustainability Creation) business, we are expanding our entrepreneur support initiatives nationwide, using our successful model in Tokushima as a starting point. Currently, the establishment of Innovation Bases (IB) is underway in 26 prefectures across Japan, including those in the preparation stage. In the "second phase" which IB will transition to starting next fiscal year, we will further engage key local institutions such as governments, media, financial institutions, and universities. By deepening collaboration with other nationwide organizations, we aim to build a system that autonomously nurtures the entrepreneurs essential for regional revitalization, while establishing our position as a growth engine for local economies.

While building this structure to expand focus areas, we will also continue to review our business portfolio. We are committed to maximizing the corporate value of the Group by maintaining disciplined investment and efficient operations, with a constant focus on cost of capital and capital profitability. During the current consolidated fiscal year, we proceeded with the sale or liquidation of a total of seven affiliates and investees, including MyAnimeList. In the next fiscal year, we will continue our dialogue with affiliates to determine the optimal partnership structures that maximize mutual growth.

As stated above, we will prioritize specific investments in our core focus businesses. Consequently, for the consolidated earnings forecast for the fiscal year ending February 28, 2027, although net sales are expected to increase steadily, each level of profit is projected to decrease. This is due to the strategic upfront investments required to secure future revenue streams. Details are as follows.

(Millions of yen)

	Full-Year Results for FYE 2/26 (March 1, 2025 – February 28, 2026)	Full-Year Forecast for FYE 2/27 (March 1, 2026 – February 28, 2027)	Year on year change	
			Amount of increase/decrease	Percentage change
Net sales	108,537	118,000	9,462	8.7%
eBook Distribution Business	101,107	104,100	2,992	3.0%
Strategic Investment Businesses	8,716	15,200	6,484	74.4%
Adjustments	(1,286)	(1,300)	(13)	—
Operating profit	2,453	2,400	(53)	(2.2%)
eBook Distribution Business	4,919	4,690	(229)	(4.7%)
Strategic Investment Businesses	(631)	(280)	351	—
Adjustments	(1,833)	(2,010)	(176)	—
Profit attributable to owners of parent	1,818	1,200	(618)	(34.0%)

(5) Basic policy on profit distribution and dividends for the current and next fiscal years

The Company recognizes the return of profits to shareholders as an important management goal, while also considering investments necessary for future sustainable growth and the strengthening of the management foundation as important management issues. Therefore, our basic policy is to pay dividends based on a comprehensive assessment of the management condition, including financial position and performance trends, while ensuring internal reserves. Based on this policy, the Company aims for a total payout ratio (Note 1) of 30% or more through dividend payments and share buybacks.

Regarding the year-end dividend for the current fiscal year, the Company plans to pay ¥40 per share (an increase of ¥4 from the previous fiscal year), as initially forecast. The total payout ratio is expected to be 33.4%. This matter is scheduled to be resolved at the Board of Directors meeting to be held on April 23, 2026.

Regarding the return of profit for the next fiscal year ending February 28, 2027, consolidated profit is expected to decrease because of proactive upfront investments to further expand domestic market share in the eBook Distribution business and to expand business through global development centered on Seven Seas. However, the Group has a solid business foundation including more than 2,200 domestic publishers, and we are confident that this series of investments will directly lead to the enhancement of corporate value over the medium to long term. Based on this confidence in future performance growth, the Company has decided to maintain the annual dividend at ¥40 per share for the next fiscal year to continue stable profit distribution to shareholders. We will continue to strive for improved capital efficiency and appropriate profit distribution to shareholders, including flexible share buybacks based on a comprehensive perspective such as financial conditions and share price trends.

(Reference)

	FYE 2/24	FYE 2/25	FYE 2/26	FYE 2/27 (forecast)
Year-end dividend	¥22	¥36	¥40 (Note 2)	¥40
Share buybacks	¥500 million	—	—	TBD
Total payout ratio (Note 1)	— (Note 3)	40.0%	33.4%	50.6%
Dividend payout ratio	— (Note 3)	40.0%	33.4%	50.6%

(Notes)

*1. Total return ratio = (Total amount of dividends paid + Total amount of treasury shares acquired) / Profit attributable to owners of parent.

*2. To be resolved at the Board of Directors meeting scheduled to be held on April 23, 2026.

*3. The total return ratio and dividend payout ratio are not calculated because profit attributable to owners of parent is in a deficit. However, the total return ratio against the forecast profit attributable to owners of parent of ¥1,100 million at the beginning of the fiscal year is 75.7%, and the dividend payout ratio is 30.2%.

2. Basic policy on the selection of accounting standards

The Group intends to prepare its consolidated financial statements in accordance with Japanese GAAP for the time being, taking into account the comparability of financial statements over time and across different companies.

Regarding the future, the Group intends to proceed with the adoption of International Financial Reporting Standards (IFRS), considering trends in the ratio of foreign shareholders and the adoption of IFRS by peer companies in Japan.

3. Consolidated financial statements and notes

(1) Consolidated balance sheets

(Millions of yen)

	As of February 28, 2025	As of February 28, 2026
Assets		
Current assets		
Cash and deposits	13,591	14,014
Notes and accounts receivable - trade, and contract assets	24,033	27,764
Other	2,335	2,224
Allowance for doubtful accounts	(0)	(0)
Total current assets	39,960	44,001
Non-current assets		
Property, plant and equipment		
Buildings	737	704
Tools, furniture and fixtures	286	212
Other	60	47
Accumulated depreciation	(502)	(494)
Total property, plant and equipment	582	469
Intangible assets		
Goodwill	4,198	4,029
Software	624	587
Software in progress	9	28
Other	1,207	1,152
Total intangible assets	6,039	5,798
Investments and other assets		
Investment securities	5,669	5,714
Deferred tax assets	310	382
Guarantee deposits	468	447
Other	135	146
Allowance for doubtful accounts	(7)	(34)
Total investments and other assets	6,577	6,656
Total non-current assets	13,199	12,924
Total assets	53,160	56,926

(Millions of yen)

As of February 28, 2025 As of February 28, 2026

Liabilities		
Current liabilities		
Notes and accounts payable - trade	28,273	31,022
Short-term borrowings	52	55
Current portion of long-term borrowings	1,455	1,418
Income taxes payable	27	696
Provision for bonuses	42	42
Other	2,369	2,451
Total current liabilities	32,220	35,686
Non-current liabilities		
Long-term borrowings	2,358	1,228
Deferred tax liabilities	81	67
Retirement benefit liability	621	578
Other	169	143
Total non-current liabilities	3,231	2,017
Total liabilities	35,451	37,704
Net assets		
Shareholders' equity		
Share capital	5,990	6,019
Capital surplus	5,901	5,961
Retained earnings	4,645	5,916
Treasury shares	(48)	(48)
Total shareholders' equity	16,488	17,849
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	127	199
Foreign currency translation adjustment	984	986
Total accumulated other comprehensive income	1,111	1,185
Share acquisition rights	—	22
Non-controlling interests	108	165
Total net assets	17,708	19,221
Total liabilities and net assets	53,160	56,926

(2) Consolidated statements of income and comprehensive income

(Consolidated statements of income)

(Millions of yen)

	FYE 2/25 (March 1, 2024 – February 28, 2025)	FYE 2/26 (March 1, 2025 – February 28, 2026)
Net sales	101,914	108,537
Cost of sales	91,662	98,714
Gross profit	10,252	9,823
Selling, general and administrative expenses	7,777	7,369
Operating profit	2,475	2,453
Non-operating income		
Interest and dividend income	37	54
Foreign exchange gains	—	51
Share of profit of entities accounted for using equity method	—	75
Other	14	7
Total non-operating income	51	189
Non-operating expenses		
Interest expenses	35	35
Share issuance costs	3	0
Foreign exchange losses	3	—
Loss on investments in investment partnerships	33	3
Share of loss of entities accounted for using equity method	20	—
Donations	54	54
Other	16	1
Total non-operating expenses	166	95
Ordinary profit	2,360	2,548
Extraordinary income		
Gain on sale of non-current assets	2	—
Gain on sale of investment securities	31	152
Gain on sale of shares of subsidiaries and associates	21	653
Gain on sale of businesses	18	—
Gain on liquidation of subsidiaries and associates	—	35
Total extraordinary income	72	841
Extraordinary losses		
Impairment losses	482	328
Loss on valuation of investment securities	45	528
Loss on liquidation of business	23	—
Settlement payments	—	29
Total extraordinary losses	551	887
Profit before income taxes	1,882	2,502
Income taxes - current	355	752
Income taxes - deferred	157	(93)
Total income taxes	512	659
Profit	1,370	1,843
Profit attributable to non-controlling interests	6	25
Profit attributable to owners of parent	1,363	1,818

(Consolidated statements of comprehensive income)

(Millions of yen)

	FYE 2/25 (March 1, 2024 – February 28, 2025)	FYE 2/26 (March 1, 2025 – February 28, 2026)
Profit	1,370	1,843
Other comprehensive income		
Valuation difference on available-for-sale securities	(65)	71
Foreign currency translation adjustment	259	1
Share of other comprehensive income of entities accounted for using equity method	(2)	0
Total other comprehensive income	191	73
Comprehensive income	1,561	1,917
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,554	1,891
Comprehensive income attributable to non-controlling interests	6	25

(3) Consolidated statements of change in net assets

FYE 2/25 (From March 1, 2024 to February 28, 2025)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,959	5,737	3,614	(48)	15,262
Changes during period					
The issuance of shares certain transfer restrictions	30	30			61
Dividends of surplus			(332)		(332)
Profit (loss) attributable to owners of parent			1,363		1,363
Capital increase of consolidated subsidiaries		96			96
Sale of shares of consolidated subsidiaries		36			36
Net changes in items other than shareholders' equity					—
Total changes during period	30	163	1,030	—	1,225
Balance at end of period	5,990	5,901	4,645	(48)	16,488

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	195	725	920	25	16,208
Changes during period					
The issuance of shares certain transfer restrictions			—		61
Dividends of surplus			—		(332)
Profit (loss) attributable to owners of parent			—		1,363
Capital increase of consolidated subsidiaries			—		96
Sale of shares of consolidated subsidiaries			—		36
Net changes in items other than shareholders' equity	(67)	259	191	82	274
Total changes during period	(67)	259	191	82	1,499
Balance at end of period	127	984	1,111	108	17,708

FYE 2/26 (From March 1, 2025 to February 28, 2026)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,990	5,901	4,645	△48	16,488
Changes during period					
The issuance of shares certain transfer restrictions	28	28			57
Dividends of surplus			(546)		(546)
Profit (loss) attributable to owners of parent			1,818		1,818
Capital increase of consolidated subsidiaries		31			31
Net changes in items other than shareholders' equity					—
Total changes during period	28	60	1,271	—	1,360
Balance at end of period	6,019	5,961	5,916	△48	17,849

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	127	984	1,111	—	108	17,708
Changes during period						
The issuance of shares certain transfer restrictions			—			57
Dividends of surplus			—			△546
Profit (loss) attributable to owners of parent			—			1,818
Capital increase of consolidated subsidiaries			—			31
Net changes in items other than shareholders' equity	71	1	73	22	56	152
Total changes during period	71	1	73	22	56	1,513
Balance at end of period	199	986	1,185	22	165	19,221

(4) Consolidated statements of cash flows

(Millions of yen)

	FYE 2/25 (March 1, 2024 – February 28, 2025)	FYE 2/26 (March 1, 2025 – February 28, 2026)
Cash flows from operating activities		
Profit before income taxes	1,882	2,502
Depreciation	657	749
Impairment losses	482	328
Amortization of goodwill	657	464
Increase (decrease) in allowance for doubtful accounts	(0)	27
Increase (decrease) in provision for bonuses	(0)	6
Increase (decrease) in retirement benefit liability	(7)	(41)
Interest and dividend income	(37)	(54)
Interest expenses	35	35
Loss (gain) on valuation of investment securities	45	528
Loss (gain) on investments in investment partnerships	33	3
Loss (gain) on sale of investment securities	(31)	(152)
Loss (gain) on sale of shares of subsidiaries and associates	(21)	(653)
Share of loss (profit) of entities accounted for using equity method	20	(75)
Decrease (increase) in trade receivables	(794)	(3,832)
Increase (decrease) in advances received	(15)	74
Decrease (increase) in inventories	23	(41)
Decrease (increase) in prepaid expenses	(59)	83
Increase (decrease) in trade payables	2,098	2,730
Increase (decrease) in accounts payable - other	163	(159)
Increase (decrease) in deposits received	(11)	65
Increase (decrease) in accrued consumption taxes	23	(18)
Decrease (increase) in consumption taxes refund receivable	(71)	(201)
Other, net	(18)	15
Subtotal	5,054	2,384
Interest and dividends received	41	58
Interest paid	(35)	(35)
Income taxes paid	(1,222)	(143)
Income taxes refund	93	190
Net cash provided by (used in) operating activities	3,931	2,454
Cash flows from investing activities		
Purchase of property, plant and equipment	(84)	(35)
Purchase of intangible assets	(475)	(513)
Purchase of investment securities	(8)	(1,053)
Proceeds from sale of investment securities	40	640
Proceeds from sale of shares of subsidiaries and associates	—	774
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(368)
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	683	147
Payments of guarantee deposits	(1)	(3)
Proceeds from refund of guarantee deposits	2	8
Other, net	(19)	(23)
Net cash provided by (used in) investing activities	137	(426)

(Millions of yen)

FYE 2/25
(March 1, 2024 – February 28, 2025)

FYE 2/26
(March 1, 2025 – February 28, 2026)

Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(851)	(0)
Proceeds from long-term borrowings	798	350
Repayments of long-term borrowings	(1,426)	(1,542)
Proceeds from issuance of share acquisition rights	—	22
Proceeds from issuance of shares with restriction of transfer	61	57
Proceeds from share issuance to non-controlling shareholders	172	62
Proceeds from sale of shares of subsidiaries not resulting in change in scope of consolidation	44	—
Dividends paid	(332)	(546)
Net cash provided by (used in) financing activities	(1,534)	(1,596)
Effect of exchange rate change on cash and cash equivalents	52	(9)
Net increase (decrease) in cash and cash equivalents	2,587	422
Cash and cash equivalents at beginning of period	11,004	13,591
Cash and cash equivalents at end of period	13,591	14,014

(5) Notes on consolidated financial statements

(Notes on going concern assumption)

None.

(Notes on changes in scope of consolidation or scope of application of the equity method)

(1) Significant changes in the scope of consolidation

In the current consolidated fiscal year, AIStep Inc., of which all shares were acquired by the Company's consolidated subsidiary Flier Inc., has been included in the scope of consolidation. Additionally, Zealox Inc., in which Flier Inc. acquired a 70% stake, has been included in the scope of consolidation. As the deemed acquisition date for Zealox Inc. is February 28, 2026, only its balance sheet has been consolidated for the current consolidated fiscal year.

ARTRA ENTERTAINMENT Inc. has been excluded from the scope of consolidation due to the transfer of all shares held by the Company. Furthermore, JIVE Ltd. has been excluded from the scope of consolidation following the completion of its liquidation.

(2) Significant changes in scope of application of the equity method

MyAnimeList Co., Ltd. and PUBFUN, Inc. have been excluded from the scope of application of the equity method following the transfer of all shares held by the Company.

(Notes on changes in accounting policies)

(Adoption of the "Accounting Standard for Corporate Income Taxes, etc.")

The Company has adopted the "Accounting Standard for Corporate Income Taxes, etc." (ASBJ Statement No. 27, October 28, 2022) and other related standards from the beginning of the current consolidated fiscal year. This change in accounting policy has no impact on the consolidated financial statements.

(Notes on changes in presentation)

(Consolidated Statement of Income)

A portion of the operating expenses related to solution services for the publishing industry at an overseas subsidiary, which were previously recorded as "Selling, general and administrative expenses," are included in "Cost of sales" starting from the current consolidated fiscal year.

This change was made to strengthen the profit and loss management system in anticipation of future business expansion at the overseas subsidiary. By clarifying the correspondence between net sales and cost of sales, the Company aims to provide a more appropriate presentation of gross profit. To reflect this change in presentation, the consolidated statement of income for the previous fiscal year has been reclassified.

As a result, in the consolidated statement of income for the previous fiscal year, ¥834 million that was previously included in "Selling, general and administrative expenses" has been reclassified into "Cost of sales."

(Notes on segment information)

【Segment information】

1. Overview of reportable segments

Reportable segments of the Group are units for which separate financial information is available and whose operating results are regularly reviewed by the Board of Directors for the purpose of allocating management resources and evaluating performance.

The Group has two reportable segments: the eBook Distribution business, which primarily consists of eBook distribution services for domestic eBook retailers, and the Strategic Investment businesses, a group of businesses aimed at creating a second profit pillar by leveraging various networks developed through the distribution business.

Within these segments, revenues related to professional basketball operations at GAMBAROU TOKUSHIMA Co., Ltd. were previously aggregated under "Adjustments" as they did not meet the definition of a business segment. However, following the definition of the SC (Sustainability Creation) business in the new Medium-Term Management Plan starting from the fiscal year ended February 28, 2026, these revenues have been included in the Strategic Investment businesses segment starting from the current consolidated fiscal year.

Segment information for the previous fiscal year has been prepared and disclosed based on the revised reportable segment classifications.

2. Method of calculating net sales, profit or loss, assets, liabilities, and other items by reportable segment

The accounting treatment methods for the reported business segments are generally the same as those described in "Significant basic matters for the preparation of consolidated financial statements."

Profit of reportable segments is based on operating profit.

3. Information on net sales, profit or loss, assets, liabilities, and other items by reportable segment

FYE 2/25 (From March 1, 2024 to February 28, 2025)

	Reportable segments			Reconciling items*2	Per consolidated financial statements*3
	eBook distribution business	Strategic Investment businesses	Total		
Sales					
Revenues from external customers	93,767	8,131	101,899	15	101,914
Transactions with other segments	51	1,285	1,336	(1,336)	—
Net sales	93,818	9,417	103,236	(1,321)	101,914
Segment profit or loss	4,980	(953)	4,026	(1,551)	2,475
Other items					
Amortization of goodwill	253	403	657	—	657
Depreciation	294	340	634	23	657

(Notes) *1. Assets and liabilities by reportable segment are not disclosed as they are not allocated for internal management purposes.

*2. Adjustments to segment profit or loss represent general administrative expenses not attributable to reportable segments.

*3. Segment profit or loss corresponds to operating profit in the consolidated statements of income.

FYE 2/26 (From March 1, 2025 to February 28, 2026)

(Millions of yen)

	Reportable segments			Reconciling items* ²	Per consolidated financial statements* ³
	eBook distribution business	Strategic Investment businesses	Total		
Sales					
Revenues from external customers	101,063	7,454	108,518	19	108,537
Transactions with other segments	44	1,261	1,305	(1,305)	—
Net sales	101,107	8,716	109,823	(1,286)	108,537
Segment profit or loss	4,919	(631)	4,287	(1,833)	2,453
Other items					
Amortization of goodwill	253	210	464	—	464
Depreciation	240	485	725	24	749

(Notes) *1. Assets and liabilities by reportable segment are not disclosed as they are not allocated for internal management purposes.

*2. Adjustments to segment profit or loss represent general administrative expenses not attributable to reportable segments.

*3. Segment profit or loss corresponds to operating profit in the consolidated statements of income.

【Related information】

FYE 2/25 (March 1, 2024 to February 28, 2025)

1. Information by product and service

Information is omitted as similar information is disclosed in segment information.

2. Information by region

(1) Net Sales

Information is omitted because net sales to external customers in Japan exceed 90% of net sales in the consolidated statement of income.

Note: Net sales are categorized by country or region based on the location of end users.

(2) Property, plant and equipment

Information is omitted because the amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment on the consolidated balance sheet.

3. Information by major customers

(Millions of yen)

Name of customer	Net Sales	Related Segment
NTT Solmare Corporation	26,825	eBook Distribution business
Amazon Services International LLC	16,031	eBook Distribution business

FYE 2/26 (March 1, 2025 to February 28, 2026)

1. Information by product and service

Information is omitted as similar information is disclosed in segment information.

2. Information by region

(1) Net Sales

Information is omitted because net sales to external customers in Japan exceed 90% of net sales in the consolidated statement of income.

Note: Net sales are categorized by country or region based on the location of end users.

(2) Property, plant and equipment

Information is omitted because the amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment on the consolidated balance sheet.

3. Information by major customers

(Millions of yen)

Name of customer	Net Sales	Related Segment
NTT Solmare Corporation	29,907	eBook Distribution business
Amazon Services International LLC	17,483	eBook Distribution business

【Impairment losses on non-current assets by reportable segment】

FYE 2/25 (From March 1, 2024 to February 28, 2025)

(Millions of yen)

	Reportable segments			Unallocated amounts and elimination	Total
	eBook Distribution business	Strategic Investment businesses	Total		
Impairment losses	—	482	482	—	482

FYE 2/26 (From March 1, 2025 to February 28, 2026)

(Millions of yen)

	Reportable segments			Unallocated amounts and elimination	Total
	eBook Distribution business	Strategic Investment businesses	Total		
Impairment losses	—	328	328	—	328

【Amortization and balance of goodwill by reportable segment】

FYE 2/25 (From March 1, 2024 to February 28, 2025)

(Millions of yen)

	Reportable segments			Unallocated amounts and elimination	Per consolidated financial statements
	eBook Distribution business	Strategic Investment businesses	Total		
Amortization of goodwill	253	403	657	—	657
Goodwill	3,068	1,130	4,198	—	4,198

FYE 2/26 (From March 1, 2025 to February 28, 2026)

(Millions of yen)

	Reportable segments			Unallocated amounts and elimination	Per consolidated financial statements
	eBook Distribution business	Strategic Investment businesses	Total		
Amortization of goodwill	253	210	464	—	464
Goodwill	2,814	1,215	4,029	—	4,029

【Negative goodwill gains by reportable segment】

FYE 2/25 (From March 1, 2024 to February 28, 2025): None.

FYE 2/26 (From March 1, 2025 to February 28, 2026): None.

(Notes on per share information)

	FYE 2/25 (March 1, 2024 – February 28, 2025)	FYE 2/26 (March 1, 2025 – February 28, 2026)
Net assets per share	1,161.59 yen	1,253.99 yen
Net profit (loss) per share	90.08 yen	119.85 yen

(Note) 1. Diluted net profit per share for the current fiscal year is not presented because there are no dilutive shares.

2. The basis for calculating net assets per share is as follows:

	FYE 2/25 (March 1, 2024 – February 28, 2025)	FYE 2/26 (March 1, 2025 – February 28, 2026)
Total net assets (Millions of yen)	17,708	19,221
Amount deducted from total net assets (millions of yen)	108	187
(Of which stock acquisition rights (millions of yen))	(—)	(22)
(Of which, noncontrolling interests (millions of yen))	(108)	(165)
Net assets related to common stock at the year-end (millions of yen)	17,599	19,034
Number of shares of common stock used in the calculation of net assets per share at the end of the fiscal year (shares)	15,151,267	15,179,026

3. The basis for calculating net profit per share is as follows:

	FYE 2/25 (March 1, 2024 – February 28, 2025)	FYE 2/26 (March 1, 2025 – February 28, 2026)
Net profit (loss) per share		
Net profit (loss) attributable to owners of the parent (millions of yen)	1,363	1,818
Amount not attributable to common shareholders (millions of yen)	—	—
Net profit (loss) attributable to owners of the parent for common stock (millions of yen)	1,363	1,818
Average number of shares of common stock during the period (shares)	15,137,989	15,169,291

(Notes on significant subsequent events)

Business combination through acquisition

At a meeting of the Board of Directors held on March 1, 2026, the Company resolved to acquire all membership interests in Seven Seas Entertainment, LLC, and to make it a subsidiary through the Company's consolidated subsidiary, Media Do International, Inc. On the same date, the Company entered into a membership interest transfer agreement and subsequently acquired all membership interests in the company on March 11, 2026.

(1) Overview of the business combination

1. Name and business description of the acquired company

Name of the acquired company: Seven Seas Entertainment, LLC

Business description: Translation and publishing of Japanese, Chinese, and Korean manga and light novels

2. Main reasons for the business combination

Leveraging the Group's solid foundation as Japan's largest eBook distributor in Japan, the Group aims to fulfill its mission of serving as a gateway to distribute Japanese content, primarily manga, to the world. To this end, the Group acquired Seven Seas Entertainment, LLC, an independent publisher that holds the number one position in the North American manga market due to the diversity and comprehensiveness of the Japanese content it handles.

3. Date of the business combination

March 11, 2026

4. Legal form of the business combination

Acquisition of membership interests

5. Name of the company after the combination

No change.

6. Percentage of voting rights acquired

100%

7. Main basis for determining the acquiring company

Media Do International, Inc., a consolidated subsidiary of the Company, acquired the membership interests for cash consideration.

(2) Acquisition cost of the acquired company and breakdown by type of consideration

Consideration for the acquisition: Cash

Acquisition cost: ¥12,575 million

Note: The acquisition cost has not been finalized at this time as the price adjustment based on the membership interest transfer agreement has not been completed. In addition to the acquisition cost above, the agreement includes a provision for the payment of contingent consideration based on the fulfillment of specific conditions, including the performance of the company.

(3) Details and amounts of major acquisition-related costs

Fees and commissions for attorneys, advisors, and others have been incurred, but these amounts have not been finalized at this time.

(4) Amount of goodwill recognized, reason for recognition, and method and period of amortization

Not finalized at this time.

(5) Amounts of assets acquired and liabilities assumed on the date of the business combination and their major breakdown

Not finalized at this time.

Borrowing of funds

At a meeting of the Board of Directors held on March 3, 2026, the Company resolved to borrow funds for the purpose of participating in a capital increase of its consolidated subsidiary, Media Do International, Inc., and has executed the borrowing as follows:

- (1) Lender: Mizuho Bank, Ltd.
- (2) Borrowing amount: ¥12,400 million
- (3) Interest rate: Base rate + spread
- (4) Drawdown date: March 6, 2026
- (5) Borrowing period: 6 months
- (6) Repayment method: Lump-sum repayment at maturity
- (7) Collateral: Unsecured