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August 12, 2022

## Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending December 31, 2022 [Japanese GAAP]

Company name:	Beagle Inc.	Listed on: Tokyo Stock Exchange
Securities code:	3981	URL <a href="https://www.beagle.com">https://www.beagle.com</a>
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Scheduled date of quarterly report submission:	August 12, 2022	
Date for commencement of dividend payments:	-	
Supplementary notes to quarterly financial statements:	Yes	
Briefing on quarterly financial statements:	Yes (For institutional investors and analysts)	

(Rounded down to nearest million yen)

### 1. Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending December 31, 2022 (January 1 to June 30, 2022)

#### (1) Consolidated Operating Results (cumulative)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Second quarter of the fiscal year ending December 31, 2022	9,310	0.7	1,025	55.2	960	63.4	420	77.5
Second quarter of the fiscal year ended December 31, 2021	9,249	-	660	-	587	-	236	-

For reference: Comprehensive income

Second quarter of the fiscal year ending December 31, 2022: 420 million yen (77.5%)

Second quarter of the fiscal year ended December 31, 2021: 236 million yen (-%)

	Net income per share	Net income per share fully diluted
	Yen	Yen
Second quarter of the fiscal year ending December 31, 2022	70.49	69.81
Second quarter of the fiscal year ended December 31, 2021	39.89	39.37

Note: The Company finalized provisional accounting treatment related to business combinations in the third quarter of the fiscal year ended December 31, 2021. Numerical figures for the second quarter of the fiscal year ended December 31, 2021 reflect the finalized provisional accounting treatment. Year-on-year changes for the second quarter of the fiscal year ended December 2021 have been omitted because the Company began preparing consolidated financial statements from the fourth quarter of the fiscal year ended December 31, 2020.

#### (2) Consolidated Financial Position

	Total assets	Net assets	Capital-to-asset ratio
	Millions of yen	Millions of yen	%
June 30, 2022	18,617	6,053	32.5
December 31, 2021	19,458	5,671	29.1

For reference: Shareholders' equity

As of June 30, 2022: 6,053 million yen

As of December 31, 2021: 5,671 million yen

## 2. Dividends

	Annual dividends				
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Year-end	Full year
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2021	–	0.00	–	8.00	8.00
Fiscal year ending December 31, 2022	–	0.00			
Fiscal year ending December 31, 2022 (Forecast)			–	12.00	12.00

Note: Revisions from the most recently announced dividend forecast: None

Note: The Company's date of record for dividends is the final day of the second quarter and final day of the fiscal year per the provisions of the Articles of Incorporation. At present, however, the Company's basic policy is to provide dividend of surplus one time per year as a year-end dividend.

## 3. Consolidated Earnings Forecast for the Fiscal Year Ending December 31, 2022 (January 1 to December 31, 2022)

((Percentages represent year-on-year changes))

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of the parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	18,791	0.8	1,536	14.2	1,416	17.8	695	56.3	116.97

Note: Revisions from the most recently announced earnings forecast: None

\* Notice

(1) Changes in important subsidiaries during the consolidated cumulative second quarter under review (change in specified subsidiaries which accompanies a change in the scope of consolidation): None

New: None

Exclusion: None

(2) Application of special accounting treatment for the preparation of the quarterly financial statements: Yes

Note: For details, refer to page 11 of the supplemental materials entitled “(4) Notes to Quarterly Consolidated Financial Statements, (Application of Special Accounting Treatment for Preparation of Quarterly Consolidated Financial Statements).”

(3) Changes in accounting policy and changes and restatements of accounting estimates

(a) Changes in accounting policy accompanying the revision of accounting standards: Yes

(b) Changes in accounting policy other than those listed in (a): None

(c) Changes in accounting estimates: None

(d) Restatements: None

(4) Number of shares issued (common stock)

(a) Number of shares issued at end of period (including treasury shares)

June 30, 2022	6,206,542 shares	December 31, 2021	6,202,522 shares
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(b) Number of treasury shares at end of period

June 30, 2022	238,985 shares	December 31, 2021	243,228 shares
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(c) Average number of shares during the period (cumulative from the beginning of the fiscal year)

June 30, 2022	5,961,348 shares	June 30, 2021	5,936,314 shares
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\* The Company’s quarterly financial statements are not subject to quarterly review by a certified public accountant or audit corporation.

\* Appropriate use of earnings forecasts and other pertinent information

(Cautionary Statement with Respect to Forward-Looking Statements)

These materials contain various forward-looking statements and other forecasts regarding performance and other matters. Such statements are based on information available at the time of preparation as well as certain reasonable assumptions. Actual results may differ materially from those expressed or implied by forward-looking statements due to a range of factors. For notices concerning underlying assumptions of the earnings forecast and the use of the earnings forecast, refer to page 5 of the supplemental materials entitled “1. Qualitative Information on the Quarterly Financial Results, (3) Explanation of Forward-Looking Information including Consolidated Earnings Forecast.”

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## 1. Qualitative Information on the Quarterly Financial Results

Forward-looking statements appearing below are based on information available as of the end of the period under review.

There were no impacts from the application of Accounting Standard on Revenue Recognition (ASBJ Statement No. 29; March 31, 2020).

The Company finalized provisional accounting treatment related to business combinations in the third quarter of the fiscal year ended December 31, 2021. Comparisons and analysis involving the previous second quarter use adjusted amounts based on finalization of this provisional accounting treatment.

### (1) Explanation of Operating Results

During the consolidated cumulative second quarter under review, a recovery was seen in socioeconomic activities amid the gradual easing of restrictions from the COVID-19 pandemic, but the business environment remained unclear due to concerns over the ongoing spread of COVID-19 overseas and the protractions of the situation in Ukraine, among other factors.

The e-book market, mainly comics, continues to grow despite a cycle of ups and downs as stay-at-home demand rises and then wanes thereafter repeatedly, and going forward, the e-book and e-comic markets are expected to continue to see moderate growth in size (source: Impress Corporation estimates, “eBook marketing report 2022”).

On the other hand, a reactionary bounce from people voluntarily staying at home was observed, and certain factors were seen inhibiting e-book market growth, such as the impacts from pirated websites.

Given this market environment, in the Platform Segment, the Group pursued efficient investments while focusing on building the brand of e-comic distribution service Manga Kingdom, and in the Contents Segment, the Group generated stable profits driven by the ongoing growth in the digital domain.

Furthermore, to strengthen functions as a content production company and accelerate growth, the Company implemented collaborative projects with Nippon Television Network Corporation (“Nippon TV”) with which it concluded a capital and business partnership agreement in November 2021.

As a result, consolidated net sales for the cumulative second quarter under review totaled 9,310,679 thousand yen (up 0.7% year on year), operating profit came in at 1,025,293 thousand yen (up 55.2% year on year), ordinary profit was 960,395 thousand yen (up 63.4% year on year) and profit attributable to owners of the parent totaled 420,225 thousand yen (up 77.5% year on year).

The management results for each segment are presented below.

#### (Platform Segment)

In terms of the comic distribution service Manga Kingdom, a mainstay service in the Platform Segment, the Group actively carried out promotional campaigns appealing a sense of value and sales promotion activities for acquiring a broad range of users, in order to increase subscribers and customer spending by promoting the flow of visit, retention and purchase.

Furthermore, the Group focused on creation of works “only available on Manga Kingdom,” including the distribution of new serial works on Manga Kingdom.

As a result, Manga Kingdom pursued “No. 1 Value” (the Group received number one ranking in services with the greatest sense of value in a survey of e-comic services conducted by a third-party research institution in April 2022) as a comic streaming service and broke through 1.8 billion in cumulative downloads in July 2022, while registered members broke through 6.5 million in the same month.

In terms of initiatives with Nippon TV, the Company actively worked to discover, develop and support creators through comicalization planning of the 2.5-dimensional actors on YouTube channel Bokutachi no Asobiba operated by Nippon TV and the decision to broadcast the second installment of THE TOKIWA, a documentary and variety program to find up-and-coming manga artist talent.

However, the Group recorded an impairment loss of 115,236 thousand yen due to the end of services of smartphone game “Mushoku Tensei: Game Ni Nattemo Honki Dasu.”

As a result, segment net sales totaled 6,055,094 thousand yen (up 0.2% year on year) and operating profit came in at 396,422 thousand yen (compared to an operating loss of 42,855 thousand yen in the previous second quarter).

#### (Contents Segment)

High margin digital contents sustained strong growth, driving the Contents Segment.

The Group produced hits in both PRIMO and COMIC Yamitsuki, which are digital comic magazines published last year, and above all, “Koakuma Kyouushi Saiko” became the greatest hit. Additionally, the Group focused on creating contents in each genre, leading to hits in each respective genre, including “Kurobengoshi no Chijo: Sekai de Ichiban Omoi Junai” in the teen love genre and “Botsuraku Reijo, Binbo Kishi no Maid ni Narimasu” in comicalized light novels.

Manga Yomonga, a comic website for smartphones, saw a steady increase in users as it marked its third year in operation in July 2022. It features “The Love Between the Director and the Company Livestock Is Frustrating,” which has been made into a television drama. The Group steadily rolled out video streaming with captions or popular manga on Bunkasha Co., Ltd.’s official YouTube channel, Kindan Shoten.

As a result, segment net sales totaled 3,335,268 thousand yen (up 1.3% year on year) and operating profit came in at 629,078 thousand yen (down 10.6% year on year).

## (2) Explanation of Financial Condition for the Second Quarter Under Review

### i. Financial Position

#### (Assets)

Total assets at the end of the second quarter amounted to 18,617,948 thousand yen, down 840,465 thousand yen compared to the previous fiscal year end.

Current assets totaled 7,894,753 thousand yen, down 281,163 thousand yen over the previous fiscal year end. This is mainly attributable to a decrease in notes and accounts receivable – trade of 272,853 thousand yen.

Non-current assets totaled 10,723,195 thousand yen, down 559,302 thousand yen compared to the previous fiscal year end. This is mainly attributable to a decrease in intangible assets of 560,521 thousand yen.

#### (Liabilities)

Total liabilities at the end of the second quarter amounted to 12,564,181 thousand yen, down 1,222,585 thousand yen compared to the previous fiscal year end.

Current liabilities totaled 7,739,669 thousand yen, down 296,460 thousand yen over the previous fiscal year end. This is mainly attributable to an increase in income taxes payable of 173,165 thousand yen, which were offset by decreases in notes and accounts payable - trade of 173,528 thousand yen, current portion of long-term loans payable of 120,000 thousand yen, and accrued expenses of 165,463 thousand yen.

Non-current liabilities totaled 4,824,512 thousand yen, down 926,125 thousand yen over the previous fiscal year end. This is mainly attributable to a decrease in long-term loans payable of 850,000 thousand yen.

(Net assets)

Net assets at the end of the second quarter totaled 6,053,767 thousand yen, up 382,119 thousand yen compared to the previous fiscal year end. This is mainly attributable to an increase in retained earnings of 372,551 thousand yen.

As a result, the shareholders' capital ratio came to 32.5%.

## ii. Cash Flow Position

The balance of cash and cash equivalents ("cash") was 3,601,792 thousand yen at the end of the second quarter consolidated cumulative period of the year under review, up 56,501 thousand yen compared to the same period of the previous fiscal year.

Cash flows and the factors behind them are detailed below.

(Cash flows from operating activities)

Cash flows from operating activities in the second quarter consolidated cumulative period of the year under review saw the following items mainly added to profit before income taxes of 844,259 thousand yen: depreciation of 250,086 thousand yen, amortization of goodwill of 310,798 thousand yen, a decrease in notes and accounts receivable - trade of 272,853 thousand yen, and a decrease/increase in consumption taxes receivable/payable of 116,793 thousand yen. In contrast, the main items subtracted include a decrease in notes and accounts payable - trade of 173,528 thousand yen, a decrease in accrued expenses of 166,690 thousand yen and income taxes paid of 320,680 thousand yen.

As a result, net cash provided by operating activities amounted to 1,191,088 thousand yen (compared to net cash provided of 1,048,699 thousand yen in the previous second quarter).

(Cash flows from investing activities)

The main factor for a decrease in cash flows from investing activities in the second quarter consolidated cumulative period of the year under review was a 104,702 thousand yen expenditure for the purchase of intangible assets.

As a result, net cash used in investing activities amounted to 116,608 thousand yen (compared to net cash used of 252,271 thousand yen in the previous second quarter).

(Cash flows from financing activities)

The main factor for a decrease in cash flows from financing activities in the second quarter consolidated cumulative period of the fiscal year under review was a 970,000 thousand yen expenditure for repayments of long-term loans payable.

As a result, net cash used in financing activities amounted to 1,017,978 thousand yen (compared to net cash used of 459,963 thousand yen in the previous second quarter).

(3) Explanation of Forward-Looking Information including Consolidated Earnings Forecast

There are no changes to the consolidated earnings forecast announced in “Consolidated Financial Results for the Fiscal Year Ended December 31, 2021” released on February 14, 2022.



## 2. Quarterly Consolidated Financial Statements and Notes

### (1) Quarterly Consolidated Balance Sheet

(Unit: thousands of yen)

	End of Previous Consolidated Fiscal Year (As of December 31, 2021)	Consolidated Second Quarter (As of June 30, 2022)
<b>Assets</b>		
Current assets		
Cash and deposits	3,545,290	3,601,792
Notes and accounts receivable - trade	4,371,699	4,098,845
Merchandise and finished goods	54,469	60,585
Supplies	1,058	923
Advance payments - trade	398	5,389
Prepaid expenses	69,083	36,901
Accounts receivable - other	45,552	1,609
Income taxes receivable	98,976	105,877
Other	11,373	853
Allowance for doubtful accounts	(21,985)	(18,024)
Total current assets	8,175,916	7,894,753
Non-current assets		
Property, plant and equipment		
Buildings	14,662	14,662
Facilities attached to buildings	62,827	62,827
Tools, furniture and fixtures	145,112	154,134
Accumulated depreciation	(158,556)	(168,860)
Accumulated impairment loss	(1,602)	(1,602)
Total property, plant and equipment	62,443	61,161
Intangible assets		
Goodwill	9,589,618	9,278,819
Software	225,098	208,098
Content assets	435,148	282,995
Software in progress	1,847	–
Content assets in progress	3,574	3,543
Publishing rights	747,333	668,666
Other	1,332	1,307
Total intangible assets	11,003,953	10,443,431
Investments and other assets		
Leasehold and guarantee deposits	108,492	108,492
Deferred tax assets	88,374	88,374
Others	19,234	21,734
Total investments and other assets	216,101	218,601
Total non-current assets	11,282,497	10,723,195
<b>Total assets</b>	<b>19,458,414</b>	<b>18,617,948</b>

(Unit: thousands of yen)

	End of Previous Consolidated Fiscal Year (As of December 31, 2021)	Consolidated Second Quarter (As of June 30, 2022)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	3,056,896	2,883,368
Short-term loans payable	2,000,000	2,000,000
Current portion of long-term loans payable	820,000	700,000
Accounts payable - other	357,802	388,956
Accrued expenses	187,812	22,349
Income taxes payable	333,806	506,972
Accrued consumption taxes	92,896	157,093
Deferred revenue	672,762	–
Contract liabilities	–	621,295
Refund liabilities	430,246	364,926
Deposits received	38,554	74,862
Other	45,350	19,845
Total current liabilities	8,036,129	7,739,669
Non-current liabilities		
Long-term loans payable	5,425,000	4,575,000
Deferred tax liabilities	325,637	249,512
Total non-current liabilities	5,750,637	4,824,512
Total liabilities	13,786,767	12,564,181
<b>Net assets</b>		
Shareholders' equity		
Capital stock	1,883,373	1,884,981
Capital surplus	1,882,873	1,884,506
Retained earnings	2,268,356	2,640,908
Treasury shares	(362,955)	(356,628)
Total shareholders' equity	5,671,647	6,053,767
Total net assets	5,671,647	6,053,767
Total liabilities and net assets	19,458,414	18,617,948

## (2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income

## Quarterly consolidated statement of income

## Consolidated Cumulative Second Quarter

(Unit: thousands of yen)

	Previous Consolidated Cumulative Second Quarter (January 1 to June 30, 2021)	Current Consolidated Cumulative Second Quarter (January 1 to June 30, 2022)
Net sales	9,249,577	9,310,679
Cost of sales	5,987,900	5,980,717
Gross profit	3,261,677	3,329,962
Selling, general and administrative expenses	2,601,099	2,304,668
Operating profit	660,578	1,025,293
Non-operating income		
Interest income	14	12
Dividend income	87	87
Reimbursement receivables	1,672	1,408
Subsidy income	150	454
Refund income	1,002	201
Other	335	459
Total non-operating income	3,261	2,624
Non-operating expenses		
Interest expenses	71,216	63,327
Borrowing expenses	3,699	3,699
Other	1,060	495
Total non-operating expenses	75,976	67,522
Ordinary profit	587,862	960,395
Extraordinary income		
Gain on sale of non-current assets	13,500	–
Total extraordinary income	13,500	–
Extraordinary losses		
Impairment losses	30,324	115,236
Compensation for damages	–	900
Total extraordinary losses	30,324	116,136
Profit before income taxes	571,037	844,259
Income taxes – current	334,260	424,033
Total income taxes	334,260	424,033
Profit	236,777	420,225
Profit attributable to owners of the parent	236,777	420,225

Quarterly consolidated statement of income

Consolidated Cumulative Second Quarter

(Unit: thousands of yen)

	Previous Consolidated Cumulative Second Quarter (January 1 to June 30, 2021)	Current Consolidated Cumulative Second Quarter (January 1 to June 30, 2022)
Profit	236,777	420,225
Comprehensive income	236,777	420,225
(Breakdown)		
Comprehensive income related to owners of the parent	236,777	420,225

## (3) Consolidated Quarterly Statement of Cash Flows

(Unit: thousands of yen)

	Previous Consolidated Cumulative Second Quarter (January 1 to June 30, 2021)	Current Consolidated Cumulative Second Quarter (January 1 to June 30, 2022)
<b>Cash flows from operating activities</b>		
Profit before income taxes	571,037	844,259
Depreciation	243,730	250,086
Impairment loss	30,324	115,236
Amortization of goodwill	319,450	310,798
Interest expenses	71,216	63,327
Borrowing expenses	3,699	3,699
Decrease (increase) in notes and accounts receivable – trade	123,369	272,853
Decrease (increase) in advances paid	(44,525)	(52,529)
Increase (decrease) in notes and accounts payable - trade	(72,935)	(173,528)
Increase (decrease) in accounts payable - other	88,893	33,524
Increase (decrease) in accrued expenses	266,370	(166,690)
Increase (decrease) in deferred revenue	44,736	–
Increase (decrease) in contract liabilities	–	(51,466)
Increase (decrease) in refund liabilities	(122,512)	(65,320)
Decrease/increase in consumption taxes receivable/payable	16,009	116,793
Other	(19,555)	74,275
Subtotal	1,519,310	1,575,319
Interest and dividend income received	101	99
Interest expenses paid	(71,570)	(63,650)
Income taxes paid	(399,142)	(320,680)
Cash flows from operating activities	1,048,699	1,191,088
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(10,296)	(11,986)
Purchase of intangible assets	(241,975)	(104,702)
Other	–	80
Cash flows from investing activities	(252,271)	(116,608)
<b>Cash flows from financing activities</b>		
Repayments of long-term loans payable	(470,000)	(970,000)
Payments of borrowing expenses	(3,699)	(3,699)
Proceeds from issuance of common shares	13,745	3,216
Purchase of treasury shares	(9)	(47)
Payment of dividends	–	(47,447)
Cash flows from financing activities	(459,963)	(1,017,978)
Net increase (decrease) in cash and cash equivalents	336,465	56,501
Cash and cash equivalents at beginning of period	3,230,336	3,545,290
Cash and cash equivalents at end of period	3,566,801	3,601,792

#### (4) Notes to Quarterly Consolidated Financial Statements

(Notes on the Going-Concern Assumption)

N/A

(Notes on Significant Changes in the Amount of Shareholders' Equity)

Current Consolidated Cumulative Second Quarter (January 1 to June 30, 2022)

##### 1. Dividend payment

Resolution	Type of shares	Total amount of dividend (thousands of yen)	Dividend per share (yen)	Date of record	Date of effect	Source of dividends
Annual General Meeting of Shareholders held on March 29, 2022	Common stock	47,674	8.00	December 31, 2021	March 30, 2022	Retained earnings

##### 2. Dividends whose record date falls within the consolidated cumulative period for the second quarter of the current fiscal year and whose effective date is after the last day of the second quarter consolidated accounting period

N/A

##### 3. Significant changes in the amount of shareholders' equity

The Company disposed of 4,272 treasury shares on April 28, 2022 based on a resolution at the meeting of the board of directors held on March 29, 2022 as restricted share compensation paid to the Company's directors. As a result, in the first half, treasury shares decreased by 6,374 thousand yen to 356,628 thousand yen at the end of the consolidated second quarter.

(Application of Special Accounting Treatment for Preparation of Quarterly Consolidated Financial Statements)

##### Calculation of Tax Costs

Tax costs are calculated by reasonably estimating the effective tax rate for each business year's profit before income taxes, including the second quarter under review, after application of tax effect accounting and then multiplying this estimated effective tax rate by profit before income taxes.

However, in cases where the calculation of tax costs using the estimated effective tax rate yields a result that is notably lacking rationality, then tax expenses are calculating using the statutory effective tax rate.

(Changes in Accounting Policy)

##### Application of Accounting Standard for Fair Value Measurement

The Company has applied Accounting Standards for Fair Value Measurement (ASBJ Statement No. 30; July 4, 2019) from the beginning of the first quarter of the current fiscal year. The Company will apply the new accounting policy stipulated in the Accounting Standard for Fair Value Measurement into the future in accordance with the transitional treatment set forth in Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10; July 4, 2019). The Company does not hold financial instruments on the quarterly consolidated balance sheet that use market value; thus, there is no impact on quarterly consolidated financial statements.

(Additional Information)

##### Application of Accounting Standard on Revenue Recognition

The Company has applied Accounting Standard on Revenue Recognition (ASBJ Statement No. 29; March 31, 2020) from the beginning of the first quarter of the current fiscal year. The Company has applied the Accounting Standard on Revenue Recognition announced on March 30, 2018 since the beginning of the fiscal year ended December 31, 2019.

As a result of the application of Accounting Standard on Revenue Recognition, "deferred revenue," which was presented in "current liabilities" on the consolidated balance sheet for the previous fiscal year, is now presented in "contract liabilities" from the first quarter of the current fiscal year. Additionally, "Increase (decrease) in deferred revenue" which had been presented in "Cash flows from operating activities" in the Consolidated Quarterly Statement of Cash Flows of the previous second quarter has been restated as "Increase (decrease) in contract liabilities" from the current second quarter under review. In accordance with the transitional treatment stipulated in Paragraph 89-4 of Accounting Standard on Revenue Recognition, the Company has not restated figures for the consolidated balance sheet of the previous fiscal year and the Consolidated Quarterly Statement of Cash Flows of the second quarter under review using the new presentation method. In addition, in accordance with the transitional treatment set forth in Paragraph 28-15 of the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12; March 31, 2020), the Company does not state information that breaks down revenues arising from contracts with customers for the previous second quarter.

#### Accounting estimates associated with the COVID-19 pandemic

There are no significant changes in the assumptions concerning the impacts of the COVID-19 pandemic appearing in Additional Information of the Company's Securities Report for the previous fiscal year.

(Segment Information, etc.)

Previous Consolidated Cumulative Second Quarter (January 1 to June 30, 2021)

#### 1. Information on the amount of net sales, profit/loss for each reporting segment

(Unit: thousands of yen)

	Reporting segment			Adjusted amount (Note 1)	Amounts reported on the quarterly consolidated statements of income (Note 2)
	Platform Segment	Contents Segment	Total		
Net sales					
Net sales to external customers	6,042,222	3,207,354	9,249,577	–	9,249,577
Intersegment sales and transfers	–	84,475	84,475	(84,475)	–
Total	6,042,222	3,291,830	9,334,052	(84,475)	9,249,577
Segment profit (loss)	(42,855)	703,843	660,987	(409)	660,578

Notes: 1. Adjustments of segment profit (loss) (409 thousand yen) represents company-wide expenses and elimination of intersegment transactions.

2. Segment profit (loss) is the same as operating profit on the quarterly consolidated statement of income.

#### 2. Information concerning impairment losses of non-current assets or goodwill for each reporting segment

(Material impairment losses related to non-current assets)

In the Platform Segment, the Group recorded impairment losses on intangible assets related to certain services related to comics and certain services related to games.

Furthermore, these impairment losses amounted to 30,324 thousand yen in the first half.

Current Consolidated Cumulative Second Quarter (January 1 to June 30, 2022)

1. Information on the amount of net sales, profit/loss for each reporting segment

(Unit: thousands of yen)

	Reporting segment			Adjusted amount (Note 1)	Total (Note 2)
	Platform Segment	Contents Segment	Total		
Net sales					
Own distribution	5,596,616	–	5,596,616	–	5,596,616
Others' distribution	215,326	2,087,489	2,302,815	–	2,302,815
Printed publishing	–	944,347	944,347	–	944,347
Others	243,151	223,748	466,899	–	466,899
Revenue from contracts with customers	6,055,094	3,255,585	9,310,679	–	9,310,679
Net sales to external customers	6,055,094	3,255,585	9,310,679	–	9,310,679
Intersegment sales and transfers	–	79,683	79,683	(79,683)	–
Total	6,055,094	3,335,268	9,390,362	(79,683)	9,310,679
Segment profit	396,422	629,078	1,025,501	(207)	1,025,293

Notes: 1. Adjustments of segment profit (loss) (207 thousand yen) represents company-wide expenses and elimination of intersegment transactions.

2. Segment profit is the same as operating profit on the quarterly consolidated statement of income.

2. Information concerning impairment losses of non-current assets or goodwill for each reporting segment

(Material impairment losses related to non-current assets)

In the Platform Segment, the Group recorded impairments losses on intangible assets related to certain services related to games.

Furthermore, these impairment losses amounted to 115,236 thousand yen in the first half.

(Business combinations)

Finalization of Provisional Accounting Treatment Related to Business Combinations

Regarding the business combination with NSSK-CC Co., Ltd. (trade name changed to Bunkasha Group Co., Ltd. on January 1, 2021) that took place on October 8, 2020, the Company had implemented provisional accounting procedures in the fiscal year ended December 31, 2020, but these procedures were finalized in the previous fiscal year.

Upon finalization of this provisional accounting treatment, an important review has been reflected in the initial allocation of acquisition costs in the comparative information contained in the quarterly consolidated financial statement for the second quarter.

As a result, operating profit, ordinary profit and profit before income taxes in the quarterly consolidated statement of income for the previous second quarter each declined by 63,232 thousand yen, while profit and profit attributable to owners of the parent declined by 36,013 thousand yen.