



# Financial Results Presentation

## 2Q of Fiscal Year Ending December 31, 2022

Monday, August 15, 2022

**Beagle Inc.**  
**TSE Prime Market: 3981**

Note: This document is a translation of a part of the original Japanese version and provided for reference purposes only.  
In the event of any discrepancy between the Japanese original and this English translation, the Japanese original shall prevail.



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**FYE Dec. 2022 1H Financial Results**

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**FYE Dec. 2022 Earnings Forecast**

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**About Beagle**

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**FYE Dec. 2022 1H Financial Results**

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**About Beagle**

# Net sales rose slightly YoY Operating profit jumped 55%

- ✓ Platform Segment: Manga Kingdom progressing according to plan  
Ended services of smartphone game “Mushoku Tensei”
- ✓ Contents Segment: Digital contents performing well

| PL<br><br>(Unit: Millions of yen)                | FYE Dec. 2021 | FYE Dec. 2022 | YoY    |                | Initial Forecast |
|--|---------------|---------------|--------|----------------|------------------|
|  | 1H            | 1H            | Change | Rate of change | 1H               |
| Net sales  | 9,249         | <b>9,310</b>  | +61    | 0.7%           | 9,224            |
| Operating profit                                 | 660           | <b>1,025</b>  | +364   | 55.2%          | 719              |
| Operating profit before amortization of goodwill | 1,058         | <b>1,414</b>  | +356   | 33.6%          | 1,108            |
| Ordinary profit                                  | 587           | <b>960</b>    | +372   | 63.4%          | 655              |
| Profit attributable to owners of the parent      | 236           | <b>420</b>    | +183   | 77.5%          | 312              |
| Net income per share (yen)                       | 39.89         | <b>70.49</b>  | +30.60 | —              | 52.50            |

Note: Previous year results represent revised figures after PPA finalization in the third quarter of FYE December 2021.

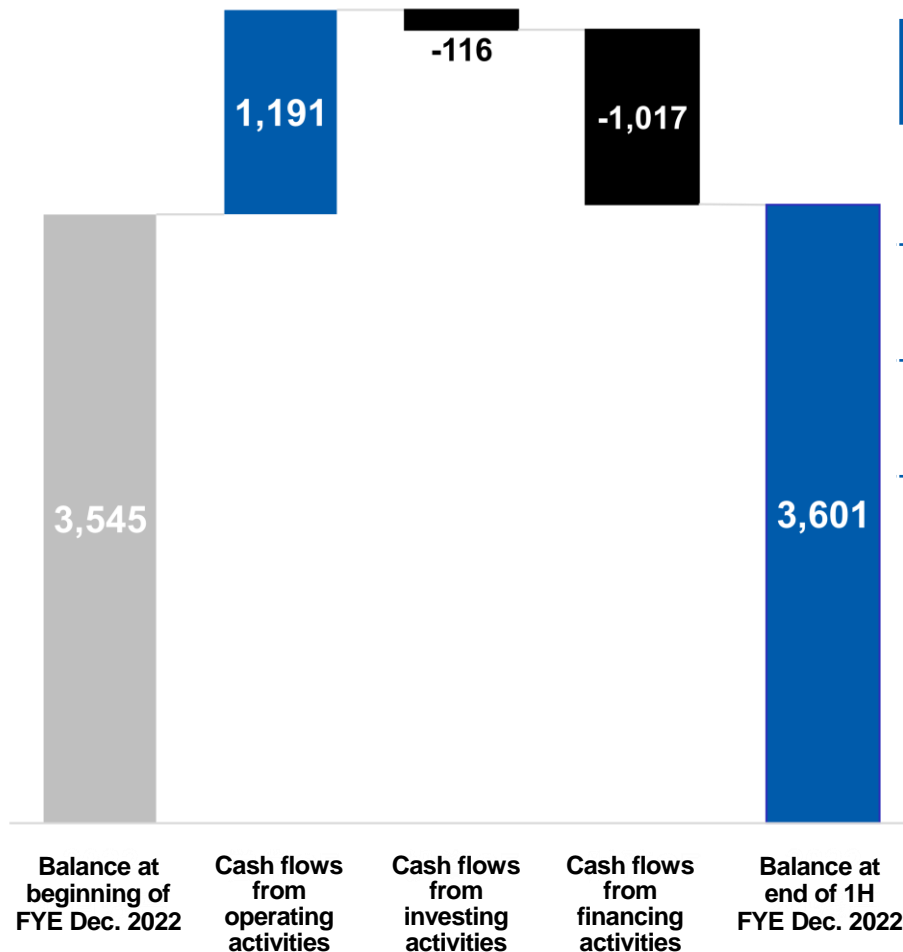
**Shareholders' equity ratio, D/E ratio, and other indicators improving on repayment of borrowings and the increase in net assets**

| BS<br><br>(Unit: Millions of yen) | FYE Dec. 2021 |        | June 30, 2022 |        |         |  |
|-----------------------------------|---------------|--------|---------------|--------|---------|--|
|                                   | Amount        | Ratio  | Amount        | Ratio  | Change  | Notes  |
| Current assets                    | <b>8,175</b>  | 42.0%  | <b>7,894</b>  | 42.4%  | (281)   | Decline in A/R   |
| Non-current assets                | <b>11,282</b> | 58.0%  | <b>10,723</b> | 57.6%  | (559)   | Amortization of goodwill and depreciation of publishing rights<br>Amortization of content assets |
| Total assets                      | <b>19,458</b> | 100.0% | <b>18,617</b> | 100.0% | (840)   |  |
| Total liabilities                 | <b>13,786</b> | 70.9%  | <b>12,564</b> | 67.5%  | (1,222) | D/E ratio<br>Reduced from 1.45x to 1.20x   |
| Total net assets                  | <b>5,671</b>  | 29.1%  | <b>6,053</b>  | 32.5%  | 382     |  |
| Total liabilities and net assets  | <b>19,458</b> | 100.0% | <b>18,617</b> | 100.0% | (840)   |  |

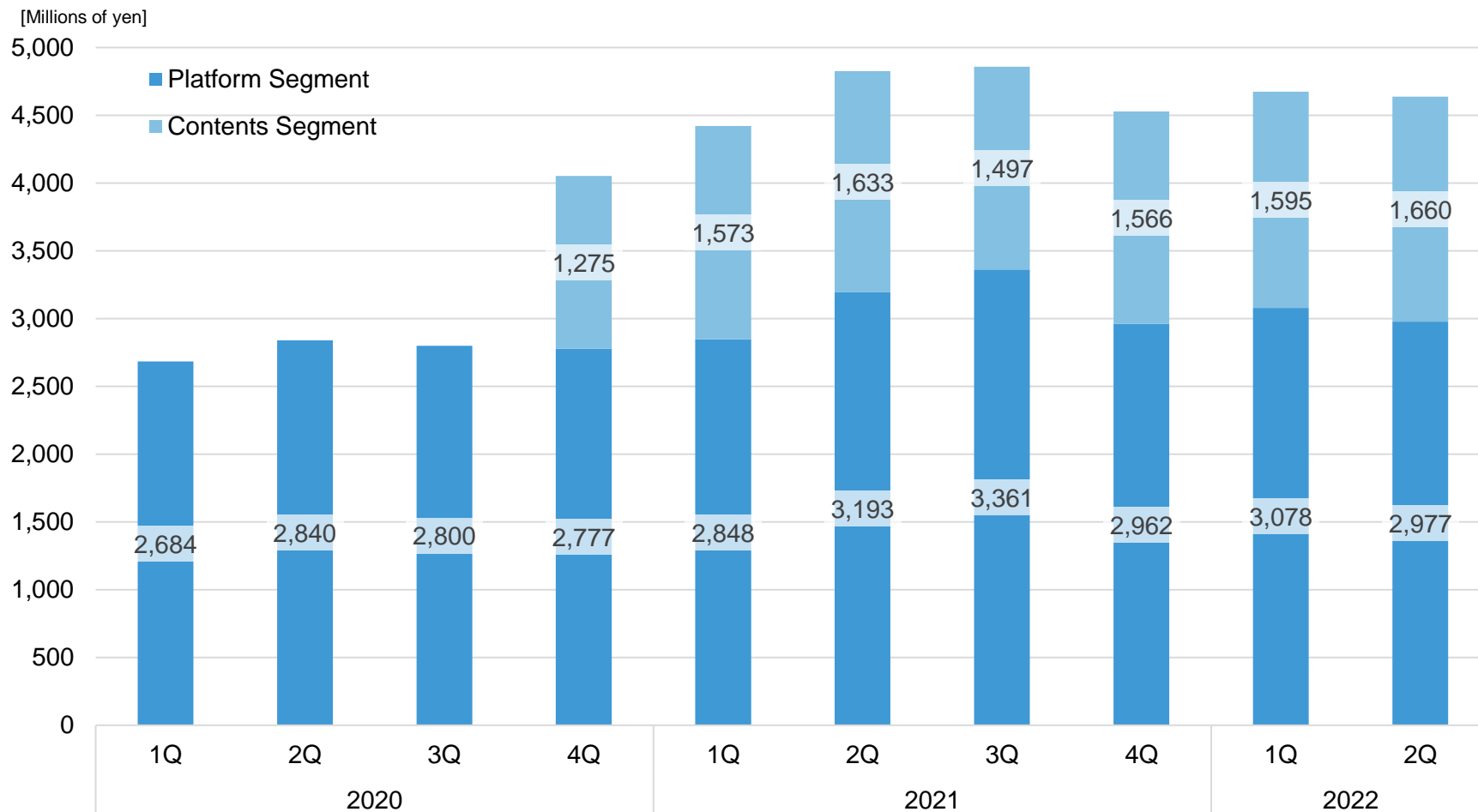
Note: Totals may not match due to rounding.

Operating cash flow steadily increasing  
Progress made with payment of dividends and repayment of borrowings

(Unit: Millions of yen)



|  | 1H FYE Dec. 2021 | 1H FYE Dec. 2022 | Change |
|--|------------------|------------------|--------|
| Cash flows from operating Activities       | 1,048            | 1,191            | +142   |
| Cash flows from investing activities       | (252)            | (116)            | +135   |
| Cash flows from financing activities       | (459)            | (1,017)          | (558)  |
| Cash and cash equivalents at end of period | 3,566            | 3,601            | +34    |

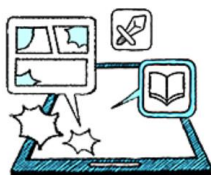


Note: Totals may not match due to rounding.  
 Segment net sales represent net sales to external customers.



**Company-wide  
Performance**


|  |   |                          |                    |
|--|---|--------------------------|--------------------|
| Net sales  | : | <b>9,310</b> million yen | (up <b>0.7%</b> )  |
| Operating profit                                 | : | <b>1,025</b> million yen | (up <b>55.2%</b> ) |
| Operating profit before amortization of goodwill | : | <b>1,414</b> million yen | (up <b>33.6%</b> ) |

**Platform  
Segment**


|  |   |                          |                     |
|--|---|--------------------------|---------------------|
| Net sales  | : | <b>6,055</b> million yen | (up <b>0.2%</b> )   |
| Operating profit                                 | : | <b>396</b> million yen   | ( - )               |
| Operating profit before amortization of goodwill | : | <b>533</b> million yen   | (up <b>417.2%</b> ) |

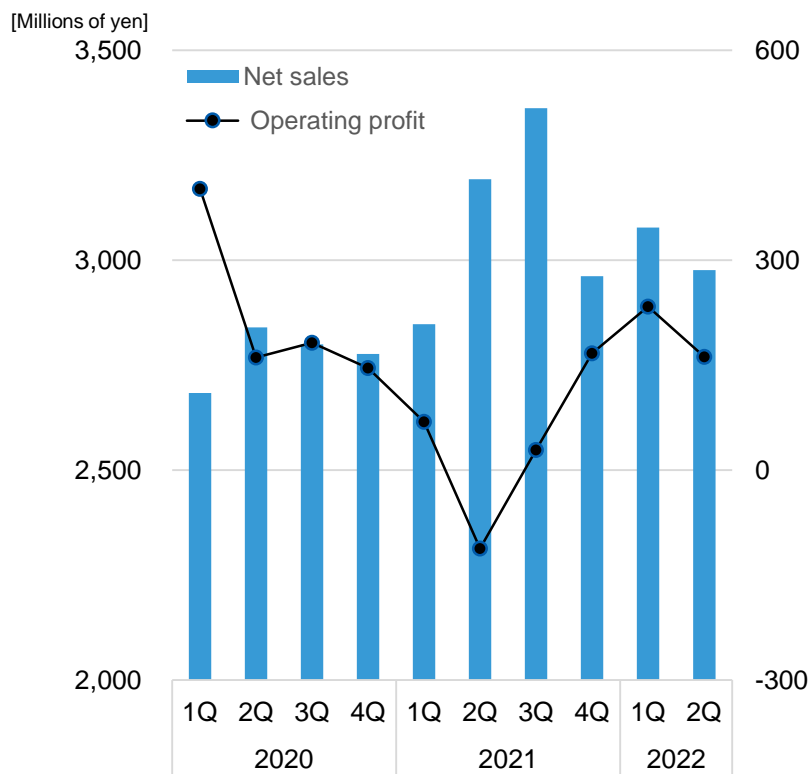
**Contents  
Segment**


|  |   |                          |                      |
|--|---|--------------------------|----------------------|
| Net sales  | : | <b>3,335</b> million yen | (up <b>1.3%</b> )    |
| Operating profit                                 | : | <b>629</b> million yen   | (down <b>10.6%</b> ) |
| Operating profit before amortization of goodwill | : | <b>881</b> million yen   | (down <b>7.8%</b> )  |

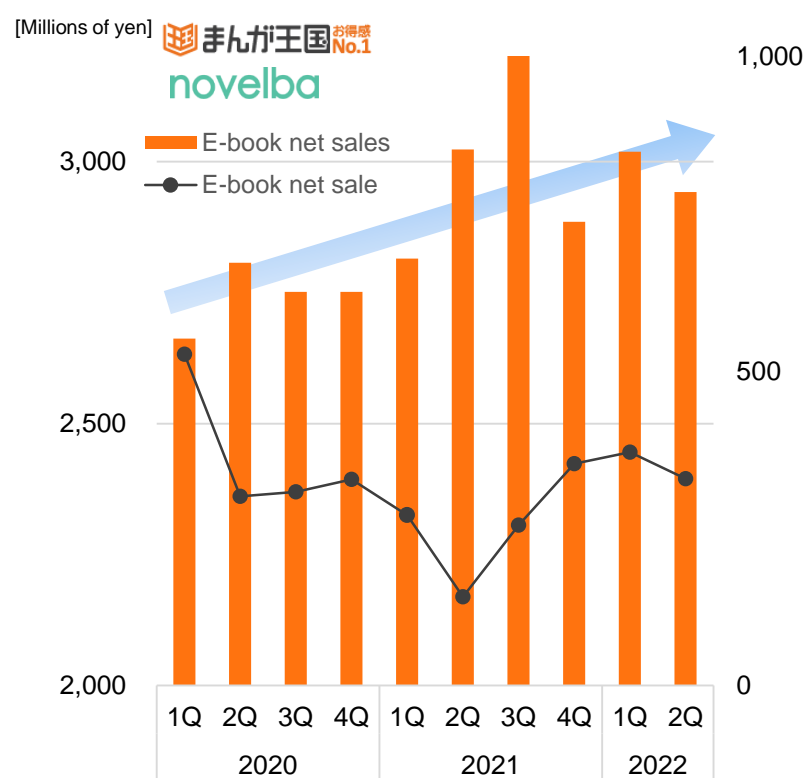
- Notes: 1. Parentheses indicates year on year change.  
 2. Net sales includes internal net sales and transfers between segments.  
 3. Operating profit before amortization of goodwill represents operating profit before goodwill and amortization of publishing rights.

Main businesses (e-books) recorded strong net sales in 1Q, but net sales declined YoY in 2Q because of the recoil from stay-at-home demand  
 Operating profit increased significantly YoY owing to decreased advertising expenses and the smaller loss of games

Platform Segment Net Sales and Operating Profit



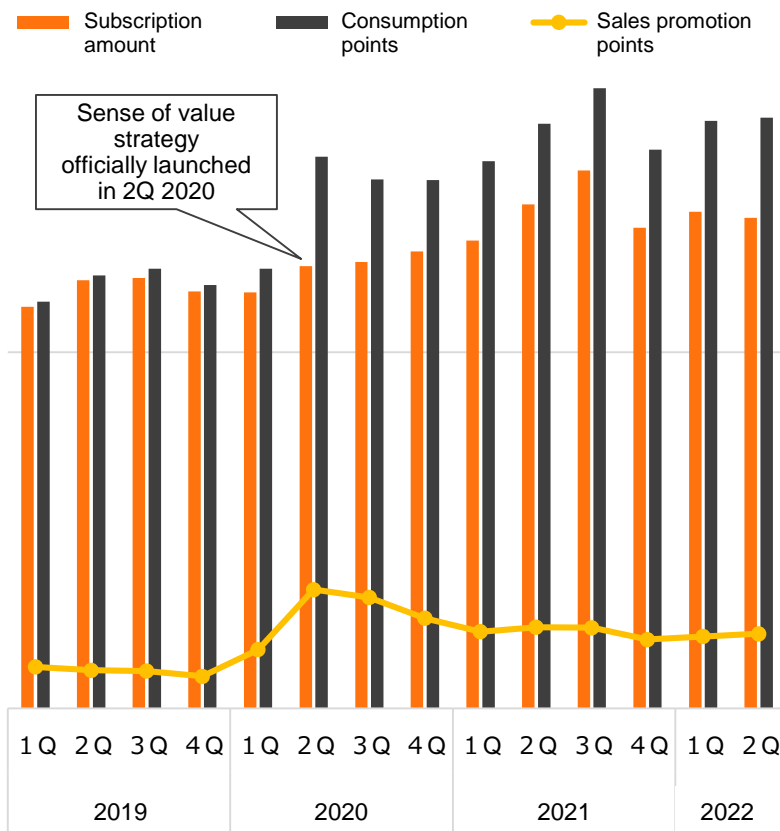
Main Businesses (E-books) Net Sales and Operating Profit



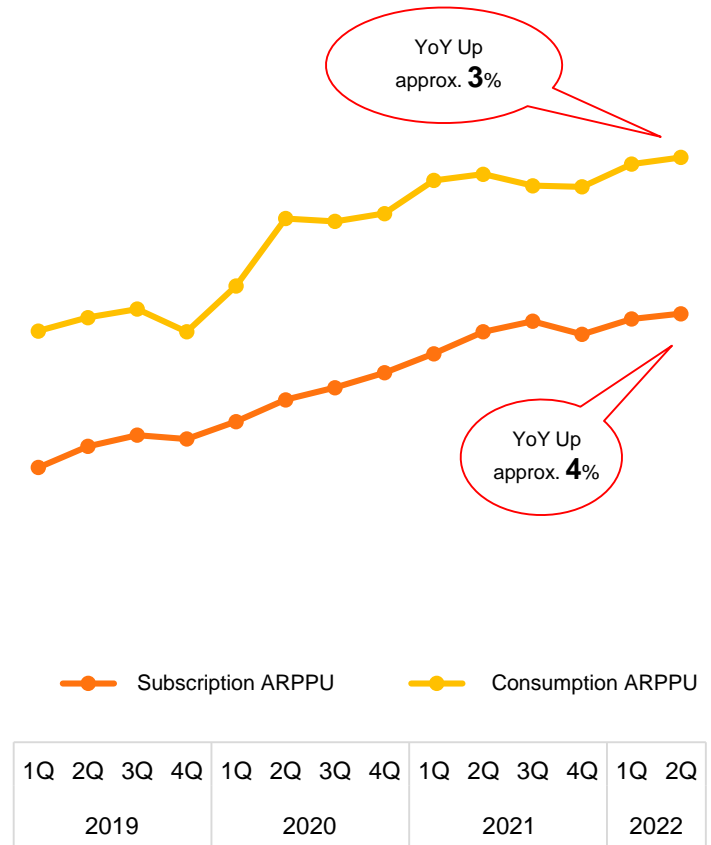
Notes: 1. Net sales includes internal net sales and transfers between segments.  
 2. Main business (e-books) net sales and operating profit represents managerial accounting figure minus companywide expenses.



### Trends in consumption points, sales promotion points and subscription amount



### Trends in ARPPU



## Created works to accelerate media mix expansion and deepening of “sense of value strategy”



- Broke through 6.5 million members
- Expanded lineup of sense of value measures
- Provided a sense of value tailored to individual customers
- Enhanced foundation for data-driven operations



- Stopped sales of commercial works to increase postings
- Held multiple novelba contests
- Posted works broke through 19,000 mark
- Promoted comicalization (Plan to distribute multiple titles in 2H)



## Other Services/Events

- Launched discover creators event with Nippon TV
- In addition to 2.5-dimensional actors x Manga Kingdom event, promoted IP creation with Nippon TV
- Ended services of “Mushoku Tensei” game



**Decided to end services of smartphone app game  
“*Mushoku Tensei: Game Ni Nattemo Honki Dasu*” because KPI improvements  
could not be expected\***

**Impacts  
on  
earnings**

- Improvements were made to management system and cost reductions were carried out to boost profitability, but we determined significant improvements were unlikely
- No sales will be recorded in 2H following the end of services and net sales for the year are expected to total around 100 million yen, compared to an initial forecast of 250 million yen



**Operating profit is expected to fall 10 million yen below the forecast  
Impairment losses of 115 million yen will be recorded in 1H financial results**

**Going  
forward**

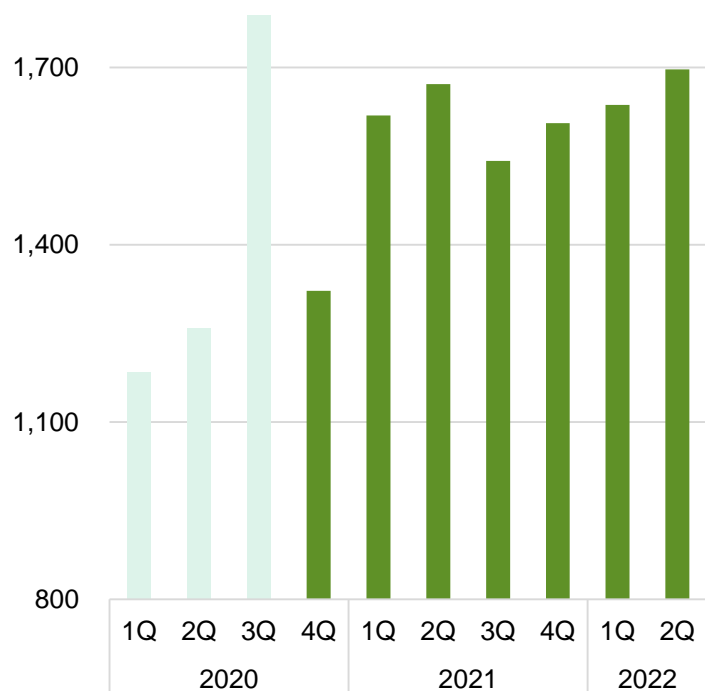
- Consolidate e-comic business to actively promote media mix by strengthening manga creation capabilities + production capabilities
- Exit direct development and operation of smart phone apps

\* Services will be ended as of August 31, 2022.

**Digital contents net sales were strong in both 1Q and 2Q**  
**2Q net sales reached record high since the Group transitioned to consolidated accounting**

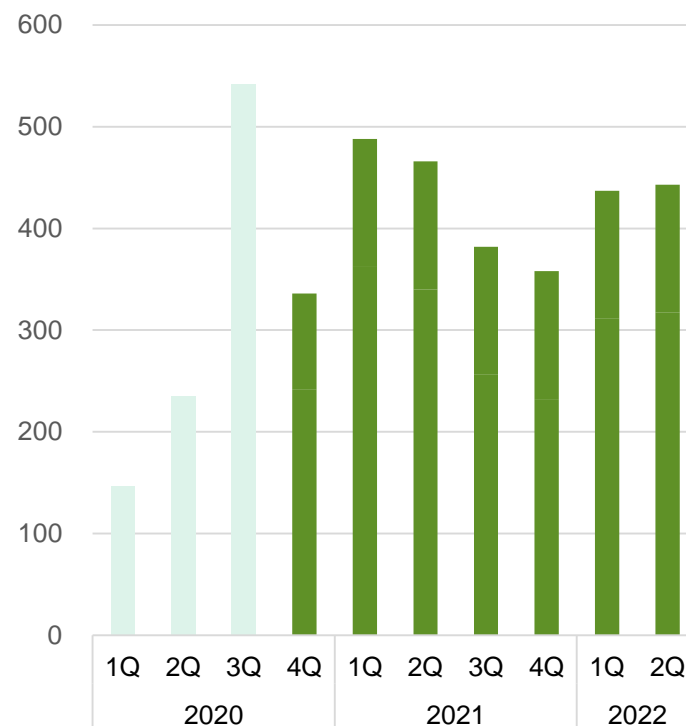
### Contents Segment Net Sales

[Millions of yen]



### Contents Segment Operating Profit before Amortization of Goodwill

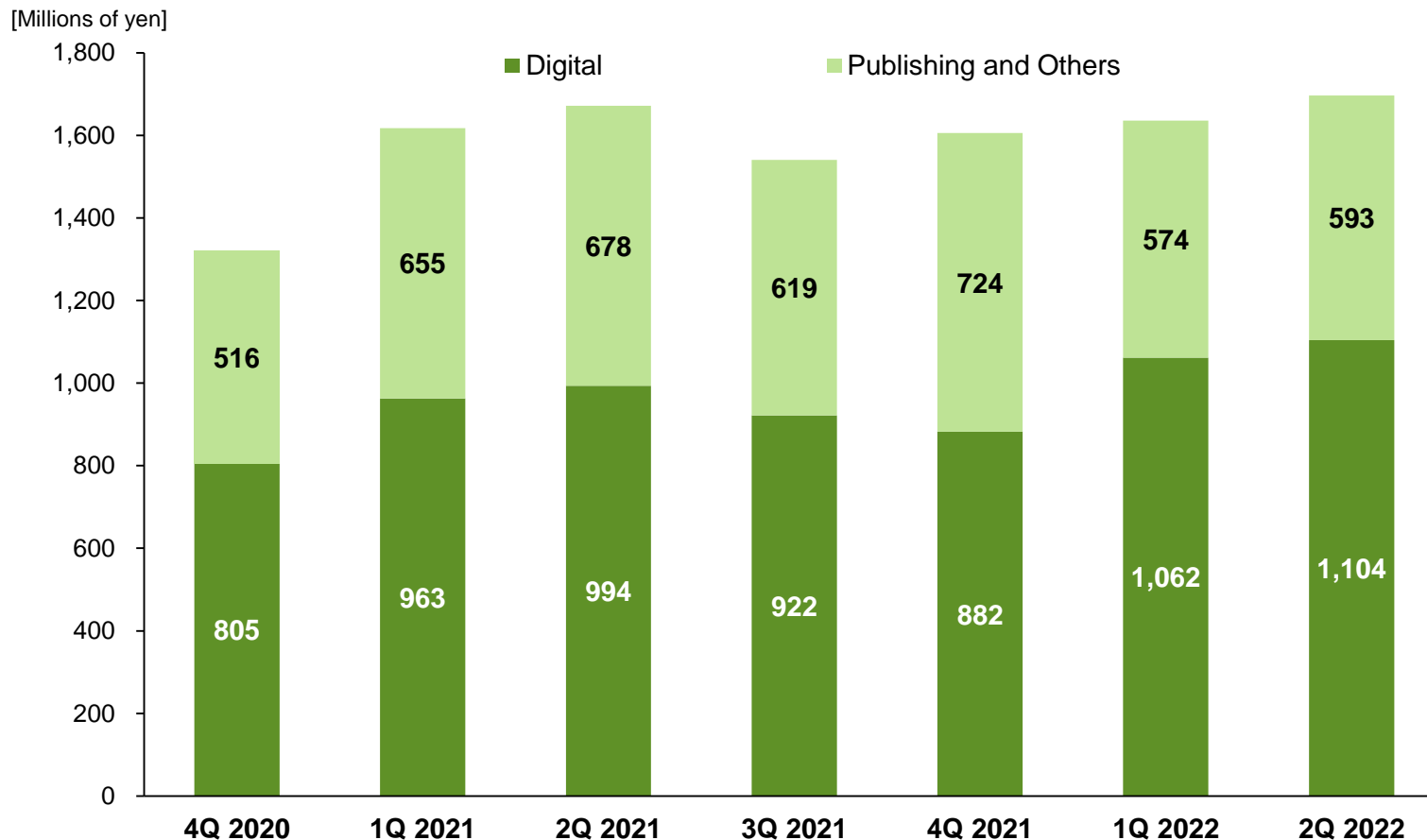
[Millions of yen]



Notes: 1. Net sales includes internal net sales and transfers between segments.  
 2. Figures prior to FYE Dec. 2020 3Q represent managerial accounting figures.

**Digital net sales posted record high on a quarterly basis**  
**Publishing and others net sales declined YoY due in part to the impacts of magazines that were discontinued in the previous fiscal year**

**Contents Segment Net sales**



Note: Totals may not match due to rounding.



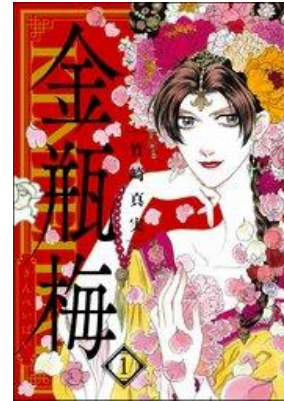
Expanded genre variation and contents  
Continued growth in genres with high affinity to the digital field mainly  
in comics geared toward women



*Koakuma Kyoushi Saiko*  
Keito Aida (author)  
Megane Mitsuishi (original author)



*Kurobengoshi no Chijo: Sekai de Ichiban Omoi Junai*  
Sumi (author)



*Manga Grimm Fairy Tales Kinpeibai*  
Mami Takezaki (author)



*Botsuraku Reijo, Binbo Kishi no Maid ni Narimasu Comic Version*  
Tokei Chiyo (author)  
Mashimesa Emoto (original author)

➤ Reinforced comic editorial structure

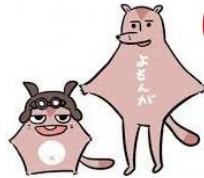
- Created hits in the new labels “PRIMO” and “COMIC Yamitsuki”
- Increased workforce by 3 new graduates and 2 young mid-career hires
- Developed editorial managers





## Creation of media mix products and synergies with Platform Segment

Adaptation to dramas



First adaptation from original work on our proprietary platform Manga Yomonga.

- Aired as TV drama from January 2022!
- Aired TV commercial on Manga Kingdom and distributed latest version ahead of publication date
- Created synergies with Platform Segment, including distributing original newly written contents



After adaptation as a drama in 2018, New Year's special aired in January 2022!

Light novels



Held novel posting contest, with winning works set to be comicalized on Novelba and by Bunkasha

Sold out Gina Spring and Organic Beauty Book, and strong ad revenue despite COVID-19

Strong sales of fashion magazines/mooks for women and 4WD magazines/mooks



Gina 2022 Spring



Organic Beauty BOOK Vol.9 Edited by Cosme Kitchen



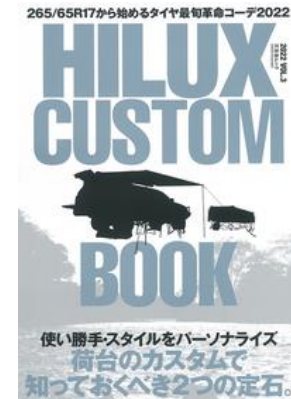
July 2022 edition of la farfa



LET'S GO 4WD



Latest 4WD SUV Parts Guide 2023



HILUX CUSTOM BOOK vol.3

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**About Beagle**

**Positive rate of progress in terms of profits, but we left the earnings forecast unchanged because of the risk of higher paper costs in publishing and plans for increased advertising in 2H**

| PL<br><br>(Unit: Millions of yen)                | FYE Dec. 2021 |           | FYE Dec. 2022 |                    |          |
|--|---------------|-----------|---------------|--------------------|----------|
|  | 1H            | Full-Year | 1H            | Full-Year Forecast | Progress |
| Net sales  | 9,249         | 18,637    | 9,310         | 18,791             | 49.5%    |
| Operating profit                                 | 660           | 1,345     | 1,025         | 1,536              | 66.7%    |
| Operating profit before amortization of goodwill | 1,058         | 2,141     | 1,414         | 2,315              | 61.1%    |
| Ordinary profit                                  | 587           | 1,202     | 960           | 1,416              | 67.8%    |
| Profit attributable to owners of the parent      | 236           | 444       | 420           | 695                | 60.4%    |
| Net income per share (yen)                       | 39.89         | 74.81     | 70.49         | 116.97             | —        |

## Progress in 1H

## Measures in 2H

### Platform Segment



- Broke through 6 million members
- Broke through 1.7 billion downloads
- Ended services of smartphone app game “*Mushoku Tensei: Game Ni Nattemo Honki Dasu*”
- Held novelba contests
- Promoted development of services for overseas audiences

- Continue to promote sense of value management
- Create and acquire unique content only available at Beagle, including original works and first release titles, etc.
- Promote joint projects with Bunkasha
- Enhance use of ads and expand postings
- Strengthen data-driven management
- Promote development of services for overseas audiences

### Contents Segment



- Steady growth in uploads of works
- Created a number of hits in comics geared toward women
- Launched new label BK Comics f in the fantasy romance manga genre
- Created media mix works

- Focus on growing digital sales
- Co-create in contents geared toward women, a strength of Manga Kingdom
- Address rising paper costs in printed media

**Company-wide Performance**



|  |   |                           |                |
|--|---|---------------------------|----------------|
| Net sales  | : | <b>18,791</b> million yen | <b>(49.5%)</b> |
| Operating profit                                 | : | <b>1,536</b> million yen  | <b>(66.7%)</b> |
| Operating profit before amortization of goodwill | : | <b>2,315</b> million yen  | <b>(61.1%)</b> |

**Platform Segment**



|  |   |                           |                |
|--|---|---------------------------|----------------|
| Net sales  | : | <b>12,508</b> million yen | <b>(48.4%)</b> |
| Operating profit                                 | : | <b>529</b> million yen    | <b>(74.9%)</b> |
| Operating profit before amortization of goodwill | : | <b>804</b> million yen    | <b>(66.4%)</b> |

**Contents Segment**



|  |   |                          |                |
|--|---|--------------------------|----------------|
| Net sales  | : | <b>6,462</b> million yen | <b>(51.6%)</b> |
| Operating profit                                 | : | <b>1,006</b> million yen | <b>(62.5%)</b> |
| Operating profit before amortization of goodwill | : | <b>1,511</b> million yen | <b>(58.3%)</b> |

- Notes: 1. Parentheses indicate rate of progress versus forecast.  
 2. Net sales includes internal net sales and transfers between segments.  
 3. Operating profit before amortization of goodwill represents operating profit before goodwill and amortization of publishing rights.

## Cautionary Statement

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- The materials and information provided in this presentation include forward looking statements.
- These are based on current expectations, forecasts and assumptions that are subject to risks and uncertainties, which could cause actual outcomes and results to differ materially from these statements.
- These risks and uncertainties include general domestic and international economic conditions, such as the state of business and markets, interest rates, and foreign exchange rate volatility.
- This presentation contains information believed to be useful as reference when explaining the business climate. It contains financial information that has not been audited by the Company's accounting auditor. Therefore, the Company cannot fully guarantee the accuracy of this information.
- The Company does not assume any obligation to update or review the forward looking statements contained in this presentation, even if new information emerges in the future or future events unfold.
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**About Beagle**





**Company name:** Beaglee Inc.  
**Address:** 4F Aoyama Sun Crest Building,  
 2-13-5 Kita Aoyama, Minato-ku, Tokyo,  
 Japan  
**Founded:** October 25, 2004  
**Capital:** 1,883,370,000 yen (as of Dec. 31, 2021)  
**Market:** TSE Prime Market (Securities Code: 3981)  
**Employees:** 93 (Non-consolidated/as of Dec. 31, 2021)  
**Executive Team:** President and Representative Director  
 Director Jimpei Yoshida  
 Director Yuichi Sakurai  
 Director Kenji Akita  
 Outside Director Shunsuke Sato  
 Outside Director Shinichiro Kubo  
 Director (Audit and Supervisory Committee) Shin Tanaka  
 Outside Director (Audit and Supervisory Committee) Hiroaki Yoshida  
 Outside Director (Audit and Supervisory Committee) Toshihiko Ohashi

Representative Director

## Jimpei Yoshida



C.V.

**Born December 30, 1971**

- 1994** Graduated from the Industrial & Management Systems Engineering Course, Faculty of Science and Engineering, Waseda University
- 1994** Joined Nissho Iwai Corporation (currently, Sojitz Corporation)
- 2004** Director of Moranet Co., Ltd.
- 2006** Representative Director of Moranet Co., Ltd.
- 2007** Joined Bbmf Co., Ltd. (currently, Beaglee Inc.)  
Elected Executive Officer in the same year
- 2012** Director of menue Co., Ltd. (currently, Beaglee Inc.)
- 2013** Representative Director of menue Co., Ltd. (currently, Beaglee Inc.)
- 2014** Representative Director of MNH Co., Ltd. (currently, Beaglee Inc.) (present position)
- 2022** Director of Bunkasha Co., Ltd. (present position)

## Management Philosophy



Constantly pursue new discoveries and progress free of preconceptions

Create new value by connecting creators and fans

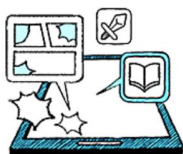
Aiming to be a contents producer with worldwide appeal



Named after the H.M.S. **Beagle** used by Charles Darwin (who introduced the theory of evolution) for his around the world voyage

## Contents Producer providing creation, selection and delivery all in one

### Platform Segment



Accounts for over 90% of Beaglee's net sales



Comic distribution service with No.1 sense of value

novelba

FUNDIY STORE

### Contents Segment



愉快痛快出版社

ぶんか社

BUNKASHA

海王社

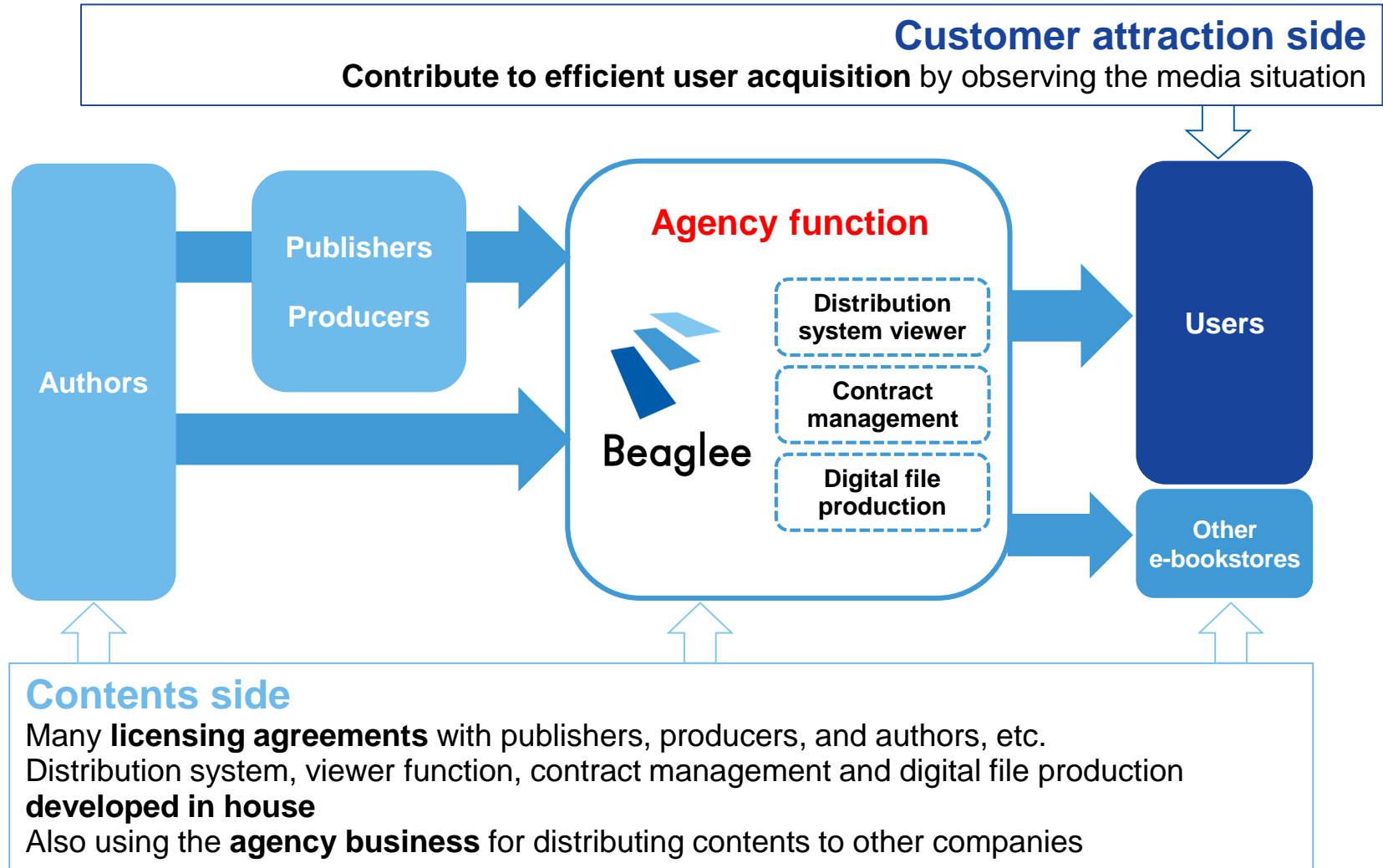
BUNYUSHA 文友舎

新アポロ出版

Integrated publishing company group comprising four publishers

Note: "Survey on E-Comic Services"  
Period: April 8, 2022 to April 14, 2022  
Targets: Men and women between the ages of 20 and 69 who use either Manga Kingdom or another main e-comic service and who are subscribers (pay a fee to access).  
Sample size: 1,236  
Method: Internet research  
Partner: MARCS Co., Inc.

## Balances flexibility of marketing strategy and increased profitability!



## Earned No. 1 sense of value



### Provide services with longevity using creative proposals that strike at the heart of customers

Members: **over 6.5 million**

Downloads: **1.8 billion books**

Contracts with licensors such as publishers and authors: **2,000+**

Always over **3,000 titles** for free



Manga Kingdom's official mascot character  
**Hokoriamu**

Notes:

- 1: "Survey on E-Comic Services"
  - Period: April 8, 2022 to April 14, 2022
  - Targets: Men and women between the ages of 20 and 69 who use either Manga Kingdom or another main e-comic service and who are subscribers (pay a fee to access).
  - Sample size: 1,236
  - Method: Internet research
  - Partner: MARCS Co., Inc.
- 2: Data as of July 2022
- 3: Cumulative downloads include free titles and comic strip titles converted to books.

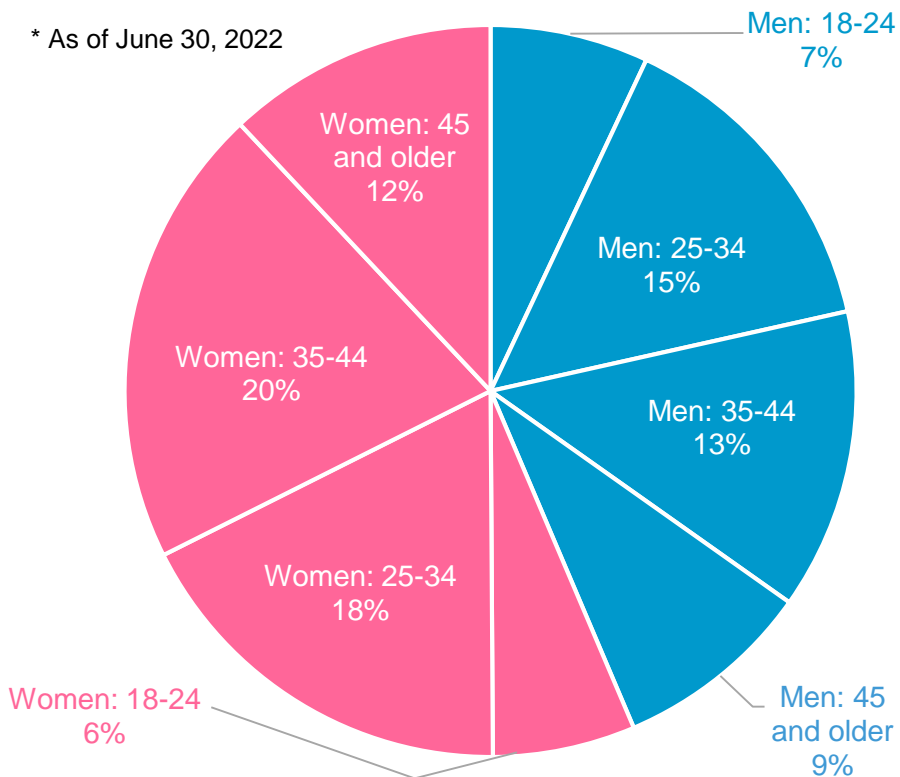


**Popular among women from their 20s to 40s.** Many **become fans** after **encountering** not only famous titles, but also hidden gems and original content.

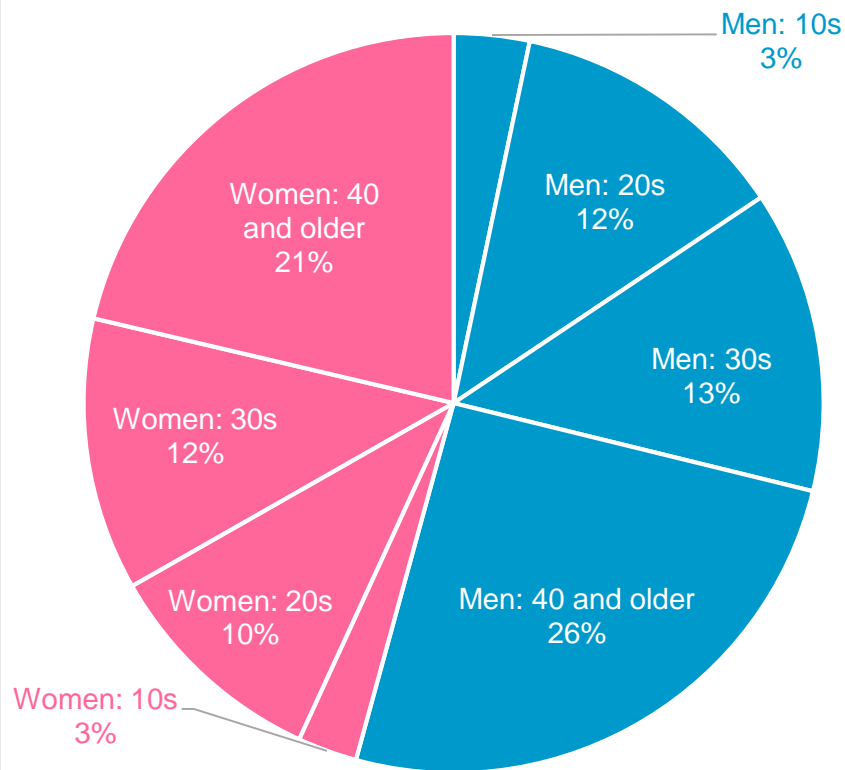
Many works have been turned into media after catching on following the Company's promotions or special features, etc.

## Manga Kingdom Users

\* As of June 30, 2022



## General users of fee-charging e-books



Source: Impress Corporation estimates, "eBook Marketing Report 2021"

## Service nature and features

### 1. E-book store offering hidden gems

#### Unique

**Creating works “exclusive to Manga Kingdom” using data-driven approach.** Many first release titles and original works.

#### Proposal capabilities

“Proposing works “only available at Manga Kingdom.” **Recommended works determined by AI** always displayed.

#### Reviews

**Many extended reviews** over 50 characters. Aids contents selection.

### 2. Many promotional campaigns and ease of use

#### Free trial

**Trial Reading offers daily access to 3,000+ titles** (extended reading for free compared to ordinary samples).

#### Ease of use

Speedy development of a wealth of new functions by our engineers and usability driven by UI/UX.

#### Viewer

**Viewer developed in house** offering high performance options to select resolution and effects. The app has a download function.

### 3. Fee system with No. 1 sense of value (note)

#### High rate of return

Loyalty points program that **returns up to 50% every day** combined for both points purchases and consumption.

#### Monthly

Monthly pay plans are recommended when spending more than 1,000 yen per month as they offer **five valuable benefits** including, bonus.

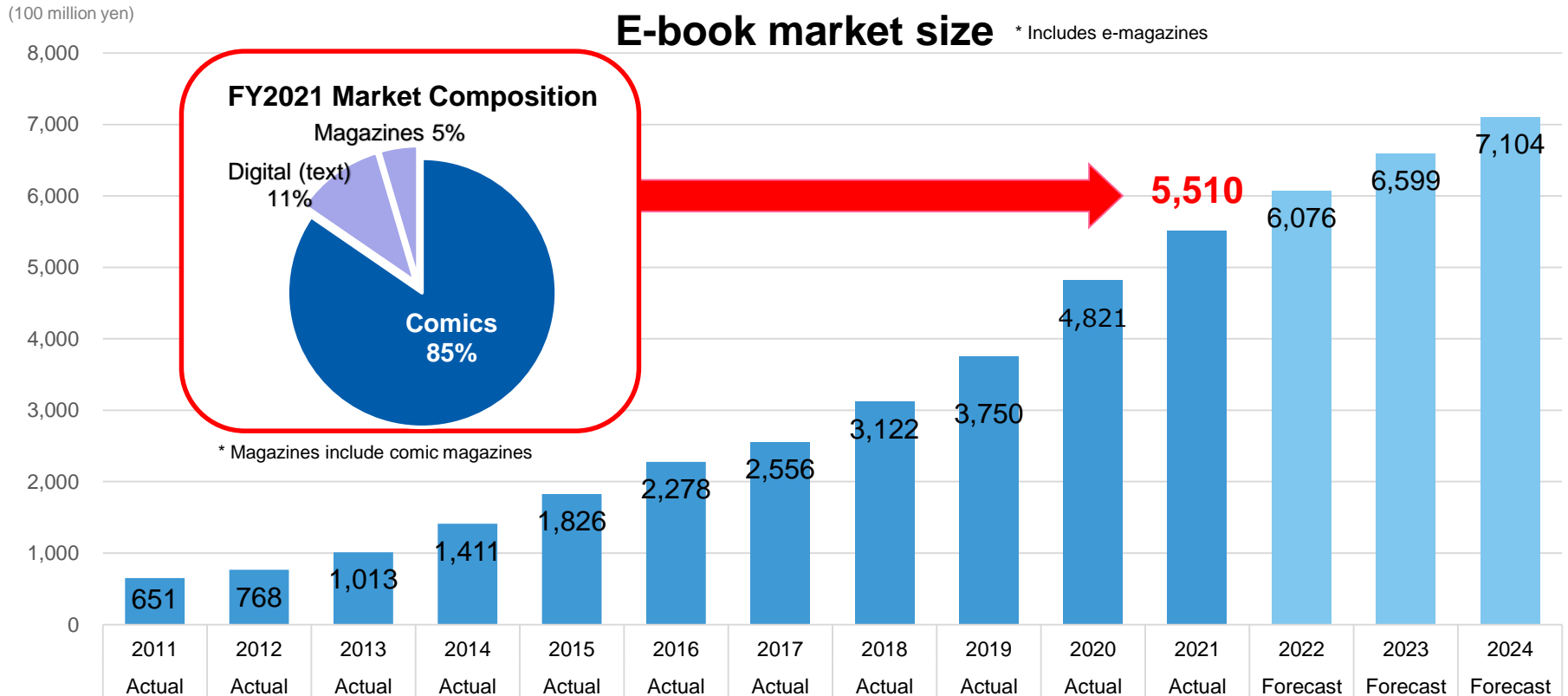
#### Valuable events

Offer **a number of valuable, fun events and functions** such as campaigns, coupons, and points for store visits, etc.

Note: “Survey on E-Comic Services”

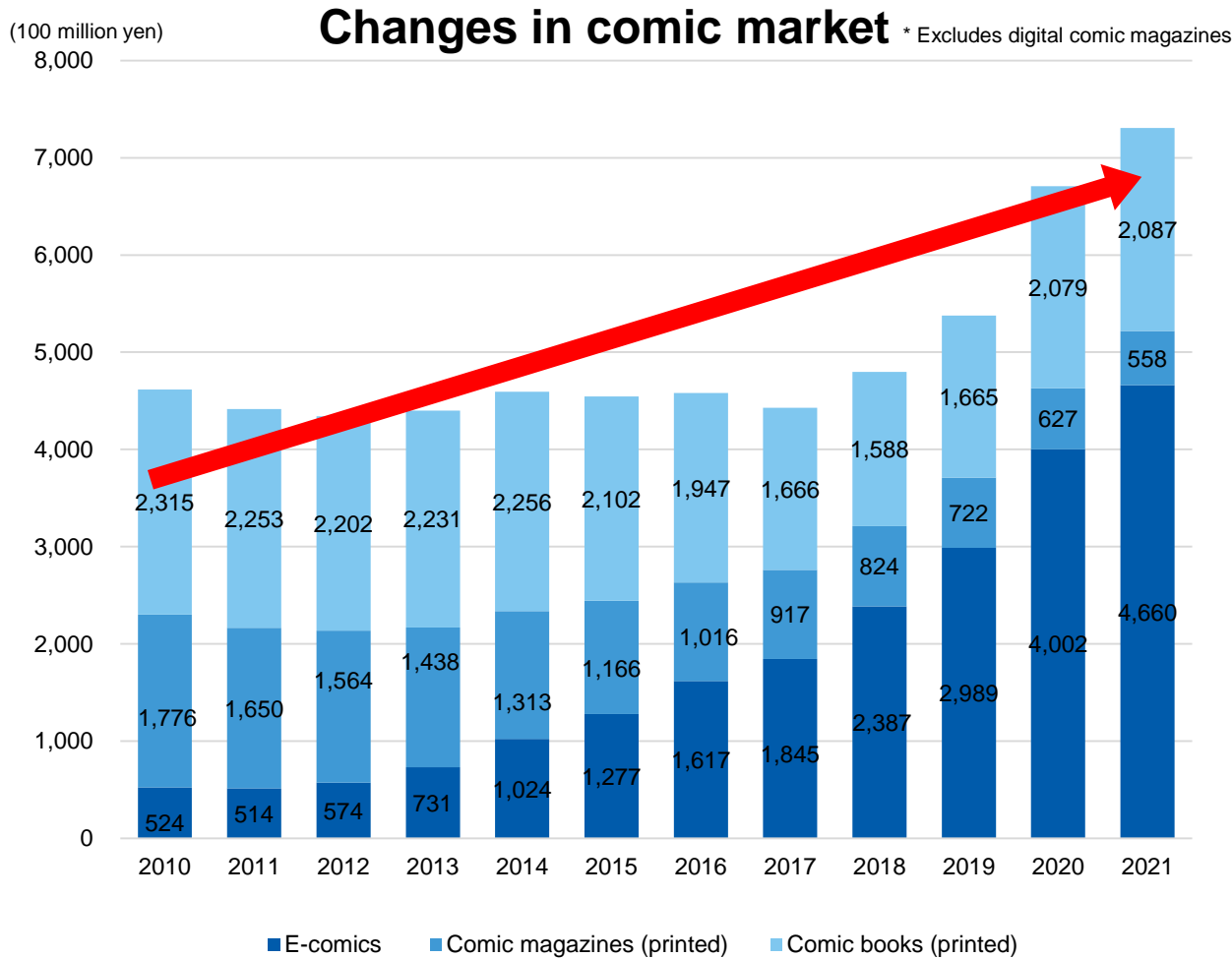
Period: April 8, 2022 to April 14, 2022 Targets: Men and women between the ages of 20 and 69 who use either Manga Kingdom or another main e-comic service and who are subscribers (pay a fee to access). Sample size: 1,236 Method: Internet research Partner: MARCS Co., Inc.

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

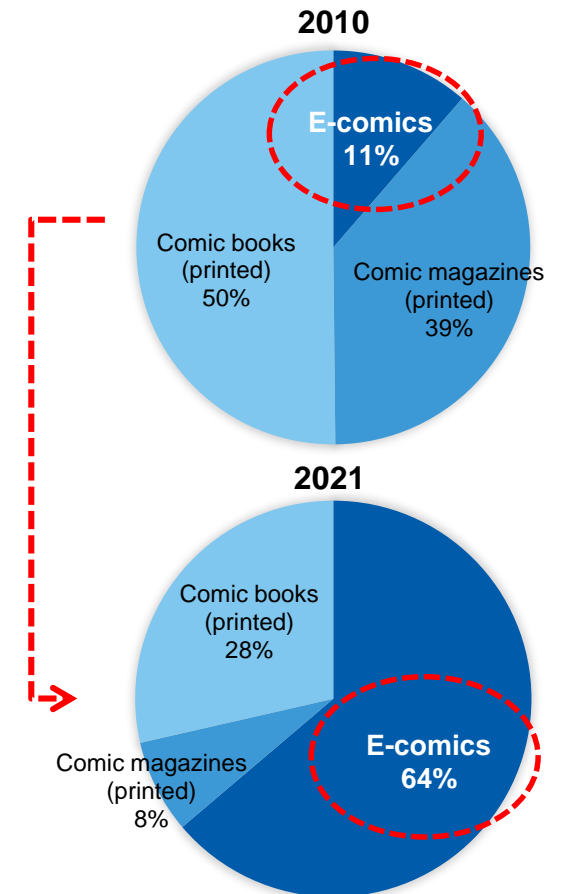


Source: Impress Corporation estimates, "eBook Marketing Report 2022"





### Changes in comic market composition



Source: Impress Corporation estimates, "eBook Marketing Report 2022"/Research Institute of the Publishing Science, "Publishing Annual Report"



novelba

<https://novelba.com/>

novelba is a novel posting service offered as a smartphone app and on a website with more than 19,000 novels posted.

We published the first original labels on “Novelba Novels” in November 2020.

We are also working to create IP, such as by creating and uploading comicalized original novels posted to novelba on Manga Kingdom and Bunkasha, etc.



## Other Services and Projects

We are working on multiple tie-ups with TV shows and radio to expand with consideration given to media mix.



## Bunkasha Group

Bunkasha Co., Ltd.



- Founded: 1948
- Employees: 133 (as of March 31, 2021)
- Business summary: Integrated publishing business publishing printed and digital comics geared toward women
- Features: Strengths in creating comics geared toward women. Promoting digitalization and providing contents to not only browser e book services, such as Manga Kingdom, but also manga apps such as Line Manga and Piccoma, etc.

Kaiohsha Co., Ltd



Contract editing from Bunkasha

Bunyusha Co., Ltd.



Publishing (editing) business for women's fashion magazines and automotive magazines

Shin Apollo Publishing Co., Ltd.



Contract editing of automobile magazines and contract advertising

## Business Lines

### Comics

- Specializes in comics for women which have a high affinity with digital contents
- Creating hit serialized works that are long and capable of enticing readers into purchasing the next work in the series, contributing to digital sales
- Popular works adapted into TV dramas



Left: *Stepmom and Daughter's Blues* ©Rin Sakurazawa/Bunkasha

Broadcast on TBS affiliates starting in July 2018

Right: *The Love Between the Director and the Company*

*Livestock Is Frustrating* ©Shimo/Bunkasha

Broadcast on TV Tokyo affiliates starting in January 2022

### Informative magazines

- Possesses unique readership and advertising clients (fashion magazines for women and automotive magazines) using its cutting edge contents

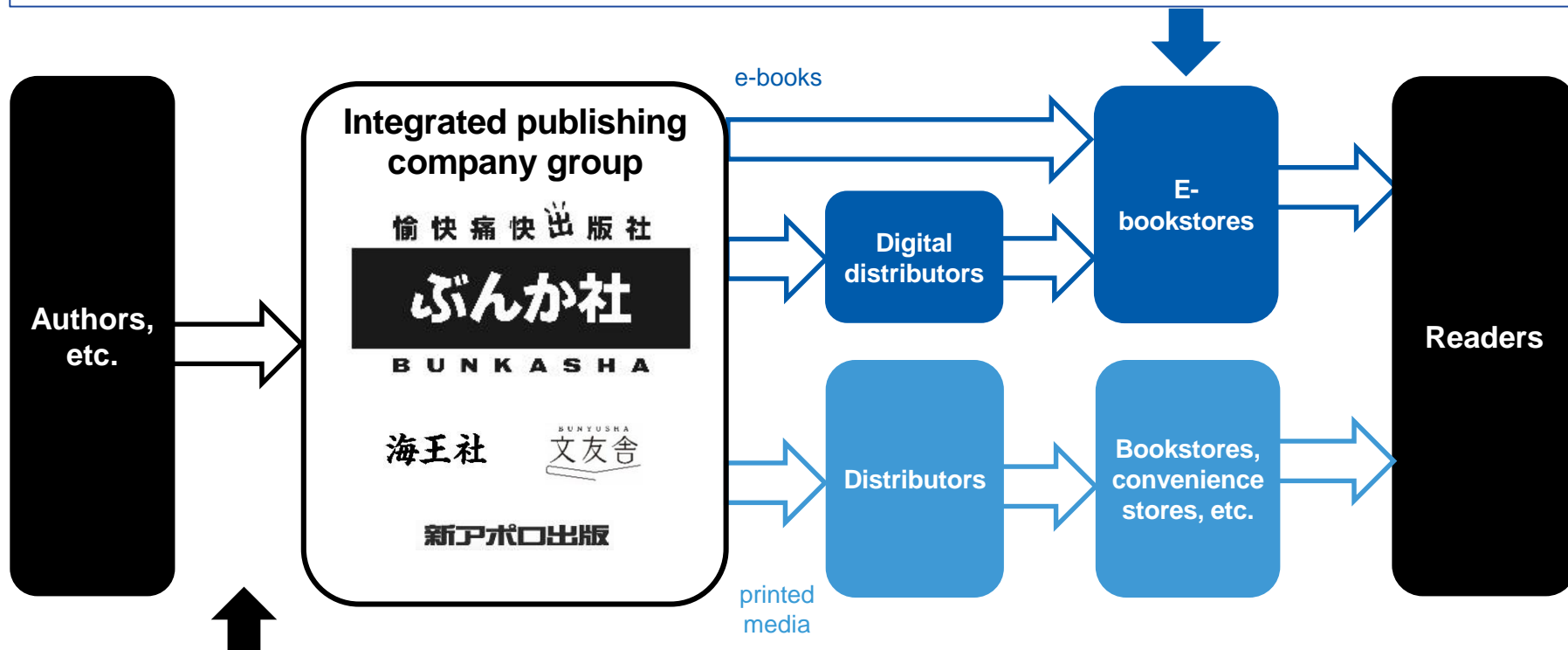
## History

| Date         | Event   |
|--------------|---|
| March 1948   | Established as Nihonbunkasha in Marunouchi, Chiyoda-ku, Tokyo |
| April 1992   | Changed name to Bunkasha Co., Ltd.                            |
| July 2019    | Launched its own comic website called Manga Yomonga           |
| October 2020 | Became subsidiary of Beaglee                                  |

## Digital shift is driving growth

**Strong progress being made with digitalization**

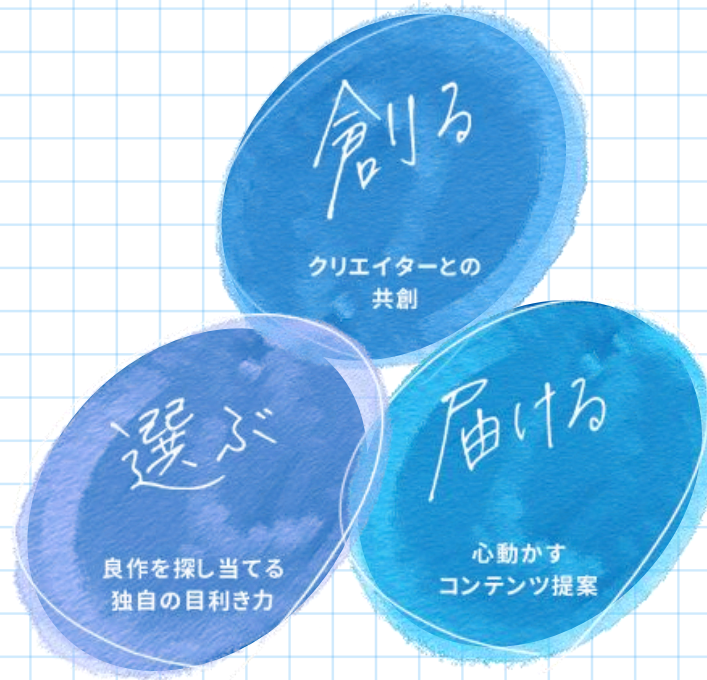
Amid the digital shift, **more than half of net sales** is from digital.  
Our strength is in collaboration with e-bookstores.



### Business dealings with many authors

Our strength is in works covering genres popular with women, while our presence in both digital and printed publishing appeals to authors.

# Create new value by connecting creators and fans



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