



Fiscal Year Ended December 31, 2022

Financial Results Presentation

Wednesday, February 15, 2023

Beagle Inc.

TSE Prime Market: 3981

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FYE Dec. 2022 Financial Results

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FYE Dec. 2023 Earnings Forecast

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**Medium Term Management Plan
(Excerpt from MTP for 2022–2024)**

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About Beagle

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Medium Term Management Plan
(Excerpt from MTP for 2022–2024)

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About Beagle

Executive Summary for FYE Dec. 2022

Net sales

18,713 million yen

(Up 0.4% YoY)

Operating profit

1,755 million yen

(Up 30.5% YoY)

ROE

11.1%

(Up 2.9% YoY)

- Sales and profits both increased for the **fourth consecutive fiscal year**.
- Manga Kingdom sales **rose**. Meanwhile, operating profit **increased** on the narrowing loss for games and more cost effective advertising.
- Contents Segment posted **higher sales** from ongoing growth in digital net sales, but profits were largely **unchanged** due to soaring paper prices, etc.

Financial Highlights—Statement of Income

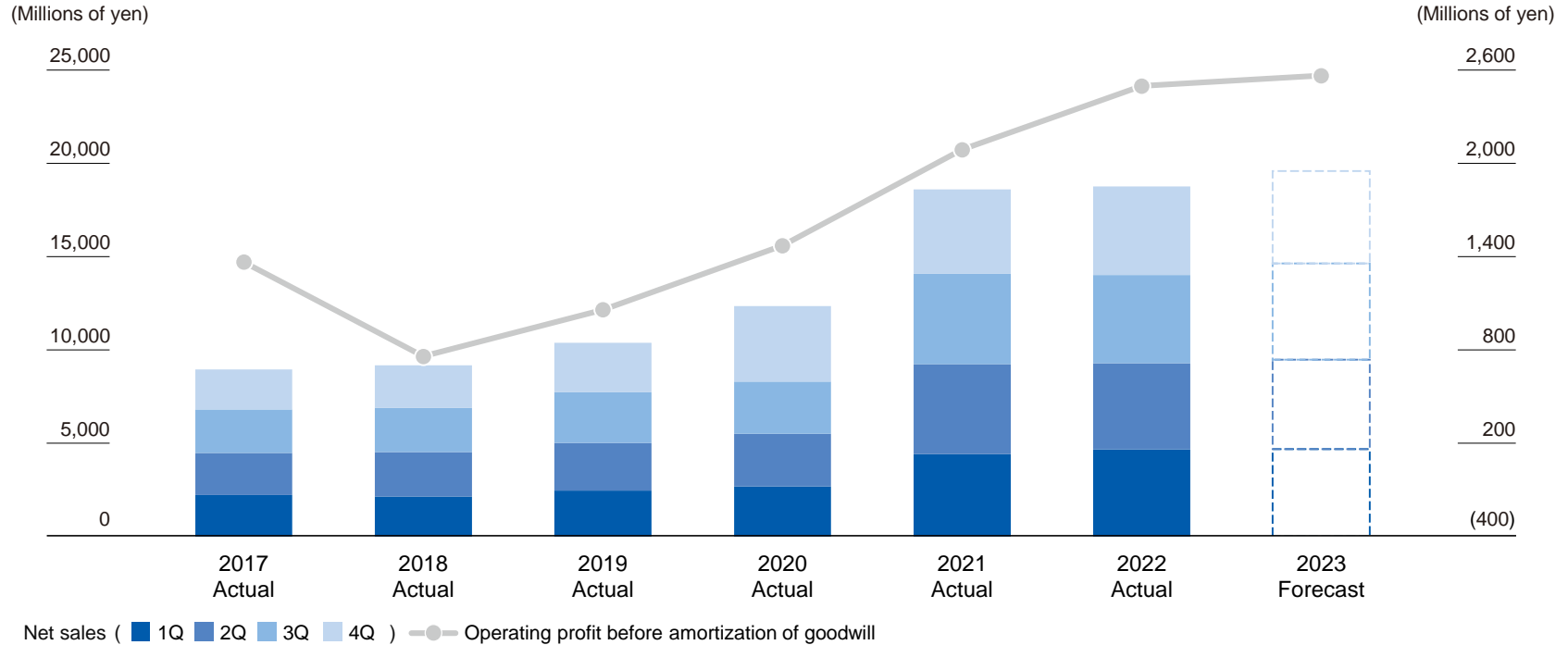
(Unit: Millions of yen)

P/L	FYE Dec. 2021	FYE Dec. 2022	YoY	
	Full-year	Full-year	Change	Rate of change
Net sales	18,637	18,713	+75	0.4%
Operating profit	1,345	1,755	+410	30.5%
Operating profit before amortization of goodwill	2,141	2,534	+392	18.3%
Ordinary profit	1,202	1,608	+405	33.8%
Profit attributable to owners of the parent	444	664	+219	49.4%
Net income per share (yen)	74.81	111.34	+36.53	—

- Notes: 1. Results for FYE Dec. 2021 represent revised figures after PPA finalization in FYE Dec. 2021.
2. Operating profit before amortization of goodwill is operating profit prior to amortization of goodwill and publishing rights.
3. Totals may not match due to rounding.

Trend in Net Sales and Operating Profit before Amortization of Goodwill

Net sales and Operating Profit before Amortization of Goodwill



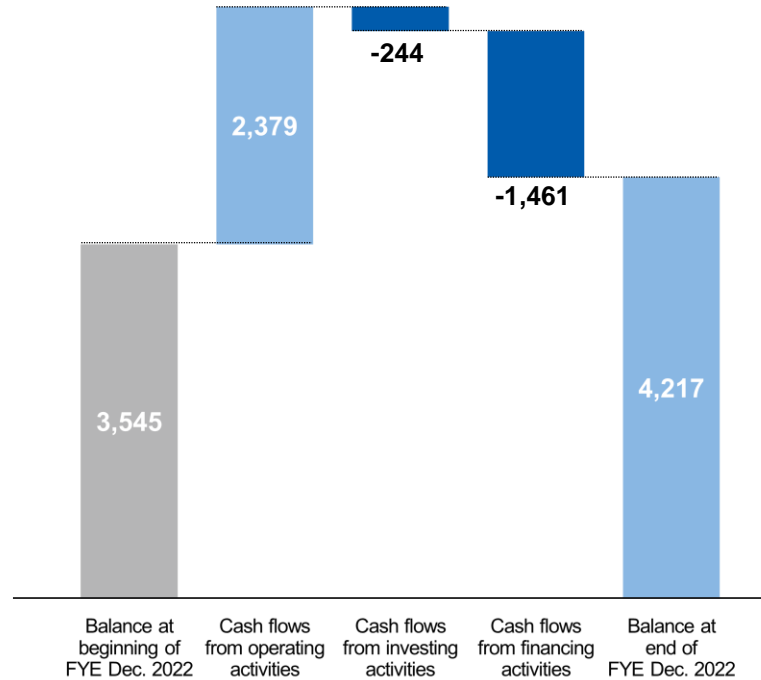
Financial Highlights—Balance Sheet

(Unit: Millions of yen)

B/S	FYE Dec. 2021 Full-year		FYE Dec. 2022 Full-year			
	Amount	Ratio	Amount	Ratio	Change	Notes
Current assets	8,175	42.0%	8,807	46.3%	+631	Increase in cash and deposits
Non current assets	11,282	58.0%	10,232	53.7%	(1,050)	Goodwill of 8,910 million yen Publishing rights of 590 million yen
Total assets	19,458	100.0%	19,039	100.0%	(418)	
Total liabilities	13,786	70.9%	12,725	66.8%	(1,061)	D/E ratio Reduced from 1.45x to 1.08x
Total net assets	5,671	29.1%	6,314	33.2%	+643	
Total liabilities and net assets	19,458	100.0%	19,039	100.0%	(418)	
Capital-to asset ratio	29.1%		33.2%			

Note: Totals may not match due to rounding.

Financial Highlights—Cash Flow Statements

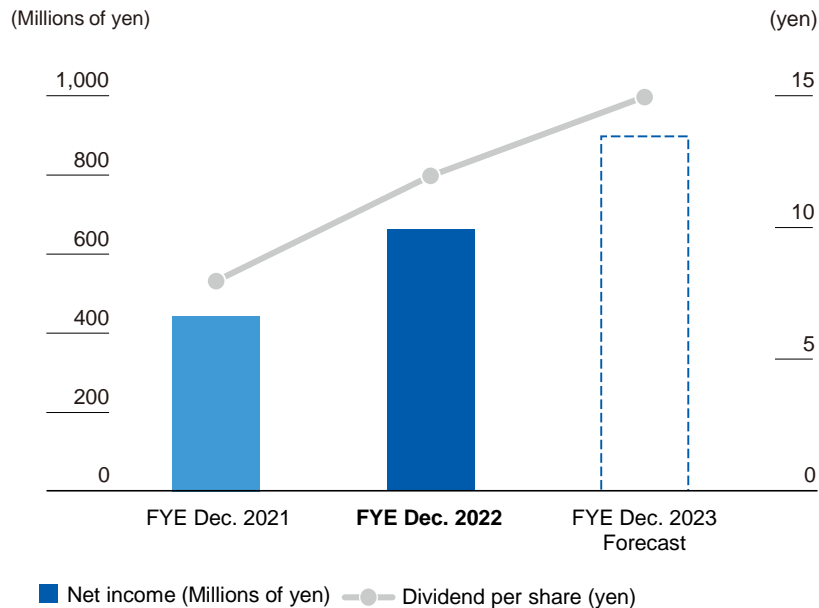


(Unit: Millions of yen)

	FYE Dec. 2021	FYE Dec. 2022	Change
Cash flows from Operating Activities	1,574	2,379	+805
Cash flows from investing activities	(330)	(244)	+85
Cash flows from financing activities	(929)	(1,461)	(532)
Cash and cash equivalents at end of period	3,545	4,217	+672

Began paying a dividend in FYE Dec. 2021

Net Income / Dividend per Share



We will examine the stable and continuous return of profits to shareholders based on the level of internal reserves and the business environment, while also taking steps to grow and develop a business foundation over the medium to long term.

We began paying a dividend in FYE Dec. 2021 after establishing a target to achieve a dividend payout ratio of at least 10%.

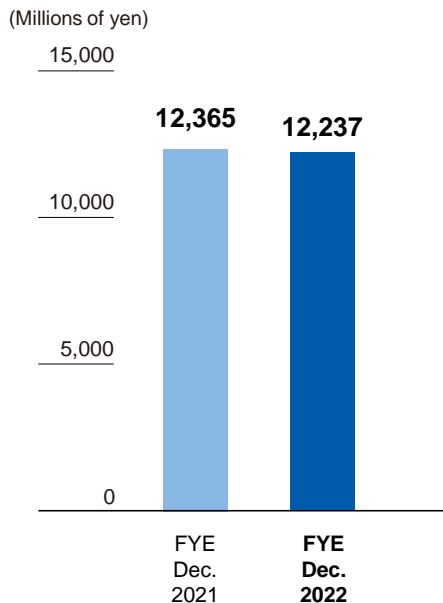
(Unit: Millions of yen)

	FYE Dec. 2022 Actual	FYE Dec. 2023 Forecast	YoY
Net income	664	900	+235
Dividend	12 yen	15 yen	+3 yen
Dividend payout ratio	10.8%	10.0%	—

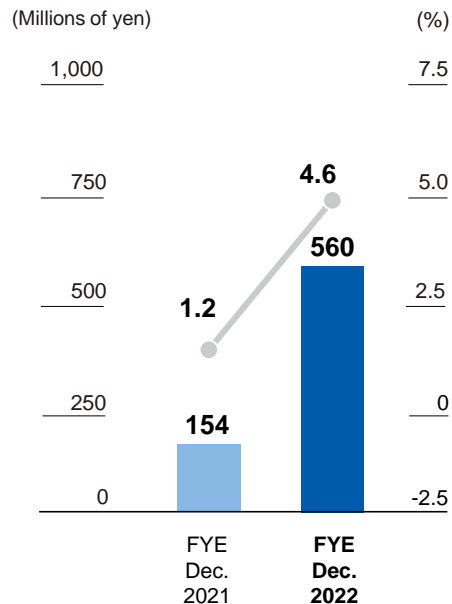
Segment Breakdown—Platform Segment

Platform Segment: engages in operation of comic distribution service Manga Kingdom, digital publishing of original works on Manga Kingdom, and other peripheral businesses

Net Sales



Operating Profit / Operating Margin



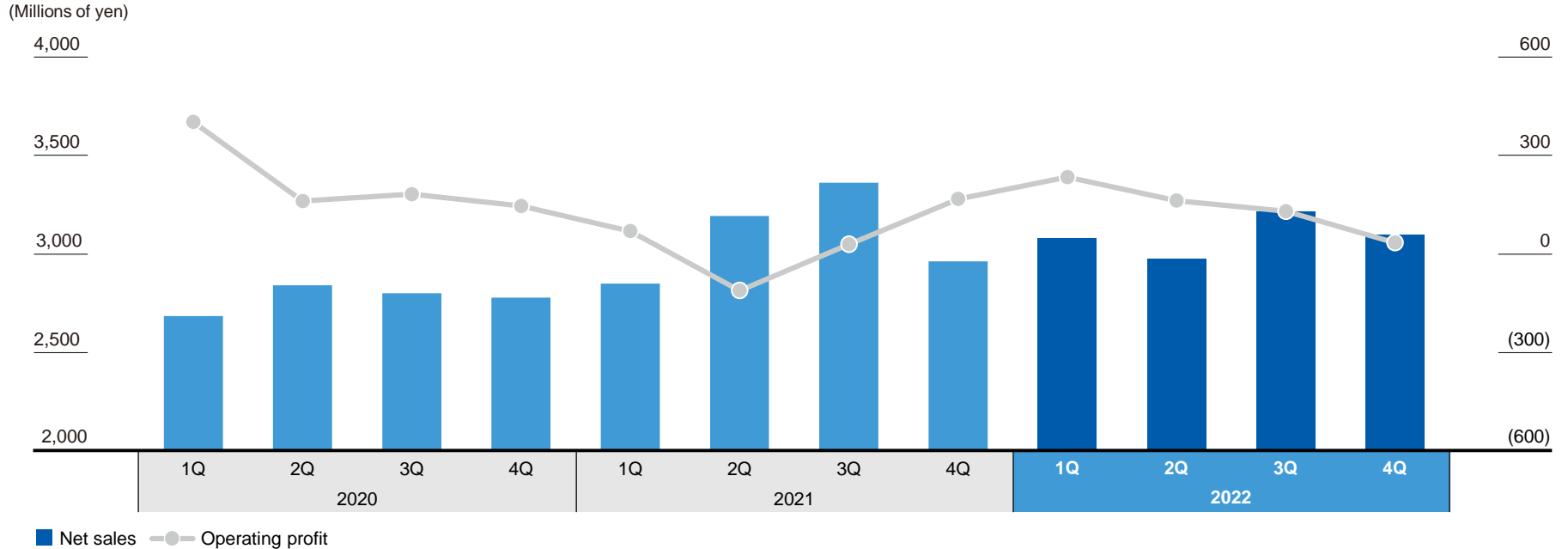
Net sales

- Full-year net sales declined 1% YoY due to our exit from the game business.
- Manga Kingdom net sales rose 2% YoY, achieving growth despite the challenging market environment overall.
- 4Q net sales were down 8% QoQ, but unchanged YoY, progressing largely as planned.

Operating profit

- Full-year operating profit improved substantially following the narrowing of the game business loss and increasing effects of advertising investment.
- In 2H, advertising market conditions improved, leading to greater appetite for online ads, which follows the plan in the initial budget.
- 4Q Operating profit declined both QoQ and YoY due to the provision for bonuses booked all at once in December.
- Furthermore, in FYE Dec. 2023 and beyond, provision for bonuses will be booked proportionally on a monthly basis.

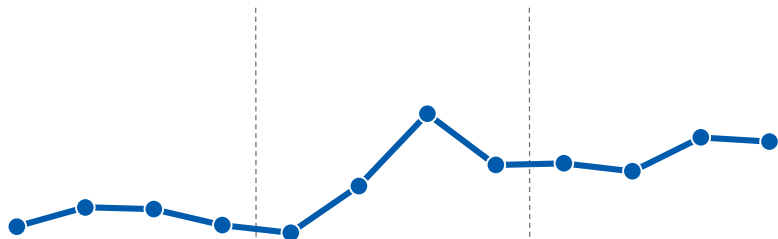
Platform Segment: Net Sales and Operating Profit



Note: Net sales includes internal net sales and transfers between segments.

Platform Segment KPI

MAU

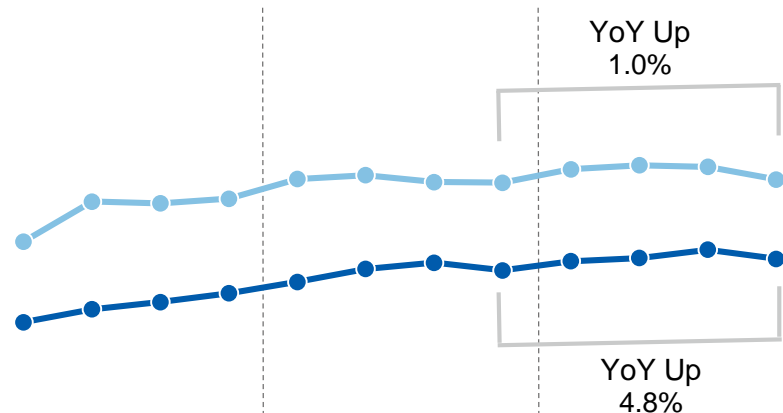


1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
2020				2021				2022			

● MAU

Trend in number of members visiting Manga Kingdom

ARPPU (Subscription/Consumption)



1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
2020				2021				2022			

● Subscription ARPPU ● Consumption ARPPU

Trend in the amount determined by dividing subscription amount/consumption amount by the number of paid memberships

1 Developed loyal customers Expanded original contents and added to the lineup for the sense of value strategy



- Manga Kingdom members broke through 7 million mark
- Original work *Hoseki no Musume to Ino no Oji* became a top ranked hit overall for 2022



◀ *Hoseki no Musume to Ino no Oji*

Watashi Murakami (Author)
Maika (planning)

2 Implemented strategies and hosted novel contests to promote comicalization of original posted works



- Jointly held contest with Publishing Link, Ltd.
- Held promotional campaigns and expanded app features to increase the number of posted works (voice novel function)

3 Generated synergies with Nippon TV and promoted expansion of media mix



Documentary variety program
THE TOKIWA



Comicalized
Bokutachi no Asobiba

Smartphone game *Mushoku Tensei*

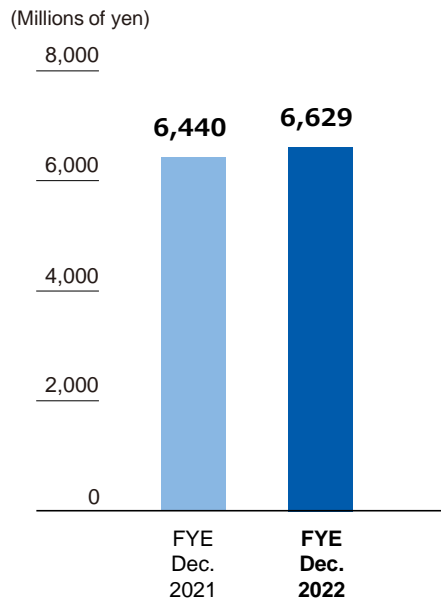
- Ended services on August 31, 2022



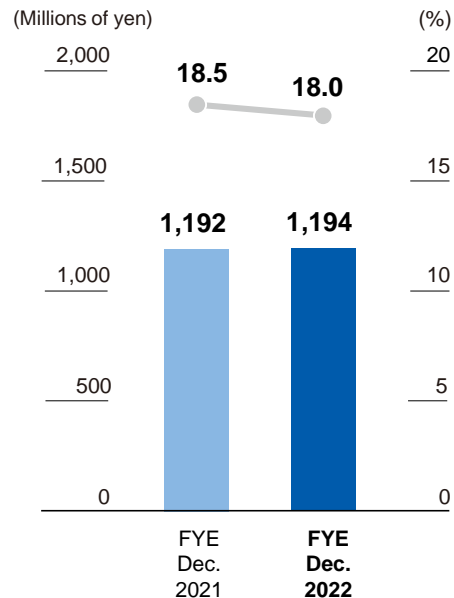
Segment Breakdown—Contents Segment

Contents Segment: engages in printed and digital publishing of books and magazines centered around Bunkasha

Net Sales



Operating Profit / Operating Margin



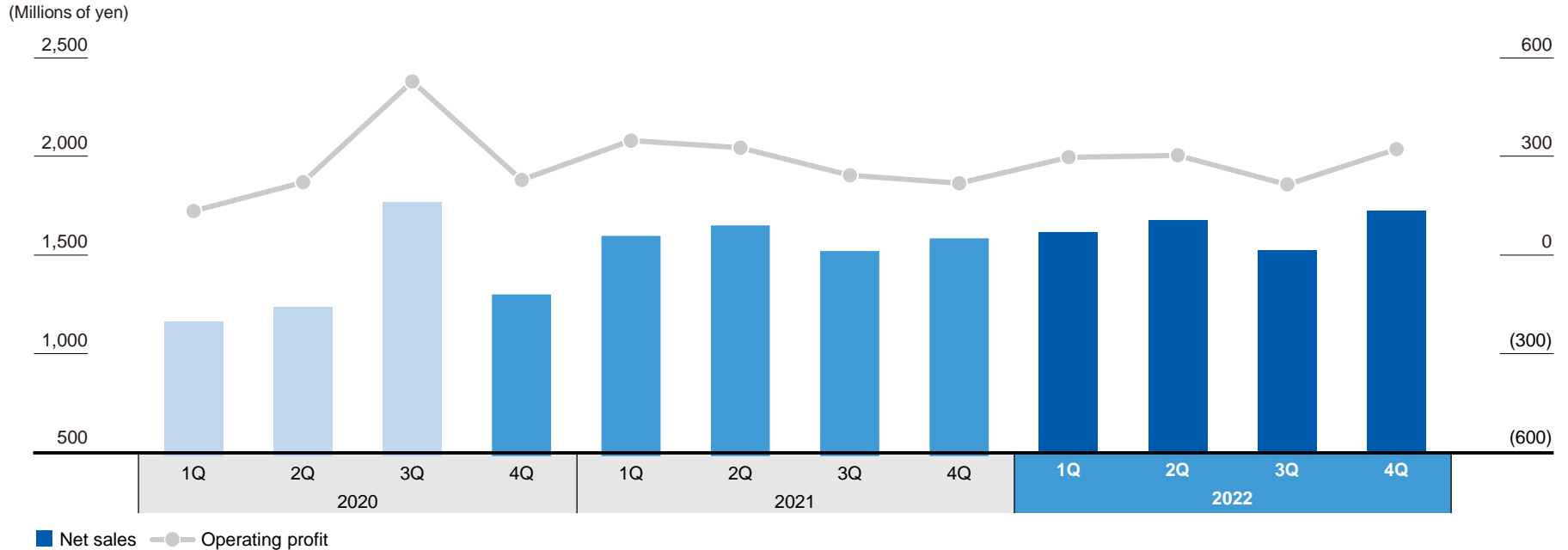
Net sales

- Digital net sales were up 11% YoY, but printed net sales declined 9% YoY, resulting in overall net sales growth of just 3% YoY for the segment.
- 4Q net sales rose 13% QoQ and 9% YoY. The lower number of returned works in printed media gave a boost to not only to net sales, but profits as well.
- 4Q digital net sales were also favorable, down 1% QoQ, but up 13% YoY. In December, *Koakuma Kyoushi Saiko* sales grew, driving overall digital net sales.

Operating profit

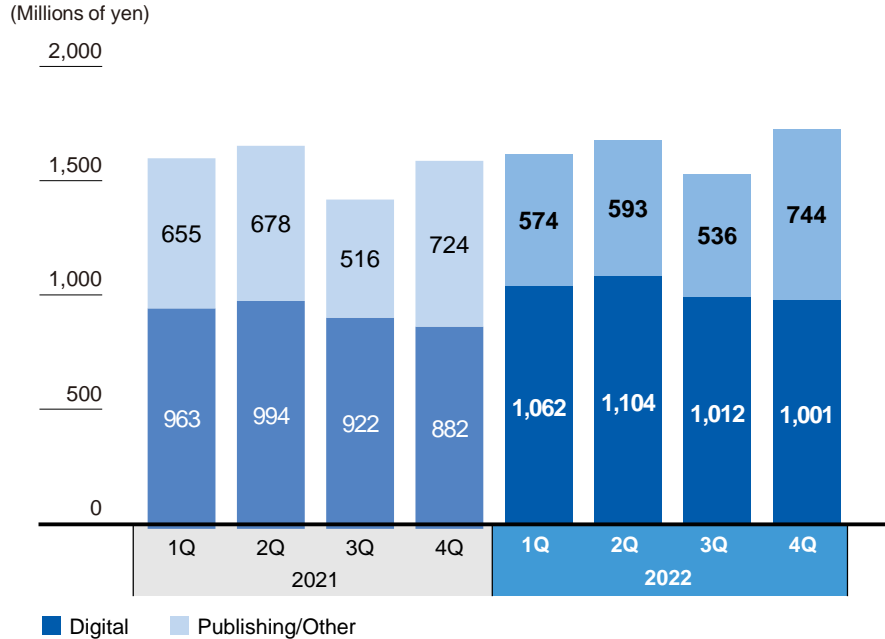
- The growth in digital net sales helped to largely boost digital gross profit YoY.
- In printed media, net sales declined and paper costs soared, causing profits to fall significantly YoY.
- 4Q operating profit increased 47% QoQ and 44% YoY thanks to strong net sales in the segment overall.

Contents Segment: Net Sales and Operating Profit



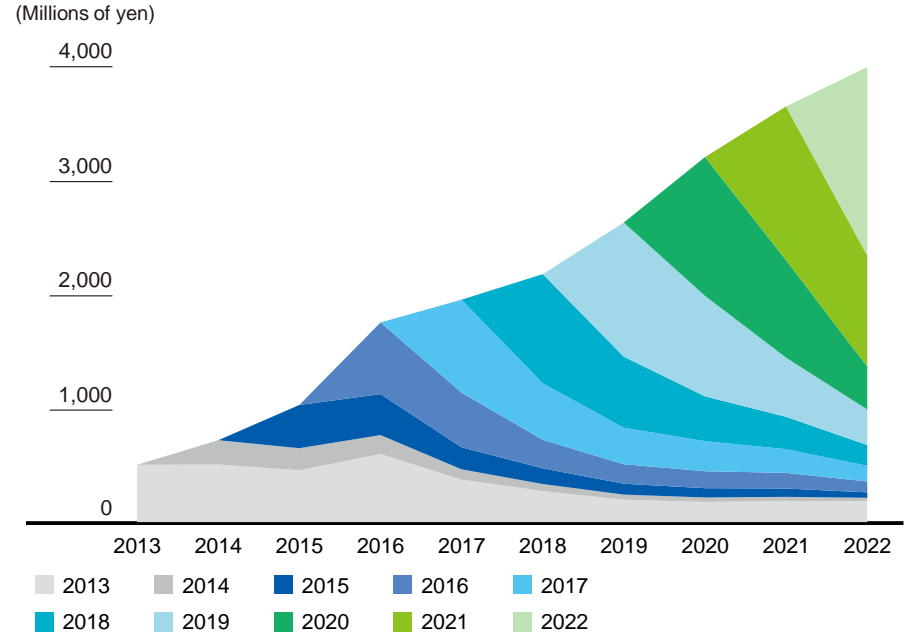
Notes: 1. Net sales includes internal net sales and transfers between segments.
2. Figures prior to FYE Dec. 2020 3Q represent managerial accounting figures.

Contents Segment: Net Sales



Note: Totals may not match due to rounding.

Digital Net Sales and Distribution Timing



Note: Figures are based on managerial accounting and do not match those for financial accounting.

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



An Unwanted Bride Falls for the Crown Prince

Sua Tsumugi (author)
Maya Koike (original author)



Botsuraku Reijo, Binbo Kishi no Maid ni Narimasu

Tokei Chiyo (author)
Mashimesa Emoto (original author)

Reinforced comic editorial structure

- Created hits in the new labels "PRIMO" and "BK Comics f"
- Increased workforce by 3 new graduates and 2 young mid-career hires
- Developed editorial managers



2 Created media mix products and synergies with Platform Segment



Aired as TV drama from January 2022!

- Streamed commercial on Manga Kingdom and distributed latest version ahead of publication date
- Created synergies with Platform Segment, including distributing original newly written contents



Held novel posting contest involving novelba and Bunkasha with the winning works to be comicalized

3 Recorded strong sales of Dec. 2022 issue of JELLY, sold out Organic Beauty Book, and posted strong ad revenue despite COVID-19 Saw strong sales of fashion magazines/mooks for women and 4WD magazines/mooks



Dec. 2022 edition of JELLY



Edited by Cosme Kitchen
Organic Beauty BOOK Vol.10



LET'S GO 4WD



Latest 4WD SUV Parts Guide 2023

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(Excerpt from MTP for 2022–2024)

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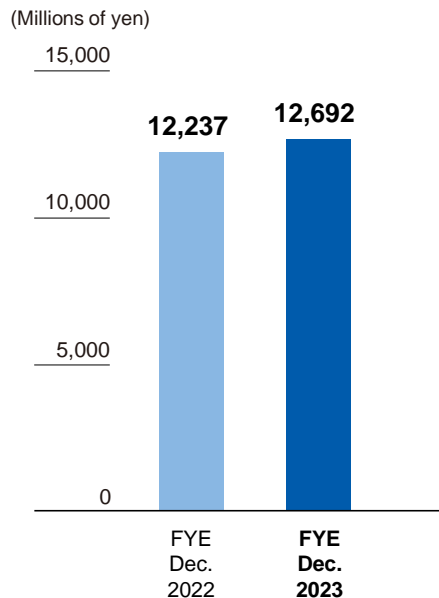
About Beaglee

Achieve stable growth of e-book services and continue growing digital content
Aggressively invest in content and international business

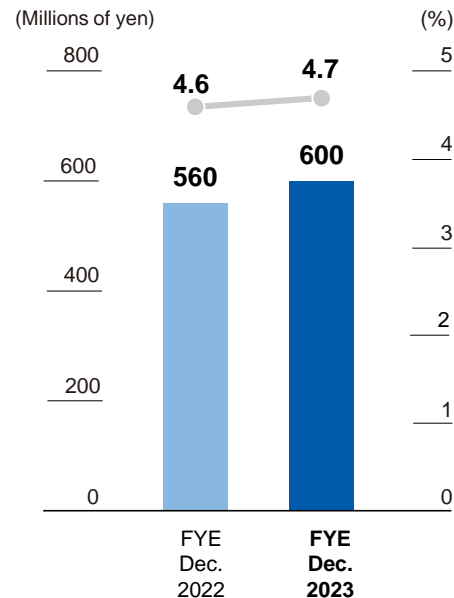
(Unit: Millions of yen)

P/L	FYE Dec. 2022 results		FYE Dec. 2023 forecast		Ref.	
	Full-year	Full-year	Change	Rate of change	H1	H2
Net sales	18,713	19,622	+908	4.9%	9,499	10,122
Operating profit	1,755	1,822	+66	3.8%	850	971
Operating profit before amortization of goodwill	2,534	2,570	+35	1.4%	1,224	1,345
Ordinary profit	1,608	1,766	+158	9.8%	822	943
Profit	664	900	+235	35.4%	406	493
Net income per share (yen)	111.34	150.80	+39.45	—	68.11	82.69

Net Sales



Operating Profit / Operating Margin



Net sales

Focus on e-books

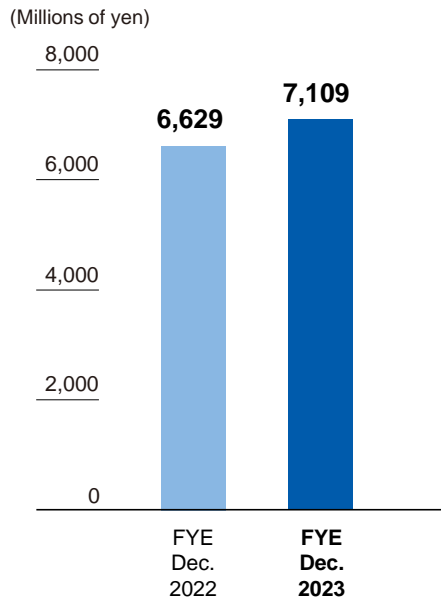
- Plan to grow Manga Kingdom net sales by approx. 5% YoY.
- Launch test marketing internationally in 1H.
- Increase original content including novelba original works.

Operating profit

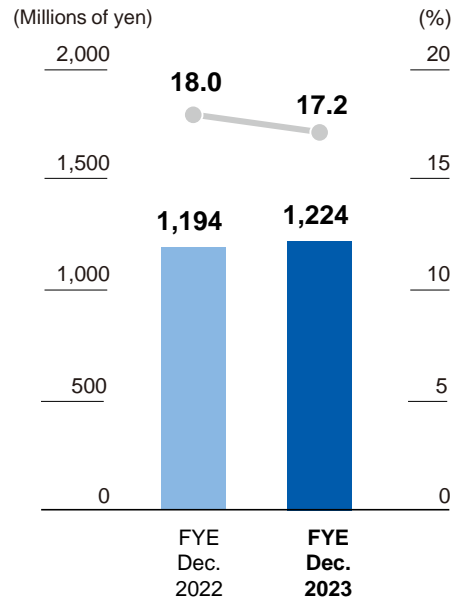
Aggressively invest in original content and international business

- Aim to increase gross margin by increasing original content.
- Actively invest in advertising while maintaining efficiency.
- Rising costs due to engineer hires and promotion of localization.

Net sales



Operating Profit / Operating Margin



Net sales

Continue expanding genre variation and content

- Plan to grow digital net sales by approx. 10% YoY.
- Expect net sales of printed media to be on par with 2022 based on pricing strategy and reining in the return rate.

Operating profit

Plan to increase profits as digital sales growth offsets soaring printed media costs

- Increase gross profit by growing digital net sales.
- Expecting a downturn in printed media profits YoY due to soaring costs throughout the year.
- Increase editors for expanding content.

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**Medium Term Management Plan
(Excerpt from MTP for 2022–2024)**

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About Beagle

(Unit: Millions of yen)

	1st Year	2nd Year	Final Year	
	FYE Dec. 2022	FYE Dec. 2023	FYE Dec. 2024	
	Actual	Forecast	Essential target line	Stretch target
Net sales	18,713	19,622	20,000	24,000
Platform Segment	12,237	12,692	—	—
Contents Segment	6,629	7,109	—	—
Operating profit	1,755	1,822	2,150	2,400
Platform Segment	560	600	—	—
Contents Segment	1,194	1,224	—	—
Profit	664	900	1,200	1,350

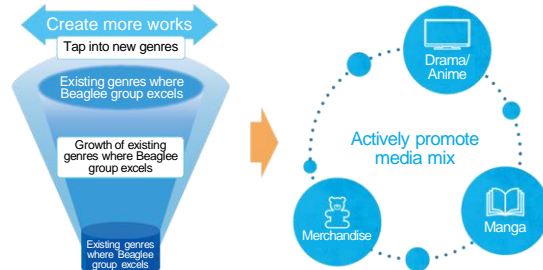
Note: Net sales includes internal net sales and transfers between segments.

1 Stable growth of Manga Kingdom as a foundation underpinning the Group's growth



- Continue loyal customers strategy
- Plan to achieve 5% growth rate for Manga Kingdom
- Acquire new licenses and first to distribute titles

2 Strengthen ability to create contents and achieve media mix



- Increase editors
- Continue to expand and strengthen genre variation
- Actively comicalize original works from novelba and hold contests

3 Expansion into international markets



- Test launch in 1H 2023
- Set ourselves apart from peers using the Group's assets
- Plan full-scale launch in 2024

Co-create contents delivering worldwide hits



Synergistic effects with Nippon TV

(1) Discover, develop and support creators

Promote various joint events/campaigns

(2) Mutual use of original works

Adapt the Group's works into movies and Nippon TV's IP into manga

(3) Tackle challenges of media mix expansion

Attract customers and licensing revenue by developing media mix in addition to events from the Group's new and old works, etc., beyond co-created works

(4) Strengthen platforms

Drive traffic from TV to Manga Kingdom

Review of 2022

- Broadcast THE TOKIWA, a documentary variety show for finding creators, on Nippon TV's Shuichi program between October and December 2022.
- In December 2022, began distributing manga works created by Gekidan Hitori and audition winners.
- Distributed all six issues of a comicalized work of *Bokutachi no Asobiba*, which airs on Nippon TV's YouTube channel.

Crystalize co-creation in 2023

- Create television dramas based on Beaglee Group works for broadcast on Nippon TV (1 work has been decided)
- Comicalize the works of Nippon TV Group creators (2 works in progress)
etc.

Our fundamental capital allocation policy is to strike a balance between growth investments, shareholder returns, and sound financial condition.

Cumulative cash flows to be generated during
the Medium Term Management Plan
(FYE Dec. 2022–FYE Dec. 2024)

**Cash flows
from operating
Activities** | **6,000** million yen+

Cash on hand | **4,200** million yen
(As of Dec. 31, 2022)

+ borrowing capacity

**Growth
investments** | **3-6,000** million yen

- HR
- IT and digital
- M&A and contents

**Shareholder
returns** | Dividend
2-300 million yen

**Dividend
payout ratio** | **10 %** or higher

Debt reduction | **3-4,000** million yen

D/E ratio | **0.5-0.8x**

Note: Cash on hand as of December 31, 2021 was 3,500 million yen.

Cautionary Statement

- 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: 1,893.3 million yen (as of Dec. 31, 2022)

Market: TSE Prime Market (securities code: 3981)

Employees: 82 (Non-consolidated / as of Dec. 31, 2022)

Executive Team:

President and Representative Director	Jimpei Yoshida
Director	Yuichi Sakurai
Director	Kenji Akita
Outside Director	Shunsuke Sato
Outside Director	Shinichiro Kubo
Director (Audit and Supervisory Committee Member)	Shin Tanaka
Outside Director (Audit and Supervisory Committee Member)	Hiroaki Yoshida
Outside Director (Audit and Supervisory Committee Member)	Toshihiko Ohashi

Origin of company name

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

Bunkasha Group

Bunkasha Co., Ltd.



- Founded: 1948
- Employees: 149 (as of Dec. 31, 2022)
- Business summary
:Integrated publishing business publishing printed and digital comics geared toward women

Kaiohsha Co., Ltd.

海王社

Contract editing from Bunkasha

Shin Apollo Publishing Co., Ltd.

新アポロ出版

Contract editing of automobile magazines and contract advertising

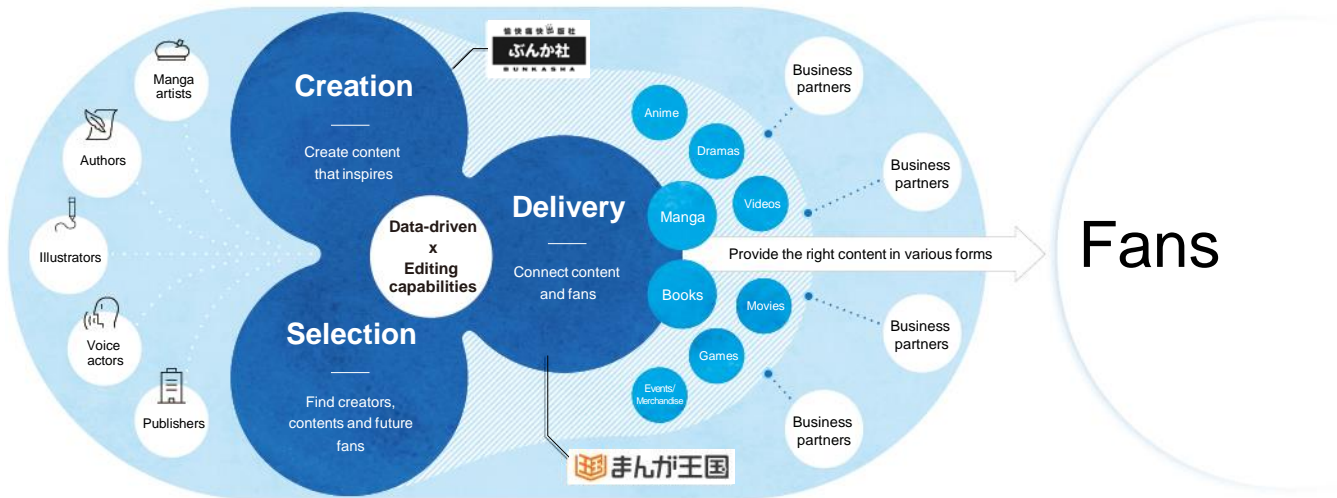
Bunyusha Co., Ltd.

文友舎

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



Contents Producer providing creation, selection and delivery all in one



Creation

Produce original content with the potential to duplicate hits, harnessing our strengths of data analysis and editing

Selection

Identify creators and content based on reader needs

Delivery

Provide fans with countless opportunities to experience excitement and joy

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

Integrated publishing company
group comprising four publishers

愉快痛快出版社

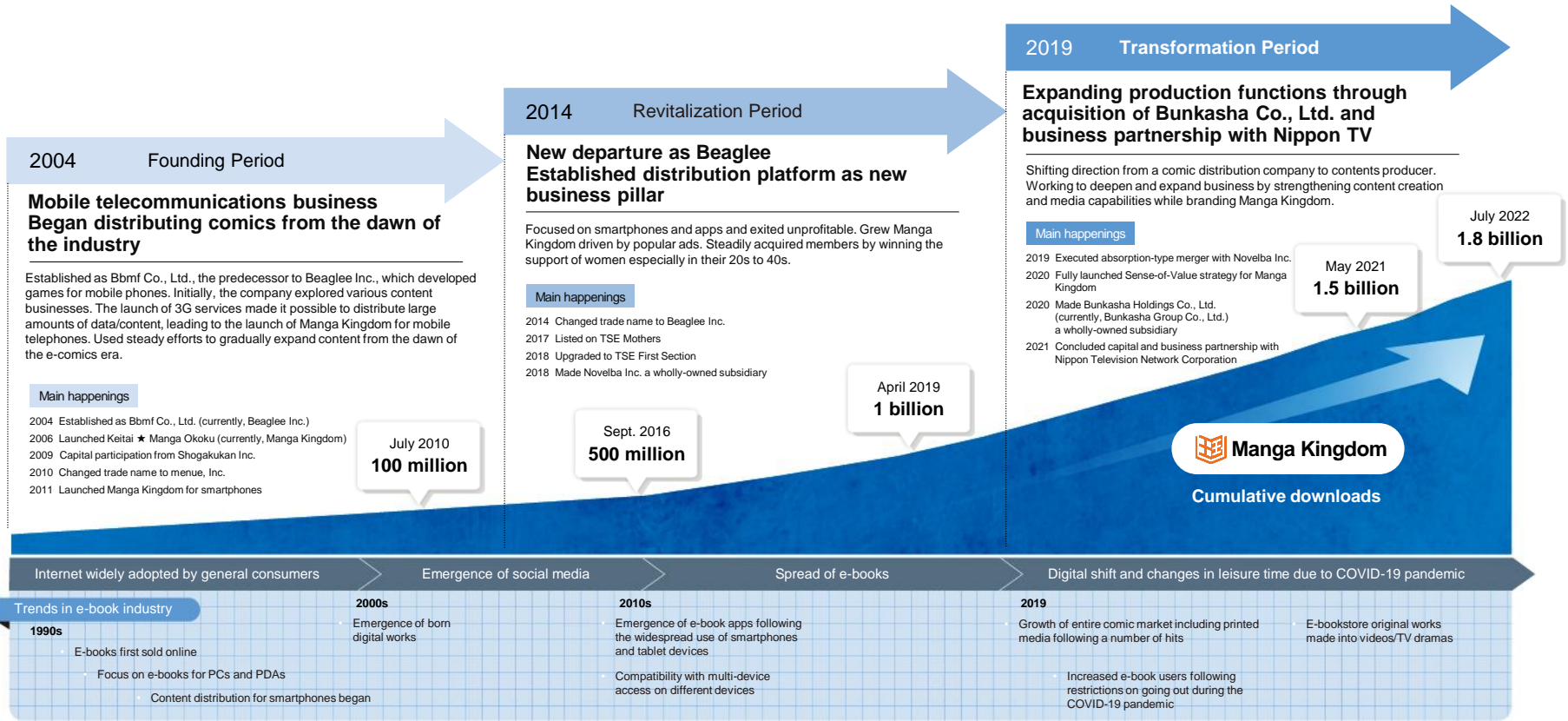
ぶんか社

BUNKASHA

海王社

新アポロ出版

BUNYUSA
文友舎



*PDA: Personal Digital Assistant

Bunkasha's History and Content



Bunkasha has grown its business by constantly refining its content creation capabilities tailored to the latest trends and reader needs. In manga, Bunkasha has a vast collection focused mainly on genres for women, such as comics for ladies, and today it continues to offer these genres while tapping into new ones. It also publishes informative magazines covering women's fashion and automobiles.

History

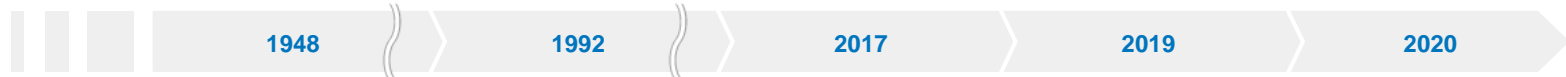
Established as Nihonbunkasha in Marunouchi, Chiyoda-ku, Tokyo

Changed name to Bunkasha Co., Ltd.

Concluded capital and business alliance with Nippon Sangyo Suishin Kiko Ltd. (NSSK)

Launched its own comic website called Manga Yomonga

Beagle made Bunkasha Holdings Co., Ltd. (currently, Bunkasha Group Co., Ltd.) a subsidiary

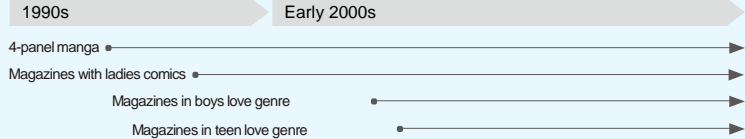


Turning point 1

1990s: Growth of comic market targeting women

In the 1990s, new genres emerged (comics for ladies and four-panel manga, etc.) unlike the conventional manga for young people and girls through the growth of readership who enjoyed girls manga in the 1970s and expansion of the convenience store market.

Evolution of Bunkasha's manga magazines



▶ Among first in industry to publish comics for women, establishing a strong presence in the genre

Turning point 2

Early 2000s: Bunkasha begins digitalization

Feature phone era

- Collaborated with e-bookstores and e-agencies to make inroads into the e-book market from an early stage
- Acquired DTP printing know-how and transferred it to the creation of files for e-comics
- Among first in industry to develop contracts with writers compatible with e-books

Smartphone and tablet era

- Implemented measures for expansion of single story comic distribution and digitalization, including born digital works and simultaneously distributed works, etc.
- Launched Manga Yomonga, a proprietary comic website

▶ Became a pioneer in expanding its e-book business

Earned
No.1
sense of value



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

Members: **Over 7 million**

Downloads: **1.8 billion**

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

Always over **3,000** for free

Notes:

1. Survey on E-Comic Services”
Period: April 8 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 December 2022
3. Cumulative downloads include free titles and comic strip titles converted to books.

Access Manga Kingdom

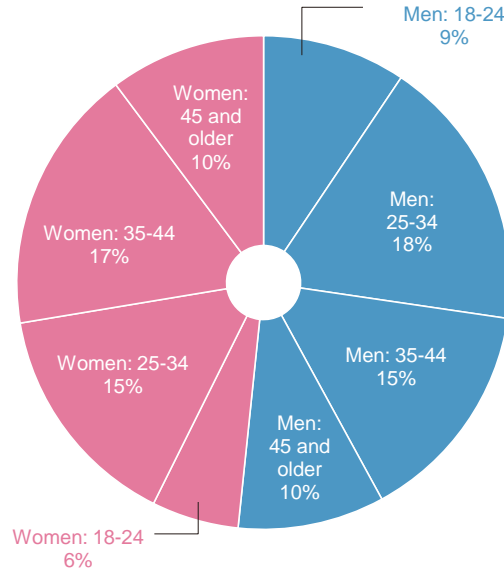


Manga Kingdom 's official mascot character
Hokoriamu

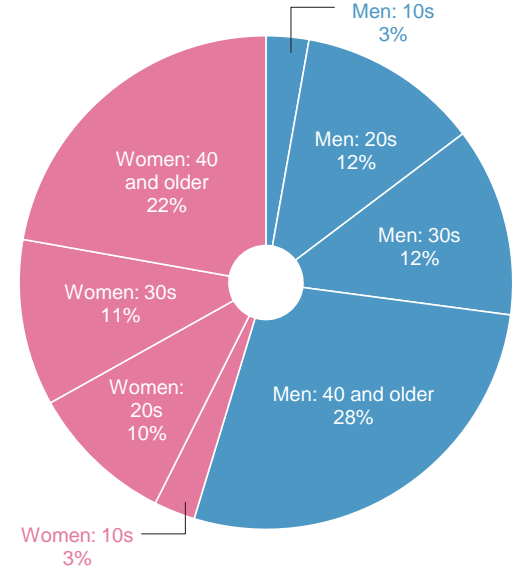


Manga Kingdom users

As of December 31, 2022



General users of fee charging e-books



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

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.





Novel posting service that connects creators and readers based on the concept of creating a world where all forms of novels can be enjoyed on a digital device by anyone

Novels posted: **over 20,000**

Offers unique **novelba remuneration program**

Easily create audio books

Introduced **voice novel feature**

Hosting novel contests through partnerships with publishers

Link to novelba:
<https://novelba.com/>



Nonobe Lulu
Administrator of novel posting app novelba

Characteristics of content

Comics

- Specializing in comics for women which have a high affinity with digital contents
- Many can't-put-down works perfect for leisure reading also featuring high affinity with digital works
- Creating hit serialized works that are long and capable of enticing readers into purchasing the next work in the series, contributing to digital sales

Comics for ladies



4-panel comics/light novels

Teen love genre



Boys love genre



Informative magazines

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

Fashion magazines



Automotive magazines



PICK UP

Expansion into new genres

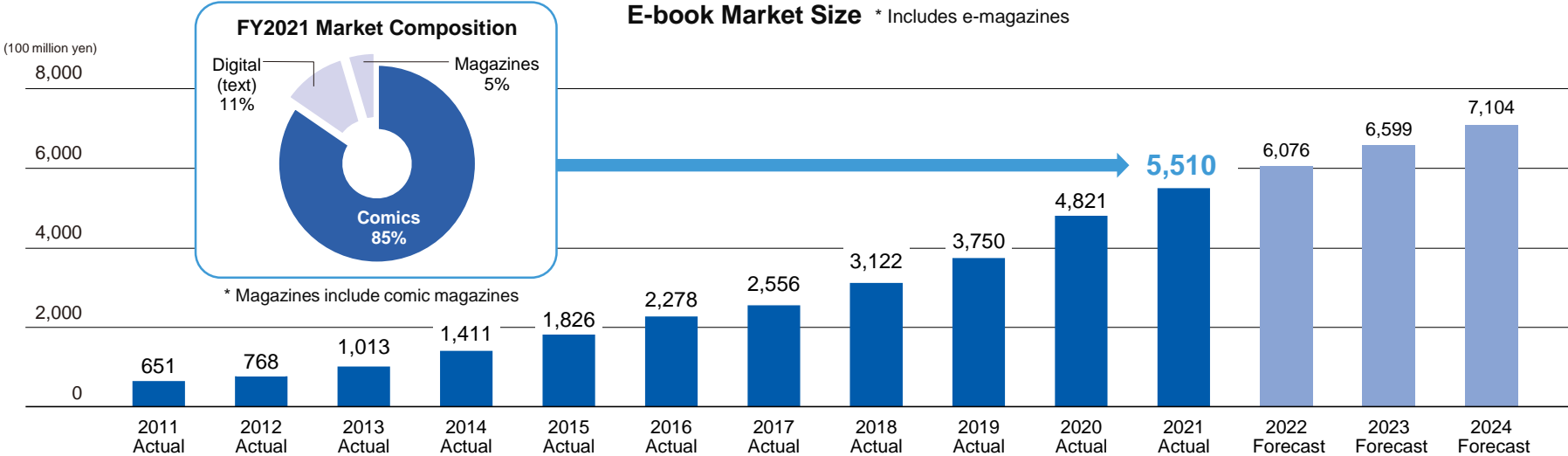
Began comicalizing light novels and published the first editions of PRIMO and COMIC Yamitsuki as new digital comic magazines (printed) for women.

Transforming comics into TV dramas

Popular manga *Stepmom* and *Daughter's Blues* was made into a New Year's special drama and *The Love Between the Director and the Company Livestock Is Frustrating*, an original work from smartphone comic site Manga Yomonga, was made into a television drama in January 2022.



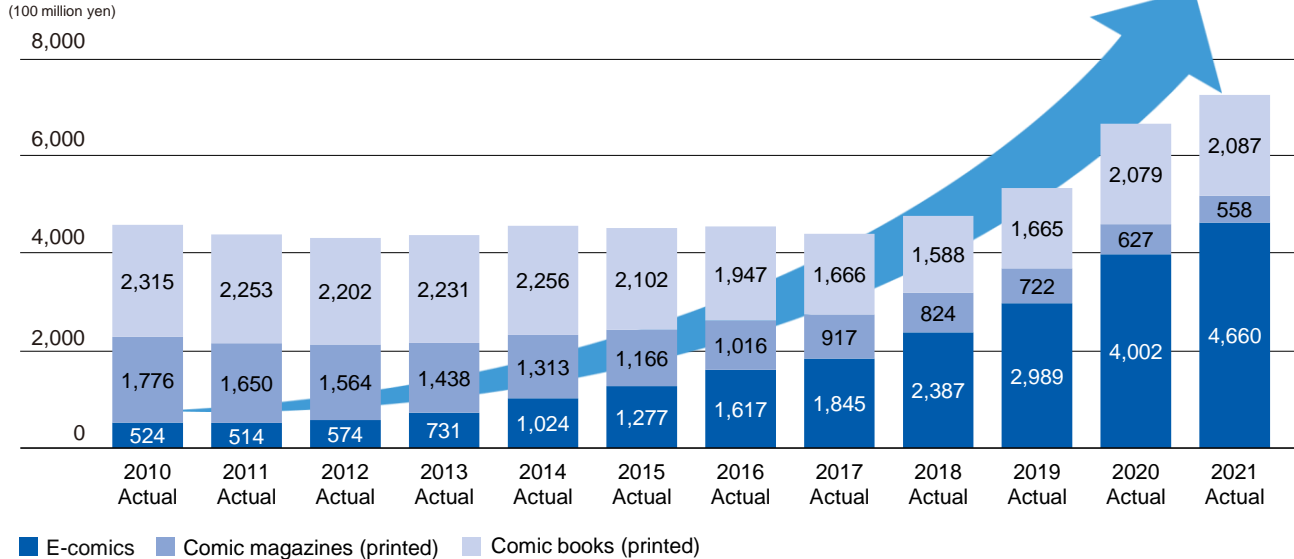
The e-book market, mainly comics, continues to grow despite a cycle of ups and downs as stay-at-home demand rises and then wanes thereafter repeatedly, and going forward, the e-book and e-comic markets are expected to continue to see moderate growth in size.



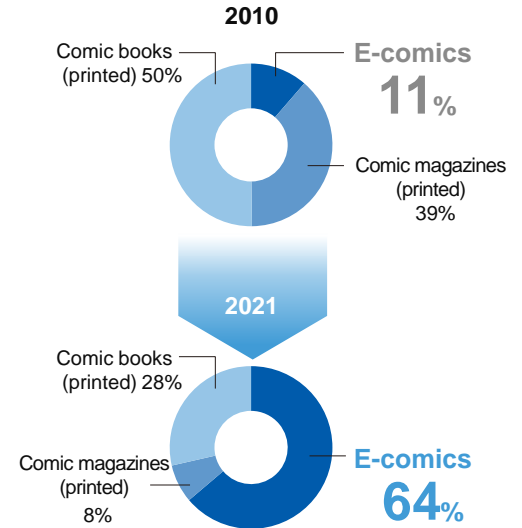
Source: Impress Corporation estimates, "eBook Marketing Report 2022"

The comic market continues to grow amid increasing net sales of printed comics and e-comics. The share of e-comics of the total comic market is also rising.

Changes in Comic Market * Excludes digital comic magazines



Changes in Comic Market Composition



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

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