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August 14, 2023

Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending December 31, 2023 [Japanese GAAP]

Company name:	Beagle Inc.	Listed on:	Tokyo Stock Exchange
Securities code:	3981	URL	https://www.beagle.com
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Scheduled date of quarterly report submission:	August 14, 2023		
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, 2023 (January 1 to June 30, 2023)

(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, 2023	9,427	1.3	733	(28.5)	705	(26.5)	340	(18.9)
Second quarter of the fiscal year ended December 31, 2022	9,310	0.7	1,025	55.2	960	63.4	420	77.5

For reference: Comprehensive income

Second quarter of the fiscal year ending December 31, 2023: 340 million yen (-18.9%)

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

	Net income per share	Net income per share fully diluted
	Yen	Yen
Second quarter of the fiscal year ending December 31, 2023	56.79	56.45
Second quarter of the fiscal year ended December 31, 2022	70.49	69.81

(2) Consolidated Financial Position

	Total assets	Net assets	Capital-to-asset ratio
	Millions of yen	Millions of yen	%
June 30, 2023	17,966	6,594	36.7
December 31, 2022	19,039	6,314	33.2

For reference: Shareholders' equity

As of June 30, 2023: 6,594 million yen

As of December 31, 2022: 6,314 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, 2022	–	0.00	–	12.00	12.00
Fiscal year ending December 31, 2023	–	0.00			
Fiscal year ending December 31, 2023 (Forecast)			–	15.00	15.00

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, 2023 (January 1 to December 31, 2023)

(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	19,622	4.9	1,822	3.8	1,766	9.8	900	35.4	150.80

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

* Notes

(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: None

(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, 2023	6,243,986 shares	December 31, 2022	6,236,342 shares
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(b) Number of treasury shares at end of period

June 30, 2023	234,706 shares	December 31, 2022	238,985 shares
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(c) Average number of shares during the period (cumulative from the beginning of the fiscal year)

June 30, 2023	6,000,495 shares	June 30, 2022	5,961,348 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 notes 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.

(1) Explanation of Operating Results

During the consolidated cumulative second quarter under review, the Japanese economy returned to normal in terms of socioeconomic activities with a more balanced approach to infection control and economic activities, as pandemic-related restrictions were lifted, the status of COVID-19 under the Infectious Diseases Control Law was lowered to a Class V Infectious Disease, and the mobility of people recovered both in Japan and abroad. On the other hand, the business environment remained uncertain due to concerns of economic stagnation brought about by the unstable yen exchange rate and inflation, as well as the tense global situation.

As for the business environment surrounding the Company, the printed publication market shrank, but the e-book publication market continued to grow. According to “eBook marketing report 2022,” Impress Corporation estimates that the growth rate of the e-book market will be around 9% in fiscal 2023, and going forward, the e-book and e-comic markets are expected to continue to see moderate growth in size.

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 continued to implement 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 9,427,984 thousand yen (up 1.3% year on year), operating profit came in at 733,230 thousand yen (down 28.5% year on year), ordinary profit was 705,444 thousand yen (down 26.5% year on year) and profit attributable to owners of the parent totaled 340,744 thousand yen (down 18.9% 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 creating works that are “only available on Manga Kingdom,” comicalized works with the originals, and works in popular genres such as fantasy and others.

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 2023) as a comic streaming service and broke through 2.0 billion in cumulative downloads in May 2023, while registered members broke through 7.5 million in April 2023.

As for “novelba,” a service for posting novels, to promote the expansion of comicalized and media mix based on posted works, the Group implemented measures and held novel contests to increase the number of app users and posted works.

In June 2023, the Company started offering a “yomoyo” comic distribution service in the e-comic market of North America, which is expected to grow particularly among overseas countries by leveraging the know-how cultivated in the domestic comic distribution business.

As for the initiatives with Nippon TV, after the completion of the e-comic version of a manga that was serialized in Manga Kingdom at the end of last year and that originated from “THE TOKIWA,” a documentary and variety program to find up-and-coming manga artists, the manga was then launched as a paperback book in August 2023.

As a result, segment net sales totaled 6,208,308 thousand yen (up 2.5% year on year) and operating profit came in at 241,477 thousand yen (down 39.1% year on year).

(Contents Segment)

In the Contents Segment, the Company published new comic magazines, mainly digital contents, and actively conducted sales promotion activities tailored to the characteristics and user demographics of each e-bookstore.

Digital comic magazines PRIMO and COMIC Yamitsuki released in 2021 and comics in the &Emo. Label of boys love (BL) stories established in 2020 sold briskly, contributing to an increase in net sales. We also worked to create content and expand genres in line with reader tastes, including newly creating a digital comic magazine called “Comic Killa” in April 2023. Additionally, we implemented a number of measures, including hosting a collaborative café event on the occasion of the 20th anniversary of GUSH, a BL comic magazine.

Furthermore, we stepped up collaboration between segments and focused on creating works utilizing the unique traits of our labels, which included holding the “2nd BK Comics f Reijo Novel Contest” jointly with novelba on behalf of BK Comics f, a comicalized label of light novels for women focused on fantasy and Reijo (high-status women) works.

In addition, “HANJUKU FAMILIAR～harapeko kyoudai no jukusei recipe,” a popular manga focusing on gourmet published by Bunkasha Co., Ltd. was made into a drama produced by AX-ON Inc., a subsidiary of Nippon Television Holdings, Inc. “The Princess Club,” published by Bunkasha, was also made into a video in a Fuji Television program in June 2023.

As a result, segment net sales totaled 3,292,031 thousand yen (down 1.3% year on year) and operating profit came in at 491,482 thousand yen (down 21.9% 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 17,966,287 thousand yen, down 1,073,644 thousand yen compared to the previous fiscal year end.

Current assets totaled 8,158,918 thousand yen, down 648,838 thousand yen over the previous fiscal year end. This is mainly attributable to a decrease in cash and deposits of 170,818 thousand yen, accounts receivable - trade of 358,609 thousand yen, and income taxes receivable of 105,588 thousand yen.

Non-current assets totaled 9,807,368 thousand yen, down 424,806 thousand yen compared to the previous fiscal year end. This is mainly attributable to a decrease in intangible assets of 426,310 thousand yen.

(Liabilities)

Total liabilities at the end of the second quarter amounted to 11,371,505 thousand yen, down 1,353,734 thousand yen compared to the previous fiscal year end.

Current liabilities totaled 7,860,088 thousand yen, down 816,516 thousand yen over the previous fiscal year end. This is mainly attributable to a decrease in notes and accounts payable - trade of 351,418 thousand yen, accounts payable - other of 50,889 thousand yen, income taxes payable of 82,519 thousand yen, accrued consumption taxes of 121,508 thousand yen, contract liabilities of 54,074 thousand yen, and refund liabilities of 164,829 thousand yen.

Non-current liabilities totaled 3,511,417 thousand yen, down 537,218 thousand yen over the previous fiscal year end. This is mainly attributable to a decrease in long-term loans payable of 510,000 thousand yen.

(Net assets)

Net assets at the end of the second quarter totaled 6,594,781 thousand yen, up 280,089 thousand yen compared to the previous fiscal year end. This is mainly attributable to an increase in retained earnings of 267,613 thousand yen.

As a result, the shareholders' capital ratio came to 36.7%.

ii. Cash Flow Position

The balance of cash and cash equivalents ("cash") was 4,047,162 thousand yen at the end of the second quarter consolidated cumulative period of the year under review, down 170,818 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)

The main factors for an increase in cash flows from operating activities in the second quarter consolidated cumulative period of the year under review were profit before income taxes of 705,444 thousand yen, along with depreciation of 213,238 thousand yen, amortization of goodwill of 295,324 thousand yen, and a decrease in notes and accounts receivable - trade of 361,743 thousand yen. The main factors for a decrease were a decrease in notes and accounts payable - trade of 351,418 thousand yen, a decrease in accrued expenses of 49,781 thousand yen, a decrease in contract liabilities of 54,074 thousand yen, a decrease in refund liabilities of 164,829 thousand yen, a decrease/increase in consumption taxes receivable/payable of 121,508 thousand yen, and income taxes paid of 329,325 thousand yen.

As a result, cash flows gained from operating activities amounted to 490,279 thousand yen (compared to 1,191,088 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 74,661 thousand yen expenditure for the purchase of intangible assets.

As a result, cash flows used in investing activities amounted to 83,016 thousand yen (compared to 116,608 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 consolidated cumulative second quarter of the fiscal year under review was repayments of long-term loans payable of 510,000 thousand yen and dividend payment of 71,584 thousand yen.

As a result, cash flows used in financing activities amounted to 578,080 thousand yen (compared to 1,017,978 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, 2022” released on February 14, 2023.

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, 2022)	Consolidated Second Quarter (As of June 30, 2023)
Assets		
Current assets		
Cash and deposits	4,217,980	4,047,162
Notes receivable	36,910	33,776
Accounts receivable - trade	4,341,938	3,983,329
Merchandise and finished goods	57,759	59,037
Supplies	793	672
Advance payments - trade	2,589	7,287
Prepaid expenses	48,218	35,838
Accounts receivable - other	7,313	1,602
Income taxes receivable	105,588	0
Other	480	1,026
Allowance for doubtful accounts	(11,817)	(10,814)
Total current assets	8,807,757	8,158,918
Non-current assets		
Property, plant and equipment		
Buildings	14,662	14,662
Facilities attached to buildings	70,634	70,634
Tools, furniture and fixtures	149,020	157,434
Accumulated depreciation	(165,549)	(174,249)
Accumulated impairment loss	(1,602)	(1,602)
Total property, plant and equipment	67,164	66,879
Intangible assets		
Goodwill	8,919,020	8,623,695
Software	191,638	155,044
Content assets	273,834	260,949
Software in progress	2,298	454
Content assets in progress	4,319	3,348
Publishing rights	590,000	511,333
Other	1,282	1,257
Total intangible assets	9,982,395	9,556,084
Investments and other assets		
Leasehold and guarantee deposits	108,492	108,492
Deferred tax assets	54,292	54,292
Others	19,830	21,618
Total investments and other assets	182,615	184,403
Total non-current assets	10,232,175	9,807,368
Total assets	19,039,932	17,966,287

(Unit: thousands of yen)

	End of Previous Consolidated Fiscal Year (As of December 31, 2022)	Consolidated Second Quarter (As of June 30, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,310,535	2,959,117
Short-term loans payable	2,000,000	2,000,000
Current portion of long-term loans payable	1,020,000	1,020,000
Accounts payable - other	463,785	412,896
Accrued expenses	34,785	21,444
Income taxes payable	496,755	414,236
Accrued consumption taxes	166,692	45,184
Contract liabilities	665,215	611,140
Refund liabilities	417,866	253,037
Deposits received	35,520	77,135
Other	65,447	45,895
Total current liabilities	8,676,604	7,860,088
Non-current liabilities		
Long-term loans payable	3,825,000	3,315,000
Deferred tax liabilities	223,636	196,417
Total non-current liabilities	4,048,636	3,511,417
Total liabilities	12,725,240	11,371,505
Net assets		
Shareholders' equity		
Capital stock	1,893,301	1,896,359
Capital surplus	1,892,826	1,895,859
Retained earnings	2,885,192	3,152,806
Treasury shares	(356,628)	(350,242)
Total shareholders' equity	6,314,691	6,594,781
Total net assets	6,314,691	6,594,781
Total liabilities and net assets	19,039,932	17,966,287

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements 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, 2022)	Current Consolidated Cumulative Second Quarter (January 1 to June 30, 2023)
Net sales	9,310,679	9,427,984
Cost of sales	5,980,717	6,132,776
Gross profit	3,329,962	3,295,208
Selling, general and administrative expenses	2,304,668	2,561,978
Operating profit	1,025,293	733,230
Non-operating income		
Interest income	12	11
Dividend income	87	107
Reimbursement receivables	1,408	1,452
Subsidy income	454	–
Other	661	311
Total non-operating income	2,624	1,882
Non-operating expenses		
Interest expenses	63,327	26,662
Borrowing expenses	3,699	2,611
Other	495	393
Total non-operating expenses	67,522	29,667
Ordinary profit	960,395	705,444
Extraordinary losses		
Impairment losses	115,236	–
Compensation for damages	900	–
Total extraordinary losses	116,136	–
Profit before income taxes	844,259	705,444
Income taxes - current	424,033	364,700
Total income taxes	424,033	364,700
Profit	420,225	340,744
Profit attributable to owners of the parent	420,225	340,744

Quarterly Consolidated Statements of Comprehensive Income

Consolidated Cumulative Second Quarter

(Unit: thousands of yen)

	Previous Consolidated Cumulative Second Quarter (January 1 to June 30, 2022)	Current Consolidated Cumulative Second Quarter (January 1 to June 30, 2023)
Profit	420,225	340,744
Comprehensive income	420,225	340,744
(Breakdown)		
Comprehensive income related to owners of the parent	420,225	340,744

(3) Consolidated Quarterly Statement of Cash Flows

(Unit: thousands of yen)

	Previous Consolidated Cumulative Second Quarter (January 1 to June 30, 2022)	Current Consolidated Cumulative Second Quarter (January 1 to June 30, 2023)
Cash flows from operating activities		
Profit before income taxes	844,259	705,444
Depreciation	250,086	213,238
Impairment losses	115,236	–
Amortization of goodwill	310,798	295,324
Interest expenses	63,327	26,662
Borrowing expenses	3,699	2,611
Decrease (increase) in notes and accounts receivable - trade	272,853	361,743
Decrease (increase) in advances paid	(52,529)	(19)
Increase (decrease) in notes and accounts payable - trade	(173,528)	(351,418)
Increase (decrease) in accounts payable - other	33,524	(49,781)
Increase (decrease) in accrued expenses	(166,690)	(15,035)
Increase (decrease) in contract liabilities	(51,466)	(54,074)
Increase (decrease) in refund liabilities	(65,320)	(164,829)
Decrease/increase in consumption taxes receivable/payable	116,793	(121,508)
Other	74,275	(2,059)
Subtotal	1,575,319	846,300
Interest and dividend income received	99	119
Interest expenses paid	(63,650)	(26,815)
Income taxes paid	(320,680)	(329,325)
Cash flows from operating activities	1,191,088	490,279
Cash flows from investing activities		
Purchase of property, plant and equipment	(11,986)	(8,414)
Purchase of intangible assets	(104,702)	(74,661)
Other	80	59
Cash flows from investing activities	(116,608)	(83,016)
Cash flows from financing activities		
Repayments of long-term loans payable	(970,000)	(510,000)
Payments of borrowing expenses	(3,699)	(2,611)
Proceeds from issuance of common shares	3,216	6,115
Purchase of treasury shares	(47)	–
Payment of dividends	(47,447)	(71,584)
Cash flows from financing activities	(1,017,978)	(578,080)
Net increase (decrease) in cash and cash equivalents	56,501	(170,818)
Cash and cash equivalents at beginning of period	3,545,290	4,217,980
Cash and cash equivalents at end of period	3,601,792	4,047,162

(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, 2023)

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, 2023	Common stock	71,968	12.00	December 31, 2022	March 30, 2023	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 4,279 treasury shares on April 28, 2023 based on a resolution at the meeting of the board of directors held on March 29, 2023 as restricted share compensation paid to the Company's directors. As a result, retained earnings and treasury shares decreased by 1,161 thousand yen and 6,385 thousand yen, respectively, during the consolidated cumulative second quarter under review to 3,152,806 thousand yen and 350,242 thousand yen, respectively, as of June 30, 2023.

(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.

(Additional Information)

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, 2022)

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

(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 loss of 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.

Current Consolidated Cumulative Second Quarter (January 1 to June 30, 2023)

Information on the amount of net sales, profit/loss for each reporting segment, and breakdown of profits

(Unit: thousands of yen)

	Reporting segment			Adjusted amount (Note 1)	Total (Note 2)
	Platform Segment	Contents Segment	Total		
Net sales					
Own distribution	5,828,576	–	5,828,576	–	5,828,576
Others' distribution	200,956	2,102,796	2,303,753	–	2,303,753
Printed publishing	–	896,970	896,970	–	896,970
Others	178,229	220,455	398,684	–	398,684
Revenue from contracts with customers	6,207,762	3,220,222	9,427,984	–	9,427,984
Net sales to external customers	6,207,762	3,220,222	9,427,984	–	9,427,984
Intersegment sales and transfers	545	71,809	72,355	(72,355)	–
Total	6,208,308	3,292,031	9,500,339	(72,355)	9,427,984
Segment profit	241,477	491,482	732,960	269	733,230

Notes: 1. Adjustments of segment profit of 269 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.