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Second Quarter of the Fiscal Year Ending December 31, 2023

Financial Results Presentation

Tuesday, August 15, 2023

Beagle Inc.

TSE Prime Market: 3981

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About Beagle

Executive Summary for FYE Dec. 2023 Q2

Net sales

9,427 million yen

(Up 1.3% YoY)

Operating profit

733 million yen

(Down 28.5% YoY)

Profit

340 million yen

(Down 18.9% YoY)

- **Sales increased 1.3% YoY** due to strong sales of mainstay services against the backdrop of falling stay-at-home demand.
- **Profits decreased YoY** in both the platform segment and contents segment, resulting in a **28.5% YoY decrease** on a consolidated basis.
- **Profit decreased 18.9% YoY** due to a decrease in non-operating expenses and non-occurrence of extraordinary losses.

FYE Dec. 2023 Q2 | Financial Highlights—Statement of Income

(Unit: Millions of yen)

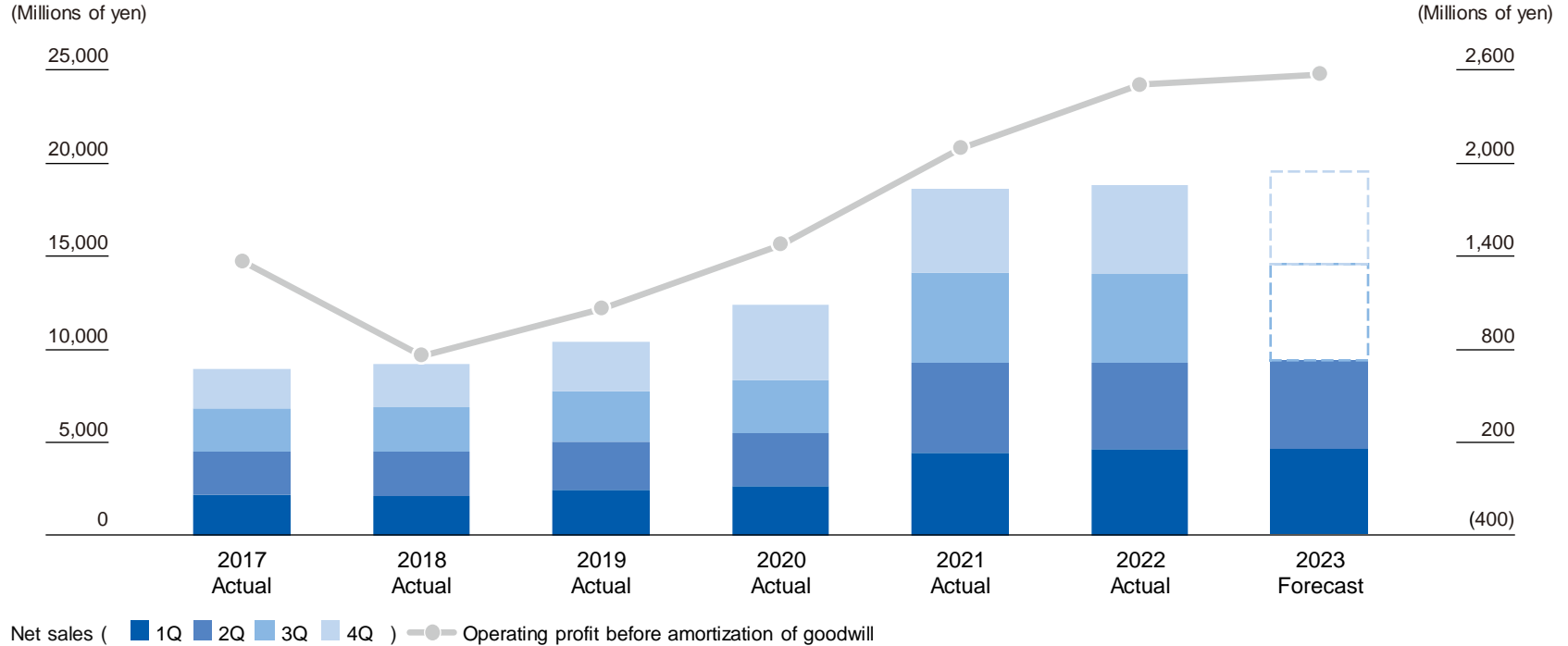
P/L	FYE Dec. 2022	FYE Dec. 2023	YoY	
	First half	First half	Change	Rate of change
Net sales	9,310	9,427	+117	+1.3%
Operating profit	1,025	733	(292)	(28.5%)
Operating profit before amortization of goodwill	1,414	1,107	(307)	(21.7%)
Ordinary profit	960	705	(254)	(26.5%)
Profit attributable to owners of the parent	420	340	(79)	(18.9%)
Net income per share (yen)	70.49	56.79	(13.70)	—

Note: 1. Operating profit before amortization of goodwill is operating profit prior to amortization of goodwill and publishing rights.

2. 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



Note: As for the 2023 Forecast, net sales for Q1 and Q2 show actual results, while the operating profit before amortization of goodwill is a forecast.

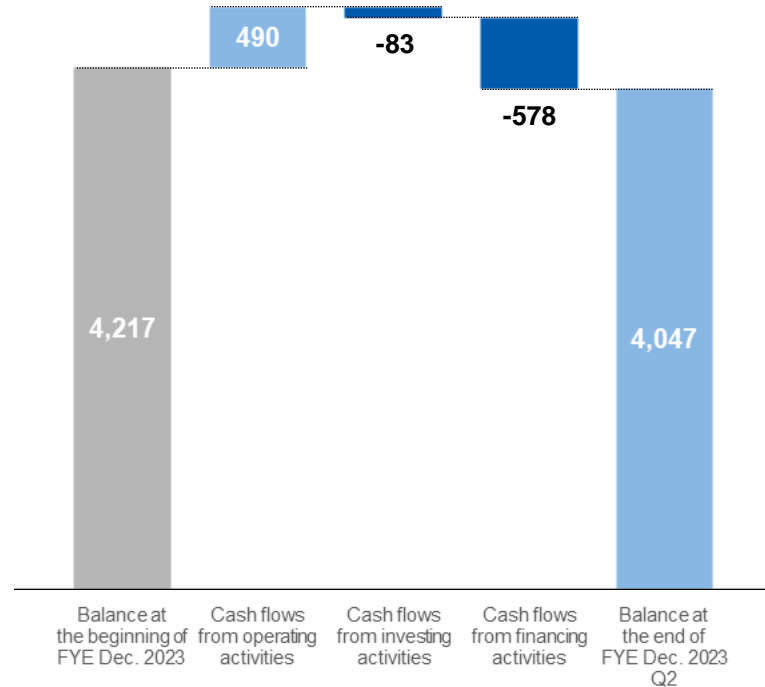
FYE Dec. 2023 Q2 | Financial Highlights—Balance Sheet

(Unit: Millions of yen)

B/S	FYE Dec. 2022 Full-year		FYE Dec. 2023 Q2			
	Amount	Ratio	Amount	Ratio	Change	Notes
Current assets	8,807	46.3%	8,158	45.4%	(648)	
Non current assets	10,232	53.7%	9,807	54.6%	(424)	Goodwill of 8,620 million yen Publishing rights of 510 million yen
Total assets	19,039	100.0%	17,966	100.0%	(1,073)	
Total liabilities	12,725	66.8%	11,371	63.6%	(1,353)	D/E ratio 0.96
Total net assets	6,314	33.2%	6,594	36.7%	+280	
Total liabilities and net assets	19,039	100.0%	17,966	100.0%	(1,073)	
Capital-to asset ratio	33.2%		36.7%			

Note: Totals may not match due to rounding.

FYE Dec. 2023 Q2 | Financial Highlights—Cash Flow Statements



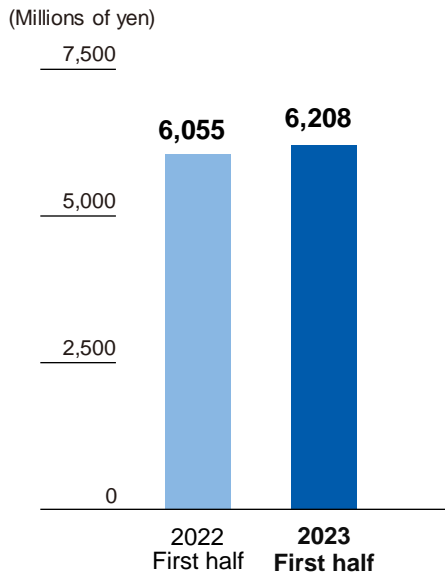
(Unit: Millions of yen)

	FYE Dec. 2022 Q2	FYE Dec. 2023 Q2	Change
Cash flows from operating activities	1,191	490	(700)
Cash flows from investing activities	(116)	(83)	+33
Cash flows from financing activities	(1,017)	(578)	+439
Cash and cash equivalents at end of period	3,601	4,047	+445

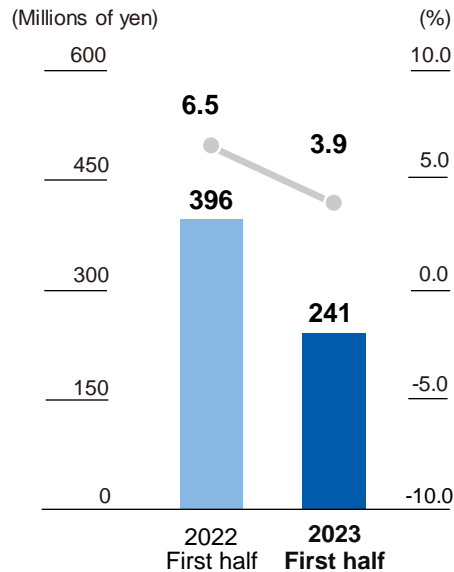
FYE Dec. 2023 Q2 | Segment Breakdown—Platform Segment

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



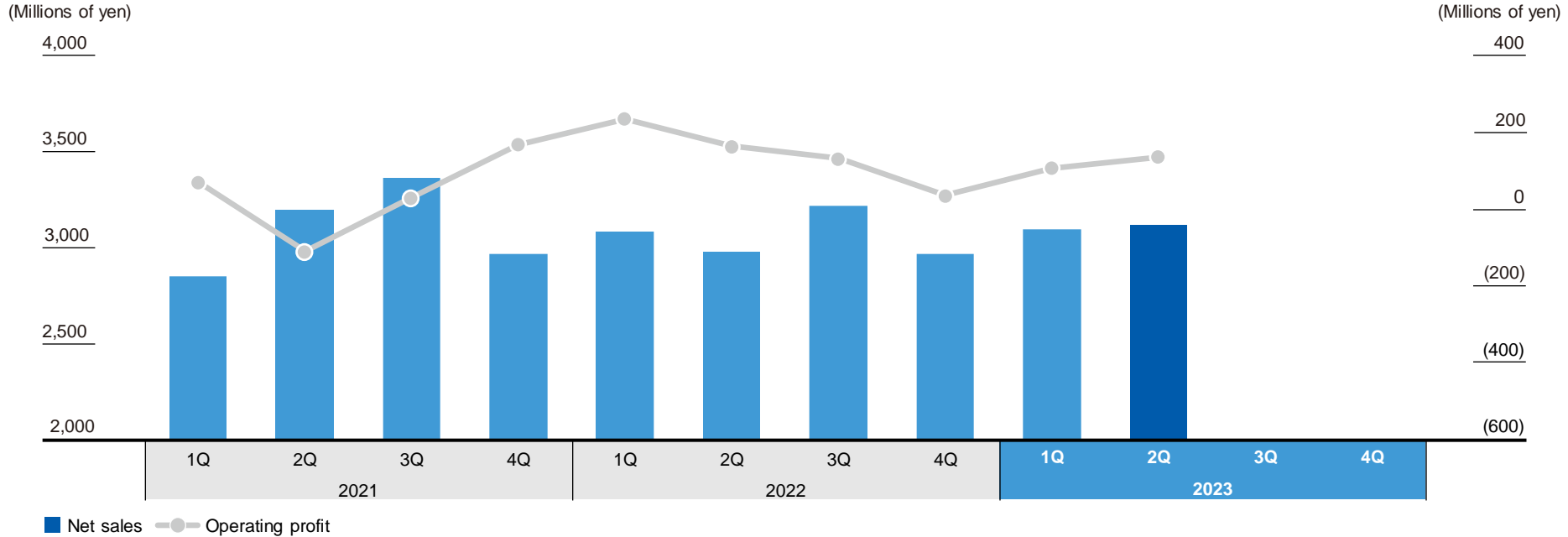
Net sales

- Net sales progressed in line with the forecast, with a 3% YoY increase in net sales of the overall platform segment and a 4% YoY increase in net sales of Manga Kingdom.
- Q2 net sales of Manga Kingdom increased 1% QoQ and 6% YoY.
- *Hoseki no Musume to Ino no Oji*, which was launched on other platforms of other companies in March, contributed to external sales.

Operating profit

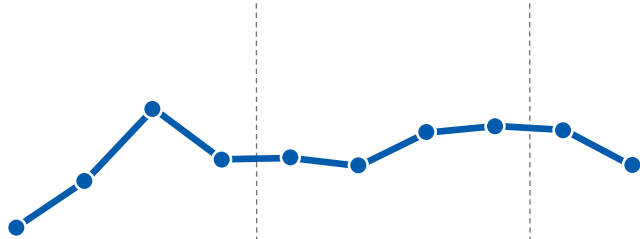
- Net sales and gross profit increased slightly YoY, but operating profit decreased 154 million yen YoY due to an increase in advertising expenses. On the other hand, operating profit progressed steadily in line with the forecast.
- Advertising expenses increased 176 million yen YoY due to reinforced advertising in the current fiscal year while advertising was restrained in the previous year in light of the advertisement market conditions.

Platform Segment: Net Sales and Operating Profit

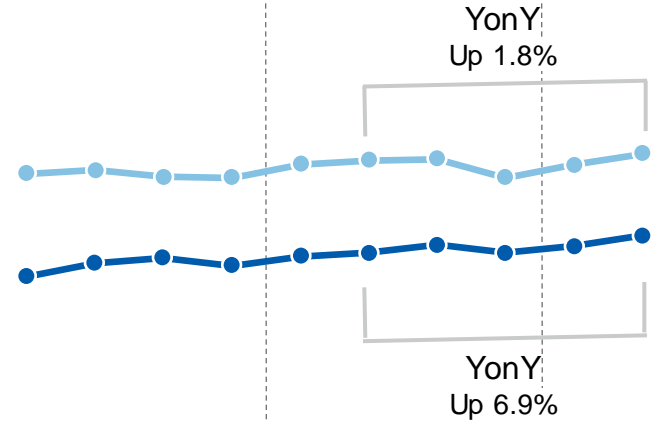


Note: Net sales includes internal net sales and transfers between segments.

MAU



ARPPU (Subscription/Consumption)



1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
2021				2022				2023			

1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
2021				2022				2023			

MAU

Trend in number of members visiting Manga Kingdom

Subscription ARPPU Consumption ARPPU

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

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



- Manga Kingdom members broke through the 7.5 million mark.
- Distribution of Ichijinsha's works started in June 2023.
- Sales of *Hoseki no Musume to Ino no Oji*, which ranked first in the 2022 overall rankings, began on other platforms.



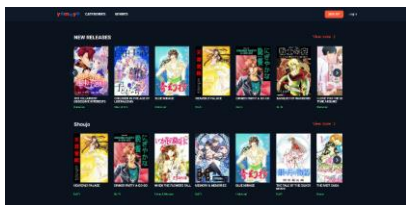
◀ *Hoseki no Musume to Ino no Oji*
.....
Watashi Murakami (author)
Maika (planning)

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



- Held the "2nd BK Comics f Reijo Novel Contest," a joint contest with Bunkasha.
- Held the "Contemporary Romance x Fantasy Novel Contest" as the first step in an initiative to create original IP with Amuse.
- Held promotional campaigns and expanded app features to increase the number of posted works.

3 Launched "yomoyo," a comic distribution service for North America.



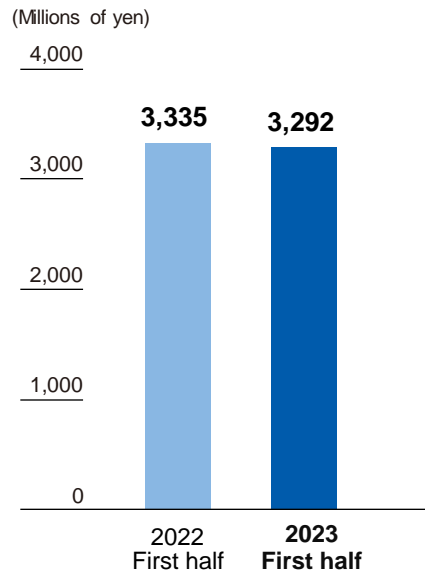
◀ "yomoyo," a comic distribution service for North America



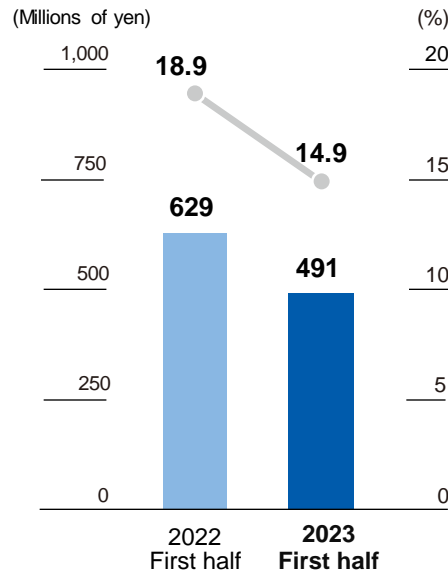
◀ *I Love You the Second Time Around*
.....
Maro Mashiro (author)

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

Net sales



Operating Profit/Operating Margin



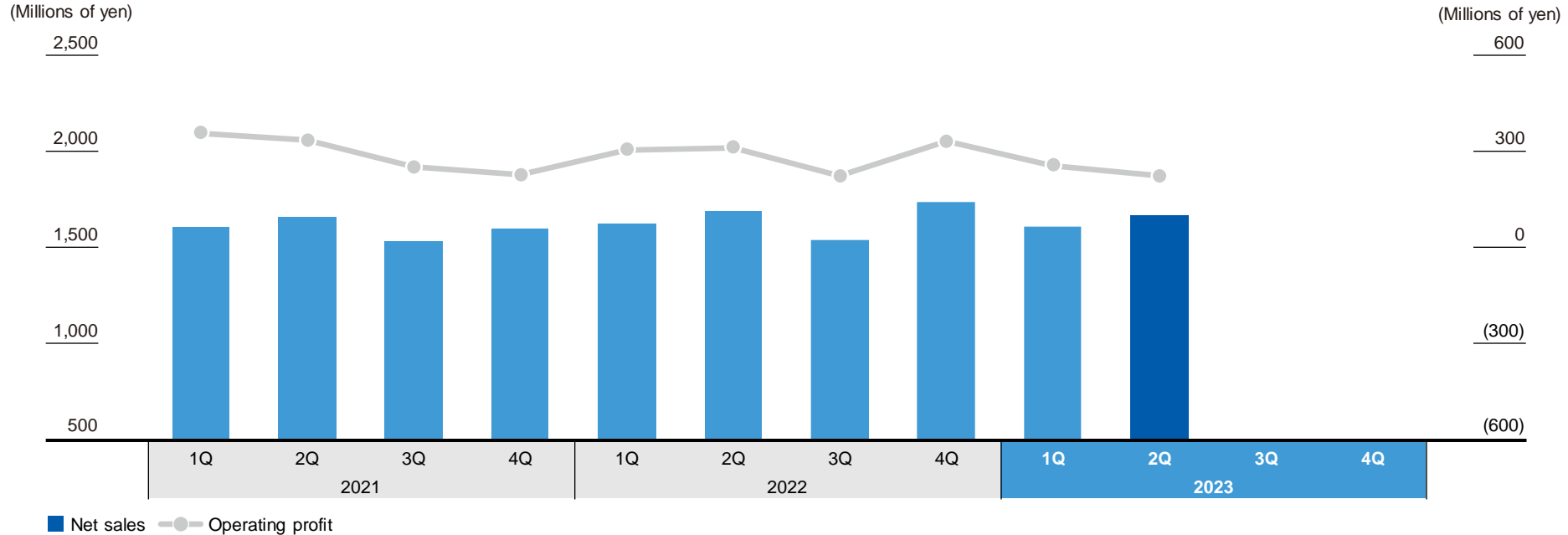
Net sales

- Digital net sales were 2,174 million yen, on a par YoY, but were short of the forecast due to the impact of the suspension of the main title that drove sales in the previous year.
- Net sales for printed publishing decreased 4% YoY due to an increase in the returns ratio.
- As a result of the above, segment sales decreased 1% YoY.

Operating profit

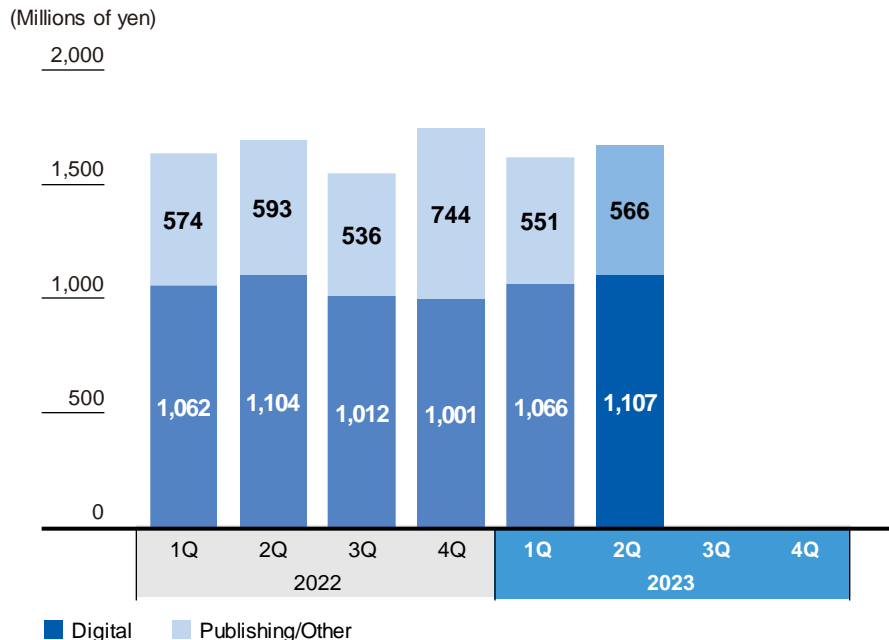
- Digital gross profit was on par with the figure for the same period last year, as were net sales.
- As for printed media, gross profit decreased significantly YoY due to a decrease in net sales resulting from an increase in returns and an increase in cost of sales.
- Operating profit decreased 137 million yen YoY due to a decrease in gross profit and an increase in SG&A expenses, mainly recruiting and personnel expenses.

Contents Segment: Net Sales and Operating Profit



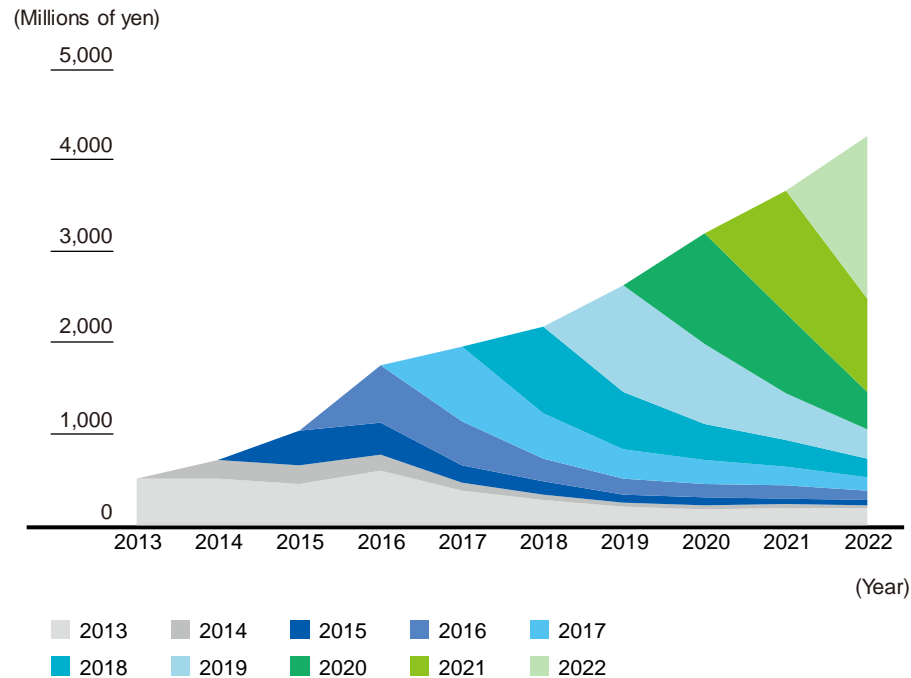
Note: Net sales includes internal net sales and transfers between segments.

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



Even Though It Was a Contract Marriage with a Divorce Planned, the Cold-hearted Duke Is Attached to Me

Sua Tsumugi (author)
Kotoko (original author)



They Said “Ossan, Uzeeeeen Dayo!” and Threw Me Out of the Guild, but It Is Too Late to Ask Me to Come Back Afterwards. I’m Aiming to Be the Strongest with the Fantastic Friends I’ve Met!

Ousuke (author)
Katsumi Enami (illustration)

Reinforced comic editorial structure

- Created hits in the new labels “PRIMO” and “BK Comics F”
- Increased the number of editors by six to reinforce the comic editorial structure
- Developed editorial managers



2 Created media mix products and synergies with the platform segment



Aired as a TV drama from April 2023!

- Created synergies with the platform segment, including prior distribution of the latest issue on Manga Kingdom.



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

3 Published a special edition of two fashion magazines, Gina 2023 Spring and JELLY 2023 April. 4WD car magazines performed well, generating solid advertising revenues.



Gina
2023 Spring
Special Edition



JELLY
2023 April Special Edition



LET'S GO 4WD
2023 April Edition



Latest 4WD SUV Parts Guide
2024 Edition

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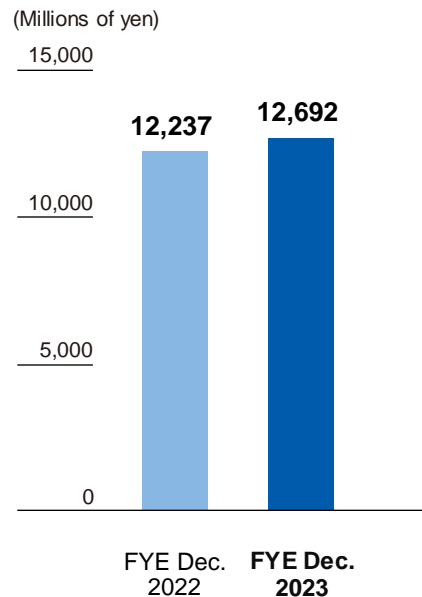
About Beagle

There is no change to the consolidated earnings forecast announced on February 14, 2023.

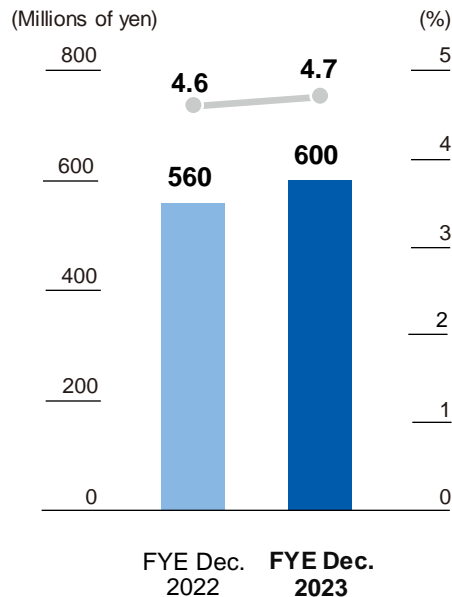
(Unit: Millions of yen)

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

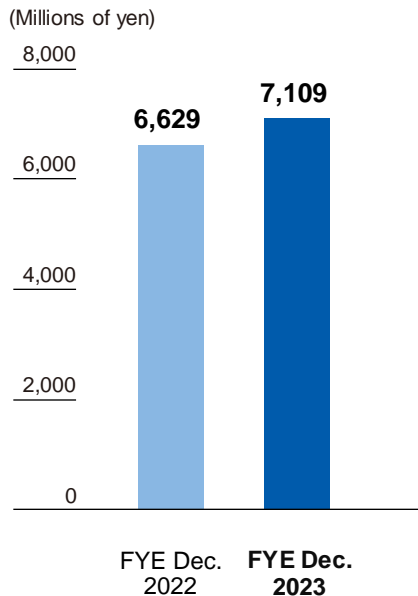
- Plan to grow Manga Kingdom net sales by 5% YoY.
- Plan to distribute several new original titles, including novelba original works, in H2.
- Launch of “yomoyo,” a comic distribution service, for North America in H1. Defining the current fiscal year as a trial marketing period, with no sales expected.

Operating profit

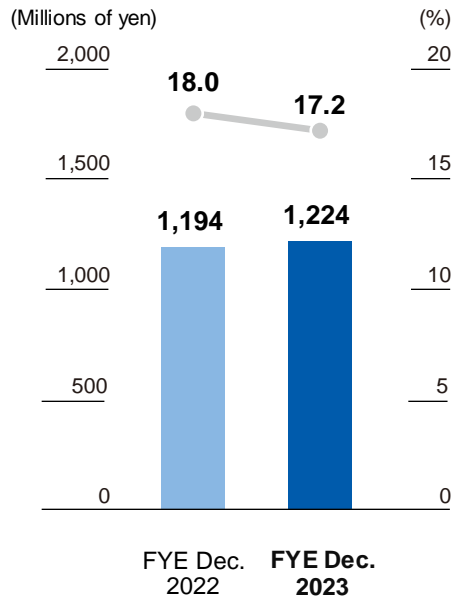
Aggressively invest in original content and international business

- Aim to increase gross margin by increasing original content.
- Actively invest in advertising while maintaining efficiency.
- Expect to incur certain expenses 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 10% YoY. Plan to cover the impact of the suspension of the main titles with new titles such as TL and girls' comics.
- As for printed media, plan to prioritize the reduction of operating loss by suspending the publication of magazines, changing monthly magazines to bimonthly, and converting to born-digital publishing.

Operating profit

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

- Increase gross profit by growing digital net sales.
- Increase editors for expanding content.
- As for printed media, plan to enhance management efficiency through "selection and concentration" by the end of the current fiscal year, as well as prioritize the reduction of operating losses.

Cautionary Statement Regarding Forecasts

- 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.
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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	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 voyage around the world

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

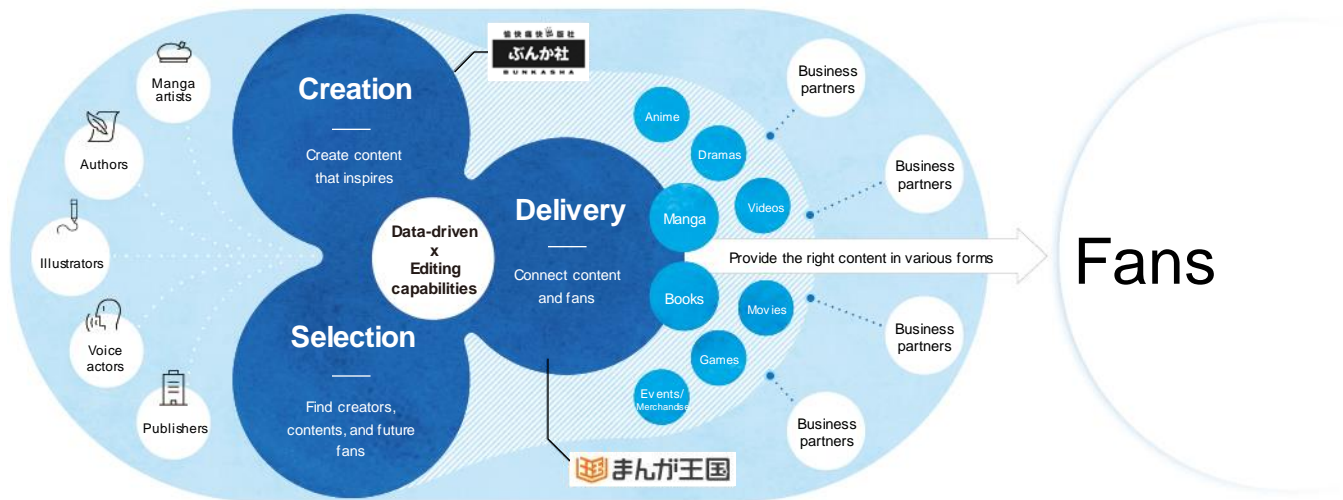
Bunyusha Co., Ltd.

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
Beagle's net sales



Comic distribution service with greatest sense of value

novelba

FUNDIY STORE



Contents Segment

Integrated publishing company
group comprising four publishers

愉快痛快出版社

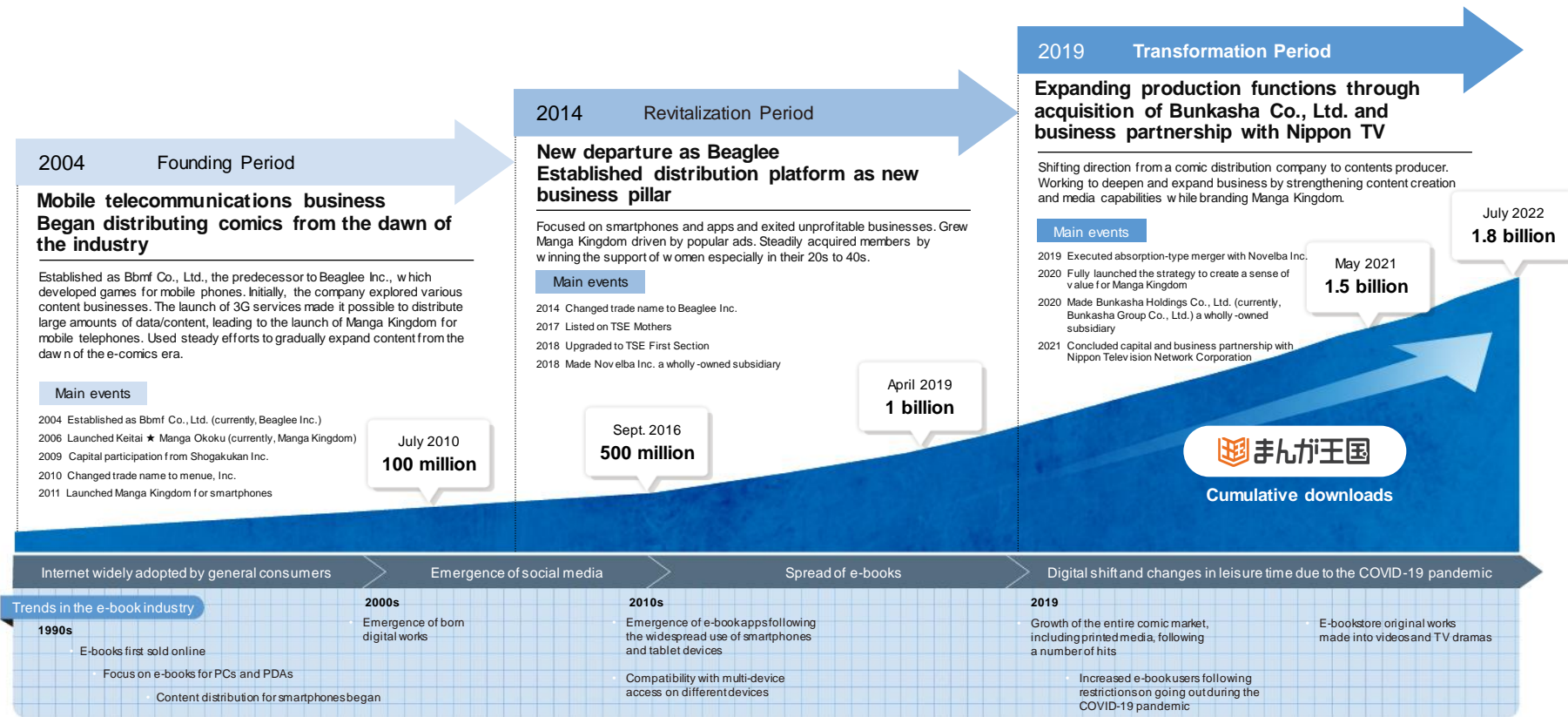
ぶんか社

BUNKASHA

海王社

新アポロ出版

BUNYUSHA
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

1948

Changed name to Bunkasha Co., Ltd.

1992

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

2017

Launched its own comic website called Manga Yomonga

2019

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

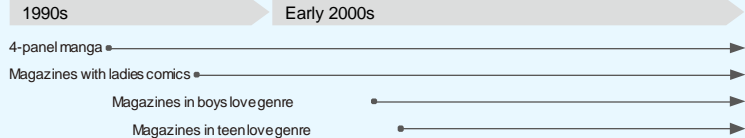
2020

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 the first in the 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 the first in the 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

What is Manga Kingdom?

Earned **No.1** sense of value



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

Members: **Over 7.5 million**

Downloads: **2.0 billion**

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

Always over **10,000** for free



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

Notes:

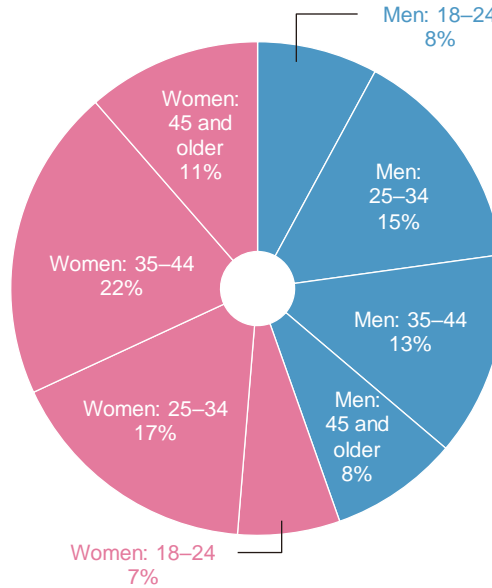
1. "Survey on E-Comic Services"
 Period: March 22 to March 26, 2023
 Targets: Men and women between the ages of 20 and 69 who use either Manga Kingdom or another main e-comic service and who are subscribers (pay a fee to access)
 Sample size: 1,648
 Method: Internet research
 Partner: MARCS Co., Inc.
2. Data as of June 2023
3. Cumulative downloads include free titles and comic strip titles converted to books

Manga Kingdom Membership Composition

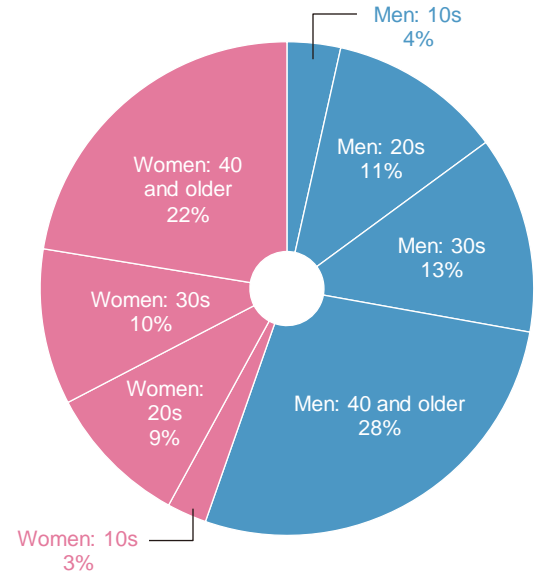


Manga Kingdom users

As of June 30, 2023



General users of fee charging e-books



Popular among women in 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 gaining popularity, following the Company's promotions, special features, etc.



Source: Impress Corporation estimates, "eBook Marketing Report 2023"



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/>



Administrator of novel posting app novelba
Lulu Nonobe

Characteristics of content

Comics

- Specializing in comics for women which have a high affinity to digital contents.
- Many short works perfect for leisure reading also feature 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.

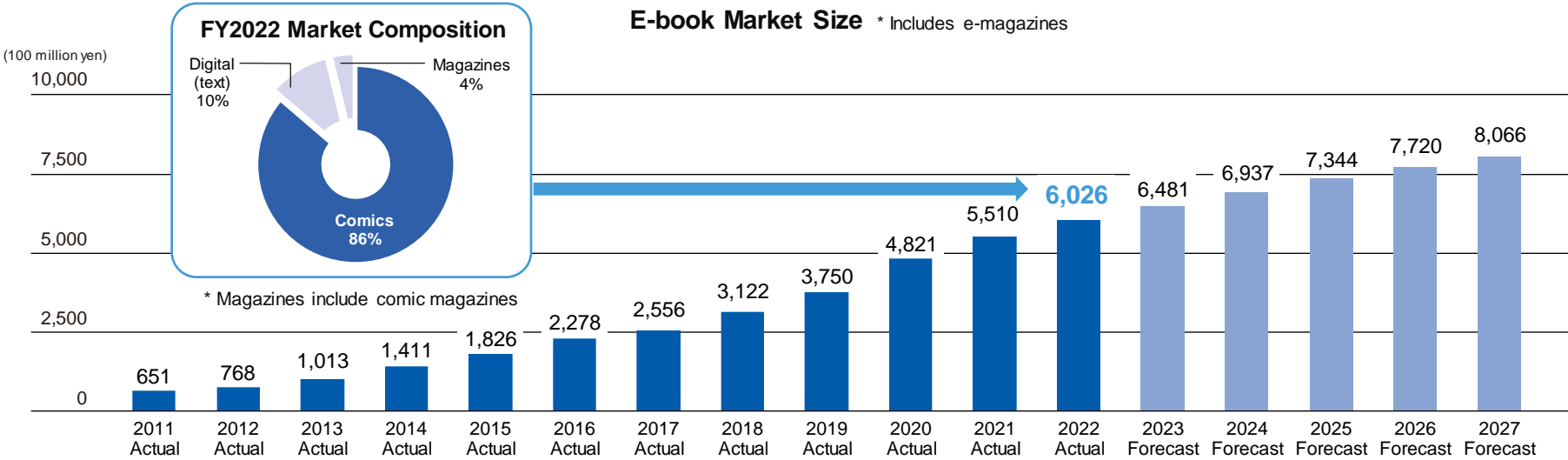
Transforming comics into TV dramas

Popular manga *Stepmom and Daughter 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 size of the e-book market in fiscal 2022 is estimated to be 602.6 billion yen, an increase of 51.6 billion yen (9.4%) from 551.0 billion yen in fiscal 2021.

The market is expected to grow to 800 billion yen in fiscal 2027.

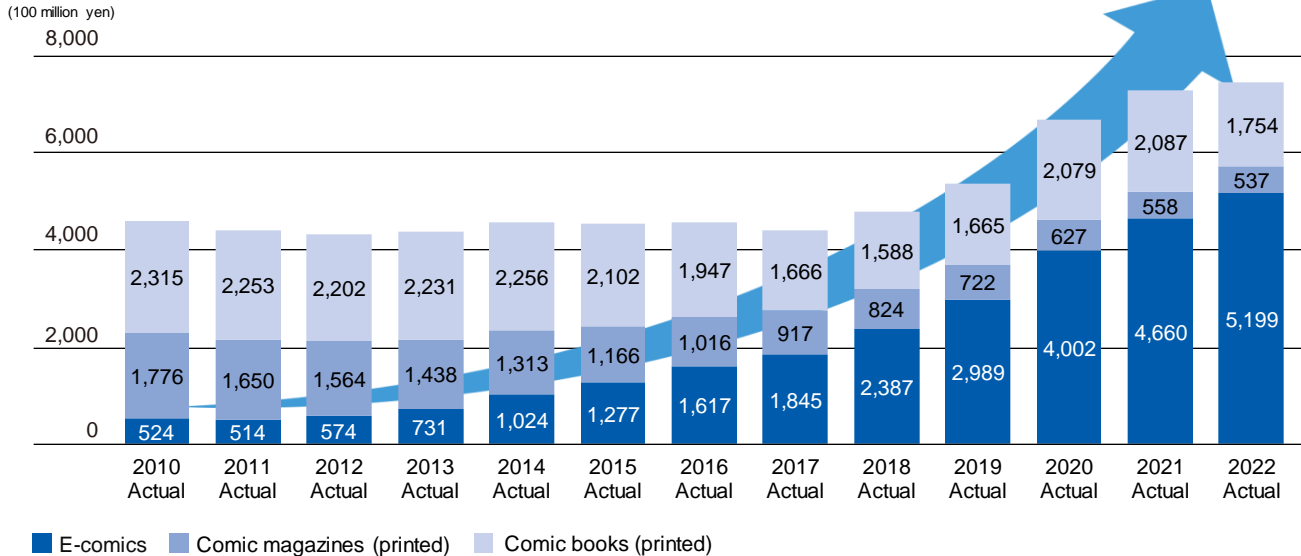


Source: Impress Corporation estimates, "eBook Marketing Report 2023"

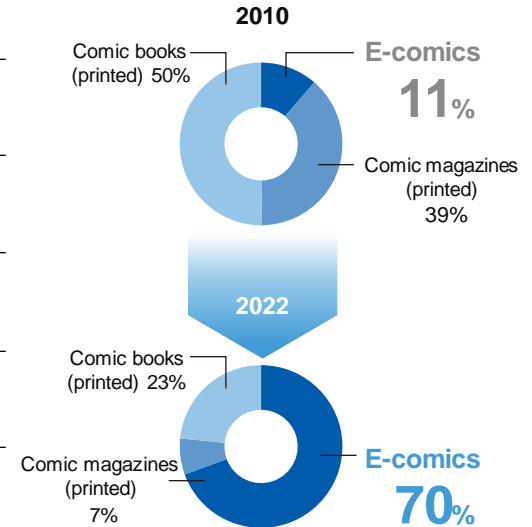
The comic market continues to grow amid increasing net sales of printed comics and e-comics. The share of e-comics of the total comic market is also rising.

Changes in Comic Market

* Excludes digital comic magazines



Changes in Comic Market Composition



Source: Impress Corporation estimates, "eBook Marketing Report 2023"/Research Institute of the Publishing Science, "Annual Report on the Publication Market 2023"

Create new value by connecting creators and fans



Beagle Inc.
Securities code: 3981

Email: ir@beagle.com