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February 14, 2024

Consolidated Financial Results for the Fiscal Year Ended December 31, 2023 [Japanese GAAP]

Company name:	Beaglee Inc.	Listed on:	Tokyo Stock Exchange
Securities code:	3981	URL	https://www.beaglee.com
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Scheduled date of General Meeting of Shareholders:	March 28, 2024		
Date for commencement of dividend payments:	March 29, 2024		
Scheduled date of Securities Report submission:	March 28, 2024		
Supplementary notes to financial statements:	Yes		
Briefing on financial statements:	Yes (For institutional investors and analysts)		

(Rounded down to nearest million yen)

1. Consolidated Financial Results for the Fiscal Year Ended December 31, 2023 (January 1 to December 31, 2023)

(1) Consolidated Operating Results

(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	%
Fiscal year ended December 31, 2023	19,080	2.0	1,496	(14.7)	1,440	(10.4)	689	3.7
Fiscal year ended December 31, 2022	18,713	0.4	1,755	30.5	1,608	33.8	664	49.4

For reference: Comprehensive income
 Fiscal year ended December 31, 2023: 689 million yen (3.7%)
 Fiscal year ended December 31, 2022: 664 million yen (49.4%)

	Net income per share	Net income per share fully diluted	Return on equity	Return on asset	Operating profit margin
	Yen	Yen	%	%	%
Fiscal year ended December 31, 2023	114.74	114.11	10.4	7.7	7.8
Fiscal year ended December 31, 2022	111.34	110.31	11.1	8.4	9.4

For reference: Share of loss (profit) of entities accounted for using equity method
 Fiscal year ended December 31, 2023: – million yen
 Fiscal year ended December 31, 2022: – million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Capital-to-asset ratio	Net income per share
	Millions of yen	Millions of yen	%	Yen
December 31, 2023	18,384	6,953	37.8	1,153.25
December 31, 2022	19,039	6,314	33.2	1,052.91

For reference: Shareholders' equity

As of December 31, 2023: 6,953 million yen

As of December 31, 2022: 6,314 million yen

(3) Consolidated Cash Flow Position

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended December 31, 2023	1,862	(176)	(1,078)	4,825
Fiscal year ended December 31, 2022	2,379	(244)	(1,461)	4,217

2. Dividends

	Annual dividends					Cash dividends (total)	Dividend payout ratio (consolidated)	Dividend-to-net-asset ratio (consolidated)
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Year-end	Full year			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended December 31, 2022	–	0.00	–	12.00	12.00	71	10.8	1.2
Fiscal year ended December 31, 2023	–	0.00	–	15.00	15.00	90	13.1	1.4
Fiscal year ending December 31, 2024 (Forecast)	–	0.00	–	17.00	17.00		11.1	

3. Consolidated Earnings Forecast for the Fiscal Year Ending December 31, 2024 (January 1 to December 31, 2024)

(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	20,118	5.4	1,846	23.4	1,804	25.3	925	34.3	153.52

* Notes

(1) Changes in important subsidiaries during the period (change in specified subsidiaries which accompanies a change in the scope of consolidation): None

New: None

Exclusion: None

(2) 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

(3) Number of shares issued (common stock)

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

December 31, 2023	6,263,986 shares	December 31, 2022	6,236,342 shares
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(b) Number of treasury shares at end of period

December 31, 2023	234,706 shares	December 31, 2022	238,985 shares
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(c) Average number of shares during the period

December 31, 2023	6,006,454 shares	December 31, 2022	5,968,136 shares
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* The Company's financial statements are not subject to audits by 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. Explanation of Operating Results, etc., (4) Future Outlook."

(How to access the supplementary notes to financial statements and briefing on financial statements)

The Company plans to hold a briefing on financial statements for institutional investors and analysts on Thursday, February 15, 2024. The Company will publish the presentation materials used during this meeting on its website immediately after the meeting.

○ Supplemental Materials

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1. Explanation of Operating Results, etc.

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

(1) Explanation of Operating Results for the Fiscal Year Under Review

During the fiscal year under review (January 1 to December 31, 2023), 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 2023,” Impress Corporation estimates that the growth rate of the e-book market will be around 8% 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 fiscal year under review totaled 19,080,733 thousand yen (up 2.0% year on year), operating profit came in at 1,496,908 thousand yen (down 14.7% year on year), ordinary profit was 1,440,459 thousand yen (down 10.4% year on year) and profit attributable to owners of the parent totaled 689,204 thousand yen (up 3.7% 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. In addition, as a result of focusing on creating works that are “only available on Manga Kingdom,” comicalized works that also include the originals, and works in popular genres such as fantasy, net sales of Manga Kingdom increased 3.2% year on year.

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 “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 addition, with the aim of creating an original IP, a collaboration has been started with Amuse Inc., which is engaged in a wide range of businesses including those related to events, music/video, etc. As a first initiative, we held the “Aim for media mix! - contemporary romance x fantasy novel contest” in “novelba.”

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.

On the profit front, while net sales increased, operating expenses, mainly advertising expenses, increased year on year.

As a result, segment net sales totaled 12,563,854 thousand yen (up 2.7% year on year) and operating profit came in at 585,371 thousand yen (up 4.4% year on year).

(Contents Segment)

In the Contents Segment, the Company increased the number of publications, mainly as digital contents, and actively conducted sales promotion activities tailored to the characteristics and readers’ needs of each e-bookstore. In printed publishing, in consideration of the shrinking market for such publishing, the Company implemented cost controls such as distribution management and pricing.

In digital publishing, the Company worked to create content and expand genres in line with readers’ tastes, and strengthened promotions using SNS and video platforms. As a result, sales of works in the women’s comic genre, particularly the BL and TL genres, which are Bunkasha Co., Ltd.’s strengths, and works from digital comic magazines launched in recent years remained strong. As a result, net sales increased 7.9% year on year.

In printed publishing, the Company promoted sales measures in collaboration with anime and manga specialty stores, focusing on BL and fantasy.

Additionally, we implemented a number of measures, including hosting a collaborative café event commemorating the 20th anniversary of GUSH, a BL comic magazine, and “GUSH 20th anniversary exhibition -with LOVE.” On the other hand, as a result of controlling the number of distributions and implementing the changing of magazines to bimonthly publishing or suspending their publication, net sales decreased by 11.6% year on year.

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.

On the profit front, operating expenses increased year on year, mainly due to a decrease in earnings in printed publishing and the aggressive recruitment of editors.

As a result, segment net sales totaled 6,676,276 thousand yen (up 0.7% year on year) and operating profit came in at 910,956 thousand yen (down 23.7% year on year).

(2) Explanation of Financial Condition for the Fiscal Year Under Review

(Assets)

Total assets at the end of the fiscal year under review amounted to 18,384,958 thousand yen, down 654,974 thousand yen compared to the previous fiscal year end.

Current assets totaled 9,009,196 thousand yen, up 201,429 thousand yen over the previous fiscal year end. This is mainly attributable to a decrease in accounts receivable - trade of 340,389 thousand yen, and income taxes receivable of 100,748 thousand yen, offset with an increase in cash and deposits of 607,517 thousand yen.

Non-current assets totaled 9,375,761 thousand yen, down 856,413 thousand yen compared to the previous fiscal year end. This is mainly attributable to a decrease in intangible assets of 839,933 thousand yen.

(Liabilities)

Total liabilities at the end of the fiscal year under review amounted to 11,431,715 thousand yen, down 1,293,524 thousand yen compared to the previous fiscal year end.

Current liabilities totaled 8,466,504 thousand yen, down 210,099 thousand yen over the previous fiscal year end. This is mainly attributable to an increase in notes and accounts payable - trade of 126,484 thousand yen, offset with a decrease in accounts payable - other of 69,459 thousand yen, income taxes payable of 69,943 thousand yen, accrued consumption taxes of 139,364 thousand yen, and contract liabilities of 72,452 thousand yen.

Non-current liabilities totaled 2,965,210 thousand yen, down 1,083,425 thousand yen over the previous fiscal year end. This is mainly attributable to decreases in long-term loans payable of 1,020,000 thousand yen and deferred tax liabilities of 63,425 thousand yen.

(Net assets)

Net assets at the end of the fiscal year under review totaled 6,953,242 thousand yen, up 638,550 thousand yen compared to the previous fiscal year end. This is mainly attributable to an increase in retained earnings of 616,074 thousand yen.

As a result, the shareholders' capital ratio came to 37.8%.

(3) Explanation of Cash Flows for the Fiscal Year Under Review

The balance of cash and cash equivalents ("cash") was 4,825,497 thousand yen at the end of the fiscal year under review, up 607,517 thousand yen compared to the end 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 were profit before income taxes of 1,440,459 thousand yen, along with depreciation of 423,202 thousand yen, amortization of goodwill of 590,649 thousand yen, a decrease in notes and accounts receivable - trade of 346,554 thousand yen, and an increase in notes and accounts payable - trade of 126,484 thousand yen. The main factors for a decrease were a decrease/increase in consumption taxes receivable/payable of 139,364 thousand yen, a decrease in accounts payable - other of 70,086 thousand yen, a decrease in contract liabilities of 72,452 thousand yen, and income taxes paid of 768,513 thousand yen.

As a result, cash flows gained from operating activities amounted to 1,859,715 thousand yen (compared to 2,379,313 thousand yen in the previous fiscal year).

(Cash flows from investing activities)

The main factor for a decrease in cash flows from investing activities was a 154,450 thousand yen expenditure for the purchase of intangible assets.

As a result, cash flows used in investing activities amounted to 173,689 thousand yen (compared to 244,959 thousand yen in the previous fiscal year).

(Cash flows from financing activities)

The main factor for a decrease in cash flows from financing activities was repayments of long-term loans payable of 1,020,000 thousand yen and dividend payment of 71,750 thousand yen.

As a result, cash flows used in financing activities amounted to 1,078,509 thousand yen (compared to 1,461,664 thousand yen in the previous fiscal year).

(4) Future Outlook

The Group has worked to implement its medium-term management plan targeting “growth as a contents producer,” based on the philosophy “continually seek out new discoveries and progress without being trapped by rigid preconceptions.”

In the Platform Segment, the Company will focus on the steady growth of Manga Kingdom, which underpins the Group’s growth. The Group will continue to conduct efficient promotions to acquire new users and develop them into loyal customers with high spending motivation through our “No. 1 sense of value” strategy. In addition to the serialization of original works, the Group will promote the acquisition of new licenses and advance distribution titles, and strive to differentiate ourselves by expanding the lineup of titles that are “only available on Manga Kingdom.”

In the Contents Segment, the Group will strive to further grow digital sales by strengthening the content production system more in tune with changes in reader preferences and characteristics of distribution media, and by creating works in genres targeting a broader audience of readers such as light novels, light teen love genre, and light novels for women, in addition to content geared toward women, which is a mainstay genre. On the other hand, in terms of sales for printed publishing, in consideration of the shrinking market for such publishing, we will implement thorough cost controls such as distribution management and pricing.

Based on the above, the Company’s full-year earnings forecast for the fiscal year ending December 2024 calls for net sales of 20,118 million yen (up 5.4% year on year), operating profit of 1,846 million yen (up 23.4% year on year), ordinary profit of 1,804 million yen (up 25.3% year on year), and profit attributable to owners of the parent of 925 million yen (up 34.3% year on year).

The Company has decided to refrain from disclosing the earnings forecast for the second quarter of the fiscal year under review, as changes in the advertising market and returns in the paper publishing business will have a significant impact on the Group’s business results.

2. Basic Approach Concerning Selection of Accounting Standards

The Group prepares consolidated financial statements in accordance with J-GAAP in consideration of comparability with other companies in the same industry in Japan. Furthermore, the Group will continue to examine, as needed, the application of International Financial Reporting Standards (IFRS) taking into account the future growth of its overseas business and the situation domestically and internationally.

3. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheet

(Unit: thousands of yen)

	End of Previous Consolidated Fiscal Year (As of December 31, 2022)	End of Current Consolidated Fiscal Year (As of December 31, 2023)
Assets		
Current assets		
Cash and deposits	4,217,980	4,825,497
Notes receivable	36,910	30,745
Accounts receivable - trade	4,341,938	4,001,549
Merchandise and finished goods	57,759	58,552
Supplies	793	623
Advance payments - trade	2,589	8,097
Prepaid expenses	48,218	67,510
Accounts receivable - other	7,313	7,853
Income taxes receivable	105,588	4,839
Consumption taxes receivable	-	10,565
Other	480	1,091
Allowance for doubtful accounts	(11,817)	(7,729)
Total current assets	8,807,757	9,009,196
Non-current assets		
Property, plant and equipment		
Buildings	14,662	14,662
Facilities attached to buildings	70,634	75,012
Tools, furniture and fixtures	149,020	147,433
Accumulated depreciation	(165,549)	(168,060)
Accumulated impairment loss	(1,602)	(1,602)
Total property, plant and equipment	67,164	67,444
Intangible assets		
Goodwill	8,919,020	8,328,371
Software	191,638	127,602
Content assets	273,834	248,578
Software in progress	2,298	639
Content assets in progress	4,319	3,370
Publishing rights	590,000	432,666
Other	1,282	1,232
Total intangible assets	9,982,395	9,142,462
Investments and other assets		
Leasehold and guarantee deposits	108,492	108,492
Deferred tax assets	54,292	37,380
Others	19,830	19,981
Total investments and other assets	182,615	165,854
Total non-current assets	10,232,175	9,375,761
Total assets	19,039,932	18,384,958

(Unit: thousands of yen)

	End of Previous Consolidated Fiscal Year (As of December 31, 2022)	End of Current Consolidated Fiscal Year (As of December 31, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,310,535	3,437,019
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	394,325
Accrued expenses	34,785	35,367
Income taxes payable	496,755	426,812
Accrued consumption taxes	166,692	27,328
Contract liabilities	665,215	592,763
Refund liabilities	417,866	366,313
Deposits received	35,520	39,295
Other	65,447	127,279
Total current liabilities	8,676,604	8,466,504
Non-current liabilities		
Long-term loans payable	3,825,000	2,805,000
Deferred tax liabilities	223,636	160,210
Total non-current liabilities	4,048,636	2,965,210
Total liabilities	12,725,240	11,431,715
Net asset		
Shareholders' equity		
Capital stock	1,893,301	1,901,359
Capital surplus	1,892,826	1,900,859
Retained earnings	2,885,192	3,501,267
Treasury shares	(356,628)	(350,242)
Total shareholders' equity	6,314,691	6,953,242
Total net assets	6,314,691	6,953,242
Total liabilities and net assets	19,039,932	18,384,958

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statement of Income

(Unit: thousands of yen)

	Previous Consolidated Fiscal Year (January 1 to December 31, 2022)	Current Consolidated Fiscal Year (January 1 to December 31, 2023)
Net sales	18,713,173	19,080,733
Cost of sales	12,086,895	12,532,377
Gross profit	6,626,277	6,548,356
Selling, general and administrative expenses	4,870,713	5,051,447
Operating profit	1,755,563	1,496,908
Non-operating income		
Interest income	25	24
Dividend income	87	107
Reimbursement receivables	2,794	2,590
Subsidy income	454	–
Compensation receivables	–	1,908
Other	496	459
Total non-operating income	3,857	5,091
Non-operating expenses		
Interest expenses	105,984	51,354
Borrowing expenses	33,962	2,874
Consumption taxes - deferred	3,550	4,442
Other	7,677	2,869
Total non-operating expenses	151,174	61,540
Ordinary profit	1,608,247	1,440,459
Extraordinary losses		
Impairment losses	164,236	–
Compensation for damages	1,240	–
Total extraordinary losses	165,476	–
Profit before income taxes	1,442,770	1,440,459
Income taxes – current	846,180	797,767
Income taxes – deferred	(67,919)	(46,513)
Total income taxes	778,260	751,254
Profit	664,510	689,204
Profit attributable to owners of the parent	664,510	689,204

Consolidated statement of comprehensive income

(Unit: thousands of yen)

	Previous Consolidated Fiscal Year (January 1 to December 31, 2022)	Current Consolidated Fiscal Year (January 1 to December 31, 2023)
Profit	664,510	689,204
Comprehensive income	664,510	689,204
(Breakdown)		
Comprehensive income related to owners of the parent	664,510	689,204

(3) Consolidated Statement of Changes in Equity

Previous consolidated fiscal year (January 1 to December 31, 2022)

(Unit: thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Beginning balance	1,883,373	1,882,873	2,268,356	(362,955)	5,671,647
Change					
Issuance of new stock	9,928	9,928			19,856
Dividend of surplus			(47,674)		(47,674)
Profit attributable to owners of the parent			664,510		664,510
Acquisition of treasury shares				(47)	(47)
Disposal of treasury shares		24	–	6,374	6,399
Total change	9,928	9,952	616,835	6,327	643,043
Year-end balance	1,893,301	1,892,826	2,885,192	(356,628)	6,314,691

	Total net assets
Beginning balance	5,671,647
Change	
Issuance of new stock	19,856
Dividend of surplus	(47,674)
Profit attributable to owners of the parent	664,510
Acquisition of treasury shares	(47)
Disposal of treasury shares	6,399
Total change	643,043
Year-end balance	6,314,691

Current consolidated fiscal year (January 1 to December 31, 2023)

(Unit: thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Beginning balance	1,893,301	1,892,826	2,885,192	(356,628)	6,314,691
Change					
Issuance of new stock	8,057	8,057			16,115
Dividend of surplus			(71,968)		(71,968)
Profit attributable to owners of the parent			689,204		689,204
Acquisition of treasury shares				-	-
Disposal of treasury shares		(24)	(1,161)	6,385	5,198
Total change	8,057	8,033	616,074	6,385	638,550
Year-end balance	1,901,359	1,900,859	3,501,267	(350,242)	6,953,242

	Total net assets
Beginning balance	6,314,691
Change	
Issuance of new stock	16,115
Dividend of surplus	(71,968)
Profit attributable to owners of the parent	689,204
Acquisition of treasury shares	-
Disposal of treasury shares	5,198
Total change	638,550
Year-end balance	6,953,242

(4) Consolidated Statement of Cash Flows

(Unit: thousands of yen)

	Previous Consolidated Fiscal Year (January 1 to December 31, 2022)	Current Consolidated Fiscal Year (January 1 to December 31, 2023)
Cash flows from operating activities		
Profit before income taxes	1,442,770	1,440,459
Depreciation	470,589	423,202
Impairment losses	164,236	–
Amortization of goodwill	621,597	590,649
Interest expenses	105,984	51,354
Borrowing expenses	33,962	2,874
Decrease (increase) in notes and accounts receivable - trade	(7,150)	346,554
Increase (decrease) in notes and accounts payable - trade	253,638	126,484
Increase (decrease) in accounts payable - other	108,936	(70,086)
Increase (decrease) in accrued expenses	(153,027)	582
Increase (decrease) in contract liabilities	(7,547)	(72,452)
Increase (decrease) in refund liabilities	(12,379)	(51,552)
Decrease/increase in consumption taxes receivable/payable	73,795	(139,364)
Other	84,707	30,683
Subtotal	3,180,115	2,679,390
Interest and dividend income received	112	132
Interest expenses paid	(106,321)	(51,292)
Income taxes paid	(694,593)	(768,513)
Cash flows from operating activities	2,379,313	1,859,715
Cash flows from investing activities		
Purchase of property, plant and equipment	(32,382)	(19,247)
Purchase of intangible assets	(212,716)	(154,450)
Other	138	7
Cash flows from investing activities	(244,959)	(173,689)
Cash flows from financing activities		
Proceeds from long-term loans payable	5,100,000	–
Repayments of long-term loans payable	(6,500,000)	(1,020,000)
Payments of borrowing expenses	(33,962)	(2,874)
Proceeds from issuance of common shares	19,856	16,115
Purchase of treasury shares	(47)	–
Payment of dividends	(47,510)	(71,750)
Cash flows from financing activities	(1,461,664)	(1,078,509)
Net increase (decrease) in cash and cash equivalents	672,689	607,517
Cash and cash equivalents at beginning of period	3,545,290	4,217,980
Cash and cash equivalents at end of period	4,217,980	4,825,497

(5) Notes to Consolidated Financial Statements

(Notes on the Going-Concern Assumption)

N/A

(Changes in Presentation Method)

Consolidated statements of income

“Refund income” under “Non-operating income,” which was stated independently in the previous consolidated fiscal year, has been included in “Other” from the current consolidated fiscal year onward due to its lack of materiality.

As a result, 201 thousand yen included in “Refund income” under “Non-operating income” and 294 thousand yen in “Other” in the consolidated statements of income for the previous consolidated fiscal year has been reclassified as 496 thousand yen in “Other.”

Consolidated statements of cash flows

“Decrease (increase) in advances paid” under “Cash flows from operating activities,” which was stated independently in the previous consolidated fiscal year, has been included in “Other” from the current consolidated fiscal year due to its lack of materiality.

As a result, 247 thousand yen included in “Decrease (increase) in advances paid” under “Cash flows from operating activities” and 84,460 thousand yen in “Other” in the consolidated statements of cash flows for the previous consolidated fiscal year has been reclassified as 84,707 thousand yen in “Other.”

(Segment Information, etc.)

1. Summary of reporting segments

(1) Method of determining reporting segments

The Company's reporting segments provide financial information prepared separately from other reporting segments and they are subject to periodic reviews by the Board of Directors in order to determine allocation of management resources and evaluate business performance. The Company comprises segments for each business type, with the reporting segments classified as Platform Segment and Contents Segment.

(2) Types of products and services belonging to each reporting segment

The Platform Segment comprises subscription services and other ancillary businesses centered on Manga Kingdom, the Company's existing business.

The Contents Segment comprises e-books, publishing and other ancillary businesses centered on the Group's subsidiary Bunkasha Group's existing businesses.

2. Method of calculating the amount of net sales, profit/loss, assets, liabilities, and other accounting items for each reporting segment

Accounting treatment methods for reported business segments are generally the same as those appearing in "Significant matters that form the basis of preparing consolidated financial statements."

Reporting segment profits are based on operating profit. Intersegment profits and transfers are based on real market prices.

3. Information on the amount of net sales, profit/loss, assets, liabilities, and other accounting items for each reporting segment, and breakdown of profits

Previous consolidated fiscal year (January 1 to December 31, 2022)

(Unit: thousands of yen)

	Reporting segment			Adjusted amount (Note 1)	Total (Note 2)
	Platform Segment	Contents Segment	Total		
Net sales					
Own distribution	11,396,767	–	11,396,767	–	11,396,767
Others' distribution	408,480	4,027,982	4,436,462	–	4,436,462
Printed publishing	–	1,987,402	1,987,402	–	1,987,402
Others	431,667	460,872	892,539	–	892,539
Revenue from contracts with customers	12,236,915	6,476,258	18,713,173	–	18,713,173
Net sales to external customers	12,236,915	6,476,258	18,713,173	–	18,713,173
Intersegment sales and transfers	363	153,631	153,995	(153,995)	–
Total	12,237,278	6,629,889	18,867,168	(153,995)	18,713,173
Segment profit	560,882	1,194,157	1,755,040	523	1,755,563
Segment assets	9,433,790	17,278,270	26,712,061	(7,672,129)	19,039,932
Other items					
Depreciation	287,594	183,128	470,723	(133)	470,589
Amortization of goodwill	274,845	346,752	621,597	–	621,597
Increase in tangible fixed assets and intangible fixed assets	424,960	31,156	456,116	–	456,116

Notes: 1. Adjustments of segment profit of 523 thousand yen represents company-wide expenses and elimination of intersegment transactions.

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

Current consolidated fiscal year (January 1 to December 31, 2023)

(Unit: thousands of yen)

	Reporting segment			Adjusted amount (Note 1)	Total (Note 2)
	Platform Segment	Contents Segment	Total		
Net sales					
Own distribution	11,745,548	–	11,745,548	–	11,745,548
Others' distribution	389,063	4,354,147	4,743,211	–	4,743,211
Printed publishing	–	1,688,344	1,688,344	–	1,688,344
Others	428,151	475,477	903,628	–	903,628
Revenue from contracts with customers	12,562,763	6,517,969	19,080,733	–	19,080,733
Net sales to external customers	12,562,763	6,517,969	19,080,733	–	19,080,733
Intersegment sales and transfers	1,090	158,306	159,397	(159,397)	–
Total	12,563,854	6,676,276	19,240,131	(159,397)	19,080,733
Segment profit	585,371	910,956	1,496,327	581	1,496,908
Segment assets	8,587,068	17,601,249	26,188,318	(7,803,360)	18,384,958
Other items					
Depreciation	241,442	181,915	423,357	(154)	423,202
Amortization of goodwill	243,897	346,752	590,649	–	590,649
Increase in tangible fixed assets and intangible fixed assets	316,698	15,946	332,644	–	332,644

Notes: 1. Adjustments of segment profit of 581 thousand yen represents company-wide expenses and elimination of intersegment transactions.

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

(Per Share Information)

	Previous Consolidated Fiscal Year (January 1 to December 31, 2022)	Current Consolidated Fiscal Year (January 1 to December 31, 2023)
Net assets per share	1,052.91 yen	1,153.25 yen
Net income per share	111.34 yen	114.74 yen
Net income per share fully diluted	110.31 yen	114.11 yen

Note: The basis for calculating the amounts of net profit per share and net profit per share fully diluted is presented below.

	Previous Consolidated Fiscal Year (January 1 to December 31, 2022)	Current Consolidated Fiscal Year (January 1 to December 31, 2023)
Net income per share		
Profit attributable to owners of the parent (thousands of yen)	664,510	689,204
Amount not attributed to common shareholders (thousands of yen)	–	–
Profit attributable to owners of the parent related to common stock (thousands of yen)	664,510	689,204
Average number of common stock shares during the period (shares)	5,968,136	6,006,454
Net income per share fully diluted		
Profit attributable to owners of the parent (thousands of yen)	–	–
Increase in the number of common stock (shares)	55,633	33,308
(Of this, share acquisition rights [shares])	(55,633)	(33,308)
Summary of diluted shares not included in the calculation of net income per share fully diluted because there were no dilution effects	–	–

(Significant Subsequent Events)

N/A