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Second Quarter of the Fiscal Year Ending December 31, 2024

Financial Results Presentation

Thursday, August 15, 2024

Beagle Inc.

TSE Standard Market: 3981

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FYE Dec. 2024 Q2 Financial Results

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FYE Dec. 2024 Earnings Forecast

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About Beagle

The following abbreviations are used in this document.

P Seg: Platform segment, C Seg: Contents segment

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FYE Dec. 2024 Q2 Financial Results

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About Beagle

Executive Summary for FYE Dec. 2024 Q2

Net sales

9,467 million yen

(Up 0.4% YoY)

Operating profit

872 million yen

(Up 19.0% YoY)

Profit

441 million yen

(Up 29.5% YoY)

- Net sales were **on par with the previous year** on a consolidated basis due to decreased net sales in the P Seg and increased net sales in the C Seg.
- Operating profit **increased 19.0% YoY** due to increased profit in both segments.
- **Profit was a record high for the first half of a fiscal year**, reflecting increased operating profit.

FYE Dec. 2024 Q2 | Financial Highlights—Statement of Income

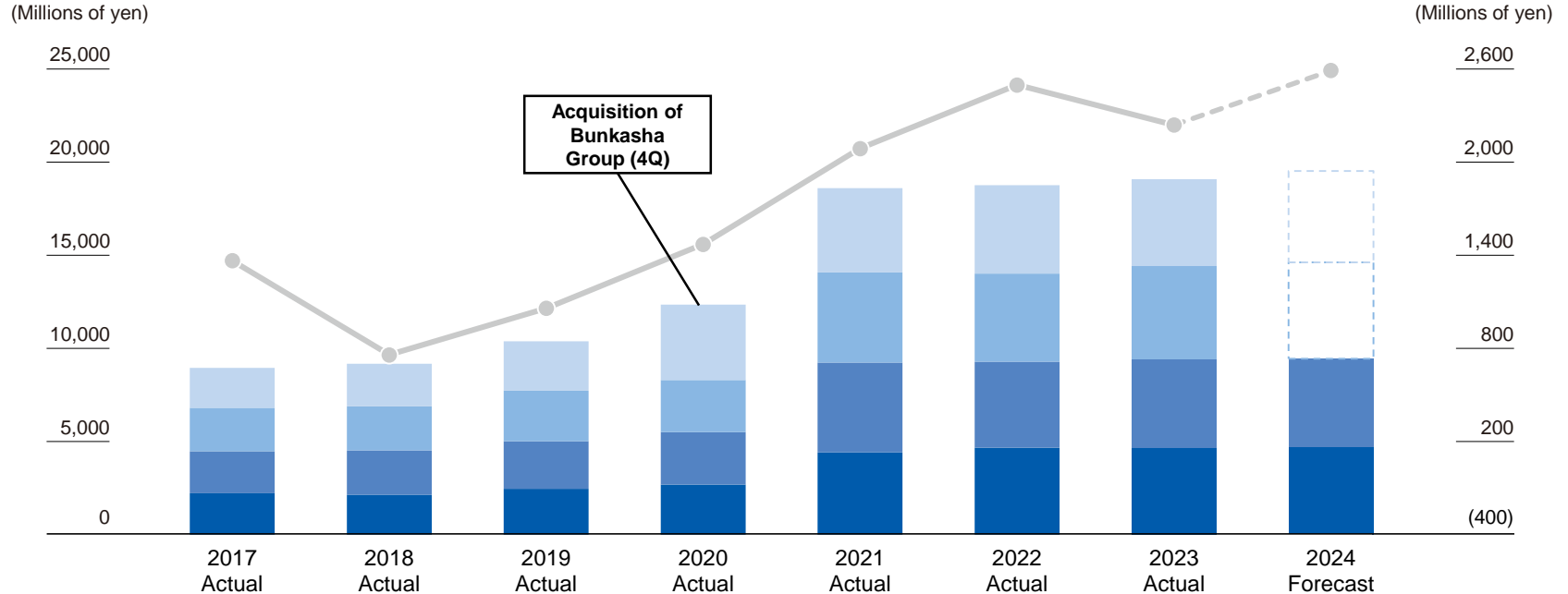
(Unit: Millions of yen)

P/L	FYE Dec. 2023	FYE Dec. 2024	YoY	
	First half	First half	Change	Rate of change
Net sales	9,427	9,467	+39	+0.4%
Operating profit	733	872	+139	+19.0%
Operating profit before amortization of goodwill	1,107	1,246	+139	+12.6%
Ordinary profit	705	845	+139	+19.8%
Profit attributable to owners of the parent	340	441	+100	+29.5%
Net income per share (yen)	56.79	73.17	+16.38	—

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



Acquisition of Bunkasha Group (4Q)

Net sales (■ 1Q ■ 2Q ■ 3Q ■ 4Q) —●— Operating profit before amortization of goodwill

Note: As for the 2024 Forecast, net sales for Q1 and Q2 show actual results, while the operating profit before amortization of goodwill is a forecast.

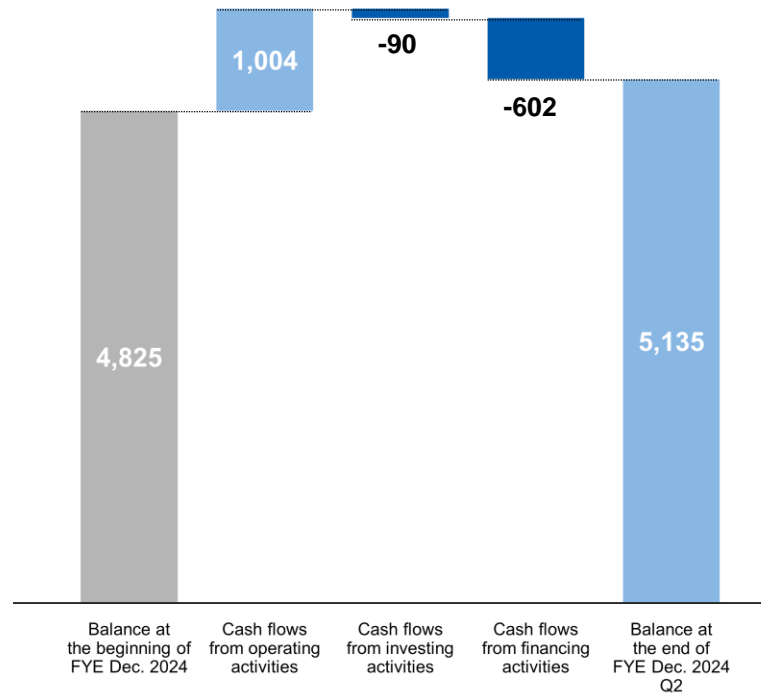
FYE Dec. 2024 Q2 | Financial Highlights—Balance Sheet

(Unit: Millions of yen)

B/S	FYE Dec. 2023 Full-year		FYE Dec. 2024 Q2			
	Amount	Ratio	Amount	Ratio	Change	Notes
Current assets	9,009	49.0%	9,190	50.6%	+180	
Non-current assets	9,375	51.0%	8,978	49.4%	(397)	Goodwill of 8,030 million yen Publishing rights of 350 million yen
Total assets	18,384	100.0%	18,168	100.0%	(216)	
Total liabilities	11,431	62.2%	10,858	59.8%	(573)	D/E ratio 0.73
Total net assets	6,953	37.8%	7,310	40.2%	+356	
Total liabilities and net assets	18,384	100.0%	18,168	100.0%	(216)	
Capital-to-asset ratio	37.8%		40.2%			

Note: Totals may not match due to rounding.

FYE Dec. 2024 Q2 | Financial Highlights—Cash Flow Statements



(Unit: Millions of yen)

	FYE Dec. 2023 Q2	FYE Dec. 2024 Q2	Change
Cash flows from operating activities	490	1,004	+513
Cash flows from investing activities	(83)	(90)	(7)
Cash flows from financing activities	(578)	(602)	(24)
Cash and cash equivalents at end of period	4,047	5,135	

Decided to acquire treasury shares (700 million yen)

Implement the acquisition as part of a nimble capital policy to improve capital efficiency and respond to changes in the business environment.

The total payout ratio is expected to be approximately 86% when the acquisition is completed in the current fiscal year.

Total number of shares that can be acquired	700,000 shares (upper limit) Ratio to the total number of shares issued and outstanding (excluding treasury shares) 11.6%
Total amount of shares acquired	700 million yen (upper limit)
Acquisition period	August 15, 2024–August 14, 2025

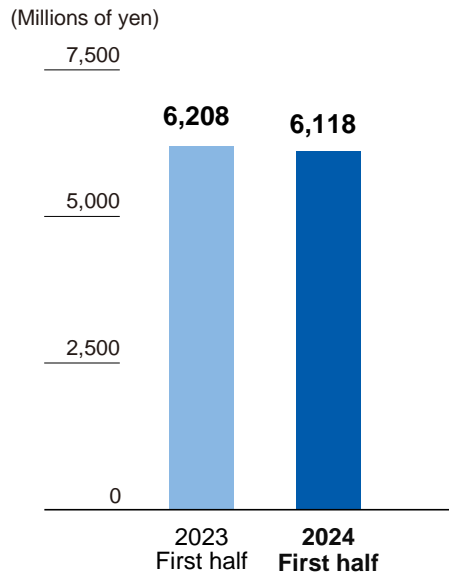
Note: 1. Total payout ratio = (Total dividends paid + Total amount of treasury shares acquired) / Profit attributable to owners of the parent

2. Total dividends are calculated by multiplying the projected dividend of ¥17 per share by the average number of shares outstanding during the current (first) half-year period (after deduction of treasury shares).

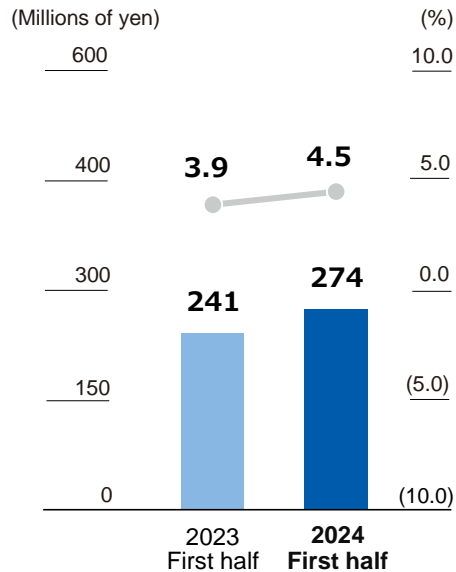
FYE Dec. 2024 Q2 | Segment Breakdown—Platform Segment

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



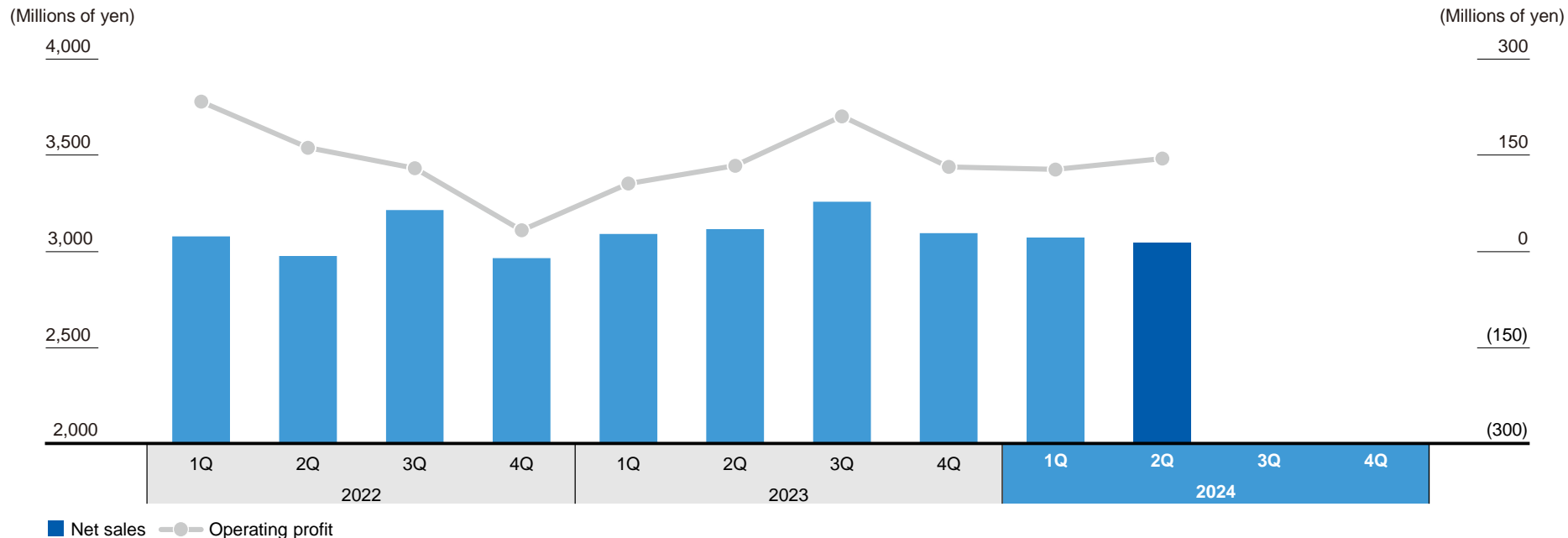
Net sales

- Net sales decreased 1% both QoQ and YoY as sales of Manga Kingdom decreased slightly from the previous term.
- Net sales of Manga Kingdom were at the same level QoQ and had decreased 2% YoY.
- While measures targeting users with a high willingness to subscribe were successful, MAUs have continued to decline, resulting in a slight decrease YoY.

Operating profit

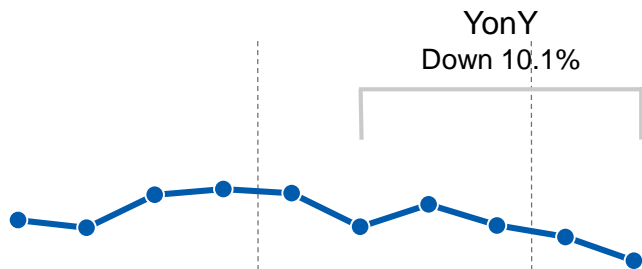
- Operating profit increased 32 million yen YoY due to a decrease in SG&A expenses, including advertising and promotional expenses.
- Advertising expenses decreased 119 million yen YoY due to the implementation of more efficient advertising.

Platform Segment: Net Sales and Operating Profit

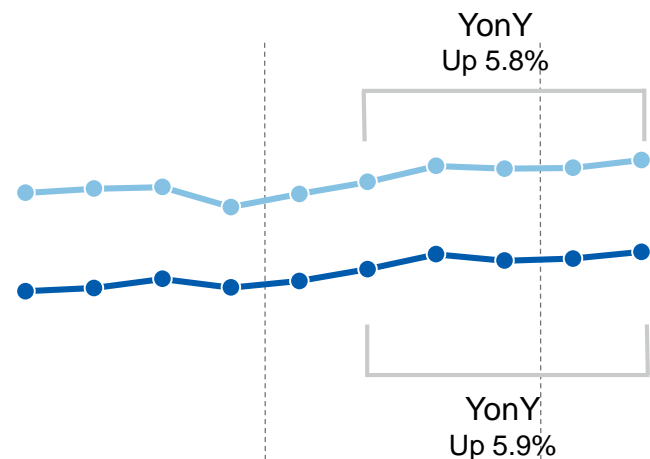


Note: Net sales includes internal net sales and transfers between segments.

MAU



ARPPU (Subscription/Consumption)



1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
2022				2023				2024			

MAU

Trend in the number of members visiting Manga Kingdom

1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
2022				2023				2024			

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 strategy to create a sense of value



- Manga Kingdom members broke through the 8.5 million mark.
- Distributed four episodes included in the first omnibus work of Project CO-MUSIX, a collaboration project with Amuse.
- The full-color remake of *Itsuko Ikkanda, Child Welfare Officer* is selling well.



◀ *Itsuko Ikkanda, Child Welfare Officer (Remake Version)*

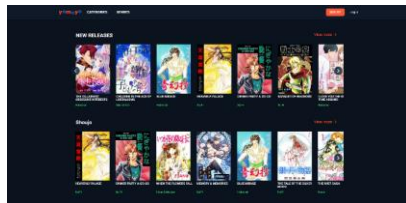
Noriko Sakata (author)
Ayuko Omi (original author)
Beaglee (production)

2 Hosted novel contests on Novelba, a novel posting service, to promote comicalization of original posted works.



- Announced the results of the “3rd BK Comics f Reijo Novel Contest,” a joint contest with Bunkasha.
- Announced the results of the “Another World Romance Novel Short Story Contest” in collaboration with Takeshobo.
- Held the “Dramatic Women: the First Novel Contest” sponsored by Bunkasha.

3 Expanded the lineup of our group’s works on yomoyo, a comic distribution service for North America, and promoted acquisition of distribution licenses.



◀ “yomoyo,” a comic distribution service for North America

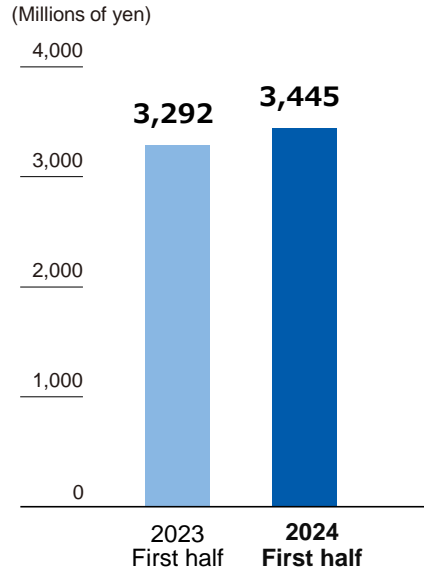


◀ *FOOL'S SKIN*

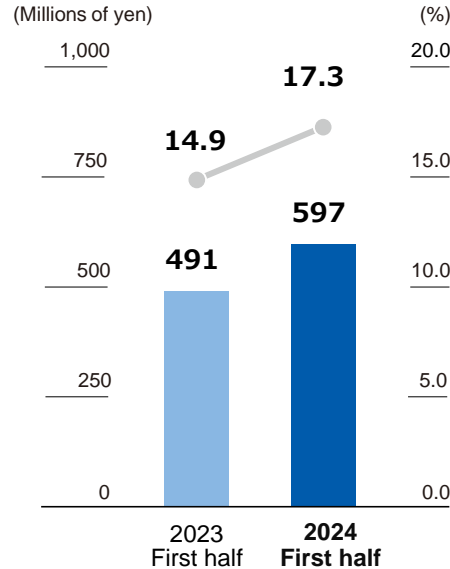
Yoshimi Kusano (author)/Bunkasha

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

Net sales



Operating Profit/Operating Margin



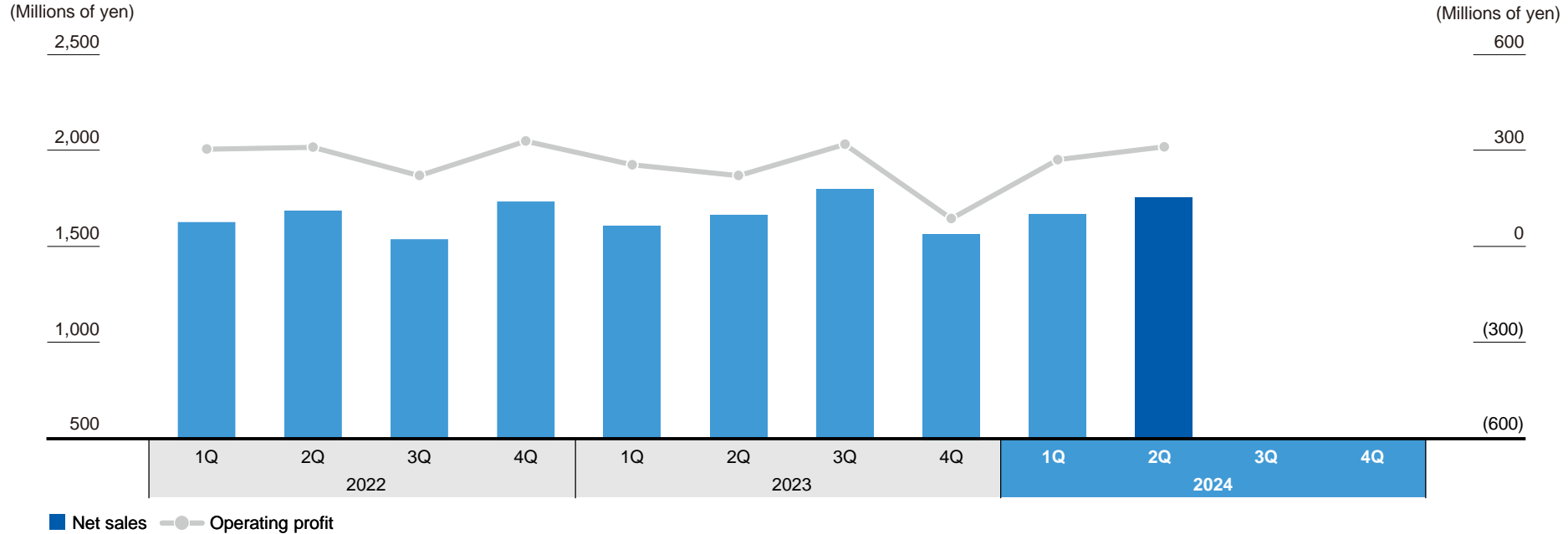
Net sales

- Net sales of digital products were 2,454 million yen, up 1% QoQ and 13% YoY due to a steady increase in the number of digital works published.
- Net sales of printed publications were 990 million yen, down 11% YoY due to a reduction in the number of copies distributed.
- Segment sales were up 5% YoY due to increased net sales of digital products, despite a YoY decrease in net sales of printed publications.

Operating profit

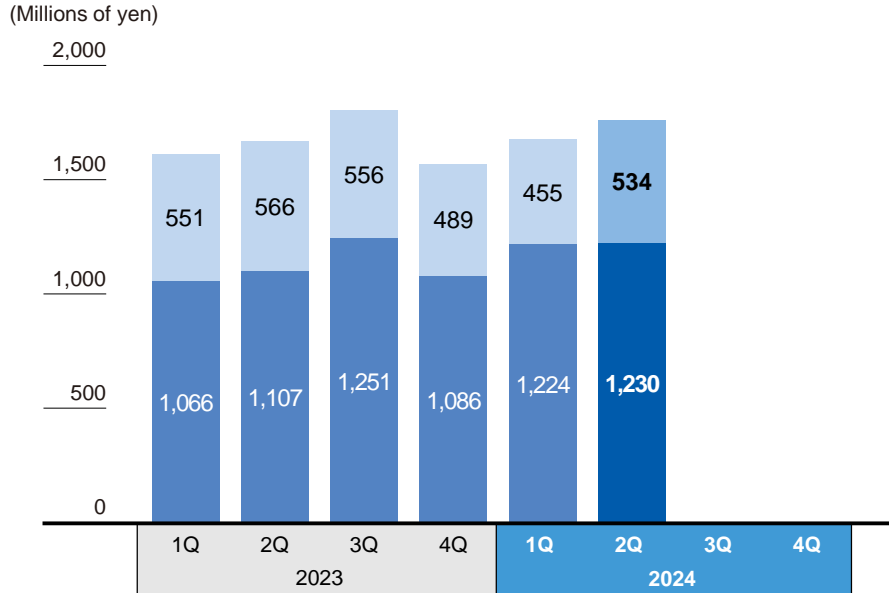
- Profit from digital products increased YoY due to increased net sales of digital products.
- Profit from printed publications improved YoY as production costs per unit decreased due to decreased book distribution as well as steady overseas licensing.
- Operating profit increased 106 million yen YoY due to an increase in gross profit driven by digital publishing.

Contents Segment: Net Sales and Operating Profit



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

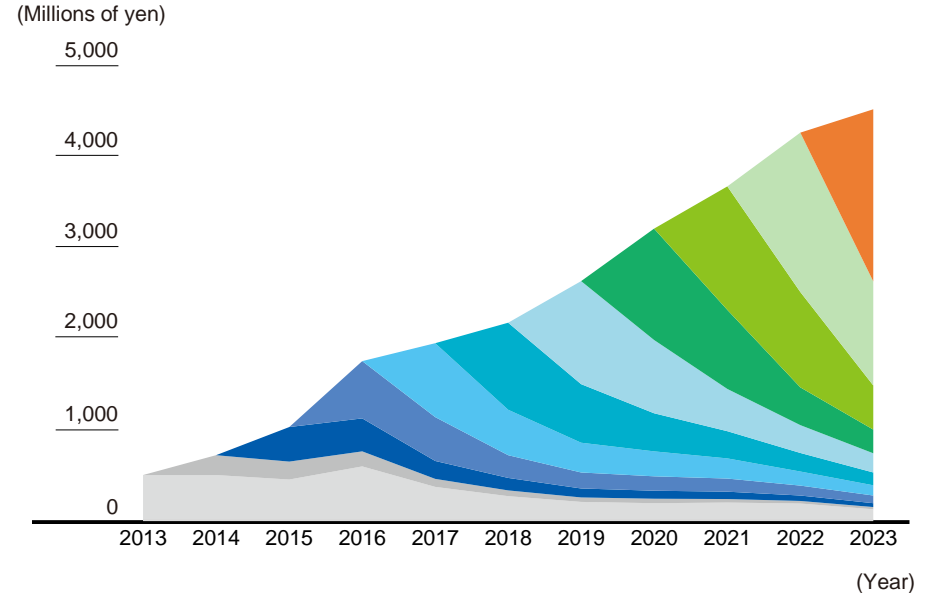
Contents Segment: Net Sales



■ Digital publishing ■ Printed publishing

Note: Totals may not match due to rounding.

Digital Net Sales and Distribution Timing



■ 2013 ■ 2014 ■ 2015 ■ 2016 ■ 2017 ■ 2018
 ■ 2019 ■ 2020 ■ 2021 ■ 2022 ■ 2023

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)



◀ **Botsuraku Reijo, Binbo Kishi no Maid ni Narimasu**

Tokei Chiyo (author)
Mashimesa Emoto (original author)



◀ **Revenge Agent App: One Tap to Execute Them**

Kayu Miyashita (author)
Jun Kiyama (original author)

Reinforced comic editorial structure

- Launched a new label, GUSHgem, in April 2024
- Increased the number of editors by two to reinforce the comic editorial structure
- Developed editorial managers

2

Promotion of media mix, including TV dramatizations and exhibition events



Bunkasha's work was dramatized for a TV program!

- *In-House Executioner, She eliminates the enemies* was broadcast on Kansai Television from April 2024.
- *Mr. Mitsuya's planned feeding* was broadcast on Mainichi Broadcasting System from July 2024.



The total number of copies sold exceeds 1.8 million!

Held a special exhibition of *I want you to love me to the inside*.

- Held an exhibition of Momose An, *I want you to love me to the inside* in Tokyo and Osaka to commemorate the release of the fourth paperback volume.
- Held exhibitions of replicas of original drawings and sale events of newly-drawn goods.

3

Expanded original articles in a fashion magazine, Gina Web Magazine.

Continued expanding Let's GO 4WD video contents and promoted real events.



Enhanced Gina Web Magazine.

Focused on influx of users from the SNS of Style Members and tie-up planning.
Aimed to differentiate ourselves by distributing original articles that do not exist in this magazine.



Strengthened production of video contents by utilizing YouTube.

Expanded the number of contents available on the video platform.
Hold real 4WD events to deepen connections with fans, including through the use of social media, which contributed to raising recognition of the medium.

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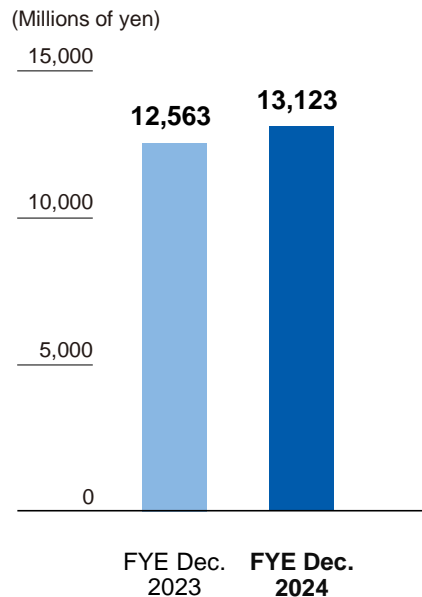
About Beagle

There is no change to the consolidated earnings forecast announced on February 14, 2024.

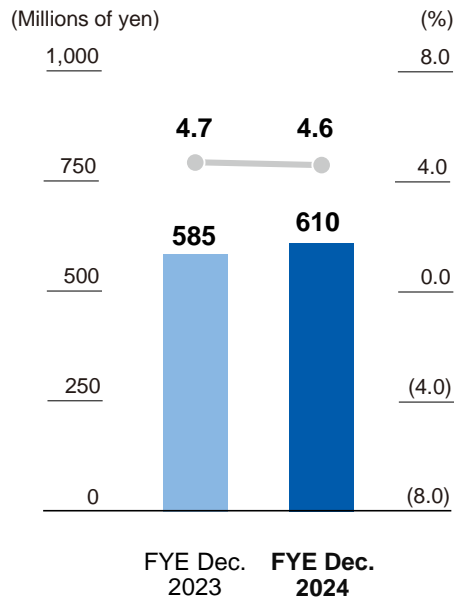
(Unit: Millions of yen)

P/L	FYE Dec. 2023 results		FYE Dec. 2024 forecast	
	Full-year	Full-year	Change	Rate of change
Net sales	19,080	20,118	+1,038	+5.4%
Operating profit	1,496	1,846	+349	+23.4%
Operating profit before amortization of goodwill	2,244	2,594	+349	+15.6%
Ordinary profit	1,440	1,804	+363	+25.3%
Profit attributable to owners of the parent	689	925	+236	+34.3%
Net income per share (yen)	114.74	153.52	+38.78	–

Net sales



Operating Profit/Operating Margin



Net sales

Focus on e-books

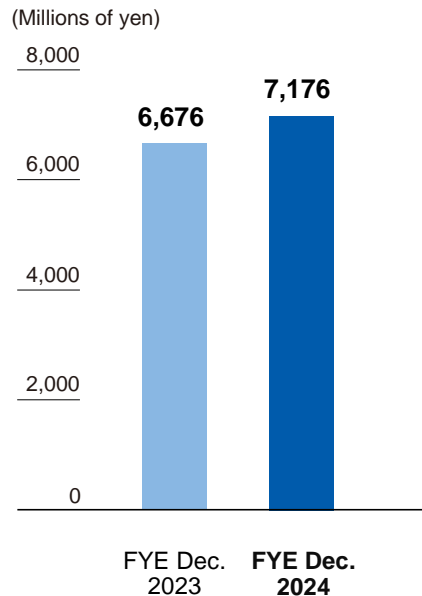
- Plan to grow Manga Kingdom net sales by approx. 4% YoY.
- Promote the acquisition of distribution licenses for “yomoyo,” a comic distribution service for North America. Plan to start advertising when the number of works increases.
- Enhance original content including novelba original works and a masterpiece remake project, etc.

Operating profit

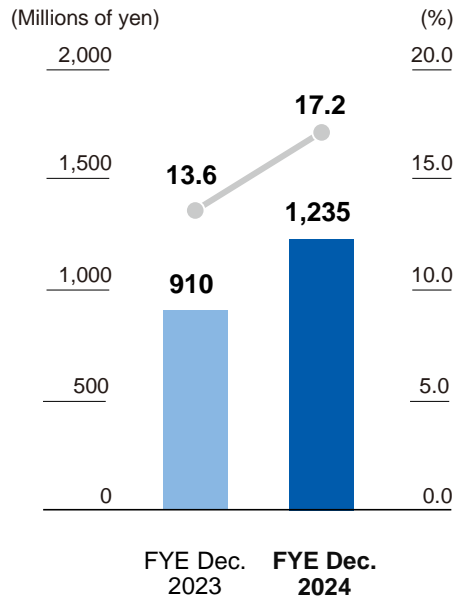
Plan to increase profits by absorbing upfront investment costs.

- Aim to increase gross margin by increasing original content.
- Spend more efficiently and flexibly on advertising.
- Anticipate the cost of increasing engineers and localizing the original content.

Net sales



Operating Profit/Operating Margin



Net sales

Continue expanding genre variation and content

- Plan to grow digital net sales by approx. 10% YoY.
- In printed publishing, net sales of printed publishing are expected to decrease due to the impact of suspending the publication of magazines, changing monthly magazines to bimonthly.

Operating profit

Plan to increase profits by improving the profitability of the printed publishing business and digital growth

- Increase gross profit by growing digital net sales.
- Increase editors for expanding content.
- In the printed publishing business, reduce operating losses by reducing direct costs by reducing the number of copies issued and improving the return ratio.

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: 1,901.35 million yen (as of Dec. 31, 2023)

Market: TSE Standard Market (securities code: 3981)

Employees: 86 (Non-consolidated/as of Dec. 31, 2023)

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: 151 (as of Dec. 31, 2023)
- Business summary: Integrated publishing business publishing printed and digital comics geared toward women

Kaiohsha Co., Ltd. Shin Apollo Publishing Co., Ltd. Bunyusha Co., Ltd.

海王社

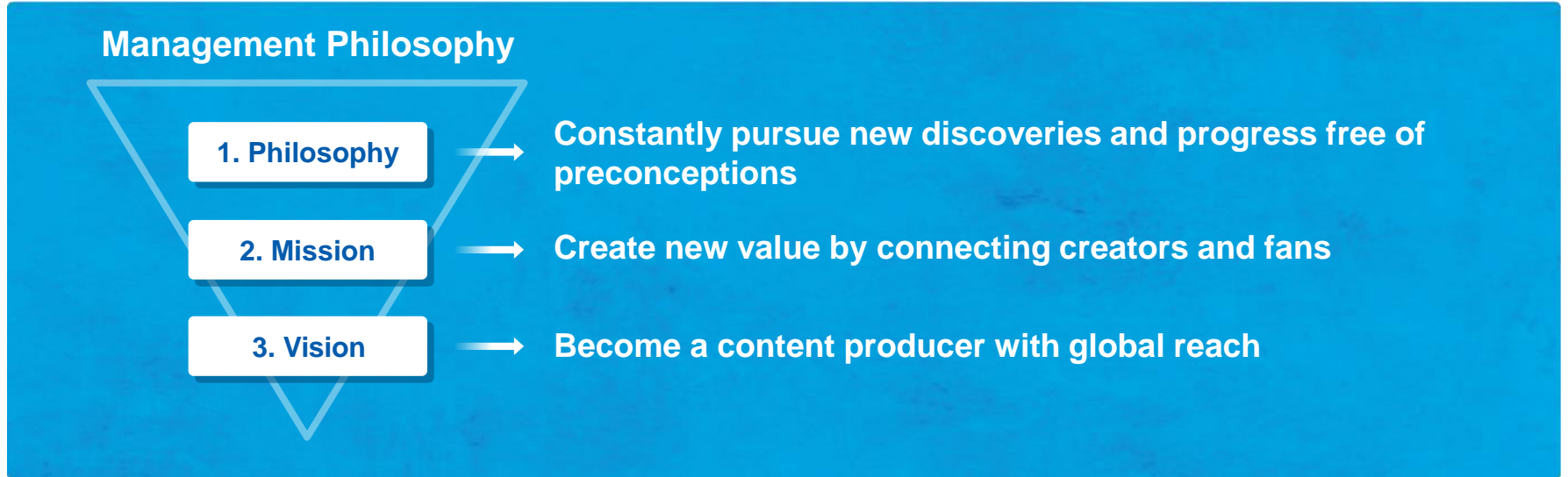
Contract editing from
Bunkasha

新アポロ出版

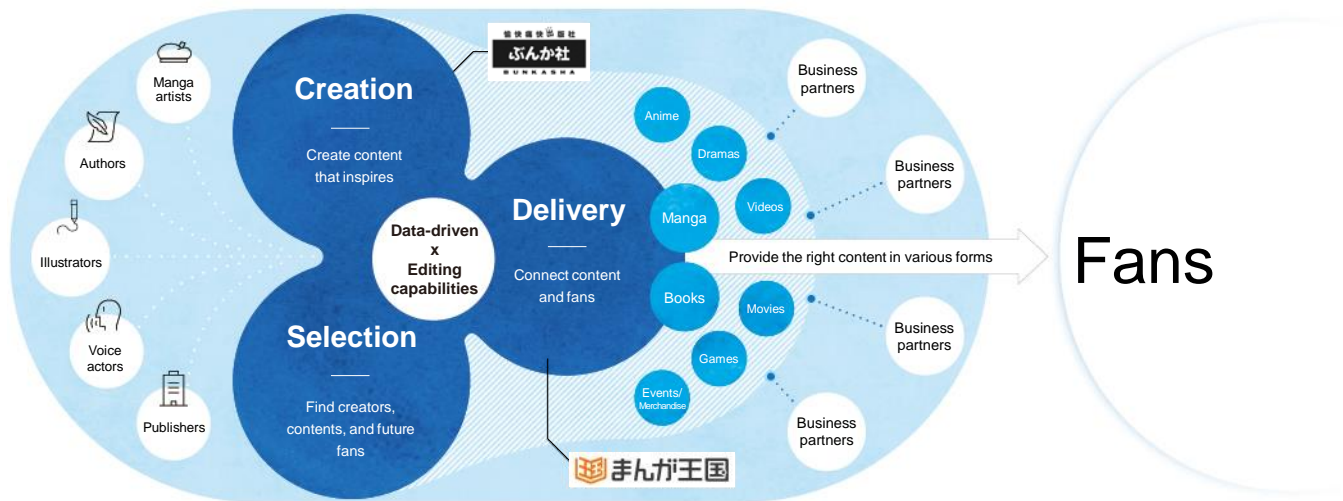
Contract editing of
automobile magazines
and contract advertising

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 greatest sense of value

novelba

FUNDIY STORE



Contents Segment

Integrated publishing company group comprising four publishers

愉快痛快出版社

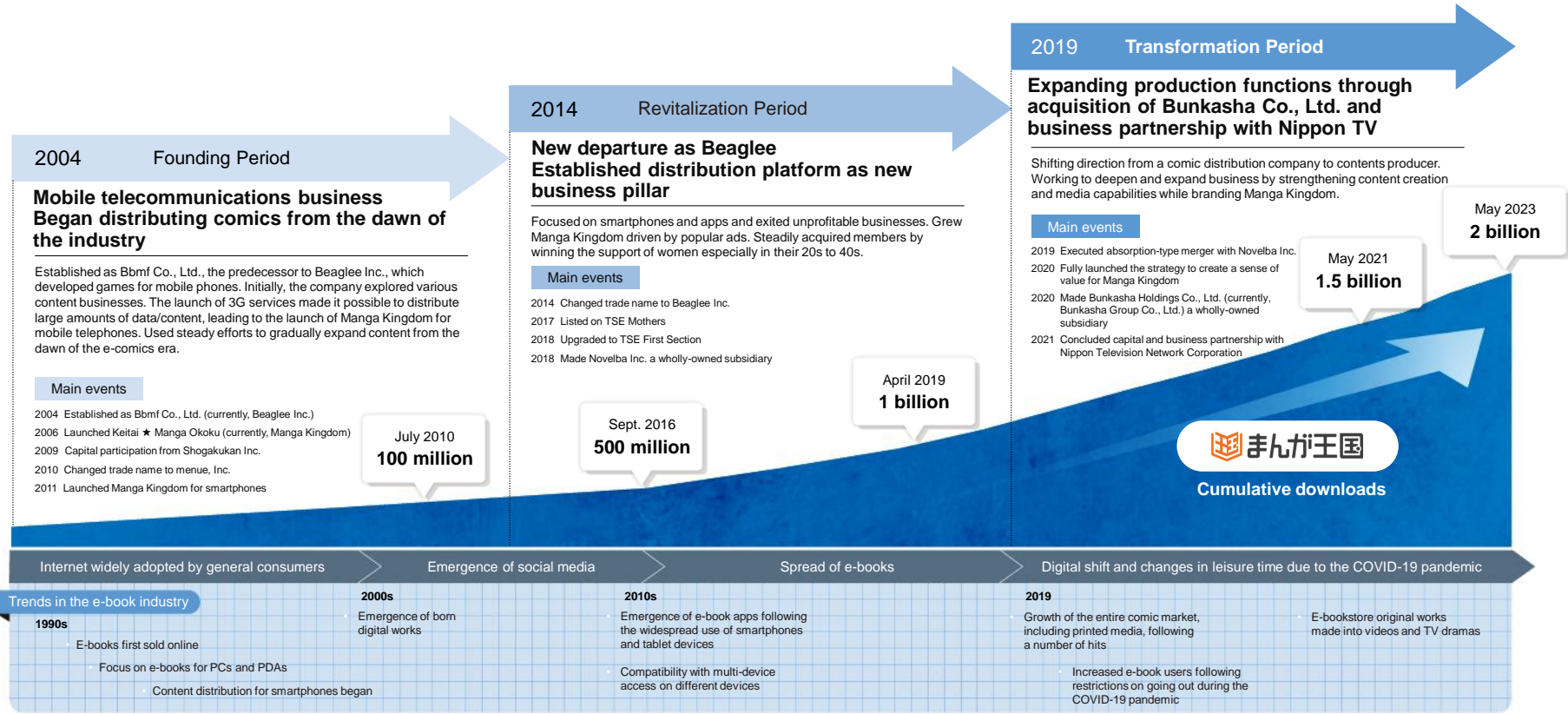
ぶんか社

BUNKASHA

海王社

新アポロ出版

BUNYUSA
文友舎



* PDA: Personal Digital Assistant

Evolution of Beaglee (Bunkasha)

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

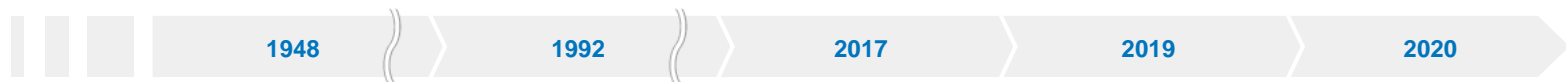
Established as Nihonbunkasha in Marunouchi, Chiyoda-ku, Tokyo

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

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

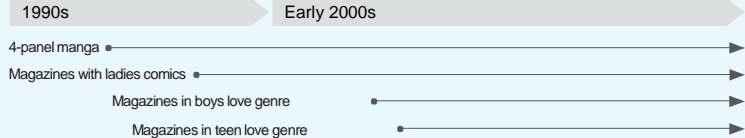


Turning point 1

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 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 8.5 million**

Downloads: **2.1 billion**

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

Always over **10,000** for free



Manga Kingdom's official mascot character Hokoriamu

Notes:

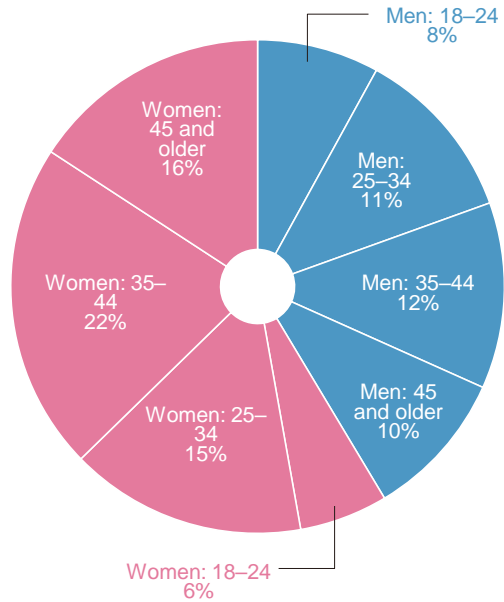
1. "Survey on E-Comic Services"
 - Period: March 15 to March 22, 2024
 - Targets: Men and women between the ages of 20 and 69 who use either Manga Kingdom or another main e-comic service and who are subscribers (pay a fee to access)
 - Sample size: 1,648
 - Method: Internet research
 - Partner: MARCS Co., Inc.
2. Data as of June 2024
3. Cumulative downloads include free titles and comic strip titles converted to books.

Manga Kingdom Membership Composition

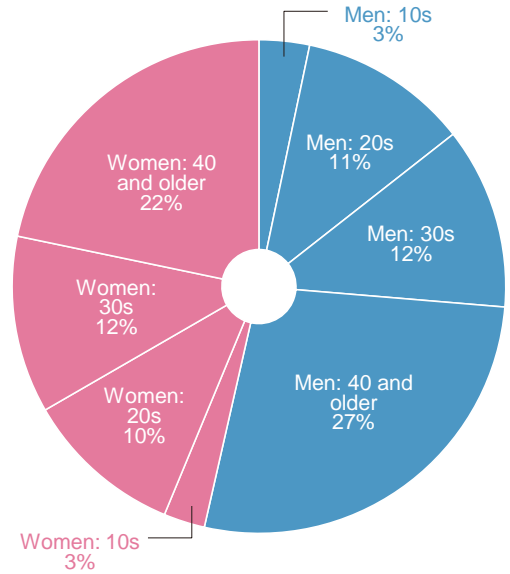
Popular among women in their 20s to 40s.
 Many **become fans after encountering** not only famous titles, but also hidden gems and original content. Many works have been turned into media after gaining popularity, following the Company's promotions, special features, etc.



 **Manga Kingdom users**
 As of June 30, 2024



General users of fee charging e-books



Source: Impress Corporation estimates, "eBook Marketing Report 2024"



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**
Hosting novel contests through partnerships with publishers

Production and distribution of comicalized original posted works in collaboration with Manga Kingdom

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.

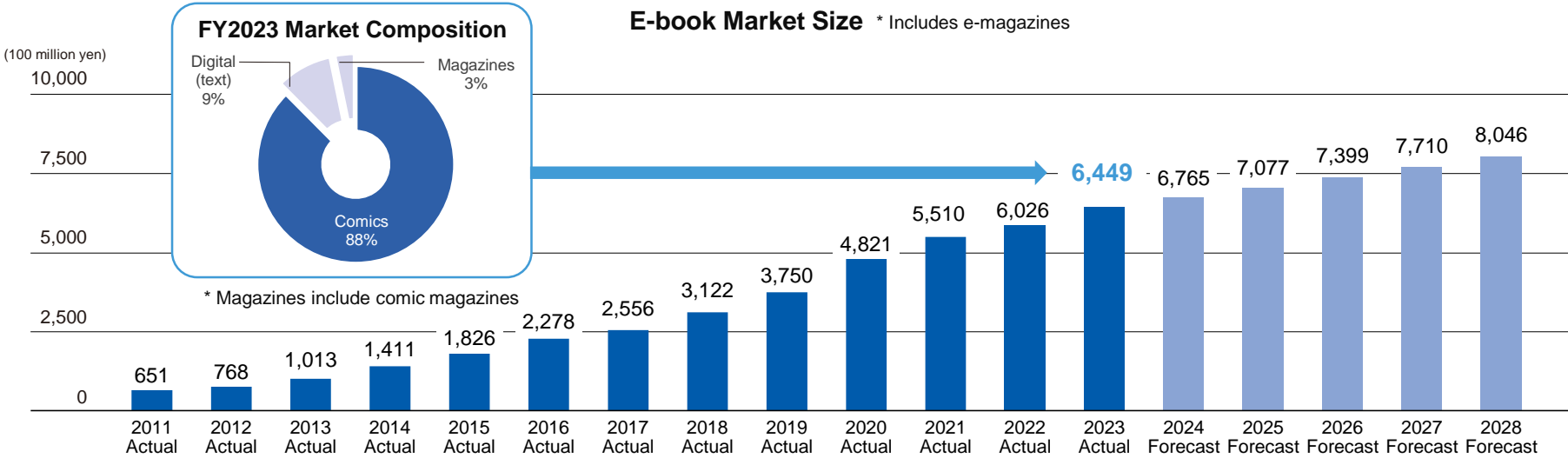
Transforming comics into TV dramas

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 2023 is estimated to be 644.9 billion yen, an increase of 42.3 billion yen (7.0%) from 602.6 billion yen in fiscal 2022.

The market is expected to grow to 800 billion yen in fiscal 2028.

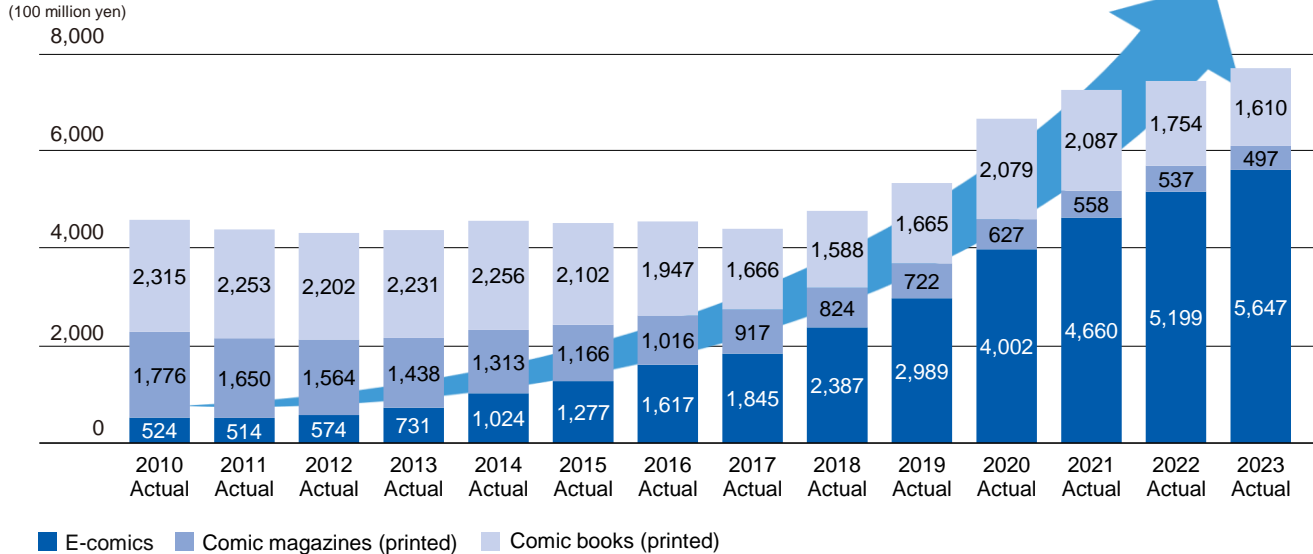


Source: Impress Corporation estimates, "eBook Marketing Report 2024"

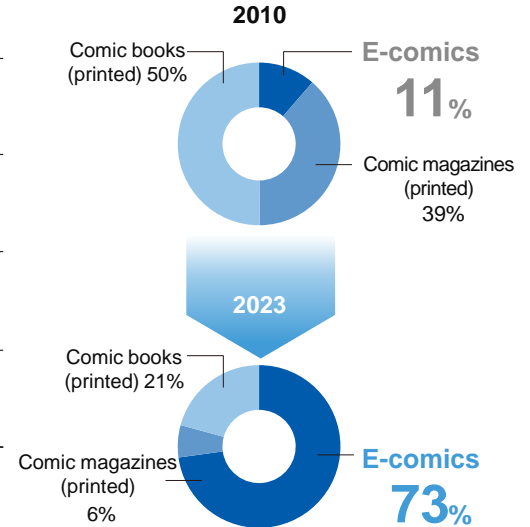
Comics' share of the publishing market increased from the previous year. In addition, e-comics account for more than 70% of the comic market.

Changes in Comic Market

* Excludes digital comic magazines



Changes in Comic Market Composition



Source: Impress Corporation estimates, "eBook Marketing Report 2024"/Research Institute of the Publishing Science, "Annual Report on the Publication Market 2024"

Create new value by connecting creators and fans



Beagle Inc.
Securities code: 3981

Email: ir@beagle.com