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August 14, 2024

## Consolidated Financial Results for the Second Quarter (Interim Period) of the Fiscal Year Ending December 31, 2024 [Under Japanese GAAP]

Company name:	Beaglee Inc.	Listed on:	Tokyo Stock Exchange
Securities code:	3981	URL:	<a href="https://www.beaglee.com">https://www.beaglee.com</a>
Representative:	Jimpei Yoshida	President and Representative Director	
Contact:	Tatsuji Miyoshi	Executive Officer and General Manager, Corporate Management Division	
		Tel: +81-3-6706-4000	
Scheduled date of interim report submission:	August 14, 2024		
Date for commencement of dividend payments:	-		
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 Second Quarter (Interim Period) of the Fiscal Year Ending December 31, 2024 (January 1 to June 30, 2024)

#### (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	%
Interim period of the fiscal year ending December 31, 2024	9,467	0.4	872	19.0	845	19.8	441	29.5
Interim period of the fiscal year ended December 31, 2023	9,427	1.3	733	(28.5)	705	(26.5)	340	(18.9)

For reference: Comprehensive income

Interim period of the fiscal year ending December 31, 2024: 441 million yen (29.5%)

Interim period of the fiscal year ended December 31, 2023: 340 million yen (-18.9%)

	Net income per share	Net income per share fully diluted
	Yen	Yen
Interim period of the fiscal year ending December 31, 2024	73.17	72.91
Interim period of the fiscal year ended December 31, 2023	56.79	56.45

#### (2) Consolidated Financial Position

	Total assets	Net assets	Capital-to-asset ratio
	Millions of yen	Millions of yen	%
June 30, 2024	18,168	7,310	40.2
December 31, 2023	18,384	6,953	37.8

For reference: Shareholders' equity

As of June 30, 2024:

7,309 million yen

As of December 31, 2023:

6,953 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, 2023	–	0.00	–	15.00	15.00
Fiscal year ending December 31, 2024	–	0.00			
Fiscal year ending December 31, 2024 (Forecast)			–	17.00	17.00

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 the 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 a dividend of surplus one time per year as a year-end dividend.

## 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

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

\* Notes

(1) Significant changes in the scope of consolidation during the interim period under review: None

New: None

Exclusion: None

(2) Application of special accounting treatment for the preparation of the consolidated interim financial statements: Yes

Note: For details, refer to page 10 of the supplemental materials entitled “(4) Notes to Consolidated Interim Financial Statements, (Application of Special Accounting Treatment for Preparation of Consolidated Interim 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, 2024	6,263,986 shares	December 31, 2023	6,263,986 shares
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(b) Number of treasury shares at end of period

June 30, 2024	230,173 shares	December 31, 2023	234,706 shares
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(c) Average number of shares during the period (the first six months)

June 30, 2024	6,030,924 shares	June 30, 2023	6,000,495 shares
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\* The Company’s interim financial statements are not subject to a 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 the notes on the underlying assumptions about the earnings forecasts and the use of the earnings forecasts, refer to page 4 of the supplemental materials entitled “1. Qualitative Information on the Interim Financial Results, (3) Explanation of Forward-Looking Information including Consolidated Earnings Forecasts.”

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## 1. Qualitative Information on the Interim Financial Results

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

### (1) Explanation of Operating Results

During the interim period under review, the Japanese economy continued to show signs of gradual recovery, as socio-economic activities normalized, and corporate activities and personal consumption showed signs of improvement. But 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 2024,” Impress Corporation estimates that the growth rate of the e-book market will be around 5% in fiscal 2024, 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.

As a result, net sales for the interim period under review totaled 9,467,721 thousand yen (up 0.4% year on year), operating profit was 872,270 thousand yen (up 19.0% year on year), ordinary profit was 845,322 thousand yen (up 19.8% year on year), and profit attributable to owners of the parent totaled 441,276 thousand yen (up 29.5% 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. While appealing to users with high spending motivation was successful, it continued to take a certain amount of time to retain and develop light users. As a result, Manga Kingdom net sales decreased 1.7% year on year.

In addition, the Group proceeded with negotiations on the content license for “yomoyo,” a comic distribution service for North America that was launched in June 2023.

In collaboration with Amuse Inc., a general entertainment company, the Group announced the results of the “Aim for media mix! - contemporary romance x fantasy novel contest” that was held from July to October 2023, and it promoted the adaptation of the winning works into comics. In March 2024, the Group launched Project CO - MUSIX, a cross-media project to create next-generation content that fuses music and manga, and it developed the first omnibus works on Manga Kingdom, video platforms, SNS, etc.

On the profit front, while net sales were unchanged year on year, operating expenses, mainly advertising expenses, decreased year on year.

As a result, segment net sales totaled 6,118,773 thousand yen (down 1.4% year on year) and operating profit was 274,335 thousand yen (up 13.6% 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 management of distribution numbers 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 12.9% year on year. In addition, as a new initiative, the Company launched the light BL label "GUSHgem" in April 2024.

In printed publishing, as a result of controlling the number of distributions and implementing bimonthly publications and suspended publications of magazines, net sales decreased 11.4% year on year.

In addition, in January 2024, two works from Bunkasha and Kaiohsha were made into TV dramas. "“I” that cannot be erased ~digital tattoos continue to go viral~" was broadcast on Nippon TV and "Although I love you, and you?" was broadcast on Yomiuri TV. Furthermore, a drama based on the popular BL title "Perfect Propose" that has a cumulative circulation of more than 210,000 copies has been distributed on Fuji TV's official video streaming service FOD since February 2024, and "Mr. Mitsuya's planned feeding" was broadcast on Mainichi Broadcasting System in July 2024.

On the profit front, profit increased year on year in digital publishing, while profit decreased in printed publishing.

As a result, segment net sales totaled 3,445,523 thousand yen (up 4.7% year on year) and operating profit was 597,634 thousand yen (up 21.6% year on year).

## (2) Explanation of Financial Condition

### i. Financial Position

#### (Assets)

Total assets at the end of the interim period under review amounted to 18,168,446 thousand yen, down 216,511 thousand yen compared to the previous fiscal year end.

Current assets totaled 9,190,068 thousand yen, up 180,871 thousand yen compared to the end of the previous fiscal year. This was mainly attributable to a decrease in accounts receivable - trade of 97,453 thousand yen, despite an increase in cash and deposits of 310,458 thousand yen.

Non-current assets totaled 8,978,378 thousand yen, down 397,383 thousand yen compared to the end of the previous fiscal year. This was mainly attributable to a decrease in intangible assets of 397,848 thousand yen.

#### (Liabilities)

Total liabilities at the end of the interim period under review amounted to 10,858,303 thousand yen, down 573,412 thousand yen compared to the end of the previous fiscal year.

Current liabilities totaled 8,430,311 thousand yen, down 36,193 thousand yen compared to the end of the previous fiscal year. This was mainly attributable to a decrease in refund liabilities of 59,478 thousand yen and a decrease in other of 55,467 thousand yen, despite an increase in accrued consumption taxes of 87,616 thousand yen.

Non-current liabilities totaled 2,427,991 thousand yen, down 537,218 thousand yen compared to the end of the previous fiscal year. This was mainly attributable to a decrease in long-term loans payable of 510,000 thousand yen.

(Net assets)

Total net assets at the end of the interim period under review amounted to 7,310,142 thousand yen, up 356,900 thousand yen compared to the end of the previous fiscal year. This was mainly attributable to an increase in retained earnings of 349,272 thousand yen.

As a result, the shareholders' capital ratio was 40.2%.

## ii. Cash Flow Position

The balance of cash and cash equivalents ("cash") was 5,135,956 thousand yen at the end of the interim period under review, up 310,458 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 in the interim period of the year under review were profit before income taxes of 845,322 thousand yen, along with depreciation of 200,250 thousand yen, amortization of goodwill of 295,324 thousand yen, a decrease in notes and accounts receivable - trade of 94,867 thousand yen, and a decrease/increase in consumption taxes receivable/payable of 87,616 thousand yen. The main factors for a decrease were a decrease in refund liabilities of 59,478 thousand yen, a decrease in other of 45,271 thousand yen, and income taxes paid of 378,449 thousand yen.

As a result, cash flows gained from operating activities amounted to 1,004,001 thousand yen (compared to 490,279 thousand yen in the previous interim period).

(Cash flows from investing activities)

The main factor for a decrease in cash flows from investing activities in the interim period of the fiscal year under review was 82,367 thousand yen expenditure for the purchase of intangible assets.

As a result, cash flows used in investing activities amounted to 90,606 thousand yen (compared to 83,016 thousand yen in the previous interim period).

(Cash flows from financing activities)

The main factor for a decrease in cash flows from financing activities in the interim period of the fiscal year under review was repayments of long-term loans payable of 510,000 thousand yen and dividend payment of 90,318 thousand yen.

As a result, cash flows used in financing activities amounted to 602,936 thousand yen (compared to 578,080 thousand yen in the previous interim period).

## (3) Explanation of Forward-Looking Information including Consolidated Earnings Forecasts

There have been no changes to the consolidated earnings forecast announced in "Consolidated Financial Results for the Fiscal Year Ended December 31, 2023" released on February 14, 2024.

## 2. Consolidated Interim Financial Statements and Notes

### (1) Consolidated Interim Balance Sheet

(Unit: thousands of yen)

	End of Previous Consolidated Fiscal Year (As of December 31, 2023)	Consolidated Interim Period (As of June 30, 2024)
<b>Assets</b>		
Current assets		
Cash and deposits	4,825,497	5,135,956
Notes receivable	30,745	33,331
Accounts receivable - trade	4,001,549	3,904,096
Merchandise and finished goods	58,552	55,037
Supplies	623	546
Advance payments - trade	8,097	30,440
Prepaid expenses	67,510	36,876
Accounts receivable - other	7,853	1,507
Income taxes receivable	4,839	0
Consumption taxes receivable	10,565	–
Other	1,091	361
Allowance for doubtful accounts	(7,729)	(8,086)
<b>Total current assets</b>	<b>9,009,196</b>	<b>9,190,068</b>
Non-current assets		
Property, plant and equipment		
Buildings	14,662	14,662
Facilities attached to buildings	75,012	75,258
Tools, furniture and fixtures	147,433	154,816
Accumulated depreciation	(168,060)	(176,874)
Accumulated impairment loss	(1,602)	(1,602)
<b>Total property, plant and equipment</b>	<b>67,444</b>	<b>66,259</b>
Intangible assets		
Goodwill	8,328,371	8,033,046
Software	127,602	114,765
Content assets	248,578	230,123
Software in progress	639	7,472
Content assets in progress	3,370	3,997
Publishing rights	432,666	354,000
Other	1,232	1,207
<b>Total intangible assets</b>	<b>9,142,462</b>	<b>8,744,613</b>
Investments and other assets		
Leasehold and guarantee deposits	108,492	108,492
Deferred tax assets	37,380	37,380
Others	19,981	21,631
<b>Total investments and other assets</b>	<b>165,854</b>	<b>167,504</b>
<b>Total non-current assets</b>	<b>9,375,761</b>	<b>8,978,378</b>
<b>Total assets</b>	<b>18,384,958</b>	<b>18,168,446</b>



(Unit: thousands of yen)

	End of Previous Consolidated Fiscal Year (As of December 31, 2023)	Consolidated Interim Period (As of June 30, 2024)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	3,437,019	3,412,709
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	394,325	384,270
Accrued expenses	35,367	44,168
Income taxes payable	426,812	449,374
Accrued consumption taxes	27,328	114,945
Contract liabilities	592,763	586,585
Refund liabilities	366,313	306,834
Deposits received	39,295	39,610
Other	127,279	71,811
Total current liabilities	8,466,504	8,430,311
<b>Non-current liabilities</b>		
Long-term loans payable	2,805,000	2,295,000
Deferred tax liabilities	160,210	132,991
Total non-current liabilities	2,965,210	2,427,991
<b>Total liabilities</b>	<b>11,431,715</b>	<b>10,858,303</b>
<b>Net asset</b>		
<b>Shareholders' equity</b>		
Capital stock	1,901,359	1,901,359
Capital surplus	1,900,859	1,900,859
Retained earnings	3,501,267	3,850,539
Treasury shares	(350,242)	(343,478)
Total shareholders' equity	6,953,242	7,309,279
Share acquisition rights	–	863
Total net assets	6,953,242	7,310,142
<b>Total liabilities and net assets</b>	<b>18,384,958</b>	<b>18,168,446</b>

## (2) Consolidated Interim Statement of Income and Consolidated Interim Statement of Comprehensive Income

## Consolidated Interim Statement of Income

(Unit: thousands of yen)

	Previous Consolidated Interim Period (January 1 to June 30, 2023)	Current Consolidated Interim Period (January 1 to June 30, 2024)
Net sales	9,427,984	9,467,721
Cost of sales	6,132,776	6,156,878
Gross profit	3,295,208	3,310,843
Selling, general and administrative expenses	2,561,978	2,438,572
Operating profit	733,230	872,270
Non-operating income		
Interest income	11	16
Dividend income	107	127
Reimbursement receivables	1,452	1,254
Other	311	287
Total non-operating income	1,882	1,685
Non-operating expenses		
Interest expenses	26,662	24,174
Borrowing expenses	2,611	2,617
Other	393	1,841
Total non-operating expenses	29,667	28,633
Ordinary profit	705,444	845,322
Profit before income taxes	705,444	845,322
Income taxes – current	364,700	404,045
Total income taxes	364,700	404,045
Profit	340,744	441,276
Profit attributable to owners of the parent	340,744	441,276

Consolidated Interim Statement of Comprehensive Income

(Unit: thousands of yen)

	Previous Consolidated Interim Period (January 1 to June 30, 2023)	Current Consolidated Interim Period (January 1 to June 30, 2024)
Profit	340,744	441,276
Comprehensive income	340,744	441,276
(Breakdown)		
Comprehensive income related to owners of the parent	340,744	441,276

## (3) Consolidated Interim Statement of Cash Flows

(Unit: thousands of yen)

	Previous Consolidated Interim Period (January 1 to June 30, 2023)	Current Consolidated Interim Period (January 1 to June 30, 2024)
Cash flows from operating activities		
Profit before income taxes	705,444	845,322
Depreciation	213,238	200,250
Amortization of goodwill	295,324	295,324
Interest expenses	26,662	24,174
Borrowing expenses	2,611	2,617
Decrease (increase) in notes and accounts receivable - trade	361,743	94,867
Decrease (increase) in advances paid	(19)	–
Increase (decrease) in notes and accounts payable - trade	(351,418)	(24,309)
Increase (decrease) in accounts payable - other	(49,781)	(15,812)
Increase (decrease) in accrued expenses	(15,035)	7,392
Increase (decrease) in contract liabilities	(54,074)	(6,177)
Increase (decrease) in refund liabilities	(164,829)	(59,478)
Decrease/increase in consumption taxes receivable/payable	(121,508)	87,616
Other	(2,059)	(45,271)
Subtotal	846,300	1,406,516
Interest and dividend income received	119	144
Interest expenses paid	(26,815)	(24,209)
Income taxes paid	(329,325)	(378,449)
Cash flows from operating activities	490,279	1,004,001
Cash flows from investing activities		
Purchase of property, plant and equipment	(8,414)	(8,415)
Purchase of intangible assets	(74,661)	(82,367)
Other	59	177
Cash flows from investing activities	(83,016)	(90,606)
Cash flows from financing activities		
Repayments of long-term loans payable	(510,000)	(510,000)
Payments of borrowing expenses	(2,611)	(2,617)
Proceeds from issuance of common shares	6,115	–
Payment of dividends	(71,584)	(90,318)
Cash flows from financing activities	(578,080)	(602,936)
Net increase (decrease) in cash and cash equivalents	(170,818)	310,458
Cash and cash equivalents at beginning of period	4,217,980	4,825,497
Cash and cash equivalents at end of period	4,047,162	5,135,956

(4) Notes to Consolidated Interim Financial Statements

(Notes on the Going-Concern Assumption)

N/A

(Notes on Significant Changes in the Amount of Shareholders' Equity)

Current Consolidated Interim Period (January 1 to June 30, 2024)

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 28, 2024	Common stock	90,439	15.00	December 31, 2023	March 29, 2024	Retained earnings

2. Dividends whose record date belongs to the current consolidated interim period but whose effective date is after the end of the current consolidated interim period

N/A

3. Significant changes in the amount of shareholders' equity

The Company disposed of 4,533 treasury shares on April 26, 2024 based on a resolution at the meeting of the Board of Directors held on March 28, 2024 as restricted share compensation paid to the Company's directors. As a result, retained earnings and treasury shares decreased by 1,565 thousand yen and 6,764 thousand yen, respectively, during the current consolidated interim period to 3,850,539 thousand yen and 343,478 thousand yen, respectively, as of June 30, 2024.

(Application of Special Accounting Treatment for the Preparation of Consolidated Interim 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 in the current consolidated interim period, after the application of tax effect accounting and then multiplying this estimated effective tax rate by profit before income taxes.

However, in the event that the calculation of tax costs using the estimated effective tax rate yields a result that is notably lacking in rationality, then tax costs are calculated using the effective statutory tax rate.

(Segment Information, etc.)

Previous Consolidated Interim Period (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 consolidated interim statement of income.

Current Consolidated Interim Period (January 1 to June 30, 2024)

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	5,713,507	–	5,713,507	–	5,713,507
Others' distribution	189,503	2,359,807	2,549,311	–	2,549,311
Printed publishing	–	744,018	744,018	–	744,018
Others	214,328	246,555	460,884	–	460,884
Revenue from contracts with customers	6,117,339	3,350,381	9,467,721	–	9,467,721
Net sales to external customers	6,117,339	3,350,381	9,467,721	–	9,467,721
Intersegment sales and transfers	1,433	95,142	96,575	(96,575)	–
Total	6,118,773	3,445,523	9,564,296	(96,575)	9,467,721
Segment profit	274,335	597,634	871,969	301	872,270

Notes: 1. Adjustments of segment profit of 301 thousand yen represents company-wide expenses and elimination of intersegment transactions.

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

(Significant Subsequent Events)

Acquisition of Treasury Shares

At a meeting of the Board of Directors held on August 14, 2024, the Company resolved matters related to the acquisition of treasury shares in accordance with Article 156 of the Companies Act as applied pursuant to Article 165, Paragraph 3 of said Act, as follows.

1. Reason for the Acquisition of Treasury Shares

The Company intends to carry out the acquisition of treasury shares in order to improve capital efficiency by executing a flexible capital policy in response to changes in the business environment, while comprehensively considering the Company's current financial condition and stock market trends.

2. Details of the acquisition

(1) Type of shares to be acquired	Common stock of the Company
(2) Total number of shares to be acquired	700,000 shares (upper limit) (Ratio to the total number of shares issued and outstanding (excluding treasury stock): 11.6%)
(3) Total amount of shares to be acquired	700,000,000 yen (upper limit)
(4) Acquisition period	August 15, 2024 - August 14, 2025
(5) Acquisition method	Market purchase on the Tokyo Stock Exchange