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May 15, 2024

## Consolidated Financial Results for the First Quarter of the Fiscal Year Ending December 31, 2024 [Japanese GAAP]

|                                                        |                 |                                                                      |                                                             |
|--------------------------------------------------------|-----------------|----------------------------------------------------------------------|-------------------------------------------------------------|
| Company name:                                          | Beagle Inc.     | Listed on:                                                           | Tokyo Stock Exchange                                        |
| Securities code:                                       | 3981            | URL:                                                                 | <a href="https://www.beagle.com">https://www.beagle.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 quarterly report submission::        | May 15, 2024    |                                                                      |                                                             |
| Date for commencement of dividend payments:            | -               |                                                                      |                                                             |
| Supplementary notes to quarterly financial statements: | Yes             |                                                                      |                                                             |
| Briefing on quarterly financial statements:            | None            |                                                                      |                                                             |

(Rounded down to nearest million yen)

### 1. Consolidated Financial Results for the First Quarter of the Fiscal Year Ending December 31, 2024 (January 1 to March 31, 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                             | %      |
| First quarter of the fiscal year ending December 31, 2024 | 4,701           | 0.6 | 407              | 10.1   | 393             | 10.6   | 203                                         | 20.7   |
| First quarter of the fiscal year ended December 31, 2023  | 4,675           | 0.0 | 369              | (32.3) | 355             | (30.6) | 168                                         | (33.6) |

For reference: Comprehensive income

First quarter of the fiscal year ending December 31, 2024: 203 million yen (20.7%)

First quarter of the fiscal year ended December 31, 2023: 168 million yen (-33.6%)

|                                                           | Net income per share | Net income per share fully diluted |
|-----------------------------------------------------------|----------------------|------------------------------------|
|                                                           | Yen                  | Yen                                |
| First quarter of the fiscal year ending December 31, 2024 | 33.77                | 33.65                              |
| First quarter of the fiscal year ended December 31, 2023  | 28.13                | 27.96                              |

#### (2) Consolidated Financial Position

|                   | Total assets    | Net assets      | Capital-to-asset ratio |
|-------------------|-----------------|-----------------|------------------------|
|                   | Millions of yen | Millions of yen | %                      |
| March 31, 2024    | 17,937          | 7,066           | 39.4                   |
| December 31, 2023 | 18,384          | 6,953           | 37.8                   |

For reference: Shareholders' equity

As of March 31, 2024: 7,066 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<br>December 31, 2023             | –                  | 0.00               | –                  | 15.00    | 15.00     |
| Fiscal year ending<br>December 31, 2024            | –                  |                    |                    |          |           |
| Fiscal year ending<br>December 31, 2024 (Forecast) |                    | 0.00               | –                  | 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) Changes in important subsidiaries during the first quarter under review (change in specified subsidiaries accompanying a change in the scope of consolidation): None

New: None

Exclusion: None

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

Note: For details, refer to page 9 of the supplemental materials entitled “(3) Notes to Quarterly Consolidated Financial Statements, (Application of Special Accounting Treatment for Preparation of Quarterly Consolidated Financial Statements).”

(3) Changes in accounting policy and changes and restatements of accounting estimates

(a) Changes in accounting policy accompanying the revision of accounting standards: None

(b) Changes in accounting policy other than those listed in (a): None

(c) Changes in accounting estimates: None

(d) Restatements: None

(4) Number of shares issued (common stock)

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

|                |                  |                   |                  |
|----------------|------------------|-------------------|------------------|
| March 31, 2024 | 6,263,986 shares | December 31, 2023 | 6,263,986 shares |
|----------------|------------------|-------------------|------------------|

(b) Number of treasury shares at end of period

|                |                |                   |                |
|----------------|----------------|-------------------|----------------|
| March 31, 2024 | 234,706 shares | December 31, 2023 | 234,706 shares |
|----------------|----------------|-------------------|----------------|

(c) Average number of shares during the period (cumulative from the beginning of the fiscal year)

|                |                  |                |                  |
|----------------|------------------|----------------|------------------|
| March 31, 2024 | 6,029,280 shares | March 31, 2023 | 5,997,525 shares |
|----------------|------------------|----------------|------------------|

\* The Company’s quarterly financial statements are not subject to a quarterly review by a certified public accountant or audit corporation.

\* Appropriate use of earnings forecasts and other pertinent information

(Cautionary Statement with Respect to Forward-Looking Statements)

These materials contain various forward-looking statements and other forecasts regarding performance and other matters. Such statements are based on information available at the time of preparation as well as certain reasonable assumptions. Actual results may differ materially from those expressed or implied by forward-looking statements due to a range of factors. For 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 Quarterly Financial Results, (3) Explanation of Forward-Looking Information including Consolidated Earnings Forecasts.”

○ Supplemental Materials

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## 1. Qualitative Information on the Quarterly Financial Results

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

### (1) Explanation of Operating Results

During the consolidated cumulative first quarter under review, the Japanese economy saw movements to normalize socio-economic activities as restrictions on activities were further relaxed due to the transition of COVID-19 to a Category V infectious disease under the Infectious Disease Act. 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 2023,” Impress Corporation estimates that the growth rate of the e-book market will be around 7% 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 consolidated cumulative first quarter under review totaled 4,701,950 thousand yen (up 0.6% year on year), operating profit was 407,195 thousand yen (up 10.1% year on year), ordinary profit was 393,652 thousand yen (up 10.6% year on year) and profit attributable to owners of the parent totaled 203,635 thousand yen (up 20.7% 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. 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 1.2% 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 on a par with the previous fiscal year, operating expenses, mainly advertising expenses, decreased year on year.

As a result, segment net sales totaled 3,071,391 thousand yen (down 0.7% year on year) and operating profit was 128,339 thousand yen (up 20.0% 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 14.8% 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 by 17.3% 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.

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

As a result, segment net sales totaled 1,680,005 thousand yen (up 3.8% year on year) and operating profit was 278,805 thousand yen (up 6.1% year on year).

## (2) Explanation of Financial Condition

### (Assets)

Total assets at the end of the current consolidated first quarter amounted to 17,937,187 thousand yen, down 447,770 thousand yen compared to the end of the previous fiscal year.

Current assets totaled 8,756,719 thousand yen, down 252,476 thousand yen compared to the end of the previous fiscal year. This was mainly attributable to decreases in cash and deposits of 69,733 thousand yen and notes and accounts receivable – trade of 165,250 thousand yen.

Non-current assets totaled 9,180,468 thousand yen, down 195,293 thousand yen compared to the end of the previous fiscal year. This was mainly attributable to a decrease in intangible assets of 197,009 thousand yen.

### (Liabilities)

Total liabilities at the end of the current consolidated first quarter amounted to 10,870,748 thousand yen, down 560,966 thousand yen compared to the end of the previous fiscal year.

Current liabilities totaled 8,174,147 thousand yen, down 292,357 thousand yen compared to the end of the previous fiscal year. This was mainly attributable to an increase in accrued consumption taxes of 78,972 thousand yen, which was offset by decreases in notes and accounts payable - trade of 78,448 thousand yen, income taxes payable of 214,558 thousand yen, and refund liabilities of 56,384 thousand yen.

Non-current liabilities totaled 2,696,601 thousand yen, down 268,609 thousand yen compared to the end of the previous fiscal year. This was mainly attributable to a decrease in long-term loans payable of 255,000 thousand yen.

(Net assets)

Total net assets at the end of the current consolidated first quarter amounted to 7,066,439 thousand yen, up 113,196 thousand yen compared to the end of the previous fiscal year. This was attributable to an increase in retained earnings of 113,196 thousand yen.

As a result, the shareholders' capital ratio was 39.4%.

(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. Quarterly Consolidated Financial Statements and Notes

### (1) Quarterly Consolidated Balance Sheet

(Unit: thousands of yen)

|                                            | End of Previous<br>Consolidated Fiscal Year<br>(As of December 31, 2023) | Consolidated First Quarter<br>(As of March 31, 2024) |
|--------------------------------------------|--------------------------------------------------------------------------|------------------------------------------------------|
| <b>Assets</b>                              |                                                                          |                                                      |
| Current assets                             |                                                                          |                                                      |
| Cash and deposits                          | 4,825,497                                                                | 4,755,764                                            |
| Notes receivable                           | 30,745                                                                   | 34,901                                               |
| Accounts receivable - trade                | 4,001,549                                                                | 3,836,299                                            |
| Merchandise and finished goods             | 58,552                                                                   | 53,085                                               |
| Supplies                                   | 623                                                                      | 574                                                  |
| Advance payments - trade                   | 8,097                                                                    | 24,435                                               |
| Prepaid expenses                           | 67,510                                                                   | 40,760                                               |
| Accounts receivable - other                | 7,853                                                                    | 2,648                                                |
| Income taxes receivable                    | 4,839                                                                    | 4,415                                                |
| Consumption taxes receivable               | 10,565                                                                   | 10,469                                               |
| Other                                      | 1,091                                                                    | 1,081                                                |
| Allowance for doubtful accounts            | (7,729)                                                                  | (7,716)                                              |
| <b>Total current assets</b>                | <b>9,009,196</b>                                                         | <b>8,756,719</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                                                                  | 154,578                                              |
| Accumulated depreciation                   | (168,060)                                                                | (172,837)                                            |
| Accumulated impairment loss                | (1,602)                                                                  | (1,602)                                              |
| <b>Total property, plant and equipment</b> | <b>67,444</b>                                                            | <b>70,059</b>                                        |
| Intangible assets                          |                                                                          |                                                      |
| Goodwill                                   | 8,328,371                                                                | 8,180,708                                            |
| Software                                   | 127,602                                                                  | 126,961                                              |
| Content assets                             | 248,578                                                                  | 239,690                                              |
| Software in progress                       | 639                                                                      | 94                                                   |
| Content assets in progress                 | 3,370                                                                    | 3,443                                                |
| Publishing rights                          | 432,666                                                                  | 393,333                                              |
| Other                                      | 1,232                                                                    | 1,220                                                |
| <b>Total intangible assets</b>             | <b>9,142,462</b>                                                         | <b>8,945,452</b>                                     |
| Investments and other assets               |                                                                          |                                                      |
| Leasehold and guarantee deposits           | 108,492                                                                  | 108,492                                              |
| Deferred tax assets                        | 37,380                                                                   | 37,380                                               |
| Others                                     | 19,981                                                                   | 19,083                                               |
| <b>Total investments and other assets</b>  | <b>165,854</b>                                                           | <b>164,956</b>                                       |
| <b>Total non-current assets</b>            | <b>9,375,761</b>                                                         | <b>9,180,468</b>                                     |
| <b>Total assets</b>                        | <b>18,384,958</b>                                                        | <b>17,937,187</b>                                    |

(Unit: thousands of yen)

|                                            | End of Previous<br>Consolidated Fiscal Year<br>(As of December 31, 2023) | Consolidated First Quarter<br>(As of March 31, 2024) |
|--------------------------------------------|--------------------------------------------------------------------------|------------------------------------------------------|
| <b>Liabilities</b>                         |                                                                          |                                                      |
| <b>Current liabilities</b>                 |                                                                          |                                                      |
| Notes and accounts payable - trade         | 3,437,019                                                                | 3,358,570                                            |
| 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                                                                  | 392,249                                              |
| Accrued expenses                           | 35,367                                                                   | 43,667                                               |
| Income taxes payable                       | 426,812                                                                  | 212,253                                              |
| Accrued consumption taxes                  | 27,328                                                                   | 106,300                                              |
| Contract liabilities                       | 592,763                                                                  | 581,824                                              |
| Refund liabilities                         | 366,313                                                                  | 309,928                                              |
| Deposits received                          | 39,295                                                                   | 60,772                                               |
| Other                                      | 127,279                                                                  | 88,580                                               |
| <b>Total current liabilities</b>           | <b>8,466,504</b>                                                         | <b>8,174,147</b>                                     |
| <b>Non-current liabilities</b>             |                                                                          |                                                      |
| Long-term loans payable                    | 2,805,000                                                                | 2,550,000                                            |
| Deferred tax liabilities                   | 160,210                                                                  | 146,601                                              |
| <b>Total non-current liabilities</b>       | <b>2,965,210</b>                                                         | <b>2,696,601</b>                                     |
| <b>Total liabilities</b>                   | <b>11,431,715</b>                                                        | <b>10,870,748</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                                                                | 3,614,463                                            |
| Treasury shares                            | (350,242)                                                                | (350,242)                                            |
| <b>Total shareholders' equity</b>          | <b>6,953,242</b>                                                         | <b>7,066,439</b>                                     |
| <b>Total net assets</b>                    | <b>6,953,242</b>                                                         | <b>7,066,439</b>                                     |
| <b>Total liabilities and net assets</b>    | <b>18,384,958</b>                                                        | <b>17,937,187</b>                                    |

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

## Quarterly Consolidated Statement of Income

## Consolidated Cumulative First Quarter

(Unit: thousands of yen)

|                                              | Previous Consolidated<br>Cumulative First Quarter<br>(January 1 to March 31, 2023) | Current Consolidated<br>Cumulative First Quarter<br>(January 1 to March 31, 2024) |
|----------------------------------------------|------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|
| Net sales                                    | 4,675,443                                                                          | 4,701,950                                                                         |
| Cost of sales                                | 3,022,726                                                                          | 3,066,222                                                                         |
| Gross profit                                 | 1,652,716                                                                          | 1,635,728                                                                         |
| Selling, general and administrative expenses | 1,283,022                                                                          | 1,228,532                                                                         |
| Operating profit                             | 369,694                                                                            | 407,195                                                                           |
| Non-operating income                         |                                                                                    |                                                                                   |
| Interest income                              | 11                                                                                 | 15                                                                                |
| Reimbursement receivables                    | 792                                                                                | 638                                                                               |
| Other                                        | 296                                                                                | 120                                                                               |
| Total non-operating income                   | 1,099                                                                              | 773                                                                               |
| Non-operating expenses                       |                                                                                    |                                                                                   |
| Interest expenses                            | 13,484                                                                             | 11,459                                                                            |
| Borrowing expenses                           | 1,307                                                                              | 1,302                                                                             |
| Other                                        | 81                                                                                 | 1,555                                                                             |
| Total non-operating expenses                 | 14,872                                                                             | 14,317                                                                            |
| Ordinary profit                              | 355,921                                                                            | 393,652                                                                           |
| Profit before income taxes                   | 355,921                                                                            | 393,652                                                                           |
| Income taxes – current                       | 187,236                                                                            | 190,016                                                                           |
| Total income taxes                           | 187,236                                                                            | 190,016                                                                           |
| Profit                                       | 168,684                                                                            | 203,635                                                                           |
| Profit attributable to owners of the parent  | 168,684                                                                            | 203,635                                                                           |

Quarterly Consolidated Statement of Comprehensive Income

Consolidated Cumulative First Quarter

(Unit: thousands of yen)

|                                                      | Previous Consolidated<br>Cumulative First Quarter<br>(January 1 to March 31, 2023) | Current Consolidated<br>Cumulative First Quarter<br>(January 1 to March 31, 2024) |
|------------------------------------------------------|------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|
| Profit                                               | 168,684                                                                            | 203,635                                                                           |
| Comprehensive income                                 | 168,684                                                                            | 203,635                                                                           |
| (Breakdown)                                          |                                                                                    |                                                                                   |
| Comprehensive income related to owners of the parent | 168,684                                                                            | 203,635                                                                           |

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on the Going-Concern Assumption)

N/A

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

Current Consolidated Cumulative First Quarter (January 1 to March 31, 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 falls within the current consolidated cumulative first quarter but whose effective date is after the last day of the current consolidated first quarter

N/A

(Application of Special Accounting Treatment for Preparation of Quarterly Consolidated Financial Statements)

Calculation of Tax Costs

Tax costs are calculated by reasonably estimating the effective tax rate for each business year's profit before income taxes, including in the current consolidated first quarter, 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 Cumulative First Quarter (January 1 to March 31, 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<br>(Note 1) | Total<br>(Note 2) |
|---------------------------------------|-------------------|------------------|-----------|-----------------------------|-------------------|
|                                       | Platform Segment  | Contents Segment | Total     |                             |                   |
| Net sales                             |                   |                  |           |                             |                   |
| Own distribution                      | 2,904,562         | –                | 2,904,562 | –                           | 2,904,562         |
| Others' distribution                  | 97,091            | 1,032,830        | 1,129,922 | –                           | 1,129,922         |
| Printed publishing                    | –                 | 441,685          | 441,685   | –                           | 441,685           |
| Others                                | 89,917            | 109,356          | 199,273   | –                           | 199,273           |
| Revenue from contracts with customers | 3,091,571         | 1,583,872        | 4,675,443 | –                           | 4,675,443         |
| Net sales to external customers       | 3,091,571         | 1,583,872        | 4,675,443 | –                           | 4,675,443         |
| Intersegment sales and transfers      | 272               | 34,116           | 34,389    | (34,389)                    | –                 |
| Total                                 | 3,091,843         | 1,617,988        | 4,709,832 | (34,389)                    | 4,675,443         |
| Segment profit                        | 106,912           | 262,748          | 369,661   | 33                          | 369,694           |

Notes: 1. Adjustments of segment profit of 33 thousand yen represents company-wide expenses and elimination of intersegment transactions.

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

Current Consolidated Cumulative First Quarter (January 1 to March 31, 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<br>(Note 1) | Total<br>(Note 2) |
|---------------------------------------|-------------------|------------------|-----------|-----------------------------|-------------------|
|                                       | Platform Segment  | Contents Segment | Total     |                             |                   |
| Net sales                             |                   |                  |           |                             |                   |
| Own distribution                      | 2,865,464         | –                | 2,865,464 | –                           | 2,865,464         |
| Others' distribution                  | 86,363            | 1,176,076        | 1,262,439 | –                           | 1,262,439         |
| Printed publishing                    | –                 | 328,566          | 328,566   | –                           | 328,566           |
| Others                                | 118,402           | 127,076          | 245,479   | –                           | 245,479           |
| Revenue from contracts with customers | 3,070,230         | 1,631,719        | 4,701,950 | –                           | 4,701,950         |
| Net sales to external customers       | 3,070,230         | 1,631,719        | 4,701,950 | –                           | 4,701,950         |
| Intersegment sales and transfers      | 1,160             | 48,285           | 49,446    | (49,446)                    | –                 |
| Total                                 | 3,071,391         | 1,680,005        | 4,751,396 | (49,446)                    | 4,701,950         |
| Segment profit                        | 128,339           | 278,805          | 407,145   | 50                          | 407,195           |

Notes: 1. Adjustments of segment profit of 50 thousand yen represents company-wide expenses and elimination of intersegment transactions.

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

(Significant Subsequent Events)

Issuance of share acquisition rights as stock options

The Company resolved on the issuance of share acquisition rights as stock options at the Board of Directors' meeting held on April 26, 2024, pursuant to the provisions of Articles 236, 238, and 240 of the Companies Act.

1. Reason for issuing share acquisition rights as stock options

The Company intends to issue share acquisition rights free of charge to its employees, as well as to the directors and employees of the Company's subsidiaries, in order to improve their motivation and morale and also enhance the solidarity of the Group as a whole, with the aim of improving the performance and corporate value of the Group over the medium-to-long term.

2. Overview of issuance

(1) Allotment date of share acquisition rights

May 24, 2024

(2) Number of share acquisition rights

880

(3) Money to be paid in exchange for share acquisition rights

Payment of money shall not be required.

(4) Type and number of shares subject to share acquisition rights

Common stock of the Company: 88,000 shares (100 shares per each of the Share Acquisition Rights)

(5) The value of the property to be contributed at the time of exercise of share acquisition rights or the method for calculating that value

The value of the property to be contributed upon the exercise of the Share Acquisition Rights shall be the amount obtained by multiplying the amount to be paid per share (hereinafter referred to as the "Exercise Price") by the number of shares granted. The Exercise Price shall be the average closing price of the Company's common stock on the Tokyo Stock Exchange (any fraction of less than one yen will be rounded up) on each day of the month preceding the month in which the allotment date of the Share Acquisition Rights belongs (excluding the day on which no transaction has been concluded). However, if the price is less than the closing price on the allotment date of share acquisition rights (or the closing price on the most recent trading day prior to the allotment date if no transaction has been made), such closing price shall be the Exercise Price.

(6) Period of exercise of share acquisition rights

From April 27, 2026, to April 26, 2029

(7) Matters concerning the capital and capital reserves that will be increased in the event that shares are issued as a result of the exercise of share acquisition rights

(a) The amount of capital to be increased in the event that shares are issued upon exercise of the Share Acquisition Rights shall be half of the maximum amount of the increase in capital, etc., calculated pursuant to Article 17, paragraph (1) of the Regulations on Corporate Accounting. If any fraction of less than one yen arises as a result of the calculation, such fraction shall be rounded up to the nearest one yen.

(b) The amount of capital reserves to be increased in the event that shares are issued upon the exercise of the Share Acquisition Rights shall be the amount obtained by deducting the amount of capital to be increased prescribed in (a) above from the maximum amount of the increase in capital, etc., described in (a) above.

(8) Conditions for the exercise of share acquisition rights

(a) A holder of share acquisition rights must be a director, corporate auditor, or employee of the Company or its subsidiaries at the time of exercising the share acquisition rights. However, this shall not apply if the Board of Directors deems that there are justifiable grounds.

(b) The exercise of the Share Acquisition Rights by the heir of the holder of the share acquisition rights is not permitted.

- (c) In the event that the total number of issued shares of the Company exceeds the total number of authorized shares at the time of the exercise of the Share Acquisition Rights as a result of such exercise, the Share Acquisition Rights may not be exercised.
  - (d) A Share Acquisition Right of less than one unit may not be exercised.
  - (e) Share acquisition rights may not be exercised if the conditions for the exercise as stated in the contract, etc., to be concluded separately are not satisfied.
- (9) Persons eligible for allotment of share acquisition rights and the number of allotments
- |                                                        |                            |
|--------------------------------------------------------|----------------------------|
| The Company's employees:                               | 17 persons, 640 allotments |
| Directors and employees of the Company's subsidiaries: | 7 persons, 240 allotments  |