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August 2, 2024

## Consolidated Financial Results for the Six Months Ended June 30, 2024 (Under Japanese GAAP)

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Listing: Tokyo Stock Exchange  
Securities code: 3663  
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Scheduled date of filing semi-annual securities report: August 13, 2024  
Scheduled date of commencing dividend payments: September 30, 2024  
Preparation of supplementary material on financial results: Yes  
Holding of financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

### 1. Consolidated financial results for the six months ended June 30, 2024 (from January 1, 2024 to June 30, 2024)

#### (1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

|                  | Net sales       |       | Operating profit |        | Ordinary profit |        | Profit attributable to owners of parent |   |
|------------------|-----------------|-------|------------------|--------|-----------------|--------|-----------------------------------------|---|
| Six months ended | Millions of yen | %     | Millions of yen  | %      | Millions of yen | %      | Millions of yen                         | % |
| June 30, 2024    | 4,060           | (4.5) | 1,105            | 51.6   | 1,228           | 66.9   | 943                                     | — |
| June 30, 2023    | 4,253           | 13.3  | 729              | (24.4) | 736             | (28.2) | (92)                                    | — |

Note: Comprehensive income For the six months ended June 30, 2024: ¥673 million [—%]  
For the six months ended June 30, 2023: ¥(104) million [—%]

|                  | Basic earnings per share | Diluted earnings per share |
|------------------|--------------------------|----------------------------|
| Six months ended | Yen                      | Yen                        |
| June 30, 2024    | 29.43                    | —                          |
| June 30, 2023    | (2.65)                   | —                          |

Note: Diluted earnings per share are not stated as there are no potential common shares that have a dilution effect.

#### (2) Consolidated financial position

|                         | Total assets    | Net assets      | Equity-to-asset ratio |
|-------------------------|-----------------|-----------------|-----------------------|
|                         | Millions of yen | Millions of yen | %                     |
| As of June 30, 2024     | 8,417           | 5,948           | 69.6                  |
| As of December 31, 2023 | 8,551           | 6,660           | 76.1                  |

Reference: Equity  
As of June 30, 2024: ¥5,855 million  
As of December 31, 2023: ¥6,508 million

## 2. Cash dividends

|                                                 | Annual dividends per share |                    |                   |                 |       |
|-------------------------------------------------|----------------------------|--------------------|-------------------|-----------------|-------|
|                                                 | First quarter-end          | Second quarter-end | Third quarter-end | Fiscal year-end | Total |
|                                                 | Yen                        | Yen                | Yen               | Yen             | Yen   |
| Fiscal year ended December 31, 2023             | —                          | 0.00               | —                 | 12.00           | 12.00 |
| Fiscal year ending December 31, 2024            | —                          | 12.00              |                   |                 |       |
| Fiscal year ending December 31, 2024 (Forecast) |                            |                    | —                 | 12.00           | 24.00 |

Note: Revision to the forecast for dividends announced most recently: Yes

## 3. Consolidated financial results forecast for the fiscal year ending December 31, 2024 (from January 1, 2024 to December 31, 2024)

Preface to consolidated financial results forecast

(Percentages indicate year-on-year changes.)

|           | Net sales       |       | Operating profit |      | Ordinary profit |      | Profit attributable to owners of parent |      | Basic earnings per share |
|-----------|-----------------|-------|------------------|------|-----------------|------|-----------------------------------------|------|--------------------------|
|           | Millions of yen | %     | Millions of yen  | %    | Millions of yen | %    | Millions of yen                         | %    | Yen                      |
| Full year | 7,723           | (4.5) | 1,655            | 22.3 | 1,611           | 14.7 | 744                                     | 18.8 | 20.51                    |

Note: Revision to the forecast for dividends announced most recently: None

**\* Notes**

- (1) Significant changes in the scope of consolidation during the period: None
- (2) Adoption of accounting methods specific to the preparation of semi-annual consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
  - (ii) Changes in accounting policies due to reasons other than (i) above: None
  - (iii) Changes in accounting estimates: None
  - (iv) Restatement: None
- (4) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

|                         |                   |
|-------------------------|-------------------|
| As of June 30, 2024     | 36,271,180 shares |
| As of December 31, 2023 | 36,271,180 shares |

- (ii) Number of treasury shares at the end of the period

|                         |                  |
|-------------------------|------------------|
| As of June 30, 2024     | 5,021,431 shares |
| As of December 31, 2023 | 3,827,970 shares |

- (iii) Average number of shares outstanding during the period

|                                |                   |
|--------------------------------|-------------------|
| Six months ended June 30, 2024 | 32,059,197 shares |
| Six months ended June 30, 2023 | 34,730,083 shares |

\* Semi-annual financial results reports are exempt from review by certified public accountants or an audit corporation.

\* Proper use of earnings forecasts, and other special matters

Financial results forecasts and other forward-looking statements provided in these materials are based on information available to the Company and certain other assumptions deemed reasonable as of the date of publication of this document, and do not represent any guarantee that the Company will achieve these results. Actual financial results and other aspects of business performance may differ significantly from these forecasts owing to various factors. Please refer to “1. Qualitative Information on Quarterly Financial Results (3) Explanation of consolidated financial results forecast and other forward-looking information” on page 4 of the attached materials for conditions forming the basis for financial results forecasts, notes regarding the use of financial results forecasts, and other information.

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## 1. Qualitative Information on Quarterly Financial Results

### (1) Explanation of operating results

The Group aims to provide an environment that can fully support the creation of digital content, covering each step from production to distribution, operating its business in the two fields of the Content Production Solutions business, which focuses on providing CLIP STUDIO PAINT, a software product for producing illustrations, manga, Webtoon, and animation, and the Content Distribution Solutions business, which concentrates on developing and providing the content distribution platform solution DC3 and e-book distribution services.

In the fiscal year under review, focused on efforts to enhance corporate value, management focused on its software IP and strategic investment continued to be prioritized. As a result, for the six months ended June 30, 2024, the Group's net sales amounted to ¥4,060,617 thousand (down 4.5% year-on-year), and operating profit amounted to ¥1,105,106 thousand (up 51.6% year-on-year). The six months ended June 30, 2023 includes ¥712,025 thousand in net sales from the UI/UX business, which was sold off on August 1, 2023. Profit increased year-on-year as higher costs associated with preparations for listing on the Prime Market of the Tokyo Stock Exchange were offset by streamlining investment in development with an awareness of the balance of income and expenditures for the entire Group and by implementing cost review measures.

In addition, ordinary profit amounted to ¥1,228,885 thousand (up 66.9% year-on-year) due to factors such as ¥96,564 thousand in foreign exchange gains being recorded as non-operating income. Profit attributable to owners of parent amounted to ¥943,620 thousand (loss attributable to owners of parent of ¥92,049 thousand for the same period of the previous fiscal year) due to factors such as the recording of ¥333,483 thousand in income taxes. The progress rates on the plan for the fiscal year under review are 52.6% for net sales and 66.8% for operating profit.

The Company is planning for a total one-year spend worth ¥2,000,000 thousand for the acquisition of treasury shares starting from March 1, 2024, and as part of this, as disclosed in "Notice Regarding the Status and Completion of Acquisition of Treasury Shares" on June 3, 2024, the Company acquired ¥999,946 thousand of treasury shares (1,202,700 shares) and intends to acquire the remaining treasury shares of ¥1,000,000 thousand within said period. In parallel, as disclosed in the "Notice Regarding Revision to Interim Dividends Forecasts (Increased Dividends)" on June 7, the Company has decided to increase the interim dividend for the fiscal year ending December 31, 2024 by ¥2 per share. Furthermore, as disclosed in the "Notice Regarding Revision to Dividends Forecasts (Increased Dividends)" on August 2, 2024, the Company has decided to increase the year-end dividend by ¥2 per share. As a result, the Company expects to pay an interim dividend of ¥12 and a year-end dividend of ¥12, for a total of ¥24 per share (an increase of ¥12 in dividends) for the fiscal year ending December 31, 2024. The full-year forecasts remain unchanged; however, the Company will closely pay attention to business progress in the second half and promptly disclose any revisions as necessary.

As disclosed in "Notice Regarding Decreasing Amounts of Share Capital and Legal Capital Surplus" on February 9, 2024, share capital and legal capital surplus were scheduled to be reduced to prepare for agile and flexible capital policy in the future. As planned, this decision took effect on April 17, 2024, upon which share capital and legal capital surplus were reduced to ¥10,000 thousand and ¥2,500 thousand, respectively. The increased surplus from this capital reduction will be used in providing dividends, in addition to the acquisition of treasury shares, enhancing the shareholder returns policy, and capital policy in the future.

In February 2024, the Company formed a capital and business alliance with Axell Corporation with an aim to strengthen collaborative relationships for AI and Web3 related technologies. Based on this alliance, the Company acquired 464,800 shares of Axell Corporation for ¥914,726 thousand. Meanwhile, Axell Corporation acquired 1,081,000 shares of the Company through an open market purchase.

Progress is being made on the capital and business alliance agreements with each company, as the Company is improving the efficiency of WEBTOON content production and advancing into the field of AI and promoting utilization, etc., of DC3 Solution, with WEBTOON Entertainment Inc. and LINE Digital Frontier Corp., working on various projects in collaboration with Wacom Co., Ltd. for Wacom products, which are essential for creative production, and is engaging in joint development of AI technology with Axell Corporation.

LINE Digital Frontier Corp. plans to merge with eBook Initiative Japan Co.,Ltd. in an absorption-type merger as of September 1, 2024, and all shares of the Company held by eBook Initiative Japan Co.,Ltd. will be transferred to LINE Digital Frontier Corp., which will become a major shareholder of the Company.

In addition, preparations are currently being made to change the stock listing to the Prime Market of the TSE, and as of June 30, 2024, the formal requirements for listing on the Prime Market as required by the TSE have been satisfied. To continue strengthening corporate governance and strengthen the business alliance, Mr. Masamine Takahashi from LINE Digital Frontier Corp. was appointed as an Outside Director, and Ms. Maki Ikeda, a member who contributes to ensuring the diversity of the Board of Directors and will

demonstrate strength in sustainable enhancement of corporate value of the Group through globalization of the Company, promoting corporate alliances, etc., was appointed as a female Director.

Operating results per section are as follows.

#### <Content Production Solutions business>

The Content Production Solutions business offers support for creators in the graphics industry and provides SaaS services for content creation worldwide through the illustration, manga, Webtoon and animation app as well as community sites that support creation.

In March 2024, a major update of Version 3.0 of CLIP STUDIO PAINT, a software product for producing illustrations, manga, Webtoon, and animation, with improved features resulting from ongoing investment in development, was released. Furthermore, prices for subscriptions to provide CLIP STUDIO PAINT as SaaS and outright purchase license versions were revised to increase profitability and to continuously provide the service. Prices will be revised in the future with the increased value of services.

Version 3.0 is the product's first major update since the release of Version 2.0 in March 2023, and customers that have purchased outright are now on an annual subscription contract or buy the new version on special offer to make use of all the latest functions available. Version 3.0 has been well received since it was released, and furthermore, global promotional campaigns were implemented to acquire new users in parallel with this release. CLIP STUDIO PAINT saw an increase in subscription contracts and improved sales from existing outright purchase users purchasing the new version, and a more stable and consistent revenue stream from service provision is able to be generated.

The major version update push helps to lift net sales and user numbers by raising its profile in the market, and is planned on a regular basis for the fiscal year ending December 31, 2025 onward.

CLIP STUDIO PAINT is offered in 11 languages and has reached approximately 80% for overseas shipments of non-Japanese versions, and particularly in mainland China, the number of subscription contracts is steadily increasing. Ranked as the 7th highest in terms of net sales by country on the App Store, growth is expected in the future.

Also, global promotions to boost the number of overseas users and subscription contracts have been held.

Cumulative shipments of CLIP STUDIO PAINT exceeded 40.00 million units by May 2024, and reached 41.61 million units by June 2024 (up 34.4% year-on-year). The Annual Recurring Revenue (ARR) for the SaaS service provided by the CLIP STUDIO PAINT subscription model was ¥3.63 billion in May 2024 (over ¥300 million per month), and ¥3.71 billion in June 2024 (up 50.8% year-on-year), a record high.

The churn rate of CLIP STUDIO PAINT in June 2024 amounted to 5.3%. The number of subscription contracts in June 2024 reached 1.00 million, and increased to 1.001 million at the end of the same month (up 19.7% year-on-year). Worldwide membership of CLIP STUDIO Creator, a community for creators in the fields of illustrations, manga, Webtoon, and animation, was 8.92 million people (up 18.0% year-on-year), reaching 9.00 million people in July 2024.

For the provision of a license to use CLIP STUDIO PAINT via a subscription model, the Company's focus, subscription plans may lower the barriers to using the software by offering the software at a low price, but the short-term sales effectiveness is lower compared with the one-time purchase versions that collect license fees in lump-sum, one-time payments. That being said, the aim of increasing subscription model contracts will continue, as stable earnings in the medium to long term are expected to be generated with continued use.

In March 2024, the Company launched sales of Clip Studio Tabmate 2, a wireless handheld shortcut device. CLIP STUDIO TABMATE 2 has strengthened the competitiveness of CLIP STUDIO PAINT's operations and functions against competing programs by being the first product that is compatible with iPads and iPhones. CLIP STUDIO TABMATE 2 has been well received since it was released, and the number of shipments is significantly exceeding initial expectations.

In April 2024, CLIP STUDIO PAINT came bundled with Wacom's new pen tablet Wacom Movink 13 and was made available worldwide. Bundled versions of CLIP STUDIO PAINT can continue to be used by transferring to a subscription contract after the free trial period runs out, and an increase in subscription contracts is expected. In addition, an increase in overseas users is expected to result from being bundled with products worldwide.

In addition, CLIP STUDIO PAINT sponsored DoKomi, the largest Japanese pop culture event in Germany, and WEBTOON CONCOURS 2024 hosted by WEBTOON FRANCE, focusing on efforts to expand awareness and user base overseas.

As a result of the above, net sales amounted to ¥3,538,781 thousand (up 16.6% year-on-year) and operating profit amounted to ¥1,463,873 thousand (up 26.1% year-on-year).

#### <Content Distribution Solutions business>

The Content Distribution Solutions business is centered on &DC3, Inc. (hereafter referred to as "&DC3").

DC3, a platform to realize the distribution of digital content through treating all digital data as unique “things,” released an update in May 2024, which improved 3D features for DC3 My Room, and the DC3 master registration and editing app was launched. In addition, the various players of Hive have been updated, thereby improving the expressiveness as a “thing” through enhanced signing and framing functions.

Furthermore, investments to continue enhancing the quality of solutions, including improving the quality of the core program, DC3 Module and strengthening functions to allow service providers to conduct business smoothly on DC3.

In parallel, sales and promotional activities to facilitate use of DC3 Solution have been promoted and use contracts with several service providers that plan to use the DC3 Solution have been signed. Sales functionality of DC3 content was released in January 2024 for the new monthly membership platform Creatia, which connects creators and fans of the Toranoana Group. In addition, as actual examples of DC3 Solution used by IPs, the Company has been collaborating on the animations “Astro Note” and “Whisper Me a Love Song,” which started broadcasting from April 2024, the games “El Shaddai” and “Shadow Corridor 2: Ame no Yohira,” and the movie “A Few Moments of Cheers.” The Company intends to continue to collaborate through the use of DC3 Solution with several IPs.

For e-book distribution solutions, a range of solutions for e-book production, distribution, and reading that is compatible with multiple devices and platforms, such as the e-book viewer, CLIP STUDIO READER, and e-book authoring software, are provided. The e-book viewer CLIPSTUDIO READER was adopted by comic-and-novel (cominove), the comic and novel distribution service of REVOLVE Co. in May 2024, and by Nikkei BP Insight Books, Nikkei Business Publications’ new digital book service for corporate customers in June of the same year.

To further accelerate sales and promotion activities to various businesses, &DC3 invited Mr. Shingo Kunieda, who has deep knowledge and experience in the content area, as an Outside Director in April 2024.

As a result of the above, net sales amounted to ¥521,835 thousand (up 2.8% year-on-year) and operating loss amounted to ¥358,764 thousand (operating loss of ¥327,144 thousand in the previous fiscal year).

## (2) Explanation of financial position

Total assets at the end of the semi-annual period under review amounted to ¥8,417,584 thousand, down ¥133,939 thousand from the end of the previous fiscal year. The main factors include decreases of ¥391,983 thousand in cash and deposits due to the acquisition of the Company’s own shares, ¥254,913 thousand in accounts receivable – other and ¥196,890 thousand in other current assets, despite an increase of ¥694,556 thousand in investment securities.

Liabilities at the end of the semi-annual period under review amounted to ¥2,469,360 thousand, up ¥577,952 thousand from the end of the previous fiscal year. The main factors include increases of ¥292,506 thousand in income taxes payable, ¥120,974 thousand in advances received and ¥127,039 thousand in provision for bonuses.

Total net assets at the end of the semi-annual period under review amounted to ¥5,948,224 thousand, down ¥711,892 thousand from the end of the previous fiscal year. The main factors include an increase of ¥992,232 thousand in treasury shares due to the acquisition of the Company’s own shares and a decrease of ¥215,419 thousand in valuation difference on available-for-sale securities, despite an increase of ¥554,302 thousand in retained earnings. The equity-to-asset ratio was 69.6%.

## (3) Explanation of consolidated financial results forecast and other forward-looking information

The full-year consolidated financial forecast for the fiscal year ending December 31, 2024 remains unchanged from the financial results forecast announced on February 9, 2024; however, the Company will closely pay attention to business progress in the second half and promptly disclose any revisions as necessary.

## 2. Semi-annual Consolidated Financial Statements and Major Notes

### (1) Semi-annual consolidated balance sheet

(Unit: thousands of yen)

|                                     | Previous consolidated fiscal year<br>(December 31, 2023) | Six months under review<br>(June 30, 2024) |
|-------------------------------------|----------------------------------------------------------|--------------------------------------------|
| <b>Assets</b>                       |                                                          |                                            |
| Current assets                      |                                                          |                                            |
| Cash and deposits                   | 5,601,095                                                | 5,209,111                                  |
| Accounts receivable - trade         | 339,623                                                  | 347,146                                    |
| Finished goods                      | 3,481                                                    | 9,883                                      |
| Raw materials and supplies          | 78,533                                                   | 73,147                                     |
| Accounts receivable - other         | 526,165                                                  | 271,252                                    |
| Other                               | 381,021                                                  | 184,130                                    |
| Allowance for doubtful accounts     | (144)                                                    | (149)                                      |
| Total current assets                | 6,929,776                                                | 6,094,522                                  |
| Non-current assets                  |                                                          |                                            |
| Property, plant and equipment       |                                                          |                                            |
| Buildings                           | 185,650                                                  | 185,650                                    |
| Accumulated depreciation            | (74,671)                                                 | (81,641)                                   |
| Buildings (net)                     | 110,979                                                  | 104,009                                    |
| Tools, furniture and fixtures       | 270,961                                                  | 262,892                                    |
| Accumulated depreciation            | (204,942)                                                | (205,702)                                  |
| Tools, furniture and fixtures (net) | 66,019                                                   | 57,189                                     |
| Total property, plant and equipment | 176,998                                                  | 161,198                                    |
| Intangible assets                   |                                                          |                                            |
| Software                            | 893,415                                                  | 905,111                                    |
| Software in progress                | 68,288                                                   | 75,020                                     |
| Other                               | 90,494                                                   | 87,977                                     |
| Total intangible assets             | 1,052,197                                                | 1,068,108                                  |
| Investments and other assets        |                                                          |                                            |
| Investment securities               | 32,050                                                   | 726,607                                    |
| Leasehold and guarantee deposits    | 129,364                                                  | 130,364                                    |
| Deferred tax assets                 | 231,136                                                  | 236,784                                    |
| Total investments and other assets  | 392,551                                                  | 1,093,755                                  |
| Total non-current assets            | 1,621,748                                                | 2,323,062                                  |
| <b>Total assets</b>                 | <b>8,551,524</b>                                         | <b>8,417,584</b>                           |

(Unit: thousands of yen)

|                                                                      | Previous consolidated fiscal year<br>(December 31, 2023) | Six months under review<br>(June 30, 2024) |
|----------------------------------------------------------------------|----------------------------------------------------------|--------------------------------------------|
| <b>Liabilities</b>                                                   |                                                          |                                            |
| Current liabilities                                                  |                                                          |                                            |
| Accounts payable - trade                                             | 130,321                                                  | 135,501                                    |
| Accounts payable - other                                             | 122,535                                                  | 122,374                                    |
| Advances received                                                    | 829,975                                                  | 950,949                                    |
| Accrued expenses                                                     | 87,472                                                   | 86,041                                     |
| Income taxes payable                                                 | 35,168                                                   | 327,675                                    |
| Provision for bonuses                                                | 61,600                                                   | 188,639                                    |
| Other                                                                | 165,371                                                  | 153,749                                    |
| Total current liabilities                                            | 1,432,444                                                | 1,964,929                                  |
| Non-current liabilities                                              |                                                          |                                            |
| Provision for retirement benefits for directors (and other officers) | 159,027                                                  | 187,587                                    |
| Retirement benefit liability                                         | 278,983                                                  | 295,890                                    |
| Other                                                                | 20,953                                                   | 20,953                                     |
| Total non-current liabilities                                        | 458,963                                                  | 504,430                                    |
| Total liabilities                                                    | 1,891,407                                                | 2,469,360                                  |
| <b>Net assets</b>                                                    |                                                          |                                            |
| Shareholders' equity                                                 |                                                          |                                            |
| Share capital                                                        | 3,076,576                                                | 10,000                                     |
| Capital surplus                                                      | 2,627,828                                                | 5,694,936                                  |
| Retained earnings                                                    | 3,977,650                                                | 4,531,952                                  |
| Treasury shares                                                      | (3,186,624)                                              | (4,178,857)                                |
| Total shareholders' equity                                           | 6,495,431                                                | 6,058,031                                  |
| Accumulated other comprehensive income                               |                                                          |                                            |
| Valuation difference on available-for-sale securities                | 12,796                                                   | (202,623)                                  |
| Total accumulated other comprehensive income                         | 12,796                                                   | (202,623)                                  |
| Share acquisition rights                                             | 78,880                                                   | 74,240                                     |
| Non-controlling interests                                            | 73,009                                                   | 18,576                                     |
| Total net assets                                                     | 6,660,116                                                | 5,948,224                                  |
| Total liabilities and net assets                                     | 8,551,524                                                | 8,417,584                                  |

(2) Semi-annual consolidated statements of income and comprehensive income  
(Semi-annual consolidated statement of income)

(Unit: thousands of yen)

|                                                                                         | Previous six-month period<br>(from January 1, 2023 to<br>June 30, 2023) | Six months under review<br>(from January 1, 2024 to<br>June 30, 2024) |
|-----------------------------------------------------------------------------------------|-------------------------------------------------------------------------|-----------------------------------------------------------------------|
| Net sales                                                                               | 4,253,723                                                               | 4,060,617                                                             |
| Cost of sales                                                                           | 2,197,859                                                               | 1,801,700                                                             |
| Gross profit                                                                            | 2,055,864                                                               | 2,258,916                                                             |
| Selling, general and administrative expenses                                            | 1,326,771                                                               | 1,153,809                                                             |
| Operating profit                                                                        | 729,092                                                                 | 1,105,106                                                             |
| Non-operating income                                                                    |                                                                         |                                                                       |
| Interest income                                                                         | 497                                                                     | 30                                                                    |
| Dividend income                                                                         | 206                                                                     | 37,925                                                                |
| Foreign exchange gains                                                                  | 33,270                                                                  | 96,564                                                                |
| Other                                                                                   | 3                                                                       | 1,958                                                                 |
| Total non-operating income                                                              | 33,977                                                                  | 136,478                                                               |
| Non-operating expenses                                                                  |                                                                         |                                                                       |
| Share issuance costs                                                                    | 6,259                                                                   | -                                                                     |
| Commission expenses                                                                     | 19,386                                                                  | 11,920                                                                |
| Other                                                                                   | 1,060                                                                   | 779                                                                   |
| Total non-operating expenses                                                            | 26,706                                                                  | 12,700                                                                |
| Ordinary profit                                                                         | 736,363                                                                 | 1,228,885                                                             |
| Extraordinary income                                                                    |                                                                         |                                                                       |
| Gain on reversal of share acquisition rights                                            | -                                                                       | 4,640                                                                 |
| Total extraordinary income                                                              | -                                                                       | 4,640                                                                 |
| Extraordinary losses                                                                    |                                                                         |                                                                       |
| Provision of allowance for loss on transfer of shares<br>of subsidiaries and associates | 476,983                                                                 | -                                                                     |
| Loss on valuation of software                                                           | 386,742                                                                 | -                                                                     |
| Impairment loss                                                                         | -                                                                       | 10,551                                                                |
| Loss on valuation of investment securities                                              | -                                                                       | 303                                                                   |
| Total extraordinary losses                                                              | 863,725                                                                 | 10,854                                                                |
| Pre-tax net profit (loss)                                                               | (127,362)                                                               | 1,222,670                                                             |
| Income taxes                                                                            | (35,312)                                                                | 333,483                                                               |
| Profit (loss)                                                                           | (92,049)                                                                | 889,187                                                               |
| Loss attributable to non-controlling interests                                          | -                                                                       | (54,432)                                                              |
| Profit (loss) attributable to owners of parent                                          | (92,049)                                                                | 943,620                                                               |

## (Semi-annual consolidated statement of comprehensive income)

(Unit: thousands of yen)

|                                                                   | Previous six-month period<br>(from January 1, 2023 to<br>June 30, 2023) | Six months under review<br>(from January 1, 2024 to<br>June 30, 2024) |
|-------------------------------------------------------------------|-------------------------------------------------------------------------|-----------------------------------------------------------------------|
| Profit (loss)                                                     | (92,049)                                                                | 889,187                                                               |
| Other comprehensive income                                        |                                                                         |                                                                       |
| Valuation difference on available-for-sale securities             | (4,352)                                                                 | (215,419)                                                             |
| Foreign currency translation adjustment                           | (8,110)                                                                 | -                                                                     |
| Total other comprehensive income                                  | (12,463)                                                                | (215,419)                                                             |
| Comprehensive income                                              | (104,512)                                                               | 673,767                                                               |
| (Comprehensive income attributable to)                            |                                                                         |                                                                       |
| Comprehensive income attributable to owners of<br>parent          | (104,512)                                                               | 728,200                                                               |
| Comprehensive income attributable to non-controlling<br>interests | -                                                                       | (54,432)                                                              |

(3) Notes to semi-annual consolidated financial statements

(Note on entity's ability to continue as going concern)

Not applicable.

(Notes in case of significant changes in shareholders' equity)

1. The Company acquired 1,202,700 shares of treasury shares upon the resolution of the Board of Directors meeting held on March 22, 2024. In addition, the Company disposed of 9,300 shares of treasury shares as part of compensation for granting restricted stock to Directors of the Company upon the resolution of the Board of Directors meeting held on March 28, 2024.

As a result, treasury shares increased by ¥992,232 thousand including the increase due to the purchase of shares less than one unit during the six months under review, and treasury shares amounted to ¥4,178,857 thousand at the end of the six months under review.

2. The Company decreased share capital and legal capital surplus by ¥3,066,576 thousand and ¥2,324,076 thousand, respectively, and transferred these amounts to other capital surplus, upon the resolution of the Annual General Meeting of Shareholders held on March 28, 2024, through which this capital reduction took effect on April 17, 2024.

As a result, including the increase as a result of the disposal of shares, share capital and legal capital surplus amounted to ¥10,000 thousand and ¥5,694,936 thousand, respectively, during the six months under review.

(Adoption of group tax sharing system)

The Company withdrew from the group tax sharing system as of January 1, 2024, due to the tax sharing parent being the only included tax sharing corporation upon confirmation of the residual assets of the tax sharing subsidiary.

(Adoption of accounting methods specific to the preparation of semi-annual consolidated financial statements)

Calculation of tax expenses

The Company calculates tax expenses by multiplying profit before income taxes by a reasonably estimated effective tax rate for profit before income taxes for the fiscal year under review after the application of tax effect accounting.

(Segment information)

[Segment information]

Six months ended June 30, 2023 (from January 1, 2023 to June 30, 2023)

1. Disclosure of net sales and profit (loss) for each reportable segment

(Unit: thousands of yen)

|                                       | Reportable segment                    |                                         |                |           | Adjustments | Per semi-annual consolidated financial statements (Note) |
|---------------------------------------|---------------------------------------|-----------------------------------------|----------------|-----------|-------------|----------------------------------------------------------|
|                                       | Content Production Solutions business | Content Distribution Solutions business | UI/UX business | Total     |             |                                                          |
| Net sales                             |                                       |                                         |                |           |             |                                                          |
| Net sales to external customers       | 3,034,180                             | 507,517                                 | 712,025        | 4,253,723 | —           | 4,253,723                                                |
| Inter-segment net sales and transfers | —                                     | 26,500                                  | —              | 26,500    | (26,500)    | —                                                        |
| Total                                 | 3,034,180                             | 534,017                                 | 712,025        | 4,280,223 | (26,500)    | 4,253,723                                                |
| Segment profit (loss)                 | 1,160,918                             | (327,144)                               | (104,681)      | 729,092   | —           | 729,092                                                  |

Note: Segment profit (loss) is adjusted with operating profit in the semi-annual consolidated statement of income.

2. Information concerning changes, etc. in reportable segments

Not applicable.

3. Disclosure of non-current assets, impairment loss, and goodwill, etc. for each reportable segment

(Significant impairment loss pertaining to non-current assets)

Not applicable.

(Significant changes in amount of goodwill)

Not applicable.

Six months ended June 30, 2024 (from January 1, 2024 to June 30, 2024)

1. Disclosure of net sales and profit (loss) for each reportable segment

(Unit: thousands of yen)

|                                          | Reportable segment                       |                                            |           | Adjustments<br>(Note 1) | Per semi-annual<br>consolidated<br>financial statements<br>(Note 2) |
|------------------------------------------|------------------------------------------|--------------------------------------------|-----------|-------------------------|---------------------------------------------------------------------|
|                                          | Content Production<br>Solutions business | Content Distribution<br>Solutions business | Total     |                         |                                                                     |
| Net sales                                |                                          |                                            |           |                         |                                                                     |
| Net sales to external<br>customers       | 3,538,781                                | 521,835                                    | 4,060,617 | —                       | 4,060,617                                                           |
| Inter-segment net sales<br>and transfers | —                                        | 0                                          | 0         | 0                       | —                                                                   |
| Total                                    | 3,538,781                                | 521,835                                    | 4,060,617 | 0                       | 4,060,617                                                           |
| Segment profit (loss)                    | 1,463,873                                | (358,764)                                  | 1,105,108 | (2)                     | 1,105,106                                                           |

Notes: 1. The adjustment in segment profit (loss) is company-wide expenses not allocated to each business segment.  
2. Segment profit (loss) is adjusted with operating profit in the semi-annual consolidated statement of income.

2. Information concerning changes, etc. in reportable segments

As a result of the transfer of the UI/UX business in the previous consolidated fiscal year, the reporting segment for the UI/UX business has been discontinued from the semi-annual period of the consolidated fiscal year under review.

3. Disclosure of non-current assets, impairment loss, and goodwill, etc. for each reportable segment

(Significant impairment loss pertaining to non-current assets)

(Unit: thousands of yen)

|                 | Content Production<br>Solutions business | Content Distribution<br>Solutions business | Total  |
|-----------------|------------------------------------------|--------------------------------------------|--------|
| Impairment loss | —                                        | 10,551                                     | 10,551 |

(Significant changes in amount of goodwill)

Not applicable.