

Non-Consolidated Financial Results for the First Quarter Ended June 30, 2023



July 26, 2023

Name of Listed Company: Bengo4.com, Inc.

Listed Stock Exchange: Tokyo Stock Exchange

Securities Code: 6027

URL <https://www.bengo4.com/corporate/>

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Scheduled date to submit quarterly report: August 14, 2023

Scheduled date to commence dividend payments: –

Preparation of supplementary materials on financial results: Yes

Holding of financial results briefing session: Yes (for institutional investors and analysts)

(Million yen with fractional amounts rounded down)

1. Financial results for the first quarter ended June 30, 2023 (from April 1, 2023 to June 30, 2023)

(1) Operating results (cumulative totals) (Percentages indicate year-on-year changes.)

First quarter ended	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
June 30, 2023	2,392	22.1	246	78.3	246	78.1	151	66.9
June 30, 2022	1,959	27.4	138	-36.1	138	-36.8	90	-34.1

First quarter ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
June 30, 2023	6.79	6.64
June 30, 2022	4.08	3.98

(2) Financial position

As of	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
June 30, 2023	4,563	3,338	72.5
March 31, 2023	4,410	3,167	71.3

Reference: Equity capital As of June 30, 2023: 3,306 million yen As of March 31, 2023: 3,143 million yen

2. Cash dividends

	Dividend per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Annual
Fiscal year ended March 31, 2023	Yen –	Yen 0.00	Yen –	Yen 0.00	Yen 0.00
Fiscal year ending March 31, 2024	–	–	–	–	–
Fiscal year ending March 31, 2024 (Forecast)	–	0.00	–	0.00	0.00

(Note) Revisions to dividend forecasts published most recently: No

3. Earnings forecasts for the fiscal year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Percentages indicate year-on-year changes.)

Fiscal year ending	Net sales		Operating profit	Ordinary profit	Profit	Basic earnings per share
	Million yen	%				
March 31, 2024	10,730	23.2	1,200 million yen or more	1,200 million yen or more	740 million yen or more	33.28 yen or more

(Note) Revisions to earnings forecasts published most recently: No

In our earnings forecasts for the fiscal year ending March 31, 2024, the Company simply forecasts that operating profit will stand at 1,200 million yen or more, a record high. However, the Company has a policy not to disclose concrete forecasts for all profit items from operating profit onwards, from the viewpoint that agile investment judgment is needed.

* Notes

(1) Application of particular accounting treatment concerning preparation of quarterly financial statements: None

(2) Changes in accounting policies and changes or restatement of accounting estimates

- a. Changes in accounting policies due to revisions to accounting standards and other regulations: None
- b. Changes in accounting policies other than a: None
- c. Change in accounting estimate: None
- d. Restatement: None

(3) Number of shares issued (common stock)

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

As of June 30, 2023	22,365,700 shares	As of March 31, 2023	22,329,500 shares
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- b. Number of treasury shares at the end of the period

As of June 30, 2023	101,363 shares	As of March 31, 2023	101,289 shares
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- c. Average number of shares during the period

First quarter ended June 30, 2023	22,252,684 shares	First quarter ended June 30, 2022	22,163,241 shares
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* Quarterly financial results are outside the scope of the quarterly review by certified public accountants or audit corporations.

* Proper use of earnings forecasts, and other special matters

The forward-looking statements such as earnings forecasts stated in this document are based on the information currently available to the Company and certain assumptions that the Company judges as rational. These statements are not guarantees of future performance. Actual results may differ substantially from the forecasts due to various factors. For the assumptions underlying the forecasts and precautions when using the forecasts, please refer to “1. Qualitative Information on Financial Results for the First Quarter Ended June 30, 2023, (3) Explanation regarding earnings forecasts and other forward-looking statements” on page 2 of the supplementary materials.

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1. Qualitative Information on Financial Results for the First Quarter Ended June 30, 2023

(1) Summary of operating results

During the first quarter under review, the Japanese economy was affected by continued high resource prices, but economic activity continued to recover moderately. However, the outlook remains uncertain, reflecting economic trends and price developments overseas, developments in Ukraine, trends in resource prices, and other factors.

Under the mission “Creating next common knowledge using Professional Tech,” the Company has been operating the Internet media business through portal sites such as Bendo4.com for legal consultation and zeiri4.com for tax consultation, while also providing IT and solution services including CloudSign, a contract management platform.

As a result of the above, net sales reached 2,392 million yen, up 22.1% year on year, operating profit amounted to 246 million yen, up 78.3% year on year, ordinary profit was 246 million yen, up 78.1% year on year, and profit came to 151 million yen, up 66.9% from a year earlier.

Operating results by business segment are as follows.

(Media business)

In the Media business, the Company engages in the Internet media business through the legal consultation portal site Bendo4.com and the tax consultation portal site zeiri4.com.

In the bengo4.com business, the Company focused on providing content that is helpful for users and improving usability. It also sought to increase recognition through the distribution of articles of bengo4.com news, an owned media channel which lawyers use to explain familiar topics from a legal perspective. Consequently, monthly site visitors decreased 11.8% year on year, to 10.97 million in June 2023. The number of registered lawyers as of the end of the first quarter under review rose 4.6% year on year, to 23,756, of which the number of lawyers with paid member subscriptions to the lawyer support service stood at 5,334 (an increase of 3.5% year on year). Meanwhile, the number of paid subscribers to bengo4.com paid services grew 2.1% year on year, to 186,390.

As a result, net sales increased 6.8% year on year to 1,044 million yen and segment profit decreased 10.0% year on year to 369 million yen in the first three months under review.

(IT/Solutions business)

In the IT/Solutions business, the Company provides IT and solution services including CloudSign, a contract management platform.

In the CloudSign service, the Company sought to reinforce its development and sales systems by actively recruiting human resources, while simultaneously improving usability, increasing recognition and expanding its customer base through the placement of advertisements in a range of media, among other efforts. As a result, the number of contracts transmitted increased 35.0% year on year, to 1,823,478 in the first quarter under review.

As a result, net sales increased 37.3%, to 1,347 million yen, and segment profit came to 258 million yen (as opposed to a segment loss of 11 million yen in the same period of the previous year) in the first three months under review.

(2) Summary of financial position

Total assets at the end of the first quarter under review stood at 4,563 million yen, rising 153 million yen from the end of the previous fiscal year. This mainly reflected decreases in cash and deposits, accounts receivable and income taxes payable, which were partially offset by increases in prepaid expenses and software in progress.

(Current assets)

Current assets at the end of the first quarter under review stood at 3,251 million yen, rising 19 million yen from the end of the previous fiscal year. The main changes were decreases of 63 million yen in cash and deposits and 31 million yen in accounts receivable, and an increase of 128 million yen in prepaid expenses.

(Non-current assets)

Non-current assets at the end of the first quarter under review climbed 134 million yen from the end of the previous fiscal year, to 1,311 million yen. The main changes were increases of 48 million yen in buildings, net, 10 million yen in tools, furniture and fixtures, net, and 60 million yen in software in progress.

(Current liabilities)

Current liabilities at the end of the first quarter under review decreased 17 million yen from the end of the previous fiscal year, to 1,225 million yen. This was chiefly attributable to decreases of 20 million yen in accrued expenses and 72 million yen in income taxes payable and increases of 39 million yen in accounts payable - other and 38 million yen in advances received.

(Net assets)

Net assets at the end of the first quarter under review stood at 3,338 million yen, rising 170 million yen from the end of the previous fiscal year. This mainly reflects an increase of 151 million yen in retained earnings.

(3) Explanation regarding earnings forecasts and other forward-looking statements

There is no change to the earnings forecasts for the fiscal year ending March 31, 2024 announced on May 12, 2023.

2. Quarterly Financial Statements and Key Notes

(1) Quarterly balance sheet

(Thousand yen)

	Previous fiscal year (As of March 31, 2023)	First quarter under review (As of June 30, 2023)
Assets		
Current assets		
Cash and deposits	1,646,591	1,583,351
Accounts receivable	1,301,775	1,269,858
Supplies	1,210	1,041
Prepaid expenses	274,487	402,613
Accounts receivable - other	23,104	4,999
Other	24,588	28,239
Allowance for doubtful accounts	-39,474	-38,676
Total current assets	3,232,284	3,251,427
Non-current assets		
Property, plant and equipment		
Buildings, net	42,483	91,460
Tools, furniture and fixtures, net	24,780	35,582
Total property, plant and equipment	67,264	127,043
Intangible assets		
Software	639,638	645,539
Software in progress	124,998	185,010
Patent right	4,207	6,229
Trademark right	3,594	3,481
Total intangible assets	772,439	840,260
Investments and other assets		
Investment securities	0	0
Shares of subsidiaries and associates	49,000	49,000
Distressed receivables	19,600	24,446
Leasehold and guarantee deposits	162,985	160,471
Long-term prepaid expenses	20,466	35,852
Deferred tax assets	105,597	99,185
Allowance for doubtful accounts	-19,600	-24,445
Total investments and other assets	338,049	344,510
Total non-current assets	1,177,753	1,311,813
Total assets	4,410,037	4,563,240

(Thousand yen)

	Previous fiscal year (As of March 31, 2023)	First quarter under review (As of June 30, 2023)
Liabilities		
Current liabilities		
Accounts payable - other	615,330	655,228
Accrued expenses	78,103	57,445
Income taxes payable	173,173	100,985
Accrued consumption taxes	98,919	103,653
Advances received	188,906	227,388
Deposits received	88,300	80,452
Total current liabilities	1,242,734	1,225,153
Total liabilities	1,242,734	1,225,153
Net assets		
Shareholders' equity		
Share capital	454,207	460,112
Capital surplus	419,901	425,806
Retained earnings	2,770,176	2,921,255
Treasury shares	-500,556	-500,777
Total shareholders' equity	3,143,728	3,306,396
Share acquisition rights	23,574	31,690
Total net assets	3,167,303	3,338,087
Total liabilities and net assets	4,410,037	4,563,240

(2) Quarterly statement of income

First three-month period

(Thousand yen)

	Previous first quarter (from April 1, 2022 to June 30, 2022)	First quarter under review (from April 1, 2023 to June 30, 2023)
Net sales	1,959,443	2,392,043
Cost of sales	311,173	429,491
Gross profit	1,648,269	1,962,551
Selling, general and administrative expenses	1,510,163	1,716,277
Operating profit	138,105	246,273
Non-operating income		
Proceeds from miscellaneous income	183	53
Total non-operating income	183	53
Non-operating expenses		
Miscellaneous losses	59	80
Total non-operating expenses	59	80
Ordinary profit	138,230	246,246
Extraordinary losses		
Loss on valuation of investment securities	882	—
Total extraordinary losses	882	—
Profit before income taxes	137,348	246,246
Income taxes - current	20,295	88,755
Income taxes - deferred	26,552	6,412
Total income taxes	46,847	95,167
Profit	90,500	151,078

(3) Notes to quarterly financial statements

(Notes on going concern assumptions)

Not applicable.

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

Not applicable.

(Application of particular accounting treatment concerning preparation of quarterly financial statements)

Not applicable.

(Segment information)

[Segment information]

I. Three months ended June 30, 2022 (April 1, 2022 to June 30, 2022)

1. Information on net sales and profit (loss) by reportable segment

(Thousand yen)

	Reportable segments			Adjustment (Note 1)	Amount posted in the quarterly statement of income (Note 2)
	Media	IT/Solutions	Total		
Net sales					
Net sales to external customers	977,794	981,648	1,959,443	—	1,959,443
Inter-segment sales or transfers	—	—	—	—	—
Total	977,794	981,648	1,959,443	—	1,959,443
Segment profit (loss)	410,115	-11,484	398,631	-260,525	138,105

(Notes) 1. The adjustment for segment profit (loss) of negative 260,525 thousand yen includes corporate expenses in the amount of negative 260,525 thousand yen not previously allocated to the reportable segments. Corporate expenses consist primarily of general and administrative expenses that are not attributable to the reporting segments.

2. Segment profit (loss) is adjusted to be consistent with the operating profit reported in the quarterly statements of income.

II. Three months ended June 30, 2023 (April 1, 2023 to June 30, 2023)

1. Information on net sales and profit (loss) by reportable segment

(Thousand yen)

	Reportable segments			Adjustment (Note 1)	Amount posted in the quarterly statement of income (Note 2)
	Media	IT/Solutions	Total		
Net sales					
Net sales to external customers	1,044,717	1,347,326	2,392,043	—	2,392,043
Inter-segment sales or transfers	—	—	—	—	—
Total	1,044,717	1,347,326	2,392,043	—	2,392,043
Segment profit	369,042	258,074	627,117	-380,843	246,273

(Notes) 1. The adjustment for segment profit of negative 380,843 thousand yen includes corporate expenses in the amount of negative 380,843 thousand yen not previously allocated to the reportable segments. Corporate expenses consist primarily of general and administrative expenses that are not attributable to the reporting segments.

2. Segment profit is adjusted to be consistent with the operating profit reported in the quarterly statements of income.