



FY2022 (Ending October 31, 2022)

Second Quarter (Q2)

Material for

Quarterly Financial Results Briefing

June 14, 2022

ASIRO Inc.



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01

Corporate Overview

Services

Our main business activity involves the operation of Legal Media sites. By utilizing digital technology and web marketing expertise, we help provide legal and lawyer-related information online.

Business category

Legal Media & Other	Legal Media	<p>Services Operation of specialized sites for legal case fields</p> <p>Main customers Law firms</p> <p>Main services 離婚弁護士ナビ 相続弁護士ナビ 刑事事件弁護士ナビ IT弁護士ナビ 労働問題弁護士ナビ 債務整理ナビ 交通事故弁護士ナビ 債権回収弁護士ナビ 企業法務弁護士ナビ</p>
	Other Media	<p>Services Operates “Carism,” the career change media, detective media “Expert Search for Infidelity Investigation” and “Hotline for Missing Person Search,” etc.</p> <p>Main customers Staffing companies, private detective offices</p> <p>Main services キャリズム 浮気調査ナビ 人探し窓口</p>

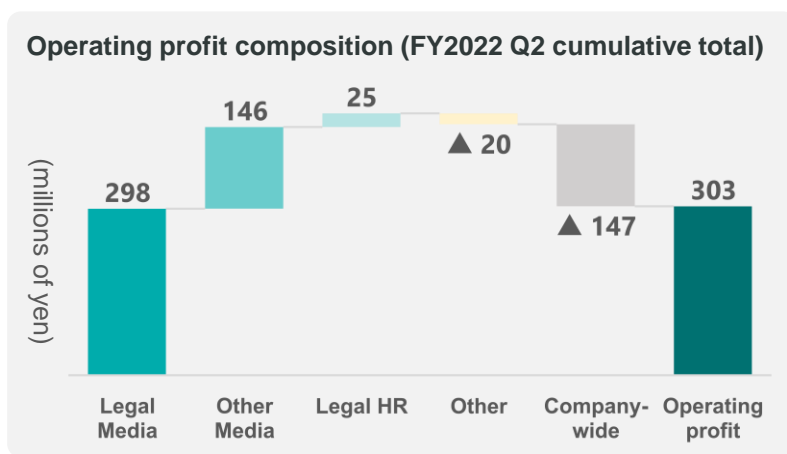
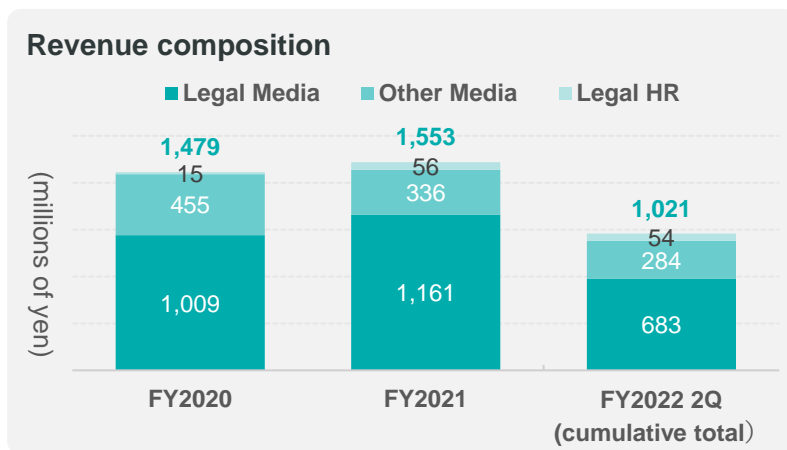
Legal Human Resources (HR)

Services	HR recruitment business for qualified attorneys
Main customers	Law firms, general companies
Main sites	NO/LIMIT XEXE

Insurance¹

Services	Sale of small-amount short-term insurance
Main customers	Individuals
Main sites	ベンナビ 弁護士保険

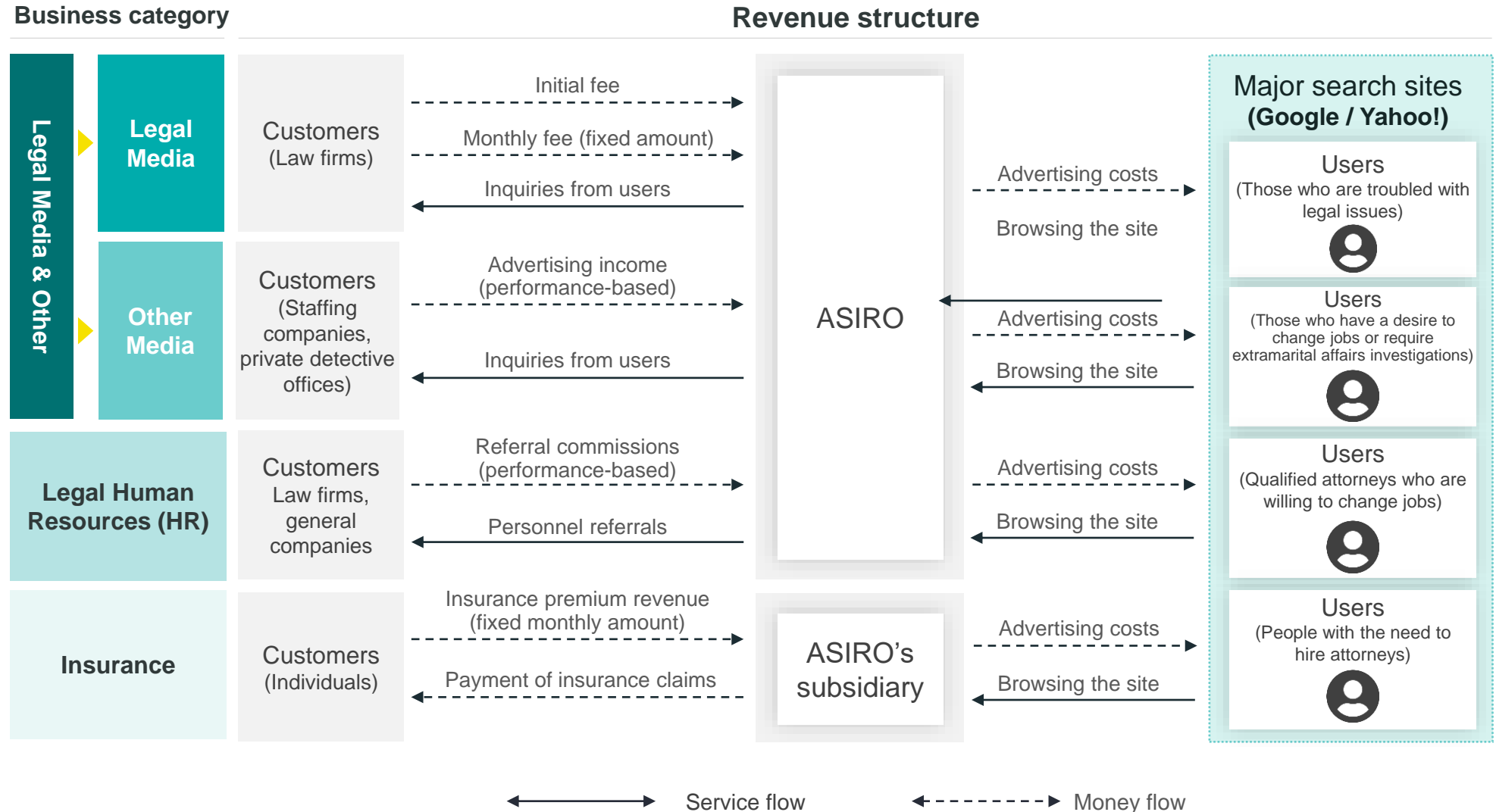
Business composition



Note: 1 The Company acquired additional shares in Kailash Small Amount and Short Term Insurance on April 28, 2022, making it a consolidated subsidiary. Inclusion in PL will mainly be from Q3, and it is scheduled to be recorded under the “Other” segment.

Business model

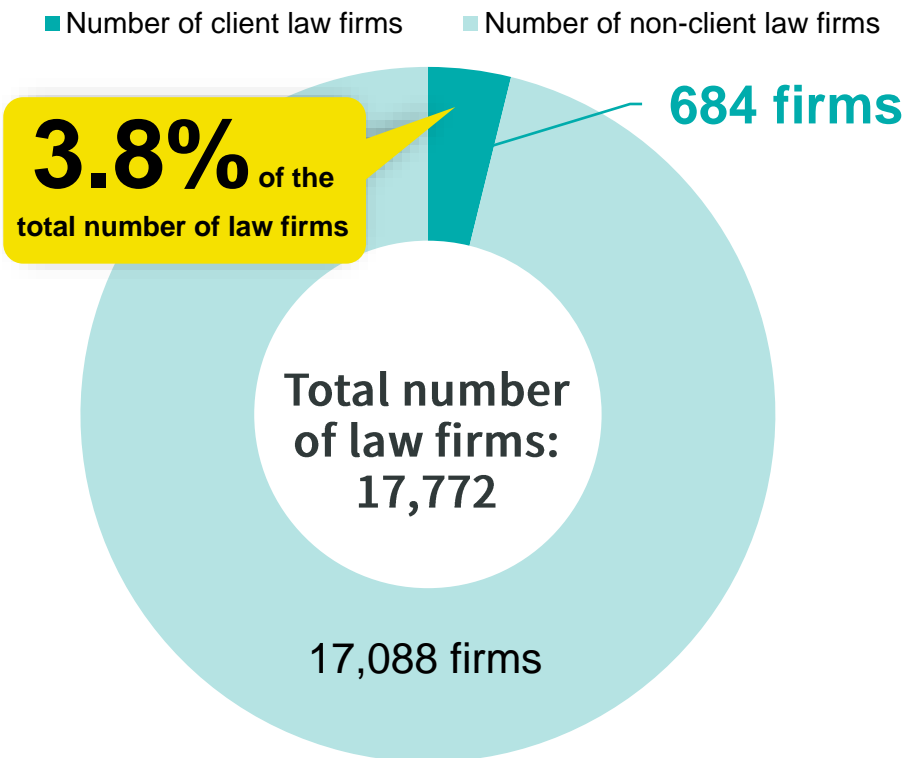
Revenue from Legal Media and Insurance is basically made up of fixed monthly income in a model with increasing recurring revenue. Other Media and Legal HR business adopt a performance-based business model based on the number of inquiries and the number of new employees.



Our customer base and market potential¹

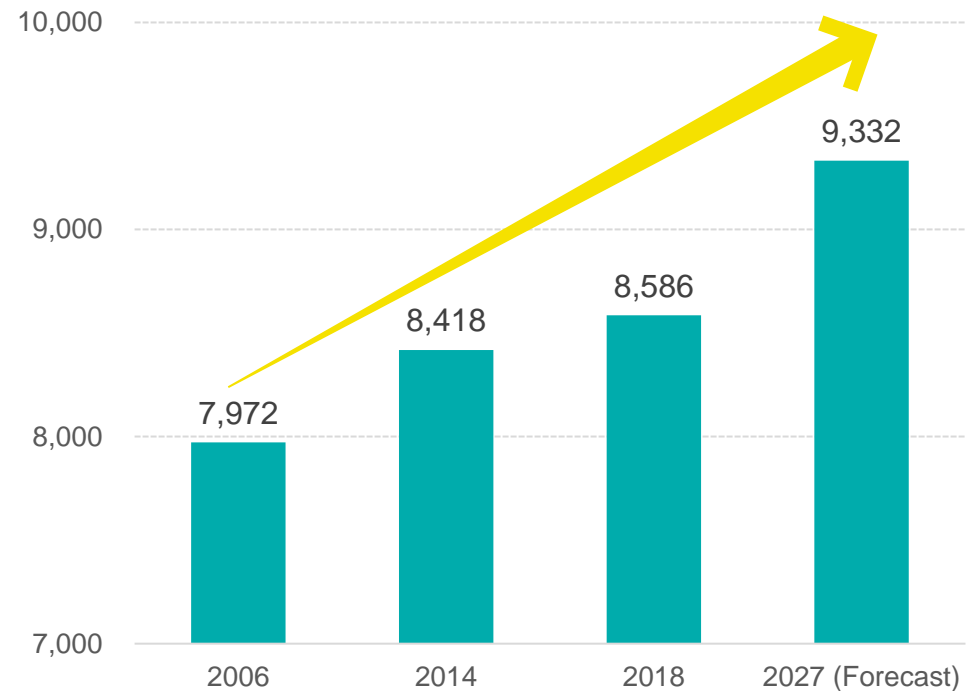
We have almost 700 customers, but that is only about 3.8% of the total number of law firms in Japan, so there is a lot of room for growth. As the market size for attorneys' fees is also expanding making the environment more competitive, we anticipate an increase in advertising investment by law firms.

Our customer base²



Estimated market size for attorneys' fees³

Left axis: Legal fee market size (unit: 100 million yen)



Notes: 1 This calculation is not for the purpose of indicating the objective market size relating to the businesses operated as of June 2022. As shown in the note below, the information is based on external statistical data and published materials, but the actual market size may differ.

2 The number of our customer law firms is the number of customers who had placed paid ads as of the end of April 2022. The total number of law firms is the number of law firms in the Japan Federation of Bar Associations White Paper on Attorneys 2021.

3 The market size from 2006 to 2018 is calculated by multiplying the average income per lawyer for each year by the number of attorneys.

In addition, the market size and average income in 2027 are estimated by applying the forecast value of the number of attorneys in 2027 based on the average income decrease rate with respect to the increase rate in the number of attorneys from 2006 to 2018.

Source: ASIRO Inc., Japan Federation of Bar Associations *White Paper on Attorneys 2018*, *White Paper on Attorneys 2021*.

Section

Financial Results Summary / Understanding of Share Price and Shareholder Returns

Management's Understanding of Share Price and Shareholder Returns

- The Company's corporate philosophy is to "contribute to a better society by making the people involved with the company happier than anyone else," but the share price has been below the initial public offering price since the Company's shares were listed, and management recognizes that this has caused concern for shareholders.
- The fundamental policy on shareholder returns is that, based on the idea that the Company is in the process of growth, increasing internal reserves to conduct investment for early rollout of new businesses, business expansion and improvement of business efficiency in an effort to enhance corporate value will lead to the greatest returns for shareholders.
- Meanwhile, management also recognizes that not all shareholders expect medium- to long-term capital gains, and believes it is necessary to give consideration to shorter term share price. Based on this, the Company announced and implemented the purchase of treasury shares with a total acquisition value of 100 million yen in December last year.
- Dividends are not currently being paid, but they are recognized as being an important means of shareholder returns providing shareholders an incentive for continued ownership and will be considered. Specifically, the Company will consider the formulation of certain criteria on shareholder returns such as the level of the equity ratio, the level of operating profit and the status of achievement of budgets.

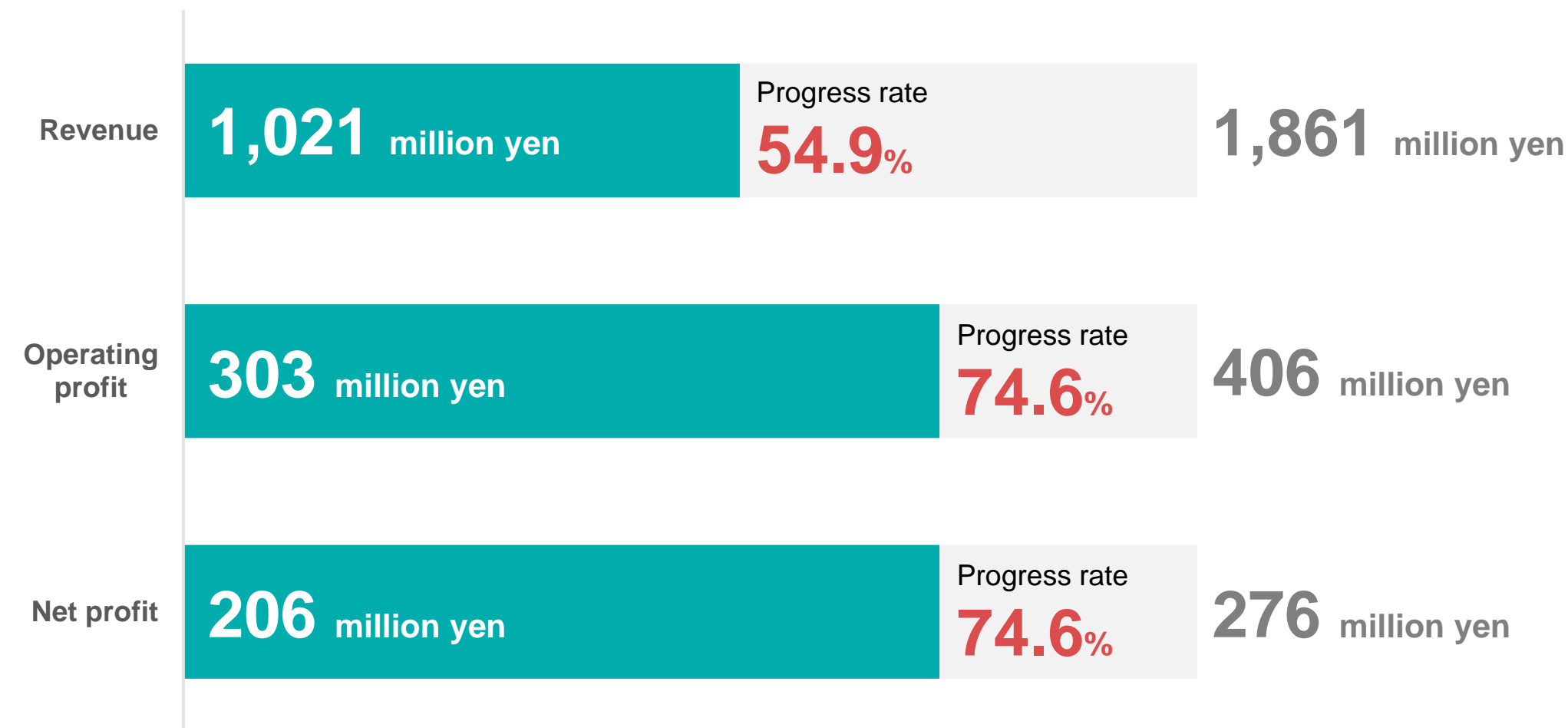
Summary of Results for FY2022 Q2 cumulative (Nov. 2021-Apr. 2022)

FY2022 Q2 cumulative totals	<p>All three businesses grew significantly, with revenue growth reaching the level of almost 40%. Despite “Other” expenses associated with new business investment, the Company posted record revenue and operating profit for the second consecutive quarter.</p> <p>Revenue: 1,021 million yen (38.8% increase YoY) Operating profit: 303 million yen (55.1% increase YoY)</p>
Legal Media	<p>Steady growth continued due to an increase in recurring revenue and the number of ad slots posted.</p> <p>Revenue: 683 million yen (23.6% increase YoY) Operating profit: 298 million yen (12.4% increase YoY)</p>
Other Media	<p>In addition to the recovery of the job market, there was also a positive seasonal effect, resulting in significant increases in both revenue and profit following on from Q1.</p> <p>Revenue: 284 million yen (93.6% increase YoY) Operating profit: 146 million yen (260.1% increase YoY)</p>
Legal HR	<p>Although the amount of denominator is small because it is only the third year for this business area, revenue increased significantly and the business also contributed to profit.</p> <p>Revenue: 54 million yen (49.7% increase YoY) Operating profit: 25 million yen (502.7% increase YoY)</p>
Other	<p>Based on the occurrence of expenses for considering new business and the inclusion of insurance revenue and expenditure in the scope of consolidation from Q3, the “Other” segment has been established from Q2 (insurance revenue and expenditure will also be reported under “Other”).</p> <p>Revenue: 0 million yen (no change YoY) Operating profit: -20 million yen (20 million yen deterioration YoY)</p>
Company- wide	<p>Primarily an increase in outsourcing expenses year on year (mainly affected by financial reporting and IR for listing and an increase in expenses related to the General Meeting of Shareholders).</p> <p>Operating profit: -147 million yen (32 million yen deterioration YoY)</p>

FY2022 Q2 Cumulative Results vs Full-year Targets

As of Q2, operating profit was 300 million yen compared to the target of 190 million yen, indicating a high level of achievement. The initial forecast has been maintained because there is a possibility of strategic investment and Other Media is expected to slow down slightly in the H2 due to the dissipation of seasonal effects and Google algorithm update.

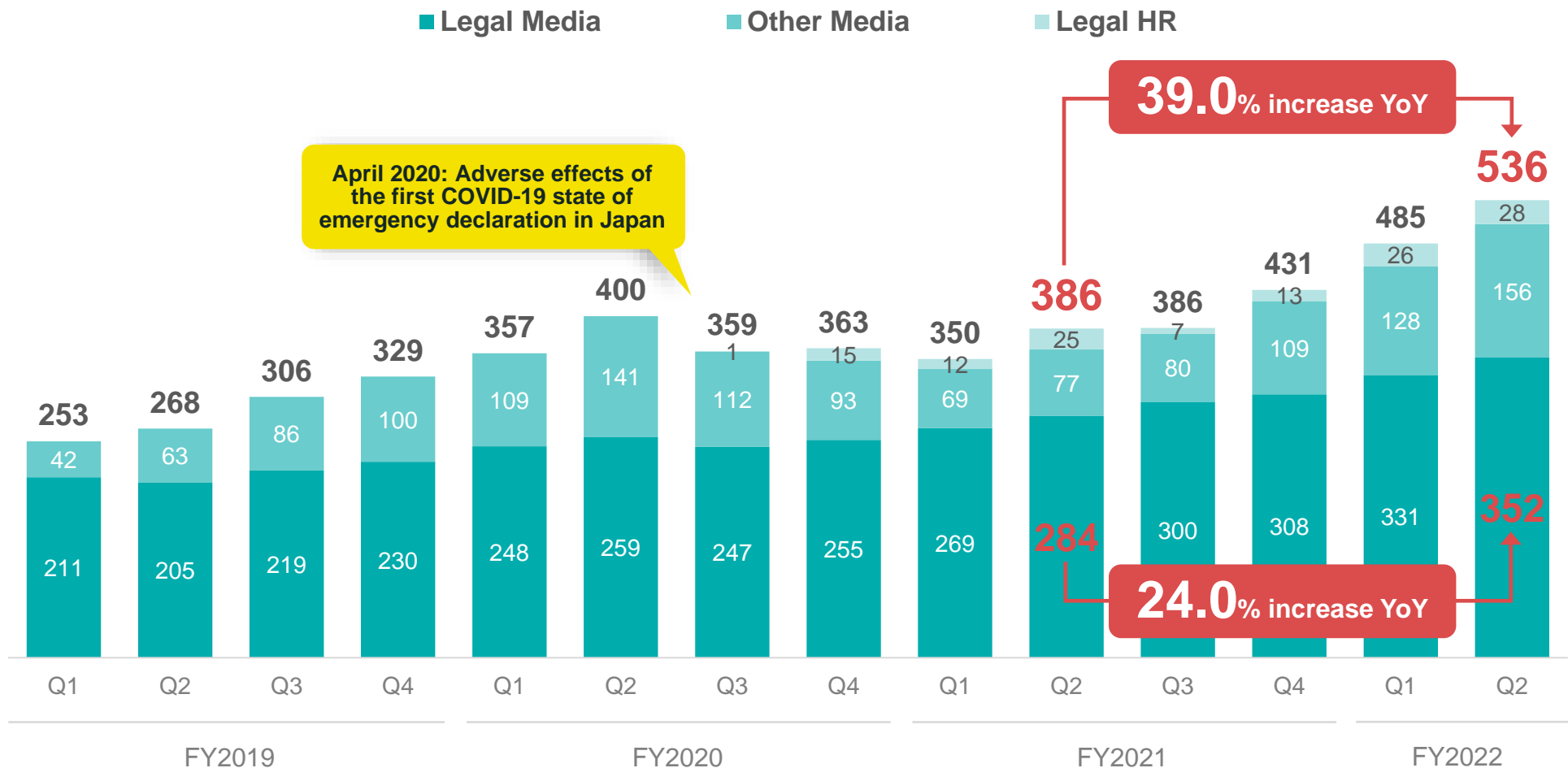
Q2 Results and Full-year Target Progress Rates



Revenue by Business Area (Quarterly Changes)

In addition to sustained growth in Legal Media, Other Media and Legal HR also experienced positive seasonal effects (due to Q2 being a period of active job changes), and the highest quarterly revenue on record was reported for the third consecutive quarter.

Revenue by business area (unit: million yen)

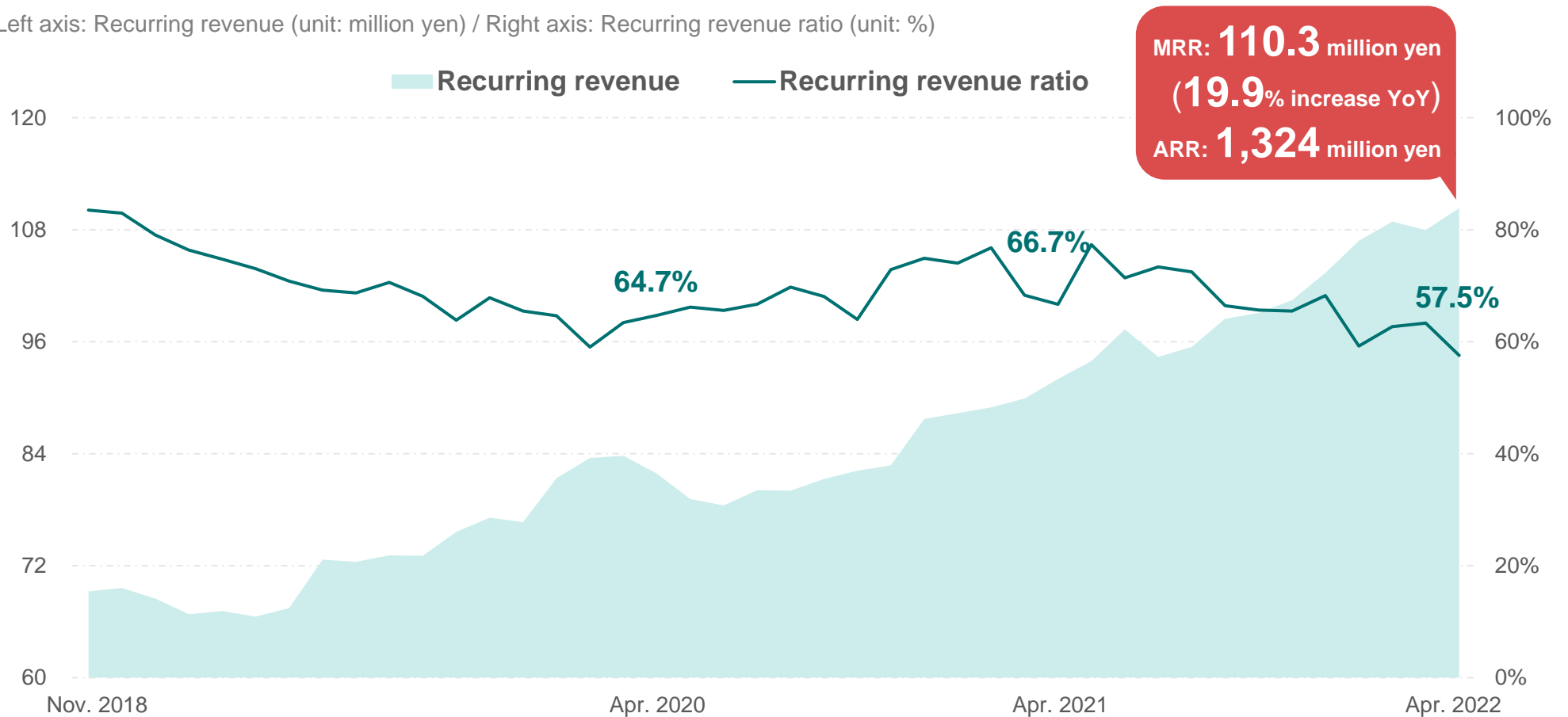


Recurring revenue¹ and Recurring revenue ratio² (Monthly Changes)

MRR for the recurring revenue for April 2021 (fixed monthly fee income for Legal Media) grew steadily with a 19.9% increase YoY. Moreover, recurring revenue accounted for about 60% of total revenue, continuing to create a stable revenue structure.

Recurring Revenue and Recurring Revenue Ratio

Left axis: Recurring revenue (unit: million yen) / Right axis: Recurring revenue ratio (unit: %)



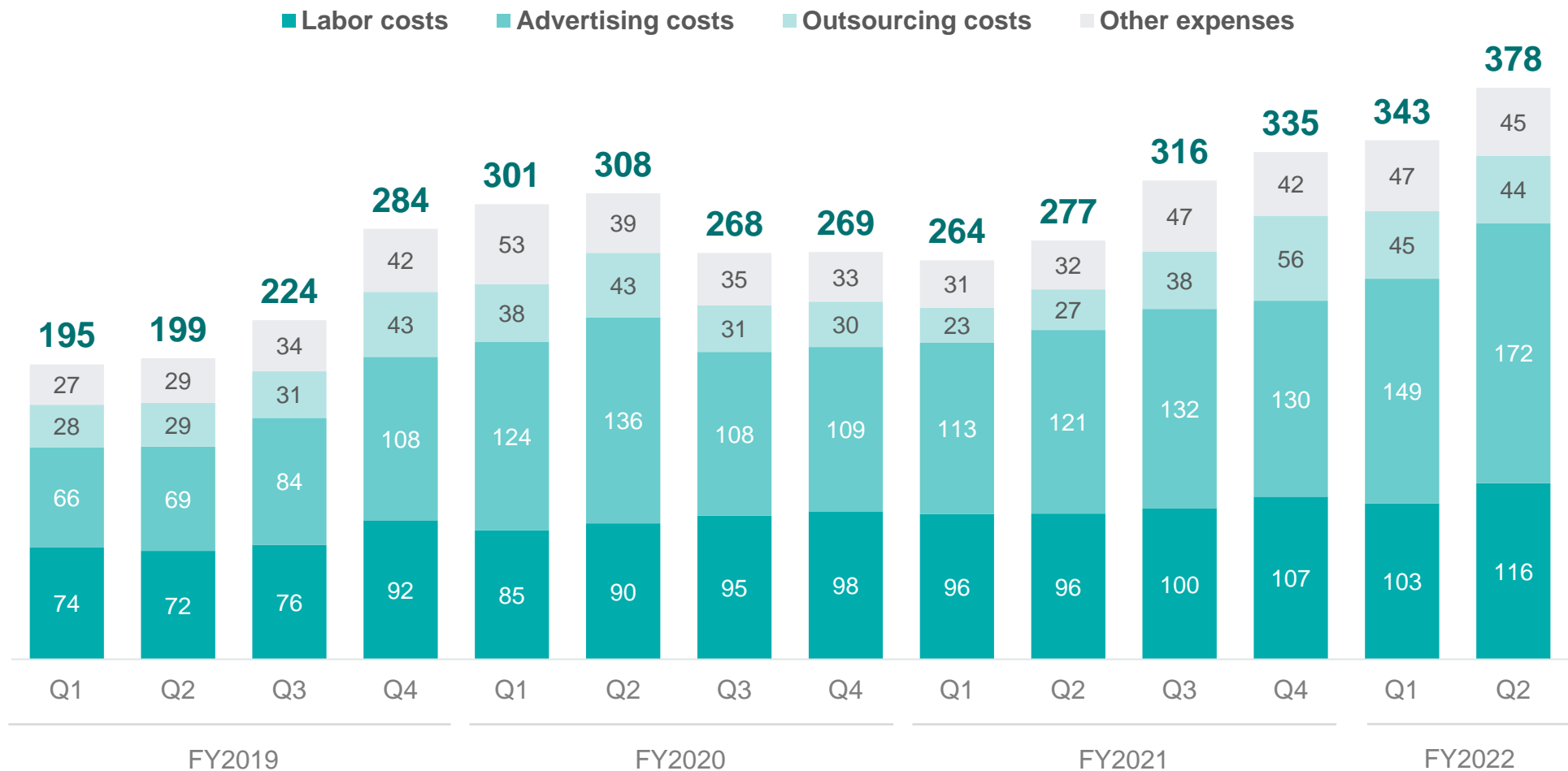
Note 1: Recurring revenue is defined as revenue generated on a fixed monthly basis up to the time of customer contract cancellation. Legal Media posting fee income is added together to calculate recurring revenue.

Note 2: Recurring revenue ratio refers to the ratio of recurring revenue to total revenue.

Cost Structure (Quarterly Changes)

The total amount of expenses increased QoQ due to an increase in advertising costs aimed at growth in revenue and an increase in labor costs due to strengthening the personnel system for business scale expansion.

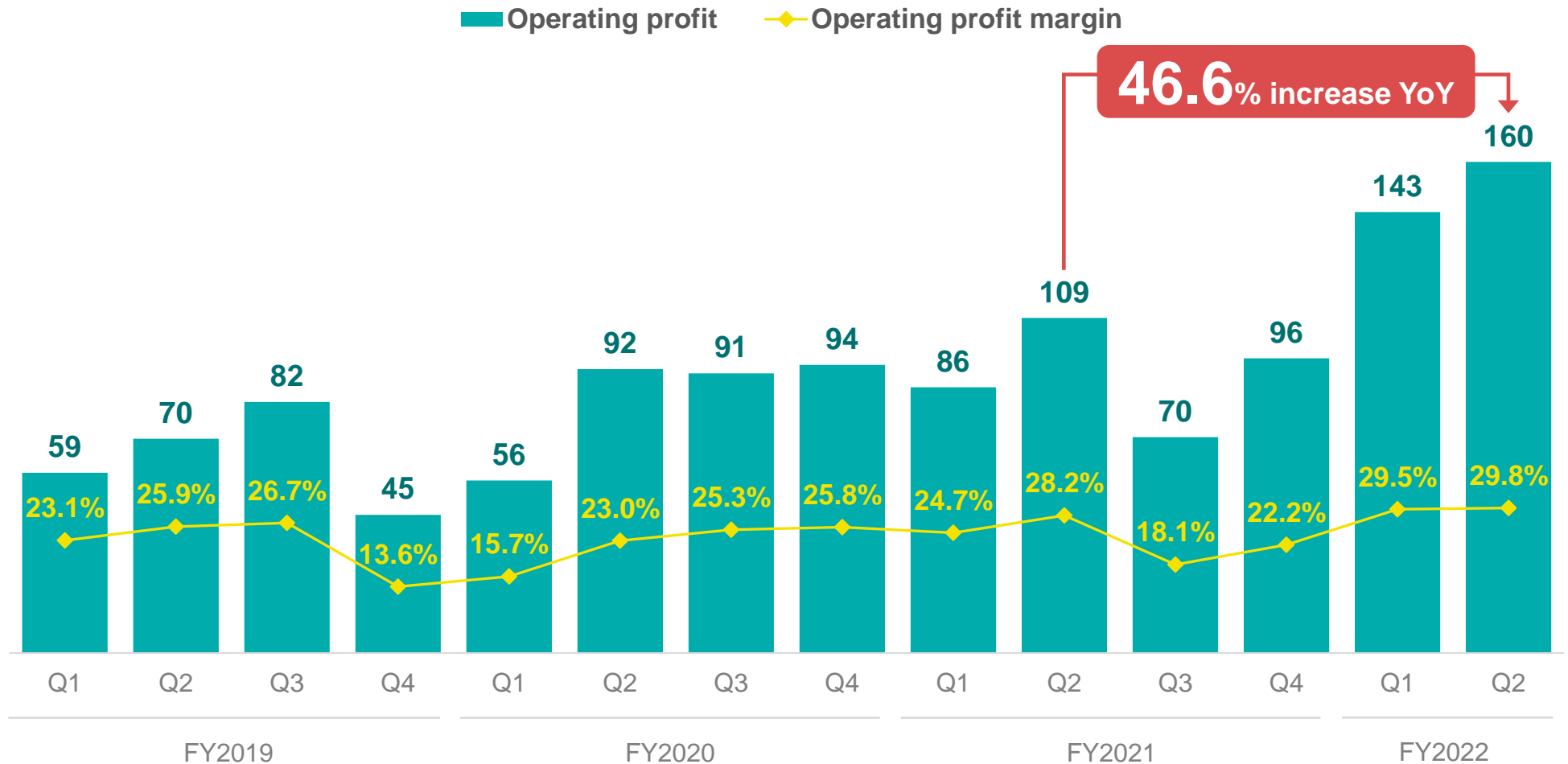
Cost Structure (unit: million yen)



Operating Profit (Quarterly Changes)

Operating profit for Q2 of this fiscal year increased by almost 50% YoY, reaching the highest quarterly profit on record. The operating profit margin was almost the same level as Q1, remaining at a high level.

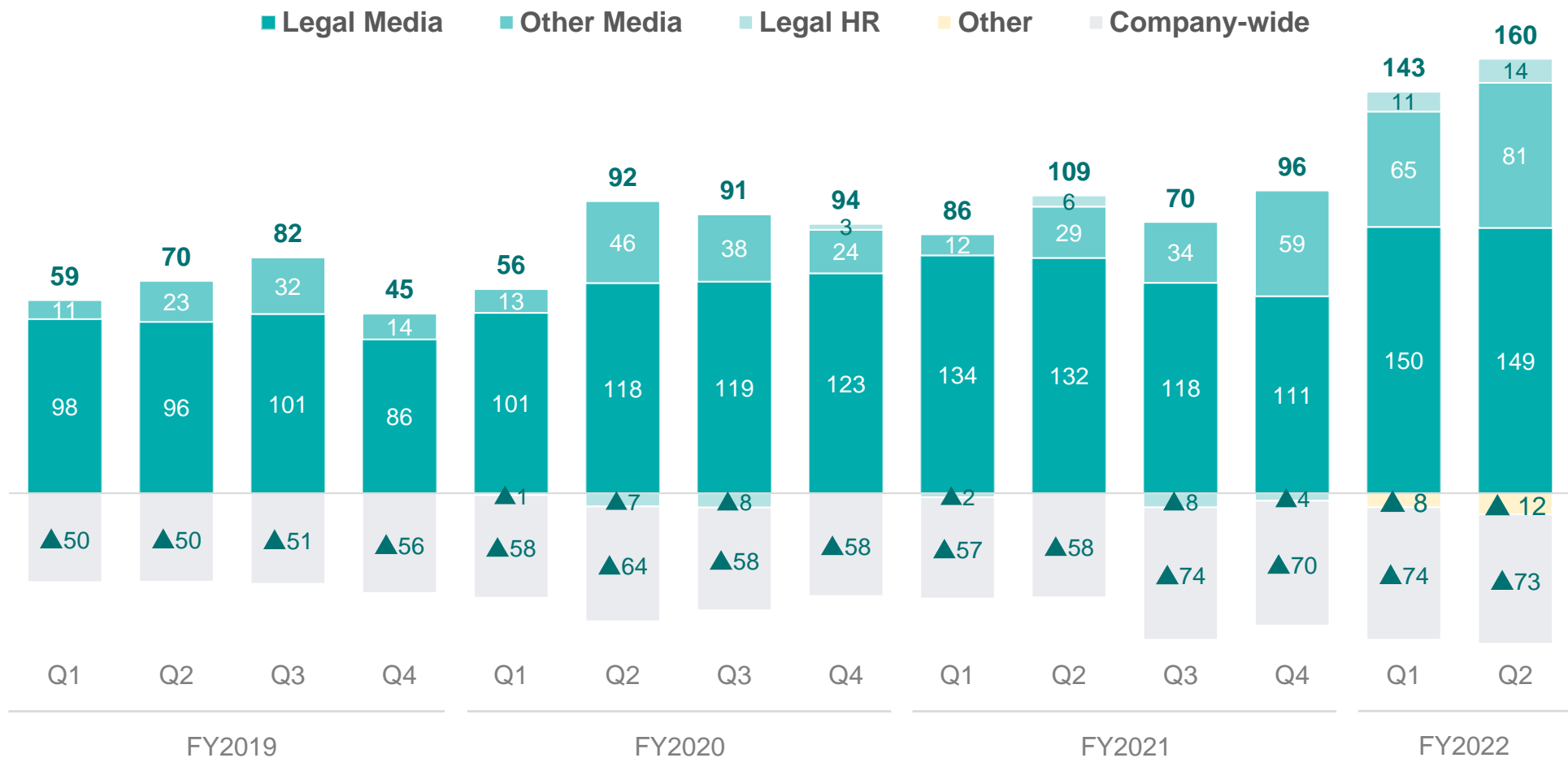
Operating Profit (unit: million yen)



Operating Profit by Business Area (Quarterly Changes)

In addition to generating the highest level of operating profit on record in Legal Media following on from Q1, profit growth in Other Media and Legal HR also contributed, resulting in the overall quarterly profit reaching the highest level on record.

Operating Profit by Business Area (unit: million yen)



Section

Business Highlights

FY2022 Q2 Business Highlights

Legal Media

- Due to steady progress in the acquisition of new business, the number of ad slots posted increased by 21.0% YoY, and the number of customers continued stable growth by 26.0%.
- Progress was made with preparations aimed at the release of the new “BenNavi” brand by this fiscal year.

Other Media

- In addition to the trend of normalization of the economy continuing from Q1 this fiscal year, the seasonality of active movement of personnel (entry into and exit from companies) during February to April, which is covered by Q2, also had a positive effect, resulting in significant growth. (The 2H period may see a slight slowdown due to the dissipation of seasonal effects and the impact of the Google algorithm update)

Legal HR

- As a result of expanding service to other professional and back-office occupations in addition to attorneys, the number of new registrants nearly tripled YoY in 2Q.
- As a result of the above efforts, referrals have been made for other professional and back-office occupations apart from attorneys.
- Preparations are being made with the aim of launching a new business in the HR area this fiscal year.

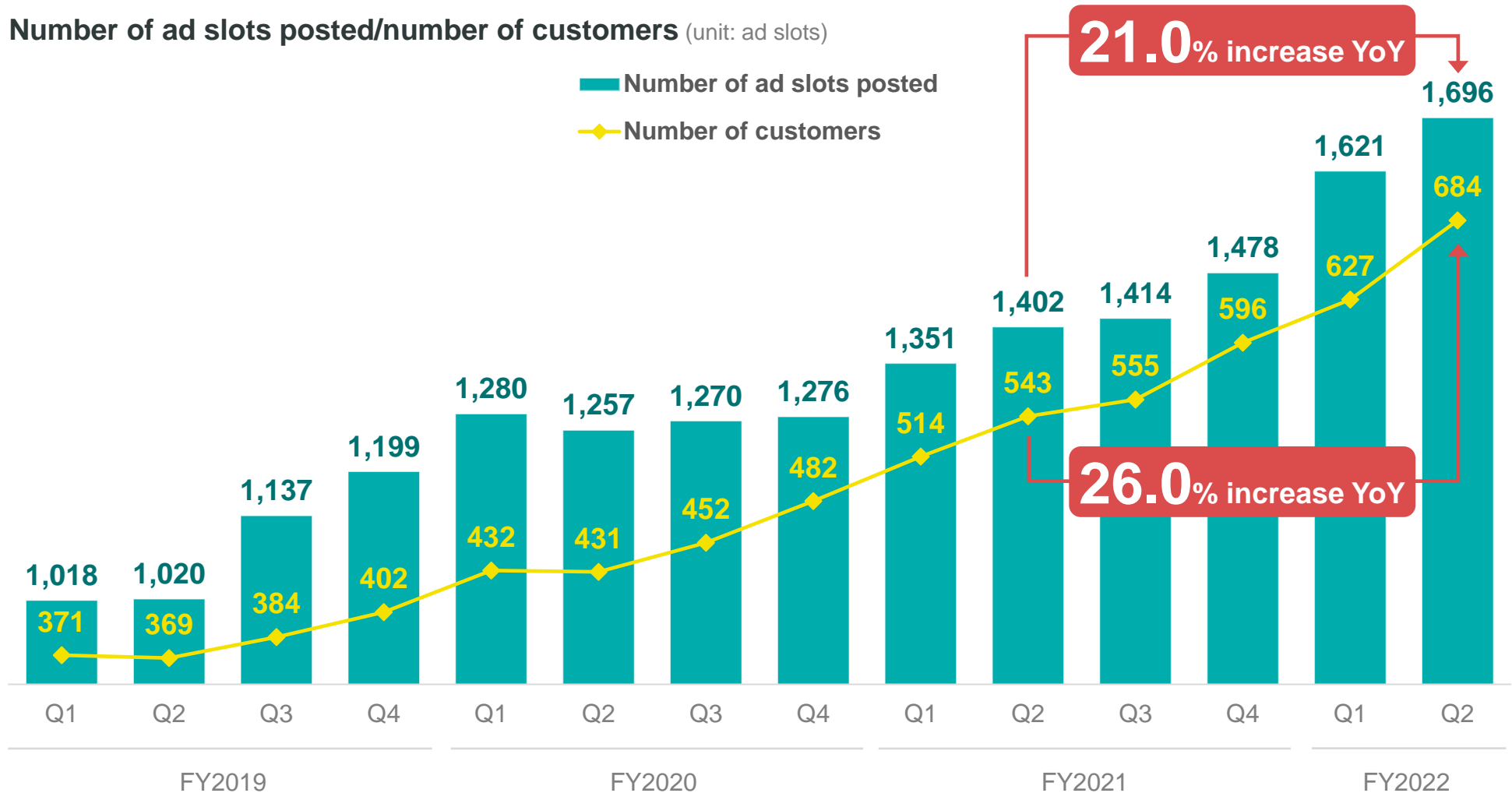
Other

- Conduct new business studies (test marketing)

Legal Media: Number of Ad Slots Posted/Number of Customers¹

The number of ad slots posted as of April 30, 2022 was 1,696, and the number of customers was 684, each growing by over 20% YoY.

Number of ad slots posted/number of customers (unit: ad slots)

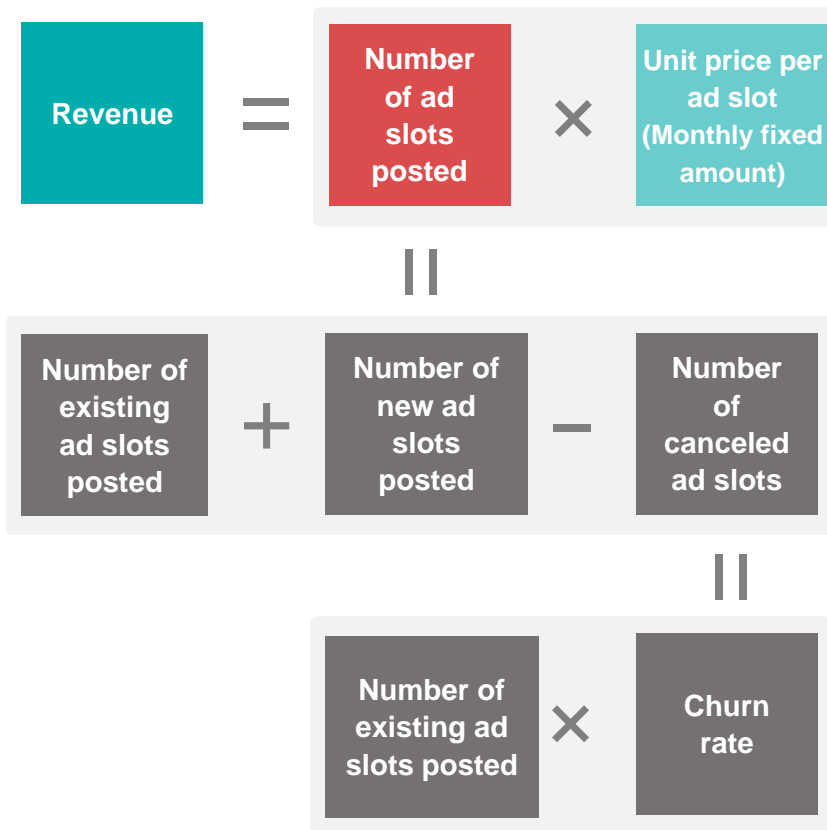


Note 1: The number of ad slots posted at the end of each quarter is shown.

Reference: Revenue Model for Legal Media

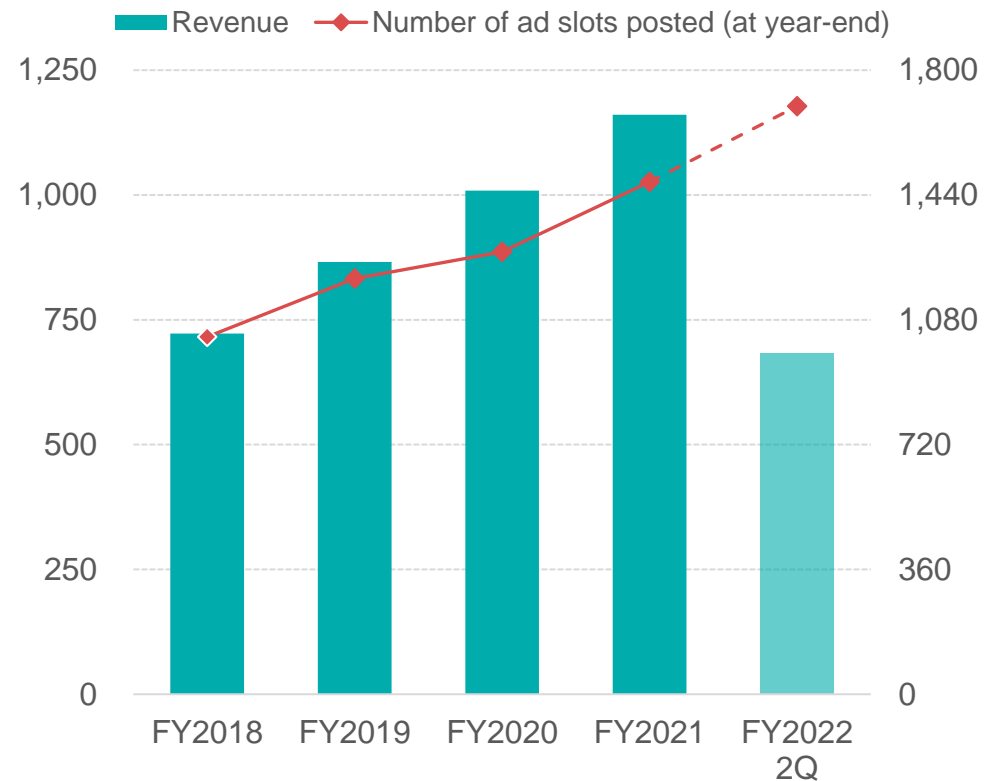
Since the unit price per legal media ad slot is a fixed monthly amount, revenue will increase in proportion to the increase in the number of ad slots posted. The number of ad slots posted has steadily increased even during the COVID-19 pandemic and we expect stable growth going forward.

Revenue Model (Legal Media)



Revenue/Number of Ad Slots Posted¹ (Legal Media)

Left axis: Revenue (million yen) / Right axis: Number of ad slots posted (slots)



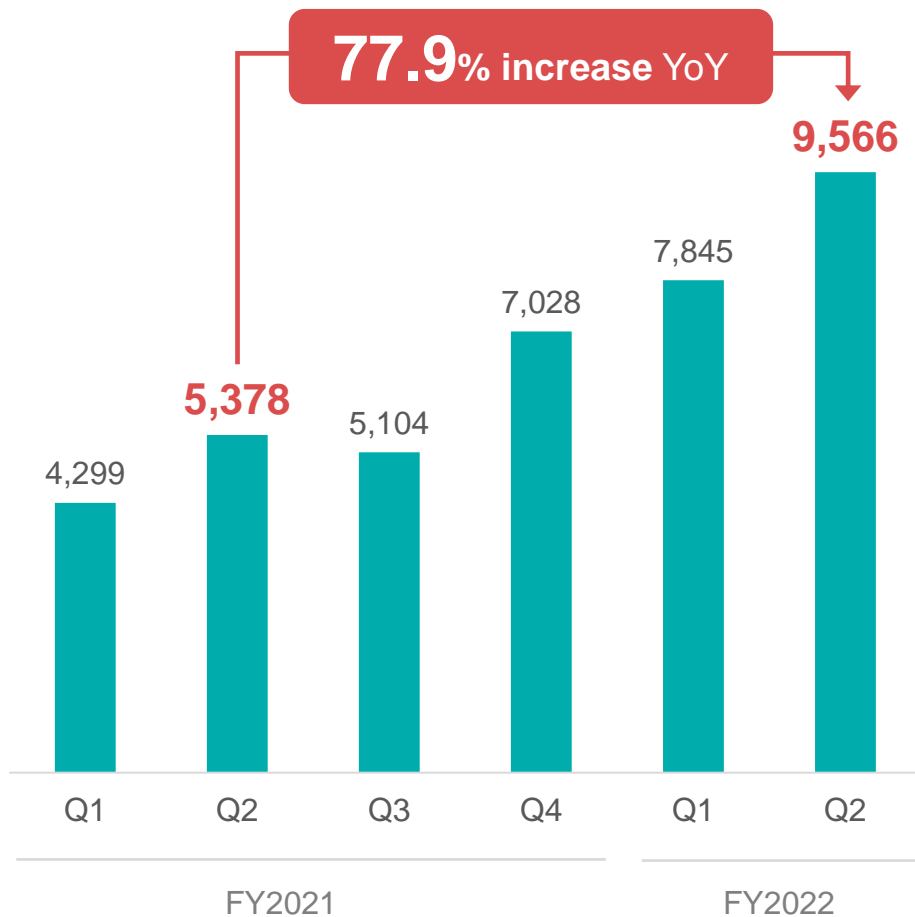
Note: 1 The number of ad slots posted is the total aggregated number of posted paid advertisements, and if the same customer places to multiple paid advertisement slots, those are counted as multiple slots.

Although Legal Media does accept free posts, the number of ad slots posted does not include the number of slots for free posts.

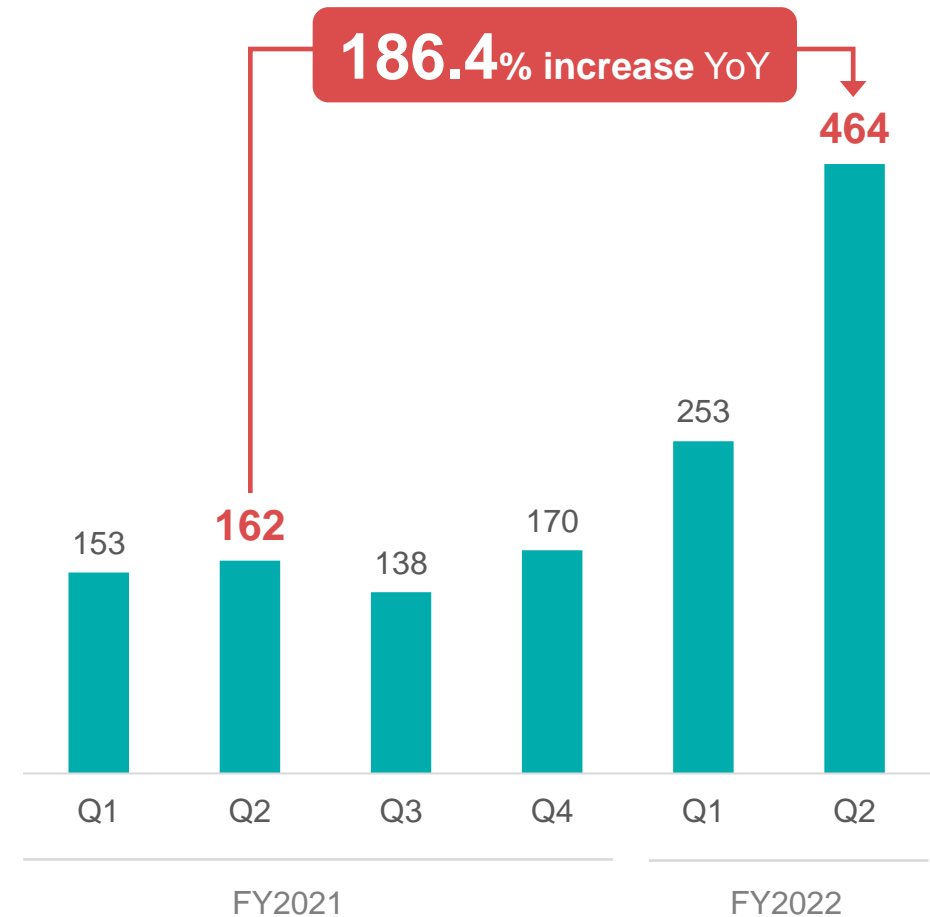
Other Media & Legal HR: Numbers of Inquiries and New Registrants

The number of inquiries, which serves as a KPI for Other Media, increased by 77.9% YoY. Furthermore, as a result of expanding the scope of Legal HR to include other professional and back office occupations in addition to attorneys, the number of new registrants increased significantly by 186.4% YoY.

Other Media: Number of Inquiries (unit: inquiries)



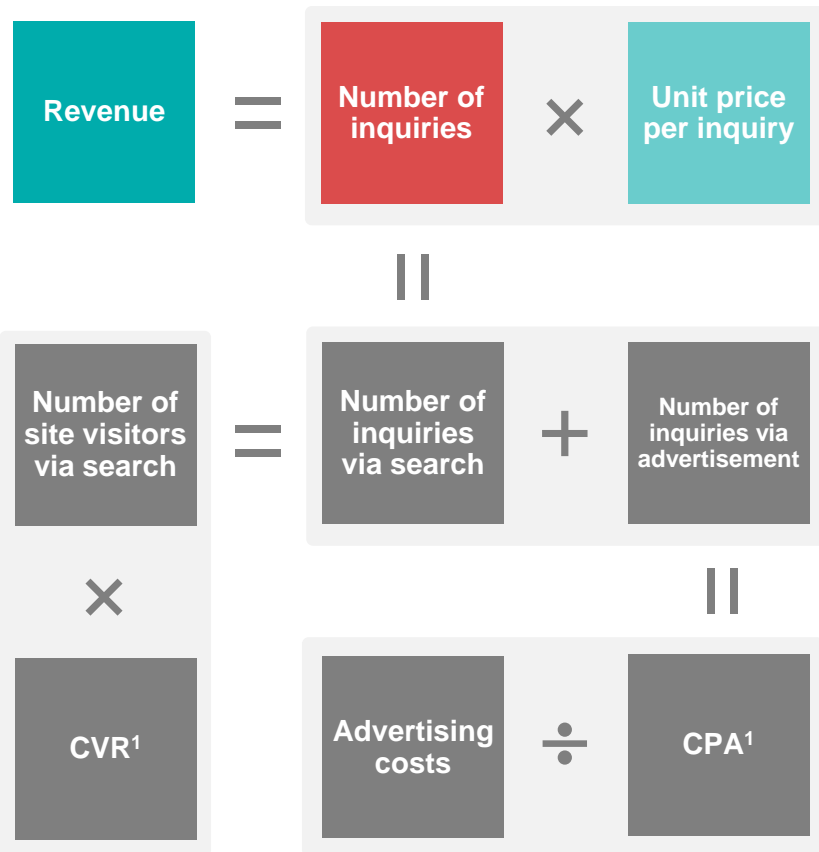
Legal HR: Number of New Registrants (unit: people)



Reference: Revenue Model for Other Media

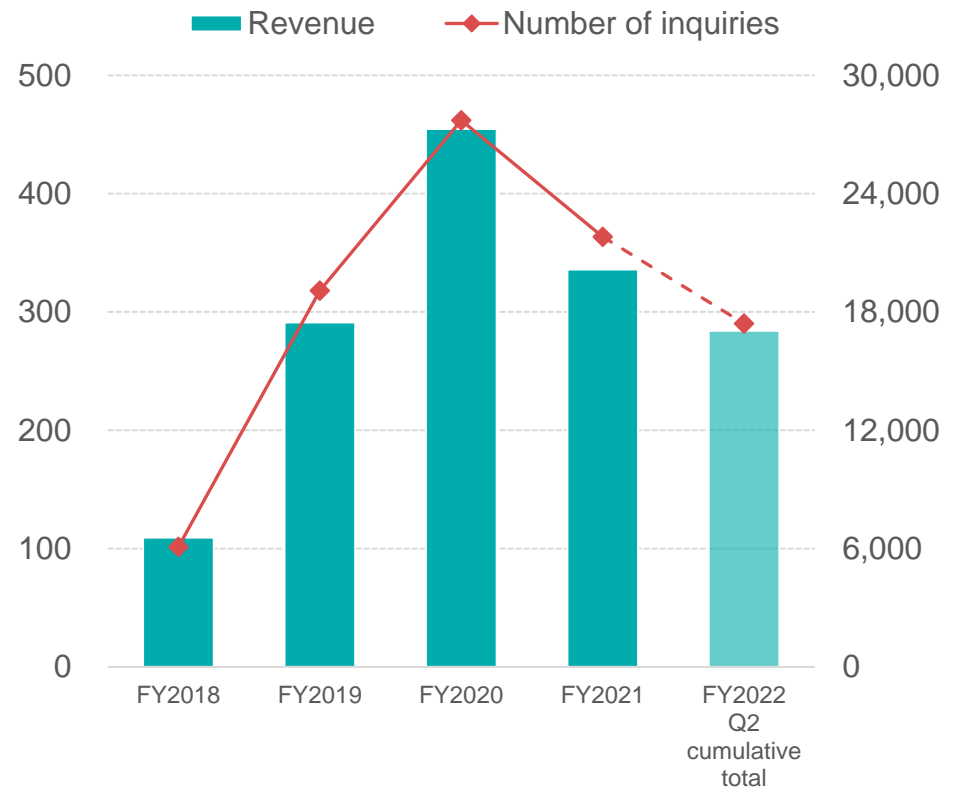
Other Media is a performance-based business based on the number of inquiries. Compared to Legal Media, Other Media is more susceptible to external factors and has been adversely affected by the pandemic. It has been recovering and growing, however, as the economy normalizes.

Revenue Model (Other Media)



Revenue/Number of inquiries² (Other Media)

Left axis: Revenue (million yen) / Right axis: Number of inquiries (cases)

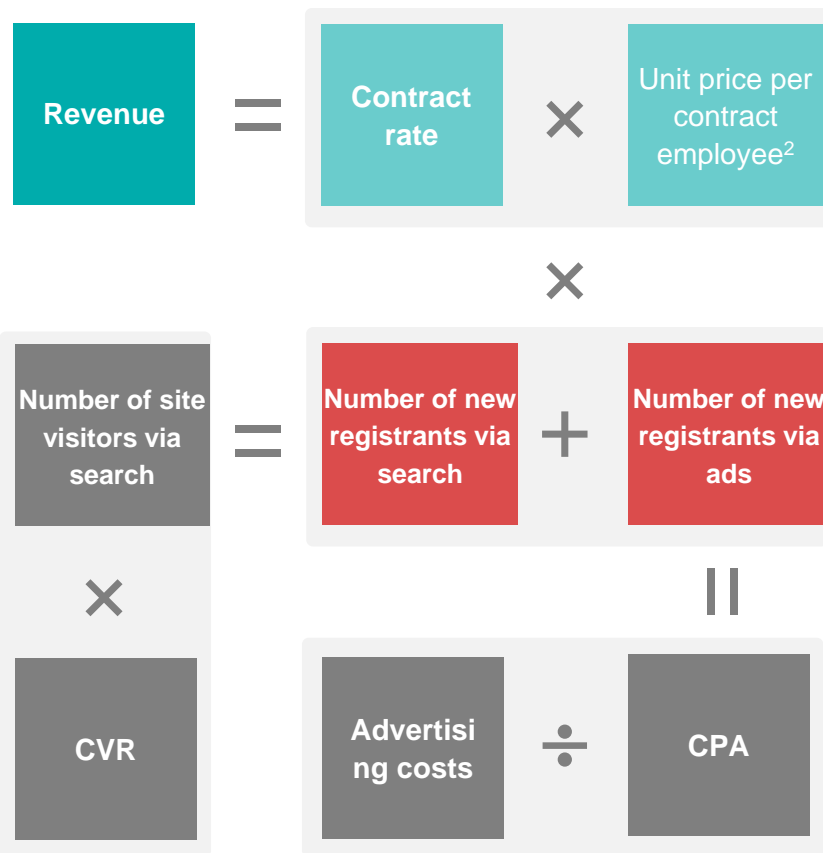


Notes: 1 CVR stands for "conversion rate," which is the number of inquiries divided by the number of site visitors. CPA is an abbreviation for Cost Per Acquisition, which is the inquiries acquisition cost by dividing advertising costs by the number of inquiries.
 2 The total number of inquiries for main sites of Other Media (Carism, Expert Search for Infidelity Investigation, Hotline for Missing Person Search)

Reference: Revenue Model for Legal HR

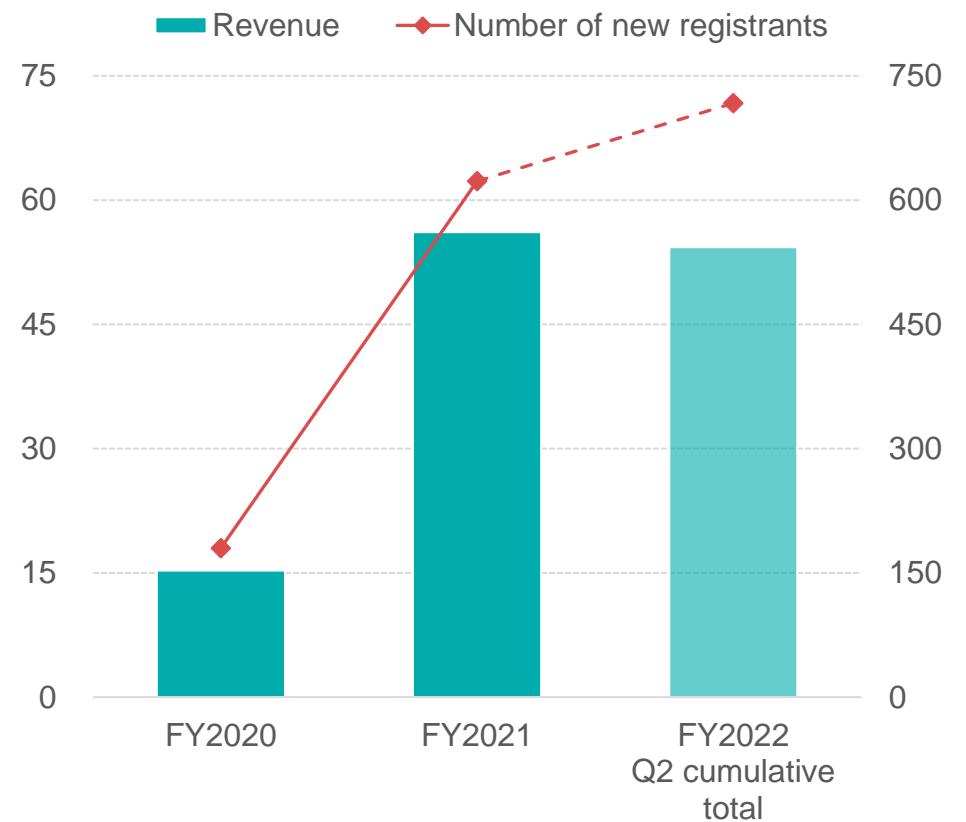
The Legal HR business is a performance-based business based on the number of new hires (number of new registrants¹ x contract rate). In addition to the referral of attorneys to law firms that utilize our customer base, we also refer attorneys to general companies and also as outside officers.

Revenue Model (Legal HR)



Revenue/Number of new registrants (Legal HR)

Left axis: Revenue (million yen) / Right axis: Number of new registrants (people)



Notes: 1 Refers to the number of new registrations for the recruitment service from job seekers.

2 The contract unit price is the amount obtained by multiplying the estimated annual income of the new hires by the referral fee rate.

Section

04 Topics

Release of New Recruiting Site and Corporate Media Site

Strengthening recruiting capability is important for the enhancement of medium- to long-term corporate value, and released the following two sites in Q2 when recruitment of new graduates was in full swing. We will continue to enhance our capability to communicate information such as the characteristics and strengths not represented in financial figures not only to candidates, but also to shareholders and other stakeholders.

New Recruitment Site



Corporate Media Site



Section

05

Appendix

Quarterly Financial Results (P&L)

(unit: million yen)	Q2 FY2022	Q2 FY2021	YoY	Q1 FY2022	QoQ	Q2 FY2022 cumulative total	Q2 FY2021 cumulative total	YoY
	(Feb 2022- Apr 2022)	(Feb 2021- Apr 2021)		(Nov 2021- Jan 2022)		(Nov 2021- Apr 2022)	(Nov 2020- Apr 2021)	
Revenue	536	386	+39.0%	485	+10.5%	1,021	736	+38.8%
Cost of sales	252	181	+39.3%	219	+14.7%	471	352	+33.9%
Gross profit	284	205	+38.8%	266	+7.0%	550	384	+43.3%
<i>Gross profit margin</i>	53.0%	53.1%	-0.1pt	54.8%	-1.7pt	53.9%	52.2%	+1.7pt
Sales, general, and administrative expenses	126	97	+30.3%	124	+2.0%	250	190	+31.5%
Other revenues / expenses	1	1	+90.9%	1	+22.8%	2	1	+109.2%
Operating profit	160	109	+46.6%	143	+11.4%	303	195	+55.1%
<i>Operating profit margin</i>	29.8%	28.2%	+1.5pt	29.5%	+0.2pt	29.6%	26.5%	+3.1pt
Financial revenue / expenses	-1	-2	-34.8%	-1	+20.7%	-2	-4	-46.3%
Profit before taxes	158	107	+48.1%	142	+11.3%	300	191	+57.4%
Tax expenses	50	36	+37.1%	45	+11.8%	95	69	+38.1%
Net profit	108	70	+53.7%	97	+11.1%	206	122	+68.3%
<i>Net profit rate</i>	20.2%	18.3%	+1.9pt	20.1%	+0.1pt	20.1%	16.6%	+3.5pt

Quarterly Financial Results (BS/CF)

	Q2 FY2022	Q1 FY2022	
(unit: million yen)	(Apr 2022)	(Jan 2022)	Change
Current assets	1,854	1,465	+388
Cash and cash equivalents	1,556	1,204	+352
Accounts receivable	283	250	+34
Other	14	11	+2
Non-current assets	1,480	1,279	+201
Property, plant and equipment	17	20	-4
Right-of-use assets	19	27	-8
Goodwill	1,302	1,139	+163
Other	142	92	+49
Total assets	3,333	2,744	+589
Liabilities	981	512	+469
Interest-bearing debt	575	245	+331
Lease liabilities	15	23	-8
Other	390	244	+146
Total equity	2,353	2,232	+120
Total liabilities and equity	3,333	2,744	+589

	Q2 FY2022	Q1 FY2022	
(unit: million yen)	(22/2-22/4)	(21/11-22/1)	Change
Cash flow from operating activities	213	33	+181
Profit before tax	158	142	+16
Depreciation and amortization	15	15	+0
Income tax paid	0	-65	+65
Other	40	-60	+100
Cash flow from investment activities	-183	0	-184
Purchase of property, plant and equipment	-1	-1	-1
Payments for acquisition of subsidiaries	-114	0	-114
Other	-68	1	-69
Cash flow from financing activities	322	-133	+455
Proceeds from issuance of bonds	344	0	+344
Purchase of treasury shares	0	-101	+101
Other	-22	-33	+11
Change in cash and cash equivalents	352	-100	+452
Cash and cash equivalents at period end	1,556	1,204	+352
FCF	30	33	-3



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