

Non-Consolidated Financial Results for the First Quarter Ended June 30, 2022



July 27, 2022

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 12, 2022
 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, 2022 (from April 1, 2022 to June 30, 2022)

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

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First quarter ended June 30, 2022	1,959	27.4	138	-36.1	138	-36.8	90	-34.1
June 30, 2021	1,537	32.5	216	–	218	–	137	–

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
First quarter ended June 30, 2022	4.08		3.98	
June 30, 2021	6.17		6.15	

(2) Financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2022	3,622	2,489	68.7
March 31, 2022	3,812	2,398	62.9

Reference: Equity capital As of June 30, 2022: 2,487 million yen As of March 31, 2022: 2,397 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, 2022	Yen –	Yen 0.00	Yen –	Yen 0.00	Yen 0.00
Fiscal year ending March 31, 2023	–	–	–	–	–
Fiscal year ending March 31, 2023 (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, 2023 (from April 1, 2022 to March 31, 2023)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Fiscal year ending March 31, 2023	8,800	28.0	–	–	–	–	–	–	–

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

In our earnings forecasts for the fiscal year ending March 31, 2023, the Company aims to maintain positive operating profit and has a policy not to disclose concrete forecasts for all profit items from operating profit onwards, from the viewpoint that agile investment judgment responding to rapid changes in the market environment 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 estimates: 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, 2022	22,264,500 shares	As of March 31, 2022	22,264,500 shares
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- b. Number of treasury shares at the end of the period

As of June 30, 2022	101,259 shares	As of March 31, 2022	101,259 shares
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- c. Average number of shares during the period

First quarter ended June 30, 2022	22,163,241 shares	First quarter ended June 30, 2021	22,262,785 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, 2022, (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, 2022

(1) Summary of operating results

During the first quarter under review, the Japanese economy saw a moderate recovery in activities in response to an increase in the vaccination rate and the effect of the government's economic measures amid the prolonged impact of COVID-19. However, future outlook remains uncertain due to a resurgence of the risk of COVID-19 infection caused by variant strains, another steep rise in market prices caused by the outbreak of the Ukrainian crisis, and other factors.

Under the corporate mission "Bringing professionals closer," 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, net sales reached 1,959 million yen, up 27.4% year on year, operating profit amounted to 138 million yen, down 36.1% year on year, ordinary profit was 138 million yen, falling 36.8% year on year, and profit came to 90 million yen, dropping 34.1% 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 increased 3.5% year on year, to 12.44 million in June 2022. The number of registered lawyers as of the end of the first quarter under review rose 4.1% year on year, to 22,703, of which the number of lawyers with paid member subscriptions to the lawyer support service stood at 5,152 (an increase of 0.2% year on year). Meanwhile, the number of paid subscribers to bengo4.com paid services grew 14.7% year on year, to 182,569.

As a result, net sales and segment profit increased 7.8% and 22.0% year on year, to 977 million yen and 410 million yen, respectively, in the first quarter 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 48.3% year on year, to 1,350,849 in the first quarter under review.

As a result, net sales increased 55.7%, to 981 million yen, and segment loss came to 11 million yen (as opposed to a segment profit of 90 million yen in the same period of the previous year) in the first quarter under review.

(2) Summary of financial position

Total assets at the end of the first quarter under review stood at 3,622 million yen, a decrease of 189 million yen from the end of the previous fiscal year. This mainly reflected decreases in cash and deposits and software, 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 2,697 million yen, down 199 million yen from the end of the previous fiscal year. The main changes were decreases of 260 million yen in cash and deposits and 18 million yen in accounts receivable, and an increase of 79 million yen in prepaid expenses.

(Non-current assets)

Non-current assets at the end of the first quarter under review climbed 10 million yen from the end of the previous fiscal year, to 924 million yen. The main changes were an increase of 85 million yen in software in progress, and decreases of 53 million yen in software and 26 million yen in deferred tax assets.

(Current liabilities)

Current liabilities at the end of the first quarter under review decreased 280 million yen from the end of the previous fiscal year, to 1,133 million yen. This was chiefly attributable to decreases of 438 million yen in income taxes payable and 91 million yen in accrued consumption taxes, and an increase of 233 million yen in accounts payable - other.

(Net assets)

Net assets at the end of the first quarter under review stood at 2,489 million yen, rising 90 million yen from the end of the previous fiscal year. This mainly reflects an increase of 90 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, 2023 announced on May 13, 2022.

2. Quarterly Financial Statements and Key Notes

(1) Quarterly balance sheet

(Thousand yen)

	Previous fiscal year (As of March 31, 2022)	First quarter under review (As of June 30, 2022)
Assets		
Current assets		
Cash and deposits	1,676,476	1,416,099
Accounts receivable	1,015,467	996,735
Supplies	1,569	1,236
Prepaid expenses	214,275	294,083
Accounts receivable - other	9,484	5,774
Other	8,740	11,632
Allowance for doubtful accounts	-28,643	-27,898
Total current assets	2,897,370	2,697,662
Non-current assets		
Property, plant and equipment		
Buildings, net	47,105	45,949
Tools, furniture and fixtures, net	25,214	27,807
Total property, plant and equipment	72,319	73,757
Intangible assets		
Software	465,752	412,231
Software in progress	103,514	188,658
Patent right	908	1,756
Trademark right	2,069	2,218
Total intangible assets	572,245	604,864
Investments and other assets		
Investment securities	3,874	2,992
Shares of subsidiaries and associates	49,000	49,000
Distressed receivables	9,203	15,630
Leasehold and guarantee deposits	110,836	109,944
Long-term prepaid expenses	9,604	13,942
Deferred tax assets	96,961	70,409
Allowance for doubtful accounts	-9,203	-15,630
Total investments and other assets	270,276	246,289
Total non-current assets	914,841	924,911
Total assets	3,812,211	3,622,573

(Thousand yen)

	Previous fiscal year (As of March 31, 2022)	First quarter under review (As of June 30, 2022)
Liabilities		
Current liabilities		
Accounts payable - other	486,369	720,136
Accrued expenses	69,362	45,816
Income taxes payable	466,907	28,379
Accrued consumption taxes	172,079	80,110
Advances received	151,559	197,000
Deposits received	67,090	61,785
Total current liabilities	1,413,368	1,133,229
Total liabilities	1,413,368	1,133,229
Net assets		
Shareholders' equity		
Share capital	439,667	439,667
Capital surplus	405,361	405,361
Retained earnings	2,052,774	2,143,275
Treasury shares	-500,428	-500,428
Total shareholders' equity	2,397,374	2,487,874
Share acquisition rights	1,469	1,469
Total net assets	2,398,843	2,489,344
Total liabilities and net assets	3,812,211	3,622,573

(2) Quarterly statement of income

First three-month period

(Thousand yen)

	Previous first quarter (from April 1, 2021 to June 30, 2021)	First quarter under review (from April 1, 2022 to June 30, 2022)
Net sales	1,537,743	1,959,443
Cost of sales	245,972	311,173
Gross profit	1,291,770	1,648,269
Selling, general and administrative expenses	1,075,641	1,510,163
Operating profit	216,129	138,105
Non-operating income		
Interest income	33	—
Subsidy income	1,530	—
Proceeds from miscellaneous income	920	183
Total non-operating income	2,484	183
Non-operating expenses		
Miscellaneous losses	0	59
Total non-operating expenses	0	59
Ordinary profit	218,613	138,230
Extraordinary losses		
Loss on valuation of investment securities	—	882
Total extraordinary losses	—	882
Profit before income taxes	218,613	137,348
Income taxes - current	76,874	20,295
Income taxes - deferred	4,329	26,552
Total income taxes	81,203	46,847
Profit	137,410	90,500

(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, 2021 (April 1, 2021 to June 30, 2021)

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

	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	907,380	630,363	1,537,743	—	1,537,743
Inter-segment sales or transfers	—	—	—	—	—
Total	907,380	630,363	1,537,743	—	1,537,743
Segment profit (loss)	336,162	90,887	427,049	-210,920	216,129

(Notes) 1. The adjustment for segment profit of negative 210,920 thousand yen includes corporate expenses in the amount of negative 210,920 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.

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

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

	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.