



# Non-Consolidated Financial Results for the Second Quarter Ended September 30, 2022

October 26, 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: November 14, 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 second quarter ended September 30, 2022 (from April 1, 2022 to September 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	%
Second quarter ended September 30, 2022	4,045	27.2	371	-18.1	377	-17.9	232	-18.2
September 30, 2021	3,179	30.6	453	318.4	459	320.8	284	322.9

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Second quarter ended September 30, 2022	10.51	10.23
September 30, 2021	12.79	12.75

### (2) Financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2022	3,694	2,664	71.9
March 31, 2022	3,812	2,398	62.9

Reference: Equity capital

As of September 30, 2022: 2,657 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
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2022	–	0.00	–	0.00	0.00
Fiscal year ending March 31, 2023	–	0.00	–	–	–
Fiscal year ending March 31, 2023 (Forecast)	–	–	–	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 September 30, 2022	22,302,500 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 September 30, 2022	101,289 shares	As of March 31, 2022	101,259 shares
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- c. Average number of shares during the period

Second quarter ended September 30, 2022	22,168,912 shares	Second quarter ended September 30, 2021	22,262,912 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 Second Quarter Ended September 30, 2022, (3) Explanation regarding earnings forecasts and other forward-looking statements" on page 3 of the supplementary materials.

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## 1. Qualitative Information on Financial Results for the Second Quarter Ended September 30, 2022

### (1) Summary of operating results

During the second 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, the future outlook remains uncertain given 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 crisis in Ukraine, the rapid depreciation of the yen, a rise in concerns over inflation, 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 4,045 million yen, up 27.2% year on year, operating profit amounted to 371 million yen, down 18.1% year on year, ordinary profit was 377 million yen, falling 17.9% year on year, and profit came to 232 million yen, dropping 18.2% 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 23.6% year on year, to 14.10 million in September 2022. The number of registered lawyers as of the end of the second quarter under review rose 4.5% year on year, to 22,904, of which the number of lawyers with paid member subscriptions to the lawyer support service stood at 5,181 (an increase of 0.8% year on year). Meanwhile, the number of paid subscribers to bengo4.com paid services grew 12.0% year on year, to 187,785.

As a result, net sales and segment profit increased 7.6% and 13.8% year on year, to 1,974 million yen and 803 million yen, respectively, in the second 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 42.5% year on year, to 1,428,669 in the second quarter under review.

As a result, net sales and segment profit increased 54.1% and 48.0% year on year, to 2,070 million yen and 90 million yen, respectively, in the second quarter under review.

### (2) Summary of financial position

Total assets at the end of the second quarter under review stood at 3,694 million yen, a decrease of 117 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 second quarter under review stood at 2,709 million yen, down 187 million yen from the end of the previous fiscal year. The main changes were decreases of 342 million yen in cash and deposits, an increase of 73 million yen in accounts receivable, and an increase of 83 million yen in prepaid expenses.

#### (Non-current assets)

Non-current assets at the end of the second quarter under review climbed 70 million yen from the end of the previous fiscal year, to 984 million yen. The main changes were an increase of 165 million yen in software in progress, and decreases of 88 million yen in software and 10 million yen in deferred tax assets.

#### (Current liabilities)

Current liabilities at the end of the second quarter under review decreased 383 million yen from the end of the previous fiscal year, to 1,029 million yen. This was chiefly attributable to decreases of 317 million yen in income taxes payable and 119 million yen in accrued consumption taxes, and an increase of 45 million yen in advances received.

#### (Net assets)

Net assets at the end of the second quarter under review stood at 2,664 million yen, rising 266 million yen from the end of the previous fiscal year. This mainly reflects an increase of 232 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)	Second quarter under review (As of September 30, 2022)
<b>Assets</b>		
Current assets		
Cash and deposits	1,676,476	1,333,639
Accounts receivable	1,015,467	1,088,807
Supplies	1,569	1,274
Prepaid expenses	214,275	297,962
Accounts receivable - other	9,484	6,603
Other	8,740	14,285
Allowance for doubtful accounts	-28,643	-32,708
Total current assets	2,897,370	2,709,864
Non-current assets		
Property, plant and equipment		
Buildings, net	47,105	44,794
Tools, furniture and fixtures, net	25,214	29,010
Total property, plant and equipment	72,319	73,804
Intangible assets		
Software	465,752	377,198
Software in progress	103,514	268,668
Patent right	908	1,697
Trademark right	2,069	3,476
Total intangible assets	572,245	651,040
Investments and other assets		
Investment securities	3,874	689
Shares of subsidiaries and associates	49,000	49,000
Distressed receivables	9,203	12,371
Leasehold and guarantee deposits	110,836	108,974
Long-term prepaid expenses	9,604	15,340
Deferred tax assets	96,961	86,000
Allowance for doubtful accounts	-9,203	-12,371
Total investments and other assets	270,276	260,004
Total non-current assets	914,841	984,850
Total assets	3,812,211	3,694,714

(Thousand yen)

	Previous fiscal year (As of March 31, 2022)	Second quarter under review (As of September 30, 2022)
<b>Liabilities</b>		
Current liabilities		
Accounts payable - other	486,369	510,959
Accrued expenses	69,362	54,520
Income taxes payable	466,907	149,406
Accrued consumption taxes	172,079	52,845
Advances received	151,559	196,691
Deposits received	67,090	65,305
Total current liabilities	1,413,368	1,029,728
Total liabilities	1,413,368	1,029,728
<b>Net assets</b>		
Shareholders' equity		
Share capital	439,667	453,154
Capital surplus	405,361	418,848
Retained earnings	2,052,774	2,285,748
Treasury shares	-500,428	-500,556
Total shareholders' equity	2,397,374	2,657,194
Share acquisition rights	1,469	7,791
Total net assets	2,398,843	2,664,986
Total liabilities and net assets	3,812,211	3,694,714

## (2) Quarterly statement of income

First six-month period

(Thousand yen)

	Previous second quarter (from April 1, 2021 to September 30, 2021)	Second quarter under review (from April 1, 2022 to September 30, 2022)
Net sales	3,179,254	4,045,582
Cost of sales	508,459	649,055
Gross profit	2,670,795	3,396,527
Selling, general and administrative expenses	2,217,655	3,025,185
Operating profit	453,139	371,341
Non-operating income		
Interest income	50	6
Commission income	3,611	5,909
Subsidy income	1,680	—
Proceeds from miscellaneous income	1,020	184
Total non-operating income	6,362	6,100
Non-operating expenses		
Miscellaneous losses	20	59
Total non-operating expenses	20	59
Ordinary profit	459,481	377,382
Extraordinary losses		
Loss on retirement of non-current assets	0	—
Loss on valuation of investment securities	—	3,185
Total extraordinary losses	0	3,185
Profit before income taxes	459,481	374,197
Income taxes - current	180,752	130,261
Income taxes - deferred	-5,995	10,960
Total income taxes	174,756	141,222
Profit	284,725	232,974



## (3) Quarterly statement of cash flows

(Thousand yen)

	Previous second quarter (from April 1, 2021 to September 30, 2021)	Second quarter under review (from April 1, 2022 to September 30, 2022)
<b>Cash flows from operating activities</b>		
Profit before income taxes	459,481	374,197
Depreciation	102,950	129,345
Share-based payment expenses	—	6,333
Increase (decrease) in allowance for doubtful accounts	3,401	7,232
Interest and dividend income	-50	-6
Subsidy income	-1,680	—
Loss on retirement of non-current assets	0	—
Loss (gain) on valuation of investment securities	—	3,185
Decrease (increase) in trade receivables	-87,954	-73,340
Decrease (increase) in inventories	-54	295
Decrease (increase) in prepaid expenses	-11,628	-83,687
Increase (decrease) in accounts payable - other	-186,591	27,068
Increase (decrease) in accrued expenses	-5,407	-14,841
Increase (decrease) in accrued consumption taxes	5,233	-119,233
Increase (decrease) in advances received	9,350	45,132
Other, net	16,716	-21,531
Subtotal	303,766	280,149
Interest and dividends received	50	6
Subsidies received	1,680	—
Income taxes paid	-13,088	-437,801
Net cash provided by (used in) operating activities	292,408	-157,644
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	-25,871	-6,916
Purchase of intangible assets	-198,140	-205,189
Payments of leasehold deposits	-44,739	—
Proceeds from refund of leasehold deposits	6,393	79
Net cash provided by (used in) investing activities	-262,358	-212,026
<b>Cash flows from financing activities</b>		
Proceeds from exercise of employee share options	117	26,904
Proceeds from issuance of share acquisition rights	—	58
Purchase of treasury shares	-280	-127
Net cash provided by (used in) financing activities	-163	26,834
Net increase (decrease) in cash and cash equivalents	29,887	-342,837
Cash and cash equivalents at beginning of period	1,457,980	1,676,476
Cash and cash equivalents at end of period	1,487,867	1,333,639

(4) 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. Six months ended September 30, 2021 (April 1, 2021 to September 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	1,835,102	1,344,152	3,179,254	—	3,179,254
Inter-segment sales or transfers	—	—	—	—	—
Total	1,835,102	1,344,152	3,179,254	—	3,179,254
Segment profit	706,569	173,987	880,557	-427,417	453,139

(Notes) 1. The adjustment for segment profit of negative 427,417 thousand yen includes corporate expenses in the amount of negative 427,417 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. Six months ended September 30, 2022 (April 1, 2022 to September 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	1,974,654	2,070,928	4,045,582	—	4,045,582
Inter-segment sales or transfers	—	—	—	—	—
Total	1,974,654	2,070,928	4,045,582	—	4,045,582
Segment profit	803,747	90,393	894,140	-522,798	371,341

(Notes) 1. The adjustment for segment profit of negative 522,798 thousand yen includes corporate expenses in the amount of negative 522,798 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.