



Non-Consolidated Financial Results for the Third Quarter Ended December 31, 2022

January 25, 2023

Name of Listed Company: Bengo4.com, Inc.

Listed Stock Exchange: Tokyo Stock Exchange

Securities Code: 6027

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

Representative: Taichiro Motoe, Representative Director and President

Contact: Masaaki Sawada, Director

TEL: +81-3-5549-2555

Scheduled date to submit quarterly report: February 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 third quarter ended December 31, 2022 (from April 1, 2022 to December 31, 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	%
Third quarter ended								
December 31, 2022	6,263	25.3	694	-16.7	700	-16.6	430	-17.3
December 31, 2021	5,000	31.4	833	274.4	839	271.9	520	367.5

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Third quarter ended		
December 31, 2022	19.41	18.92
December 31, 2021	23.37	23.31

(2) Financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of			
December 31, 2022	3,775	2,871	75.6
March 31, 2022	3,812	2,398	62.9

Reference: Equity capital As of December 31, 2022: 2,854 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 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 December 31, 2022	22,302,500 shares	As of March 31, 2022	22,264,500 shares
-------------------------	-------------------	----------------------	-------------------
- b. Number of treasury shares at the end of the period

As of December 31, 2022	101,289 shares	As of March 31, 2022	101,259 shares
-------------------------	----------------	----------------------	----------------
- c. Average number of shares during the period

Nine months ended December 31, 2022	22,179,718 shares	Nine months ended December 31, 2021	22,263,369 shares
-------------------------------------	-------------------	-------------------------------------	-------------------

* 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 Third Quarter Ended December 31, 2022, (3) Explanation regarding earnings forecasts and other forward-looking statements" on page 2 of the supplementary materials.

○ Supplementary Materials – Contents

1. Qualitative Information on Financial Results for the Third Quarter Ended December 31, 2022	2
(1) Summary of operating results	2
(2) Summary of financial position	2
(3) Explanation regarding earnings forecasts and other forward-looking statements.....	2
2. Quarterly Financial Statements and Key Notes.....	3
(1) Quarterly balance sheet.....	3
(2) Quarterly statement of income	5
(3) Notes to quarterly financial statements	6
(Notes on going concern assumptions)	6
(Notes in the case of significant changes in shareholders' equity)	6
(Application of particular accounting treatment concerning preparation of quarterly financial statements)	6
(Segment information)	6

1. Qualitative Information on Financial Results for the Third Quarter Ended December 31, 2022

(1) Summary of operating results

During the first nine months under review, economic activity was normalizing in Japan amid the continued impact of COVID-19. The Japanese economy is expected to recover. However, the future outlook remains uncertain given downside risks to overseas economies chiefly due to monetary tightening worldwide, surging energy prices caused by the prolonged Russia-Ukraine war, 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 6,263 million yen, up 25.3% year on year, operating profit amounted to 694 million yen, down 16.7% year on year, ordinary profit was 700 million yen, falling 16.6% year on year, and profit came to 430 million yen, dropping 17.3% 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 1.2% year on year, to 10.04 million in December 2022. The number of registered lawyers as of the end of the third quarter under review rose 4.8% year on year, to 23,095, of which the number of lawyers with paid member subscriptions to the lawyer support service stood at 5,220 (an increase of 0.9% year on year). Meanwhile, the number of paid subscribers to bengo4.com paid services grew 6.3% year on year, to 183,639.

As a result, net sales and segment profit increased 6.2% and 2.7% year on year, to 3,010 million yen and 1,188 million yen, respectively, in the first nine 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 31.9% year on year, to 1,520,942 in the third quarter under review.

As a result, net sales increased 50.2% year on year to 3,253 million yen and segment profit decreased 1.1% year on year to 306 million yen in the first nine months under review.

(2) Summary of financial position

Total assets at the end of the third quarter under review stood at 3,775 million yen, a decrease of 36 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 accounts receivable - trade and software in progress.

(Current assets)

Current assets at the end of the third quarter under review stood at 2,735 million yen, down 162 million yen from the end of the previous fiscal year. The main changes were decreases of 380 million yen in cash and deposits, an increase of 125 million yen in accounts receivable, and an increase of 86 million yen in prepaid expenses.

(Non-current assets)

Non-current assets at the end of the third quarter under review climbed 125 million yen from the end of the previous fiscal year, to 1,039 million yen. The main changes were an increase of 225 million yen in software in progress, and decreases of 91 million yen in software and 17 million yen in deferred tax assets.

(Current liabilities)

Current liabilities at the end of the third quarter under review decreased 509 million yen from the end of the previous fiscal year, to 903 million yen. This was chiefly attributable to decreases of 448 million yen in income taxes payable and 104 million yen in accrued consumption taxes, and an increase of 46 million yen in advances received.

(Net assets)

Net assets at the end of the third quarter under review stood at 2,871 million yen, rising 472 million yen from the end of the previous fiscal year. This mainly reflects an increase of 430 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)	Third quarter under review (As of December 31, 2022)
Assets		
Current assets		
Cash and deposits	1,676,476	1,296,342
Accounts receivable	1,015,467	1,141,374
Supplies	1,569	1,475
Prepaid expenses	214,275	300,546
Accounts receivable - other	9,484	10,742
Other	8,740	18,669
Allowance for doubtful accounts	-28,643	-33,843
Total current assets	2,897,370	2,735,306
Non-current assets		
Property, plant and equipment		
Buildings, net	47,105	43,639
Tools, furniture and fixtures, net	25,214	26,894
Total property, plant and equipment	72,319	70,534
Intangible assets		
Software	465,752	374,689
Software in progress	103,514	329,477
Patent right	908	4,353
Trademark right	2,069	3,708
Total intangible assets	572,245	712,228
Investments and other assets		
Investment securities	3,874	0
Shares of subsidiaries and associates	49,000	49,000
Distressed receivables	9,203	18,163
Leasehold and guarantee deposits	110,836	108,082
Long-term prepaid expenses	9,604	20,740
Deferred tax assets	96,961	79,346
Allowance for doubtful accounts	-9,203	-18,163
Total investments and other assets	270,276	257,169
Total non-current assets	914,841	1,039,932
Total assets	3,812,211	3,775,239

(Thousand yen)

	Previous fiscal year (As of March 31, 2022)	Third quarter under review (As of December 31, 2022)
Liabilities		
Current liabilities		
Accounts payable - other	486,369	485,252
Accrued expenses	69,362	101,812
Income taxes payable	466,907	18,848
Accrued consumption taxes	172,079	67,533
Advances received	151,559	197,906
Deposits received	67,090	32,420
Total current liabilities	1,413,368	903,772
Total liabilities	1,413,368	903,772
Net assets		
Shareholders' equity		
Share capital	439,667	453,154
Capital surplus	405,361	418,848
Retained earnings	2,052,774	2,483,253
Treasury shares	-500,428	-500,556
Total shareholders' equity	2,397,374	2,854,699
Share acquisition rights	1,469	16,766
Total net assets	2,398,843	2,871,466
Total liabilities and net assets	3,812,211	3,775,239

(2) Quarterly statement of income

(Thousand yen)

	Nine months ended December 31, 2021 (from April 1, 2021 to December 31, 2021)	Nine months ended December 31, 2022 (from April 1, 2022 to December 31, 2022)
Net sales	5,000,973	6,263,788
Cost of sales	795,691	1,007,212
Gross profit	4,205,282	5,256,576
Selling, general and administrative expenses	3,372,146	4,562,329
Operating profit	833,135	694,246
Non-operating income		
Interest income	55	6
Commission income	3,611	5,909
Subsidy income	1,695	240
Proceeds from miscellaneous income	1,099	226
Total non-operating income	6,461	6,382
Non-operating expenses		
Compensation expenses	—	264
Miscellaneous losses	22	59
Total non-operating expenses	22	323
Ordinary profit	839,575	700,305
Extraordinary losses		
Loss on retirement of non-current assets	0	517
Loss on valuation of investment securities	—	3,874
Total extraordinary losses	0	4,392
Profit before income taxes	839,575	695,913
Income taxes - current	327,184	247,818
Income taxes - deferred	-7,983	17,615
Total income taxes	319,201	265,434
Profit	520,373	430,479

(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. Nine months ended December 31, 2021 (April 1, 2021 to December 31, 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	2,835,490	2,165,482	5,000,973	—	5,000,973
Inter-segment sales or transfers	—	—	—	—	—
Total	2,835,490	2,165,482	5,000,973	—	5,000,973
Segment profit	1,156,620	309,661	1,466,282	-633,146	833,135

(Notes) 1. The adjustment for segment profit of negative 633,146 thousand yen includes corporate expenses in the amount of negative 633,146 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. Nine months ended December 31, 2022 (April 1, 2022 to December 31, 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	3,010,323	3,253,464	6,263,788	—	6,263,788
Inter-segment sales or transfers	—	—	—	—	—
Total	3,010,323	3,253,464	6,263,788	—	6,263,788
Segment profit	1,188,138	306,262	1,494,400	-800,153	694,246

(Notes) 1. The adjustment for segment profit of negative 800,153 thousand yen includes corporate expenses in the amount of negative 800,153 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.