



Consolidated Financial Results for the First Quarter Ended June 30, 2024

August 14, 2024

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 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. Consolidated financial results for the first quarter ended June 30, 2024 (from April 1, 2024 to June 30, 2024)

(1) Consolidated operating results (cumulative totals)

(Percentages indicate year-on-year changes.)

	Net sales		EBITDA		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First quarter ended June 30, 2024	3,297	–	484	–	282	–	294	–	183	–
June 30, 2023	–	–	–	–	–	–	–	–	–	–

(Note) Comprehensive income: First quarter ended June 30, 2024 183 million yen (–%)
First quarter ended June 30, 2023 – million yen (–%)

	Basic earnings per share	Diluted earnings per share
First quarter ended June 30, 2024	Yen 8.23	Yen 8.06
June 30, 2023	–	–

(Note) Neither the figures for three months ended June 30, 2023 nor the year-on-year changes therefrom are presented because the Company prepared financial statements on a consolidated basis, starting with the first nine months of the fiscal year ended March 31, 2024.

(Note) EBITDA = Operating profit + Depreciation + Amortization of goodwill + Share-based payment expenses + Share of profit (loss) of entities accounted for using equity method

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Million yen	Million yen	%
June 30, 2024	10,235	4,433	42.6
March 31, 2024	10,164	4,157	40.3

Reference: Equity capital As of June 30, 2024 4,362 million yen As of March 31, 2024 4,096 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, 2024	–	0.00	–	0.00	0.00
Fiscal year ending March 31, 2025	–	–	–	–	–
Fiscal year ending March 31, 2025 (Forecast)	–	0.00	–	0.00	0.00

(Note) Revision to dividend forecasts published most recently None

3. Consolidated forecasts for the fiscal year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Percentages indicate year-on-year changes.)

	Net sales		EBITDA		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Fiscal year ending March 31, 2025	14,740	30.2	2,500	32.5	1,700	37.5	1,700	29.2	1,000	19.4	44.88

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

(Note) EBITDA = Operating profit + Depreciation + Amortization of goodwill + Share-based payment expenses + Share of profit (loss) of entities accounted for using equity method

* Notes

(1) Major changes in the scope of consolidation during the period: Yes

New: 1 company (company name): Bengo Kakumei Inc., Excluded (company name): None

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

(3) 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 | Yes |
| b. Changes in accounting policies other than a: | None |
| c. Change in accounting estimates: | None |
| d. Restatement: | None |

(4) 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, 2024 | 22,395,200 shares | As of March 31, 2024 | 22,382,100 shares |
| b. Number of treasury shares at the end of the period | | | |
| As of June 30, 2024 | 6,383 shares | As of March 31, 2024 | 101,363 shares |
| c. Average number of shares during the period | | | |
| First quarter ended June 30, 2024 | 22,286,386 shares | First quarter ended June 30, 2023 | 22,252,684 shares |

* Review of the accompanying quarterly consolidated financial statements by certified public accountants or an audit corporation : None

* 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 Group and certain assumptions that the Group 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. Overview of Operating Results and Financial Position, (3) Explanation regarding consolidated earnings forecasts and other forward-looking statements” on page 3 of the supplementary materials.

○ Supplementary Materials – Contents

1. Overview of Operating Results and Financial Position	2
(1) Overview of consolidated operating results for the first quarter ended June 30, 2024	2
(2) Overview of consolidated financial position for the first quarter ended June 30, 2024	3
(3) Explanation regarding consolidated earnings forecasts and other forward-looking statements ..	3
2. Quarterly Consolidated Financial Statements and Key Notes.....	4
(1) Quarterly consolidated balance sheet	4
(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income.....	6
(3) Notes to quarterly consolidated financial statements	8
(Notes on going concern assumptions)	8
(Notes in the case of significant changes in shareholders' equity)	8
(Change in accounting policy)	8
(Notes on segment information).....	8
(Notes on statement of cash flows)	9
(Significant subsequent events).....	9

1. Overview of Operating Results and Financial Position

(1) Overview of consolidated operating results for the first quarter ended June 30, 2024

During the first three months of the fiscal year under review, the Japanese economy was trending toward a moderate recovery, partly reflecting gradual growth in the overseas economy. However, the outlook still remained uncertain given overseas economic and price trends, resource price trends, as well as finance and foreign exchange market trends, including the impact on the Japanese economy, among other factors.

Under the mission, “Be the Professional-Tech Company,” the Group has been operating Internet media through portal sites such as Bengoshi.com for legal consultation and zeirishi.com for tax consultation, while also providing IT and solution services including CloudSign, a contract management platform, and the Hanreihisho, a data base for precedents. In addition, on May 1, 2024 the Company acquired shares of Bengo Kakumei Inc., which provides the BengoKakumei, a digitalized case record-keeping tool for lawyers, and reflected the company’s financial results, starting with the first quarter of the fiscal year under review.

As a result, net sales totaled 3,297 million yen, operating profit stood at 282 million yen, ordinary profit was 294 million yen, and profit attributable to owners of parent came to 183 million yen in the first three months of the fiscal year under review.

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 Bengoshi.com and the tax consultation portal site zeirishi.com. In addition, the Company acquired the shares of Bengo Kakumei Inc. on May 1, 2024, and started to provide the company’s “BengoKakumei” service, a digitalized case record-keeping tool for lawyers.

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 Bengoshi.com news, an owned media channel which lawyers use to explain familiar topics from a legal perspective. Consequently, monthly site visitors amounted to 7.71 million in June 2024. The number of registered lawyers as of the end of the first quarter under review stood at 23,910, of which the number of lawyers with paid member subscriptions to the lawyer support service stood at 5,743. Meanwhile, the number of paid subscribers to Bengoshi.com paid services was 177,659.

As a result, net sales for the first three months under review came to 1,205 million yen and segment profit was 330 million yen.

(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 amounted to 2,377,310 in the first quarter under review.

As a result, net sales for the first three months under review came to 2,091 million yen and segment profit was 457 million yen.

(2) Overview of consolidated financial position for the first quarter ended June 30, 2024

Total assets at the end of the first quarter of the consolidated fiscal year under review stood at 10,235 million yen, rising 71 million yen from the end of the previous consolidated fiscal year. This mainly reflected increases in prepaid expenses and goodwill, more than offsetting decreases in cash and deposits, and accounts receivable.

(Current assets)

Current assets at the end of the first quarter of the consolidated fiscal year under review stood at 5,584 million yen, down 70 million yen from the end of the previous consolidated fiscal year. This was chiefly attributable to decreases of 141 million yen in cash and deposits and 135 million yen in accounts receivable, despite an increase of 223 million yen in prepaid expenses.

(Non-current assets)

Non-current assets at the end of the first quarter of the consolidated fiscal year under review climbed 142 million yen from the end of the previous consolidated fiscal year, to 4,651 million yen. This was largely due to an increase of 186 million yen in goodwill.

(Current liabilities)

Current liabilities at the end of the first quarter of the consolidated fiscal year under review decreased 74 million yen from the end of the previous consolidated fiscal year, to 2,831 million yen. The main factors were decreases of 225 million yen in accounts payable - other and 178 million yen in income taxes payable, more than offsetting increases of 250 million yen in short-term borrowings and 146 million yen in advances received.

(Non-current liabilities)

Non-current liabilities at the end of the first quarter of the consolidated fiscal year under review decreased 130 million yen from the end of the previous consolidated fiscal year, to 2,970 million yen. This change was primarily attributable to a decrease of 121 million yen in long-term borrowings.

(Net assets)

Net assets at the end of the first quarter of the consolidated fiscal year under review stood at 4,433 million yen, rising 276 million yen from the end of the previous consolidated fiscal year. This was chiefly due to decreases of 213 million yen in retained earnings and 469 million yen in treasury shares.

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

There is no change to the earnings forecasts for the fiscal year ending March 31, 2025 announced on May 10, 2024.

2. Quarterly Consolidated Financial Statements and Key Notes

(1) Quarterly consolidated balance sheet

(Thousand yen)

	Previous consolidated fiscal year (As of March 31, 2024)	First quarter under review (As of June 30, 2024)
Assets		
Current assets		
Cash and deposits	3,469,066	3,327,518
Accounts receivable	1,795,634	1,659,731
Prepaid expenses	370,670	594,009
Other	62,399	47,848
Allowance for doubtful accounts	-42,826	-44,831
Total current assets	5,654,944	5,584,277
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	102,120	90,121
Tools, furniture and fixtures, net	75,647	76,913
Other, net	2,547	2,274
Total property, plant and equipment	180,315	169,308
Intangible assets		
Goodwill	747,843	934,520
Technology assets	1,412,795	1,388,437
Software	932,869	904,590
Software in progress	39,730	91,135
Trademark right	244,524	240,859
Other	9,515	14,982
Total intangible assets	3,387,279	3,574,526
Investments and other assets		
Investment securities	427,520	438,479
Distressed receivables	32,344	31,738
Deferred tax assets	241,329	240,710
Other	273,034	228,643
Allowance for doubtful accounts	-32,343	-31,738
Total investments and other assets	941,885	907,834
Total non-current assets	4,509,479	4,651,669
Total assets	10,164,424	10,235,946

(Thousand yen)

	Previous consolidated fiscal year (As of March 31, 2024)	First quarter under review (As of June 30, 2024)
Liabilities		
Current liabilities		
Short-term borrowings	—	250,000
Current portion of long-term borrowings	508,754	508,754
Accounts payable - other	851,931	595,965
Accrued expenses	184,627	193,560
Income taxes payable	318,435	139,716
Accrued consumption taxes	168,271	155,846
Advances received	769,238	915,366
Provision for bonuses	8,950	3,723
Other	96,456	69,011
Total current liabilities	2,906,663	2,831,943
Non-current liabilities		
Long-term borrowings	2,237,496	2,116,245
Deferred tax liabilities	556,904	543,573
Provision for retirement benefits for directors (and other officers)	273,000	276,900
Retirement benefit liability	26,800	27,350
Other	5,950	5,950
Total non-current liabilities	3,100,150	2,970,018
Total liabilities	6,006,813	5,801,962
Net assets		
Shareholders' equity		
Share capital	464,228	469,232
Capital surplus	429,922	434,926
Retained earnings	3,703,355	3,489,958
Treasury shares	-500,777	-31,539
Total shareholders' equity	4,096,728	4,362,576
Share acquisition rights	60,882	71,407
Total net assets	4,157,610	4,433,984
Total liabilities and net assets	10,164,424	10,235,946

(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income

Quarterly consolidated statement of income

First three-month period

(Thousand yen)

	First quarter under review (from April 1, 2024 to June 30, 2024)
Net sales	3,297,755
Cost of sales	760,722
Gross profit	2,537,032
Selling, general and administrative expenses	2,254,907
Operating profit	282,125
Non-operating income	
Interest income	0
Share of profit of entities accounted for using equity method	10,958
Commission income	2,809
Miscellaneous income	1,287
Total non-operating income	15,055
Non-operating expenses	
Interest expenses	2,816
Miscellaneous losses	202
Total non-operating expenses	3,018
Ordinary profit	294,162
Extraordinary income	
Gain on sale of non-current assets	11,213
Total extraordinary income	11,213
Extraordinary losses	
Loss on sale of non-current assets	8,486
Total extraordinary losses	8,486
Profit before income taxes	296,889
Income taxes - current	126,278
Income taxes - deferred	-12,711
Total income taxes	113,566
Profit	183,322
Profit attributable to non-controlling interests	—
Profit attributable to owners of parent	183,322

Quarterly consolidated statement of comprehensive income

First three-month period

(Thousand yen)

	First quarter under review (from April 1, 2024 to June 30, 2024)
Profit	183,322
Comprehensive income	183,322
Comprehensive income attributable to	
Comprehensive income attributable to owners of parent	183,322
Comprehensive income attributable to non-controlling interests	—

(3) Notes to quarterly consolidated financial statements

(Notes on going concern assumptions)

Not applicable.

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

During the first quarter of the consolidated fiscal year under review, the Company disposed of treasury shares as a result of the exercise of share acquisition rights. As a result, capital surplus and treasury shares decreased by 396,720 thousand yen and 469,300 thousand yen respectively. With the balance of capital surplus showing a negative value, capital surplus has been changed to zero and the relevant negative value has been deducted from retained earnings.

(Change in accounting policy)

The Company has applied Accounting Standard for Current Income Taxes (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022; hereinafter referred to as the "Revised Accounting Standard 2022") effective from beginning of the first quarter of the fiscal year under review. This change in accounting policy has no impact on the quarterly consolidated financial statements.

(Notes on segment information)

[Segment information]

I. Three months ended June 30, 2024 (April 1, 2024 to June 30, 2024)

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

	Reportable segments			Adjustment (Note 1)	(Thousand yen) Amount posted in the quarterly consolidated statement of income (Note 2)
	Media	IT/Solutions	Total		
Net sales					
Net sales to external customers	1,205,780	2,091,974	3,297,755	—	3,297,755
Inter-segment sales or transfers	—	—	—	—	—
Total	1,205,780	2,091,974	3,297,755	—	3,297,755
Segment profit	330,092	457,638	787,730	-505,605	282,125

(Notes) 1. The adjustment for segment profit of negative 505,605 thousand yen includes corporate expenses that are 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 consolidated statement of income.

2. Information on impairment losses on non-current assets and goodwill by reportable segment

(Significant changes in amount of goodwill)

In the Media segment, Bengi Kaumei Inc. was additionally included in the scope of consolidation. This event resulted in an increase in goodwill of 205,272 thousand yen during the three months under review. The amount of goodwill arising from this event has been determined provisionally as allocation of the purchase price was incomplete as of the end of the first quarter of the consolidated fiscal year under review.

(Notes on statement of cash flows)

The Company did not prepare quarterly consolidated statements of cash flows for the first three months under review. Depreciation (including amortization of intangible assets except for goodwill) and amortization of goodwill for the first three months under review are as follows.

	(Thousand yen)
	Three months ended June 30, 2024 (April 1, 2024 to June 30, 2024)
Depreciation	161,878
Amortization of goodwill	18,595

(Significant subsequent events)

(Transactions under common control)

Merger of a consolidated subsidiary

The Company, at a meeting of the Board of Directors held on June 12, 2024, resolved to absorb Bengo Kakumei Inc. (hereinafter “Bengo Kakumei”), which is a wholly owned subsidiary of the Company, in an absorption-type merger (hereinafter “the Merger”), and signed a merger agreement on the same day.

The Merger will be a simplified merger as stipulated in Article 796, Paragraph 2 of the Companies Act for the Company, and a short-form merger as stipulated in Article 784, Paragraph 1 of the Companies Act for Bengo Kakumei. Thus, each of these will be implemented without the approval of the respective shareholders’ meetings for the merger agreement.

1. Overview of transaction

(1) Name of combined entity and description of its business

Name of combined entity: Bengo Kakumei Inc.

Business: Development and provision of BengoKakumei, a digitalized case recordkeeping tool

(2) Date of the business combination

August 1, 2024

(3) Legal form of the business combination

An absorption-type merger in which the Company is the surviving company and Bengo Kakumei is the dissolving company

(4) Name of the combined entity

Bengo4.com, Inc.

(5) Other matters related to outline of the transaction

(i) Purpose of the Merger

The Company made Bengo Kakumei, which has developed and offers BengoKakumei, a digitalized case recordkeeping tool for lawyers, into a wholly owned subsidiary on May 1, 2024. The Company has now decided to absorb Bengo Kakumei by absorption-type merger for the purpose of strengthening sales of BengoKakumei, linking BengoKakumei with the Company’s products, and speeding up the realization of a more efficient management structure through centralized organization.

(ii) Details of allotment relating to the Merger

Since the Merger is a merger with a wholly owned subsidiary of the Company, there will be no allotment of shares or money, etc. as a result of the Merger.

2. Overview of accounting procedures implemented

The Merger will be accounted for as a common control transaction pursuant to the “Accounting Standard for Business Combinations” and the “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures.”