



Consolidated Financial Results for the Second Quarter Ended September 30, 2024

November 13, 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 submit semi-annual report: November 13, 2024

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, 2024 (from April 1, 2024 to September 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	%
Second quarter ended September 30, 2024	6,691	–	919	–	545	–	563	–	339	–
September 30, 2023	–	–	–	–	–	–	–	–	–	–

(Note) Comprehensive income: Second quarter ended September 30, 2024: 339 million yen (–%)

Second quarter ended September 30, 2023: – million yen (–%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Second quarter ended September 30, 2024	15.16	14.89
September 30, 2023	–	–

(Note) Neither the figures for six months ended September 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
	Million yen	Million yen	%
As of September 30, 2024	10,437	4,725	44.7
March 31, 2024	10,164	4,157	40.3

Reference: Equity capital As of September 30, 2024: 4,670 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	–	0.00			
Fiscal year ending March 31, 2025 (Forecast)			–	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	44.71

(Note) Revisions to earnings forecasts published most recently: None

(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: 1 company (company name): Bengo Kakumei Inc.

(2) Application of particular accounting treatment concerning preparation of semi-annual 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 September 30, 2024	22,595,200 shares	As of March 31, 2024	22,382,100 shares
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b. Number of treasury shares at the end of the period

As of September 30, 2024	6,520 shares	As of March 31, 2024	101,363 shares
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c. Average number of shares during the period

Second quarter ended September 30, 2024	22,365,150 shares	Second quarter ended September 30, 2023	22,259,755 shares
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* Semi-annual financial results are outside the scope of 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 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.

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1. Overview of Operating Results and Financial Position

(1) Overview of consolidated operating results for the second quarter ended September 30, 2024

During the first six months of the consolidated fiscal year under review, in Japan there was an upward trend in capital spending, and economic activity recovered moderately on the back of the continued gradual increase of service prices linked to rising wages, etc. However, the outlook remains uncertain given overseas economic and price trends, resource price trends, and corporate wages and pricing behavior.

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, the Company acquired shares of Bengo Kakumei Inc., a provider of BengoKakumei, a digitalized case record-keeping tool for lawyers, on May 1, 2024. Then, as announced on June 12, 2024, it conducted an absorption-type merger. As a result of the merger the Company became the surviving company and Bengo Kakumei Inc., a subsidiary, was dissolved on August 1, 2024. Consequently, the financial results of Bengo Kakumei Inc. are reflected in the Company’s financial results starting from the first six months under review.

As a result, net sales totaled 6,691 million yen, operating profit stood at 545 million yen, ordinary profit was 563 million yen, and profit attributable to owners of parent came to 339 million yen in the first six months under review.

The Group started to prepare quarterly consolidated financial statements in the third quarter of the previous consolidated fiscal year. Therefore it has not presented a comparative analysis with the first six months of the previous consolidated fiscal year.

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. Also, as announced on June 12, 2024, it absorbed Bengo Kakumei Inc., which is a subsidiary, on August 1, 2024. The Company absorbed 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.

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 8.99 million in September 2024. The number of registered lawyers as of the end of the second quarter under review stood at 24,073, of which the number of lawyers with paid member subscriptions to the lawyer support service stood at 5,942. Meanwhile, the number of paid subscribers to Bengoshi.com paid services was 172,206.

As a result, net sales for the first six months under review came to 2,391 million yen and segment profit was 615 million yen.

(IT/Solutions business)

In the IT/Solutions business, the Company provides IT and solution services including CloudSign, a contract management platform, and Hanreihisho, a database for precedents.

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 4,757,355 in the first six months under review.

As a result, net sales for the six months under review came to 4,300 million yen and segment profit was 939 million yen.

(2) Overview of consolidated financial position for the second quarter ended September 30, 2024

Total assets at the end of the second quarter of the consolidated fiscal year under review stood at 10,437 million yen, rising 272 million yen from the end of the previous consolidated fiscal year. This was mainly due to increases in prepaid expenses, goodwill and software in progress, partially offset by decreases in accounts receivable and technology assets.

(Current assets)

Current assets at the end of the second quarter of the consolidated fiscal year under review stood at 5,761 million yen, rising 106 million yen from the end of the previous consolidated fiscal year. This is primarily due to increases of 23 million yen in cash and deposits and 150 million yen in prepaid expenses, despite a decline of 53 million yen in accounts receivable.

(Non-current assets)

Non-current assets at the end of the second quarter of the consolidated fiscal year under review climbed 165 million yen from the end of the previous consolidated fiscal year, to 4,675 million yen. The main factors were increases of 168 million yen in goodwill and 62 million yen in software in progress, more than offsetting a decrease of 48 million yen in technology assets.

(Current liabilities)

Current liabilities at the end of the second quarter of the consolidated fiscal year under review decreased 36 million yen from the end of the previous consolidated fiscal year, to 2,870 million yen. The main factors were decreases of 227 million yen in accounts payable - other and 89 million yen in accrued expenses, more than offsetting increases of 250 million yen in short-term borrowings and 106 million yen in advances received.

(Non-current liabilities)

Non-current liabilities at the end of the second quarter of the consolidated fiscal year under review decreased 258 million yen from the end of the previous consolidated fiscal year, to 2,841 million yen. This change was primarily attributable to a decrease of 242 million yen in long-term borrowings.

(Net assets)

Net assets at the end of the second quarter of the consolidated fiscal year under review stood at 4,725 million yen, rising 567 million yen from the end of the previous consolidated fiscal year. This result was mainly attributable to increases of 81 million yen in share capital and 81 million yen in capital surplus, partially offset by decreases of 57 million yen in retained earnings and 468 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. Semi-annual Consolidated Financial Statements and Key Notes

(1) Semi-annual consolidated balance sheet

(Thousand yen)

	Previous consolidated fiscal year (As of March 31, 2024)	Second quarter under review (As of September 30, 2024)
Assets		
Current assets		
Cash and deposits	3,469,066	3,492,096
Accounts receivable	1,795,634	1,742,532
Prepaid expenses	370,670	521,392
Other	62,399	56,424
Allowance for doubtful accounts	-42,826	-50,559
Total current assets	5,654,944	5,761,887
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	102,120	87,391
Tools, furniture and fixtures, net	75,647	75,840
Other, net	2,547	2,000
Total property, plant and equipment	180,315	165,232
Intangible assets		
Goodwill	747,843	915,893
Technology assets	1,412,795	1,364,078
Software	932,869	928,599
Software in progress	39,730	102,706
Trademark right	244,524	237,075
Other	9,515	14,682
Total intangible assets	3,387,279	3,563,037
Investments and other assets		
Investment securities	427,520	461,382
Distressed receivables	32,344	32,335
Deferred tax assets	241,329	261,495
Other	273,034	224,179
Allowance for doubtful accounts	-32,343	-32,335
Total investments and other assets	941,885	947,058
Total non-current assets	4,509,479	4,675,327
Total assets	10,164,424	10,437,214

(Thousand yen)

	Previous consolidated fiscal year (As of March 31, 2024)	Second quarter under review (As of September 30, 2024)
Liabilities		
Current liabilities		
Short-term borrowings	—	250,000
Current portion of long-term borrowings	508,754	485,004
Accounts payable - other	851,931	624,255
Accrued expenses	184,627	94,699
Income taxes payable	318,435	296,923
Accrued consumption taxes	168,271	130,609
Advances received	769,238	876,161
Provision for bonuses	8,950	9,582
Provision for bonuses for directors (and other officers)	—	5,237
Other	96,456	97,735
Total current liabilities	2,906,663	2,870,208
Non-current liabilities		
Long-term borrowings	2,237,496	1,994,994
Deferred tax liabilities	556,904	535,934
Provision for retirement benefits for directors (and other officers)	273,000	280,800
Retirement benefit liability	26,800	23,883
Other	5,950	5,950
Total non-current liabilities	3,100,150	2,841,562
Total liabilities	6,006,813	5,711,770
Net assets		
Shareholders' equity		
Share capital	464,228	545,632
Capital surplus	429,922	511,326
Retained earnings	3,703,355	3,645,653
Treasury shares	-500,777	-32,069
Total shareholders' equity	4,096,728	4,670,541
Share acquisition rights	60,882	54,902
Total net assets	4,157,610	4,725,444
Total liabilities and net assets	10,164,424	10,437,214

(2) Semi-annual consolidated statement of income and semi-annual consolidated statement of comprehensive income
Semi-annual consolidated statement of income

	(Thousand yen)
	Second quarter under review (from April 1, 2024 to September 30, 2024)
Net sales	6,691,778
Cost of sales	1,577,707
Gross profit	5,114,071
Selling, general and administrative expenses	4,568,705
Operating profit	545,365
Non-operating income	
Interest income	123
Share of profit of entities accounted for using equity method	14,175
Commission income	6,499
Miscellaneous income	4,061
Total non-operating income	24,859
Non-operating expenses	
Interest expenses	6,013
Miscellaneous losses	857
Total non-operating expenses	6,870
Ordinary profit	563,354
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
Loss on retirement of non-current assets	311
Total extraordinary losses	8,797
Profit before income taxes	565,770
Income taxes - current	267,888
Income taxes - deferred	-41,135
Total income taxes	226,752
Profit	339,017
Profit attributable to non-controlling interests	—
Profit attributable to owners of parent	339,017

Semi-annual consolidated statement of comprehensive income

(Thousand yen)

	Second quarter under review (from April 1, 2024 to September 30, 2024)
Profit	339,017
Comprehensive income	339,017
Comprehensive income attributable to	
Comprehensive income attributable to owners of parent	339,017
Comprehensive income attributable to non-controlling interests	—

(3) Semi-annual consolidated statement of cash flows

(Thousand yen)

	Second quarter under review (from April 1, 2024 to September 30, 2024)
Cash flows from operating activities	
Profit before income taxes	565,770
Depreciation	328,167
Amortization of goodwill	37,222
Share-based payment expenses	-5,363
Gain on sale of non-current assets	-11,213
Loss on sale of non-current assets	8,486
Loss on retirement of non-current assets	311
Increase (decrease) in allowance for doubtful accounts	7,724
Interest and dividend income	-123
Interest expenses	6,013
Share of loss (profit) of entities accounted for using equity method	-14,175
Decrease (increase) in trade receivables	53,593
Decrease (increase) in prepaid expenses	-148,746
Increase (decrease) in accounts payable - other	-225,825
Increase (decrease) in accrued expenses	-89,793
Increase (decrease) in accrued consumption taxes	-37,661
Increase (decrease) in provision for retirement benefits for directors (and other officers)	7,800
Increase (decrease) in advances received	106,923
Other, net	29,935
Subtotal	619,044
Interest and dividends received	123
Interest paid	-6,013
Income taxes paid	-290,496
Net cash provided by (used in) operating activities	322,658
Cash flows from investing activities	
Purchase of property, plant and equipment	-13,893
Proceeds from sale of property, plant and equipment	11,995
Purchase of investment securities	-20,080
Purchase of intangible assets	-314,636
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-194,599
Other, net	30,355
Net cash provided by (used in) investing activities	-500,858
Cash flows from financing activities	
Net increase (decrease) in short-term borrowings	250,000
Repayments of long-term borrowings	-282,948
Proceeds from exercise of employee share options	234,772
Purchase of treasury shares	-592
Net cash provided by (used in) financing activities	201,231
Net increase (decrease) in cash and cash equivalents	23,030
Cash and cash equivalents at beginning of period	3,469,066
Cash and cash equivalents at end of period	3,492,096

(4) Notes to semi-annual consolidated financial statements

(Notes on going concern assumptions)

Not applicable.

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

During the first six months 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 other capital surplus in capital surplus becoming negative, the Company set such other capital surplus to zero while also reducing retained earnings by the negative value.

(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 six months of the fiscal year under review. This change in accounting policy has no impact on the semi-annual consolidated financial statements.

(Segment information)

[Segment information]

I. Six months ended September 30, 2024 (April 1, 2024 to September 30, 2024)

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

(Thousand yen)

	Reportable segments			Adjustment (Note 1)	Amount posted in the semi-annual statement of income (Note 2)
	Media	IT/Solutions	Total		
Net sales					
Net sales to external customers	2,391,687	4,300,091	6,691,778	—	6,691,778
Inter-segment sales or transfers	21	79	101	-101	—
Total	2,391,708	4,300,171	6,691,880	-101	6,691,778
Segment profit	615,502	939,983	1,555,486	-1,010,120	545,365

(Notes) 1. The adjustment of negative 101 thousand yen is for the elimination of intersegment transactions. The adjustment for segment profit of negative 1,010,120 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 semi-annual 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, the Company acquired all shares of Bengo Kakumei Inc., and absorbed the company after converting it into a subsidiary during the first six months of the consolidated fiscal year under review. This event resulted in an increase in goodwill of 205,272 thousand yen during the first six months of the consolidated fiscal year under review.

(Significant subsequent events)

Not applicable.