# **Helping Specialists to be Closer**

# 弁護士ドットコム

FY3/2023 Q3 Results

Jan 25, 2023

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## **Corporate Mission**

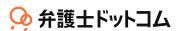
#### **Corporate Mission**

# Helping Specialists to be Closer

We strongly believe that specialists could contribute to people and the society by making the most of their knowledge and skill, so that we help the specialists to develop much closer relationship with people, under the corporate mission "Helping Specialists to be Closer".

We provide web services such as:

"Bengoshi.com", which connects people with legal professionals; "Zeirishi.com", which connects people with tax accountants; "BusinessLawyers", which is a portal site for legal departments of business; "CloudSign", which is a contract management platform









## **ESG** policy

We will work to build a sustainable society, where everyone has unrestricted access to the wisdom of professionals, by operating our business with an awareness of ESG.

# **Environment**

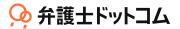
- Promote paperless operations with the nonuse of personal seals.
- Promote remote work to reduce energy consumption, including CO<sub>2</sub> emissions, and save resources.

# Social

- Solve social issues related to legal consulting services.
- Advance DX of society by harnessing the wisdom of professionals.
- Support the operations of companies.

# Governance

- Strengthen corporate governance.
- Build an information security management system.
- Establish and operate internal control.
- Provide services that lead to the reinforcement of corporate governance.









# FY3/2023 Q3 Results

# Topics for FY3/2023 Q3

Net sales increased 25.3% YoY. Operating profit decreased, 16.7% YoY.

Net Sales	<b>6,263</b> Mil. JPY	- + <b>25.3</b> % (YoY)
EBITDA	903 Mil. JPY	- <b>8.9</b> % (YoY)
Operating Profit	694 Mil. JPY	16.7 % (YoY)
Ordinary Profit	<b>700</b> Mil. JPY	- <b>- 16.6</b> % (YoY)
Net Profit	<b>430</b> Mil. JPY	- <b>- 17.3</b> % (YoY)

<sup>\*</sup> EBITDA = Operating Profit + Depreciation and amortization + Goodwill amortization + Stock-based compensation expense

# Summary for FY3/2023 Q3

Net sales increased 21.8% YoY. Profitability steadily improved.

(Mil.Yen)

	FY3/2023 Q3 Actual	FY3/2022 Q3 Actual	YoY	FY3/2023 Q2 Actual	QoQ
Net Sales	2,218	1,821	+21.8%	2,086	+6.3%
CoGS	358	287	+24.7%	337	+6.0%
Gross Profit	1,860	1,534	+21.2%	1,748	+6.4%
SGA	1,537	1,154	+33.1%	1,515	+1.5%
EBITDA	396	435	-9.1%	303	+30.3%
Operating Profit	322	379	-15.0%	233	+38.4%
Operating Profit Ratio	14.6%	20.9%	-6.3pt	11.2%	+3.3pt
Ordinary Profit	322	380	-15.0%	239	+35.0%
Net Profit	197	235	-16.2%	142	+38.6%

<sup>\*</sup> EBITDA = Operating Profit + Depreciation and amortization + Goodwill amortization + Stock-based compensation expense

## **Balance Sheet**

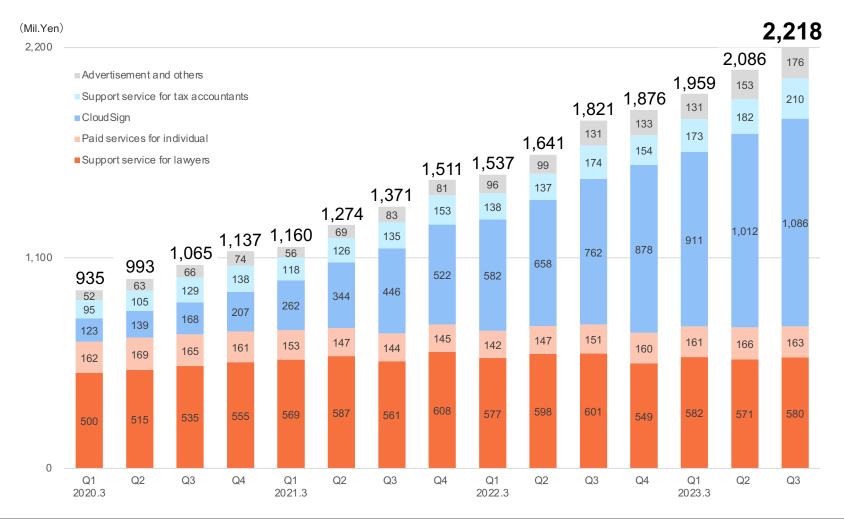
Net assets **increased 206 million yen** due to the accumulation of retained earnings. Equity ratio rose to 75.6%.

			(Mil.Yen)
	FY3/2023 Q3	FY3/2023 Q2	QoQ
Current Assets	2,735	2,709	+25
Cash and equivalents	1,296	1,333	-37
Fixed Assets	1,039	984	+55
Total Assets	3,775	3,694	+80
Current Liabilities	903	1,029	-125
Fixed Liabilities	-	-	-
Net Assets	2,871	2,664	+206
Capital-to-Asset Ratio	75.6%	71.9%	+3.7pt

# **Quarterly trend of Net Sales**

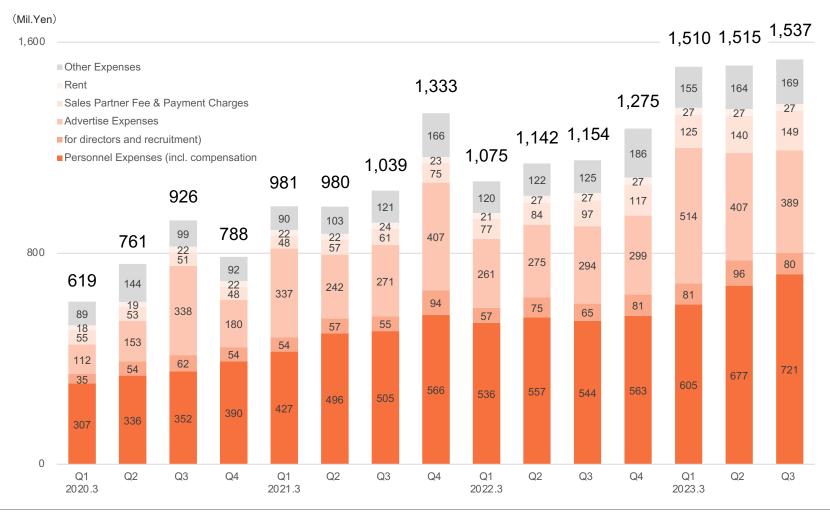
In Q3, net sales, particularly CloudSign sales, rose.

Tax accountant support services showed firm growth.



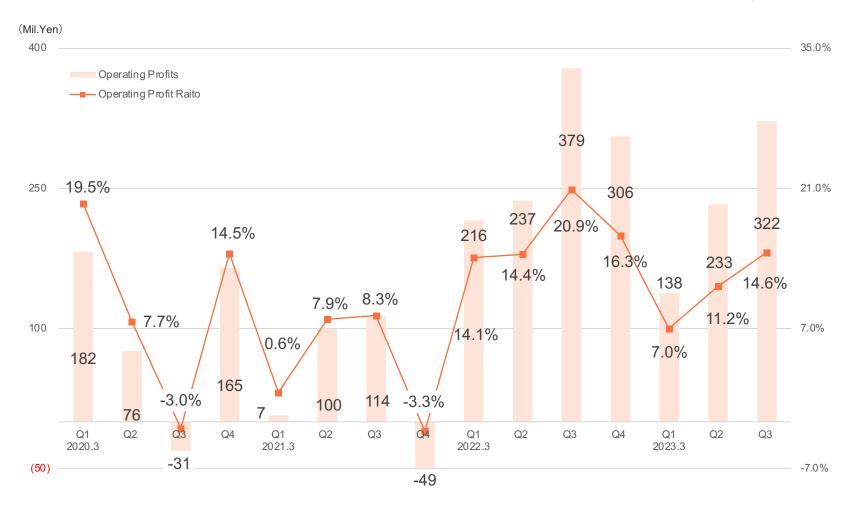
# **Quarterly trend of SGA**

Selling, general and administrative expenses increased slightly, reflecting higher personnel expenses due to an increase in the number of employees as planned and a decrease in advertising expenses due to the absence of TV commercials.



# **Quarterly trend of Operating Profits**

Operating profit and EBITDA for Q3 stood at 322 million yen and 396 million yen respectively. Without the implementation of TV commercials, we would be on pace for record profits this fiscal year.



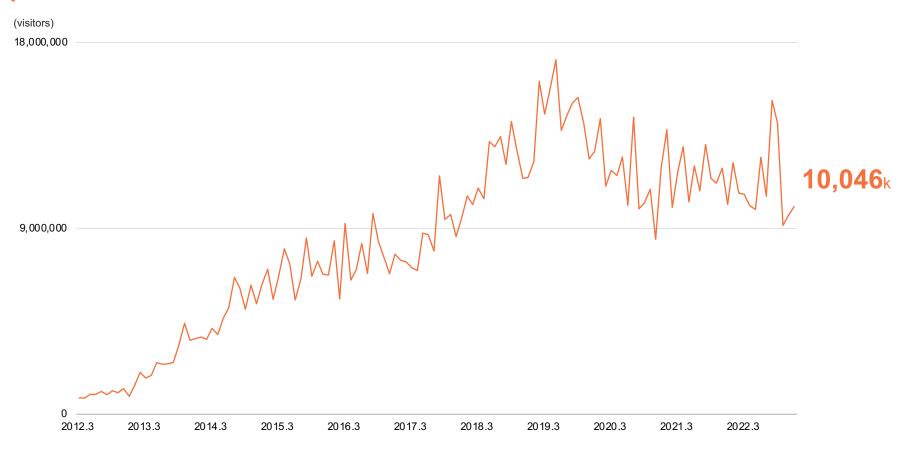
# Bengoshi.com

(Bengoshi means lawyer)

## Trend of the number of visitors

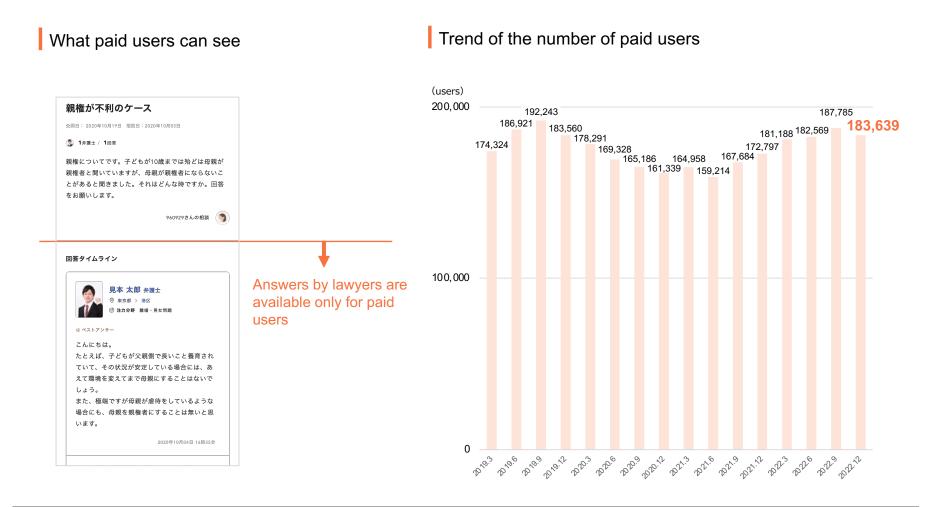
The number of monthly site visitors is affected by the volatility of Bengo4.com News.

Trend of the number of visitors (monthly)



# The number of paid users (Individual)

The number of paid users (individual) declined slightly due to the impact of Google algorithm updates, but is now recovering.

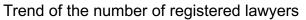


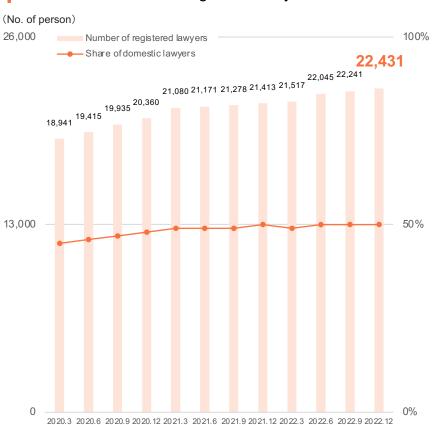
# The number of the registered lawyers

Both the number of registered lawyers and the number of paid registered lawyers increased.

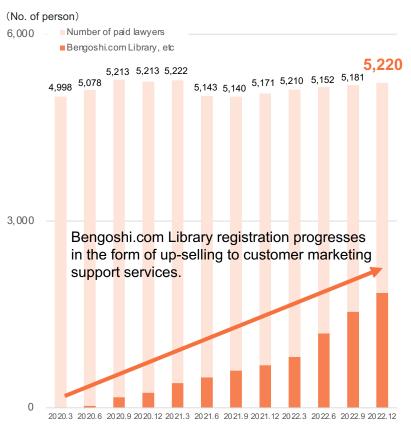
"Bengoshi.com Library," an e-book service for lawyers, expanded steadily and became No. 1 in sales in the legal research service market







### Trend of the number of paid lawyers



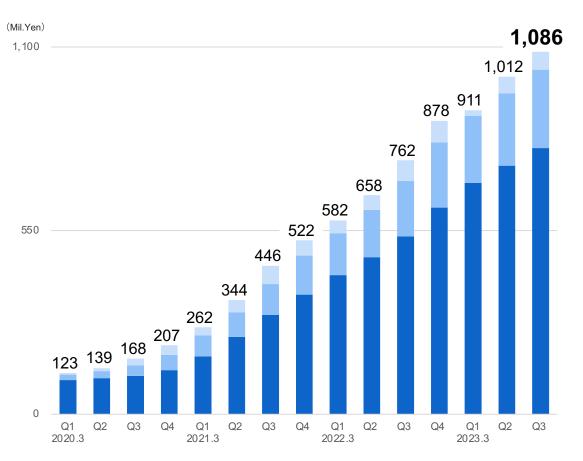
# CloudSign

## Trend in net sales

Fixed sales, variable sales and spot sales all recorded steady increases in Q3.



## Sales of CloudSign



#### CloudSign sales

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### **Spot sales**

CloudSign introduction support consulting, Initial cost of CloudSign scan, etc.



#### Variable sales

Number of paying companies X Number of transmission pre company x transmission price

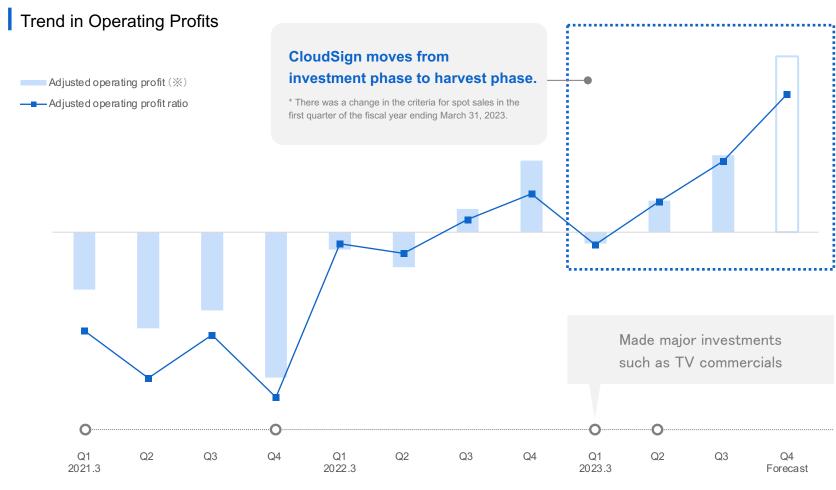


#### **Fixed sales**

Number of paying companies x fixed cost per company

# **Trend in Operating Profits**

The CloudSign business moved into profit in FY3/2022 and is expanding through the achievement of both sales growth and profitability.



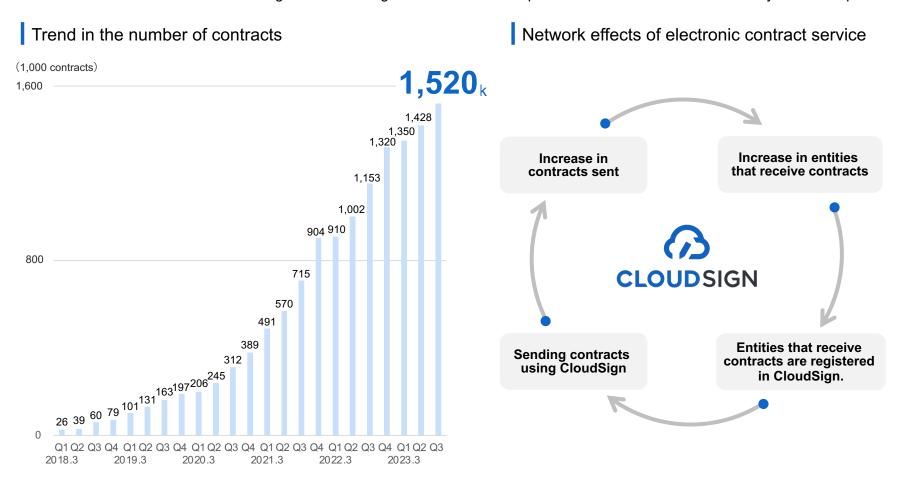
💥 Operating profit excluding major investments such as TV commercials

## Trend in the number of contracts

## (The number of contracts sent bearing an electronic signature and a timestamp)

The number of contracts sent increased steadily, surpassing 1.52 million in the quarter. A further increase in expected in Q4.

\*Electronic contracts are contracts bearing an electronic signature and a timestamp and do not include contracts with only a timestamp.



<sup>\*</sup> The number of contracts sent refers to the number of contracts sent bearing an electronic signature and a timestamp in light of requirements for electronic signature under the Act on Electronic Signatures and Certification Business (excluding contracts with only a timestamp)

## CloudSign introduction in different industries

The introduction of CloudSign continued to accelerate, especially among large companies and local governments.

Banks, securities, insurance and other financials



















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IT services, information, telecommunications, human resources and media







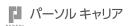


















Construction / Real estate





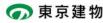
















Transportation equipment, food, chemical, pharmaceutical, and other manufacturing

Local governments and other























**Transport/Logistics** 













東京都















\*\*1 Companies that have introduced CloudSign include OEM products such as SMBC CloudSign. \*\*2 Logos and names of companies that have granted individual permission are listed.

## Case study: Ricoh Company, Ltd.

Full-scale use of the service by a client that introduced CloudSign after the outbreak of the COVID-19 pandemic We will seek to encourage the use of the service by continuing to strengthen the support system and extending support to the client's business partners.



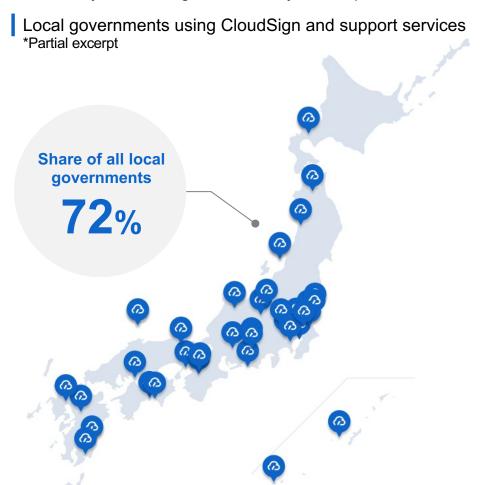


%1. Quoted from https://www.cloudsign.jp/case/2022/01/07/ricoh/ %2. Quoted from https://jp.ricoh.com/release/2021/0201\_1

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# **Status of Introduction by Local Governments**

47 local governments have committed to introduction (accounting for 72% of all local governments)
Introduction by prefectures and municipalities across Japan is accelerating and full-scale use is expected from next fiscal year, starting with the Tokyo Metropolitan Government



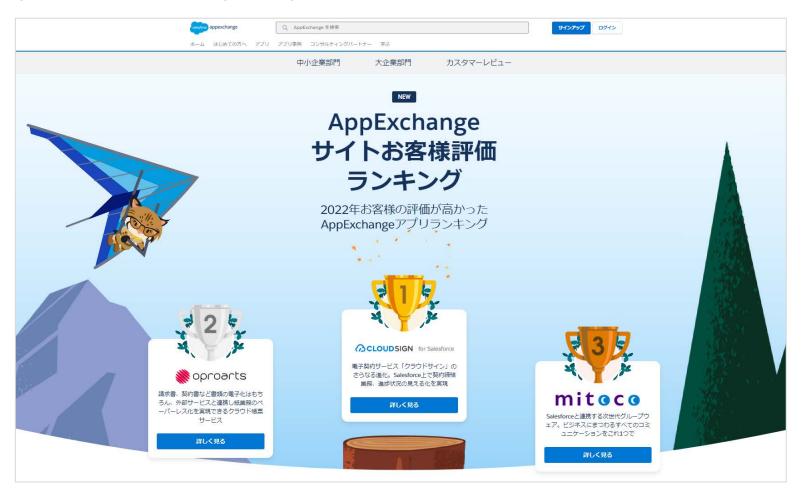
## Prefectures Municipalities

- Tokyo
- Aomori
- Akita
- Ibaraki
- Saitama
- Nagano
- Toyama
- Kochi

- Kobe, Hyogo
- Hamamatsu, Shizuoka
- Awashimaura-mura, Niigata
- Kasama, Ibaraki
- Urayasu, Chiba
- Sakado, Saitama
- Nakano, Nagano
- Hirakata, Osaka
- Ikoma, Nara
- Mihara, Hiroshima
- Kikuchi, Kumamoto
- Ogi, Saga
- · Shibushi, Kagoshima
- Taketomi-cho, Okinawa

# **RANKED #1 on Salesforce AppExchange**

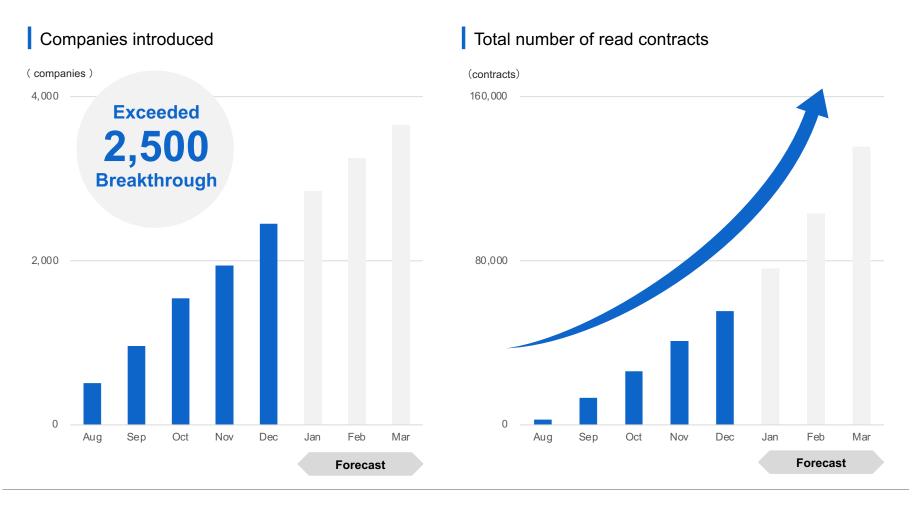
CloudSign ranked first in the customer evaluation on the Sales Force AppExchange site
Aiming to accelerate sales through even greater collaboration with product partner Salesforce



Quoted from https://appexchangejp.salesforce.com/mktcollections/curated/appranking2022#section3

# Status of Introduction of CloudSign Al

The number of companies that use AI contract management, which was launched in August 2022, exceeded 2,500. The number of readable contract types increased to 12 and further growth in usage is expected. Aiming for improvement of ARPPU from next fiscal year by continuing to focus on improvement of added value.



# Zeirishi.com

(Zeirishi means tax accountant)

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## Zeirishi.com

Japan's largest tax consultation portal site which has 846k visitors/month.

#### 1. Tax Accountant introduction service

Provide introduction service by experienced tax coordinators.

They choose the best one for client from among **6,415** registered tax accountants.

#### 2. Tax consultation service

Provide tax consultation service free of charge.

Total number of tax consultation cases is approximately **100,000**.

#### 3. Tax Account Profile · Tax Accountant Search

Search for the best tax accountant for yourself from the region, focus areas etc.



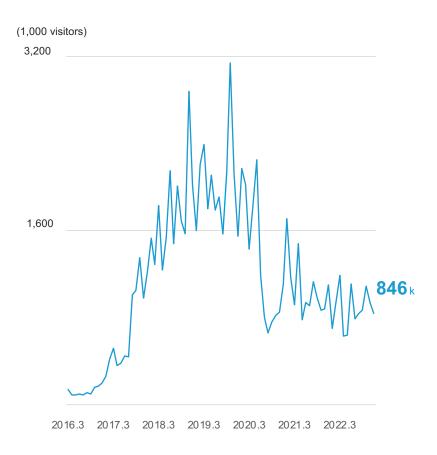
as of Dec. 2022

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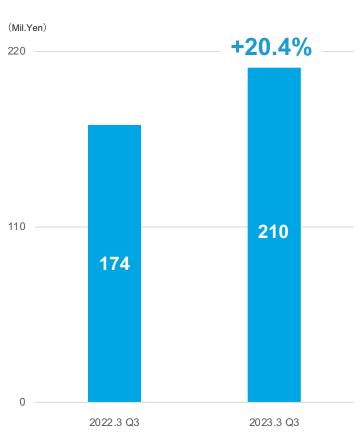
## The number of visitors and sales

Net sales remained firm, refining business processes for a strong business

### Trend of the number of visitors (monthly)



## Sales (YoY)



\*Net sales in the above graphs have been rounded down to the nearest million yen.

# **Business Lawyers**

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## **Business Lawyers**

Japan's largest Corporate legal portal site which has 473k visitors/month.

### 1. Registered lawyers

The lawyer who works in Nishimura & Asahi,

Mori Hamada & Matsumoto, Nagashima Ohno & Tsunematsu,

Anderson Mori & Tomotsune, TMI etc.

97offices 959lawyers

### 2. "Business Lawyers Library"

Browse practical books online and streamline your research.

6,300 yen per month, 1,412 books, 25 legal publishers participate.

### 3. "Business Lawyers Compliance"

Supporting the training challenges faced by companies with online videos.



as of Dec. 2022

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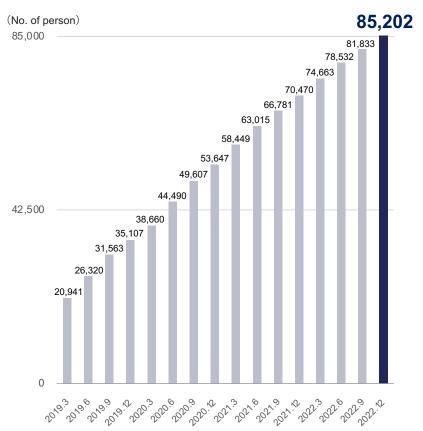
## In Business Lawyers, SaaS business begin to grow based on media business

The number of users of "Business Lawyers" exceeded 85,000.

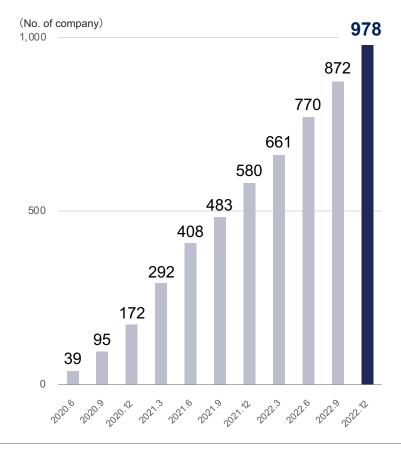
The number of companies that have introduced "BUSINESS LAWYERS LIBRARY," one of Japan's largest subscription services for legal books and journals, topped 1,000 in January 2023



\*\*By registering as a member (free of charge), you will be able to view all the contents of Business Lawyers.



Number of companies that have introduced Business Lawyers Library



## Status of introduction of "BUSINESS LAWYERS LIBRARY"

With the spread of remote work the need " to access lawbooks both when working in the office and at home," the service is used by staff at more than 1,000 companies, mainly leading law offices and large companies, as of January 2023.

No. 1 in the industry for legal research.





From the website of "BUSINESS LAWYERS LIBRARY" https://www.businesslawyers.jp/lib/about

# Appendix

# **Corporate Profile**

Name Bengo4.com, Inc.

Place 4-1-4 Roppongi, Minato-ku, Tokyo

Date of establishment 4th Jul., 2005

Representative Director Taichiro Motoe

Number of employees 410 (as of Dec. 2022)

### **Board Members**

#### **Co-representative Director**

#### **Taichiro Motoe**

Joined Anderson Mori & Tomotsune Foreign Law Joint Enterprise and subsequently founded Authense Law Office.

Jul. 2005 Established Bengo4.com, Inc., President and CEO/ Jun. 2017 Takes office as Chairman and Co-representative Director / Sep. 2020 Becomes Parliamentary Vice-Minister of Finance and resigns as Chairman/Dec. 2021 Resigns as a Parliamentary Vice-Minister of Finance and becomes Chairman / 2022 reappointed as a Co-representative director.

#### Chairman of board of directors

#### Yosuke Uchida

Former director of Kakaku.com, Inc. Oct., 2015 Joined as an outside director / Jun., 2017 Inaugurated as a Co-representative director / Jun., 2019 Inaugurated as a Chairman of board of directors

#### **Director**

### Yoshikazu Tagami

Woked Anderson Mori & Tomotsune Foreign Law Joint Enterprise and GREE,INC.
Engaged in legal services, legal affairs, new business.
Joined our company in 2015 /Jun., 2019 Inaugurated as a director

#### **Director**

#### Daichi Tachibana

Woked Cyber Agent, INC. and GVA law office Engaged in legal services, legal affairs Joined our company in 2015 /Jun., 2019 Inaugurated as a director

#### **Director**

#### Yosuke Watanabe

Engaged in sales at en Japan Inc. and oRo Co., Ltd. Joined the company in 2012. Launched the lawyer marketing support service and grew the service as business manager. Jun.,2016 Inaugurated as a director //Jun.,2021 resigned as Director/ 2022 reappointed as a director

#### **Director**

#### Masaoki Sawada

Joined SBI Securities Co., Ltd. Engaged in corporate sales, targeting listed and unlisted companies. Joined Paraca Inc. in 2013.

Worked for Paraca to be listed on the First Section of the Tokyo Stock Exchange.

Joined our company in 2014/ Jun., 2022 Inaugurated as a director

#### **Outside Director**

#### Fumihiko Ishimaru

Representative Director of Accord Ventures, Inc.

Former executive officer of Digital Garage, Inc. Former director and COO of DG Ventures, Inc. Has strong track records of investments Aug., 2012 Inaugurated as an outside director

#### **Outside Director**

#### Atsuhiro Murakami

Director of Kakaku.com, Inc.

Founded and developed "Tabelog", the most popular gourmet word-of-mouth website in Japan. Joined the company as an advisor in 2013 Aug., 2014 Inaugurated as an outside director

#### **Outside Director**

### Katsuya Uenoyama

Representative Director of PKSHA Technology Inc.

Worked for a major foreign-affiliated consulting firm Obtained a Ph.D (in machine learning) at Matsuo Laboratory 2012 Founded PKSHA Technology Inc. Jun. 2021 Appointed outside director

# **Corporate Mission**

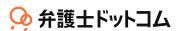
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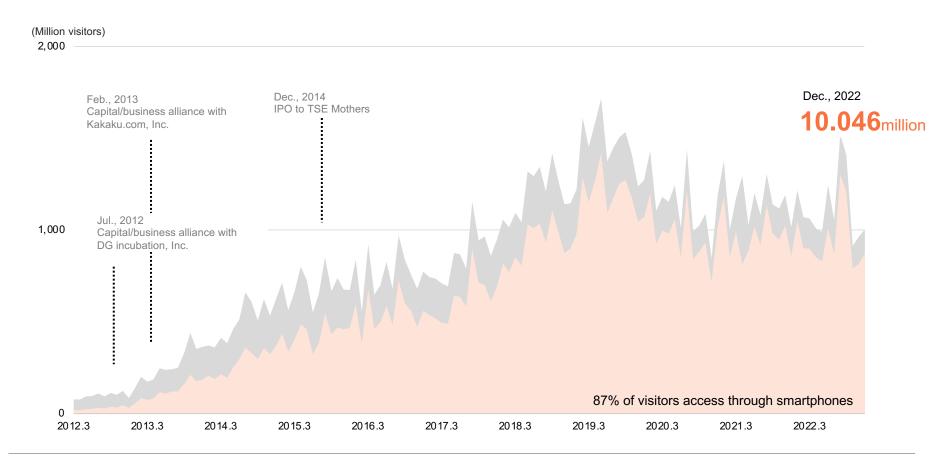




# **Company History**

Growing influence of the website as a portal for legal counselling, by leveraging increasing popularity of mobile phones as more personalized devices, and nature of contents which relates to personal matters.

Trend of number of monthly visitors and achievements of the company



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## Bengoshi.com

(Bengoshi means lawyer)

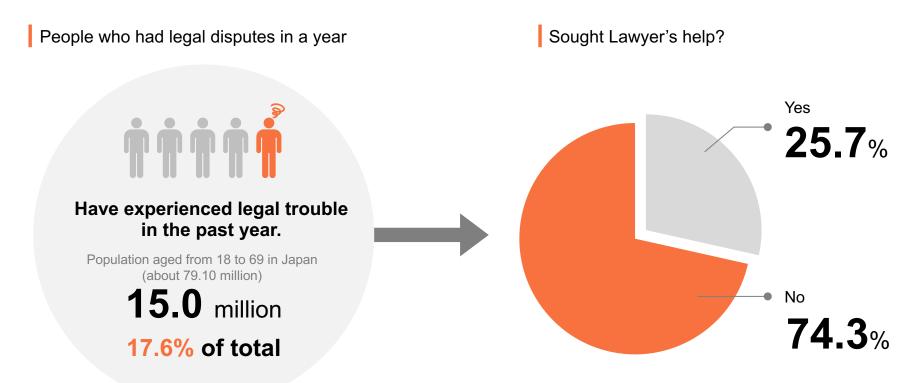
## Social background of legal consulting services in Japan

15.0 Million people had troubles / disputes over legal matters in a year

Only 25.7% of these people sought Lawyer's advices

Reasons why they hesitated to ask professional's help were:

Concerns over professional fees 44.3%; / It's a too minor problem to seek professional's help 38.5%;

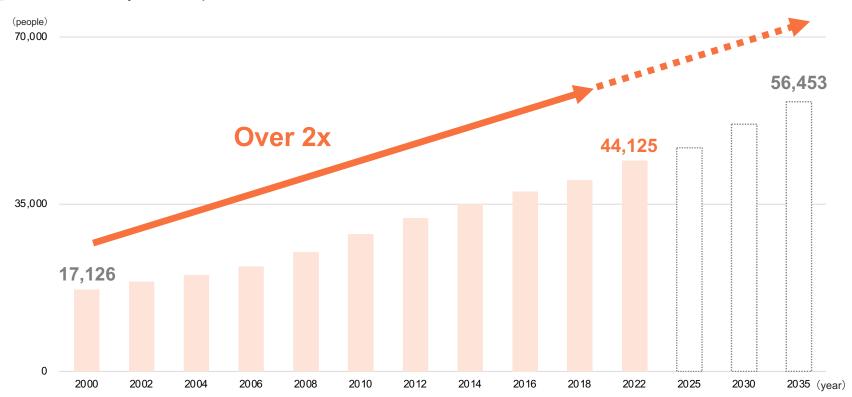


Based on the research conducted by Macromill, Inc in Dec. 2022
Target: Individuals from 18 to 69 years old, respondents of 1,200 individuals

## Background of lawyer's business in Japan

Environments of lawyer's business has been changing rapidly since the judicial system reform in 2000, such as lifting of ban on advertisements, liberalization of fees, and new bar examination, which was meant to increase number of lawyers in Japan.

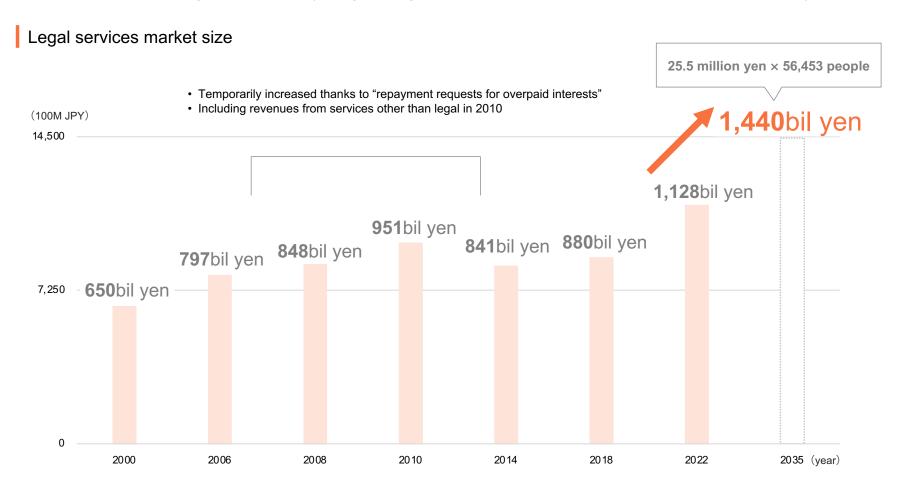
#### Number of Lawyers in Japan



Source: Excerpted from the 2019 edition of the White Paper on Lawyers, published by the Japan Federation of Bar Associations (if the number of lawyers who have passed the bar exam is maintained at 1,500)

## Market Environment of the Legal Services Industry in Japan

The legal services industry has been growing since 2000 due to progress in the development of new customers, as marketing needs for lawyers grow together with the increase in the actual number of lawyers.



Source: Estimated based on the 2018 edition of the White Paper on Lawyers, published by the Japan Federation of Bar Associations

## Value proposition of Bengoshi.com

An web-based platform for consumers and lawyers, to realize "familiar legal service" Provides information and services about free legal consulting and detailed information about lawyers for consumers.



## Why Bengoshi.com?

The largest free legal consultation portal in Japan which has 10.04M visitors/month\*

- Because the lawyer offers user legal advice for free on the internet service
- The outstanding database which has over 1,211k records of consulting cases\*
- 2. Because it has a substantial database of lawyers
- 22,431 lawyers registered\*, One in two of the approximately 40,000 lawyers in the country are registered
- Consumers can search lawyers based on their needs
- Lawyers utilize it as a promotion media to acquire new customers
- 3. Because it has a popular news site which attracts readers even who are not keen in legal matters
- "Bengoshi.con news" offers articles about legal and business implication of current topics
- More than 6.97M people visited monthly\*, thanks to its distinctive positioning, "Legal × news topics"



\*as of Dec. 2022

## **Services of Bengoshi.com provides**

Provides each kind of contents according to seriousness of issues users have

Targets	Contents provided	Users can search for the most appropriate lawyer for free thanks to profound profile data of lawyers and detailed search options	
Consumers who have urgent matters and are willing to seek help to lawyers	"List of lawyers" "Lawyers search"		
Consumers who have legal disputes and want to collect "Legal consulting for everyone" Not only that, use information about them used to lawyers for front to lawyers for front information about them used to lawyers for front information about them to lawyers for front information about them used to lawyers for front information about the lawyers for front information abou		Users can seek advice on the consulting board to lawyers for free Not only that, users can read all counselling questions by other users and answers by lawyers as well.	
Consumers who don't have any legal disputes	"Bengoshi.com news"	Users can obtain legal knowledge and protect themselves by the knowledge from any disputes which may occur in future	

## Overview of "marketing support service for lawyers"





# A marketing support service for lawyers, which helps them acquire clients

- The number of visitors to the site has exceeded 10 million.
- Acquiring potential clients efficiently based on the focus area of each lawyer

Price

**20,000** yen or more per month (4 plans in total)

## Overview of "research support service for lawyers"





## Making lawyer book research more comfortable.

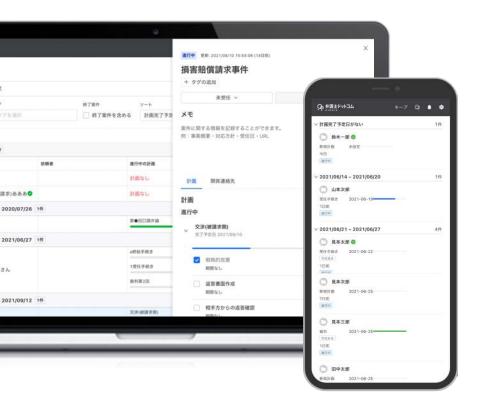
- Monthly subscription service for law books
- "Book browsing" "research service" functions can be used while working from home

Price 9,000yen per month

Number of books Over 1,500 books

Participating publishers 29

## Overview of "Business support service for lawyers"



## 📯 弁護士ドットコム

## All case can be planed.

- Visualize case status and support planned progress
- Supporting the digital shift of legal services in anticipation of the adoption of IT in trials

Video about the service https://youtu.be/O0mDUdE5SMY

## Overview of "paid services for individual"

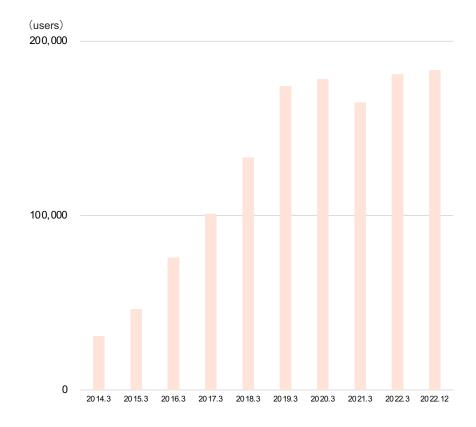
Paying users can read all answers posted by lawyers about topics on the consulting board for 300 yen per month (excluding tax).

What paid users can see



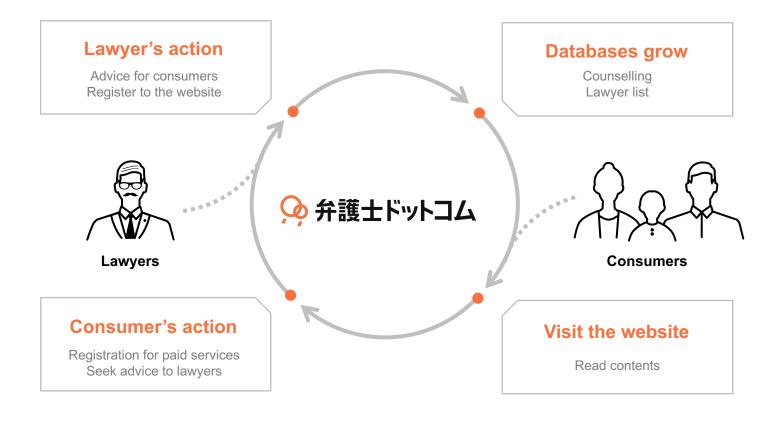
Answers by lawyers are available only for paid users

Trend of the number of paid users



## **Growth Cycle of — Bengoshi.com**

Increased DB draws more visitors, which stimulates new registration of lawyers who seek to reach out expanded number of users



#### Advertisement on the websites

Advertising sales on the "Bengoshi.com" and "Zeirishi.com" websites, as well as advertising sales associated with the Business Lawyers conference

#### Website



#### Conference





## CloudSign

## **Introducing CloudSign**

We are investing in a new business, CloudSign

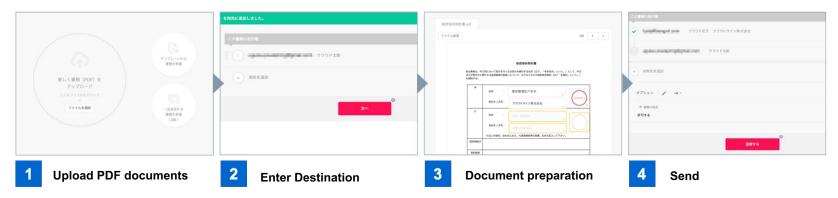
CloudSign is Japan's first web-based free-of charge cloud contracting service released in Oct 2015.



弁護士ドットコム

## **Usage Image**

#### Sender



#### Receiver



#### Sender · Receiver



#### Final step after conclusion of agreement

The signed documents will be automatically e-mailed to the sender and receiver. (It is automatically stored on the CloudSign.)

## **Documents used for CloudSign (examples)**

#### **Human Resources**

Employment contract
Working conditions notice
Offer of employment
Employment agreement

#### **Sales**

Sales Contract Land purchase agreement Building Sales Contract Real estate sales contract

#### Leases

Building Lease Agreement Land Lease Agreement Parking Lot Rental Agreement Building Use Lease Agreement

#### Sales and Purchasing

Basic Transaction Agreement Service Application Form Order Forms Purchase Orders Invoices Receipts

#### **Loans and borrowings**

Loan Agreement
Written acknowledgment of debt
Debt acknowledgment and
repayment agreement
Assignment of receivables agreement

#### **Outsourcing and Contracting**

Outsourcing Agreement
Construction Contracts
Agency Contract
Merchandise Sales Consignment
Agreement
Supply Contract

#### **Others**

Nondisclosure agreement Stock Transfer Agreement Personal Information Handling Agreement Contract Modification Agreement Contract Termination Notification Estate Division Agreement Cause of death gift agreement Copyright Transfer Agreement Merger agreement Minutes of board of directors meetings

## **Benefits of CloudSign**



#### **Speed up process**

With CloudSign, contract signing process will be shorten by 1-2 weeks, which boosts up upside of your business.



#### **Reduce cost**

Shipping cost, paper cost,printer ink cost, and stamp tax will no longer pressure your business. Also human resource cost can be reduced who envolves around contract signin process.



#### **Strengthening of compliance**

No more losing/missing paper or altering of contract.
By managing contract via CloudSign, transparency of business will be improved.

## **Price of CloudSign**

Free	Light	Corporate	Enterprise
Fixed fee:0 JPY/Month Pay- per-use:0 JPY/Month	Fixed fee: 10,000 JPY/Month Pay- per-use: 200 JPY/Sending	Fixed fee: 28,000 JPY/Month Pay- per-use: 200 JPY/Sending	Fixed fee: To be inquired Pay- per-use: 200 JPY/Sending
Plan contents  Number of users: 1 user  Number of contracts: 5	Plan contents  Number of users : Unlimited  Number of contracts : Unlimited	Plan contents  Number of users : Unlimited  Number of contracts : Unlimited	Plan contents  Number of users : Unlimited  Number of contracts : Unlimited
Features  • Sending, storage and search of contracts  • Two-factor authentication	Features  • Functions featured by the Free plan  • Collective creation and sending of documents  • Provision of document templates  • Alerts  • Conclusion of contracts in English and/or Chinese.  • Al contract management	Features  · Functions featured by the Light plan  · Creation of audit logs  · Paper document importing  · Web API function  · Recipient Authentication	Features  Functions featured by the Corporate plan  Restriction of contract approvers  Restriction of internal users  IP address-based restriction of accesses  Provision of the Single Sign On functionality  Multi-department management  Smart Cabinet  Provision of support by telephone

 <sup>※</sup> The unit price of ¥ 200 for the Standard plan applies from companies registered after March 2019. Companies registered before February 2019 use 50 yen and 100 yen in unit price.

## Why CloudSign?

#### 1. Cloud contracting service offered by Bengoshi.com

• Our Company, which has a deep understanding and knowledge of Japanese law, provides legally reliable products under the supervision of a lawyer.

#### 2. Product development in line with Japanese business practices

- In order to expand electronic contract services that were not familiar in Japan, we developed a user interface that is easy to understand even for first-time users.
- The best and fastest product development in line with Japanese business practices, while referring to the opinions of many user companies.

#### Industry-standard cloud contracting service

 Proliferation as a standard service in the industry based on the advantages of a first-mover and the network effect of a cloud contracting service.



## CloudSign services

#### **Uploading PDF**

Automatic conversion to data





### CloudSign Al

It facilitates contract management operations with AI, which automatically identifies the counterparty to the contract, the amount of the contract, and other items based on PDF data of the contract document stored in CloudSign and converts them to data.



### CloudSign scan

It handles the process from scanning contract documents to storing documents and entering document information into CloudSign.

### **CloudSign Now**

An electronic contract service that uses a tablet terminal and that can be used in face-to-face transactions as well.







### CloudSign payment

Payment by credit card is made at the same time as the signing of the contract.



#### <WARNING>

This document is meant for explaining the company's business itself and doesn't mean any inducement or persuasion for buying stocks or/and bonds of the company.

This document include descriptions about prospects for future which are based on information available as of today, and actual situation mentioned in it would be significantly different from what it was stated, because of change of macro-economic trends, business trends the company faces, intrinsic and extrinsic factors.

Therefore, please note that this document doesn't guarantee any future of the company as well as other institutions.