



Non-Consolidated Financial Results for the Second Quarter Ended September 30, 2021

October 26, 2021

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 12, 2021

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, 2021 (from April 1, 2021 to September 30, 2021)

(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, 2021	3,179	30.6	453	318.4	459	320.8	284	322.9
September 30, 2020	2,435	26.2	108	-58.2	109	-58.0	67	-57.9

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Second quarter ended September 30, 2021	12.79	12.75
September 30, 2020	3.02	3.02

(2) Financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2021	3,381	2,481	73.3
March 31, 2021	3,102	2,196	70.8

Reference: Equity capital As of September 30, 2021: 2,479 million yen As of March 31, 2021: 2,195 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, 2021	–	0.00	–	0.00	0.00
Fiscal year ending March 31, 2022	–	0.00	–	–	–
Fiscal year ending March 31, 2022 (Forecast)	–	–	–	0.00	0.00

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

3. Earnings forecasts for the fiscal year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

(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, 2022	7,000	–	–	–	–	–	–	–	–

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

The forecasts are based on the Accounting Standard for Revenue Recognition to be applied from the beginning of the fiscal year ending March 31, 2022. For this reason, changes from the actual values for the fiscal year ended March 31, 2021 prior to the application of this standard are not shown. In addition, in our earnings forecasts for the fiscal year ending March 31, 2022, 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: Yes
- b. Changes in accounting policies other than a: None
- c. Change in accounting estimates: None
- d. Restatement: None

Note: For details, please refer to “2. Quarterly Financial Statements and Key Notes (4) Notes to quarterly financial statements (Change in accounting policy)” on page 8 of the supplementary materials.

(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, 2021	22,264,500 shares	As of March 31, 2021	22,263,000 shares
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b. Number of treasury shares at the end of the period

As of September 30, 2021	223 shares	As of March 31, 2021	194 shares
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c. Average number of shares during the period

Second quarter ended September 30, 2021	22,262,912 shares	Second quarter ended September 30, 2020	22,259,872 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, 2021, (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, 2021

(1) Summary of operating results

During the second quarter under review, the Japanese economy was moving toward recovery, albeit at a slower pace than the level before the spread of COVID-19, reflecting the gradual easing of the impact of COVID-19 thanks to the progress in vaccination, among other factors. While the economic activity is expected to recover as the result of the easing the impact of COVID-19, the outlook still remains uncertain.

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 cloud-based online contract conclusion service.

As a result of the above, net sales reached 3,179 million yen, up 30.6% year on year, operating profit amounted to 453 million yen, up 318.4% year on year, ordinary profit was 459 million yen, up 320.8% year on year, and profit came to 284 million yen, up 322.9% 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 11.5% year on year, to 11.41 million in September 2021. The number of registered lawyers as of the end of the second quarter under review rose 6.6% year on year, to 21,909, of which the number of lawyers with paid member subscriptions to the lawyer support service stood at 5,140 (a decrease of 1.4% year on year). Meanwhile, the number of paid subscribers to bengo4.com paid services grew 1.5% year on year, to 167,684.

As a result, net sales and segment profit increased 3.1% and 12.9% year on year, to 1,835 million yen and 706 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 cloud-based online contract conclusion service.

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 75.8% year on year, to 1,002,601 in the second quarter under review.

As a result, net sales and segment profit increased 105.2%, to 1,344 million yen, and segment profit came to 173 million yen (as opposed to a segment loss of 198 million yen in the same period of the previous year) in the second quarter under review.

(2) Summary of financial position

Total assets at the end of the second quarter under review stood at 3,381 million yen, rising 279 million yen from the end of the previous fiscal year. This mainly reflected increases in accounts receivable, software in progress and software.

(Current assets)

Current assets at the end of the second quarter under review stood at 2,544 million yen, rising 127 million yen from the end of the previous fiscal year. The main changes were year-on-year increases of 87 million yen accounts receivable and 29 million yen in cash and deposits.

(Non-current assets)

Non-current assets at the end of the second quarter under review climbed 152 million yen from the end of the previous fiscal year, to 837 million yen. This was mainly due to year-on-year increases of 52 million yen in software in progress, 41 million yen in software and 33 million yen in leasehold and guarantee deposits.

(Current liabilities)

Current liabilities at the end of the second quarter under review decreased 5 million yen from the end of the previous fiscal year, to 900 million yen. This was chiefly attributable to a year-on-year decrease of 192 million yen in accounts payable - other, and year-on-year increases of 171 million yen and 9 million yen in income taxes payable and advances received, respectively.

(Non-current liabilities)

There were no non-current liabilities at the end of the second quarter under review.

(Net assets)

Net assets at the end of the second quarter under review stood at 2,481 million yen, rising 284 million yen from the end of the previous fiscal year. This mainly reflects a year-on-year increase of 284 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, 2022 announced on May 13, 2021.

2. Quarterly Financial Statements and Key Notes

(1) Quarterly balance sheet

(Thousand yen)

	Previous fiscal year (As of March 31, 2021)	Second quarter under review (As of September 30, 2021)
Assets		
Current assets		
Cash and deposits	1,457,980	1,487,867
Accounts receivable	774,315	862,269
Supplies	1,264	1,319
Prepaid expenses	194,376	206,005
Accounts receivable - other	8,789	6,378
Other	431	3,787
Allowance for doubtful accounts	-19,583	-22,984
Total current assets	2,417,573	2,544,641
Non-current assets		
Property, plant and equipment		
Buildings, net	33,931	49,786
Tools, furniture and fixtures, net	24,801	28,089
Total property, plant and equipment	58,732	77,876
Intangible assets		
Software	316,908	358,201
Software in progress	79,654	132,334
Patent right	333	310
Trademark right	417	380
Total intangible assets	397,314	491,226
Investments and other assets		
Investment securities	8,472	8,472
Shares of subsidiaries and associates	49,000	49,000
Leasehold and guarantee deposits	98,551	132,473
Long-term prepaid expenses	10,809	10,235
Deferred tax assets	61,858	67,853
Total investments and other assets	228,691	268,036
Total non-current assets	684,739	837,138
Total assets	3,102,313	3,381,780

(Thousand yen)

	Previous fiscal year (As of March 31, 2021)	Second quarter under review (As of September 30, 2021)
Liabilities		
Current liabilities		
Accounts payable - other	611,059	418,082
Accrued expenses	55,644	50,236
Income taxes payable	28,372	200,252
Accrued consumption taxes	84,662	89,187
Advances received	77,911	87,261
Deposits received	48,157	55,274
Other	—	416
Total current liabilities	905,807	900,713
Total liabilities	905,807	900,713
Net assets		
Shareholders' equity		
Share capital	439,608	439,667
Capital surplus	405,302	405,361
Retained earnings	1,350,496	1,635,221
Treasury shares	-371	-652
Total shareholders' equity	2,195,035	2,479,597
Share acquisition rights	1,469	1,469
Total net assets	2,196,505	2,481,067
Total liabilities and net assets	3,102,313	3,381,780

(2) Quarterly statement of income

(Thousand yen)

	Previous second quarter (from April 1, 2020 to September 30, 2020)	Second quarter under review (from April 1, 2021 to September 30, 2021)
Net sales	2,435,092	3,179,254
Cost of sales	364,362	508,459
Gross profit	2,070,730	2,670,795
Selling, general and administrative expenses	1,962,437	2,217,655
Operating profit	108,293	453,139
Non-operating income		
Interest income	5	50
Commission income	—	3,611
Subsidy income	—	1,680
Proceeds from miscellaneous income	888	1,020
Total non-operating income	894	6,362
Non-operating expenses		
Miscellaneous losses	—	20
Total non-operating expenses	—	20
Ordinary profit	109,187	459,481
Extraordinary losses		
Loss on retirement of non-current assets	714	0
Total extraordinary losses	714	0
Profit before income taxes	108,472	459,481
Income taxes - current	43,843	180,752
Income taxes - deferred	-2,692	-5,995
Total income taxes	41,151	174,756
Profit	67,321	284,725

(3) Quarterly statement of cash flows

(Thousand yen)

	Previous second quarter (from April 1, 2020 to September 30, 2020)	Second quarter under review (from April 1, 2021 to September 30, 2021)
Cash flows from operating activities		
Profit before income taxes	108,472	459,481
Depreciation	75,409	102,950
Increase (decrease) in allowance for doubtful accounts	4,196	3,401
Interest and dividend income	-5	-50
Subsidy income	—	-1,680
Loss on retirement of non-current assets	714	0
Decrease (increase) in trade receivables	-51,434	-87,954
Decrease (increase) in inventories	-245	-54
Decrease (increase) in prepaid expenses	32,044	-11,628
Increase (decrease) in accounts payable - other	97,045	-186,591
Increase (decrease) in accrued expenses	11,719	-5,407
Increase (decrease) in accrued consumption taxes	-1,430	5,233
Increase (decrease) in advances received	13,418	9,350
Other, net	6,511	16,716
Subtotal	296,417	303,766
Interest and dividends received	5	50
Subsidies received	—	1,680
Income taxes paid	-58,210	-13,088
Net cash provided by (used in) operating activities	238,212	292,408
Cash flows from investing activities		
Purchase of property, plant and equipment	-4,113	-25,871
Purchase of intangible assets	-132,158	-198,140
Payments of leasehold deposits	-95	-44,739
Proceeds from refund of leasehold deposits	—	6,393
Net cash provided by (used in) investing activities	-136,367	-262,358
Cash flows from financing activities		
Proceeds from exercise of employee share options	936	117
Purchase of treasury shares	—	-280
Net cash provided by (used in) financing activities	936	-163
Net increase (decrease) in cash and cash equivalents	102,781	29,887
Cash and cash equivalents at beginning of period	1,197,788	1,457,980
Cash and cash equivalents at end of period	1,300,569	1,487,867

(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.

(Change in accounting policy)

(Application of Accounting Standard for Revenue Recognition, etc.)

The Company decided to apply the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020, hereinafter called the Revenue Recognition Accounting Standard), etc. from the beginning of the first quarter of the fiscal year, and recognized revenue in the amount expected to be received in exchange for goods or services at the time when the control of such promised goods or services is transferred to customers.

The application of the Revenue Recognition Accounting Standard, etc. has no impact on profitability or segment information.

The Revenue Recognition Accounting Standard, etc., which is applied according to the transitional measures specified in the note to the paragraph 84 of the Revenue Recognition Accounting Standard, has no impact on the beginning balance of retained earnings.

(Application of Accounting Standard for Fair Value Measurement, etc.)

The Company decided to apply the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019, hereinafter called the Fair Value Measurement Accounting Standard), etc. from the beginning of the first quarter of the fiscal year, and continue to apply new accounting policies specified in the Fair Value Measurement Accounting Standard, etc. on a long term basis according to the transitional measures prescribed in the paragraph 19 of the Fair Value Measurement Accounting Standard and the paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). The application has no impact on the quarterly financial statements.

(Additional information)

(Accounting estimates associated with the spread of COVID-19)

There are no material changes from the details included as additional information in the securities report for the previous fiscal year with respect to assumptions and accounting estimates pertaining to the effects of the spread of COVID-19.

(Segment information)

[Segment information]

I. Six months ended September 30, 2020 (April 1, 2020 to September 30, 2020)

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

(Thousand yen)

	Reportable segments			Adjustment items (Note 1)	Amount posted in the quarterly statement of income (Note 2)
	Media	IT/Solutions	Total		
Net sales					
Net sales to external customers	1,780,168	654,924	2,435,092	—	2,435,092
Inter-segment sales or transfers	—	—	—	—	—
Total	1,780,168	654,924	2,435,092	—	2,435,092
Segment profit (loss)	626,015	-198,759	427,256	-318,963	108,293

(Notes) 1. The adjustment for segment profit (loss) of negative 318,963 thousand yen includes corporate expenses in the amount of negative 318,963 thousand yen not previously allocated to the reportable segments. Company expense consists primarily of general and administrative expenses that are not attributable to the reporting segments.

2. Segment profit (loss) is adjusted to be consistent with the operating profit reported in the quarterly statements of income.

II. Six months ended September 30, 2021 (April 1, 2021 to September 30, 2021)

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

(Thousand yen)

	Reportable segments			Adjustment items (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 (loss)	706,569	173,987	880,557	-427,417	453,139

(Notes) 1. The adjustment for segment profit (loss) 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. Company expense consists primarily of general and administrative expenses that are not attributable to the reporting segments.

2. Segment profit (loss) is adjusted to be consistent with the operating profit reported in the quarterly statements of income.

2. Matters on changes in reportable segments

The Company had previously omitted the inclusion of segment information as a single segment of the Internet media business. Starting from the first quarter of the fiscal year, however, it decided to make a change and include two reportable segments, namely, the Media segment and the IT/Solutions segment, taking into consideration the review of business management classification and the similarity and relevance of markets to which its services are sold and those of customers. The segment information for the second quarter of the previous fiscal year presented in this report has been prepared based on the reportable segment after the change.