



Non-Consolidated Financial Results for the Third Quarter Ended December 31, 2021

January 27, 2022

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: February 14, 2022
 Scheduled date to commence dividend payments: –
 Preparation of supplementary materials on financial results: Yes
 Holding of financial results briefing session: Yes (for institutional investors and analysts)

(Million yen with fractional amounts rounded down)

1. Financial results for the third quarter ended December 31, 2021 (from April 1, 2021 to December 31, 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	%
Third quarter ended								
December 31, 2021	5,000	31.4	833	274.4	839	271.9	520	367.5
December 31, 2020	3,806	27.1	222	-2.3	225	-1.5	111	-21.2

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Third quarter ended		
December 31, 2021	23.37	23.31
December 31, 2020	5.00	4.99

(2) Financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of			
December 31, 2021	3,769	2,716	72.0
March 31, 2021	3,102	2,196	70.8

Reference: Equity capital As of December 31, 2021: 2,715 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 (3) Notes to quarterly financial statements (Change in accounting policy)” on page 7 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 December 31, 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 December 31, 2021	223 shares	As of March 31, 2021	194 shares
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c. Average number of shares during the period

Nine months ended December 31, 2021	22,263,369 shares	Nine months ended December 31, 2020	22,260,853 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 Third Quarter Ended December 31, 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 Third Quarter Ended December 31, 2021

(1) Summary of operating results

During the first nine months 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 large percentages of people vaccinated, among other factors. While the economic activity is expected to recover as the result of the easing of 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 5,000 million yen, up 31.4% year on year, operating profit amounted to 833 million yen, up 274.4% year on year, ordinary profit was 839 million yen, up 271.9% year on year, and profit came to 520 million yen, up 367.5% from a year earlier.

Operating results by business segment are as follows.

(Media business)

In the Media business, the Company engages in the Internet media business through the legal consultation portal site Bendo4.com and the tax consultation portal site zeiri4.com.

In the bengo4.com business, the Company focused on providing content that is helpful for users and improving usability. It also sought to increase recognition through the distribution of articles of bengo4.com news, an owned media channel which lawyers use to explain familiar topics from a legal perspective. Consequently, monthly site visitors decreased 14.7% year on year, to 10.16 million in December 2021. The number of registered lawyers as of the end of the third quarter under review rose 5.2% year on year, to 22,044, of which the number of lawyers with paid member subscriptions to the lawyer support service stood at 5,171 (a decrease of 0.8% year on year). Meanwhile, the number of paid subscribers to bengo4.com paid services grew 7.1% year on year, to 172,797.

As a result, net sales and segment profit increased 6.1% and 23.3% year on year, to 2,835 million yen and 1,156 million yen, respectively, in the first nine months under review.

(IT/Solutions business)

In the IT/Solutions business, the Company provides IT and solution services including CloudSign, a 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 61.1% year on year, to 1,153,499 in the third quarter under review.

As a result, net sales increased 91.2%, to 2,165 million yen, and segment profit came to 309 million yen (as opposed to a segment loss of 205 million yen in the same period of the previous year) in the first nine months under review.

(2) Summary of financial position

Total assets at the end of the third quarter under review stood at 3,769 million yen, rising 666 million yen from the end of the previous fiscal year. This mainly reflected increases in cash and deposits, accounts receivable and software in progress.

(Current assets)

Current assets at the end of the third quarter under review stood at 2,910 million yen, rising 492 million yen from the end of the previous fiscal year. The main changes were year-on-year increases of 324 million yen in cash and deposits and 152 million yen in accounts receivable.

(Non-current assets)

Non-current assets at the end of the third quarter under review climbed 174 million yen from the end of the previous fiscal year, to 858 million yen. The main changes were increases of 92 million yen in software in progress and 44 million yen in software from the end of the previous fiscal year.

(Current liabilities)

Current liabilities at the end of the third quarter under review increased 146 million yen from the end of the previous fiscal year, to 1,052 million yen. This was chiefly attributable to a decrease of 172 million yen in accounts payable - other from the end of the previous fiscal year, and increases of 277 million yen and 46 million yen in accrued consumption taxes, respectively.

(Non-current liabilities)

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

(Net assets)

Net assets at the end of the third quarter under review stood at 2,716 million yen, rising 520 million yen from the end of the previous fiscal year. This mainly reflects a year-on-year increase of 520 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)	Third quarter under review (As of December 31, 2021)
Assets		
Current assets		
Cash and deposits	1,457,980	1,782,658
Accounts receivable	774,315	926,737
Supplies	1,264	1,316
Prepaid expenses	194,376	207,316
Accounts receivable - other	8,789	12,995
Other	431	4,500
Allowance for doubtful accounts	-19,583	-25,281
Total current assets	2,417,573	2,910,243
Non-current assets		
Property, plant and equipment		
Buildings, net	33,931	48,610
Tools, furniture and fixtures, net	24,801	26,437
Total property, plant and equipment	58,732	75,047
Intangible assets		
Software	316,908	361,629
Software in progress	79,654	171,991
Patent right	333	298
Trademark right	417	361
Total intangible assets	397,314	534,281
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	111,727
Long-term prepaid expenses	10,809	10,498
Deferred tax assets	61,858	69,841
Total investments and other assets	228,691	249,540
Total non-current assets	684,739	858,868
Total assets	3,102,313	3,769,112

(Thousand yen)

	Previous fiscal year (As of March 31, 2021)	Third quarter under review (As of December 31, 2021)
Liabilities		
Current liabilities		
Accounts payable - other	611,059	438,570
Accrued expenses	55,644	40,492
Income taxes payable	28,372	305,492
Accrued consumption taxes	84,662	131,634
Advances received	77,911	104,844
Deposits received	48,157	31,081
Other	—	282
Total current liabilities	905,807	1,052,397
Total liabilities	905,807	1,052,397
Net assets		
Shareholders' equity		
Share capital	439,608	439,667
Capital surplus	405,302	405,361
Retained earnings	1,350,496	1,870,869
Treasury shares	-371	-652
Total shareholders' equity	2,195,035	2,715,245
Share acquisition rights	1,469	1,469
Total net assets	2,196,505	2,716,715
Total liabilities and net assets	3,102,313	3,769,112

(2) Quarterly statement of income

(Thousand yen)

	Nine months ended December 31, 2020 (from April 1, 2020 to December 31, 2020)	Nine months ended December 31, 2021 (from April 1, 2021 to December 31, 2021)
Net sales	3,806,112	5,000,973
Cost of sales	581,827	795,691
Gross profit	3,224,285	4,205,282
Selling, general and administrative expenses	3,001,767	3,372,146
Operating profit	222,517	833,135
Non-operating income		
Interest income	5	55
Commission income	—	3,611
Subsidy income	—	1,695
Proceeds from miscellaneous income	3,226	1,099
Total non-operating income	3,231	6,461
Non-operating expenses		
Miscellaneous losses	2	22
Total non-operating expenses	2	22
Ordinary profit	225,746	839,575
Extraordinary losses		
Loss on retirement of non-current assets	714	0
Impairment losses	9,947	—
Loss on valuation of investment securities	19,062	—
Total extraordinary losses	29,724	0
Profit before income taxes	196,021	839,575
Income taxes - current	84,654	327,184
Income taxes - deferred	53	-7,983
Total income taxes	84,708	319,201
Profit	111,313	520,373

(3) Notes to quarterly financial statements

(Notes on going concern assumptions)

Not applicable.

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

Not applicable.

(Application of particular accounting treatment concerning preparation of quarterly financial statements)

Not applicable.

(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 under review, 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 under review, 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. Nine months ended December 31, 2020 (April 1, 2020 to December 31, 2020)

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

	Reportable segments			Adjustment (Note 1)	Amount posted in the quarterly statement of income (Note 2)
	Media	IT/Solutions	Total		
Net sales					
Net sales to external customers	2,673,451	1,132,660	3,806,112	—	3,806,112
Inter-segment sales or transfers	—	—	—	—	—
Total	2,673,451	1,132,660	3,806,112	—	3,806,112
Segment profit (loss)	937,687	-205,872	731,814	-509,297	222,517

(Notes) 1. The adjustment for segment profit (loss) of negative 509,297 thousand yen includes corporate expenses in the amount of negative 509,297 thousand yen not previously allocated to the reportable segments. Corporate expenses consist primarily of general and administrative expenses that are not attributable to the reporting segments.

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

II. Nine months ended December 31, 2021 (April 1, 2021 to December 31, 2021)

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

	Reportable segments			Adjustment (Note 1)	Amount posted in the quarterly statement of income (Note 2)
	Media	IT/Solutions	Total		
Net sales					
Net sales to external customers	2,835,490	2,165,482	5,000,973	—	5,000,973
Inter-segment sales or transfers	—	—	—	—	—
Total	2,835,490	2,165,482	5,000,973	—	5,000,973
Segment profit	1,156,620	309,661	1,466,282	-633,146	833,135

(Notes) 1. The adjustment for segment profit of negative 633,146 thousand yen includes corporate expenses in the amount of negative 633,146 thousand yen not previously allocated to the reportable segments. Corporate expenses consist primarily of general and administrative expenses that are not attributable to the reporting segments.

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

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 under review, 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 first nine months of the previous fiscal year presented in this report has been prepared based on the reportable segment after the change.