

# Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2022



May 13, 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 of ordinary general meeting of shareholders: June 25, 2022

Scheduled date to commence dividend payments: –

Scheduled date to submit Securities Report: June 27, 2022

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 fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(1) Operating results (Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2022	6,877	29.3	1,139	560.2	1,149	530.6	702	986.1
March 31, 2021	5,318	28.7	172	-56.1	182	-53.9	64	-75.2

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Return on assets	Operating margin
	Yen	Yen	%	%	%
March 31, 2022	31.56	30.65	30.6	33.2	16.6
March 31, 2021	2.90	2.90	3.0	6.5	3.2

Reference: Share of profit (loss) of entities accounted for using equity method

Fiscal year ended March 31, 2022: 28 million yen Fiscal year ended March 31, 2021: 7 million yen

## (2) Financial position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2022	3,812	2,398	62.9	108.17
As of March 31, 2021	3,102	2,196	70.8	98.60

Reference: Equity capital As of March 31, 2022: 2,397 million yen As of March 31, 2021: 2,195 million yen

## (3) Cash flows

Fiscal year ended	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
March 31, 2022	1,155	-436	-500	1,676
March 31, 2021	569	-310	0	1,457

## 2. Cash dividends

	Dividend per share					Total dividend payments (Total)	Dividend payout ratio	Dividend on equity ratio
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Annual			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2021	–	0.00	–	0.00	0.00	–	–	–
March 31, 2022	–	0.00	–	0.00	0.00	–	–	–
Fiscal year ending								
March 31, 2023 (Forecast)	–	0.00	–	0.00	0.00			

3. Earnings forecasts for the fiscal year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Percentages indicate year-on-year changes.)

Fiscal year ending March 31, 2023	Net sales		Operating profit		Ordinary profit		Profit		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	8,800	28.0	—	—	—	—	—	—	—

In our earnings forecasts for the fiscal year ending March 31, 2023, 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) 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 “3. Financial Statements and Key Notes (5) Notes to financial statements (Change in accounting policy)” on page 13 of the supplementary materials.

(2) Number of shares issued (common stock)

- a. Total number of shares issued at the end of the period (including treasury shares)
  - As of March 31, 2022 22,264,500 shares
  - As of March 31, 2021 22,263,000 shares
- b. Number of treasury shares at the end of the period
  - As of March 31, 2022 101,259 shares
  - As of March 31, 2021 194 shares
- c. Average number of shares during the period
  - Fiscal year ended March 31, 2022 22,249,067 shares
  - Fiscal year ended March 31, 2021 22,261,335 shares

\* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

\* 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 “(4) Outlook” under “1. Overview of Operating Results and Financial Position” on page 5 of the supplementary materials and the financial explanatory documents for the fiscal year ended March 31, 2022, released on May 13, 2022.

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## 1. Overview of Operating Results and Financial Position

### (1) Overview of operating results for the fiscal year ended March 31, 2022

During the fiscal year under review, the Japanese economy saw a moderate recovery in activities in response to an increase in the vaccination rate and the effect of the government's economic measures amid the prolonged impact of COVID-19. However, future outlook remains uncertain due to a resurgence of the risk of COVID-19 infection caused by variant strains, another steep rise in market prices caused by the outbreak of the Ukrainian crisis, and other factors.

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, net sales reached 6,877 million yen, up 29.3% year on year, operating profit amounted to 1,139 million yen, up 560.2% year on year, ordinary profit was 1,149 million yen, up 530.6% year on year, and profit came to 702 million yen, up 986.1% 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 9.2% year on year, to 10.64 million in March 2022. The number of registered lawyers as of the end of the fiscal year under review rose 2.2% year on year, to 22,170, of which the number of lawyers with paid member subscriptions to the lawyer support service stood at 5,210 (a decrease of 0.2% year on year). Meanwhile, the number of paid subscribers to bengo4.com paid services grew 9.8% year on year, to 181,188.

As a result, net sales and segment profit increased 3.6% and 19.4% year on year, to 3,754 million yen and 1,506 million yen, respectively, in the fiscal year 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 63.6% year on year, to 4,387,683 in the fiscal year under review.

As a result, net sales increased 84.2%, to 3,123 million yen, and segment profit came to 532 million yen (as opposed to a segment loss of 324 million yen in the same period of the previous year) in the fiscal year under review.

### (2) Overview of financial position for the fiscal year ended March 31, 2022

Total assets at the end of the fiscal year under review were 3,812 million yen, increasing 709 million yen from the end of the previous fiscal year. This mainly reflected increases in cash and deposits, accounts receivable and software.

#### (Current assets)

Current assets at the end of the fiscal year under review stood at 2,897 million yen, rising 479 million yen from the end of the previous fiscal year. The main changes were year-on-year increases of 218 million yen in cash and deposits and 241 million yen in accounts receivable.

#### (Non-current assets)

Non-current assets climbed 230 million yen from the end of the previous fiscal year, to 914 million yen. The main changes were increases of 148 million yen in software and 35 million yen in deferred tax assets from the end of the previous fiscal year.

#### (Current liabilities)

Current liabilities increased 507 million yen from the end of the previous fiscal year, reaching 1,413 million yen. This was chiefly attributable to a decrease of 124 million yen in accounts payable - other from the end of the previous fiscal year, and increases of 438 million yen and 87 million yen in income taxes payable and accrued consumption taxes, respectively.

#### (Net assets)

Total net assets at the end of the fiscal year under review stood at 2,398 million yen, rising 202 million yen from the end of the previous fiscal year. The main changes included year-on-year increases of 702 million yen in retained earnings and 500 million yen in treasury shares.

### (3) Overview of cash flows for the fiscal year ended March 31, 2022

Cash and cash equivalents (hereinafter “cash”) at the end of the fiscal year under review amounted to 1,676 million yen, an increase of 218 million yen from the end of the previous fiscal year.

Cash flows in the fiscal year under review were as follows:

(Cash flows from operating activities)

Cash provided by operating activities was 1,155 million yen, compared with cash provided of 569 million yen the previous fiscal year. This mainly reflects the recording of profit before income taxes of 1,144 million yen and depreciation of 217 million yen, and an increase in accrued consumption taxes of 88 million yen, which offset outflows such as an increase in trade receivables of 241 million yen, a decrease in accounts payable - other of 115 million yen and income taxes paid of 52 million yen.

(Cash flows from investing activities)

Cash used in investing activities was 436 million yen, compared with cash used of 310 million yen the previous fiscal year. Major factors included the purchase of intangible assets of 390 million yen, payments of leasehold deposits of 44 million yen and the purchase of property, plant and equipment of 26 million yen.

(Cash flows from financing activities)

Cash used in financing activities was 500 million yen, compared with cash provided of 0 million yen the previous fiscal year. The major factor was purchase of treasury shares of 501 million yen.

(Reference) Trends in cash flow indices

	FY 3/2018	FY 3/2019	FY 3/2020	FY 3/2021	FY 3/2022
Equity ratio (%)	81.5	82.9	84.5	70.8	62.9
Equity ratio based on market value (%)	2,397.4	4,331.0	3,729.6	6,250.5	2,293.5
Ratio of interest-bearing debt to cash flow (years)	—	—	—	—	—
Interest coverage ratio	—	—	—	—	—

Equity ratio: Equity / Total assets

Equity ratio based on market value: Market capitalization / Total assets

Ratio of interest-bearing debt to cash flow: Interest-bearing debt / Cash flows

Interest coverage ratio: Cash flows / Interest expenses paid

\* Cash flows are cash flows from operating activities.

\* Ratio of interest-bearing debt to cash flow is omitted because the Company has no interest-bearing debt.

\* Interest coverage ratio is omitted because the Company has no interest expenses paid.

### (4) Outlook

#### (a) General outlook

Under the corporate mission “Bringing professionals closer,” the Company has been operating the Media business, where it operates Internet media through portal sites such as Bendo4.com for legal consultation and zeiri4.com for tax consultation, while also operating the IT/Solutions business, where it provides IT and solution services including CloudSign, a cloud-based online contract conclusion service. In the fiscal year ending March 31, 2023, in the Media business, the Company will work on providing useful user content, improving usability, and increasing recognition through the distribution of articles via the bengo4.com news channel. In the IT/Solutions business, the Company will 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. Based on the above, the Company’s net sales forecast for the fiscal year ending March 31, 2023 is 8,800 million yen, an increase of 28.0% year on year. The Company aims to maintain positive operating profit and has a policy not to disclose specific 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.

#### (b) Net sales forecast

In the Media business, the net sales forecast for the lawyer support service is determined by calculating the number of subscribers to be charged each month, which is the number of subscribers at the end of the previous fiscal year plus monthly new subscriber targets minus monthly churn based on the actual churn rate the previous fiscal year, and multiplying this by the average revenue per user (ARPU) based on actual ARPU the previous fiscal year. The net sales forecast for the paid subscription service is determined by calculating the number of subscribers to be charged each month, which is the number of subscribers at the end of the previous fiscal year less monthly churn based on actual churn the previous fiscal year plus monthly new subscribers (monthly bengo4.com site visitors based on previous fiscal year data times the conversion rate), and multiplying this by the monthly service charge of 300 yen (excl. tax). The net sales forecast for the tax accountant support service and advertising and other services is determined by estimating and calculating

increases in users and ARPU achieved through marketing and sales activities based on the previous fiscal year's results. Net sales in the CloudSign service of the IT/Solutions business are calculated based on the number of companies using the paid CloudSign service at the end of the previous fiscal year, to which is added the monthly target number of new companies using the paid service, from which the number of monthly cancellations is subtracted based on the cancellation rate in the previous fiscal year, to determine the number of companies using the paid service subject to monthly charges, which is multiplied by the average unit price based on the result of the previous fiscal year added with a growth rate.

(c) Operating profit forecast

Looking at cost of sales and selling, general and administrative expenses, the Company forecasts higher personnel expenses because it will actively hire human resources in connection with the provision of useful user content and improvement of usability, the distribution of articles via the bengo4.com news channel, the increase in subscribers to the lawyer support service, the increase in subscribers to the paid subscription service and further business expansion in CloudSign. The personnel expenses forecast is determined based on personnel expenses for existing staff plus personnel expenses for new hires and plus the amount of salary increase, which is calculated by multiplying previous fiscal year data by the rate of salary increase. The forecast for expenses other than personnel expenses is determined by calculating the increase in expenses resulting from expansion of business operations based on previous fiscal year data and adding to this the amount of investment such as advertising expenses associated with improving recognition of CloudSign and further business expansion. Whilst committed to remaining profitable, the Company decided not to disclose an operating profit forecast for the fiscal year ending March 31, 2023 because it will need to make investment decisions in quick response to the rapidly changing market environment.

(d) Ordinary profit forecast

The ordinary profit forecast is determined based on operating profit plus non-operating income derived from the previous fiscal year's results and minus non-operating expenses derived from the previous fiscal year's results. However, since the Company has not disclosed a specific estimate for operating profit, it has decided not to disclose its ordinary profit forecast either.

(e) Profit forecast

The Company has not recognized any extraordinary income or extraordinary losses because it is difficult to assess the situation at present.

The profit forecast is determined based on profit before income taxes. The Company uses the tax rates applicable in the current period to calculate corporate tax, inhabitant tax and business tax and subtracts these as well as income taxes deferred based on the previous fiscal year's data from profit before income taxes to determine profit. However, since the Company has not disclosed a specific estimate for profit before income taxes, it has decided not to disclose its profit forecast either.

(f) Risks associated with the COVID-19 pandemic

The Company is operating during the COVID-19 pandemic with an emphasis on safety by telecommuting, carrying out online sales activities, holding online seminars, etc., tailoring its activities to the situation. The Company expects that the impact on its overall performance will be negligible. The impact, as the Company understands it, is reflected in the forecast for the fiscal year ending March 31, 2023. If the situation deteriorates, for example, if it becomes more serious or drags on, the Company's performance and financial position may be affected by newly emerging risks that the Company does not currently anticipate.

\* The forecasts contained in this material are based on the information currently available to the Company. Actual results may differ due to uncertainties embodied in the forecasts, future changes in internal or external business environments, or various other factors.

## 2. Basic Policy for Selecting Accounting Standards

The Company prepares its non-consolidated financial statements based on Japanese GAAP. The Company will endeavor to develop a framework for complying with the International Financial Reporting Standards (IFRS) whilst carefully monitoring trends in relation to their adoption.

### 3. Consolidated Financial Statements and Key Notes

#### (1) Balance sheet

(Thousand yen)

	Previous fiscal year (As of March 31, 2021)	Fiscal year under review (As of March 31, 2022)
<b>Assets</b>		
Current assets		
Cash and deposits	1,457,980	1,676,476
Accounts receivable	774,315	1,015,467
Supplies	1,264	1,569
Prepaid expenses	194,376	214,275
Accounts receivable - other	8,789	9,484
Other	431	8,740
Allowance for doubtful accounts	-19,583	-28,643
Total current assets	2,417,573	2,897,370
Non-current assets		
Property, plant and equipment		
Buildings	49,734	65,241
Accumulated depreciation	-15,803	-18,136
Buildings, net	33,931	47,105
Tools, furniture and fixtures	51,547	58,087
Accumulated depreciation	-26,745	-32,872
Tools, furniture and fixtures, net	24,801	25,214
Total property, plant and equipment	58,732	72,319
Intangible assets		
Software	316,908	465,752
Software in progress	79,654	103,514
Patent right	333	908
Trademark right	417	2,069
Total intangible assets	397,314	572,245
Investments and other assets		
Investment securities	8,472	3,874
Shares of subsidiaries and associates	49,000	49,000
Leasehold and guarantee deposits	98,551	110,836
Distressed receivables	—	9,203
Long-term prepaid expenses	10,809	9,604
Deferred tax assets	61,858	96,961
Allowance for doubtful accounts	—	-9,203
Total investments and other assets	228,691	270,276
Total non-current assets	684,739	914,841
Total assets	3,102,313	3,812,211
<b>Liabilities</b>		
Current liabilities		
Accounts payable - other	611,059	486,369
Accrued expenses	55,644	69,362
Income taxes payable	28,372	466,907
Accrued consumption taxes	84,662	172,079
Advances received	77,911	151,559
Deposits received	48,157	67,090
Total current liabilities	905,807	1,413,368
Total liabilities	905,807	1,413,368

(Thousand yen)

	Previous fiscal year (As of March 31, 2021)	Fiscal year under review (As of March 31, 2022)
Net assets		
Shareholders' equity		
Share capital	439,608	439,667
Capital surplus		
Legal capital surplus	405,302	405,361
Total capital surplus	405,302	405,361
Retained earnings		
Other retained earnings		
Retained earnings brought forward	1,350,496	2,052,774
Total retained earnings	1,350,496	2,052,774
Treasury shares	-371	-500,428
Total shareholders' equity	2,195,035	2,397,374
Share acquisition rights	1,469	1,469
Total net assets	2,196,505	2,398,843
Total liabilities and net assets	3,102,313	3,812,211



## (2) Statement of income

(Thousand yen)

	Previous fiscal year (from April 1, 2020 to March 31, 2021)	Fiscal year under review (from April 1, 2021 to March 31, 2022)
Net sales	5,318,075	6,877,241
Cost of sales	809,879	1,090,232
Gross profit	4,508,196	5,787,008
Selling, general and administrative expenses	4,335,649	4,647,792
Operating profit	172,547	1,139,216
Non-operating income		
Interest income	11	62
Commission income	4,732	8,519
Subsidy income	3,833	2,320
Proceeds from miscellaneous income	1,139	1,396
Total non-operating income	9,717	12,298
Non-operating expenses		
Commission for purchase of treasury shares	—	989
Compensation expenses	—	1,135
Miscellaneous losses	3	24
Total non-operating expenses	3	2,149
Ordinary profit	182,261	1,149,365
Extraordinary losses		
Loss on retirement of non-current assets	4,393	327
Impairment losses	19,393	—
Loss on valuation of investment securities	31,524	4,598
Total extraordinary losses	55,310	4,925
Profit before income taxes	126,950	1,144,439
Income taxes - current	78,826	477,264
Income taxes - deferred	-16,536	-35,103
Total income taxes	62,289	442,161
Profit	64,661	702,278

## (3) Statement of changes in equity

Previous fiscal year (from April 1, 2020 to March 31, 2021)

(Thousand yen)

	Shareholders' equity		
	Share capital	Capital surplus	
		Legal capital surplus	Total capital surplus
Balance at beginning of period	439,140	404,834	404,834
Changes during period			
Issuance of new shares - exercise of share acquisition rights	468	468	468
Profit	—	—	—
Purchase of treasury shares	—	—	—
Net changes in items other than shareholders' equity	—	—	—
Total changes during period	468	468	468
Balance at end of period	439,608	405,302	405,302

	Shareholders' equity				Share acquisition rights	Total net assets
	Retained earnings		Treasury shares	Total shareholders' equity		
	Other retained earnings	Total retained earnings				
Balance at beginning of period	1,285,834	1,285,834	-371	2,129,438	1,469	2,130,908
Changes during period						
Issuance of new shares - exercise of share acquisition rights	—	—	—	936	—	936
Profit	64,661	64,661	—	64,661	—	64,661
Purchase of treasury shares	—	—	—	—	—	—
Net changes in items other than shareholders' equity	—	—	—	—	—	—
Total changes during period	64,661	64,661	—	65,597	—	65,597
Balance at end of period	1,350,496	1,350,496	-371	2,195,035	1,469	2,196,505

Fiscal year under review (from April 1, 2021 to March 31, 2022)

(Thousand yen)

	Shareholders' equity		
	Share capital	Capital surplus	
		Legal capital surplus	Total capital surplus
Balance at beginning of period	439,608	405,302	405,302
Changes during period			
Issuance of new shares - exercise of share acquisition rights	58	58	58
Profit	—	—	—
Purchase of treasury shares	—	—	—
Net changes in items other than shareholders' equity	—	—	—
Total changes during period	58	58	58
Balance at end of period	439,667	405,361	405,361

	Shareholders' equity				Share acquisition rights	Total net assets
	Retained earnings		Treasury shares	Total shareholders' equity		
	Other retained earnings	Total retained earnings				
Balance at beginning of period	1,350,496	1,350,496	-371	2,195,035	1,469	2,196,505
Changes during period						
Issuance of new shares - exercise of share acquisition rights	—	—	—	117	—	117
Profit	702,278	702,278	—	702,278	—	702,278
Purchase of treasury shares	—	—	-500,057	-500,057	—	-500,057
Net changes in items other than shareholders' equity	—	—	—	—	—	—
Total changes during period	702,278	702,278	-500,057	202,338	—	202,338
Balance at end of period	2,052,774	2,052,774	-500,428	2,397,374	1,469	2,398,843

## (4) Statement of cash flows

(Thousand yen)

	Previous fiscal year (from April 1, 2020 to March 31, 2021)	Fiscal year under review (from April 1, 2021 to March 31, 2022)
Cash flows from operating activities		
Profit before income taxes	126,950	1,144,439
Depreciation	161,473	217,754
Increase (decrease) in allowance for doubtful accounts	477	18,263
Interest and dividend income	-11	-62
Subsidy income	-3,833	-2,320
Commission for purchase of treasury shares	—	989
Loss on retirement of non-current assets	4,393	327
Impairment losses	19,393	—
Loss (gain) on valuation of investment securities	31,524	4,598
Decrease (increase) in trade receivables	-164,746	-241,152
Decrease (increase) in inventories	-1,040	-304
Decrease (increase) in prepaid expenses	-43,565	-19,898
Increase (decrease) in accounts payable - other	440,146	-115,829
Increase (decrease) in accrued expenses	24,435	13,717
Increase (decrease) in accrued consumption taxes	35,755	88,655
Increase (decrease) in advances received	48,019	73,648
Other	10,777	22,866
Subtotal	690,149	1,205,693
Interest and dividends received	11	62
Subsidies received	3,833	2,320
Income taxes paid	-124,018	-52,536
Net cash provided by (used in) operating activities	569,975	1,155,538
Cash flows from investing activities		
Purchase of property, plant and equipment	-13,224	-26,331
Purchase of intangible assets	-270,904	-390,759
Payments of leasehold deposits	-26,620	-44,739
Proceeds from refund of leasehold deposits	30	25,717
Net cash provided by (used in) investing activities	-310,719	-436,112
Cash flows from financing activities		
Proceeds from exercise of employee share options	936	117
Purchase of treasury shares	—	-501,046
Net cash provided by (used in) financing activities	936	-500,929
Net increase (decrease) in cash and cash equivalents	260,191	218,496
Cash and cash equivalents at beginning of period	1,197,788	1,457,980
Cash and cash equivalents at end of period	1,457,980	1,676,476

(5) Notes to financial statements  
(Notes on going concern assumptions)  
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 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 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 financial statements.

(Equity method earnings, etc.)

(Thousand yen)

	Previous fiscal year (As of March 31, 2021)	Fiscal year under review (As of March 31, 2022)
Amounts of investments in affiliated companies	49,000	49,000
Amounts of investments to which the equity method applies	49,288	78,249
	Previous fiscal year (from April 1, 2020 to March 31, 2021)	Fiscal year under review (from April 1, 2021 to March 31, 2022)
Share of profit of entities accounted for using equity method	7,032	28,961

(Segment information)

1. Outline of reportable segments

The reportable segments of the Company are the units for which separate financial statements can be obtained among the constituent units of the Company and for which the Board of Directors of the Company regularly carries out examinations to determine the allocation of management resources and assess the business performance.

The Company's reportable segments are the Media segment and the IT/Solutions segment. The reportable segments are determined in consideration of the similarity and relevance of markets to which its services are sold and those of customers. 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 IT/Solutions business, the Company provides IT and solution services including CloudSign, a cloud-based online contract conclusion service.

2. Methods for calculating net sales, profit or loss, assets, liabilities, and other items in each reportable segment

The accounting method of the reported business segments complies with the accounting policy adopted for preparing financial statements.

The profit for reportable segments is operating profit.

3. Information on net sales and profit (loss), assets, liabilities, and other items by reportable segment

I. Previous fiscal year (from April 1, 2020 to March 31, 2021)

(Thousand yen)

	Reportable segments			Adjustment (Note 1)	Total (Note 2)
	Media	IT/Solutions	Total		
Net sales					
Net sales to external customers	3,622,271	1,695,804	5,318,075	—	5,318,075
Inter-segment sales or transfers	—	—	—	—	—
Total	3,622,271	1,695,804	5,318,075	—	5,318,075
Segment profit (loss)	1,261,880	-324,574	937,306	-764,759	172,547
Other items					
Depreciation	113,129	45,657	158,786	2,686	161,473
Impairment losses	—	—	—	19,393	19,393

(Notes) 1. The adjustment for segment profit (loss) of negative 764,759 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 (loss) is adjusted to be consistent with the operating profit reported in the statements of income.

3. The Company does not allocate assets to each reportable segment and thus does not disclose segment assets.

II. Fiscal year under review (from April 1, 2021 to March 31, 2022)

(Thousand yen)

	Reportable segments			Adjustment (Note 1)	Total (Note 2)
	Media	IT/Solutions	Total		
Net sales					
Net sales to external customers	3,754,180	3,123,060	6,877,241	—	6,877,241
Inter-segment sales or transfers	—	—	—	—	—
Total	3,754,180	3,123,060	6,877,241	—	6,877,241
Segment profit	1,506,954	532,314	2,039,268	-900,051	1,139,216
Other items					
Depreciation	137,644	78,121	215,766	1,988	217,754
Impairment losses	—	—	—	—	—

(Notes) 1. The adjustment for segment profit of negative 900,051 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 statements of income.

3. The Company does not allocate assets to each reportable segment and thus does not disclose segment assets.

4. 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 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 previous fiscal year presented in this report has been prepared based on the reportable segment after the change.

## (Per share information)

	Previous fiscal year (from April 1, 2020 to March 31, 2021)	Fiscal year under review (from April 1, 2021 to March 31, 2022)
Net assets per share	98.60 yen	108.17 yen
Basic earnings per share	2.90 yen	31.56 yen
Diluted earnings per share	2.90 yen	30.65 yen

(Note) The basis of calculation of basic earnings per share and diluted earnings per share are as follows.

	Previous fiscal year (from April 1, 2020 to March 31, 2021)	Fiscal year under review (from April 1, 2021 to March 31, 2022)
Basic earnings per share		
Profit (thousand yen)	64,661	702,278
Amount not attributable to common shareholders (thousand yen)	—	—
Profit related to common shares (thousand yen)	64,661	702,278
Average number of common shares during the period	22,261,335	22,249,067
Diluted earnings per share		
Adjusted profit (thousand yen)	—	—
Number of increase in common shares	67,545	661,317
(of which number of share acquisition rights)	(67,545)	(661,317)
Descriptions of potentially dilutive common shares that were not included in the computation of diluted earnings per share because of their anti-dilutive effect	Tenth Series Share Acquisition Rights Number of share acquisition rights: 6,666 Common shares: 666,600 shares (Performance-linked share acquisition rights)  Eleventh Series Share Acquisition Rights Number of share acquisition rights: 44 Common shares: 4,400 shares (Performance-linked share acquisition rights)	—

## (Significant subsequent events)

Not applicable.