

Disclaimer: This document is an English translation of the original document in Japanese and has been prepared solely for reference purposes. In the event of any discrepancy between this English translation and the original in Japanese, the original shall prevail in all respects.

Consolidated Financial Results for the Nine Months Ended February 28, 2023 [Japanese GAAP]



April 13, 2023

Company name: Bewith, Inc.
 Stock exchange listing: Tokyo Stock Exchange
 Securities code: 9216
 URL: <https://www.bewith.net/>
 Representative: Koichi Morimoto, President and CEO
 Contact: Kenji Ijima, Executive Vice President and Member of the Board
 Phone: +81-3-6631-6005
 Scheduled date of filing quarterly securities report: April 13, 2023
 Scheduled date of commencing dividend payments: –
 Availability of supplementary explanatory materials on quarterly financial results: Available
 Schedule of quarterly financial results briefing session: Scheduled (for analysts and institutional investors)

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Nine Months Ended February 28, 2023 (June 1, 2022 - February 28, 2023)

(1) Consolidated Operating Results (Cumulative) (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended February 28, 2023	25,687	6.8	1,503	(27.8)	1,531	(27.5)	1,025	(28.7)
February 28, 2022	24,051	–	2,082	–	2,111	–	1,439	–

(Note) Comprehensive income: Nine months ended February 28, 2023: ¥1,025 million [(28.7)%]

Nine months ended February 28, 2022: ¥1,439 million [–%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended February 28, 2023	74.77	73.58
February 28, 2022	112.43	–

(Note) 1. As quarterly consolidated financial statements were not prepared for the nine months ended February 28, 2021, year-on-year percentage changes for the nine months ended February 28, 2022 have not been provided.

2. Although there are dilutive shares, diluted earnings per share for the nine months ended February 28, 2022 are not indicated as the Company's shares were not listed and the average share price during the period could not be determined.

3. The Company carried out a 200-for-1 stock split of its common shares on October 22, 2021. Basic earnings per share and diluted earnings per share are calculated on the assumption that the said stock split was conducted at the beginning of the fiscal year ended May 31, 2022.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of February 28, 2023	10,977	7,059	64.3
As of May 31, 2022	10,490	6,605	62.9

(Reference) Equity: As of February 28, 2023: ¥7,055 million

As of May 31, 2022: ¥6,600 million

2. Dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended May 31, 2022	—	0.00	—	47.00	47.00
Fiscal year ending May 31, 2023	—	0.00	—		
Fiscal year ending May 31, 2023 (Forecast)				49.00	49.00

(Note) Revision to the forecast for dividends announced most recently: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending May 31, 2023 (June 1, 2022 - May 31, 2023)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	Yen
Full year	35,500	9.5	2,280	(11.1)	2,310	(10.9)	1,560	113.65

(Note) Revision to the financial results forecast announced most recently: None

* Notes:

(1) Changes in significant subsidiaries during the period under review: None

(Changes in specified subsidiaries resulting in changes in scope of consolidation):

Newly included: — (), Excluded: — ()

(2) Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards and other regulations: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Retrospective restatement: None

(4) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

As of February 28, 2023: 13,768,600 shares

As of May 31, 2022: 13,700,000 shares

2) Total number of treasury shares at the end of the period:

As of February 28, 2023: — shares

As of May 31, 2022: — shares

3) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year):

Nine months ended February 28, 2023: 13,719,641 shares

Nine months ended February 28, 2022: 12,800,000 shares

(Note) The Company carried out a 200-for-1 stock split of its common shares on October 22, 2021. The total number of issued shares is calculated on the assumption that the said stock split was conducted at the beginning of the fiscal year ended May 31, 2022.

* These quarterly consolidated financial results are outside the scope of quarterly review by certified public accountants or an audit firm.

* Explanation of the proper use of financial results forecast and other notes

The forward-looking statements contained in this document, including financial results forecasts, are based on the information currently available to the Company and certain assumptions considered reasonable. Actual financial results, etc. may differ significantly from them due to wide-ranging factors. For the assumptions that form the basis for financial results forecasts, etc., please refer to “Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information” on page 3 of the Attachments.

(How to obtain supplementary explanatory materials on quarterly financial results)

Supplementary explanatory materials on quarterly financial results will be disclosed on the Company’s website (<https://www.bewith.net/ir/>). We also plan to hold a quarterly financial results briefing session (for analysts and institutional investors) on Friday, April 14, 2023.

Table of Contents - Attachments

1. Qualitative Information on Quarterly Financial Results	2
(1) Explanation of Operating Results	2
(2) Explanation of Financial Position	3
(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information	3
2. Quarterly Consolidated Financial Statements and Principal Notes	4
(1) Quarterly Consolidated Balance Sheets	4
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	6
(3) Notes to Quarterly Consolidated Financial Statements	8
(Notes on going concern assumption)	8
(Notes in case of significant changes in shareholders' equity)	8

1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

The Japanese economy during the nine months ended February 28, 2023 picked up with people gradually getting back to normal amid the easing of behavioral restrictions put in place due to the COVID-19 pandemic and there were signs of a gradual pickup, especially in personal consumption. However, the future outlook remained uncertain due to factors including labor shortages, resource price trends, and geopolitical risks such as the situation in Ukraine.

In the contact center and business process outsourcing (BPO) industry to which the Group belongs, the market has been expanding steadily due to increases in the need to improve labor productivity through the digitalization of business operations and rebuilding of operational systems, against a backdrop of social changes including changes in consumer behavior, and labor shortages.

Under such business conditions, in its Medium-Term Management Plan 2022, which covers the period until the fiscal year ending May 31, 2023, the Group has established a vision of “a company that continues to grow healthily from roots to buds” and declared its aim of achieving growth from both its existing business (the roots) of “contact centers and BPO services” and its new businesses (the buds) of “development and sale of the Cloud PBX*, Omnia LINK, and other systems.” To achieve this vision, we have been making ongoing efforts based on the following five initiatives: (1) ongoing value enhancement of its businesses (roots), (2) development of next-generation businesses (buds), (3) strengthening of business foundations, (4) diversity & inclusion, and (5) promotion of ESG-oriented management.

* PBX: Private Branch eXchange

As social issues such as a decline in the working population and hollowing out of industry have become apparent in rural Japan due to the high concentration of people in Tokyo, the Kishida administration is promoting the “Vision for a Digital Garden City Nation” in order to address these issues by utilizing “digital technology.” As such, the Company assumes that the contact center will be further utilized as the “roots of society” to provide equal service regardless of the end-user's place of residence. Against this backdrop, we have released “UnisonConnect,” a communication platform that enables users to complete all contracting operations online, such as business negotiations, identification confirmation, and contracts, which had conventionally been conducted in person. The number of in-person stores is expected to decrease significantly, especially in rural areas, and the shift from in-person to online services is expected to continue. The “UnisonConnect” platform will promote the realization of online services while maintaining the same level of service quality as in-person services for end users who have difficulty using digital technology.

In the third quarter ended February 28, 2023, net sales grew ¥822,510 thousand year-on-year to ¥9,084,061 thousand due to an increase in inquiries in the lifeline industry in the contact centers and BPO services business accompanying rising fuel costs, as well as new orders for ongoing operations in the game industry, etc. Moreover, these results were also in line with the plan (see note).

Operating profit decreased by ¥63,471 thousand year-on-year to ¥738,335 thousand. The decrease in profit was due to a transitory gain in the third quarter of the previous fiscal year resulting from a busy period in a specific business. In terms of quarterly trends, the Company has been able to steadily increase profits in line with the increase in sales, and the Company's performance versus the plan (see note below) has been generally favorable.

(Note) Financial forecast results revised in the “notice of differences between the consolidated financial results forecast and actual results for the six months ended November 30, 2022, and revision to the full-year consolidated financial results forecast” released on January 12, 2023.

Regarding the sale of Omnia LINK to outside customers, the number of licenses sold more than doubled year-on-year to 2,047. In addition, the number of license order backlogs, for which we have been preparing for

delivery after receiving unofficial orders, remained moderately level, continuing its strong performance. Accordingly, annual recurring revenue (ARR: calculated by multiplying monthly recurring revenue by 12 months) from the sale of Omnia LINK to outside customers reached ¥420 million, up 83.1% year-on-year.

At the end of February 2023, the number of operation booths reached 6,704 in 16 locations nationwide, and the share of Omnia LINK for contact centers and BPO services reached 77.1% (Omnia LINK's share, as a percentage of PBX used in contact centers and BPO services).

As a result of the above, net sales for the nine months ended February 28, 2023 amounted to ¥25,687,543 thousand, up 6.8% year-on-year, operating profit was ¥1,503,965 thousand, down 27.8% year-on-year, ordinary profit was ¥1,531,632 thousand, down 27.5% year-on-year, and profit attributable to owners of parent was ¥1,025,828 thousand, down 28.7% year-on-year.

Segment information is omitted as the contact center and BPO business is the Group's sole segment.

(2) Explanation of Financial Position

(Assets)

Total assets as of February 28, 2023 amounted to ¥10,977,907 thousand, an increase of ¥487,215 thousand compared with the end of the previous fiscal year. This was mainly attributable to an increase of ¥689,937 thousand in accounts receivable - trade, an increase of ¥168,000 thousand in investment securities and a decrease of ¥499,144 thousand in cash and deposits.

(Liabilities)

Total liabilities as of February 28, 2023 amounted to ¥3,918,518 thousand, an increase of ¥33,600 thousand compared with the end of the previous fiscal year. This was mainly attributable to an increase of ¥244,346 thousand in accrued expenses, a decrease of ¥114,655 thousand in accrued consumption taxes, and a decrease of ¥97,451 thousand in income taxes payable.

(Net assets)

Total net assets as of February 28, 2023 amounted to ¥7,059,389 thousand, an increase of ¥453,615 thousand compared with the end of the previous fiscal year. This was mainly attributable to a decrease in retained earnings due to dividends of surplus of ¥643,900 thousand, despite the recording of ¥1,025,828 thousand in profit attributable to owners of parent.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

For the consolidated financial results forecast for the fiscal year ending May 31, 2023, please refer to the notice of differences between the consolidated financial results forecast and actual results for the six months ended November 30, 2022, and revision to the full-year consolidated financial results forecast released on January 12, 2023.

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheets

(Thousand yen)

	As of May 31, 2022	As of February 28, 2023
Assets		
Current assets		
Cash and deposits	4,429,714	3,930,570
Accounts receivable - trade	3,400,917	4,090,854
Electronically recorded monetary claims - operating	33,234	33,017
Merchandise	1,785	7,956
Work in process	—	2,786
Supplies	6,039	3,307
Other	299,213	273,934
Total current assets	8,170,902	8,342,424
Non-current assets		
Property, plant and equipment	814,628	874,206
Intangible assets		
Goodwill	7,058	16,685
Other	160,016	228,158
Total intangible assets	167,074	244,843
Investments and other assets		
Investment securities	—	168,000
Leasehold and guarantee deposits	1,038,127	1,045,152
Other	299,961	303,282
Total investments and other assets	1,338,088	1,516,434
Total non-current assets	2,319,790	2,635,483
Total assets	10,490,692	10,977,907

(Thousand yen)

	As of May 31, 2022	As of February 28, 2023
Liabilities		
Current liabilities		
Current portion of long-term borrowings	–	4,776
Accounts payable - other	792,586	1,036,932
Accrued expenses	1,340,371	1,421,515
Income taxes payable	266,851	169,400
Accrued consumption taxes	566,505	451,850
Provision for bonuses	351,979	159,145
Other	251,787	292,466
Total current liabilities	3,570,079	3,536,084
Non-current liabilities		
Long-term borrowings	–	26,205
Retirement benefit liability	–	5,555
Asset retirement obligations	314,839	350,674
Total non-current liabilities	314,839	382,434
Total liabilities	3,884,918	3,918,518
Net assets		
Shareholders' equity		
Share capital	692,200	728,730
Capital surplus	795,382	831,912
Retained earnings	5,113,392	5,495,319
Total shareholders' equity	6,600,974	7,055,961
Share acquisition rights	4,800	3,428
Total net assets	6,605,774	7,059,389
Total liabilities and net assets	10,490,692	10,977,907

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

Nine Months Ended February 28

(Thousand yen)

	For the nine months ended February 28, 2022	For the nine months ended February 28, 2023
Net sales	24,051,589	25,687,543
Cost of sales	19,975,136	21,786,157
Gross profit	4,076,453	3,901,386
Selling, general and administrative expenses	1,993,807	2,397,421
Operating profit	2,082,646	1,503,965
Non-operating income		
Interest income	0	1
Subsidy income	38,591	36,778
Insurance claim income	5,649	—
Other	1,339	1,579
Total non-operating income	45,580	38,358
Non-operating expenses		
Interest expenses	—	100
Loss on cancellation of leases	—	10,400
Listing expenses	4,000	—
Share issuance costs	11,532	—
Income tax withheld at the source except for foreign tax amount reduction	707	—
Other	150	191
Total non-operating expenses	16,390	10,691
Ordinary profit	2,111,836	1,531,632
Extraordinary losses		
Loss on retirement of non-current assets	848	265
Total extraordinary losses	848	265
Profit before income taxes	2,110,988	1,531,367
Income taxes - current	593,301	506,205
Income taxes - deferred	78,555	(666)
Total income taxes	671,856	505,539
Profit	1,439,132	1,025,828
Profit attributable to owners of parent	1,439,132	1,025,828

Quarterly Consolidated Statements of Comprehensive Income

Nine Months Ended February 28

(Thousand yen)

	For the nine months ended February 28, 2022	For the nine months ended February 28, 2023
Profit	1,439,132	1,025,828
Comprehensive income	1,439,132	1,025,828
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,439,132	1,025,828

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

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

Not applicable.