

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 Six Months Ended November 30, 2022 [Japanese GAAP]



January 12, 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: January 12, 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 Six Months Ended November 30, 2022 (June 1, 2022 - November 30, 2022)

(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	%
Six months ended November 30, 2022	16,603	5.2	765	(40.2)	792	(39.0)	523	(38.3)
November 30, 2021	15,790	–	1,280	–	1,298	–	848	–

(Note) Comprehensive income: Six months ended November 30, 2022: ¥523 million [(38.3)%]
 Six months ended November 30, 2021: ¥848 million [–%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended November 30, 2022	38.22	37.57
November 30, 2021	66.32	–

- (Note) 1. As quarterly consolidated financial statements were not prepared for the six months ended November 30, 2020, year-on-year percentage changes for the six months ended November 30, 2021 have not been provided.
2. Although there are dilutive shares, diluted earnings per share for the six months ended November 30, 2021 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 November 30, 2022	10,585	6,506	61.4
As of May 31, 2022	10,490	6,605	62.9

(Reference) Equity: As of November 30, 2022: ¥6,502 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
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	35,500	9.5	2,280	(11.1)	2,310	(10.9)	1,560	(12.2)	113.65

(Note) Revision to the financial results forecast announced most recently: Yes

* 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 November 30, 2022: 13,720,000 shares

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

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

As of November 30, 2022: – shares

As of May 31, 2022: – shares

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

Six months ended November 30, 2022: 13,707,650 shares

Six months ended November 30, 2021: 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 TDnet on the same day, as well as on the Company’s website. We also plan to hold a quarterly financial results briefing session (for analysts and institutional investors) on Friday, January 13, 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 Cash Flows	3
(4) 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) Quarterly Consolidated Statements of Cash Flows	8
(4) Notes to Quarterly Consolidated Financial Statements	9
(Notes on going concern assumption)	9
(Notes in case of significant changes in shareholders' equity)	9

1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

The Japanese economy during the six months ended November 30, 2022 picked up moderately with people gradually getting back to normal amid the unpredictable COVID-19 pandemic. However, the future outlook remained uncertain due to factors including the weak yen, resource price trends, and geopolitical risks such as the situation in Ukraine and China's zero-COVID policy.

In the contact center and business process outsourcing (BPO) industry to which the Group belongs, the market size has been growing steadily due to increases in multiple needs, including the digitalization of business operations, rebuilding of operational systems, expansion of work-from-home operations, and the reinforcement of BCP measures, against a backdrop of social changes including changes in work styles at companies, consumer behavior, and lifestyle patterns.

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

In the six months ended November 30, 2022, net sales grew ¥813,444 thousand year-on-year to ¥16,603,482 thousand due to an increase in new contracts for the continuing operations of contact centers and BPO services. Nevertheless, continuing from the first quarter, we fell short of our plan by ¥796,518 thousand as we acquired fewer spot projects than expected. This was due to delays in acquiring COVID-19-related spot projects as well as delays in making up for it with projects led by private-sector demand. However, signs of recovery have been seen from November; we acquired several projects related to economic revival from COVID-19, which partially offset the delays in achieving the plan from June to October.

Operating profit decreased by ¥515,210 thousand year-on-year to ¥765,630 thousand. In the first half of the fiscal year, we had previously forecast a decrease in profit mainly due to temporary costs associated with investments that included development expenses for growth and opening of Yokohama 4th Center, and expected incurrence of size-based business taxes due to our listing. We fell short of our plan by ¥324,370 thousand chiefly because of the progress in net sales resulting from the aforementioned delays in acquiring spot projects.

As a result of the above, net sales was ¥16,603,482 thousand, up 5.2% year-on-year, operating profit was ¥765,630 thousand, down 40.2% year-on-year, ordinary profit was ¥792,325 thousand, down 39.0% year-on-year, and profit attributable to owners of parent was ¥523,950 thousand, down 38.3% year-on-year.

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

Regarding the sale of Omnia LINK to outside customers, the number of licenses sold almost doubled year-on-year to 1,850, a significant increase by 625 licenses from the previous quarterly period. In addition, the number of license order backlogs, for which we have been preparing for delivery after receiving unofficial orders, remained level with the end of the previous quarterly period, 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 ¥370 million, up 72.7% year-on-year.

At the end of November 2022, 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 76.8% (Omnia LINK's share, as a percentage of PBX used in contact centers and BPO services).

(2) Explanation of Financial Position

(Assets)

Total assets as of November 30, 2022 amounted to ¥10,585,692 thousand, an increase of ¥95,000 thousand compared with the end of the previous fiscal year. This was mainly attributable to an increase of ¥599,055 thousand in accounts receivable - trade, and a decrease of ¥705,022 thousand in cash and deposits.

(Liabilities)

Total liabilities as of November 30, 2022 amounted to ¥4,078,969 thousand, an increase of ¥194,051 thousand compared with the end of the previous fiscal year. This was mainly attributable to an increase of ¥175,120 thousand in accrued expenses, an increase of ¥145,342 thousand in income taxes payable, and a decrease of ¥173,383 thousand in accrued consumption taxes.

(Net assets)

Total net assets as of November 30, 2022 amounted to ¥6,506,723 thousand, a decrease of ¥99,051 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 ¥523,950 thousand in profit attributable to owners of parent.

(3) Explanation of Cash Flows

(Cash flows from operating activities)

Net cash provided by operating activities was ¥143,529 thousand (¥146,608 thousand provided in the same period of the previous fiscal year). The main components were profit before income taxes of ¥792,165 thousand (¥1,298,224 thousand in the same period of the previous fiscal year), partly offset by an increase in trade receivables of ¥586,226 thousand (¥471,298 thousand in the same period of the previous fiscal year).

(Cash flows from investing activities)

Net cash used in investing activities was ¥227,511 thousand (¥155,358 thousand used in the same period of the previous fiscal year). The main components were purchase of property, plant and equipment of ¥138,364 thousand (¥116,226 thousand in the same period of the previous fiscal year) due to the establishment of new contact centers and expansion of existing centers, and purchase of intangible assets of ¥94,458 thousand (¥32,988 thousand in the same period of the previous fiscal year).

(Cash flows from financing activities)

Net cash used in financing activities was ¥621,741 thousand (¥569,600 thousand used in the same period of the previous fiscal year). The main component was dividends paid of ¥642,641 thousand (¥569,600 thousand in the same period of the previous fiscal year).

(4) 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 November 30, 2022
Assets		
Current assets		
Cash and deposits	4,429,714	3,724,692
Accounts receivable - trade	3,400,917	3,999,972
Electronically recorded monetary claims - operating	33,234	37,219
Merchandise	1,785	4,415
Supplies	6,039	3,804
Other	299,213	301,913
Total current assets	8,170,902	8,072,015
Non-current assets		
Property, plant and equipment	814,628	889,662
Intangible assets		
Goodwill	7,058	19,358
Other	160,016	217,151
Total intangible assets	167,074	236,509
Investments and other assets		
Leasehold and guarantee deposits	1,038,127	1,040,624
Other	299,961	346,882
Total investments and other assets	1,338,088	1,387,506
Total non-current assets	2,319,790	2,513,677
Total assets	10,490,692	10,585,692

(Thousand yen)

	As of May 31, 2022	As of November 30, 2022
Liabilities		
Current liabilities		
Current portion of long-term borrowings	—	4,776
Accounts payable - other	792,586	880,347
Accrued expenses	1,340,371	1,515,491
Income taxes payable	266,851	412,193
Accrued consumption taxes	566,505	393,122
Provision for bonuses	351,979	266,619
Other	251,787	222,497
Total current liabilities	3,570,079	3,695,045
Non-current liabilities		
Long-term borrowings	—	27,399
Provision for retirement benefits for directors (and other officers)	—	2,735
Retirement benefit liability	—	5,555
Asset retirement obligations	314,839	348,208
Other	—	27
Total non-current liabilities	314,839	383,924
Total liabilities	3,884,918	4,078,969
Net assets		
Shareholders' equity		
Share capital	692,200	702,850
Capital surplus	795,382	806,032
Retained earnings	5,113,392	4,993,441
Total shareholders' equity	6,600,974	6,502,323
Share acquisition rights	4,800	4,400
Total net assets	6,605,774	6,506,723
Total liabilities and net assets	10,490,692	10,585,692

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income
Six Months Ended November 30

(Thousand yen)

	For the six months ended November 30, 2021	For the six months ended November 30, 2022
Net sales	15,790,038	16,603,482
Cost of sales	13,208,921	14,214,417
Gross profit	2,581,117	2,389,065
Selling, general and administrative expenses	1,300,277	1,623,435
Operating profit	1,280,840	765,630
Non-operating income		
Interest income	0	0
Subsidy income	21,608	25,853
Other	965	956
Total non-operating income	22,574	26,810
Non-operating expenses		
Listing expenses	4,000	—
Income tax withheld at the source except for foreign tax amount reduction	707	—
Loss on sale of electronically recorded monetary claims	76	115
Total non-operating expenses	4,783	115
Ordinary profit	1,298,631	792,325
Extraordinary losses		
Loss on retirement of non-current assets	407	160
Total extraordinary losses	407	160
Profit before income taxes	1,298,224	792,165
Income taxes - current	444,602	314,066
Income taxes - deferred	4,676	(45,851)
Total income taxes	449,278	268,215
Profit	848,946	523,950
Profit attributable to owners of parent	848,946	523,950

Quarterly Consolidated Statements of Comprehensive Income

Six Months Ended November 30

(Thousand yen)

	For the six months ended November 30, 2021	For the six months ended November 30, 2022
Profit	848,946	523,950
Comprehensive income	848,946	523,950
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	848,946	523,950

(3) Quarterly Consolidated Statements of Cash Flows

(Thousand yen)

	For the six months ended November 30, 2021	For the six months ended November 30, 2022
Cash flows from operating activities		
Profit before income taxes	1,298,224	792,165
Depreciation	96,007	105,280
Amortization of goodwill	2,826	2,826
Increase (decrease) in provision for bonuses	9,663	(86,560)
Interest and dividend income	(0)	(0)
Subsidy income	(21,608)	(25,853)
Loss (gain) on sale and retirement of non-current assets	407	160
Decrease (increase) in trade receivables	(471,298)	(586,226)
Decrease (increase) in inventories	1,372	(395)
Decrease (increase) in other assets	21,217	6,351
Increase (decrease) in trade payables	(90,777)	280,209
Increase (decrease) in accrued consumption taxes	(198,075)	(176,928)
Increase (decrease) in other liabilities	(28,082)	33,004
Other, net	1,742	1,108
Subtotal	621,617	345,140
Interest and dividends received	0	0
Subsidies received	24,122	22,890
Income taxes paid	(499,132)	(224,502)
Net cash provided by (used in) operating activities	146,608	143,529
Cash flows from investing activities		
Purchase of property, plant and equipment	(116,226)	(138,364)
Purchase of intangible assets	(32,988)	(94,458)
Payments of leasehold and guarantee deposits	(6,199)	(736)
Proceeds from refund of leasehold and guarantee deposits	1,581	1,039
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	—	6,534
Other, net	(1,526)	(1,526)
Net cash provided by (used in) investing activities	(155,358)	(227,511)
Cash flows from financing activities		
Proceeds from issuance of shares resulting from exercise of share acquisition rights	—	20,900
Dividends paid	(569,600)	(642,641)
Net cash provided by (used in) financing activities	(569,600)	(621,741)
Net increase (decrease) in cash and cash equivalents	(578,350)	(705,723)
Cash and cash equivalents at beginning of period	2,628,614	4,429,714
Cash and cash equivalents at end of period	2,050,264	3,723,991

(4) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

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

Not applicable.