

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 29, 2024 [Japanese GAAP]



April 11, 2024

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 11, 2024
 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 29, 2024 (June 1, 2023 - February 29, 2024)

(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 29, 2024	28,721	11.8	2,029	35.0	2,011	31.3	1,376	34.2
February 28, 2023	25,687	6.8	1,503	(27.8)	1,531	(27.5)	1,025	(28.7)

(Note) Comprehensive income: Nine months ended February 29, 2024: ¥1,376 million [34.2%]
 Nine months ended February 28, 2023: ¥1,025 million [(28.7)%]

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended February 29, 2024	98.64		95.63	
February 28, 2023	74.77		73.58	

(2) Consolidated Financial Position

	Total assets		Net assets		Equity ratio	
	Million yen		Million yen		%	
As of February 29, 2024	12,938		8,659		66.9	
As of May 31, 2023	12,207		7,841		64.2	

(Reference) Equity: As of February 29, 2024: ¥8,657 million
 As of May 31, 2023: ¥7,839 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, 2023	–	0.00	–	49.00	49.00
Fiscal year ending May 31, 2024	–	0.00	–		
Fiscal year ending May 31, 2024 (Forecast)				50.00	50.00

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending May 31, 2024 (June 1, 2023 - May 31, 2024)

(% 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	39,000	10.9	2,900	30.3	2,900	27.8	1,970	17.4	141.80

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

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
Quarterly Consolidated Statements of Income	6
Nine Months Ended February 29	6
Quarterly Consolidated Statements of Comprehensive Income	7
Nine Months Ended February 29	7
(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

During the nine months ended February 29, 2024, while Japan's economy saw economic activity continue to normalize from the effects of the COVID-19 pandemic, recovery in domestic demand was limited due to delays in wage increases and other factors. The outlook remains uncertain due to factors such as the Bank of Japan's monetary tightening, limited consumption due to rising prices, trends in resource prices, changes in the world economy resulting from the U.S. presidential election, and geopolitical risks such as the state of affairs in Ukraine and in Israel and Palestine.

In the contact center and business process outsourcing (BPO) industry to which the Group belongs, a shift has begun in the use of digital technology from provisional digital use, such as the development of remote work environments in the COVID-19 pandemic, to essential digital use for the purpose of improving business quality and productivity. Against this backdrop, the market size has been growing steadily due to the expansion of multiple needs, such as digitalization of business operations, rebuilding of operational systems, introduction of home-based operations, and strengthening of BCP measures.

Under such business conditions, in its Medium-Term Management Plan 2025, which covers the period until the fiscal year ending May 2026, the Group has established a vision of "a company that continues to grow healthily from roots to buds," with which it is working to achieve the following three management policies: (1) Strong growth of Omnia LINK, (2) Advanced contact center and BPO, and (3) Strengthening of management base.

In the nine months ended February 29, 2024, net sales increased ¥3,033 million year-on-year, mainly due to expansion in contact center and BPO services. While the acquisition of new projects and expansion of existing operations in the finance industry, which is our focus area, have progressed, progress toward the plan for the second half has been delayed due to a decrease in spot projects, mainly COVID-19 projects, and the replacement of some low-profit projects.

Operating profit grew by ¥525 million year-on-year. During the nine months ended February 29, 2024, an increase in profits resulting from an increase in net sales, as well as increased efforts to review selling prices for some operations and reduce the ratio of temporary staffing, contributed to an improvement in gross profit margins. Additionally, operating profit margin increased by 1.2pt year-on-year due to a decrease in the SG&A ratio resulting from a reduction in research and development expenses. Meanwhile, progress toward the plan for the second half has been delayed mainly because net sales did not reach the target as mentioned above.

Regarding the Omnia LINK external sales, the number of licenses increased by 45.8% year-on-year to 2,985. This was an increase of 120 licenses from the previous quarterly period. In addition, the number of license order backlog, for which we have been preparing for delivery after receiving unofficial orders, was level with the end of the previous quarterly period. The annual recurring revenue (ARR: calculated by multiplying monthly recurring revenue by 12 months) from the sale of Omnia LINK to outside customers reached ¥750 million, up 78.4% year-on-year.

The number of operation booths as of February 29, 2024 totaled 6,820 at 17 locations nationwide, and the number of Omnia LINK licenses for contact center and BPO services totaled 2,286, the share of which (Omnia LINK's share, as a percentage of PBX used in contact center and BPO services) was 74.3%.

As a result of the above, net sales were ¥28,721 million (up 11.8% year-on-year), operating profit was ¥2,029 million (up 35.0% year-on-year), ordinary profit was ¥2,011 million (up 31.3% year-on-year), and profit attributable to owners of parent was ¥1,376 million (up 34.2% 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 29, 2024 amounted to ¥12,938 million, an increase of ¥731 million compared with the end of the previous fiscal year. This was mainly due to a ¥397 million increase in cash and deposits, a ¥90 million increase in investment securities, and a ¥111 million increase in leasehold and guarantee deposits.

(Liabilities)

Total liabilities as of February 29, 2024 amounted to ¥4,278 million, a decrease of ¥86 million compared with the end of the previous fiscal year. This was mainly due to a ¥146 million decrease in accounts payable - other, a ¥171 million increase in accrued consumption taxes, and a ¥134 million decrease in provision for bonuses.

(Net assets)

Total net assets as of February 29, 2024 amounted to ¥8,659 million, an increase of ¥817 million compared with the end of the previous fiscal year. This was mainly due to a decrease in retained earnings resulting from the payment of ¥680 million in dividends of surplus, despite the recording of ¥1,376 million in profit attributable to owners of parent.

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

There is no change to the consolidated financial results forecast for the fiscal year ending May 31, 2024, which was announced on July 13, 2023.

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheets

(Thousand yen)

	As of May 31, 2023	As of February 29, 2024
Assets		
Current assets		
Cash and deposits	4,913,708	5,311,435
Accounts receivable - trade	4,050,458	4,095,067
Electronically recorded monetary claims - operating	30,413	6,410
Merchandise	30,384	8,560
Work in process	1,166	4,738
Supplies	3,903	3,158
Other	340,816	300,866
Total current assets	9,370,848	9,730,234
Non-current assets		
Property, plant and equipment	899,593	1,021,702
Intangible assets		
Goodwill	14,015	15,364
Other	309,715	434,417
Total intangible assets	323,730	449,781
Investments and other assets		
Investment securities	168,000	258,090
Leasehold and guarantee deposits	1,052,467	1,164,178
Other	392,406	314,086
Total investments and other assets	1,612,873	1,736,354
Total non-current assets	2,836,196	3,207,837
Total assets	12,207,044	12,938,071

(Thousand yen)

	As of May 31, 2023	As of February 29, 2024
Liabilities		
Current liabilities		
Short-term borrowings	5,000	—
Current portion of long-term borrowings	4,776	4,430
Accounts payable - other	843,424	697,295
Accrued expenses	1,623,176	1,643,598
Income taxes payable	368,251	330,469
Accrued consumption taxes	519,397	691,065
Provision for bonuses	304,566	169,783
Other	314,630	335,993
Total current liabilities	3,983,220	3,872,633
Non-current liabilities		
Long-term borrowings	25,511	22,275
Retirement benefit liability	5,248	5,692
Asset retirement obligations	351,171	373,131
Other	—	4,707
Total non-current liabilities	381,930	405,805
Total liabilities	4,365,150	4,278,438
Net assets		
Shareholders' equity		
Share capital	794,133	855,247
Capital surplus	897,315	958,429
Retained earnings	6,147,671	6,843,562
Treasury shares	(53)	(53)
Total shareholders' equity	7,839,066	8,657,185
Share acquisition rights	2,828	2,448
Total net assets	7,841,894	8,659,633
Total liabilities and net assets	12,207,044	12,938,071

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income
Nine Months Ended February 29

(Thousand yen)

	For the nine months ended February 28, 2023	For the nine months ended February 29, 2024
Net sales	25,687,543	28,721,250
Cost of sales	21,786,157	24,126,767
Gross profit	3,901,386	4,594,483
Selling, general and administrative expenses	2,397,421	2,564,812
Operating profit	1,503,965	2,029,671
Non-operating income		
Interest income	1	1
Dividend income	—	1
Subsidy income	36,778	4,564
Insurance claim income	—	2,120
Other	1,579	1,783
Total non-operating income	38,358	8,469
Non-operating expenses		
Interest expenses	100	272
Loss on cancellation of leases	10,400	—
Share of loss of entities accounted for using equity method	—	26,217
Other	191	207
Total non-operating expenses	10,691	26,696
Ordinary profit	1,531,632	2,011,444
Extraordinary income		
Gain on change in equity	—	13,671
Total extraordinary income	—	13,671
Extraordinary losses		
Loss on retirement of non-current assets	265	3,070
Total extraordinary losses	265	3,070
Profit before income taxes	1,531,367	2,022,045
Income taxes - current	506,205	573,018
Income taxes - deferred	(666)	72,369
Total income taxes	505,539	645,387
Profit	1,025,828	1,376,658
Profit attributable to owners of parent	1,025,828	1,376,658

Quarterly Consolidated Statements of Comprehensive Income

Nine Months Ended February 29

(Thousand yen)

	For the nine months ended February 28, 2023	For the nine months ended February 29, 2024
Profit	1,025,828	1,376,658
Comprehensive income	1,025,828	1,376,658
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,025,828	1,376,658

(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.