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Consolidated Financial Results for the Fiscal Year Ended May 31, 2022 [Japanese GAAP]

July 14, 2022

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 general shareholders' meeting: August 25, 2022
Scheduled date of commencing dividend payments: August 10, 2022
Scheduled date of filing securities report: August 26, 2022
Availability of supplementary explanatory materials on annual financial results: Available
Schedule of annual 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 Fiscal Year Ended May 31, 2022 (June 1, 2021 - May 31, 2022)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
May 31, 2022	32,405	12.3	2,565	20.3	2,591	19.6	1,776	7.3
May 31, 2021	28,845	15.8	2,131	54.3	2,167	49.5	1,655	78.4

(Note) Comprehensive income: Fiscal year ended May 31, 2022: ¥1,776 million [6.9%]
Fiscal year ended May 31, 2021: ¥1,662 million [78.2%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
May 31, 2022	136.40	133.74	32.9	27.3	7.9
May 31, 2021	129.33	–	45.8	27.2	7.4

(Reference) Equity in earnings of affiliated companies: Fiscal year ended May 31, 2022: ¥– million
Fiscal year ended May 31, 2021: ¥– million

(Notes) 1. The Company carried out a 10-for-1 stock split for its common share on April 13, 2021, and a 200-for-1 stock split for its common share on October 22, 2021. The basic earnings per share and diluted earnings per share are calculated on the assumption that these stock splits were conducted at the beginning of the fiscal year ended May 31, 2021.
2. Although there are dilutive shares, diluted earnings per share for the fiscal year ended May 31, 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. As the Company listed its shares on the first section of the Tokyo Stock Exchange (Prime Market of the Tokyo Stock Exchange as of the date of submission) on March 2, 2022, diluted earnings per share for the fiscal year ended May 31, 2022 are calculated by deeming the average share price from the date of the new listing to May 31, 2022 as the average share price during the period.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of May 31, 2022	10,490	6,605	62.9	481.82
As of May 31, 2021	8,487	4,214	49.6	328.85

(Reference) Equity: As of May 31, 2022: ¥6,600 million
As of May 31, 2021: ¥4,209 million

(Note) The Company carried out a 10-for-1 stock split for its common share on April 13, 2021, and a 200-for-1 stock split for its common share on October 22, 2021. The net assets per share are calculated on the assumption that these stock splits were conducted at the beginning of the fiscal year ended May 31, 2021.

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
May 31, 2022	1,586	(366)	580	4,429
May 31, 2021	1,476	(302)	(713)	2,628

2. Dividends

	Annual dividends					Total dividends (annual)	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended May 31, 2021	–	0.00	–	8,900.00	8,900.00	569	34.4	15.8
Fiscal year ended May 31, 2022	–	0.00	–	47.00	47.00	643	34.5	11.6
Fiscal year ending May 31, 2023 (Forecast)	–	0.00	–	49.00	49.00		34.4	

(Note) The Company carried out a 200-for-1 stock split for its common share on October 22, 2021. The figures for fiscal year ended May 31, 2021 are the actual amounts of dividends before the said stock split. The amount of dividend after taking into account the said stock split is ¥44.50.

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
First half	17,400	10.2	1,090	(14.9)	1,090	(16.1)	750	(11.7)	54.75
Full year	36,200	11.7	2,840	10.7	2,840	9.6	1,950	9.7	142.34

*** 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) 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: Yes
2) Changes in accounting policies other than 1) above: None
3) Changes in accounting estimates: None
4) Retrospective restatement: None

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

As of May 31, 2022:	13,700,000 shares
As of May 31, 2021:	12,800,000 shares

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

As of May 31, 2022:	– shares
As of May 31, 2021:	– shares

3) Average number of shares outstanding during the period:

Fiscal year ended May 31, 2022:	13,026,849 shares
Fiscal year ended May 31, 2021:	12,800,000 shares

(Note) The Company carried out a 10-for-1 stock split for its common share on April 13, 2021, and a 200-for-1 stock split for its common share on October 22, 2021. The total number of issued shares is calculated on the assumption that these stock splits were conducted at the beginning of the fiscal year ended May 31, 2021.

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended May 31, 2022 (June 1, 2021 - May 31, 2022)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
May 31, 2022	32,376	12.4	2,484	19.7	2,534	19.9	1,748	7.3
May 31, 2021	28,811	15.8	2,076	52.4	2,113	47.8	1,630	76.7

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
May 31, 2022	134.21	131.59
May 31, 2021	127.34	–

(Notes) 1. The Company carried out a 10-for-1 stock split for its common share on April 13, 2021, and a 200-for-1 stock split for its common share on October 22, 2021. The basic earnings per share and diluted earnings per share are calculated on the assumption that these stock splits were conducted at the beginning of the fiscal year ended May 31, 2021.

2. Diluted earnings per share are not indicated for the fiscal year ended May 31, 2021 as the Company's shares were not listed at the time and thus the average share price during the period could not be determined, although there were dilutive shares.

3. As the Company listed its shares on the first section of the Tokyo Stock Exchange (Prime Market of the Tokyo Stock Exchange as of the date of submission) on March 2, 2022, diluted earnings per share for the fiscal year ended May 31, 2022 are calculated by deeming the average share price from the date of the new listing to May 31, 2022 as the average share price during the period.

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of May 31, 2022	10,382	6,544	63.0	477.32
As of May 31, 2021	8,441	4,180	49.5	326.26

(Reference) Equity: As of May 31, 2022: ¥6,539 million
As of May 31, 2021: ¥4,176 million

(Note) The Company carried out a 10-for-1 stock split for its common share on April 13, 2021, and a 200-for-1 stock split for its common share on October 22, 2021. The net assets per share are calculated on the assumption that these stock splits were conducted at the beginning of the fiscal year ended May 31, 2021.

* These consolidated financial results are outside the scope of audit 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 "Future Outlook" on page 4 of the Attachments.

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

Supplementary explanatory materials on annual financial results will be disclosed on TDnet on the same day, as well as on the Company's website. We also plan to hold an annual financial results briefing session (for analysts and institutional investors) on Wednesday, July 20, 2022.

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Fiscal Year under Review

In the Japanese economy during the fiscal year ended May 31, 2022, economic revival with recovery in inbound tourism and other favorable factors was increasingly expected as the spread of COVID-19 appeared to slow down. However, with surges in raw material prices caused by the crisis in Ukraine, currency exchange fluctuations due to the interest rate gap between U.S. and Japan, and the sluggish economy in China, the future outlook remained uncertain.

The contact center and business process outsourcing (BPO) industry to which the Company belongs is growing steadily, against a backdrop of increasing demand for non-face-to-face customer service under the environment with the COVID-19. Also, amid the technological innovation, more sophisticated service has been demanded, for example, "higher productivity with digitalized operations" and "highly value-added operations with data accumulation and analysis."

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."

* PBX: Private Branch eXchange

- Contact centers and BPO services

In contact centers and BPO services, regarding the "lifeline," "finance," "distribution" and "information and communications" industries as a priority strategic group, the Company continued activities by organizations combining production and sales in which sales activities and operations are exclusive for each client industry. The number of entrustment contracts has been steadily increasing by improving each staff's expertise on client industries to plan services necessary for the industry, improve abilities to make proposals, and improve quality.

As measures for enhancing recruitment, in our work-from-home contact center service, Bewith Digital Work Place, we started recruitment activities in which applicants can apply from all over the nation. As telecommuting is available without any restriction of locations, a number of people have applied. Accordingly, a reduction in recruitment costs was achieved. By further promoting this initiative, we believe that it is possible to respond to applicants' and employees' needs for diverse ways of working.

- Development and sale of the Cloud PBX, Omnia LINK, and other systems

With the expansion in the demand for our work-from-home contact center service under COVID-19 pandemic, needs of the Cloud PBX which is available anywhere accelerated, and thus, the number of inquiries on internal use of Omnia LINK increased. In addition, with the improved accuracy of "Speech To Text*" and the enhanced features of contact centers, a department for contact with customers, we have received a growing number of contracts on "real time speech-to-text conversion" which is high value-added feature of Omnia LINK.

* Speech To Text: Conversion from speech to text using voice recognition

Omnia LINK was initially developed for the purpose of sophisticating features of the Company's own contact center and BPO service, as well as reducing their costs. We began to strengthen sale of Omnia LINK to outside customers around 2020, and achieved sale of over 1,000 licenses in the fiscal year under review. The Omnia LINK is considered as a successful case of DX (Digital Transformation) in the Group. Recognized for such initiatives, we were certified as a "DX Certified Operator" by the Ministry of Economy, Trade and Industry on April 1, 2022. Continuously aiming at creation of the second and the third Omnia LINKs, we intend to realize "maximization of customer experience value as contact point for customers" and "improvement of productivity" by fusing digital technology and humans.

Toward further promotion of DX in the future, we recognize recruitment and fostering of development personnel as key points of our growth. As a part of this initiative, we established "Digital Labo Nagasaki" in

Nagasaki City, Nagasaki Prefecture on April 1, 2022, as a base for recruitment and fostering of development personnel. By recruiting and fostering development personnel in Nagasaki, we aim at in-house development of new digital technologies toward the next-generation business.

As a result of the above initiatives, for the fiscal year ended May 31, 2022, net sales was ¥32,405,568 thousand (up 12.3% year-on-year). As for profit, operating profit was ¥2,565,250 thousand (up 20.3% year-on-year), ordinary profit was ¥2,591,487 thousand (up 19.6% year-on-year), and profit attributable to owners of parent was ¥1,776,891 thousand (up 7.3% year-on-year). We have achieved record-high net sales and profit, following the previous fiscal year, and marked double-digit growth for six consecutive years.

(2) Overview of Financial Position for the Fiscal Year under Review

(Thousand yen)

	As of May 31, 2021	As of May 31, 2022	Difference
Total assets	8,487,223	10,490,692	2,003,469
Total liabilities	4,273,139	3,884,918	(388,221)
Total net assets	4,214,084	6,605,774	2,391,691

Total assets as of May 31, 2022 amounted to ¥10,490,692 thousand, an increase of ¥2,003,469 thousand compared with the end of the previous fiscal year. This was mainly attributable to an increase of ¥1,801,100 thousand in cash and deposits associated with fund procurement through the new listing, and an increase of ¥47,622 thousand in accounts receivable – trade due to an increase in net sales.

Total liabilities amounted to ¥3,884,918 thousand, a decrease of ¥388,221 thousand compared with the end of the previous fiscal year. This was mainly attributable to a decrease in accounts payable – other of ¥583,563 thousand in relation to equipment-related expenses resulting from the establishment of new contact centers and expansion of existing centers and the individually attributed amount of consolidated corporation tax for the end of the previous fiscal year, an increase in accrued expenses of ¥119,826 thousand due to employee salary, etc., and an increase in income taxes payable of ¥105,196 thousand.

Net assets amounted to ¥6,605,774 thousand, an increase of ¥2,391,691 thousand compared with the end of the previous fiscal year. This was mainly attributable to, despite dividends paid of ¥569,600 thousand, an increase in retained earnings due to the recording of ¥1,776,891 thousand in profit attributable to owners of parent, an increase of ¥592,200 thousand in share capital and an increase of ¥592,200 thousand in capital surplus due to share issuance for new listing.

(3) Overview of Cash Flows for the Fiscal Year under Review

(Thousand yen)

	Fiscal year ended May 31, 2021	Fiscal year ended May 31, 2022
Cash flows from operating activities	1,476,453	1,586,673
Cash flows from investing activities	(302,396)	(366,266)
Cash flows from financing activities	(713,864)	580,693
Net increase (decrease) in cash and cash equivalents	460,193	1,801,100
Cash and cash equivalents at beginning of period	2,168,421	2,628,614
Cash and cash equivalents at end of period	2,628,614	4,429,714

Cash and cash equivalents as of May 31, 2022 was ¥4,429,714 thousand.

(Cash Flows from Operating Activities)

Net cash provided by operating activities was ¥1,586,673 thousand (¥1,476,453 thousand provided in the previous fiscal year). The main components were profit before income taxes of ¥2,590,056 thousand (¥2,164,291 thousand in the previous fiscal year), partly offset by income taxes paid of ¥1,074,254 thousand (¥607,545 thousand in the previous fiscal year).

(Cash Flows from Investing Activities)
Net cash used in investing activities was ¥366,266 thousand (¥302,396 thousand used in the previous fiscal year). The main components were purchase of property, plant and equipment of ¥184,843 thousand (¥174,167 thousand in the previous fiscal year) due to the establishment of new contact centers and expansion of existing centers, purchase of intangible assets of ¥87,977 thousand (¥31,556 thousand in the previous fiscal year), and payments of leasehold and guarantee deposits of ¥94,013 thousand (¥96,251 thousand in the previous fiscal year).

(Cash Flows from Financing Activities)
Net cash provided by financing activities was ¥580,693 thousand (¥713,864 thousand used in the previous fiscal year). The main components were proceeds from issuance of shares of ¥1,171,154 thousand associated with new listing (null in the previous fiscal year), partly offset by dividends paid of ¥569,600 thousand (¥460,800 thousand in the previous fiscal year).

(4) Future Outlook

In contact centers and BPO services, we will strive to continuously expand the number of entrustment contracts of new projects centering on the priority strategic group (lifeline, finance, distribution, and information and communications), improve quality and productivity of entrusted projects, and deeply explore the industries. With regard to sale of Omnia LINK to outside customers, we will build a new system for the purpose of enhancing a sales system and a development system, and work to increase the number of business meetings by enhancing marketing/inside sales functions, and boost the rate of orders received through strengthened ability of sales proposal.

For the financial results forecast for the six months ending November 30, 2022, we expect net sales of ¥17,400 million (up 10.2% year-on-year), operating profit of ¥1,090 million (down 14.9% year-on-year), ordinary profit of ¥1,090 million (down 16.1% year-on-year), and profit attributable to owners of parent of ¥750 million (down 11.7% year-on-year). Main reasons for the year-on-year decrease in operating profit include recording of factor based tax, that did not accrue in the same period of the previous fiscal year, as selling, general and administrative expenses due to the increase in share capital caused by new listing; and recording of upfront investment toward the growth, such as cost for building a new base Yokohama 4th Center with approx. 580 seats, and development cost for CX platform, a system responding to needs for non-face-to-face customer service in BPO service. Yokohama 4th Center is scheduled to start to operate in July 2022, and raise operation rates by being entrusted with new projects mainly in the priority strategic group.

For the fiscal year ending May 31, 2023, we expect year-on-year increase in profit as profitability will improve thanks to effects of an increase in sales in the priority strategic group, as well as effects of improvement in productivity (such as improvement in labor cost ratio including a decrease in temporary hire ratio, price negotiation, and higher efficiency with digitalization).

For the financial results forecast for the fiscal year ending May 31, 2023, under such assumptions, we expect net sales of ¥36,200 million (up 11.7% year-on-year), operating profit of ¥2,840 million (up 10.7% year-on-year), ordinary profit of ¥2,840 million (up 9.6% year-on-year), and profit attributable to owners of parent of ¥1,950 million (up 9.7% year-on-year).

2. Basic Policy on Selection of Accounting Standards

The Group has adopted the Generally Accepted Accounting Principles in Japan (Japanese GAAP), in consideration of the comparability of the consolidated financial statements between terms, as well as between companies. With respect to the timing of application of International Financial Reporting Standards (IFRS), our policy is to conduct careful consideration in light of various domestic and overseas circumstances.

3. Consolidated Financial Statements and Principal Notes

(1) Consolidated Balance Sheets

(Thousand yen)

	As of May 31, 2021	As of May 31, 2022
Assets		
Current assets		
Cash and deposits	2,628,614	4,429,714
Accounts receivable - trade	3,353,295	3,400,917
Electronically recorded monetary claims - operating	37,118	33,234
Merchandise	3,430	1,785
Supplies	2,891	6,039
Other	244,320	299,213
Total current assets	6,269,668	8,170,902
Non-current assets		
Property, plant and equipment		
Buildings	1,197,740	1,268,834
Accumulated depreciation	(592,019)	(659,962)
Buildings, net	605,721	608,872
Tools, furniture and fixtures	951,842	997,454
Accumulated depreciation	(730,887)	(791,698)
Tools, furniture and fixtures, net	220,955	205,756
Total property, plant and equipment	826,676	814,628
Intangible assets		
Goodwill	12,706	7,058
Software	92,848	114,054
Other	6,719	45,962
Total intangible assets	112,273	167,074
Investments and other assets		
Leasehold and guarantee deposits	946,206	1,038,127
Deferred tax assets	296,743	263,653
Other	35,657	36,308
Total investments and other assets	1,278,606	1,338,088
Total non-current assets	2,217,555	2,319,790
Total assets	8,487,223	10,490,692

(Thousand yen)

	As of May 31, 2021	As of May 31, 2022
Liabilities		
Current liabilities		
Accounts payable - other	1,376,149	792,586
Accrued expenses	1,220,545	1,340,371
Income taxes payable	161,655	266,851
Accrued consumption taxes	661,510	566,505
Contract liabilities	–	15,870
Provision for bonuses	317,271	351,979
Other	232,894	235,917
Total current liabilities	3,970,024	3,570,079
Non-current liabilities		
Asset retirement obligations	303,115	314,839
Total non-current liabilities	303,115	314,839
Total liabilities	4,273,139	3,884,918
Net assets		
Shareholders' equity		
Share capital	100,000	692,200
Capital surplus	203,182	795,382
Retained earnings	3,906,102	5,113,392
Total shareholders' equity	4,209,284	6,600,974
Share acquisition rights	4,800	4,800
Total net assets	4,214,084	6,605,774
Total liabilities and net assets	8,487,223	10,490,692

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Thousand yen)

	For the fiscal year ended May 31, 2021	For the fiscal year ended May 31, 2022
Net sales	28,845,675	32,405,568
Cost of sales	24,073,506	27,048,658
Gross profit	4,772,169	5,356,910
Selling, general and administrative expenses	2,640,637	2,791,660
Operating profit	2,131,532	2,565,250
Non-operating income		
Interest income	0	1
Insurance claim income	–	5,649
Subsidy income	37,041	53,906
Other	2,873	1,707
Total non-operating income	39,915	61,263
Non-operating expenses		
Interest expenses	914	–
Commission expenses	2,250	–
Subsidiary stock acquisition-related cost	1,000	–
Listing expenses	–	20,861
Share issuance costs	–	13,246
Income tax withheld at the source except for foreign tax amount reduction	–	707
Other	–	212
Total non-operating expenses	4,164	35,026
Ordinary profit	2,167,283	2,591,487
Extraordinary losses		
Loss on retirement of non-current assets	2,992	1,431
Total extraordinary losses	2,992	1,431
Profit before income taxes	2,164,291	2,590,056
Income taxes - current	603,845	780,076
Income taxes - deferred	(101,757)	33,089
Total income taxes	502,088	813,165
Profit	1,662,203	1,776,891
Profit attributable to non-controlling interests	6,802	–
Profit attributable to owners of parent	1,655,401	1,776,891

Consolidated Statements of Comprehensive Income

(Thousand yen)

	For the fiscal year ended May 31, 2021	For the fiscal year ended May 31, 2022
Profit	1,662,203	1,776,891
Comprehensive income	1,662,203	1,776,891
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,655,401	1,776,891
Comprehensive income attributable to non-controlling interests	6,802	–

(3) Consolidated Statements of Changes in Equity

Fiscal year ended May 31, 2021

(Thousand yen)

	Shareholders' equity			
	Share capital	Capital surplus	Retained earnings	Total shareholders' equity
Balance at beginning of period	100,000	203,168	2,711,501	3,014,669
Changes during period				
Issuance of new shares				–
Dividends of surplus			(460,800)	(460,800)
Profit attributable to owners of parent			1,655,401	1,655,401
Change in ownership interest of parent due to transactions with non-controlling interests		14		14
Net changes in items other than shareholders' equity				
Total changes during period	–	14	1,194,601	1,194,615
Balance at end of period	100,000	203,182	3,906,102	4,209,284

	Share acquisition rights	Non-controlling interests	Total net assets
Balance at beginning of period	–	11,296	3,025,965
Changes during period			
Issuance of new shares			–
Dividends of surplus			(460,800)
Profit attributable to owners of parent			1,655,401
Change in ownership interest of parent due to transactions with non-controlling interests			14
Net changes in items other than shareholders' equity	4,800	(11,296)	(6,496)
Total changes during period	4,800	(11,296)	1,188,119
Balance at end of period	4,800	–	4,214,084

Fiscal year ended May 31, 2022

(Thousand yen)

	Shareholders' equity			
	Share capital	Capital surplus	Retained earnings	Total shareholders' equity
Balance at beginning of period	100,000	203,182	3,906,102	4,209,284
Changes during period				
Issuance of new shares	592,200	592,200		1,184,400
Dividends of surplus			(569,600)	(569,600)
Profit attributable to owners of parent			1,776,891	1,776,891
Change in ownership interest of parent due to transactions with non-controlling interests				–
Net changes in items other than shareholders' equity				
Total changes during period	592,200	592,200	1,207,291	2,391,691
Balance at end of period	692,200	795,382	5,113,392	6,600,974

	Share acquisition rights	Non-controlling interests	Total net assets
Balance at beginning of period	4,800	–	4,214,084
Changes during period			
Issuance of new shares			1,184,400
Dividends of surplus			(569,600)
Profit attributable to owners of parent			1,776,891
Change in ownership interest of parent due to transactions with non-controlling interests			–
Net changes in items other than shareholders' equity	–	–	–
Total changes during period	–	–	2,391,691
Balance at end of period	4,800	–	6,605,774

(4) Consolidated Statements of Cash Flows

(Thousand yen)

	For the fiscal year ended May 31, 2021	For the fiscal year ended May 31, 2022
Cash flows from operating activities		
Profit before income taxes	2,164,291	2,590,056
Depreciation	172,895	195,208
Amortization of goodwill	12,718	5,648
Increase (decrease) in provision for bonuses	(22,282)	34,708
Increase (decrease) in provision for share awards for directors (and other officers)	(4,079)	–
Interest and dividend income	(0)	(1)
Insurance claim income	–	(5,649)
Subsidy income	(37,041)	(53,906)
Interest expenses	914	–
Listing expenses	–	20,861
Share issuance costs	–	13,246
Loss (gain) on sale and retirement of non-current assets	2,992	1,431
Decrease (increase) in trade receivables	(251,056)	(43,738)
Decrease (increase) in inventories	(2,921)	(1,503)
Decrease (increase) in other assets	(67,826)	(31,882)
Increase (decrease) in trade payables	331,266	(84,955)
Increase (decrease) in accrued consumption taxes	(331)	(99,240)
Increase (decrease) in other liabilities	(314,701)	80,486
Other, net	2,137	2,737
Subtotal	1,986,975	2,623,507
Interest and dividends received	0	1
Interest paid	(1,166)	–
Proceeds from insurance income	–	5,649
Subsidies received	98,188	31,770
Income taxes paid	(607,545)	(1,074,254)
Net cash provided by (used in) operating activities	1,476,453	1,586,673
Cash flows from investing activities		
Purchase of property, plant and equipment	(174,167)	(184,843)
Purchase of intangible assets	(31,556)	(87,977)
Payments of leasehold and guarantee deposits	(96,251)	(94,013)
Proceeds from refund of leasehold and guarantee deposits	919	2,093
Other, net	(1,341)	(1,526)
Net cash provided by (used in) investing activities	(302,396)	(366,266)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(13,780)	–
Repayments of long-term borrowings	(226,000)	–
Proceeds from issuance of shares	–	1,171,154
Dividends paid	(460,800)	(569,600)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(18,084)	–
Proceeds from issuance of share acquisition rights	4,800	–
Listing expenses	–	(20,861)
Net cash provided by (used in) financing activities	(713,864)	580,693
Net increase (decrease) in cash and cash equivalents	460,193	1,801,100
Cash and cash equivalents at beginning of period	2,168,421	2,628,614
Cash and cash equivalents at end of period	2,628,614	4,429,714

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Changes in accounting policies)

(Accounting standard for revenue recognition)

The Company has adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020; hereinafter the "Revenue Recognition Accounting Standard") and related guidelines from the beginning of the fiscal year under review. Accordingly, the Company has decided to recognize the amount expected to be received in exchange for promised goods or services as revenue when the control of such goods or services is transferred to customers. Previously, revenue was recognized net of communications expenses, transportation expenses, and other expenses received from the customer. Determining that these expenses form part of the consideration for the provision of services and thus constitute principal transactions, the Company has changed to a method of recognizing the total amount as revenue.

In adopting the Revenue Recognition Accounting Standard, in accordance with the transitional treatment set forth in the proviso of Paragraph 84 of the Revenue Recognition Accounting Standard, the cumulative effect of retrospective application of the new accounting policy to the periods prior to the beginning of the fiscal year under review was added to or subtracted from the balance of retained earnings at the beginning of the fiscal year under review, and thus the new accounting policy has been adopted from the said beginning balance.

The resulting effects on operating profit, ordinary profit, and profit before income taxes for the fiscal year ended May 31, 2022 are immaterial. There is also no impact on the balance of retained earnings at the beginning of the fiscal year under review.

(Accounting standard for fair value measurement)

The Company has adopted the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019; hereinafter the "Fair Value Measurement Accounting Standard") and related guidelines from the beginning of the fiscal year under review, and decided to adopt prospectively new accounting policies set forth in the Fair Value Measurement Accounting Standard and related guidelines, in accordance with the transitional treatment set forth in Paragraph 19 of the Fair Value Measurement Accounting Standard and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). There is also no impact on the consolidated financial statements caused by this application.

(Segment information, etc.)

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

(Per share information)

	For the fiscal year ended May 31, 2021	For the fiscal year ended May 31, 2022
Net assets per share (Yen)	328.85	481.82
Basic earnings per share (Yen)	129.33	136.40
Diluted earnings per share (Yen)	–	133.74

(Notes) 1. The Company carried out a 10-for-1 stock split for its common share on April 13, 2021, and a 200-for-1 stock split for its common share on October 22, 2021. Accordingly, net assets per share, basic earnings per share, and diluted earnings per share are calculated on the assumption that these stock splits were conducted at the beginning of the fiscal year ended May 31, 2021.

2. Although there are dilutive shares, diluted earnings per share for the fiscal year ended May 31, 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. As the Company listed its shares on the first section of the Tokyo Stock Exchange (Prime Market of the Tokyo Stock Exchange as of the date of submission) on March 2, 2022, diluted earnings per share for the fiscal year ended May 31, 2022 are calculated by deeming the average share price from the date of the new listing to May 31, 2022 as the average share price during the period.

4. The basis for calculation of basic earnings per share and diluted earnings per share is as follows.

	For the fiscal year ended May 31, 2021	For the fiscal year ended May 31, 2022
Basic earnings per share		
Profit attributable to owners of parent (Thousand yen)	1,655,401	1,776,891
Amount not attributable to common shareholders (Thousand yen)	–	–
Profit attributable to owners of parent related to common shares (Thousand yen)	1,655,401	1,776,891
Average number of common shares outstanding during the period (Shares)	12,800,000	13,026,849
Diluted earnings per share		
Adjustment for profit attributable to owners of parent (Thousand yen)	–	–
Increase in number of common shares (Shares)	–	259,196
(Of which, share acquisition rights (Shares))	–	259,196
Overview of dilutive shares not included in the calculation of diluted earnings per share due to their non-dilutive effect		–

5. The basis for calculation of net assets per share is as follows.

	As of May 31, 2021	As of May 31, 2022
Total amount in net assets (Thousand yen)	4,214,084	6,605,774
Amount deducted from total amount in net assets (Thousand yen)	4,800	4,800
(Of which, share acquisition rights (Thousand yen))	(4,800)	(4,800)
Net assets at the end of the period related to common shares (Thousand yen)	4,209,284	6,600,974
Number of common shares at the end of the period used for calculation of net assets per share (Shares)	12,800,000	13,700,000

(Significant subsequent events)

Not applicable.