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# Consolidated Financial Results for the Fiscal Year Ended May 31, 2023 [Japanese GAAP]

July 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 general shareholders' meeting: August 30, 2023
Scheduled date of commencing dividend payments: August 15, 2023
Scheduled date of filing securities report: August 31, 2023
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, 2023 (June 1, 2022 - May 31, 2023)

(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, 2023 | 35,158 | 8.5 | 2,225 | (13.3) | 2,269 | (12.4) | 1,678 | (5.6) |
| May 31, 2022 | 32,405 | 12.3 | 2,565 | 20.3 | 2,591 | 19.6 | 1,776 | 7.3 |

(Note) Comprehensive income: Fiscal year ended May 31, 2023: ¥1,678 million [(5.6)%]
Fiscal year ended May 31, 2022: ¥1,776 million [6.9%]

| | 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, 2023 | 122.14 | 119.69 | 23.2 | 20.0 | 6.3 |
| May 31, 2022 | 136.40 | 133.74 | 32.9 | 27.3 | 7.9 |

(Reference) Equity in earnings of affiliated companies: Fiscal year ended May 31, 2023: ¥– million
Fiscal year ended May 31, 2022: ¥– million

(Notes) 1. 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. 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, 2023 | 12,207 | 7,841 | 64.2 | 564.24 |
| As of May 31, 2022 | 10,490 | 6,605 | 62.9 | 481.82 |

(Reference) Equity: As of May 31, 2023: ¥7,839 million
As of May 31, 2022: ¥6,600 million

(Note) The Company carried out 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 the said stock split was conducted at the beginning of the fiscal year ended May 31, 2022.

(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, 2023 | 1,533 | (611) | (438) | 4,913 |
| May 31, 2022 | 1,586 | (366) | 580 | 4,429 |

**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, 2022 | – | 0.00 | – | 47.00 | 47.00 | 643 | 34.5 | 11.6 |
| Fiscal year ended May 31, 2023 | – | 0.00 | – | 49.00 | 49.00 | 680 | 40.1 | 9.4 |
| Fiscal year ending May 31, 2024 (Forecast) | – | 0.00 | – | 50.00 | 50.00 | | 35.3 | |

**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 |
| First half | 18,800 | 13.2 | 1,300 | 69.8 | 1,300 | 64.1 | 880 | 68.0 | 63.34 |
| Full year | 39,000 | 10.9 | 2,900 | 30.3 | 2,900 | 27.8 | 1,970 | 17.4 | 141.80 |

*** 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: None
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, 2023: | 13,893,200 shares |
| As of May 31, 2022: | 13,700,000 shares |

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

| | |
|---|---|
| As of May 31, 2023: | 25 shares |
| As of May 31, 2022: | – shares |

3) Average number of shares outstanding during the period:

| | |
|---|---|
| Fiscal year ended May 31, 2023: | 13,739,577 shares |
| Fiscal year ended May 31, 2022: | 13,026,849 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.

**(Reference) Summary of Non-consolidated Financial Results**

**1. Non-consolidated Financial Results for the Fiscal Year Ended May 31, 2023 (June 1, 2022 - May 31, 2023)**

(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, 2023 | 35,129 | 8.5 | 2,132 | (14.2) | 2,201 | (13.1) | 1,645 | (5.9) |
| May 31, 2022 | 32,376 | 12.4 | 2,484 | 19.7 | 2,534 | 19.9 | 1,748 | 7.3 |

| | Basic earnings per share | Diluted earnings per share |
|---|---|---|
| Fiscal year ended | Yen | Yen |
| May 31, 2023 | 119.76 | 117.36 |
| May 31, 2022 | 134.21 | 131.59 |

(Notes) 1. 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. 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, 2023 | 11,999 | 7,747 | 64.5 | 557.44 |
| As of May 31, 2022 | 10,382 | 6,544 | 63.0 | 477.32 |

(Reference) Equity: As of May 31, 2023: ¥7,744 million
As of May 31, 2022: ¥6,539 million

(Note) The Company carried out 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 the said stock split was conducted at the beginning of the fiscal year ended May 31, 2022.

* 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 the Company’s website (https://www.bewith.net/ir/). (In Japanese only) We also plan to hold an annual financial results briefing session (for analysts and institutional investors) on Tuesday, July 18, 2023.

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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, 2023, social and economic normalization and the recovery of inbound consumption progressed as the impact of the COVID-19 pandemic appeared to ease. However, due to surges in raw material prices caused by the situation in Ukraine, the accelerating depreciation of the yen, rising commodity prices, and other factors, the future outlook remained uncertain.

The contact center and business process outsourcing (BPO) industry to which the Company belongs continues to enjoy robust demand and steady growth against a backdrop of the normalization of economic activity and increasing demand for non-face-to-face customer service in the environment with COVID-19.

Under such business conditions, in its Medium-Term Management Plan 2022, which covers the period until the fiscal year ended 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 expanded the number of received contracts by planning and proposing services required by the industries, increasing added value, and improving quality by increasing expertise on client industries and combining it with the highly functional Omnia Link. In addition, counter services related to reservations and inquiries for the COVID-19 vaccine and nationwide travel support also contributed to a certain volume of business. However, the volume of contracted work in the first half of the fiscal year was also affected due to changes in the overall status of the pandemic.

To cope with the increasing volume of business, in July 2022, we opened the Yokohama 4th Center, our fourth center in the Yokohama area, which has already reached a high operation rate. As of May 31, 2023, the number of operation booths reached 6,764 in 16 locations nationwide, and the share of Omnia LINK for contact centers and BPO services reached 80.4% (Omnia LINK's share, as a percentage of PBX used in contact centers and BPO services).

In addition, as part of our existing measures for enhancing recruitment, we continued our efforts to expand the scale of our work-from-home contact center service, Bewith Digital Work Place. The Bewith Digital Work Place enables working from home without location restrictions, and is open to applicants from all over Japan. Responding to the needs of existing and prospective employees for diverse working styles has a significant effect on increasing the number of applicants and reducing the turnover rate. We will therefore continue to promote our efforts in this area.

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

In response to the growing demand for our work-from-home contact center service and the need to reduce system costs and utilize advanced functions, the number of inquiries on internal use of Omnia LINK as a cloud service has increased significantly. As a result, the number of licenses sold as of May 31, 2023 exceeded the target set at the beginning of the fiscal year under review, more than doubling year-on-year to reach 2,371 licenses. In addition, against a backlog of the improvements in speech recognition accuracy and the rise of generative AI, the number of sales of the high value-added feature options of Omnia LINK, such as real time speech-to-text conversion and operator support functions that utilize text-enabled voice, has also been growing steadily. In line with the above, Annual Recurring Revenue (ARR: calculated by multiplying monthly recurring revenue by 12 months) from the sale of Omnia LINK to outside customers reached ¥600 million, up 137.1% year-on-year.

In October 2022, the Company acquired shares of Doinet Co., Ltd., a system development company based out of Nagasaki City, Nagasaki Prefecture, and made it a consolidated subsidiary. Doinet is one of the core companies in the "Nagasaki Digital Consortium," in which the Company has been participating for some time,

and we will leverage its development capabilities and human resources to accelerate the Group's digital transformation (DX) and create synergies with Digital Labo Nagasaki, the Company's digital development base.

In February 2023, the Company launched UnisonConnect, an online customer service and contracting system that also provides one-stop services for identification confirmation and contract signing. Although an increasing number of companies began adopting online customer service and business negotiation methods as part of efforts to prevent the spread of COVID-19, there are still many contracting activities that require the sending of physical documents and face-to-face discussions, such as identification confirmation and the handling of application documents. UnisonConnect is a system that centralizes all processes from customer service and business negotiations to identification confirmation, contract signing, and the conclusion of contracts. This system can be expected to have synergistic effects with our contact center and BPO services, as in addition to providing the system, the Group can also handle the customer service on UnisonConnect itself.

As a result of the above initiatives, for the fiscal year ended May 31, 2023, net sales were ¥35,158,816 thousand (up 8.5% year-on-year), marking the second time in two years that we have achieved an all-time high. Due to increased one-time expenses from the establishment of the Yokohama 4th Center, the recording of research and development expenses, and an increase in taxes and public charges associated with the listing of the Company to the stock exchange, operating profit was ¥2,225,126 thousand (down 13.3% year-on-year), ordinary profit was ¥2,269,326 thousand (down 12.4% year-on-year), and profit attributable to owners of parent was ¥1,678,180 thousand (down 5.6% year-on-year).

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

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

(Assets)

Total assets as of May 31, 2023 amounted to ¥12,207,044 thousand, an increase of ¥1,716,352 thousand compared with the end of the previous fiscal year. This was mainly attributable to an increase of ¥483,994 thousand in cash and deposits, an increase of ¥649,541 thousand in accounts receivable – trade, and an increase of ¥168,000 thousand in investment securities.

(Liabilities)

Total Liabilities of May 31, 2023 amounted to ¥4,365,150 thousand, an increase of ¥480,232 thousand compared with the end of the previous fiscal year. This was mainly attributable to an increase of ¥282,805 thousand in accrued expenses and an increase of ¥101,400 thousand in income taxes payable.

(Net Assets)

Total net assets as of May 31, 2023 amounted to ¥7,841,894 thousand, an increase of ¥1,236,120 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 ¥1,678,180 thousand in profit attributable to owners of parent.

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

(Cash Flows from Operating Activities)

Net cash provided by operating activities was ¥1,533,497 thousand (¥1,586,673 thousand provided in the same period of the previous fiscal year). The main components were profit before income taxes of ¥2,268,893 thousand (¥2,590,056 thousand in the same period of the previous fiscal year), partly offset by an increase in trade receivables of ¥629,905 thousand (¥43,738 thousand in the same period of the previous fiscal year).

(Cash Flows from Investing Activities)

Net cash used in investing activities was ¥611,999 thousand (¥366,266 thousand used in the same period of the previous fiscal year). The main components were purchase of property, plant and equipment of ¥218,757

thousand (¥184,843 thousand in the same period of the previous fiscal year) due to the establishment of new contact centers and expansion of existing centers, the purchase of intangible assets of ¥218,710 thousand (¥87,977 thousand in the same period of the previous fiscal year), and the purchase of investment securities in the amount of ¥168,000 thousand (none in the same period of the previous fiscal year).

(Cash Flows from Financing Activities)

Net cash used in financing activities was ¥438,205 thousand (¥580,693 thousand used in the same period of the previous fiscal year). The main components were ¥201,894 thousand in proceeds from issuance of shares through the exercise of share acquisition rights (none in the same period of the previous fiscal year), partly offset by dividends paid of ¥643,077 thousand (¥569,600 thousand in the same period of the previous fiscal year).

(4) Future Outlook

The fiscal year ending May 2024 will be the first year of our new medium-term management plan. We will respond to the post-COVID social transformations and steadily implement each of our measures to achieve the goals in the medium-term plan. In contact centers and BPO services, we will maximize Omnia LINK's strengths, and by continuing to implement sales strategies and pursue expertise in each target industry sector, we will aim to increase the contract expansion of repeated orders, which are particularly likely to lead to stable earnings. With regard to the sale of Omnia LINK to outside customers, we will steadily respond to strong inquiries and boost the rate of orders received by strengthening marketing/inside sales, and other systems. In addition, we will work to increase the transaction amount with each existing customer by strengthening customer success and support functions.

To improve profitability, we will work to reduce the turnover rate and lower hiring costs through initiatives to create a comfortable working environment, such as expanding home-based call centers and strengthening the human resource development environment. In addition, we will aim to improve productivity by combining multiple measures, such as proposing high value-added proposals that leverage the high functionality of Omnia LINK, promoting further in-house utilization, and increasing efficiency through digitalization.

At the same time, we will continue to invest in growth. Regarding contact centers and BPO services, we have already decided to establish our fourth new center in Sapporo in August 2023. In system development and sales services, we will continue to enhance the functionality of existing products and develop new products such as Omnia LINK for offices.

Through the efforts mentioned above, we forecast net sales of ¥39,000 million (up 10.9% year-on-year), operating profit of ¥2,900 million (up 30.3% year-on-year), ordinary profit of ¥2,900 million (up 27.8% year-on-year), and profit attributable to owners of parent of ¥1,970 million yen (up 17.4% year-on-year) for the fiscal year ending May 31, 2024.

## 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, 2022 | As of May 31, 2023 |
|---|---|---|
| Assets | | |
| Current assets | | |
| Cash and deposits | 4,429,714 | 4,913,708 |
| Accounts receivable - trade | 3,400,917 | 4,050,458 |
| Electronically recorded monetary claims - operating | 33,234 | 30,413 |
| Merchandise | 1,785 | 30,384 |
| Work in process | – | 1,166 |
| Supplies | 6,039 | 3,903 |
| Other | 299,213 | 340,816 |
| Total current assets | 8,170,902 | 9,370,848 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings | 1,268,834 | 1,383,768 |
| Accumulated depreciation | (659,962) | (735,610) |
| Buildings, net | 608,872 | 648,158 |
| Tools, furniture and fixtures | 997,454 | 1,045,724 |
| Accumulated depreciation | (791,698) | (806,058) |
| Tools, furniture and fixtures, net | 205,756 | 239,666 |
| Construction in progress | – | 11,769 |
| Total property, plant and equipment | 814,628 | 899,593 |
| Intangible assets | | |
| Goodwill | 7,058 | 14,015 |
| Software | 114,054 | 190,667 |
| Other | 45,962 | 119,048 |
| Total intangible assets | 167,074 | 323,730 |
| Investments and other assets | | |
| Investment securities | – | 168,000 |
| Leasehold and guarantee deposits | 1,038,127 | 1,052,467 |
| Deferred tax assets | 263,653 | 348,066 |
| Other | 36,308 | 44,340 |
| Total investments and other assets | 1,338,088 | 1,612,873 |
| Total non-current assets | 2,319,790 | 2,836,196 |
| Total assets | 10,490,692 | 12,207,044 |

(Thousand yen)

| | As of May 31, 2022 | As of May 31, 2023 |
|---|---|---|
| Liabilities | | |
| Current liabilities | | |
| Short-term borrowings | – | 5,000 |
| Current portion of long-term borrowings | – | 4,776 |
| Accounts payable - other | 792,586 | 843,424 |
| Accrued expenses | 1,340,371 | 1,623,176 |
| Income taxes payable | 266,851 | 368,251 |
| Accrued consumption taxes | 566,505 | 519,397 |
| Contract liabilities | 15,870 | 33,452 |
| Provision for bonuses | 351,979 | 304,566 |
| Other | 235,917 | 281,178 |
| Total current liabilities | 3,570,079 | 3,983,220 |
| Non-current liabilities | | |
| Long-term borrowings | – | 25,511 |
| Retirement benefit liability | – | 5,248 |
| Asset retirement obligations | 314,839 | 351,171 |
| Total non-current liabilities | 314,839 | 381,930 |
| Total liabilities | 3,884,918 | 4,365,150 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 692,200 | 794,133 |
| Capital surplus | 795,382 | 897,315 |
| Retained earnings | 5,113,392 | 6,147,671 |
| Treasury shares | – | (53) |
| Total shareholders' equity | 6,600,974 | 7,839,066 |
| Share acquisition rights | 4,800 | 2,828 |
| Total net assets | 6,605,774 | 7,841,894 |
| Total liabilities and net assets | 10,490,692 | 12,207,044 |

## (2) Consolidated Statements of Income and Comprehensive Income

### Consolidated Statements of Income

(Thousand yen)

| | For the fiscal year ended May 31, 2022 | For the fiscal year ended May 31, 2023 |
|---|---|---|
| Net sales | 32,405,568 | 35,158,816 |
| Cost of sales | 27,048,658 | 29,763,041 |
| Gross profit | 5,356,910 | 5,395,775 |
| Selling, general and administrative expenses | 2,791,660 | 3,170,649 |
| Operating profit | 2,565,250 | 2,225,126 |
| Non-operating income | | |
| Interest income | 1 | 2 |
| Insurance claim income | 5,649 | – |
| Subsidy income | 53,906 | 42,684 |
| Compensation received | – | 17,136 |
| Other | 1,707 | 2,010 |
| Total non-operating income | 61,263 | 61,832 |
| Non-operating expenses | | |
| Interest expenses | – | 240 |
| Loss on cancellation of leases | – | 17,136 |
| Listing expenses | 20,861 | – |
| Share issuance costs | 13,246 | – |
| Income tax withheld at the source except for foreign tax amount reduction | 707 | – |
| Other | 212 | 256 |
| Total non-operating expenses | 35,026 | 17,632 |
| Ordinary profit | 2,591,487 | 2,269,326 |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | 1,431 | 433 |
| Total extraordinary losses | 1,431 | 433 |
| Profit before income taxes | 2,590,056 | 2,268,893 |
| Income taxes - current | 780,076 | 673,206 |
| Income taxes - deferred | 33,089 | (82,493) |
| Total income taxes | 813,165 | 590,713 |
| Profit | 1,776,891 | 1,678,180 |
| Profit attributable to owners of parent | 1,776,891 | 1,678,180 |

Consolidated Statements of Comprehensive Income

(Thousand yen)

| | For the fiscal year ended May 31, 2022 | For the fiscal year ended May 31, 2023 |
|---|---|---|
| Profit | 1,776,891 | 1,678,180 |
| Comprehensive income | 1,776,891 | 1,678,180 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 1,776,891 | 1,678,180 |

(3) Consolidated Statements of Changes in Equity

Fiscal year ended May 31, 2022

(Thousand yen)

| | Shareholders' equity | | | |
|---|---|---|---|---|
| | Share capital | Capital surplus | Retained earnings | Treasury shares |
| Balance at beginning of period | 100,000 | 203,182 | 3,906,102 | – |
| Changes during period | | | | |
| Issuance of new shares | 592,200 | 592,200 | | |
| Issuance of new shares - exercise of share acquisition rights | | | | |
| Dividends of surplus | | | (569,600) | |
| Profit attributable to owners of parent | | | 1,776,891 | |
| Purchase of treasury shares | | | | |
| Net changes in items other than shareholders' equity | | | | |
| Total changes during period | 592,200 | 592,200 | 1,207,291 | – |
| Balance at end of period | 692,200 | 795,382 | 5,113,392 | – |

| | Shareholders' equity | Share acquisition rights | Total net assets |
|---|---|---|---|
| | Total shareholders' equity | | |
| Balance at beginning of period | 4,209,284 | 4,800 | 4,214,084 |
| Changes during period | | | |
| Issuance of new shares | 1,184,400 | | 1,184,400 |
| Issuance of new shares - exercise of share acquisition rights | – | | – |
| Dividends of surplus | (569,600) | | (569,600) |
| Profit attributable to owners of parent | 1,776,891 | | 1,776,891 |
| Purchase of treasury shares | – | | – |
| Net changes in items other than shareholders' equity | | – | – |
| Total changes during period | 2,391,691 | – | 2,391,691 |
| Balance at end of period | 6,600,974 | 4,800 | 6,605,774 |

Fiscal year ended May 31, 2023

(Thousand yen)

| | Shareholders' equity | | | |
|---|---|---|---|---|
| | Share capital | Capital surplus | Retained earnings | Treasury shares |
| Balance at beginning of period | 692,200 | 795,382 | 5,113,392 | – |
| Changes during period | | | | |
| Issuance of new shares | | | | |
| Issuance of new shares - exercise of share acquisition rights | 101,933 | 101,933 | | |
| Dividends of surplus | | | (643,900) | |
| Profit attributable to owners of parent | | | 1,678,180 | |
| Purchase of treasury shares | | | | (53) |
| Net changes in items other than shareholders' equity | | | | |
| Total changes during period | 101,933 | 101,933 | 1,034,280 | (53) |
| Balance at end of period | 794,133 | 897,315 | 6,147,671 | (53) |

| | Shareholders' equity | Share acquisition rights | Total net assets |
|---|---|---|---|
| | Total shareholders' equity | | |
| Balance at beginning of period | 6,600,974 | 4,800 | 6,605,774 |
| Changes during period | | | |
| Issuance of new shares | – | | – |
| Issuance of new shares - exercise of share acquisition rights | 203,866 | | 203,866 |
| Dividends of surplus | (643,900) | | (643,900) |
| Profit attributable to owners of parent | 1,678,180 | | 1,678,180 |
| Purchase of treasury shares | (53) | | (53) |
| Net changes in items other than shareholders' equity | | (1,972) | (1,972) |
| Total changes during period | 1,238,093 | (1,972) | 1,236,121 |
| Balance at end of period | 7,839,066 | 2,828 | 7,841,894 |

(4) Consolidated Statements of Cash Flows

(Thousand yen)

| | For the fiscal year ended May 31, 2022 | For the fiscal year ended May 31, 2023 |
|---|---|---|
| Cash flows from operating activities | | |
| Profit before income taxes | 2,590,056 | 2,268,893 |
| Depreciation | 195,208 | 223,665 |
| Amortization of goodwill | 5,648 | 8,169 |
| Increase (decrease) in provision for bonuses | 34,708 | (48,613) |
| Interest and dividend income | (1) | (2) |
| Insurance claim income | (5,649) | – |
| Subsidy income | (53,906) | (42,684) |
| Compensation received | – | (17,136) |
| Loss on cancellation of leases | – | 17,136 |
| Interest expenses | – | 240 |
| Listing expenses | 20,861 | – |
| Share issuance costs | 13,246 | – |
| Loss (gain) on sale and retirement of non-current assets | 1,431 | 433 |
| Decrease (increase) in trade receivables | (43,738) | (629,905) |
| Decrease (increase) in inventories | (1,503) | (27,628) |
| Increase (decrease) in retirement benefit liability | – | (307) |
| Decrease (increase) in other assets | (31,882) | (57,415) |
| Increase (decrease) in trade payables | (84,955) | 332,456 |
| Increase (decrease) in accrued consumption taxes | (99,240) | (50,501) |
| Increase (decrease) in other liabilities | 80,486 | 124,479 |
| Other, net | 2,737 | (571) |
| Subtotal | 2,623,507 | 2,100,709 |
| Interest and dividends received | 1 | 2 |
| Interest paid | – | (240) |
| Loss on cancellation of leases paid | – | (17,136) |
| Proceeds from insurance income | 5,649 | – |
| Subsidies received | 31,770 | 57,009 |
| Income of loss compensation | – | 17,136 |
| Income taxes paid | (1,074,254) | (623,983) |
| Net cash provided by (used in) operating activities | 1,586,673 | 1,533,497 |

| | For the fiscal year ended May 31, 2022 | For the fiscal year ended May 31, 2023 |
|---|---|---|
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (184,843) | (218,757) |
| Purchase of intangible assets | (87,977) | (218,710) |
| Purchase of investment securities | – | (168,000) |
| Payments of leasehold and guarantee deposits | (94,013) | (12,833) |
| Proceeds from refund of leasehold and guarantee deposits | 2,093 | 1,293 |
| 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 | (366,266) | (611,999) |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | – | 5,000 |
| Proceeds from long-term borrowings | – | 27,000 |
| Repayments of long-term borrowings | – | (28,888) |
| Proceeds from issuance of shares | 1,171,154 | – |
| Proceeds from issuance of shares resulting from exercise of share acquisition rights | – | 201,894 |
| Purchase of treasury shares | – | (53) |
| Dividends paid | (569,600) | (643,077) |
| Payments of listing expenses | (20,861) | – |
| Other, net | – | (81) |
| Net cash provided by (used in) financing activities | 580,693 | (438,205) |
| Net increase (decrease) in cash and cash equivalents | 1,801,100 | 483,293 |
| Cash and cash equivalents at beginning of period | 2,628,614 | 4,429,714 |
| Cash and cash equivalents at end of period | 4,429,714 | 4,913,008 |

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(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, 2022 | For the fiscal year ended May 31, 2023 |
|---|---|---|
| Net assets per share (Yen) | 481.82 | 564.24 |
| Basic earnings per share (Yen) | 136.40 | 122.14 |
| Diluted earnings per share (Yen) | 133.74 | 119.69 |

(Notes) 1. The Company carried out a 200-for-1 stock split for its common shares on October 22, 2021. Accordingly, net assets per share, basic earnings per share, and diluted earnings per share are calculated on the assumption that this stock split was conducted at the beginning of the fiscal year ended May 31, 2022.

2. 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.

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

| | For the fiscal year ended May 31, 2022 | For the fiscal year ended May 31, 2023 |
|---|---|---|
| Basic earnings per share | | |
| Profit attributable to owners of parent (Thousand yen) | 1,776,891 | 1,678,180 |
| Amount not attributable to common shareholders (Thousand yen) | – | – |
| Profit attributable to owners of parent related to common shares (Thousand yen) | 1,776,891 | 1,678,180 |
| Average number of common shares outstanding during the period (Shares) | 13,026,849 | 13,739,577 |
| | | |
| Diluted earnings per share | | |
| Adjustment for profit attributable to owners of parent (Thousand yen) | – | – |
| Increase in number of common shares (Shares) | 259,196 | 281,530 |
| (Of which, share acquisition rights (Shares)) | (259,196) | (281,530) |
| Overview of dilutive shares not included in the calculation of diluted earnings per share due to their non-dilutive effect | | – |

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

| | As of May 31, 2022 | As of May 31, 2023 |
|---|---|---|
| Total amount in net assets (Thousand yen) | 6,605,774 | 7,841,894 |
| Amount deducted from total amount in net assets (Thousand yen) | 4,800 | 2,828 |
| (Of which, share acquisition rights (Thousand yen)) | (4,800) | (2,828) |
| Net assets at the end of the period related to common shares (Thousand yen) | 6,600,974 | 7,839,066 |
| Number of common shares at the end of the period used for calculation of net assets per share (Shares) | 13,700,000 | 13,893,175 |

(Significant subsequent events)

(Making of an equity method affiliate through the acquisition of shares)

At a meeting of the Board of Directors held on May 26, 2023, the Company resolved to acquire shares of common stock newly issued by Shadow Consulting Inc. (hereinafter "Shadow Consulting") through a third-party allotment after concluding a total subscription agreement, etc. with Shadow Consulting, and on June 15, 2023, the Company acquired those shares, making Shadow Consulting an equity-method affiliate.

1. The Purpose of Acquiring Shares

Shadow Consulting has strengths in the development and provision of sales tech tools that provide one-stop support for the functions required in sales processes. The Company aims to increase its corporate value by leveraging Shadow Consulting's sales technology expertise to promote the sales of DX tools and systems such as Omnia LINK, and through the creation and expansion of sales projects by developing sales tech BPO services.

2. Overview of the Company Whose Shares Were Acquired

| | |
|---|---|
| Name of acquired company: | Shadow Consulting, Inc. |
| Details of its business: | Sales outsourcing using DX |
| | Sales consulting |
| | Development and sales of sales DX tools, etc. |
| Share capital: | ¥10,000 thousand |
| Founded: | April 2023 |

3. Date of Share Acquisition

June 15, 2023

4. Number of Shares Acquired and Percentage of Ownership After Acquisition

Number of shares to be acquired: 66,666 shares

Percentage of ownership after acquisition: 40.0%