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Consolidated Financial Results for the Three Months Ended August 31, 2024 [Japanese GAAP]

October 11, 2024

Company name: Bewith, Inc.
Listing: Tokyo
Securities code: 9216
URL: https://www.bewith.net/
Representative: Koichi Morimoto President and CEO
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Scheduled date to commence dividend payments: -
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes (for analysts and institutional investors)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated Financial Results for the Three Months Ended August 31, 2024 (June 1, 2024 to August 31, 2024)

(1) Consolidated Operating Results (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
August 31, 2024	9,093	(5.8)	382	(40.7)	381	(41.0)	257	(41.6)
August 31, 2023	9,650	20.0	645	243.5	647	220.2	440	253.2

(Note) Comprehensive income: Three months ended August 31, 2024: ¥ 257 million [(41.6)%]
Three months ended August 31, 2023: ¥ 440 million [253.2%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
August 31, 2024	18.30	17.92
August 31, 2023	31.68	30.66

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Millions of yen	Millions of yen	%
August 31, 2024	13,263	8,716	65.7
May 31, 2024	14,096	9,192	65.2

(Reference) Equity: As of August 31, 2024: ¥ 8,714 million
As of May 31, 2024: ¥ 9,190 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended May 31, 2024	-	0.00	-	53.00	53.00
Fiscal year ending May 31, 2025	-				
Fiscal year ending May 31, 2025 (Forecast)		0.00	-	77.00	77.00

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

(Note) Breakdown of the 1st quarter dividend for the fiscal year ending May 31, 2025 :

Commemorative dividend - yen

Special dividend - yen

3. Consolidated Financial Results Forecast for the Fiscal Year Ending May 31, 2025(June 1, 2024 to May 31, 2025)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending November 30, 2024	19,900	2.9	1,380	(1.7)	1,370	(1.8)	930	(2.9)	66.04
Full year	42,000	9.8	3,200	25.8	3,180	25.8	2,180	18.9	154.79

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

* Notes:

(1) Significant changes in the scope of consolidation during the period: None

Newly included: - (Company name:)

Excluded: - (Company name:)

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

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

1) Changes in accounting policies due to revisions to accounting standards and other regulations: None

2) Changes in accounting policies due to other reasons: None

3) Changes in accounting estimates: None

4) Restatement: None

(4) Number of issued shares (common shares)

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

August 31, 2024: 14,095,400 shares

May 31, 2024: 14,083,200 shares

2) Number of treasury shares at the end of the period:

August 31, 2024: 52 shares

May 31, 2024: 25 shares

3) Average number of shares outstanding during the period:

Three months ended August 31, 2024: 14,086,187 shares

Three months ended August 31, 2023: 13,918,038 shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: Yes (voluntary) [English translation not available]

* Proper use of earnings forecasts, and other special matters

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

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

Supplementary explanatory materials on quarterly financial results will be disclosed on the Company’s website (https://www.bewith.net/ir/). We also plan to hold a quarterly financial results briefing session (for analysts and institutional investors) on Friday, October 11, 2024.

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Period Under Review

During the three months ended August 31, 2024 (the "period under review"), the Japanese economy performed well due to a rebound of personal consumption against a backdrop of a recovery in real wages. However, there were also uncertainties such as the U.S. interest rate policy, concerns over its potential policy changes due to the situation of the election in the U.S, and the impact of the slowdown of growth in China.

The contact center and business process outsourcing (BPO) industry to which the Group belongs continues to enjoy robust demand and steady growth against a backdrop of reshoring of BPO triggered by China risks and increasing demand for non-face-to-face customer service.

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.

During the period under review, regarding contact centers and BPO services, we proposed a new state of contact centers in the financial industry, which is one of our priority strategic groups, and net sales to the industry continued to expand, while benefiting from changes in the market environment, such as the acquisition of projects due to a shift from the Nippon Individual Savings Account (NISA) to its new version (new NISA) and the consolidation of customer service to contact centers due to the consolidation and closure of stores. However, net sales decreased ¥557 million year-on-year, due to the decline of those in the electric power industry, where the volume of business had increased resulting from soaring electricity prices in the previous fiscal year as well as a delay in new orders amid the decreased net sales resulting from completion of projects related to COVID-19 and other factors.

Operating profit decreased ¥263 million year-on-year. This was owing to a decrease in gross profit due to lower net sales, while anticipatory SG&A incurred resulting from an increase in fixed costs and the number of personnel, among others, associated with the establishment of new locations to expand our business, which we have implemented since the previous fiscal year.

We will continue to strive to achieve the full-year plan by steadily acquiring new customers and providing high-value-added services.

Regarding the sale of Omnia LINK to outside customers, the number of licenses increased by 136.0% year-on-year to 3,446, an increase of 198 from the end of the previous fiscal year. The number of license order backlog, for which we have been preparing for delivery after receiving unofficial orders, reached a record high. This result showed a sign of the positive impact by the shift of our sales strategy to large projects. The annual recurring revenue (ARR: calculated by multiplying monthly recurring revenue by 12 months) from the sale of Omnia LINK to outside customers reached ¥870 million, up 130.7% year-on-year.

As of August 31, 2024, the number of operation booths totaled 6,993 in 17 locations nationwide, a decrease of 31 booths from the end of previous fiscal year. This was due to layout changes of some booths.

As a result of the above, net sales were ¥9,093 million (down 5.8% year-on-year), operating profit was ¥382 million (down 40.7% year-on-year), ordinary profit was ¥381 million (down 41.0% year-on-year), and profit attributable to owners of parent was ¥257 million (down 41.6% 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 Period Under Review

(Assets)

Total assets as of August 31, 2024 amounted to ¥13,263 million, a decrease of ¥833 million compared with the end of the previous fiscal year. This was mainly due to a ¥919 million decrease in cash and deposits and a ¥128 million increase in investment securities.

(Liabilities)

Total liabilities as of August 31, 2024 amounted to ¥4,546 million, a decrease of ¥357 million compared with the end of the previous fiscal year. This was mainly due to a ¥139 million increase in accrued expenses, a ¥409 million decrease in income taxes payable, and a ¥105 million decrease in accrued consumption taxes.

(Net assets)

Total net assets as of August 31, 2024 amounted to ¥8,716 million, a decrease of ¥475 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 ¥746 million in dividends of surplus, despite the recording of ¥257 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, 2025, which was announced on July 11, 2024.

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	As of May 31, 2024	As of August 31, 2024
Assets		
Current assets		
Cash and deposits	6,099,713	5,180,696
Accounts receivable - trade	4,174,273	4,149,725
Merchandise	5,936	7,290
Work in process	1,303	18,043
Supplies	1,803	1,803
Other	370,215	446,155
Total current assets	10,653,243	9,803,712
Non-current assets		
Property, plant and equipment	1,104,199	1,072,274
Intangible assets		
Goodwill	13,171	10,975
Other	520,442	539,750
Total intangible assets	533,613	550,725
Investments and other assets		
Investment securities	253,330	381,715
Leasehold and guarantee deposits	1,175,756	1,175,596
Other	376,710	279,193
Total investments and other assets	1,805,796	1,836,504
Total non-current assets	3,443,608	3,459,503
Total assets	14,096,851	13,263,215

(Thousands of yen)

	As of May 31, 2024	As of August 31, 2024
Liabilities		
Current liabilities		
Current portion of long-term borrowings	3,911	3,392
Accounts payable - other	641,630	635,783
Accrued expenses	1,823,435	1,962,460
Income taxes payable	492,054	82,674
Accrued consumption taxes	782,411	677,169
Provision for bonuses	328,412	186,294
Provision for shareholder benefit program	74,625	15,535
Other	342,990	568,683
Total current liabilities	4,489,468	4,131,990
Non-current liabilities		
Long-term borrowings	21,600	20,925
Retirement benefit liability	5,871	6,197
Asset retirement obligations	382,539	382,966
Other	4,469	4,232
Total non-current liabilities	414,479	414,320
Total liabilities	4,903,947	4,546,310
Net assets		
Shareholders' equity		
Share capital	893,598	899,973
Capital surplus	996,780	1,003,155
Retained earnings	7,300,131	6,811,429
Treasury shares	(53)	(100)
Total shareholders' equity	9,190,456	8,714,457
Share acquisition rights	2,448	2,448
Total net assets	9,192,904	8,716,905
Total liabilities and net assets	14,096,851	13,263,215

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the three months)

(Thousands of yen)

	For the three months ended August 31, 2023	For the three months ended August 31, 2024
Net sales	9,650,258	9,093,215
Cost of sales	8,143,412	7,756,866
Gross profit	1,506,846	1,336,349
Selling, general and administrative expenses	860,923	953,525
Operating profit	645,923	382,824
Non-operating income		
Interest income	1	17
Dividend income	1	1
Subsidy income	897	4,855
Other	774	817
Total non-operating income	1,673	5,690
Non-operating expenses		
Interest expenses	97	88
Share of loss of entities accounted for using equity method	-	6,614
Other	60	110
Total non-operating expenses	157	6,812
Ordinary profit	647,439	381,702
Extraordinary losses		
Loss on retirement of non-current assets	343	-
Total extraordinary losses	343	-
Profit before income taxes	647,096	381,702
Income taxes - current	117,522	26,950
Income taxes - deferred	88,605	97,045
Total income taxes	206,127	123,995
Profit	440,969	257,707
Profit attributable to owners of parent	440,969	257,707

Quarterly Consolidated Statements of Comprehensive Income (For the three months)

(Thousands of yen)

	For the three months ended August 31, 2023	For the three months ended August 31, 2024
Profit	440,969	257,707
Comprehensive income	440,969	257,707
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	440,969	257,707

(3) Notes to Quarterly Consolidated Financial Statements

The quarterly consolidated financial statements have been prepared in accordance with Rule 4, Paragraph 1 of the Standards for Preparation of Quarterly Financial Statements, etc. of Tokyo Stock Exchange, Inc. and accounting principles generally accepted as fair and appropriate in Japan regarding quarterly consolidated financial statements, provided, however, that the omission of information set forth in Rule 4, Paragraph 2 of the Standards has been applied.

(Notes to segment information, etc.)

[Segment Information]

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

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

Not applicable.

(Notes on going concern assumption)

Not applicable.

(Notes to statements of cash flows)

Quarterly consolidated statements of cash flows for the three months ended August 31, 2024 are not prepared. Depreciation, which includes amortization of intangible assets excluding goodwill, and amortization of goodwill for the three months ended August 31 are as follows:

(Thousands of yen)

	For the three months ended August 31, 2023	For the three months ended August 31, 2024
Depreciation	64,408	78,174
Amortization of goodwill	6,406	2,196