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Consolidated Financial Results for the Six Months Ended November 30, 2024 [Japanese GAAP]

January 10, 2025

Company name: Bewith, Inc.

Listing: Tokyo

Securities code: 9216

URL: <https://www.bewith.net/>

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President and CEO

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Scheduled date to file semi-annual securities report: January 10, 2025

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 Six Months Ended November 30, 2024 (June 1, 2024 to November 30, 2024)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended November 30, 2024	18,390	(4.9)	855	(39.1)	848	(39.2)	560	(41.5)
November 30, 2023	19,339	16.5	1,403	83.3	1,395	76.1	958	82.9

(Note) Comprehensive income: Six months ended November 30, 2024: ¥ 560 million [(41.5)%
Six months ended November 30, 2023: ¥ 958 million [82.9%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
November 30, 2024	39.75	38.98
November 30, 2023	68.75	66.60

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Millions of yen	Millions of yen	%
November 30, 2024	14,029	9,019	64.3
May 31, 2024	14,096	9,192	65.2

(Reference) Equity: As of November 30, 2024: ¥ 9,016 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	-	0.00			
Fiscal year ending May 31, 2025 (Forecast)			-	77.00	77.00

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

(Note) Breakdown of the 2nd 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
Full year	37,100	(3.0)	1,450	(43.0)	1,440	(43.0)	960	(47.6)	68.12

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

* 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 semi-annual 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):

November 30, 2024: 14,095,400 shares

May 31, 2024: 14,083,200 shares

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

November 30, 2024: 52 shares

May 31, 2024: 25 shares

3) Average number of shares outstanding during the period:

Six months ended November 30, 2024: 14,090,742 shares

Six months ended November 30, 2023: 13,938,171 shares

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* 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 semi-annual financial results)

Supplementary explanatory materials on semi-annual financial results will be disclosed on the Company’s website (<https://www.bewith.net/ir/>). We also plan to hold a semi-annual financial results briefing session (for analysts and institutional investors) on Friday, January 10, 2025.

Table of Contents - Attachments

1. Overview of Operating Results, etc.	2
(1) Overview of Operating Results for the Period Under Review	2
(2) Overview of Financial Position for the Period Under Review	2
(3) Overview of Cash Flows for the Period Under Review	3
(4) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information	3
2. Semi-annual Consolidated Financial Statements and Principal Notes	4
(1) Semi-annual Consolidated Balance Sheets	4
(2) Semi-annual Consolidated Statements of Income and Comprehensive Income	6
(3) Semi-annual Consolidated Statements of Cash Flows	8
(4) Notes to Semi-annual Consolidated Financial Statements	9
(Notes on going concern assumption)	9
(Notes in case of significant changes in shareholders' equity)	9
(Segment information)	9

1. Overview of Operating Results, etc.

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

During the six months ended November 30, 2024, the Japanese economy remained on a gradual recovery path driven by domestic demand with economic activity normalizing from the effects of the COVID-19 pandemic. However, the outlook remains uncertain due to factors including geopolitical risks, as a minority government was formed following the general election in Japan and policy changes are expected with Donald Trump preparing for taking power for his second administration overseas.

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.

In the six months ended November 30, 2024, net sales decreased ¥948 million year-on-year, mainly due to a delay in new orders regarding contact centers and BPO services, as well as a reactionary decline in existing customers in the lifeline industry and a decrease in public projects. While we saw the acquisition of new projects and expansion of existing operations in the financial industry, which is our focus area, these results were not enough to cover the above decreases.

Operating profit decreased ¥548 million year-on-year mainly owing to a decrease in net sales. In addition, operating profit margin decreased due to an increase in the ratio of fixed costs and SG&A to sales associated with investment in human resources and facilities based on the growth plan.

Regarding the sale of Omnia LINK to outside customers, the number of licenses increased by 29.1% year-on-year to 3,698. The annual recurring revenue (ARR: calculated by multiplying monthly recurring revenue by 12 months) from the sale of Omnia LINK to outside customers reached ¥950 million, up 32.3% year-on-year.

As of November 30, 2024, the number of operation booths totaled 7,073 in 17 locations nationwide.

As a result of the above, net sales were ¥18,390 million (down 4.9% year-on-year), operating profit was ¥855 million (down 39.1% year-on-year), ordinary profit was ¥848 million (down 39.2% year-on-year), and profit attributable to owners of parent was ¥560 million (down 41.5% 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 November 30, 2024 amounted to ¥14,029 million, a decrease of ¥67 million compared with the end of the previous fiscal year. This was mainly due to a ¥391 million decrease in cash and deposits, a ¥174 million increase in accounts receivable - trade, and a ¥122 million increase in investment securities.

(Liabilities)

Total liabilities as of November 30, 2024 amounted to ¥5,010 million, an increase of ¥106 million compared

with the end of the previous fiscal year. This was mainly due to a ¥226 million increase in accrued expenses, a ¥113 million decrease in income taxes payable, and a ¥117 million decrease in accrued consumption taxes.

(Net assets)

Total net assets as of November 30, 2024 amounted to ¥9,019 million, a decrease of ¥173 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 ¥560 million in profit attributable to owners of parent.

(3) Overview of Cash Flows for the Period Under Review

(Cash flows from operating activities)

Net cash provided by operating activities was ¥677 million (¥1,148 million provided in the same period of the previous fiscal year). The main component was profit before income taxes of ¥846 million (¥1,406 million in the same period of the previous fiscal year), partly offset by an increase in trade receivables of ¥174 million (¥372 million in the same period of the previous fiscal year).

(Cash flows from investing activities)

Net cash used in investing activities was ¥335 million (¥499 million used in the same period of the previous fiscal year). The main components were purchase of property, plant and equipment of ¥69 million (¥164 million in the same period of the previous fiscal year) due to the establishment of new contact centers, purchase of intangible assets of ¥127 million (¥139 million in the same period of the previous fiscal year), and purchase of investment securities of ¥135 million (¥99 million in the same period of the previous fiscal year).

(Cash flows from financing activities)

Net cash used in financing activities was ¥736 million (¥611 million used in the same period of the previous fiscal year). The main component was dividends paid of ¥746 million (¥680 million in the same period of the previous fiscal year).

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

As for the consolidated financial results forecast for the fiscal year ending May 31, 2025, please refer to the notice of differences between the consolidated financial results forecast for the six months ended November 30, 2024 and the actual financial results and revision of the full-year consolidated financial results forecast for the fiscal year ending May 31, 2025 announced on January 10, 2025.

2. Semi-annual Consolidated Financial Statements and Principal Notes

(1) Semi-annual Consolidated Balance Sheets

(Thousands of yen)

	As of May 31, 2024	As of November 30, 2024
Assets		
Current assets		
Cash and deposits	6,099,713	5,707,892
Accounts receivable - trade	4,174,273	4,348,931
Merchandise	5,936	11,436
Work in process	1,303	36,761
Supplies	1,803	1,803
Other	370,215	361,186
Total current assets	10,653,243	10,468,009
Non-current assets		
Property, plant and equipment	1,104,199	1,065,220
Intangible assets		
Goodwill	13,171	8,779
Other	520,442	579,515
Total intangible assets	533,613	588,294
Investments and other assets		
Investment securities	253,330	375,538
Leasehold and guarantee deposits	1,175,756	1,175,505
Other	376,710	356,924
Total investments and other assets	1,805,796	1,907,967
Total non-current assets	3,443,608	3,561,481
Total assets	14,096,851	14,029,490

(Thousands of yen)

	As of May 31, 2024	As of November 30, 2024
Liabilities		
Current liabilities		
Current portion of long-term borrowings	3,911	2,873
Accounts payable - other	641,630	679,450
Accrued expenses	1,823,435	2,050,124
Income taxes payable	492,054	378,450
Accrued consumption taxes	782,411	664,995
Provision for bonuses	328,412	336,951
Provision for shareholder benefit program	74,625	-
Other	342,990	482,248
Total current liabilities	4,489,468	4,595,091
Non-current liabilities		
Long-term borrowings	21,600	20,250
Retirement benefit liability	5,871	6,310
Asset retirement obligations	382,539	384,470
Other	4,469	3,994
Total non-current liabilities	414,479	415,024
Total liabilities	4,903,947	5,010,115
Net assets		
Shareholders' equity		
Share capital	893,598	899,973
Capital surplus	996,780	1,003,155
Retained earnings	7,300,131	7,113,899
Treasury shares	(53)	(100)
Total shareholders' equity	9,190,456	9,016,927
Share acquisition rights	2,448	2,448
Total net assets	9,192,904	9,019,375
Total liabilities and net assets	14,096,851	14,029,490

(2) Semi-annual Consolidated Statements of Income and Comprehensive Income
Semi-annual Consolidated Statements of Income (For the six months)

(Thousands of yen)

	For the six months ended November 30, 2023	For the six months ended November 30, 2024
Net sales	19,339,333	18,390,363
Cost of sales	16,237,501	15,631,636
Gross profit	3,101,832	2,758,727
Selling, general and administrative expenses	1,698,114	1,903,469
Operating profit	1,403,718	855,258
Non-operating income		
Interest income	1	27
Dividend income	1	1
Subsidy income	4,564	5,422
Other	1,516	1,119
Total non-operating income	6,082	6,569
Non-operating expenses		
Interest expenses	197	173
Share of loss of entities accounted for using equity method	13,896	12,791
Other	120	354
Total non-operating expenses	14,213	13,318
Ordinary profit	1,395,587	848,509
Extraordinary income		
Gain on change in equity	13,671	-
Total extraordinary income	13,671	-
Extraordinary losses		
Loss on retirement of non-current assets	3,070	2,009
Total extraordinary losses	3,070	2,009
Profit before income taxes	1,406,188	846,500
Income taxes - current	459,425	266,064
Income taxes - deferred	(11,425)	20,259
Total income taxes	448,000	286,323
Profit	958,188	560,177
Profit attributable to owners of parent	958,188	560,177

Semi-annual Consolidated Statements of Comprehensive Income (For the six months)

(Thousands of yen)

	For the six months ended November 30, 2023	For the six months ended November 30, 2024
Profit	958,188	560,177
Comprehensive income	958,188	560,177
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	958,188	560,177

(3) Semi-annual Consolidated Statements of Cash Flows

(Thousands of yen)

	For the six months ended November 30, 2023	For the six months ended November 30, 2024
Cash flows from operating activities		
Profit before income taxes	1,406,188	846,500
Depreciation	136,272	164,189
Amortization of goodwill	7,671	4,392
Increase (decrease) in provision for bonuses	51,142	8,539
Increase (decrease) in provision for shareholder benefit program	-	(74,625)
Interest and dividend income	(2)	(28)
Subsidy income	(4,564)	(5,422)
Interest expenses	197	173
Share of loss (profit) of entities accounted for using equity method	13,896	12,791
Loss (gain) on change in equity	(13,671)	-
Loss (gain) on sale and retirement of non-current assets	3,070	2,009
Decrease (increase) in trade receivables	(372,761)	(174,658)
Decrease (increase) in inventories	26,155	(40,958)
Increase (decrease) in retirement benefit liability	287	439
Decrease (increase) in other assets	19,879	(12,116)
Increase (decrease) in trade payables	36,037	11,118
Increase (decrease) in accrued consumption taxes	83,214	(118,485)
Increase (decrease) in other liabilities	(11,374)	410,931
Other, net	1,050	3,732
Subtotal	1,382,686	1,038,521
Interest and dividends received	2	28
Interest paid	(197)	(173)
Subsidies received	20,031	5,422
Income taxes paid	(254,118)	(365,949)
Net cash provided by (used in) operating activities	1,148,404	677,849
Cash flows from investing activities		
Purchase of property, plant and equipment	(164,014)	(69,230)
Purchase of intangible assets	(139,821)	(127,890)
Purchase of investment securities	(99,999)	(135,000)
Decrease (increase) in time deposits	(1,800)	(1,800)
Payments of leasehold and guarantee deposits	(95,897)	(389)
Proceeds from refund of leasehold and guarantee deposits	3,103	640
Other, net	(824)	(1,447)
Net cash provided by (used in) investing activities	(499,252)	(335,116)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(5,000)	-
Repayments of long-term borrowings	(2,388)	(2,388)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	76,494	12,749
Purchase of treasury shares	-	(47)
Dividends paid	(680,458)	(746,193)
Other, net	(478)	(475)
Net cash provided by (used in) financing activities	(611,830)	(736,354)
Net increase (decrease) in cash and cash equivalents	37,322	(393,621)
Cash and cash equivalents at beginning of period	4,913,008	6,095,412
Cash and cash equivalents at end of period	4,950,329	5,701,791

(4) Notes to Semi-annual Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

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

Not applicable.

(Segment information)

[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.