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Consolidated financial results for the Six Months ended August 31, 2023

[IFRS]

October 11, 2023

Company name : BELLSYSTEM 24 Holdings, Inc. Stock exchange listing : Tokyo
 Stock exchange code : 6183 URL : <https://www.bell24.co.jp/en/>
 Representative : Shunsuke Noda, President and Chief Executive Officer
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 Scheduled date of filing of quarterly reports : October 12, 2023
 Scheduled date of start of dividend payment : November 13, 2023
 Preparation of 2Q earnings presentation material : Yes
 Holding of 2Q earnings briefing : Yes

(Figures are rounded to the nearest million yen)

1. Consolidated financial results for the Six Months ended August 31, 2023

(From March 1, 2023 to August 31, 2023)

(1) Consolidated operating results

(Percentages represent year-on-year changes)

	Revenue		Operating income		Income before income taxes		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six Months ended August 31, 2023	76,679	(2.1)	6,529	(20.2)	6,423	(17.9)	4,657	(13.3)
Six Months ended August 31, 2022	78,291	7.1	8,183	13.6	7,823	6.5	5,371	6.9

	Net income attributable to owners of the parent		Total Comprehensive income		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%	Yen	Yen
Six Months ended August 31, 2023	4,501	(13.9)	4,838	(14.4)	61.20	60.80
Six Months ended August 31, 2022	5,225	6.2	5,652	8.9	71.04	70.58

(2) Consolidated financial position

	Total asset	Total equity	Total equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent
	Millions of yen	Millions of yen	Millions of yen	%
As of August 31, 2023	179,021	66,862	66,022	36.9
As of February 28, 2023	176,250	64,911	64,224	36.4

2. Dividend

	Dividend per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Annual
Fiscal year ended February 28, 2023	Yen —	Yen 30.00	Yen —	Yen 30.00	Yen 60.00
Fiscal year ended February 29, 2024	—	30.00			
Fiscal year ended February 29, 2024 (planned)			—	30.00	60.00

(Note) Revision of most recently announced dividend forecasts : No

3 . Consolidated financial results forecast for the fiscal year ending February 29, 2024

(From March 1, 2023 to February 29, 2024)

(Percentages represent changes from the same period of previous fiscal year)

	Revenue		Operating income		Income before income taxes		Net income		Net income attributable to owners of the parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending February 29, 2024	157,000	0.6	13,800	(7.5)	13,400	(5.3)	9,100	(5.1)	8,800	(5.7)	119.63

(Note) Revisions of financial forecast in the latest announcement : No

(Notes)

(1) Changes in status of significant subsidiaries during the period

(Changes in specified subsidiaries accompanying changes in scope of consolidation): No

(2) Changes in accounting policies and accounting estimates

- | | | |
|---|---|-----|
| ① Changes in accounting policies required by IFRS | : | Yes |
| ② Changes in accounting policies other than ① above | : | No |
| ③ Changes in accounting estimates | : | No |

(3) Number of issued shares (common share)

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

As of August 31, 2023 : 73,725,662 shares

As of February 28, 2023 : 73,715,734 shares

② Number of treasury shares at the end of period:

As of August 31, 2023 : 225,956 shares

As of February 28, 2023 : 154,106 shares

③ Average number of shares:

Six Months ended August 31, 2023 : 73,547,456 shares

Six Months ended August 31, 2022 : 73,559,310 shares

※ Disclosure regarding the execution of the quarterly review process

This quarterly financial report is outside the scope of quarterly review procedures under the Financial Instruments and Exchange Act. At the time of disclosure of this financial report, review procedures for the Quarterly Consolidated Financial Statements are in progress.

※ Explanation about the appropriate use of the results forecasts and other special notes

(Note on forward-looking statements, etc.)

Forward-looking statements, including the results forecasts contained in this material, are based on information currently available for the Company and certain assumptions which the Company deems reasonable. The Company does not intend to provide any guarantee on the realization on these forecasts. Actual business results May differ materially from the forecasts due to various factors.

Condensed Interim Consolidated Financial Statements

(1) Condensed Interim Consolidated Statement of Financial Position (Unaudited)

	As of February 28, 2023	(Millions of yen) As of August 31, 2023
Assets		
Current assets		
Cash and cash equivalents	6,998	7,329
Trade and other receivables	21,232	19,720
Other financial assets	944	94
Other current assets	1,499	1,951
Total current assets	30,673	29,094
Non-current assets		
Property, plant and equipment	37,007	38,375
Goodwill	94,900	96,761
Intangible assets	1,668	2,812
Investments accounted for using the equity method	2,181	1,610
Deferred tax assets	2,985	3,017
Other financial assets	6,509	7,015
Other non-current assets	327	337
Total non-current assets	145,577	149,927
Total assets	176,250	179,021

	As of February 28, 2023	(Millions of yen) As of August 31, 2023
Liabilities and Equity		
Liabilities		
Current liabilities		
Trade and other payables	7,634	6,159
Borrowings	16,600	20,200
Income taxes payable	2,775	1,987
Liabilities for employee benefits	11,473	11,539
Other financial liabilities	5,375	6,526
Other current liabilities	2,381	2,892
Total current liabilities	<u>46,238</u>	<u>49,303</u>
Non-current liabilities		
Borrowings	38,221	34,767
Provisions	2,520	2,514
Liabilities for employee benefits	715	708
Deferred tax liabilities	—	217
Other financial liabilities	23,624	24,632
Other non-current liabilities	21	18
Total non-current liabilities	<u>65,101</u>	<u>62,856</u>
Total liabilities	<u>111,339</u>	<u>112,159</u>
Equity		
Common stock	27,079	27,084
Capital surplus	1,268	(1,509)
Other components of equity	325	487
Retained earnings	35,837	40,338
Treasury shares	(285)	(378)
Total equity attributable to owners of the parent	<u>64,224</u>	<u>66,022</u>
Non-controlling interest	687	840
Total equity	<u>64,911</u>	<u>66,862</u>
Total liabilities and equity	<u>176,250</u>	<u>179,021</u>

(2) Condensed Interim Consolidated Statement of Income (Unaudited)

	(Millions of yen)	
	Six Months ended August 31, 2022	Six Months ended August 31, 2023
Revenue	78,291	76,679
Cost of sales	<u>(61,844)</u>	<u>(62,560)</u>
Gross profit	16,447	14,119
Selling, general and administrative expenses	(8,398)	(8,479)
Other income	143	978
Other expenses	<u>(9)</u>	<u>(89)</u>
Operating income	<u>8,183</u>	<u>6,529</u>
Share of profit(loss) of investments accounted for using the equity method	(142)	74
Financial income	91	43
Financial costs	<u>(309)</u>	<u>(223)</u>
Income before income taxes	7,823	6,423
Income taxes	<u>(2,452)</u>	<u>(1,766)</u>
Net income	<u>5,371</u>	<u>4,657</u>
Net income attributable to:		
Owners of the parent	5,225	4,501
Non-controlling interest	<u>146</u>	<u>156</u>
Net income	<u>5,371</u>	<u>4,657</u>
Earnings per share		
(attributable to the parent)		(yen)
Basic	71.04	61.20
Diluted	70.58	60.80

(3) Condensed Interim Consolidated Statement of Comprehensive Income (Unaudited)

	(Millions of yen)	
	Six Months ended August 31, 2022	Six Months ended August 31, 2023
Net income	5,371	4,657
Other comprehensive income, net of tax		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	152	0
Share of other comprehensive income of investments accounted for using equity method	(24)	27
Total items that will not be reclassified to profit or loss	128	27
Items that may be reclassified to profit or loss		
Exchange differences on translating foreign operations	11	176
Share of other comprehensive income of investments accounted for using equity method	142	(22)
Total Items that may be reclassified to profit or loss	153	154
Total other comprehensive income, net of tax	281	181
Total comprehensive income	5,652	4,838
Comprehensive income attributable to :		
Owner of the parent	5,506	4,668
Non-controlling interest	146	170
Total comprehensive income	5,652	4,838

(4) Condensed Interim Consolidated Statement of Change in Equity (Unaudited)

Six Months ended August 31, 2022

	Equity attributable to owner of the parent						(Millions of yen)	
	Common stock	Capital surplus	Other components of equity	Retained earnings	Treasury shares	total	Non-controlling interests	Total equity
	As of March 1, 2022	27,079	3,478	(57)	28,783	(297)	58,986	503
Net income	—	—	—	5,225	—	5,225	146	5,371
Other comprehensive income	—	—	281	—	—	281	—	281
Total comprehensive income	—	—	281	5,225	—	5,506	146	5,652
Share-based payments	—	—	9	—	—	9	—	9
Dividends paid	—	—	—	(2,207)	—	(2,207)	(170)	(2,377)
Disposal of treasury shares	—	(3)	—	—	12	9	—	9
Transactions with non-controlling interests	—	—	—	—	—	—	98	98
Total transaction with owners	—	(3)	9	(2,207)	12	(2,189)	(72)	(2,261)
As of August 31, 2022	27,079	3,475	233	31,801	(285)	62,303	577	62,880

Six Months ended August 31, 2023

	Equity attributable to owner of the parent						(Millions of yen)	
	Common stock	Capital surplus	Other components of equity	Retained earnings	Treasury shares	Total	Non-controlling interests	Total equity
	As of March 1, 2023	27,079	1,268	325	35,837	(285)	64,224	687
Net income	—	—	—	4,501	—	4,501	156	4,657
Other comprehensive income	—	—	167	—	—	167	14	181
Total comprehensive income	—	—	167	4,501	—	4,668	170	4,838
Share-based payments	—	(5)	(3)	—	—	(8)	—	(8)
Exercise of share acquisition rights	5	5	(2)	—	—	8	—	8
Dividends paid	—	(2,207)	—	—	—	(2,207)	(232)	(2,439)
Purchase of treasury shares	—	—	—	—	(127)	(127)	—	(127)
Disposal of treasury shares	—	(5)	—	—	34	29	—	29
Increase (decrease) by business combination	—	—	—	—	—	—	215	215
Written put options over non-controlling interests	—	(565)	—	—	—	(565)	—	(565)
Total transaction with owners	5	(2,777)	(5)	—	(93)	(2,870)	(17)	(2,887)
As of August 31, 2023	27,084	(1,509)	487	40,338	(378)	66,022	840	66,862

(5) Condensed Interim Consolidated Statement of Cash Flows (Unaudited)

(Millions of yen)

	Six Months ended August 31, 2022	Six Months ended August 31, 2023
Cash flows from operating activities:		
Income before income taxes	7,823	6,423
Adjustments to reconcile net income to net cash provided by (used in) operating activities;		
Depreciation and amortization	4,224	4,551
Loss (gain) on step acquisition	—	(838)
Loss on disposal or sales of property, plant and equipment	2	68
Share of (profit) loss of investments accounted for using the equity method	142	(74)
Financial income	(91)	(43)
Financial cost	309	223
Decrease (increase) in trade and other receivables	(370)	2,047
Increase (decrease) in trade and other payable	(52)	(1,185)
Increase (decrease) in payable for consumption tax	325	385
Other, net	(264)	(351)
Sub total	12,048	11,206
Interest and dividends received	298	55
Interest paid	(246)	(213)
Income taxes paid	(2,417)	(2,647)
Net cash provided by (used in) operating activities	9,683	8,401
Cash flows from investing activities:		
Purchase of property, plant and equipment	(677)	(971)
Purchase of intangible assets	(254)	(431)
Proceeds from purchase of share of subsidiaries resulting in change in scope of consolidation	—	64
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(274)
Purchase of securities	(52)	(551)
Proceeds from sale of securities	1,440	—
Payments for guarantee deposits	(44)	(30)
Proceeds from guarantee deposits	34	100
Payments for asset retirement obligations	—	(31)
Other, net	77	12
Net cash used in investing activities	524	(2,112)

	(Millions of yen)	
	Six Months ended August 31, 2022	Six Months ended August 31, 2023
Cash flows from financial activities		
Increase (decrease) in short-term borrowings	(1,500)	1,600
Proceeds from long-term borrowings	—	4,000
Repayment of long-term borrowings	(1,468)	(5,500)
Dividends paid	(2,207)	(2,207)
Dividends paid to non-controlling interests	(170)	(232)
Capital contribution from non-controlling interests	98	—
Repayments of Lease liability	(3,215)	(3,521)
Proceeds from issuance of shares	—	7
Proceeds from sale of treasury shares	5	13
Purchase of treasury shares	—	(127)
Net cash provided by (used in) financial activities	(8,457)	(5,967)
Effect of exchange rate change on cash and cash equivalents	12	9
Net increase (decrease) in cash and cash equivalents	1,762	331
Cash and cash equivalents at the beginning of the period	6,196	6,998
Cash and cash equivalents at the end of the period	7,948	7,329