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Consolidated financial results for the Three months ended May 31, 2023

[IFRS]

July 12, 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 :July 13, 2023
 Scheduled date of start of dividend payment :—
 Preparation of 1Q earnings presentation material :Yes
 Holding of 1Q earnings briefing :No

(Figures are rounded to the nearest million yen)

1. Consolidated financial results for the Three months ended May 31, 2023

(From March 1, 2023 to May 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	%
Three months ended May 31, 2023	39,370	0.3	4,139	(3.3)	4,088	1.0	3,025	14.7
Three months ended May 31, 2022	39,244	7.6	4,278	19.6	4,047	13.7	2,637	11.0

	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
Three months ended May 31, 2023	2,944	15.1	3,130	1.2	40.02	39.76
Three months ended May 31, 2022	2,558	10.0	3,093	20.4	34.78	34.56

(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 May 31, 2023	181,213	65,255	64,521	35.6
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	—				
Fiscal year ended February 29, 2024 (planned)		30.00	—	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 May 31, 2023 : 73,715,734 shares

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

② Number of treasury shares at the end of period:

As of May 31, 2023 : 144,956 shares

As of February 28, 2023 : 154,106 shares

③ Average number of shares:

Three months ended May 31, 2023 : 73,563,020 shares

Three months ended May 31, 2022 : 73,556,991 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 May 31, 2023
Assets		
Current assets		
Cash and cash equivalents	6,998	7,183
Trade and other receivables	21,232	21,351
Other financial assets	944	163
Other current assets	1,499	1,549
Total current assets	30,673	30,246
Non-current assets		
Property, plant and equipment	37,007	39,842
Goodwill	94,900	96,442
Intangible assets	1,668	2,802
Investments accounted for using the equity method	2,181	1,526
Deferred tax assets	2,985	3,017
Other financial assets	6,509	6,975
Other non-current assets	327	363
Total non-current assets	145,577	150,967
Total assets	176,250	181,213

	As of February 28, 2023	(Millions of yen) As of May 31, 2023
Liabilities and Equity		
Liabilities		
Current liabilities		
Trade and other payables	7,634	6,930
Borrowings	16,600	17,400
Income taxes payable	2,775	1,136
Liabilities for employee benefits	11,473	12,894
Other financial liabilities	5,375	6,573
Other current liabilities	2,381	4,194
Total current liabilities	<u>46,238</u>	<u>49,127</u>
Non-current liabilities		
Borrowings	38,221	37,477
Provisions	2,520	2,505
Liabilities for employee benefits	715	711
Deferred tax liabilities	—	204
Other financial liabilities	23,624	25,909
Other non-current liabilities	21	25
Total non-current liabilities	<u>65,101</u>	<u>66,831</u>
Total liabilities	<u>111,339</u>	<u>115,958</u>
Equity		
Common stock	27,079	27,079
Capital surplus	1,268	(1,508)
Other components of equity	325	437
Retained earnings	35,837	38,781
Treasury shares	(285)	(268)
Total equity attributable to owners of the parent	<u>64,224</u>	<u>64,521</u>
Non-controlling interest	687	734
Total equity	<u>64,911</u>	<u>65,255</u>
Total liabilities and equity	<u>176,250</u>	<u>181,213</u>

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

	(Millions of yen)	
	Three months ended May 31, 2022	Three months ended May 31, 2023
Revenue	39,244	39,370
Cost of sales	<u>(30,850)</u>	<u>(31,875)</u>
Gross profit	8,394	7,495
Selling, general and administrative expenses	(4,173)	(4,209)
Other income	62	917
Other expenses	<u>(5)</u>	<u>(64)</u>
Operating income	<u>4,278</u>	<u>4,139</u>
Share of profit(loss) of investments accounted for using the equity method	(72)	22
Financial income	1	39
Financial costs	<u>(160)</u>	<u>(112)</u>
Income before income taxes	4,047	4,088
Income taxes	<u>(1,410)</u>	<u>(1,063)</u>
Net income	<u>2,637</u>	<u>3,025</u>
Net income attributable to:		
Owners of the parent	2,558	2,944
Non-controlling interest	<u>79</u>	<u>81</u>
Net income	<u>2,637</u>	<u>3,025</u>
Earnings per share		
(attributable to the parent)		(yen)
Basic	34.78	40.02
Diluted	34.56	39.76

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

	(Millions of yen)	
	Three months ended May 31, 2022	Three months ended May 31, 2023
Net income	2,637	3,025
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	352	1
Share of other comprehensive income of investments accounted for using equity method	(23)	27
Total items that will not be reclassified to profit or loss	329	28
Items that may be reclassified to profit or loss		
Exchange differences on translating foreign operations	5	121
Share of other comprehensive income of investments accounted for using equity method	122	(44)
Total Items that may be reclassified to profit or loss	127	77
Total other comprehensive income, net of tax	456	105
Total comprehensive income	3,093	3,130
Comprehensive income attributable to :		
Owner of the parent	3,014	3,049
Non-controlling interest	79	81
Total comprehensive income	3,093	3,130

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

Three months ended May 31, 2022

	Equity attributable to owner of the parent						Non-controlling interests	Total equity
	Common stock	Capital surplus	Other components of equity	Retained earnings	Treasury shares	total		
As of March 1, 2022	27,079	3,478	(57)	28,783	(297)	58,986	503	59,489
Net income	—	—	—	2,558	—	2,558	79	2,637
Other comprehensive income	—	—	456	—	—	456	—	456
Total comprehensive income	—	—	456	2,558	—	3,014	79	3,093
Share-based payments	—	—	3	—	—	3	—	3
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)	3	(2,207)	12	(2,195)	(72)	(2,267)
As of May 31, 2022	27,079	3,475	402	29,134	(285)	59,805	510	60,315

Three months ended May 31, 2023

	Equity attributable to owner of the parent						Non-controlling interests	Total equity
	Common stock	Capital surplus	Other components of equity	Retained earnings	Treasury shares	total		
As of March 1, 2023	27,079	1,268	325	35,837	(285)	64,224	687	64,911
Net income	—	—	—	2,944	—	2,944	81	3,025
Other comprehensive income	—	—	105	—	—	105	—	105
Total comprehensive income	—	—	105	2,944	—	3,049	81	3,130
Share-based payments	—	—	7	—	—	7	—	7
Dividends paid	—	(2,207)	—	—	—	(2,207)	(232)	(2,439)
Disposal of treasury shares	—	(4)	—	—	17	13	—	13
Increase (decrease) by business combination	—	—	—	—	—	—	198	198
Written put options over non-controlling interests	—	(565)	—	—	—	(565)	—	(565)
Total transaction with owners	—	(2,776)	7	—	17	(2,752)	(34)	(2,786)
As of May 31, 2023	27,079	(1,508)	437	38,781	(268)	64,521	734	65,255

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

(Millions of yen)

	Three months ended May 31, 2022	Three months ended May 31, 2023
Cash flows from operating activities:		
Income before income taxes	4,047	4,088
Adjustments to reconcile net income to net cash provided by (used in) operating activities;		
Depreciation and amortization	2,109	2,215
Loss (gain) on step acquisition	—	(838)
Loss on disposal or sales of property, plant and equipment	—	52
Share of (profit) loss of investments accounted for using the equity method	72	(22)
Financial income	(1)	(39)
Financial cost	160	112
Decrease (increase) in trade and other receivables	381	383
Increase (decrease) in trade and other payable	(406)	(572)
Increase (decrease) in payable for consumption tax	1,094	1,413
Other, net	1,296	1,526
Sub total	8,752	8,318
Interest and dividends received	1	48
Interest paid	(123)	(106)
Income taxes paid	(2,180)	(2,679)
Net cash provided by (used in) operating activities	6,450	5,581
Cash flows from investing activities:		
Purchase of property, plant and equipment	(395)	(622)
Purchase of intangible assets	(139)	(198)
Proceeds from purchase of share of subsidiaries resulting in change in scope of consolidation	—	64
Purchase of marketable securities	(52)	(501)
Payments for guarantee deposits	(32)	(22)
Proceeds from guarantee deposits	17	81
Payments for asset retirement obligations	—	(31)
Other, net	36	12
Net cash used in investing activities	(565)	(1,217)

	(Millions of yen)	
	Three months ended May 31, 2022	Three months ended May 31, 2023
Cash flows from financial activities		
Increase (decrease) in short-term borrowings	2,100	800
Repayment of long-term borrowings	(734)	(750)
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	(1,596)	(1,806)
Proceeds from sale of treasury shares	5	13
Net cash provided by (used in) financial activities	<u>(2,504)</u>	<u>(4,182)</u>
Effect of exchange rate change on cash and cash equivalents	7	3
Net increase (decrease) in cash and cash equivalents	<u>3,388</u>	<u>185</u>
Cash and cash equivalents at the beginning of the period	<u>6,196</u>	<u>6,998</u>
Cash and cash equivalents at the end of the period	<u><u>9,584</u></u>	<u><u>7,183</u></u>