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Consolidated financial results for the Nine Months ended November 30, 2023

[IFRS]

January 10, 2024

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 : January 11, 2024
 Scheduled date of start of dividend payment : —
 Preparation of 3Q earnings presentation material : Yes
 Holding of 3Q earnings briefing : No

(Figures are rounded to the nearest million yen)

1. Consolidated financial results for the Nine Months ended November 30, 2023

(From March 1, 2023 to November 30, 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	%
Nine Months ended November 30, 2023	113,032	(3.8)	8,921	(24.9)	8,738	(23.9)	6,221	(21.0)
Nine Months ended November 30, 2022	117,556	7.3	11,882	11.4	11,486	5.6	7,877	5.3

	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
Nine Months ended November 30, 2023	5,992	(21.8)	6,370	(22.3)	81.49	80.94
Nine Months ended November 30, 2022	7,667	4.5	8,193	7.5	104.22	103.55

(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 November 30, 2023	176,989	66,213	65,297	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 November 30, 2023 : 73,753,310 shares

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

② Number of treasury shares at the end of period:

As of November 30, 2023 : 225,956 shares

As of February 28, 2023 : 154,106 shares

③ Average number of shares:

Nine Months ended November 30, 2023 : 73,538,894 shares

Nine Months ended November 30, 2022 : 73,560,077 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 November 30, 2023
Assets		
Current assets		
Cash and cash equivalents	6,998	7,076
Trade and other receivables	21,232	19,331
Other financial assets	944	131
Other current assets	1,499	1,963
Total current assets	30,673	28,501
Non-current assets		
Property, plant and equipment	37,007	36,811
Goodwill	94,900	96,775
Intangible assets	1,668	2,858
Investments accounted for using the equity method	2,181	1,644
Deferred tax assets	2,985	3,017
Other financial assets	6,509	7,060
Other non-current assets	327	323
Total non-current assets	145,577	148,488
Total assets	176,250	176,989

	As of February 28, 2023	(Millions of yen) As of November 30, 2023
Liabilities and Equity		
Liabilities		
Current liabilities		
Trade and other payables	7,634	5,806
Borrowings	16,600	22,400
Income taxes payable	2,775	444
Provisions	—	69
Liabilities for employee benefits	11,473	12,045
Other financial liabilities	5,375	6,485
Other current liabilities	2,381	2,754
Total current liabilities	46,238	50,003
Non-current liabilities		
Borrowings	38,221	34,017
Provisions	2,520	2,490
Liabilities for employee benefits	715	715
Deferred tax liabilities	—	216
Other financial liabilities	23,624	23,309
Other non-current liabilities	21	26
Total non-current liabilities	65,101	60,773
Total liabilities	111,339	110,776
Equity		
Common stock	27,079	27,097
Capital surplus	1,268	(3,701)
Other components of equity	325	450
Retained earnings	35,837	41,829
Treasury shares	(285)	(378)
Total equity attributable to owners of the parent	64,224	65,297
Non-controlling interest	687	916
Total equity	64,911	66,213
Total liabilities and equity	176,250	176,989

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

	(Millions of yen)	
	Nine Months ended November 30, 2022	Nine Months ended November 30, 2023
Revenue	117,556	113,032
Cost of sales	<u>(93,038)</u>	<u>(92,433)</u>
Gross profit	24,518	20,599
Selling, general and administrative expenses	(12,798)	(12,607)
Other income	182	1,020
Other expenses	<u>(20)</u>	<u>(91)</u>
Operating income	<u>11,882</u>	<u>8,921</u>
Share of profit(loss) of investments accounted for using the equity method	(37)	105
Financial income	91	43
Financial costs	<u>(450)</u>	<u>(331)</u>
Income before income taxes	11,486	8,738
Income taxes	<u>(3,609)</u>	<u>(2,517)</u>
Net income	<u>7,877</u>	<u>6,221</u>
Net income attributable to:		
Owners of the parent	7,667	5,992
Non-controlling interest	<u>210</u>	<u>229</u>
Net income	<u>7,877</u>	<u>6,221</u>
Earnings per share		
(attributable to the parent)		(yen)
Basic	104.22	81.49
Diluted	103.55	80.94

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

	(Millions of yen)	
	Nine Months ended November 30, 2022	Nine Months ended November 30, 2023
Net income	7,877	6,221
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	153	(60)
Share of other comprehensive income of investments accounted for using equity method	(24)	28
Total items that will not be reclassified to profit or loss	129	(32)
Items that may be reclassified to profit or loss		
Exchange differences on translating foreign operations	11	201
Share of other comprehensive income of investments accounted for using equity method	176	(20)
Total Items that may be reclassified to profit or loss	187	181
Total other comprehensive income, net of tax	316	149
Total comprehensive income	8,193	6,370
Comprehensive income attributable to :		
Owner of the parent	7,983	6,124
Non-controlling interest	210	246
Total comprehensive income	8,193	6,370

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

Nine Months ended November 30, 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	59,489
Net income	—	—	—	7,667	—	7,667	210	7,877
Other comprehensive income	—	—	316	—	—	316	—	316
Total comprehensive income	—	—	316	7,667	—	7,983	210	8,193
Share-based payments	—	—	13	—	—	13	—	13
Dividends paid	—	(2,207)	—	(2,207)	—	(4,414)	(170)	(4,584)
Disposal of treasury shares	—	(3)	—	—	12	9	—	9
Transactions with non-controlling interests	—	—	—	—	—	—	98	98
Total transaction with owners	—	(2,210)	13	(2,207)	12	(4,392)	(72)	(4,464)
As of November 30, 2022	27,079	1,268	272	34,243	(285)	62,577	641	63,218

Nine Months ended November 30, 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	64,911
Net income	—	—	—	5,992	—	5,992	229	6,221
Other comprehensive income	—	—	132	—	—	132	17	149
Total comprehensive income	—	—	132	5,992	—	6,124	246	6,370
Share-based payments	—	(5)	2	—	—	(3)	—	(3)
Exercise of share acquisition rights	18	18	(9)	—	—	27	—	27
Dividends paid	—	(4,412)	—	—	—	(4,412)	(232)	(4,644)
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	18	(4,969)	(7)	—	(93)	(5,051)	(17)	(5,068)
As of November 30, 2023	27,097	(3,701)	450	41,829	(378)	65,297	916	66,213

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

(Millions of yen)

	Nine Months ended November 30, 2022	Nine Months ended November 30, 2023
Cash flows from operating activities:		
Income before income taxes	11,486	8,738
Adjustments to reconcile net income to net cash provided by (used in) operating activities;		
Depreciation and amortization	6,340	6,837
Loss (gain) on step acquisition	—	(838)
Loss on disposal or sales of property, plant and equipment	2	72
Share of (profit) loss of investments accounted for using the equity method	37	(105)
Financial income	(91)	(43)
Financial cost	450	331
Decrease (increase) in trade and other receivables	(669)	2,444
Increase (decrease) in trade and other payable	548	(1,528)
Increase (decrease) in payable for consumption tax	379	233
Other, net	331	100
Sub total	18,813	16,241
Interest and dividends received	396	149
Interest paid	(374)	(318)
Income taxes paid	(4,361)	(4,891)
Net cash provided by (used in) operating activities	14,474	11,181
Cash flows from investing activities:		
Purchase of property, plant and equipment	(1,093)	(1,244)
Purchase of intangible assets	(298)	(608)
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	(531)	(651)
Proceeds from sale of securities	1,440	—
Payments for guarantee deposits	(74)	(40)
Proceeds from guarantee deposits	40	103
Payments for asset retirement obligations	—	(44)
Other, net	112	12
Net cash used in investing activities	(404)	(2,682)

(Millions of yen)

	Nine Months ended November 30, 2022	Nine Months ended November 30, 2023
Cash flows from financial activities		
Increase (decrease) in short-term borrowings	5,200	3,800
Proceeds from long-term borrowings	20,000	4,000
Repayment of long-term borrowings	(29,031)	(6,250)
Dividends paid	(4,414)	(4,412)
Dividends paid to non-controlling interests	(170)	(232)
Capital contribution from non-controlling interests	98	—
Repayments of Lease liability	(4,838)	(5,244)
Proceeds from issuance of shares	—	26
Proceeds from sale of treasury shares	5	13
Purchase of treasury shares	—	(127)
Net cash provided by (used in) financial activities	(13,150)	(8,426)
Effect of exchange rate change on cash and cash equivalents	11	5
Net increase (decrease) in cash and cash equivalents	931	78
Cash and cash equivalents at the beginning of the period	6,196	6,998
Cash and cash equivalents at the end of the period	7,127	7,076