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Consolidated financial results for the Three months ended May 31, 2024

[IFRS]

July 10, 2024

Company name :BELLSYSTEM 24 Holdings, Inc. Stock exchange listing :Tokyo
 Stock exchange code :6183 URL :<https://www.bell24.co.jp/en/>
 Representative :Hiroshi Kajiwara, President and Chief Executive Officer
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 Scheduled date of filing of quarterly reports :July 11, 2024
 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, 2024

(From March 1, 2024 to May 31, 2024)

(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, 2024	36,816	(6.5)	2,600	(37.2)	2,558	(37.4)	1,752	(42.1)
Three months ended May 31, 2023	39,370	0.3	4,139	(3.3)	4,088	1.0	3,025	14.7

	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, 2024	1,687	(42.7)	1,777	(43.2)	22.94	22.78
Three months ended May 31, 2023	2,944	15.1	3,130	1.2	40.02	39.76

(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, 2024	176,177	67,100	66,252	37.6
As of February 29, 2024	175,465	67,739	66,730	38.0

2. Dividend

	Dividend per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Annual
Fiscal year ended February 29, 2024	Yen —	Yen 30.00	Yen —	Yen 30.00	Yen 60.00
Fiscal year ended February 28, 2025	—				
Fiscal year ended February 28, 2025 (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 28, 2025

(From March 1, 2024 to February 28, 2025)

(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 28, 2025	153,000	2.9	12,500	8.9	12,200	8.7	8,380	6.5	8,000	6.0	109.14

(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 | : | No |
| 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, 2024 : 73,753,310 shares

As of February 29, 2024 : 73,753,310 shares

② Number of treasury shares at the end of period:

As of May 31, 2024 : 215,361 shares

As of February 29, 2024 : 225,983 shares

③ Average number of shares:

Three months ended May 31, 2024 : 73,528,712 shares

Three months ended May 31, 2023 : 73,563,020 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 29, 2024	(Millions of yen) As of May 31, 2024
Assets		
Current assets		
Cash and cash equivalents	7,213	7,291
Trade and other receivables	19,195	19,974
Other financial assets	185	284
Other current assets	1,704	1,758
Total current assets	28,297	29,307
Non-current assets		
Property, plant and equipment	35,828	34,967
Goodwill	96,772	96,794
Intangible assets	2,869	2,824
Investments accounted for using the equity method	1,688	1,612
Deferred tax assets	2,722	2,717
Other financial assets	6,989	7,677
Other non-current assets	300	279
Total non-current assets	147,168	146,870
Total assets	175,465	176,177

	As of February 29, 2024	(Millions of yen) As of May 31, 2024
Liabilities and Equity		
Liabilities		
Current liabilities		
Trade and other payables	5,531	5,949
Borrowings	23,000	34,300
Income taxes payable	967	903
Provisions	45	77
Liabilities for employee benefits	11,042	12,092
Other financial liabilities	6,439	6,460
Other current liabilities	1,575	3,654
Total current liabilities	48,599	63,435
Non-current liabilities		
Borrowings	33,234	20,487
Provisions	3,095	3,063
Liabilities for employee benefits	712	693
Deferred tax liabilities	211	211
Other financial liabilities	21,846	21,156
Other non-current liabilities	29	32
Total non-current liabilities	59,127	45,642
Total liabilities	107,726	109,077
Equity		
Common stock	27,097	27,097
Capital surplus	(3,826)	(6,033)
Other components of equity	455	479
Retained earnings	43,382	45,069
Treasury shares	(378)	(360)
Total equity attributable to owners of the parent	66,730	66,252
Non-controlling interest	1,009	848
Total equity	67,739	67,100
Total liabilities and equity	175,465	176,177

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

	(Millions of yen)	
	Three months ended May 31, 2023	Three months ended May 31, 2024
Revenue	39,370	36,816
Cost of sales	<u>(31,875)</u>	<u>(30,259)</u>
Gross profit	7,495	6,557
Selling, general and administrative expenses	(4,209)	(3,997)
Other income	917	43
Other expenses	<u>(64)</u>	<u>(3)</u>
Operating income	<u>4,139</u>	<u>2,600</u>
Share of profit(loss) of investments accounted for using the equity method	22	21
Financial income	39	56
Financial costs	<u>(112)</u>	<u>(119)</u>
Income before income taxes	4,088	2,558
Income taxes	<u>(1,063)</u>	<u>(806)</u>
Net income	<u>3,025</u>	<u>1,752</u>
Net income attributable to:		
Owners of the parent	2,944	1,687
Non-controlling interest	<u>81</u>	<u>65</u>
Net income	<u>3,025</u>	<u>1,752</u>
Earnings per share		
(attributable to the parent)		(yen)
Basic	40.02	22.94
Diluted	39.76	22.78

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

	(Millions of yen)	
	Three months ended May 31, 2023	Three months ended May 31, 2024
Net income	3,025	1,752
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	1	12
Share of other comprehensive income of investments accounted for using equity method	27	(35)
Total items that will not be reclassified to profit or loss	28	(23)
Items that may be reclassified to profit or loss		
Exchange differences on translating foreign operations	121	44
Share of other comprehensive income of investments accounted for using equity method	(44)	4
Total Items that may be reclassified to profit or loss	77	48
Total other comprehensive income, net of tax	105	25
Total comprehensive income	3,130	1,777
Comprehensive income attributable to :		
Owner of the parent	3,049	1,708
Non-controlling interest	81	69
Total comprehensive income	3,130	1,777

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

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

Three months ended May 31, 2024

	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, 2024	27,097	(3,826)	455	43,382	(378)	66,730	1,009	67,739
Net income	—	—	—	1,687	—	1,687	65	1,752
Other comprehensive income	—	—	21	—	—	21	4	25
Total comprehensive income	—	—	21	1,687	—	1,708	69	1,777
Share-based payments	—	—	3	—	—	3	—	3
Dividends paid	—	(2,206)	—	—	—	(2,206)	(230)	(2,436)
Disposal of treasury shares	—	(1)	—	—	18	17	—	17
Total transaction with owners	—	(2,207)	3	—	18	(2,186)	(230)	(2,416)
As of May 31, 2024	27,097	(6,033)	479	45,069	(360)	66,252	848	67,100

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

(Millions of yen)

	Three months ended May 31, 2023	Three months ended May 31, 2024
Cash flows from operating activities:		
Income before income taxes	4,088	2,558
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	2,215	2,346
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	(22)	(21)
Financial income	(39)	(56)
Financial cost	112	119
Decrease (increase) in trade and other receivables	383	(773)
Increase (decrease) in trade and other payable	(572)	740
Increase (decrease) in payable for consumption tax	1,413	1,891
Other, net	1,526	1,067
Sub total	<u>8,318</u>	<u>7,871</u>
Interest and dividends received	48	149
Interest paid	(106)	(106)
Income taxes paid	(2,679)	(849)
Net cash provided by (used in) operating activities	<u>5,581</u>	<u>7,065</u>
Cash flows from investing activities:		
Purchase of property, plant and equipment	(622)	(483)
Purchase of intangible assets	(198)	(139)
Proceeds from purchase of share of subsidiaries resulting in change in scope of consolidation	64	—
Purchase of marketable securities	(501)	(700)
Payments for guarantee deposits	(22)	(24)
Proceeds from guarantee deposits	81	27
Payments for asset retirement obligations	(31)	(48)
Other, net	12	0
Net cash used in investing activities	<u>(1,217)</u>	<u>(1,367)</u>

	(Millions of yen)	
	Three months ended May 31, 2023	Three months ended May 31, 2024
Cash flows from financial activities		
Increase (decrease) in short-term borrowings	800	(700)
Repayment of long-term borrowings	(750)	(750)
Dividends paid	(2,207)	(2,206)
Dividends paid to non-controlling interests	(232)	(230)
Repayments of Lease liability	(1,806)	(1,758)
Proceeds from sale of treasury shares	13	17
Net cash provided by (used in) financial activities	(4,182)	(5,627)
Effect of exchange rate change on cash and cash equivalents	3	7
Net increase (decrease) in cash and cash equivalents	185	78
Cash and cash equivalents at the beginning of the period	6,998	7,213
Cash and cash equivalents at the end of the period	7,183	7,291