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Consolidated financial results for the Six months ended August 31, 2024

[IFRS]

October 9, 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 :October 10, 2024
 Scheduled date of start of dividend payment :November 12, 2024
 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, 2024

(From March 1, 2024 to August 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	%
Six months ended August 31, 2024	72,040	(6.1)	4,810	(26.3)	4,665	(27.4)	3,144	(32.5)
Six months ended August 31, 2023	76,679	(2.1)	6,529	(20.2)	6,423	(17.9)	4,657	(13.3)

	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
Six months ended August 31, 2024	3,024	(32.8)	2,846	(41.2)	41.12	40.84
Six months ended August 31, 2023	4,501	(13.9)	4,838	(14.4)	61.20	60.80

(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, 2024	173,334	68,176	67,287	38.8
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
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended February 29, 2024	—	30.00	—	30.00	60.00
Fiscal year ended February 28, 2025	—	30.00			
Fiscal year ended February 28, 2025 (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 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 | : | Yes |

(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, 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 August 31, 2024 : 192,391 shares

As of February 29, 2024 : 225,983 shares

③ Average number of shares:

Six months ended August 31, 2024 : 73,539,769 shares

Six months ended August 31, 2023 : 73,547,456 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 August 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 August 31, 2024
Assets		
Current assets		
Cash and cash equivalents	7,213	9,036
Trade and other receivables	19,195	18,558
Other financial assets	185	182
Other current assets	1,704	1,788
Total current assets	28,297	29,564
Non-current assets		
Property, plant and equipment	35,828	32,176
Goodwill	96,772	96,718
Intangible assets	2,869	2,802
Investments accounted for using the equity method	1,688	1,687
Deferred tax assets	2,722	2,807
Other financial assets	6,989	7,319
Other non-current assets	300	261
Total non-current assets	147,168	143,770
Total assets	175,465	173,334

	As of February 29, 2024	(Millions of yen) As of August 31, 2024
Liabilities and Equity		
Liabilities		
Current liabilities		
Trade and other payables	5,531	5,266
Borrowings	23,000	28,300
Income taxes payable	967	1,705
Provisions	45	380
Liabilities for employee benefits	11,042	12,469
Other financial liabilities	6,439	5,974
Other current liabilities	1,575	3,497
Total current liabilities	48,599	57,591
Non-current liabilities		
Borrowings	33,234	24,740
Provisions	3,095	2,781
Liabilities for employee benefits	712	685
Deferred tax liabilities	211	211
Other financial liabilities	21,846	19,117
Other non-current liabilities	29	33
Total non-current liabilities	59,127	47,567
Total liabilities	107,726	105,158
Equity		
Common stock	27,097	27,097
Capital surplus	(3,826)	(6,041)
Other components of equity	455	147
Retained earnings	43,382	46,406
Treasury shares	(378)	(322)
Total equity attributable to owners of the parent	66,730	67,287
Non-controlling interest	1,009	889
Total equity	67,739	68,176
Total liabilities and equity	175,465	173,334

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

	(Millions of yen)	
	Six months ended August 31, 2023	Six months ended August 31, 2024
Revenue	76,679	72,040
Cost of sales	<u>(62,560)</u>	<u>(59,307)</u>
Gross profit	14,119	12,733
Selling, general and administrative expenses	(8,479)	(7,977)
Other income	978	74
Other expenses	<u>(89)</u>	<u>(20)</u>
Operating income	<u>6,529</u>	<u>4,810</u>
Share of profit(loss) of investments accounted for using the equity method	74	54
Financial income	43	55
Financial costs	<u>(223)</u>	<u>(254)</u>
Income before income taxes	6,423	4,665
Income taxes	<u>(1,766)</u>	<u>(1,521)</u>
Net income	<u>4,657</u>	<u>3,144</u>
Net income attributable to:		
Owners of the parent	4,501	3,024
Non-controlling interest	<u>156</u>	<u>120</u>
Net income	<u>4,657</u>	<u>3,144</u>
Earnings per share		
(attributable to the parent)		(yen)
Basic	61.20	41.12
Diluted	60.80	40.84

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

	(Millions of yen)	
	Six months ended August 31, 2023	Six months ended August 31, 2024
Net income	4,657	3,144
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	0	(192)
Share of other comprehensive income of investments accounted for using equity method	27	(36)
Total items that will not be reclassified to profit or loss	27	(228)
Items that August be reclassified to profit or loss		
Exchange differences on translating foreign operations	176	(103)
Share of other comprehensive income of investments accounted for using equity method	(22)	33
Total Items that August be reclassified to profit or loss	154	(70)
Total other comprehensive income, net of tax	181	(298)
Total comprehensive income	4,838	2,846
Comprehensive income attributable to :		
Owner of the parent	4,668	2,735
Non-controlling interest	170	111
Total comprehensive income	4,838	2,846

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

Six months ended August 31, 2024

	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, 2024	27,097	(3,826)	455	43,382	(378)	66,730	1,009
Net income	—	—	—	3,024	—	3,024	120	3,144
Other comprehensive income	—	—	(289)	—	—	(289)	(9)	(298)
Total comprehensive income	—	—	(289)	3,024	—	2,735	111	2,846
Share-based payments	—	(7)	(19)	—	—	(26)	—	(26)
Dividends paid	—	(2,206)	—	—	—	(2,206)	(231)	(2,437)
Purchase of treasury shares	—	—	—	—	(0)	(0)	—	(0)
Disposal of treasury shares	—	(2)	—	—	56	54	—	54
Total transaction with owners	—	(2,215)	(19)	—	56	(2,178)	(231)	(2,409)
As of August 31, 2024	27,097	(6,041)	147	46,406	(322)	67,287	889	68,176

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

(Millions of yen)

	Six months ended August 31, 2023	Six months ended August 31, 2024
Cash flows from operating activities:		
Income before income taxes	6,423	4,665
Adjustments to reconcile net income to net cash provided by (used in) operating activities;		
Depreciation and amortization	4,551	4,711
Loss (gain) on step acquisition	(838)	—
Loss on disposal or sales of property, plant and equipment	68	10
Share of (profit) loss of investments accounted for using the equity method	(74)	(54)
Financial income	(43)	(55)
Financial cost	223	254
Decrease (increase) in trade and other receivables	2,047	621
Increase (decrease) in trade and other payable	(1,185)	(49)
Increase (decrease) in payable for consumption tax	385	1,920
Other, net	(351)	1,430
Sub total	11,206	13,453
Interest and dividends received	55	181
Interest paid	(213)	(222)
Income taxes paid	(2,647)	(849)
Net cash provided by (used in) operating activities	8,401	12,563
Cash flows from investing activities:		
Purchase of property, plant and equipment	(971)	(728)
Purchase of intangible assets	(431)	(159)
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	(551)	(700)
Payments for guarantee deposits	(30)	(53)
Proceeds from guarantee deposits	100	87
Payments for asset retirement obligations	(31)	(84)
Other, net	12	0
Net cash used in investing activities	(2,112)	(1,637)

	(Millions of yen)	
	Six months ended August 31, 2023	Six months ended August 31, 2024
Cash flows from financial activities		
Increase (decrease) in short-term borrowings	1,600	(700)
Proceeds from long-term borrowings	4,000	5,000
Repayment of long-term borrowings	(5,500)	(7,500)
Dividends paid	(2,207)	(2,206)
Dividends paid to non-controlling interests	(232)	(231)
Repayments of Lease liability	(3,521)	(3,476)
Proceeds from issuance of shares	7	—
Proceeds from sale of treasury shares	13	26
Purchase of treasury shares	(127)	(0)
Net cash provided by (used in) financial activities	<u>(5,967)</u>	<u>(9,087)</u>
Effect of exchange rate change on cash and cash equivalents	9	(16)
Net increase (decrease) in cash and cash equivalents	<u>331</u>	<u>1,823</u>
Cash and cash equivalents at the beginning of the period	<u>6,998</u>	<u>7,213</u>
Cash and cash equivalents at the end of the period	<u><u>7,329</u></u>	<u><u>9,036</u></u>