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Consolidated financial results for the Three months ended May 31, 2022

[IFRS]

July 13, 2022

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 14, 2022  
 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, 2022

(From March 1, 2022 to May 31, 2022)

(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, 2022	39,244	7.6	4,278	19.6	4,047	13.7	2,637	11.0
Three months ended May 31, 2021	36,458	11.6	3,577	17.3	3,558	22.7	2,374	23.2

	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, 2022	2,558	10.0	3,093	20.4	34.78	34.56
Three months ended May 31, 2021	2,323	21.0	2,570	41.1	31.63	31.38

(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, 2022	181,323	60,315	59,805	33.0
As of February 28, 2022	178,312	59,489	58,986	33.1

## 2. Dividend

	Dividend per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Annual
Fiscal year ended February 28, 2022	Yen —	Yen 24.00	Yen —	Yen 30.00	Yen 54.00
Fiscal year ended February 28, 2023	—				
Fiscal year ended February 28, 2023 (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, 2023

(From March 1, 2022 to February 28, 2023)

(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, 2023	148,000	1.0	14,000	5.8	13,900	3.2	9,400	2.9	9,200	2.9	125.08

(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, 2022 : 73,715,734 shares

As of February 28, 2022 : 73,715,734 shares

② Number of treasury shares at the end of period:

As of May 31, 2022 : 154,106 shares

As of February 28, 2022 : 160,522 shares

③ Average number of shares:

Three months ended May 31, 2022 : 73,556,991 shares

Three months ended May 31, 2021 : 73,499,878 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, 2022	(Millions of yen) As of May 31, 2022
Assets		
Current assets		
Cash and cash equivalents	6,196	9,584
Trade and other receivables	21,181	20,801
Other financial assets	289	294
Other current assets	1,143	1,113
Total current assets	28,809	31,792
Non-current assets		
Property, plant and equipment	40,067	39,594
Goodwill	94,900	94,900
Intangible assets	2,064	1,950
Investments accounted for using the equity method	2,641	2,729
Deferred tax assets	2,806	2,806
Other financial assets	6,940	7,486
Other non-current assets	85	66
Total non-current assets	149,503	149,531
Total assets	178,312	181,323

	As of February 28, 2022	(Millions of yen) As of May 31, 2022
Liabilities and Equity		
Liabilities		
Current liabilities		
Trade and other payables	6,691	6,116
Borrowings	37,481	38,864
Income taxes payable	2,222	1,649
Liabilities for employee benefits	12,005	13,029
Other financial liabilities	6,095	6,053
Other current liabilities	2,909	4,265
Total current liabilities	<u>67,403</u>	<u>69,976</u>
Non-current liabilities		
Borrowings	21,971	21,973
Provisions	2,211	2,381
Liabilities for employee benefits	652	655
Deferred tax liabilities	8	8
Other financial liabilities	26,569	26,005
Other non-current liabilities	9	10
Total non-current liabilities	<u>51,420</u>	<u>51,032</u>
Total liabilities	<u>118,823</u>	<u>121,008</u>
Equity		
Common stock	27,079	27,079
Capital surplus	3,478	3,475
Other components of equity	(57)	402
Retained earnings	28,783	29,134
Treasury shares	(297)	(285)
Total equity attributable to owners of the parent	<u>58,986</u>	<u>59,805</u>
Non-controlling interest	503	510
Total equity	<u>59,489</u>	<u>60,315</u>
Total liabilities and equity	<u>178,312</u>	<u>181,323</u>

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

	(Millions of yen)	
	Three months ended May 31, 2021	Three months ended May 31, 2022
Revenue	36,458	39,244
Cost of sales	<u>(28,724)</u>	<u>(30,850)</u>
Gross profit	7,734	8,394
Selling, general and administrative expenses	(4,271)	(4,173)
Other income	159	62
Other expenses	<u>(45)</u>	<u>(5)</u>
Operating income	<u>3,577</u>	<u>4,278</u>
Share of profit(loss) of investments accounted for using the equity method	151	(72)
Financial income	1	1
Financial costs	<u>(171)</u>	<u>(160)</u>
Income before income taxes	3,558	4,047
Income taxes	<u>(1,184)</u>	<u>(1,410)</u>
Net income	<u>2,374</u>	<u>2,637</u>
Net income attributable to:		
Owners of the parent	2,323	2,558
Non-controlling interest	<u>51</u>	<u>79</u>
Net income	<u>2,374</u>	<u>2,637</u>
Earnings per share		
(attributable to the parent)		(yen)
Basic	31.63	34.78
Diluted	31.38	34.56

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

	(Millions of yen)	
	Three months ended May 31, 2021	Three months ended May 31, 2022
Net income	2,374	2,637
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	120	352
Share of other comprehensive income of investments accounted for using equity method	—	(23)
Total items that will not be reclassified to profit or loss	120	329
Items that may be reclassified to profit or loss		
Exchange differences on translating foreign operations	4	5
Share of other comprehensive income of investments accounted for using equity method	72	122
Total Items that may be reclassified to profit or loss	76	127
Total other comprehensive income, net of tax	196	456
Total comprehensive income	2,570	3,093
Comprehensive income attributable to :		
Owner of the parent	2,519	3,014
Non-controlling interest	51	79
Total comprehensive income	2,570	3,093

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

Three months ended May 31, 2021

	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, 2021	27,049	3,448	(235)	23,148	(297)	53,113	397	53,510
Net income	—	—	—	2,323	—	2,323	51	2,374
Other comprehensive income	—	—	196	—	—	196	—	196
Total comprehensive income	—	—	196	2,323	—	2,519	51	2,570
Share-based payments	—	—	6	—	—	6	—	6
Exercise of share acquisition rights	13	13	(6)	—	—	20	—	20
Dividends paid	—	—	—	(1,543)	—	(1,543)	(89)	(1,632)
Total transaction with owners	13	13	0	(1,543)	—	(1,517)	(89)	(1,606)
As of May 31, 2021	27,062	3,461	(39)	23,928	(297)	54,115	359	54,474

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

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

(Millions of yen)

	Three months ended May 31, 2021	Three months ended May 31, 2022
Cash flows from operating activities:		
Income before income taxes	3,558	4,047
Adjustments to reconcile net income to net cash provided by (used in) operating activities;		
Depreciation and amortization	2,141	2,109
Loss on disposal or sales of property, plant and equipment	1	—
Share of (profit) loss of investments accounted for using the equity method	(151)	72
Financial income	(1)	(1)
Financial cost	171	160
Decrease (increase) in trade and other receivables	(913)	381
Increase (decrease) in trade and other payable	(263)	(406)
Increase (decrease) in payable for consumption tax	(95)	1,094
Other, net	1,953	1,296
Sub total	6,401	8,752
Interest and dividends received	1	1
Interest paid	(176)	(123)
Income taxes paid	(2,336)	(2,180)
Net cash provided by (used in) operating activities	3,890	6,450
Cash flows from investing activities:		
Purchase of property, plant and equipment	(587)	(395)
Purchase of intangible assets	(112)	(139)
Purchase of marketable securities	(100)	(52)
Payments for guarantee deposits	(20)	(32)
Proceeds from guarantee deposits	46	17
Payments for asset retirement obligations	(120)	—
Other, net	(0)	36
Net cash used in investing activities	(893)	(565)

(Millions of yen)

	Three months ended May 31, 2021	Three months ended May 31, 2022
Cash flows from financial activities		
Increase (decrease) in short-term borrowings	3,600	2,100
Proceeds from long-term borrowings	12,000	—
Repayment of long-term borrowings	(12,733)	(734)
Dividends paid	(1,543)	(2,207)
Dividends paid to non-controlling interests	(89)	(170)
Capital contribution from non-controlling interests	—	98
Repayments of Lease liability	(1,546)	(1,596)
Proceeds from issuance of shares	19	—
Proceeds from sale of treasury shares	—	5
Net cash provided by (used in) financial activities	(292)	(2,504)
Effect of exchange rate change on cash and cash equivalents	4	7
Net increase (decrease) in cash and cash equivalents	2,709	3,388
Cash and cash equivalents at the beginning of the period	5,518	6,196
Cash and cash equivalents at the end of the period	8,227	9,584