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Consolidated financial results for the Six months ended August 31, 2022

[IFRS]

October 12, 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  
 Contact : Toyohisa Tsuji, Managing Executive Officer  
 TEL : +81-3-6843-0024  
 Scheduled date of filing of quarterly reports : October 13, 2022  
 Scheduled date of start of dividend payment : November 11, 2022  
 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, 2022

(From March 1, 2022 to August 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	%
Six months ended August 31, 2022	78,291	7.1	8,183	13.6	7,823	6.5	5,371	6.9
Six months ended August 31, 2021	73,110	9.3	7,200	8.7	7,346	14.5	5,023	17.2

	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
Six months ended August 31, 2022	5,225	6.2	5,652	8.9	71.04	70.58
Six months ended August 31, 2021	4,918	15.7	5,191	24.8	66.93	66.41

(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, 2022	177,575	62,880	62,303	35.1
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
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended February 28, 2022	—	24.00	—	30.00	54.00
Fiscal year ended February 28, 2023	—	30.00			
Fiscal year ended February 28, 2023 (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, 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 August 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 August 31, 2022 : 154,106 shares

As of February 28, 2022 : 160,522 shares

③ Average number of shares:

Six months ended August 31, 2022 : 73,559,310 shares

Six months ended August 31, 2021 : 73,509,652 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 August 31, 2022
Assets		
Current assets		
Cash and cash equivalents	6,196	7,958
Trade and other receivables	21,181	21,551
Other financial assets	289	352
Other current assets	1,143	1,103
Total current assets	28,809	30,964
Non-current assets		
Property, plant and equipment	40,067	38,461
Goodwill	94,900	94,900
Intangible assets	2,064	1,955
Investments accounted for using the equity method	2,641	2,380
Deferred tax assets	2,806	3,121
Other financial assets	6,940	5,750
Other non-current assets	85	44
Total non-current assets	149,503	146,611
Total assets	178,312	177,575

	As of February 28, 2022	(Millions of yen) As of August 31, 2022
Liabilities and Equity		
Liabilities		
Current liabilities		
Trade and other payables	6,691	6,698
Borrowings	37,481	38,547
Income taxes payable	2,222	2,795
Liabilities for employee benefits	12,005	11,605
Other financial liabilities	6,095	5,781
Other current liabilities	2,909	3,205
Total current liabilities	<u>67,403</u>	<u>68,631</u>
Non-current liabilities		
Borrowings	21,971	17,976
Provisions	2,211	2,441
Liabilities for employee benefits	652	662
Deferred tax liabilities	8	8
Other financial liabilities	26,569	24,967
Other non-current liabilities	9	10
Total non-current liabilities	<u>51,420</u>	<u>46,064</u>
Total liabilities	<u>118,823</u>	<u>114,695</u>
Equity		
Common stock	27,079	27,079
Capital surplus	3,478	3,475
Other components of equity	(57)	233
Retained earnings	28,783	31,801
Treasury shares	(297)	(285)
Total equity attributable to owners of the parent	<u>58,986</u>	<u>62,303</u>
Non-controlling interest	503	577
Total equity	<u>59,489</u>	<u>62,880</u>
Total liabilities and equity	<u>178,312</u>	<u>177,575</u>

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

	(Millions of yen)	
	Six months ended August 31, 2021	Six months ended August 31, 2022
Revenue	73,110	78,291
Cost of sales	<u>(57,743)</u>	<u>(61,844)</u>
Gross profit	15,367	16,447
Selling, general and administrative expenses	(8,311)	(8,398)
Other income	210	143
Other expenses	<u>(66)</u>	<u>(9)</u>
Operating income	<u>7,200</u>	<u>8,183</u>
Share of profit(loss) of investments accounted for using the equity method	412	(142)
Financial income	55	91
Financial costs	<u>(321)</u>	<u>(309)</u>
Income before income taxes	7,346	7,823
Income taxes	<u>(2,323)</u>	<u>(2,452)</u>
Net income	<u>5,023</u>	<u>5,371</u>
Net income attributable to:		
Owners of the parent	4,918	5,225
Non-controlling interest	<u>105</u>	<u>146</u>
Net income	<u>5,023</u>	<u>5,371</u>
Earnings per share		
(attributable to the parent)		(yen)
Basic	66.93	71.04
Diluted	66.41	70.58

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

	(Millions of yen)	
	Six months ended August 31, 2021	Six months ended August 31, 2022
Net income	5,023	5,371
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	119	152
Share of other comprehensive income of investments accounted for using equity method	—	(24)
Total items that will not be reclassified to profit or loss	119	128
Items that may be reclassified to profit or loss		
Exchange differences on translating foreign operations	4	11
Share of other comprehensive income of investments accounted for using equity method	45	142
Total Items that may be reclassified to profit or loss	49	153
Total other comprehensive income, net of tax	168	281
Total comprehensive income	5,191	5,652
Comprehensive income attributable to :		
Owner of the parent	5,086	5,506
Non-controlling interest	105	146
Total comprehensive income	5,191	5,652

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

Six months ended August 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	—	—	—	4,918	—	4,918	105	5,023
Other comprehensive income	—	—	168	—	—	168	—	168
Total comprehensive income	—	—	168	4,918	—	5,086	105	5,191
Share-based payments	—	—	14	—	—	14	—	14
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	8	(1,543)	—	(1,509)	(89)	(1,598)
As of August 31, 2021	27,062	3,461	(59)	26,523	(297)	56,690	413	57,103

Six months ended August 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	—	—	—	5,225	—	5,225	146	5,371
Other comprehensive income	—	—	281	—	—	281	—	281
Total comprehensive income	—	—	281	5,225	—	5,506	146	5,652
Share-based payments	—	—	9	—	—	9	—	9
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)	9	(2,207)	12	(2,189)	(72)	(2,261)
As of August 31, 2022	27,079	3,475	233	31,801	(285)	62,303	577	62,880

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

(Millions of yen)

	Six months ended August 31, 2021	Six months ended August 31, 2022
Cash flows from operating activities:		
Income before income taxes	7,346	7,823
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	4,163	4,224
Loss on disposal or sales of property, plant and equipment	20	2
Share of (profit) loss of investments accounted for using the equity method	(412)	142
Financial income	(55)	(91)
Financial cost	321	309
Decrease (increase) in trade and other receivables	(704)	(370)
Increase (decrease) in trade and other payable	(361)	(52)
Increase (decrease) in payable for consumption tax	(650)	325
Other, net	1,243	(264)
Sub total	10,911	12,048
Interest and dividends received	113	298
Interest paid	(307)	(246)
Income taxes paid	(2,348)	(2,417)
Net cash provided by (used in) operating activities	8,369	9,683
Cash flows from investing activities:		
Purchase of property, plant and equipment	(1,200)	(677)
Purchase of intangible assets	(217)	(254)
Purchase of securities	(100)	(52)
Proceeds from sale of securities	—	1,440
Payments for guarantee deposits	(125)	(44)
Proceeds from guarantee deposits	207	34
Payments for asset retirement obligations	(139)	—
Other, net	72	77
Net cash used in investing activities	(1,502)	524

	(Millions of yen)	
	Six months ended August 31, 2021	Six months ended August 31, 2022
Cash flows from financial activities		
Increase (decrease) in short-term borrowings	1,500	(1,500)
Proceeds from long-term borrowings	12,000	—
Repayment of long-term borrowings	(13,467)	(1,468)
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	(3,040)	(3,215)
Proceeds from issuance of shares	19	—
Proceeds from sale of treasury shares	—	5
Net cash provided by (used in) financial activities	<u>(4,620)</u>	<u>(8,457)</u>
Effect of exchange rate change on cash and cash equivalents	5	12
Net increase (decrease) in cash and cash equivalents	<u>2,252</u>	<u>1,762</u>
Cash and cash equivalents at the beginning of the period	<u>5,518</u>	<u>6,196</u>
Cash and cash equivalents at the end of the period	<u><u>7,770</u></u>	<u><u>7,948</u></u>