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Consolidated financial results for the Fiscal Year Ended February 28, 2019

[IFRS]

April 10, 2019

Company name : BELLSYSTEM 24 Holdings, Inc. Stock exchange listing : Tokyo  
 Stock exchange code : 6183 URL : <https://www.bell24hd.co.jp/en/>  
 Representative : Ichiro Tsuge, President and Chief Executive Officer  
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 Scheduled date of Ordinary General Meeting of Shareholders : May 29, 2019  
 Scheduled date of filing annual securities reports : May 29, 2019  
 Scheduled date of start of dividend payment : May 30, 2019  
 Supplementary documents for financial results : Yes  
 Financial results briefing : Yes (For institutional investors and analysts)  
 (Figures are rounded to the nearest million yen)

1. Consolidated financial results for the fiscal year ended February 28, 2019

(From March 1, 2018 to February 28, 2019)

(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	%
Fiscal year ended February 28, 2019	121,113	4.8	8,580	(7.9)	7,944	(6.6)	4,780	(15.4)
Fiscal year ended February 28, 2018	115,618	6.2	9,319	14.0	8,502	18.2	5,651	31.0

	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
Fiscal year ended February 28, 2019	5,397	(3.7)	4,481	(20.6)	73.37	72.82
Fiscal year ended February 28, 2018	5,604	30.2	5,644	30.7	76.39	75.87

	Ratio of Net income attributable to owners of the parent	Ratio of Income before income taxes to total assets	Ratio of operating income to revenue
	%	%	%
Fiscal year ended February 28, 2019	12.1	5.6	7.1
Fiscal year ended February 28, 2018	13.4	6.0	8.1

(Reference) Equity in earnings (losses) of affiliates

Fiscal year ended February 28, 2019 : 46 Million yen Fiscal year ended February 28, 2018 : 18 Million yen

(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	Equity per share attributable to owners of the parent
	Millions of yen	Millions of yen	Millions of yen	%	yen
As of February 28, 2019	139,739	46,492	45,737	32.7	622.14
As of February 28, 2018	142,437	44,851	43,479	30.5	590.61

(3) Consolidated Cash flows

	Operating activities	Investment activities	Financial activities	Cash and cash equivalents at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended February 28, 2019	11,981	(2,483)	(8,759)	5,971
Fiscal year ended February 28, 2018	8,948	(4,508)	(4,734)	5,324

2. Dividend

	Dividend per share					Total dividends paid (annual)	Payout ratio (consolidated)	Ratio of dividends to equity attribute to owners of the parent (consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended February 28, 2018	—	18.0	—	18.0	36.0	2,643	47.1	6.3
Fiscal year ended February 28, 2019	—	18.0	—	18.0	36.0	2,650	49.1	5.9
Fiscal year ended February 28, 2020 (planned)	—	21.0	—	21.0	42.0		44.7	

3 . Consolidated financial results forecast for the fiscal year ending February 29, 2020

(From March 1, 2019 to February 29, 2020)

(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
Full year	129,000	6.5	11,500	34.0	10,850	36.6	6,960	45.6	6,900	27.9	93.86

(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 February 28, 2019 : 73,617,320 shares  
As of February 28, 2018 : 73,617,320 shares

② Number of treasury shares at the end of period:

As of February 28, 2019 : 101,700 shares  
As of February 28, 2018 : —

③ Average number of shares:

As of February 28, 2019 : 73,554,350 shares  
As of February 28, 2018 : 73,361,820 shares

## NON CONSOLIDATED FINANCIAL RESULTS

The non-consolidated financial results and financial position were prepared in accordance with generally accepted accounting principles in Japan (“JGAAP”).

(1) Non-consolidated Operating Results (From March 1, 2018 to February 28, 2019)

	Operating revenue		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended February 28, 2019	17,691	3.2	5,260	6.1	4,953	28.6	3,727	21.8
Fiscal year ended February 28, 2018	17,135	(2.7)	4,959	(2.0)	3,852	(2.2)	3,059	58.5

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended February 28, 2019	50.66	50.28
Fiscal year ended February 28, 2018	41.70	41.42



Consolidated Financial Statements

( 1 ) Consolidated Statement of Financial Position (Unaudited)

	As of February 28, 2018	(Millions of yen) As of February 28, 2019
<b>Assets</b>		
Current assets		
Cash and cash equivalents	5,324	5,971
Trade and other receivables	18,477	17,402
Income taxes receivable	1,239	694
Other financial assets	277	58
Other current assets	778	902
Sub total	<u>26,095</u>	<u>25,027</u>
Assets held for sale	—	562
Total current assets	<u>26,095</u>	<u>25,589</u>
Non-current assets		
Property, plant and equipment	6,651	6,446
Goodwill	97,642	96,250
Intangible assets	4,681	4,094
Investments accounted for using the equity method	639	581
Deferred tax assets	1,463	1,661
Other financial assets	5,214	5,062
Other non-current assets	52	56
Total non-current assets	<u>116,342</u>	<u>114,150</u>
Total assets	<u><u>142,437</u></u>	<u><u>139,739</u></u>

	As of February 28, 2018	(Millions of yen) As of February 28, 2019
<b>Liabilities and Equity</b>		
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	4,168	5,396
Borrowings	10,136	7,436
Income taxes payable	1,356	1,435
Provisions	2	—
Liabilities for employee benefits	8,604	8,778
Other financial liabilities	243	232
Other current liabilities	3,528	3,629
Sub total	28,487	26,906
Liabilities directly associated with assets held for sale	—	257
Total current liabilities	28,487	27,163
<b>Non-current liabilities</b>		
Borrowings	66,276	63,550
Provisions	1,624	1,622
Liabilities for employee benefits	221	311
Deferred tax liabilities	266	128
Other financial liabilities	710	471
Other non-current liabilities	2	2
Total non-current liabilities	69,099	66,084
Total liabilities	97,586	93,247
<b>Equity</b>		
Common stock	27,033	27,033
Capital surplus	4,137	4,137
Other components of equity	214	(72)
Retained earnings	12,095	14,845
Treasury shares	—	(206)
Total equity attributable to owners of the parent	43,479	45,737
Non-controlling interest	1,372	755
Total equity	44,851	46,492
Total liabilities and equity	142,437	139,739

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

	(Millions of yen)	
	Year ended February 28, 2018	Year ended February 28, 2019
Revenue	115,618	121,113
Cost of sales	(93,604)	(97,478)
Gross profit	22,014	23,635
Selling, general and administrative expenses	(12,666)	(13,369)
Other income	272	130
Other expenses	(301)	(1,816)
Operating income	9,319	8,580
Share of profit(loss) of investments accounted for using the equity method	18	46
Financial income	393	73
Financial costs	(1,228)	(755)
Income before income taxes	8,502	7,944
Income taxes	(2,851)	(3,164)
Net income	5,651	4,780
Net income attributable to:		
Owners of the parent	5,604	5,397
Non-controlling interest	47	(617)
Net income	5,651	4,780
Earnings per share (attributable to the parent)		(yen)
Basic (yen)	76.39	73.37
Diluted (yen)	75.87	72.82

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

	(Millions of yen)	
	Year ended February 28, 2018	Year ended February 28, 2019
Net income	5,651	4,780
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	(14)	(275)
Total items that will not be reclassified to profit or loss	(14)	(275)
Items that may be reclassified to profit or loss		
Exchange differences on translating foreign operations	7	(24)
Total Items that may be reclassified to profit or loss	7	(24)
Total other comprehensive income, net of tax	(7)	(299)
Total comprehensive income	5,644	4,481
Comprehensive income attributable to :		
Owner of the parent	5,597	5,098
Non-controlling interest	47	(617)
Total comprehensive income	5,644	4,481

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

Year ended February 28, 2018

	Equity attributable to owner of the parent						Noncontrolling interest	Total equity	
	Common stock	Capital surplus	Other components of equity	Retained earnings	total	(Millions of yen)			
As of March 1, 2017	26,844	3,948	319	9,127	40,238	1,095	41,333		
Net income	—	—	—	5,604	5,604	47	5,651		
Other comprehensive income	—	—	(7)	—	(7)	—	(7)		
Total comprehensive income	—	—	(7)	5,604	5,597	47	5,644		
Issuance of common stocks	189	189	(94)	—	284	—	284		
Share-based payments	—	—	(4)	—	(4)	—	(4)		
Dividends paid	—	—	—	(2,636)	(2,636)	—	(2,636)		
Changes in the ownership interest in subsidiaries	—	—	—	—	—	230	230		
Total transaction with owners	189	189	(98)	(2,636)	(2,356)	230	(2,126)		
As of February 28, 2018	27,033	4,137	214	12,095	43,479	1,372	44,851		

Year ended February 28, 2019

	Equity attributable to owner of the parent						Non-controlling interest	Total equity		
	Common stock	Capital surplus	Other components of equity	Retained earnings	Treasury shares	total			(Millions of yen)	
As of March 1, 2018	27,033	4,137	214	12,095	—	43,479	1,372	44,851		
Net income	—	—	—	5,397	—	5,397	(617)	4,780		
Other comprehensive income	—	—	(299)	—	—	(299)	—	(299)		
Total comprehensive income	—	—	(299)	5,397	—	5,098	(617)	4,481		
Share-based payments	—	—	14	—	—	14	—	14		
Dividends paid	—	—	—	(2,648)	—	(2,648)	—	(2,648)		
Transfer from other components of equity to retained earnings	—	—	(1)	1	—	—	—	—		
Purchase of treasury shares	—	—	—	—	(206)	(206)	—	(206)		
Total transaction with owners	—	—	13	(2,647)	(206)	(2,840)	—	(2,840)		
As of February 28, 2019	27,033	4,137	(72)	14,845	(206)	45,737	755	46,492		

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

	(Millions of yen)	
	Year ended February 28, 2018	Year ended February 28, 2019
Cash flows from operating activities:		
Income before income taxes	8,502	7,944
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	1,284	1,245
amortization	1,083	1,020
Impairment loss	—	1,644
Loss on disposal or sales of property, plant and equipment	253	142
Share of (profit) loss of investments accounted for using the equity method	(18)	(46)
Financial income	(393)	(73)
Financial cost	1,228	755
Decrease (increase) in trade and other receivables	(813)	1,006
Increase (decrease) in trade and other payable	326	856
Increase (decrease) in payable for consumption tax	90	186
Other, net	356	455
Sub total	11,898	15,134
Interest and dividends received	67	108
Interest paid	(689)	(488)
Income taxes paid	(4,062)	(4,417)
Income taxes refund	1,734	1,644
Net cash provided by (used in) operating activities	8,948	11,981
Cash flows from investing activities:		
Purchase of property, plant and equipment	(1,531)	(1,342)
Purchase of intangible assets	(1,688)	(959)
Purchase of investments in subsidiaries	(752)	—
Purchase of investments in associates	(612)	—
Purchase of securities	—	(11)
Proceeds from sale of securities	—	2
Payments for guarantee deposits	(53)	(259)
Proceeds from guarantee deposits	99	69
Payments for assets retirement obligation	(1)	(23)
Proceeds from government subsidies	—	40
Other, net	30	0
Net cash used in investing activities	(4,508)	(2,483)

	Year ended February 28, 2018	Year ended February 28, 2019
Cash flows from financial activities		
Increase (decrease) in short-term borrowings	300	(2,700)
Proceeds from long-term borrowings	74,180	4,000
Repayment of long-term borrowings	(76,468)	(6,936)
Payment for lease liabilities	(386)	(269)
Proceeds from issuance of common stock	284	—
Dividends paid	(2,644)	(2,648)
Payments for purchase of treasury shares	—	(206)
Net cash provided by (used in) financial activities	(4,734)	(8,759)
Effect of exchange rate change on cash and cash equivalents	—	(1)
Net increase (decrease) in cash and cash equivalents	(294)	738
Cash and cash equivalents at the beginning of the period	5,618	5,324
Decrease in cash and cash equivalents resulting from transfer to assets held for sale	—	(91)
Cash and cash equivalents at the end of the period	5,324	5,971