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Consolidated financial results for the Fiscal Year Ended February 29, 2020

[IFRS]

April 8, 2020

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 22, 2020  
 Scheduled date of filing annual securities reports : May 22, 2020  
 Scheduled date of start of dividend payment : May 25, 2020  
 Supplementary documents for financial results : Yes  
 Financial results briefing : No

(Figures are rounded to the nearest million yen)

1. Consolidated financial results for the fiscal year ended February 29, 2020

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

(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 29, 2020	126,663	4.6	11,105	29.4	10,534	32.6	7,089	48.3
Fiscal year ended February 28, 2019	121,113	4.8	8,580	(7.9)	7,944	(6.6)	4,780	(15.4)

	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 29, 2020	7,006	29.8	7,067	57.7	95.29	94.57
Fiscal year ended February 28, 2019	5,397	(3.7)	4,481	(20.6)	73.37	72.82

	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 29, 2020	14.8	6.3	8.8
Fiscal year ended February 28, 2019	12.1	5.6	7.1

(Reference) Equity in earnings (losses) of affiliates

Fiscal year ended February 29, 2020 : 66 Million yen Fiscal year ended February 28, 2019 : 46 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 29, 2020	168,508	49,537	49,168	29.2	668.77
As of February 28, 2019	139,739	46,492	45,737	32.7	622.14

(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 29, 2020	16,717	(3,213)	(11,799)	7,767
Fiscal year ended February 28, 2019	11,981	(2,483)	(8,759)	5,971

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, 2019	—	18.0	—	18.0	36.0	2,650	49.1	5.9
Fiscal year ended February 29, 2020	—	21.0	—	21.0	42.0	3,092	44.1	6.5
Fiscal year ended February 28, 2021 (planned)	—	—	—	—	—		—	

3 . Consolidated financial results forecast for the fiscal year ending February 28, 2021

(From March 1, 2020 to February 28, 2021)

Consolidated financial results forecast for the fiscal year ending February 28, 2021, has not yet been determined because it is difficult to reasonably calculate the effects of the new coronavirus at this time. We will announce it as soon as we can disclose our business forecast.

(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 29, 2020 : 73,617,320 shares  
As of February 28, 2019 : 73,617,320 shares

② Number of treasury shares at the end of period:

As of February 29, 2020 : 100,438 shares  
As of February 28, 2019 : 101,700 shares

③ Average number of shares:

As of February 29, 2020 : 73,516,752 shares  
As of February 28, 2019 : 73,554,350 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, 2019 to February 29, 2020)

	Operating revenue		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended February 29, 2020	19,296	9.1	6,424	22.1	6,212	25.4	4,147	11.3
Fiscal year ended February 28, 2019	17,691	3.2	5,260	6.1	4,953	28.6	3,727	21.8

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended February 29, 2020	56.42	55.99
Fiscal year ended February 28, 2019	50.66	50.28



Consolidated Financial Statements

( 1 ) Consolidated Statement of Financial Position (Unaudited)

	As of February 28, 2019	(Millions of yen) As of February 29, 2020
<b>Assets</b>		
Current assets		
Cash and cash equivalents	5,971	7,767
Trade and other receivables	17,402	17,967
Income taxes receivable	694	274
Other financial assets	58	46
Other current assets	902	903
Sub total	<u>25,027</u>	<u>26,957</u>
Assets held for sale	562	—
Total current assets	<u>25,589</u>	<u>26,957</u>
Non-current assets		
Property, plant and equipment	6,446	32,674
Goodwill	96,250	96,250
Intangible assets	4,094	3,323
Investments accounted for using the equity method	581	1,584
Deferred tax assets	1,661	1,941
Other financial assets	5,062	5,735
Other non-current assets	56	44
Total non-current assets	<u>114,150</u>	<u>141,551</u>
Total assets	<u><u>139,739</u></u>	<u><u>168,508</u></u>

	As of February 28, 2019	(Millions of yen) As of February 29, 2020
Liabilities and Equity		
Liabilities		
Current liabilities		
Trade and other payables	5,396	6,144
Borrowings	7,436	10,436
Income taxes payable	1,435	1,265
Liabilities for employee benefits	8,778	9,941
Other financial liabilities	232	5,112
Other current liabilities	3,629	5,060
Sub total	26,906	37,958
Liabilities directly associated with assets held for sale	257	—
Total current liabilities	27,163	37,958
Non-current liabilities		
Borrowings	63,550	57,742
Provisions	1,622	1,715
Liabilities for employee benefits	311	302
Deferred tax liabilities	128	96
Other financial liabilities	471	21,156
Other non-current liabilities	2	2
Total non-current liabilities	66,084	81,013
Total liabilities	93,247	118,971
Equity		
Common stock	27,033	27,033
Capital surplus	4,137	3,436
Other components of equity	(72)	(82)
Retained earnings	14,845	18,984
Treasury shares	(206)	(203)
Total equity attributable to owners of the parent	45,737	49,168
Non-controlling interest	755	369
Total equity	46,492	49,537
Total liabilities and equity	139,739	168,508

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

(Millions of yen)

	Year ended February 28, 2019	Year ended February 29, 2020
Revenue	121,113	126,663
Cost of sales	(97,478)	(101,667)
Gross profit	23,635	24,996
Selling, general and administrative expenses	(13,369)	(13,754)
Other income	130	150
Other expenses	(1,816)	(287)
Operating income	8,580	11,105
Share of profit(loss) of investments accounted for using the equity method	46	66
Financial income	73	66
Financial costs	(755)	(703)
Income before income taxes	7,944	10,534
Income taxes	(3,164)	(3,445)
Net income	4,780	7,089
Net income attributable to:		
Owners of the parent	5,397	7,006
Non-controlling interest	(617)	83
Net income	4,780	7,089
Earnings per share		
(attributable to the parent)		(yen)
Basic (yen)	73.37	95.29
Diluted (yen)	72.82	94.57

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

	(Millions of yen)	
	Year ended February 28, 2019	Year ended February 29, 2020
Net income	4,780	7,089
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	(275)	(17)
Total items that will not be reclassified to profit or loss	(275)	(17)
Items that may be reclassified to profit or loss		
Exchange differences on translating foreign operations	(24)	(5)
Total Items that may be reclassified to profit or loss	(24)	(5)
Total other comprehensive income, net of tax	(299)	(22)
Total comprehensive income	4,481	7,067
Comprehensive income attributable to :		
Owner of the parent	5,098	6,984
Non-controlling interest	(617)	83
Total comprehensive income	4,481	7,067

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

Year ended February 28, 2019

	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 interest	Total equity
	As of March 1, 2018	27,033	4,137	214	12,095	—	43,479	1,372
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

Year ended February 29, 2020

	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, 2019	27,033	4,137	(72)	14,845	(206)	45,737	755
Net income	—	—	—	7,006	—	7,006	83	7,089
Other comprehensive income	—	—	(22)	—	—	(22)	—	(22)
Total comprehensive income	—	—	(22)	7,006	—	6,984	83	7,067
Share-based payments	—	—	12	—	—	12	—	12
Dividends paid	—	—	—	(2,867)	—	(2,867)	—	(2,867)
Transactions with non-controlling interests	—	(700)	—	—	—	(700)	(469)	(1,169)
Purchase of treasury shares	—	—	—	—	(0)	(0)	—	(0)
Disposal of treasury shares	—	(1)	—	—	3	2	—	2
Total transaction with owners	—	(701)	12	(2,867)	3	(3,553)	(469)	(4,022)
As of February 29, 2020	27,033	3,436	(82)	18,984	(203)	49,168	369	49,537

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

	Year ended February 28, 2019	(Millions of yen) Year ended February 29, 2020
Cash flows from operating activities:		
Income before income taxes	7,944	10,534
Adjustments to reconcile net income to net cash provided by (used in) operating activities;		
Depreciation	1,245	5,925
amortization	1,020	1,089
Impairment loss	1,644	—
Loss on disposal or sales of property, plant and equipment	142	210
Loss on sales of shares of subsidiaries	—	(27)
Loss on transfer of business	—	49
Share of (profit) loss of investments accounted for using the equity method	(46)	(66)
Financial income	(73)	(66)
Financial cost	755	703
Decrease (increase) in trade and other receivables	1,006	(568)
Increase (decrease) in trade and other payable	856	646
Increase (decrease) in payable for consumption tax	186	1,253
Other, net	455	1,153
Sub total	15,134	20,835
Interest and dividends received	108	107
Interest paid	(488)	(558)
Income taxes paid	(4,417)	(4,737)
Income taxes refund	1,644	1,070
Net cash provided by (used in) operating activities	11,981	16,717
Cash flows from investing activities:		
Purchase of property, plant and equipment	(1,342)	(1,047)
Purchase of intangible assets	(959)	(764)
Acquisition of investments in associates and joint ventures	—	(983)
Purchase of securities	(11)	(100)
Proceeds from sale of securities	2	—
Payments for guarantee deposits	(259)	(626)
Proceeds from guarantee deposits	69	19
Payments for assets retirement obligation	(23)	—
Proceeds from transfer of business	—	127
Change of scope of consolidation	—	95
Proceeds from sales of shares of subsidiaries	—	95
Proceeds from government subsidies	40	66
Other, net	0	(0)
Net cash used in investing activities	(2,483)	(3,213)

	Year ended February 28, 2019	Year ended February 29, 2020
Cash flows from financial activities		
Increase (decrease) in short-term borrowings	(2,700)	3,000
Proceeds from long-term borrowings	4,000	6,000
Repayment of long-term borrowings	(6,936)	(11,936)
Payment for lease liabilities	(269)	(4,829)
Not change of scope of consolidation	—	(1,169)
Purchase of shares of subsidiaries		
Dividends paid	(2,648)	(2,867)
Payments for purchase of treasury shares	(206)	(0)
Other, net	—	2
Net cash provided by (used in) financial activities	(8,759)	(11,799)
Effect of exchange rate change on cash and cash equivalents	(1)	(0)
Net increase (decrease) in cash and cash equivalents	738	1,705
Cash and cash equivalents at the beginning of the period	5,324	5,971
Decrease in cash and cash equivalents resulting from transfer to assets held for sale	(91)	91
Cash and cash equivalents at the end of the period	5,971	7,767