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Consolidated financial results for the Six months ended August 31, 2020

[IFRS]

October 7, 2020

Company name : BELLSYSTEM 24 Holdings, Inc. Stock exchange listing : Tokyo  
 Stock exchange code : 6183 URL : <https://www.bell24hd.co.jp/en/>  
 Representative : Shunsuke Noda, President and Chief Executive Officer  
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 Scheduled date of filing of quarterly reports : October 8, 2020  
 Scheduled date of start of dividend payment : November 13, 2020  
 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, 2020

(From March 1, 2020 to August 31, 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	%
Six months ended August 31, 2020	66,871	6.1	6,623	12.6	6,416	14.3	4,286	13.9
Six months ended August 31, 2019	63,036	4.9	5,880	10.0	5,614	11.6	3,764	14.8

	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, 2020	4,250	14.7	4,160	10.8	57.82	57.43
Six months ended August 31, 2019	3,707	13.7	3,754	13.4	50.42	50.06

(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, 2020	172,252	52,103	51,766	30.1
As of February 29, 2020	168,508	49,537	49,168	29.2

## 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, 2020	—	21.00	—	21.00	42.00
Fiscal year ended February 28, 2021	—	21.00			
Fiscal year ended February 28, 2021 (planned)			—	21.00	42.00

(Note) Revision of most recently announced dividend forecasts : No

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

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

(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, 2021	132,000	4.2	11,500	3.6	11,050	4.9	7,290	2.8	7,200	2.8	97.94

(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, 2020 : 73,617,320 shares

As of February 29, 2020 : 73,617,320 shares

② Number of treasury shares at the end of period:

As of August 31, 2020 : 95,618 shares

As of February 29, 2020 : 100,438 shares

③ Average number of shares:

Six months ended August 31, 2020 : 73,519,241 shares

Six months ended August 31, 2019 : 73,516,616 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, 2020	(Millions of yen) As of August 31, 2020
Assets		
Current assets		
Cash and cash equivalents	7,767	7,544
Trade and other receivables	17,967	18,596
Income taxes receivable	274	—
Other financial assets	46	118
Other current assets	903	1,064
Total current assets	26,957	27,322
Non-current assets		
Property, plant and equipment	32,674	36,046
Goodwill	96,250	96,250
Intangible assets	3,323	2,943
Investments accounted for using the equity method	1,584	1,828
Deferred tax assets	1,941	1,971
Other financial assets	5,735	5,843
Other non-current assets	44	49
Total non-current assets	141,551	144,930
Total assets	168,508	172,252

	As of February 29, 2020	(Millions of yen) As of August 31, 2020
Liabilities and Equity		
Liabilities		
Current liabilities		
Trade and other payables	6,144	5,395
Borrowings	10,436	23,036
Income taxes payable	1,265	2,335
Liabilities for employee benefits	9,941	9,967
Other financial liabilities	5,112	5,125
Other current liabilities	5,060	3,212
Total current liabilities	<u>37,958</u>	<u>49,070</u>
Non-current liabilities		
Borrowings	57,742	44,326
Provisions	1,715	1,855
Liabilities for employee benefits	302	318
Deferred tax liabilities	96	96
Other financial liabilities	21,156	24,482
Other non-current liabilities	2	2
Total non-current liabilities	<u>81,013</u>	<u>71,079</u>
Total liabilities	<u>118,971</u>	<u>120,149</u>
Equity		
Common stock	27,033	27,033
Capital surplus	3,436	3,433
Other components of equity	(82)	(197)
Retained earnings	18,984	21,690
Treasury shares	(203)	(193)
Total equity attributable to owners of the parent	<u>49,168</u>	<u>51,766</u>
Non-controlling interest	369	337
Total equity	<u>49,537</u>	<u>52,103</u>
Total liabilities and equity	<u>168,508</u>	<u>172,252</u>

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

	(Millions of yen)	
	Six months ended August 31, 2019	Six months ended August 31, 2020
Revenue	63,036	66,871
Cost of sales	<u>(50,375)</u>	<u>(53,062)</u>
Gross profit	12,661	13,809
Selling, general and administrative expenses	(6,736)	(7,267)
Other income	71	139
Other expenses	<u>(116)</u>	<u>(58)</u>
Operating income	<u>5,880</u>	<u>6,623</u>
Share of profit(loss) of investments accounted for using the equity method	28	58
Financial income	66	78
Financial costs	<u>(360)</u>	<u>(343)</u>
Income before income taxes	5,614	6,416
Income taxes	<u>(1,850)</u>	<u>(2,130)</u>
Net income	<u>3,764</u>	<u>4,286</u>
Net income attributable to:		
Owners of the parent	3,707	4,250
Non-controlling interest	<u>57</u>	<u>36</u>
Net income	<u>3,764</u>	<u>4,286</u>
Earnings per share		
(attributable to the parent)		(yen)
Basic (yen)	50.42	57.82
Diluted (yen)	50.06	57.43

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

	(Millions of yen)	
	Six months ended August 31, 2019	Six months ended August 31, 2020
Net income	3,764	4,286
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	3	(71)
Total items that will not be reclassified to profit or loss	3	(71)
Items that may be reclassified to profit or loss		
Exchange differences on translating foreign operations	(13)	(5)
Share of other comprehensive income of investments accounted for using equity method	—	(50)
Total Items that may be reclassified to profit or loss	(13)	(55)
Total other comprehensive income, net of tax	(10)	(126)
Total comprehensive income	3,754	4,160
Comprehensive income attributable to :		
Owner of the parent	3,697	4,124
Non-controlling interest	57	36
Total comprehensive income	3,754	4,160

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

Six months ended August 31, 2019

	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, 2019	27,033	4,137	(72)	14,845	(206)	45,737	755	46,492
Net income	—	—	—	3,707	—	3,707	57	3,764
Other comprehensive income	—	—	(10)	—	—	(10)	—	(10)
Total comprehensive income	—	—	(10)	3,707	—	3,697	57	3,754
Share-based payments	—	—	9	—	—	9	—	9
Dividends paid	—	—	—	(1,323)	—	(1,323)	—	(1,323)
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)	9	(1,323)	3	(2,012)	(469)	(2,481)
As of August 31, 2019	27,033	3,436	(73)	17,229	(203)	47,422	343	47,765

Six months ended August 31, 2020

	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, 2020	27,033	3,436	(82)	18,984	(203)	49,168	369	49,537
Net income	—	—	—	4,250	—	4,250	36	4,286
Other comprehensive income	—	—	(126)	—	—	(126)	—	(126)
Total comprehensive income	—	—	(126)	4,250	—	4,124	36	4,160
Share-based payments	—	—	11	—	—	11	—	11
Dividends paid	—	—	—	(1,544)	—	(1,544)	(68)	(1,612)
Transfer from other components of equity to retained earnings	—	—	(0)	0	—	—	—	—
Purchase of treasury shares	—	—	—	—	(0)	(0)	—	(0)
Disposal of treasury shares	—	(3)	—	—	10	7	—	7
Total transaction with owners	—	(3)	11	(1,544)	10	(1,526)	(68)	(1,594)
As of August 31, 2020	27,033	3,433	(197)	21,690	(193)	51,766	337	52,103

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

(Millions of yen)

	Six months ended August 31, 2019	Six months ended August 31, 2020
Cash flows from operating activities:		
Income before income taxes	5,614	6,416
Adjustments to reconcile net income to net cash provided by (used in) operating activities;		
Depreciation and amortization	3,451	3,784
Loss on disposal or sales of property, plant and equipment	54	54
Loss on sales of shares of subsidiaries	(21)	—
Loss on transfer of business	49	—
Share of (profit) loss of investments accounted for using the equity method	(28)	(58)
Financial income	(66)	(78)
Financial cost	360	343
Decrease (increase) in trade and other receivables	(1,352)	(629)
Increase (decrease) in trade and other payable	538	(210)
Increase (decrease) in payable for consumption tax	452	(504)
Other, net	1,418	190
Sub total	10,469	9,308
Interest and dividends received	86	78
Interest paid	(281)	(272)
Income taxes paid	(3,291)	(2,724)
Income taxes refund	1,070	274
Net cash provided by (used in) operating activities	8,053	6,664
Cash flows from investing activities:		
Purchase of property, plant and equipment	(375)	(1,004)
Purchase of intangible assets	(559)	(230)
Purchase of securities	(100)	—
Proceeds from sale of investment securities	—	0
Acquisition of investments in associates and joint ventures	—	(294)
Payments for guarantee deposits	(187)	(233)
Proceeds from guarantee deposits	3	13
Proceeds from transfer of business	127	—
Change of scope of consolidation	76	—
Proceeds from sales of shares of subsidiaries	—	—
Proceeds from government subsidies	—	6
Other, net	(0)	(0)
Net cash used in investing activities	(1,015)	(1,742)

	(Millions of yen)	
	Six months ended August 31, 2019	Six months ended August 31, 2020
Cash flows from financial activities		
Increase (decrease) in short-term borrowings	4,300	600
Proceeds from long-term borrowings	6,000	—
Repayment of long-term borrowings	(10,468)	(1,468)
Dividends paid	(1,326)	(1,544)
Dividends paid to non-controlling interests	—	(68)
Proceeds from sale of treasury shares	—	3
Payments for purchase of treasury shares	(0)	(0)
Repayments of Lease liability	(2,362)	(2,662)
Not change of scope of consolidation		
Purchase of shares of subsidiaries	(1,169)	—
Other, net	2	—
Net cash provided by (used in) financial activities	(5,023)	(5,139)
Effect of exchange rate change on cash and cash equivalents	0	(6)
Net increase (decrease) in cash and cash equivalents	2,015	(223)
Cash and cash equivalents at the beginning of the period	5,971	7,767
Increase (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	8,077	7,544