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Consolidated financial results for the Nine months ended November 30, 2020

[IFRS]

January 6, 2021

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 : January 7, 2021
 Scheduled date of start of dividend payment : —
 Preparation of 3Q earnings presentation material : Yes
 Holding of 3Q earnings briefing : No

(Figures are rounded to the nearest million yen)

1. Consolidated financial results for the Nine months ended November 30, 2020

(From March 1, 2020 to November 30, 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	%
Nine months ended November 30, 2020	102,144	7.0	10,147	14.4	9,734	15.3	6,504	15.3
Nine months ended November 30, 2019	95,431	6.0	8,869	14.5	8,443	16.7	5,643	19.5

	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
Nine months ended November 30, 2020	6,425	15.5	6,325	12.1	87.39	86.77
Nine months ended November 30, 2019	5,564	18.2	5,642	18.7	75.68	75.11

(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 November 30, 2020	172,348	52,646	52,266	30.3
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 November 30, 2020 : 73,653,107 shares

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

② Number of treasury shares at the end of period:

As of November 30, 2020 : 164,026 shares

As of February 29, 2020 : 100,438 shares

③ Average number of shares:

Nine months ended November 30, 2020 : 73,522,470 shares

Nine months ended November 30, 2019 : 73,516,708 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 November 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 November 30, 2020
Assets		
Current assets		
Cash and cash equivalents	7,767	8,266
Trade and other receivables	17,967	19,163
Income taxes receivable	274	—
Other financial assets	46	241
Other current assets	903	1,099
Total current assets	26,957	28,769
Non-current assets		
Property, plant and equipment	32,674	34,722
Goodwill	96,250	96,250
Intangible assets	3,323	2,806
Investments accounted for using the equity method	1,584	1,742
Deferred tax assets	1,941	1,971
Other financial assets	5,735	6,047
Other non-current assets	44	41
Total non-current assets	141,551	143,579
Total assets	168,508	172,348

	As of February 29, 2020	(Millions of yen) As of November 30, 2020
Liabilities and Equity		
Liabilities		
Current liabilities		
Trade and other payables	6,144	5,946
Borrowings	10,436	22,031
Income taxes payable	1,265	2,314
Liabilities for employee benefits	9,941	11,067
Other financial liabilities	5,112	4,810
Other current liabilities	5,060	3,793
Total current liabilities	<u>37,958</u>	<u>49,961</u>
Non-current liabilities		
Borrowings	57,742	43,621
Provisions	1,715	1,870
Liabilities for employee benefits	302	560
Deferred tax liabilities	96	96
Other financial liabilities	21,156	23,590
Other non-current liabilities	2	4
Total non-current liabilities	<u>81,013</u>	<u>69,741</u>
Total liabilities	<u>118,971</u>	<u>119,702</u>
Equity		
Common stock	27,033	27,050
Capital surplus	3,436	3,450
Other components of equity	(82)	(252)
Retained earnings	18,984	22,321
Treasury shares	(203)	(303)
Total equity attributable to owners of the parent	<u>49,168</u>	<u>52,266</u>
Non-controlling interest	369	380
Total equity	<u>49,537</u>	<u>52,646</u>
Total liabilities and equity	<u>168,508</u>	<u>172,348</u>

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

	(Millions of yen)	
	Nine months ended November 30, 2019	Nine months ended November 30, 2020
Revenue	95,431	102,144
Cost of sales	<u>(76,246)</u>	<u>(80,978)</u>
Gross profit	19,185	21,166
Selling, general and administrative expenses	(10,239)	(11,125)
Other income	109	174
Other expenses	<u>(186)</u>	<u>(68)</u>
Operating income	<u>8,869</u>	<u>10,147</u>
Share of profit(loss) of investments accounted for using the equity method	47	26
Financial income	66	79
Financial costs	<u>(539)</u>	<u>(518)</u>
Income before income taxes	8,443	9,734
Income taxes	<u>(2,800)</u>	<u>(3,230)</u>
Net income	<u>5,643</u>	<u>6,504</u>
Net income attributable to:		
Owners of the parent	5,564	6,425
Non-controlling interest	<u>79</u>	<u>79</u>
Net income	<u>5,643</u>	<u>6,504</u>
Earnings per share		
(attributable to the parent)		(yen)
Basic (yen)	75.68	87.39
Diluted (yen)	75.11	86.77

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

	(Millions of yen)	
	Nine months ended November 30, 2019	Nine months ended November 30, 2020
Net income	5,643	6,504
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	10	(71)
Total items that will not be reclassified to profit or loss	10	(71)
Items that may be reclassified to profit or loss		
Exchange differences on translating foreign operations	(11)	(3)
Share of other comprehensive income of investments accounted for using equity method	—	(105)
Total Items that may be reclassified to profit or loss	(11)	(108)
Total other comprehensive income, net of tax	(1)	(179)
Total comprehensive income	5,642	6,325
Comprehensive income attributable to :		
Owner of the parent	5,563	6,246
Non-controlling interest	79	79
Total comprehensive income	5,642	6,325

(4) Condensed Interim Consolidated Statement of Change in Equity (Unaudited)
 Nine months ended November 30, 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 interests	Total equity
	As of March 1, 2019	27,033	4,137	(72)	14,845	(206)	45,737	755
Net income	—	—	—	5,564	—	5,564	79	5,643
Other comprehensive income	—	—	(1)	—	—	(1)	—	(1)
Total comprehensive income	—	—	(1)	5,564	—	5,563	79	5,642
Share-based payments	—	—	14	—	—	14	—	14
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)	14	(2,867)	3	(3,551)	(469)	(4,020)
As of November 30, 2019	27,033	3,436	(59)	17,542	(203)	47,749	365	48,114

Nine months ended November 30, 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, 2020	27,033	3,436	(82)	18,984	(203)	49,168	369
Net income	—	—	—	6,425	—	6,425	79	6,504
Other comprehensive income	—	—	(179)	—	—	(179)	—	(179)
Total comprehensive income	—	—	(179)	6,425	—	6,246	79	6,325
Share-based payments	—	—	17	—	—	17	—	17
Exercise of share acquisition rights	17	17	(8)	—	—	26	—	26
Dividends paid	—	—	—	(3,088)	—	(3,088)	(68)	(3,156)
Transfer from other components of equity to retained earnings	—	—	(0)	0	—	—	—	—
Purchase of treasury shares	—	—	—	—	(110)	(110)	—	(110)
Disposal of treasury shares	—	(3)	—	—	10	7	—	7
Total transaction with owners	17	14	9	(3,088)	(100)	(3,148)	(68)	(3,216)
As of November 30, 2020	27,050	3,450	(252)	22,321	(303)	52,266	380	52,646

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

(Millions of yen)

	Nine months ended November 30, 2019	Nine months ended November 30, 2020
Cash flows from operating activities:		
Income before income taxes	8,443	9,734
Adjustments to reconcile net income to net cash provided by (used in) operating activities;		
Depreciation and amortization	5,217	5,707
Loss on disposal or sales of property, plant and equipment	111	61
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	(47)	(26)
Financial income	(66)	(79)
Financial cost	539	518
Decrease (increase) in trade and other receivables	(1,786)	(1,196)
Increase (decrease) in trade and other payable	1,159	(91)
Increase (decrease) in payable for consumption tax	832	4
Other, net	1,806	1,385
Sub total	16,230	16,017
Interest and dividends received	107	137
Interest paid	(424)	(416)
Income taxes paid	(4,672)	(3,669)
Income taxes refund	1,070	274
Net cash provided by (used in) operating activities	12,311	12,343
Cash flows from investing activities:		
Purchase of property, plant and equipment	(835)	(1,086)
Purchase of intangible assets	(675)	(307)
Purchase of securities	(100)	—
Proceeds from sale of investment securities	—	0
Acquisition of investments in associates and joint ventures	—	(294)
Payments for guarantee deposits	(295)	(273)
Proceeds from guarantee deposits	11	39
Proceeds from transfer of business	127	—
Change of scope of consolidation	95	—
Proceeds from sales of shares of subsidiaries	95	—
Proceeds from government subsidies	69	6
Other, net	(0)	(0)
Net cash used in investing activities	(1,603)	(1,915)

(Millions of yen)

	Nine months ended November 30, 2019	Nine months ended November 30, 2020
Cash flows from financial activities		
Increase (decrease) in short-term borrowings	4,000	(400)
Proceeds from long-term borrowings	6,000	—
Repayment of long-term borrowings	(11,202)	(2,202)
Dividends paid	(2,868)	(3,088)
Dividends paid to non-controlling interests	—	(68)
Proceeds from issuance of shares	—	25
Proceeds from sale of treasury shares	—	3
Payments for purchase of treasury shares	(0)	(110)
Repayments of Lease liability	(3,572)	(4,085)
Not change of scope of consolidation		
Purchase of shares of subsidiaries	(1,169)	—
Other, net	2	—
Net cash provided by (used in) financial activities	(8,809)	(9,925)
Effect of exchange rate change on cash and cash equivalents	(0)	(4)
Net increase (decrease) in cash and cash equivalents	1,899	499
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	7,961	8,266