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Consolidated financial results for the Three months ended May 31, 2021

[IFRS]

July 7, 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 : July 8, 2021  
 Scheduled date of start of dividend payment : —  
 Preparation of 1Q earnings presentation material : Yes  
 Holding of 1Q earnings briefing : No

(Figures are rounded to the nearest million yen)

1. Consolidated financial results for the Three months ended May 31, 2021

(From March 1, 2021 to May 31, 2021)

(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	%
Three months ended May 31, 2021	36,458	11.6	3,577	17.3	3,558	22.7	2,374	23.2
Three months ended May 31, 2020	32,678	6.0	3,051	4.5	2,901	5.2	1,928	3.8

	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
Three months ended May 31, 2021	2,323	21.0	2,570	41.1	31.63	31.38
Three months ended May 31, 2020	1,921	5.7	1,822	(2.3)	26.14	26.00

(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 May 31, 2021	176,992	54,474	54,115	30.6
As of February 28, 2021	172,888	53,510	53,113	30.7

## 2. Dividend

	Dividend per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Annual
Fiscal year ended February 28, 2021	Yen —	Yen 21.00	Yen —	Yen 21.00	Yen 42.00
Fiscal year ended February 28, 2022	—				
Fiscal year ended February 28, 2022 (planned)		24.00	—	24.00	48.00

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

## 3 . Consolidated financial results forecast for the fiscal year ending February 28, 2022

(From March 1, 2021 to February 28, 2022)

(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, 2022	139,000	2.4	12,200	3.4	11,869	5.0	7,907	7.6	7,800	7.6	105.90

(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 May 31, 2021 : 73,679,947 shares

As of February 28, 2021 : 73,653,107 shares

② Number of treasury shares at the end of period:

As of May 31, 2021 : 160,522 shares

As of February 28, 2021 : 160,522 shares

③ Average number of shares:

Three months ended May 31, 2021 : 73,499,878 shares

Three months ended May 31, 2020 : 73,517,213 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, 2021	(Millions of yen) As of May 31, 2021
Assets		
Current assets		
Cash and cash equivalents	5,518	8,227
Trade and other receivables	19,644	20,557
Other financial assets	240	290
Other current assets	979	940
Total current assets	26,381	30,014
Non-current assets		
Property, plant and equipment	37,284	37,510
Goodwill	95,396	96,396
Intangible assets	2,710	2,596
Investments accounted for using the equity method	1,839	2,062
Deferred tax assets	2,605	2,552
Other financial assets	6,577	6,781
Other non-current assets	96	81
Total non-current assets	146,507	146,978
Total assets	172,888	176,992

	As of February 28, 2021	(Millions of yen) As of May 31, 2021
Liabilities and Equity		
Liabilities		
Current liabilities		
Trade and other payables	6,141	5,933
Borrowings	20,235	11,836
Income taxes payable	2,506	1,266
Provisions	165	50
Liabilities for employee benefits	10,424	11,895
Other financial liabilities	5,549	5,744
Other current liabilities	3,932	4,384
Total current liabilities	<u>48,952</u>	<u>41,108</u>
Non-current liabilities		
Borrowings	42,907	54,157
Provisions	1,813	1,931
Liabilities for employee benefits	513	501
Deferred tax liabilities	76	76
Other financial liabilities	25,113	24,741
Other non-current liabilities	4	4
Total non-current liabilities	<u>70,426</u>	<u>81,410</u>
Total liabilities	<u>119,378</u>	<u>122,518</u>
Equity		
Common stock	27,049	27,062
Capital surplus	3,448	3,461
Other components of equity	(235)	(39)
Retained earnings	23,148	23,928
Treasury shares	(297)	(297)
Total equity attributable to owners of the parent	<u>53,113</u>	<u>54,115</u>
Non-controlling interest	397	359
Total equity	<u>53,510</u>	<u>54,474</u>
Total liabilities and equity	<u>172,888</u>	<u>176,992</u>

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

	(Millions of yen)	
	Three months ended May 31, 2020	Three months ended May 31, 2021
Revenue	32,678	36,458
Cost of sales	<u>(26,184)</u>	<u>(28,724)</u>
Gross profit	6,494	7,734
Selling, general and administrative expenses	(3,522)	(4,271)
Other income	84	159
Other expenses	<u>(5)</u>	<u>(45)</u>
Operating income	<u>3,051</u>	<u>3,577</u>
Share of profit(loss) of investments accounted for using the equity method	22	151
Financial income	0	1
Financial costs	<u>(172)</u>	<u>(171)</u>
Income before income taxes	2,901	3,558
Income taxes	<u>(973)</u>	<u>(1,184)</u>
Net income	<u>1,928</u>	<u>2,374</u>
Net income attributable to:		
Owners of the parent	1,921	2,323
Non-controlling interest	<u>7</u>	<u>51</u>
Net income	<u>1,928</u>	<u>2,374</u>
Earnings per share		
(attributable to the parent)		(yen)
Basic	26.14	31.63
Diluted	26.00	31.38

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

	(Millions of yen)	
	Three months ended May 31, 2020	Three months ended May 31, 2021
Net income	1,928	2,374
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	0	120
Total items that will not be reclassified to profit or loss	0	120
Items that may be reclassified to profit or loss		
Exchange differences on translating foreign operations	(6)	4
Share of other comprehensive income of investments accounted for using equity method	(100)	72
Total Items that may be reclassified to profit or loss	(106)	76
Total other comprehensive income, net of tax	(106)	196
Total comprehensive income	1,822	2,570
Comprehensive income attributable to :		
Owner of the parent	1,815	2,519
Non-controlling interest	7	51
Total comprehensive income	1,822	2,570

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

Three months ended May 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	—	—	—	1,921	—	1,921	7	1,928
Other comprehensive income	—	—	(106)	—	—	(106)	—	(106)
Total comprehensive income	—	—	(106)	1,921	—	1,815	7	1,822
Share-based payments	—	—	5	—	—	5	—	5
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	—	(2)	—	—	5	3	—	3
Total transaction with owners	—	(2)	5	(1,544)	5	(1,536)	(68)	(1,604)
As of May 31, 2020	27,033	3,434	(183)	19,361	(198)	49,447	308	49,755

Three months ended May 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	—	—	—	2,323	—	2,323	51	2,374
Other comprehensive income	—	—	196	—	—	196	—	196
Total comprehensive income	—	—	196	2,323	—	2,519	51	2,570
Share-based payments	—	—	6	—	—	6	—	6
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	0	(1,543)	—	(1,517)	(89)	(1,606)
As of May 31, 2021	27,062	3,461	(39)	23,928	(297)	54,115	359	54,474

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

(Millions of yen)

	Three months ended May 31, 2020	Three months ended May 31, 2021
Cash flows from operating activities:		
Income before income taxes	2,901	3,558
Adjustments to reconcile net income to net cash provided by (used in) operating activities;		
Depreciation and amortization	1,851	2,141
Loss on disposal or sales of property, plant and equipment	4	1
Share of (profit) loss of investments accounted for using the equity method	(22)	(151)
Financial income	(0)	(1)
Financial cost	172	171
Decrease (increase) in trade and other receivables	(613)	(913)
Increase (decrease) in trade and other payable	59	(263)
Increase (decrease) in payable for consumption tax	(390)	(95)
Other, net	1,037	1,953
Sub total	4,999	6,401
Interest and dividends received	0	1
Interest paid	(132)	(176)
Income taxes paid	(2,687)	(2,336)
Net cash provided by (used in) operating activities	2,180	3,890
Cash flows from investing activities:		
Purchase of property, plant and equipment	(654)	(587)
Purchase of intangible assets	(110)	(112)
Purchase of marketable securities	—	(100)
Proceeds from sale of investment securities	0	—
Acquisition of investments in associates and joint ventures	(294)	—
Payments for guarantee deposits	(197)	(20)
Proceeds from guarantee deposits	7	46
Payments for asset retirement obligations	—	(120)
Proceeds from government subsidies	6	—
Other, net	(0)	(0)
Net cash used in investing activities	(1,242)	(893)

	(Millions of yen)	
	Three months ended May 31, 2020	Three months ended May 31, 2021
Cash flows from financial activities		
Increase (decrease) in short-term borrowings	3,300	3,600
Proceeds from long-term borrowings	—	12,000
Repayment of long-term borrowings	(734)	(12,733)
Dividends paid	(1,544)	(1,543)
Dividends paid to non-controlling interests	(68)	(89)
Repayments of Lease liability	(1,312)	(1,546)
Proceeds from issuance of shares	—	19
Proceeds from sale of treasury shares	3	—
Purchase of treasury shares	(0)	—
Net cash provided by (used in) financial activities	(355)	(292)
Effect of exchange rate change on cash and cash equivalents	(6)	4
Net increase (decrease) in cash and cash equivalents	577	2,709
Cash and cash equivalents at the beginning of the period	7,767	5,518
Cash and cash equivalents at the end of the period	8,344	8,227