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Consolidated financial results for the Six months ended August 31, 2021

[IFRS]

October 13, 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
 Contact : Toyohisa Tsuji, Managing Executive Officer
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 Scheduled date of filing of quarterly reports : October 14, 2021
 Scheduled date of start of dividend payment : November 12, 2021
 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, 2021

(From March 1, 2021 to August 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 | % |
| Six months ended August 31, 2021 | 73,110 | 9.3 | 7,200 | 8.7 | 7,346 | 14.5 | 5,023 | 17.2 |
| Six months ended August 31, 2020 | 66,871 | 6.1 | 6,623 | 12.6 | 6,416 | 14.3 | 4,286 | 13.9 |

| | 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, 2021 | 4,918 | 15.7 | 5,191 | 24.8 | 66.93 | 66.41 |
| Six months ended August 31, 2020 | 4,250 | 14.7 | 4,160 | 10.8 | 57.82 | 57.43 |

(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, 2021 | 175,322 | 57,103 | 56,690 | 32.3 |
| 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 |
| | Yen | Yen | Yen | Yen | Yen |
| Fiscal year ended February 28, 2021 | — | 21.00 | — | 21.00 | 42.00 |
| Fiscal year ended February 28, 2022 | — | 24.00 | | | |
| Fiscal year ended February 28, 2022 (planned) | | | — | 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 August 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 August 31, 2021 : 160,522 shares

As of February 28, 2021 : 160,522 shares

③ Average number of shares:

Six months ended August 31, 2021 : 73,509,652 shares

Six months ended August 31, 2020 : 73,519,241 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 28, 2021 | (Millions of yen) As of August 31, 2021 |
|---|----------------------------|---|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | 5,518 | 7,770 |
| Trade and other receivables | 19,644 | 20,348 |
| Other financial assets | 240 | 292 |
| Other current assets | 979 | 918 |
| Total current assets | 26,381 | 29,328 |
| Non-current assets | | |
| Property, plant and equipment | 37,284 | 36,652 |
| Goodwill | 95,396 | 95,396 |
| Intangible assets | 2,710 | 2,428 |
| Investments accounted for using the equity method | 1,839 | 2,218 |
| Deferred tax assets | 2,605 | 2,552 |
| Other financial assets | 6,577 | 6,676 |
| Other non-current assets | 96 | 72 |
| Total non-current assets | 146,507 | 145,994 |
| Total assets | 172,888 | 175,322 |

| | As of February 28, 2021 | (Millions of yen) As of August 31, 2021 |
|---|----------------------------|---|
| Liabilities and Equity | | |
| Liabilities | | |
| Current liabilities | | |
| Trade and other payables | 6,141 | 5,475 |
| Borrowings | 20,235 | 9,736 |
| Income taxes payable | 2,506 | 2,529 |
| Provisions | 165 | — |
| Liabilities for employee benefits | 10,424 | 11,244 |
| Other financial liabilities | 5,549 | 5,609 |
| Other current liabilities | 3,932 | 3,577 |
| Total current liabilities | <u>48,952</u> | <u>38,170</u> |
| Non-current liabilities | | |
| Borrowings | 42,907 | 53,444 |
| Provisions | 1,813 | 2,149 |
| Liabilities for employee benefits | 513 | 506 |
| Deferred tax liabilities | 76 | 76 |
| Other financial liabilities | 25,113 | 23,870 |
| Other non-current liabilities | 4 | 4 |
| Total non-current liabilities | <u>70,426</u> | <u>80,049</u> |
| Total liabilities | <u>119,378</u> | <u>118,219</u> |
| Equity | | |
| Common stock | 27,049 | 27,062 |
| Capital surplus | 3,448 | 3,461 |
| Other components of equity | (235) | (59) |
| Retained earnings | 23,148 | 26,523 |
| Treasury shares | (297) | (297) |
| Total equity attributable to owners of the parent | <u>53,113</u> | <u>56,690</u> |
| Non-controlling interest | 397 | 413 |
| Total equity | <u>53,510</u> | <u>57,103</u> |
| Total liabilities and equity | <u>172,888</u> | <u>175,322</u> |

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

| | (Millions of yen) | |
|---|-------------------------------------|-------------------------------------|
| | Six months ended August 31, 2020 | Six months ended August 31, 2021 |
| Revenue | 66,871 | 73,110 |
| Cost of sales | <u>(53,062)</u> | <u>(57,743)</u> |
| Gross profit | 13,809 | 15,367 |
| Selling, general and administrative expenses | (7,267) | (8,311) |
| Other income | 139 | 210 |
| Other expenses | <u>(58)</u> | <u>(66)</u> |
| Operating income | <u>6,623</u> | <u>7,200</u> |
| Share of profit(loss) of investments accounted for using the equity method | 58 | 412 |
| Financial income | 78 | 55 |
| Financial costs | <u>(343)</u> | <u>(321)</u> |
| Income before income taxes | 6,416 | 7,346 |
| Income taxes | <u>(2,130)</u> | <u>(2,323)</u> |
| Net income | <u>4,286</u> | <u>5,023</u> |
| Net income attributable to: | | |
| Owners of the parent | 4,250 | 4,918 |
| Non-controlling interest | <u>36</u> | <u>105</u> |
| Net income | <u>4,286</u> | <u>5,023</u> |
| Earnings per share | | |
| (attributable to the parent) | (yen) | (yen) |
| Basic (yen) | 57.82 | 66.93 |
| Diluted (yen) | 57.43 | 66.41 |

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

| | (Millions of yen) | |
|---|-------------------------------------|-------------------------------------|
| | Six months ended August 31, 2020 | Six months ended August 31, 2021 |
| Net income | 4,286 | 5,023 |
| 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 | (71) | 119 |
| Total items that will not be reclassified to profit or loss | (71) | 119 |
| Items that may be reclassified to profit or loss | | |
| Exchange differences on translating foreign operations | (5) | 4 |
| Share of other comprehensive income of investments accounted for using equity method | (50) | 45 |
| Total Items that may be reclassified to profit or loss | (55) | 49 |
| Total other comprehensive income, net of tax | (126) | 168 |
| Total comprehensive income | 4,160 | 5,191 |
| Comprehensive income attributable to : | | |
| Owner of the parent | 4,124 | 5,086 |
| Non-controlling interest | 36 | 105 |
| Total comprehensive income | 4,160 | 5,191 |

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

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 |

Six months ended August 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 | — | — | — | 4,918 | — | 4,918 | 105 | 5,023 |
| Other comprehensive income | — | — | 168 | — | — | 168 | — | 168 |
| Total comprehensive income | — | — | 168 | 4,918 | — | 5,086 | 105 | 5,191 |
| Share-based payments | — | — | 14 | — | — | 14 | — | 14 |
| 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 | 8 | (1,543) | — | (1,509) | (89) | (1,598) |
| As of August 31, 2021 | 27,062 | 3,461 | (59) | 26,523 | (297) | 56,690 | 413 | 57,103 |

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

(Millions of yen)

| | Six months ended August 31, 2020 | Six months ended August 31, 2021 |
|--|-------------------------------------|-------------------------------------|
| Cash flows from operating activities: | | |
| Income before income taxes | 6,416 | 7,346 |
| Adjustments to reconcile net income to net cash provided by (used in) operating activities; | | |
| Depreciation and amortization | 3,784 | 4,163 |
| Loss on disposal or sales of property, plant and equipment | 54 | 20 |
| Share of (profit) loss of investments accounted for using the equity method | (58) | (412) |
| Financial income | (78) | (55) |
| Financial cost | 343 | 321 |
| Decrease (increase) in trade and other receivables | (629) | (704) |
| Increase (decrease) in trade and other payable | (210) | (361) |
| Increase (decrease) in payable for consumption tax | (504) | (650) |
| Other, net | 190 | 1,243 |
| Sub total | 9,308 | 10,911 |
| Interest and dividends received | 78 | 113 |
| Interest paid | (272) | (307) |
| Income taxes paid | (2,724) | (2,348) |
| Income taxes refund | 274 | — |
| Net cash provided by (used in) operating activities | 6,664 | 8,369 |
| Cash flows from investing activities: | | |
| Purchase of property, plant and equipment | (1,004) | (1,200) |
| Purchase of intangible assets | (230) | (217) |
| 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 | (233) | (125) |
| Proceeds from guarantee deposits | 13 | 207 |
| Payments for asset retirement obligations | — | (139) |
| Proceeds from government subsidies | 6 | — |
| Other, net | (0) | 72 |
| Net cash used in investing activities | (1,742) | (1,502) |

| | (Millions of yen) | |
|---|-------------------------------------|-------------------------------------|
| | Six months ended August 31, 2020 | Six months ended August 31, 2021 |
| Cash flows from financial activities | | |
| Increase (decrease) in short-term borrowings | 600 | 1,500 |
| Proceeds from long-term borrowings | — | 12,000 |
| Repayment of long-term borrowings | (1,468) | (13,467) |
| Dividends paid | (1,544) | (1,543) |
| Dividends paid to non-controlling interests | (68) | (89) |
| Repayments of Lease liability | (2,662) | (3,040) |
| 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 | <u>(5,139)</u> | <u>(4,620)</u> |
| Effect of exchange rate change on cash and cash equivalents | (6) | 5 |
| Net increase (decrease) in cash and cash equivalents | <u>(223)</u> | <u>2,252</u> |
| Cash and cash equivalents at the beginning of the period | <u>7,767</u> | <u>5,518</u> |
| Cash and cash equivalents at the end of the period | <u><u>7,544</u></u> | <u><u>7,770</u></u> |