



President Shunsuke Noda

BELLSYSTEM24 Holdings, Inc. (6183)



Company Information

Exchange	TSE Prime Section
Industry	Service business
President	Shunsuke Noda
Address	6F Kamiyacho Trust Tower 4-1-1, Toranomom, Minato-ku, Tokyo
Year-end	February
Homepage	https://www.bell24.co.jp/en/

Stock Information

Share Price	Number of shares issued (Excluding treasury shares)		Total market cap	ROE Act.	Trading Unit
¥1,382	73,715,734 shares		¥101,875 million	15.1%	100 shares
DPS Est.	Yield Est.	EPS Est.	PER Est.	BPS Act.	PBR Act.
¥60.00	4.3%	¥119.63	11.6 x	¥873.05	1.6 x

*The share price is the closing price on April 19. Each number is from the financial results for fiscal year ended February 2023.

Earnings Trend (IFRS)

Fiscal Year	Sales Revenue	Operating Income	Income before Income Taxes	Net Income	EPS	DPS
February 2019 Act.	121,113	8,580	7,944	5,397	73.37	36.00
February 2020 Act.	126,663	11,105	10,534	7,006	95.29	42.00
February 2021 Act.	135,735	11,799	11,305	7,252	98.64	42.00
February 2022 Act.	146,479	13,234	13,463	8,943	121.65	54.00
February 2023 Act.	156,054	14,917	14,157	9,330	126.82	60.00
February 2024 Est.	157,000	13,800	13,400	8,800	119.63	60.00

* The forecast was made by the company. Unit: million-yen, yen. Net income is profit attributable to owners of parent. Hereinafter the same applies.

This Bridge Report overviews the business performance for the Fiscal Year ended February 2023 and others for BELLSYSTEM24 Holdings, Inc.

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Key Points

- The sales revenue in the term ended February 2023 was 156 billion yen, up 6.5% from the previous term. The sales from basic operations increased 4.0% year on year. In the field related to human resources and education, the operations related to recruitment of mid-career workers increased. In the field of non-face-to-face operations, businesses related to delivery and dealing with inquiries about insurance benefits contributed, and sales in this field grew steadily. In the field related to cashless payment, credit card-related tasks increased steadily. The sales from the operations related to COVID-19 grew considerably by 26.1% year on year, mainly due to the increase of vaccine-related tasks. Operating income rose 12.7% year on year to 14.9 billion yen. While gross profit increased 5.6% year on year thanks to the sales growth, SGA augmented 4.0% year on year, mainly due to the increases in expenses for human resources, advertisement, and IT systems, but the company posted an impairment loss on subsidiaries in the previous fiscal year, so profit grew by double digits. Both sales and profit exceeded the forecasts, hitting a record high since the company got listed in FY 2015.
- In the term ending February 2024, sales revenue is projected to rise 0.6% from the previous term to 157 billion yen. It is expected that operations related to national policies for COVID-19, etc. will decrease while basic operations will increase significantly. Operating income is forecast to decline 7.5% from the previous term to 13.8 billion yen. Gross profit is projected to drop, due to the decrease of profitable operations related to COVID-19. Costs are forecast to augment, due to the expenses for installing and operating a new accounting system, the rise in SGA of new consolidated subsidiaries, etc. The company plans to pay a dividend of 60.00 yen/share like in the previous term. The expected payout ratio is 50.2%. Under the basic policy of achieving a payout ratio of 50%, the company aims to keep increasing the dividend amount steadily.
- The company announced the “mid-term management plan 2025.” The company implements the three priority measures: “Human resources: to have all of 40,000 workers exert their abilities to the maximum degree,” “Systematization: to sophisticate data utilization,” and “Co-creation: to cultivate the new BPO field.” They aim to achieve “a sales revenue of 180 billion yen, an operating income of 16.5 billion yen, and an after-tax income of 11 billion yen” in the term ending February 2026, which is the final fiscal year of the plan. The company aims to achieve ROE of 14.4% and payout ratio of 50%.
- In the term ended February 2023, which is the final fiscal year of the mid-term management plan 2022, sales revenue and operating income exceeded the forecasts, due to the healthy performance in the term. The number of in-home contact center seats reached 3,000, although it is below the target number: 4,000. As the company steadily implemented the three priority measures, it seems that they attained their numerical goals and developed the ground for further growth.
- The new mid-term management plan indicates the almost unchanged visions: “utilization and vitalization of human resources,” “adoption of cutting-edge technologies,” and “expansion and cementing of partnerships,” but the progress in the “new BPO” field is noteworthy, as they aim to establish a BPO business in promising domains, including venture escorting, human resources technology, and healthcare. This term, sales revenue is projected to be unchanged, and profit is forecast to decline due to the decrease of profitable operations related to COVID-19 and the augmentation of SGA, but we would like to expect the growth of sales and profit from the next term.

1. Company Overview

The company, which is the holding company, and its 5 subsidiaries form a corporate group. The main businesses include the Customer Relationship Management (CRM) business in which a focus is given to the outsourcing of contact center operations, technology services, and consulting services. The company's subsidiaries are the following: BELLSYSTEM24, Inc., which engages in operation of contact centers and auxiliary tasks, CTC First Contact Corporation (capital contribution ratio: 51%) specializing in IT service desks and Business Process Outsourcing (BPO), BELL SOLEIL INC., a special subsidiary aimed at raising employment of people with disabilities, and BELLSYSTEM24 VIETNAM Inc. (capital contribution ratio: 80.0%) etc.

ITOCHU Corporation holds 40.7% of the company's voting rights and deems the company as a company accounted for using the equity method. In ITOCHU Corporation, which is focusing on business in non-resource sectors, especially the Consumer related Sector, the company, which engages in the call center business, plays a role as "the contact point between companies and consumers." Since the capital alliance entered into in October 2014, the company has built a broad range of alliances and successfully expanded the volume of transactions with ITOCHU Corporation (the company makes transactions with ITOCHU Group under the same transaction conditions as other client companies, and will continue to follow the policy).

【Corporate Philosophy】

Our mission

To support social affluence with innovation and communication

Code of conduct

- We will develop a comfortable workplace (community) where each employee can keep working happily with peace of mind while constantly taking on new challenges.
- We will fulfill corporate social responsibility, and aim to achieve sustainable healthy growth.
- We will return the value we would create to society, to contribute to the development of a beautiful future.

1-1 Business Description

The company's business consists of the Customer Relationship Management (CRM) business, which is the segment to be reported, and other businesses, with the CRM business accounting for over 90% of consolidated sales.

Sales by segment

	FY2/23
CRM business	155,158
Other	896
Consolidated sales revenue	156,054

* Unit: million yen

CRM Business

The CRM Business is the business field mainly of BELLSYSTEM24, Inc. and CTC First Contact Corporation. In addition to the conventional task of dealing with inbound and outbound calls, which use telephones as a major communication tool, in this business, a multitude of services that take advantage of Information Technology (IT), such as the Internet and social media, are offered to client companies. This is a stock business in which continuing operations make up slightly over 90% of sales, and spot operations, such as election-related tasks, constitute the remaining portion. Furthermore, sales from Softbank Corp. (operations of BB Call, Inc.) account for slightly over 10% of the total sales (continuing operations). The business is composed of the following 4 operations:

- 1) Customer support for client companies (mainly by dealing with inquiries about products and services of client companies)
- 2) Sales support for client companies (mainly by assisting client companies in promoting sales of their products and services)
- 3) Technical support for client companies (mainly by handling inquiries as to how to operate IT-based products of client companies)
- 4) BPO tasks (mainly by undertaking creation of websites, and data entry for client companies)

1-2 ESG

(1) Initiatives

The company engages in activities for solving social issues, while considering its corporate ethos, important missions, and ESG.

E	<ul style="list-style-type: none"> * Formulation of a Policy for Coping with Climate Change * Announcement of goals for achieving carbon neutrality
S	<ul style="list-style-type: none"> * Empowerment of women <ul style="list-style-type: none"> • To raise the ratio of female managers • Received the second-place award in the advance section at 2022 J Win Diversity Award * Initiatives for diversity <ul style="list-style-type: none"> • Opened a café operated by disabled people in a center in Fukuoka • Received the Gold award, the highest rank of PRIDE Index for evaluating LGBTQ activities, for three consecutive years * Local activities and job creation * Revised the Policy for Human Rights
G	<ul style="list-style-type: none"> * Response to the amended Corporate Governance Code (CGC), including TCFD * Strengthened human capital by evolving the business model * Revised the Basic Policy for Preventing Bribery and Corruption * Formulated Guidelines for Handling Personal Data

The company appointed directors in charge of the policy for coping with climate change, the policy for human rights, the basic policy for preventing bribery and corruption, and the guidelines for handling personal data, respectively.

Since there was no recipient of the Grand Prix of 2022 J Win Diversity Award, the second-place award winners, BELLSYSTEM24 and IBM Japan, are virtually top-ranked. The company received this award for the first time in the field of contact centers.

(2) Topics

In April 2022, the share price of the company was adopted for the first time in the calculation of FTSE Blossom Japan Sector Relative Index, a share price index of Japanese enterprises that satisfy the global standards of ESG.

FTSE Blossom Japan Sector Relative Index was established by FTSE Russell, which is a global index provider. It reflects the performance of Japanese enterprises that engage in excellent activities for the environment, society, and governance (ESG) in each sector, and it was designed to be sector neutral.

The FTSE Blossom Japan Sector Relative Index is also adopted by Government Pension Investment Fund (GPIF), which manages and invests public pension funds in Japan, for making judgments about ESG investment.

2. Fiscal Year ended February 2023 Earnings Results

2-1 Consolidated Earnings

	FY 2/22	Ratio to sales	FY 2/23	Ratio to sales	YoY	Ratio to forecast
Sales revenue	146,479	100.0%	156,054	100.0%	+6.5%	+5.4%
Gross profit	30,257	20.7%	31,962	20.5%	+5.6%	-
SG&A expenses	16,571	11.3%	17,231	11.0%	+4.0%	-
Operating income	13,234	9.0%	14,917	9.6%	+12.7%	+6.5%
Income before Income Taxes	13,463	9.2%	14,157	9.1%	+5.2%	+1.8%
Quarterly net income	8,943	6.1%	9,330	6.0%	+4.3%	+1.4%

*Unit: million yen

Sales and earnings increase, both sales and profit hit a record high since the company got listed in FY 2015.

The sales revenue was 156 billion yen, up 6.5% from the previous term.

The sales from basic operations increased 4.0% year on year. In the field related to human resources and education, the operations related to recruitment of mid-career workers increased. In the field of non-face-to-face operations, businesses related to delivery and dealing with inquiries about insurance benefits contributed, and sales in this field grew steadily. In the field related to cashless payment, credit card-related tasks increased steadily.

The sales from the operations related to COVID-19 grew considerably by 26.1% year on year, mainly due to the increase of vaccine-related tasks.

Operating income rose 12.7% year on year to 14.9 billion yen. While gross profit increased 5.6% year on year thanks to the sales growth, SGA augmented 4.0% year on year, mainly due to the increases in expenses for human resources, advertisement, and IT systems, but the company posted an impairment loss on subsidiaries in the previous fiscal year, so profit grew by double digits.

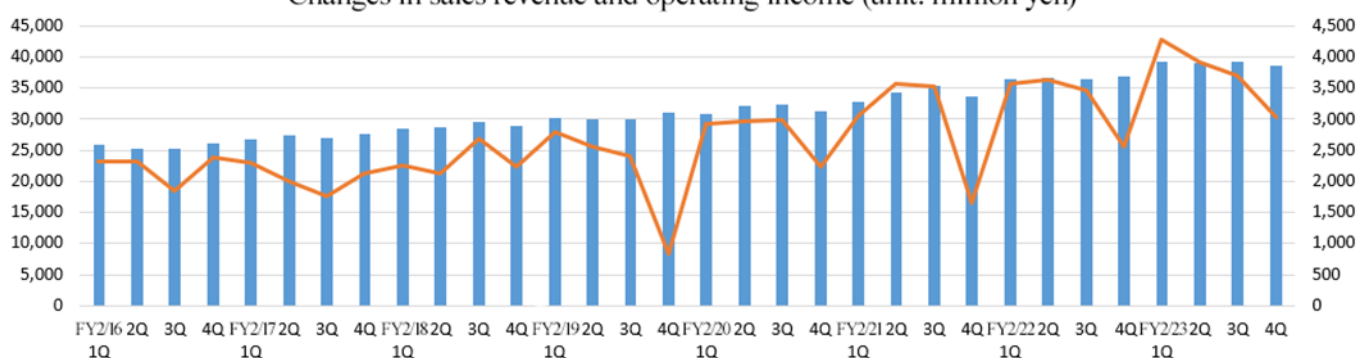
Both sales and profit exceeded the forecasts, hitting a record high since the company got listed in FY 2015.

◎Revenue Breakdown

	FY 2/22	FY 2/23	YoY	Ratio to forecast
Revenue	1,464.8	1,560.5	+6.5%	+5.4%
Fundamental business	1,279.2	1,330.5	+4.0%	0.0%
Business related to COVID-19	175.4	221.1	+26.1%	+57.9%
Other	10.2	9.0	-11.8%	0.0%

*Unit: 100 million yen.

Changes in sales revenue and operating income (unit: million yen)



2-2 Trends by segment

	FY 2/22	FY 2/23	YoY
Revenue	146,479	156,054	+6.5%
CRM business	145,465	155,158	+6.7%
Other business	1,014	896	-11.6%
Income before Income Taxes	13,463	14,157	+5.2%
CRM business	13,626	13,900	+2.0%
Other business	-163	257	-

*Unit: million yen.

(1) CRM business

Sales grew, as the economic outlook remained uncertain, but spot demand for CRM as social infrastructure and the sales from existing projects continued from the previous term increased, and the projects with synergy exerted through enhanced cooperation with ITOCHU Corporation and Toppan Inc. performed well.

Profit rose, thanks to the sales growth, activities for improving revenues, etc.

(2) Other businesses

The sales of contents declined. In the previous term, the company posted an impairment loss for the goodwill of the subsidiary, Pocke Inc., so pretax income was negative, but this term, it moved into the black.

2-3 business topics

(1) Revenue by Industry

	FY 2/22	FY 2/23	YoY
Services	366.6	407.2	+11.1%
Transportation/Communications	329.7	334.5	+1.5%
Wholesale/Retail	195.1	186.8	-4.3%
Finance/Insurance	206.1	224.7	+9.0%
Manufacturing	158.8	181.6	+14.4%
Electricity, gas, water, etc	34.3	36.9	+7.6%
Other	37.3	42.2	+13.1%
Sales revenue(Consolidated)	1,464.8	1,560.5	+6.5%

*Unit: 100 million yen.

*The sales revenue in each field indicates the sum of sales revenues from top 300 client companies of BELLSYSTEM24, Inc. (non-consolidated).

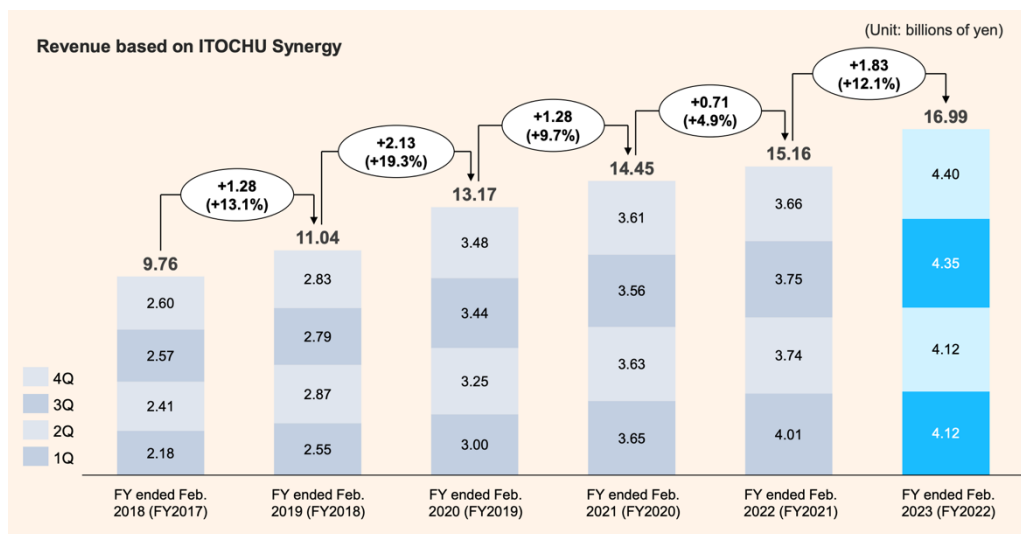
Revenue from Services increased mainly due to the expansion of personnel- and education-related business, business related to e-commerce, etc.

Revenue from Finance/Insurance rose owing to the expansion of business related to insurance, cashless payments, etc.

Revenues from Manufacturing and Other grew mainly due to the expansion of business related to COVID-19.

(2) ITOCHU Synergy

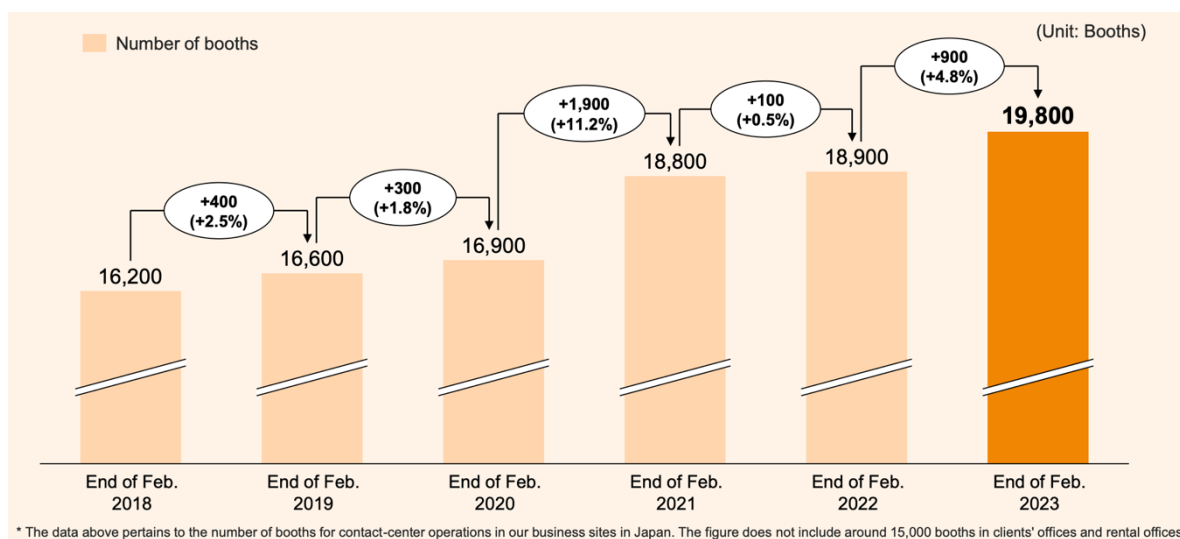
Sales increased 12.1% from the previous period, mainly due to the growth of cashless payment-related business and non-face-to-face-related business.



(From the company's materials)

(3) Situation concerning center booths

As of the end of February 2023, the number of domestic centers was 39, and the number of booths was about 19,800, up about 900 from the end of the previous fiscal year.



(From the company's materials)

BRIDGE REPORT

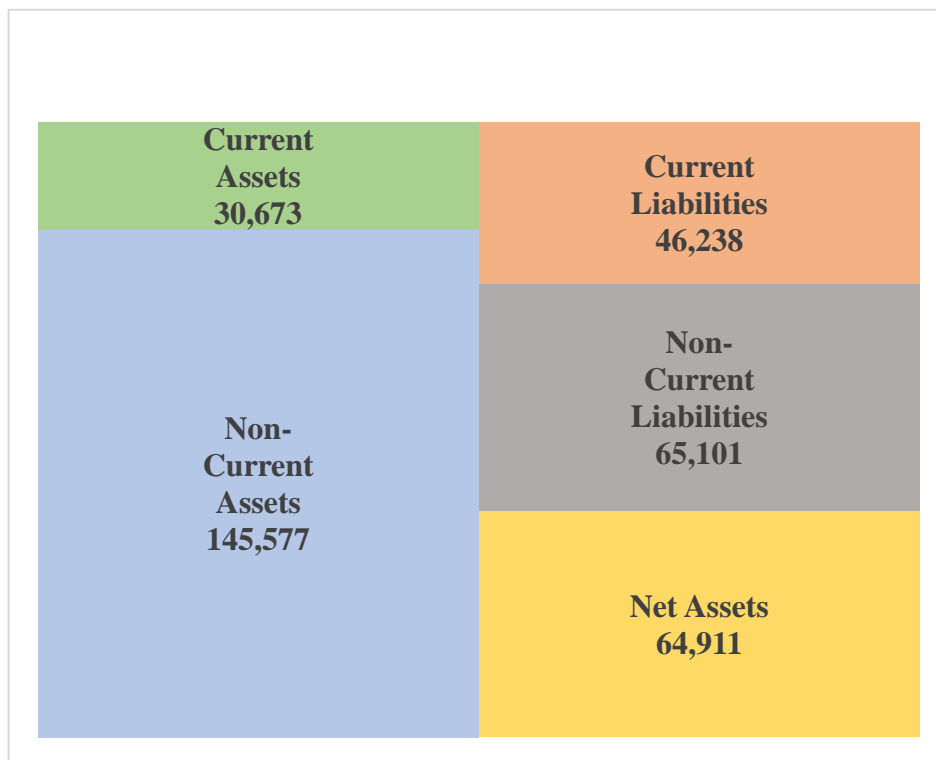


2-4 Financial condition and Cash Flow (CF)

Financial condition

	Feb. 22	Feb. 23	Increase/ decrease		Feb. 22	Feb. 23	Increase/ decrease
Current assets	28,809	30,673	+1,864	Current liabilities	67,403	46,238	-21,165
Cash and deposits	6,196	6,998	+802	Trade debt	6,691	7,634	+943
Trade Receivables	21,181	21,232	+51	Loans payable	37,481	16,600	-20,881
Noncurrent assets	149,503	145,577	-3,926	Noncurrent liabilities	51,420	65,101	+13,681
Tangible assets	40,067	37,007	-3,060	Long-term loans payable	21,971	38,221	+16,250
Goodwill	94,900	94,900	0	Total liabilities	118,823	111,339	-7,484
Total assets	178,312	176,250	-2,062	Total capital	59,489	64,911	+5,422
				Equity capital (*)	58,986	64,224	+5,238
				Total loans payable	59,452	54,821	-4,631

*Unit: million yen. Equity capital is total equity attributable to owners of the parent.



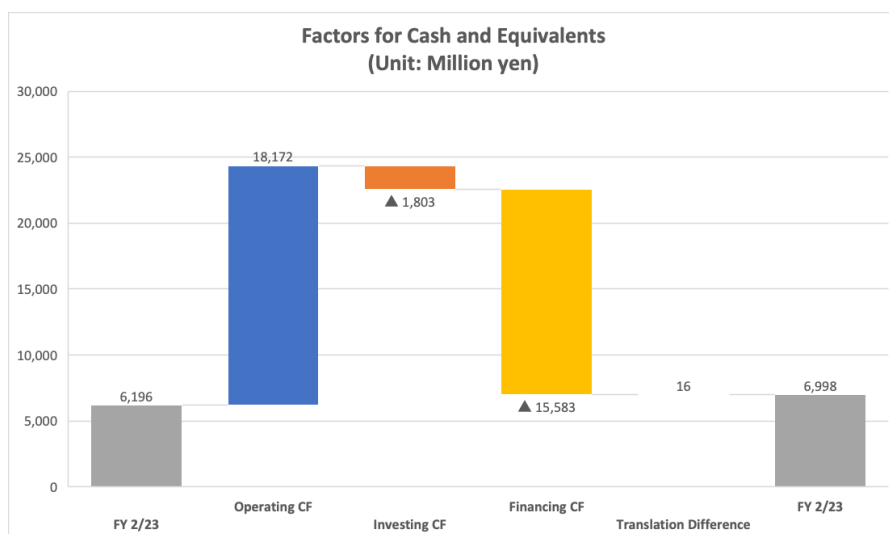
*Prepared by Investment Bridge Inc. based on disclosed materials.

Total assets decreased 2 billion yen from the end of the previous term due to an increase in cash and deposits, decrease in tangible assets, etc. Total liabilities decreased 7,400 million yen from the end of the previous term due to decrease in loans payable. Total capital increased 5,400 million yen from the end of the previous term due to an increase in retained earnings. Capital-to-asset ratio increased 3.3 points from the end of the previous term to 36.4%.

◎Cash Flow

	FY 2/22	FY 2/23	YoY
Operating Cash Flow	16,278	18,172	+1,894
Investing Cash Flow	-2,431	-1,803	+628
Free Cash Flow	13,847	16,369	+2,522
Financing Cash Flow	-13,181	-15,583	-2,402
Cash and Equivalents at Term End	6,196	6,998	+802

*Unit: million yen.



*Prepared by Investment Bridge Inc. based on disclosed materials.

The increase in operating CF and free CF expanded due to an increase in net income before tax.

The cash position increased.

3. Fiscal Year ending February 2024 Earnings Forecasts

3-1 Consolidated Earnings forecast

	FY 2/23	Ratio to sales	FY 2/24 (Est)	Ratio to sales	YoY
Sales revenue	156,054	100.0%	157,000	100.0%	+0.6%
Operating income	14,917	9.6%	13,800	8.8%	-7.5%
Income before Income Taxes	14,157	9.1%	13,400	8.5%	-5.3%
Net income	9,330	6.0%	8,800	5.6%	-5.7%

*Unit: million yen.

Forecast increase in sales and decrease in income

In the term ending February 2024, sales revenue is projected to rise 0.6% from the previous term to 157 billion yen. It is expected that operations related to national policies for COVID-19, etc.

Operating income is forecast to decline 7.5% from the previous term to 13.8 billion yen. Gross profit is projected to drop, due to the decrease of profitable operations related to COVID-19. Costs are forecast to augment, due to the expenses for installing and operating a new accounting system, the rise in SGA of new consolidated subsidiaries, etc.

The company plans to pay a dividend of 60.00 yen/share like in the previous term. The expected payout ratio is 50.2%. Under the basic policy of achieving a payout ratio of 50%, the company aims to keep increasing the dividend amount steadily.

◎Revenue Breakdown

	FY 2/23	FY 2/24 Est.	YoY
Revenue	1,560.5	1,570.0	+0.6%
Fundamental business	1,330.5	1,451.0	+9.1%
Business related to COVID-19	221.1	110.0	-50.2%
Other	9.0	9.0	+0.0%

*Unit: 100 million yen.

The sales from basic operations are expected to grow, as the demand for outsourcing is forecast to recover to the pre-pandemic level due to the subsiding of the coronavirus pandemic and the company will post the sales from BELLSYSTEM24 VIETNAM, which became a consolidated subsidiary in March.

Regarding operations related to national policies for the novel coronavirus, etc., the operations related to COVID-19 are forecast to decrease considerably, but it is assumed that the company will undertake tasks related to measures against the increase in commodity prices, etc.

4. Mid-term Management Plan 2025

The company announced the “mid-term management plan 2025.”

4-1 Review of the previous mid-term plan

The outcomes and results of the 3 priority measures in the mid-term management plan 2022, which ended in the term ended February 2023, are as follows.

(1) Qualitative aspect

① To maximize the prowess of 30,000 employees

The number of home-based contact center seats fell below the target number: 4,000 but reached 3,000.

The company won J-win (empowerment of women) Award and “Gold” in the PRIDE index (LGBTQ), and proceeded with the development of career maps and curricula, to realize a comfortable working environment in which employees can feel that their jobs are worthwhile.

The company strived to improve its human capital by utilizing the data on 30,000 workers.

② To promote DX while utilizing audio data

The company proceeded with the acquisition of multifaceted recognition solutions related to audio data as standards.

The company started “DX Direct Center” based on audio response data and emotion analysis.

The automation with chatbots and voicebots progressed.

③ Growth with partners in trust development and co-creation (cooperation with partners)

The company cemented the strategic partnership with Toppan Inc.

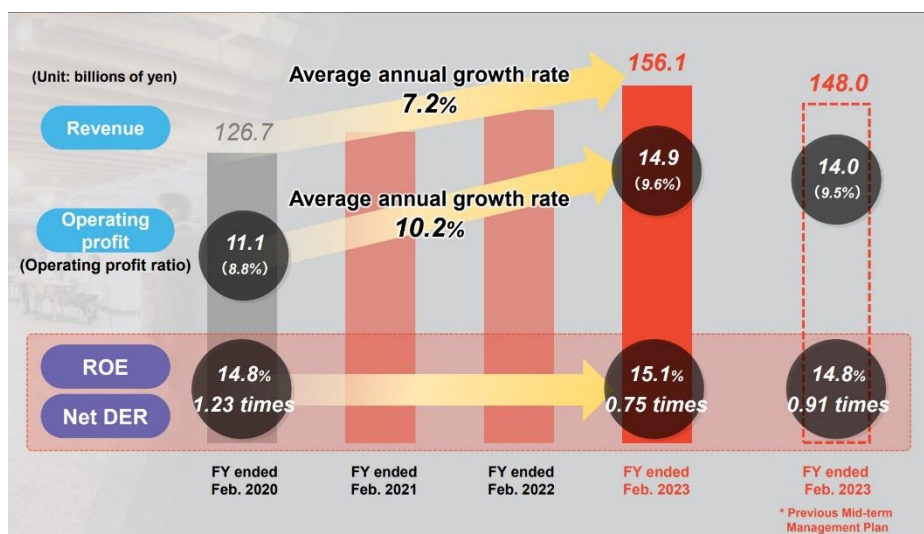
The company established “Horizon One” to undertake business processes for human resources and accounting in collaboration with Layers Consulting Co., Ltd.

The company formed alliances with BrainPad Inc. and bellFace Inc., and expanded its overseas business base.

(2) Quantitative aspect

All of sales revenue, operating income, operating income margin, ROE, and Net DER exceeded the forecasts.

Operating income grew by double digits.



(From the company’s materials)

4-2 Mid-term management plan 2025

(1) Overview

The theme of the Mid-Term Management Plan is NEW BPO—To Pursue, Connect, and Widen all “The Voices.”

After COVID-19 has subsided, society is seeing changes, such as “the normalization of economic activities and the resulting labor market tightening,” “the emergence of various management issues with an uncertain outlook arising from complex risks,” “the growth of marketing needs due to technological evolution and the complexity of customer contact points.”

In addition, the market is expected to see changes and increasing needs such as “rising labor costs due to a shortage of human resources and a shift toward automated customer service,” “increasing demand for effective BPO in both offensive and defensive areas amid various management challenges,” “marketing through the use of technology and the necessity to secure highly skilled professionals who can play an active role.”

In such a business environment, the company aims to provide new BPO services to its clients by listening to all voices (needs), including those of society, businesses, and consumers, and transforming them into value related to management decisions, process standardization, and data utilization for realizing optimal actions.

NEW also means “Next, Engage, Widen.”

(2) Priority Measures

The three priority measures are “Human resources: To have 40,000 employees exert their abilities to the maximum degree,” “Standardization: Advancement of data utilization,” and “Co-creation: Cultivating the BPO domain.”

Priority Measures	Summary/ Theme
1. Human Resources	Systematizing growth opportunities and creating the next-generation working environment. *Evolve and expand to a complete home-based operation *Maximizing the capabilities of individuals through job matching *Promoting diverse and flexible workstyle reforms in all aspects
2. Standardization	Pursuing and expanding CX operations to meet customer needs *Improving performance through pursuit of technology and analysis of voice data *Sophisticating data linkage to meet customer needs *Pursuing a hybrid operation of automation and human resources

<p>3. Co-creation</p>	<p>Creating a new BPO domain with mutually beneficial and operational capabilities</p> <ul style="list-style-type: none"> *Discovering BPO areas with high demand for large scale/stable operation needs. *Establishing marketing BPO for the evolution of CX *Promoting R&D for next-generation BPO operations with the application of new technologies
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※CX: Customer eXperience

To Pursue “1. Human Resources” and “2. Standardization,” realize collaboration with partners, which the company have been working on since the previous medium-term plan (connect), and aim to develop a new BPO domain through “3. Co-creation” (widen).



(From the company’s materials)

- ① **Human resources: To have 40,000 employees exert their abilities to the maximum degree**
- ② **Promotion of complete home-based operations**

Building a workplace where employees “mutually” optimize diversity and efficiency to overcome place and time constraints. Establishing a sustainable way of working that does not require going out and allows for the fulfilment of life and work with the goal of securing excellent human resources, reducing labor shortages, and promoting the efficiency of the centers. Increasing the number of home-based seats from 3,000 at the end of the previous fiscal year to 10,000, which includes fully home-based seats.

- ③ **Enhancement of aptitude and job matching**

To that end, the company, in collaboration with DUMSCO, Inc., a company that uses AI to analyze human resources data and develop applications, has developed a “business-matching recruitment model” that combines the use of an AI prediction model based on in-house HR data with a new company-wide unified recruitment standard and process and has begun operating it company-wide for the purpose of recruiting and retaining long-term employees.

The company believes that this will provide applicants with relevant and diverse employment opportunities to play an active role, and by streamlining the hiring process, it will further enhance follow-up services such as post-recruitment training and prevent resignation further.

DUMSCO, Inc. is a pioneering company in design and operation of AI that maximizes the performance of human resources, and Bellsystem24 Holdings has acquired 10.0% of DUMSCO's shares.

② **Standardization: To pursue CX operations**

◎ **Aim of CX operations**

To advance CX operations by utilizing data and deliver new value

To build a system in which 40,000 employees can feel the pleasure of working and everyone can play an active role, and compile data on the voices of both consumers and clients.

To attend to consumers for meeting various needs to improve customers’ experience and optimize the business process of each client to contribute to their business growth

◎ **Pursuit from two aspects**

In addition to enhancing the utilization of voice data in existing contact center operations, CX will be extended in two aspects: IT utilization and business improvement that leads to management support.

The first is to “standardize” the use of systems in the CX area through the utilization of IT. To offer digital CX consulting via IT optimized for customer response.

The second is to “standardize” business performance improvement by utilizing CX. To provide management support through the DX Direct Center, which directly contributes to the financial figures by improving customer operations.

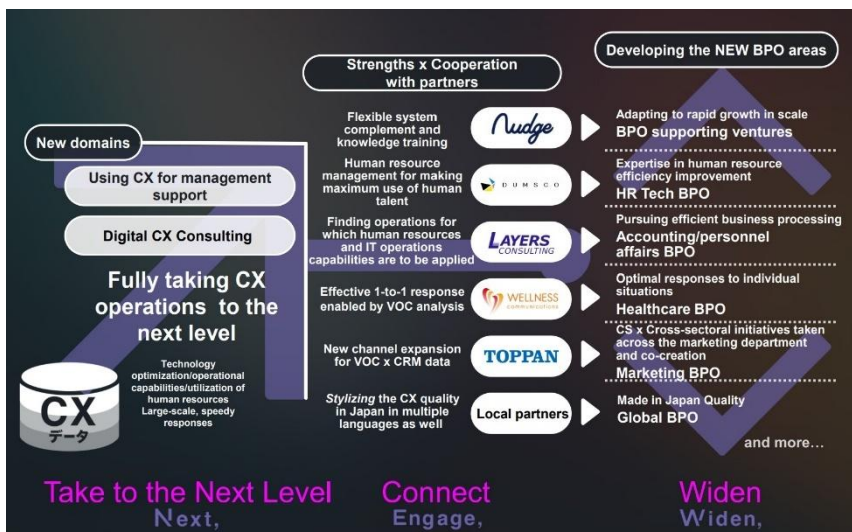
◎ **Hybrid operations combining automation and human resources**

With the spread of numerous automation technologies due to labour shortages, the company believes that it is important to achieve CX that impresses customers through hybrid operations of automation and manpower, as the evaluation and expectation of providing value filled with hospitality unique to humans will further increase.

③ **Co-creation: Exploring a new domain**

◎ **New domain “NEW BPO”**

The company aims to establish BPO businesses in promising fields, including venture support and HR tech.



(From the company’s materials)

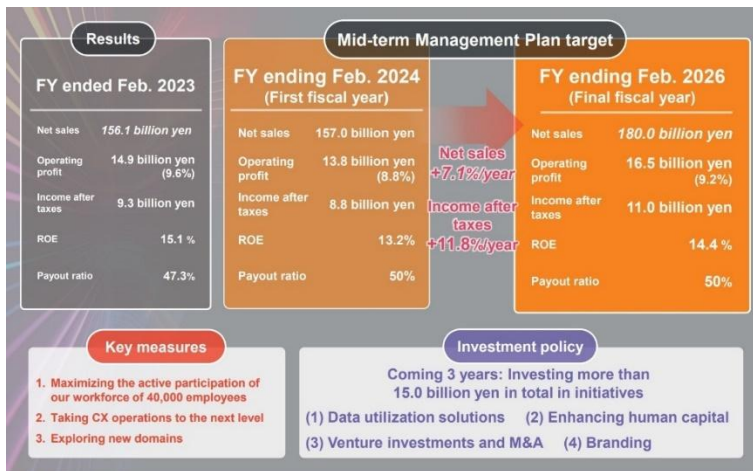
◎ **Marketing BPO where VOC* can be utilized**

To create CX communications that maintain good relationships with consumers through co-creation with each partner, including Toppan Inc.

To achieve “moderate push” and “value enhancement” in all customer channels with advanced CX response and IT operational capabilities. To create a “two-way marketing” model that delivers sustained results.

※ VOC: Voice Of Customer

(3)Quantitative targets



(From the company’s materials)

For the fiscal year ending February 2026, the company targets “a sales revenue of 180 billion yen, an operating income of 16.5 billion yen, and an after-tax profit of 11 billion yen.”

The company aims to achieve an ROE of 14.4% and a dividend payout ratio of 50%.

(4) Human capital strategy

To achieve sustainable development, the company will aggressively invest in human capital for employees and the environment and build a company that attracts “professionals” and provides worthwhile jobs.

Specifically, RE-Skilling and UP-Skilling will be promoted through a career map, and the company will define more than 20 job categories, prepare a wide range of career paths, and carry out strategic training and placement.

In addition, the company will evolve its personnel system to bring out employees’ abilities to the maximum degree, review the compensation system to secure digital and other human resources, and promote contract employees to permanent employees.

To further promote D&I (diversity and inclusion) and health management.

(5) Sustainability

Material issues have been identified, and goals have been set for the year 2025.

With regard to climate change, the company aims to reduce GHG emissions by 30% from the level in 2019.

In terms of strengthening human capital, the company aims to increase investment in training by 10% from the current level, so that it will account for 0.33% of sales, and increase the ratio of female executives to 10% or higher, and increase the ratio of female managers to 20% or higher.

Important themes	Risks, opportunities, and our material issues	Related SDGs	2025 target
Environment Responding to climate change	<ul style="list-style-type: none"> Enhancing corporate value by participating proactively in solutions to social issues Participating in local communities (Supporting climate change mitigation and elimination of disparities) 	13 Climate Action, 7 Clean Energy	<ul style="list-style-type: none"> Reducing greenhouse gas emissions by 30% from the 2019 level
Society Respect for human rights	<ul style="list-style-type: none"> Clarifying corporate stance on human resources Increasing competitiveness by improving social trust 	16 Peace, Justice and Strong Institutions, 1 Equality	<ul style="list-style-type: none"> With stakeholders, launching a new initiative to support elimination of disparities, mainly for children
Society Secure and cultivate human resources	<ul style="list-style-type: none"> Improving the continuity of the business foundations by increasing human capital Diversity of human resources and their workstyles Improved performance of human resources 	5 Quality Education, 8 Decent Work and Economic Growth	<ul style="list-style-type: none"> Increasing the amount of investment in training by 10% from the current level, thus increasing its ratio to sales to 0.33% Increasing the female executive ratio to 10% or higher and the female manager ratio to 20% or higher
Governance Risk management	<ul style="list-style-type: none"> Increasing competitiveness by improving the risk-related resilience of the overall company Risk management sophistication 	9 Industry, Innovation and Infrastructure	<ul style="list-style-type: none"> Enhancing corporate value by driving company-wide risk management Overall management of risks by the Risk Management Committee and CRO
Business growth Business model evolution	<ul style="list-style-type: none"> Improving the ability to develop businesses in various industries and of different scales, and enhancing the use of technology Innovation in business models (Evolution of the revenue model) 	9 Industry, Innovation and Infrastructure	<ul style="list-style-type: none"> Achieving more sophisticated data utilization Developing the NEW BPO areas

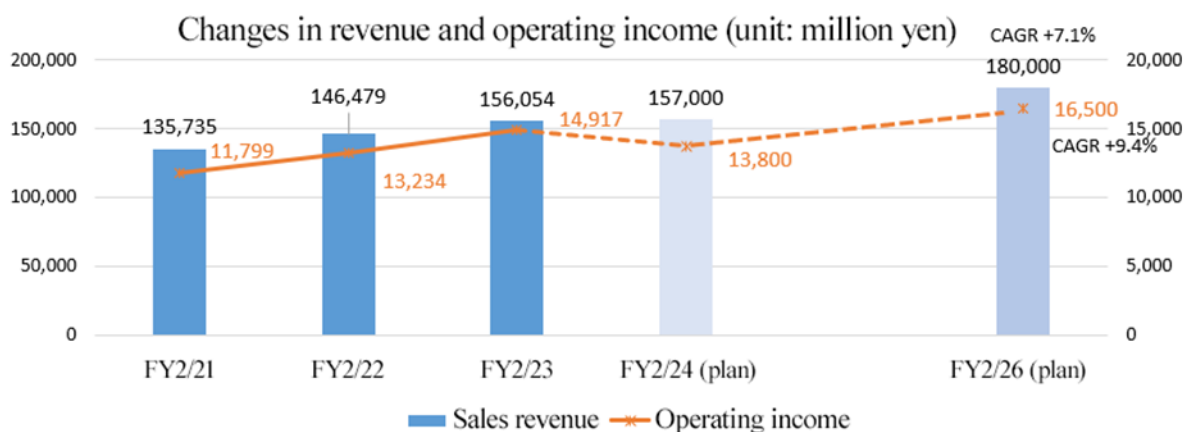
(From the company’s materials)

5. Conclusions

In the term ended February 2023, which is the final fiscal year of the mid-term management plan 2022, sales revenue and operating income exceeded the forecasts, due to the healthy performance in the term.

The number of in-home contact center seats reached 3,000, although it is below the target number: 4,000. As the company steadily implemented the three priority measures, it seems that they attained their numerical goals and developed the ground for further growth. The new mid-term management plan indicates the almost unchanged visions: “utilization and vitalization of human resources,” “adoption of cutting-edge technologies,” and “expansion and cementing of partnerships,” but the progress in the “new BPO” field is noteworthy, as they aim to establish a BPO business in promising domains, including venture escorting, human resources technology, and healthcare.

This term, sales revenue is projected to be unchanged, and profit is forecast to decline due to the decrease of profitable operations related to COVID-19 and the augmentation of SGA, but we would like to expect the growth of sales and profit from the next term.



* CAGR is the average annual growth rate for the two periods from FY2024 to FY2026. Operating income is created by Investment Bridge Inc.

<Reference : Regarding Corporate Governance>

◎ Organization type, and the composition of directors and auditors

Organization type	company with corporate auditors
Directors	9 directors, including 5 outside ones
Auditors	3 auditors, including 2 outside ones

◎ Corporate Governance Report Updated on May 27, 2022

Basic Views

Our company is striving to enhance management efficiency and manage the company that ensures transparency and soundness based on the recognition that in order to maximize corporate value, it is indispensable to establish a good relationship with all stakeholders surrounding the company and the group companies (collectively referred to as the “Group”), including our shareholders, clients, business partners, and employees and gain their trust, and to achieve it, enhancement of corporate governance is one of the important management tasks.

<Reasons for Non-Compliance with the Principles of the Corporate Governance Code>

The following information is based on the Corporate Governance Code revised in June 2021:

【Supplementary Principle 4-1-3 Appropriate supervision of succession plans for the CEO and other top executives】

Although our board of directors has not formulated any succession plan for the CEO and executive officer who concurrently serves as the president that is the highest managerial position, the board recognizes the importance of the roles that stakeholders expect the president to play.

The nominating committee exercises comprehensive judgment about such matters as whether candidates satisfy the criteria for selection of candidates for the president, which are specified in the criteria for the appointment and dismissal of directors, including the ability to make business decisions, courage as a corporate manager, multifaceted vision and foresight, and makes proposal to the board of directors.

<Disclosure Based on the Principles of the Corporate Governance Code (Excerpts)>

【Principle 1-4 Strategically held shares】

As a basic policy, when conducting any investment other than net investment, we discuss whether our group’s business will have synergetic effects through the business tie-up, information sharing, etc. with an invested company, and when reducing investment, we discuss whether there will be synergetic effects. Furthermore, on respective stock which does not have dividends or with sluggish performance, we examine whether we should keep holding or reduce their shares for capital efficiency improvement every year, by analyzing expected business performance and recoverability from the viewpoints of economic reasonability.

As for strategically held shares of listed companies, the Board of Directors discussed whether or not to keep holding the shares of a company (balance sheet amount 19 million yen) and decided to continuously hold it.

With regard to exercise of the voting rights for strategically held shares, our company basically makes comprehensive judgment for individual proposals about such matters as whether or not doing so will boost the corporate value and the shareholder return of the companies in which we invest for the medium- and long-term, and whether or not doing so will contribute to enhancing our corporate group’s value through maximization of synergy that is our company’s goal of investment.

【Supplementary Principle 2-4-1 Ensuring diversity in the promotion to core human resources】

(1) Ensuring diversity

Following our corporate philosophy, our company respects the diversity in our employees and makes proactive efforts, including development of an environment that allows people with all attributes to work enthusiastically, establishment of a flexible personnel system, and provision of educational opportunities that support autonomous growth of our employees.

<https://positive-ryouritsu.mhlw.go.jp/positivedb/detail?id=11012>

(2) Women

Our company has been taking proactive action for promoting active participation of women, and our efforts have gained recognition of outside organizations through various awards and certificates that we have received. We will continue our efforts, such as improvement of our workplace environment, provision of opportunities for broadening experience, and support for autonomous career development, and conduct activities aimed at building pipelines at each hierarchical level and increasing the ratio of female workers in various positions to raise the number of female workers who will be involved in business decision-making processes.

<<Target ratio of female workers in managerial positions: Database regarding Promotion of Women's Participation and Advancement by the Ministry of Health, Labor and Welfare>>

Visit the following website concerning the general employer action plans pursuant to the Women's Advancement Promotion Law:

<https://positive-ryouritsu.mhlw.go.jp/positivedb/detail?id=11012>

(3) Employment of Foreigners

Our company promotes employment of human resources from all over the world regardless of nationality, and about 170 regular and non-regular employees with foreign nationalities are currently working at our company inside and outside Japan. While we are doing business mainly in Japan, we will promote human resources to managerial positions based not on their nationalities or genders, but on their abilities and business performance according to our business expansion overseas in the future.

(4) Employment of mid-career workers

Our company proactively employs mid-career workers (including workers whose employment status is changed from the contract employee to the regular employee) so as to secure work-ready human resources, and mid-career workers account for about 75% of all of our employees and make up about 80% of the employees in managerial positions, playing active roles in every level and post. We will continuously endeavor to further expand diversity in our company through proactive mid-career employment.

【Supplementary principle 3-1-3 Initiatives on sustainability】

In the medium-term management plan that our company disclosed on October 7, 2020, we have presented social issues to be addressed, and our image of achievement against the issues as of the end of fiscal year 2022 based on our corporate philosophy, important issues, and policies to focus on.

In addition, regarding investment in human capital, we not only secure skilled human resources by changing the contract type from fixed-term employment to the permanent employment, but also enhance our human capital by providing support to them so that they can work for a long period of time with a sense of security through opportunities of special pre-employment training that enable them to acquire necessary skills in advance.

Concerning investment in intellectual property, we make strategic investment in such items as AI and systems based on the objective of promoting digital transformation (DX) that we have defined in our medium-term management plan.

We expect that risks and revenue opportunities associated with climate change will have negligible impact on our company's business activities and earnings, and the environmental burdens that our business activities impose will also be limited.

We will identify risks and opportunities and set numerical targets after assessing the impact and risks that climate change issues may cause on our company's business, based on an understanding of the current situation and scenario analysis according to the framework of the Task Force on Climate-related Financial Disclosures (TCFD). Furthermore, we will strengthen our governance systems that are related to policy formulation and implementation, and apply them to our medium- and long-term strategies and roadmaps as appropriate.

【Principle 5-1 Policy for constructive dialogue with shareholders】

In order to achieve sustainable growth and improve mid/long-term corporate value, our company will conduct constructive dialogues with shareholders within an appropriate range and an appropriate method in accordance with the following policies.

(1) Directors in charge of IR will be designated and said Directors will manage all dialogues with shareholders.

(2) The IR division will be established under the supervision of Directors in charge of IR and promote the appropriate exchange of information and organic cooperation among the management planning division, the accounting/financial division, and other related divisions.

(3) In order to enrich the means of dialogues with shareholders, a session for briefing financial results will be held at the time of announcement of interim and full-year results.

(4) Shareholders' opinions, etc. grasped through dialogues will be reported to the Directors in charge of IR and relevant divisions and shared with the Board of Directors when necessary.

BRIDGE REPORT



(5) We will conduct dialogues with shareholders pursuant to the regulations for preventing insider trading, which stipulate the prohibition of information transmission and promotion of transactions, and necessary measures for limiting the forwarding of insider information

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