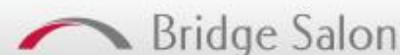


## BRIDGE REPORT



 President Hiroshi Kajiwara	BELLSYSTEM24 Holdings, Inc. (6183)
	

## Company Information

Exchange	TSE Prime Section
Industry	Service business
Representative Director, President, Executive Officer, and CEO	Hiroshi Kajiwara
Address	6F Kamiyacho Trust Tower 4-1-1, Toranomon, Minato-ku, Tokyo
Year-end	February
Homepage	<a href="https://www.bell24.co.jp/en/">https://www.bell24.co.jp/en/</a>

## Stock Information

Share Price	Number of shares issued (Term-end)		Total market cap	ROE Act.	Trading Unit
¥1,132	73,753,310 shares		¥83,488 million	11.7%	100 shares
DPS Est.	Yield Est.	EPS Est.	PER Est.	BPS Act.	PBR Act.
¥60.00	5.3%	¥110.10	10.3 x	¥953.69	1.2 x

\*The share price is the closing price on April 21. Figures are from the financial results for the fiscal year ended February 2025.

## Earnings Trend (IFRS)

Fiscal Year	Sales Revenue	Operating Income	Income before Income Taxes	Net Income	EPS	DPS
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 Act.	148,717	11,479	11,225	7,545	102.61	60.00
February 2025 Act.	143,607	11,587	11,232	8,003	108.81	60.00
February 2026 Est.	150,000	12,000	11,760	8,100	110.10	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 introduces the earning results for the fiscal year ended February 2025, the Medium- to Long-Term Growth Scenario, and other information of BELLSYSTEM24 Holdings, Inc.

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## Key Points

- In the fiscal year ended February 2025, sales revenue declined 3.4% year on year to 143.6 billion yen. In particular, the sales from basic operations grew 1.4% year on year. The sales growth of business operations in the first half of the fiscal year was slight as large-scale projects ordered in the previous fiscal year decreased, but in the second half, the sales from new and existing projects, election-related tasks, etc. increased. The sales from tasks related to national measures against COVID-19 dropped 77.2% year on year due to the end of related projects. Operating income rose 0.9% year on year to 11.5 billion yen. Gross profit declined 6.4% year on year due to the decrease of profitable tasks related to national measures against COVID-19, but SGA, too, dropped 2.5% year on year, due to the shrinkage of indirect personnel expenses through the optimal staffing of employees and the reduction of advertising costs, equipment-related expenses, etc. Profit decreased until the third quarter, but recovered in the fourth quarter through the sale of some shares of a subsidiary, so annual profit was almost unchanged from the previous fiscal year.
- Sales and profit are expected to grow in the fiscal year ending February 2026. Sales revenue is projected to rise 4.5% year on year to 150 billion yen. The sales from smart contact centers (SC) and smart business support (SB) are forecast to increase. Operating income is expected to grow 3.6% year on year to 12 billion yen. Gross profit is forecast to rise 11.0% year on year, due to the sales growth, the improvement in performance of consolidated subsidiaries, and the decrease in rents, utility charges, etc. through the optimization of business bases in the previous fiscal year. It will offset the augmentation of SGA. They plan to pay a dividend of 60.00 yen/share like in the previous fiscal year. The expected payout ratio is 54.5%. Under the basic policy of achieving a payout ratio of 50%, they aim to increase the dividend amount by growing profit.
- Through the advent and rapid evolution of generative AI, the market environment surrounding the company is changing significantly, so the company drew up a medium/long-term growth scenario based on the three growth engines: (1) response to the needs for outsourcing, (2) utilization of generative AI, and (3) support for marketing for sustainable growth utilizing their strengths and competitive advantages. They aim to achieve “sales of 250 billion yen and an operating income margin of 10% or higher in FY 2030.”
- Due to the coronavirus pandemic, the growth rate of the company became sluggish. Since FY 2019, the average annual growth rate of sales revenue from basic operations, excluding tasks related to national measures against COVID-19, has been 2.5%, falling below 7.1%, the average before the pandemic. In the medium/long-term growth scenario, they aim to achieve a consolidated sales revenue of 250 billion yen in FY 2030 with CAGR being 9.7%, which exceeds the pre-pandemic growth rate. We would like to keep paying attention to their activities for pursuing growth by utilizing the alliances with external parties, including the ITOCHU Group, based on competitive advantages, such as 30,000 call center operators and an enormous volume of data on 500 million calls per year (Voice of Customer [VOC]).

## 1. Company Overview

The company, which is the holding company, its 7 consolidated subsidiaries, and its 3 equity method affiliates 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 7 subsidiaries are BELLSYSTEM24, Inc. (capital contribution ratio: 100.0%), which operates contact centers and related services, SKY Perfect Customer-relations Corporation (capital contribution ratio: 51.0%), which became a consolidated subsidiary through their investment in the company for operating customer centers of “SKY PerfecTV!,” a fee-charging multichannel broadcasting service, and also offers consulting and educational services related to customer centers, Horizon One Inc. (capital contribution ratio: 51.0%), a joint venture with Layers Consulting Co., Ltd., which undertakes business processes and offers various consulting, and human resource activity support services in the areas of human resources and accounting, THINKER Inc. (capital contribution ratio: 70.0%), which utilizes data generated at customer contact points for corporate marketing DX and also develops AI solutions led by data analysts and engineers, BellSoleil, Inc. (capital contribution ratio: 100.0%), a special subsidiary aimed at promoting the employment of people with disabilities, BELLSYSTEM24 TAIWAN, Inc. (capital contribution ratio: 100.0%), which offers outsourcing services for CRM solutions, the services of developing and operating EC sites, advertisement and promotion services, social media-based marketing services, and online direct promotion services in Taiwan, and BELLSYSTEM24 VIETNAM Inc. (capital contribution ratio: 80.0%), which operates contact center business in Vietnam.

There are three affiliated companies accounted for by the equity method: CTC First Contact Corporation (capital contribution ratio: 48.0%), which operates IT service desks and supports clients in business process outsourcing (BPO), TB Next Communications Co., Ltd. (capital contribution ratio: 49.0%), a joint venture with TOPPAN Inc. that supports DX promotion and develops next-generation BPO services, and TrueTouch Co., Ltd. (capital contribution ratio: 49.9%), which operates a contact center in Thailand and provides services to customers in Japan and overseas.

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).

BELLSYSTEM24, Inc., the core of the group, has been developing a wide range of task-undertaking businesses focusing on contact centers that serve as the interface between companies and consumers for approximately 40 years since its establishment in 1982 and has created a standard model for the industry.

Based on the operational expertise cultivated by combining the power of people and technology, the company is actively developing new AI-based solutions with the aim of improving its business value.

### 【1-1 Corporate Philosophy】

The company pursues the following PURPOSE and VALUES.

In order to define in a single word what we should be and our commitments, the company has established a CORPORATE VOICE and a MANIFESTO for further clarification.

#### PURPOSE

To sustain the prosperity of society, through innovation and communication

#### VALUES

- Dialogue: Engaging to better understand concerns and ideas, working together toward resolutions and success.
- Creativity: Fusing the competence of on-site workers with the evolving technology to create unmatched value
- Diversity: Creating workplaces that enable each employee to thrive as individuals and discover hidden potential
- Partners in success: Committing success for our customers by using accumulated experience to achieve optimal solutions
- Co-creating prosperity: Increasing the experiential value of products and services to support precious moments for all

## BRIDGE REPORT



## 【1-2 Business Contents】

## (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

	FY 2/25
CRM business	143,196
Other	411
Consolidated sales revenue	143,607

\* 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 around 90% of sales, and spot operations, such as election-related tasks, constitute the remaining portion. Furthermore, sales from Softbank Corp. account for around 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 undertaking routine tasks of client companies)

Since 2020, they have disclosed the sales revenue in the CRM business by classifying it into “basic operations” and “tasks related to national policies against COVID-19,” because the tasks related to COVID-19 increased, but most of such tasks have been finished, and they considered that the progress of their business can be reported more accurately by handling the next-generation contact center business, on which they concentrate, and the back-office business support for client companies as independent segments, so they have decided to disclose their performance with the two segments: “smart contact center (SC) business” and “smart business support (SB) business” from the fiscal year ending February 2026.

Segment	Outline
Smart contact center (SC) business	Tasks for communication between client companies and end users <ul style="list-style-type: none"> <li>•Tasks for attending to foreign customers with customer centers, etc.</li> <li>•Outbound marketing to reel in customers, promote sales, etc.</li> <li>• Development of call center environments, including BellCloud+ and voice recognition</li> <li>• Peripheral tasks, including the accumulation of knowledge on how to attend to customers, FAQs, etc.</li> <li>•Data-based marketing and data analysis</li> <li>•Consulting related to contact centers</li> </ul>
Smart business support (SB) business	Tasks for supporting the in-house operations of client companies <ul style="list-style-type: none"> <li>•Personnel affairs, accounting, and general affairs</li> <li>•Data entry</li> <li>•Screening, monitoring, and list examination</li> <li>•Marketing support, draft production and proofreading for websites</li> <li>•Consulting regarding in-house operations</li> <li>•In-company help desk operation</li> </ul>

## BRIDGE REPORT

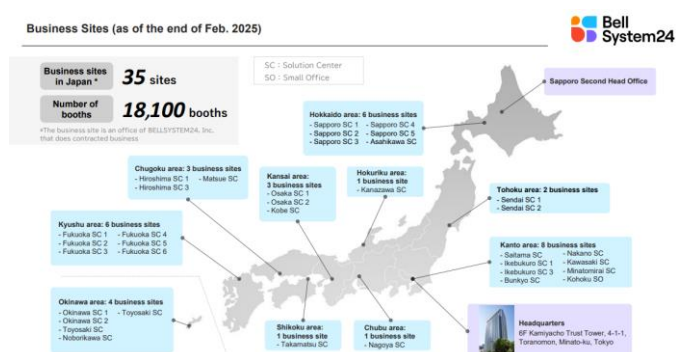
**(2) Customers**

Their customer base is composed of over 1,500 companies. The company's ability to respond to the needs of customers in diverse industries and business categories has been highly evaluated.

Industry Type	Overview
Service	Introduction of personnel, Internet-related services, broadcasting, electronic money, code settlement, point services, etc.
Transportation & Communication Industry	Communications carriers, providers, travel, transportation, etc.
Finance and Insurance	Banking, securities, life and non-life insurance, credit cards, etc.
Wholesale and Retail	Mail order, e-commerce, product sales services, etc.
Manufacturing	Manufacturers, food production, printing, pharmaceuticals, etc.
Other	Local governments, electricity, gas, water, housing, real estate, etc.

**(3) Business establishments**

As of the end of February 2025, the company had 35 offices and 18,100 booths in Japan. As overseas bases, the company has a consolidated subsidiary in Vietnam, a branch in Taiwan, and a group company in Thailand.

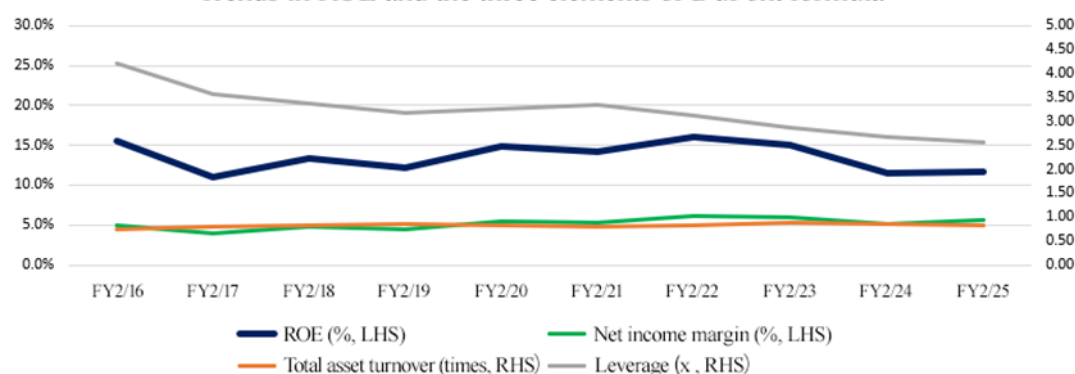


(From the company's materials)

**【1-3 ROE Analysis】**

	FY 2/16	FY 2/17	FY 2/18	FY 2/19	FY 2/20	FY 2/21	FY 2/22	FY 2/23	FY 2/24	FY 2/25
<b>ROE (%)</b>	<b>15.6</b>	<b>11.0</b>	<b>13.4</b>	<b>12.1</b>	<b>14.8</b>	<b>14.2</b>	<b>16.0</b>	<b>15.1</b>	<b>11.5</b>	<b>11.7</b>
Net income margin (%)	4.91	3.95	4.85	4.46	5.53	5.34	6.11	5.98	5.07	5.57
Total asset turnover (times)	0.75	0.79	0.82	0.86	0.82	0.80	0.83	0.88	0.85	0.82
Leverage (x)	4.22	3.56	3.37	3.16	3.25	3.34	3.13	2.88	2.69	2.56

Trends in ROE and the three elements of DuPont formula



Despite the downward trend in leverage, ROE has remained in the order of 10%, exceeding the 8% target that Japanese companies are generally considered to be aiming for. Under the medium-term growth strategy, they plan to engage in the improvement in profitability mainly through the utilization of generative AI, so it seems that there is significant room for further improvement in ROE.

#### **【1-4 ESG】**

They actively engage in activities for solving social issues while considering their corporate philosophy, important issues, and ESG. Such activities are highly evaluated by external organizations.

\*Excerpt from the reference material for briefing the financial results in the fiscal year ended February 2025

#### **◎ Chosen as one of stocks for calculating MSCI Japan ESG Select Leaders Index while GPIF announced that this index would be adopted**

On March 4, 2024, Government Pension Investment Fund (GPIF) adopted “MSCI Japan ESG Select Leaders Index” as a major index for ESG investment, and the company was chosen as one of stocks for calculating this index. Accordingly, the share price of the company is now used for calculating 5 ESG indices adopted by GRIF for making decisions about ESG investment.

#### **◎ Rated as “Prime” in “ESG Corporate Rating” by ISS ESG for the first time.**

Bellsystem24 Holdings was rated as “Prime” in “ESG Corporate Rating (dated April 12, 2024)” by ISS ESG, which is the representative investment section of Institutional Shareholder Services, which gives advice on the exercise of voting rights in the U.S., and one of leading ESG rating institutions.

#### **◎ As a result of CDP’s survey on climate change, the company received the “B” score, which indicates the management level, for the first time.**

They received the “B” score, as a result of the survey on “climate change” in FY 2023, which was conducted by CDP, a British NGO operating a global system for disclosing environmental information.

#### **◎ Got the highest rank “Gold” for the 6<sup>th</sup> consecutive year in “PRIDE Index 2024,” an index for evaluating initiatives for LGBTQ+.**

In “PRIDE Index 2024,” an index for evaluating initiatives for LGBTQ+ at workplaces, including enterprises and groups, which was formulated by the general incorporated association “work with Pride,” the company got the highest rank “Gold,” which indicates that all of certification criteria have been satisfied, for the sixth consecutive year.

#### **◎ Certified in “Certified Health & Productivity Management Organization Recognition Program 2024 (the large-sized corporation section)” for the 2nd consecutive year.**

The company was certified in the large-sized corporation section of “Certified Health & Productivity Management Organization Recognition Program 2024,” which is jointly held by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi.

#### **◎ Certified as a company with “human capital management quality (silver)” in “Human Capital Survey 2023” for the first time.**

The company was certified as a company with “human capital management quality (silver)” in “Human Capital Survey 2023,” one of the largest surveys on human capital management and disclosure in Japan.

#### **◎ Ranked “Gold” in the system for certifying good-standing enterprises in FY 2024.**

The company was ranked “Gold” in the system for certifying good-standing enterprises, which is operated by JWS Japan White Spread, in FY 2024.

#### **◎ Certified as the “best workplace,” which indicates the top rating, at “D&I Award 2024,” which is held by JobRainbow Co., Ltd., for the 4<sup>th</sup> consecutive year.**

The company was certified as the “best workplace,” which indicates the top rating, at “D&I Award,” which is held by JobRainbow Co., Ltd. for evaluating the initiatives for diversity & inclusion of enterprises, for the 4th consecutive year.



### 【1-5 Measures for realizing business administration conscious of capital cost and share price】

#### (Policies and recognition of the status quo)

Considering that the business administration deeply conscious of capital cost and profitability is essential for achieving sustainable growth and improving medium/long-term corporate value, the company adopted ROE as one of management indicators, and aims to improve capital profitability by keeping ROE higher than cost of shareholders' equity.

In capital and financial strategies, they are striving to improve corporate value, by allocating the cash inflow through business to shareholder return, investment for growth, and repayment of interest-bearing liabilities in a balanced way. In fiscal year 2024, out of the operating cash inflow amounting to 17.4 billion yen, they allocated 4.4 billion yen to shareholder return, 3.7 billion yen to investment in business and equipment, and 9.3 billion yen to the repayment of interest-bearing liabilities.

The cost of shareholders' equity in the fiscal year ended February 2025 is considered to be around 8%, and ROE was higher than that (being 11.7% in the fiscal year ended February 2025 with the average in the past five fiscal years being 13.7%). The company will keep ROE from falling below the cost of shareholders' equity, with the aim of improving capital profitability.

PBR was around 1.3 as of the end of February 2025, remaining above 1.0 in the past five fiscal years. By making efforts to improve profitability and growth potential, they will aim to get higher valuations in the market and improve PBR.

## 2. Fiscal Year ended February 2025 Earnings Results

### 【2-1 Consolidated Earnings】

	FY 2/24	Ratio to sales	FY 2/25	Ratio to sales	YoY	Compared with the forecast
Sales revenue	148,717	100.0%	143,607	100.0%	-3.4%	-6.1%
Gross profit	27,139	18.2%	25,412	17.7%	-6.4%	-14.7%
SG&A expenses	16,598	11.2%	16,182	11.3%	-2.5%	-6.5%
Operating income	11,479	7.7%	11,587	8.1%	+0.9%	-7.3%
Income before Income Taxes	11,225	7.5%	11,232	7.8%	+0.1%	-7.9%
Net income	7,545	5.1%	8,003	5.6%	+6.1%	0.0%

\*Unit: million yen. Net income is profit attributable to owners of the parent.

### Sales revenue declined, but profit was almost unchanged from the previous fiscal year

Sales revenue declined 3.4% year on year to 143.6 billion yen.

In particular, the sales from basic operations grew 1.4% year on year. The sales growth of business operations in the first half of the fiscal year was slight as large-scale projects ordered in the previous fiscal year decreased, but in the second half, the sales from new and existing projects, election-related tasks, etc. increased. The sales from tasks related to national measures against COVID-19 dropped 77.2% year on year due to the end of related projects.

Operating income rose 0.9% year on year to 11.5 billion yen. Gross profit declined 6.4% year on year due to the decrease of profitable tasks related to national measures against COVID-19, but SGA, too, dropped 2.5% year on year, due to the shrinkage of indirect personnel expenses through the optimal staffing of employees and the reduction of advertising costs, equipment-related expenses, etc. Profit decreased until the third quarter, but recovered in the fourth quarter through the sale of some shares of a subsidiary, so annual profit was almost unchanged from the previous fiscal year.



## BRIDGE REPORT



## ◎Revenue Breakdown

	FY 2/24	FY 2/25	YoY	Compared with the forecast
Sales revenue	1,487.2	1,436.1	-3.4%	-6.1%
Basic operations	1,391.9	1,411.7	+1.4%	-5.4%
Operations related to national policies for COVID-19, etc.	89.2	20.3	-77.2%	-32.3%
Others	6.1	4.1	-32.8%	-41.4%

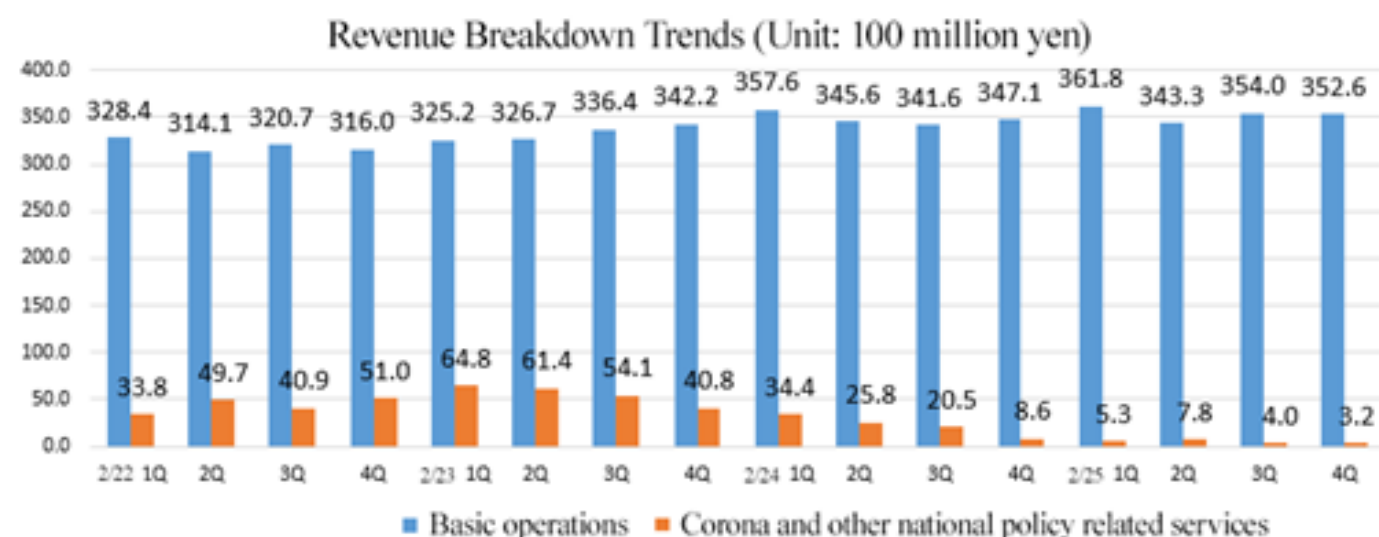
\*Unit: 100 million yen.

## ◎Basic Operations

New projects increased, but large-scale projects decreased, so the growth of sales revenue was slight. Although large-scale projects decreased, new clients are increasing steadily.

## ◎Operations related to national policies for COVID-19, etc.

Almost all of the operations related to COVID-19 have been completed.



## 【2-2 Business Topics】

## (1) Sales revenue in each industry (Basic operations)

	FY 2/24	FY 2/25	YoY
Service industry	338	331	-2.1%
Transportation/communication	306	296	-3.3%
Finance/insurance industry	240	253	+5.4%
Wholesale/retail	175	164	-6.3%
Manufacturing industry	83	78	-6.0%
Other	70	79	+12.9%

\*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). The year-on-year percentage change is calculated by Investment Bridge based on the company's data.

## (Increase in sales)

Finance/Insurance: The sales related to insurance, mainly life and non-life insurance, were healthy. There was a large spot transaction in the first quarter (March - May)

Other: Tasks for supporting the DX in municipalities and new electric power services increased steadily.



## BRIDGE REPORT



## (Decrease in sales)

Services: Large-scale transactions related to the introduction of personnel decreased from the previous fiscal year, but new services, including Internet-related ones, increased.

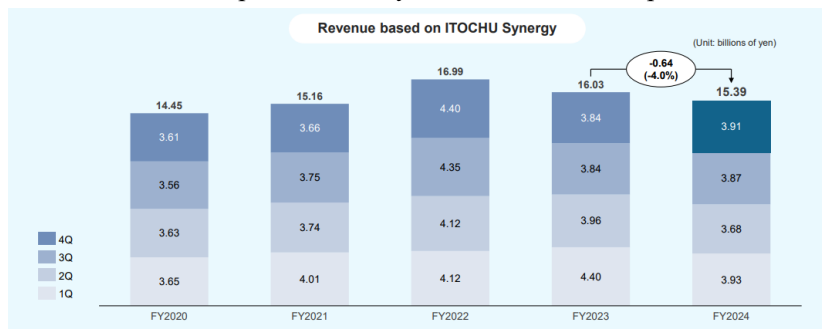
Transportation/communications: For communications carriers, mainly the sales revenue from services for individuals declined. In the second half of the fiscal year, sales increased thanks to the tasks related to recall.

Wholesale and retail: The performance of mail-order business and e-commerce was stagnant as a whole, but the performance of healthy food products, etc. was healthy.

Manufacturing: Sales revenue declined due to the decrease of tasks, including the response to the rise in electricity charges, but the sales revenue related to pharmaceutical products was healthy. In the third quarter (Sep. to Nov.), sales grew thanks to the tasks related to the election of the House of Representatives.

**(2) ITOCHU Synergy**

In the first half of the fiscal year, sales dropped 9.0% year on year due to the end of business operations for some large-scale projects, but in the second half, sales increased year on year thanks to the increase of orders from existing clients. As a result, annual sales declined 4% from the previous fiscal year. ITOCHU shows a proactive stance for expanding business with the company.



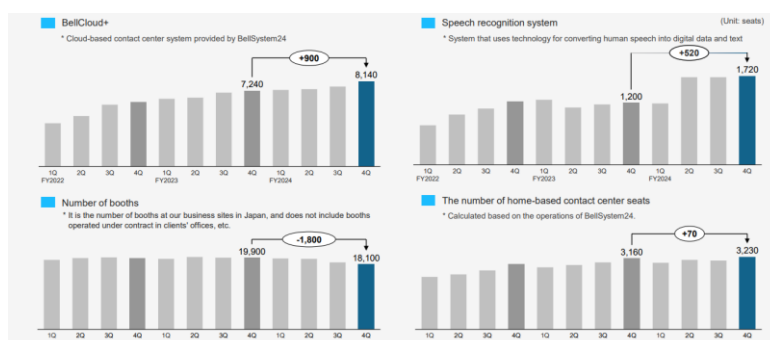
(From the company's materials)

**(3) Quarterly variations in the number of contact center booths, etc.**

The number of desks with the voice recognition system (which converts speaking voices into digital data and transcribe them into text) in which they concentrate on increased by 520 from the end of the previous fiscal year, as new desks were prepared for large-scale projects. They aim to install the voice recognition system in more desks for analyzing data and utilizing or promoting generative AI technologies.

The cloud-type contact center "BellCloud+," which is the base for DX utilizing voice data, is expanding steadily. The number of seats increased 900 from the end of the previous fiscal year to 8,140. "BellCloud+" is the company's strategic system equipped with the functions for voice recognition, emotion analysis, Chatbot, Voicebot, and telework, which are required for contact center operations.

On the other hand, they are decreasing contact centers mainly in the Tokyo Metropolitan Area while relocating them to local areas in response to the completion of projects related to COVID-19 and tasks for large-scale projects. The number of seats of home-based contact centers increased slightly, while the number of booths decreased.



(From the company's materials)

## BRIDGE REPORT

**(4) Progress of the Investment in the Medium-term Management Plan**

The total investment amount for the three years until the fiscal year 2025 announced in the Medium-Term Management Plan 2025 amounted to more than 15 billion yen. The investment is scheduled to be focused on the following areas:

1. Investment in equipment at business establishments, etc.
2. Business investment
3. Investment for data-based solutions and human capital enhancement

The total investment amount in the fiscal year ended February 2025 was 37.1 billion yen. The details were as follows.

Category	Investment amount	Breakdown
Capital investment	1.68 billion yen	<ul style="list-style-type: none"> <li>Data utilization solutions: investment in voice infrastructure (Bellcloud, Bellcloud+, etc.)</li> <li>IT infrastructure investment: investment in IT equipment and software development</li> <li>Facility investment: facility investment in business establishments</li> <li>ESG-related investment: Investment in solar power generation equipment</li> </ul>
Business investment	1.12 billion yen	<ul style="list-style-type: none"> <li>Acquisition of SKY Perfect Customer-relations Corporation as a consolidated subsidiary</li> <li>Small investments in venture companies</li> </ul>
Investment expenses	0.91 billion yen	<ul style="list-style-type: none"> <li>Data utilization solutions: data analysis investment, generative AI and DX-related investment</li> <li>Strengthening human capital: investment in human resources training, investment in improving the environment of business establishments and engagement</li> </ul>
<b>Total</b>	<b>3.71 billion yen</b>	-

**【2-3 Financial condition and Cash Flow (CF)】****◎Financial condition**

	Feb. 24	Feb. 25	Increase/ decrease		Feb. 24	Feb. 25	Increase/ decrease
Current assets	28,297	28,042	-255	Current liabilities	48,599	57,413	+8,814
Cash and deposits	7,213	6,992	-221	Trade debt	5,531	5,634	+103
Trade Receivables	19,195	19,006	-189	Loans payable	23,000	30,799	+7,799
Noncurrent assets	147,168	146,371	-797	Noncurrent liabilities	59,127	46,163	-12,964
Tangible assets	35,828	31,563	-4,265	Long-term loans payable	33,234	23,247	-9,987
Goodwill	96,772	94,651	-2,121	Total liabilities	107,726	103,576	-4,150
Total assets	175,465	174,413	-1,052	Total capital	67,739	70,837	+3,098
				Equity capital(*)	66,730	70,160	+3,430
				Total loans payable	56,234	54,046	-2,188

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

Total assets decreased 1.0 billion yen from the end of the previous fiscal year, mainly due to the decreases in fixed tangible assets. Total liabilities decreased 4.1 billion yen from the end of the previous fiscal year, as short and long-term loans payable shrank 2.1 billion yen. Total shareholders' equity increased 3.0 billion yen from the end of the previous fiscal year, as retained earnings grew while capital surplus decreased. Capital-to-asset ratio increased 2.2 points from the end of the previous term to 40.2%.

## BRIDGE REPORT



## ◎Cash Flow

	FY 2/24	FY 2/25	Increase/ decrease
Operating Cash Flow	13,587	17,391	+3,804
Investing Cash Flow	-3,097	-3,693	-596
Free Cash Flow	10,490	13,698	+3,208
Financing Cash Flow	-10,286	-13,897	-3,611
Cash and Equivalents at Term End	7,213	6,992	-221

\*Unit: million yen.

The surpluses of operating cash flow and free cash flow grew from the fiscal year ended February 2024, as operating payables increased after the decline in the previous fiscal year.

The cash position slightly declined.

## 【2-4 Topics】

## (1) Generative AI-related matters

## ① Commencement of operation of Generative AI Co-Creation Lab.

In Cooperation with Microsoft Japan, Google Cloud, AWS Japan, ITOCHU Techno-Solutions (CTC), etc., they started operating Generative AI Co-Creation Lab. For the purpose of co-creating a future with automated contact centers.

## ② Started the development of “Hybrid Operation Loop” for automating call center operation, and completed a generative AI knowledge database for contact centers this fiscal year.

They started the development of a knowledge database for realizing a high ratio of correct answers (95%) with the aim of automating the operation of contact centers based on the unique operation looping process combining AI and manual work. Generative AI has encyclopedic knowledge, but it lacks the knowledge about individual questions regarding individual products of individual enterprises, so it is essential to develop a knowledge database on inquiries and answers exchanged at contact centers. Accordingly, they will develop a knowledge database for automating contact center operation.

## ③ Inviting Mr. Nishiwaki of Microsoft Japan and Mr. Morita of Omron, which will realize knowledge management based on generative AI, they held a webinar for “automating contact center operation.”

With the aim of automating the operation of contact centers, they held a webinar for finding collaborative partner clients in each field. Around 200 people from various enterprises that aim to automate contact center operation attended the webinar. After the webinar, they aim to automate contact center operation with 15 partner client companies by the end of FY 2025.

## ④ Commencement of next-generation utilization of word-of-mouth data based on generative AI in cooperation with istyle Inc., which operates “@cosme,” Japan’s largest general information website specializing in cosmetics and beauty.

By producing the persona data of customers automatically with generative AI and word-of-mouth data and then converting an enormous volume of word-of-mouth data into qualitative information, including the interests and needs of customers, they will be able to compare subject products and competing products in problems and competitive advantages. In addition to the speedy, simplified analysis with generative AI, they offer new suggestions covering the data not based on the subjective viewpoint of the staff of the marketing section to the fields of advertising and marketing.

## (2) Other

## ① Acquired 51% of shares of SKY Perfect Customer-relations Corporation (SPCC), which operates customer centers for “SKY PerfectTV!” provided by SKY Perfect JSAT.

Due to the shrinkage of the working population, the delay in response to generative AI (which is difficult for the company to deal with), etc., the curve-out of in-company contact centers is being accelerated. Accordingly, they are speeding up the development of the joint venture company for in-company contact centers. As the first step, they worked on the initiatives for handling tasks of responding to inquiries about “SKY PerfectTV!” with an innovative hybrid contact center combining generative AI and manual work.

## ② Incorporation of Taiwan Branch, naming it BELLSYSTEM24 TAIWAN, Inc.

They reorganized Taiwan Branch into “BELLSYSTEM24 TAIWAN, Inc.” as a 100% subsidiary in Taiwan. They offer contact center services fusing their know-how and local needs, and accelerate the sophistication of systems for attending to customers based on AI in cooperation with the business alliance with Taiwanese company Intumit Inc., which develops and offers the cutting-edge AI platform. Considering ASEAC countries, including Taiwan, Vietnam, and Thailand, as important areas for overseas strategies, they will expand the business domain according to market needs and promote the further strengthening of overseas systems.

## ③ Start of provision of “services for dealing with customer harassment” to contact centers, as enterprises will be obligated to take measures against customer harassment

They comprehensively support client enterprises in taking optimal concrete measures for dealing with customer harassment, which varies among industries and business categories. Clients can complete measures in a short period of time for dealing with customer harassment, including the formulation of policies against customer harassment, the visualization of customer harassment through the analysis of the voice of customers (VOCs), the production of manuals for attending to customers in each business, and the production of training programs focused on customer harassment.

## 3. Fiscal Year ending February 2026 Earnings Forecasts

### 【3-1 Consolidated Earnings forecast】

	FY 2/25	Ratio to sales	FY 2/26 Est.	Ratio to sales	YoY
Sales revenue	143,607	100.0%	150,000	100.0%	+4.5%
Gross profit	25,412	17.7%	28,200	18.8%	+11.0%
SG&A expenses	16,182	11.3%	16,300	10.9%	+0.7%
Operating income	11,587	8.1%	12,000	8.0%	+3.6%
Income before Income Taxes	11,232	7.8%	11,760	7.8%	+4.7%
Net income	8,003	5.6%	8,100	5.4%	+1.2%

\*Unit: million yen.

### Sales and profit are forecast to increase.

Sales revenue is projected to rise 4.5% year on year to 150 billion yen. The sales from smart contact centers (SC) and smart business support (SB) are forecast to increase.

Operating income is expected to grow 3.6% year on year to 12 billion yen. Gross profit is forecast to rise 11.0% year on year, due to the sales growth, the improvement in performance of consolidated subsidiaries, and the decrease in rents, utility charges, etc. through the optimization of business bases in the previous fiscal year. It will offset the augmentation of SGA.

They plan to pay a dividend of 60.00 yen/share like in the previous fiscal year. The expected payout ratio is 54.5%. Under the basic policy of achieving a payout ratio of 50%, they aim to increase the dividend amount by growing profit.

### 【3-2 Revenue Breakdown】

	FY 2/25	FY 2/26 Est.	YoY
Sales revenue	1436.1	1500.0	+4.5%
SC Operations	1231.8	1270.0	+3.1%
SB Services	200.2	225.0	+12.4%
Other	4.1	5.0	+21.7%

\*Unit: 100 million yen. SC operations refer to smart contact center operations, and SB services refer to smart business support services.

#### ◎Smart Contact Center Operations

Sales are expected to grow, due to the expansion of demand for outsourcing caused by the shortage of manpower and new services, including DX solutions.

#### ◎Smart Business Support Services

Sales are projected to grow, due to the increase of new projects, including BPR consulting ones.

## 4. Medium- to Long-Term Growth Scenario

The market environment surrounding the company is changing dramatically with the emergence and rapid evolution of generative AI, but the company has set forth the following medium/long-term growth scenario to ensure sustainable growth by leveraging its strengths and competitive advantages.

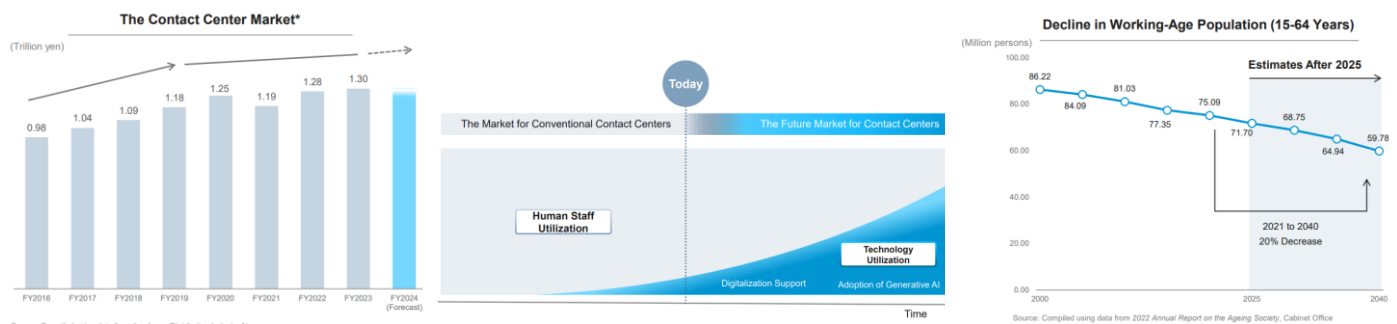
### 【4-1 Changes in the Business Environment and the Company's Current Situation】

#### (1) Changes in the Business Environment

The market for contact centers has seen its CAGR (compound annual growth rate) drop from around 6% and remain around 2% from FY 2019.

(CAGR calculated by Investment Bridge based on the company's reference material)

In the wake of the novel coronavirus crisis, digitization has accelerated, prompting a shift in contact centers from human-centric operations to technology-driven systems. As digital transformation and the adoption of AI continue to advance, conventional contact centers that rely primarily on human staff-operated telephone support are expected to face increasing challenges. Moreover, Japan's shrinking working-age population is intensifying the insufficiency of manpower in certain industries and contact center operators are likely to face growing difficulties in securing sufficient human resources in the future.



(From the company's reference material)

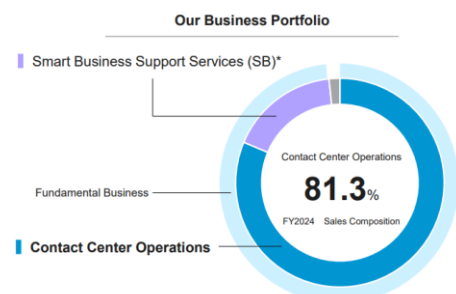
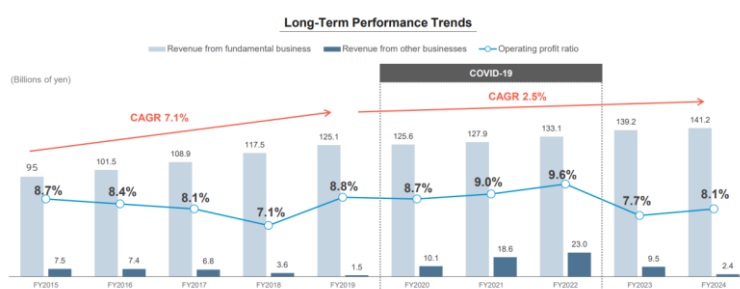
#### (2) Current Situation and Future Outlook of the Company

Amid these major changes in the business environment, the company's growth rate has slowed since the novel coronavirus crisis, and since FY 2019, the average annual growth rate of sales revenue from basic operations, excluding operations related to the novel coronavirus and other national policies, has dropped to 2.5%, down from 7.1% before the novel coronavirus crisis.

Although operating income margin had been well above 8% since FY 2019, it fell to the 7% range in FY 2023, and the improvement in profit margin was limited in FY 2024 as well.

Contact center operations account for 80% of the company's business portfolio, and the aforementioned stagnation in the contact center market is a concern for future growth.

Under these circumstances, the company aims to expand its business by utilizing generative AI and creating more added value through the use of VOC (Voice of Customer).





(From the company's materials)

#### 【4-2 Policy for Responding to the Changing Business Environment】

In the market environment mentioned above, the company has positioned “(1) Meeting outsourcing needs,” “(2) Utilizing generative AI,” and “(3) Marketing support” as three growth drivers. The company will pursue growth by leveraging its strengths in each of these drivers.



(From the company's reference material)

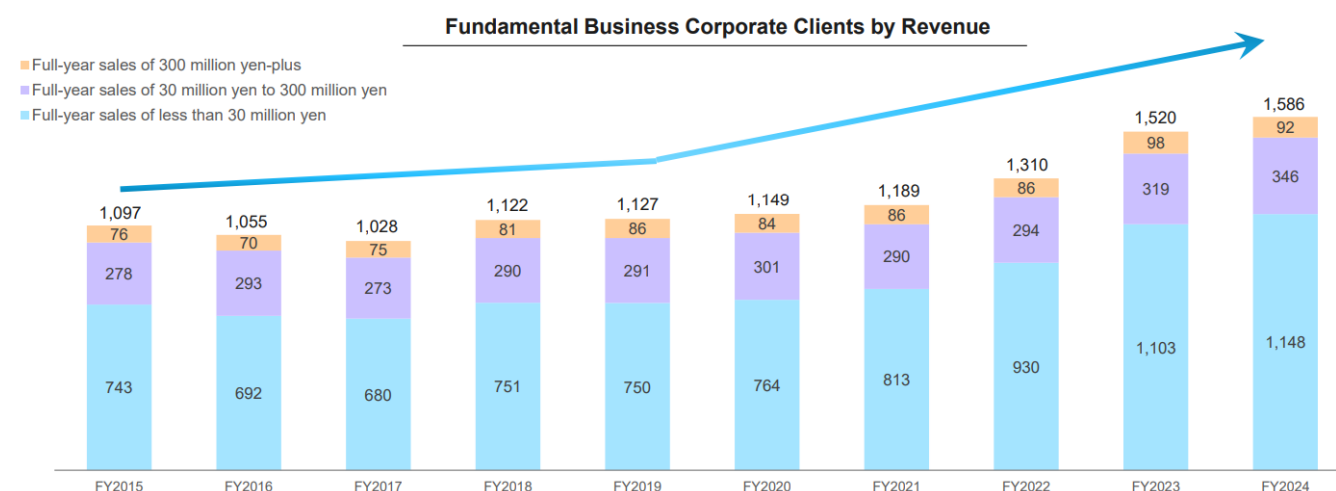
#### (1) Meeting outsourcing needs

##### (Overview)

Companies that operate contact centers in-house will find it difficult to find personnel and will assign their limited staff to core operations. As a result, it will become more difficult for them to respond to inquiries about their company's services and products, and it is expected that in-house contact center operations will be outsourced.

The need for outsourcing has already become apparent. The number of client companies for the company's basic operations has expanded from 1,097 in FY 2015 to 1,586 in FY 2024. The increase is particularly noticeable in the middle and lower tiers in terms of transaction amount.

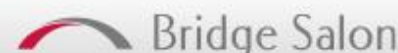
The company estimates the scale of the in-house contact center market to be 1.4 trillion yen.



(From the company's reference material)

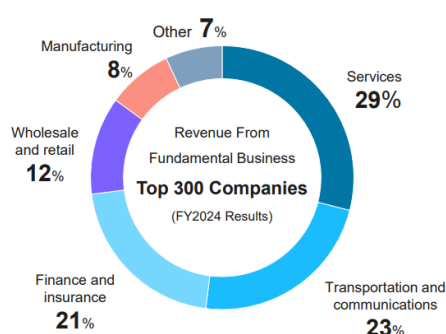


## BRIDGE REPORT

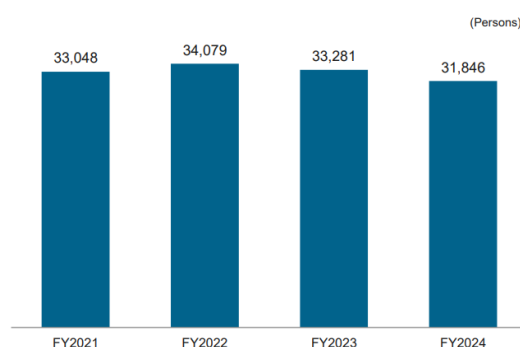
**(The company's strengths)**

With a workforce of 30,000 operators, the company is well-positioned to accommodate future growth in the number of client companies. Over the 40 years since its establishment, it has accumulated extensive expertise in contact center operations across a wide range of industries and business sectors, enabling it to provide operational support irrespective of industry type.

A key strength of the company lies in its standardized methodology, which involves systematizing and documenting operational procedures to eliminate individual dependency and establishing a framework in which consistent performance can be achieved regardless of the personnel involved.

**Wide-Ranging Corporate Clients\*\***

\*\*1 Bellssystem24, Inc. top 300 clients

**Operators in Our Fundamental Business<sup>2</sup>**

\*2 Average number of Bellssystem24, Inc. operators during the period

(From the company's reference material)

**(Targets and specific initiatives)**

The company will aggressively pursue new projects, aiming to have 2,500 client companies by FY 2030.

Specific initiatives are as follows:

- Over the past four years, they have held over 130 webinars on the latest information and services, with a cumulative total of over 10,000 participants. They will continue to increase opportunities to disseminate information and raise corporate recognition.
- In January 2025, the company acquired SKY Perfect Customer-relations Corporation (SPCC) as a subsidiary and will promote such equity carve-outs and roll-up strategies (continuously acquiring companies in the same industry) to acquire contact center outsourcers.
- Utilizing the networks of major shareholders such as ITOCHU Corporation and Toppan Printing, as well as their group companies, the company will acquire contact center projects and clients for smart business support services (SB) from a wide range of industries and business types.
- Utilizing the "standardized methodology," the company will take on non-core operations such as accounting, human resources, and back office operations for client companies. By expanding operations for smart business support services (SB), in addition to contact center operations, the company will aim to expand the scale of transactions per client company through cross-selling and up-selling.

**Growth Strategy**

(From the company's reference material)

## (2) Utilizing Generative AI

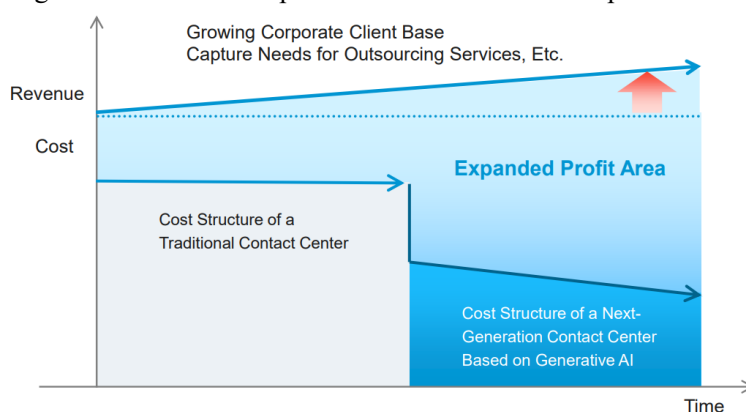
### (Overview)

In conventional contact center operations handled by human operators, although the operators are highly skilled, there are inherent limitations to their processing capacity, and the emergence of generative AI is often perceived as a threat.

In contrast, the company views generative AI not as a threat, but as a key enabler for realizing next-generation contact centers with dramatically enhanced processing capabilities.

The next-generation contact center envisioned by the company is one in which generative AI automatically handles inquiries, with human operators responding only to cases that cannot be addressed by AI.

Compared to conventional contact centers staffed by human operators, this model is expected to reduce operational costs. Furthermore, by capturing demand for outsourcing as previously mentioned and expanding the number of client companies, the company anticipates a significant increase in its profit areas and a substantial improvement in profit margin.



(From the company's reference material)

### (The company's strengths)

However, building a next-generation contact center using generative AI requires more than simply adopting an advanced and capable AI solution. It also demands vast volumes of high-quality data tailored to the specific inquiries of individual client companies, rather than general knowledge.

The company has accumulated an extensive repository of data (VOC), comprising 500 million annual calls handled by its 30,000 operators, which is regarded as a valuable source of insights.

Extracting, collecting, and analyzing the real voices of users, many of whom pose vague or ambiguous inquiries, is a process that only highly skilled human operators can perform. Identifying root causes through these human interactions is essential to resolving issues and improving customer satisfaction, making it a core function of contact center operations.

Leveraging the vast call data, the company is capable of using the root cause analysis process as training data for generative AI, thereby constructing a high-precision, high-quality knowledge database.

### (Targets and specific initiatives)

The company aims to realize a next-generation contact center powered by generative AI at an early stage.

A key process in achieving this goal is the transformation of operational knowledge into a "knowledge service" through the use of generative AI.

When launching new services or products, generative AI initially lacks sufficient pre-trained knowledge, making it difficult to respond accurately despite a surge in customer inquiries. To address this, the company is promoting the early development of its AI by rapidly and efficiently accumulating the necessary training data (knowledge) through interactions handled by its 30,000 operators. This initiative is referred to by the company as the "Knowledge Service."

In the Knowledge Service model, human operator involvement accounts for a significant portion of the process during the initial implementation of generative AI. As AI training progresses, this reliance gradually decreases. However, with each launch of a new service or product, it becomes necessary to collect new knowledge once again. Early data collection and effective training of generated AI requires a large number of highly adaptable operators capable of responding flexibly to diverse inquiries. As such, the company's Knowledge Service plays an essential role in the successful operation of contact centers powered by generative AI.



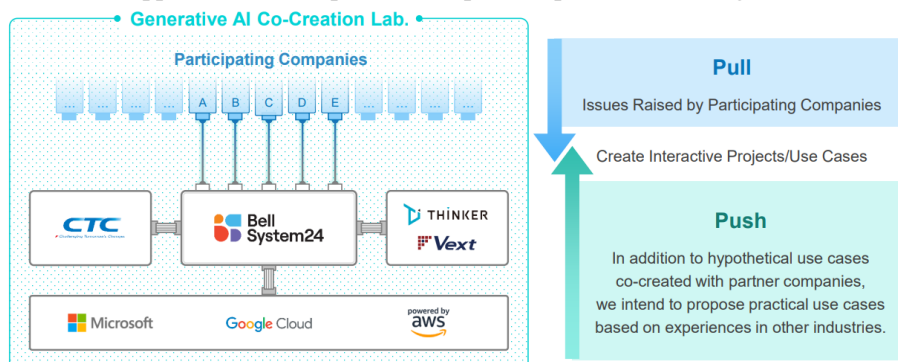
(From the company's materials)

The company is already undertaking a variety of initiatives to facilitate the introduction and utilization of generative AI.

### (1) Launch of Generative AI Co-Creation Lab.

In June 2024, Bellsystem24 launched the “Generative AI Co-Creation Lab.,” which is a user company participation program, to share cases among participating companies, with the aim of building a hybrid contact center that combines “generative AI” and “humans.” The program will operate contact centers using the AI technologies and expertise of companies such as ITOCHU Techno-Solutions Corporation, Microsoft Japan Co., Ltd., which is at the forefront of generative AI development, Google Cloud, Amazon Web Services Japan LLC (AWS), Thinker Inc., which provides support in the data marketing domain, and Vext Inc., which provides support in the natural language processing domain.

The company acts as a bridge between user companies and vendors, accelerating the development of generative AI use cases through a bidirectional approach that incorporates both pull and push-based strategies.



(From the company's materials)

### \* Starting the development of “Hybrid Operation Loop” products

The company is developing a system to automate the knowledge updating process, which is a major challenge when introducing generative AI.

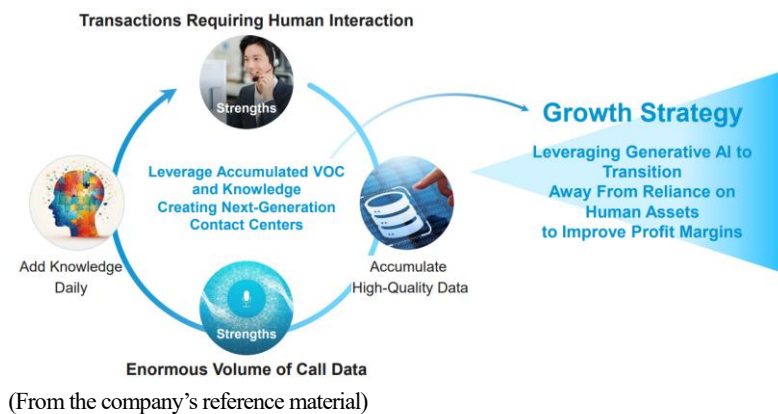
By creating a process that automatically generates a knowledge base from daily call data, the company aims to reduce the burden of knowledge management, which was previously done manually by operators, while improving efficiency. By the end of FY 2025, the company plans to use this knowledge to train generative AI for automated responses, building a next-generation contact center with automated replies for certain tasks.

### \* Training Knowledge Managers

In the next-generation contact center, inquiry responses will shift to automated replies using generative AI. As a result, some operators will become knowledge managers, responsible for selecting the necessary knowledge for AI training and educating the AI. The company is committed to fully supporting the reskilling of employees to carry out knowledge manager's duties.

The company plans to invest over 30 billion yen in generative AI-related technologies and human resources by FY 2030.

Additionally, in 2024, the company established a specialized department focused on the introduction and management of AI technologies, aimed at integrating engineers, operators, and knowledge managers. The company also plans to actively hire specialized AI talent, with a goal of increasing its team by about 100 AI consultants and engineers over the next three years, strengthening its capacity to implement generative AI.



### (3) Marketing Support (Overview)

By leveraging the vast insights and VOC (Voice of the Customer) data collected at the next-generation contact center, the company aims to create new value.

Through automated collection of VOC data aligned with the goals of generative AI, the company will identify consumer needs and develop marketing support services that contribute to increasing client sales, such as in marketing and advertising. This will transform the contact center into a profit center.

#### (The company's strengths)

The system will utilize an automated VOC data collection system and a large number of operators, who will evolve into knowledge managers, as part of the process of realizing the next-generation contact center.

#### (Targets and specific initiatives)

The company will carry out data analysis based on automatic collection of VOC, and provide new services to the marketing departments of client companies, leading to increased sales revenue.

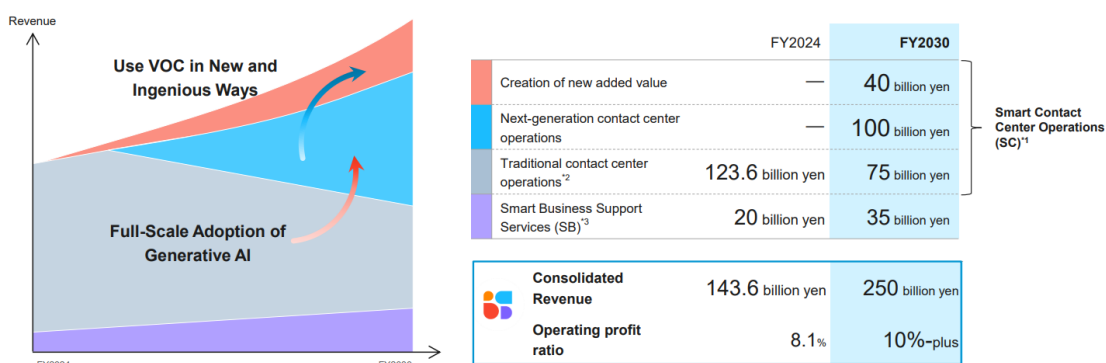
#### \*Case example

Istyle Inc., which operates “@cosme,” one of Japan’s largest comprehensive cosmetics information websites, receives marketing support services through its subsidiary, Thinker Inc.

Using generative AI, they automatically create customer personas from review data. By converting vast amounts of review data into quantitative information, such as customer interests and needs, they can compare issues and competitive advantages.

### 【4-3 Growth Strategy】

Leveraging these three growth drivers—“(1) Meeting outsourcing needs,”“(2) Utilizing generative AI,” and “(3) Marketing support”—the company aims to achieve 250 billion yen in revenue and an operating income margin of over 10% by FY 2030.



<sup>1</sup> Smart Contact Center Operations (SC): Operations related to communications between corporate clients and end users

<sup>2</sup> Other revenue is included in traditional contact center operations

<sup>3</sup> Smart Business Support Services (SB): Services supporting corporate client internal operations

(From the company's materials)

## 5. Conclusions

Due to the coronavirus pandemic, the growth rate of the company became sluggish. Since FY 2019, the average annual growth rate of sales revenue from basic operations, excluding tasks related to national measures against COVID-19, has been 2.5%, falling below 7.1%, the average before the pandemic. In the medium/long-term growth scenario, they aim to achieve a consolidated sales revenue of 250 billion yen in FY 2030 with CAGR being 9.7%, which exceeds the pre-pandemic growth rate.

We would like to keep paying attention to their activities for pursuing growth by utilizing the alliances with external parties, including the ITOCHU Group, based on competitive advantages, such as 30,000 call center operators and an enormous volume of data on 500 million calls per year (Voice of Customer [VOC]).

### <Reference: Regarding Corporate Governance>

#### ◎ Organization type, and the composition of directors and auditors

Organization type	company with corporate auditors
Directors	8 directors, including 5 outside ones (including 3 independent executives)
Auditors	3 auditors, including 2 outside ones (including 1 independent executive)

#### ◎ Corporate Governance Report Updated on May 24, 2024

##### 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>

###### 【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 15 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 (PURPOSE), 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 human resources system for realizing flexible workstyles, and provision of educational opportunities that support autonomous growth of our employees.

**(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 200 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 70% 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 Basic Sustainability Promotion Policy, our company clearly states the identification of material issues, the resolution of social issues, and the role of the Board of Directors, and in the "Medium-Term Management Plan 2025" disclosed on April 12, 2023, our company discloses medium-term targets for "material issues," which are common for us and society, based on risks and profit opportunities, in addition to our corporate philosophy (PURPOSE) and important themes in our management strategy.

Regarding human capital, to ensure the company's sustainable growth, we will maximize employees' work engagement by proactively investing in the people we work with and the environment to create a workplace that attracts professionals and is rewarding to work in. By improving the number and quality of our human capital, we aim to realize our corporate philosophy (PURPOSE) by establishing a cycle of improving the quality of our services, providing them to our clients, improving our earnings, and giving back to society. As performance indicators, we collect and analyze the ratios of female directors and female managers, investment in training for human resource development, and the number of rotations to refine our human investment measures, thereby striving for long-term and sustainable improvement of corporate value.

Regarding investment in intellectual property, our "Medium-Term Management Plan 2025" calls for deepening our CX (customer experience) operations, and it is making strategic investments in cutting-edge technologies such as AI.

We assume that risks and profit opportunities related to climate change will have a small impact on our business activities and profit and that the environmental impact of our business activities will also be small.

On the other hand, the issue of climate change is a common global challenge, and the company also regards it as one of its most important management issues. At the Board of Directors meeting held in April 2022, the company formulated and resolved specific targets for greenhouse gas (GHG) emission reduction rates for 2025, 2030, and 2040. In addition, these target values were recognized by "SBT Initiative" in January 2024.

In the future, the company will monitor the established targets, strengthen the governance structure related to the planning and implementation of each measure, and reflect the results in the medium- and long-term strategies and roadmaps as appropriate.

Sustainability-related initiatives are disclosed in our website.

<https://www.bell24.co.jp/ja/csr/>



### 【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) Executive officer in charge of IR (CFO) will be designated and said Executive officer (CFO) will manage all dialogues with shareholders.
- (2) The IR division will be established under the supervision of Executive officer in charge of IR (CFO) and promote the appropriate exchange of information and organic cooperation among the management planning division, the accounting/financial division, and other related divisions.
- (3) We will strive to enrich the dialogues with shareholders through results-briefing sessions held at the time of announcement of interim and full-year financial results, reports for shareholders, our website, etc. in addition to individual interviews.
- (4) Shareholders' opinions, etc. grasped through dialogues will be reported to the Executive officer in charge of IR (CFO) and relevant divisions and shared with the Board of Directors when necessary.
- (5) In dialogues, we respect the fair disclosure rules, prohibit the acts of conveying information and encouraging transactions, and follow the regulations for preventing insider trading, which specify necessary measures for limiting the retransmission of insider information.
- (6) We conduct surveys for identifying substantial shareholders.

#### (Situation of dialogues with shareholders)

Under the above "policy," the IR section makes efforts to have dialogues with shareholders through various IR activities, including briefing sessions and individual interviews. In the fiscal year ended February 2024, we held IR interviews with a total of about 200 companies. In October 2023, we held a briefing session for individual investors, which was organized by an IR supporting company, to have dialogues with individual investors.

Recently, shareholders and investors have been showing a strong interest in the expansion of a new business foundation based on new technologies, including AI, and the growth of the outsourcing market due to the shrinkage of the working population. Accordingly, we have explained our advantages, initiatives for adopting new technologies, and the importance of investment in human capital. In response to requests from shareholders and investors for explanations on concrete directions and visions for our business during and after the period of the medium-term management plan, we give additional explanations at results-briefing sessions, and so on to earn the understanding of shareholders and investors.

Regarding "the development of a work environment where diverse human resources can work in diverse styles" on which we place the most importance among common material issues of our company and society, we disclose target indicators related to the ratio of female executives, the ratio of female managers, the ratio of employees with disabilities, and the ratio of employees who have taken childcare leave.

The opinions and requests from shareholders and investors we receive in dialogues are reported at meetings of the board of directors and regular meetings involving section chiefs, to be shared by the management and the IR section when necessary.

### 【Measures for realizing business administration conscious of capital cost and stock price】

#### (Policies and recognition of the status quo)

Considering that the business administration deeply conscious of capital cost and profitability is essential for achieving sustainable growth and improving medium/long-term corporate value, our company adopted ROE as one of management indicators, and aims to improve capital profitability by keeping ROE higher than cost of shareholders' equity.

In capital and financial strategies, we are striving to improve corporate value, by allocating the cash inflow through business to shareholder return, investment for growth, and repayment of interest-bearing liabilities in a balanced way.

The cost of shareholders' equity in the fiscal year ended February 2024 is considered to be around 8%, and ROE was higher than that (being 11.5% in the fiscal year ended February 2024 with the average in the past five fiscal years being 14.3%). PBR was around 1.8 as of the end of February 2024, and 1.6 to 2.3 as of the end of each fiscal year, remaining above 1.0 in the past five fiscal years. By making efforts to improve profitability and growth potential, we will aim to get higher valuations in the market and improve PBR.

## BRIDGE REPORT



## (Concrete measures)

We will implement the following measures for improving our corporate value continuously.

- In order to expand revenues and improve profitability, we will steadily carry out priority measures, including promoting employees to exercise their abilities to the maximum degree, the sophistication of data utilization, and the cultivation of a new BPO domain, in the “Medium-Term Management Plan 2025.”
- While striving to maintain financial soundness, we plan to actively invest over 15 billion yen for growth in three years from the fiscal year ended February 2024.
- The basic policy is to achieve a consolidated payout ratio of 50%, and the expected dividend amount for the fiscal year ending February 2025 is 60 yen per share. We will strive to increase the dividend amount by expanding profit.
- In order to improve medium/long-term corporate value, we added sustainability-related items (employees’ engagement score, the ratio of female managers, and climate change) to performance-linked indicators for stock-based remuneration for executives.
- In order to receive higher valuations in the market, we will continue constructive dialogues with shareholders and investors, and further enrich opportunities for dialogues.

The “Medium-Term Management Plan 2025” is disclosed in our website.

<https://contents.xj-storage.jp/xcontents/AS07594/a27ed7b0/3735/4d24/94a6/74103b8e71b2/140120230412545930.pdf>

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