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Consolidated financial results for the fiscal year ended February 28, 2025 [IFRS]

April 9, 2025

Company name: BELLSYSTEM24 Holdings, Inc.
Stock exchange listing: Tokyo
Stock exchange code: 6183
URL: https://www.bell24.co.jp/en/
Representative: Hiroshi Kajiwara, President and Chief Executive Officer
Contact: Masaaki Obayashi, Executive Officer
TEL: +81-3-6733-0024
Scheduled date of Ordinary General Meeting of Shareholders: May 29, 2025
Scheduled date of start of dividend payment: May 30, 2025
Scheduled date of filing of annual securities reports: May 29, 2025
Supplementary documents for financial results: Yes
Financial results briefing: Yes

(Figures are rounded to the nearest million yen)

1. Consolidated financial results for the fiscal year ended February 28, 2025 (From March 1, 2024 to February 28, 2025)

(1) Consolidated operating results

(Percentages represent year-on-year changes)

	Revenue		Operating income		Income before income taxes		Net income	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
February 28, 2025	143,607	(3.4)	11,587	0.9	11,232	0.1	8,264	5.0
February 29, 2024	148,717	(4.7)	11,479	(23.0)	11,225	(20.7)	7,868	(17.9)

	Net income attributable to owners of the parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
Fiscal year ended	Millions of yen	%	Millions of yen	%	Yen	Yen
February 28, 2025	8,003	6.1	7,866	(1.9)	108.81	108.12
February 29, 2024	7,545	(19.1)	8,018	(18.9)	102.61	102.05

	Ratio of net income attributable to owners of the parent	Ratio of income before income taxes to total assets	Ratio of operating income to revenue
Fiscal year ended	%	%	%
February 28, 2025	11.7	6.4	8.1
February 29, 2024	11.5	6.4	7.7

(Reference) Equity in earnings (losses) of affiliates
Fiscal year ended February 28, 2025: 177 million yen
Fiscal year ended February 29, 2024: 142 million yen

(2) Consolidated financial position

	Total assets	Total equity	Total equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent	Equity per share attribute to owners of the parent
As of	Millions of yen	Millions of yen	Millions of yen	%	Yen
February 28, 2025	174,413	70,837	70,160	40.2	953.69
February 29, 2024	175,465	67,739	66,730	38.0	907.54

(3) Consolidated cash flows

	Operating activities	Investment activities	Financial activities	Cash and cash equivalents at end of year
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
February 28, 2025	17,391	(3,693)	(13,897)	6,992
February 29, 2024	13,587	(3,097)	(10,286)	7,213

2. Dividend

	Dividend per share					Total dividends paid (annual)	Payout ratio (consolidated)	Ratio of dividends to equity attribute to owners of the parent (consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended February 29, 2024	–	30.00	–	30.00	60.00	4,424	58.5	6.7
Fiscal year ended February 28, 2025	–	30.00	–	30.00	60.00	4,425	55.1	6.4
Fiscal year ending February 28, 2026 (planned)	–	30.00	–	30.00	60.00		54.5	

(Note) Dividends for the fiscal year ended February 28, 2025 were paid from the capital surplus.
For details, please refer to “Breakdown of dividends paid from capital surplus” below.

3. Consolidated financial results forecast for the fiscal year ending February 28, 2026
(From March 1, 2025 to February 28, 2026) (Percentages represent changes from the same period of previous fiscal year)

	Revenue		Operating income		Income before income taxes		Net income		Net income attributable to owners of the parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending February 28, 2026	150,000	4.5	12,000	3.6	11,760	4.7	8,300	0.4	8,100	1.2	110.10

(Notes)
(1) Significant changes in the scope of consolidation during the period: No

(2) Changes in accounting policies and accounting estimates
(i) Changes in accounting policies required by IFRS: No
(ii) Changes in accounting policies other than (i) above: No
(iii) Changes in accounting estimates: Yes

(3) Number of issued shares (common share)
(i) Number of issued shares at the end of the period (including treasury shares):
As of February 28, 2025: 73,753,310 shares
As of February 29, 2024: 73,753,310 shares
(ii) Number of treasury shares at the end of the period:
As of February 28, 2025: 186,701 shares
As of February 29, 2024: 225,983 shares
(iii) Average number of shares:
Fiscal year ended February 28, 2025: 73,550,361 shares
Fiscal year ended February 29, 2024: 73,536,023 shares
(Note) 186,360 shares of the Company’s stock held by the Trust Account for the Officer Compensation BIP Trust are included in treasury shares.

(Reference) Summary of non-consolidated financial results

1. Non-consolidated operating results (From March 1, 2024 to February 28, 2025)

(1) Non-consolidated operating results

(Percentages represent year-on-year changes)

	Operating revenue		Operating income		Ordinary income		Net income	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
February 28, 2025	15,043	(16.3)	868	(77.7)	715	(80.7)	(572)	–
February 29, 2024	17,983	9.5	3,889	78.4	3,772	67.4	2,093	–

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
February 28, 2025	(7.77)	(7.72)
February 29, 2024	28.48	28.32

(Note) The year-on-year change in net income for the fiscal year ended February 29, 2024 exceeds 1,000%, and the field is marked with a –.

(2) Non–consolidated financial position

	Total assets	Net assets	Ratio of shareholders' equity to total assets	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
February 28, 2025	109,577	46,794	42.7	635.60
February 29, 2024	115,427	51,728	44.8	703.05

(Reference) Shareholders' equity As of February 28, 2025 46,759 million yen As of February 29, 2024 51,690 million yen

(Note) The figures for the non-consolidated financial position are prepared according to Japanese GAAP.

* These consolidated financial results are outside the scope of audit by certified public accountants or audit firms.
* Explanation about the appropriate use of the results forecasts and other special notes

(Note on forward-looking statements, etc.)

Forward-looking statements, including the results forecasts contained in this material, are based on information currently available for the Company and certain assumptions which the Company deems reasonable. The Company does not intend to provide any guarantee on the realization on these forecasts. Actual business results differ materially from the forecasts due to various factors. For matters related to the results forecasts, please refer to Page 6 of the Accompanying Materials.

(Breakdown of dividends paid from capital surplus)

The following table shows a breakdown of dividends paid from capital surplus for the fiscal year ended February 28, 2025.

Record date	Second quarter-end	Fiscal year-end
Dividends per share	30.00 yen	30.00 yen
Total dividends	2,213 million yen	2,213 million yen

(Note) Proportion of the decrease in net assets 0.000

○ Accompanying Materials – Contents

1. Overview of Operating Results, Etc.

(1) Overview of operating results

During the fiscal year ended February 28, 2025, the Japanese economy showed signs of a moderate recovery driven by the continued improvement of personal spending and capital investment partly due to the improving employment and income situation and the effects of various policy measures. However, persistent high interest rates in Europe and the US, a global economic downturn caused by the continued stagnation of China’s real estate market, future policy developments in the US, the situation in the Middle East, and other overseas developments still need to be monitored as they could impact the cost of living and economic conditions in Japan. In addition, every company, regardless of sector and size, is facing the challenge of addressing labor shortages as their business performance improves.

In these circumstances, in the Customer Relationship Management (CRM) business, which is the Group’s core business, the transformation of its business model into a solution-based model that promises higher profit margins through the use of new technologies such as generative AI is key. In such a market environment, we are striving to improve the quality of operations and added value, while also driving the development of new business domains through expansion of customer support domains in line with diversification of customer contact points and data utilization.

In the consolidated fiscal year, by accelerating the three priority measures in our Mid-term Management Plan, which are human resources (maximizing the active participation of our workforce of 40,000 employees), stylization (achieving more sophisticated data utilization), and co-creation (developing the NEW BPO areas), we have sought to achieve sustainable growth.

For the stylization initiatives (achieving more sophisticated data utilization), we began offering BPR consulting services in earnest. They are focused on planning and implementing business process transformations. These services leverage the knowledge and framework we developed through our BPO services that are provided to over 1,300 companies, including outsourced contact centers, sales agencies and administrative processing services. Over 100 BPR consultants have utilized multiple approaches to the recommendation of feasible business reforms, resulting in a reduction in person-hours, an increase in core business hours and the digitalization of operations. Furthermore, we began providing a Knowledge CX Design Service, which is intended to build a foundation for introducing generative AI. The target is client companies, which have been struggling to convert knowledge into useable data, as the basis for utilizing generative AI. The service will design and deliver mechanisms for aggregating and consolidating various unstructured data—such as response histories, manuals, and FAQs accumulated at contact centers, and scattered information such as operators’ personal notes and tacit knowledge—that are essential for utilizing generative AI, and converting them into useable knowledge as searchable text data that can be easily understood by generative AI. By combining operational design adhering to Knowledge-Centered Service (KCS) processes—a practical process for real-time operation and firm establishment of knowledge at contact centers—with BELLSYSTEM24’s own proprietary methods developed by its dedicated consultants, the service aims to contribute to CX improvement by providing fully integrated support from consulting to knowledge management system introduction, operational design, and operation system building.

We also launched an Anti-Customer Harassment Service, which comprehensively supports client companies in their implementation of specific and optimal measures to address harassment committed by customers. This initiative comes as the Ministry of Health, Labour and Welfare is considering making it mandatory for companies to address harassment from customers. In this service, end-to-end support is provided to help clients implement measures to address harassment committed by customers affecting their contact centers. We provide seven service menu items at each stage of the support process, including (1) developing policies and manuals that are the foundation of measure to be taken, (2) conducting harassment training for employees, and (3) providing solutions to enhance measures, such as speech recognition technology, emotional analysis and social media monitoring. We have successfully implemented this service for a number of client companies.

In the co-creation initiatives (developing the NEW BPO areas), we made SKY Perfect Customer-relations Corporation a subsidiary. The company is a wholly owned subsidiary of SKY Perfect JSAT Corporation that provides high-quality customer center operations. Demand for outsourcing and partnerships at in-house contact centers is expected to increase due to the coming shortage of human resources due to the decrease in the working population. Additionally, individual companies are facing challenges in investing in generative AI and other technologies. They are seeking to reduce costs and improve efficiency. In this environment, we aim to actively promote the use of new technologies such as generative AI and swiftly establish a hybrid contact center business that integrates generative AI and human agents.

We also launched the GenAI Co-Creation Lab., a user company participation program that enables companies to share case studies for the utilization of generative AI in contact centers. Participating companies include the Company, which possesses wide-ranging operational knowledge in the area of contact centers, ITOCHU Techno-Solutions Corporation, which has an established track record in AI-based system integration, Microsoft Japan Co., Ltd., Google Cloud and Amazon Web Services Japan G.K., who are leaders in the development of generative AI, THINKER Inc., the Company's subsidiary supporting data marketing and Vext Inc., which supports natural language processing. In the GenAI Co-Creation Lab., these companies utilize their AI technologies and expertise to address challenges and create advanced generative AI use cases. In November 2024, the GenAI Co-Creation Lab. started developing solutions for the provision of the Hybrid Operation Loop utilizing generative AI for the automation of contact centers. This initiative combines the state-of-the-art technologies of tech companies such as Microsoft Japan Co., Ltd. and our wide-ranging contact center knowhow to design our own unique hybrid human-artificial intelligence loop processes based on the "Human-in-the-Loop" concept whereby human beings interact with AI to complete tasks. The aim of the initiative is to achieve contact center automation that can be customized to meet the specific needs of different industries.

In the human resources initiatives (maximizing the active participation of our workforce of 40,000 employees), we aimed to achieve the company-wide target of 100% of eligible male employees taking childcare leave. We held an in-house roundtable discussion to share experiences and advice from men who have taken childcare leave. We also arranged an online webinar with a gynecologist to learn more about and promote understanding of the health issues that working women face as well as a seminar for learning tips about the promotion of the employment of people with disabilities. We are taking various measures to build a workplace where each individual employee can work in their own way. Members of management and employees participated in a rainbow parade, which protests discrimination and prejudice against LGBTQ+ people (LGBTQs and other sexual minorities and celebrates sexual and gender diversity. Employees with disabilities at the Kamiyacho head office are growing an LED vegetable garden. For the fourth consecutive year, we have been honored as the Best Workplace, the highest honor presented in the D&I Awards organized by JobRainbow Co., Ltd., which provides support for diversity and inclusion (D&I) training, consulting and recruitment.

We were certified as a Gold rank company in the FY2024 White Company Certification Program (the "Program") run by Japan White Spread. The Program is the only certification program in Japan that comprehensively and objectively evaluates companies' human resources management activities. It rates companies by comprehensively evaluating them based on their responses to 70 questions about requirement categorized into seven areas (business model and productivity, diversity and inclusion, flexible working arrangements, health and productivity management, human resource development and job satisfaction, risk management and labor law compliance). The Group believes that maximizing the capabilities of every employee contributes to sustainable growth and the development of corporate value. Based on this belief, we strive to create an environment where all employees feel comfortable and can focus on their work. In the Program, we received high marks in the areas of human resource development and job satisfaction, flexible working arrangements and diversity and inclusion, which earned us Gold rank certification.

For the first time, our environmental, social and corporate governance (ESG) initiatives were certified as Prime by ISS ESG's ESG Corporate Rating ("Index"). ISS ESG is the responsible investment arm of Institutional Shareholder Services Inc. (ISS), an American proxy advisory firm, and one of the leading ESG rating agencies. The Index assesses companies' ESG initiatives and designates those with outstanding ratings in each industry as Prime. We believe that this latest certification recognized not only our corporate governance initiatives, which had already been highly rated, but also our progress in our initiatives and information disclosure in the environmental and social areas of ESG.

Results for each business segment are as follows.

(CRM Business)

Revenue decreased year on year due to a significant reduction in business related to national policy matters including COVID-19. Income before income taxes rose year on year due to the implementation of profit improvement activities such as the control of SG&A expenses and a gain on sale of shares of subsidiaries.

As a result, the CRM business posted revenue of 143,196 million yen (down 3.3% year on year), and income before income taxes of 12,088 million yen (up 10.0%).

(Others)

Impairment testing was performed regarding goodwill in the content business due to a decline in revenue from the sale of content, and impairment losses of 1,012 million yen were recorded.

Consequently, the Others segment posted revenue of 411 million yen (down 32.6% year on year) and a loss before income taxes of 856 million yen (income before income taxes of 240 million yen for the previous fiscal year).

As a result of the above, financial results for the fiscal year ended February 28, 2025 were revenue of 143,607 million yen (down 3.4% year on year), income before income taxes of 11,232 million yen (up 0.1%), and net income attributable to owners of the parent of 8,003 million yen (up 6.1%).

(2) Overview of financial position

	As of February 29, 2024 (Millions of yen)	As of February 28, 2025 (Millions of yen)	Change (Millions of yen)
Total assets	175,465	174,413	(1,052)
Total liabilities	107,726	103,576	(4,150)
Ratio of equity attributable to owners of the parent (%)	38.0	40.2	

Current assets decreased 255 million yen from the end of the previous consolidated fiscal year, to 28,042 million yen, mainly due to a decrease of 221 million yen in cash and cash equivalents.

Non-current assets amounted to 146,371 million yen, decreasing 797 million yen from the end of the previous consolidated fiscal year mainly due to decreases of 4,265 million yen in property, plant and equipment and 2,121 million yen in goodwill, partially offset by an increase of 4,870 million yen in investments accounted for using equity method.

As a result, total assets decreased 1,052 million yen from the end of the previous consolidated fiscal year, to 174,413 million yen.

Current liabilities increased 8,814 million yen from the end of the previous consolidated fiscal year, to 57,413 million yen due mainly to increases of 7,799 million yen in borrowings, 867 million yen in income taxes payable, and 662 million yen in other current liabilities.

Non-current liabilities amounted to 46,163 million yen, decreasing 12,964 million yen from the end of the previous consolidated fiscal year, due to decreases of 9,987 million yen in long-term borrowings and 3,417 million yen in other long-term financial liabilities.

As a result, total liabilities decreased 4,150 million yen from the end of the previous consolidated fiscal year, to 103,576 million yen.

Equity increased 3,098 million yen from the end of the previous consolidated fiscal year, to 70,837 million yen mainly due to an increase of 8,003 million yen in retained earnings, partially offset by a decrease of 4,232 million yen in capital surplus.

(3) Overview of cash flows

	Fiscal year ended February 29, 2024: (Millions of yen)	Fiscal year ended February 28, 2025 (Millions of yen)	Change (Millions of yen)
Operating activities	13,587	17,391	3,804
Investment activities	(3,097)	(3,693)	(596)
Financial activities	(10,286)	(13,897)	(3,611)
Cash and cash equivalents at end of period	7,213	6,992	(221)

Cash and cash equivalents at the end of the fiscal year under review decreased 221 million yen from the end of the previous fiscal year, to 6,992 million yen. The cash flows in the fiscal year under review and factors relating to each are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities was 17,391 million yen (as compared to net cash provided of 13,587 million yen in the same period of the previous fiscal year). This mainly reflects income before income taxes of 11,232 million yen, depreciation and amortization of 9,556 million yen, impairment losses of 1,567 million, an increase in payable for consumption tax of 972 million yen, a gain on loss of control of subsidiaries of 3,539 million yen, and income taxes paid of 2,400 million yen.

(Cash flows from investing activities)

Net cash used in investing activities was 3,693 million yen (as compared to 3,097 million yen used in the same period of the previous fiscal year). This mainly reflects purchase of property, plant and equipment of 1,147 million yen, payments for sales of shares of subsidiaries resulting in change in scope of consolidation of 780 million yen, purchase of securities of 700 million yen, and purchase of intangible assets of 531 million yen.

(Cash flows from financing activities)

Net cash used in financing activities was 13,897 million yen (as compared to 10,286 million yen used in the same period of the previous fiscal year). This primarily reflects proceeds from long-term borrowings of 5,000 million yen, an increase in short-term borrowings of 1,625 million yen, repayment of long-term borrowings of 9,000 million yen, repayments of lease liability of 6,911 million yen, and dividends paid of 4,644 million yen.

(Reference) Cash flow-related indicators

	Fiscal year ended February 28, 2021	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023	Fiscal year ended February 29, 2024	Fiscal year ended February 28, 2025
Ratio of equity attributable to owners of the parent (%)	30.7	33.1	36.4	38.0	40.2
Ratio of equity attributable to owners of the parent based on market value (%)	73.1	55.4	60.4	71.3	53.8
Ratio of interest-bearing liabilities to cash flow (years)	6.3	5.7	4.6	6.2	4.5
Interest coverage ratio (times)	27.1	28.6	38.3	33.1	33.9

(Note) Ratio of equity attributable to owners of the parent = Total equity attributable to owners of the parent / Total assets
Ratio of equity attributable to owners of the parent based on market value: Market capitalization / Total assets
Ratio of interest-bearing liabilities to cash flow: Interest-bearing liabilities / Operating cash flows
Interest coverage ratio: Operating cash flows / Interest payments

1. Each indicator is calculated based on consolidated financial data.
2. Market capitalization is the closing stock price at the end of the fiscal year multiplied by the number of shares issued at the end of the period (treasury shares are not included).
3. Operating cash flows are cash flows from operating activities in the consolidated statements of cash flows. Interest-bearing liabilities include all liabilities on the consolidated statements of financial position that incur interest.

(4) Future outlook

The Group aims to increase revenue primarily from its core CRM business by increasing transactions with existing clients and by acquiring new clients and capturing outsourcing demand leveraging its network of partner companies, including ITOCHU Corporation and TOPPAN Inc. Furthermore, the Group intends to increase profit margins by developing next-generation contact centers utilizing the data and expertise it has accumulated.

The Group will strive to create business value that exceeds the expectations of its client companies by creating new customer experiences using generative AI and customer service data.

The Group will implement new personnel systems and human resource development initiatives to create a company where professionals can work and have job satisfaction. Additionally, the Group will continue to foster an environment that supports more diverse working styles by implementing training programs aimed at promoting women's participation, establishing in-house daycare centers and opening education and training facilities. The Group will further promote diversity and inclusion (D&I) and health and productivity management, thereby encouraging the active participation of diverse human resources.

(5) Basic policy for profit distribution and dividends for the fiscal year under review and the next fiscal year

The Group understands that the return of profits to shareholders is one of its most important business priorities. Based on this understanding, its fundamental policy in the medium term is to distribute surplus dividends twice a year (interim and year-end) with the goal of achieving a consolidated payout ratio of 50% based on net income attributable to owners of the parent, after comprehensively considering such factors as the necessity of stably and continuously distributing dividends from surplus, and enhancing payout ratios and necessary internal reserves according to the progress of operating performance. For the fiscal year ending February 28, 2026, the Company plans to distribute annual dividends of 60 yen per share, as interim dividends of 30 yen and year-end dividends of 30 yen.

2. Basic Approach towards Selection of Accounting Standards

The Group has been using the International Financial Reporting Standards (IFRS) since the fiscal year ended February 28, 2014 to enhance the international comparability of financial information in capital markets and diversify its fund-raising methods in international markets.

3.Consolidated Financial Statements and Major Notes

(1) Consolidated statements of financial position

(Millions of yen)

	As of February 29, 2024	As of February 28, 2025
Assets		
Current assets		
Cash and cash equivalents	7,213	6,992
Trade and other receivables	19,195	19,006
Other financial assets	185	163
Other current assets	1,704	1,881
Total current assets	28,297	28,042
Non-current assets		
Property, plant and equipment	35,828	31,563
Goodwill	96,772	94,651
Intangible assets	2,869	2,830
Investments accounted for using equity method	1,688	6,558
Deferred tax assets	2,722	3,174
Other financial assets	6,989	7,339
Other non-current assets	300	256
Total non-current assets	147,168	146,371
Total assets	175,465	174,413

(Millions of yen)

	As of February 29, 2024	As of February 28, 2025
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	5,531	5,634
Borrowings	23,000	30,799
Income taxes payable	967	1,834
Provisions	45	65
Liabilities for employee benefits	11,042	10,813
Other short-term financial liabilities	6,439	6,031
Other current liabilities	1,575	2,237
Total current liabilities	48,599	57,413
Non-current liabilities		
Borrowings	33,234	23,247
Provisions	3,095	3,303
Liabilities for employee benefits	712	962
Deferred tax liabilities	211	187
Other long-term financial liabilities	21,846	18,429
Other non-current liabilities	29	35
Total non-current liabilities	59,127	46,163
Total liabilities	107,726	103,576
Equity		
Common stock	27,097	27,097
Capital surplus	(3,826)	(8,058)
Other components of equity	455	48
Retained earnings	43,382	51,385
Treasury shares	(378)	(312)
Total equity attributable to owners of the parent	66,730	70,160
Non-controlling interests	1,009	677
Total equity	67,739	70,837
Total liabilities and equity	175,465	174,413

(2) Consolidated statement of income and consolidated statement of comprehensive income

Consolidated statement of income

(Millions of yen)

	Fiscal year ended February 29, 2024	Fiscal year ended February 28, 2025
Revenue	148,717	143,607
Cost of sales	(121,578)	(118,195)
Gross profit	27,139	25,412
Selling, general and administrative expenses	(16,598)	(16,182)
Other income	1,054	3,988
Other expenses	(116)	(1,631)
Operating income	11,479	11,587
Share of profit (loss) of investments accounted for using equity method	142	177
Financial income	40	47
Financial costs	(436)	(579)
Income before income taxes	11,225	11,232
Income taxes	(3,357)	(2,968)
Net income	7,868	8,264
Net income attributable to:		
Owner of the parent	7,545	8,003
Non-controlling interests	323	261
Net income	7,868	8,264

(Unit: yen)

Earnings per share (attributable to the parent)		
Basic	102.61	108.81
Diluted	102.05	108.12

Consolidated statement of comprehensive income

(Millions of yen)

	Fiscal year ended February 29, 2024	Fiscal year ended February 28, 2025
Net income	7,868	8,264
Other comprehensive income, net of tax		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(61)	(234)
Share of other comprehensive income of investments accounted for using equity method	28	(143)
Total items that will not be reclassified to profit or loss	(33)	(377)
Items that may be reclassified to profit or loss		
Exchange differences on translating foreign operations	198	(93)
Share of other comprehensive income of investments accounted for using equity method	(15)	72
Total items that may be reclassified to profit or loss	183	(21)
Total other comprehensive income, net of tax	150	(398)
Total comprehensive income	8,018	7,866
Comprehensive income attributable to:		
Owner of the parent	7,679	7,613
Non-controlling interests	339	253
Total comprehensive income	8,018	7,866

(3) Consolidated statement of changes in equity

(Millions of yen)

	Common stock	Capital surplus	Other components of equity	Retained earnings
As of March 1, 2023	27,079	1,268	325	35,837
Net income	—	—	—	7,545
Other comprehensive income	—	—	134	—
Total comprehensive income	—	—	134	7,545
Share-based payments	—	(5)	5	—
Exercise of share acquisition rights	18	18	(9)	—
Dividends paid	—	(4,412)	—	—
Purchase of treasury shares	—	—	—	—
Disposal of treasury shares	—	(5)	—	—
Increase (decrease) by business combination	—	—	—	—
Written put options over non-controlling interests	—	(690)	—	—
Total transaction with owners	18	(5,094)	(4)	—
As of February 29, 2024	27,097	(3,826)	455	43,382
Net income	—	—	—	8,003
Other comprehensive income	—	—	(390)	—
Total comprehensive income	—	—	(390)	8,003
Share-based payments	—	—	(17)	—
Dividends paid	—	(4,413)	—	—
Disposal of treasury shares	—	(11)	—	—
Increase (decrease) by business combination	—	—	—	—
Loss of control of subsidiaries	—	—	—	—
Written put options over non-controlling interests	—	192	—	—
Total transaction with owners	—	(4,232)	(17)	—
As of February 28, 2025	27,097	(8,058)	48	51,385

	Treasury shares	Equity attributable to owner of the parent total	Non-controlling interests	Total equity
As of March 1, 2023	(285)	64,224	687	687
Net income	—	7,545	323	323
Other comprehensive income	—	134	16	16
Total comprehensive income	—	7,679	339	339
Share-based payments	—	0	—	—
Exercise of share acquisition rights	—	27	—	—
Dividends paid	—	(4,412)	(232)	(232)
Purchase of treasury shares	(127)	(127)	—	—
Disposal of treasury shares	34	29	—	—
Increase (decrease) by business combination	—	—	215	215
Written put options over non-controlling interests	—	(690)	—	—
Total transaction with owners	(93)	(5,173)	(17)	(17)
As of February 29, 2024	(378)	66,730	1,009	1,009
Net income	—	8,003	261	261
Other comprehensive income	—	(390)	(8)	(8)
Total comprehensive income	—	7,613	253	253
Share-based payments	—	(17)	—	—
Dividends paid	—	(4,413)	(231)	(231)
Disposal of treasury shares	66	55	—	—
Increase (decrease) by business combination	—	—	271	271
Loss of control of subsidiaries	—	—	(625)	(625)
Written put options over non-controlling interests	—	192	—	—
Total transaction with owners	66	(4,183)	(585)	(585)
As of February 28, 2025	(312)	70,160	677	677

(4) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended February 29, 2024	Fiscal year ended February 28, 2025
Cash flows from operating activities:		
Income before income taxes	11,225	11,232
Adjustments to reconcile net income to net cash provided by (used in) operating activities;		
Depreciation	8,458	8,919
Amortization	713	637
Impairment losses	—	1,567
Loss on disposal or sales of property, plant and equipment	93	23
Proceeds from loss of control of subsidiaries	—	(3,539)
Loss (gain) on sale of shares of subsidiaries	—	(221)
Loss (gain) on step acquisition	(838)	—
Share of (profit) loss of investments accounted for using equity method	(142)	(177)
Financial income	(40)	(47)
Financial costs	436	579
Decrease (increase) in trade and other receivables	2,577	162
Increase (decrease) in trade and other payable	(2,166)	322
Increase (decrease) in payable for consumption tax	(743)	972
Other, net	(779)	(321)
Subtotal	18,794	20,108
Interest and dividends received	145	196
Interest paid	(410)	(513)
Income taxes paid	(4,942)	(2,400)
Net cash provided by (used in) operating activities	13,587	17,391
Cash flows from investing activities:		
Purchase of property, plant and equipment	(1,379)	(1,147)
Purchase of intangible assets	(817)	(531)
Proceeds from purchase of share of subsidiaries resulting in change in scope of consolidation	64	—
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(274)	(417)
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	—	(780)
Purchase of securities	(651)	(700)
Payments for guarantee deposits	(102)	(102)
Proceeds from guarantee deposits	117	271
Payments for asset retirement obligations	(67)	(287)
Other, net	12	0
Net cash provided by (used in) investing activities	(3,097)	(3,693)
Cash flows from financial activities:		
Increase (decrease) in short-term borrowings	4,400	1,625
Proceeds from long-term borrowings	4,000	5,000
Repayment of long-term borrowings	(7,043)	(9,000)
Dividends paid	(4,412)	(4,413)
Dividends paid to non-controlling interests	(232)	(231)
Repayments of lease liability	(6,911)	(6,911)
Proceeds from issuance of shares	26	—
Proceeds from sale of treasury shares	13	33
Purchase of treasury shares	(127)	(0)
Net cash provided by (used in) financial activities	(10,286)	(13,897)
Effect of exchange rate change on cash and cash equivalents	11	(22)

(Millions of yen)

	Fiscal year ended February 29, 2024	Fiscal year ended February 28, 2025
Net increase (decrease) in cash and cash equivalents	215	(221)
Cash and cash equivalents at the beginning of the period	6,998	7,213
Cash and cash equivalents at the end of the period	7,213	6,992

(5) Notes to consolidated financial statements

(Notes on going concern assumption)

Not applicable.

(Changes in accounting estimates)

(Changes in useful lives and lease terms of property, plant and equipment)

During the fiscal year ended February 28, 2025, the Company decided to terminate the leases of some leased offices. As a result, the Company changed its estimates of the useful lives of buildings and structures (property, plant and equipment) and the lease terms of right-of-use assets (property, plant and equipment).

As a result of these changes in estimates, property, plant and equipment and other long-term financial liabilities each decreased by 1,269 million yen. Operating income and income before income taxes each declined by 328 million yen.

(Change in estimates of asset retirement obligations)

During the fiscal year ended February 28, 2025, the Company changed its estimates of asset retirement obligations posted as restoration obligations under the real estate lease contracts for each office based on information about restoration costs that became newly available.

Due to these changes in estimates, property, plant and equipment and provisions (non-current liabilities) each increased by 347 million yen.

(Segment information)

The Group’s reportable segments are components of the Group for which separate financial information is available and which are subject to periodic review by the Board of Directors to determine the allocation of management resources and evaluate their performance. The Group’s business segments consist of the CRM business segment and the Others business segment, and business segmentation is based on comprehensive consideration of service type and characteristics, markets and other factors.

The Group is primarily involved in the CRM business, which deals with the operation of contact centers and other operations incidental thereto.

This business accounts for the majority of the absolute amounts of the Group’s reported revenue and net profit or loss and the amount of its reported assets. Accordingly, the Group’s only reportable segment is the CRM business.

Internal transfers between segments are generally based on market prices.

Fiscal year ended February 29, 2024

(Millions of yen)

	CRM Business	Others	Adjustments and eliminations	Consolidated
Revenue				
Revenue from external customers	148,107	610	—	148,717
Intersegment revenue (*1)	—	323	(323)	—
Total revenue (*2)	148,107	933	(323)	148,717
Other profit or loss				
Depreciation and amortization	(9,168)	(3)	—	(9,171)
Share of profit (loss) of investments accounted for using equity method	142	—	—	142
Financial income	40	0	—	40
Financial costs	(436)	—	—	(436)
Income before income taxes of reportable segment	10,985	240	—	11,225
Other disclosures				
Capital expenditures	1,952	68	—	2,020

(*) 1. Intersegment revenue is eliminated on consolidation and included in the “Adjustments and eliminations” section.
2. Revenue is revenue recognized from all contracts with customers.

Fiscal year ended February 28, 2025

(Millions of yen)

	CRM Business	Others	Adjustments and eliminations	Consolidated
Revenue				
Revenue from external customers	143,196	411	—	143,607
Intersegment revenue (*1)	—	321	(321)	—
Total revenue (*2)	143,196	732	(321)	143,607
Other profit or loss				
Depreciation and amortization	(9,534)	(22)	—	(9,556)
Impairment losses	(555)	(1,012)	—	(1,567)
Share of profit (loss) of investments accounted for using equity method	177	—	—	177
Financial income	47	0	—	47
Financial costs	(579)	—	—	(579)
Income before income taxes of reportable segment	12,088	(856)	—	11,232
Other disclosures				
Capital expenditures	1,456	133	—	1,589

(*) 1. Intersegment revenue is eliminated on consolidation and included in the “Adjustments and eliminations” section.
2. Revenue is revenue recognized from all contracts with customers.

(Impairment of goodwill)

(i) Cash-generating unit

The Group's cash-generating units and the carrying amount of goodwill for each unit for the consolidated fiscal year under review are as listed below.

(Millions of yen)

	Goodwill	
	As of February 29, 2024	As of February 28, 2025
BELLSYSTEM24, Inc. (CRM Business)	93,193	93,193
BELLSYSTEM24, Inc. (Content Business)	1,012	—
CTC First Contact Corporation (*)	695	—
BELLSYSTEM24 VIETNAM Inc.	1,539	948
Others	333	510
Total	96,772	94,651

(*) The Company sold part of shares of CTC First Contact Corporation during the fiscal year under review. Consequently, the company has been removed from the scope of consolidation and is now classified as an equity-method affiliate.

In principle, the Group considers each company or business as a cash-generating unit for goodwill impairment tests and allocates goodwill to those expected to benefit from synergy resulting from business combinations. A cash-generating unit is the smallest group of assets identified as a unit that generates cash inflows that are generally separate from the cash inflows generated by other assets or asset groups.

The Group performs an impairment test annually regardless of whether there are any signs of impairment. The Group determines when to conduct a goodwill impairment test for each cash-generating unit in consideration of the timing of the formulation of relevant business plans. Additionally, the Group conducts quarterly assessments of any signs of impairment. If any signs are detected, an impairment test is performed.

In the previous consolidated fiscal year, management determined that there were no impairment losses in any cash-generating units following the conducting of impairment tests.

In the consolidated fiscal year under review, the Group reviewed the most recent results and future business plans for BELLSYSTEM24 VIETNAM Inc. in the CRM business segment and for BELLSYSTEM24, Inc. (content business) in the Others business. The estimated recoverable amount is lower than the carrying amount, and impairment losses of 1,567 million yen were recorded.

The impairment losses are recorded as part of other expenses in the consolidated statement of income. Management has determined that the other cash-generating units are not impaired.

(ii) Key assumptions used in the calculation of value in use

The assumptions that significantly affect the calculation of value in use for each cash-generating unit are as follows:

- Business plan
- Discount rate
- Growth rate used for calculating the going concern value

CRM Business (BELLSYSTEM24, Inc.)

In goodwill impairment testing, the recoverable amount is determined by calculating value in use. Value in use is determined by discounting the estimated future cash flow calculated using a projected growth rate of 2.0% based on the business plan for the next consolidated fiscal year approved by the Board of Directors. Projected revenue in the CRM business is the assumption with the most significant impact on the calculation of value in use. This assumption reflects historical data. Additionally, industry growth rates published by external organizations are also considered. The CRM outsourcing market, where the Group's CRM business operates, and other relevant markets are expanding steadily.

In this market environment, the Group plans to continue to work for customers acquired in previous years and acquire new customers leveraging its network of various companies, including ITOCHU Corporation and TOPPAN Inc.

CRM Business (BELLSYSTEM24 VIETNAM Inc.)

In goodwill impairment testing, the recoverable amount is determined by calculating value in use. Value in use is determined by discounting an estimated future cash flow calculated using a projected growth rate of 3.1% based on the three-year business plan approved by management. Projected revenue in the CRM business is the assumption with the most significant impact on the calculation of value in use. This assumption reflects historical data. Additionally, Vietnam's economic growth rate is also considered. BELLSYSTEM24 VIETNAM Inc. plans to acquire new customers leveraging its network of companies, including the Group, ITOCHU Corporation and TOPPAN Inc.

Others Business (BELLSYSTEM24, Inc. (Content Business))

In goodwill impairment testing, the recoverable amount is determined by calculating value in use. Value in use is determined by discounting an estimated future cash flow calculated using a projected growth rate of 0% based on the business plan for the next consolidated fiscal year approved by the Board of Directors. Projected revenue from fortune telling and weather content is the assumption with the most significant impact on the calculation of value in use. This assumption reflects historical data as well as the anticipated number of members, revenue generated from content usage, and advertising revenue.

Growth rates used to project future cash flows for each cash-generating unit beyond the duration of the business plans are determined based on the conditions of the country and industry in which the cash-generating unit operates. These growth rates do not exceed the long-term average growth rate of the industry relevant of the unit.

The discount rate used for calculating going concern value is a figure before tax and reflects risk specific to the relevant cash-generating unit. The discount rate was calculated with the help of an independent appraiser. The rate was determined by comparing it to figures of companies that are similar to each cash-generating unit. Market interest rates and the size of the company associated with each cash-generating unit are taken into consideration.

The table below shows discount rates before tax used to calculate value in use.

	Discount rate (before tax)	
	As of February 29, 2024	As of February 28, 2025
BELLSYSTEM24, Inc. (CRM Business)	10.2%	9.6%
BELLSYSTEM24, Inc. (Content Business)	12.3%	13.4%
CTC First Contact Corporation	10.2%	—
BELLSYSTEM24 VIETNAM Inc.	16.1%	16.0%

(iii) Sensitivity analysis

The discount rates for goodwill impairment tests were calculated with the help of independent appraisers. The representative value from the range of calculations was used.

If the highest value in the range of calculations is used as the discount rate for the impairment test for the consolidated fiscal year under review, the impairment losses are as stated below. The recoverable amount for BELLSYSTEM24, Inc. (CRM business) consistently exceeds the carrying amount if the key assumptions in the impairment test change within a reasonably predictable range. The Group has thus determined that a significant impairment is unlikely to occur.

(Millions of yen)

	Discount rate (before tax)	Impairment losses
BELLSYSTEM24, Inc. (CRM Business)	10.5%	—
BELLSYSTEM24 VIETNAM Inc.	16.4%	55

(Borrowings)

The breakdown of borrowings is as follows. Long-term borrowings are measured at amortized cost.

(Millions of yen)

	As of February 29, 2024	As of February 28, 2025
Current borrowings		
Short-term borrowings	14,000	15,800
Current portion of long-term borrowings	9,000	14,999
Subtotal	23,000	30,799
Non-current borrowings		
Long-term borrowings	33,234	23,247
Total	56,234	54,046

(Note) The weighted average interest rate on borrowings at the end of the consolidated fiscal year under review is 0.99%.

Unused lines of credit and overdraft facility are as follows.

(i) Unused lines of credit available under commitment line agreements

(Millions of yen)

	As of February 29, 2024	As of February 28, 2025
Financing limit	15,000	15,000
Outstanding borrowings	12,000	13,300
Unused portions	3,000	1,700

(ii) Unused overdraft facility available under overdraft agreements

(Millions of yen)

	As of February 29, 2024	As of February 28, 2025
Financing limit	7,500	10,500
Outstanding borrowings	2,000	2,500
Unused portions	5,500	8,000

(Earnings per share)

Basic earnings per share are calculated by dividing net income attributable to common shareholders of the parent by the weighted average number of issued basic common shares during the fiscal year under review.

Diluted earnings per share are calculated by dividing net income attributable to common shareholders of the parent by the total of two figures: the weighted average number of issued basic common shares during the fiscal year under review and the weighted average number of common shares that would be issued if all potential common shares having dilutive effects were converted into common shares.

The number of shares of the Company held by the Officer Compensation BIP Trust is subtracted from the weighted average number of basic common shares because these shares are included in treasury shares in the calculation of basic earnings per share and diluted earnings per share.

The basis for the calculation of basic earnings per share and diluted earnings per share is as follows:

	Fiscal year ended February 29, 2024	Fiscal year ended February 28, 2025
		(Millions of yen)
Net income attributable to owners of the parent	7,545	8,003
Amount not attributable to common shareholders of the parent	—	—
Net income used to calculate basic earnings per share	7,545	8,003
Net income used to calculate diluted earnings per share	7,545	8,003
		(Thousand shares)
Weighted average number of basic common shares	73,536	73,550
Effects of potential dilutive common shares		
Increase attributable to stock options	346	421
Increase attributable to the Officer Compensation BIP Trust	58	48
Weighted average number of common shares adjusted for dilution	73,940	74,019
		(Yen)
Earnings per share		
Basic earnings per share	102.61	108.81
Diluted earnings per share	102.05	108.12

(Significant subsequent events)

On March 31, 2025, the Company obtained loans under monetary loan agreements with each of six domestic financial institutions to refinance long-term borrowings and repaid borrowings under existing monetary loan agreements.

(i) Contracting parties
MUFG Bank, Ltd., The Bank of Yokohama, Ltd., The Nishi-Nippon City Bank, Ltd., The Bank of Fukuoka, Ltd., Resona Bank, Limited, Daishi Hokuetsu Bank, Ltd.

(ii) Total borrowings
11,000 million yen

(iii) Borrowing date
March 31, 2025

(iv) Repayment date
March 29, 2030

(v) Interest rate
TIBOR (Tokyo Interbank Offered Spread) plus spread

(vi) Major borrower obligations (to certain parties)
Adhering to financial covenants. The key parts of the financial covenants are as follows:

a) Consolidated net assets at the end of each consolidated fiscal year must be 75% or higher of the greater amount between those at the end the fiscal year ended February 29, 2024, or those at the end of the previous consolidated fiscal year.

b) The Group must not incur a consolidated net loss for two consecutive consolidated fiscal years.