

2. Business Risks

The matters relating to the future in this text are based on judgments made by the Group as of the end of the fiscal year ended February 28, 2023. These matters do not cover all the risks which may occur in the future.

(1) Management Risk Structure

- (i) Upon examining the ideal form of risk management in the Group with the help of external experts, we decided to establish a Risk Management Committee as an advisory body to the Board of Directors and to build a new structure chaired by a Chief Risk Officer (CRO) in the fiscal year ended February 28, 2023 to further increase the sophistication of management risk management. At the same time, we conducted a new management risk assessment for the Group taking into consideration management risks which may hinder the achievement of our Mid-term Management Plan. That allowed us to visualize the priority risks in the Group.
- (ii) We decided to build a new structure in the fiscal year ended February 28, 2023. Based on that decision, we set the following as our target for management risk management in the Group from March 2023: to improve our corporate value by appropriately controlling important management risks which may hinder the achievement of our management strategies and increasing the achievability of our management strategies starting with our Mid-term Management Plan based on the idea that management strategies and management risks are two sides of the same coin. Accordingly, we appointed an Corporate Officer in Charge of Risk Management who will play the role of Chief Risk Officer (CRO) to establish an enterprise risk management (ERM) structure. Together with that, we established the Risk Management Division under the control of the Corporate Officer in Charge of Risk Management as a dedicated division. This division will carry out operations relating to management risk management in the Group. In addition, we enacted the Risk Management Committee Rules to clarify the roles of the Risk Management Committee and to ensure the effectiveness of its operations. Together with that, we revised the Risk Management Rules which we had enacted previously.
- (iii) The following shows a schematic diagram of the Group's management risk management.



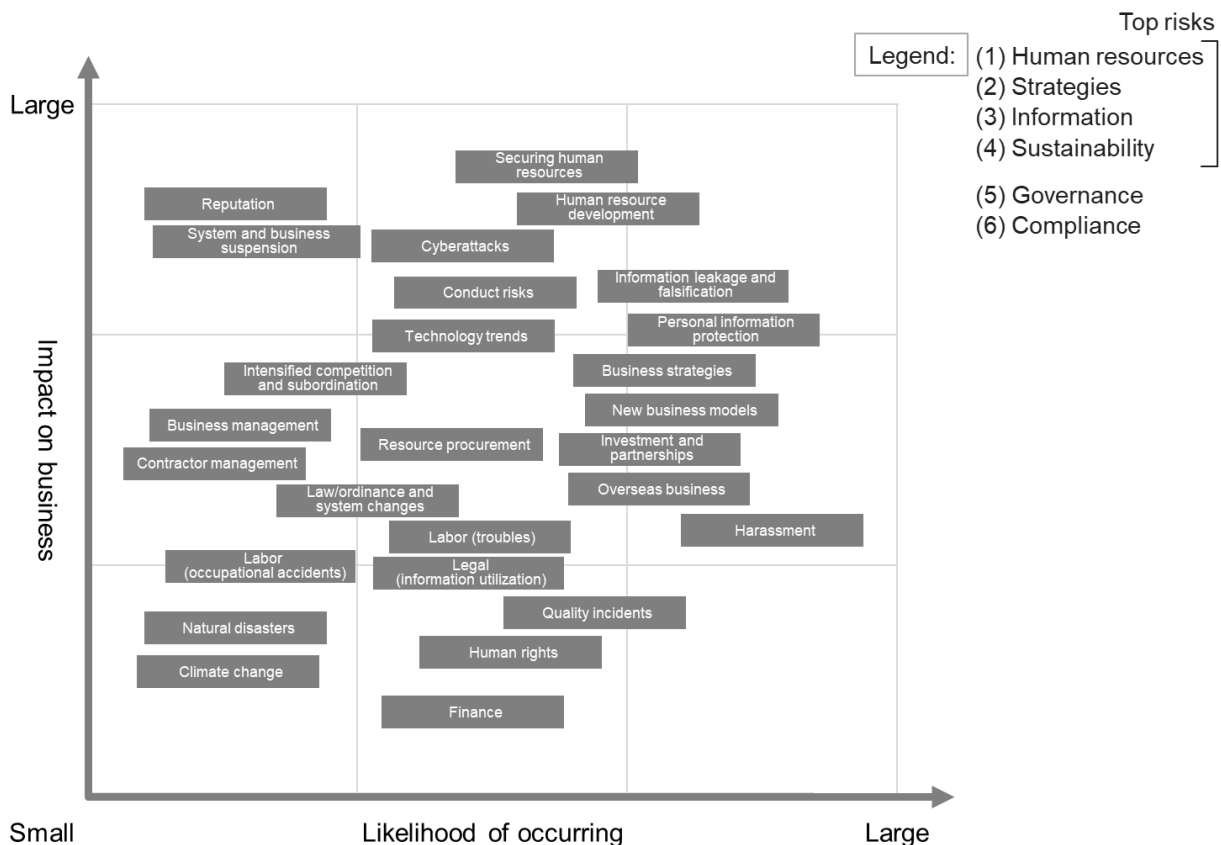
(2) Management Risk Management Initiatives

(i) The Risk Management Committee analyzed the results of the management risk assessment conducted in the fiscal year ended February 28, 2023. The committee has classified the identified risks as follows to appropriately manage them.

- i. Top risks: Risks which require particular focus from the Board of Directors among the management risks and major risks
- ii. Management risks: Risks which may hinder the achievement of the Group's management strategies such as those in our Mid-term Management Plan
- iii. Major risks: Risks which occur in the operation of the Group's businesses and which require constant management

(ii) We designate Corporate Officers as the risk owners who are responsible for each top risk. In addition, we establish supervisory divisions for each management risk and major risk. The risk owners and supervisory divisions work with the Risk Management Division to reduce those risks. At the same time, they grasp the changes in the degree of impact that each risk has on the Group's management taking into account the social environment around the Group, the state of progress on management strategies such as those in our Mid-Term Management Plan and the other impact on risks. They then take the necessary measures when actually faced with those management risks.

Moreover, we have formulated a risk map based on the perspectives of the degree of impact each risk we have identified will have on our business and the likelihood of it occurring. The following figure is the risk map as of the date on which we submitted this securities report.



(3) Business Risks

The following are the risks we have judged to be the top risks for the Group as of the date on which we submitted this securities report. We believe the top risks are those with the potential to have a significant impact on investment decisions by investors among the risks which may affect the Group's financial condition and management results.

These risks do not cover all risks. We may be affected by risks we have not anticipated and other risks we consider to be of low importance in the future.

Risk Category	Top Risk Item	Risk and Impact	Level of Impact and Likelihood of Occurring
Human resources	<ol style="list-style-type: none"> 1. Securing human resources 2. Human resource development 	<p>In addition to recruiting and developing executive managers and outstanding human resources, we need to continue recruiting and systematically developing operators who directly provide services related to contact centers to grow the Group's business. At the same time, we believe preventing the outflow of human resources is an important management issue for the Group. The Group is creating an environment where outstanding human resources come together, continue working and find it easy to be a success. To achieve that, we are conducting annual recruitment activities based on a recruitment plan and developing human resources by providing various education and development programs on a systematic basis. In addition, we are taking measures such as promoting a personnel system, diversity management and health management so that diverse human resources can be a success in the Group.</p> <p>However, if we are not able to recruit and train the human resources we need on a planned basis or if we are not able to prevent the outflow of human resources, it may affect the Group's business growth, performance and financial position.</p>	Large

Risk Category	Top Risk Item	Risk and Impact	Level of Impact and Likelihood of Occurring
Information	<ol style="list-style-type: none"> 1. Information leakage and falsification 2. Personal information protection 3. Cyberattacks 	<p>In addition to information relating to our officers and employees necessary for business operation and business information, the Group comes into contact with a variety of information such as the personal information entrusted to us by our clients and the customer experience data we accumulate while executing business. Therefore, we consider preventing the loss, damage, external leakage and falsification of that various information to be an important management issue for the Group in the ongoing operation of the Group's business. Accordingly, we have established regulations relating to information protection including our Privacy Policy and Information Security Policy to maintain and operate our information protection management structure. In addition, we are continuing to inform all the Group's officers and employees of those regulations and providing education on them.</p> <p>Furthermore, malware infections and cyberattacks are becoming more sophisticated and ingenious on a daily basis in today's highly developed information society. Therefore, in addition to the possibility various information may be lost due to cyberattacks, the systems used by the Group may come to a stop and our business may be interrupted by those system suspensions. That means dealing with cyberattacks is also an important management issue for the Group. We have established an information risk management organization under the Chief Information Officer (CIO) to prevent cyberattacks and to respond swiftly when they do occur in the Group. We have also established the Computer Security Incident Response Team (CSIRT) as a specialized organization for that.</p> <p>However, it is difficult to completely prevent the loss of various information and to eliminate all cyberattacks. Accordingly, if an incident involving the loss of various information or the suspension of business due to a cyberattack occurs, the Group's business, performance and financial position may be affected by claims for damages from the owners of that information, the cancellation of contracts and the loss of social credibility.</p>	Large
	<ol style="list-style-type: none"> 4. System and business suspension 	<p>The Group uses Internet communication networks and systems to execute operations from sales and operation administrative management to personnel labor management and accounting in general to ensure continued telecommuting and to improve the efficiency of operations utilizing digital transformation. Therefore, when using Internet communication networks or receiving the provision of systems, we investigate their reliability in advance. At the same time, we periodically perform the necessary system maintenance.</p> <p>Moreover, we are striving to ensure the Group's business is not suspended or delayed as far as possible. In addition to planned maintenance, we take measures such as periodic replacement as a measure against aging system equipment in the systems owned by the Group.</p> <p>However, if the Group's business is suspended or delayed due to failures in Internet communication networks or systems caused by natural disasters, unauthorized access beyond the expected level, or system attacks from malware infections, we may be asked to compensate for damages arising from that. In addition, it may lead to a loss of trust in the Group's business. As a result, such an event may affect the Group's business activities, performance and financial position.</p>	Medium

Risk Category	Top Risk Item	Risk and Impact	Level of Impact and Likelihood of Occurring
Strategies	1. Business strategies 2. Investment and partnerships 4. New business models	<p>The Group provides contact center services with high added value for our customers. The contact center market is affected by economic fluctuations in society and changes in the business activities of customers. That means competition in the contact center business is expected to intensify further. Accordingly, we will provide new value to our clients and improving operational efficiency by utilizing customer experience data. In addition, we will create a new business process outsourcing (BPO) area around the contact center outsourcing market. To realize that, we are investing in partners and forming business partnerships as is necessary.</p> <p>In particular, we decide to invest in partners and to form business partnerships only after considering the risks by investigating in advance the financial position of those partners and the details of those contracts. Furthermore, we periodically monitor the status of achievement of the business plan we initially envisioned after investing in partners and forming business partnerships.</p> <p>However, the superiority of the Group's contact center business and the creation of new business may come to a standstill due to rapid changes in the social environment including technological innovation, the creation of new businesses by competitors and the entry of other operators into the contact center business. That may affect the Group's business growth. Moreover, if we determine that investment in partners and the formation of business partnerships will not produce the results we initially expected, in addition to the occurrence of impairment losses, business may be terminated due to the dissolution of those business partnerships. That may affect the Group's financial position.</p>	Medium
	3. Overseas business	<p>The Group has expanded and is involved in business activities in Vietnam, Taiwan and Thailand. In addition, we are engaged in transactions with companies which operate overseas. Therefore, we have country risks. Those risks include the suspension of remittances due to unforeseen circumstances or changes to laws/ordinances and regulations caused by the political, economic and social conditions in those countries and regions. Accordingly, we coordinate information with local subsidiaries of ITOCHU Corporation as necessary to grasp the situation in those countries and regions as far as possible. Together with that, we are striving to reduce risks by receiving detailed information from the Group's employees stationed overseas.</p> <p>However, if risks do materialize like with the Russia-Ukraine situation, it is impossible to avoid them completely. That means the Group's financial position and performance may be affected by delays in payment or delivery by associated companies and price hikes due to supply chain risks in addition to the delay or impossibility of the Group executing business in those countries and regions. Furthermore, it will not be easy to recover the costs we have invested when expanding into Vietnam, Taiwan and Thailand. That may affect the Group's financial position and performance.</p>	Medium

Risk Category	Top Risk Item	Risk and Impact	Level of Impact and Likelihood of Occurring
Sustainability	1. Climate change	<p>The climate change problem is a common issue around the world. The Group also views it as an important management issue. The Group has endorsed the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). In addition, we formulated and determined specific targets for the rate of reduction in our greenhouse gas (GHG) emissions by 2025, 2030 and 2040 at a meeting of our Board of Directors held in April 2022.</p> <p>We have published the details of climate change-related risks on the Group's official website. URL: https://www.bell24.co.jp/en/csr/environment/climatechange-e-index/climatechange/</p>	Small
	2. Human rights	<p>The Group is involved in business activities in Vietnam, Taiwan and Thailand in addition to Japan. Accordingly, not only do the Group's officers and employees come from many countries, so do the officers and employees of the customers with whom we engage in transactions. There has been a growing interest in human rights especially in developed countries in recent years. Moreover, we believe that requests for an advanced response to human rights from our stakeholders will affect the Group's business activities from the perspective of sustainability. The Group has enacted a human rights policy and published it on our official website. We are continuing to engage in activities to make our officers and employees aware of this policy. In addition, we conduct human rights due diligence as appropriate.</p> <p>However, if a human rights violation occurs in the Group, it may affect the Group's business growth and financial position due to a fall in our stock price, suspension of transactions with customers and loss of the Group's social credibility.</p>	Small