News Release

S-POOL

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To whom it may concern:

S-Pool formulates new medium-term management plan

S-Pool has formulated a new Medium-Term Management Plan (FY2025-FY2029), as outlined below.

1. Basic Policy

Further Strengthening the Management Foundations for the Next Decade

To date, the S-Pool Group has built its foundations for new growth in 10-year cycles. As it approaches a new decade, in the dramatically changing business environment of Human Resource Outsourcing Services, the Group believes further progress will be based on its three core businesses and that continuing growth will require the creation of new business.

2. Numerical targets

	FY2024 results	FY2029 planned	CAGR
Revenue	25.5 billion yen	36.0 billion yen	+6.2%
Operating profit	2.7 billion yen	4.5 billion yen	+10.5%
Operating profit margin	10.9%	13.3%	-

3. Priority Strategies

Strategy I:	Maintaining organic growth based on core businesses
Strategy II:	Advancing business through Group synergies
Strategy III:	Improving profitability and management efficiency through AI and digital transformation (DX)
Strategy IV:	Developing a diverse workforce for the next generation

Strategy I: Maintaining organic growth based on core businesses

We have identified Special Needs Employment Services, Sustainability Support Services, and Community Development Support Services, each of which combines high growth potential with competitive advantages, as core business fields to drive the Group's growth. In Human Resource Outsourcing Services, in which the key call center staffing business is likely to experience demand contraction as use of AI and digital transformation (DX) accelerates, we will enhance competitive advantages by increasing use of AI and achieving digital transformation.

[Special Needs Employment Services]

Revenue: FY2024 results: 8 billion yen → FY2029 target: 13 billion yen (CAGR: +10.6%)

Demand for our farm services is expected to remain high as statutory employment ratios increase in stages. Given these conditions, we will target further growth by promoting the nationwide expansion of farm services. In addition to steadily expanding Work Happiness Farms, which currently operate in the three largest urban areas of Japan, to operate in the seven largest urban areas in 2026 and beyond, we will also begin developing a small-scale farm model for potential expansion into provincial cities. Through these efforts, we will contribute further to growing employment opportunities for people with disabilities and promoting their employment by corporate clients.

[Environmental Management Support Services] (Sustainability Support Services)
Revenue: FY2024 results: 1.5 billion yen → FY2029 target: 2.4 billion yen (CAGR: +8.5%)
Targeting the leading position in the sustainability management consulting field, we will pursue both business expansion and brand improvement. In addition to focusing on growing our customer base, we will strengthen the revenue foundations by expanding the service and seeking out new customers. Additionally, we will accelerate further business growth by growing the Boyadge online community into a leading platform in the sustainability field, thereby expanding points of contact with customers. We will also build a more highly specialized organization by focusing on developing human resources, the source of our competitive strength.

[Wide-area Administrative BPO Services] (Regional Revitalization Support Services)
Revenue: FY2024 results: 1.5 billion yen → FY2029 target: 2.9 billion yen (CAGR: +14.0%)
We will seek to achieve business growth while balancing sales growth and improved profitability. In addition to growing the number of BPO centers to 30 from the current number of 21, we will increase the percentage of wide-area administrative services from 30% to 70% to stabilize the revenue foundations. We've been able to grow opportunities to participate in bidding through steadily building on our transaction track record, with nearly 400 local governments over the past four years; on that basis, we will make comprehensive efforts to secure new wide-area administrative service orders from this point forward.

[Human Resource Outsourcing Services]
Revenue: FY2024 results: 10.6 billion yen → FY2029 target: 1.1 billion yen (CAGR: +0.7%)
In the call center staffing business, which is likely to experience contraction in demand as use of AI and digital transformation (DX) accelerates, we will enhance competitive advantages by adding increased value to achieve differentiation. We will contribute to solutions for customer firms by enhancing the skills and expertise of field consultants stationed at placement sites to strengthen their capacity to improve operations on site. Additionally, we will focus on improving the retention of assigned staff to help customers solve staffing shortages and boost productivity. We will actively strive to grow construction and other new business fields.

Strategy II: Advancing business through Group synergies
We will achieve further growth by making the most of the strengths and customer base of each business to create new business opportunities. In particular, we will grow the business fields of Special Needs Employment Services, Environmental Management Support Services, and Wide-area Administrative BPO Services by actively introducing new services. We will strive to maximize sales by enhancing collaboration among Group members in other existing business.

Strategy III: Improving profitability and management efficiency through AI and digital transformation (DX)
We will promote the active use of AI and digital transformation (DX) Groupwide. We will strive to achieve large-scale improvements in operations and lower costs by aggressively promoting digitalization and automation in back-office operations. We will also achieve more efficient and effective sales operations by applying AI to formulate sales strategies, customer analysis, and sales process reforms.

Strategy IV: Developing a diverse workforce for the next generation
Under our policy that seeks corporate growth based on employee growth, we aim to be an organization in which all employees can work with vitality and grow together based on shared values, by developing an environment based on respect for individual diversity in which individual employees can demonstrate their abilities to the fullest. We will focus on developing core human resources to lead Group management to support sustained growth, and achieving progress on and developing leaders capable of welcoming change and aggressively pursuing new challenges.

4. Financial targets
- Consolidated payout ratio: 30% or higher
  * Dividends remaining undiminished until the single-year consolidated payout ratio exceeds 60%
- Maintaining high level ROE