



# Integrated Report 2024

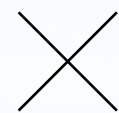
S-Pool, Inc.



# About Us

The S-Pool Group engages in social businesses in the three domains of inclusive society, sustainability, and community development with the aim of helping solve diverse social issues. We aim to be a corporate group that is resilient to changes in the external environment and can grow sustainably through the management of a diverse business portfolio in different fields.

Solutions for  
Social Issues



Portfolio  
Management

Inclusive Society

Special Needs Employment Services



S-Pool Plus, Inc.

Human Resource Outsourcing Services



S-Pool Human Solutions, Inc.

Professional Human Resources Utilization Services



S-Pool, Inc.  
Human Capital Business Division

Sales Promotion Support Services



S-Pool Sales Support, Inc.

Sustainability

Environmental Management Support Services



S-Pool Blue Dot Green, Inc.

Sustainability Training Video Service



S-Pool, Inc.  
Sustainability Navigation Company

Decarbonization support services for local authorities



S-Pool, Inc.  
Municipal Environment Future Company

Logistics Outsourcing Services



S-Pool Logistics, Inc.

Community Development

Employment Support Services



S-Pool Link, Inc.

Wide-area Administrative BPO Services



S-Pool Global, Inc.

Business Succession Support Services



S-Pool Bridge, Inc.



# Special Feature

Creating New Businesses

The S-Pool Group has introduced an internal company system that gives young employees the opportunity to develop a management perspective and decision-making skills through hands-on experience. With a corporate culture that values independent thinking and action, we are nurturing the next generation of managers who will lead diverse operations and create sustainable growth in a time of change.

## Internal Company System

In December 2023, we launched an internal company system to encourage young employees to take initiative in developing new businesses. By leveraging the Group's customer base and granting authority equivalent to that of a subsidiary, the internal company system facilitates rapid decision-making. Two businesses have already been turned into internal companies under this system, and both have achieved profitability within their first year. We will continue to focus on launching new internal companies and developing human resources.

Municipal Environment Future Company			Sustainability Navigation Company		
By combining the network of municipalities developed through Wide-area Administrative BPO Services with the consulting expertise from Environmental Management Support Services, the Municipal Environment Future Company provides decarbonization support services for municipal authorities.			Leveraging the highly ESG*-conscious customer network of Environmental Management Support Services, the Sustainability Navigation Company provides a sustainability training video service called PivotTA Sustena.		
Fiscal 2024 results			Fiscal 2024 results		
Revenue	Number of consulting projects	Number of participating communities	Revenue	Number of corporate users	Retention rate
¥283 million	52 municipalities	560 municipalities	¥48 million	250 companies	98.6%
			* Environmental, social, and governance		

### Message from the General Manager of the Business Strategy Promotion Division

#### Background and Future of the Internal Company System



**Youichi Oniki**  
General Manager,  
Business Strategy  
Promotion Division,  
S-Pool, Inc.

We decided to introduce the internal company system in response to a growing number of questions from employees, such as, "How can I start a business within the Company and succeed as a manager?" Until now, we have provided young employees with opportunities to grow by launching new businesses and becoming involved in management from an early stage. Around five years ago, we were creating many new businesses in an environment where young employees could thrive regardless of the project in which they participated. However, as the Group grew and each subsidiary's organization expanded, opportunities for younger employees to take on leading roles in business operations gradually declined.

Despite these circumstances, in hiring interviews with new college graduates, we have seen an increase in applicants who express a strong desire to be involved in management early in their careers, even within a listed company, and the caliber of our incoming talent continues to rise. In light of these expectations, we recognized a need to secure more opportunities for young employees to take the initiative in launching businesses and participating in management.

S-Pool, Inc. is a company that has grown by promoting in-house business development without relying on mergers and acquisitions or capital alliances and by proactively providing such opportunities to young employees. The internal company system, introduced as a new framework for novel growth, goes beyond just human resource development. It creates an environment in which individuals can commercialize their own ideas and take on executive roles at a young age.

In addition to developing young talent, this system also promotes the use of market resources across the Group and the development of new businesses, thereby playing a role in diversified portfolio management.

In five years' time, we expect to see numerous internal companies formed and growing into businesses that support the Group's management foundations. By then, the key members leading the Group will likely have changed significantly. We hope you will look forward to the new businesses and internal companies that will be created and grow in the years ahead.

Story

Strategy

Sustainability

Summary

## Fostering of Future Business Leaders

Sustainable growth requires the development of managers with long-term perspectives and core personnel to lead the next generation. While flexibly responding to today's rapidly changing market environment, we believe it is essential to proactively promote young talent and give them significant discretion in real-world settings in order to cultivate individuals who can drive the organization forward. By putting into place an environment that encourages employees to take on challenges and provides opportunities to gain a management perspective, we will develop the next generation of leaders and enhance the overall growth potential of the organization.

[Next-Generation Manager Training Program](#) P.60

### Messages from Internal Company Presidents



**Masakazu Hirashima**  
Sustainability Navigation  
Company

While still a university student, I founded a startup and worked as an engineer developing web services. I felt great fulfillment in turning my ideas into a real business, but I also encountered challenges scaling the business due to my lack of experience. During that time, I came across S-Pool Inc., a company actively pursuing new business initiatives and tackling social issues, and I decided to join the team. From the start, the Company provided an environment where I could learn about a wide range of social issues from a frontline perspective, and this became a powerful driver of my personal growth. I was entrusted with a high level of responsibility soon after joining the Company, and by my fourth year, I had been appointed as the head of an internal company. This was only possible because the Company has a culture that encourages taking on challenges and has internal systems in place to support those who take the initiative. Looking back, I am still amazed at the many opportunities I had from my very first year. Moving forward, I will focus not only on further expanding the current business but also on developing personnel who can lead the next generation from within my team. By continuing to take on challenges myself and training the next generation of leaders, I hope to contribute to the growth of the entire S-Pool Group.



**Natsuki Yamaguchi**  
Municipal Environment  
Future Company

When I joined S-Pool, Inc. mid-career in April 2022, I had a vague desire to contribute to community development, but I did not yet have a clear vision. That changed when I became involved in helping municipal authorities in their decarbonization efforts. Deciding to be proactive, I had in-depth discussions with many municipalities, gained a deep understanding of their challenges, and successfully turned these conversations into contracts for the business. Through repeated trial and error with my team, we ultimately were able to launch a new internal company.

When I was appointed as its president, I took on the role with no experience in management oversight or starting a new business, but with the support of many departments both inside and outside the internal company, and thanks to the dedication of talented team members, I was able to face each challenge with a clear mind and build the internal company into what it is today. I also had the amazing opportunity to take part in the Next-Generation Manager Training Program, which allowed me to learn about growth strategies at various companies and gain a broader perspective as a leader. I will apply these insights and experiences to carefully identify what is needed for business growth, listen to the voices of local community members, and quickly develop new services in a bid to further expand business. As a member of the S-Pool Group, I will continue to embrace change, take on challenges, and work to ensure growth for both the internal company and the communities we serve.

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Learn more about how the Company will realize its mission of "Applying the power of outsourcing to support corporate innovation and solutions to society's challenges."

This section narrates the story behind our value creation aimed at achieving this mission, including the backstory to the development of our various services, the strengths of the S-Pool Group, and the vision held by our leadership.

## Story

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Learn more about how the S-Pool Group will achieve future growth by building on its value creation story.

Fiscal 2024 marked a turning point for the Company, as the long-running losses in the Human Resource Solutions Segment hit a record low and a new medium-term management plan was formulated. Accordingly, this section presents the specific business strategies for each service as we look ahead to the next 10 years.

## Strategy

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### Editorial policy

The S-Pool Group publishes this report to communicate to its stakeholders the Group's approach to sustained growth, which balances the creation of social value and growth in corporate value. In preparing this report, we referred to the International Integrated Reporting Framework based on the guidance of the Integrated Reporting and Connectivity Council and the Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation 2.0 issued by the Ministry of Economy, Trade and Industry of Japan. We hope the report will help readers better understand both the financial and nonfinancial aspects of the Group.

### Period covered by the report

December 1, 2023–November 30, 2024  
(Including certain activities in December 2024 and later)

### Scope of the report

S-Pool, Inc. and its consolidated subsidiaries

Learn more about how the Company is addressing environmental, social, and governance issues.

The S-Pool Group regards environmental, social, and governance (ESG) issues as a key management priority to pursue. We have organized and disclosed our approach to each material issue in the context of contributing to the sustainable development of society and enhancing medium- to long-term value.

## Sustainability

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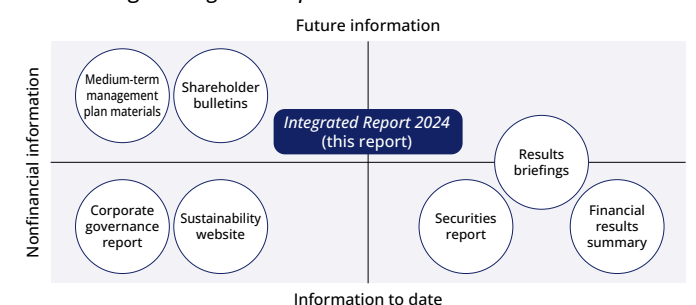
Learn more about how the Company has balanced social and economic value by reviewing past corporate data.

This section provides five years of financial and nonfinancial data highlights, along with external evaluations of the Company.

## Summary

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### Positioning of Integrated Report 2024



### Forward-looking statements

This report includes forward-looking statements that entail inherent risks and uncertainties. These statements are not guarantees of future results. Actual results may differ for various reasons, including changing business circumstances.



## Message from the CEO



## Sohei Urakami

Chairman of the Board, President and  
Representative Director

# Message from the CEO



## Placing Greater Importance on Our Present Actions in Uncertain Times

Corporate social responsibility (CSR) has become more important than at any time in the past, considering corporations' impact on society as a whole and the limited natural resources of our planet Earth. With the rapid rise of new concepts in recent years, such as the United Nations Sustainable Development Goals (SDGs) and environmental, social, and governance (ESG) standards, companies are now called on to fulfill increasingly diverse responsibilities to society. At the same time, the business environment has grown more complex, shaped by technological innovation and geopolitical risks, making it harder to maintain growth in core businesses. The number of issues requiring a corporate response is only increasing, driving up the burden placed on companies. This is precisely why I believe in the ability of our outsourcing services to help solve these increasingly complex challenges placed on corporate management. As the knowledge and expertise expected of companies continues to become more sophisticated, there are greater needs to outsource non-core operations so companies can remain fully committed to their corporate responsibilities and sustainability initiatives. By staying attuned to these social trends and

providing solutions that meet emerging needs, we are able to realize our mission of solving social challenges.

In times like these, when change is constant and the outlook is uncertain, it is essential that we not only stay on the front foot expanding our businesses but also stay vigilant about managing risks. Our experience during the 2012 revisions to the Worker Dispatching Act, when temporary staffing services, then a rapidly expanding market, was hit hard, reinforced the lesson that a single change in the law can have a major impact on a company. In light of the growing complexity of various factors at play these days, the nature and scale of such risks are even harder to predict. In response, the Company is promoting portfolio management that is highly resilient to changes in the external environment. Even if one business faces headwinds, others can compensate. We are constantly pursuing new services that are needed in society. In a world of rising uncertainty, we distribute risk so that one business failure will not affect everything else and always think of what society will need next and then provide it. It is times like these that the S-Pool Group is at its strongest.

## Reassessing Priorities While Eyeing Growth

Fiscal 2024 was a year that embodied this thinking. Despite a ¥2.7 billion decline in revenue from the Human Resource Solutions Segment, the Business Solutions Segment continued to grow strongly, contributing to Group profit and keeping earnings at a level comparable to fiscal 2023. Five years ago, before we launched Environmental Management Support Services and Wide-area Administrative BPO Services, the Human Resource Solutions Segment accounted for roughly 70% of consolidated revenue. Today, around 60% of revenue and 80% of operating profit come from the Business Solutions Segment. This change in our business composition is clear proof that our business portfolio management strategy has taken root.

Looking back over the Company's history, there have been major turning points for growth at roughly ten-year intervals, beginning with the business structure transformation in 2010, followed by S-Pool Inc.'s listing on the Tokyo Stock Exchange First Section in 2019.\* Given this pattern of jumps in growth every decade or so, and with business portfolio management well established, I believe now is the time to reexamine our business foundation with an eye to the next ten years. Over the past two years, with this in mind and a candid recognition of our recent slowdown in growth, we have been developing a new medium-term management plan. With the outlook unclear, it is

impossible to accurately predict what society will look like in ten years. However, it is possible to envision where we want to be as a company ten years from now. Starting from that ten-year vision, we can work backward to determine what actions we must take today. Our new medium-term management plan will be based on this kind of reverse-engineering approach to ensure the growth of the Company.

Separately from the medium-term management plan, we regard ¥10 billion in operating profit as an obvious milestone for any company listed on the Tokyo Stock Exchange Prime Market. However, our goal is not merely to reach ¥10 billion in operating profit; it is to attain this goal by delivering high-value-added services with efficiency. The new medium-term management plan lays out a road map for achieving this. In fiscal 2025, guided by four key business strategies, we are strengthening organic growth in our three core businesses (Special Needs Employment Services, Wide-area Administrative BPO Services, and Environmental Management Support Services). In parallel, we will accelerate the rollout of new services leveraging Group synergies to further reinforce business portfolio management.

\* Currently listed on the Prime Market



## Message from the CEO

In preparing this new medium-term management plan, we also carefully reviewed the factors that led to the decision to withdraw our previous medium-term management plan, including the significant changes in the external environment for our Human Resource Solutions Segment. Potential risks, such as a decline in call center demand, have been incorporated into our planning, and we have structured the management plan around a strong awareness of how to expand growth businesses while maintaining scale in the Human Resource

Solutions Segment. To this end, we have created a framework to draw out Group synergies, including a new Group Marketing Division within the Business Strategy Promotion Division to oversee the development of new services across the Group and strengthen portfolio management. These efforts aim to establish new core businesses for the future. With these initiatives as the foundation for business growth, we will push forward with determination toward achieving our goals.

new service from scratch, launching a service with the Company offers significant advantages. I want our younger employees to make full use of the customer base, assets, and knowledge that the Company has built and gain the experience of leading as a company president without taking on the risks associated with going independent.

In fiscal 2024, the internal companies we launched were based on service concepts developed by senior management. Starting in fiscal 2025, however, we will shift to a system that actively solicits ideas from employees. We believe that encouraging the frontline participation of employees, not just managers, will accelerate our efforts to cross-sell services and develop new core services. Creating and supporting the systems to make this possible will be one of my top priorities.

## Overcoming Challenges and Building a New Structure

To remain a partner chosen by our customers, we must continue to deliver even higher value-added services. As reflected in our results in fiscal 2024, the Business Solutions Segment continued to deliver strong growth, but this was offset by a decline in the Human Resource Solutions Segment, resulting in flat performance for the Group overall. Alongside discussions on growth strategies in the formulation of a new medium-term management plan, we focused heavily on strengthening and revamping our organizational structure in fiscal 2024.

As a top priority, we took steps to reinforce the Human Resource Solutions Segment. We appointed Ms. Akiko Murobayashi as CEO of S-Pool Human Solutions, Inc. Given the rapid advances in AI and automation, we believe that contraction in call center staffing services, our core offering in the Human Resource Solutions Segment, is inevitable. A business model centered solely on labor supply may no longer be sustainable as a service. Ms. Murobayashi is a veteran of the call center business, having begun her career at Nippon Telegraph and Telephone Corporation (NTT) and later serving as president of NTT Marketing Act ProCX, among other leadership roles. We are

confident that her abundant expertise and experience will significantly raise the quality of our services. Our temporary staffing model for call centers features field consultants who are assigned full-time roles at client call centers. Going forward, we aim to strengthen the consulting function further, enhancing the added value that only people can provide. At the same time, we must address the many challenges faced across the sector, such as low staff retention and the resulting low levels of productivity. We expect Ms. Murobayashi to lead initiatives that will reinforce our consulting capabilities, increase the added value of our services, and tackle industry-wide issues.

Our organizational reinforcement extends beyond individual business sections. To fully leverage Group synergies, we are rolling out initiatives to share customer information, optimize personnel allocation, and maximize performance across the Group. Aiming for ¥10 billion in operating profit in the future and sustained growth beyond that, we will continue to create new business strategies and organizational structures that position the S-Pool Group for the next decade and beyond.

Recent advances in AI technology are transforming the business landscape in ways that far exceed expectations. Tasks that once required half a day can now be completed instantly. In this environment, we are all still in the exploratory stage of understanding how best to deploy AI and novel technological concepts. The only way forward is to experiment with AI, put the technology into actual work processes, and deepen our understanding over time. In times of uncertainty such as these, it is all the more important to stay vigilant to emerging developments, envision the future we want to create, and actively work toward making that vision a reality. At the Company, we focus on three core domains in the development of services: inclusive society, sustainability, and community development. We strongly believe that these business areas represent our mission as a company committed to delivering solutions to social issues.

Over the past five years, the Company has launched new services, such as Environmental Management Support Services and Wide-area Administrative BPO Services, which together have grown to generate about ¥3.0 billion in revenue. Our Special Needs Employment Services business has grown in terms of revenue and profit for 14 consecutive years since its inception. While performance in the past year or two has plateaued, we hope our shareholders and investors will recognize the potential of the business based on both our track record in growth and our ongoing efforts to strengthen the business and build organizations for the next ten years. We remain fully committed to sustainable growth and ask for your continued support and confidence in the Company.

## Developing Talent and Creating Frameworks

Since founding the Company, I have served as its representative director for nearly 25 years. Over that time, I have shared in both the growing pains and the joys of the business with all our employees. The past few years have served as a period of preparation for our next stage of growth, but in the next five to ten years, I am determined to lead the Company to a new phase where each employee can personally experience the momentum of that growth.

The Company is home to a large number of highly motivated young employees. It brings me immense satisfaction to see them seize new opportunities and grow alongside the Company. One initiative to support the successful growth of our young employees is the internal company system we launched in fiscal 2024.

In its very first year, the system produced outstanding results. Two internal companies, Municipal Environment Future Company and Sustainability Navigation Company, were launched and both achieved profitability in their first year of operation. These are two great examples where young employees stepped up to lead, launching new services and building customer bases from the ground up. Their achievements represent a major success for both the Company and the employees involved.

Going forward, my role will be to build and support the frameworks that allow younger employees to thrive. For example, when launching services for municipal authorities, I can draw on my own experience and relationships to facilitate smoother collaboration with public sector clients. Compared with starting a





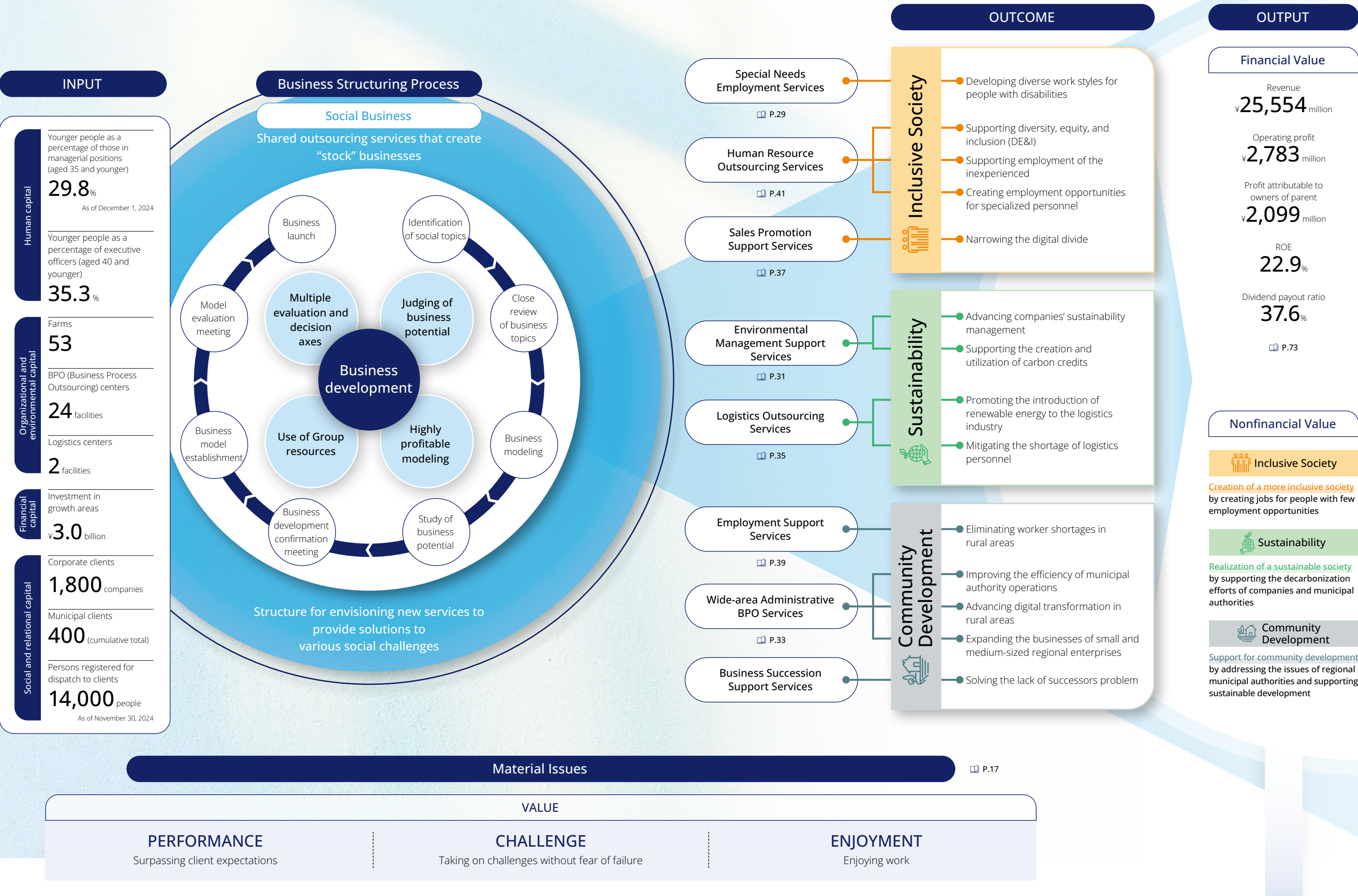
# Value Creation Process

Story

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Sustainability

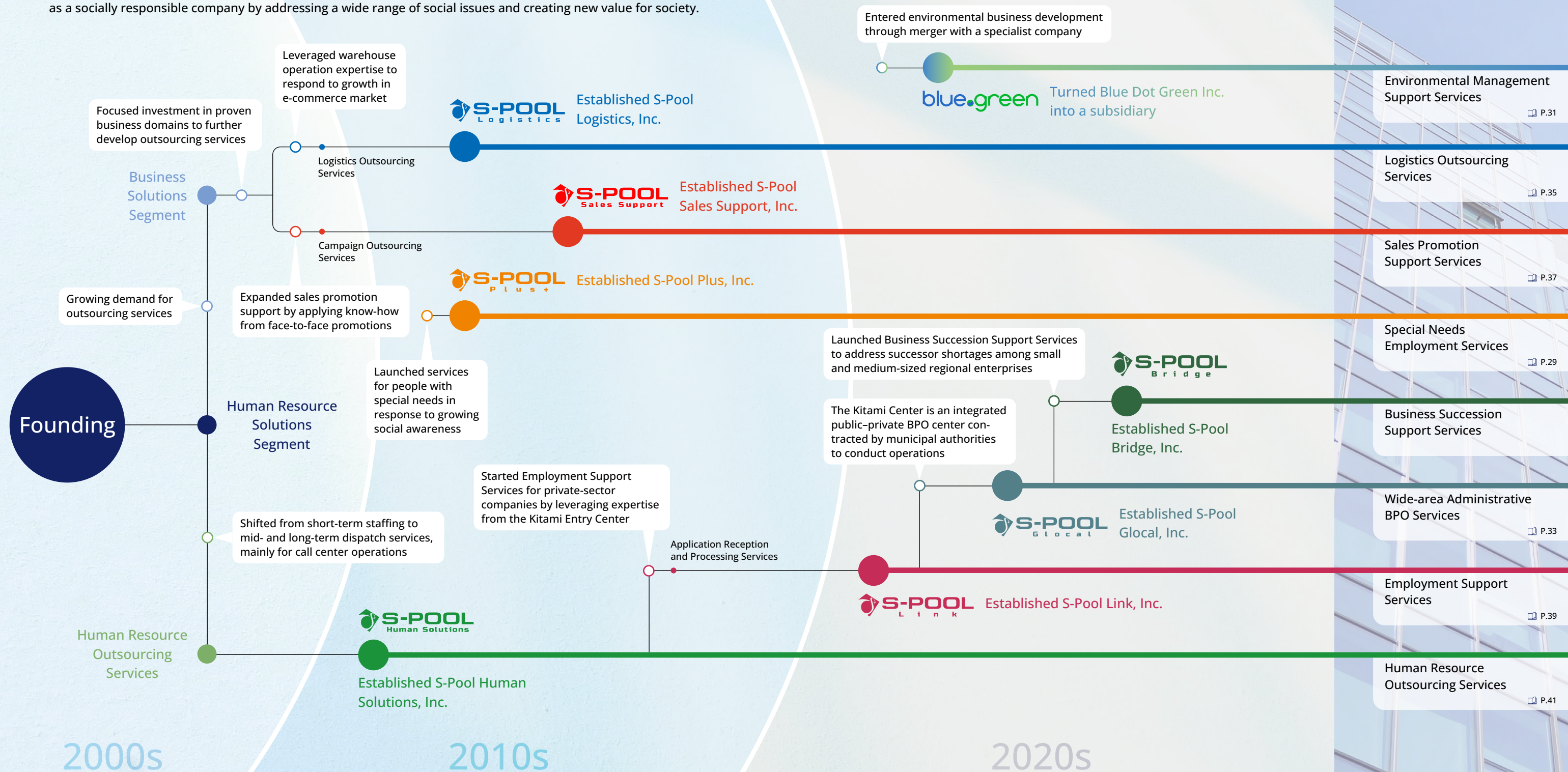
Summary





# History

The S-Pool Group has endeavored to expand its business domains by accumulating unique business expertise and know-how and leveraging them to accelerate the creation of new businesses. Today, we are strengthening our role as a socially responsible company by addressing a wide range of social issues and creating new value for society.



**Founding**  
S-Pool, Inc. was founded to solve the social issue of university graduates finding only part-time work during the hiring freeze after the collapse of Japan's bubble economy. As the economy recovered, the Company entered the short-term temporary staffing services market, expanding its operations.

**Shift in policy to portfolio management**  
During the global financial crisis sparked by the collapse of Lehman Brothers, the Company's overreliance on its main business led to weak business results. In order to turn performance around, the Company transitioned to portfolio management, through which it engaged in businesses in a variety of fields. This has diversified the foundations on which our revenue is based and strengthened our ability to adapt to a changing environment.

**Expansion into business domains that create shared value**  
Returning to our founding mission of solving social issues, we have shifted back to businesses that support companies and municipal authorities in addressing an increasingly diverse range of social issues. This renewed focus on our roots has accelerated the development of distinctive business models and is generating new value, realizing corporate growth while fulfilling our social responsibility.

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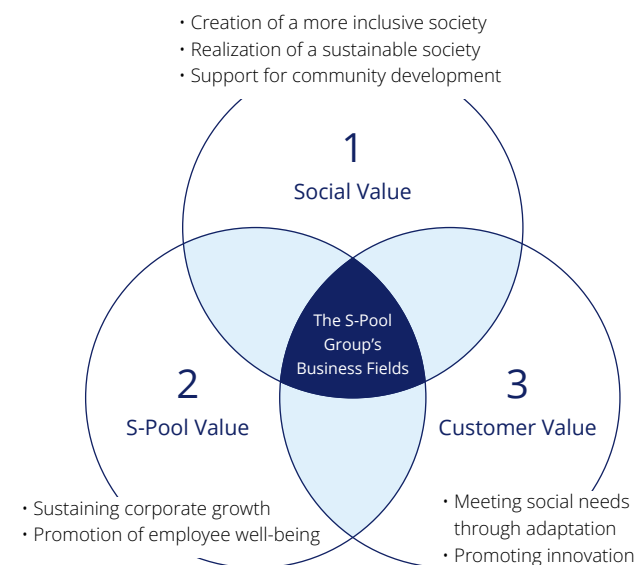
# Strengths

Through its differentiated social businesses, the S-Pool Group simultaneously enhances its corporate value and addresses social issues faced by companies and municipal authorities. We are rolling out unique shared outsourcing services to build a business model that generates stable profits without being dependent on specific customers. Further, by conducting portfolio management and creating a flexible organizational structure, the Group is establishing management foundations that are resilient to environmental changes.

## Social Businesses Based on the *Sanpo-Yoshi* Philosophy

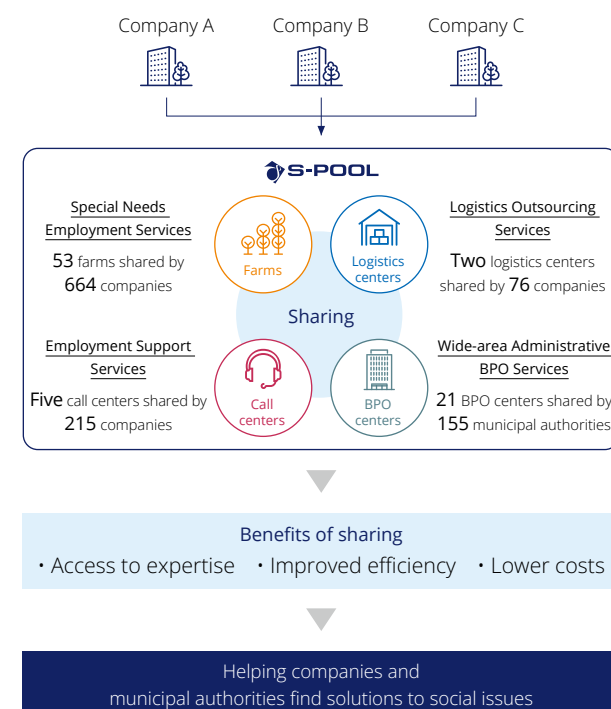
In accordance with our mission, “Applying the power of outsourcing to support corporate innovation and solutions to society’s challenges,” we advance social businesses that address social issues as well as the associated challenges faced by companies and municipal authorities. This mission aligns with the *sanpo-yoshi* philosophy of merchants from Omi Province, who advocated an approach to business that was “good for the seller, good for the buyer, and good for society.”

This philosophy of not only pursuing corporate profit but also helping to increase the value of customers and address social issues attracts talented personnel, enables the development of unique businesses, and sustains corporate growth.



## Unique Business Model Based on Shared Outsourcing Services

Through outsourcing services, we aim to address issues that many companies and government bodies face but find challenging to tackle alone. The outsourcing services we provide are shared by multiple companies and municipal authorities that use our services. This sharing creates “stock” businesses, meaning that operations are not reliant upon specific customers and that revenue grows stably as service users increase. Further, to build good long-term relationships with our customers, we focus on heightening customer satisfaction. For example, the cancellation rate of our Special Needs Employment Services is only 2%, an extremely low rate that allows us to secure stable employment for people with disabilities. We are confident our unique business model can help provide solutions to social issues.



## Stable Growth Through Portfolio Management

To build a structure that is less susceptible to changes in the external environment, we are strategically developing a wide array of businesses rather than relying on a specific business. Even if the performances of certain businesses deteriorate, the performances of other businesses compensate for such downturns, enabling the Group to achieve stable revenue and sustain growth.

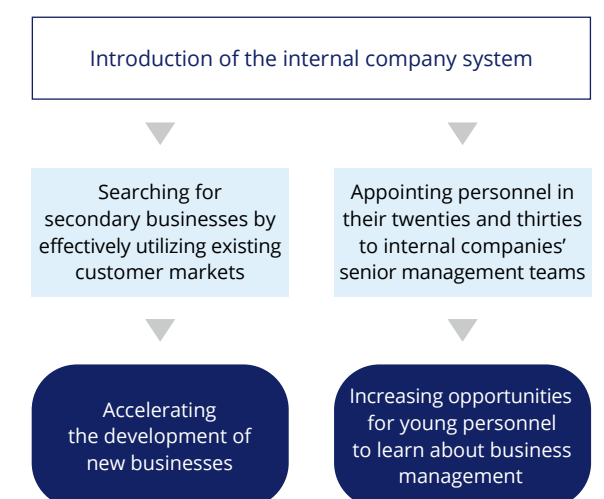
In fiscal 2024, a decline in revenue from the Human Resource Solutions Segment was offset by the business results of the Business Solutions Segment. As a result, our performance was unchanged year on year. In recent years, the Business Solutions Segment has become the core of the Group in terms of both sales and profits. Our business portfolio strategy has also successfully changed the relative sizes of the businesses in the portfolio.



## Organizational Structure for the Rapid Start-Up of New Businesses

The development of new businesses is at the core of the S-Pool Group. We begin the development process by identifying social issues and carefully analyzing the related material issues of companies and municipal authorities. Then, after conducting market research and analysis, verifying profitability and feasibility, and developing a business model, we launch new businesses. We have also formed an in-house division that specializes in the development of new businesses. Moreover, we have created an environment that enables personnel engaged in business development to take maximum advantage of the division's expertise and resources.

To accelerate the aforementioned process, we introduced an internal company system in December 2023. This system expedites the development of new businesses by facilitating the utilization of existing customer markets for the active establishment of secondary businesses.





# Material Issues

The S-Pool Group has revised its list of material issues to reflect new growth strategies in response to the changing social environment. These material issues are articulated for creating shared value (CSV) along three strategic axes: Creating a more inclusive society, realizing a sustainable society, and supporting community development. Additionally, our business activities account for newly identified risks, opportunities, and targets to enhance the management foundations needed for CSV. The Group strives to achieve sustained growth in corporate value and social progress by concurrently strengthening social and economic value.

► CSV Through Social Businesses for Society's Challenges    Striving to establish earnings foundations and pursuing unique business models that draw on our unique strengths

	Material Issues	Theme	Specific Initiatives	Fiscal 2024 Results	Fiscal 2025 Targets	Contribution to the United Nations Sustainable Development Goals
S	Creation of a more inclusive society	• Creation of jobs for those who lack employment opportunities	• Creation of opportunities for people with disabilities	Creation of jobs for 4,405 people with disabilities	Creation of jobs for 5,000 people with disabilities	
E	Realization of a sustainable society	• Support for a society characterized by decarbonization	• Calculation of greenhouse gas emissions • Seeking of consultations for environmental disclosure	Decarbonization support for 554 companies and 52 municipalities	Decarbonization support for 600 companies and 100 municipalities	
S	Support for community development	• Rectification of regional disparities through job creation	• Opening of locations and creation of jobs in provincial areas • Support for business succession	Operating of 24 regional centers Creation of jobs for 381 people	Operating of 25 regional centers Creation of jobs for 400 people	

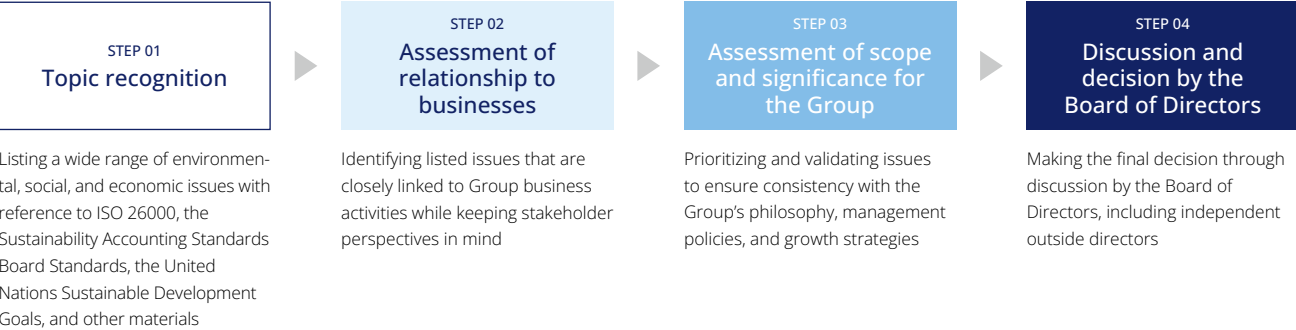
► Enhancement of Management Foundations to Support ESG Value Creation    Streamlining the execution of business activities further by identifying opportunities and risks and managing key performance indicators

	Material Issues	Opportunities	Risks	Main KPI Results for Fiscal 2024	Main KPI Targets for Fiscal 2025	Contribution to the United Nations Sustainable Development Goals
S	Promotion of DE&I	• Leveraging of diverse human resources to create new value	• Loss of new business opportunities due to imbalances in attributes or skills • Less effective organization due to lack of diversity	Percentage of employees with disabilities: 3.62% Percentage of female managers: 20.8% Gender wage disparity: 80.9%	Percentage of employees with disabilities: 3.5% or higher Percentage of female managers: 20% Gender wage disparity: 80%	
	Promotion of employee well-being	• Improvement of productivity by strengthening engagement • Improvement of employee retention through workstyle transformation	• Impaired productivity due to lower satisfaction • Employees taking leave due to mental health concerns	Engagement score: 4.96 points Absenteeism: 2.6%; Presenteeism: 69.6%	Engagement score: 5 points Absenteeism: 2.3%; Presenteeism: 70.5%	
	Hiring and development of human resources to strengthen corporate value	• Creation of the next generation of managers • Securing of human resources and reskilling through enhanced HR measures	• Growing competition for human resources due to shrinking workforce • Stagnating strategy implementation due to human resource outflows and shortages	Number of employees having completed the Next-Generation Manager Training Program: 12 Percentage of young managers (aged 35 and younger): 29.8% Hours of training per employee: 28.7	Number of employees having completed the Next-Generation Manager Training Program: 10 Percentage of young managers (aged 35 and younger): 30% Hours of training per employee: 30	
G	Maintenance and strengthening of governance	• Enhancement of the Board of Directors' functions for business growth and increased corporate value	• Loss of business value due to dysfunctional governance	Annual assessment of the Board of Directors Attendance at Board of Directors meetings: 100% Percentage of female directors: 16.6%	Annual assessment of the Board of Directors Attendance at Board of Directors meetings: 100% Percentage of female directors: 30% (by fiscal 2030)	
	Thoroughgoing compliance	—	• Damage to reputation and loss of public confidence due to compliance violations	Percentage of employees having completed compliance training: 84.9% Number of major compliance violations: 0	Percentage of employees having completed compliance training: 90% Number of major compliance violations: 0	
	Information security	—	• Operational suspension or information leaks due to cyberattacks	Percentage of employees having completed information security training: 91.9% Number of major information security violations: 0	Percentage of employees having completed information security training: 90% Number of major information security violations: 0	
E	Response to climate change	• Increase in the provision of services with reduced environmental impact • Establishment of a sustainable operating structure	• Amendments of regulations and policies for existing businesses • Operational shutdowns due to typhoons and earthquakes	Disclosure and strategy execution in line with TCFD*1 and TNFD*2 recommendations Ratio of renewable energy use: 9.36%	Disclosure and strategy execution in line with TCFD*1 and TNFD*2 recommendations Reduction of Scope 1 + 2 GHG*3 emissions: 25% (by fiscal 2030) Ratio of renewable energy use: 40% (by fiscal 2030)	

E: Environment    S: Society    G: Governance

\*1 Task Force on Climate-related Financial Disclosures    \*2 Taskforce on Nature-related Financial Disclosures    \*3 greenhouse gas

Identification Process for Material Issues



Comment from an External Expert

The Company's newly identified material issues are well aligned with the basic policy of the Medium-Term Management Plan (FY2025–FY2029), which is to further strengthen the management foundations for the next decade, anchored in three core businesses comprising Special Needs Employment Services, Wide-area Administrative BPO Services, and Environmental Management Support Services. These material issues are easy for stakeholders to understand. From the perspective of enhancing corporate value, it is also noteworthy that these material issues are organized into two key areas: value creation through business, which drives earnings power, and enhancing management foundations to support value creation, which helps reduce management risks. By addressing pressing challenges in modern society, these material issues have the potential to contribute not only to the Company's corporate value but also more broadly to the realization of a sustainable society.



Professor  
Naoya Hasegawa  
Hosei University



Hideaki Sato

Director

# Message from the CFO



## A Look Back at Fiscal 2024

### ► Performance

In fiscal 2024, revenue in the Human Resource Solutions Segment declined significantly following the conclusion of administrative operations related to COVID-19. However, the Business Solutions Segment delivered 20% growth in both revenue and operating profit, owing in part to an increase in the statutory employment ratio for people with disabilities and stronger demand for environmental disclosures based on international standards. We had long aimed to reduce our overreliance on the Human Resource Solutions

Segment, and I now think we have finally begun to do this while laying the groundwork for renewed growth. While it is disappointing that revenue was largely unchanged year on year in fiscal 2024, following 12 consecutive years of double-digit growth, we should view the year as a period of preparation for the Company's next stage of expansion. Moving forward, we will continue working to identify and respond to emerging needs in each of our service areas.

### ► Adoption of the International Financial Reporting Standards

Fiscal 2024 marked the first full year that the Company disclosed financial information based on the International Financial Reporting Standards (IFRS). In recent years, more and more companies in Japan have adopted the IFRS to meet the expectations of foreign investors and institutional investors and to facilitate comparisons of international financial data. Although we had already been actively engaging in investor relations activities for overseas investors, such as environmental, social, and governance (ESG) management and enhancing disclosures about human resources, through this process, we saw the importance of financial reporting aligned with global markets. As a result, we began using the IFRS in our fiscal 2023 securities report. This change has made it possible to provide financial information in a format that is more easily understood by overseas investors while facilitating global comparisons for domestic investors as well.

The IFRS requires the recognition of lease assets and liabilities on the balance sheet. For the S-Pool Group, a notable example is the rented farmland used in Special Needs Employment Services, which is treated as a lease asset under the IFRS. The inclusion of such lease assets in the consolidated statement of financial position has made it possible to more accurately calculate the cost of capital and invested capital as well as to better analyze capital efficiency through the lens our services. Other effects of adopting the IFRS include increases in reported assets and liabilities as well as a decrease in the weighted average cost of capital (WACC) for debt equity and a lower return on invested capital (ROIC). We will continue to conduct financial analysis based on the IFRS going forward to decide capital allocation and formulate financial strategies grounded in the actual state of our business.

## Financial Strategy for Fiscal 2025

### ► Strategic policies based on fiscal 2024 results

The Company positions fiscal 2025 as a critical time for making a solid step toward renewed growth, building on the results of the previous year. We aim to achieve double-digit growth for a 13th consecutive year in the Business Solutions Segment and put an end to the slide in revenue in the Human Resource Solutions Segment. Specifically, in the Business Solutions Segment, we expect brisk growth in three service areas. The first is Special Needs Employment Services, where we expect demand to rise in line with the planned increase in the Japanese statutory employment ratio in 2026. The second is Environmental Management Support Services, where demand for environmental management initiatives, especially from listed companies, continues to grow steadily.

The third is Wide-area Administrative BPO Services, which are benefiting from several national policy projects currently in motion and an expanding base of nearly 400 municipal customers, resulting in greater opportunities for winning new contracts. The Company plans to actively allocate capital to these services. In the Human Resource Solutions Segment, the recovery in demand for call center temporary staffing seen in the second half of fiscal 2024 was a turning point. Under the leadership of Ms. Akiko Murobayashi, the newly appointed president of S-Pool Human Solutions, Inc., we are focusing on the development of high-value-added services for the key call center staffing business and on identifying needs for human resources in other fields. While call center



## Message from the CFO

demand has begun to rebound, the sustainability of this demand is uncertain. In our effort to identify needs for human resources in other fields, we plan to concentrate on

### ► Management focused on keeping return on equity above cost of shareholders' equity

The Company views return on equity (ROE) as one of its key management indicators and is keen to maintain a management structure where ROE exceeds the cost of shareholders' equity. In fiscal 2024, ROE reached 22.9%, significantly higher than our calculation of the cost of shareholders' equity. As noted earlier, we expect strong growth in our three core businesses of Special Needs Employment Services, Wide-area Administrative BPO Services, and Environmental Management Support Services. The Company will continue to actively invest capital in these three services, including spending on marketing to find new customers, with the aim of further improving both ROE and ROIC.

### ► Achievement of medium-term management plan targets

Under the newly announced medium-term management plan, the Company aims to achieve revenue of ¥36.0 billion and operating profit of ¥4.5 billion by fiscal 2029. To reach these growth targets, we believe it is essential to advance three key financial strategies of accelerating growth investments, maintaining financial soundness, and strengthening shareholder returns. We will work toward achieving the goals of our medium-term management plan by focusing first on growth investments in our three core businesses and in AI and DX. At the same time, we will seek to create new businesses that will drive future growth. We also plan to explore

### ► New dividend payout ratio policy

Our policy on shareholder returns prioritizes business investments for future growth. In recent years, demand for Special Needs Employment Services has remained strong, and to meet this demand, we have made capital investments in excess of cash flows generated from operating activities. While our shareholder return policy prioritizes such business investments to capitalize on growth opportunities, we also recognize that as a listed company, we must not neglect shareholder returns. As a compromise between these sometimes conflicting objectives, the Company has introduced a new dividend policy that targets a consolidated dividend payout ratio of 30% or higher. Given the current business environment, we expect the S-Pool Group's businesses to continue expanding. While adhering to the 30% or higher consolidated dividend payout ratio, management aims to

the construction sector, where demand is robust. With these strategies in mind, the S-Pool Group aims to achieve growth in both revenue and profit for the first time in three fiscal years.

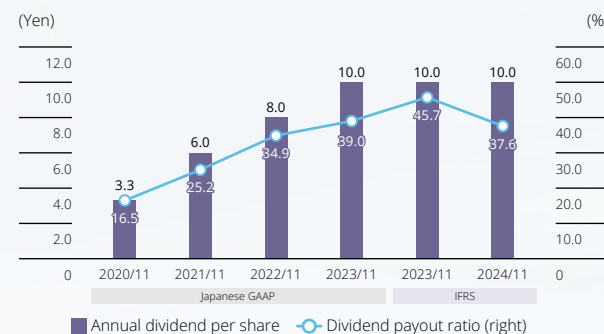
That said, considering the balance between earnings growth and expansion of shareholders' equity, we expect ROE to gradually decline over time. While working to improve earnings power and strike a good balance between equity and debt, we also intend to strengthen shareholder returns in order to maintain as high a level of ROE as possible.

In line with our medium-term management plan, we will accelerate the use of AI and digital transformation (DX) to improve operational efficiency and reduce indirect costs. We will continue to proactively invest capital in these areas to drive efficiency improvements across the Group.

strategic partnerships with companies that can generate synergies with our existing services. With regard to financial soundness, we aim to maintain a ratio of equity attributable to owners of parent to total assets of 30% and manage capital allocation while balancing with growth investments. Finally, on the topic of shareholder returns, the Company will maintain its current stable dividend policy while also proactively considering dividend hikes and share buybacks based on growth in free cash flow. By advancing these three financial strategies, management intends to further strengthen the business foundation of the S-Pool Group.

strengthen shareholder returns through dividend hikes and share buybacks.

### Annual Dividend per Share and Dividend Payout Ratio



## Funding for Strategy Implementation

	Fiscal 2022	Fiscal 2023	Fiscal 2024
Revenue (millions of yen)	26,650	25,784	25,554
Operating profit (millions of yen)	3,091	2,777	2,783
Operating profit margin (%)	11.6	10.8	10.9
Profit attributable to owners of parent (millions of yen)	1,809	1,730	2,099
Return on equity (%)	26.8	21.7	22.9
Price-to-book ratio (times)	10.0	3.7	2.6
Price earnings ratio (times)	41.0	18.1	12.0
Year-end share price (yen)	939	397	319

Notes:

- Figures for fiscal 2022 are calculated in accordance with Japanese generally accepted accounting principles (GAAP).
- Revenue under the IFRS corresponds to net sales under Japanese GAAP and profit attributable to owners of parent corresponds to net income attributable to owners of parent.

### ► Cash flows

Cash provided by operating activities increased by ¥1.0 billion from the previous year, reaching around ¥5.0 billion. This owed mainly to two factors: a roughly ¥0.8 billion increase in depreciation and amortization stemming from an increase in the number of farms used in Special Needs Employment Services and a roughly ¥0.3 billion decline in corporate income tax payments as a reflection of Japan's corporate tax payment system, including interim tax payments.

Cash used in investment activities totaled about ¥3.4 billion, mainly due to farm construction-related expenditures for Special Needs Employment Services. Because a priority was placed on filling vacancies at existing farms, the scale of farm construction has been lower than its peak in fiscal 2023. As a result, cash used in investment activities decreased by about ¥1.2 billion compared with the previous year. This

decrease also partially reflected operating cash flows being able to cover a larger portion of investments thanks to greater business scale.

Cash used in financing activities was approximately ¥1.2 billion, with an impact from new borrowings. These borrowings were used to supplement insufficient free cash flow to cover scheduled repayments of long-term debt and lease liabilities (about ¥3.2 billion) and dividend payments (about ¥0.8 billion). To bridge the gap, the Company borrowed ¥2.7 billion in new short- and long-term loans from financial institutions. Although free cash flow is not that abundant yet, the S-Pool Group intends to continue improving capital efficiency and, when necessary, raise funds through interest-bearing debt.

### ► Balance sheet management

The S-Pool Group's core Special Needs Employment Services are based on an asset-intensive business model that requires significant capital investment in farms, which naturally results in expansion of the balance sheet. In addition, Wide-area Administrative BPO Services usually have longer time frames for accounts receivable collection, which tends to increase working capital. As a result of these structural business characteristics, capital efficiency indicators,

such as return on assets (ROA) and ROIC, have been lower than ROE. To improve these indicators, the Company intends to quickly restructure low-profitability businesses, such as Logistics Outsourcing Services. At the same time, we aim to expand asset-light businesses, including Environmental Management Support Services and Human Resource Outsourcing Services, in order to optimize the business portfolio from a capital efficiency standpoint.



# Medium-Term Management Plan

At intervals of approximately 10 years, we have laid the foundations for new growth. Now, the S-Pool Group has just crossed the starting line of a new 10-year phase. In response to dramatic changes in the business environment for Human Resource Outsourcing Services, we will further evolve our three core businesses while developing new business fields to strengthen our management foundations. In this way, the S-Pool Group will achieve steady growth.

## Basic Policy

### Further Strengthening the Management Foundations for the Next Decade

Our newly announced basic policy includes the three priorities shown below. By adhering to this basic policy, the Group will continue growing even in times of rapid change.



#### Adapting to Social Change



As a company engaged in social businesses, we will flexibly create businesses that reflect changes in social issues.



#### Realizing Sustained Growth



We will build solid management foundations with our sights set on growth beyond the medium-term management plan.



#### Strengthening the Organization's Capabilities



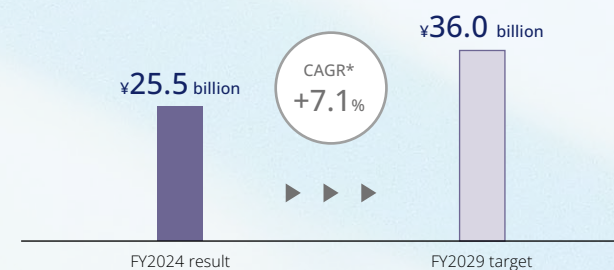
By enhancing work efficiency through the utilization of AI and digital transformation, building businesses, and developing human resources, we will create an organization that sustains growth.

## Withdrawal of Our Management Plan and Prevention of Recurrence

Our formulation of the previous medium-term management plan, covering December 2020 through November 2025, was premised on the stable growth of Human Resource Outsourcing Services, which are focused on call center staffing services. However, we withdrew the plan because the market environment for Human Resource Outsourcing Services changed drastically due to the COVID-19 pandemic, which led to a significant drop in demand for call center staffing services and a reduction in customer service work. In light of this experience, we have assumed that a decrease in demand for call center staffing services accompanying the utilization of AI and digital transformation will be a business risk during the recently announced medium-term management plan. Therefore, during the plan's term we will roll out high-value-added staffing services and increase our share of the staffing services market. Given the dizzying pace of technological innovation in the call center industry, we will avoid overoptimism and advance risk-hedging measures based on portfolio management. Specifically, the S-Pool Group will enter new staffing fields such as the construction industry and launch new services in three core businesses: Special Needs Employment Services, Wide-area Administrative BPO Services, and Environmental Management Support Services.

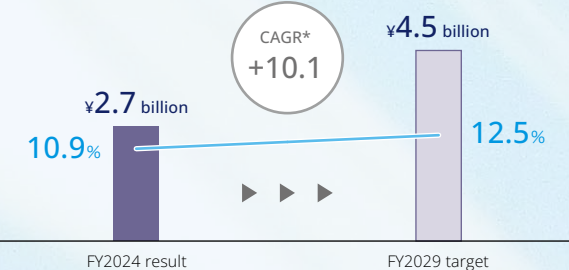
## Numerical Targets

### Revenue



\* Compound annual growth rate

### Operating Profit and Operating Profit Margin



## Financial Targets

- Consolidated dividend payout ratio: 30.0% or higher  
(Dividends remaining undiminished until the single-year consolidated dividend payout ratio exceeds 60.0%)
- Maintaining a high level of ROE  
(Stably exceeding the cost of equity)

## Sales Targets for Each Service

	2024/11	2029/11	CAGR
Special Needs Employment Services	¥8.0 billion	¥13.0 billion	+10.6%
Wide-area Administrative BPO Services	¥1.5 billion	¥2.9 billion	+14.0%
Environmental Management Support Services	¥1.5 billion	¥2.4 billion	+8.5%
Human Resource Outsourcing Services	¥10.6 billion	¥11.0 billion	+0.7%

## Priority Strategies

### Strategy I



#### Maintaining Organic Growth Based on Core Businesses

The Group has identified core business fields that will drive its growth: special needs employment services, sustainability support services, and community development support services, each of which combines high growth potential with competitive advantages. Regarding Human Resource Outsourcing Services, in which the key call center staffing business is likely to see demand contract as use of AI and digital transformation accelerates, we will enhance competitive advantage by differentiating our offerings through the introduction of high-value-added services.

### 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 opportunities. In particular, we will expand the business fields of Special Needs Employment Services, Environmental Management Support Services, and Wide-area Administrative BPO Services by actively introducing new services to promising customer markets. Further, the Group will maximize sales operations by strengthening collaboration among its other existing businesses.

### Strategy III



#### Improving Profitability and Management Efficiency Through AI and Digital Transformation

We will promote the active, Groupwide use of AI and digital transformation. The advancement of digitalization and automation in back-office operations will achieve large-scale improvements in operations and lower costs. We will also realize more efficient and effective sales operations by utilizing AI to formulate sales strategies, analyze customers, and reform sales processes.

### Strategy IV



#### Developing a Diverse Workforce for the Next Generation

Based on our policy of linking employee growth and corporate growth, we aim to be an organization in which all employees can work with vitality and grow together based on shared values. To this end, we will develop an environment in which individuals can take maximum advantage of their abilities. Further, we will enable sustained corporate growth and development by focusing on the development of key leaders who welcome change, actively pursue new challenges, and advance the Group's management.



**Naoshi Arai**  
Director

## Formulation of the New Medium-Term Management Plan

### ● Overall Evaluation of the Previous Medium-Term Management Plan

I would like to begin by apologizing to our shareholders and other stakeholders for our withdrawal of the previous medium-term management plan. Although we were forced to withdraw the plan due to changes in the Human Resource Solutions Segment's business environment, the Business Solutions Segment's greater-than-expected growth was a major achievement. For the 12th consecutive fiscal year, the segment achieved double-digit growth in revenue and earnings, enabling the Group to significantly improve a business portfolio that had been overly reliant on the Human Resource Solutions Segment. Also, we made steady progress toward the plan's goals of further developing existing businesses to continue organic growth and capturing growth opportunities in new

business fields. Among existing businesses, Special Needs Employment Services have grown revenue and earnings for 14 straight fiscal years since their launch, demonstrating robust growth that is unaffected by the external environment. Meanwhile, we were able to establish two new earnings mainstays: Environmental Management Support Services and Wide-area Administrative BPO Services. In addition, our organizational strategy of strengthening management foundations by focusing on environmental, social, and governance (ESG) factors was well received by ESG evaluation organizations. Thus, while it included negatives such as the withdrawal of the medium-term management plan, the plan's term also featured real corporate growth.

### ● New Medium-Term Management Plan

#### Background of the Plan's Formulation

We have grown through a 10-year cycle of business transformation. At the beginning of our last transformation around 2010, we set out to return to our roots in social businesses. As a result, we were able to achieve significant growth. In fiscal 2023, however, we experienced a decline in revenue and earnings for the first time in many years, and we realized that a new growth strategy for the next 10 years was needed.

The basic policy of Further Strengthening the Management Foundations for the Next Decade includes three important priorities. The first is Adapting to Social Change. Social issues are constantly evolving, and as a company engaged in social businesses, we must

continue flexibly creating businesses that reflect these changes. Our second priority is Realizing Sustained Growth. The medium-term management plan is only a way station. The S-Pool Group has to establish strong management foundations with a view to further growth beyond the plan. Lastly, the basic policy is focused on Strengthening the Organization's Capabilities. It is essential to build businesses, develop human resources, and use AI and digital transformation to enhance work efficiency and thereby create an organization that is resilient amid change and capable of sustaining growth. Mindful of the aforementioned priorities, we formulated the new medium-term management plan.

### Risk Factors

Human Resource Outsourcing Services face significant uncertainties. The rapid progress of AI and digital transformation is likely to reduce demand for our mainstay call center staffing services. Although increasing customer share and maintaining sales above a certain level by introducing differentiated high-value-added services may be possible, given the speed of technological innovation, conditions do not warrant optimism. In these conditions, forays into fields that promise growth, such as the construction industry, are an important

strategic option for the advancement of Human Resource Outsourcing Services.

Meanwhile, the Group as a whole will ensure sustained growth by concentrating management resources on three fields where it is highly competitive and can realize growth potential: Special Needs Employment Services, Wide-area Administrative BPO Services, and Environmental Management Support Services.

### Priority Strategies

#### Strategy I Maintaining Organic Growth Based on Core Businesses

To flexibly reflect changes in the external environment, we are moving forward with portfolio management based on three core business domains: inclusive society, sustainability, and community development. As shown by their performance over the past five years, our mainstay services in these domains—Special Needs Employment Services, Wide-area Administrative BPO Services, and

Environmental Management Support Services—combine significant growth potential, competitiveness, and social value. The new medium-term management plan focuses on growing these three mainstay services in the aforementioned business domains and sets out the achievement of continued organic growth as a key strategy.

#### Strategy II Advancing Business Through Group Synergies

Until now, the Group has concentrated on strengthening individual businesses, viewing the enhancement of their competitiveness as forming a base that supports the Group's overall growth. Consequently, now that each business has achieved a certain level of competitiveness, the Group has finally reached the stage where it should create concrete synergies among individual businesses.

Further, the internal company system introduced in fiscal 2024 has created an environment that is conducive to the development of new services. Going forward, the Group will actively utilize the promising customer markets of individual services as well as accumulated in-house expertise and knowledge to cross-sell services, introduce new services, and raise the Group's overall performance level.

#### Strategy III Improving Profitability and Management Efficiency Through AI and Digital Transformation

The extent to which conventional business processes can adapt to a rapidly changing market environment and diversifying customer needs has limits. Therefore, we will promote a strategy of strengthening competitiveness by focusing on AI-enabled business automation, data analysis, and the digital transformation of business processes. The improved work efficiency stemming from this strategy will free

up management resources, which we will strategically invest to expand businesses in core fields, strengthen resilience, and enhance information security. In this way, we will build solid management foundations, thereby ensuring our sustained growth over the medium to long term.

#### Strategy IV Developing a Diverse Workforce for the Next Generation

We believe that employees are fundamental to the performance of our businesses and that the achievement of the medium-term management plan is merely one stage of the journey. For these reasons, we view developing the employees who will enable our continued growth in subsequent stages as a critical strategy. Execution of this strategy calls for initiatives in four key areas: recruiting personnel, developing personnel, retaining personnel, and passing on expertise to the next generation.

In recruiting personnel, we place particular emphasis on people who share our vision and values, are unafraid of change, and are always willing to take on new challenges.

As for developing personnel, we will invest continuously to cultivate the skills of individual employees and support effective career development. As part of these efforts, we will expand and enhance training programs for specific employee ranks and job types and step up

training aimed at fostering the next generation of managers. Moreover, we will boost the vitality and creativity of our organization by ensuring that personnel from diverse backgrounds are included in training.

With the aim of retaining personnel, the Group will actively introduce systems that heighten employee job satisfaction. In an age of increasing human resource mobility, we will share our social value, corporate vision, and values to enrich the meaning employees derive from work.

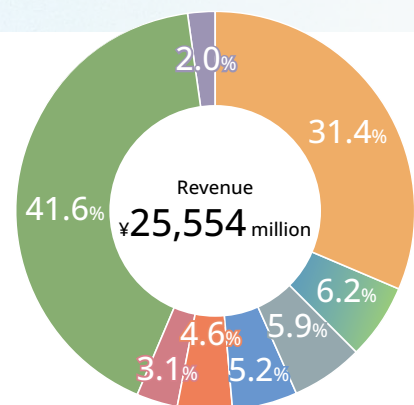
Passing on expertise to the next generation will involve actively delegating authority and establishing systems that allow a new generation of leaders to take the initiative in advancing businesses. The Group will nurture leaders capable of assuming its corporate philosophy and culture and driving long-term growth.

Through the aforementioned efforts, we aim to create an environment in which everyone can take maximum advantage of their skills and elevate the performance of the entire organization.

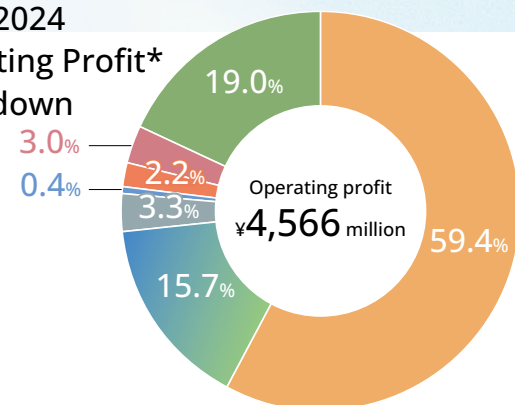


# Business Overview

## Fiscal 2024 Revenue Breakdown



## Fiscal 2024 Operating Profit\* Breakdown



\* Operating profit before adjustments

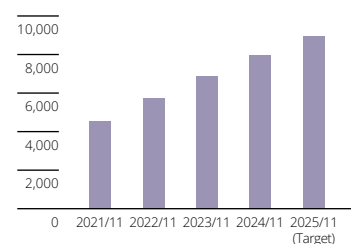
## Special Needs Employment Services

Offers corporate services that entail leasing and operating farms suitable for the employment of people with disabilities. Realizes high personnel retention rates by creating comfortable working environments tailored to each individual's abilities and attributes and by providing integrated support systems.

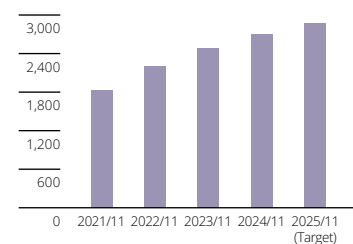
Fiscal 2024 revenue  
**¥8,035 million**

Fiscal 2024 operating profit  
**¥2,714 million**

Revenue  
(Million yen)



Operating Profit  
(Million yen)



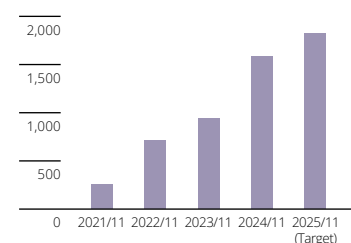
## Environmental Management Support Services

Focuses on the disclosure of information related to climate change and biodiversity to help companies enhance their value through sustainability-focused business management that incorporates the creation and utilization of carbon credits.

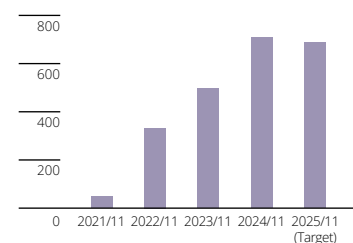
Fiscal 2024 revenue  
**¥1,593 million**

Fiscal 2024 operating profit  
**¥715 million**

Revenue  
(Million yen)



Operating Profit  
(Million yen)



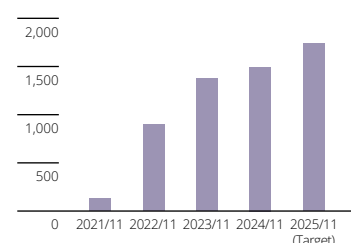
## Wide-area Administrative BPO Services

Helps small and medium-sized municipal authorities realize efficient operations and digital transformation. Contributes to job creation in rural areas and the development of local communities by operating business process outsourcing (BPO) centers nationwide.

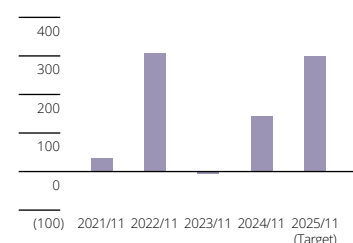
Fiscal 2024 revenue  
**¥1,506 million**

Fiscal 2024 operating profit  
**¥152 million**

Revenue  
(Million yen)



Operating Profit  
(Million yen)



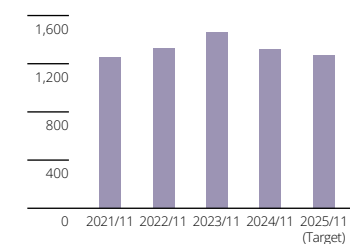
## Logistics Outsourcing Services

Specializes in providing e-commerce shipping services to small and medium-sized businesses and start-ups. Operates environmentally friendly logistics centers that use renewable energy and conduct labor-saving operations.

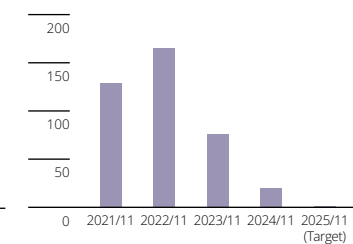
Fiscal 2024 revenue  
**¥1,331 million**

Fiscal 2024 operating profit  
**¥20 million**

Revenue  
(Million yen)



Operating Profit  
(Million yen)



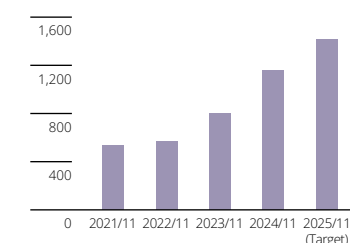
## Sales Promotion Support Services

Plans and manages real-world promotions that increase product visibility. Creates opportunities for users to experience products firsthand in locations nationwide, thereby eliminating information gaps between generations and regions.

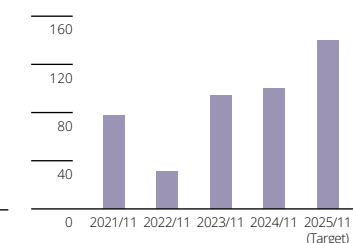
Fiscal 2024 revenue  
**¥1,166 million**

Fiscal 2024 operating profit  
**¥101 million**

Revenue  
(Million yen)



Operating Profit  
(Million yen)



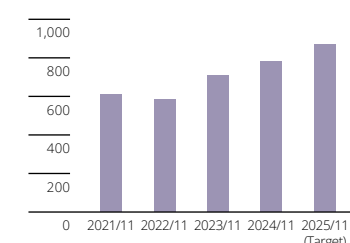
## Employment Support Services

Provides one-stop support from recruitment through to interviews. Optimizes the recruitment process through AI-powered operational design and helps address recruitment tasks such as the reduction of mismatches and the improvement of personnel retention rates.

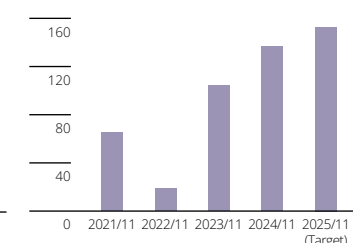
Fiscal 2024 revenue  
**¥787 million**

Fiscal 2024 operating profit  
**¥138 million**

Revenue  
(Million yen)



Operating Profit  
(Million yen)



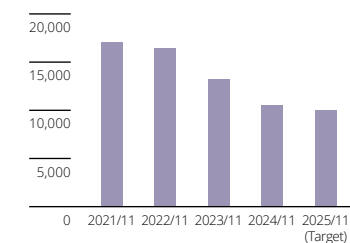
## Human Resource Outsourcing Services

Focuses on the creation of employment environments and personal growth-driven human resources development to emphasize the unique value of people and foster personnel who can play active roles in society and achieve stable employment.

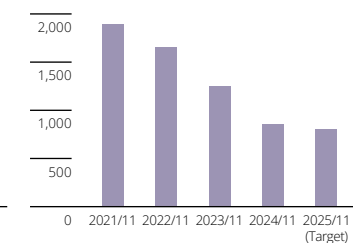
Fiscal 2024 revenue  
**¥10,620 million**

Fiscal 2024 operating profit  
**¥867 million**

Revenue  
(Million yen)



Operating Profit  
(Million yen)





## Special Needs Employment Services

We will increase job opportunities and achieve growth by developing farms nationwide and strengthening our organization.

In fiscal 2024, S-Pool Plus, Inc. achieved a 16.4% year-on-year increase in revenue, to ¥8,035 million, and grew revenue and earnings for the 14th consecutive fiscal year since its establishment. During the fiscal year, we acquired more corporate clients. In addition, we set out increasing the number of jobs created for people with disabilities as a key performance indicator and stepped up recruitment efforts. Specifically, we established points of contact with a greater number of job seekers by revising our internet marketing strategy for recruitment and optimizing information dissemination and outreach methods. These initiatives gave rise to new ways of thinking within the organization, which in turn encouraged behavioral changes and enabled annual job placements to surpass 1,000 for the first time, which was a major achievement for us. Further, in light of the recent hike in farm construction costs, we implemented our first-ever revision of facility sales prices. As a result, profitability and the stability of business operations improved.

Meanwhile, as S-Pool Plus expands, collaboration with welfare professionals, government agencies, and local residents is becoming even more important. While our efforts to date have yielded a certain level of results, further deepening mutual understanding with stakeholders is essential for sustainable development going forward. S-Pool Plus will promote constructive dialogue based on mutual respect to resolve differences in perception and misunderstandings regarding its services and to deepen understanding of its purpose.

Although the 8% turnover rate for people with disabilities working at our farms is low, the increase in retirees that is accompanying workforce expansion is an urgent issue. To promote long-term personnel retention, we will strengthen pre- and post-employment support systems.

In fiscal 2025, we will further strengthen cooperation with stakeholders and deepen understanding of our purpose to accelerate business development that is even more rooted in communities. At the same time, we will heighten the efficiency and effectiveness of operations by strategically assigning specialized personnel to positions within our organization and by optimizing organizational structures. S-Pool Plus will also strengthen measures to reduce retirees and establish workplace environments at its farms where personnel with disabilities feel secure and thrive over the long term. In these ways, the company will reinforce the stability and sustainable growth of business operations.

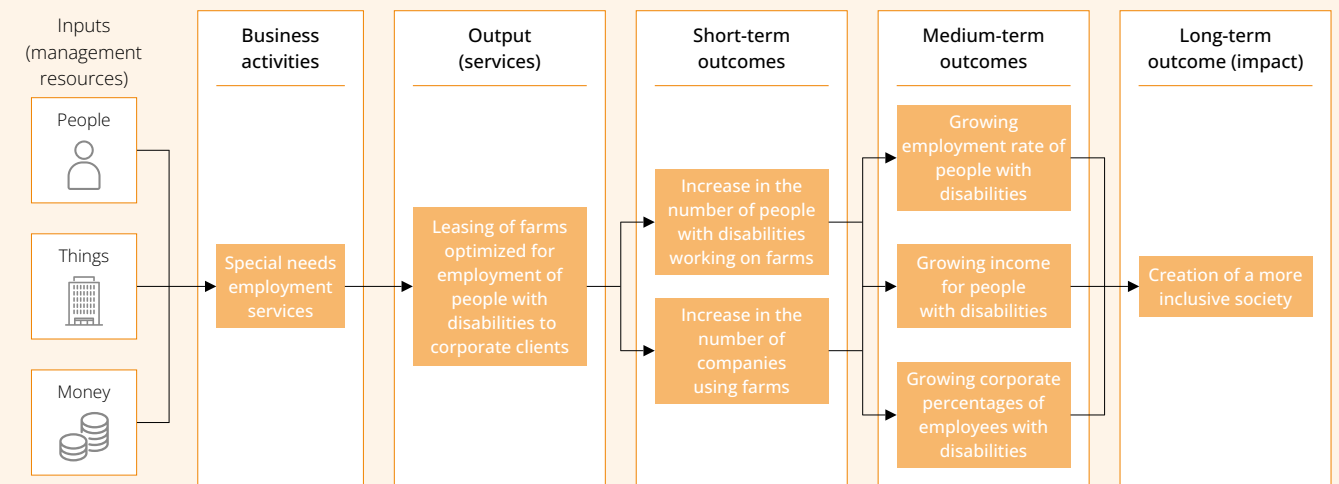


Oji Ohashi

CEO, S-Pool Plus, Inc.



### Logic Model of Special Needs Employment Services



#### Fiscal 2025 Strategy for Short-Term Outcomes

For fiscal 2025, we have set a revenue target of ¥9,000 million, a 12.0% increase year on year. We will pursue strategies aimed at hiring people with disabilities, advance measures to reduce retirees, and prepare for the nationwide development of farms. In terms of recruitment, the company will utilize online marketing, assign specialized personnel to each region, and build capabilities for the rapid provision of appropriate information and individualized support to job seekers and potential job candidates. To reduce retirees, we will conduct rigorous cause

analyses and implement highly effective countermeasures through a companywide project.

With the aim of expanding the farm business, which currently covers the three major metropolitan areas of Tokyo, Nagoya, and Osaka, to encompass an additional four major metropolitan areas beginning from 2026, we will conduct market research in each region and develop optimal farm development strategies based on detailed analyses.

#### Fiscal 2025 Strategy for Medium- to Long-Term Outcomes

In January 2025, we established a new organizational structure and began delegating authority to frontline operations. We are transitioning from a management style based on strong leadership to a structure that fully realizes the potential of each employee and is aimed at further growth through the cumulative effect of individual efforts.

While the employment of people with disabilities is improving nationwide, employment opportunities remain limited. In particular, the low employment rate for people with intellectual

disabilities is a serious social issue. With a view to addressing this issue, we will enhance hiring capabilities in respective regions by strategically expanding the farm business to encompass seven major metropolitan areas. At the same time, we will contribute to community development through new job creation. Through the expansion of the farm business, we aim to provide opportunities for people with disabilities to fully utilize their abilities and contribute as active members of society, thereby realizing a truly inclusive society.

#### Opportunities

- Rise in employment opportunities due to an increase in the statutory employment ratio for people with disabilities
- Growing corporate environment, society and governance (ESG) awareness
- Growing importance of diversity, equity, and inclusion (DE&I)

#### Risks

- Reputational damage due to incidents and accidents
- Worsened profitability due to rising farm construction costs
- Difficulty in developing and securing helpers with specialized knowledge due to personnel shortage



# Environmental Management Support Services

We will create social value by accurately identifying customer issues and supporting environmental management.

In fiscal 2024, S-Pool Blue Dot Green, Inc. achieved a significant increase in revenue, posting a 67.8% year-on-year rise in revenue, to ¥1,593 million. This robust performance was attributable to growth of the company's sustainability disclosure support business and steady expansion of services that help municipal authorities prepare decarbonization plans—a new business for the Group. In particular, business growth was supported by rapid market expansion, reflecting efforts to encourage compliance with Japan's Corporate Governance Code and external rating agencies; the strengthening of the Ministry of the Environment's regional decarbonization support; and the implementation of national policies. We were able to cater in a timely, flexible manner to a rapid rise customer demand by increasing personnel in anticipation of market trends and by heightening the efficiency and quality of our work through the advancement of digital transformation. Moreover, these efforts helped to improve our retention rate for existing customers and to establish a foundation for stable growth.

On the other hand, our lack of name recognition remains an issue. Although our email newsletters and seminars have acquired a certain number of subscribers, there is still a large gap between us and major consulting firms. In addition, with the emergence of new consulting firms, we must impress upon target companies and municipal authorities the advantages that we offer in terms of reliable standards of quality and an extensive track record in the provision of support services.

Further, the development of consultants who can rapidly offer appropriate responses to changes in various guidelines, laws, and regulations as well as to domestic and international policy trends is key to realizing business growth. To ensure that we can provide services of an even higher quality, we will promote the recruitment and development of personnel who have both specialized knowledge and practical experience and strengthen our knowledge-sharing systems.

Taking the aforementioned challenges into consideration, in fiscal 2025 the company will seek more opportunities to engage with target companies by increasing collaboration with business partners and expanding sales activities that leverage the Group's resources. Additionally, through generative AI-enabled work support, we will enhance consultants' skills, achieve quality improvements based on better analytical capabilities, and provide customers with more added value. Moreover, S-Pool Blue Dot Green will further strengthen branding activities to enhance brand recognition and establish a stronger presence in the market.

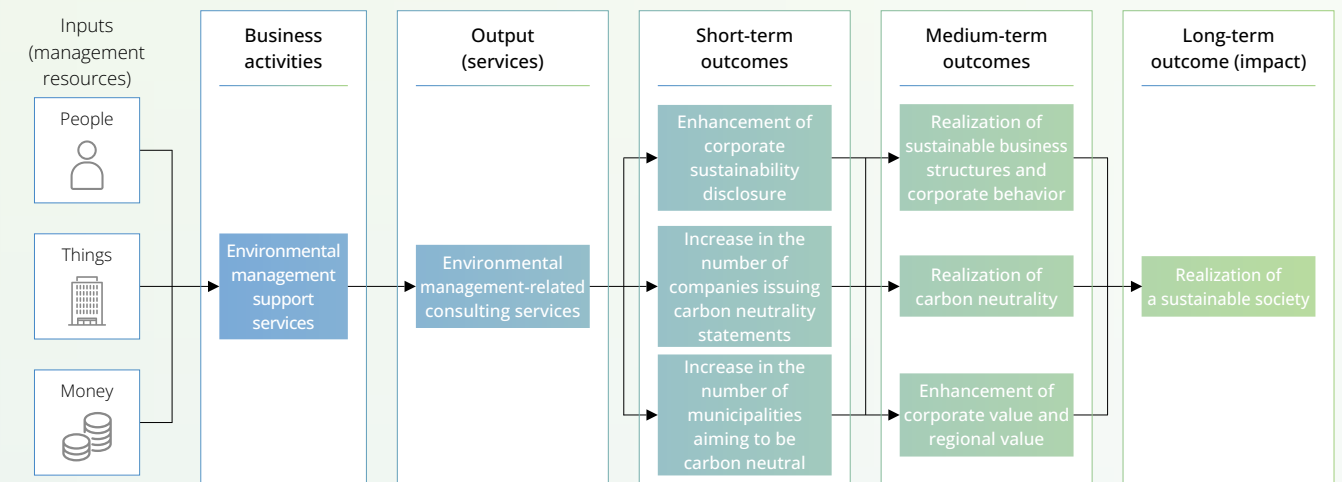


**Kohei Yatsubayashi**

CEO, S-Pool Blue Dot Green, Inc.

blue.green

## Logic Model of Environmental Management Support Services



### Fiscal 2025 Strategy for Short-Term Outcomes

For fiscal 2025, we have set a revenue target of ¥1,840 million, a 15.5% increase year on year. S-Pool Blue Dot Green will focus on expanding its customer base. With respect to existing customers, we aim to increase rates of repeat sales and strengthen cross-selling by utilizing the 200 companies registered with Boyadge, a sustainability management community launched in 2023. To acquire new customers, we will utilize marketing measures and inside sales, increase opportunities for business talks, gain an in-depth understanding of customers' challenges

and needs, and make appropriate proposals. In addition, we will give priority to supporting municipal authorities whose preparation of decarbonization plans is behind schedule or yet to begin and promote the preparation of such plans. Regarding existing municipal customers, we will provide plan formulation support that reflects the characteristics of each region and includes the provision of information on subsidies and grants, make additional proposals in line with progress, and build ongoing relationships.

### Fiscal 2025 Strategy for Medium- to Long-Term Outcomes

Based on a customer-focused mindset, we will build services that are even more effective and strengthen our proposal capabilities. Until now, both companies and municipal authorities have moved forward with sustainability and decarbonization measures in a natural progression. As the implementation of respective measures near completion, however, customer needs have diversified, and each customer's areas of focus have become clearer. In catering to these changes, we will leverage

the customer base we have built, deepen relationships with customers, accurately identify needs, and provide services that match actual operations.

Also, S-Pool Blue Dot Green will help customers resolve issues by providing them with a wide range of options through the introduction of the Group's related services and stepped-up collaboration with partner companies.

### Opportunities

- Acceleration of international efforts to address climate change
- Growing corporate awareness of ESG and sustainability
- Increase in burden on companies due to tightening of environmental laws and regulations

### Risks

- Securing and development of specialized human resources (consultants)
- Market contraction due to policy changes or economic recession
- Tightening of environmental laws and regulations that lead to the revision of business plans



## Wide-area Administrative BPO Services

We will build relationships of trust with municipal authorities and expand businesses rooted in local communities.

In fiscal 2024, S-Pool Glocal, Inc. grew revenue 8.4% year on year, to ¥1,506 million, thanks to the growth of fixed tax reduction-related operations, which began in the second half of the year. Notably, the fourth quarter saw a significant, record-breaking rise in revenue. Further, profitability improved substantially due to the higher utilization rates of business process outsourcing (BPO) centers.

Responding to the national policy of fixed tax reduction has become a shared challenge for municipal authorities across Japan. We focused on process improvements to reduce personnel workloads and facilitate prompt adjustment payments as well as on the establishment of systems that enable online applications and visualize operational progress. As a result, we secured contracts with more than 110 municipal authorities by offering a shared package tailored for small and medium-sized municipal authorities. Going forward, we aim to further improve our services by helping municipal authorities enhance the efficiency of their operations and by continuously upgrading and expanding our systems.

On the other hand, achieving the steady acquisition of projects throughout the year remains an issue. Although national guidelines call for digital transformation and wide-area collaboration, approaches differ depending on the municipal authority, and the planning of projects through to their budget approval can take two to three years. Our achievements in fiscal 2024 were largely the result of proposals made in 2021, underscoring the importance of realizing timely responses to national policies and appropriately advancing long-term budgeted projects. To these ends, we must accurately understand trends among municipal authorities and strengthen our ability to flexibly provide proposals.

The need to strengthen regional offices also emerged as an issue. In addition to improving operational efficiency and security, we aim to improve workstyles and enhance job satisfaction through continued investment in skills development and to increase employee compensation. As personnel development directly affects sustained growth, we will expand and enhance training programs that help enhance professional skills.

In fiscal 2025, we will continue supporting major national policy projects, focus on increasing sales to existing customers, and improve efficiency and closing rates. Further, the company will promote the strengthening of regional offices through multifaceted measures, such as reorganization, system investment, wage increases, and the launch of an education and training team. These measures will establish a solid foundation for business growth and further deepen relationships of trust with municipal authorities.

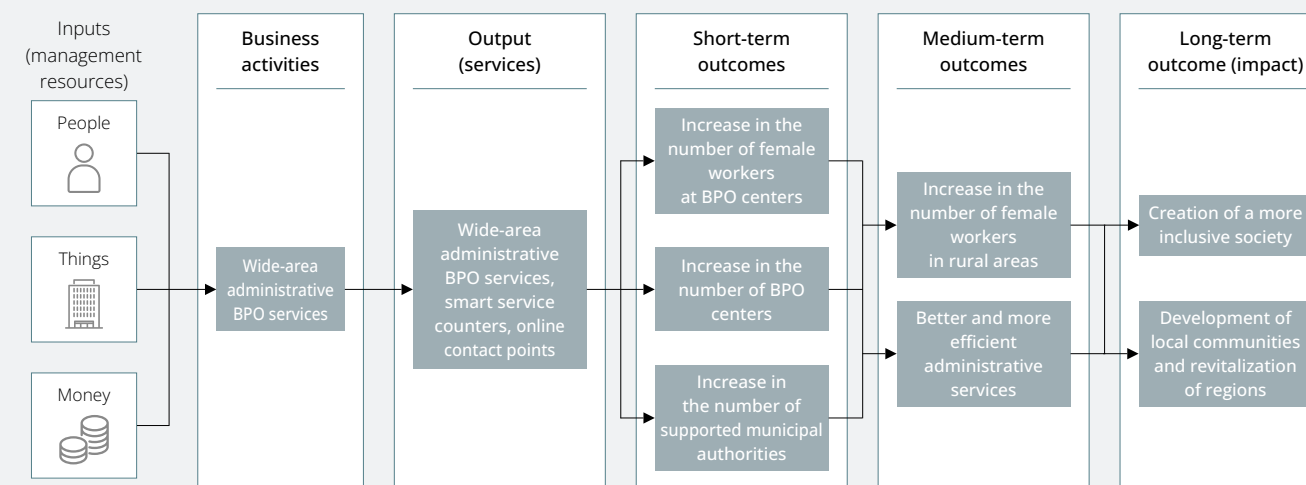


**Yusuke Sakuma**

CEO, S-Pool Glocal, Inc.



### Logic Model of Wide-area Administrative BPO Services



#### Fiscal 2025 Strategy for Short-Term Outcomes

For fiscal 2025, S-Pool Glocal has set a revenue target of ¥1,750 million, up 16.2% from the previous fiscal year. We aim to reduce our dependence on national policy-related operations and establish a structure that enables us to steadily accumulate projects throughout the year. Specifically, our goal is to change the percentages of revenue attributable to national policy-related services and shared services from fiscal 2024's 80% and 20%, respectively, to 60% and 40%. Major national policy-related projects include projects to address rising consumer prices, projects to revise household registration records by adding characters to indicate the pronunciation of names, and projects to provide

adjustment payments in connection with the extension of fixed tax reduction. In addition to such one-time operational support, we will advance proposals for shared operations that cater to the ongoing needs of municipal authorities, such as demand related to Individual Number Card (My Number Card) renewal and support for ride-sharing. As for sales, given that municipal authorities can take several years to establish budgets, we aim to focus on increasing sales to existing customers, accumulate medium- to long-term contracts, and enhance operational efficiency and closing rates.

#### Fiscal 2025 Strategy for Medium- to Long-Term Outcomes

Municipal authorities, especially the small and medium-sized ones that we mainly support, are facing serious issues such as declining birthrates, aging populations, industrial hollowing out, and depopulation. The shared services we offer have been well received as practical solutions for municipal authorities with limited budgets and resources. In response, we are developing new services aimed at assisting with such tasks as eliminating transportation gaps in underserved areas through the utilization

of ride-sharing, promoting regional economic revitalization by augmenting capabilities for catering to demand from visitors to Japan, supporting My Number Card utilization, and heightening the efficiency of infrastructure maintenance through the digital transformation of public works. Through these efforts, we will further enhance our value as a company that can continue benefiting local residents and regional economies.

#### Opportunities

- Acceleration of digital transformation among municipal authorities and standardization of municipal information systems under the leadership of the national government
- Maintenance and improvement of the convenience of services for municipal authorities amid declining populations and tax revenues
- Growing need to reduce the burden on municipal employees due to the promotion of workstyle reform

#### Risks

- Intensification of competition due to major competitors entering the small and medium-sized municipal authority market
- Suspension of participation in bidding due to leakage of personal information and confidential information
- Revision of business plans in accordance with changes in relevant laws and regulations



## Logistics Outsourcing Services

We will enhance our profit structure by heightening operational efficiency and improving systems.

In fiscal 2024, S-Pool Logistics, Inc. recorded a 9.5% year-on-year decrease in revenue, to ¥1,331 million, due to its withdrawal from distribution center operations services and a deterioration in the profitability of e-commerce shipping services.

The main factor contributing to this decline was the relocation and integration of operations to the Nagareyama Center, which was established in the summer of 2023, and the resulting termination of contracts by certain customers. In addition, e-commerce shipping services were significantly affected by a subsidence of the demand surge associated with the COVID-19 pandemic, which weakened demand for periodic e-commerce shipping services, one of company's areas of particular competence. Nonetheless, we were able to partially offset the decline in revenue by securing large-scale projects and by flexibly adapting as the focus of demand shifted from shipping to individuals toward shipping to corporations.

Meanwhile, the integration of logistics centers brought issues to light. A significant rise in the hourly wages for operational personnel led to a deterioration in cost ratios, which in combination with delays in the revision of existing customer contracts and in the acquisition of new customers and higher operational man-hours accompanying lower productivity put pressure on costs. In addition, external environmental changes such as labor shortages and cost increases across the logistics industry impacted profitability. A further significant impact on profitability resulted from our withdrawal from distribution center operations services, which generated annual sales of approximately ¥120 million in previous years, due to the discontinuation of a corporate customer's business.

In response to the aforementioned issues, the company considered measures to improve productivity from a long-term perspective, including the establishment of more efficient operations and the introduction of automation technology. On the sales front, we took advantage of the e-commerce market's expansion by bolstering efforts to acquire projects in growth areas and create new opportunities for earning profits.

In fiscal 2025, mindful of the previous fiscal year's issues, we will work to achieve a recovery in profits by actively recruiting talented personnel, reviewing our organizational structure, increasing shipments, and heightening the utilization rates of our logistics centers. With a view to achieving sustainable growth, we will concentrate on improving customer satisfaction through better service quality and on reforming our logistics operations. S-Pool Logistics will steadily implement the aforementioned measures to realize a growth curve in accordance with medium- to long-term strategies.

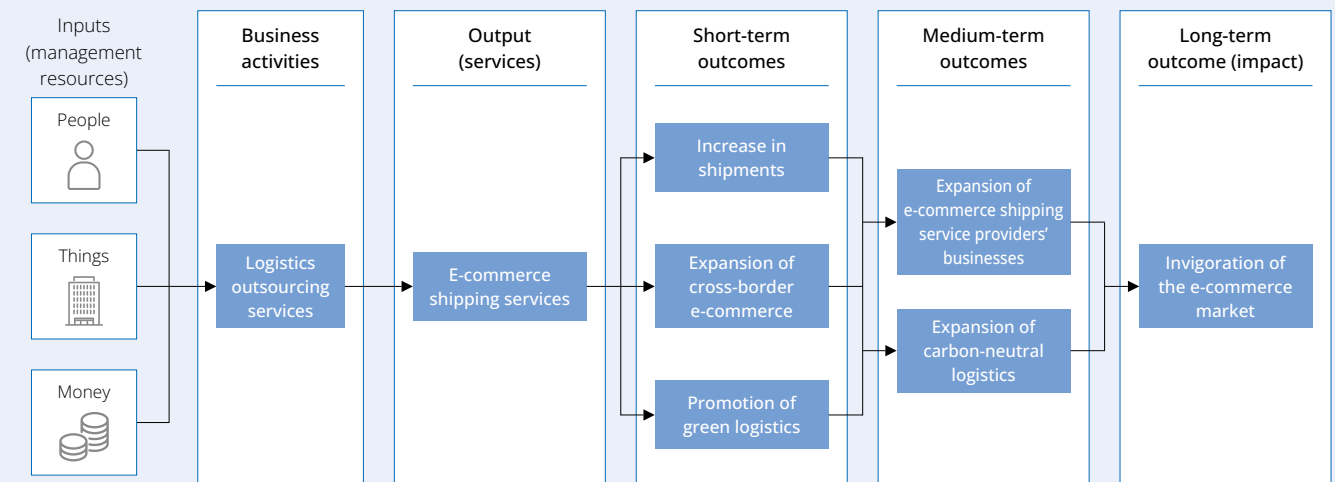


**Kazuyoshi Umeda**

CEO, S-Pool Logistics, Inc.



### Logic Model of Logistics Outsourcing Services



#### Fiscal 2025 Strategy for Short-Term Outcomes

In fiscal 2025, we expect revenue to decline 3.8% year on year, to ¥1,280 million. To stabilize the Nagareyama Center, we will fundamentally rebuild its organizational structure. Specifically, we will optimize personnel allocation, increase the recruitment of talented individuals, and radically reform operations. S-Pool Logistics will improve the profitability of logistics center operations by counteracting the deterioration of cost ratios through

utilization rate improvements that maximize both work and space efficiency. With respect to sales, we will actively expand into rapidly growing markets and strengthen strategies aimed at capturing untapped areas and products. The company will not only address short-term issues but also implement measures that advance medium- to long-term strategies.

#### Fiscal 2025 Strategy for Medium- to Long-Term Outcomes

In addressing issues such as the worsening driver shortage and rising delivery costs in the logistics industry, we will strategically promote shared warehouse operations and build an efficient, next-generation logistics model. In addition to advancing our core business of periodic e-commerce shipping services, we will expand our customer base by targeting new markets such as general e-commerce shipping services, high-end products, and

wholesale business-to-business logistics. To differentiate ourselves from major e-commerce platforms, we will target start-up e-commerce companies as our primary customers. Also, the company will enhance its competitiveness by providing high-value-added services, including low-cost services, improved packaging and bundling strategies, and operational support.

#### Opportunities

- Use of AI and the Internet of Things to improve the efficiency and sophistication of logistics operations
- Increase in demand for outsourcing due to expansion of the e-commerce market
- Growing need for logistics services with low environmental impacts

#### Risks

- Rise in labor costs and shortage of personnel in the logistics industry
- Drop in profitability due to rising operating costs at logistics centers
- Declining competitiveness as a result of slow adaptation to technological advances



## Sales Promotion Support Services

We will enhance competitiveness and expand operations by strengthening education and sales capabilities.

In fiscal 2024, S-Pool Sales Support, Inc. achieved significant growth, posting a 44.9% year-on-year increase in revenue, to ¥1,166 million. Our favorable performance was primarily due to the expansion of face-to-face promotions—previously focused on the Kanto area—in Sapporo, Nagoya, Osaka, and Hakata, increasing our market share in each respective region. Further, through a partnership with BELLSYSTEM24, Inc., we used customer relationship management based on real-world promotions to establish capabilities for providing integrated support that caters to all kinds of needs, from the acquisition of new customers through to the cultivation of loyalty among existing customers.

In particular, our commencement of business transactions with major companies in the health food and skincare product industries contributed greatly to the improvement in our performance. These new transactions earned high praise for our one-stop promotion capabilities, which are one of our advantages, resulting in a marked increase in proposal requests from companies and municipal authorities. Moreover, the diversification of our customers enhanced our brand recognition and credibility, enabling us to reach a broader range of customers. Based on the aforementioned achievements, we will establish our standing in the market and pursue further growth.

Meanwhile, although the recruitment of sales promotion personnel has progressed favorably in step with the rapid expansion of our organization, performance inconsistencies among promotion implementation areas and sales promotion personnel have emerged as issues. Also, our efforts to strengthen in-house capabilities for selling and developing new services were slow because our sales of services were mainly reliant on partners. The company will resolve these issues and build a more efficient and competitive organization.

Given the aforementioned issues, in fiscal 2025 we will strengthen our educational capabilities and organizational systems so that we provide consistent quality nationwide. We aim to expand operations and increase competitiveness by establishing a new sales department tasked with securing national clients and enhancing our ability to handle a diverse range of products and services. These efforts will enable S-Pool Sales Support to achieve stable growth, build a stronger market foundation, and establish competitive advantages. We will strengthen our ability to meet customer needs and forge ahead with the aim of becoming a future industry leader.

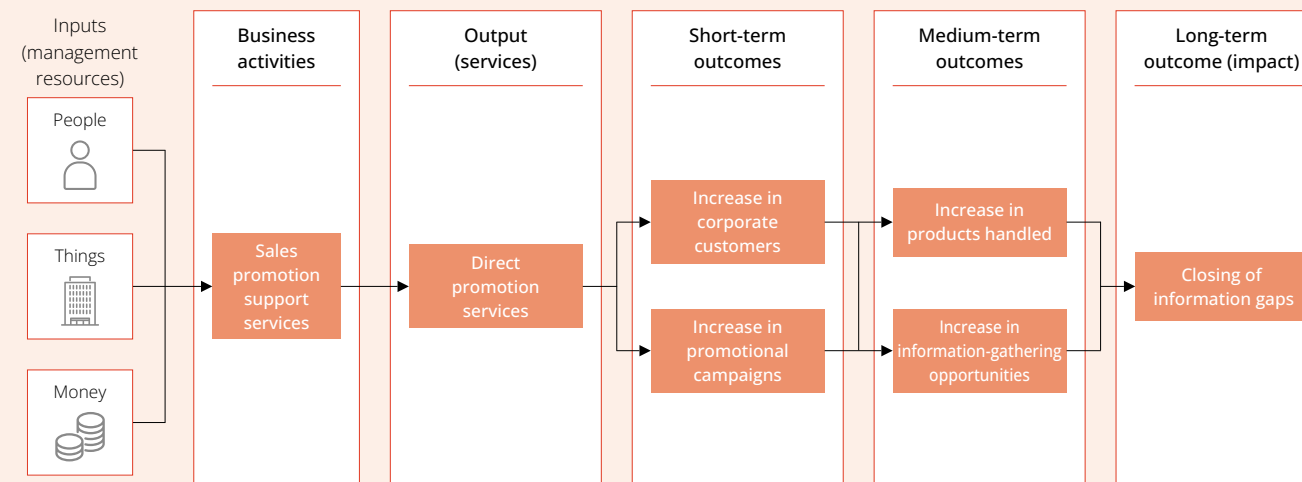


**Takeshi Kagawa**

CEO, S-Pool Sales Support, Inc.



### Logic Model of Sales Promotion Support Services



#### Fiscal 2025 Strategy for Short-Term Outcomes

In fiscal 2025, we aim to realize growth above 20% for the third consecutive year by achieving a 22.6% year-on-year increase in revenue, to ¥1,430 million. To provide consistent quality nationwide, we will strengthen our educational capabilities and organizational structures. By enhancing the functionality and efficiency of back-office departments, we aim to increase profitability.

On the sales front, we will strengthen our partnership with BELLSYSTEM24. At the same time, S-Pool Sales Support will launch a new sales department with the aim of acquiring national clients. In addition, while continuing to provide existing face-to-face promotions and services centered on real-world experiences, we will focus on developing offline media to extend the scope of our services.

#### Fiscal 2025 Strategy for Medium- to Long-Term Outcomes

The current business environment is providing the company with an increasing number of growth opportunities. In online marketing, issues such as hikes in advertising space prices, the increasing complexity of product information, and declining trust due to the spread of false information have become apparent. Meanwhile, the purchasing behavior of users reflects a growing tendency to place greater emphasis on experience and actual sensations when judging the value of products and services,

leading to higher demand for offline marketing. Viewing this change as an important opportunity, we will strengthen our ability to handle a diverse range of products and services. In line with our philosophy of “Creating real-world connections between people and services,” the company will continue to take on challenges and evolve with the aim of realizing a safe, trustworthy, information-based society.

#### Opportunities

- Growing demand for experiential consumption
- Realization of differentiation from online marketing
- Increase in segmentation of target customers as lifestyles diversify

#### Risks

- Growing difficulty of securing specialized personnel in the sales promotion support field
- Impact of pandemics and other social conditions that impede face-to-face sales promotion support
- Decline in sales promotion support services due to deterioration in the reputation of customers' products



# Employment Support Services

We will utilize AI and digital technologies to heighten operational efficiency and customer satisfaction.

In fiscal 2024, revenue grew 10.0% year on year, to ¥787 million, thanks to newly launched health promotion services and the expansion of our interview services. In addition, digital transformation initiatives advanced the reform of business processes and the utilization of digital technologies, thereby enhancing S-Pool Link, Inc.'s operational efficiency and profitability. We also focused on acquiring new customers through strategic sales activities that accurately tapped market demand and on strengthening ongoing relationships with existing customers. The aforementioned measures successfully strengthened our revenue base and sustained our steady growth.

On the other hand, the decline in sales of mainstay job applications solicitation and processing services remained a major issue. External factors included a decrease in applicants due to major customers curbing new store openings. Internal factors included a fall in unit prices due to the spread of automation technologies such as chatbots. The aforementioned decline was more than absorbed by the growth of other services. We expect this downward trend in the performance of mainstay services will continue for several years and then bottom out. Continuing to place great importance on this issue, we recognize the need to take specific measures in response to the situation.

Further, as securing personnel becomes increasingly challenging, we need to develop and secure personnel with professional skills that are more advanced. In particular, to promote business reform that utilizes AI and digital tools, we will strengthen in-house training and actively pursue collaboration with external parties with the aim of enhancing our technological capabilities and adaptability. Through these efforts, the business will further solidify the foundation for future growth.

In fiscal 2025, we will promote AI-enabled business automation with a view to improving efficiency and customer satisfaction. As for our health promotion services, we will seek revenue growth by acquiring municipal authority projects and strengthening partnerships with medical institutions. Further, to strengthen its business foundation, the company will utilize digital marketing to acquire new customers. At the same time, we will bolster relationships with existing customers and promote cross-selling. By improving service quality and augmenting its brand power to establish competitive advantages, S-Pool Link will achieve sustained growth and stable business operations.

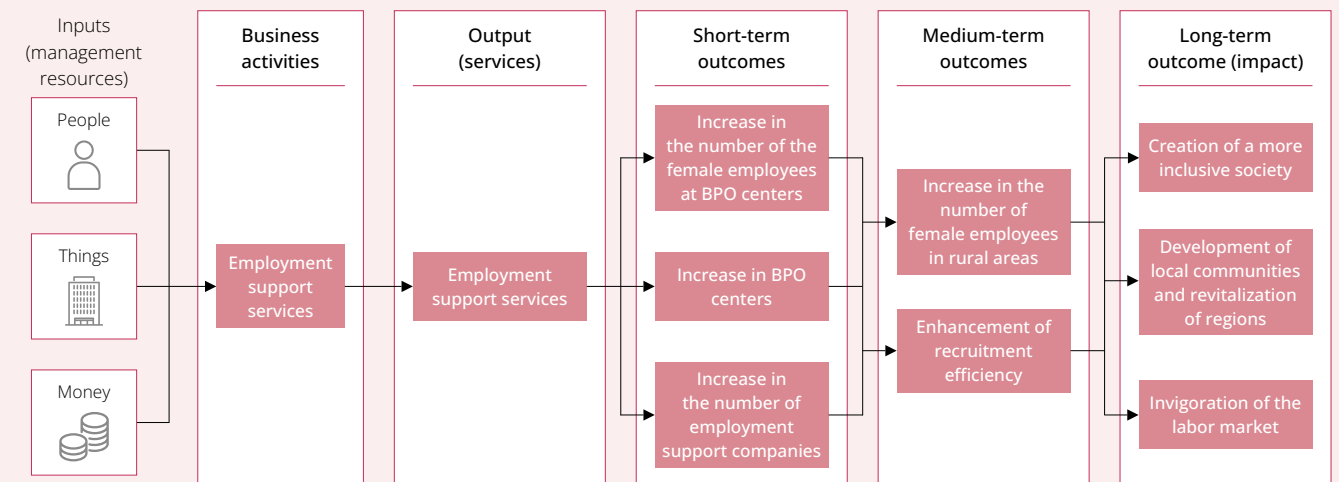


**Mikio Numano**

CEO, S-Pool Link, Inc.



## Logic Model of Employment Support Services



### Fiscal 2025 Strategy for Short-Term Outcomes

In fiscal 2025, we aim to grow revenue 11.1% year on year, to ¥875 million. The company will utilize automation technology to improve profitability and endeavor to further increase sales of services with enhanced competitiveness. We will roll out health promotion services in earnest with the aim of increasing revenues through the acquisition of municipal authority projects and the strengthening of partnerships with medical institutions.

We will step up digital marketing aimed at new customer acquisition. Meanwhile, the business will maintain and further develop its relationships with existing customers and promote cross-selling. In addition to expanding health promotion services, we will undertake new business development to establish a foundation for rapid growth in the future.

### Fiscal 2025 Strategy for Medium- to Long-Term Outcomes

By introducing AI, we will expand the scope of our Employment Support Services and strengthen aspects of consulting services that were previously handled by experts. On the other hand, we recognize the risk of some of our experience and know-how becoming obsolete as AI evolves. To address this issue, we will carefully analyze the areas where AI can be effectively utilized

and build an optimal service delivery model that combines people and AI. These efforts will allow us to focus on high-growth areas such as health promotion services and interview services while continuing to develop new businesses and further expand our operations.

### Opportunities

- Increase in market demand due to labor shortages and recruitment challenges
- Creation of new markets through the digital transformation of recruitment
- Catering of diverse needs accompanying the spread of online recruitment

### Risks

- Increase in compliance costs associated with stricter laws
- Decline in market demand due to economic downturns
- Changes in demand for services as a result of AI and other technological innovations



# Human Resource Outsourcing Services

We aim to achieve a recovery in our business performance by providing flexible and rapid support that caters to diverse needs.

In fiscal 2024, S-Pool Human Solutions, Inc. saw revenue decline 20.2% year on year, to ¥10,620 million, due to the continuing effect of the previous fiscal year's significant slump in sales. The recovery of our performance was delayed by uncertainty in the industry and the absence of the special demand that stemmed from the COVID-19 pandemic. Since June 2024, however, orders from major clients have gradually increased, and in the call center industry the adverse impact of the subsidence of such demand appears to have ended. In addition, higher demand from visitors to Japan increased the need for human resources in tourism operations and face-to-face sales operations, supporting a recovery in overall demand for human resources. Due to the aforementioned changes in the market environment, in the second half of fiscal year sales stabilized as the provision of services in response to orders progressed, and the decline in sales began to bottom out. As a result, we believe that the foundation of future recovery has been established.

On the other hand, sales were dependent on existing customers, and our lack of progress in developing new customers became an issue. In the first half of the fiscal year, sales did not recover because we were unable to compensate for the decline in orders from existing customers by acquiring new customers. Also, we experienced a shortage of temporary staff to meet orders. Consequently, increasing registered staff and employed staff as well as improving staff retention rates became issues. In this regard, we must continue to take specific improvement measures and strengthen our operational capabilities.

In fiscal 2025, the company will further strengthen the role of field consultants (FCs) in group-based temporary staffing services, which is one of our strengths, and make significant contributions to the solution of client companies' issues. Specifically, we will not only task FCs with providing human resources but also enhance FCs' ability to suggest operational improvements and offer consultations. Moreover, we will provide temporary staff with personal growth opportunities suited to their needs and support their skills development, thereby realizing higher levels of satisfaction and personnel retention. Further, we will leverage our experience as a call center operator and vendor to strengthen our industry competitiveness. In particular, to meet diversifying customer needs and establish a competitive advantage, we will increase the flexibility and speed of our service provision. Additionally, S-Pool Human Solutions will expedite the recovery of its performance by elevating operational efficiency through the utilization of AI technologies.

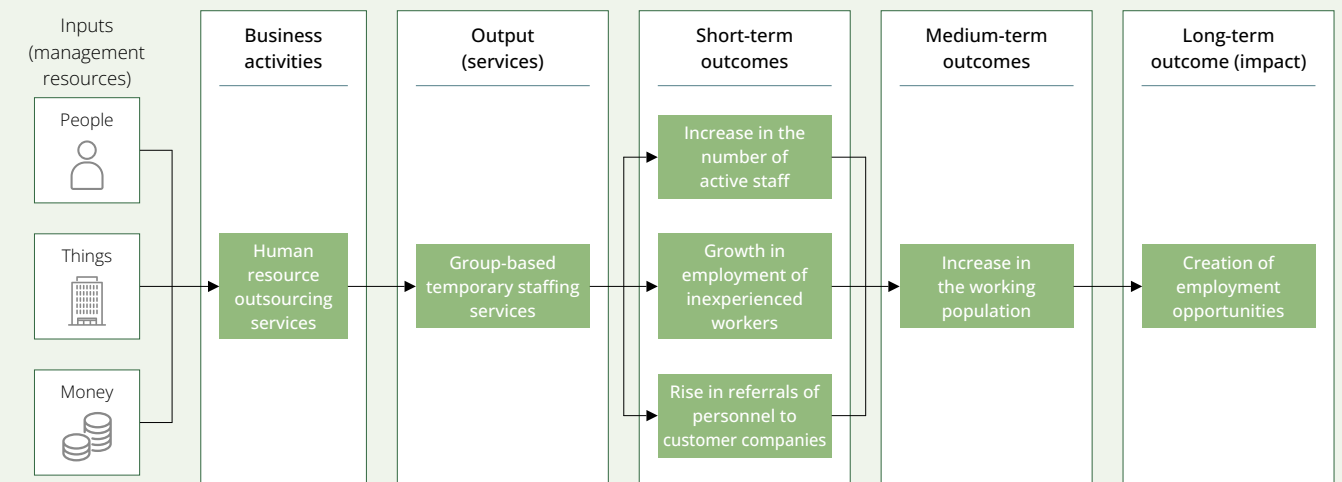


**Akiko Murobayashi**

CEO, S-Pool Human Solutions, Inc.



## Logic Model of Human Resource Outsourcing Services



### Fiscal 2025 Strategy for Short-Term Outcomes

For fiscal 2025, we aim to generate revenue of ¥10,100 million, a 4.9% decline from the previous year.

To be a company always chosen by customers, we will further strengthen the role of our FCs, a distinctive feature of our call center temporary staffing services, so they can better support clients in reaching their goals and solving their challenges through proposals and consulting that contribute to operational improvements.

For our temporary staff, we will provide regular feedback and opportunities for skill development to encourage their long-term retention. In addition, to address the chronic labor shortage in the construction industry, we are positioning a new core business called temp-to-hire staffing services for construction management roles, which was launched in fiscal 2024. Leveraging our accumulated expertise, we aim to improve our acquisition capabilities, expand training programs, and build a support system to further improve retention rates.

### Fiscal 2025 Strategy for Medium- to Long-Term Outcomes

With the rapid evolution of AI technology, the call center industry is likely to see accelerated automation and further transformation. Viewing this change as an opportunity for active growth, we believe that the value only humans can provide will become even more important. We will strengthen our consulting capabilities, refine the expertise of FCs, and enhance our ability to provide high-quality, customized proposals that improve the operations of corporate customers. The company will also help advance the

careers of temporary staff by focusing on improving their skills through the enhancement and expansion of training programs that cultivate the advanced communication and problem-solving skills required in the AI era. We will supply society with personnel who epitomize the value only humans can provide, and we will contribute to the realization of a society where everyone can work comfortably and actively.

### Opportunities

- Increase in demand for temporary staffing in industries facing severe labor shortages
- Growing demand for specialized personnel due to the advancement of digital transformation
- Greater mobility of human resources as lifestyles diversify

### Risks

- Lower demand for temporary staffing due to advances in AI and automation technology
- Difficulty in securing human resources in specific fields and regions
- Decline in demand for temporary staffing services due to economic downturns



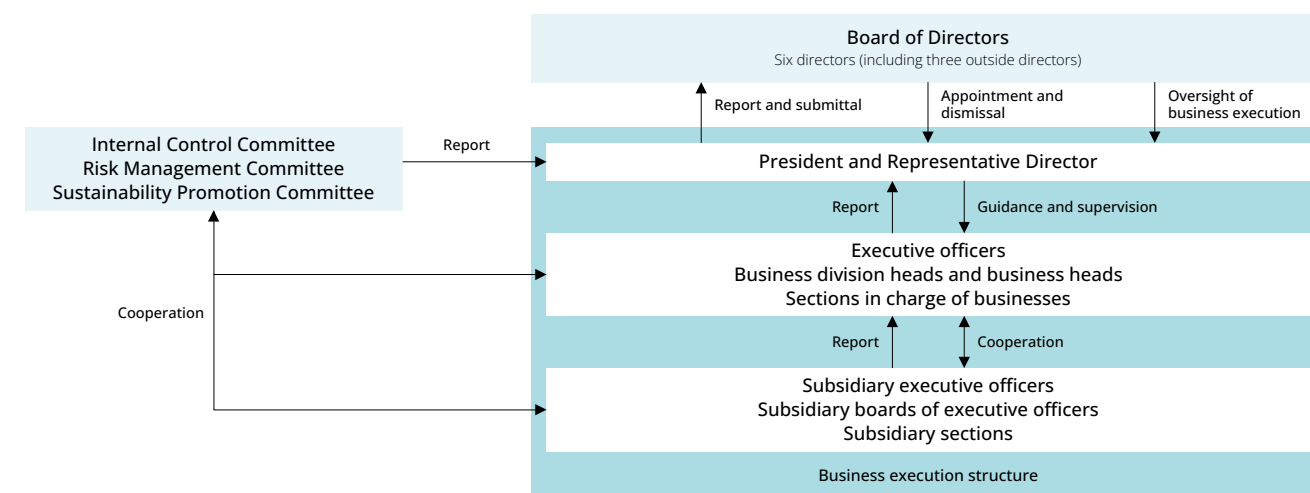
# Sustainability Management

## Sustainability Policies and Structures

In line with its mission, “Applying the power of outsourcing to support corporate innovation and solutions to society’s challenges,” the S-Pool Group aims to help realize a sustainable society. Aware of itself as a global citizen, the Group actively addresses a range of issues, including environmental problems, declining birthrates and aging populations, community development, and labor shortages

by providing value that it is uniquely qualified to create through business activities. In addition, based on dialogue and collaboration with diverse stakeholders, such as employees, customers, and local communities, we will initiate cycles of value creation that enhance medium- to long-term corporate value and contribute to society’s sustainable development.

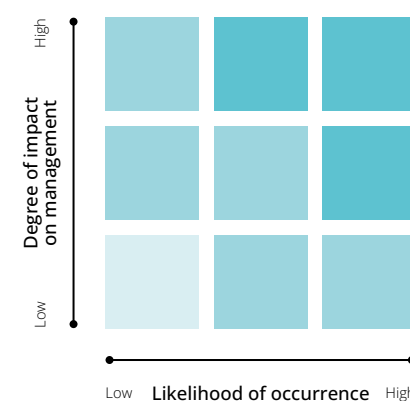
### Sustainability Promotion Structure



### Risk Management Structure and Process

The Sustainability Promotion Committee identifies important risks related to sustainability by comprehensively assessing and considering overall risk prioritization based on two perspectives: degree of impact on management and likelihood of occurrence. Taking into consideration the corporate and social importance of the identified risks and opportunities, the committee assesses and examines prioritization. Following reports to and deliberations by the Board of Directors, material issues are established. The Board monitors the current progress of and revises measures for the established material issues and conducts appropriate risk management, thereby maintaining and improving a Companywide risk management structure.

In addition, the Risk Management Committee, which meets semiannually, works in cooperation with the Sustainability Promotion Committee to consider measures for the prevention and mitigation of risks with potentially significant impacts. Important sustainability-related risks are identified and assessed by the Sustainability Promotion Committee.



Risks that must be addressed are identified by using the two axes of “degree of impact on management” and “likelihood of occurrence” to assess matters that could become risks due to changes in the internal and external business environment.

In promoting social businesses, interest in social issues and awareness of sustainability among customers’ employees are important drivers that advance innovation and enhance problem-solving skills. With this in mind, we actively encourage initiatives to raise the awareness of employees and help them become familiar with sustainability and practice it through their daily work.

### Case 1 Cultivating Sustainability Awareness Through Training Videos

Our Pivotta Sustena sustainability training video service is aimed at fostering sustainability awareness and understanding among customers’ employees and showing how sustainability can be put into practice at work and in daily life. The videos are easy for employees to relate to and provide digestible explanations of the structures of and changes in social issues in the environmental field and other fields. Our innovative videos also offer tips on reducing CO<sub>2</sub> emissions in daily life, feature examples of initiatives aimed at realizing a sustainable society, and encourage employees to learn and change their behavior while having fun. Such S-Pool Group initiatives continue to raise awareness among customers’ employees.

For details on Pivotta Sustena, please see the link below (Japanese only).  
<https://pivotta-sustain.spool.co.jp/>



### Case 2 Raising CO<sub>2</sub> Emissions Reduction Awareness Through Minna No Santei

We have marketed our Minna No Santei service so that customers’ employees can grasp the amount of CO<sub>2</sub> emissions resulting from their own lives and tackle specific reductions. Through this initiative, employees can easily calculate their own CO<sub>2</sub> emissions and visualize the amount of emissions in their daily lives and work. By helping employees understand their own emissions status and clarifying areas that need improvement to reduce CO<sub>2</sub> emissions, our service heightens awareness of reduction and helps foster a corporate culture that actively practices sustainable behavior.

For details on Minna No Santei, please see the link below (Japanese only).  
<https://service.minnanosantei.jp/landing>



### Case 3 Strengthening Management Foundations Through Highly Sustainable Management

To promote sustainability management, we have established the Sustainability Promotion Committee, which studies and implements measures aimed at raising employee awareness. One of the committee’s major initiatives has involved establishing “response to climate change” as a material issue, calculating CO<sub>2</sub> emissions for the entire group, setting reduction targets, and building a Companywide cooperative system aimed at the achievement of reductions. As for “hiring and development of human resources to strengthen corporate value,” which is another material issue, the Group is identifying and categorizing the organizational issues of in-house companies and promoting effective Groupwide human resource strategies by sharing information and strengthening collaboration across divisional boundaries. Through the aforementioned measures, we will fulfill our corporate social responsibility and strengthen the foundations of our sustainability management.

Sustainability Promotion Committee	
Chairperson	Director (Director in charge of sustainability)
Members	Group company CEOs, General manager of Human Resources Division, Project managers from respective companies’ business unit
Secretariat	President’s Office
Reports to	Board of Directors and President and Representative Director
Frequency of meetings	Twice a year



By engaging with stakeholders, the S-Pool Group identifies their diverse needs, which it appropriately reflects in business activities. To meet our responsibilities to stakeholders and help realize a sustainable society, we will address social issues and create new value through active dialogue and collaboration.

Stakeholder Engagement Initiatives

The Group ensures active disclosure and ongoing communication to build relationships of trust with stakeholders. These activities give us a good understanding of the expectations and concerns of our stakeholders, enabling us to advance sustainability and increase our long-term corporate value.

Stakeholder	Type of Engagement	Reflection in Management and Business Activities
Customers	<ul style="list-style-type: none"><li>• Providing inquiry forms</li><li>• Establishing communities and organizing seminars and workshops</li><li>• Conducting satisfaction surveys and questionnaires</li><li>• Disseminating information through websites, social media, and productions</li></ul>	<ul style="list-style-type: none"><li>• Disseminating appropriate information</li><li>• Understanding needs and standpoints of customers and making improvements aimed at providing services of an even higher quality</li></ul>
Employees	<ul style="list-style-type: none"><li>• Implementing periodic interviews</li><li>• Providing opportunities for skills development through various training programs and seminars</li><li>• Conducting employee satisfaction surveys and providing various consultation contact points</li><li>• Providing an employee stock ownership plan</li><li>• Sharing information through in-house social media and intranet</li><li>• Promoting health and productivity management</li></ul>	<ul style="list-style-type: none"><li>• Reflecting feedback in measures to improve organizational culture and workplace environments</li><li>• Advancing the creation of rewarding workplaces</li><li>• Promoting diversity and inclusion</li><li>• Fostering a sense of Group unity</li></ul>
Business Partners	<ul style="list-style-type: none"><li>• Conducting mutual company visits and sharing information</li><li>• Upholding fair business practices</li></ul>	<ul style="list-style-type: none"><li>• Strengthening partnerships to ensure fair and transparent transactions</li></ul>
Local Communities	<ul style="list-style-type: none"><li>• Providing support and cooperation through social contribution activities</li><li>• Interacting with local residents by providing environmental education through on-site lectures and other initiatives</li><li>• Providing support through donations and sponsorships</li></ul>	<ul style="list-style-type: none"><li>• Developing businesses with a view to coexistence with local communities</li><li>• Contributing to local safety and development</li></ul>
Government Agencies and Industry Organizations	<ul style="list-style-type: none"><li>• Concluding comprehensive cooperation agreements with municipal authorities</li><li>• Cooperating and exchanging opinions with various organizations and agencies</li><li>• Cooperating with surveys and questionnaires</li></ul>	<ul style="list-style-type: none"><li>• Invigorating local economies by providing solutions to local social issues</li><li>• Sharing our views on the latest developments and industry issues</li></ul>
Shareholders and Investors	<ul style="list-style-type: none"><li>• Reporting at general shareholders' meetings and financial results briefings and through shareholder newsletters</li><li>• Facilitating one-on-one meetings and interviews with domestic and overseas institutional investors</li><li>• Disclosing information through integrated reports and the investor relations section of our website</li></ul>	<ul style="list-style-type: none"><li>• Reflecting feedback in management policies aimed at enhancing corporate value over the medium to long term</li><li>• Promoting dialogue that helps sustain growth</li></ul>

Examples of Stakeholder Engagement Initiatives

Stakeholder	Opportunities for Dialogue	Objectives (Challenges)	Main Benefits (Reflection in Business Activities)
Customers	<ul style="list-style-type: none"><li>• Providing the Boyadge online platform to help form an environmental management community</li><li>• Organizing real-world events for companies belonging to the above-mentioned community</li></ul>	<ul style="list-style-type: none"><li>• Sharing the concerns and issues faced by sustainability professionals</li><li>• Sharing information and collaborating across corporate boundaries</li></ul>	<ul style="list-style-type: none"><li>• Real-world events enable the gathering of information on and examples of other companies' progressive initiatives and measures and support client companies' promotion of sustainability management.</li><li>• In-depth communication with client companies helps us understand the latest issues and needs of customers, thereby encouraging our development of new services.</li></ul> <p><b>Number of companies participating in the community:</b> 210 (as of November 30, 2024) <b>Cumulative number of companies that have participated in the events:</b> 54</p>
Local Communities	<ul style="list-style-type: none"><li>• Holding on-site lectures at Tochigi Prefectural Kuroiso High School that underscore the importance of sustainable municipal development that adapts to climate change</li><li>• Hosting events in Nasushiobara City, Tochigi Prefecture, aimed at understanding needs and providing input in relation to climate change adaptation measures for local residents</li></ul>	<ul style="list-style-type: none"><li>• Providing opportunities to think about the measures and actions needed for adaptation to climate change</li><li>• Increasing the knowledge of students and local residents</li></ul>	<ul style="list-style-type: none"><li>• By encouraging students to have lively discussions focused on clarification of the resources needed to address climate change issues and the establishment of concrete ways forward, we help develop a generation of young people who will play leading roles in shaping the future.</li><li>• We strengthen collaboration with local communities by encouraging multifaceted consideration of issues through interaction and discussions among participants, by raising awareness of environmental issues, and by promoting action.</li></ul> <p><b>Number of participating students:</b> 160 (plus 20 local university students participating as facilitators) <b>Number of participating local residents:</b> 14 (plus 13 local university students participating as facilitators)</p>

S-Pool Group Human Rights Policy

The S-Pool Group's corporate philosophy emphasizes respect for human rights as one of the basic requirements of its business activities. Given changes in the social environment surrounding human rights, we revised the S-Pool Group Human Rights Policy in June 2024 and will continue reviewing the policy and taking appropriate measures. In accordance with the policy, the Group will respect the human rights of all people involved in its business activities, seek understanding of the policy among stakeholders, and contribute to the realization of a society in which everyone is respected.

1. Scope

The policy applies to all executives and employees working at the S-Pool Group. The Group expects all its stakeholders, including customers and business partners, to understand and uphold the policy.

2. Compliance with applicable laws and regulations

The Group has declared its commitment to the International Bill of Human Rights; the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, which include freedom of association and the right to engage in collective bargaining; and the United Nations Guiding Principles on Business and Human Rights. Additionally, the Group complies with applicable laws in the regions in which it operates. Where differences exist between internationally accepted standards and local laws, the Group complies with the stricter standards; where inconsistencies exist between internationally accepted standards and local laws, the Group prioritizes upholding international human rights principles.

3. Human rights issues related to business activities

The Group seeks to address human rights issues, including the following.

• Prohibition of discrimination and harassment

Based on the laws and regulations in place in the respective countries and regions, the Group makes every effort to eliminate discrimination and violations of human rights from the business activities in which it is involved, whether due to race, skin color, language, creed, religion, sex, sexual orientation, gender identity, nationality, age, birthplace, mental or physical disorder, or illness. The Group is committed to eradicating bullying and harassment as well as demonstrating respect for the dignity of each person as an individual.

• Prohibition of forced labor, child labor, and human trafficking

The Group prohibits forced labor, child labor, and human trafficking in any form, and demonstrates its respect for children's rights through adoption of the Children's Rights and Business Principles.

• Freedom of association and collective bargaining

The Group respects the right to freedom of association and collective bargaining for all employees as provided by the Constitution of Japan and appropriately handles employee disaffection and grievances. In Japan, the Group has concluded an agreement governing off-hours work and work on days off (Article 36 Agreement) with employee majority representatives at each site, pursuant to the Labor Standards Act. This agreement applies to all employees other than managers.

• Respect for women's rights

The Group strives to promote gender equality, ensure equal opportunities and treatment for men and women in employment and other matters, and achieve a better work-life balance.

• Promotion of fair, safe, and healthy working conditions

The Group strives to manage the working hours of its employees and to maintain wage levels that not only meet the legal minimum but also leave employees feeling rewarded for their efforts.

• Harmony with local communities

The Group promotes its business activities with due consideration to the human rights of local residents.

• Respect for privacy and freedom of expression

The Group strives to demonstrate its respect for the privacy and preserve the freedom of expression of all stakeholders, including employees, customers, and business partners.

4. Initiatives to prevent human rights violations

The Group undertakes regular surveys of and interviews with employees to grasp and pinpoint potential risks. Based on the survey results, the Group determines whether any human rights violations exist and the challenges in embedding and ensuring compliance and takes any risk reduction measures necessary to prevent substantial damage while reflecting findings through employee educational activities and training.

5. Correction and remedy

If the Group identifies any potential adverse human rights impact resulting from its business activities or finds that it has otherwise been involved in such impact, it works to correct and remedy the situation through appropriate internal processes. The Group strives to establish a system for handling inquiries and complaints concerning any actions within the Group that have an adverse impact on human rights.

6. Disclosure of information

The Group discloses the status of its initiatives related to respect for human rights based on the policy through its website, integrated reports, and other means.

7. Initiatives to embed respect for human rights

The Group plans to educate and train all executives and employees working within the Group to ensure they are adequately acquainted with the policy.



Response to Climate Change

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Material Issue	Opportunities	Risks
Response to Climate Change	<ul style="list-style-type: none"><li>• Increase in the provision of services with reduced environmental impact</li><li>• Establishment of a sustainable operating structure</li></ul>	<ul style="list-style-type: none"><li>• Amendments of regulations and policies for existing businesses</li><li>• Operational shutdowns due to typhoons and earthquakes</li></ul>

Environmental Policy

As a responsible corporate citizen, we recognize the global environment as an important topic and undertake measures and initiatives to realize a sustainable society. Spurred by various developments, including the Paris Agreement in 2015 and the global agreement toward achieving a 1.5°C target at the 26th UN Climate Change Conference of the Parties (COP26) in 2021, the movement toward a carbon-neutral society has accelerated in recent years. In response to these social demands, the S-Pool Group has formulated the Environmental Policy and Action Guidelines as part of efforts to achieve sustainable growth for the Group.

In this way, we plan to advance environmentally friendly corporate management based on harmony between our business activities and measures to protect the environment, including our responses to climate change.

The current generation is responsible for the bulk of climate change. We believe this generation must implement the necessary solutions rather than leaving the issue to the generations to come. We are committed to contributing to a sustainable society, with each and every employee putting into practice the following Environmental Policy and Action Guidelines.

Environmental Policy and Action Guidelines

- 1. Contributing to the environment through business services**  
We help reduce environmental impact and raise environmental awareness among our customers through our services, products, and other business activities.

**2. Implementing activities to achieve quantitative targets**  
We aim to achieve a 40% reduction in greenhouse gas emissions (Scope 1 + Scope 2) Groupwide by fiscal 2030 and carbon-neutral greenhouse gas emissions (Scope 1 + Scope 2) Groupwide by fiscal 2050 to mitigate climate change.  
In addition, the Group aims to use 100% renewable energy-generated electricity in its business activities by fiscal 2030.

**3. Complying with environmental laws and regulations**  
We comply with all environmental laws and regulations established by national and local governments and other authorities.

**4. Carrying out efforts to reduce environmental impact**  
We ascertain the environmental impact of our business activities, establish environmental improvement targets, and continually strive to minimize environmental impact in areas such as greenhouse gas emissions, energy consumption, and waste generation.

**5. Utilizing environmental management systems**  
We utilize environmental management systems to establish and periodically review environmental targets to ensure continuing improvement.

**6. Fostering an environmental mindset**  
We strive to raise awareness for environmental protection by systematically implementing continual environmental training for employees.

Disclosure Based on the TCFD Recommendations

In February 2022, we announced our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). In addition to enhancing governance, we are striving to improve both the quality and quantity of disclosure and integrate strategies for the transition to decarbonization by analyzing the risks and opportunities related to climate change for Group businesses.



Governance

We have developed a governance structure, centered on oversight by the Board of Directors and management by the Sustainability Promotion Committee, to promote basic policies

and priority topics related to the environment, including climate change, in accordance with our Environmental Policy and Action Guidelines.

Climate Change Management Structure

Chaired by the director in charge of sustainability, the Sustainability Promotion Committee's membership consists of Group company CEOs and other executives. The committee meets twice a year to discuss risks and opportunities related to climate change and reports its findings to the Board of Directors, which oversees related activities.

Executive Compensation Linked to the Achievement of Environmental Indicators

In light of the importance of climate change and other global environmental issues, the Group has established a compensation system in which compensation for the president and representative director is linked to a rating score that is based on the ESG evaluations of the Group provided by various types of external rating agencies, including their evaluations of climate change-related efforts. This promotes the achievement of nonfinancial KPIs across the organization, with the president and representative director actively ascertaining progress on measures to implement strategies for deploying renewable energy and reaching climate change targets.

Strategies

1. Scenario Analysis

In implementing scenario analysis, the Sustainability Promotion Committee identifies major risks and opportunities related to climate change and assesses specific monetary amounts of their financial impacts. The committee formulated two scenarios to consider impacts in 2030 centered on two businesses it deems especially susceptible to climate change: Special Needs Employment Services (S-Pool Plus, Inc.) and Logistics Outsourcing Services (S-Pool Logistics, Inc.). These scenarios assume either success in achieving carbon neutrality by 2050 or increasingly severe global warming.

Scenarios

- 1.5°C scenario**  
Scenario under which global decarbonization initiatives achieve carbon neutrality by 2050, including associated changes in regulations and market trends  
Scenarios referenced: IEA WEO-2021\*1 – SDS\*2 / APS\*3 / NZE2050\*4, IPCC AR5\*5 - RCP\*6,2.6

**4°C scenario**  
Scenario under which global warming grows more severe due to a lack of progress on decarbonization, leading to increasingly severe weather events, damage caused by such weather events, and the growing need to adapt to such changes  
Scenarios referenced: IEA WEO-2021\*1 – STEPS\*7 / IPCC AR5\*5 – RCP\*6,8.5

- \*1 World Energy Outlook 2021 of the International Energy Agency

\*2 Sustainable Development Scenario    \*3 Announced Pledges Scenario

\*4 Net Zero Emissions by 2050 Scenario

\*5 Fifth Assessment Report of The Intergovernmental Panel on Climate Change

\*6 Representative Concentration Pathway    \*7 Stated Policies Scenario

		Item				Impact		Evaluation**	
Category	Subcategory	Sub-subcategory	Time axis*1	Indicators		Considerations		4°C	1.5°C
Migration risks	Policy / regulations	Carbon pricing	Medium term	Expenditures	Groupwide	Rising costs related to electricity, fuel use, etc., at logistics facilities, farms, and other business sites due to carbon pricing		Low	Medium
		Response to GHG emissions restrictions	Medium to long term	Expenditures, capital	Groupwide	Rising costs associated with measures to improve the environmental performance of logistics facilities, farms, and other facilities to meet more rigorous GHG emissions reduction requirements		Low	High
		Plastic restrictions	Medium term	Expenditures	S-Pool Logistics, Inc.	Cost of responding to regulations governing the use of plastic and other packing materials		Low	Medium
	Markets	Change in energy costs	Short to medium term	Expenditures	Groupwide	Higher selling expenses due to the rising cost of the fuel used in temperature controls		Medium	Medium
		Change in customer behavior	Short to medium term	Revenue	Groupwide	Risk of declining revenue due to inability to shift to services and products with lower environmental impact as environmental awareness grows among clients		Low	High
	Reputation	Change in reputation among investors	Medium to long term	Revenue, expenditures	Groupwide	Falling stock prices or rising fundraising costs if investors determine our initiatives are inadequate based on their growing interest in environmental initiatives		Medium	High
Physical risks	Acute	Intensification of abnormal weather events	Short to long term	Revenue, expenditures, assets	Groupwide	Weather-related damage leading to the suspension of operations at farms, logistics facilities, etc., and reduced earnings due to suspended operations at client facilities		High	Medium
	Chronic	Worsening of working and construction conditions	Short to long term	Revenue, expenditures	S-Pool Plus, Inc.	Lower productivity or higher hiring costs due to fewer applicants as rising temperatures lead to worsening working environments inside greenhouses		High	Medium
Opportunities	Energy sources	Use of renewable energy	Short to medium term	Revenue	S-Pool Logistics, Inc.	Sales growth achieved by providing differentiated services using renewable energy		Low	Medium
	Products / services	Decarbonization services	Short to medium term	Revenue	S-Pool Logistics, Inc.	Sales growth achieved by using non-plastic packing materials in response to growing demand for ethical consumption		Low	Medium
		Disclosure	Short to medium term	Revenue	S-Pool Blue Dot Green, Inc. / S-Pool, Inc.	Greater demand for disclosure consulting services to meet corporate disclosure obligations		Low	High
	Markets	Emissions trading	Short to medium term	Revenue	S-Pool Blue Dot Green, Inc. / S-Pool, Inc.	Sales growth for emissions trading brokerage services		Low	High
	Resilience	Adaption to abnormal weather events	Short to medium term	Revenue	S-Pool Plus, Inc.	Provision of services in urban areas based on indoor farms, which are less susceptible to climate change risks		Medium	Low

\*1 Time axes: Short term: 1–3 years; medium term: 3–10 years; long term: 10 years or longer

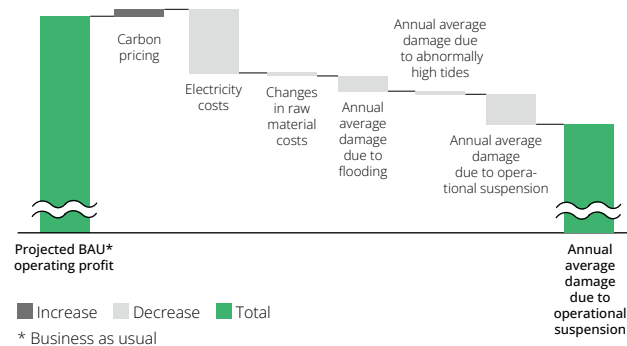
\*2 Financial impact: High: ¥100 million or more; medium: less than ¥100 million; low: insignificant or no impact



## Response to Climate Change

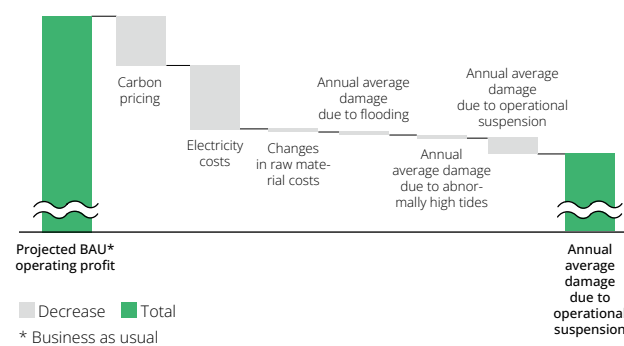
In assessing the scale of impacts through use of quantitative business impact estimates, we regard a financial impact of ¥100 million or more as high. Qualitative impacts assume the same definition. The risks estimated are shown below. For physical

### 2030: 4°C Scenario



risks (extent of damage due to flooding or high tides, extent of damage due to suspended operations), we averaged annual expected damages based on the relative evaluation by taking into account the probability of the disasters occurring.

### 2030: 1.5°C Scenario



## 2. Specific Strategies and Initiatives

In light of the results of the above scenario analysis, initiatives to address the major impacts on the Group are as follows.

Our response to carbon pricing systems and other transition risks is to promote Groupwide decarbonization. In fiscal 2023, our head office began switching to renewable energy and purchasing non-fossil fuel certificates. As of fiscal 2024, approximately 9.0% of the electricity we use is derived from sources of renewable energy. In addition, each Group company is also considering the decarbonization of its operations. Through its participation in the RE Action initiative, S-Pool Logistics is making progress toward switching to 100% renewable energy. At major facilities, the company is adopting renewable energy via non-fossil fuel certificates under the feed-in tariff system.

As for physical risks, we envision wind and water damage such as flooding. The physical impact on the farms of S-Pool Plus is of particular concern. Therefore, we have been establishing indoor farming facilities that use less water and are less susceptible to the impact of disasters. For example, in fiscal 2019 we formulated indoor farm selection criteria that take into account areas prone to flooding in the event of torrential rain or river overflows. In fiscal 2024, three of the seven farms we opened were indoor farms. As with indoor farms, when selecting locations for outdoor farms, we are mindful of which areas are prone to flooding in the event of torrential rain or river overflows. The criteria enhance the resilience of our farms to wind and water damage and ensure the safety of farm workers.

To capture opportunities, the Group has established the Environmental Policy and Action Guidelines, which call for

contributions to the environment through the provision of business services. The Group's active development of businesses in the environmental field is led by S-Pool Blue Dot Green. In 2023, in addition to our existing services for corporate clients, we began offering services to support the decarbonization efforts of municipal authorities, whereby we support the movement toward zero-carbon cities by calculating and reducing municipal GHG emissions. Fiscal 2024 saw the Group and six new municipal authorities conclude comprehensive cooperation agreements aimed at realizing zero-carbon cities, bringing the total number of such agreements to 18 nationwide.



A Work Happiness Farm operated by S-Pool Plus



An indoor farm

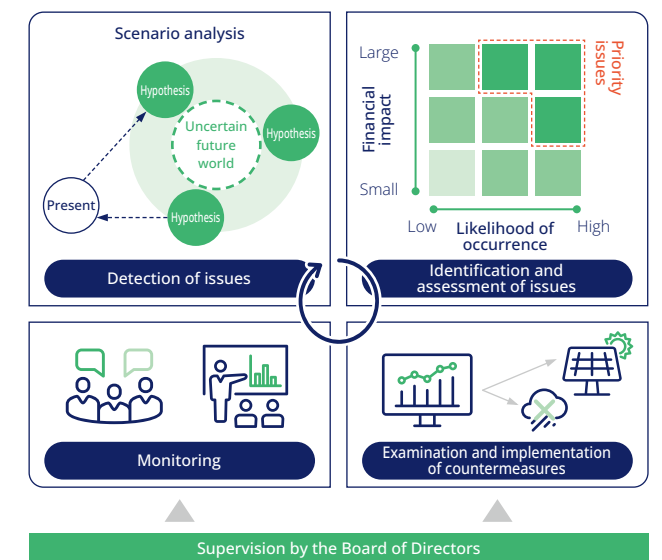


Municipal Environment Future Company and Tsuno Town, Miyazaki Prefecture, after concluding a comprehensive cooperation agreement aimed at realizing a zero-carbon city

## Risk Management Process

The Sustainability Promotion Committee identifies and assesses significant climate change-related risks and opportunities. In doing so, the committee uses the scenario analysis described in Strategies, 1. Scenario Analysis on page 48 to collect and analyze information on social conditions and the market environment, which enables early detection of significant issues related to businesses, identification of comprehensive risks, and qualitative and quantitative assessment of the scale of financial impact. Finally, along with the results of this assessment, the likelihood of occurrence and the timing of actualization are taken into consideration to select the issues that most urgently require countermeasures. An order of priority is then established for these issues.

All the selected priority issues identified as risks are entrusted to the Risk Management Committee, which integrates them into a Groupwide risk management process. This committee, which meets semiannually, conducts comprehensive risk assessments that include climate change-related risks. Based on these assessments, the committee considers measures to prevent the actualization and mitigate the impact of risks with potentially significant impacts and collaborates with the Sustainability Promotion Committee as necessary. Similarly, priority issues identified as opportunities are placed under the management of the Sustainability Promotion Committee, which considers measures to be taken. In both cases, under the supervision of the Board of Directors measures are considered and then deployed to the relevant business sections and subsidiary sections.



## Indicators and Targets

The GHG emissions reduction target for the S-Pool Group as a whole calls for a 40% reduction by 2030 in Scope 1 and Scope 2 emissions compared to the base year of fiscal 2021. We also plan to achieve carbon neutrality Scope 1 and Scope 2 emissions by 2050. To achieve these targets, we are carrying out practical efforts to achieve use of 100% renewable energy in Group business activities by 2030.

## Biodiversity (TNFD) Initiatives

### Promotion of Environmental Management and Biodiversity Conservation

In accordance with the Environmental Policy and Action Guidelines, our behavior and initiatives reflect our responsibilities with respect to biodiversity. Aiming to help achieve a nature-positive world, we have been participating in the Keidanren Initiative for Biodiversity Conservation since June 2024. We recognize that our business formats are closely related to natural resources.

This is particularly true of our Special Needs Employment Services as they include the leasing of farms. We aim to achieve sound environmental management Groupwide.

### Analysis Based on the TNFD Recommendations

Based on the Taskforce on Nature-related Financial Disclosures (TNFD) recommendations, which is a framework for the appropriate assessment and disclosure of risks and opportunities related to natural capital and biodiversity, we have begun identifying our points of contact with nature and considering risks, opportunities, and measures.

### Progress of Analysis Based on the LEAP Approach

Based on the LEAP (locate, evaluate, assess, and prepare) approach, which is an integrated assessment process for managing biodiversity risks and opportunities advocated by the TNFD, we are conducting surveys and analyses and considering measures. These activities are focused on farm facilities leased as part of our Special Needs Employment Services because these facilities are closely related to nature. In fiscal 2024, we implemented the locate and evaluate stages of the aforementioned approach, enabling us to clarify and categorize our leased farms' dependence relationships and impact relationships with nature. We are currently selecting priority regions with reference to a survey of regions that are important from a biodiversity perspective.

The Group is continuing to assess the importance of dependent relationships and impact relationships with nature as well as the attendant businesses risks and opportunities that should be considered. We plan to provide updates on our progress in our website's "Biodiversity (TNFD)" section as required.

For details on our biodiversity initiatives, please see the link below.  
<https://www.spool.co.jp/en/sustainability/environment/tnfd.html>



# Initiatives for Employees

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	Material Issues	Opportunities	Risks
1	Promotion of DE&I	• Leveraging of diverse human resources to create new value	• Loss of new business opportunities due to imbalances in attributes or skills • Less effective organization due to lack of diversity
2	Promotion of employee well-being	• Improvement of productivity by strengthening engagement • Improvement of employee retention through workstyle transformation	• Impaired productivity due to lower satisfaction • Employees taking leave due to mental health concerns
3	Hiring and development of human resources to strengthen corporate value	• Creation of the next generation of managers • Securing of human resources and reskilling through enhanced HR measures	• Growing competition for human resources due to shrinking workforce • Stagnating strategy implementation due to human resource outflows and shortages

## HR Strategy Concept

We believe that our most important form of capital is our personnel and that their empowerment is essential to sustain corporate growth. For this reason, we have established promotion of diversity, equity, and inclusion (DE&I); promotion of employee well-being; and hiring and development of human resources to strengthen corporate value as three of our material issues.

Moreover, we have set forth policies on diversity and other aspects of human resource development and on improvement of in-house environments. Pursuant to the Act on the Promotion of Women's Active Engagement in Professional Life, the Act to Facilitate the Employment of Persons with Disabilities, and other applicable laws and regulations, we are promoting DE&I by considering the individual traits and limitations of employees when assigning jobs. Further, to ensure that all of our employees are able to benefit corporate clients and society, we are advancing the creation of employee-friendly environments through the activities of a dedicated section tasked with making career consultations and harassment consultations available at all times and through the elimination of impediments to employee growth.

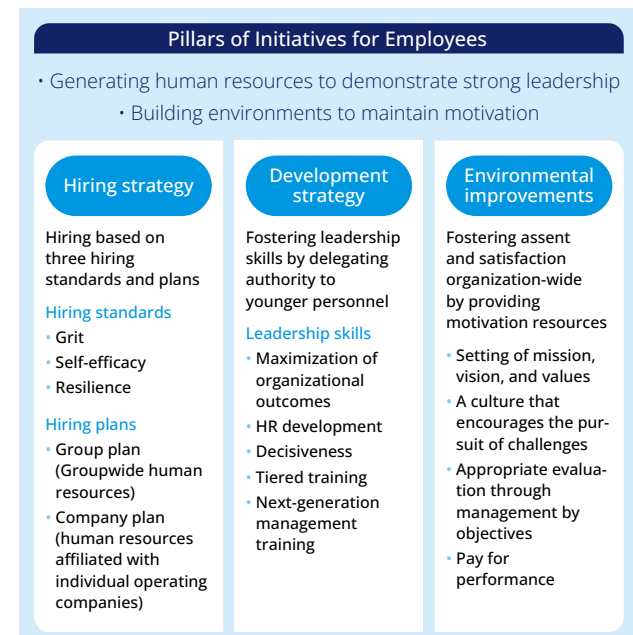
In promoting employee well-being, our CEO concurrently serves as chief health officer to enable the strategic advancement of health management from a managerial viewpoint. Additionally, we have established the Health Office as a dedicated section for improving employee health; implementing countermeasures in relation to presenteeism, which means employees are present in workplaces but their productivity is low, and absenteeism, referring to employees who do not come to work or who have long absences; and establishing environments where employees can readily seek and receive health consultations.

With the aim of hiring and developing human resources to strengthen corporate value, we use a balanced scorecard\* to determine Groupwide policies and individual policies at subsidiaries. In accordance with these policies, we pursue initiatives that both advance businesses and develop employee careers.

\* A management technique that visualizes an organization's strategies from four perspectives—financial position, customers, business processes, and learning and growth—and supports the achievement of goals

Focused on securing the leaders essential for expanding existing businesses and developing new businesses, our hiring strategy is to actively recruit highly motivated individuals with strong leadership skills. Particularly when recruiting new graduates, we place importance on their empathy with our mission and select candidates based on their alignment with our values. Further, to establish environments conducive to new employees' rapid acquisition of leadership experience and achievement of personal growth, develop corporate culture, and create employee-friendly workplaces, in the Human Resources Division we assign each Group company a dedicated human resource business partner, strengthen governance, and support respective companies in realizing their strategies. In addition, we conduct tiered training and selective training Groupwide and focus efforts on the developing the next generation of managers.

## Hiring and Development of Human Resources to Strengthen Corporate Value



## 1 Promotion of DE&I

We actively promote the creation of environments where everyone can work in fair conditions and with a sense of fulfillment as a member of society. Since our founding, we have cherished the belief that human potential is limitless as well as the idea that all of us can change, grow, and find a place to shine. Respecting diverse values and giving importance to the individuality of each person, including their race, nationality, gender, age, possible disability, and workstyle, we aim to build an organization that leverages diversity and creates a society where everyone can experience the joy of work.

## Key Performance Indicators

To promote the creation of an organization that leverages diversity, we have set "percentage of female managers" and "percentage of employees with disabilities" as key performance indicators. By increasing the opportunities for women, people with disabilities, and other employees with diverse backgrounds to play meaningful roles and by utilizing their individual abilities and ideas throughout the organization, we foster a creative and vibrant corporate culture. Our fiscal 2024 results relating to the key performance indicators were approximately unchanged year on year. Going forward, we will entrench achievements while seeking further progress through stepped-up promotion of DE&I. [Percentage of Female Managers and Percentage of Employees with Disabilities](#) P.74

## Diversity and Inclusion Promotion System

In accordance with our commitment to fostering a supportive organizational culture, encouraging an appetite for growth, and respecting diversity, in 2021 we established the Diversity and Inclusion (D&I) Promotion Group, which actively hires people with disabilities, establishes workplace environments compatible with diversity, and furthers in-house understanding of D&I. To create workplaces where people with disabilities can work with peace of mind, we have introduced a leave system for regular hospital visits and set up a dedicated consultation desk. We are also encouraging appropriate consideration for people with disabilities through the creation of a guidebook on the reasonable accommodations that can be made for such employees. Further, the S-Pool Group is advancing the employment of para athletes and artists with disabilities and supporting workstyles that leverage their individual characteristics and careers.

In addition, we respect the diversity of all employees, not just those with disabilities, and create environments that suit each individual's background, values, and workstyle. We are moving forward with initiatives that facilitate flexible workstyles and

strengthen career support to create workplaces where each individual's abilities and personality are realized to the fullest, regardless of gender, age, nationality, or lifestyle. By conducting e-learning training aimed at enhancing D&I literacy and deepening understanding of diversity, we are invigorating our entire organization. Going forward, we will continue to provide opportunities for all employees to take maximum advantage of their abilities, thereby strengthening the foundation that supports corporate growth.

### Main Initiatives

- Creating a culture in which diversity is mutually accepted and everyone can work comfortably (preparing and issuing D&I newsletters)
- Establishing and operating a consultation desk and human resource portal to identify issues early and prevent resignation
- Managing and reforming work-life balance support systems
- Taking measures related to maternity and childcare leave with the aim of empowering women and advancing their careers
- Implementing induction training and orientations for new employees
- Promoting the employment and retention of people with disabilities

## Gaining of Advanced Certification at the 2024 D&I Award

The D&I AWARD is Japan's largest award for the commendation of companies that promote D&I. With a focus on the five areas of gender gap; LGBTQ+ individuals; disability; multicultural coexistence; and childcare and nursing care, the award is based on the application of a wide variety of criteria to evaluate companies' initiatives, such as whether policies are in place to promote D&I, the implementation of training and awareness-raising activities for employees, and the promotion of flexible workstyles and

work-life balance. In the 2024 D&I AWARD, a favorable evaluation of our initiatives earned us Advanced certification, the second-highest ranking. This certification is a testament to the Group's steady progress in promoting D&I. We will continue achieving further improvement by fostering environments where diverse talent can thrive.





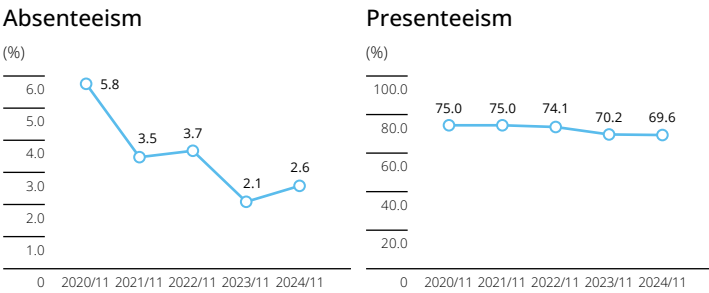
Initiatives for Employees

2 Promotion of Employee Well-Being

Employees must be physically and mentally healthy to achieve our mission and vision and provide stakeholders with advanced levels of performance. With this in mind, we are introducing a range of innovative measures to provide safe, reassuring working environments that enable employees to concentrate on their work.

Key Performance Indicators

In the Group, “absenteeism” is the percentage of employees who have taken sick leave or have been on leave due to mental health issues and other issues over the past year. Meanwhile, we use “presenteeism” to refer to employees’ self-assessments of their work performance over the past four weeks, with 100% representing their optimal performance in a healthy state. We have established these two metrics as key performance indicators and are committed to realizing a vibrant organization and enhancing productivity in line with our Health and Productivity Management Declaration. We are confident that our approach will both enhance employee health and sustain corporate growth.



Advancement of Health and Productivity Management

We are focusing on health and productivity management because employees must be physically and mentally healthy if we are to realize our corporate mission. Aiming to enhance the performance of employees with respect to all stakeholders, the Group has appointed a chief health officer tasked with the Groupwide coordination of health and productivity management and issued a Health and Productivity Management Declaration. We maximize the productivity of individual employees and support their careers through an in-house Health Office, which rigorously manages employee health through a range of regular health checkups and interviews and training that assist the workplace returns of those who have been unwell.

Promotion Structure

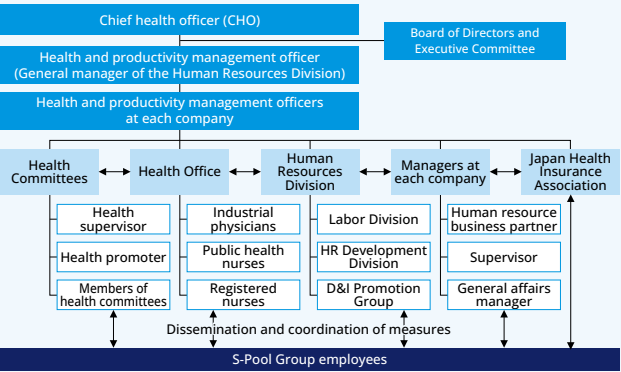
Viewing health management from the perspective of business management, we strategically promote improvement in employees’ health under the leadership of our chief health officer. In addition, each company and division has a health and productivity management officer who works in cooperation with the Health Office and health committees to increase the penetration of health and productivity management.

**Health and Productivity Management Declaration**

- 1. Employee health is essential to providing services that surpass client expectations.
- 2. Employee health is a prerequisite for taking on challenges without fear.
- 3. Mental and physical health are vital to enjoyable and rewarding work.

Good mental and physical health are indispensable in realizing the S-Pool Values (our guidelines for employee behavior) and demonstrating advanced performance on behalf of clients and society.

By tackling all challenges in good faith, we will continue to realize environments in which all employees can work with vitality.



Prevention of Lifestyle-Related Ailments and Enhancement of Productivity

We rigorously manage the health of our employees by conducting regular health checkups, cancer screenings, and stress checkups. In addition, we conduct individual interviews to promote employee health and enable the early detection and elimination of health issues.

	2020	2021	2022	2023	2024
Percentage of employees receiving regular health checkups (%)	100	98.9	99.6	99.7	100

As well as annual health checkups, we conduct various cancer screenings and provide specific health guidance. In particular, since the incidence of cancer among Japanese women aged 20 to 60 exceeds that of men in the same age group, to facilitate early detection we have introduced a system that allows employees to undergo breast and cervical cancer screenings at no cost.

Also, our employees can receive specific health guidance during working hours at their workplaces. We are working with the members of health committees at each Group company to increase the percentage of employees receiving such guidance.

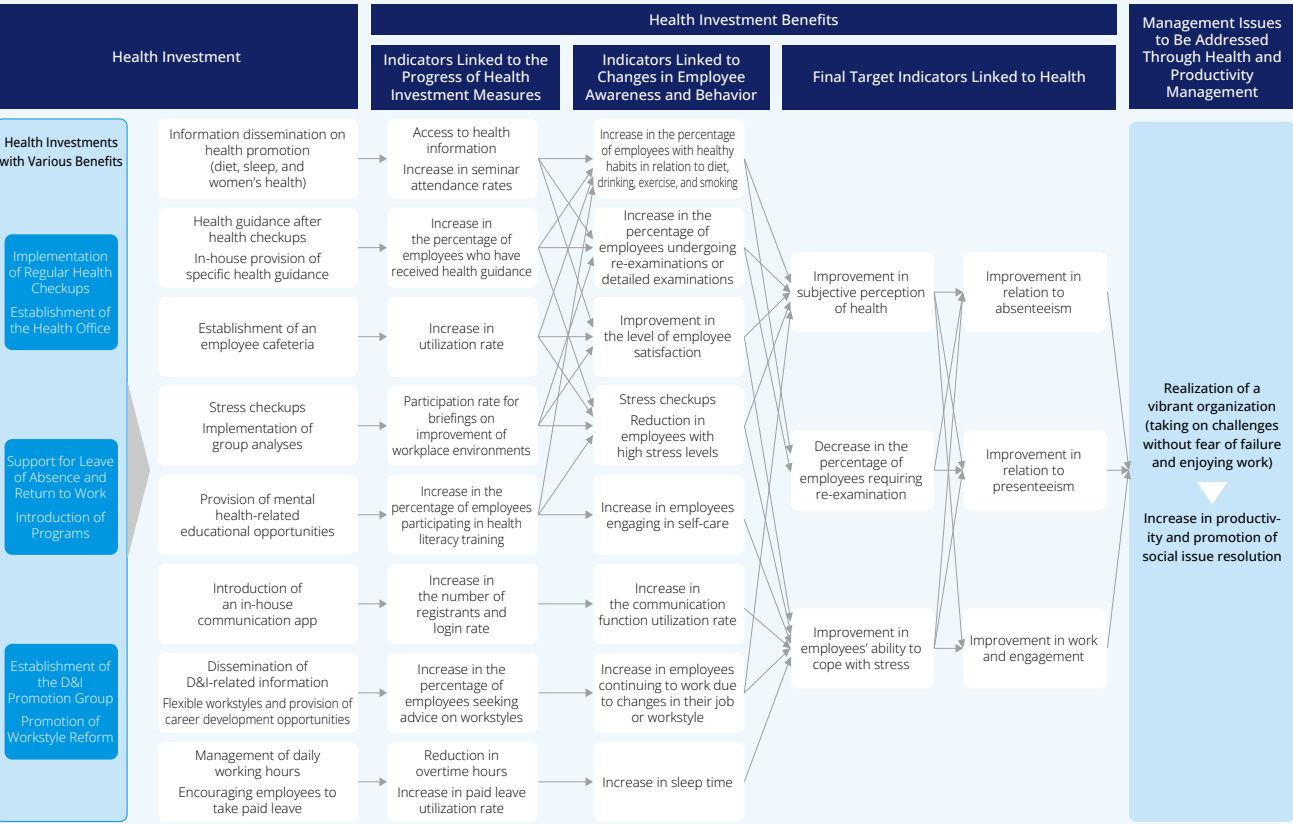
	2020	2021	2022	2023	2024
Percentage of employees receiving stress checkups (%)	84.6	80.6	82.5	92.5	87.2
Percentage of employees with high stress levels (%)	15.2	15.6	16.1	15.5	17.4

When conducting annual employee surveys, we conduct stress checkups to gain a multidimensional understanding of workplace environments and individuals’ physical and mental well-being. Employees with high levels of stress are interviewed by industrial physicians, and the Health Office then conducts

follow-up checks on these employees. We also utilize the results of group analyses to improve our organization.

For details on our prevention of lifestyle-related ailments and enhancement of productivity, please see the link below.  
<https://www.spool.co.jp/en/sustainability/society/health.html>

Health and Productivity Management Strategy Map





## Initiatives for Employees

## Initiatives to Improve Health Literacy

As part of our regular training program, we conduct e-learning courses for all employees on topics such as self-care, consideration for subordinates' health, mental health care, diet, sleep, exercise, and back pain. Via the intranet, we also provide information aimed at improving health literacy. Through day-to-day efforts to raise health awareness, we prevent presenteeism.

	2020	2021	2022	2023	2024
E-learning participation rate (3 times a year) (%)	—	62.4	74.9	80.6	81.9

- New graduate training**
  - Self-management (physical management and motivation management)
- Management training**
  - Consideration for subordinates' health
- Training for all employees**
  - Sleep and exercise
  - Mental health and mindfulness
  - Infectious diseases
  - Self-care
- Company-specific training**
  - S-Pool Link, Inc.: Seminars on healthy lifestyle habits based on health checkup results
  - S-Pool Blue Dot Green, Inc.: Self-care seminars that take workplace environments into account

## Convening of a Monthly Health Committee

In addition to workplace-based health committees established pursuant to the Industrial Safety and Health Act, the head office convenes a monthly health committee, which primarily comprises health supervisor and includes health and productivity management officers from each Group company. By facilitating information sharing and encouraging improvements in working environments, the committee's regular discussions ensure the health and safety of employees.

- Monthly work-related accident reports
- Confirmation of workplace inspection checklists
- Confirmation and sharing of seasonal health lecture materials
- Review of stress checkups
- Reports on progress in implementation and results of health checkups, stress checkups, and e-learning
- Sharing of progress on the promotion of health and productivity management
- Formulation of annual health and safety plans at the end of each fiscal year

## Correction of Excessive Overtime Work

The S-Pool Group is reducing excessive overtime work to maintain the physical and mental health of employees and prevent health issues caused by overwork. Our detailed management of daily working hours enables us to promptly grasp the health condition of employees as well as identify long working hours (overtime exceeding 60 hours per month) and workload imbalances (overtime exceeding 45 hours per month). To counteract overworking, reports are submitted to the Executive Committee, attendance managers receive guidance and report on improvements, and employees are instructed to adjust their working

hours. Additionally, the Health Office maintains and improves the health of the employees in question by checking their fatigue levels and conducting individual consultations.

- Other Measures**
  - Introduction of no overtime days
  - Establishment of monthly average overtime hours as an evaluation item of target management
  - Reduction of total working hours through the introduction of digital systems and other digital transformation initiatives

## Creation of Comfortable Working Environments

By respecting each employee's lifestyle and career plan and enabling their realization through the provision of multiple career courses and programs, the S-Pool Group achieves the mutual growth of the Group and its employees. To adapt flexibly to changing values in the career-building process, we are building structures capable of ascertaining career-related information at all times and creating new systems as necessary.

In addition, we maintain various programs to realize diverse workstyles and minimize the career impact of employee lifestyles and prevent career interruptions after returning to work. We strive to demonstrate flexibility with regard to pregnancy,

childbirth, and childrearing in particular, since approaches can vary widely with individual health and household conditions.

We also calculate engagement scores annually among employees to ascertain current conditions and improve working environments. We analyze these by organization and work to find solutions and achieve improvements in response to the issues identified.

## Engagement Score Trend (Groupwide)

	2022	2023	2024	2025 (Target)
Engagement score	4.68	4.90	4.96	5.00

We believe major factors driving up the engagement score in 2023 included greater possibilities for career-building within the Group through the Career Challenge System and other measures.

## Career Support Systems for Realizing Diverse Lifestyles and Workstyles

- Establishment of multiple career courses
- Reemployment system following mandatory retirement
- Side job support system
- Support for earning official qualifications
- Individual asset-building support
- Boomerang system (fostering a culture to make it easier for employees to return to work after leaving employment)
- Award program for continuous service (providing a special bonus and paid vacation every five years in line with years of continuous service)

With the aim of continuously boosting our engagement score, we will create environments where employees feel a sense of personal growth and play active roles.

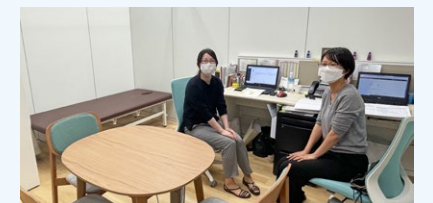
For details on the creation of comfortable working environments, please see the link below.  
<https://www.spool.co.jp/en/sustainability/society/labor-practices.html>

## Support Systems for Various Life Events

- Shortened working hours
- Maternity career support
- Congratulatory and condolence money
- Up to 12 days of leave for specific purposes
- Lump-sum payment of up to ¥1 million for individual purposes (e.g. recovery, nursing care, long-term care, child rearing, and fertility treatments)
- Enhancement of concierge services, chatbots, and training systems through the establishment of consultation hotlines

## Establishment of the Health Office

As part of our health investment initiatives, we have established the Health Office with the aim of helping employees maintain their physical and mental health, preventing retirement due to health issues, and supporting employees' return to work after leave. In collaboration with the Human Resources Division, the Health Office provides all employees at all business sites with health consultations, mental health support, and health guidance in compliance with laws and regulations. We employ registered nurses and public health nurses with national qualifications on a full-time basis to create an environment where employees can seek consultations with peace of mind.



## Message from the Manager of the Health Office

When I first joined the Company, there was a conspicuous need to eliminate cases of employees resigning due to stress or physical and mental health issues. Additionally, we had to rapidly build a system capable of addressing mental health issues. As a result of my experience working at a medical institution, I had long been interested in helping companies to prevent health issues. As the S-Pool Group's objectives aligned with my own philosophy, we established the Health Office in 2017. Initially, we were overwhelmed with responding to those with potential health issues. Now, however, we collaborate with each company's management team to achieve early interventions, enabling more employees to continue or change their careers and thrive in their roles.

The causes of mental health issues are diversifying because the Group is growing in scale and engaging in businesses in a wider range of fields. Nonetheless, we will establish support systems and work closely with relevant managers to implement measures and training that appropriately reflect each set of circumstances. In this way, we will help create workplaces where employees can work with vitality.



**Yuki Nakano**  
Manager, Health Office

## External Consultation Services

We offer an employee assistance program, which is a free service that allows employees to consult external experts without the Company's knowledge. These experts provide timely support that addresses the concerns, stress, and mental health of each individual and improves and maintains their workplace

performance. The availability of this service creates an environment where employees can readily unburden themselves with peace of mind by seeking consultation about concerns or physical and mental health issues that may be difficult to discuss in-house.



## Initiatives for Employees

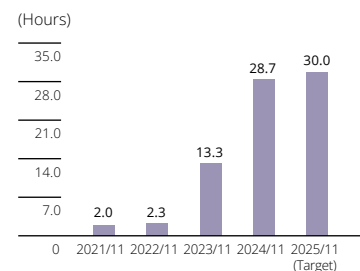
### 3 Hiring and Development of Human Resources to Strengthen Corporate Value

People form the core of the S-Pool Group's businesses. They sustain growth by creating businesses, generating value through their ideas and actions, and nurturing the next generation. With this in mind, we have established hiring and development of human resources to strengthen corporate value as a material issue, and we are making concerted Groupwide efforts to further develop our personnel. As part of these efforts, we aim to simultaneously strengthen our businesses and support employees' career formation based on Groupwide policies and the policies of individual subsidiaries, which are determined in accordance with a balanced scorecard.

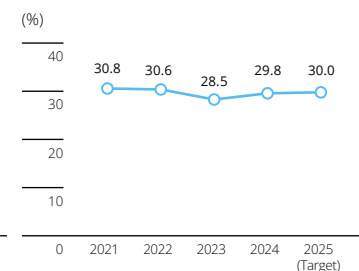
#### Key Performance Indicators

"Hours of training per employee" is calculated by combining tiered training organized by the Human Resources Division, e-learning, and company-specific training hours. The "percentage of young managers" indicates managers and supervisors aged 35 and under as a percentage of all managers and supervisors. Having set out the aforementioned key performance indicators, we are providing diverse training opportunities to support skills improvement among all employees and creating environments that empower young personnel. Through these efforts, we will enhance the performance of our entire organization and achieve long-term business growth.

#### Hours of Training per Employee



#### Percentage of Young Managers (aged 35 and under)



Note: Figures for 2021 through 2024 are as of December 1.

### Human Resource Evaluation System

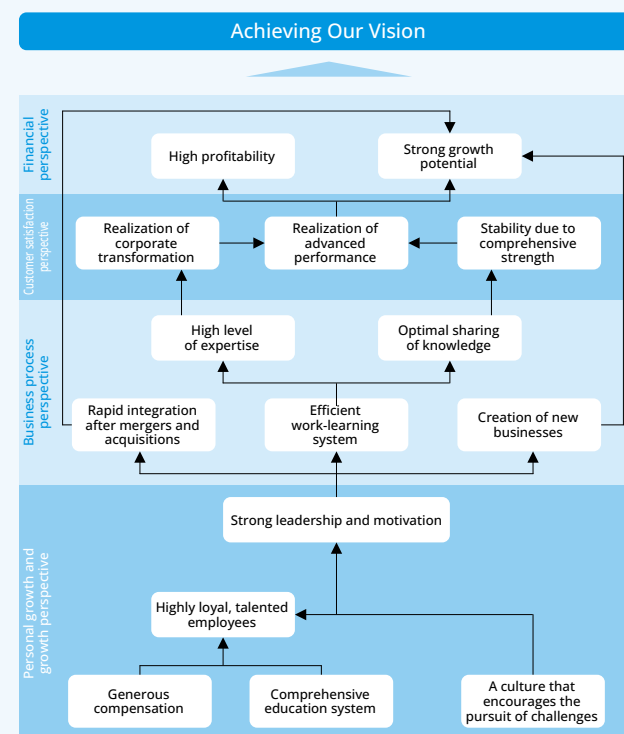
Since the Group's subsidiaries cover a wide range of businesses and duties, each company uses its own balanced scorecard to make business strategies visible. Each company takes a management by objectives approach to assess the achievement of individual KPI.

As indicators of team outcomes, bonuses reflect financial results on a short-term semiannual basis, while results on KPIs based on action plans from the perspectives of customer satisfaction, business processes, and personal growth and development are reflected in increases or decreases in monthly remuneration as assessments based on long-term skills development.

Evaluations are performed semiannually through interviews with supervisors. Any doubts or concerns regarding evaluations are resolved in these interviews to strengthen employee buy-in, as are gaps in understanding or expectations regarding evaluations. The human resource evaluation system is based on goal-setting in line with management strategies and balancing results and behavioral processes.

The system serves as part of our efforts to build environments to maintain high motivation.

#### The S-Pool Group's Balanced Scorecard



### Adoption of an Internal Company System

In December 2023, we adopted an internal company system to proactively promote further growth, development of the next generation of core personnel, and new business development. An internal company is an organization designed to build more profitable businesses on the Group's customer base. Although unincorporated, internal companies are delegated the same level of authority as subsidiaries, enabling timely decision-making and dynamic business management. Led by younger employees in their twenties and thirties, its management team strives to grow its business quickly while demonstrating their strong leadership abilities.

We plan to strengthen our organizational culture that encourages people to take on challenges by building an environment for leveraging the ideas and vitality of younger employees. We expect this to result in the development of diverse career paths and clear career plans that lead to rapid success, boosting employee engagement and securing capable human resources that are strongly motivated to start new businesses in turn.

#### Flow for Launching an Internal Company



#### Standards for Internal Company Ideas

- Must be a social business
- Must draw on the S-Pool Group's existing markets and expertise
- Must have high earnings potential

#### Examples of Internal Companies

- Municipal Environment Future Company: Decarbonization support services for municipal authorities that draw on the network of municipalities of Wide-area Administrative BPO Services and the consulting expertise of Environmental Management Support Services.
- Sustainability Navigation Company: PivotTA Sustena sustainability training video service for the highly ESG\*-conscious customer network of Environmental Management Support Services.

\* Environmental, social, and governance

### Active Promotion of Younger Human Resources

As part of our HR strategy, we aim to develop personnel who can demonstrate strong leadership. To this end, we are creating environments where young personnel can gain experience in management duties and acquire management knowledge and skills at an early stage. As leadership and management skills are largely cultivated through experience rather than innate, our goal is to nurture the next generation of core personnel by enabling young personnel to accumulate experience of both success and failure.

Thanks to these efforts, as of December 1, 2024 29.8% of our 208 managers are aged 35 and under, with nine of these young personnel serving as the executive officers of operating companies.

In particular, we offer a program that provides opportunities for new graduates who have just joined the company to swiftly gain practical experience. Based on a mentoring system, in their

second year with us such employees are given responsibility for conducting six regular mentorship meetings with first-year employees. This provides second-year employees with opportunities to grow by helping first-year employees establish their stance as full-fledged members of society, heightening the motivation of mentees, and sharing perspectives with them. Fourth-year employees serve as trainers or assistant trainers for new employees, which gives fourth-year employees opportunities to learn how leaders interact with subordinates and acquire skills for achieving results as a group.

Further, to prevent inequality of opportunity due to differences in employees' attributes, we ensure that those who joined us as new graduates are given opportunities for promotion to management positions. Moreover, we ensure fair career development by regularly monitoring the percentage of women among managers who joined us as new graduates.

#### Percentage of Young Managers (aged 35 and under)

2023	2024	2025 (Target)
28.5%	29.8%	30.0%

Note: Figures for each year are as of December 1.

#### Percentage of Women Among Managers Who Joined as New Graduates

2023	2024	2025 (Target)
30.8%	37.5%	35.0%

Note: Figures for each year are as of December 1.



Initiatives for Employees

Tiered Training System

To develop personnel who will advance our businesses, we have prepared a road map for growth.

This identifies the specific steps for growth and describes the essential business experience and training programs in the three aspects of business generation, business growth, and management, by tier. Required job rotations and training are implemented in line with the road map.

Specific training programs include training for new-graduate hires, a three-year training program in the first three years after joining the Company, initial manager training prior to appointment as a manager or supervisor, and the selective Next-Generation Manager Training Program for candidates for executive officer posts. Each is intended to achieve the HR strategy of generating human resources capable of demonstrating potent leadership.

We focus not only on giving personnel experience of management but also on providing a wealth of training that ensures personnel are highly knowledgeable.

Tiered Training



Road Map for Growth

Expected value		Business Generation		Business Growth		Management	
		Business Conceptualization Capabilities	Reform Capabilities	Strategic Drafting Capabilities	Abilities to Achieve Financial Plans	Hiring, Development, and Retention Capabilities	Organizational Management Capabilities
10th year and beyond	Creating	Building business models	Generating new value	Creating missions, visions, and values	Generating synergies	Hiring outstanding human resources	Permeating the corporate vision
				Drafting long-term business strategies			Building organizational culture
Fifth year	Drafting strategies and setting numerical goals	Rebuilding loss-making sections	Effecting change	Drafting medium-term business plans	Improving profitability	Training successors and mid-level team members	Delegating duties
		Expanding businesses	Incorporating new possibilities	Creating strategic balanced scorecards	Growing business earnings	Retaining employees	Stimulating the organization
		Building business flows (systems)		Formulating tactics		Incorporating external capacities	
Third year	Maximizing organizational performance and building organizations capable of improving outcomes	Drafting and preparing project plans	Reforming businesses	Using management by objectives	Achieving sales and profit targets	Training new human resources	Building strong teams
			Solving problems			Understanding people	Increasing productivity
							Demonstrating leadership
Second year	Motivating others	Conducting market research and analysis	Identifying problems and raising questions	Thinking strategically	Improving quality	Encouraging others to act on their own	Discussing matters from an elevated viewpoint
		Preparing presentations and documents	Holding and standing up for their own opinions		Acquiring new customers	Speaking in appealing ways	Boosting motivation among others
		Prioritizing actions			Reading the income statement and balance sheet		Running through the plan-do-check-act (PDCA) cycle
First year	Maximizing performance	Thinking and speaking logically	Observing the world	Understanding balanced scorecards	Thinking from the customer's point of view	Building relations of trust in meetings	Using management by objectives and KPIs
		Preparing business documents	Addressing the needs of those around them				Managing himself
		Acting systematically	Effecting paradigm shifts				

Three-Year Training Program

This special program for those hired as new graduates covers their first three years with the Group company.

Based on our road map for growth, the program is planned and implemented to enable all eligible persons to acquire the minimum skills needed of leaders and managers. After the development of leadership and management capabilities, trainees complete a program centered on knowledge and frameworks that would be difficult to master through practical experience alone, as well as coaching and other skills.

Moreover, we make the program available to a wide range of employees so that mid-career hires can participate in the program if it matches their particular career stage.

Examples of the Program's Training

- Training on understanding the entire Group
- Training on team building
- Training on coaching skills
- Training on problem-solving skills
- Follow-up training

Next-Generation Manager Training Program

When establishing a new subsidiary or an internal company, a highly capable president or company head is essential. Further, training executive officers for new subsidiaries in conjunction with the growth of existing businesses is of utmost importance for executing human resource strategies that are in line with management strategies.

To develop the human resources it needs, the Group conducts the Next-Generation Manager Training Program, which provides employees with opportunities to attain the capabilities and interpersonal skills needed to advance businesses. The program offers practical experience and management experience and includes a range of training courses.

Annually, around ten candidates chosen by members of the senior management team spend a year training under the

program. In fiscal 2024, 12 participants acquired and enhanced the qualities, perspectives, and skills required of next-generation managers while furthering their learning to build solid foundations of knowledge.

Covering an extensive range of topics, including finance, human resource development, and business management, the program gives participants opportunities to acquire diverse knowledge by improving their skills as businesspeople, increasing their understanding of the Group, and facilitating interactions with other personnel. The program not only includes lectures but also workshops and book discussions.

The ultimate goal of the Group's human resource development is the in-house development of the personnel necessary to ensure the Group's long-term survival and growth.

Career Challenge System

The Group designs initial career paths for employees based on their career orientations at the time of joining, assigning them to appropriate companies, roles, and business areas within the Group. But as people continue working, career orientations can change, or family and other restricting factors emerge.

In response, we have established the Career Challenge System under which employees can switch careers in line with changing orientations or conditions, choosing from the full range of jobs available at Group companies. This system is intended to provide employees with environments in which they can work with peace of mind and enable reskilling as needed in an era marked by rapid change.

Actual Examples of Employees Using the Career Challenge System

- [Joined the S-Pool Information Systems Division in 2019](#)  
Having more time available enabled them to improve their specialized skills and then transfer to a technical position.
- [Joined the S-Pool New Business Development Division in 2022](#)  
Transferred to a division that specializes in new business development to pursue their dream of becoming a company president after contributing to the growth of a business based on personal values.
- [Joined the Sales Division of S-Pool Sales Support, Inc. in 2018](#)  
Transferred to a smaller organization with the goal of growing into a central management post quickly instead of building a career in a large organization.



# Corporate Governance

G

	Material Issues	Opportunities	Risks
1	Maintenance and strengthening of governance	• Enhancement of the Board of Directors' functions for business growth and increased corporate value	• Loss of business value due to dysfunctional governance
2	Thoroughgoing compliance	—	• Damage to reputation and loss of public confidence due to compliance violations
3	Information security	—	• Operational suspension or information leaks due to cyberattacks

1

Maintenance and  
Strengthening of  
Governance

With a view to creating shared value (CSV), the S-Pool Group has set out maintaining and strengthening its management foundations as a material issue. As part of our efforts in this regard, we are striving to improve management transparency and fairness to maintain and strengthen our governance system. We will continue working on continuous improvement with the aim of remaining a company trusted by stakeholders.

## Basic Concept

We advance business activities with contributing to society as our mission. To do so, the Group has adopted a basic corporate governance policy that emphasizes the need to improve management efficiency and transparency. The Group pursues ethical corporate behavior to increase society's trust not just in the Group itself, but in the industry as a whole. It does so by achieving thoroughgoing compliance with laws and regulations and by developing and enhancing internal control systems. As part of these efforts, we have set forth more specific goals in the medium-term management plan and established the S-Pool Values, a shared code of conduct that applies to all employees.

### ? Reasons for Not Implementing Certain Principles of Japan's Corporate Governance Code

We have not implemented certain principles of Japan's Corporate Governance Code for the following reasons.

#### Ensuring of Diversity in the Promotion to Core Human Resources

With the aim of ensuring fair recruitment and selection, we do not discriminate against applicants on the basis of race, nationality, gender, or sexual orientation. We only use an applicant's abilities and suitability as criteria for recruitment. Through this approach, we promote the recruitment and utilization of diverse employees. Our policies for fostering such diversity, the status of related human resource development, and policies for enhancing in-house environments are disclosed on our corporate website. We have set measurable targets for the percentage of managerial positions occupied by female employees and disclose related figures in our securities reports.

Additionally, although the Company has not set specific numerical targets for the promotion of mid-career hires to managerial positions, such hires account for a certain percentage of the Company's employees. We believe that the promotion of mid-career hires to managerial positions is progressing sufficiently.

On the other hand, we have few non-Japanese employees. As the promotion of employees to managerial positions should be based on specific consideration of the suitability and capabilities of each individual, at this juncture we have not established targets for the promotion of non-Japanese employees to managerial positions.

#### Establishment and Implementation of a Succession Plan for the CEO

At present, the Company has not established a clear CEO succession plan. However, a successor will be selected from among suitable individuals both inside and outside the Group, taking into consideration their character, insight, and track record.

Similarly, the Company has yet to establish a system to oversee the succession plan.

#### Establishment of an Independent Nomination Committee and Remuneration Committee

The Company's organization is that of a company with board of company auditors. Independent outside directors do not constitute a majority of the Board of Directors. No independent advisory committees such as optional nomination and remuneration committees have been established to enhance the independence, objectivity, and accountability of Board of Directors' functions in regard to the nomination of candidate directors and the remuneration of directors. This is because the current Board of Directors is deemed sufficiently independent, objective, and accountable as outside officers

account for a majority of the attendees at Board meetings, with three of the six directors being outside directors and all three statutory auditors being outside statutory auditors. Moreover, lively debate takes place in deliberations on matters concerning nomination and remuneration. Each period, in addition to the nomination of candidate directors, individual remuneration for executive directors is discussed with outside directors and statutory auditors and their approval is obtained.

#### Preconditions for Board and Board of Statutory Auditors Effectiveness

To ensure effective fulfillment of its roles and responsibilities, the Board of Directors comprises diverse directors in terms of expertise, experience, career, gender, and age. In accordance with the Articles of Incorporation, an appropriate number of members is maintained to enable the Board of Directors to exercise its functions with optimal effectiveness and efficiency from the following perspectives.

- Securing adequate diversity for management decision-making and oversight
- Ensuring lively debate centered on the independent outside directors at Board of Directors meetings

In principle, the Company ensures that at least one-third of the directors are independent outside directors so that it can utilize a wealth of outside experience and expertise in its business management, enhance the Board of Directors' oversight functions, and increase management transparency. Further, one female independent outside director and one female statutory auditor are appointed.

In addition, although outside statutory auditors with expertise in financial and accounting matters have not been appointed, we believe that the financial and accounting information required by the Board of Statutory Auditors to fulfill its roles is obtained through cooperation between an outside director who is a certified public accountant and outside statutory auditors.

Also, each fiscal year, to assess the overall effectiveness of the Board of Directors, the Company conducts anonymous surveys on topics such as the Board of Directors' composition, the way in which it operates, the content and quality of its deliberations, its monitoring functionality, and the performance of outside directors. The results are then analyzed and evaluated. To ensure these surveys reflect the frank opinions of respondents and to ensure that such opinions are analyzed and evaluated objectively, the results are gathered and compiled by an independent institution.

The Company will continue assessing the effectiveness of the Board of Directors as a whole and using the results thereof to improve Board operations.

For details on measures to maintain and strengthen our corporate governance structures, please see the link below.  
<https://www.spool.co.jp/en/investor/management/governance.html>



Corporate Governance Structure

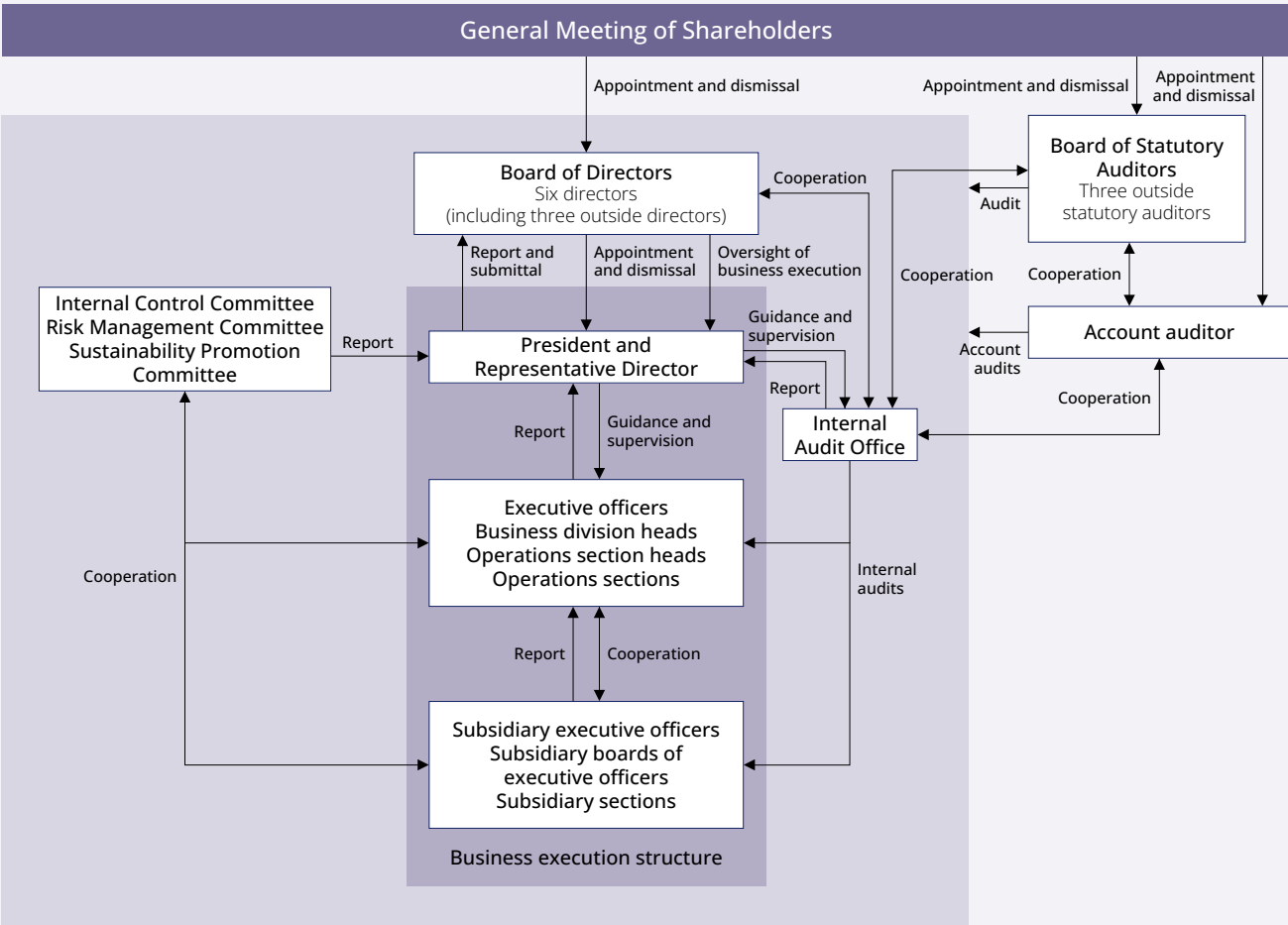
A Board of Directors centered on outside directors has been established, and a system of statutory auditors has been adopted. Given the Company's scale, this structure is sufficient to ensure effective management oversight functions.

Comprising six directors, the Board of Directors makes decisions on Group management policies and strategies, business plans, the acquisition and disposal of important properties, and important organizational and personnel matters in addition to overseeing the business execution of the Company and subsidiaries. The Board of Statutory Auditors consists of three outside statutory auditors, whose roles are to establish audit policies and plans based on the deliberations of the Board of Directors. Additionally, the Board of Statutory Auditors audits the execution of director duties by attending regular and extraordinary Board of Directors meetings and other internal meetings and audits the status of businesses and properties at the head office, other business facilities, and subsidiaries. All outside officers are

duly reported to the Tokyo Stock Exchange as independent officers. Current efforts seek to strengthen governance by ensuring that independent officers play central roles in the activities of the Board of Directors and the Board of Statutory Auditors.

The Company's executive directors, executive officers, business division heads, and operations section heads engage in business activities based on plans formulated by the Board of Directors. The Board of Directors meets once a month in principle to carry out management decision-making and oversight and management of business execution by directors through review of reports of business results. In addition, to enhance the functions of the Board of Directors and improve management efficiency, the president and representative director holds a Group Management Conference once a month with executive directors, business division heads, and subsidiary executive officers, thereby sharing management information and allowing efficient deliberations on matters related to business execution.

Governance Structure



Discussions at Meetings of the Board of Directors

In accordance with laws and regulations, the Articles of Incorporation, and the Board of Directors Regulations, the Board of Directors deliberates and makes decisions on important management matters such as business strategy, budget formulation, and significant investments. In principle, the Board meets once a month and supervises the Group's formulation of strategies and the business execution of operating companies to promote the appropriate allocation of resources throughout the entire Group, expedite decision-making, and ensure rigorous compliance. In addition, to ensure that it has a balanced composition, the Board comprises executive directors who are knowledgeable about the Company's operations and capable of dynamic business execution and outside directors who possess high levels of expertise and are expected to provide advice and supervision based on broad perspectives.

Main Matters Discussed in Fiscal 2024

Management and business strategies	Medium-term management plan formulation, establishment of a subsidiary, IT strategy, and the status of expenditures and investments
Appointment and compensation of directors and employees	Executive compensation-related matters and human resource strategy
Financial policy, financial results, and investor relations	Financial strategy, capital policy, annual and quarterly financial results, securities reports, monthly performance status, cash and financial status, surplus and dividend policy, and the status of investor relations activities
Corporate governance, risk management, and internal control	Evaluation of the effectiveness of the Board of Directors and risk management status
Sustainability	Sustainability strategy and partial revision of material issues
Statutory auditors and internal audit reports	Statutory auditors' audit plans and Internal Audit Office reports
Business execution reports	Status of quarterly business execution

Evaluation of Effectiveness

Each fiscal year, to assess the overall efficacy of the Board of Directors, we undertake anonymous surveys on various topics. Examples include the composition of the Board of Directors, how to proceed with its current activities, the topics deliberated on and the quality of deliberations, its monitoring functions, and the performance of outside directors. The results are duly analyzed and evaluated.

To ensure that these surveys reflect the candid views of respondents and that such views are analyzed and evaluated objectively, the results are gathered and compiled by an independent institution.

We will continue to assess the overall efficiency of the Board of Directors and apply the results thereof to improve its activities.

History of Measures Taken to Improve and Strengthen the Board of Directors

	Key Improvements	Initiatives
2021/11	• Provided officer training opportunities	• Conducted periodic officer training
2022/11	• Enhanced feedback based on dialogue with shareholders (investors) • Provided advance briefings on Board of Directors meetings and related materials	• Held semiannual discussions based on reporting meetings and dialogue • Sent all relevant materials at least two business days prior to each Board meeting
2023/11	• Enhanced discussions on risk management	• Provided opportunities for reporting by sections in charge and enhancing discussions
2024/11	• Strengthened the structure for cooperation among directors, statutory auditors, and the Internal Audit Office	• Established regular information sharing and exchanges of opinions

Efficacy Evaluation Process and Initiatives

Flow

- STEP 1 Consideration of policies for evaluating efficacy
- STEP 2 Surveying of all directors and members of the Board of Statutory Auditors
- STEP 3 Discussion of evaluation results by the Board of Directors

Evaluation results of the fiscal year ended November 30, 2024

- The number of members of the Board of Directors is appropriate. The Board is notably diverse. The structures established ensure effective management oversight.
- Systems are in place to ensure the appropriate provision of information necessary for the execution of duties by directors and auditors.
- At Board meetings, the chairman is able to foster a culture of mutual respect and open communication among members and lead lively discussions.

Future topics and measures

- Discussions should be conducted so that incentive compensation for the senior management team is appropriate and consistent with management strategies and plans.
- The Board of Directors should engage in more in-depth discussions on potential risks that exist throughout the Group, measures to address these risks, and crisis management capabilities.



Skills Matrix

A skills matrix for Company officers is shown below. This matrix is not a comprehensive list of all skills possessed by each director or statutory auditor.

	Name	Gender	Specialization and Experience					
			Corporate Management	Business Development and M&A	Finance and Accounting	CSV and ESG	Human Resource Development	Compliance and Risk Management
Directors	Sohei Urakami President and Representative Director	Male	●	●			●	
	Hideaki Sato Director	Male	●		●			●
	Naoshi Arai Director	Male	●			●		●
	Toru Akaura Outside Director	Male	●	●				
	Nao Miyazawa Outside Director	Female						●
	Kazuhiko Nakai Outside Director	Male			●			
Statutory Auditors	Xu Jin Outside Statutory Auditor (full-time)	Female				●		●
	Hiroshi Hatanaka Outside Statutory Auditor	Male	●	●			●	
	Noboru Yamashita Outside Statutory Auditor	Male					●	●

Definition of Skills

The experience, knowledge, expertise, and other qualities that members of the Company's Board of Directors should possess as well as the reasons selecting these attributes are shown below.

	Details and Reasons for Selection
Corporate Management	Management-related insight, knowledge, and implementation skills that have been cultivated through business management experience are important for formulating medium- to long-term growth strategies in an ever-changing business environment.
Business Development and M&A	Skills in business development and mergers and acquisitions (M&A) are important for maximizing corporate value through such activities as the selection and execution of investments that align with the Company's strategy, expansion into new business fields, and reorganization of business portfolios and are important for supervising the progress of these activities.
Finance and Accounting	Experience and specialized knowledge acquired as a chief financial officer or certified public accountant are important for business management that is aimed at building a sound financial foundation, pursuing capital efficiency, and realizing growth strategies.
CSV and ESG	Our business activities themselves are fundamental to sustainability. Possession of the knowledge and specializations that are needed to assess value in relation to environmental, social, and governance (ESG) factors and the social significance and sustainability of the Company are important for advancing business management that is focused on creating shared value (CSV).
Human Resource Development	In creating even better services, human resources are the most important factor, and they represent the Company's most important form of capital. Knowledge, experience, and expertise in relation to human resource strategies are important for the maximization of human capital with the aim of sustaining growth.
Compliance and Risk Management	Knowledge and experience in relation to risk management and legal affairs are important for establishing appropriate governance capabilities, anticipating important risks associated with business operations, promoting sound business activities, and ensuring compliance with laws and regulations.

Reasons for the Appointment of Outside Directors and Outside Statutory Auditors

Directors

Name	Reasons for Appointment
Toru Akaura	<p>Mr. Akaura has been appointed an outside director because he is deemed able to provide advice and recommendations regarding the business execution of the Company's directors, particularly from an investor's perspective, based on his wealth of knowledge and experience in relation to corporate investment as representative director of Incubate Fund KK and experience in various roles, including serving as an outside director for multiple companies.</p> <p>His appointment is intended to help strengthen and enhance corporate governance by securing further improvements in the efficiency and transparency of company management. Although he has served as an officer of other companies in the past and is concurrently serving as an officer of other companies, the Company has no particular mutual interest or conflict of interest with such companies. There is also no particular mutual interest or conflict of interest between Mr. Akaura and the Group, and his appointment is thought to present no particular problems with regard to the independence of outside directors from the standpoint of the protection of general shareholders. Further, Mr. Akaura has been appointed by the Board of Directors as an independent officer.</p> <p>This is based on the determination that he is suitable given the purposes the role and his independence and expertise with respect to corporate investment, as described above.</p>
Nao Miyazawa	<p>Although she has no past experience in corporate management, Ms. Miyazawa has been appointed an outside director because she is deemed able to provide advice and recommendations regarding the business execution of the Company's directors from a fair and neutral perspective based on her wealth of legal knowledge as an attorney.</p> <p>Her appointment is intended to help strengthen and enhance corporate governance by securing further improvements in the efficiency and transparency of company management.</p> <p>There is also no particular mutual interest or conflict of interest between Ms. Miyazawa and the Group, and her appointment is thought to present no particular problems with regard to the independence of outside directors from the standpoint of the protection of general shareholders.</p> <p>Further, Ms. Miyazawa has been appointed by the Board of Directors as an independent officer.</p> <p>This is based on the determination that she is suitable given the purposes of the role and her independence and high degree of legal knowledge as an attorney, as described above.</p>
Kazuhiko Nakai	<p>Although he has no past experience in corporate management in posts other than that of an outside statutory auditor, Mr. Nakai has been appointed an outside director because he is deemed able to provide advice and recommendations regarding the business execution of the Company's directors from a fair and neutral perspective based on his extensive track record in auditing and other activities at multiple companies as a certified public accountant and his experience serving as a statutory auditor.</p> <p>His appointment is intended to help strengthen and enhance corporate governance by securing further improvements in the efficiency and transparency of company management.</p> <p>There is also no particular mutual interest or conflict of interest between Mr. Nakai and the Group, and his appointment is thought to present no particular problems with regard to the independence of outside directors from the standpoint of the protection of general shareholders.</p> <p>Further, Mr. Nakai has been appointed by the Board of Directors as an independent officer.</p> <p>This is based on the determination that he is suitable given the purposes of the role and his independence and high degree of knowledge with respect to finance and accounting as a certified public accountant, as described above.</p>

Statutory Auditors

Name	Reasons for Appointment
Xu Jin	<p>Ms. Jin has been appointed standing statutory auditor to strengthen internal management systems and lead the Board of Statutory Auditors. Although she has served as an officer of other companies in the past and is concurrently serving as an officer of other companies, the Company has no mutual interest or conflict of interest with such companies.</p> <p>There is also no particular mutual interest or conflict of interest between Ms. Jin and the Group, and her appointment is thought to present no particular problems with regard to the independence of outside statutory auditors from the standpoint of the protection of general shareholders.</p> <p>Further, Ms. Jin has been appointed by the Board of Directors as an independent officer.</p> <p>This is based on the determination that she is suitable given the purposes of the role and her independence and efforts to strengthen Group governance as standing statutory auditor, as described above.</p>
Hiroshi Hatanaka	<p>Mr. Hatanaka has been appointed statutory auditor because he is deemed capable of providing effective advice and oversight in relation to general management based on his extensive track record as management consultant and wealth of experience and wide-ranging knowledge as corporate manager.</p> <p>Although he is concurrently serving as an officer of other companies, the Company has no particular mutual interest or conflict of interest with such companies.</p> <p>There is also no particular mutual interest or conflict of interest between Mr. Hatanaka and the Group, and his appointment is thought to present no particular problems with regard to the independence of outside statutory auditors from the standpoint of the protection of general shareholders.</p> <p>Further, Mr. Hatanaka has been appointed by the Board of Directors as an independent officer.</p> <p>This is based on the determination that he is suitable given the purposes of the role and his independence and expertise in general management as a management consultant and as a manager of other companies, as described above.</p>
Noboru Yamashita	<p>Mr. Yamashita has been appointed because he possesses specialized knowledge related to personnel and labor as a labor and social security attorney and can therefore be expected to strengthen the functioning of auditing conducted by statutory auditors.</p> <p>Although he has no past experience in corporate management in posts other than those of outside director and outside statutory auditor, it was determined that he possesses extensive specialized knowledge related to labor as a labor and social security attorney and that he will be able to utilize this knowledge in auditing at the Company.</p> <p>There is also no particular mutual interest or conflict of interest between Mr. Yamashita and the Group, and his appointment is thought to present no particular problems with regard to the independence of outside statutory auditors from the standpoint of the protection of general shareholders.</p> <p>Further, Mr. Yamashita has been appointed by the Board of Directors as an independent officer.</p> <p>This is based on the determination that he is suitable given the purposes of the role and his independence and expertise in relation to personnel and labor as a labor and social security attorney, as described above.</p>



## Compensation for Directors and Statutory Auditors

The cap on annual compensation for directors under a resolution passed at the February 27, 2018 General Meeting of Shareholders is ¥200 million (including up to ¥30 million per year for outside director compensation). Actual compensation under this cap is determined based on the posts and duties of each director.

Compensation for executive directors consists of fixed compensation and performance-linked bonuses. In addition, the duty-linked bonus for the representative director incorporates social and environmental matters as nonfinancial indicators and is linked to short- and long-term compensation programs. Actual compensation is calculated as specified by internal rules. Based on the nature of their posts, compensation for non-executive directors and statutory auditors, whose positions are independent from business execution, is paid solely in the form of fixed compensation. The actual fixed compensation figures for executive

directors are proposed for each individual by the representative director at regular meetings of the Board of Directors held after the annual settlement of accounts is finalized.

The compensation determined reflects the duties, abilities, experience, and years of service of each director, as well as their performance in the previous period, including any changes in corporate value, measures implemented for returns to shareholders, growth in sales and profits, development of new businesses, and progress with human resource and organizational development. Final decisions are made based on deliberations on proposed compensation figures among parties including non-executive directors and statutory auditors.

Annual total compensation for directors	¥106 million (including outside director compensation of ¥10 million)
Annual total compensation for statutory auditors	¥19 million (including total compensation for outside statutory auditors of ¥19 million)

## Internal Control

The Company views maintaining compliance with laws and regulations, improving business efficiency, and ensuring the reliability of financial reports as the main purposes of internal control and endeavors to establish an effective internal control system

through appropriate planning, development, operation, monitoring, and audits.

For details on internal controls, please see the link below.  
<https://www.spool.co.jp/en/investor/management/governance.html#section02>

### 1. Initiatives to Stimulate Participation in the General Meeting of Shareholders and Facilitate the Exercise of Voting Rights

#### Early Issuance of Convocation Notices for the Annual General Meeting of Shareholders

To allow sufficient time for consideration of the agenda items of the Annual General Meeting of Shareholders and to ensure the accuracy of the convocation notices, in principle, the Company sends convocation notices by one day prior to the legal deadline. Before sending convocation notices, the Company also issues convocation notices on its website and that of the Tokyo Stock Exchange to ensure that shareholders have sufficient time to consider them.

#### Scheduling of the Annual General Meeting of Shareholders to Avoid Dates on Which Many Companies Hold Meetings of Shareholders

By ending its fiscal year on November 30 to avoid holding the Annual General Meeting of Shareholders on dates when many companies hold meetings of shareholders, the Company intends to continue focusing on stimulating participation in the meeting. After the meeting, the Company holds briefings on topics such as its business lines and future strategies with the aim of increasing shareholder participation.

#### Facilitation of the Electronic Exercise of Voting Rights

The Company has adopted an electronic method for the exercise of voting rights.

#### Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Facilitate the Exercise of Voting Rights by Institutional Investors

The Company participates in a platform for the electronic exercise of voting rights that is operated by ICJ, Inc.

### 2. Investor Relations Activities

#### Holding of Regular Briefings for Individual Investors

Briefings are held several times a year for individual investors. For investors unable to attend in person, videos of the briefings are streamed from and posted on the Company's investor relations website.

#### Holding of Regular Briefings for Analysts and Institutional Investors

Upon the settlement of accounts each year, the chairman of the board, president and representative director of the Company holds a briefing on the settlement of accounts and business strategies. A similar briefing is held for the second quarter.

#### Establishment of an Investor Relations Section and the Person in Charge

The President's Office is in charge of investor relations.

## 2 Thoroughgoing Compliance

We regard legal and regulatory compliance as a management task of the utmost importance and take every measure to ensure fair, impartial, and ethical business activities. We always conduct compliance activities as a good corporate citizen based on respect for social and ethical norms. We are committed to remaining a group worthy of the trust placed in us by all stakeholders, including enterprises and the communities involved in or affected by our businesses.

Social Responsibility	We endeavor to acquire business knowledge in relation to various laws and regulations, and we are committed to providing high-quality services and continuously improving our businesses. Moreover, through these efforts, we support the transformation of our clients' businesses and create employment opportunities, thereby fulfilling our social responsibility.
Compliance with Labor Laws	We comply with various labor laws and regulations and appropriately conduct business operations. <ul style="list-style-type: none"><li>• We provide appropriate human resource services pursuant to the Worker Dispatching Act.</li><li>• We conduct business operations appropriately pursuant to the Labor Standards Act, the Industrial Safety and Health Act, and other labor laws and regulations.</li></ul>
Enrollment in Social Insurance	We appropriately conduct business operations to ensure fulfillment of the requirements for the enrollment of registered working personnel in social insurance and employment insurance. <ul style="list-style-type: none"><li>• Personnel with a certain level of work experience are enrolled in social insurance and employment insurance.</li><li>• We ensure that all personnel are enrolled in industrial accident insurance regardless of their level of work experience.</li></ul>
Protection of Personal Information	We comply with personal information protection laws and regulations and appropriately conduct business operations. For details, please see our Personal Information Protection Policy on our website.
Fair and Equitable Transactions	We conduct clear, fair, and equitable transactions. We firmly reject any unlawful or unfair demands from antisocial forces.
Prohibition of Harassment and Unfair Treatment	We prohibit harassment, such as sexual harassment or harassment by supervisors, as well as any inhumane treatment that threatens or harms employees.
Prevention of Child Labor	We comply with the minimum working age. Additionally, for minors under the age of 18, we comply with the special protective provisions stipulated by the Labor Standards Act regarding working hours, days off, and night work.

## Internal Whistleblowing System (Compliance Hotline)

An internal whistleblowing system (compliance hotline) has been established as a common reporting system for the entire Group. The Internal Audit Office and part-time outside statutory auditors serve as the contact points for this system, and we endeavor to ensure that all Group employees are fully aware of

the system. We maintain the anonymity of whistleblowers if they request us to do so, and we guarantee that they will not suffer any disadvantage as a result of their reports.

	2021	2022	2023	2024
Number of Whistleblowing Cases	13	12	6	14

## Education of Employees

To foster an awareness of compliance, the Company conducts annual training for all employees on compliance issues and the prevention of insider trading.

## Prevention of Corruption

The Company maintains fair and mutually beneficial relationships with business partners and appropriate relationships with political and government entities and does not engage in corrupt acts such as the inappropriate giving of gifts or provision of entertainment. The Company ensures that all employees are fully informed of its stance in this regard.

### Anti-Bribery and Anti-Corruption Policy

#### 1. Compliance with Laws and Regulations

The Group and its officers and employees comply with all national and regional anti-bribery and anti-corruption laws and regulations that apply to the Group.

#### 2. Prohibition of Bribery

The Group and its officers and employees will not directly or indirectly engage in any acts of corruption or complicity in corrupt acts with respect to public officials or persons in equivalent positions or other business operators in Japan or abroad.

#### 3. Thorough Recording and Management

The Group prepares accurate accounting records for all transactions in a timely manner and retains them.

#### 4. Response to Violations

The Group will take strict disciplinary action in accordance with internal regulations when instances of non-compliance with this policy are identified.

For details on the Company's compliance, please see the link below.  
<https://www.spool.co.jp/en/sustainability/governance/>



3  
Information Security

Management strategies call on the Company to focus on environmental, social and governance factors in strengthening management foundations. Governance is a focus of these efforts and a task with respect to which we have declared a commitment to rigorous compliance and information security. In response to the recent proliferation of cybersecurity incidents, including unauthorized access to information, internal information leaks, and other threats, the entire Group is committed to working as one to ensure data security and to safeguard confidential information concerning or belonging to customers and business partners.

Information Security Management Structure

Responses to organization-wide risks, including those related to information security, are examined at Board of Directors meetings and at a monthly Group Management Conference. In addition, we have established a security team in the Information Systems Division to respond to day-to-day security incidents, revise regulations and guidelines, and promote organization-wide and technological countermeasures to risks.

Auditing Structure

The Internal Audit Office conducts audits of compliance with regulations and rules, and appropriate improvements are implemented.

Technological Measures for Information Security

The Company undertakes comprehensive measures to ensure the confidentiality, integrity, and availability of information assets. Each business site deploys identification cards, fingerprint recognition, and facial recognition to implement physical management of confidentiality. Intruders are promptly identified by an alert system. Backbone systems are monitored to prevent internet-based intrusion. In addition, systems are in place to detect unauthorized alteration of server data. An integrated management system for information devices allows the Company to automatically apply administrator-controlled policies, apply security patches in a timely manner, and utilize deep learning technology-enabled anti-malware software that prevents information leaks.

Acquisition of Third-Party Certification

The Company and some of its subsidiaries are authorized to use the PrivacyMark because they have been certified as companies that appropriately handle personal information. Further, S-Pool Glocal, Inc., a subsidiary whose businesses include business process outsourcing in relation to the operation of call centers for municipal authorities, has earned certification for its information security management systems under the ISO 27001 international standard.

Establishment of Regulations on Information Security

Fundamental policies and management structures for business execution risks affecting the Group are stipulated by risk management regulations. These regulations guide our efforts to establish, promote awareness of, and thoroughly implement clear policies and rules on the handling of information assets.

Improvement of Information Security Literacy Throughout the Organization

The Company provides employees with training and education on information security to ensure that they take information security into consideration when conducting operations. Ongoing efforts in this area include information security training that is provided when employees join the Company and periodically thereafter, training on responses to targeted email attacks, and Companywide awareness-raising and individual guidance in response to incidents.

Protection of Personal Information

The Group uses appropriate methods to collect customers' personal information, complies fully with the Act on the Protection of Personal Information and other applicable laws and regulations, and appropriately protects, stores, and manages such information. Through its website, the Company discloses its Personal Information Protection Policy and Handling of Personal Information. In addition, when collecting information directly through its website or by other means, the Company clearly indicates the purposes of use and obtains the consent of users beforehand. The Company strictly manages such information in accordance with basic policies.

For details on information security, please see the link below.  
[https://www.spool.co.jp/en/sustainability/governance/consumer\\_affairs.html](https://www.spool.co.jp/en/sustainability/governance/consumer_affairs.html)

Directors and Auditors

Directors



Toru Akaura  
Outside Director

Hideaki Sato  
Director

Naoshi Arai  
Director

Kazuhiko Nakai  
Outside Director

Sohei Urakami  
Representative Director

Nao Miyazawa  
Outside Director

Auditors



Noboru Yamashita  
Outside Statutory Auditor

Xu Jin  
Outside Statutory Auditor  
(full-time)

Hiroshi Hatanaka  
Outside Statutory Auditor



## Message from an Outside Director

## Kazuhiko Nakai

Outside Director

Since beginning his career as a certified public accountant in 1981, Mr. Nakai established his own tax accounting firm in March 2005. Over the years, he has gained extensive practical experience by providing audit services for multiple companies and serving as an auditor and outside director. Drawing on the expertise and broad knowledge gained through these experiences, he has provided impartial and objective advice to many corporations. He became an outside director of the Company in February 2019, where he contributes to management by applying his experience as an executive at a listed company.

# Message from an Outside Director

## ► Fiscal 2024 (25th Fiscal Year)

While achieving growth in revenue and profit is certainly advisable for a company, I believe it is equally important to invest in the foundations that will support future profit growth in addition to performance today. When a decision is made to refrain from overreaching based on industry conditions, a company should instead focus on building the groundwork for growth in sales and profits in the future rather than obsessing over short-term sales. Constantly growing revenue and profit is never easy. Time spent reassessing challenges is, in my view, a crucial process that creates room for future growth.

Fiscal 2024 seemed like such a transitional phase for the Company, one that laid the foundation for future growth through the formulation of the new medium-term management plan. Looking ahead, the Company must continue working to solidify its management foundations and achieve sustainable corporate growth while being mindful of the issues it has identified. As an outside director, I will closely monitor, analyze, and voice opinions about whether

organic growth centered on core businesses is being appropriately reflected in operating profit, and whether investment decisions, particularly those related to the development of diverse next-generation talent, are being made with sound consideration for the principles of human resource management, which is increasingly in the spotlight these days.

In addition to monitoring the execution of the medium-term management plan, I believe it is necessary to reevaluate short-term business plans, considering that substantial investments in S-Pool Logistics, Inc. have yet to produce returns and that discussions in Groupwide meetings about annual plans can sometimes end on an ambiguous note. Based on these observations, I believe there is need for further refinement in short-term planning that builds up the medium-term management plan. Looking ahead, I hope that management can clarify key challenges and move forward with greater certainty toward sustained growth.

## ► About Material Issues for Creating Shared Value

In modern Japan, society is gradually becoming more inclusive for older people and people with special needs, as evidenced by moves to raise the mandatory retirement age and increase the statutory employment ratio for people with disabilities. Despite this progress, there is still a way to go for inclusiveness, and numerous social issues are still in need of a solution.

Other challenges include rapid environmental changes and the overconcentration of economic activity in Tokyo, and while progress has been made, such issues continue to demand attention. In this context, I view the Company's management policy of delivering solutions to social issues through its services as highly meaningful. The Company's commitment to addressing these challenges as material issues under its creating shared value (CSV) framework is equally commendable.

For the Company to grow, it is essential to continue creating services that fulfill social needs, as outlined in its material issues for CSV. In addition, the Company will need to enhance its divisions and structures that assess the feasibility of new services. From a sustainability standpoint, the Company must not rely solely on its existing offerings, but instead drive a transformation built upon them. At present, I believe there is still some ambiguity in how investment decisions are made, such as whether to actively invest in this transformation or to withdraw from services that may not prove profitable enough. This is a key challenge the Company will need to address going forward.

Finally, because the Company's business domains that create added value are in areas that require the disclosure of highly sensitive information, achieving future growth will depend not only on internal systems but also on thoughtful and effective communication.

## ► About the Governance Structure

Within the Group's governance structure, each Group company is granted authority over the full cycle of service development, from concept to launch, while indirect functions such as human resources and accounting are centralized at the parent company. This structure indicates that appropriate delegation of authority is taking place across the Group.

In addition to this decentralization of authority to Group companies, the president of the parent company actively supports each subsidiary, creating a strong sense of functionality across the Group organization. Going forward, I will monitor not only the launch of new services but also how the Group handles risks in response to issues that may arise at individual companies.

With regard to the governance structure of the parent company, the Board of Directors is composed primarily of outside directors, including executives from other firms, attorneys, certified public accountants, and other professionals. Based on my observation, the Board engages in thorough discussions on all key matters, and I believe the governance framework is functioning effectively. That said, as President Urakami holds overarching responsibility for the Group, there is some uncertainty as to whether a culture that encourages constructive dissent in times of crisis has been fully established. As an outside director and professional, I see it as part of my role to voice dissent when warranted and to work toward enhancing the effectiveness of governance through active engagement.

## ► About Group Synergies

Given the diverse range of services offered by the Group, it is natural that not all businesses will grow steadily at the same pace. Some businesses, like S-Pool Human Solutions, Inc., may experience temporary setbacks, and individual services will inevitably face challenges from time to time. In such cases, rather than having the affected company resolve the issue on its own, I believe it would be more effective to draw on experience and know-how accumulated in other services offered by the Group to find solutions.

To facilitate this, the Group should consider establishing a dedicated unit responsible for overseeing and coordinating across all

Group companies. Such a structure would help unlock the full potential of group synergies and enhance overall organizational resilience, in my opinion.

Looking further at the Group's structure, it seems that a significant portion of operations has historically depended on the leadership and support of President Urakami. While he continues to fulfill this role effectively, I believe it is time to begin considering the grooming of his successor. This is also an important topic that warrants thoughtful discussion and deliberation by the Board of Directors.

## ► Message to Investors

The Company has taken the lead in addressing social challenges that, while widely recognized, are often difficult for companies to tackle, such as employment for people with disabilities and community development. These business domains inherently carry risk, but it is precisely because the Company takes on that risk that its growth potential stands out. It is my hope that its investors will recognize and value this bold approach to solving social issues as a core part of the

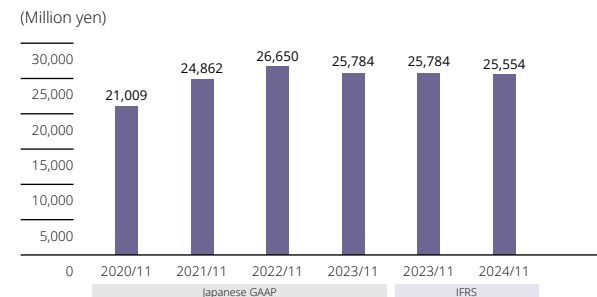
Company's corporate identity. Looking ahead, the Company is advancing a wide range of future-focused initiatives, from strengthening the management foundations for the next ten years to emphasizing human resource management and fostering the next generation of leaders. I encourage investors to view the Company not only through the lens of current earnings but also with an eye toward the future growth opportunities that lie ahead.



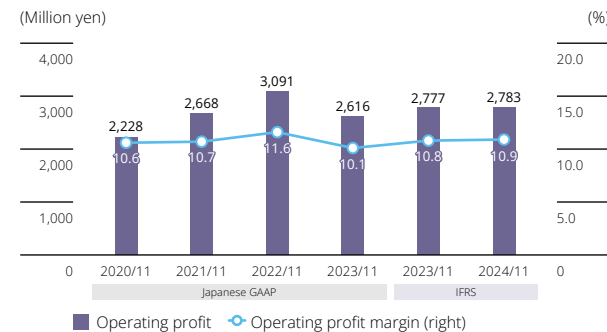
# Financial and Nonfinancial Highlights

## Financial Highlights

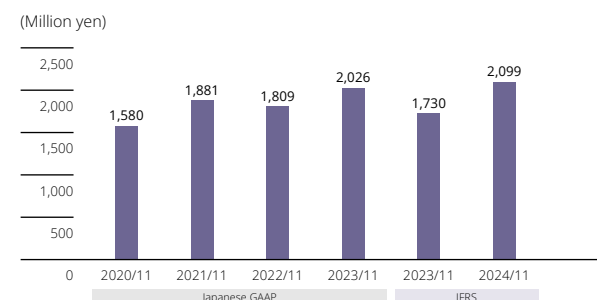
### Revenue



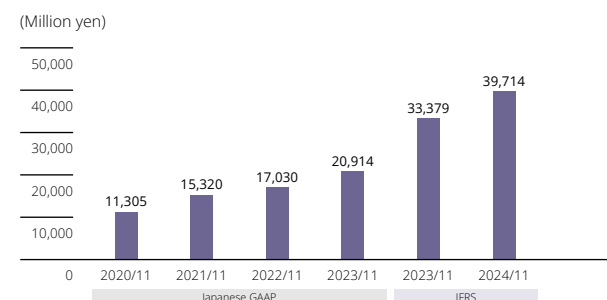
### Operating Profit and Operating Profit Margin



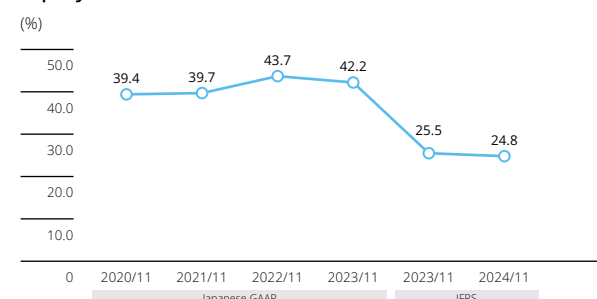
### Profit Attributable to Owners of Parent



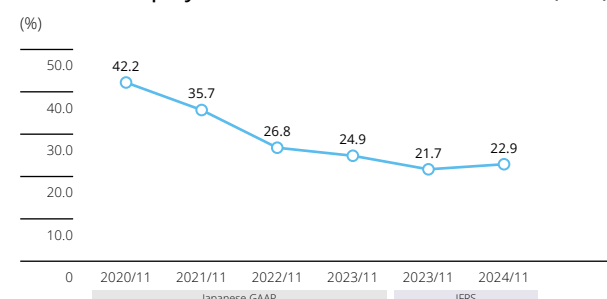
### Total Assets



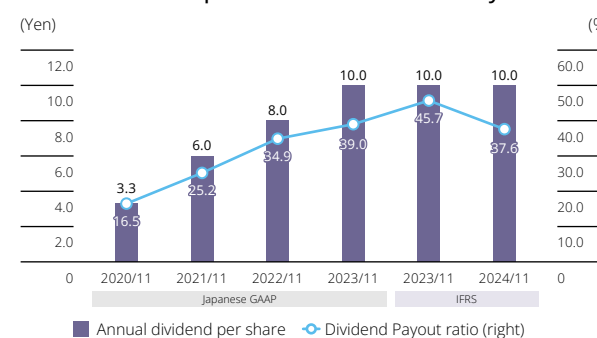
### Equity Attributable to Owners of Parent Ratio



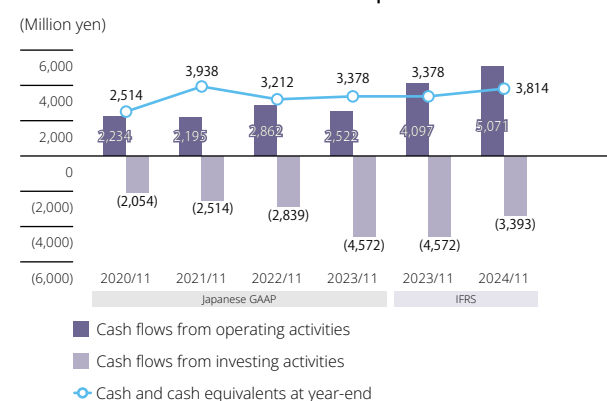
### Return on Equity Attributable to Owners of Parent (ROE)



### Annual Dividend per Share and Dividend Payout Ratio



### Cash Flows and Cash and Cash Equivalents at Year-End

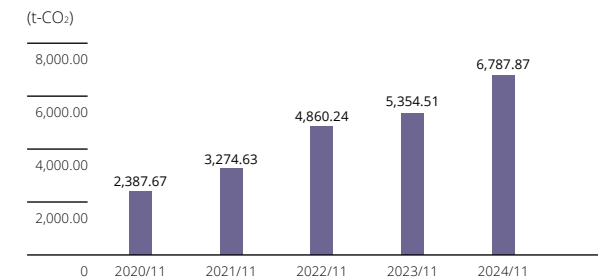


Notes:

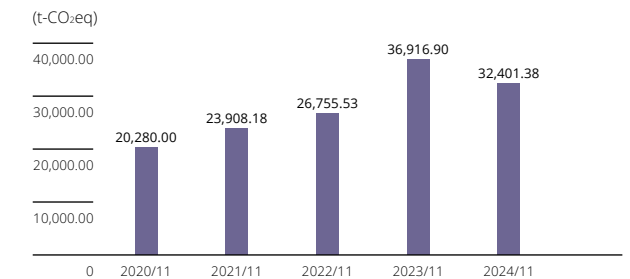
- Beginning in fiscal 2023, the Company has prepared its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS). Line items in the consolidated financial statements are presented based on the IFRS.
- Revenue under the IFRS corresponds to net sales under Japanese generally accepted accounting principles (GAAP), profit attributable to owners of parent corresponds to net income attributable to owners of parent, and equity attributable to owners of parent ratio corresponds to shareholders' equity ratio.

## Nonfinancial Highlights

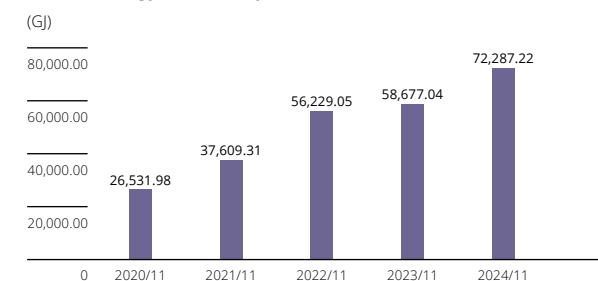
### GHG Emissions (Scope 1 + Scope 2)



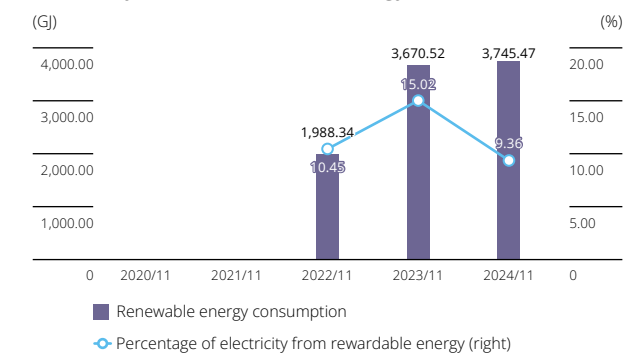
### GHG Emissions (Scope 3)



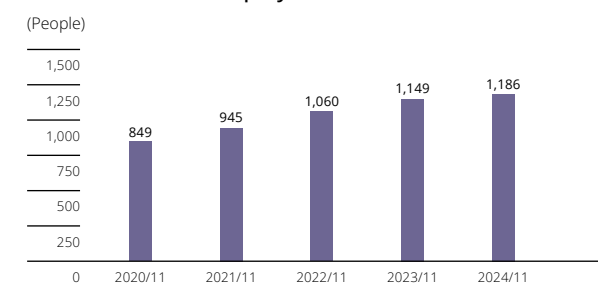
### Total Energy Consumption



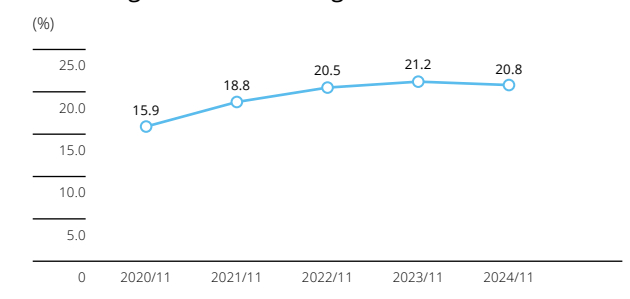
### Renewable Energy consumption and Percentage of Electricity from Renewable Energy



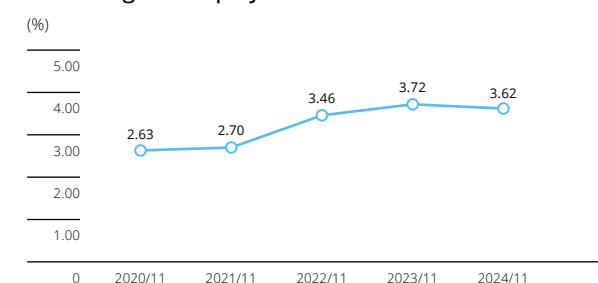
### Total Number of Employees



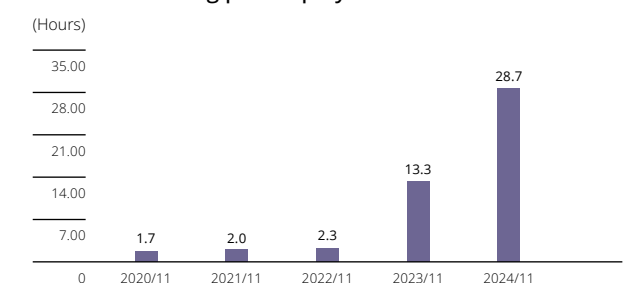
### Percentage of Female Managers



### Percentage of Employees with Disabilities



### Hours of Training per Employee





# Company Information / Stock Information / External Evaluations

## Profile (as of November 30, 2024)

Trade name	S-Pool, Inc.	Fiscal year end	November 30
Established	December 1, 1999	Consolidated subsidiaries	S-Pool Human Solutions, Inc. S-Pool Plus, Inc. S-Pool Logistics, Inc. S-Pool Sales Support, Inc. S-Pool Link, Inc. S-Pool Glocal, Inc. S-Pool Blue Dot Green, Inc. S-Pool Bridge, Inc. Shipeee Taiwan Inc.
Capital	¥372,200,000		
Number of employees	1,186 (consolidated)		
Head office	6F, Akihabara Dai Building, 1-18-13 Sotokanda, Chiyoda-ku, Tokyo 101-0021, Japan		
Number of bases	94		

## Stock Information (as of November 30, 2024)

Stock exchange	Tokyo Stock Exchange Prime Market Securities code: 2471
Number of shares authorized	250,800,000
Total number of shares issued	79,007,500
Number of shareholders	16,238

### Major shareholders

Shareholder	Shares held	Percentage of shares held
The Master Trust Bank of Japan, Ltd. (Trust Account)	9,445,900	11.95%
Sohei Urakami	8,040,500	10.17%
Custody Bank of Japan, Ltd. (Trust Account)	5,645,000	7.14%
UH Partners 2, Inc.	5,457,200	6.90%
UH Partners 3, Inc.	5,000,000	6.32%

### Shareholder registry administrator

Sumitomo Mitsui Trust Bank, Limited  
Sumitomo Mitsui Trust Bank Head Office Building,  
1-4-1 Marunouchi, Chiyoda-ku, Tokyo 100-0005, Japan

### Administration office

Sumitomo Mitsui Trust Bank, Limited  
Stock Transfer Agency Department  
Sumitomo Mitsui Trust Bank Head Office Building,  
1-4-1 Marunouchi, Chiyoda-ku, Tokyo 100-0005, Japan

### Contact

Sumitomo Mitsui Trust Bank, Limited  
Stock Transfer Agency  
2-4-8 Izumi, Suginami-ku, Tokyo 168-0063, Japan  
Toll free: +81-0120-782-031

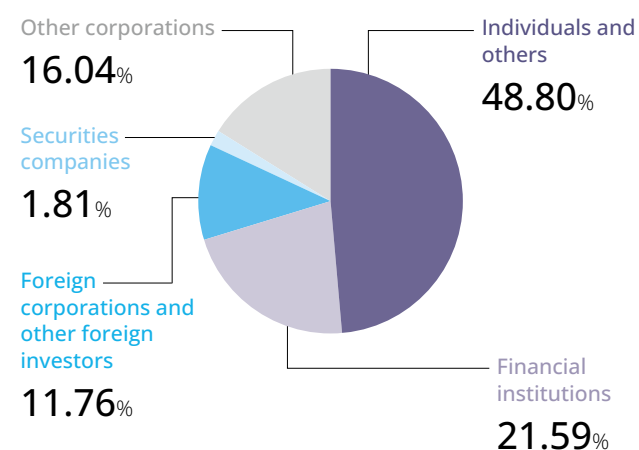
### Website (Japanese only)

<https://www.smtb.jp/personal/procedure/agency/>

### Account auditor

Grant Thornton Taiyo LLC

### Ownership by shareholder type



## External Evaluations

### ESG Assessments

MSCI ESG Rating:\*1 A



FTSE Russell ESG Score:\*2 3.8  
(top 20%)

Sustainalytics ESG Risk Rating: Low Risk



### Inclusions in Indexes

FTSE Blossom Japan Index\*3



FTSE Blossom Japan Sector  
Relative Index\*4



JPX-Nikkei Mid and Small Cap Index



JPX/S&P CAPEX & Human Capital Index

S&P/JPX Carbon Efficient Index



Japan New Economy Index



### Sustainability Evaluations

CDP Climate Change Report 2024 Score: A  
(second highest of eight levels)



Certified KIH Outstanding Organization  
2025



Eruboshi Mark (highest assessment)  
For companies actively promoting the  
advancement of women in the workplace



### Initiative Supported

United Nations Global Compact (UNGC)



### Website Awards

Nikko Investor Relations All Japanese  
Listed Companies' Website Ranking 2024  
AAA Website



Gomez ESG Site Ranking 2024  
Excellent Company



\*1 The use by S-Pool, Inc. of any MSCI ESG Research LLC or its affiliates ("MSCI") data, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement, recommendation, or promotion of S-Pool, Inc. by MSCI. MSCI services and data are the property of MSCI or its information providers, and are provided 'as-is' and without warranty. MSCI names and logos are trademarks or service marks of MSCI.

\*2, \*3 FTSE Russell (a registered trademark of FTSE International Limited and the Frank Russell Company) certifies based on independent research that S-Pool, Inc. has met the requirements for inclusion in the FTSE Blossom Japan Index and is therefore included in the index. The FTSE Blossom Japan Index is an index intended to measure the performance of Japanese firms conducting outstanding initiatives in the areas of the environment, society, and governance (ESG), prepared by the global index provider FTSE Russell. The FTSE Blossom Japan Index is widely used to prepare and assess funds and other financial instruments for sustainable investment.

\*4 FTSE Russell (a registered trademark of FTSE International Limited and the Frank Russell Company) hereby certifies based on independent research that S-Pool, Inc. has met the requirements for inclusion in the FTSE Blossom Japan Sector Relative Index and is therefore included in the index. The FTSE Blossom Japan Sector Relative Index is used widely to prepare and assess funds and other financial instruments for sustainable investment.