



**Open Up Group  
Mid-term Management Plan**

**June FY2022 - June FY2025**

**BY25**

# Points for the Mid-term Management Plan

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## External environment

1. **COVID-19** brought significant changes in the working environment
2. Workers start to think **what they are working for** and **how they want to work**
3. Social interest in **Sustainable Development Goals (SDGs)** is rising.  
We will promote "**8. Job Satisfaction and Economic Growth**"



## Open Up Group

1. A temporary staffing company with **the largest number of engineers in Japan** through the business integration
2. **Covers various industries** in the domestic business, including Machinery, Electronics and IT Software and construction
3. **Values, social significance and course of action** that can be shared among all members of the Group are necessary



## Our visions

1. Profit growth **to realize a sustainable society** is our basis
2. Reestablish and reconfirm our Group's aim "**Purpose (significance of existence)**", driven by social changes and integration

**Purpose** (Significance of Existence)

Open up individual potential  
through rewarding work

# Open up individual potential through rewarding work

Doors are Opportunities



New Job



Training



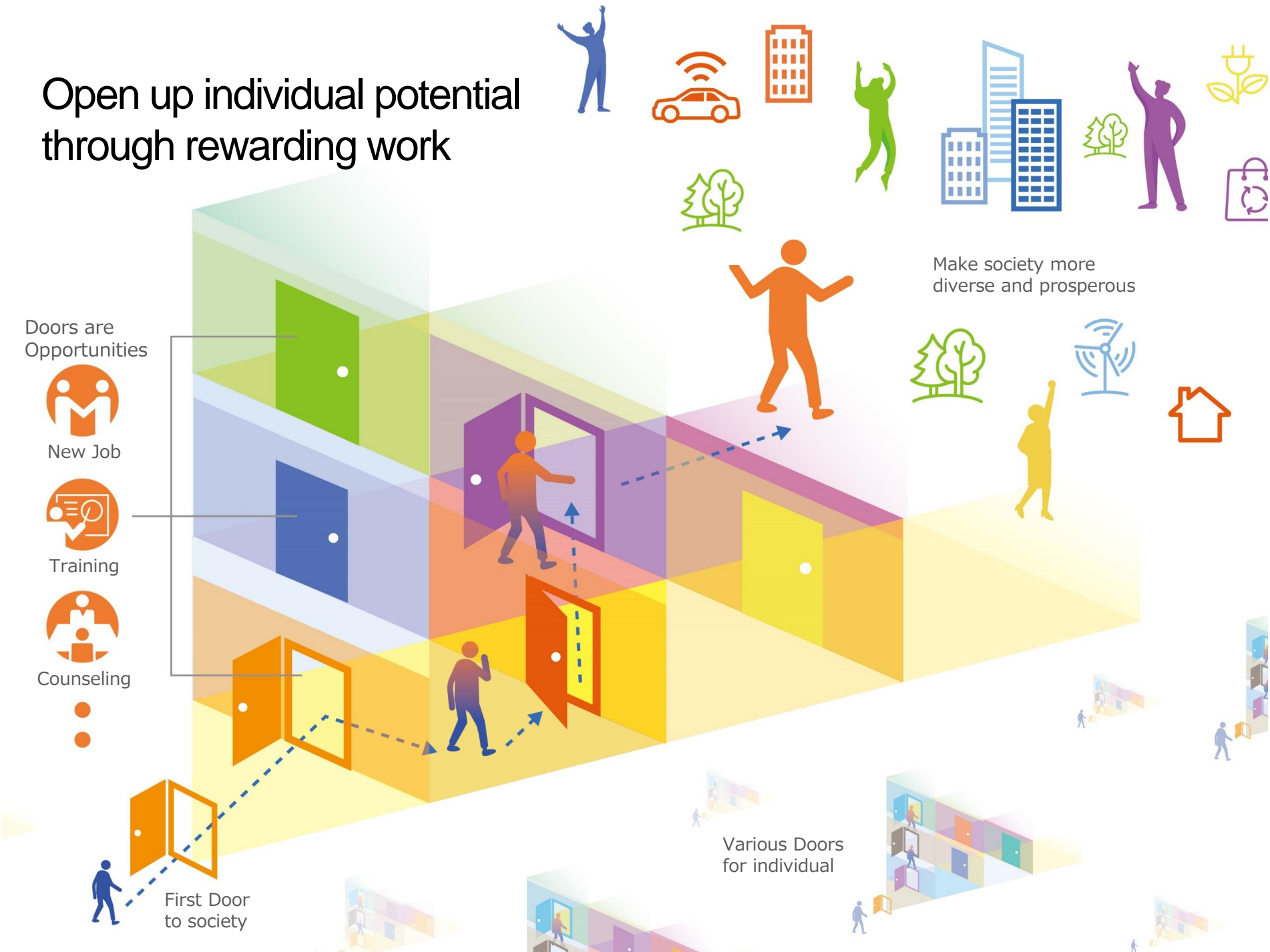
Counseling



First Door to society

Various Doors for individual

Make society more diverse and prosperous



# Open up individual potential through rewarding work

Just as each individual has a different way of thinking about **happiness**, We believe that **rewarding work** for workers is also diverse.

Our role is to **create many doors** to open up possibilities and a milestone toward a **rewarding work** for each employee.

We support the workers to open the doors.

- For some people, the challenge to a new job.
- For some people, to improve their skills in training.
- For some people, the time to consult future careers.

We believe that people will always grow and drive the society forward when they open the next door.

We will increase the number of people who open the door to the next to make **society more diverse and prosperous**.

We the Open Up Group exists to create such a future.

# BY25

4-year mid-term plan

**“Open Up Group Mid-term Management Plan BY25”**

(from June FY2022 to June FY2025)

# Outlook for Engineer Staffing Market

- Even after COVID-19, the supply-demand matching opportunities are expected to expand.

## Human resource demand:

- The economy is expected to recover sooner or later in 1 to 2 years after the convergence of COVID-19.
- Structural issues remain, such as rigid employment systems and practices, and low mobility of human resources to growth fields.
- As the economy recovers, the trend of human resource shortages, which had temporarily toned down, will surely return.
- Shortage of IT engineers (especially those with experience) is a long-standing issue.
- Further expanding opportunities for young and experienced engineers through the spread of DX
- It is expected that user companies will increasingly fill a certain percentage of their resource needs from outside the company.

## Human resource supply:

- The majority of HR service companies intend to maintain and slightly increase the number of dispatched employees even under the COVID-19 crisis
- Manufacturing dispatch business, which is recovering quickly due to the economic downturn, is already brisk, and competition for hiring in the IT field is also intensifying.
- Many major human resource companies have significantly increased their recruitment plans in anticipation of the post-COVID era
- Dispatch engineers are required to have a certain level of skills and to continuously improve their skills

In the engineer staffing market, which is experiencing a favorable and expanding trend, we will achieve significant growth by focusing on the high-volume market and investing to expand our strengths.

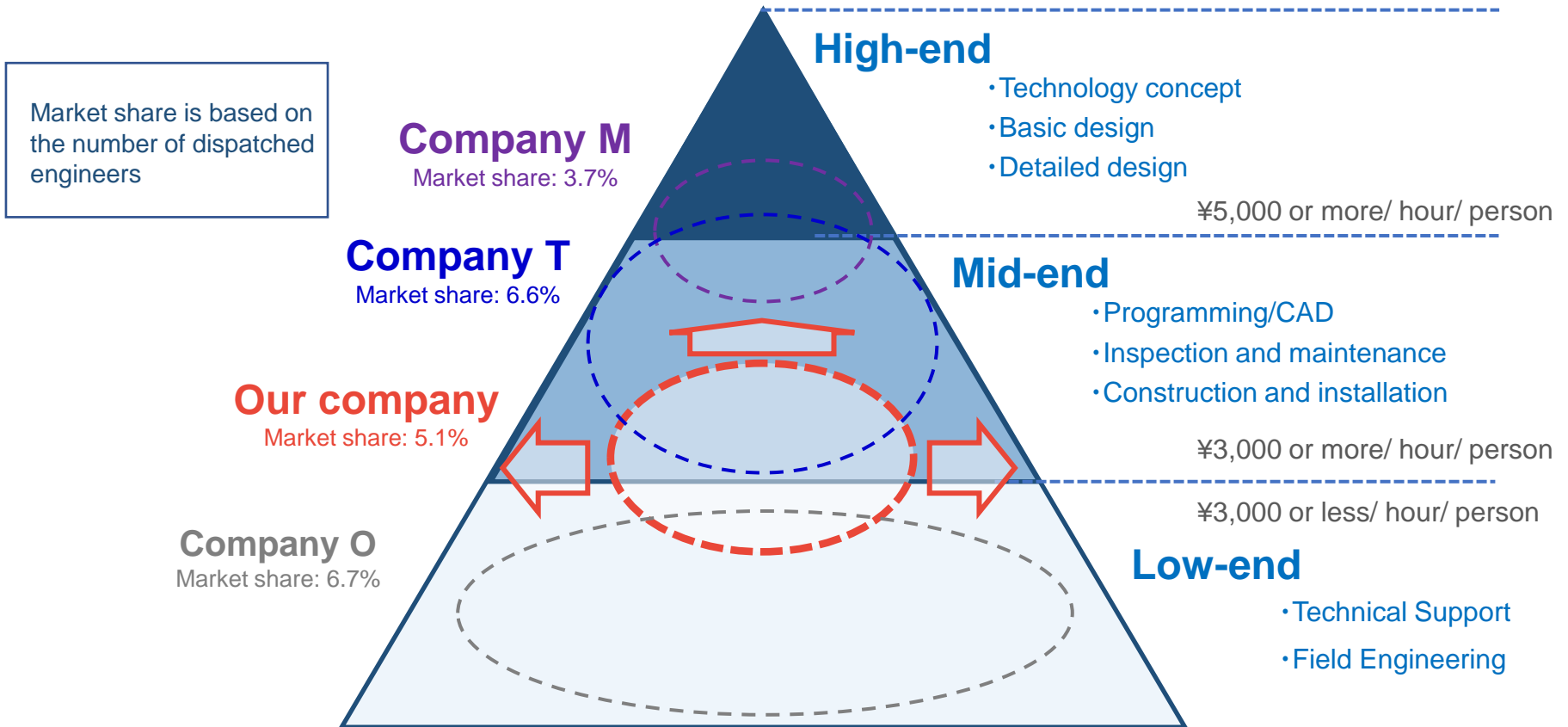
# Target zone / competitor analysis

■ We aim to increase market share in large-volume zones (upper low-end to mid-end)

● Domestic Engineer dispatching market : ¥2,053bn (the number of Engineer dispatching: 310 thousand people)

※ Period: April 2019 to March 2020

※ The market share of engineer dispatch is compiled by the IR Department based on data from the Ministry of Health, Labour and Welfare.



※ Company M: as of the end of March 2021; Company T: as of the end of June 2021; Company O: as of the end of December 2020; and Our: number of engineers as of the end of June 2021



# Goals through Business Integration

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- Aim for No.1 player in the engineer temporary staffing industry

## Changes after business integration

1. Business scale comparable to industry leader : About 15,000 engineers (Japan)  
...5,000 engineers each in the construction, Machinery, Electronics and IT Software domains  
Reaching the industry's top in each area
2. Capacity to generate stable cash and financial foundation in the construction, Machinery, Electronics and IT Software domains  
...Capable of making more aggressive investments (core and new businesses) including large M&As
3. Enhancement of management resources, sharing of knowhow and expansion of opportunities for business optimization  
...Ability to develop recruitment skills and training skills, data usage, back-office business, M&A sourcing/PMI

High management goals toward new challenges  
and further accelerate growth speed

# BY25

## Aspiration

- **Net sales:**                    **¥250 billion**
- **EBITDA:**                    **¥25 billion**
- **Number of employees  
(domestic):**                    **31,000**

# Open Up Group BY25: Plan and Aspiration

	IFRS	IFRS			(Million yen)
	FY06/22 Forecast	FY06/25 Plan	Change	3 year Growth rate	FY06/25 Aspiration
Net sales	148,000	200,000	+52,000	+35.1%	250,000
Gross profit	34,000	46,800	+12,800	+37.6%	60,000
Profit ratio	23.0%	23.4%	+0.4pt		24.0%
SGA	25,000	30,800	+5,800	+23.2%	35,000
Profit ratio	16.9%	15.4%	△1.5pt		14.0%
EBITDA	10,000	16,000	+6,000	+60.0%	25,000
Profit ratio	6.8%	8.0%	+1.2pt		10.0%
Operating income	9,000				
Profit ratio	6.1%				
Number of engineers & technicians (Japan)	19,000	27,000	8,000	+42.1%	

\*Excluding amortization of goodwill, depreciation and amortization, one-time acquisition costs, employment adjustment subsidy, etc.

# Open Up Group BY25: Plan and Aspiration

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<b>Net sales</b>	<b>148,000</b>	<b>200,000</b>	<b>+52,000</b>	<b>+35.1%</b>	<b>+10.6%</b>
Machinery, Electronics and IT Software	70,000	97,000	+27,000	+38.6%	+11.5%
Construction	38,000	49,000	+11,000	+28.9%	+8.8%
Manufacturing	10,000	17,000	+7,000	+70.0%	+19.3%
Overseas	28,500	35,000	+6,500	+22.8%	+7.1%
<b>EBITDA</b>	<b>10,000 (6.8%)</b>	<b>16,000 (8.0%)</b>	<b>+6,000</b>	<b>+60.0%</b>	<b>+17.0%</b>
Machinery, Electronics and IT Software	6,500 (9.3%)	11,030 (11.4%)	+4,530	+69.7%	+19.3%
Construction	5,600 (14.7%)	6,860 (14.0%)	+1,260	+22.5%	+7.0%
Manufacturing	500 (5.0%)	950 (5.6%)	+450	+90.0%	+23.9%
Overseas	660 (2.3%)	880 (2.5%)	+220	+33.3%	+10.1%
<b>Number of engineers &amp; technicians</b>	<b>19,000</b>	<b>27,000</b>	<b>+8,000</b>	<b>+42.1%</b>	<b>+12.4%</b>
Machinery, Electronics and IT Software	10,900	15,050	+4,150	+38.1%	+11.4%
Construction	5,550	7,600	+2,050	+36.9%	+11.0%
Manufacturing	2,550	4,350	+1,800	+70.6%	+19.5%

\* The above figures do not include business results which are not included in each segment and headquarters adjustment expenses, etc

# Segment/Strategies for Each Domain

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## Machinery, Electronics and IT Software

[IT Software] Development of inexperienced people to a middle-level IT engineers

[Machinery & Electronics] Improve skills and increase unit price through establishment of Engineer Value (EV) model

## Const- ruction

Maximize engineer's LTV (promotion of long-term work) and deepen long-term relationship with customers to further strengthen the position of the Japan's largest player (total profit contribution during tenure)

## Manu- facturing

Obtain key clients, promote retail marketing and strengthen our own recruitment in areas for stable growth in manufacturing temporary staffing maintaining high earning rate

## Overseas

[Europe] Raise profitability through expansion of professional sector  
[Asia] Seek for the opportunities for change, development and expansion in human resources market while securing profits

## ■ The environment surrounding the IT industry is drastically changing

### ■ Further shortage of IT engineers

- Strong demand for experienced IT engineers who are ready to work
  - The shortage of experienced engineers is accelerating reflecting the rapid increase in development needs
  - As new technologies arise, it is difficult to deal with changes only by experienced engineers

Future

### ■ Lower IT technological hurdles

- It takes certain period of time to acquire proficiency skills = high hurdle to becoming an IT engineer
  - General-purpose packages become the mainstream due to the evolution of IT technology
  - The age of low codes for both development and infrastructure enable us to shorten the development period

Future

### ■ In-house system development at user companies

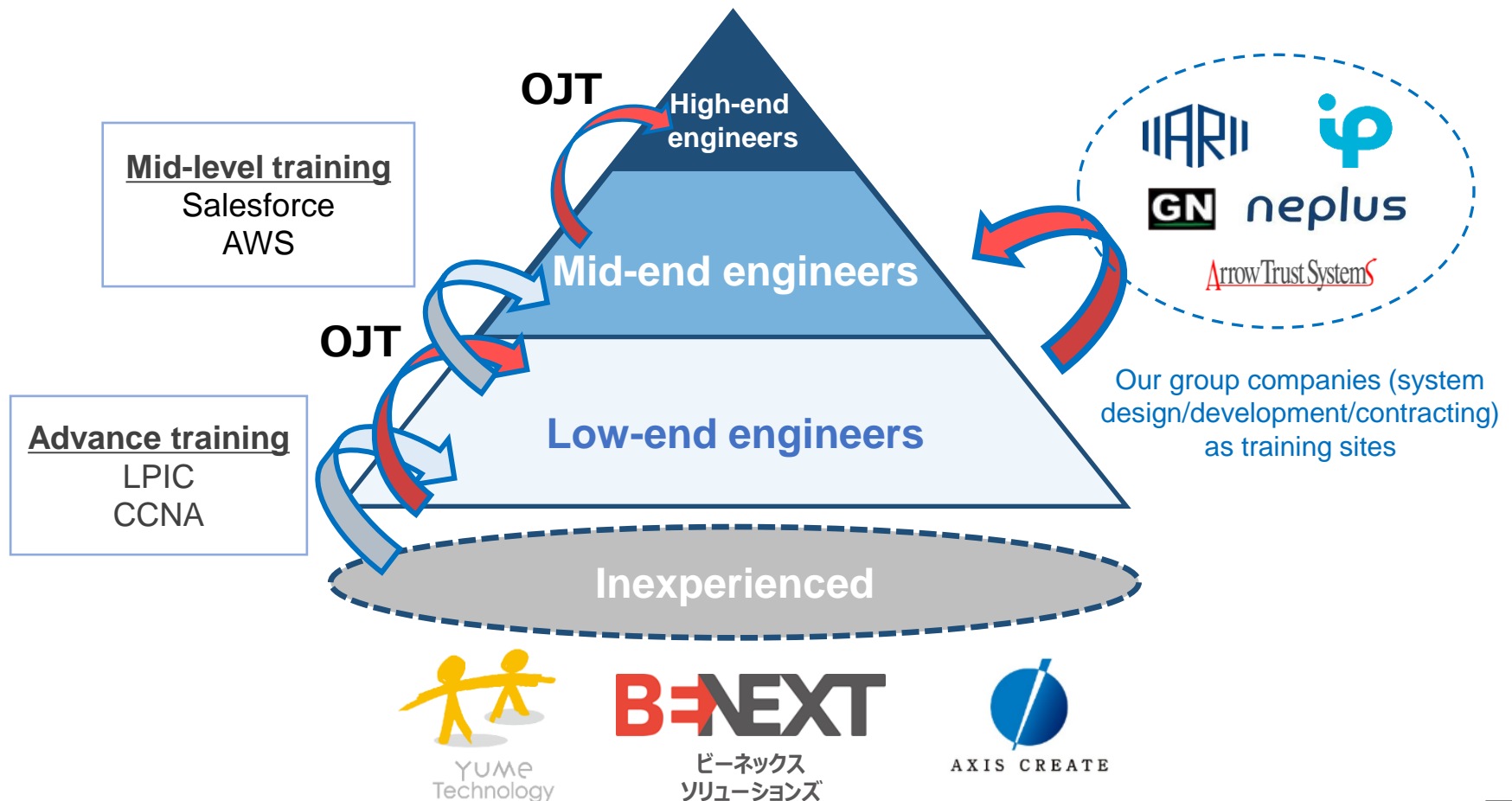
- End-user companies ask system integrators to develop all their IT projects
  - IT-engineers concentrate on system integrators, and orders are multiply structured
- IT as an important business strategy issue for companies
  - End-user companies hire in-house IT engineers → promote in-house system development

Future

**The industry is changing.  
-Training-oriented IT engineer staffing companies like us enjoy a tailwind**

# Machinery, Electronics and IT Software Segment: Strategies for IT Domain

- Hybrid training [Training program × OJT] + [OJT within the Group] to promote skill improvement and career advancement of inexperienced employees



# Machinery, Electronics and IT Software Segment: Strategies for Machinery & Electronics Domain

Further promote the improvement of engineers' skills, careers, and unit price by upgrading, deepening, and thoroughly implementing each element of the engineering value (EV) model.



## Visualization of "Value"

- Collection, accumulation, and analysis of engineer information from a diverse perspective: skills, experience, results, customer evaluations, career orientation, assignment wishes, etc.

## Enhancement of "Value"

- Provide opportunities to improve skills according to each engineer
- Appropriate market-price dispatch fees based on technological level

## Realization of "Active Participation"

- Performance-based awarding, salary increases, bonuses, and training programs

## Further development of "Possibility"

- Utilize IT tools to improve operational efficiency and increase the number of opportunities



# Strategies for Construction Segment

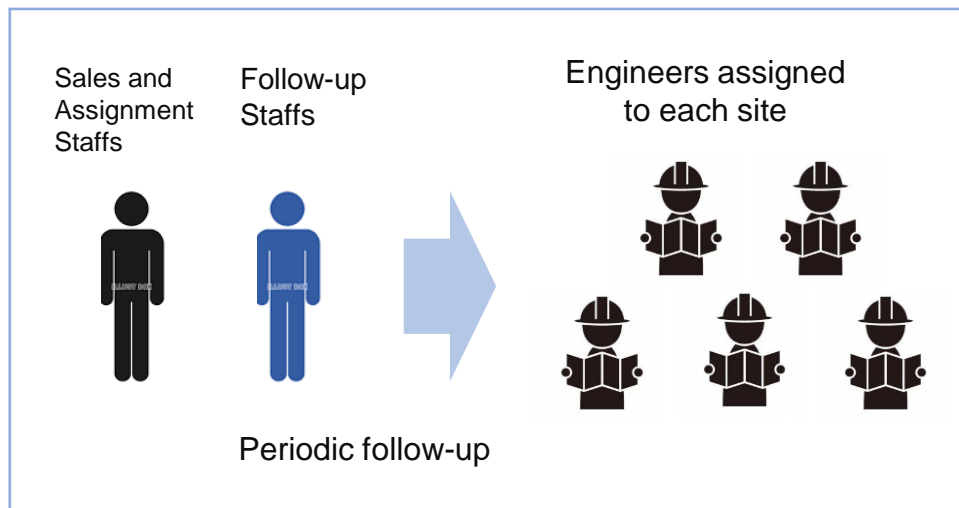
- Aim to achieve stable employment and transactions with both engineers and customers to be a Japan's largest temporary staffing company for the construction industry.

- Maximize LTV of engineers  
(promote long-term employment)

- Periodic follow-up system for on-site engineers
- Prioritize the dispatch sites to keep high retention rates

- Systems and services that prioritize lengthening contracts with customers

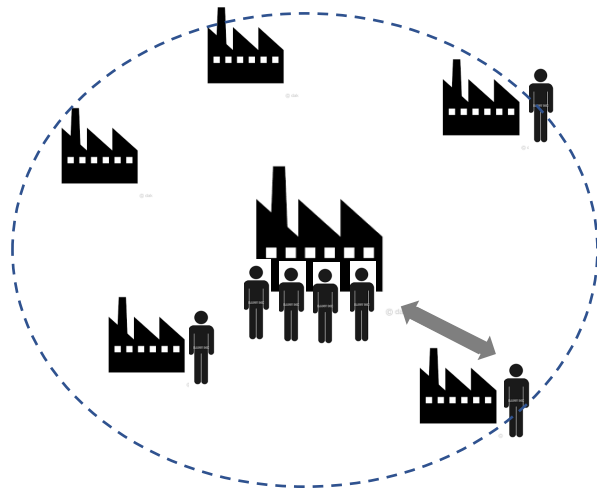
- Assign exclusive sales staffs to clients with numerous projects, such as major general contractors
- Prioritize the dispatch of engineers to clients who can expect long-term and continuous contracts
- Jointly implement business improvement measures with customers, such as introducing web system, to create benefits of continuing business with us



# Manufacturing Segment Strategy

- Achieved top-class profitability in the manufacturing dispatching industry by focusing on more profitable business than business scale
- Aiming for stable growth by maintaining a high profit margin and promoting area strategy and strengthening proprietary recruitment

## Promotion of regional strategies



Cultivate customers in the same area and allocate human resources in the area without waste

## Strengthen independent recruitment

Own brand



In-house Recruitment bases



In-house recruitment site



# Overseas Segment Strategies

- Large-scale overseas investments and new regional development came to an end, and each has secured profitability
- Will consider business portfolio recombination and new approach in countries where regional developments have been completed



## UK:

Increases in profit/profitability through expanded high-margin sector

- Large M&A investments completed by 2018 and established a business foundation of 30 billion yen in sales
- Focus on shifting to a highly profitable professional sector from the current core manufacturing (non-skilled) sector
- Make investments within the funds generated from the UK business if new acquisition is necessary



## Asia: (China/Indonesia/Vietnam)

Seek opportunities to develop and expand human resources market while securing profits

- Local corporations and joint ventures all turned profitable
- Scalable business model and sector have not yet been found using our Japanese human resources service company knowhow and management power
- Wait for opportunities for market changes including a wide range of developments, such as exploring opportunities to invest in new HR tech companies

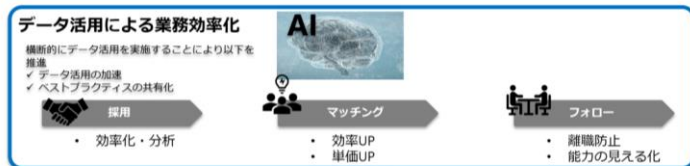
# Strategies for Company-wide Measures

Promote measures to enhance corporate value group-wide in addition to strategies for each segment

## DX mid-term measures:

Establish data usage method to realize efficiency, sophistication and acceleration of business

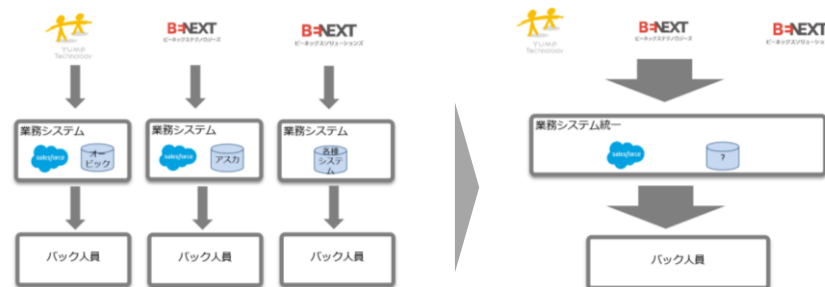
Identify and create a mechanism of business process capable of improving within the in-house system or by easily analyzing collectable data



## BPR mid-term measures:

Cost reduction due to unification of the Group's back-office operation

Unification of common tasks such as attendance, salary, billing and contract led by the Head Office to take advantage of the economies of scale in business merger



## Continuation of aggressive M&As: Select key investment projects setting goals for each domain

### 1. Machinery and electronics & construction

- ▶ Focus on M&As which further enhance and expand existing businesses
- ▶ Aim to introduce business management method, strengthen marketing and recruitment capability and improve efficiency of SG&A expenses, etc. after M&As

### 2. IT

- ▶ Gain opportunities to improve skills and careers of young experienced workers
- ▶ Realize value improvement taking advantage of the Group's recruitment capability
- ▶ Establishment of a cooperative model with a company with technological skills

# Key Performance Indicators

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## Open up individual potential through rewarding work

(Key Performance Indicators to achieve this philosophy)

Examples of KPIs:

Number of new employees

Retention rate for a certain period of time

Training hours per employee

Number of employees to improve skill proficiency

Recommendation level  
-Would you recommend your workplace to a friend?

Rate of taking paid leave

Satisfaction with career consultation

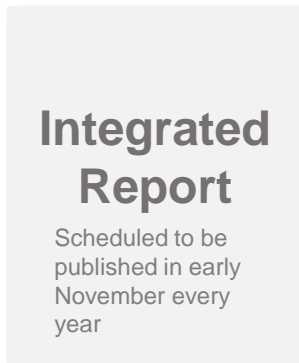
Satisfaction with corporate support

Number of licenses acquired

# ESG/SDGs Initiatives ①

- We will incorporate ESG into our business objectives and evaluation systems in order to contribute to solving social issues and enhancing corporate value over the medium to long term.
- We strive to understand the direction of the disclosure standards for non-financial information and the ratings of evaluation organizations, etc., and will continue to disclose ESG information to improve awareness.

## Disclosure of our initiatives on ESG



- Next report will be published in November 2021, mainly on governance and environmental initiatives of the system after the shareholders meeting.
- Due to the business integration in April 2021, we were unable to cover the full-year official status in the previous fiscal year.
- Full-year actual conditions are expected to be properly reflected from the November 2022 publication
- Information is updated on the following website

<http://www.openupgroup.co.jp/en/sustainability/>

# ESG/SDGs Initiatives ②

## ■ Basic items

In particular, we will set items for SASB and GRI standards and disclose the progress/effects in the integrated report (initially scheduled to start with SASB).

## ■ Unique items of our group

Disclose our progress and results on SDGs initiatives in the Integrated Report and on our website

### ◆ Well-Being of employees

Promote the sustainable achievement of the Ministry of Economy, Trade and Industry's "Health Management" standards and disclose key items in an integrated report and on the website

Monthly monitoring of labor, safety and health (overtime works, paid maternity leave, etc.)

Percentage of employees with disabilities (more than 2.3%) exceeding the statutory requirement



### ◆ Environmental Initiatives

Establish environmental regulations mainly for purchasing to promote both business growth and environmental considerations

Annual changes are disclosed in the Integrated Report and on the website.

Environmentally conscious purchasing (paper, gasoline, plastics\*, green plants)

\* Recycling of used papers



\* Implemented at a special subsidiary for the employment of people with disabilities

# Capital and Financial Strategy and Shareholder Return Policy

- To increase corporate value over the long term, we will establish optimal capital and financial policies supporting sustainable growth

## Capital and financial strategies in BY25

- Recover ROE to 10% or higher
- Maintain DER within 1.0 times

### Specific measures:

- ✓ Purchase of treasury stock
  - 15 to 20 billion yen during the period (4 billion yen in FY06/22)
- ✓ Revaluation of goodwill increased as a result of the management integration
  - Scheduled at the time of adoption of IFRS
- ✓ Setting hurdle rates for M&A investment criteria
  - Target: WACC 8%
- ✓ Prioritize debt to finance M&A investments

## Shareholder Returns

- 2 pillars: stable dividends and purchase of treasury stock

### Dividends:

- ✓ Aim to increase dividends every year based on growth in earnings per share (Full-year forecast for FY06/22 is 45 yen per share)
- ✓ Target: dividend payout ratio 40%

### Purchase of treasury stock

- ✓ As shown on the left, capital efficiency and financial soundness are also taken into consideration
- ✓ The amount of acquisition for each fiscal year will be resolved and announced on a case-by-case basis, taking into account business performance and other factors.



# BY25

## Aspiration

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## Disclaimer

This material is intended to provide explanations of our business and is not intended to solicit investment in securities issued by us.

The forecasts described in this document are our judgments at the time of preparation of this document, and the accuracy of information is not guaranteed.

It is also subject to change without notice in the future.

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