



IR-DAY Presentation Materials BPO SBU

(Business Process Outsourcing)

Day 2
2024.7.4

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PERSOL HOLDINGS CO., LTD.

Held on Thursday, July 4, 2024

Script of IR DAY: DAY2 BPO SBU Business Description

【Executive Officer BPO SBU Lead Ichimura】

The image shows a presentation slide with a dark gray rectangular area on the right side of a light gray background. The text 'Chapter 0' is centered within the dark gray area.

Chapter 0

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Hello, everyone.

My name is Ichimura. I am in charge of BPO SBU.

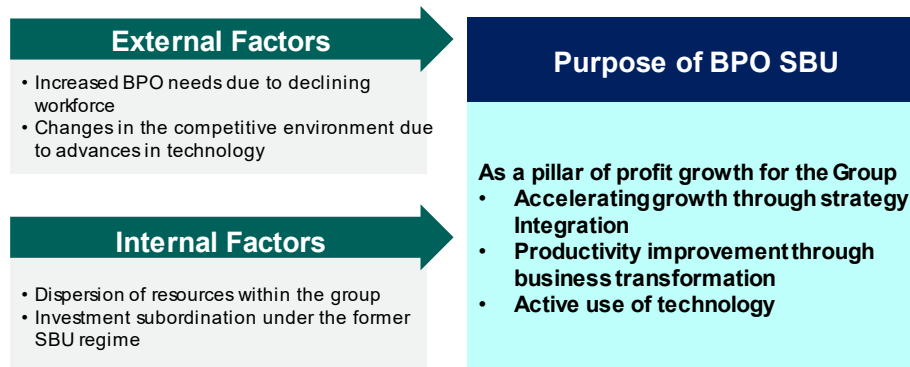
I will let you understand the BPO SBU today.

Beginning with Chapter 0, we start with an overview of our SBU, including its background.

Purpose of BPO as a new SBU

While the BPO market is undergoing remarkable growth, the competitive environment is intensifying due to advances in technology.

The BPO SBU was established to become a pillar of profit growth for the entire group in such situation by bringing together the group's experience and knowledge.



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BPO SBU started as a new business segment(SBU) splitting off from Staffing SBU mostly in April 2023 — last year. About one year has passed. The BPO market is set to grow significantly. Meanwhile, the competitive environment has changed, for instance as technologies have evolved. One factor in Japan is the decline in the working population.

This has produced a considerable increase in demand for BPO.

We intend to adapt to these changes in the competitive environment.

An internal factor is that, since our launch we have been combining scattered elements of each company of us into the SBU. We are strengthening them within the SBU and in the Group.

We aim to be a pillar of Group's overall profit growth.

We will accelerate growth by integrating strategies. To improve productivity, we will transform both internally and externally, making proactive use of technologies. To advance these measures, we will join forces as an SBU and focus our efforts on them.

Chapter 1: Basic Information

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Now, I would like to provide some basic information about the BPO SBU.

SBU Structure

In the BPO business, where social expectations are rising with the background of the social issues such as declining workforce and productivity improvement, we will promote high-value-added services by bringing together the group's experience and expertise.



SBU	Business Units	Entities
BPO SBU	Business Process Outsourcing (BPO)	PERSOL TEMPSTAFF, BPO Unit
		PERSOL PROCESS & TECHNOLOGY
	Customer Experience (CX)	PERSOL WORKS DESIGN
		PERSOL WORKSWITCH CONSULTING
	Professional	PERSOL MEDIA SWITCH
		Lacras
	Other SaaS and product-based businesses	Bizer

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Starting with the SBU's structure,

the businesses of the BPO SBU are in the middle row.

We have four business segments: the business process outsourcing or BPO business, the customer experience business, the professional business, and other businesses providing SaaS and other products.

I will explain details of each business later.

First, the BPO business is a major pillar. It is 70% of the total SBU.

The customer experience or CX business, with a central role in transforming communication, is around 20%.

The professional business is about 10%, and other businesses account for the rest.

The SBU has seven companies.

We are adding value to services by consolidating the Group's track record, expertise, etc.

Management Members

In addition to creating synergies and optimizing the business structure promoting high value-added services through active use of technology



Kazuyuki Ichimura, BPO SBU Lead

After joining PERSOL TEMPSTAFF, responsible for Financial sector business, Human Resources Div., and BPO business.



Jun Otomo, Executive Director

After joining PERSOL CAREER responsible for IT Div. at PERSOL TEMPSTAFF. Before joining BPO SBU, served as Director of PERSOL INNOVATION and CEO of Sharefull.

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I would like to briefly introduce our management team.

I am the representative and lead the SBU.

Let me introduce myself briefly.

I joined PERSOL TEMPSTAFF mid-career.

Initially, I was a salesperson in charge of temporary staffing.

I also worked in specialized businesses for financial companies and the finance industry.

I was a leader there and then managed human resources for about six years.

I later moved to the BPO business and have been in this position to date.

A two-person team manages the SBU, myself and Mr. Otomo on the right.

Mr. Otomo joined PERSOL CAREER, where he gained experience in corporate planning and other operations.

He later led IT-related operations at PERSOL TEMPSTAFF.

He was then the representative at PERSOL INNOVATION and at Sharefull.

This SBU brings together divisions from across the group to develop new projects.

In the Human Resources Division, I executed a number of PMI projects. With this and Mr. Otomo's experience implementing, using and promoting IT, we aim to move the BPO business forward together.

MISSION

**Innovating all kinds of work and organizations
to create a society full of "better workplace"**



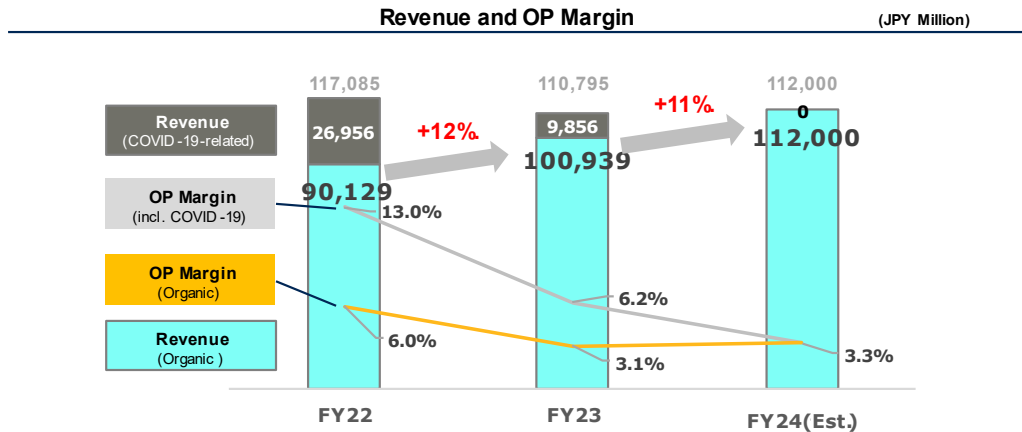
We aim to establish our mission as a new SBU and accelerate the business.

We are determined to achieve the Group Vision, "Work and Smile", and to be a "Career Well-being" Creation Company.

Our mission is to transform operations and organizations to create better working environments. We are guided by this mission and all of us are working hard.

Business Performance

Maintained over 10% sales growth in organic, excluding COVID-19 related
 Reviewing the cost structure and proceeding with business restructuring after COVID in
 FY2024, aiming to recover profitability as soon as possible



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Now I would like to share information about our performance.

COVID-19 had positive and negative impacts on us and our competitors.

As this graph shows, COVID-19 had a big impact on revenue in FY2022 and FY2023.

This fiscal year, there are no longer any COVID-19-related projects.

Revenue from organic businesses not affected by COVID-19 have achieved double-digit growth in the three years since FY2022.

The OP margin was 6% in FY2022, and the SBU was established in FY2023.

At present, we are investing internally to maximize synergy.

The OP margin was and will remain weak in FY2023 and FY2024, partly reflecting these investments in addition to COVID-19.

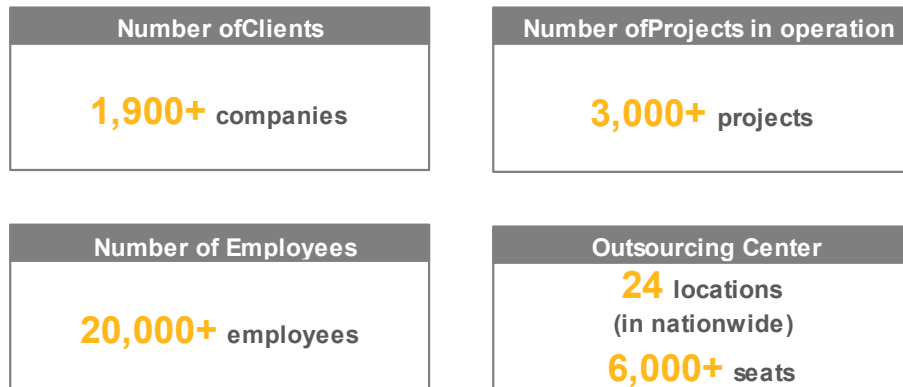
We see this as temporary. So we aim to return profitability and the OP margin to their previous levels and beyond.

BPO SBU Capabilities

Provide comprehensive BPO services with a large number of clients utilizing the Group's solid client base and a diverse experiences of project operations.



As of May 31, 2024



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I will move on to the capabilities of our SBU.

PERSOL Group, which includes us, has a very strong customer base.

The BPO SBU, has 1,900 corporate customers.

More than 3,000 projects are underway.

There are around 10,000 permanent BPO SBU employees, or regular employees. Another 10,000 people or so are engaged in operations as fixed-term employees.

So more than 20,000 people are on duty at this very moment.

We provide outsourcing services in two ways: working full-time at customers' offices and relocating customer operations to do them externally.

A feature of the SBU is the large number of cases where our staff work full-time with the customer on site.

In around 75% of all projects, we set up our bases at customers' offices.

Naturally, some operations are done off site.

Our outsourcing center has 24 offices nationwide and about 6,000 booths.

We provide comprehensive services to our customers in close cooperation with them at their offices and operations that we do more efficiently.

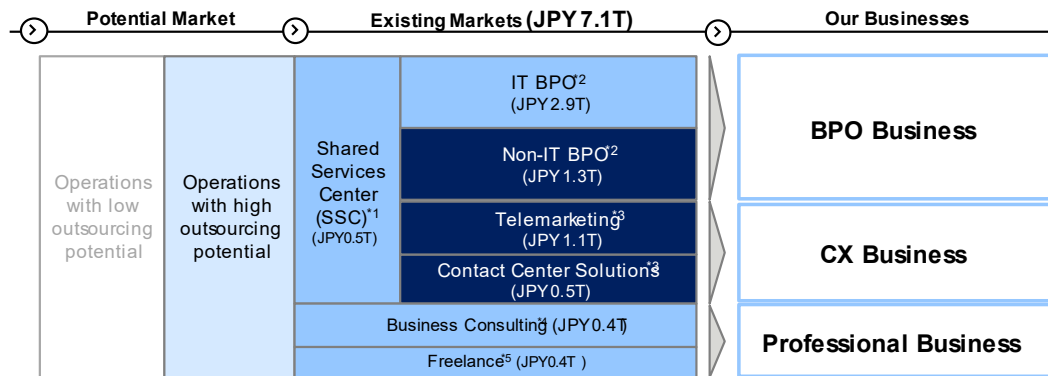
Chapter 2: Business Overview

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Next is a business overview.

Target Markets and Our Business Positioning

The market size targeted by the BPO SBU is approx. 7 trillion yen as of FY2023.
Organize the relationship between each market and our three main businesses.



*1: 2024 "Shared Services" Participating Companies Performance Data(Yano Research Institute Ltd.)

*2: 2023-2024 BPO Market Facts and Outlook(Yano Research Institute Ltd.)

*3: Call Center Market Overview2023 (Yano Research Institute Ltd.)

*4: IDC Domestic Business Consulting Market Forecasts2021-2025

*5: Freelance White Paper(Freelance Association of Japan)

legend Most important target Key target Potential target

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I begin with our markets and allocations of our businesses.

The most important markets are highlighted in the darkest color.

The main ones are the non-IT BPO market, the telemarketing market focused mainly on call centers, and the contact center solutions market.

We are also active in fields that belong to the IT-related BPO market.

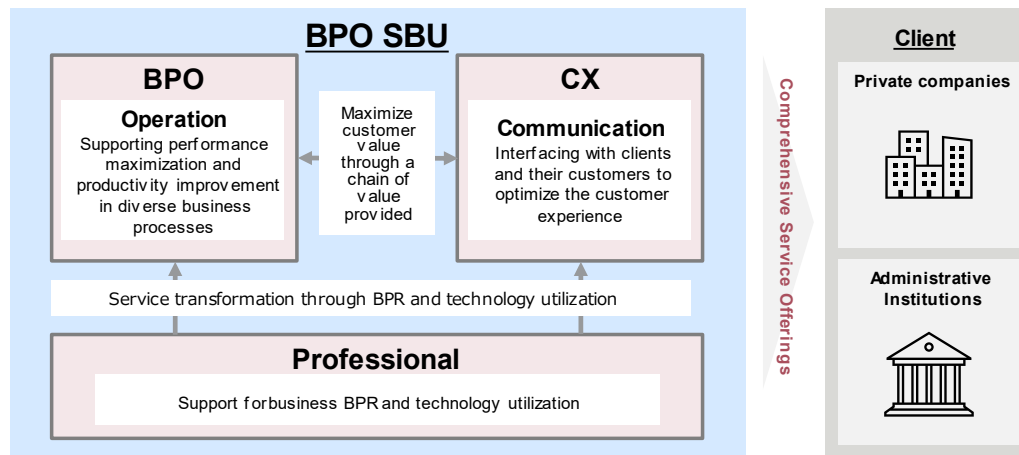
In addition to the BPO and CX businesses in these markets, we also operate the Professional business.

We believe that the business consulting and freelancer markets will also be included in our activities.

These markets have a total size of about 7 trillion yen at present.

Value Created by the Three Businesses

Combination of BPO, CX, and Professional businesses enables us to provide optimal services for our clients' various issues.



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And we have these three business categories.

The BPO business, CX business and Professional business do not operate independently of each other.

Customers' needs are becoming increasingly diverse and sophisticated.

We aim to integrate the three businesses and create a broad range of deep, sophisticated services.

In the BPO business, we seek to reliably increase our sophistication and improve customers' productivity.

And CX will operate in tandem with the BPO business, in the communication field.

We seek to optimize the customer experience.

One of our features going forward is the professional business shown on the right.

At present, we proactively provide customers with services including the BPR of their operations and support in using technologies.

The SBU overall has secured thousands of workers who can be involved in these businesses.

They will also engage in the BPO and the CX businesses.

Of course, we will boost the sophistication of ongoing outsourced operations, leveraging the professional business to improve quality.

We will do this by improving the productivity and profitability of our projects and integrating the three businesses.

Service Lineup by Business

A wide range of service lineup to meet a wide range of customer needs



BPO	industry-wide <ul style="list-style-type: none"> Corporate operations such as HR, accounting, etc. Front office operations such as sales administration New business start-up, business operation design, DX support, etc. 	Industry-specific <ul style="list-style-type: none"> Contracting and operational support for various industry-specific operations, including government, financial, IT and telecommunications, etc.
	Contact Center <ul style="list-style-type: none"> Omni-channel(phone, email, chat) service operations for inbound and outbound customer Customer support, IT helpdesk, etc. 	Sales & Marketing <ul style="list-style-type: none"> Marketing operations from lead acquisition to nurturing Field Sales, Inside Sales, etc.
CX	Business Consulting <ul style="list-style-type: none"> BPR and DX support for a wide range of operations, including sales, HR, general affairs, accounting, etc. 	Technology Support <ul style="list-style-type: none"> Support for introduction and utilization of technologies such as RPA, AI, etc. Digital talent development support
Professional		

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Let me explain what we do in each business, one by one.

First, in the BPO business, we provide BPO services common across industries as well as industry-specific services. Services common across industries are related to functions that any company has. The most widely used are corporate back-office operations including HR management, general affairs and finance.

The number of front-office operations we do for customers is increasing considerably. We see sharp increases in requests to consolidate or develop administrative operations supporting sales activities. Furthermore, many people from the BPO business are involved in new business launches, operation management and design, DX support and similar activities. For industry-specific services, our presence is growing in the public sector — especially local government.

We operate in the public and quasi-public field of infrastructure-related work.

Other operations include finance, IT, and telecommunications. Given our long involvement in various industries, we see growing demand for our expertise.

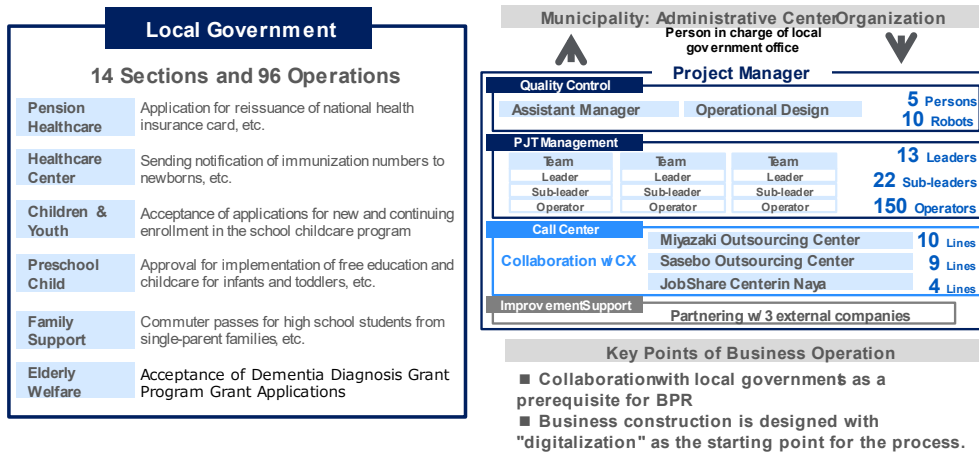
In the CX business, our expertise in both contact centers and sales and marketing will be strengths. For contact centers, our services go beyond operations using telephones to encompass inbound and outbound operations using a range of channels. We can also offer customer support, specialized, high-level IT help desk services and other services. In sales and marketing, we offer diverse services and solutions for everything from lead acquisition to nurturing potential customers.

We are also involved in field sales and inside sales. In the Professional business, our greatest advantages are business consulting and technology consulting.

In business consulting, we provide support for BPR and the DX of diverse operations. We have been responding to strong demand for services in HR. Going forward, we will strengthen our capabilities in this area. As for technology consulting, there were many projects related to RPA a decade ago. Today, we are receiving more requests related to AI. Our support also benefits from our experience in the development of diverse digital human resources.

Service Example_BPO x CX

Establish a comprehensive support system with BPO and CX, starting from the digitization of business operations.



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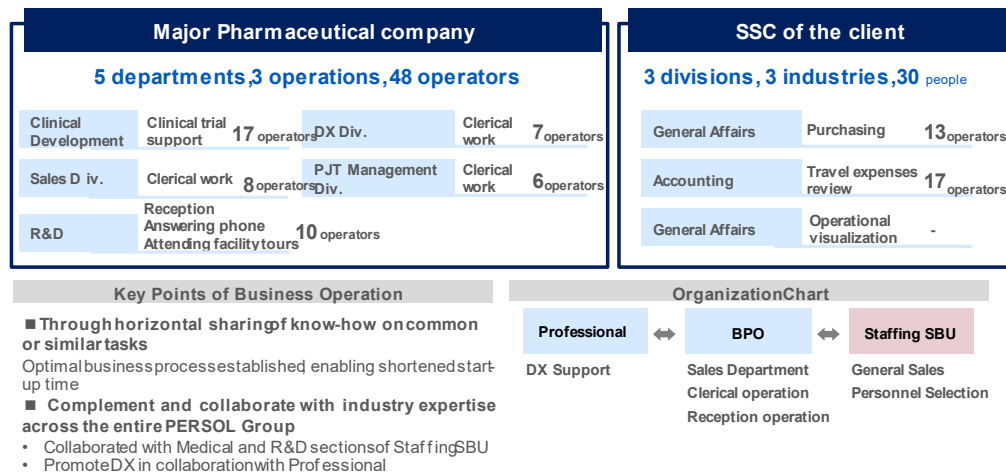
"Let me describe some services that we tailored to key customer needs through a combination of our BPO, CX, and Professional businesses. This first example involves a local government. "

The operations are being carried out with a government-designated city.

Because the client is a local government, they provide various services to citizens. We have established a structure in which nearly 100 of their operations are handled at a single administrative work center. Around 200 of our people are working for the client now. We support the local government's work, including tasks done by humans and tasks that have been largely automated through DX. Another point I want to mention is this call center part. We also handle diverse inquiries from citizens, respond and solve their problems. This is an example of our BPO and CX teams' joint provision of services.

Service Example_BPO x Professional

Comprehensive support from DX support to business process restructuring and operation in BPO and Professional



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This next example is about our services for a major pharmaceutical company.

Here we started with a small number of people. Just a few workers.

The client praised our performance, and now about 80 staff members work for the client.

We started small, but our operational knowledge and ability to establish flows slashed project launch times in other departments as well. This and the quality of our services drew praise, and so our activities have extended horizontally. Here, we combined the Professional business and the BPO business. In the overall Group, there is also cooperation between the temporary staffing business, the Staffing SBU.

The Staffing SBU has dedicated teams for the medical business and the R&D business. So we have expertise in these areas as well.

We will obtain information through reliable coordination and design operational processes. This is how we provide value to customers.

Further, the DX of the process has considerably expanded our activities.

We have already received many requests for the service in this example. Its use will likely continue to expand.

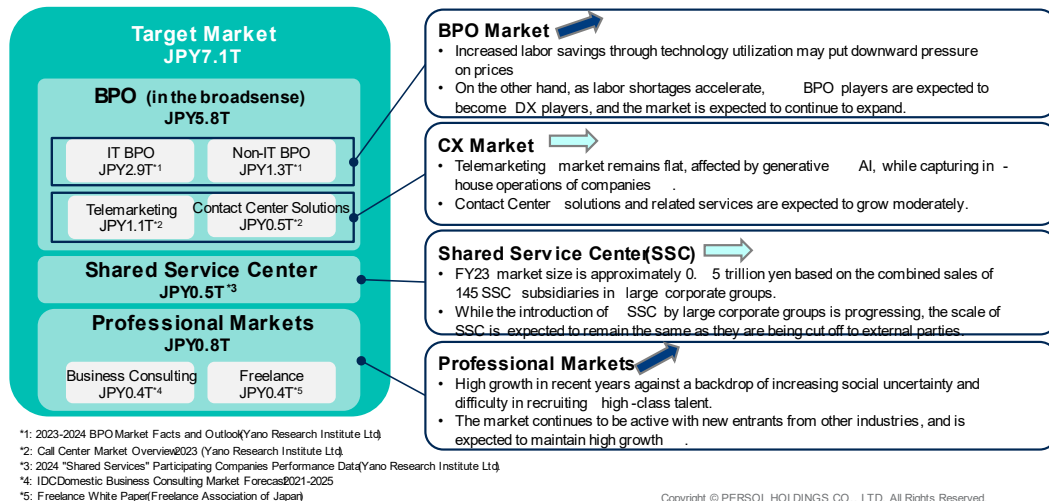
Chapter 3: Business Environment

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Next, I will explain the operating environment.

Market Environment

Despite the impact of technology replacing services moderate expansion is expected to continue against a backdrop of labor shortages



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I will start with the market outlook.

Earlier in this presentation, I told you that we are targeting markets with a total size of around 7 trillion yen. They include the fields we are active in, such as the BPO, CX, and Professional fields. The conditions in these markets differ slightly.

First, the BPO business. We expect progress in labor savings using technologies. We also believe this will affect prices somewhat. On the other hand, there is a labor shortage. The companies that are active in the BPO market are seeing customer expectations grow as leading providers of DX services. We expect that the market in this area will continue to expand. The second market is the CX market. The telemarketing and contact center segments of this market are very sensitive to the economy. However, many companies still have employees doing in-house call-center operations. We expect that the market will remain flat for now as we tap into demand generated by those companies. Then we will see the emergence of CC solutions and related services. We will provide reliable support there. We believe that we can steadily tap into the growth of this market too. The third market is the shared services center market. Many companies and major corporate groups in particular have subsidiaries in shared services. In fact, they appear to be entering a period of transformation. This means that using external services is a very likely option. We believe that we can support customers by providing new services in this field. The last part of this slide is about the Professional market. Here, it is extremely difficult to recruit high-level human resources. It is very competitive. This trend is likely to continue.

Many new competitors are entering the market and it is booming. We expect it to maintain its very strong growth.

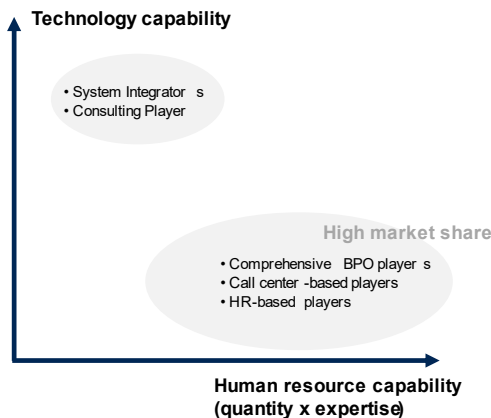
Competitive Trends

While players of different origins have expanded in scale while leveraging their strengths, M&A activity is expected to accelerate in order to acquire human resource capability and technology capability to gain a competitive edge.



Competitive Matrix in the BPO Market

Competitive Trends



Intensifying talent acquisition

- Increased difficulty in obtaining general operators
- Demand for specialized personnel for the digital shift will rise further, intensifying competition for acquisition

Active investment in technology

- Accelerate active investment in technologies such as generative AI and RPA
- Increased use of homebased operators after the COVID-19

Accelerate M&A and alliances

- As technology continues to transform outsourced operations, M&A and alliance activity are accelerating in order to gain market share and competitive advantage.

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Next, I will explain our competition.

During the pandemic, many companies from a diverse range of industries entered the BPO field. Their characteristics are shown in the figure on the left.

There are two broad patterns. One is to move forward using the power of people. The other is to do so using the power of technology.

Companies with the largest shares of the market began to recruit people a long time ago. They use the power of people in their initiatives. In these circumstances, competition for human resources will clearly be very fierce. It has become extremely difficult to acquire general operators. Demand for specialists is growing very rapidly, partly reflecting digitalization and the difficulty of attracting talent. The competition has really begun. Going forward, we will strengthen our tech investment focusing on generative AI. We will of course invest steadily, and we are doing so at present. We believe that other companies will also invest heavily in AI research. Other significant changes that are expected in the market are described here. Since the COVID-19 pandemic, there has been significant progress in workstyle reforms.

Homes are the new workplaces. The style of work will also change considerably.

We have established the acceleration of M&A activities and alliances as the third point on the right. Technologies have a significant impact, driving rapid progress in the transformation of business. Above all, we have accelerated M&A and alliances to consolidate and increase our market share or competitive edge. In the last couple of years, we have been receiving more inquiries from companies proposing cooperation and alliances for business expansion.

Like our competitors, we are taking these and other initiatives to create new value.
This is our thinking.

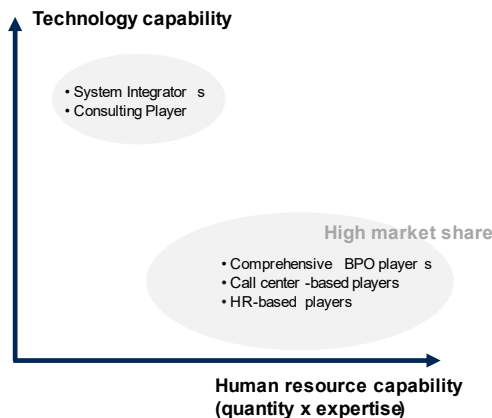
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Accelerate M&A and alliances

- As technology continues to transform outsourced operations, M&A and alliance activity are accelerating in order to gain market share and competitive advantage.

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I will move on to explain our strengths.

First, the biggest strength of the PERSOL Group in BPO is our ability to attract people. We believe we have outstanding capabilities in this area.

We must continue to boost this ability, beyond our competitors, to consistently attract people who are operators, the specialists, and high-level people, who will be needed in the future.

The strengths that we have developed to date in BPO are:

the ability to develop human resources, our process design capabilities, and our ability to manage organizations and human resources.

We will continue developing these strengths decisively. Our process design capabilities in particular will also bolster our technological strength going forward.

We will combine future and existing technologies to meet the diverse high-level needs of customers.

We will improve our internal productivity to increase our earning power.

We would like to strengthen these points further.

Chapter 4: Med to Long-term Strategic Policies

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Now I would like to give an overview of our mid- to long-term strategic policy.

Medium - and Long-term Strategic Policies

Policy to focus on accelerating growth of existing businesses, enhancement of technology, and strengthening human resources



Strategic Policies

Accelerate Growth of Existing Businesses

Technology Enhancement

Strengthening of Human Resources

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A major policy is that the BPO SBU will accelerate the growth of existing businesses.

We will also strengthen our technologies.

In addition, we will strengthen human resources.

We would like to keep these three points firmly in mind in our initiatives.

Accelerate growth of existing businesses

In the BPO and CX businesses, integrate the business knowhow of each company to accelerate crossselling to existing customers

Professional business is facing increasing difficulty in acquiring human resources and aims to expand by strengthening recruitment



First, we will grow our existing businesses.

We seek to provide diverse services by organically integrating BPO and CX.

"We will firmly integrate our expertise and push forward with cross-selling to increase synergy within the SBU. This is absolutely our first step."

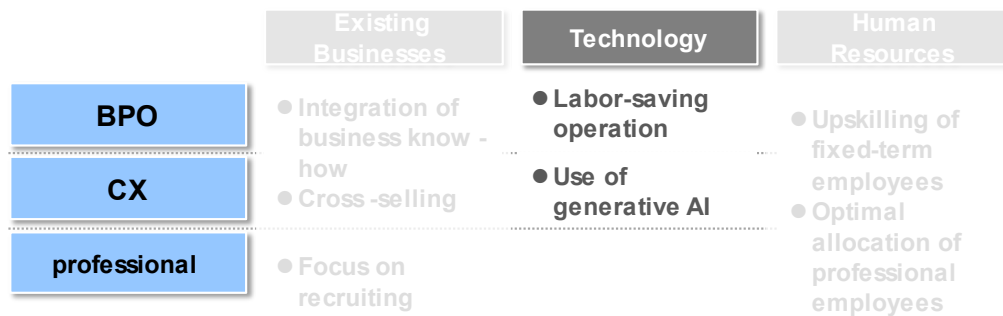
Above all, we will continue to expand ongoing projects at each company. It is very possible to acquire the next operations at client companies.

Strengthening cross-selling will lead to growth in revenue and profits.

In the Professional business, I said that acquiring talent will be extremely difficult in the future. We will continue strengthening our recruitment.

Technology Enhancement

BPO combines RPA, AI, and other tools to reduce labor in operations
Accelerates service implementation of generative AI in CX business.



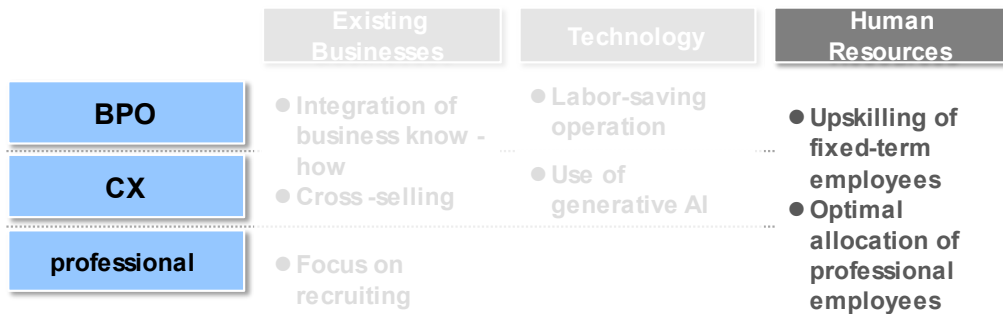
Second, we will bolster our technologies.

Of course, we will continue to use currently available products and technologies.

We will take labor saving steps, such as making effective use of professionals. We will also use generative AI.

Strengthening of Human Resources

10,000+ fixed-term employees: Reskill/upskill to raise the level of human resource capability
6,000+ professional employees: Optimize the allocation of professionals between businesses to accelerate the effects of increased productivity, improved profitability, etc.



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And finally, we will strengthen our human resources.

I mentioned that about 10,000 people work for us as fixed-term employees.

We will do everything we can to reskill and upskill these people.

This will elevate the capabilities of our people.

We also have thousands of specialists.

We will optimally allocate these human resources to projects.

This will greatly improve productivity, along with profitability and service quality.

We will accelerate these initiatives.

MISSION

**Innovating all kinds of work and organizations
to create a society full of "better workplace"**



I have been talking about our businesses and our direction.

As I said, we aim to keep moving forward to fulfill our mission of creating better working environments. In doing so, we appreciate your continued support. Thank you.

Thank you.