



IR-DAY

Presentation Materials

Technology SBU

Day1
2024.7.2

**Excerpts from the "Mid-Term Management
Plan 2026" announced in May 2023**

Positions of businesses and management policy

The position of each business and management policy are as follows. In particular, under this Mid-term Management Plan, we position Career, BPO, and Technology as the domains of focus and invest proactively in them.

The Group's foundation Continue to be the foundation of the Group's growth.	Staffing	<ul style="list-style-type: none"> – Aim to achieve growth by increasing market share despite the possibility of a shrinking the clerical and administrative staffing market over the long term. – Contribute to the Group's growth by strengthening relations with customers.
Pillars of profit growth Proactive business investments, for the sake of significant profit growth in the medium to long term	Career	<ul style="list-style-type: none"> – Aim to achieve growth exceeding market growth while the career-change-related market continues to expand. – Continue to make investments that contribute to medium- to long-term business growth and the acquisition of competitive advantages.
	BPO	<ul style="list-style-type: none"> – Aim to achieve growth exceeding market growth by taking advantage of the customer base of temporary staffing. – Make large-scale investments, mainly to acquire the ability to achieve a business transformation.
	Technology	<ul style="list-style-type: none"> – Reinforce the foundations for large-scale recruitment and the development of high value-added human resources and improve sales capabilities, in an attempt to increase billing rates. – Continue large-scale recruitment to derive medium- to long-term competitive advantages.
Reinforce the foundations for a breakthrough. Improve earnings to enable large-scale investment for growth in FY2025 and beyond.	APAC	<ul style="list-style-type: none"> – Achieve earnings improvement at a level that will contribute to improving shareholder value. – Invest in a quantitative expansion after improving earnings.
Investments toward the future Implement R&D after achieving an investment quota at a certain level.	R&D	<ul style="list-style-type: none"> – Achieve an investment quota at a certain level to explore and create businesses related to Career Well-being.

Towards 2030

Aim for value creation of 500,000 people by the final fiscal year of the current Mid-term Management Plan (FY2025) and one million people by 2030.

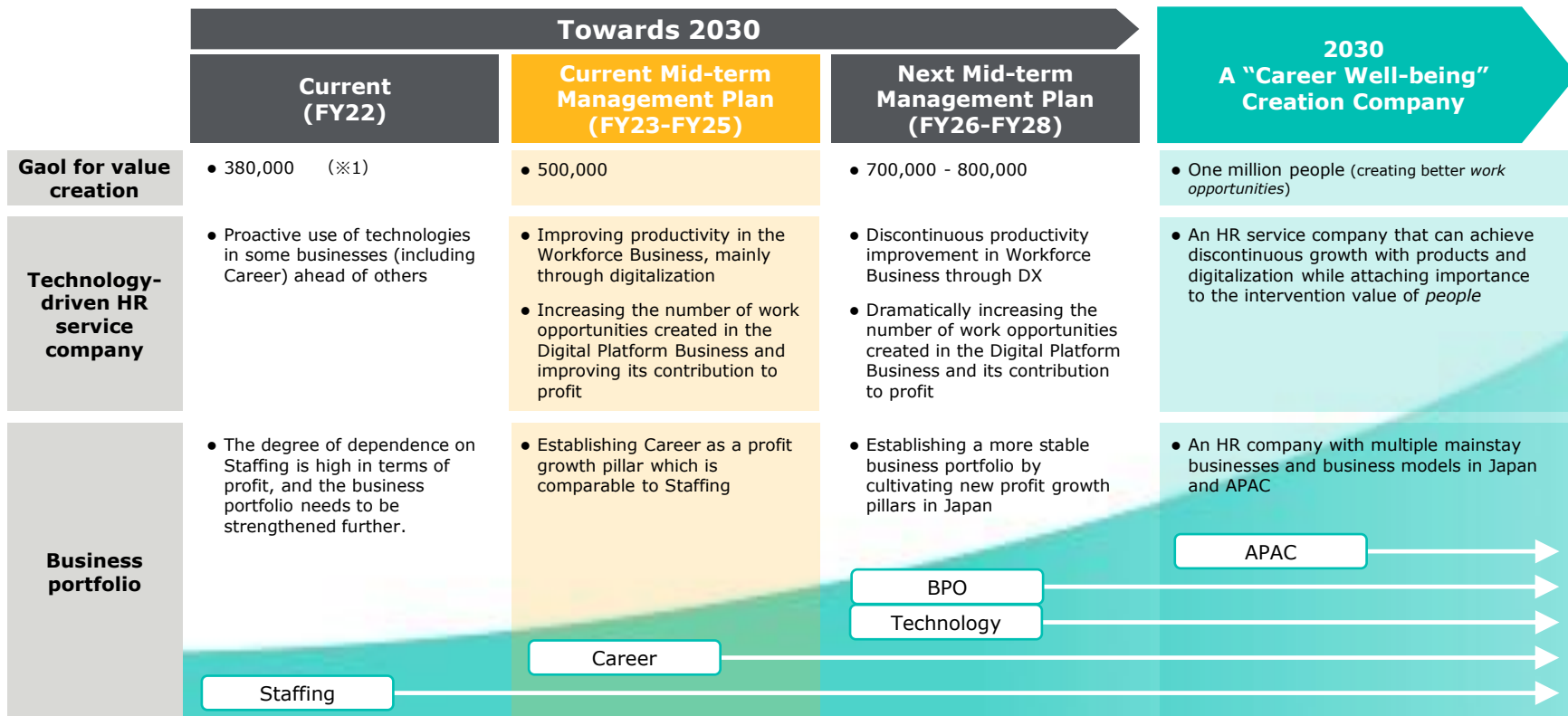


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Position of Technology SBU (Understanding of the Business Manager)

Condition		Answer
1	Ranked 5th in the engineer dispatching industry and has yet to fully grow	Dominant over competitors in operating profit growth rate (organic growth)
2	What are the strengths and factors for differentiation from competitors?	PERSOL Group's customer base, <u>a higher rate of successful bidding than competitors</u> , and more (Details to be provided later)
3	What is the value (synergy) of Technology SBU for the Group?	Contributing to productivity improvement inside and outside the Group
4	What are correlations and roles of businesses within Technology SBU?	We will first integrate <u>hardware and software</u> and <u>enable a seamless career journey for engineers</u> , aiming to form a new market for productivity improvement.
5	What steps are being taken to improve profitability?	We will move from the previous investment phase to the reaping phase and make investments (such as building new upstream processes, restructuring business, improving remuneration, building an environment for developing human resources, increasing recruitment expenses, and reinforcing the recruitment system) as preparations to be the next pillar of the Group.

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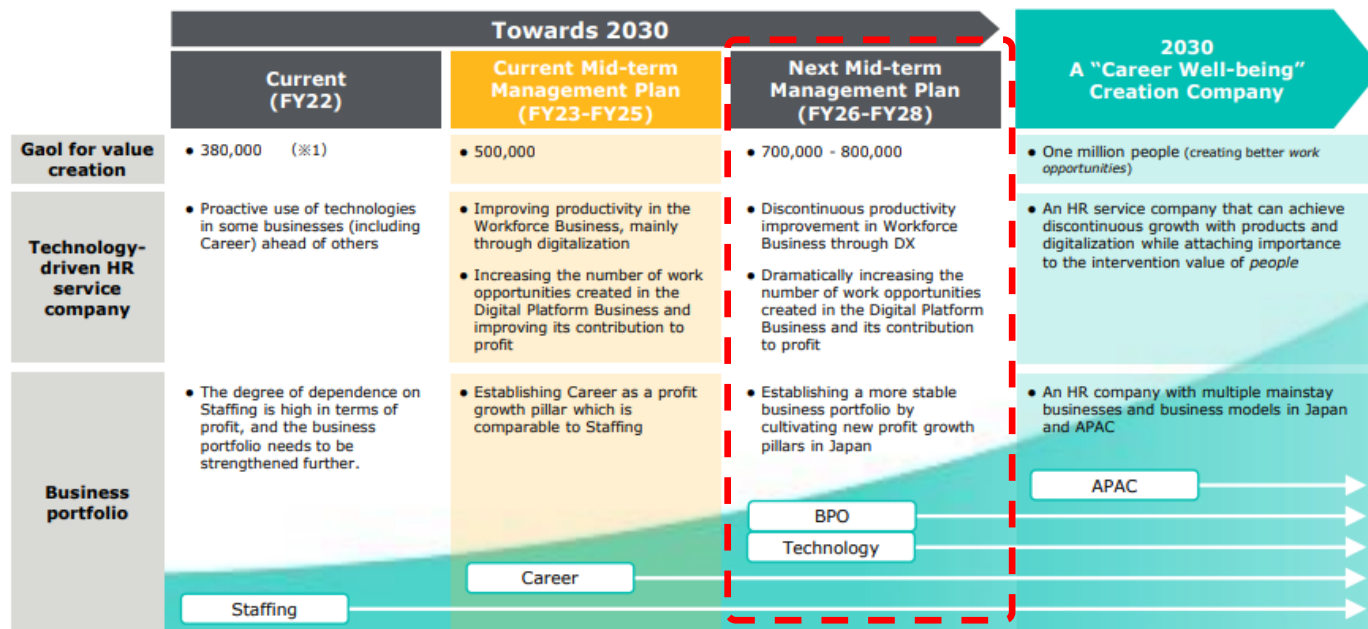
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Significance of the Technology SBU (role in the PERSOL Group)

Towards 2030

Aim for value creation of 500,000 people by the final fiscal year of the current Mid-term Management Plan (FY2025) and one million people by 2030.



※1 temporarily number and subject to change

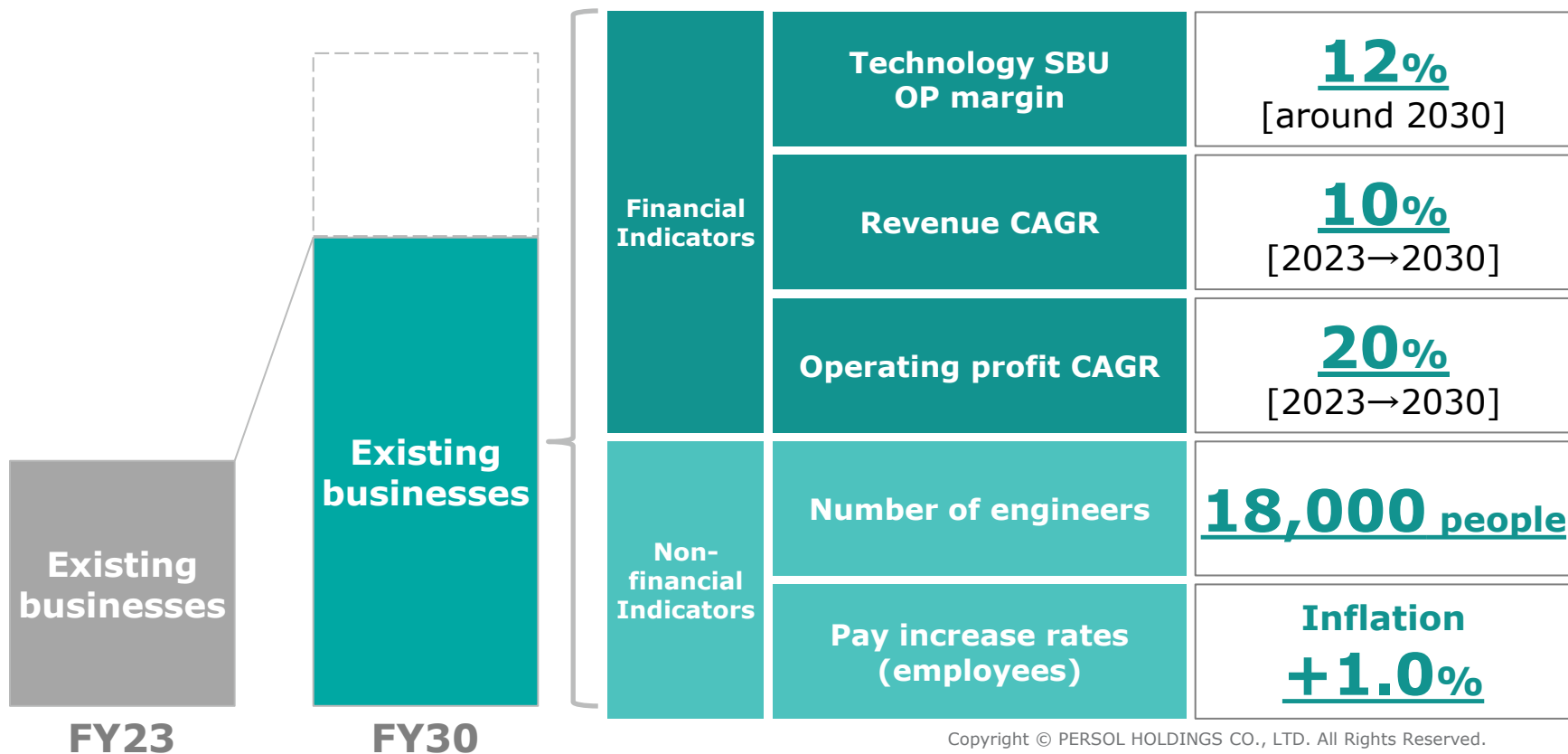
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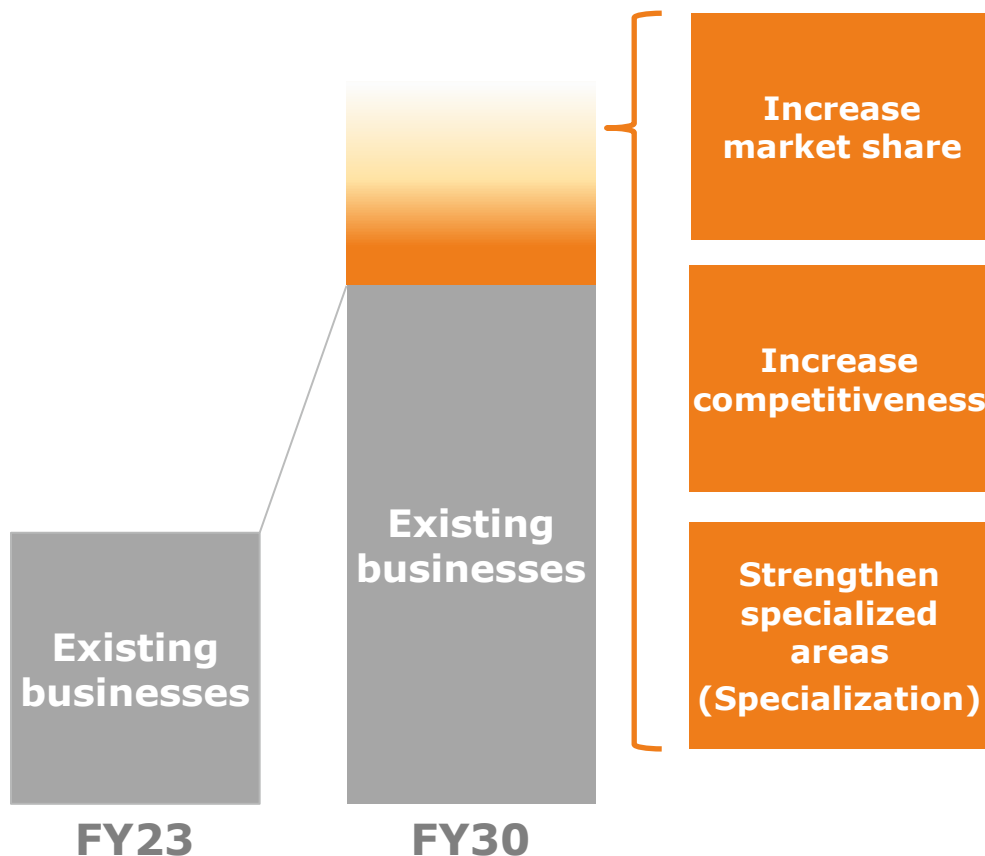
Main Scope of the Day

Targets

(based on current assumptions)



Inorganic Direction and Target



Possible target

Engineer dispatching companies

SIer

- **DX companies**
- **Productivity improvement companies**
- **Physical experiment businesses**

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World in the past

- Deflation
- Low interest rates
- Rise of emerging countries
- Small government
- Deregulation
- Improvement of efficiency
- Unipolarization
- Reduction of conflicts

Situations in the period from the 1990s to 2019, which was immediately before the COVID-19 pandemic

World in the future

- Inflation (high inflation)
- High interest rate
- Completion of growth
- Big government
- Tightening of regulations
- Inefficiency
- Multipolarization
- Expansion of conflicts

Economic growth (GDP growth)

Population growth x Employment growth x Productivity growth

Population declines

To 88 million people in 2060

**Employment
population declines**

Less than 60 million people in 2035

Game Shift from Population to Productivity

Nominal GDP Ranking (IMF*)

Rank	Country/Region	Nominal GDP in 2024	Growth rate
1	America	28,781,083 million dollars	5.2%
2	China	18,532.633 billion dollars	4.9%
3	Germany	4,591.1 billion dollars	3.0%
4	Japan	4,110.452 billion dollars	-2.4%
5	India	3,937.011 trillion dollars	10.2%
6	United Kingdom	3,495,261 million dollars	4.5%
7	France	3,131,014 million U.S. dollars	3.2%
8	Brazil	2,331.391 billion dollars	7.3%
9	Italy	2,328.028 billion dollars	3.2%
10	Canada	2,242.182 billion dollars	4.8%

*Source: [International Monetary Fund](#)

Population and labor productivity by country* (per hour)

Rank	Country/Region	Population	Labor productivity (per hour*)
1	India	1,428.6 million	-
2	China	1,425.7 million	-
3	America	340 million	89.8
4	Indonesia	277.5 million	-
12	Japan	123.3 million people	52.3
19	Germany	83.3 million	87.2
21	United Kingdom	67.7 million	73.3

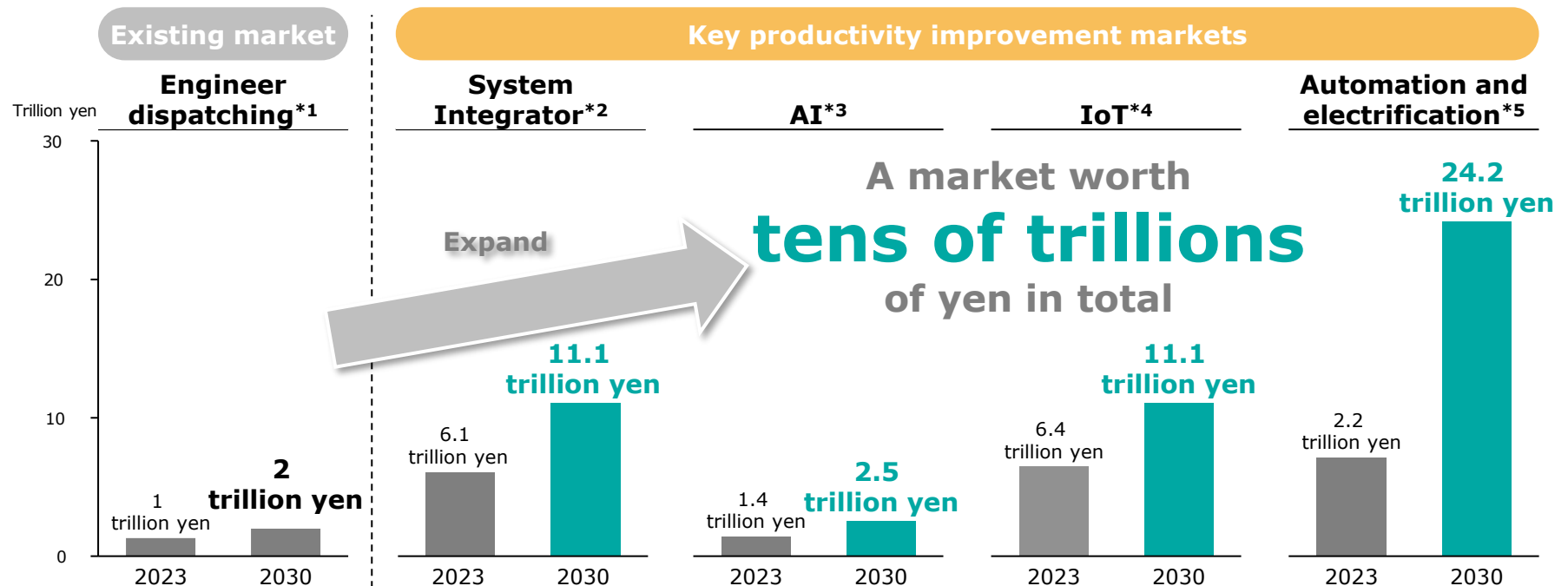
Approx. 1.5 times

Approx. 1.7 times

*Sampled from OECD member countries

Productivity Improvement Markets of Focus

Enhancing services by positioning **four markets --SI, AI, IoT, and Automation and electrification-- as key productivity improvement markets**



*1. Created by PERSOL based on *Gijutsusha Haken Service-no Shijo Yosoku* (Market Forecast for Engineer Dispatching Services) (Yano Research Institute)
*2. Created by PERSOL based on *Tokutei Service Sangyo Dotai Tokei* (Specific Service Industry Statistics) from the Ministry of Economy, Trade and Industry
*3. Created by PERSOL based on *2022 Jinko Chino Business Sou-Chosa* (2022 Comprehensive Survey of Artificial Intelligence Business) by Fuji Chimera Research Institute, Inc.
*4. Created based on *Kokunai IoT Shijo Shishutsu-gaku Yosoku, 2023-nen - 2028 nen* (Forecast Spending in the Domestic IoT Market, 2023 to 2028) by IDC Japan
*5. The data on the automation market was created based on data on the factory automation market size from the Current Production Statistics from the Ministry of Economy, Trade and Industry and data on the logistics robot market from *Butsuryu Robot Shijo Kibo Suii* (trends in the size of the logistics robot market) from Yano Research Institute. The data on the electrification market were created based on Japan electric vehicle market.

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Creating career Well-being for engineers in the markets of (customer needs for) productivity improvement based on the combination of people and technologies



Productivity improvement markets

SI, AI, IoT, and Automation and electrification

Sub-segment

IT and DX Solutions

Sub-segment

Temporary
staffing/Freelancers

Sub-segment

Engineering

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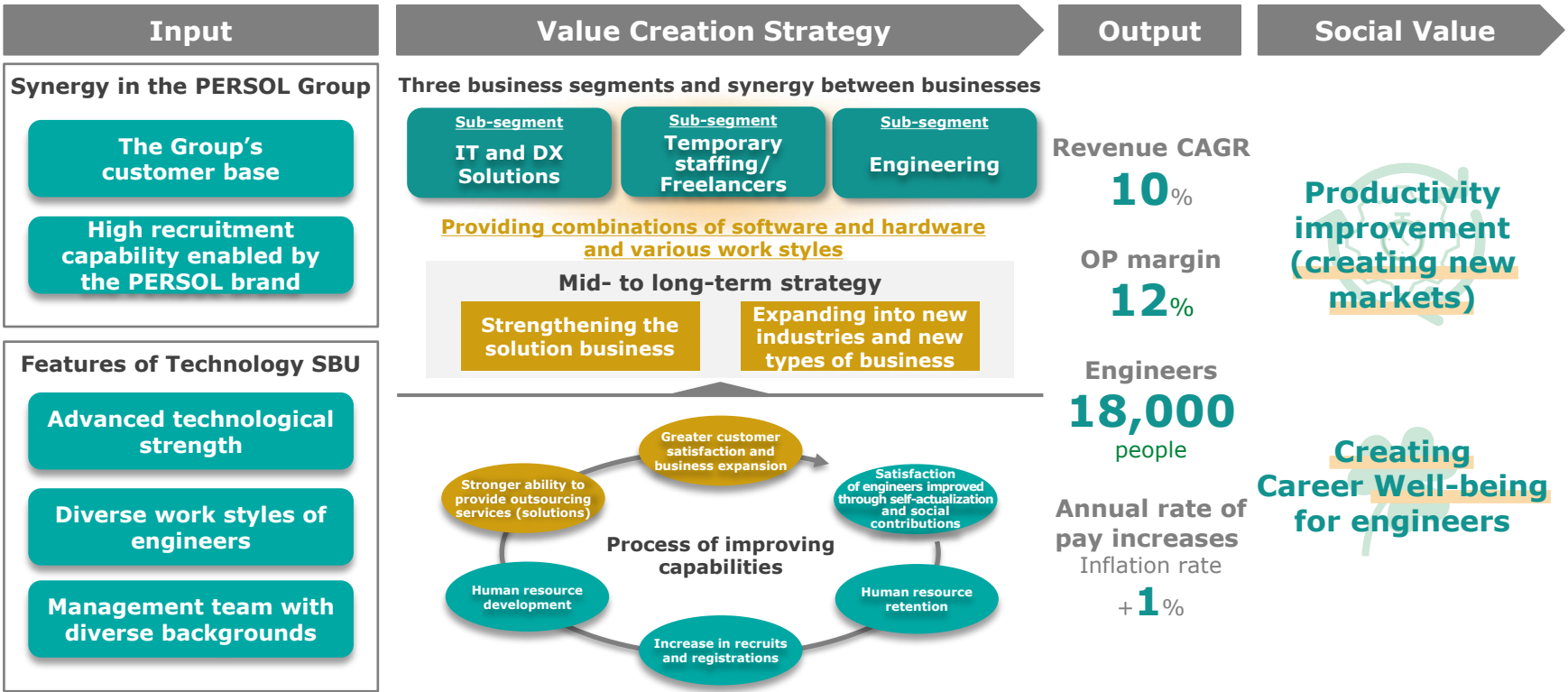
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Value Creation Process

Steadily executing a growth strategy for value creation with the aim of **creating Well-being for engineers in the productivity improvement markets**



Input

PERSOL Group Synergies

Expanding business by leveraging the customer base and recruitment capability of PERSOL Group

Input

Synergy in the PERSOL Group

The Group's customer base

High recruitment capability enabled by the PERSOL brand

Features of Technology SBU

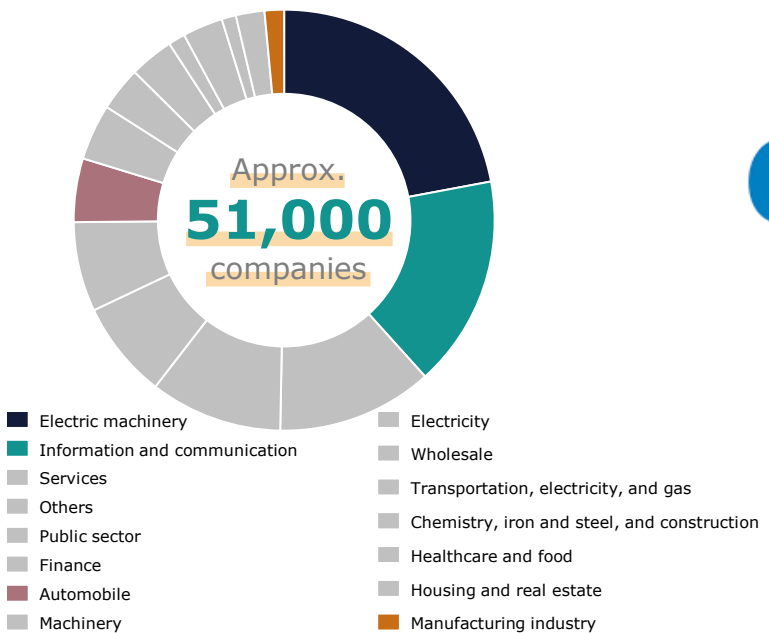
Advanced technological strength

Diverse work styles of engineers

Management team with diverse backgrounds

PERSOL Group's customers (FY2023)

Nearly half of the Group's customers are from the industries of Technology SBU's major customers.



Recruitment know-how

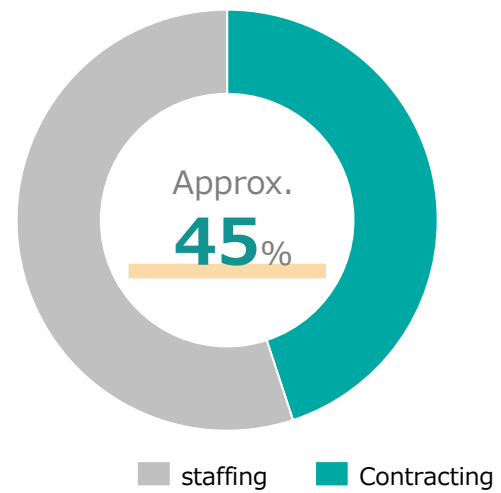


Features of Technology SBU (Technological Capabilities) 1/3

Technology SBU has a high level of technological capabilities with a proven track record.

Ratio of contracting services in FY2023

Generally, contracting services require a higher level of technological capabilities than temporary staffing. Technology SBU has a higher ratio of contracting services than its competitors.

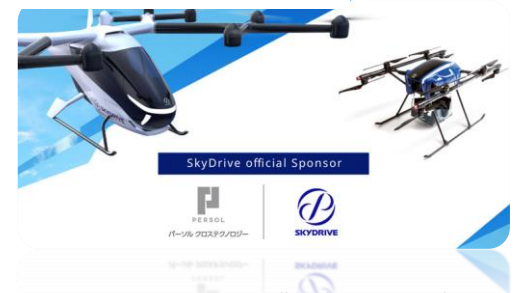


Examples

▼ Dakar Rally (HINO TEAM SUGAWARA)



▼ Flying Cars (Sky Drive)



Input

Synergy in the PERSOL Group

The Group's customer base

High recruitment capability enabled by the PERSOL brand

Features of Technology SBU

Advanced technological strength

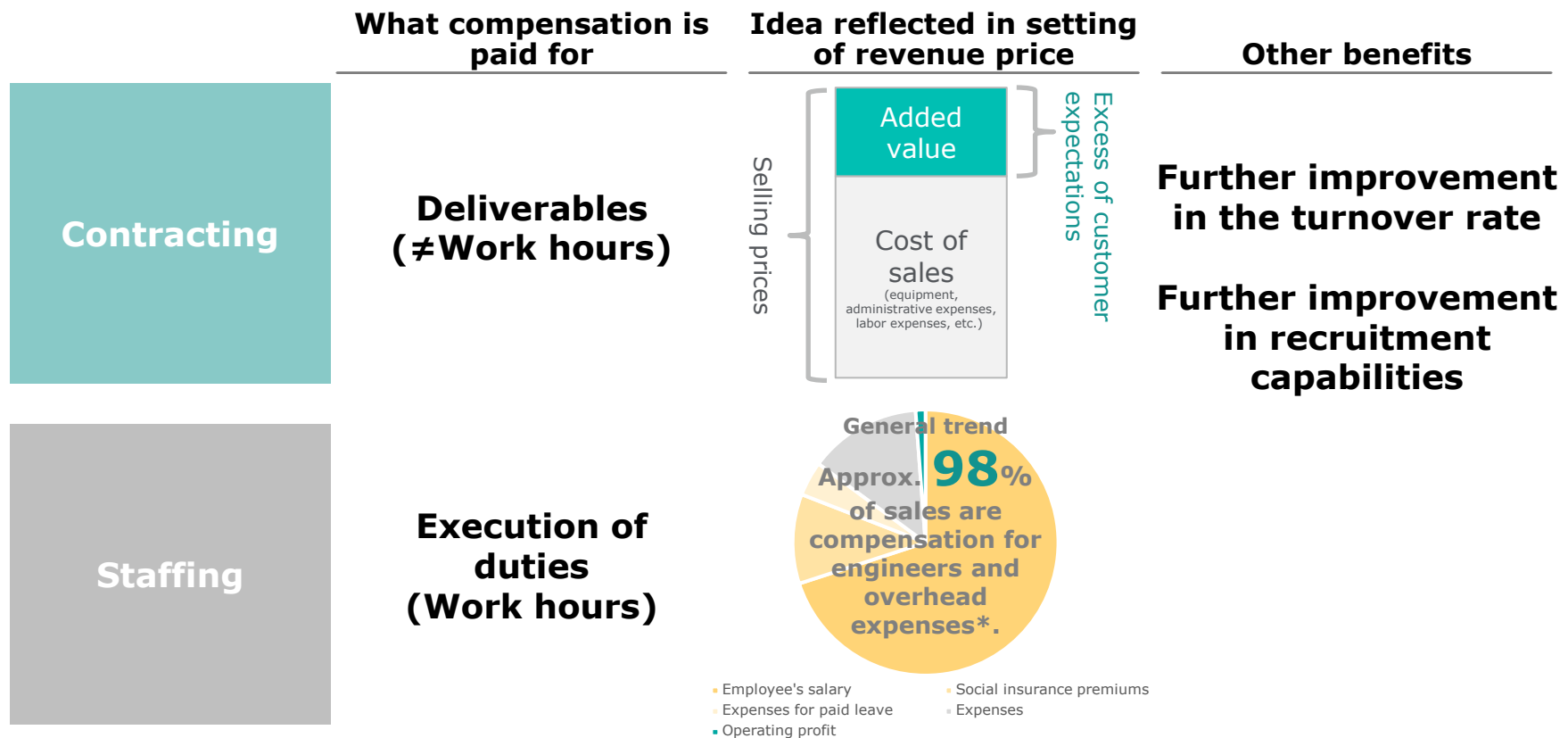
Diverse work styles of engineers

Management team with diverse backgrounds

How to Win(Why Do We Increase the Ratio of Contracting Services?)



**In temporary staffing contracts, labor hours is the key of revenue.
In contracting services, value is the source of revenue.**



- Employee's salary
- Expenses for paid leave
- Operating profit
- Social insurance premiums
- Expenses

* Source: Japan Staffing Services Association

Features of Technology SBU (Technological Capabilities) 2/3

We have built a mission-critical system which boasts leading level of data traffic in Japan. We lead **projects** PERSOL **which involve 5.0 billion yen and 600 engineers.**

Input

Synergy in the PERSOL Group

The Group's customer base

High recruitment capability enabled by the PERSOL brand

Features of Technology SBU

Advanced technological strength

Diverse work styles of engineers

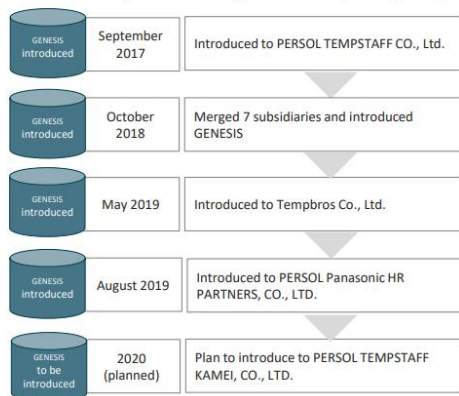
Management team with diverse backgrounds

Re-statement from the financial results for the second quarter of the fiscal year ending March 31, 2020

Increased efficiency by "GENESIS," staffing back-end process system

- Introduction of Genesis enabled a offsite matching center to be opened which has led to a 1.7 times increase in the number of matching decisions per coordinator.
- Additionally, the Genesis has been introduced in all the companies (except Avanti Staff) of temporary staffing in business area through merger of the Group companies.

Genesis was introduced to subsidiaries in temporary staffing segment and the companies that newly joined the Group through merger.

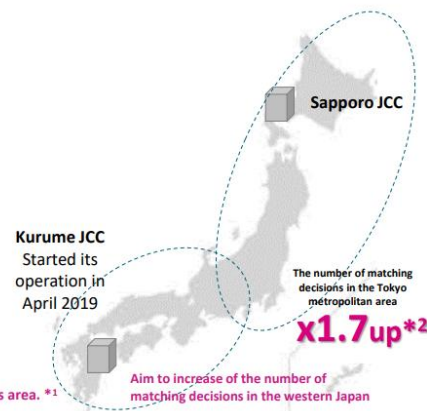


Introduction of GENESIS has been completed in temporary staffing in business area. *1

*1: Except Avanti Staff Corp. that joined the Group in Jan. 2019

*2: Results for the period from April to June 2019

Job Coordinate Center (JCC) roll-out area

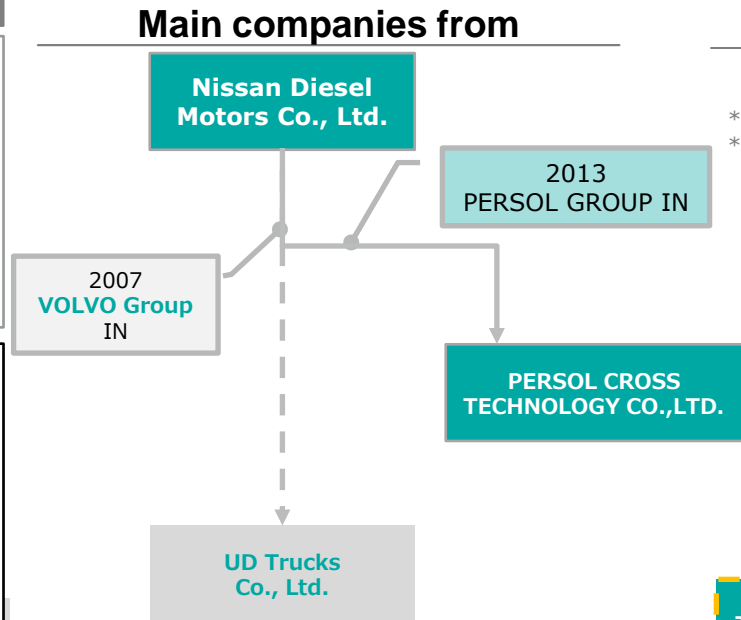


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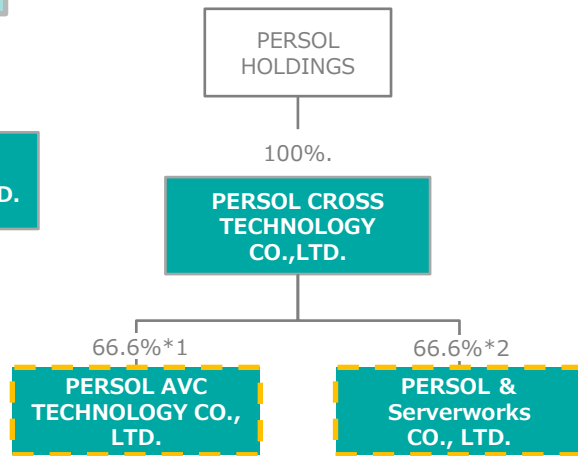
Technology SBU Features (Technical Capabilities) 3/3

Technology SBUs come from manufacturers with solid technical capabilities, such as Nissan Diesel and Panasonic.



Major capital relationship partners (joint venture)

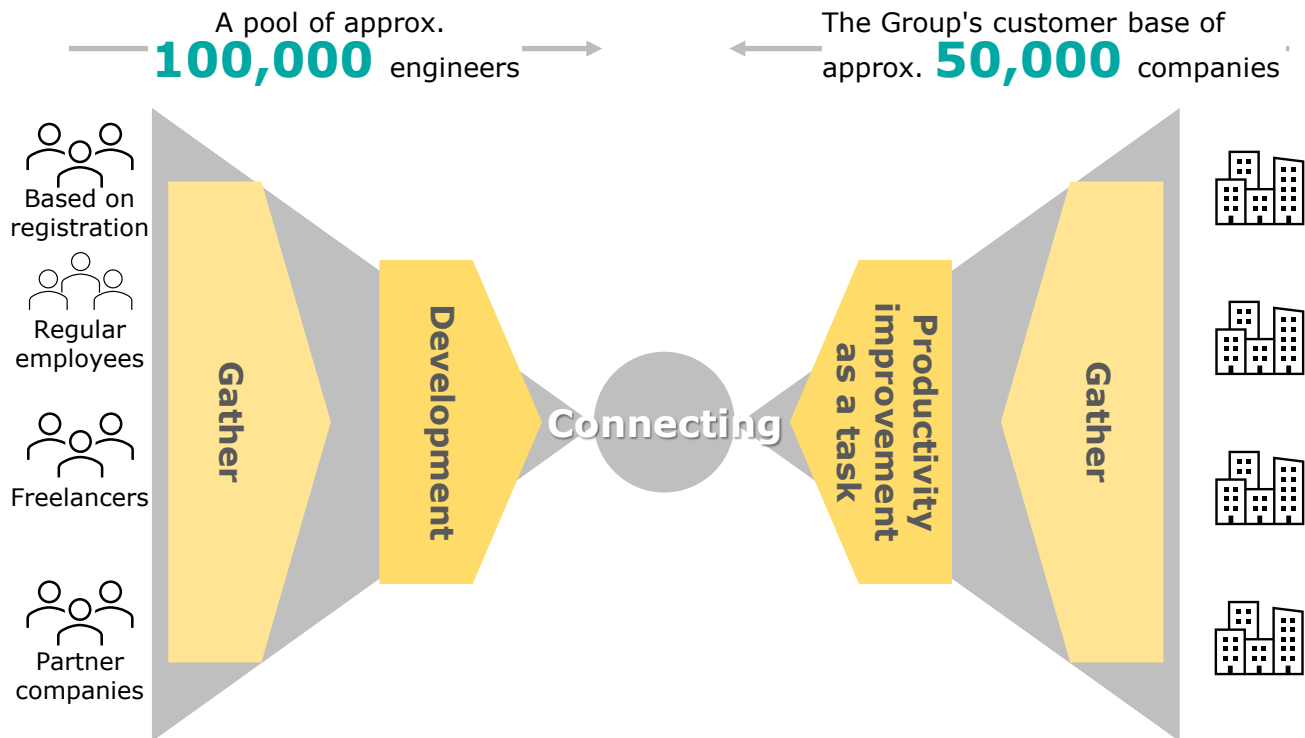
- *1 Minority shareholders are [Panasonic Corporation](#)
- *2 Minority shareholders are [Serverworks, Inc.](#)



Features of Technology SBU (Diverse Engineers x Customer Base)



Potential of the SBU



BoD members with various backbones

Diversification of directors and executive officers with the intention to become upstream and solutions businesses

Input

Synergies of the PERSOL Group

Group Customer Base

By PERSOL Brand
High recruiting power

Technology SBU Features

High technology

A variety of engineers
way of working

Diverse backgrounds
Management Team



President and CEO
Shinji Masaki

[Main career history]

1997.4 Joined PERSOL TEMPSTAFF
2016.4 Executive Officer of PERSOL HD (present post)
2020.4 Head of Tech SBU (present post)



Executive Vice President and Executive Officer

Eiji Isoda

[Main career history]

1998.2 Joined the present PERSOL TEMP STAFF
2018.4 Former President of Persol Technology Staff
2020.4 President of former Persol R&D
2023.1 Vice President of Personnel Cross Technology (present post)



Director and Executive Officer

Koichi Sato

[Main career history]

1989.4 Joined Mitsubishi Precision Co.
1996.8 Joined **Sony Corporation**
2019.6 Cookdeli, Inc.
2020.12 PERSOL CROSS TECHNOLOGY, INC.
2021.4 President of Parsol AVCT (present post)
2023.4 Director, PERSOL CROSS TECHNOLOGY (present post)



Director and Executive Officer

Teruo Kawabata

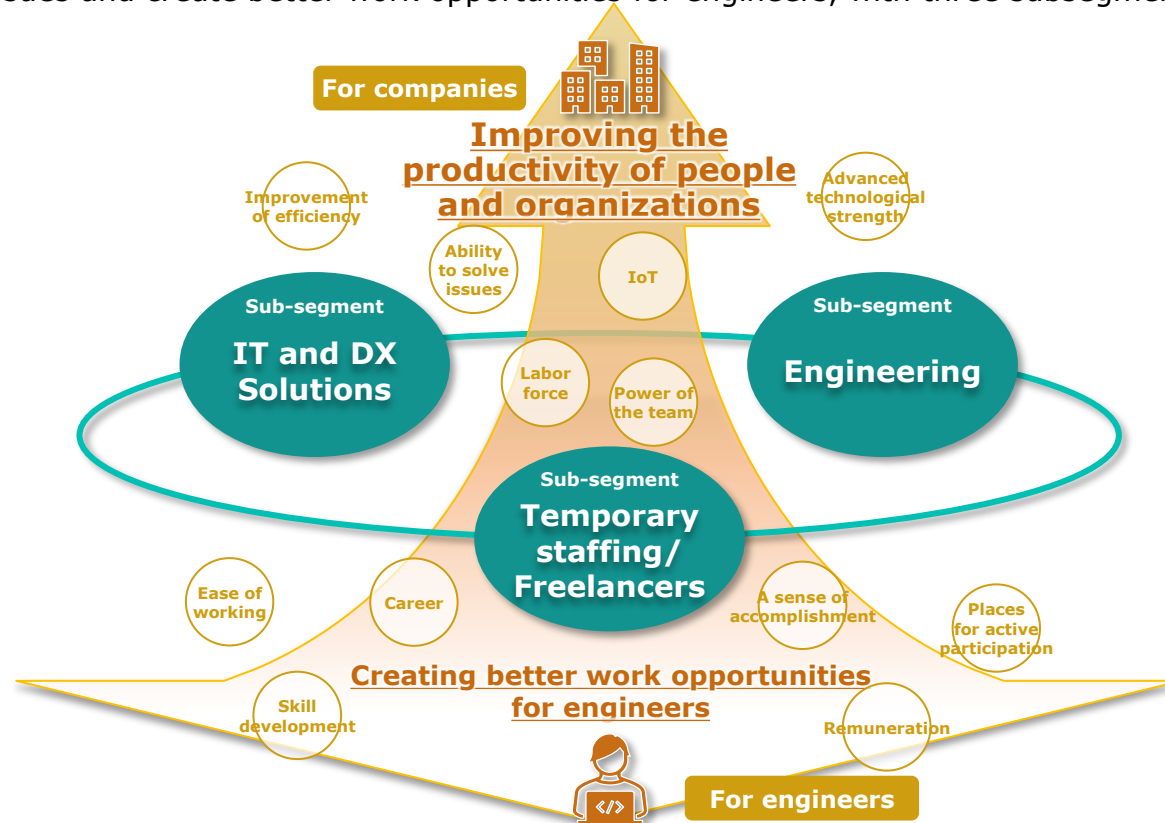
[Main career history]

1996.5 Joined **Accenture**
2008 Appointed partner of the company
2015 Appointed executive partner of the company
2023.10 Director, PERSOL CROSS TECHNOLOGY (present post)

Value Creation Strategy

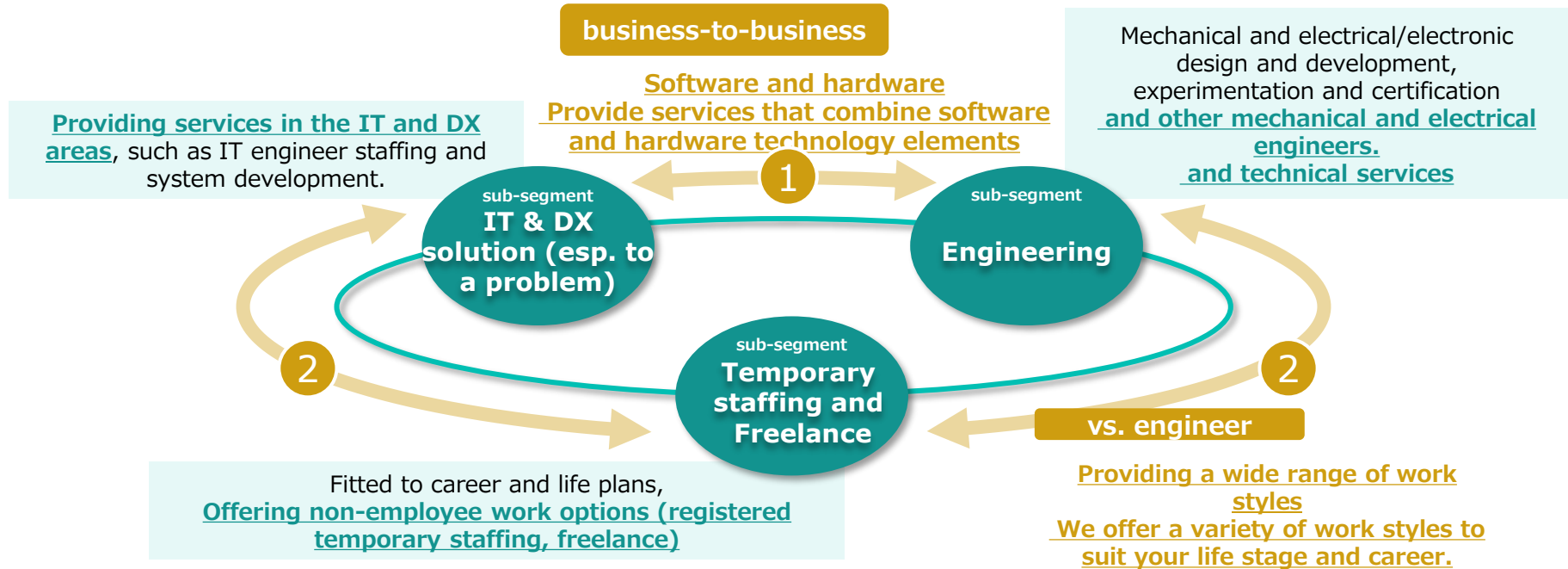
Subsegments and Missions of Technology SBU

We improve the productivity of people and organizations with diverse technological capabilities and the ability to solve issues and create better work opportunities for engineers, with three subsegments.



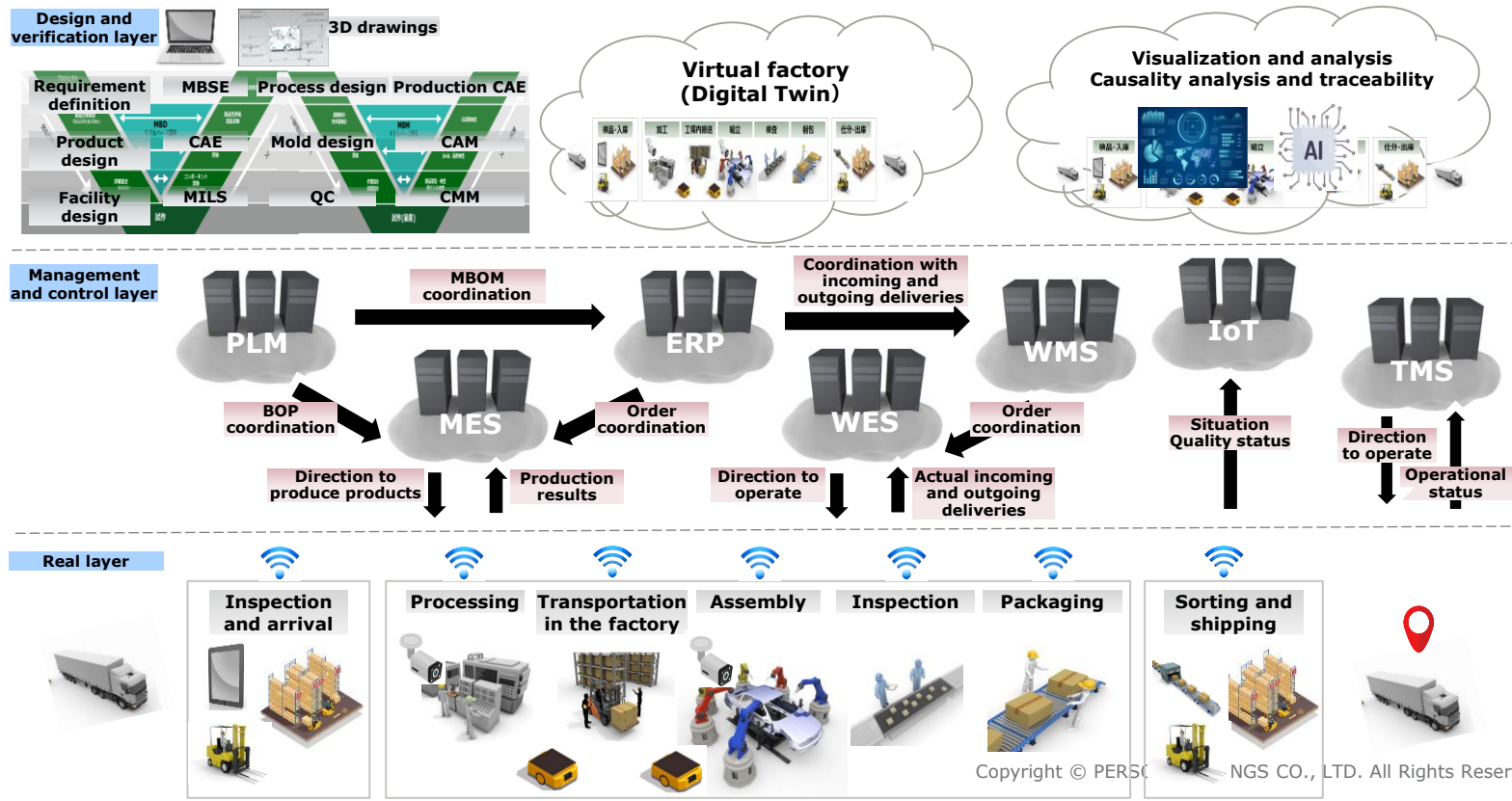
Sub-segments and synergies

Distinctive SBUs that can create synergies between sub-segments and provide two value propositions to customers: solution services and engineering supply



Synergy between Businesses ①: (Manufacturing and Logistics DX) Examples of Services Combining Subsegments

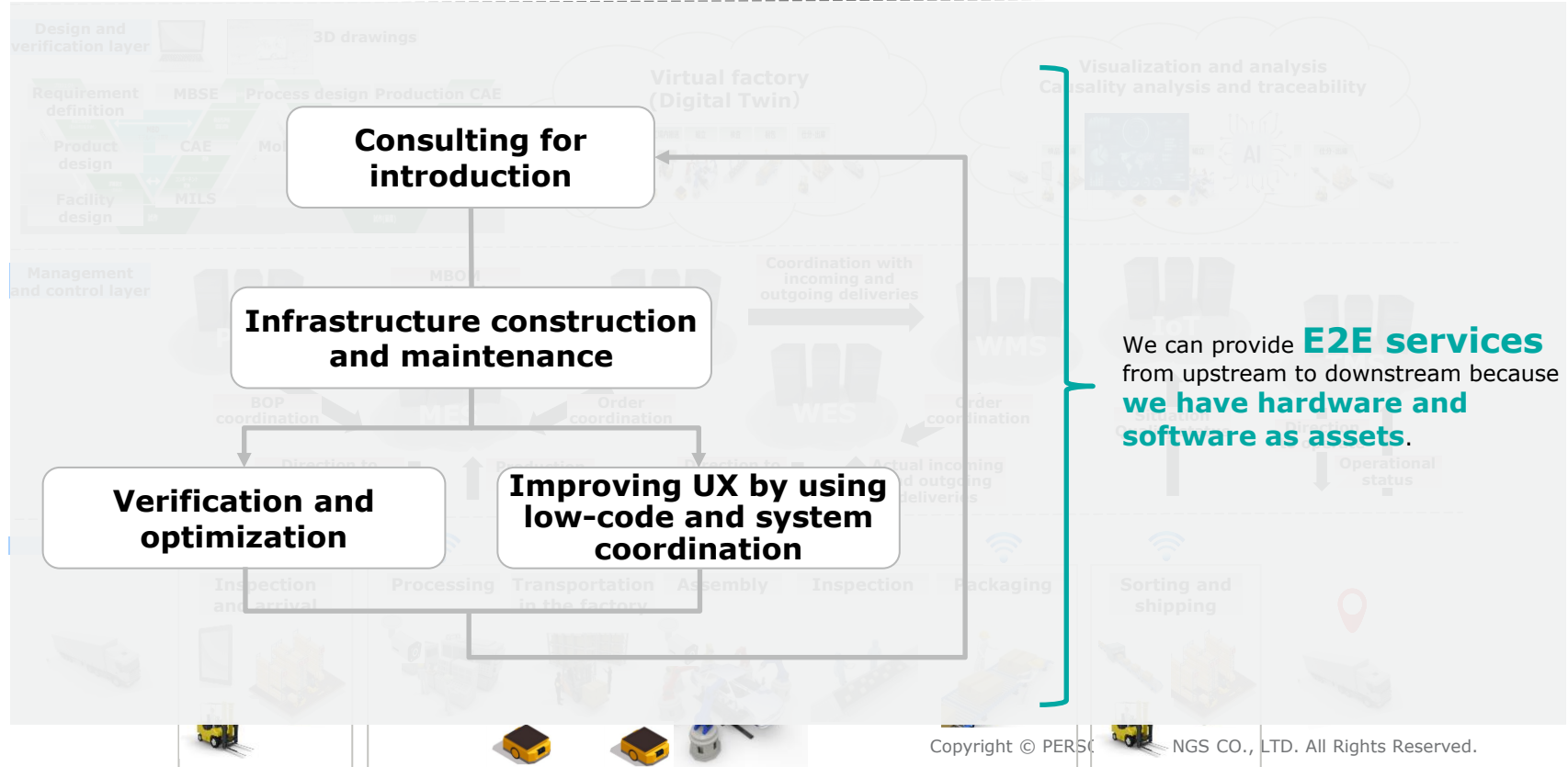
In the technological spheres of IT and engineering, we provide one-of-a-kind productivity improvement services that our competitors cannot imitate.



Synergy between Businesses ①: (Manufacturing and Logistics DX)

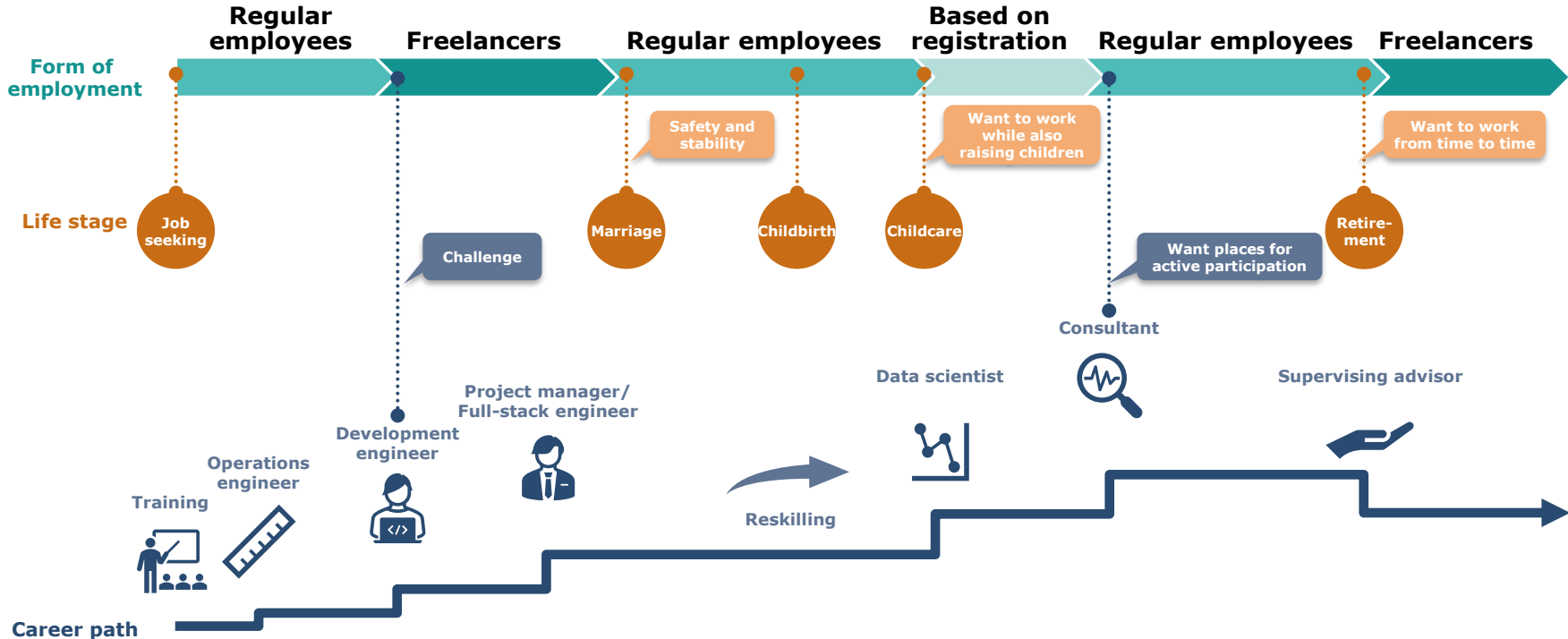
Examples of Services Combining Subsegments

In the technological spheres of IT and engineering, we provide one-of-a-kind productivity improvement services that our competitors cannot imitate.



Synergy between Businesses 2: Offering Diverse Work Styles to Engineers

We can suggest work styles to engineers tailored to their skills or life stage. We can build lasting relationships by providing career development support tailored to each engineer.



Output

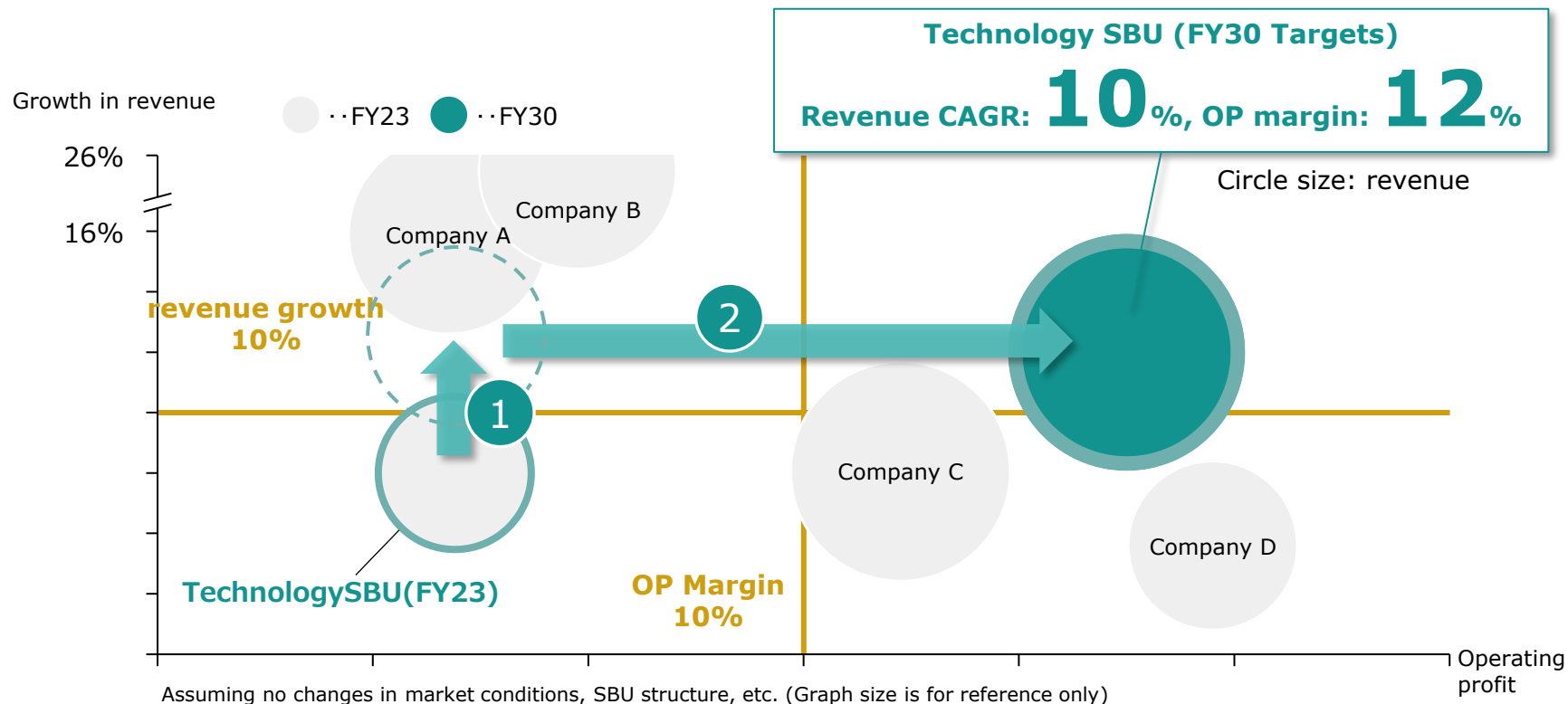
Make it happen*

Financial Indicators	Technology SBU OP Margin	<u>12%</u> [Around 2030]
	Revenue CAGR	<u>10%</u> [2023→2030]
	Operating profit CAGR	<u>20%</u> [2023→2030]
Non-financial Indicators	Number of engineers	<u>18,000 people</u>
	Pay increase rates (employees)	<u>Inflation + 1.0%</u>

*If there are no changes in market conditions and assumptions for this SBU structure, etc.

Goal in 2030 (financial targets*)

The current mid-term plan aims to achieve revenue growth on par with competitors (1), while the next mid-term plan aims to increase profitability while maintaining growth.



Position among Engineer Dispatching Companies in Japan

In terms of revenue, Technology SBU is ranked among the top 5 engineer dispatching companies in Japan.

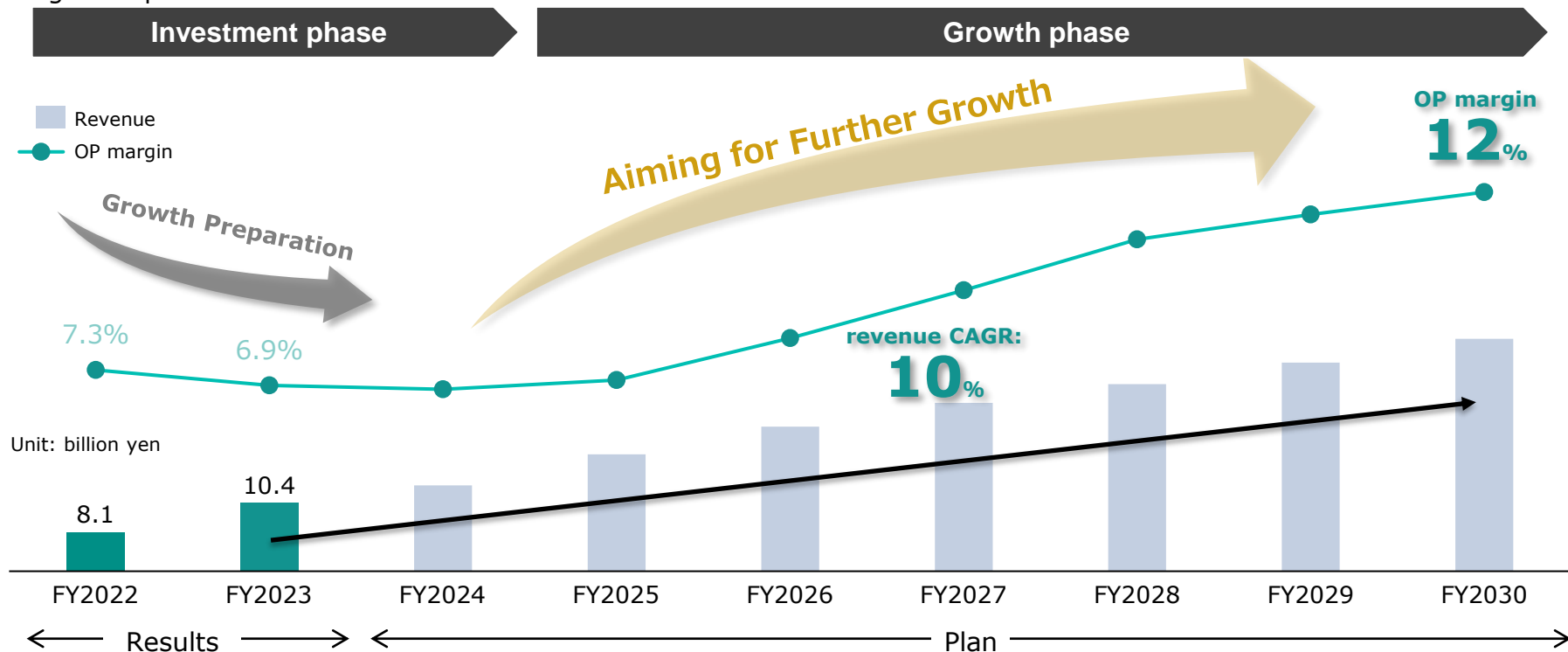
[Changes in revenue of engineer dispatching business at major engineer dispatching companies* (million yen)]

Rank	Company name	Revenue				Operating profit				revenue CAGR	OP margin
		FY19	FY20	FY21	FY22	FY19	FY20	FY21	FY22	FY19 - 22	FY22
1	TechnoPro Holdings	158,407	161,316	178,756	199,851	15,772	19,461	20,641	21,838	8.1%	10.9%
2	Outsourcing (Delisted in June 2024) Engineering outsourcing business in Japan	105,937	126,887	152,073	164,776	7,454	9,891	10,140	11,018	15.9%	6.7%
3	Open Up Group	81,755	95,110	148,573	161,689	4,666	3,356	10,103	12,760	25.5%	7.9%
4	MEITEC Group Holdings	100,995	96,626	107,140	119,069	12,926	10,234	12,817	16,462	5.6%	13.8%
5	PERSOL Group (now Technology SBU)	105,826	113,095	121,109	90,985	6,310	4,028	6,934	4,745	Omitted (There was a structural change during the period.)	5.6%
6	WDB Holdings	43,108	44,126	46,876	47,602	4,956	5,109	6,314	5,508	3.4%	11.6%
7	Altech Corporation	36,371	35,754	39,262	43,648	4,015	3,641	3,876	4,649	6.3%	10.7%
8	WILLTEC	24,801	25,278	29,971	33,231	1,130	440	384	991	10.2%	3.0%
9	HIRAYAMA HOLDINGS	22,970	23,043	27,978	31,674	380	532	692	893	11.3%	2.8%
10	Forum Engineering	32,115	27,728	26,914	28,751	4,079	2,349	1,834	1,622	-3.6%	5.6%

* Created by PERSOL based on results of the survey on the engineer dispatching service market by Yano Research Institute and data disclosed by each company. Among the values for the SBU, those for FY2019 to FY2021 apply to Professional Outsourcing SBU (before the partial split to BPO SBU) and those for FY2022 apply to the current Technology SBU.

Growth trajectory toward 2030*

Up to now, the investment phase (preparation for growth) has included the acquisition of technological capabilities and the development of systems. Toward the next medium-term management plan, this SBU will move into the growth phase



Assuming no changes in market conditions, SBU structure, etc. (Graph size is for reference only)

Acquisition of Technologies and Development of a Framework for Growth

Investments phase

Growth phase



We have aggressively invested in growth, such as establishing a consulting department for enhancing the upstream process, launching a new company with a systems integrator specializing in cloud computing to enhance the ability to provide support for system introduction, and completing an absorption-type split within PERSOL HOLDINGS.

Jan. 2023

Established Persol Cross Technology Co., Ltd.

PERSOL R&D CO., LTD., PERSOL TECHNOLOGY STAFF CO., LTD., and PERSOL Professional Outsourcing Co., Ltd. merged and changed the company name to PERSOL CROSS TECHNOLOGY CO., LTD., with the main purpose of **combining software and hardware technology elements.**

2023

Establishment of an IT consulting department

We established an **IT consulting department**, which combines diverse assets held by PERSOL Group to provide one-stop support for various industries in processes that include the planning of DX and IT strategies, systems development, manufacturing, and operation and maintenance.

Jan. 2024

Launch of a new company with a systems integrator specializing in cloud computing

We launched a new company engaged in temporary staffing of **AWS engineers**, with Serverworks, a systems integrator specializing in cloud computing. The company supports the promotion of DX and introduction, operation, and maintenance of cloud computing, among other areas, by combining PERSOL's human resource supply capacity and customer base with **Serverworks' technological capabilities.**

Jul. 2024

Absorption-type split of SSO business and security service business

We **have further enhanced services** in the IT and security areas and built a framework that **enables the provision of services throughout all processes**, from consulting and other services in the upstream process and systems development, maintenance, and others in the downstream process.

Policy on Strategies for Growth toward 2030

Investments phase

Growth phase



Shift to solutions business based on the temporary staffing business cultivated to date

Basic Strategy (1)

Shifting to the solution business

Changing the weapon

From the provision of a labor force

- To the provision of solutions to customer issues
- Evolution into services crossing diverse technological capabilities

Changing the quality

In addition to conventional engineers, we will:

- Develop and strengthen human resources for consulting and PMO, AI and digital technologies, and others (i.e., further increase in the ratio of outsourced contracting)

Basic Strategy (2)

Expanding into new industries and new types of business

Changing the market

In addition to existing markets and corporate customers, we will:

- Expand into industries where digitalization and DX have yet to take hold
- Enter growth industries and emerging industries

Improving productivity of people and organizations with technologies

Provision of labor

2023

2028

2030

Strategies in Sub-Segment

		Shifting to the solution business		Expanding into various industries and types of business
Sub-segment	Strategies and policies	Changing the weapon	Changing the quality	Changing the market
IT and DX Solutions	Deploying E2E services for strengthening solutions	E2E services starting from consulting	Strengthening the development and recruitment of Consulting and PMO human resources	Manufacturing and logistics , where DX is delayed
	Driving a combination of people and people, people and technologies, and technologies and technologies	IoT and Security service	Strengthening the development and recruitment of IoT and security engineers	Public sector, local governments, food, healthcare, transportation/ construction machinery, national defense and security
Engineering	Increasing the ratio of contracting services to strengthen solutions	Developing electrification and automation into solutions	Strengthening the development and recruitment of Simulation and experiment engineers	Aerospace domain, semiconductors, construction and plant domain
Temporary staffing/ Freelancers	From matching business to employment retention business	From matching business to employment retention business	Sales style reform (Inbound --> Outbound sales)	Registered staff --> Freelancers

2030 Targets (Major KPIs)

We have broken down the component of revenue into revenue per engineer, recruitment rate, and turnover rate and rate of contract termination, and manage them as major KPIs. To achieve 2030 financial targets, we will strive to improve revenue per engineer and the turnover rate and rate of contract termination in particular, aiming to improve profitability.

<u>Major KPIs</u>		AsIs (FY2023)	ToBe (FY2030)
Revenue per engineer		Compared to the industry's largest company, the unit price of engineer dispatching (per hour) is <u>several hundred yen lower.</u>	Strengthening problem-solving services (solutions) <u>to increase revenue per engineer to the industry-leading level</u>
Number of engineers	Recruitment rate* ¹	<u>Has remained higher than our two competitors</u> since the previous year	(Maintaining the current momentum)
	Turnover rate* ² and rate of contract termination* ³	While the level is equivalent to Japan's average turnover rate of 8.7%* ⁴ , <u>it is higher than our two competitors.</u>	<u>Improving the turnover rate and rate of contract termination to an industry-leading level</u> by providing engineers with diverse work styles

*1. Recruitment rate: (Number of new graduates hired + number of mid-career workers hired)/Number of staff members belonging to the company as of the end of the fiscal year

*2. Rate of contract termination: Number of staff members who are not active at the beginning of the current month among those who were active in the beginning of the previous month/Number of staff members who are active at the beginning of the current month

*3. Turnover rate: Number of cost employees who retired in the current fiscal year/Number of cost employees in the beginning of the fiscal year (including new employees and mid-career employees who joined the company on April 1)

*4. Source: Survey on Employment Trends, 2023 from the Ministry of Health, Labour and Welfare

Business Portfolio Transformation

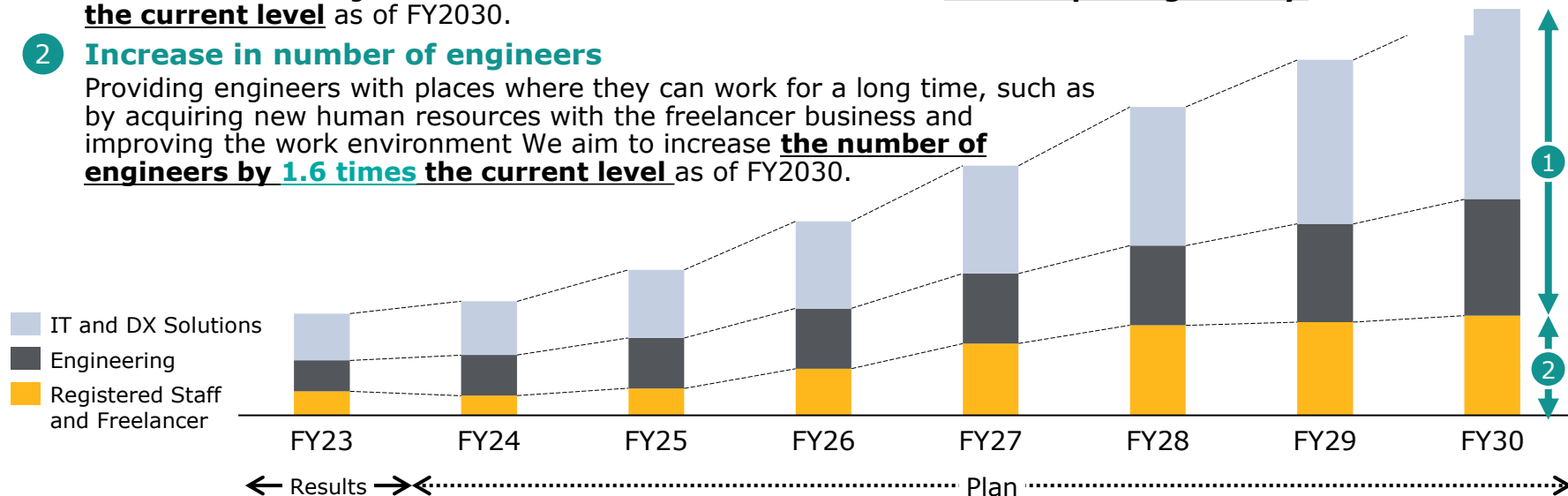
-- Changes in Operating Profit of Each Subsegment --

① Increasing revenue per engineer

In IT and DX Solutions and Engineering, we will strengthen problem-solving services (solutions) to convert them into high value-added services. We aim to increase **revenue per engineer by 1.3 times the current level** as of FY2030.

② Increase in number of engineers

Providing engineers with places where they can work for a long time, such as by acquiring new human resources with the freelancer business and improving the work environment We aim to increase **the number of engineers by 1.6 times the current level** as of FY2030.

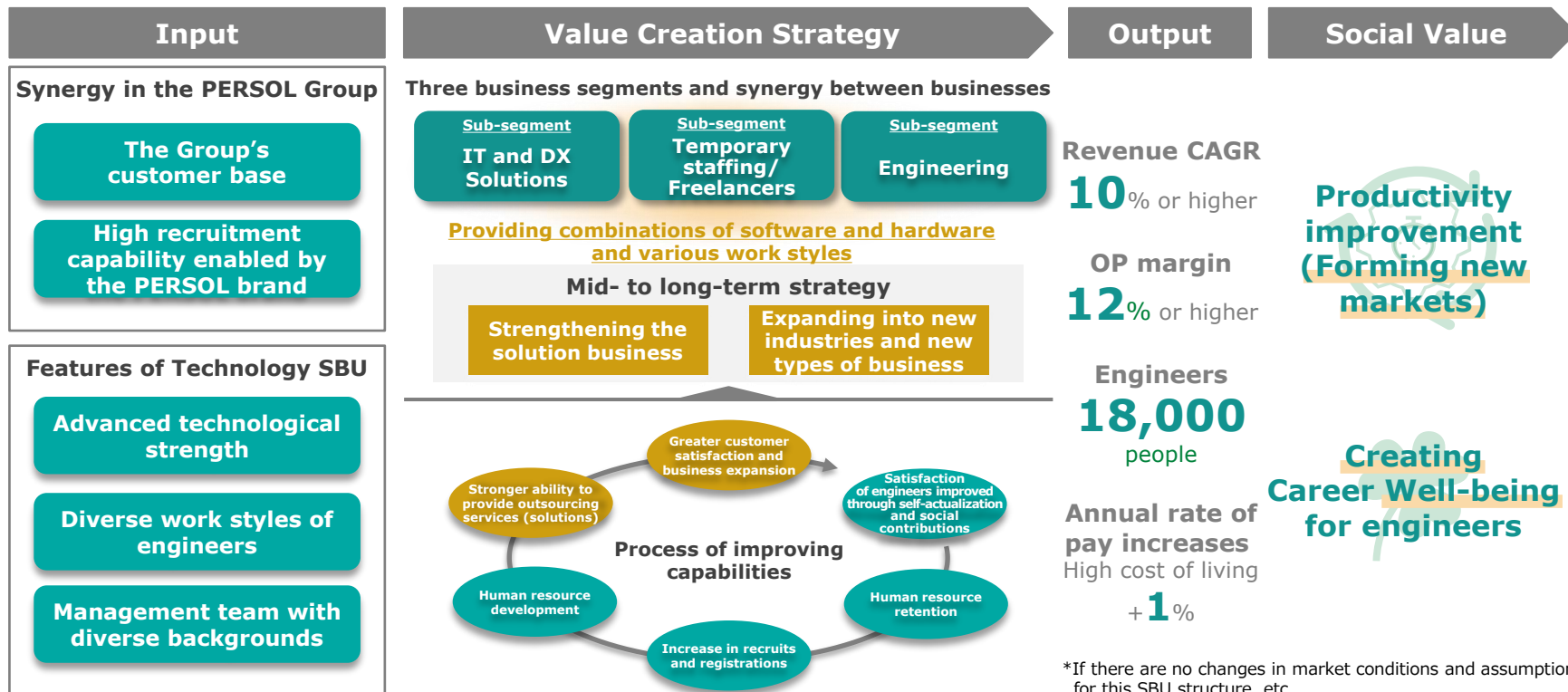


Revenue per engineer [Compared with FY2023]	1.0	-	-	-	-	1.2	-	1.3
Number of engineers [Compared with FY2023]	1.0	-	-	-	-	1.5	-	1.6

* Size of the graph element is for illustrative purposes only

Value Creation Process

Steadily executing a growth strategy for value creation with the aim of **creating Well-being for engineers in the productivity improvement markets**



*If there are no changes in market conditions and assumptions for this SBU structure, etc.

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(Reference) Case Studies

▼ Migration to Azure Partner Award



▼ Construction DX (system for inspecting reinforcing bars)



▼ Flying Cars (Sky Drive)



▼ Dakar Rally (HINO TEAM SUGAWARA)



▼ PARTNER MOBILITY ONE, a compact, self-driving mobility vehicle



Work and Smile



Disclaimer



The statements concerning PERSOL HOLDINGS's future business performances in this material such as earnings forecasts are based on information available as of July 2, 2024 and certain assumptions deemed to be reasonable by PERSOL HOLDINGS, and do not mean that PERSOL HOLDINGS promises to achieve these figures. Actual results may differ materially from the statements due to a variety of factors.

The figures and indicators included in this material have been released to facilitate an appropriate understanding for business results and financial status of PERSOL Group. Kindly note that not all the figures and indicators have been subjected to audit and review by external auditors.