

A Total Sales/Marketing Solution Provider for Maximizing Client Profitability

# Direct Marketing MiX Inc.

## Financial results briefing (FY12/2023 1Q)

May 10<sup>th</sup>,2023

**DmMiX**  
(7354)

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# Financial Results Highlights (FY12/2023 1Q)

Despite the drop in vaccination-related business following the rapid increase in the same period of the previous fiscal year and effects from cooling of enthusiasm for the fiscal year-end sales season for telecom. infrastructure, **steady progress on sales revenue and profit was made as expected**

<b>Sales revenue</b>	<b>8.7 billion yen</b>	YoY	-14.3%
		Change from previous quarter	+1.4%
<b>EBITDA*1</b>	<b>2.0 billion yen</b>	YoY	-33.9%
		Change from previous quarter	+50.3%
<b>Operating profit</b>	<b>1.6 billion yen</b>	YoY	-39.4%
		Change from previous quarter	+70.1%
<b>Net income*2</b>	<b>1.1 billion yen</b>	YoY	-38.0%
		Change from previous quarter	+42.4%

\*1 EBITDA = operating profit + depreciation + amortization

\*2 Profit attributable to owners of parent

# Financial Results Highlights (FY12/2023 1Q)

## Topics

### Sales revenue

- Sales revenue from the vaccination-related business, which grew in the same period of the previous fiscal year, declined as expected, and telecom. infrastructure is in the process of recovering
- Business in new sectors, a focus of efforts since FY12/2022, grew and diversification of the client portfolio away from bias toward telecom. infrastructure proceeded

### (By sector)

- Telecom. infrastructure: As a result of a review of costs in conjunction with group reorganization by our main client, there was a decline in incentives and last-minute demand, which generally increase during our 1st quarter, which corresponds to the end of the client's fiscal year. The "online helper<sup>\*1</sup>" business and other businesses for supporting the transition from brick-and-mortar shops to digital channels expanded steadily
- Public: The vaccination-related business decreased, as expected, but higher name recognition and relationship building in the public sector contributed to new business
- Web/IT: Cashless payment, our core business in this sector, was solid. Healthcare-related BPO increased substantially  
We continued active expansion into various service areas (XaaS<sup>\*2</sup>) such as system integration
- EC: Demand for health and beauty related materials increased as a result of higher health awareness since the COVID-19 pandemic
- Finance: Prior investment starting in FY12/2022 for new development in banking and securities was successfully monetized. The shift from the conventional insurance agencies business is proceeding

### Profits

- Profit levels decreased as a result of the decline in the vaccination-related business, which drove profitability in the same period of the previous fiscal year due to its high profitability compared to existing businesses
- Striving to improve profitability in existing businesses through hybrid inbound/outbound operations and organizational reinforcement, etc., the Company achieved solid results compared to the full-year forecast

\*1 Our helpers, who have wide-ranging product knowledge and strong sales skills, use an online system to conduct non-face-to-face sales and provide support to customers in stores in place of shop staff members

\*2 Abbreviation for "Everything as a service" "X as a service"

# FY12/2023 1Q P/L

Both sales revenue and profits were as expected. Monetization was achieved in new businesses, and diversification of the client portfolio is progressing

- Sales revenue: Decreased YoY due to a drop from the 1st quarter of the prior year, when revenue exceeded expectation, along with a lull in telecom. infrastructure, but steadily increased QoQ
- Profits: In line with full-year forecast, even though profit decreased due to the decline of the vaccination-related business, which drove high profitability in the same period of the prior fiscal year

## Consolidated P/L full-year forecast

( ¥ mm)	2022/12	2023/12	
	Full year	Forecast	YoY
<b>Sales revenue</b>	<b>34,674</b>	<b>36,000</b>	<b>+3.8%</b>
Operating expenses	(28,942)	—	—
Other revenue	67	—	—
Other expenses	(27)	—	—
<b>Operating profit</b>	<b>5,771</b>	<b>5,800</b>	<b>+0.5%</b>
<b>Operating profit margin</b>	<b>16.6%</b>	<b>16.1%</b>	<b>-0.5pt</b>
Financial profit	3	—	—
Financial expenses	(44)	—	—
<b>Profit before tax</b>	<b>5,731</b>	<b>5,760</b>	<b>+0.5%</b>
Income tax expense	(1,928)	—	—
<b>Net income<sup>*1</sup></b>	<b>3,803</b>	<b>3,770</b>	<b>-0.9%</b>
<b>Net income margin</b>	<b>11.0%</b>	<b>10.5%</b>	<b>-0.5pt</b>
<b>EBITDA<sup>*2</sup></b>	<b>7,234</b>	<b>7,382</b>	<b>+2.0%</b>
<b>EBITDA margin</b>	<b>20.9%</b>	<b>20.5%</b>	<b>-0.4pt</b>

## Consolidated P/L 1Q results

2022/12	2023/12		
	1Q	1Q	Progress rate <sup>*3</sup>
<b>Results</b>	<b>Results</b>	<b>YoY</b>	<b>Progress rate<sup>*3</sup></b>
<b>10,137</b>	<b>8,686</b>	<b>-14.3%</b>	<b>24.1%</b>
(7,454)	(7,047)	-5.5%	—
16	10	—	—
(2)	(17)	—	—
<b>2,696</b>	<b>1,633</b>	<b>-39.4%</b>	<b>28.2%</b>
<b>26.6%</b>	<b>18.8%</b>	<b>-7.8pt</b>	—
1	1	—	—
(12)	(10)	—	—
<b>2,685</b>	<b>1,623</b>	<b>-39.5%</b>	<b>28.2%</b>
(952)	(549)	—	—
<b>1,733</b>	<b>1,075</b>	<b>-38.0%</b>	<b>28.5%</b>
<b>17.1%</b>	<b>12.4%</b>	<b>-4.7pt</b>	—
<b>3,049</b>	<b>2,017</b>	<b>-33.9%</b>	<b>27.3%</b>
<b>30.1%</b>	<b>23.2%</b>	<b>-6.9pt</b>	—

\*1 Profit attributable to owners of parent

\*2 EBITDA = operating profit + depreciation + amortization

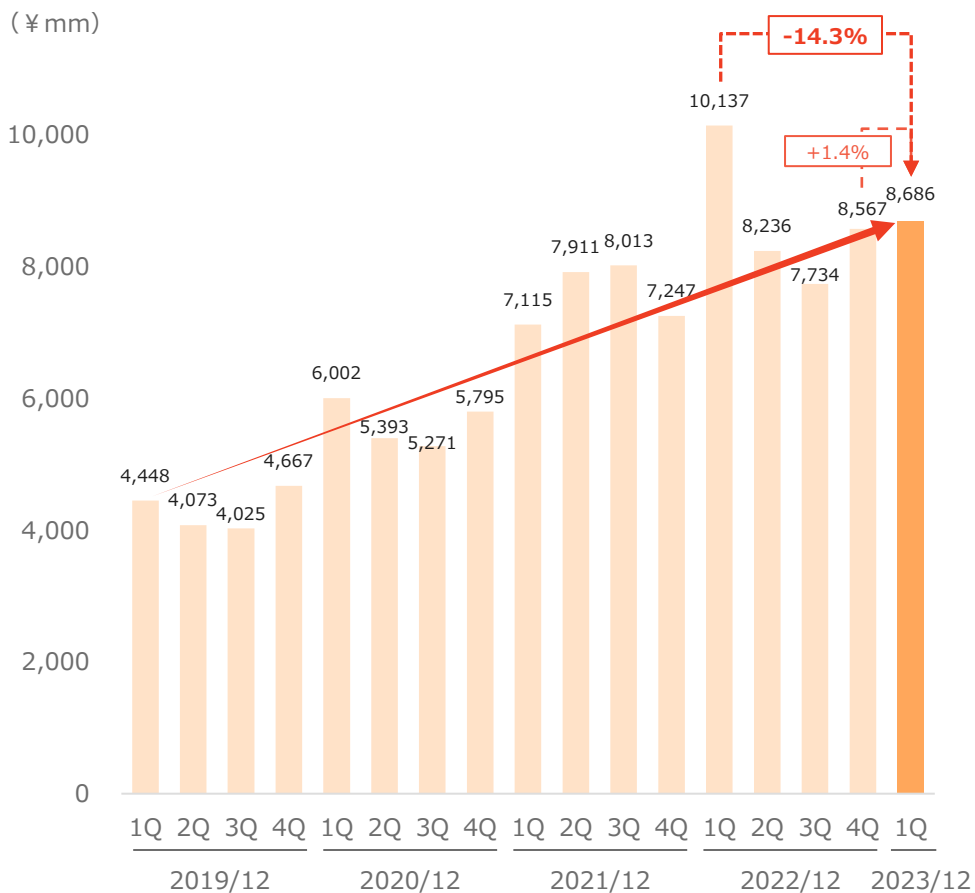
\*3 2023/12 progress rate against the full-year earnings forecast

# Quarterly Results

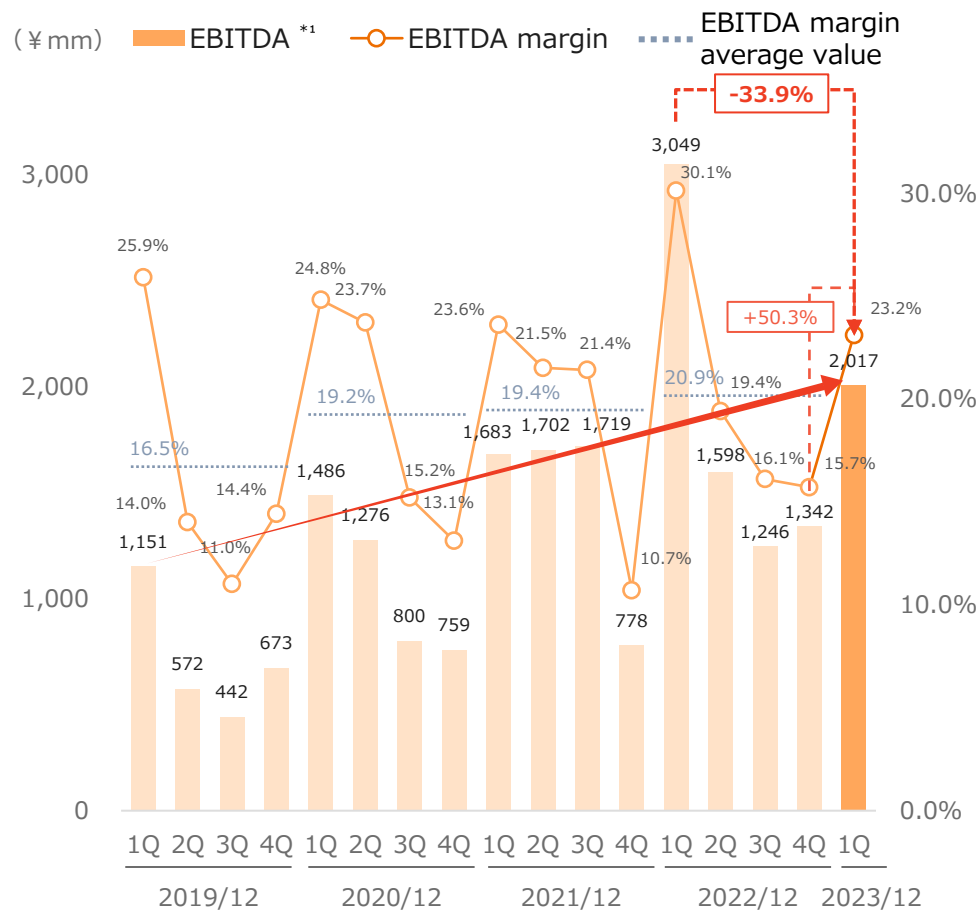
## Growth was maintained along the existing growth curve

- Sales revenue: Although there was a reactionary decline from the same period of the previous year, the reduction in the core business of the main clients in the telecom. infrastructure sector has already bottomed out and sales grew
- EBITDA\*1: Achieved margins comparable to past years, although enthusiasm for the fiscal year-end sales season was limited

### Quarterly changes in consolidated sales revenue



### Quarterly trends in EBITDA\*1· EBITDA margin

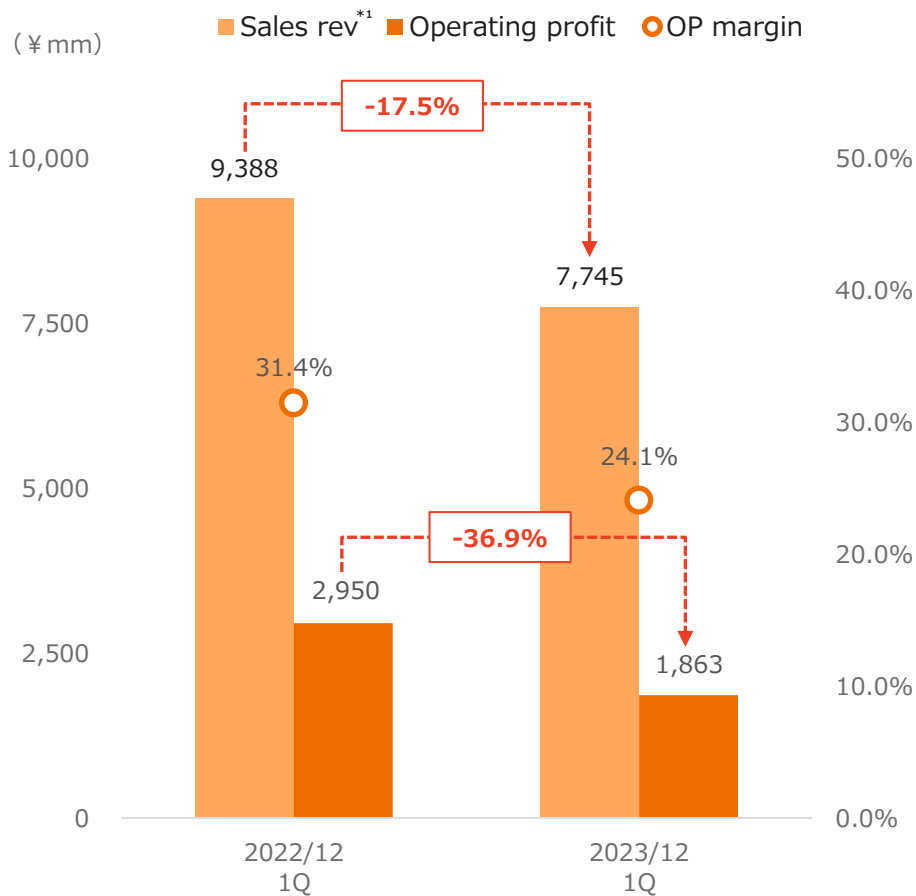


\*1 EBITDA = operating profit + depreciation + amortization

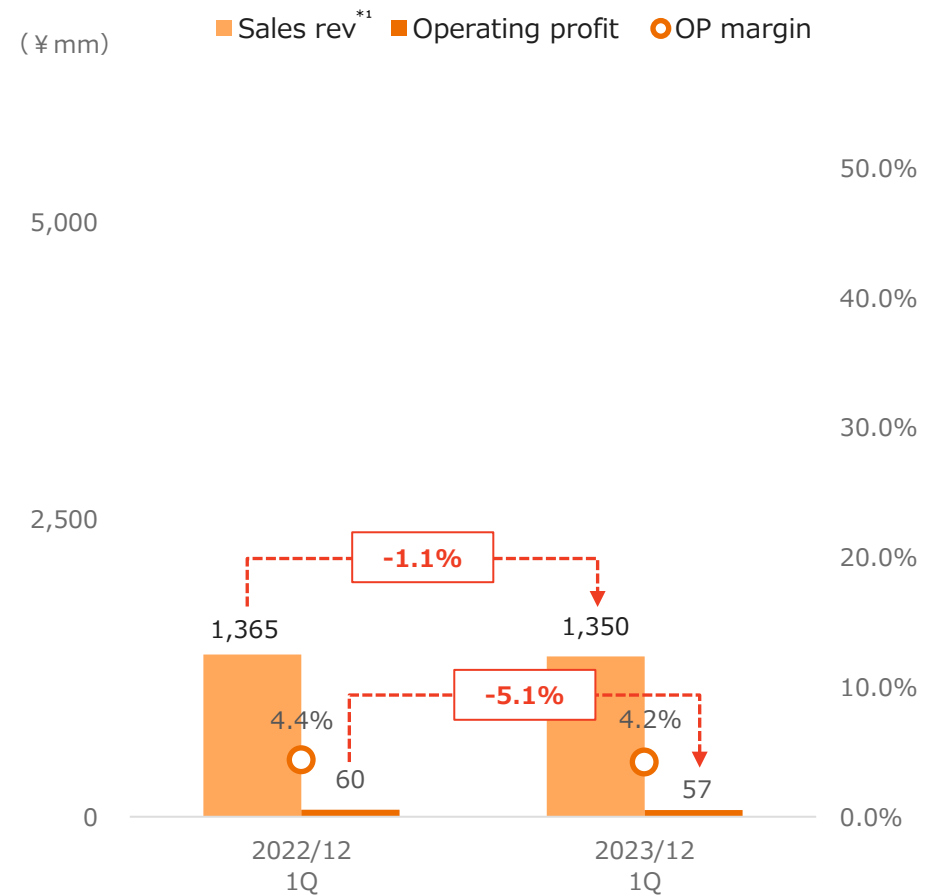
# Results per Segment

- **Marketing business:** Progressed as expected. We continue to focus on development of new business in wide-ranging areas including Web/IT and finance
- **On-site business:** The recruiting market was strong. Sales revenue at the same level as the same period of the previous fiscal year was secured

## Marketing business



## On-site business

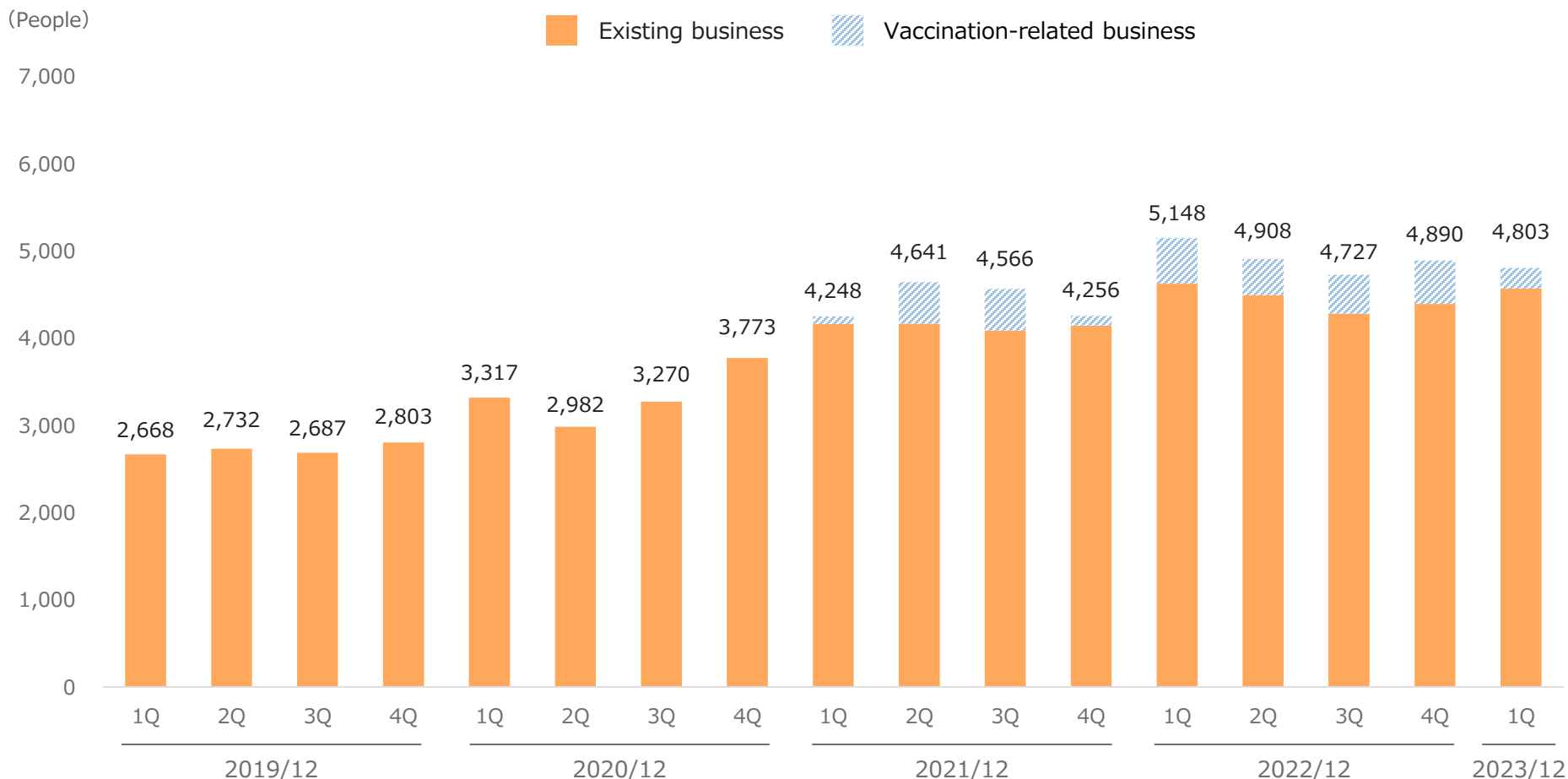




# Marketing Business KPI

- Despite effects from a temporary reduction of costs by telecom. infrastructure clients, we captured demand in various new sectors and the number of operating personnel increased

## Quarterly changes in the number of operating staff\*1



# FY12/2023 1Q B/S and C/F

- **Implemented stock repurchase** in February 2023 with the objectives of optimizing the Company's capital structure and reducing weighted average capital costs
- Operating cash flow declined due to seasonality. **Established a capital and business tied up with Nyle Inc.**

## Consolidated B/S

(¥ mm)	End of 2022/12	End of 2023/3	Change
<b>Total assets</b>	<b>30,532</b>	<b>26,906</b>	<b>(3,626)</b>
Current assets	13,083	9,397	(3,686)
Non-current assets	17,449	17,510	+61
Goodwill	10,984	10,984	–
<b>Total liabilities</b>	<b>14,947</b>	<b>13,008</b>	<b>(1,939)</b>
Current liabilities	8,685	7,063	(1,623)
Non-current liabilities	6,262	5,945	(317)
<b>Total equity</b>	<b>15,585</b>	<b>13,899</b>	<b>(1,686)</b>
Total equity attributable to owners of parent	15,585	13,899	(1,686)
<b>Total liabilities &amp; equity</b>	<b>30,532</b>	<b>26,906</b>	<b>(3,626)</b>

### Main factors of increase/decrease

- Equity: Total equity decreased by 1,686 million yen (compared to end of prior FY) as a result of a stock repurchase

## Consolidated C/F

(¥ mm)	2022/12 1Q	2023/12 1Q	Change	2022/12 Full year (Ref.)
Operating cash flow	(163)	(379)	(217)	5,117
Investment cash flow	(129)	(311)	(182)	(769)
Financial cash flow	(682)	(3,282)	(2,600)	(1,807)
<b>Free cash flow</b>	<b>(292)</b>	<b>(691)</b>	<b>(399)</b>	<b>4,348</b>

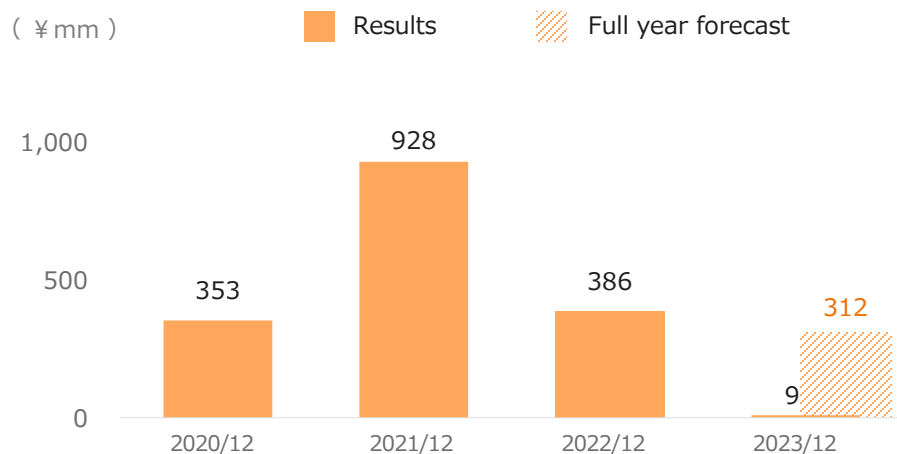
### Main factors of increase/decrease

- Operating cash flow: -1,061million yen (YoY) due to decrease in profit before tax  
+1,978 million yen (YoY) due to decrease in trade and other receivables  
-956 million yen (YoY) due to decrease in trade and other payables
- Investment cash flow: -300 million yen (YoY) due to purchase of investment securities
- Financial cash flow: -2,000 million yen (YoY) due to expenditures for a stock repurchase

# Investment Plan and Progress

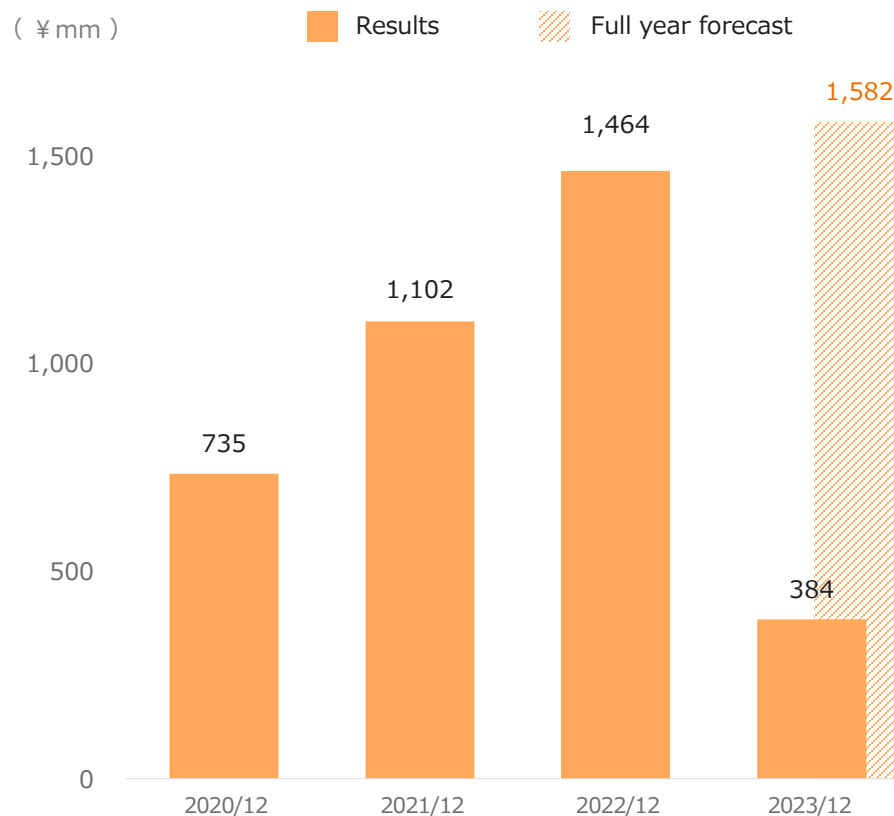
## Capital investment

- The results for the 1st quarter was 9 million yen, which is low progress, but there are no significant changes to the plan for the entire fiscal year
- We plan to respond flexibly if further office space expansion is needed this fiscal year



## Depreciation & Amortization

- The increase in depreciation in conjunction with large scale capital investment in FY12/2021 has come to an end and will be slightly higher in FY12/2023 compared to FY12/2022
- Progress is being made in line with plan compared to the forecast for the fiscal year



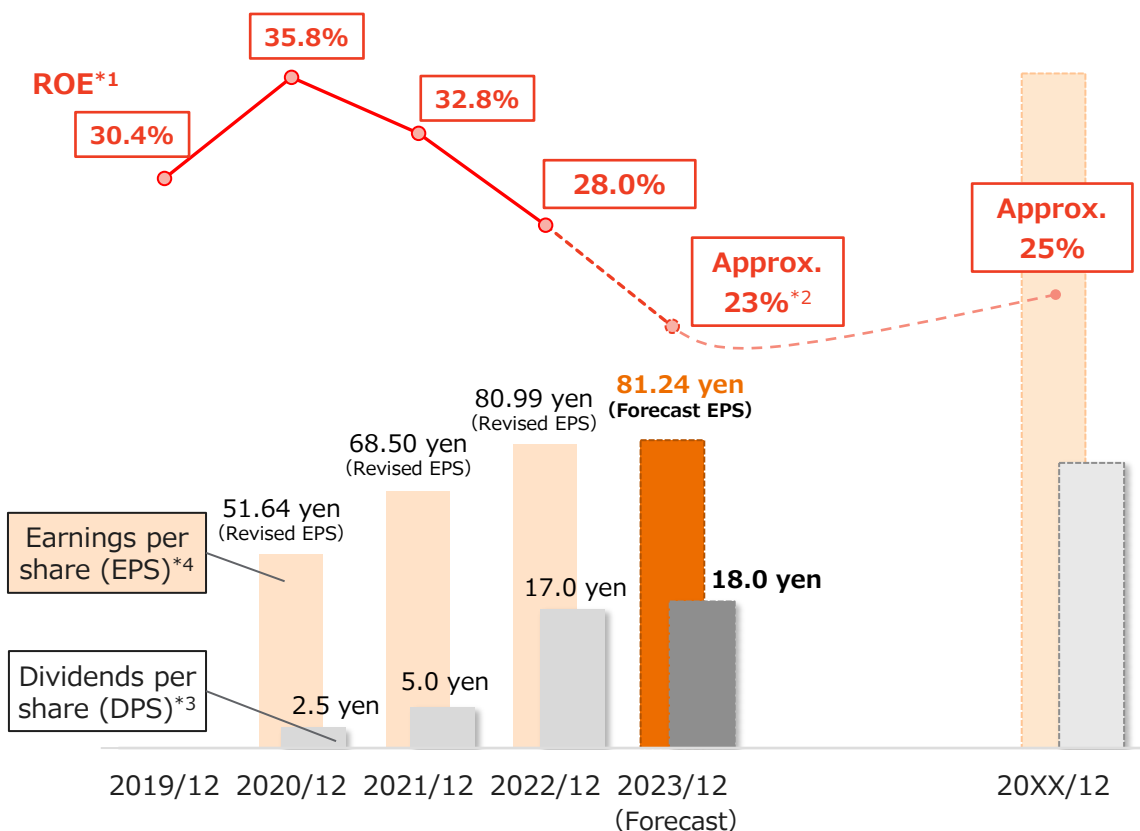
### Major capital investment breakdown

( ¥ mm )	2020	2021	2022	2023	
	Results	Results	Results	1Q Results	Full year forecast
Buildings and accompanying facilities	177	492	165	8	189
Tools, furniture and fixtures	165	405	213	1	124
Software	11	31	8	0	0

# Capital Policy

- A stock repurchase was implemented in February 2023 at a total cost of 2 billion yen. In combination with the dividend for FY12/2022, the total return ratio\*5 is 73.6%
- The planned year-end dividend for FY12/2023 is 18 yen per share

## Changes in main indicators



## Policy

- The dividend policy is to increase dividends in line with EPS growth (progressive dividends) with a target of a total return ratio of 40% including stock repurchase
- Assuming that there are no significant changes to the current profit structure, our medium-term goal is to maintain ROE at approximately 25%

## Reference: Results of stock repurchase

Total number of shares repurchased	1,171,600 shares *2.5% of total number of issued shares as of December 31, 2022 (excluding treasury shares)
Total amount	¥1,999,921,200
Date of repurchase	February 16, 2023
Repurchase method	Purchase through TSE Off-Auction Own Share Repurchase Trading System (ToSTNeT-3)

\*1 ROE= Net income/Average shareholders' equity during the fiscal period

\*2 Based on the most recent forecast; actual figures may differ due to various factors in the future

\*3 On January 1, 2022, the Company executed a two-for-one stock split of its common stock.

Earnings and dividends per share for the fiscal years ended December 31, 2020 and 2021 take into account the effects of the stock split

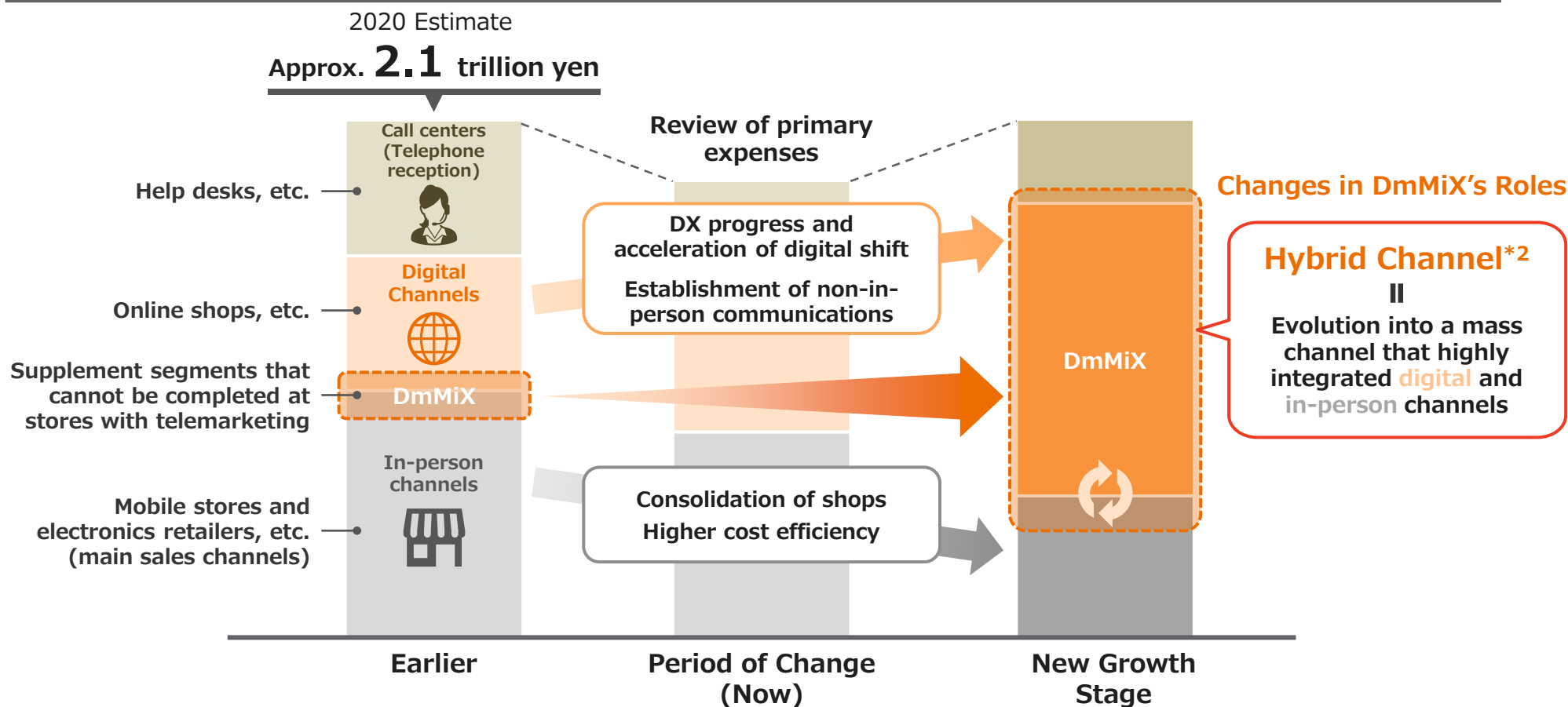
\*4 Revised EPS is calculated using the number of shares at the end of FY12/2022 (excluding treasury shares), and forecast EPS is calculated using the average number of shares outstanding during the 1st quarter of FY12/2023 (excluding treasury shares)

\*5 Total return ratio = (Total amount of dividends for FY12/2022 + Total amount of shares repurchased in February 2023)/ Net income in FY12/2022 © Direct Marketing MiX Inc.

# Growth Opportunities in the Telecommunications Infrastructure Sector

- As consolidation of shops progresses, **the digital shift will accelerate due to progression of DX**
- Although higher cost efficiency for clients will precede in the short term, **we will enter a new growth stage centered on digital channels in the medium- to long-term**
- **The period of social change will remain a business opportunity for the Company. Our strengths are touch points that connect newly-developed products/services with end users**

Image of breakdown changes in operating expenses for major telecommunications carriers<sup>\*1</sup>



\*1 Company estimates based on disclosure materials. Sales (agency) commissions plus operating (work) expenses within each company's sales expenses

\*2 A sales and support channel that integrates the real (brick-and-mortar stores) and online (web shops) including online customer service at stores and manned support for digital channels

# FY12/2023 1Q Topics

We formed a capital and business tie-up with Nyle Inc., which is driving DX in the mobility industry

Investment timing	January 2023
Type of investment	Minority investment
Business activities	<ul style="list-style-type: none"><li>• Provision of car subscription service “Carmo-kun” and other services</li></ul>
Investment objective	<ul style="list-style-type: none"><li>• <b>Expand client sectors</b><ul style="list-style-type: none"><li>– Make a first step toward full-scale entry in the mobility sector, which is positioned as an expected return sector</li></ul></li></ul>
Sector environment	<ul style="list-style-type: none"><li>• A major revolution in technology and services is occurring including DX implementation, autonomous driving, electric vehicles, and car sharing</li><li>• User needs are changing from new car purchase (ownership) to a subscription model (use)</li></ul>



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# DmMiX Group Overview

- **Sales & marketing professionals**, sustaining sales expansion since the foundation



President and CEO,  
Representative Executive Officer  
**Yuki Kobayashi**

1982 Born in Saitama Pref. Japan

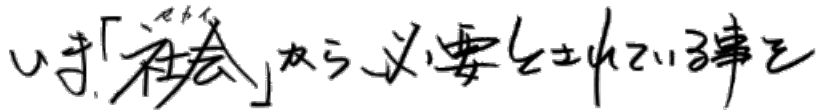
**2007 Founded Customer**  
**Relation Telemarketing Co., Ltd.**

2014 Appointed as CEO

2015 Appointed as CEO of DmMiX (formerly, CRTMHD)

2022 Appointed as Member of the Board of Directors,  
President and CEO, Representative Executive Officer  
(present post)

## Corporate Philosophy



Take on what our society needs now

## Vision

In our society, there are things we should not change  
With our voice, we must unite and change what must  
be changed

## Our Mission

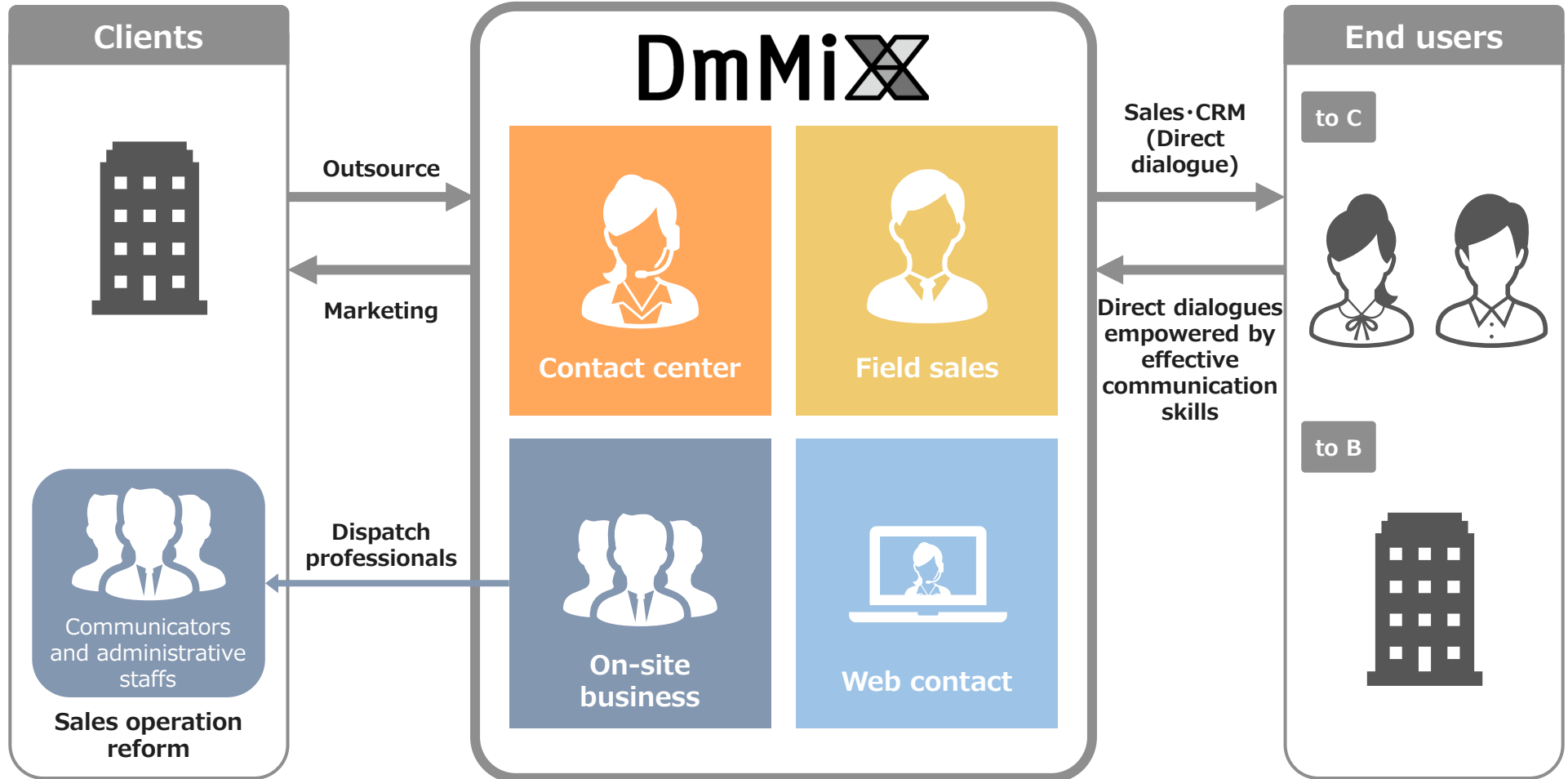




# Professional Services in Proactive Sales and Marketing









- **Direct marketing services** provided by our **group of sales and marketing professionals**

## Group of sales and marketing professionals



# Solutions provided by DmMiX

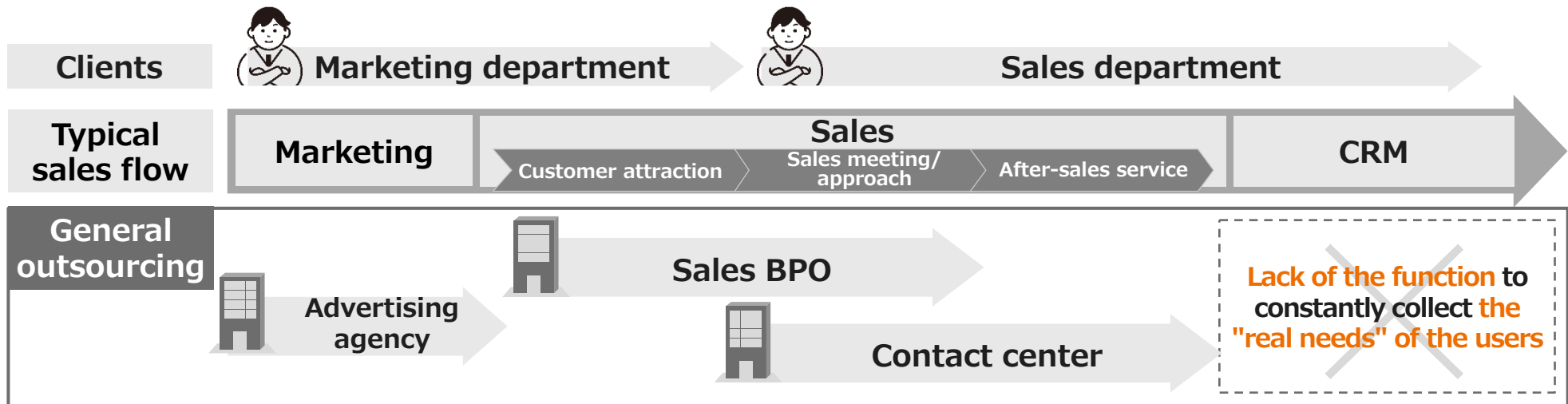
- Our team of sales and marketing professionals provides proactive solutions to sales and marketing issues ranging **from lack of sales force to DX promotion**
- Making it possible for clients to focus on their core business

	 Client issues	 Solutions provided by DmMiX
Competitiveness enhancement	 Lack of sales force	Flawless sales system created by a group of sales and marketing professionals
	 Improvement of cost effectiveness	Improvement of cost effectiveness by outsourcing and performance-based fee
	 Lack of skills and resources to sell a variety of products	Combining sales know-how cultivated in various industries and with various products with abundant human resources
Business model transformation	 Reaching the passive masses	Encourage decision-making by working with passive masses through outbound calls
	 ARPU improvement	Contribute to ARPU improvement by ensuring reach to all users and upsell & cross-sell
	 DX promotion	Promoting DX through the digitalization of conventional face-to-face services and social implementation of new digital services

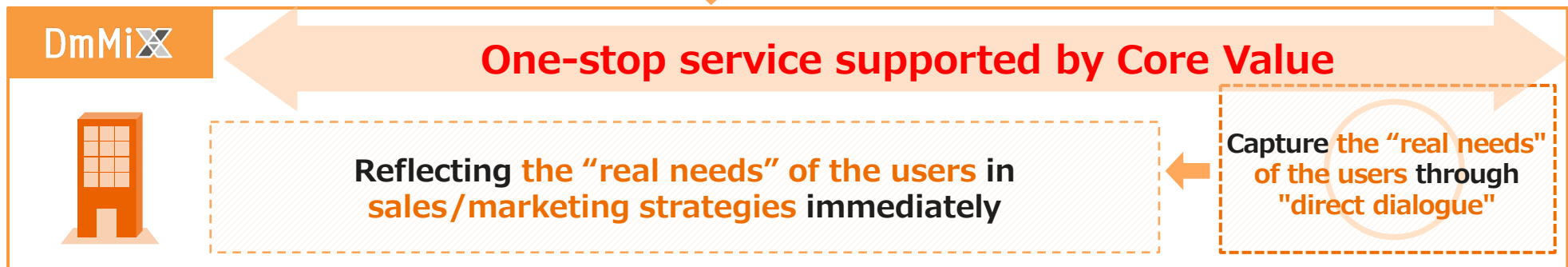
# One-stop Service for Clients' Sales Processes

- DmMiX supports clients in Marketing-Sales-CRM, one-stop provision of essential functions in sales
- We offer direct marketing that **connects the "real needs" of the users** obtained in the process **to the next strategies formulation**

Differences between typical external services and DmMiX services



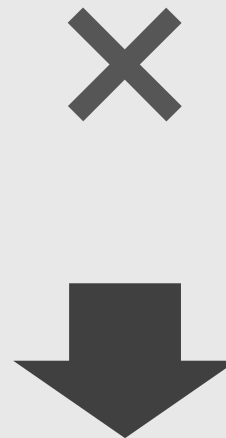
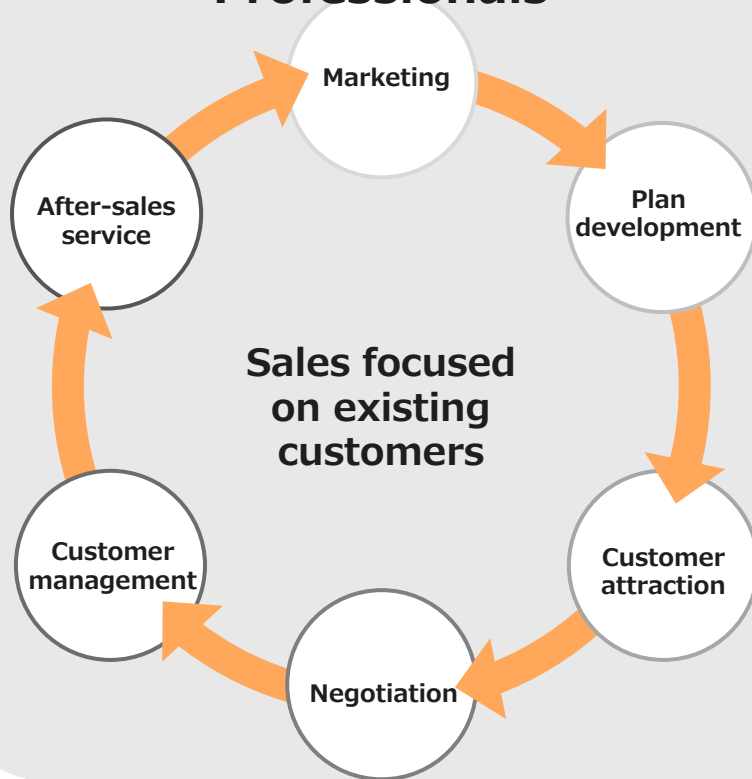
↓ After switching



# DX Promotion by Leveraging Sales and Marketing Strengths

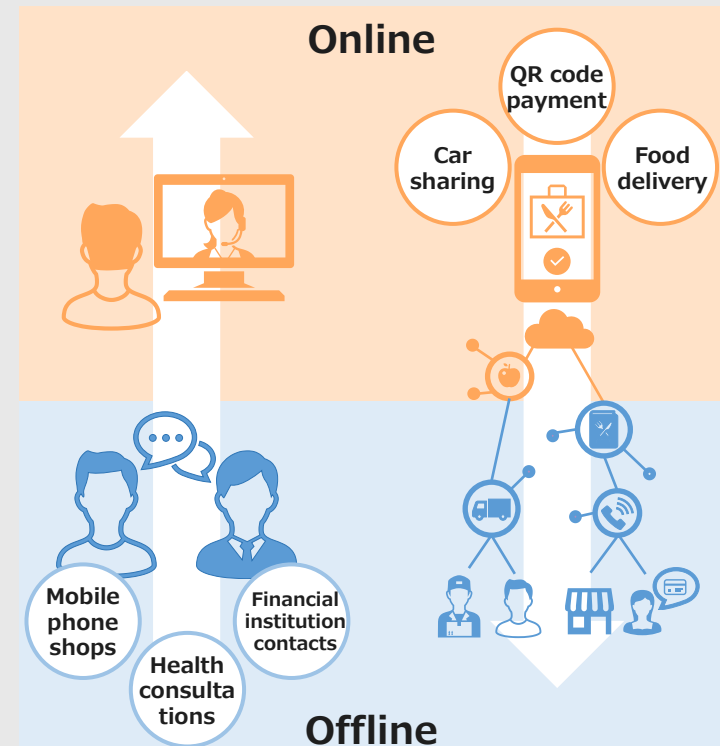
- By leveraging our strength in developing one-stop sales and marketing services with a focus on the maintenance of deep base of existing customers, **we also act as a DX enabler**
- In addition to **(i) digitalization of conventional face-to-face services**, we promote **(ii) social implementation of new digital services**. We also handle touch points with end users

## Sales and Marketing Professionals



## Online × Offline

(i) Digitalization of conventional face-to-face services



(ii) Social implementation of new digital services

**DmMiX as a DX Enabler**

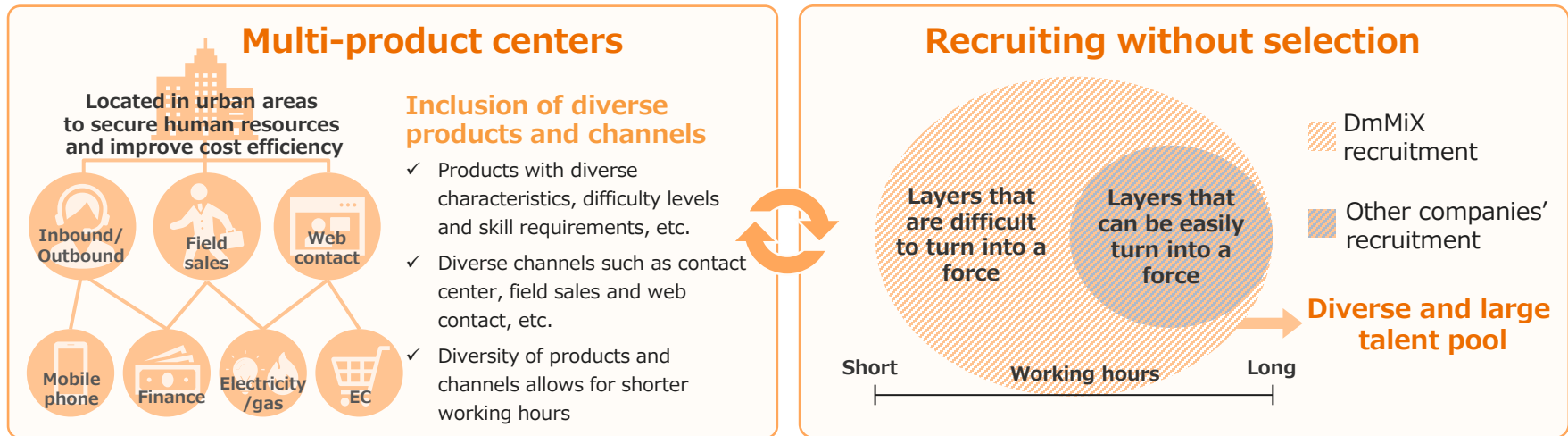
# DmMiX's Core Competencies for Sustainable Growth



# 1. Mechanism for matching Diverse Products with Human Resources and making the most of them

- All sites are located in urban areas with high concentration of human resources. We provide opportunities for all types of human resources as a **“Multi-product centers”**
- **Thoroughly implement “Recruiting without selection,”** including those with short working hours who are difficult to make into a workforce, and **secure ample human resources**
- Create high productivity and **scalability**, a source of our competitiveness

“Multi-product centers” and “Recruiting without selection”



## Matching Products and Human Resources



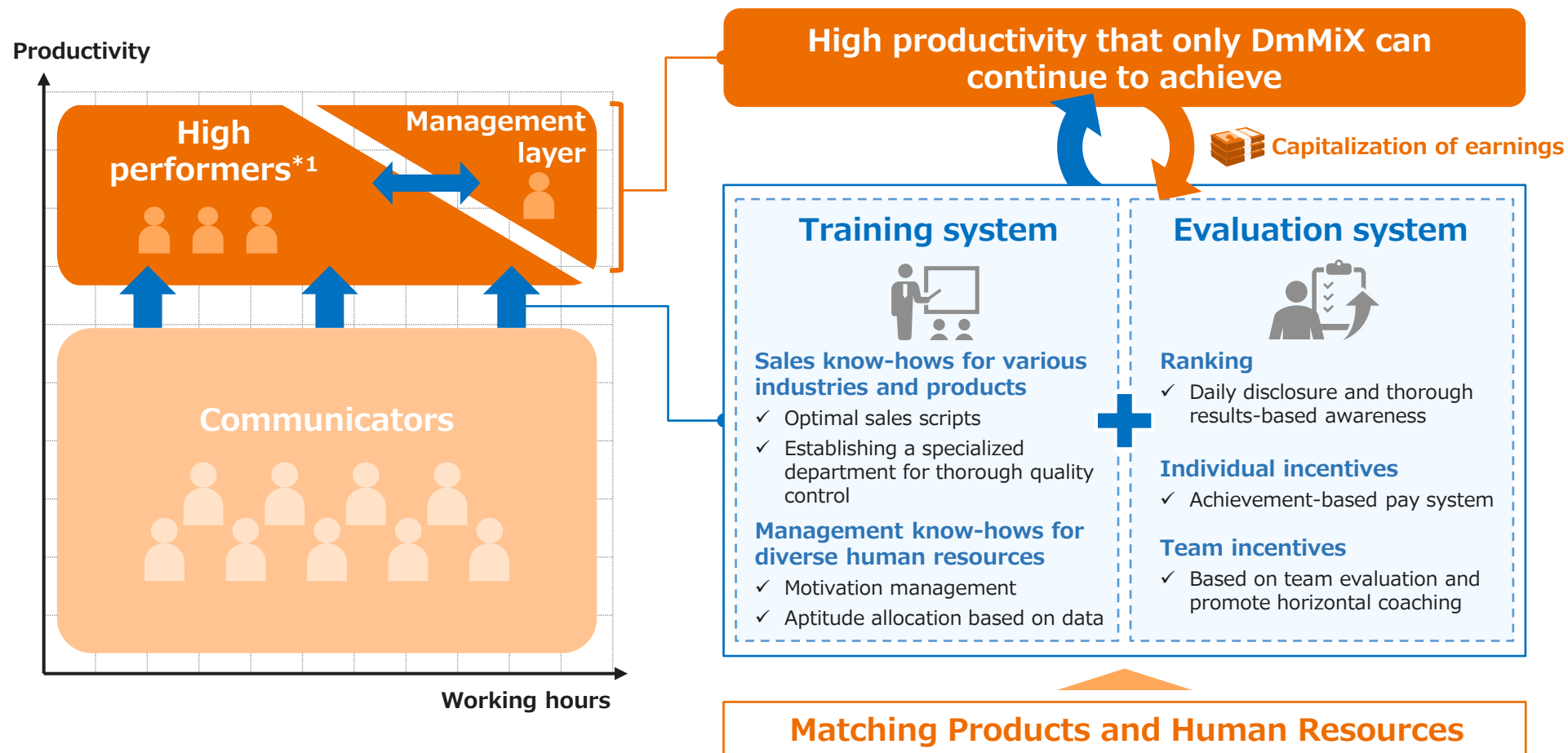
### Empowerment of all Human Resources

- ✓ Enabling human resources that would be difficult for other companies to bring into the workforce
- ✓ Human Resource strategies to link diversity to competitiveness
- ✓ Large-scale, flexible allocation of personnel is possible

## 2. Mechanism for developing Highly Productive Human Resources

- Our unique training and evaluation systems enable us to develop **all employees into highly productive human resources**. Virtuous cycle of **high profitability** and **high incentives**
- **Flexible career choices** are also available by offering work styles best suited according to aptitudes, values and life stages, regardless of the number of hours worked

Unique training and evaluation systems that continues to develop highly productive human resources

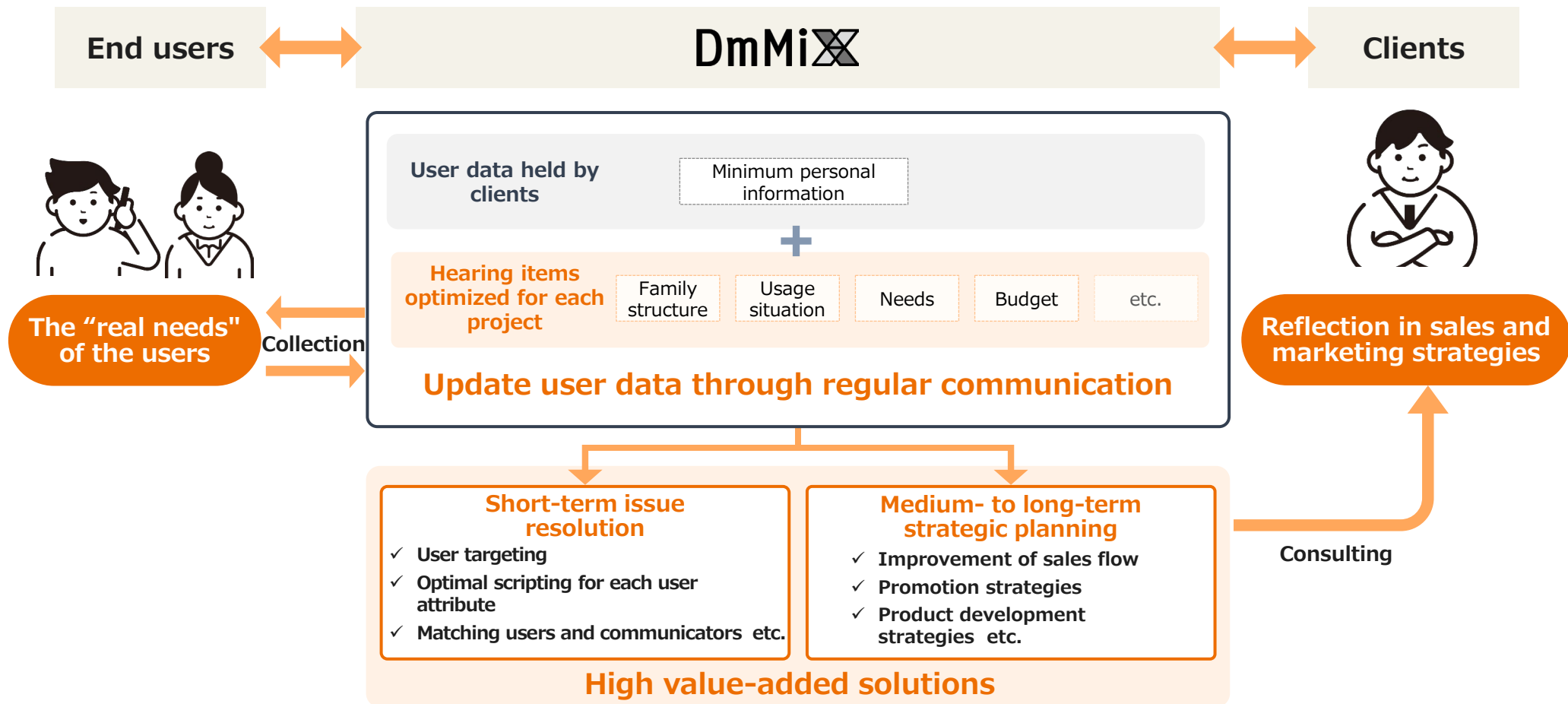


\*1 A general term for staff who have achieved a certain level of sales performance according to our standards

### 3. High added Value generated by accumulating User Data

- DmMiX **knows users better than clients** by **accumulating and updating the user database**
- Gathering the "real needs" of the users to create **high added value in both short-term issue resolution and medium- to long-term strategic planning**

High added value





# “High Performance” and “Flexible Support” generated from Core Competence

- **Continuing to be an indispensable presence** for our clients with **“high performance”** and **“flexible support”** generated from our core competencies

## High performance

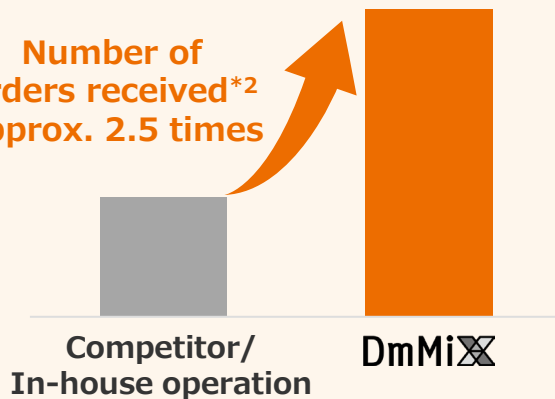
### Productivity

Establish profitable operations with high-productivity personnel, including managers and high performers <sup>\*1</sup>

### Scalability

Promote lateral deployment and structuring of best practices

Number of orders received\*2  
Approx. 2.5 times



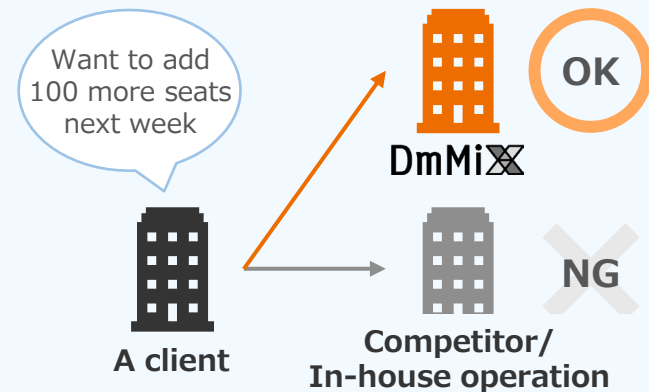
## Flexible support

### Speedy

Possible to start operations and increase seats etc. in a short period of time; which are difficult for other companies to do

### Adaptability

Provide attentive services to the needs of scale, contract period and compensation structure, etc.



# Sustainable Growth as a Sales and Marketing Platform

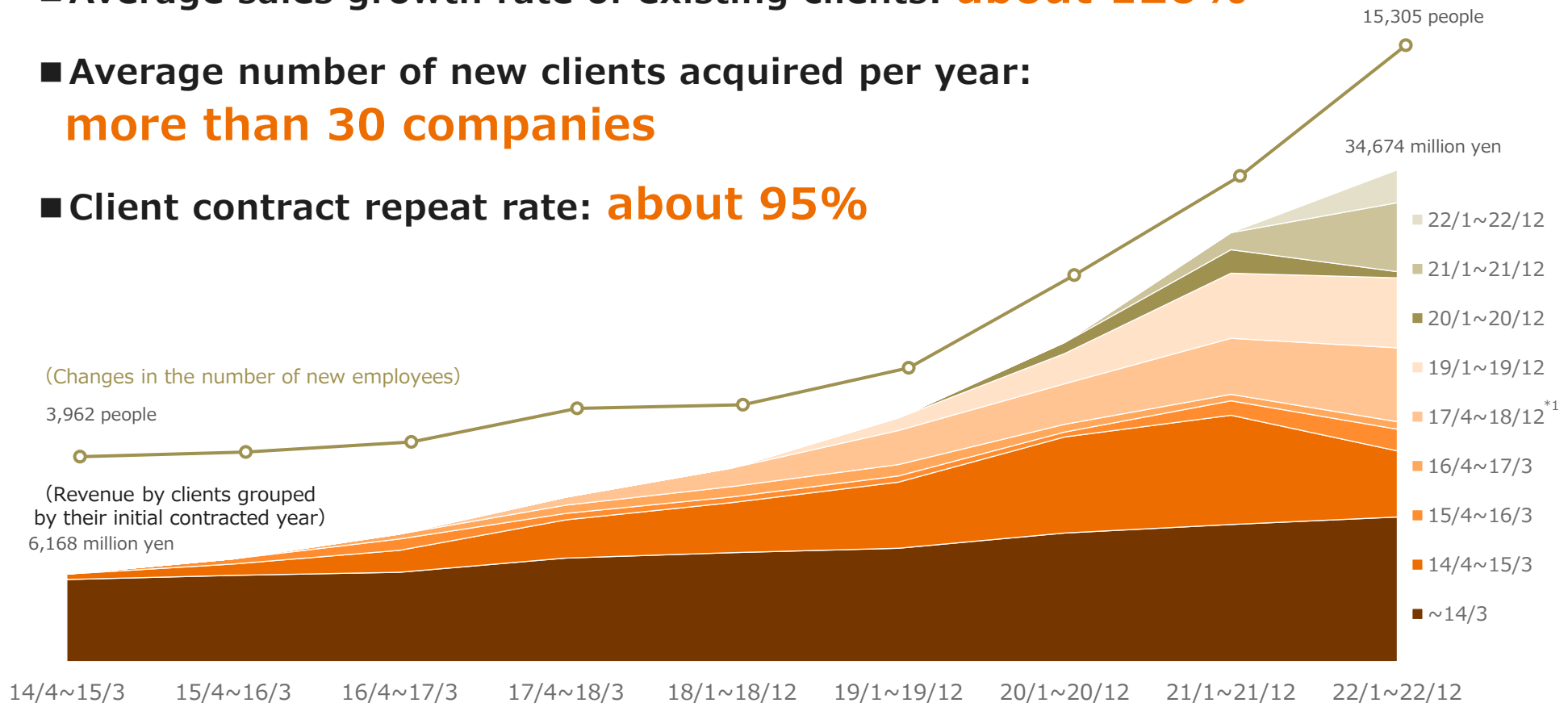
- **Highly supported by client companies** as an irreplaceable presence
- Achieve sustainable growth while **contribute to job creation in local communities**

## Sustainable Growth

■ Average sales growth rate of existing clients: **about 120%**

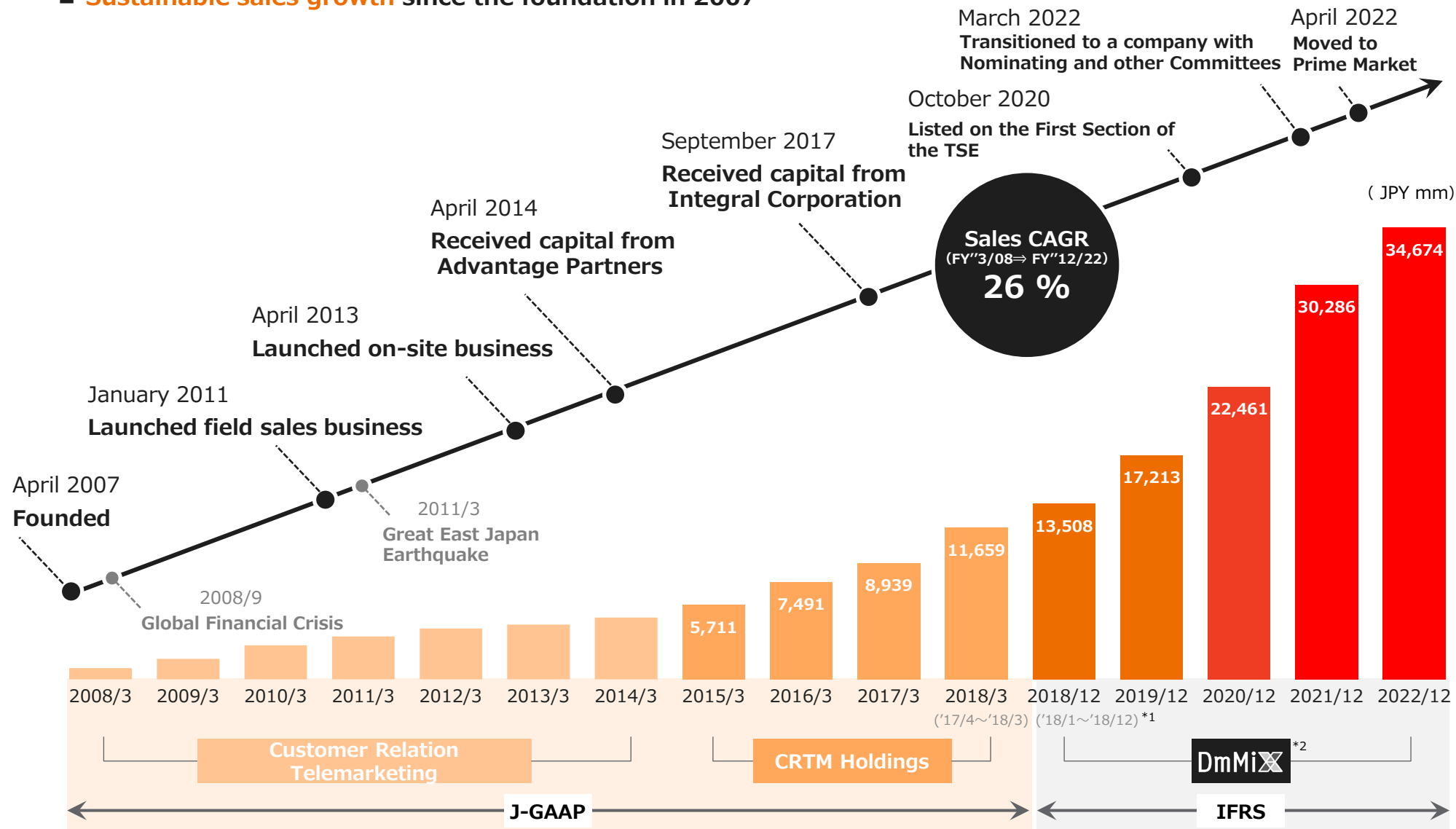
■ Average number of new clients acquired per year: **more than 30 companies**

■ Client contract repeat rate: **about 95%**



# Key Milestones since Incorporation

■ **Sustainable sales growth** since the foundation in 2007



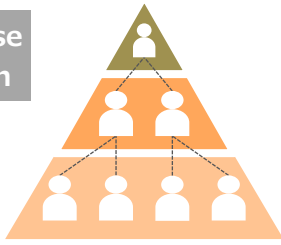
\*1 Complied with IFRS (and fiscal year end from March to December) from the fiscal year ended December 2018. J-GAAP FY3/2018 and IFRS FY12/2018 overlap between January and March 2018

\*2 Changed the trade name in April 2018

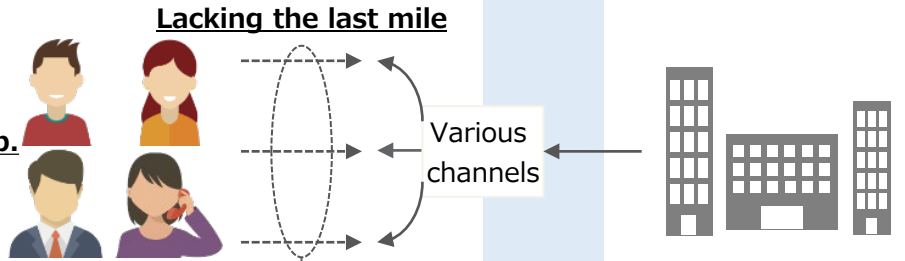
# Our Distinct Business Model from Other Companies



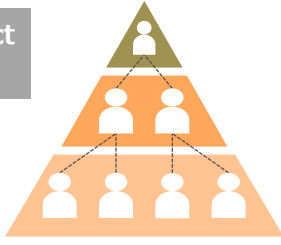
Clients' in-house sales function



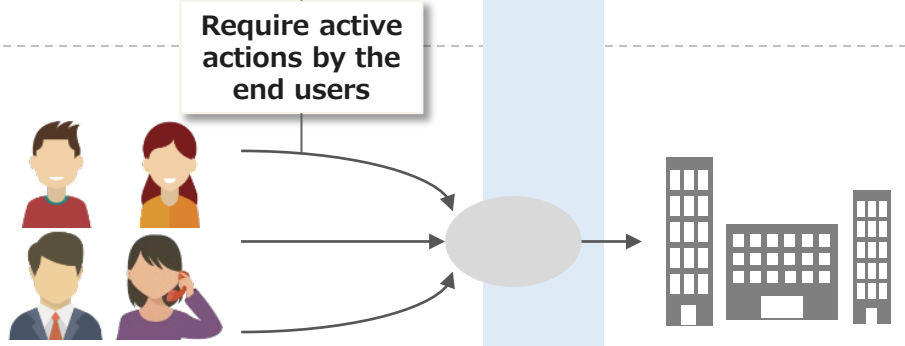
Management: **Supervisor**  
 Managerial: **Supervisor/Sales rep.**  
 On-site: **Sales rep.**



Typical contact centers

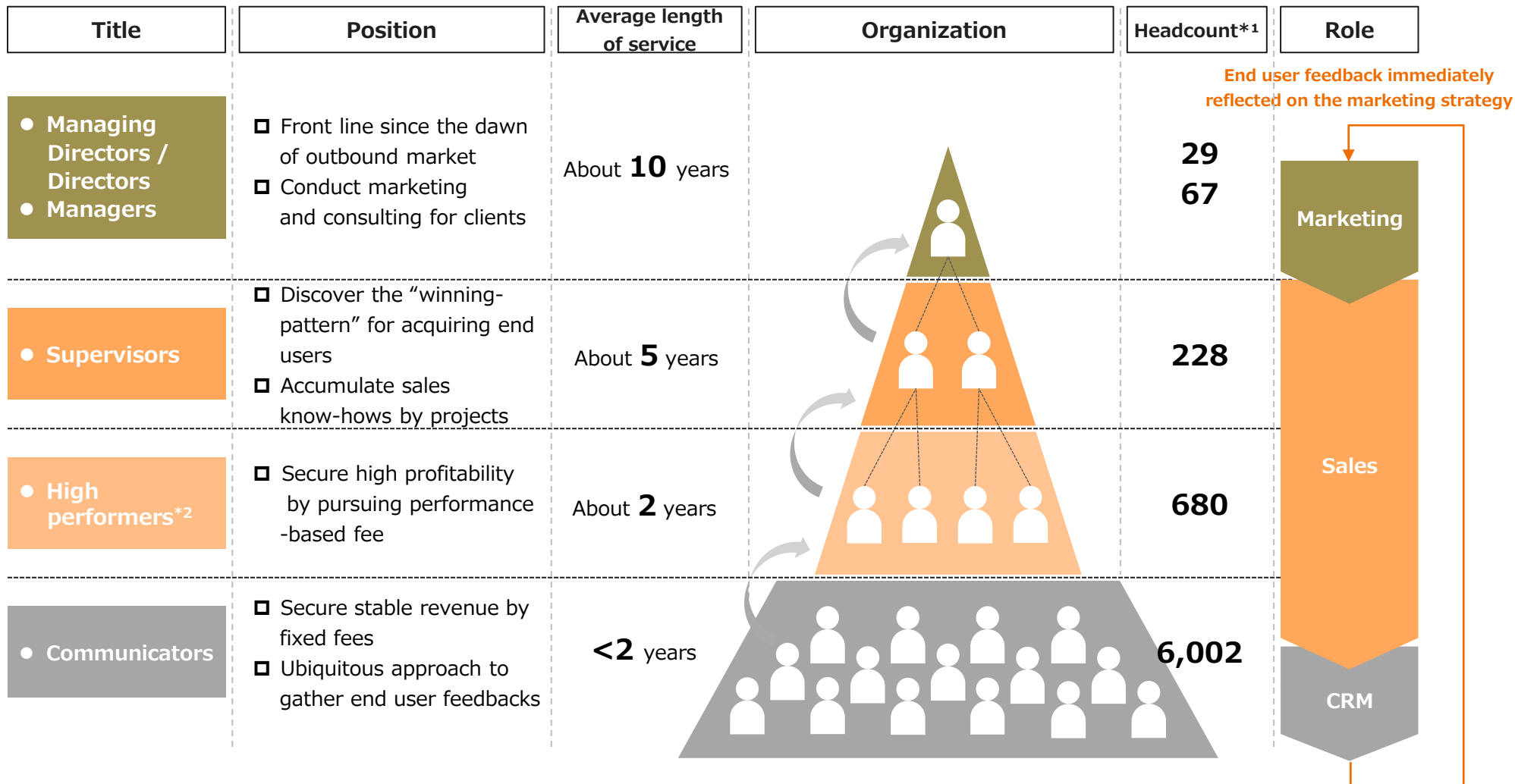


Management: **Supervisor**  
 Managerial: **Supervisor**  
 On-site: **Responder**



# Strong organizational Structure to Realize Clients' Sales / Marketing Reform

- **Distinctive roles by positions** contribute to the optimized organization for a group of sales and marketing professionals

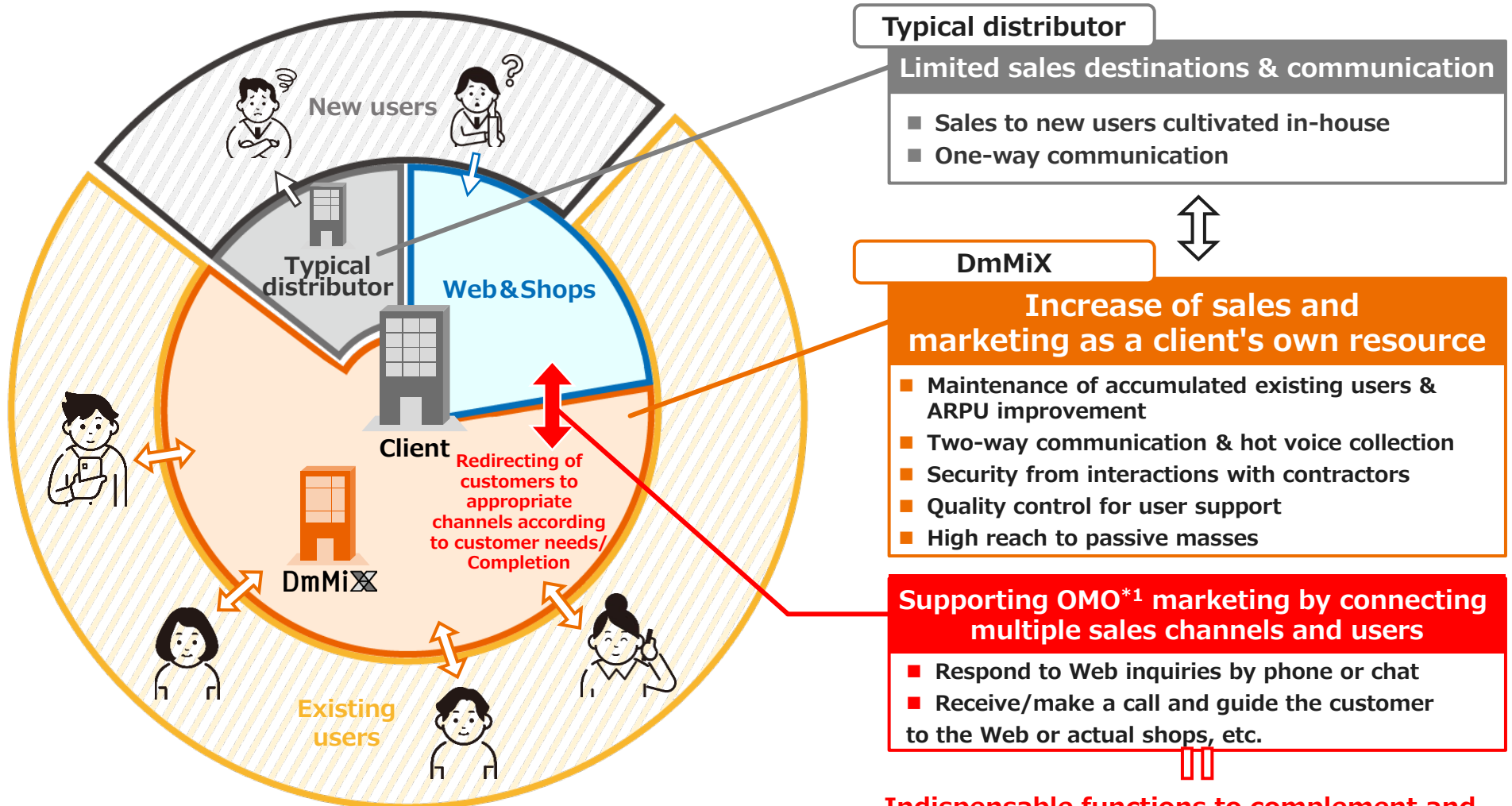


\*1 Employees in marketing business (as of the end of December, 2022)

\*2 A general term for staff who have achieved a certain level of sales performance according to our standards

# Supporting the OMO\*1 strategy by freely connecting each Sales Channel and Users

- As a client's own sales resource, we are responsible for **the maintenance of existing users**, who make up the majority of the customer base and **ARPU improvement**
- Based on two-way communication with users, we not only formulate marketing strategies but also act as **a bridge between multiple sales channels and users**



## Typical distributor

- Limited sales destinations & communication
- Sales to new users cultivated in-house
  - One-way communication

## DmMiX

- Increase of sales and marketing as a client's own resource
- Maintenance of accumulated existing users & ARPU improvement
  - Two-way communication & hot voice collection
  - Security from interactions with contractors
  - Quality control for user support
  - High reach to passive masses

- Supporting OMO\*1 marketing by connecting multiple sales channels and users
- Respond to Web inquiries by phone or chat
  - Receive/make a call and guide the customer to the Web or actual shops, etc.

Indispensable functions to complement and maintain the DX mechanism

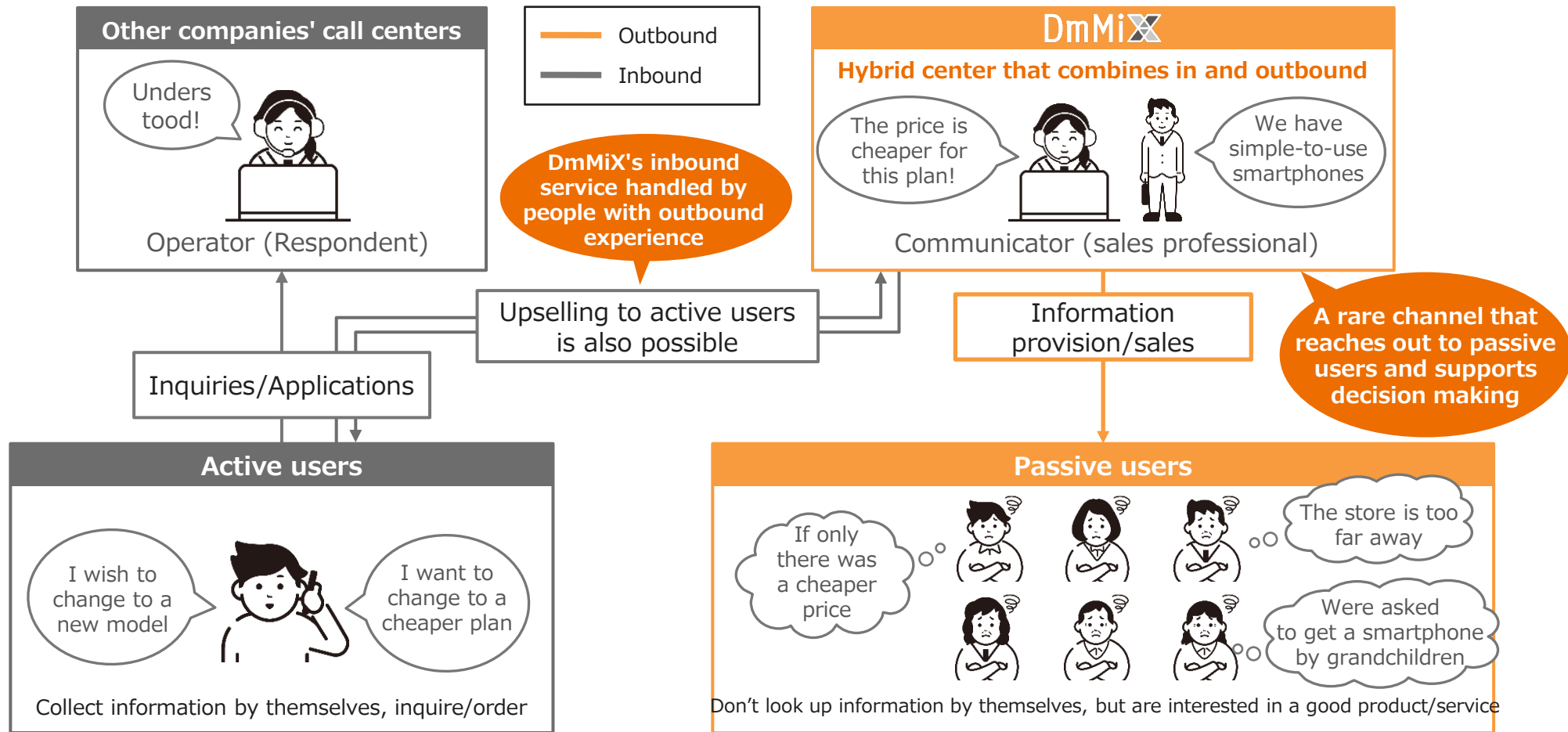


\*1 Abbreviation for Online Merges with Offline

# "Hybrid Center" that combines high quality Sales Force and User Reach

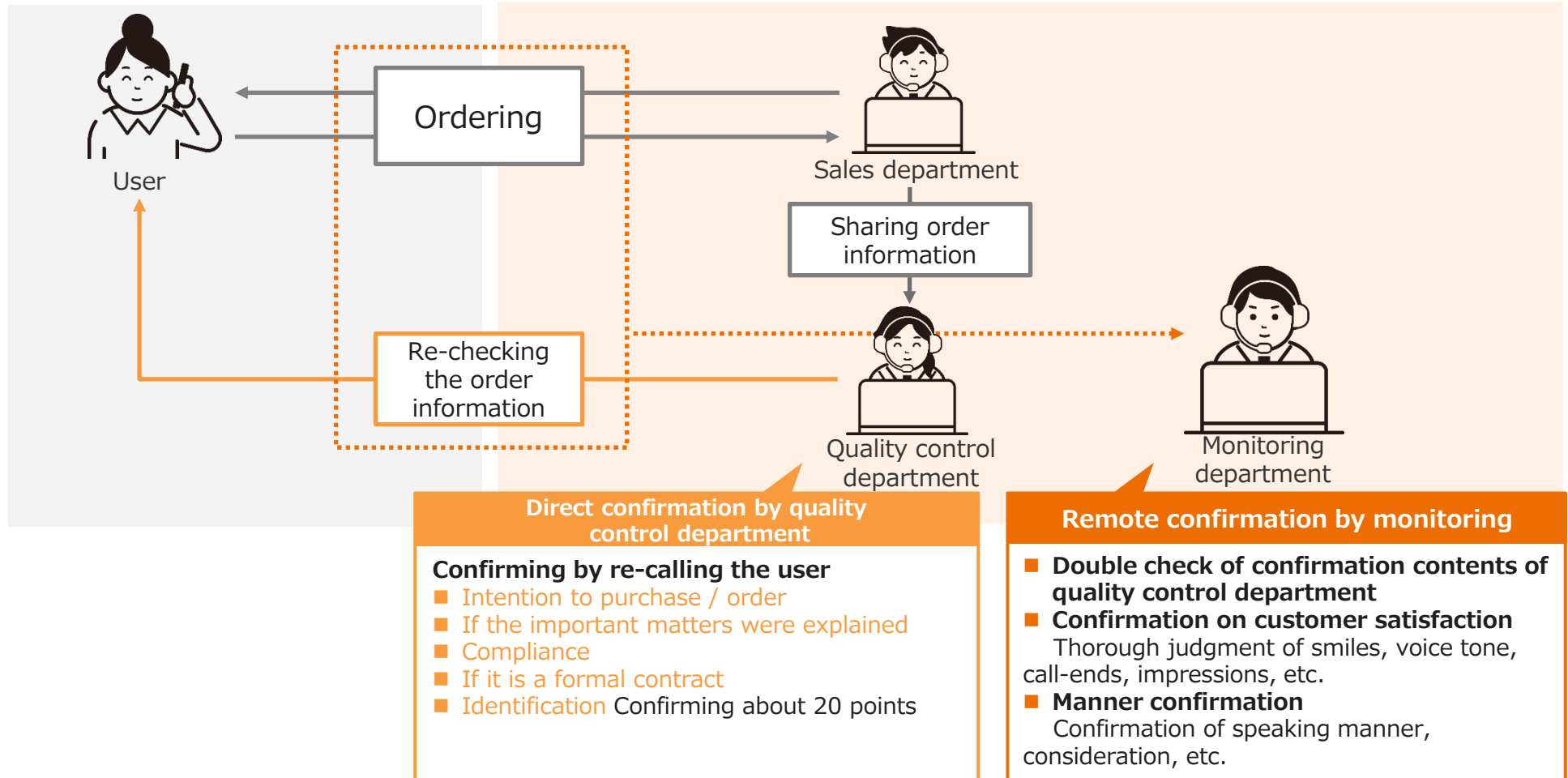
- In the Japanese market environment, with many **passive users**, we are highly evaluated as **a rare channel that can reach them directly** from the company's side
- We provide services **as a resource for client**. With high quality control, we are not only responsible for sales, but also for **detering withdrawal and promoting loyal customers**

Clear competitive advantage through outbound-dominated "hybrid center" operations



# Thorough Quality Control as a Sales Professional

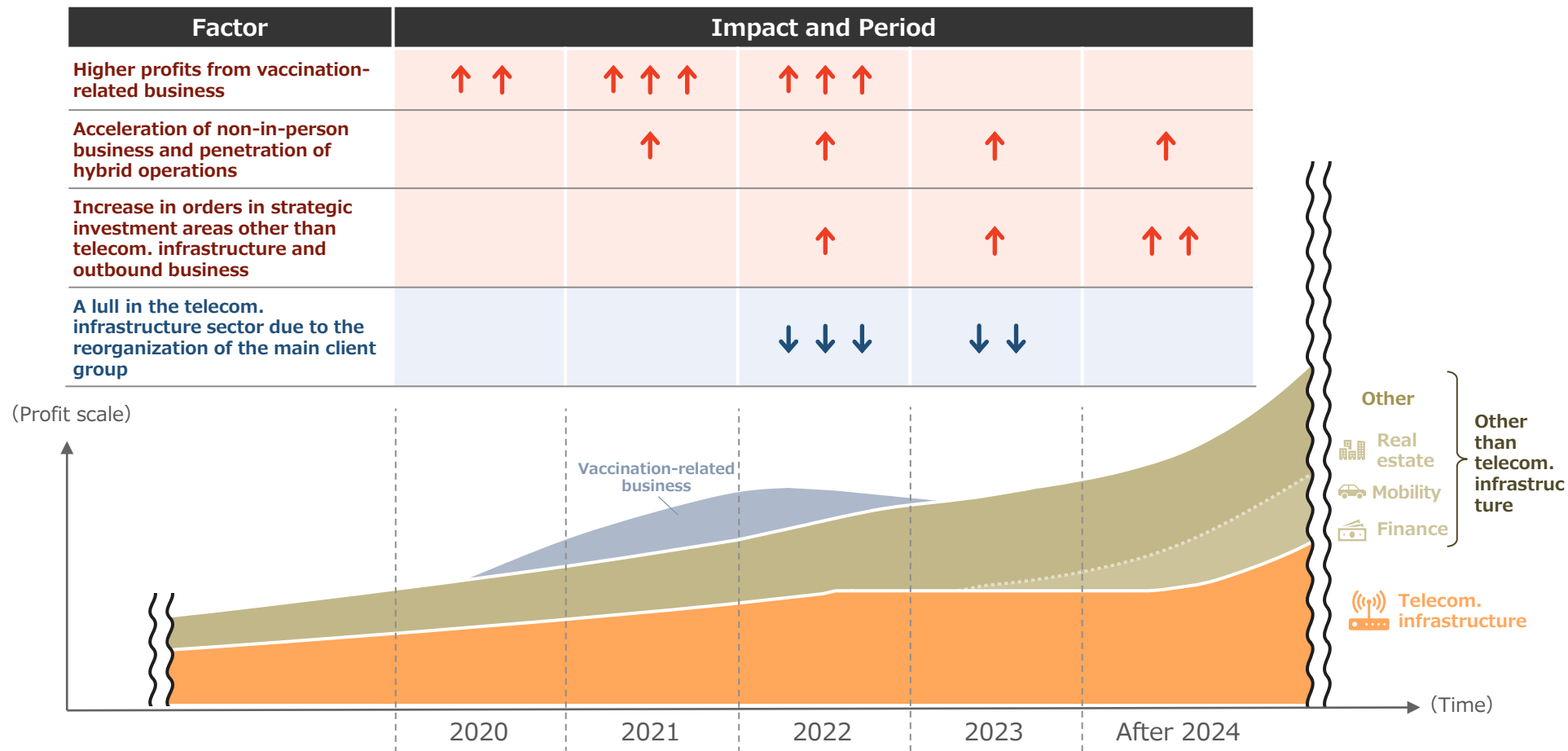
- Because we act as the client's own sales resource, **we have built a compliance system that is as strict as or even more rigorous than our clients**, and thoroughly eliminate risks
- In some cases, **the services of the quality control department are provided independently**





# The COVID-19 Pandemic Drove DmMiX's Growth

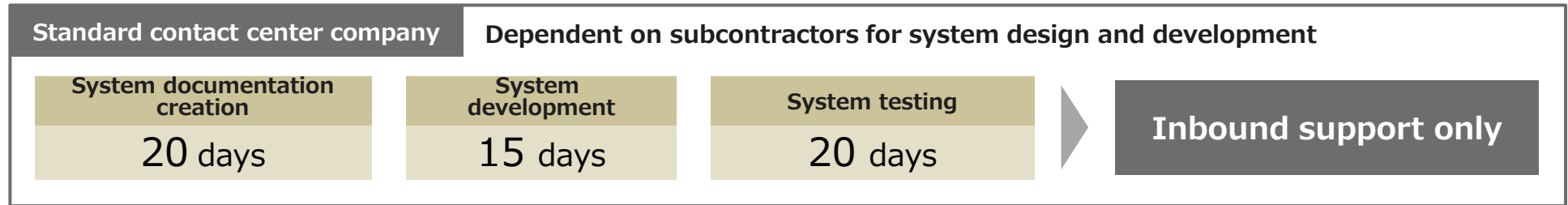
- The effects of the COVID-19 pandemic not only temporarily pushed up profits, but also **contributed to sustainable growth for the future**
- Even during the pandemic, existing clients showed steady growth. After the pandemic, we will **expand in non-telecom. fields** based on the infrastructure built up during the pandemic and **link this to future performance**



**Expand sectors beyond telecommunications infrastructure.  
Develop a business portfolio for stronger growth in the future**

# Distinction in the Inbound Business: In-house System Production and Hybrid Support

- In-house system production allows for quicker delivery and **longer operation time**
- Hybrid inbound/outbound support enables **flexible resource allocation and maintenance of high operating ratio of communicators**



## DmMiX's Inbound Advantages

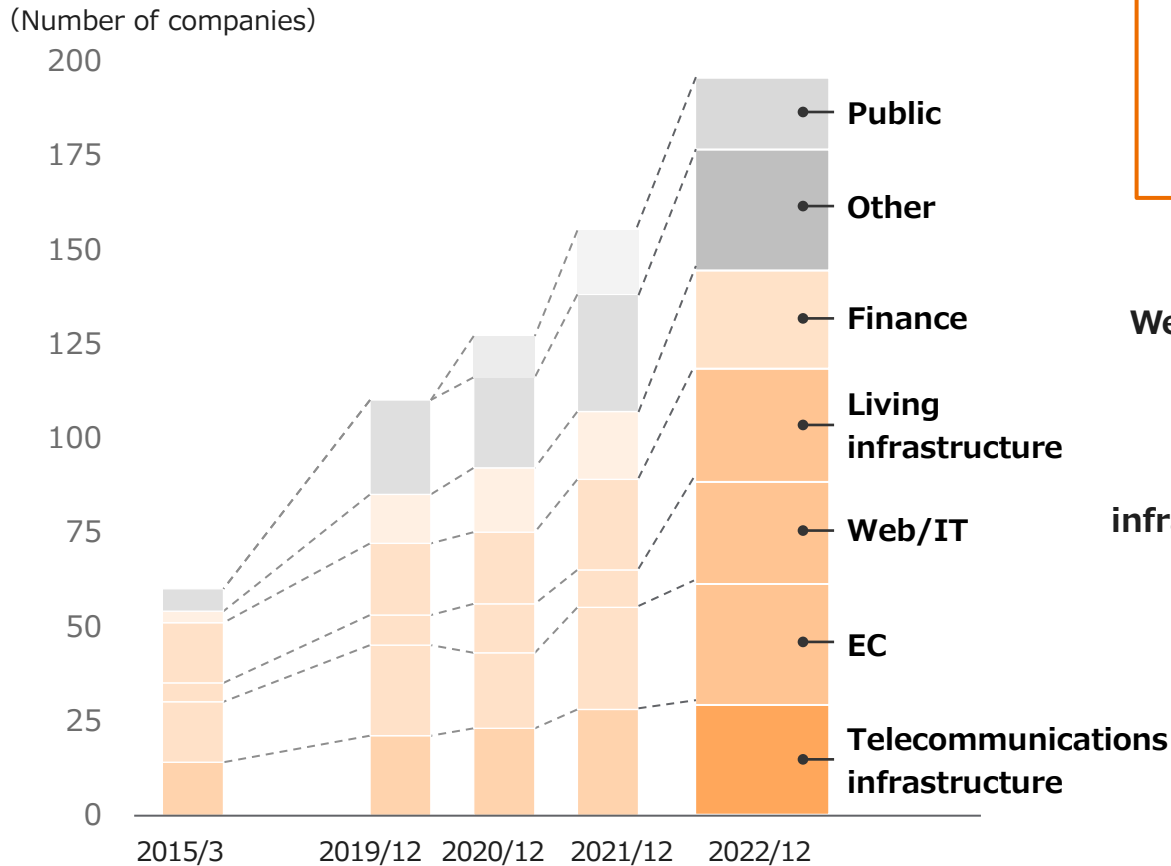
- Flexible and efficient operation by having outbound personnel with sales abilities also provide inbound support
- Inbound and outbound operations can be performed in parallel, enabling flexible resource allocation

**Transforming a Contact Center into a Profitable Department**

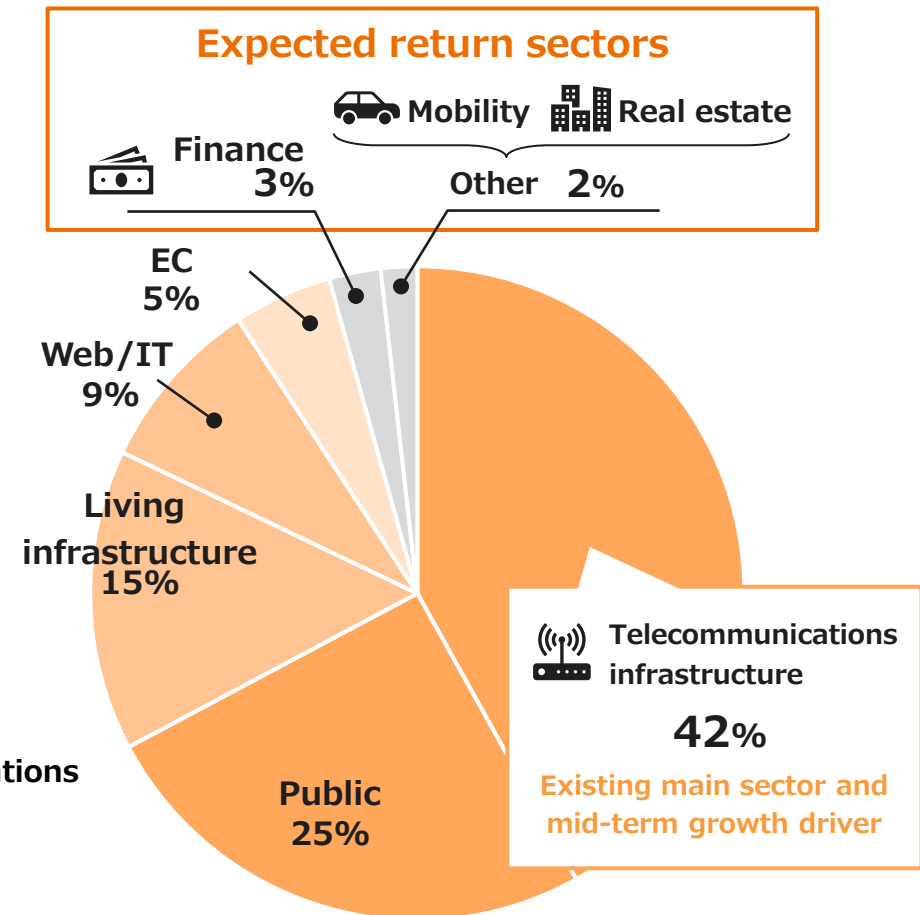
# Current Earnings Base and Future focus Sectors

- The number of clients in each sector is increasing YoY evenly across all sectors including Web/IT and finance
- In terms of revenue composition, public expanded due to progress in building relationships with new clients. Development also continues of expected return sectors including finance

Changes in the number of clients by industry\*1\*2\*3



Revenue composition ratio by industry (FY12/2022)

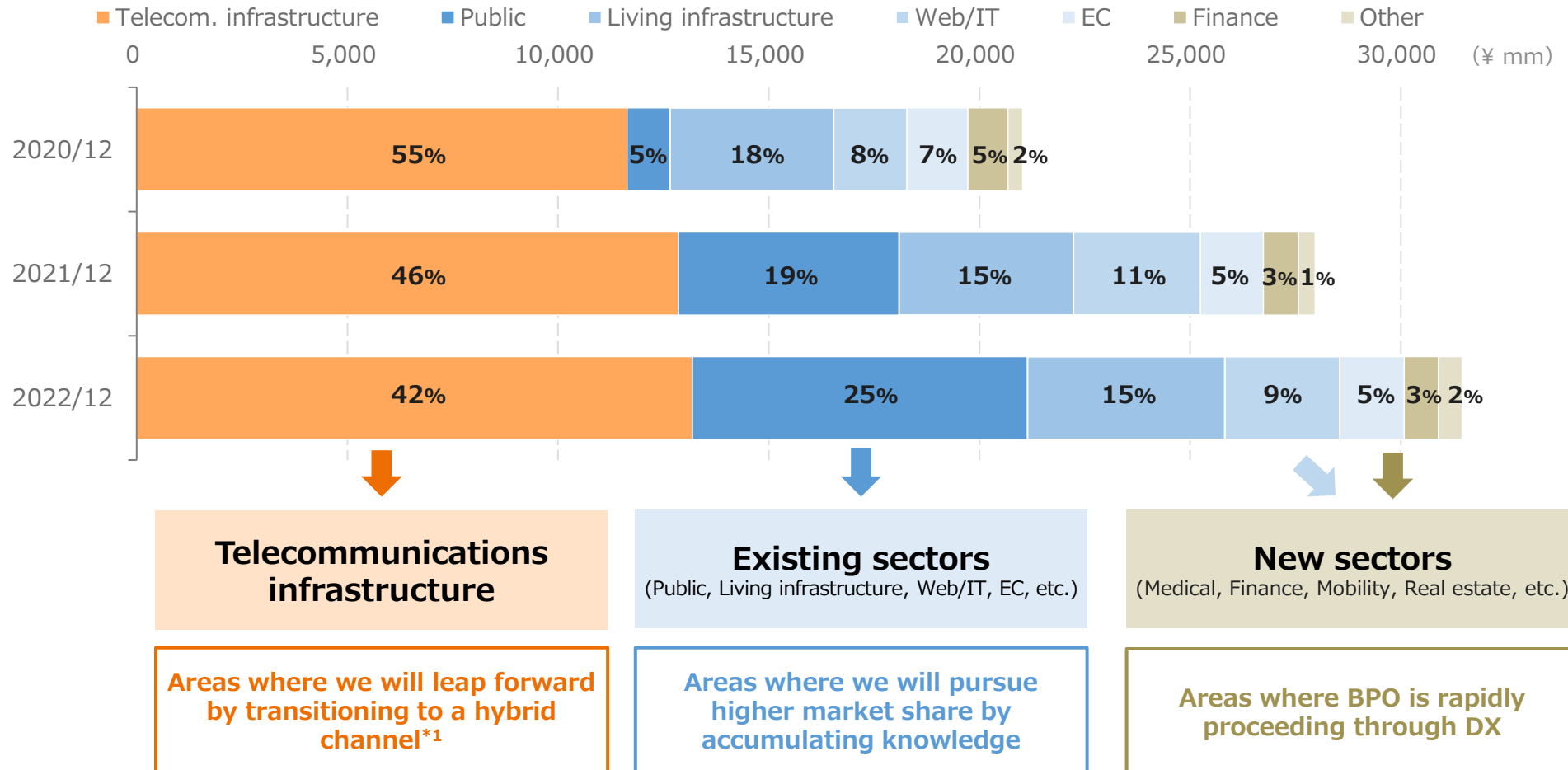


\*1 Counted on a contract basis with each group company. Excludes clients with annual transaction amount of less than 1 million yen  
 \*2 Telecommunications infrastructure = mobile phone carrier affiliated companies. Living infrastructure = electricity, gas, internet lines, etc.  
 \*3 On-site business (temporary staffing) is excluded after FY12/2019

# Changes in Sales Revenue by Sector and Future Growth Sectors

- Leveraging our strengths built in telecom. infrastructure, sales and marketing, and outbound business, we will gradually transition from a bias toward telecom. infrastructure to a more diversified portfolio
- We will accurately capture changes in the world and achieve growth in each area

## Changes in sales revenue by sector



\*1 A sales and support channel that integrates the real (brick-and-mortar stores) and online (web shops) including online customer service at stores and manned support for digital channels

# Approaches in Each Sector: Telecommunications Infrastructure

- **The temporary decline in orders** in FY12/2022 due to group reorganization by our main client
- **Telecom. infrastructure sector's medium-term strategy, a transition to a hybrid channel\*<sup>1</sup> that integrates the real and online, will be positive for the Company.** We will play roles in line with clients' growth strategies and grow with them

**Telecommunications Infrastructure: An area where we will leap forward by transitioning to a hybrid channel\*<sup>1</sup>**

	External environment	DmMiX's growth image
<b>Telecom. infrastructure</b>	<ul style="list-style-type: none"> <li>• <b>Our main client reviewed its cost policy in conjunction with a group reorganization</b></li> <li>• Brick-and-mortar stores are shrinking and the transition to a hybrid channel*<sup>1</sup> that integrates the real and online is accelerating</li> <li>• It is difficult to acquire new individual users because of the low birth rate and aging of the population, and raising ARPU using peripheral materials and so on is an issue</li> <li>• Corporate demand is increasing against a backdrop of increased remote work and DX promotion</li> <li>• Integration with various solutions, such as finance and media, is progressing</li> </ul>	<ul style="list-style-type: none"> <li>• <b>The temporary reduction in costs is an interim step in promoting DX in sales channels, and the transition to a hybrid channel*<sup>1</sup> is believed to be positive for the Company</b></li> <li>• Produce results beyond those of brick-and-mortar stores and contribute to the customer satisfaction of both end users and clients</li> <li>• Possess know-how on improving ARPU through cross-selling and up-selling with digital services, electricity, gas, etc.</li> <li>• Cover the needs of clients not only through contact centers but also through a wide range of channels such as field sales</li> <li>• Expand business areas such as finance and Web/IT in line with client growth strategies</li> </ul>

\*1 A sales and support channel that integrates the real (brick-and-mortar stores) and online (web shops) including online customer service at stores and manned support for digital channels

# Approaches in Each Sector: Existing sectors

- **Continuously expand business opportunities** in areas other than telecom. infrastructure sector **due to our increased presence**
- Pursue **development to establish a solid earning base comparable to that in telecom. infrastructure sector**

## Existing sectors: Areas where we will pursue higher market share by accumulating knowledge

	External environment	DmMiX's growth image
Public	<ul style="list-style-type: none"> <li>• Vaccination-related demand continued until FY12/2022</li> <li>• Outsourcing is progressing, triggered by vaccination-related business</li> <li>• The advance of DX and the shift to non-in-person services are accelerating. New needs are being created, such as telemedicine and identity verification associated with online services</li> </ul>	<ul style="list-style-type: none"> <li>• In FY12/2023 and later, orders for vaccination-related business will be zeroed out at an early stage</li> <li>• Build relationships with local governments and other public sector clients by using opportunities from outsourcing of vaccination-related business</li> <li>• <b>Accurately capture various outsourcing needs identified during the COVID-19 pandemic</b></li> </ul>
Living infrastructure	<ul style="list-style-type: none"> <li>• Increased competition temporarily eased as rapid fuel price hikes made it difficult for small businesses to enter the market</li> <li>• Cross-sell and up-sell to existing users as well as develop new customers is essential</li> </ul>	<ul style="list-style-type: none"> <li>• Once fuel prices stabilize, competition will intensify again. In turn, the need for outsourcing will expand, creating a tailwind for the Company</li> <li>• Approaching existing users is highly compatible with outbound-type sales and marketing, which is one of our strengths, and <b>continuous demand can be expected</b></li> </ul>
Web/IT	<ul style="list-style-type: none"> <li>• New business of various genres is emerging with the progress of DX and rapid expansion of non-in-person services during the COVID-19 pandemic</li> <li>• Market expansion is expected in various service areas (XaaS<sup>*1</sup>) in the future</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Continue efforts for social implementation of new business in conjunction with the progress of DX</b></li> <li>• Focus on lateral development of food delivery and electronic payment services within major telecommunications client groups</li> </ul>

# Approaches in Each Sector: New sectors

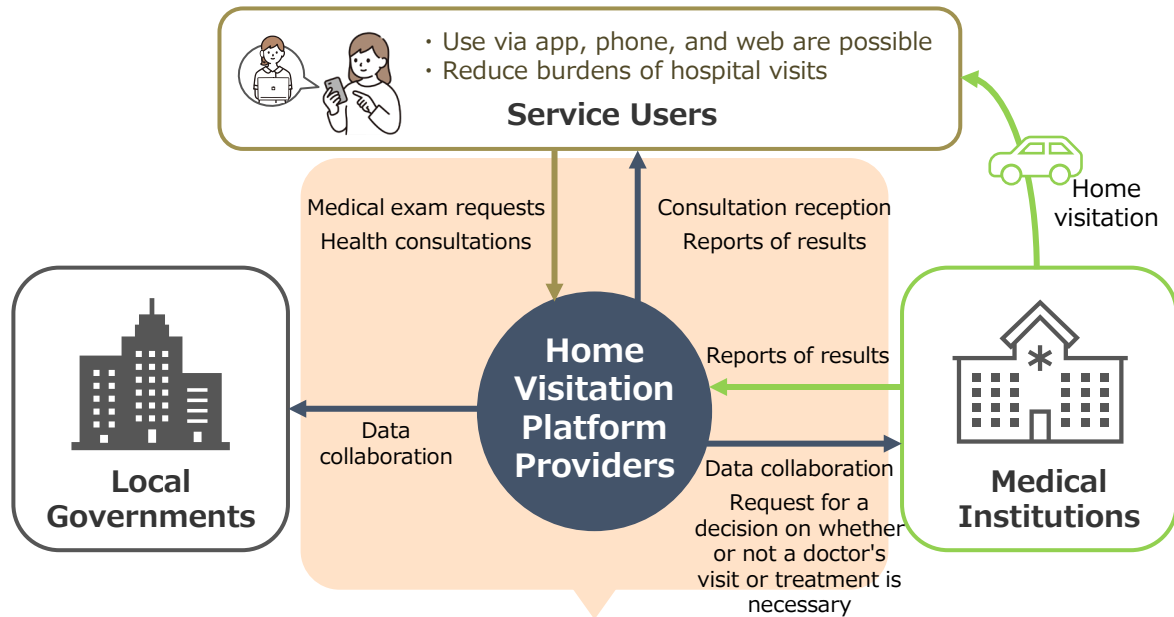
- **Various new businesses are emerging** against the backdrop of changes in consumption behavior and DX promotion during the COVID-19 pandemic
- Establish competitive superiority without losing opportunities. **Build a diverse business portfolio**

## New sectors: Areas where BPO is rapidly proceeding through DX

	External environment	DmMiX's growth image
Medical	<ul style="list-style-type: none"> <li>• Online and BPO demand is increasing due to the rapid expansion of medical demand and tight resource supplies</li> <li>• Markets continue to expand with support from the national and local governments</li> </ul>	<ul style="list-style-type: none"> <li>• Contribute to enhancement and expansion of services through online reception and healthcare consultations as well as outsourcing of all types of BPO including office works</li> <li>• Specialized centers for nurses and other qualified healthcare professional have been launched and are operating</li> <li>• Increased name recognition of our company in the public sector is also a tailwind</li> </ul>
Finance	<ul style="list-style-type: none"> <li>• Outsourcing is gradually progressing as a result of the COVID-19 pandemic and DX promotion</li> <li>• The medium-to long-term market potential is high for banks and securities companies that are moving away from fee-based business</li> </ul>	<ul style="list-style-type: none"> <li>• Shift from conventional insurance agencies business to <b>banks and securities business</b>. In the short term, profit will temporarily decrease due to a decline in existing business</li> <li>• Build a track record with mid-tier clients and develop transaction with leading banks and securities companies</li> <li>• There are expectations for <b>new services</b> such as the <b>online identity verification (electronic Know Your Customer [eKYC]) business</b></li> </ul>
Mobility	<ul style="list-style-type: none"> <li>• A major revolution in technology and services has arrived in areas such as DX advancement, autonomous driving, electric vehicles, and car sharing</li> <li>• Shift in user needs from new car purchase (ownership) to a subscription model (use)</li> </ul>	<ul style="list-style-type: none"> <li>• Expansion of touch points between service providers and users is business opportunities</li> <li>• Formed a capital and business tie-up with Nyle Inc., which operates car subscription service "Carmo-kun", to make a full-scale entry into the field</li> </ul>
Real Estate	<ul style="list-style-type: none"> <li>• DX advancement is still in an interim stage and expansion of demand has not yet occurred</li> </ul>	<ul style="list-style-type: none"> <li>• Continue transactions with each client and accumulate know-how</li> </ul>

# Growth Opportunities in New Areas (1) BPO for Healthcare

- Provide one-stop services for touch points between home visitation platform providers and users, medical institutions, and local governments
- Contribute to the realization of medical DX by providing wide-ranging BPO services including administrative work in addition to supporting work that requires qualifications and is performed by nurse operators



## Realization of medical DX

- ✓ Lower burdens on healthcare workers
- ✓ Provision of high-quality healthcare services
- ✓ Reform of nurse working styles
- ✓ Provision of healthcare services to remote regions
- ✓ Healthcare provision systems that enable patients to receive appropriate healthcare when needed

### DmMiX's telemedicine and home visit support



#### Nurse Operators(Personnel with qualifications)

- Assist doctors by listening to information for doctor's visits and treatment decisions
- Nurse operators complete checkups and follow-up observations



#### General operators

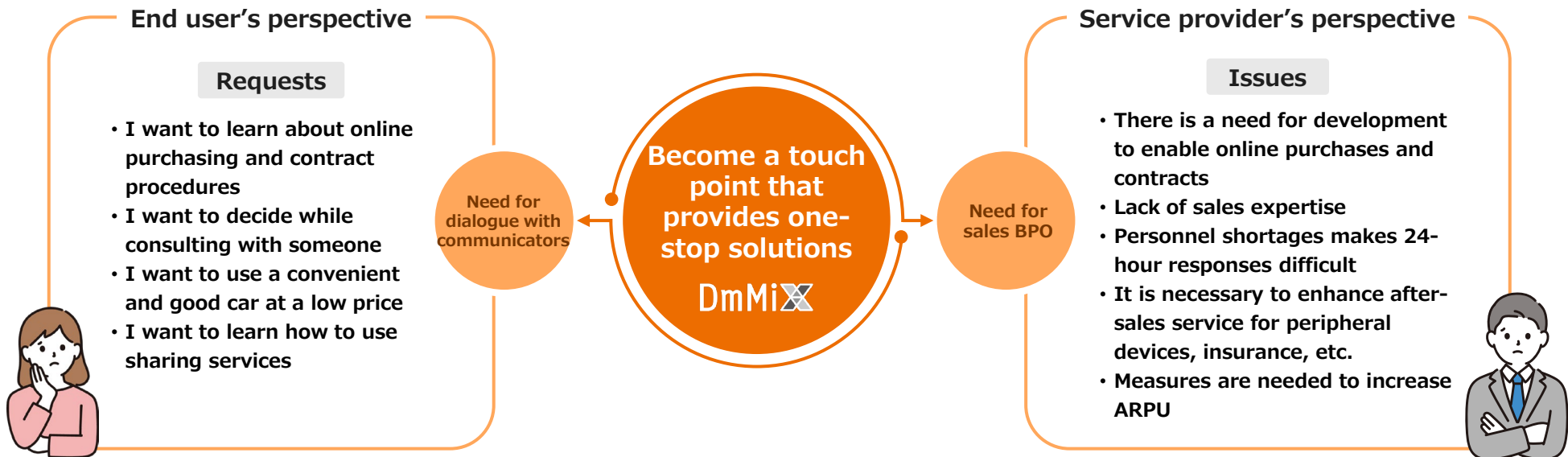
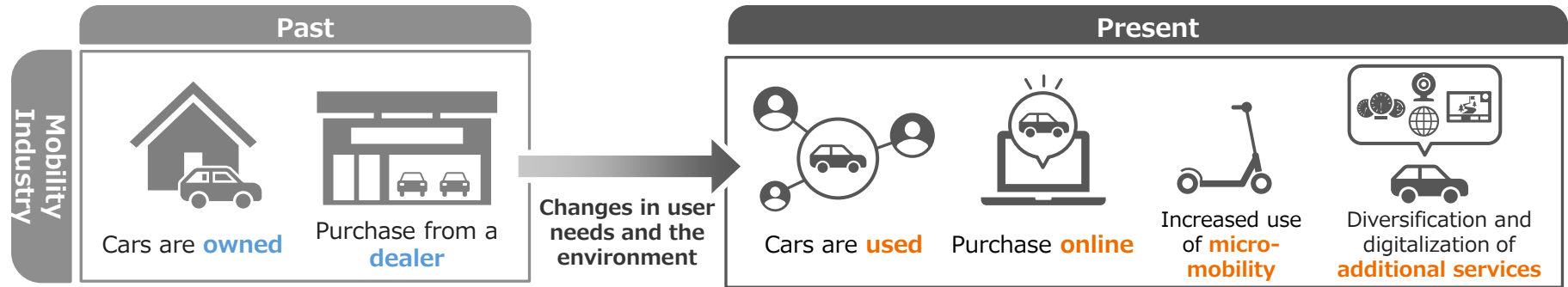
- General operators work together to perform administrative work



# Growth Opportunities in New Areas (2)

## Mobility (Automobile Sales through EC)

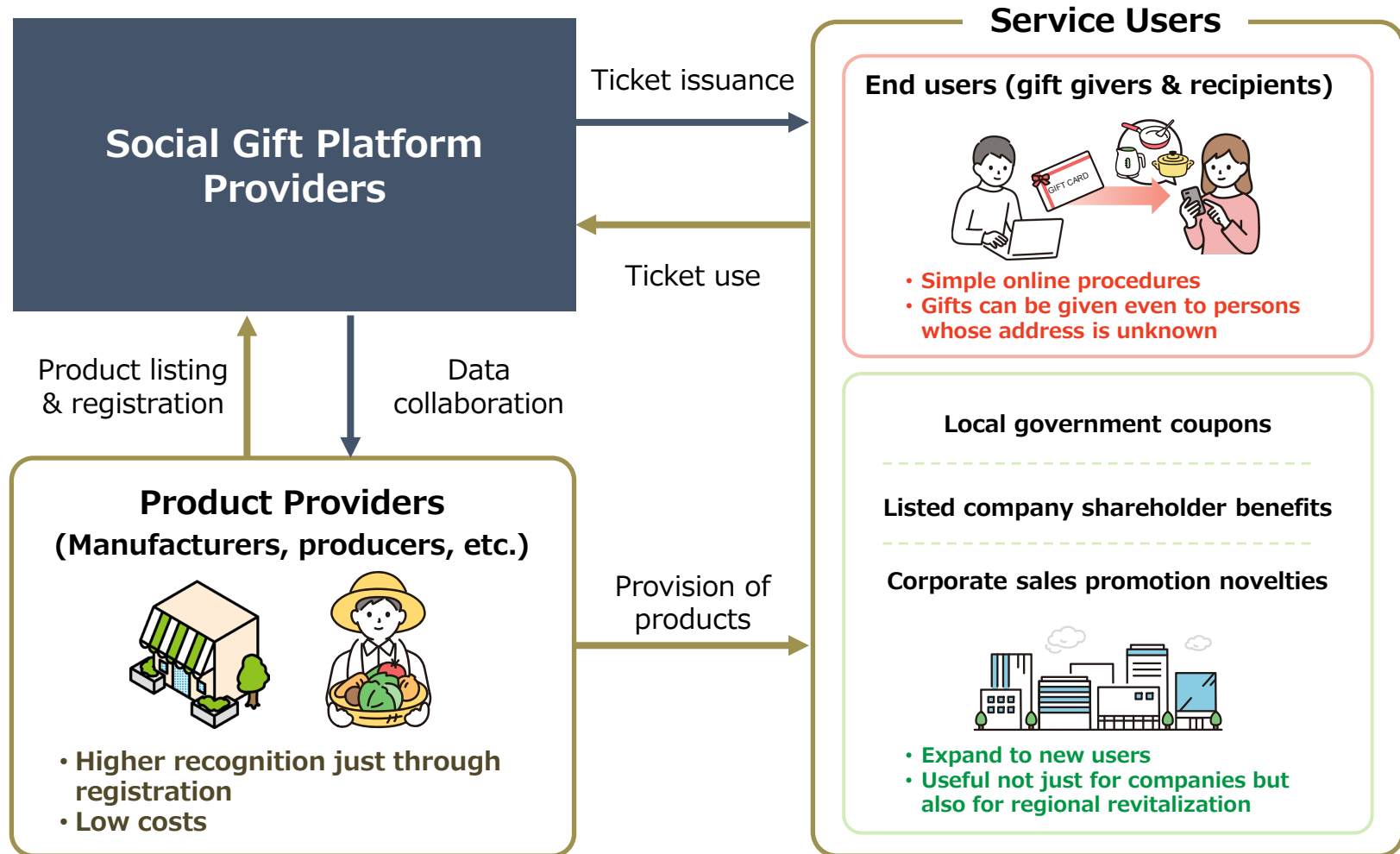
- The transition to subscription type business models is progressing due to the evolution of technologies/services and changes in user needs
- Provide sales solutions that link the virtual (online) with the physical (in-person) to support the expansion of new services



# Growth Opportunities in New Areas (3)

## Social Gifts (Electronic Tickets)

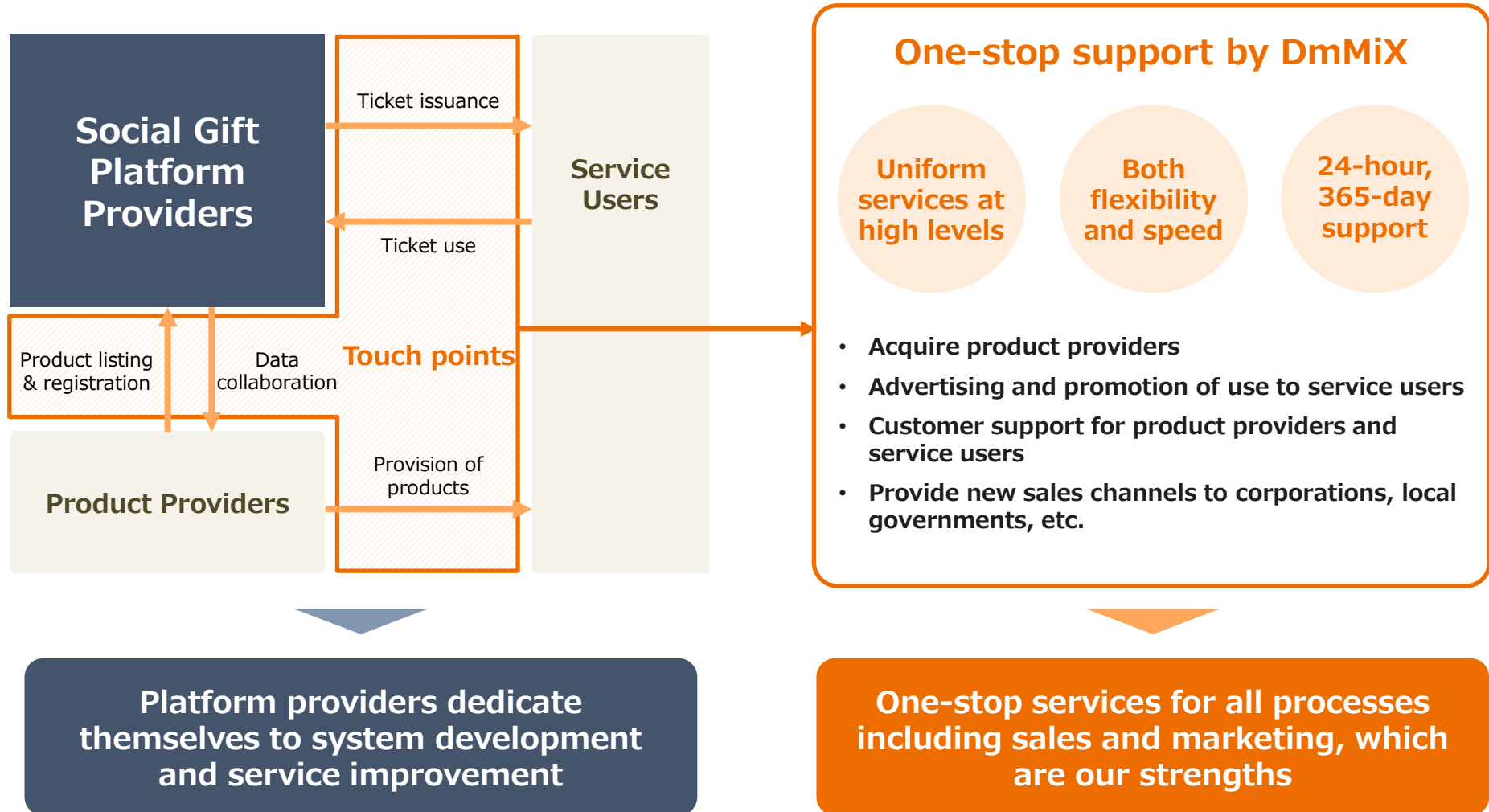
- With the decrease in opportunities for in-person gift-giving and the spread of non-in-person communications, social gift demand is rising. Platforms that satisfy the needs of both gift providers and end users are being developed



# Growth Opportunities in New Areas (3)

## Social Gifts (Electronic Tickets)

- Platform providers and DmMiX play their respective roles and realize social implementation of new services



# Growth Opportunities in New Areas (4)

## Online Identity Verification (eKYC)

- Identity verification was performed in-person at a service counters or by mail, but with amendment of the Ordinance for Enforcement of the Act on Prevention of Transfer of Criminal Proceeds, online identity verification has become possible
- This reduced the physical burdens of filling in and mailing documents, and the faster pace of verification increased demand

### Identity Verification

Verification of identify is completed by the following two procedures

#### Identity Proofing

Information that confirms a person's identity such as name, address, date of birth, and gender

- Official identification documents
- Other documents
- Address & other contract party information



#### Authentication

Information that confirms who a person is such as an ID and password when logging on and a card when entering a site

- Authentication by knowledge
- Authentication by possessions
- Biometric authentication

Opening a bank or securities account  
Cashless payment  
Credit card issuance

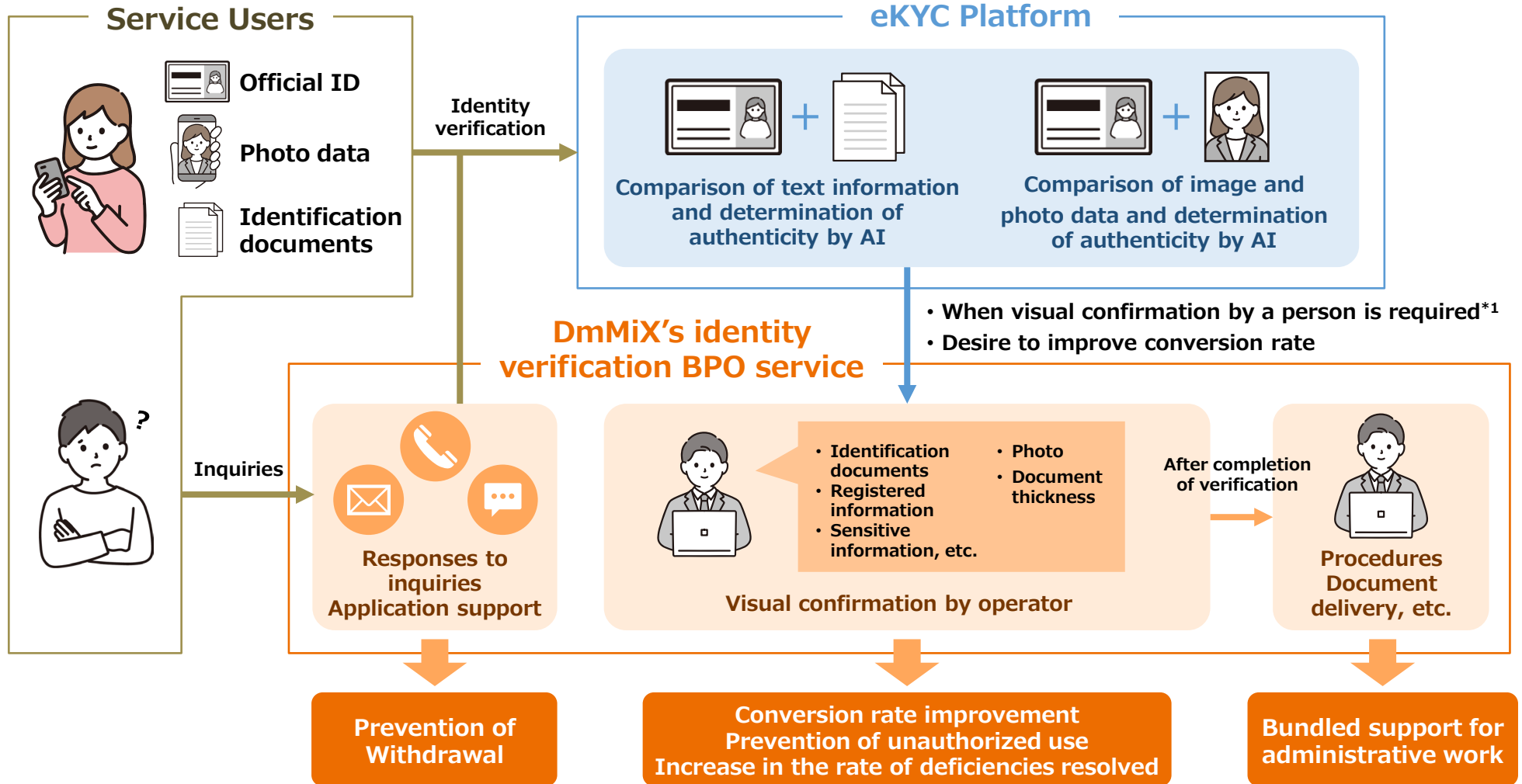
A means of identity verification that  
can be completed online  
**eKYC**

Mobile phone purchases  
Real estate transactions  
Trading used goods

# Growth Opportunities in New Areas (4)

## Online Identity Verification (eKYC)

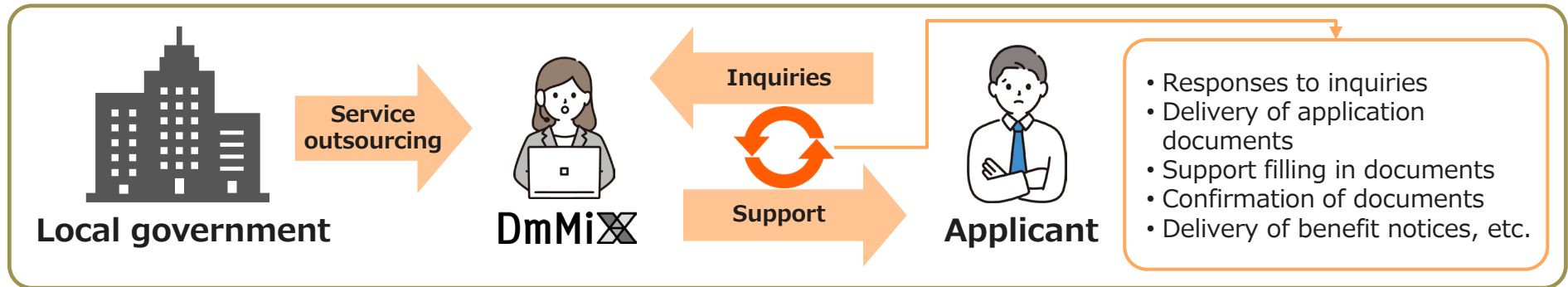
- Provide one-stop identity verification BPO services extending from customer support that cannot be provided solely by AI to administrative work after identity verification



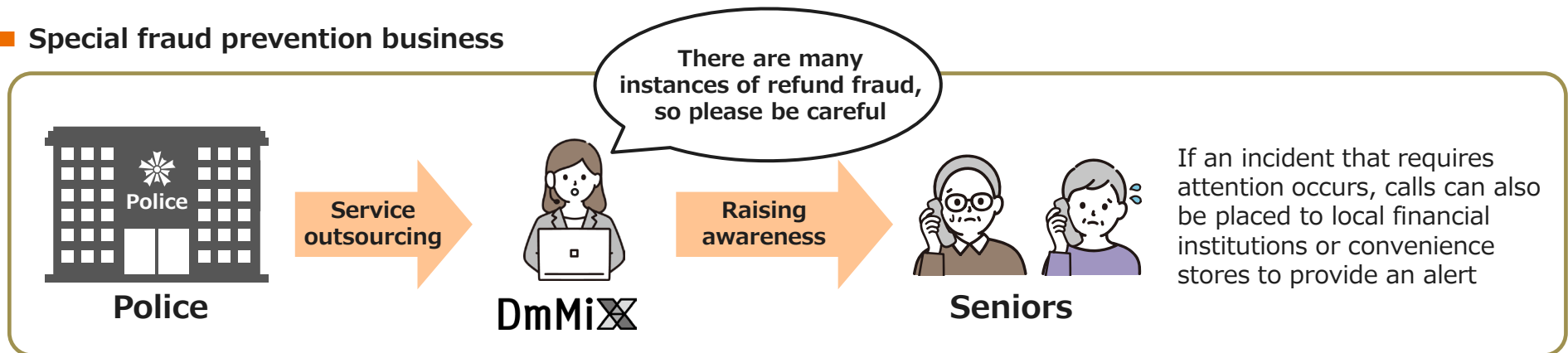
\*1 Transactions listed in Article 7 the Act on Prevention of Transfer of Criminal Proceeds and transactions that entail risks of money laundering or impersonation. In these cases, visual confirmation by a person is required

# Growth Opportunities in New Areas (5) Public Sector

- Expand scope of business such as support services for responding to inquiries concerning payment of public benefits and raising awareness of seniors in the regional community by telephone
- Support operations for payment of public benefits



- Special fraud prevention business

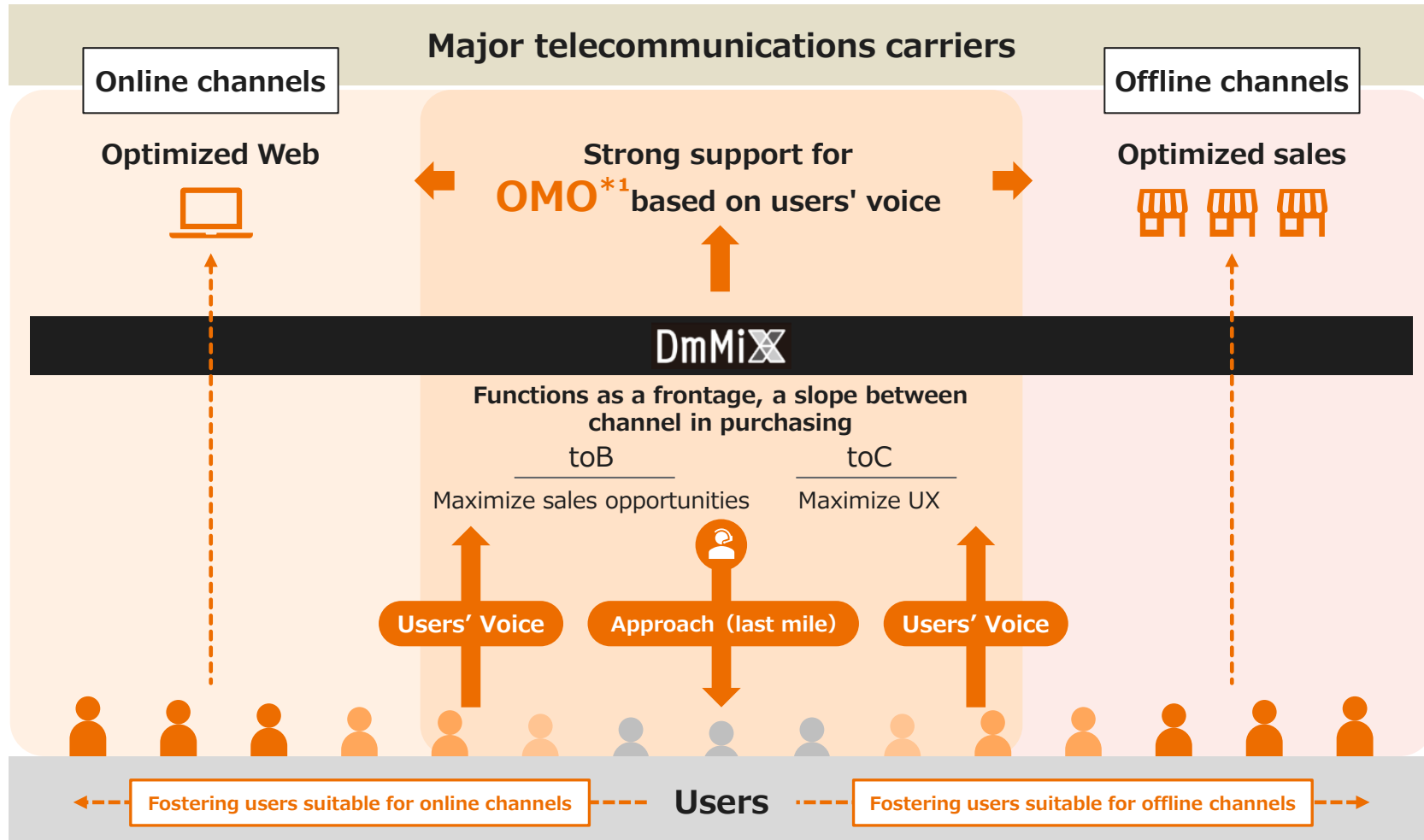


- There is also an established track record with government agencies and local governments

- Ministry of Health, Labour and Welfare, Ministry of Internal Affairs and Communications, National Tax Agency, Fair Trade Commission, Ministry of the Environment, and others

# Acquiring profit Opportunities by solving Client Issues

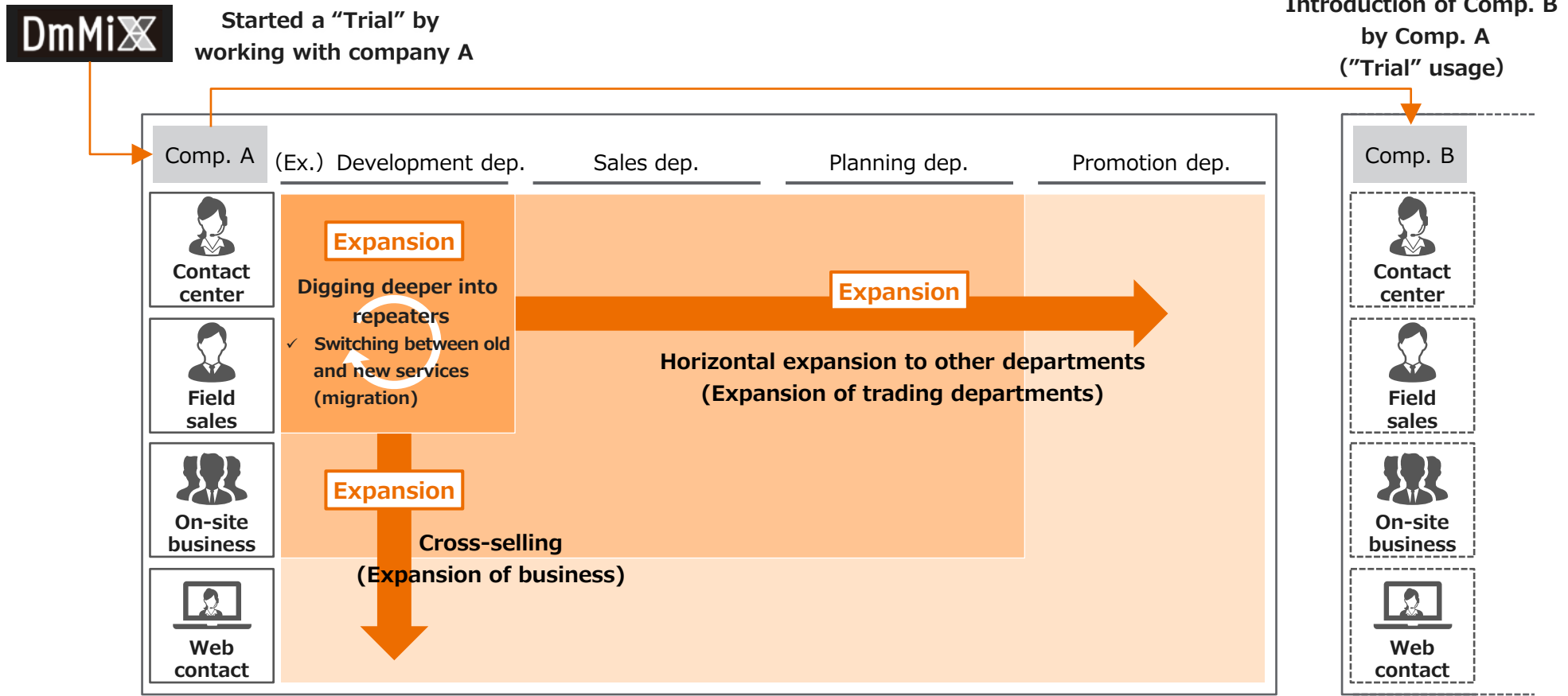
- Strongly support client's **OMO<sup>\*1</sup>marketing** and capture further profit opportunities as a slope between channels



# Client acquisition and Business Expansion

- Acquire new clients through active sales and referrals, and **steadily expand business with highly satisfying results**
- For existing clients, expand transactions by **digging deeper through repeaters, cross-selling, and horizontal expansion to other departments**

Image of expansion of existing business from acquisition of new clients

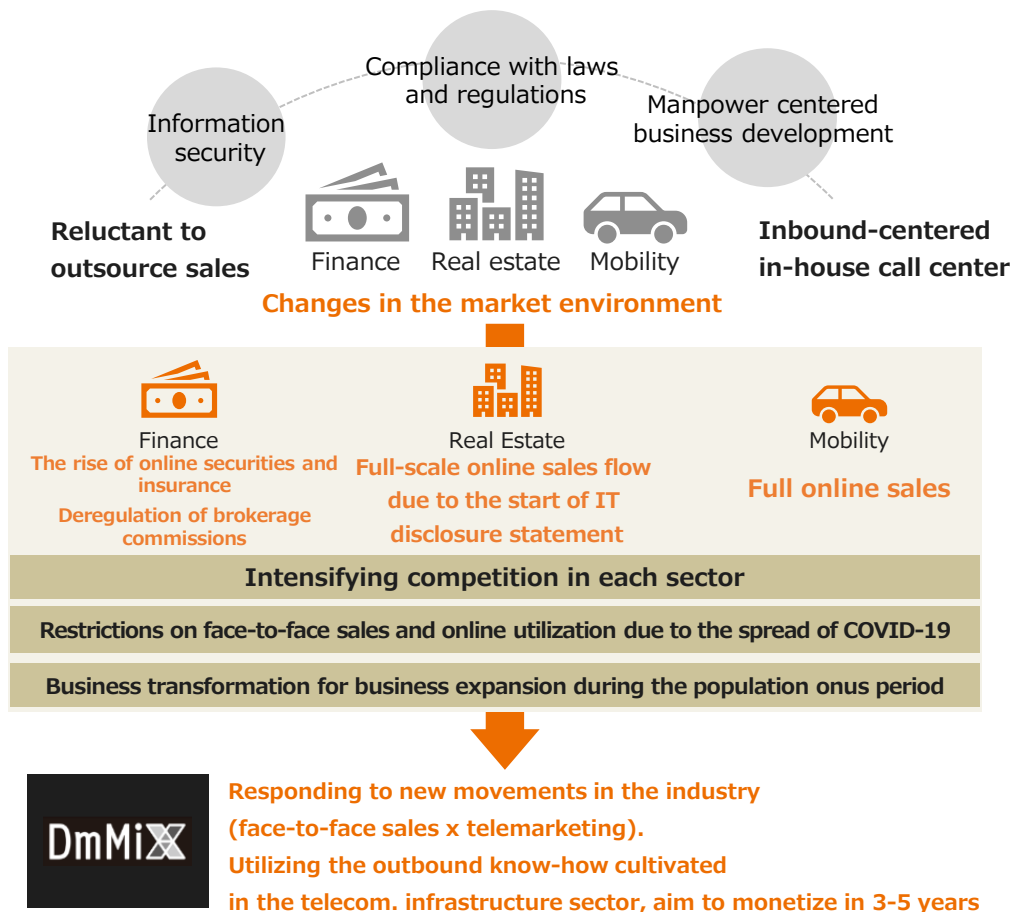




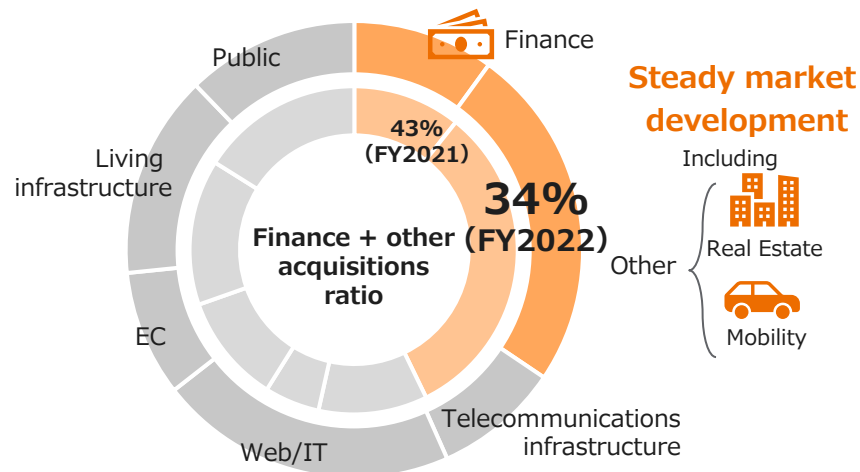
# Game change in the Sales Solution Market (monetization of expected sectors)

- The financial, real estate, and mobility sectors have **the same potential market size** as the current mainstay **telecom. infrastructure sector**
- Utilizing the know-how cultivated in the telecom. infrastructure sector, **cultivate a market where sales outsourcing has not yet penetrated**

## Expansion policy to expected sectors



## Composition of new clients by industry in FY2021 and FY2022 (based on the case numbers)



## Expected sector acquisition status

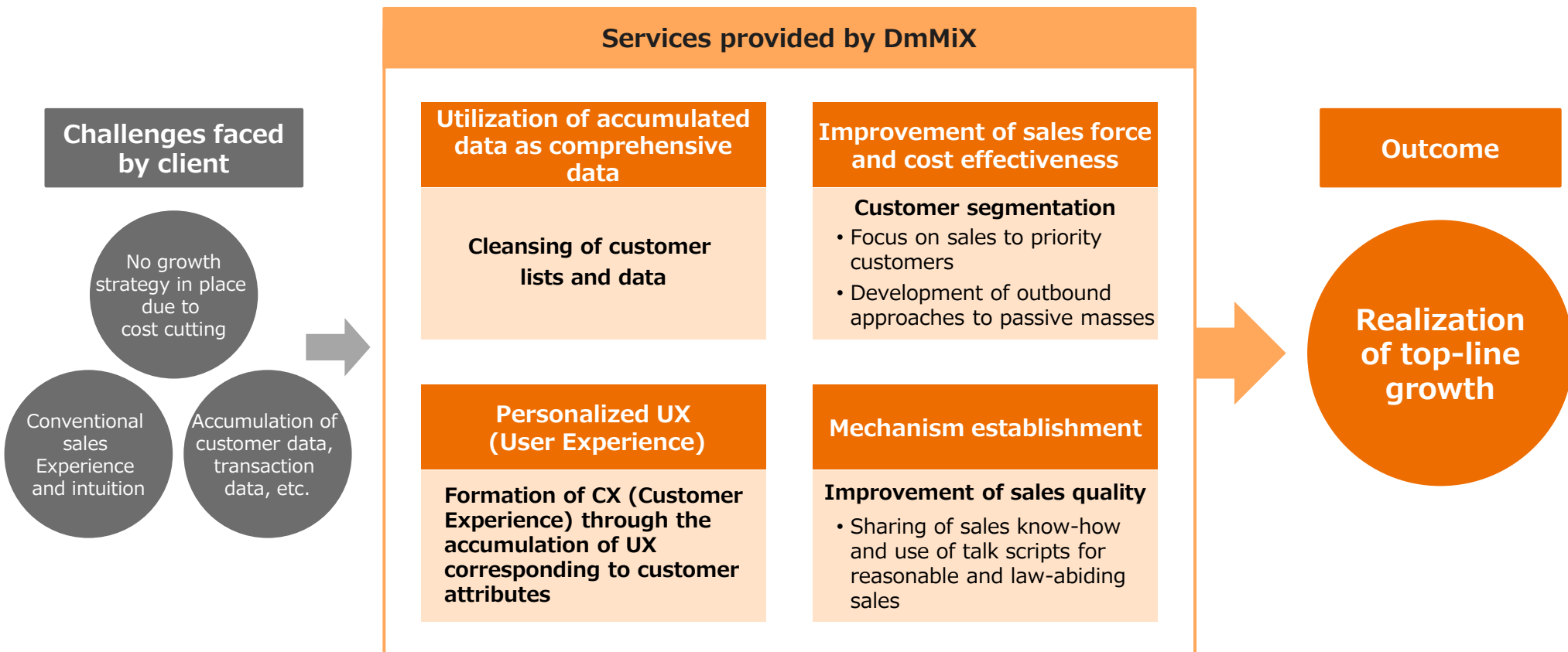


# DmMiX supporting DX with Big Data in the Sales Department

- Utilization of Big Data through DX : **Improving the efficiency of sales departments is key to the revival of Japanese companies** in BtoC business

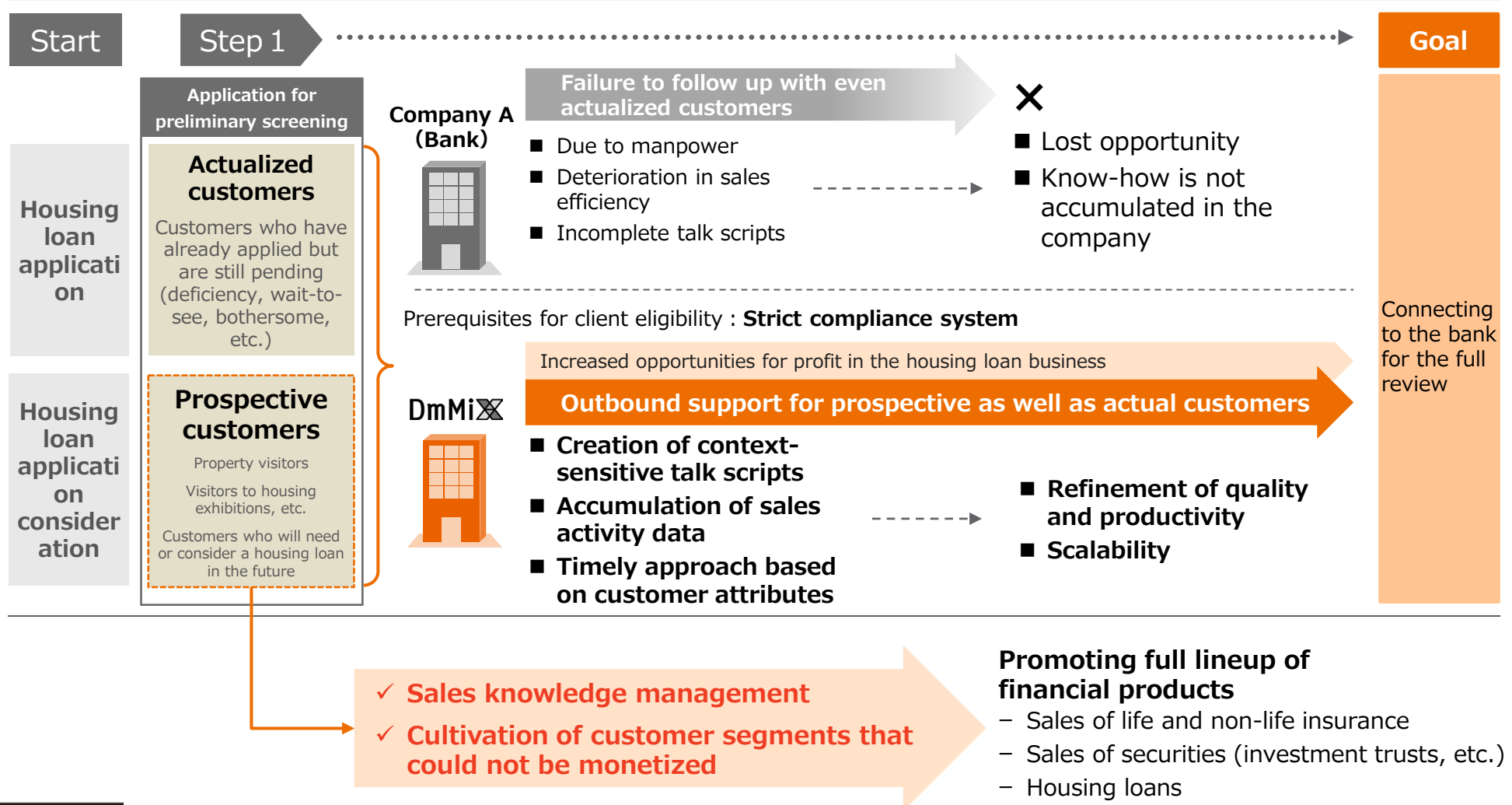
BtoC service industry (telecom. infrastructure, finance)

## Possibility of using outbound to support DX



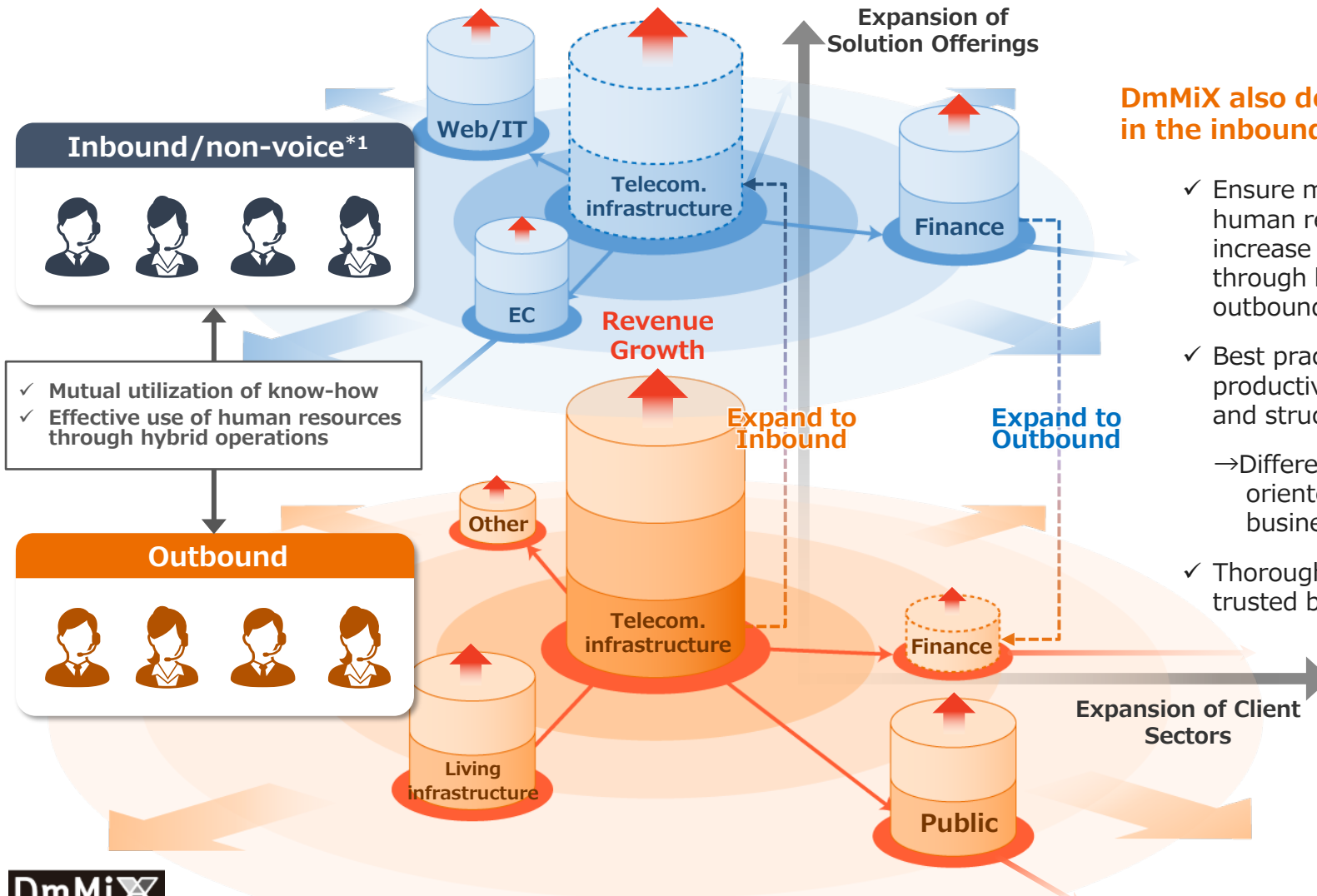
# Promising Market Example - Housing Loan Sales

- **Improvement of sales potential** by uncovering stagnant and potential customers through sales knowledge management
- Realization of **profitability of contact centers**, which used to be a cost department, through outbound support



# Medium- to Long-term Growth Image

- Add inbound and non-voice\*1 business to the outbound that has been our main business since the Company's foundation and the revenue base expand from a single to multiple layers (vertical)
- Expand from the telecom. infrastructure sector to other sectors (horizontal)



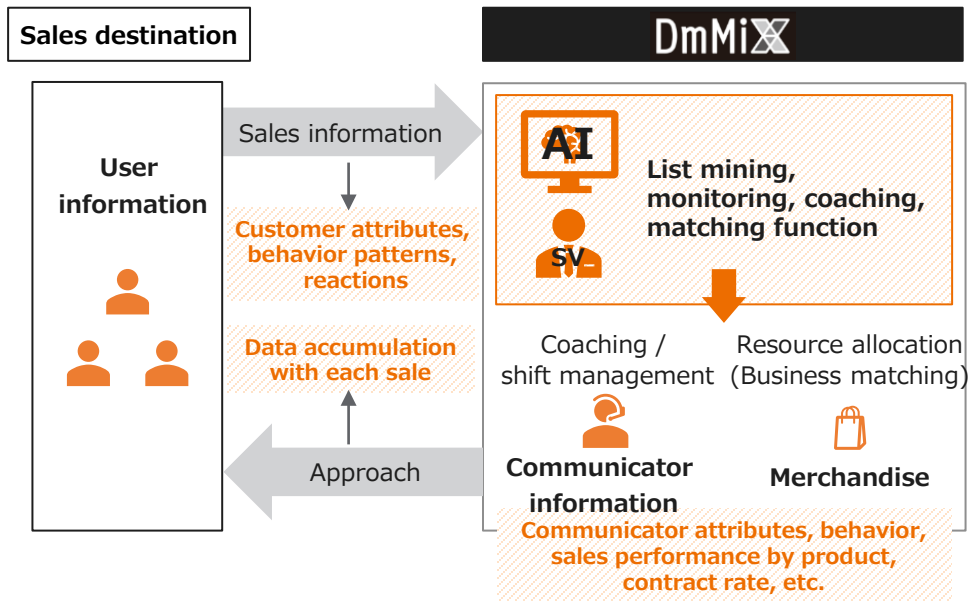
## DmMiX also demonstrates its strengths in the inbound/non-voice\*1 business

- ✓ Ensure mobility through ample human resources pooling and increase human resource efficiency through hybrid operation with outbound
- ✓ Best practices developed by high-productivity personnel are deployed and structured
  - Differentiation through results-oriented inbound/non-voice\*1 business
- ✓ Thorough quality control that is trusted by national clients

# Acceleration of growth by AI utilization

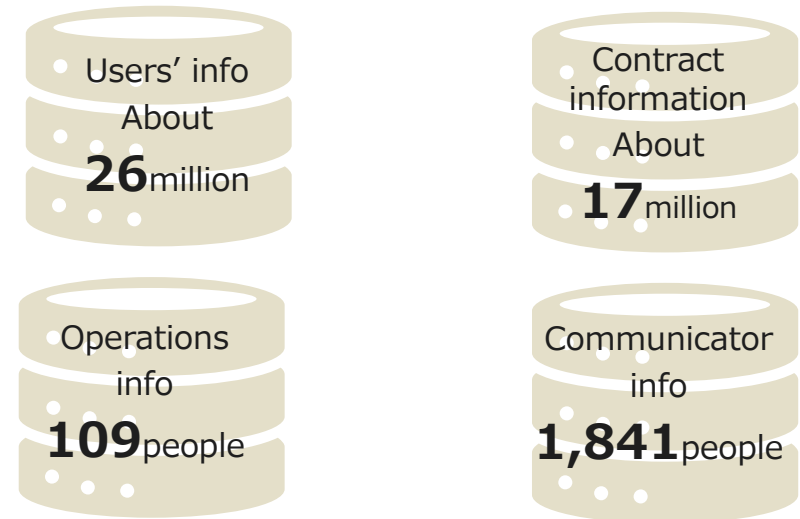
- For AI development, even at the stage of trial introduction of some functions, a large effect has already been proven
- We will expand the AI utilization function and introduce it to both management and communicator operations

## Overview of an AI system



## Partial AI test introduction effect

### AI utilization data implementation (Cumulative)



## Factors for accelerating growth

Mid-term aim	The effect of accelerating growth
Increase user loyalty	Efficient customer monetization
High performers*1 training	Customer retention effect
Further focus on the last mile (reduction of backyard operations)	Increase in ARPU
	Improvement of profit margins

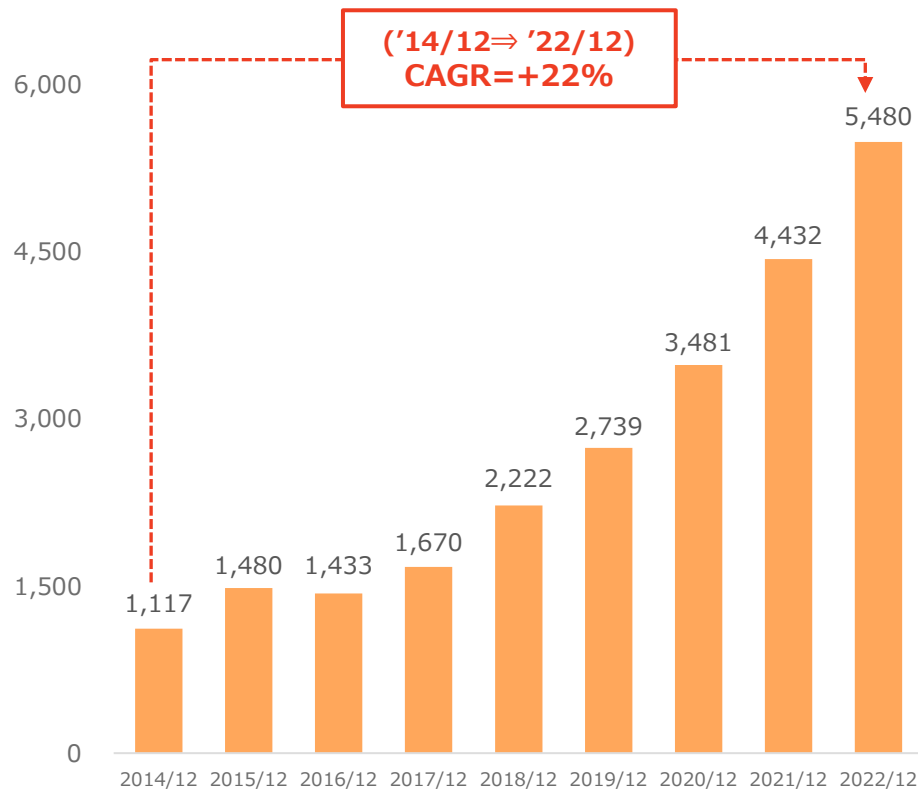
- Ongoing empirical experiments with data accumulation
- Scheduled to be introduced gradually after scoring results improve

# Steady Increase in Human Resources / Scope for Talent acquisition

- The number of communicators\*<sup>1</sup> has steadily increased as we have grown, and there is **ample room for hiring as the business expands in the future**
- Increase in the need for temporary employment, including short-term work → **Expansion of the personnel pool**

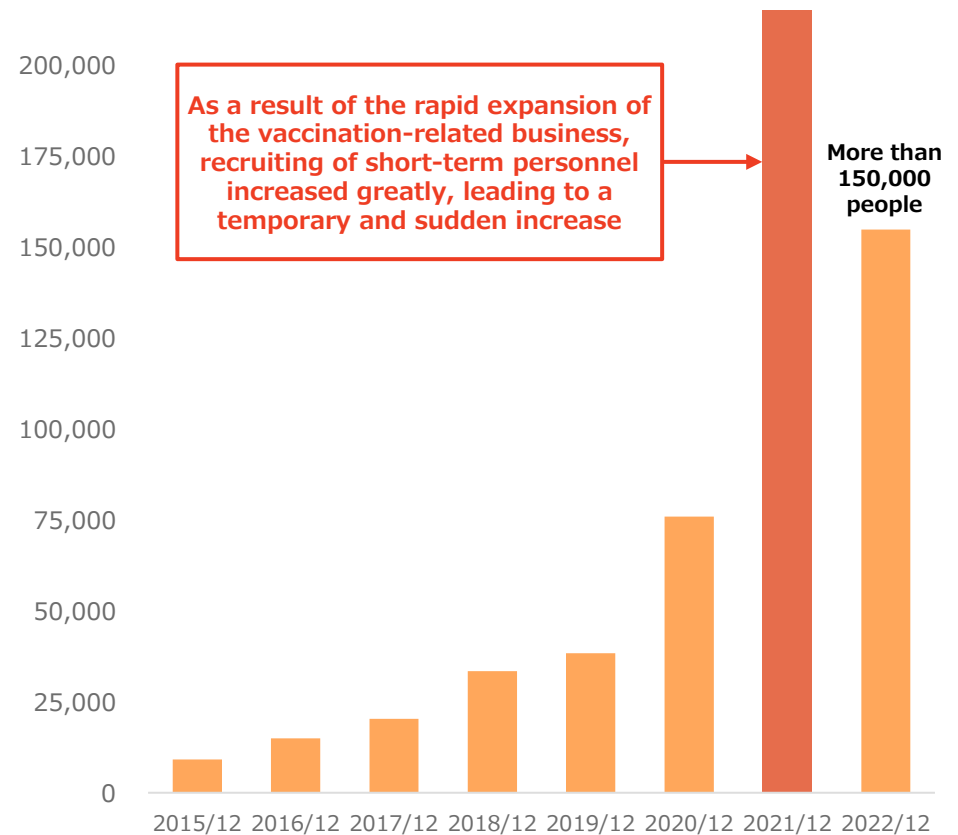
Changes in the number of communicators\*<sup>1</sup>

(People)



Changes in the annual number of applications for communicators

(People)



# Various Human Resources of our Group\*1

- We realized a flexible work system and build a pool of diverse earning personnel with various backgrounds. We also contribute to ensuring social mobility

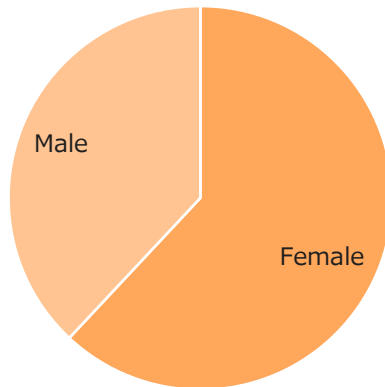
## Various attributes

- Educational background and skills do not matter
- Comfortable environment for women in their 20s

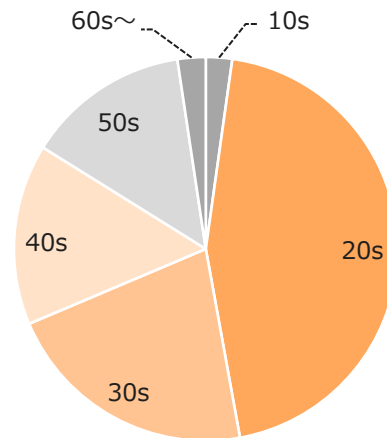
## Flexible work system

- Flexible work system that allows you to work from 1 hour a day, 1 day a week

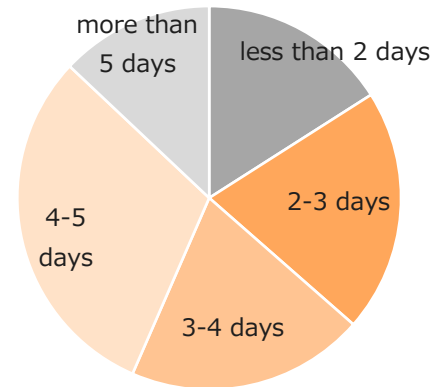
Gender\*2



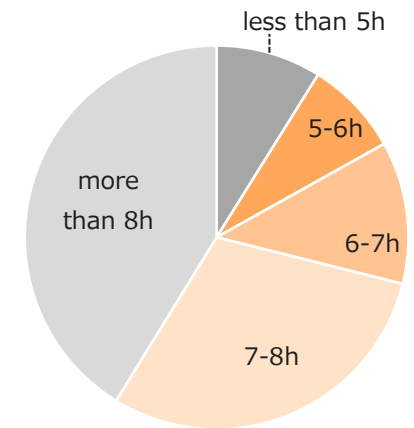
Age\*2



Working days per week\*3



Working hours per day\*3



\*1 Part-time jobs in marketing business (including temporary jobs dispatched outside the company)

\*2 As of the end of December 2022. Percentage of part-time jobs

\*3 As of the end of December 2022. Calculated based on the average attendance for the three months from October to December 2022. Does not include months with 0 working days. Part-time jobs without work (leaves, etc.) are not counted

# External Evaluation

- We are focusing on **women's advancement, realization of diverse work styles, health management, etc., and will contribute to the supply of social mobility**

## Some of the certifications and awards

### GPTW\*1's "Great Place to Work" Top rankings in various categories



#### Won the Best Company award in the first entry

- Japan ranking: 2<sup>nd</sup> place
- Japanese women ranking: 2<sup>nd</sup>
- Japan young ranking: 2<sup>nd</sup>
- Asia ranking: 25<sup>th</sup>



#### Evaluation Criteria

"The company was highly evaluated for its various efforts to help newly hired employees adjust to the corporate culture and for its ingenious naming. It's also great that they are listening to their employees and collecting ideas, which leads to innovation and improvement."

### Workstyle evaluation

#### Chosen by METI\*2 and MEXT\*3



- Excellent health management corporation "White 500" Chosen for three consecutive years starting in FY2019
- Sports Yell Company Chosen for three consecutive years starting in FY2019

#### Chosen by Japan White Spread foundation

- Platinum certification as one of the top white companies in Japan

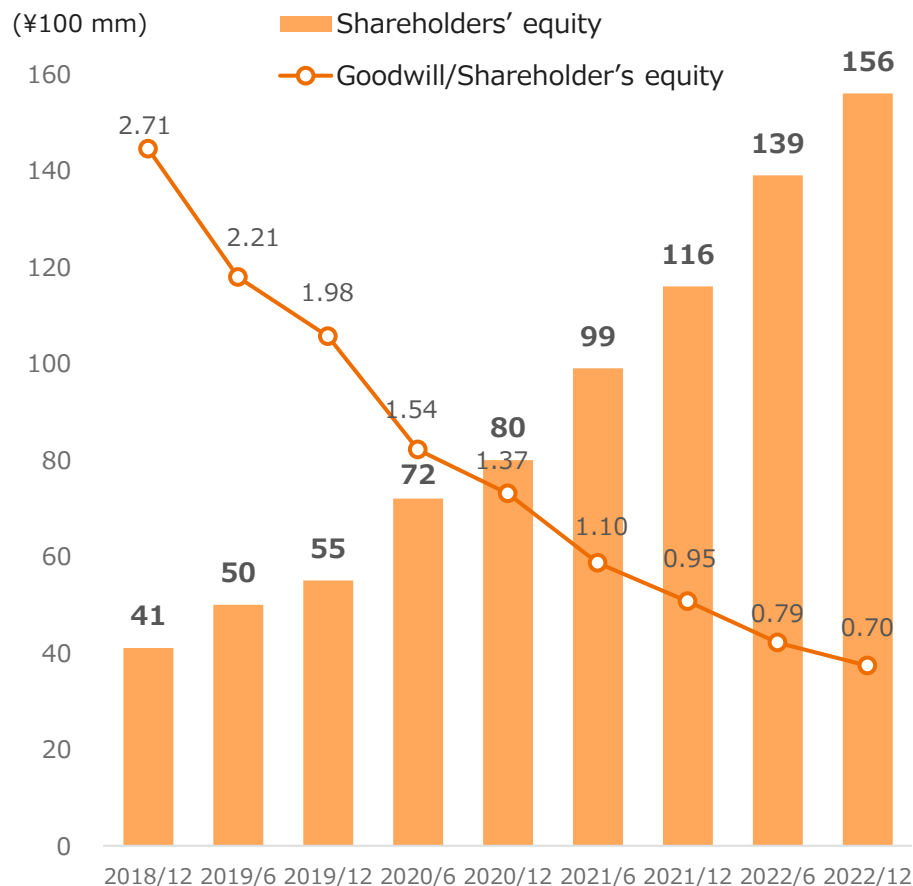


\*1 A professional organization that conducts surveys and analyses of "job satisfaction" and announces companies and organizations that have been recognized as having reached a certain level of satisfaction in leading media outlets in approximately 60 countries around the world.  
\*2 Abbreviation for Ministry of Economy, Trade and Industry  
\*3 Abbreviation for Ministry of Education, Culture, Sports, Science and Technology



# About Goodwill

## Historical shareholders' equity and goodwill/ Shareholders' equity ratio



## Reference on goodwill in the securities report submitted on March 27, 2023 (excerpt)

【Risk factors】 We have significant goodwill within total assets

- Recoverable amount at the end of this consolidated fiscal year significantly exceeds the carrying amount of enterprise value, referred to as the group assets excluding directly-associated liabilities of the cash-generating unit; therefore, even in case of altering major assumptions to a reasonable extent, we assume it is unlikely that recoverable amount of the cash-generating unit or the group falls below the carrying amount. **Impairment loss may occur if the pre-tax discount rate for marketing business rises by 30.5 points or the estimation of future cash flow including terminal value decreases by 77.9%; however, we assume impairment is unlikely as the recoverable amount sufficiently exceeds the carrying amount of enterprise value even in case of 0% growth in the next 5 years.**

【Notes on goodwill and intangible assets】

- Regardless of whether there is an indication of impairment, we conduct an impairment test every year (end of December). We determine the timing for impairment tests respectively considering the timing of formulating the related business plan. We conduct impairment tests as needed if there is an indication of impairment.
- Use values are calculated based on cash flow estimation according to the business plan and growth rate with board approval reflecting historical data for the next 3 years from the next consolidated fiscal year, considering terminal value for the years beyond, and discounted back to present value by the discount rate based on pre-tax weighted average cost of capital of the cash-generating unit.
- Below is the major assumptions on which the management's calculation of the use values less cost of disposal is based on:
  - Period of future : 3 years  
(3 years in the previous consolidated fiscal year)
  - Growth rate for extending the cash flow estimation : 0%  
(0% in the previous consolidated fiscal year)
  - Pre-tax discount rate applied to cash flow estimation :  
Marketing business 6.41% / On-site business 9.32%  
(9.00% and 12.52% respectively in the previous fiscal year)

# Promoting ESG Management integrated with Business

- Identify material issues and their KPI, promote women's empowerment, express agreement with the recommendations of TCFD, etc.; lead taken by the Sustainability Committee established, in 2021
- Continue to promote company-wide efforts to contribute to the realization of a sustainable society



## Initiatives to Strengthen Governance

**Realization of governance that respects the interests of not only shareholders but also all stakeholders**

- Transitioned to a company with Nominating and other Committees (2022)
- Achieved 60% ratio of outside members of the Board of Directors (2022)
- Identified material issues and their KPI (2022)
- Target of 30% women on the Board (2025)



## Initiatives for Human Capital

**System for hiring and developing a diverse workforce**

- Well-developed trainings and evaluation systems that maximize the power of human resources
- Promotion of flexible work styles tailored to the individual life conditions
- Make proactive efforts to promote empowerment of female employees (2022)
- Implement human rights due diligence (2022)



## Climate Change Initiatives




**Virtually zero CO<sub>2</sub> emissions (carbon neutral) by 2030**



- Announced our agreement with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) (2022)
- Reduction of electricity use
- Promotion of complete paperless system
- Reduction of resource usage

# External ESG Evaluation

■ Selected for three of the five main ESG investment indicators\*1 adopted by GPIF

	Score	Inclusion in Indexes
FTSE	<p><b>4.1</b> (Corresponds to top 10%*2)</p>	<p> <b>FTSE Blossom Japan Index</b> (229 constituent companies)</p> <p> <b>FTSE Blossom Japan Sector Relative Index</b> (493 constituent companies )</p>
S&P	<p><b>48</b> (Corresponds to top 10%*3)</p>	<p> <b>S&amp;P/JPX Carbon Efficient Index</b> (1,855 constituent companies)</p>
MSCI	<p><b>A</b> (Third highest of seven-rank assessment)</p>	<p>Long-term target: Be included in the MSCI Japan ESG Select Leaders Index</p>

\*1 ESG indicators for domestic stocks from GPIF, FY2021 ESG Activities Report (August 2022)

\*2 Calculated based on the FTSE scores of Japanese companies

\*3 Calculated based on the score within the sector



**【Disclaimer】**

This material has been prepared based on information currently available to the management of the Company and certain assumptions that the Company considers reasonable, and the Company makes no assurances or warranty as to its accuracy or completeness.

In addition, although forecast figures, forward-looking descriptions and statements regarding prospects are included, actual results may differ materially from those expressed or implied due to various risks, uncertain factors and changes in the external environment. We caution you not to place undue reliance on these forward-looking descriptions and statements.

The Company does not guarantee, and is under no obligation to ensure, that it will always review and revise any forward-looking descriptions and statements, regardless of new information, future events or any other results.