A Total Sales/Marketing Solution Provider for Maximizing Client Profitability

Direct Marketing MiX Inc.

Financial results briefing (FY2021/12 2Q)

August 13th, 2021

DmMiX

(7354)

© Direct Marketing MiX Inc.

Table of contents

1 DmMiX Business Model 2

2 DmMiX Core Competence 8

3 Financial results (FY2021/12 2Q) 14

4 Forecast for FY2021/12 and Medium- to Long-term Growth Strategy 24

Appendix 35

© Direct Marketing MiX Inc.

Table of contents

1 DmMiX Business Model 2

2 DmMiX Core Competence 8

3 Financial results (FY2021/12 2Q) 14

4 Forecast for FY2021/12 and Medium- to Long-term Growth Strategy 24

Appendix 35

© Direct Marketing MiX Inc.

DmMiX Group Overview

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



CEO
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) (present post)

Corporate Philosophy

いま「社会」から必要とされている事を

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

Clients' issue: Struggling to improve top line

Shortage of sales staff × Inefficient marketing Striving for high performance

DmMiX

Provide the sales/marketing solutions that maximize client profitability

Sales | **Marketing**

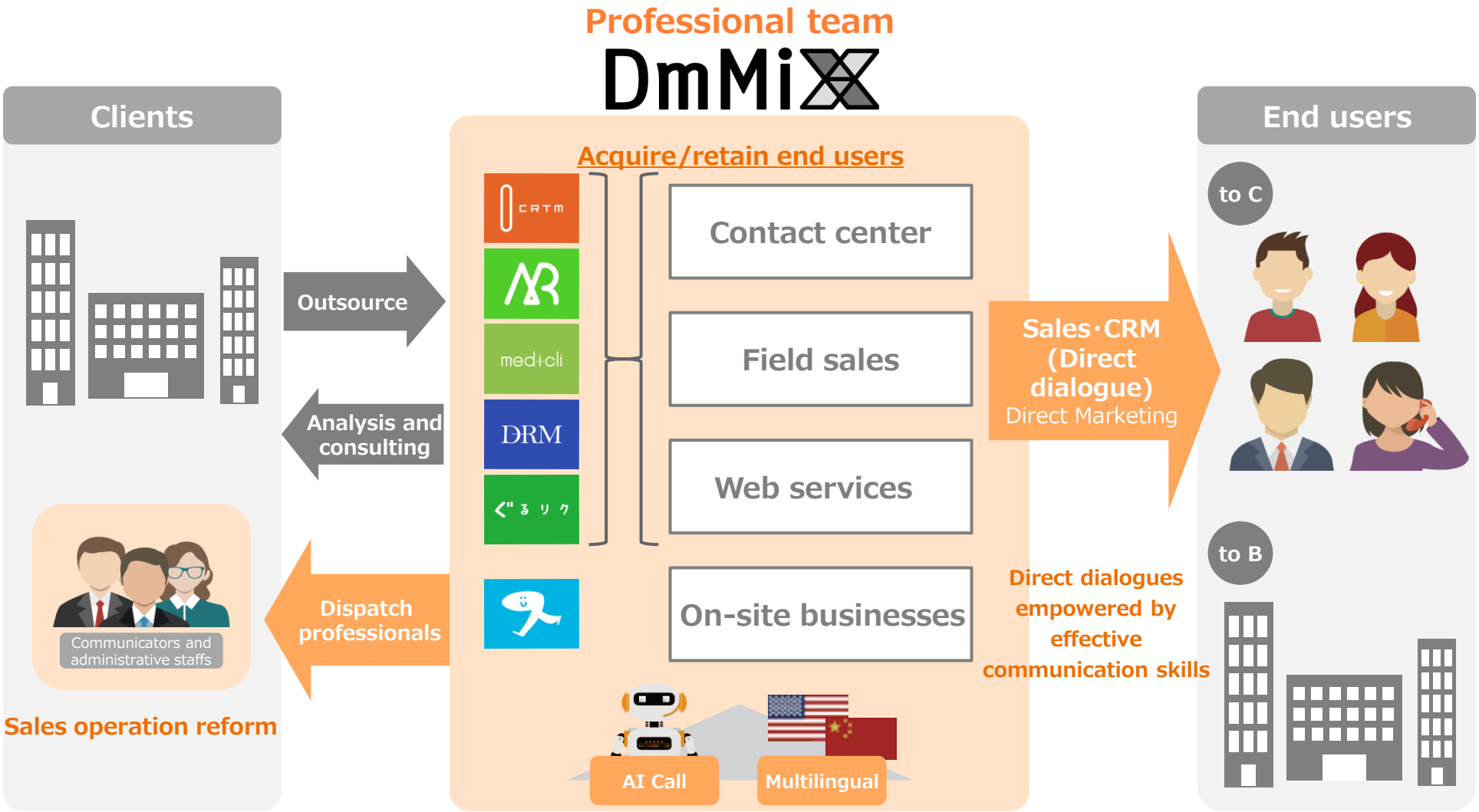
Access to external sales functions × Sales increase compared to using internal resources

Result: **Top line improvement**

© Direct Marketing MiX Inc.

Proactive Sales – Professional Marketing Services

■ Direct marketing services provided by our professional marketing team



© Direct Marketing MiX Inc.

Solutions provided by DmMiX

- **As a professional group, DmMiX is a one-stop commitment to all client issues related to sales and marketing, from lack of sales force to improvement of cost effectiveness**
- **Making it possible for clients to focus on their core business**

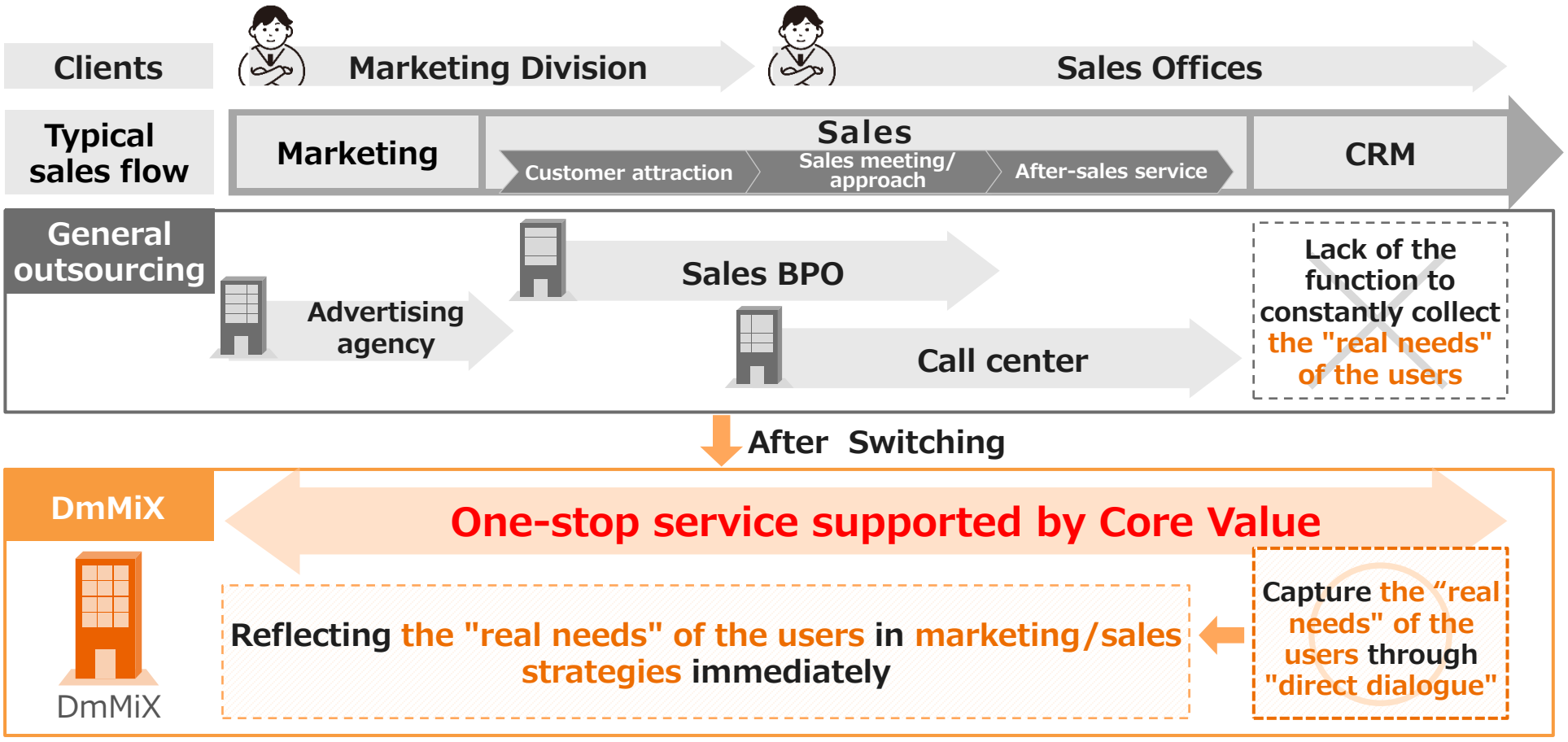
Client issues	Solutions provided by DmMiX
Lack of sales force	Flawless sales system created by a group of sales and marketing professionals
Improvement of cost effectiveness	Improvement of cost effectiveness by outsourcing and performance-based fee
Lack of skills and resources to sell a variety of products	Combining sales know-how cultivated in various industries and with various products with abundant human resources
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

© Direct Marketing MiX Inc.

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

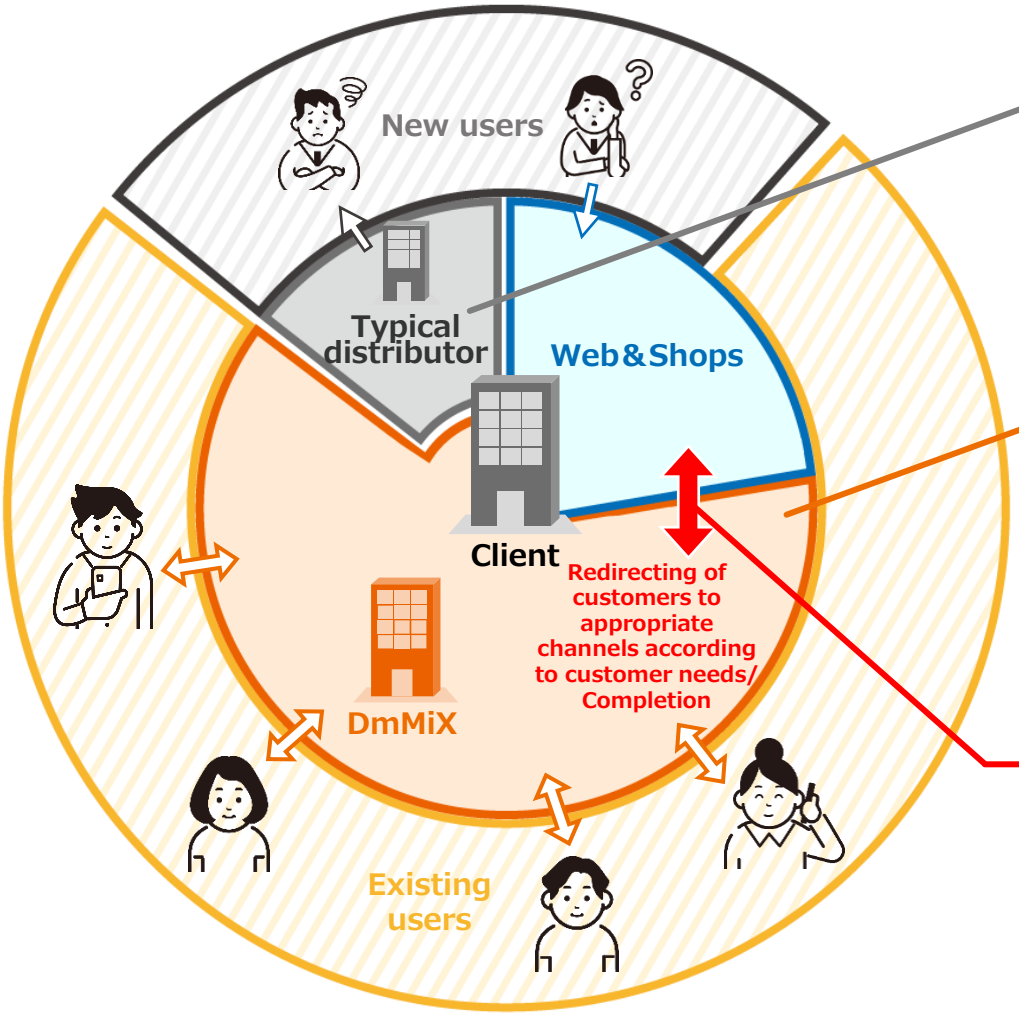
Differences between typical external services and DmMiX services



© Direct Marketing MiX Inc.

Supporting the OMO 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 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

© Direct Marketing MiX Inc.

Table of contents

1 DmMiX Business Model 2

2 **DmMiX Core Competence** 8

3 Financial results (FY2021/12 2Q) 14

4 Forecast for FY2021/12 and Medium- to Long-term Growth Strategy 24

Appendix 35

© Direct Marketing MiX Inc.

DmMiX's core competencies for autonomous growth



© Direct Marketing MiX Inc.

1. "Winning pattern" of client acquisition and accumulation

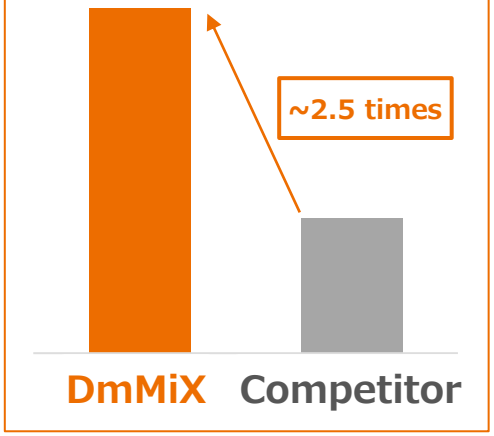
■ **High performance & flexible support converts trial users into clients**

High performance

DmMiX offers higher sales performance than other service providers or internal resources

- ✓ Managers and high-performers *1 owning know-how establish the whole operations
- ✓ Then systemize the process

number of orders received (per sales rep. / hour) *2



×

Flexible support

Offering "Trial" service to explore clients' needs

e.g.

Trials
- ✓ Available from **one seat**

Speedy
- ✓ Service ready on the **next day** of contract at the shortest
- ✓ **On the spot** service revisions upon client requests

Performance-based fee
- ✓ Fee system linked with sales
- ✓ Able to receive orders for less profitable projects that peers may not undertake while securing profit

Proposal-based
- ✓ Offer appealing proposals to clients, using accumulated data and know-hows

=

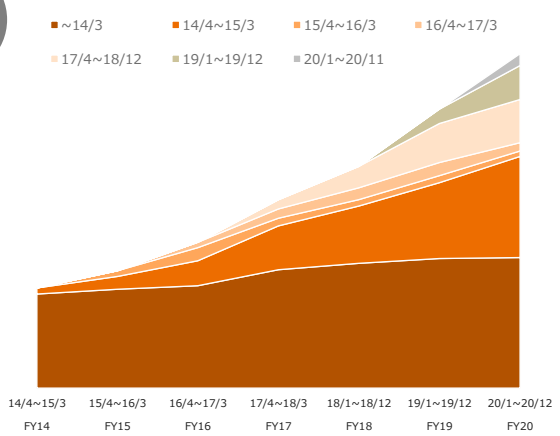
Repeat clients

Excellent cost performance achieves repeat orders from existing clients

- ✓ Switch the fee system to fixed + performance-based
- ✓ Maintain the result by systemized operations

Sales from existing clients (YoY)*3

100%+



Revenue by clients grouped by their initial contracted year)

*1 A general term for staff who have achieved a certain level of sales performance according to our standards.
*2 Our estimate based on the data received from the clients in 2019
*3 Refer to p.20

© Direct Marketing MiX Inc.

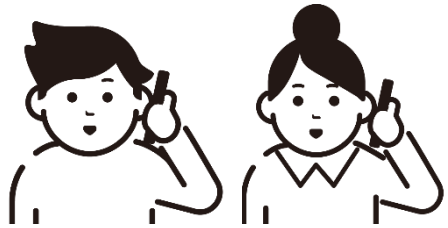
2. High added value generated by accumulating user data

- **Familiarizes users even more than the clients with the user database accumulated since the company was founded**
- **Contributes to the formulation of sales and marketing strategies with the "real needs" of the users and secure high added value. Becomes an irreplaceable existence**

User data that is accumulated over time

Clients ⟷ **DmMiX** ⟷ **End users**





High contact rate to end users allows us to better understand end users than our clients do

The high quality "real needs" of the users × **Always "up-to-date"**

The "real needs" of the users are reflected in sales / marketing strategy

Consulting

User database designed for each client ※Image

*No. of projects for this item
✓ First time
✓ Second time
✓ Third time

User names

Survey items

	A	B	C	D	E	F	G	...
Family structure	✓		✓	✓	✓	✓	✓	
Owns PC?	✓	✓	✓	✓	✓	✓	✓	
Time of day when the user often answers phone calls		✓			✓	✓		
⋮								
Interested or not	✓	✓	✓	✓	✓	✓	✓	
Frequency of use		✓	✓					
Use other companies'service?	✓		✓	✓	✓	✓	✓	
Needs	✓	✓	✓	✓	✓	✓	✓	
Budget		✓		✓		✓	✓	
Complaint about product	✓	✓	✓	✓	✓	✓	✓	
⋮								
Reason for failure to win order		✓						

The "real needs" of the users

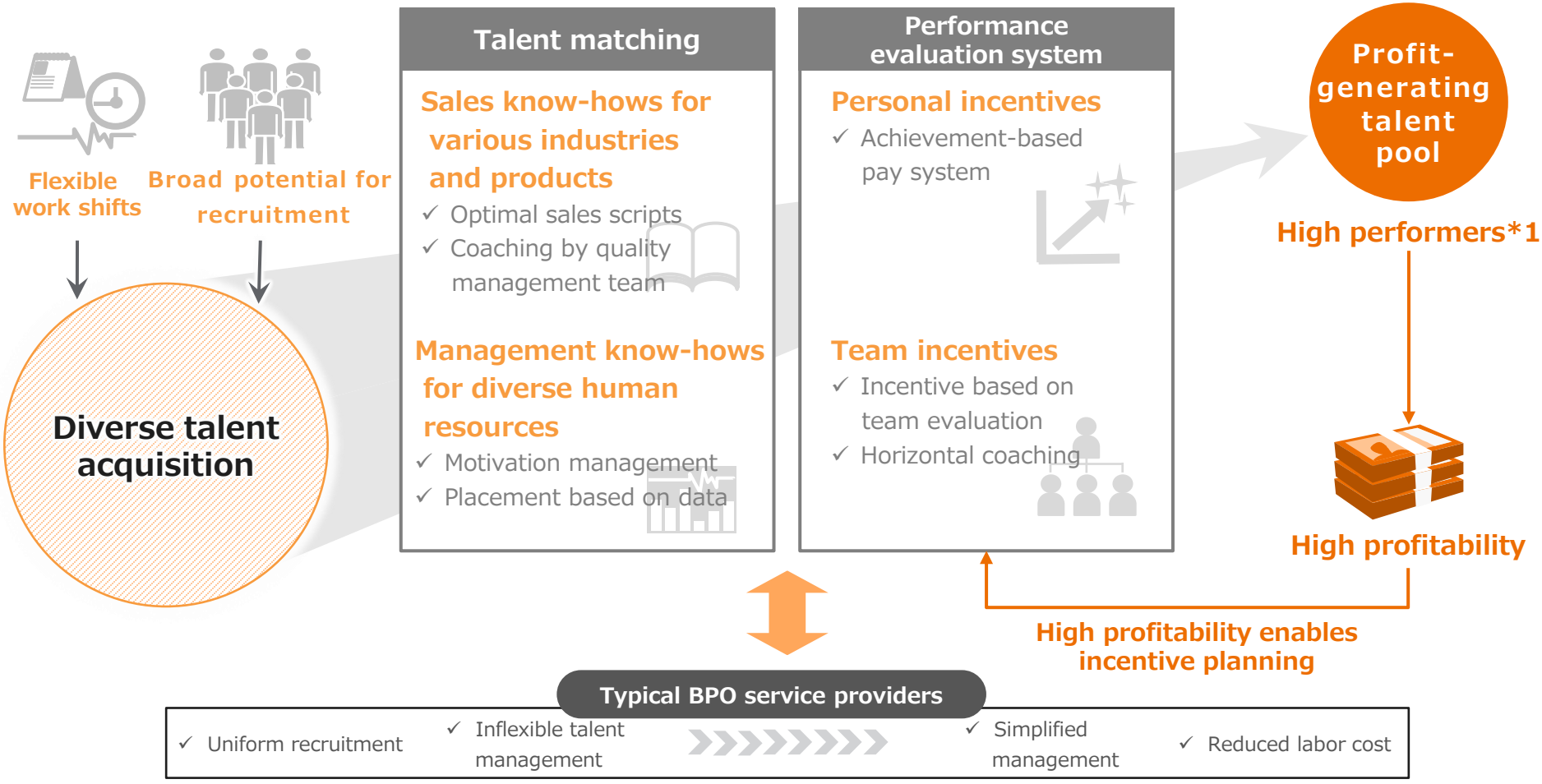
Collection

© Direct Marketing MiX Inc.

3. Mechanism to continuously cultivate high performers*1

■ **Our unique training method enables to quickly develop talents that peers cannot**

Mechanism to cultivate high performers *1



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

© Direct Marketing MiX Inc.

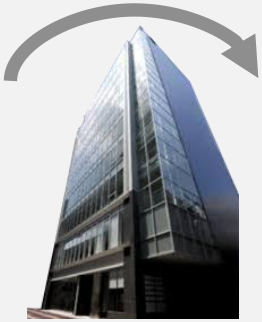
3. Mechanism to continuously cultivate high performers*1 -Matching human resources and products-

- **Able to match with diverse talents with all branches being "Multi-products centers"**
- **Bases are strategically set up in metropolitan areas with high human resources concertation**

Characteristics and advantages of "Multi-products centers"

Multi-products centers

Product A | Product B | Product C | Product D



Diverse talent acquisition
Broad potential for recruitment / Flexible work shifts

Employee A Highly-skilled | Employee B Beginner | Employee C Shorter work hours | Employee D Full-Time

Diverse industries/products

- Able to offer multiple positions according to difficulty levels and required skill sets
- Able to switch positions depending on the products

Staff retention/Cost efficiency

- Large hiring opportunities in urban areas
- Centralization to reduce overhead cost

Osaka | Sapporo | Shinjuku | Nagoya | Matsuyama | Hakata

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

© Direct Marketing MiX Inc.

Table of contents

1 DmMiX Business Model 2

2 DmMiX Core Competence 8

3 Financial results (FY2021/12 2Q) 14

4 Forecast for FY2021/12 and Medium- to Long-term Growth Strategy 24

Appendix 35

© Direct Marketing MiX Inc.

Financial results highlights (FY2021/12 2Q) (2Q Cumulative Period)

- **Sales Revenue : COVID-19 related spot business headed to a peak, and sales increased steadily by 31.9% compared to the same period of the previous year, which was also strong**
- **Various Profits : EBITDA achieved an increase in profits by 22.5% YoY despite enlarged costs of strategic acceleration of office space expansion & growth in personnel numbers in demand anticipation**

Sales revenue	**15 billion yen**	YoY	+31.9%
EBITDA*1	**3.4 billion yen**	YoY	+22.5%
Operating profit	**2.9 billion yen**	YoY	+20.4%
Net income*2	**1.9 billion yen**	YoY	+20.0%

Topics

Sales revenue (by sector)

- Telecommunications : Continued to steadily progress as the main pillar of earnings. Some spot business also increased
- Public : Significant YoY growth due to vaccination-related spot business
- Web/IT : Growth rate of food delivery service and cashless payments increased significantly due to changes in lifestyle

Various Profits

- Maintaining a high profit level, partly due to the contribution of highly profitable spot business
- Expenses such as depreciation and paid leave increased due to accelerated expansion of bases and personnel accompanying business expansion.
- Net income was also affected by a one-time expense of △82 million yen (1Q) which occurred due to refinancing.

*1 EBITDA=operating profit + depreciation + amortization
*2 Profit attributable to owners of parent

© Direct Marketing MiX Inc.

FY 2021/12 2Q (from April to June) P/L

- **Sales revenue : Steady progress to an increase by 46.7% YoY due to significant growth in COVID-19 related spot business and steady growth in the telecommunications sector (which was limited in 1Q due to changes in seasonality)**
- **Various Profits : Profitability declined slightly due to increased costs for office space expansion and staffing, but EBITDA progressed at a high level by 33.3% YoY**

Consolidated P / L 2Q results and YoY change

(¥ mm)	2020/12 2Q (from April to June)	2021/12 2Q (from April to June)	
	Results	Results	YoY
Sales revenue	**5,393**	**7,911**	**+46.7%**
Operating expenses	△4,295	△6,466	+50.5%
Other revenue	4	13	–
Other expenses	△0	△2	–
Operating profit	**1,102**	**1,457**	**+32.2%**
Operating profit margin	**20.4%**	**18.4%**	**△2.0pt**
Financial profit	0	1	–
Financial expenses	△25	△12	–
Profit before tax	**1,078**	**1,446**	**+34.1%**
Income tax expense	△356	△458	–
Net income*1	**721**	**987**	**+36.9%**
Net income margin	**13.4%**	**12.5%**	**△0.9pt**
EBITDA*2	**1,276**	**1,702**	**+33.3%**
EBITDA margin	**23.7%**	**21.5%**	**–**

*1 Profit attributable to owners of parent
*2 EBITDA = operating profit + depreciation + amortization

© Direct Marketing MiX Inc.

FY 2021/12 1H P/L

- **Sales Revenue : Steady progress by 56.1% of the budget due to an increase in COVID-19 related spot business in addition to steady growth of existing operations**
- **Various profits : The full year earnings forecast was revised as operating profit progressed at a high level by 76.8% of the budget**

Consolidated P / L 1st half results and YoY change

(¥ mm)	2020/12 1H	2021/12 1H			2021/12 Full year (before revision)	2021/12 Full year (before revision)
	Results	Results	YoY	Progress rate*3	Forecast	Forecast
Sales revenue	**11,395**	**15,026**	**+31.9%**	**56.1%**	**26,800**	**28,500**
Operating expenses	△8,982	△12,142	+35.2%	–	–	–
Other revenue	10	37	–	–	–	–
Other expenses	△1	△4	–	–	–	–
Operating profit	**2,422**	**2,917**	**+20.4%**	**76.8%**	**3,800**	**4,500**
Operating profit margin	**21.3%**	**19.4%**	**△1.8pt**	**–**	**14.2%**	**15.8%**
Financial profit	39	1	–	–	–	–
Financial expenses	△73	△118	–	–	–	–
Profit before tax	**2,389**	**2,800**	**+17.2%**	**75.7%**	**3,700**	**4,400**
Income tax expense	△795	△887	–	–	–	–
Net income*1	**1,594**	**1,914**	**+20.0%**	**76.6%**	**2,500**	**3,000**
Net income margin	**14.0%**	**12.7%**	**△1.3pt**	**–**	**9.3%**	**10.5%**
EBITDA*2	**2,762**	**3,384**	**+22.5%**	**73.6%**	**4,600**	**5,300**
EBITDA margin	**24.2%**	**22.5%**	**–**	**–**	**17.2%**	**18.6%**

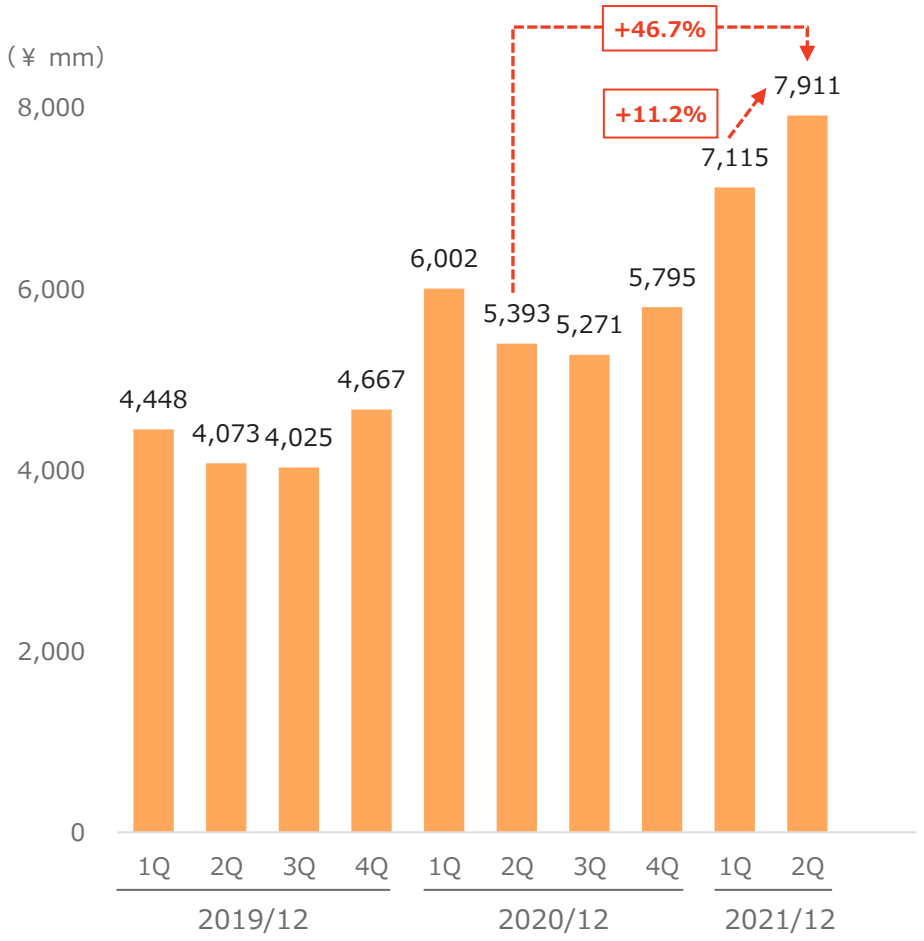
*1 Profit attributable to owners of parent
*2 EBITDA = operating profit + depreciation + amortization
*3 2021/12 progress rate against full-year forecast(before revision)

© Direct Marketing MiX Inc.

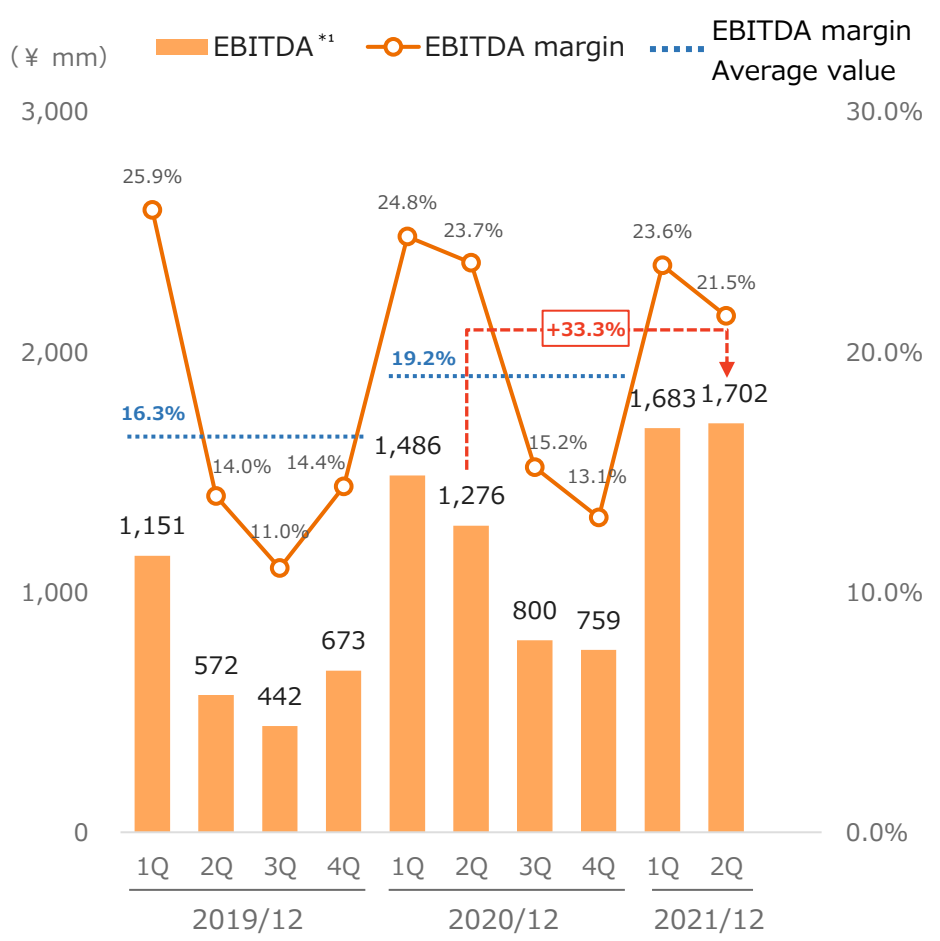
Quarterly Results

- **Sales revenue : COVID-19 related spot business increased significantly, resulting in a significant increase in sales by 46.7% YoY and by 11.2% QoQ**
- **EBITDA : Securing an increase in profits by 33.3% YoY compared to the same period of the previous year, when the profit contribution of the COVID-19 related spot business was also large**

Quarterly changes in consolidated sales revenue



EBITDA・Quarterly trends in EBITDA margin



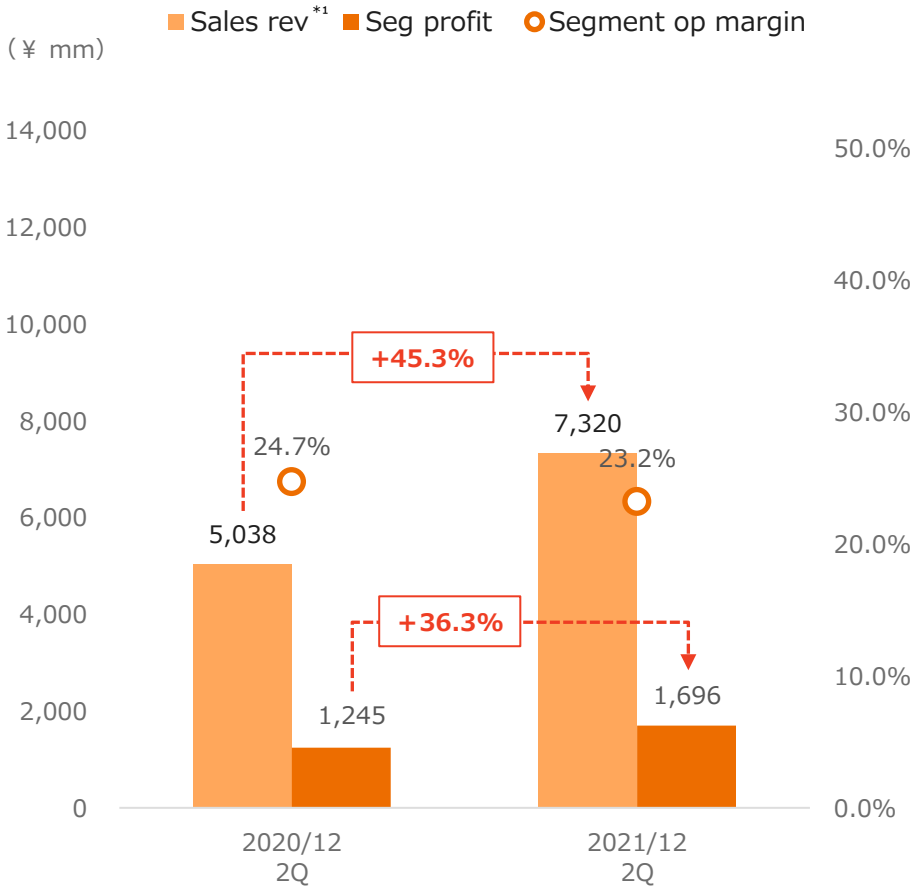
*1 EBITDA = operating profit + depreciation + amortization

© Direct Marketing MiX Inc.

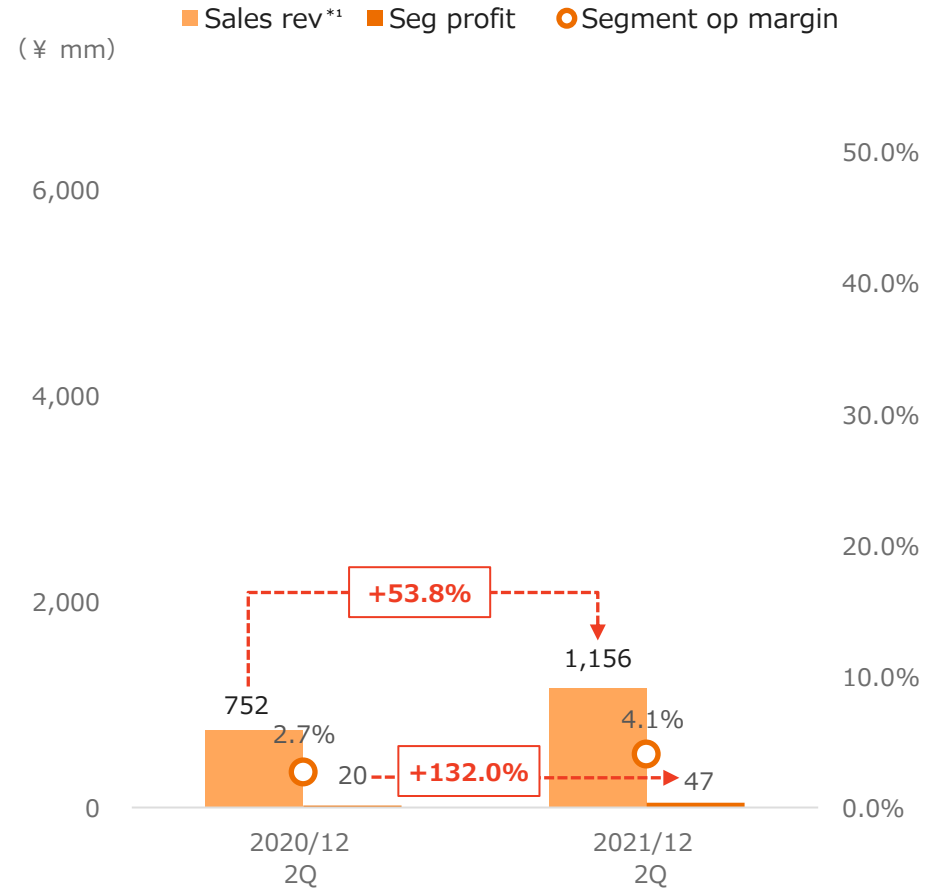
2021/12 2Q (from April to June) Results per Segment

- **Marketing business: COVID-19 related spot business centered on vaccination grew, achieving sales increase by 45.3% YoY and operating profit by 36.3% YoY**
- **On-site business : Achieved a sales increase by 53.8% YoY and operating profit by 132.0% YoY, greatly affected by the above spot business**

Marketing business



On-site business



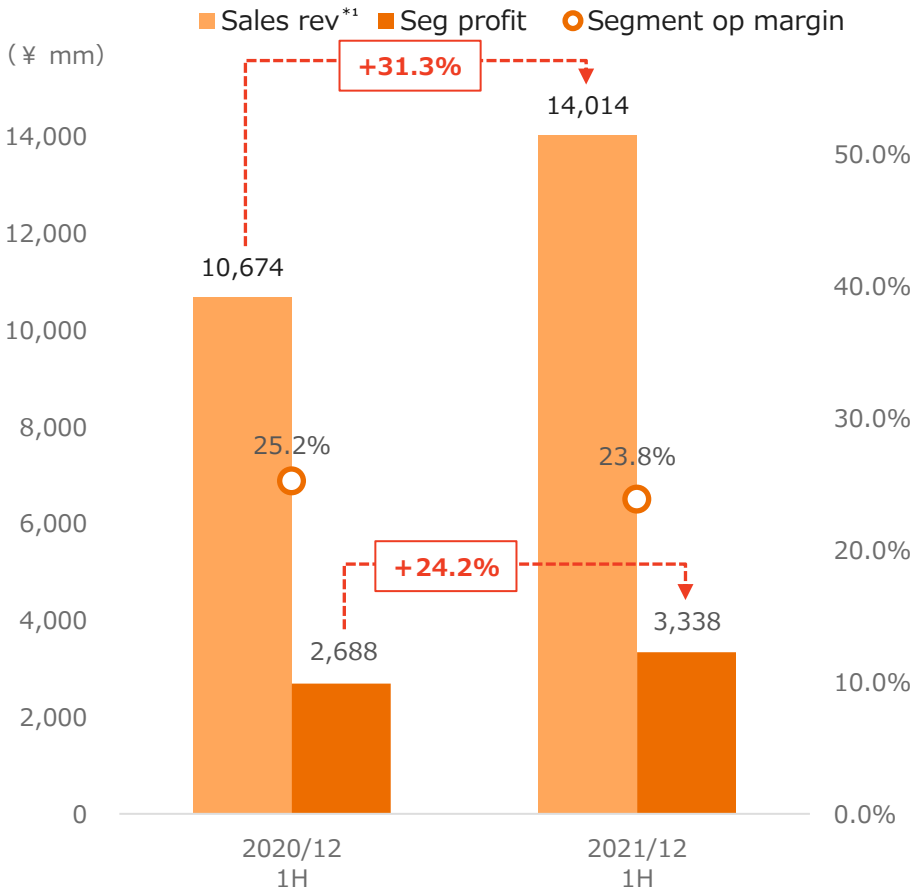
*1 Including intra-group sales

© Direct Marketing MiX Inc.

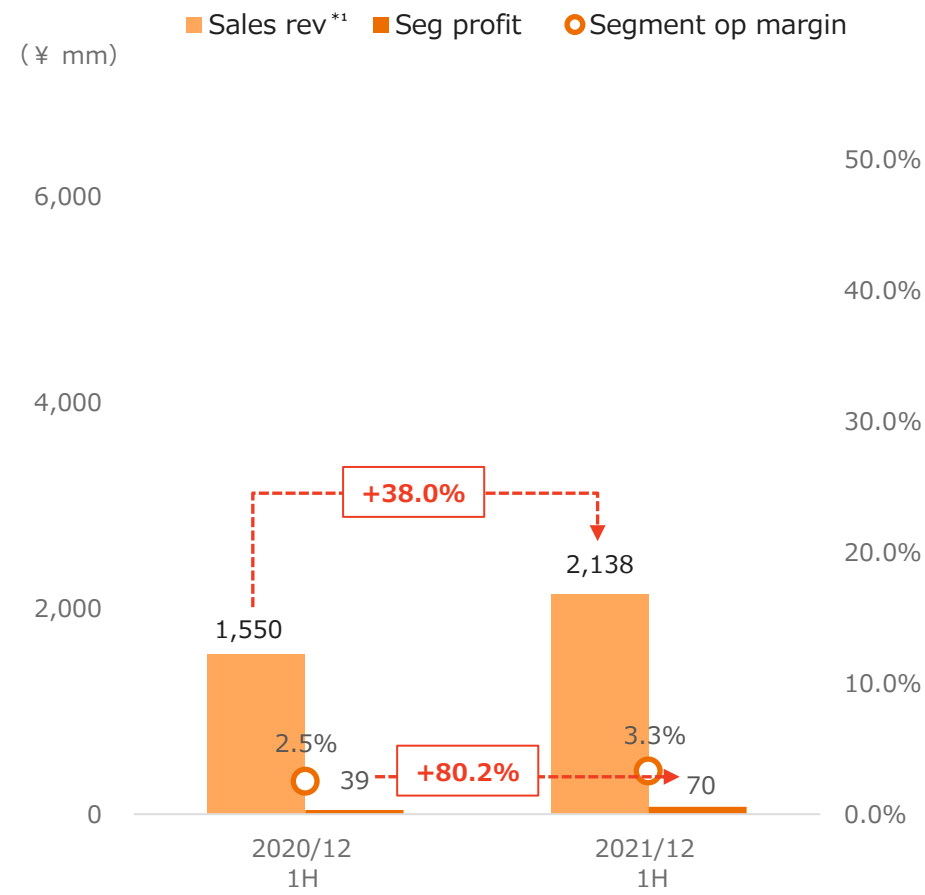
FY 2021/12 1H Results per Segment

- **Marketing business: Increase in COVID-19 related spot business absorbed seasonality in existing businesses, achieving sales increase by 31.3% YoY and operating profit by 24.2% YoY**
- **On-site business : Sales increased by 38.0% YoY, operating profit by 80.2% YoY**

Marketing business



On-site business



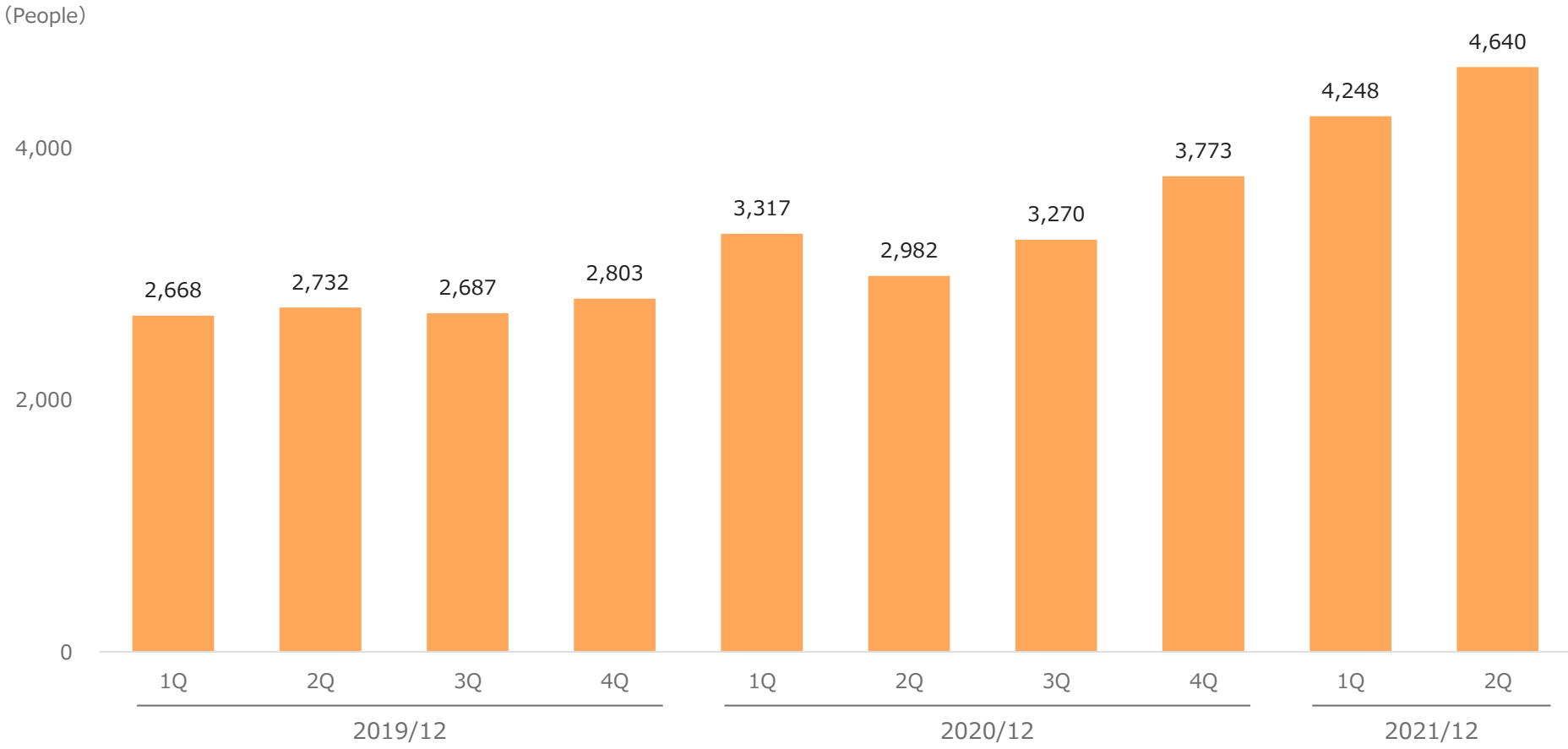
*1 Including intra-group sales

© Direct Marketing MiX Inc.

Marketing Business KPI

■ **The number of operating staff[*1] : As the growth of COVID-19 related spot business was large and demand is peaking, the number of operating staff expanded at a pace that greatly exceeded the initial forecast (3,984 people) following the 1Q**

Quarterly changes in the number of operating staff



*1 The number of operating staff in marketing business

© Direct Marketing MiX Inc.

FY 2021/12 1H B/S

- **Growth in retained earnings due to increased profits, resulting in an increase in ratio of equity attributable to owners of parent**
- **Goodwill total asset ratio steadily declined and net debt continues to be significantly reduced**

Consolidated B / S Comparison YoY

(¥ mm)	End of 2020/12	End of 2021/6	YoY Change	Comments
Total assets	**21,251**	**22,929**	**+1,678**	■ **Property, plant and equipment & right-of-use assets total :** **1,552 mm yen** (End of 2018/12) ▶ **1,770 mm yen** (End of 2019/12) ▶ **2,538 mm yen** (End of 2020/12) ▶ **3,073 mm yen** (End of 2021/6) – Growth due to expansion of bases and system-related investment accompanying business expansion ■ **Goodwill total asset ratio :** **69.9%** (End of 2018/12) ▶ **62.4%** (End of 2019/12) ▶ **51.7%** (End of 2020/12) ▶ **47.9%** (End of 2021/6) – Goodwill has not been amortized, but its share of total assets have steadily declined
Current assets	6,877	7,746	+868	
Non-current assets	14,374	15,184	+810	
Goodwill	10,984	10,984	±0	
Total liabilities	**13,251**	**12,985**	**△266**	■ **Interest-bearing liabilities :** **8,108 mm yen** (End of 2018/12) ▶ **7,589 mm yen** (End of 2019/12) ▶ **6,500 mm yen** (End of 2020/12) ▶ **5,785 mm yen** (End of 2021/6) – Long-term liabilities are steadily decreasing ■ **Net debt :** **7,344 mm yen** (End of 2018/12) ▶ **5,919 mm yen** (End of 2019/12) ▶ **2,808 mm yen** (End of 2020/12) ▶ **2,201 mm yen** (End of 2021/6)
Current liabilities	6,073	6,312	+240	
Non-current liabilities	7,178	6,672	△506	
Total equity	**8,000**	**9,945**	**+1,944**	■ **Ratio of equity attributable to owners of parent :** **25.8%** (End of 2018/12) ▶ **31.5%** (End of 2019/12) ▶ **37.6%** (End of 2020/12) ▶ **43.4%** (End of 2021/6)
Total equity attributable to owners of parent	8,000	9,945	+1,944	
Total liabilities & equity	**21,251**	**22,929**	**+1,678**	

© Direct Marketing MiX Inc.

FY 2021/12 1H C/F

- **Temporary increase in trade and other receivables due to the impact of spot business**
- **Investment CF increased due to accelerated capital investment in consideration of client needs**

Consolidated C / F Comparison YoY

(¥ mm)	2020/2Q	2021/2Q	YoY
Operating cash flow	2,465	1,516	△949
Investment cash flow	△122	△517	△395
Financial cash flow	△1,015	△1,106	△91
Free cash flow	**2,343**	**999**	**△1,344**

Main factors of increase/ decrease

- Operating cash flow： △1,022 million yen (YoY) due to an increase in trade and other receivables

  ※Many projects related to spot business with long contract periods had a large impact

  411 million yen (YoY) due to an increase in profit before tax

  △218 million yen (YoY) due to an increase in income tax payments

- Investment cash flow： Expenditure due to security deposits △ 203 million yen (YoY)

- Financial cash flow： Repayment of some borrowings ahead of schedule by implementing refinancing

© Direct Marketing MiX Inc.

Table of contents

1 DmMiX Business Model 2

2 DmMiX Core Competence 8

3 Financial results (FY2021/12 2Q) 14

4 Forecast for FY2021/12 and Medium- to Long-term Growth Strategy 24

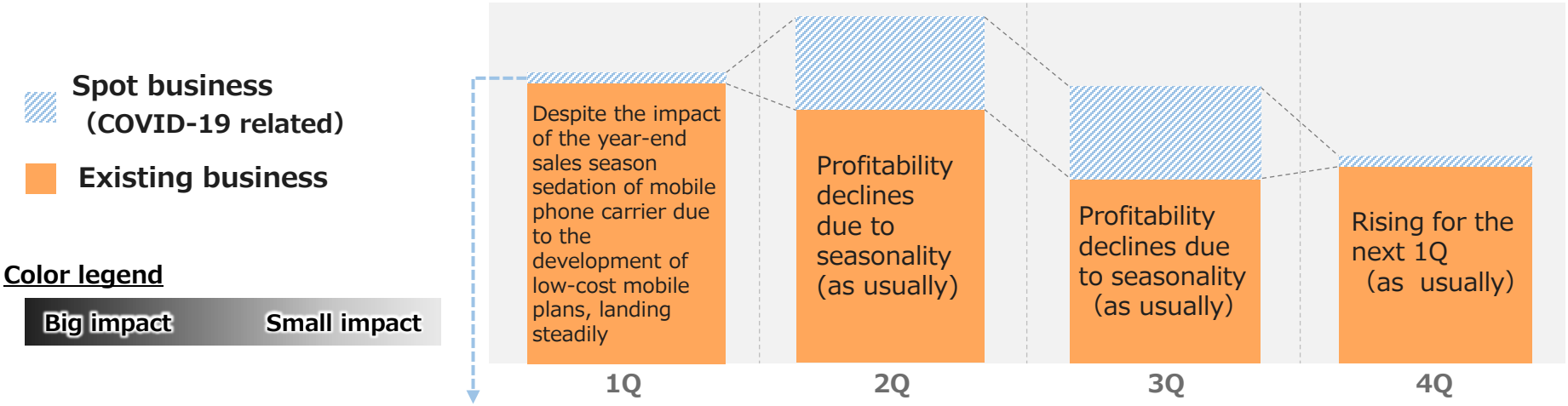
Appendix 35

© Direct Marketing MiX Inc.

Impact of spot businesses on results for the current fiscal year

- **Continuing from the previous fiscal year, we will secure profitability that exceeds the initial forecast for this fiscal year due to the spot business during the COVID-19**
- **Spot businesses, which was limited in 1Q, peaked with vaccination-related work in 2 and 3Q, and is expected to drop off in the 4Q**

Profitability breakdown



Spot business (COVID-19 related)

- Benefits related
- Vaccination related

Costs

- Special bonus allocation assuming that the initial performance forecast will be exceeded
- Depreciation due to addition of bases

© Direct Marketing MiX Inc.

Outlook for the current term (Full-year earnings forecast upward revision)

- The full-year earnings forecast has been revised upward because the progress rate of operating profit was as high as 76.8% against the initial budget
- Expected to reserve extra bonuses and accelerate capital investment in the second half

(¥ mm)	2021/12 Full year (before revision) Forecast	2021/12 Full year (after revision) Forecast	Background
Sales revenue	26,800	28,500	■ Sales revenue: In addition to the steady performance of existing operations that was expected from the beginning, we received orders for spot businesses in the public sector and other industries. ■ Various profits: In addition to sales growth, the profit margin of some spot businesses was high.
Operating profit	3,800	4,500	
Operating profit margin	14.2%	15.8%	
Profit before tax	3,700	4,400	
Net income*1	2,500	3,000	
Net income margin	9.3%	10.5%	
EBITDA*2	4,600	5,300	
EBITDA margin	17.2%	18.6%	

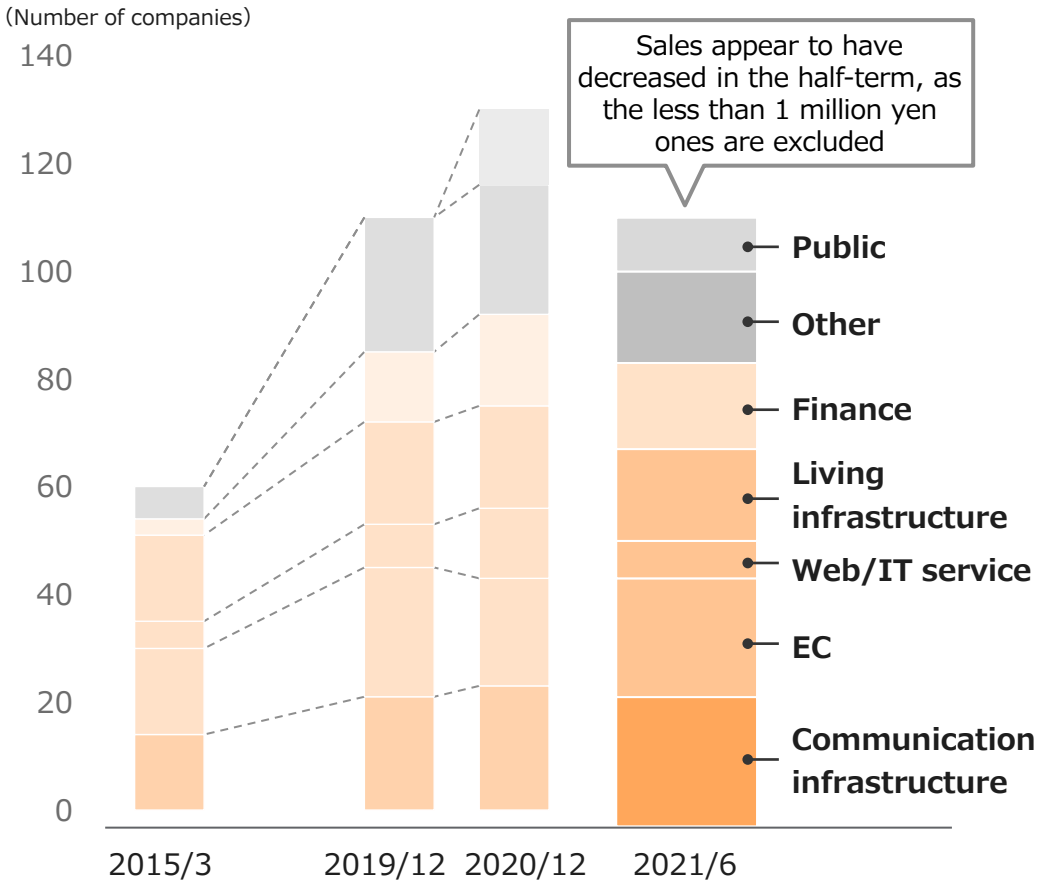
*1 Profit attributable to owners of parent
*2 EBITDA = operating profit + depreciation + amortization

© Direct Marketing MiX Inc.

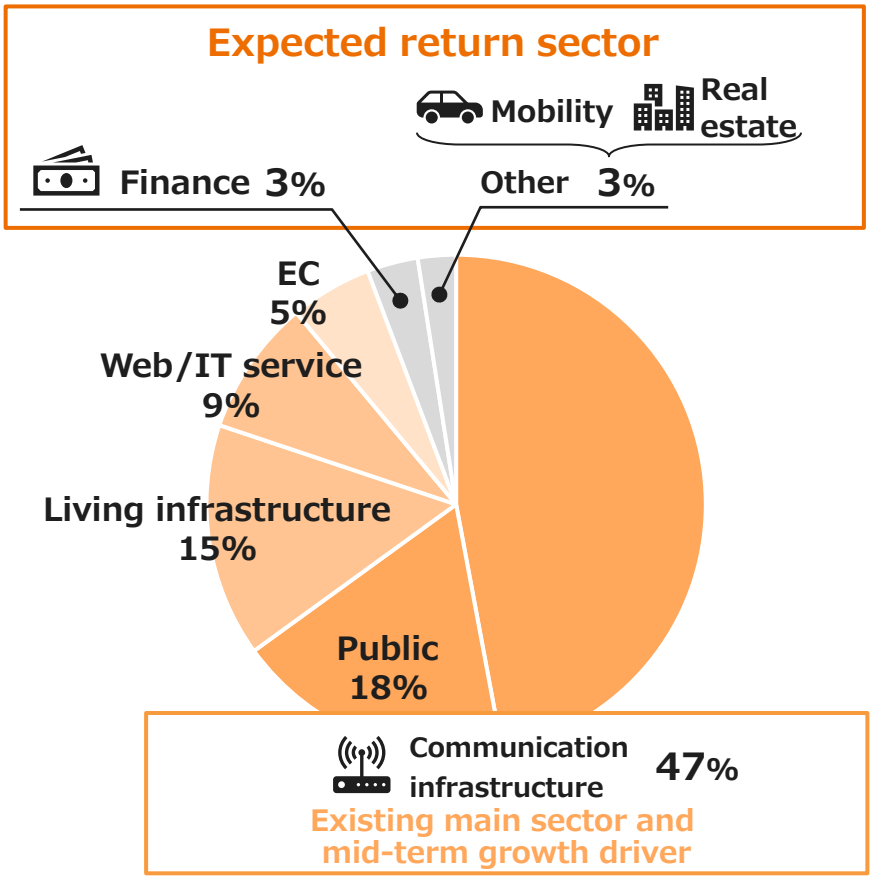
Current earnings base and future focus sectors

- **Build a diversified customer portfolio based on the number of clients. Acquire many potential monetization points**
- **Pursuing room for market development by expanding the main telecommunications sector and turning the expected sector into the second and third profit sectors**

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



Revenue composition ratio by industry (FY2021/6)



*1 Counted on a contract basis with each group company. Excludes clients with annual transaction amount of less than 1 million yen
*2 Communication infrastructure = mobile phone carrier affiliated companies / Living infrastructure = electricity, gas, internet lines, etc.
*3 On-site business (temporary staffing) is excluded for 2019/12 and 2020/12

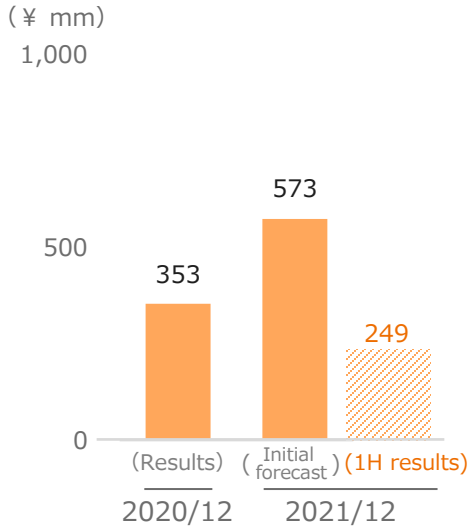
© Direct Marketing MiX Inc.

Investment Plan

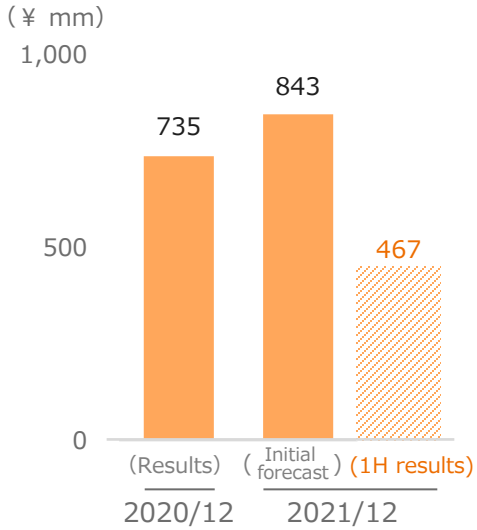
- **In the first half, capital investment and depreciation progressed almost as forecasted**
- **In the second half, we plan to invest 1.2 billion yen in base addition, which greatly exceeds the initial forecast. Developing the ability to respond more flexibly to growing demand**

Capital investment plan and depreciation outlook

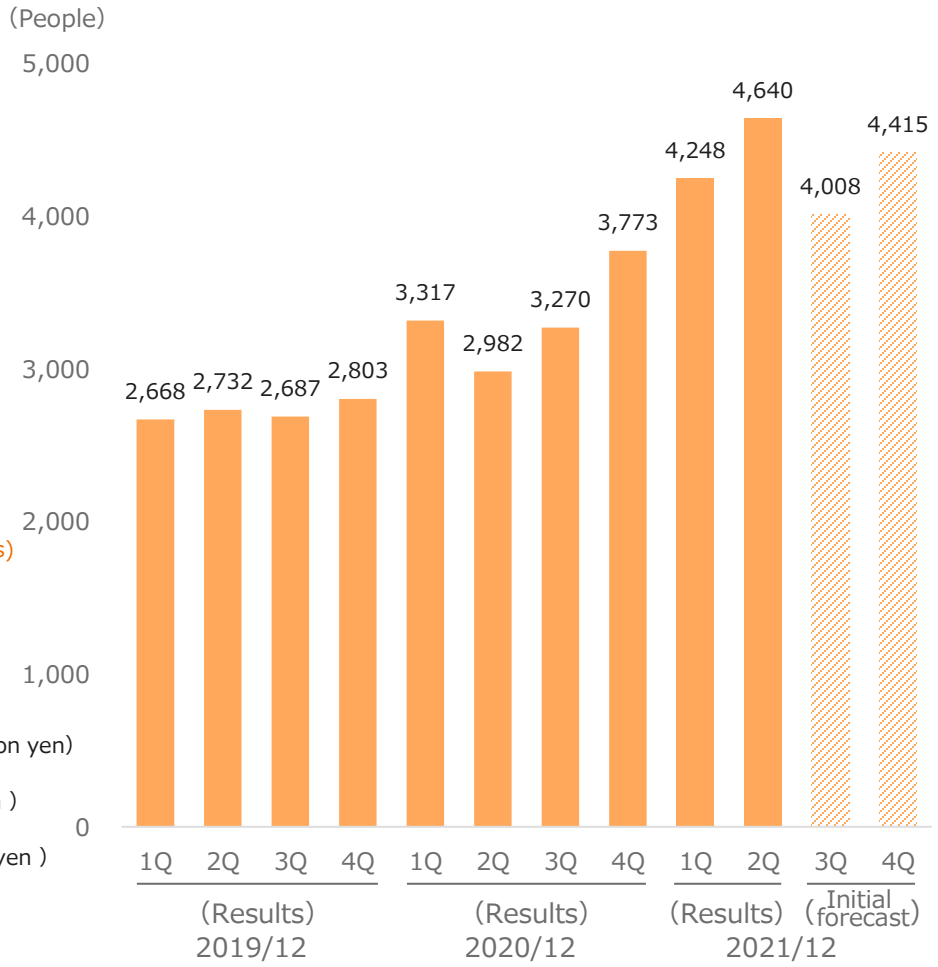
Capital Investment



Depreciation & Amortization



Personnel planning (the number of operating staff)



Major capital investment prospects for 2021/12

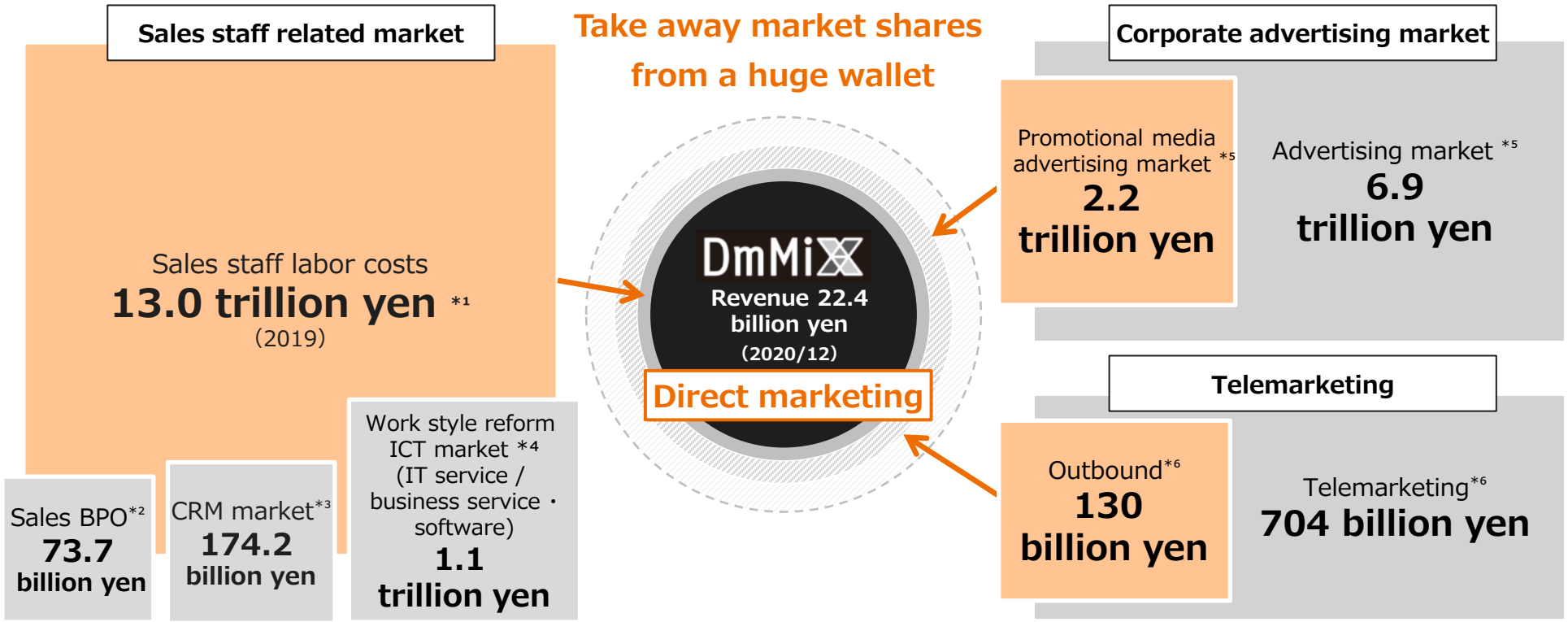
- Addition of bases : 1,205 million yen （Initial forecast 265 million yen）
- AI development costs : 50 million yen （Initial forecast 50 million yen）
- Other system costs : 219 million yen （Initial forecast 258 million yen）

© Direct Marketing MiX Inc.

DmMiX's vast target market

■ **Our target market has a vast scope for development beyond telemarketing**

Advertising and SG & A expenses for target clients (sales staff personnel expenses)



*1 Calculated based on the number of sales staff x average salary income in Japan. According to the Ministry of Internal Affairs and Communications "Labor Force Survey", the number of sales workers who work 35 hours or more a week is 2.99 million. According to the National Tax Agency "Private Salary Survey", the average salary income is 4.36 million yen.
*2 Yano Research Institute "BPO market reality and prospects 2020-2021"
*3 IDC Japan "Domestic CRM Application Market Forecast (June 25, 2020)"
*4 IDC Japan "Domestic Work Style Reform ICT Market Forecast (August 2020)"
*5 Dentsu "2019 Japan Advertising Expenses"
*6 Yano Research Institute "Call Center Market Overview 2020-Services & Solutions-"

© Direct Marketing MiX Inc.

Scope for growth in existing main sector (communication infrastructure)

- **Revenue acquisition share in the telecommunications infrastructure sector is still limited at around 0.5%**
- **Our business opportunity exists in the reach and in understanding the needs of a huge user base**

Revenue potential of the telecom. infrastructure sector

Operating expenses of major telecommunications carriers ※1

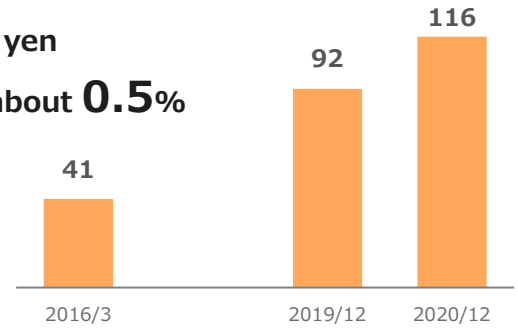
Focusing on career shops **About 2.1 trillion yen**
(Agency commission + business consignment cost in each company)

Great room for revenue

DmMiX **Achievements in the telecommunications infrastructure sector**

Revenue 11.6 billion yen

Operating cost share about 0.5%



Challenges in the telecom. infrastructure sector and business opportunities

Diversifying services

Sales staff related market Utility system Content system (in-house / other companies), etc.	**Communication peripherals and similar businesses** Service business Public, terminal guarantee, etc.
Derivative business (Finance related) Payment, storage agency Banking, etc.	**Non-communication service** EC, advertising Investment destination (sharing system), etc.

Huge user base

Total number of users (number of contracts) *1

180 million cases

Limited reach to users・Cannot capture the "real needs" of the users

DmMiX

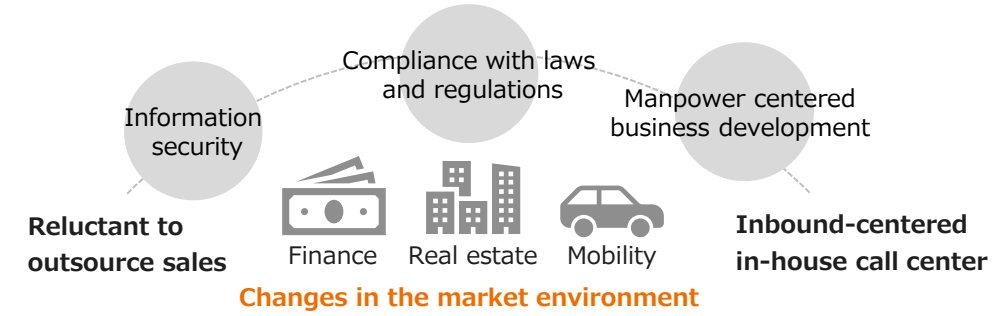
*1 Disclosure materials of each company (FY2020 / 3)

© Direct Marketing MiX Inc.

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 telecommunications infrastructure sector**
- Utilizing the know-how cultivated in the telecommunications infrastructure sector, **cultivate a market where sales outsourcing has not yet penetrated**

Expansion policy to expected sectors



Changes in the market environment

Finance	Real Estate	Mobility
The rise and the commission liberalization of online securities and insurance	Full-scale online sales flow due to the start of IT disclosure statement	Full online sales

Intensifying competition in each sector

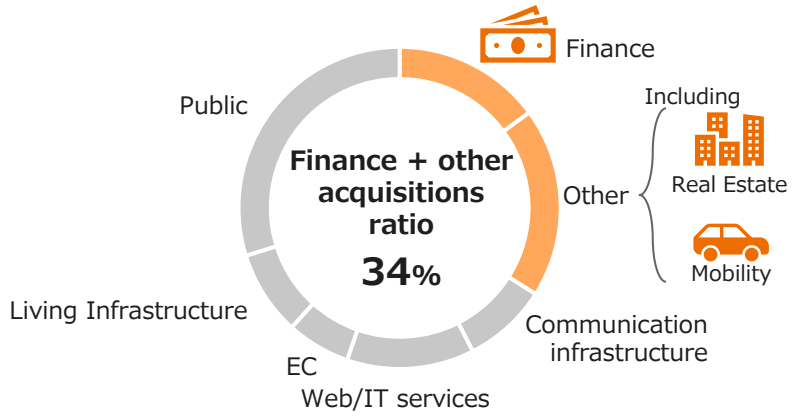
Restrictions on face-to-face sales and online utilization due to the spread of the COVID-19

Business transformation for business expansion during the population onus period

DmMiX

Responding to new movements in the industry (face-to-face sales x telemarketing).
Utilizing the outbound know-how cultivated in the communication infrastructure sector, aim to monetize in 3-5 years

Composition of new clients by industry in FY2020 (based on the case numbers)



Expected sector acquisition status

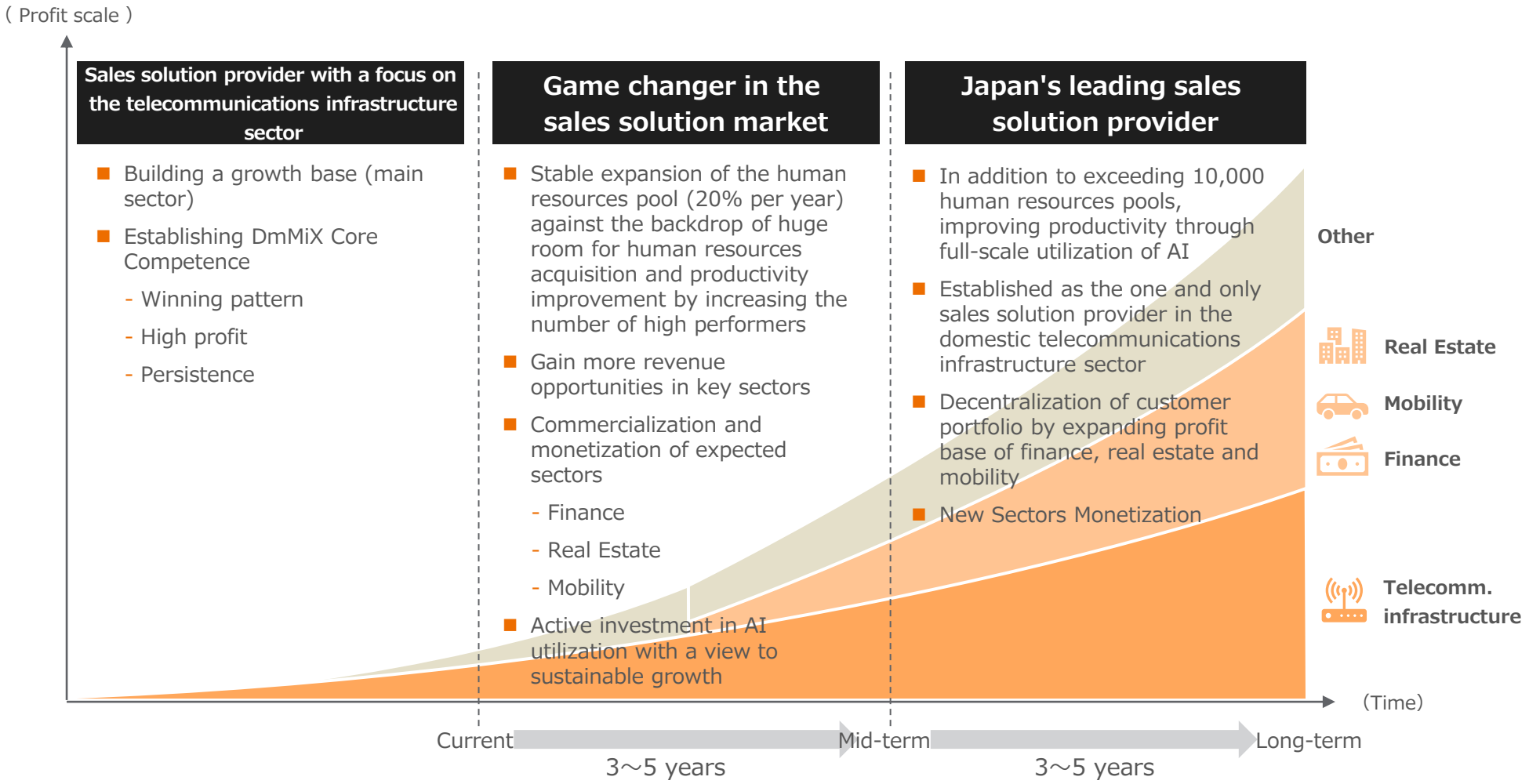
Finance	Mobility
Life insurance companies	Real estate debt guarantee companies	Used car resell marketing companies
Department store credit card companies	Cryptocurrency exchange	

DmMiX

© Direct Marketing MiX Inc.

Long-term growth prospects

- **For short to mid-term, the main driving force will be telecommunications infrastructure sector**
- **For mid-long term, in addition to entering the monetization phase of the expected sector, we will accelerate growth by utilizing AI**

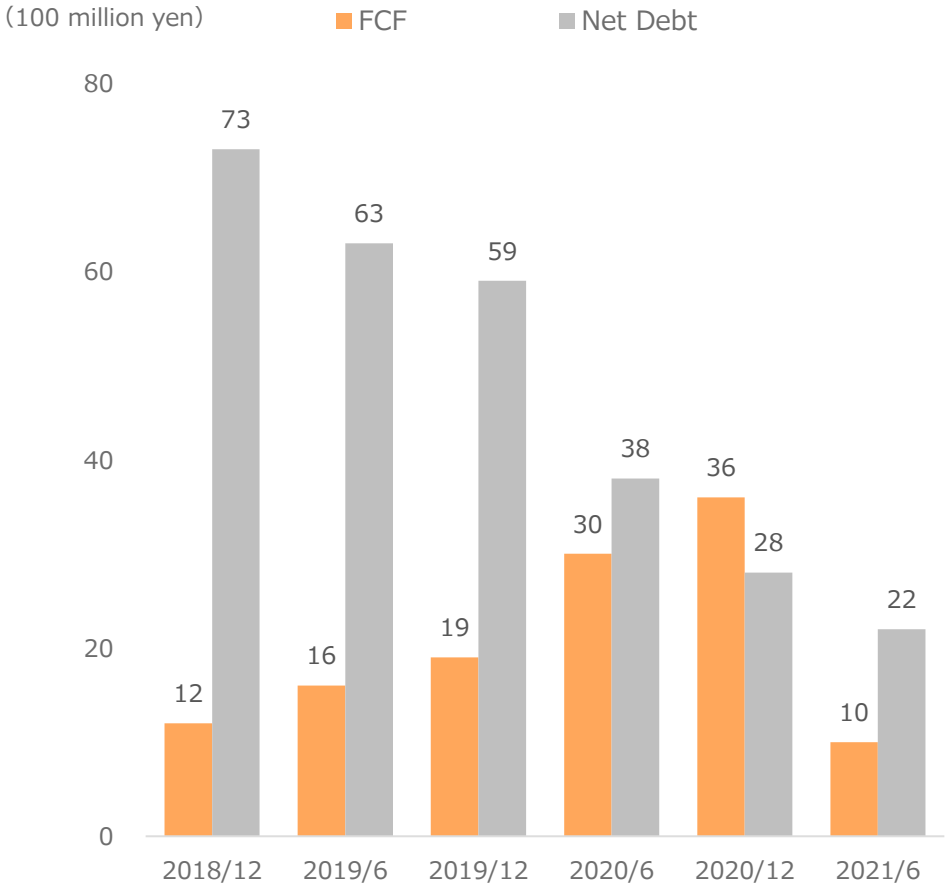


© Direct Marketing MiX Inc.

Solid cash flow and policies for shareholder returns

- **Target total return ratio is 40%, considering capital policy including share repurchase**
- **Net debt is steadily decreasing**

Historical FCF and Net Debt *1



Policies for shareholder returns

- We consider the profit return to shareholders as one of the essential management issues and aim a **total return ratio of 40%**, while securing necessary internal returns for future business expansion and improving financial strength

- We will consider our capital policy including share repurchase

*1 Net Debt = Borrowings (current liabilities) + Borrowings (fixed liabilities) - Cash and cash equivalents

© Direct Marketing MiX Inc.

DmMiX Social Initiatives

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

Certifications/Some of the awards

2021 健康経営優良法人 Health and productivity ホワイト500

Acknowledged by the Ministry of Economy, Trade and Industry as an excellent health management corporation "White 500" (for three consecutive years) and included as a superior corporation in the top 500 companies working on health management.

シングルファミリー応援認定事業主

Acknowledged as a "Single family support certified business owner" sponsored by the general incorporated association "Heartful Family"

SUSTAINABLE DEVELOPMENT GOALS

Received SDGs business certification from the Japan SDGs Association (for the second consecutive year)

・GOAL 3 : Ensure healthy lives and promote well-being for all at all ages
・GOAL 5 : Achieve gender equality and empower all women and girls
・GOAL 8 : Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
・GOAL 10 : Reduce inequality within and among countries

Best Workplaces™ Great Place To Work. JAPAN 2021

Best Workplaces™ for Women Great Place To Work. JAPAN 2021

Best Workplaces™ for Young Employees Great Place To Work. JAPAN 2021

Great Place To Work. Asia's Best Workplaces 2021

High ranking in various categories of GPTW's "Best Companies to Work For" in which companies from all over the world participate

・Japan ranking: 2nd place
・Japanese women ranking: 2nd
・Japan young ranking: 2nd
・Asia ranking: 25th

SPORTS YELL COMPANY 2021

Acknowledged by the Ministry of Education, Culture, Sports, Science and Technology as a sports aid company that actively works to improve employee health (for three consecutive years)

2021 ホワイト企業認定 PLATINUM

Received the highest platinum level, awarded to the top 35 companies nationwide in the white company certification by the Japan Next Generation Enterprise Promotion Organization.

© Direct Marketing MiX Inc.

Table of contents

1 DmMiX Business Model 2

2 DmMiX Core Competence 8

3 Financial results (FY2021/12 2Q) 14

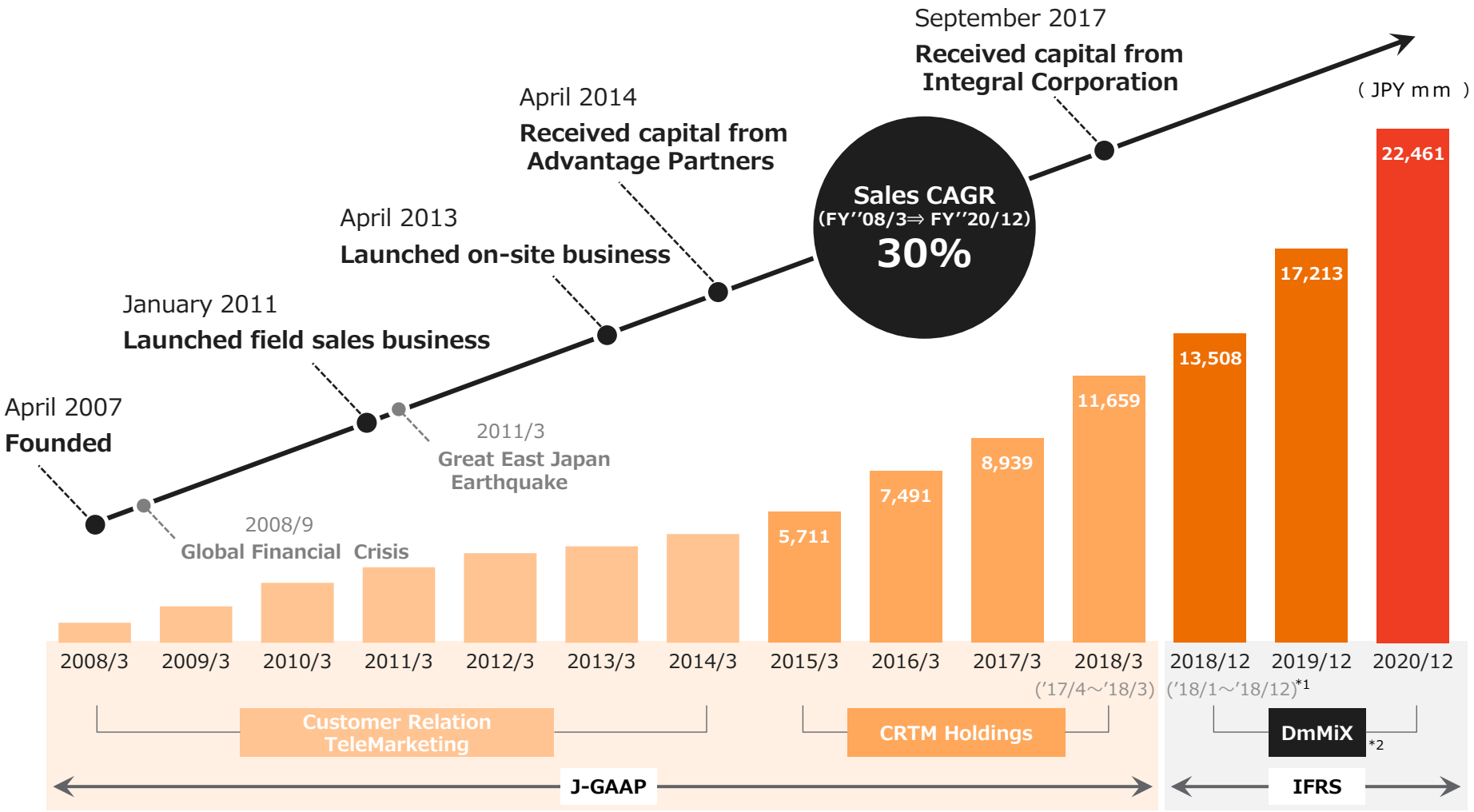
4 Forecast for FY2021/12 and Medium- to Long-term Growth Strategy 24

Appendix 35

© Direct Marketing MiX Inc.

Key Milestones Since Incorporation

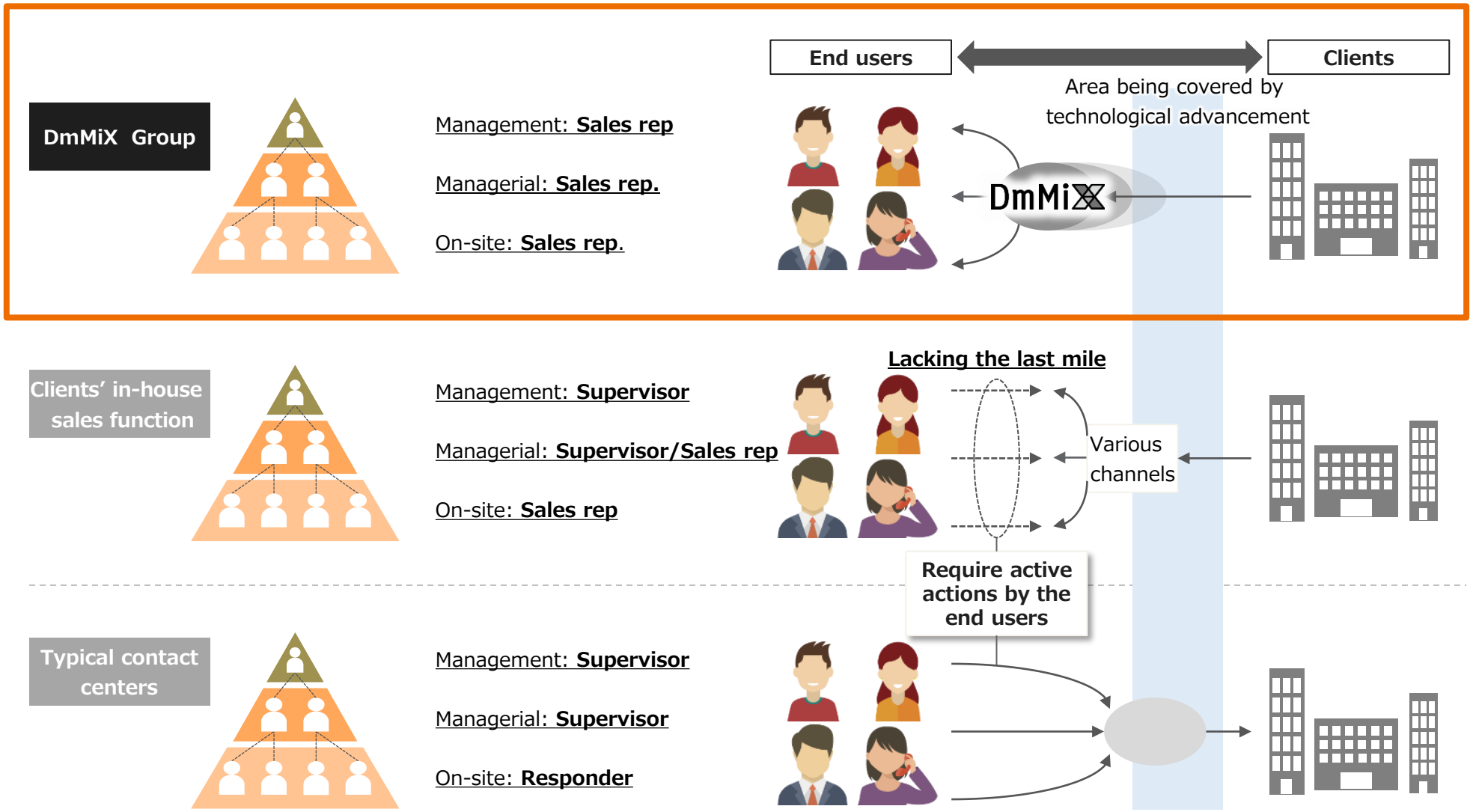
■ **Sustainable sales growth since the foundation in 2007**



*1 Changed to IFRS (and fiscal year end from March to December) from the fiscal year ended December 2018.
J-GAAP FY2018/3 and IFRS FY2018/12 overlap between January and March 2018.
*2 Changed the trade name in April 2018

© Direct Marketing MiX Inc.

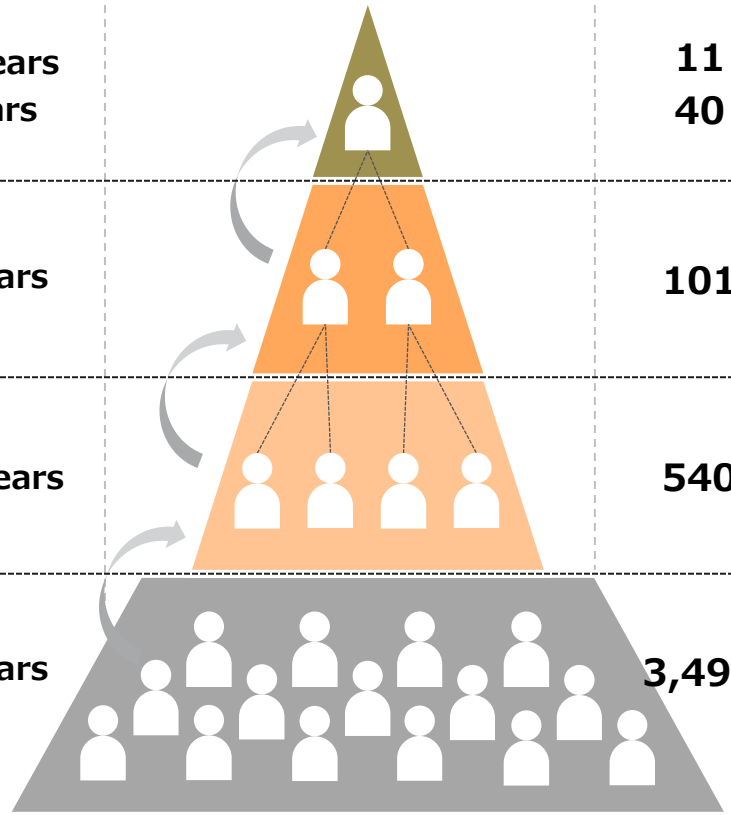
Our Distinct Business Model from Other Companies



© Direct Marketing MiX Inc.

Strong organizational Structure to Realize Clients' Sales/ Marketing Reform

■ **Distinctive roles by positions contribute to the optimized organization for professional sales/ marketing**

Title	Position	Average length of service	Organization	Headcount*1	Role
● Executives ● Managers	☐ Front line since the dawn of outbound market ☐ Consulting for clients	>11 years >7 years		11 40	Marketing/ Consulting
● Supervisors	☐ Discover the "winning-pattern" for acquiring end users ☐ Accumulate sales know-hows by projects	>5 years		101	Sales
● High performers *2	☐ Secure high profitability by pursuing performance -based fee	2 - 5 years		540	Sales
● Communicators	☐ Secure stable revenue by fixed fees ☐ Ubiquitous approach to gather end user feedbacks	<2 years		3,499	CRM

End user feedback immediately reflected on the marketing strategy

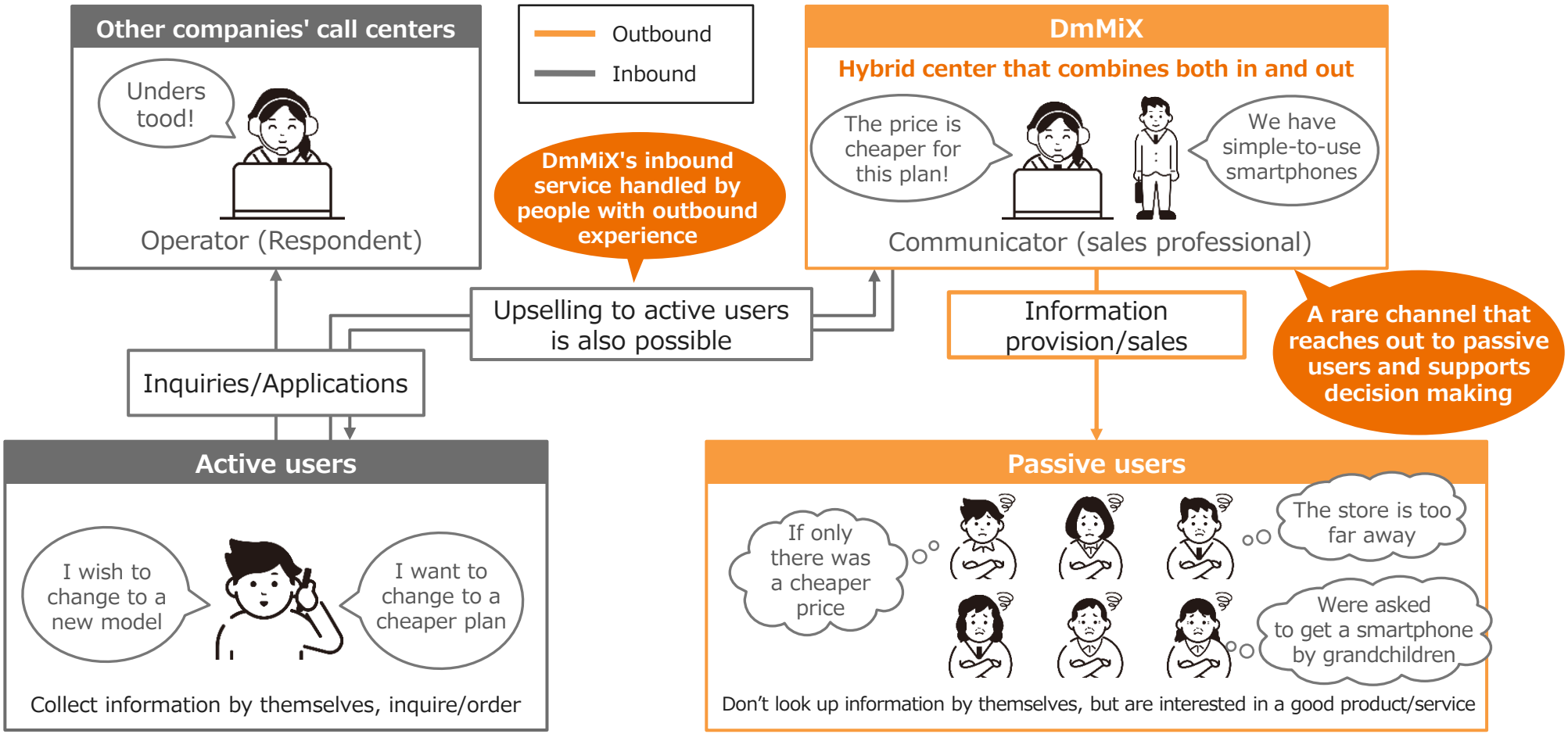
*1 As of the end of December 2020
*2 A general term for staff who have achieved a certain level of sales performance according to our standards

© Direct Marketing MiX Inc.

"Hybrid Center" that combines high quality sales force and user reach

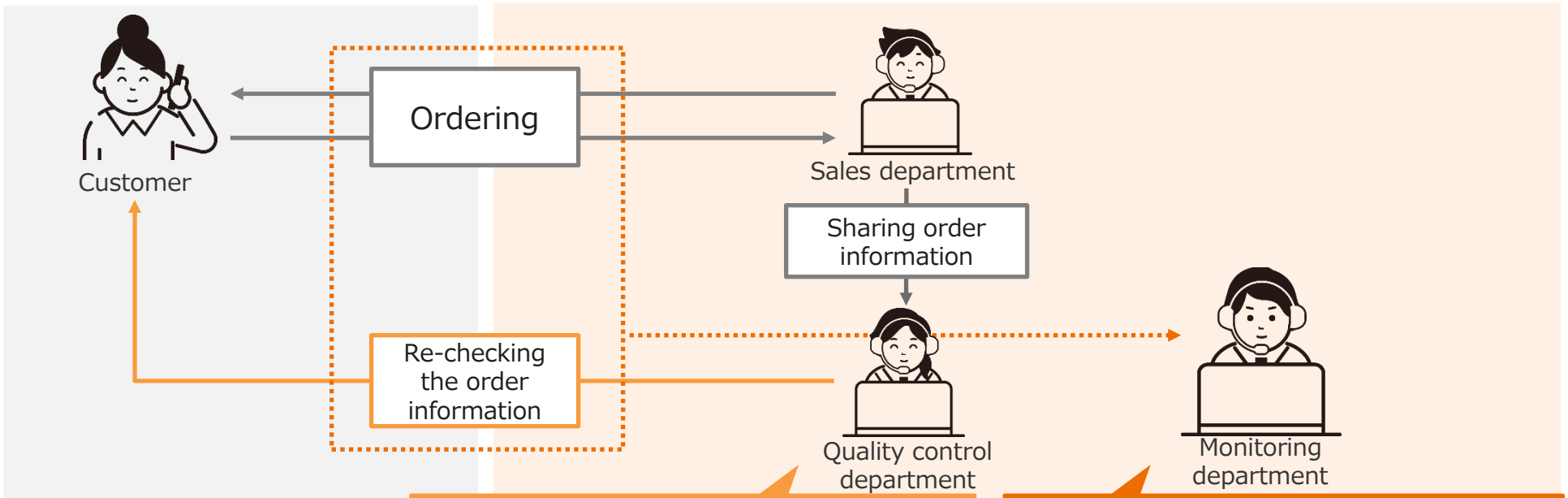
- **In the Japanese market environment, with many passive users, we are highly evaluated as a rare channel that can reach them directly from the company's side**
- **We provide services as a resource for client. With high quality control, we are not only responsible for sales, but also for deterring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



Direct confirmation by quality control department

Confirming by re-calling the customer
- Intention to purchase / order
- If the important matters were explained
- Compliance
- If it is a formal contract
- Identification Confirming about 20 points

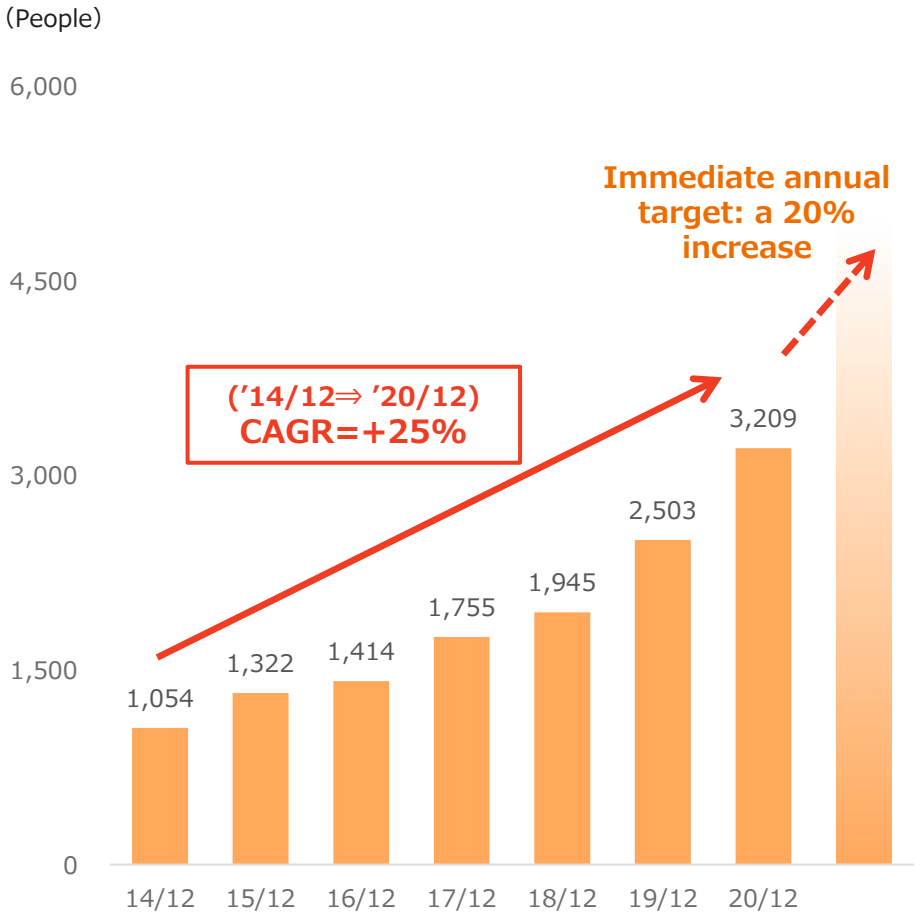
Remote confirmation by monitoring
- **Double check of confirmation contents of quality control department**
- **Confirmation on customer satisfaction**
  Thorough judgment of smiles, voice tone, call-ends, impressions, etc.
- **Manner confirmation**
  Confirmation of speaking manner, consideration and etc.

© Direct Marketing MiX Inc.

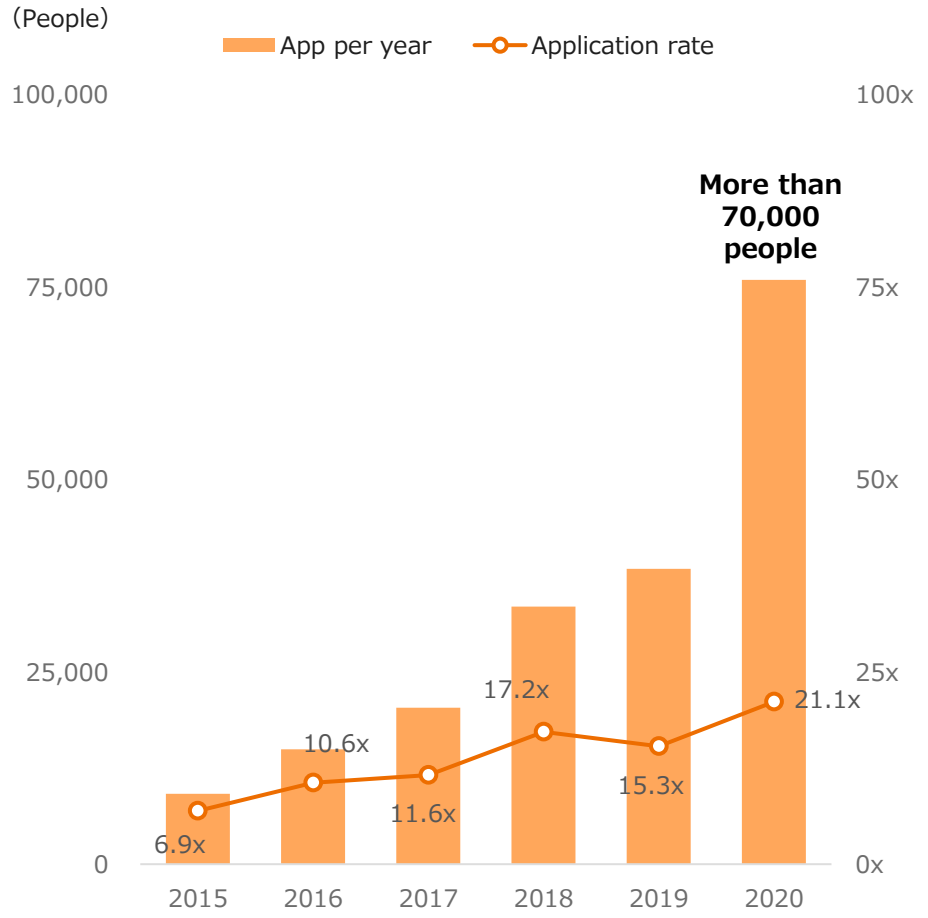
Steady increase in human resources / scope for talent acquisition

■ **The number of communicators has steadily increased as we have grown, and there is ample room for hiring as the business expands in the future**

Changes in the number of communicators*1



Changes in the annual number of applications for communicators



*1 Numbers from CRTM, a major subsidiary

© Direct Marketing MiX Inc.

Various human resources of our group

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

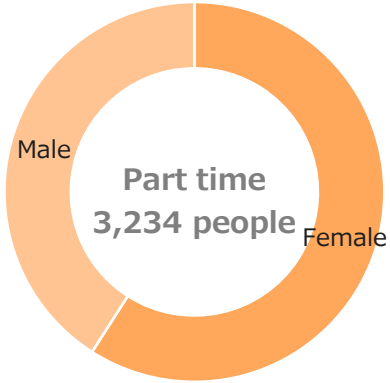
Various attributes

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

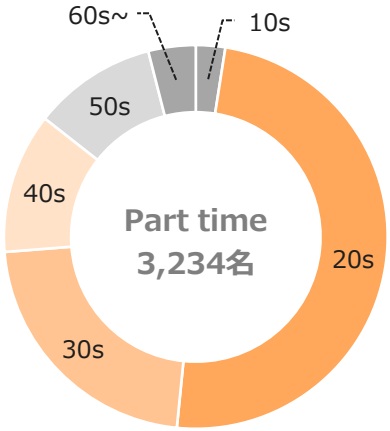
Flexible work system

- **Flexible work system that allows you to work from 3 hours a day, 1 day a week**
- **It is possible to secure a wide range of resources by responding to the needs of diverse work styles.**

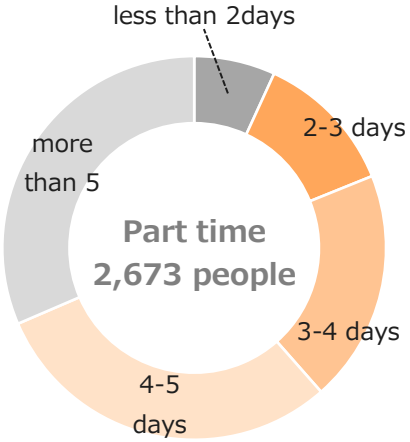
Gender*1



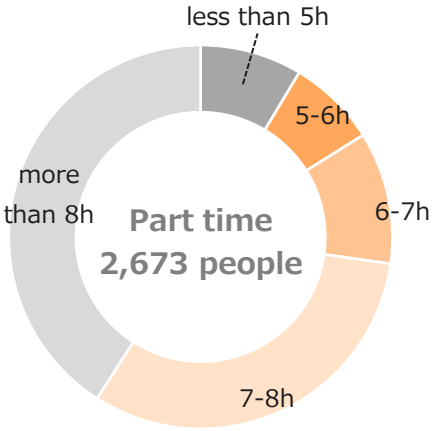
Age*1



Working days per week*2



Working hours per day *2



*1 As of the end of December 2020. Percentage of part-time jobs (3,234 people)
*2 As of the end of December 2020. Calculated based on the average attendance for the three months from October to December 2020. Does not include months with 0 working days. Part-time jobs without work (leaves, etc.) are not counted

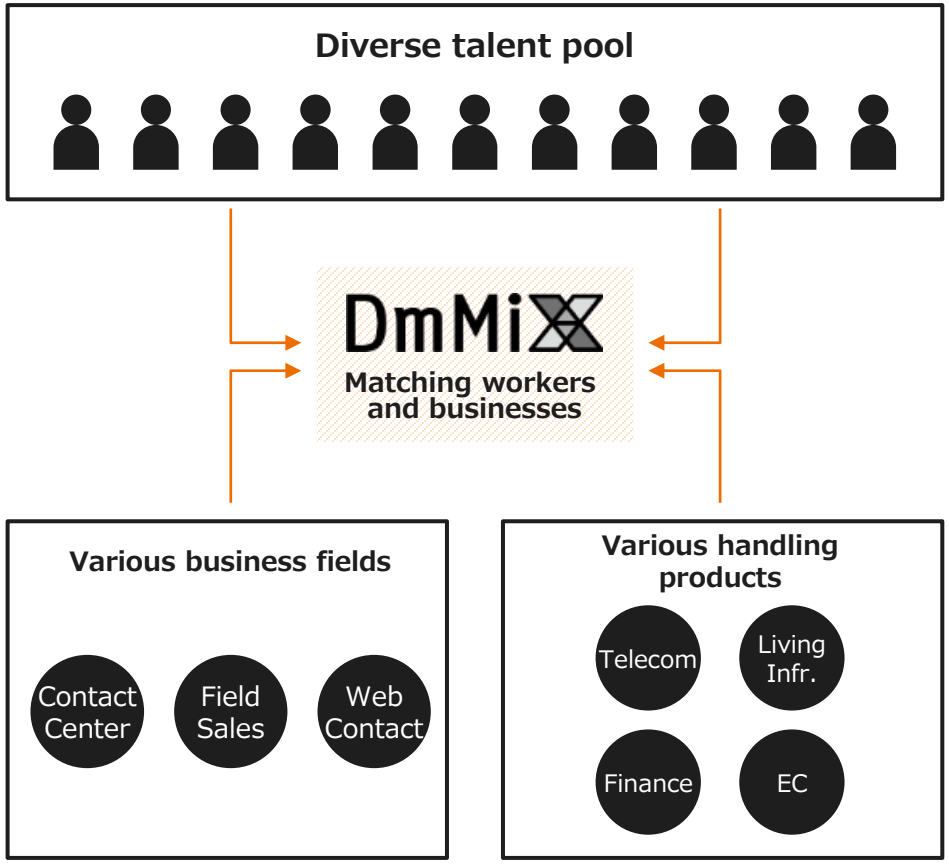
© Direct Marketing MiX Inc.

System that supports the stable expansion of the human resources pool

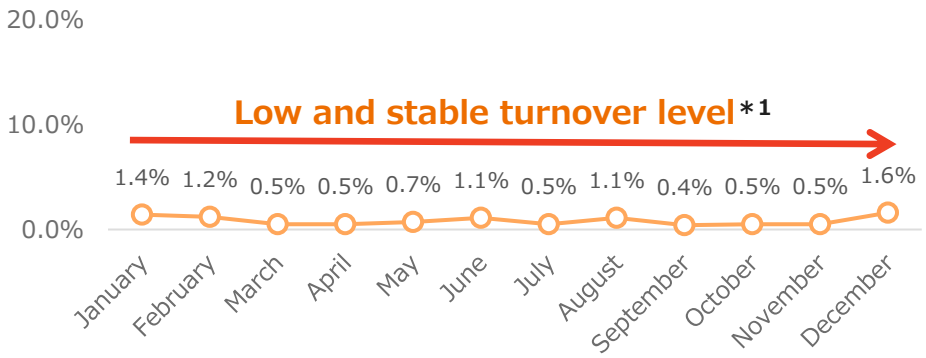
■ **The business matching system stabilizes the human resources pool. The workplace is preferred by many job seekers, with many past staff members wishing to be re-employed once again**

Stabilize the human resources pool by matching human resources and operations

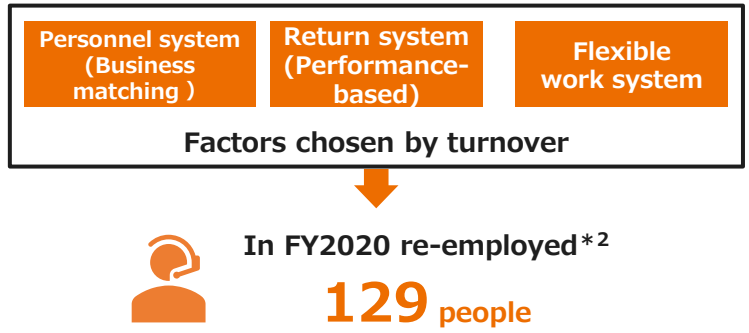
Matching the best work for individuals through job rotation and introduction to other industries



Monthly turnover rate （FY2020）



Available re-employed



In FY2020 re-employed*2

129 people

There are a certain number of hires who are familiar with our business (Efficient force)

* 1 CRTM full-time employees leaving the company (excluding leaving the company during the trial period)
* 2 Number of employees who left CRTM and rejoined CRTM in 2020 (excluding rejoining group companies)

© Direct Marketing MiX Inc.

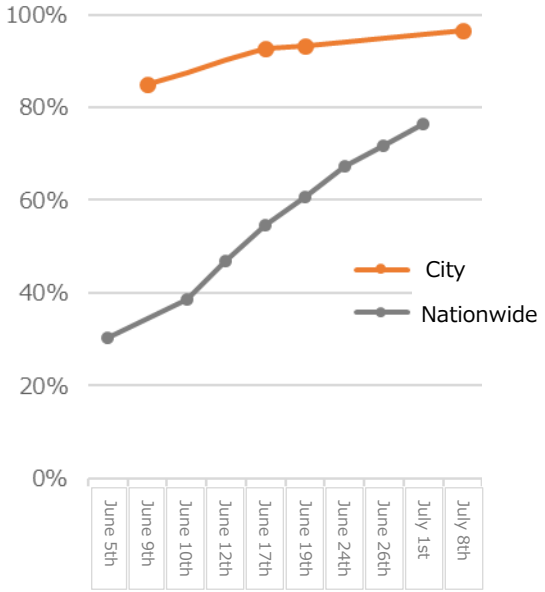
Impact of COVID-19 on business performance : Drastic shift to non-face-to-face sales

		Previous term (FY20)	Current Term (FY21)	From Next Term
Benefits	● Increase in inbound business and BPO business such as various inquiries corresponding to "COVID-19 vaccine" and related business, especially in public sector.	✓✓✓✓✓✓		Unclear
	● Increase in inquiry response operations due to continuous changes in consumer behavior, online shopping, cashless payments, and growth in food delivery, etc.	✓✓✓✓✓✓✓✓✓✓✓		
	● The hiring environment has improved. With the increase in job seekers (especially students), the recruitment of human resources has improved further. At the same time, turnover rate declines.	✓✓✓✓✓✓		Unclear
	● Changes in client approach. Re-evaluate direct marketing and non-face-to-face sales. Drastic shift in sales strategy accelerated shift from face-to-face sales to non-face-to-face sales.	✓✓✓✓✓✓✓✓✓✓✓		
	Color legend ⇒	Big influence		Small impact
Demerits	● Suppression of sales activities (calls) in the area subject to the state of emergency based on the request of the client	✓✓✓✓✓✓✓✓✓✓✓		
	● Refrain from visiting sales of communication products and OA equipment to mid-sized companies. Due to unknown recovery time revert to Zoom & etc.	✓✓✓✓✓✓✓✓✓✓✓		
	● Cost burden due to implementation of various measures such as masks, thermography, acrylic boards, etc.	✓✓✓✓✓✓✓✓✓✓✓		
	● Impact of changes in internal business structure due to working from home and work restrictions	✓✓✓✓✓✓✓✓✓✓✓		

Entrusted with "COVID-19" related business

- **Entrusted with certain municipalities "special cash payment" application procession.**
- **Responded to the rapidly increasing number of applications from before GW with overwhelming on-site capabilities, commitment to work and enthusiasm**
- **Achieved and overwhelmingly exceed results on the national level (See figure below*1)**

Changes in the benefited ratio

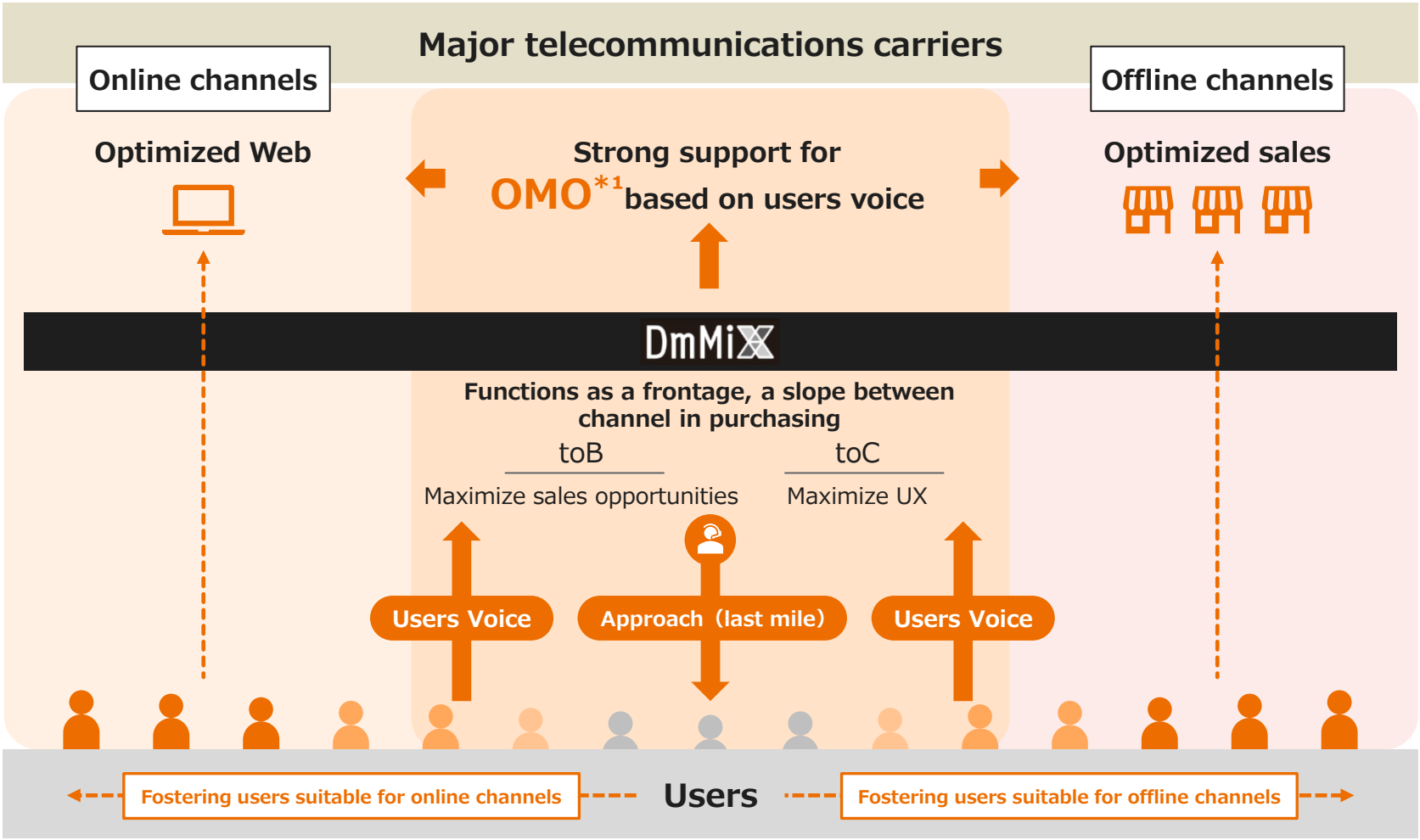


*1 Ministry of Internal Affairs and Communications and various media reports

© Direct Marketing MiX Inc.

Acquiring profit opportunities by solving client issues

■ Strongly support client's OMO*1 marketing and capture further profit opportunities as a slope between channels



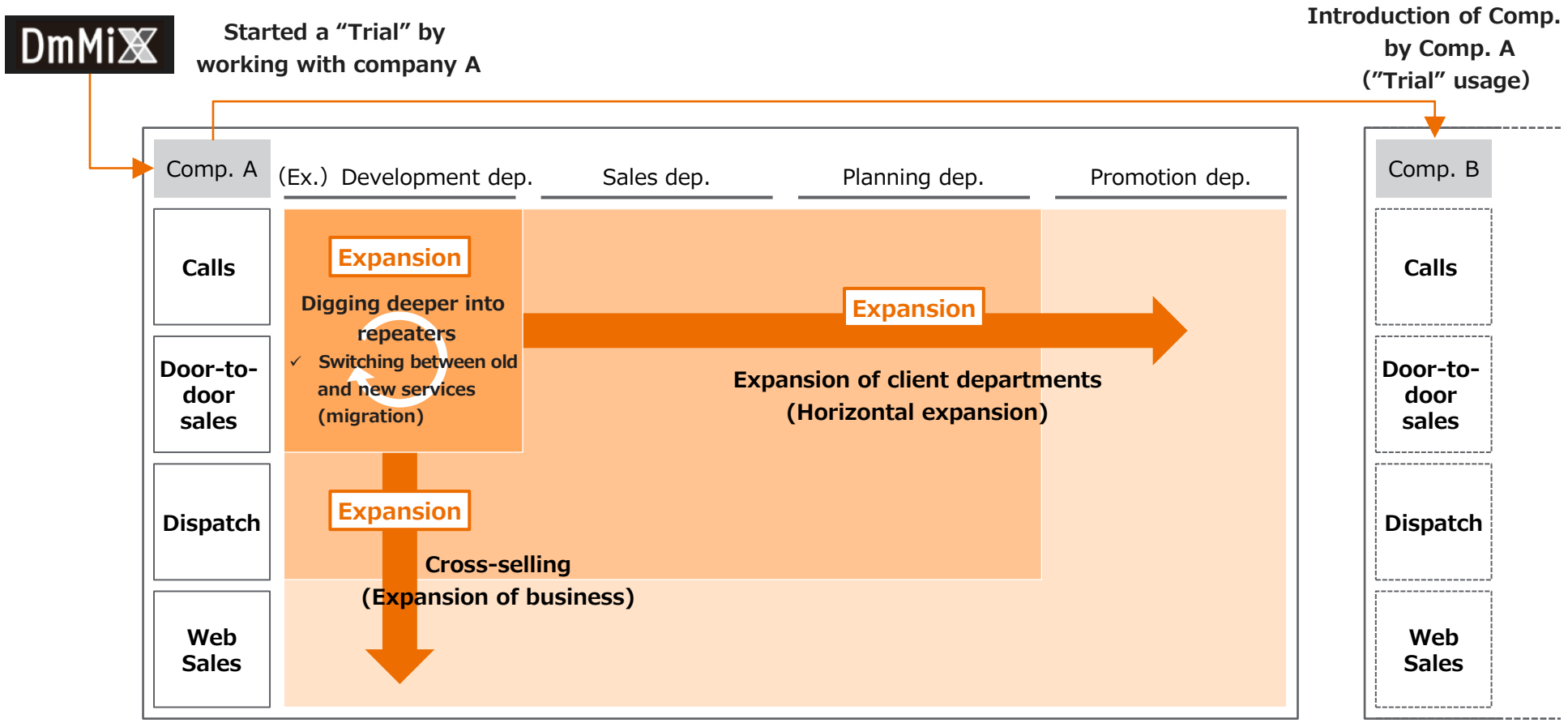
*1 Abbreviation for Online Merges with Offline.

© Direct Marketing MiX Inc.

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 repeats, expand operations, and expand trading departments horizontally

Image of expansion of existing business from acquisition of new clients

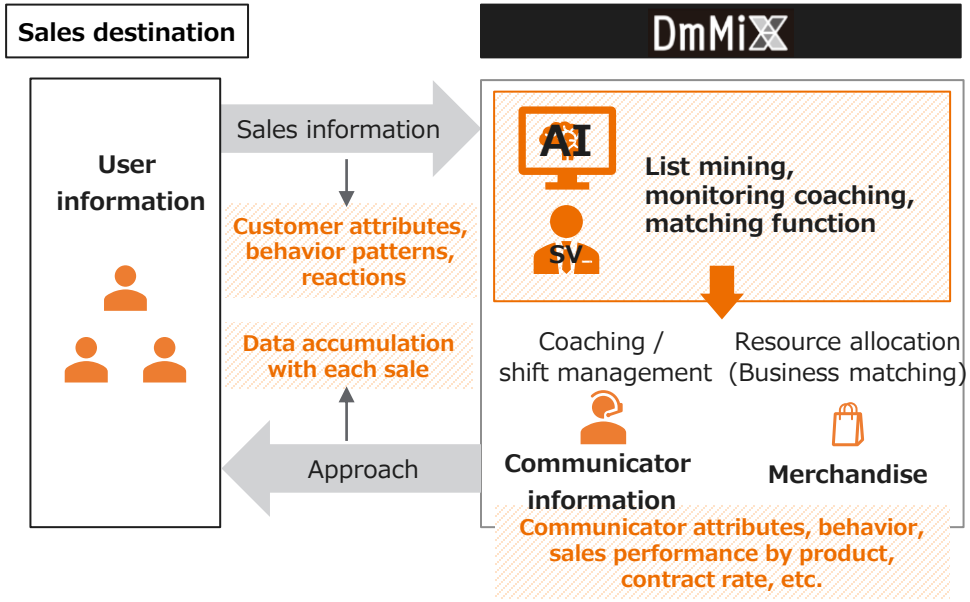


© Direct Marketing MiX Inc.

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. Aiming for full-scale introduction in 2021
- We will expand the AI utilization function and introduce it to both management and communicator operations

Overview of an AI system

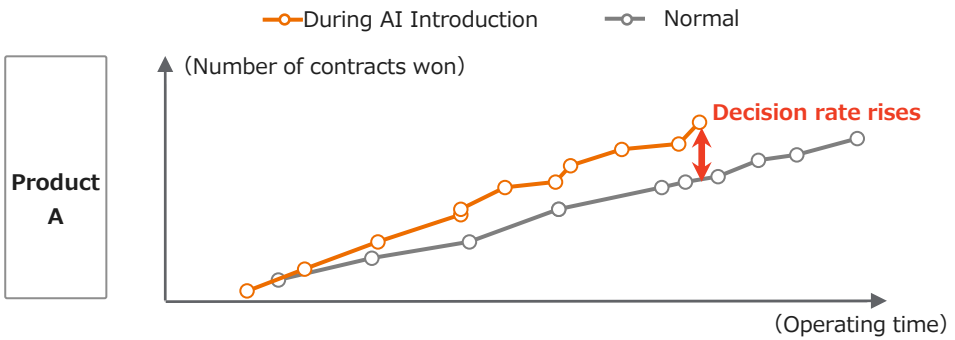


Partial AI test introduction effect

- Trial introduction of AI system centered on list mining with two products
- Confirmed the results of AI introduction that greatly exceeds the conventional productivity

AI utilization data implementation





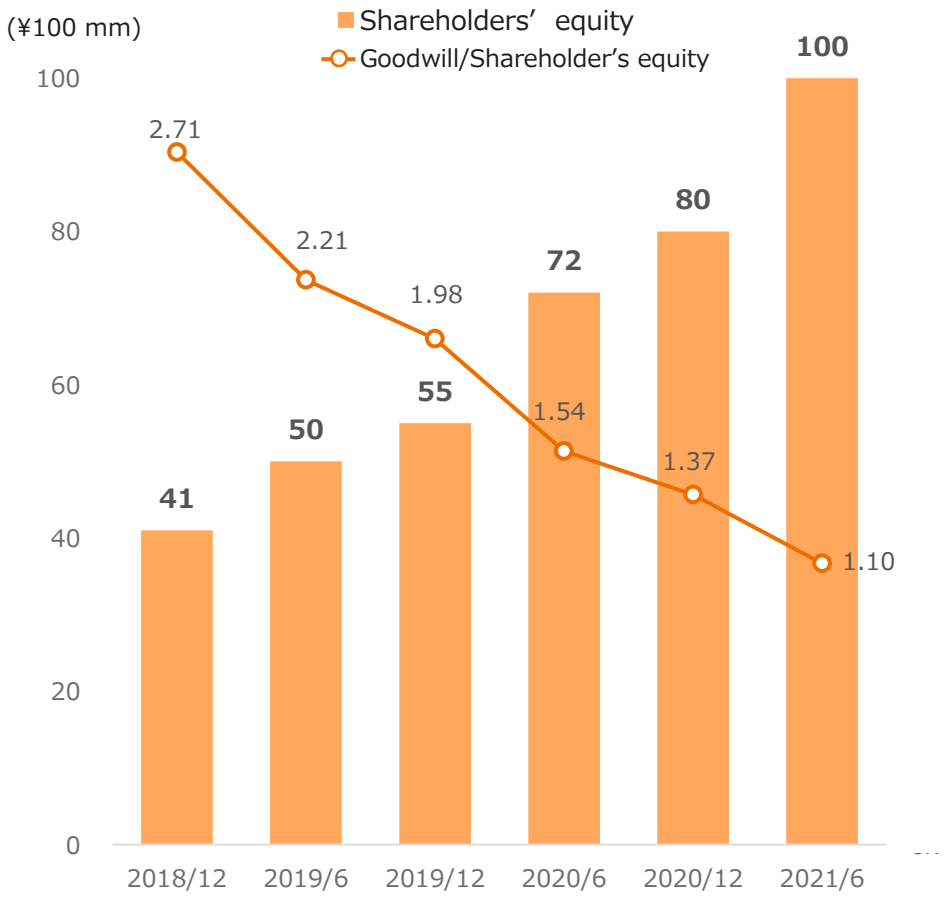
Factors for accelerating growth

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

© Direct Marketing MiX Inc.

About Goodwill

Historical Shareholders' equity and Goodwill/ shareholders' equity ratio



Reference on Goodwill in the prospectus (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 10.0% or the estimation of future cash flow including terminal value decreases by 53.5%; 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 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 fair 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 8.24%、On-sit business 11.37%
    (11.70% and 12.02% respectively in the previous fiscal year)

© Direct Marketing MiX Inc.



© Direct Marketing MiX Inc.