

A Total Sales/Marketing Solution Provider for Maximizing Client Profitability

# **Direct Marketing MiX Inc.**

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## **Financial results briefing (FY12/2022 2Q)**

August 12<sup>th</sup>, 2022



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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**

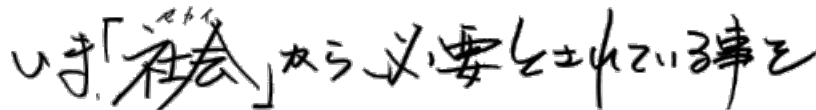
**Relation Telemarketing Co., Ltd.**

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

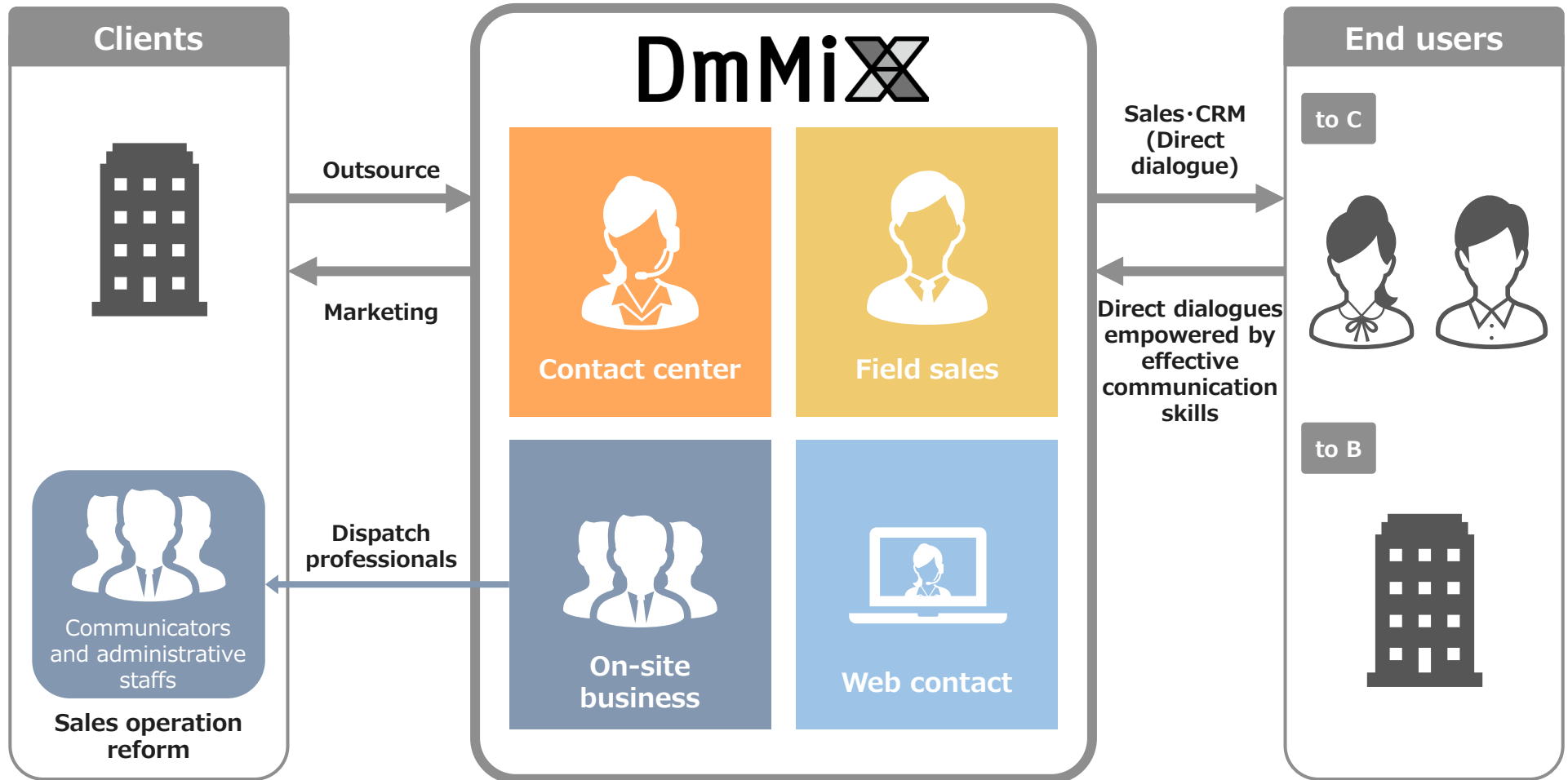
## Our Mission



# 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

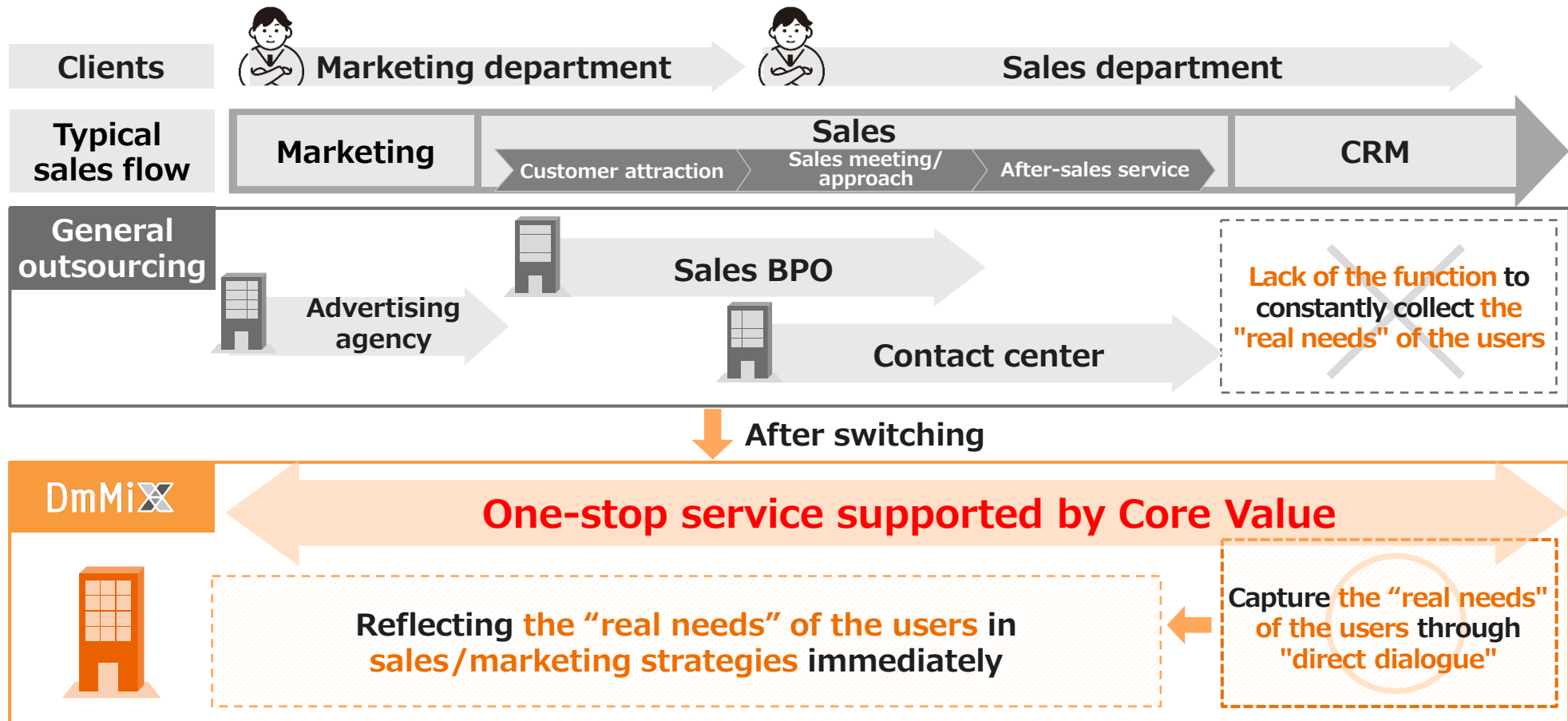
- Our team of sales and marketing professionals provides proactive solutions to sales and marketing issues ranging **from lack of sales force to DX promotion**
- Making it possible for clients to focus on their core business

|                               |  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



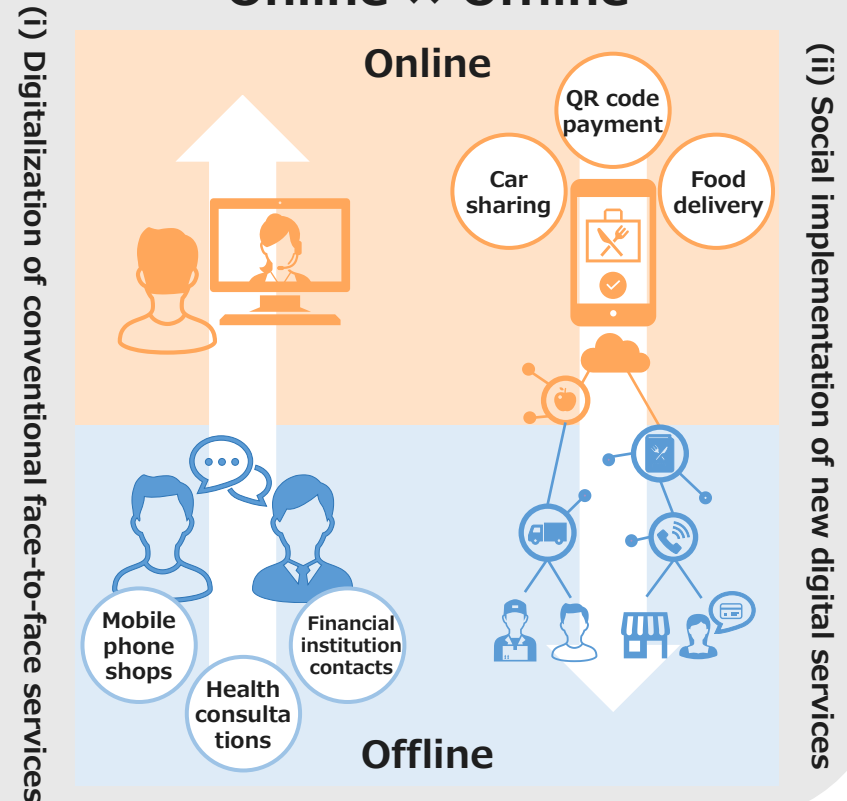
# DX Promotion by Leveraging Sales and Marketing Strengths

- 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



**DmMiX as a DX Enabler**

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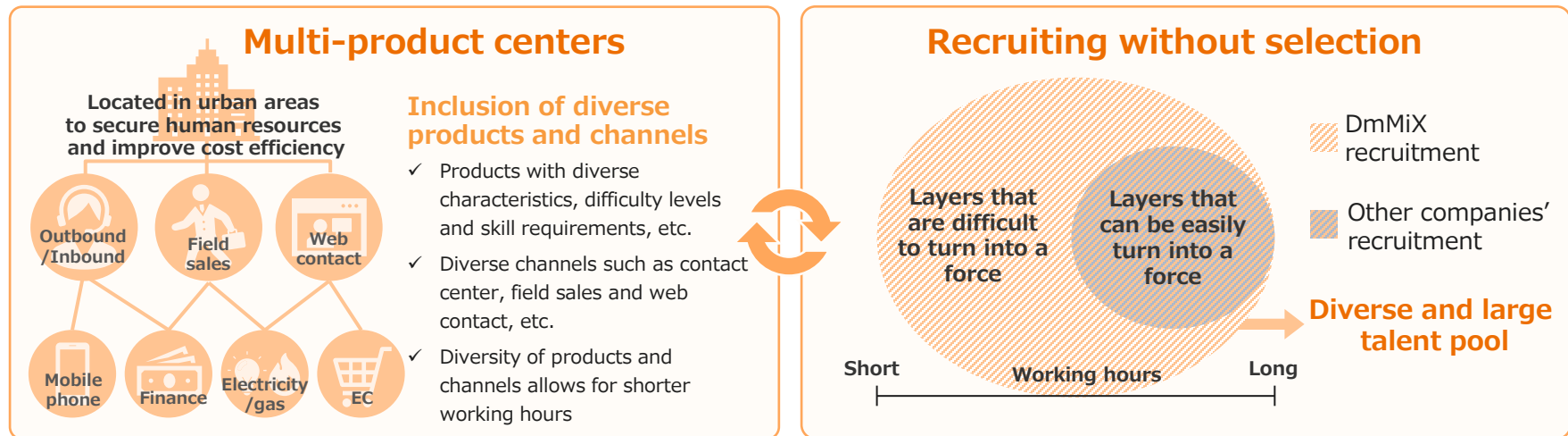
# DmMiX's Core Competencies for Sustainable Growth



# 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



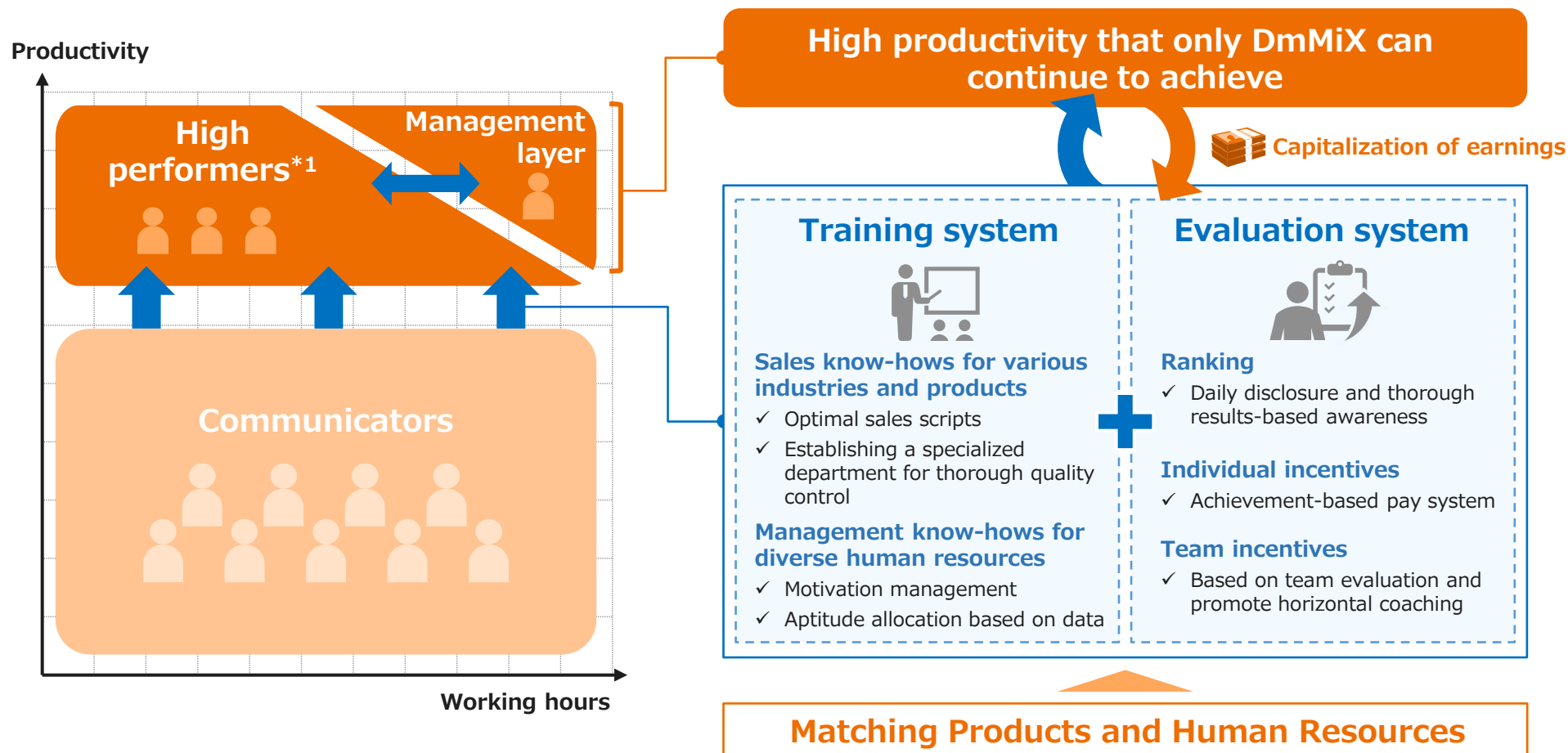
## Empowerment of all Human Resources

- ✓ 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

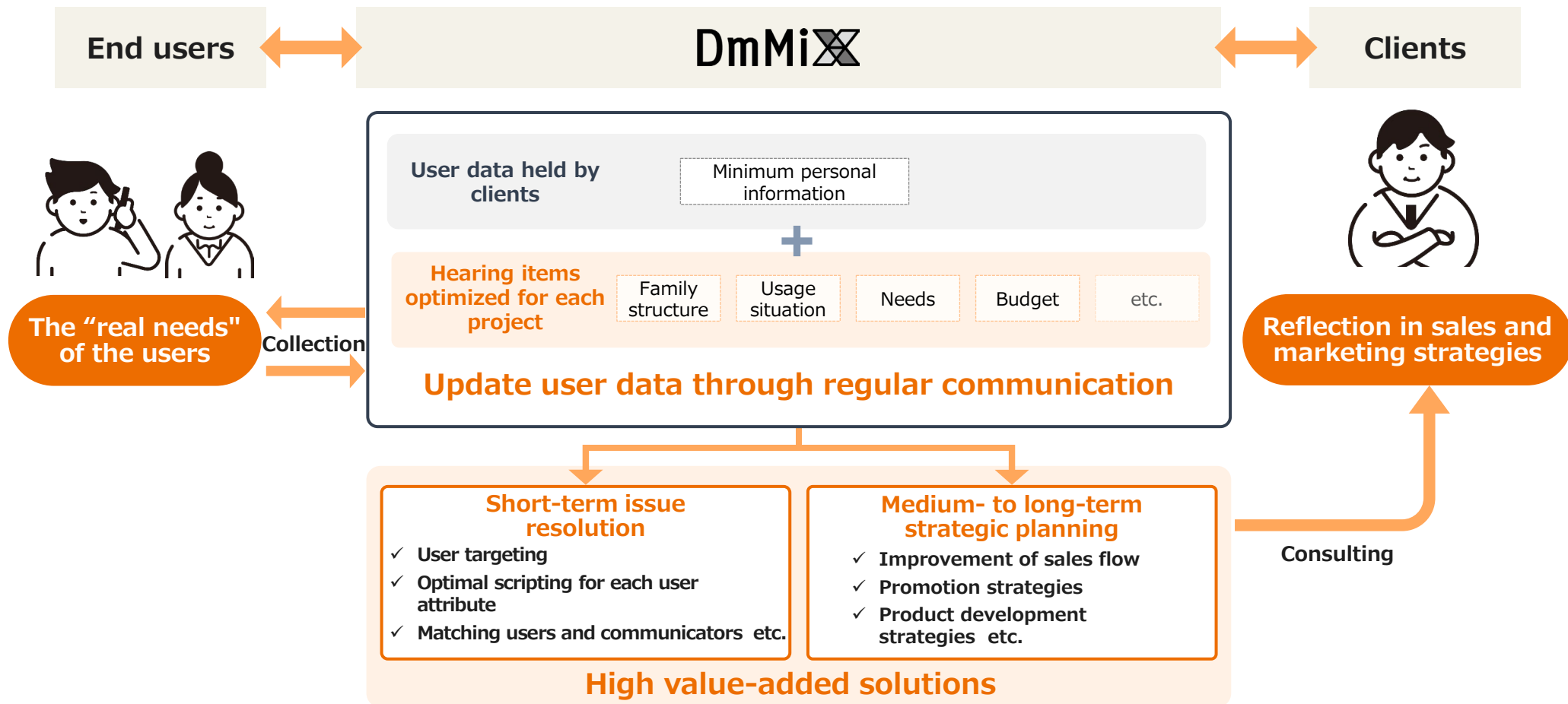


\*1 A general term for staff who have achieved a certain level of sales performance according to our standards

### 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

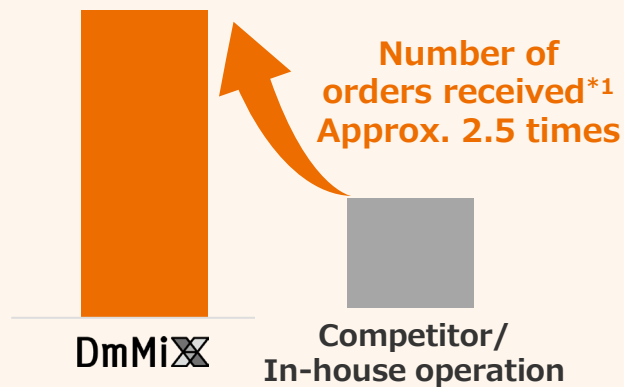
## High performance

### Productivity

Establish profitable operations with high-productivity personnel, including managers and high performers

### Scalability

Promote lateral deployment and structuring of best practices



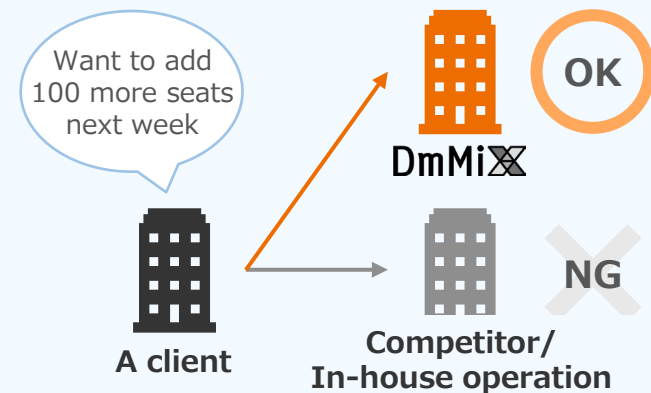
## Flexible support

### 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.

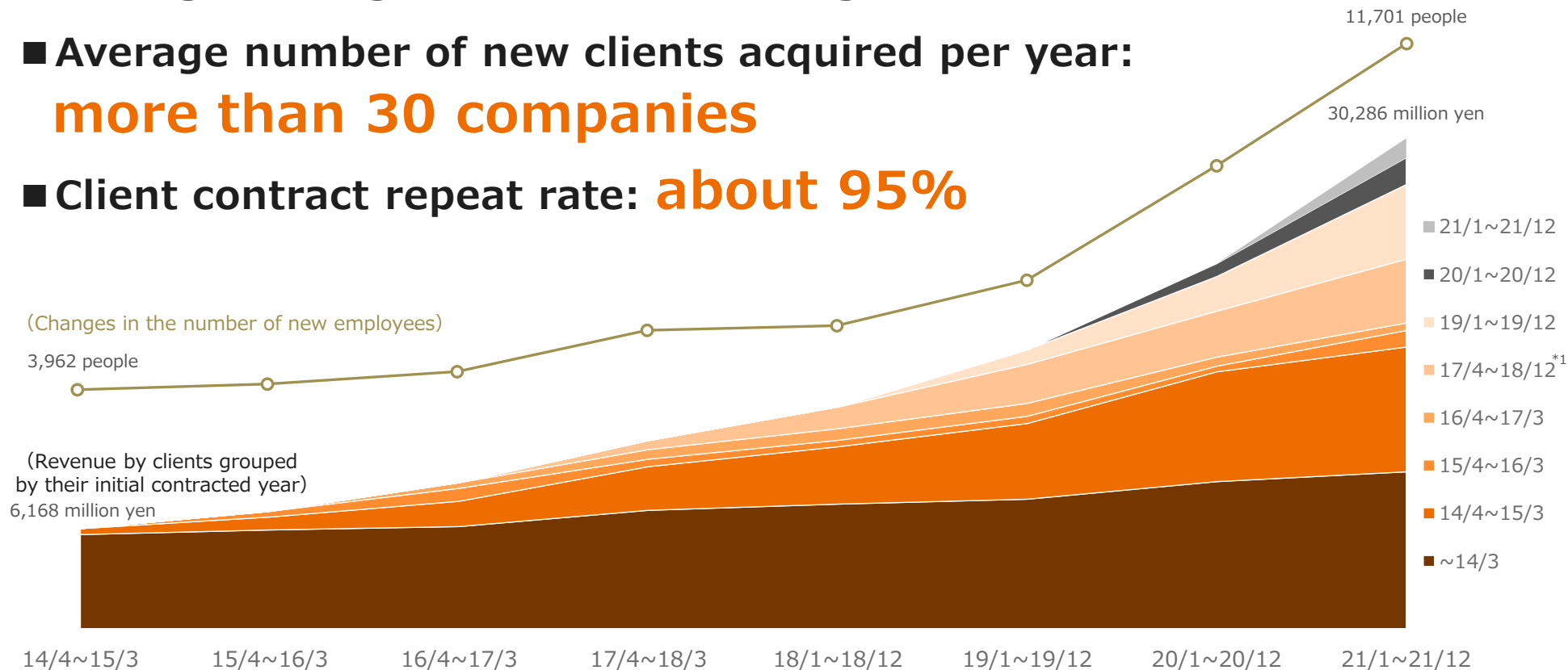


# Sustainable Growth as a Sales and Marketing Platform

- **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%**



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# Financial Results Highlights (FY12/2022 2Q)

## (2Q Cumulative Period)

- Sales revenue : Steady expansion in main telecommunications infrastructure. New acquisitions of national clients in the public sector also contributed to growth, resulting in a **22.3% YoY increase in sales**
- Various profits : In addition to the increase in sales revenue, profits increased as a result of maintenance of the high profit level from the 1st quarter. EBITDA\*<sup>1</sup> **increased by 37.3% YoY**, absorbing the increase in personnel and other expenses associated with business expansion

### Topics

#### Sales revenue (by sector)

- Telecommunications infrastructure : Continued growth due to expansion of business in peripheral areas
- Public : Driven by a group of national clients acquired through our increased recognition in the public sector, business continues to grow substantially, including COVID-19 vaccination-related business
- Web/IT : Cashless payment continues to expand.  
Food delivery services decline, but new clients were gained in XaaS areas through horizontal expansion of accumulated business models

#### Various profits

- The high profit level was maintained from the 1st quarter due to the preferable ratio of highly profitable projects and hybrid operation of inbound and outbound businesses
- In conjunction with the expansion of business, personnel expenses and other costs increased, but the increase was exceeded by growth in profits
- Operating profit increased, absorbing an increase in depreciation due to capital investment

Sales  
revenue

**18.4**  
billion yen

YoY

+22.3%

EBITDA\*<sup>1</sup>

**4.6**  
billion yen

YoY

+37.3%

Operating  
profit

**3.9**  
billion yen

YoY

+34.9%

Net  
income\*<sup>2</sup>

**2.5**  
billion yen

YoY

+31.3%

\*1 EBITDA = operating profit + depreciation + amortization

\*2 Profit attributable to owners of parent

\*3 Abbreviation for "Everything as a service" "X as a service"

# FY12/2022 2Q (from April to June) P/L

- Sales revenue : **As a result of expansion in existing sectors, revenue was up 4.1% YoY** and exceeded the level in the same period of the previous year, when sales grew significantly due to a rapid increase in COVID-19 vaccination-related business
- Various profits : EBITDA<sup>\*2</sup> was down 6.1% YoY. **Advance expenses were incurred as a result of active development of new clients**

## Consolidated P/L results

| ( ¥ mm)                        | 2021/12                 | 2022/12                 |               |
|--------------------------------|-------------------------|-------------------------|---------------|
|                                | 2Q (from April to June) | 2Q (from April to June) |               |
|                                | Results                 | Results                 | YoY           |
| <b>Sales revenue</b>           | <b>7,911</b>            | <b>8,236</b>            | <b>+4.1%</b>  |
| Operating expenses             | (6,466)                 | (6,993)                 | +8.2%         |
| Other revenue                  | 13                      | 14                      | —             |
| Other expenses                 | (2)                     | (17)                    | —             |
| <b>Operating profit</b>        | <b>1,457</b>            | <b>1,240</b>            | <b>-14.9%</b> |
| <b>Operating profit margin</b> | <b>18.4%</b>            | <b>15.1%</b>            | <b>-3.4pt</b> |
| Financial profit               | 1                       | 1                       | —             |
| Financial expenses             | (12)                    | (11)                    | —             |
| <b>Profit before tax</b>       | <b>1,446</b>            | <b>1,230</b>            | <b>-14.9%</b> |
| Income tax expense             | (458)                   | (449)                   | —             |
| <b>Net income<sup>*1</sup></b> | <b>987</b>              | <b>780</b>              | <b>-21.0%</b> |
| <b>Net income margin</b>       | <b>12.5%</b>            | <b>9.5%</b>             | <b>-3.0pt</b> |
| <b>EBITDA<sup>*2</sup></b>     | <b>1,702</b>            | <b>1,598</b>            | <b>-6.1%</b>  |
| <b>EBITDA margin</b>           | <b>21.5%</b>            | <b>19.4%</b>            | <b>-2.1pt</b> |

\*1 Profit attributable to owners of parent

\*2 EBITDA = operating profit + depreciation + amortization

# FY12/2022 1H P/L

- Sales revenue : Continued to grow at a steady pace in existing sectors. Consistent progress of **56.5% against the full year earnings forecast**, also boosted by growth in the public sector
- Various profits : The full year earnings forecast was revised as operating profit progressed at a high level by **78.7% of the forecast**

## Consolidated P/L 1st half results

| ( ¥ mm)                        | 2021/12<br>1H | 2022/12<br>1H |               |                             | 2022/12<br>Full year<br>(before revision)<br>Forecast | 2022/12<br>Full year<br>(after revision)<br>Forecast |
|--------------------------------|---------------|---------------|---------------|-----------------------------|---|--|
|                                | Results       | Results       | YoY           | Progress rate <sup>*3</sup> |   |  |
| <b>Sales revenue</b>           | <b>15,026</b> | <b>18,373</b> | <b>+22.3%</b> | <b>56.5%</b>                | <b>32,500</b>   | <b>33,500</b>  |
| Operating expenses             | (12,142)      | (14,448)      | +19.0%        | —                           | —   | —  |
| Other revenue                  | 37            | 30            | —             | —                           | —   | —  |
| Other expenses                 | (4)           | (19)          | —             | —                           | —   | —  |
| <b>Operating profit</b>        | <b>2,917</b>  | <b>3,936</b>  | <b>+34.9%</b> | <b>78.7%</b>                | <b>5,000</b>  | <b>5,500</b>   |
| <b>Operating profit margin</b> | <b>19.4%</b>  | <b>21.4%</b>  | <b>+2.0pt</b> | —                           | <b>15.4%</b>  | <b>16.4%</b>   |
| Financial profit               | 1             | 2             | —             | —                           | —   | —  |
| Financial expenses             | (118)         | (23)          | —             | —                           | —   | —  |
| <b>Profit before tax</b>       | <b>2,800</b>  | <b>3,915</b>  | <b>+39.8%</b> | <b>78.9%</b>                | <b>4,960</b>  | <b>5,450</b>   |
| Income tax expense             | (887)         | (1,401)       | —             | —                           | —   | —  |
| <b>Net income<sup>*1</sup></b> | <b>1,914</b>  | <b>2,513</b>  | <b>+31.3%</b> | <b>73.3%</b>                | <b>3,430</b>  | <b>3,770</b>   |
| <b>Net income margin</b>       | <b>12.7%</b>  | <b>13.7%</b>  | <b>+0.9pt</b> | —                           | <b>10.6%</b>  | <b>11.3%</b>   |
| <b>EBITDA<sup>*2</sup></b>     | <b>3,384</b>  | <b>4,647</b>  | <b>+37.3%</b> | <b>72.0%</b>                | <b>6,450</b>  | <b>6,980</b>   |
| <b>EBITDA margin</b>           | <b>22.5%</b>  | <b>25.3%</b>  | <b>+2.8pt</b> | —                           | <b>19.8%</b>  | <b>20.8%</b>   |

\*1 Profit attributable to owners of parent

\*2 EBITDA = operating profit + depreciation + amortization

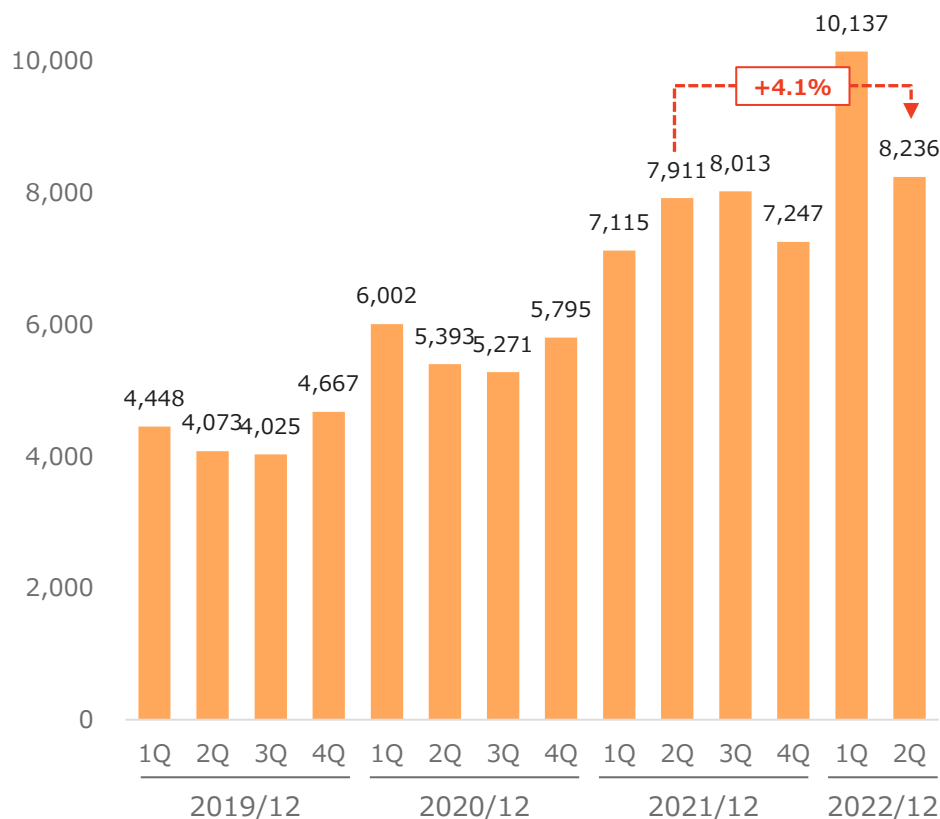
\*3 2022/12 progress rate against the full-year earnings forecast

# Quarterly Results

- Sales revenue : Revenue exceeded the level of the 2nd quarter of the previous fiscal year, when COVID-19 vaccination-related business expanded rapidly, and was **up 4.1% YoY**
- EBITDA<sup>\*1</sup> : **Down 6.1% YoY** due to changes in the ratio of highly profitable projects and upfront investments in new client development, etc.

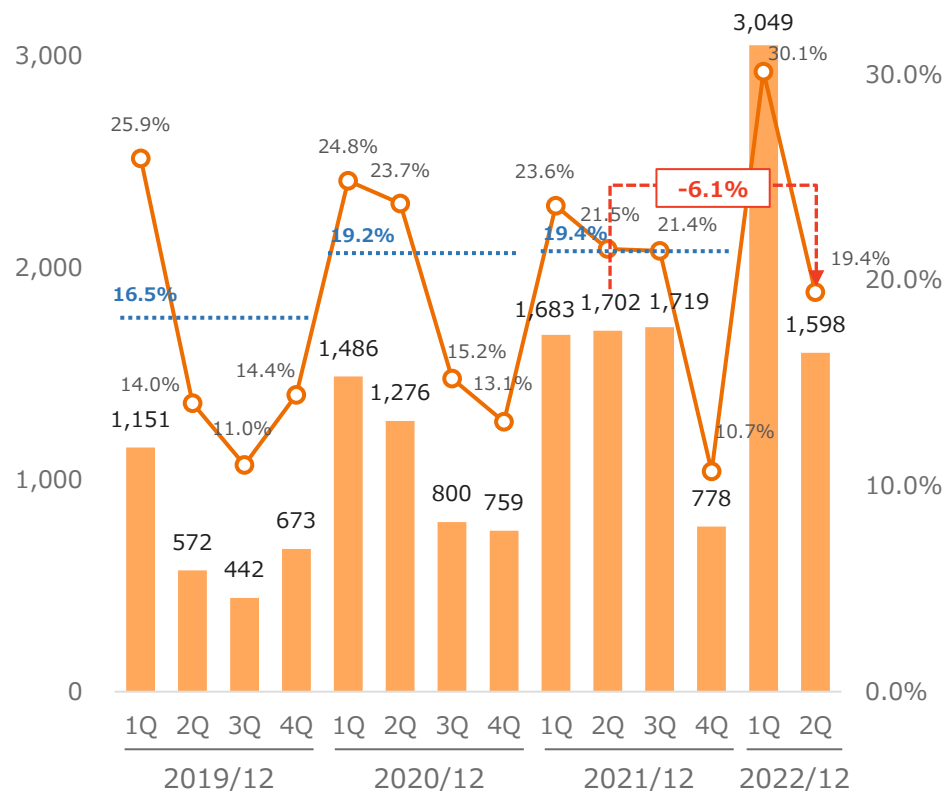
## Quarterly changes in consolidated sales revenue

( ¥ mm)



## Quarterly trends in EBITDA<sup>\*1</sup>・EBITDA margin

( ¥ mm) ■ EBITDA<sup>\*1</sup> ○ EBITDA margin ..... EBITDA margin Average value

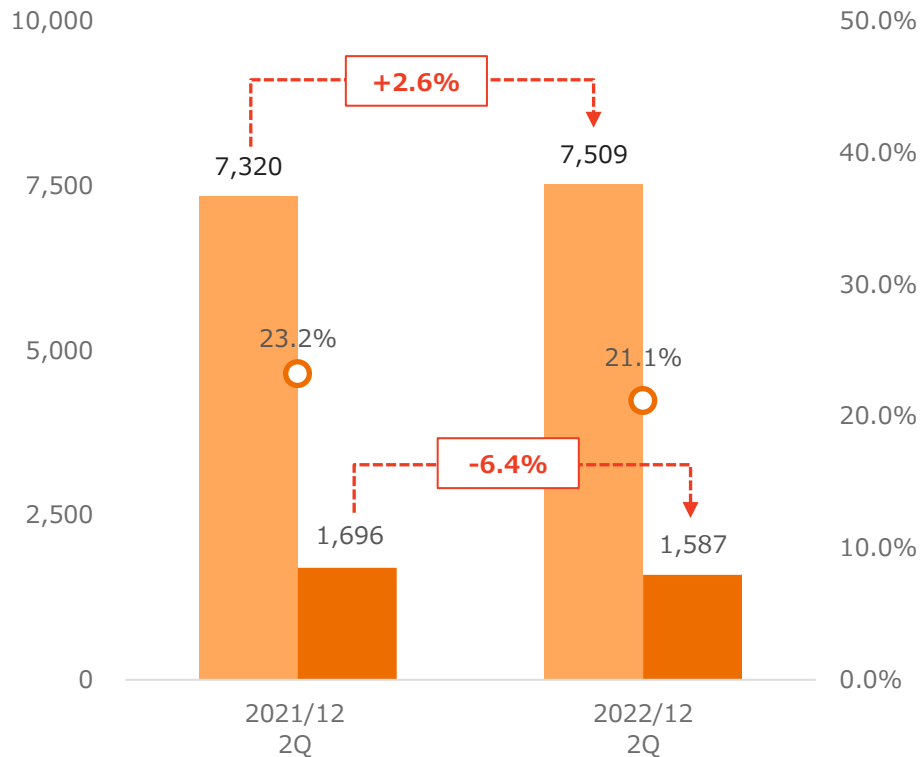


# FY12/2022 2Q (from April to June) Results per Segment

- **Marketing business** : Sales revenue was up 2.6% YoY and operating profit was down 6.4% YoY. Growth was steady compared to the same period of the previous year, when a temporary factor led to substantial growth
- **On-site business** : Sales revenue was up 5.4%. Operating profit was -51 million yen due to the use of funds for strategic advertising and publicity expenditures, etc.

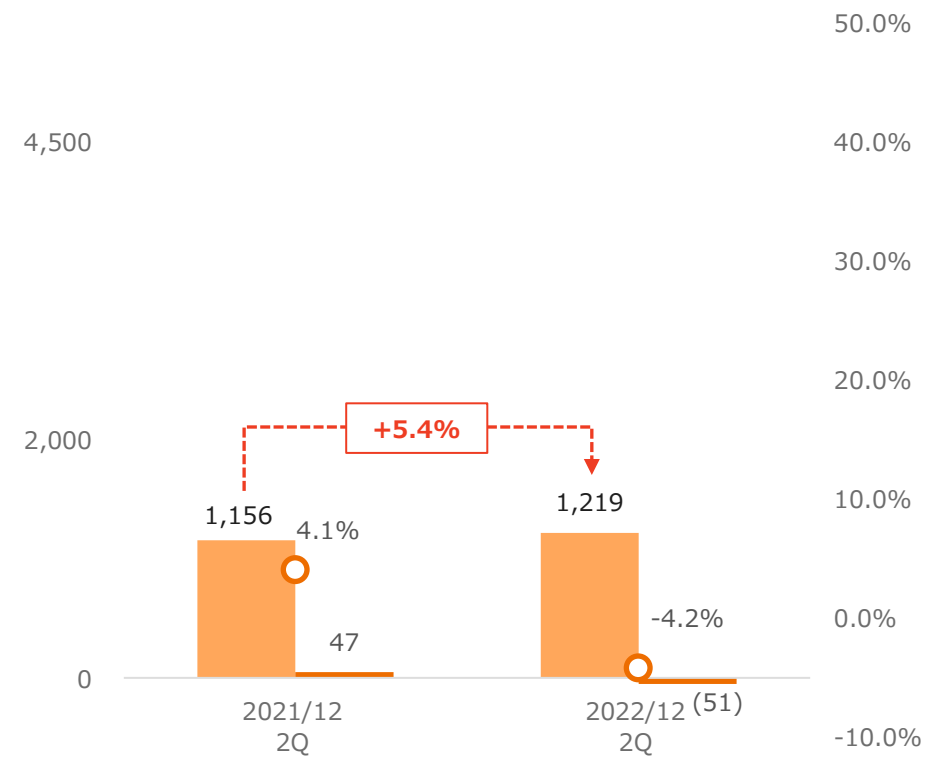
## Marketing business

( ¥ mm)      ■ Sales rev <sup>\*1</sup>   ■ Seg profit   ● Segment op margin



## On-site business

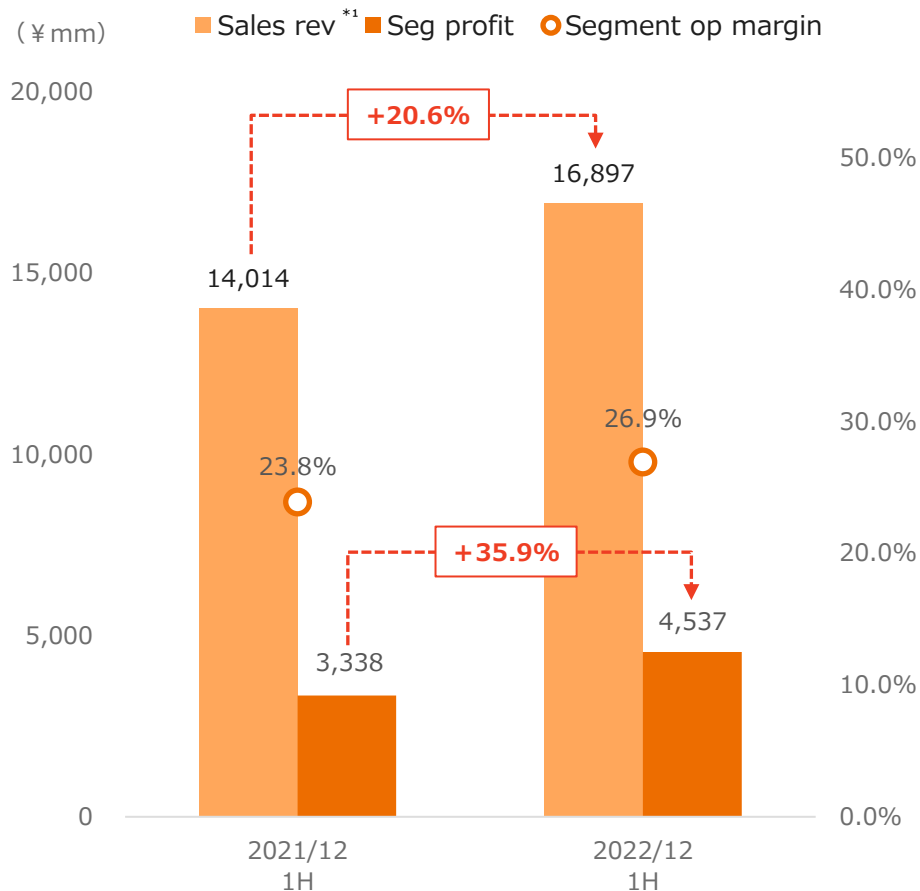
( ¥ mm)      ■ Sales rev <sup>\*1</sup>   ■ Seg profit   ● Segment op margin



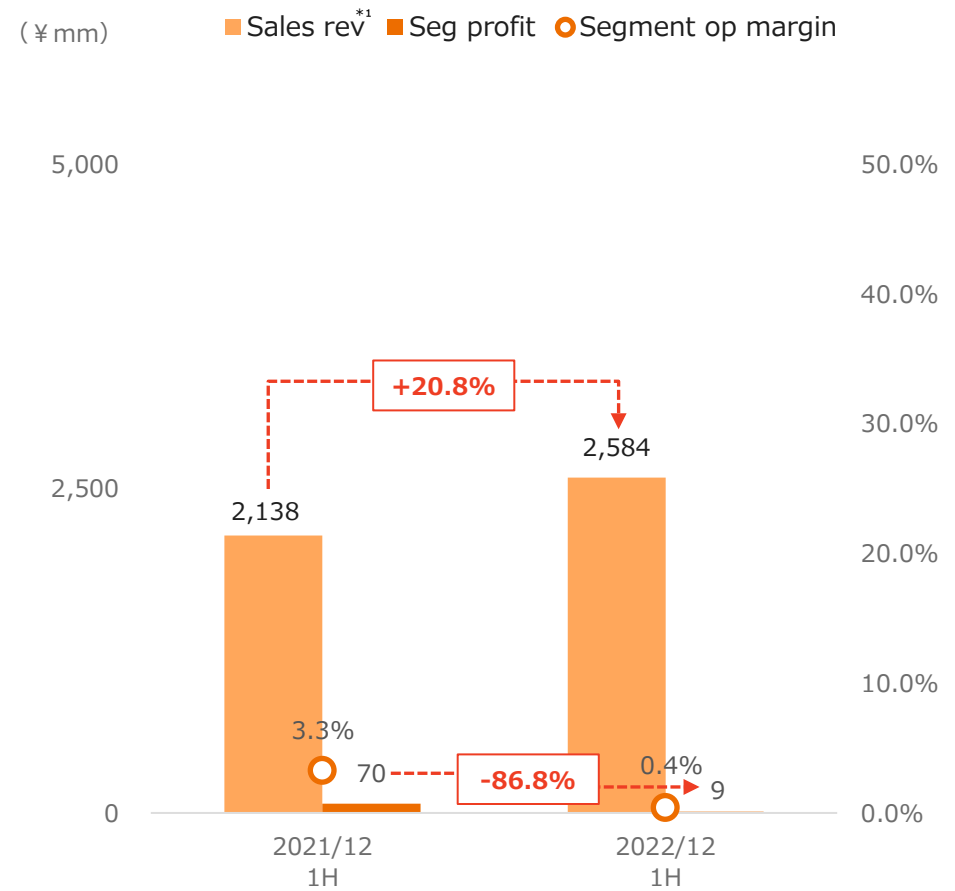
# FY12/2022 1H Results per Segment

- **Marketing business** : Achieved **20.6% YoY** growth in revenue and **35.9% YoY** growth in operating profit, due to growth in telecommunications peripheral areas and the public sector through acquisition of national clients
- **On-site business** : Sales increased by **20.8% YoY** due to steady order growth. Operating profit was **down 86.8% YoY** due to the use of funds for strategic advertising and publicity expenditures, etc.

## Marketing business



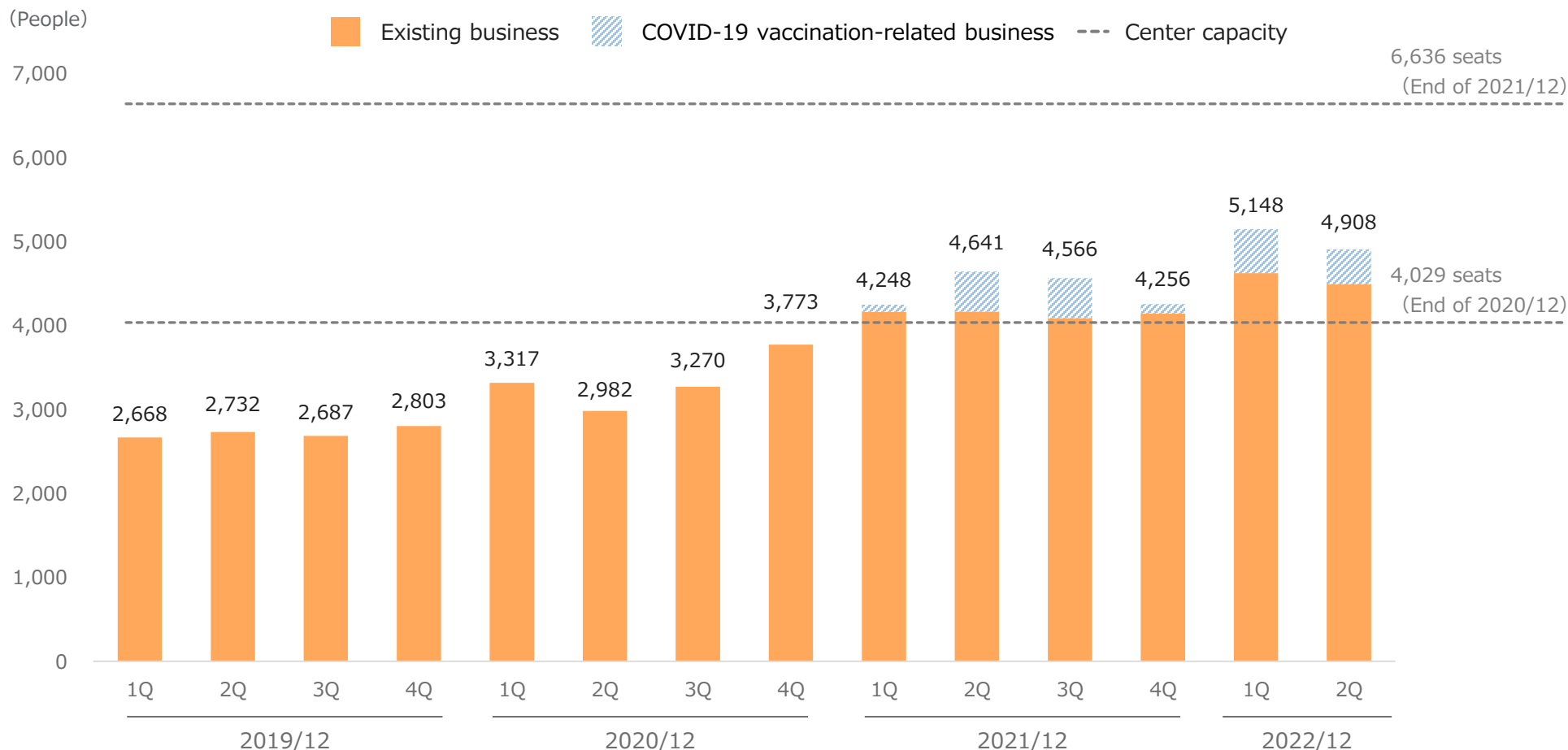
## On-site business



# Marketing Business KPI

- The number of operating staff\*<sup>1</sup> in existing business steadily increased YoY. Flexibly adjusted personnel numbers for COVID-19 vaccination-related business in response to client offers

## Quarterly changes in the number of operating staff\*<sup>1</sup>



# FY12/2022 1H B/S

- Revenue growth led to an increase in retained earnings and expansion of total assets. The ratio of goodwill to total assets steadily declined

- Shifted to net cash at the end of June 2022

## Consolidated B/S

| ( ¥ mm)                                       | End of 2021/12 | End of 2022/6 | Change         | Comments  |
|---|----------------|---------------|----------------|---|
| <b>Total assets</b>                           | <b>26,837</b>  | <b>28,080</b> | <b>+1,243</b>  | <ul style="list-style-type: none"> <li>■ <b>Property, plant and equipment &amp; right-of-use assets total :</b><br/>                     2,538 mm yen ( End of 2020/12 ) ▶ 4,540 mm yen ( End of 2021/12 ) ▶ 4,330 mm yen ( End of 2022/6 )<br/>                     – Growth trend due to expansion of bases and system-related investment accompanying business expansion</li> <li>■ <b>Goodwill total asset ratio :</b><br/>                     51.7% ( End of 2020/12 ) ▶ 40.9% ( End of 2021/12 ) ▶ 39.1% ( End of 2022/6 )<br/>                     – Goodwill has not been amortized, but its share of total assets have steadily declined</li> </ul> |
| Current assets                                | 9,702          | 11,068        | +1,366         |   |
| Non-current assets                            | 17,135         | 17,012        | (123)          |   |
| Goodwill                                      | 10,984         | 10,984        | –              |   |
| <b>Total liabilities</b>                      | <b>15,238</b>  | <b>14,152</b> | <b>(1,086)</b> | <ul style="list-style-type: none"> <li>■ <b>Interest-bearing liabilities :</b><br/>                     6,500 mm yen ( End of 2020/12 ) ▶ 5,741 mm yen ( End of 2021/12 ) ▶ 5,360 mm yen ( End of 2022/6 )</li> <li>■ <b>Net debt :</b><br/>                     2,808 mm yen ( End of 2020/12 ) ▶ 674 mm yen ( End of 2021/12 ) ▶ -1,086 mm yen ( End of 2022/6 )</li> </ul>   |
| Current liabilities                           | 8,060          | 7,540         | (520)          |   |
| Non-current liabilities                       | 7,178          | 6,612         | (566)          |   |
| <b>Total equity</b>                           | <b>11,599</b>  | <b>13,928</b> | <b>+2,329</b>  | <ul style="list-style-type: none"> <li>■ <b>Ratio of equity attributable to owners of parent :</b><br/>                     37.6% ( End of 2020/12 ) ▶ 43.2% ( End of 2021/12 ) ▶ 49.6% ( End of 2022/6 )</li> </ul>  |
| Total equity attributable to owners of parent | 11,599         | 13,928        | +2,329         |   |
| <b>Total liabilities &amp; equity</b>         | <b>26,837</b>  | <b>28,080</b> | <b>+1,243</b>  |   |

# FY12/2022 1H C/F

- Operating cash flow increased as a result of steady growth in profit before tax due to higher revenue
- Investment cash flow decreased compared to the fiscal year ended December 2021, when capital investment led to a significant office space expansion

## Consolidated C/F

| (¥ mm)                | 2021/12<br>2Q | 2022/12<br>2Q | Change        | 2021/12<br>Full year<br>(Ref.) |
|-----------------------|---------------|---------------|---------------|--------------------------------|
| Operating cash flow   | 1,516         | 2,850         | +1,334        | 4,140                          |
| Investment cash flow  | (517)         | (322)         | +195          | (1,428)                        |
| Financial cash flow   | (1,106)       | (1,148)       | (42)          | (1,337)                        |
| <b>Free cash flow</b> | <b>999</b>    | <b>2,527</b>  | <b>+1,529</b> | <b>2,712</b>                   |

### Main factors of increase/decrease

- Operating cash flow : +1,144 million yen (YoY) due to increase in profit before tax  
+777 million yen (YoY) due to decrease in trade and other receivables  
-592 million yen (YoY) due to decrease in trade and other payables
- Investment CF : +167 million yen (YoY) due to payments of leasehold and guarantee deposits

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

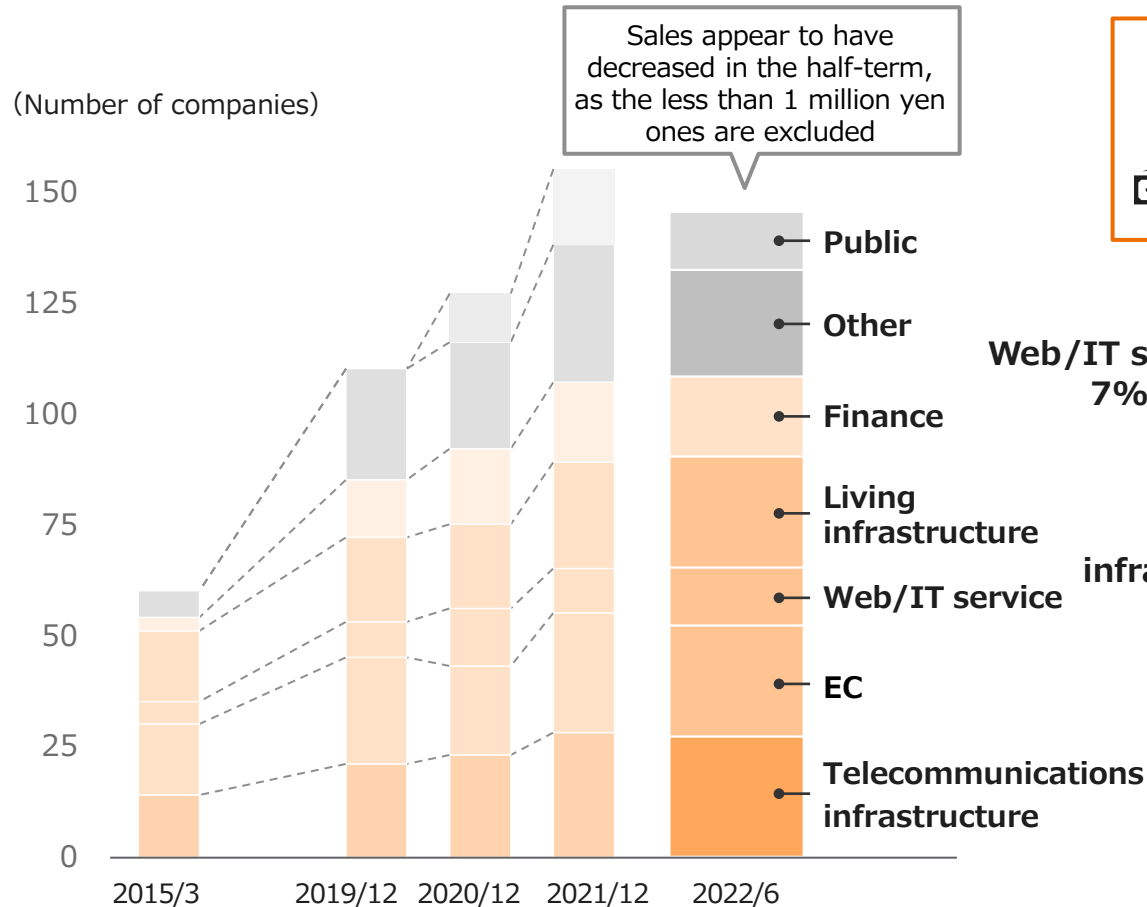
- The full-year earnings forecast has been revised upward because **the progress rate of operating profit was as high as 78.7%** against the initial forecast
- In the 2nd half, **we plan to invest in customer acquisition and cultivation as well as human resources development** in response to the upswing in the 1st half of the year

| (¥ mm)                   | 2022/12<br>Full year<br>(before revision) | 2022/12<br>Full year<br>(after revision) | Background  |
|--------------------------|---|--|---|
|                          | Forecast                                  | Forecast                                 |   |
| Sales revenue            | 32,500                                    | 33,500                                   | <ul style="list-style-type: none"> <li>■ Sales revenue: In addition to the steady performance of existing operations that was expected from the beginning, we received orders for COVID-19 vaccination-related business.</li> <li>■ Various profits: In addition to sales growth, profitable COVID-19 vaccination-related business and the hybrid operations in the inbound/outbound business were successful.</li> </ul> |
| Operating profit         | 5,000                                     | 5,500                                    |   |
| Operating profit margin  | 15.4%                                     | 16.4%                                    |   |
| Profit before tax        | 4,960                                     | 5,450                                    |   |
| Net income <sup>*1</sup> | 3,430                                     | 3,770                                    |   |
| Net income margin        | 10.6%                                     | 11.3%                                    |   |
| EBITDA <sup>*2</sup>     | 6,450                                     | 6,980                                    |   |
| EBITDA margin            | 19.8%                                     | 20.8%                                    |   |

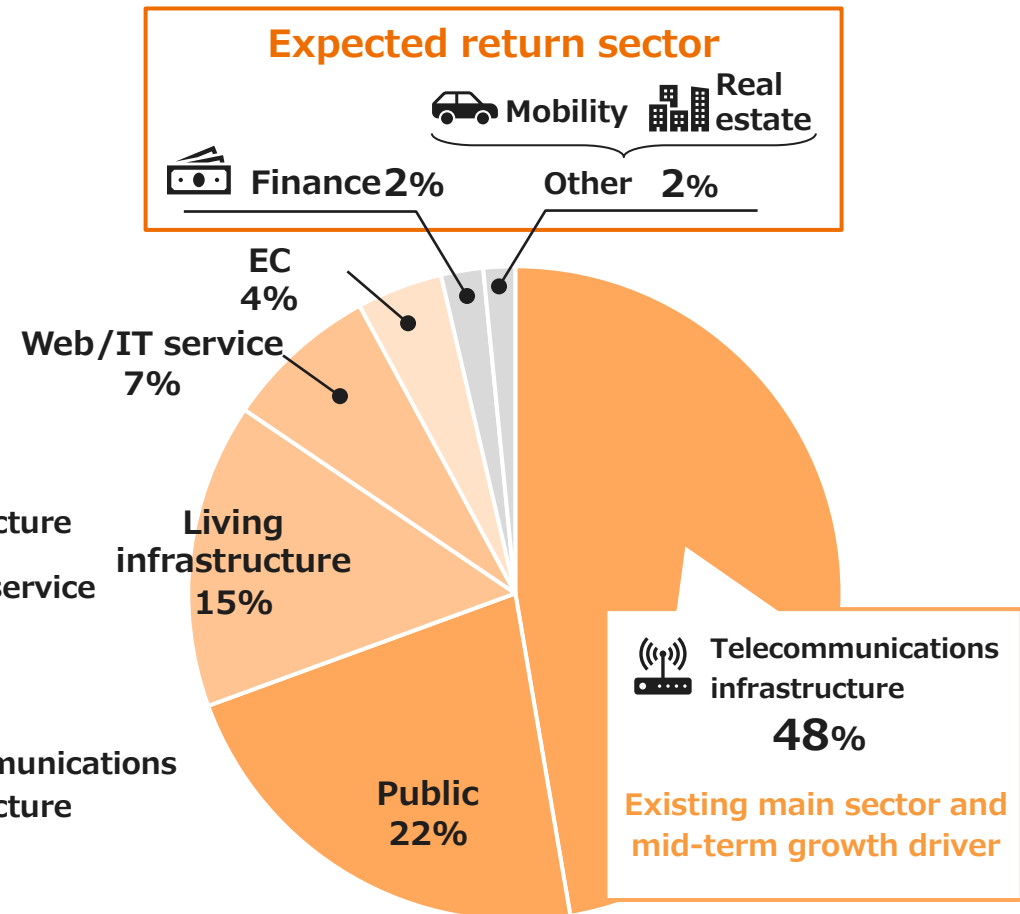
# Current Earnings Base and Future focus Sectors

- Client portfolio diversification progressed in terms of the number of clients by industry. Web/IT services increased, capturing demand for DX promotion
- In terms of revenue composition, the public sector expanded slightly as new clients were acquired. We continue to focus on monetizing expected sectors such as finance, etc.

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



Revenue composition ratio by industry (FY12/2022 1H)



\*1 Counted on a contract basis with each group company. Excludes clients with annual transaction amount of less than 1 million yen

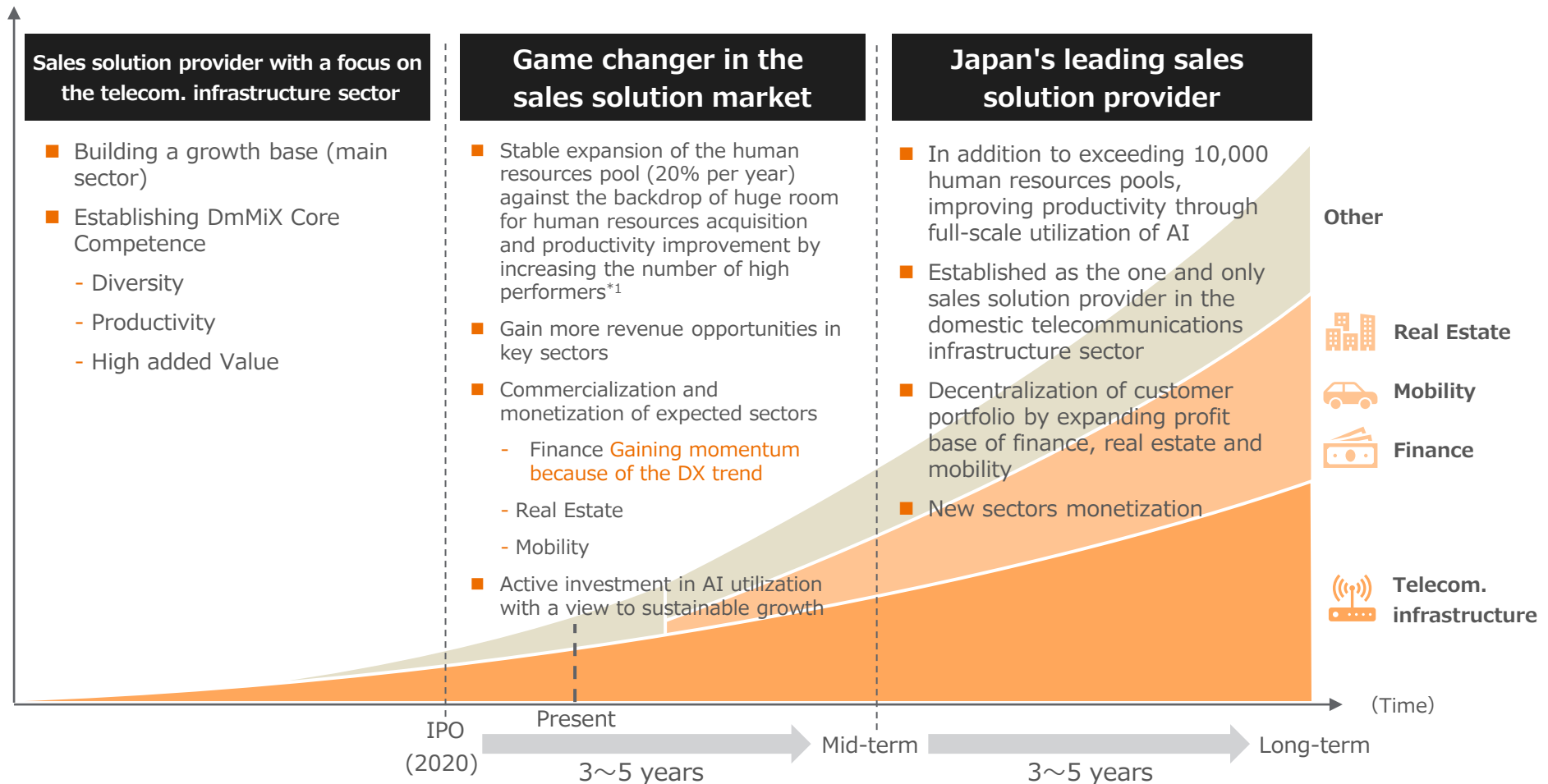
\*2 Telecommunications infrastructure = mobile phone carrier affiliated companies. Living infrastructure = electricity, gas, internet lines, etc.

\*3 On-site business (temporary staffing) is excluded after FY12/2019

# Long-term Growth Prospects

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

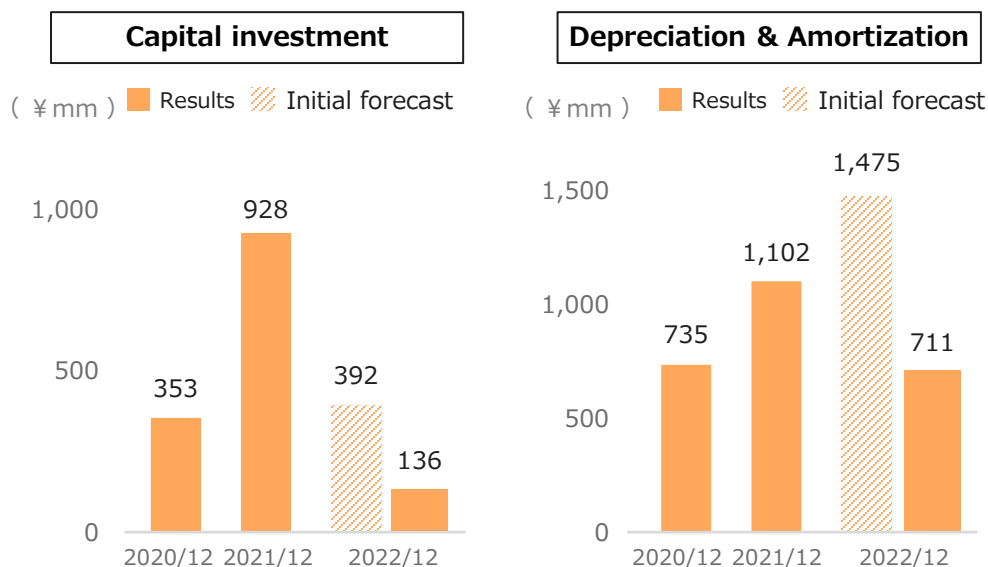
(Profit scale)



# Investment Plan

- Capital investment in the 1st half progressed as initially expected. **Expected to slightly exceed the initial forecast for full year**
- Amortization expenses increased YoY, but we plan to cover by higher profits
- **The number of operating staff\*1 exceeded the initial forecast.** QoQ decreased due to seasonality and other factors, but **steadily increased YoY**

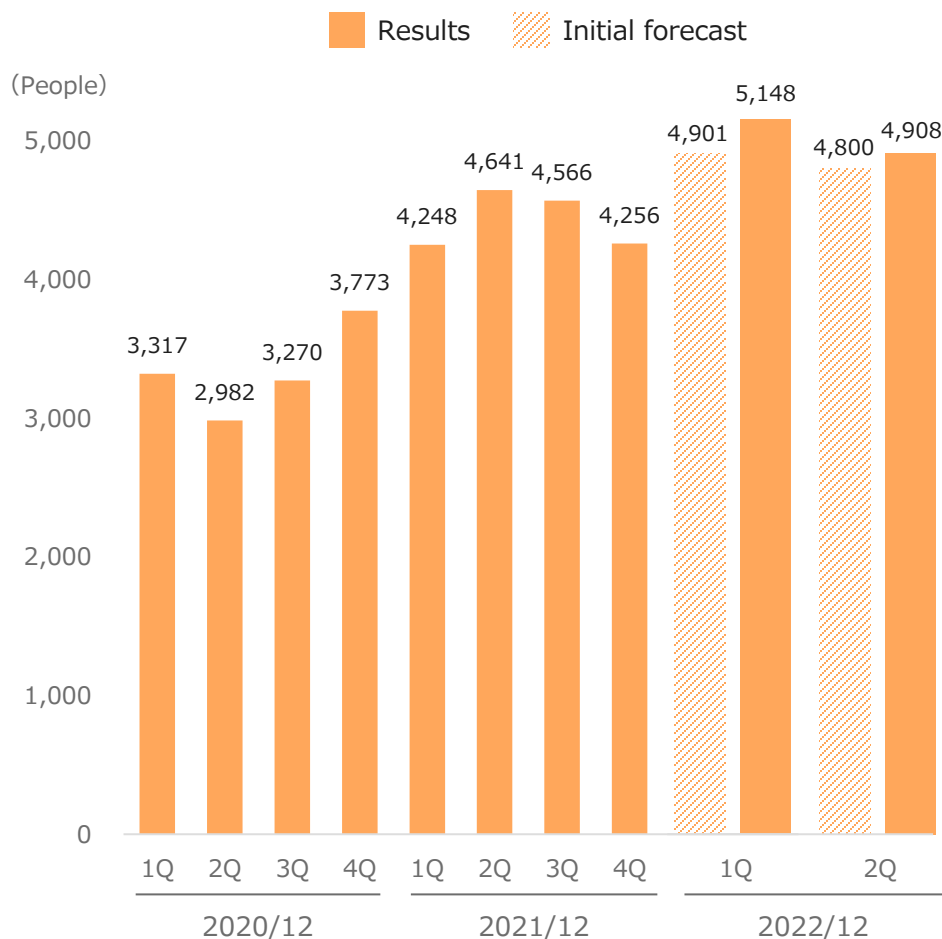
## Capital investment plan and depreciation outlook



### Major capital investment breakdown

| ( ¥ mm )                              | 2020    | 2021    | 2022             |            |
|---------------------------------------|---------|---------|------------------|------------|
|                                       | Results | Results | Initial forecast | 1H Results |
| Buildings and accompanying facilities | 177     | 492     | 138              | 50         |
| Tools, furniture and fixtures         | 165     | 405     | 245              | 78         |
| Software                              | 11      | 31      | 10               | 8          |

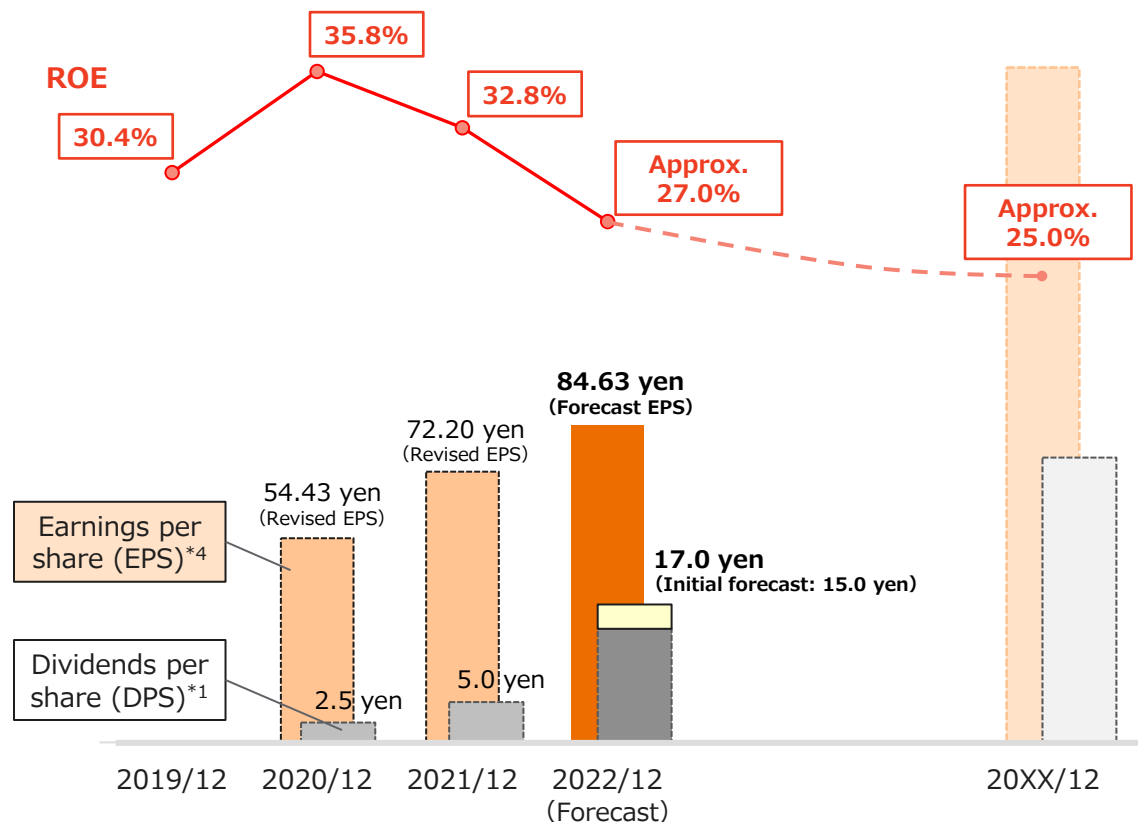
## The number of operating staff\*1



# Capital Policy

- Based on the revised earnings forecast, we have revised the dividend for this fiscal year to **17 yen per share**, an increase of 2 yen from the initial forecast. This is an increase of 12 yen per share in real terms from FY12/2021.\*<sup>1</sup>
- ROE\*<sup>2</sup> is expected to reach around **27%**\*<sup>3</sup> as a result of an increase in shareholders' equity due to earnings growth

## 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 acquisition of treasury shares.
- Assuming that there are no significant changes to the current profit structure, our medium-term goal is to maintain **ROE at approximately 25%**.

\*1 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 ending December 31, 2020 and 2021 take into account the effects of the stock split

\*2 ROE= Net income/Average shareholders' equity during the fiscal period

\*3 Based on the most recent forecast; actual figures may differ due to various factors in the future

\*4 Revised EPS and forecast EPS are calculated using 44,549,450 shares, the average number of shares outstanding during the 1st half of the fiscal year ending December 31, 2022

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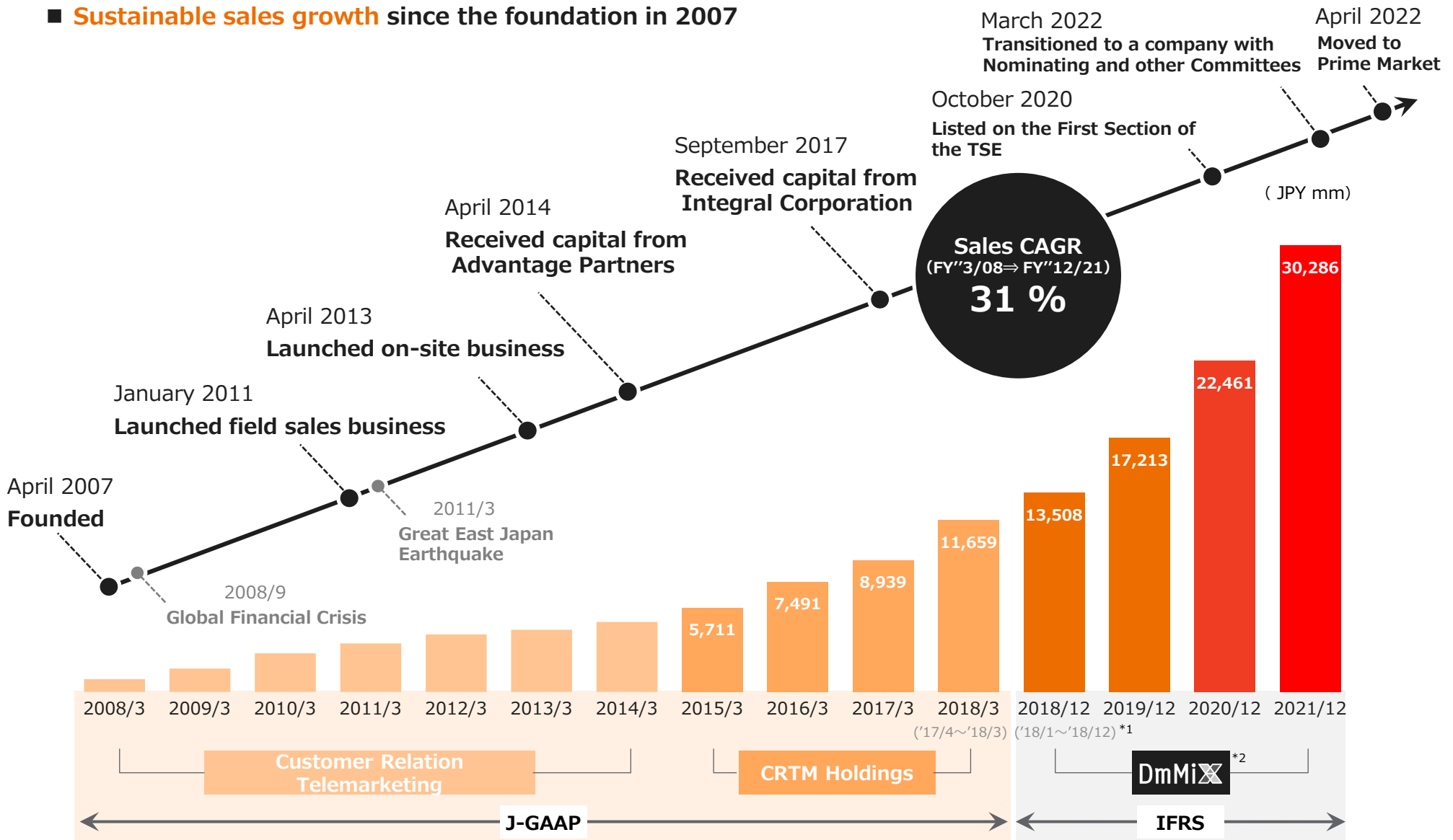
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|   |  |           |
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| 1 | DmMiX Business Model   | 2         |
| 2 | DmMiX Core Competence  | 8         |
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| 4 | Forecast for FY12/2022<br>and Medium- to Long-term Growth Strategy | 25        |
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# Key Milestones since Incorporation

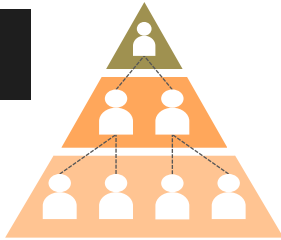
■ **Sustainable sales growth** since the foundation in 2007



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

\*2 Changed the trade name in April 2018

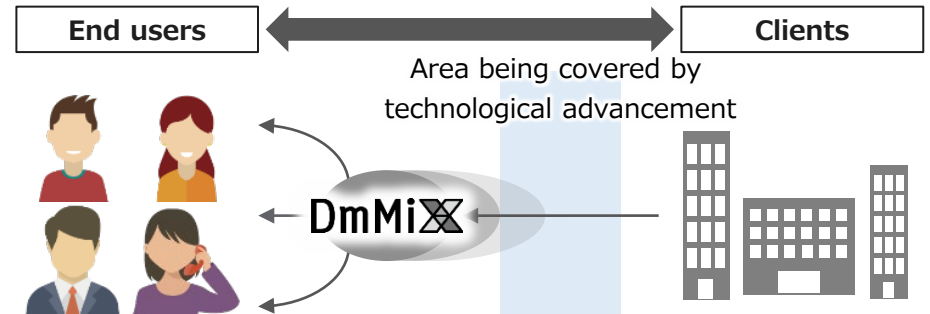
# Our Distinct Business Model from Other Companies



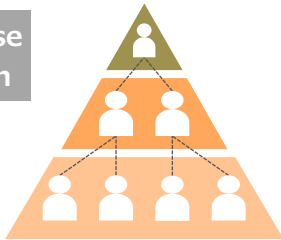
Management: Sales rep.

Managerial: Sales rep.

On-site: Sales rep.



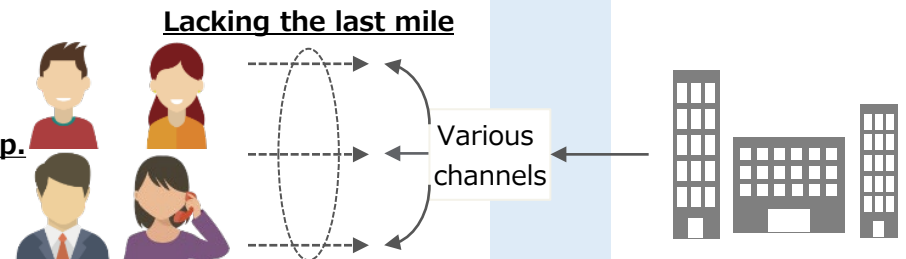
Clients' in-house sales function



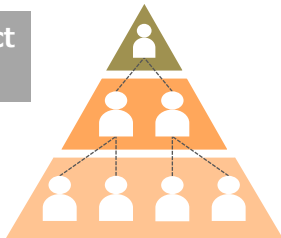
Management: Supervisor

Managerial: Supervisor/Sales rep.

On-site: Sales rep.



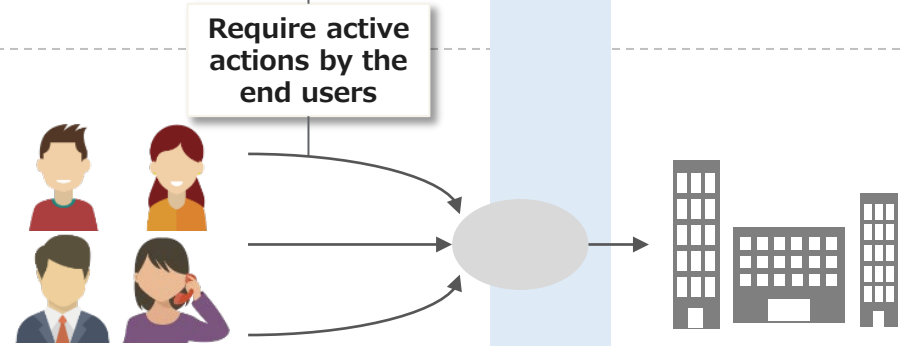
Typical contact centers



Management: Supervisor

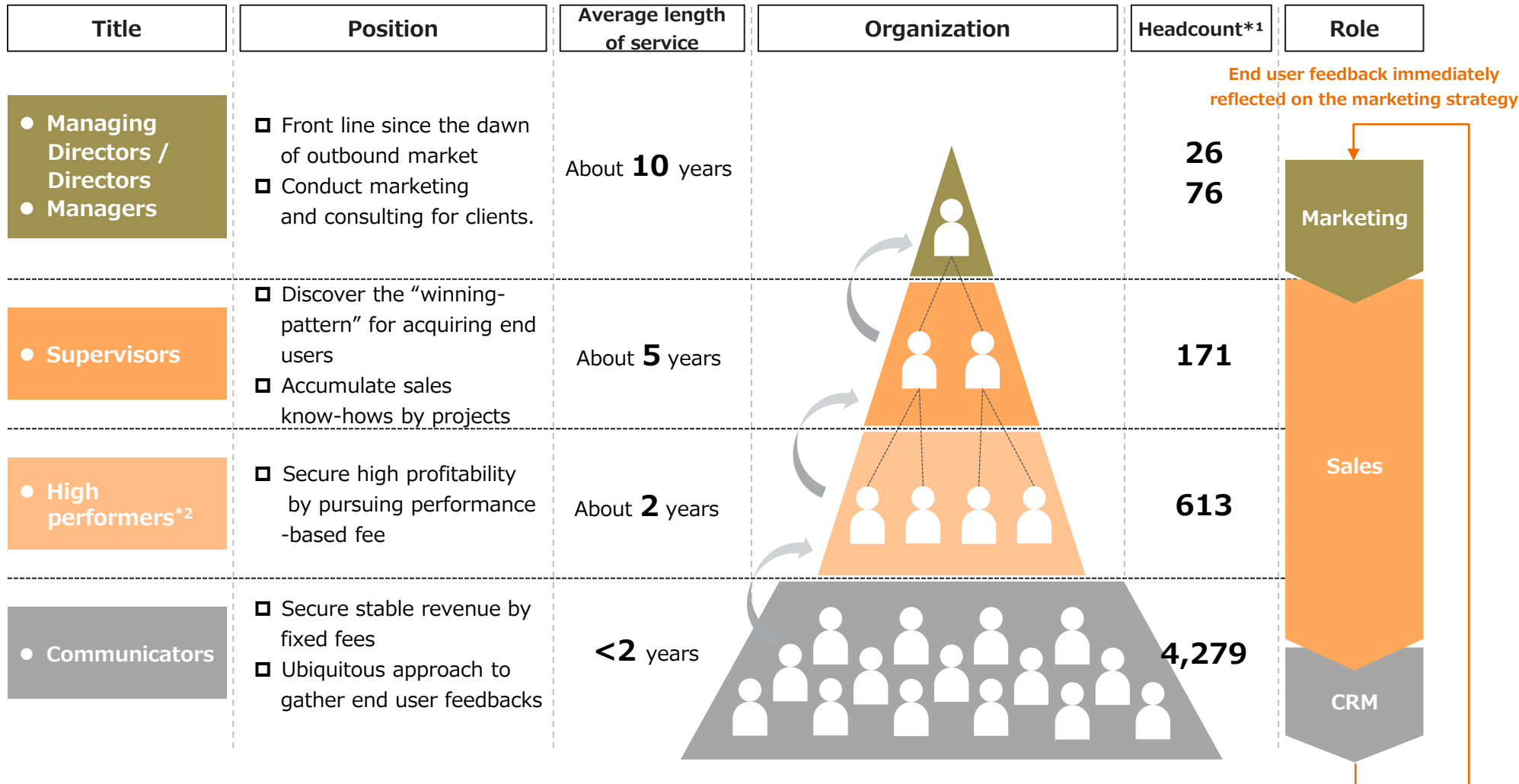
Managerial: Supervisor

On-site: Responder



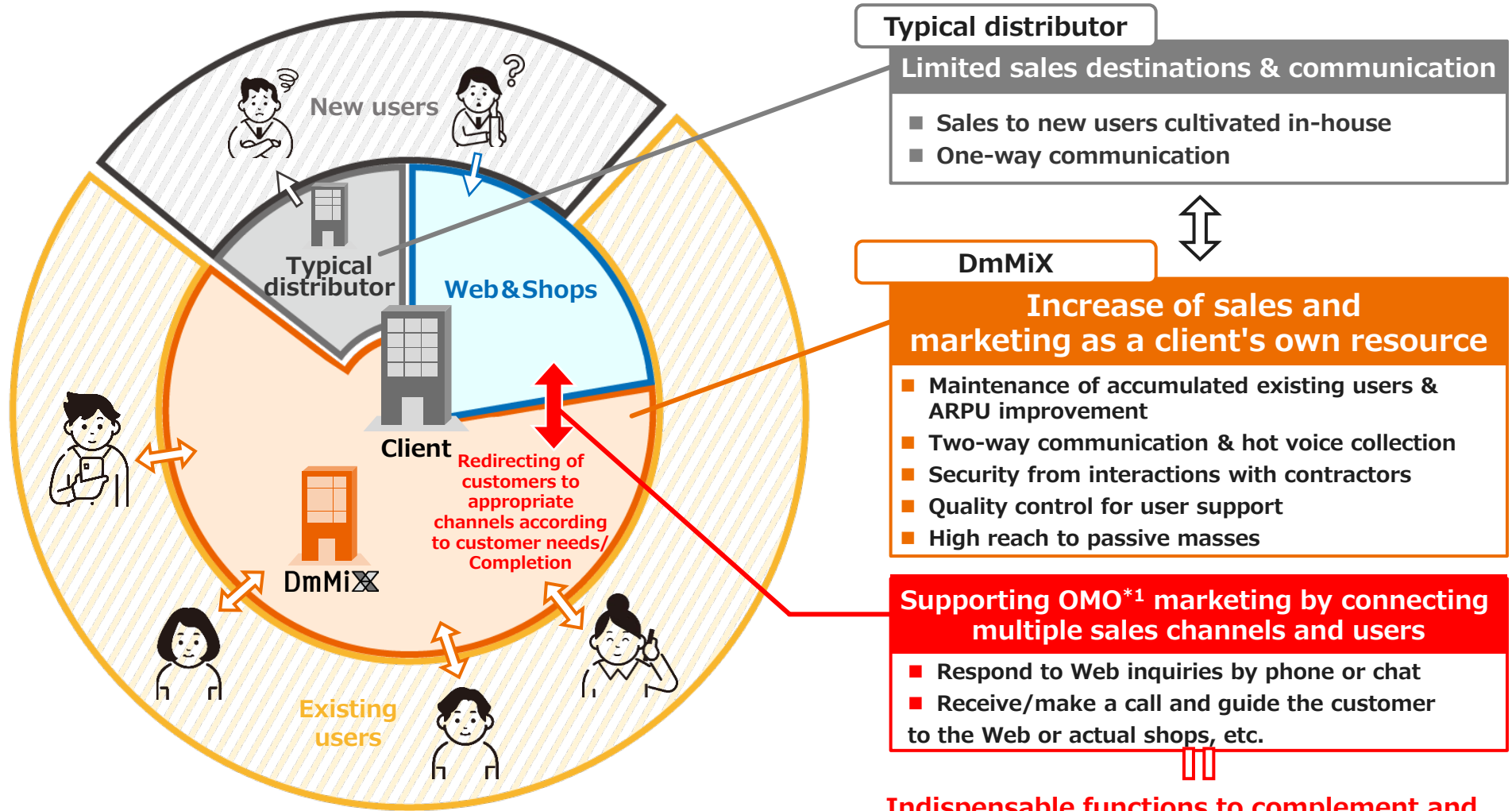
# Strong organizational Structure to Realize Clients' Sales / Marketing Reform

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



# Supporting the OMO<sup>\*1</sup> 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**

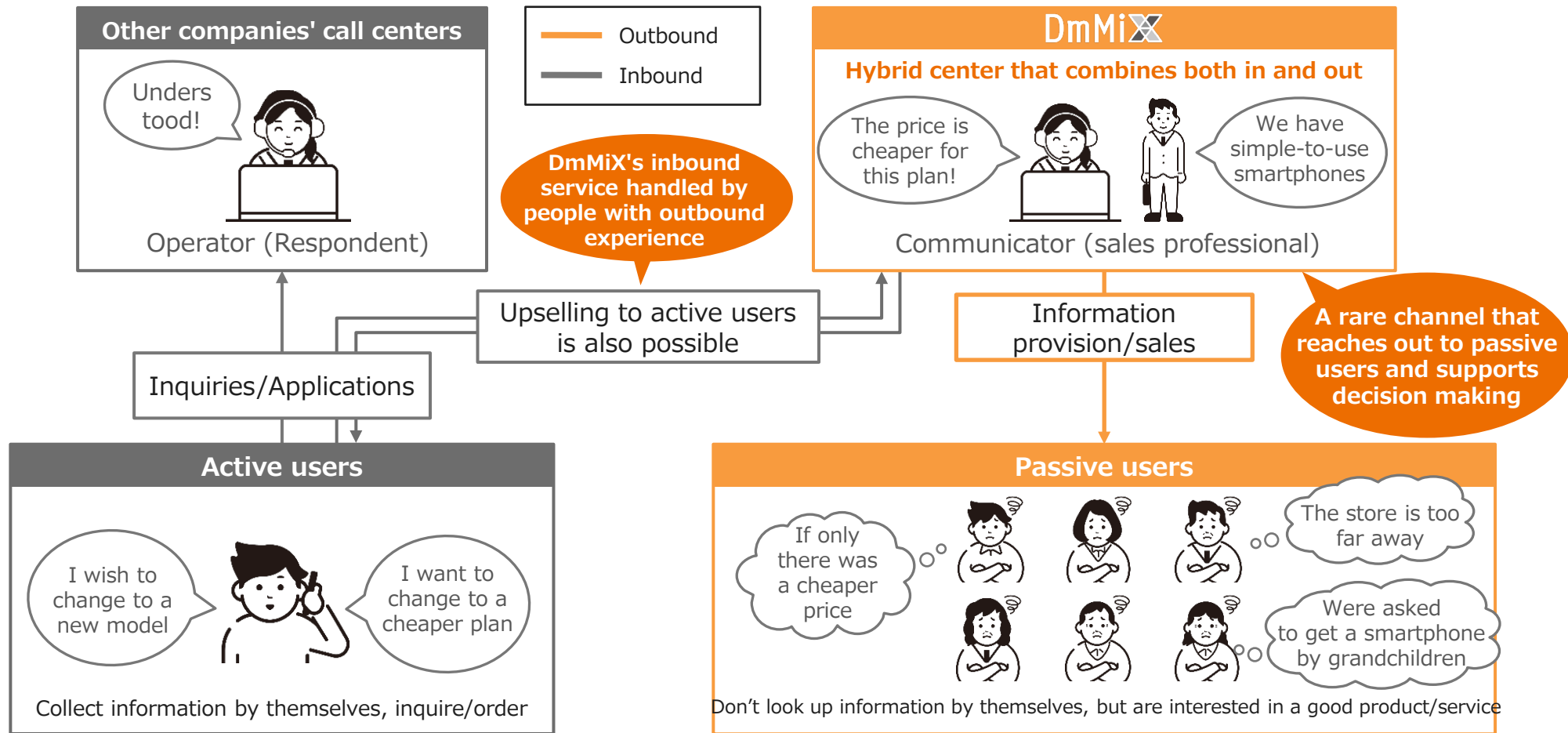


**Indispensable functions to complement and maintain the DX mechanism**

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

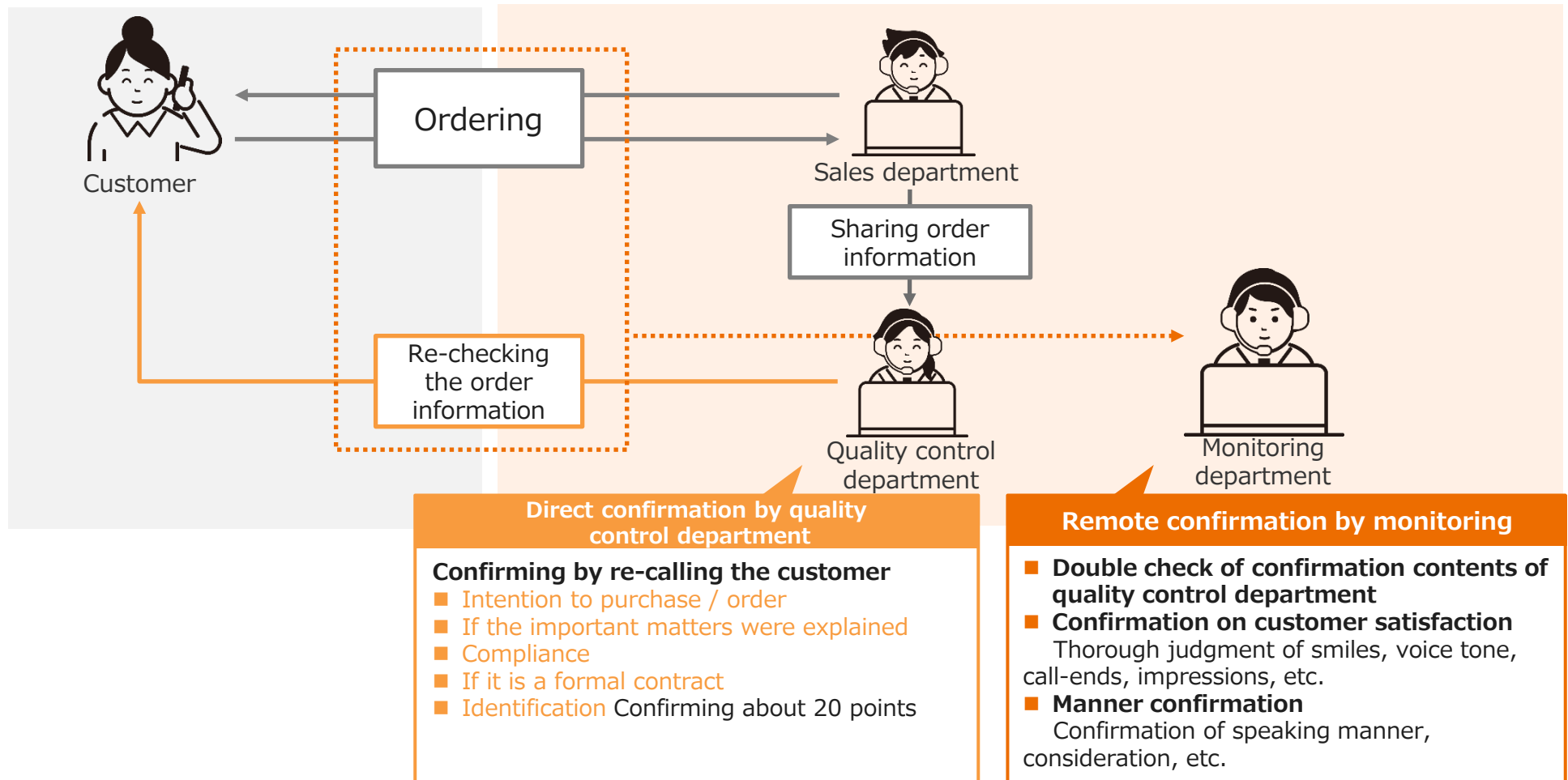
- In the Japanese market environment, with many **passive users**, we are highly evaluated as **a rare channel that can reach them directly** from the company's side
- We provide services **as a resource for client**. With high quality control, we are not only responsible for sales, but also for **detering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

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



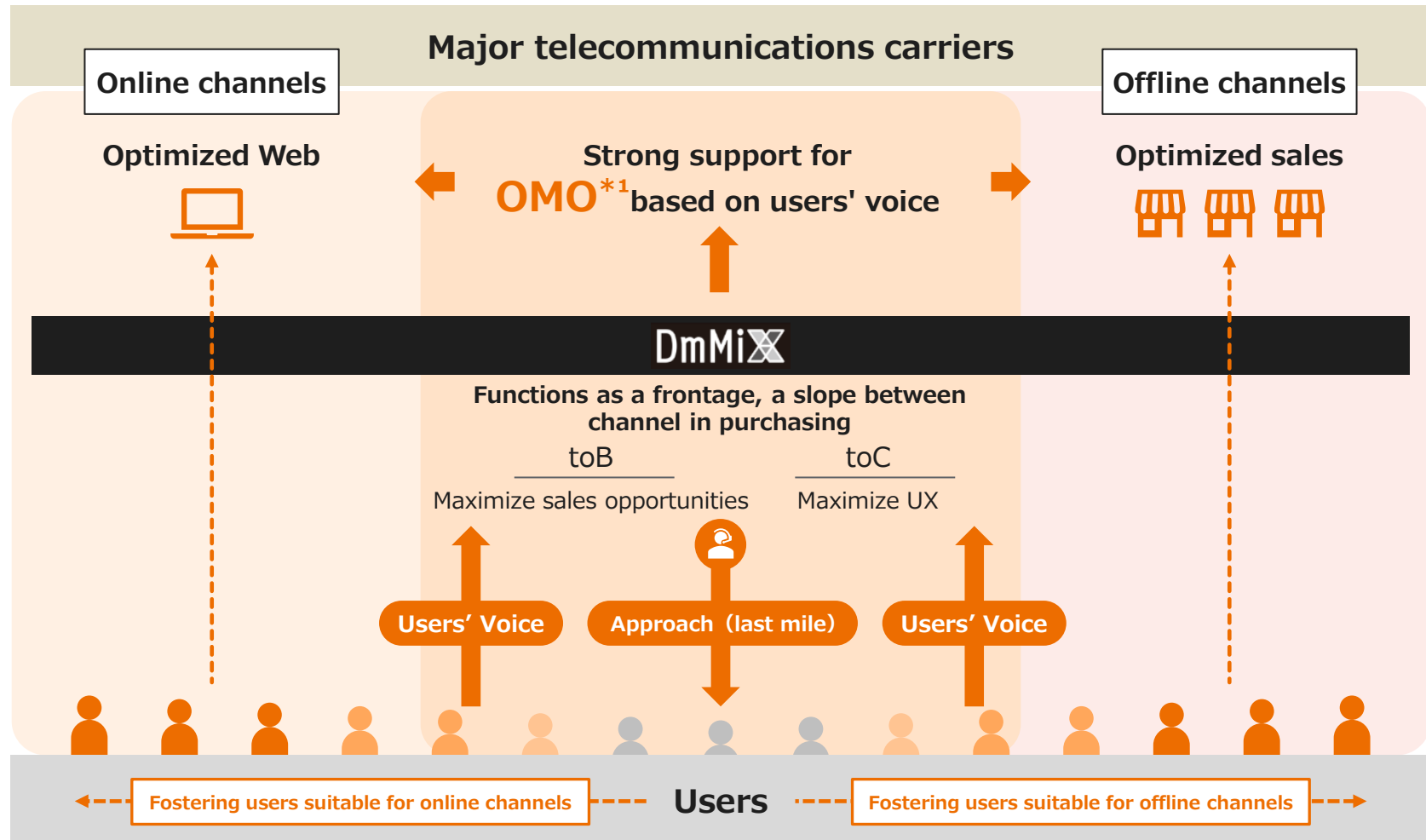
# Thorough Quality Control as a Sales Professional

- 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**



# Acquiring profit Opportunities by solving Client Issues

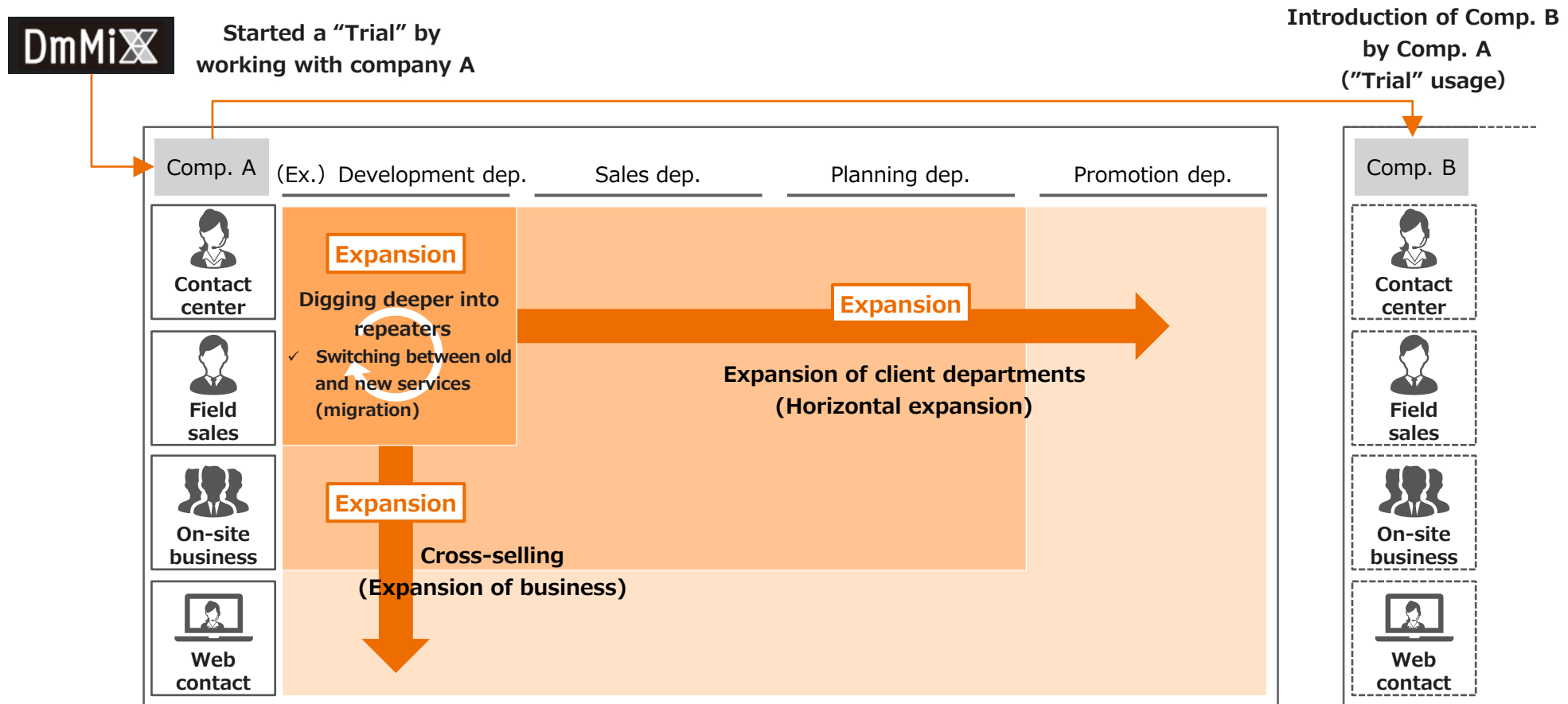
- Strongly support client's **OMO<sup>\*1</sup>marketing** and capture further profit opportunities as a slope between channels



# 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, expand operations, and expand trading departments horizontally**

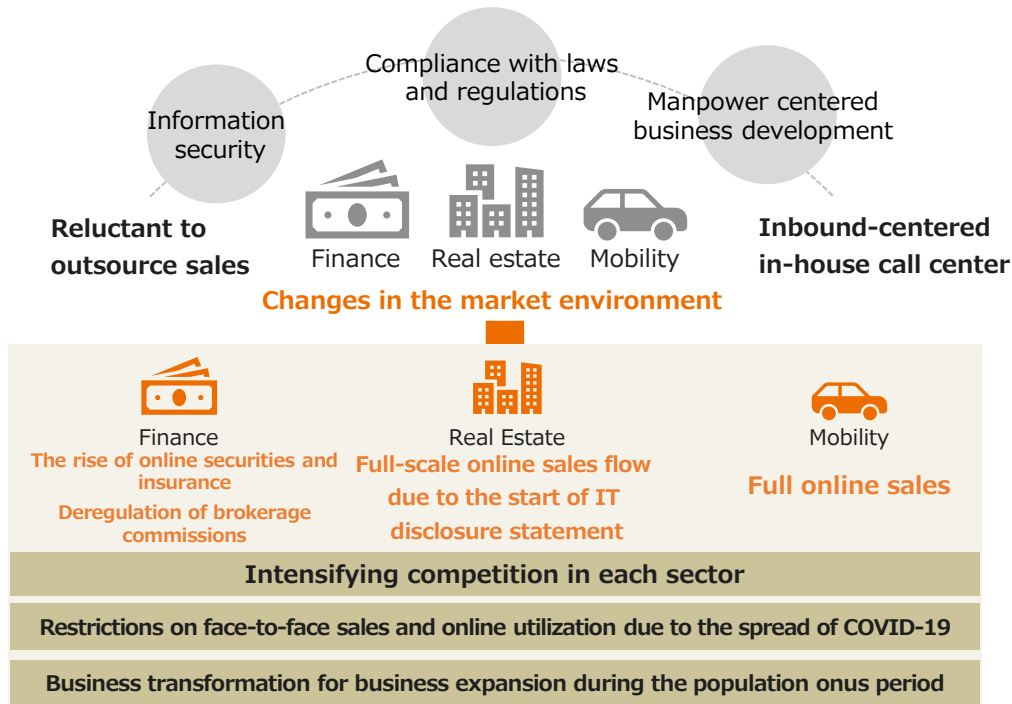
Image of expansion of existing business from acquisition of new clients



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

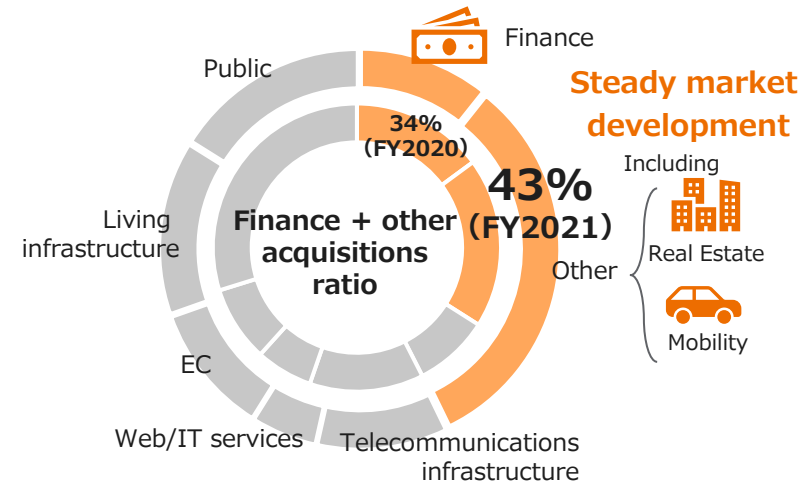
- The financial, real estate, and mobility sectors have **the same potential market size** as the current mainstay **telecommunications infrastructure sector**
- Utilizing the know-how cultivated in the telecommunications infrastructure sector, **cultivate a market where sales outsourcing has not yet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

## Expansion policy to expected sectors



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

## Composition of new clients by industry in FY2020 and FY2021 (based on the case numbers)

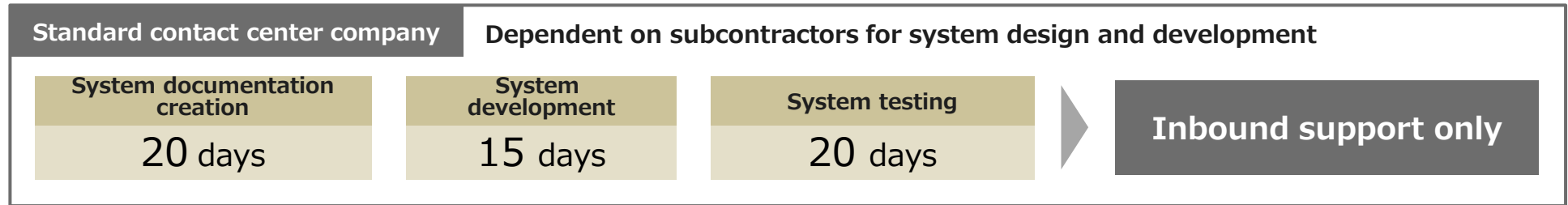


## Expected sector acquisition status



# 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

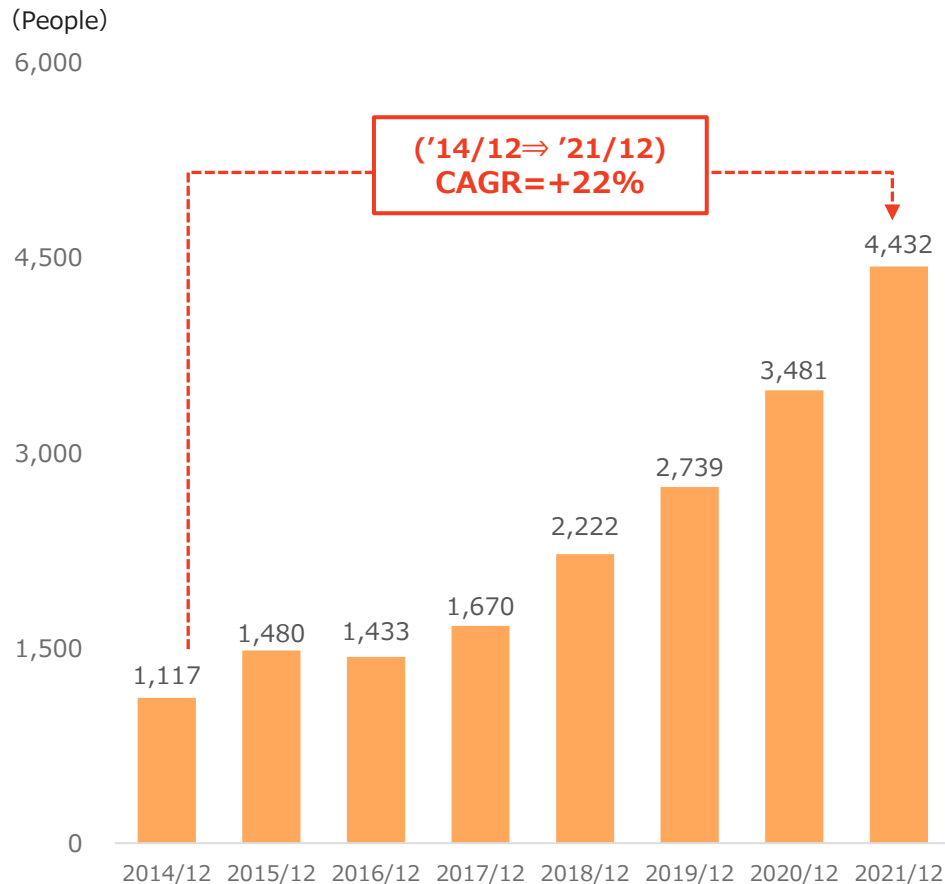
- Flexible and efficient operation by having outbound personnel with sales abilities also provide inbound support
- Inbound and outbound operations can be performed in parallel, enabling flexible resource allocation

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

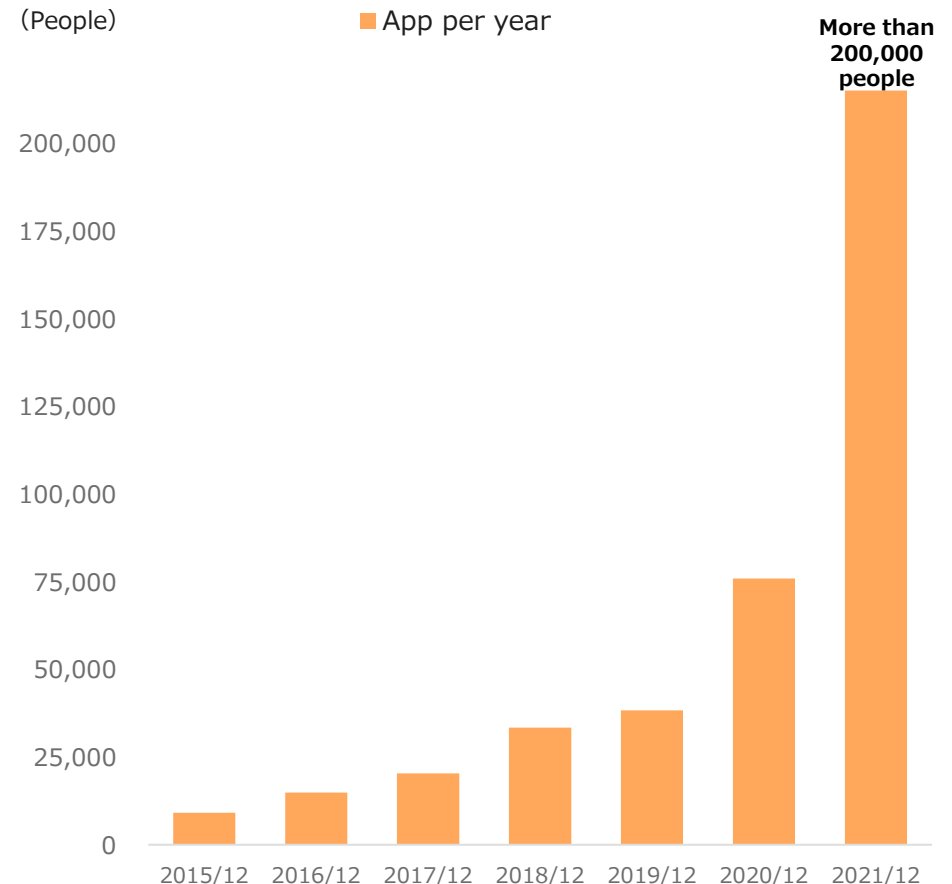
# Steady Increase in Human Resources / Scope for Talent acquisition

- 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>



## Changes in the annual number of applications for communicators



# Various Human Resources of our Group\*<sup>1</sup>

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

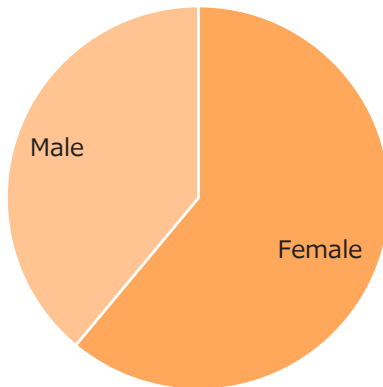
## Various attributes

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

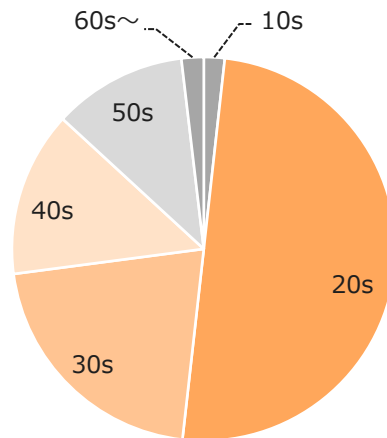
## Flexible work system

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

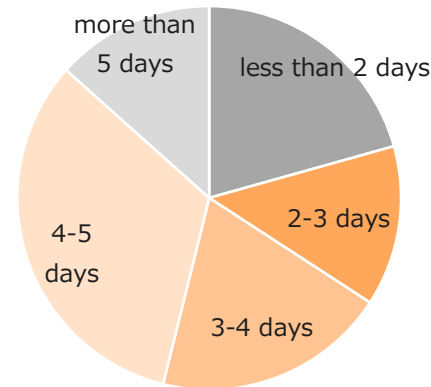
Gender\*<sup>2</sup>



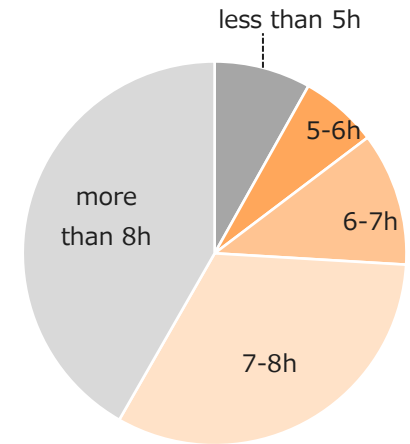
Age\*<sup>2</sup>



Working days per week\*<sup>3</sup>



Working hours per day\*<sup>3</sup>



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

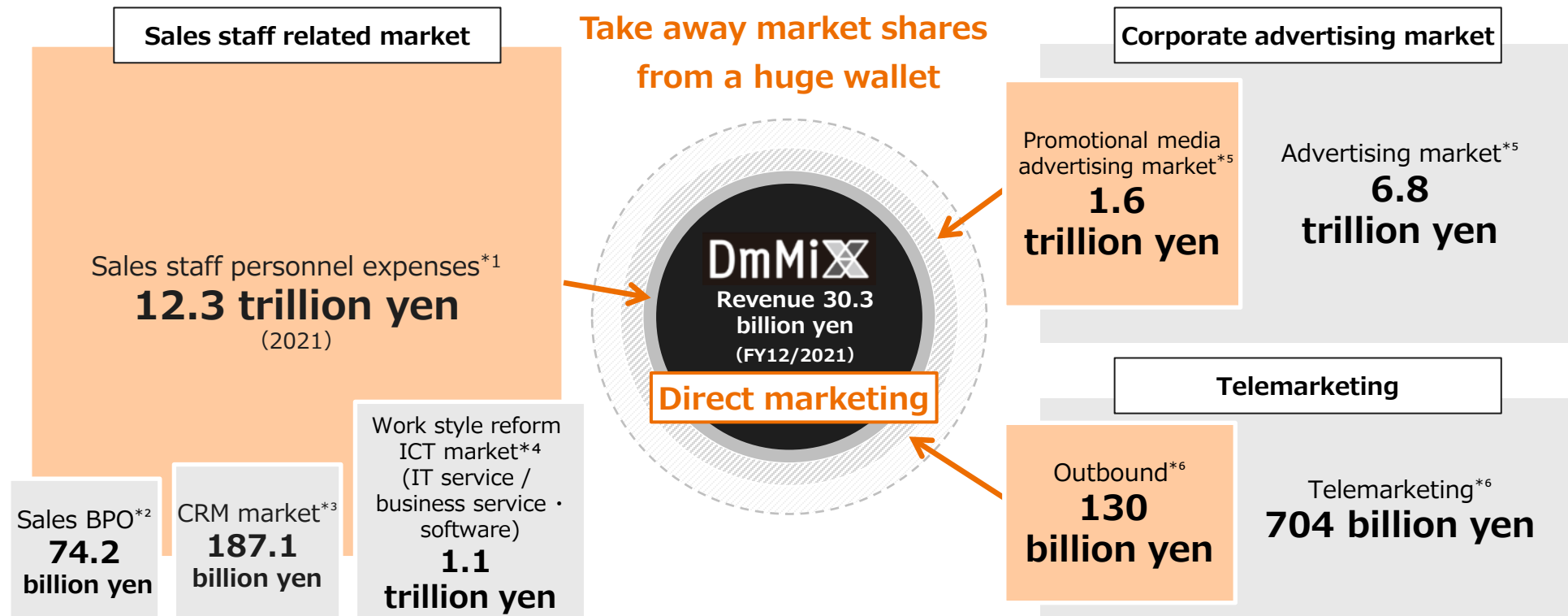
\*<sup>2</sup> As of the end of December 2021. Percentage of part-time jobs

\*<sup>3</sup> As of the end of December 2021. Calculated based on the average attendance for the three months from October to December 2021. Does not include months with 0 working days. Part-time jobs without work (leaves, etc.) are not counted

# 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)



\*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 2.83 million. According to the National Tax Agency "Private Salary Survey", the average salary income is 4.33 million yen

\*2 Yano Research Institute "BPO market reality and prospects 2021-2022"

\*3 IDC Japan "Domestic CRM Application Market Forecast (July 14, 2021)"

\*4 IDC Japan "Domestic Work Style Reform ICT Market Forecast (August 2020)"

\*5 Dentsu "2021 Japan Advertising Expenses"

\*6 Yano Research Institute "Call Center Market Overview 2020-Services & Solutions-"

# Scope for growth in existing Main Sector (Telecommunications infrastructure)

- **Revenue acquisition share** in the telecommunications infrastructure sector **is still limited at around 0.6%**
- Our business opportunity exists in the reach and in understanding the needs of a huge user base

## Revenue potential of the telecom. infrastructure sector



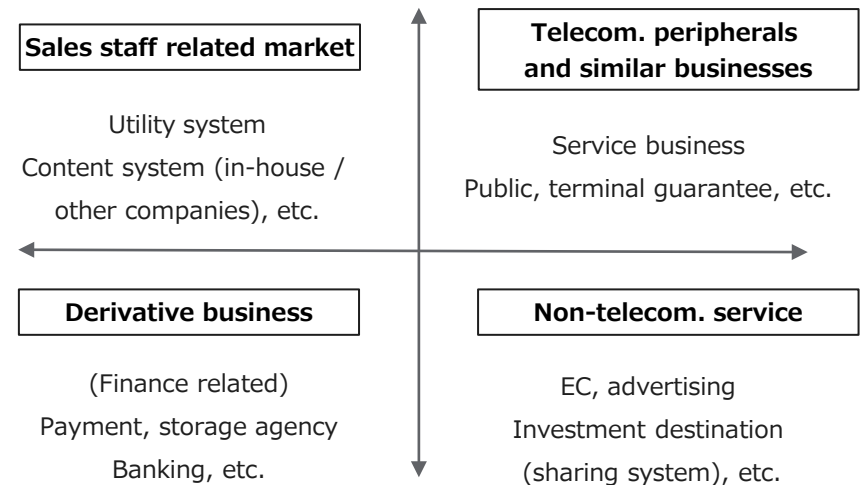
Achievements in the telecommunications infrastructure sector

Sales revenue **12.9 billion yen**

Operating cost share about **0.6%**

## Challenges in the telecom. infrastructure sector and business opportunities

### Diversifying services



### Huge user base

Total number of users (number of contracts)\*2

**190 million cases**

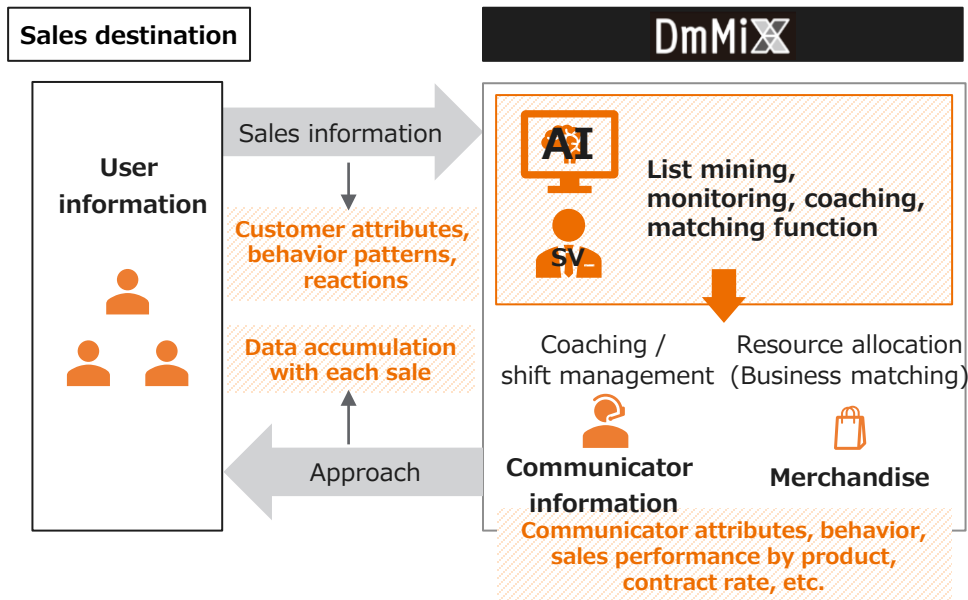
**Limited reach to users**

**Cannot capture the "real needs" of the users**

# 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

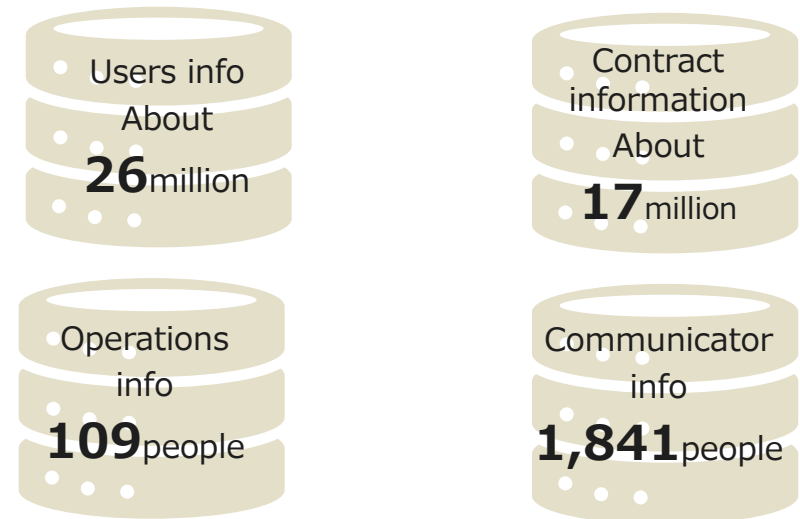


## Factors for accelerating growth

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

## Partial AI test introduction effect

### AI utilization data implementation (Cumulative)



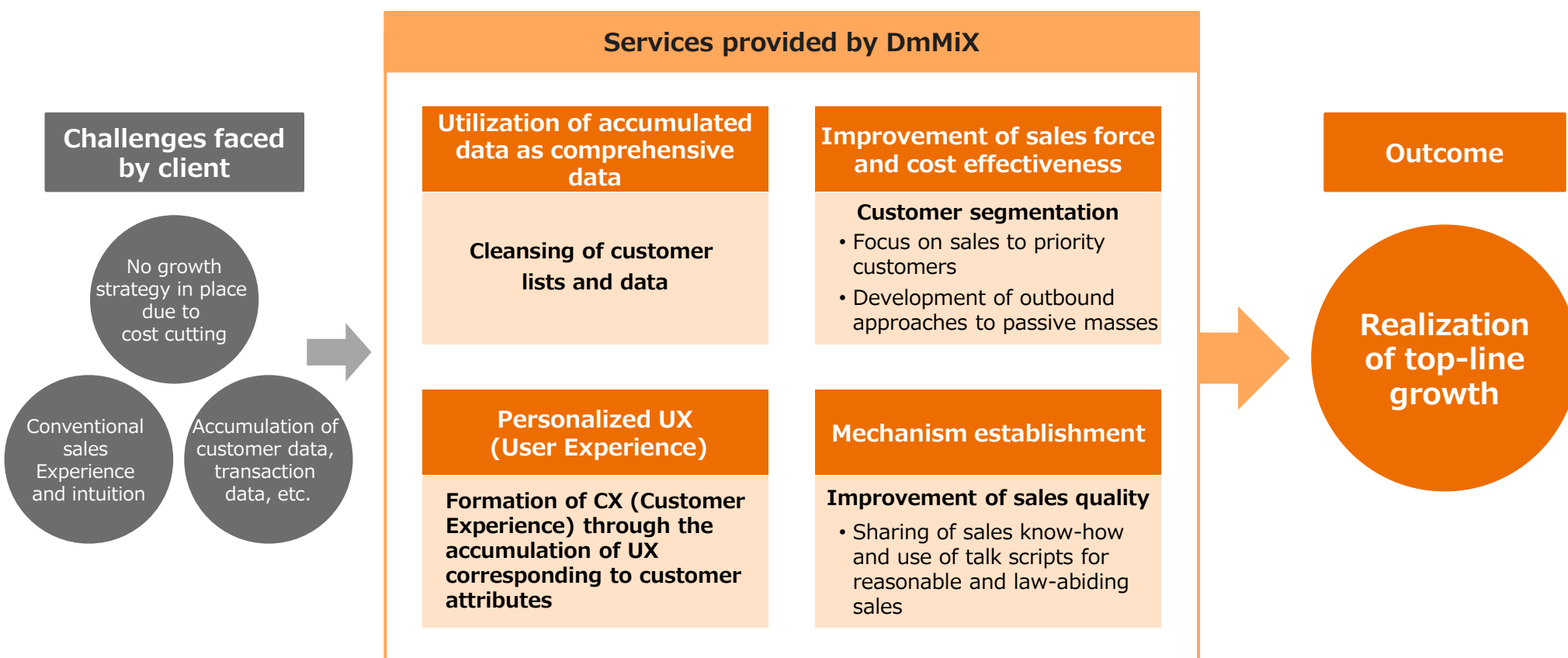
- Ongoing empirical experiments with data accumulation
- Scheduled to be introduced gradually after scoring results improve

# 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

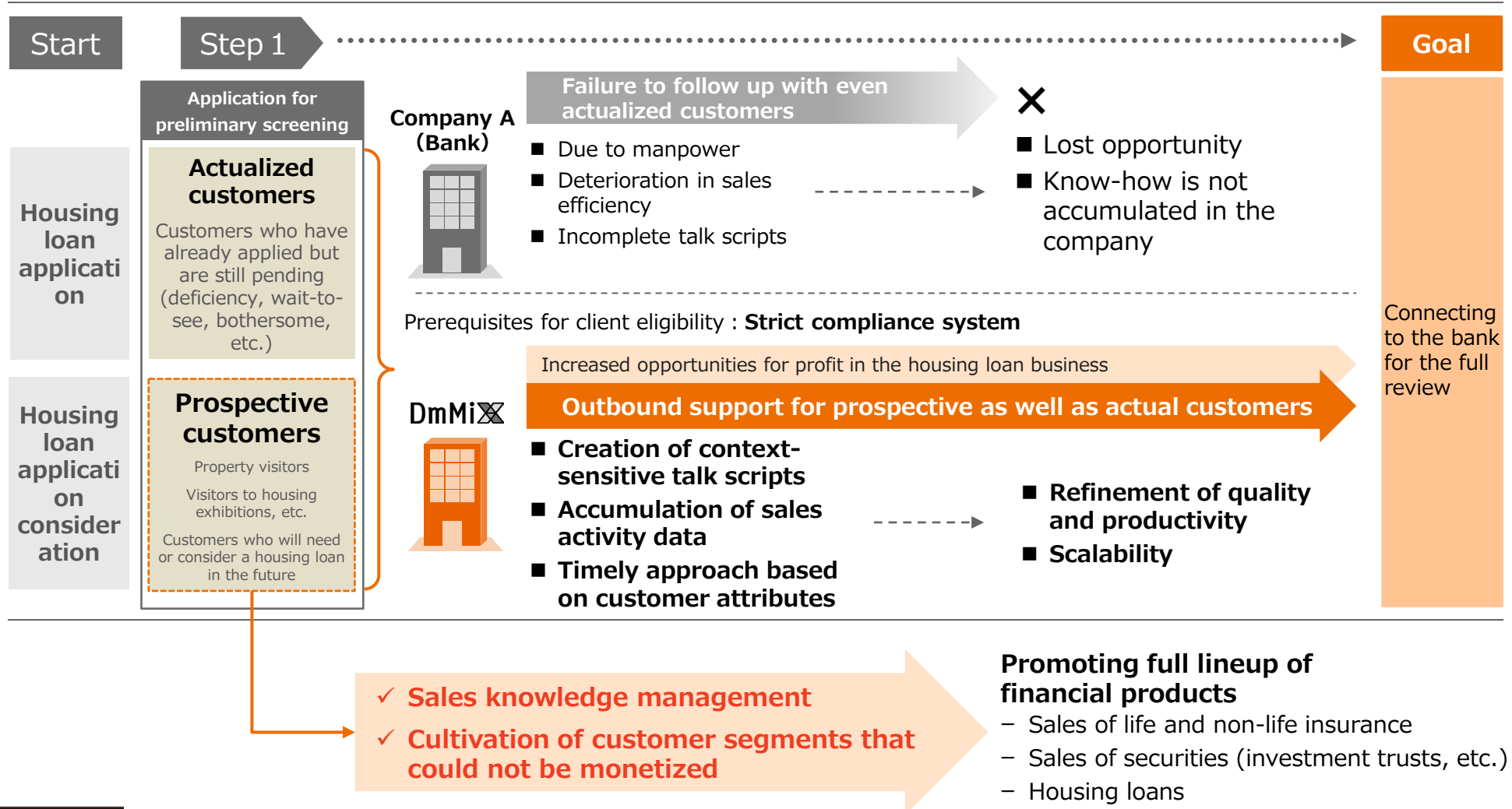
BtoC service industry (telecommunications infrastructure, finance)

## Possibility of using outbound to support DX



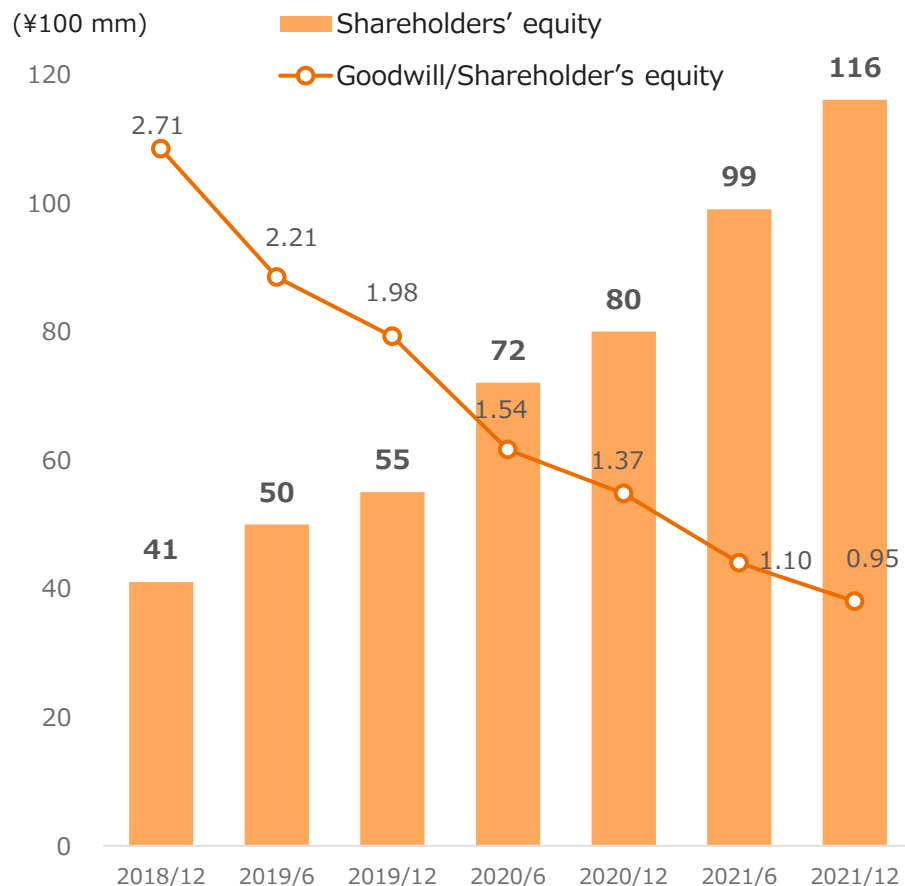
# Promising Market Example - Housing Loan Sales

- **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



# About Goodwill

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



## Reference on goodwill in the securities report (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 24.2 points or the estimation of future cash flow including terminal value decreases by 68.6%; 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 9.00% / On-site business 12.52%  
(10.14% and 12.28% respectively in the previous fiscal year)

# Promoting sustainable Management integrated with Business

- Continue to address **sustainable growth as a top-priority management issue**

## Climate Change Initiatives

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

- Reduction of electricity use
- Promotion of complete paperless system
- Reduction of resource usage

## Initiatives for Human Resource Strategies

**Company that is always selected**

- Expansion of training opportunities for employee growth
- Promotion of flexible work styles tailored to the individual life conditions
- Evaluation and reward systems that encourage employees to take on new challenges

## Initiatives to Strengthen Governance

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

- Target of 30% women on the Board
- Establishment of Sustainability Committee (November 2021)
- Confirmation of ESG risks at the time of new transactions

# External evaluation of ESG

- 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



**【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.