

A Total Sales/Marketing Solution Provider for Maximizing Client Profitability

Direct Marketing MiX Inc.

Financial results briefing (FY12/2022 3Q)

November 11th, 2022



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Financial Results Highlights (FY12/2022 3Q)

(3Q Cumulative Period)

- Sales revenue: The core telecommunications infrastructure sector continued to grow. Acquisition of new clients also contributed to revenue growth, resulting in a **+13.3% YoY increase in sales**
- Various profits: Profits expanded since the first half of the year's high profit levels persisted. The increase was able to cover higher expenses in conjunction with strategic investment, and a **+15.5% YoY increase in EBITDA^{*1}** was achieved

Sales
revenue

26.1 billion yen

YoY

+13.3%

EBITDA^{*1}

5.9 billion yen

YoY

+15.5%

Operating
profit

4.8 billion yen

YoY

+10.5%

Net
income^{*2}

3.0 billion yen

YoY

+3.9%

*1 EBITDA = operating profit + depreciation + amortization

*2 Profit attributable to owners of parent

Financial Results Highlights (FY12/2022 3Q) (3Q Cumulative Period)

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. Certain demand continued for vaccination-related business
- Living infrastructure: Growth in the 3rd quarter due to acquisition of new clients
- Web/IT: In addition to lateral expansion of the core cashless payment business, XaaS*¹ areas such as online medical services grew. Going forward, we will continue to focus our efforts on expansion into other industries
- Finance: Continued to make upfront investments to develop new clients

Various profits

- Profit levels of projects: Vaccination-related business is trending downward, but high profit levels were maintained as a result of an increase in the profitability of existing business and acquisition of new clients
- Growth investment: Steady increase in profit was achieved by absorbing temporary cost increases due to the ahead of schedule of system upgrades at centers and investment in human resources such as recruitment and training. The increase in rent (depreciation) due to the large-scale expansion of floor space in FY21 will have largely ended by the 3rd quarter

FY12/2022 3Q (from July to September) P/L

- Sales revenue: **The existing sector expanded steadily** despite a decline in vaccination-related business, which peaked in the same period of the previous fiscal year
- Various profits: **Focused on active investment to develop new clients** in response to strong profit trends in the first half of the year

Consolidated P/L 3Q results

(¥ mm)	2021/12	2022/12	
	3Q (from July to September)	3Q (from July to September)	
	Results	Results	YoY
Sales revenue	8,013	7,734	-3.5%
Operating expenses	(6,587)	(6,879)	+4.4%
Other revenue	9	20	—
Other expenses	(0)	(0)	—
Operating profit	1,435	875	-39.0%
Operating profit margin	17.9%	11.3%	-6.6pt
Financial profit	1	1	—
Financial expenses	(12)	(11)	—
Profit before tax	1,424	865	-39.2%
Income tax expense	(403)	(330)	—
Net income^{*1}	1,021	535	-47.6%
Net income margin	12.7%	6.9%	-5.8pt
EBITDA^{*2}	1,719	1,246	-27.5%
EBITDA margin	21.4%	16.1%	-5.3pt

*1 Profit attributable to owners of parent

*2 EBITDA = operating profit + depreciation + amortization

FY12/2022 3Q (Cumulative) P/L

- Sales revenue: **Steady growth of +13.3% YoY due to expansion in each sector**, including telecommunications infrastructure, public, living infrastructure and Web/IT, despite a substantial increase in the vaccination-related business in the same period of FY21
- Various profits: EBITDA^{*2} grew by **+15.5% YoY**. We plan to maintain our focus on strategic investment to achieve further growth in 4Q

Consolidated P/L 3Q results (Cumulative)

(¥ mm)	2021/12	2022/12			2022/12 Full year (after revision)
	3Q (Cumulative)	3Q (Cumulative)			
	Results	Results	YoY	Progress rate *3	Forecast
Sales revenue	23,039	26,106	+13.3%	77.9%	33,500
Operating expenses	(18,729)	(21,327)	+13.9%	—	—
Other revenue	46	50	—	—	—
Other expenses	(4)	(19)	—	—	—
Operating profit	4,352	4,811	+10.5%	87.5%	5,500
Operating profit margin	18.9%	18.4%	-0.5pt	—	16.4%
Financial profit	2	3	—	—	—
Financial expenses	(130)	(33)	—	—	—
Profit before tax	4,224	4,780	+13.1%	87.7%	5,450
Income tax expense	(1,290)	(1,732)	—	—	—
Net income *1	2,935	3,048	+3.9%	80.9%	3,770
Net income margin	12.7%	11.7%	-1.1pt	—	11.3%
EBITDA *2	5,103	5,893	+15.5%	84.4%	6,980
EBITDA margin	22.1%	22.6%	+0.4pt	—	20.8%

*1 Profit attributable to owners of parent

*2 EBITDA = operating profit + depreciation + amortization

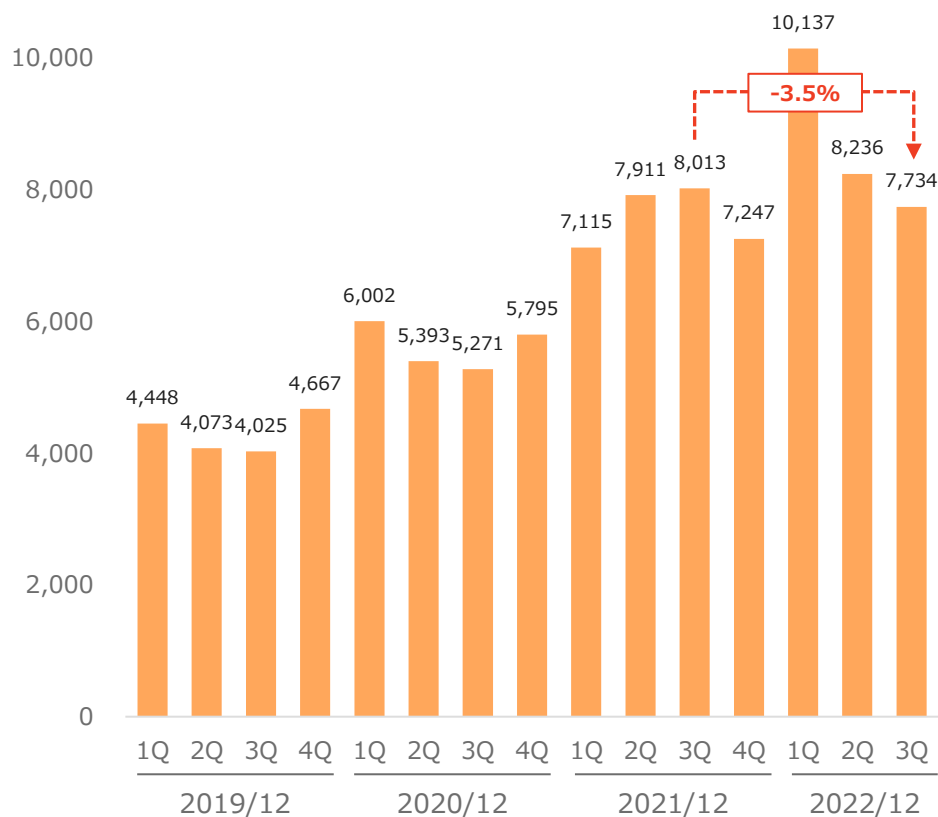
*3 Progress rate against the full-year earnings forecast (revised) for FY12/2022

Quarterly Results

- Sales revenue: **Existing sectors grew steadily** despite the reactionary decline in the vaccination-related business compared to the same period of the previous fiscal year, when there was a rapid increase
- EBITDA*1: **Proactively cultivate new clients for future growth**, using the large profit growth in 1Q as a source of funds

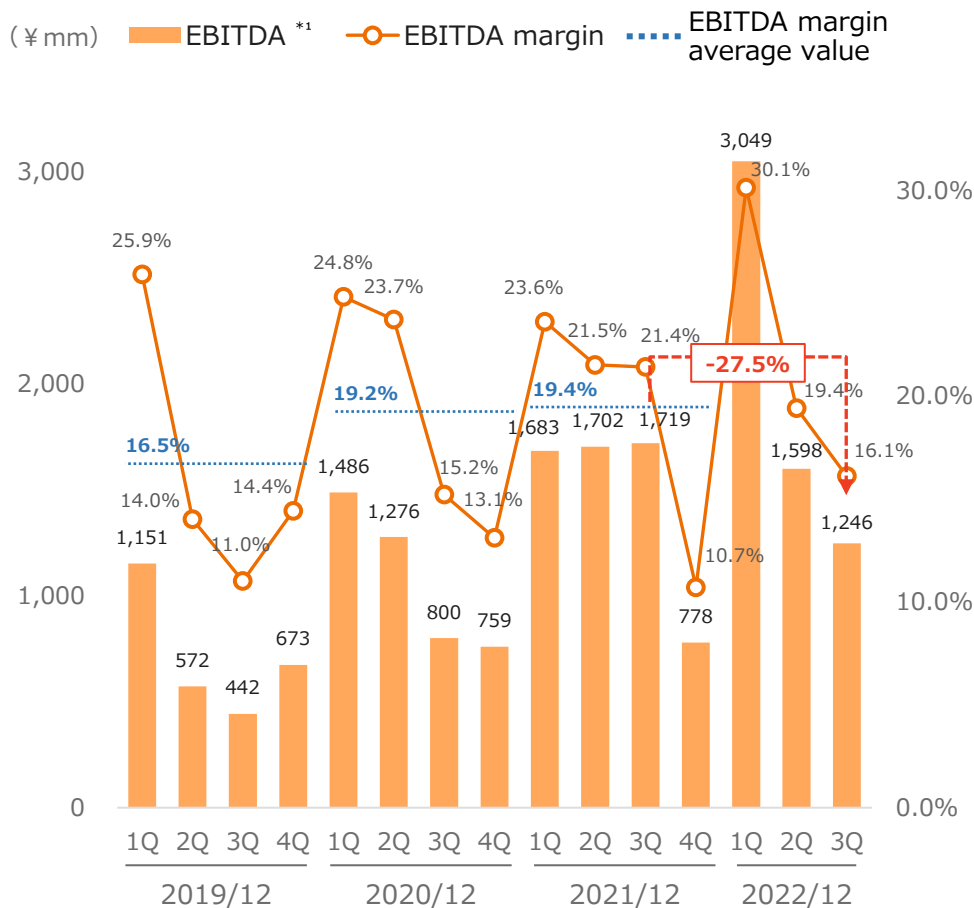
Quarterly changes in consolidated sales revenue

(¥ mm)



Quarterly trends in EBITDA*1・EBITDA margin

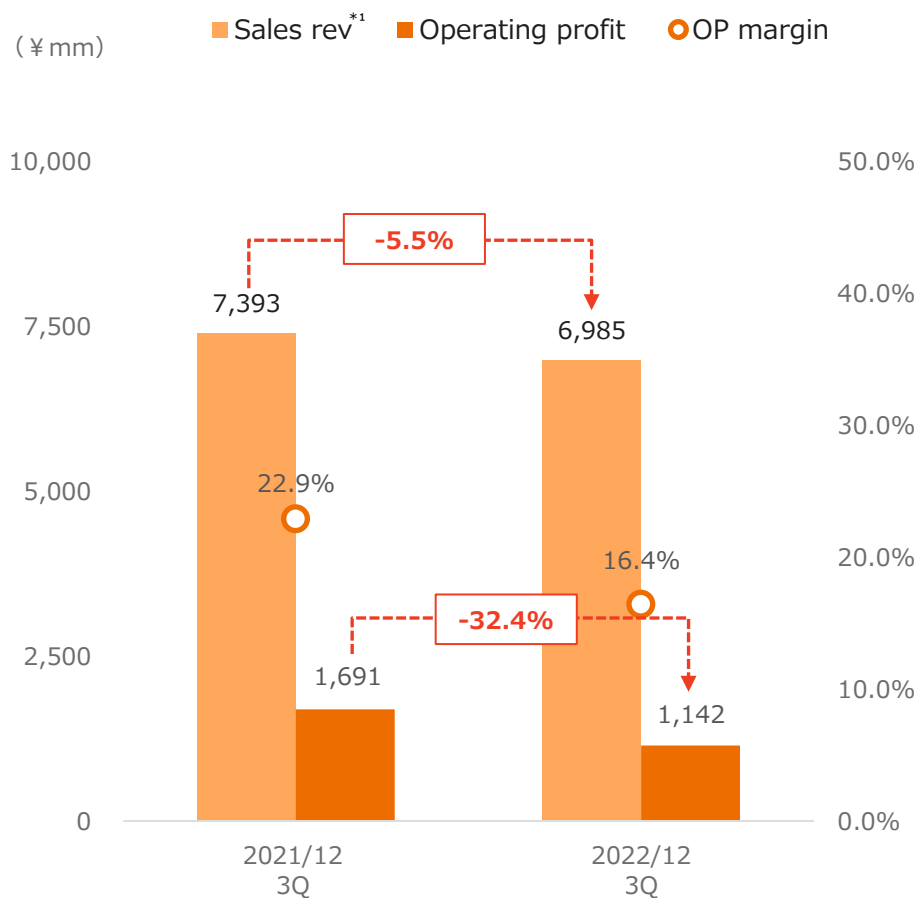
(¥ mm)



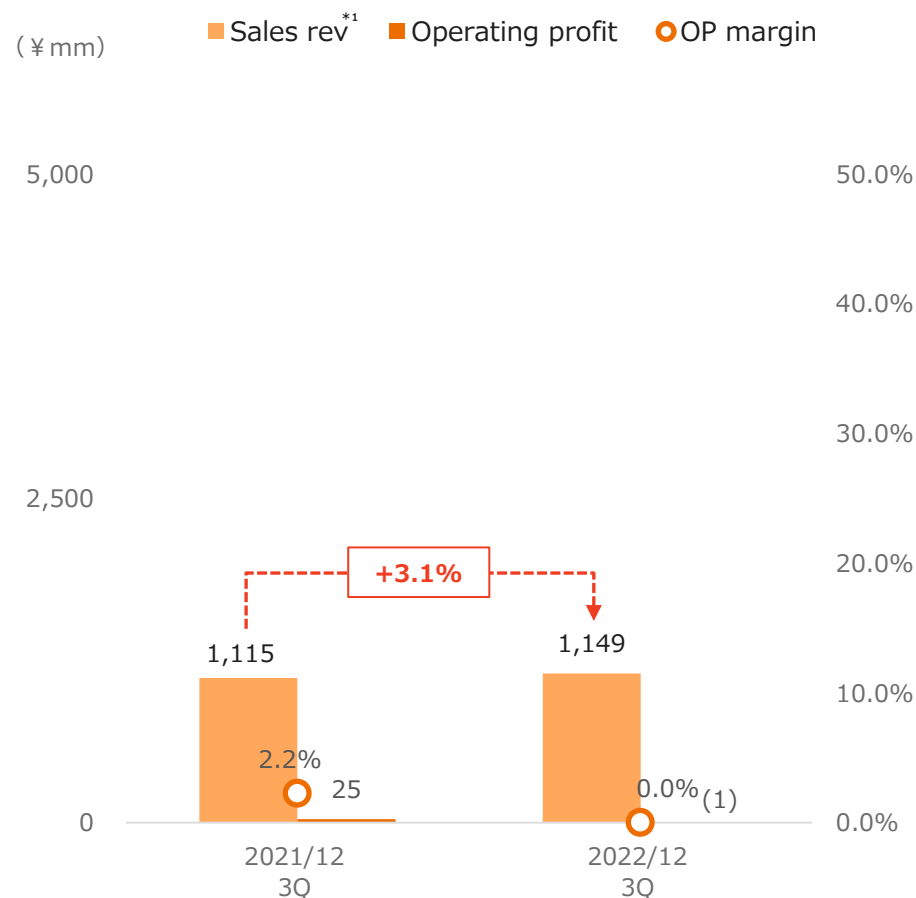
FY12/2022 3Q (from July to September) Results per Segment

- **Marketing business:** Sales revenue decreased by -5.5% YoY and operating profit by -32.4% YoY, **reflecting a reactionary decline from the significant growth in the same period of FY21 and an increase in personnel investment and other expenses for the development of new clients**
- **On-site business:** Achieved **+3.1% YoY in sales** even compared to the same period of FY21, when growth was driven by increased temporary staffing needs for vaccination-related operations. Operating profit was -1 million yen. **Focused on acquiring human resources and advertising**

Marketing business



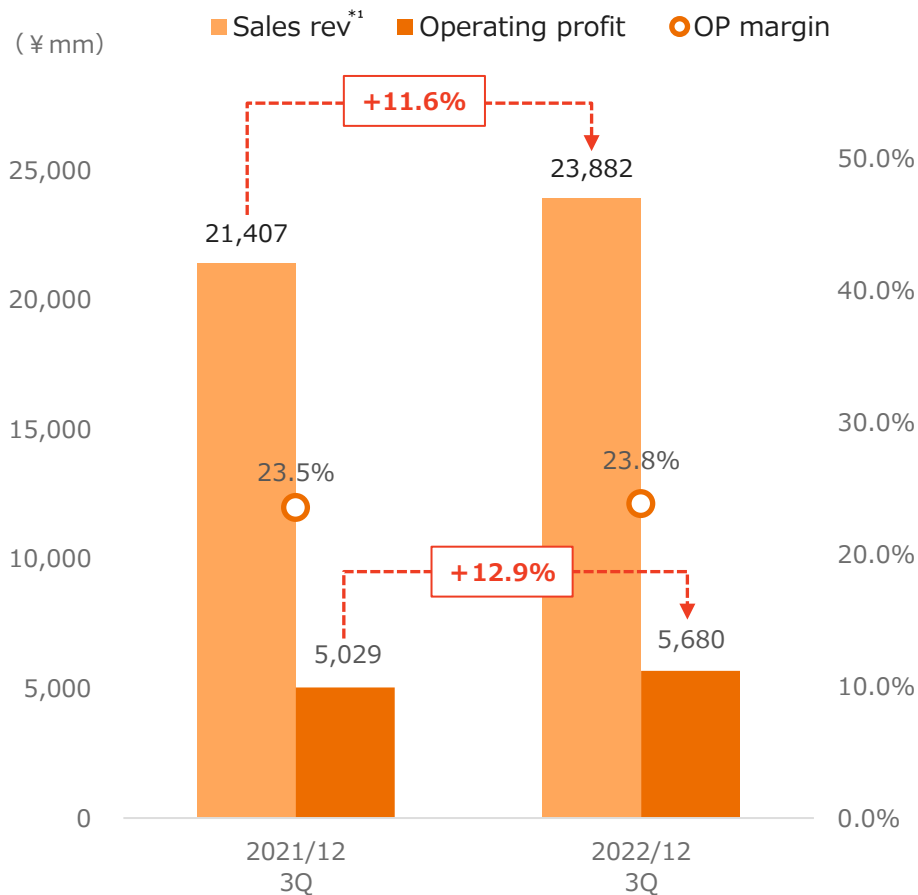
On-site business



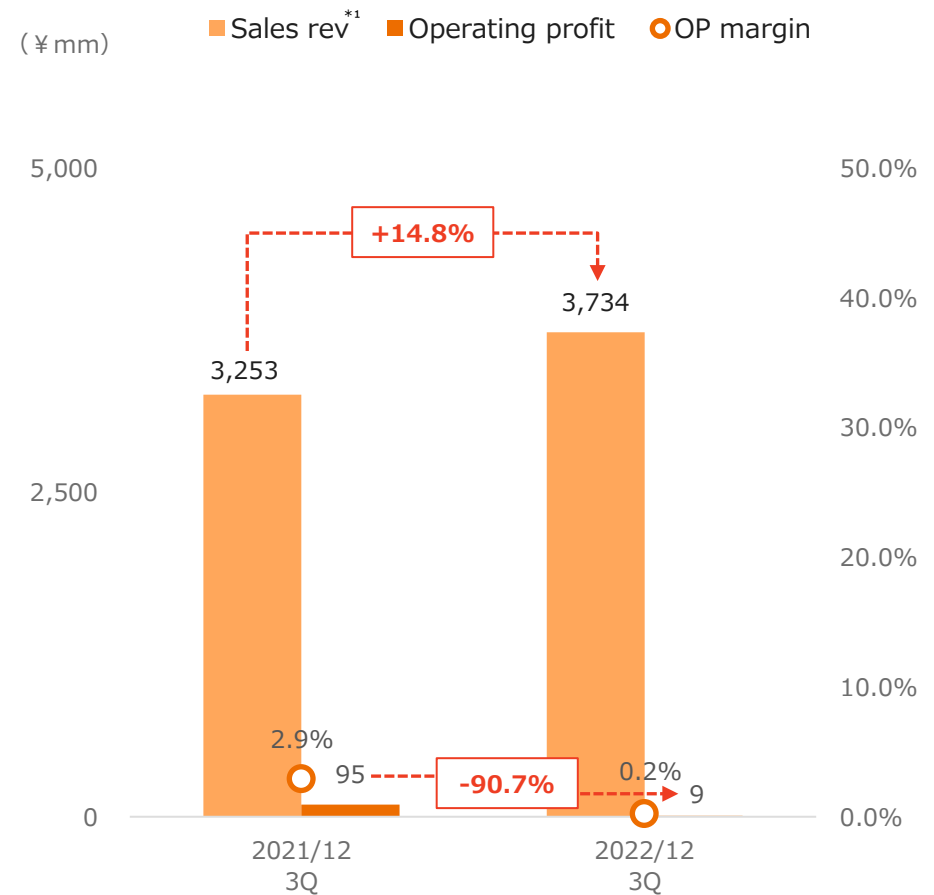
FY12/2022 3Q (Cumulative) Results per Segment

- **Marketing business:** In addition to growth in telecommunications peripheral areas and the public sector, acquisition of new clients in the living infrastructure and web/IT sectors also progressed, **sales revenue increased by +11.6% YoY and operating profit by +12.9% YoY**
- **On-site business:** Sales increased by **+14.8% YoY** due to steady order growth. Operating profit decreased by **-90.7% YoY** due to **investment in advertising and publicity to acquire human resources for the entire group**

Marketing business



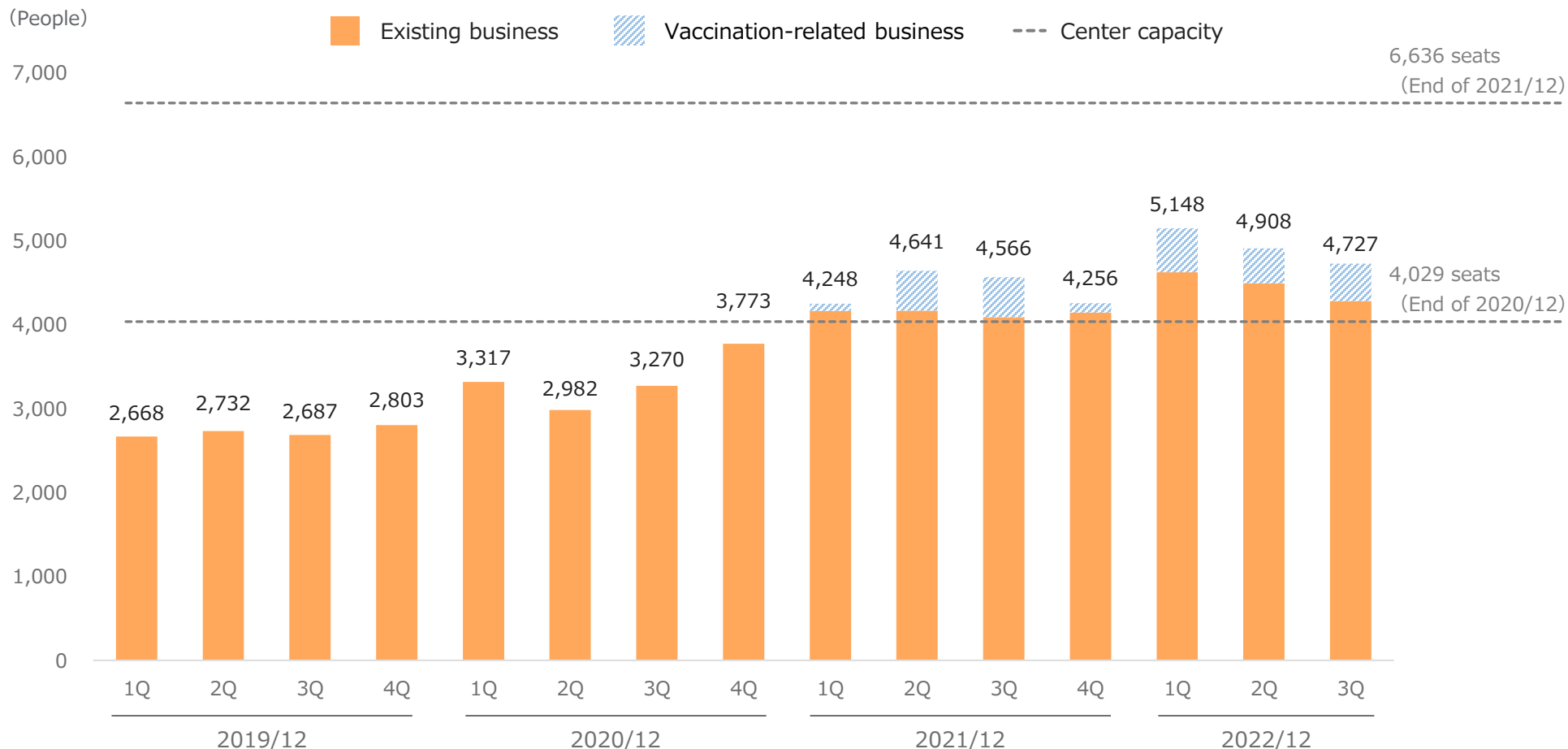
On-site business



Marketing Business KPI

- The number of operating staff*¹ in existing business steadily increased YoY. Continued to flexibly adjust personnel numbers for vaccination-related business in response to client offers

Quarterly changes in the number of operating staff*¹



FY12/2022 3Q B/S and C/F

- Revenue growth led to an increase in retained earnings and expansion of total assets. The ratio of goodwill to total assets steadily declined
- In addition to an increase in operating cash flow, investment amounts decreased compared to FY21, when large-scale capital investments were made, and as a result free cash flow increased

Consolidated B/S

(¥ mm)	End of 2021/12	End of 2022/9	Change
Total assets	26,837	28,094	+1,257
Current assets	9,702	10,902	+1,201
Non-current assets	17,135	17,191	+56
Goodwill	10,984	10,984	—
Total liabilities	15,238	13,589	(1,649)
Current liabilities	8,060	7,113	(947)
Non-current liabilities	7,178	6,477	(701)
Total equity	11,599	14,504	+2,905
Total equity attributable to owners of parent	11,599	14,504	+2,905
Total liabilities & equity	26,837	28,094	+1,257

Main factors of increase/ decrease

- Equity : Total equity increased by 2,905 million yen due to strong business performance (YoY)

Consolidated C/F

(¥ mm)	2021/12 3Q	2022/12 3Q	Change	2021/12 Full year (Ref.)
Operating cash flow	2,975	3,417	+442	4,140
Investment cash flow	(954)	(474)	+479	(1,428)
Financial cash flow	(1,492)	(1,617)	(126)	(1,337)
Free cash flow	2,021	2,942	+922	2,712

Main factors of increase/ decrease

- Operating cash flow : +555 million yen (YoY) due to increase in profit before tax
+853 million yen (YoY) due to decrease in trade and other receivables
-675 million yen (YoY) due to decrease in trade and other payables
- Investment CF : +301 million yen (YoY) due to decrease in payments of leasehold and guarantee deposits

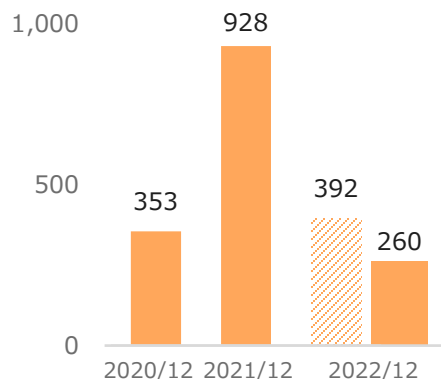
Investment Plan

- Capital investment was generally in line with the initial forecast
- The number of operating staff ^{*1} exceeded the forecast. **QoQ decreased due to seasonality, but steadily increased YoY**

Capital investment plan and depreciation outlook

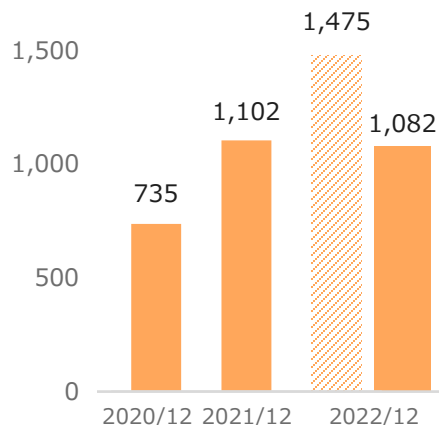
Capital Investment

(¥ mm) ■ Results ▨ Initial forecast



Depreciation & Amortization

(¥ mm) ■ Results ▨ Initial forecast



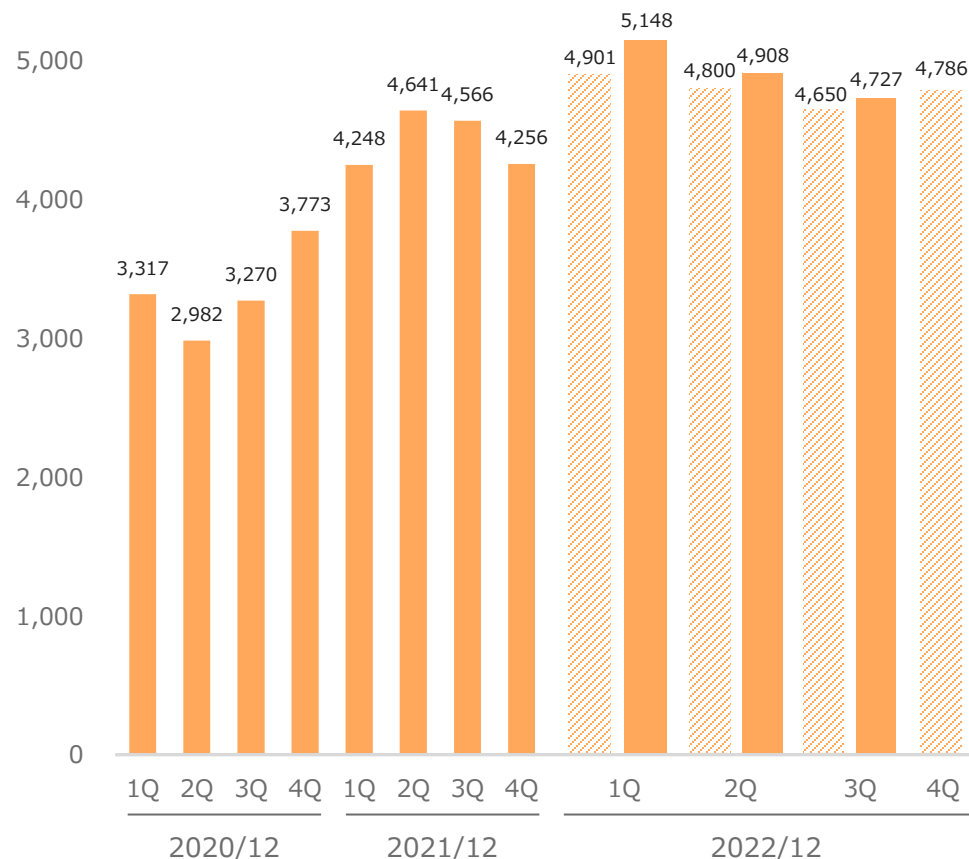
Major capital investment breakdown

(¥ mm)	2020	2021	2022	
	Results	Results	Initial forecast	3Q Results
Buildings and accompanying facilities	177	492	138	102
Tools, furniture and fixtures	165	405	245	150
Software	11	31	10	8

Personnel planning (the number of operating staff^{*1})

(People)

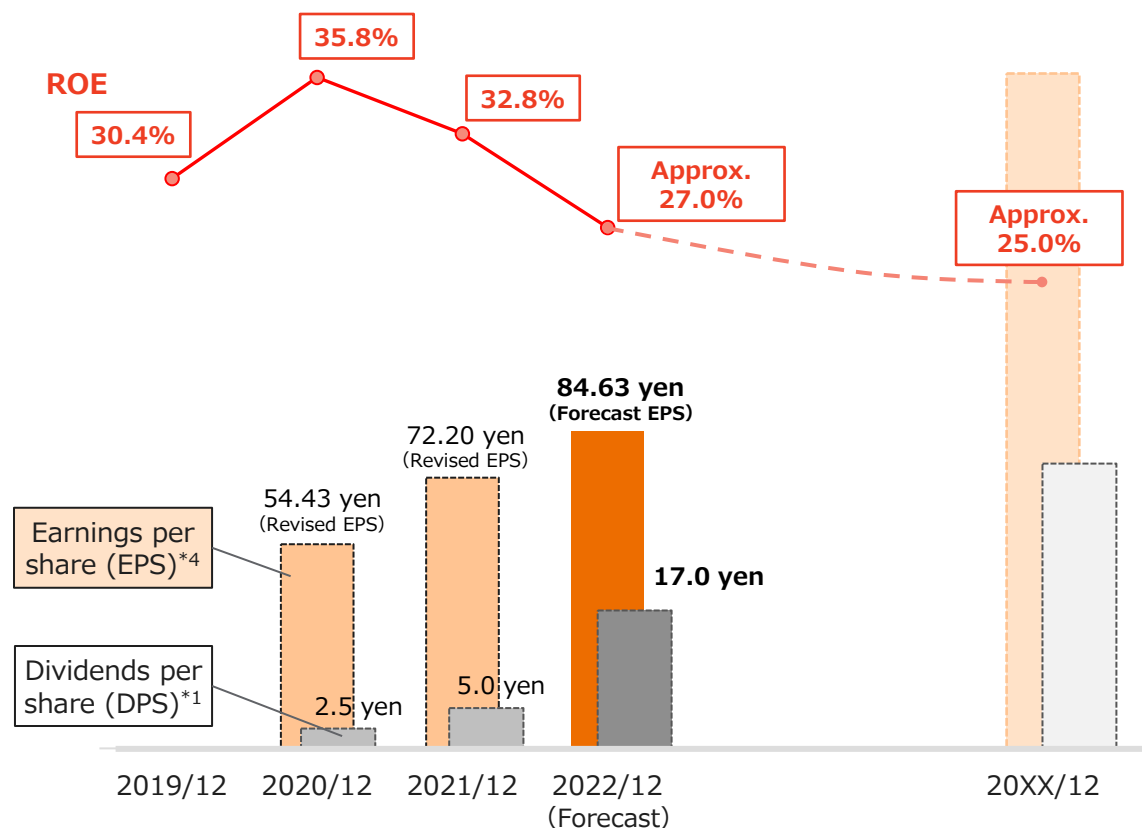
■ Results ▨ Initial forecast^{*2}



Capital Policy

- Expected ROE^{*1} for the current fiscal year will be **approximately 27%.**^{*2} Shareholders' equity is increasing in conjunction with higher profits
- The year-end dividend of **17 yen per share** is planned. This is an increase of 12 yen^{*3} per share in real terms from FY12/2021

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

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

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

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

*4 Revised EPS 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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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

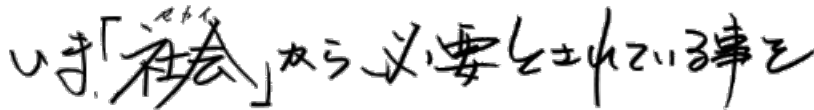
Relation Telemarketing Co., Ltd.

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

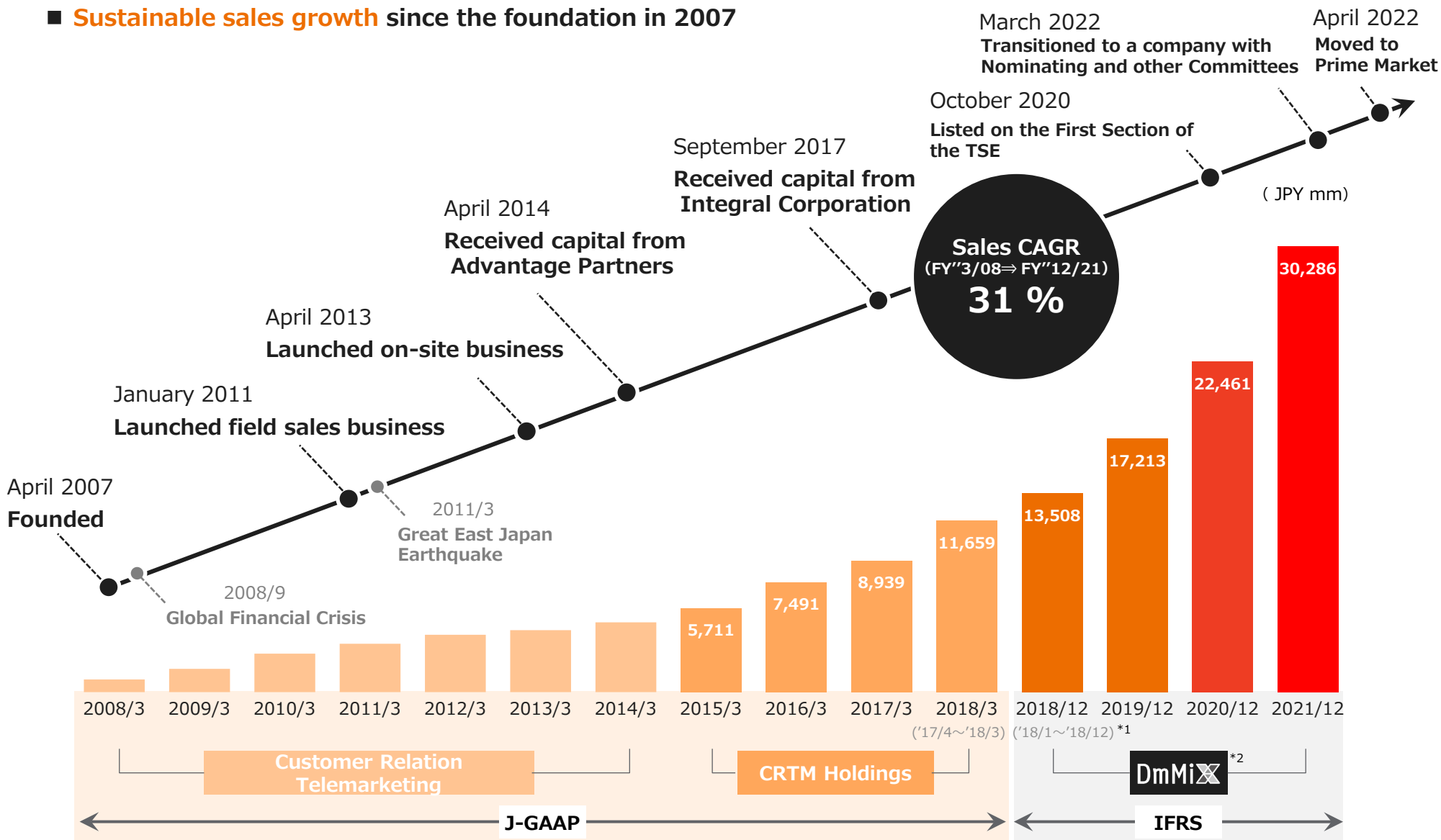
In our society, there are things we should not change
With our voice, we must unite and change what must
be changed

Our Mission



Key Milestones since Incorporation

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



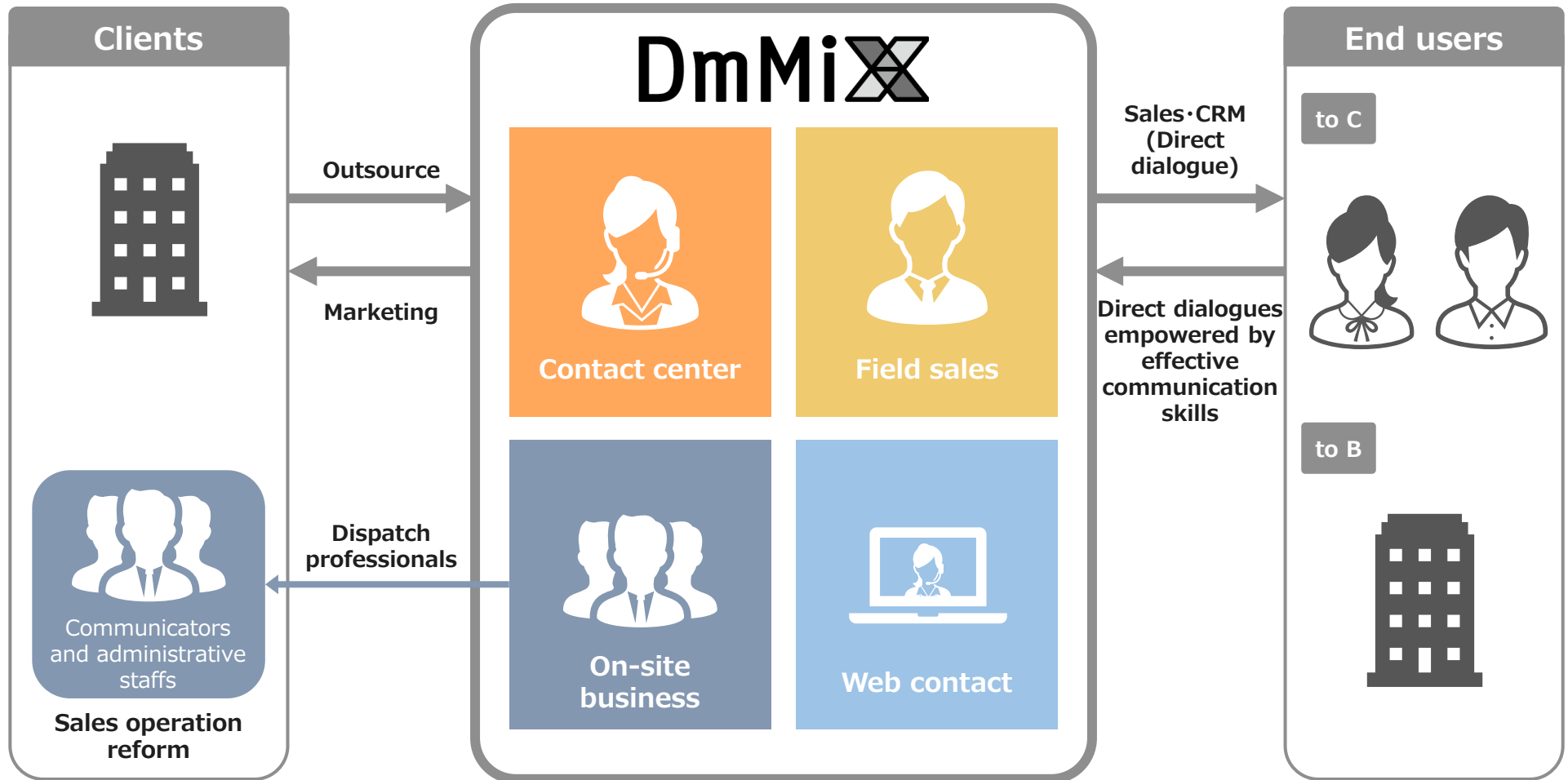
*1 Changed to IFRS (and fiscal year end from March to December) from the fiscal year ended December 2018. J-GAAP FY3/2018 and IFRS FY12/2018 overlap between January and March 2018

*2 Changed the trade name in April 2018

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

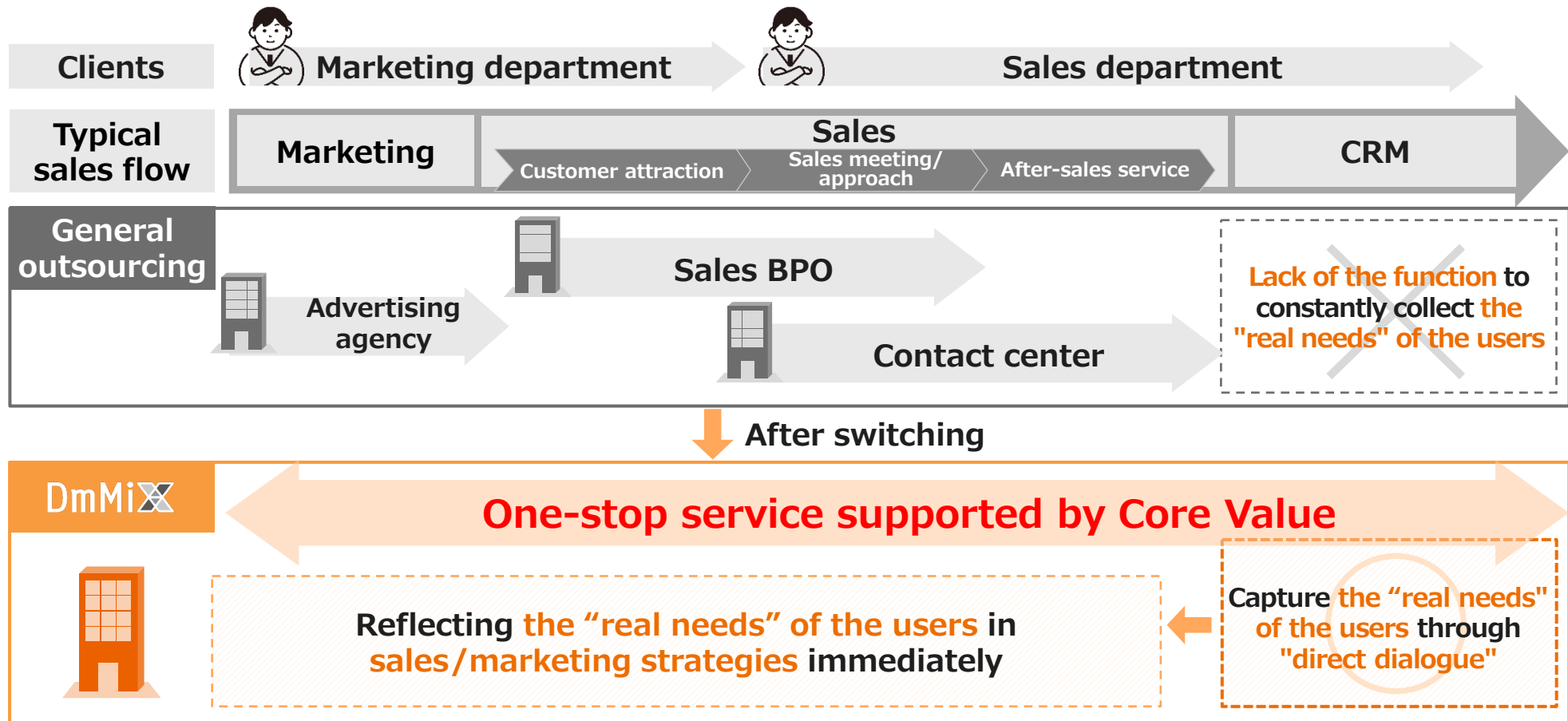
- Our team of sales and marketing professionals provides proactive solutions to sales and marketing issues ranging **from lack of sales force to DX promotion**
- Making it possible for clients to focus on their core business

	 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



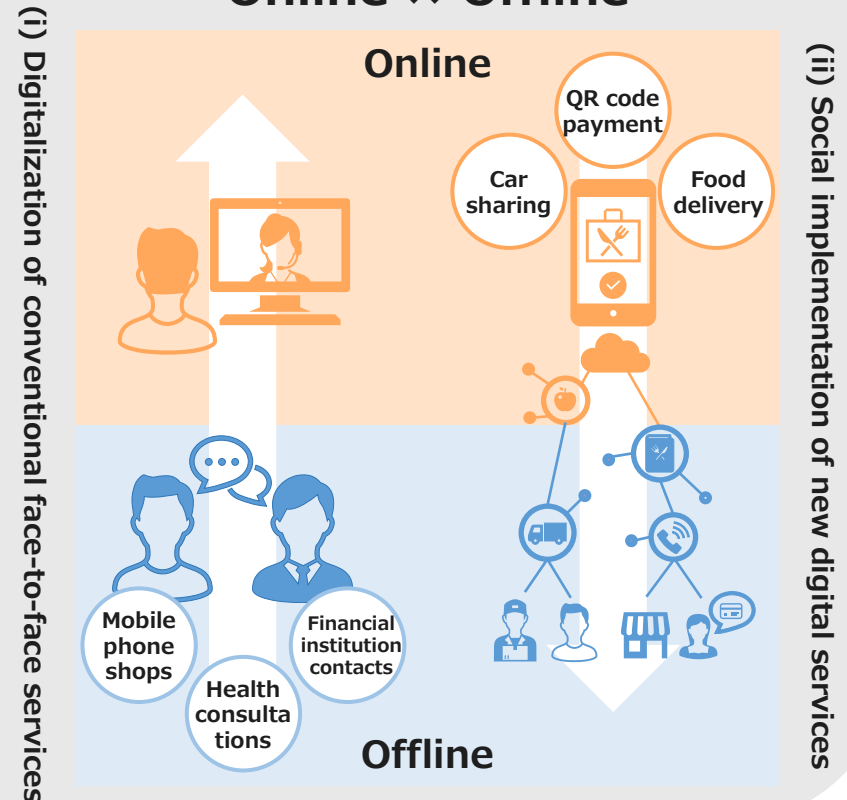
DX Promotion by Leveraging Sales and Marketing Strengths

- 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

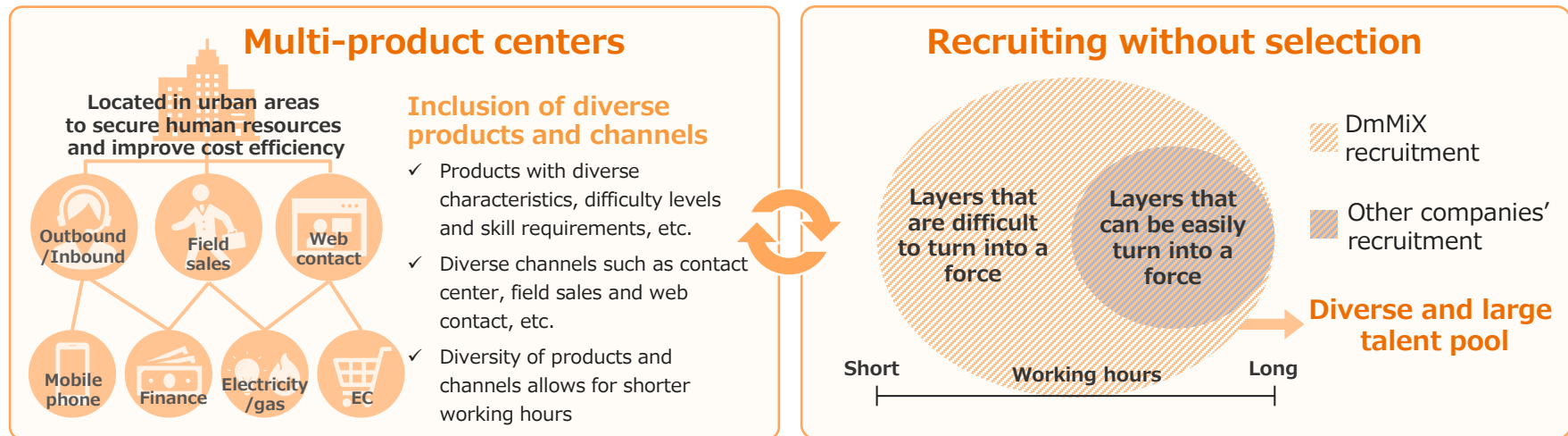
DmMiX's Core Competencies for Sustainable Growth



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



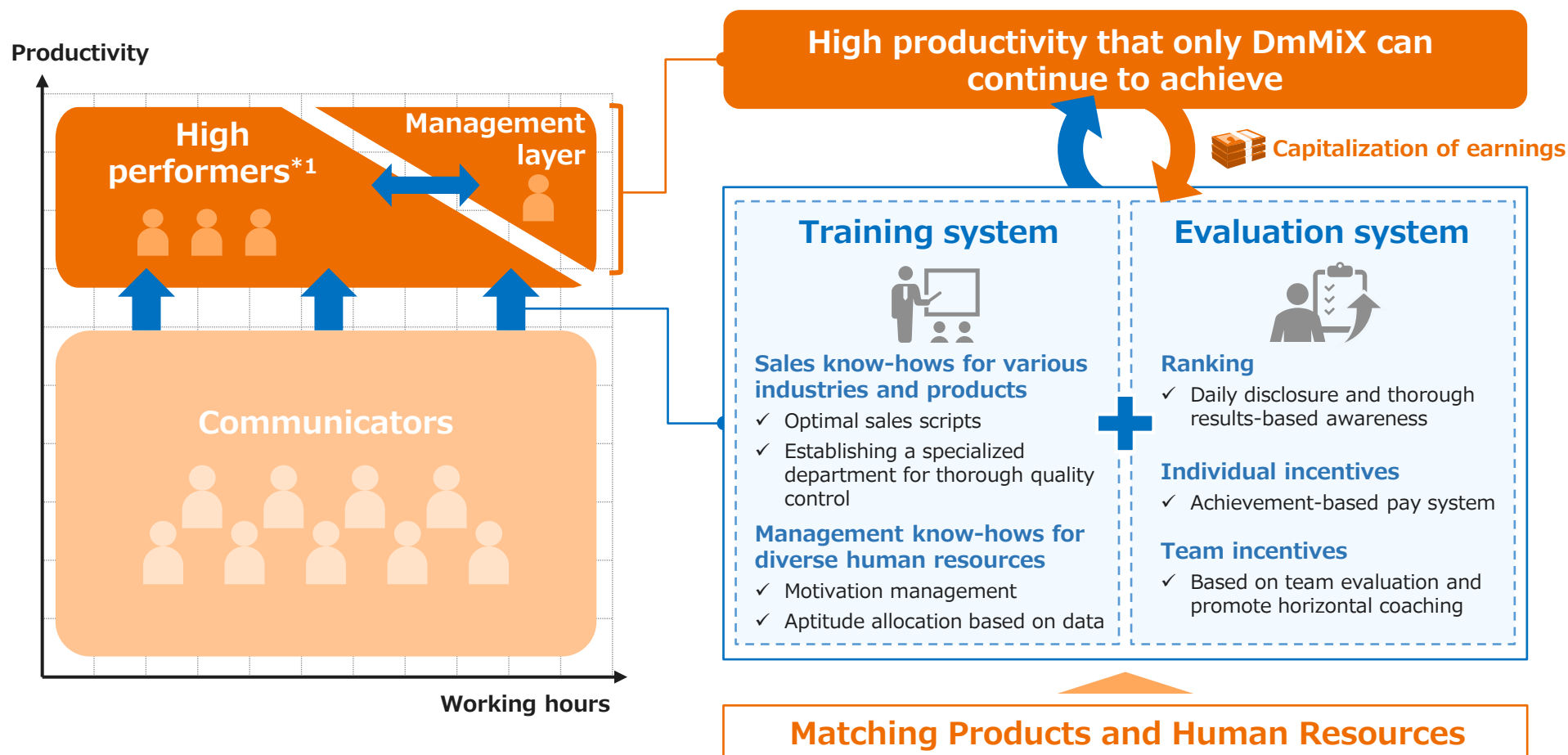
Empowerment of all Human Resources

- ✓ 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

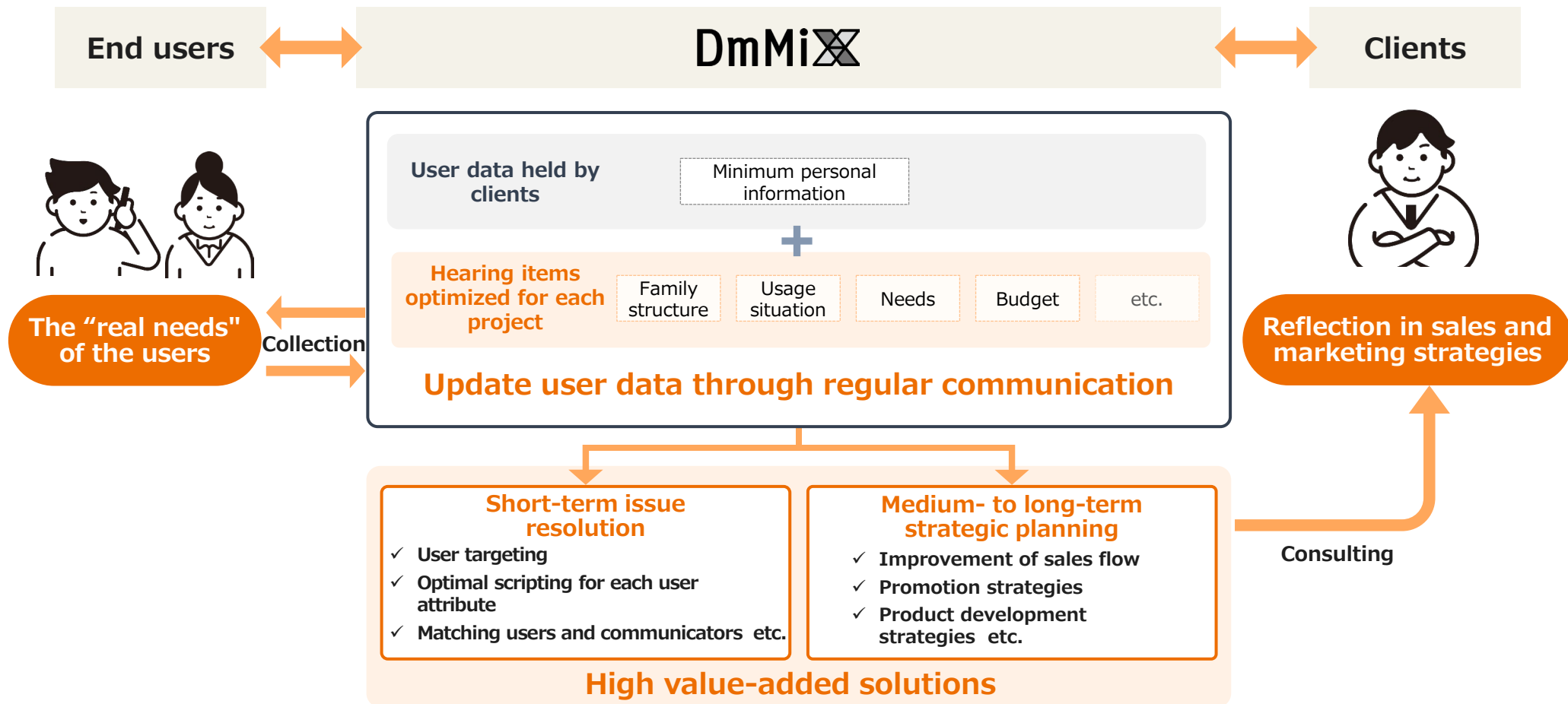
Unique training and evaluation systems that continues to develop highly productive human resources



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

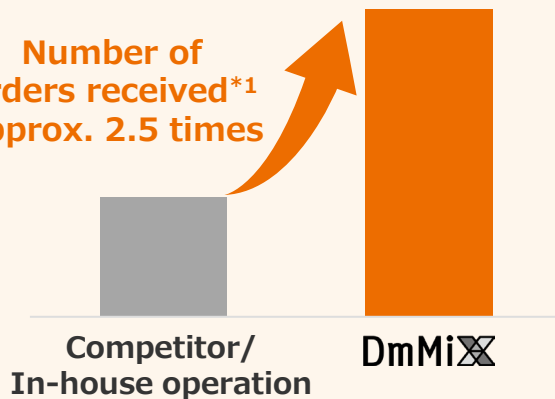
Productivity

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

Scalability

Promote lateral deployment and structuring of best practices

Number of orders received*1
Approx. 2.5 times



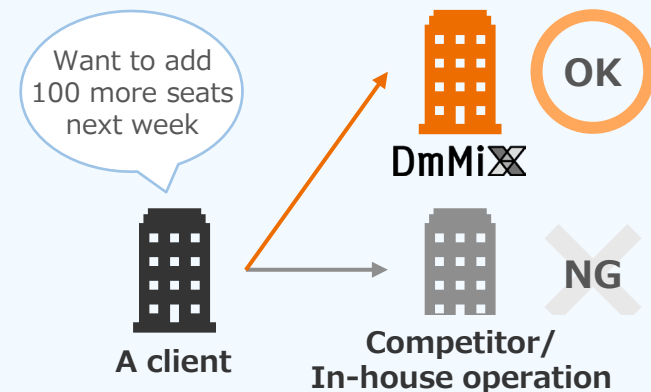
Flexible support

Speedy

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

Adaptability

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

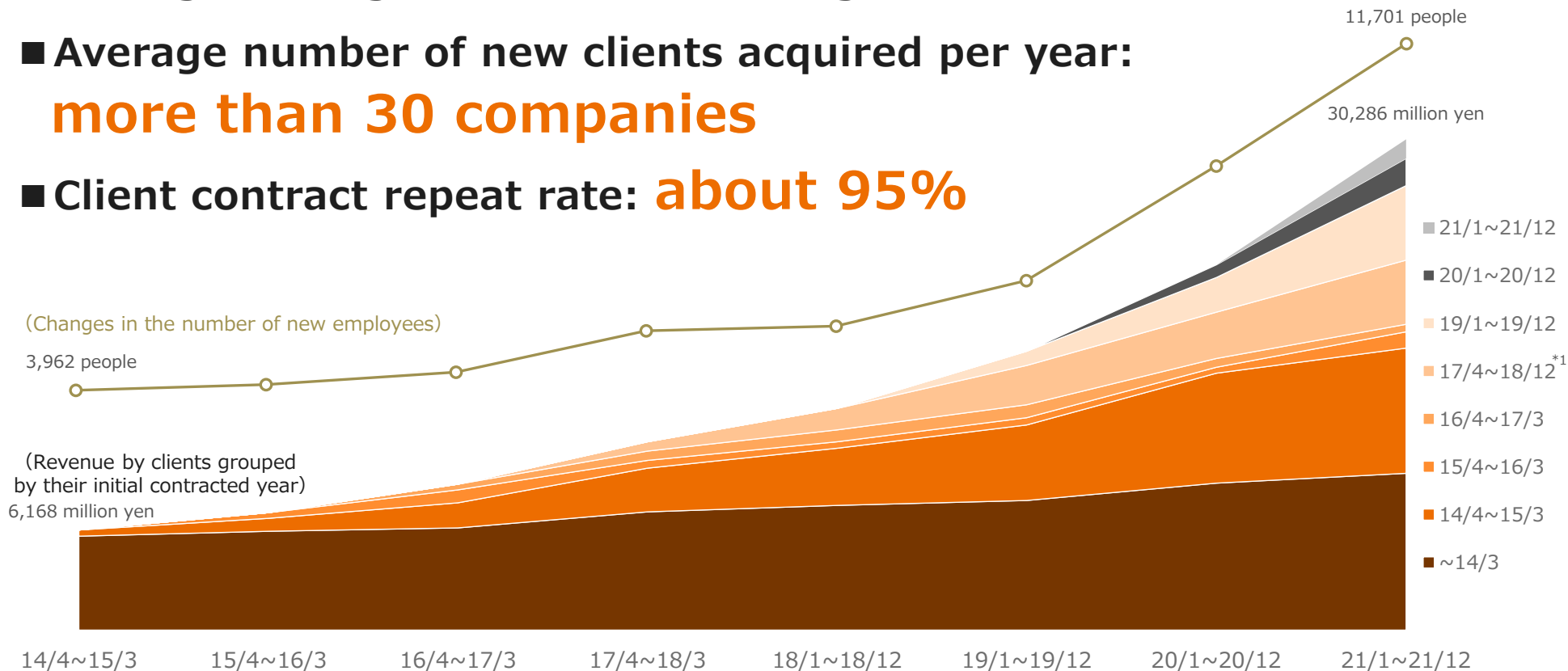


Sustainable Growth as a Sales and Marketing Platform

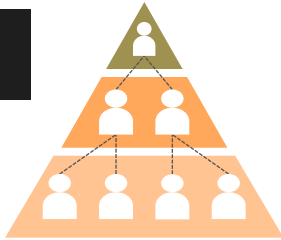
- **Highly supported by client companies** as an irreplaceable presence
- Achieve sustainable growth while **contribute to job creation in local communities**

Sustainable Growth

- Average sales growth rate of existing clients: **about 120%**
- Average number of new clients acquired per year: **more than 30 companies**
- Client contract repeat rate: **about 95%**



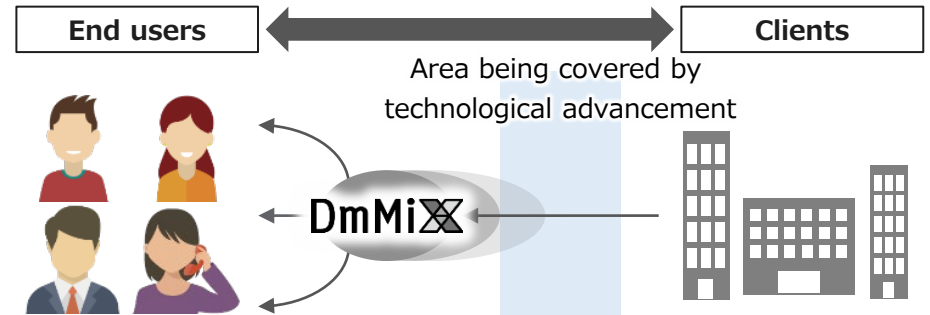
Our Distinct Business Model from Other Companies



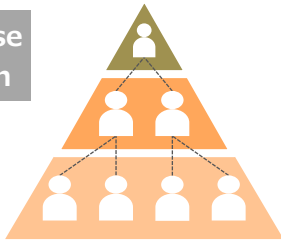
Management: Sales rep.

Managerial: Sales rep.

On-site: Sales rep.



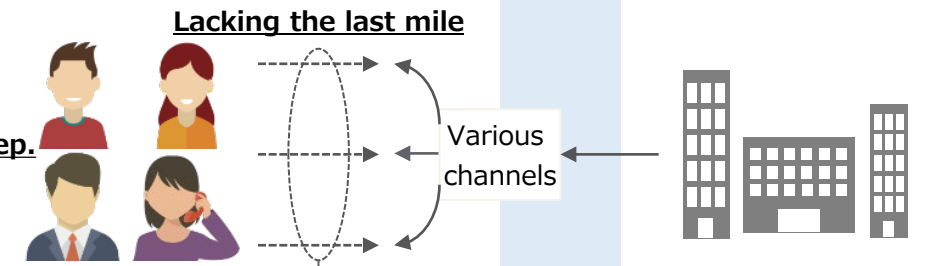
Clients' in-house sales function



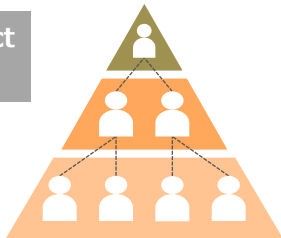
Management: Supervisor

Managerial: Supervisor/Sales rep.

On-site: Sales rep.



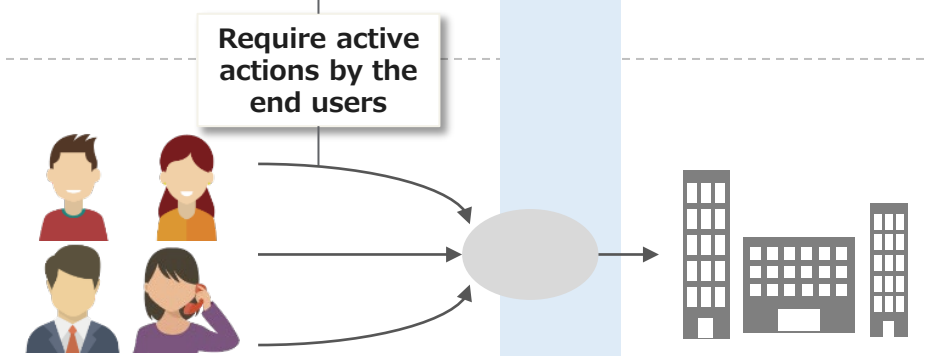
Typical contact centers



Management: Supervisor

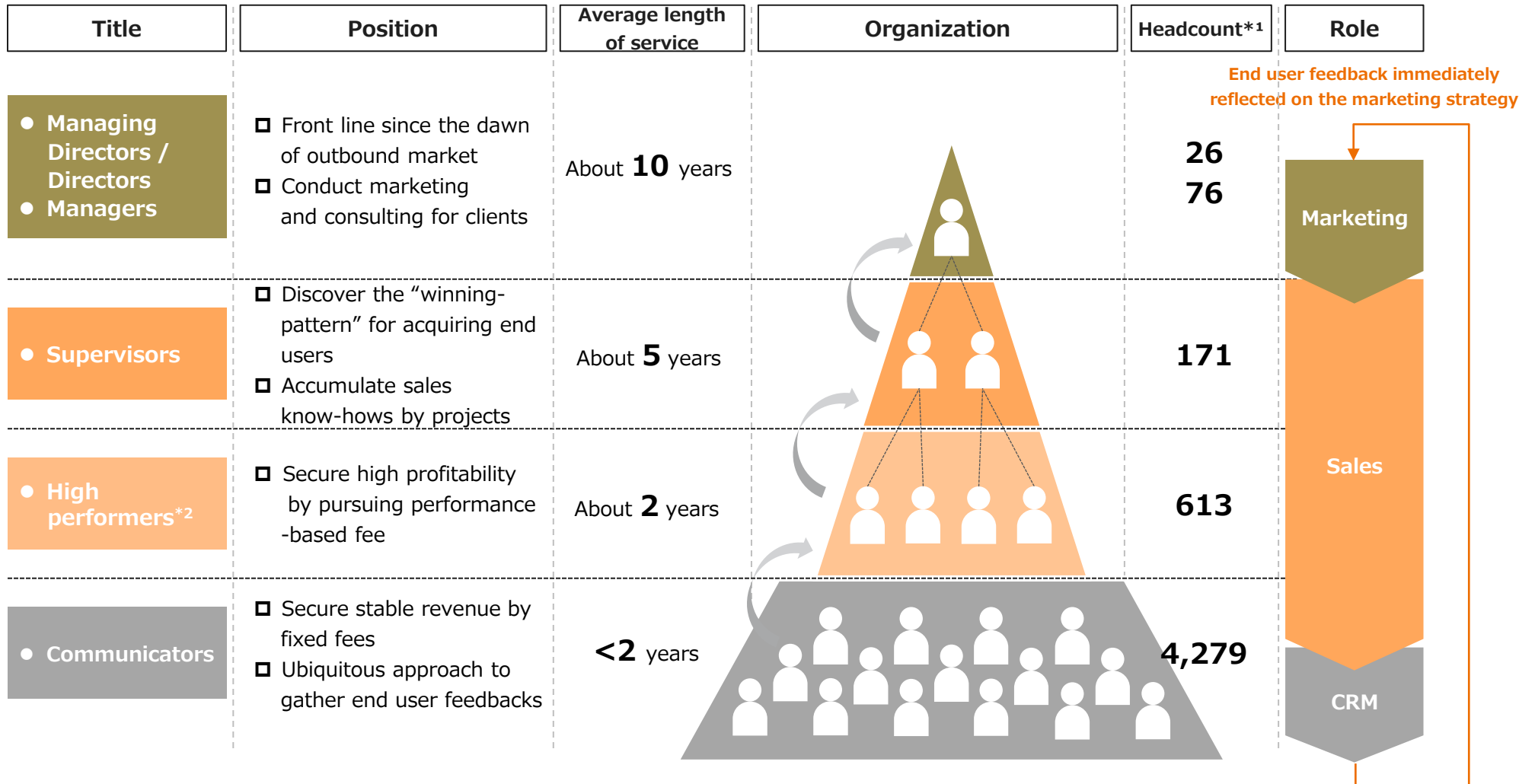
Managerial: Supervisor

On-site: Responder



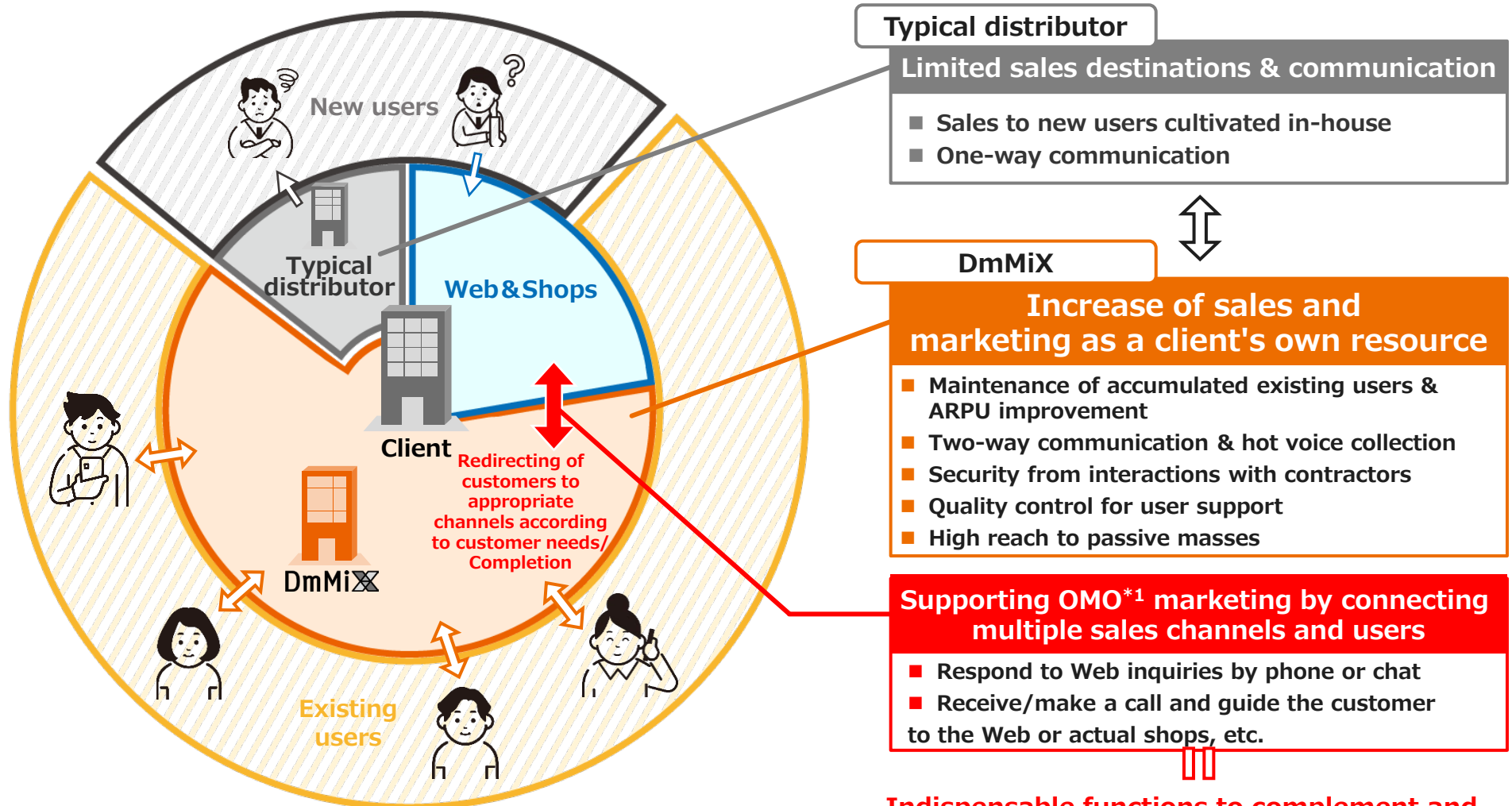
Strong organizational Structure to Realize Clients' Sales / Marketing Reform

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



Supporting the OMO^{*1} strategy by freely connecting each Sales Channel and Users

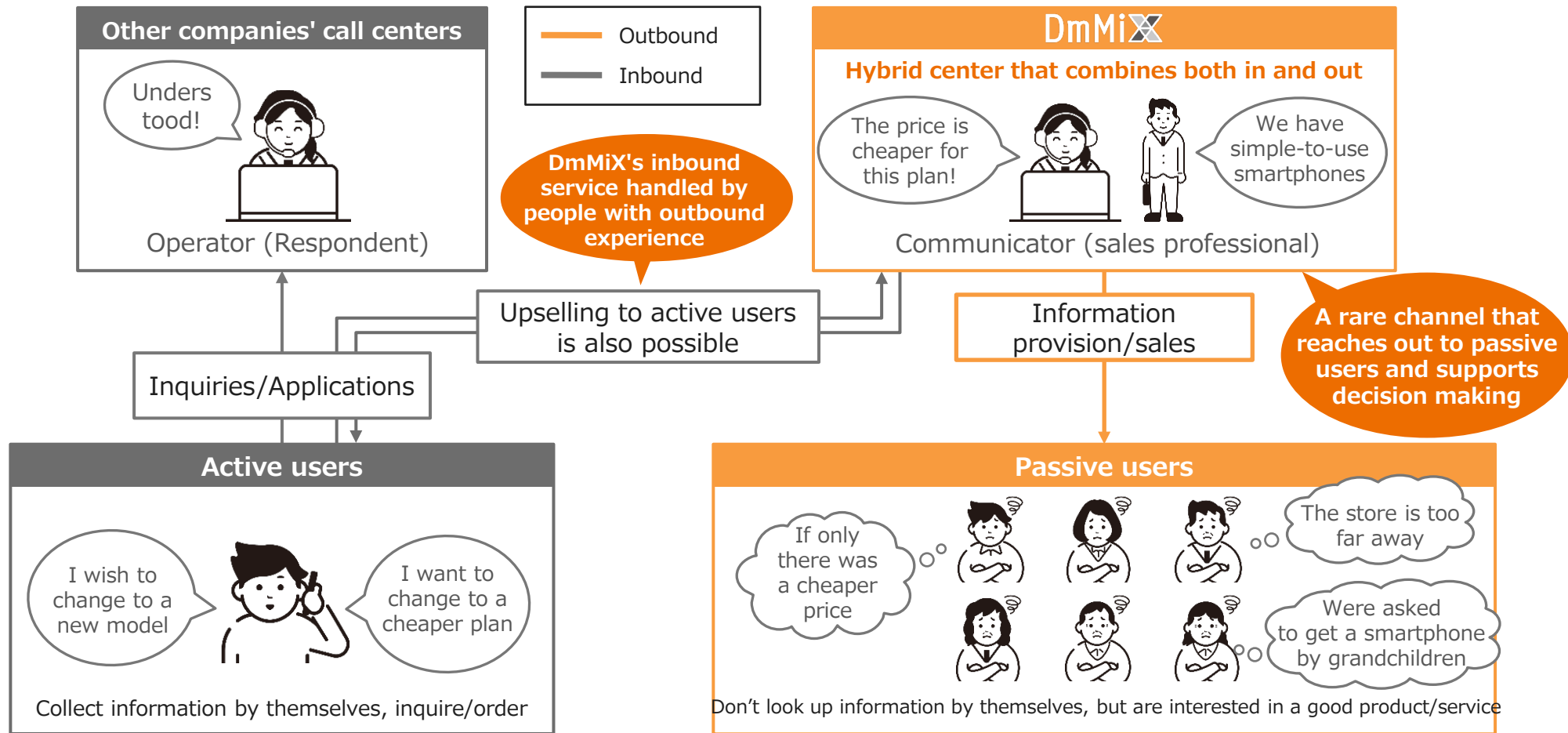
- As a client's own sales resource, we are responsible for **the maintenance of existing users**, who make up the majority of the customer base and **ARPU improvement**
- Based on two-way communication with users, we not only formulate marketing strategies but also act as **a bridge between multiple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



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

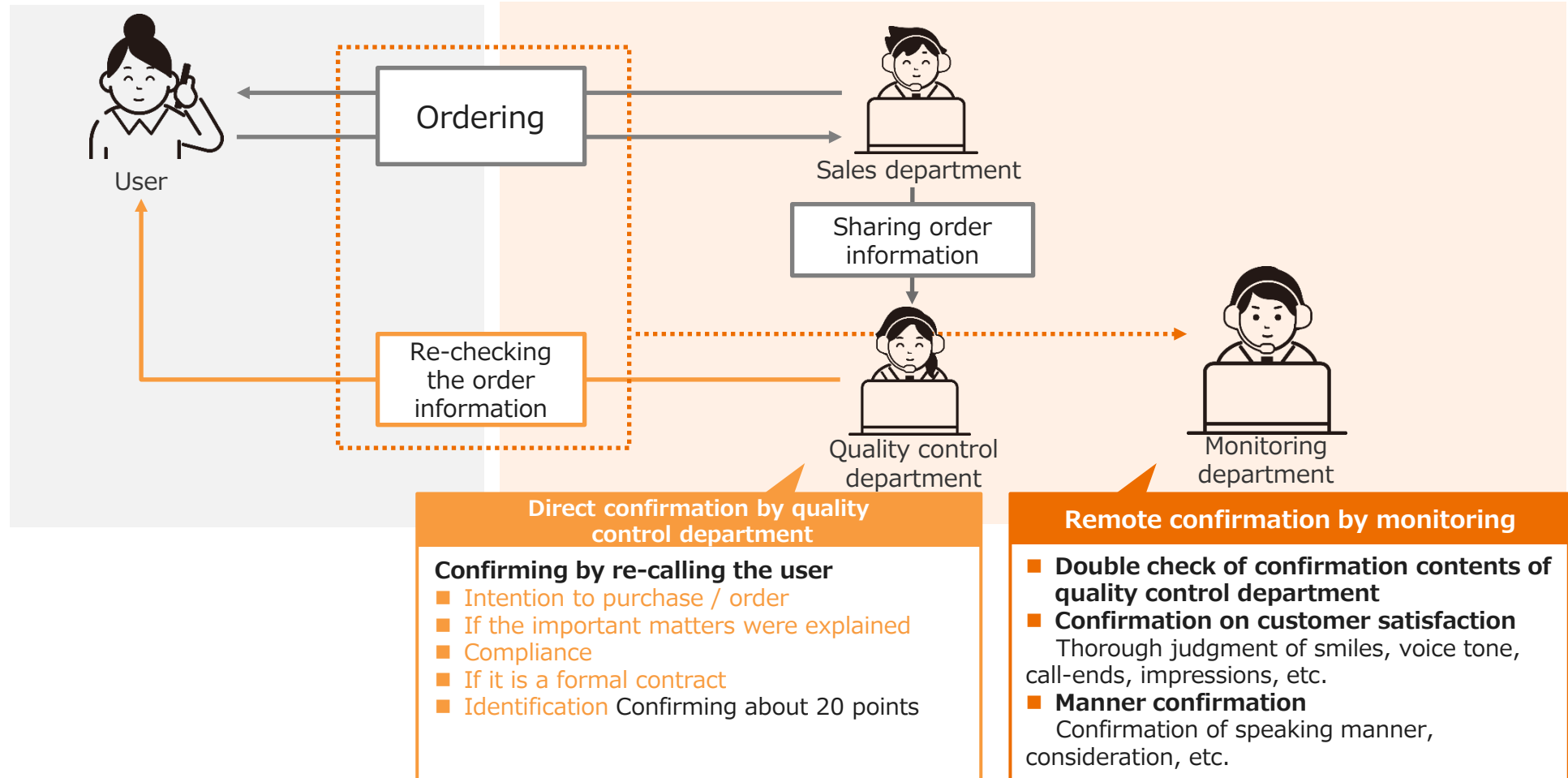
- In the Japanese market environment, with many **passive users**, we are highly evaluated as **a rare channel that can reach them directly** from the company's side
- We provide services **as a resource for client**. With high quality control, we are not only responsible for sales, but also for **detering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

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



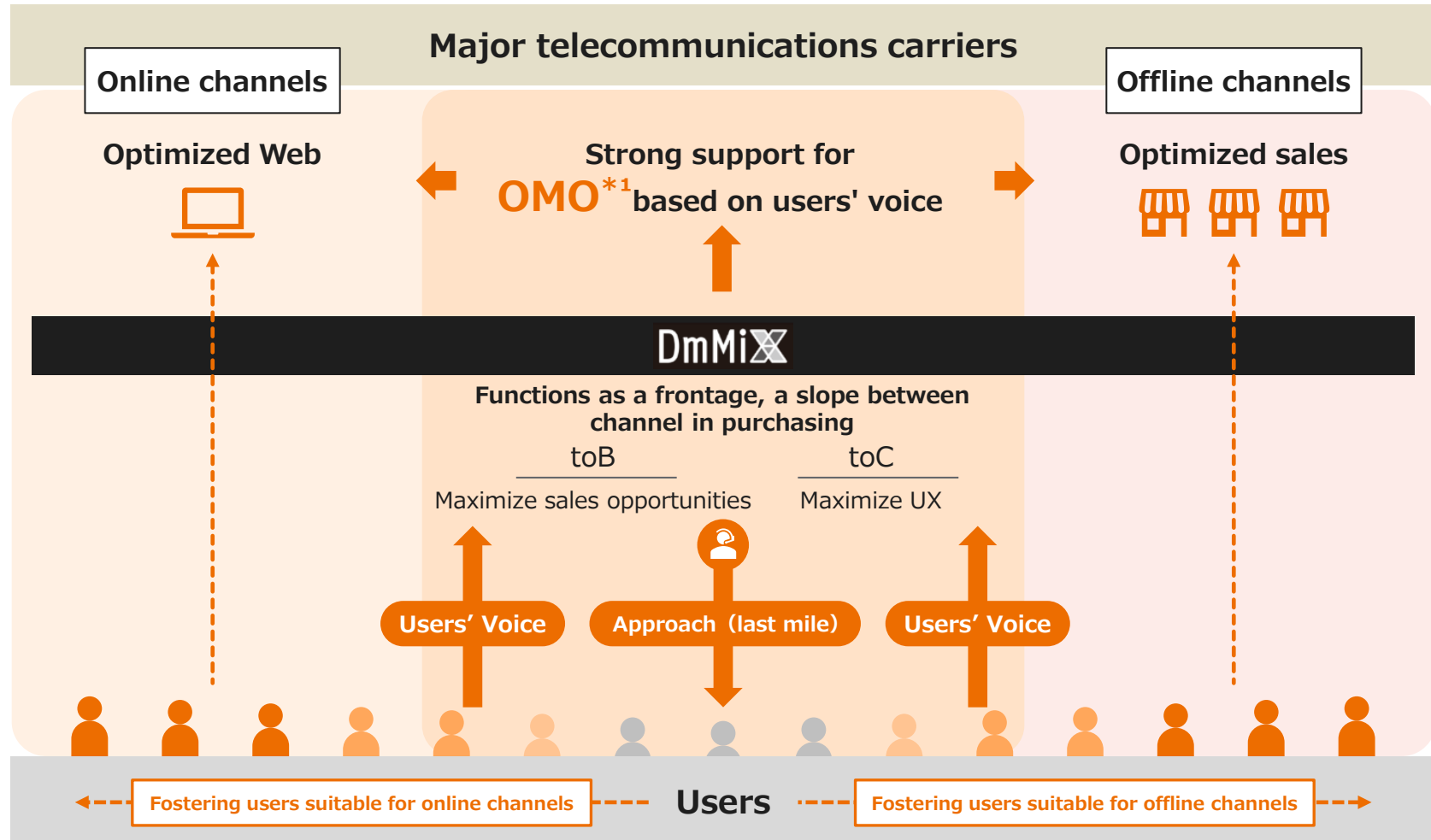
Thorough Quality Control as a Sales Professional

- 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

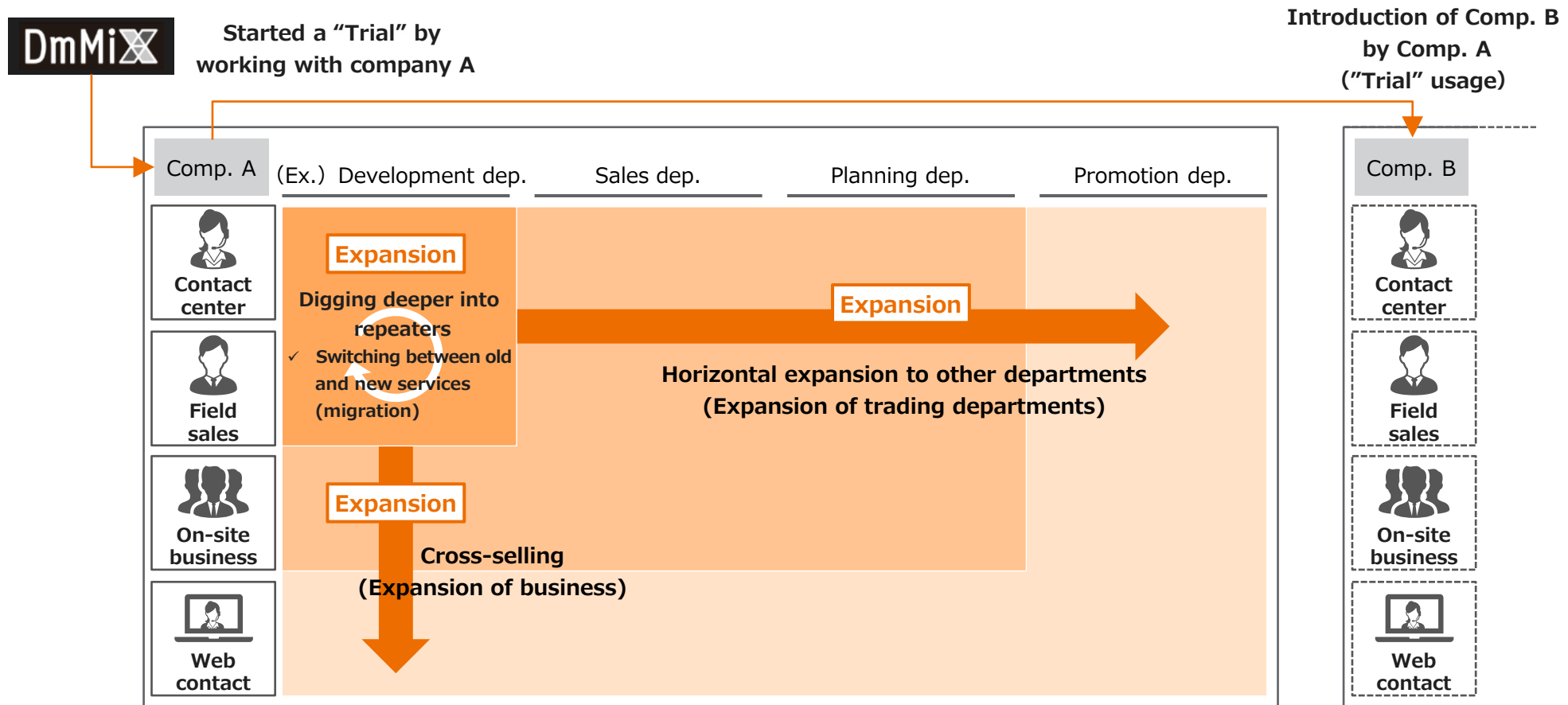
- Strongly support client's **OMO^{*1}marketing** and capture further profit opportunities as a slope between channels



Client acquisition and Business Expansion

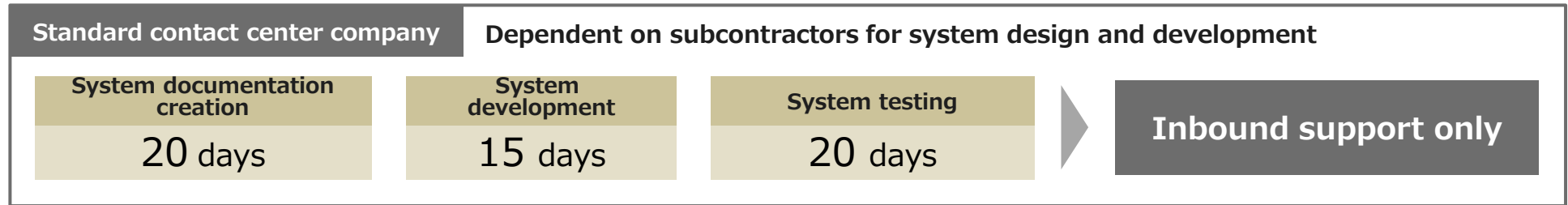
- Acquire new clients through active sales and referrals, and **steadily expand business with highly satisfying results**
- For existing clients, expand transactions by **digging deeper through repeaters, cross-selling, and horizontal expansion to other departments**

Image of expansion of existing business from acquisition of new clients



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

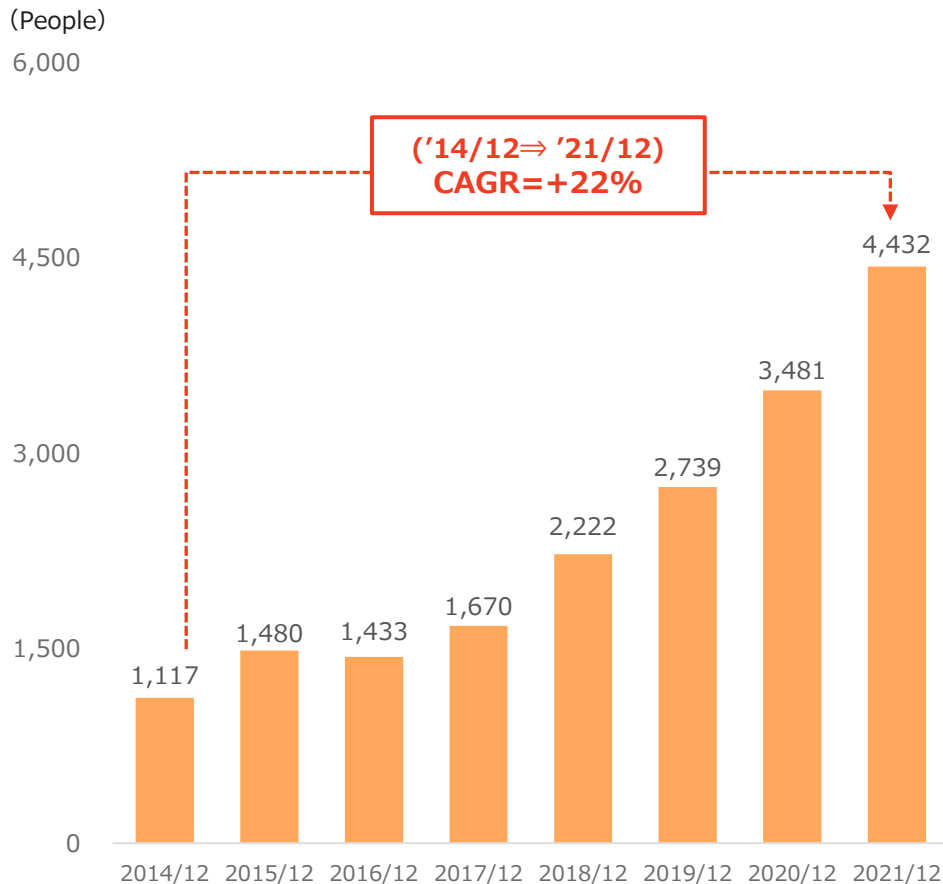
- Flexible and efficient operation by having outbound personnel with sales abilities also provide inbound support
- Inbound and outbound operations can be performed in parallel, enabling flexible resource allocation

Transforming a Contact Center into a Profitable Department

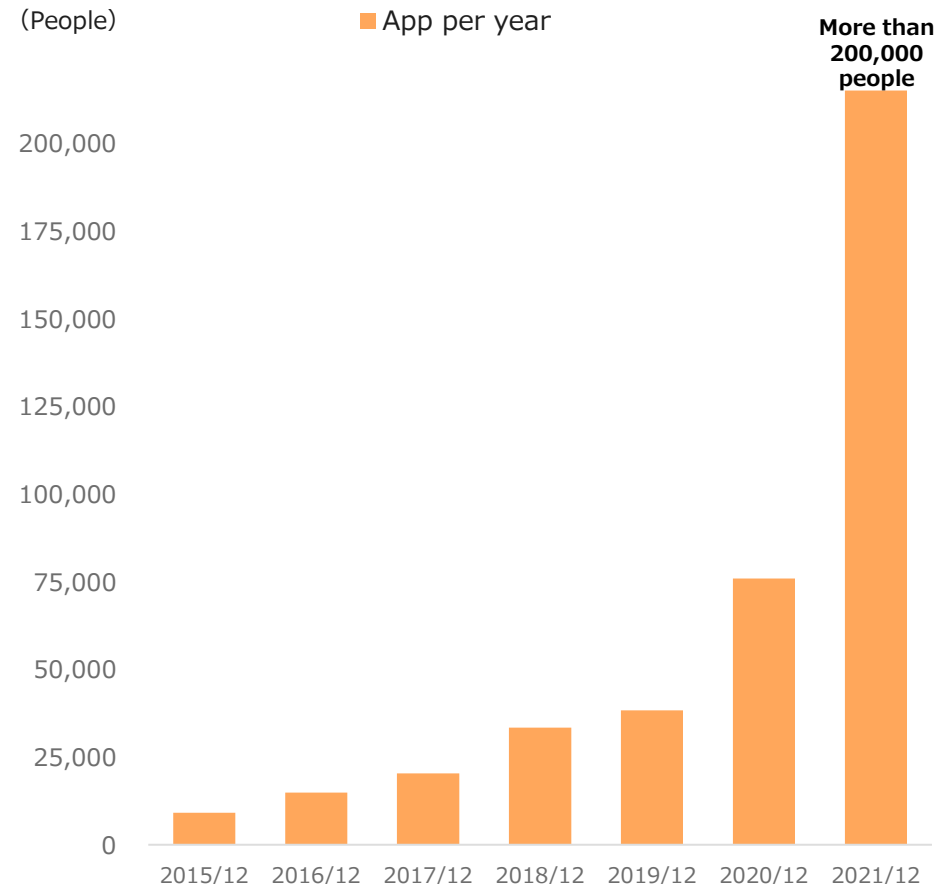
Steady Increase in Human Resources / Scope for Talent acquisition

- The number of communicators*¹ 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*¹



Changes in the annual number of applications for communicators



Various Human Resources of our Group*¹

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

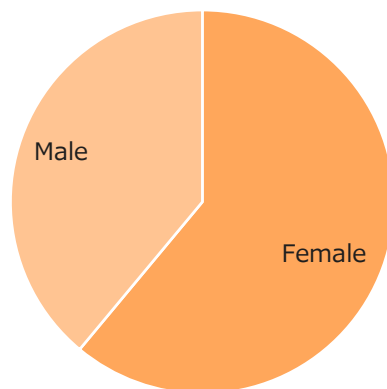
Various attributes

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

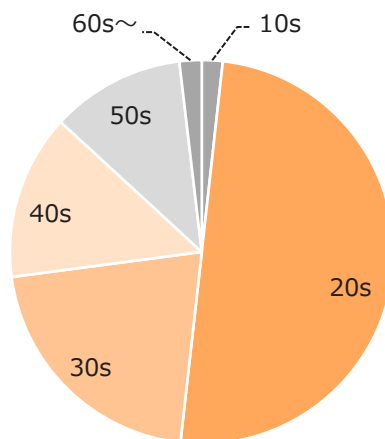
Flexible work system

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

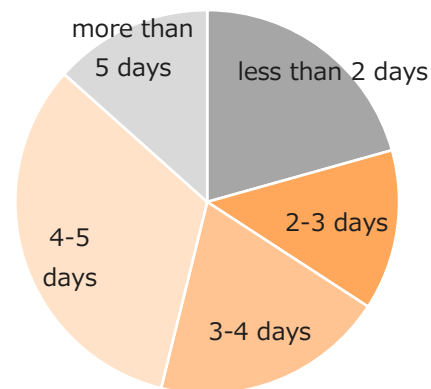
Gender*²



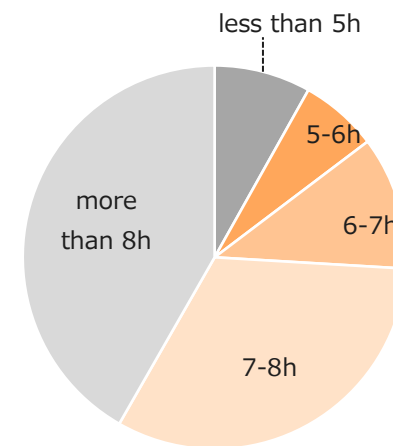
Age*²



Working days per week*³



Working hours per day*³



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

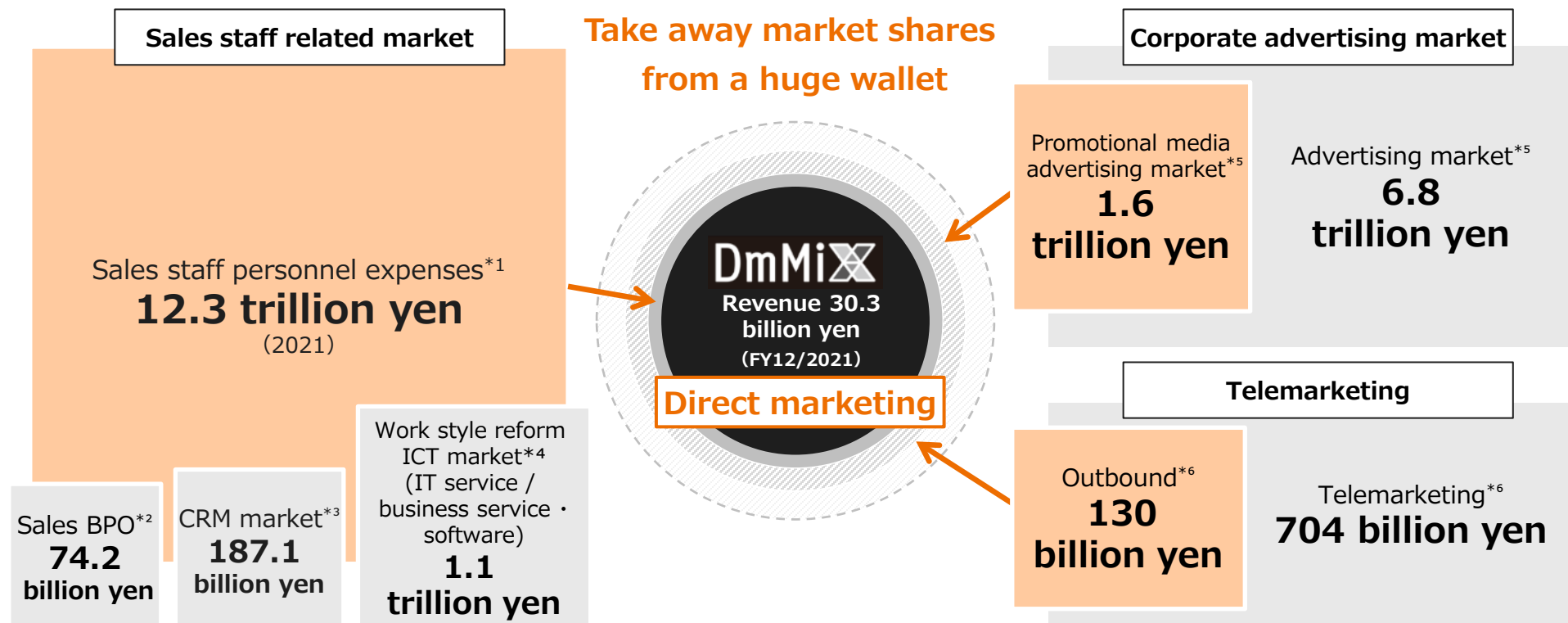
*² As of the end of December 2021. Percentage of part-time jobs

*³ 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)"

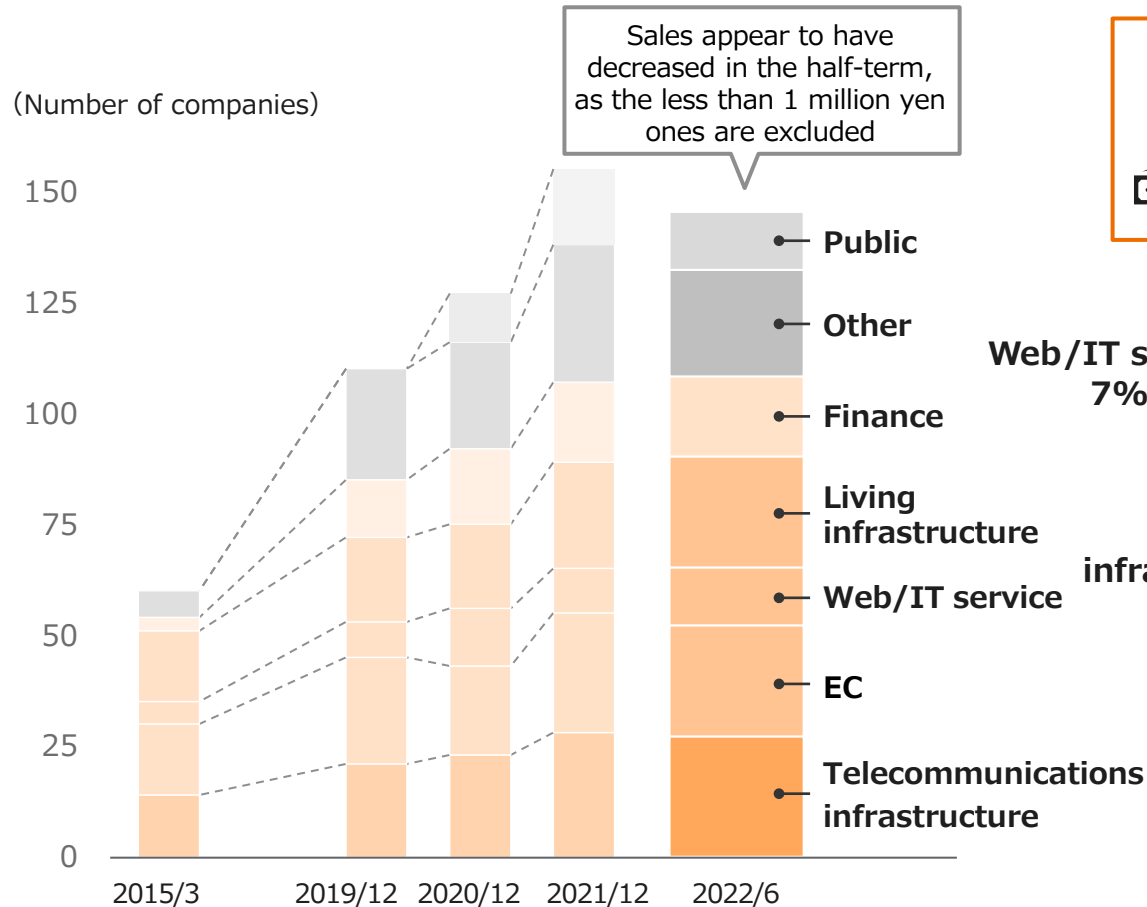
*5 Dentsu "2021 Japan Advertising Expenses"

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

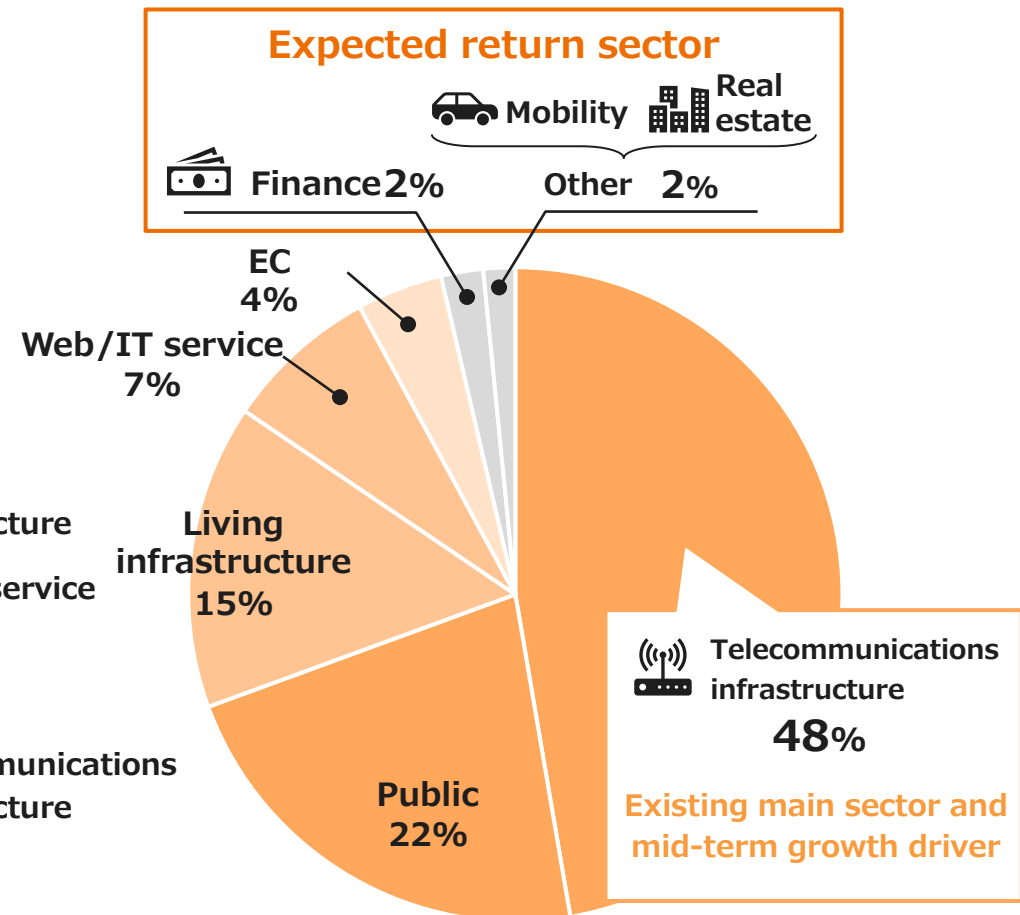
Current Earnings Base and Future focus Sectors

- 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

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



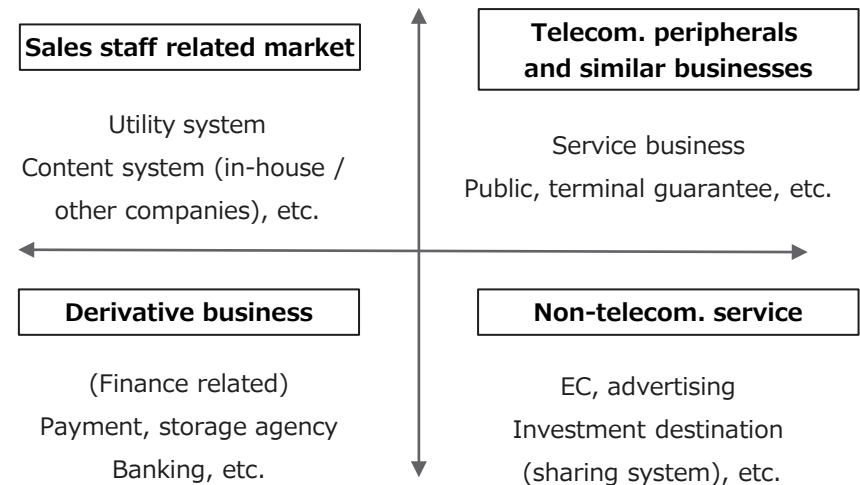
Achievements in the telecommunications infrastructure sector

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

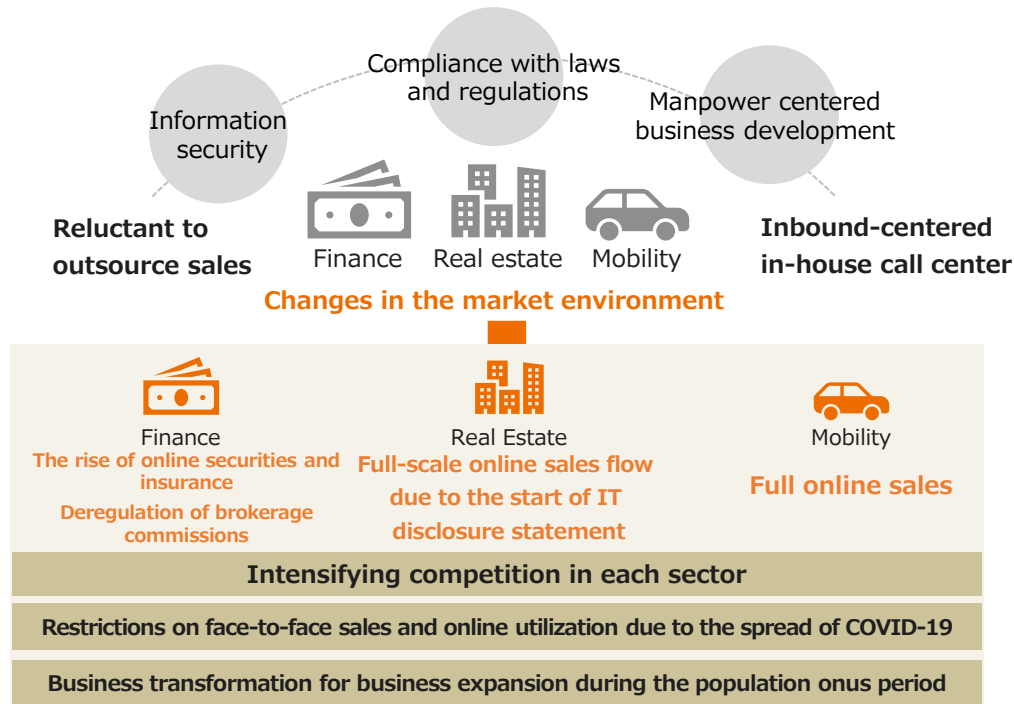
Limited reach to users

Cannot capture the "real needs" of the users

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

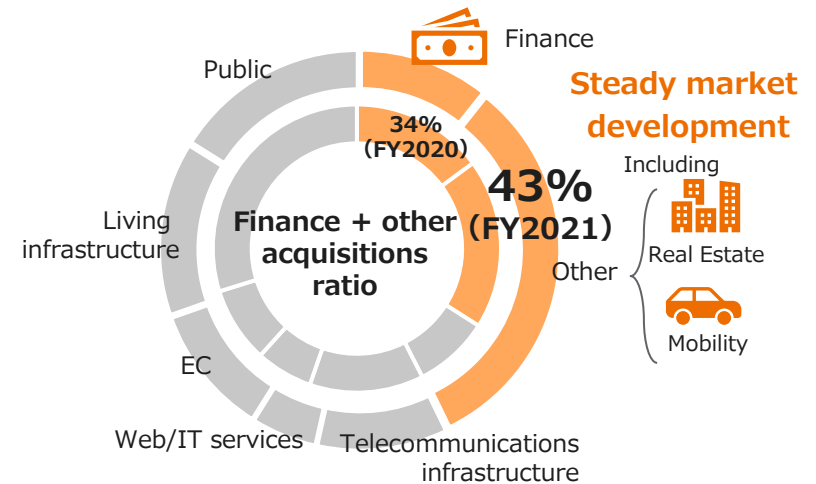
- The financial, real estate, and mobility sectors have **the same potential market size** as the current mainstay **telecommunications infrastructure sector**
- Utilizing the know-how cultivated in the telecommunications infrastructure sector, **cultivate a market where sales outsourcing has not yet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



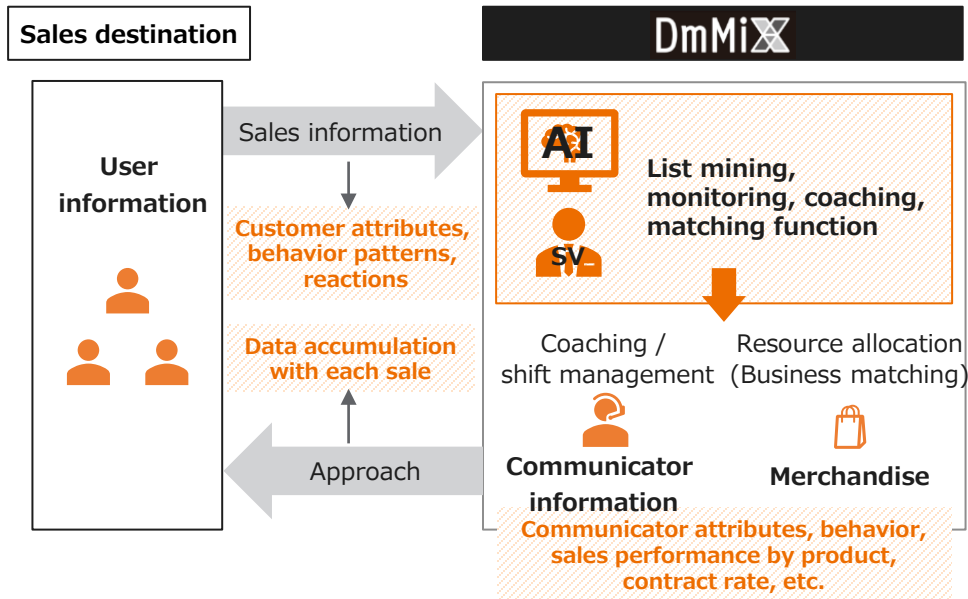
Expected sector acquisition status



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

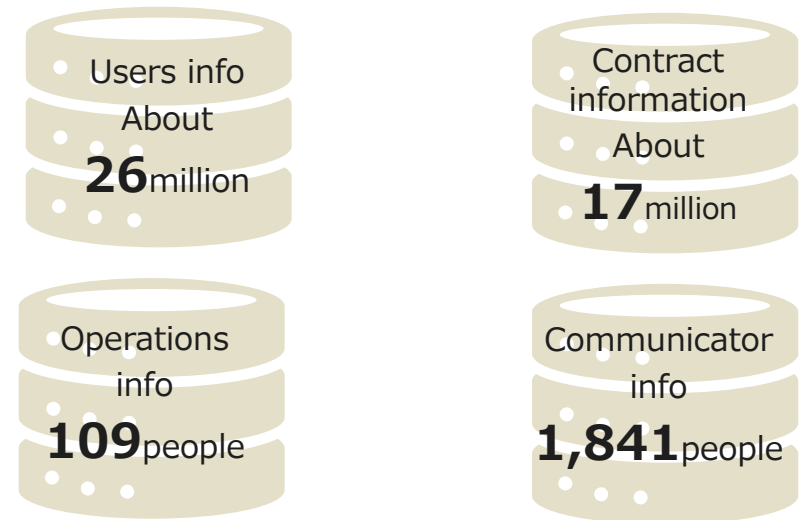


Factors for accelerating growth

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

Partial AI test introduction effect

AI utilization data implementation (Cumulative)



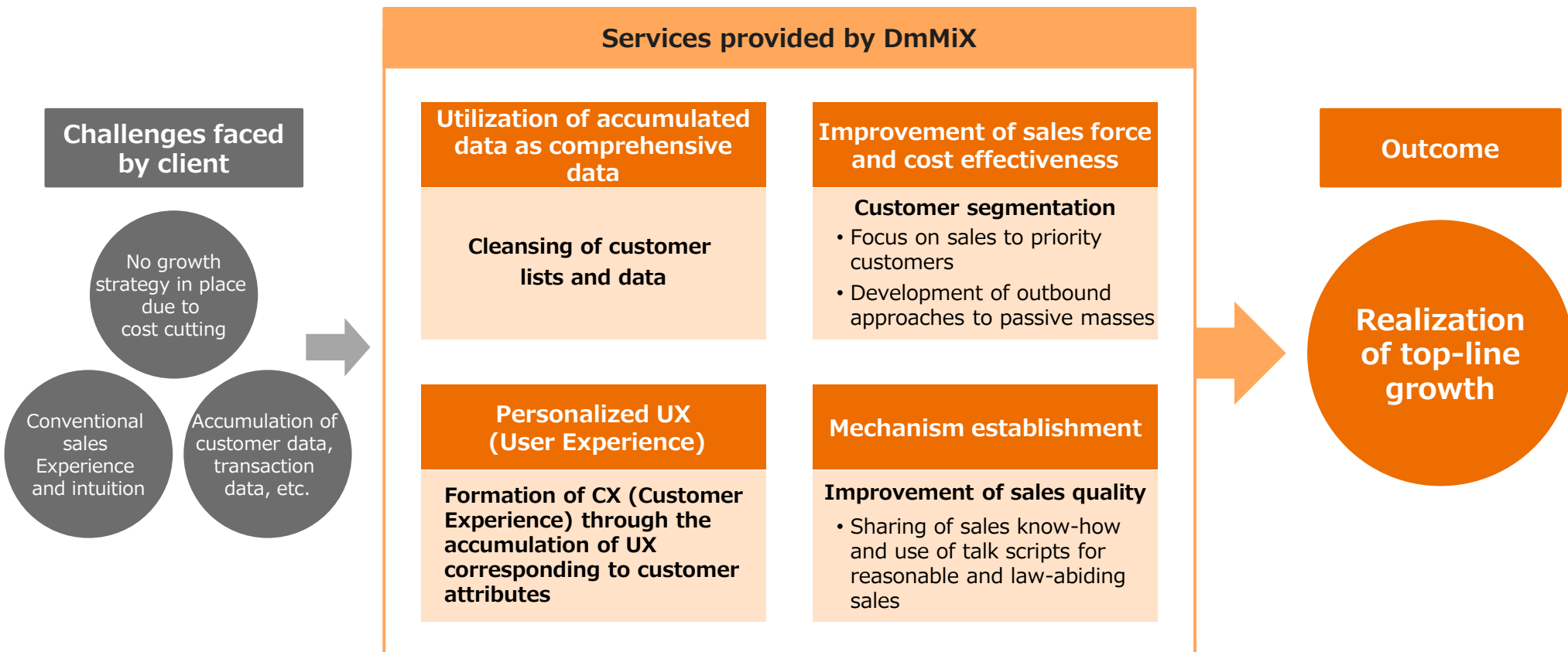
- Ongoing empirical experiments with data accumulation
- Scheduled to be introduced gradually after scoring results improve

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

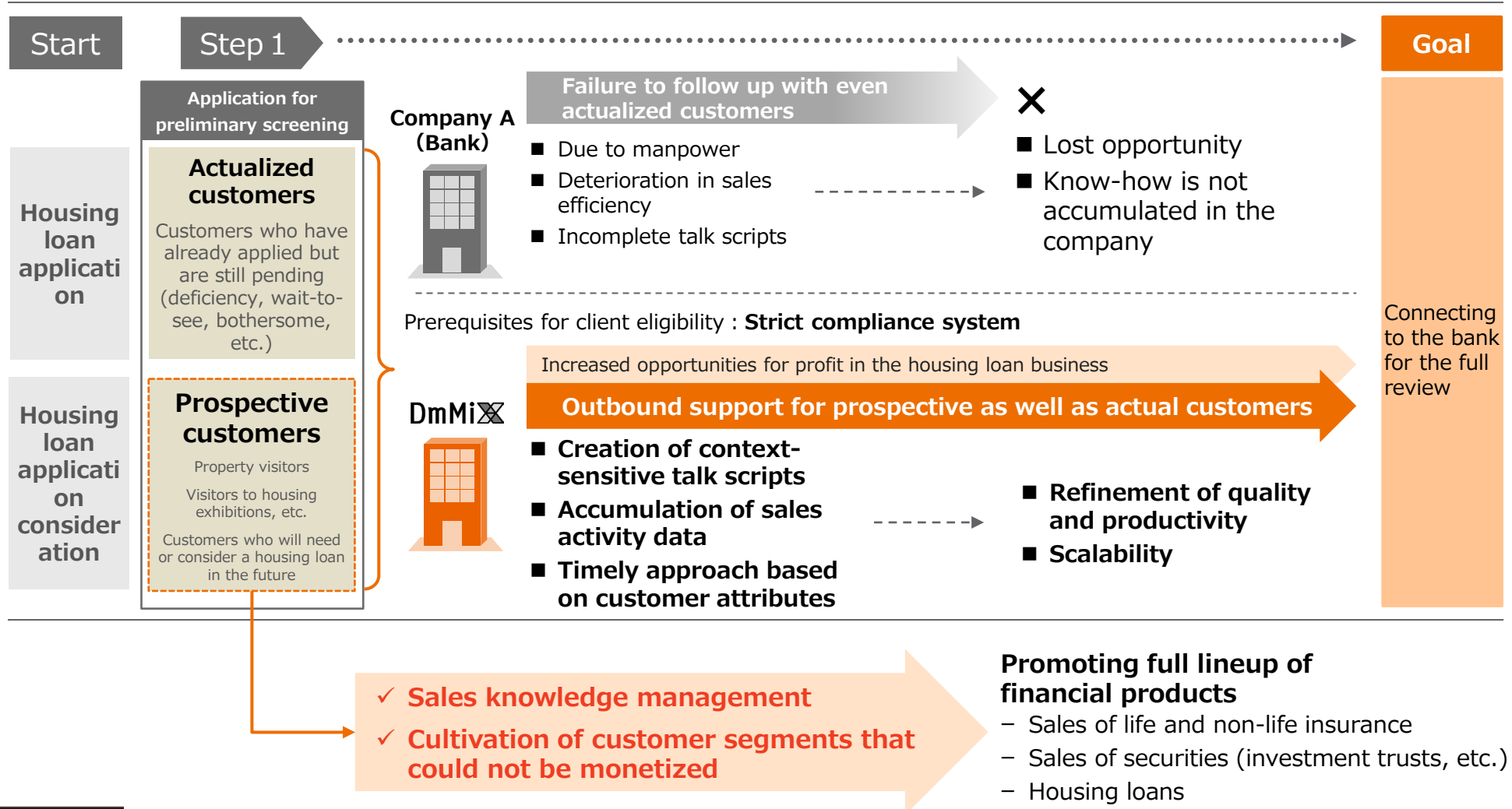
BtoC service industry (telecommunications infrastructure, finance)

Possibility of using outbound to support DX



Promising Market Example - Housing Loan Sales

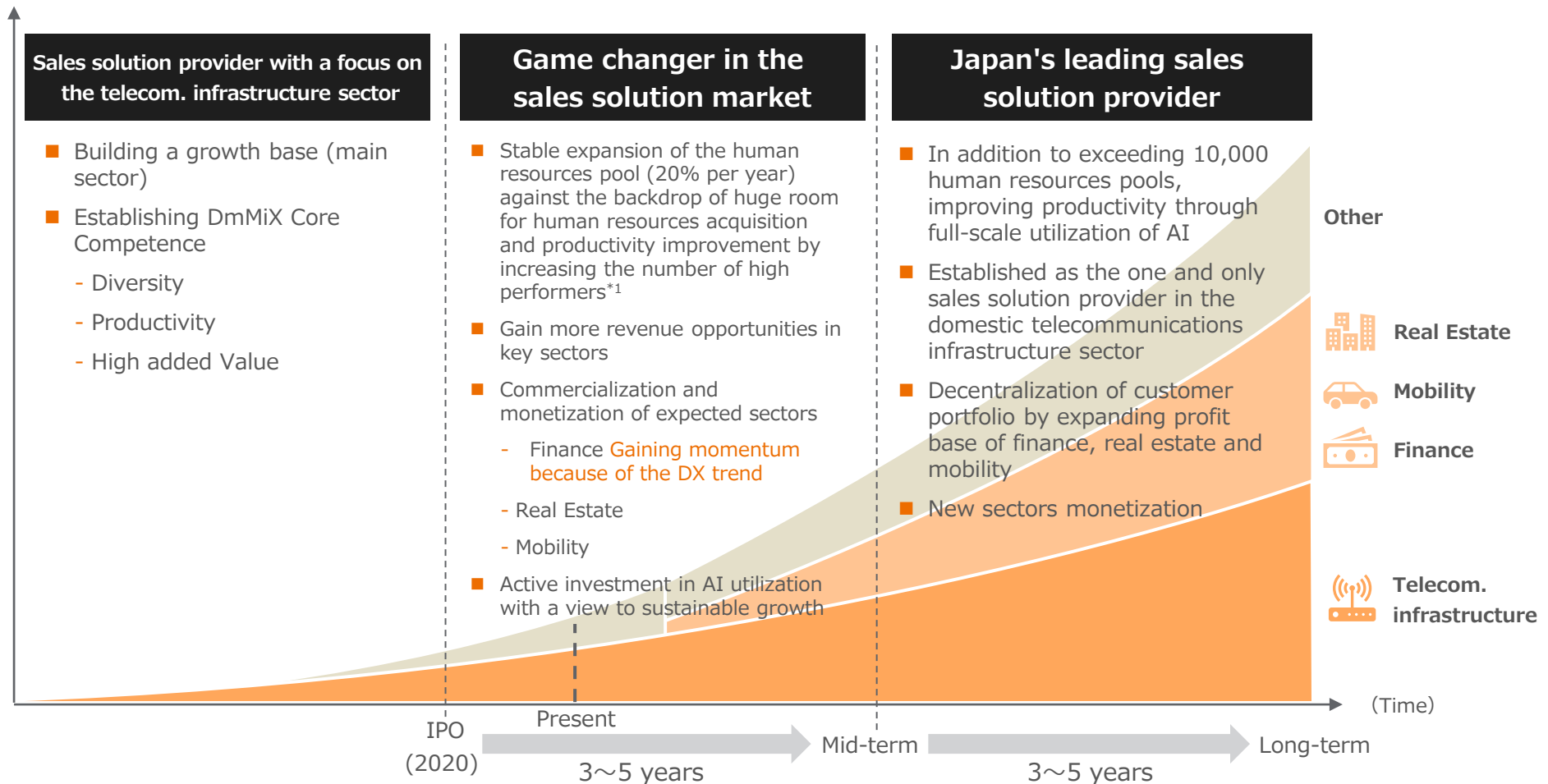
- **Improvement of sales potential** by uncovering stagnant and potential customers through sales knowledge management
- Realization of **profitability of contact centers**, which used to be a cost department, through outbound support



Long-term Growth Prospects

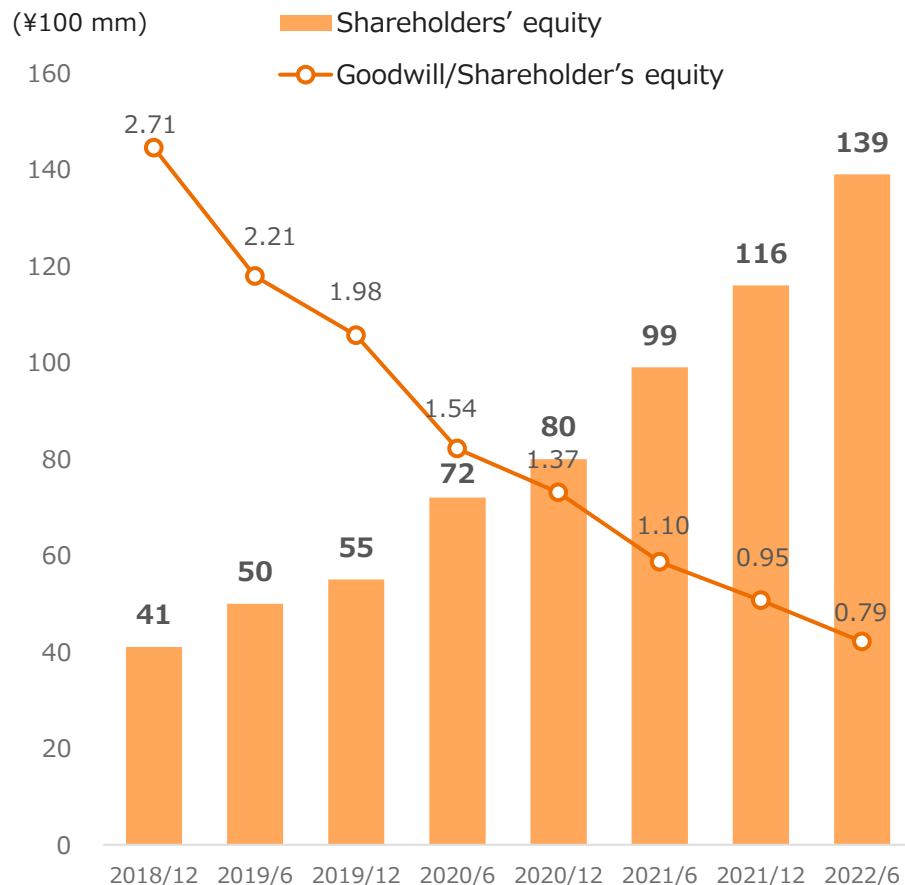
- For short to mid-term, **the main driving force will be telecommunications infrastructure sector**
- For mid to long-term, **in addition to entering the monetization phase of the expected sector, we will accelerate growth by utilizing AI**
- **Currently, the financial services industry is materializing**

(Profit scale)



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**



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



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 systems that encourage employees to take on new challenges



Climate Change Initiatives

Virtually zero CO₂ emissions (carbon neutral) by 2030



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

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



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】

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