A Total Sales/Marketing Solution Provider for Maximizing Client Profitability

Direct Marketing MiX Inc.

Financial results briefing (FY12/2022)

February 14th, 2023

DmMiX

(7354)

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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

いま「社会」から必要とされている事を

Take on what our society needs now

Vision

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

Our Mission

Clients' issue	Struggling to improve top line

Shortage of sales staff × **Inefficient marketing Striving for high performance**

DmMiX

Provide the sales/marketing solutions that maximize client profitability

Sales **Marketing**

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

Result	**Top line improvement**

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Professional Services in Proactive Sales and Marketing

■ Direct marketing services provided by our 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

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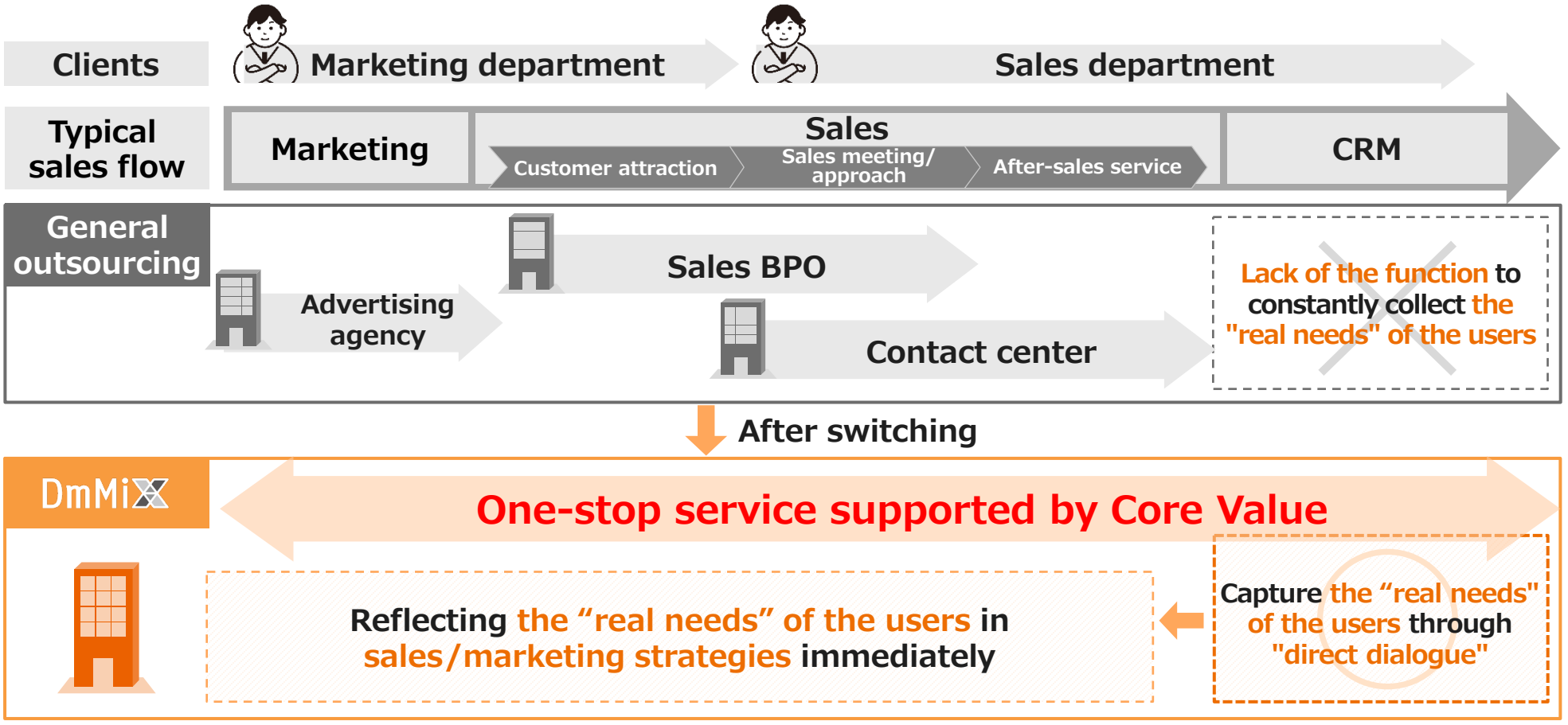
One-stop Service for Clients' Sales Processes

- 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



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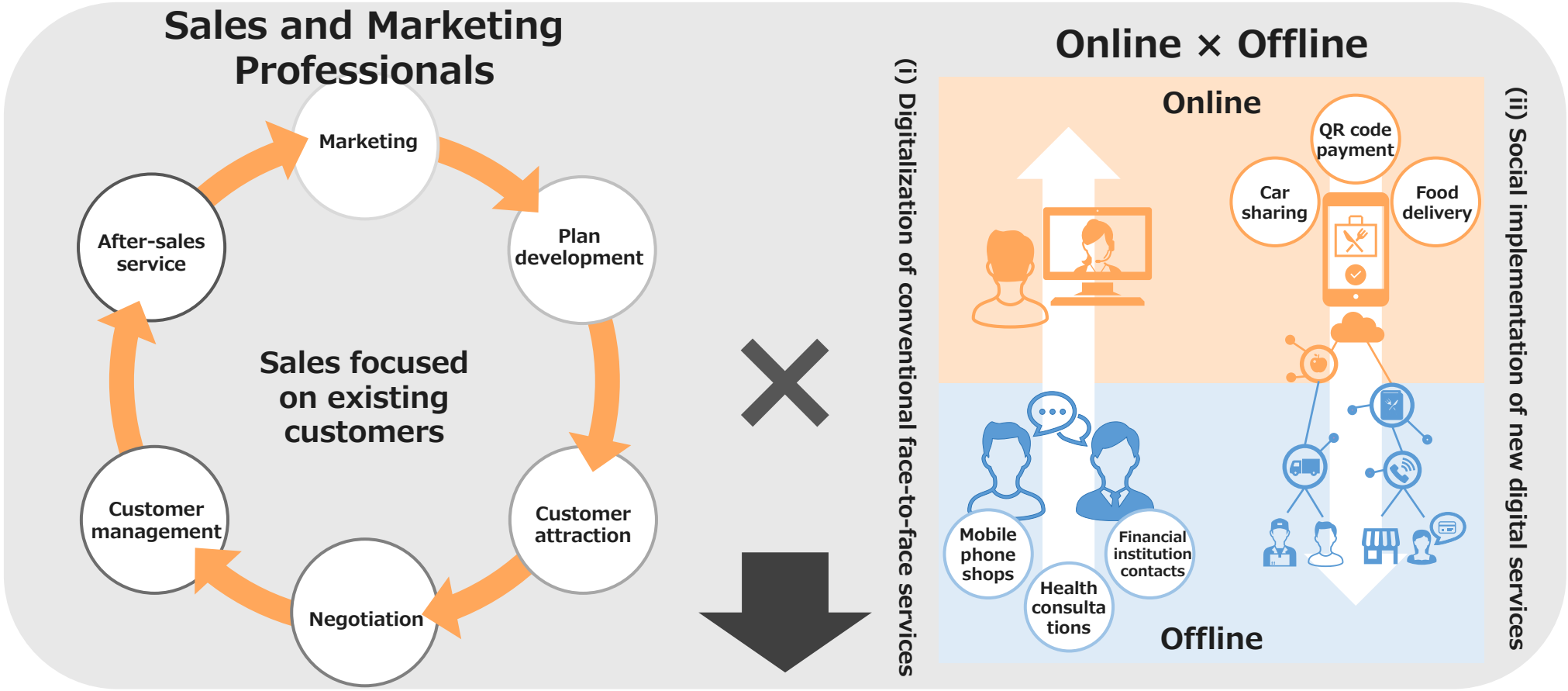
DX Promotion by Leveraging Sales and Marketing Strengths

- 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



DmMiX as a DX Enabler

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DmMiX's Core Competencies for Sustainable Growth

1. Diversity

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

2. Productivity

Mechanism for developing Highly Productive Human Resources

3. High added Value

High added Value generated by accumulating User Data

High Performance × **Flexible Support**

Sustainable Growth as a Sales and Marketing Platform

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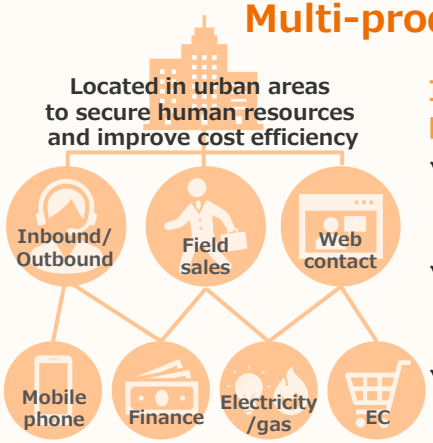
1. Mechanism for matching Diverse Products with Human Resources and making the most of them

Diversity

- 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"

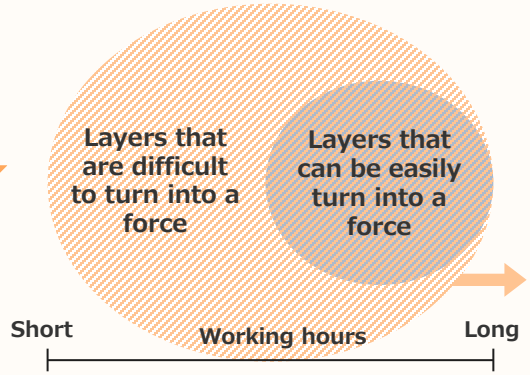
Multi-product centers



Inclusion of diverse products and channels

- ✓ Products with diverse characteristics, difficulty levels and skill requirements, etc.
- ✓ Diverse channels such as contact center, field sales and web contact, etc.
- ✓ Diversity of products and channels allows for shorter working hours

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

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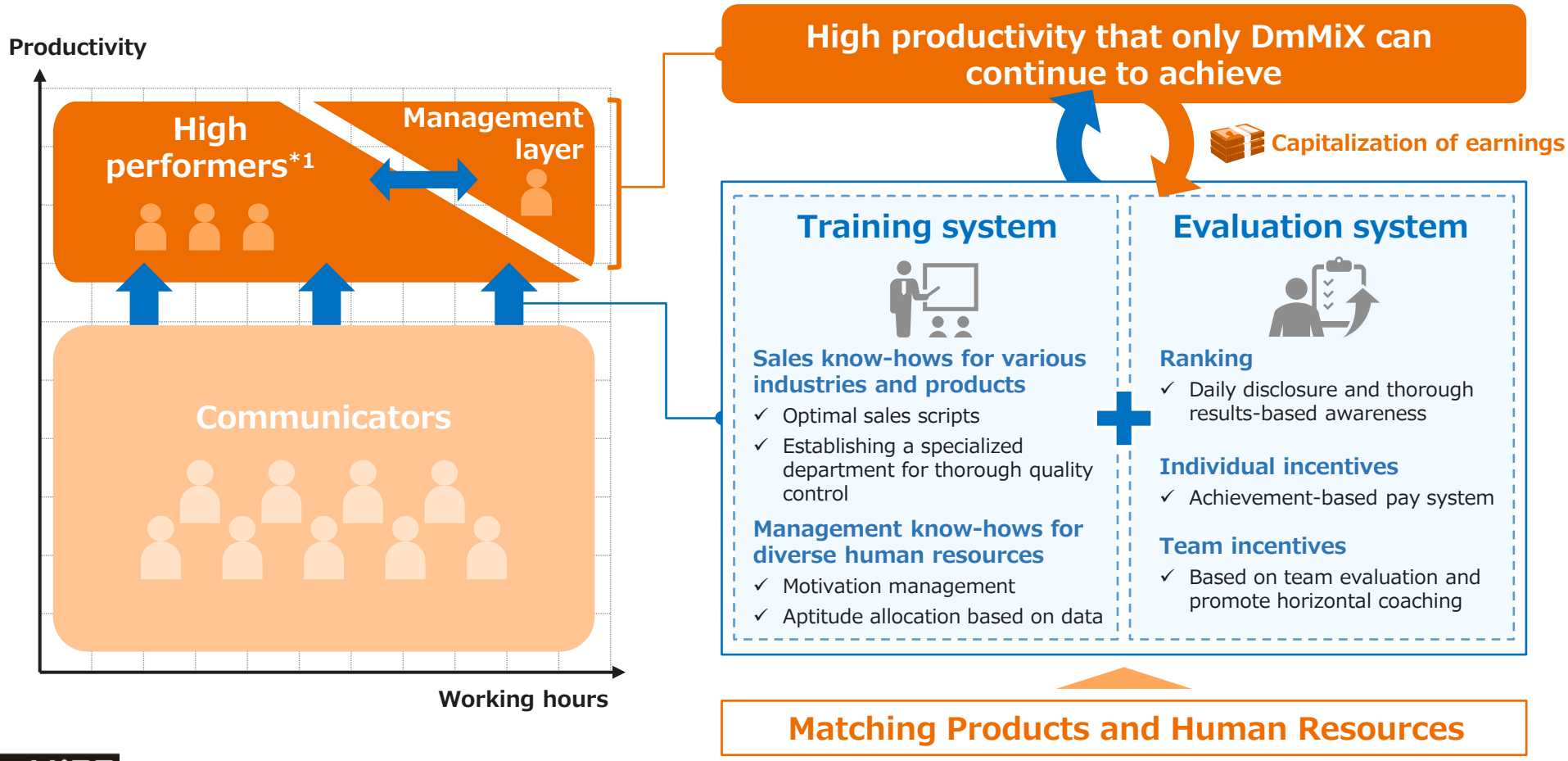
2. Mechanism for developing Highly Productive Human Resources

- 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

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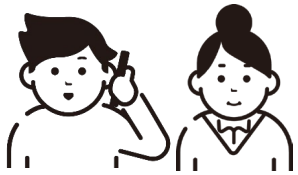
3. High added Value generated by accumulating User Data

- 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

End users ⟷ DmMiX ⟷ Clients



The “real needs" of the users

Collection

User data held by clients

Minimum personal information

+

Hearing items optimized for each project

Family structure | Usage situation | Needs | Budget | etc.

Update user data through regular communication



Reflection in sales and marketing strategies

Short-term issue resolution

- ✓ User targeting
- ✓ Optimal scripting for each user attribute
- ✓ Matching users and communicators etc.

Medium- to long-term strategic planning

- ✓ Improvement of sales flow
- ✓ Promotion strategies
- ✓ Product development strategies etc.

Consulting

High value-added solutions

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“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**

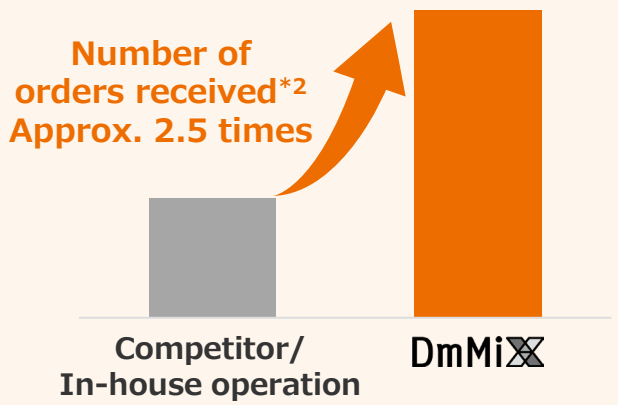
High performance

Productivity

Establish profitable operations with high-productivity personnel, including managers and high performers *1

Scalability

Promote lateral deployment and structuring of best practices



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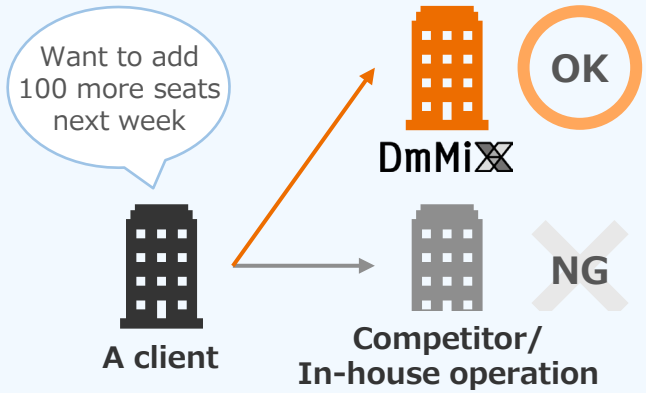
Flexible support

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.



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

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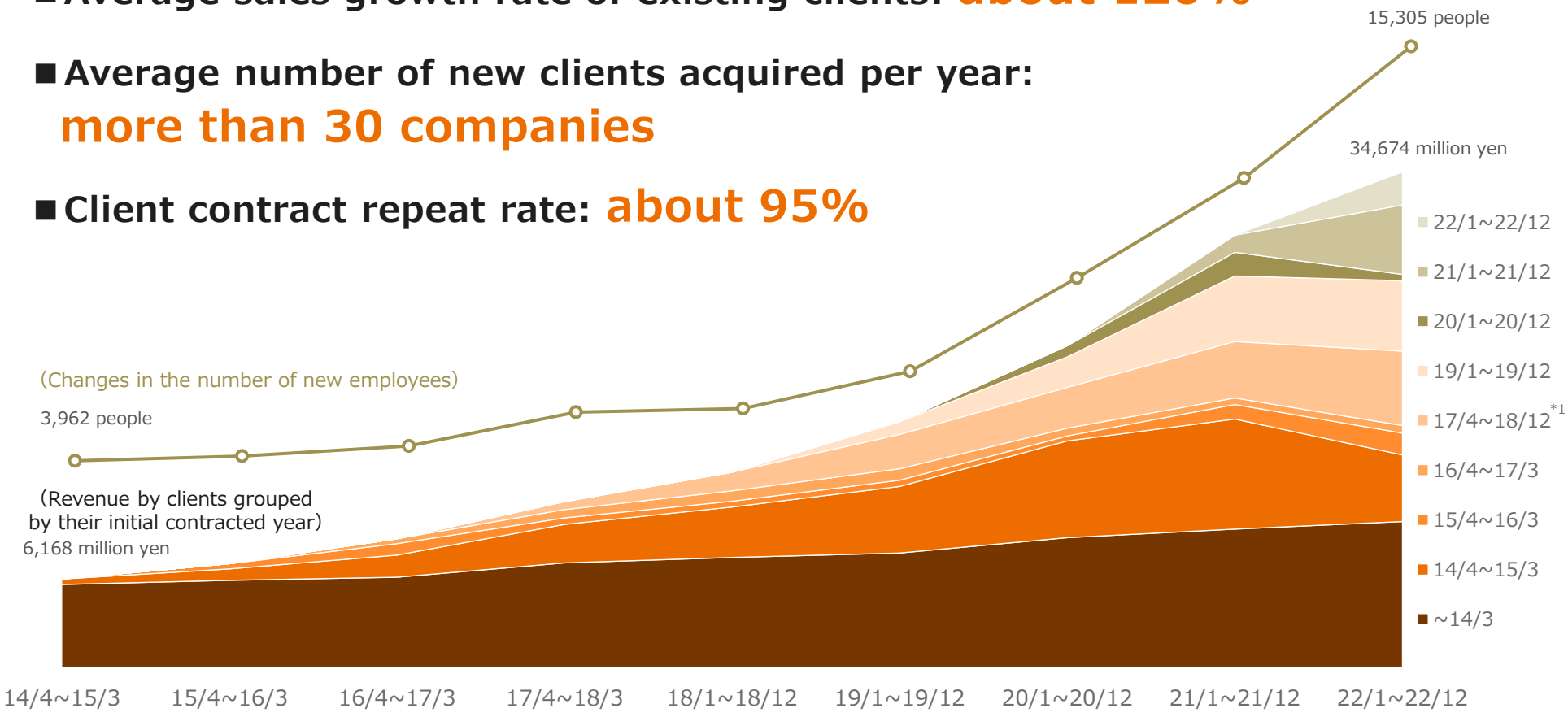
Sustainable Growth as a Sales and Marketing Platform

- **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%**



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

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Financial Results Highlights (FY12/2022)

- Sales revenue: In addition to steady growth in telecommunications infrastructure sector, acquisition of new clients progressed in various sectors including Web/IT, public and finance, etc. As a result, sales revenue increased by +14.5% YoY
- Various profits: High profit levels were maintained from the beginning of the period. EBITDA*1 grew sharply by +23.0% YoY, in part due to the reaction to large-scale capital investment in FY2021/4Q
- Record highs: Following FY12/2021, both sales and profits reached record highs for the second consecutive year since listing

Sales revenue	34.7 billion yen	YoY	+14.5%
EBITDA*1	7.2 billion yen	YoY	+23.0%
Operating profit	5.8 billion yen	YoY	+20.7%
Net income*2	3.8 billion yen	YoY	+18.2%

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

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Financial Results Highlights (FY12/2022)

Topics

Sales revenue（by sector）

- Telecommunications infrastructure: The pace of profit growth temporarily slowed due to effects from revision of cost policies in conjunction with group reorganization by our main client. Business in peripheral areas expanded steadily
- Public: Increased name recognition and relationship building in the public sector gradually contributed. Vaccination-related business also continued
- Living infrastructure: Earnings from major electricity and gas clients, which are stepping up efforts to improve ARPU for existing users, are increasing
- Web/IT: Expansion into various services areas (XaaS[*1]) is progressing as planned including the telemedicine and home-visit medical services and social gifts with a focus on the core cashless payment business
- Finance: With the rising earnings from the COVID-19 pandemic as a source of funds, we made advance investments to develop new clients. Monetization of these investments is expected in FY12/2023

Various profits

- Profit levels of projects: Maintained high profit levels by raising profit margins through hybrid operation of inbound/outbound businesses 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 human resource investments, mainly in the financial sector, such as recruiting and training

*1 Abbreviation for “Everything as a service” “X as a service”

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FY12/2022 P/L

- **Sales revenue: Sales revenue exceeded the forecast due to contributions from new clients in each sector as well as sustained demand for vaccination-related business**
- **Various profits: Profit growth that exceeded the rate of sales revenue growth was achieved in terms of both YoY and forecast comparisons, with the preferable ratio of highly profitable projects and other factors contributing**

Consolidated P/L

(¥mm)	2021/12 Full year	2022/12 Full year		
	Results	Results	YoY	Forecast (compared to forecast)
Sales revenue	**30,286**	**34,674**	**+14.5%**	**33,500 (+3.5%)**
Operating expenses	(25,570)	(28,942)	+13.2%	–
Other revenue	68	67	–	–
Other expenses	(5)	(27)	–	–
Operating profit	**4,780**	**5,771**	**+20.7%**	**5,500 (+4.9%)**
Operating profit margin	**15.8%**	**16.6%**	**+0.9pt**	**–**
Financial profit	4	3	–	–
Financial expenses	(141)	(44)	–	–
Profit before tax	**4,642**	**5,731**	**+23.4%**	**5,450 (+5.1%)**
Income tax expense	(1,426)	(1,928)	–	–
Net income*1	**3,217**	**3,803**	**+18.2%**	**3,770 (+0.9%)**
Net income margin	**10.6%**	**11.0%**	**+0.3pt**	**–**
EBITDA*2	**5,882**	**7,234**	**+23.0%**	**6,980 (+3.6%)**
EBITDA margin	**19.4%**	**20.9%**	**+1.4pt**	**–**

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

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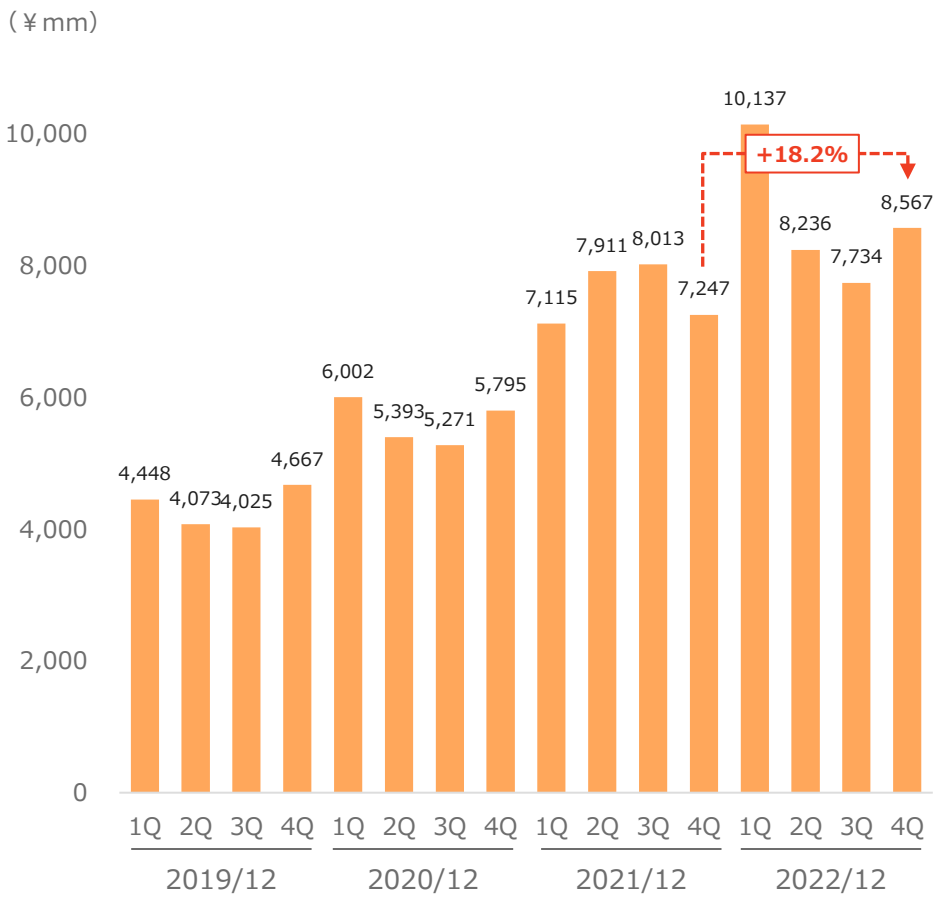
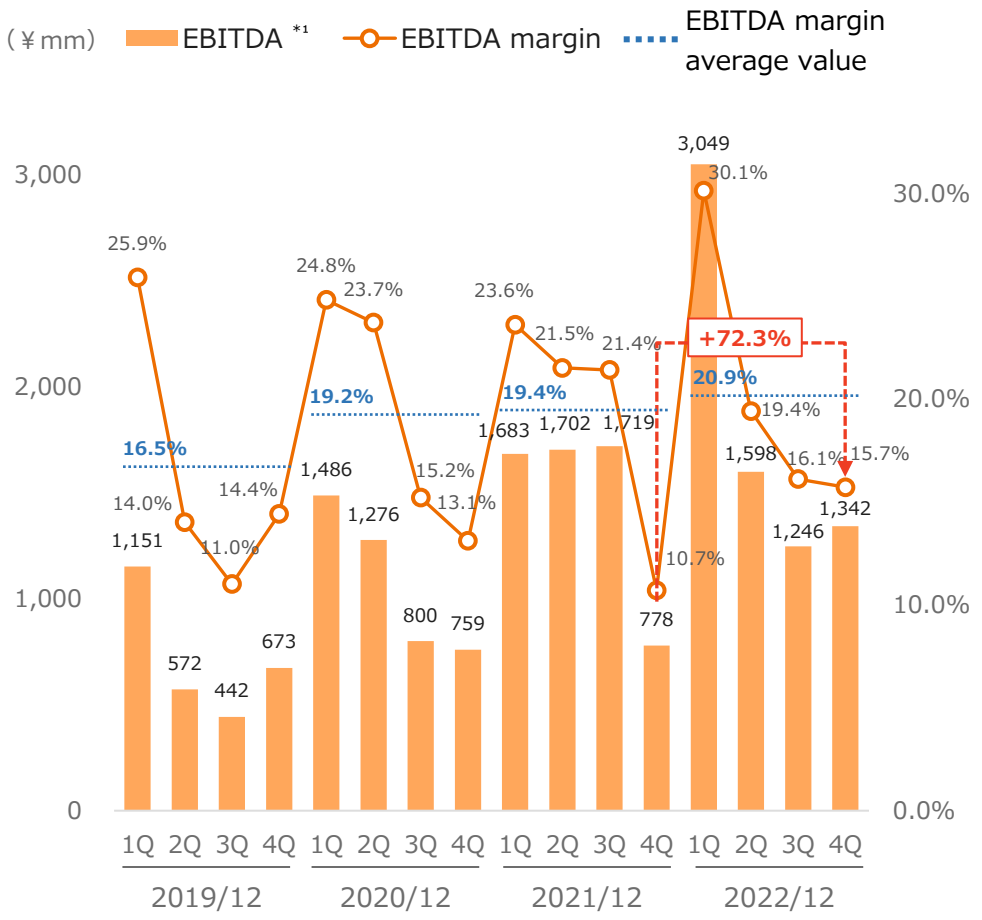
Quarterly Results

- **Sales revenue: In addition to solid performance with existing clients, acquisition of new clients in each sector progressed at a steady pace, resulting in a +18.2% YoY increase in sales**
- **EBITDA*1: The focus remained on advance investment in FY12/2022, but more significant investments were made in FY2021/4Q and due to the preferable ratio of highly profitable projects, resulting in a +72.3% YoY increase**

Quarterly changes in consolidated sales revenue



Quarterly trends in EBITDA*1・ EBITDA margin



*1 EBITDA = operating profit + depreciation + amortization

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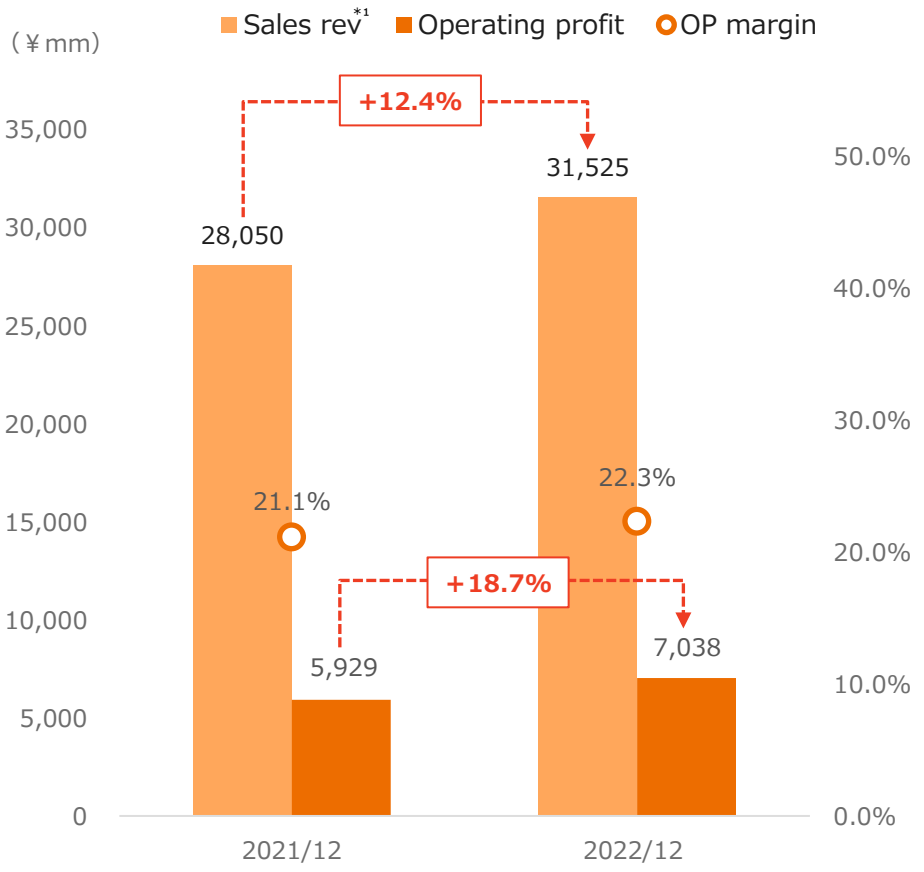
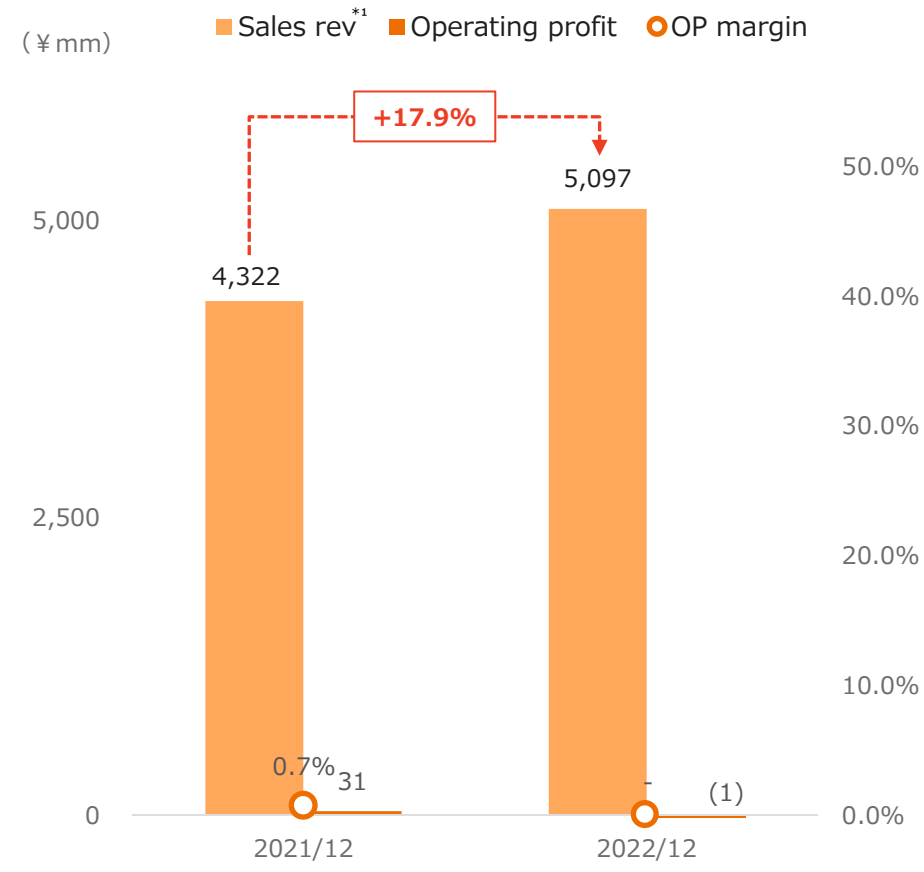
FY12/2022 Results per Segment

- **Marketing business: Sales revenue increased by +12.4% YoY and operating profit by +18.7% YoY. In addition to steady performance in telecommunications infrastructure, new business was successfully developed in the Web/IT, public, finance, and other sectors**
- **On-site business: Sales revenue increased by +17.9% YoY as a result of a steady expansion of demand. Operating profit was -1 million yen due to investment in advertising and publicity with the aim of acquiring human resources for the entire group**

Marketing business



On-site business



*1 Including intra-group sales

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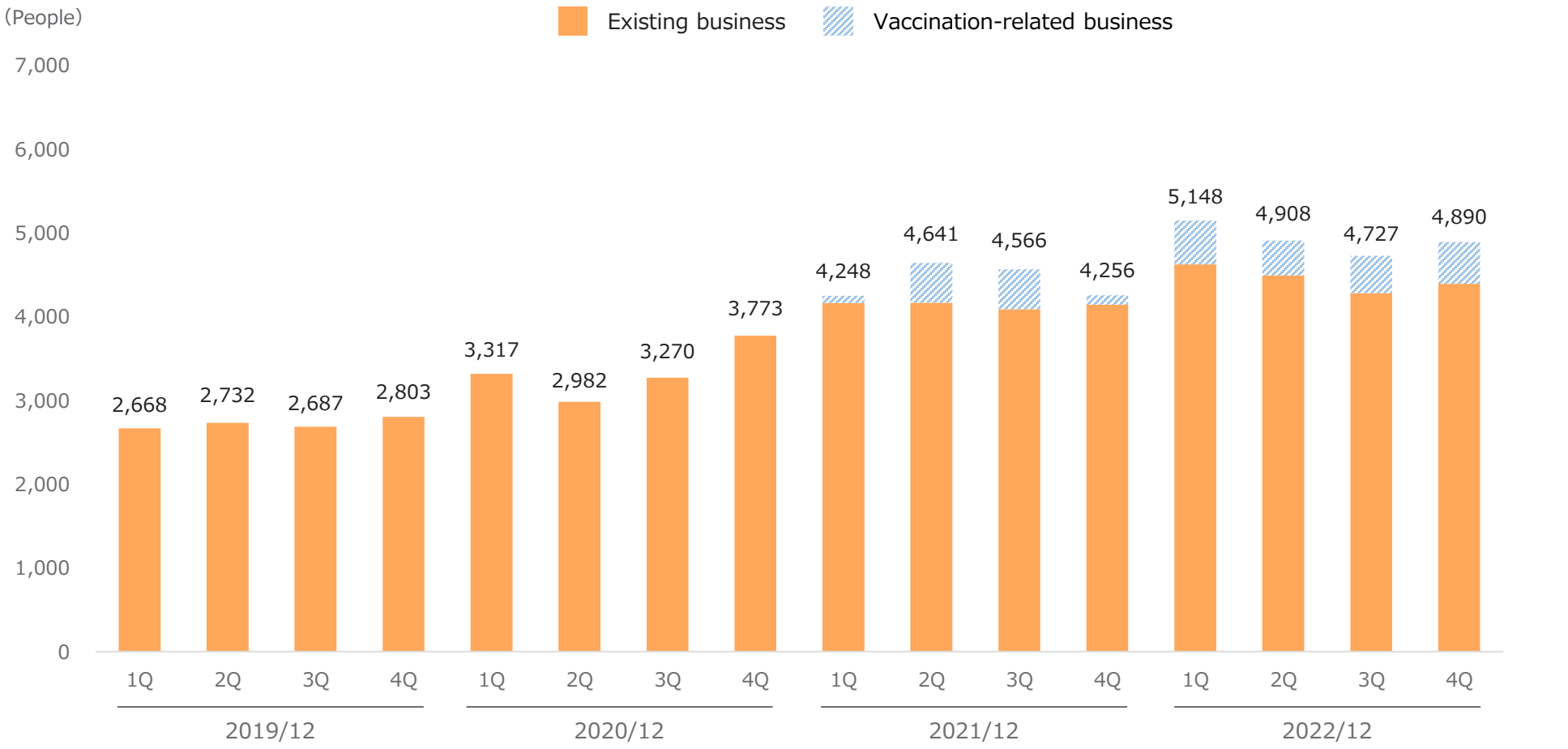
Marketing Business KPI

■ **The number of operating staff*1 in existing business steadily increased YoY. Steady demand also continued in the vaccination-related business**

Quarterly changes in the number of operating staff*1



*1 The number of operating staff in marketing business (including external operating personnel such as field sales, etc.)

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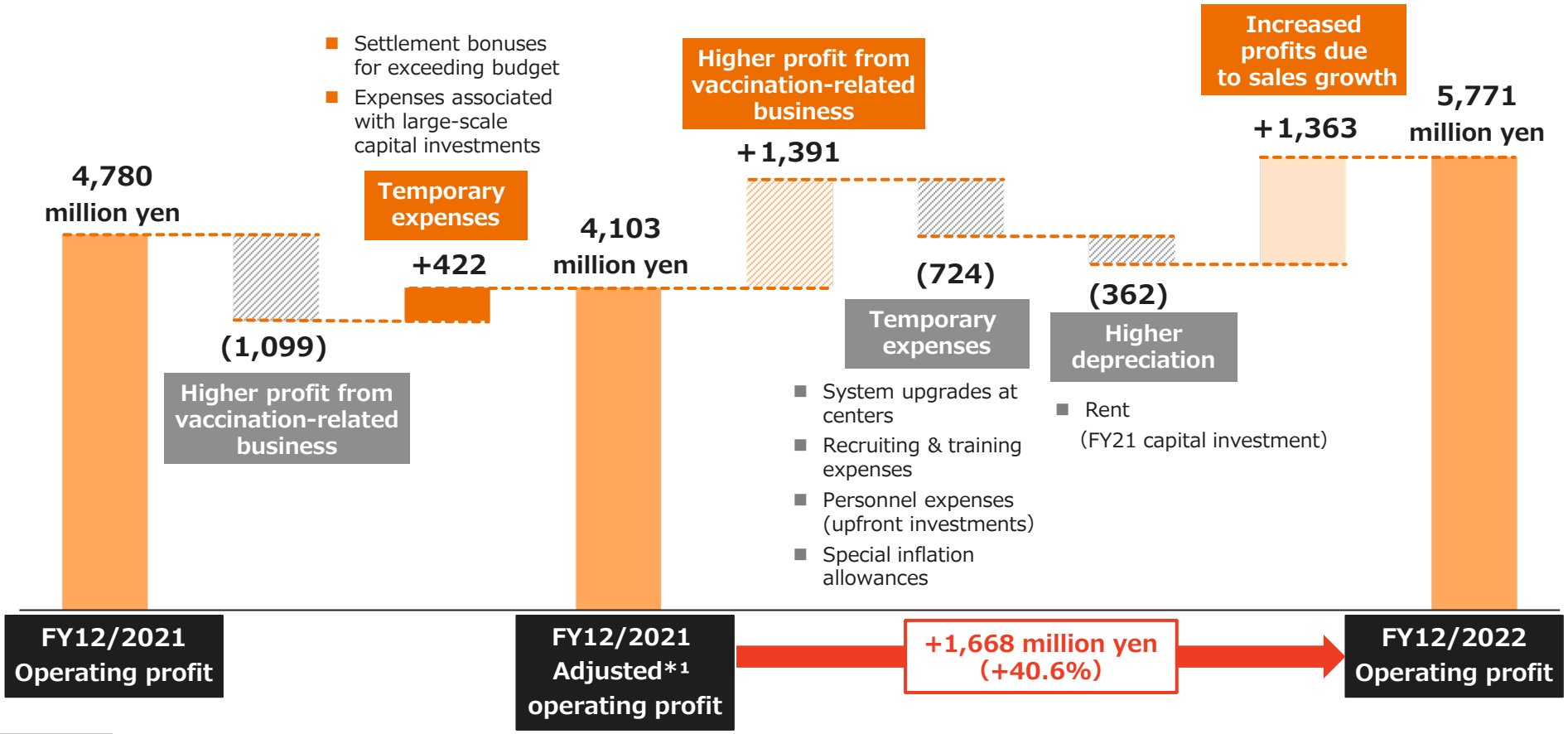
Factors for Increases and Decreases in Operating profit (Full Year 2022)

■ **Compared to adjusted operating profit excluding temporary factors in FY12/2021, profit in the vaccination-related business covered the increase in temporary expenses for future growth. Rents also increased due to a large-scale expansion of floor space in FY12/2021, but higher profit was achieved due to steady increases in revenue in existing sectors**

YoY comparison of consolidated operating profit



*1 Operating profit after deducting temporary factors from operating profit (FY2021/12)

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FY12/2022 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 during FY12/2022**

Consolidated B/S

(¥ mm)	End of 2021/12	End of 2022/12	Change	Comments
Total assets	**26,837**	**30,532**	**+3,695**	■ **Property, plant and equipment & right-of-use assets total:** **2,538 mm yen** (End of 2020/12) ▶ **4,540 mm yen** (End of 2021/12) ▶ **4,529 mm yen** (End of 2022/12) – Growth trend due to expansion of bases and system-related investment accompanying business expansion ■ **Good will total asset ratio:** **51.7%** (End of 2020/12) ▶ **40.9%** (End of 2021/12) ▶ **36.0%** (End of 2022/12) – Goodwill has not been amortized, but its share of total assets have steadily declined
Current assets	9,702	13,083	+3,382	
Non-current assets	17,135	17,449	+314	
Goodwill	10,984	10,984	–	
Total liabilities	**15,238**	**14,947**	**(291)**	■ **Interest-bearing liabilities:** **6,500 mm yen** (End of 2020/12) ▶ **5,741 mm yen** (End of 2021/12) ▶ **4,979 mm yen** (End of 2022/12) ■ **Net debt:** **2,808 mm yen** (End of 2020/12) ▶ **674 mm yen** (End of 2021/12) ▶ **-2,629 mm yen** (End of 2022/12)
Current liabilities	8,060	8,685	+626	
Non-current liabilities	7,178	6,262	(916)	
Total equity	**11,599**	**15,585**	**+3,986**	■ **Ratio of equity attributable to owners of parent:** **37.6%** (End of 2020/12) ▶ **43.2%** (End of 2021/12) ▶ **51.0%** (End of 2022/12)
Total equity attributable to owners of parent	11,599	15,585	+3,986	
Total liabilities & equity	**26,837**	**30,532**	**+3,695**	

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FY12/2022 C/F

■ **In addition to an increase in operating cash flow, investment amounts decreased compared to FY12/2021, when large-scale capital investments were made, and as a result free cash flow increased**

Consolidated C/F

(¥ mm)	2021/12 Full year	2022/12 Full year	Change
Operating cash flow	4,140	5,117	+977
Investment cash flow	(1,428)	(769)	+659
Financial cash flow	(1,337)	(1,807)	(470)
Free cash flow	**2,712**	**4,348**	**+1,636**

Main factors of increase/decrease

- Operating cash flow: +1,088million yen (YoY) due to increase in profit before tax
  +485 million yen (YoY) due to decrease in trade and other receivables
  -407 million yen (YoY) due to decrease in trade and other payables
- Investment cash flow: +407 million yen (YoY) due to decrease in purchase of property, plant and equipment
  +325 million yen (YoY) due to decrease in payments of leasehold and guarantee deposits

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Full-year Earnings Forecast (FY12/2023)

- **Sales revenue: Vaccination-related business will come to an end, but we are pursuing growth through expansion of existing sectors and acquisition of new clients**
- **Various profits: Profitability, which had been boosted by the vaccination-related business, is expected to be normalized, but profit level can be maintained by improving the top line**

Consolidated P/L forecast・comparison YoY

(¥mm)	2020/12	2021/12	2022/12	2023/12	
	Results	Results	Results	Forecast	YoY
Sales revenue	**22,461**	**30,286**	**34,674**	**36,000**	**+3.8%**
Operating expenses	(18,902)	(25,570)	(28,942)	–	–
Other revenue	39	68	67	–	–
Other expenses	(12)	(5)	(27)	–	–
Operating profit	**3,586**	**4,780**	**5,771**	**5,800**	**+0.5%**
Operating profit margin	**16.0%**	**15.8%**	**16.6%**	**16.1%**	**-0.5pt**
Financial profit	40	4	3	–	–
Financial expenses	(122)	(141)	(44)	–	–
Profit before tax	**3,504**	**4,642**	**5,731**	**5,760**	**+0.5%**
Income tax expense	(1,080)	(1,426)	(1,928)	–	–
Net income*1	**2,425**	**3,217**	**3,803**	**3,770**	**-0.9%**
Net income margin	**10.8%**	**10.6%**	**11.0%**	**10.5%**	**-0.5pt**
EBITDA*2	**4,321**	**5,882**	**7,234**	**7,382**	**+2.0%**
EBITDA margin	**19.2%**	**19.4%**	**20.9%**	**20.5%**	**-0.4pt**

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

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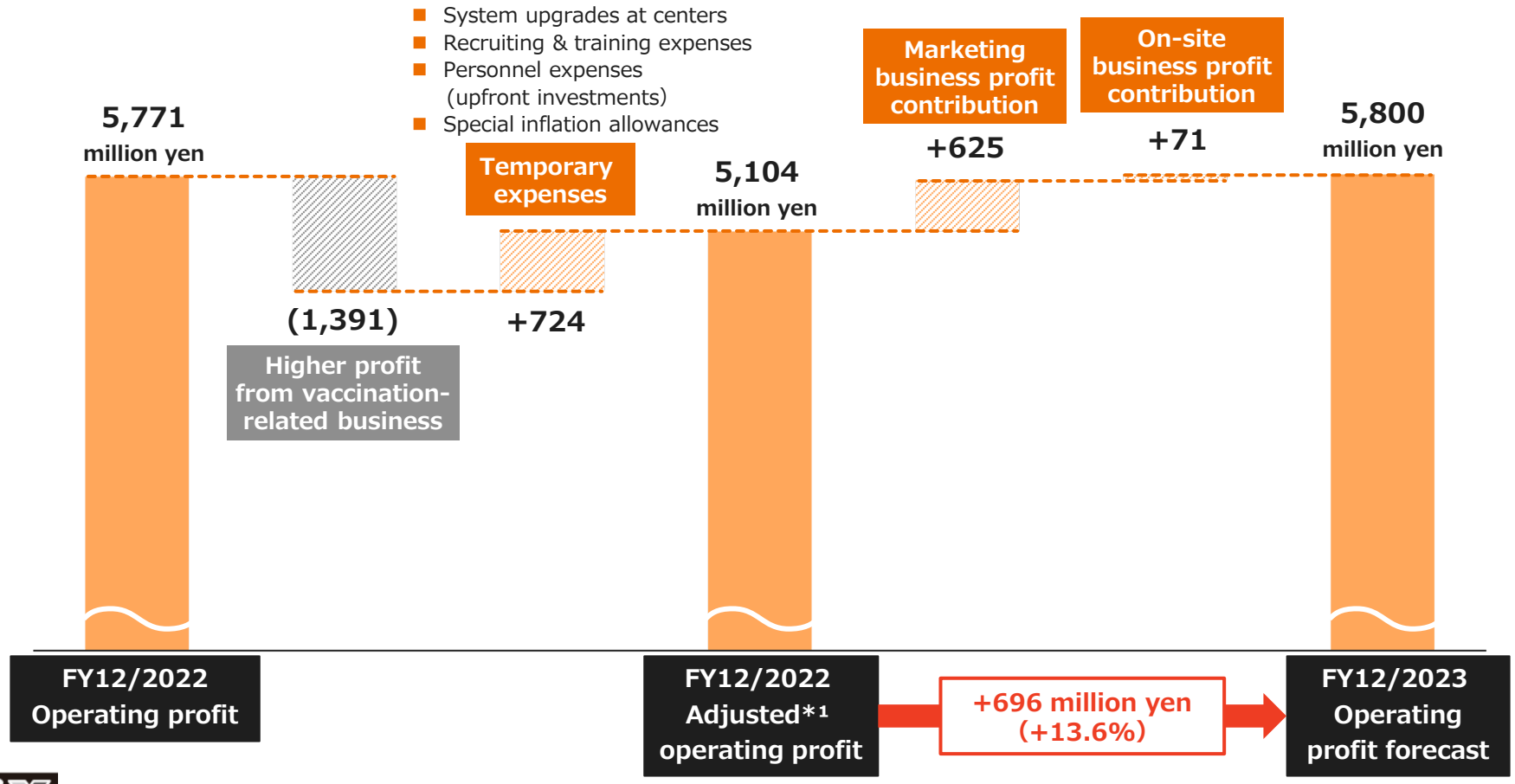
Factors for Increases and Decreases in the forecasted Operating profit (Full Year 2023)

- Adjusted operating profit for FY12/2022 was 5,104 million yen. The forecast for FY12/2023 is an increase of +13.6%
- The growth rate will temporarily slow due to the decline in vaccination-related business and the pause in the telecom. infrastructure sector, but a gradual recovery is expected
- We expect results in the marketing business to expand, including in sectors other than telecom. infrastructure, and decrease in temporary expenses in the on-site business

YoY comparison of consolidated operating profit forecast



*1 Operating profit after deducting temporary factors from operating profit (FY12/2022)

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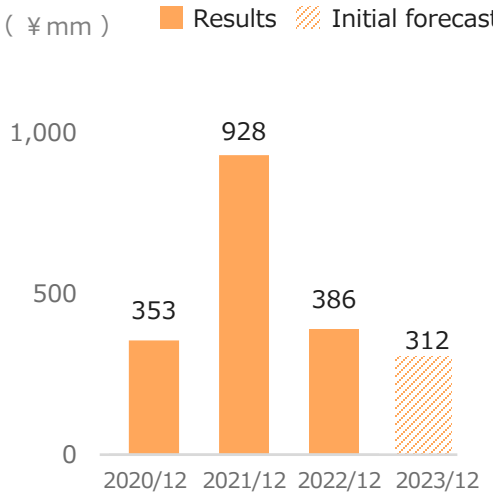
Investment Plan

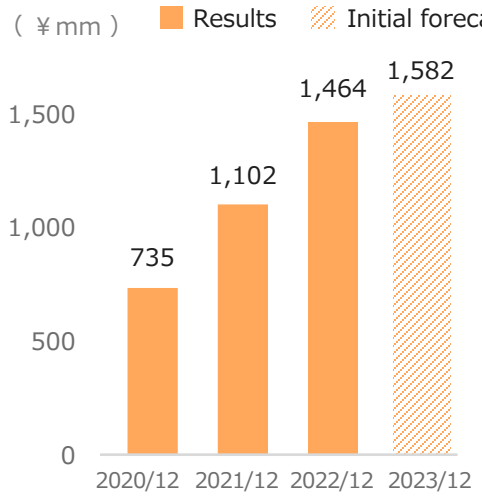
■ **Capital investment in FY12/2022 was implemented in line with the initial forecast. A certain level of investment will continue to be made in FY12/2023**

Capital investment plan and depreciation outlook

Capital Investment



Depreciation & Amortization



Major capital investment breakdown

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

Approach

Capital Investment

- The initial forecast has been reduced in consideration of the current surplus capacity as well as the winding down of the vaccination-related business
- If even further office space expansion is needed, we will respond flexibly

Depreciation & Amortization

- The increase in depreciation in conjunction with large-scale capital investment in FY12/2021 has come to an end, and will be slightly higher from FY12/2022

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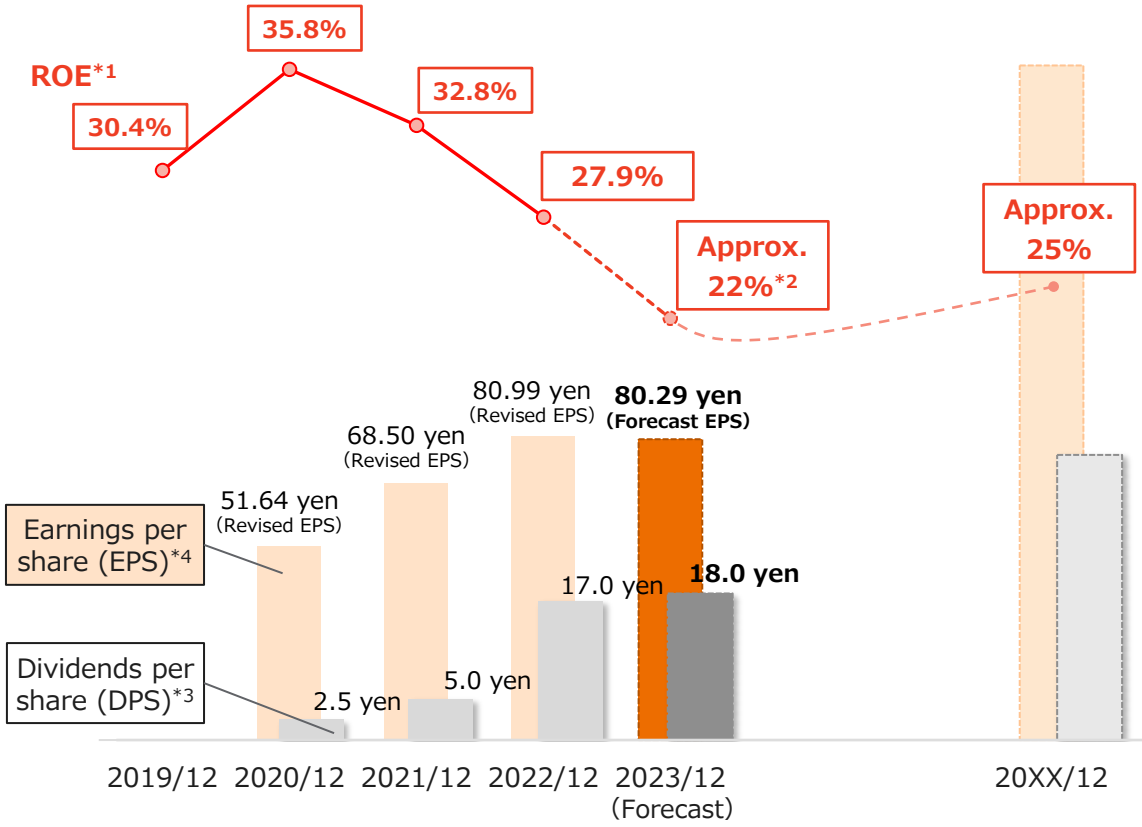
Capital Policy

- **The planned year-end dividend for FY12/2023 is 18 yen per share, an increase of 1 yen from the previous fiscal year.**
- **ROE*1 has continued its gradual downward trend due to the increase in shareholders' equity. We aim for of around 25% in the medium term**

Changes in main indicators



Policy

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

*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 46,956,476 shares, the number of shares at the end of the fiscal year ended December 31, 2022 (excluding treasury shares)

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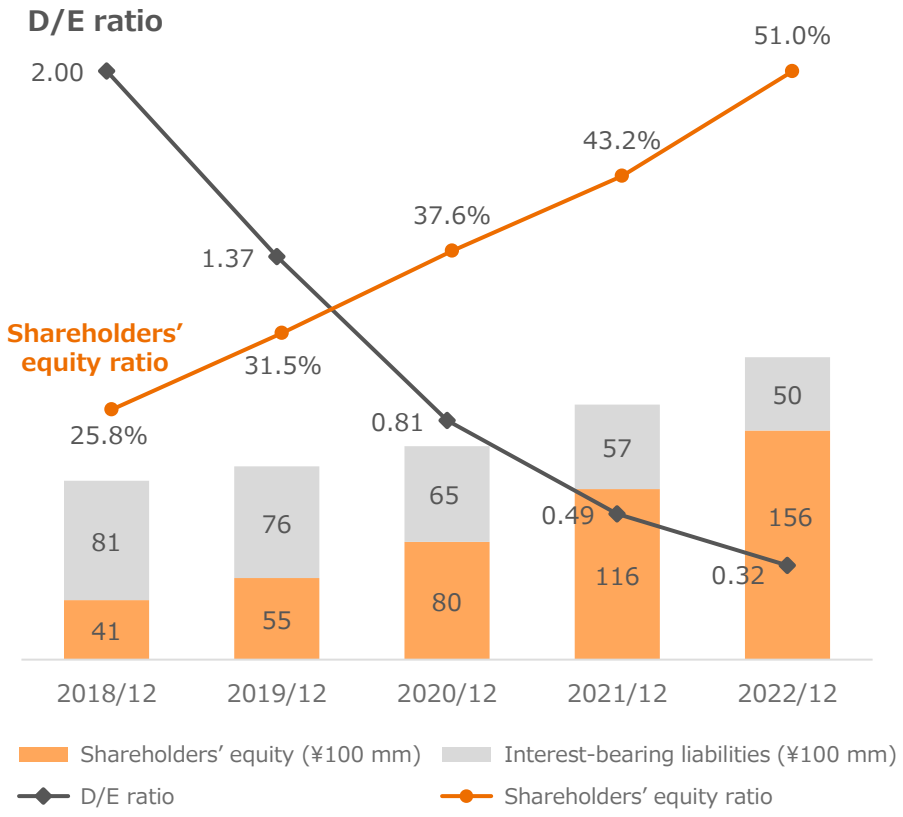
Stock Repurchase

- The D/E ratio and shareholders' equity ratio have improved
- The Company will repurchase its common stock to increase our corporate value by optimizing the capital structure and reducing the weighted average cost of capital

Changes in shareholders' equity and interest-bearing liabilities



Stock Repurchase (announced February 14, 2023)

- The company will repurchase its common stock up to a maximum of 2 billion yen

Overview of stock repurchase

Total number of shares of common stock to be repurchased	1,500,000 shares (maximum) Equal to 3.2% of all issued shares (excluding treasury shares)
Total amount	2,000,000,000 yen (maximum)
Period	February 15 - December 22, 2023
Repurchase method	Purchase through TSE Off-Auction Own Share Repurchase Trading System (ToSTNeT-3)

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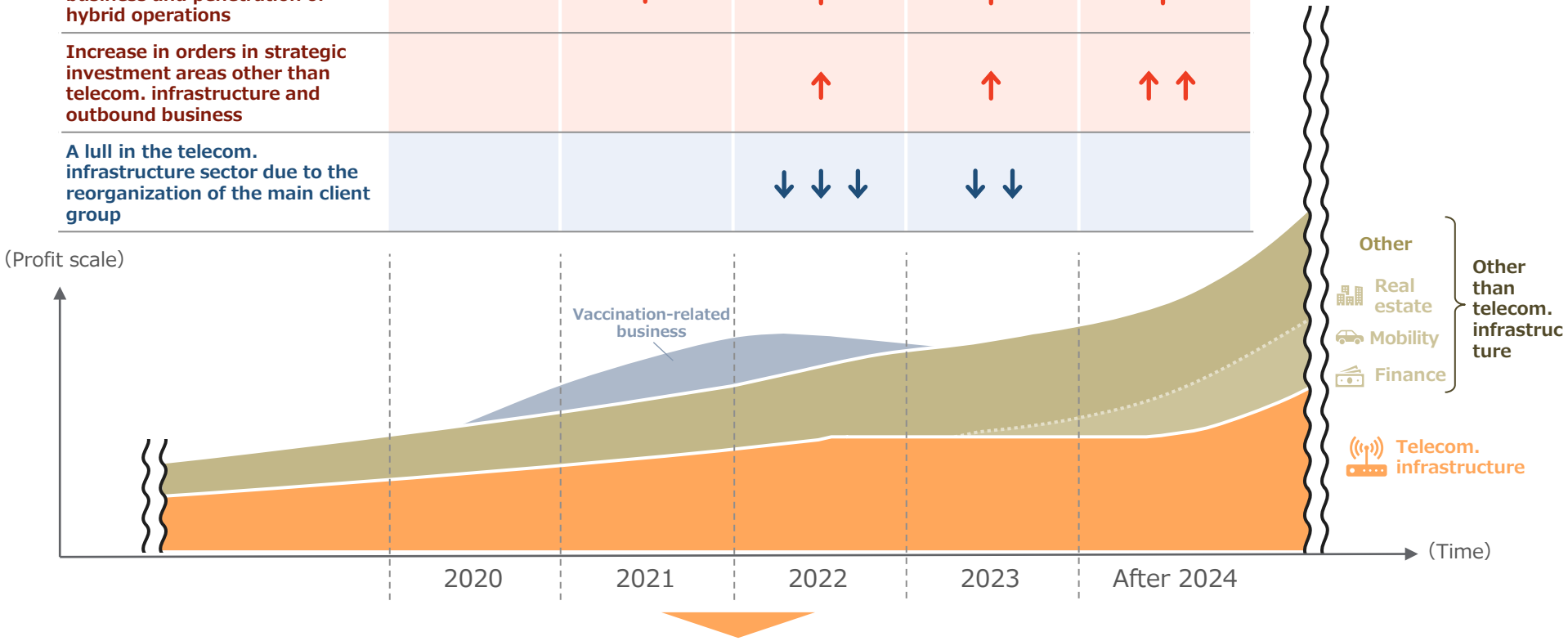
The COVID-19 Pandemic Drove DmMiX's Growth

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

Factor	Impact and Period
Higher profits from vaccination-related business	↑↑ ↑↑↑ ↑↑↑
Acceleration of non-in-person business and penetration of hybrid operations	↑ ↑ ↑ ↑
Increase in orders in strategic investment areas other than telecom. infrastructure and outbound business	↑ ↑ ↑↑
A lull in the telecom. infrastructure sector due to the reorganization of the main client group	↓↓↓ ↓↓



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

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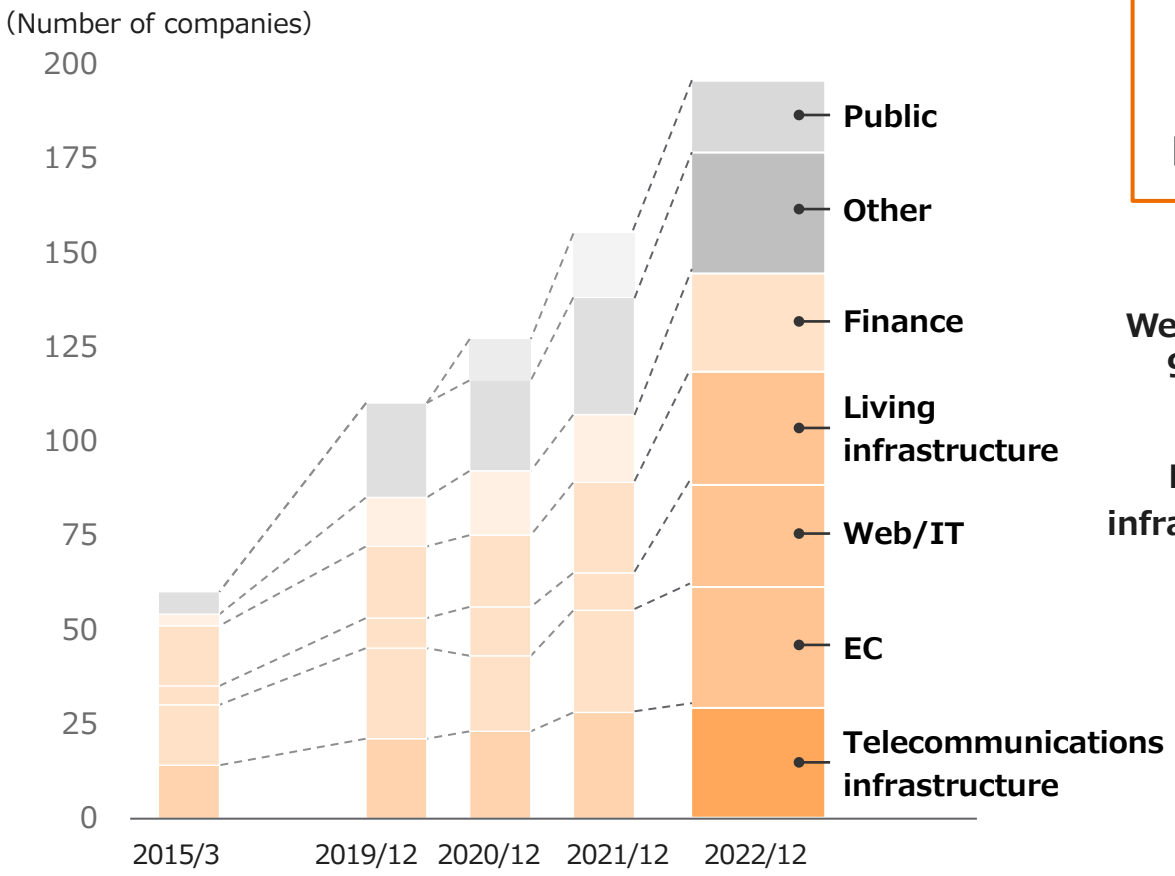
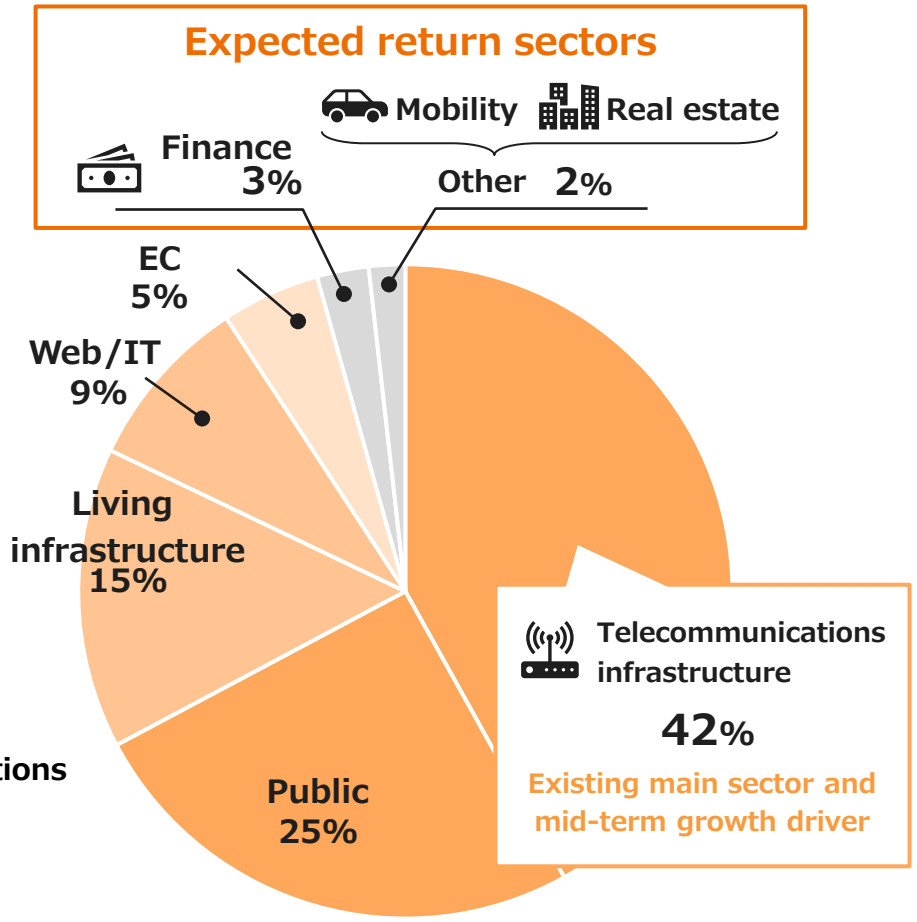
Current Earnings Base and Future focus Sectors

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

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



Revenue composition ratio by industry (FY12/2022)



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

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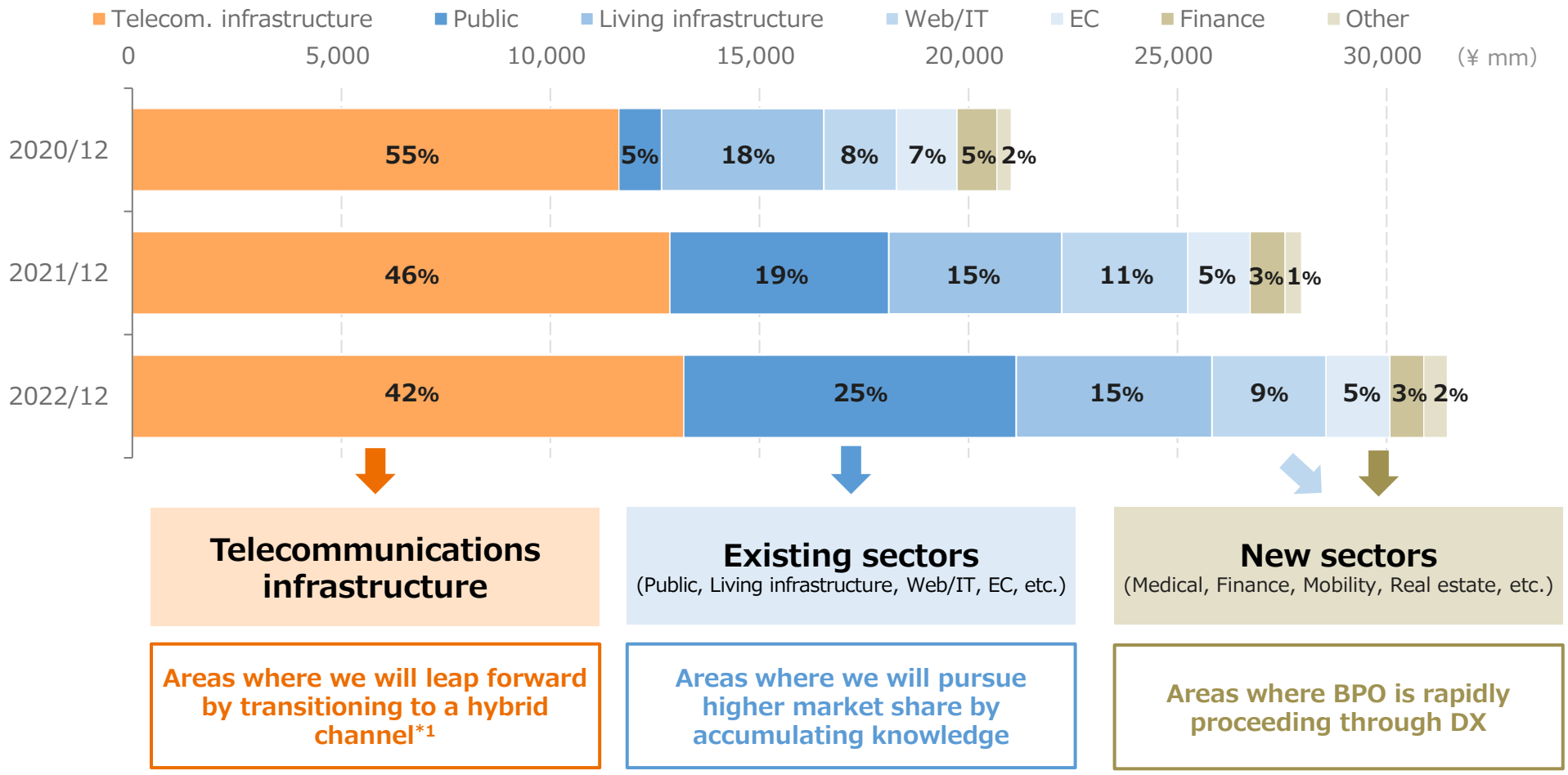
Changes in Sales Revenue by Sector and Future Growth Sectors

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

Changes in sales revenue by sector



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

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Approaches in Each Sector: Telecommunications Infrastructure

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

Telecommunications Infrastructure: An area where we will leap forward by transitioning to a hybrid channel[*1]

	External environment	DmMiX's growth image
Telecom. infrastructure	• **Our main client reviewed its cost policy in conjunction with a group reorganization** • Brick-and-mortar stores are shrinking and the transition to a hybrid channel[*1] that integrates the real and online is accelerating • It is difficult to acquire new individual users because of the low birth rate and aging of the population, and raising ARPU using peripheral materials and so on is an issue • Corporate demand is increasing against a backdrop of increased remote work and DX promotion • Integration with various solutions, such as finance and media, is progressing	• **The temporary reduction in costs is an interim step in promoting DX in sales channels, and the transition to a hybrid channel[*1] is believed to be positive for the Company** • Produce results beyond those of brick-and-mortar stores and contribute to the customer satisfaction of both end users and clients • Possess know-how on improving ARPU through cross-selling and up-selling with digital services, electricity, gas, etc. • Cover the needs of clients not only through contact centers but also through a wide range of channels such as field sales • Expand business areas such as finance and Web/IT in line with client growth strategies

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

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Approaches in Each Sector: Existing sectors

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

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

	External environment	DmMiX's growth image
Public	• Vaccination-related demand continued until FY12/2022 • Outsourcing is progressing, triggered by vaccination-related business • The advance of DX and the shift to non-in-person services are accelerating. New needs are being created, such as telemedicine and identity verification associated with online services	• In FY12/2023 and later, orders for vaccination-related business will be zeroed out at an early stage • Build relationships with local governments and other public sector clients by using opportunities from outsourcing of vaccination-related business • **Accurately capture various outsourcing needs identified during the COVID-19 pandemic**
Living infrastructure	• Increased competition temporarily eased as rapid fuel price hikes made it difficult for small businesses to enter the market • Cross-sell and up-sell to existing users as well as develop new customers is essential	• Once fuel prices stabilize, competition will intensify again. In turn, the need for outsourcing will expand, creating a tailwind for the Company • Approaching existing users is highly compatible with outbound-type sales and marketing, which is one of our strengths, and **continuous demand can be expected**
Web/IT	• New business of various genres is emerging with the progress of DX and rapid expansion of non-in-person services during the COVID-19 pandemic • Market expansion is expected in various service areas (Xaas[*1]) in the future	• **Continue efforts for social implementation of new business in conjunction with the progress of DX** • Focus on lateral development of food delivery and electronic payment services within major telecommunications client groups

*1 Abbreviation for "Everything as a service" "X as a service"

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Approaches in Each Sector: New sectors

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

New sectors: Areas where BPO is rapidly proceeding through DX

	External environment	DmMiX's growth image
Medical	• Online and BPO demand is increasing due to the rapid expansion of medical demand and tight resource supplies • Markets continue to expand with support from the national and local governments	• Contribute to enhancement and expansion of services through online reception and healthcare consultations as well as outsourcing of all types of BPO including office works • Specialized centers for nurses and other qualified healthcare professional have been launched and are operating • Increased name recognition of our company in the public sector is also a tailwind
Finance	• Outsourcing is gradually progressing as a result of the COVID-19 pandemic and DX promotion • The medium-to long-term market potential is high for banks and securities companies that are moving away from fee-based business	• Shift from conventional insurance agencies business to **banks and securities business**. In the short term, profit will temporarily decrease due to a decline in existing business • Build a track record with mid-tier clients and develop transaction with leading banks and securities companies • There are expectations for **new services** such as the **online identity verification (electronic Know Your Customer [eKYC]) business**
Mobility	• A major revolution in technology and services has arrived in areas such as DX advancement, autonomous driving, electric vehicles, and car sharing • Shift in user needs from new car purchase to subscription use	• Expansion of touch points between service providers and users is business opportunities • Formed a capital and business tie-up with Nyle Inc., which operates car subscription service "Carmo-kun", to make a full-scale entry into the field
Real Estate	• DX advancement is still in an interim stage and expansion of demand has not yet occurred	• Continue transactions with each client and accumulate know-how

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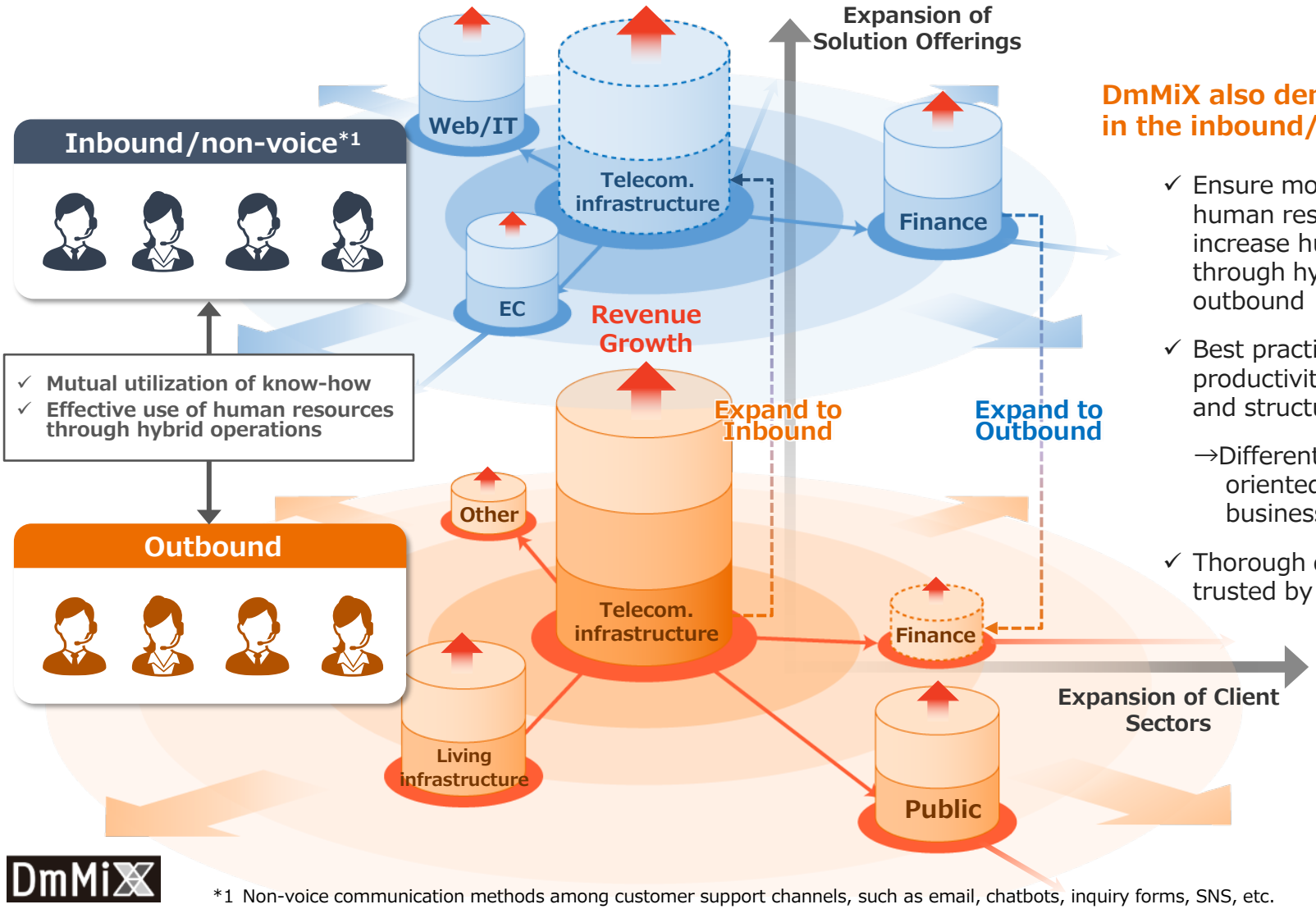
Medium- to Long-term Growth Image

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



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

- ✓ Ensure mobility through ample human resources pooling and increase human resource efficiency through hybrid operation with outbound
- ✓ Best practices developed by high-productivity personnel are deployed and structured

  →Differentiation through results-oriented inbound/non-voice *1 business
- ✓ Thorough quality control that is trusted by national clients

*1 Non-voice communication methods among customer support channels, such as email, chatbots, inquiry forms, SNS, etc.

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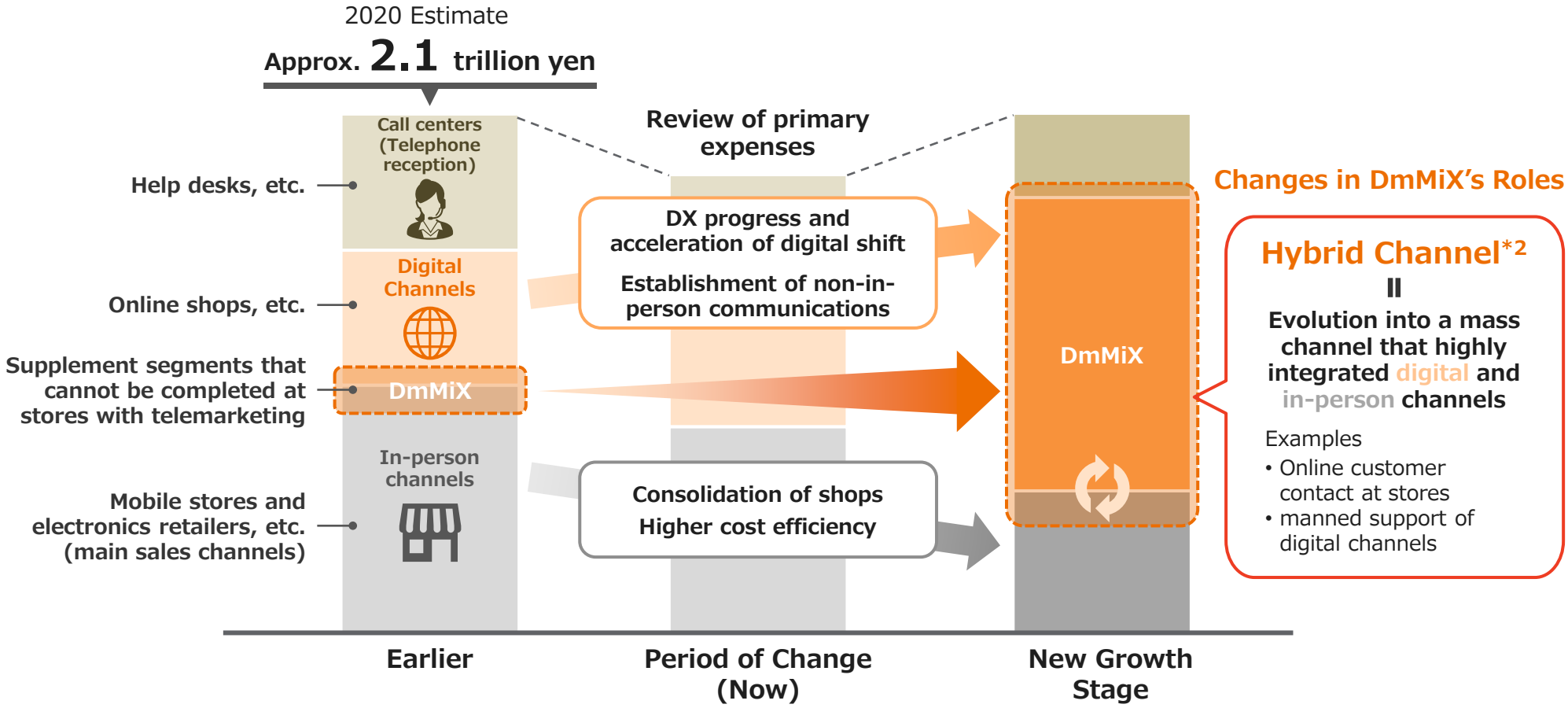
Growth Opportunities in the Telecommunications Infrastructure Sector

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

Image of breakdown changes in operating expenses for major telecommunications carriers*1



*1 Company estimates based on disclosure materials. Sales (agency) commissions plus operating (work) expenses within each company's sales expenses
*2 A sales and support channel that integrates the real (brick-and-mortar stores) and online (web shops) including online customer service at stores and manned support for digital channels

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Promoting ESG Management integrated with Business

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

Initiatives to Strengthen Governance

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

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

Initiatives for Human Capital

System for hiring and developing a diverse workforce

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

Climate Change Initiatives

Virtually zero CO_2 emissions (carbon neutral) by 2030

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

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

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External ESG Evaluation

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

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

*1 ESG indicators for domestic stocks from GPIF, FY2021 ESG Activities Report (August 2022)
*2 Calculated based on the FTSE scores of Japanese companies
*3 Calculated based on the score within the sector

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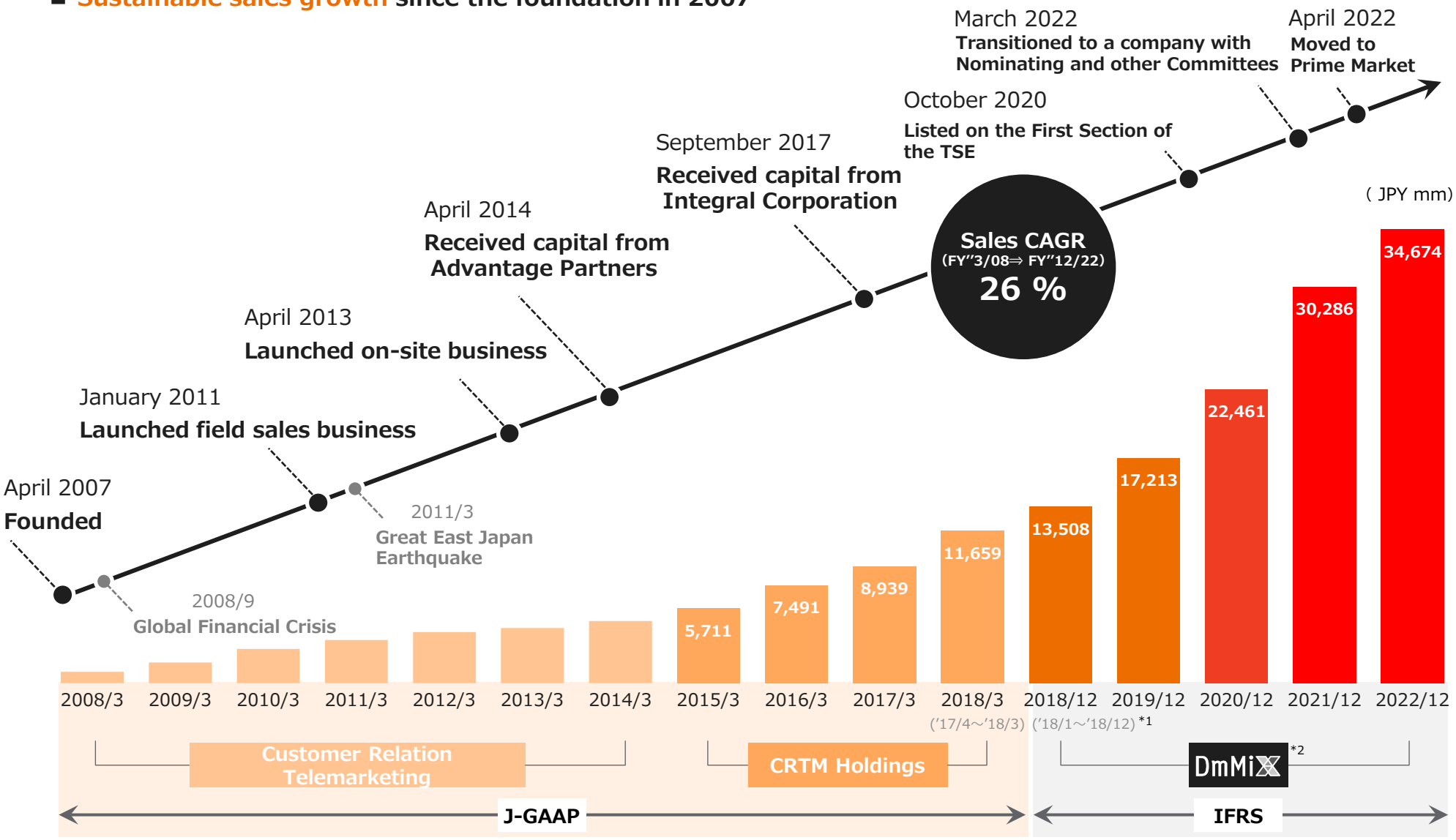
Key Milestones since Incorporation

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



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

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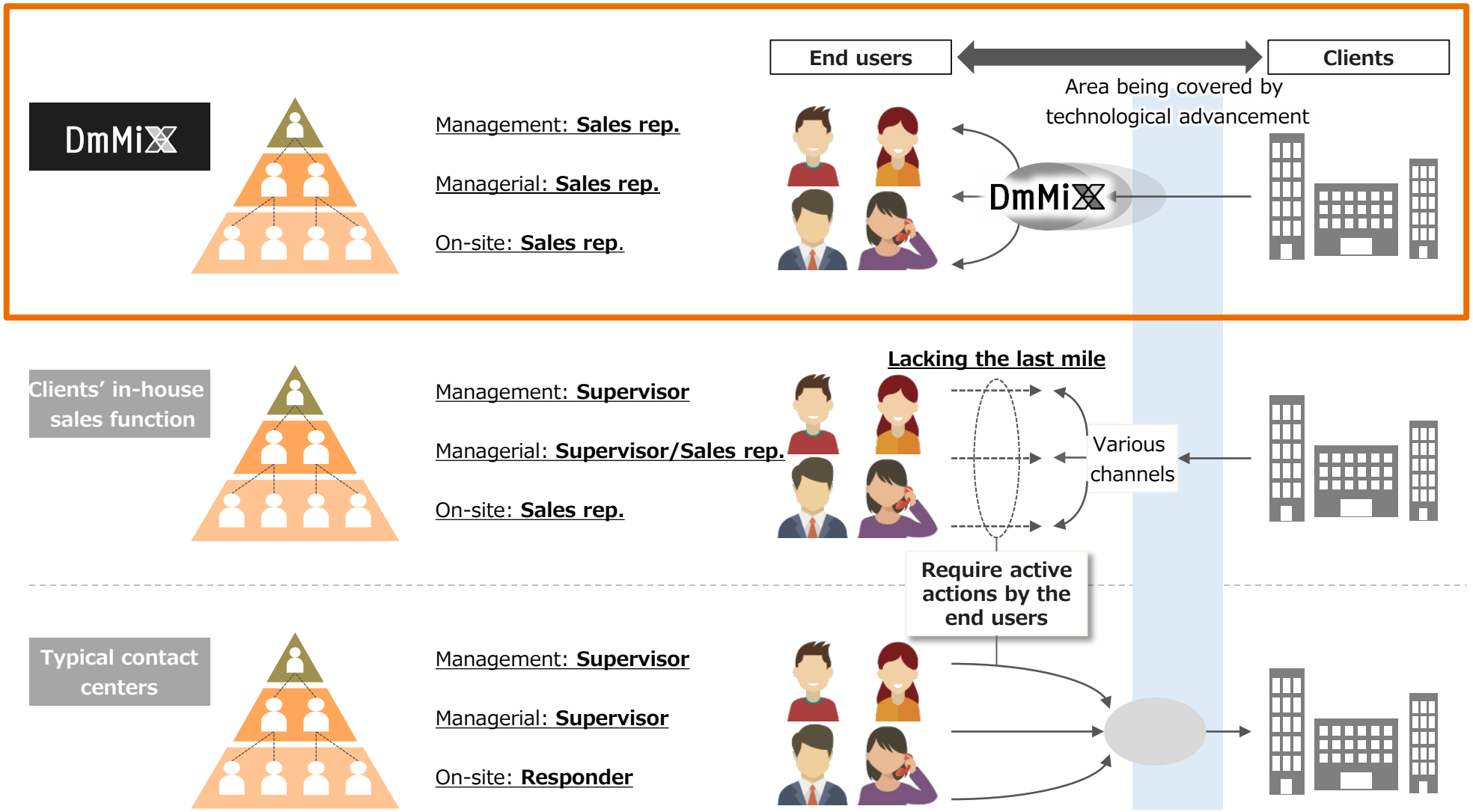
Our Distinct Business Model from Other Companies



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**

Title	Position	Average length of service	Organization	Headcount*1	Role
● Managing Directors / Directors ● Managers	□ Front line since the dawn of outbound market □ Conduct marketing and consulting for clients	About **10** years		29 67	Marketing
● Supervisors	□ Discover the "winning-pattern" for acquiring end users □ Accumulate sales know-hows by projects	About **5** years		228	Sales
● High performers*2	□ Secure high profitability by pursuing performance -based fee	About **2** years		680	Sales
● Communicators	□ Secure stable revenue by fixed fees □ Ubiquitous approach to gather end user feedbacks	**<2** years		6,002	CRM

End user feedback immediately reflected on the marketing strategy

*1 Employees in marketing business (as of the end of December, 2022)
*2 A general term for staff who have achieved a certain level of sales performance according to our standards

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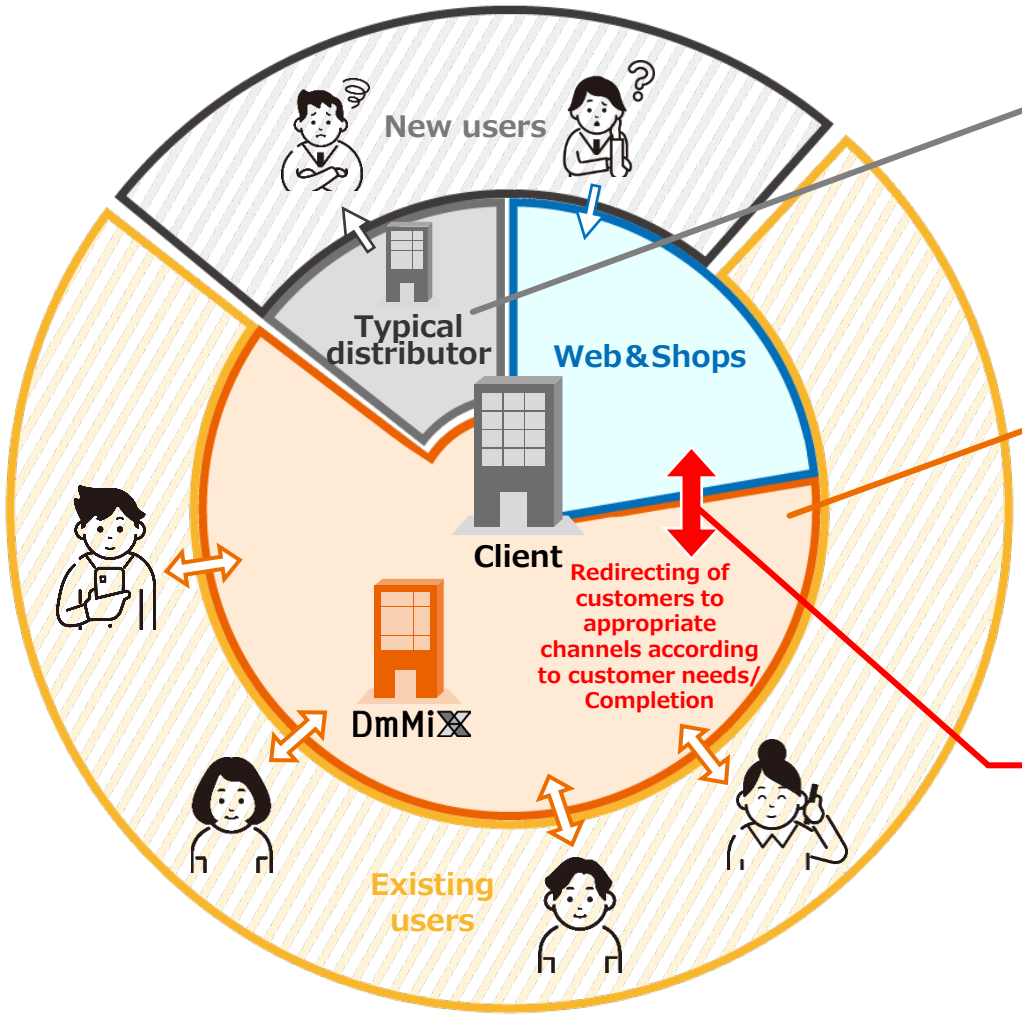
Supporting the OMO*1 strategy by freely connecting each Sales Channel and Users

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



Typical distributor

Limited sales destinations & communication

- Sales to new users cultivated in-house
- One-way communication

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Increase of sales and marketing as a client's own resource

- Maintenance of accumulated existing users & ARPU improvement
- Two-way communication & hot voice collection
- Security from interactions with contractors
- Quality control for user support
- High reach to passive masses

Supporting OMO*1 marketing by connecting multiple sales channels and users

- Respond to Web inquiries by phone or chat
- Receive/make a call and guide the customer to the Web or actual shops, etc.

Indispensable functions to complement and maintain the DX mechanism

*1 Abbreviation for Online Merges with Offline

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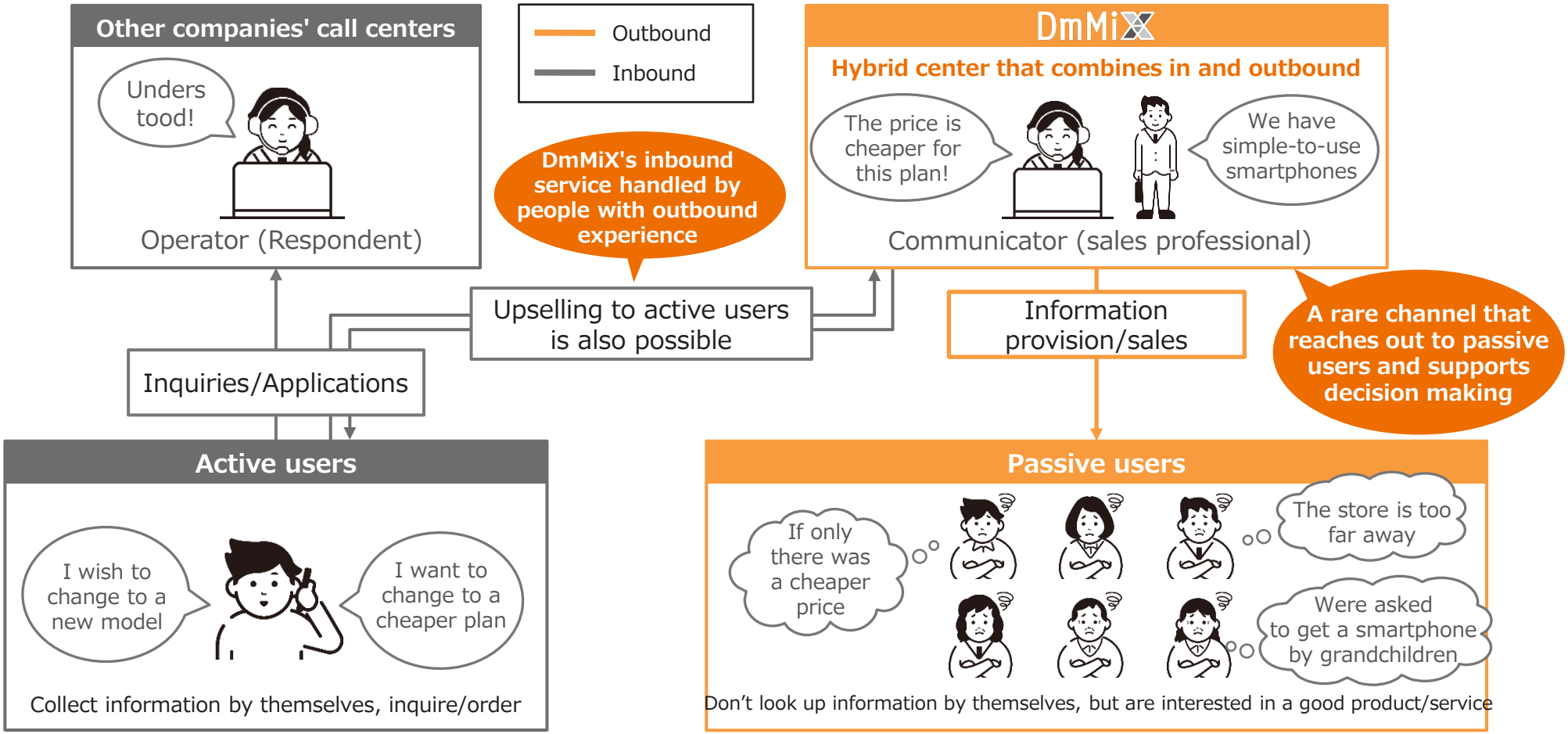
"Hybrid Center" that combines high quality Sales Force and User Reach

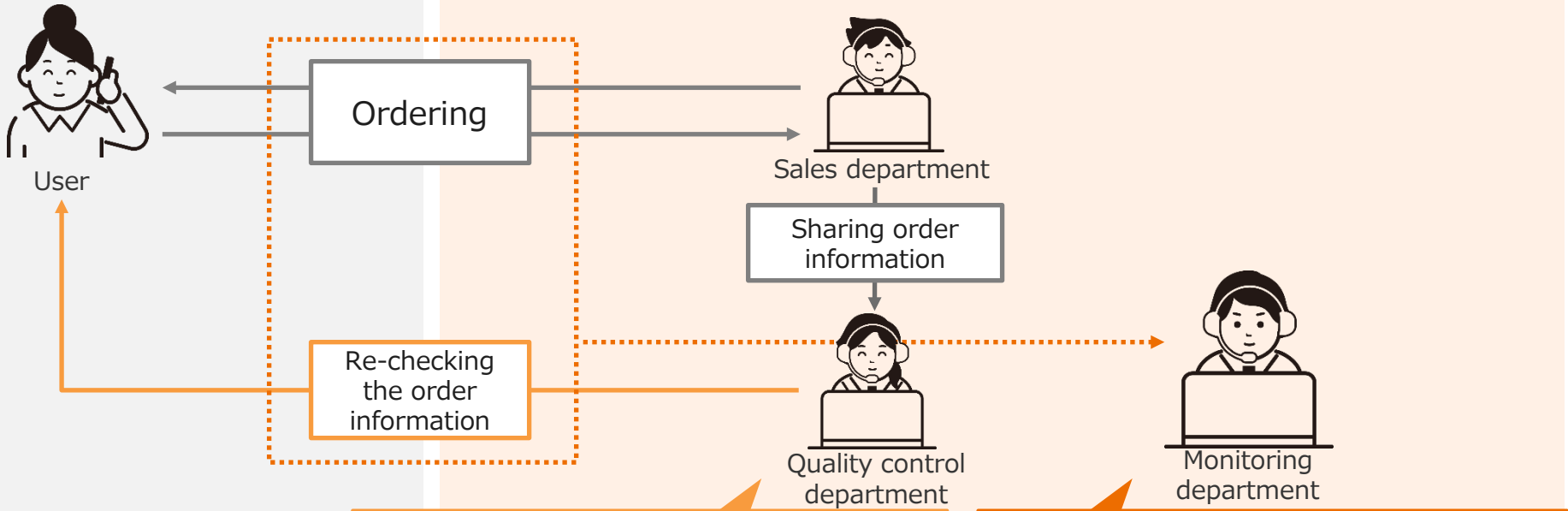
- **In the Japanese market environment, with many passive users, we are highly evaluated as a rare channel that can reach them directly from the company's side**
- **We provide services as a resource for client. With high quality control, we are not only responsible for sales, but also for deterring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

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



Thorough Quality Control as a Sales Professional

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



Direct confirmation by quality control department

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

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

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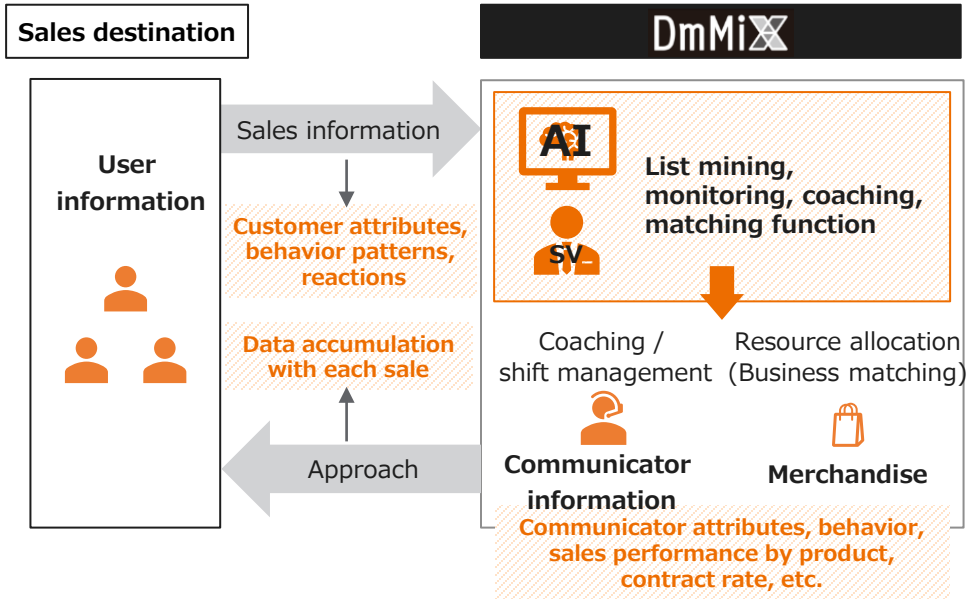
Acceleration of growth by AI utilization

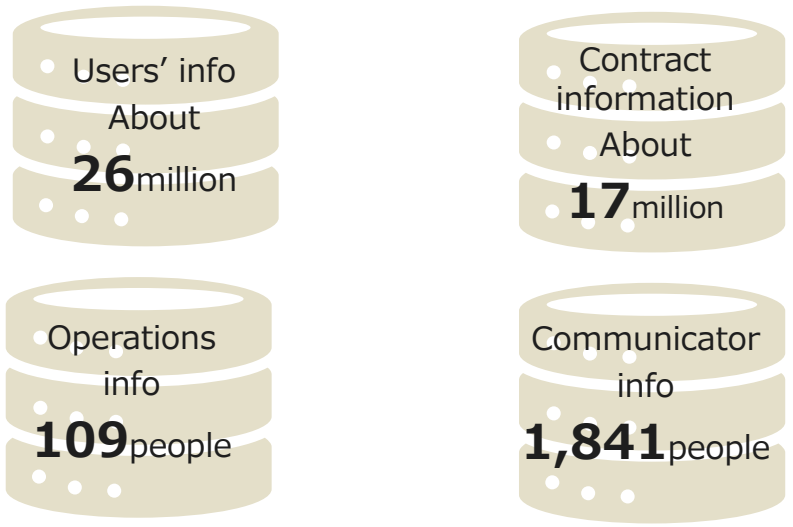
- For AI development, even at the stage of trial introduction of some functions, a large effect has already been proven
- We will expand the AI utilization function and introduce it to both management and communicator operations

Overview of an AI system



Partial AI test introduction effect

AI utilization data implementation（Cumulative）



Factors for accelerating growth

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

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

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

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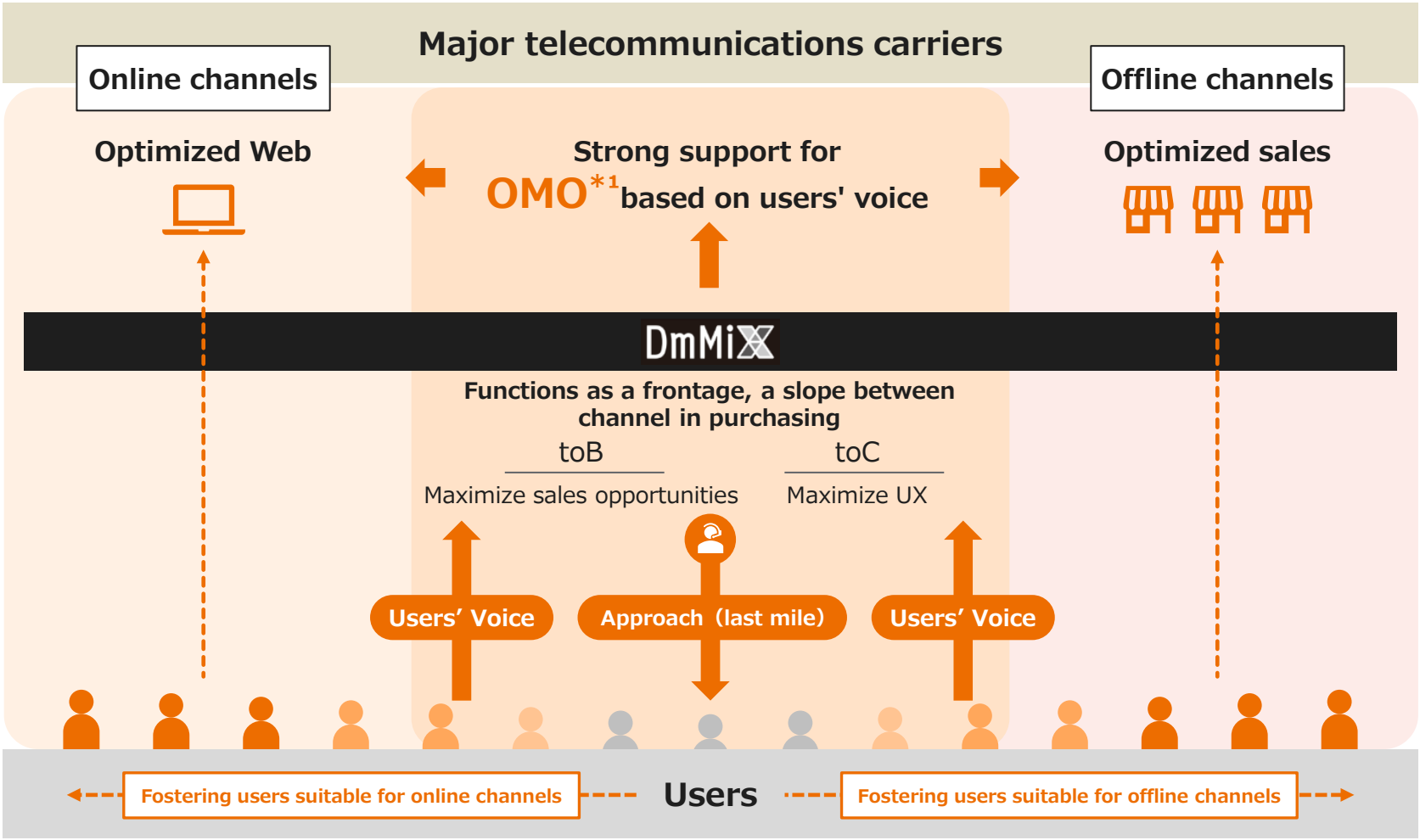
Acquiring profit Opportunities by solving Client Issues

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



*1 Abbreviation for Online Merges with Offline

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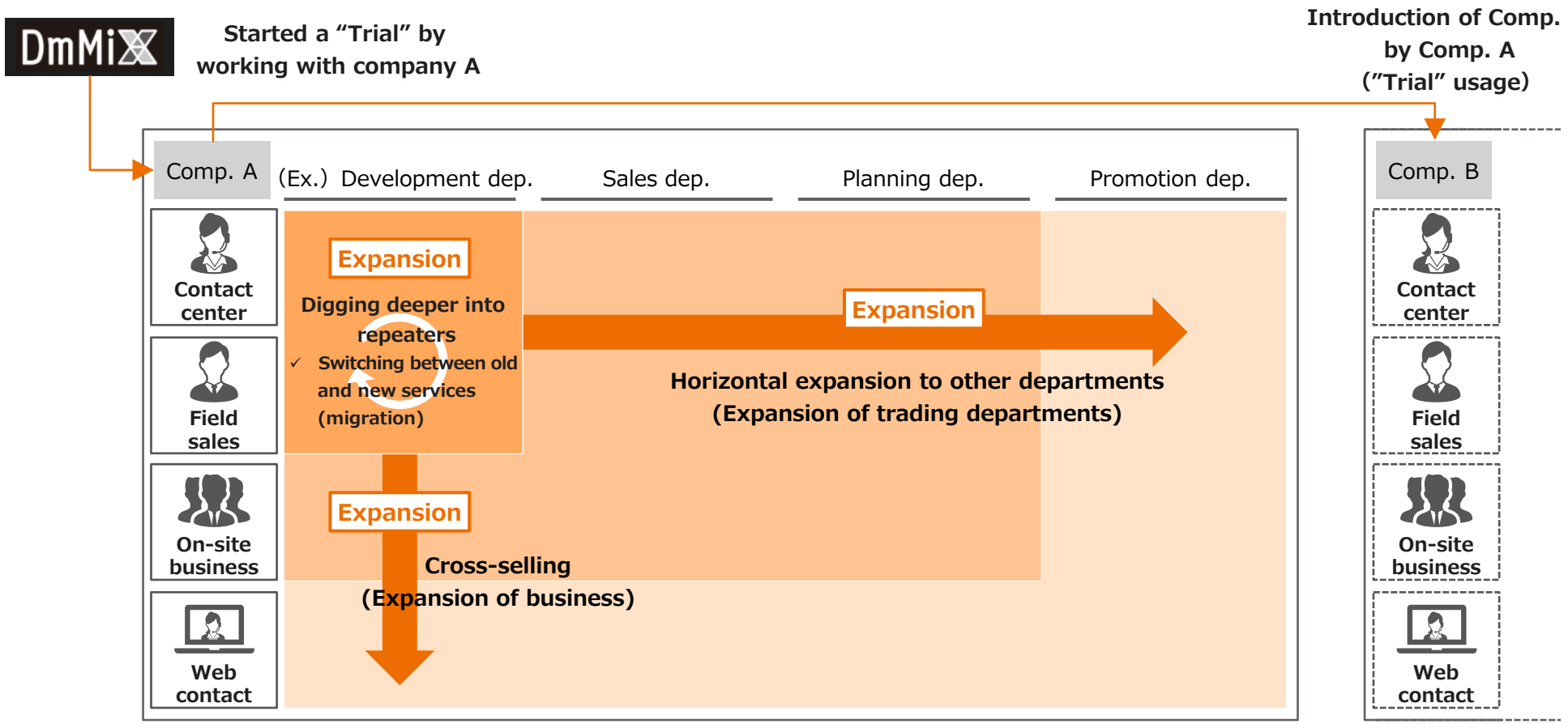
Client acquisition and Business Expansion

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

Image of expansion of existing business from acquisition of new clients



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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

Standard contact center company — Dependent on subcontractors for system design and development

System documentation creation	System development	System testing	
20 days	15 days	20 days	Inbound support only

DmMiX — No need to spend days communicating with subcontractors; development is conducted flexibly while applying in-house know-how

System documentation creation	System development	System testing	
2 days	**2** days	**1** day	Hybrid inbound/outbound support

Fast monetization + **Secure high profitability**

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

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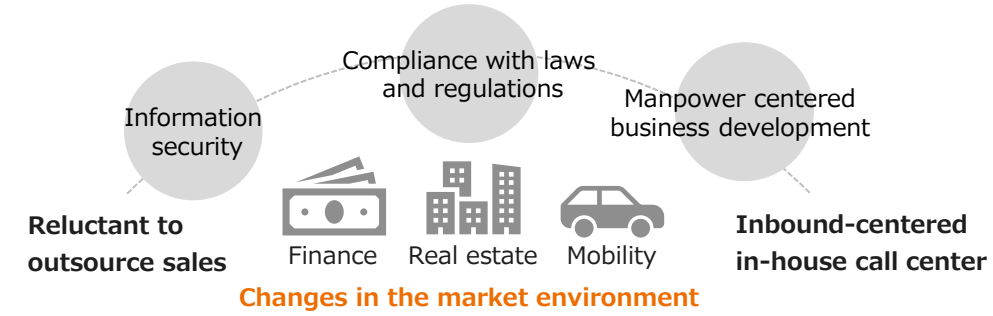
Game change in the Sales Solution Market (monetization of expected sectors)

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

Expansion policy to expected sectors



Changes in the market environment

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

Intensifying competition in each sector

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

Business transformation for business expansion during the population onus period

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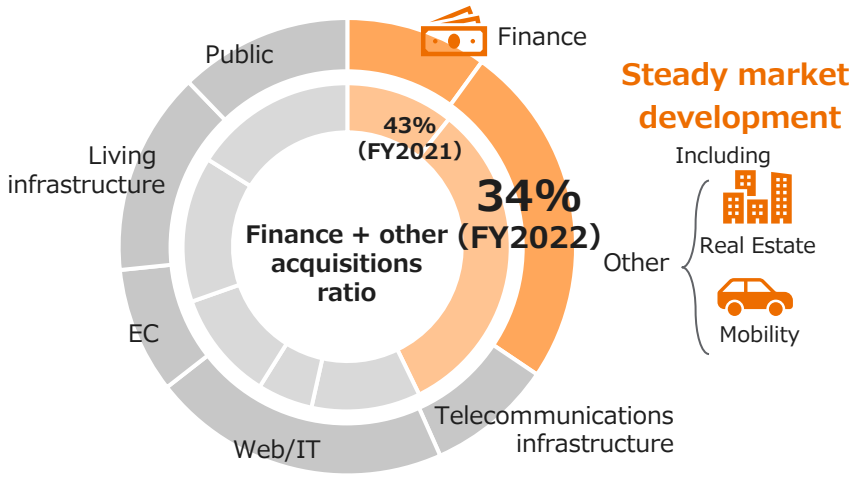
Responding to new movements in the industry (face-to-face sales x telemarketing). Utilizing the outbound know-how cultivated in the telecommunications infrastructure sector, aim to monetize in 3-5 years

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



Expected sector acquisition status

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

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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

Challenges faced by client

- No growth strategy in place due to cost cutting
- Conventional sales Experience and intuition
- Accumulation of customer data, transaction data, etc.

Services provided by DmMiX

Utilization of accumulated data as comprehensive data

Cleansing of customer lists and data

Improvement of sales force and cost effectiveness

Customer segmentation

- Focus on sales to priority customers
- Development of outbound approaches to passive masses

Personalized UX (User Experience)

Formation of CX (Customer Experience) through the accumulation of UX corresponding to customer attributes

Mechanism establishment

Improvement of sales quality

- Sharing of sales know-how and use of talk scripts for reasonable and law-abiding sales

Outcome

Realization of top-line growth

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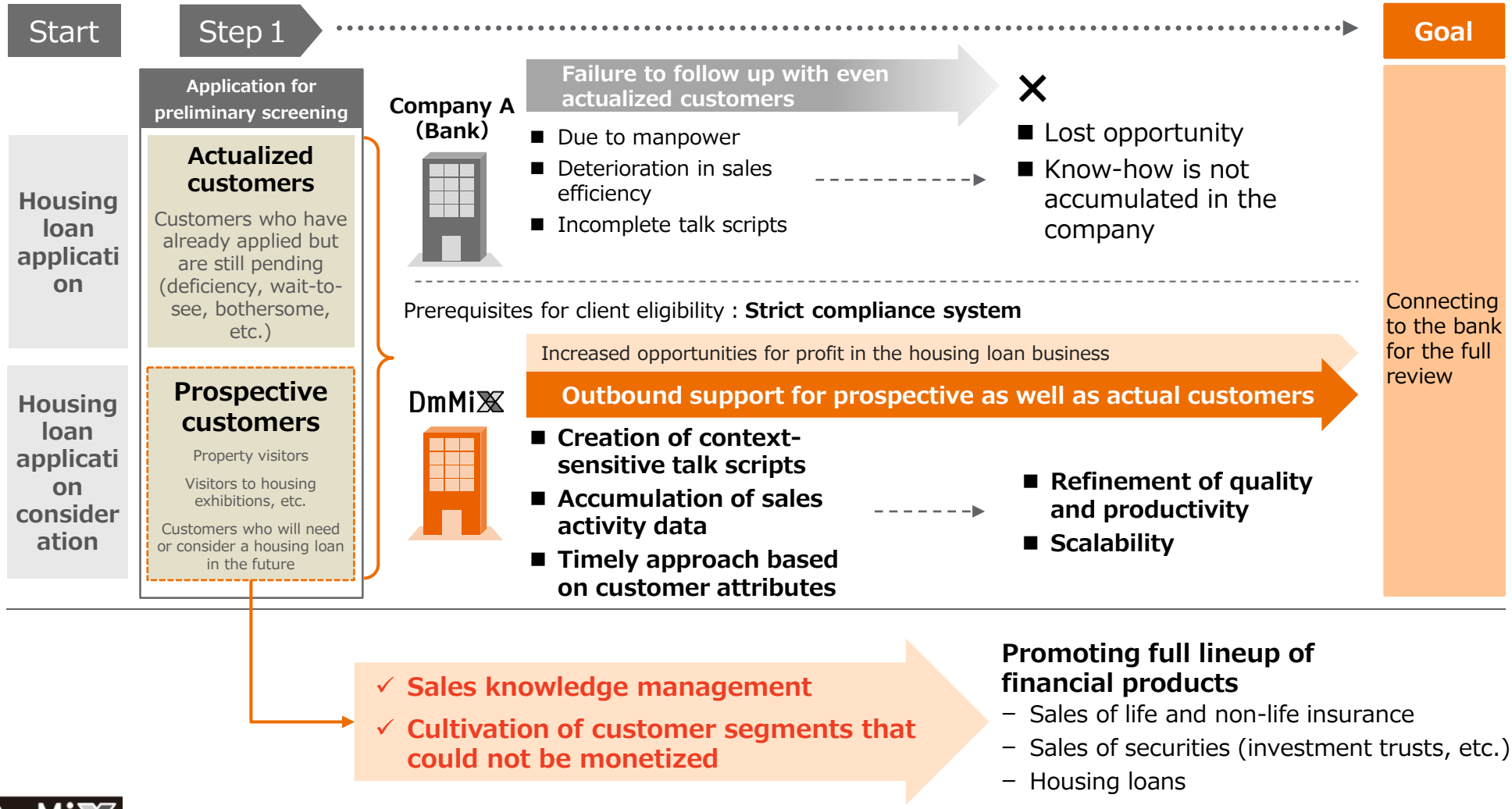
Promising Market Example - Housing Loan Sales

- **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**



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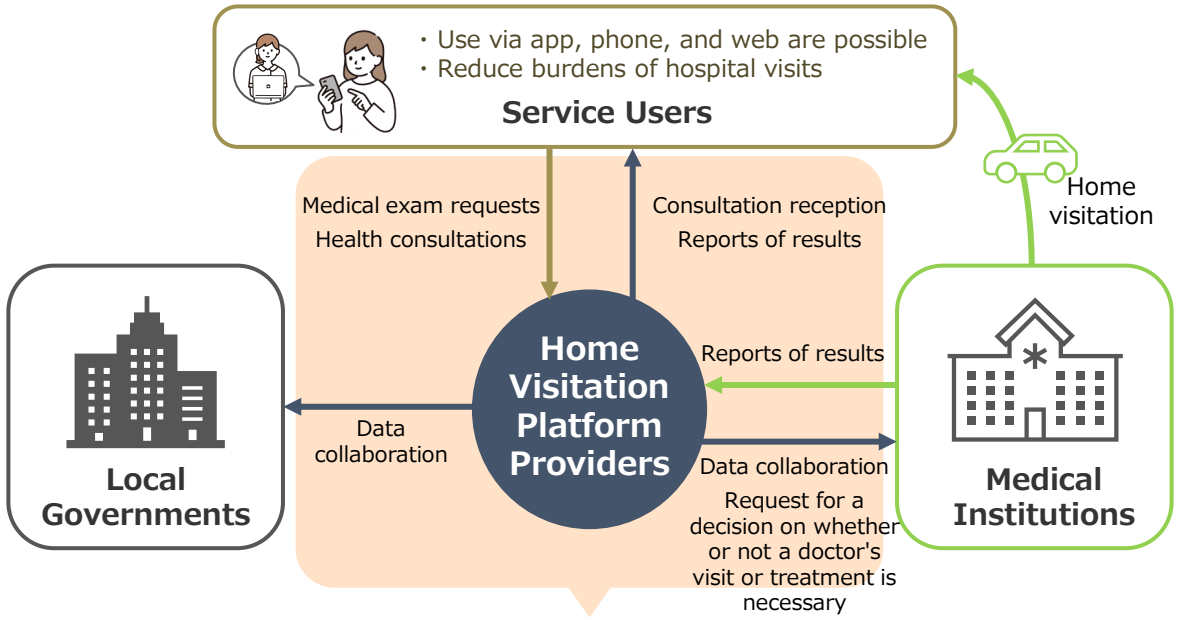
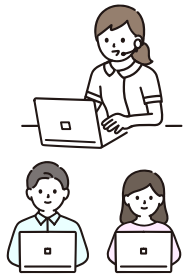
Growth Opportunities in New Areas (1) BPO for Healthcare

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



DmMiX's telemedicine and home visit support



Nurse Operators(Personnel with qualifications)

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

General operators

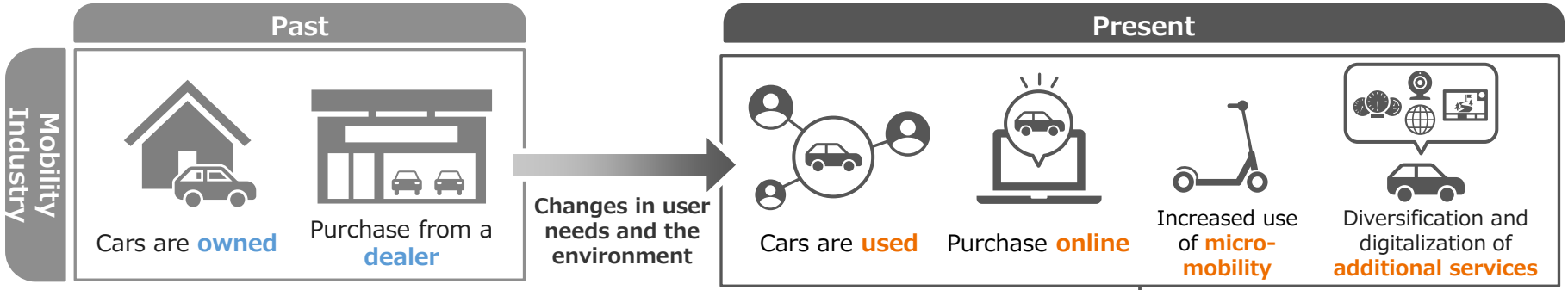
- **General operators work together to perform administrative work**

Realization of medical DX

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

Growth Opportunities in New Areas (2)
Mobility (Automobile Sales through EC)

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



End user's perspective

Requests

- I want to learn about online purchasing and contract procedures
- I want to decide while consulting with someone
- I want to use a convenient and good car at a low price
- I want to learn how to use sharing services



Need for dialogue with communicators

Become a touch point that provides one-stop solutions

DmMiX

Need for sales BPO

Service provider's perspective

Issues

- There is a need for development to enable online purchases and contracts
- Lack of sales expertise
- Personnel shortages makes 24-hour responses difficult
- It is necessary to enhance after-sales service for peripheral devices, insurance, etc.
- Measures are needed to increase ARPU



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Growth Opportunities in New Areas (3)
Social Gifts (Electronic Tickets)

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

Social Gift Platform Providers

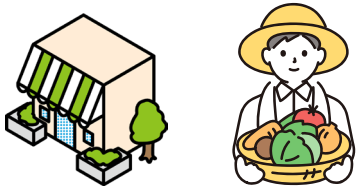
Ticket issuance

Ticket use

Product listing & registration

Data collaboration

Product Providers
(Manufacturers, producers, etc.)



- Higher recognition just through registration
- Low costs

Provision of products

Service Users

End users (gift givers & recipients)



- Simple online procedures
- Gifts can be given even to persons whose address is unknown

Local government coupons

Listed company shareholder benefits

Corporate sales promotion novelties



- Expand to new users
- Useful not just for companies but also for regional revitalization

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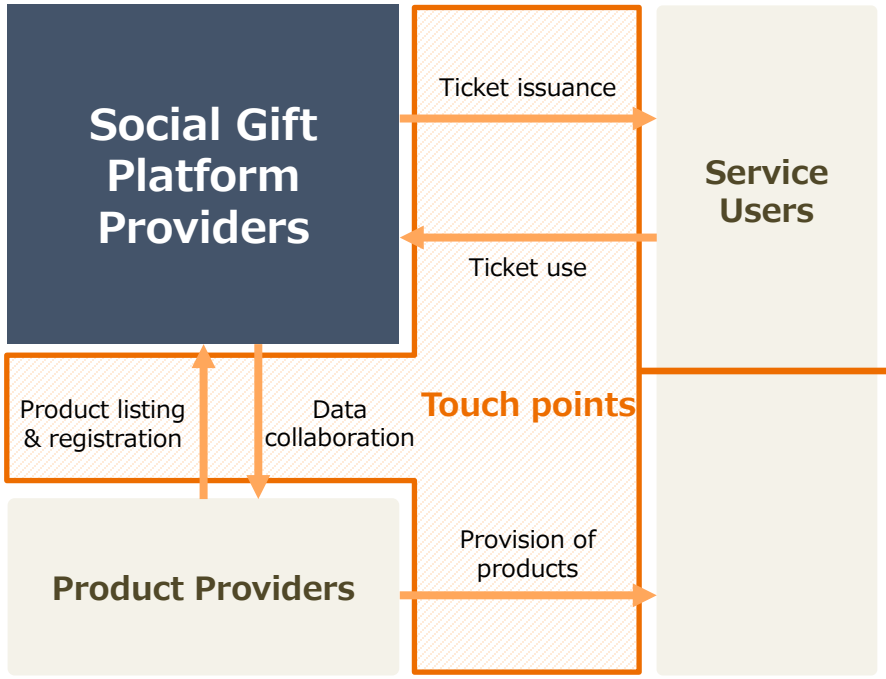
Growth Opportunities in New Areas (3)
Social Gifts (Electronic Tickets)

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



One-stop support by DmMiX

- Uniform services at high levels
- Both flexibility and speed
- 24-hour, 365-day support

- Acquire product providers
- Advertising and promotion of use to service users
- Customer support for product providers and service users
- Provide new sales channels to corporations, local governments, etc.

Platform providers dedicate themselves to system development and service improvement

One-stop services for all processes including sales and marketing, which are our strengths

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Growth Opportunities in New Areas (4)
Online Identity Verification (eKYC)

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

Identity Verification

Verification of identify is completed by the following two procedures

Personal identification

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

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

×

Identify verification

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

- **Authentication by knowledge**
- **Authentication by possessions**
- **Biometric authentication**

Opening a bank or securities account

Cashless payment

Credit card issuance

A means of identity verification that can be completed online

eKYC

Mobile phone purchases

Real estate transactions

Trading used goods

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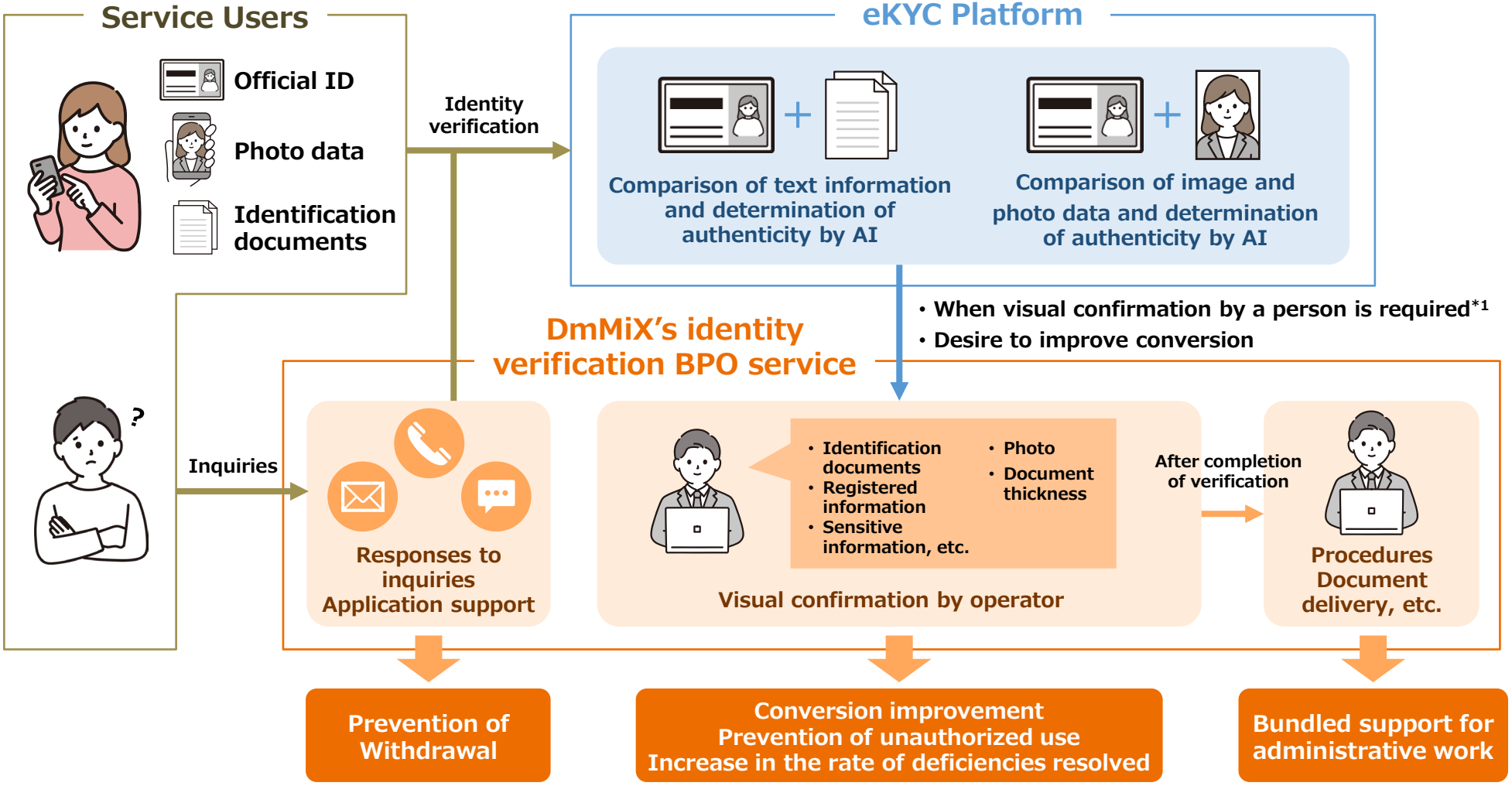
Growth Opportunities in New Areas (4)
Online Identity Verification (eKYC)

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



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

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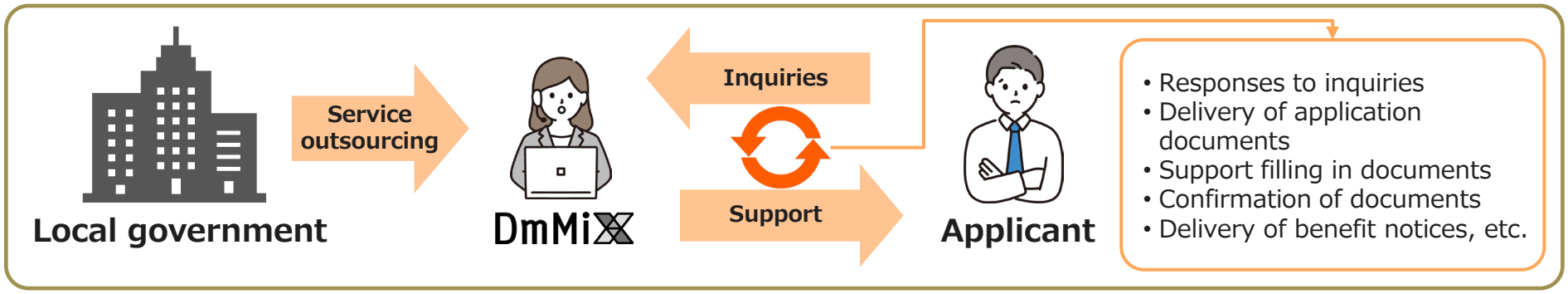
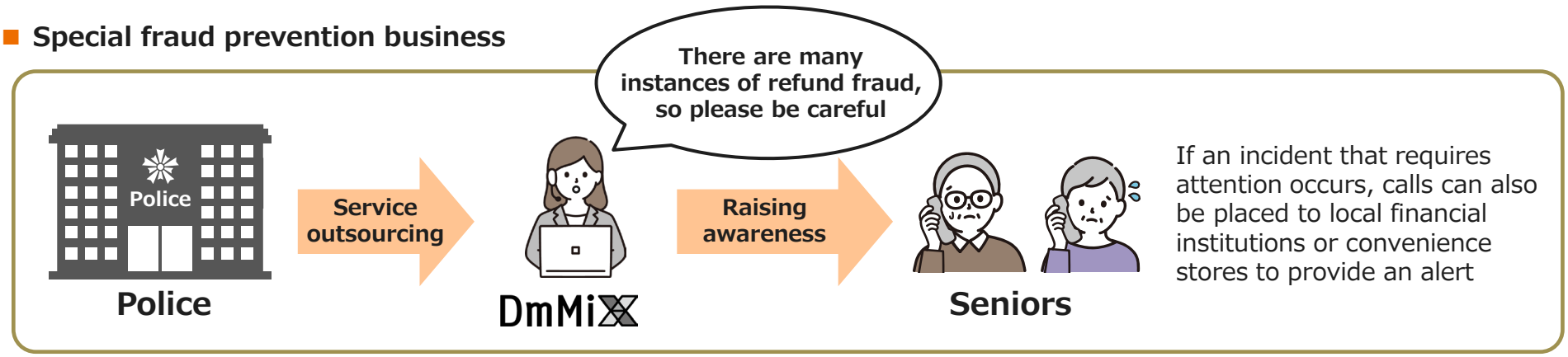
Growth Opportunities in New Areas (5) Public Sector

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

■ **Support operations for payment of public benefits**



■ **Special fraud prevention business**



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

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

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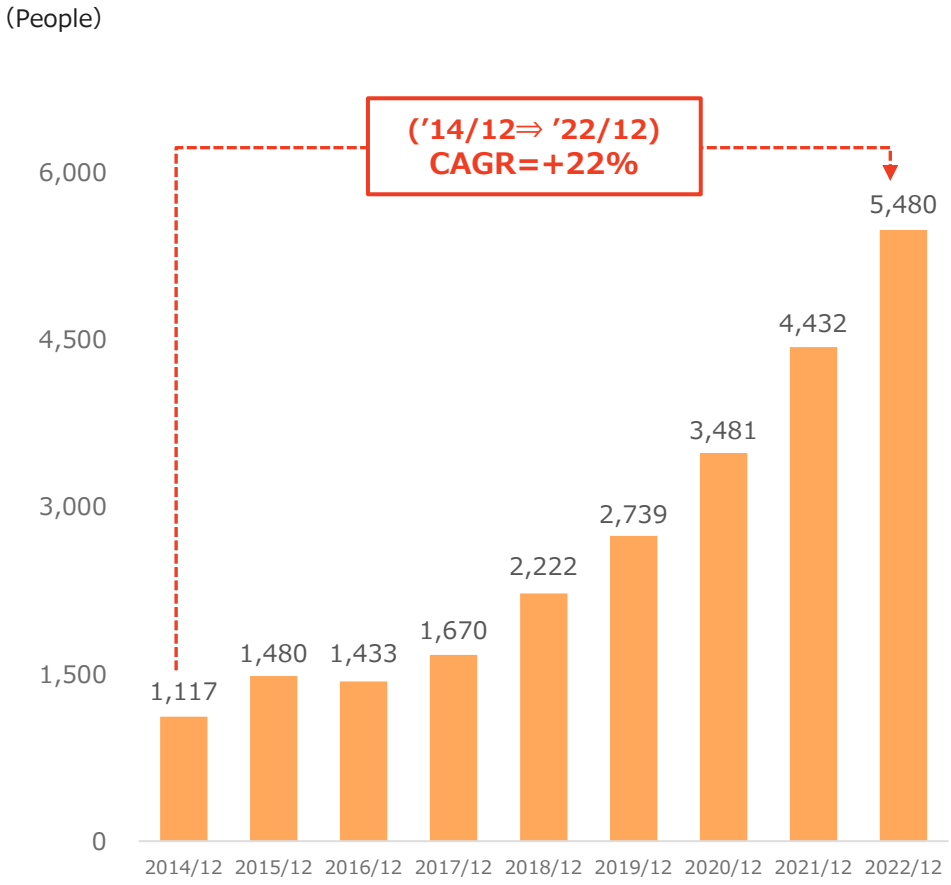
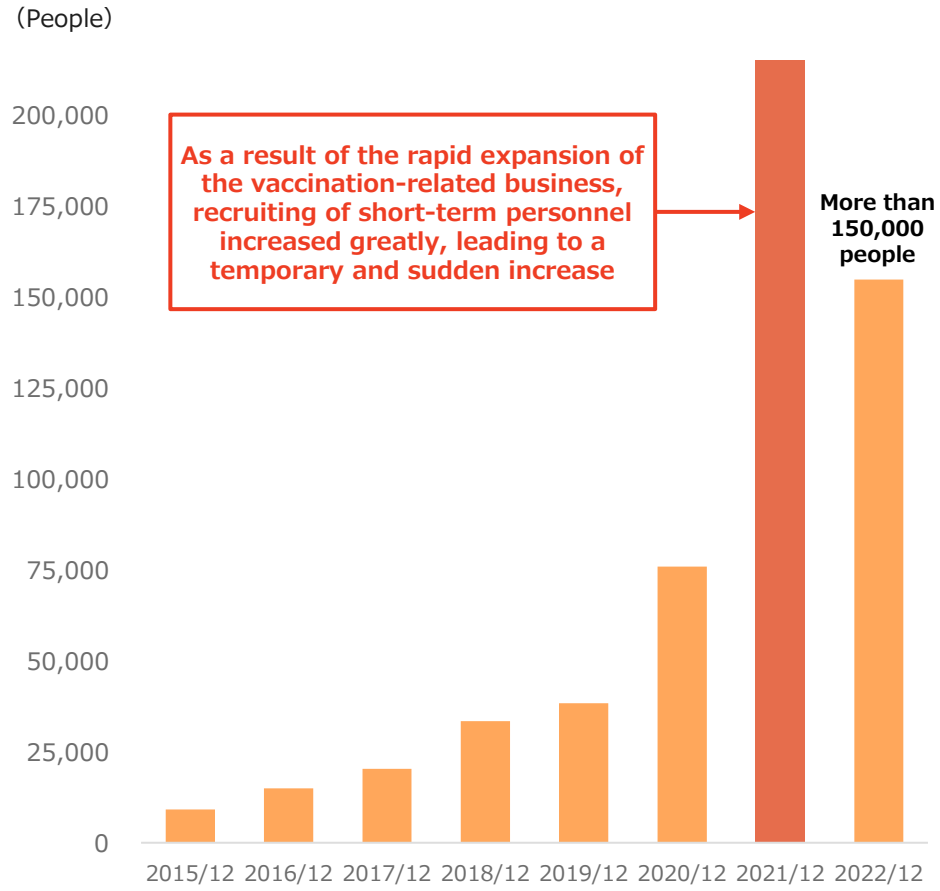
Steady Increase in Human Resources / Scope for Talent acquisition

- 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



*1 Communicators in marketing business (including external operating communicators such as field sales, etc.)

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Various Human Resources of our Group*1

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

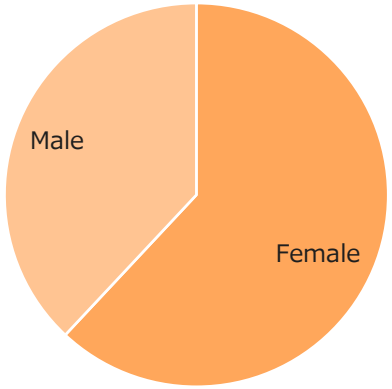
Various attributes

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

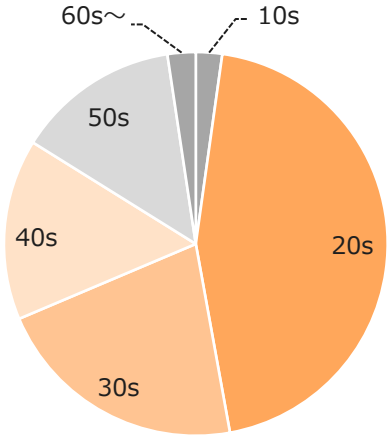
Flexible work system

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

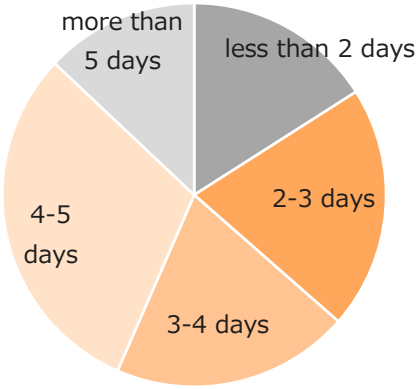
Gender*2



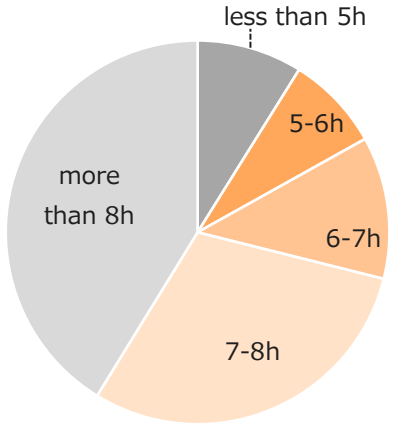
Age*2



Working days per week*3



Working hours per day*3



*1 Part-time jobs in marketing business (including temporary jobs dispatched outside the company)
*2 As of the end of December 2022. Percentage of part-time jobs
*3 As of the end of December 2022. Calculated based on the average attendance for the three months from October to December 2022. Does not include months with 0 working days. Part-time jobs without work (leaves, etc.) are not counted

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External Evaluation

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

Some of the certifications and awards

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

Best Workplaces™ Great Place To Work. JAPAN 2021

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

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

Great Place To Work. Asia's Best Workplaces 2021

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

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

SPORTS YELL COMPANY 2021

■ 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

W 2021 ホワイト企業認定 PLATINUM

*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

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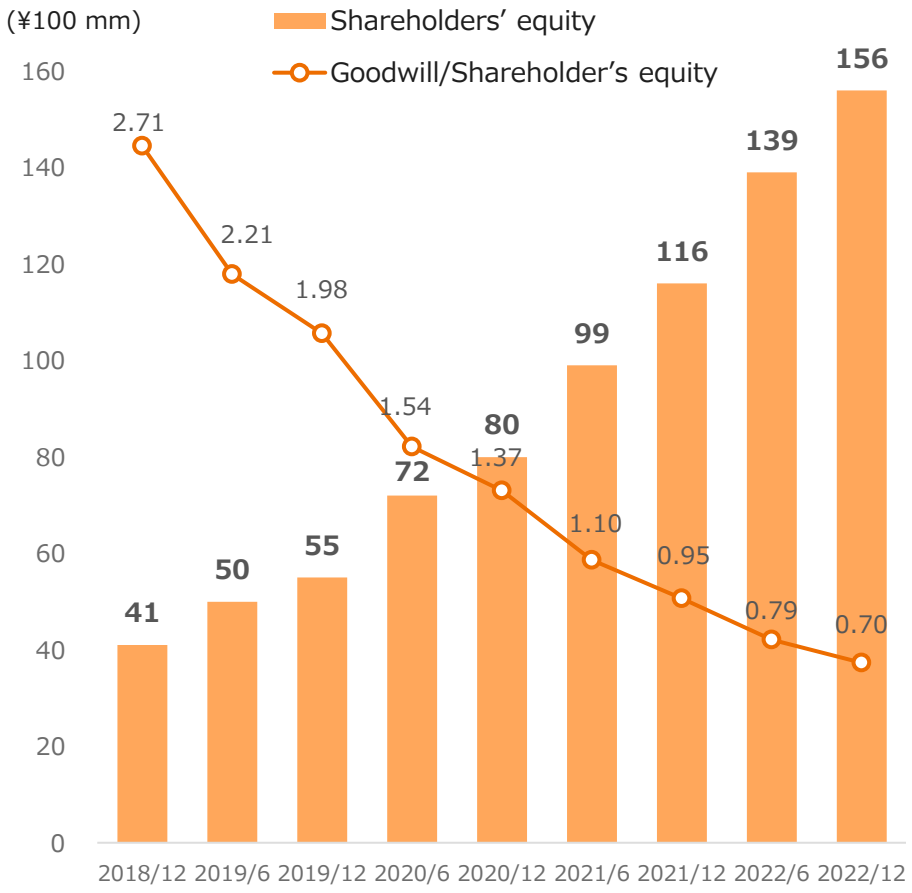
About Goodwill

Historical shareholders' equity and goodwill/ Shareholders' equity ratio



Reference on goodwill in the securities report submitted on March 28, 2022 (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)

【Disclaimer】

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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.

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