

A Total Sales/Marketing Solution Provider for Maximizing Client Profitability

Direct Marketing MiX Inc.

Financial results briefing (FY12/2023 3Q)

November 14th, 2023



Table of Contents

1	Financial Results (FY12/2023 3Q)	2
----------	---	----------

	Appendix	16
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Table of Contents

1	Financial Results (FY12/2023 3Q)	2
----------	---	----------

	Appendix	16
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Financial Results Highlights (FY12/2023 3Q)

(3Q Cumulative Period)

- Sales revenue decreased by 15.9% YoY due to a decline in vaccination-related business and the contraction of inbound business resulting from changes in the inbound market conditions
- In addition to a decrease in sales revenue, there were also special factors including reporting of investigation costs in the 3rd quarter, and operating profit decreased by 61.7% YoY

**Sales
revenue**

22.0 billion yen

YoY

-15.9%

EBITDA^{*1}

3.0 billion yen

YoY

-48.8%

**Operating
profit**

1.8 billion yen

YoY

-61.7%

**Net
income^{*2}**

1.1 billion yen

YoY

-63.6%

Financial Results Highlights (FY12/2023 3Q) (3Q Cumulative Period)

Topics

Sales revenue

- Telecom. infrastructure: Outbound/hybrid business is recovering from a slowdown in conjunction with a temporary review of expenses due to group reorganization by telecom. carriers. On the other hand, inbound business declined due to changes in market conditions
- Web/IT: Steady overall performance, driven by the strong performance in the core cashless payment and eKYC businesses
- EC: Slight increase due to steady performance by health and beauty related materials as a result of rising health consciousness since the COVID-19 pandemic
- Public: Vaccination-related business declined as expected. Other public-related business is also contracting as competition intensifies due to market entry by multiple businesses and other factors
- Other: Steady performance as a result of the addition of new research-related business through acquisition of subsidiaries, etc.

Profits

- Profits decreased as a result of the decline in the spot business, which has high profitability compared to existing businesses, delayed cost-cutting measures implemented in response to lower sales revenue, reporting investigation costs, and other factors
- Although we are able to respond with a certain degree of flexibility to capacity controls including human resources, we are focusing on future business development and conducting careful investigations, and consequently, the profit rate temporarily declined

Matters relating to the Investigation by the Special Investigation Committee

■ Details of investigation costs

We expect to report 259 million yen in the 3rd quarter and 50 million yen in the 4th quarter as additional investigation costs including external advisory expenses paid to attorneys, CPAs, and other professionals

■ Final disposition

Please refer to the separate press release for information on the final disposition (in Japanese only)

■ Measures to prevent reoccurrence

Please refer to the separate press release for information on the measures to prevent reoccurrence (in Japanese only)

■ Dividends

The full-year consolidated earnings forecast for FY12/2023 was withdrawn on September 22, 2023 and was undetermined, but the earnings forecast can now be calculated based on information available at this time, and accordingly, a new earnings forecast was announced. In conjunction with the announcement of the earnings forecast, a dividend forecast of 6 yen per share was also announced

**We deeply apologize to our stakeholders
for the considerable inconvenience caused**

FY12/2023 3Q (from July to September) P/L

- A decline in vaccine-related business as the COVID-19 pandemic subsides coincided with changes in market conditions for the inbound business, and sales revenue was down YoY, but outbound/hybrid business was firm, and with investigation costs (259 million yen) excluded, in effect, a profit was secured

Consolidated P/L 3Q results

(¥ mm)	2022/12	2023/12	
	3Q (from July to September)	3Q (from July to September)	
	Results	Results	YoY
Sales revenue	7,734	6,315	-18.3%
Operating expenses	(6,879)	(6,364)	-7.5%
Other revenue	20	34	—
Other expenses	(0)	(6)	—
Operating profit	875	(22)	-102.5%
Operating profit margin	11.3%	-0.3%	-11.7pt
Financial profit	1	1	—
Financial expenses	(11)	(11)	—
Profit before tax	865	(32)	-103.7%
Income tax expense	(330)	(67)	—
Net income^{*1}	535	(99)	-118.4%
Net income margin	6.9%	-1.6%	-8.5pt
EBITDA^{*2}	1,246	377	-69.8%
EBITDA margin	16.1%	6.0%	-10.1pt

*1 Profit attributable to owners of parent

*2 EBITDA = operating profit + depreciation + amortization

FY12/2023 3Q (Cumulative) P/L

- **Sales revenue:** Decreased from the previous fiscal year, when there was an upturn in the vaccination-related business. Effects from telecom. infrastructure, which is in the course of recovery, also contributed to the decline
- **Profits:** In addition to posting investigation costs in the 3rd quarter, cost controls implemented in response to lower sales revenue were delayed, and the profit rate decreased YoY

Consolidated P/L 3Q results (Cumulative)

(¥ mm)	2022/12 3Q (Cumulative)	2023/12 3Q (Cumulative)	
	Results	Results	YoY
Sales revenue	26,106	21,958	-15.9%
Operating expenses	(21,327)	(20,141)	-5.6%
Other revenue	50	52	—
Other expenses	(19)	(27)	—
Operating profit	4,811	1,842	-61.7%
Operating profit margin	18.4%	8.4%	-10.0pt
Financial profit	3	3	—
Financial expenses	(33)	(33)	—
Profit before tax	4,780	1,812	-62.1%
Income tax expense	(1,732)	(702)	—
Net income^{*1}	3,048	1,110	-63.6%
Net income margin	11.7%	5.1%	-6.6pt
EBITDA^{*2}	5,893	3,016	-48.8%
EBITDA margin	22.6%	13.7%	-8.8pt

*1 Profit attributable to owners of parent

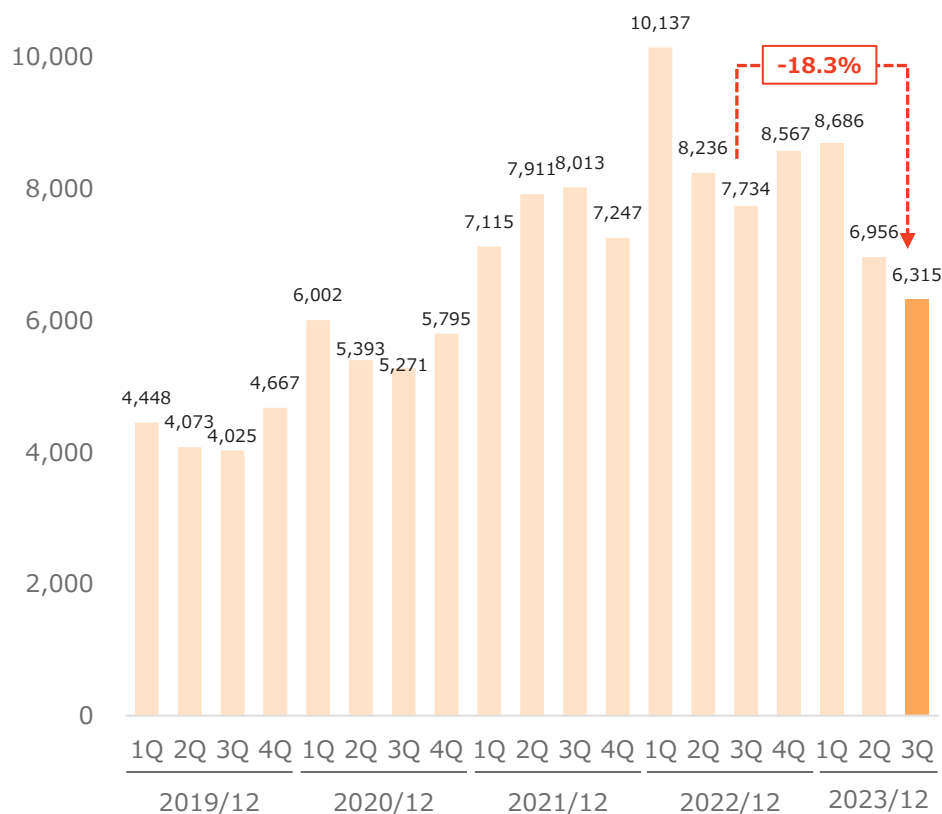
*2 EBITDA = operating profit + depreciation + amortization

Quarterly Results

- **Sales revenue:** Sales revenue was down in comparison to the previous two fiscal years, when the vaccination-related business spiked, but there is no change in the medium- to long-term growth outlook
- **EBITDA*1:** In addition to reporting investigation costs, cost controls implemented in response to lower sales revenue were delayed, resulting in a deterioration of EBITDA YoY

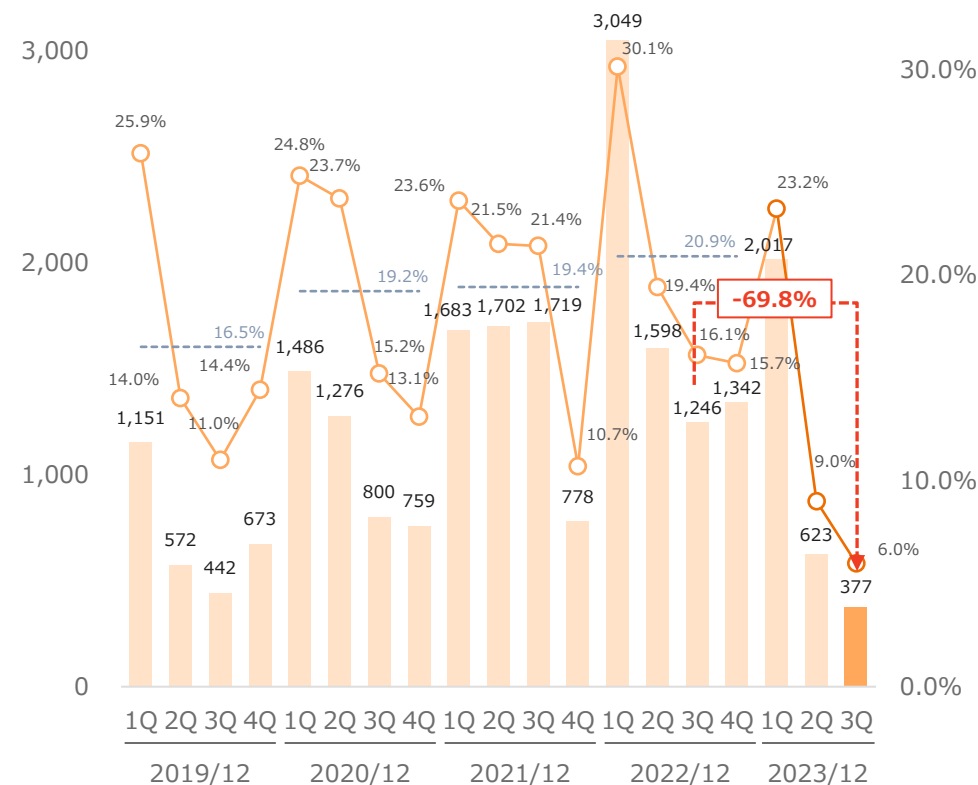
Quarterly changes in consolidated sales revenue

(¥ mm)



Quarterly trends in EBITDA*1・EBITDA margin

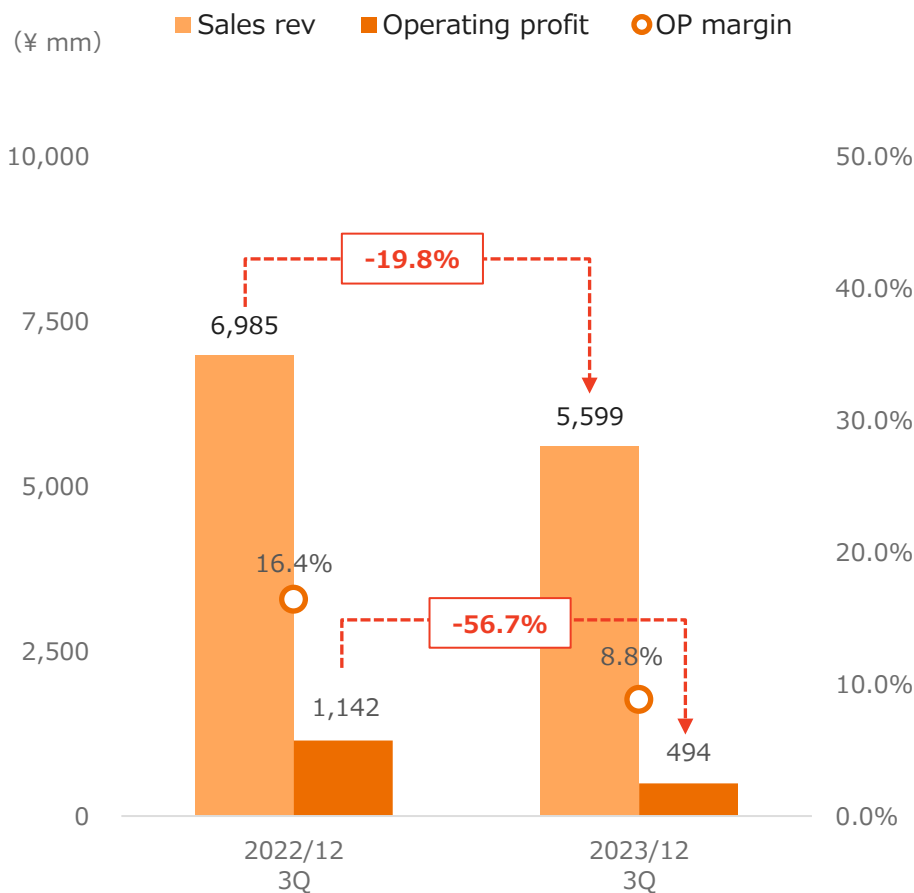
(¥ mm) ■ EBITDA*1 ○ EBITDA margin ----- EBITDA margin average value



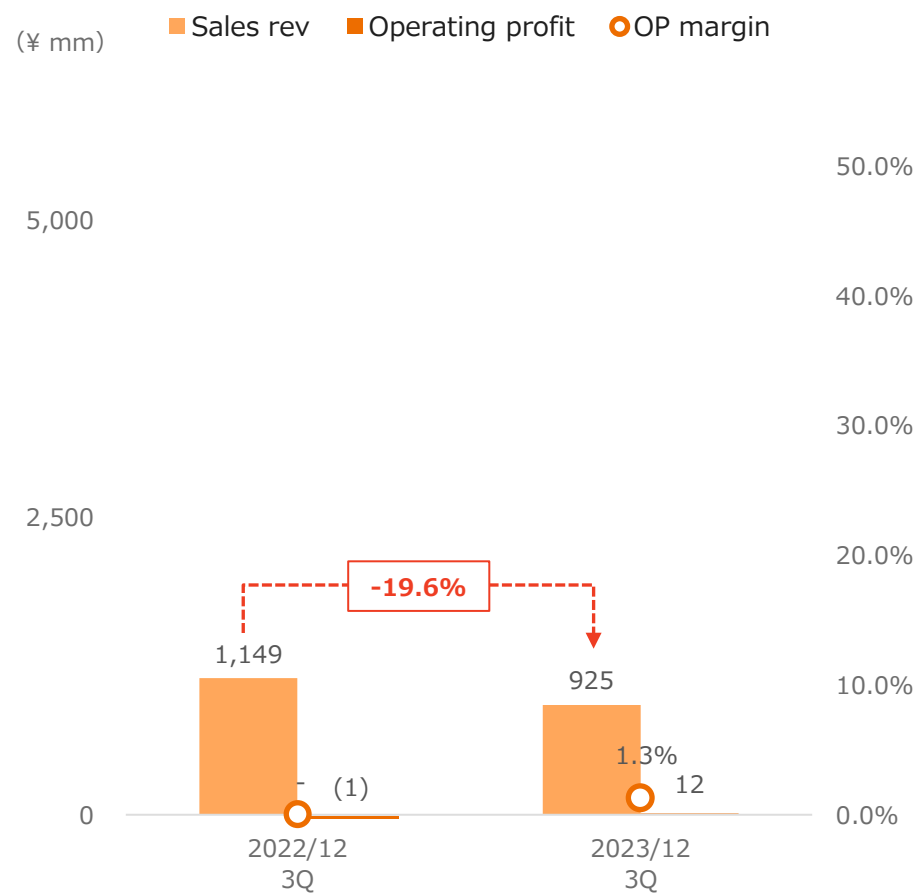
FY12/2023 3Q (from July to September) Results per Segment

- **Marketing business:** Sales revenue decreased by 19.8% YoY. Operating profit was down by 56.7% YoY
- **On-site business:** Sales revenue decreased by 19.6% YoY. Operating profit was up slightly

Marketing business



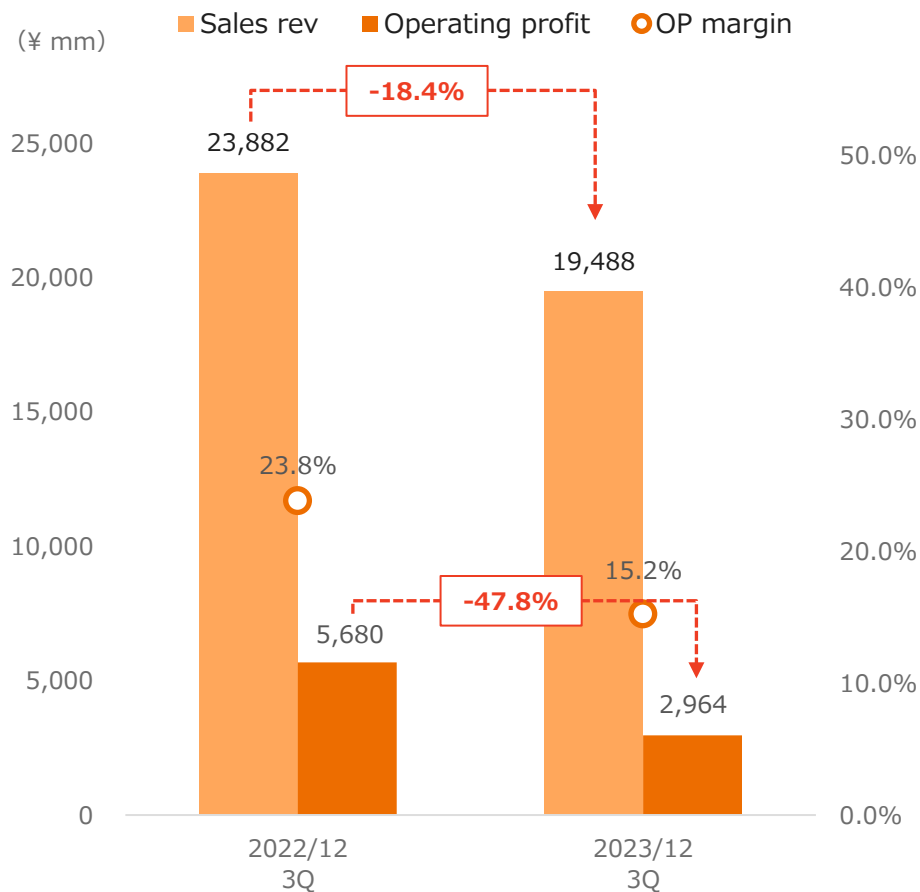
On-site business



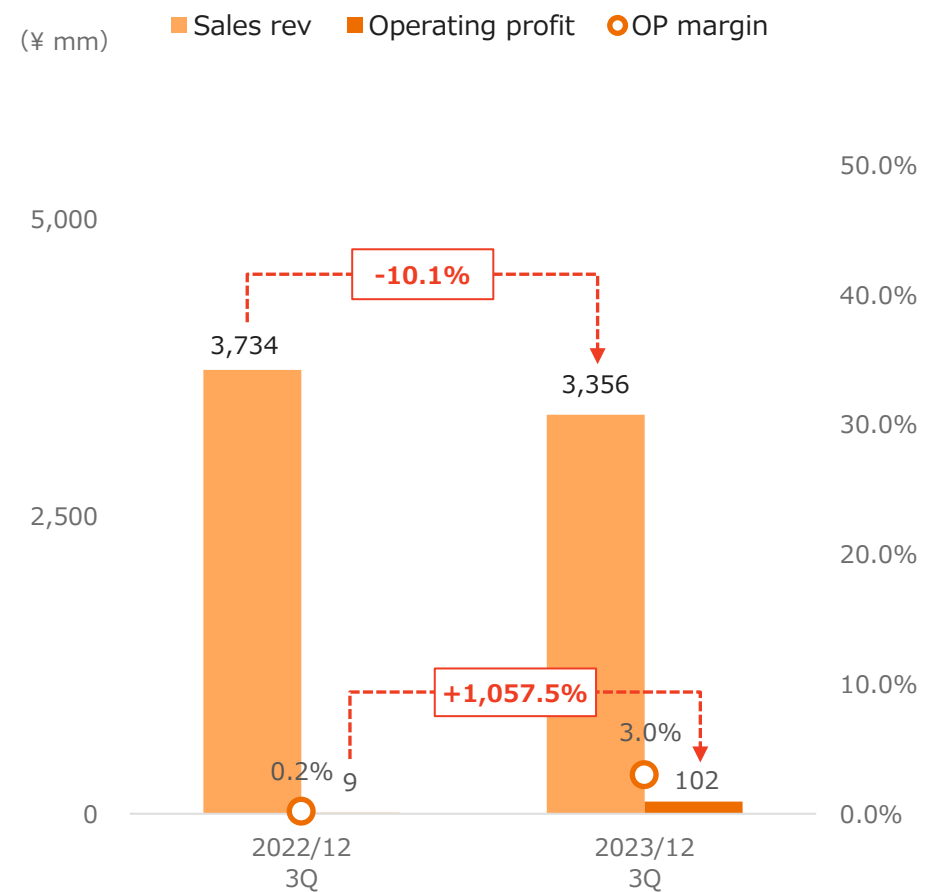
FY12/2023 3Q (Cumulative) Results per Segment

- **Marketing business:** Sales revenue decreased by 18.4% YoY due to a contraction of inbound business and a temporary slump in telecom. infrastructure. In addition, operating profit decreased by 47.8% YoY due to delayed implementation of cost controls in response to lower sales revenue
- **On-site business:** Sales revenue decreased by 10.1% YoY. Profits improved YoY, when strategic advertising and publicity expenditures were incurred

Marketing business



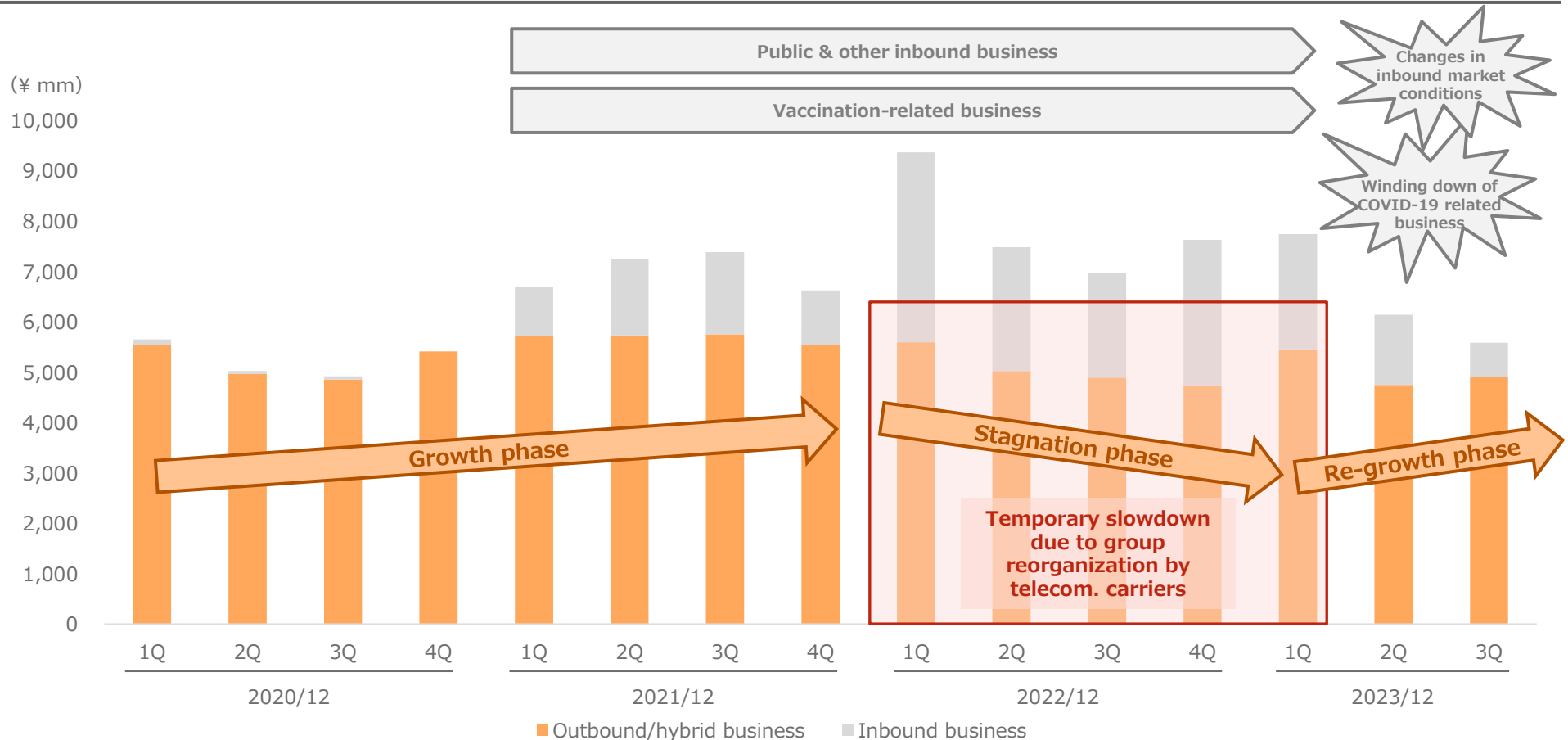
On-site business



Changes in Sales by Business

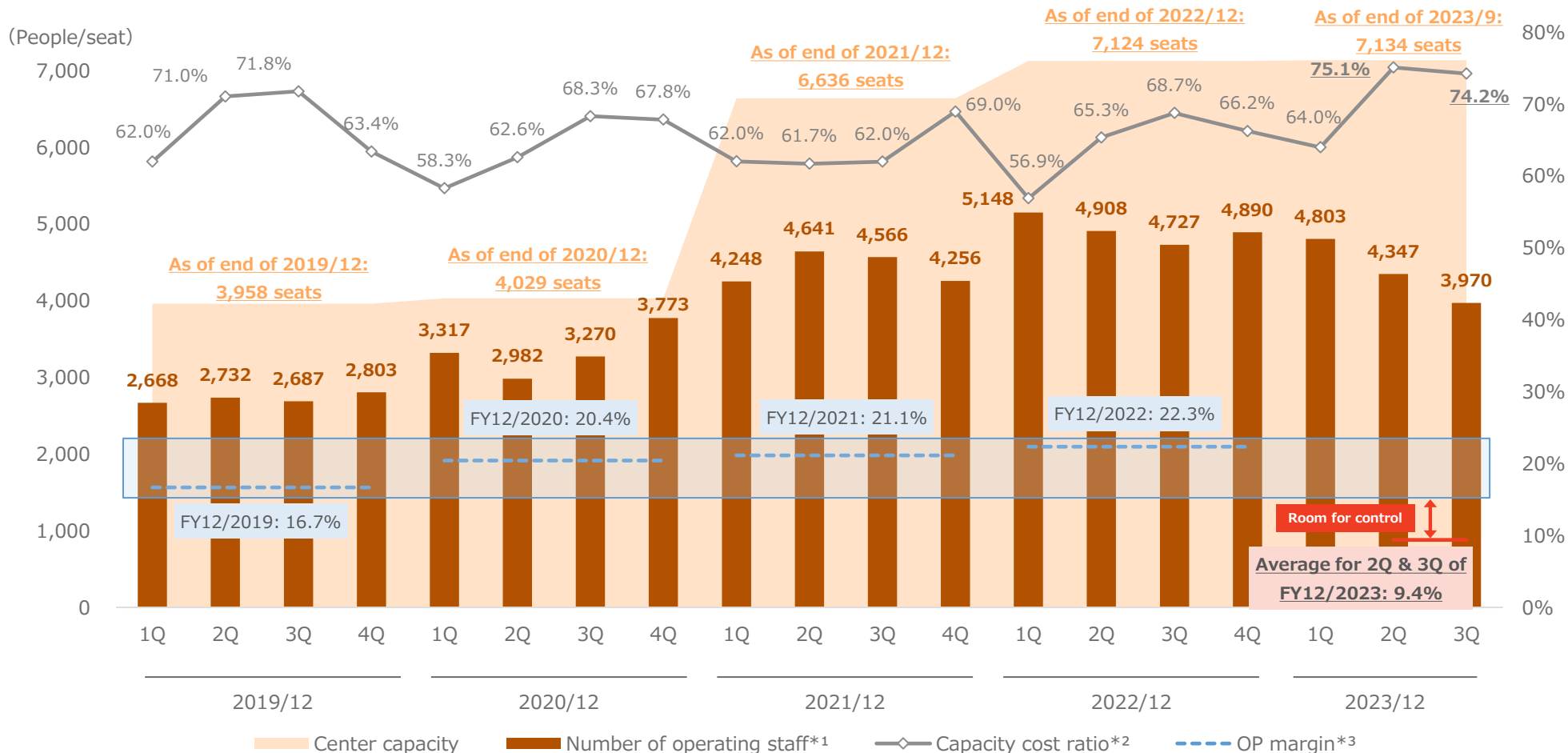
- Although outbound/hybrid business temporarily slumped due to group reorganization by telecom. carriers and other factors, it has been on a recovery trend and has entered a re-growth phase
- The vaccination-related business is decreasing rapidly at present. In addition, there have been effects from the expansion of capacity by competitors in conjunction with the growth of COVID-19 related business in the market since 2020 and profitability in the inbound business overall has been deteriorating throughout the market since COVID-19 related business subsided, and as a result, the Company is currently selecting businesses. Meanwhile, we accumulated achievements and know-how in the inbound business, and we plan to re-investigate active business promotion when market conditions and profitability normalize in the future

Changes in sales in the outbound/hybrid business and inbound business



Changes in Capacity Cost Ratio

- We are able to implement capacity control with a certain degree of flexibility, and as a result, we are similarly able to implement cost controls with a certain degree of flexibility. On the other hand, we are currently carefully examining our policies on capacity control with an eye toward future business development, and consequently, the profit rate has been trending downward recently. The impact of rising personnel expenses has been limited



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

*2 Capacity cost ratio = (personnel expenses + temporary staffing fees + rent expenses on land and buildings + rent expenses + depreciation and amortization) ÷ sales revenue. Figures from the marketing business (including inter-segment transactions) are used for each value

*3 Operating profit margin for marketing business

FY12/2023 3Q B/S and C/F

- Implemented stock repurchase in February 2023 with the objectives of optimizing the Company's capital structure and reducing weighted average capital costs
- Free cash flows decreased due to a slowdown of the temporary increase in sales revenue during the COVID-19 pandemic and the implementation of M&A

Consolidated B/S

(¥ mm)	End of 2022/12	End of 2023/9	Change
Total assets	30,532	27,172	(3,361)
Current assets	13,083	8,874	(4,209)
Non-current assets	17,449	18,297	+848
Goodwill	10,984	11,834	+850
Total liabilities	14,947	13,185	(1,762)
Current liabilities	8,685	7,481	(1,205)
Non-current liabilities	6,262	5,705	(557)
Total equity	15,585	13,986	(1,599)
Total equity attributable to owners of parent	15,585	13,986	(1,599)
Total liabilities & equity	30,532	27,172	(3,361)

Main factors of increase/decrease

- Equity: Total equity decreased by 1,599 million yen (compared to end of prior FY) as a result of a stock repurchase

Consolidated C/F

(¥ mm)	2022/12 3Q	2023/12 3Q	Change	2022/12 Full year (Ref.)
Operating cash flow	3,417	1,649	(1,768)	5,117
Investment cash flow	(474)	(1,202)	(728)	(769)
Financial cash flow	(1,617)	(2,995)	(1,377)	(1,807)
Free cash flow	2,942	446	(2,496)	4,348

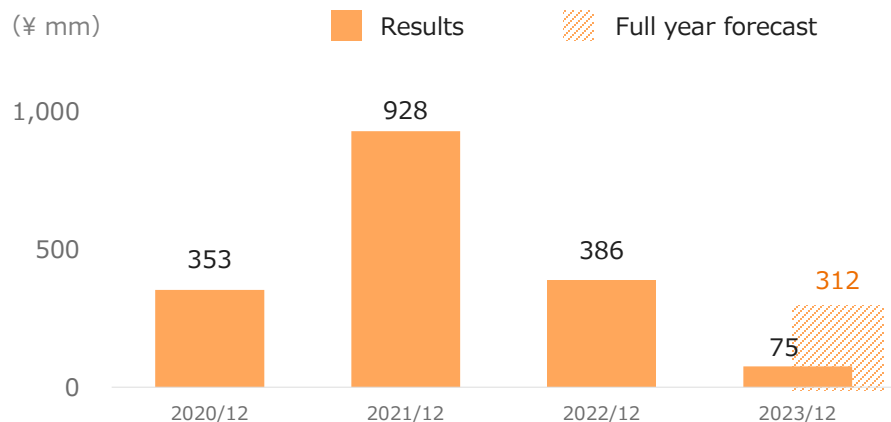
Main factors of increase/decrease

- Operating cash flow: -2,968 million yen (YoY) due to decrease in profit before tax
+1,665 million yen (YoY) due to decrease in trade and other receivables
-601 million yen (YoY) due to decrease in trade and other payables
- Investment cash flow: -686 million yen (YoY) due to acquisition of subsidiaries
-344 million yen (YoY) due to purchase of investment securities
- Financial cash flow: -2,000 million yen (YoY) due to expenditures for a stock repurchase

Investment Plan and Progress

Capital investment

- Capital investment for the full year is expected to be more limited than initially anticipated

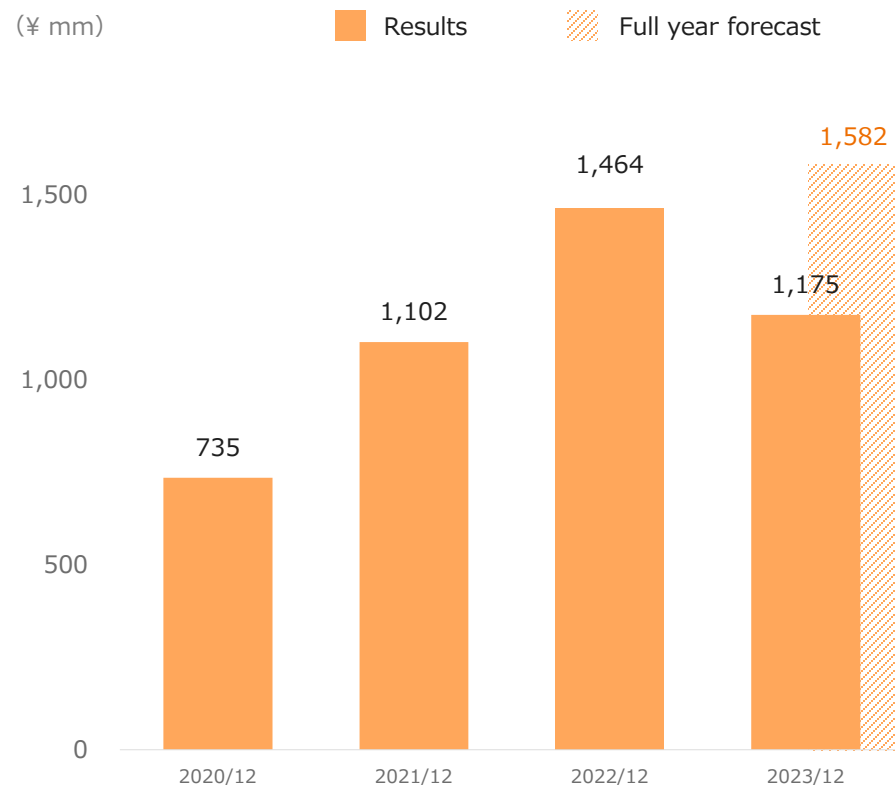


Major capital investment breakdown

(¥ mm)	2020	2021	2022	2023	
	Results	Results	Results	3Q Results	Full year forecast
Buildings and accompanying facilities	177	492	165	28	189
Tools, furniture and fixtures	165	405	213	47	124
Software	11	31	8	0	0

Depreciation & Amortization

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



FY12/2023 Correction of Full-Year Earnings Forecast and Dividend Forecast

- The full-year consolidated earnings forecast for FY12/2023 was withdrawn on September 22, 2023 and was undetermined, but the earnings forecast can now be calculated based on information available at this time, and accordingly, a new earnings forecast was announced
- In conjunction with the announcement of the earnings forecast mentioned above, the forecast of the year-end dividend was also announced

Consolidated P/L full-year earnings forecast

(¥ mm)	Prior forecast (September 22, 2023)	2023/12 Full year forecast (after revision)
Sales revenue	—	27,500
Operating expenses	—	—
Other revenue	—	—
Other expenses	—	—
Operating profit	—	2,000
Operating profit margin	—	7.3%
Financial profit	—	—
Financial expenses	—	—
Profit before tax	—	1,970
Income tax expense	—	—
Net income^{*1}	—	1,290
Net income margin	—	4.7%
EBITDA^{*2}	—	3,573
EBITDA margin	—	13.0%

Dividend forecast

(¥)	Prior forecast (September 22, 2023)	Current forecast	Results in current period	Results in prior period (FY12/2022)
End of 2nd quarter			0.00	0.00
Year-end	—	6.00		17.00
Total	—	6.00		17.00

Table of Contents

1	Financial Results (FY12/2023 3Q)	2
----------	---	----------

	Appendix	16
--	-----------------	-----------

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

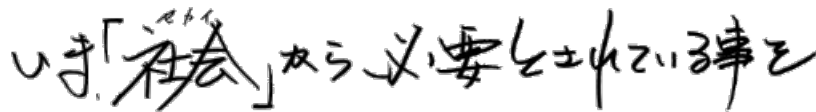
Relation Telemarketing Co., Ltd.

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



Deliver What Society Needs Now

Vision

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

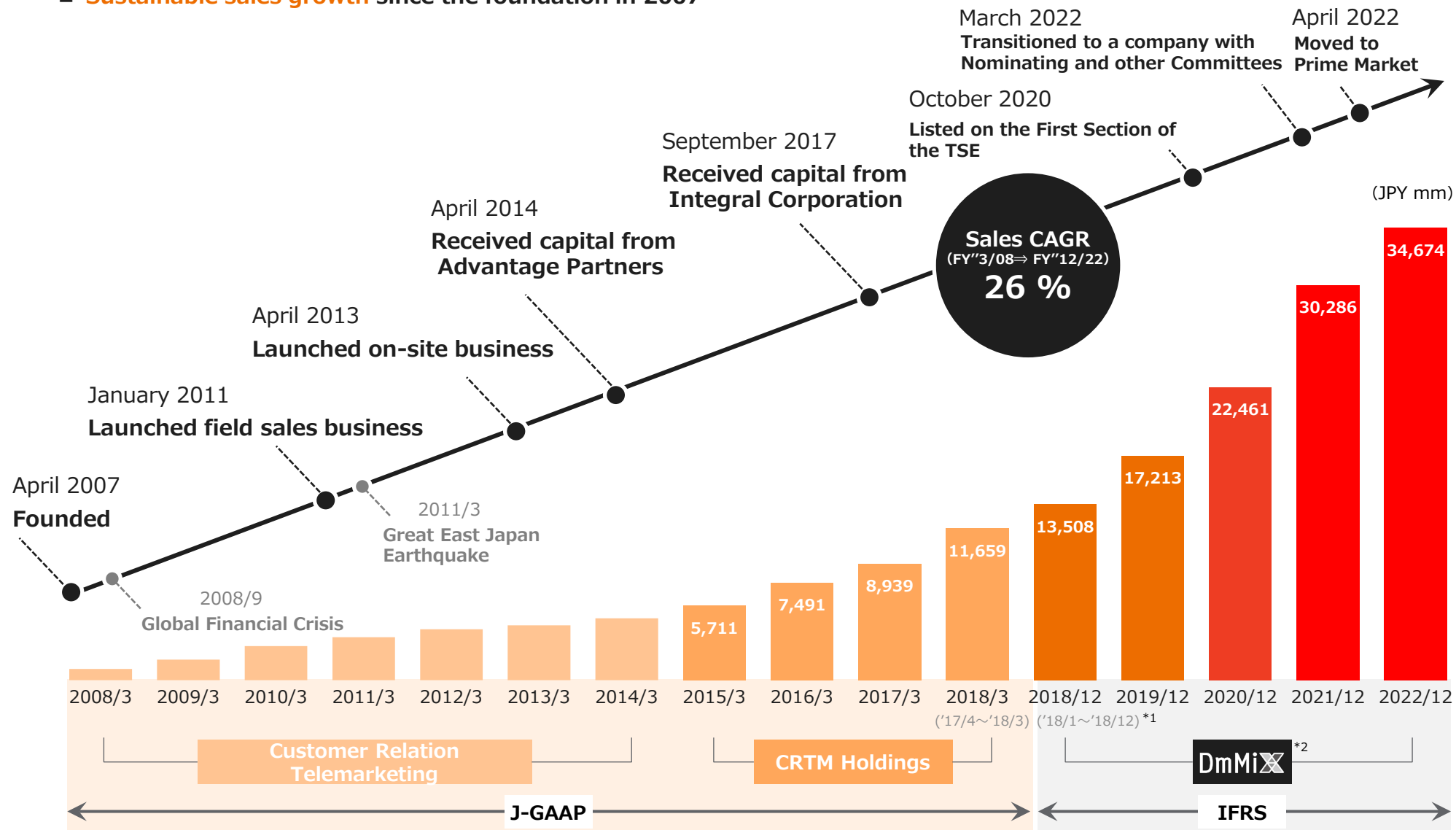


Our Mission



Key Milestones since Incorporation

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



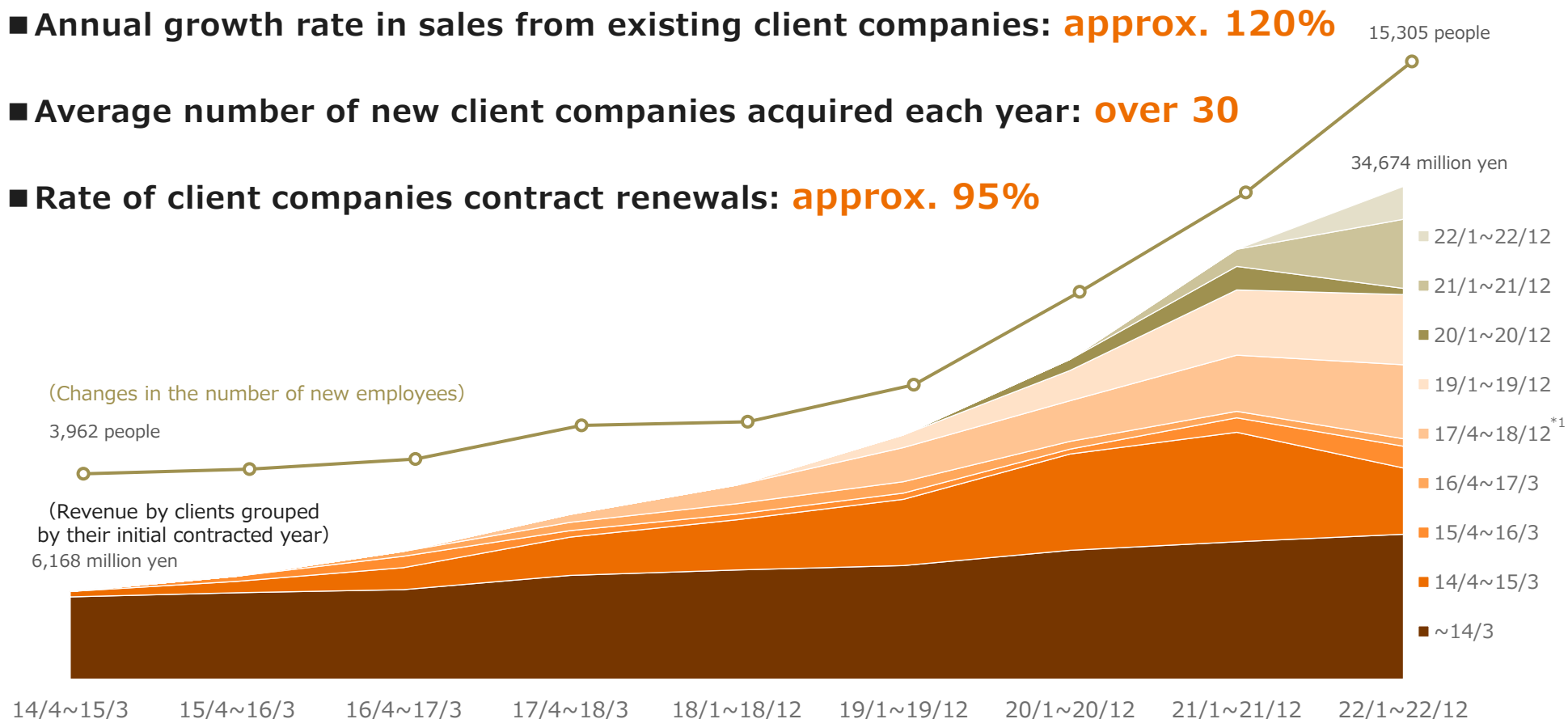
*1 Complied with IFRS (and fiscal year end from March to December) from the fiscal year ended December 2018.
J-GAAP FY3/2018 and IFRS FY12/2018 overlap between January and March 2018

*2 Changed the trade name in April 2018

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**

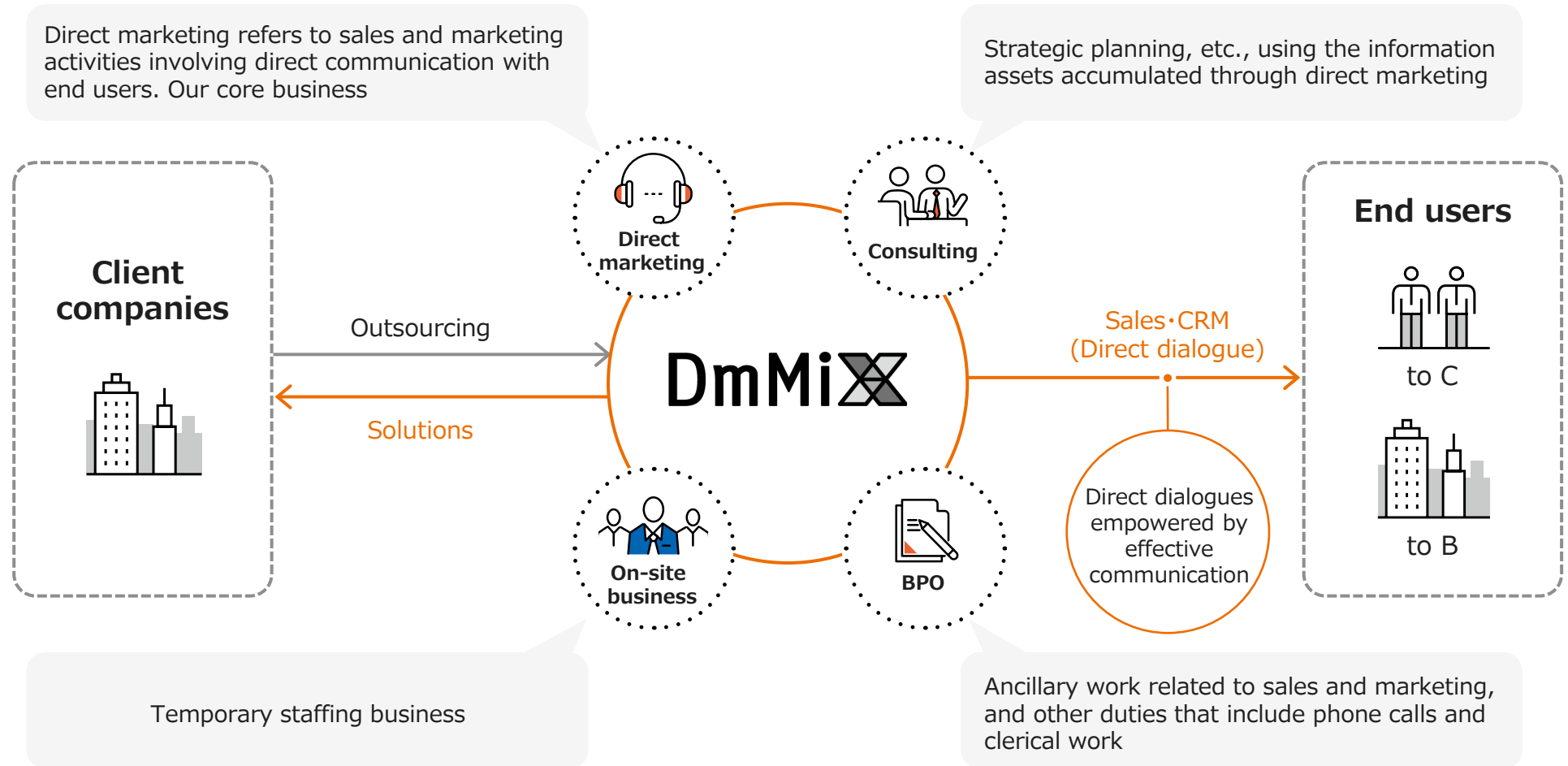
Sustainable Growth



*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

Organization of Sales and Marketing Professionals

- We are **committed to maximizing the profits of our client companies** by providing high value-added solutions centered on **"direct marketing"**



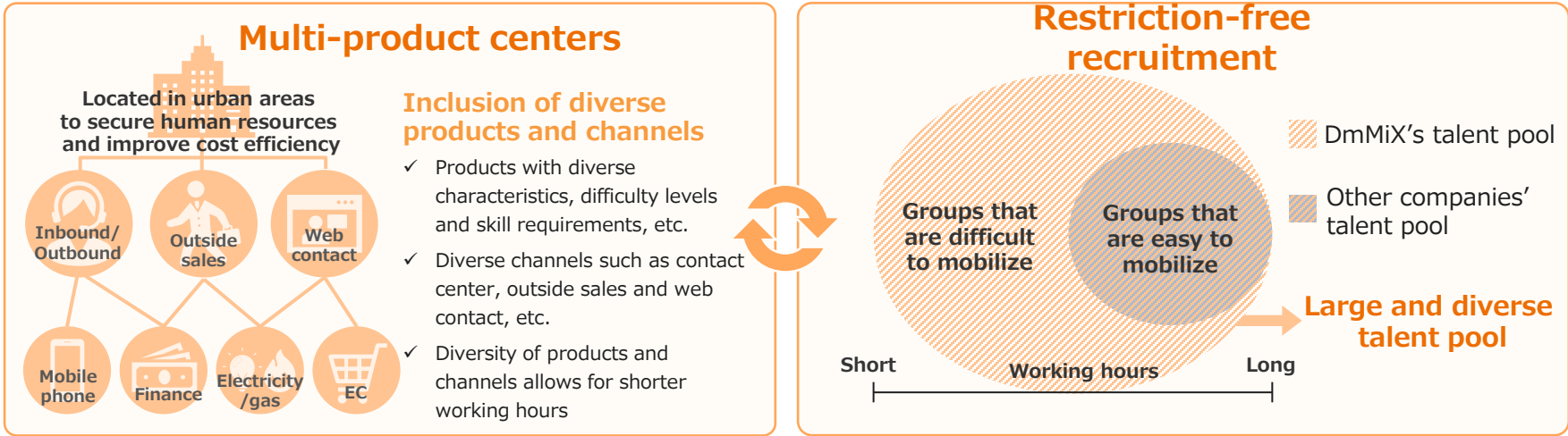
DmMiX's Core Competence for Sustainable Growth



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 "Restriction-free recruitment," 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

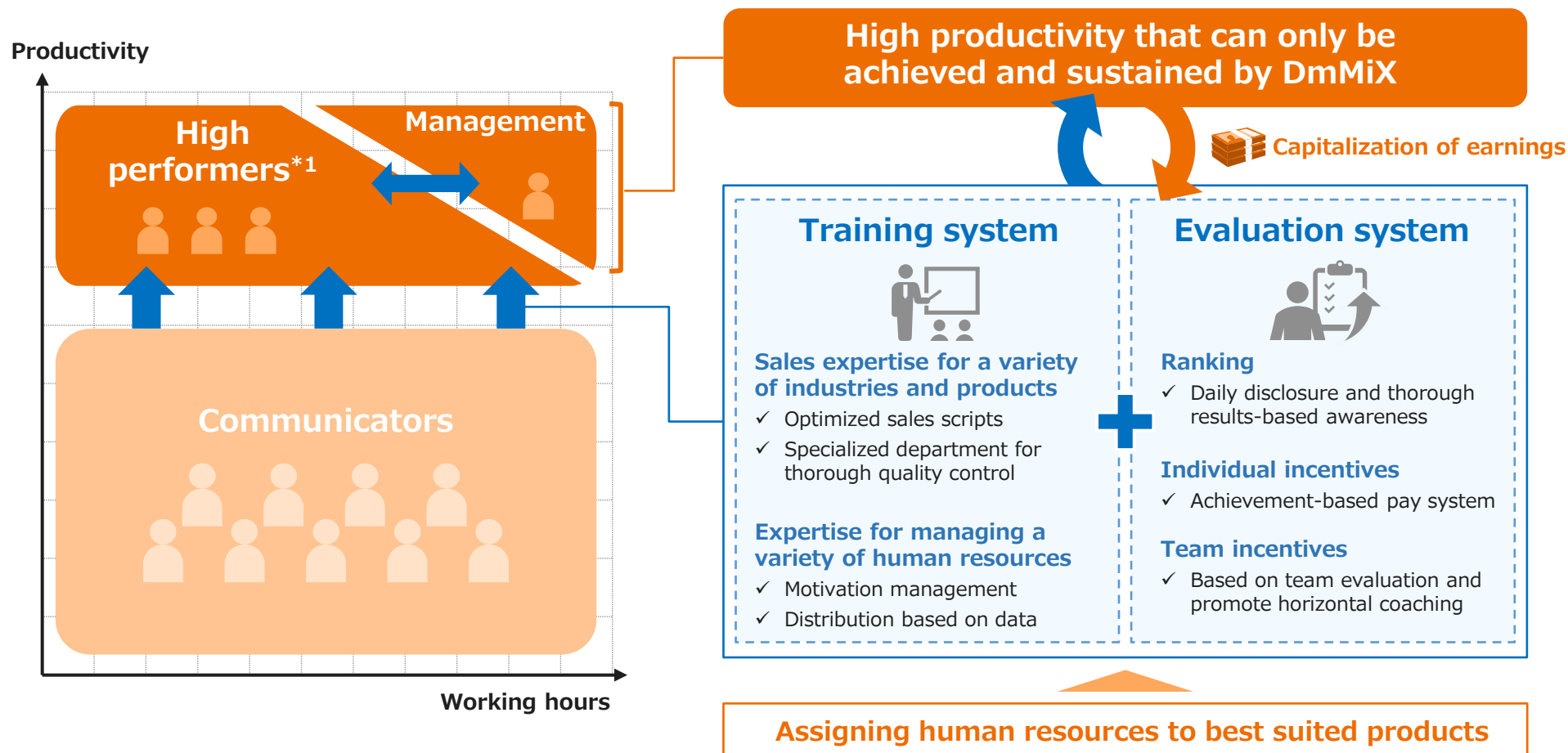
"Multi-product centers" and "Restriction-free recruitment"



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

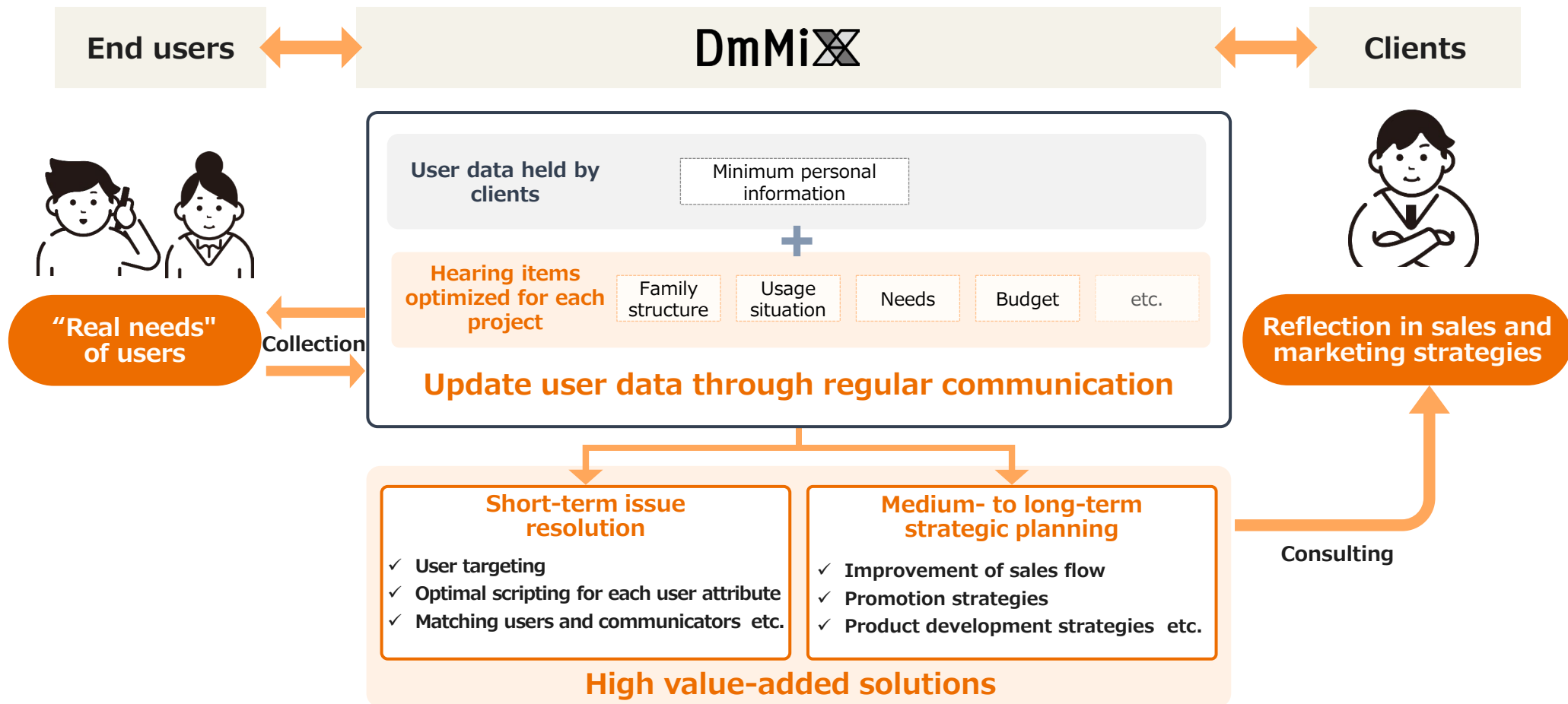
Unique training and evaluation systems that continues to develop highly productive human resources



3. High added Value generated by accumulating User Data

- DmMiX **knows users better than clients** by **accumulating and updating the user database**
- Gathering "real needs" of 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 competence

High performance

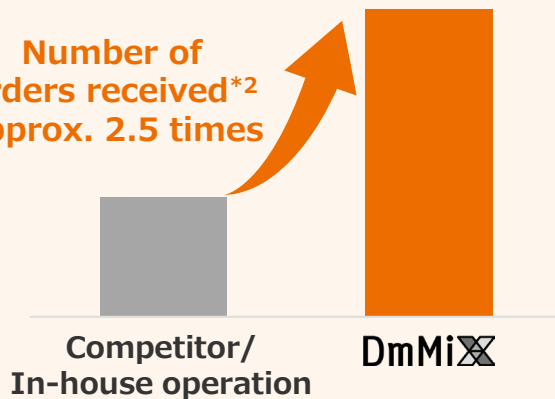
Productivity

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

Scalability

Promote lateral deployment and structuring of best practices

Number of orders received^{*2}
Approx. 2.5 times



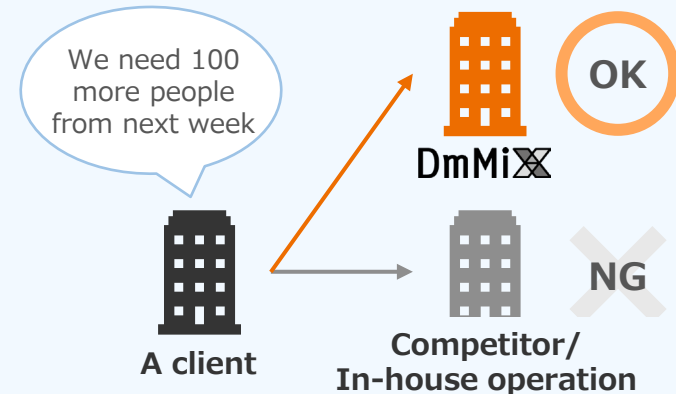
Flexible support

Speedy

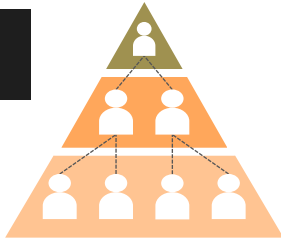
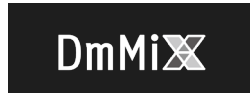
Possible to start operations and increase seats etc. in a short period of time; which are difficult for other companies to do

Adaptability

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



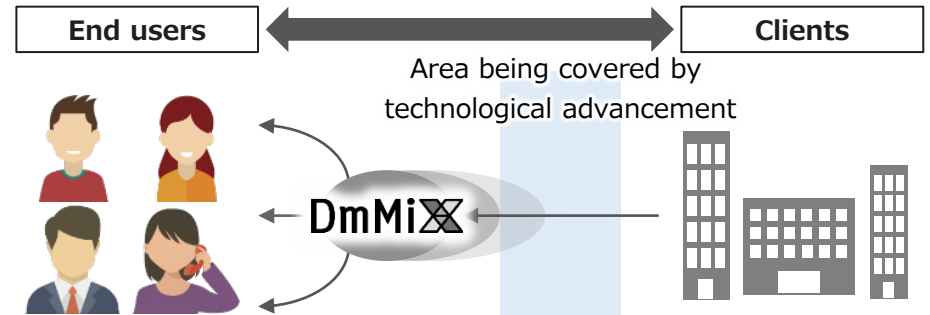
Our Distinct Business Model from Other Companies



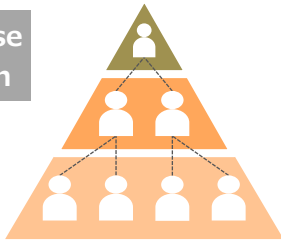
Management: Sales rep.

Managerial: Sales rep.

On-site: Sales rep.



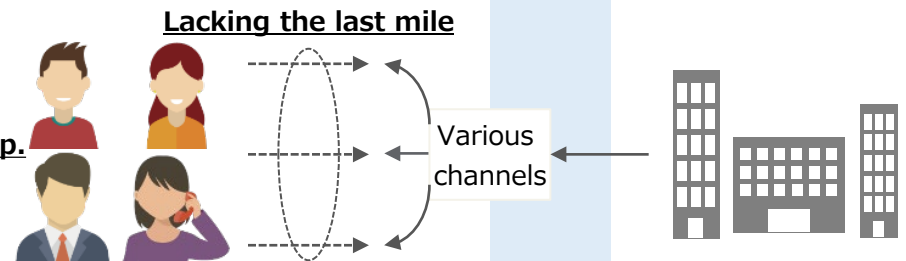
Clients' in-house sales function



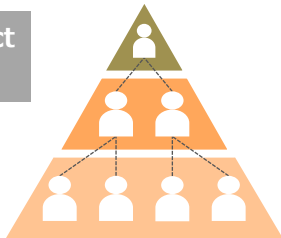
Management: Supervisor

Managerial: Supervisor/Sales rep.

On-site: Sales rep.



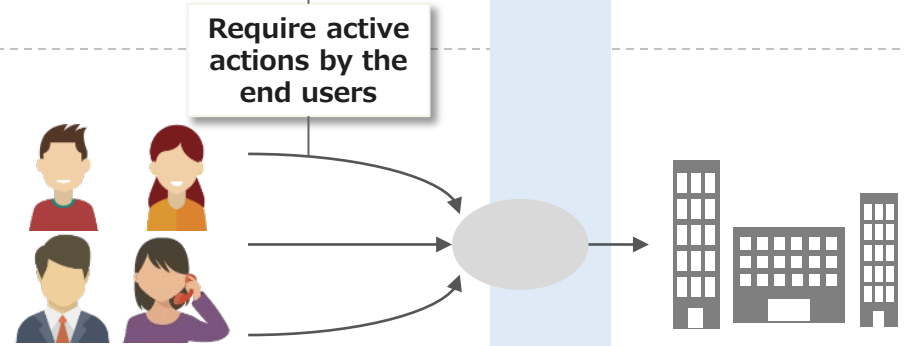
Typical contact centers



Management: Supervisor

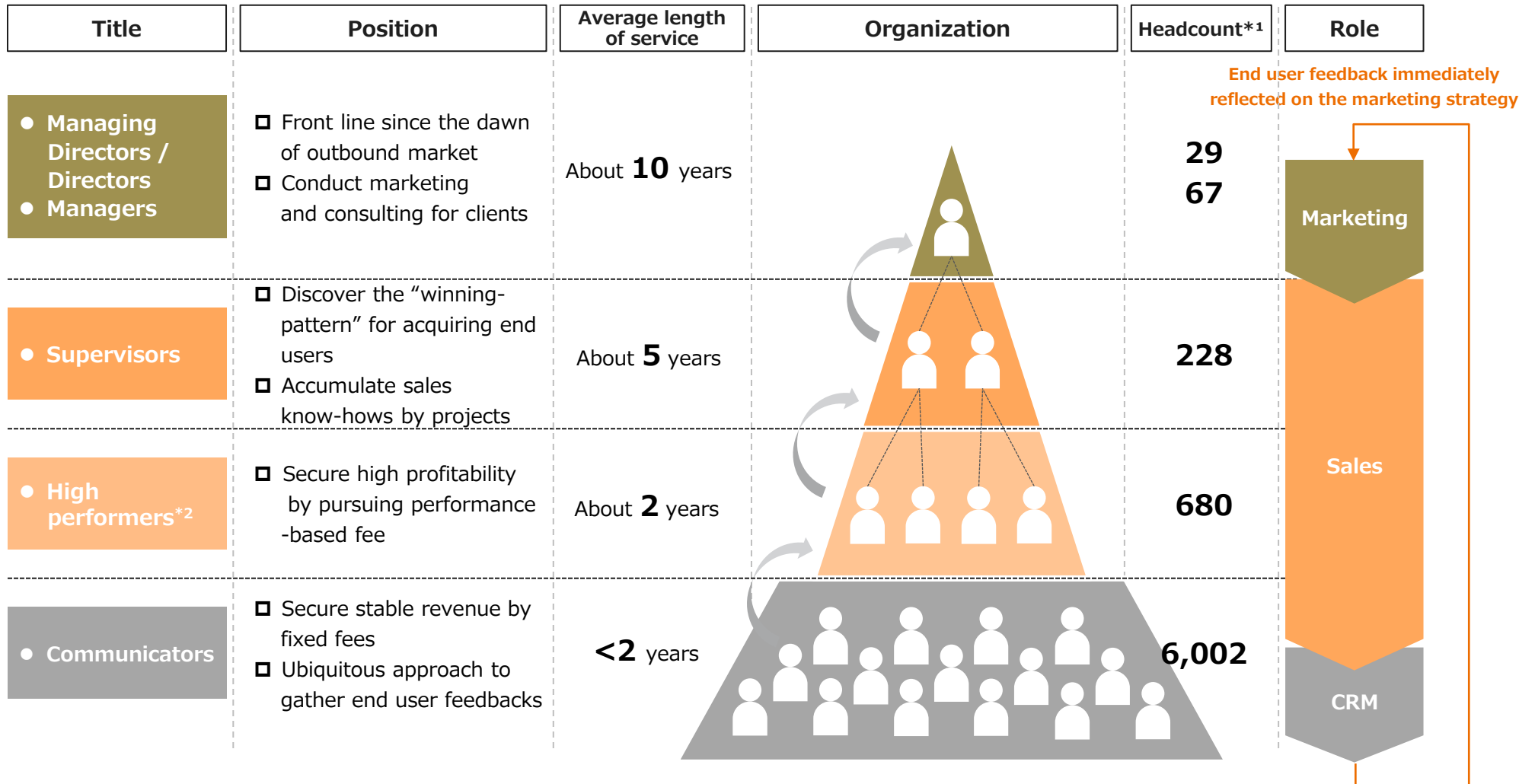
Managerial: Supervisor

On-site: Responder



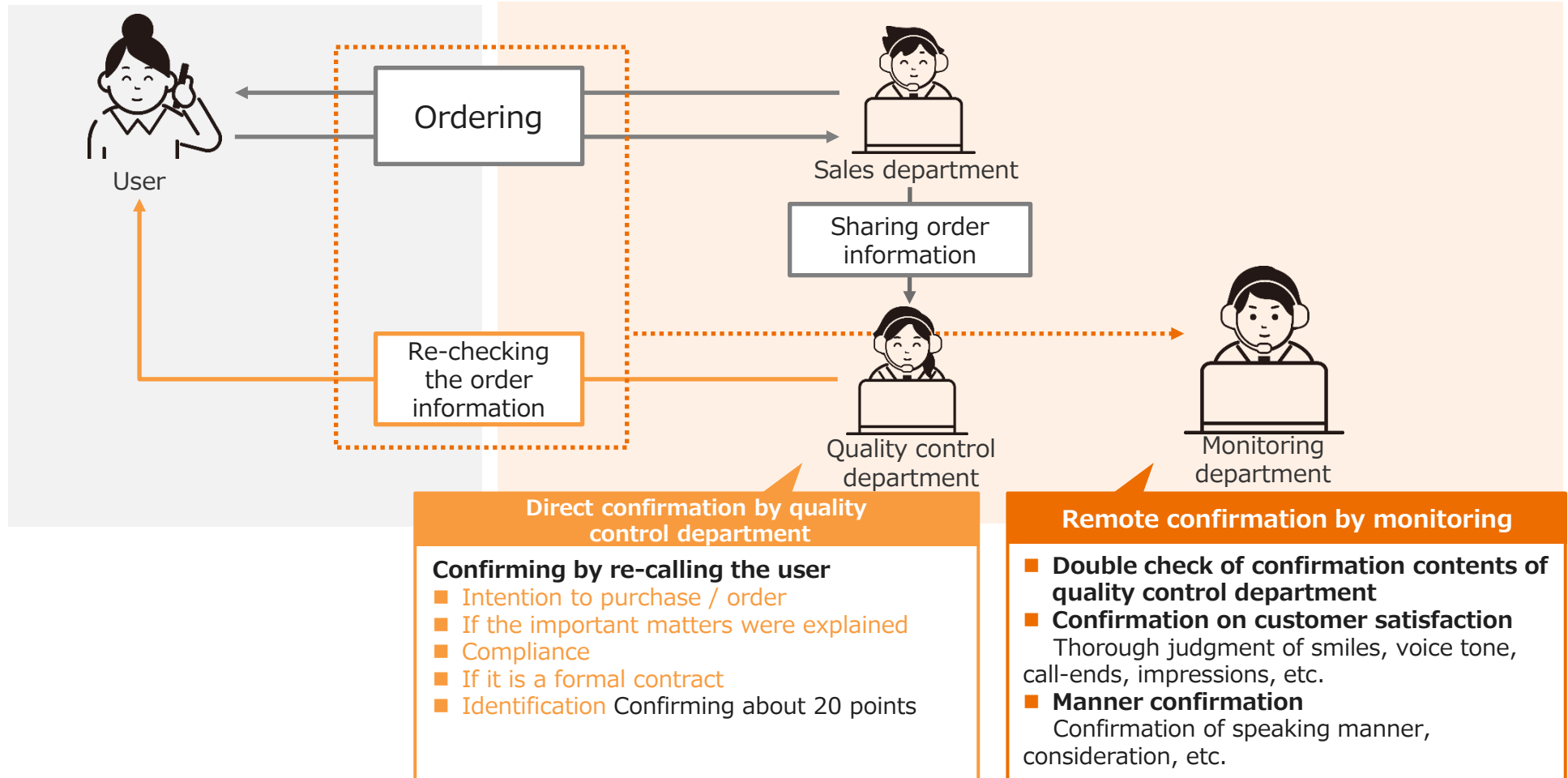
Strong organizational Structure to Realize Clients' Sales and Marketing Reform

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



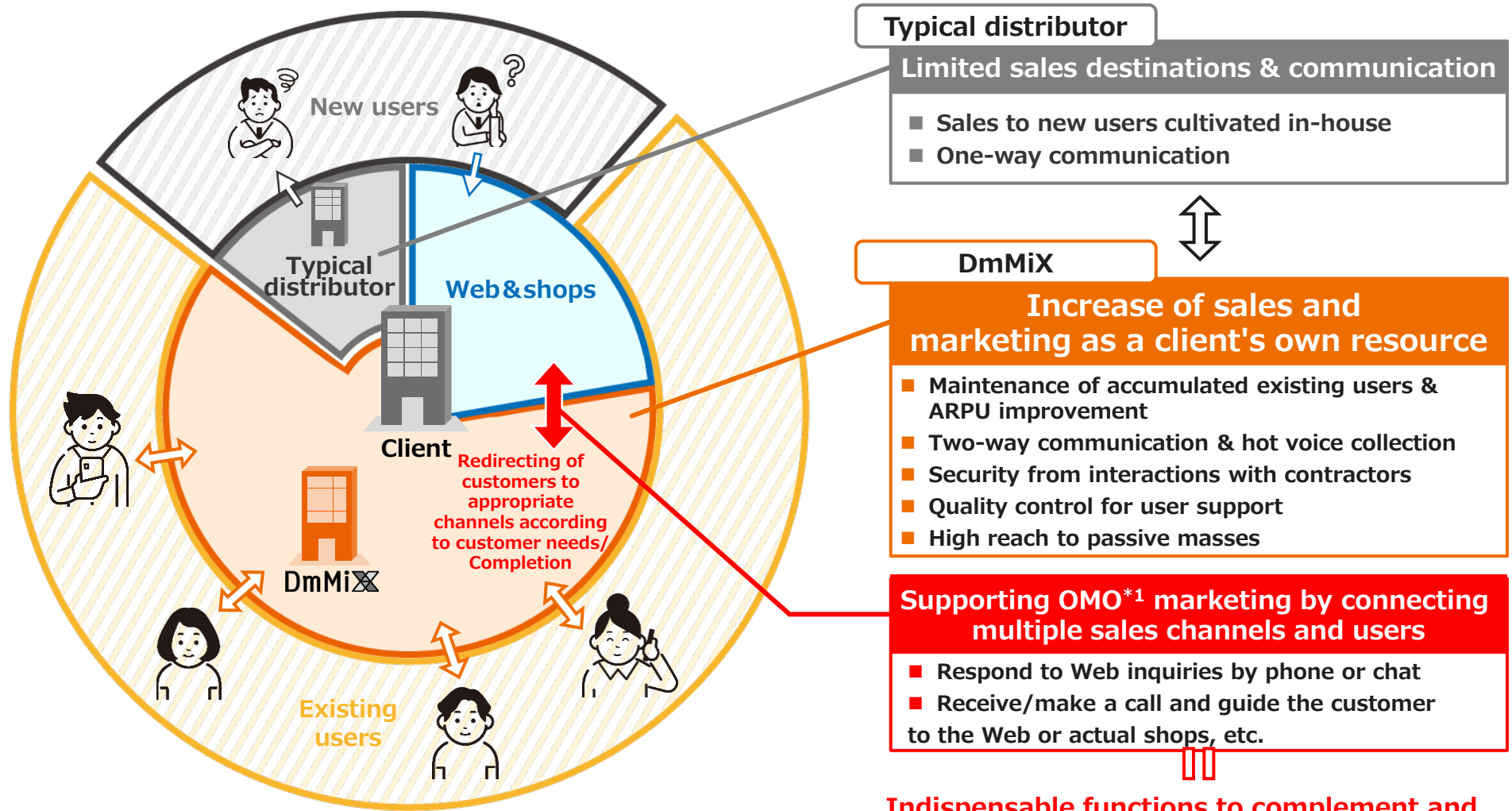
Thorough Quality Control as a Sales Professional

- 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**



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

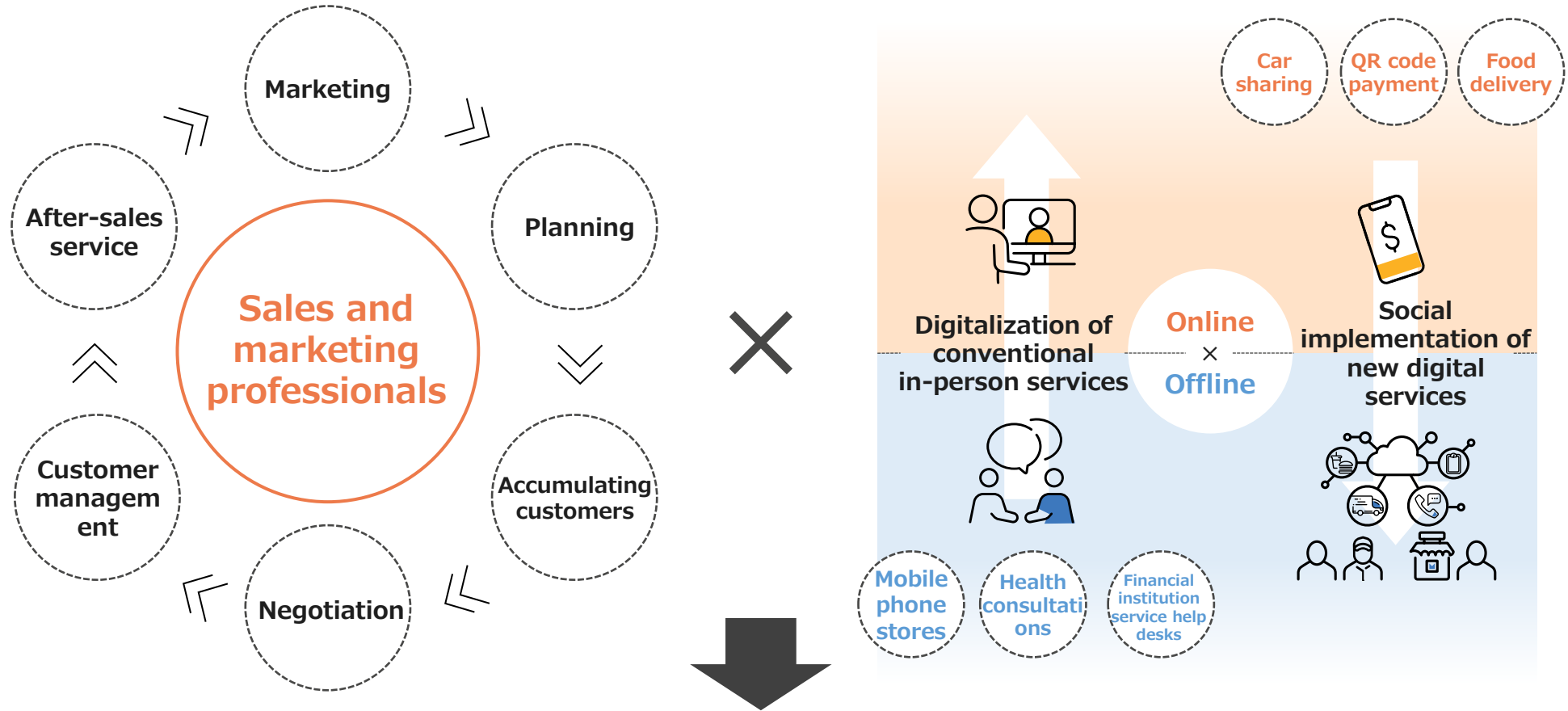
- As a client's own sales resource, we are responsible for **the maintenance of existing users**, who make up the majority of the customer base and **ARPU improvement**
- Based on two-way communication with users, we not only formulate marketing strategies but also act as **a bridge between multiple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



Indispensable functions to complement and maintain the DX mechanism

DX Promotion by Leveraging Sales and Marketing Strengths

- By leveraging our strength in developing one-stop sales and marketing, including related ancillary clerical work, **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

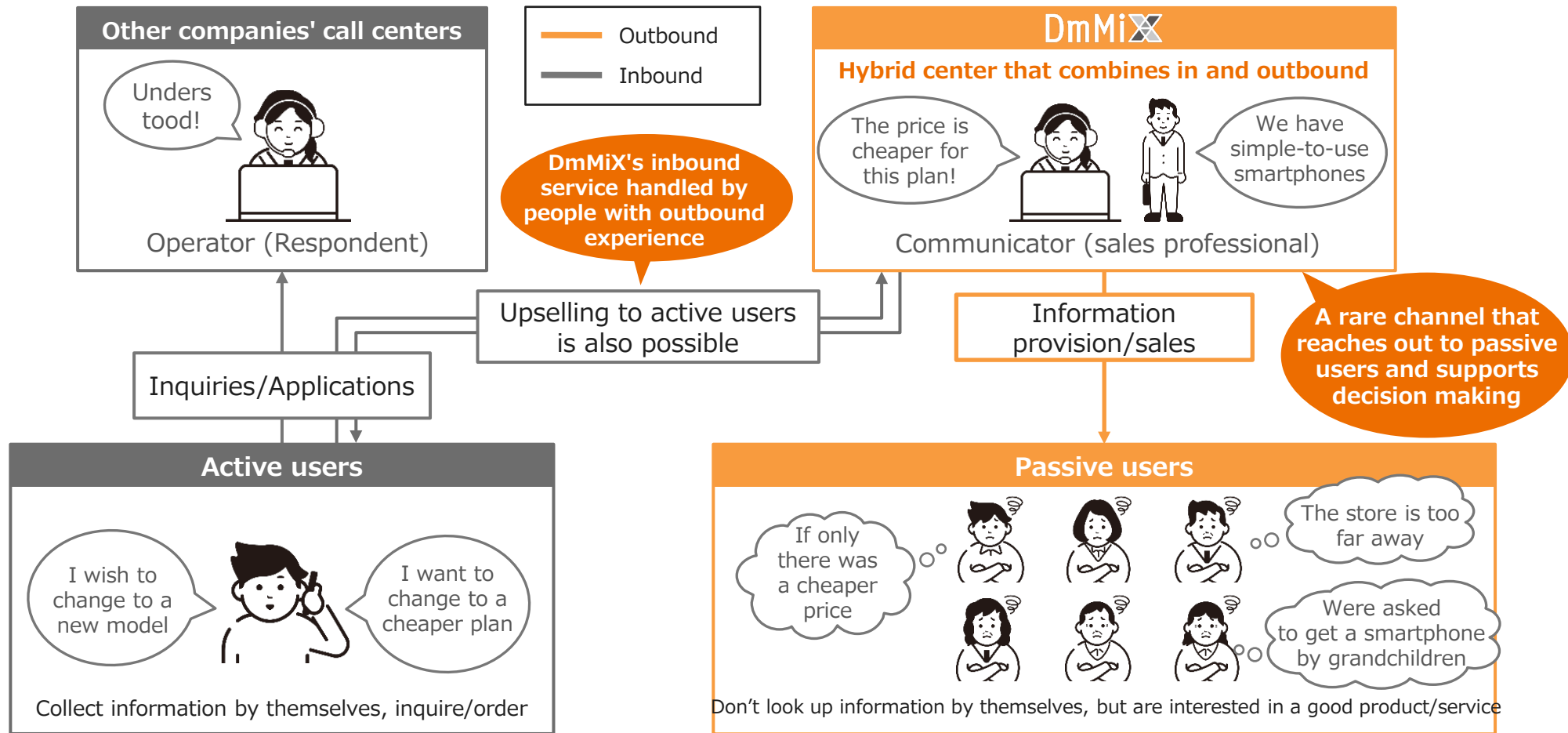


DmMiX as a DX Enabler

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

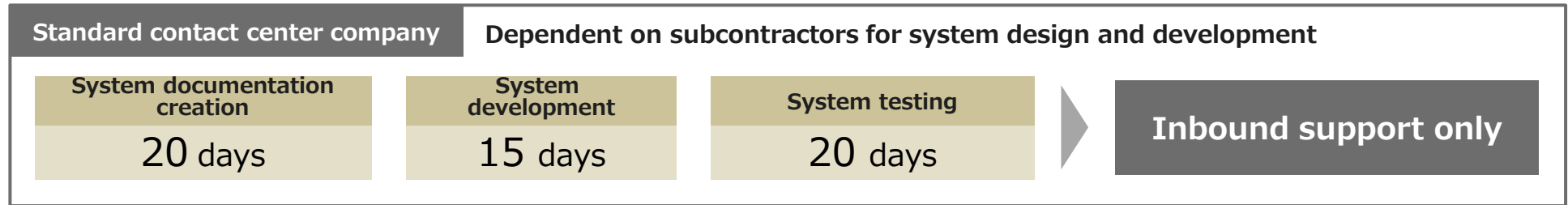
- In the Japanese market environment, with many **passive users**, we are highly evaluated as **a rare channel that can reach them directly** from the company's side
- We provide services **as a resource for client**. With high quality control, we are not only responsible for sales, but also for **detering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

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



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**



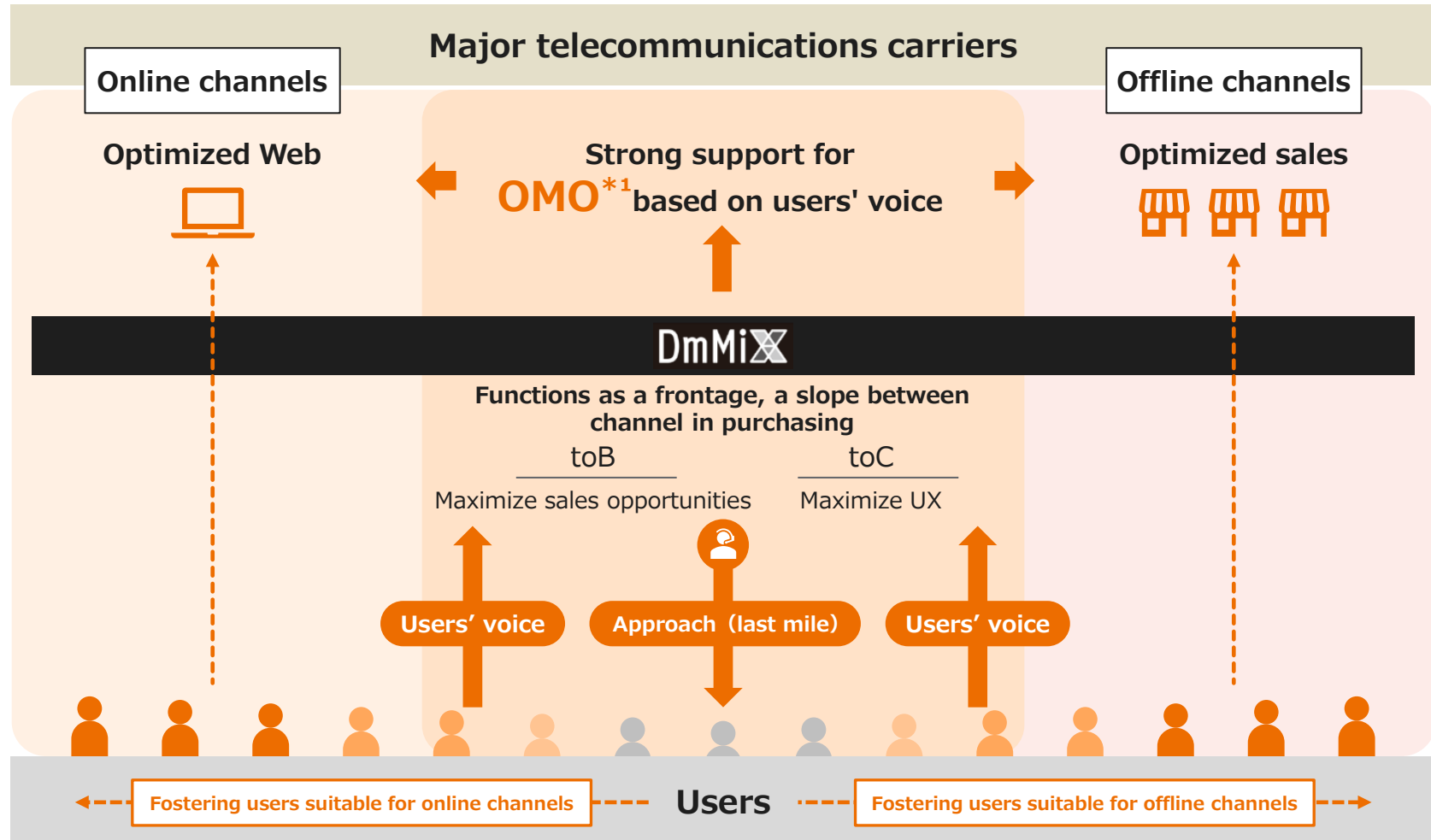
DmMiX's inbound advantages

- 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

Acquiring Profit Opportunities by Solving Client Issues

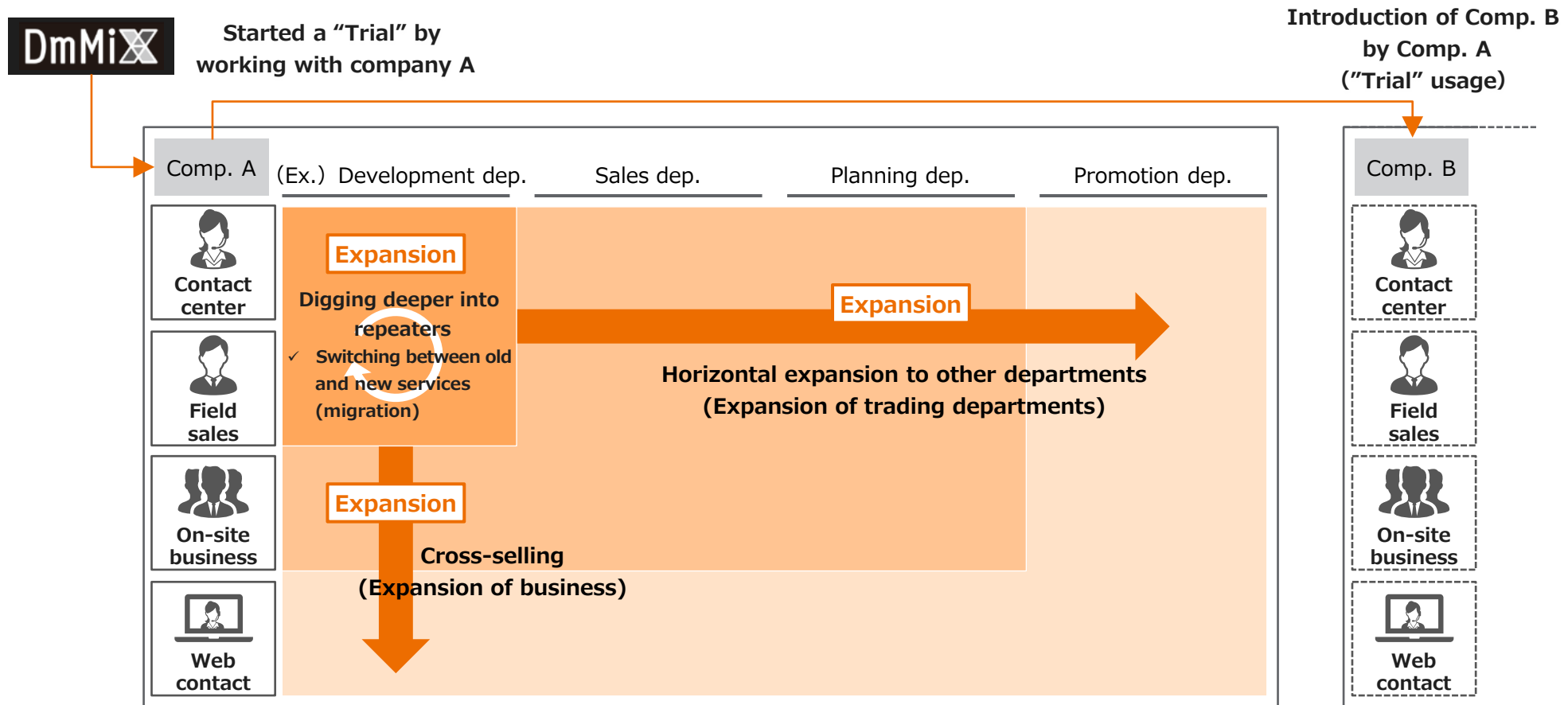
- Strongly support client's **OMO^{*1}marketing** and capture further profit opportunities as a slope between channels



Client Aquisition 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**

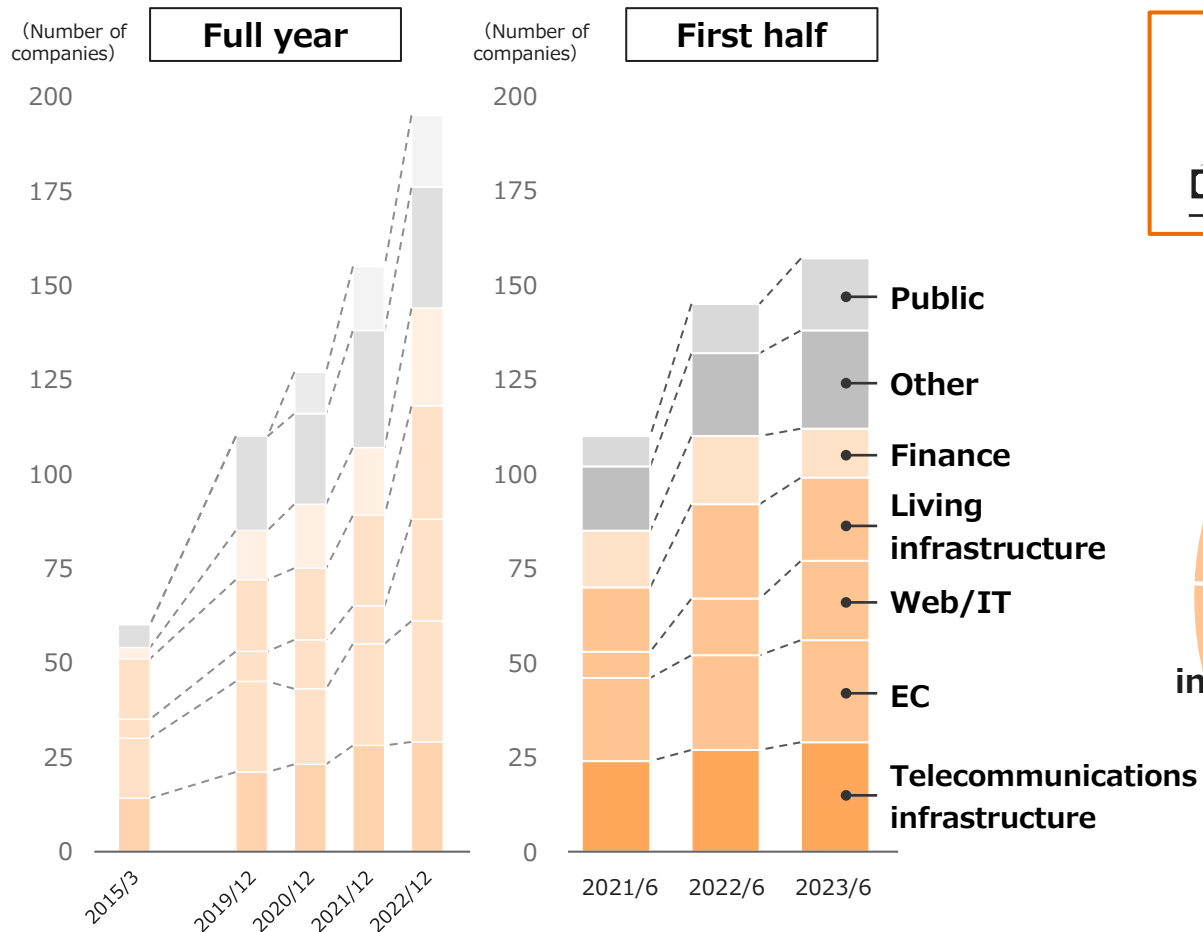
Image of expansion of existing business from acquisition of new clients



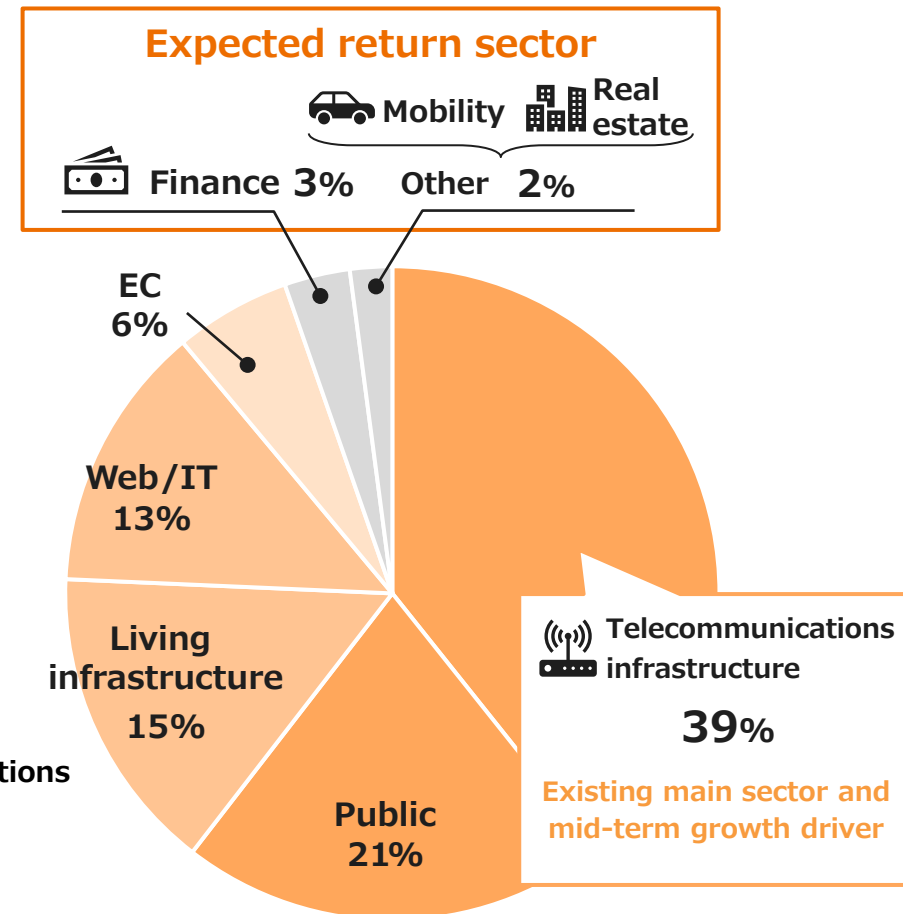
Current Earnings Base and Future focus Sectors

- Number of clients by industry*1*2*3: Increased YoY in other sectors including Web/IT and mobility
- Revenue composition: The expansion of Web/IT was prominent. Public shrank, as expected. There was gradual growth in the finance and other sectors for which we have growth expectations

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



Revenue composition ratio by industry (FY12/2023 1H)



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

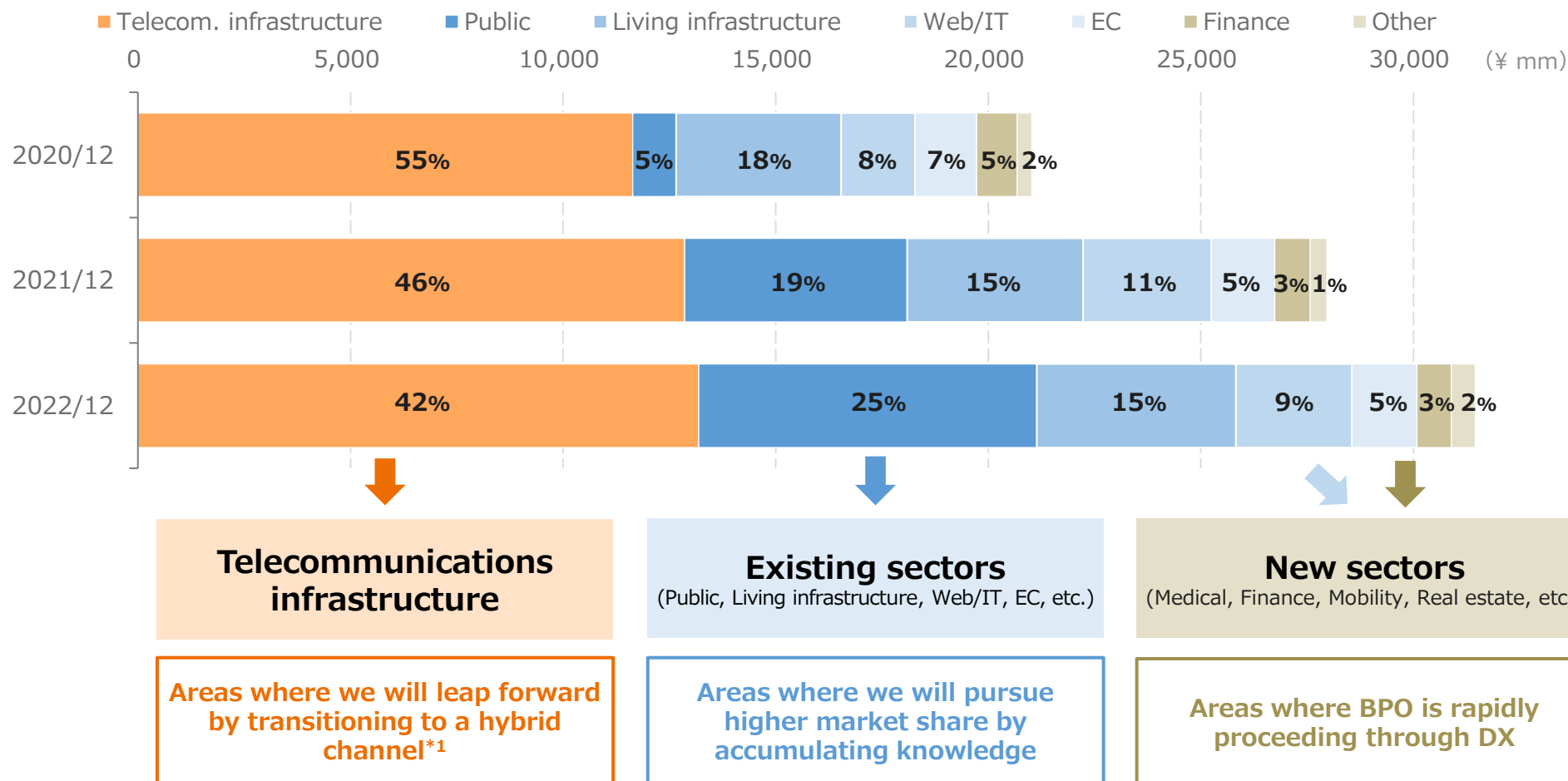
*2 Telecommunications infrastructure = mobile phone carrier affiliated companies. Living infrastructure = electricity, gas, internet lines, etc.

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

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



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	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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

Approaches in Each Sector: Existing sectors

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

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

	External environment	DmMiX's growth image
Public	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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

Approaches in Each Sector: New sectors

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

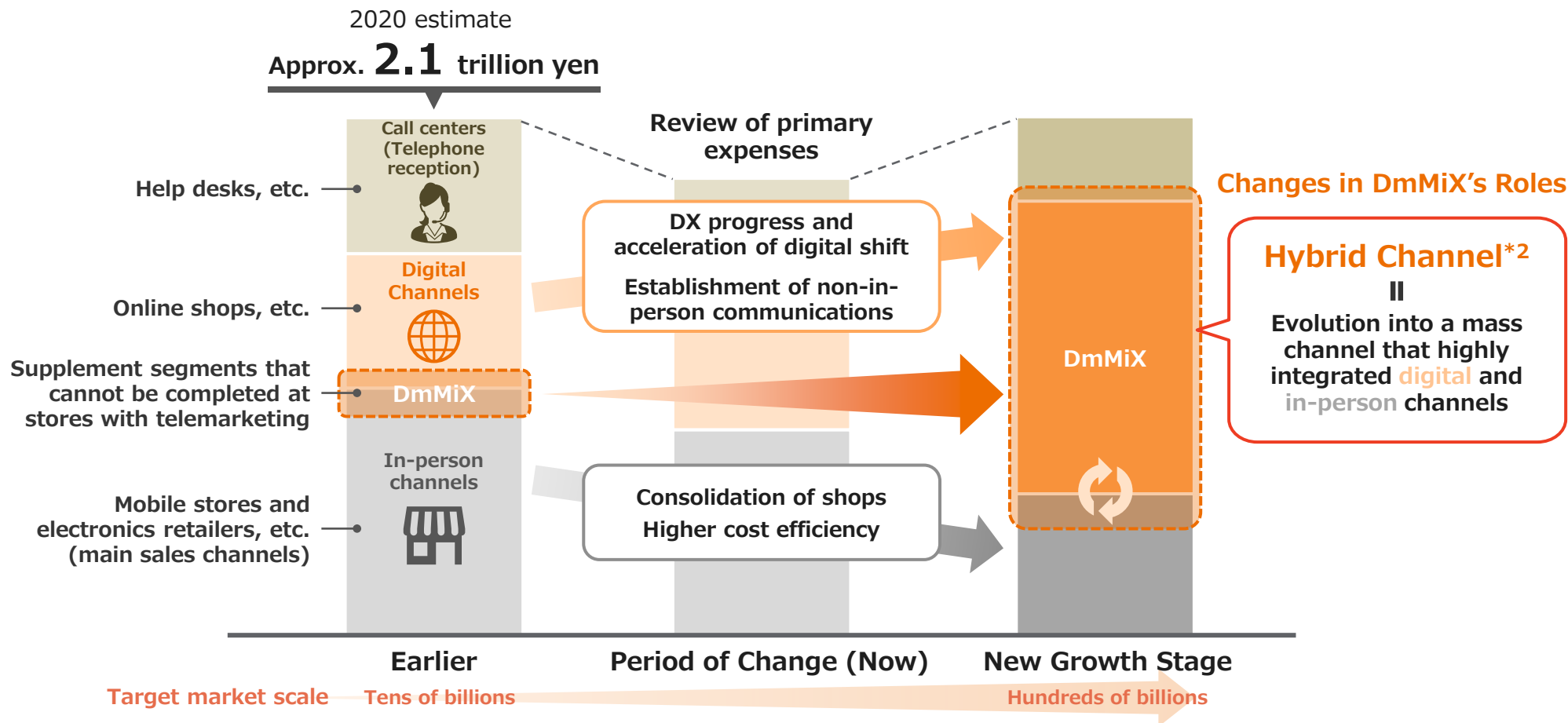
New sectors: Areas where BPO is rapidly proceeding through DX

	External environment	DmMiX's growth image
Medical	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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 (ownership) to a subscription model (use) 	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • DX advancement is still in an interim stage and expansion of demand has not yet occurred 	<ul style="list-style-type: none"> • Continue transactions with each client and accumulate know-how

Growth Potential in the Telecom. 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 and services with end users**

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



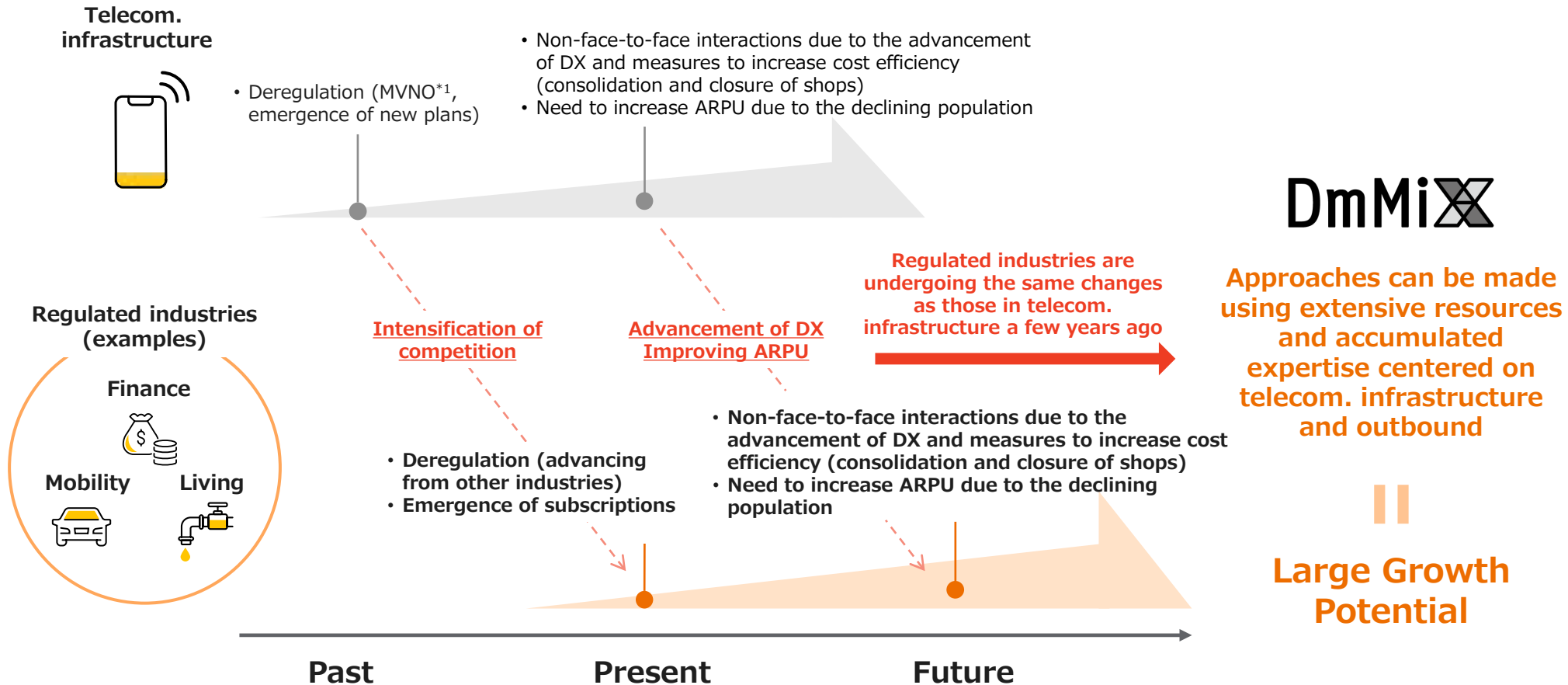
^{*1} Company estimates based on disclosure materials. Sales (agency) commissions plus operating (work) expenses within each company's sales expenses

^{*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

Issues in Existing and New Sectors and the Company's Growth Potential

- In regulated industries, such as finance, mobility, and living infrastructure, where market environments are undergoing major changes, the issues can be aggregated into **intensification of competition**, **advancement of DX**, and **improving ARPU**
- The Company has expertise and strengths in solutions to all of these issues and has tremendous growth potential

Market environment and issues in existing and new sectors



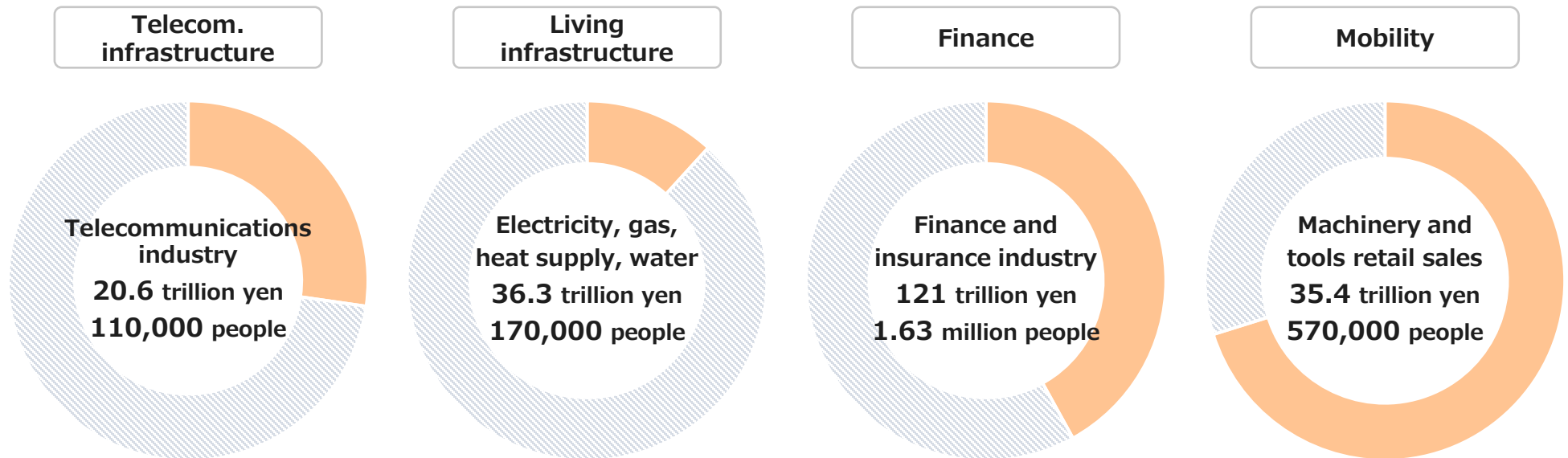
*1 Mobile virtual network operator: a business operator that does not own a physical mobile network for mobile phones, PHS, and the like, but leases (or obtains through re-sale) a mobile network from the mobile communications operator that own it (such as a mobile phone carrier) and provides mobile communications services under its own brand

DmMiX's Major Target Markets

- In addition to the core telecom. infrastructure market, each sector expected to be a target has a massive market scale
- The Company can take the place of everything from sales to clerical work. **We will seek further expansion of our market share by continuing to achieve improvements in the top line and cost reductions of client companies**

Number of workers*¹ and total sales*² in the main targeted sectors

■ Number of sales workers*³ ■ Number of clerical workers*⁴



*¹ Calculated based on the number of workers by industry and occupation reported in the Ministry of Internal Affairs and Communications "Labor Force Survey (December 2022)"






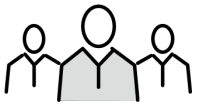
*² Calculated based on the number of companies and sales (revenue) by management organization in the corporate industry (sub-category) reported in of the Ministry of Internal Affairs and Communications "2022 Survey of Economic Structure"

*³ Calculated based on the "sales worker" classification in the "Labor Force Survey (December 2022)"

*⁴ Calculated based on the "clerical and related worker" classification in the "Labor Force Survey (December 2022)"

Full Range of Business and Business Channels

- **Marketing business:** Focusing on contact centers, we employ multiple channels, including outside sales, non-voice communication*¹, temporary staffing of sales management personnel, etc.
- **On-site business:** Focusing on general temporary staffing

DmMiX		Business Channels					
		Contact centers	Outside sales	Non-voice communication* ¹	Temporary staffing—sales management	Temporary staffing—professional communicators	Temporary staffing—general personnel
Business	Marketing Business						
		Direct Marketing	✓	✓	✓	✓	
		Consulting	✓	✓	✓		
		BPO	✓	✓	✓		
	On-site Business				✓	✓	✓

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

One-stop Service for Functions Essential to the Marketing Process

- We provide a one-stop service for planning, sales, CRM, and other essential functions in our clients' marketing process
- We offer support for speeding up the PDCA cycle in the marketing process by utilizing the **"real needs" of end users**, which can be achieved only through our ability to provide one-stop solutions

Differences between typical external services and DmMiX services

General Outsourcing Services

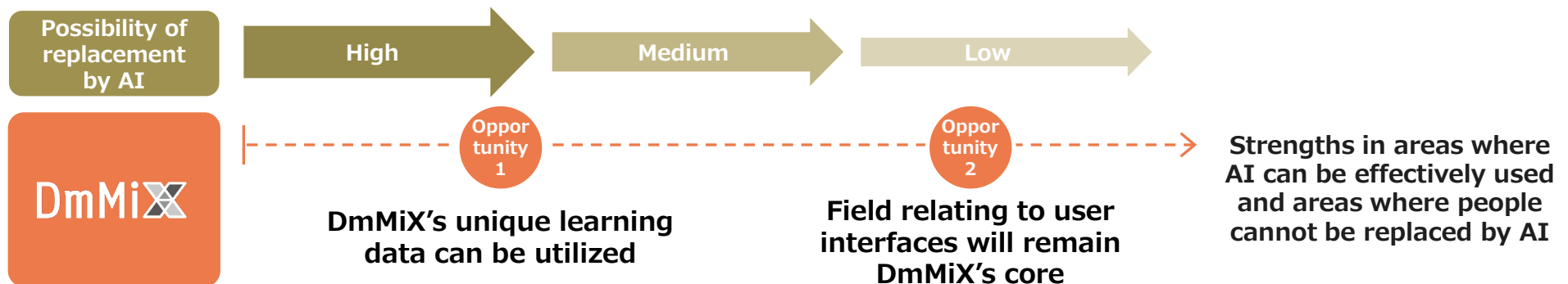
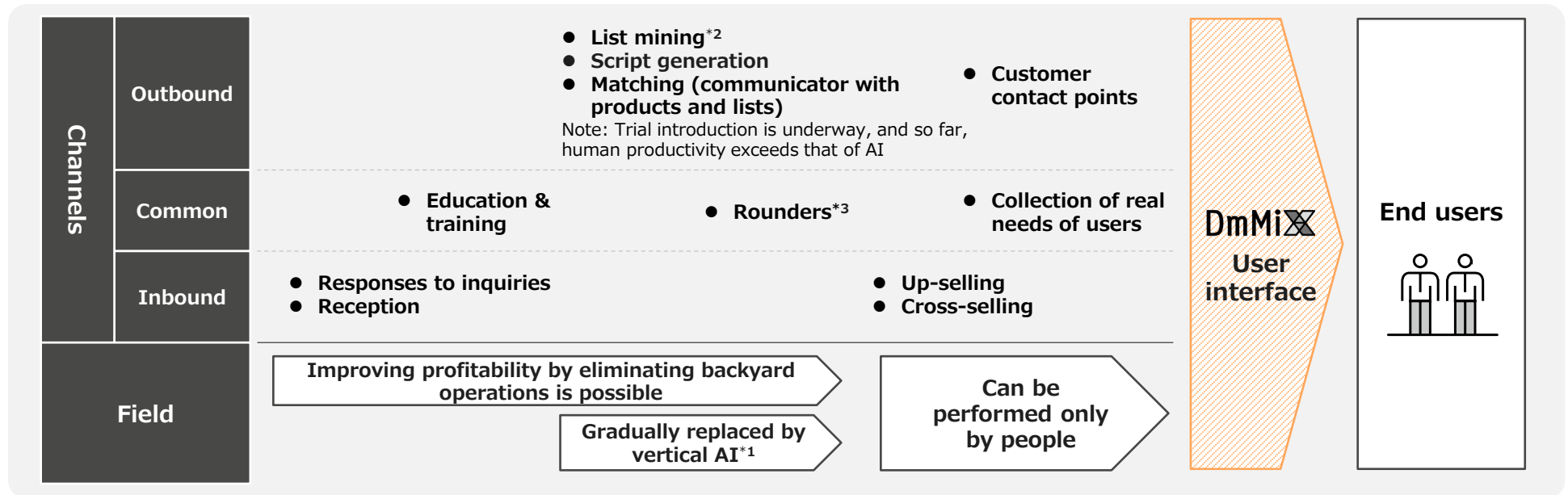


▼ After switching to DmMiX



DmMiX's Business Develops with Generative AI

- Fields relating to user interfaces, which are at the core of the Company's business, **can be done only by people and will be difficult to replace with generative AI**
- The keys to creating vertical AI^{*1} for sales and marketing will be **DmMiX's unique and massive amounts of learning data** that include the "real needs" of users



*1 AI for limited industries

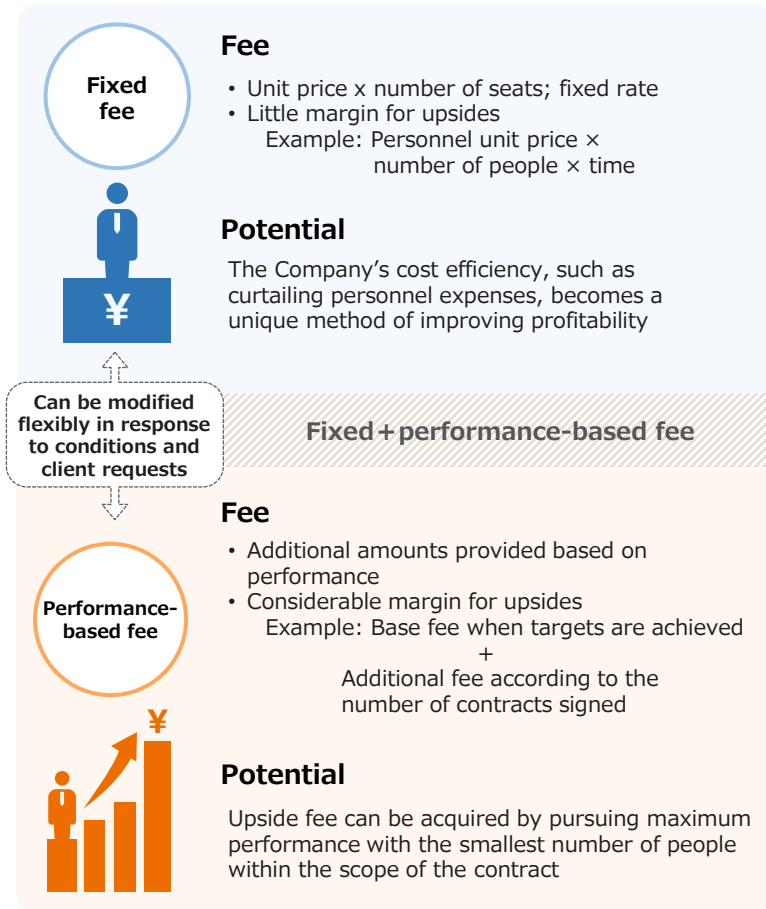
*2 Identifying potential customers with a high probability of entering into a contract from massive user lists and creating highly accurate call lists

*3 A position responsible for communicator follow-ups such as by patrolling a contact center and answering questions from communicators

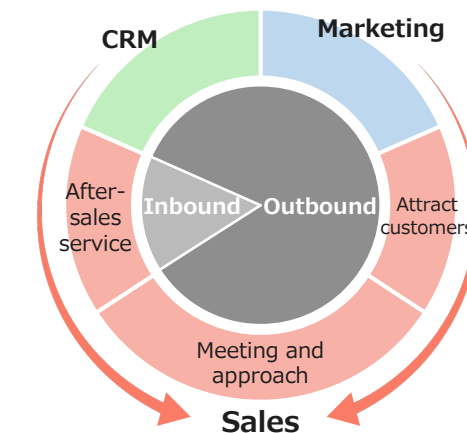
Fee System That Can Comprehensively Pursue Upsides

- The main fee is performance-based that pursues upsides through incentives and other means. We can also respond flexibly to conditions and requests from client companies and can support fixed-fee projects
- Maximize profits by optimizing the fee system at each stage of the sales process

Difference between fixed and performance-based fee



Fee system for each sales process



Marketing

- Fixed: Market surveys, customer analysis, provision of materials
- Performance-based: Consulting

Sales

● Attract customers

- Fixed: DM, social media, events, seminars, booths, exhibits
- Performance-based: Lead acquisition, setting of appointments

● Meeting and approach

- Performance-based: Cross-selling, up-selling and closing

● After-sales service

- Fixed: Customer support, technical support and clerical work (sending documents, following up on application procedures)

CRM

- Performance-based: Lead to sales (improve ARPU, acquire repeat customers and loyal customers)

DmMiX

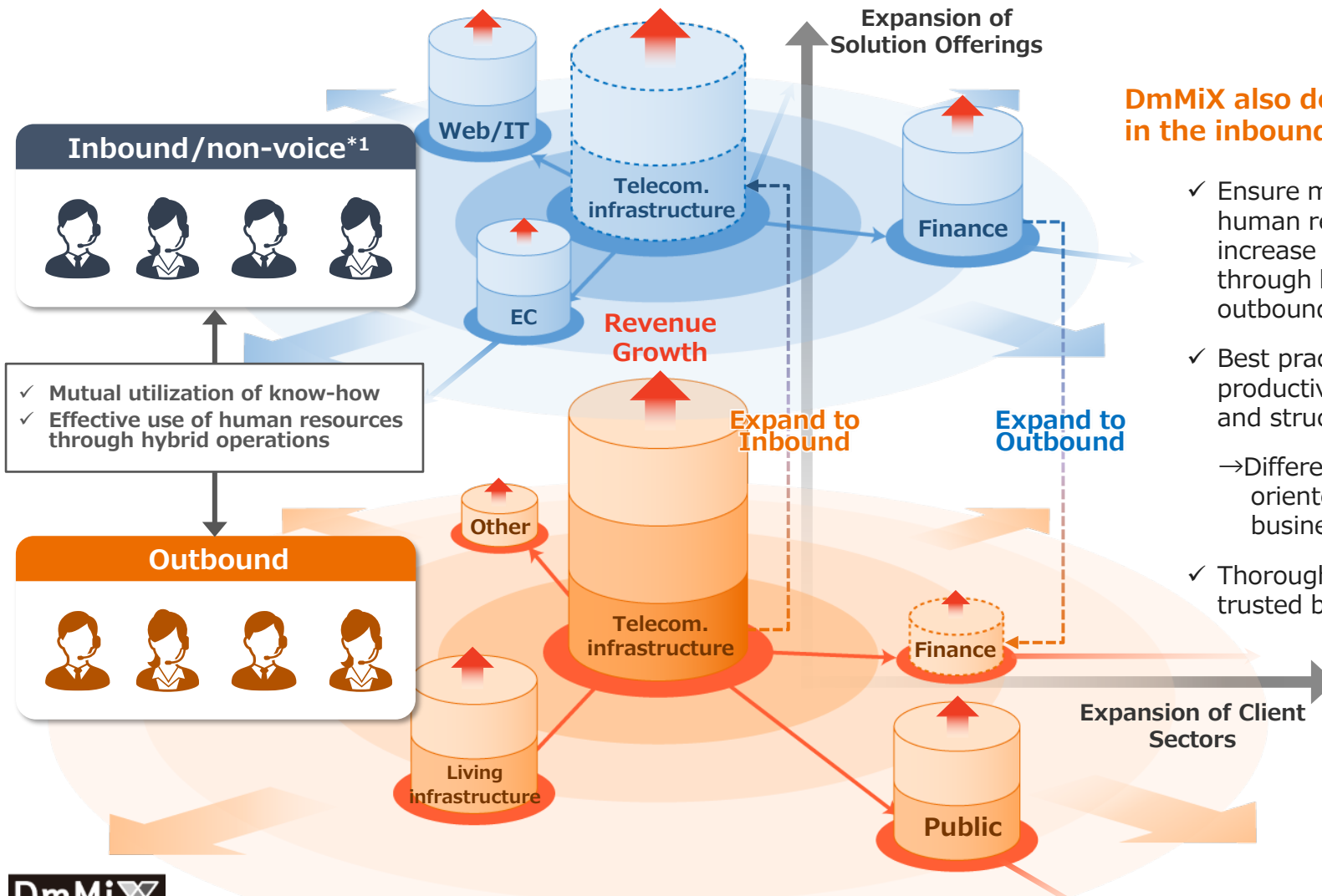
Maximization of profit over the medium- to long-term by building relationships with end-users

Client companies

Achieve both improvements in the topline and reductions in costs

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)



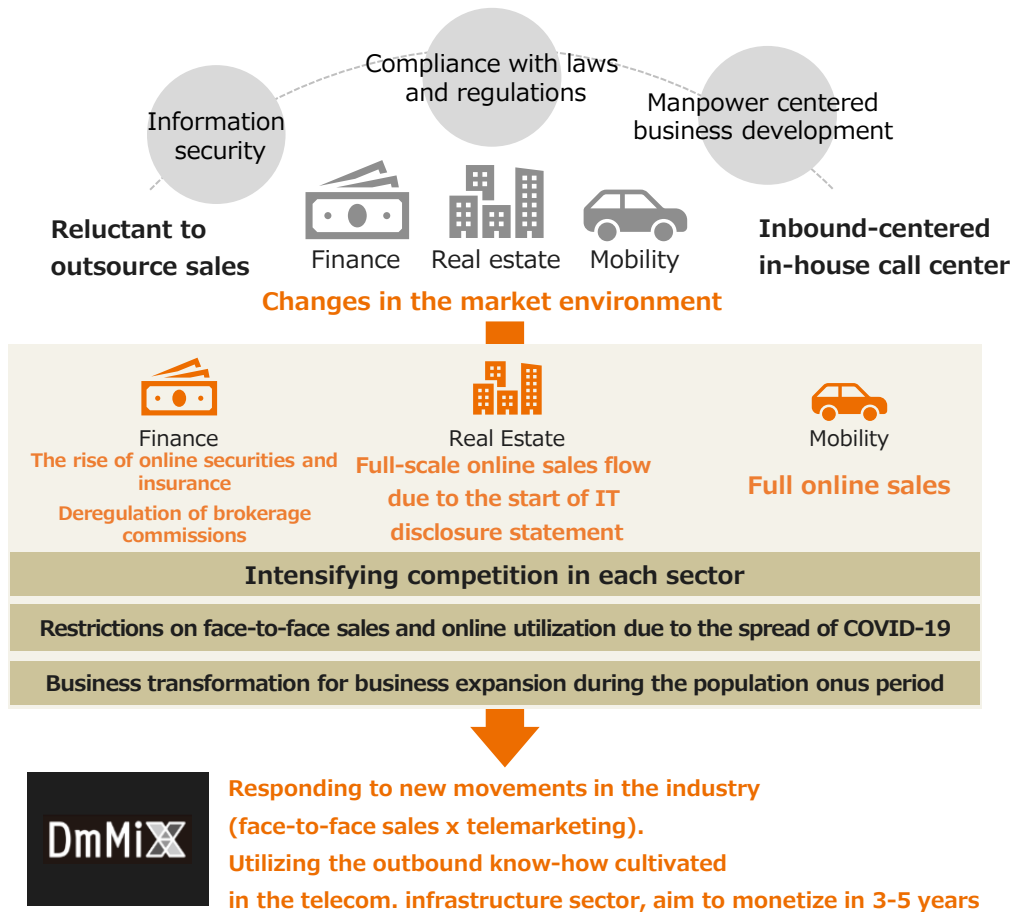
DmMiX also demonstrates its strengths in the inbound/non-voice*¹ business

- ✓ 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

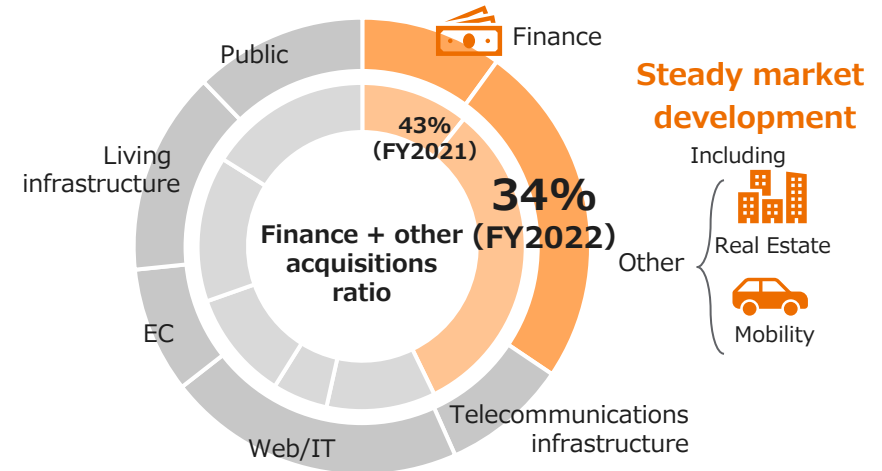
Game Change in the Sales Solution Market (monetization of expected sectors)

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

Expansion policy to expected sectors



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

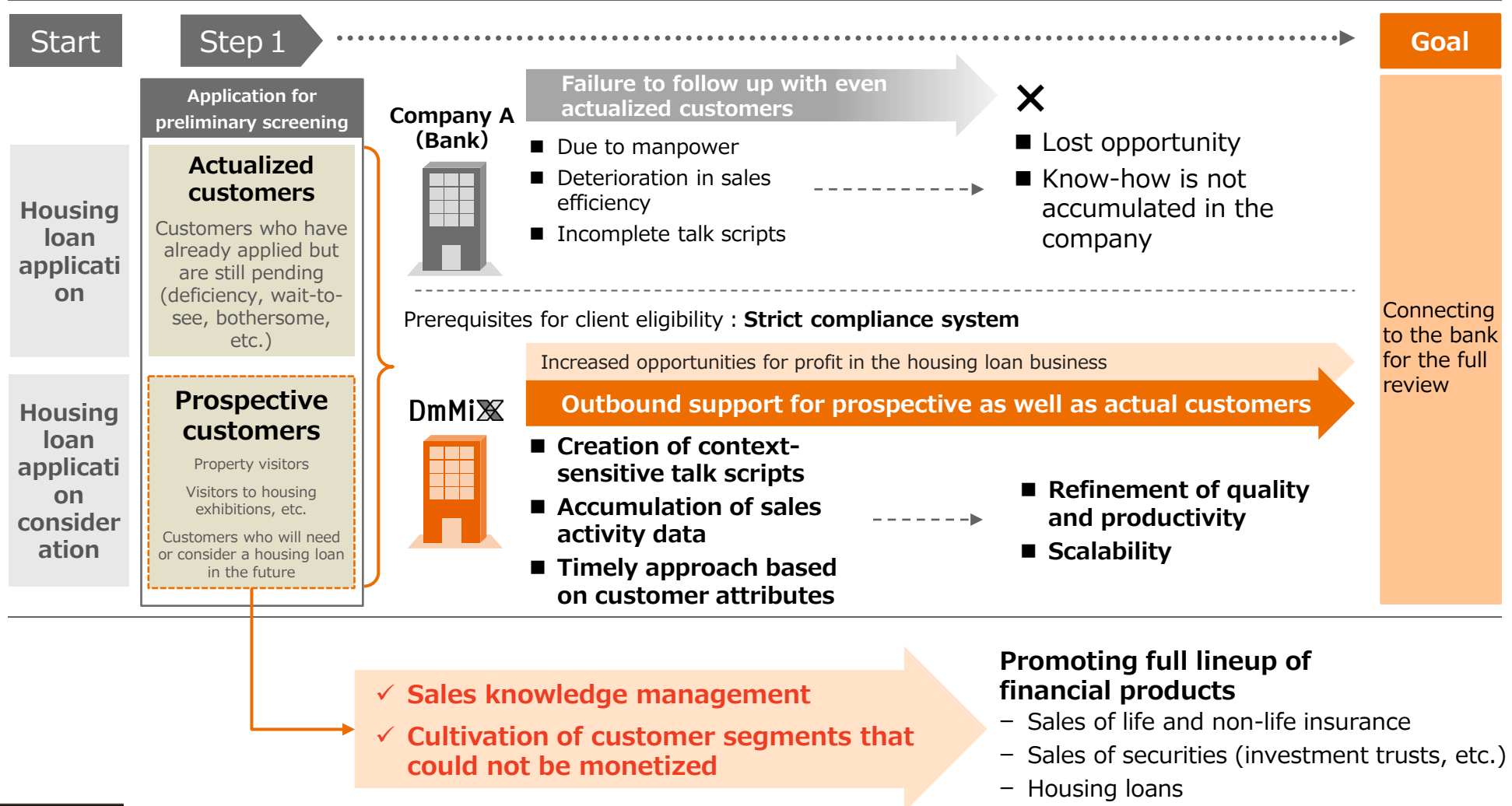


Expected sector acquisition status



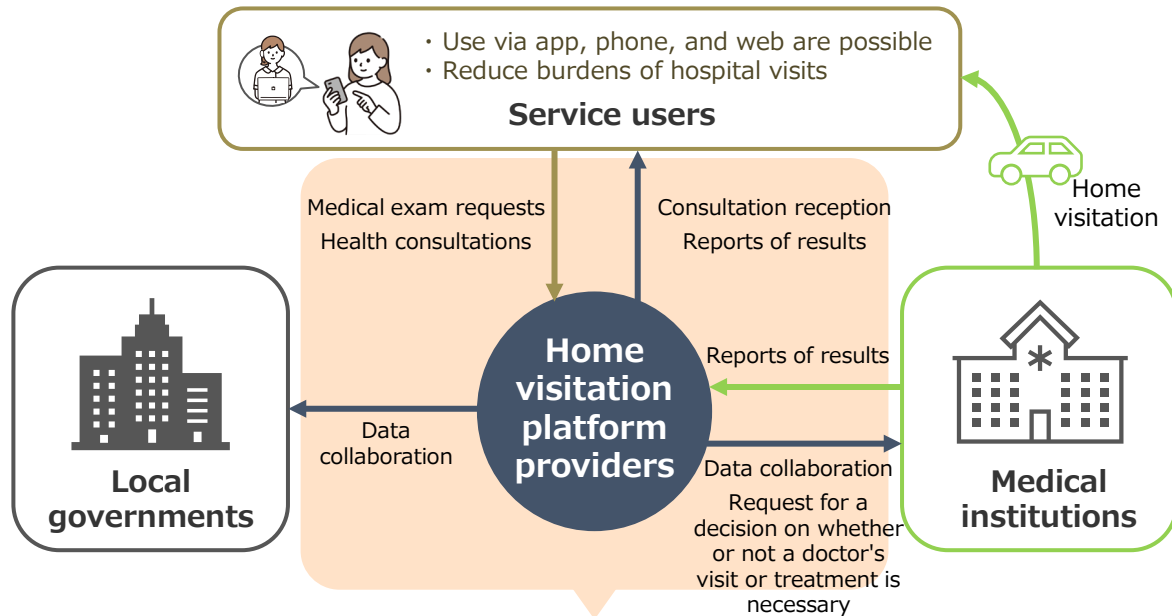
Promising Market Example - Housing Loan Sales

- **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



Growth Opportunities in New Areas (1) BPO for Healthcare

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



Realization of medical DX

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

DmMiX's telemedicine and home visit support



Nurse operators (personnel with qualifications)

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

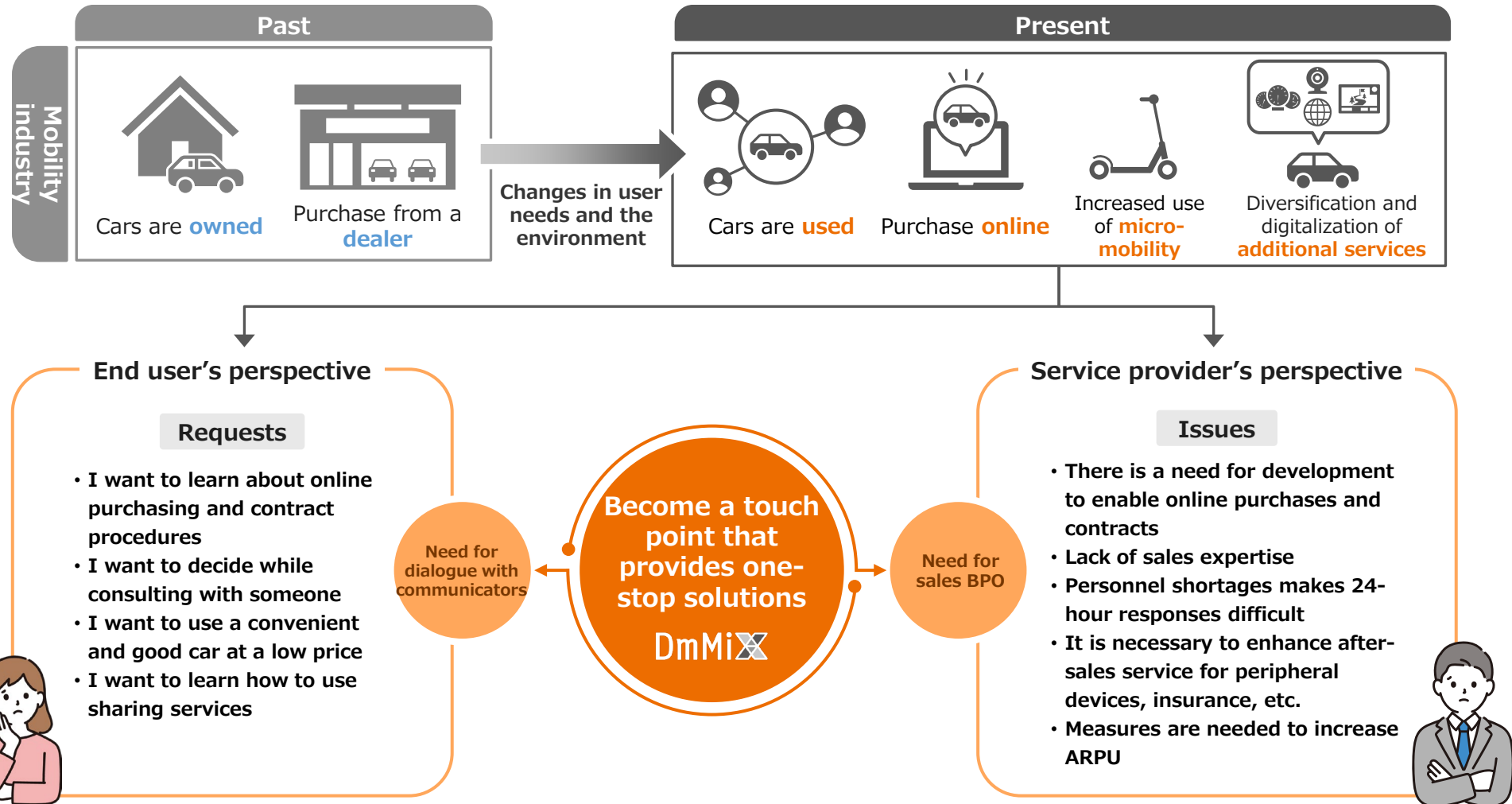
General operators

- General operators work together to perform administrative work

Growth Opportunities in New Areas (2)

Mobility (Automobile Sales through EC)

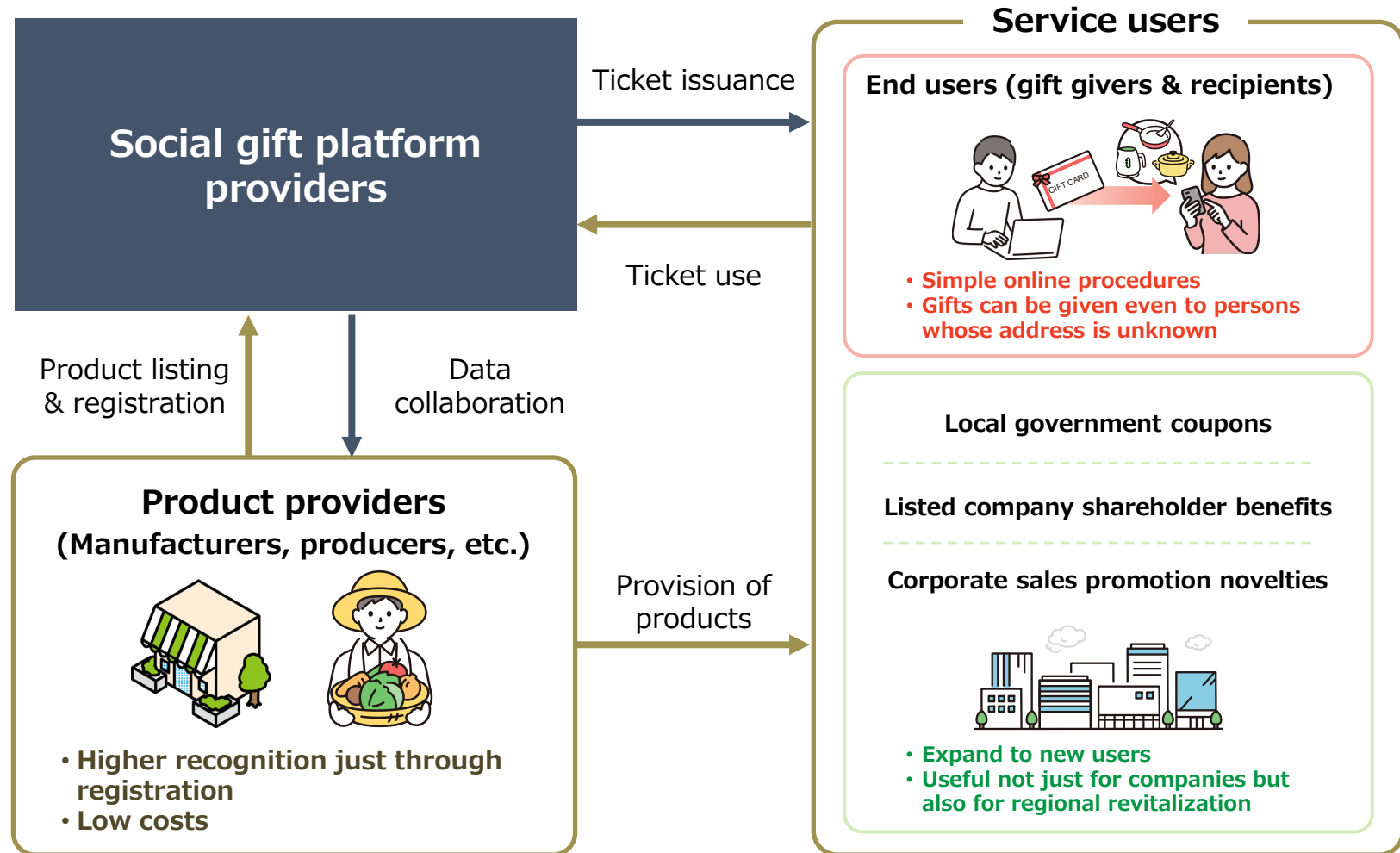
- The transition to subscription type business models is progressing due to the evolution of technologies/services and changes in user needs
- Provide sales solutions that link the virtual (online) with the physical (in-person) to support the expansion of new services



Growth Opportunities in New Areas (3)

Social Gifts (Electronic Tickets)

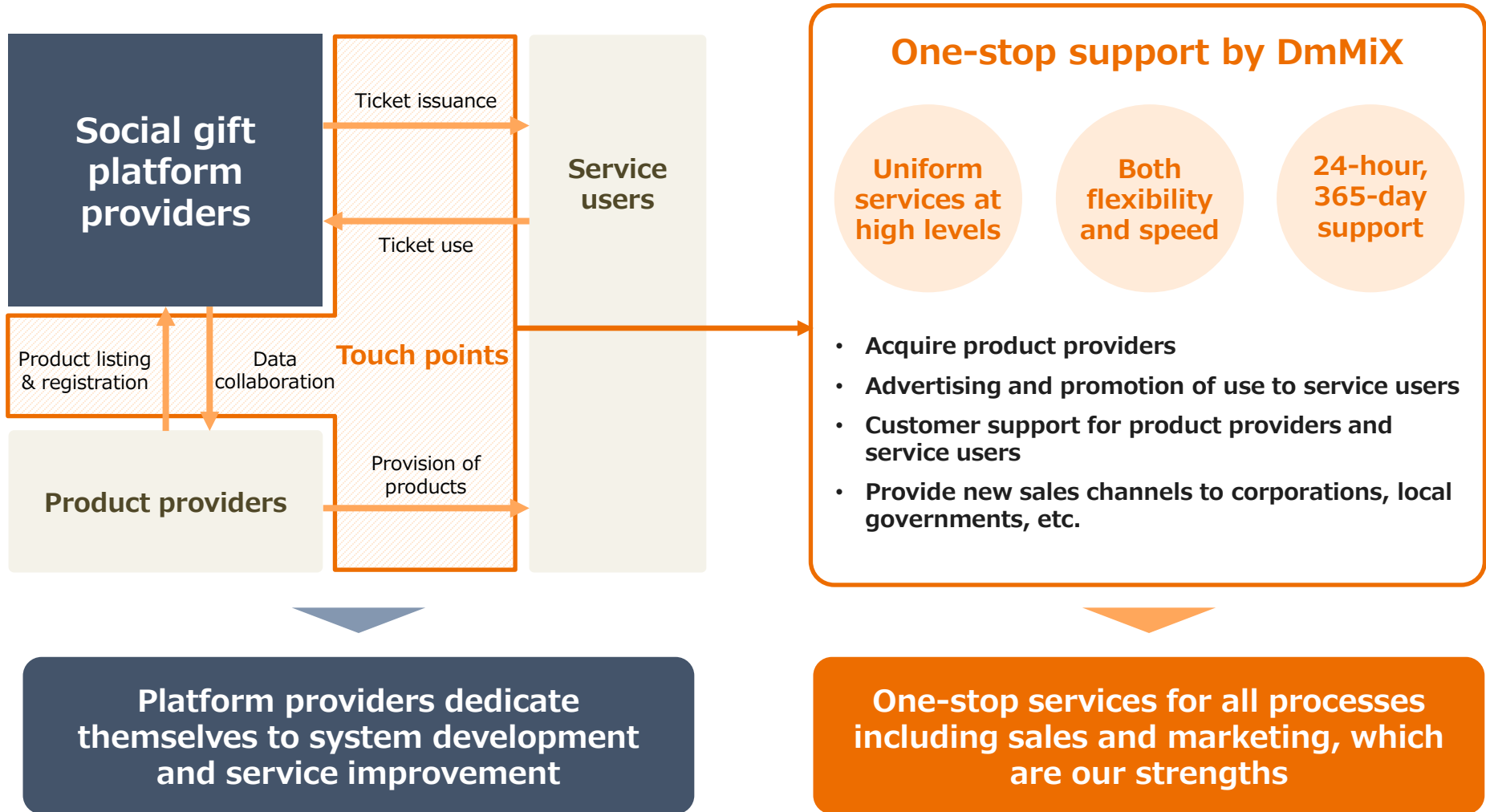
- With the decrease in opportunities for in-person gift-giving and the spread of non-in-person communications, social gift demand is rising. Platforms that satisfy the needs of both gift providers and end users are being developed



Growth Opportunities in New Areas (3)

Social Gifts (Electronic Tickets)

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



Growth Opportunities in New Areas (4)

Online Identity Verification (eKYC)

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

Identity verification

Verification of identity is completed by the following two procedures

Identity proofing

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

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



Authentication

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

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

Opening a bank or securities account
Cashless payment
Credit card issuance

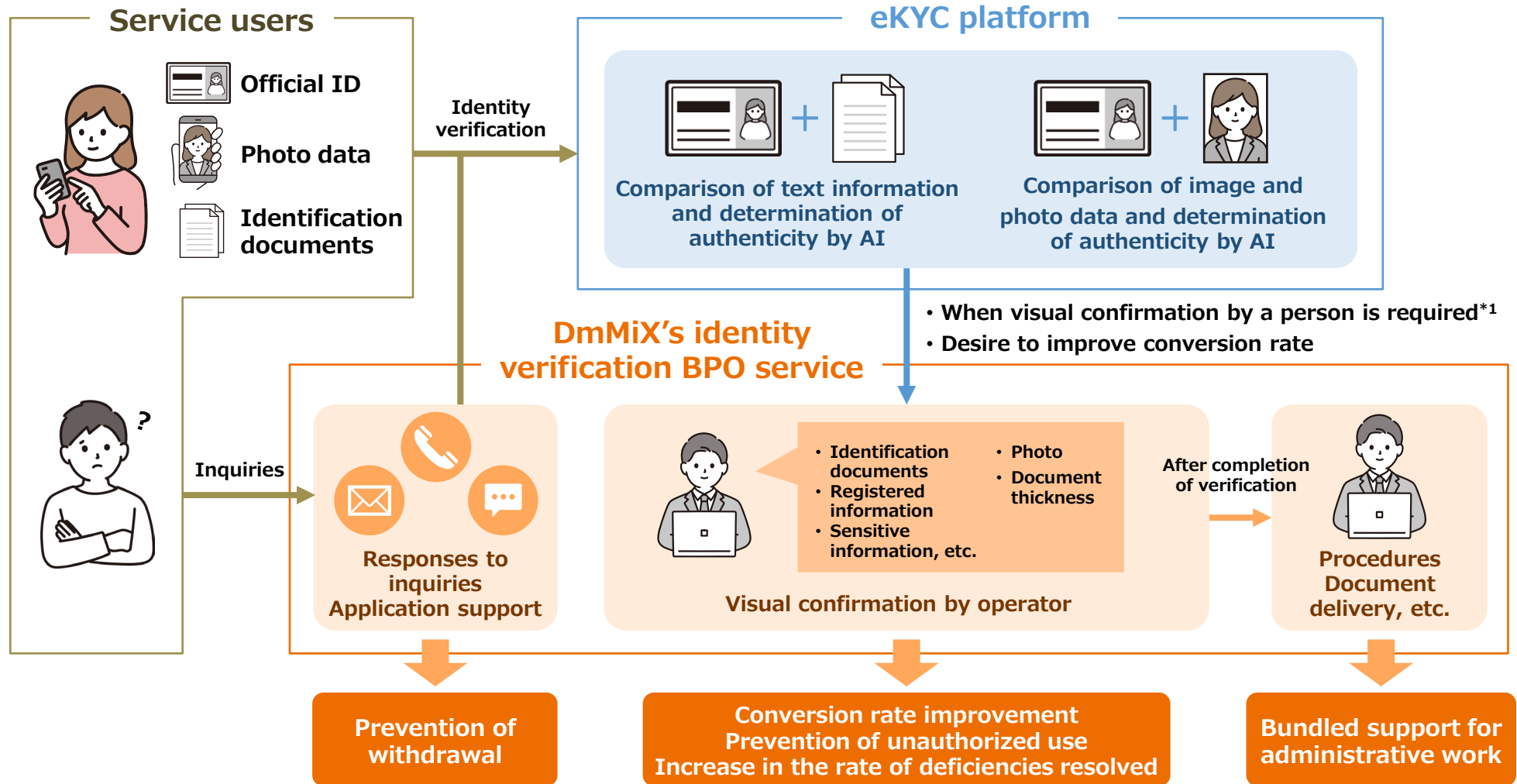
**A means of identity verification that
can be completed online
eKYC**

Mobile phone purchases
Real estate transactions
Trading used goods

Growth Opportunities in New Areas (4)

Online Identity Verification (eKYC)

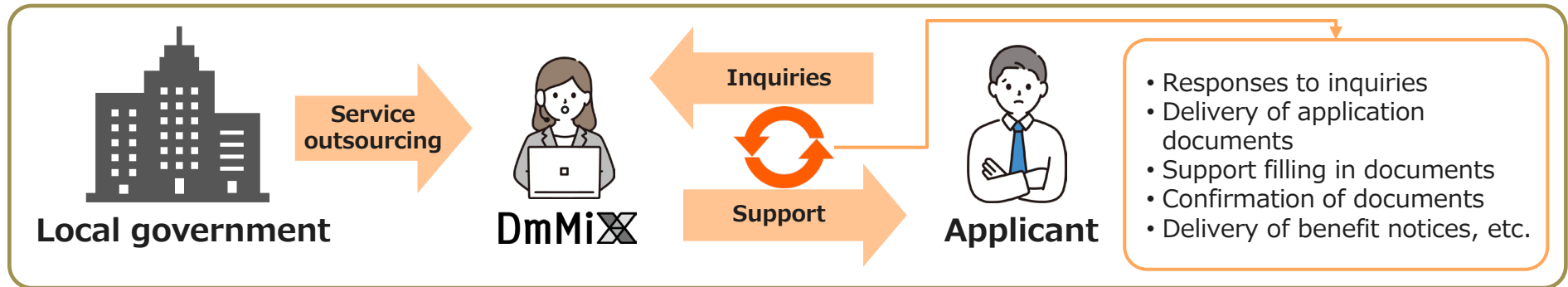
- Provide one-stop identity verification BPO services extending from customer support that cannot be provided solely by AI to administrative work after identity verification



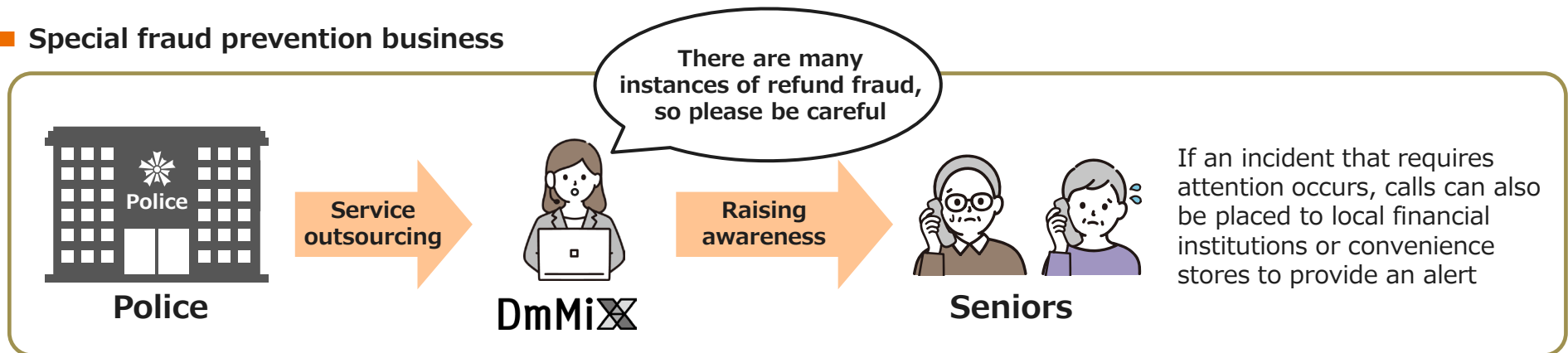
Growth Opportunities in New Areas (5) Public Sector

- 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

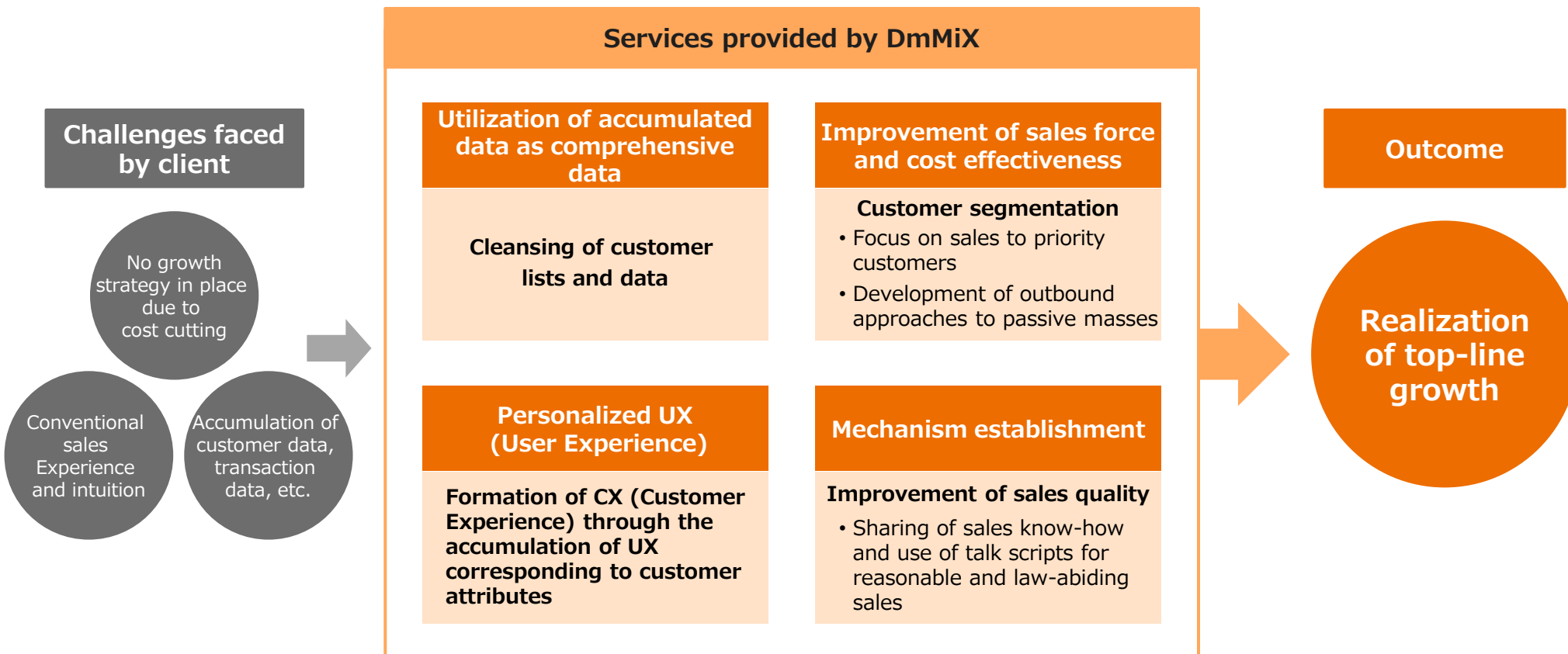
- Ministry of Health, Labour and Welfare, Ministry of Internal Affairs and Communications, National Tax Agency, Fair Trade Commission, Ministry of the Environment, and others

DmMiX supporting DX with Big Data in the Sales Department

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

BtoC service industry (telecom. infrastructure, finance)

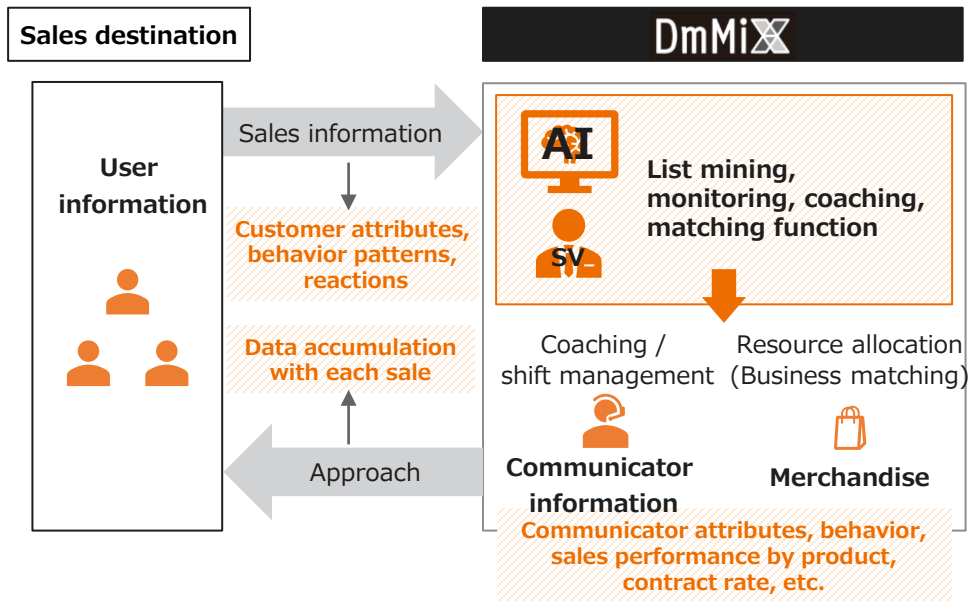
Possibility of using outbound to support DX



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

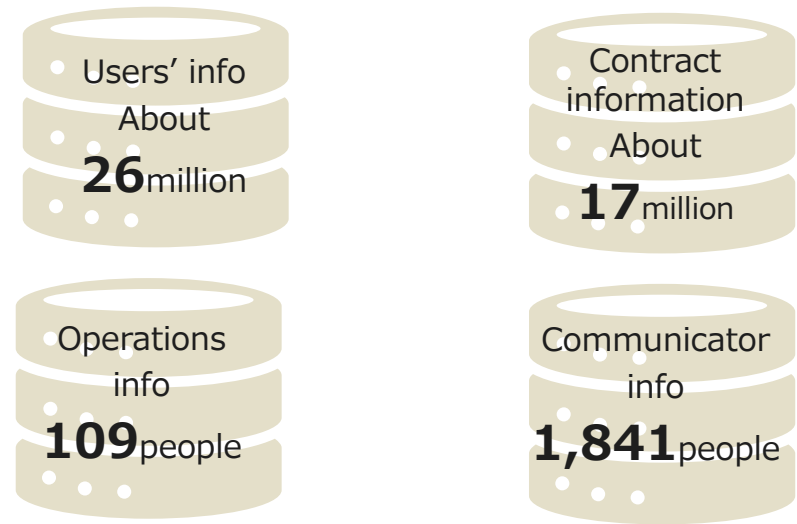


Factors for accelerating growth

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)



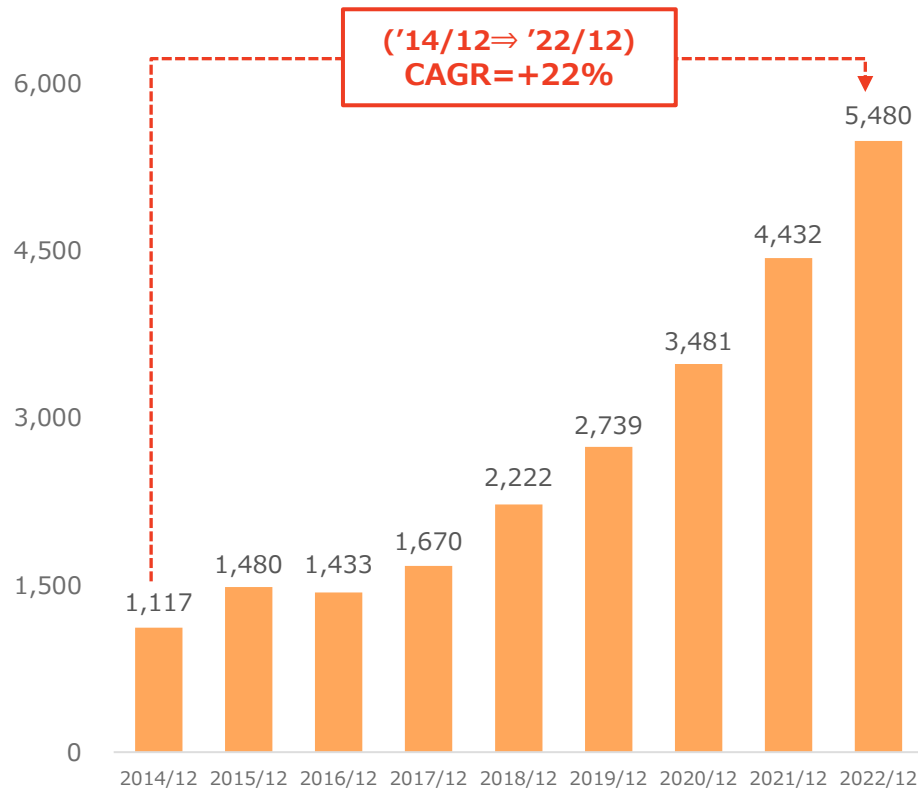
- Ongoing empirical experiments with data accumulation
- Scheduled to be introduced gradually after scoring results improve

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**

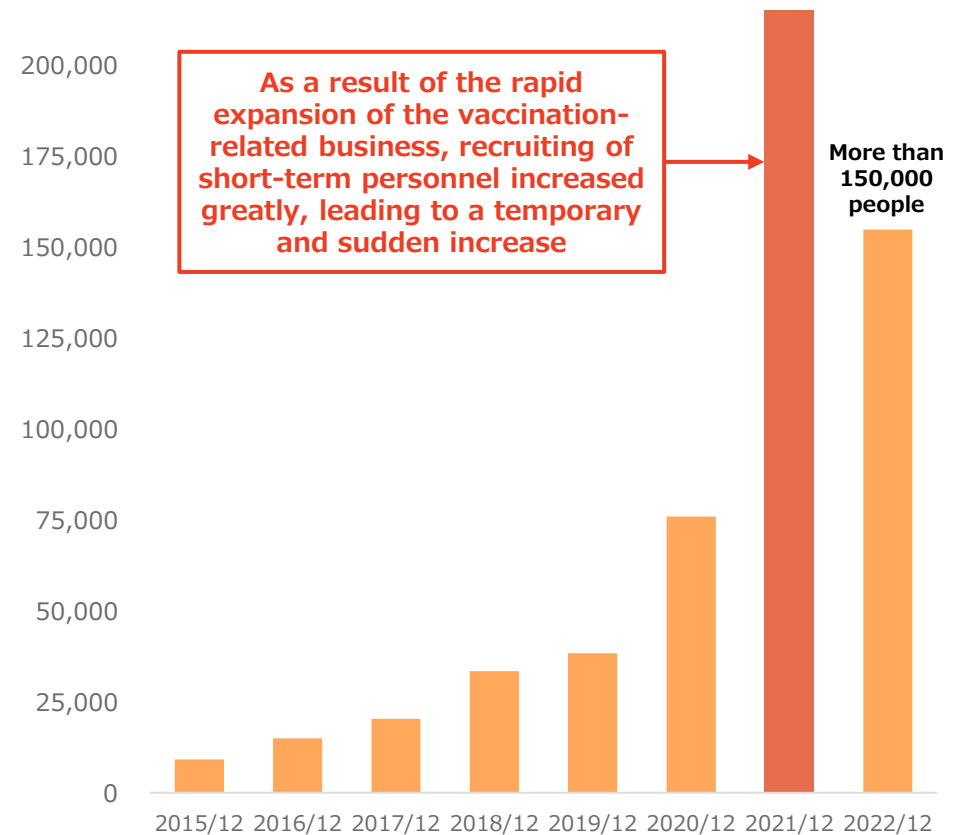
Changes in the number of communicators*¹

(People)



Changes in the annual number of applications for communicators

(People)



Various Human Resources of our Group*¹

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

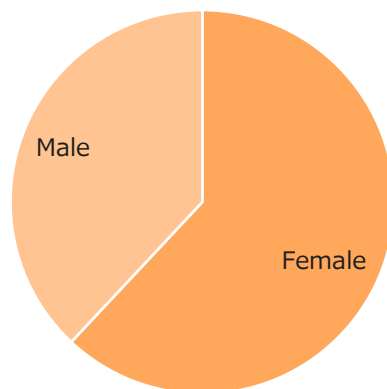
Various attributes

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

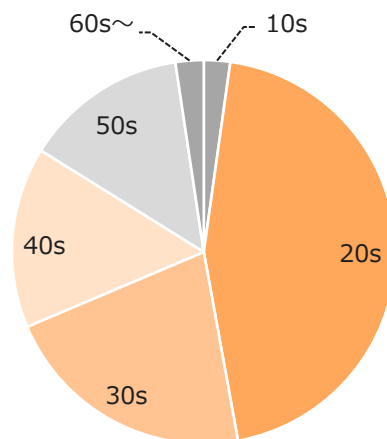
Flexible work system

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

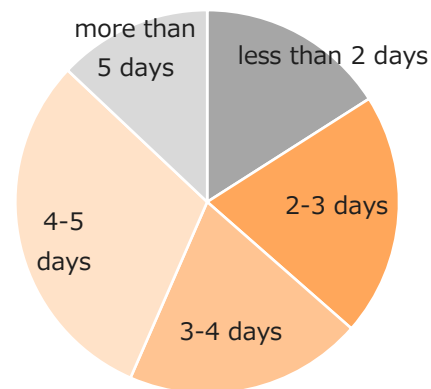
Gender*²



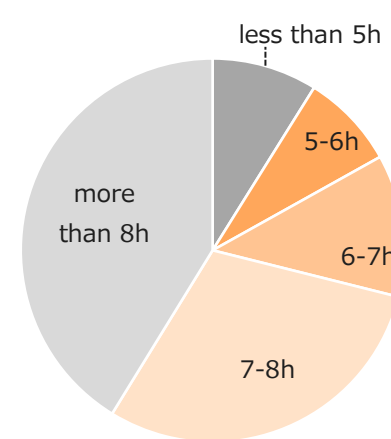
Age*²



Working days per week*³



Working hours per day*³



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

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

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

External Evaluation

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

Some of the certifications and awards

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



Won the Best Company award in the first entry

- Japan ranking: 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



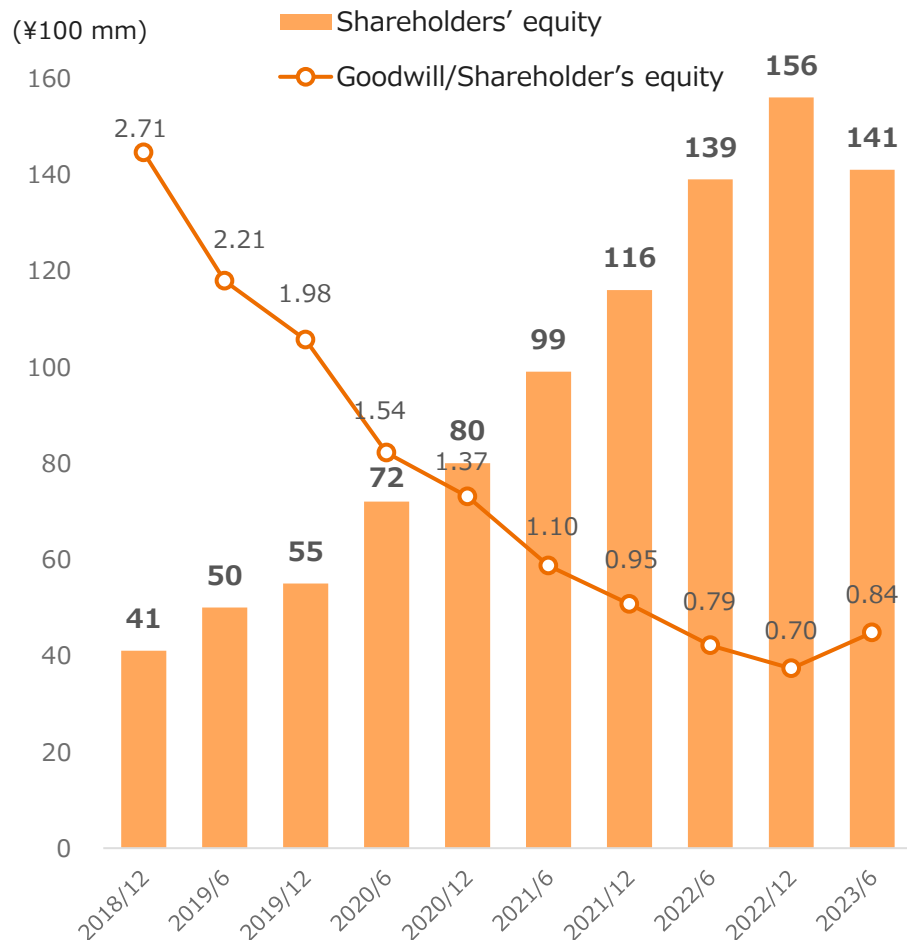
*1 A professional organization that conducts surveys and analyses of "job satisfaction" and announces companies and organizations that have been recognized as having reached a certain level of satisfaction in leading media outlets in approximately 60 countries around the world.

*2 Abbreviation for Ministry of Economy, Trade and Industry

*3 Abbreviation for Ministry of Education, Culture, Sports, Science and Technology

About Goodwill

Historical shareholders' equity and goodwill/ Shareholders' equity ratio



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

【Risk factors】 We have significant goodwill within total assets

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

【Notes on goodwill and intangible assets】

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

Promoting ESG Management integrated with Business

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



Initiatives to strengthen governance

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



- Transitioned to a company with Nominating and other Committees (2022)
- Achieved 60% ratio of outside members of the Board of Directors (2022)
- Identified material issues and their KPI and periodically reviewed them (starting in 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 (starting in 2022)
- Implement human rights due diligence (2022)



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) (2022)
- Reduction of electricity use
- Promotion of complete paperless system
- Reduction of resource usage



External ESG Evaluation

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

	Score	Inclusion in indexes
FTSE	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)	 (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
Sustainalytics	Low Risk	—

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

*² Calculated based on the FTSE scores of Japanese companies

*³ Calculated based on the score within the sector



【Disclaimer】

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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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