A Total Sales/Marketing Solution Provider for Maximizing Client Profitability

Direct Marketing MiX Inc.

Financial results briefing (FY12/2024 2Q)

August 14th, 2024

DmMiX

(7354)

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DmMiX Group Overview

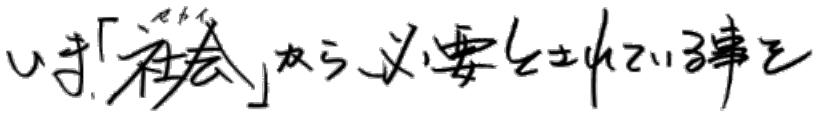
■ **As an organization of sales and marketing professionals, we are committed to our clients' sales reforms**



President and CEO,
Representative Executive Officer
Daisuke Uehara

1981 Born in Shizuoka Pref. Japan
2007 Joined Customer Relation Telemarketing Co., Ltd.
2019 Appointed as CEO
2019 Appointed as Member of the Board of Directors of DmMiX (formerly, CRTMHD)
2022 Appointed as Member of the Board of Directors, Executive Officer and COO
2024 Member of the Board of Directors, President and CEO, Representative Executive Officer (current position)

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

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

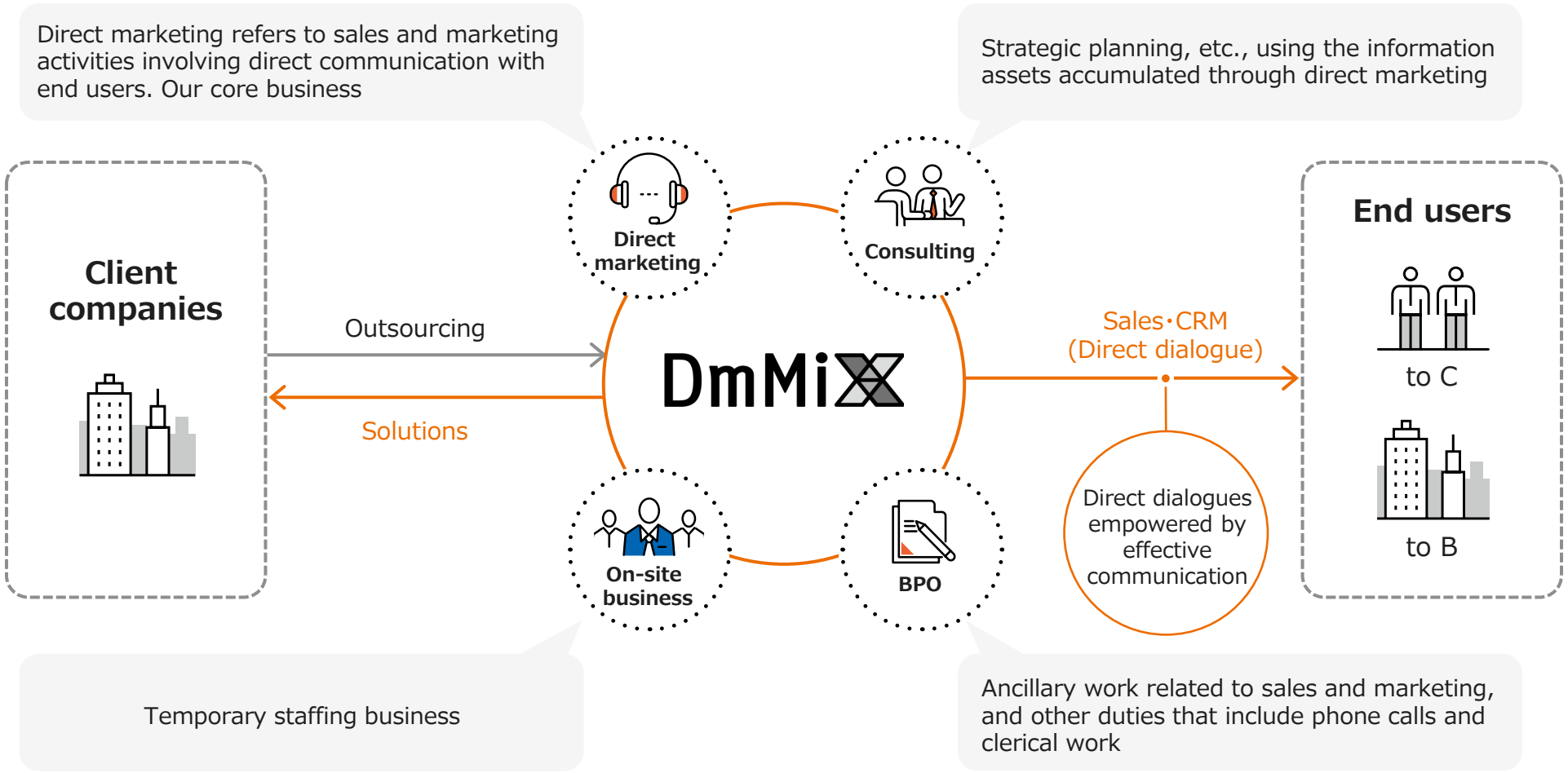
Result	**Top line improvement**

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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"**



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

Client companies	Strategy department	Sales department	
Marketing processes	Planning	Sales: Attract customers / Meeting and approach / After-sales services	CRM
General outsourcing services	Advertising agencies / Research agencies	Sales BPO companies / Contact centers	✕ Lack ability to continuously collect “real needs” of users

After switching to DmMiX

DmMiX

DmMiX

One-stop services

Immediately reflect the “real needs” of end users in planning, sales and CRM strategies of client companies

Cycle

○ Grasp “real needs” of end users through direct dialogue

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DmMiX's Value Creation Process

■ **The greatest value that DmMiX provides to society is "maximizing the power of people." By leveraging the know-how we have accumulated through the outbound and telecom. infrastructure businesses, we will seek to provide value that can be created only by people to more sectors and achieve continuous business expansion**

Key Management Resources

Manufactured capital

Bases all located in densely populated, metropolitan areas

Human capital

"Restriction-free recruitment" that places the right people in the right positions

Intellectual capital

Accumulation of big data covering end users, transactions, and operations

Financial capital

Sustainable growth of sales revenue

DmMiX Mechanism Maximizing the Power of People

High Reproducibility



Speed **Autonomous Organizations**

The Three Components of the DmMiX Mechanism

Business Areas

Hybrid

Research
Promotion
Inbound
BPO by expert professionals
Outbound
Consulting
Administrative BPO

The Core of Our Business
Sales and marketing with high added value

Business expansion drawing from accumulated expertise in both outbound and telecom. infrastructure businesses

Telecom. infrastructure

Value Provision Sectors

Public
Medical
Living infrastructure
Finance
Web/IT
EC
Mobility
Real estate
Media

Multiple Sectors

DmMiX's Core Competence 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

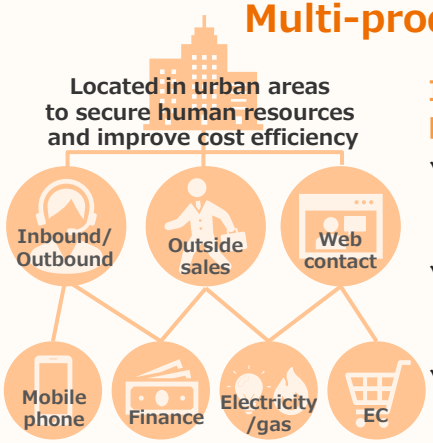
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1. Mechanism for matching Diverse Products with Human Resources and making the most of them

- 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"

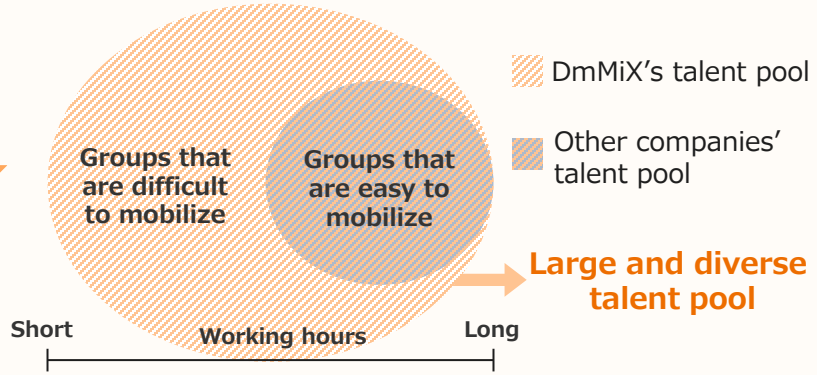
Multi-product centers



Inclusion of diverse products and channels

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

Restriction-free recruitment



Matching products and human resources



Empowerment of all human resources

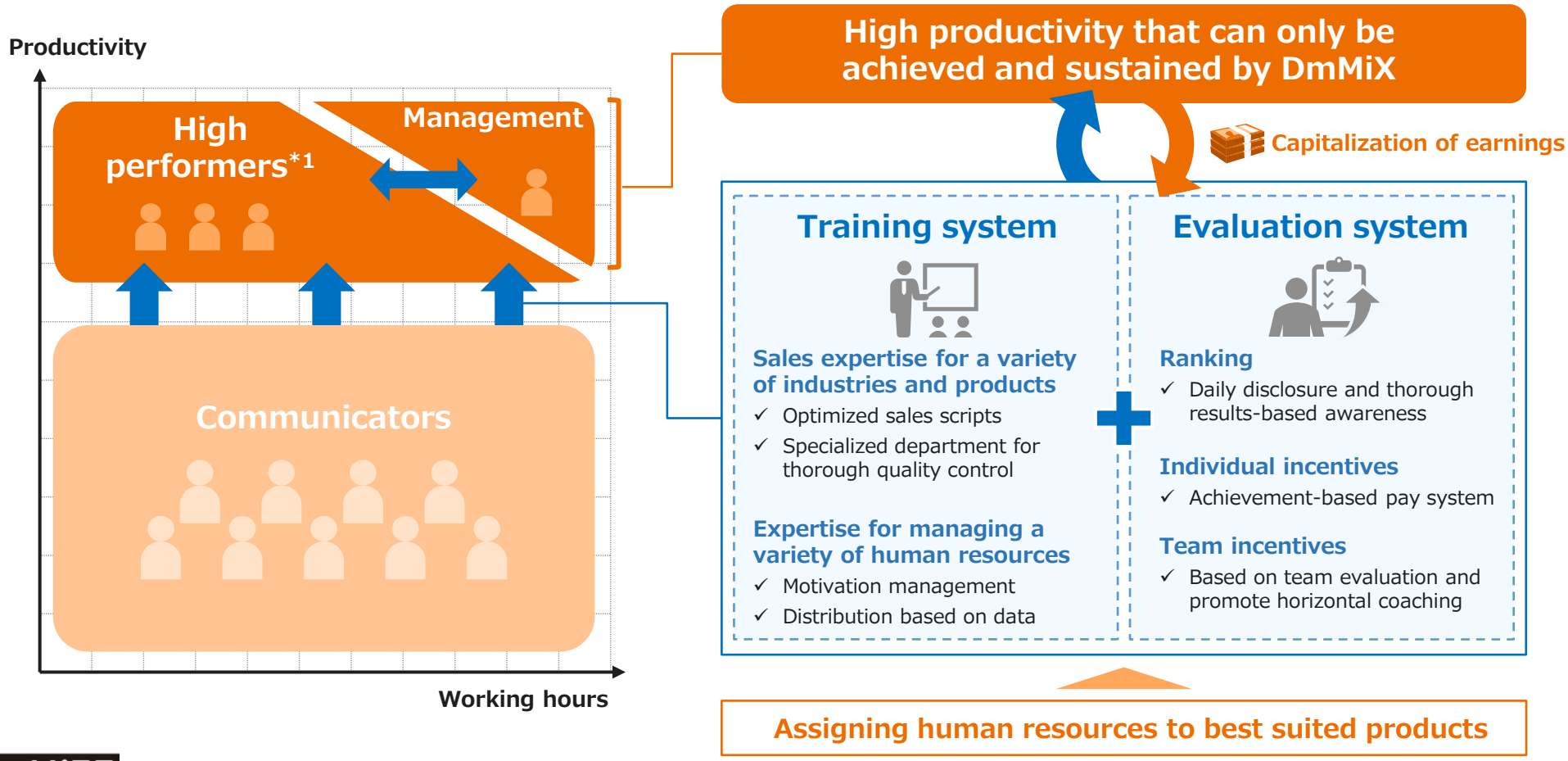
- ✓ Enabling human resources that would be difficult for other companies to bring into the workforce
- ✓ Human resource strategies to link diversity to competitiveness
- ✓ Large-scale, flexible allocation of personnel is possible

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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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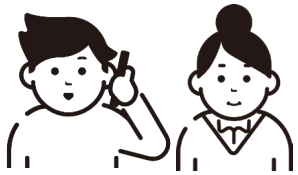
3. High added Value generated by accumulating User Data

High added Value

- 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

End users ⟷ DmMiX ⟷ Clients



"Real needs" of 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 competence**

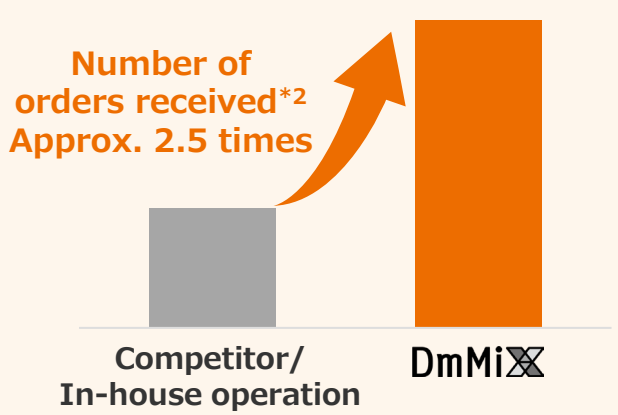
High performance

Productivity

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

Scalability

Promote lateral deployment and structuring of best practices



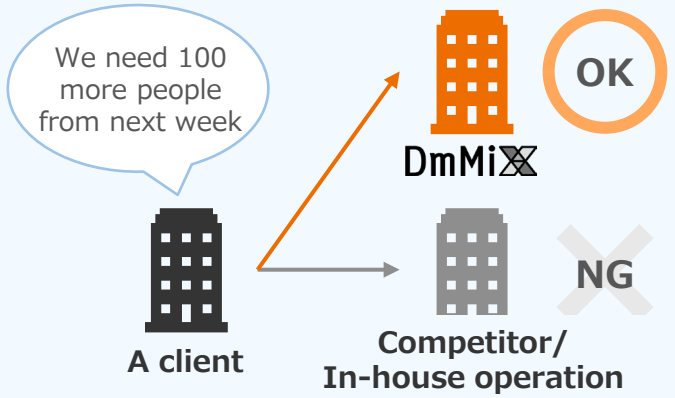
Flexible support

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.



*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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FY12/2024 2Q (from April to June) Financial Results Highlights

- Sales revenue: Inbound business contracted substantially and on-site business declined in conjunction with the complete end of COVID-19 related projects, resulting in a decrease in sales revenue
- Operating profit: Despite effects from the decrease in sales revenue, the profit margin improved as a result of business selection and negotiations on unit prices. We will continue to take measures to improve the profit margin in the 2nd half and later

(¥ mm)	2023/12 2Q (from April to June)	2024/12 2Q (from April to June)	
	Results	Results	YoY change (%)
Sales revenue	6,956	4,761	(2,196) (-31.6%)
Operating profit	223	273	+50 (+22.3%)
Profit attributable to owners of parent	128	112	(16) (-12.7%)
EBITDA*1	623	639	+16 (+2.6%)

*1 EBITDA=operating profit + depreciation + amortization

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FY12/2024 1H Financial Results Highlights

- Sales revenue: Decreased 4.9 billion yen YoY, primarily as a result of the contraction of inbound business and on-site business in conjunction with the complete end of COVID-19 related projects, but steady progress was made toward achieving the full-year forecast
- Operating profit: Decreased approximately 800 million yen YoY against the backdrop of the decrease in sales revenue, but progress in excess of the full-year forecast was achieved

(¥ mm)	2023/12 1H	2024/12 1H			
	Results	Results	YoY change (%)	Full-year earnings forecast (announced Feb. 13)	Progress rate*2
Sales revenue	15,642	10,706	(4,937) (-31.6%)	21,000	51.0%
Operating profit	1,856	1,056	(799) (-43.1%)	1,000	105.6%
Profit attributable to owners of parent	1,203	568	(635) (-52.8%)	655	86.7%
EBITDA*1	2,640	1,789	(851) (-32.2%)	2,451	73.0%

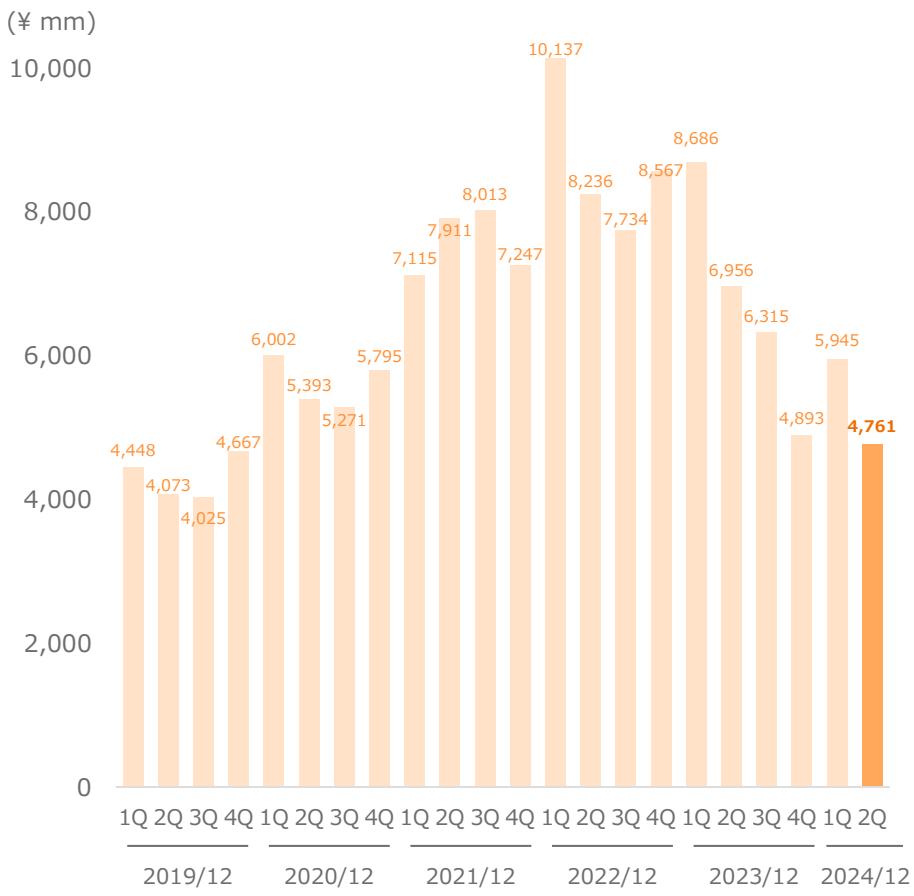
*1 EBITDA = operating profit + depreciation + amortization
*2 2024/12 progress rate against the full-year earnings forecast

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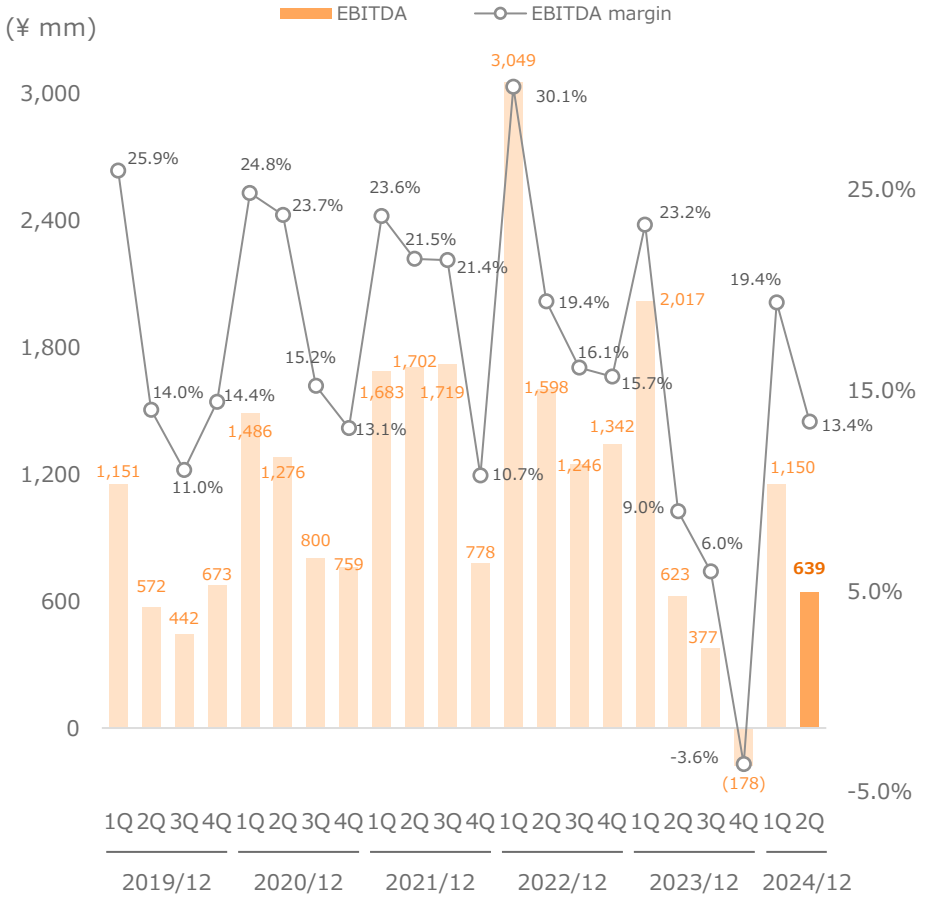
Quarterly Results

- **Sales revenue: In addition to contraction of the inbound business and the on-site business in conjunction with the complete end of COVID-19 related projects, seasonal factors also caused decreases in sales revenue YoY and QoQ**
- **EBITDA: Decreased QoQ due to seasonal factors. Margins improved YoY due to appropriate cost control in line with the business environment**

Quarterly changes in consolidated sales revenue



Quarterly trends in EBITDA・EBITDA margin



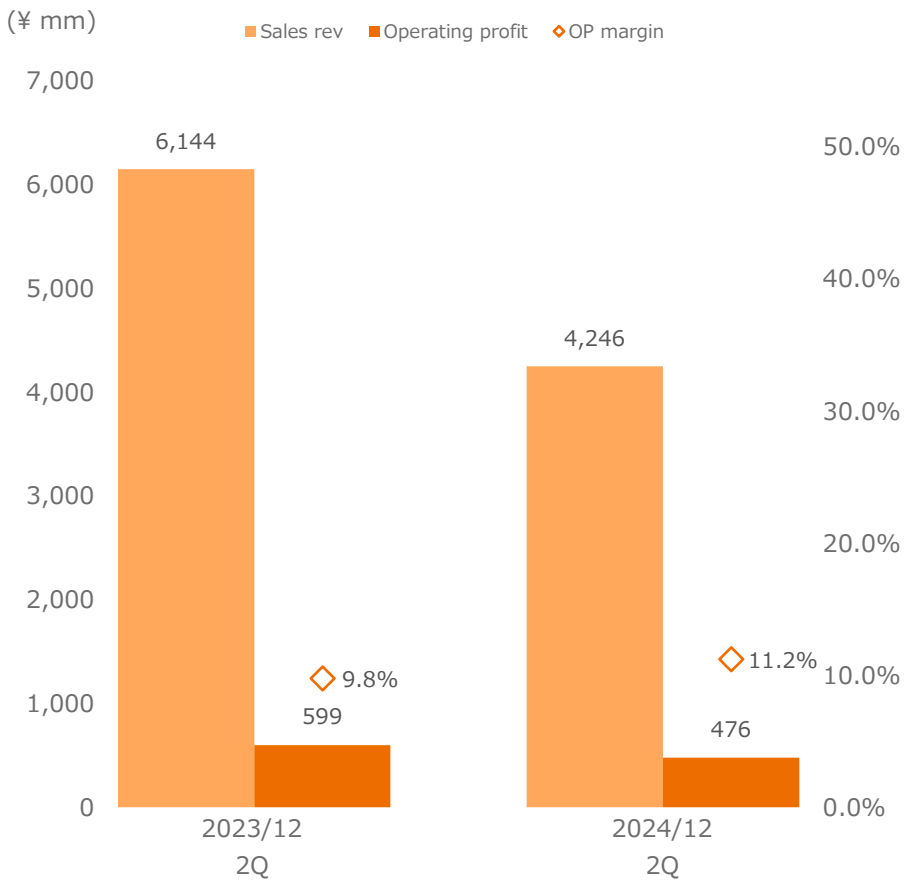
* EBITDA = operating profit + depreciation + amortization

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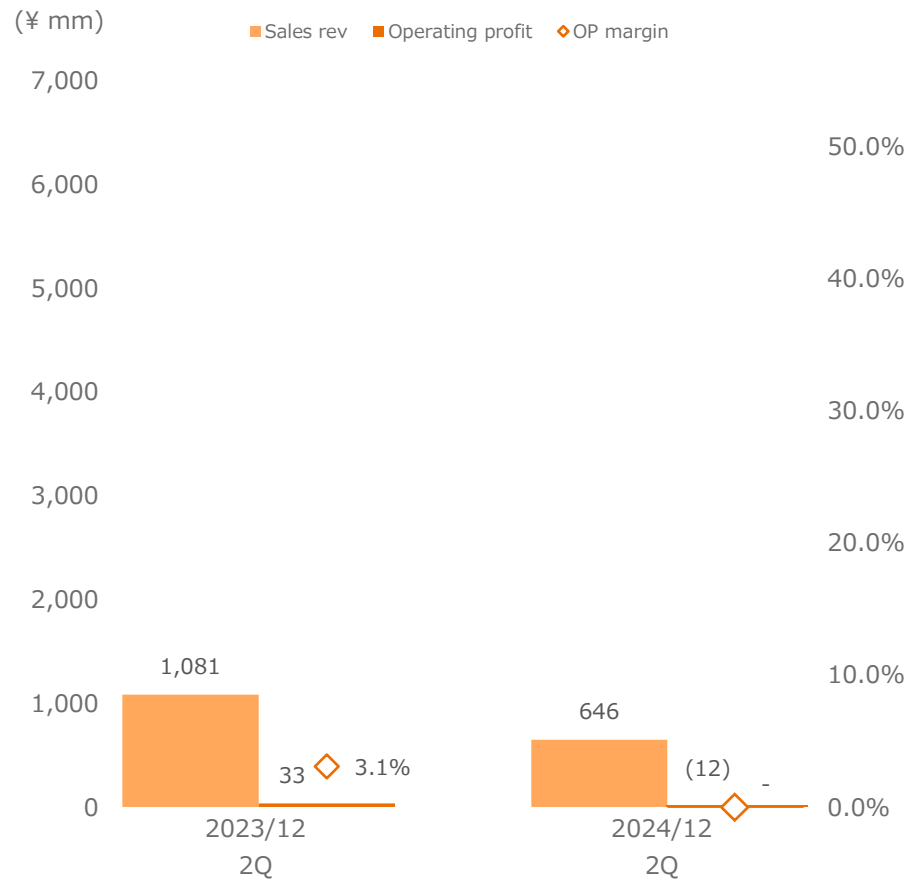
FY12/2024 2Q (from April to June) Results per Segment

- **Marketing business: Sales revenue was down 1,899 million yen YoY (-30.9%), and operating profit was down 123 million yen YoY (-20.6%)**
- **On-site business: Sales revenue was down 435 million yen YoY (-40.2%), and operating profit was down 45 million yen YoY**

Marketing business



On-site business



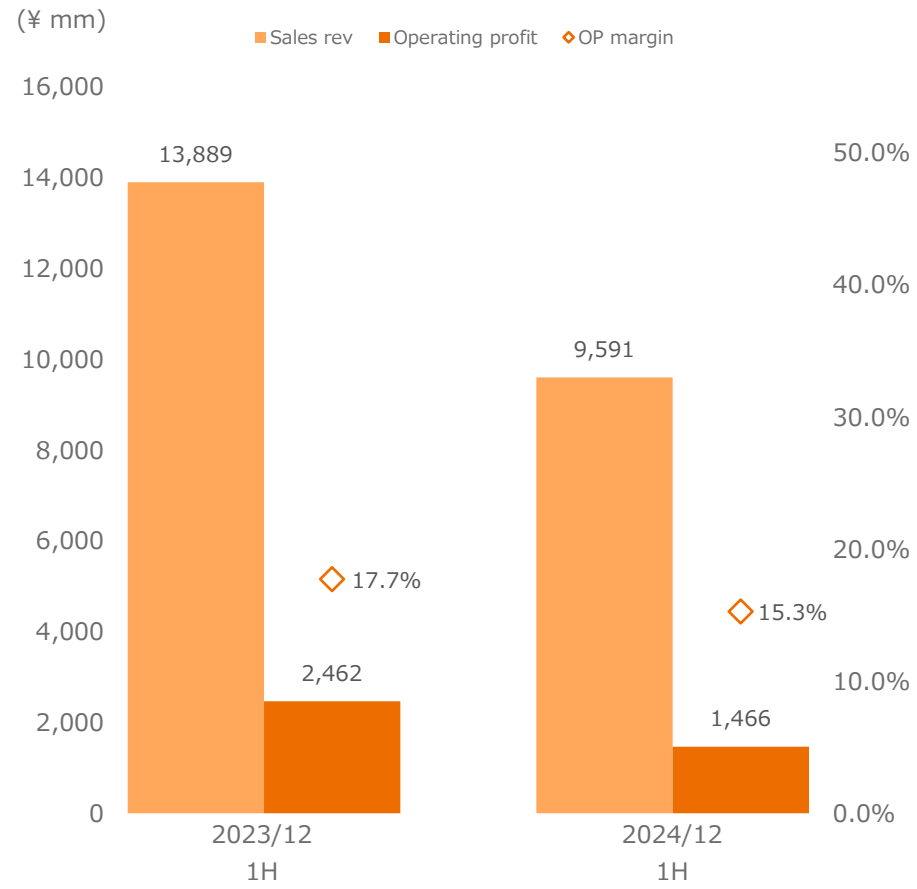
* Figures on this page include inter-segment transactions

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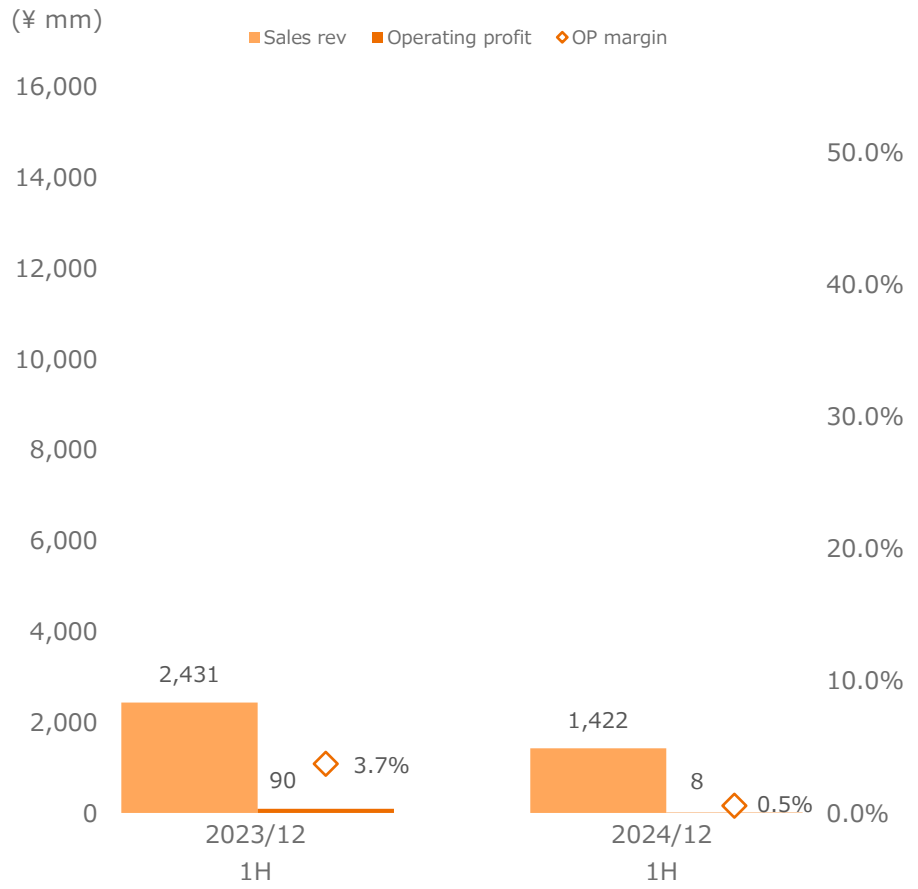
FY12/2024 1H Results per Segment

- **Marketing business: Sales revenue was down 4,298 million yen YoY (-30.9%), and operating profit was down 996 million yen YoY (-40.5%)**
- **On-site business: Sales revenue was down 1,009 million yen YoY (-41.5%), and operating profit was down 83 million yen YoY (-91.4%)**

Marketing business



On-site business



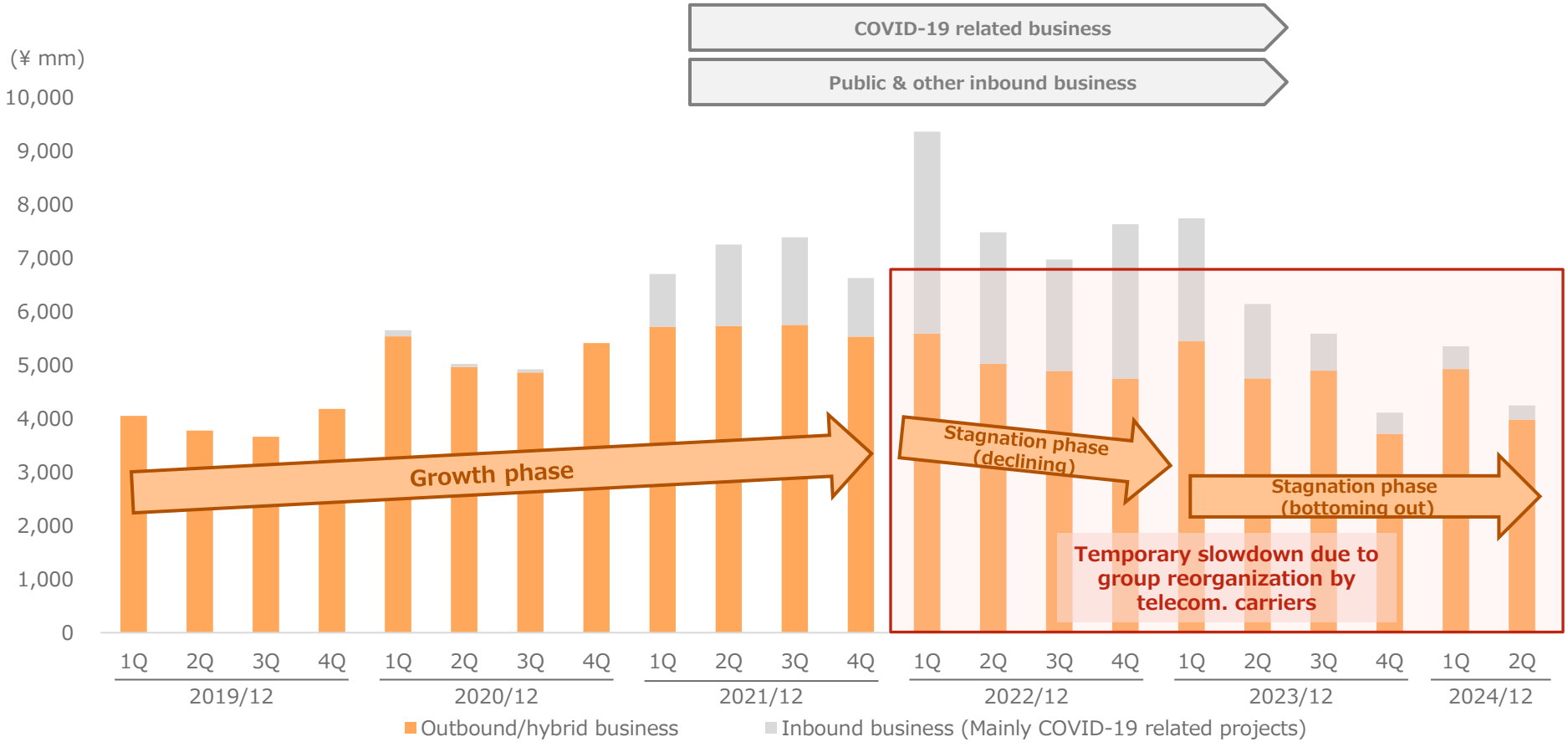
* Figures on this page include inter-segment transactions

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Order Trends in the Marketing Business

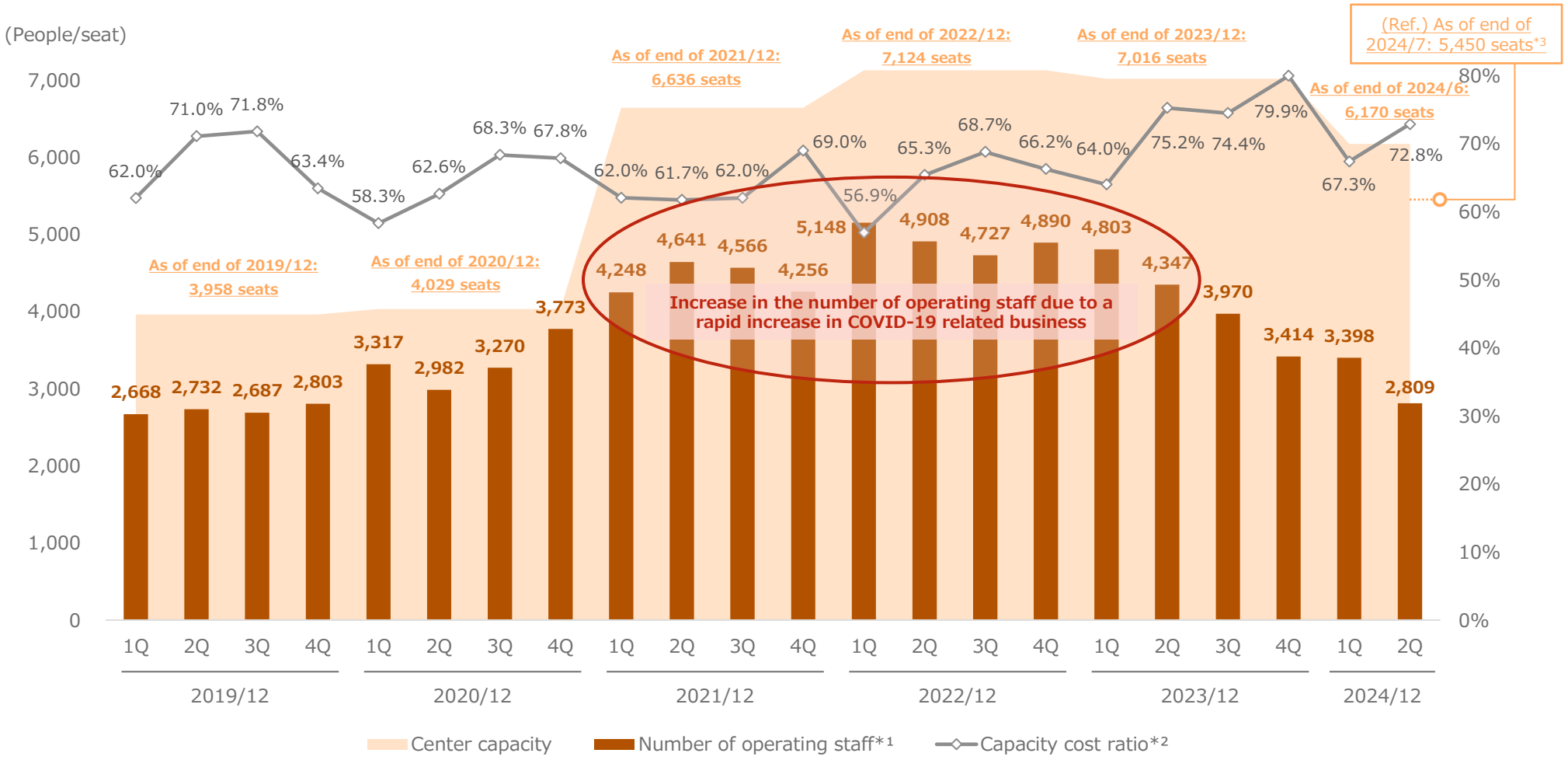
- **In the outbound/hybrid business, the temporary stagnation phase resulting from group reorganization by telecom. carriers and other factors has bottomed out, and demand is expected to recover in the 2nd half of the fiscal year**
- **In inbound business, we will select businesses and focus only on highly-profitable operations**

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



Changes in Capacity Cost Ratio

- **We aim to improve profitability by optimizing capacity and the personnel structure, which was temporarily expanded due to the rapid increase in COVID-19 related business, in order to respond flexibly to changes in the business environment**
- **There was a decrease in the number of operating staff due to seasonal factors, and the capacity cost ratio increased QoQ**



*1 The number of operating staff in marketing business (including external operating personnel such as outside 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 Number of seats as of the end of July 2024, excluding those at sites set to liquidate at the same date

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FY12/2024 2Q B/S and C/F

■ **Investment cash flow was positive as a result of limited new investment as well as effects from refunds of security deposits in conjunction with liquidation of business sites**

Consolidated B/S

(¥ mm)	End of 2023/12	End of 2024/6	Change
Total assets	**26,175**	**24,476**	**(1,699)**
Current assets	8,381	7,133	(1,248)
Non-current assets	17,794	17,343	(450)
Goodwill	11,391	11,391	-
Total liabilities	**13,090**	**10,961**	**(2,129)**
Current liabilities	7,436	5,875	(1,561)
Non-current liabilities	5,654	5,086	(568)
Total equity	**13,085**	**13,515**	**+430**
Total equity attributable to owners of parent	13,085	13,515	+430
Total liabilities & equity	**26,175**	**24,476**	**(1,699)**

Consolidated C/F

(¥ mm)	2023/12 2Q	2024/12 2Q	Change	2023/12 Full year (Ref.)
Operating cash flow	1,662	1,037	(626)	1,612
Investment cash flow	(1,122)*1	39	+1,162	(1,234)
Financial cash flow	(2,218)	(1,153)	+1,065	(3,527)
Free cash flow	**540**	**1,076**	**+536**	**378**

*1 Mainly due to acquisition of subsidiaries

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Outlook for FY12/2024 (Full-year earnings forecast upward revision)

(¥ mm)	2024/12	2024/12		Main factors of increase/ decrease
	Before revision: Full-year earnings forecast (announced Feb. 13)	After revision: Full-year earnings forecast (announced Aug. 14)	Amount of change (rate of change)	
Sales revenue	21,000	21,000	0 (-)	✓ **Sales revenue** • There is no change to the previously-announced forecast ✓ **Various profits** • Acquisition of orders from existing clients in the high-profit spot business in conjunction with sales campaigns at the end of the fiscal year • Improved profitability as a result of a review of fixed expenses and a review of operations including unit price negotiations in low-profitability operations • Variation in the amounts for expenses associated with withdrawal from some low-profitability sites and the timing of occurrence are possible, and therefore, the forecasts are expressed as ranges
Operating profit	1,000	1,200-1,500	+200-500 (+20.0-50.0%)	
Profit before tax	1,000	1,160-1,460	+160-460 (+16.0-46.0%)	
Net income*1	655	700-900	+46-246 (+7.0-37.5%)	
EBITDA*2	2,451	2,600-2,900	+149-449 (+6.1-18.3%)	

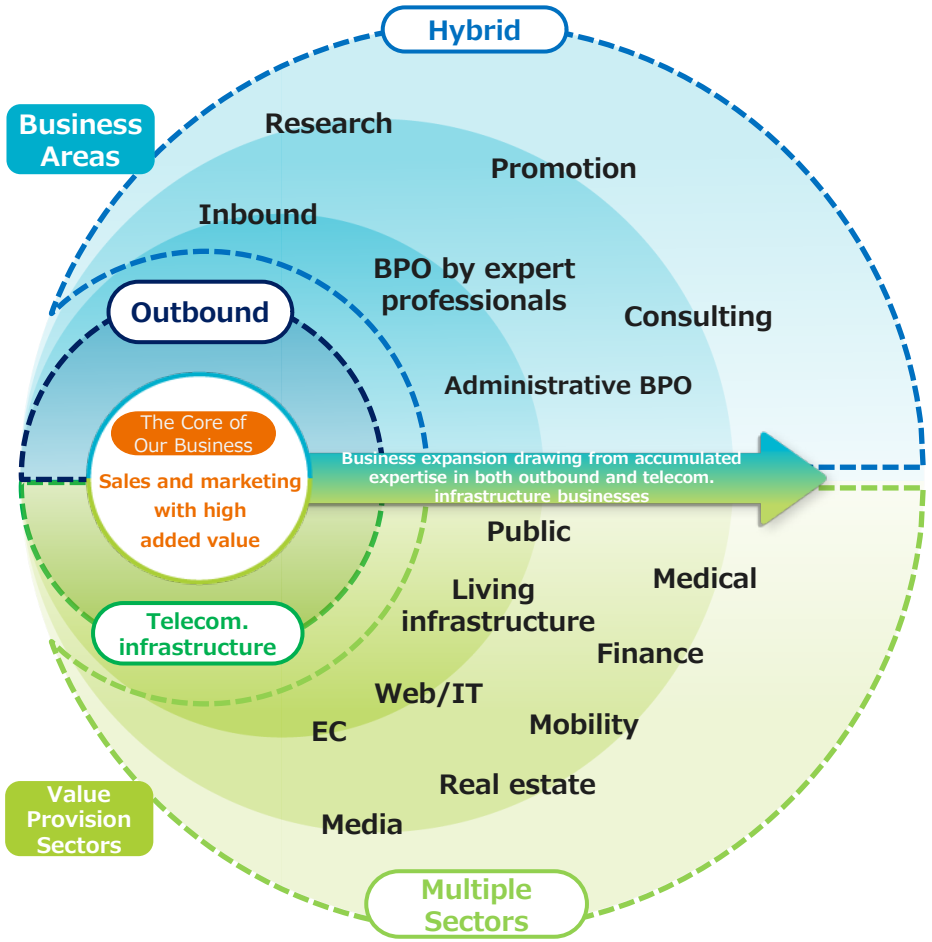
*1 Profit attributable to owners of parent
*2 EBITDA = operating profit + depreciation + amortization

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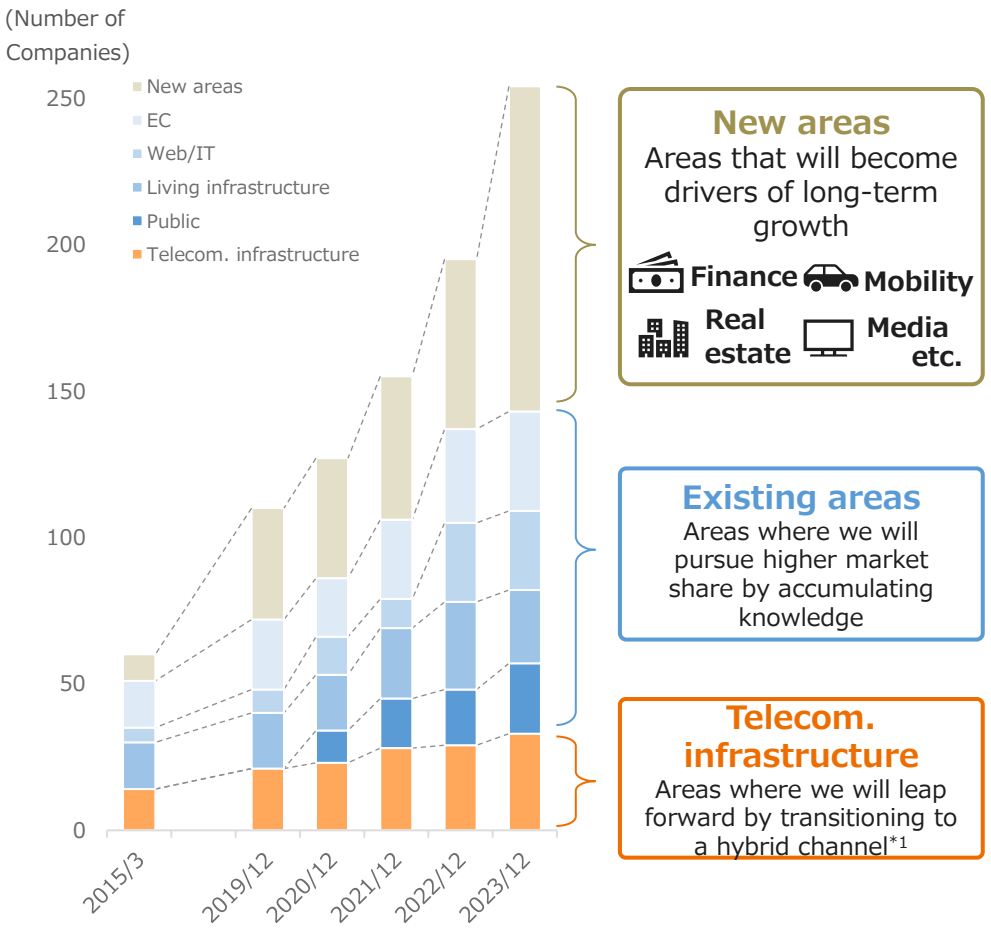
Overview of the Growth Strategy and Expansion of the Client Base

- We will pursue expansion of business areas and sectors in which we provide value while putting sales and marketing with high value added at the core of our business
- Business areas have expanded, proactive sales activities have been successful, and the number of clients is steadily increasing, mainly in new areas

Overview of the Growth Strategy



Changes in the number of clients by industry*2

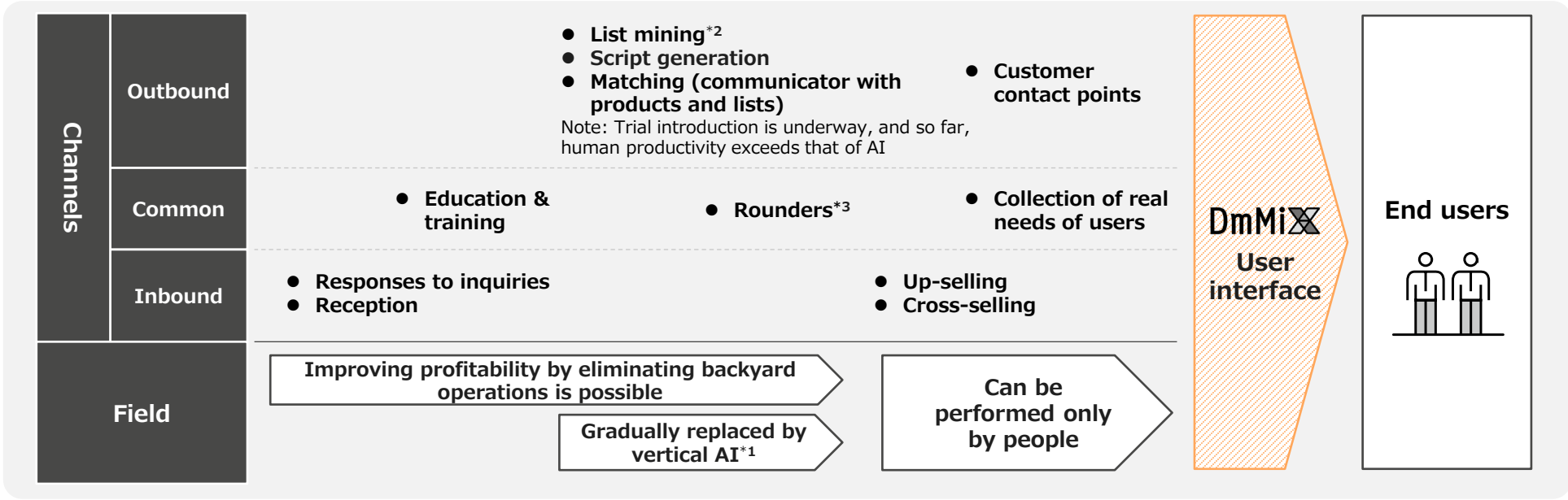


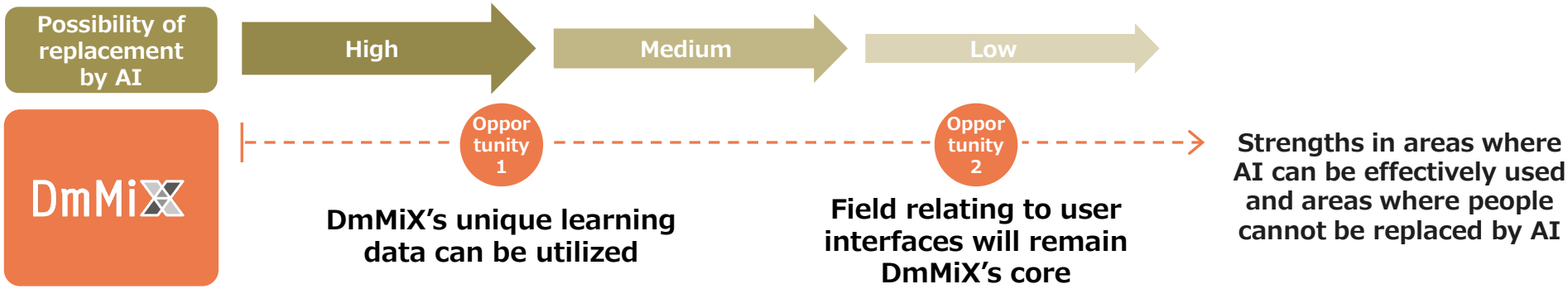
*1 A sales and support channel that integrates the real (brick-and-mortar stores) and online (web shops) including online customer service at stores and manned support for digital channels

*2 The number of clients by industry is counted on a contract basis with each group company. Excludes clients with annual transaction amount of less than 1 million yen. In addition, on-site business (temporary staffing) is excluded after FY12/2019

Areas of the Power of People where DmMiX has Strengths

- In areas involving user interfaces, which are the core of our business, specifically outbound and hybrid business, replacing with generative AI is difficult, and the power of people will remain necessary. For this reason, we believe that in Japan, where the working population continues to decline, demand will increase even more
- Over the long term, we may be able to develop business using the unique and massive data that we possess, including the "real needs" of users

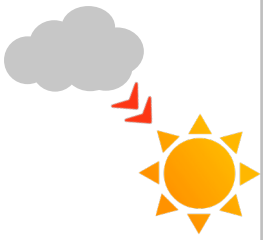




*1 AI for limited industries
*2 Identifying potential customers with a high probability of entering into a contract from massive user lists and creating highly accurate call lists
*3 A position responsible for communicator follow-ups such as by patrolling a contact center and answering questions from communicators

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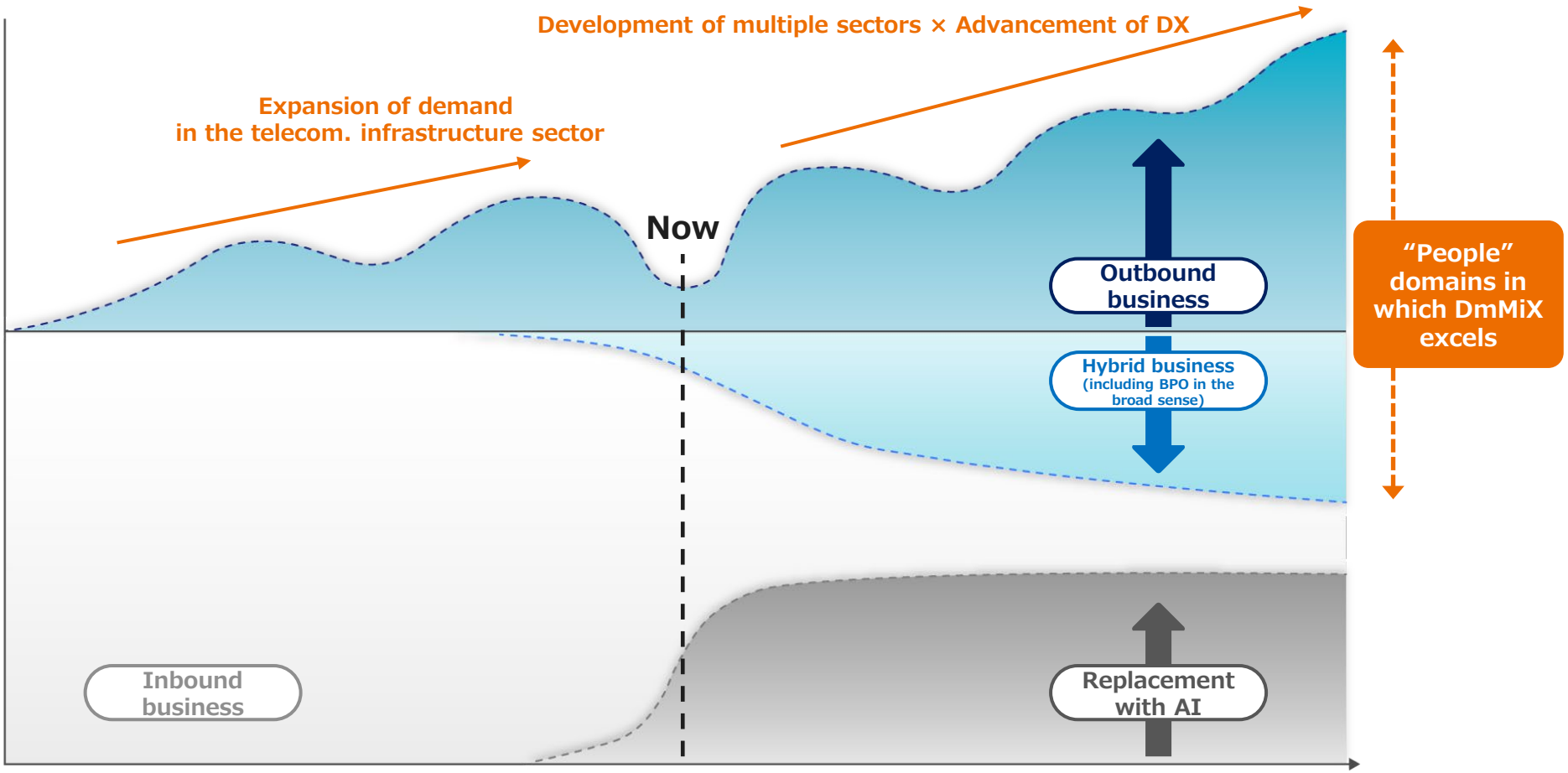
Recognition of the Business Environment in Each Area

	Profitability	Growth potential	Volatility	Other factors
Outbound			High	• Strong demand at the time of market introduction of new products and services • Compared to the inbound business, replacement through the use of AI is less likely • The shortage of sales personnel in the labor market is progressing, and BPO demand is rising
Hybrid			Stable	• With the shift to online business, demand for highly interactive channels is increasing • As products become increasingly sophisticated, demand for highly specialized human resources is increasing
Inbound			Stable	• Although business will persist, the adoption of AI is progressing • Development of a “red ocean” (highly competitive, saturated market) in some areas

Areas in which DmMiX has superiority

Medium- to Long-term Growth Image (1)

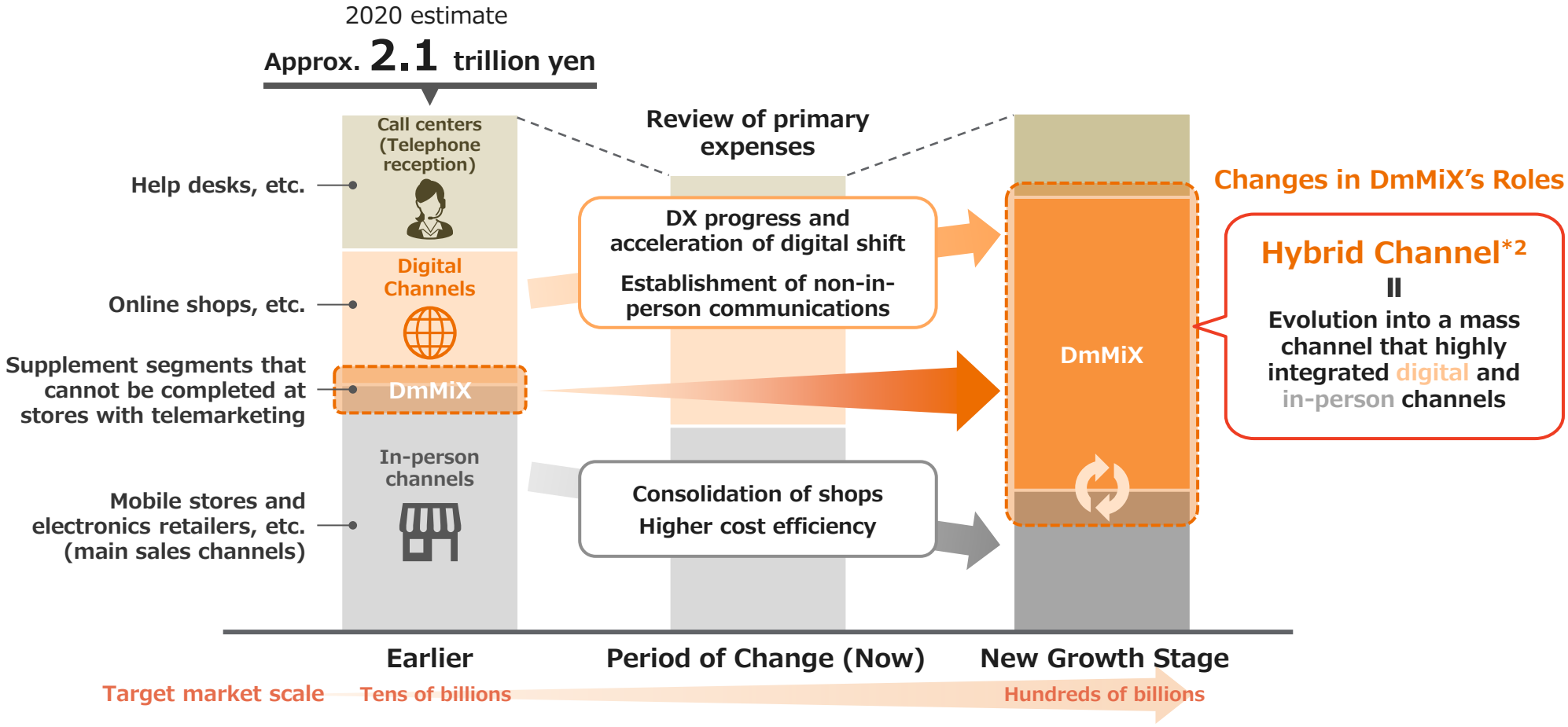
- In the outbound business, we will maintain growth by conducting business in multiple sectors not limited to the telecom. infrastructure sector
- In addition, in the hybrid business, which is expected to expand in conjunction with the advancement of DX and AI, we are actively moving forward, as this is an area in which we specialize and have mechanisms for maximizing the capabilities of people with the outbound business as the core of our business



Medium- to Long-term Growth Image (2)

- 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

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Medium- to Long-term Growth Image (3)

■ **It is expected that changes similar to those that occurred in the telecom. infrastructure sector in the past will occur in various sectors in the future, particularly in regulated industries. The Company has capabilities relating to solving problems that arise due to these changes, and there is ample room for growth**

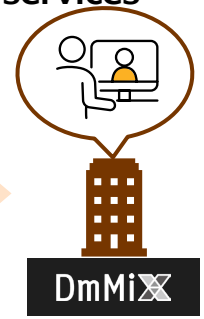
Growing demand for hybrid business

■ Digitalization of conventional in-person services

(Ex.) Mobile phone stores, financial institution and real estate service help desks



Interactive communication, rather than unilateral communication is needed



■ Social implementation of online services

(Ex.) Car sharing, QR code payment, food delivery

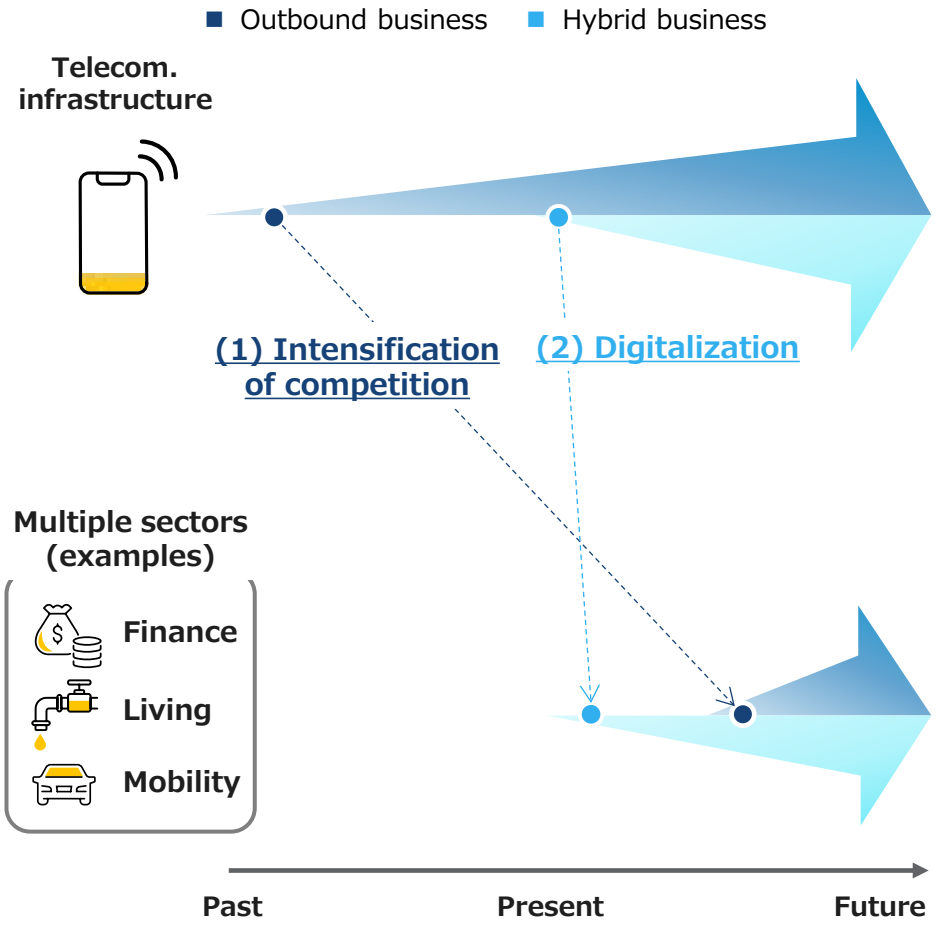


Social implementation of online services requires human capabilities



Opening of member stores	Acquisition of users	Supply of human resources	Customer service
			

Opportunities for market expansion



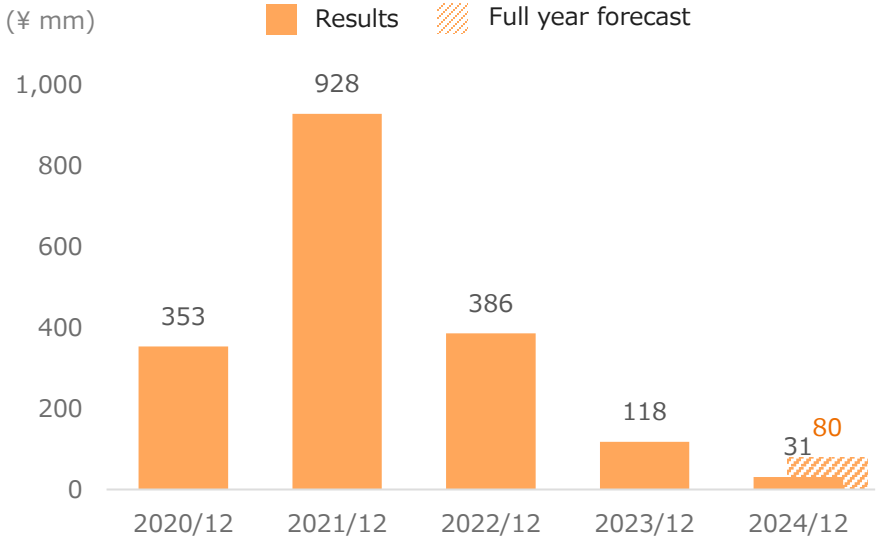
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Investment Plan and Progress

Capital investment

- Although expenses for buildings and accompanying facilities were slightly higher than initially planned due to the occurrence of unexpected construction costs, overall progress is in line with the initial plan

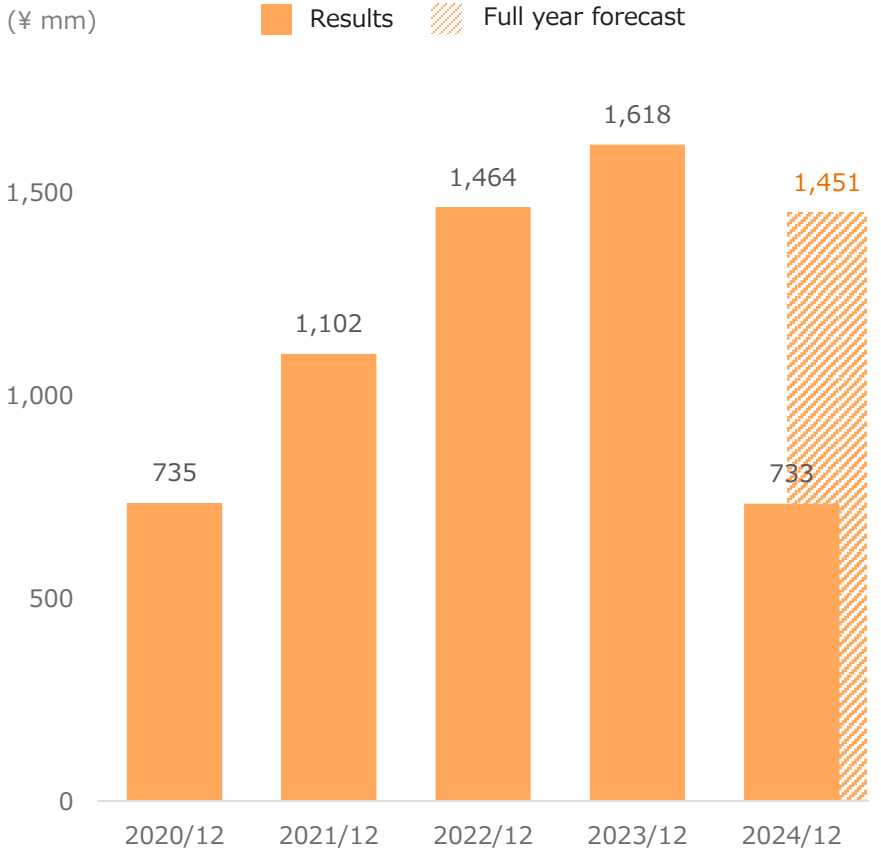


Major capital investment breakdown

(¥ mm)	2020	2021	2022	2023	2024	
	Results	Results	Results	Results	2Q Results	Full year Forecast
Buildings and accompanying facilities	177	492	165	60	14	4
Tools, furniture and fixtures	165	405	213	57	15	75
Software	11	31	8	1	2	0

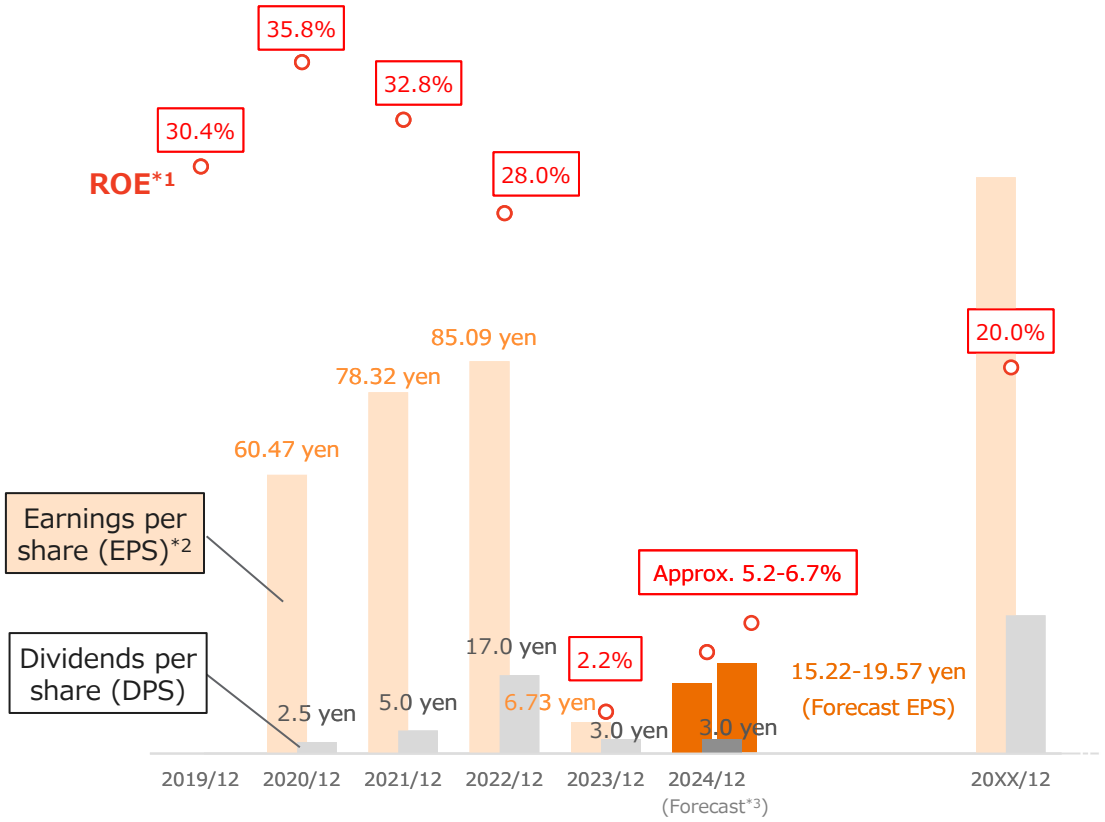
Depreciation & Amortization

- A slight decrease is expected in FY12/2024 in conjunction with the completion of depreciation of large-scale capital investments made in FY12/2021



Capital Policy

Changes in main indicators



Policy

- We have set a target of achieving **ROE of 10%** or more premised on an investment phase for the resumption of growth in the short to medium term, and in the medium to long term, we will seek to raise ROE to the **20% range** in the investment recovery phase
- We seek to continuously achieve a **total return ratio of 40%** including stock repurchases

*1 ROE= Net income/Average shareholders' equity during the fiscal period
*2 EPS＝Net income/Average number of shares during the fiscal period (excluding treasury shares). Forecast EPS is calculated using the number of issued shares (excluding treasury shares) as of the end of FY12/2023
*3 EPS and ROE for FY12/2024 are indicated as ranges in line with the earnings forecast
*4 On January 1, 2022, the Company executed a two-for-one stock split of its common stock, and EPS and DPS are indicated as values that take into account the stock split

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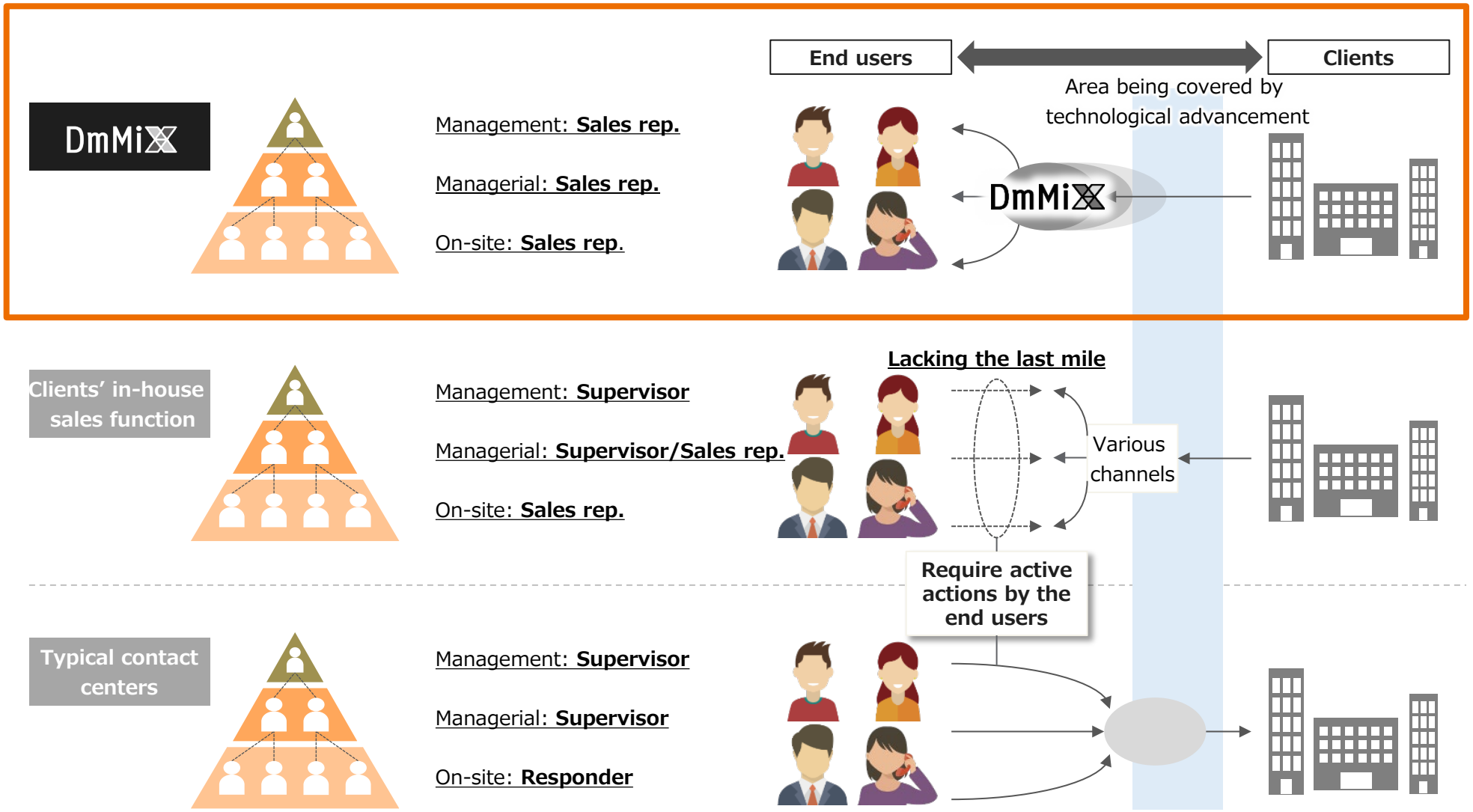
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2 Financial Results (FY12/2024 2Q) 12

3 Forecast for FY12/2024
and Medium-to Long-term Growth Strategy 21

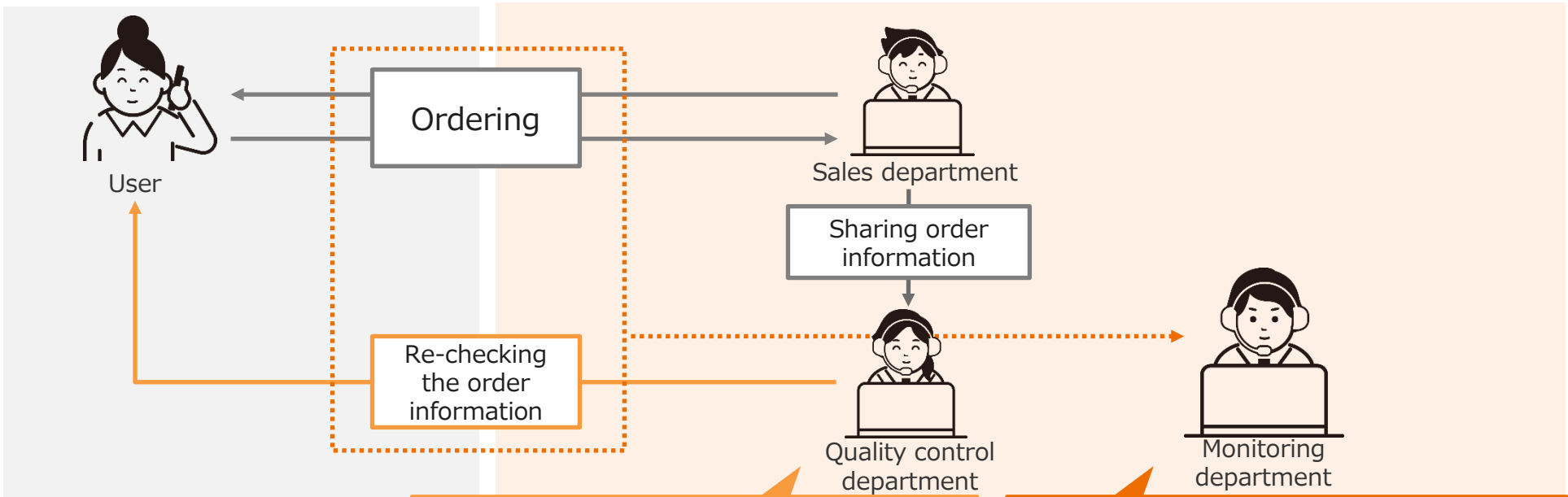
Appendix 31

Our Distinct Business Model from Other Companies



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.

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

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		**28** **84**	Marketing
● Supervisors	□ Discover the "winning-pattern" for acquiring end users □ Accumulate sales know-hows by projects	About **5** years		**203**	Sales
● High performers*2	□ Secure high profitability by pursuing performance -based fee	About **2** years		**575**	Sales
● Communicators	□ Secure stable revenue by fixed fees □ Ubiquitous approach to gather end user feedbacks	**<2** years		**2,684**	CRM

End user feedback immediately reflected on the marketing strategy

*1 Employees in marketing business (as of the end of December, 2023)
*2 A general term for staff who have achieved a certain level of sales performance according to our standards

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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**

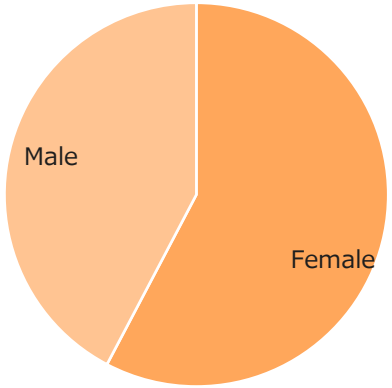
Various attributes

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

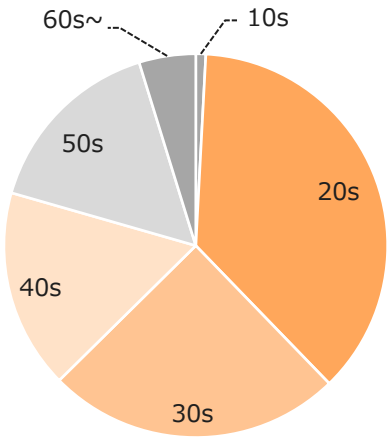
Flexible work system

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

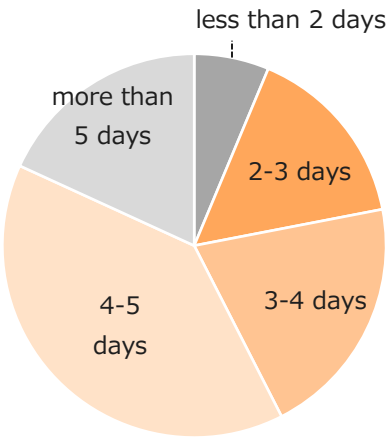
Gender*2



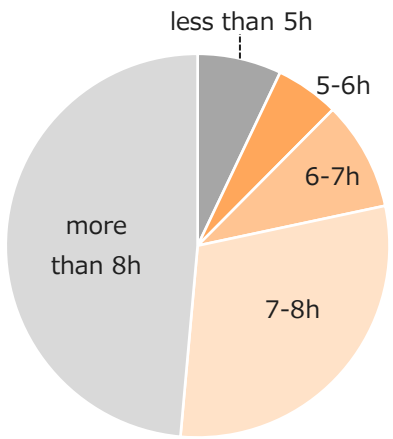
Age*2



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 2023. Percentage of part-time jobs
*3 As of the end of December 2023. Calculated based on the average attendance for the three months from October to December 2023. Does not include months with 0 working days. Part-time jobs without work (leaves, etc.) are not counted

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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

Fixed fee

Fee

- Unit price x number of seats; fixed rate
- Little margin for upsides
  Example: Personnel unit price × number of people × time

Potential

The Company's cost efficiency, such as curtailing personnel expenses, becomes a unique method of improving profitability

Can be modified flexibly in response to conditions and client requests

Fixed + performance-based fee

Performance-based fee

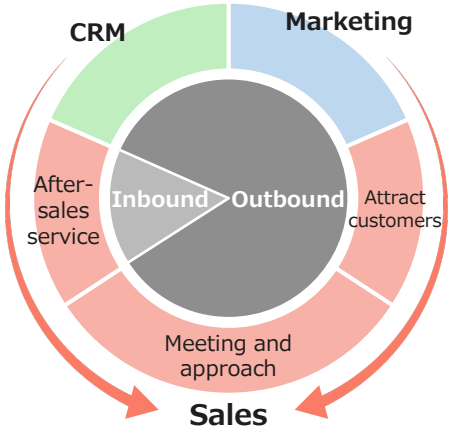
Fee

- Additional amounts provided based on performance
- Considerable margin for upsides
  Example: Base fee when targets are achieved
  +
  Additional fee according to the number of contracts signed

Potential

Upside fee can be acquired by pursuing maximum performance with the smallest number of people within the scope of the contract

Fee system for each sales process



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

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Client companies **Achieve both improvements in the topline and reductions in costs**

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)

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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

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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

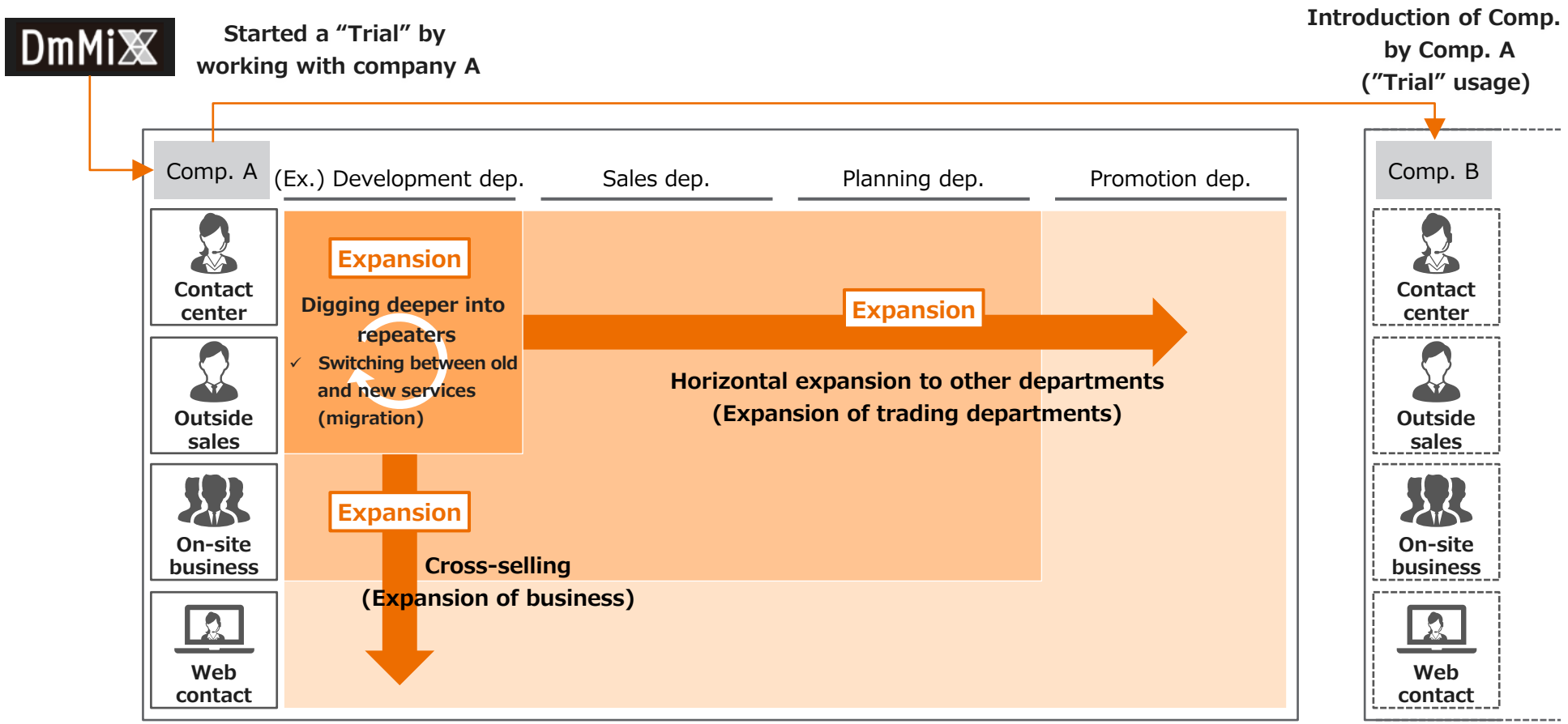
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Client Acquisition and Business Expansion

- 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

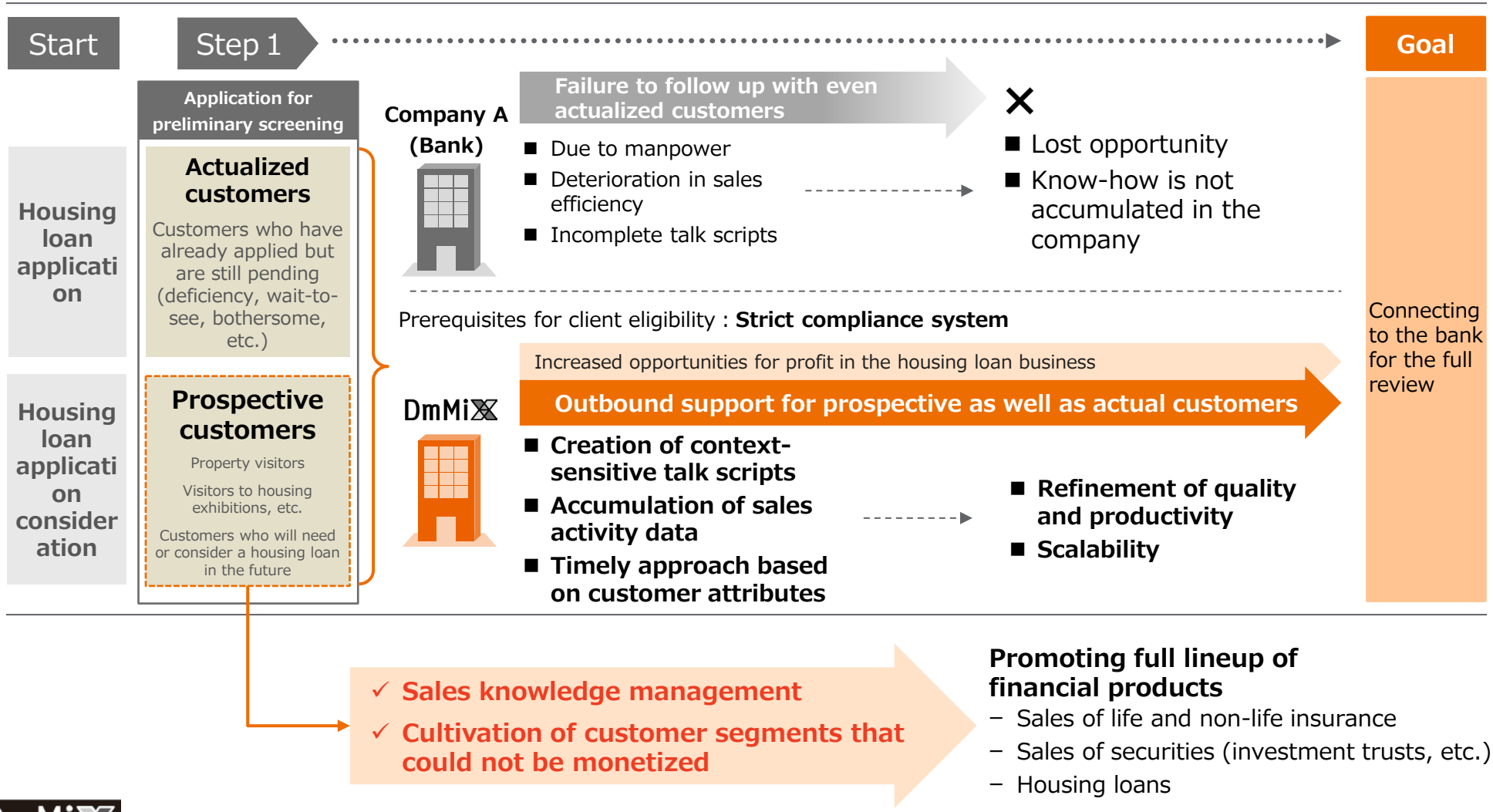
Image of expansion of existing business from acquisition of new clients



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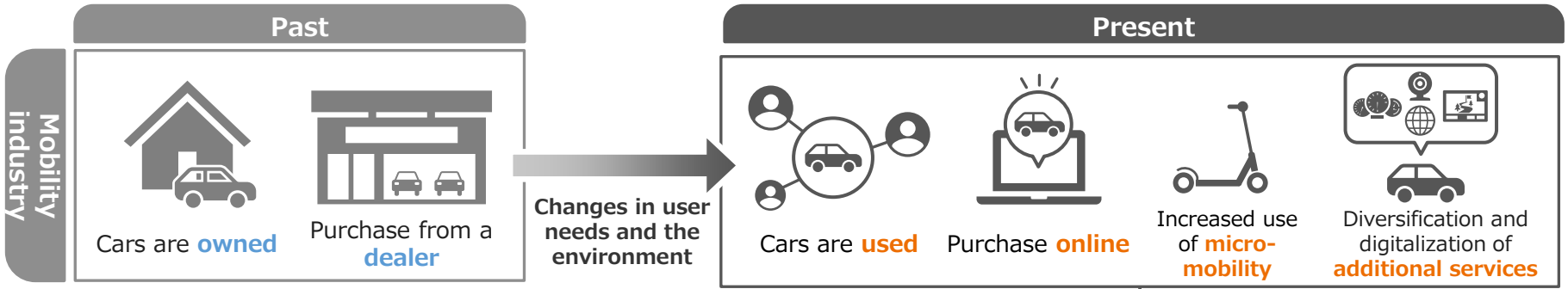
Promising Market Example - Housing Loan Sales

- **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)
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

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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 (2)
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

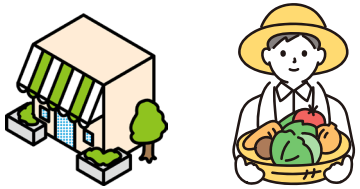
Ticket issuance

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

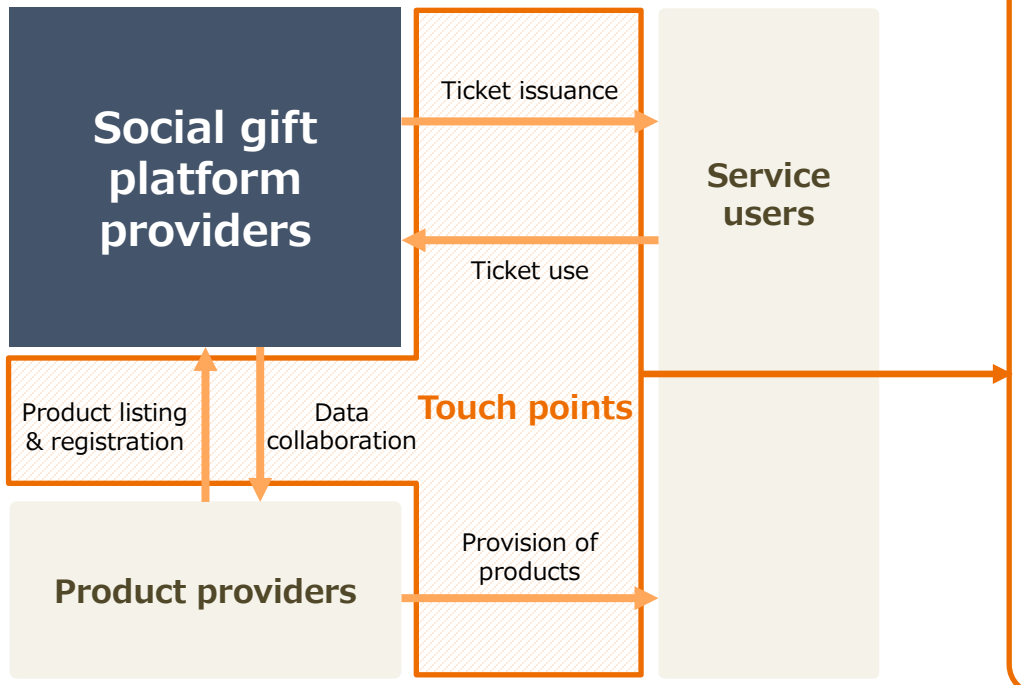


• Expand to new users
• Useful not just for companies but also for regional revitalization

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Growth Opportunities in New Areas (2)
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 (3)
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**
- **Address & other contract party information**
- **Other documents**

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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

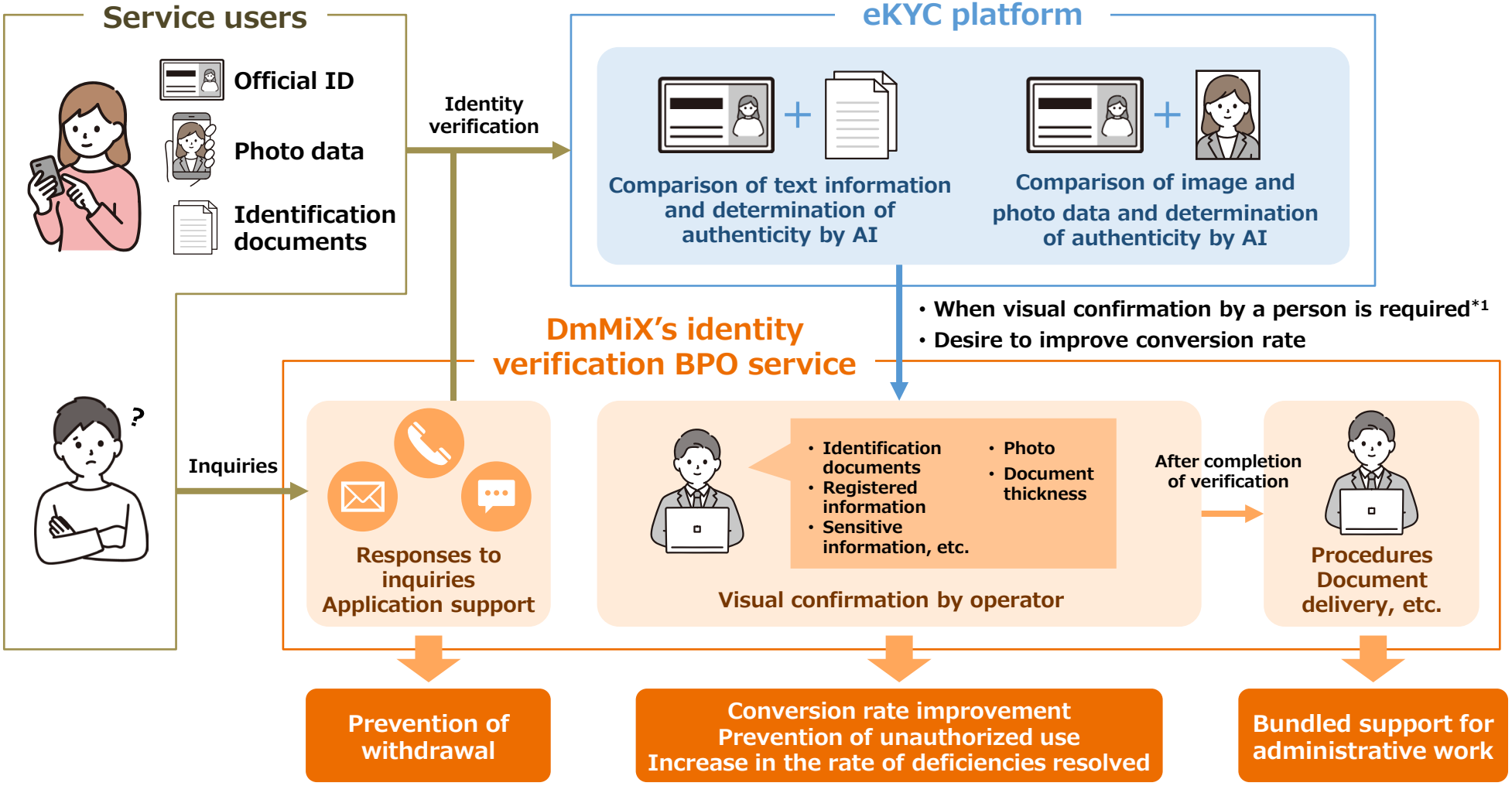
Real estate transactions

Trading used goods

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Growth Opportunities in New Areas (3)
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



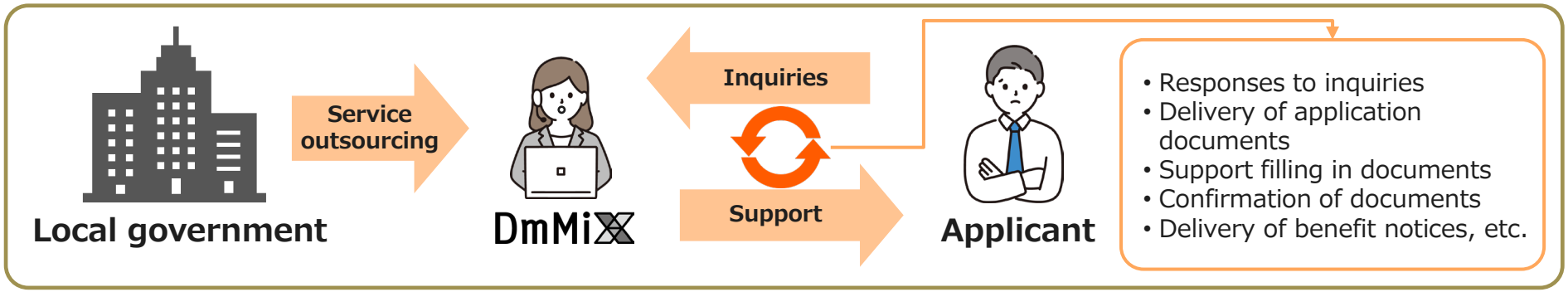
*1 Transactions listed in Article 7 the Act on Prevention of Transfer of Criminal Proceeds and transactions that entail risks of money laundering or impersonation. In these cases, visual confirmation by a person is required

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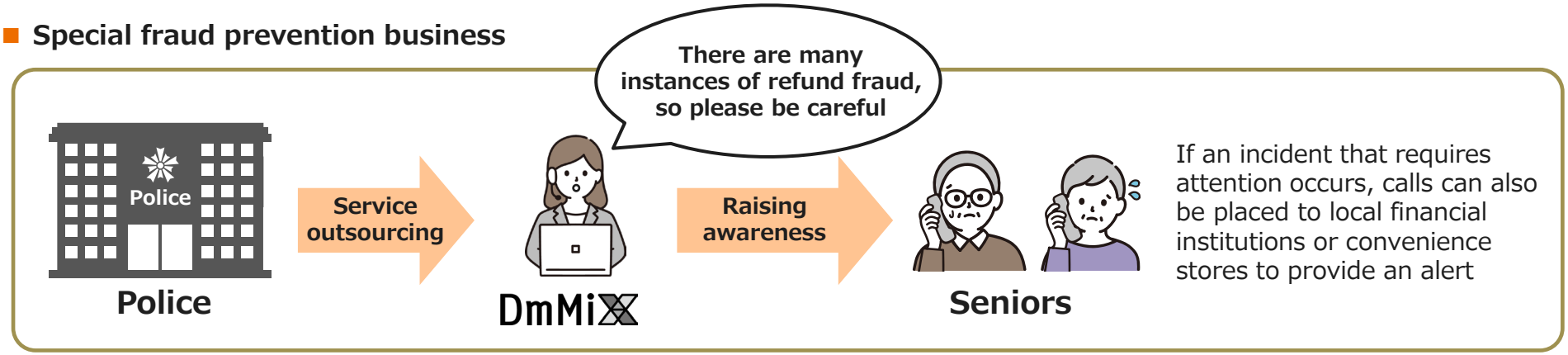
Growth Opportunities in New Areas (4) Public Sector

■ **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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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

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

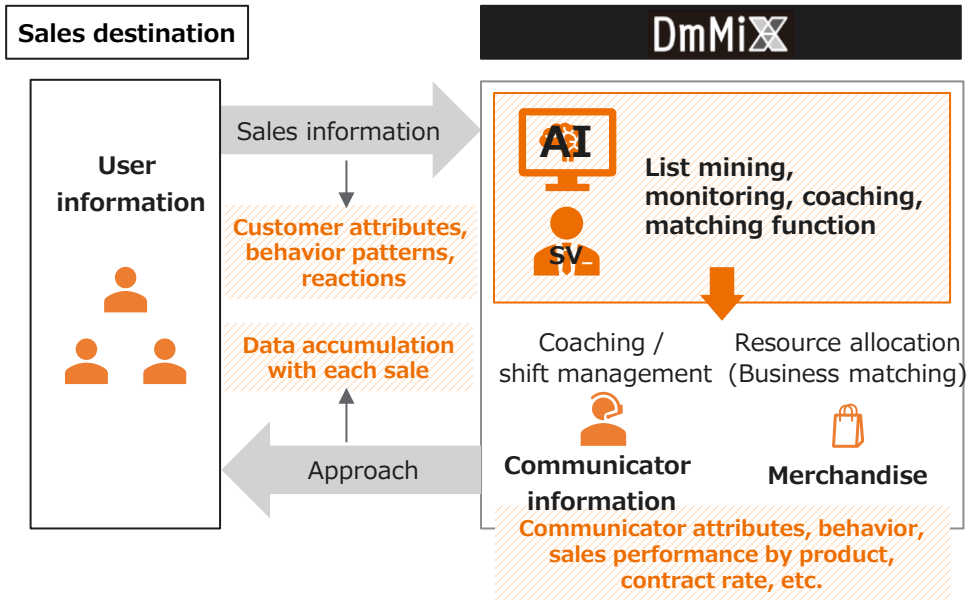
Realization of top-line growth

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Acceleration of growth by AI utilization

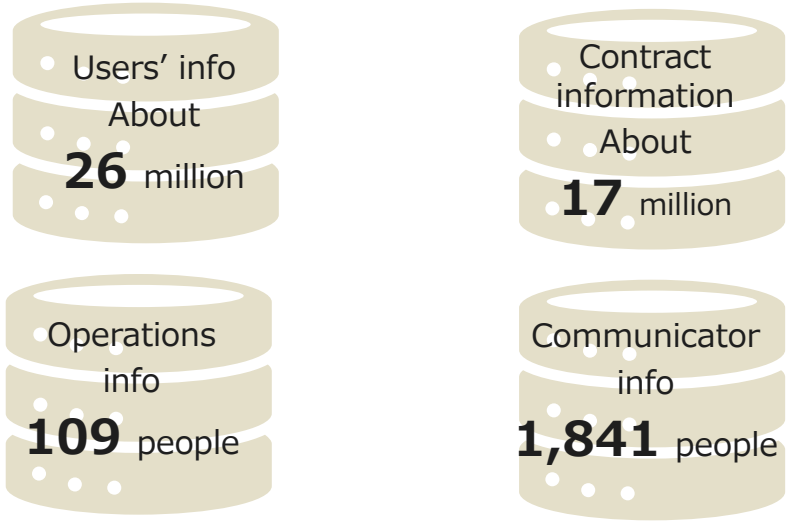
- For AI development, even at the stage of trial introduction of some functions, a large effect has already been proven
- We will expand the AI utilization function and introduce it to both management and communicator operations

Overview of an AI system



Partial AI test introduction effect

AI utilization data implementation (Cumulative)



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

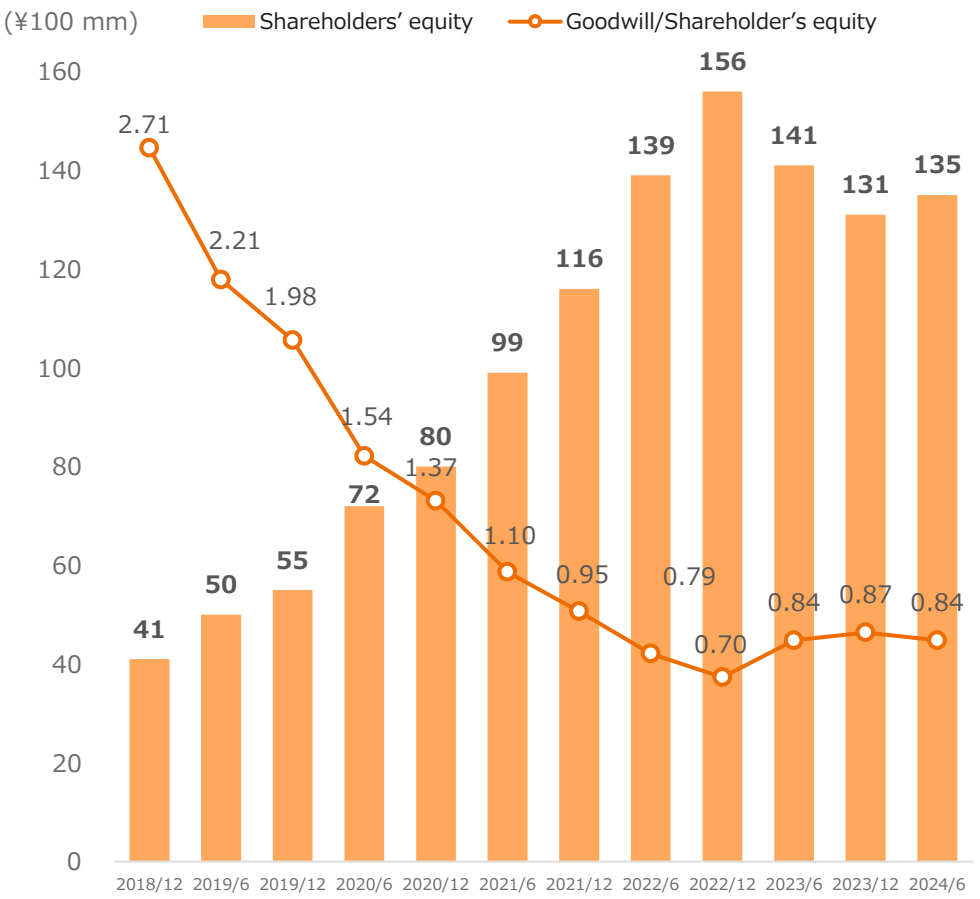
Factors for accelerating growth

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

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

About Goodwill

Historical shareholders' equity and goodwill/ Shareholders' equity ratio



Reference on goodwill in the securities report submitted on March 25, 2024 (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 3.2 points or the estimation of future cash flow including terminal value decreases by 28.1%; 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
  - Growth rate for extending the cash flow estimation: 0%
  - Pre-tax discount rate applied to cash flow estimation: 6.61% for CRTM, MR, DRM and 11.67% for ARC in the marketing business / 10.12% in the onsite business

*1 Abbreviation for consolidated subsidiary Customer Relation Telemarketing Co., Ltd.
*2 Abbreviation for consolidated subsidiary Marketing-Revolution Co., Ltd.
*3 Abbreviation for consolidated subsidiary Data relation marketing CO.,LTD.
*4 Abbreviation for consolidated subsidiary ARCHITECT CO., LTD

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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)
- Identified material issues and their KPI and periodically reviewed them (starting in 2022)
- Basic Policy on Sustainable Procurement and Business Partner Code of Conduct established (2023)
- Target of 30% women on the Board (2030)

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 (starting in 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
- Procure electricity for use from renewables energy sources (green certification) (starting in 2023)

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External ESG Evaluation

- **Selected for three of the six main ESG investment indicators*1 adopted by GPIF**
- **High scores obtained, corresponding to top 1% in the FTSE and top 2% in the S&P (reported in the Sustainability Yearbook 2024*2 and selected as Industry Mover*3)**

	Score	Evaluations Including Inclusion in Indexes
FTSE	**4.3** ➢ Corresponds to top 1%*4 *As of December 18, 2023	FTSE Blossom Japan Index (310 constituent companies) FTSE Blossom Japan Sector Relative Index (605 constituent companies)
S&P	**58** ➢ Corresponds to top 2%*4 ➢ Reported in the Sustainability Yearbook 2024 ➢ Selected as Industry Mover *As of February 7, 2024	 (1,852 constituent companies)  
Sustainalytics	**Low Risk** *As of April 24, 2023	–

*1 ESG indicators for domestic stocks from GPIF, FY2022 ESG Activities Report (August 2023)
*2 A yearbook that lists the top 15% of companies in each sector
*3 The company whose score increased the most from the previous fiscal year in each sector
*4 Calculated by comparison with scores of other companies in the same sector

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