A Total Sales/Marketing Solution Provider for Maximizing Client Profitability

Direct Marketing MiX Inc.

Financial results briefing (FY12/2024 3Q)

November 14th, 2024

DmMiX

(7354)

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1 Financial Results (FY12/2024 3Q) 2

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2024 3Q Financial Results Highlights (from July to September)

■3Q financial results (non-consolidated)

Sales reached 5 billion yen and operating profit 120 million yen.
With regard to operating profit, a one-time expense of approximately 300 million yen was recorded in the current quarter for impairment losses on fixed assets associated with withdrawal from some low-profitability sites, as announced on August 14 in the Notice Concerning Revisions to Full-Year Consolidated Financial Results Forecasts for the Fiscal Year Ending December 31, 2024.

■Forthcoming business site strategy

The liquidation of business sites for optimization of capacities augmented in line with the rapid increase in COVID-19 related business was completed in this quarter.

■Earnings forecast

The earnings forecast was revised due to profits being stronger than initial expectations as well as the confirmation of the amount of loss recorded on impairment of fixed assets associated with withdrawal from some low-profitability sites.

■Business environment

In the telecom. infrastructure sector, an expenses review originated from a group reorganization by telecom. carriers has run its course and the number of orders received is recovering.

In the Web/IT sector, development of new areas is also progressing in the context of strong performance of existing operators (cashless payment business and eKYC).

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FY12/2024 3Q P/L (from July to September)

- Sales revenue: Down approximately 1.3 billion yen YoY, mainly due to the substantial contraction of inbound businesses in conjunction with the complete end of COVID-19-related projects
- Operating profit: Increased compared with the same period in the previous year, despite reporting an impairment loss (approximately 300 million yen) associated with withdrawal from some low-profitability sites

(¥ mm)	2023/12 3Q (from July to September)	2024/12 3Q (from July to September)	
	Results	Results	YoY change (%)
Sales revenue	6,315	5,015	(1,300) (-20.6%)
Operating profit	(33)	123	+156 (-)
Profit attributable to owners of parent	(106)	36	+142 (-)
EBITDA*1	377	798	+421 (+111.7%)

*1 EBITDA = operating profit + depreciation + amortization + impairment and disposal losses on fixed assets

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FY12/2024 3Q P/L (cumulative period)

- Sales revenue: Inbound business contracted substantially, but remains solid against the full-year forecast
- Operating profit: Progress is steady against the full-year forecast announced on August 14, despite the reporting of temporary expenses associated with withdrawal of sites

(¥ mm)	2024/12 3Q (cumulative)		
	Results	Full-year earnings forecast announced on Aug. 14 (Forecast announced on Feb. 13)	Progress rate*2 (Progress rate*3)
Sales revenue	15,721	21,000 (21,000)	74.9% (74.9%)
Operating profit	1,179	1,200–1,500 (1,000)	98.3%–78.6% (117.9%)
Profit attributable to owners of parent	604	700–900 (655)	86.2%–67.1% (92.2%)
EBITDA*1	2,600	2,600–2,900 (2,451)	100.0%–89.7% (106.1%)

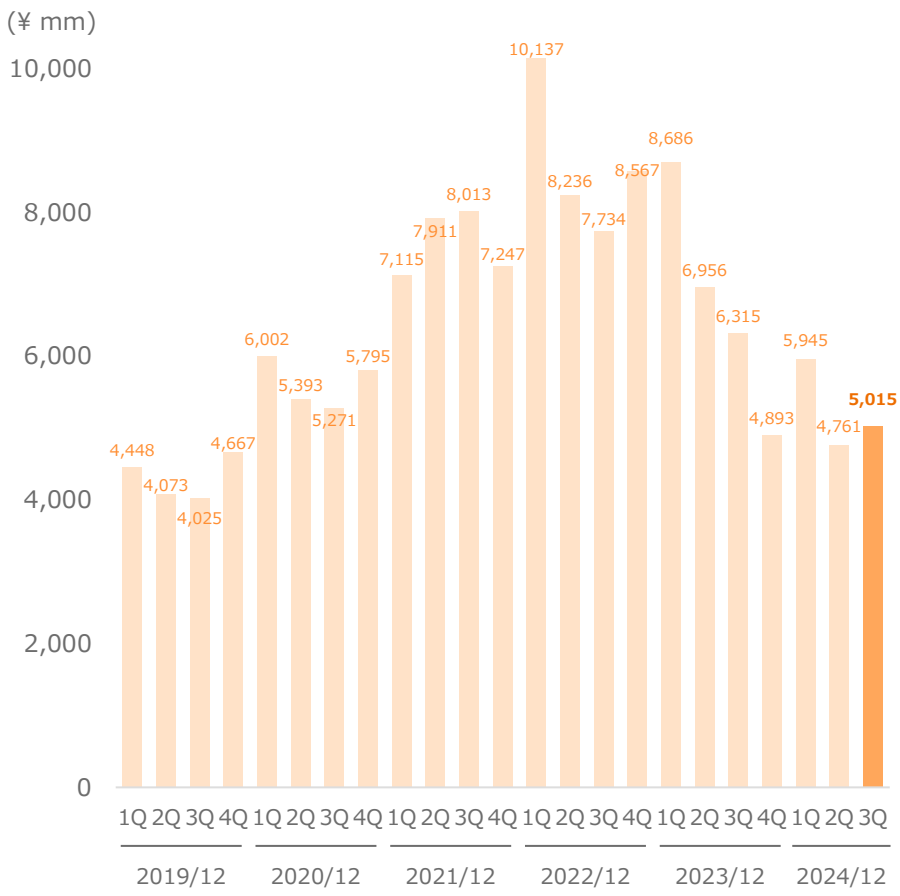
*1 EBITDA = operating profit + depreciation + amortization + impairment and disposal losses on fixed assets
*2 Progress rate against the FY12/2024 full-year earnings forecast (announced on August 14)
*3 Progress rate against the FY12/2024 full-year earnings forecast (announced on February 13)

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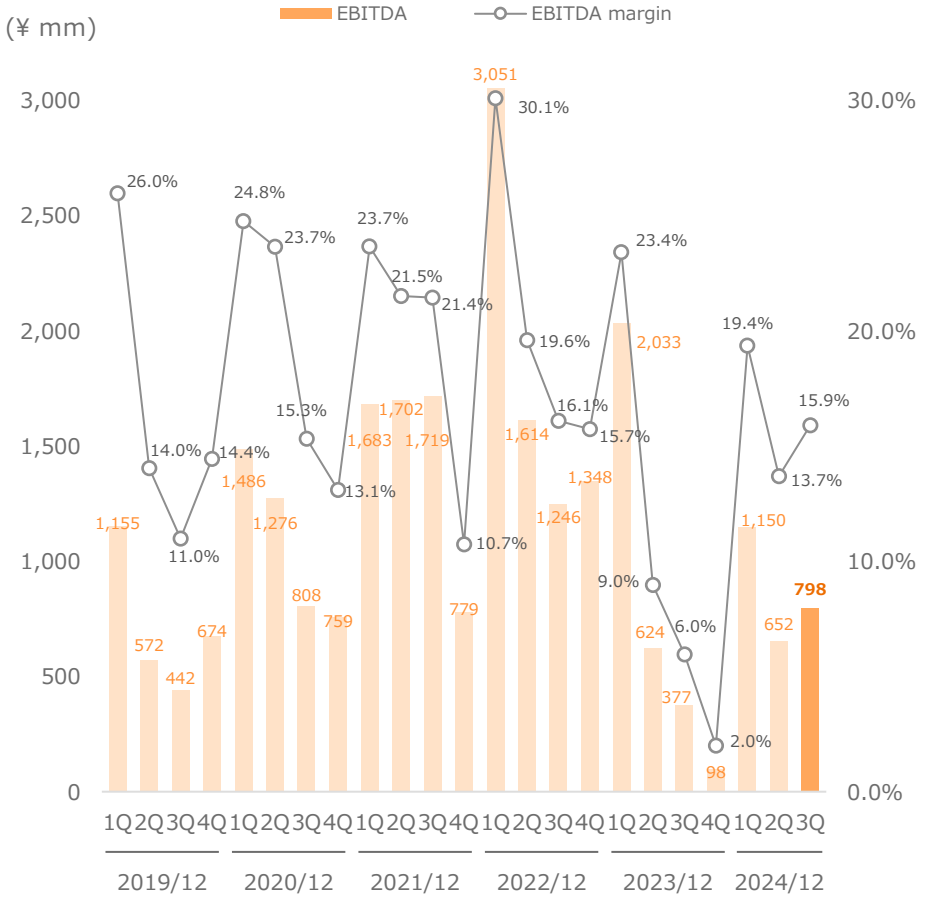
Quarterly Results

- **Sales revenue: Increased QoQ due to recovery in demand in the telecom. infrastructure sector as well as contributions from spot business**
- **EBITDA: Increased both YoY and QoQ**

Quarterly changes in consolidated sales revenue



Quarterly trends in EBITDA・EBITDA margin



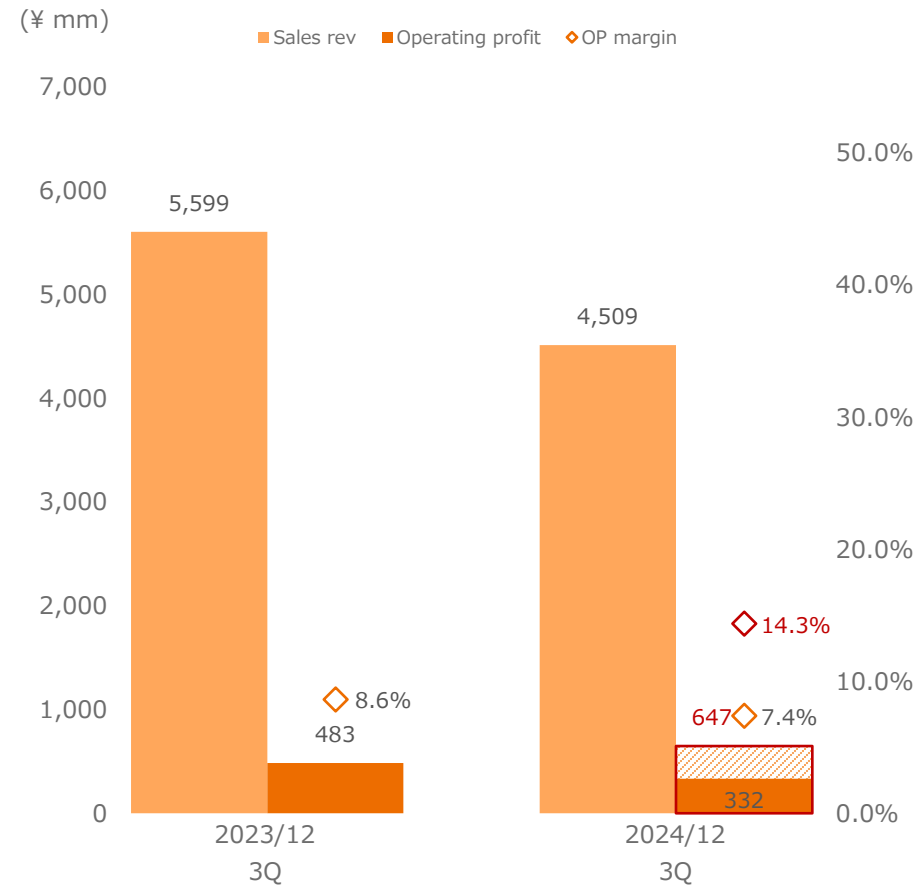
* EBITDA = operating profit + depreciation + amortization + impairment and disposal losses on fixed assets

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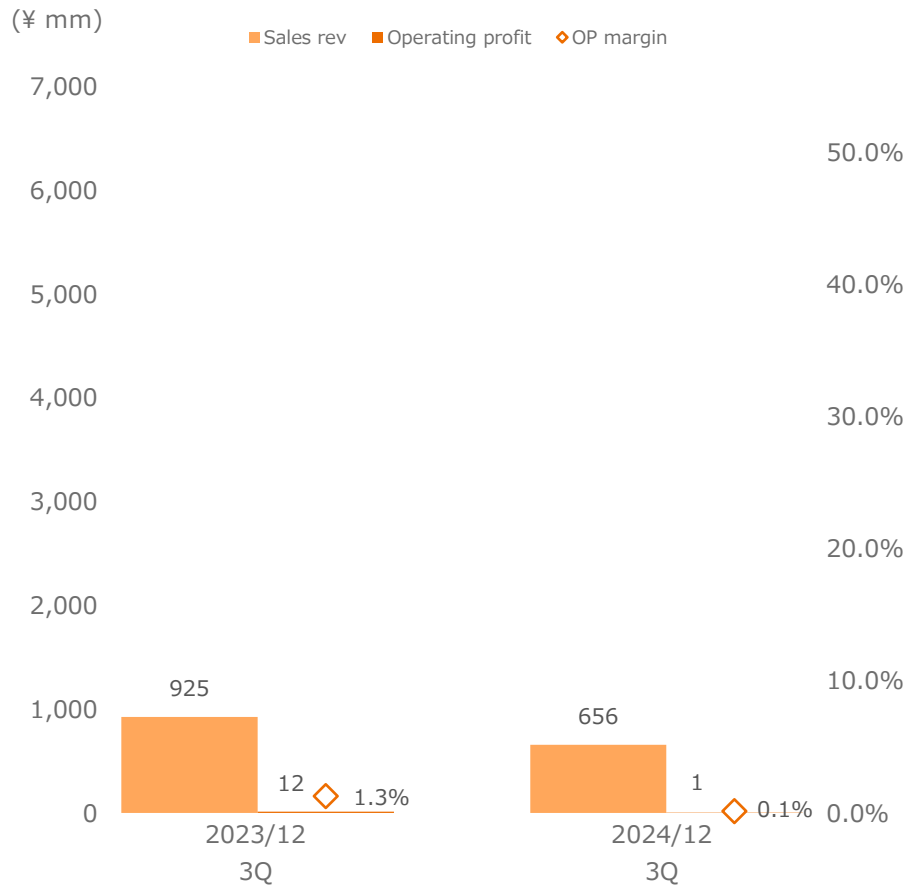
FY12/2024 3Q Results per Segment (from July to September)

- **Marketing business: Sales revenue was down 1,090 million yen YoY (-19.5%), and operating profit was down 150 million yen YoY (-31.1%). Excluding temporary expenses, operating profit increased by 164 million yen (+34.0%) YoY**
- **On-site business: Sales revenue was down 269 million yen YoY (-29.1%), and operating profit was down 11 million yen YoY (-91.9%)**

Marketing business



On-site business



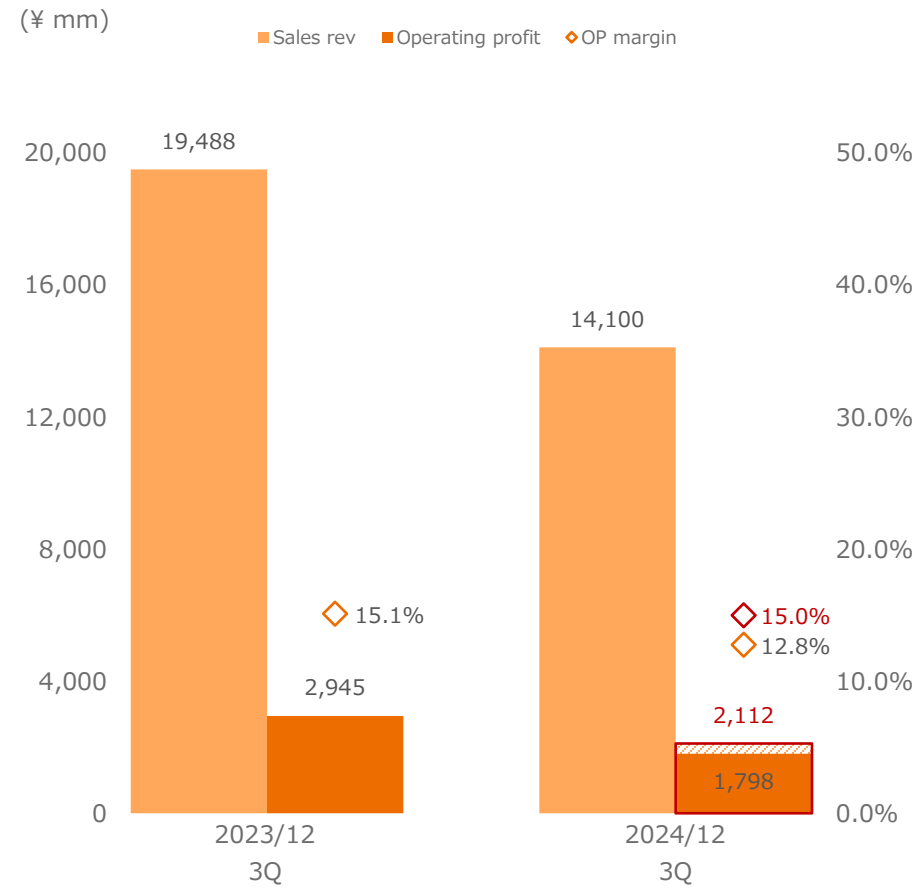
* Figures on this page include inter-segment transactions
* Figures in red exclude temporary expenses (impairment and disposal losses on fixed assets)

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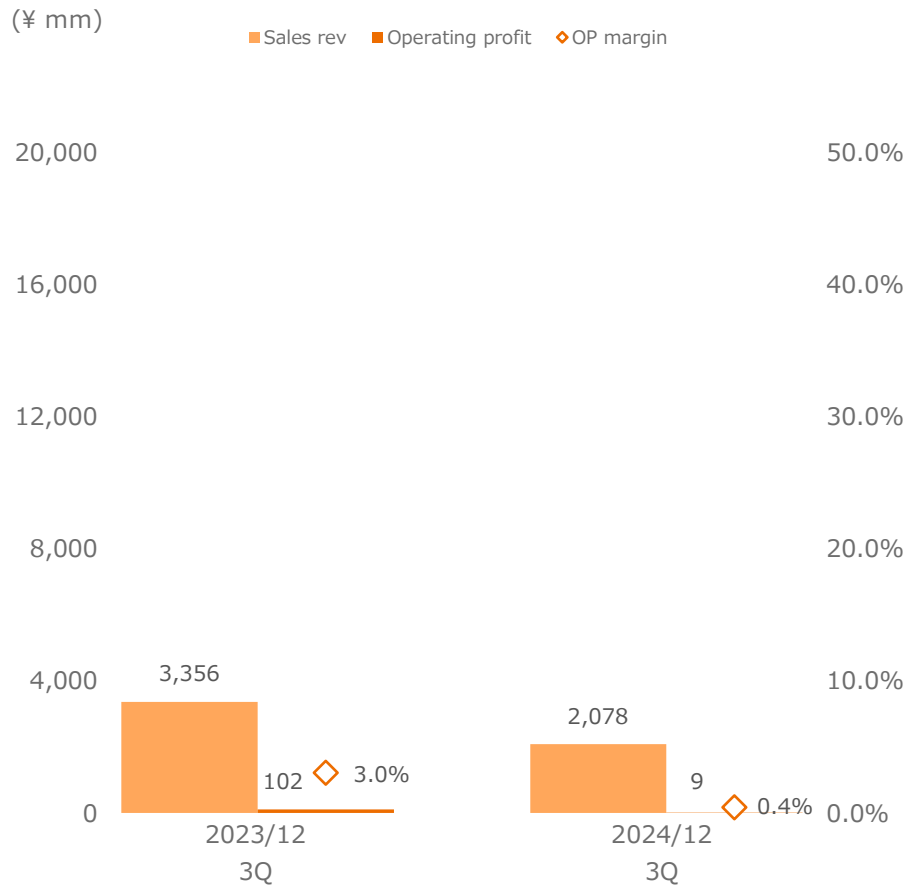
FY12/2024 3Q Results per Segment (cumulative period)

- **Marketing business: Sales revenue was down 5,388 million yen YoY (-27.6%), and operating profit was down 1,147 million yen YoY (-38.9%). Excluding temporary expenses, operating profit decreased by 832 million yen (-28.3%) YoY**
- **On-site business: Sales revenue was down 1,278 million yen YoY (-38.1%), and operating profit was down 93 million yen YoY (-91.4%)**

Marketing business



On-site business



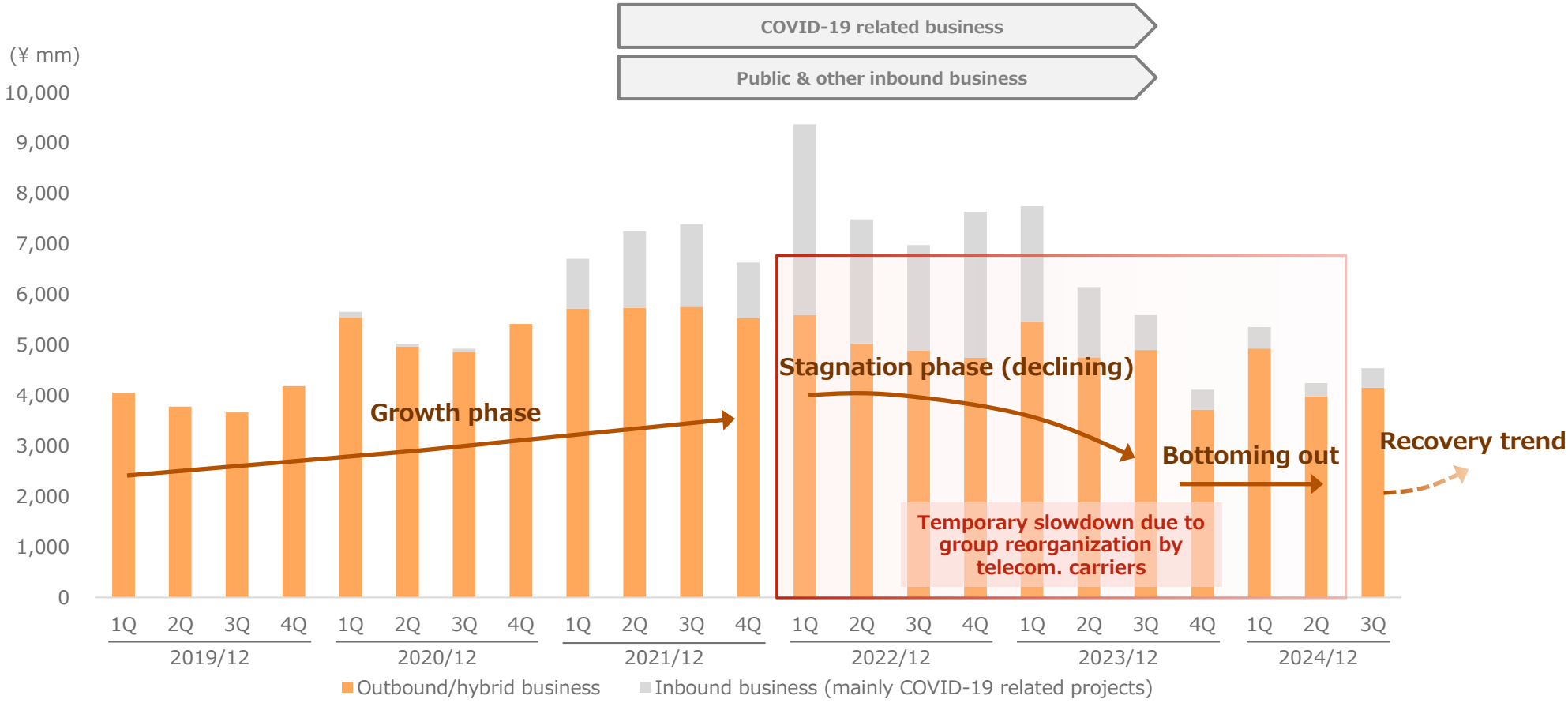
* Figures on this page include inter-segment transactions
* Figures in red exclude temporary expenses (impairment and disposal losses on fixed assets)

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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 gradually recovering
- In inbound business, we will select businesses and focus only on highly-profitable operations

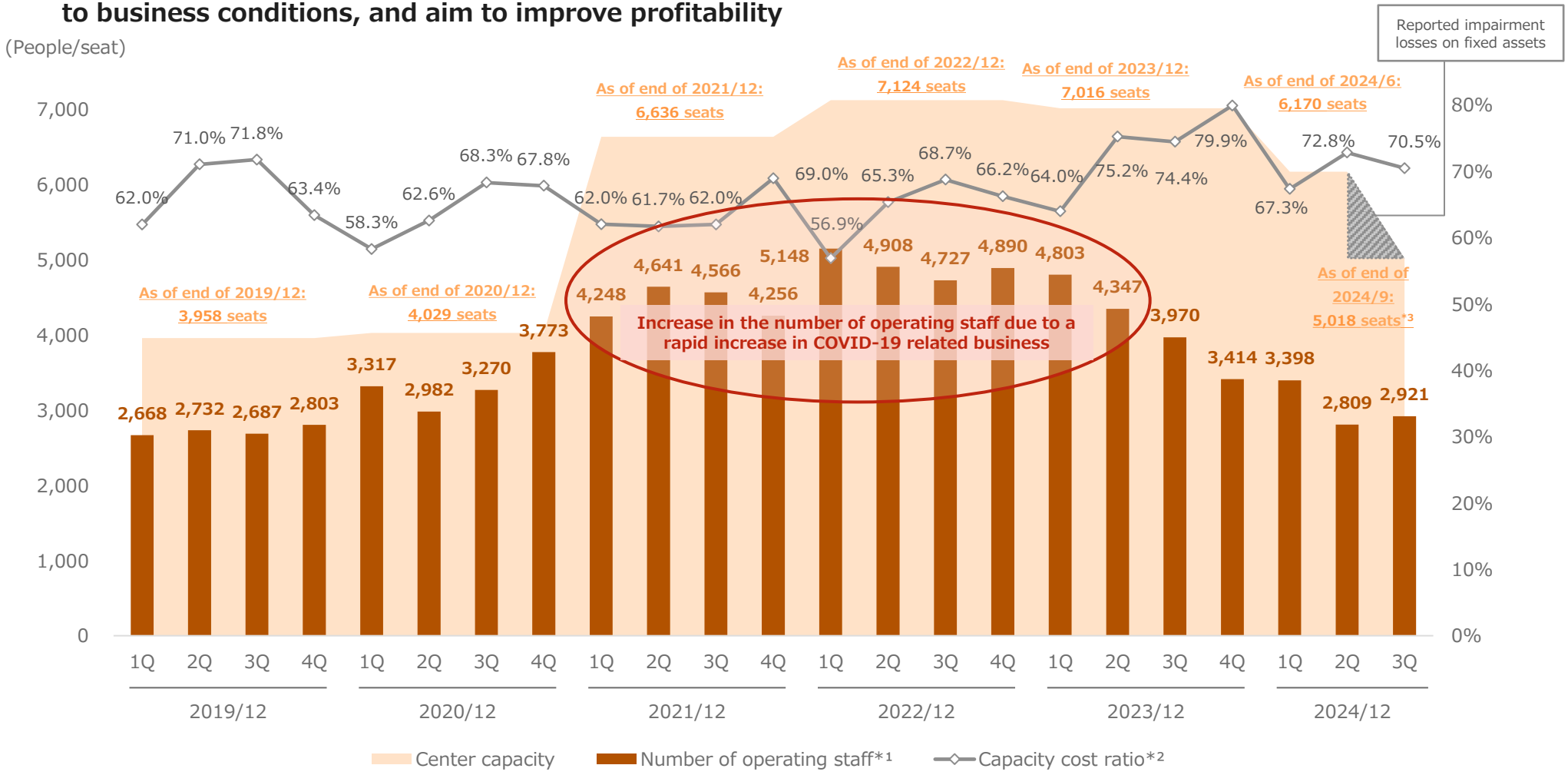
Changes in sales in the outbound/hybrid business and inbound business



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Changes in Capacity Cost Ratio

- **The liquidation of business sites for optimization of capacities augmented in line with the rapid increase in COVID-19 related business was completed**
- **Going forward, we will continue to implement timely and appropriate capacity and personnel controls tailored to business conditions, and aim to improve profitability**



*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 Figures exclude the number of fixed asset seats impaired

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FY12/2024 3Q B/S and C/F

- **Non-current assets decreased as a result of withdrawal of sites**
- **Investment cash flow was positive as a result of limited new capital 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 2024/9	Change
Total assets	**26,175**	**24,771**	**(1,404)**
Current assets	8,381	8,023	(358)
Non-current assets	17,794	16,747	(1,046)
Goodwill	11,391	11,391	–
Total liabilities	**13,090**	**11,246**	**(1,844)**
Current liabilities	7,436	5,835	(1,601)
Non-current liabilities	5,654	5,411	(243)
Total equity	**13,085**	**13,525**	**+440**
Total equity attributable to owners of parent	13,085	13,525	+440
Total liabilities & equity	**26,175**	**24,771**	**(1,404)**

Consolidated C/F

(¥ mm)	2023/12 3Q	2024/12 3Q	Change	2023/12 Full year (Ref.)
Operating cash flow	1,649	924	(725)	1,612
Investment cash flow	(1,202)*1	50	+1,253	(1,234)
Financial cash flow	(2,995)	(644)	+2,351	(3,527)
Free cash flow	**446**	**974**	**+528**	**378**

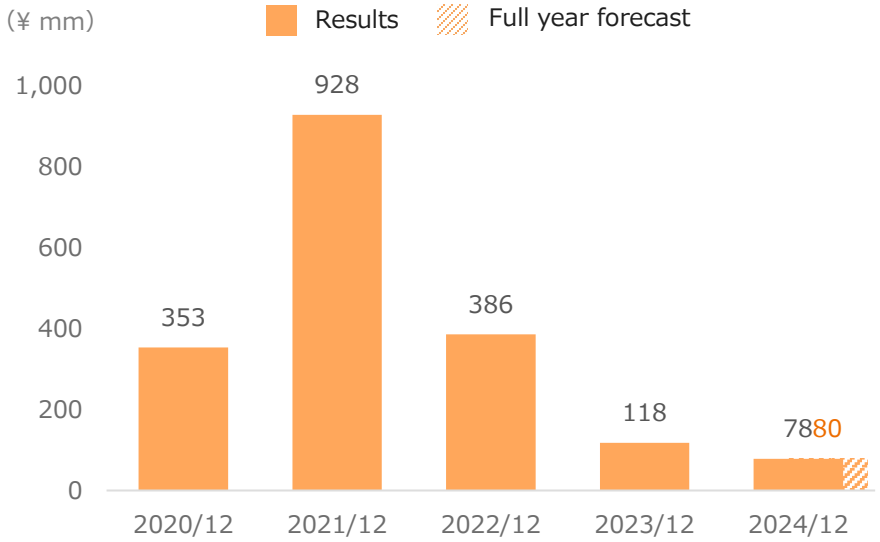
*1 Mainly due to acquisition of subsidiaries

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Investment Plan and Progress

Capital investment

- Expenses for buildings and accompanying facilities were slightly higher than initially planned due to the occurrence of unexpected construction costs

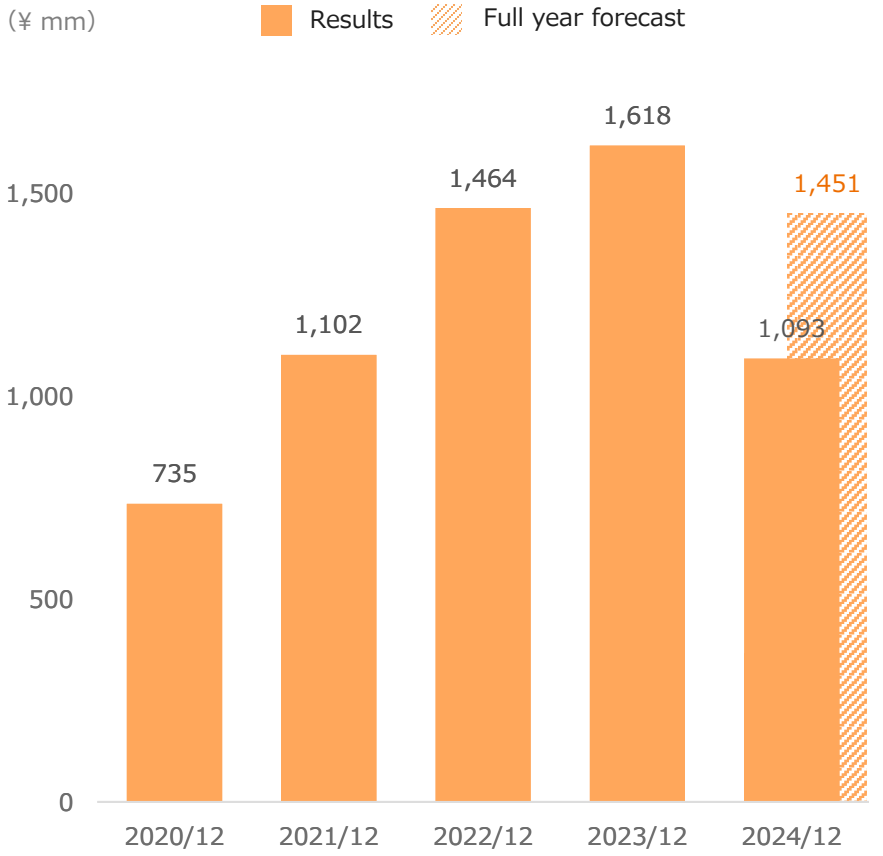


Major capital investment breakdown

(¥ mm)	2020	2021	2022	2023	2024	
	Results	Results	Results	Results	3Q Results	Full year Forecast
Buildings and accompanying facilities	177	492	165	60	20	4
Tools, furniture and fixtures	165	405	213	57	56	75
Software	11	31	8	1	2	0

Depreciation & Amortization

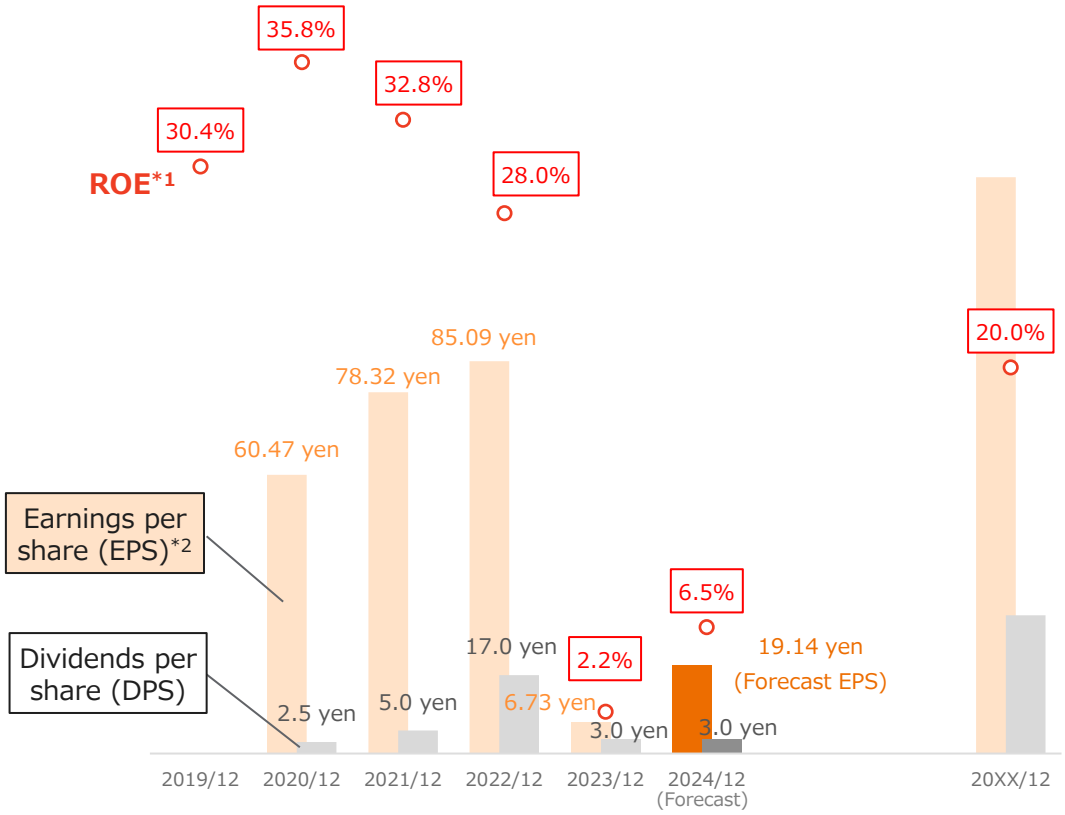
- A slight decrease is expected in FY12/2024 in conjunction with the completion of depreciation of large-scale capital investments made in FY12/2021



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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 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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Revision of Forecast for FY12/2024

(¥ mm)	2024/12	2024/12			Main factors of increase/ decrease
	Full-year earnings forecast announced on Aug. 14 (Forecast announced on Feb. 13)	After revision: Full-year earnings forecast (announced on Nov. 14)	Amount of change*3 (Amount of change*4)	Rate of change*3 (Rate of change*4)	
Sales revenue	**21,000 (21,000)**	**21,000**	**0 (0)**	**0% (0%)**	✓ **Sales revenue** • There is no change to the previously-announced forecast. ✓ **Various profits** • In addition to the fact that operating profit has trended more favorably than initially expected, the amount of loss due to the impairment of fixed assets associated with withdrawal from some low-profitability sites has been decided. Therefore, the financial results forecasts have been revised.
Operating profit	**1,200–1,500 (1,000)**	**1,500**	**+300–0 (+500)**	**+25.0%–0% (+50.0%)**	
Profit before tax	**1,160–1,460 (1,000)**	**1,460**	**+300–0 (+460)**	**+25.9%–0% (+46.0%)**	
Net income*1	**700–900 (655)**	**880**	**+180–(-20) (+226)**	**+25.7%–(-2.2%) (+34.5%)**	
EBITDA*2	**2,600–2,900 (2,451)**	**3,228**	**+628–328 (+777)**	**+24.2%–11.3% (+31.7%)**	

*1 Profit attributable to owners of parent
*2 EBITDA = operating profit + depreciation + amortization + impairment and disposal losses on fixed assets
*3 Amount and rate of change against the FY12/2024 full-year earnings forecast (announced on August 14)
*4 Amount and rate of change against the FY12/2024 full-year earnings forecast (announced on February 13)

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DmMiX Group Overview

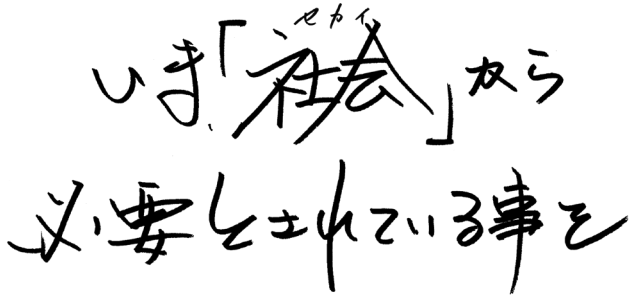
■ **As an organization of sales and marketing professionals, we are committed to our clients' sales reforms**



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

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**

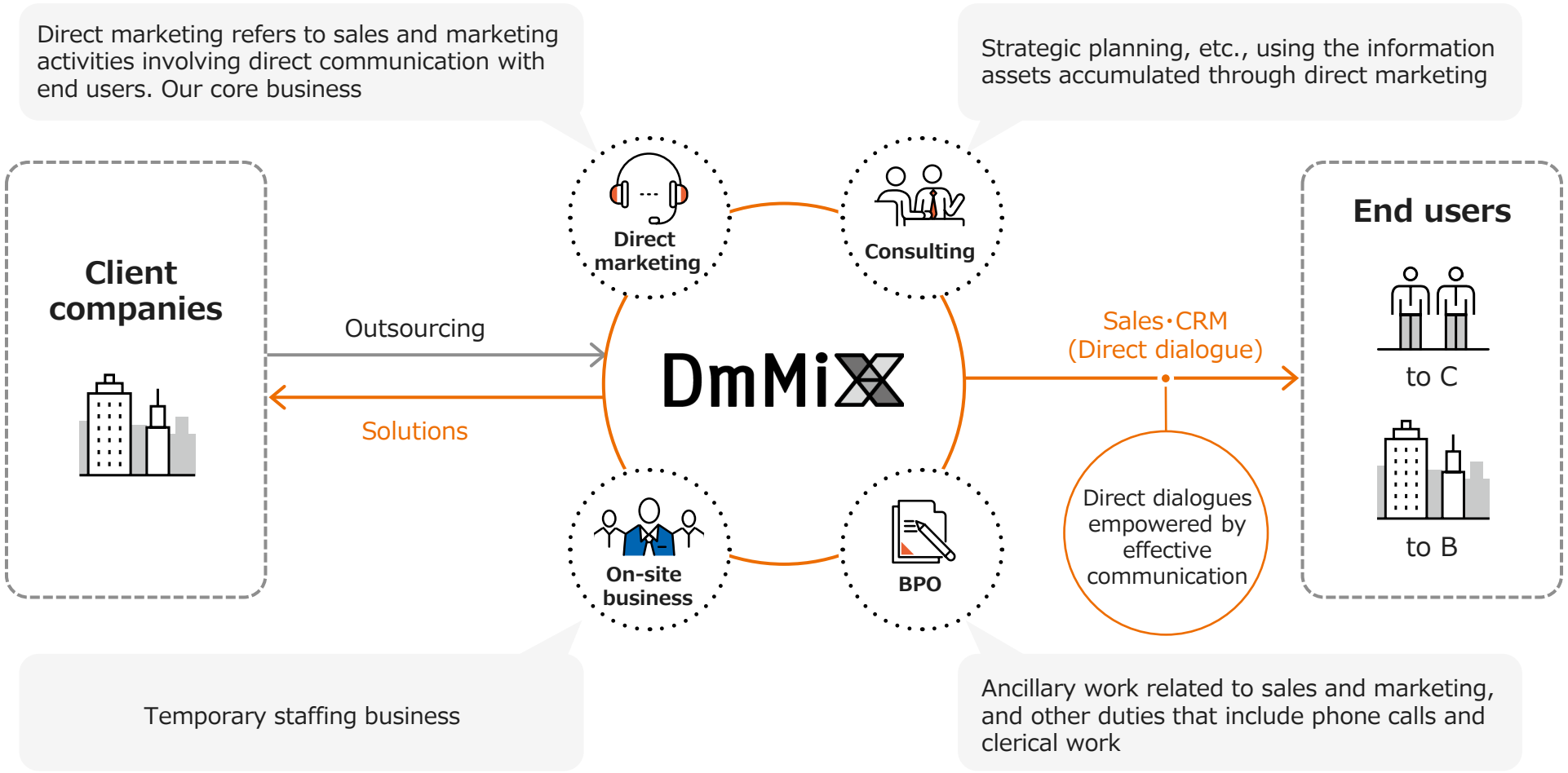
Access to external sales functions × Sales increase compared to using internal resources

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

Public

Medical

Living infrastructure

Finance

Web/IT

EC

Mobility

Real estate

Media

Value Provision Sectors

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

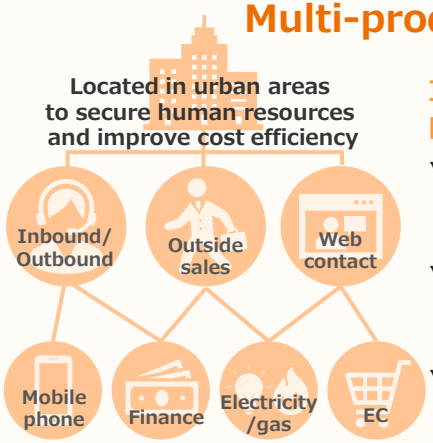
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1. Mechanism for matching Diverse Products with Human Resources and making the most of them

- 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"

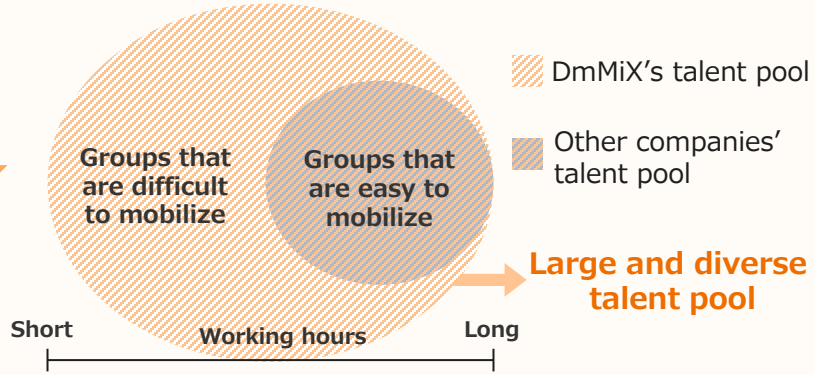
Multi-product centers



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

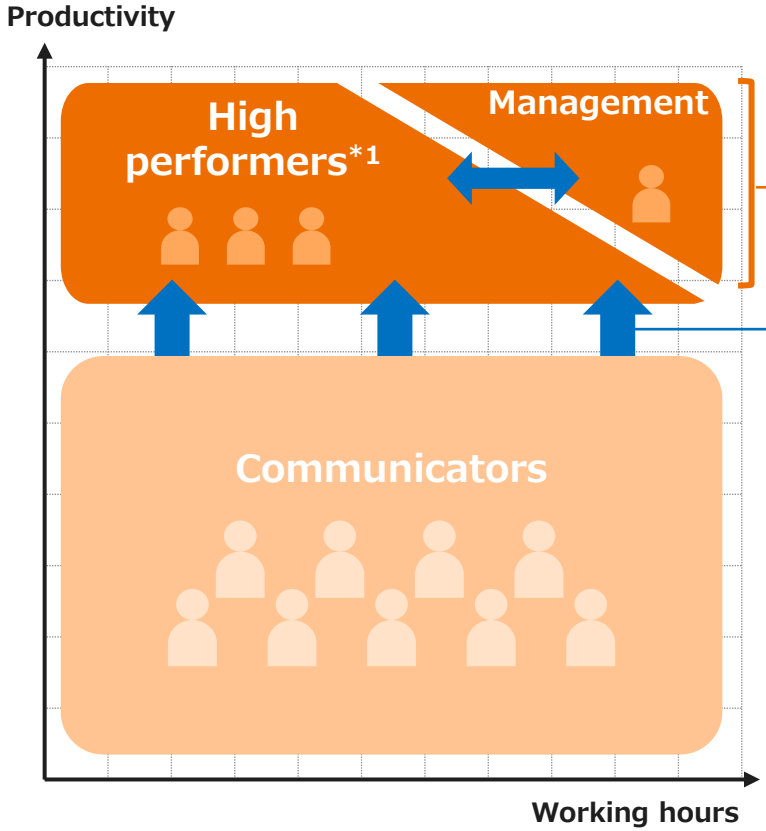
- ✓ Enabling human resources that would be difficult for other companies to bring into the workforce
- ✓ Human resource strategies to link diversity to competitiveness
- ✓ Large-scale, flexible allocation of personnel is possible

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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



High productivity that can only be achieved and sustained by DmMiX

Capitalization of earnings

Training system

Sales expertise for a variety of industries and products
- ✓ Optimized sales scripts
- ✓ Specialized department for thorough quality control

Expertise for managing a variety of human resources
- ✓ Motivation management
- ✓ Distribution based on data

Evaluation system

Ranking
- ✓ Daily disclosure and thorough results-based awareness

Individual incentives
- ✓ Achievement-based pay system

Team incentives
- ✓ Based on team evaluation and promote horizontal coaching

Assigning human resources to best suited products

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

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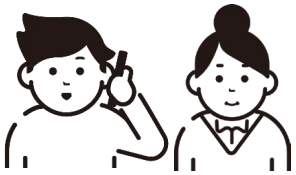
3. High added Value generated by accumulating User Data

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**

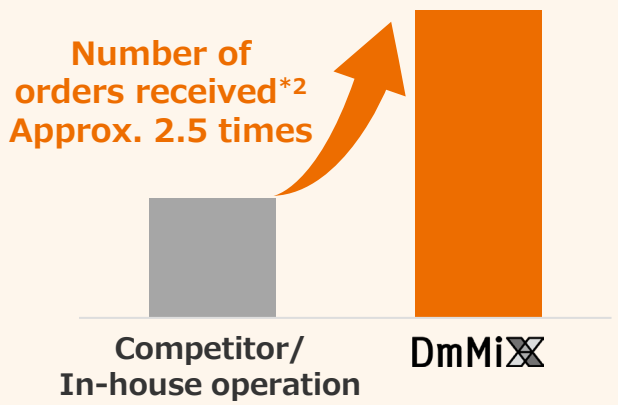
High performance

Productivity

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

Scalability

Promote lateral deployment and structuring of best practices



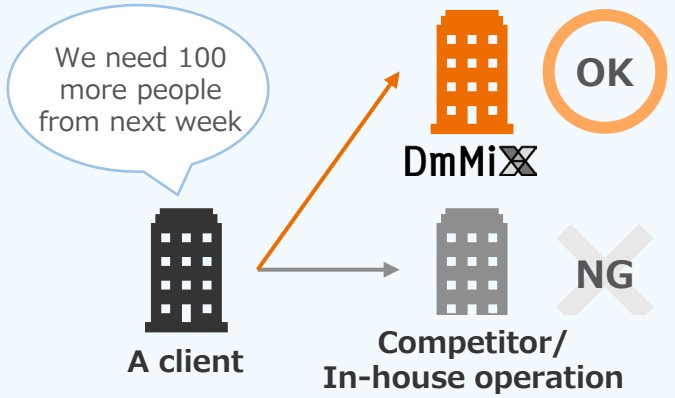
Flexible support

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.



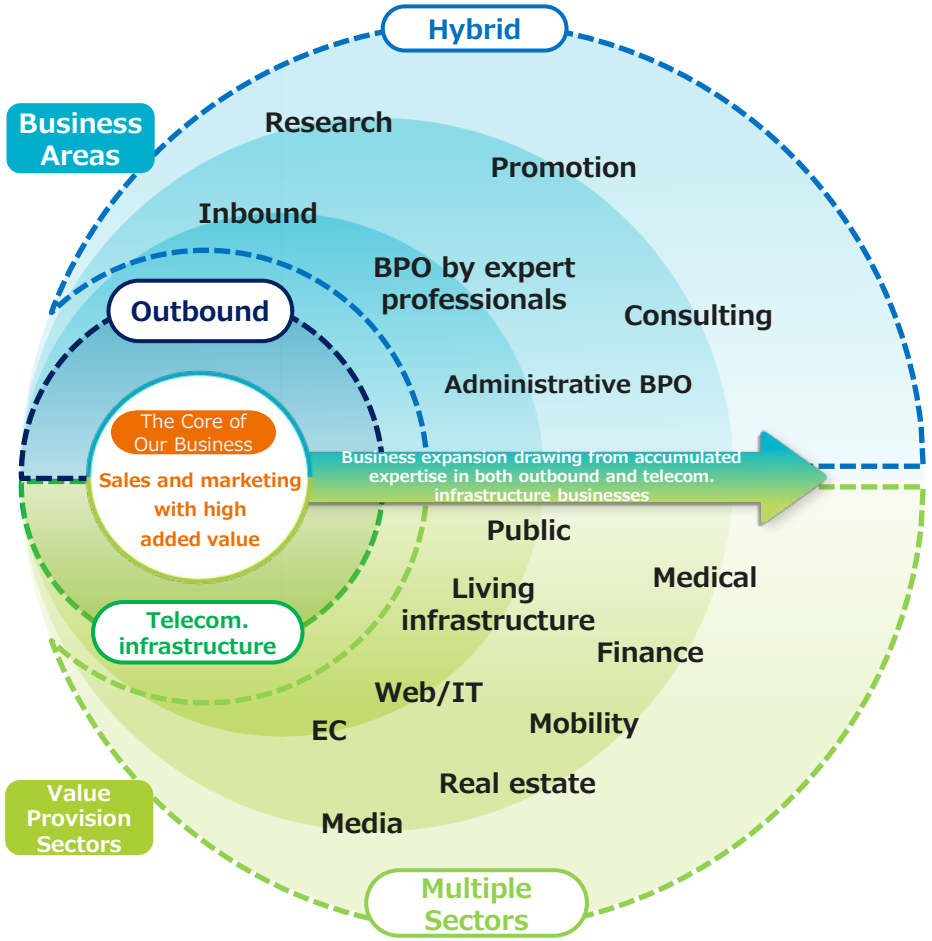
*1 A general term for staff who have achieved a certain level of sales performance according to our standards
*2 Our estimate based on the data received from the clients in 2019

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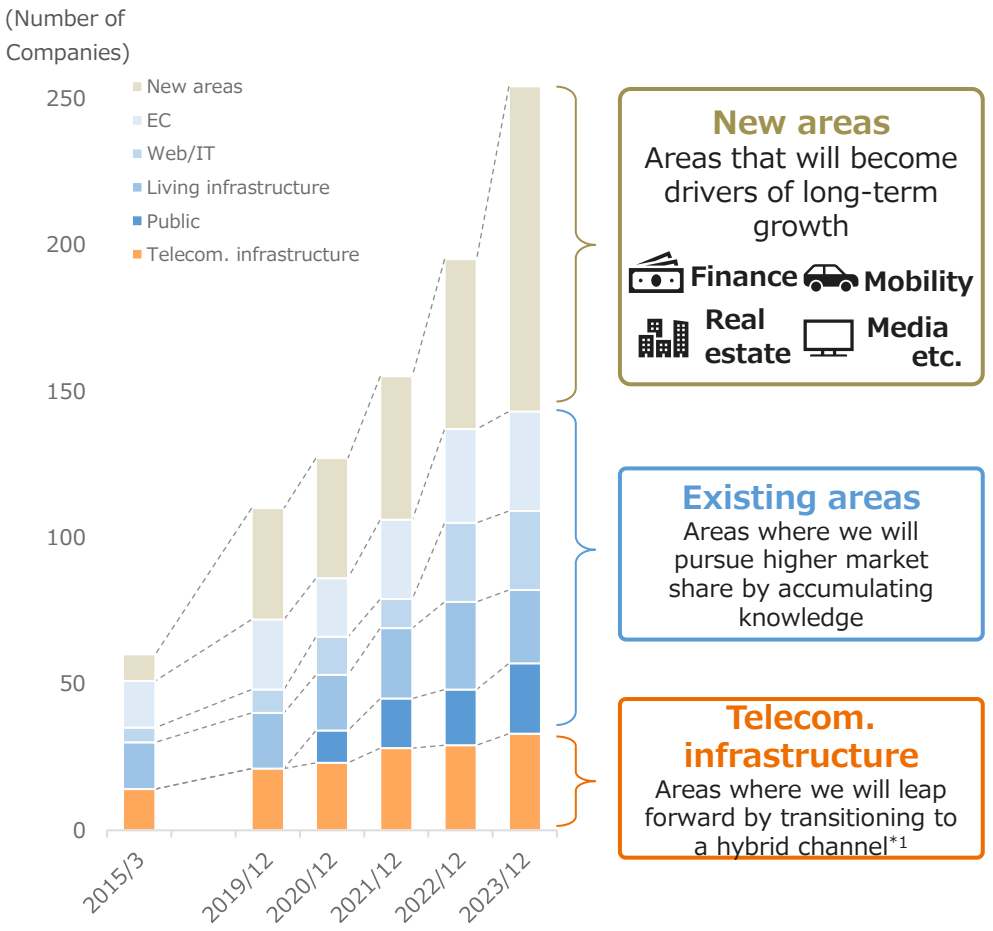
Overview of the Growth Strategy and Expansion of the Client Base

- 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



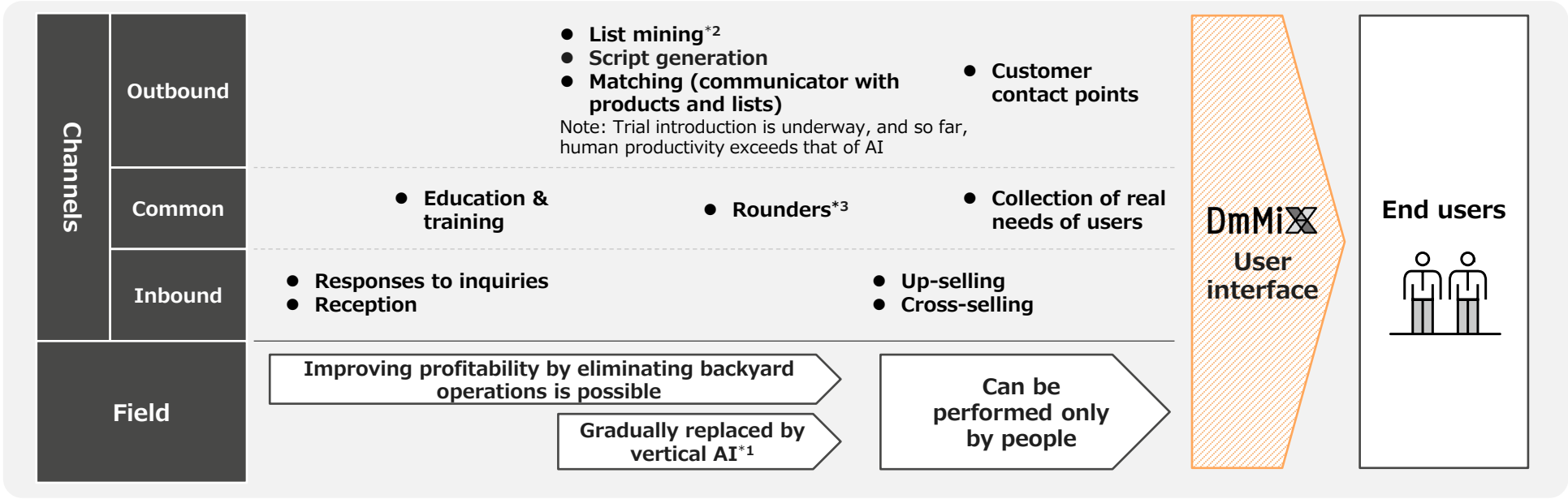
*1 A sales and support channel that integrates the real (brick-and-mortar stores) and online (web shops) including online customer service at stores and manned support for digital channels

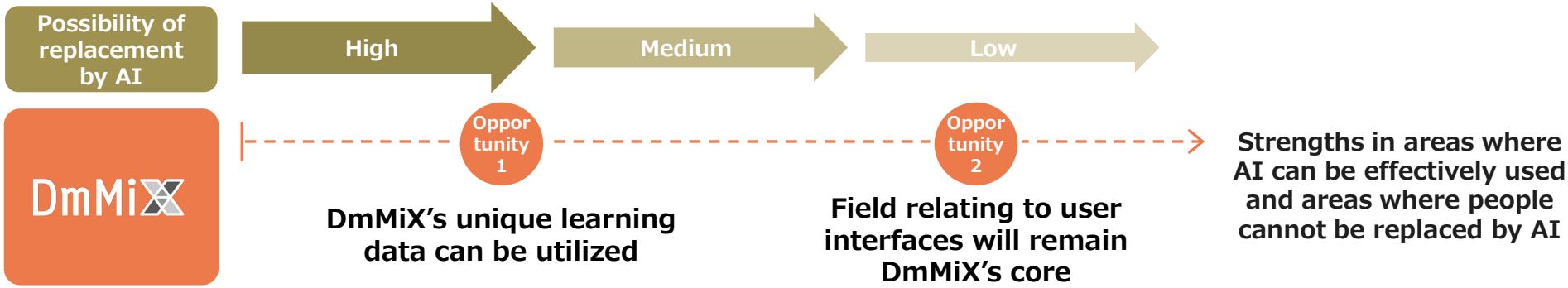
*2 The number of clients by industry is counted on a contract basis with each group company. Excludes clients with annual transaction amount of less than 1 million yen. In addition, on-site business (temporary staffing) is excluded after FY12/2019

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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

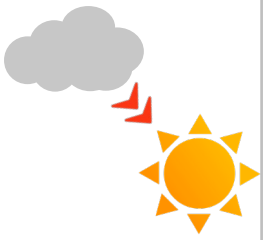




*1 AI for limited industries
*2 Identifying potential customers with a high probability of entering into a contract from massive user lists and creating highly accurate call lists
*3 A position responsible for communicator follow-ups such as by patrolling a contact center and answering questions from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

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Recognition of the Business Environment in Each Area

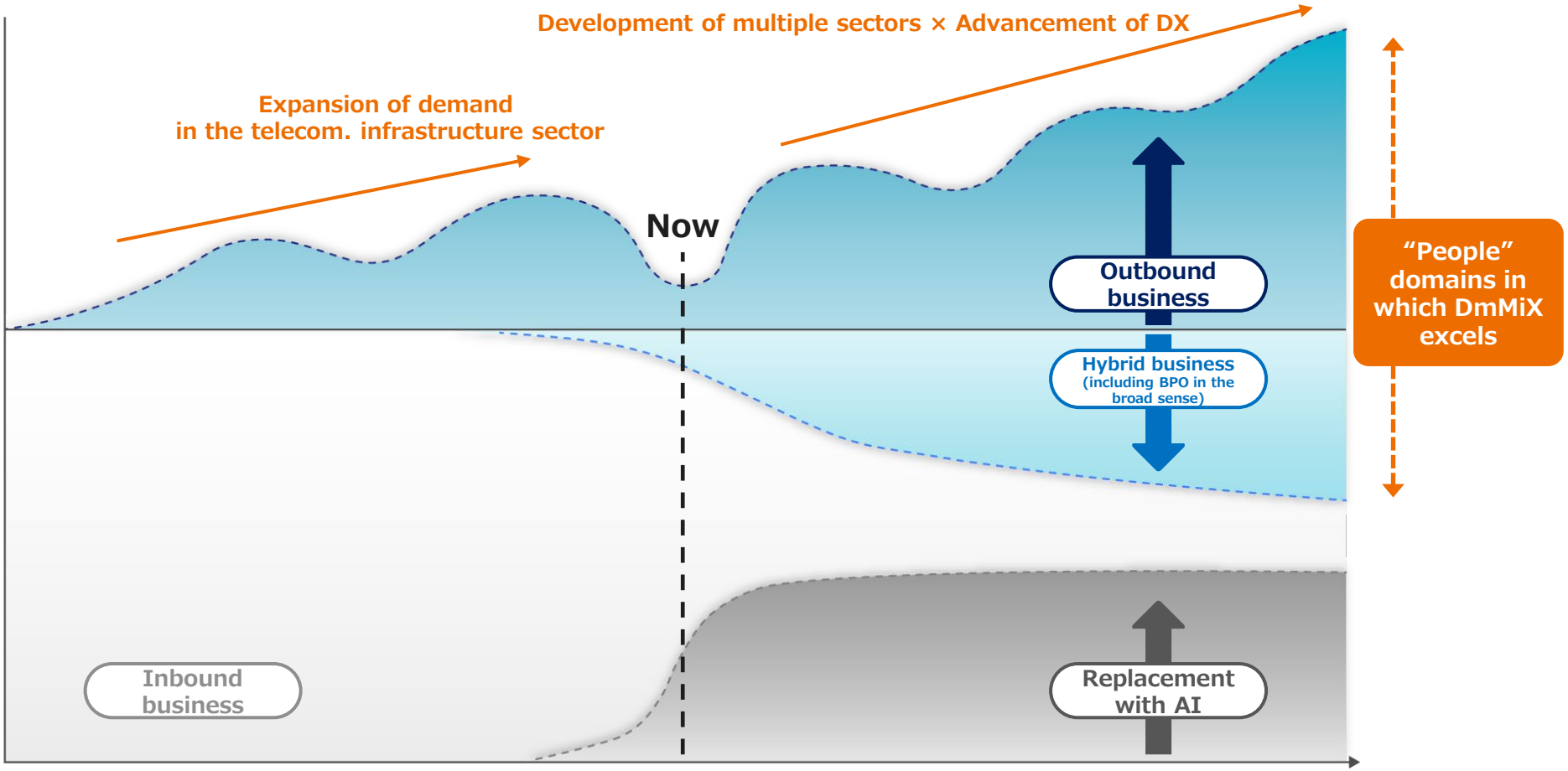
	Profitability	Growth potential	Volatility	Other factors
Outbound			High	• Strong demand at the time of market introduction of new products and services • Compared to the inbound business, replacement through the use of AI is less likely • The shortage of sales personnel in the labor market is progressing, 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

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Medium- to Long-term Growth Image (1)

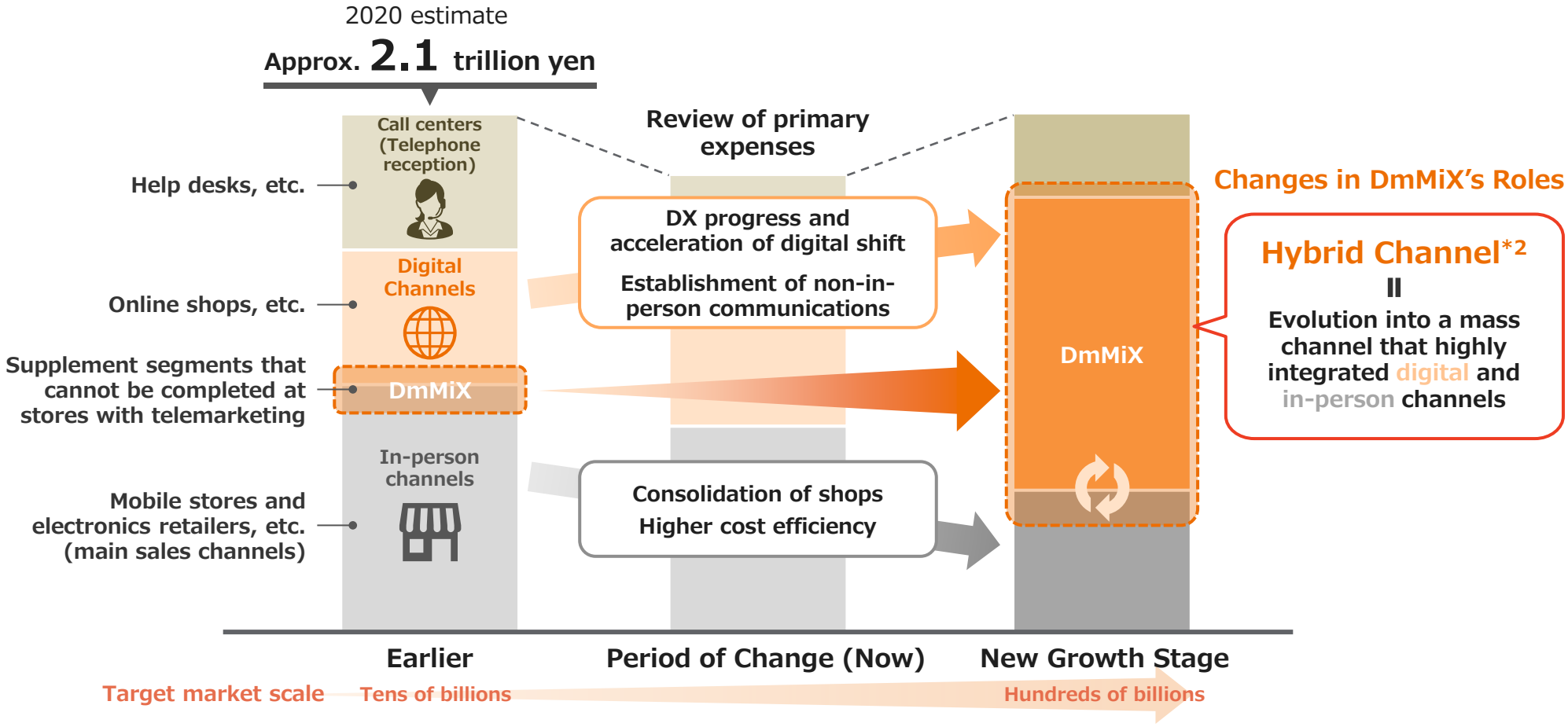
- In the outbound business, we will maintain growth by conducting business in multiple sectors not limited to the telecom. infrastructure sector
- In addition, in the hybrid business, which is expected to expand in conjunction with the advancement of DX and AI, we are actively moving forward, as this 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**

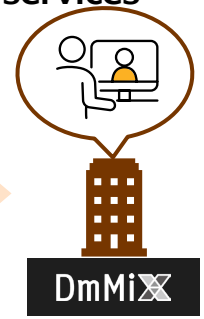
Growing demand for hybrid business

■ 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



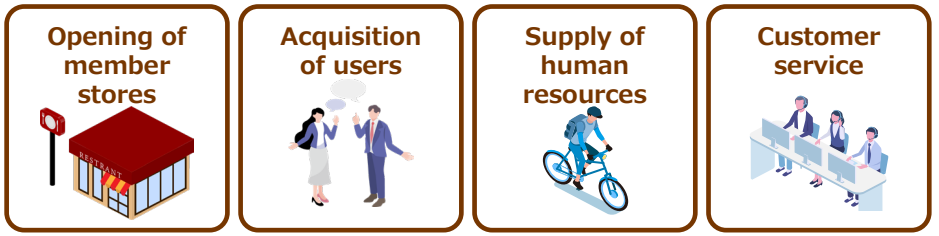
■ Social implementation of online services

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

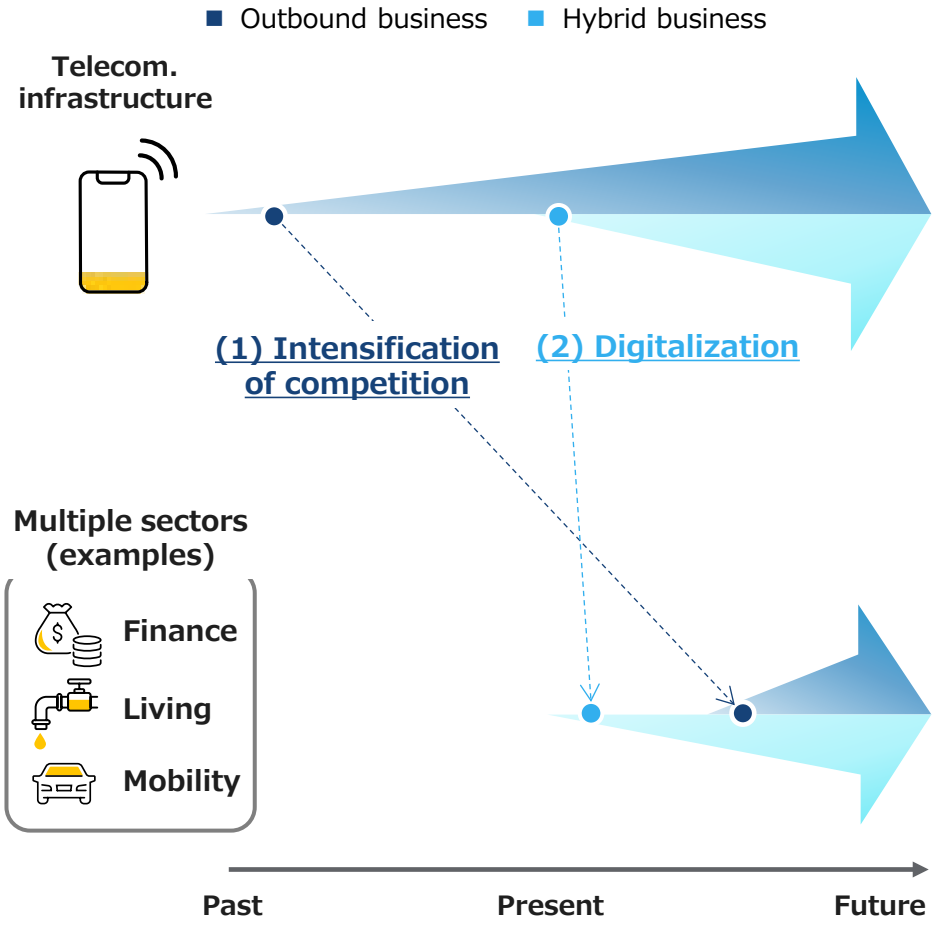


Social implementation of online services requires human capabilities



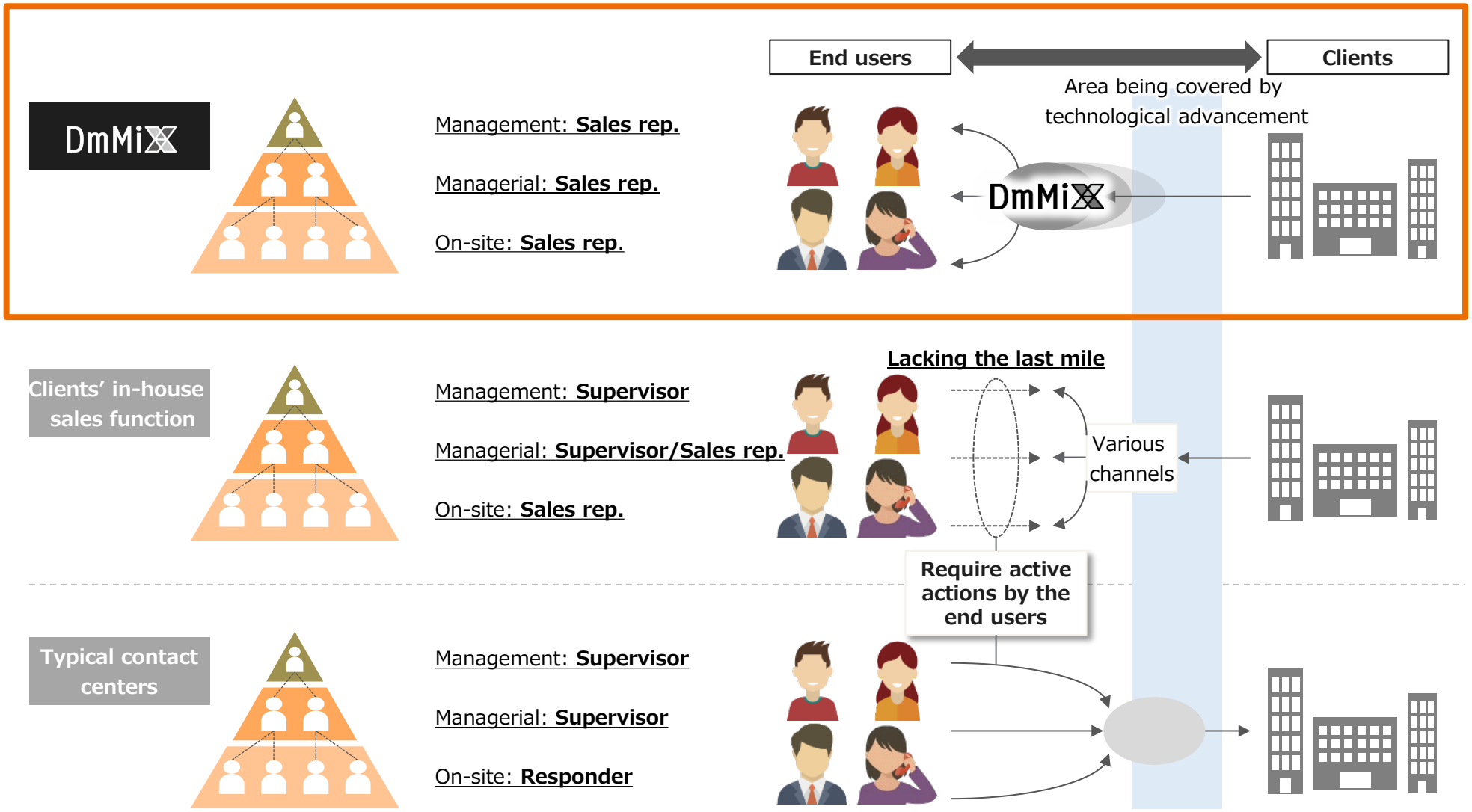


Opportunities for market expansion



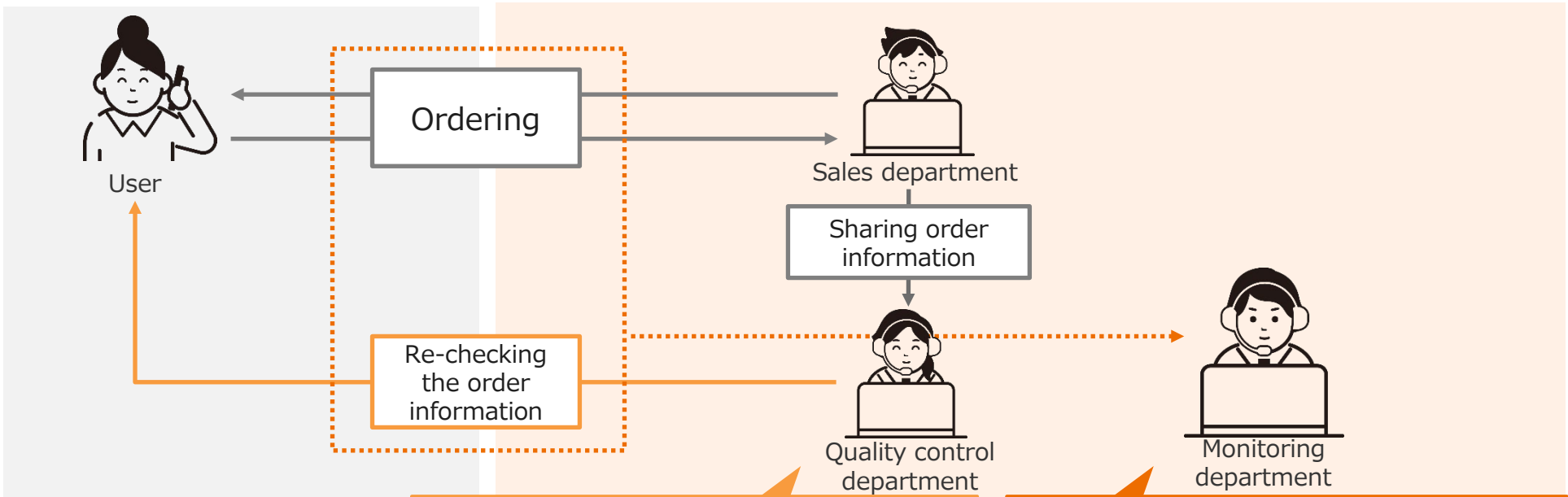
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Our Distinct Business Model from Other Companies



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.

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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**

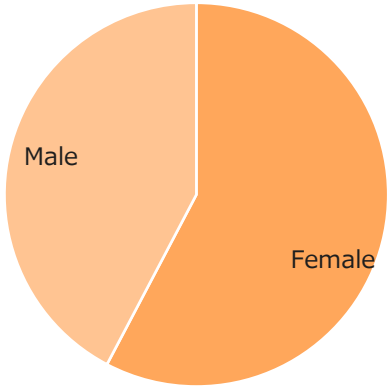
Various attributes

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

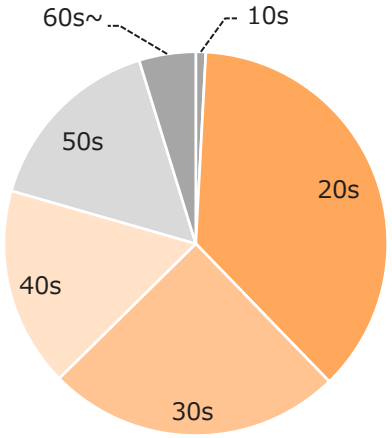
Flexible work system

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

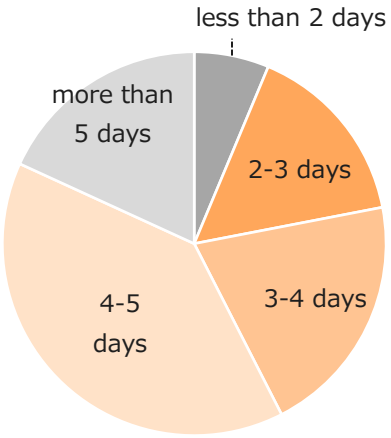
Gender*2



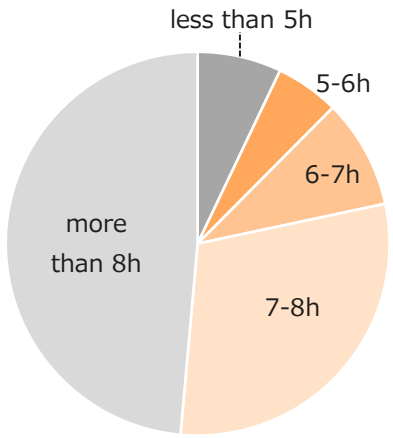
Age*2



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

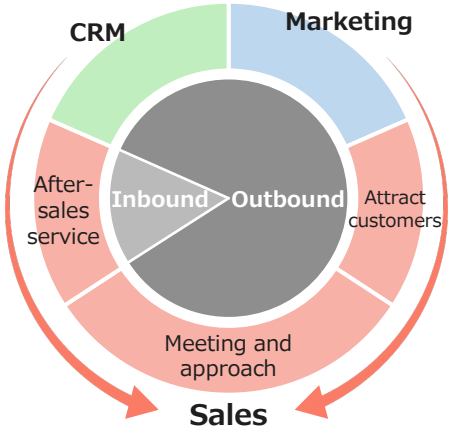
Fee

- 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

DmMiX

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

System documentation creation	System development	System testing
2 days	**2** days	**1** day

→ Hybrid inbound/outbound support

Fast monetization + Secure high profitability

DmMiX's inbound advantages

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

Transforming a contact center into a profitable department

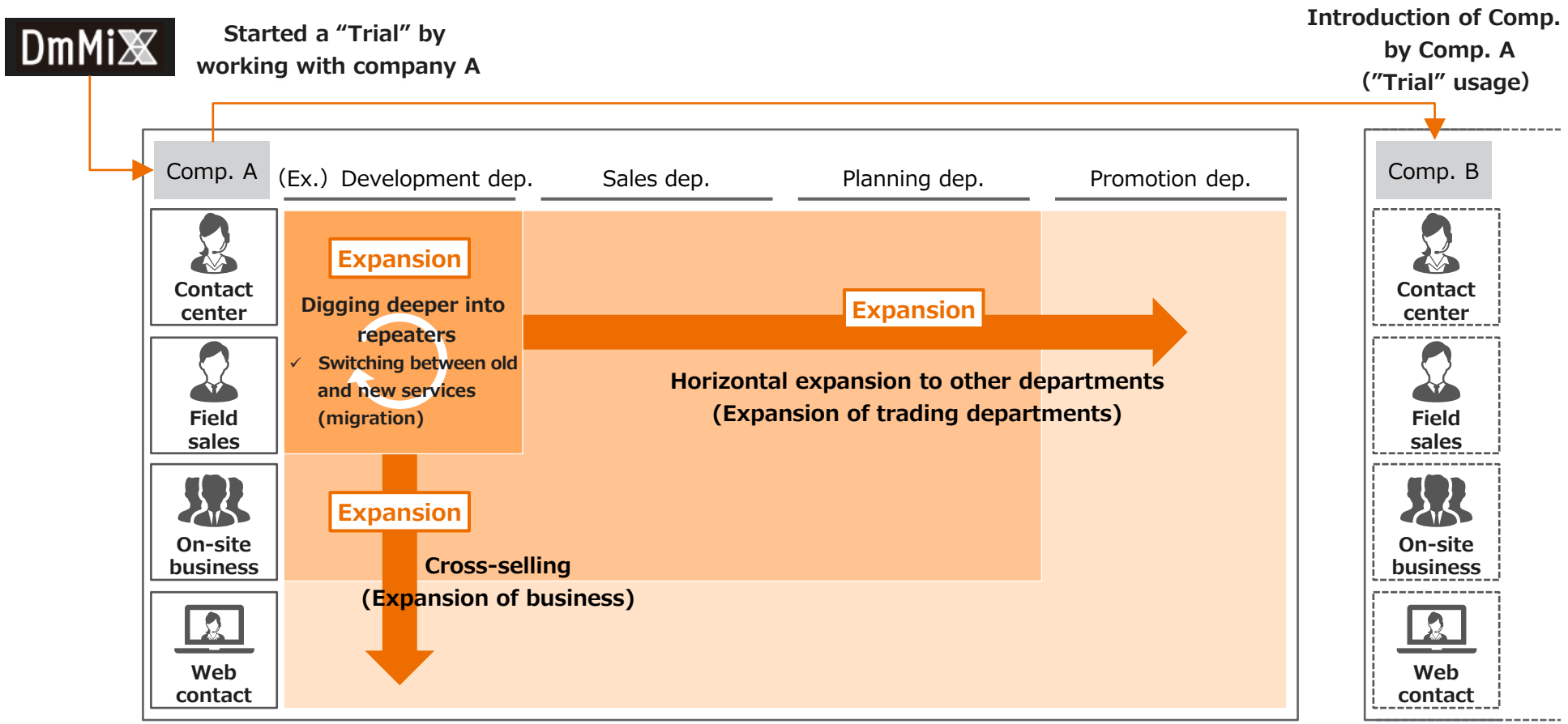
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Client Acquisition and Business Expansion

- 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

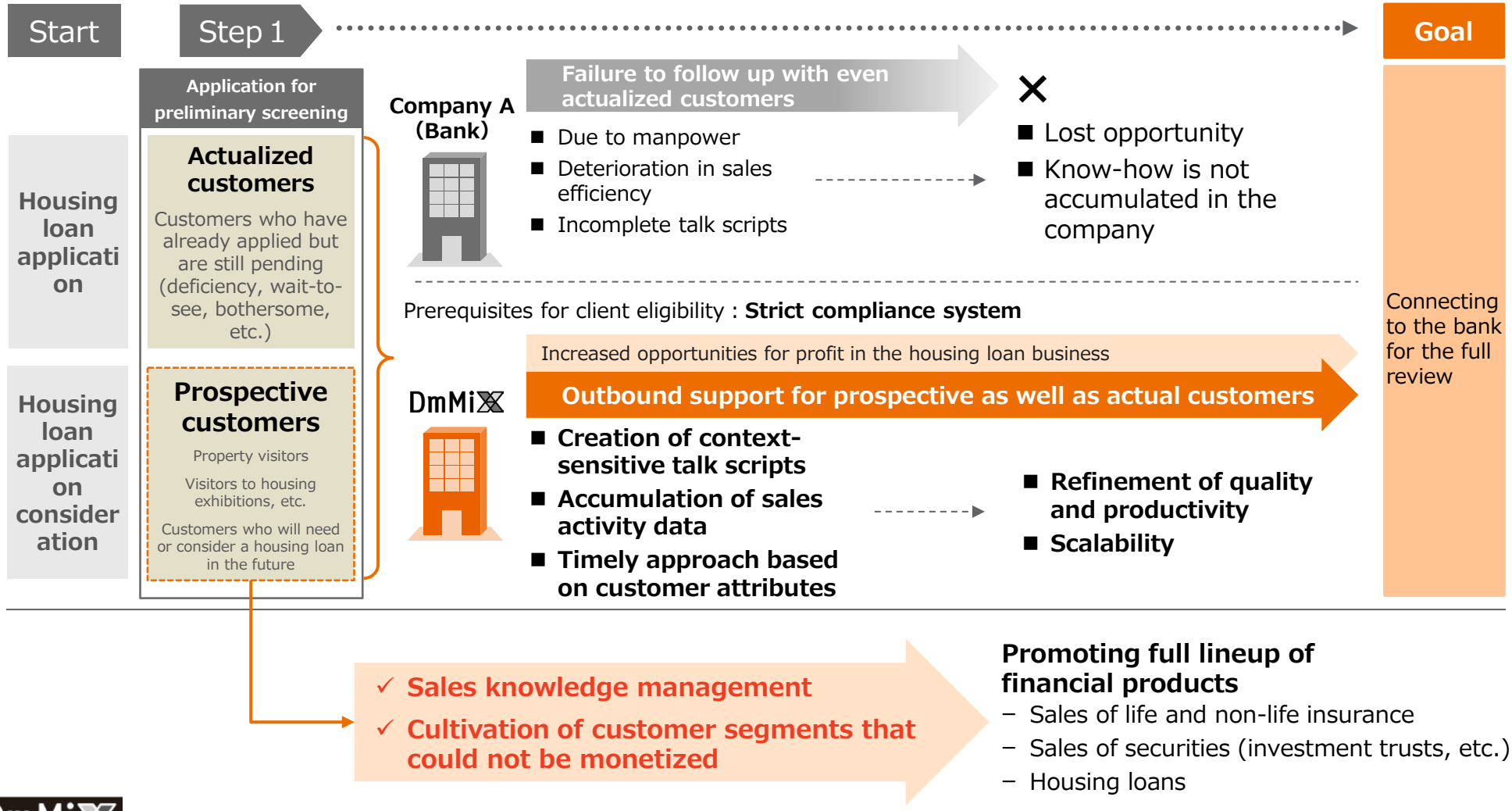
Image of expansion of existing business from acquisition of new clients



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Promising Market Example - Housing Loan Sales

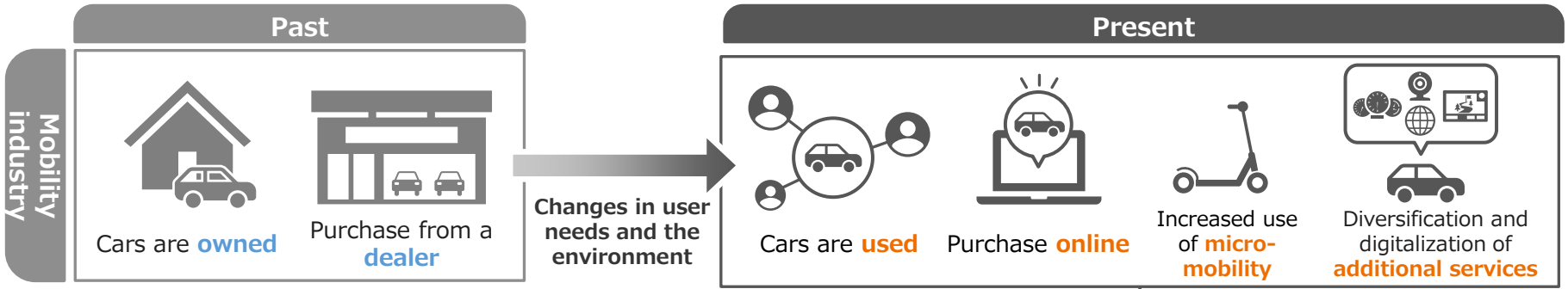
- **Improvement of sales potential by uncovering stagnant and potential customers through sales knowledge management**
- **Realization of profitability of contact centers, which used to be a cost department, through outbound support**



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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

DmMiX

Need for sales BPO

Service provider's perspective

Issues

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



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Growth Opportunities in New Areas (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

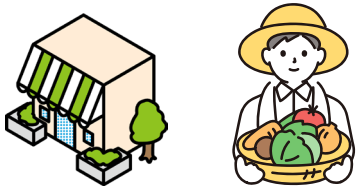
Ticket issuance

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

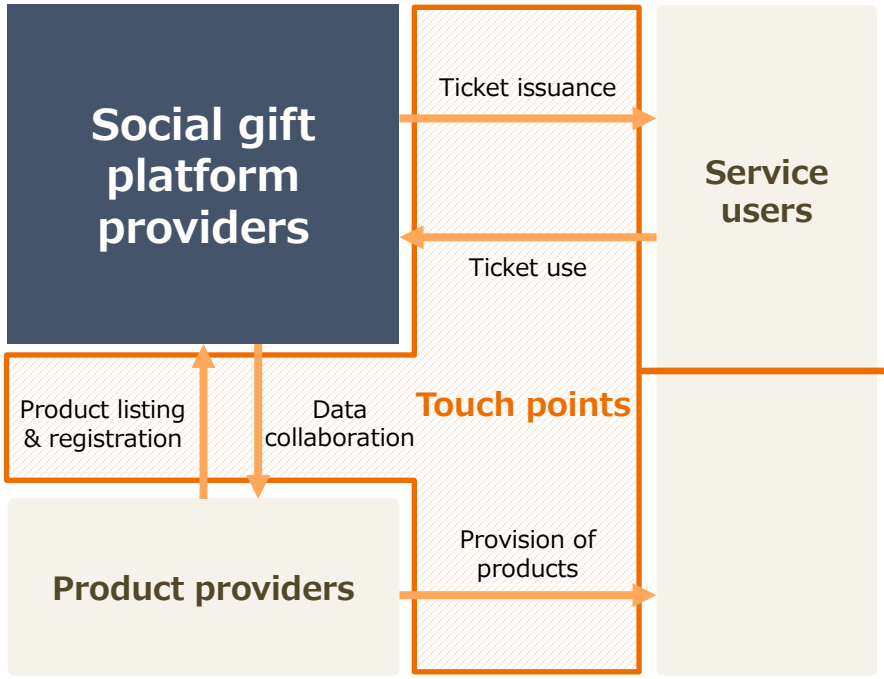


- **Expand to new users**
- **Useful not just for companies but also for regional revitalization**

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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**

×

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

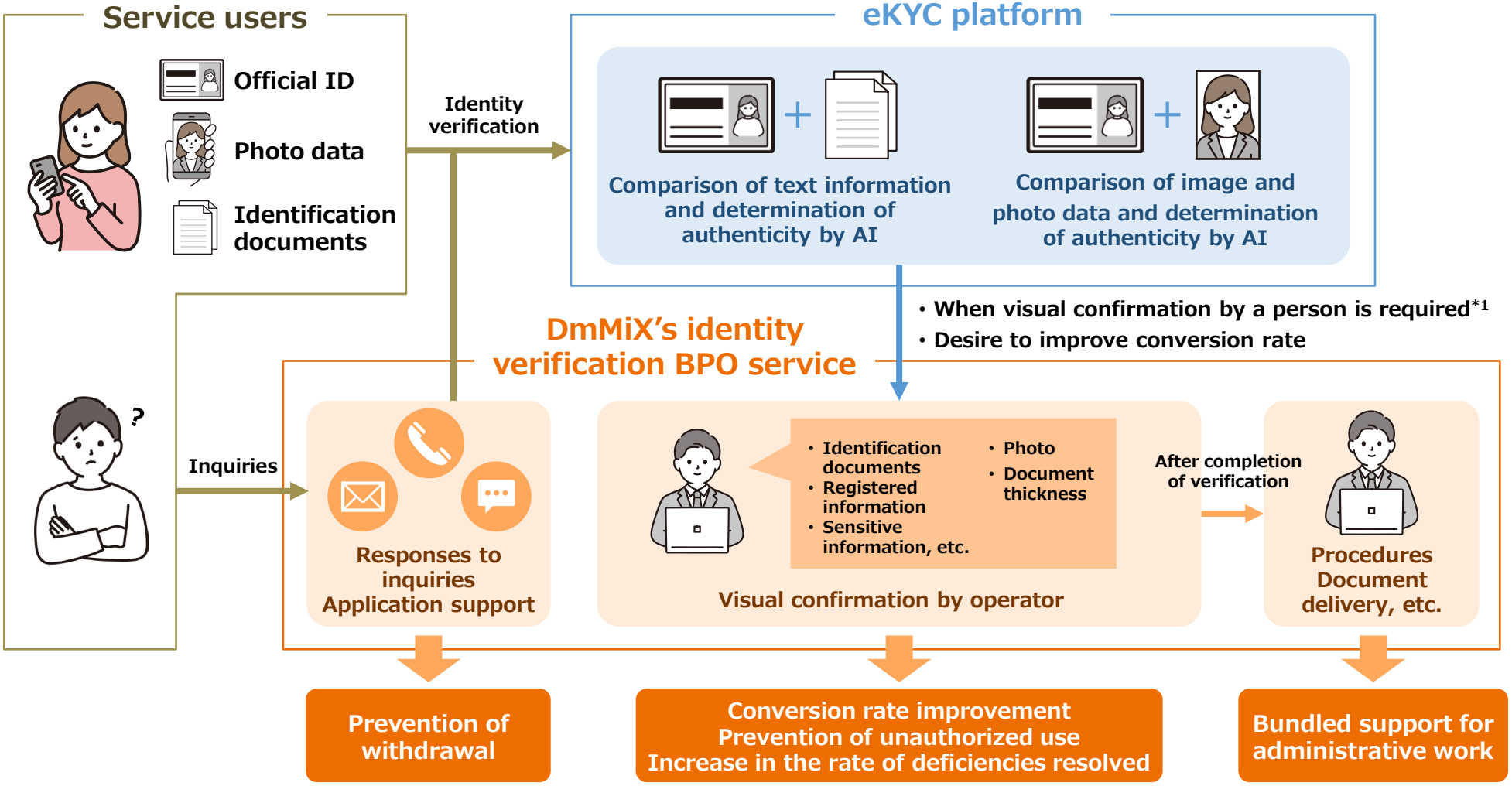
Real estate transactions

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



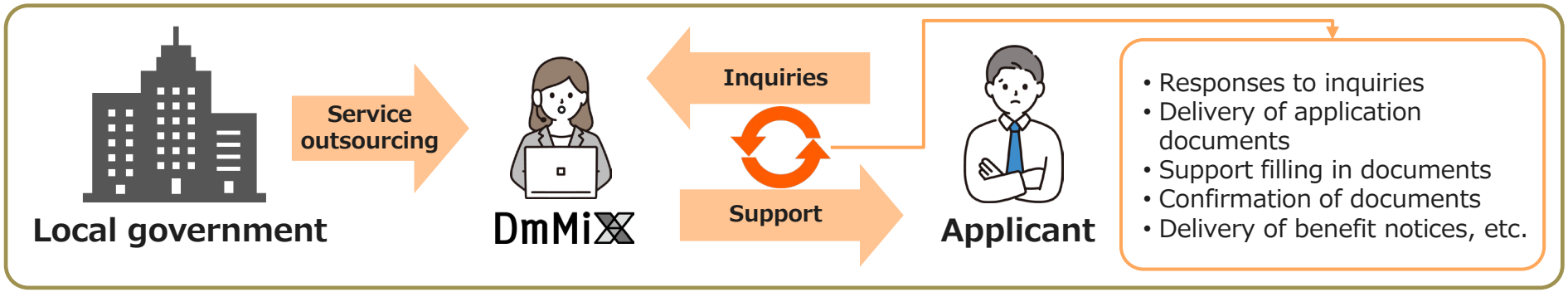
*1 Transactions listed in Article 7 the Act on Prevention of Transfer of Criminal Proceeds and transactions that entail risks of money laundering or impersonation. In these cases, visual confirmation by a person is required

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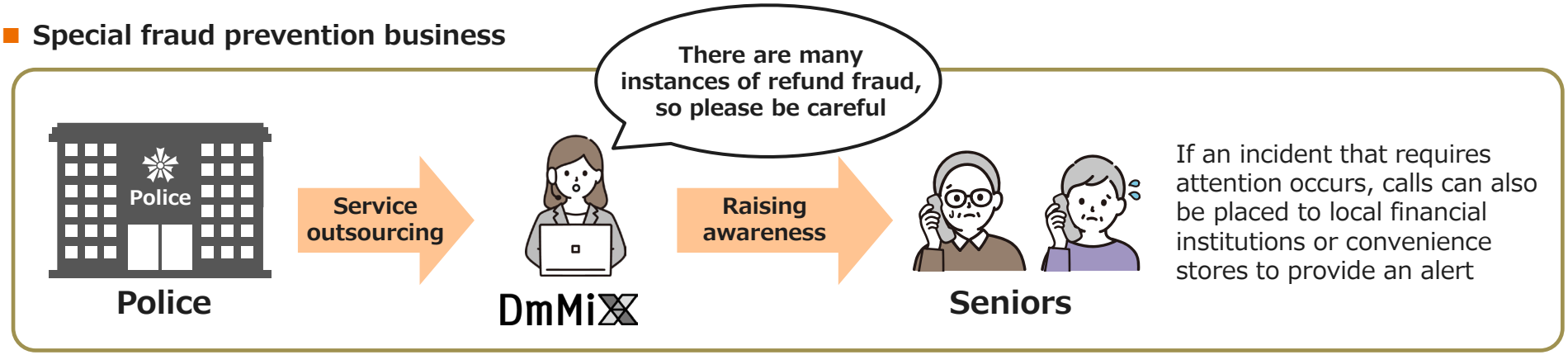
Growth Opportunities in New Areas (4) Public Sector

■ **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

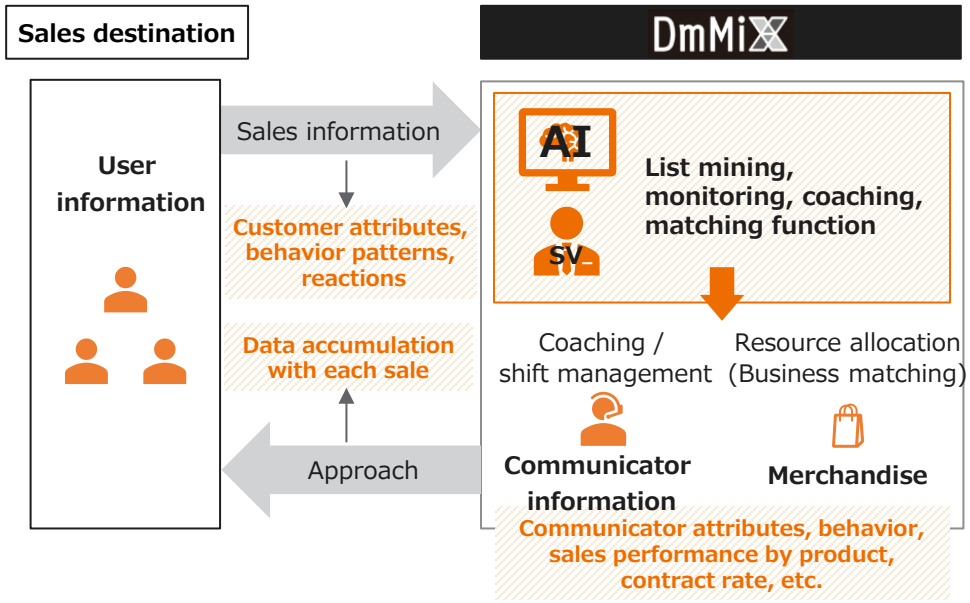
Realization of top-line growth

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Acceleration of growth by AI utilization

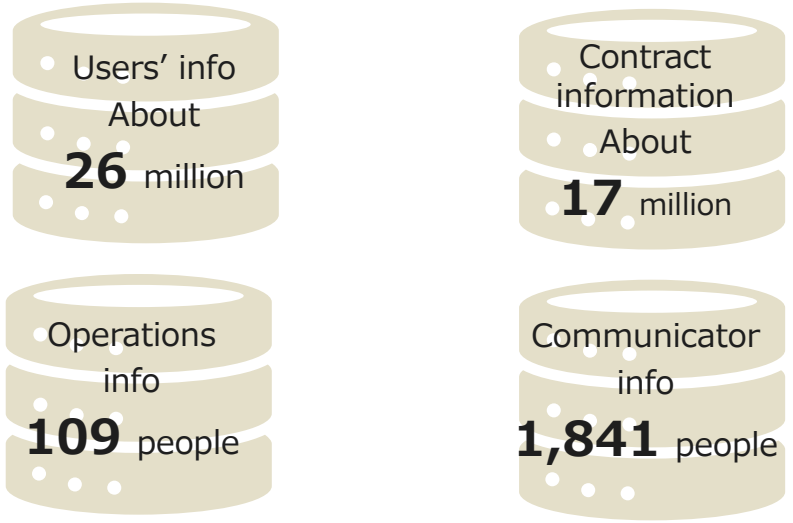
- For AI development, even at the stage of trial introduction of some functions, a large effect has already been proven
- We will expand the AI utilization function and introduce it to both management and communicator operations

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

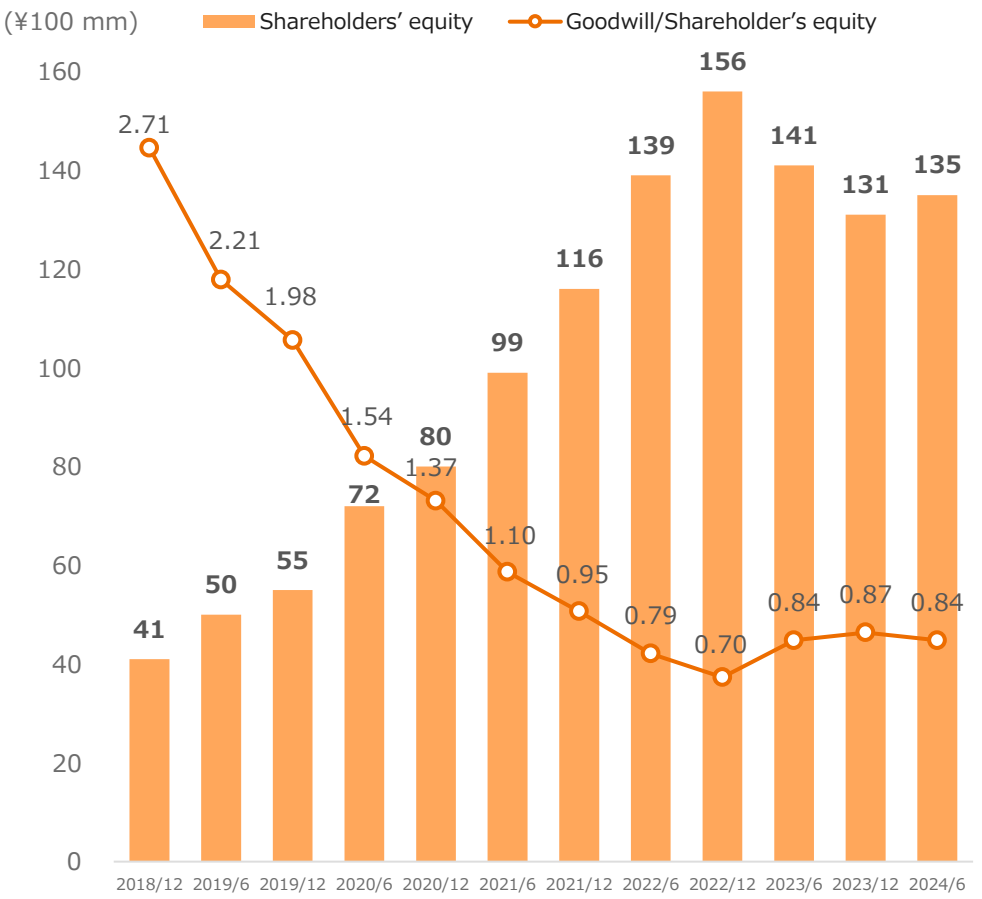
Mid-term aim	The effect of accelerating growth
Increase user loyalty	Efficient customer monetization
High performers*1 training	Customer retention effect
Further focus on the last mile (reduction of backyard operations)	Increase in ARPU
	Improvement of profit margins

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

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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*1, MR*2, DRM*3 and 11.67% for ARC*4 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

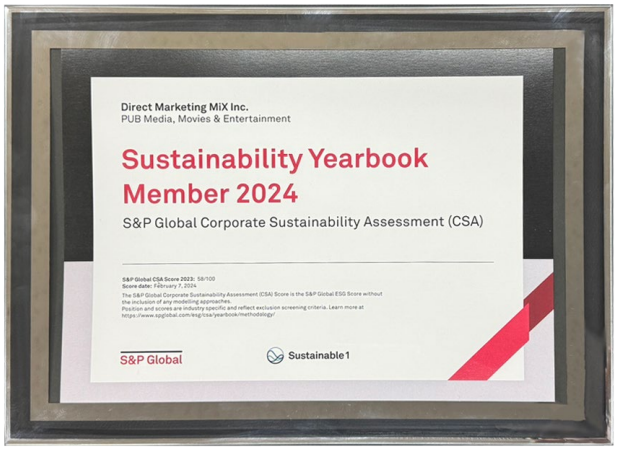
- Announced our agreement with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) (2022)
- Reduction of electricity use
- Promotion of complete paperless system
- Reduction of resource usage
- Procure electricity for use from renewables energy sources (green certification) (starting in 2023)

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External ESG Evaluation

- **High scores obtained, corresponding to top 1% in the FTSE and top 2% in the S&P**
- **Selected as a member of the S&P Sustainability Yearbook 2024[*1]; and as an "Industry Mover," as a company which had most improved its score from the previous year in our sector, becoming the sole Japanese company to receive this award**







	Score	
FTSE	4.3	Corresponds to top 1%[*2] *As of December 18, 2023
S&P	58	Corresponds to top 2%[*2] *As of February 7, 2024
Sustainalytics	Low Risk	*As of October 14, 2024

*1 A yearbook that lists the top 15% of companies in each sector
*2 Calculated by comparison with scores of other companies in the same sector

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