A Total Sales/Marketing Solution Provider for Maximizing Client Profitability

Direct Marketing MiX Inc.

Financial Results Briefing (FY12/2024)

February 14th, 2025

DmMiX

(7354)

© Direct Marketing MiX Inc.

Table of Contents

1 DmMiX's Business Model and Core Competence 2

2 Financial Results (FY12/2024) 12

3 Forecast for FY12/2025 and Medium- to Long-term Growth Strategy 20

Appendix

Characteristics of DmMiX 30

Growth Opportunities 35

Organization 43

Other 46

© Direct Marketing MiX Inc.

Table of Contents

1 DmMiX's Business Model and Core Competence 2

2 Financial Results (FY12/2024) 12

3 Forecast for FY12/2025 and Medium- to Long-term Growth Strategy 20

Appendix

Characteristics of DmMiX 30

Growth Opportunities 35

Organization 43

Other 46

DmMiX Group Overview

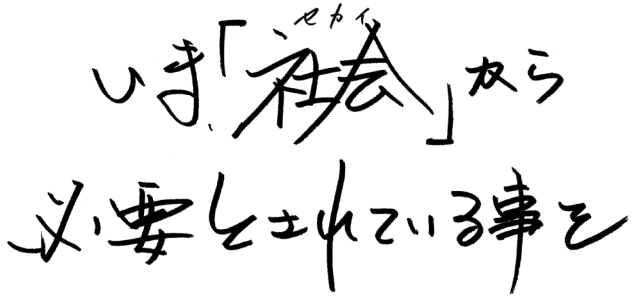
■ **As an organization of sales and marketing professionals, we are committed to our clients' sales reforms**



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**

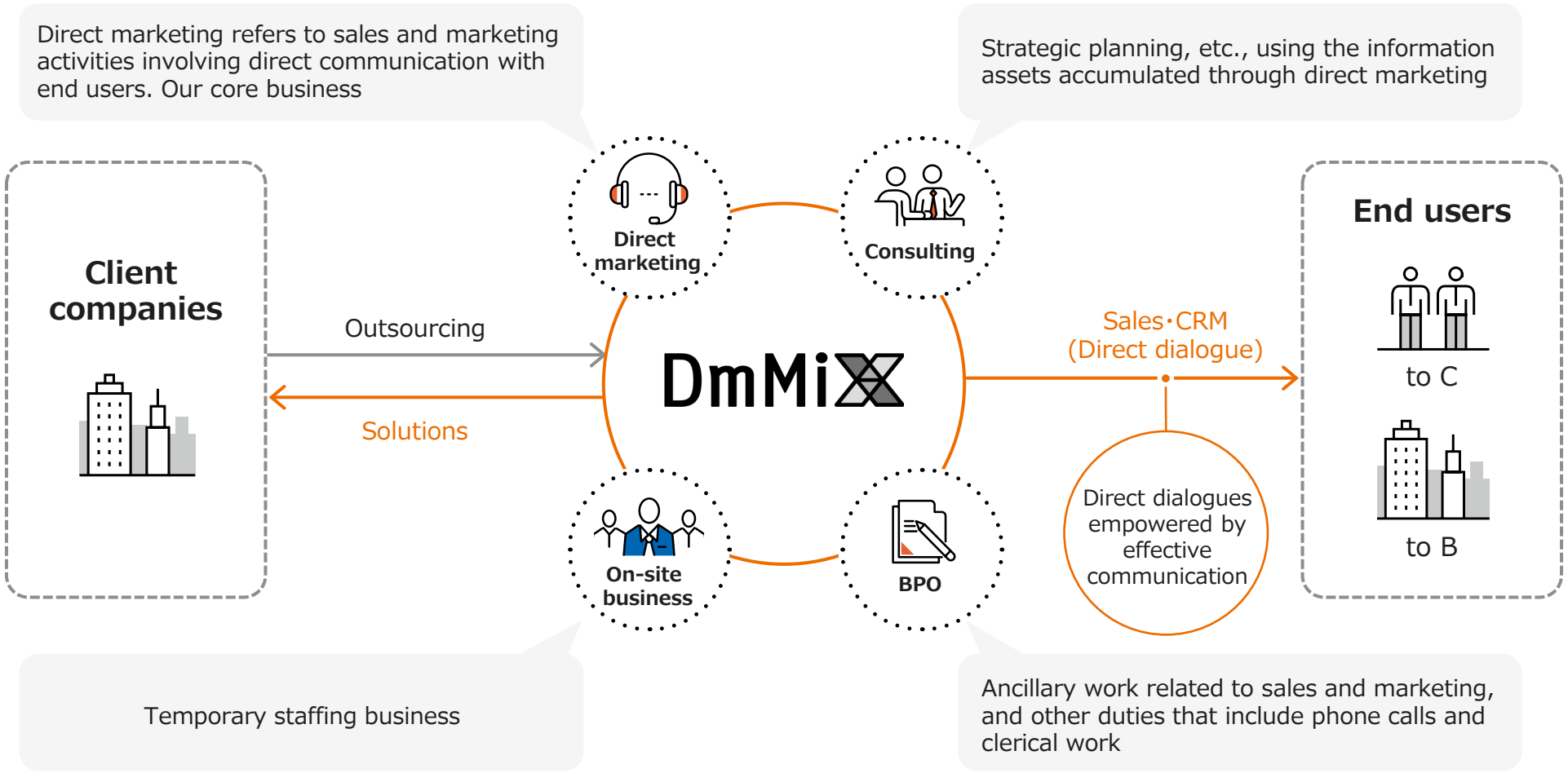
Access to external sales functions × Sales increase compared to using internal resources

Result	**Top line improvement**

© Direct Marketing MiX Inc.

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

© Direct Marketing MiX Inc.

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

© Direct Marketing MiX Inc.

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

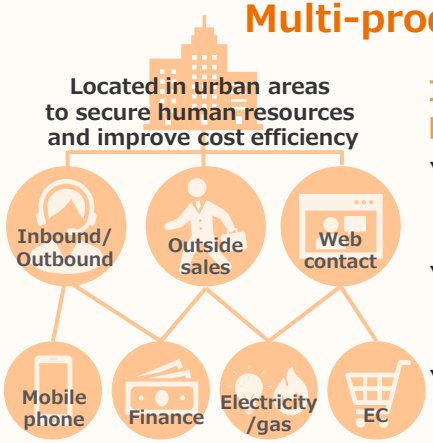
© Direct Marketing MiX Inc.

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"

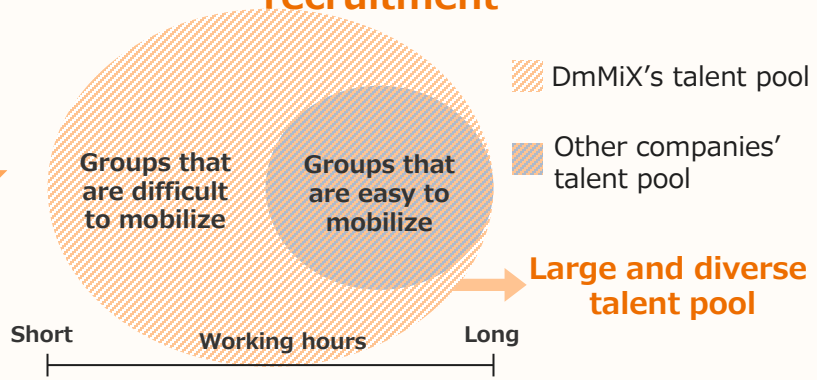
Multi-product centers



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

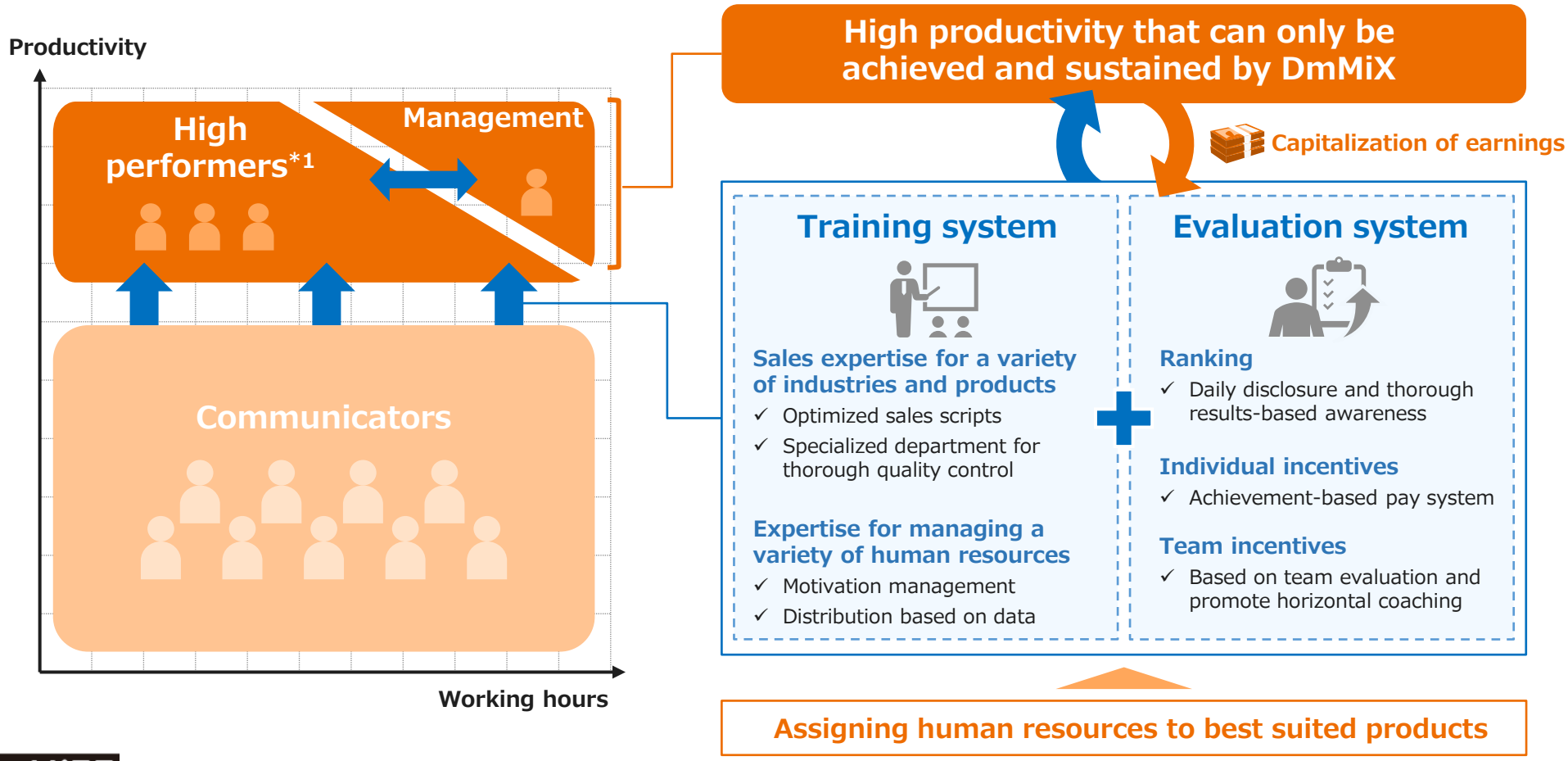
- ✓ Enabling human resources that would be difficult for other companies to bring into the workforce
- ✓ Human resource strategies to link diversity to competitiveness
- ✓ Large-scale, flexible allocation of personnel is possible

© Direct Marketing MiX Inc.

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

© Direct Marketing MiX Inc.

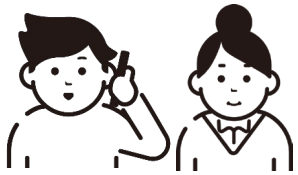
3. High added Value generated by accumulating User Data

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

© Direct Marketing MiX Inc.

"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**

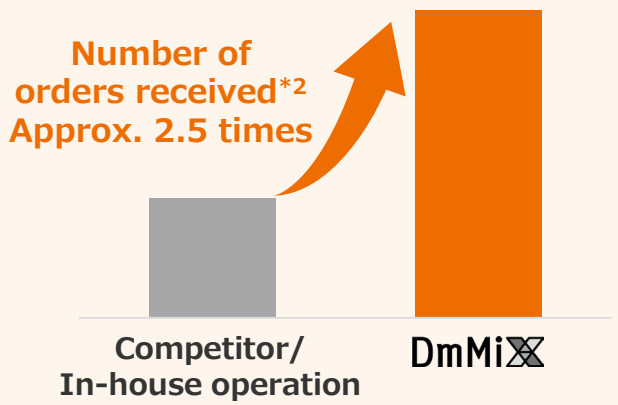
High performance

Productivity

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

Scalability

Promote lateral deployment and structuring of best practices



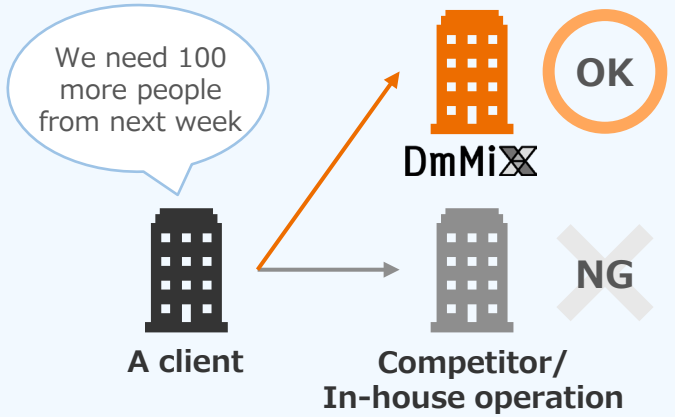
Flexible support

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

© Direct Marketing MiX Inc.

Table of Contents

1 DmMiX's Business Model and Core Competence 2

2 Financial Results (FY12/2024) 12

3 Forecast for FY12/2025 and Medium- to Long-term Growth Strategy 20

Appendix

Characteristics of DmMiX 30

Growth Opportunities 35

Organization 43

Other 46

Financial Results Highlights (FY12/2024)

- **Although the decline in sales continued as a result of the contraction of inbound business including COVID-19 related projects, the relevant projects have been fully completed, and the causes of the decline in sales have been resolved. Sales in the core telecom. infrastructure business have also bottomed out**
- **Despite a decrease in sales revenue and the recognition of impairment losses in the 3rd quarter, operating profit ended in the positive**

Sales revenue	**20.95 billion yen**	YoY	-22.0%
EBITDA*1	**3.17 billion yen**	YoY	+1.1%
Operating profit	**1.43 billion yen**	YoY	+17.5%
Profit attributable to owners of parent	**0.83 billion yen**	YoY	+169.1%

Sales revenue

- Telecom. infrastructure

  The negative impacts of cost revisions by our main client have been eliminated and are showing signs of bottoming out. Hybrid business including online helpers is steadily expanding and is on the path to recovery
- Living infrastructure

  The competitive environment for electric power and gas is fluid, but business performance was solid
- Web/IT

  Growth of eKYC and online payment services accelerated
- EC

  Development of new business is progressing, but sales revenue declined slightly due to budgetary reductions by some clients
- Mobility

  We are developing new areas such as ridesharing. Sales revenue grew due to an increase in the number of transacting companies
- Public

  In conjunction with the complete end of COVID-19 related business, sales revenue continued to contract substantially and is bottoming out

Profits

- Despite higher costs due to workforce expansion for year-end sales campaigns and new area development as well as higher training expenses, profit was secured as a result of unit price negotiations with clients and higher productivity
- Impairment losses (approximately 0.3 billion yen) were reported in conjunction with withdrawal from some low-profitability sites in the 3rd quarter

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

© Direct Marketing MiX Inc.

Summary of Full-year Earnings for FY12/2024

- Sales revenue: Declined approximately 5.9 billion yen YoY, mainly due to a significant contraction of inbound business in conjunction with the complete end of COVID-19 related projects, but bottomed out
- Operating profit: Increased despite revenue recognition timing differences for some projects and effects from higher costs for recruiting human resources in conjunction with development of new areas

(¥ mm)	2023/12 Full year	2024/12 Full year			
	Results	Results	YoY change (%)	Forecast (revised on Nov. 14)	Compared to forecast (change)
Sales revenue	26,851	20,952	(5,899) (-22.0%)	21,000	(48) (-0.2%)
Operating profit	1,220	1,434	+213 (+17.5%)	1,500	(66) (-4.4%)
Profit attributable to owners of parent	310	834	+524 (+169.1%)	880	(46) (-5.2%)
EBITDA*1	3,132	3,167	+35 (+1.1%)	3,228	(61) (-1.9%)

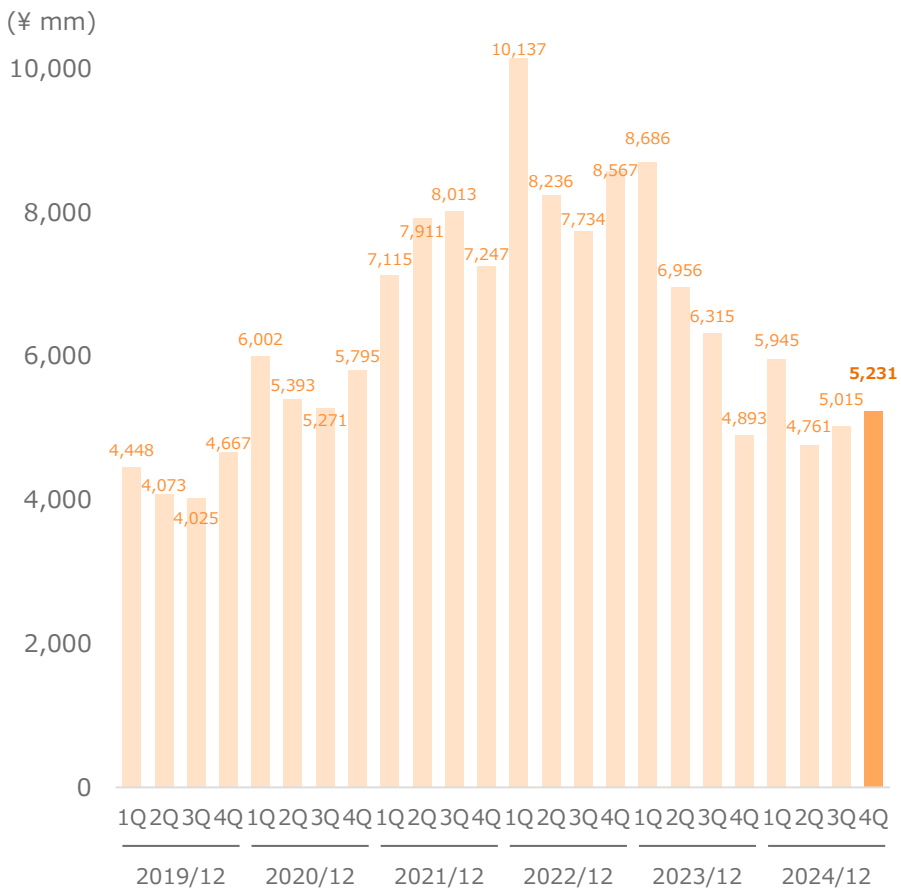
*1 EBITDA = operating profit + depreciation + amortization + impairment and disposal losses on fixed assets

© Direct Marketing MiX Inc.

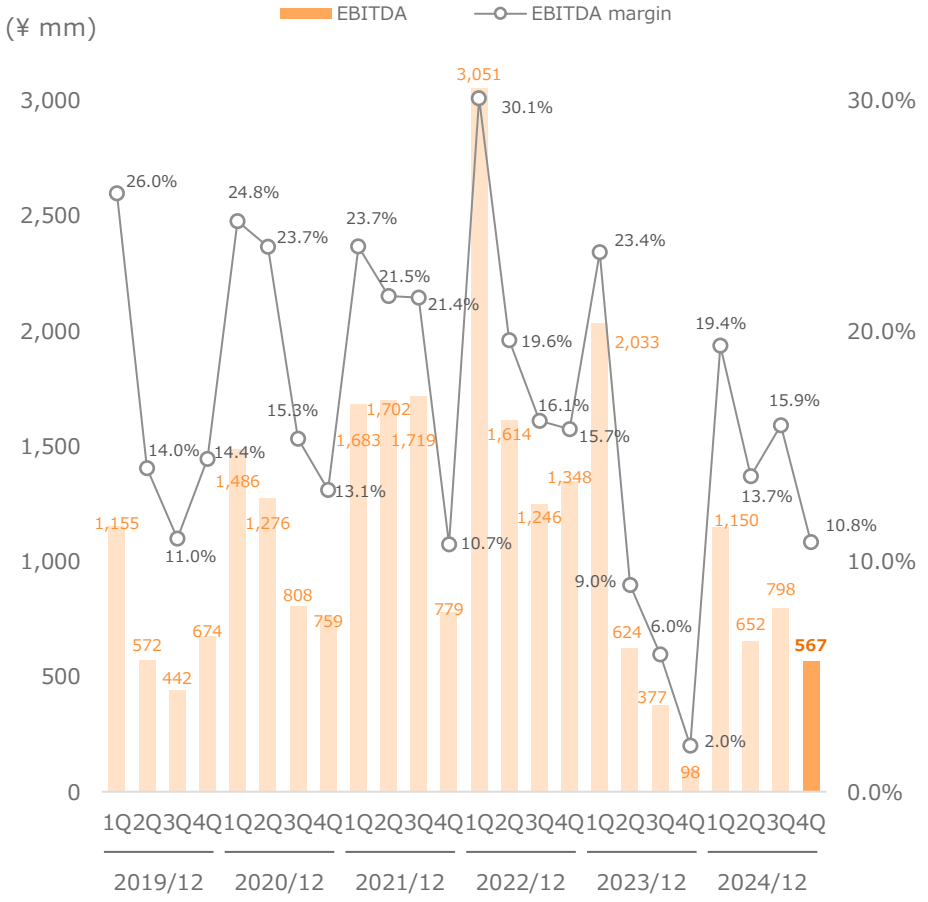
Quarterly Results

- **Sales revenue: Increased both YoY and QoQ due to recovery of demand in the telecom. infrastructure sector as well as development of new areas**
- **EBITDA: Increased YoY despite the impact of an upfront increase in personnel expenses for development of new areas**

Quarterly changes in consolidated sales revenue



Quarterly trends in EBITDA・EBITDA margin



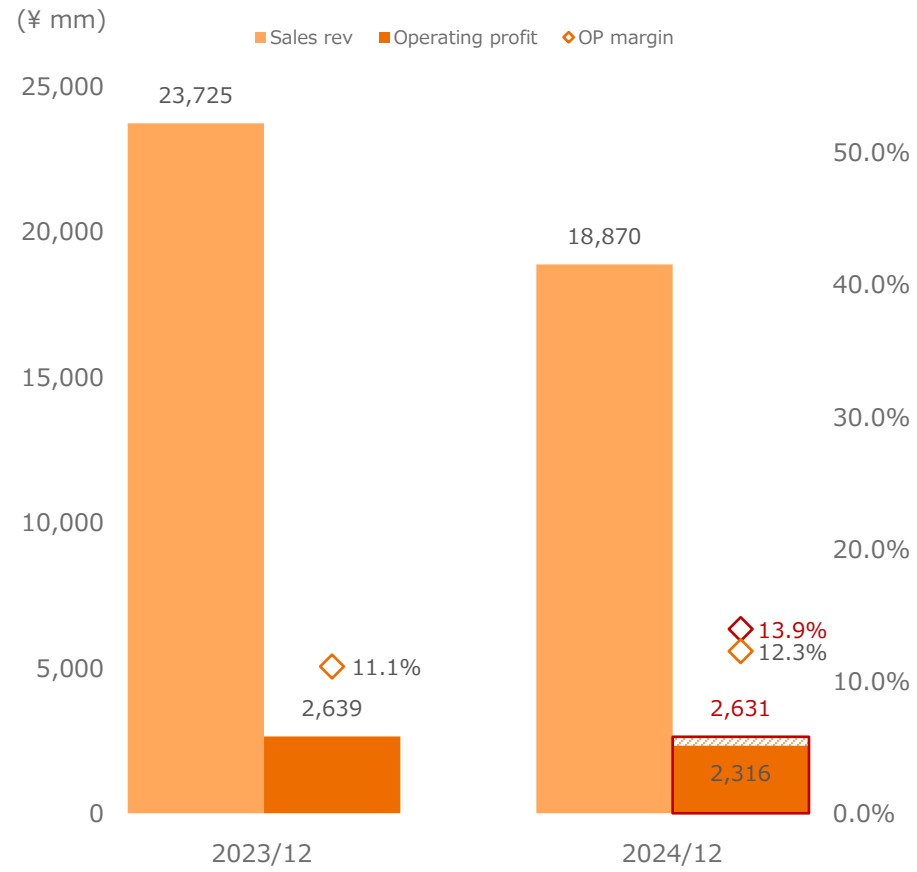
* EBITDA = operating profit + depreciation + amortization + impairment and disposal losses on fixed assets

© Direct Marketing MiX Inc.

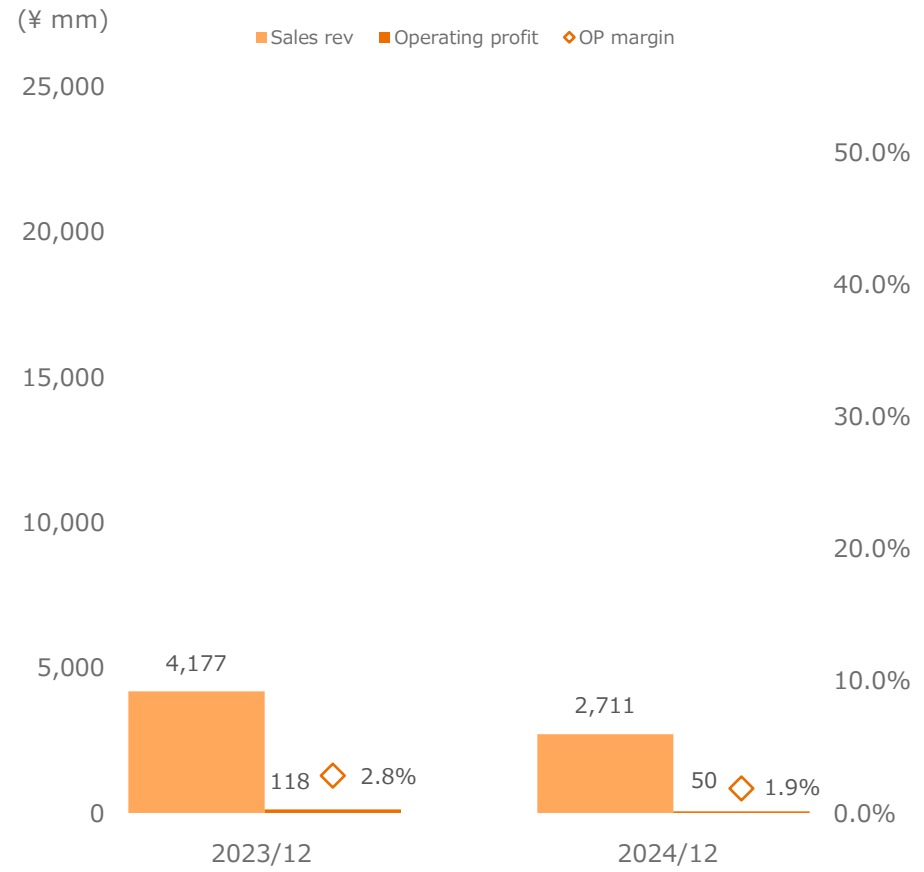
FY12/2024 Results per Segment

- **Marketing business: Sales revenue was down 4,855 million yen YoY (-20.5%), and operating profit was down 323 million yen YoY (-12.2%). Excluding temporary expenses, operating profit decreased by 8 million yen YoY (-0.3%)**
- **On-site business: Sales revenue was down 1,467 million yen YoY (-35.1%), and operating profit was down 68 million yen YoY (-57.5%)**

Marketing business



On-site business



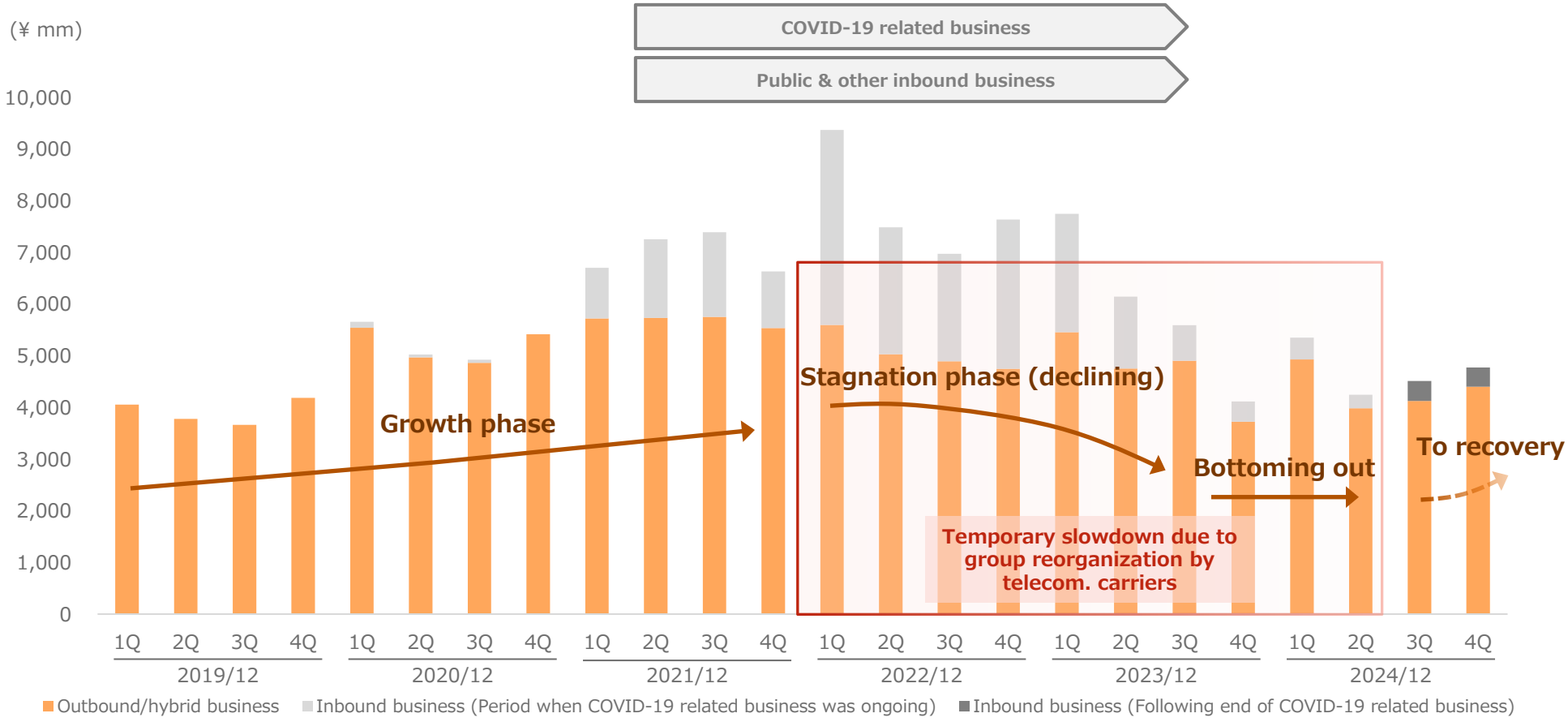
* Figures on this page include inter-segment transactions
* Figures in red exclude temporary expenses (impairment and disposal losses on fixed assets)

© Direct Marketing MiX Inc.

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

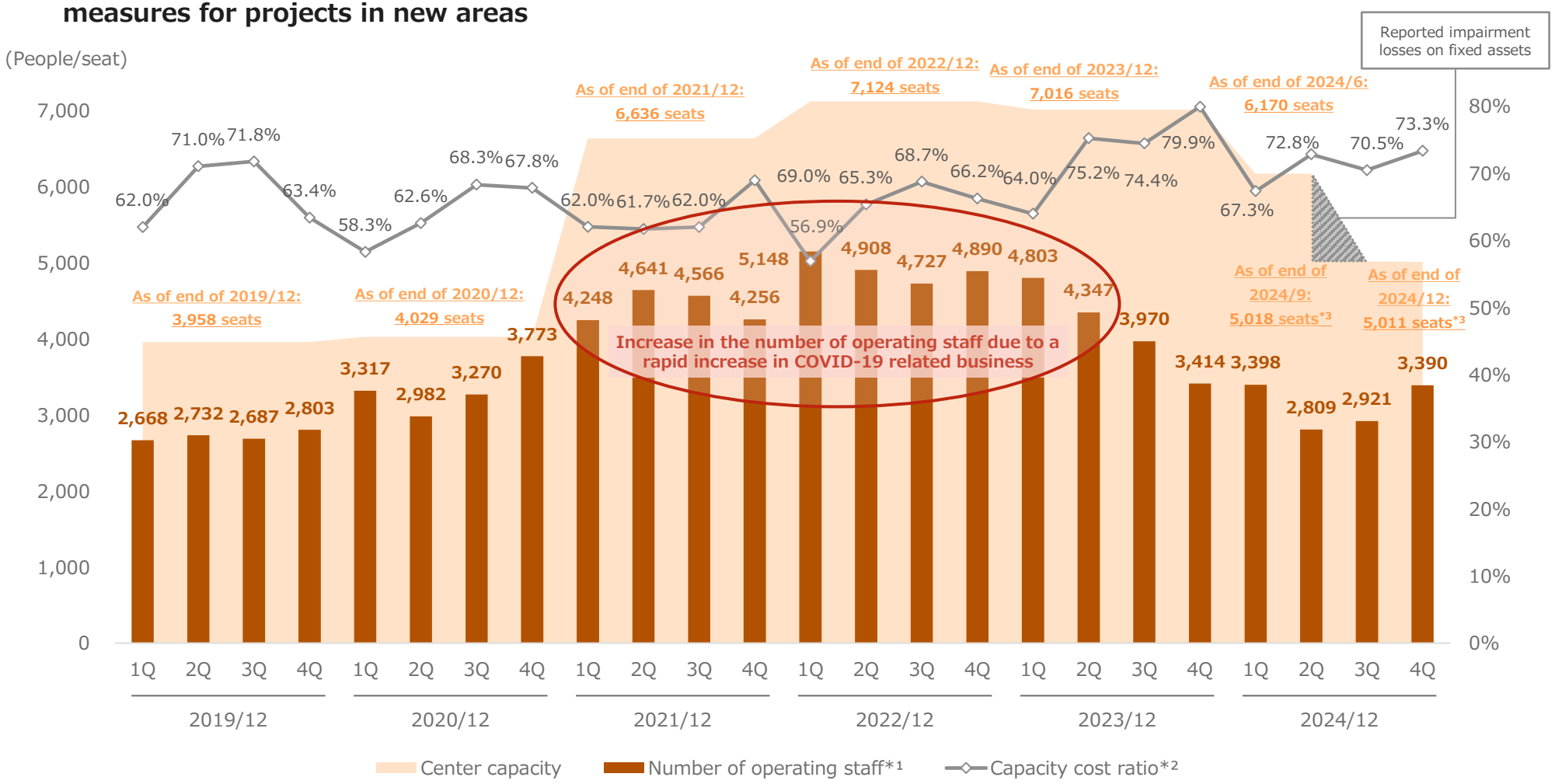
Changes in sales in the outbound/hybrid business and inbound business



© Direct Marketing MiX Inc.

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**
- **Despite a steady increase in operating staff, the capacity cost ratio increased slightly due to advance measures for projects in new areas**



*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

© Direct Marketing MiX Inc.

FY12/2024 B/S and C/F

- **Non-current assets declined, primarily due to decreases in property, plant and equipment and right-of-use assets in conjunction with withdrawal from some sites**
- **The contraction of investment cash flow declined substantially, as new capital investments were limited and security deposits were refunded in conjunction with the liquidation of business sites**

Consolidated B/S

(¥ mm)	End of 2023/12	End of 2024/12	Change
Total assets	**26,175**	**24,968**	**(1,207)**
Current assets	8,381	8,301	(80)
Non-current assets	17,794	16,667	(1,127)
Goodwill	11,391	11,391	–
Total liabilities	**13,090**	**11,212**	**(1,878)**
Current liabilities	7,436	6,114	(1,322)
Non-current liabilities	5,654	5,098	(556)
Total equity	**13,085**	**13,756**	**+671**
Total equity attributable to owners of parent	13,085	13,756	+671
Total liabilities & equity	**26,175**	**24,968**	**(1,207)**

Consolidated C/F

(¥ mm)	2023/12 Full year	2024/12 Full year	Change
Operating cash flow	1,612	2,002	+390
Investment cash flow	(1,234)*1	(101)	+1,133
Financial cash flow	(3,527)	(1,192)	+2,336
Free cash flow	**378**	**1,900**	**+1,523**

*1 Mainly due to acquisition of subsidiaries

© Direct Marketing MiX Inc.

Table of Contents

1 DmMiX's Business Model and Core Competence 2

2 Financial Results (FY12/2024) 12

3 Forecast for FY12/2025 and Medium- to Long-term Growth Strategy 20

Appendix

Characteristics of DmMiX 30

Growth Opportunities 35

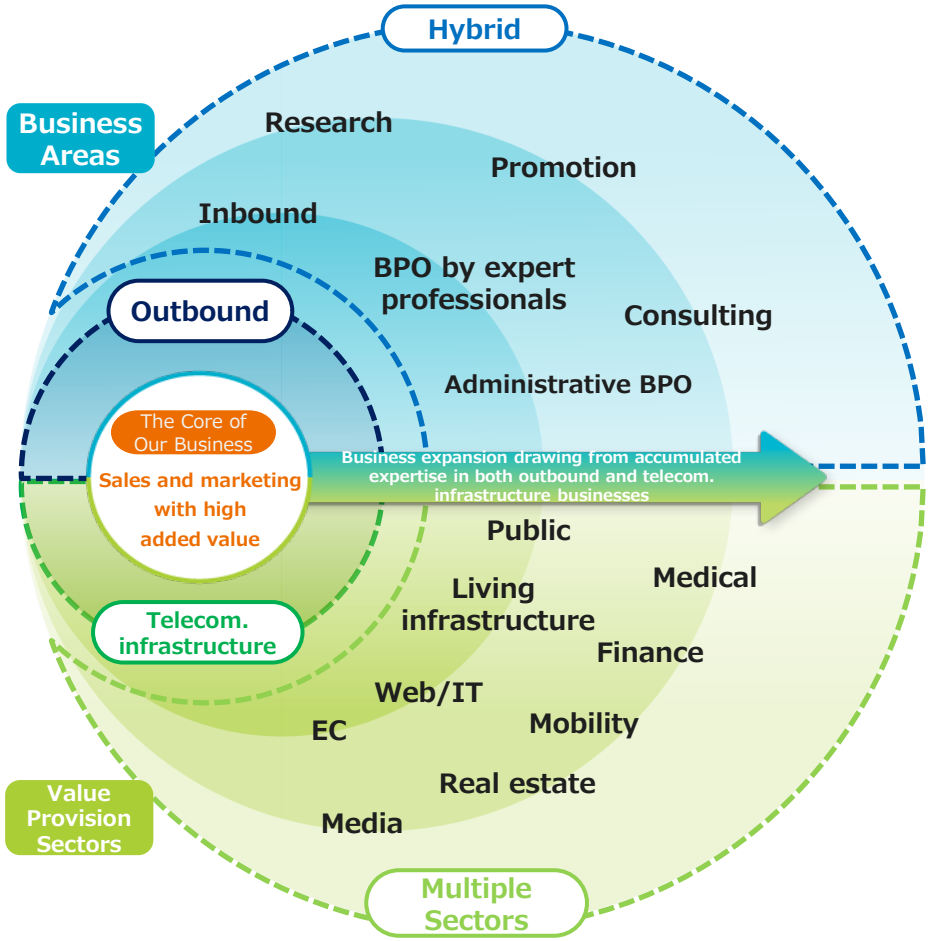
Organization 43

Other 46

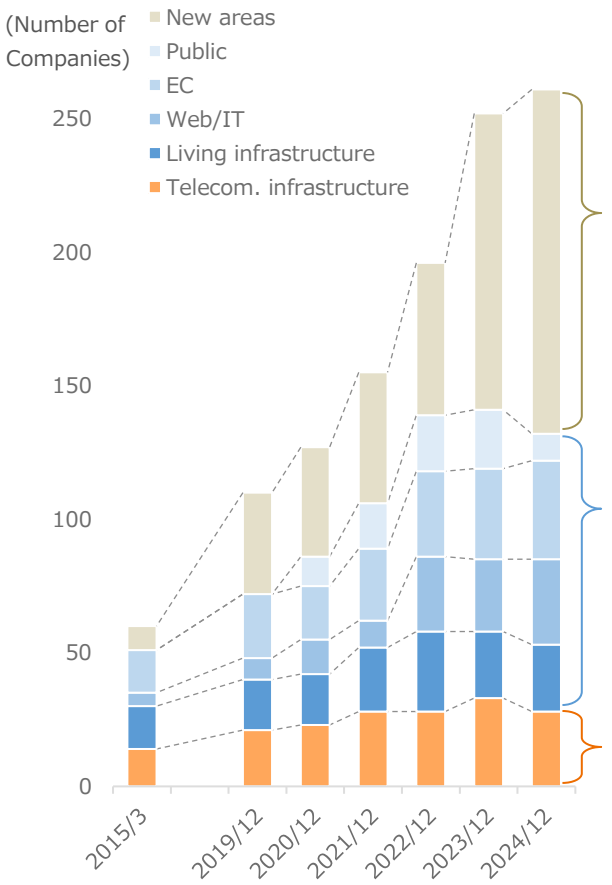
Overview of the Growth Strategy and Expansion of the Client Base

- 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
- Despite a decrease in the public sector in conjunction with the complete end of COVID-19 related projects, expansion of business areas and active sales measures were successful, and new areas have been steadily increasing

Overview of the Growth Strategy



Changes in the number of clients by industry*2



New areas
Areas that will become drivers of long-term growth
Finance, Mobility, Real estate, Media etc.

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

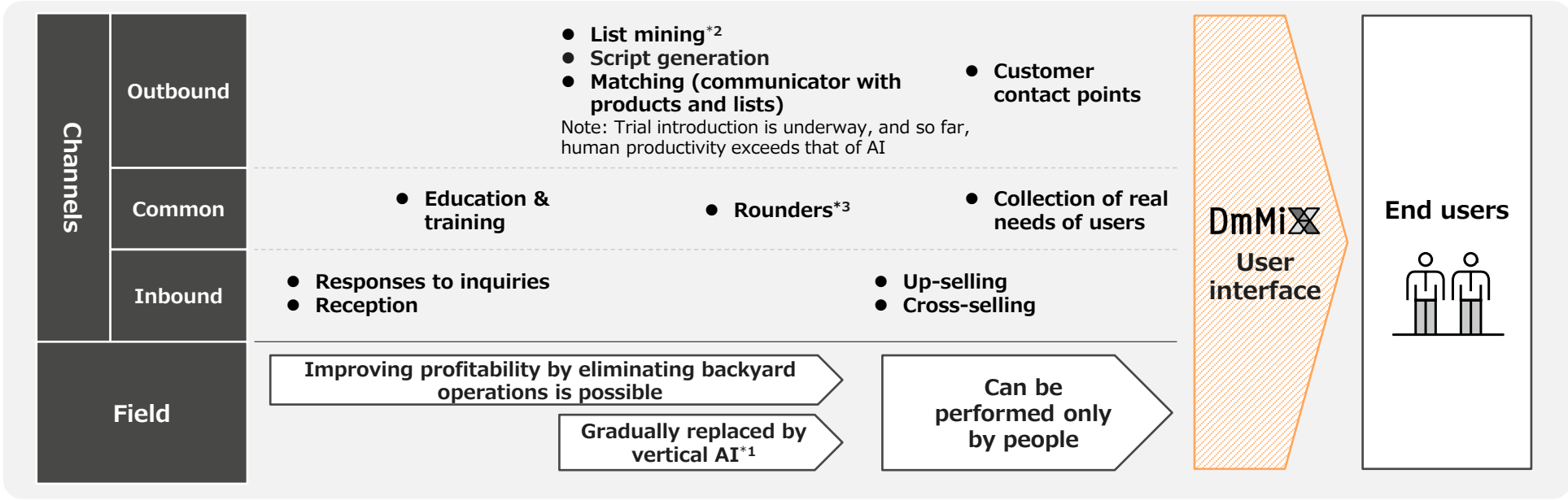
Telecom. infrastructure
Areas where we will leap forward by transitioning to a hybrid channel*1
* The number of transacting companies decreased in conjunction with integration of trade flows by some clients

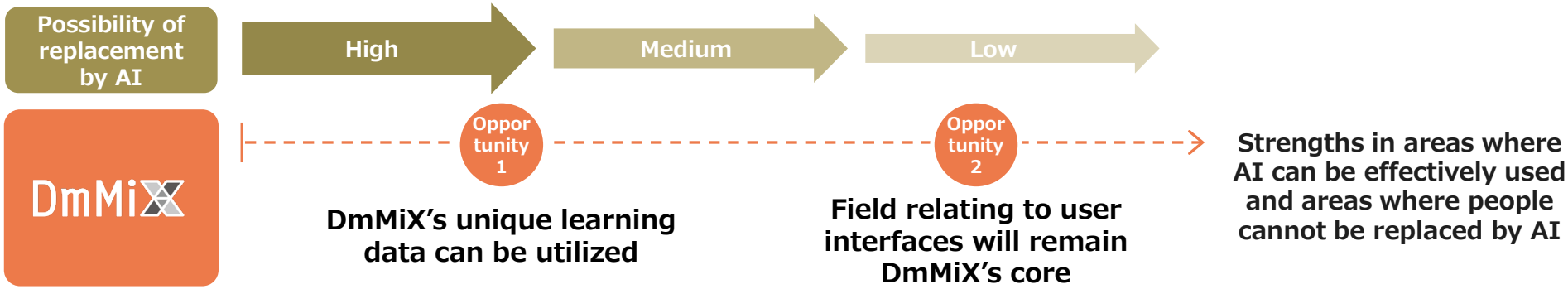
*1 A sales and support channel that integrates the real (brick-and-mortar stores) and online (web shops) including online customer service at stores and manned support for digital channels
*2 The number of clients by industry is counted on a contract basis with each group company. Excludes clients with annual transaction amount of less than 1 million yen. In addition, on-site business (temporary staffing) is excluded after FY12/2019

© Direct Marketing MiX Inc.

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

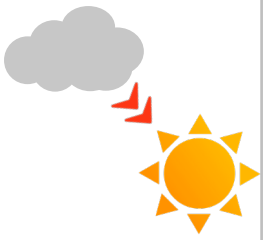




*1 AI for limited industries
*2 Identifying potential customers with a high probability of entering into a contract from massive user lists and creating highly accurate call lists
*3 A position responsible for communicator follow-ups such as by patrolling a contact center and answering questions from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

© Direct Marketing MiX Inc.

Recognition of the Business Environment in Each Area

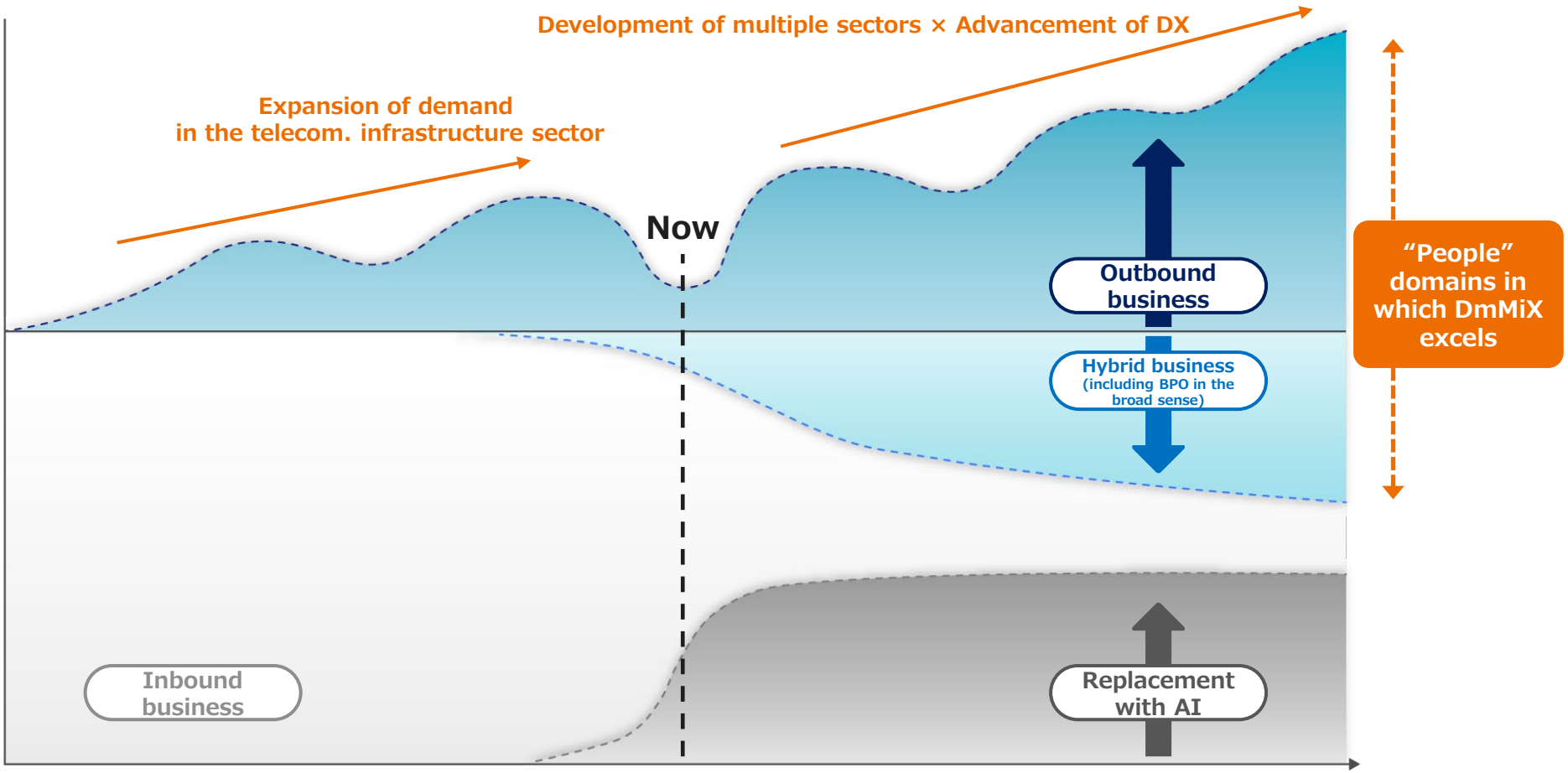
	Profitability	Growth potential	Volatility	Other factors
Outbound			High	• Strong demand at the time of market introduction of new products and services • Compared to the inbound business, replacement through the use of AI is less likely • The shortage of sales personnel in the labor market is progressing,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

© Direct Marketing MiX Inc.

Medium- to Long-term Growth Image (1)

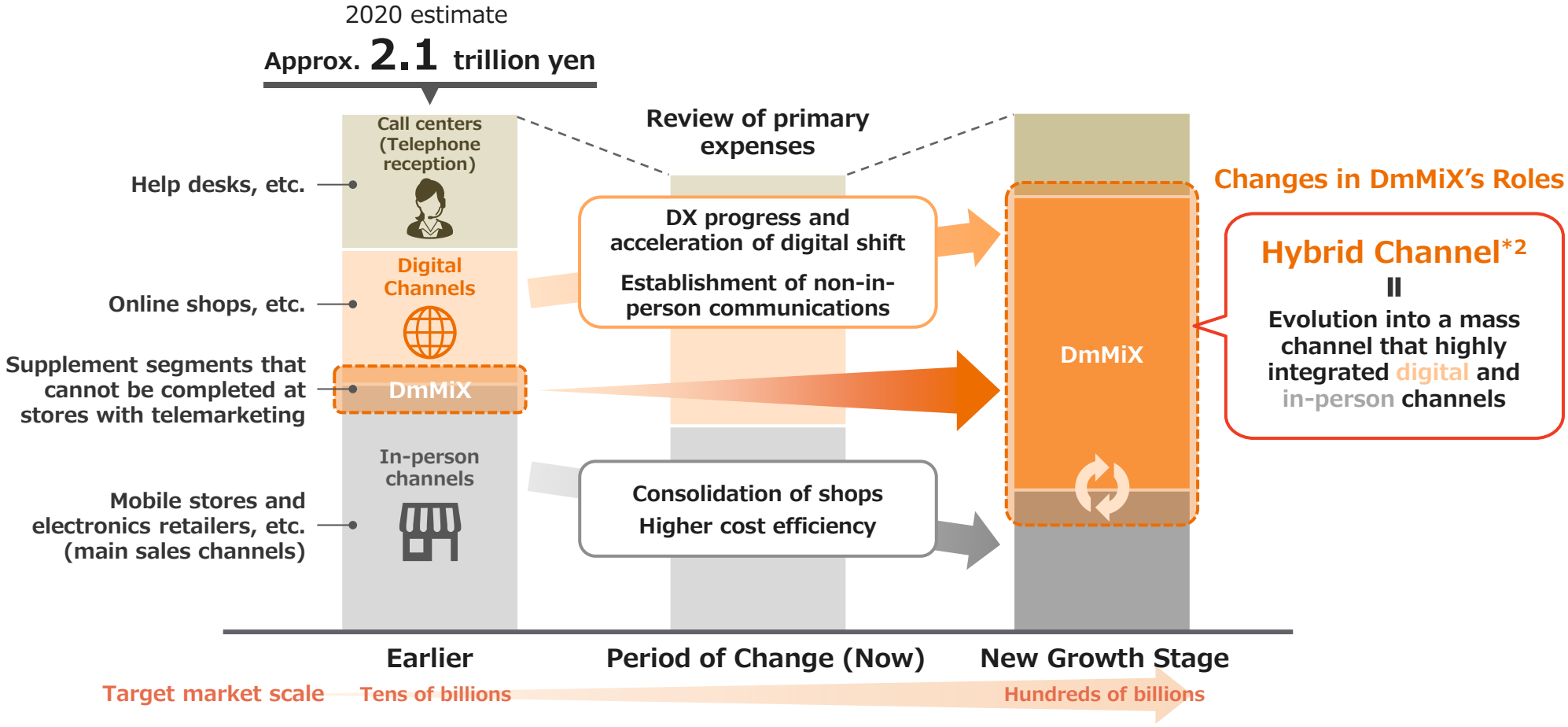
- In the outbound business, we will maintain growth by conducting business in multiple sectors not limited to the telecom. infrastructure sector
- In addition, in the hybrid business, which is expected to expand in conjunction with the advancement of DX and AI, we are actively moving forward, as this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

© Direct Marketing MiX Inc.

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**

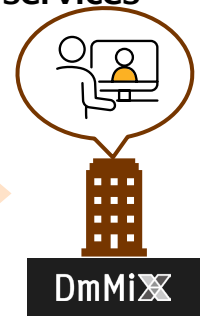
Growing demand for hybrid business

■ 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

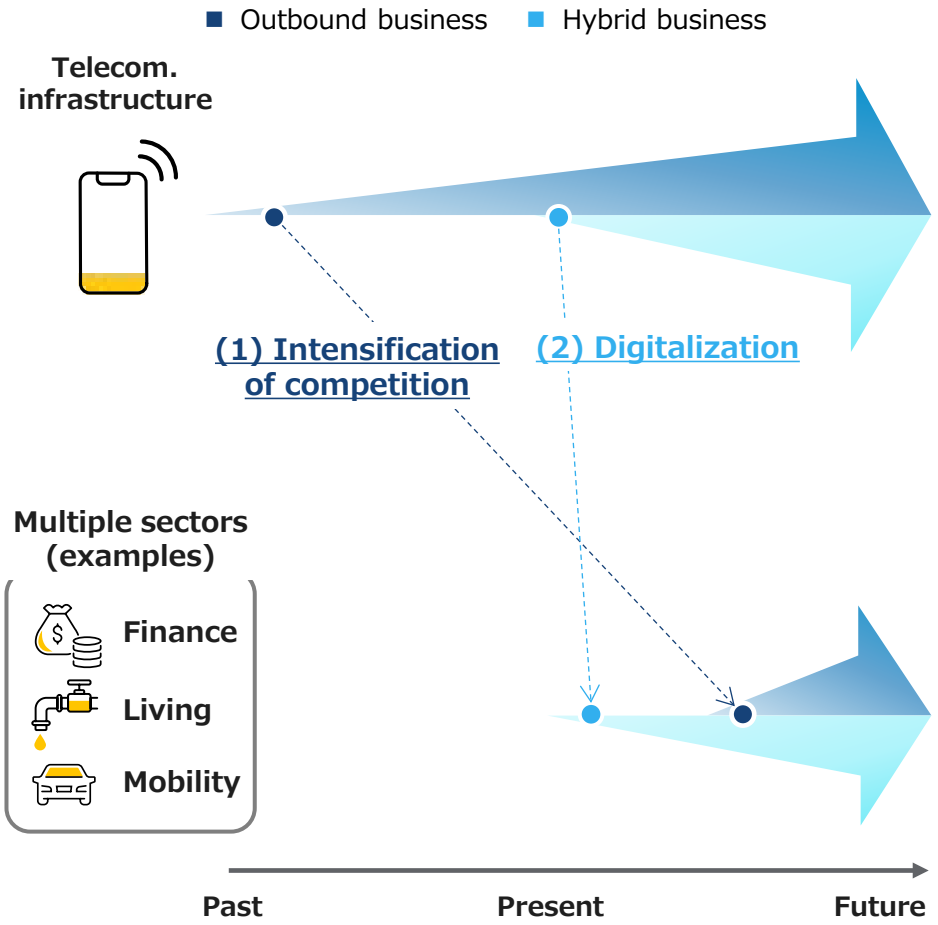


Social implementation of online services requires human capabilities



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

Opportunities for market expansion



© Direct Marketing MiX Inc.

Full-year Earnings Forecast for FY12/2025

- Sales revenue: The telecom. infrastructure sector is on a recovery trend, and even through visibility is low, we expect an expansion of business, particularly in new areas
- Various profits: Costs are expected to increase as a result of recruiting personnel to develop new areas, but we expect steady growth in profits (+25.5% YoY)

(¥ mm)	2024/12	2025/12	
	Results	Full-year earnings forecast	Comparison with FY12/2024 (rate of change)
Sales revenue	20,952	22,000	+1,048 (+5.0%)
Operating profit	1,434	1,800	+366 (+25.5%)
Profit before tax	1,391	1,750	+359 (+25.8%)
Profit attributable to owners of parent	834	1,100	+266 (+31.8%)
EBITDA*1	3,167	3,091	(76) (-2.4%)

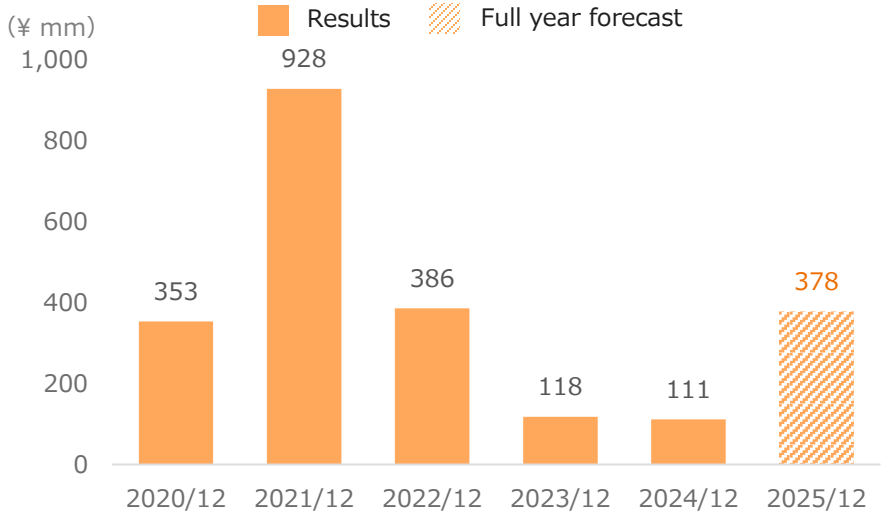
* EBITDA = operating profit + depreciation + amortization + impairment and disposal losses on fixed assets

© Direct Marketing MiX Inc.

Investment Plan and Progress

Capital investment

- Although unexpected construction costs were incurred in FY12/2024, resulting in building and accompanying facility expenses somewhat higher than planned, overall results were generally in line with plans
- The increase in expenses for tools, furniture, and fixtures in FY12/2025 will be primarily due to work to transition to Windows 11 in conjunction with the end of support for Windows 10

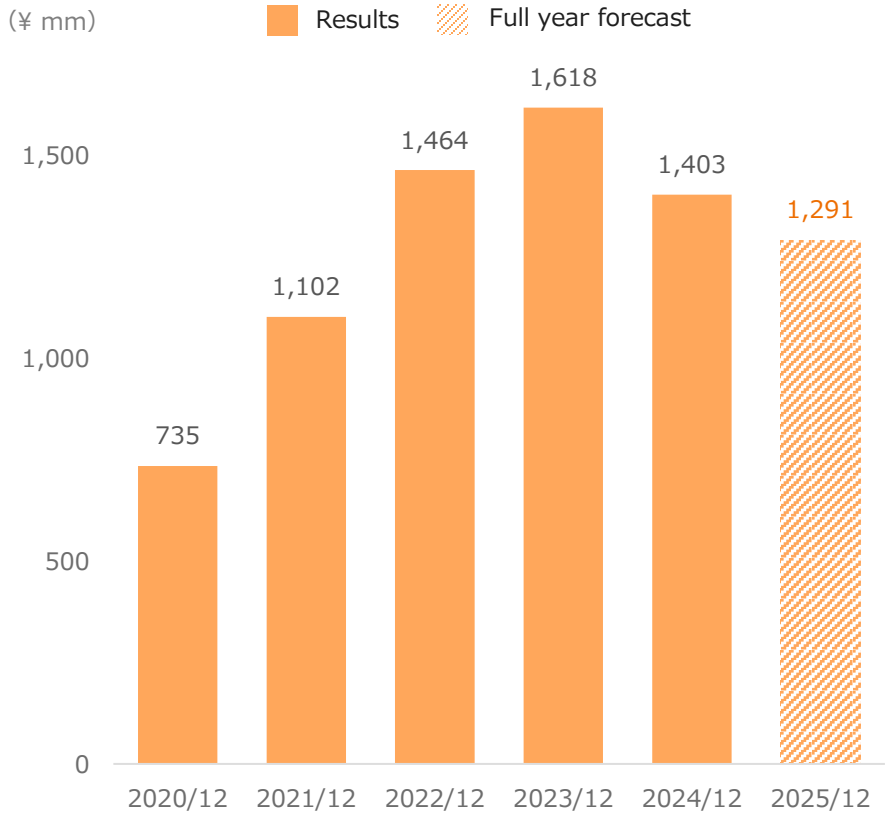


Major capital investment breakdown

(¥ mm)	2020	2021	2022	2023	2024	2025
	Results	Results	Results	Results	Results	Forecast
Buildings and accompanying facilities	177	492	165	60	40	16
Tools, furniture and fixtures	165	405	213	57	67	362
Software	11	31	8	1	4	0

Depreciation & Amortization

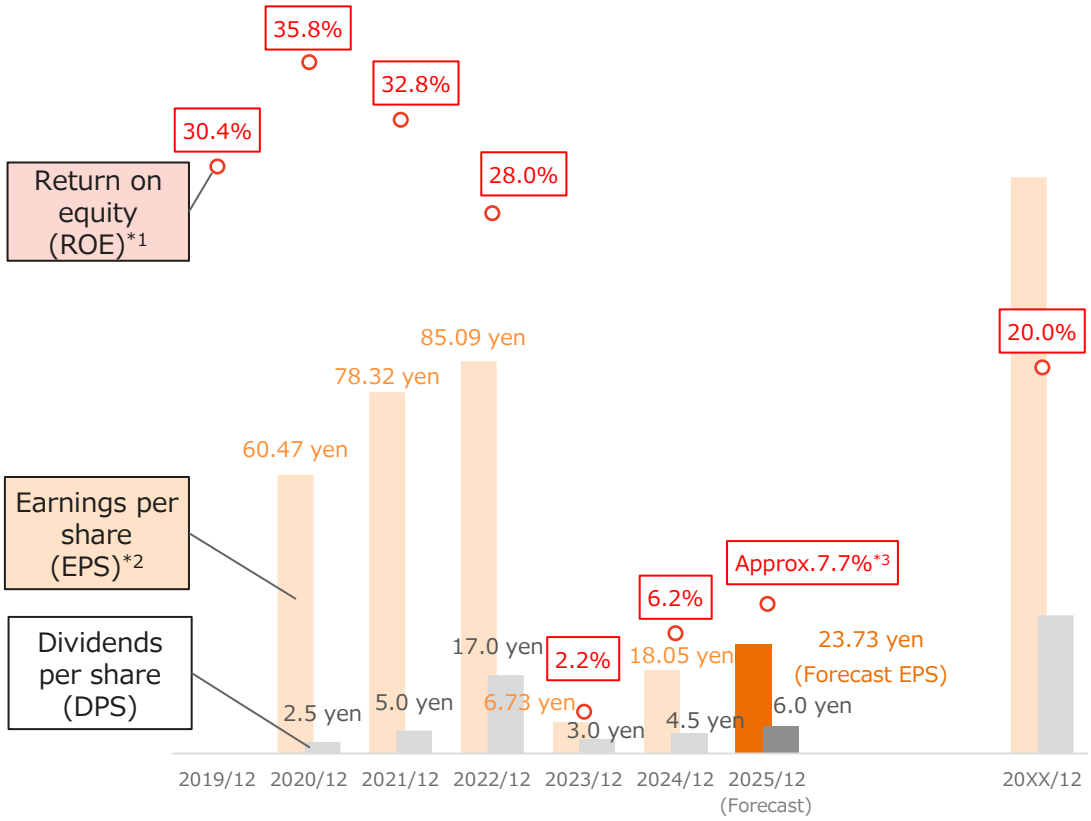
- A slight decrease is expected in FY12/2025 in conjunction with the completion of depreciation of large-scale capital investments made in FY12/2021



© Direct Marketing MiX Inc.

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 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 FY12/2024
*3 Based on the most recent forecast; actual figures may differ due to various factors in the future
*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

© Direct Marketing MiX Inc.

Table of Contents

1 DmMiX's Business Model and Core Competence 2

2 Financial Results (FY12/2024) 12

3 Forecast for FY12/2025 and Medium- to Long-term Growth Strategy 20

Appendix

Characteristics of DmMiX 30

Growth Opportunities 35

Organization 43

Other 46

© Direct Marketing MiX Inc.

Characteristics of DmMiX

- Establish a unique position in the BPO industry through difficult-to-imitate structures that generate high profitability and through high growth potential resulting from the deepening and expansion of customer needs in the sales solution field
- Seek sustainable high growth through two axes: expansion of profitability combined with business expansion

Expansion of Profitability

Human Resources

Restriction-free recruitment
(secure ample human resources)
▶P.8

Rigorous employee training
(high incentives)
▶P.9、33

×

High Productivity

Excellent outcomes that achieve business reforms
▶P.10、11、34

High sales quality to support national clients
▶P.32

×

Business Expansion

Outbound and Hybrid

Areas only people can handle
(generate data from information that only people can obtain)
▶P.22

Expansion of hybrid areas including research, BPO, and promotions
▶P.21～26

×

Multiple Sectors

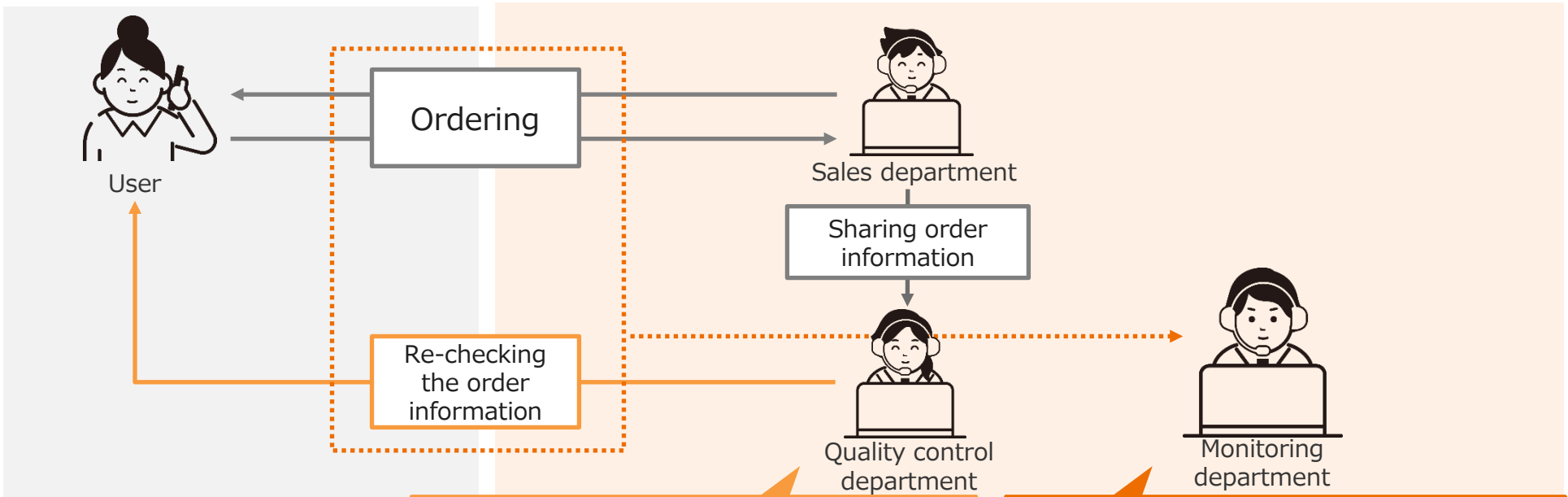
In addition to telecom. infrastructure, expansion into finance, mobility, real estate, and media
▶P.21、26

© Direct Marketing MiX Inc.

Characteristics of DmMiX

Rigorous Sales Quality Management

- **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.

© Direct Marketing MiX Inc.

Characteristics of DmMiX

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

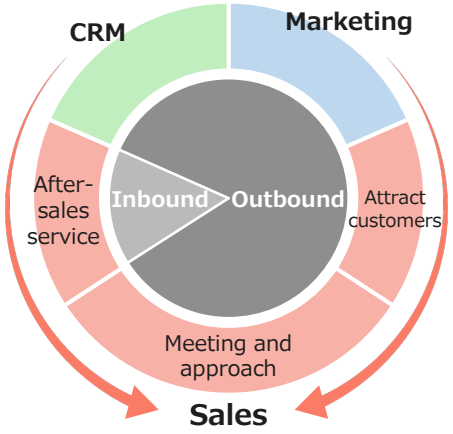
Fee

- 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**

×

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)

© Direct Marketing MiX Inc.

Characteristics of DmMiX

Use of Massive Volumes of Sales Data

■ **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

© Direct Marketing MiX Inc.

Table of Contents

1 DmMiX's Business Model and Core Competence 2

2 Financial Results (FY12/2024) 12

3 Forecast for FY12/2025 and Medium- to Long-term Growth Strategy 20

Appendix

Characteristics of DmMiX 30

Growth Opportunities 35

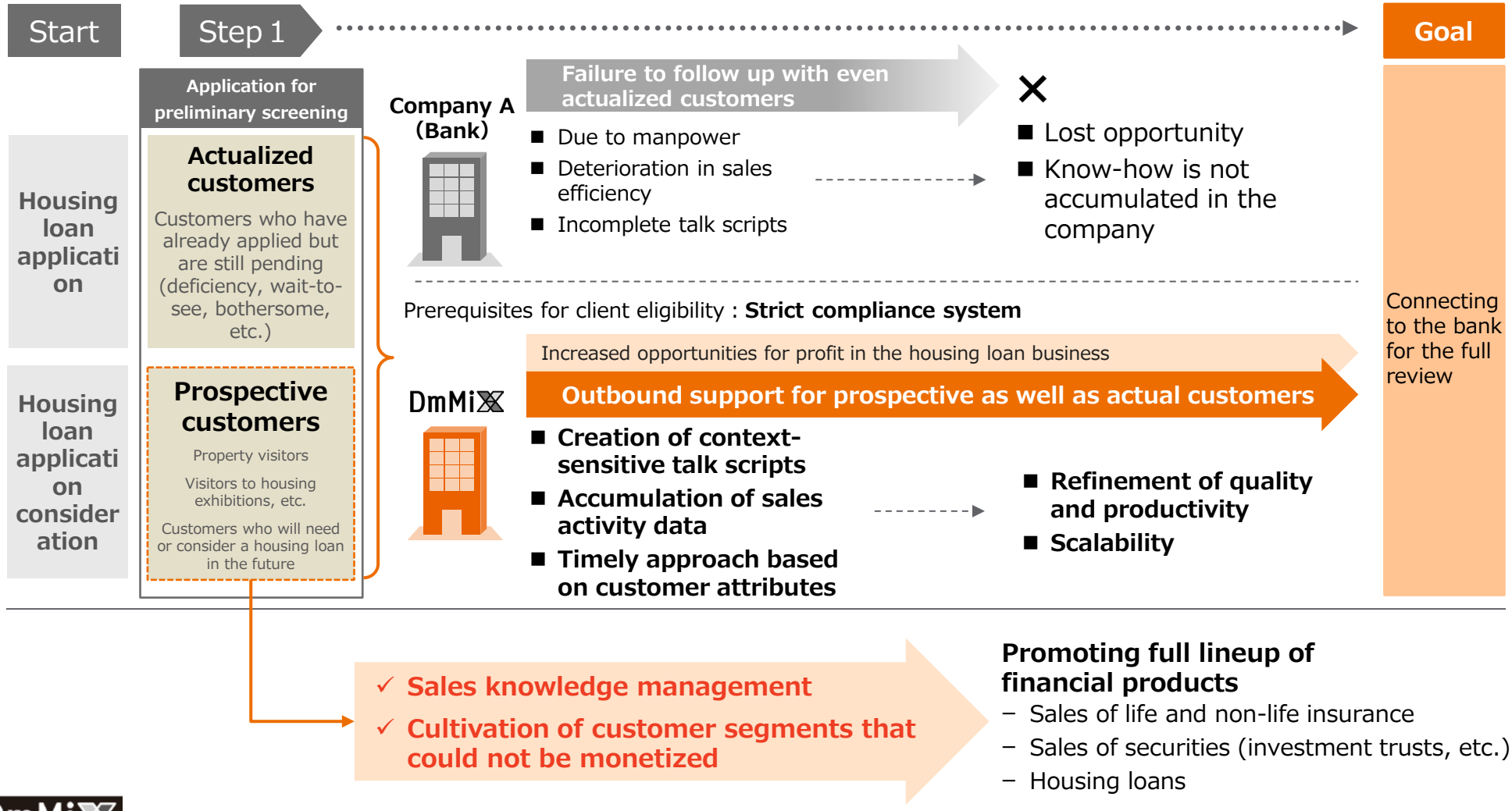
Organization 43

Other 46

Growth Opportunities

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

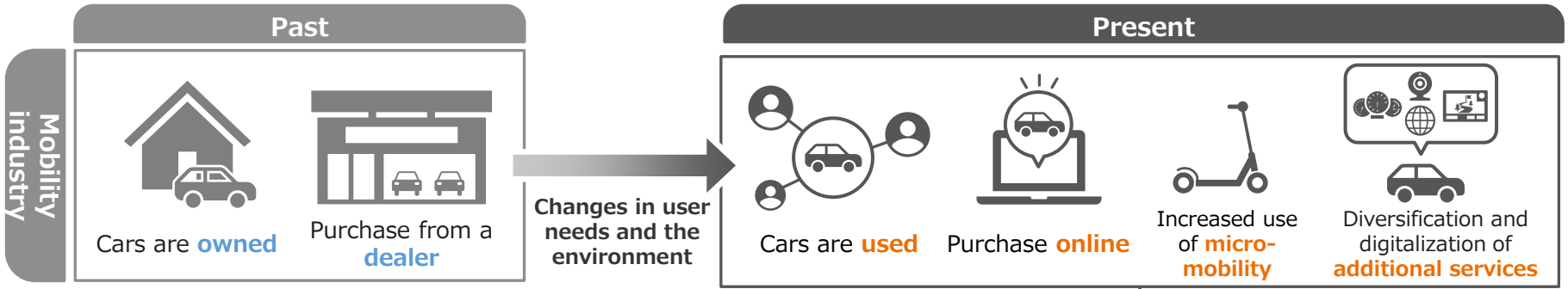


© Direct Marketing MiX Inc.

Growth Opportunities

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



DmMiX

© Direct Marketing MiX Inc.

Growth Opportunities

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

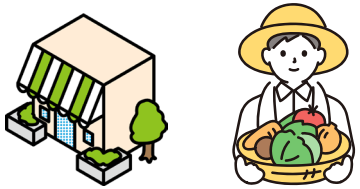
Ticket issuance

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



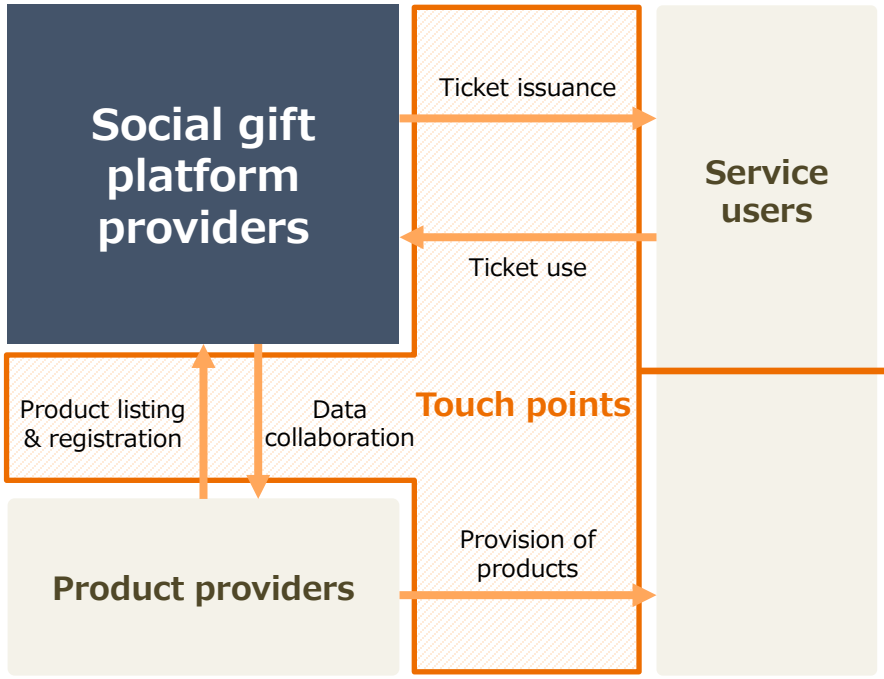
- Expand to new users
- Useful not just for companies but also for regional revitalization

© Direct Marketing MiX Inc.

Growth Opportunities

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

© Direct Marketing MiX Inc.

Growth Opportunities

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

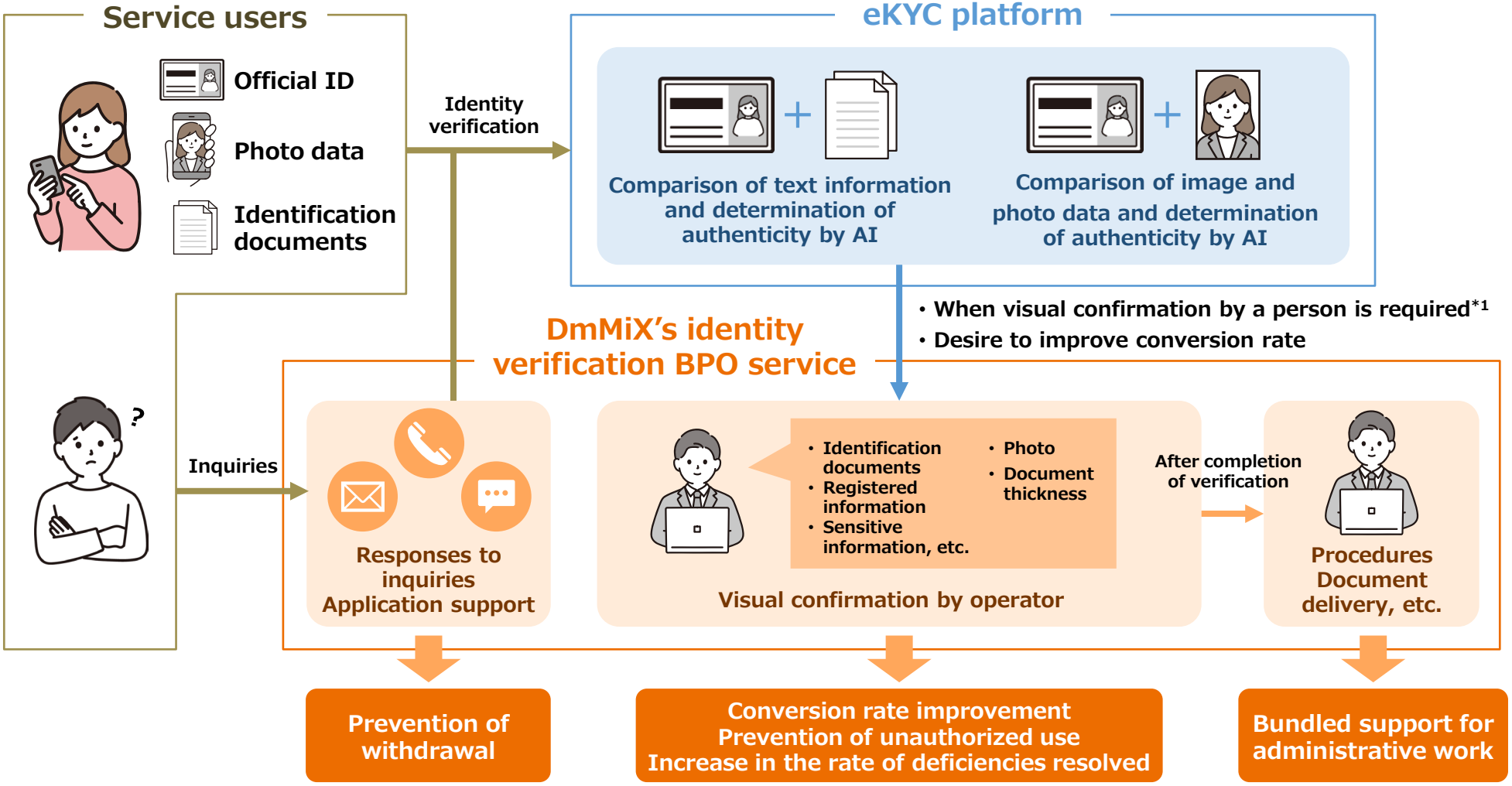
Trading used goods

© Direct Marketing MiX Inc.

Growth Opportunities

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

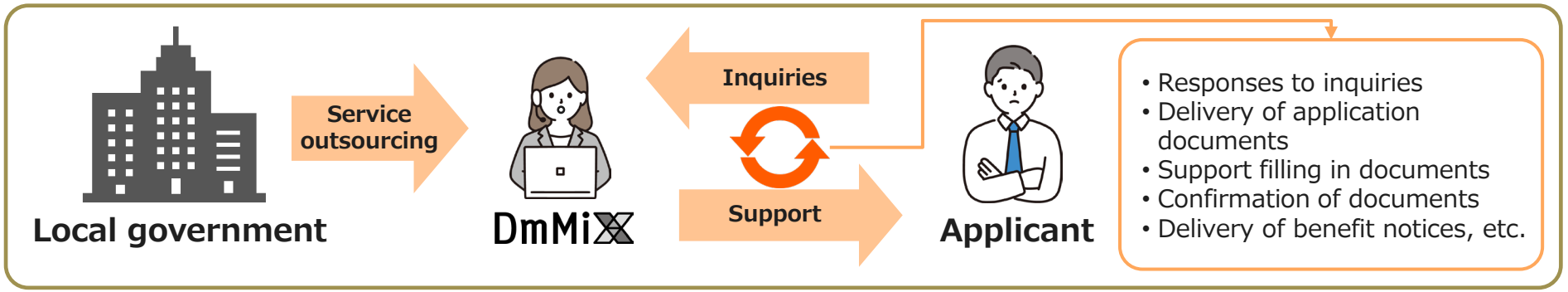
© Direct Marketing MiX Inc.

Growth Opportunities

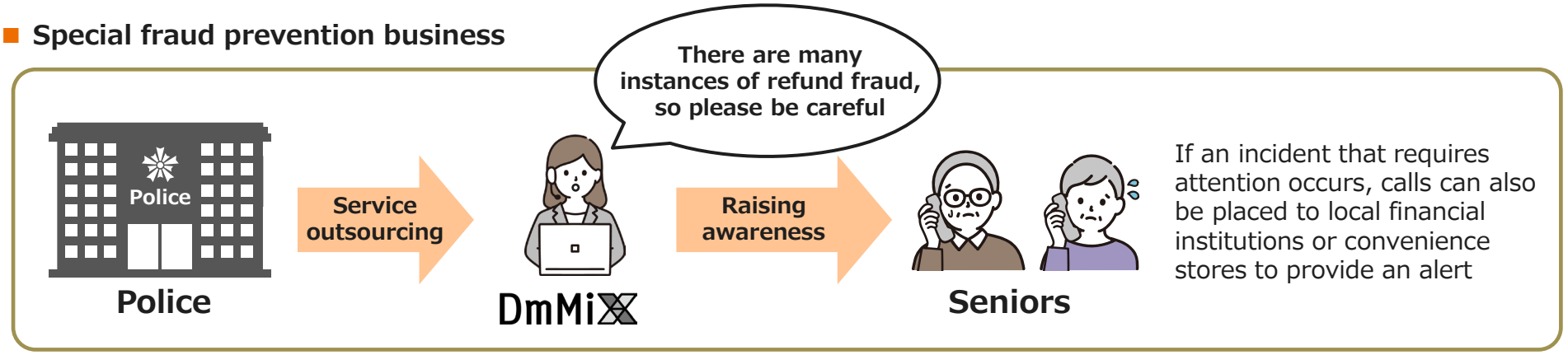
Growth Opportunities in New Areas (4) Public Sector

■ **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

© Direct Marketing MiX Inc.

Table of Contents

1 DmMiX's Business Model and Core Competence 2

2 Financial Results (FY12/2024) 12

3 Forecast for FY12/2025 and Medium- to Long-term Growth Strategy 20

Appendix

Characteristics of DmMiX 30

Growth Opportunities 35

Organization 43

Other 46

© Direct Marketing MiX Inc.

Organization

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		**22** **49**	Marketing
● Supervisors	□ Discover the "winning-pattern" for acquiring end users □ Accumulate sales know-hows by projects	About **5** years		**144**	Sales
● High performers*2	□ Secure high profitability by pursuing performance -based fee	About **2** years		**528**	Sales
● Communicators	□ Secure stable revenue by fixed fees □ Ubiquitous approach to gather end user feedbacks	**<2** years		**3,526**	CRM

End user feedback immediately reflected on the marketing strategy

*1 Employees in marketing business (as of the end of December, 2024)
*2 A general term for staff who have achieved a certain level of sales performance according to our standards

© Direct Marketing MiX Inc.

Organization

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

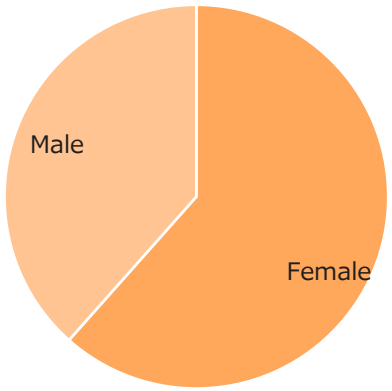
Various attributes

- Educational background and skills do not matter
- Create environments where all people can work, regardless of age or gender

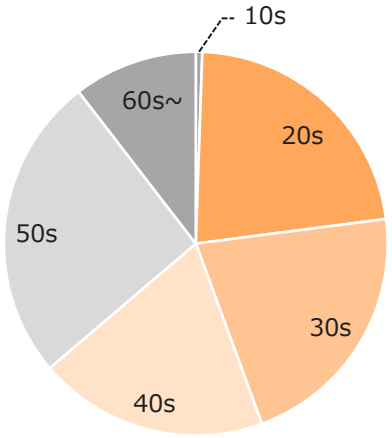
Flexible work system

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

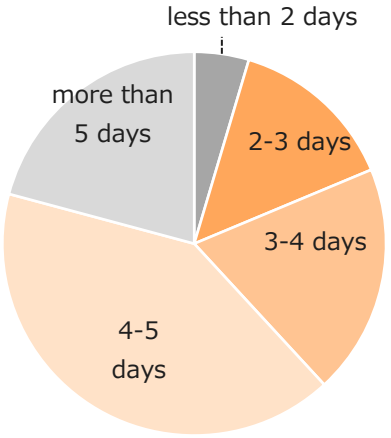
Gender*2



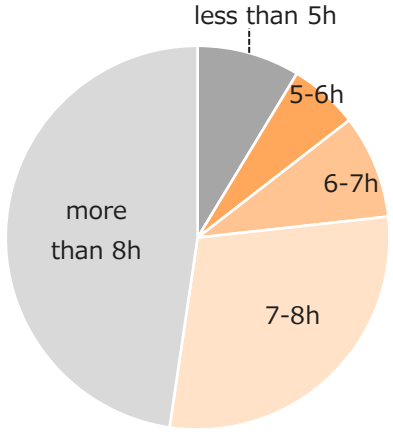
Age*2



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 2024. Percentage of part-time jobs
*3 As of the end of December 2024. Calculated based on the average attendance for the three months from October to December 2024. Does not include months with 0 working days. Part-time jobs without work (leaves, etc.) are not counted

© Direct Marketing MiX Inc.

Table of Contents

1 DmMiX's Business Model and Core Competence 2

2 Financial Results (FY12/2024) 12

3 Forecast for FY12/2025 and Medium- to Long-term Growth Strategy 20

Appendix

Characteristics of DmMiX 30

Growth Opportunities 35

Organization 43

Other 46

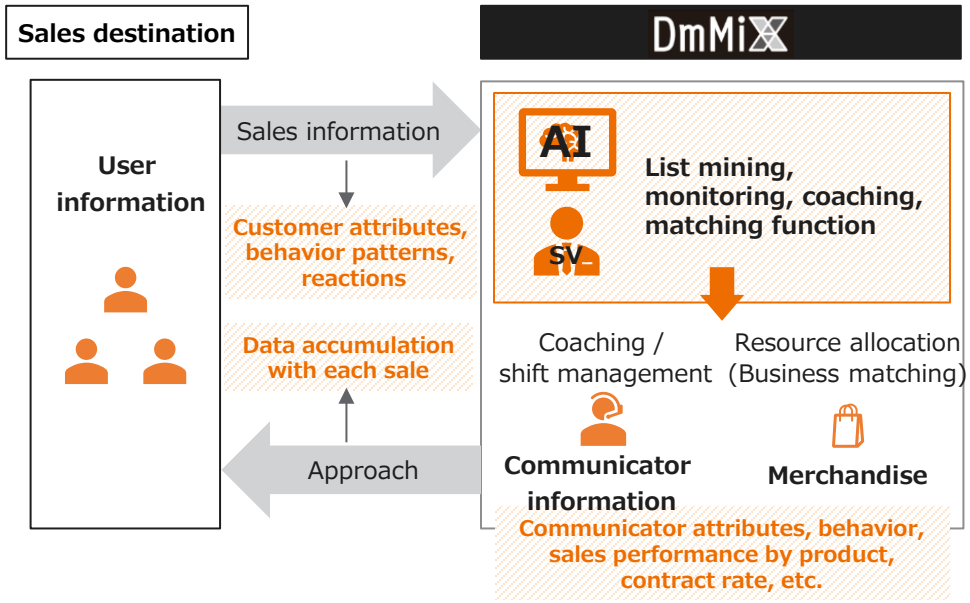
© Direct Marketing MiX Inc.

Other

Acceleration of growth by AI utilization

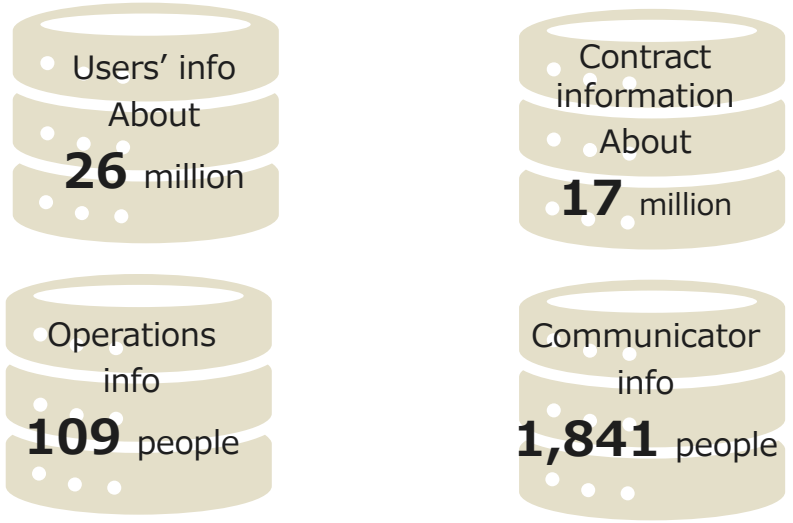
- For AI development, even at the stage of trial introduction of some functions, a large effect has already been proven
- We will expand the AI utilization function and introduce it to both management and communicator operations

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

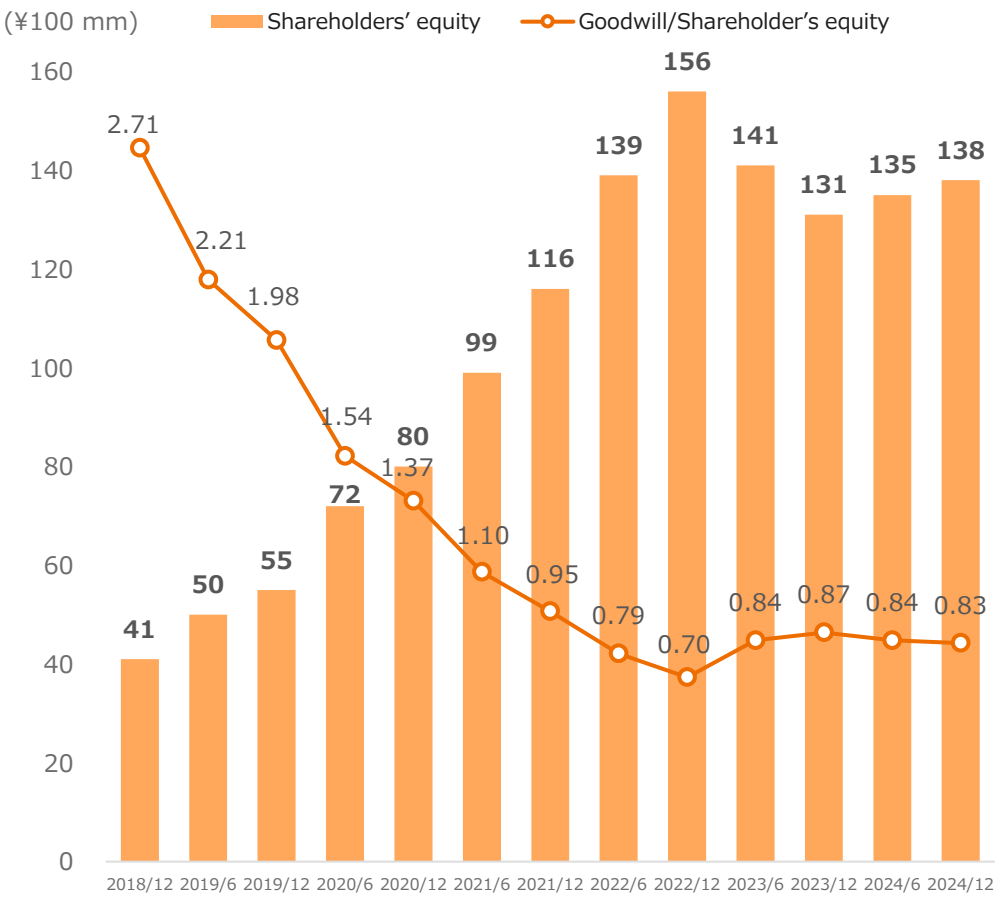
*1 A general term for staff who have achieved a certain level of sales performance according to our standards

© Direct Marketing MiX Inc.

Other

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

© Direct Marketing MiX Inc.

Other

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)

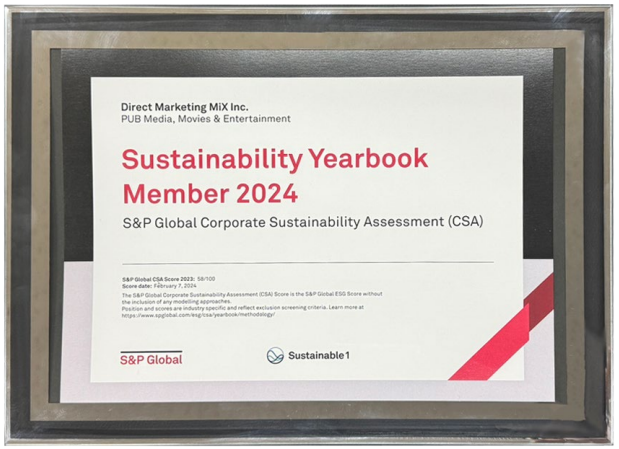
DmMiX

© Direct Marketing MiX Inc.

Other

External ESG Evaluation

- **Obtained top 1% high scores in ESG evaluation by FTSE and 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 23, 2024
S&P	58	Corresponds to top 1%*2 *As of January 13, 2025
Sustainalytics	Low Risk	*As of December 9, 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

© Direct Marketing MiX Inc.

【Disclaimer】

This material has been prepared based on information currently available to the management of the Company and certain assumptions that the Company considers reasonable, and the Company makes no assurances or warranty as to its accuracy or completeness.

In addition, although forecast figures, forward-looking descriptions and statements regarding prospects are included, actual results may differ materially from those expressed or implied due to various risks, uncertain factors and changes in the external environment. We caution you not to place undue reliance on these forward-looking descriptions and statements.

The Company does not guarantee, and is under no obligation to ensure, that it will always review and revise any forward-looking descriptions and statements, regardless of new information, future events or any other results.

© Direct Marketing MiX Inc.