

A Total Sales/Marketing Solution Provider for Maximizing Client Profitability

Direct Marketing MiX Inc.

Financial results briefing (FY2021/12 3Q)

November 12th, 2021



Financial results highlights (FY2021/12 3Q) (3Q Cumulative Period)

- Sales Revenue : Existing business continued to grow steadily. Sales **increased significantly by 38.2% YoY** mainly due to an increase in vaccination-related spot business
- Various Profits : EBITDA **increased by 43.3% YoY** due to contribution from profitable spot business. Moderate cost increase due to strategic acceleration of office space expansion & growth in personnel numbers

Topics

Sales revenue (by sector)

- Telecommunications : Continued to steadily progress as the main pillar of earnings
- Public : Vaccination-related spot business peaked and grew substantially YoY
- Web/IT : Growth rate of food delivery service and cashless payments continuously increased due to changes in lifestyle

Various Profits

- Maintaining a high profit level, partly due to the contribution of the highly profitable spot business
- Operating expenses increased due to accelerated expansion of bases and personnel accompanying business expansion

Sales revenue	23 billion yen	YoY	+38.2%
EBITDA*1	5.1 billion yen	YoY	+43.3%
Operating profit	4.4 billion yen	YoY	+43.6%
Net income*2	2.9 billion yen	YoY	+46.4%

*1 EBITDA = operating profit + depreciation + amortization

*2 Profit attributable to owners of parent

FY 2021/12 3Q (from July to September) P/L

- Sales revenue : Steady growth by **52.0% YoY** due to orders for vaccination-related spot business, which has reached its peak
- Various Profits : **Sales revenue grew at a faster pace than the increase in costs** associated with the strategic office space expansion & growth in personnel numbers, and EBITDA progressed at a high level, **by 114.9% YoY**

Consolidated P / L 3Q results and YoY change

(¥ mm)	2020/12	2021/12	
	3Q (from Jul. to Sep.)	3Q (from Jul. to Sep.)	
	Results	Results	YoY
Sales revenue	5,271	8,013	+52.0%
Operating expenses	△4,668	△6,587	+41.1%
Other revenue	13	9	—
Other expenses	△8	△0	—
Operating profit	609	1,435	+135.8%
Operating profit margin	11.5%	17.9%	+6.4pt
Financial profit	0	1	—
Financial expenses	△25	△12	—
Profit before tax	584	1,424	+143.8%
Income tax expense	△174	△403	—
Net income^{*1}	410	1,021	+149.0%
Net income margin	7.8%	12.7%	+5.0pt
EBITDA^{*2}	800	1,719	+114.9%
EBITDA margin	15.2%	21.4%	+6.3pt

*1 Profit attributable to owners of parent

*2 EBITDA = operating profit + depreciation + amortization

FY 2021/12 3Q (Cumulative) P/L

- Sales Revenue : Steady progress by **80.8% compared to the initial forecast** due to growth in existing business and an increase in vaccination-related spot business
- Various Profits : EBITDA progressed at a high level of **96.3% compared to the initial forecast**, but **the full-year earnings forecast remains unchanged** due to the expected decrease in spot business and settlement bonus expenses in 4Q

Consolidated P / L 3Q (Cumulative) results and YoY change

(¥ mm)	2020/12	2021/12			2021/12 Full year Forecast
	3Q (Cumulative)	3Q (Cumulative)	YoY	Progress rate*3	
	Results	Results	YoY	Progress rate*3	
Sales revenue	16,667	23,039	+38.2%	80.8%	28,500
Operating expenses	△13,650	△18,729	+37.2%	—	—
Other revenue	23	46	—	—	—
Other expenses	△8	△4	—	—	—
Operating profit	3,031	4,352	+43.6%	96.7%	4,500
Operating profit margin	18.2%	18.9%	+0.7pt	—	15.8%
Financial profit	40	2	—	—	—
Financial expenses	△98	△130	—	—	—
Profit before tax	2,973	4,224	+42.1%	96.0%	4,400
Income tax expense	△969	△1,290	—	—	—
Net income*1	2,004	2,935	+46.4%	97.8%	3,000
Net income margin	12.0%	12.7%	+0.7pt	—	10.5%
EBITDA*2	3,562	5,103	+43.3%	96.3%	5,300
EBITDA margin	21.4%	22.1%	+0.8pt	—	18.6%

*1 Profit attributable to owners of parent

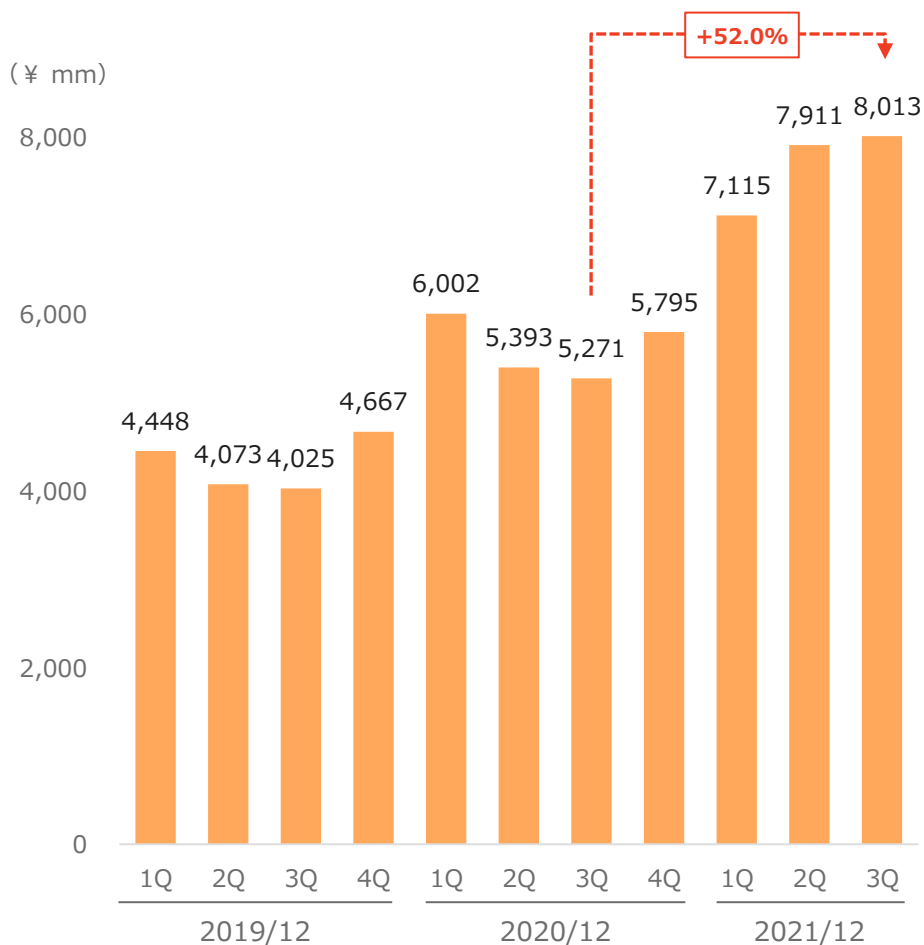
*2 EBITDA = operating profit + depreciation + amortization

*3 2021/12 progress rate against full-year forecast

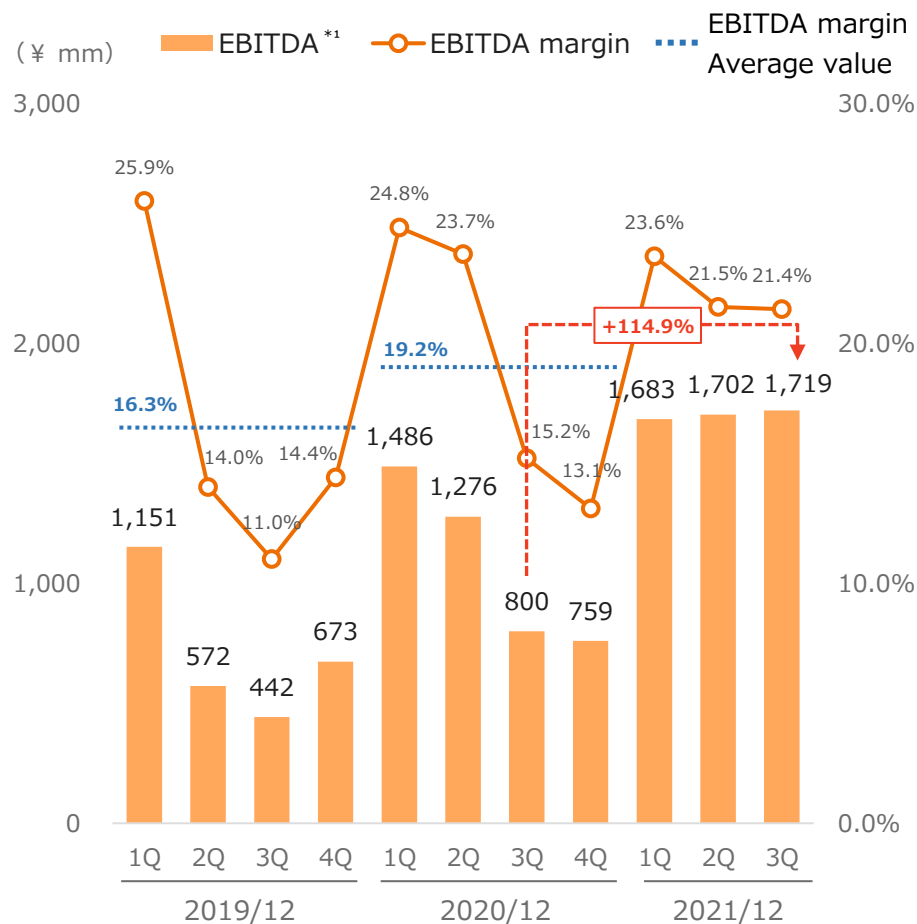
Quarterly Results

- Sales revenue : Substantial increase by **52.0% YoY** due to growth in existing business and significant contribution from vaccination-related spot business
- EBITDA : Increased by **114.9% YoY** due to higher operating profit margin per staff

Quarterly changes in consolidated sales revenue



Quarterly trends in EBITDA · EBITDA margin



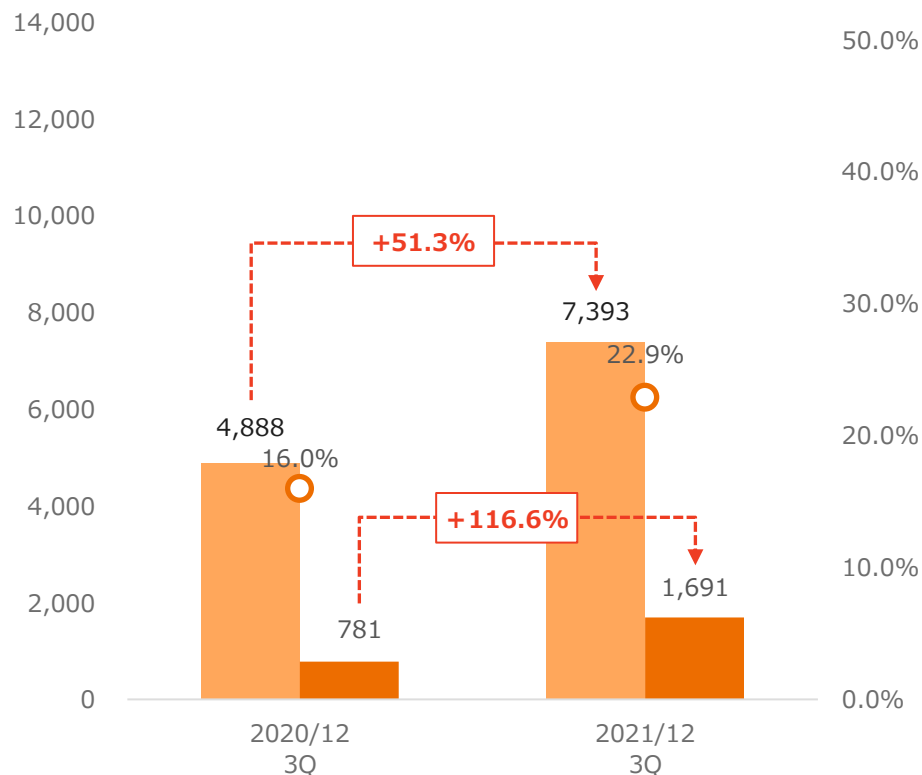
*1 EBITDA = operating profit + depreciation + amortization

2021/12 3Q (from July to September) Results per Segment

- **Marketing business** : In addition to the growth of existing business (especially in the Web/IT sector), a **51.3% YoY increase in sales and a 116.6% YoY increase in operating profit** were achieved through orders for vaccination-related spot business
- **On-site business** : Sales grew by **36.9% YoY** in response to increased demand for temporary staffing for vaccination-related spot business. On the other hand, operating expenses increased

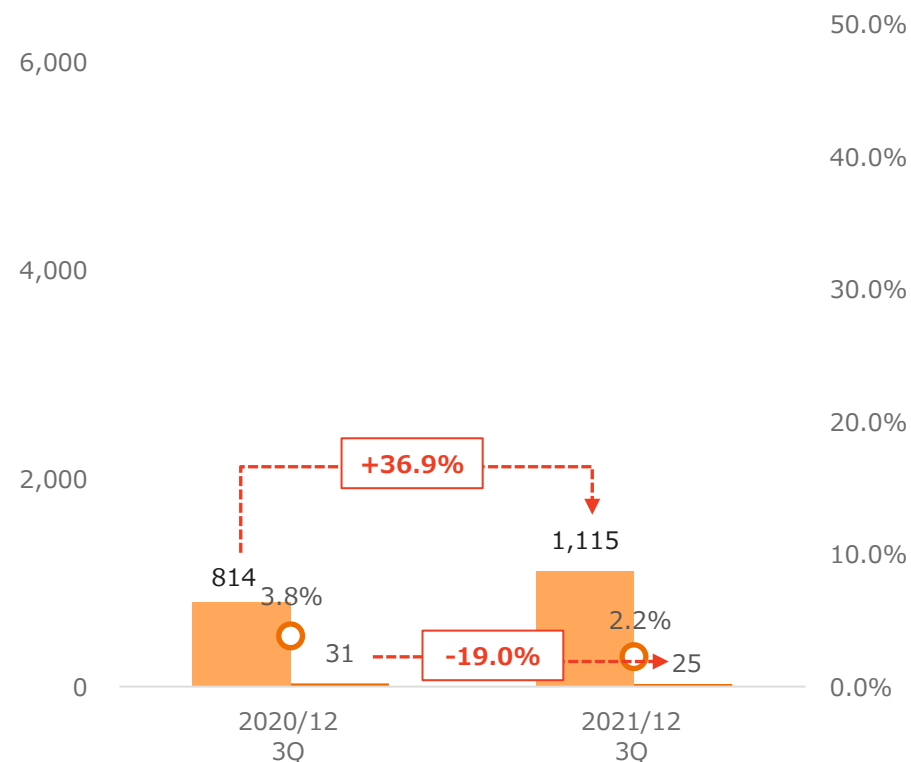
Marketing business

(¥ mm) ■ Sales rev*¹ ■ Seg profit ○ Segment op margin



On-site business

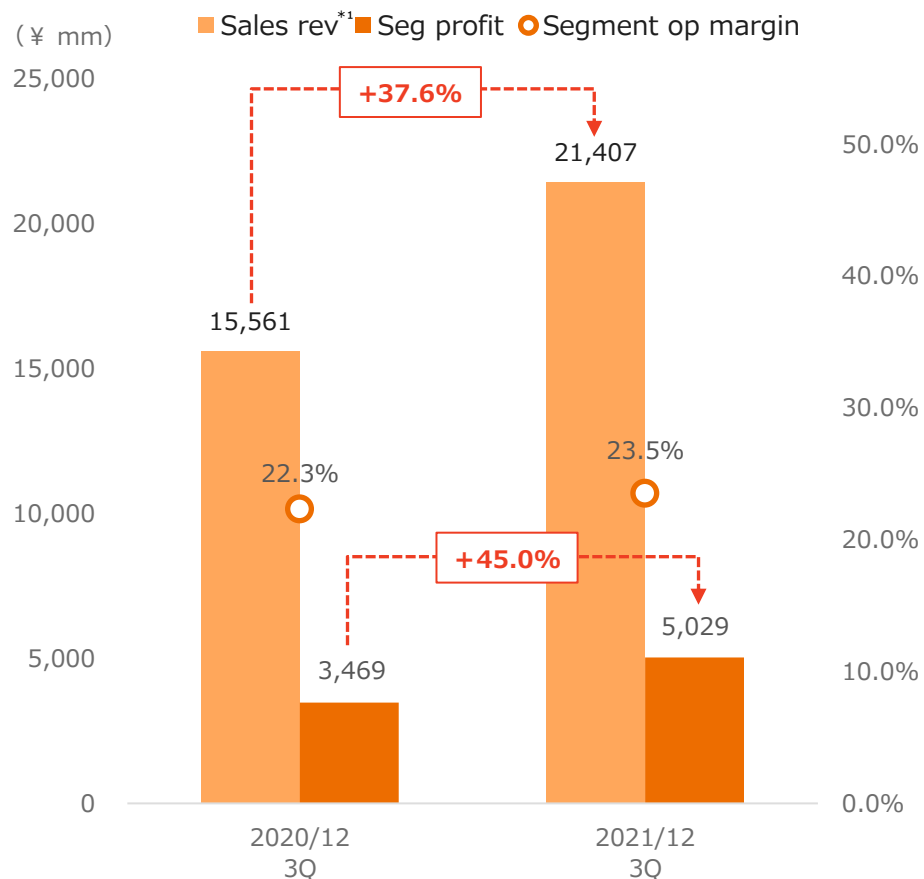
(¥ mm) ■ Sales rev*¹ ■ Seg profit ○ Segment op margin



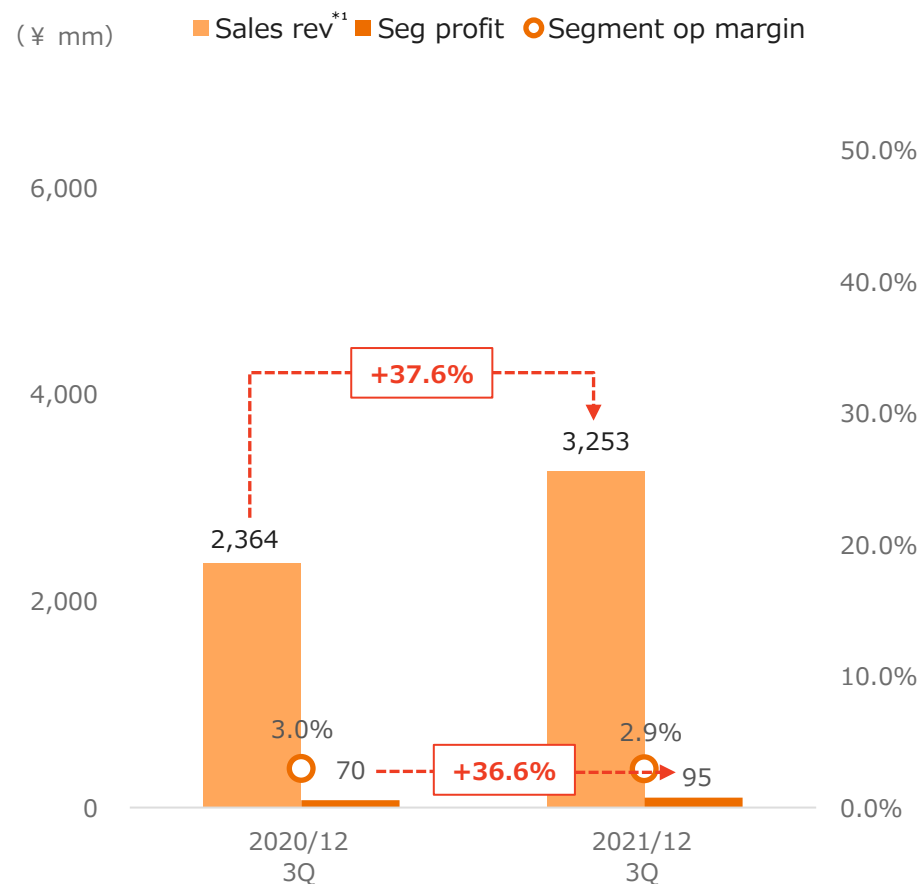
FY 2021/12 3Q (Cumulative) Results per Segment

- Marketing business : In addition to the growth of existing business, the contribution of vaccination-related spot business resulted in a **37.6% YoY increase in sales and a 45.0% YoY increase in operating profit**
- On-site business : **Sales increased by 37.6% YoY, operating profit by 36.6% YoY**

Marketing business



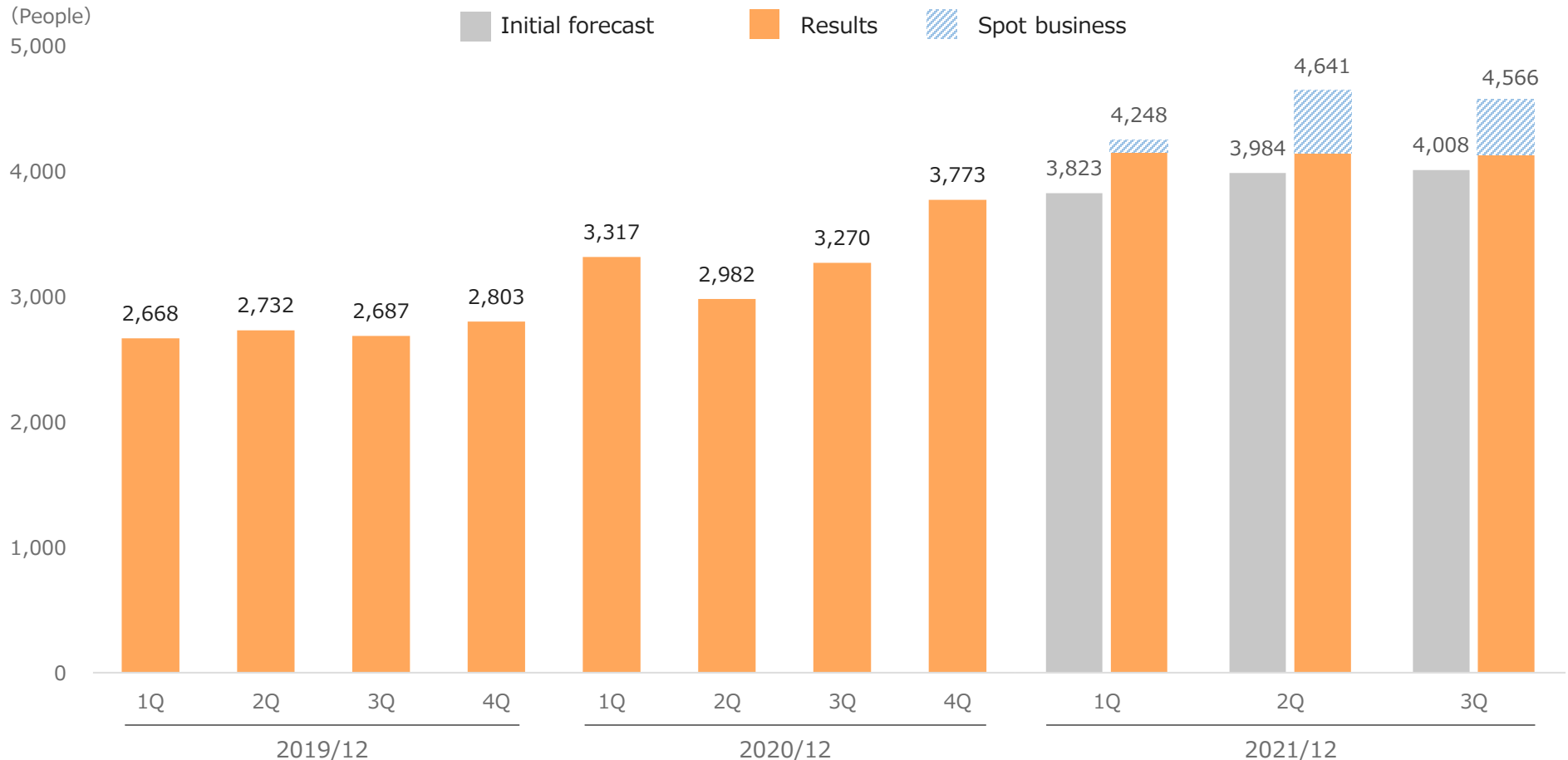
On-site business



Marketing Business KPI

- The number of operating staff*1 :In addition to higher-than-expected growth in existing business, the peak of vaccination-related spot business in 2Q and 3Q led to a significant increase over the initial forecast

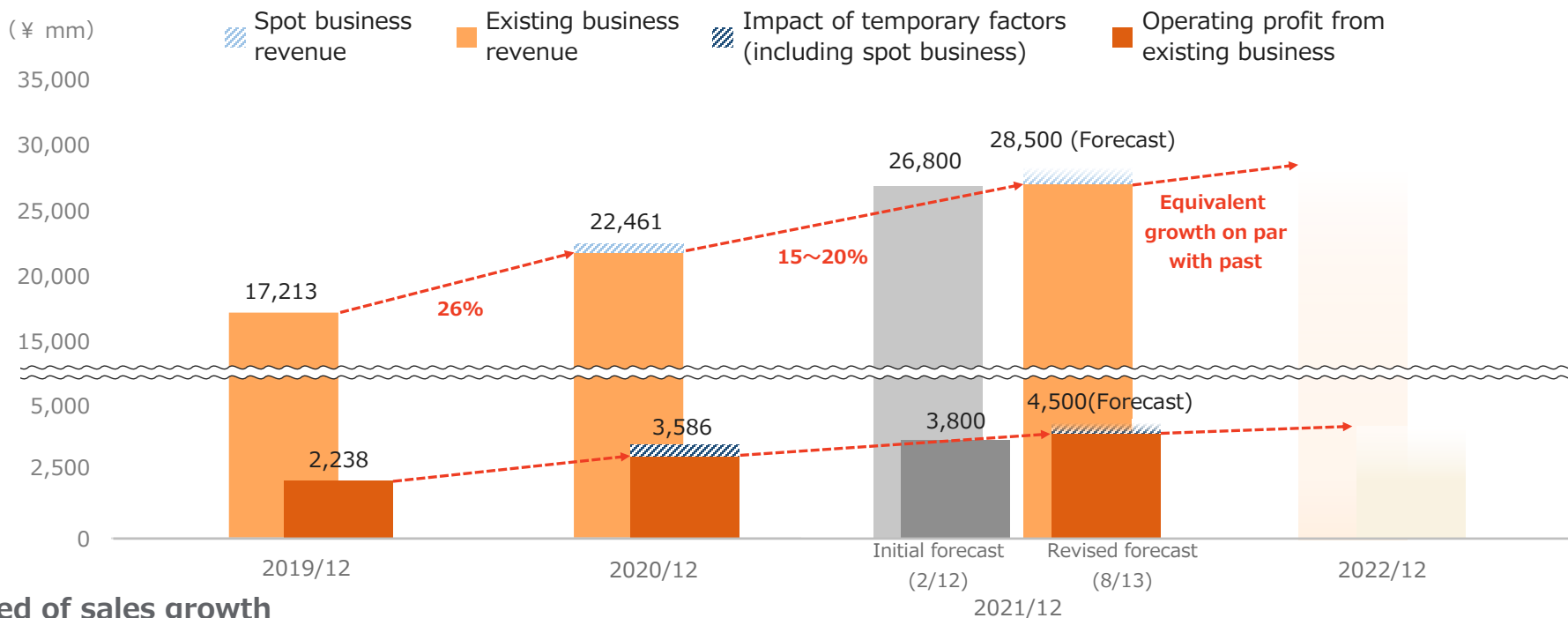
Quarterly changes in the number of operating staff



Speed of Growth Post COVID-19

- For existing business, in addition to telecommunications sector, we aim to steadily grow in other sectors such as Web/IT, in order to **maintain equivalent growth as in the past even as the business scale expands**
- As for spot business, **we will accept orders while taking profitability into consideration**

Sales/profits broken down into existing business and spot business



Speed of sales growth



FY 2021/12 3Q B/S and C/F

- Growth in retained earnings due to increased profits, resulting in an increase in ratio of equity attributable to owners of parent

Consolidated B / S

(¥ mm)	End of 2020/12	End of 2021/9	YoY change
Total assets	21,251	24,693	+3,442
Current assets	6,877	8,326	+1,449
Non-current assets	14,374	16,367	+1,993
Goodwill	10,984	10,984	±0
Total liabilities	13,251	13,698	+447
Current liabilities	6,073	6,569	+496
Non-current liabilities	7,178	7,129	△49
Total equity	8,000	10,995	+2,995
Total equity attributable to owners of parent	8,000	10,995	+2,995
Total liabilities & equity	21,251	24,693	+3,442

Main factors of increase/ decrease (YoY)

- Equity : Equity increased by 2,995 million yen due to strong business performance
- Liabilities : Current liabilities increased by 496 million yen mainly due to an increase in provision for bonuses and lease liabilities, although some borrowings were repaid ahead of schedule due to refinancing

Consolidated C / F

(¥ mm)	2020/3Q	2021/3Q	YoY change
Operating cash flow	2,781	2,975	+194
Investment cash flow	△322	△954	△632
Financial cash flow	△1,469	△1,492	△23
Free cash flow	2,459	2,021	△438

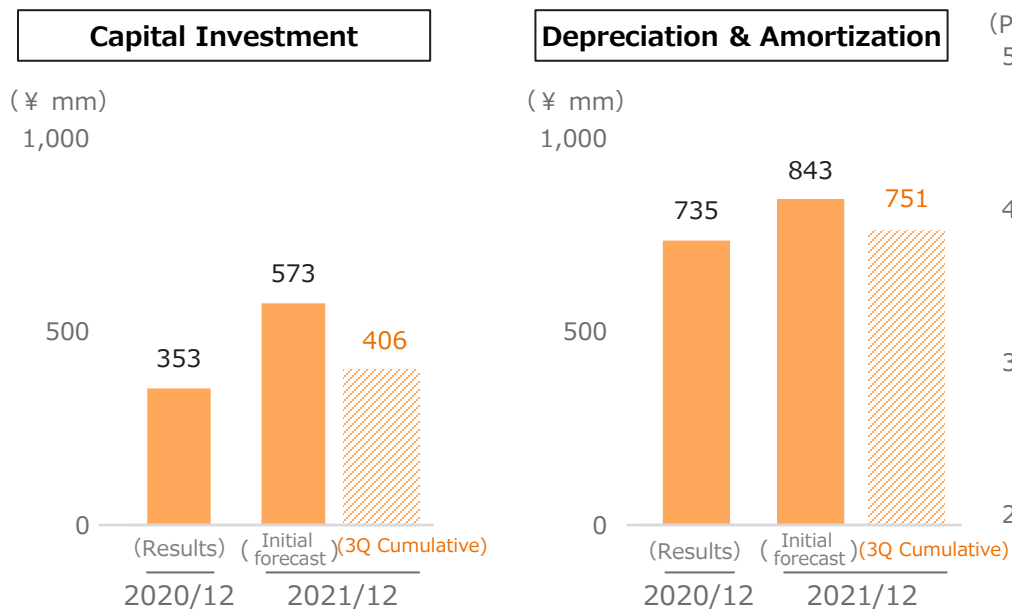
Main factors of increase/ decrease (YoY)

- Operating cash flow : 1,251 million yen due to an increase in profit before tax
 - △422 million yen due to a decrease in trade and other payables
 - ※ Of which △ 235 million yen due to the reduction of accounts payable
 - △454 million yen due to an increase in income taxes paid
- Investment cash flow : Expenditure due to security deposits △ 309 million yen

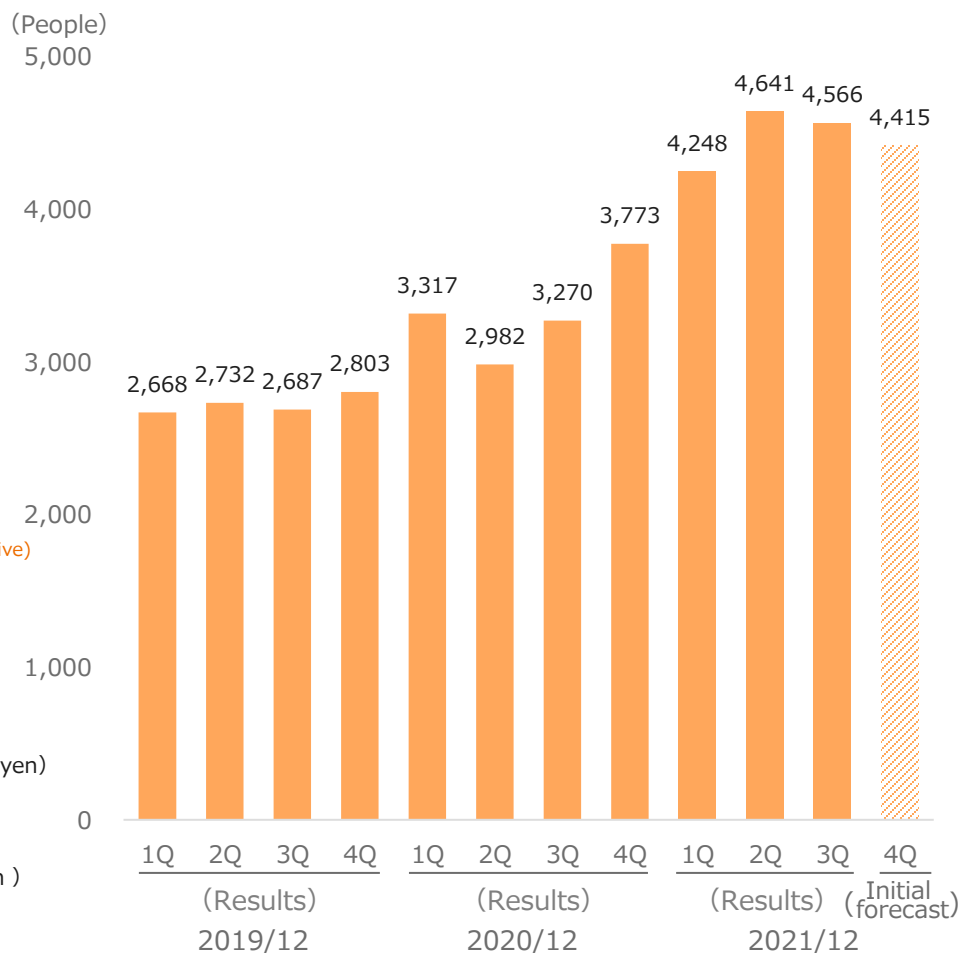
Investment Plan

- Mainly in 4Q, we plan to invest **1.2 billion yen in base addition**, which greatly exceeds the initial forecast. **Developing the ability to respond more flexibly** to growing demand
- The number of operating staff will be **adjusted accordingly depending on the progress of spot business** in addition to existing business

Capital investment plan and depreciation outlook



Personnel planning (the number of operating staff *1)



Major capital investment prospects for 2021/12

- Addition of bases : 1,193 million yen (Initial forecast 265 million yen)
- AI development costs : 50 million yen (Initial forecast 50 million yen)
- Other system costs : 183 million yen (Initial forecast 258 million yen)

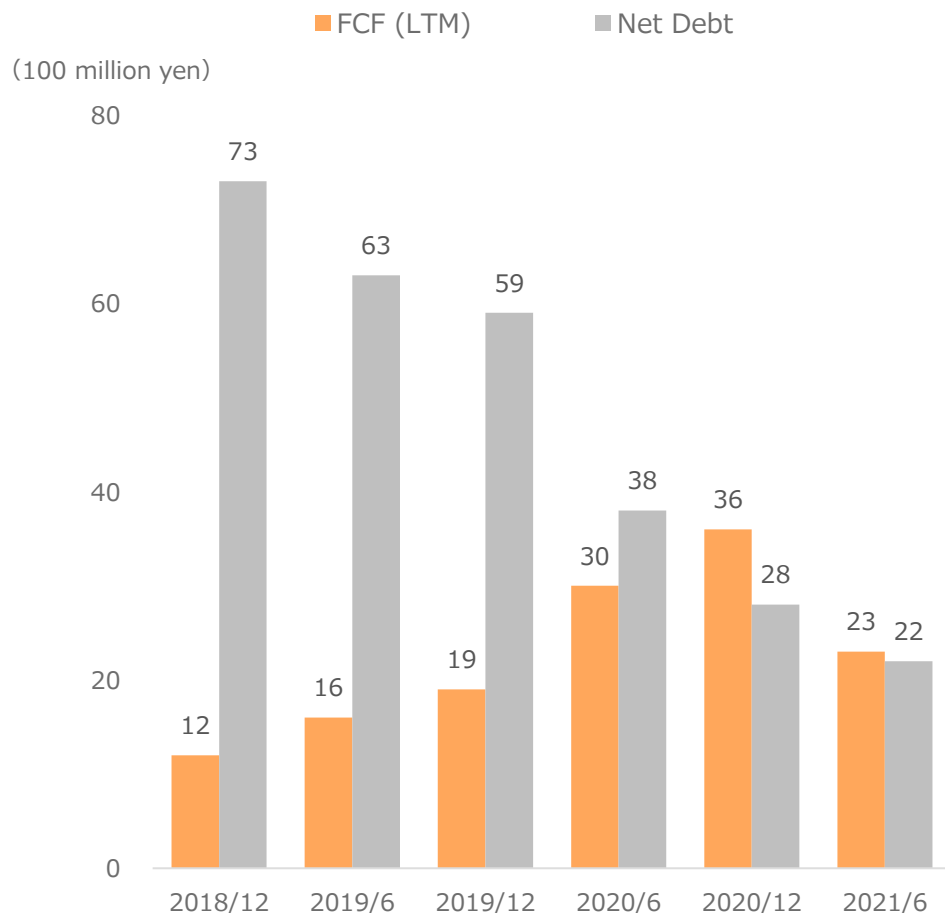


*1 The number of operating staff in marketing business

Solid cash flow and policies for shareholder returns

- Target total return ratio is **40%**, considering capital policy including share repurchase
- Net debt is steadily decreasing

Historical FCF and Net Debt *1



Policies for shareholder returns

- We consider the profit return to shareholders as one of the essential management issues and aim a **total return ratio of 40%**, while securing necessary internal returns for future business expansion and improving financial strength
- We will consider our capital policy including share repurchase

Q&A

Q&A 1

It has been mentioned that the large-scale capital investment in the second half of the fiscal year was in response to anticipated demand, but can you elaborate more on the forecast for fixed expenses going forward?

Please tell us about your medium-term growth vision and your approach to spot business.

Q&A 3

What is your approach to cash allocation and purchase of treasury shares to achieve the target total return ratio of 40%?



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