

A Total Sales/Marketing Solution Provider for Maximizing Client Profitability

Direct Marketing MiX Inc.

Financial results briefing (FY12/2023)

February 13th, 2024



Table of contents

1	DmMiX's Business Model and Core Competence	2
2	Financial Results (FY12/2023)	12
3	Forecast for FY12/2024 and Medium- to Long-term Growth Strategy	21
	Appendix	33

Table of contents

1	DmMiX's Business Model and Core Competence	2
2	Financial Results (FY12/2023)	12
3	Forecast for FY12/2024 and Medium- to Long-term Growth Strategy	21
	Appendix	33

DmMiX Group Overview

- Sales & marketing professionals, sustaining sales expansion since the foundation



President and CEO,
Representative Executive Officer

Yuki Kobayashi

1982 Born in Saitama Pref. Japan

2007 Founded Customer

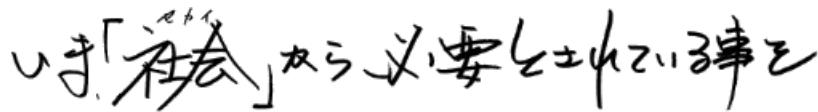
Relation Telemarketing Co., Ltd.

2014 Appointed as CEO

2015 Appointed as CEO of DmMiX (formerly, CRTMHD)

2022 Appointed as Member of the Board of Directors,
President and CEO, Representative Executive Officer
(present post)

Corporate Philosophy



Deliver What Society Needs Now

Vision

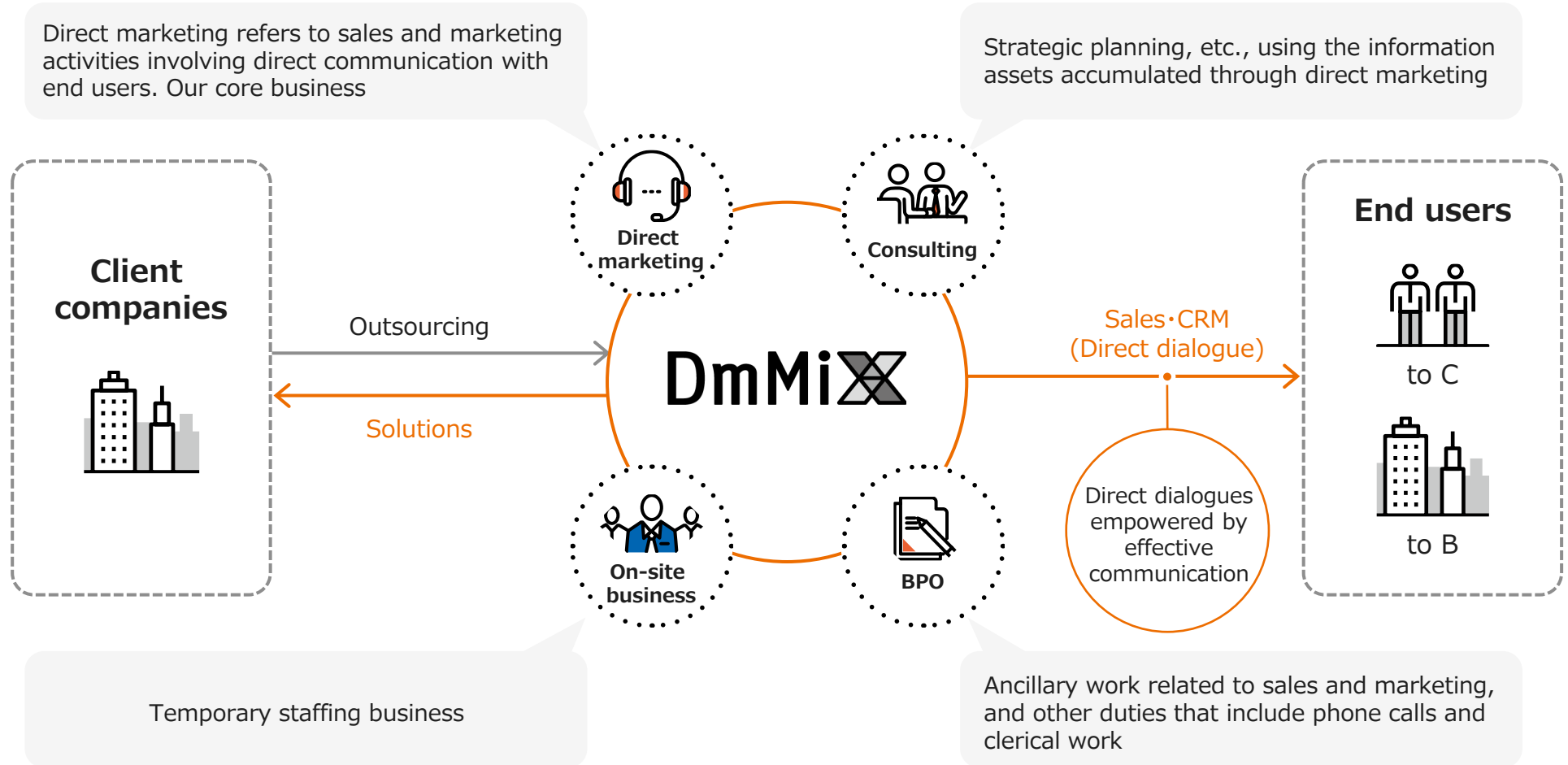
In society, there are certain aspects we should not change
With our voice, we must unite and change what must be
changed

Our Mission



Organization of Sales and Marketing Professionals

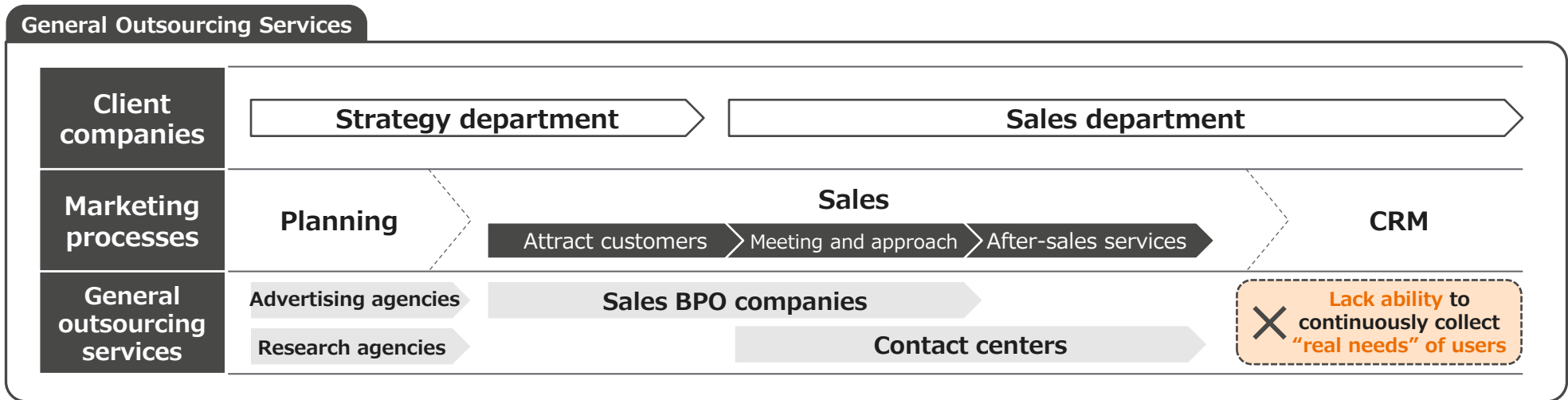
- We are committed to maximizing the profits of our client companies by providing high value-added solutions centered on "direct marketing"



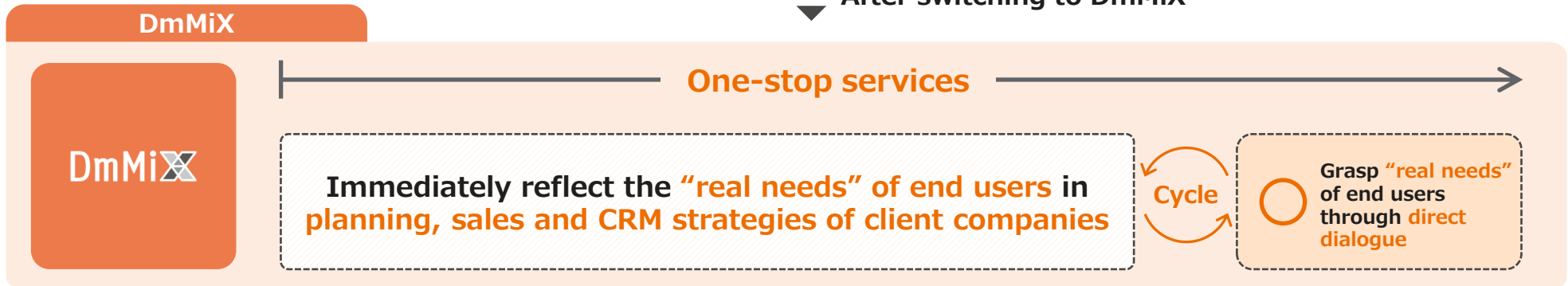
One-stop Service for Functions Essential to the Marketing Process

- 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

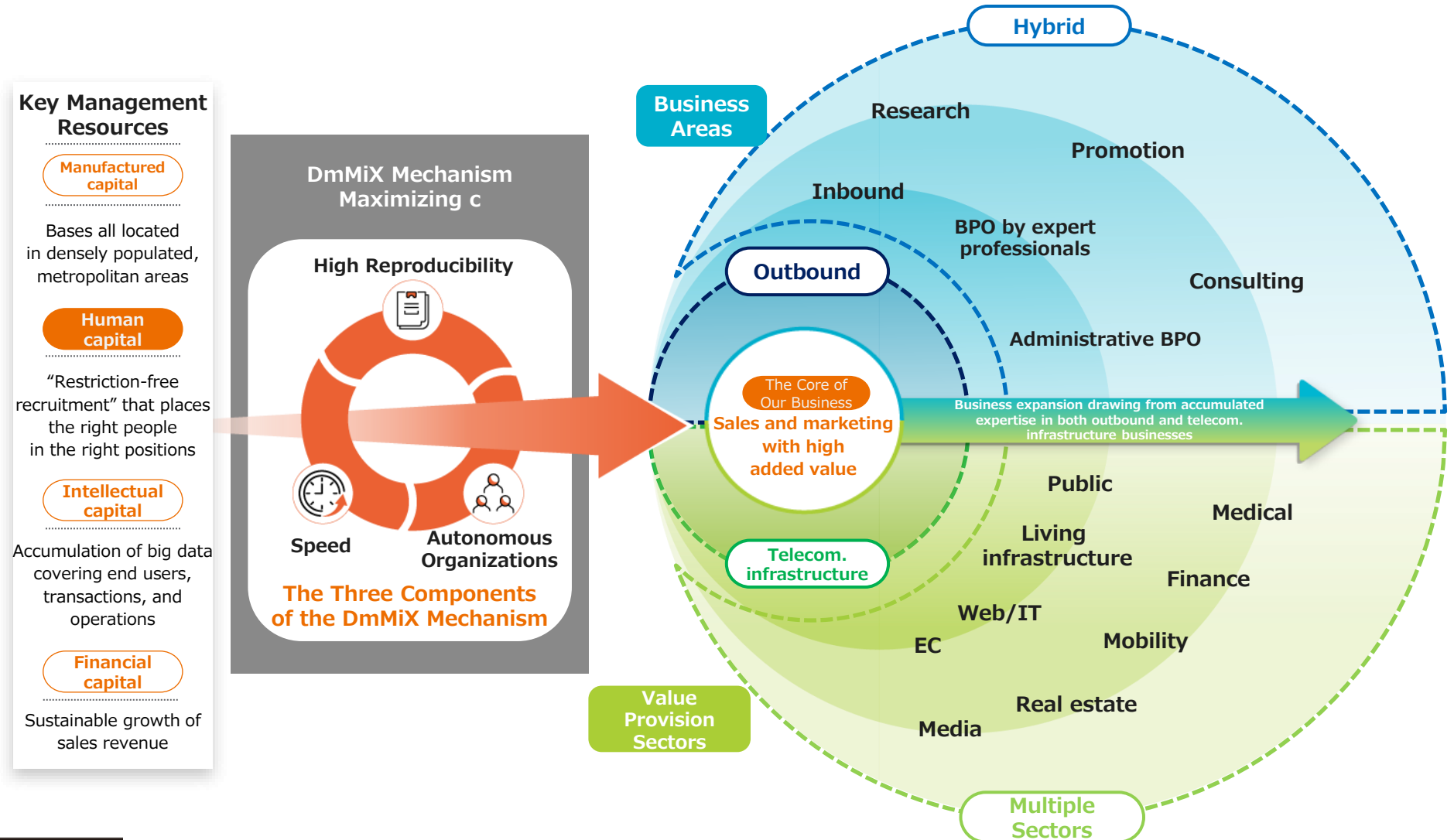


▼ After switching to DmMiX



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



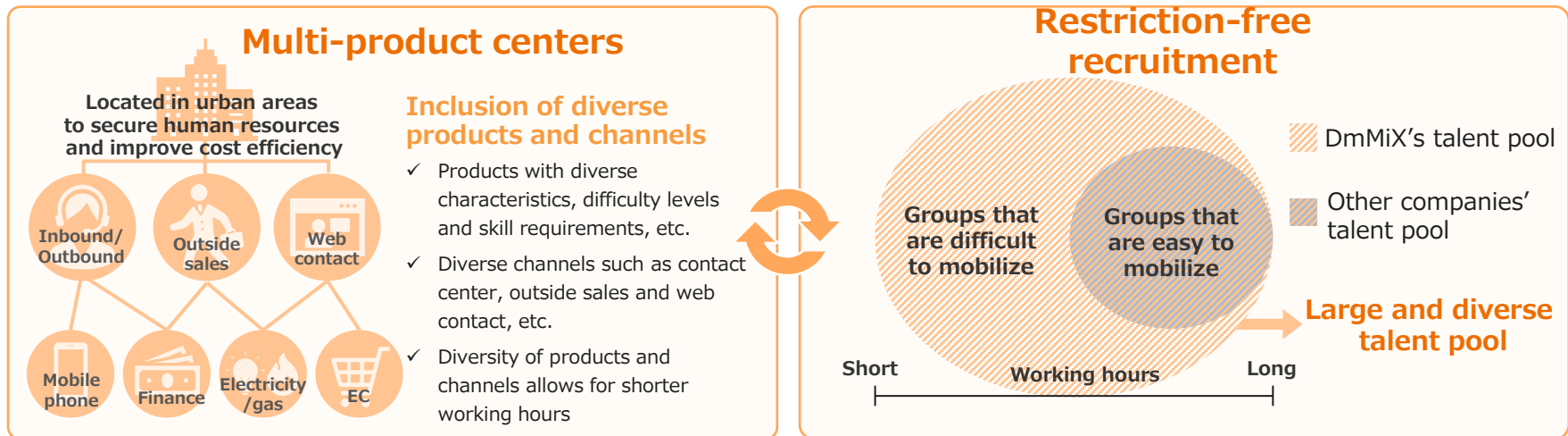
DmMiX's Core Competence for Sustainable Growth



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

- All sites are located in urban areas with high concentration of human resources. We provide opportunities for all types of human resources as a "Multi-product centers"
- Thoroughly implement "Restriction-free recruitment," including those with short working hours who are difficult to make into a workforce, and secure ample human resources
- Create high productivity and scalability, a source of our competitiveness

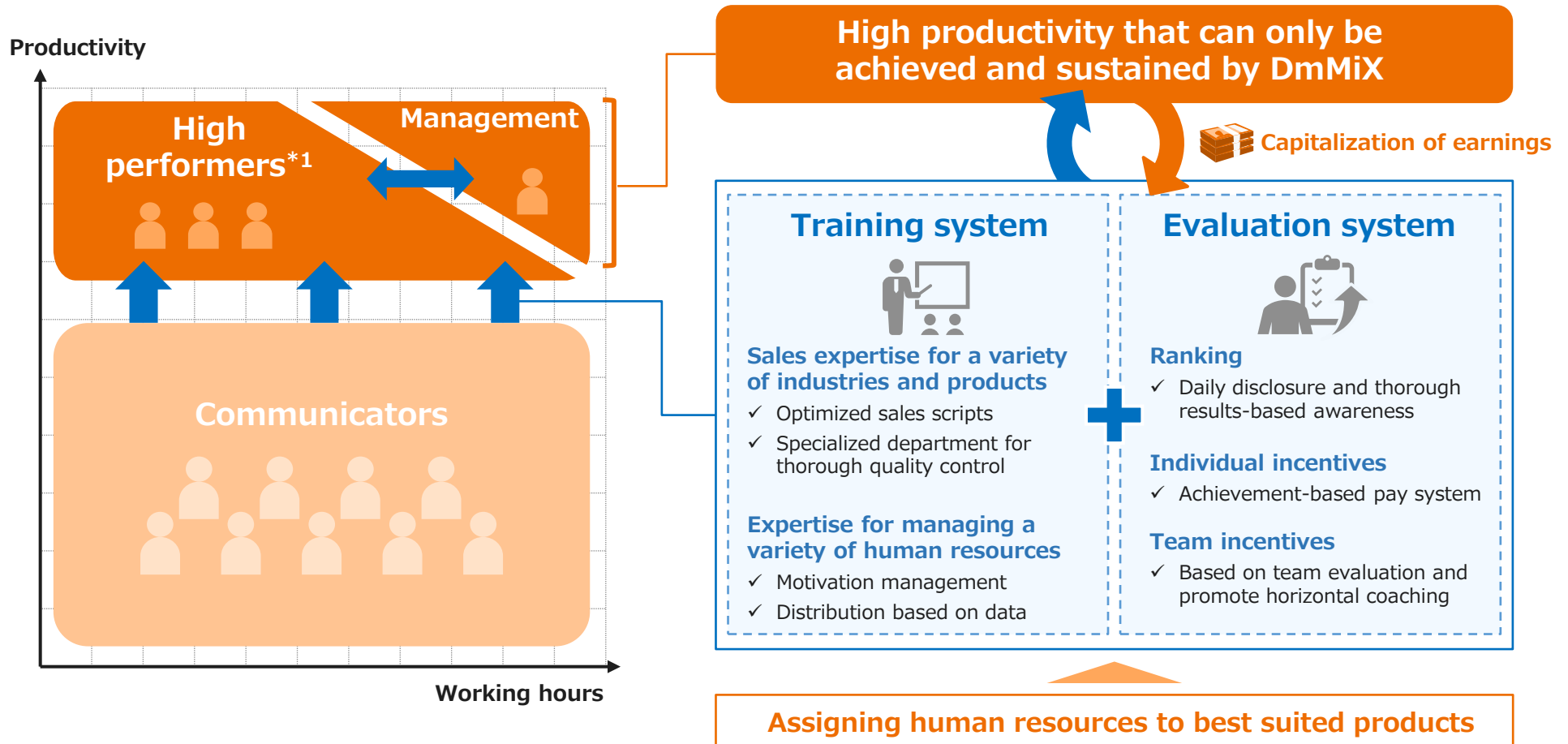
"Multi-product centers" and "Restriction-free recruitment"



2. Mechanism for developing Highly Productive Human Resources

- Our unique training and evaluation systems enable us to develop all employees into highly productive human resources. Virtuous cycle of high profitability and high incentives
- Flexible career choices are also available by offering work styles best suited according to aptitudes, values and life stages, regardless of the number of hours worked

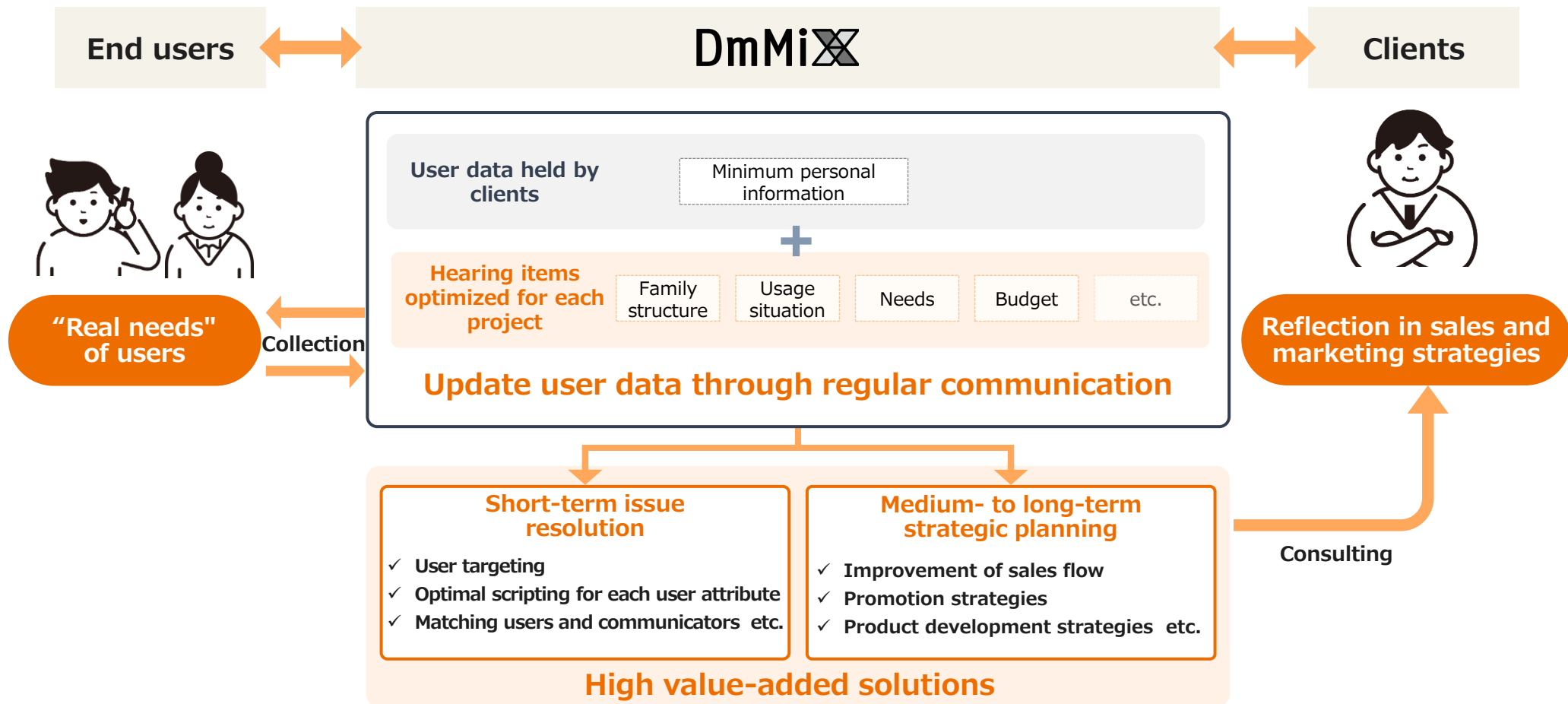
Unique training and evaluation systems that continues to develop highly productive human resources



3. High added Value generated by accumulating User Data

- DmMiX knows users better than clients by accumulating and updating the user database
- Gathering "real needs" of users to create high added value in both short-term issue resolution and medium- to long-term strategic planning

High added value



"High Performance" and "Flexible Support" generated from Core Competence

- Continuing to be an indispensable presence for our clients with "high performance" and "flexible support" generated from our core competence

High performance

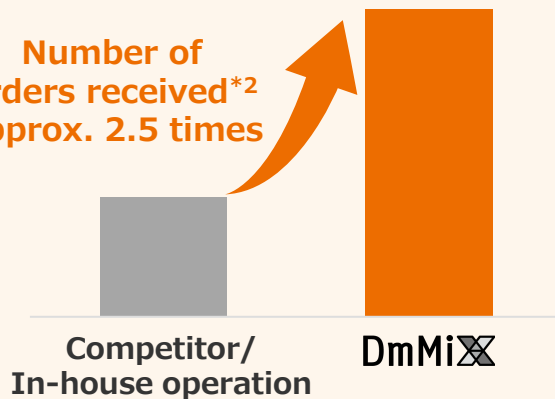
Productivity

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

Scalability

Promote lateral deployment and structuring of best practices

Number of orders received*2
Approx. 2.5 times



Flexible support

Speedy

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

Adaptability

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

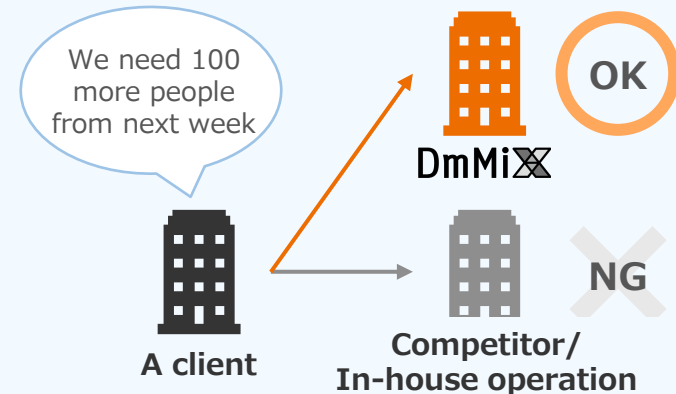


Table of contents

1	DmMiX's Business Model and Core Competence	2
2	Financial Results (FY12/2023)	12
3	Forecast for FY12/2024 and Medium- to Long-term Growth Strategy	21
	Appendix	33

Explanation of the Revisions to the Full-Year Earnings Forecast and Dividend

(¥ mm)	Nov. 14, 2023 Forecast	Feb. 9, 2024 Forecast		Main factors of increase/decrease
			Amount of change (rate of change)	
Sales revenue	27,500	26,850	(650) (-2.4%)	• Payment of settlement money* ¹ (processed as sales cancellations for accounting purposes)
Operating profit	2,000	1,220	(780) (-39.0%)	Same as above
Profit before tax	1,970	1,180	(790) (-40.1%)	Same as above
Profit attributable to owners of parent	1,290	310	(980) (-76.0%)	• Put off reporting of deferred tax assets as a result of sales cancellations and other factors
Dividends per share	6 yen	3 yen	-3 yen (-50.0%)	• Revised downward in conjunction with the revision of the earnings forecast

*1 With regard to the inappropriate acts relating to billing that were discovered at a consolidated subsidiary of the Company (referred to as the "Incident"), the subsidiary is currently conducting discussions with the client that was the subject of the conduct examined in the investigation report relating to the Incident and its parent company with the objective of achieving an early resolution under a policy of paying settlement money. If agreement can be reached through those discussions, we plan to conclude the discussions with the client involved in the Incident, and since the settlement money will be treated as a payment to the client, it recognized as an obligation in the form of a deduction from sales revenue.

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

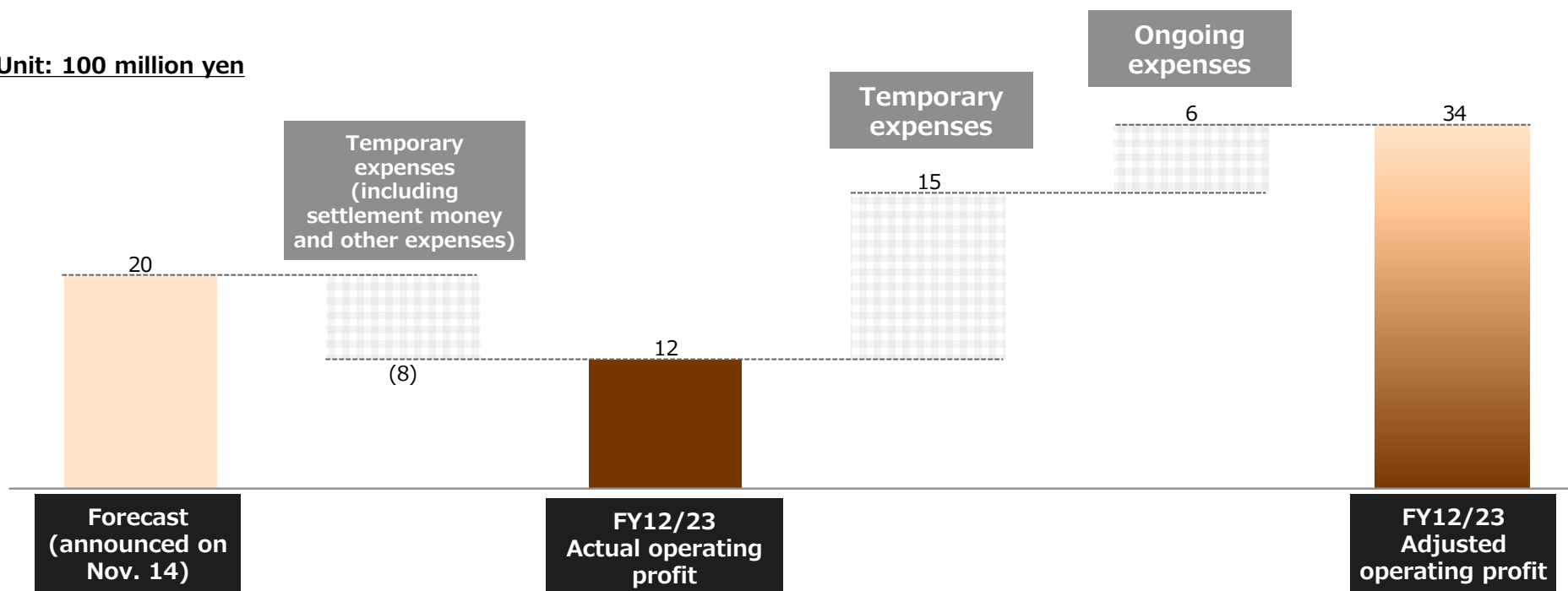
Summary of Full-year Earnings for FY12/2023

- Sales revenue: Down 7.8 billion yen YoY due to a decline in COVID-19 related business, sluggishness in the telecom. infrastructure sector, and payment of the settlement money
- Operating profit: Down 4.6 billion yen YoY due to the decrease in sales revenue, reporting of investigation costs, and other factors

(¥ mm)	2022/12	2023/12			
	Full year	Full year			
	Results	Results	YoY change (%)	Forecast (revised on Feb. 9)	Compared to forecast (change)
Sales revenue	34,674	26,851	(7,822) (-22.6%)	26,850	+1 (+0.0%)
Operating profit	5,771	1,220	(4,550) (-78.9%)	1,220	+0 (+0.0%)
Profit attributable to owners of parent	3,803	310	(3,493) (-91.8%)	310	+0 (+0.0%)
EBITDA ^{*1}	7,234	2,838	(4,396) (-60.8%)	2,838	+0 (+0.0%)

Difference between Earnings Forecast Announced on Nov. 14 and Actual Operating Profit

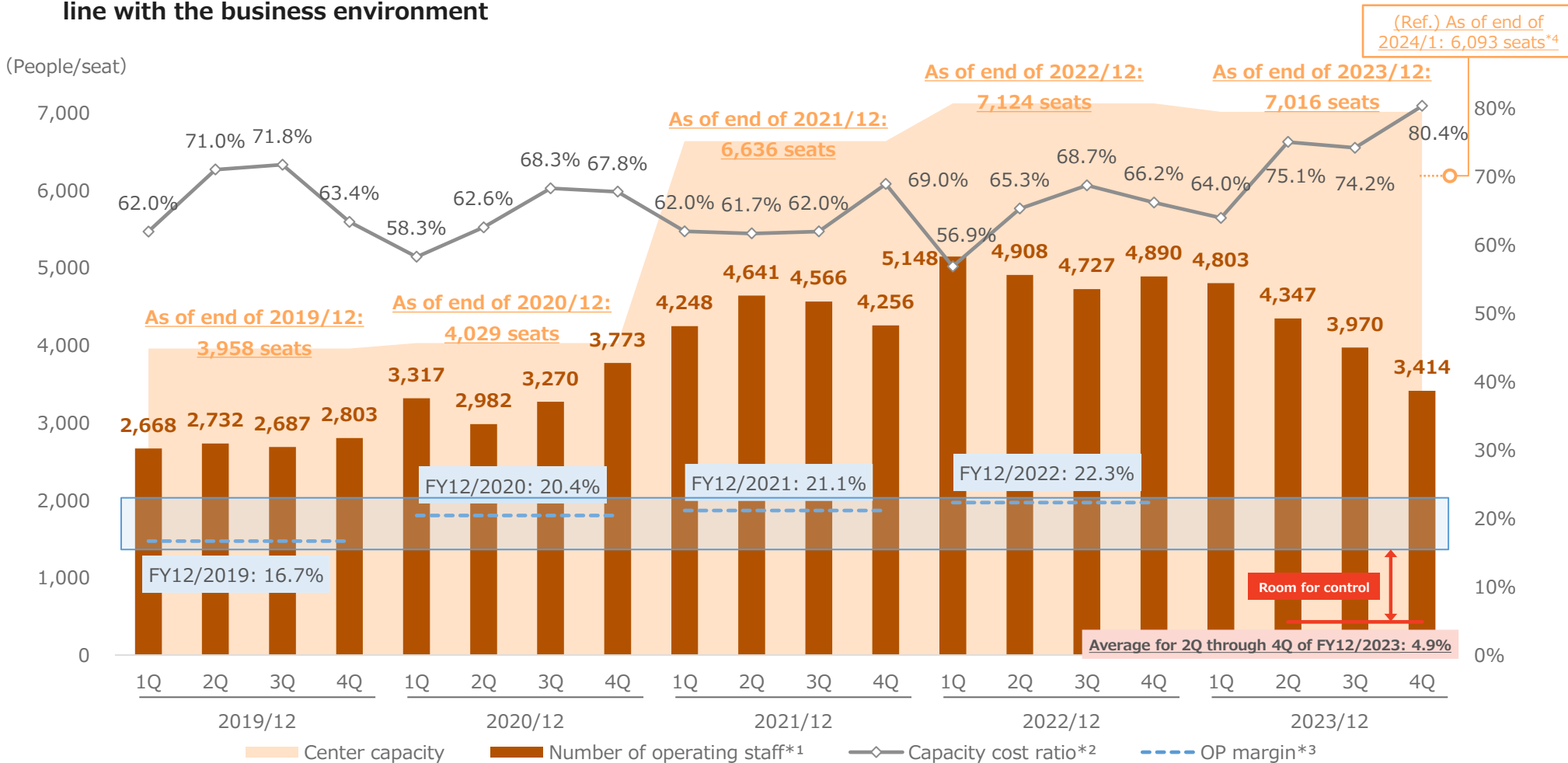
Unit: 100 million yen



Category	Extraordinary costs in FY12/2023		Future Outlook
Temporary expenses	Investigation-related costs ^{*1}	<ul style="list-style-type: none"> Approx. 1.5 billion yen 	<ul style="list-style-type: none"> Limited to FY12/2023
Ongoing expenses	Increase in fixed cost ratio (excess capacity portion)	<ul style="list-style-type: none"> Approx. 600 million yen 	<ul style="list-style-type: none"> To prepare for business expansion over the medium term, we plan to conduct flexible control in line with changes in the business environment under a policy of maintaining a certain scope of excess capacity

Changes in Capacity Cost Ratio

- The capacity cost ratio has increased in conjunction with declining sales revenue since the 2Q of FY12/2023, and recently, the operating profit rate has been at lower levels than in the past
- Flexible control is possible to certain degree regarding capacity costs, and accordingly, we plan to respond flexibly in line with the business environment



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

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

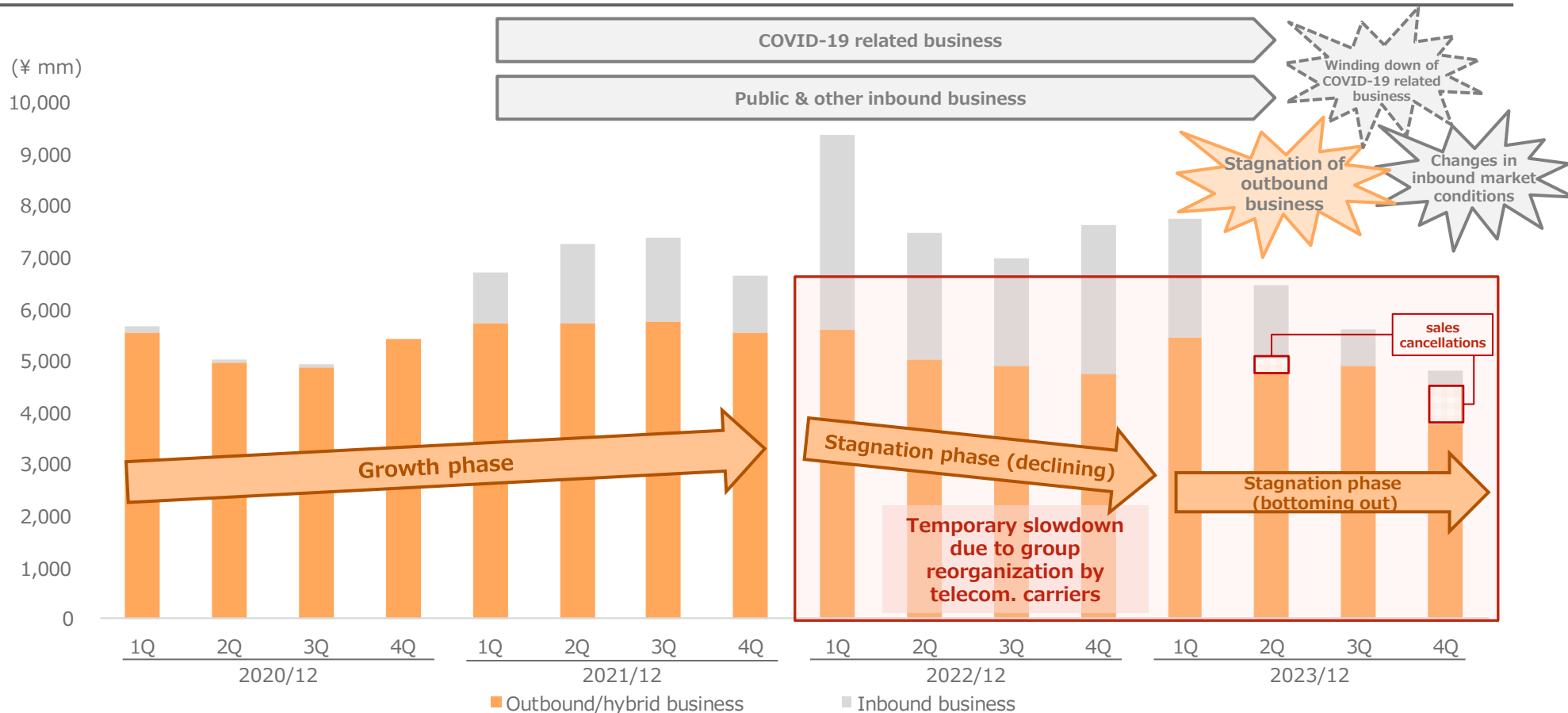
*3 Operating profit margin for marketing business

*4 Number of seats as of the end of January 2024, excluding those at sites set to liquidate at the same date

Order Trends in the Marketing Business

- In the outbound/hybrid business, despite an ongoing temporary stagnation phase resulting from group reorganization by telecom. carriers and other factors, demand is steady
- COVID-19 related businesses contracting in conjunction with subsiding of COVID-19
- Inbound business other than COVID-19 related business has been affected by the market entry of a number of competitors in the active COVID-19 related business market and the profitability of the inbound business has deteriorated throughout the market, and consequently, the Company, which emphasizes profitability, is conducting business selection

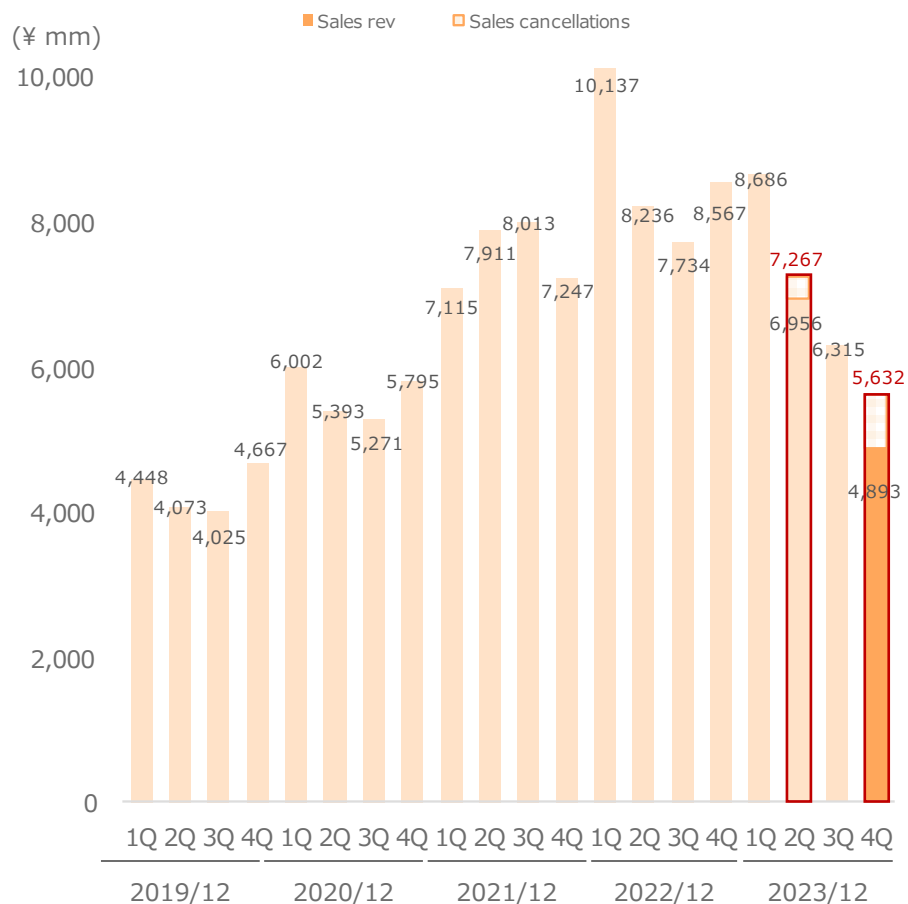
Changes in sales in the outbound/hybrid business and inbound business



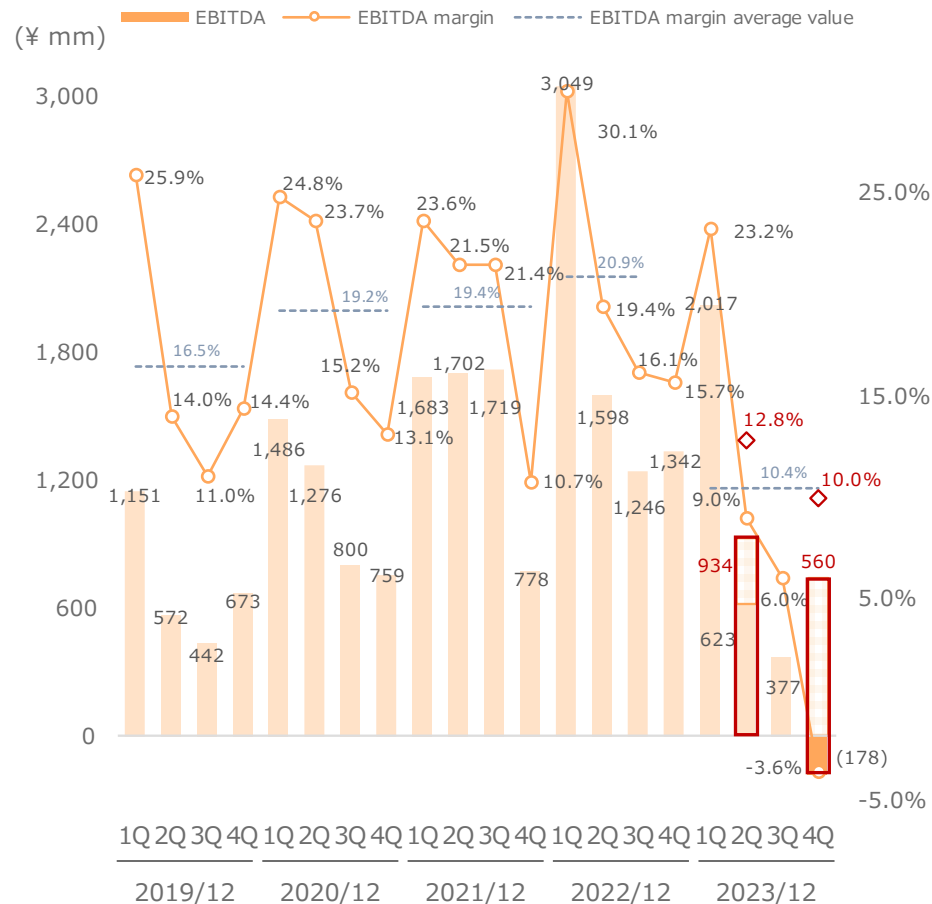
Quarterly Results

- Sales revenue: Down 3,674 million yen YoY (-42.9%), down 2,935 million yen YoY (-34.3%) with sales cancellations excluded
- EBITDA: Down 1,520 million yen YoY, down 781 million yen YoY (-58.2%) with sales cancellations excluded

Quarterly changes in consolidated sales revenue



Quarterly trends in EBITDA· EBITDA margin

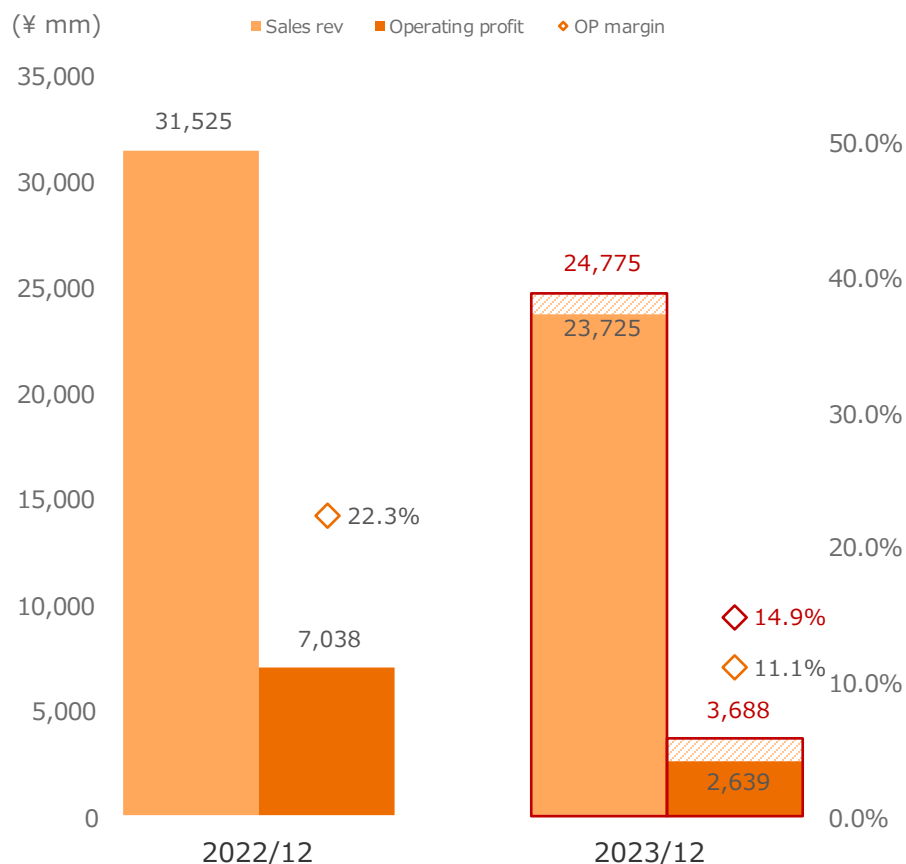


* EBITDA = operating profit + depreciation + amortization
 * Figures in red are figures with sales cancellations excluded

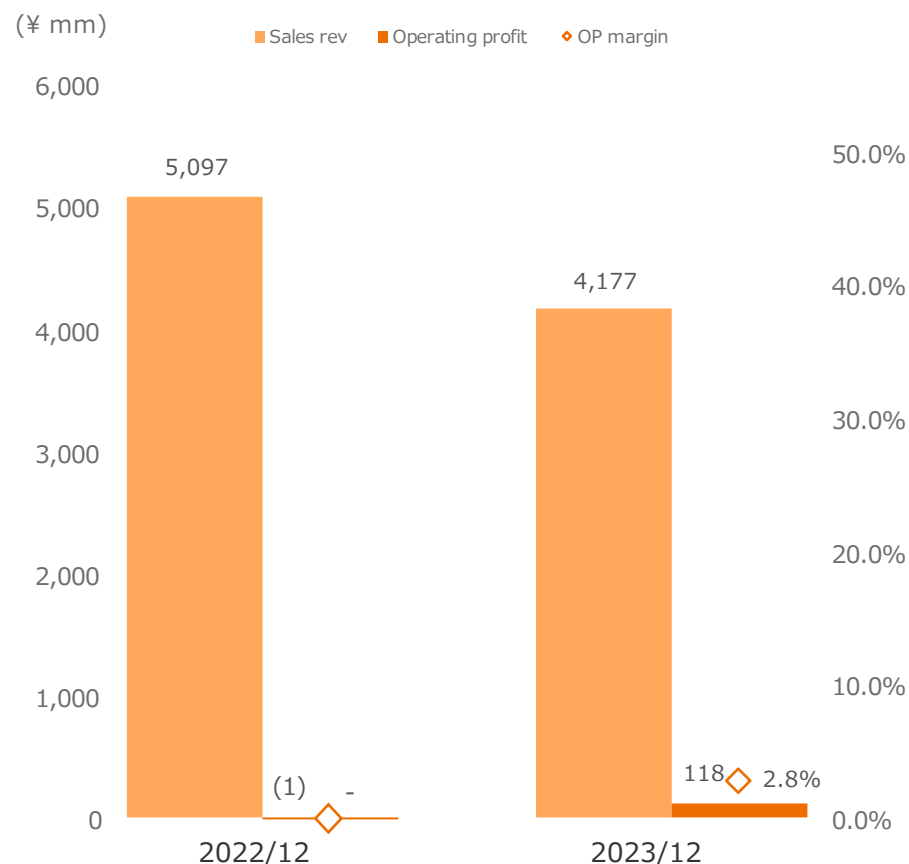
FY12/2023 Results per Segment

- **Marketing business:** Sales revenue was down 7,800 million yen YoY (-24.7%), and operating profit was down 4,399 million yen YoY (-62.5%). With sales cancellations excluded, sales revenue was down 6,750 million yen YoY (-21.4%), and operating profit was down 3,350 million yen YoY (-47.6%)
- **On-site business:** Sales revenue was down 920 million yen YoY (-18.1%), and operating profit was up 119 million yen YoY

Marketing business



On-site business



FY12/2023 B/S and C/F

- Although cash decreased due to effects from stock repurchases and the implementation of M&A and the business environment is challenging, free cash flows were positive. Going forward, we will continue our efforts to improve cash generating capacity and the soundness of finances while undertaking disciplined growth investment

Consolidated B/S

(¥ mm)	End of 2022/12	End of 2023/12	Change
Total assets	30,532	26,175	(4,357)
Current assets	13,083	8,381	(4,702)
Non-current assets	17,449	17,794	+345
Goodwill	10,984	11,391	+406
Total liabilities	14,947	13,090	(1,857)
Current liabilities	8,685	7,436	(1,249)
Non-current liabilities	6,262	5,654	(608)
Total equity	15,585	13,085	(2,500)
Total equity attributable to owners of parent	15,585	13,085	(2,500)
Total liabilities & equity	30,532	26,175	(4,357)

Consolidated C/F

(¥ mm)	2022/12 Full year	2023/12 Full year	Change
Operating cash flow	5,117	1,612	(3,505)
Investment cash flow	(769)	(1,234)	(465)
Financial cash flow	(1,807)	(3,527)	(1,720)
Free cash flow	4,348	378	(3,970)

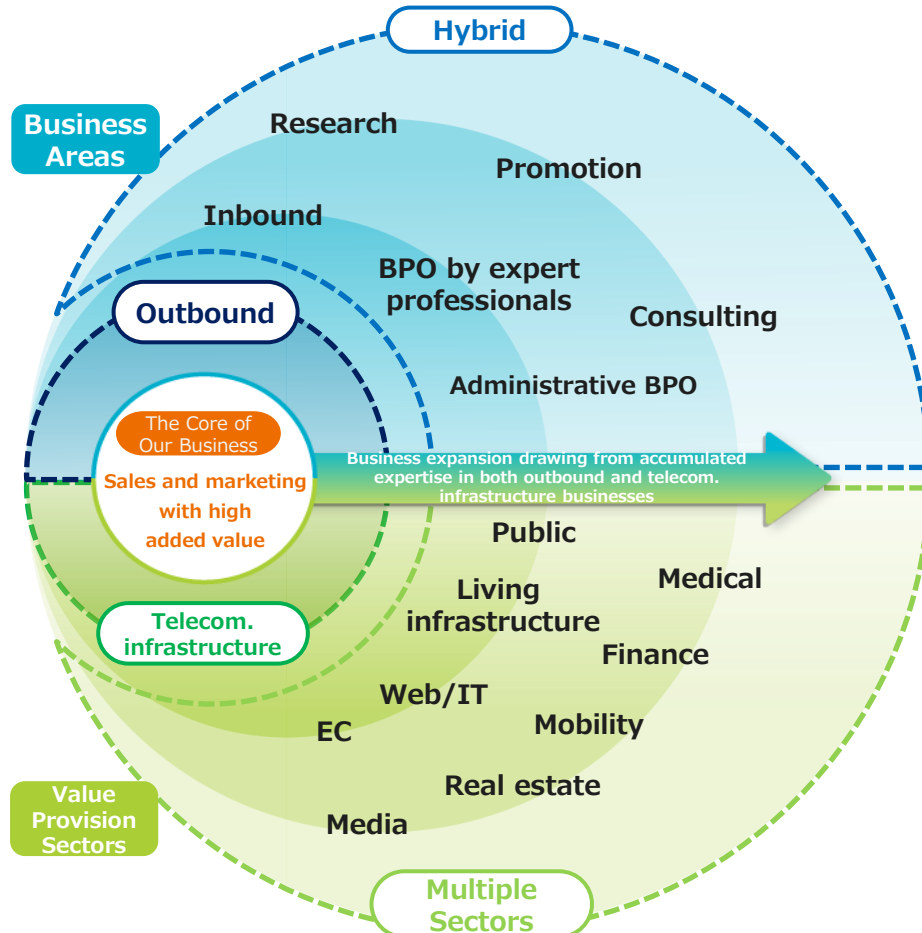
Table of contents

1	DmMiX's Business Model and Core Competence	2
2	Financial Results (FY12/2023)	12
3	Forecast for FY12/2024 and Medium- to Long-term Growth Strategy	21
	Appendix	33

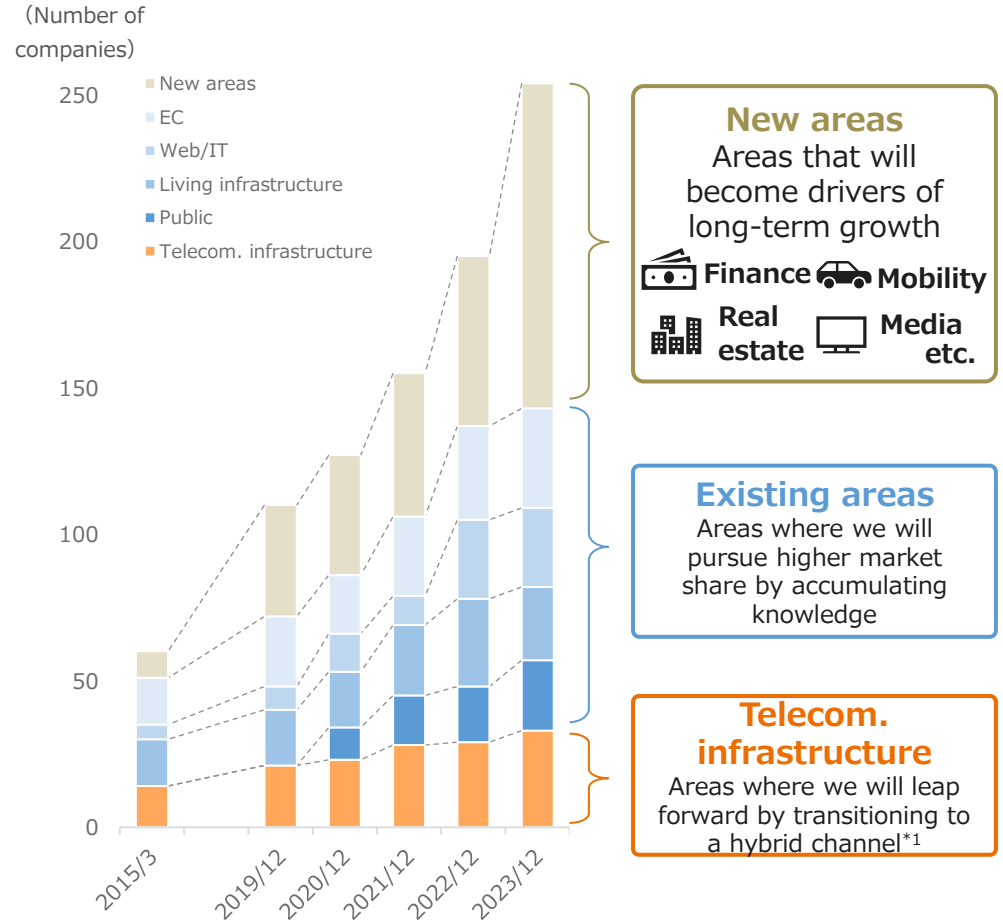
Overview of the Growth Strategy and Expansion of the Client Base

- 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

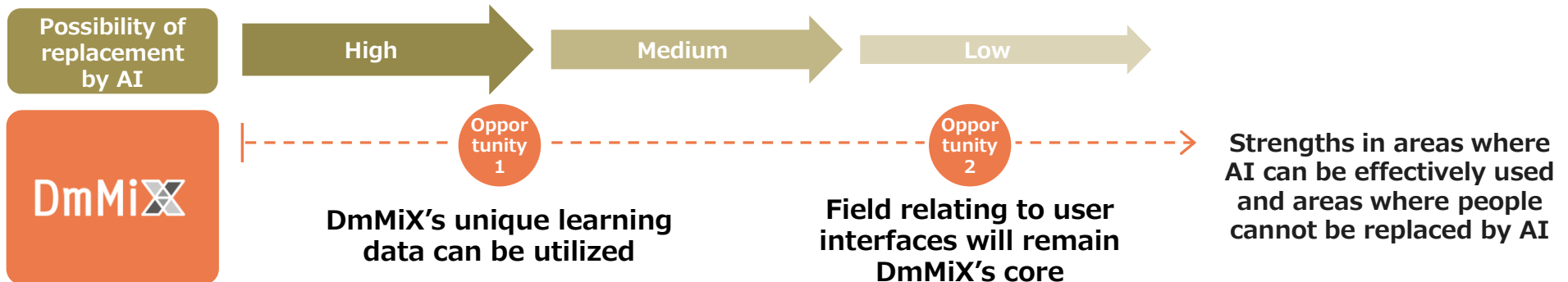
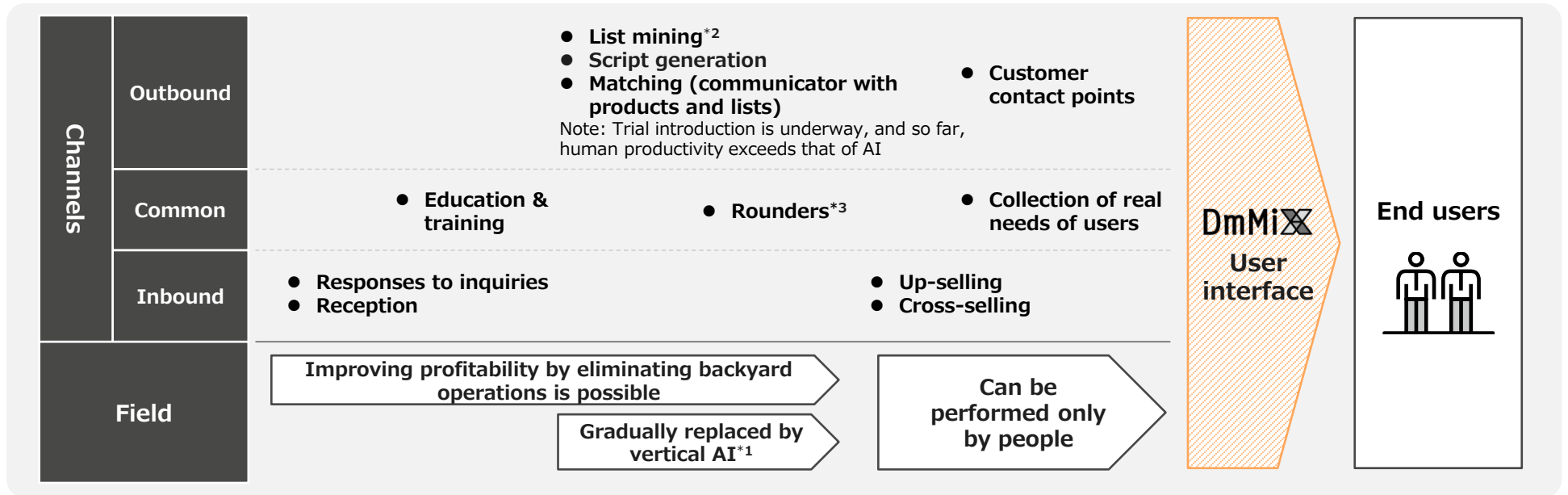


*1 A sales and support channel that integrates the real (brick-and-mortar stores) and online (web shops) including online customer service at stores and manned support for digital channels

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

Areas of the Power of People where DmMiX has Strengths

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



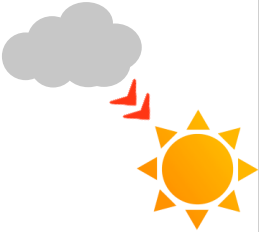





*1 AI for limited industries

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

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

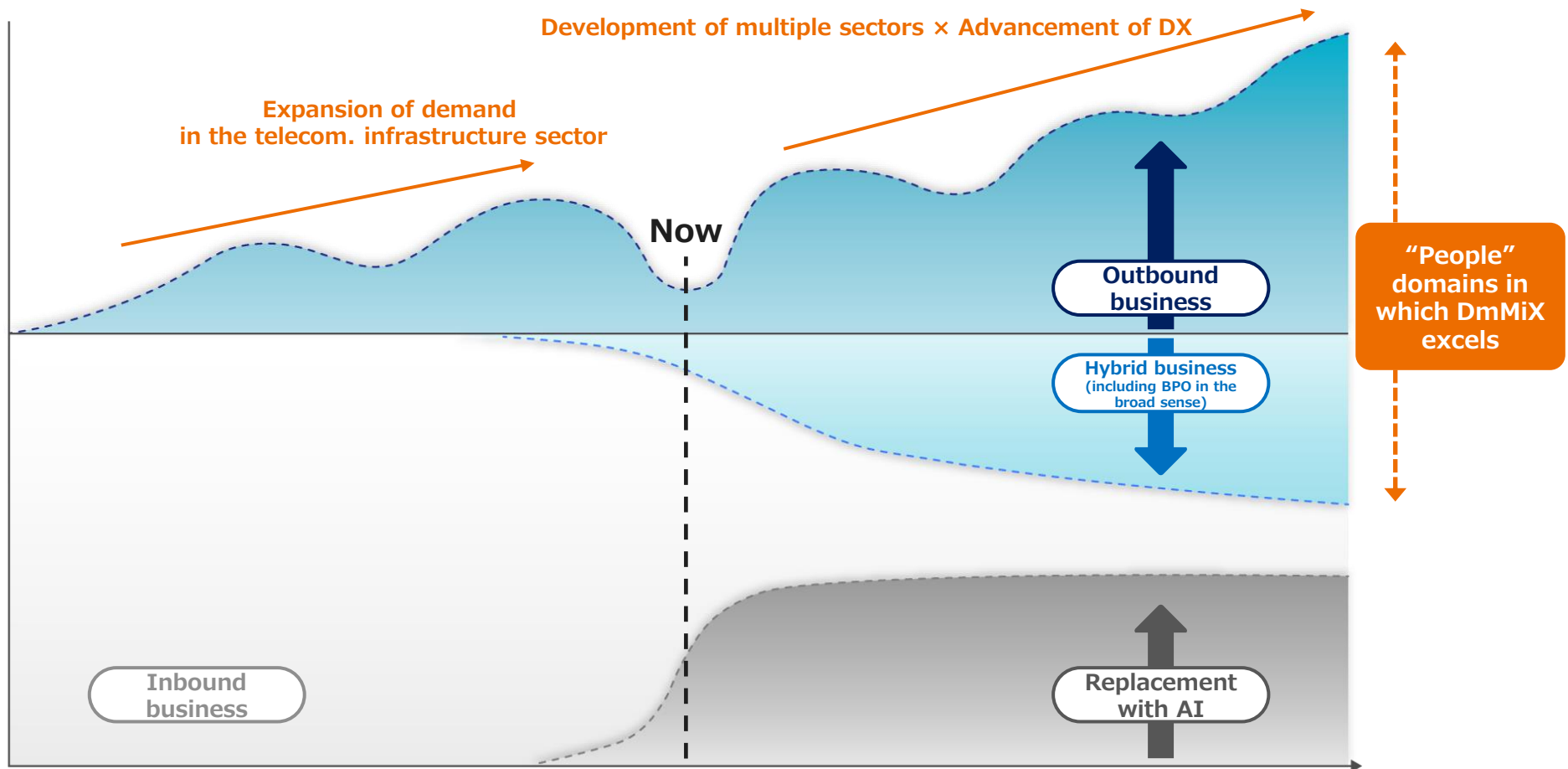
Recognition of the Business Environment in Each Area

	Profitability	Growth potential	Volatility	Other factors
Outbound			High	<ul style="list-style-type: none"> • 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			Low	<ul style="list-style-type: none"> • 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			Low	<ul style="list-style-type: none"> • Although business will persist, the adoption of AI is progressing

Areas in which DmMiX has superiority

Medium- to Long-term Growth Image (1)

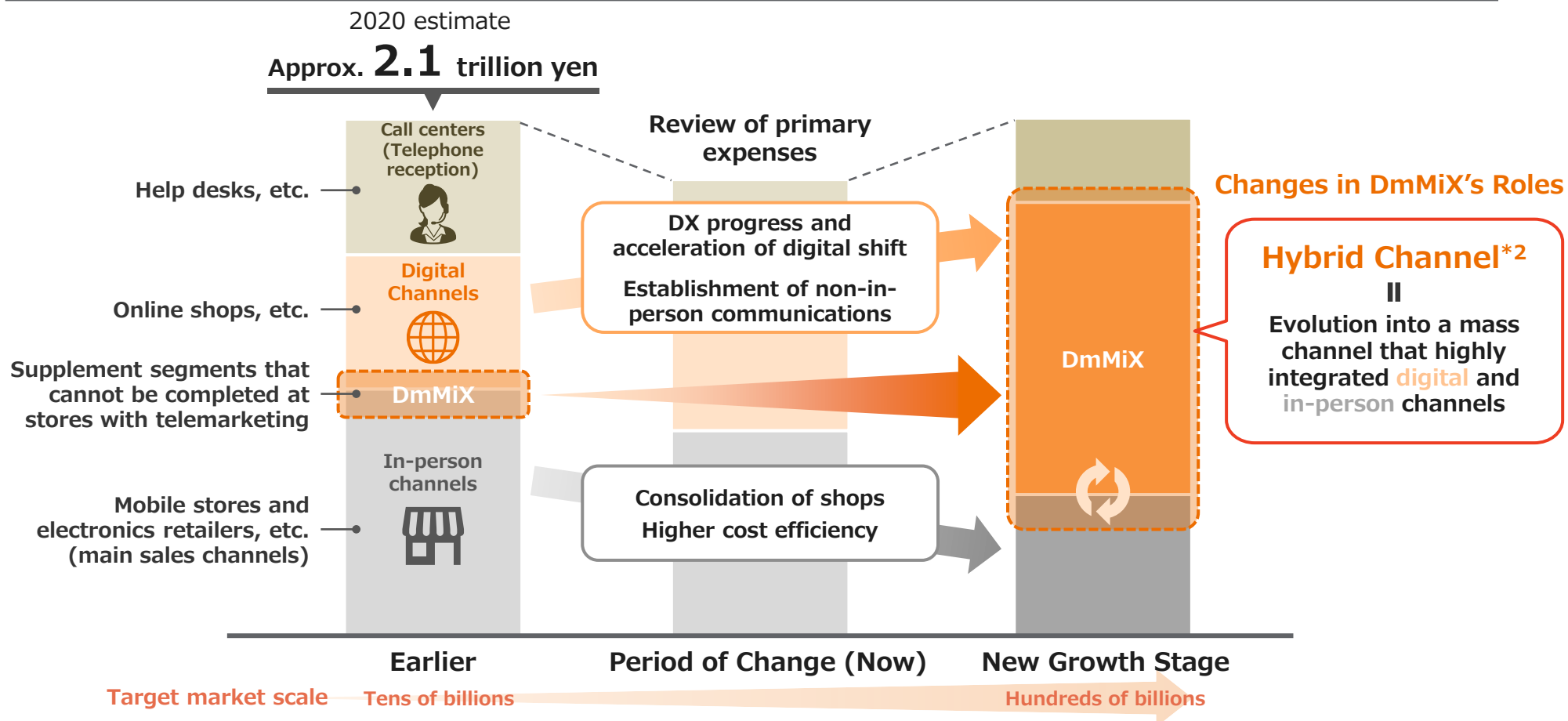
- In the outbound business, we will maintain growth by conducting business in multiple sectors not limited to the telecom. infrastructure sector
- In addition, in the hybrid business, which is expected to expand in conjunction with the advancement of DX and AI, we are actively moving forward, as this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



Medium- to Long-term Growth Image (2)

- As consolidation of shops progresses, the digital shift will accelerate due to progression of DX
- Although higher cost efficiency for clients will precede in the short term, we will enter a new growth stage centered on digital channels in the medium- to long-term
- The period of social change will remain a business opportunity for the Company. Our strengths are touch points that connect newly-developed products and services with end users

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



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

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

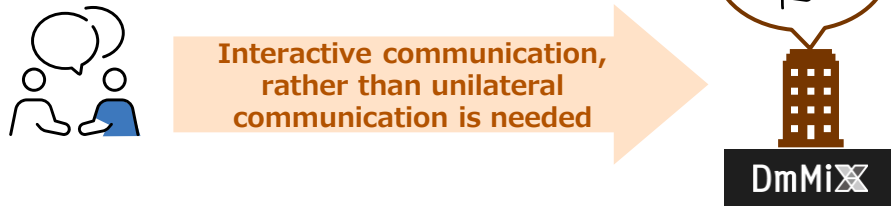
Medium- to Long-term Growth Image (3)

- 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, automobile dealers, Financial institution service help desks

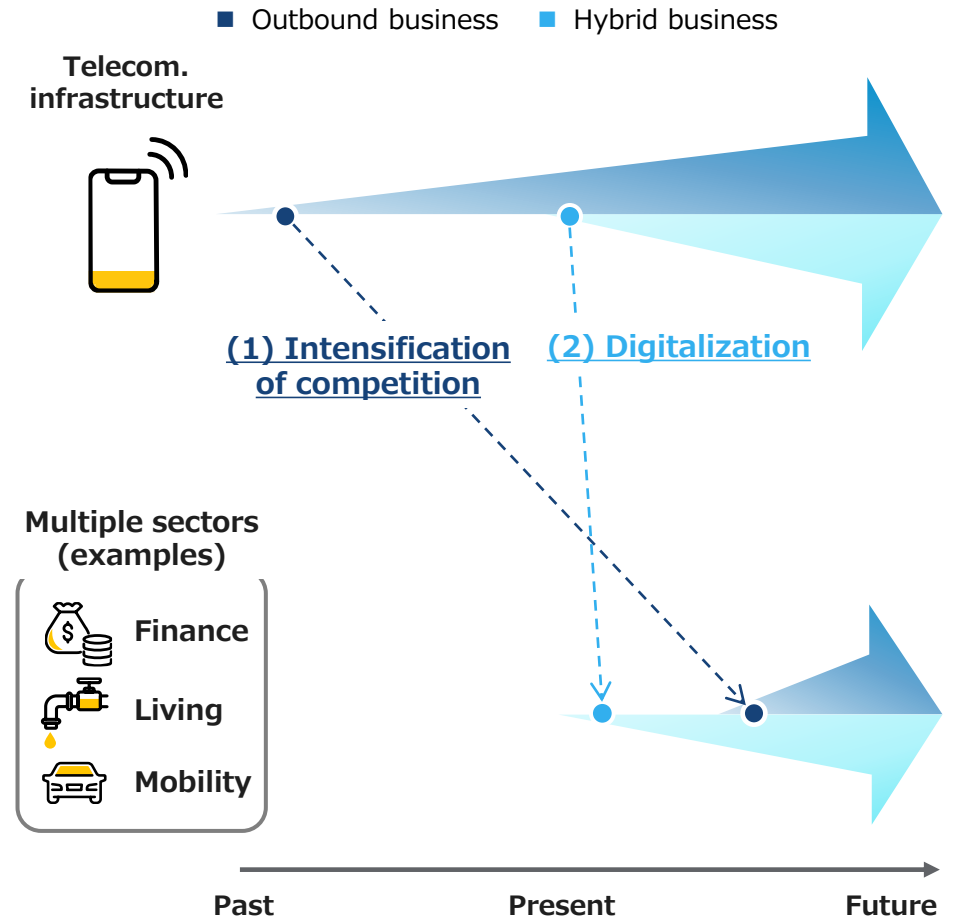


Social implementation of online services

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



Opportunities for market expansion



Full-year Earnings Forecast for FY12/2024

(¥ mm)	2023/12	2024/12	
	Results	Forecast	Compared to FY12/2023
Sales revenue	26,851	21,000	-21.8%
Operating profit	1,220	1,000	-18.1%
Profit before tax	1,180	1,000	-15.2%
Net income ^{*1}	310	655	+111.1%
EBITDA ^{*2}	2,838	2,451	-13.7%

Main Background to Forecast for FY12/2024

Sales revenue

- ✓ End of COVID-19 related business
- ✓ Market changes in the inbound business
- ✓ The timing of re-growth of the outbound business requires ongoing monitoring

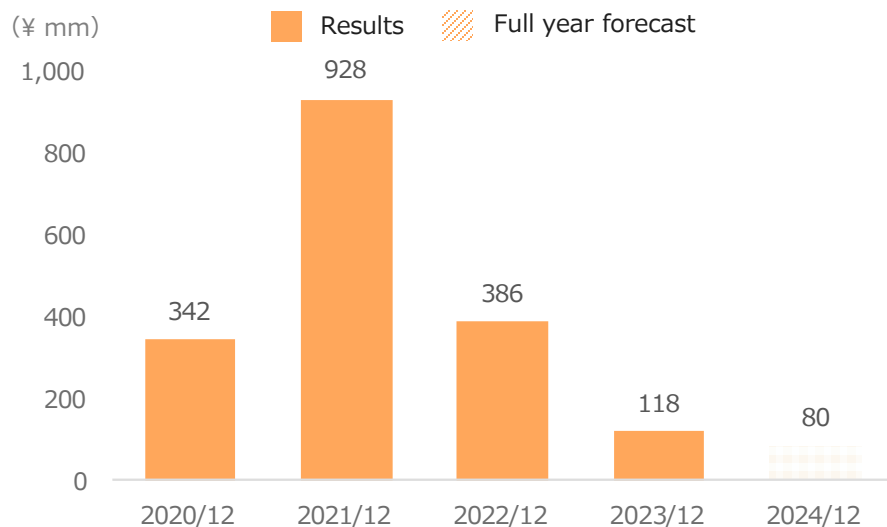
Operating profit Profit before tax Net income EBITDA

- ✓ Temporary decline in the contribution margin ratio
 - Changes in the mix of projects due to active promotion of hybrid business. Over the mid-term, we plan to resolve this by increasing the profit rate in the hybrid business
- ✓ Temporary increase in fixed expenses ratio
 - Decline in site and human resource operating rates
 - Investment to reinforce sales in order to acquire hybrid business
 - Investment for further reinforcement of compliance

Investment Plan and Progress

Capital investment

- Capital investment for FY12/2023 was more limited than initially anticipated
- In FY12/2024, limited capital investment, primarily to replace existing equipment

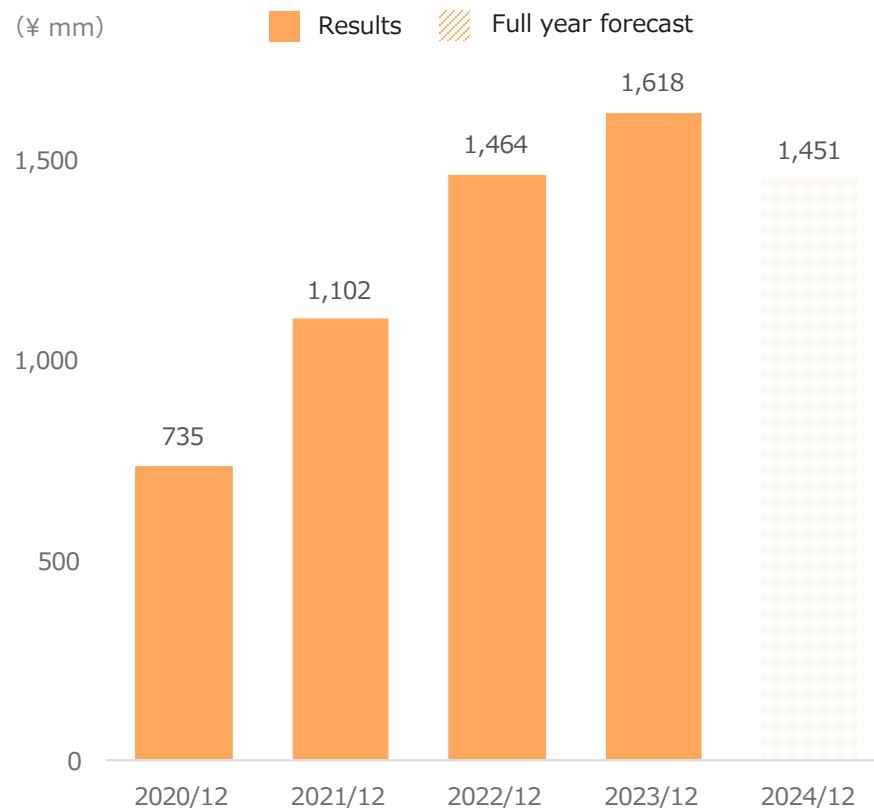


Major capital investment breakdown

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

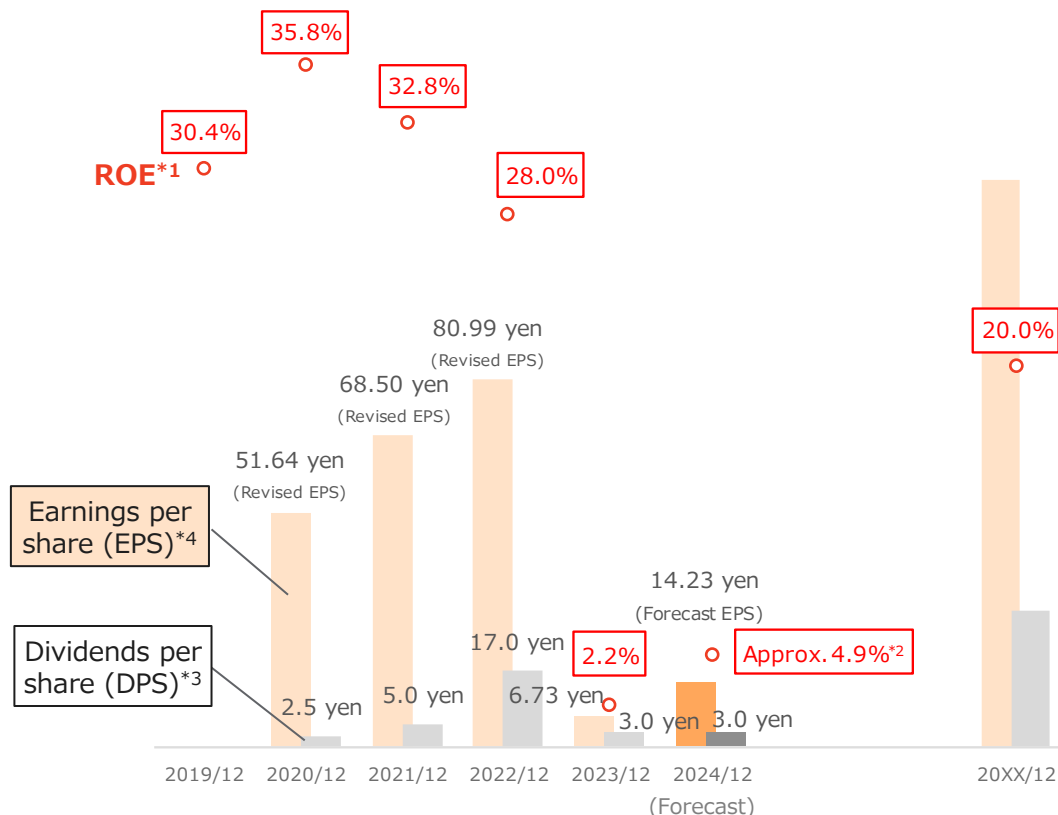
Depreciation & Amortization

- The increase in depreciation in conjunction with large scale capital investment in FY12/2021 has come to an end, and depreciation was slightly higher in FY12/2023 compared to FY12/2022, as planned



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 Based on the most recent forecast; actual figures may differ due to various factors in the future

*3 On January 1, 2022, the Company executed a two-for-one stock split of its common stock.

Earnings and dividends per share for the fiscal years ended December 31, 2020 and 2021 take into account the effects of the stock split

*4 Revised EPS is calculated using the number of shares at the end of FY12/2022 (excluding treasury shares), and forecast EPS is calculated using the average number of shares outstanding during FY12/2023 (excluding treasury shares)