

A Total Sales/Marketing Solution Provider for Maximizing Client Profitability

Direct Marketing MiX Inc.

Financial Results Briefing (FY12/2024)

February 14th, 2025



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

Summary of Full-year Earnings for FY12/2024

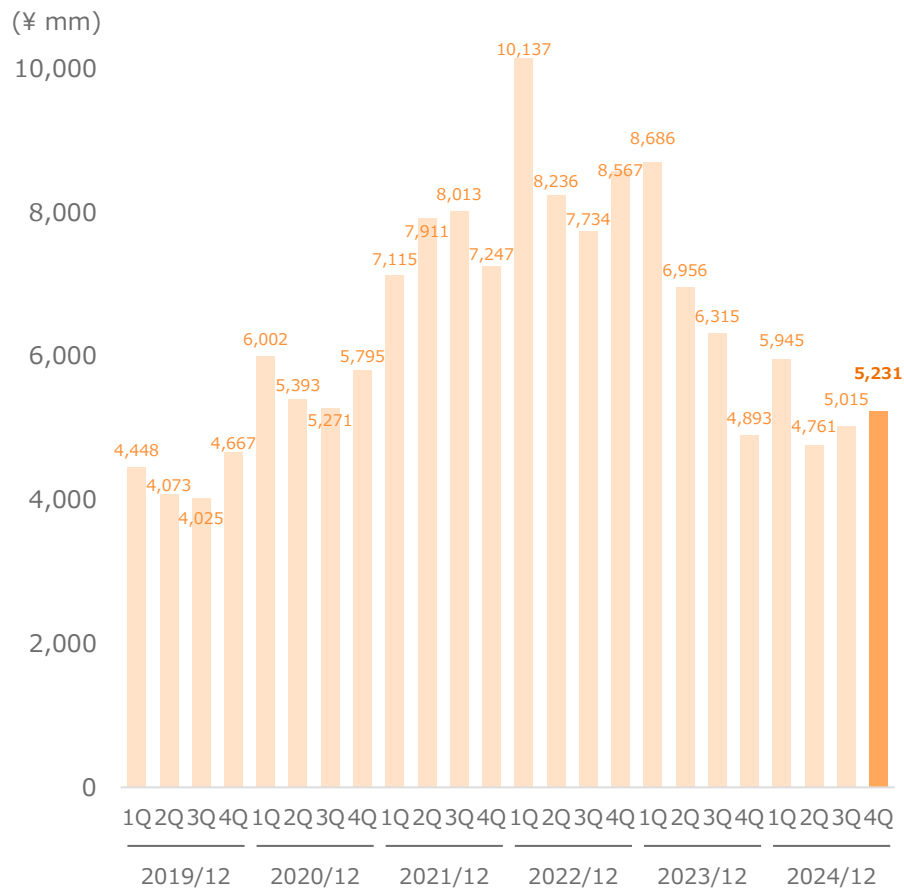
- Sales revenue: Declined approximately 5.9 billion yen YoY, mainly due to a significant contraction of inbound business in conjunction with the complete end of COVID-19 related projects, but bottomed out
- Operating profit: Increased despite revenue recognition timing differences for some projects and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

(¥ mm)	2023/12	2024/12			
	Full year	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%)

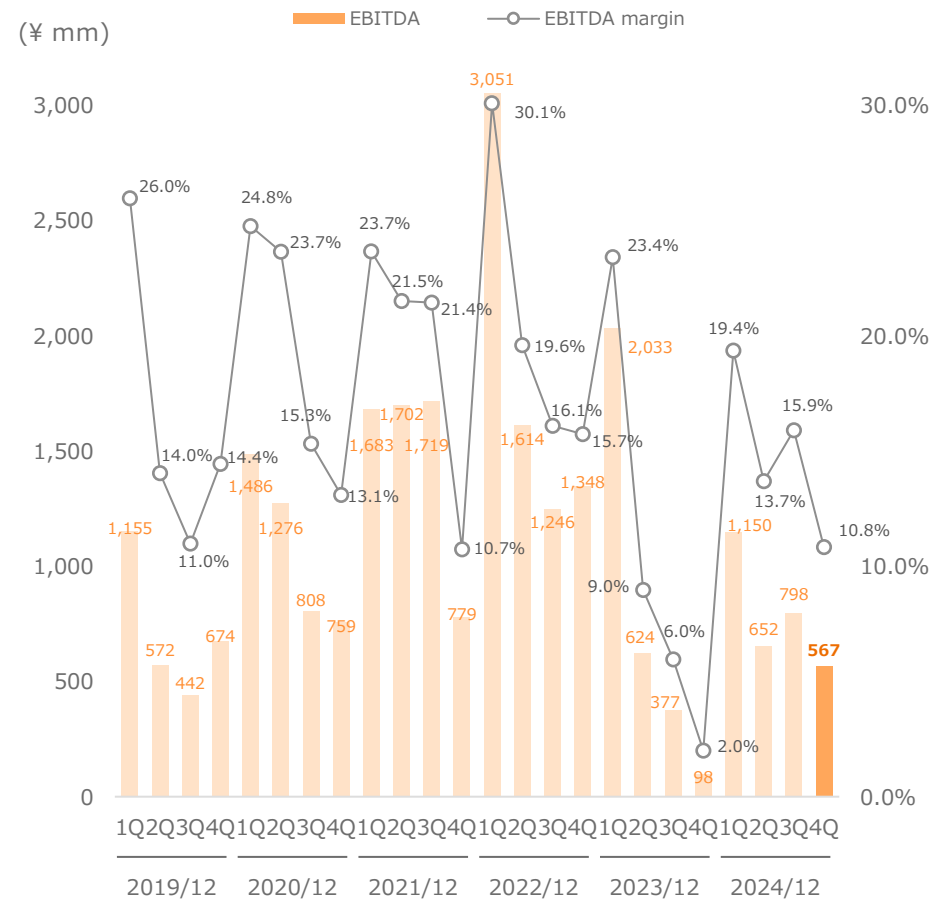
Quarterly Results

- 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

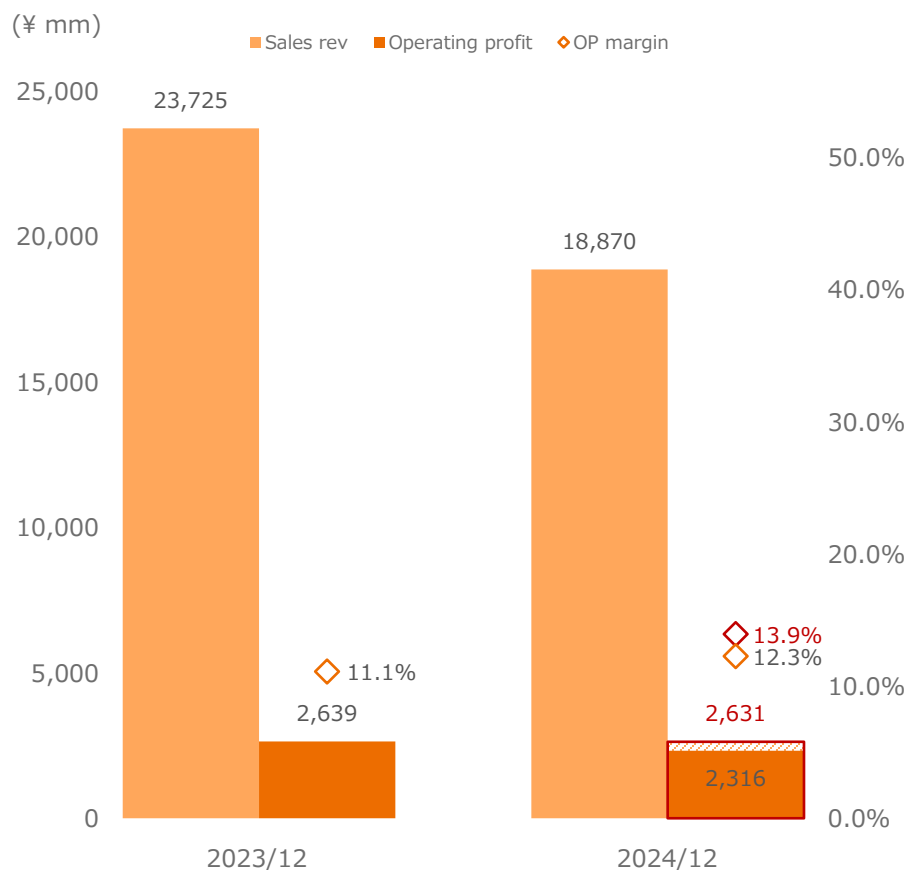


* EBITDA = operating profit + depreciation + amortization + impairment and disposal losses on fixed assets

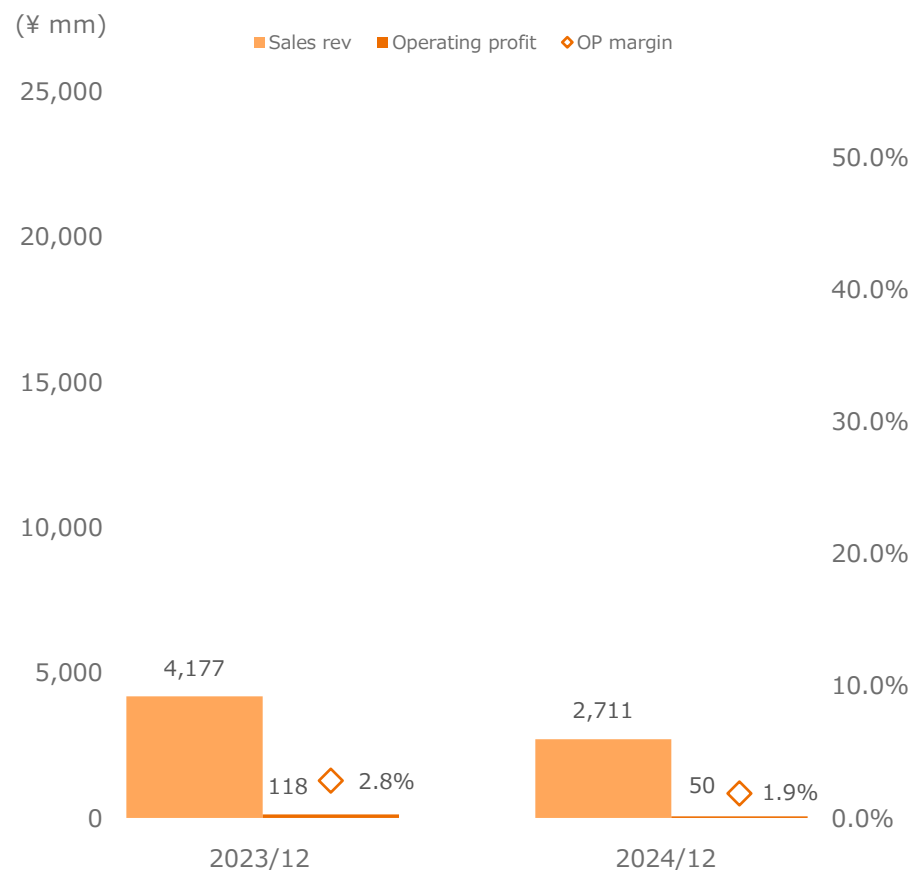
FY12/2024 Results per Segment

- **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



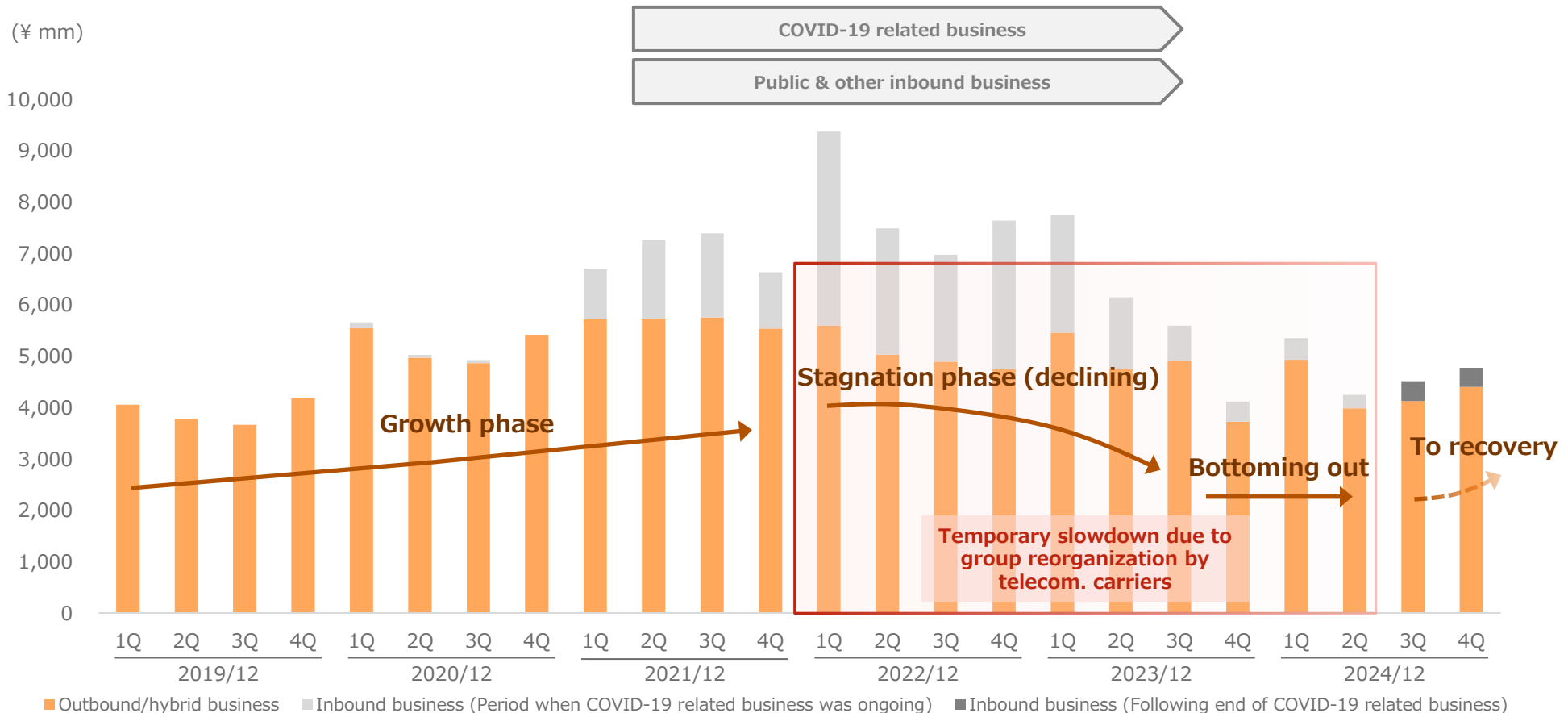
On-site business



Order Trends in the Marketing Business

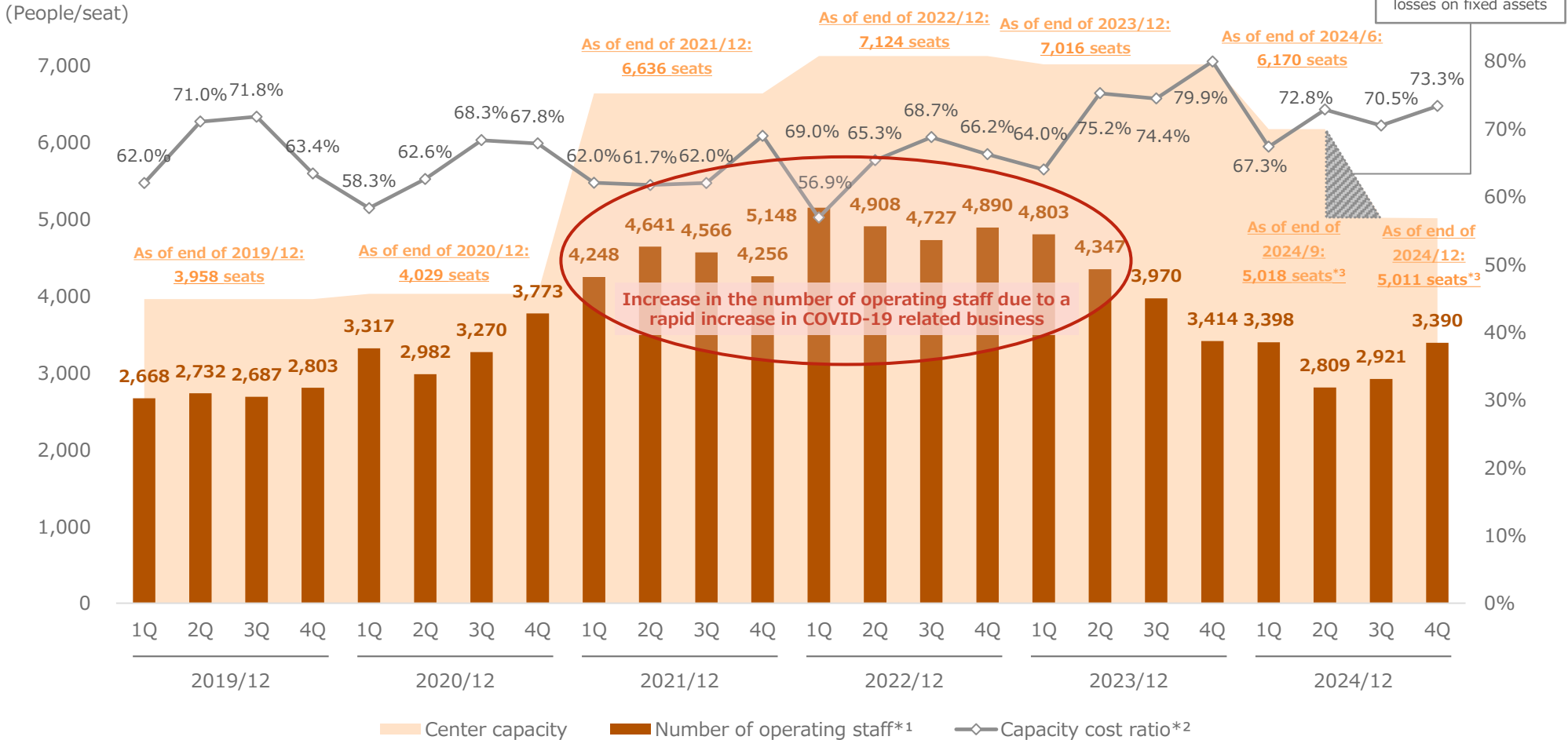
- In the outbound/hybrid business, the temporary stagnation phase resulting from group reorganization by telecom. carriers and other factors has bottomed out, and demand is recovering
- In inbound business, we will select businesses and focus only on highly-profitable operations

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



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

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

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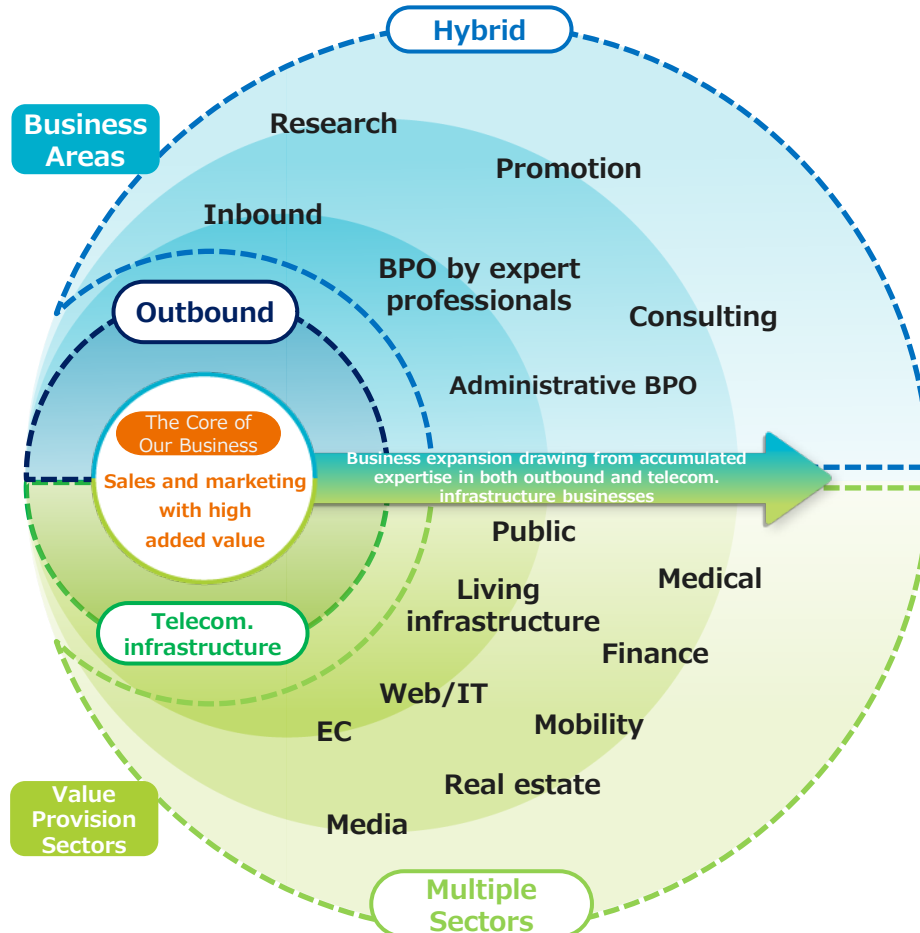
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Overview of the Growth Strategy and Expansion of the Client Base

- We will pursue expansion of business areas and sectors in which we provide value while putting sales and marketing with high value added at the core of our business
- 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

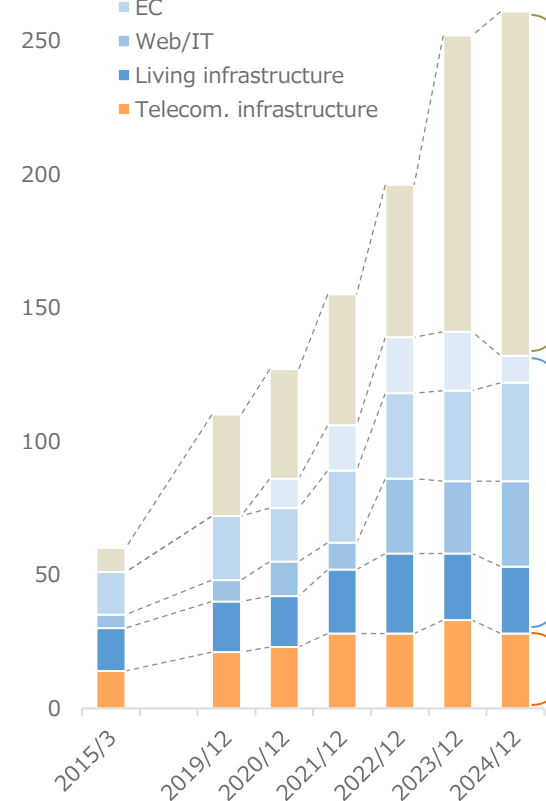
Overview of the Growth Strategy



Changes in the number of clients by industry*2

(Number of Companies)

- New areas
- Public
- EC
- Web/IT
- Living infrastructure
- Telecom. infrastructure



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

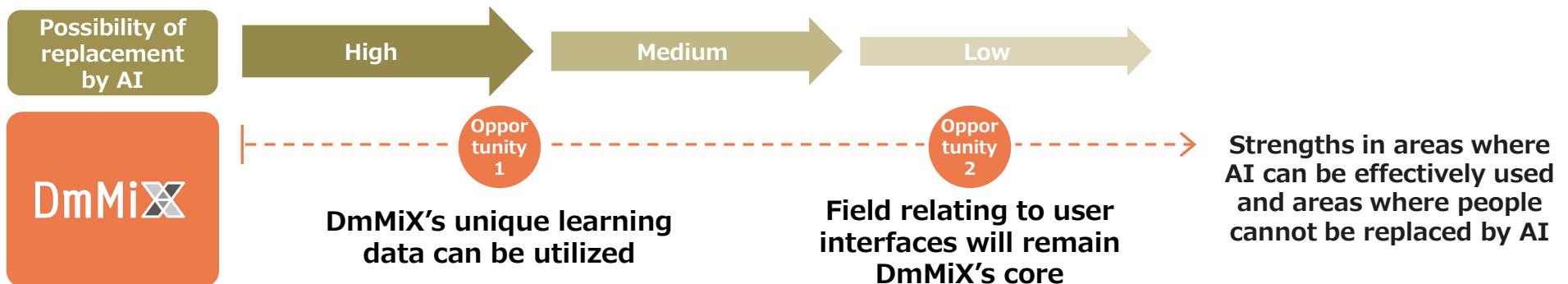
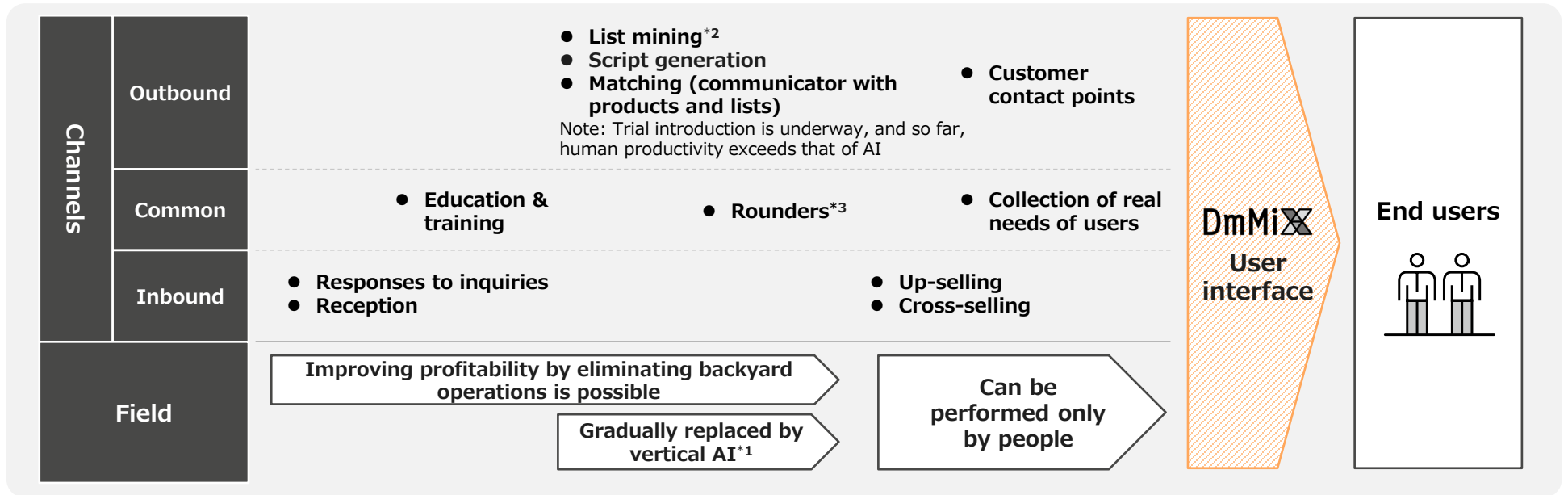
* The number of transacting companies decreased in conjunction with integration of trade flows by some clients

*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

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



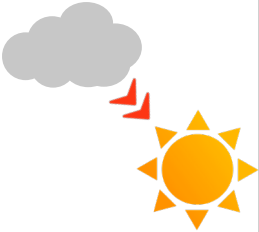





*1 AI for limited industries

*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

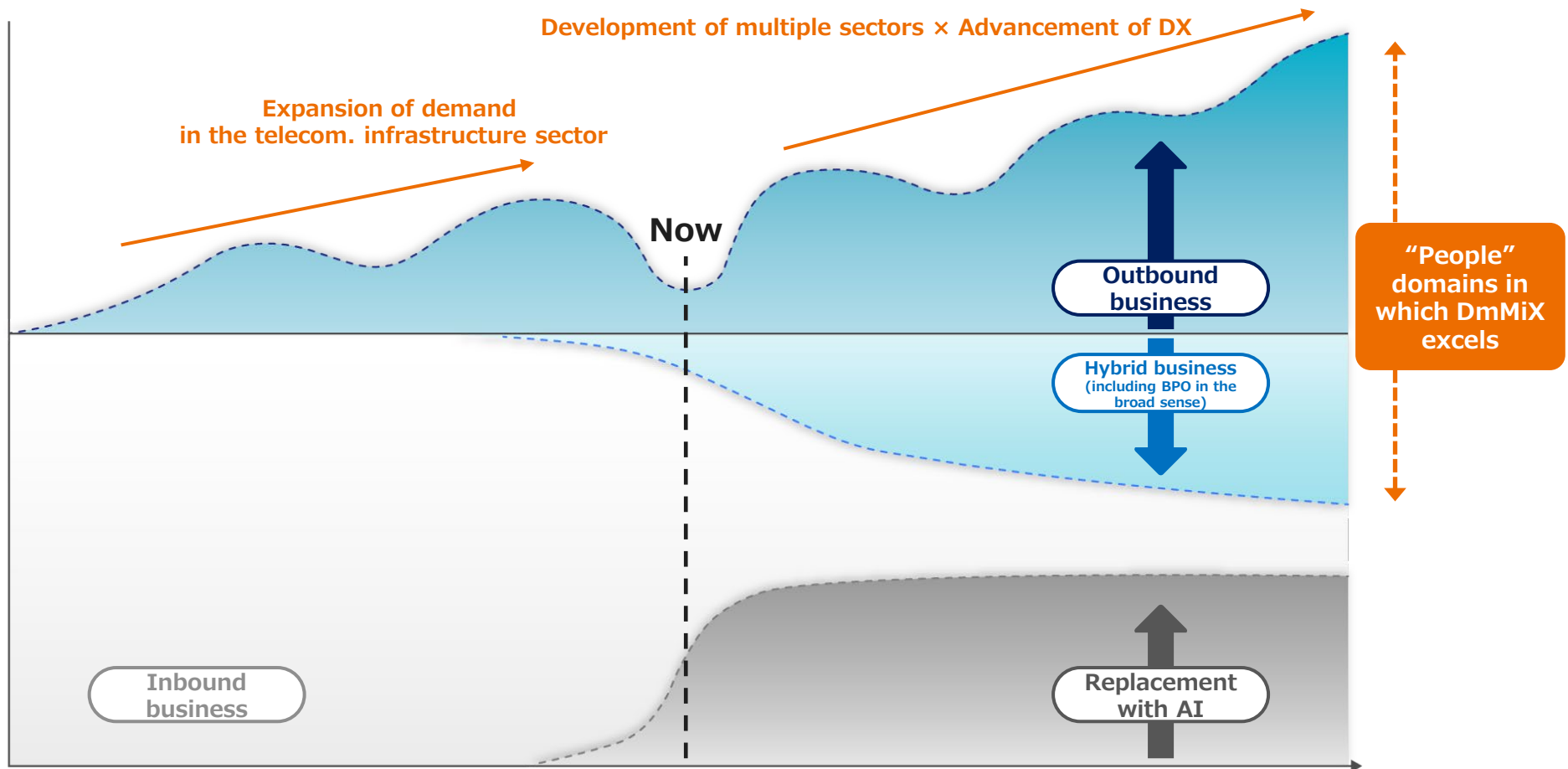
Recognition of the Business Environment in Each Area

	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			Stable	<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			Stable	<ul style="list-style-type: none"> • Although business will persist, the adoption of AI is progressing • Development of a “red ocean” (highly competitive, saturated market) in some areas

Areas in which DmMiX has superiority

Medium- to Long-term Growth Image (1)

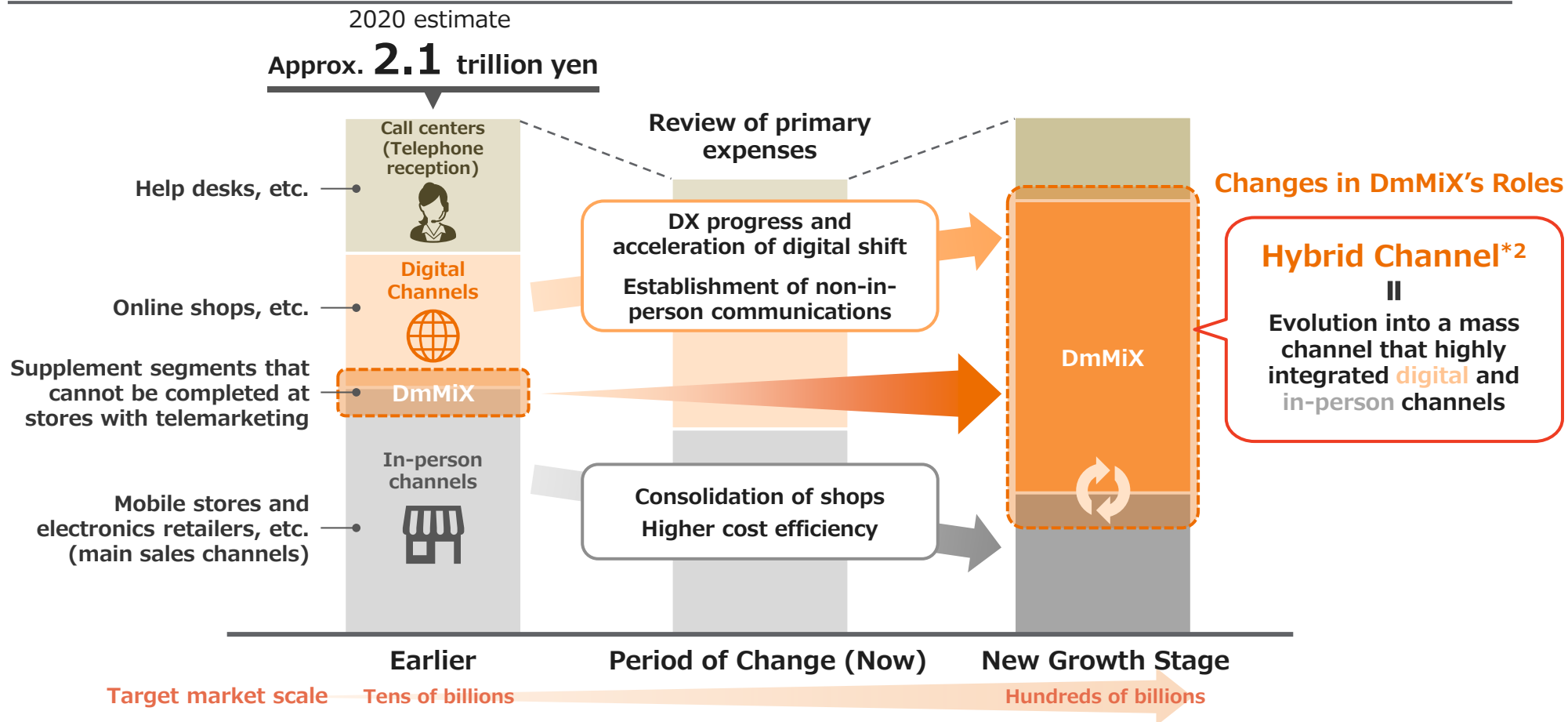
- In the outbound business, we will maintain growth by conducting business in multiple sectors not limited to the telecom. infrastructure sector
- In addition, in the hybrid business, which is expected to expand in conjunction with the advancement of DX and AI, we are actively moving forward, as this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



Medium- to Long-term Growth Image (2)

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

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



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

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

Medium- to Long-term Growth Image (3)

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

Growing demand for hybrid business

Digitalization of conventional in-person services

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



Interactive communication, rather than unilateral communication is needed



Social implementation of online services

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



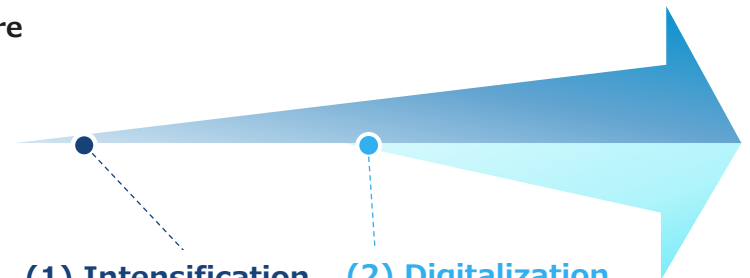
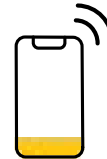
Social implementation of online services requires human capabilities



Opportunities for market expansion

- Outbound business
- Hybrid business

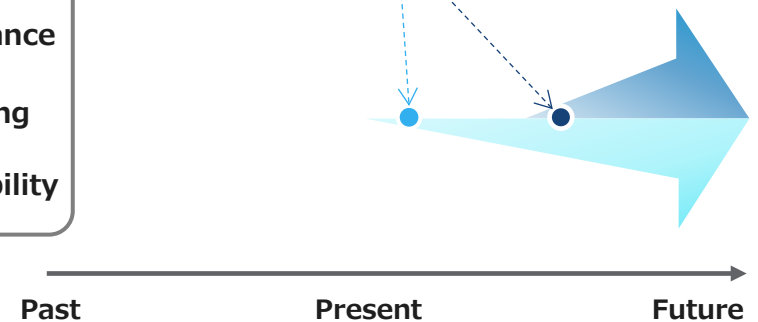
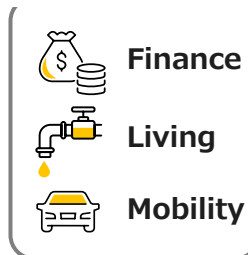
Telecom. infrastructure



(1) Intensification of competition

(2) Digitalization

Multiple sectors (examples)



Full-year Earnings Forecast for FY12/2025

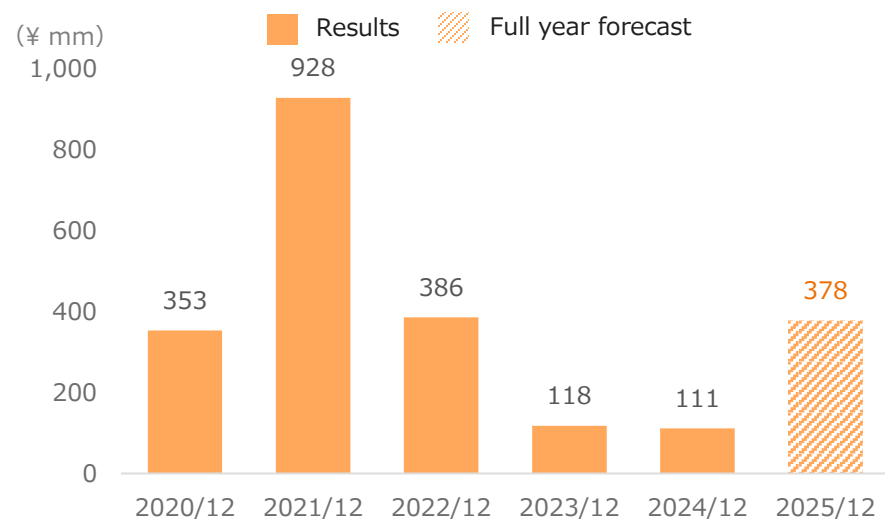
- Sales revenue: The telecom. infrastructure sector is on a recovery trend, and even through visibility is low, we expect an expansion of business, particularly in new areas
- Various profits: Costs are expected to increase as a result of recruiting personnel to develop new areas, but we expect steady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

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

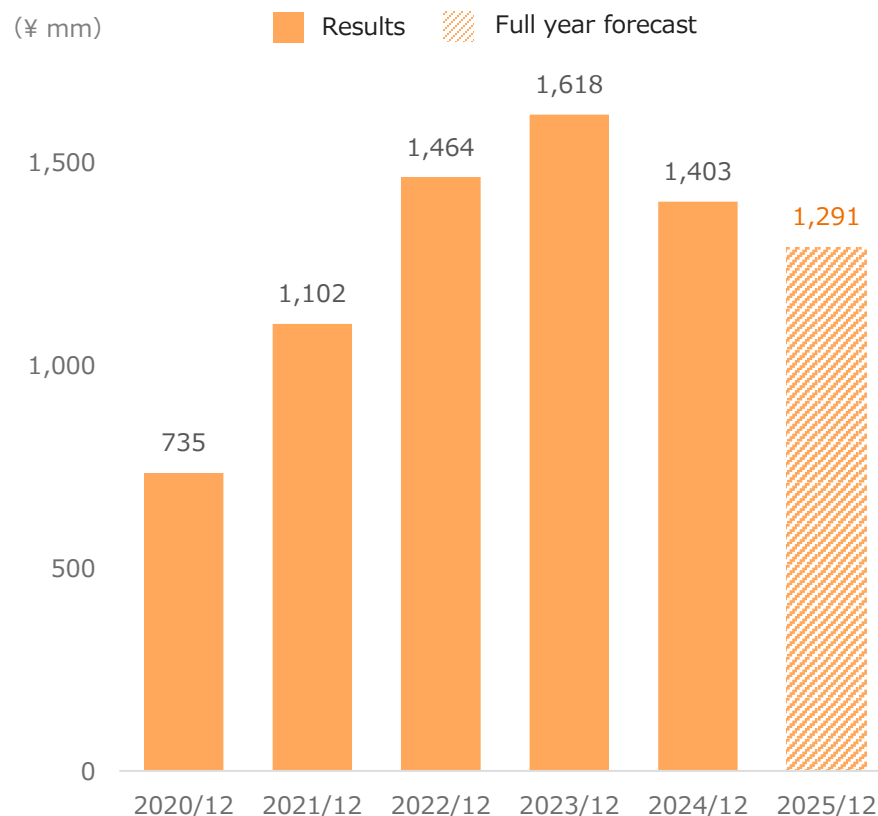


Major capital investment breakdown

(¥ 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

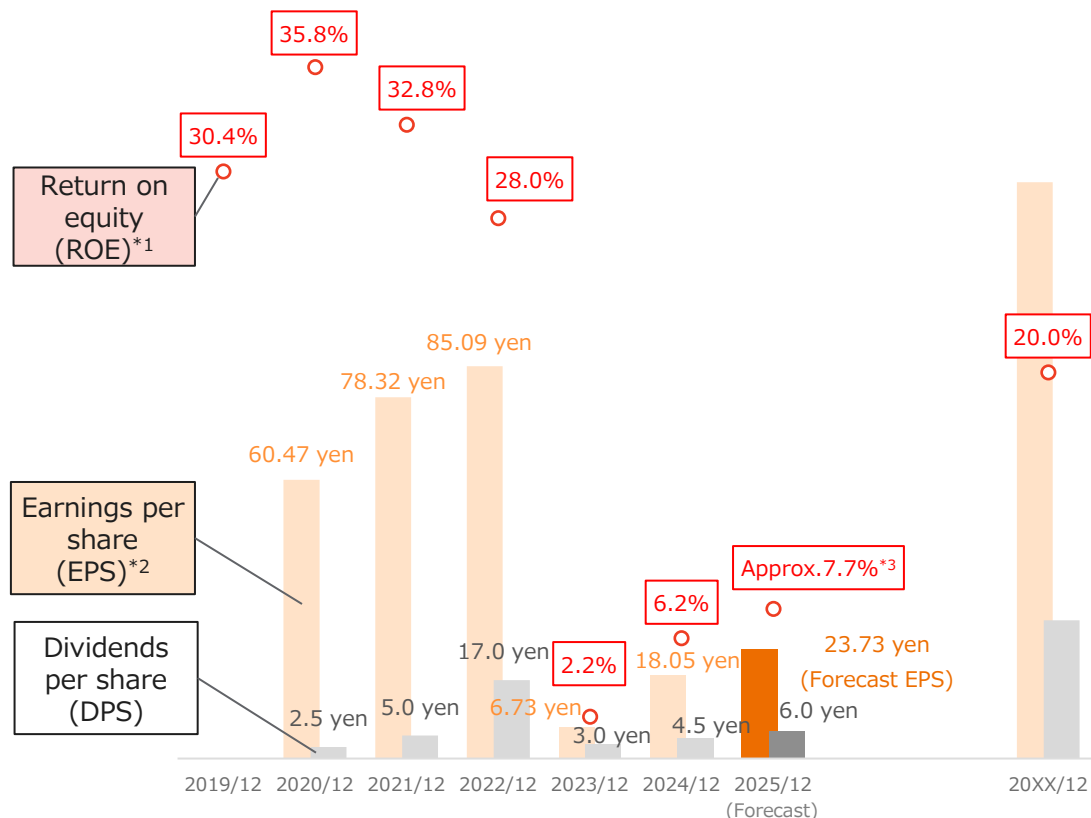
Depreciation & Amortization

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



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



【Disclaimer】

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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.

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