

A Total Sales/Marketing Solution Provider for Maximizing Client Profitability

# Direct Marketing MiX Inc.

## Financial results briefing (FY12/2023)

February 13<sup>th</sup>, 2024



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# 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

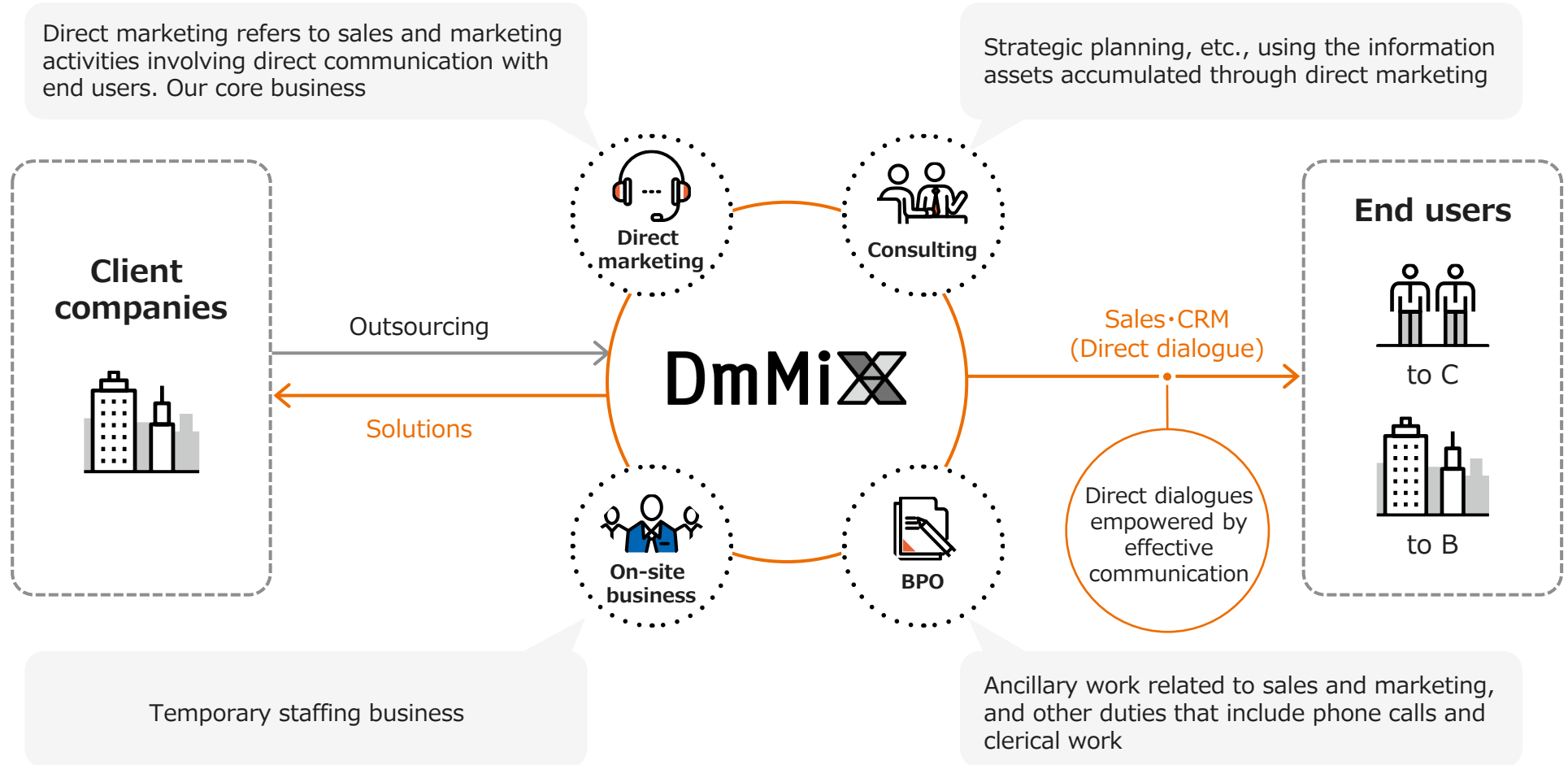
In society, there are certain aspects we should not change  
With our voice, we must unite and change what must be  
changed

## Our Mission



# Organization of Sales and Marketing Professionals

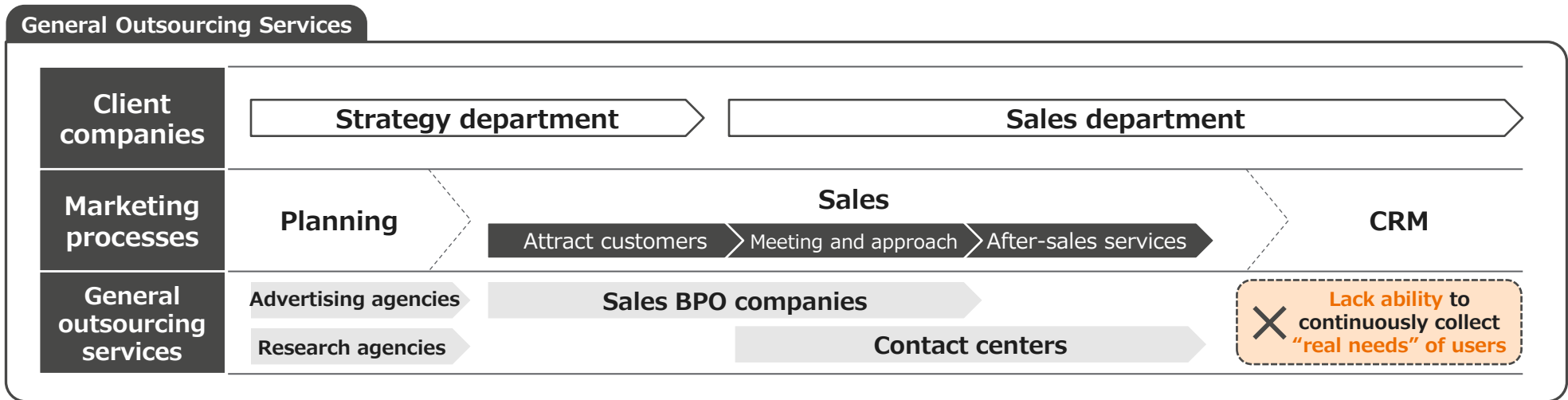
- We are committed to maximizing the profits of our client companies by providing high value-added solutions centered on "direct marketing"



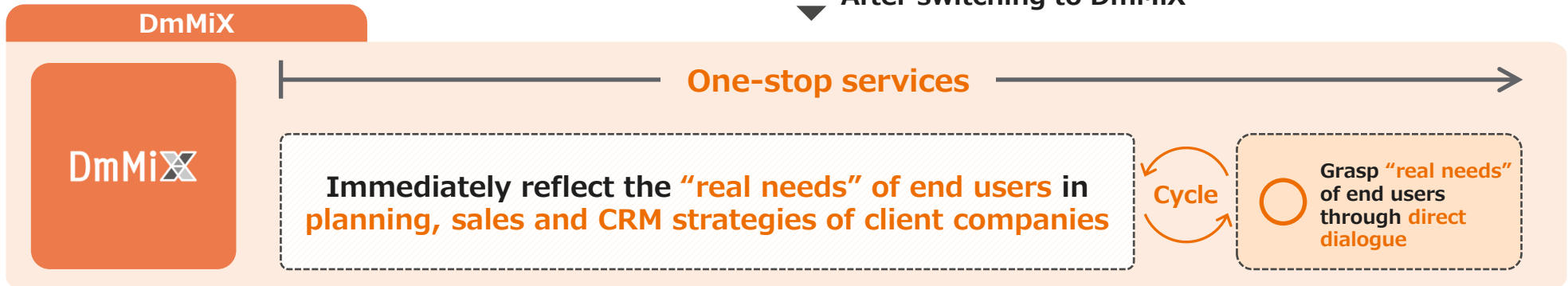
# One-stop Service for Functions Essential to the Marketing Process

- 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

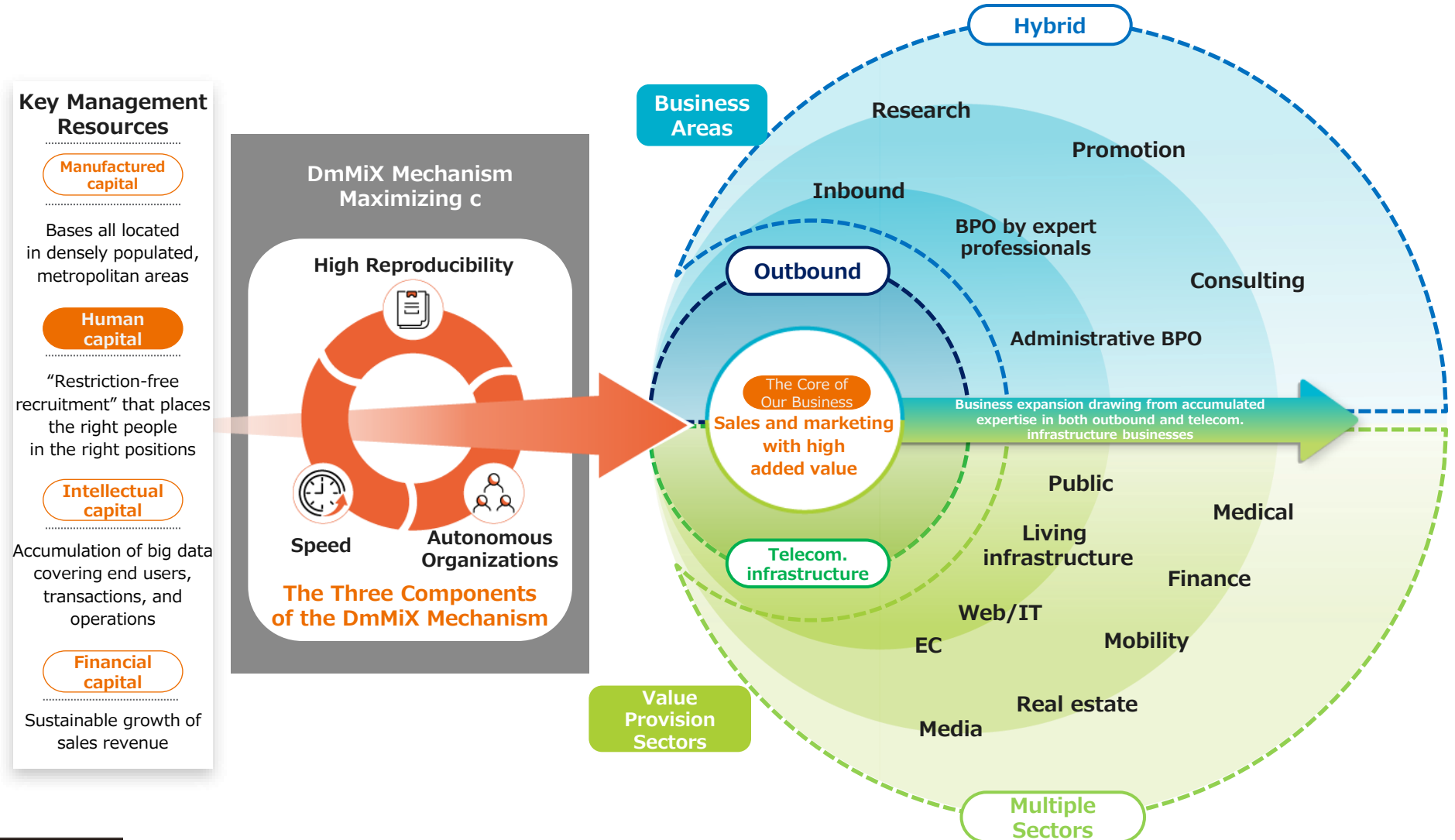


▼ After switching to DmMiX



# 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

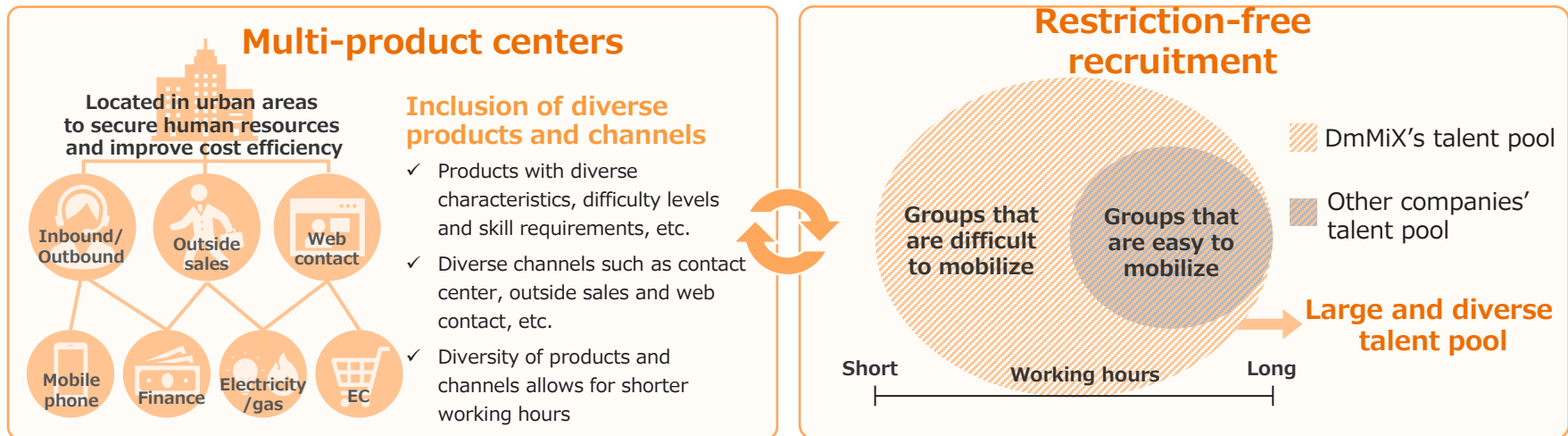




# 1. Mechanism for matching Diverse Products with Human Resources and making the most of them

- 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

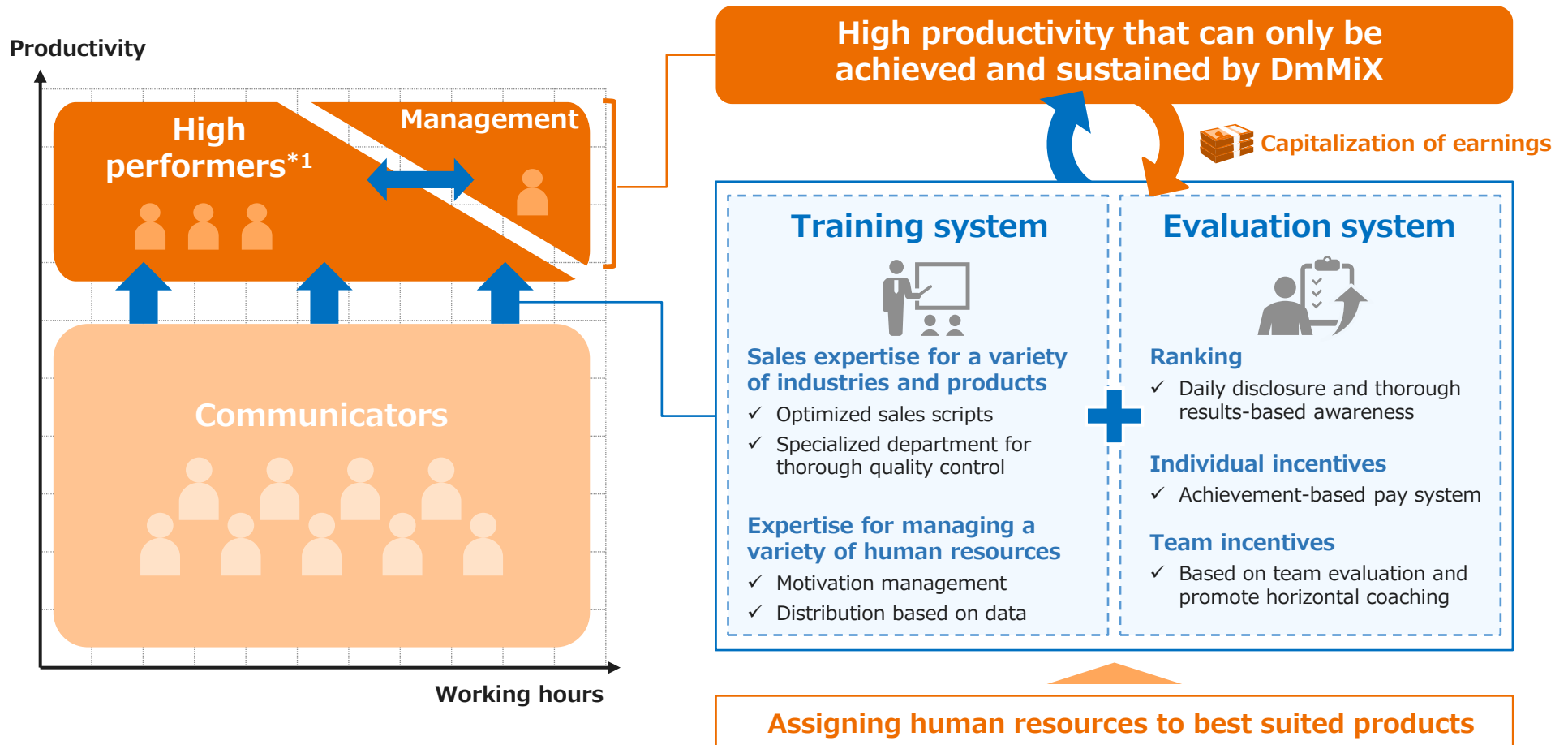
## "Multi-product centers" and "Restriction-free recruitment"



## 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

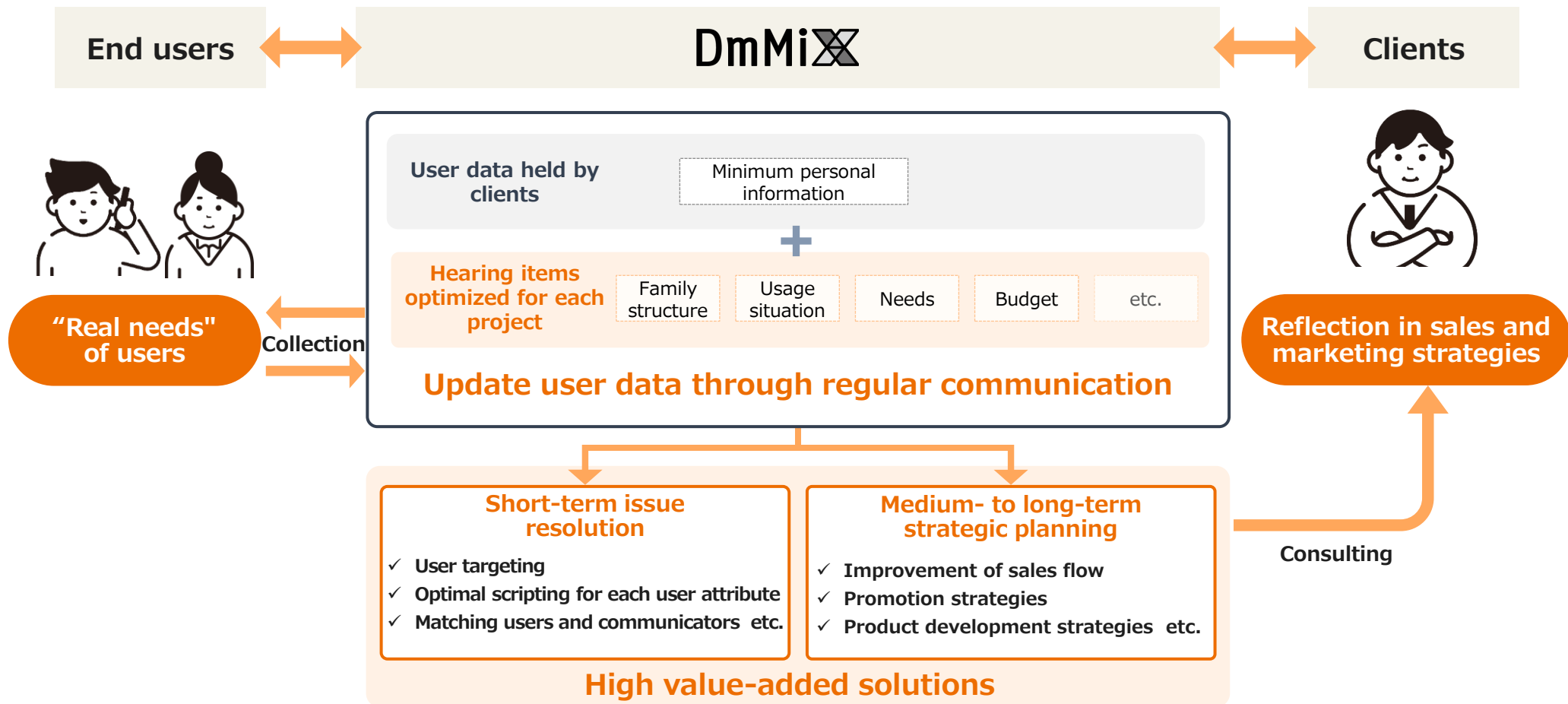
Unique training and evaluation systems that continues to develop highly productive human resources



### 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

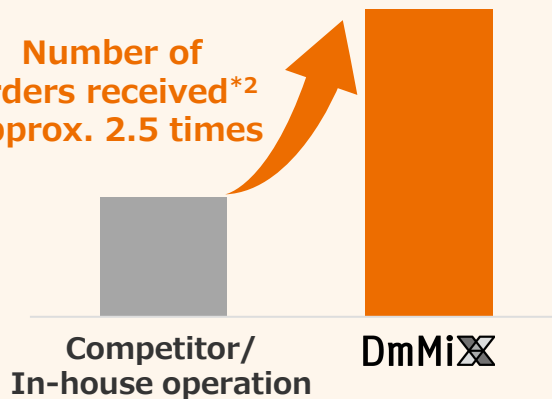
### Productivity

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



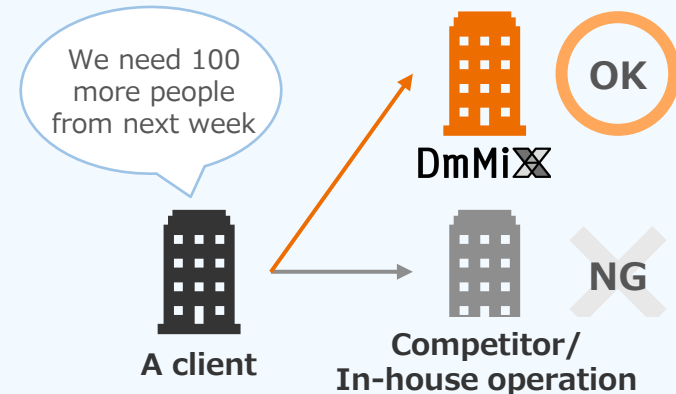
## Flexible support

### 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.



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# 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* <sup>1</sup> (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**

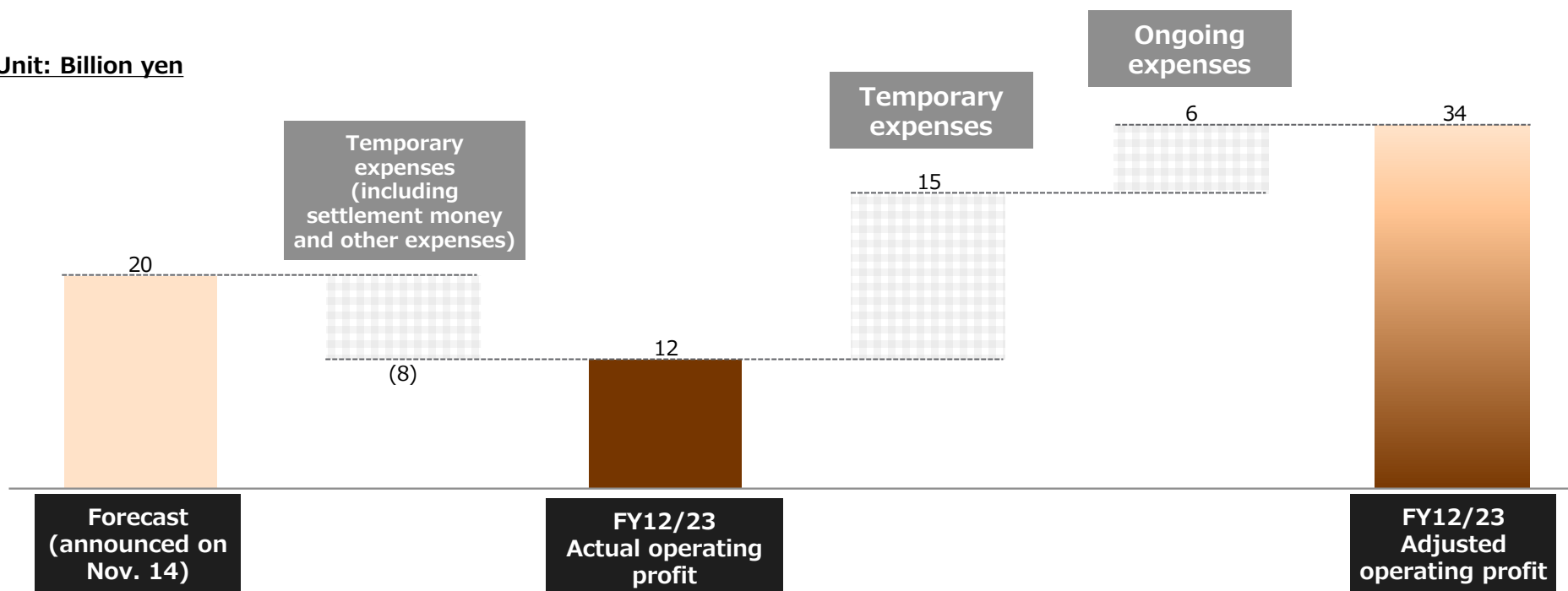
# Summary of Full-year Earnings for FY12/2023

- 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: Billion yen

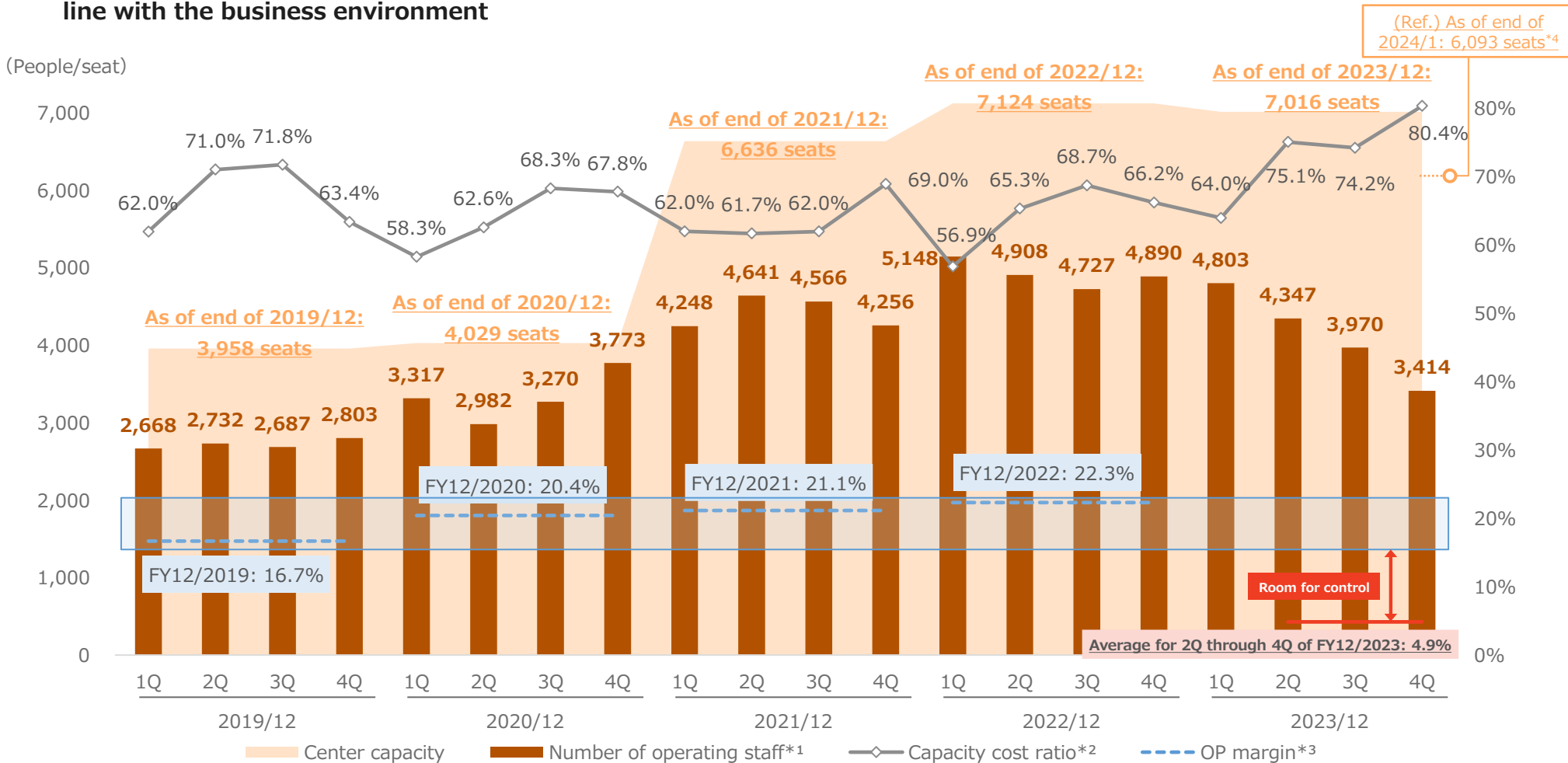


Category	Extraordinary costs in FY12/2023		Future Outlook
Temporary expenses	Investigation-related costs <sup>*1</sup>	<ul style="list-style-type: none"> <li>Approx. 1.5 billion yen</li> </ul>	<ul style="list-style-type: none"> <li>Limited to FY12/2023</li> </ul>
Ongoing expenses	Increase in fixed cost ratio (excess capacity portion)	<ul style="list-style-type: none"> <li>Approx. 6 billion yen</li> </ul>	<ul style="list-style-type: none"> <li>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</li> </ul>



# 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

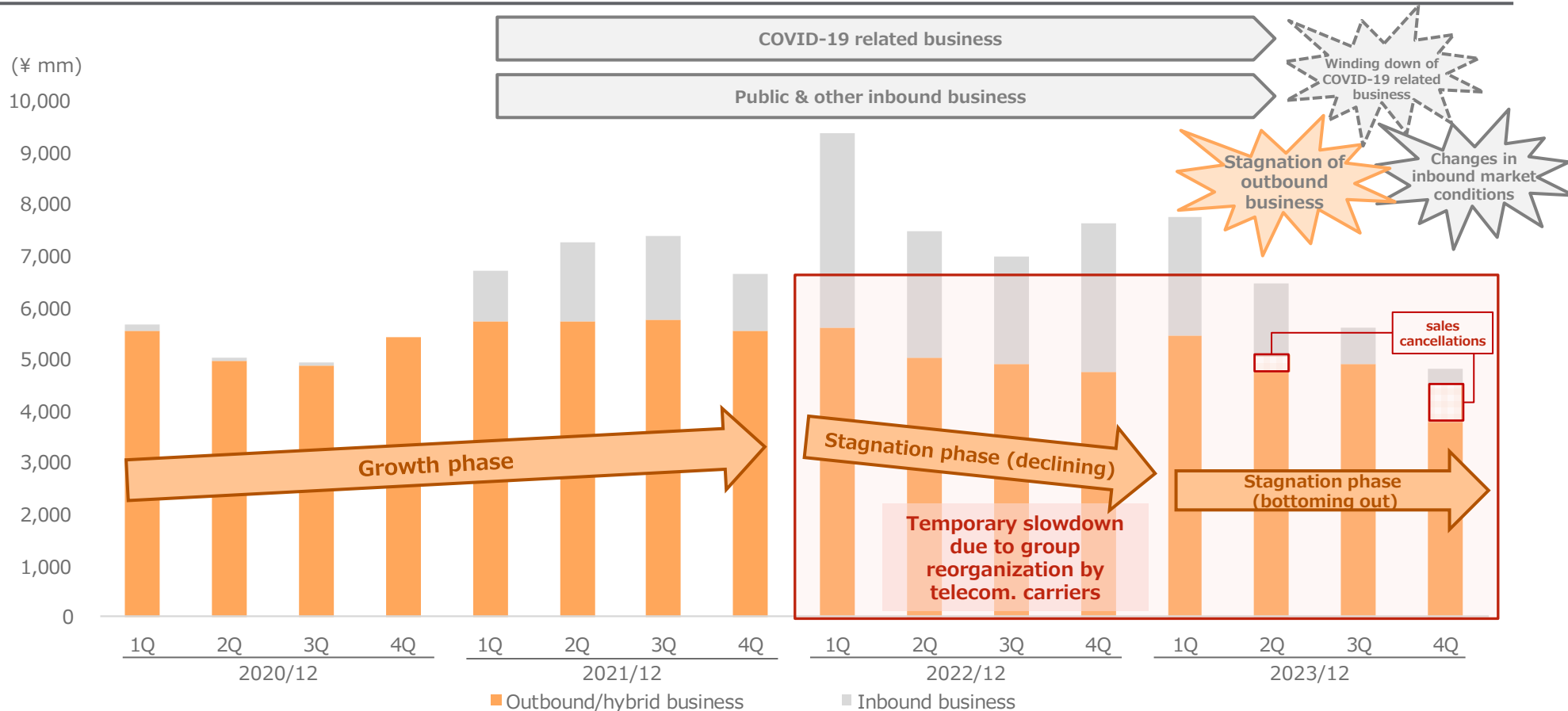
\*3 Operating profit margin for marketing business

\*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

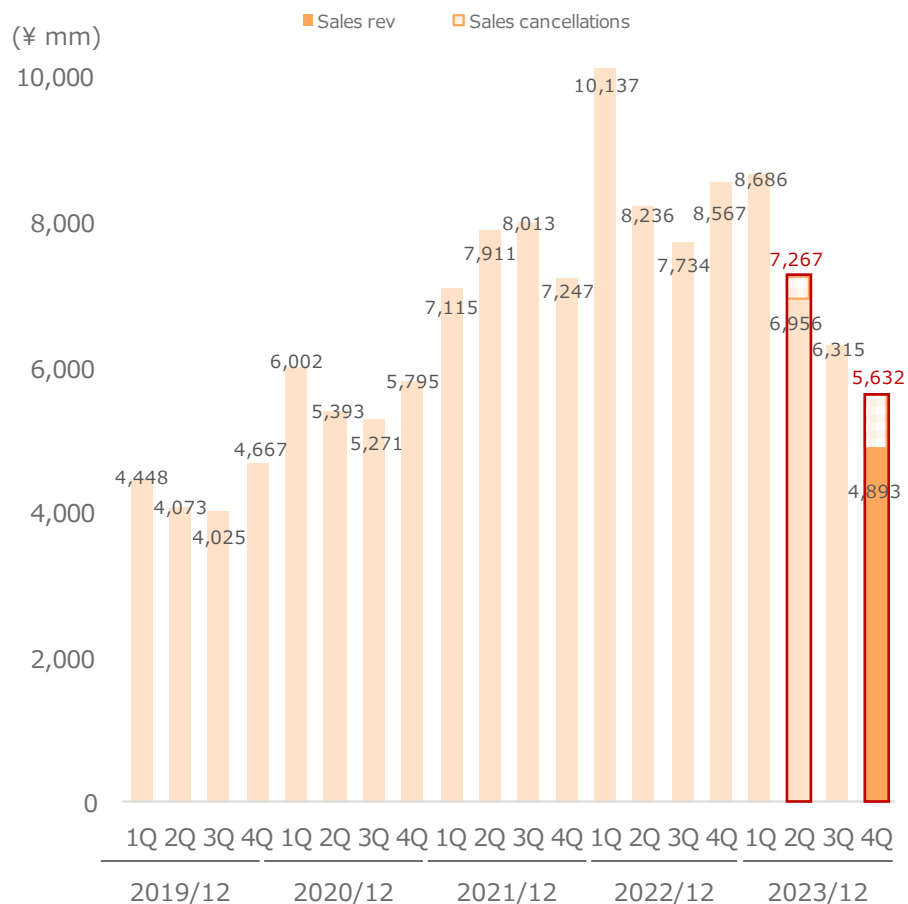
## Changes in sales in the outbound/hybrid business and inbound business



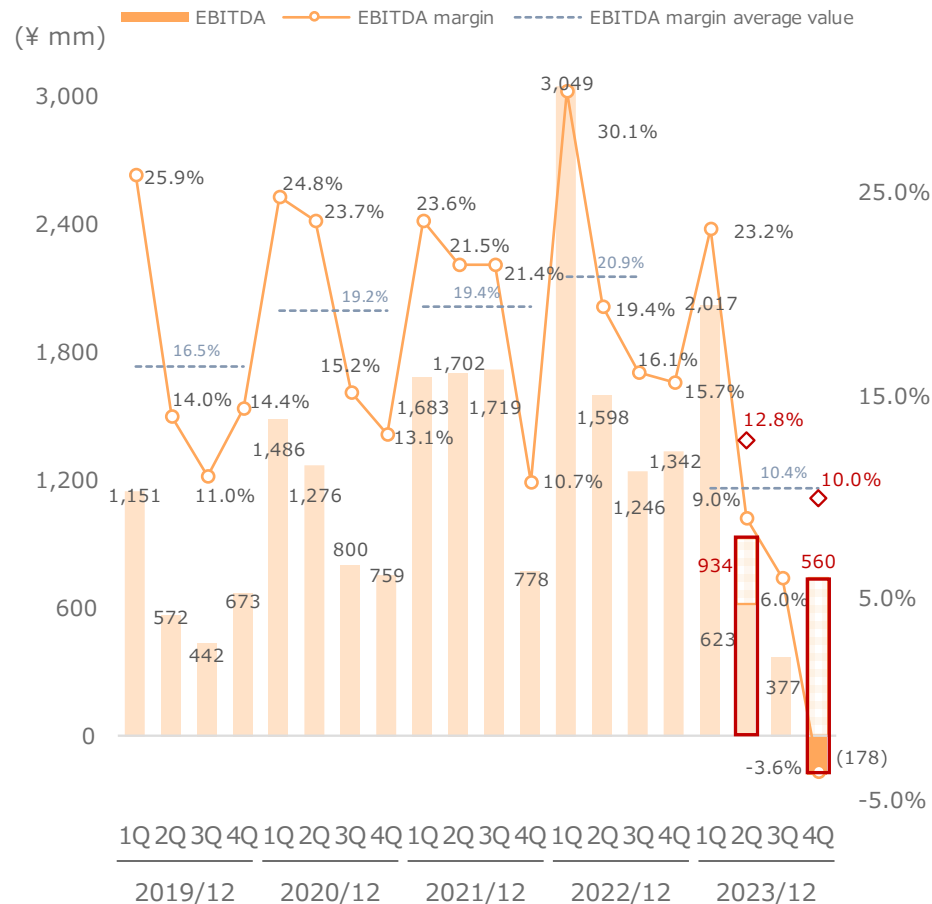
# Quarterly Results

- 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

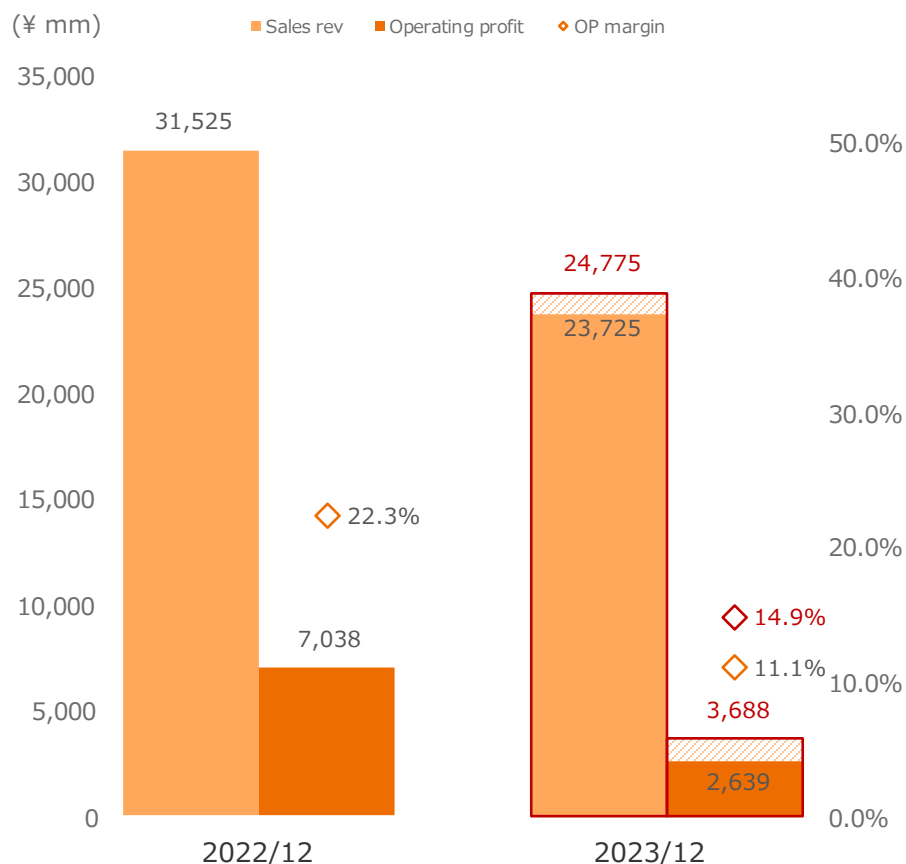


\* EBITDA = operating profit + depreciation + amortization  
 \* Figures in red are figures with sales cancellations excluded

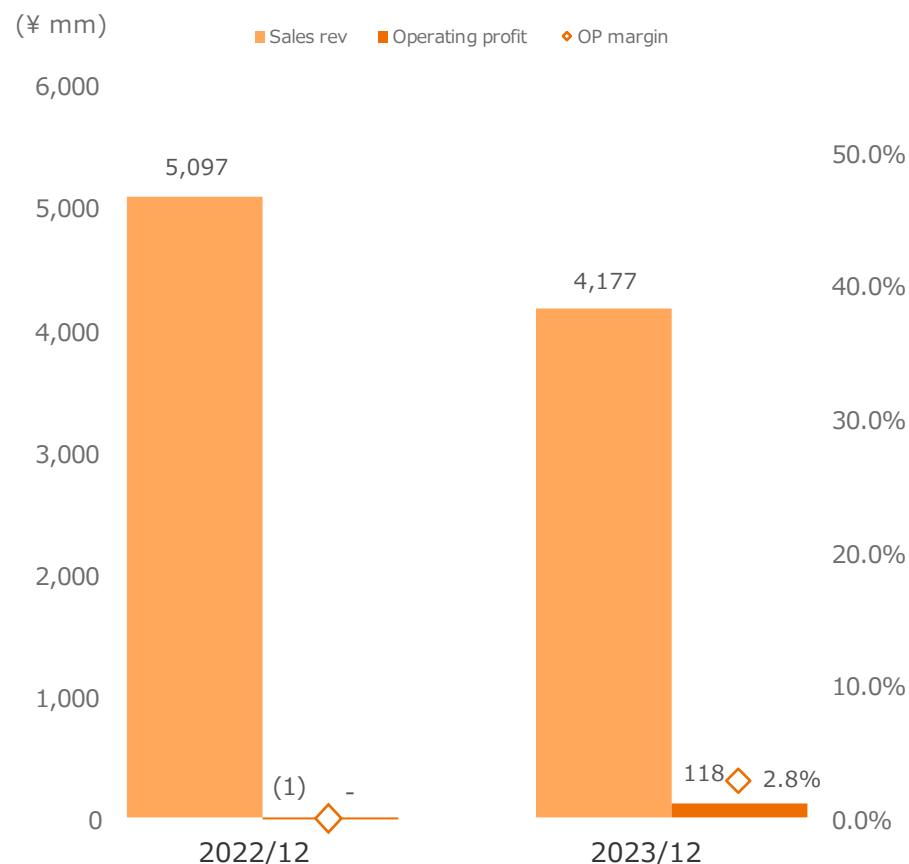
# FY12/2023 Results per Segment

- **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



\* Figures on this page include inter-segment transactions  
 \* Figures in red are figures with sales cancellations excluded

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

## 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)
<b>Free cash flow</b>	<b>4,348</b>	<b>378</b>	<b>(3,970)</b>

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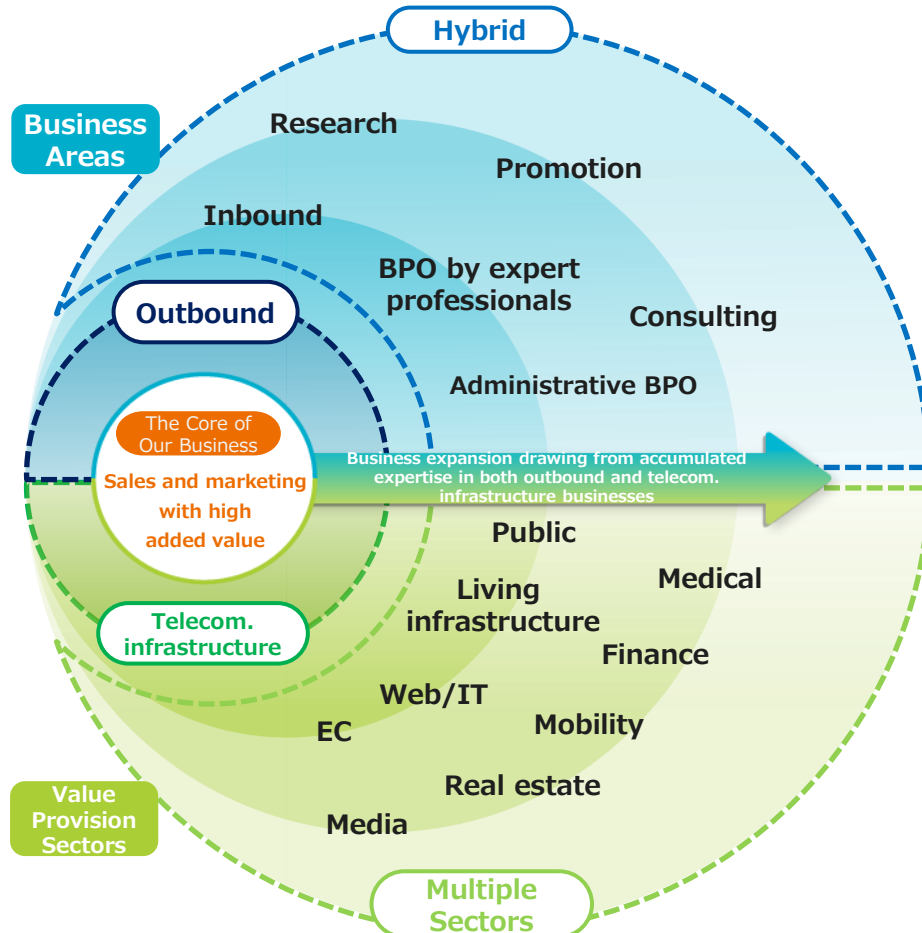
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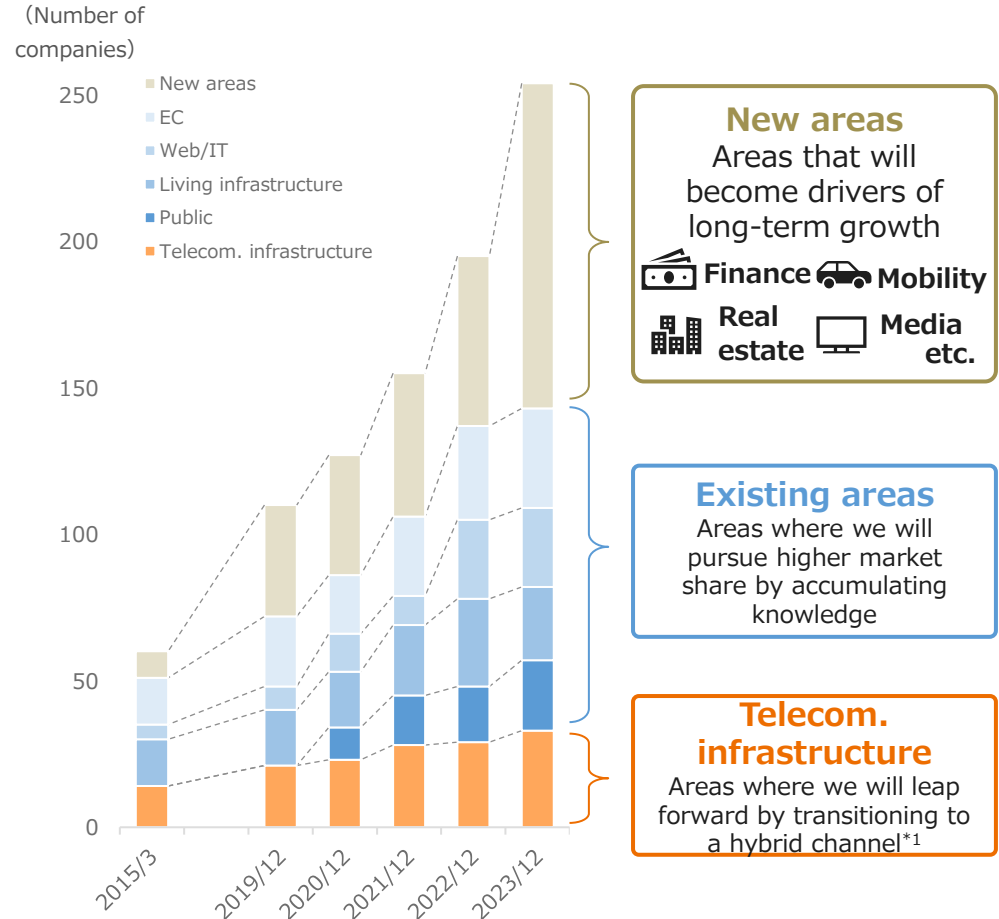
# Overview of the Growth Strategy and Expansion of the Client Base

- 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
- 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

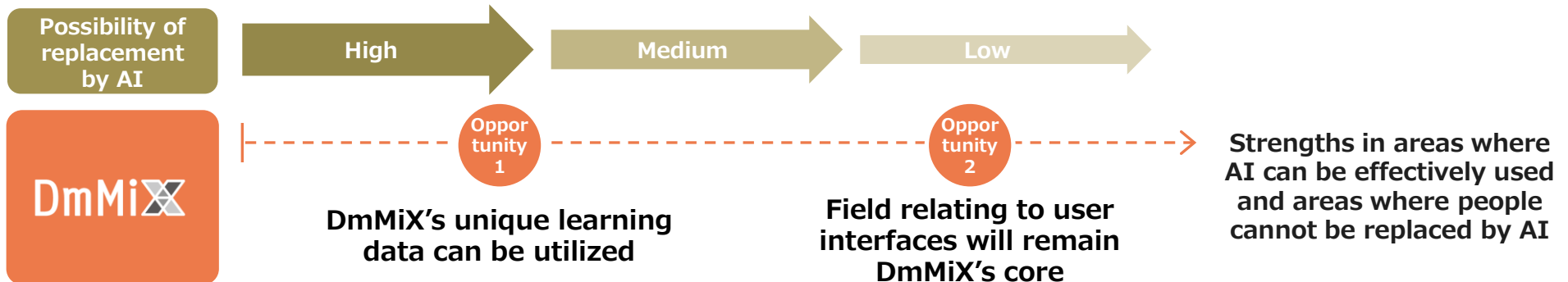
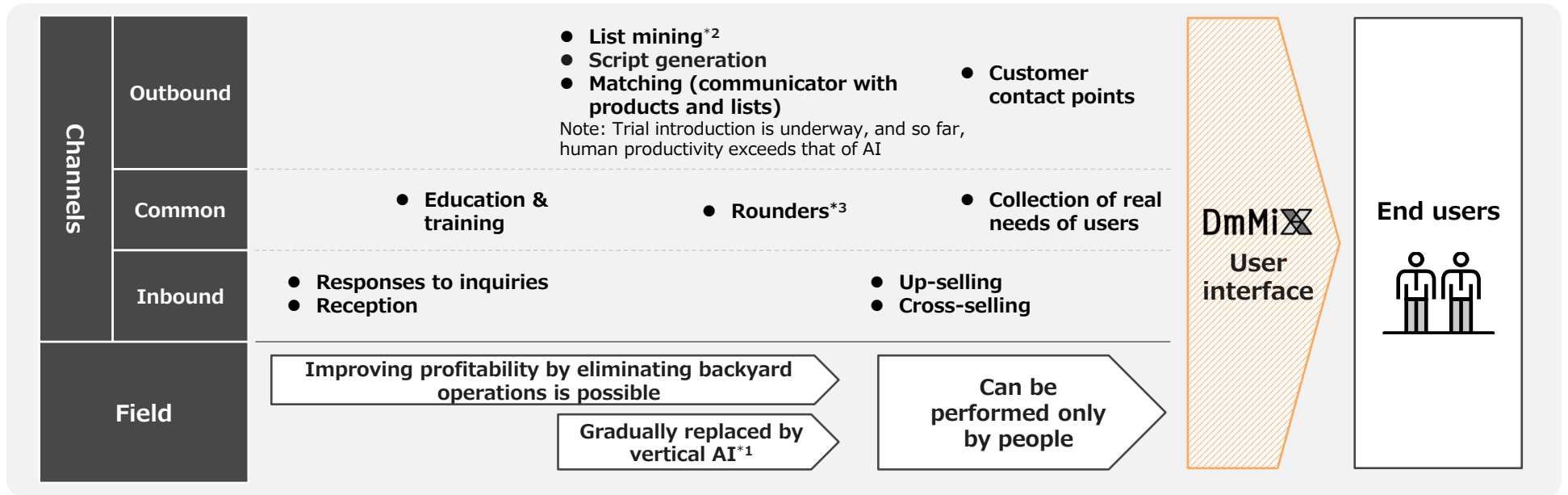


\*1 A sales and support channel that integrates the real (brick-and-mortar stores) and online (web shops) including online customer service at stores and manned support for digital channels

\*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





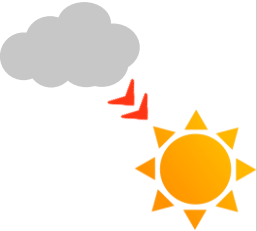



\*1 AI for limited industries

\*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



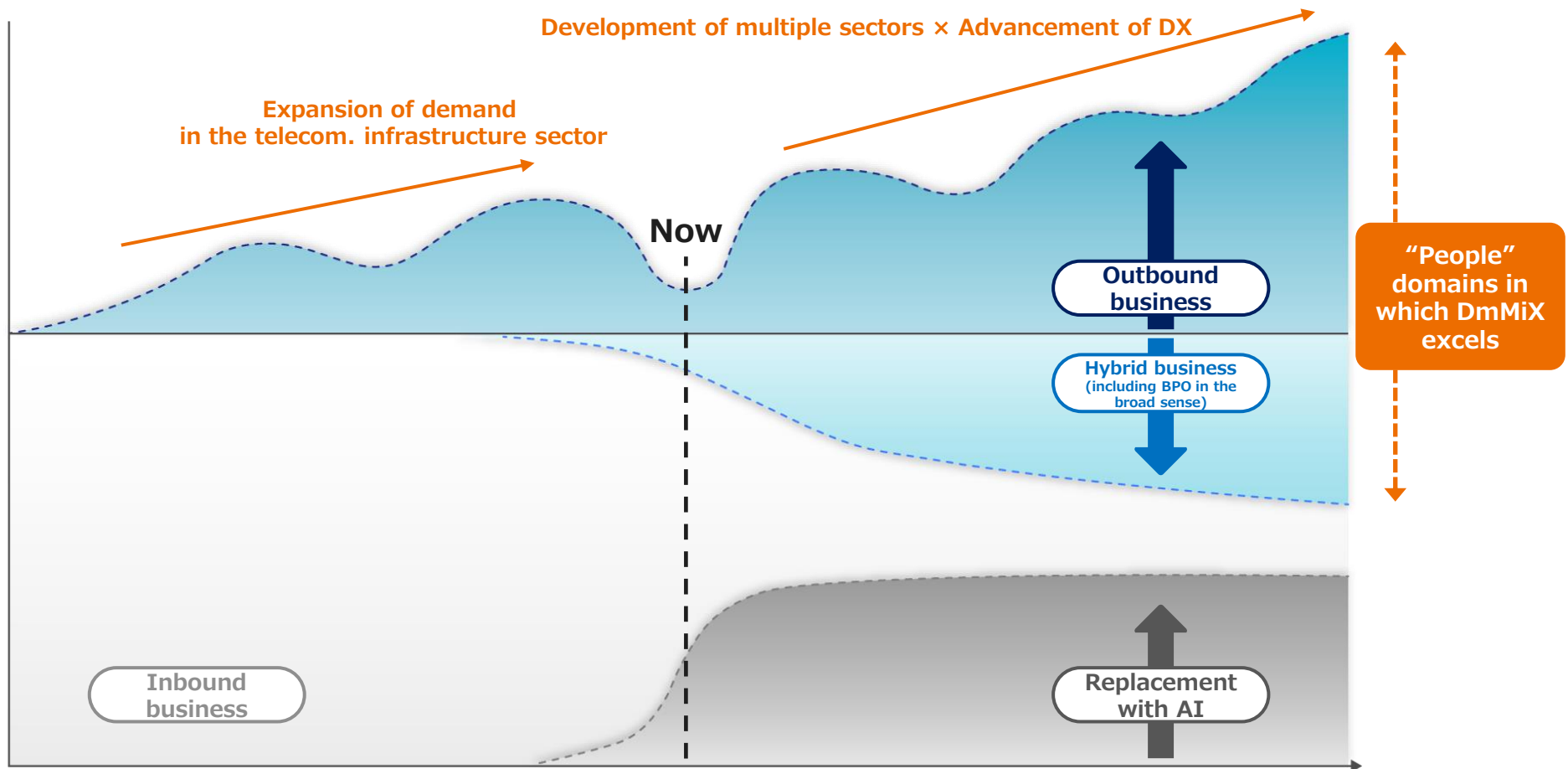
# Recognition of the Business Environment in Each Area

	Profitability	Growth potential	Volatility	Other factors
Outbound			<b>High</b>	<ul style="list-style-type: none"> <li>• Strong demand at the time of market introduction of new products and services</li> <li>• Compared to the inbound business, replacement through the use of AI is less likely</li> <li>• The shortage of sales personnel in the labor market is progressing, and BPO demand is rising</li> </ul>
Hybrid			<b>Low</b>	<ul style="list-style-type: none"> <li>• With the shift to online business, demand for highly interactive channels is increasing</li> <li>• As products become increasingly sophisticated, demand for highly specialized human resources is increasing</li> </ul>
Inbound			<b>Low</b>	<ul style="list-style-type: none"> <li>• Although business will persist, the adoption of AI is progressing</li> </ul>

Areas in which DmMiX has superiority

# Medium- to Long-term Growth Image (1)

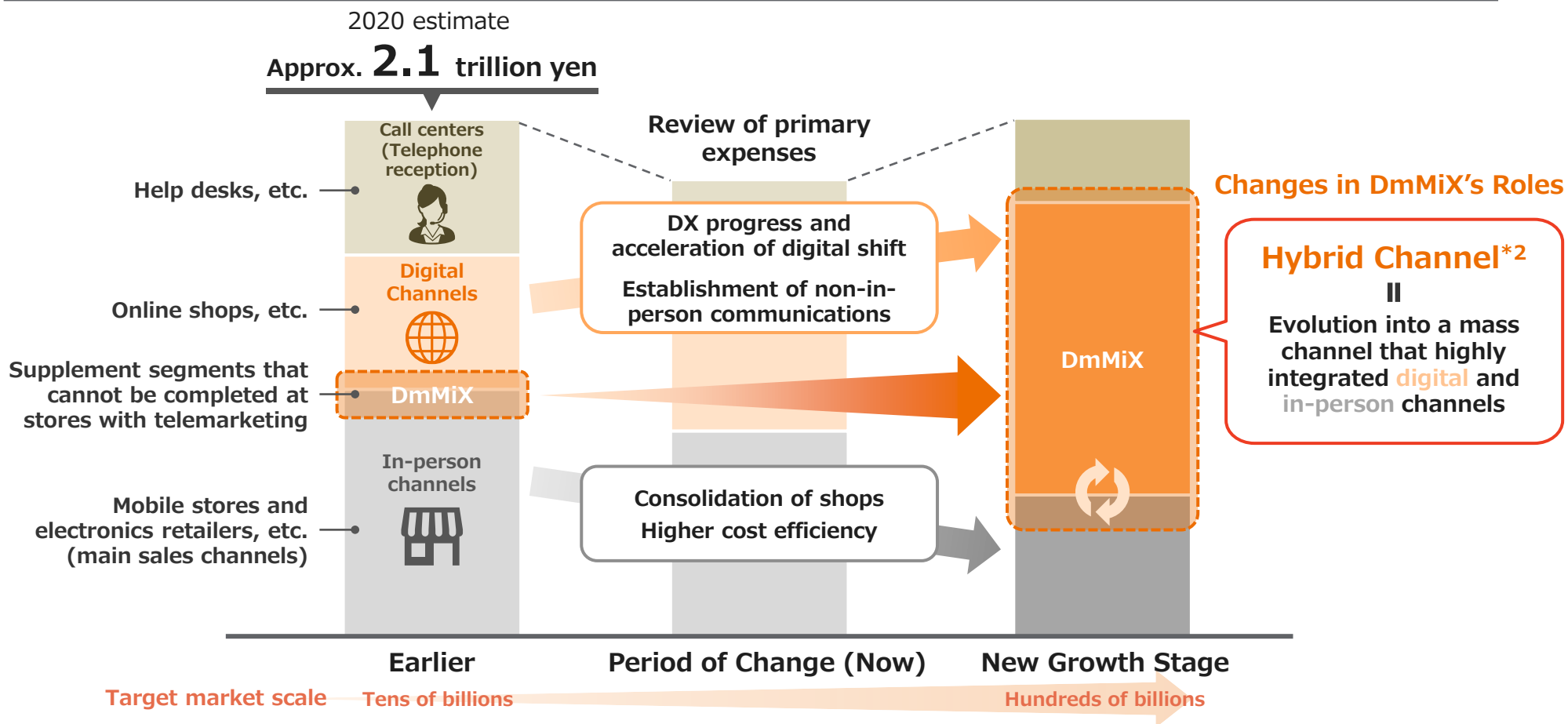
- In the outbound business, we will maintain growth by conducting business in multiple sectors not limited to the telecom. infrastructure sector
- In addition, in the hybrid business, which is expected to expand in conjunction with the advancement of DX and AI, we are actively moving forward, as this 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<sup>\*1</sup>



\*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

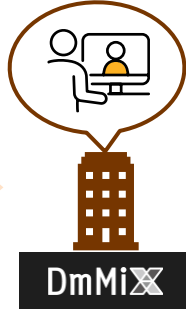
## Growing demand for hybrid business

### Digitalization of conventional in-person services

(Ex.) Mobile phone stores, automobile dealers, Financial institution service help desks



Interactive communication, rather than unilateral communication is needed



DmMiX

### Social implementation of online services

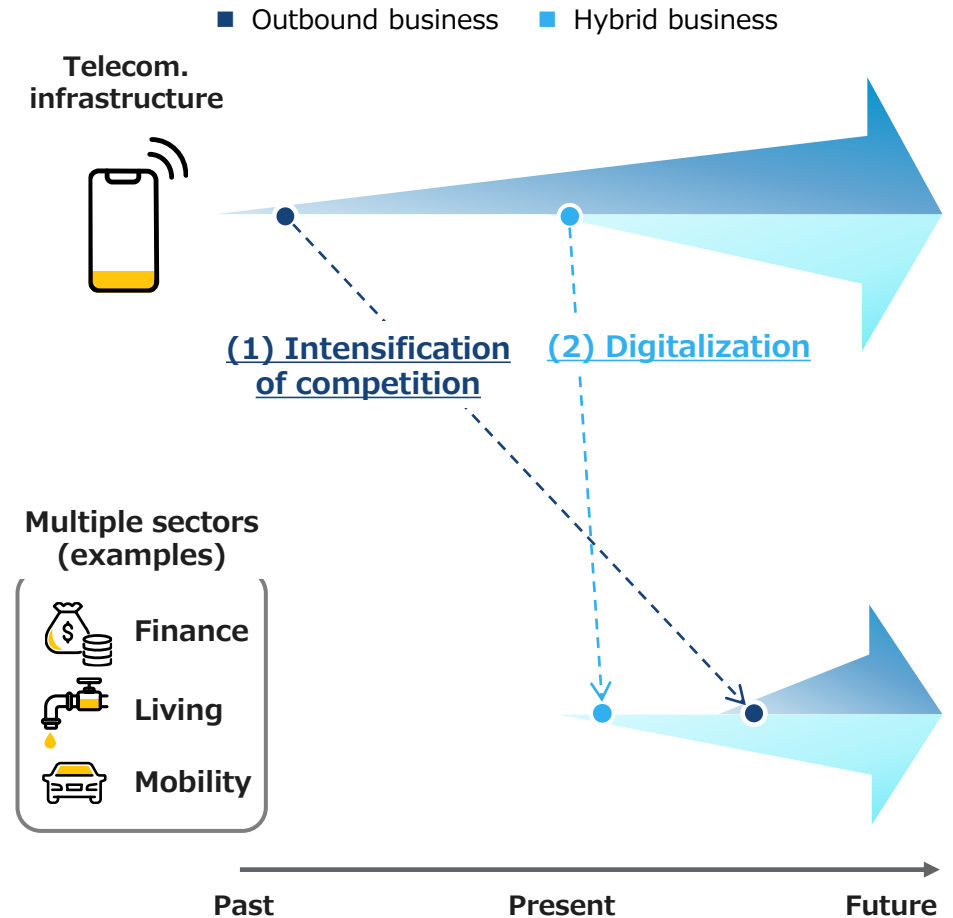
(Ex.) Car sharing, QR code payment, food delivery



Social implementation of online services requires human capabilities



## Opportunities for market expansion



# 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 <sup>*1</sup>	310	655	+111.1%
EBITDA <sup>*2</sup>	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

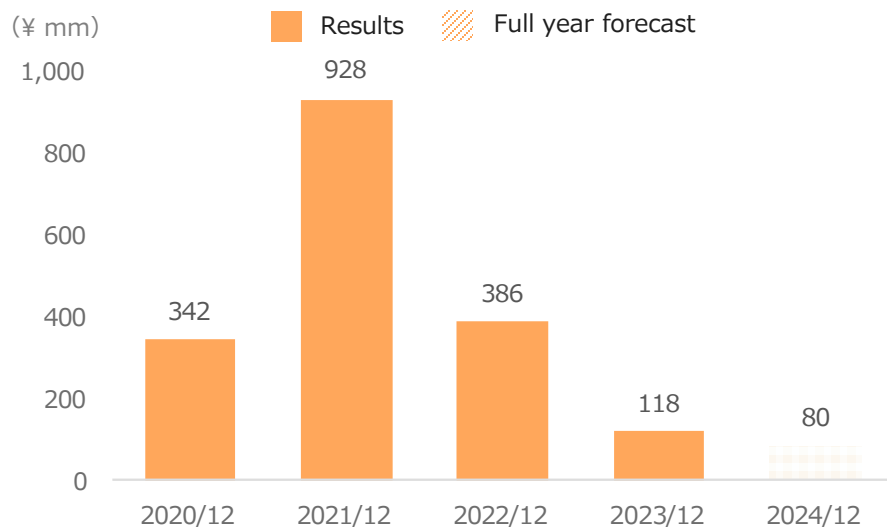
### Operating profit Profit before tax Net income EBITDA

- ✓ 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

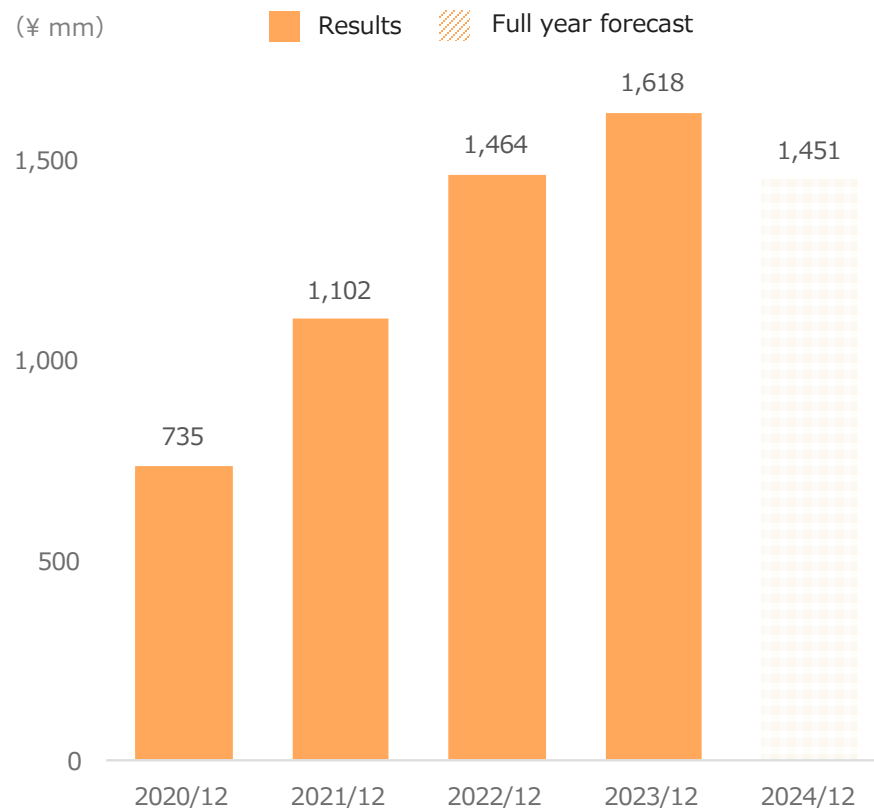


### Major capital investment breakdown

(¥ 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

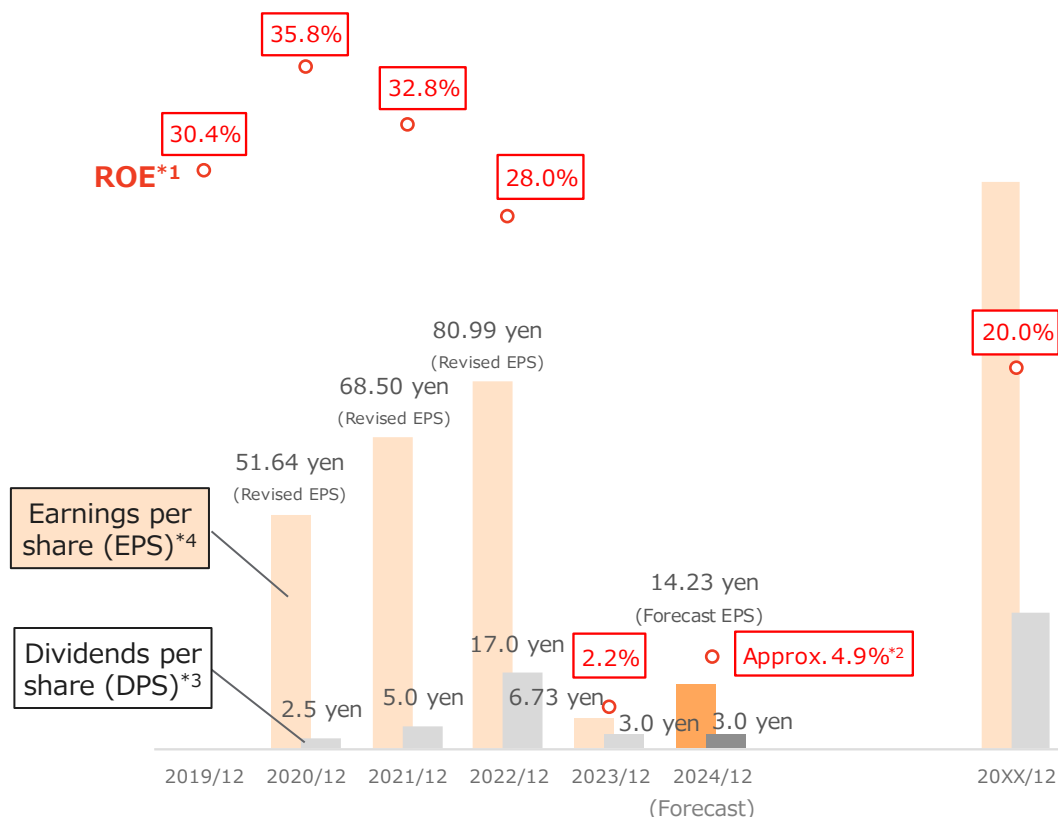
## Depreciation & Amortization

- 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)

# 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)
- Achieved 60% ratio of outside members of the Board of Directors (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 (2025)



## 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<sub>2</sub> emissions (carbon neutral) by 2030**





- 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





# External ESG Evaluation

- Selected for three of the six main ESG investment indicators\*<sup>1</sup> adopted by GPIF
- High scores obtained, corresponding to top 1% in the FTSE and top 2% in the S&P (reported in the Sustainability Yearbook 2024\*<sup>2</sup> and selected as Industry Mover\*<sup>3</sup>)

	Score	Evaluations Including Inclusion in Indexes
FTSE	<p><b>4.3</b></p> <ul style="list-style-type: none"> <li>➤ Corresponds to top 1%*<sup>4</sup></li> </ul> <p>*As of December 18, 2023</p>	 <p><b>FTSE Blossom Japan Index</b> (310 constituent companies)</p>  <p><b>FTSE Blossom Japan Sector Relative Index</b> (605 constituent companies)</p>
S&P	<p><b>58</b></p> <ul style="list-style-type: none"> <li>➤ Corresponds to top 2%*<sup>4</sup></li> <li>➤ Reported in the Sustainability Yearbook 2024</li> <li>➤ Selected as Industry Mover</li> </ul> <p>*As of February 7, 2024</p>	 <p>(1,852 constituent companies)</p>  
Sustainalytics	<p><b>Low Risk</b></p> <p>*As of April 24, 2023</p>	—

\*<sup>1</sup> ESG indicators for domestic stocks from GPIF, FY2022 ESG Activities Report (August 2023)  
\*<sup>2</sup> A yearbook that lists the top 15% of companies in each sector  
\*<sup>3</sup> The company whose score increased the most from the previous fiscal year in each sector  
\*<sup>4</sup> Calculated by comparison with scores of other companies in the same sector

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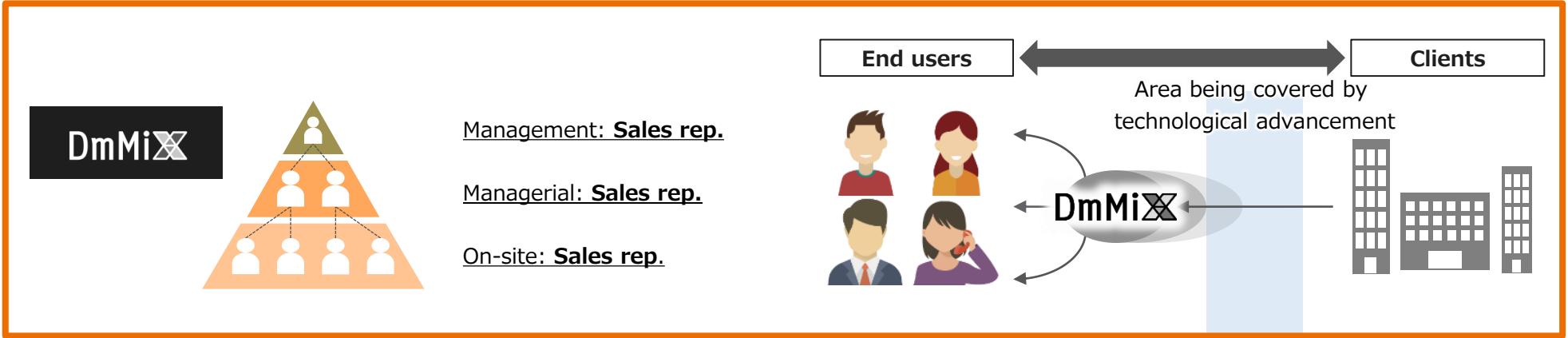
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## Appendix

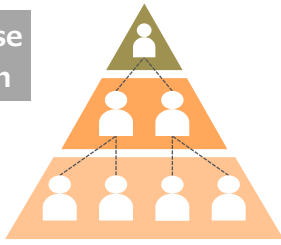
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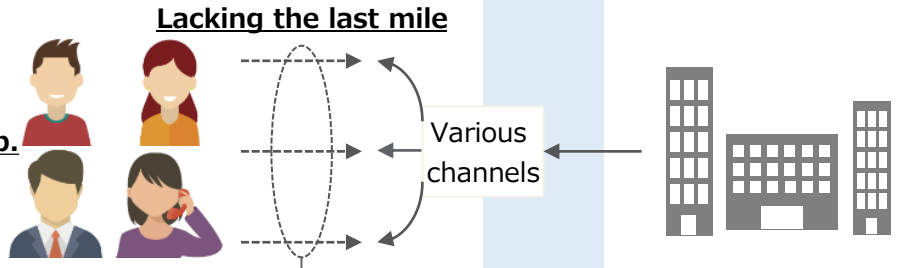
# Our Distinct Business Model from Other Companies



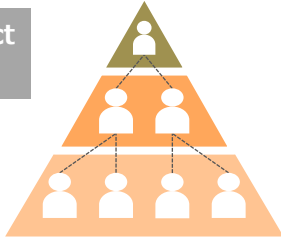
Clients' in-house sales function



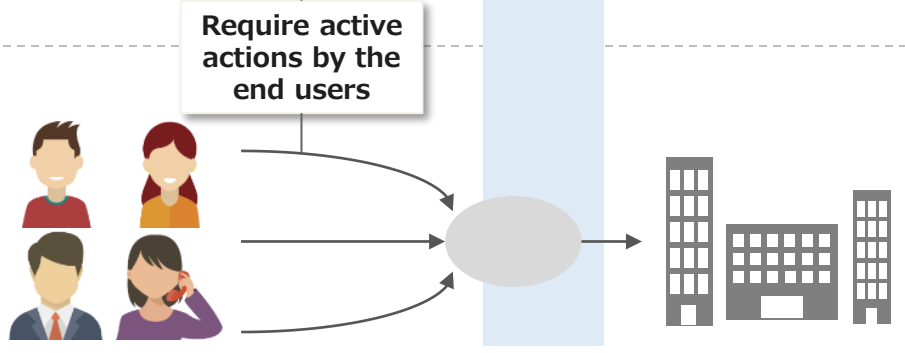
Management: **Supervisor**  
 Managerial: **Supervisor/Sales rep.**  
 On-site: **Sales rep.**



Typical contact centers

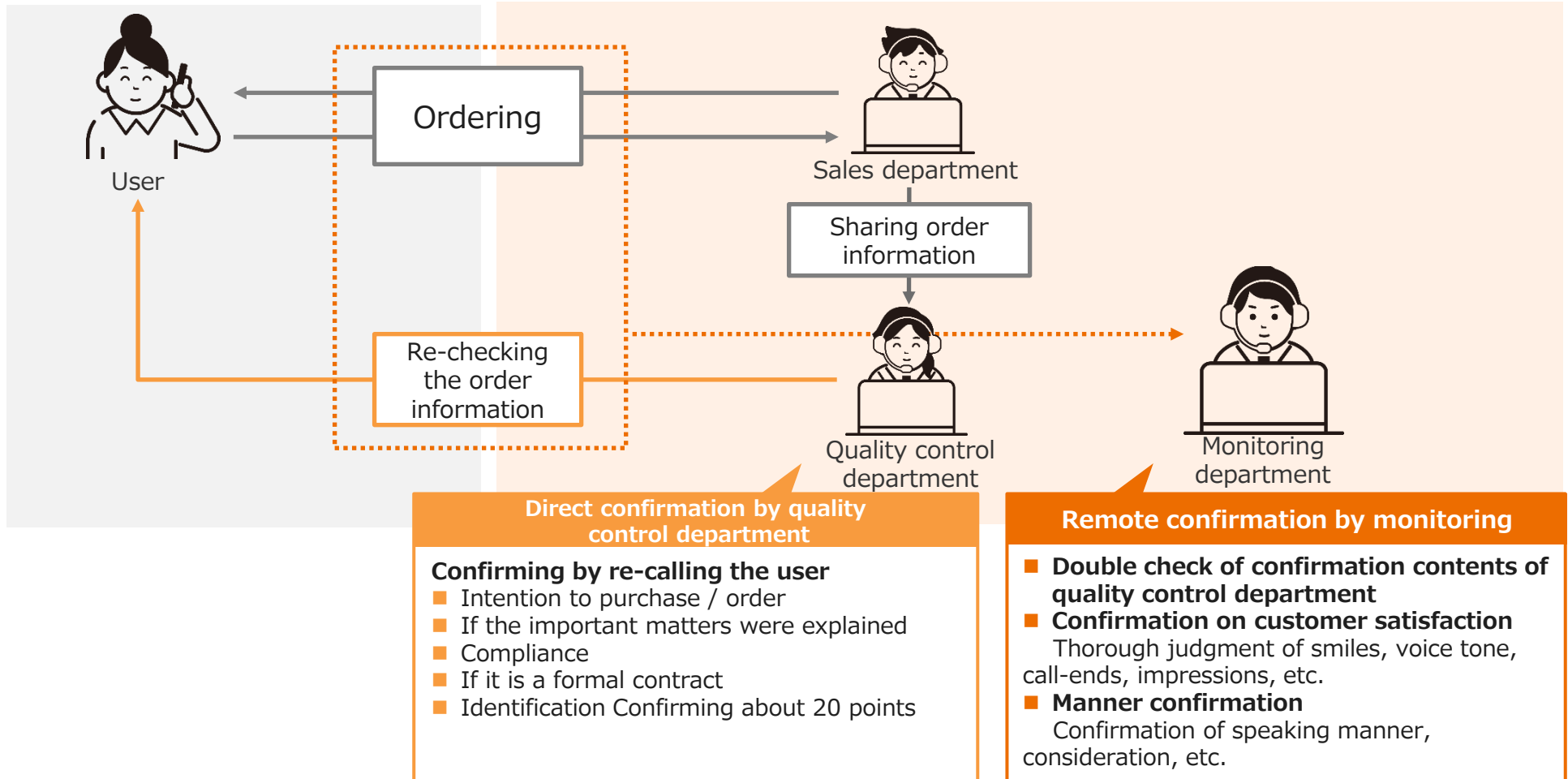


Management: **Supervisor**  
 Managerial: **Supervisor**  
 On-site: **Responder**



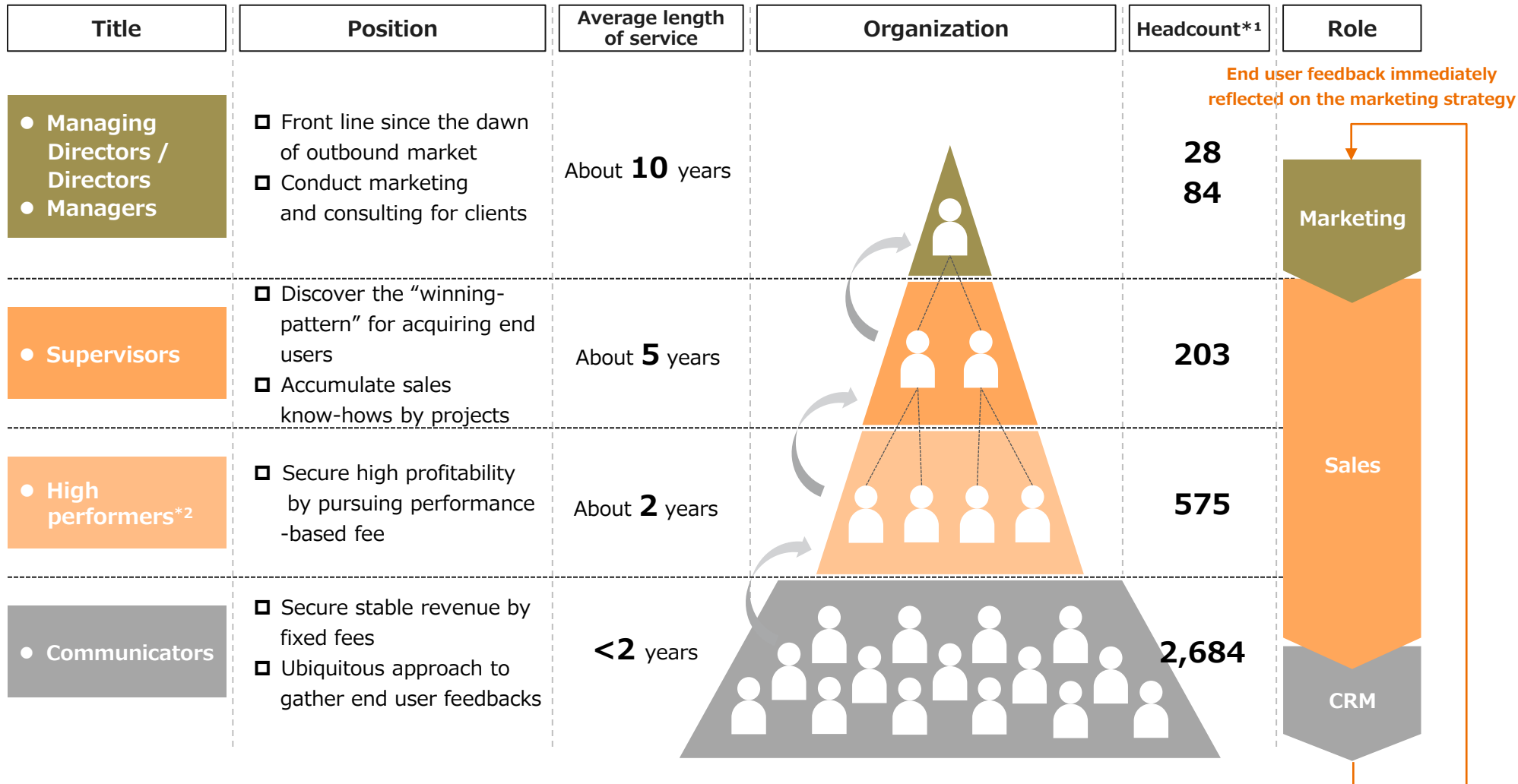
# Thorough Quality Control as a Sales Professional

- Because we act as the client's own sales resource, we have built a compliance system that is as strict as or even more rigorous than our clients, and thoroughly eliminate risks
- In some cases, the services of the quality control department are provided independently



# 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



\*1 Employees in marketing business (as of the end of December, 2023)

\*2 A general term for staff who have achieved a certain level of sales performance according to our standards

# Various Human Resources of Our Group\*1

- We realized a flexible work system and build a pool of diverse earning personnel with various backgrounds. We also contribute to ensuring social mobility

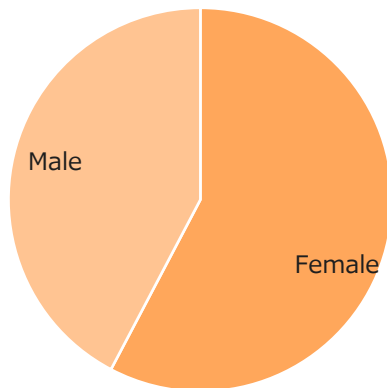
## Various attributes

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

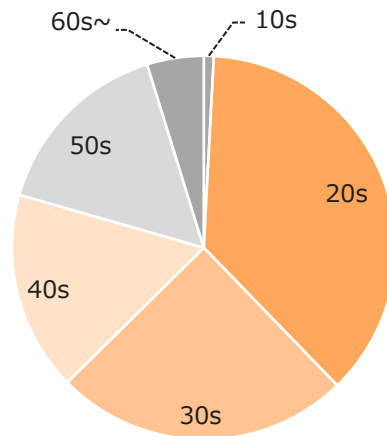
## Flexible work system

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

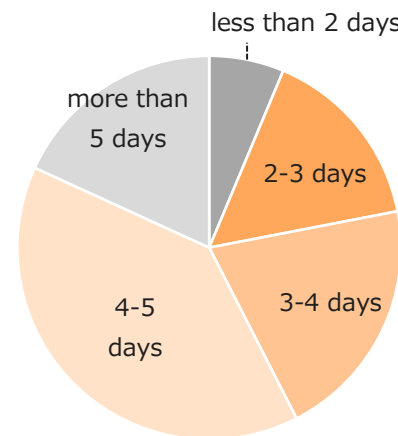
Gender\*2



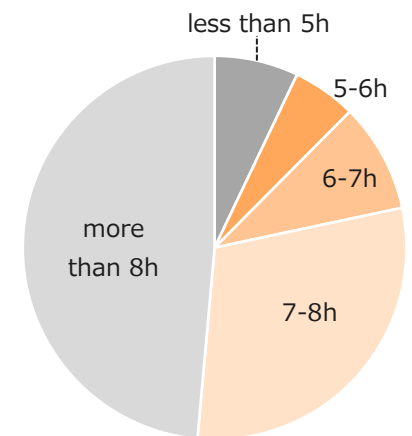
Age\*2



Working days per week\*3



Working hours per day\*3



\*1 Part-time jobs in marketing business (including temporary jobs dispatched outside the company)

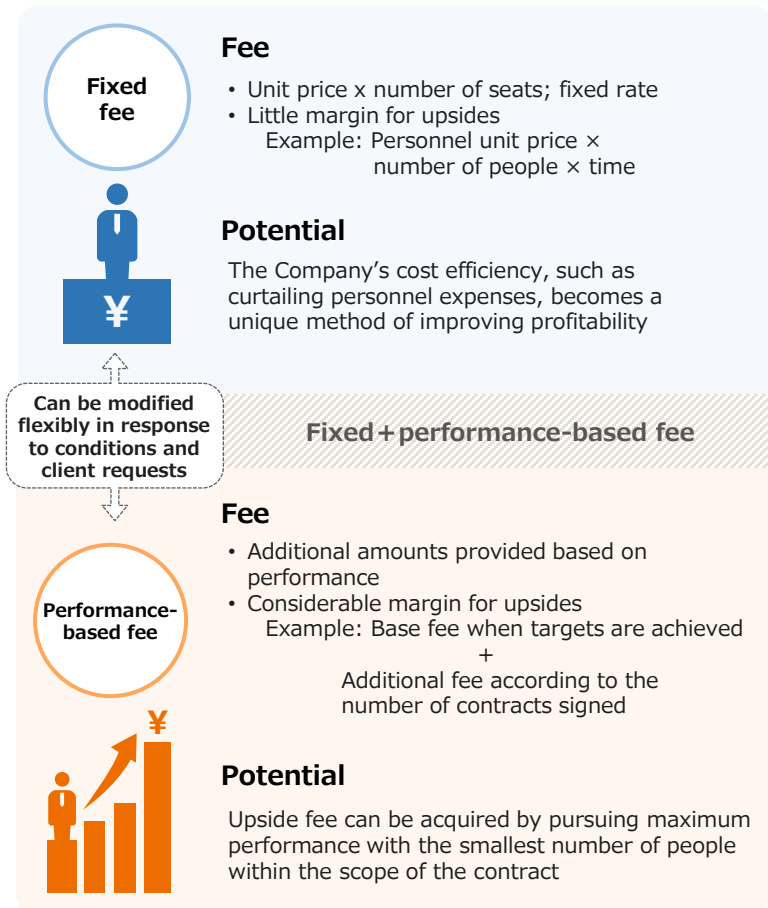
\*2 As of the end of December 2023. Percentage of part-time jobs

\*3 As of the end of December 2023. Calculated based on the average attendance for the three months from October to December 2023. Does not include months with 0 working days. Part-time jobs without work (leaves, etc.) are not counted

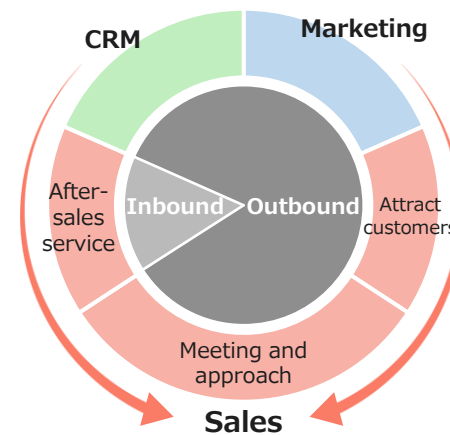
# Fee System That Can Comprehensively Pursue Upsides

- 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



## Fee system for each sales process



### 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

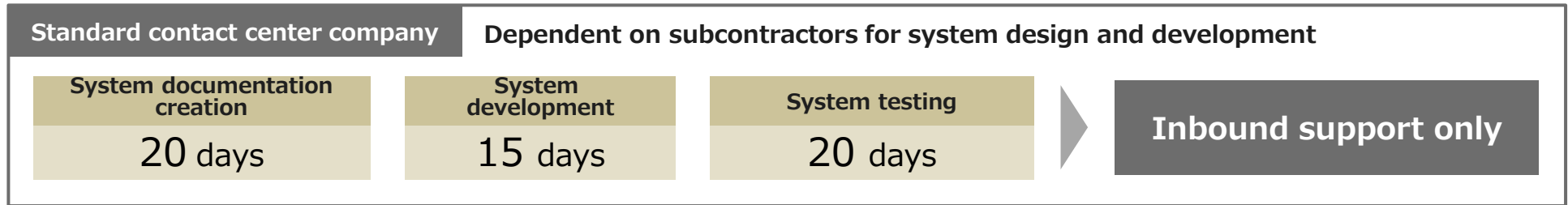
- Performance-based: Lead to sales (improve ARPU, acquire repeat customers and loyal customers)

**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

# Distinction in the Inbound Business: In-house System Production and Hybrid Support

- In-house system production allows for quicker delivery and longer operation time
- Hybrid inbound/outbound support enables flexible resource allocation and maintenance of high operating ratio of communicators



## DmMiX's inbound advantages

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

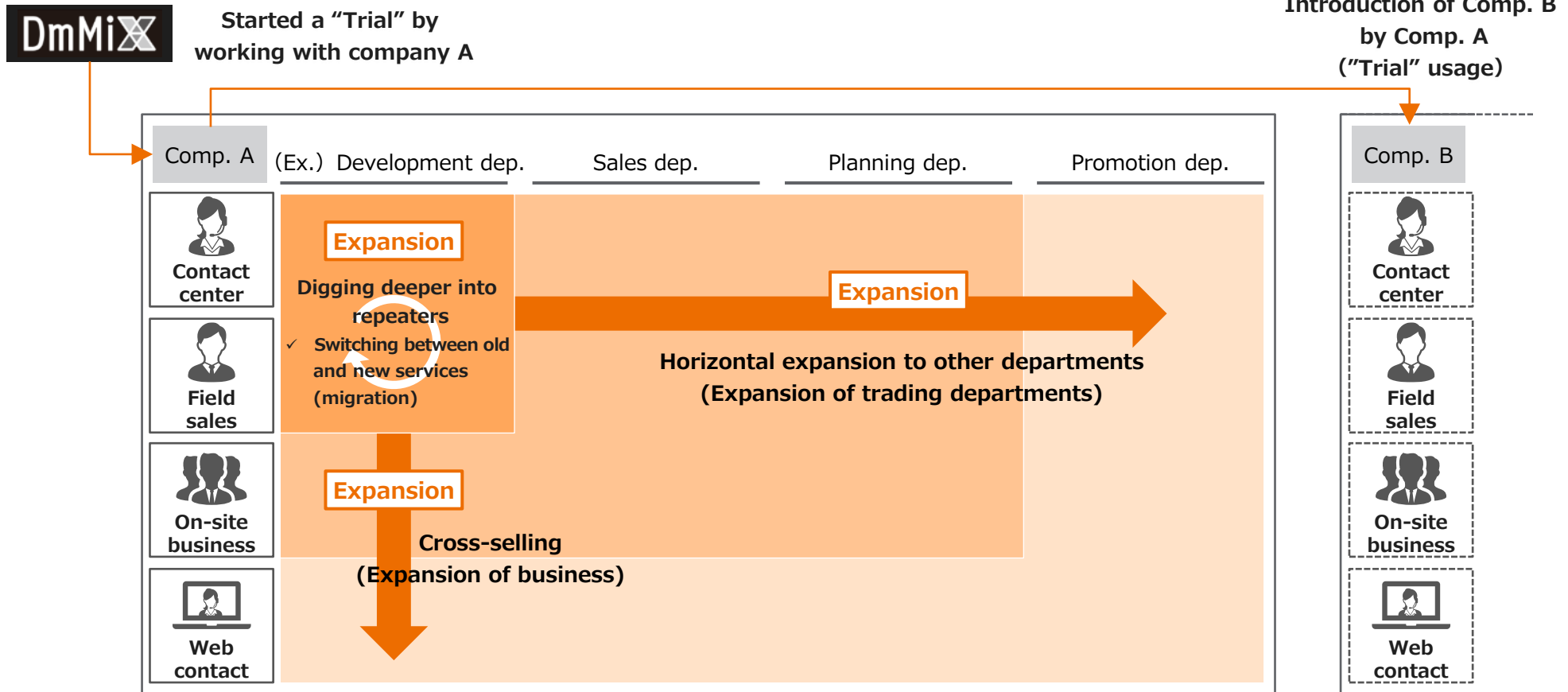
**Transforming a contact center into a profitable department**



# Client Acquisition and Business Expansion

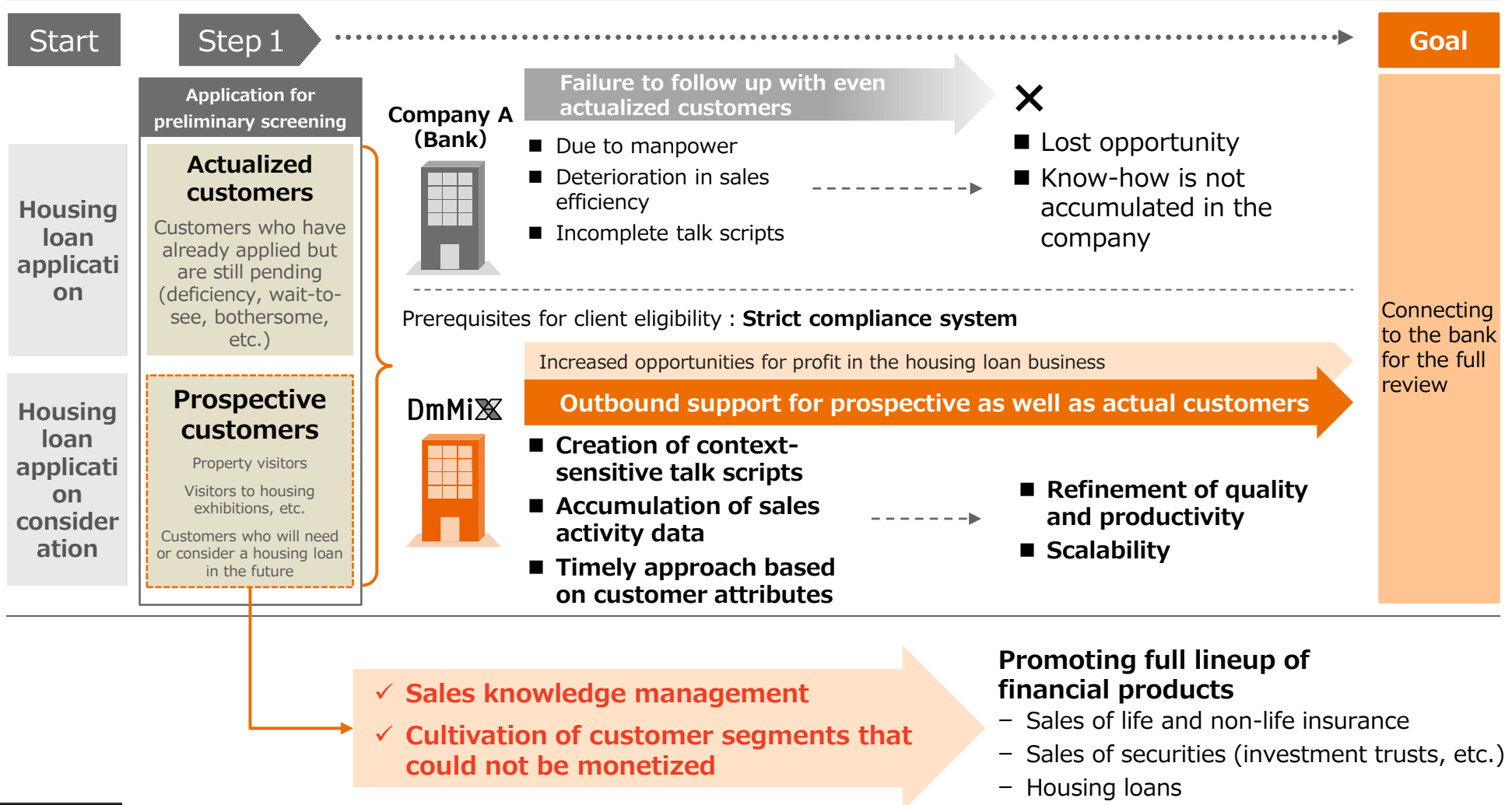
- Acquire new clients through active sales and referrals, and steadily expand business with highly satisfying results
- For existing clients, expand transactions by digging deeper through repeats, cross-selling, and horizontal expansion to other departments

Image of expansion of existing business from acquisition of new clients



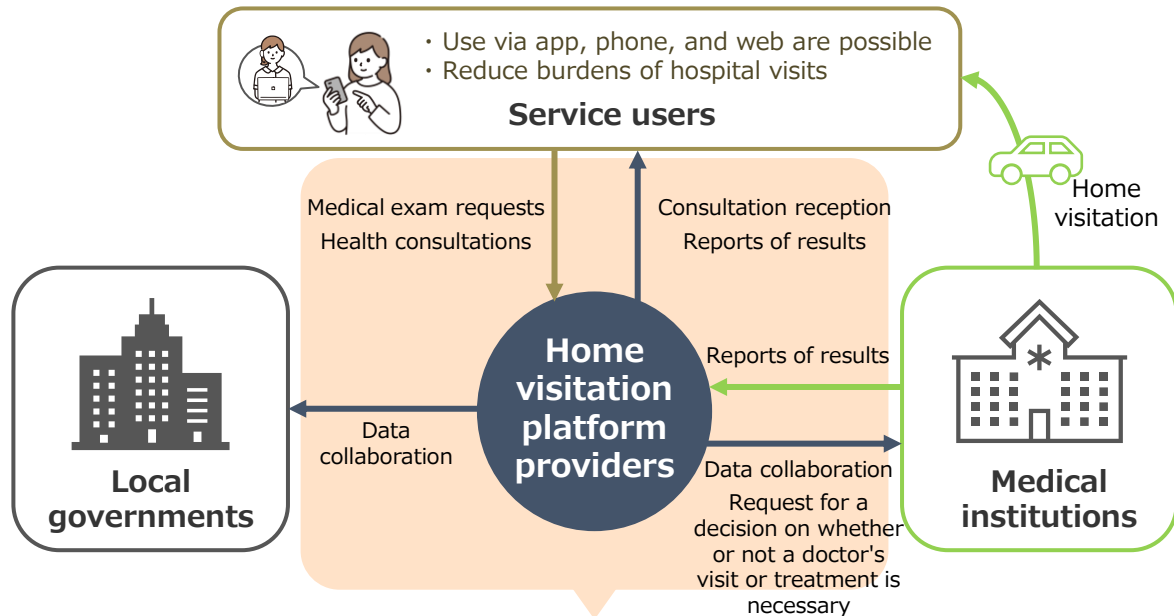
# Promising Market Example - Housing Loan Sales

- 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



# Growth Opportunities in New Areas (1) BPO for Healthcare

- Provide one-stop services for touch points between home visitation platform providers and users, medical institutions, and local governments
- Contribute to the realization of medical DX by providing wide-ranging BPO services including administrative work in addition to supporting work that requires qualifications and is performed by nurse operators



## Realization of medical DX

- ✓ Lower burdens on healthcare workers
- ✓ Provision of high-quality healthcare services
- ✓ Reform of nurse working styles
- ✓ Provision of healthcare services to remote regions
- ✓ Healthcare provision systems that enable patients to receive appropriate healthcare when needed

### DmMiX's telemedicine and home visit support



#### Nurse operators (personnel with qualifications)

- Assist doctors by listening to information for doctor's visits and treatment decisions
- Nurse operators complete checkups and follow-up observations



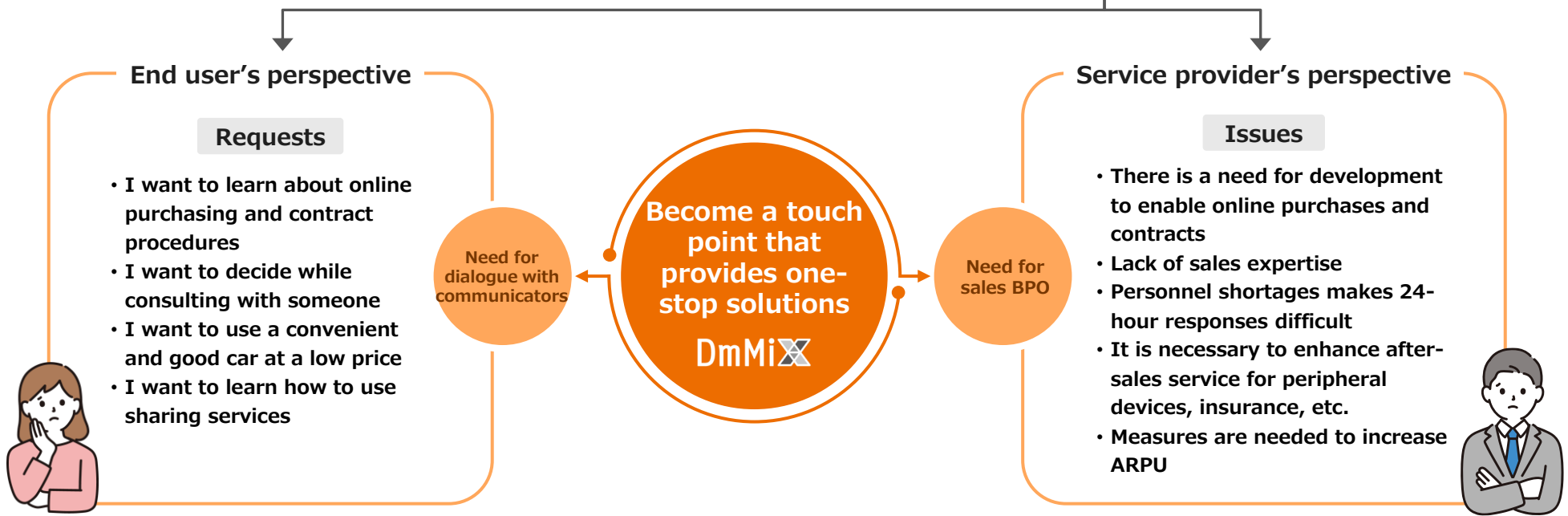
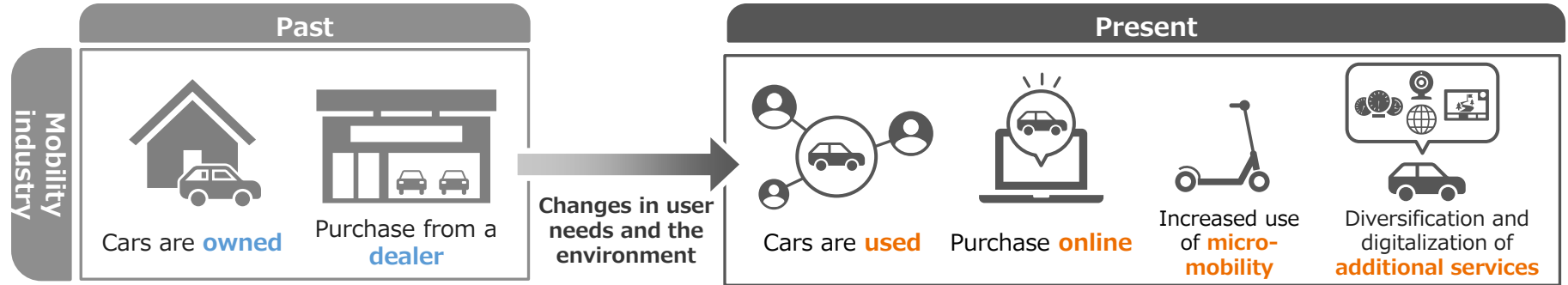
#### General operators

- General operators work together to perform administrative work

# Growth Opportunities in New Areas (2)

## Mobility (Automobile Sales through EC)

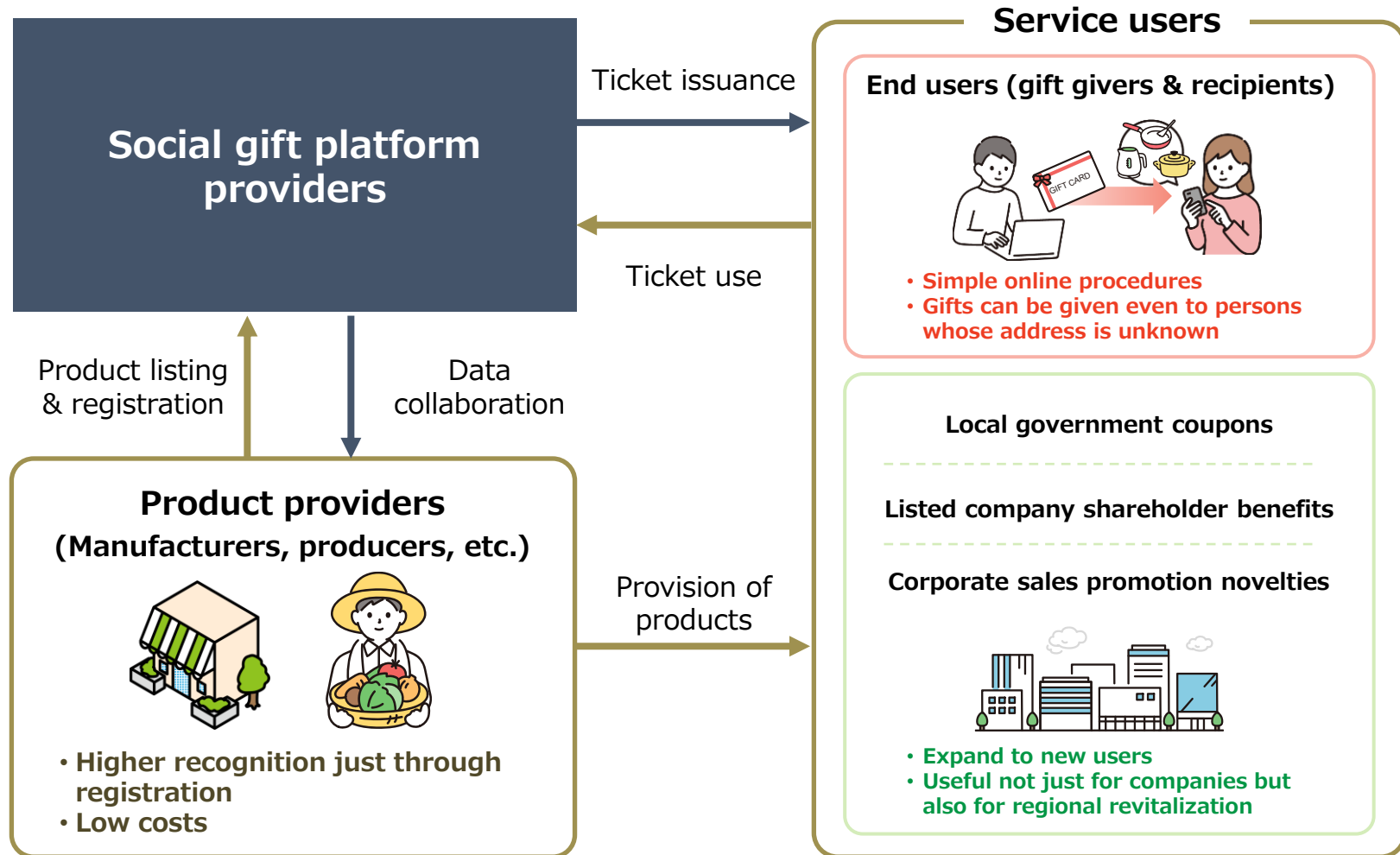
- The transition to subscription type business models is progressing due to the evolution of technologies/services and changes in user needs
- Provide sales solutions that link the virtual (online) with the physical (in-person) to support the expansion of new services



# Growth Opportunities in New Areas (3)

## Social Gifts (Electronic Tickets)

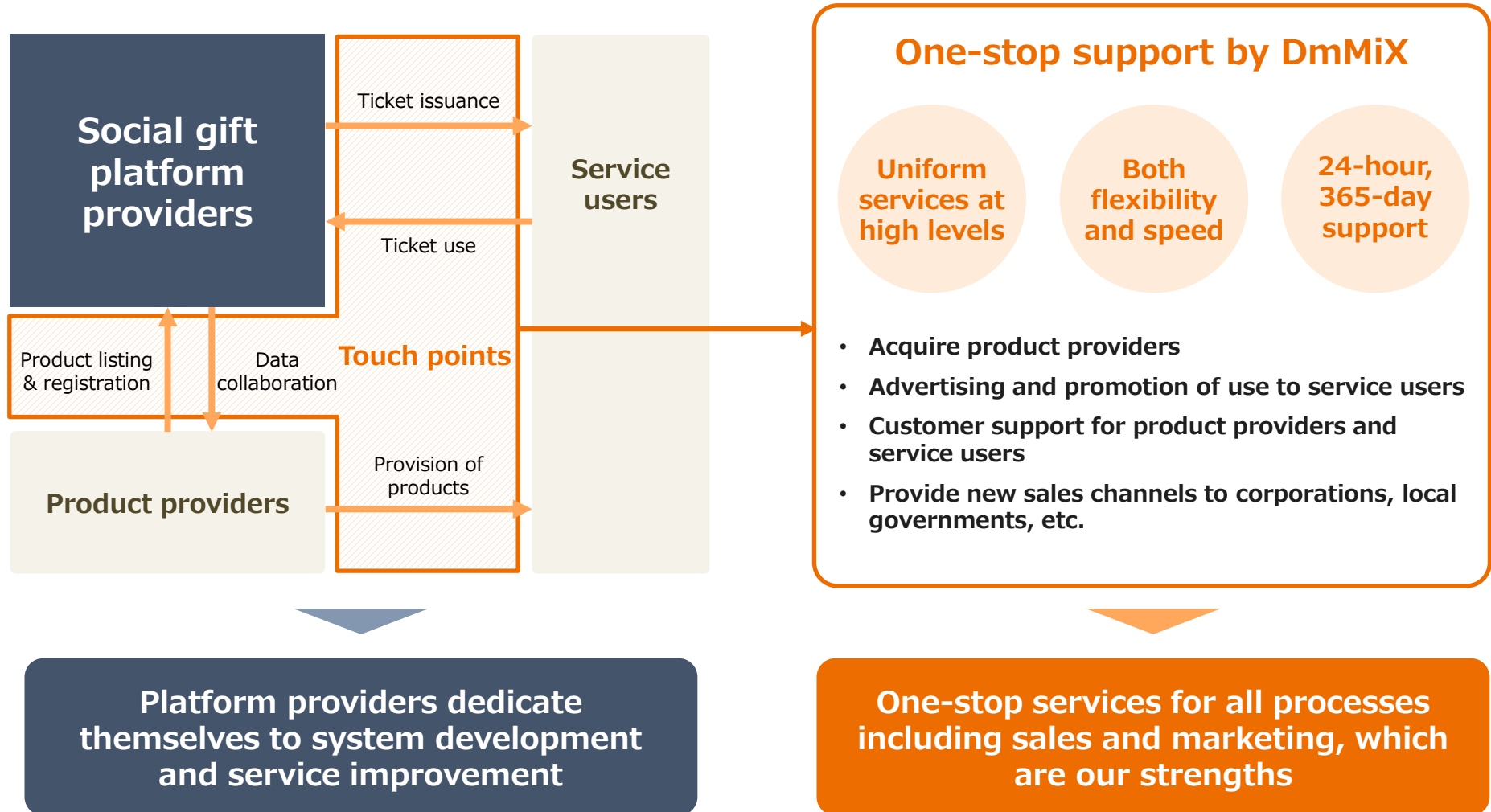
- With the decrease in opportunities for in-person gift-giving and the spread of non-in-person communications, social gift demand is rising. Platforms that satisfy the needs of both gift providers and end users are being developed



# Growth Opportunities in New Areas (3)

## Social Gifts (Electronic Tickets)

- Platform providers and DmMiX play their respective roles and realize social implementation of new services



# Growth Opportunities in New Areas (4)

## 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 identify 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
- Other documents
- Address & other contract party information



#### 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

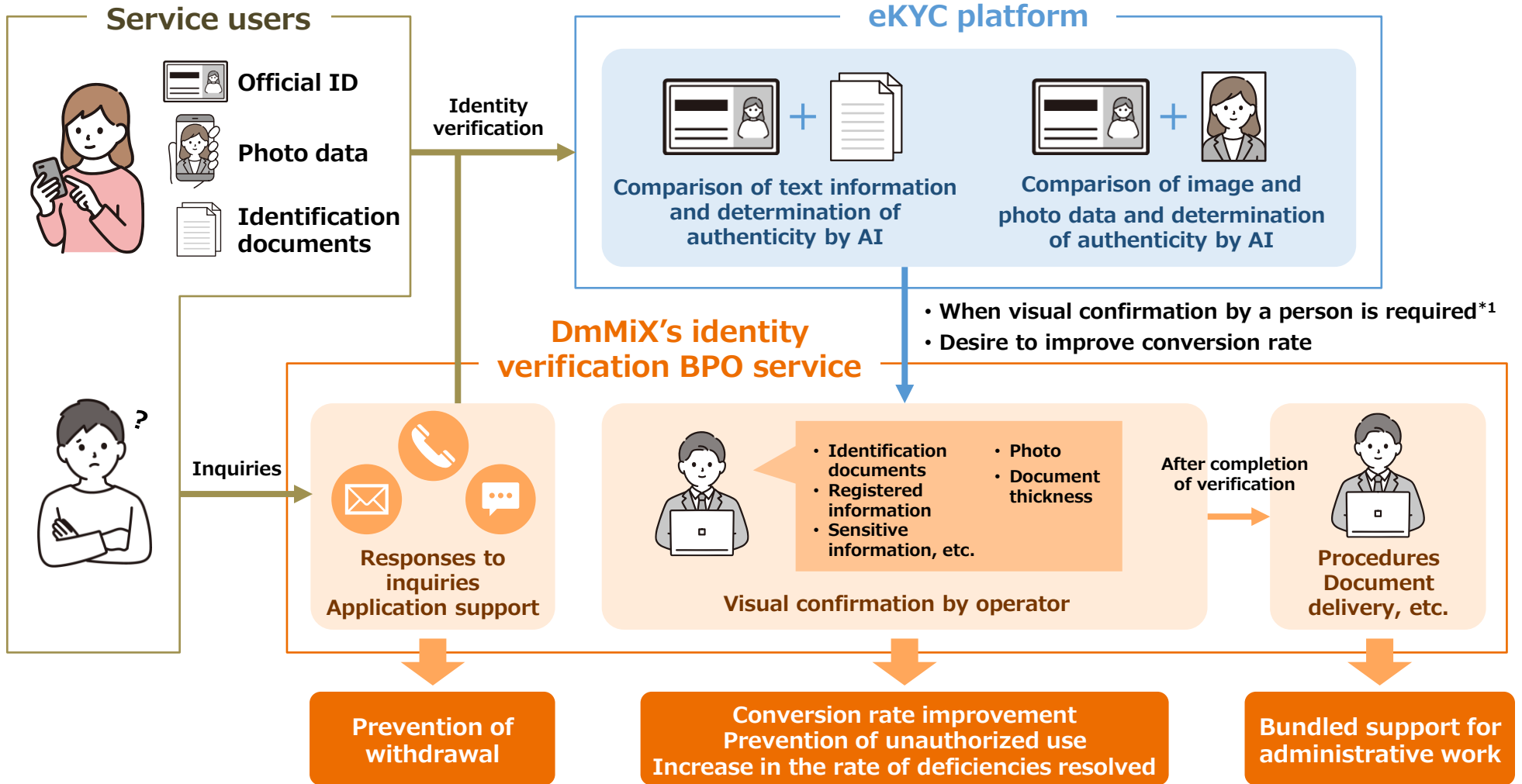
A means of identity verification that can be completed online  
**eKYC**

Mobile phone purchases  
Real estate transactions  
Trading used goods

# Growth Opportunities in New Areas (4)

## 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



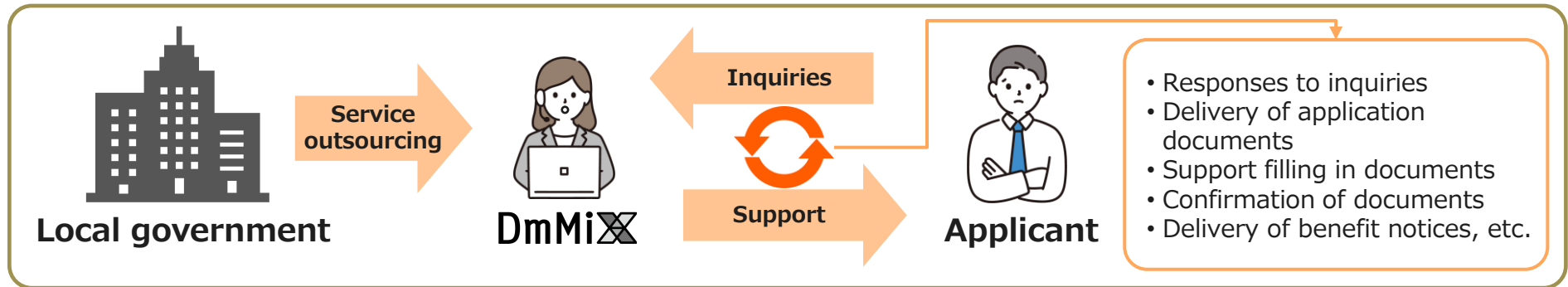
\*1 Transactions listed in Article 7 the Act on Prevention of Transfer of Criminal Proceeds and transactions that entail risks of money laundering or impersonation. In these cases, visual confirmation by a person is required



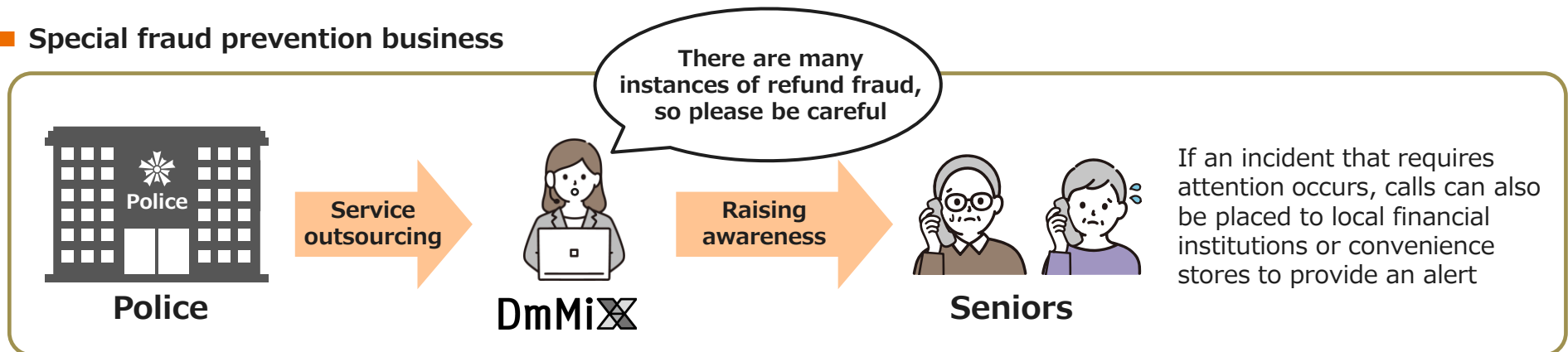
# Growth Opportunities in New Areas (5) Public Sector

- 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

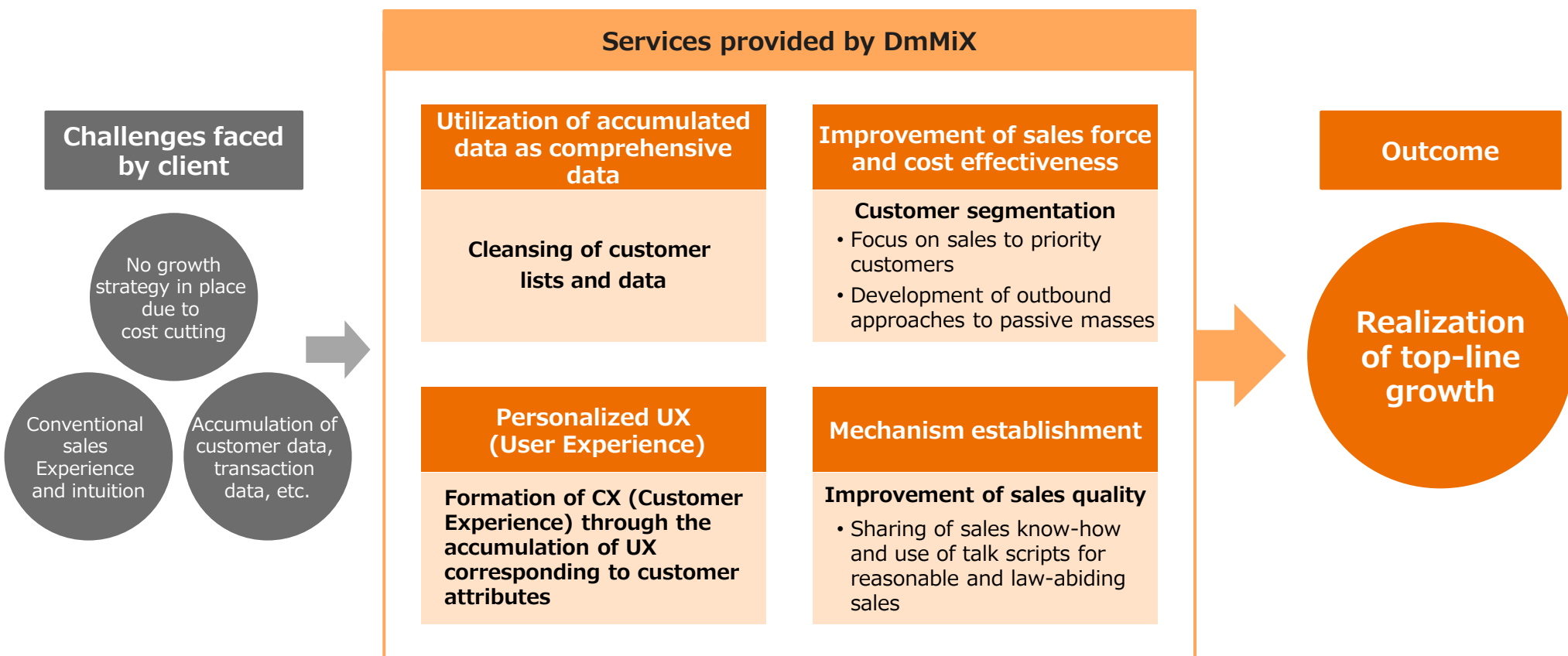
- Ministry of Health, Labour and Welfare, Ministry of Internal Affairs and Communications, National Tax Agency, Fair Trade Commission, Ministry of the Environment, and others

# DmMiX supporting DX with Big Data in the Sales Department

- Utilization of big data through DX: Improving the efficiency of sales departments is key to the revival of Japanese companies in BtoC business

BtoC service industry (telecom. infrastructure, finance)

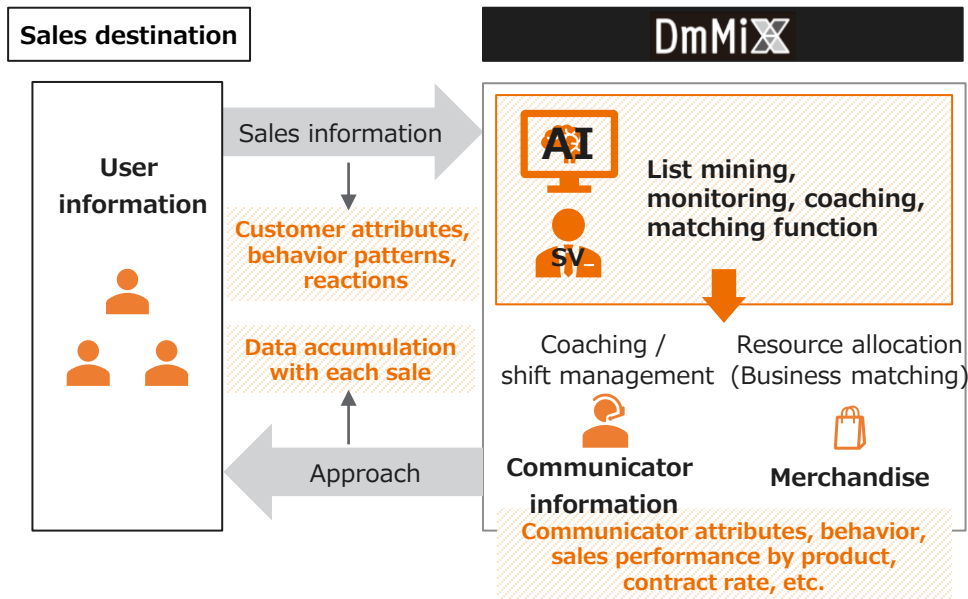
## Possibility of using outbound to support DX



# 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

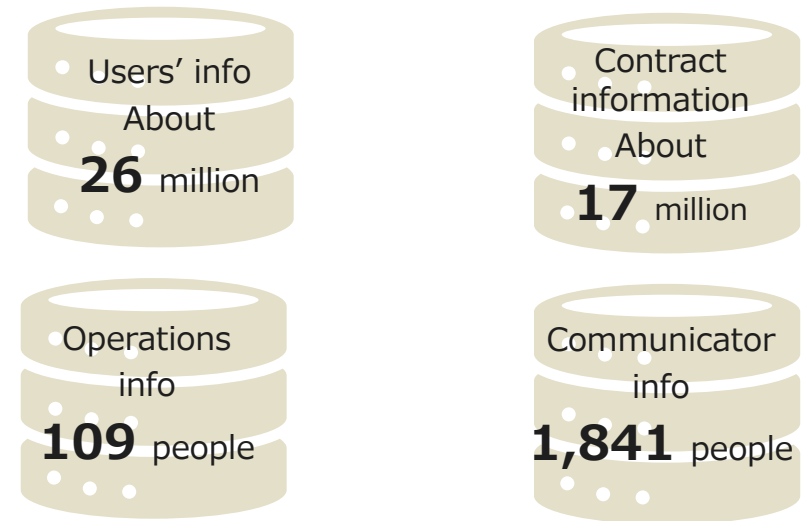


## Factors for accelerating growth

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

## Partial AI test introduction effect

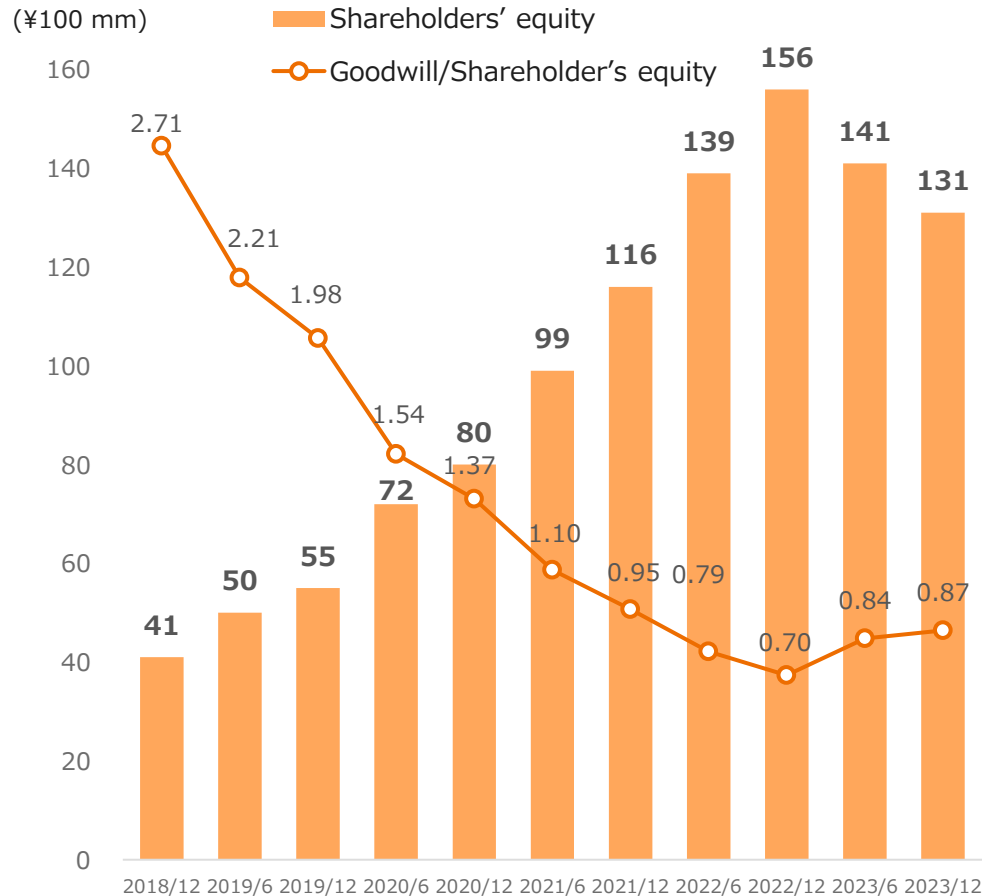
### AI utilization data implementation (Cumulative)



- Ongoing empirical experiments with data accumulation
- Scheduled to be introduced gradually after scoring results improve

# About Goodwill

## Historical shareholders' equity and goodwill/ Shareholders' equity ratio



## Reference on goodwill in the securities report submitted on March 27, 2023 (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 30.5 points or the estimation of future cash flow including terminal value decreases by 77.9%; 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  
(3 years in the previous consolidated fiscal year)
  - Growth rate for extending the cash flow estimation : 0%  
(0% in the previous consolidated fiscal year)
  - Pre-tax discount rate applied to cash flow estimation :  
Marketing business 6.41% / On-site business 9.32%  
(9.00% and 12.52% respectively in the previous fiscal year)



**【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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