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Consolidated Financial Results for the Fiscal Year Ended December 31, 2020 (Under IFRS)

February 12, 2021

Company name: **Direct Marketing MiX Inc.**
Listing: Tokyo Stock Exchange
Securities code: 7354
URL: https://dmix.co.jp/
Representative: Yuki Kobayashi, Representative Director and President, CEO
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Scheduled date of Ordinary General Meeting of Shareholders: March 25, 2021
Scheduled date to commence dividend payments: March 11, 2021
Scheduled date of the submission of annual securities report: March 26, 2021
Preparation of supplementary material on financial results: Yes
Holding of financial results presentation meeting: Yes (for institutional investors and analysts)

(Yen amounts are rounded to the nearest million, unless otherwise noted.)

1. Consolidated financial results for the fiscal year ended December 31, 2020 (from January 1, 2020 to December 31, 2020)

(1) Consolidated operating results (cumulative) (Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended December 31, 2020	22,461	30.5	3,586	60.3	3,504	63.6	2,425	66.2
December 31, 2019	17,213	27.4	2,238	33.4	2,142	68.1	1,459	77.2

	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%	Yen	Yen
Fiscal year ended December 31, 2020	2,425	66.2	2,425	66.2	120.94	102.51
December 31, 2019	1,459	78.2	1,459	77.2	72.75	61.32

	Return on equity attributable to owners of parent	Ratio of profit before tax to total assets	Ratio of operating profit to revenue
	%	%	%
Fiscal year ended December 31, 2020	35.8	18.0	16.0
December 31, 2019	30.4	12.9	13.0

Reference: Share of profit (loss) of investments accounted for using equity method:
Fiscal year ended December 31, 2020: ¥ – million
Fiscal year ended December 31, 2019: ¥ – million

Note: The Company conducted a 300-for-1 share split of its common shares on July 28, 2020. “Basic earnings per share” and “Diluted earnings per share” have been calculated assuming that the share split was conducted at the beginning of the fiscal year ended December 31, 2019.

(Reference) (Percentages indicate year-on-year changes.)

	Adjusted operating profit		Adjusted profit before tax		Adjusted profit attributable to owners of parent		Adjusted EBITDA	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
December 31, 2020	3,676	59.8	3,594	63.1	2,484	65.7	4,411	52.1
December 31, 2019	2,300	31.9	2,204	64.5	1,499	74.1	2,900	31.1

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent	Equity attributable to owners of parent per share
	Millions of yen	Millions of yen	Millions of yen	%	Yen
As of					
December 31, 2020	21,251	8,000	8,000	37.6	399.01
December 31, 2019	17,598	5,544	5,544	31.5	276.49

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended				
December 31, 2020	4,091	(452)	(1,616)	3,692
December 31, 2019	2,270	(340)	(1,025)	1,669

2. Cash dividends

	Dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Annual total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended					
December 31, 2019	–	0.00	–	0.00	0.00
December 31, 2020	–	0.00	–	5.00	5.00
Fiscal year ending December 31, 2021 (Forecast)	–	0.00	–	10.00	10.00

	Total cash dividends (annual)	Payout ratio (consolidated)	Ratio of dividends to equity attributable to owners of parent (consolidated)
	Millions of yen	%	%
Fiscal year ended			
December 31, 2019	–	–	–
December 31, 2020	100	4.1	1.5
Fiscal year ending December 31, 2021 (Forecast)		8.0	

3. Consolidated earnings forecasts for the fiscal year ending December 31, 2021 (from January 1, 2021 to December 31, 2021)

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ending December 31, 2021	26,800	19.3	3,800	6.0	3,700	5.6	2,500	3.1

	Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Yen
Fiscal year ending December 31, 2021	2,500	3.1	124.69

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) Changes in accounting policies and changes in accounting estimates

(i) Changes in accounting policies required by IFRS: None
(ii) Changes in accounting policies due to other reasons: None
(iii) Changes in accounting estimates: None

(3) Number of issued shares (ordinary shares)

(i) Total number of issued shares at end of the period (including treasury shares)

As of December 31, 2020	20,050,500 shares
As of December 31, 2019	20,050,500 shares

(ii) Number of treasury shares at end of the period

As of December 31, 2020	25 shares
As of December 31, 2019	– shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

For the fiscal year ended December 31, 2020	20,050,497 shares
For the fiscal year ended December 31, 2019	20,050,500 shares

Note: The Company conducted a 300-for-1 share split of its common shares on July 28, 2020. "Total number of issued shares at end of the period," "Number of treasury shares at end of the period" and "Average number of shares outstanding during the period" have been calculated assuming that the share split was conducted at the beginning of the fiscal year ended December 31, 2019.

(Reference) Overview of Non-consolidated Financial Results

1. Non-consolidated financial results for the fiscal year ended December 31, 2020 (from January 1, 2020 to December 31, 2020)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Operating revenue		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2020	2,822	111.7	2,044	149.8	1,912	165.0	1,722	199.0
December 31, 2019	1,333	137.1	818	263.6	722	–	576	–

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
December 31, 2020	85.88	72.80
December 31, 2019	28.72	–

Note: The Company conducted a 300-for-1 share split of its common shares on July 28, 2020. "Basic earnings per share" and "Diluted earnings per share" have been calculated assuming that the share split was conducted at the beginning of the fiscal year ended December 31, 2019. Information on diluted earnings per share for the fiscal year ended December 31, 2019, is omitted as the shares of the Company are unlisted shares and the average share price during the period cannot be calculated although there were potentially dilutive shares.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
December 31, 2020	16,422	5,495	33.0	269.91
December 31, 2019	15,102	3,741	24.4	184.02

Reference: Equity
As of December 31, 2020: ¥5,412 million
As of December 31, 2019: ¥3,690 million

< Reason for changes in non-consolidated financial results from the fiscal year ended December 31, 2019 >

There are changes in the non-consolidated earnings results of the fiscal year ended December 31, 2020, from the fiscal year ended December 31, 2019, due to higher consulting fee income incurred for reassessing operations, etc. to provide management advice to the subsidiaries, together with an increase in dividends received from the subsidiaries, during the fiscal year ended December 31, 2020.

*** Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.**

*** Proper use of earnings forecasts, and other special items**

(Caution regarding forward-looking statements and others)
The forecasts and other forward-looking statements in this report are based on currently available information and certain assumptions determined as rational. Consequently, any statements herein do not constitute assurances regarding actual results by the Company. Actual performance may significantly differ from these forecasts due to various factors in the future. The impact of the novel coronavirus disease (COVID-19) on the Group's business results is expected to be immaterial. On the other hand, matters surrounding the impact of COVID-19, such as when it will be resolved, remains unclear. Accordingly, if it becomes necessary to revise the business earnings forecast in light of future business trends, we will disclose such revisions promptly.

(Method of accessing contents of financial results presentation meeting)
On Thursday, February 18, 2021, the Company plans to hold a presentation meeting for analysts. The Company plans to post a video of this presentation meeting on its website promptly after the review is held.

(The adoption of International Financial Reporting Standards (IFRS))
The Group has adopted International Financial Reporting Standards (IFRS) from the fiscal year ended December 31, 2019. The financial figures provided under the overview of non-consolidated financial results are prepared in accordance with Japanese generally accepted accounting principles (Japanese GAAP.)

(Notes regarding (Reference))
(1) Adjusted operating profit = Operating profit + Listing preparation expenses
(2) Adjusted profit before tax = Profit before tax + Listing preparation expenses
(3) Adjusted profit attributable to owners of parent = Profit attributable to owners of parent + Listing preparation expenses - Adjustment to income tax expense
(4) Adjusted EBITDA = Profit + Income tax expense - Finance income + Finance costs + Depreciation and amortization + Listing preparation expenses
(5) The listing preparation expenses include advisory and external consultant fees related to listing preparation, such as legal fees and support cost for the introduction of International Financial Reporting Standards (IFRS), expenses related to listing examinations, and one-time expenses related to listing.
(6) The adjustment to income tax expense represents the income tax expense associated with the increase in taxable income due to the adjustment of listing preparation expenses.

(7) Adjusted operating profit, adjusted profit before tax, adjusted profit attributable to owners of parent and adjusted EBITDA are not subject to audit in accordance with Article 193-2, paragraph (1) of the Financial Instruments and Exchange Act.

(8) Adjusted operating profit, adjusted profit before tax, adjusted profit attributable to owners of parent and adjusted EBITDA are not indicators prescribed by International Financial Reporting Standards (IFRS). They are financial indicators that the Company believes are useful to investors in assessing the Group's performance. These financial indicators exclude the impact of listing preparation expenses, such as legal fees and support costs for the introduction of International Financial Reporting Standards (IFRS), which are not expected to be incurred after the listing (i.e., items that are not considered to be indicative of the results of normal operating activities or that do not provide an appropriate indication of the Group's performance in comparison with its competitors).

(9) Adjusted operating profit, adjusted profit before tax, adjusted profit attributable to owners of parent and adjusted EBITDA exclude certain items that affect profit and have significant limitations as analytical tools. Therefore, they should not be considered as alternative indicators to other indicators presented in accordance with International Financial Reporting Standards (IFRS). These financial indicators may not be comparable to the same or similar financial indicators used by other companies in the same industry because the calculation methods may differ from those of other companies, and as a result, their usefulness may be reduced.