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Consolidated Financial Results for the Six Months Ended June 30, 2021 (Under IFRS)

August 13, 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 the submission of quarterly securities report: August 13, 2021
Scheduled date to commence dividend payments: –
Preparation of supplementary material on quarterly financial results: Yes
Holding of quarterly 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 six months ended June 30, 2021 (from January 1, 2021 to June 30, 2021)

(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	%
Six months ended								
June 30, 2021	15,026	31.9	2,917	20.4	2,800	17.2	1,914	20.0
June 30, 2020	11,395	33.7	2,422	68.8	2,389	72.3	1,594	75.0

	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
Six months ended						
June 30, 2021	1,914	20.0	1,914	20.0	94.75	80.08
June 30, 2020	1,594	75.0	1,594	75.0	79.51	67.01

Note: The Company conducted a 300-for-1 share split of its ordinary 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, 2020.

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent
	Millions of yen	Millions of yen	Millions of yen	%
As of				
June 30, 2021	22,929	9,945	9,945	43.4
December 31, 2020	21,251	8,000	8,000	37.6

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, 2020	–	0.00	–	5.00	5.00
Fiscal year ending December 31, 2021	–				
Fiscal year ending December 31, 2021 (Forecast)		0.00	–	10.00	10.00

Note: Revisions to the forecast of cash dividends most recently announced: None

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	28,500	26.9	4,500	22.5	4,400	25.6	3,000	23.7

	Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Yen
Fiscal year ending December 31, 2021	3,000	23.7	148.52

Note: Revisions to the earnings forecasts most recently announced: Yes

Regarding revisions to the consolidated earnings forecasts, please refer to the “Notice Concerning Revisions to Full-Year Consolidated Financial Results Forecasts” released today (August 13, 2021).

*** 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 June 30, 2021	20,545,600 shares
As of December 31, 2020	20,050,500 shares

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

As of June 30, 2021	100 shares
As of December 31, 2020	25 shares

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

For the six months ended June 30, 2021	20,199,260 shares
For the six months ended June 30, 2020	20,050,500 shares

Note: The Company conducted a 300-for-1 share split of its ordinary 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, 2020.

*** Quarterly financial results reports are exempt from quarterly reviews 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 forward-looking statements, including earnings forecasts contained 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 earnings 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 earnings forecast in light of future business trends, we will disclose such revisions promptly.

(Method of accessing contents of quarterly financial results presentation meeting)
On Monday, August 16, 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.

Condensed Quarterly Consolidated Financial Statements

(1) Condensed quarterly consolidated statement of financial position

(Thousands of yen)

	As of December 31, 2020	As of June 30, 2021
Assets		
Current assets		
Cash and cash equivalents	3,692,215	3,584,680
Trade and other receivables	3,029,397	3,901,809
Other current assets	155,520	259,027
Total current assets	6,877,132	7,745,516
Non-current assets		
Property, plant and equipment	832,160	995,878
Right-of-use assets	1,706,159	2,077,509
Goodwill	10,984,224	10,984,224
Other intangible assets	80,127	77,671
Deferred tax assets	298,256	298,256
Other financial assets	467,345	745,167
Other non-current assets	5,686	5,185
Total non-current assets	14,373,958	15,183,890
Total assets	21,251,090	22,929,406

(Thousands of yen)

	As of December 31, 2020	As of June 30, 2021
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	3,339,384	3,257,704
Borrowings	613,040	695,213
Income taxes payable	829,209	886,560
Other financial liabilities	581,624	694,583
Other current liabilities	709,302	778,408
Total current liabilities	6,072,559	6,312,468
Non-current liabilities		
Borrowings	5,886,873	5,089,992
Provisions	193,491	218,911
Other financial liabilities	1,093,196	1,356,664
Other non-current liabilities	4,622	6,625
Total non-current liabilities	7,178,182	6,672,192
Total liabilities	13,250,741	12,984,660
Equity		
Share capital	1,600,000	1,698,563
Capital surplus	1,609,578	1,642,149
Retained earnings	4,707,624	6,521,172
Treasury shares	(69)	(307)
Other components of equity	83,216	83,169
Total equity attributable to owners of parent	8,000,349	9,944,746
Total equity	8,000,349	9,944,746
Total liabilities and equity	21,251,090	22,929,406

(2) Condensed quarterly consolidated statement of profit or loss and Condensed quarterly consolidated statement of comprehensive income

(Condensed quarterly consolidated statement of profit or loss)

(Thousands of yen)

	Six months ended June 30, 2020	Six months ended June 30, 2021
Revenue	11,395,221	15,026,212
Operating expenses	(8,981,691)	(12,142,126)
Other income	9,711	36,647
Other expenses	(792)	(3,530)
Operating profit	2,422,449	2,917,203
Finance income	39,366	978
Finance costs	(72,894)	(117,818)
Profit before tax	2,388,921	2,800,362
Income tax expense	(794,752)	(886,562)
Profit	1,594,169	1,913,800
Profit attributable to		
Owners of parent	1,594,169	1,913,800
Profit	1,594,169	1,913,800
Earnings per share		
Basic earnings per share (Yen)	79.51	94.75
Diluted earnings per share (Yen)	67.01	80.08

(Condensed quarterly consolidated statement of comprehensive income)

(Thousands of yen)

	Six months ended June 30, 2020	Six months ended June 30, 2021
Profit	1,594,169	1,913,800
Comprehensive income	1,594,169	1,913,800
Comprehensive income attributable to		
Owners of parent	1,594,169	1,913,800
Comprehensive income	1,594,169	1,913,800

(3) Condensed quarterly consolidated statement of changes in equity

Six months of the fiscal year ended December 31, 2020 (from January 1, 2020 to June 30, 2020)

(Thousands of yen)

	Share capital	Capital surplus	Retained earnings	Other components of equity
Balance as of January 1, 2020	1,600,000	1,609,578	2,282,807	51,288
Profit	–	–	1,594,169	–
Total comprehensive income	–	–	1,594,169	–
Increase / decrease in stock acquisition rights	–	–	–	14,468
Transfer-restricted stock-based compensation	–	–	–	–
Total transactions with owners	–	–	–	14,468
Balance as of June 30, 2020	1,600,000	1,609,578	3,876,977	65,756

	Total equity attributable to owners of parent	Total equity
Balance as of January 1, 2020	5,543,673	5,543,673
Profit	1,594,169	1,594,169
Total comprehensive income	1,594,169	1,594,169
Increase / decrease in stock acquisition rights	14,468	14,468
Transfer-restricted stock-based compensation	–	–
Total transactions with owners	14,468	14,468
Balance as of June 30, 2020	7,152,311	7,152,311

Six months of the fiscal year ending December 31, 2021 (from January 1, 2021 to June 30, 2021)

(Thousands of yen)

	Share capital	Capital surplus	Retained earnings	Treasury shares
Balance as of January 1, 2021	1,600,000	1,609,578	4,707,624	(69)
Profit	–	–	1,913,800	–
Total comprehensive income	–	–	1,913,800	–
Increase / decrease in stock acquisition rights	58,237	58,237	–	–
Transfer-restricted stock-based compensation	40,326	(25,666)	–	
Purchase of treasury shares	–	–	–	(238)
Dividends of surplus	–	–	(100,252)	–
Total transactions with owners	98,563	32,571	(100,252)	(238)
Balance as of June 30, 2021	1,698,563	1,642,149	6,521,172	(307)

	Other components of equity	Total equity attributable to owners of parent	Total equity
Balance as of January 1, 2021	83,216	8,000,349	8,000,349
Profit	–	1,913,800	1,913,800
Total comprehensive income	–	1,913,800	1,913,800
Increase / decrease in stock acquisition rights	(46)	116,427	116,427
Transfer-restricted stock-based compensation	–	14,660	14,660
Purchase of treasury shares	–	(238)	(238)
Dividends of surplus	–	(100,252)	(100,252)
Total transactions with owners	(46)	30,597	30,597
Balance as of June 30, 2021	83,169	9,944,746	9,944,746

(4) Condensed quarterly consolidated statement of cash flows

(Thousands of yen)

	Six months ended June 30, 2020	Six months ended June 30, 2021
Cash flows from operating activities		
Profit before tax	2,388,921	2,800,362
Depreciation and amortization	339,496	467,197
Loss on retirement of fixed assets	—	648
Increase (decrease) in allowance for doubtful accounts	2,274	5,945
Finance income	(39,366)	(978)
Finance costs	72,894	117,818
Share-based remuneration expenses	14,468	28,082
Accrued paid absences	35,224	96,574
Decrease (increase) in trade and other receivables	(94,743)	(1,116,857)
Increase (decrease) in trade and other payables	(154,713)	(92,239)
Increase (decrease) in provision for bonuses	188,993	63,236
Other	114,279	(233,596)
Subtotal	2,867,727	2,136,190
Interest received	6	18
Interest paid	(30,044)	(29,423)
Income taxes paid	(372,308)	(590,711)
Net cash provided by (used in) operating activities	2,465,381	1,516,075
Cash flows from investing activities		
Purchase of property, plant and equipment	(107,541)	(222,485)
Purchase of intangible assets	(2,329)	(9,810)
Payments of leasehold and guarantee deposits	(12,215)	(214,741)
Other	(236)	(70,437)
Net cash provided by (used in) investing activities	(122,321)	(517,474)
Cash flows from financing activities		
Repayments of long-term borrowings	(1,010,000)	(6,755,000)
Proceeds from long-term borrowings	260,000	6,000,000
Dividends paid	–	(100,252)
Proceeds from exercise of share acquisition rights	–	103,006
Purchase of treasury shares	–	(238)
Repayments of lease liabilities	(265,499)	(353,651)
Net cash provided by (used in) financing activities	(1,015,499)	(1,106,136)
Net increase (decrease) in cash and cash equivalents	1,327,562	(107,535)
Cash and cash equivalents at beginning of period	1,669,486	3,692,215
Cash and cash equivalents at end of period	2,997,048	3,584,680