

Note: This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Consolidated Financial Results for the Nine Months Ended September 30, 2021 (Under IFRS)

November 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
 Inquiries: Motoyoshi Doi, Director, CFO
 TEL: +81-6-6809-1615

Scheduled date of the submission of quarterly securities report: November 12, 2021

Scheduled date to commence dividend payments: –

Preparation of supplementary material on quarterly financial results: Yes

Holding of quarterly financial results presentation meeting: None

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

1. Consolidated financial results for the nine months ended September 30, 2021 (from January 1, 2021 to September 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	%
Nine months ended								
September 30, 2021	23,039	38.2	4,352	43.6	4,224	42.1	2,935	46.4
September 30, 2020	16,667	32.8	3,031	75.7	2,973	79.9	2,004	84.7

	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
Nine months ended						
September 30, 2021	2,935	46.4	2,935	46.4	144.45	122.65
September 30, 2020	2,004	84.7	2,004	84.7	99.95	83.88

(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				
September 30, 2021	24,693	10,995	10,995	44.5
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	–	0.00	–		
Fiscal year ending December 31, 2021 (Forecast)				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: None

*** 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 September 30, 2021	20,548,900 shares
As of December 31, 2020	20,050,500 shares

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

As of September 30, 2021	139 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 Nine months ended September 30, 2021	20,316,212 shares
For the Nine months ended September 30, 2020	20,050,500 shares

*** 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 supplementary material on quarterly financial results)

Supplementary material on quarterly financial results is disclosed on the same day on TDnet.

Condensed Quarterly Consolidated Financial Statements

(1) Condensed quarterly consolidated statement of financial position

(Thousands of yen)

	As of December 31, 2020	As of September 30, 2021
Assets		
Current assets		
Cash and cash equivalents	3,692,215	4,221,423
Trade and other receivables	3,029,397	3,871,366
Other current assets	155,520	233,335
Total current assets	6,877,132	8,326,123
Non-current assets		
Property, plant and equipment	832,160	1,186,443
Right-of-use assets	1,706,159	2,810,158
Goodwill	10,984,224	10,984,224
Other intangible assets	80,127	72,222
Deferred tax assets	298,256	298,256
Other financial assets	467,345	999,509
Other non-current assets	5,686	16,158
Total non-current assets	14,373,958	16,366,971
Total assets	21,251,090	24,693,094

(Thousands of yen)

	As of December 31, 2020	As of September 30, 2021
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	3,339,384	3,047,273
Borrowings	613,040	695,421
Income taxes payable	829,209	753,471
Other financial liabilities	581,624	896,943
Other current liabilities	709,302	1,175,925
Total current liabilities	<u>6,072,559</u>	<u>6,569,034</u>
Non-current liabilities		
Borrowings	5,886,873	4,917,685
Provisions	193,491	310,198
Other financial liabilities	1,093,196	1,893,792
Other non-current liabilities	4,622	7,008
Total non-current liabilities	<u>7,178,182</u>	<u>7,128,683</u>
Total liabilities	<u>13,250,741</u>	<u>13,697,717</u>
Equity		
Share capital	1,600,000	1,699,182
Capital surplus	1,609,578	1,664,758
Retained earnings	4,707,624	7,542,045
Treasury shares	(69)	(463)
Other components of equity	83,216	89,856
Total equity attributable to owners of parent	<u>8,000,349</u>	<u>10,995,377</u>
Total equity	<u>8,000,349</u>	<u>10,995,377</u>
Total liabilities and equity	<u><u>21,251,090</u></u>	<u><u>24,693,094</u></u>

(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)

	Nine months ended September 30, 2020	Nine months ended September 30, 2021
Revenue	16,666,662	23,039,033
Operating expenses	(13,649,960)	(18,729,081)
Other income	22,867	45,922
Other expenses	(8,487)	(3,653)
Operating profit	3,031,083	4,352,221
Finance income	39,726	1,694
Finance costs	(97,862)	(129,502)
Profit before tax	2,972,947	4,224,413
Income tax expense	(968,826)	(1,289,740)
Profit	<u>2,004,121</u>	<u>2,934,673</u>
Profit attributable to		
Owners of parent	<u>2,004,121</u>	<u>2,934,673</u>
Profit	<u>2,004,121</u>	<u>2,934,673</u>
Earnings per share		
Basic earnings per share (Yen)	99.95	144.45
Diluted earnings per share (Yen)	83.88	122.65

(Condensed quarterly consolidated statement of comprehensive income)

(Thousands of yen)

	Nine months ended September 30, 2020	Nine months ended September 30, 2021
Profit	<u>2,004,121</u>	<u>2,934,673</u>
Comprehensive income	<u>2,004,121</u>	<u>2,934,673</u>
Comprehensive income attributable to		
Owners of parent	<u>2,004,121</u>	<u>2,934,673</u>
Comprehensive income	<u>2,004,121</u>	<u>2,934,673</u>

(3) Condensed quarterly consolidated statement of changes in equity

Nine months of the fiscal year ended December 31, 2020 (from January 1, 2020 to September 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	—	—	2,004,121	—
Total comprehensive income	—	—	2,004,121	—
Increase / decrease in stock acquisition rights	—	—	—	24,021
Transfer-restricted stock-based compensation	—	—	—	—
Total transactions with owners	—	—	—	24,021
Balance as of September 30, 2020	1,600,000	1,609,578	4,286,928	75,309

	Total equity attributable to owners of parent	Total equity
Balance as of January 1, 2020	5,543,673	5,543,673
Profit	2,004,121	2,004,121
Total comprehensive income	2,004,121	2,004,121
Increase / decrease in stock acquisition rights	24,021	24,021
Transfer-restricted stock-based compensation	—	—
Total transactions with owners	24,021	24,021
Balance as of September 30, 2020	7,571,815	7,571,815

Nine months of the fiscal year ending December 31, 2021 (from January 1, 2021 to September 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	–	–	2,934,673	–
Total comprehensive income	–	–	2,934,673	–
Increase / decrease in stock acquisition rights	58,856	58,855	–	–
Transfer-restricted stock-based compensation	40,326	(3,676)	–	–
Purchase of treasury shares	–	–	–	(394)
Dividends of surplus	–	–	(100,252)	–
Total transactions with owners	99,182	55,179	(100,252)	(394)
Balance as of September 30, 2021	1,699,182	1,664,758	7,542,045	(463)

	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	–	2,934,673	2,934,673
Total comprehensive income	–	2,934,673	2,934,673
Increase / decrease in stock acquisition rights	6,641	124,352	124,352
Transfer-restricted stock-based compensation	–	36,650	36,650
Purchase of treasury shares	–	(394)	(394)
Dividends of surplus	–	(100,252)	(100,252)
Total transactions with owners	6,641	60,355	60,355
Balance as of September 30, 2021	89,856	10,995,377	10,995,377

(4) Condensed quarterly consolidated statement of cash flows

(Thousands of yen)

	Nine months ended September 30, 2020	Nine months ended September 30, 2021
Cash flows from operating activities		
Profit before tax	2,972,947	4,224,413
Depreciation and amortization	530,709	750,924
Loss on retirement of fixed assets	7,587	648
Increase (decrease) in allowance for doubtful accounts	5,331	5,794
Finance income	(39,726)	(1,694)
Finance costs	97,862	129,502
Share-based remuneration expenses	21,427	56,894
Accrued paid absences	75,205	80,861
Decrease (increase) in trade and other receivables	(741,167)	(1,086,061)
Increase (decrease) in trade and other payables	139,641	(282,848)
Increase (decrease) in provision for bonuses	434,274	463,502
Other	3,280	(204,771)
Subtotal	3,507,370	4,137,164
Interest received	17	33
Interest paid	(54,118)	(35,472)
Income taxes paid	(672,733)	(1,127,179)
Net cash provided by (used in) operating activities	2,780,536	2,974,545
Cash flows from investing activities		
Purchase of property, plant and equipment	(248,824)	(396,317)
Purchase of intangible assets	(5,155)	(12,320)
Payments of leasehold and guarantee deposits	(67,631)	(376,485)
Other	(418)	(168,612)
Net cash provided by (used in) investing activities	(322,028)	(953,734)
Cash flows from financing activities		
Repayments of long-term borrowings	(1,320,000)	(6,930,000)
Proceeds from long-term borrowings	260,000	6,000,000
Dividends paid	-	(100,252)
Proceeds from issuance of share acquisition rights	2,594	-
Proceeds from exercise of share acquisition rights	-	104,108
Purchase of treasury shares	-	(394)
Repayments of lease liabilities	(411,225)	(565,066)
Net cash provided by (used in) financing activities	(1,468,631)	(1,491,604)
Net increase (decrease) in cash and cash equivalents	989,877	529,208
Cash and cash equivalents at beginning of period	1,669,486	3,692,215
Cash and cash equivalents at end of period	2,659,363	4,221,423