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Consolidated Financial Results for the Three Months Ended March 31, 2022 (Under IFRS)

May 13, 2022

Company name: **Direct Marketing MiX Inc.**
 Listing: Tokyo Stock Exchange
 Securities code: 7354
 URL: <https://dmix.co.jp/>
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 Scheduled date of the submission of quarterly securities report: May 13, 2022
 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 three months ended March 31, 2022 (from January 1, 2022 to March 31, 2022)

(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	%
Three months ended								
March 31, 2022	10,137	42.5	2,696	84.6	2,685	98.2	1,733	87.1
March 31, 2021	7,115	18.5	1,460	10.6	1,355	3.3	926	6.1

	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
Three months ended						
March 31, 2022	1,733	87.1	1,698	83.3	38.98	36.09
March 31, 2021	926	6.1	926	6.1	23.10	19.41

Note: The Company conducted a 2-for-1 share split of its ordinary shares on January 1, 2022. “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, 2021.

(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				
March 31, 2022	28,026	13,116	13,116	46.8
December 31, 2021	26,837	11,599	11,599	43.2

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2021	–	0.00	–	10.00	10.00
Fiscal year ending December 31, 2022	–				
Fiscal year ending December 31, 2022 (Forecast)		0.00	–	15.00	15.00

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

The Company conducted a 2-for-1 share split of its ordinary shares on January 1, 2022. The amounts of dividends per share for the year ended December 31, 2021 are the actual amounts before the share split.

3. Consolidated earnings forecasts for the fiscal year ending December 31, 2022 (from January 1, 2022 to December 31, 2022)

(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, 2022	32,500	7.3	5,000	4.6	4,960	6.8	3,430	6.6

	Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Yen
Fiscal year ending December 31, 2022	3,430	6.6	77.15

Note: Revisions to the earnings forecasts most recently announced: None

The Company conducted a 2-for-1 share split of its ordinary shares on January 1, 2022. “Basic earnings per share” in the consolidated earnings forecasts for the fiscal year ending December 31, 2022 has been calculated considering the impact of the share split.

*** 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 March 31, 2022	44,582,600shares
As of December 31, 2021	44,457,200shares

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

As of March 31, 2022	300shares
As of December 31, 2021	278shares

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

For the three months ended March 31, 2022	44,460,275shares
For the three months ended March 31, 2021	40,100,884shares

Note: The Company conducted a 2-for-1 share split of its ordinary shares on January 1, 2022. "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, 2021.

*** 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.

(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, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and cash equivalents	5,067,037	4,093,034
Trade and other receivables	4,494,008	6,754,260
Other current assets	140,480	149,805
Total current assets	9,701,525	10,997,099
Non-current assets		
Property, plant and equipment	1,672,583	1,681,633
Right-of-use assets	2,867,517	2,786,139
Goodwill	10,984,224	10,984,224
Other intangible assets	76,916	75,656
Deferred tax assets	495,409	510,699
Other financial assets	1,022,457	978,490
Other non-current assets	16,275	12,386
Total non-current assets	17,135,381	17,029,227
Total assets	26,836,906	28,026,326

(Thousands of yen)

	As of December 31, 2021	As of March 31, 2022
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	4,177,961	3,978,289
Borrowings	768,993	769,234
Income taxes payable	1,078,615	951,849
Other financial liabilities	1,014,877	1,016,799
Other current liabilities	1,019,382	1,293,144
Total current liabilities	<u>8,059,827</u>	<u>8,009,315</u>
Non-current liabilities		
Borrowings	4,972,268	4,781,656
Provisions	358,573	361,436
Other financial liabilities	1,841,879	1,750,832
Other non-current liabilities	5,182	7,506
Total non-current liabilities	<u>7,177,903</u>	<u>6,901,429</u>
Total liabilities	<u>15,237,730</u>	<u>14,910,745</u>
Equity		
Share capital	1,866,828	1,874,595
Capital surplus	1,854,394	1,884,151
Retained earnings	7,824,058	9,334,895
Treasury shares	(463)	(500)
Other components of equity	54,358	22,440
Total equity attributable to owners of parent	<u>11,599,176</u>	<u>13,115,581</u>
Total equity	<u>11,599,176</u>	<u>13,115,581</u>
Total liabilities and equity	<u><u>26,836,906</u></u>	<u><u>28,026,326</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)

	Three months ended March 31, 2021	Three months ended March 31, 2022
Revenue	7,115,007	10,136,500
Operating expenses	(5,676,555)	(7,454,486)
Other income	23,713	15,699
Other expenses	(1,829)	(1,967)
Operating profit	1,460,336	2,695,746
Finance income	406	845
Finance costs	(105,906)	(11,616)
Profit before tax	1,354,836	2,684,975
Income tax expense	(428,500)	(951,853)
Profit	<u>926,336</u>	<u>1,733,122</u>
Profit attributable to		
Owners of parent	<u>926,336</u>	<u>1,733,122</u>
Profit	<u>926,336</u>	<u>1,733,122</u>
Earnings per share		
Basic earnings per share (Yen)	23.10	38.98
Diluted earnings per share (Yen)	19.41	36.09

(Condensed quarterly consolidated statement of comprehensive income)

(Thousands of yen)

	Three months ended March 31, 2021	Three months ended March 31, 2022
Profit	926,336	1,733,122
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	—	(34,710)
Total of items that will not be reclassified to profit or loss	—	(34,710)
Total other comprehensive income	—	(34,710)
Comprehensive income	<u>926,336</u>	<u>1,698,412</u>
Comprehensive income attributable to		
Owners of parent	<u>926,336</u>	<u>1,698,412</u>
Comprehensive income	<u>926,336</u>	<u>1,698,412</u>

(3) Condensed quarterly consolidated statement of changes in equity

First three months of the fiscal year ended December 31, 2021 (from January 1, 2021 to March 31, 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	–	–	926,336	–
Other comprehensive income	–	–	–	–
Total comprehensive income	–	–	926,336	–
Increase / decrease in stock acquisition rights	–	–	–	–
Transfer-restricted stock-based compensation	–	–	–	–
Purchase of treasury shares	–	–	–	(112)
Dividends of surplus	–	–	(100,252)	–
Total transactions with owners	–	–	(100,252)	(112)
Balance as of March 31, 2021	1,600,000	1,609,578	5,533,708	(181)

	Other components of equity			Total equity attributable to owners of parent	Total equity
	Stock acquisition rights	Financial assets measured at fair value through other comprehensive income	Total other components of equity		
Balance as of January 1, 2021	83,216	–	83,216	8,000,349	8,000,349
Profit	–	–	–	926,336	926,336
Other comprehensive income	–	–	–	–	–
Total comprehensive income	–	–	–	926,336	926,336
Increase / decrease in stock acquisition rights	6,674	–	6,674	6,674	6,674
Transfer-restricted stock-based compensation	–	–	–	–	–
Purchase of treasury shares	–	–	–	(112)	(112)
Dividends of surplus	–	–	–	(100,252)	(100,252)
Total transactions with owners	6,674	–	6,674	(93,691)	(93,691)
Balance as of March 31, 2021	89,889	–	89,889	8,832,994	8,832,994

First three months of the fiscal year ending December 31, 2022 (from January 1, 2022 to March 31, 2022)

(Thousands of yen)

	Share capital	Capital surplus	Retained earnings	Treasury shares
Balance as of January 1, 2022	1,866,828	1,854,394	7,824,058	(463)
Profit	–	–	1,733,122	–
Other comprehensive income	–	–	–	–
Total comprehensive income	–	–	1,733,122	–
Increase / decrease in stock acquisition rights	7,766	7,766	–	–
Transfer-restricted stock-based compensation	–	21,990	–	–
Purchase of treasury shares	–	–	–	(37)
Dividends of surplus	–	–	(222,285)	–
Total transactions with owners	7,766	29,756	(222,285)	(37)
Balance as of March 31, 2022	1,874,595	1,884,151	9,334,895	(500)

	Other components of equity			Total equity attributable to owners of parent	Total equity
	Stock acquisition rights	Financial assets measured at fair value through other comprehensive income	Total other components of equity		
Balance as of January 1, 2022	54,358	–	54,358	11,599,176	11,599,176
Profit	–	–	–	1,733,122	1,733,122
Other comprehensive income	–	(34,710)	(34,710)	(34,710)	(34,710)
Total comprehensive income	–	(34,710)	(34,710)	1,698,412	1,698,412
Increase / decrease in stock acquisition rights	2,792	–	2,792	18,325	18,325
Transfer-restricted stock-based compensation	–	–	–	21,990	21,990
Purchase of treasury shares	–	–	–	(37)	(37)
Dividends of surplus	–	–	–	(222,285)	(222,285)
Total transactions with owners	2,792	–	2,792	(182,007)	(182,007)
Balance as of March 31, 2022	57,150	(34,710)	22,440	13,115,581	13,115,581

(4) Condensed quarterly consolidated statement of cash flows

(Thousands of yen)

	Three months ended March 31, 2021	Three months ended March 31, 2022
Cash flows from operating activities		
Profit before tax	1,354,836	2,684,975
Depreciation and amortization	222,227	353,170
Loss on sale and retirement of fixed assets	648	1,861
Increase (decrease) in allowance for doubtful accounts	7,761	1,557
Finance income	(406)	(845)
Finance costs	105,906	11,616
Share-based remuneration expenses	6,674	26,594
Accrued paid absences	41,660	70,808
Decrease (increase) in trade and other receivables	(1,487,702)	(2,261,944)
Increase (decrease) in trade and other payables	(460,627)	(166,500)
Increase (decrease) in provision for bonuses	162,509	208,852
Other	(61,096)	(8,176)
Subtotal	(107,610)	921,967
Interest received	18	24
Interest paid	(23,129)	(5,980)
Income taxes paid	(829,211)	(1,078,618)
Net cash provided by (used in) operating activities	(959,932)	(162,607)
Cash flows from investing activities		
Purchase of property, plant and equipment	(89,987)	(117,751)
Purchase of intangible assets	(2,555)	(6,250)
Payments of leasehold and guarantee deposits	(71,214)	(3,698)
Other	418	(1,634)
Net cash provided by (used in) investing activities	(163,338)	(129,333)
Cash flows from financing activities		
Repayments of long-term borrowings	(6,580,000)	(193,330)
Proceeds from long-term borrowings	6,000,000	—
Dividends paid	(100,252)	(222,285)
Proceeds from exercise of share acquisition rights	—	13,721
Purchase of treasury shares	(112)	(37)
Repayments of lease liabilities	(164,398)	(280,131)
Net cash provided by (used in) financing activities	(844,762)	(682,063)
Net increase (decrease) in cash and cash equivalents	(1,968,032)	(974,003)
Cash and cash equivalents at beginning of period	3,692,215	5,067,037
Cash and cash equivalents at end of period	1,724,183	4,093,034