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Consolidated Financial Results for the Nine Months Ended September 30, 2022 (Under IFRS)

November 11, 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: November 11, 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 nine months ended September 30, 2022 (from January 1, 2022 to September 30, 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	%
Nine months ended								
September 30, 2022	26,106	13.3	4,811	10.5	4,780	13.1	3,048	3.9
September 30, 2021	23,039	38.2	4,352	43.6	4,224	42.1	2,935	46.4

	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, 2022	3,048	3.9	3,014	2.7	68.35	63.38
September 30, 2021	2,935	46.4	2,935	46.4	72.22	61.33

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				
September 30, 2022	28,094	14,504	14,504	51.6
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	—	0.00	—		
Fiscal year ending December 31, 2022 (Forecast)				17.00	17.00

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	33,500	10.6	5,500	15.1	5,450	17.4	3,770	17.2

	Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Yen
Fiscal year ending December 31, 2022	3,770	17.2	84.63

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, 2022	44,711,000shares
As of December 31, 2021	44,457,200shares

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

As of September 30, 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 nine months ended September 30, 2022	44,596,157shares
For the nine months ended September 30, 2021	40,632,425shares

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 September 30, 2022
Assets		
Current assets		
Cash and cash equivalents	5,067,037	6,391,957
Trade and other receivables	4,494,008	4,254,729
Other current assets	140,480	255,571
Total current assets	<u>9,701,525</u>	<u>10,902,257</u>
Non-current assets		
Property, plant and equipment	1,672,583	1,686,115
Right-of-use assets	2,867,517	2,798,712
Goodwill	10,984,224	10,984,224
Other intangible assets	76,916	62,277
Deferred tax assets	495,409	510,699
Other financial assets	1,022,457	1,136,906
Other non-current assets	16,275	12,443
Total non-current assets	<u>17,135,381</u>	<u>17,191,375</u>
Total assets	<u><u>26,836,906</u></u>	<u><u>28,093,633</u></u>

(Thousands of yen)

	As of December 31, 2021	As of September 30, 2022
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	4,177,961	3,169,529
Borrowings	768,993	769,702
Income taxes payable	1,078,615	963,492
Other financial liabilities	1,014,877	1,063,088
Other current liabilities	1,019,382	1,146,703
Total current liabilities	<u>8,059,827</u>	<u>7,112,513</u>
Non-current liabilities		
Borrowings	4,972,268	4,399,956
Provisions	358,573	368,489
Other financial liabilities	1,841,879	1,700,386
Other non-current liabilities	5,182	7,790
Total non-current liabilities	<u>7,177,903</u>	<u>6,476,621</u>
Total liabilities	<u>15,237,730</u>	<u>13,589,135</u>
Equity		
Share capital	1,866,828	1,930,308
Capital surplus	1,854,394	1,896,240
Retained earnings	7,824,058	10,650,006
Treasury shares	(463)	(500)
Other components of equity	54,358	28,444
Total equity attributable to owners of parent	<u>11,599,176</u>	<u>14,504,498</u>
Total equity	<u>11,599,176</u>	<u>14,504,498</u>
Total liabilities and equity	<u><u>26,836,906</u></u>	<u><u>28,093,633</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, 2021	Nine months ended September 30, 2022
Revenue	23,039,033	26,106,494
Operating expenses	(18,729,081)	(21,327,043)
Other income	45,922	49,928
Other expenses	(3,653)	(18,699)
Operating profit	4,352,221	4,810,679
Finance income	1,694	2,550
Finance costs	(129,502)	(33,357)
Profit before tax	4,224,413	4,779,872
Income tax expense	(1,289,740)	(1,731,639)
Profit	2,934,673	3,048,232
Profit attributable to		
Owners of parent	2,934,673	3,048,232
Profit	2,934,673	3,048,232
Earnings per share		
Basic earnings per share (Yen)	72.22	68.35
Diluted earnings per share (Yen)	61.33	63.38

(Condensed quarterly consolidated statement of comprehensive income)

(Thousands of yen)

	Nine months ended September 30, 2021	Nine months ended September 30, 2022
Profit	2,934,673	3,048,232
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>2,934,673</u>	<u>3,013,522</u>
Comprehensive income attributable to		
Owners of parent	<u>2,934,673</u>	<u>3,013,522</u>
Comprehensive income	<u>2,934,673</u>	<u>3,013,522</u>

(3) Condensed quarterly consolidated statement of changes in equity

First nine months of the fiscal year ended 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	—
Other comprehensive income	—	—	—	—
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
	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	—	—	—	2,934,673	2,934,673
Other comprehensive income	—	—	—	—	—
Total comprehensive income	—	—	—	2,934,673	2,934,673
Increase / decrease in stock acquisition rights	6,641	—	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	—	6,641	60,355	60,355
Balance as of September 30, 2021	89,856	—	89,856	10,995,377	10,995,377

First nine months of the fiscal year ending December 31, 2022 (from January 1, 2022 to September 30, 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	—	—	3,048,232	—
Other comprehensive income	—	—	—	—
Total comprehensive income	—	—	3,048,232	—
Increase / decrease in stock acquisition rights	19,855	19,855	—	—
Transfer-restricted stock-based compensation	43,625	21,990	—	—
Purchase of treasury shares	—	—	—	(37)
Dividends of surplus	—	—	(222,285)	—
Total transactions with owners	63,480	41,845	(222,285)	(37)
Balance as of September 30, 2022	1,930,308	1,896,240	10,650,006	(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	—	—	—	3,048,232	3,048,232
Other comprehensive income	—	(34,710)	(34,710)	(34,710)	(34,710)
Total comprehensive income	—	(34,710)	(34,710)	3,013,522	3,013,522
Increase / decrease in stock acquisition rights	8,796	—	8,796	48,507	48,507
Transfer-restricted stock-based compensation	—	—	—	65,615	65,615
Purchase of treasury shares	—	—	—	(37)	(37)
Dividends of surplus	—	—	—	(222,285)	(222,285)
Total transactions with owners	8,796	—	8,796	(108,201)	(108,201)
Balance as of September 30, 2022	63,154	(34,710)	28,444	14,504,498	14,504,498

(4) Condensed quarterly consolidated statement of cash flows

(Thousands of yen)

	Nine months ended September 30, 2021	Nine months ended September 30, 2022
Cash flows from operating activities		
Profit before tax	4,224,413	4,779,872
Depreciation and amortization	750,924	1,081,950
Loss on sale and retirement of fixed assets	648	17,993
Increase (decrease) in allowance for doubtful accounts	5,794	160
Finance income	(1,694)	(2,550)
Finance costs	129,502	33,357
Share-based remuneration expenses	56,894	78,191
Accrued paid absences	80,861	47,707
Decrease (increase) in trade and other receivables	(1,086,061)	(233,411)
Increase (decrease) in trade and other payables	(282,848)	(958,241)
Increase (decrease) in provision for bonuses	463,502	164,082
Other	(204,771)	(200,603)
Subtotal	4,137,164	4,808,507
Interest received	33	52
Interest paid	(35,472)	(17,573)
Income taxes paid	(1,127,179)	(1,374,232)
Net cash provided by (used in) operating activities	2,974,545	3,416,754
Cash flows from investing activities		
Purchase of property, plant and equipment	(396,317)	(301,840)
Purchase of intangible assets	(12,320)	(7,930)
Payments of leasehold and guarantee deposits	(376,485)	(75,923)
Other	(168,612)	(88,654)
Net cash provided by (used in) investing activities	(953,734)	(474,347)
Cash flows from financing activities		
Repayments of long-term borrowings	(6,930,000)	(579,990)
Proceeds from long-term borrowings	6,000,000	—
Dividends paid	(100,252)	(222,285)
Proceeds from exercise of share acquisition rights	104,108	35,930
Purchase of treasury shares	(394)	(37)
Repayments of lease liabilities	(565,066)	(851,105)
Net cash provided by (used in) financing activities	(1,491,604)	(1,617,487)
Net increase (decrease) in cash and cash equivalents	529,208	1,324,920
Cash and cash equivalents at beginning of period	3,692,215	5,067,037
Cash and cash equivalents at end of period	4,221,423	6,391,957