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Consolidated Financial Results for the Three Months Ended March 31, 2021 (Under IFRS)

May 14, 2021

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 14, 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 three months ended March 31, 2021 (from January 1, 2021 to March 31, 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	%
Three months ended								
March 31, 2021	7,115	18.5	1,460	10.6	1,355	3.3	926	6.1
March 31, 2020	6,002	—	1,320	—	1,311	—	873	—

	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, 2021	926	6.1	926	6.1	46.20	38.82
March 31, 2020	873	—	873	—	43.53	36.69

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				
March 31, 2021	21,248	8,833	8,833	41.6
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	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

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 March 31, 2021	20,050,500 shares
As of December 31, 2020	20,050,500 shares

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

As of March 31, 2021	64 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 three months ended March 31, 2021	20,050,442 shares
For the three months ended March 31, 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 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 March 31, 2021
Assets		
Current assets		
Cash and cash equivalents	3,692,215	1,724,183
Trade and other receivables	3,029,397	4,509,338
Other current assets	155,520	163,863
Total current assets	6,877,132	6,397,384
Non-current assets		
Property, plant and equipment	832,160	936,999
Right-of-use assets	1,706,159	2,013,413
Goodwill	10,984,224	10,984,224
Other intangible assets	80,127	77,152
Deferred tax assets	298,256	298,256
Other financial assets	467,345	535,785
Other non-current assets	5,686	5,204
Total non-current assets	14,373,958	14,851,033
Total assets	21,251,090	21,248,417

(Thousands of yen)

	As of December 31, 2020	As of March 31, 2021
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	3,339,384	2,920,817
Borrowings	613,040	694,992
Income taxes payable	829,209	428,497
Other financial liabilities	581,624	663,158
Other current liabilities	709,302	901,730
Total current liabilities	6,072,559	5,609,194
Non-current liabilities		
Borrowings	5,886,873	5,262,081
Provisions	193,491	212,086
Other financial liabilities	1,093,196	1,326,400
Other non-current liabilities	4,622	5,661
Total non-current liabilities	7,178,182	6,806,228
Total liabilities	13,250,741	12,415,422
Equity		
Share capital	1,600,000	1,600,000
Capital surplus	1,609,578	1,609,578
Retained earnings	4,707,624	5,533,708
Treasury shares	(69)	(181)
Other components of equity	83,216	89,889
Total equity attributable to owners of parent	8,000,349	8,832,994
Total equity	8,000,349	8,832,994
Total liabilities and equity	21,251,090	21,248,417

(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, 2020	Three months ended March 31, 2021
Revenue	6,001,750	7,115,007
Operating expenses	(4,686,331)	(5,676,555)
Other income	5,363	23,713
Other expenses	(410)	(1,829)
Operating profit	1,320,372	1,460,336
Finance income	39,027	406
Finance costs	(48,284)	(105,906)
Profit before tax	1,311,115	1,354,836
Income tax expense	(438,404)	(428,500)
Profit	872,711	926,336
Profit attributable to		
Owners of parent	872,711	926,336
Profit	872,711	926,336
Earnings per share		
Basic earnings per share (Yen)	43.53	46.20
Diluted earnings per share (Yen)	36.69	38.82

(Condensed quarterly consolidated statement of comprehensive income)

(Thousands of yen)

	Three months ended March 31, 2020	Three months ended March 31, 2021
Profit	872,711	926,336
Comprehensive income	872,711	926,336
Comprehensive income attributable to		
Owners of parent	872,711	926,336
Comprehensive income	872,711	926,336

(3) Condensed quarterly consolidated statement of changes in equity

First three months of the fiscal year ended December 31, 2020 (from January 1, 2020 to March 31, 2020)

	Share capital	Capital surplus	Retained earnings	(Thousands of yen) Other components of equity
Balance as of January 1, 2020	1,600,000	1,609,578	2,282,807	51,288
Profit	—	—	872,711	—
Total comprehensive income	—	—	872,711	—
Share-based remuneration transactions	—	—	—	7,234
Total transactions with owners	—	—	—	7,234
Balance as of March 31, 2020	1,600,000	1,609,578	3,155,519	58,522

	Total equity attributable to owners of parent	Total equity
Balance as of January 1, 2020	5,543,673	5,543,673
Profit	872,711	872,711
Total comprehensive income	872,711	872,711
Share-based remuneration transactions	7,234	7,234
Total transactions with owners	7,234	7,234
Balance as of March 31, 2020	6,423,619	6,423,619

First three months of the fiscal year ending December 31, 2021 (from January 1, 2021 to March 31, 2021)

	Share capital	Capital surplus	Retained earnings	(Thousands of yen) Treasury shares
Balance as of January 1, 2021	1,600,000	1,609,578	4,707,624	(69)
Profit	—	—	926,336	—
Total comprehensive income	—	—	926,336	—
Share-based remuneration transactions	—	—	—	—
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
Balance as of January 1, 2021	83,216	8,000,349	8,000,349
Profit	—	926,336	926,336
Total comprehensive income	—	926,336	926,336
Share-based remuneration transactions	6,674	6,674	6,674
Purchase of treasury shares	—	(112)	(112)
Dividends of surplus	—	(100,252)	(100,252)
Total transactions with owners	6,674	(93,691)	(93,691)
Balance as of March 31, 2021	89,889	8,832,994	8,832,994

(4) Condensed quarterly consolidated statement of cash flows

(Thousands of yen)

	Three months ended March 31, 2020	Three months ended March 31, 2021
Cash flows from operating activities		
Profit before tax	1,311,115	1,354,836
Depreciation and amortization	165,131	222,227
Loss on retirement of fixed assets	—	648
Increase (decrease) in allowance for doubtful accounts	6,244	7,761
Finance income	(39,027)	(406)
Finance costs	48,284	105,906
Share-based remuneration expenses	7,234	6,674
Accrued paid absences	34,003	41,660
Decrease (increase) in trade and other receivables	(934,176)	(1,487,702)
Increase (decrease) in trade and other payables	56,905	(460,627)
Increase (decrease) in provision for bonuses	126,009	162,509
Other	(26,695)	(61,096)
Subtotal	755,026	(107,610)
Interest received	6	18
Interest paid	(30,044)	(23,129)
Income taxes paid	(387,371)	(829,211)
Net cash provided by (used in) operating activities	337,617	(959,932)
Cash flows from investing activities		
Purchase of property, plant and equipment	(62,871)	(89,987)
Purchase of intangible assets	(500)	(2,555)
Payments of leasehold and guarantee deposits	(1,273)	(71,214)
Other	—	418
Net cash provided by (used in) investing activities	(64,644)	(163,338)
Cash flows from financing activities		
Repayments of long-term borrowings	(1,010,000)	(6,580,000)
Proceeds from long-term borrowings	260,000	6,000,000
Purchase of treasury shares	—	(112)
Dividends paid	—	(100,252)
Repayments of lease liabilities	(129,306)	(164,398)
Net cash provided by (used in) financing activities	(879,306)	(844,762)
Net increase (decrease) in cash and cash equivalents	(606,333)	(1,968,032)
Cash and cash equivalents at beginning of period	1,669,486	3,692,215
Cash and cash equivalents at end of period	1,063,153	1,724,183