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Consolidated Financial Results for the Fiscal Year Ended December 31, 2022 (Under IFRS)

February 14, 2023

Company name: **Direct Marketing MiX Inc.**
 Listing: Tokyo Stock Exchange
 Securities code: 7354
 URL: <https://dmix.co.jp/>
 Representative: Yuki Kobayashi, President and CEO, Representative Executive Officer
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 TEL: +81-6-6809-1615
 Scheduled date of Ordinary General Meeting of Shareholders: March 24, 2023
 Scheduled date to commence dividend payments: March 2, 2023
 Scheduled date of the submission of annual securities report: March 27, 2023
 Preparation of supplementary material on financial results: Yes
 Holding of 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 fiscal year ended December 31, 2022 (from January 1, 2022 to December 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	%
Fiscal year ended								
December 31, 2022	34,674	14.5	5,771	20.7	5,731	23.4	3,803	18.2
December 31, 2021	30,286	34.8	4,780	33.3	4,642	32.5	3,217	32.7

	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
Fiscal year ended						
December 31, 2022	3,803	18.2	3,768	17.1	85.09	78.86
December 31, 2021	3,217	32.7	3,217	32.7	78.32	66.80

	Return on equity attributable to owners of parent	Ratio of profit before tax to total assets	Ratio of operating profit to revenue
	%	%	%
Fiscal year ended			
December 31, 2022	28.0	20.0	16.6
December 31, 2021	32.8	19.3	15.8

Reference: Share of profit (loss) of investments accounted for using equity method:

Fiscal year ended December 31, 2022: ¥— million

Fiscal year ended December 31, 2021: ¥— million

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	Equity attributable to owners of parent per share
As of	Millions of yen	Millions of yen	Millions of yen	%	Yen
December 31, 2022	30,532	15,585	15,585	51.0	331.90
December 31, 2021	26,837	11,599	11,599	43.2	260.91

Note: The Company conducted a 2-for-1 share split of its ordinary shares on January 1, 2022. "Equity attributable to owners of parent per share" has been calculated assuming that the share split was conducted at the beginning of the fiscal year ended December 31, 2021.

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
December 31, 2022	5,117	(769)	(1,807)	7,608
December 31, 2021	4,140	(1,428)	(1,337)	5,067

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
Fiscal year ended	Yen	Yen	Yen	Yen	Yen
December 31, 2021	—	0.00	—	10.00	10.00
December 31, 2022	—	0.00	—	17.00	17.00
Fiscal year ending December 31, 2023 (Forecast)	—	0.00	—	18.00	18.00

	Total cash dividends (annual)	Payout ratio (consolidated)	Ratio of dividends to equity attributable to owners of parent (consolidated)
Fiscal year ended	Millions of yen	%	%
December 31, 2021	222	6.4	2.2
December 31, 2022	798	20.0	5.7
Fiscal year ending December 31, 2023 (Forecast)		22.4	

Note: 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, 2023
(from January 1, 2023 to December 31, 2023)

(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, 2023	36,000	3.8	5,800	0.5	5,760	0.5	3,770	(0.9)

	Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Yen
Fiscal year ending December 31, 2023	3,770	(0.9)	80.29

*** 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 December 31, 2022	46,956,800shares
As of December 31, 2021	44,457,200shares

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

As of December 31, 2022	324shares
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 fiscal year ended December 31, 2022	44,693,039shares
For the fiscal year ended December 31, 2021	41,069,879shares

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.

(Reference) Overview of Non-consolidated Financial Results

**1. Non-consolidated financial results for the fiscal year ended December 31, 2022
(from January 1, 2022 to December 31, 2022)**

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Operating revenue		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
December 31, 2022	4,640	10.2	3,376	10.4	3,321	12.5	3,178	11.8
December 31, 2021	4,212	49.2	3,058	49.6	2,952	54.4	2,842	65.0

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended		
December 31, 2022	71.12	65.91
December 31, 2021	69.20	59.01

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) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
December 31, 2022	20,486	12,137	59.1	257.84
December 31, 2021	18,952	8,741	45.8	195.39

Reference: Equity

As of December 31, 2022: ¥12,107 million

As of December 31, 2021: ¥8,687 million

Note: The Company conducted a 2-for-1 share split of its ordinary shares on January 1, 2022. “Net assets per share” has been calculated assuming that the share split was conducted at the beginning of the fiscal year ended December 31, 2021.

< Reason for changes in non-consolidated financial results from the fiscal year ended December 31, 2021 >

There are changes in the non-consolidated financial results of the fiscal year ended December 31, 2022, from the fiscal year ended December 31, 2021, due to an increase in dividends received from the subsidiaries, during the fiscal year ended December 31, 2022.

*** Financial results reports are exempt from audit 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 forecasts and other forward-looking statements 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 contents of financial results presentation meeting)

On Wednesday, February 15, 2023, the Company plans to hold a presentation meeting for institutional investors and analysts. The Company plans to post a video of this presentation meeting on its website promptly after the review is held.

(The adoption of International Financial Reporting Standards (IFRS))

The Group has adopted International Financial Reporting Standards (IFRS) from the fiscal year ended December 31, 2019. The financial figures provided under the overview of non-consolidated financial results are prepared in accordance with Japanese generally accepted accounting principles (Japanese GAAP.)

Consolidated Financial Statements

(1) Consolidated statement of financial position

(Thousands of yen)

	As of December 31, 2021	As of December 31, 2022
Assets		
Current assets		
Cash and cash equivalents	5,067,037	7,608,309
Trade and other receivables	4,494,008	5,305,183
Other current assets	140,480	169,823
Total current assets	9,701,525	13,083,315
Non-current assets		
Property, plant and equipment	1,672,583	1,736,817
Right-of-use assets	2,867,517	2,792,262
Goodwill	10,984,224	10,984,224
Other intangible assets	76,916	54,980
Deferred tax assets	495,409	561,729
Other financial assets	1,022,457	1,306,702
Other non-current assets	16,275	12,175
Total non-current assets	17,135,381	17,448,888
Total assets	26,836,906	30,532,203

(Thousands of yen)

	As of December 31, 2021	As of December 31, 2022
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	4,177,961	4,498,074
Borrowings	768,993	769,954
Income taxes payable	1,078,615	1,197,781
Other financial liabilities	1,014,877	1,088,639
Other current liabilities	1,019,382	1,131,027
Total current liabilities	8,059,827	8,685,475
Non-current liabilities		
Borrowings	4,972,268	4,209,043
Provisions	358,573	381,741
Other financial liabilities	1,841,879	1,664,885
Other non-current liabilities	5,182	6,000
Total non-current liabilities	7,177,903	6,261,668
Total liabilities	15,237,730	14,947,144
Equity		
Share capital	1,866,828	2,099,058
Capital surplus	1,854,394	2,086,802
Retained earnings	7,824,058	11,404,796
Treasury shares	(463)	(536)
Other components of equity	54,358	(5,061)
Total equity attributable to owners of parent	11,599,176	15,585,059
Total equity	11,599,176	15,585,059
Total liabilities and equity	26,836,906	30,532,203

(2) Consolidated statement of profit or loss and Consolidated statement of comprehensive income
(Consolidated statement of profit or loss)

(Thousands of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Revenue	30,285,976	34,673,503
Operating expenses	(25,569,712)	(28,941,994)
Other income	68,085	66,601
Other expenses	(4,688)	(27,415)
Operating profit	4,779,661	5,770,695
Finance income	4,093	3,467
Finance costs	(141,300)	(43,580)
Profit before tax	4,642,453	5,730,583
Income tax expense	(1,425,767)	(1,927,560)
Profit	3,216,686	3,803,022
Profit attributable to		
Owners of parent	3,216,686	3,803,022
Profit	3,216,686	3,803,022
Earnings per share		
Basic earnings per share (Yen)	78.32	85.09
Diluted earnings per share (Yen)	66.80	78.86

(Consolidated statement of comprehensive income)

(Thousands of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Profit	3,216,686	3,803,022
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	3,216,686	3,768,312
Comprehensive income attributable to		
Owners of parent	3,216,686	3,768,312
Comprehensive income	3,216,686	3,768,312

(3) Consolidated statement of changes in equity

(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	—	—	3,216,686	—
Other comprehensive income	—	—	—	—
Total comprehensive income	—	—	3,216,686	—
Increase / decrease in stock acquisition rights	226,502	226,502	—	—
Transfer-restricted stock-based compensation	40,326	18,314	—	—
Purchase of treasury shares	—	—	—	(394)
Dividends of surplus	—	—	(100,252)	—
Total transactions with owners	266,828	244,816	(100,252)	(394)
Balance as of December 31, 2021	1,866,828	1,854,394	7,824,058	(463)
Profit	—	—	3,803,022	—
Other comprehensive income	—	—	—	—
Total comprehensive income	—	—	3,803,022	—
Increase / decrease in stock acquisition rights	188,605	188,605	—	—
Transfer-restricted stock-based compensation	43,625	43,802	—	—
Purchase of treasury shares	—	—	—	(73)
Dividends of surplus	—	—	(222,285)	—
Total transactions with owners	232,230	232,408	(222,285)	(73)
Balance as of December 31, 2022	2,099,058	2,086,802	11,404,796	(536)

(Thousands of yen)

	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	—	—	—	3,216,686	3,216,686
Other comprehensive income	—	—	—	—	—
Total comprehensive income	—	—	—	3,216,686	3,216,686
Increase / decrease in stock acquisition rights	(28,857)	—	(28,857)	424,147	424,147
Transfer-restricted stock-based compensation	—	—	—	58,640	58,640
Purchase of treasury shares	—	—	—	(394)	(394)
Dividends of surplus	—	—	—	(100,252)	(100,252)
Total transactions with owners	(28,857)	—	(28,857)	382,141	382,141
Balance as of December 31, 2021	54,358	—	54,358	11,599,176	11,599,176
Profit	—	—	—	3,803,022	3,803,022
Other comprehensive income	—	(34,710)	(34,710)	(34,710)	(34,710)
Total comprehensive income	—	(34,710)	(34,710)	3,768,312	3,768,312
Increase / decrease in stock acquisition rights	(24,709)	—	(24,709)	352,501	352,501
Transfer-restricted stock-based compensation	—	—	—	87,427	87,427
Purchase of treasury shares	—	—	—	(73)	(73)
Dividends of surplus	—	—	—	(222,285)	(222,285)
Total transactions with owners	(24,709)	—	(24,709)	217,571	217,571
Balance as of December 31, 2022	29,649	(34,710)	(5,061)	15,585,059	15,585,059

(4) Consolidated statement of cash flows

(Thousands of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Cash flows from operating activities		
Profit before tax	4,642,453	5,730,583
Depreciation and amortization	1,101,964	1,463,621
Loss on sale and retirement of fixed assets	697	24,176
Increase (decrease) in allowance for doubtful accounts	(10,493)	(2,154)
Finance income	(4,093)	(3,467)
Finance costs	141,300	43,580
Share-based remuneration expenses	83,590	101,704
Accrued paid absences	98,667	118,958
Decrease (increase) in trade and other receivables	(1,216,990)	(731,509)
Increase (decrease) in trade and other payables	776,560	369,366
Increase (decrease) in provision for bonuses	201,284	2,057
Other	(23,588)	(40,358)
Subtotal	5,791,351	7,076,556
Interest received	33	52
Interest paid	(41,144)	(23,008)
Income taxes paid	(1,610,508)	(1,936,936)
Net cash provided by (used in) operating activities	4,139,732	5,116,664
Cash flows from investing activities		
Purchase of property, plant and equipment	(834,102)	(427,173)
Purchase of intangible assets	(25,140)	(7,930)
Payments for loans receivable	—	(115,985)
Purchase of investment securities	(170,170)	(145,980)
Payments of leasehold and guarantee deposits	(400,943)	(75,923)
Other	2,326	4,400
Net cash provided by (used in) investing activities	(1,428,029)	(768,591)
Cash flows from financing activities		
Repayments of long-term borrowings	(7,105,000)	(773,320)
Proceeds from long-term borrowings	6,300,000	—
Dividends paid	(100,252)	(222,285)
Proceeds from exercise of share acquisition rights	399,197	338,225
Purchase of treasury shares	(394)	(73)
Repayments of lease liabilities	(830,431)	(1,149,349)
Net cash provided by (used in) financing activities	(1,336,881)	(1,806,802)
Net increase (decrease) in cash and cash equivalents	1,374,823	2,541,271
Cash and cash equivalents at beginning of period	3,692,215	5,067,037
Cash and cash equivalents at end of period	5,067,037	7,608,309