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Consolidated Financial Results for the Nine Months Ended September 30, 2023 (Under IFRS)

November 14, 2023

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 14, 2023
 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, 2023 (from January 1, 2023 to September 30, 2023)

(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, 2023	21,958	(15.9)	1,842	(61.7)	1,812	(62.1)	1,110	(63.6)
September 30, 2022	26,106	13.3	4,811	10.5	4,780	13.1	3,048	3.9

	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, 2023	1,110	(63.6)	1,106	(63.3)	24.06	23.46
September 30, 2022	3,048	3.9	3,014	2.7	68.35	63.38

(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, 2023	27,172	13,986	13,986	51.5
December 31, 2022	30,532	15,585	15,585	51.0

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, 2022	—	0.00	—	17.00	17.00
Fiscal year ending December 31, 2023	—	0.00	—		
Fiscal year ending December 31, 2023 (Forecast)				6.00	6.00

Note: Revisions to the forecast of cash dividends most recently announced: Yes
Regarding revisions to the cash dividends forecast, please refer to the “Notice Concerning Revisions to Full-Year Consolidated Earnings Forecasts and Cash Dividends Forecast” (in Japanese only) released today (November 14, 2023).

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	27,500	(20.7)	2,000	(65.3)	1,970	(65.6)	1,290	(66.1)

	Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Yen
Fiscal year ending December 31, 2023	1,290	(66.1)	27.97

Note: Revisions to the earnings forecasts most recently announced: Yes
Regarding revisions to the consolidated earnings forecasts, please refer to the “Notice Concerning Revisions to Full-Year Consolidated Earnings Forecasts and Cash Dividends Forecast” (in Japanese only) released today (November 14, 2023).

*** 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, 2023	47,172,800 shares
As of December 31, 2022	46,956,800 shares

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

As of September 30, 2023	1,171,924 shares
As of December 31, 2022	324 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, 2023	46,122,040 shares
For the nine months ended September 30, 2022	44,596,157 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.

(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, 2022	As of September 30, 2023
Assets		
Current assets		
Cash and cash equivalents	7,608,309	5,059,721
Trade and other receivables	5,305,183	3,650,027
Other current assets	169,823	164,691
Total current assets	<u>13,083,315</u>	<u>8,874,439</u>
Non-current assets		
Property, plant and equipment	1,736,817	1,608,192
Right-of-use assets	2,792,262	2,460,605
Goodwill	10,984,224	11,834,164
Other intangible assets	54,980	43,538
Deferred tax assets	561,729	570,834
Other financial assets	1,306,702	1,770,768
Other non-current assets	12,175	9,057
Total non-current assets	<u>17,448,888</u>	<u>18,297,158</u>
Total assets	<u><u>30,532,203</u></u>	<u><u>27,171,597</u></u>

(Thousands of yen)

	As of December 31, 2022	As of September 30, 2023
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	4,498,074	2,958,501
Borrowings	769,954	1,897,334
Provisions	—	34,207
Income taxes payable	1,197,781	—
Other financial liabilities	1,088,639	1,105,528
Other current liabilities	1,131,027	1,485,081
Total current liabilities	<u>8,685,475</u>	<u>7,480,650</u>
Non-current liabilities		
Borrowings	4,209,043	4,053,569
Provisions	381,741	371,936
Other financial liabilities	1,664,885	1,273,264
Other non-current liabilities	6,000	5,883
Total non-current liabilities	<u>6,261,668</u>	<u>5,704,652</u>
Total liabilities	<u>14,947,144</u>	<u>13,185,302</u>
Equity		
Share capital	2,099,058	2,184,626
Capital surplus	2,086,802	2,093,809
Retained earnings	11,404,796	11,716,097
Treasury shares	(536)	(2,000,457)
Other components of equity	(5,061)	(7,779)
Total equity attributable to owners of parent	<u>15,585,059</u>	<u>13,986,295</u>
Total equity	<u>15,585,059</u>	<u>13,986,295</u>
Total liabilities and equity	<u><u>30,532,203</u></u>	<u><u>27,171,597</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, 2022	Nine months ended September 30, 2023
Revenue	26,106,494	21,957,855
Operating expenses	(21,327,043)	(20,141,259)
Other income	49,928	51,736
Other expenses	(18,699)	(26,589)
Operating profit	4,810,679	1,841,743
Finance income	2,550	3,214
Finance costs	(33,357)	(33,305)
Profit before tax	4,779,872	1,811,653
Income tax expense	(1,731,639)	(702,091)
Profit	3,048,232	1,109,561
Profit attributable to		
Owners of parent	3,048,232	1,109,561
Profit	3,048,232	1,109,561
Earnings per share		
Basic earnings per share (Yen)	68.35	24.06
Diluted earnings per share (Yen)	63.38	23.46

(Condensed quarterly consolidated statement of comprehensive income)

(Thousands of yen)

	Nine months ended September 30, 2022	Nine months ended September 30, 2023
Profit	3,048,232	1,109,561
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)	(3,888)
Total of items that will not be reclassified to profit or loss	(34,710)	(3,888)
Total other comprehensive income	(34,710)	(3,888)
Comprehensive income	3,013,522	1,105,673
Comprehensive income attributable to		
Owners of parent	3,013,522	1,105,673
Comprehensive income	3,013,522	1,105,673

(3) Condensed quarterly consolidated statement of changes in equity

First nine months of the fiscal year ended 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

First nine months of the fiscal year ending December 31, 2023 (from January 1, 2023 to September 30, 2023)

(Thousands of yen)

	Share capital	Capital surplus	Retained earnings	Treasury shares
Balance as of January 1, 2023	2,099,058	2,086,802	11,404,796	(536)
Profit	—	—	1,109,561	—
Other comprehensive income	—	—	—	—
Total comprehensive income	—	—	1,109,561	—
Increase / decrease in stock acquisition rights	9,015	9,015	—	—
Transfer-restricted stock-based compensation	76,553	(2,008)	—	—
Purchase of treasury shares	—	—	—	(1,999,921)
Dividends of surplus	—	—	(798,260)	—
Total transactions with owners	85,568	7,007	(798,260)	(1,999,921)
Balance as of September 30, 2023	2,184,626	2,093,809	11,716,097	(2,000,457)

	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, 2023	29,649	(34,710)	(5,061)	15,585,059	15,585,059
Profit	—	—	—	1,109,561	1,109,561
Other comprehensive income	—	(3,888)	(3,888)	(3,888)	(3,888)
Total comprehensive income	—	(3,888)	(3,888)	1,105,673	1,105,673
Increase / decrease in stock acquisition rights	1,170	—	1,170	19,199	19,199
Transfer-restricted stock-based compensation	—	—	—	74,545	74,545
Purchase of treasury shares	—	—	—	(1,999,921)	(1,999,921)
Dividends of surplus	—	—	—	(798,260)	(798,260)
Total transactions with owners	1,170	—	1,170	(2,704,437)	(2,704,437)
Balance as of September 30, 2023	30,819	(38,598)	(7,779)	13,986,295	13,986,295

(4) Condensed quarterly consolidated statement of cash flows

(Thousands of yen)

	Nine months ended September 30, 2022	Nine months ended September 30, 2023
Cash flows from operating activities		
Profit before tax	4,779,872	1,811,653
Depreciation and amortization	1,081,950	1,174,545
Loss on sale and retirement of fixed assets	17,993	17,856
Increase (decrease) in allowance for doubtful accounts	160	3,079
Finance income	(2,550)	(3,214)
Finance costs	33,357	33,305
Share-based remuneration expenses	78,191	77,623
Accrued paid absences	47,707	(118,742)
Decrease (increase) in trade and other receivables	(233,411)	1,431,656
Increase (decrease) in trade and other payables	(958,241)	(1,559,226)
Increase (decrease) in provision for bonuses	164,082	216,384
Other	(200,603)	224,413
Subtotal	4,808,507	3,309,330
Interest received	52	60
Interest paid	(17,573)	(18,177)
Income taxes paid	(1,374,232)	(1,642,527)
Net cash provided by (used in) operating activities	3,416,754	1,648,686
Cash flows from investing activities		
Purchase of property, plant and equipment	(301,840)	(92,013)
Purchase of intangible assets	(7,930)	—
Payments for loans receivable	—	(1,500)
Payments for acquisition of subsidiaries (net of cash and cash equivalents acquired)	—	(685,941)
Purchase of investment securities	(96,000)	(439,783)
Payments of leasehold and guarantee deposits	(75,923)	(210)
Other	7,346	17,047
Net cash provided by (used in) investing activities	(474,347)	(1,202,400)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	—	1,000,000
Proceeds from long-term borrowings	—	800,000
Repayments of long-term borrowings	(579,990)	(1,080,951)
Dividends paid	(222,285)	(798,260)
Proceeds from exercise of share acquisition rights	35,930	16,121
Purchase of treasury shares	(37)	(1,999,921)
Repayments of lease liabilities	(851,105)	(931,863)
Net cash provided by (used in) financing activities	(1,617,487)	(2,994,874)
Net increase (decrease) in cash and cash equivalents	1,324,920	(2,548,588)
Cash and cash equivalents at beginning of period	5,067,037	7,608,309
Cash and cash equivalents at end of period	6,391,957	5,059,721