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Consolidated Financial Results for the Three Months Ended March 31, 2024 (Under IFRS)

May 15, 2024

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 15, 2024

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, 2024 (from January 1, 2024 to March 31, 2024)

(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, 2024	5,945	(31.6)	784	(52.0)	774	(52.4)	455	(57.6)
March 31, 2023	8,686	(14.3)	1,633	(39.4)	1,623	(39.5)	1,075	(38.0)

	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, 2024	455	(57.6)	460	(57.2)	9.90	9.80
March 31, 2023	1,075	(38.0)	1,075	(36.7)	23.16	22.52

(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, 2024	25,483	13,430	13,430	52.7
December 31, 2023	26,175	13,085	13,085	50.0

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, 2023	—	0.00	—	3.00	3.00
Fiscal year ending December 31, 2024	—				
Fiscal year ending December 31, 2024 (Forecast)		0.00	—	3.00	3.00

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

3. Consolidated earnings forecasts for the fiscal year ending December 31, 2024 (from January 1, 2024 to December 31, 2024)

(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, 2024	21,000	(21.8)	1,000	(18.1)	1,000	(15.2)	655	111.1

	Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Yen
Fiscal year ending December 31, 2024	655	111.1	14.23

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, 2024	47,172,800 shares
As of December 31, 2023	47,172,800 shares

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

As of March 31, 2024	1,186,560 shares
As of December 31, 2023	1,186,560 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, 2024	45,986,240 shares
For the three months ended March 31, 2023	46,406,500 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, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and cash equivalents	4,458,722	3,760,456
Trade and other receivables	3,333,741	4,025,232
Other current assets	588,846	153,620
Total current assets	<u>8,381,309</u>	<u>7,939,308</u>
Non-current assets		
Property, plant and equipment	1,628,263	1,545,537
Right-of-use assets	2,236,900	2,181,978
Goodwill	11,390,547	11,390,547
Other intangible assets	698,387	682,199
Deferred tax assets	237,703	239,203
Other financial assets	1,574,348	1,485,159
Other non-current assets	27,572	18,952
Total non-current assets	<u>17,793,720</u>	<u>17,543,574</u>
Total assets	<u><u>26,175,029</u></u>	<u><u>25,482,883</u></u>

(Thousands of yen)

	As of December 31, 2023	As of March 31, 2024
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	2,686,633	2,590,705
Borrowings	1,897,599	1,897,869
Provisions	59,420	59,420
Income taxes payable	185,182	321,880
Other financial liabilities	999,382	974,784
Other current liabilities	1,608,098	829,366
Total current liabilities	7,436,314	6,674,025
Non-current liabilities		
Borrowings	3,830,616	3,607,737
Provisions	621,182	621,551
Other financial liabilities	1,197,729	1,146,191
Other non-current liabilities	4,084	3,644
Total non-current liabilities	5,653,611	5,379,123
Total liabilities	13,089,925	12,053,147
Equity		
Share capital	2,184,626	2,184,626
Capital surplus	2,124,374	2,146,047
Retained earnings	10,916,546	11,234,044
Treasury shares	(2,000,457)	(2,000,457)
Other components of equity	(139,985)	(134,524)
Total equity attributable to owners of parent	13,085,104	13,429,736
Total equity	13,085,104	13,429,736
Total liabilities and equity	26,175,029	25,482,883

(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, 2023	Three months ended March 31, 2024
Revenue	8,686,301	5,944,943
Operating expenses	(7,046,505)	(5,178,042)
Other income	9,969	18,994
Other expenses	(16,971)	(2,226)
Operating profit	1,632,794	783,671
Finance income	1,064	1,029
Finance costs	(10,364)	(11,130)
Profit before tax	1,623,495	773,570
Income tax expense	(548,929)	(318,113)
Profit	1,074,566	455,457
Profit attributable to		
Owners of parent	1,074,566	455,457
Profit	1,074,566	455,457
Earnings per share		
Basic earnings per share (Yen)	23.16	9.90
Diluted earnings per share (Yen)	22.52	9.80

(Condensed quarterly consolidated statement of comprehensive income)

(Thousands of yen)

	Three months ended March 31, 2023	Three months ended March 31, 2024
Profit	1,074,566	455,457
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	—	4,757
Total of items that will not be reclassified to profit or loss	—	4,757
Total other comprehensive income	—	4,757
Comprehensive income	1,074,566	460,214
Comprehensive income attributable to		
Owners of parent	1,074,566	460,214
Comprehensive income	1,074,566	460,214

(3) Condensed quarterly consolidated statement of changes in equity

First three months of the fiscal year ended December 31, 2023 (from January 1, 2023 to March 31, 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	—	—	1,074,566	—
Other comprehensive income	—	—	—	—
Total comprehensive income	—	—	1,074,566	—
Increase / decrease in stock acquisition rights	7,771	7,771	—	—
Transfer-restricted stock-based compensation	—	21,812	—	—
Purchase of treasury shares	—	—	—	(1,999,921)
Dividends of surplus	—	—	(798,260)	—
Total transactions with owners	7,771	29,583	(798,260)	(1,999,921)
Balance as of March 31, 2023	2,106,829	2,116,385	11,681,101	(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	—	—	—	1,074,566	1,074,566
Other comprehensive income	—	—	—	—	—
Total comprehensive income	—	—	—	1,074,566	1,074,566
Increase / decrease in stock acquisition rights	(20)	—	(20)	15,521	15,521
Transfer-restricted stock-based compensation	—	—	—	21,812	21,812
Purchase of treasury shares	—	—	—	(1,999,921)	(1,999,921)
Dividends of surplus	—	—	—	(798,260)	(798,260)
Total transactions with owners	(20)	—	(20)	(2,760,848)	(2,760,848)
Balance as of March 31, 2023	29,629	(34,710)	(5,081)	13,898,777	13,898,777

First three months of the fiscal year ending December 31, 2024 (from January 1, 2024 to March 31, 2024)

(Thousands of yen)

	Share capital	Capital surplus	Retained earnings	Treasury shares
Balance as of January 1, 2024	2,184,626	2,124,374	10,916,546	(2,000,457)
Profit	—	—	455,457	—
Other comprehensive income	—	—	—	—
Total comprehensive income	—	—	455,457	—
Increase / decrease in stock acquisition rights	—	—	—	—
Transfer-restricted stock-based compensation	—	21,674	—	—
Purchase of treasury shares	—	—	—	—
Dividends of surplus	—	—	(137,959)	—
Total transactions with owners	—	21,674	(137,959)	—
Balance as of March 31, 2024	2,184,626	2,146,047	11,234,044	(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, 2024	31,530	(171,514)	(139,985)	13,085,104	13,085,104
Profit	—	—	—	455,457	455,457
Other comprehensive income	—	4,757	4,757	4,757	4,757
Total comprehensive income	—	4,757	4,757	460,214	460,214
Increase / decrease in stock acquisition rights	703	—	703	703	703
Transfer-restricted stock-based compensation	—	—	—	21,674	21,674
Purchase of treasury shares	—	—	—	—	—
Dividends of surplus	—	—	—	(137,959)	(137,959)
Total transactions with owners	703	—	703	(115,582)	(115,582)
Balance as of March 31, 2024	32,233	(166,758)	(134,524)	13,429,736	13,429,736

(4) Condensed quarterly consolidated statement of cash flows

(Thousands of yen)

	Three months ended March 31, 2023	Three months ended March 31, 2024
Cash flows from operating activities		
Profit before tax	1,623,495	773,570
Depreciation and amortization	384,047	366,678
Loss on sale and retirement of fixed assets	16,298	—
Increase (decrease) in allowance for doubtful accounts	2,686	(412)
Finance income	(1,064)	(1,029)
Finance costs	10,364	11,130
Share-based remuneration expenses	23,476	26,823
Accrued paid absences	(81,858)	(72,330)
Decrease (increase) in trade and other receivables	(284,275)	(691,079)
Increase (decrease) in trade and other payables	(1,122,165)	(81,874)
Increase (decrease) in provision for bonuses	233,612	144,732
Other	18,901	(411,193)
Subtotal	823,516	65,016
Interest received	35	24
Interest paid	(5,244)	(6,283)
Income taxes paid	(1,197,786)	(185,010)
Net cash provided by (used in) operating activities	(379,479)	(126,253)
Cash flows from investing activities		
Purchase of property, plant and equipment	(31,443)	(20,832)
Purchase of investment securities	(299,803)	—
Payments of leasehold and guarantee deposits	(162)	—
Other	19,970	99,485
Net cash provided by (used in) investing activities	(311,438)	78,653
Cash flows from financing activities		
Repayments of long-term borrowings	(193,330)	(225,001)
Dividends paid	(798,260)	(137,959)
Proceeds from exercise of share acquisition rights	13,858	—
Purchase of treasury shares	(1,999,921)	—
Repayments of lease liabilities	(304,806)	(287,705)
Net cash provided by (used in) financing activities	(3,282,459)	(650,665)
Net increase (decrease) in cash and cash equivalents	(3,973,376)	(698,265)
Cash and cash equivalents at beginning of period	7,608,309	4,458,722
Cash and cash equivalents at end of period	3,634,933	3,760,456