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Consolidated Financial Results for the Six Months Ended June 30, 2024 (Under IFRS)

August 14, 2024

Company name: **Direct Marketing MiX Inc.**
 Listing: Tokyo Stock Exchange
 Securities code: 7354
 URL: <https://dmix.co.jp/>
 Representative: Daisuke Uehara, President and CEO, Representative Executive Officer
 Inquiries: Motoyoshi Doi, Executive Officer and CFO
 TEL: +81-6-6809-1615
 Scheduled date to file semi-annual securities report: August 14, 2024
 Scheduled date to commence dividend payments: —
 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 six months ended June 30, 2024 (from January 1, 2024 to June 30, 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	%
Six months ended								
June 30, 2024	10,706	(31.6)	1,056	(43.1)	1,036	(43.6)	568	(52.8)
June 30, 2023	15,642	(14.9)	1,856	(52.8)	1,836	(53.1)	1,203	(52.1)

	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
Six months ended						
June 30, 2024	568	(52.8)	533	(55.7)	12.31	12.20
June 30, 2023	1,203	(52.1)	1,203	(51.5)	26.05	25.37

Note: At the end of the fiscal year ended December 31, 2023, the provisional accounting treatment for business combination was finalized. The figures for the six months ended June 30, 2023 reflect the finalization of the provisional accounting treatment.

(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				
June 30, 2024	24,476	13,515	13,515	55.2
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	—	0.00			
Fiscal year ending December 31, 2024 (Forecast)			—	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)	1,200 ~1,500	(1.7) ~22.9	1,160 ~1,460	(1.7) ~23.8	700 ~900	125.8 ~190.3

	Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Yen
Fiscal year ending December 31, 2024	700 ~900	125.8 ~190.3	15.18 ~19.52

Note: Revisions to the earnings forecasts most recently announced: Yes

The revised consolidated earnings forecasts are disclosed as ranges. For more details, please refer to the “Notice Concerning Revisions to Full-Year Consolidated Financial Results Forecasts for the Fiscal Year Ending December 31, 2024” released today (August 14, 2024).

*** Notes**

(1) Significant changes in the scope of consolidation during the period: 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 June 30, 2024	47,521,136 shares
As of December 31, 2023	47,172,800 shares

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

As of June 30, 2024	1,171,739 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 six months ended June 30, 2024	46,110,289 shares
For the six months ended June 30, 2023	46,183,626 shares

*** Semi-annual financial results reports are exempt from 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 financial results and contents of financial results presentation meeting)

Supplementary material on financial results is disclosed on the same day on TDnet. Additionally, on Friday, August 16, 2024, 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.

Condensed Semi-annual Consolidated Financial Statements
(1) Condensed semi-annual consolidated statement of financial position

(Thousands of yen)

	As of December 31, 2023	As of June 30, 2024
Assets		
Current assets		
Cash and cash equivalents	4,458,722	4,381,618
Trade and other receivables	3,333,741	2,495,990
Other current assets	588,846	255,347
Total current assets	<u>8,381,309</u>	<u>7,132,955</u>
Non-current assets		
Property, plant and equipment	1,628,263	1,461,974
Right-of-use assets	2,236,900	2,101,491
Goodwill	11,390,547	11,390,547
Other intangible assets	698,387	667,147
Deferred tax assets	237,703	260,689
Other financial assets	1,574,348	1,442,687
Other non-current assets	27,572	18,709
Total non-current assets	<u>17,793,720</u>	<u>17,343,244</u>
Total assets	<u><u>26,175,029</u></u>	<u><u>24,476,199</u></u>

(Thousands of yen)

	As of December 31, 2023	As of June 30, 2024
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	2,686,633	1,843,572
Borrowings	1,897,599	1,897,855
Provisions	59,420	28,850
Income taxes payable	185,182	476,055
Other financial liabilities	999,382	934,818
Other current liabilities	1,608,098	694,116
Total current liabilities	<u>7,436,314</u>	<u>5,875,267</u>
Non-current liabilities		
Borrowings	3,830,616	3,383,754
Provisions	621,182	613,131
Other financial liabilities	1,197,729	1,085,048
Other non-current liabilities	4,084	3,617
Total non-current liabilities	<u>5,653,611</u>	<u>5,085,549</u>
Total liabilities	<u>13,089,925</u>	<u>10,960,817</u>
Equity		
Share capital	2,184,626	2,232,348
Capital surplus	2,124,374	2,074,487
Retained earnings	10,916,546	11,346,251
Treasury shares	(2,000,457)	(1,963,072)
Other components of equity	(139,985)	(174,631)
Total equity attributable to owners of parent	<u>13,085,104</u>	<u>13,515,382</u>
Total equity	<u>13,085,104</u>	<u>13,515,382</u>
Total liabilities and equity	<u><u>26,175,029</u></u>	<u><u>24,476,199</u></u>

(2) Condensed semi-annual consolidated statement of profit or loss and Condensed semi-annual consolidated statement of comprehensive income

(Condensed semi-annual consolidated statement of profit or loss)

(Thousands of yen)

	Six months ended June 30, 2023	Six months ended June 30, 2024
Revenue	15,642,449	10,705,559
Operating expenses	(13,784,667)	(9,656,142)
Other income	18,235	24,944
Other expenses	(20,297)	(18,023)
Operating profit	1,855,720	1,056,337
Finance income	2,110	2,016
Finance costs	(21,983)	(22,416)
Profit before tax	1,835,848	1,035,937
Income tax expense	(632,782)	(468,274)
Profit	1,203,065	567,664
Profit attributable to		
Owners of parent	1,203,065	567,664
Profit	1,203,065	567,664
Earnings per share		
Basic earnings per share (Yen)	26.05	12.31
Diluted earnings per share (Yen)	25.37	12.20

(Condensed semi-annual consolidated statement of comprehensive income)

(Thousands of yen)

	Six months ended June 30, 2023	Six months ended June 30, 2024
Profit	1,203,065	567,664
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	—	(34,906)
Total of items that will not be reclassified to profit or loss	—	(34,906)
Total other comprehensive income	—	(34,906)
Comprehensive income	1,203,065	532,758
Comprehensive income attributable to		
Owners of parent	1,203,065	532,758
Comprehensive income	1,203,065	532,758

(3) Condensed semi-annual consolidated statement of changes in equity

First six months of the fiscal year ended December 31, 2023 (from January 1, 2023 to June 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	—	—	1,203,065	—
Other comprehensive income	—	—	—	—
Total comprehensive income	—	—	1,203,065	—
Increase / decrease in stock acquisition rights	9,015	9,015	—	—
Transfer-restricted stock-based compensation	76,553	(28,374)	—	—
Purchase of treasury shares	—	—	—	(1,999,921)
Disposal of treasury shares	—	—	—	—
Dividends of surplus	—	—	(798,260)	—
Total transactions with owners	85,568	(19,359)	(798,260)	(1,999,921)
Balance as of June 30, 2023	2,184,626	2,067,443	11,809,601	(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	—	—	—	1,203,065	1,203,065
Other comprehensive income	—	—	—	—	—
Total comprehensive income	—	—	—	1,203,065	1,203,065
Increase / decrease in stock acquisition rights	459	—	459	18,488	18,488
Transfer-restricted stock-based compensation	—	—	—	48,179	48,179
Purchase of treasury shares	—	—	—	(1,999,921)	(1,999,921)
Disposal of treasury shares	—	—	—	—	—
Dividends of surplus	—	—	—	(798,260)	(798,260)
Total transactions with owners	459	—	459	(2,731,515)	(2,731,515)
Balance as of June 30, 2023	30,108	(34,710)	(4,602)	14,056,610	14,056,610

First six months of the fiscal year ending December 31, 2024 (from January 1, 2024 to June 30, 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	—	—	567,664	—
Other comprehensive income	—	—	—	—
Total comprehensive income	—	—	567,664	—
Increase / decrease in stock acquisition rights	—	—	—	—
Transfer-restricted stock-based compensation	47,722	(16,654)	—	—
Purchase of treasury shares	—	—	—	—
Disposal of treasury shares	—	(33,233)	—	37,385
Dividends of surplus	—	—	(137,959)	—
Total transactions with owners	47,722	(49,887)	(137,959)	37,385
Balance as of June 30, 2024	2,232,348	2,074,487	11,346,251	(1,963,072)

	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	—	—	—	567,664	567,664
Other comprehensive income	—	(34,906)	(34,906)	(34,906)	(34,906)
Total comprehensive income	—	(34,906)	(34,906)	532,758	532,758
Increase / decrease in stock acquisition rights	259	—	259	259	259
Transfer-restricted stock-based compensation	—	—	—	31,069	31,069
Purchase of treasury shares	—	—	—	—	—
Disposal of treasury shares	—	—	—	4,151	4,151
Dividends of surplus	—	—	—	(137,959)	(137,959)
Total transactions with owners	259	—	259	(102,479)	(102,479)
Balance as of June 30, 2024	31,789	(206,420)	(174,631)	13,515,382	13,515,382

(4) Condensed semi-annual consolidated statement of cash flows

(Thousands of yen)

	Six months ended June 30, 2023	Six months ended June 30, 2024
Cash flows from operating activities		
Profit before tax	1,835,848	1,035,937
Depreciation and amortization	783,858	732,716
Loss on sale and retirement of fixed assets	17,742	13,545
Increase (decrease) in allowance for doubtful accounts	3,097	(1,014)
Finance income	(2,110)	(2,016)
Finance costs	21,983	22,416
Share-based remuneration expenses	50,545	36,217
Accrued paid absences	(70,760)	(73,827)
Decrease (increase) in trade and other receivables	1,290,415	474,818
Increase (decrease) in trade and other payables	(1,787,019)	(827,585)
Increase (decrease) in provision for bonuses	(17,576)	52,455
Other	192,856	(591,457)
Subtotal	2,318,878	872,206
Interest received	35	30
Interest paid	(11,771)	(14,425)
Income taxes refund (paid)	(644,780)	178,938
Net cash provided by (used in) operating activities	1,662,361	1,036,749
Cash flows from investing activities		
Purchase of property, plant and equipment	(51,774)	(44,543)
Purchase of intangible assets	—	(1,939)
Payments for loans receivable	(1,500)	—
Payments for acquisition of subsidiaries (net of cash and cash equivalents acquired)	(685,941)	—
Purchase of investment securities	(399,783)	(20,000)
Payments of leasehold and guarantee deposits	(210)	—
Proceeds from refund of leasehold and guarantee deposits	—	99,678
Other	16,768	6,122
Net cash provided by (used in) investing activities	(1,122,441)	39,319
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	(618,058)	(450,002)
Dividends paid	(798,260)	(137,959)
Proceeds from exercise of share acquisition rights	16,121	3,707
Purchase of treasury shares	(1,999,921)	—
Repayments of lease liabilities	(617,892)	(568,917)
Net cash provided by (used in) financing activities	(2,218,010)	(1,153,170)
Net increase (decrease) in cash and cash equivalents	(1,678,090)	(77,103)
Cash and cash equivalents at beginning of period	7,608,309	4,458,722
Cash and cash equivalents at end of period	5,930,219	4,381,618