



Consolidated Financial Results for the Six Months Ended September 30, 2023 [Japanese GAAP]

November 10, 2023

Company name: MIXI, Inc.
 Stock exchange listing: Tokyo Stock Exchange
 Securities code: 2121
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 Scheduled date of filing quarterly securities report: November 13, 2023
 Scheduled date of commencing dividend payments: December 11, 2023
 Availability of supplementary briefing material on quarterly financial results: Available
 Schedule of quarterly financial results briefing session: Scheduled (conference call for institutional investors and securities analysts)

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Six Months Ended September 30, 2023 (April 1, 2023 to September 30, 2023)

(1) Consolidated Operating Results (Cumulative) (% indicates changes from the previous corresponding period.)

	Net sales		EBITDA*		Operating income		Ordinary income		Profit attributable to owners of parent	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Six months ended										
September 30, 2023	63,968	(2.7)	5,943	(55.9)	3,811	(66.1)	3,760	(64.3)	2,250	14.8
September 30, 2022	65,734	21.1	13,484	21.3	11,249	23.1	10,521	15.7	1,960	(68.2)

* EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization) is amount based on operating income excluding depreciation and amortization of goodwill.

(Note) Comprehensive income: Six months ended September 30, 2023: ¥2,590 million [(15.7)%]
 Six months ended September 30, 2022: ¥3,073 million [(49.0)%]

	Basic earnings per share	Diluted earnings per share
Six months ended	¥	¥
September 30, 2023	31.37	31.00
September 30, 2022	26.96	26.67

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	¥ million	¥ million	%
As of September 30, 2023	208,815	174,952	82.6
As of March 31, 2023	222,321	183,463	81.4

(Reference) Equity: As of September 30, 2023: ¥172,486 million
 As of March 31, 2023: ¥181,010 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	¥	¥	¥	¥	¥
Fiscal year ended March 31, 2023	—	55.00	—	55.00	110.00
Fiscal year ending March 31, 2024	—	55.00			
Fiscal year ending March 31, 2024 (Forecast)			—	55.00	110.00

(Note) Revision to the dividends forecast announced most recently: No

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		EBITDA		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Full year	138,000	(6.0)	16,000	(45.7)	12,000	(51.7)	11,000	(39.7)	7,500	45.3	102.78

(Note) Revision to the financial results forecast announced most recently: No

* Notes:

- (1) Changes in significant subsidiaries during the six months ended September 30, 2023 (changes in specified subsidiaries resulting in change in scope of consolidation): No
- (2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
 - 1) Changes in accounting policies due to the revision of accounting standards: No
 - 2) Changes in accounting policies other than 1) above: No
 - 3) Changes in accounting estimates: No
 - 4) Retrospective restatement: No
- (4) Total number of issued shares (common shares)
 - 1) Total number of issued shares at the end of the period (including treasury shares):
 - September 30, 2023: 73,730,850 shares
 - March 31, 2023: 78,230,850 shares
 - 2) Total number of treasury shares at the end of the period:
 - September 30, 2023: 3,420,825 shares
 - March 31, 2023: 5,257,825 shares
 - 3) Average number of shares during the period (cumulative):
 - Six months ended September 30, 2023: 71,754,173 shares
 - Six months ended September 30, 2022: 72,728,128 shares

* These quarterly financial results are outside the scope of quarterly review by a certified public accountant or audit firm.

* Explanation of the proper use of financial results forecast and other notes

1. The financial results forecasts of this document are judgments made by MIXI based on information currently available which include latent risks and uncertainties. Please be acknowledged that actual results may differ from these forecasts due to changes in various factors when making investment decisions.
2. MIXI has scheduled a financial results briefing session for institutional investors and securities analysts on November 10, 2023. Financial results briefing material for the session will be posted on MIXI's website shortly.

Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheets

(Unit: ¥ million)

	FY2023 (As of March 31, 2023)	2Q of FY2024 (As of September 30, 2023)
Assets		
Current assets		
Cash and deposits	118,922	103,664
Notes and accounts receivable – trade	13,736	11,275
Operational investment securities	19,514	21,982
Merchandise	484	680
Consumption taxes receivable	10	210
Other	10,274	12,949
Allowance for doubtful accounts	(35)	(245)
Total current assets	162,907	150,517
Non-current assets		
Property, plant and equipment	15,114	15,571
Intangible assets		
Goodwill	9,806	9,136
Customer-related assets	5,638	5,299
Trademark right	2,467	2,342
Other	1,498	1,385
Total intangible assets	19,410	18,164
Investments and other assets		
Investment securities	10,313	11,238
Long-term loans receivable	3,405	2,779
Deferred tax assets	6,963	6,217
Other	5,353	5,393
Allowance for doubtful accounts	(1,147)	(1,067)
Total investments and other assets	24,889	24,562
Total non-current assets	59,413	58,298
Total assets	222,321	208,815
Liabilities		
Current liabilities		
Short-term borrowings	912	1,294
Accounts payable – other	13,606	10,900
Income taxes payable	4,677	983
Accrued consumption taxes	1,571	159
Provision for bonuses	2,847	1,134
Other	5,629	10,371
Total current liabilities	29,244	24,844
Non-current liabilities		
Long-term borrowings	6,873	6,604
Deferred tax liabilities	2,506	2,367
Other	234	45
Total non-current liabilities	9,613	9,018
Total liabilities	38,857	33,862
Net assets		
Shareholders' equity		
Paid-in capital	9,698	9,698
Capital surplus	9,662	9,662
Retained earnings	177,655	162,234
Treasury shares	(16,900)	(10,338)
Total shareholders' equity	180,116	171,257

(Unit: ¥ million)

	FY2023 (As of March 31, 2023)	2Q of FY2024 (As of September 30, 2023)
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	383	436
Foreign currency translation adjustment	510	791
Total accumulated other comprehensive income	893	1,228
Subscription rights to shares	1,127	1,120
Non-controlling interests	1,324	1,346
Total net assets	183,463	174,952
Total liabilities and net assets	222,321	208,815

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income

Quarterly Consolidated Statements of Income
(2Q consolidated cumulative accounting period)

(Unit: ¥ million)

	2Q of FY2023 (Apr. 1, 2022 to Sep. 30, 2022)	2Q of FY2024 (Apr. 1, 2023 to Sep. 30, 2023)
Net sales	65,734	63,968
Cost of sales	17,393	20,690
Gross profit	48,341	43,277
SG&A expenses	*1 37,092	*1 39,466
Operating income	11,249	3,811
Non-operating income		
Interest income	2	12
Foreign exchange gains	155	391
Other	204	154
Total non-operating income	362	558
Non-operating expenses		
Interest expenses	30	28
Share of loss of entities accounted for using equity method	1,005	476
Other	54	104
Total non-operating expenses	1,090	609
Ordinary income	10,521	3,760
Extraordinary income		
Gain on sales of non-current assets	0	6
Other	–	0
Total extraordinary income	0	7
Extraordinary losses		
Loss on withdrawal from business	*2 4,468	–
Loss on sales and retirement of non-current assets	0	2
Provision of allowance for doubtful accounts	1,129	131
Loss on sale of shares of subsidiaries and associates	*3 875	–
Total extraordinary losses	6,474	133
Income before income taxes	4,046	3,633
Income taxes - current	3,514	794
Income taxes - deferred	(2,249)	584
Total income taxes	1,264	1,378
Period net income	2,781	2,255
Profit attributable to non-controlling interests	820	4
Profit attributable to owners of parent	1,960	2,250

Quarterly Consolidated Statements of Comprehensive Income
(2Q consolidated cumulative accounting period)

(Unit: ¥ million)

	2Q of FY2023 (Apr. 1, 2022 to Sep. 30, 2022)	2Q of FY2024 (Apr. 1, 2023 to Sep. 30, 2023)
Period net income	2,781	2,255
Other comprehensive income		
Valuation difference on available-for-sale securities	(146)	51
Foreign currency translation adjustment	438	281
Share of other comprehensive income of entities accounted for using equity method	–	2
Total other comprehensive income	292	335
Comprehensive income	3,073	2,590
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,253	2,585
Comprehensive income attributable to non-controlling interests	820	4

(3) Quarterly Consolidated Statements of Cash Flows

(Unit: ¥ million)

	2Q of FY2023 (Apr. 1, 2022 to Sep. 30, 2022)	2Q of FY2024 (Apr. 1, 2023 to Sep. 30, 2023)
Cash flows from operating activities		
Income before income taxes	4,046	3,633
Depreciation	712	666
Amortization of intangible assets	898	796
Amortization of goodwill	624	669
Increase (decrease) in allowance for doubtful accounts	0	(0)
Increase (decrease) in provision for bonuses	(464)	(1,713)
Interest and dividend income	(2)	(12)
Interest expenses	30	28
Foreign exchange losses (gains)	(152)	(141)
Share of loss (profit) of entities accounted for using equity method	1,005	476
Provision of allowance for doubtful accounts	1,129	131
Loss on withdrawal from business	4,468	—
Loss (gain) on sales and retirement of non-current assets	0	(4)
Loss (gain) on sale of shares of subsidiaries and associates	875	—
Decrease (increase) in notes and accounts receivable – trade	1,739	2,472
Decrease (increase) in operational investment securities	(2,082)	(2,397)
Decrease (increase) in inventories	225	(187)
Increase (decrease) in accounts payable – other	1,522	(1,756)
Increase (decrease) in accrued consumption taxes	615	(1,411)
Increase (decrease) in deposits received	192	3,061
Decrease (increase) in other assets	(6,243)	(1,769)
Other, net	1,287	1,358
Subtotal	10,429	3,897
Interest and dividends received	2	12
Interest expenses paid	(30)	(28)
Income taxes paid	(2,328)	(4,385)
Net cash provided by (used in) operating activities	8,073	(504)
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,177)	(1,459)
Purchase of intangible assets	(339)	(207)
Purchase of investment securities	(1,898)	(1,364)
Loan advances	(1,120)	(1,800)
Proceeds from collection of loans receivable	640	1,200
Payments for guarantee deposits	(38)	(45)
Proceeds from refund of guarantee deposits	23	6
Proceeds from acquisition of the subsidiary resulting in change in scope of consolidation	233	—
Payments for sale of the subsidiary resulting in change in scope of consolidation	(921)	—
Other, net	427	6
Net cash provided by (used in) investing activities	(4,169)	(3,663)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	199	404
Repayments of long-term loans payable	(217)	(290)
Purchase of treasury shares	(0)	(7,522)
Cash dividends paid	(3,988)	(4,011)
Other, net	99	(9)
Net cash provided by (used in) financing activities	(3,906)	(11,429)
Effect of exchange rate change on cash and cash equivalents	462	337
Net increase (decrease) in cash and cash equivalents	459	(15,259)
Cash and cash equivalents at beginning of period	118,433	118,703
Cash and cash equivalents at end of period	118,893	103,443

(4) Notes to Quarterly Consolidated Financial Statements

(Notes on premise of going concern)

There is no relevant information.

(Notes on significant changes in the amount of shareholders' equity)

Pursuant to resolution at the Board of Directors meeting held on May 12, 2023, MIXI repurchased 2,810,600 treasury shares. In addition, pursuant to resolution at the Board of Directors meeting held on June 21, 2023, MIXI disposed of 135,700 treasury shares as restricted stock compensation on July 12, 2023, and pursuant to resolution at the Board of Directors meeting held on September 22, 2023, cancelled 4,500,000 treasury shares on September 29, 2023. Moreover, MIXI disposed of 11,900 treasury shares upon exercise of stock options during the six months ended September 30, 2023.

As a result, retained earnings and treasury shares decreased by ¥13,657 million and ¥6,562 million, respectively, during the six months ended September 30, 2023, and retained earnings and treasury shares amounted to ¥162,234 million and ¥10,338 million, respectively, at September 30, 2023.

(Quarterly consolidated statements of income)

*1. The major components and amounts of SG&A expenses are as follows:

	(Unit: ¥ million)	
	2Q of FY2023 (Apr. 1, 2022 to Sep. 30, 2022)	2Q of FY2024 (Apr. 1, 2023 to Sep. 30, 2023)
Advertising expenses	7,777	10,606
Settlement fees	14,653	13,602

*2. Loss on withdrawal from business

For the six months ended September 30, 2022 (April 1, 2022 to September 30, 2022)

¥4,468 million of loss on withdrawal from business that arose from the suspension of new product developments was reported under extraordinary losses.

*3 Loss on sales of shares of subsidiaries and associates

For the six months ended September 30, 2022 (April 1, 2022 to September 30, 2022)

This is a loss on sale of shares in PIST6, Inc.

(Quarterly consolidated statements of cash flows)

*1. The ending balance of cash and cash equivalents and its relationship to the amounts of items listed in the quarterly consolidated balance sheets are as follows:

	(Unit: ¥ million)	
	2Q of FY2023 (Apr. 1, 2022 to Sep. 30, 2022)	2Q of FY2024 (Apr. 1, 2023 to Sep. 30, 2023)
Cash and deposits account	119,093	103,664
Time deposits with maturities of three months or more	(200)	(221)
Cash and cash equivalents	118,893	103,443

(Segment information and others)

For the six months ended September 30, 2022 (April 1, 2022 to September 30, 2022)

1. Information on net sales, profit or loss, and disaggregation of revenue, by reportable segment

(Unit: ¥ million)

	Reportable segment					Adjustment (Note 1)	Amount recorded in Quarterly Consolidated Financial Statements (Note 2)
	Digital Entertainment Business	Sports Business	Lifestyle Business	Investment Business	Total		
Net sales							
Revenue from contracts with customers (Note 3)	47,608	12,995	3,508	–	64,111	71	64,183
Other revenue	–	–	–	1,551	1,551	–	1,551
Net sales to external customers	47,608	12,995	3,508	1,551	65,663	71	65,734
Inter-segment net sales or transfers	–	–	–	–	–	–	–
Total	47,608	12,995	3,508	1,551	65,663	71	65,734
Segment profit/loss	20,524	(1,378)	(233)	1,112	20,024	(8,775)	11,249
Other							
Depreciation	157	855	141	0	1,153	457	1,611
Amortization of goodwill	–	478	145	–	624	–	624

(Notes) 1. The segment profit/loss adjustment of ¥(8,775) million includes depreciation of ¥(1,153) million, amortization of goodwill of ¥(624) million, company-wide net sales of ¥71 million, and company-wide expenses of ¥(7,069) million not allocated to each reportable segment. Company-wide items comprise mainly those relating to MIXI's administrative departments not belonging to any reportable segment.

2. Segment profit/loss is adjusted with operating income in the quarterly consolidated statements of income.

3. Net sales of MIXI Group mainly consists of Monster Strike, a game for smart devices in the Digital Entertainment Business.

2. Information on impairment loss on non-current assets or goodwill and others by reportable segment

There is no relevant information.

For the six months ended September 30, 2023 (April 1, 2023 to September 30, 2023)

1. Information on net sales, profit or loss, and disaggregation of revenue, by reportable segment

(Unit: ¥ million)

	Reportable segment					Adjustment (Note 1)	Amount recorded in Quarterly Consolidated Financial Statements (Note 2)
	Digital Entertainment Business	Sports Business	Lifestyle Business	Investment Business	Total		
Net sales							
Revenue from contracts with customers (Note 3)	43,051	15,050	4,550	–	62,652	170	62,822
Other revenue	–	–	–	1,145	1,145	–	1,145
Net sales to external customers	43,051	15,050	4,550	1,145	63,798	170	63,968
Inter-segment net sales or transfers	–	–	–	–	–	–	–
Total	43,051	15,050	4,550	1,145	63,798	170	63,968
Segment profit/loss	13,440	(876)	(682)	698	12,579	(8,768)	3,811
Other							
Depreciation	84	803	128	0	1,016	445	1,462
Amortization of goodwill	–	478	190	–	669	–	669

(Notes) 1. The segment profit/loss adjustment of ¥(8,768) million includes depreciation of ¥(1,016) million, amortization of goodwill of ¥(669) million, company-wide net sales of ¥170 million, and company-wide expenses of ¥(7,251) million not allocated to each reportable segment. Company-wide items comprise mainly those relating to MIXI's administrative departments not belonging to any reportable segment.

2. Segment profit/loss is adjusted with operating income in the quarterly consolidated statements of income.

3. Net sales of MIXI Group mainly consists of Monster Strike, a game for smart devices in the Digital Entertainment Business.

2. Information on impairment loss on non-current assets or goodwill and others by reportable segment

There is no relevant information.